

FinTech Calls for Fuel

To exploit a great, maturing
and increasing potential

Italian FinTech Observatory 2020

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Areas

In the meantime, Coronavirus has arrived: what could change?

While the report was being edited the Coronavirus emergency broke out. It is certainly too early to make reliable predictions about the impact of this emergency on the FinTech industry, as well as throughout the economic, productive, social environment in which we live, but we can make some considerations on possible scenarios.

There are of course **negative impacts** to be considered, that could primarily concern the **investments of venture capital**, which will most likely lead to a situation of accentuation of the trend already highlighted with **less attention paid to new start-ups** (seeds). Some analysts on the international market speculate that this could lead to a **greater number of closings of players in the development phase**. **The volume of transactions might also decrease**, at least in the short term, which is already evident in some sectors such as payments. This could lead to a decrease in profits (and, once again, in investments) in the sector.

However, there are **areas of potential optimism**. One of these is certainly represented by **advanced analytics** solutions and the use of **big data**, but also by Blockchain solutions, able to guarantee certainty and security on sensitive data. But, in our opinion, of even greater importance, particularly in Italy which still suffers from a significant delay in the path of digitization, it is the **forced experimentation of new ways of collaborating remotely through digital solutions**. This is not happening only for the smart working, or distance learning, but also for the relationship between Banks, Insurance and customers (it is of these days the invitation of ABI-Italian Banking Association not to go to branches, but prioritize remote operations, an invitation that was followed by initiatives by the Banks themselves*). And in these days, critical issues are emerging for many companies (including banks and insurance companies) regarding the **resilience of infrastructures**, the **quality and quantity of tools** that allow smart working, the efficiency of online services and security. The exceptional emergency situation (and smart working initiatives** and increasing access to digital services) is leading to an accelerated evolution of the same company perimeter and a complete review of the approach to security that concerns endpoints, data in the systems, business continuity, IAM (Customer Identity Access Management).

It is quite natural to think that this situation will lead to a **significant increase in the use and appreciation of digital financial services** by all customers, not to mention the likely **exponential growth in the demand for credit** (especially SMEs) which is increasingly being answered in the world of FinTech.



Never as at this time, the contribution that FinTech companies can bring is of great value to traditional financial companies in terms of accelerating digital innovation, and it can become a strategic element for an innovation aimed at responding to new customer needs (private and corporate)

Considering these first considerations, we believe that the scenario and the prospects described in this report can be substantially confirmed.

The collaboration scenario described in the final chapter of Open Finance could even be strengthened and accelerated.

Regarding the performance of the Italian FinTech as a whole, it is likely that we will see a further consolidation of the sector and, for 2020, a higher mortality rate for small companies that will find it more difficult to get investments for their development. **Some areas will be privileged** (the **lending** area, the **customer experience**, **onboarding** and **KYC** solutions, **cybersecurity**, **Artificial Intelligence** and **Advanced Analytics** solutions, **conversational interfaces**, the **Blockchain**). **Platforms enabling the integration of services will also become increasingly important** in order to support the involvement of multiple players, both incumbent and new, and to enable new joint solutions and collaboration to respond to a scenario that will certainly be challenging for all parties involved.

Meanwhile, in these days of emergency, the Italian FinTechs are starting to make their contribution, in terms of information and, above all, crowdfunding and fundraising.

(*) For example, Intesa Sanpaolo announces: to protect our staff and our customers, starting March 17, access to the branch will be allowed only by appointment, to be requested only for transactions that cannot be carried out through automatic teller machines and home banking.

(**) According to a research by Corriere Dataroom with the Politecnico di Milano (March 2020) smart workers have gone from (before Coronavirus) to (after Coronavirus): UniCredit from 9.000 to 16.000; Intesa Sanpaolo from 17.250 to 22.100; UBI from 800 to 5.000; Cattolica Assicurazioni from 1.294 to 1.668.

Examples of initiatives launched by Italian FinTechs to support in the Coronavirus emergency

Starteed, **Oval** and **Walliance** have launched #ioRestoaCasa, a crowdfunding campaign to raise funds to support Civil Protection to support health units that are facing the Coronavirus emergency.

Splitty Pay, through Splitted, has launched a fundraising campaign in collaboration with the Don Gnocchi Foundation and the Director of the crisis unit Paolo Banfi for the purchase of new ventilators to upgrade the intensive care unit.

Opstart, together with Confindustria Bergamo, Eco di Bergamo and Caritas, launched the Fintech4life fundraiser to support hospitals reduced to the limit by the Covid19 emergency. Among the partners also Ener2Crowd, Turbo Crowd and Gimme5.

Satispay invites its community to support Civil Protection through the Donations service. Through the association 1 Caffè Onlus, the amount collected will go entirely in favor of those hospital medical devices aimed at containing the infection.

Revolut (not Italian, but part of the FinTech District) supports the Humanitas hospitals involved in the Coronavirus emergency through the Donations function within the app. The donations will be used to provide hospitals with the devices and health materials necessary to protect the most fragile patients.

Hype offers its customers the opportunity to make a donation directly from its app, using the “send money” function, to help the ASST Fatebenefratelli Sacco Milano hospital to which the fintech has already donated € 25K.

DeRev, free of charge, makes available its team and its experience in strategic communication and crisis management to support national and regional institutions, municipalities, health structures and political representatives who in these days have the task of informing, raising awareness and assisting citizens in most correct and effective way possible.

GrowishPay allows Italian ecommerce companies to donate a share of their sales to organizations or non-profit organizations in this moment of emergency through the GROWISHCHARITY solution which also provides a real-time widget to view the total amount donated and transfer the donations collected to the chosen institution.

Tinaba, the digital ecosystem for money management, supported by Banca Profilo's banking and financial services, has launched a Crowdfunding initiative in favor of the IRCSS Ca 'Granda Ospedale Maggiore Policlinico Foundation in Milan. As of March 13th, 2020 Tinaba has already collected donations for around 50 thousand euros.

Credimi, the invoice financing and lending platform for businesses, has launched Credimi Start, a new financing product dedicated to very small businesses and startups, to help them overcome the difficult market moment created by the effect of coronavirus contagion.





1. Introduction and Methodological notes

For the third consecutive year, PwC Italy, with the support of NetConsulting cube, has carried out a research on the FinTech universe in Italy.

Why? Three years ago, the initiative was born to fill an analysis gap. In fact, nobody had photographed and examined the sector exhaustively. In this third edition the objectives of our work have been articulated and the increasingly in-depth and analytical photography of this sector (which in the meantime it is growing and maturing) has become functional in providing value to the various stakeholders: Banks, Insurances, Institutions, FinTech companies.

The news This edition presents some news compared to the previous ones:

1. English language. Because Italian FinTech is becoming a potential source of innovation on the international market and the relative weight of international venture capital is significant.
2. Separate analysis:
 - for the FinTech segment (core), with the aim of providing the most comprehensive picture of the Italian FinTech reality;
 - for the TechFin segment in which we selected examples of interest regarding companies that can bring value to financial corporates in two areas: tech enablers (AI, advanced analytics, conversational interfaces) and Cybersecurity.

3. New indicators such as margins (EBITDA) and investments.

4. A focus dedicated to Open Banking which includes:
 - the analysis of the enablers and aggregators: incubators and accelerators, aggregator ecosystems and technological integration platforms (Open APIs), but also the trade associations, dedicated university courses and finally some institutional initiatives (such as the FinTech channel and the planned regulatory Sandbox of Bank of Italy);
 - the proposal of some potential Open Banking models organized by target customers (SMEs and consumers) which highlights the potential role of FinTechs in building new business models.

In line with previous editions, the report also contains an analysis of the number of companies in the various business sub-sectors, the turnover (now with a three-year series of comparisons) and a detailed study of the different segments (FinTech and TechFin) analyzed, with relative positions, relevant taxonomies, trends and news.



A total of 364 companies were analyzed, including 278 FinTechs and 86 TechFins



What is FinTech in this report

Interest in FinTech keeps growing but it often refers to different landscapes

Interest in FinTech has continued to grow for at least 5 years. The definitions - starting from the extremely broad concept underlying the term “Financial Technology” - are different and often define very diversified areas and perimeters.

In some cases, they include the very internal innovation of financial companies. In other cases, they encompass the expansion of the offer, with banking/ financial products, of technology companies (such as the GAFA and BAT) or of other non-financial actors.

According to PwC*: FinTech is a combination of technology and financial services that's transforming the way financial businesses operate, collaborate, and transact with their customers, their regulators, and others in the industry. All types of companies, from startups to tech companies to established firms, are using FinTech. In recent years, many variations of FinTech have emerged that draw on cutting-edge technologies specifically tailored for certain sectors or functions within the FS ecosystem, such as RegTech and InsurTech.

In this report we decided to separate FinTech and TechFin

In this report we have separated the analysis:

- of the so-called FinTechs with the ambition to provide the broader and more comprehensive picture of the Italian panorama;
- and TechFins with the goal to provide examples of companies that can bring value to financial companies.

For the purpose of this report FinTech is...

Italian companies focused on financial services areas (Payments, Money Management, Lending, Wealth & Asset Management, Capital Market & Trading, Other Crowdfunding, InsurTech and RegTech) founded after 2000.

Companies that are part of big historical groups are not included.

Companies that are headquartered outside Italy are typically not included with a few exceptions regarding companies founded by Italians and operating significantly in the Italian market.

TechFin: what is included in this report

Examples of innovative key players in the area of Financial Tech Enablers and Cybersecurity. The Cybersecurity companies are focused on AI and Financial Services, while Tech Enablers have been chosen in some selected areas:

- Advanced analytics
- Digital Marketing & CRM
- Conversational Interfaces and text analytics
- Blockchain
- Open Banking/Open APIs
- Customer engagement

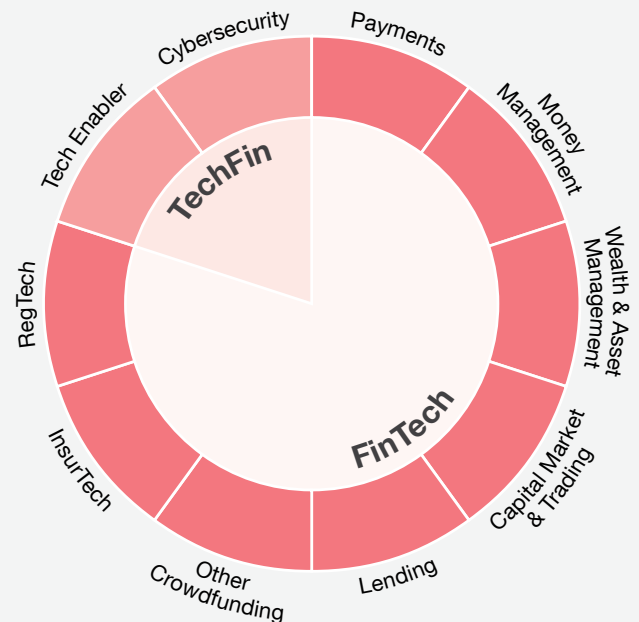
(*) PwC: Global Fintech Report 2019

Separated analysis for FinTech and TechFin

- FinTech: companies founded after 2000, focused on financial services areas including InsurTech and RegTech.
- TechFin – Selection of key players in the area of Tech Enablers and Cybersecurity, innovative (AI, Conversational Interfaces...) and specialized in Financial Services.

Qualitative analysis for some industry players

- **Challenger Banks are included according to some criteria** (that is «born as FinTech»):
Yes: Tinaba, Soldo, Oval
No: Illimity, Buddybank, Widiba, Hype.
- **Innovative but historical players (such as NEXI or SIA) are not included.**



Source: PwC - NetConsulting cube: «Italian FinTech Observatory 2020»

Zebras

For this edition we have also chosen a “symbolic animal”, the zebra, as a possible alternative (or better complementary) model to that of the unicorns. A sort of “provocation” promoted in 2015 in San Francisco by some entrepreneurs on the topic of start-ups and financing, which seems interesting to us for a reading and interpretation of the FinTech market in Italy.

Why zebras? Because - unlike unicorns - they are real; because their being black and white represents the possible duality and coexistence of different objectives such as generating profits, but also bringing improvements to society; because they are social animals, who love to be together, collaborate and protect each other. Zebras can therefore be the expression of a more sustainable model, oriented towards collaboration (instead of competition), oriented towards quality (and not just quantity).

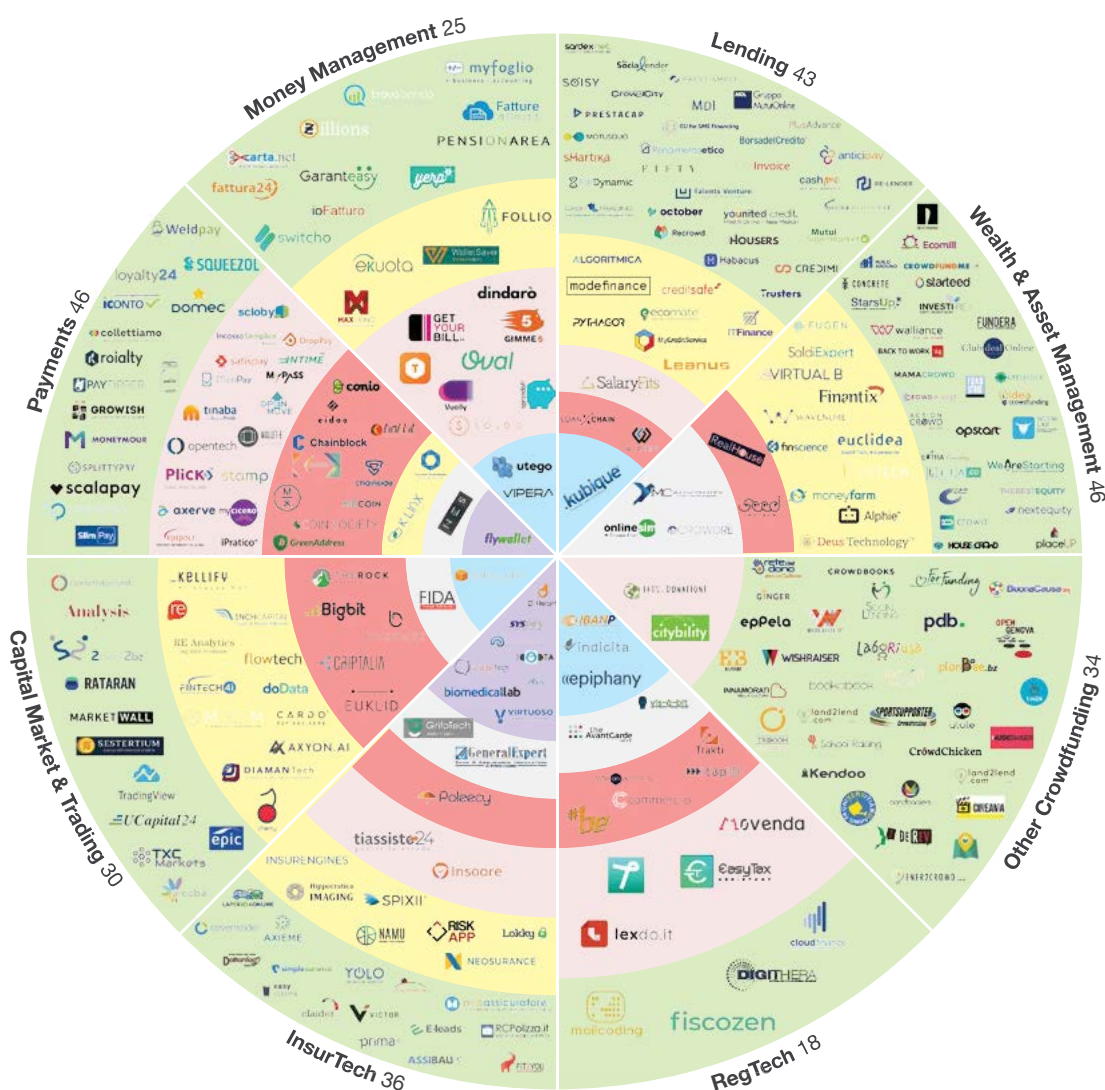
As we will see from the analysis of the Italian FinTech world (and the economic and social context of reference), zebras, compared to unicorns, better represent the model that is developing in our country and provide a more optimistic key in understanding the developments of one scenario that still presents many challenges.

Source: www.zebrasunite.com



2. The numbers of Italian FinTech in 2019

The Italian FinTech Landscape 2020



278
FinTechs

Web Platform 150

AI / Big Data 44

Mobile & UX 34

Blockchain & Crypto 25

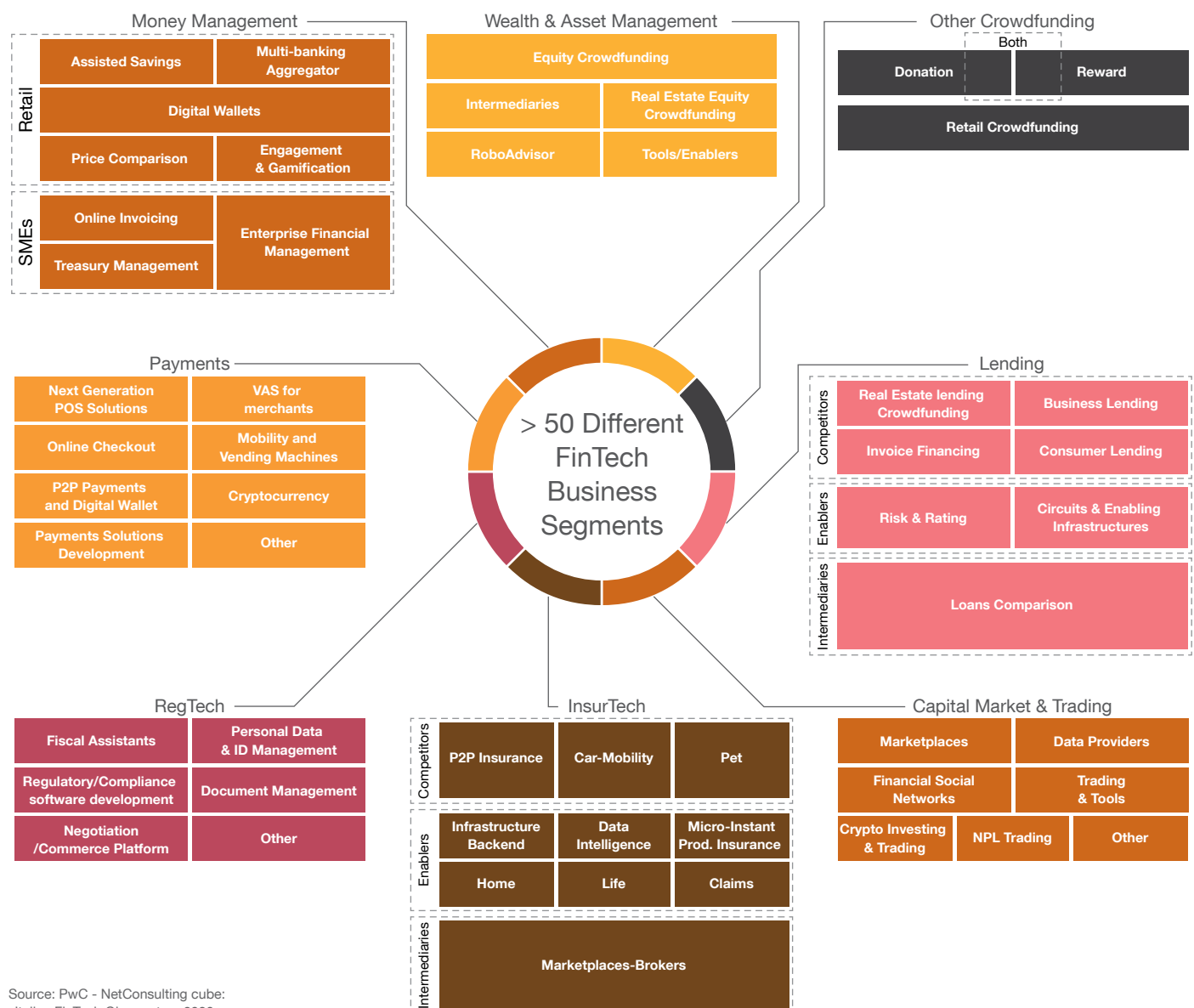
Open Banking / API 7

IoT 9

Other 9

Business Segments Taxonomies of Italian FinTech

A developing landscape



Source: PwC - NetConsulting cube:
«Italian FinTech Observatory 2020»

The sector runs, but lacks fuel

The Italian FinTech industry confirms, also for 2019, a high dynamism and a positive and promising scenario

- **Companies are growing.** The FinTechs we listed are 278, 49 more than the last edition, of which 18 newborn companies. The business segments into which the FinTech is organized also increased with the introduction of the Real Estate segment (both dedicated platforms in the Lending area and in the Equity Crowdfunding), some investment solutions in cryptocurrencies and specialized trading for NPLs.
- **Turnover is growing.** The overall turnover of the FinTech industry in Italy (actually only relative to the 64% of the companies surveyed, as some Italian - but with registered offices abroad- companies, non-profit companies and newborn companies are excluded) reached € 373 million in 2018, with a 40% growth (much higher than in 2017) on the previous year.
- **Scaleups are growing.** The number of companies with € 1M or more revenues has increased significantly from 28 last year to 37 today.



FinTech in Italy in 2019 (VS 2018)

278 FinTech

+ 49, 18 newborn

374 million € revenues

+40% 2018/2017

154 million € capital raised

-23% 2019/2018

8 areas & + 50 subsegments

New

Real Estate Equity & Lending,
Crypto Investing-Trading, NPL trading

Source: PwC - NetConsulting cube: «Italian FinTech Observatory 2020»



The Italian FinTech portrait

Young

~ 60% is less than 5 years old

Small

+70% with less than 10 employees

Growing

+40% revenues

Promising

Increasing n° of SCALE UPS (from 28 to 37) and 2 new Listed Companies (CrowdFundMe and UCapital24)

Source: PwC - NetConsulting cube: «Italian FinTech Observatory 2020»

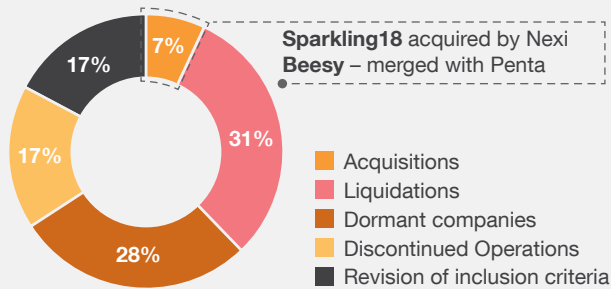
Italian FinTech number of companies

+ 49 new entries

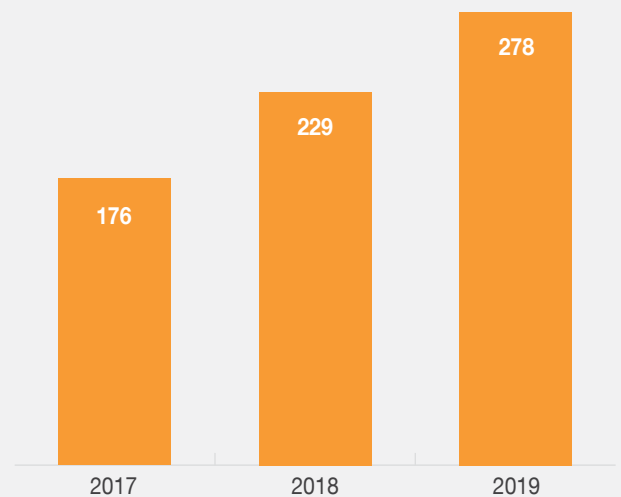
- 18 newly established companies (37%)
- and revision of inclusion criteria

- 29 unlisted

- discontinued operations, exits/acquisitions, liquidations, inactivity and revision of inclusion criteria



278 the FinTechs in Italy in 2019
(+ 49 on 2018)



Source: PwC - NetConsulting cube: «Italian FinTech Observatory 2020»

Milan is the core of the Italian FinTech landscape

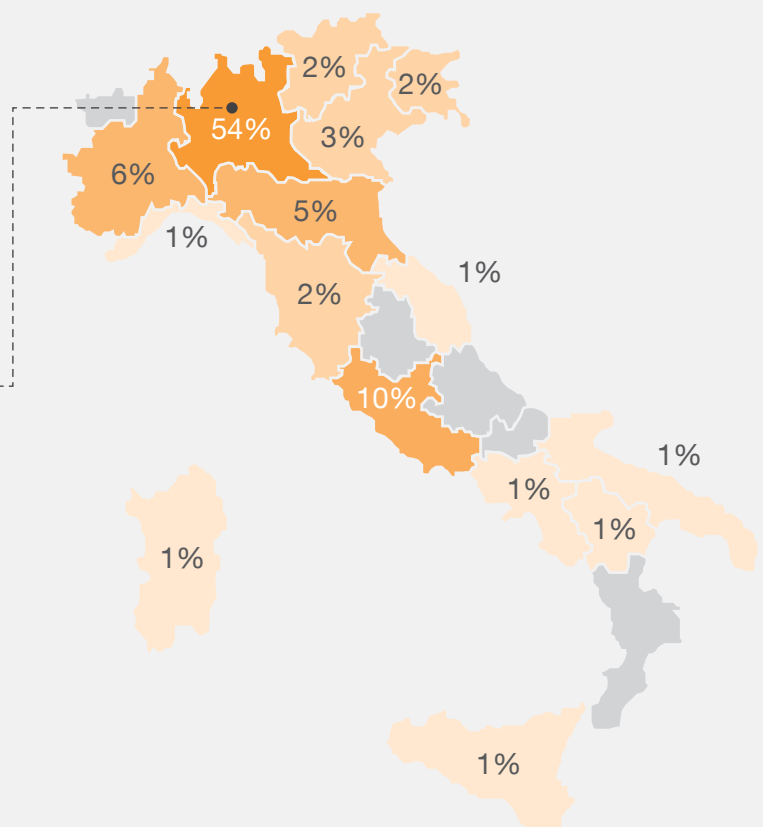
FinTechs headquarter by Region, percentage



45%

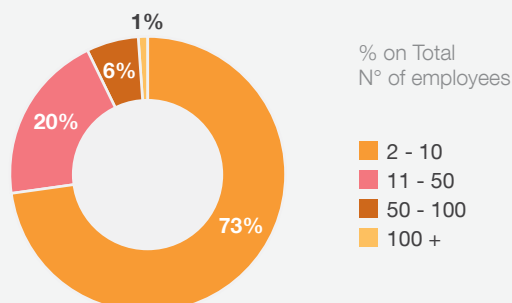
of all Italian FinTechs
are based in **Milan**

About 8% of all FinTech are headquartered abroad



Source: PwC - NetConsulting cube: «Italian FinTech Observatory 2020»

FinTech by number of employees



Source: PwC - NetConsulting cube: «Italian FinTech Observatory 2020»

Revenues

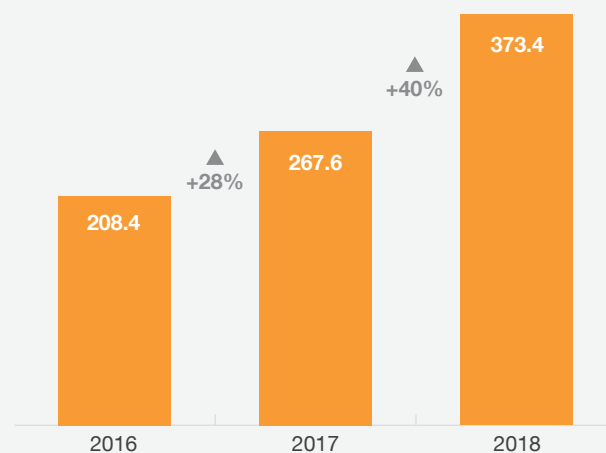
Rocketing Growth for Italian FinTech

Companies which are too young (2018-2019), No Profit, International headquartered or with no available balance sheet are not included.

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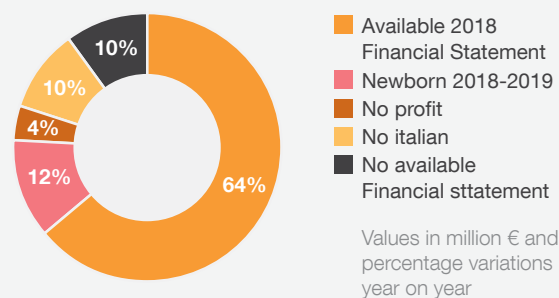
373.4 million € / +40%
Italian FinTech Revenues in 2018

FinTech revenues



(*) the 2017 figure differs from what was recorded in the last edition due to the availability of certified financial statement data not available last year

Revenues analysis is based on 178 companies
(64% of total sample).

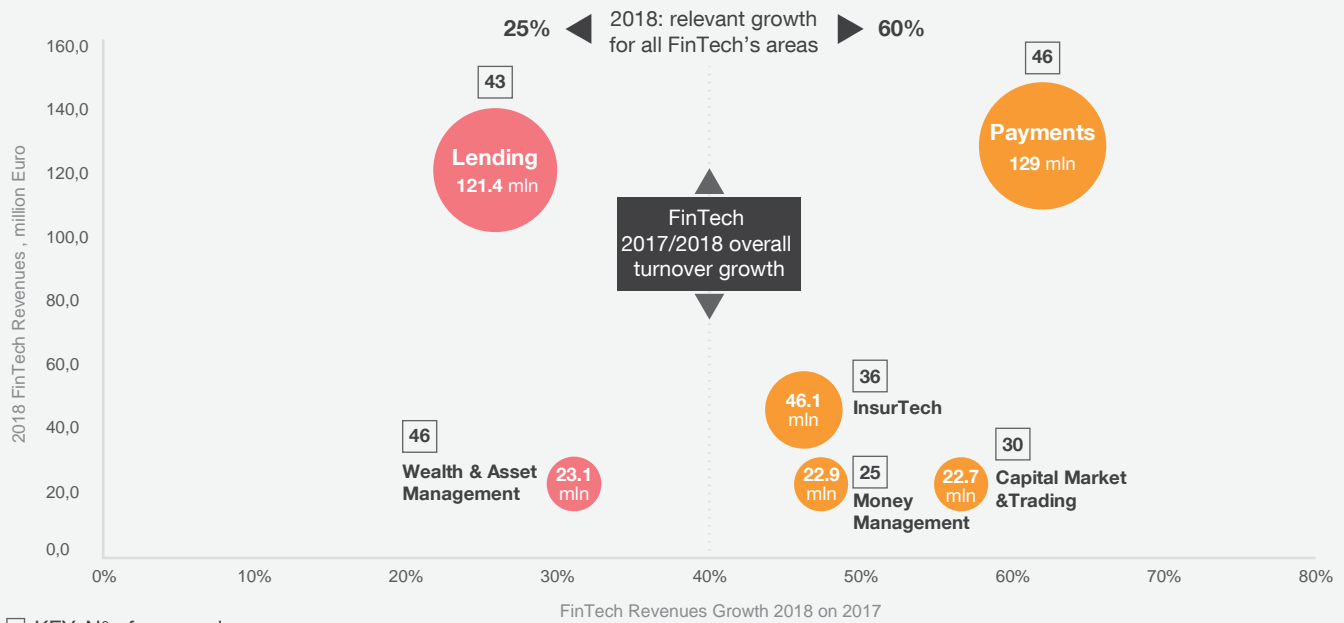


Source: PwC - NetConsulting cube: «Italian FinTech Observatory 2020»



Turnover by area

Capital Market & Trading, Payments, Money Management and InsurTech are the 2018 stars. Increasing weight of Lending, RegTech does not take off

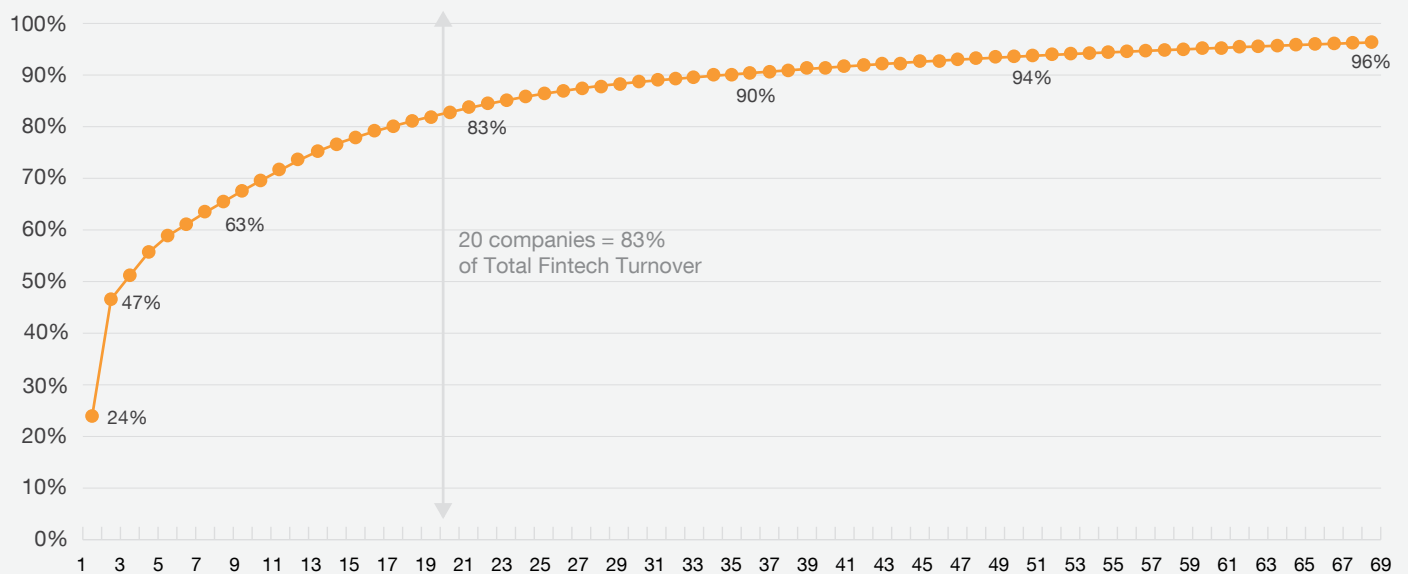


Note: **RegTech** and **Other Crowdfunding** are not included because they are not - yet - significant in terms of turnover and growth

Source: PwC - NetConsulting cube: «Italian FinTech Observatory 2020»

Turnover- Cumulative distribution

High Concentration



Source: PwC - NetConsulting cube: «Italian FinTech Observatory 2020»

The sector runs, but lacks fuel

But there are also much less positive indicators, investments in first place

Investments in FinTech worldwide continue to grow. If in 2019 global data on investments in FinTech slowed, excluding the Ant Financial mega deal of \$ 14B, 2019 is still confirmed as a record year for investments in FinTech. Looking to Europe 2019 was an exceptional year as investments grew by 71% compared to 2018, even if more concentrated, compared to the past, on 15 mega-rounds*.

Italy is weak. In the international context, the Italian position about FinTech has been so far weak (in 24th place in the world according to Findexable**) and the low investments play a dominant role in this ranking.

And the situation keep worsening. Investments in the Italian FinTechs listed in the report, in 2019 further decreased from € 197 million in 2018 (even excluding the mega deal of €100 million of Prima) to € 154 million in 2019.

Funding more. Similarly to the international market, also in Italy in 2019 there was a polarization of funds on a few larger deals: 75% of funds on the first 5 deals. Meaning that Italian FinTech start-ups have even more difficulties in gathering the resources necessary for business development. One of the reasons driving companies founded by Italians and operating in Italy, to look for a house abroad (Moneyfarm, Soldo and OvalMoney are emblematic examples).

The same Bank of Italy recently released a new survey on the relationship between banks and FinTech*** which included two important statements:

- Banks invest little in FinTech “the amounts dedicated to FinTech (€ 93M) take on a modest scale, when compared to investments for the modernization of IT, and marginal if compared to the operating costs of IT”.
- More investments to seize opportunities “A greater propensity to invest - through acquisitions, partnerships and incubators - in FinTech companies, by their nature agile and innovative, could allow traditional intermediaries to exploit strategic opportunities to overcome, at least in part, legacy systems and economic, organizational and cultural constraints that still limit their action”.

Encouraging signs for the future

- The Equity Crowdfunding segment becomes a financing instrument for the FinTech-Start ups themselves (examples Soisy, Utego...)
- Central Institutions are encouraging Italian financial companies to consider FinTech as an opportunity for the renewal of the sector (examples are the regulatory Sandbox project, the Bank of Italy's FinTech Channel, the surveys and documents on the subject)
- Some government measures aimed at promoting Venture Capital in Italy (eg 50% tax deduction for those who buy an innovative start-up,...).

Investments of banks in FinTech: a still missing opportunity***

If the acceleration of investments and the increase in the number of intermediaries (banks) involved indicate a clear attempt to modernize and, in some cases, to radically rethink the business models, the funds dedicated to FinTech (93 m Euro) are **modest**, when compared to investments for the modernization of IT, and **marginal** if compared to the running costs of IT.

“

A greater propensity to invest - through acquisitions, partnerships and incubators - in FinTech companies, by their nature agile and innovative, **could allow traditional intermediaries** to exploit strategic opportunities to overcome, at least in part, legacy systems and economic, organizational constraints and cultural that still limit its action

(*) “State of FinTech: Investment & Sector Trend to Watch”, CB Insights, February 2020

(**) Findexable, The Global FinTech Index 2020

(***) Bank of Italy “FinTech survey in the Italian financial system”, December 2019

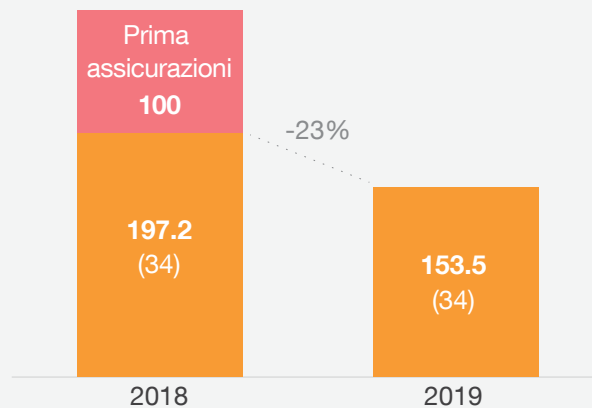
Investments

The bottleneck of Italian FinTech

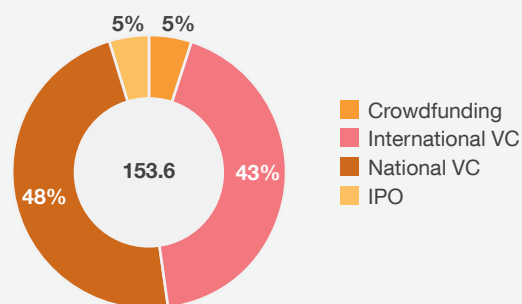
2019: Both at a Global and Italian LEVEL- investments focus on more mature companies. More big deals, less seed funding:

- Investments are a key **challenge** for the Italian FinTech development.
- If in **many areas Italian FinTech is going to close the gap** with the more mature international markets (number of companies, addressed technology and services, collaborations...) **it is not so for investments that even shows a negative sign (compared to +49% growth in European landscape).**
- Italian** investment in FinTech is 3.1% compared to **UK Market** (first ranked in Europe).
- Crowdfunding** might represent an important alternative to fill the gap, but it's still in its infancy.

Capital raised by FinTech companies 2018 – 2019 - (xx) Number of deals - Value in mln €

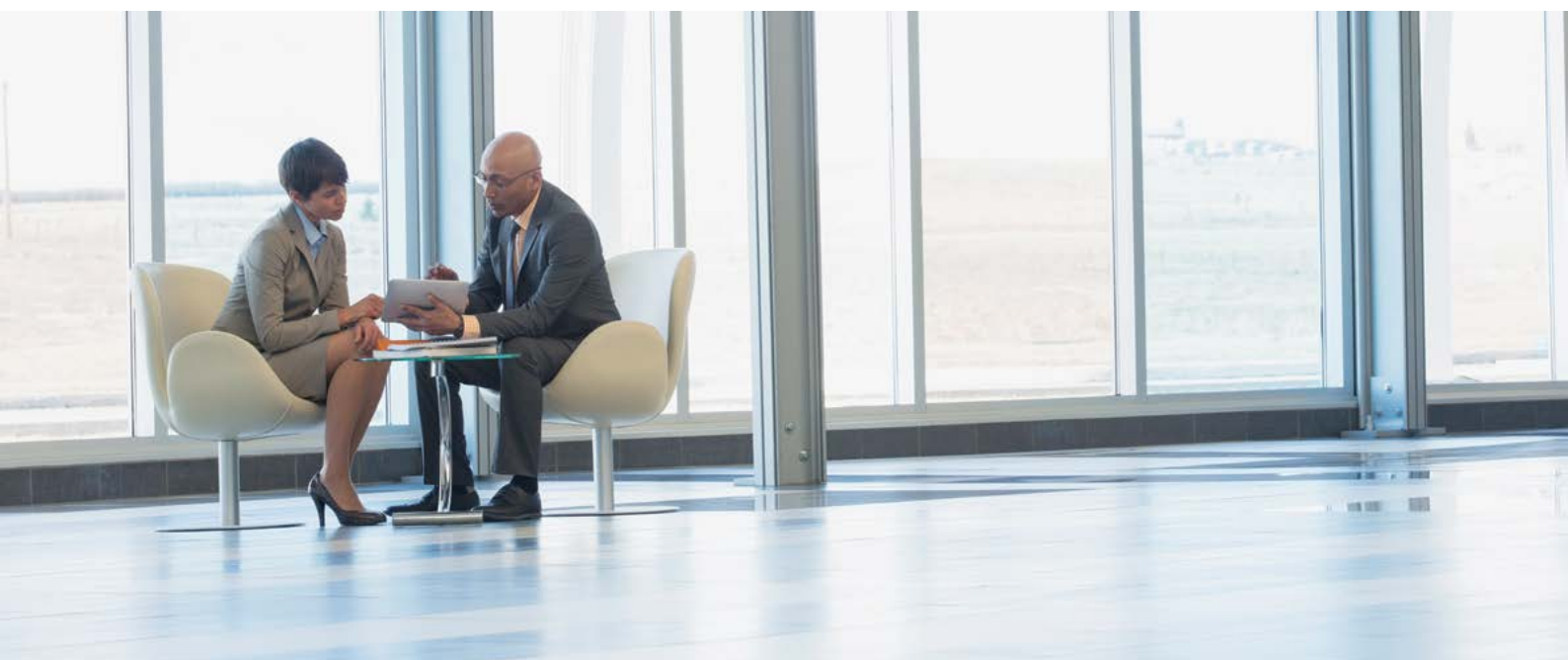


Capital raised in 2019 per cluster of operator - Value in mln € and in %

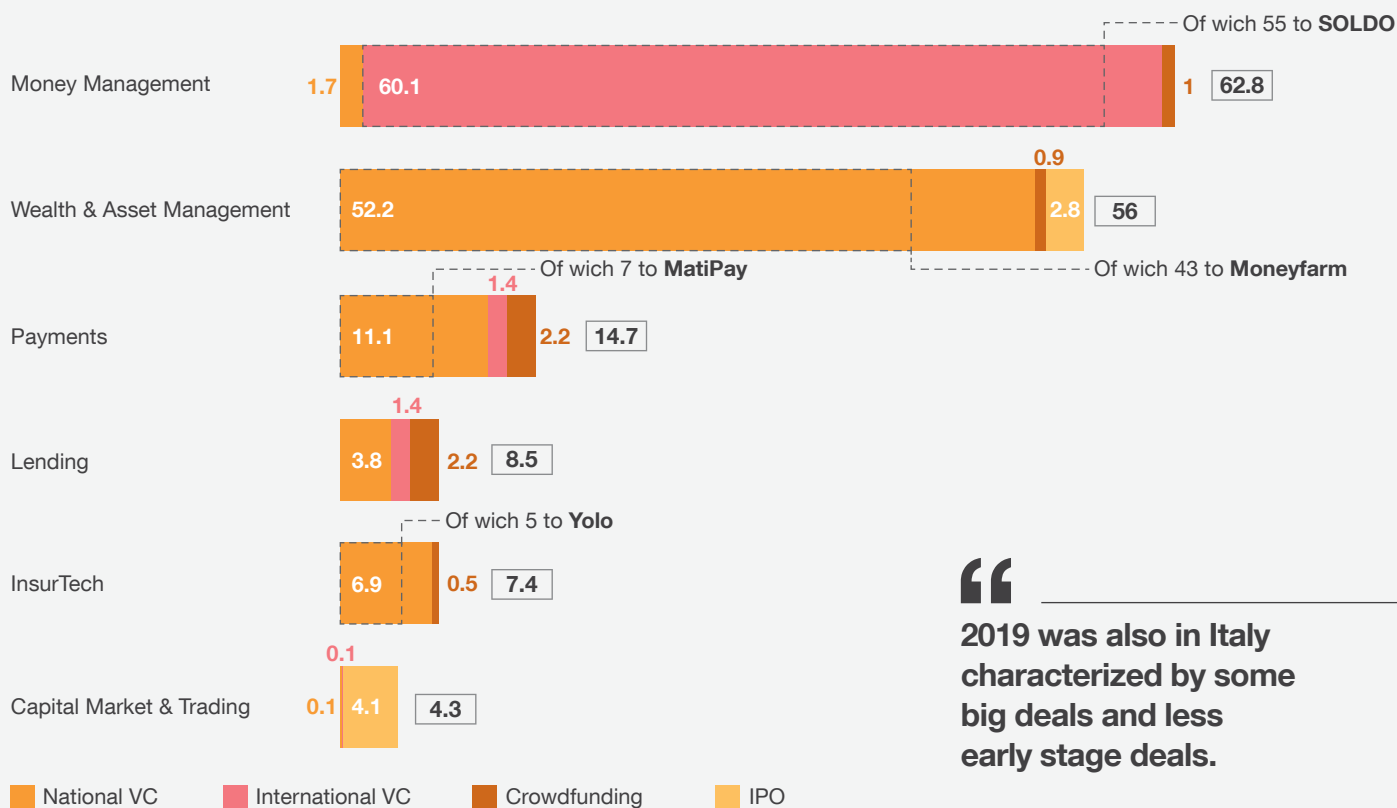


Important note: the provided data are only referred to the companies we listed and analyzed in the report. They are therefore different from other source (i.e. Bebeez). Examples of exclusion: Casavo (82 m) or Yapily (5m)...

Source: PwC - NetConsulting cube: «Italian FinTech Observatory 2020»



Capital raised by Italian FinTech in 2019 per area



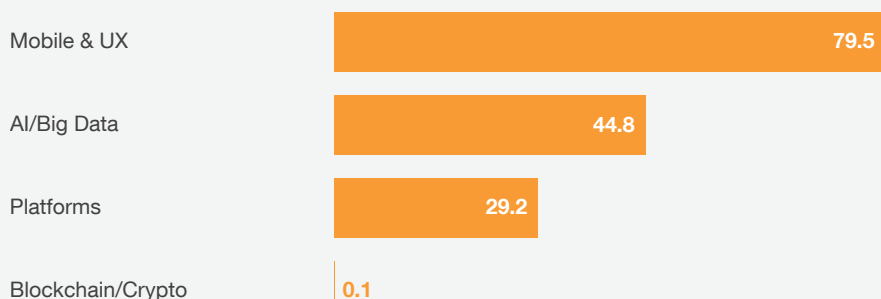
Value in mln €

Source: PwC - NetConsulting cube: «Italian FinTech Observatory 2020»

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2019 was also in Italy characterized by some big deals and less early stage deals.

Capital raised by Italian FinTech in 2019 per technology



Value in mln €

Source: PwC - NetConsulting cube: «Italian FinTech Observatory 2020»



The sector runs, but lacks fuel

Still missing an adequate profitability

A second potentially critical indicator is represented by the profitability levels of the companies. Overall, the sector's aggregate EBITDA is 2%, substantially stable during 2017 and 2018. In general, this indicator is linked to the young age of companies in the sector (60% is less than 5 years old), but there are also related considerations to the various business segments.

The only segment with negative profitability (which heavily affects the overall results of the sector) is that of Payments, the most important area of Italian FinTech in terms of number of companies, volumes and growth in turnover. In this case, the prevalent business models in the segment are characterized by high competition and increasingly smaller margins. This means that positive levels of profitability can result from very high volumes (of Payments/transactions) that can be achieved in global contexts and that are certainly difficult in a domestic market, the Italian one, which is still lagging behind in Europe with regard to the spread of digital Payments.

Very positive (for this industry) the results in the Money Management and Capital Market & Trading segments (18% and 19% respectively the aggregated EBITDA) and on average positive in the Lending and Wealth & Asset Management segments (6% and 8% respectively).

EBITDA 2018 is 2%
of revenues

It is LOW
(many young companies)

Higher in Capital Market & Trading (19%) and Money Management (16%)

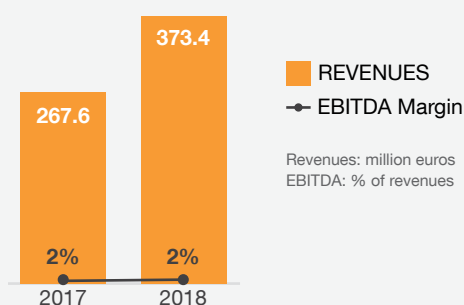
Negative in Payments (-9%)

Source: PwC - NetConsulting cube: «Italian FinTech Observatory 2020»

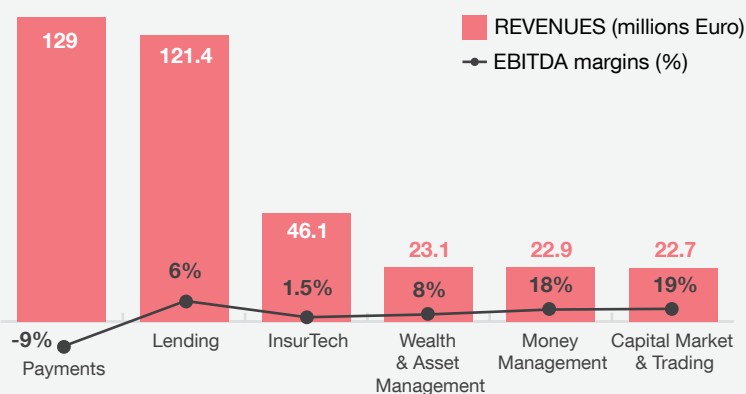
EBITDA Margins in Italian FinTech

- Many areas are still in their infancy stage and don't guarantee consistent margins.
- Interesting results in capital market & Money Management.
- Payments area is the only area with aggregated negative EBITDA, although it is growing and more mature than many other (in terms of players, revenues and products-services). This is because many business models are based on low margins that require very high volumes, difficult to get without globalization and considering the Italian background in which digital & mobile payments are still underdeveloped.

2017-2018 Values: total FinTech



2018 Values per FinTech areas



Source: PwC - NetConsulting cube: «Italian FinTech Observatory 2020»

3. Towards Open Banking and Finance

Italian FinTech is lagging behind, but moves in line with global trends, gradually closing the gap

The history of FinTech is now decades old and it is characterized by various evolutionary phases. Someone* has also speculated that in less than ten years (globally) we will overcome the same dichotomy between FinTech and Incumbents, because we will face an innovative financial system, via the Internet, global, real time...

But where are we now? What awaits us in the near future?

Following Skinner's analysis, FinTech in the world has already covered three key stages of its path:

1. The initial "Disruption", characterized by the presumption of many FinTech startups to be able to do things better than traditional banks and insurance companies by bringing innovative solutions to the market (2005).
2. The second phase of "Discussion" in which on the one hand FinTechs understood that they had some problems building sustainable markets from scratch (regulatory problems, but above all of customers and trusts) and on the other traditional finance companies realized they could get great advantages by incorporating FinTech innovations (2014).
3. And finally the third phase of the "Partnerships and Collaboration", in which FinTech and Incumbent work together in the same design and construction of new business models (2017).

At boot time (2022) the stage of "Integration", or the Open Banking/Finance era, where FinTechs' capabilities are fully integrated in new banking and insurance business models.

In Italy this journey started late (in 2010, 5 years after the development of the phenomenon in the world), in 2018 (4 years late) started (thanks also, but not only, to PSD2) the Discussion phase, placing the basis for the Partnership phase. We expect that Integration and mature Open Banking/Finance can reasonably be fully implemented starting 3-5 years from now (2023-25), even if in the last year we have witnessed important steps as the development of the technological platforms for the management and the integration of Open APIs (CBI Globe, Fabrick, Cedacri, SIA etc.), strong and real signs of a cultural change (which passes through banks and consumers themselves) to create a fertile ground for innovation are still missing.



(*) Chris Skinner, The Finanser



The signs of consolidation of FinTech consolidation: alliances, extended operations, focus on key players and globalization.

- **Alliances and collaborations.** Despite a fairly conservative approach of Italian banks with respect to FinTech, there is no lack of evidence of agreements and partnerships between individual companies (such as Intesa Sanpaolo with Back2Work and Oval, UniCredit with FynDynamic or Raiffeisen with MDOTM), or through the creation of aggregation poles and hubs (FinTech District, Vittoria Hub, Plug & Play Italy) or through the technological platforms of Open APIs integration, previously mentioned.
- **Extended operations/offering.** FinTechs are often born on vertical services (often niche ones) and then tend to expand their business. Many significant examples in our country in the last year such as Soldo (opening on target SMEs), Oval (introduction of Payment cards), Credimi (from invoice financing to direct lending).
- **Investments' are focused on the main players.** Despite the potential negative impact on new and less mature companies (which on the other hand could find space for further development of incubators-accelerators on the market), the greater concentration of investments is a sign of maturity and industry consolidation. In Italy in 2019 the funds raised by Soldo (55M €) and Moneyfarm (43M €) weigh 64% of the total investments in the sector. The first 5 deals weigh 75%.
- **Globalization.** This is key both for FinTech companies, which can rarely face sustainable growth levels on the domestic market, and for financial companies that can find solutions of interest in the wider international panorama (despite the constraints still imposed by uneven regulations and from diversified cultural approaches in the various countries).

From our point of view, globalization is made by foreign FinTechs that land on the Italian market and by Italian FinTechs that move to the international market. Many evidences on both fronts.

International FinTech companies that land in Italy. Examples

- Through ecosystems and aggregators such as Ebury, Elinvar and SlimPay (FinTech District).
- Through agreements and partnerships with banks: examples Meniga (UniCredit and IntesaSanpaolo), Iwoca and ClauseMatch (Intesa Sanpaolo).
- Through individual initiatives such as Penta (which acquired the Italian Beesy), SumUp, Younited Credit, Kantox, Revolut and N26, Viacash, Wisefunding, Tink.

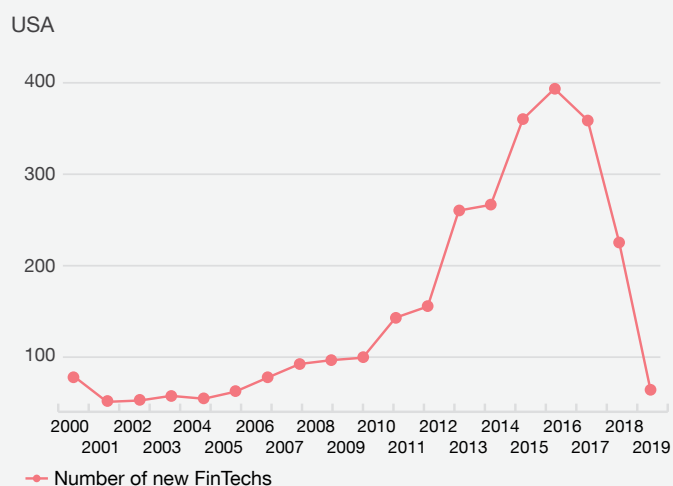
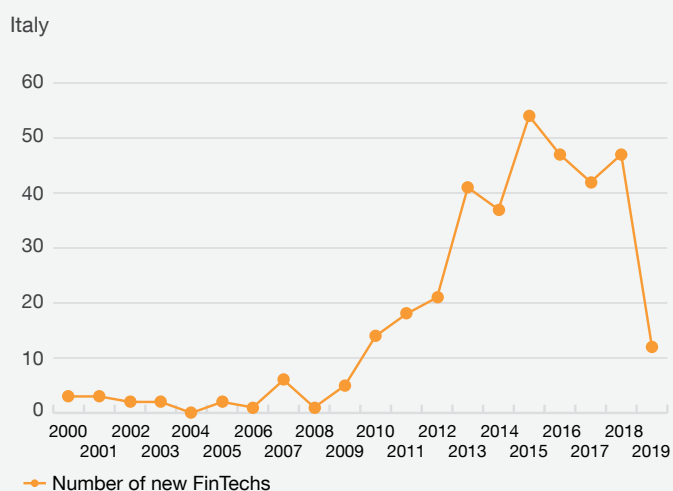
Italian FinTech companies that go abroad. Examples:

- Soldo raised € 55M to expand into new European markets and obtained the E-Money license from the Bank of Ireland.
- Moneyfarm continues its expansion by landing in Germany with new products.
- The Bregal Investments fund has invested in the prepaid card company Epipoli, present in various European countries.
- Walliance has landed in France.

The FinTechs' phases

Italian FinTechs are late, but move in line with international trends and are closing the gap

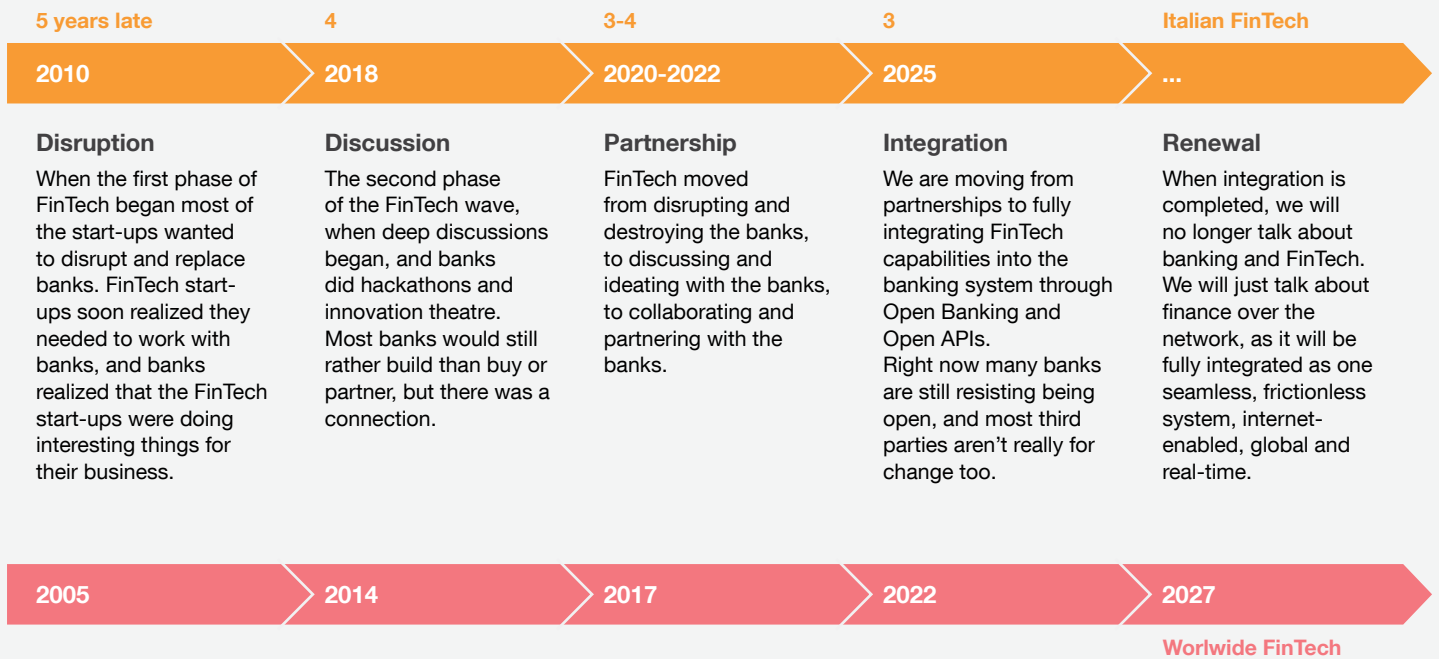
Hype in 2015-2016, the industry is now starting to move towards consolidation



Source: PwC - NetConsulting cube: «Italian FinTech Observatory 2020»

Source: Disruption House - 2019





Source: Adapted from «The Finanser», Chris Skinner



The key trends driving the FinTech consolidation

Alliances & Collaborations

- Take-off of the FinTech ecosystem: 400 alliances between banks and new players in Europe.
- According to Bank of Italy* in Italy there were **42 direct partnerships (17 M€), 11 collaborations through Incubators-Accelerators-Hub (5 M€)** and **7 Acquisitions-Shareholdings (6 M€)**.
- Examples: Intesa Sanpaolo and Back2work, UniCredit and FinDynamic Raiffeisen and MDOTM, Propensione and Amundi.
- Partnerships and collaboration between FinTech (and challenger banks) are also emerging. Examples: Borsa del Credito and Qonto to sustain the Italian corporates and SMEs.

From monoline to mainstream

- We are observing a global trend where the early FinTech innovators with monoline product propositions are now diversifying to fulfil a greater set of mainstream customer needs. This is often being pursued through banking licenses, supported by favourable regulatory developments in a number of jurisdictions to facilitate greater levels of competition and customer choice.
- Examples: Soldo (new focus on SMEs), Oval Money (also Payments through a new debit card), Credimi (from invoice financing to business lending), Domec (acquired a loyalty services for over 30,000 operators), Epiphany (from PSD2 compliance to Open API platform).

Leading FinTech players attract a greater share of capital

- The trend is clear on the global market. "2019 saw FinTech reach an inflection point on a global scale, pulling in **\$34.5B across 1,913 deals**: Annual funding dipped 15% year-over-year (YoY); however, **2018 funding was inflated** by Ant Financial's record \$14B deal in Q2'18. **Removing this round** would make 2019 a **record funding year**".
- In Italy the top 5 largest investments in FinTech amounted to 75% on Total funds raised by FinTechs. Key players: Soldo (55M€), Moneyfarm (43M€), MatiPay (7M€), Oval (6M€) and Yolo (5M€).

Globalization:

International FinTechs move to Italy

In the last months many international players landed on the Italian market.

- Through National Hub, for example Ebury, elinvar, SlimPay (FinTech District).
- Through Banking alliances such as Meniga (UniCredit and Intesa), Iwoca and ClauseMatch (Intesa).
- Through direct initiatives such as Penta (that acquired Beesy- Italian FinTech), SumUp, Younited Credit, Kantox, Revolut and N26, Viacash, Wiserfunding, Tink.

Italian FinTechs move abroad

- Soldo raised 55M€ for expansion into new European markets and obtained the E-Money license from the Bank of Ireland.
- Moneyfarm continues to expand and landed in Germany with new products.
- The Bregal Investments fund entered Epipoli prepaid cards which is present in various European countries.
- Modefinance is looking to the UK.
- The real estate crowdfunding portal Walliance landed in France.

(*) Bank of Italy, «Indagine FinTech nel sistema finanziario italiano», 2019

Over 300 companies to give innovative answers to customers

Open banking is one of the most pronounced words in the FinTech sector. In 2020 we should see concrete results after the entry into force of PSD2 on 14 September 2019 and the many promises made for the following months.

Open banking offers an opportunity to all European Financial Institutions at a very special time for traditional banking players. Industry players know that, for example, margins from transactional services are increasingly shrinking. This can put many banks, that have relied on these revenue lines for decades, into difficulty. These “commoditization” dynamics are also occurring on other fronts. Open banking allows banks to “open up”. Indeed, thanks to PSD2, it obliges them to do so. This offers many opportunities for creating new value-added services and shifting investments into construction of new use cases.

FinTech may be the essential partners of Financial Institutions that want to take advantage of the opportunities provided by PSD2 and open banking in general. Banks wanting to go open may indeed partner with FinTechs, to offer a broad list of services in an innovative and customer friendly way. We tried to imagine how Italian FinTechs can support new open finance business models, both for retail costumers and for banks with a focus on SMEs businesses.

Therefore we enriched our work by trying to map our 278 FinTechs and 86 TechFins as a response to the needs of Consumer and SME customers.

The result is a surprising picture that highlights how it is possible to innovate, expand, customize, integrate the traditional banking and insurance offering by becoming a trusted customers partner by responding to a much wider spectrum of needs than the current one.

The road is still to be drawn and the path has not yet been started, but in the face of a banking and financial scenario characterized by lights (few) and shadows (many) we are convinced that it is the right way to go.

The Italian market is not, for now, the fertile ground for the development of unicorns, but a more widespread financial innovation ecosystem is developing that could bring great value to the financial system - and ultimately - to our country as a whole.



Retail Business Model

With regard to a bank focused on retail customers, first of all FinTechs may help **improving customer experience** from the beginning, thanks to customer service and customer engagement services, such as those offered by the **TechFin** companies in segments such as “**Conversational Interfaces and Text Analytics**” (for example *Conversate* or *OpenAI*) and “**Customer Engagement**” (*Worldz* and *Friendz*), or by the FinTechs of the **Money Management** cluster with a focus on **Engagement and Gamification**, such as *Tickete*. FinTechs with offerings focused on **onboarding** may help as well, enabling a smooth experience in such a delicate phase for customer acquisition. RegTechs of the Personal Data and ID Management segment, such as *Vis-à-bit*, are well suited to play this role.

FinTechs may support open finance also by offering **banking/insurance/finance products**. The whole Financial Institution value chain may be decomposed and offered through single FinTech services, which are typically offered in a very customer friendly and fast way, thanks to digital and mobile solutions.

The traditional bank **current account** is a simple product, part of the offering of the FinTechs of the **Money Management** cluster operating as **Digital Wallet** or **Assisted Savings** (such as *Oval* or *Soldo*), or by the FinTechs of the **P2P Payments** segment such as *Tinaba*.

The latter group, together with all other FinTechs of the Payments cluster, may offer different **Payments services**, from **e-commerce solutions** (such as *SplittyPay* or *Moneymour*) to **Mobility and Vending Machines** solutions (*MatiPay*, *MyPass*...).

FinTechs of the **Lending** cluster offers a variety of solutions regarding personal loans, especially in the **Consumer Lending** (*Soisy*, *Prestiamoci*...) and **Circuit and Enabling Infrastructures** (*SalaryFits*, *Habacus*) segments.

InsurTechs, following the Bancassurance trend of recent years, are part of the open banking scenario as well. The Italian InsurTech landscape is rich of companies which may offer their services to an open bank. Most of the segments of the cluster contain suitable InsurTech, such as **P2P Insurance** (*Axieme*), **Micro-Instant insurance** (*Yolo*, *Neosurance*) and Life-Home InsurTech (*looota*, *Healthy Virtuoso*) just to name a few.

With regard to **retail investments**, many FinTechs from different clusters may be part of an open finance offering. The most obvious are those belonging to **Wealth and Asset Management** and the **Capital Markets and Trading** clusters, which can all offer different kind of investments services, from the most accessible, as **RoboAdvisor** (*Moneyfarm*, *Euclidean*) and **Equity Investments platforms**, to more advanced trading tools such as **Flowtech** and **Crypto investing platforms** as *The Rock Trading*. FinTechs of the **Assisted Savings** segment from the **Money Management** cluster (*Oval* and *Gimme5*) let customers invest their small daily savings, representing a further option to engage users. Furthermore, for customers interested in social causes also FinTechs of the **Other Crowdfunding** cluster may represent an interesting alternative, even if those do not comprehend a return on the investment.

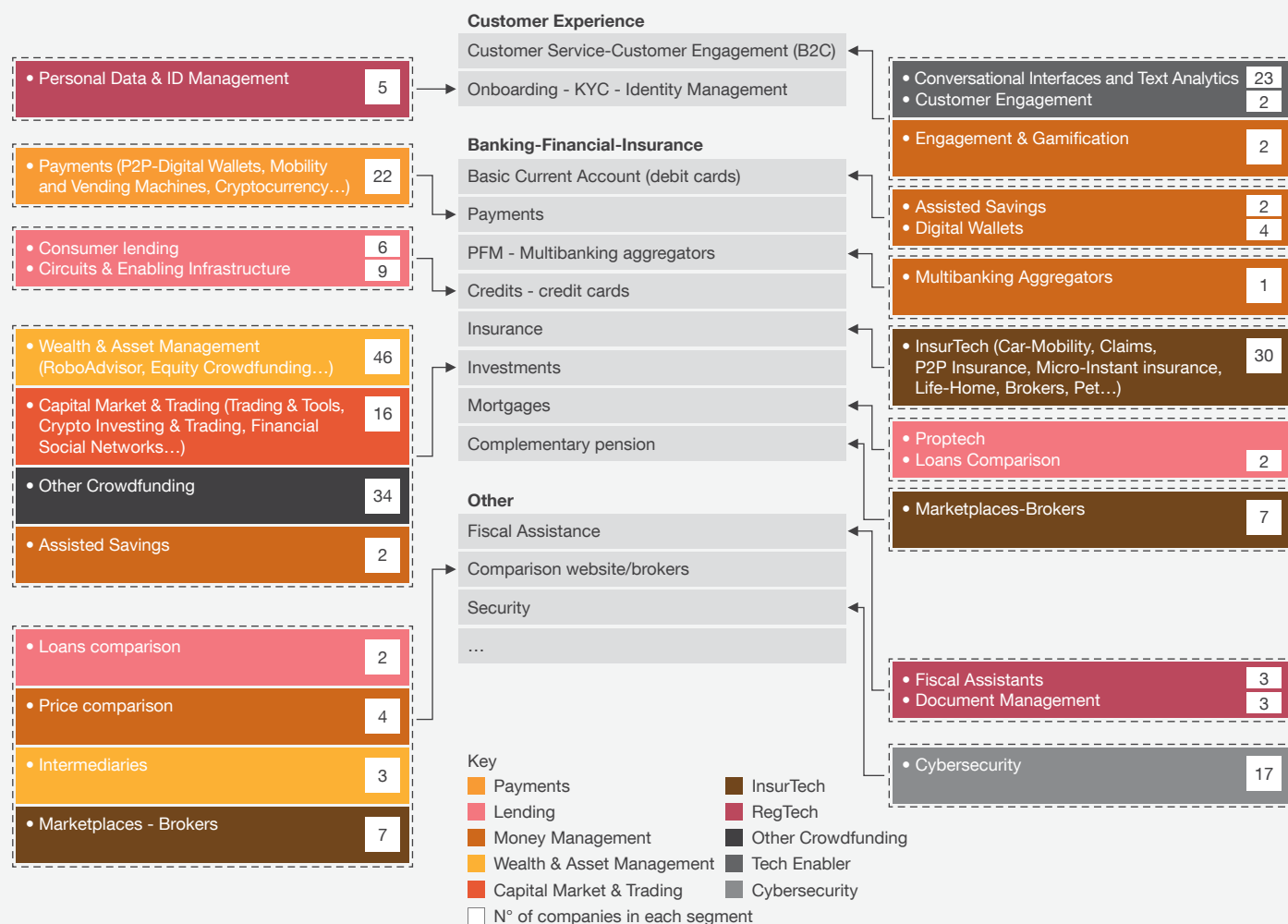
FinTechs of the **Lending** cluster may play a role even for more complex loan products such as mortgages. Right now, the Italian landscape presents only FinTechs which operates as **mortgages comparison websites** (*MutuiOnline*, *MutuiSupermarket*), but international trends of **PropTechs** companies show that also in Italy FinTechs directly providing mortgages may arise.

To conclude the list of the most typical financial services products that can be offered in an open finance scenario, we include the **Complementary pension schemes** offering. Such products, traditionally provided by insurance companies, may be offered via open banking thanks to **InsurTech brokers** such as *Propensione.it*.

Apart from typical financial products, banks may offer other services thanks to FinTechs, broadening the scope of their business. Service like **fiscal assistants** (*Taxman*, *Fiscozen*, *EasyTax*) or **document management platforms** (*Digithera*, *LexDo.it*) in the **RegTech** cluster may represent value added services, easy to implement in an open banking business model. Looking at the international market, a trend arising is that of financial products comparison in-app. While it may seem counterintuitive, to offer products from different financial institutions, this solution is helping banks to keep the customer relationship while offering better products to their customer. All **comparison and intermediaries** segments along the FinTech value chain (as in **Money Management**, **InsurTech**, **Wealth & Asset Management**...) are eligible for solutions of this kind.

How FinTechs can support new open finance business models for consumers

Examples - the customer



Source: PwC - NetConsulting cube: «Italian FinTech Observatory 2020»



SME / Corporate business model

Challenger banks are increasingly starting to adopt a business model focused on the needs of SMEs, which would greatly benefit from an evolution of their relationship with financial institutions. Some of those challenger banks are also coming to Italy from abroad: it is the case of *Qonto* and *Penta* (which entered the Italian market by acquiring an Italian FinTech listed in our previous report). Open banking may be a way for banks to offer a broad number of services even beyond pure financial services. For example, through FinTechs and TechFins an open bank may help SMEs with marketing, sales and customer service solutions, with a B2B2C business model where SMEs may offer solutions to their customers through open banking.

In terms of pure **customer service**, solutions offered by the **TECHFIN** companies in segments such as “**Conversational Interfaces** and **Text Analytics**” and “**Customer Engagement**” and the **RegTechs** of the **Personal Data and ID Management** segment (for the **onboarding** process), as said before, may represent a value added service both for the SMEs and their customers. FinTechs of the **Money Management** cluster with focus on **Engagement and Gamification**, as *Tickete* or *GarantEasy* may play a role in improving the customer experience as well, again in a B2B2C business model. The FinTechs of the **Online Checkout segment**, part of the **Payments** cluster, (*Squeezol*, *Monemour*...) can greatly improve the customer experience for e-commerce, helping those SMEs which directly sell their product online to increase their revenues.

TechFins with a focus on **Advanced Analytics** (*Rulex*, *Agile Lab*...) can offer analytics to increase sales, plan marketing campaigns or target potential new customers, while those of the **Digital Marketing & CRM** (*Digitouch*, *Doxee*, *Buzzoole*, etc.) present solutions which can greatly improve the online presence of small enterprises, reaching new customers through the digital channel. FinTechs of the **VAS for merchants'** segment, such as *Domec* or *Epipoli*, part of the **Payments** cluster, offer a number of services to enable loyalty programmes, gift card, ticketing, and other value-added services of this kind, extremely profitable for SMEs and corporates alike.

Obviously, FinTechs have an active role to play in the offering of all traditional financial services to SMEs – and more. Starting from administrative needs, as accounting and company spending management, where there are plenty of softwares and solutions offered by the FinTechs of the **Enterprise Financial Management**

segment (*Soldo*, *Maxtrino*, *Vipera* and others) in the **Money Management** cluster. In the same cluster, *eKuota*, the only FinTech of the **Treasury Management** segment, may help with dealing with uncertainty and financial risk about foreign exchange, interest rates, purchases of raw materials and treasury operations in general.

SMEs typically are looking for funds, for a broad number of reasons. FinTechs offer funding solutions of many kinds. The most typical are loans, from direct lending (**business lending** segment, such as *BorsadelCredito*) to **invoice financing** (*Credimi*, *Workinvoice*...). Many different solutions are those enabled by the FinTechs of the **Circuit and Infrastructure** segment of the lending cluster, which are particularly interesting in an open finance environment. From solutions of **Dynamic Discounting** for the supply chain, like *PlusAdvance* and *FinDynamic*, to commercial credit circuit like *Sardex* and to *EU4SMEF*, a syndicated credit pooling platform which enhance the possibility of getting loans for SMEs, FinTechs of this segment may truly represent the next step of open banking in the Italian context, where SMEs, which are of pivotal importance to the economy of the country, are having a hard time getting the loans they need. Getting funds, of course, is not only possible by getting loans. SMEs and startups may be interested in selling shares of equity, which for small business is much easier to do with an equity crowdfunding campaign than with an IPO. There are 25 FinTechs in the **equity crowdfunding** segment, with *Mamacrowd*, *CrowdFundMe* and *Two Hundred* being the platforms which through which more funds have been raised.

Banks may also offer third parties' solutions for legal and compliance issues. An example are the FinTechs of the **Online Invoicing** segment of the **Money Management** cluster, such as *Get Your Bill* or *Fatture in Cloud*, which offer a service of fundamental importance for SMEs given that in Italy electronic invoicing has been made mandatory for private individuals. Most of the services offered by RegTechs may be useful in this sense, such as those made by **Fiscal Assistants**, **Document Management** platforms or **Regulatory/Compliance Software Development** companies (*Epiphany*, the *AvantGarde group*).

FinTechs of the **Payments** cluster offer a whole kind of solutions which can help SMEs improving the customer experience they can offer to their customers. **P2P Payments** and **Digital Wallet** solutions (*Satispay*, *Tinaba*, *Plick*) and **Next Generation POS Solutions** (*DropPay*, *Scloby*) are perfect to enable smart, digital interaction between business and customers, adding a series of services to smooth their Payments experience. More

complex, ad hoc Payments solutions, with a focus on digital and online Payments, may be enabled by those FinTechs, as *Axerve* or *PayTipper*, part of the **Payments Solutions Development** Segment.

To conclude the list of the most “traditional” financial services that an open bank may offer to his customer, we again mention **InsurTechs**, useful to enable a digital bancassurance business model. Solutions offered by InsurTechs of the **Car-Mobility & Claims** may be perfect to help SMEs manage their companies’ fleets, simplifying monitoring and claims related to such vehicles (*Air, Claider, Insoore*) while Lokky, of the **Micro-Instant-Product Insurance**, has developed solutions to offer

insurance product to small and micro enterprises, guiding them in choosing the best policy according to their needs.

The offering of complementary services, not directly related to banking/insurance, is a natural evolution of open finance. For SMEs, this means the offering of products and services aimed at improving logistics, operations, production...

An example of this are the **TechFins** of the **Blockchain Development** segment, some of which can develop solutions based on the blockchain technology to monitor, track and manage in a broad sense the whole supply chain (*Informamuse* and others). On top of that, the 17 **Cybersecurity** companies are all candidates to offer their security solutions to SMEs and corporate through banking.

How FinTechs can support new open finance business models for SMEs

Examples - the SME



Italian FinTechs focus on the SME segment

Nearly 70% of Italian FinTechs in the Lending area are targeting SMEs

- **Italian SMEs struggle to grow due to the credit crunch.** The entire national economic system was affected. Several tens of thousands of businesses have closed in the last decade and many others are at risk of ending up today because of an increasingly worrying tightening of credit. During 2018 bank loans to non-financial companies decreased by 6.4% compared to 2017. From 2011 to 2019 the drop was practically continuous(*).
- **Invoice financing leads** It is the most important segment in terms of volumes and growth: at 30 June 2019 was € 939.3 million (with a 90% growth over the previous year).
- **Business lending is following** The cumulative total value to date is € 149 million, with a last year contribution of € 79.8 million (+ 49% compared to the previous period).

Also Money Management is a key area for more than 60% of FinTech SME offering - Key business segments:

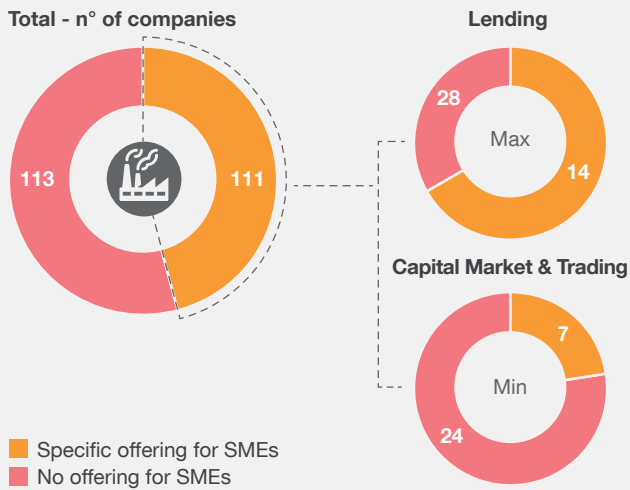
- **Online Invoicing.** A key area as the mandatory electronic invoicing for everyone (excluded few exceptions) came into force from 1 January 2019. It represents an interesting area to build Open Banking Collaborative services between banks and FinTech. In this area there are already examples of FinTechs with rocketing growth.
- **Enterprise Financial Management and Treasury Management** FinTechs in this area provide tools to manage Financials through integrated solutions.

Wealth & Assets Management for SMEs: equity crowdfunding is a potential new source of funding – still little but growing

- In 2019, the Italian equity crowdfunding platforms raised 65.6 million euros of capital for startups and SMEs, with an increase of 82% from 2018.

Source: PwC - NetConsulting cube: «Italian FinTech Observatory 2020»;
Osservatorio Crediti Conferescenti su dati Bankitalia





“

SMEs are key in the Italian economy SMEs are the 92% of active companies in Italy

Italy is a country with many peculiarities including the socio-economic environment, which has always been made up of small, semi-artisan entities. SMEs in Italy have a high weight, given that they represent 92% of the active companies and that 82% of workers in Italy find employment in the ranks of these companies: a percentage that exceeds (and not little) the averages in Europe. According to the latest Prometeia (**) estimates, in 2017 there were about

5.3 million SMEs who employed over 15 million people and generated a total turnover of 2,000 billion euros

“

>45% of Italian FinTechs focus on SME segment (>40% of revenues)

Key areas: Lending, Money Management, Wealth & AM, RegTech, Payments



Open Finance: resources are developing

Open Finance- to start you need to know each other

2019, with the operational launch of PSD2, should have been “the year of Open Banking”.

In reality, the vast majority of banks have faced the regulatory component required by law (in a few cases with proprietary solutions, and, in the vast majority of cases, relying on common platforms such as CBI Globe, Fabrick, SIA, Cedacri...), but very little happened in a more strategic perspective of building new business models and new products-services for customers.

FinTech certainly represents a key - and enabling - ingredient in the development of Open Banking. The first step is to know each other and build and develop innovative solutions.

In our investigation we have therefore introduced an analysis of the environments where on the one hand FinTechs can develop their capabilities and on the other, banks and insurance companies can know and select the ideal partners and, above all, integrate the solutions from one point operational, regulatory and technological.

The emerging picture is promising

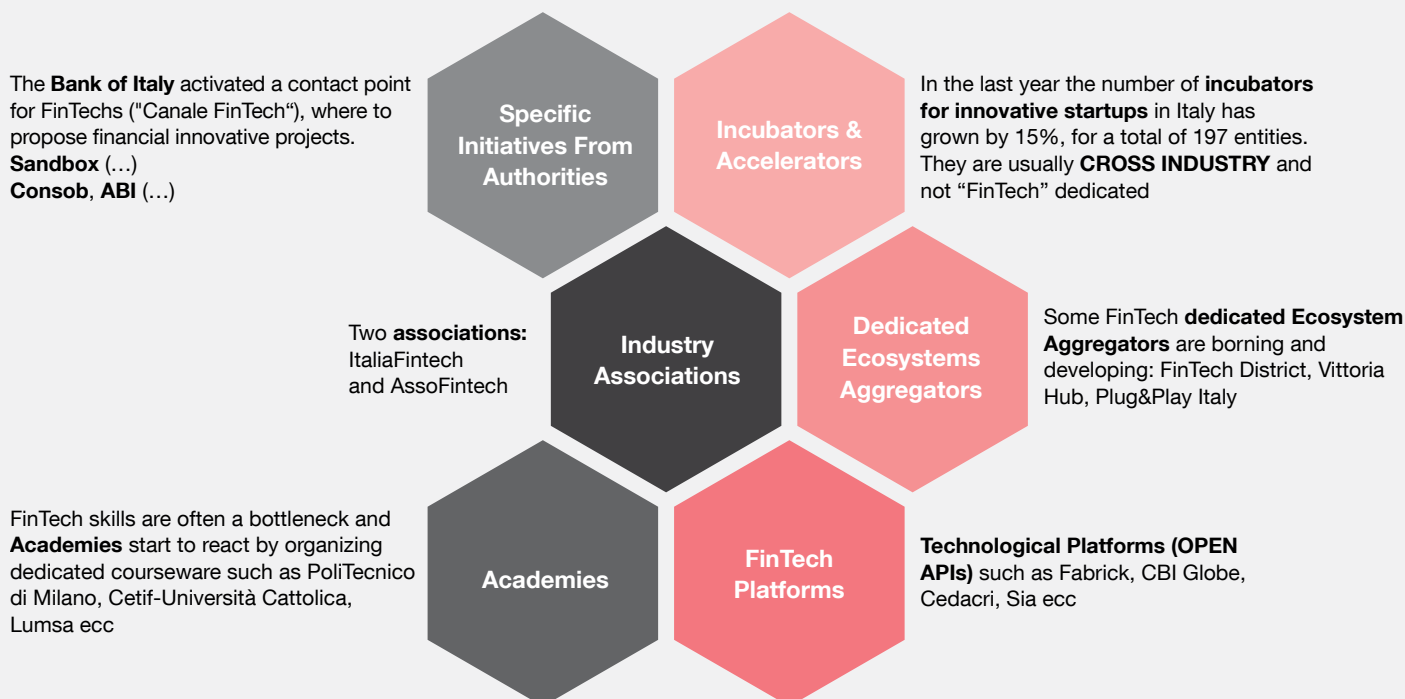
The incubators and accelerators for innovative startups, typically cross industry, are now almost 200 and continue to grow (in number, in the number of startups addressed, turnover and number of employees). Among these, some are banking (such as Cariplo Factory, Intesa Sanpaolo Start Up Initiative, UniCredit Start Lab, SellaLab, LeVillage...) and academic (PoliHub, B4I_Bocconi for Innovation).

But the Italian panorama is also being equipped with ecosystems/ aggregators dedicated to the FinTech world. The first - and now more mature - is the FinTech District which, promoted by Banca Sella, is today a reality of over 130 start-ups (obviously including many international realities), 13 corporate members, including several banks, in addition to Sella, and Insurance and partnership/network with 10 FinTech International HUBs.

Two new hubs were also established: the first dedicated to InsurTech (Vittoria hub) and the new FinTech research and development center of Plug-and-Play Italy in partnership with Nexi and UniCredit, presented in February 2020.



FinTech: where to be born, grow, meet, build solutions, collaborate & integrate



Source: PwC - NetConsulting cube: «Italian FinTech Observatory 2020»

Incubators and accelerators for startups are growing

They increase by 15% in a year, reaching 197

- In the last year **the number of incubators for innovative startups in Italy has grown by 15%**, for a total of 197 entities. About 26% of these are located in Lombardy and a total of 60% of these business incubators and accelerators are located in the northern regions.
- In a year, **the number of startups that have grown in our country's incubator ecosystem has increased** by 400 units, from 2,400 companies to 2,800.
- The economic value of these incubators is also growing and the total turnover of these companies, which employ around 1,100 people, in 2018 was 390 million euros in 2018, for an average turnover of 2 million euros, an increase of 57% compared to 2017. The average funding received from incubated startups has also increased significantly, from 1.18 million euros to around 3.30 million.
- The legal nature of these incubators remains quite varied. **62.4% of these are private** realities, 15.2% are public organizations and the remaining 22.4% are a hybrid situation.

Source: Third report on the impact of Italian incubators and accelerators, Social Innovation Monitor (SIM)

Incubators and accelerators are (also) for FinTech: examples

They are usually CROSS INDUSTRY and not “FinTech” dedicated (but Supernovae Labs)

Le Village

Le Village by CA is the innovation hub of the Crédit Agricole group in Italy, an ecosystem supporting the business and innovation of the area that has 33 centers between France, Italy and Luxembourg. (Milan)

Nuvolab

It is a business accelerator, a catalyst for change dedicated to all the realities of the entrepreneurial ecosystem. It is proposed to create and help to exploit concretely the latent innovation opportunities in the national system. (Milan)

PoliHub

It is the university incubator of the Politecnico di Milano managed by the Politecnico Foundation, with the contribution of the Municipality of Milan, through the instrumental company PoliHub Servizi Srl. (Milan)

B4i – Bocconi for Innovation

Former SpeedMiUp, the incubator of the Milanese university Bocconi, is now B4i-Bocconi for innovation: a hub that aspires to become a reference center for innovative entrepreneurship. When fully operational, it will host 30 startups. The incubator is promoted by the Bocconi University and the Milan Chamber of Commerce Monza Brianza Lodi, with the support of the Municipality of Milan (Milan)

Cariplo Factory

Cariplo Factory was born from a precise strategy of the Cariplo Foundation: after numerous initiatives and projects that focused on young people, work, innovation, the Foundation decided to equip itself with an instrumental reality based on a physical place that could become a value and opportunity enabler and an amplifier for different realities of the territory. (Milan)

Gellify

It is the first B2B innovation platform and company builder, able to connect B2B digital startups to traditional companies that are looking for new business opportunities. It operates exclusively on B2B startups and on identified technological and business trends (industry 4.0, FinTech, big data and artificial intelligence, cybersecurity), supporting startups with smart money (round A investments) and with “gellification” programs of the duration of 6-24 months involving all company areas. (Casalecchio di Reno - BO)

Intesa Sanpaolo Start Up Initiative

An incubator for high-tech startups specialized in social ventures, biotechnologies, ICT, mobile and mobility, cleantech and nanotechnologies startups.

Roma Sartup

Roma Startup is a non-profit organization advocating for ecosystem players and startups of the metropolitan area of Roma, aimed at promoting the area of Rome as the Italian and Mediterranean leading Hub for growing innovative startup companies.

Supernova Hub

In addition to finance, it provides complete support to new entrepreneurs - IT skills, managerial skills, physical spaces: everything that really serves to quickly and effectively create a sustainable company in the medium to long term. So far 12 startups accompanied in the growth process. (Milan)

Talent Garden

Talent Garden offers a combination of creative coworking campuses, an innovation school and industry events dedicated to innovation and new technologies. (Milan)

UniCredit Start Lab

An initiative born to support young entrepreneurs, innovation and new technologies. (Milan)

Digital Magics

It is a certified incubator of digital innovative startups, which offering high-tech content and products. Magic Wand is the acceleration program dedicated to FinTech, InsurTech, Blockchain and Cybersecurity Start Ups created by Digital Magics (Milan)

AreaScience Park

Innovation Factory, in-house company of the AREA Science Park, has been a major player in the Italian startup ecosystem for a decade as an incubator active in the pre-seed and seed phase. (Trieste)

SellaLab

The aim of this lab, promoted by Banca Sella, is to help those with digital business ideas to take shape and grow, which is why they define themselves as “accelerators of ideas”. (Biella)

H-Farm

It is a digital platform created in 2005 with the aim of helping young entrepreneurs in the launch of innovative initiatives and supporting the transformation of Italian companies into a digital perspective. (Roncade Treviso)

I3P

The incubator of Innovative Enterprises of the Polytechnic of Turin is a non-profit consortium, set up by the Polytechnic of Turin, the Metropolitan City of Turin, the City of Turin, the Chamber of Commerce of Turin, Finpiemonte and the Torino Wireless Foundation. (Turin)

b-ventures

Owned by DOCOMO Digital, b-ventures is a startup acceleration program which supports and develops the next generation of mobile innovators. It is specialized in mobile Payment, mobile advertising and mobile content startups. This international incubator and accelerator offers co-working spaces in Italy, Spain, UK and US.

Supernovae Labs

FinTech accelerator for banks and insurance companies in Italy and one of the main players in Europe. It offers an integrated range of services aimed at creating value through open innovation, thus creating a bridge between start-ups and financial players. (Milan)

PoliHub: the numbers

In 2019 **PoliHub** supported over 185 innovative companies, which have a cumulative turnover of over 40 million euros, received investments for over 19.8 million euros and created over 1,000 new jobs.

FinTech and TechFin companies
from the PoliHub (examples)

FinTech***Morpheos******SplittyPay******Sardex.net******Scalapay*****TechFin*****Konvergence******Cleafy******Banksealer******OpenAI******Userbot***

Some FinTech dedicated Ecosystem Aggregators are born and developing

To promote innovation and collaboration, knowledge and globalization, new HUBs (FinTech-InsurTech DEDICATED) are established.

1. **FinTech District**

It is the first FinTech dedicated Ecosystem Aggregator to create a community of FinTech Startups active in Italy offering them opportunities and connecting them to an international network. New (2019) the European FinTech Discovery Program that involves ten realities from as many countries of Europe that are dedicated to supporting startups and scaleups in the FinTech field. The Italian pin of the program is FinTech District. As of today, there are 130+ startups part of its community, with 13 corporate members. Fintech District is also part of an international network of 10 international hubs.

2. **Vittoria Hub**

Vittoria hub is the first Italian InsurTech Incubator in Italy based on Open Innovation presented by Vittoria Assicurazioni in November 2019. It wants to be a meeting place between technological innovation and new business models for the insurance sector, attracting investors, partners and startups in a single pole.

3. **The new Plug and Play center with Nexi and UniCredit is born in Milan**

Big data, blockchain, digital Payments and open finance have, since February 2020, a new research and development center, a Plug and Play FinTech hub (Silicon Valley company specialized in connecting start-ups and large companies), in partnership with NEXI and UniCredit. Two objectives: to attract start-ups and FinTech talents to Italy and to select Italian companies of excellence in the sector in order to help them find new partners and markets. There are seven people hired in this first phase, including economists, technicians and finance experts.





Open Finance - integration is still, often, a challenge

Once the initial (and it is no small thing) phases of strategic design, business model design, identification of possible partners have been overcome, a delicate phase that includes operational and technological integration opens.

This is not the place to fully deal with a problem that sees diversified solutions that must take into account the subjects (banks, insurance companies, FinTechs) and objects (type of product service, new challenger bank), but it is evident that it is essential to develop architectures, governance models, technologies capable of supporting open and collaborative environments with third parties.

The Italian context today offers some integration platforms from an Open API perspective, but as described initially it is still mainly responses to regulations (PSD2) and rarely (Fabrick is an emblematic example*) they have an explicit Open Banking strategy.

A certainly useful tool will be the Regulatory Sandbox** which could become operational during this year.

The road is marked and the journey is only at the beginning.

Source: FinTech District

(*) Fabrick is the open banking platform, promoted by the Sella Group, which currently includes also BPER and Ubi Banca. Six months after the start of the PSD2, there are 200 direct customers of Fabrick and over 23 thousand end consumers who use services born on the platform. Compared to the exposure of just over 10 APIs required by PSD2, to date, 473 APIs are present on the platform, with over 12 million monthly API calls. There are 16 use cases implemented, including Account Aggregation, Data Enrichment (PFM), Smart Banking, Payment & Collection Engine, SME Banking, AISP & PISP. A critical mass that translates into a coverage of over 95% of the Italian-PSD2 market. More than 5,000 developers from 20 officially registered banks are working with the API on the platform.

(**) The regulatory sandbox was included in the Growth Decree in June 2019. The law gave a mandate to the MEF (Ministry of Economy and Finance) - together with the supervisory authorities (Bank of Italy, IVASS and Consob) - to define the reference regulations within 6 months.

Open APIs/Open Banking key platforms in Italy

CBI Globe

15-9-2019

~300 banks = 80% of Italian banking market have joined the Cbi Globe platform which allow the data exchange in a simple and rapid way compliant with the new rules (PSD2).

Nexi: At January 2020 CBI has teamed up with Nexi, a PayTech for banks, to add a new feature to the CBI Globe platform. Focus PSD2.

Fabrick

Fabrick is an open financial ecosystem that enables and fosters exchange between players that discover, collaborate and create innovative solutions for end customers, through an API platform.

SIA

~ 80 banks - mainly BCC (RAIFFEISEN)

Open banking platform allows banks to enter a digital ecosystem and actively collaborate with other companies including private corporates, insurance companies, FinTech and public administration.

Cabel

20 banks

Cabel is an outsourcer supporting its banks to comply with the PSD2 by making available to third parties the APIs to access the data of all the banks using its home and corporate banking services.

Cedacri

from June 1, 2019 the Cedacri's API Gateway (the Open Banking platform) is available. It was created as part of the PSD2 initiative and it allows Third Parties to access and exchange data with **More than 30 banks**.

More

- Other OUTSOURCERS **CSE - SEC Servizi**.
- A newly born (11-11-2019) APIs directory **Open Banking Directory** to enable the collaboration between banks and FinTechs.

Fabrick Key Numbers

Six months after the start of the PSD2 (February 2020):

- There are **200 direct customers** of Fabrick.
- Over **23 thousand end consumers** who use services born on the platform.

Compared to the exposure of just over 10 APIs required by PSD2, to date

- **473 APIs** are present on the platform.
- With over **12 million monthly API calls**.

- There are **16 use cases** implemented, including Account Aggregation, Data Enrichment (PFM), Smart Banking, Payment & Collection Engine, SME Banking, AISP & PISP.
- A critical mass that translates into a coverage of **over 95% of the Italian-PSD2 market**.
- More than **5,000 developers** from **20 officially registered banks** are working with the API on the platform.

FinTech Ecosystems Stories



(ANSA) - Rome, 14/01

OPEN BANKING: CBI Partners with NEXI To Support Banks And Payment Service Providers In Offering New FinTech Services In Italy And Europe

CBI, the think tank for innovation for the Payments market in the financial industry promoted by the Italian Banking Association, has teamed up with Nexi, the PayTech for banks, to add a new feature to the CBI Globe platform which will enable banks to develop FinTech services in response to the growing needs of corporate and retail clients.

CBI and NEXI are actively working with dedicated resources in order to implement the new functionality by April 2020.

Kaleyra, 19/7/2019

Kaleyra and Epiphany form Open Banking partnership

Kaleyra, an international leader in mobile messaging services for banks and companies of all sizes, and Epiphany, a technology start-up born in Italy and operating globally, specialized in digital banking solutions that “open up” open banking, have signed a partnership agreement to jointly support banks in their digital transformation efforts, from basic PSD2 compliance to delivering new banking experiences, to enabling core banking modernization.

STARTUPITALIA, 29/11/2019

Vittoria Hub, the first Italian insurtech incubator, is born

Promoted by Vittoria Assicurazioni, the hub looks at open innovation. The call for the selection of startups to incubate has been launched.

Vittoria hub is the first insurtech incubator in Italy dedicated to Open Innovation and, as such, it has two specific tasks: on the one hand attracting innovative start-ups, technological partners and investors to a dynamic exchange of ideas, resources in a single pole and skills, on the other hand accelerate start-ups on their path from idea to industrial maturity.

Press Realise, 7/2/2020

Fabrick integrates Lokky's offer on its open banking platform

Lokky, a digital insurance broker dedicated to micro-businesses, professionals and freelancers, offers a wide variety of policies which, thanks to artificial intelligence, are defined on the specific needs of the customer. The solution was created to be multi-channel and Fabrick allows a maximum level of integration, even with the core systems of financial institutions, from branches to home & telephone banking applications...

Fintastico, 25/2/2020

Open banking: UBI Banca chooses Fabrick and enters the FinTech District

UBI Banca has decided to resort to Fabrick open banking platform, promoted by the Sella Group, to enhance its digital offer and winks at a new, younger audience and looking for lean, fast and usable services via smartphone

Through the Fabrick platform, UBI Banca will be able to develop, for example, account aggregation and Payment initialization solutions....

FinTech skills are often a bottleneck – for FinTechs and Incumbents - and Academies start to react

FinTech – International Master in FinTech, Finance and Digital Innovation

The International Master in FinTech, Finance and Digital Innovation is designed to provide students with all the skills and competencies to face the FinTech revolution. The program builds on close collaborations with the financial world to combine theoretical competencies on methods and technologies with the expertise of the financial world and FinTech applications and opportunities. The aim is to train professionals who are able to understand and manage the digital transformation building on different skills and capabilities: knowledge of the financial system and of financial intermediation, information technology skills as well as quantitative methods applied to finance.

Master in Digital Innovation & FinTech del Cetif (Centro di Ricerca su Tecnologie, Innovazione e servizi Finanziari) dell'Università Cattolica di Milano
Cetif (Research Center on Technologies, Innovation and Financial Services) of Università Cattolica (Milan) was the first in Italy to launch a Master's course dedicated to FinTech. It is aimed at three-year or master degree graduates and also to those who, already employed, wish to complete their training. The professionals trained by the Master will be able to carry out the activities of Startupper and FinTech Specialist, Digital Specialist and Digital Officer, Innovation Officer, Data Analyst and Information Manager, IT Manager, IT Compliance Specialist, Community Manager.

Master in FinTech & Innovation - LUMSA di Roma
LUMSA University, FinTech EduLab and FinTech District have decided to fill the gap in the FinTech training offer by starting the **Master in FinTech & Innovation** in Rome. The project started in January 2019 (lasting 10 months) with frontal lectures, workshops, business cases, project works and internships. Università LUMSA, FinTech EduLab e FinTech District in qualità di ecosystem partner, hanno deciso di colmare la lacuna dell'offerta formativa in ambito FinTech dando avvio a Roma al Master in FinTech & Innovation. Il progetto partirà a gennaio 2019 e avrà una durata di 10 mesi con un'alternarsi di lezioni frontali, workshop, business case, project work e stage.

Finance and FinTech - disrupting the financial world

The Master in Finance and FinTech aims to enable young professionals to deal with the digital transformation that is disruptively changing the financial market, by combining traditional financial skills with deep understanding of new digital technologies. The new emerging technologies such as blockchain, artificial intelligence and big data analytics are deeply modifying the landscape of the financial market, creating immense opportunities for incumbent players but also serious threats from innovative start-ups.

Master in Financial Technologies (FinTech), Blockchain and Risk Management

Sida Group Management Academy (Verona)
Internet of things, Cloud Computing, Big Data & Analytics and Blockchain are just some of the innovations that are transforming the financial industry as a whole. The Master offers an analysis of new digital technologies and their applications in the financial world such as banks, insurance companies, asset management; through a pragmatic approach. The master dedicated to the FinTech revolution offers its participants the knowledge of the financial world and IT skills (such as big data management, cybersecurity, blockchain technology, smart contracts, natural language processing (NLP), data visualization) necessary to build new business models.

Insurance Innovation Master I (MII)

The Master in Insurance Innovation (MII), **the first university training course in Italy dedicated to innovation** and the creation of the jobs of the future in the insurance sector, will take place in Turin, at the Carlo Alberto College. The project - starting in September 2020 and born from the partnership between the School of Management and Economics of Turin, the Polytechnic of Turin, Collegio Carlo Alberto, Compagnia di San Paolo, Intesa Sanpaolo, Intesa Sanpaolo Vita and Reale Mutua - is mainly aimed at recent graduates and talented young professionals from all over the country.

Italian FinTech Associations

ItaliaFinTech is a working group (structured in the form of an **association**) that brings together the main vertical players operating in Italy, with the common goal of facilitating the access of companies and individuals to FinTech services, simplifying their understanding and user experience. It also actively collaborates to foster dialogue with traditional institutions and companies in order to turn the potential for market growth into real development. ItaliaFinTech represents the reference point for institutions and regulator for a productive dialog about financial technologies.

The mission of **AssoFinTech** is to analyze the sector's critical issues, to dialogue with the institutions on regulatory development, to promote knowledge and qualitative growth in the sector.

Associazione Italia FinTech
Milano, Via Victor Hugo 4
CF:97809530153
<http://italiaFinTech.org/contatti/>

AssoFinTech - Milano, C.so Europa 13
CF 97788160154 | info@assoFinTech.org





4. FinTech in depth analysis

Overview of FinTech business segments

Payments and Lending the main areas in terms of volumes.

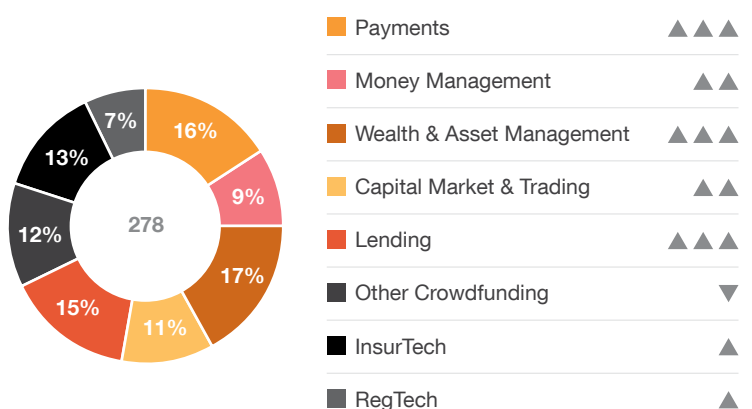
InsurTech, Capital Market & Trading e Money Management are growing fast

See the detailed analysis of the various areas in the following sections. Here we only provide a performance overview of the main segments summarized in the chart below.

- Payments represent the star of Italian FinTech in terms of turnover, number of companies and growth. The only problem of the segment is the negative margins.
- Money Management is still a small segment in terms of turnover volumes, but all the signs (growth in turnover, investments, profitability) indicate extremely positive growth (multi-bank aggregators, Personal and Enterprise Financial Management, Online invoicing).
- Wealth & Asset Management (in which the overall turnover is penalized by the fact that larger entities - such as Moneyfarm - have their registered offices abroad), is evolving (for example Real Estate Equity Crowdfunding is a new segment that already includes 7 companies) and it attracts many new players.
- Lending, together with Payments, is a key segment by turnover and number of companies. The sector continues to grow and evolve: the areas of risk rating and Circuits are growing, the Real Estate segment is new. SMEs represent the main target, FinTechs provide a greater flexibility than banks in guaranteeing access to credit. Profitability, despite the implicit risks of this business, is positive. The investments of financiers are scarce.
- Capital Market & Trading grows significantly and it has also good profitability, despite very low investments. Noteworthy are some new business segments including Trading and Investments in crypto currencies and Specialized Trading for NPLs.
- InsurTech is the youngest sector (over 70% of companies were born after 2015), but has already become the third sector, in terms of turnover, of Italian FinTech. Growth is sustained, but, as in other segments, investments are lacking.
- Two further segments are not included in this graph because they are not - yet - significant in terms of turnover and growth, but which we continue to monitor carefully because they can represent extremely interesting opportunities for innovation. Let's talk.
 - Of the other Crowdfunding. It includes 34 companies distributed in the two main segments of Donations and Rewards. An area to be measured not so much on the financial results obtained, but on the social impact.
 - And RegTech (18 companies). A sector that is developing significantly in the international scenario, but that in Italy, for various reasons including also the same structure of the banking and financial system, is struggling to develop as a source of support solutions for the management of Financial entities compliance, while it tends to develop solutions for the world of SMEs They could become components of new services that Banks and Insurance companies bring to their customers (such as tax assistants, documentation management..).

Number of Italian FinTechs by Area

In % on Total



Change of number of companies

▲ Average Growth ▲▲▲ High Growth

FinTech is growing but...

More in Lending (+15), Wealth & Asset Management (+11) and Payments (+10).

- Payments remains the most populous area and continues to grow.
- Wealth is growing too, also thanks to a new segment related to PropTech (Real Estate).

On average in Capital Market (+7) and Money Management (+5).

Nearly FLAT RegTech and InsurTech with +3 and +2 companies respectively.

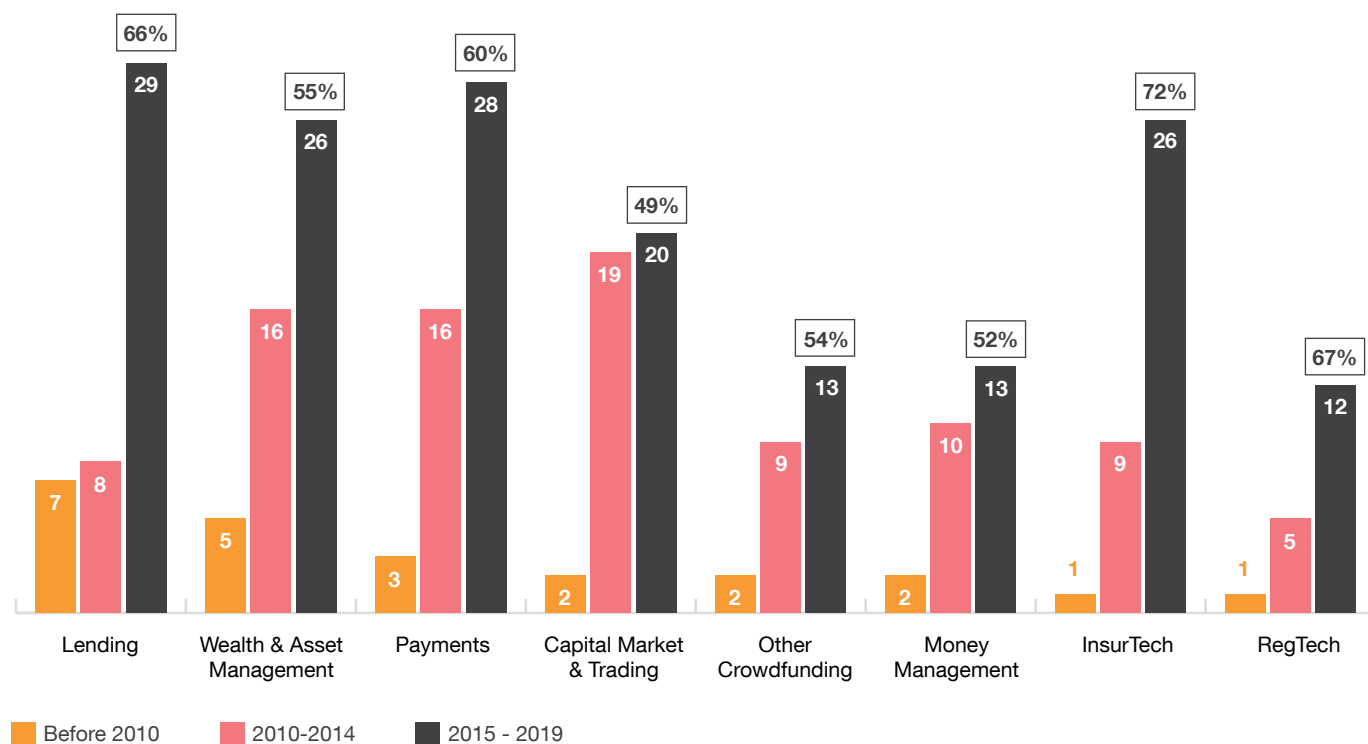
Shrinking in Other Crowdfunding, which drops to 12% of the pure FinTech world.

Source: PwC - NetConsulting cube: «Italian FinTech Observatory 2020»



Italian FinTech foundation by year per areas

% of companies born between 2015-2019 (on Total in each area) - N° of companies



Source: PwC - NetConsulting cube: «Italian FinTech Observatory 2020»

The youngest
FinTech areas



1. InsurTech
2. RegTech
3. Lending

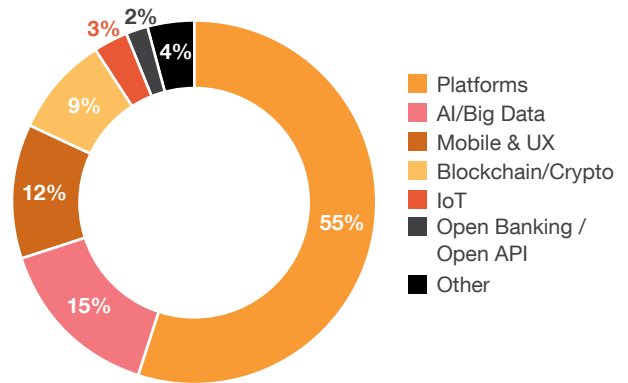


FinTech: Platforms, AI and Mobile the reference technologies

As in previous editions, we tried to map FinTechs also looking at the prevailing technologies that characterize the various companies analyzed. In a nutshell, the picture is the following:

1. Web platforms are fundamental for all FinTech areas.
2. Key and growing role of Artificial Intelligence (including advanced analytics and advanced use of Big Data) in most FinTech areas. Over the past year, significant growth in the InsurTech and Lending areas (where it often plays a strategic role in risk analysis), although Wealth & Asset Management and Capital Market & Trading are confirmed to be the areas of greatest use.
3. Mobile (and customer experience) solutions play a key role in the area of Payments and Money Management (think of mobile account aggregation solutions) and PFM (Personal Financial Management).
4. Relevant role of the Blockchain (if compared to the global diffusion on the market) which has grown this year in the Capital Market & Trading area also through investment lines dedicated to cryptocurrencies.
5. The IoT (Internet of Things) is a relevant element only for InsurTech, in addition to the first experiments in the field of Payments.
6. Still at the beginning solutions and platforms of Open Banking and Open APIs, for now often linked to compliance and PSD2.

Key relevant technology in Italian FinTech

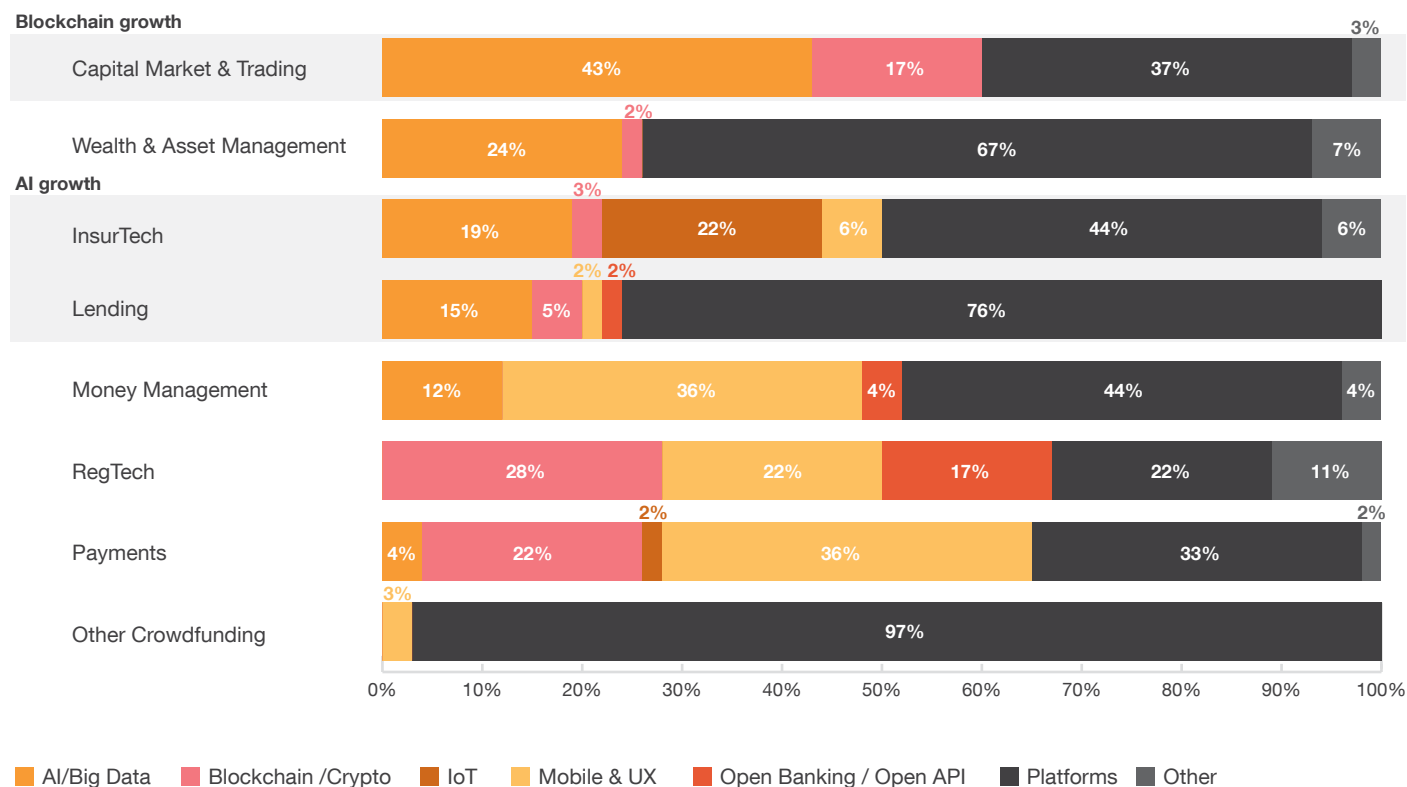


Source: PwC - NetConsulting cube: «Italian FinTech Observatory 2020»



Key relevant technology per area

AI growing, Blockchain more relevant in Capital Market&Trading,
Open APIs still in their infancy





Payments area is the star, but margins are still an issue

Key numbers 2019 Highlights

- Payments companies amount to 46. The area **growth in terms of number of companies** amounts to 28% while it represents a share of 17% compared to FinTech total.
- Remarkable quantity of added companies: +18 new – 8 delisted = 10 (2 of which founded in 2019).
- **Positive revenues growth** (+62%): the highest in the FinTech arena (average +40%). Despite the area represents the most developed market in terms of products and revenues (35% of the FinTech total).
- It has a **negative marginality** (-9%) caused by the presence of business models that need a consistent customer base in order to generate high volumes. Unfortunately this request bears the weight of a country in which digital Payments are struggling to take off.
- It is the **third cluster for capital raised** in 2019, with a total amount of 14,7 million € (10% on total), which is low considering its relative maturity.



- Many new companies
- Two new business segment: Payments Solution Development and Mobility and Vending Machine
- Most developed area in terms of revenues and business models...
- ...but negative margins and low investments

Key numbers of Payments compared to FinTech total

	Payments	Total FinTech
number of companies	46	278
% on Total	17%	100%
growth 2019-2018	28%	21%
revenues (% on Total)	35%	100%
growth 2018/2017	62%	40%
average revenues	4.4€	2.1€
N° of scale up (% on each segment)	20%	13%
average age (years)	4.4	4.8
Investments (% on Total)	10%	100%
EBITDA	-9%	2%

Source: PwC - NetConsulting cube: «Italian FinTech Observatory 2020»



Payments Taxonomy



Source: PwC processing on NetConsulting cube graphic

■ New Business Segment

Payments: the business segments and enabling technologies

The Payments area is composed of 8 sub-segments in which companies operate/work: Next Generation POS solutions, VAS for merchants, Online Checkout, Mobility and Vending Machines, P2P Payment & Digital Wallet, Cryptocurrency, Payments Solutions Development and Other.

Business Segments

Next Generation POS solutions: companies that offer mobile applications or virtual POS solutions based on NFC, QR Code or Bluetooth technologies (DropPay, Wallet – e, IncassoSemplice). This sub segment also includes solutions that allow a fully integrated Point of Sales management, such as order management, sales analysis, statistics and the loyalty of customers (**iPratico** and **Scloby**). This is an historical segment in Payments area, with 5 startups in the updated analysis. It is characterized by two FinTechs delisted (one, Sparkling18, which has been acquired by an incumbent) and two new entry.

VAS for merchants: This sub segment includes providers of technological and marketing platform that enable merchants to offer Value Added Services to their clients, in order to increase customer engagement and loyalty (such as **Loyalty24**, **Domec** and **Royalty**). It also includes **Epipoli**, a provider of Gift Card and **Checkout Technologies** that supports retailer to reinvent the concept store through AI solutions.

Online Checkout: startups that offer solutions to improve UX during Payment checkout in the online shopping. There is a new entry company compared to the last report: it is **Scalapay**, an early stage startup founded in 2019, which offers Payment plans for online shopping. A similar service is offered by **Moneymour**, which was recently acquired by Klarna. The other two FinTechs of the segment are **Squeezol** and **SplitPay**, which let customers split their online Payments among different cards and bank accounts.

Mobility and Vending Machines: This is a new sub segment in Payments taxonomy, which includes two kinds of solutions: companies that offer smart mobility solutions or mobile ticketing applications (such as **myCicero**, **OpenMove** and **MyPass**) and FinTechs that deliver mobile Payment solutions for vending machines (i.e. **In Time Link**, **Matipay**).

P2P Payment & Digital Wallet: this cluster includes FinTechs with the most consolidated offering in the market. It concerns mobile applications or web platforms that allow P2P Payments (**Satispay**, **Flywallet**, **Plick**, **Tinaba**, **iConto**) or collection of money between peers (**Growish**, **Splitit** and **Collettiamo**).

Cryptocurrency: this sub-segment includes cryptocurrency (**AidCoin**), cryptocurrency exchange platform (**Conio**, **Chainblock**, **Eidoo**, **GreenAdress**, **Coinsociety**) and solutions that enable companies to receive Payments in virtual coins (**InBitCoin**, **Chainside**, **Tinkl.it**).

Payments Solutions Development: Another new cluster in Payments landscape. It concerns FinTechs that develop solutions to manage electronic Payments for third companies. Those are **Axerve**, **PayTipper**, **Creopay**, **Opentech** and **SlimPay**.

Other: in this cluster are included FinTechs with an offering related to the Payment systems. Added FinTechs compared to last analyses are **K-Linx**, an enterprise platform aimed at making the reconciliation Payment easy, and **Stamp**, the company that enables merchants to offer a tax free shopping experience to their foreign customers. Other FinTechs are **NES**, **Weldpay** and **Merkur.io**.

Technologies

Mobile applications are the main enabling technology of companies in the Payments area (36%), in fact this cluster is characterized by solutions that optimize the User Experience. Mobile is followed by web platform (33% of companies), that allows electronic Payment and also includes FinTechs that support retailer to strengthen loyalty program. Considering the updated analysis, in this cluster are included companies that offer solutions or services based on Advanced Analytics technologies

Payments

Stories

Moving Global

FinTech startups are moving out of niche use cases and are beginning to operate at scale. Payments industry continues to expand and evolve, with digital Payment as driver and transaction volumes growing across the globe.

Payments are a successful area in global market since 2015 and, in the years, it is consolidating into full-stack service providers, point-of-sale and remittances. In the Italian Payments landscape, we measure interesting results in terms of revenues and users also driven by PSD2. The Payments Area is the first in FinTech arena for number of companies. However Italy records a reduction in investments if compared to the global trend according to CB Insights: Payments raised around 60 % of FinTech capital worldwide while the Italian Payments area got only 10% of the overall investments for a total of 15 millions of euros.

Demand is maturing:

italian users become more digital

Smartphones have a high level of market penetration (74% in Italy- Censis source) and are considerable as the main device for web browsing (91% of internet users sail from a mobile). These findings, together with the growing usage of mobile Payments and internet banking services highlight an evolution process towards digitalization from consumers perspective and predict a more consistent use of digital Payment instruments in the near future. In fact, the We Are Social source states that 2 out of 3 Italians make online purchases or Payments and 42% of them have done it by mobile.

For what concerns b2b2c solutions, the new segment to underline regards Mobility and Vending Machines solutions, specifically Matipay company received a round of series A investments by Neva Finventures. The investment exceeds 60% of VC capital gained by the total Payments area.

SMEs target: more dedicated solutions

The area growth is influenced by the increasing number of solutions developed for the SME world. In particular, we refer to: platforms developed for supporting retailers with customer loyalty, evolution of Next Generation POS solutions towards fully integrated platforms able to manage a whole store and the incoming cluster for Payments Solutions Development.

FinTechs & Corporates

are looking for more collaboration

The innovation of payments services is tied with a collaboration, as shown by the incoming partnership started by CBI (a think tank directed at the innovation in Payments market and promoted by the Italian Banking Association) with Nexi (a banking PayTech), in order to support banks in the development of FinTech services for the increasing Corporate and Retail consumer needs.

Stories and Trends

More collaboration

SisalPay got a share of 30% (3.5 millions of euro) in myCicero start-up, a digital platform located in Italy whose offer is focused on mobility and parking ticketing, as a strategy to accelerate innovation and digital Payments.

Italian operator Tiscali has announced that it's entering the digital Payments market after reaching an agreement to acquire 51 percent of specialist group MistralPay (FinTech located in Malta with an Italian management and focused on SME market).

Globalization-Italian Payments

appealing for foreign players

Finally, the internationalization process is made clear through the very recent operation of M&A realized by the Swedish unicorn Klarna towards the Italian MoneyMour, due by the end of 2020. In addition, the confirmed investment (with a share of 30%) realized by the London fund Bregal towards Epipoli (Italian giftcard FinTech) testifies an increasing interest of foreign players towards Italian FinTech.

Payments

News Room



Corriere della Sera, 23/05/2019

FinTech: the Bregal Investments fund enters Epipoli prepaid cards

The Bregal Milestone fund, which manages assets of € 400 million and is part of the global private equity group Bregal Investments, acquires a minority (30%) of the Italian FinTech Epipoli. The fund makes its first debut in Italy. "Epipoli is one of the most important European companies in the prepaid services market," says Epipoli's founder, Gaetano Giannetto. -. With this choice we believe we can expand our market challenge and accelerate growth, both in terms of size and technology. This is the first operation in Italy of the international private equity giant and one of the largest in terms of financial size in the FinTech sector in Italy.

ANSA - Rome, 14/01

OPEN BANKING: CBI Partners with NEXI To Support Banks And Payment Service Providers In Offering New FinTech Services In Italy And Europe

CBI, the think tank for innovation for the Payments market in the financial industry promoted by the Italian Banking Association, has teamed up with Nexi, the PayTech for banks, to add a new feature to the CBI Globe platform which will enable banks to develop FinTech services in response to the growing needs of corporate and retail clients. CBI and NEXI are actively working with dedicated resources in order to implement the new functionality by April 2020.

04/2019

CVC-backed SisalPay invests in Italian app MyCicero

SisalPay got a share of 30% in myCicero start-up, a digital platform located in Italy whose offer is focused on mobility and parking ticketing. The investment amounts to 3.5 millions of euro. Francesco Maldari, Payments and services responsible of Sisal group stands that the investment confirms SisalPay will to accelerate innovation and digital Payments through the incoming participation in a leader company for mobility ticketing. The prior agreement between the two companies regarded the possibility of recharging the credit of myCicero App in SisalPay stores.

17/02/2020

Moneymour bought from Klarna

Moneymour, an Italian FinTech startup active in the provision of instant loans, has gone to the Swedish unicorn Klarna Bank, specialized in online financial services and valued at 5.5 billion dollars.

Following an acceleration process lasting just over twelve months, "the closing of the transaction", reports Il Sole 24 Ore, "is expected by March 13, 2020" with the exit from Digital Magics (which owned the 13.82% of the reality), and of Reale Mutua which had invested in the company in 2018. The operation further strengthens Klarna, which in Italy has already started partnerships with Musement and Nexi.

20/02/2020

Tiscali enters digital Payments market with MistralPay buy

Italian operator Tiscali has announced that it's entering the digital Payments market after reaching an agreement to acquire 51 percent of specialist group MistralPay. The company was founded in 2014 and provides Payment solutions to small and medium-sized enterprises and individuals in Italy.

Last year it posted revenues of EUR 2.7 million, processing over 600,000 transactions for a value of around EUR 160 million. Tiscali said it's paying EUR 200,000 for the majority stake plus an additional EUR 1.8 million to the company in the form of a capital hike in the 24 months following the closing of the deal.

Money Management on the right track

Key numbers 2019 Highlights

- Average growth of FinTech: 7 new companies and two exclusions, of which one exit (Beesy).
- **Revenues are growing fast** (+ 47%), but the area is still small: with 23 million Euros in 2018 is the second smallest area (after Capital Market & Trading).
- Nevertheless, the area is the second for EBITDA margin, at 18%, again after Capital Market & Trading, and first for investments (mostly thanks to the €55 millions deal of Soldo).
- The taxonomy is stable compared to the last year, equally divided between retail and SME offering.



- Small but growing in revenues
- Average growth in term of new companies
- Very profitable
- Relatively high investments, but concentrated (Soldo)
- FinTechs of the segment are expanding their business model including new offering

Key numbers of Money Management compared to the total FinTech

	Money Management	Total FinTech
number of companies	25	278
% on Total	9%	100%
growth 2019-2018	25%	21%
revenues (% on Total)	6%	100%
growth 2018/2017	47%	40%
average revenues	1.6€	2.1€
N° of scale up (% on each segment)	12%	13%
average age (years)	5.3	4.8
Investments (% on Total)	41%	100%
EBITDA	18%	2%

Source: PwC - NetConsulting cube: «Italian FinTech Observatory 2020»



Money Management Taxonomy



Source: PwC processing on NetConsulting cube graphic

Money Management

The business segments

In Italy there are 25 FinTechs active in the Money Management segment. The FinTechs in this area are divided into eight different sub-sectors:

Assisted Savings, Digital Wallets, Multi-Banking aggregators, Price comparison and Engagement and Gamification includes FinTechs that offer products and services to retail customers, while companies part of **Online Invoicing, Treasury Management and Enterprise Financial Management** offers products and services to SMEs.

Business Segments

Retail

Assisted Savings: FinTechs acting as PFMs.

Gimme5 helps customer with saving and investing small amount of money, while **Oval** also helps customers with managing their spending. Through time, Oval evolved, adding a debit card and an investment product similar to a deposit account, becoming more similar to a challenger bank.

Digital Wallets: This segment includes digital wallet of various kind. **Vuolly**, a pure digital wallet which helps to aggregate fidelity, debit and credit cards and eventually use them to pay; **Spreadoff** lets customers manage multi-currency accounts on the same app, **Dindarò** round up expenses, acting as a digital piggy bank, while **Soldo**, in its retail offering, works as a family financial management, helping to set and manage expense limits for members of the family.

Multi-banking aggregators: This segment includes only **Utego**, which aggregates banking accounts (thanks to Open API and the PSD2) and provides suggestions of financial products and services best suited to customers specific needs through continuous monitoring of personal accounts, prepaid

cards, investments and loans using a single interface, with the option of making collective purchases with other Utego users.

Price comparison: Platforms or mobile apps that offer comparison services between different spending alternatives, suggesting the optimal solution for user characteristics. Suggestions can regard telco price plans, broadband internet subscriptions, energy prices, etc. In this segment fall **Switcho**, **WalletSaver**, **Trovabando** and **Pensionarea**.

Engagement & Gamification: these are applications that presuppose a proactive involvement by the user, engaging him in carrying out small daily actions. This category includes **Garanteasy**, which allows users to photograph receipts and use the application as a management system of the guarantees of purchased products, and **Tickete**, which collects information on offline purchases through analysis of the receipts, engaging the user with gamification mechanisms.

SMEs

Online Invoicing: Systems for managing the online electronic invoicing process, which is mandatory in Italy since 2019. Companies here are **FattureinCloud**, **Fattura24**, **GetYourBill**, **MenoCarta** and **Yerp**.

Enterprise Financial Management: are management softwares that, in addition to the invoicing process, allow the archiving of any expense document of a company (reimbursement of expenses, deadline memos,...). **Follio**, **Vipera**, **Zillions**, **IoFatturo**, **MyFoglio** and **Maxtrino** populate the sector. **Soldo**, already included in the Digital Wallet segment, is present here as well.

Money Management

Stories

Personal Financial Management

Multi-Bank aggregators are coming

While the possibility to aggregate multiple banking accounts from different banks through a single platform is one of the most obvious application steaming from the introduction of the PSD2, this service has yet to gain traction in Italy. There is only one Italian FinTech that will offer this service in 2020, Utego, while on the Italian market there are other two solutions of this kind: Yolt, an international player property of ING Bank, and Illimity, which, being a challenger bank, offer this service only to Illimity customers.

Pfm is a starting block for FinTechs

The drivers of change and evolution of the Money Management cluster are attributable, on the one hand, to the PSD2 regulation, which has favored a renaissance of PFM solutions, and on the other to the changed customer expectations, who ask and expect personalized support in management of their finances, through solutions that are simple and fast to use, with a preference for the Mobile channel. Interfaces that let manage personal finance in an easy and user friendly way can become a key channel to improve relationships with customers. Given that a good customer experience is a key element of the whole FinTech revolution, PFM are the perfect starting point per FinTechs, that can later emerge as financial partners for customers. Oval, which started as a pure PFM, later started to include investments opportunity from different banks in its platform, even evolving into a sort of challenger bank more recently. Soldo started as well as PFM for families and greatly expanded its scope with a diversified offer for SMEs. The aforementioned Utego plans to add multiple features in top of tis bank accounts aggregator.

On the other end, to increase its offering and enhance its customer relationship, Satispay is increasingly including financial management features to complement its Payments offering, a sign of this service centrality in an holistic approach to the customer.

Enterprise Financial Management, Driven By Legislation And Evolving With New Services

Legislation has been a fundamental driver for the diffusion of Money Management solutions for the Business world: since January 1, 2019, Italy is the first country in the European Community to make electronic invoicing mandatory for private individuals. The whole segment is growing, and the total turnover is quadrupled since last year. We expect to see an even bigger grow next year, as the effect of the legislation will be captured in balance sheets.

The regulatory obligation for all subjects with a VAT number has been a driver for the development of value-added Money Management services for the SME world, divided into online platforms supporting SMEs in the management of electronic invoicing processes. through simple tools (this is the case of Fatture in Cloud) and through Integrated PFM solutions allowing an integrated management of all the expense documents of all the SMEs expense documents. Soldo, which closed the biggest deal of the Italian FinTech landscape in 2019, is receiving attention from global VCs thanks to its expanding offering in this segment.

Money Management Is One Of The Smallest Segments But Is Growing And Receiveng (International) Attention

Stories and Trends

Partnership: Oval and Banca 5

Going Global: Soldo closed a € 55 Mln deal to go from a UK/Italian business to a global one

Exit: Beesy, an Enterprise Financial Management, has been acquired by Penta, a German Challenger Bank focused on SMEs, which used this acquisition to enter the Italian market

Money Management

News Room



Challenger Banks, 04/2019

Utego collects 540k financing from Invitalia's Smart & Start, while the 200Crowd collection flies towards 500k

Investors are also in Italy. looking with increasing interest in the world of FinTech. An interesting case is Utego: the start-up that designed an app to aggregate in a single view different accounts and cards, to compare offers and build buying groups to negotiate offers, services and special conditions through auctions.

In order to finance these projects

Utego has launched an equity crowdfunding campaign with the aim of raising between 120 thousand and 290 thousand euros. After just four days from the start the company was already overfunding.

Utego has also received the green light of Invitalia for € 540 thousand Euro. The funding will be added to the capital raised by Utego in the crowdfunding campaign.

Business Insider, 02/02/2020

Fatture in Cloud, the story of Daniele Ratti who transformed a student job into a company worth millions of euros

Daniele Ratti is 22 when, on August 17, 2013, writes the first line of the code which will become Fattureincloud, one of the most successful Italian startups in recent years.

In five years, customers have gone from 9 thousand to 350 thousand with an explosion in the last twelve months thanks to the entry into force of the electronic invoicing regulation.

The former start-up today has over 40 employees and a turnover of a few million euros: through its portal 3.98% of Italian invoices: only 32.2 million were generated last year for a value equivalent to 54 billion euros.

TechCrunch, 07/08/2019

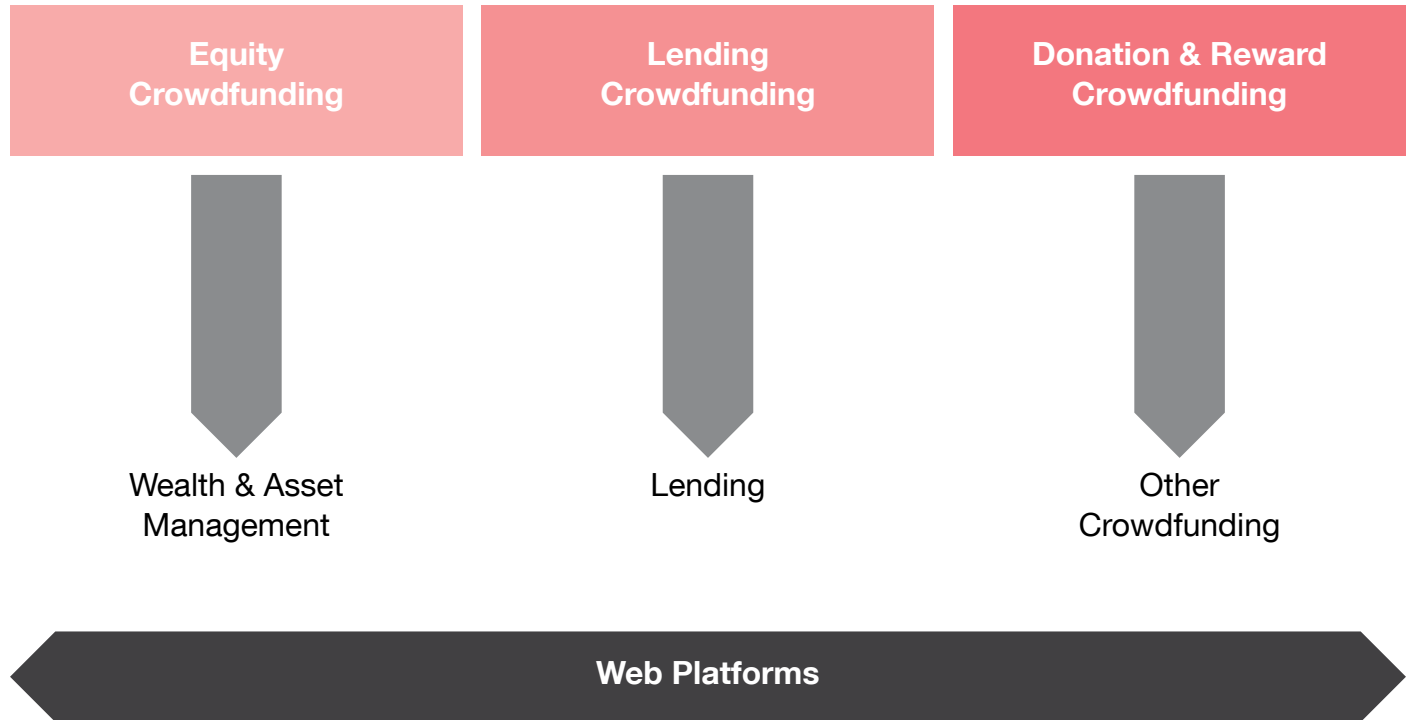
Soldo scores \$61M Series B for its 'spend management' platform for businesses

Soldo, the FinTech that offers a multi-user spending account for businesses, has closed \$61 million in Series B funding. Leading the round is Battery Ventures and Dawn Capital, with participation from previous backers Accel and Connect Ventures. In addition, a small portion is debt financing from Silicon Valley Bank. It brings total raised by the London-based startup to \$82 million.

Founded by Carlo Gualandri, who previously helped create Italy's first online bank, Soldo offers a multi-user spending account for businesses of all sizes — from SMEs to much larger enterprises — that need to deploy and manage expenses across an entire organisation.

It enables departmental and employee spending to be managed in real time by combining a Soldo account, central dashboard, apps for iOS and Android and virtual wallets or physical "pre-paid" Mastercards that can be handed out to employees, departments and even external consultants or contractors.

Crowdfunding Models

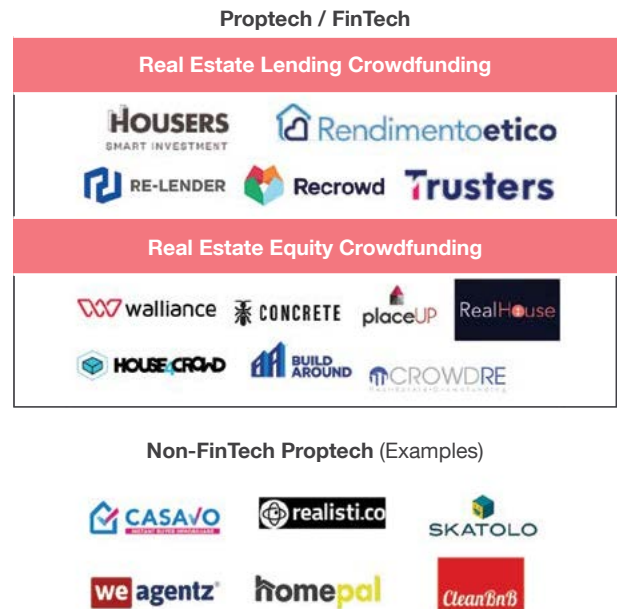


About The PropTech in the FinTech Landscape

Over a year and a half, **Proptech startups active in Italy have almost tripled**, going from 40 to 108, of which almost a third were founded in 2018-2019*. In this report, we considered only the part of this segment **directly involved** with investing and financing in Real Estate, the so-called **Real Estate FinTech**. In Italy, we found 11 PropTech/FinTech: 5 in the **Real Estate Lending Crowdfunding** segment (Lending), and 6 in the **Real Estate Equity Crowdfunding** segment (Wealth & Asset Management).

However, the Italian PropTech Landscape is evolving, and in the future some of the other segments may become interesting for the Financial sector as well. Those PropTechs include Instant Buyers, Professional Services, Sharing Economy Services and Smart Real Estate.

For the purpose of this report



(*) Source: PropTech Monitor. Tecnologie, strumenti e servizi innovativi per il Real Estate. Politecnico di Milano

Source: PwC processing on NetConsulting cube graphic



Wealth & Asset Management Is Evolving And Attracting Many New Players

Key numbers 2019 Highlights

- With around € 23 million in total revenue, it is the **second smallest segment**. But the turnover of a key player (Moneyfarm) is missing as it is based in the UK.
- It is the second segment by number of **new companies**: 15 new entries, 10 of which were born between 2018-2019, with 4 delisted.
- EBITDA is positive.
- **Real Estate Equity Crowdfunding** is a new – and relevant – segment: 7 companies, all founded after 2016.
- **Equity Crowdfunding** is a very dynamic segment (9 inputs and 3 outputs) but with little weight in terms of turnover.



- Many new companies
- A new promising business segment: Real Estate
- Small but growing
- Relatively high investments, but concentrated (Moneyfarm)
- One new Listed Company (Crowdfundme)

Key numbers of Wealth & Asset Management compared to the total FinTech

	Wealth & Asset Management	Total FinTech
number of companies	46	278
% on Total	17%	100%
growth 2019-2018	31%	21%
revenues (% on Total)	6.2%	100%
growth 2018/2017	31%	40%
average revenues	0.8€	2.1€
N° of scale up (% on each segment)	9%	13%
average age (years)		4.8
Investments (% on Total)	36%	100%
EBITDA	8%	2%

Source: PwC - NetConsulting cube: «Italian FinTech Observatory 2020»



Wealth & Asset Management Taxonomy



Source: PwC processing on NetConsulting cube graphic

Many new companies New Business Segment

Wealth & Asset Management

The business segments

In Italy 46 FinTechs are active in the Wealth & Asset Management segment. The FinTechs in this area are divided into five different sub-sectors, namely **Equity Crowdfunding**, **Real Estate Equity Crowdfunding**, **Intermediaries**, **RoboAdvisors**, **Tools/Enablers**.

Business Segments

Equity Crowdfunding: Equity crowdfunding is the online offering of private company securities to a group of people for investment. This segment, with 25 companies, is numerically the most populous, while not as big with regard to revenues.

Real Estate Equity Crowdfunding: This kind of crowdfunding is very similar to standard equity crowdfunding, but with shares of real estate projects instead of company securities. This group is composed of seven FinTechs, five of which (**Walliance**, **Concrete**, **House4Crowd**, **BuildAround** and **PlaceUP** directly organize the equity crowdfunding campaigns. **CrowdRe** is an online consultant company specialized in supporting projects of Real Estate Crowdfunding, while **RealHouse** has developed a way to enable the tokenization of the assets offered in a Real Estate Crowdfunding deal through the Ethereum blockchain; with this solution, the investor will get the Fund Security token, which represents direct or indirect ownership of an interest in the real asset..

Intermediaries: This segment is about the online transposition of more classic business models, such as for SIMs or financial consulting firms, with the help of digital technologies and AI. The representatives of this segment are **Fugen**, **OnlineSim** and **SoldiExpert**.

RoboAdvisors: RoboAdvisors are a type of financial consultants who can provide financial advice or online investment management, with minimal human intervention, thanks to the use of algorithms and Artificial Intelligence. These functions are performed in various ways. Some FinTechs build their customer's portfolios directly according to the customer profile; this is the case of **Moneyfarm** (directly on its platform) and **Euclidean** (on its platform, but with a more substantial human intervention and a greater focus on the "human factor" in general). Other FinTechs adopt the approach of using algorithms and big data to track assets and provide analysis and information to customers, as in the case of **Virtual B** (formerly **AdviseOnly**) and **AlphieWealth**. Lastly, **MC Advisory** is focused on the creation of **Robo4Advisor**: tools not directed to the customer but used to support the financial advisor.

Tools/Enablers: these are various types of tools useful for investment management. They employ technology (typically Artificial Intelligence) to develop software to support banks or investment firms. Seven FinTechs fall in this cluster: **Finscience**, **Finantix**, **iFinTech**, **Wavenure**, **Fundstore**, **Deus Technology** and **Mc Advisory** (in addition to its presence in the RoboAdvisors segment).

Technologies

This segment displays a strong component (67%) of **web platforms**, which are the main technological feature of the FinTechs of the (Real Estate) Equity crowdfunding. In the other segments, which involve online and/or automatic investment management, **artificial intelligence** is decisive; as such, AI is the primary technology for 24% of the FinTechs belonging to the cluster.

Wealth & Asset Management Stories

A new star is born: the Real Estate equity crowdfunding

Proptech Is Developing In The World

At a global level there are currently many startups trying to target every segment of the property market value chain, attempting to disrupt and improve how the current market players (developers, buyers, sellers, renters, investors, and real estate professionals) design, construct, market, discover, transact and operate real estate. A subset of these companies are related to the FinTech area (Lending and Money Management). All the startups related to the Proptech area (sometimes also called Real estate technology), have been supported by seed funding and investment from a range of sources, including some specialist real estate technology venture capital funds. Between 2011 and 2017, venture capital firms invested \$ 9 billion in PropTech companies. (*) In the first six months of 2019, \$12.9 billion was poured into real-estate tech startups by venture investors, which surpassed the \$12.7 billion record for all of 2017. (**) At the beginning of February 2020, the largest European proptech, A/O PropTech, has officially launched after raising €250 million capital to invest in startups disrupting real estate. To date, pure-play European proptech VCs have been lagging behind the US in terms of funding, scale, and ecosystem delivery. A/O PropTech's launch marks a new step towards bridging this gap for the European proptech venture landscape, with the emergence of well capitalised large-scale specialist VCs.

Proptech Lands Also In Italy

We listed this New Real Estate Equity Crowdfunding segment, consisting of 7 companies, all founded after 2016, of which 5 not mapped last year. In 2019 € 16.5 million (25% of total equity crowdfunding raised in Italy) are collected by the FinTechs of Real Estate Equity Crowdfunding.

Walliance is a key player in this segment (10 million collected in 2019 and 17.5 in total), and it is the first of the real estate crowdfunding platform; in addition, Walliance is one of the Italian FinTech companies that are going international, entering in France in 2019. It is interesting to note how RealHouse financed an equity crowdfunding campaign through **equity tokens via blockchain** (Ethereum).

Equity Crowdfunding – A potential new source of funding – Still little but growing

In 2019, the Italian equity crowdfunding platforms raised 65.6 million euros of capital for startups and SMEs, with an increase of 82% from the 36 million raised in 2018, thanks to 140 funded companies (against 113) and 18 thousand

investors (against 9,500), with an average collection that went from 320 to 469 thousand euros. It includes also the Real Estate segment. Key players in this area include:

- Mamacrowd, which is confirmed as the first collection platform both in 2019 (13.8 million) and overall (29 million).
- Crowdfundme, which listed on **Aim Italia** (*) in 2019, follows with 10.2 million in 2019 and 21.4 in total.

It should be noted that the top two in the ranking in 2019 funded fewer companies than the previous year (Mamacrowd 11 less and Crowdfundme 3), but the average funding has grown considerably. (**)

The increasing concentration of funding on few, bigger deals is coherent with global trends.

Roboadvisor continue to grow

The segment is stable: no new additions to the previous report. At the end of 2019, the total volumes managed by Robo advisors in the world was estimated in 980 billion dollars, of which around 750 billion in the US. With reference to the **Italian market**, it is estimated that in 2019 **the assets managed by robo advisors exceeded \$ 400 million** (with an average equity of just over \$ 12,000 per customer), while the average growth rate expected between 2019 and 2023 totaled around 51%. (***)

Stories and Trends

Go Global: Moneyfarm represents one of the most famous Italian FinTechs worldwide. In total, it received over 110 million euros in funding, of which over 40 million from Poste Italiane in 2019 (second largest round of the year after Soldo) and other 46 in 2018, from Allianz. At the end of 2018, it acquired Vaamo, the first German roboadvisor based in Frankfurt, entering the German market. At the beginning of 2020, Moneyfarm exceeded one billion euros in Asset Under Management (AUM) in total.

Exit: Deus Technology, one of the most well-known and mature Italian FinTechs operating as Robo Advisor was acquired (100%) by Engineering in September 2019, remaining as stand-alone. It is one of the most important FinTech acquisitions that took place in Italy.

Expanding Offering: Virtual B continues to expand its offer beyond advisory; it does so with a product, SideKYC, a suite to profile customers at 360 degrees: from a behavioral, cognitive and emotional point of view, all in compliance with MiFID 2, aimed at increasing engagement on digital channels through digital profiling.

Listing On The Stock Exchange: During 2019 CrowdFundMe, FinTech of equity crowdfunding, was listed on the AIM (*), one of only two Italian FinTechs that gave birth to an IPO during the year.

(*) **AIM Italia - Alternative Capital Market** is an Italian market managed by Borsa Italiana S.p.A. active from 1 March 2012, born following the merger of the AIM Italia and MAC markets. It is composed of small and medium-sized Italian companies with high growth potential which are listed on the FTSE AIM Italia index.

Source: (*) Smartmoney; (**) Crowdfundingbuzz ; (***) 'Valore della consulenza finanziaria e robo advice nella percezione degli investitori. Evidenze da un'analisi qualitativa - CONSOB' - CONSOB

Wealth & Asset Management

News Room



WIRED, 26/03/2019

CROWDFUNDME is the first FinTech company to be listed on the Milan Stock Exchange

An equity crowdfunding platform has put 30% of the share capital on the market, raising 2.8 million that will be used to finance development projects. It is the first FinTech company to be listed in Italy, the ninth debutante on the Milan Stock Exchange in 2019. From Monday 25 March Crowdfundme is on the market. After closing 46 fundraising campaigns to help startups take flight, the online platform placed 313,140 shares in Piazza Affari, selling them for € 9 each. Collection: 2.8 million euros. Post-quotation, Crowdfundme is worth over 13 million euros and on the market there is a float equal to 30.05% of the share capital that can change hands day after day. The first trading session ended with + 1.88% at € 9,169 per share.

Centro Studi Moneyfarm 04/02/2020

Moneyfarm exceeds a billion of assets under management

Moneyfarm's growth continues: it opened 2020 with a new and important milestone. The assets managed (AUM) have exceeded one billion euros. This means that thousands of savers in Europe have decided to entrust Moneyfarm with over a billion of their savings. The news closes a particularly positive period. In 2019, in addition to doubling the assets under management compared to 2018, the company took advantage of the opportunities offered by the markets, guaranteeing performances ranging between 12% and 19%.

Challenger Banks, 26/06/2019

Intesa Sanpaolo enters crowdfunding

Intesa Sanpaolo enters crowdfunding. The bank led by Carlo Messina invested in BacktoWork24, an Italian operator in the equity crowdfunding sector that manages the online venture capital portal www.backtowork24.com. The transaction, the value of which was not disclosed, was carried out through Neva Fininvestures, the corporate venture capital owned by Intesa Sanpaolo Innovation Center and which invests in FinTech companies synergistic with the group's activities or with potentially new business models disruptive for the sector. Thanks to the funds obtained, BacktoWork24 will support the development of the industrial plan with the aim of further increasing the volumes of funding for businesses thanks to a platform capable of attracting an ever wider network of investors.

BeBeez, 01/2020

The Italian equity crowdfunding platforms raised over 65 million euros in 2019

In 2019, the Italian equity crowdfunding platforms raised 65.6 million euros of capital for startups and SMEs, with an increase of 82% from the 36 million raised in 2018, thanks to 140 funded companies (against 113) and 18 thousand investors (against 9,500), with an average collection that went from 320 to 469 thousand euros. Real estate equity crowdfunding contributed to the great leap in statistics, with dedicated platforms that raised 16.5 million euros in 2019 (from 7.7 million in 2018).

FinTech District, 02/2020

Walliance goes to France

For WALLIANCE, 2019 was a splendid year, raising 61% of capital compared to 2018 and preparing the launch of its platform in France. Walliance is the first Italian online real estate investment platform.

It was created to guarantee real estate investment opportunities starting from € 500, offering sector operators the possibility of raising capital in an alternative and transparent way. It has been operating on the Italian market since September 2017. Polytechnic of Milan estimates a global market for Real Estate crowdfunding of over 10 billion dollars, which according to Forbes estimates reaches 300 billion by 2025. The international climb has just begun!

Other Crowdfunding: Weak numbers but interesting for social impact

Key numbers 2019 Highlights

- The Other Crowdfunding companies amount to 34.
The weight of companies on FinTech total number decreases from 17 % to 12 %.
- Added companies compared to the delisted:
 $+7 \text{ new} - 9 \text{ delisted} = -2$
- Negative revenues growth (-39%).
- Most of the companies in the Other Crowdfunding area are **no profit associations**, so the share of revenues on FinTechs total is very small and the analysis about EBITDA margin shows a negative trend proven to be not significant. Also, Investments do not have a relevant impact on the Other Crowdfunding area.
- An interesting insight concerns **capital raised by these kinds of platforms for an amount of 57 millions of euros since the beginning of their activity**.



- Small segment, mostly based on no profit organizations
- Since the beginning of their activity these platforms raised 57M€

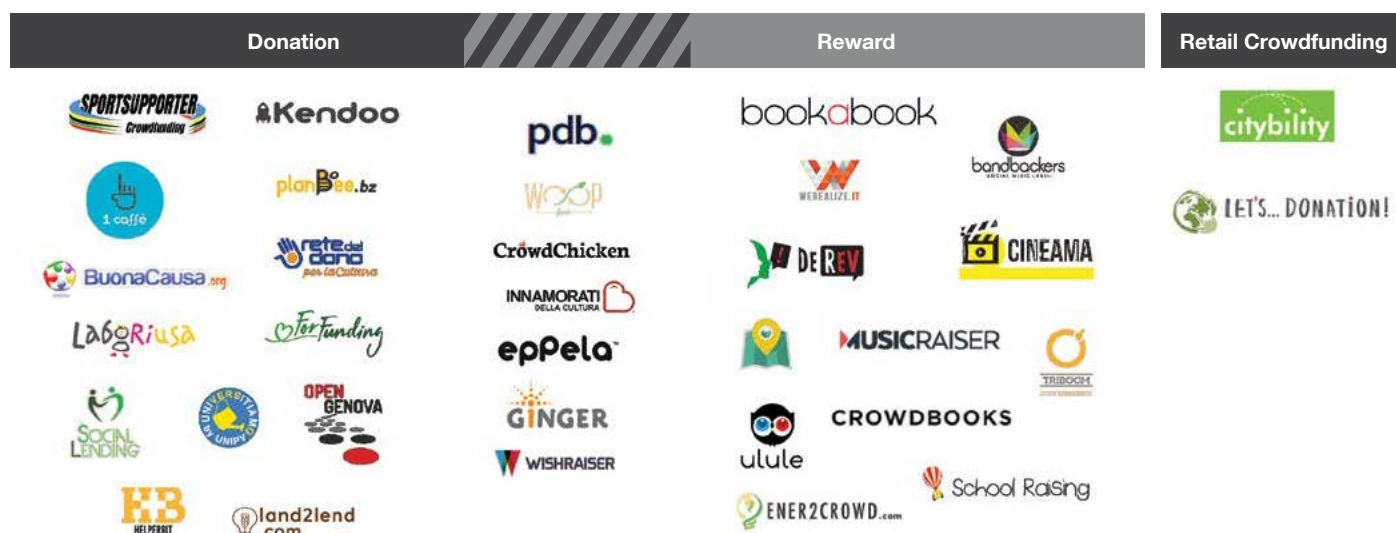
Key numbers of Other Crowdfunding compared to FinTech total

	Other Crowdfunding	Total FinTech
number of companies	34	278
% on Total	12%	100%
growth 2019-2018	-11%	21%
revenues (% on Total)	0.8%	100%
growth 2018/2017	-39%	40%
average revenues	0.2€	2.1€
N° of scale up (% on each segment)	0%	13%
average age (years)	5.6	4.8
Investments (% on Total)	0%	100%
EBITDA	-13%	2%

Source: PwC - NetConsulting cube: «Italian FinTech Observatory 2020»



Other Crowdfunding Taxonomy



Source: PwC processing on NetConsulting cube graphic

Other Crowdfunding

Business segments and enabling technologies

Other Crowdfunding cluster is composed of companies that enable the fundraising for social projects through small amounts of capital coming from a large number of individuals. There are 3 sub-segments: **Donation**, **Reward** and **Retail**. There is also a hybrid cluster which includes Donation & Reward based platform.

Business segments

Donation: it includes FinTechs with a Donation-based model, characterized by a distributed collection of funding through online donations, in which capital raised could support charitable causes (pro-social or pro-environmental purposes). The main characteristic of donation-based crowdfunding platforms is that there is no reward for donating. In this area there are 13 FinTechs, some of them are focused on a specific vertical market such as Land2Lend, SportSupporter and Planbee, that are respectively directed towards Agriculture, Sport and Public works. Others are more generic, with the common goal to support charitable causes, such as: **1Caffè**, **Buonacausa.org**, **Helperbit**, **Kendoo**, **Laburiosa**, **Open Genova Crowdfunding**, **Rete del Dono**, **SocialLending**, **For Funding** and **Universitiamo**.

Reward: Reward-based model refers to platforms in which supporters of a project receive a reward, based

of the amount they have invested in the funded project. Generally, the reward is a product or service related to the funded campaign. Moreover in this sub-segment there are FinTechs focused on vertical markets: Music and related projects (**Bandbakers and Musicraiser**), Education (**School Raising**), Book /Publishing(**Book a Book**, **CrowdBook**), Cinema (**Cineama**), Clean Energy (**Ener2Crowd**), Sport (**Triboom**) and Design (**Werealize**). Others FinTechs are: **Ulule**, **Finanziarmi il tuo Futuro** and **Derev**.

In addition to the FinTechs in these 2 sub-segments, there are 7 Startups characterized by a hybrid operating model, based on Donation & Reward as well: Produzioni dal Basso and Eppela are the main FinTechs in this area for capital raised, followed by **CrowdChicken**, **Woop**, **Innamorati della Cultura**, **Ginger** and **Wishraiser**.

Retail: Retail Crowdfunding concerns FinTechs that support an ethical mission driven to strengthen Circular Economy and Social Impact projects. It includes 2 companies: **Citybility** and **Let's Donation**.

Technologies

The main technology of the area, in which capital raising models are based, is web platform (with a percentage of 97%).



Other Crowdfunding

Stories

The growth of capital raised through crowdfunding platforms

In the Italian landscape Crowdfunding refers to a very wide area, including web platforms based on raising different kinds of capital (specifically Equity, Lending and Other Crowdfunding). Starteed claims that all models record a significant growth even if the increase of the whole sector is mainly based on equity and lending crowdfunding platforms. Referring to these last two models, Proptech platforms reveal as a widespread tool due to a safe short term prospect of return that satisfies the interests of many investors.

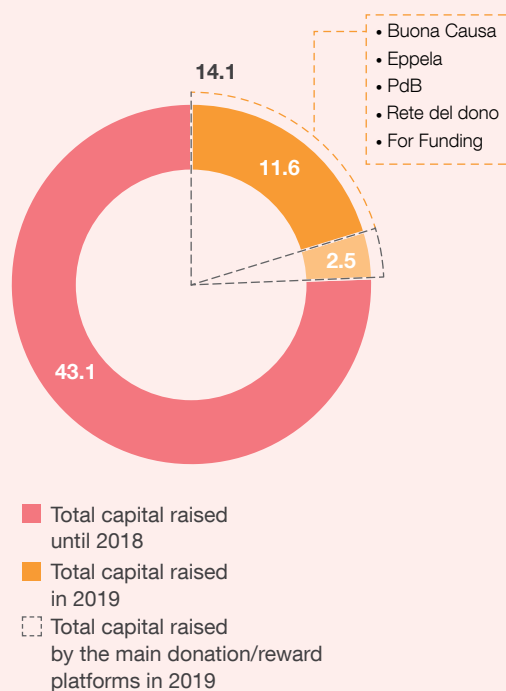
Raising capital in the other Crowdfunding

This year the Other Crowdfunding sector has a relevant number of closed or inactive platforms excluded from our analysis. Due to this fact, capital raised refers to a restricted number of operating platforms.

During 2019 capital raised through the use of Other Crowdfunding platforms amounts to 14.1 millions of euros; the 82% of the sum regards campaigns operated through the following platforms: Produzioni dal Basso, Rete del dono, For Funding, Eppela and Buonacausa (11.6 million of euros).

Instead, capital raised until 2019 from the Other Crowdfunding FinTechs amounts to 57 millions of euros.

Capital raised by Other Crowdfunding platforms until 2019
Value in million of euros



Capital raised by each sub-segment in 2019

Donation based platforms

7.1 million of euros

Reward based platforms

472.5 K euros

Donation & reward based platforms

6.4 million of euros

Retail platforms

13.2 K euros

Other Crowdfunding

News Room



05/2019

Produzioni dal Basso, Rete del dono, For Funding, Eppela and Buonacausa: the biggest Other Crowdfunding platforms in 2019

The 82% of capital raised through Other Crowdfunding platforms comes from campaigns conducted through Produzioni dal Basso, Rete del Dono, Forfunding, Eppela and Buonacausa. According to a research conducted by DOXA, 8 donations out of 10 takes place in Italy through online platforms. The main projects funded regard the following categories: Healthcare and research (58%), social assistance (28%), Emergency and Civil protection (25%), Environmental and animals protection (25%), disabled facilities and support (24%).

02/2020

Citybility: a FinTech focused on Circular Economy

Thanks to Citybility the first social responsibility shopping community is born

Citybility is the Social Responsibility Shopping platform that is a win-win for everybody. Merchants find new clients, "citibiliter" and friends support a social cause they believe in and non-profit associations get a real help for small and big projects they work on. In a few months it will be possible to shop in a store that will give extra money to support a non-profit association every time a new customer will be found or for each repeated purchase. Finally even small associations and local projects will have visibility and a safe channel for funding.

Lending is growing and evolving but investors are lacking

Key numbers 2019 Highlights

- Many **new entry**: 17 new companies, 9 of which born between 2018-2019, with only two exclusions.
- Revenues are growing (+ 26%), but less than the global FinTech industry. With 122 million Euros in 2018 it is the second most important FinTech area (after Payments).
- Despite many young companies and high levels of risk, the segment has a positive profitability (+6%).
- Relevant growth of the enabling circuits, which are expanding the offered services.
- “Real Estate Lending Crowdfunding” is a new segment in the taxonomy.



- Growth and development of risk-rating and Circuits
- New: Real Estate lending crowdfunding
- SMEs continue to be the target clients and the biggest opportunity

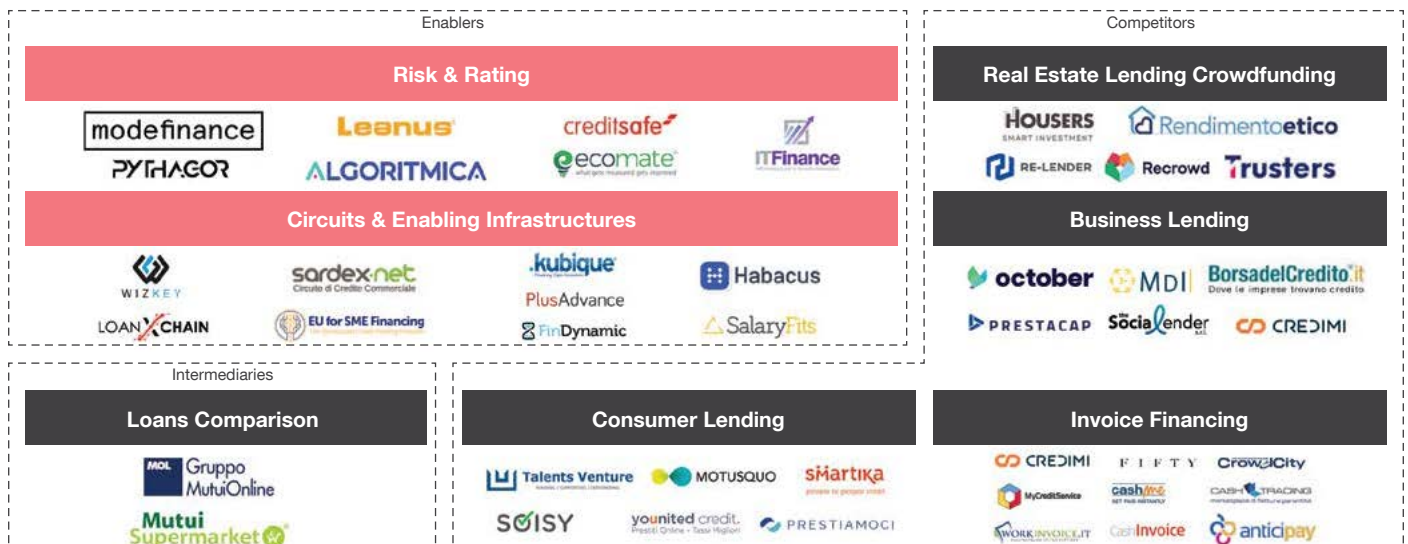
Key numbers of Lending compared to the total FinTech

	Lending	Total FinTech
number of companies	43	278
% on Total	15%	100%
growth 2019-2018	54%	21%
revenues (% on Total)	33%	100%
growth 2018/2017	26%	40%
average revenues	4.5€	2.1€
N° of scale up (% on each segment)	19%	13%
average age (years)	4.8	4.8
Investments (% on Total)	6%	100%
EBITDA	6%	2%

Source: PwC - NetConsulting cube: «Italian FinTech Observatory 2020»



Lending Taxonomy



Source: PwC processing on NetConsulting cube graphic

Many new companies

Lending

The business segments

In Italy 43 FinTechs are active in the Lending segment. The FinTechs in this area are attributable to seven different sub-sectors, namely **Risk & Rating, Real Estate Lending Crowdfunding, Consumer Lending, Business Lending, Invoice Financing, Loans Comparison, Circuits & Enabling Infrastructures**. A further subdivision is possible considering the type of relationship between FinTech and Banks: **Enablers, Competitors** and **Intermediaries**.

Enablers

FinTechs that operate in synergy with the financial sector, and can provide insights or useful tools for traditional banking

Risk & Rating: FinTech offering ratings or tools for assessing the creditworthiness or risk profile of other companies. Members of this segment are **Modefinance, Leanus, Creditsafe, Pythagor, Algoritmica, ITFinance**. The last FinTech, **Ecomate**, provides a sustainability rating instead.

Circuits & Enabling Infrastructures: The FinTech companies that create and manage an ecosystem or circuit thanks to which banks can get in touch with other subjects, both B2B and B2C. Companies are **Sardex**, a commercial credit circuit based on a complementary currency, **SalaryFits**, a company that implements an infrastructure aimed at simplifying employee loans (cessione del quinto), **Kubique**, which has developed an invoice financing platform that can be integrated with banking systems in the logic of Open Innovation, **Habacus**, a circuit looking to simplify student loans, **loanXchain** and **Wizkey**, two blockchain-based marketplace (Corda for loanXchain, Ethereum for Wizkey) acting as a secondary credit market for financial institutions, **EU4SMEF**, a syndicated credit pooling platform aiming to simplify financing for SMEs, **FinDynamic** and **PlusAdvance**, two infrastructures enabling the dynamic financing of the supply chain.

Competitors

FinTechs that deal with segments of the value chain already managed by banking institutions.

Business Lending: most FinTechs in this segment are platforms that collect money from borrowers online, both individuals and institutions, and lend it to companies registered on the platform, after an evaluation of their business and their creditworthiness. They are **BorsadelCredito.it, Prestacap, October**, and **The Social Lender**. **Credimi** (active in the invoice financing as well) operates in a similar fashion, but, being regulated by Bank of Italy as a financial intermediary, directly provides financing to businesses. **MDI** is a platform helping entrepreneurs in financing and developing their business.

Consumer Lending: are **MotusQuo, Smartika, Younited Credit** and **Prestiamoci** are platforms with a function similar to the FinTechs of the Business Lending segment, collecting money from investors, but whose recipients of loans are individuals, whose credit applications are aimed at carrying out personal projects or shopping. **Soisy** started with this business model as well but moved to marketplace lending. **Talents Venture** operates in the student loans market.

Invoice Financing: FinTechs that offer platforms for the management and financing of commercial credits. These are **Credimi, Fifty, CrowdCity, CashMe, Workinvoice.it, CashTrading, MyCreditService** and **Anticipay**. **Credimi** is the only one to purchase invoices directly, while the others act as marketplaces for investors, with **Fifty** specializing in Supply Chain Finance.

Real Estate Lending Crowdfunding: platforms that enable borrowers online to lend money to Real Estate projects through crowdfunding. They are **Housers, Trusters, Rendimento Etico, Re-Lender** and **Recrowd**.

Intermediaries

Companies that do not act directly as an Enabler or as a Competitor, but as an intermediate subject that can have direct relationships with some financial services companies and offer their products to customers. This group is composed only by the **Loan Comparison** websites: **Gruppo MOL** and **MutuiSupermarket**.

Lending Stories

SME lending maintains supremacy

Invoice financing leads

It remains the most important segment in terms of volumes and growth. The volume of business in the sector at 30 June 2019 was € 939.3 million (with a 90% growth over the previous year), almost doubling the transaction compared to the € 493 million of the previous year. These are significant figures, but it should also be taken into account that the rotation of investments is quite frequent: invoices are liquidated and money is reinvested after a few months, unlike other forms of alternative finance. Credimi's growth was important, going from € 105 to € 361 million (+ 244%), coming one step away from the industry leader, Fifty, who transacted € 362 million (in turn, growing by 53%)*.

Business lending is following

The cumulative total value to date is € 149 million, with a contribution of the last year of € 79.8 million (+ 49% compared to the previous period). Borsadelcredito.it is currently leading with € 64 million, followed by October (which has excelled in the last 12 months) and Prestacap**.

It should be noted that Credimi has entered this segment, with a direct lending fund for SMEs. October, of French origin, is the main business lending platform in continental Europe.

The consumer lending is starting to develop

The cumulative value of Consumer Lending in Italy at 30/6/2019 was € 279.3 million. The market leader is YounitedCredit with € 220.4 million, thanks to the collection made with foreign institutional investors, which allows the platform (which does not collect through the web from small savers) to have substantial resources. Followed by Smartika (€ 30.8 million) and Prestiamoci (€ 22.1 million, which, however, rises to second place if we consider the contribution of the last 12 months). The flow in the last year was of € 122.5 million, equal to 44% of the total disbursed, an increase of 40% compared to the result of the previous period**.

Compared to 2018, this segment has seen the entry of Talents Venture, which aims to finance students at university in exchange of a fraction of the future salary.

The real estate lending crowdfunding is a new segment

Coherently with global trends also in Italy we listed this new and innovative segment. A part in LENDING and a second in WEALTH & ASSET MANAGEMEN (see dedicated section).

Examples in the Lending segment include ReCrowd and ReLender, that have yet to actually start; the rest of the segment generated a total of € 7.3 million, of which 4.4 in the last year (60% of the total). Of these, Housers is responsible for almost all the credit generated, with € 6.3 million (86%) of which 3.3 million in the last year**.

Despite many young companies and high levels of risk, the segment has a positive profitability (+6%)

Stories and Trends

Partnership: UniCredit and FinDynamic

From monoline to mainstream: Credimi launches new business lines: Credimi Futuro, direct lending for SMEs. Credimi also launched Credimi Start, a new product explicitly directed to SMEs affected by the COVID-19 outbreak.

SMEs are "The Target": October launches a € 30 million Direct Lending fund for SMEs The P2P lending platform for businesses October has announced the first closing of a new direct lending fund at € 30 million which will invest in Italian SMEs, in collaboration with five Confidi members of Federconfidi and Rete Fidi Italia and with the European Investment Fund.

(*) "La finanza alternativa per le PMI in Italia" - Politecnico di Milano; (**) 4° Report italiano sul Crowdfunding, Politecnico di Milano

Lending

News Room



Challenger Banks, 10/06/2019

For UniCredit a new FinTech alliance with FinDynamic

Collaborations between banks and FinTech are strengthening. UniCredit has acquired the 10% (with a capital increase) of the Italian FinTech startup FinDynamic, specialized in dynamic discounting. The transaction seals a broader partnership agreement between the bank and the startup and UniCredit will include the FinDynamic platform among the services of cash flow management and working capital optimization for corporate customers. Founded in 2016, FinDynamic has developed a platform that automatically brings together customers and supplier companies.

BeBeez, 09/2019

FinTech, the Sardex platform celebrates half a billion credits transacted in almost 10 years

Sardex, the circuit that allows associated companies and professionals to exchange goods and services on the basis of credits, has exceeded half a billion credits transacted. Sardex started in Sardinia, but now includes Commercial Credit Circuits in 12 other Italian regions and since it started its activity in 2010 it has managed resources for as many as 400 million only in Sardinia and 100 million in other circuits. In April 2016 Sardex had grossed a 3 million euro round led by Innogest, supported by Invitalia Ventures and Banca Sella Holding.

Fintastico, 02/2020

LoanXchain selected by Block.IS

LoanXchain is among the 23 innovative European startups, which have passed the first "Innovate" phase and who will move on to the "Experimentation" phase, within the acceleration program launched by the Block.IS consortium, which aims to build an open and collaborative cross-border innovation ecosystem that promotes the use of the blockchain technology in three sectors: agri-food, logistics and finance.

BeBeez, 28/01/2020

Rendimento Etico, the first Italian real estate crowdfunding that invests in NPL, collects 6 million euros in 2019 with 26 real estate projects

Rendimento Etico, the first Italian real estate lending crowdfunding platform that invests in NPL, raised € 6 million in 2019, against an overall turnover of real estate lending crowdfunding in Italy in 2019 of over 18 million. In detail, Rendimento Etico carried out 26 real estate projects, which involved 2,754 lenders, with an average annual profit of 11.7%. For 2020 the estimate of funding raised is over 10 million euros and the quality of the opportunities proposed will certainly make the difference to achieve this result.

Capital Market & Trading is growing and profitable Despite lack of funding

Key numbers 2019 Highlights

- Capital Market & Trading companies amount to 30. The share of companies on FinTech total number increases from 10 % to 11%.
- Moderate quantity of added companies, +11 new – 4 delisted = 7 (1 of which founded in 2019), for a total percentage growth of 30%.
- **Positive revenues growth** (+57%) and higher compared to the FinTech total percentage (+40%).
- Although the absolute value of revenue for this cluster is still low (around 23 millions of euros), the area records the **highest marginality** of FinTech total (19% of EBITDA Margin).
- Yet despite interesting profitability of the cluster, Capital Market & Trading FinTechs have been attracting **low Venture Capital funding** (only 3% on total). This shortfall is partly due to the highly specialized and regulated nature of capital markets.



- Small area in terms of turnover but very good growth and margins
- Average growth in terms of number of FinTechs
- Despite interesting profitability and growth, there is a lack of investments
- UCapital24, a Financial Social Network, is one of the only two Italian FinTechs to be listed on the Italian Stock Exchange in 2019

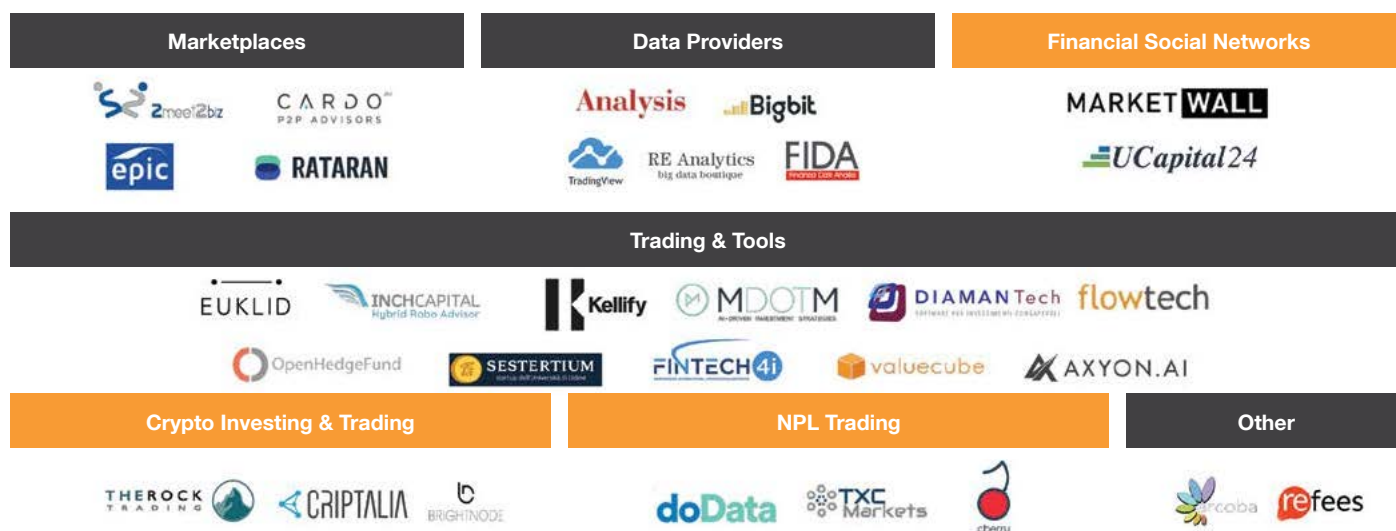
Key numbers of Capital Market & Trading compared to the FinTech total

	Capital Market & Trading	Total FinTech
number of companies	30	278
% on Total	11%	100%
growth 2019-2018	30%	21%
revenues (% on Total)	6.1%	100%
growth 2018/2017	57%	40%
average revenues	1.3€	2.1€
N° of scale up (% on each segment)	23%	13%
average age (years)	4.9	4.8
Investments (% on Total)	3%	100%
EBITDA	19%	2%

Source: PwC - NetConsulting cube: «Italian FinTech Observatory 2020»



Capital Market & Trading Taxonomy



Source: PwC processing on NetConsulting cube graphic

■ New Business Segment

Capital Market & Trading

Business segments and enabling technologies

The taxonomy of Capital Market FinTechs shows 7 sub-segments: **Marketplaces**, **Data Providers**, **Financial Social Networks**, **Trading & Tools**, **Crypto Investing & Trading**, **NPL Trading** and **Other**.

Business Segments

Marketplaces: web platforms that enable the match between capital investors and enterprises. In this sub-segment there are 4 companies that simplify companies' access to capital: **2Meet2Biz**, **Cardo**, **Epic** and **Rataran**.

Data Providers: tools based on Advanced Analytics and Machine Learning technologies which provide predictions, charts and relevant insights for trader's activities (**Analysis**, **TradingView**, **FIDA** and **Re-Analytics**). **BigBoat** is also part of this cluster, a company specialized in consulting services about cryptocurrency, including the evaluation of ICOs.

Financial Social Networks: a new sub-segment compared to the last analysis. It includes two companies (**MarketHub** and **UCapital24**) that provide different information and contents aggregated in a single dashboard. These platforms, characterised by an optimised User Experience (such as a social network), are intended to support the decision making process in capital markets.

Trading & Tools: It is the sub-segment with the largest number of companies in the Capital Market & Trading cluster. It is composed of 11 FinTechs, and most of them concern AI-based solutions to improve the investment decision making process. It includes: automatic trading solutions (such as **Euklid**, **FinTech4i** and **OpenHedgeFund**), companies that develop AI-driven investment strategies for the financial markets (i.e.: **MDOTM**, **Axyon**, **InchCapital** and **Kellify**) and FinTechs that deliver software solutions, customized for the financial sector, providing consulting, advisory and training services in the sectors of corporate finance,

risk management and portfolio management (i.e. **Valuecube** and **Diaman Tech**). In this scenario, a company which differs from others is Flowtech that provides a proprietary algorithm able to gather the best investment strategy by measuring how emotions affect financial markets.

Crypto Investing & Trading: emerging sub-segment with 3 companies focused on DLTs & blockchain technology and cryptocurrency. It Includes: **Brightnode**, that allows capital raising with issue of tokens (STO, IEO, ICO); **Criptalia**, a peer-to-peer blockchain investment platform, and **TheRockTrading** that delivers a tailor-made service run by financial operators for clients interested in buying or selling cryptocurrencies for the equivalent of €100.000 or more.

NPL Trading: another new sub-segment, it regards companies that support the financial players in the management of Non-performing Loans (i.e.: **DoData** and **Cherry**) and a marketplace for Illiquid and Alternative Assets (**TXC Markets**), based on a proprietary algorithms for scoring and pricing on buy or sell portfolios.

Other: in this cluster there are companies that offer capital market related services. They are **Arcoba** (front end and back end solutions software for asset management) and **ReFees** (tool for the evaluation of investment commissions).

Technologies

AI solutions and Big Data Analytics tools enable the offering of most of FinTechs in Capital Market (43%). This is the FinTech area with the largest share of companies with an offering based on this kind of technology. The updated analysis records a growth in solutions based on DLT and blockchain technologies, also related to the added sub-segment of Crypto Investing solutions. The share of FinTechs with an offering enabled by this technology is 17%.

Capital Market & Trading

Stories

FinTech innovations are re-imagining capital market sector

FinTech-led innovation is influencing significant parts of the capital markets value chain, from capital acquisition to data and analysis services. Considering our analysis, the access and raise of capital come from the Wealth & Asset Management cluster while the capital Market & Trading area concerns FinTechs which improve trading activities specifically through data analysis services and solutions. FinTechs belonging to this area are not considered competitor of traditional players, but partners with which market operators are working to implement efficiency programmes and improve their activities. In the global scenario, the areas in which Capital Market FinTechs focus are automation and data analytics through solutions and services aimed at decision making processes in the investments field.

Italy: Competitive arena gets wide

The Italian scenario reveals a similar trend with a consistent focus on companies that offer advanced data analysis services and solutions in order to optimize investments decisions. At the same time, considering the specific characteristics of the Italian credit market, we assessed the birth of a new segment regarding NPL Trading solutions. The main driver for this incoming area in the FinTech scenario is the European regulation concerning the requirement for banks to sell non-performing loans. Specifically, the present scenario includes three companies located in Italy that operate to speed up and make non-performing loans management easier.

Investments still low on the sector

Despite the ferment recorded in the Capital Market & Trading cluster (Considering new players, revenues growth above the average, highest marginality of the whole FinTech area) companies hardly receive significant investments. During 2019 the volume of capital raised was low (4,3 millions of euros as a whole) but the good economic development of the sector leaves hope for a brighter future.

Capital Market FinTechs through stock exchange listing and investments gained before operating

UCapital24 was listed on the stock exchange* by the end of 2019 for an amount of 4,1 millions of euros.

TXC Markets, despite becoming operational in the Italian market only in January 2020, has already received an investment round of 1,2 millions of euros from OIB S.p.A. (a venture investment company with a focus on the FinTech field) and Intesa Sanpaolo at the end of 2018.

Other Collaboration: Axyon, part of the Trading & Tools segment, received funds (at the end of 2018) from both ING and UniCredit, working with them on AI-based solutions.

(*) **AIM Italia - Alternative Capital Market** is an Italian market managed by Borsa Italiana S.p.A. active from 1 March 2012, born following the merger of the AIM Italia and MAC markets. It is composed of small and medium-sized Italian companies with high growth potential which are listed on the FTSE AIM Italia index.



Capital Market & Trading

News Room



11/2019

UCapital24 listed in the AIM market

The financial social network UCapital24 closes the IPO at its first trading day in the Italian AIM market. Together with the listing in the stock exchange has been launched the final version of the platform that allows small investors, students and big players to operate in the market with cutting-edge instruments, profiting from FinTech and from digital.

11/2019

TXC TaXchange, after a first round of 1,2 millions of euro, hits the market

TXC Markets has developed an automated trading platform that combines best-in-class technologies and a P2P solution for maximizing and monetizing illiquid assets beginning with Italian Tax Claims.

It has raised a Seed round of € 1.2M by OIB Spa and Intesa Sanpaolo. Since January 2020 TXC Market works in the Italian market.



InsurTech is looking for more collaboration

Key numbers 2019 Highlights

- There are 36 InsurTech companies. The weight on total number of FinTechs has slightly reduced from 15% (2018) to 13%.
- **Few new companies:** + 5 new and - 3 delisted = +2 / only one new born in 2019.
- **Relevant growth of revenues** (46%), higher than the Total FinTech.
- **Very low the investments** (only 5% on Total 2019 FinTech Investments!).
- They are **very young** / boom in 2015-2017
- **EBITDA is low** as there are many young companies.
- Taxonomy is stable (no new segments).



- A young segment already consolidating.
- Market challenges: funding and demand maturity.
- Collaboration is key and open banking/finance a great opportunity
- AI, platforms and IoT the key enabling technologies

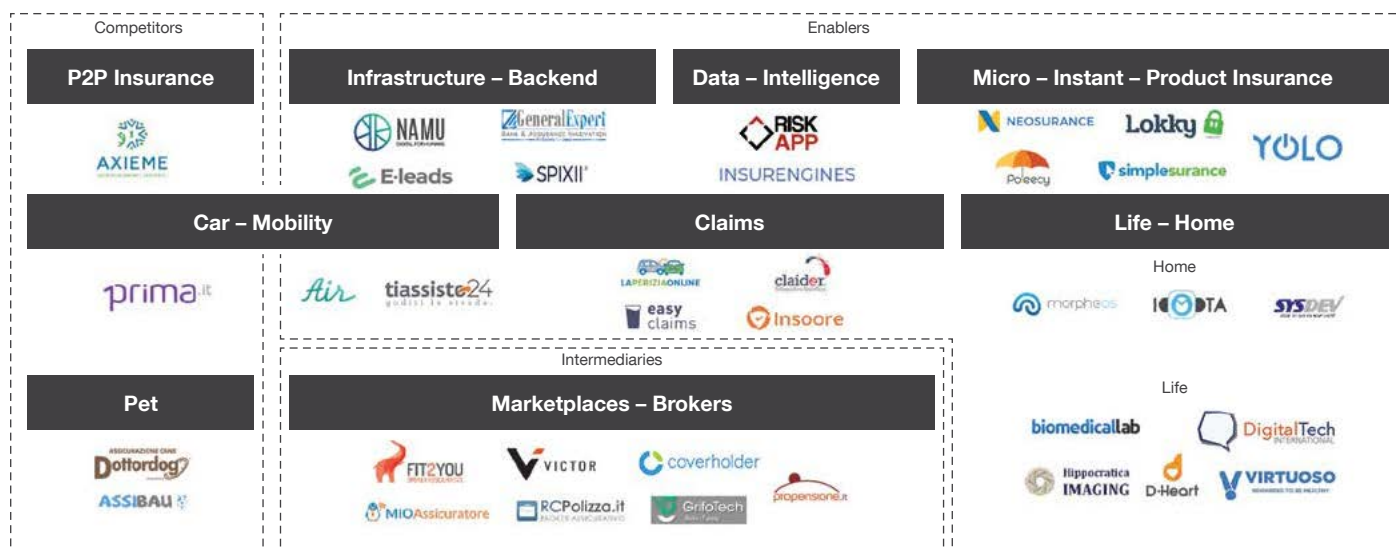
Key numbers of InsurTech compared to the total FinTech

	InsurTech	Total FinTech
number of companies	36	278
% on Total	13%	100%
growth 2019-2018	6%	21%
revenues (% on Total)	12%	100%
growth 2018/2017	46%	40%
average revenues	1.5€	2.1€
N° of scale up (% on each segment)	14%	13%
average age (years)	3.7	4.8
Investments (% on Total)	5%	100%
EBITDA	1.5%	2%

Source: PwC - NetConsulting cube: «Italian FinTech Observatory 2020»



InsurTech Taxonomy



Source: PwC processing on NetConsulting cube graphic

InsurTech

The business segments

In Italy there are 36 active InsurTechs. InsurTechs in this area are distributed in nine different sub-sectors, namely **P2P Insurance**, **Car – Mobility**, **Pet Insurance**, **Marketplaces – Brokers**, **Data-Intelligence**, **Claims**, **Micro-Instant-Product Insurance**, **Life – Home Insurance**. A further subdivision is possible considering the type of relationship between InsurTech and Insurance companies: **Enablers**, **Competitors** and **Intermediaries**.

Enablers

InsurTechs that operate in synergy with insurance companies, and can provide insights, tools or VAS for incumbents.

Infrastructure – Backend: InsurTechs that provide backend services and infrastructures to companies, such as chatbots (**Spixii**), CRM, marketing and lead generation systems (**Namu** and **E-leads**) and a broad spectrum of digitization services (**General Expert**).

Data – Intelligence: category represented by **RiskApp**, an InsurTech that uses Artificial Intelligence to estimate negative and catastrophic events and assess their impact insurance risk, and by **InsurEngines**, which uses AI to support the entire product cycle from the design to the analysis of the results.

Micro-Instant-Product Insurance: InsurTechs specialized in the creation and distribution of insurance products for individual events or products, even instantly. The segment is composed of **Neosurance**, which develops contextual and instantaneous micro-policies, via push notifications, analyzing user behavior data from smartphones, Poleecy, also focused on micro-policies and which uses blockchain technology, **Simplesurance**, which distributes Product Insurance for smartphones, laptop, bicycles etc., Yolo insurance, which provides white label platforms for the development of on-demand policies and directly sells micro and product policies, and **Lokky**, which sells micro-policies to professionals and SMEs

Life-Home: InsurTechs that develop products, mostly with IoT features, for monitoring health or real estate properties of the insured, both with data analysis software and with hardware tools such as domotics systems and wearable. For the Life sector these InsurTechs are **Biomedicallab**, **DigitalTech**

International, **Hippocratica Imaging**, **D-Heart** and **Healthy Virtuoso**, while for the Home sector there are **Morpheos**, **looota** and **SysDev**.

Claims: Companies that simplify the process of reporting and managing claims remotely, both for the user and the insurance company. The InsurTechs of the cluster are **Easy Claims**, **Claider**, **La Perizia Online** and **Insoore**. Insoore adopts a unique business model, where the user (called Insoorer) act as a Gig Worker who takes pictures of the state of an insured vehicle and send them with their smartphone to the insurance company.

Auto-Mobility: On the side of the enablers, the InsurTechs of the Auto-Mobility cluster deal with security systems, protection and telemetry for vehicles (Air), and management and selection of auto insurance (**Tiassisto24**).

Competitors

InsurTechs that deal with segments of the value chain already managed by insurance companies.

Auto-Mobility: On the competitors' side there is **Prima.it**, the online direct insurance specialized in third party liability policies for cars, motorcycles and vans.

P2P Insurance: Risk sharing networks in which a community (associations, groups, cooperatives, NGOs...) with similar protection needs groups premiums together to get insured, sharing the risk of accidents. A business model quite widespread worldwide; in Italy only one InsurTech is part of this segment: **Axieme**.

Pet: Online insurance specialized in insurance products for pets. The members of the cluster are **Assibau** and **Dottordog**.

Intermediaries

Companies that do not act directly as an Enabler or as a Competitor, but as an intermediate subject that can have direct relationships with some financial services companies and offer their products to customers. This group is composed of **Marketplaces and Brokers**: **RCPolizza.it**, **Fit2You**, **Coverholder**, **MIOAssicuratore**, **Victor**, **Propensione.it** and **GrifoTech**.

InsurTech

Stories

Investments- continuous positive international trend but contained growth in Italy

Global investments are growing: At the end of the third quarter of 2019, the total amount of funds raised by InsurTech already exceeded that collected in 2018.(*)

In the two-year period 2016-2018, the sector collected funds of 11.2 billion dollars, more than double of what was obtained between 2010 and 2015 (5.5 billion dollars).(**)

Few and concentrated investments in Italy: In Italy the 2019 investments in InsurTech were low and focused on few deals. The two major (Yolo with 5 millions from VC and 1 million for Insoore) counts more than 80% of total investments! New funding opportunities might come from crowdfunding. So far the only evidence comes from Axieme (500k from crowdfunding in 2019).

In Italy the demand is still immature

Consumers: According to the last survey from Politecnico di Milano(**), with regards to insurance, **only 14% of users in Italy have purchased a policy completely online** (86% of these a car policy, very few home and life products). **The majority (66%) of consumers have never purchased policies in digital form and do not intend to do so in the near future**, mainly due to a lack of trust and because they are satisfied with the traditional channel.

SMEs: to select an insurance, **SMEs mainly turn to traditional actors**, such as insurance companies (90%) and banks (36%), purchasing mainly in traditional ways: **78% of SMEs opt for a completely physical channel**.

Users are in favor of sharing information

Data sharing is increasingly important: today 12% of the Italian population shares information on their driving style through black boxes and the users acceptance is wide with 65% of users open to share information on driving style, 66% on home safety, 62% on health.

Insurance and InsurTech - in search for collaboration

The first Italian InsurTech dedicated Italian HUB: At the end of November 2019, Vittoria Assicurazioni presented the Vittoria Hub, an InsurTech Incubator based on Open Innovation which will be the meeting place between technological innovation and new business models in favor of the evolution of the insurance sector. Vittoria hub will therefore have the task of attracting investors, partners and startups in a single pole to promote an advanced exchange of ideas, resources and skills and accelerate the growth path of startups, from the idea to industrial maturity, for a new ecosystem proposal in the insurance market.

Partnerships are key in supporting the renewal of the insurance sector. In Italy we are still at the beginning
At international level we can highlight a couple of relevant initiatives:

- Lloyd's elected eleven new teams of InsurTech initiatives that will join the accelerator of innovation for the insurance market (none of which are Italian). InsurTech startups will have as their primary objective to identify solutions with the potential to contribute to the a service ecosystem that is part of Lloyd's overall vision for the future, including methods for improving data sharing and for providing new sources of risk information; risk and quotation models to help Lloyd's market participants better understand the risk scenarios; and ways to reduce claims management costs and the burden of compliance and regulation.
- Generali. Two years after the announcement in Monaco of the launch of the first Generali Deutschland initiative in the smart insurance sector (Generali Vitality), il Leone has sold more than 220 thousand high tech policies in the country. A result that gives the measure of what the development opportunities are for those who innovate in the sector. Because of that, the Trieste-based company has signed an agreement with Plug and Play, a Silicon Valley company that combines startups, including those that aim to innovate in the insurance sector. Generali grows also in France with the acquisition of an InsurTech: it is Altaprofits, a pioneer company in the sector of online platforms for insurance and asset management products. France is a market in which Generali wants to invest again as it has not yet reached the desired size.

In Italy examples include both collaboration between incumbents and startups, and between startups:

- Yolo (with Intesa Sanpaolo, Genertel and Sara), Neosurance with AXA
- Insoore and Prima collaborate
- Fabrick integrates Lokky's offer on its open banking platform
- Hype teams up with Prima

Source (*) "Quarterly Insurtech Briefing" by Willis Towers Watson;

(**) Ntt Data and Everis report.

InsurTech to mention in 2019: towards globalization

- **Virtuoso:** In recent months, Healthy Virtuoso, the platform that encourages and rewards people who are committed to maintaining a healthy lifestyle, has distinguished itself. Founded in Italy in 2018, in less than a year it has already reached over 100,000 users and obtained funding for more than € 700,000. After the first achievements in Italy, and a few weeks

after the launch of the free app on the UK market, Healthy Virtuoso immediately garnered the attention of numerous international companies and was selected in Cologne as one of the 10 Best Europeans startups that are revolutionizing the world of insurance.

- **Whoosnap,** Italian InsurTech and startup of the LVenture Group portfolio, is preparing to land in Europe. The services, launched less than a year ago thanks to the Insoore platform, are achieving excellent results.

InsurTech

News Room



BeBeez, 23/10/2019

Yolo insurtech opens a new round of 20 million euros to finance the new business plan

Yolo insurtech has opened a new series B round up to 20 million euros, to be closed by the first quarter of 2020. In addition to the current shareholders, the new round is open to institutional investors.

To date the startup has collected 7 million euros from investors since the beginning of the activity. Key partner Neva Finventures, the corporate venture capital of Intesa Sanpaolo.

STARTUPITALIA, 29/11/2019

Vittoria Hub, the first Italian insurtech incubator, is born

Promoted by Vittoria Assicurazioni, the hub looks at open innovation. The call for the selection of startups to incubate has been launched.

Vittoria hub is the first insurtech incubator in Italy dedicated to Open Innovation and, as such, it has two specific tasks: on the one hand attracting innovative start-ups, technological partners and investors to a dynamic exchange of ideas, resources in a single pole and skills, on the other accelerate start-ups on their path from idea to industrial maturity.

BeBeez, 29/08/2019

The insurtech Axieme collects a round of over one million euros, of which 500k in equity crowdfunding

Axieme, the insurtech startup that developed the first Italian social insurance that reimburses a share of the policy price to the virtuous policyholders, closed a one million euro round, collected thanks to an equity crowdfunding campaign on 200Crowd (500 thousand euros), the winning of Invitalia's Smart & Start call (loan of 508,420 euros at zero interest for a duration of 8 years, to which are added another 2 for pre-amortization) and a loan from Banco Bpm (120 thousand euros).

Insurance Connect, 01/2020

OPEN BANKING: Car Insurance, Hype teams up with Prima

Challenger bank customers will have the option to take out policies from their app. Agreement between Hype and Prima Assicurazioni in the field of motor liability insurance. The two companies announced, through a joint note, that the offer of the insurance tech company will be integrated into the challenger bank: its customers will thus be able to take out their car policy from mobile, calculating estimates and charging the cost by direct Payment on the Hype account.

Press Realise, 07/02/2020

Fabrick integrates Lokky's offer on its open banking platform

Lokky, a digital insurance broker dedicated to micro-businesses, professionals and freelancers, offers a wide variety of policies which, thanks to artificial intelligence, are defined on the specific needs of the customer. The solution was created to be multi-channel and Fabrick allows a maximum level of integration, even with the core systems of financial institutions, from branches to home & telephone banking applications...

RegTech does not take off but new opportunities may arise with open banking

Key numbers 2019 Highlights

- There are 18 RegTechs in Italy. The area growth in terms of number of companies amounts to an average 20%, while in terms of pure number of companies it is the **smallest area**, representing only 6% of the total FinTech market.
- The taxonomy is stable, with no new segments.
- 5 new companies, of which 3 founded in 2018/2019, and 2 companies closed, for a net growth of 3 new RegTechs.
- Smallest area in terms of total **turnover**, with a decrease of 30% from the previous year. This decrease is almost completely due to a single company which hasn't published its revenue yet; **all other companies have growth 19%**.
- Second youngest segment (beyond InsurTech), which is probably causing a negative EBITDA (-0.4%).



- Stable cluster, few new companies
- Very young cluster with low revenue and still negative EBITDA and no investments
- Growth may be enabled by B2B2C services with open banking

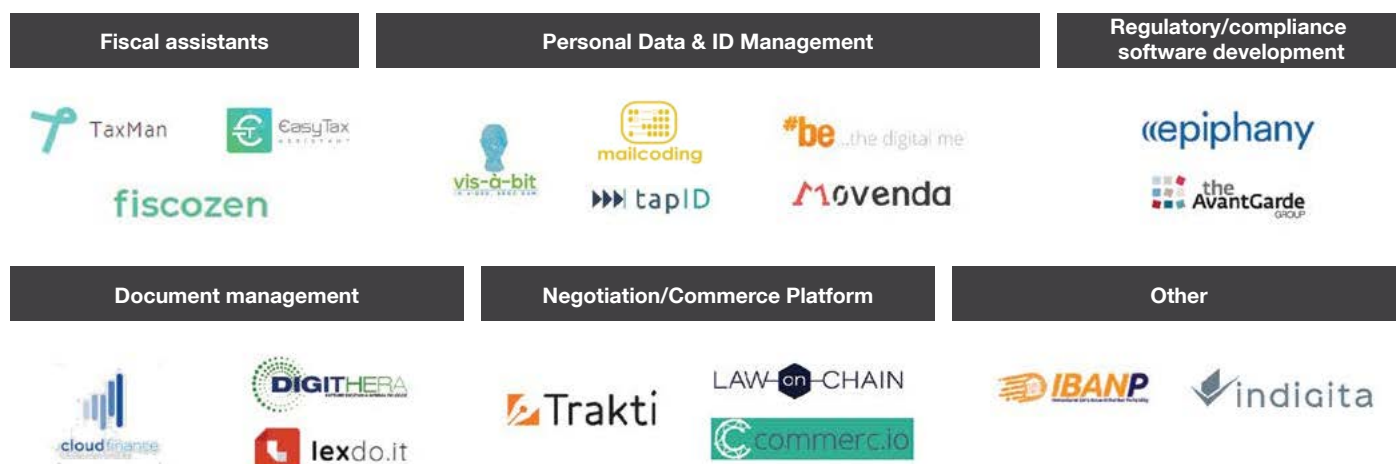
Key numbers of RegTech compared to the total FinTech

	RegTech	Total FinTech
number of companies	18	278
% on Total	6%	100%
growth 2019-2018	20%	21%
revenues (% on Total)	1.4%	100%
growth 2018/2017	-30%	40%
average revenues	0.4€	2.1€
N° of scale up (% on each segment)	6%	13%
average age (years)		4.8
Investments (% on Total)		100%
EBITDA	-0.4%	2%

Source: PwC - NetConsulting cube: «Italian FinTech Observatory 2020»



RegTech Taxonomy



Source: PwC processing on NetConsulting cube graphic

RegTech

The business segments and enabling technologies

The RegTech area is composed of 6 sub-segments: **Negotiation/Commerce Platform**, **Fiscal Assistants**, **Personal Data and ID Management**, **Regulatory/compliance software development**, **Document Management** and **Other**.

Business Segments

Negotiation/Commerce Platform – it is a cluster formed by three RegTechs, united by the focus on negotiations and the exchange of data and products, and by the use of the blockchain. **Trakti** is a software platform that provides a framework for managing online negotiations and commercial contracts, automating the negotiation process with counterparties; **Commerc.io** is a platform for sharing and certifying business documents and buying / selling goods and services online through blockchain; **LawOnChain** is platform to keep and manage contracts trustless.

Fiscal Assistants RegTechs of this cluster deal with digital taxation management. They provide simplified information, support the acquisition of tax documents, calculate tax breaks, facilitate the preparation of quotes, etc. The RegTechs of this segment are **EasyTax**, **TaxMan** and **Fiscozen**.

Personal Data and ID Management: RegTechs specialized in the management and protection of personal and identity data. **Mailcoding** is a service that provides a unique and customizable number to connect the name, telephone number and digital accounts of the user in order to promote secure online communication. **Vis-à-bit** designs digitized KYC processes, such as video identifications and video signatures. **#be** is a blockchain self sovereign identity system aimed at managing the interactions between users and advertisers. **Movenda and Tap-id** have developed protocols to authenticate and manage user identity through mobile.

Regulatory/compliance software development:

This cluster includes two RegTechs specialized among other things in ad hoc development of software aimed at compliance and compliance with regulatory requirements. The two RegTechs are **The Avantgarde Group** and **Epiphany**, which is evolving from a PSD2-compliant platform to a proper Open Banking Platform, offering APIs for Payments, account aggregation and credit.

Document Management: In this segment we find **Digithera** and **Cloud Finance**, that support the management of documents according to the law, both at the electronic invoice level and in a whole series of other management services, such as substitute conservation, “spesometro”, VAT settlement, checks on Equitalia records, anatocism etc, and **LexDo.it**, which offers automated online legal services for families and SMEs.

Other: this category includes the offer of **IBANP**, a project aimed at building a plug-in solution that allows bank account holders to move from one bank to another while retaining their IBAN, and **InDigita**, a RegTech which has developed an API platform to automate cross-border compliance checks..

Technologies

RegTech is the only cluster where Blockchain is the most important technology, with a share of 28%. Other technologies are almost equally distributed, with Mobile and Platforms at 22% and also Open Banking at 17%. The high numbers of RegTechs using Open Banking technologies mostly depends on their solutions regarding PSD2.

RegTech

Stories

RegTech late to take off in Italy

RegTech has seen exponential growth worldwide in recent years. More than a third of a panel of global firms (38%) expect their firm's budget for RegTech will grow in 2020, with this number going up to 48% for global systemically-important financial institutions*. In Italy, the market is still small, comparing to the rest of the FinTech clusters analyzed, and for what concerns RegTechs trends for KYC and AML, very strong at a global level, are only occurring in our country, with companies specialized in **Digital Identity and personal data management**.

Compared to the remaining segments, therefore, the Italian delay would appear not only in terms of quantity, market share and investments, but also in terms of quality, relative to the RegTechs business models. Also and above all of this, **RegTech is an area with enormous growth potential, still largely unexplored in Italy**.

It must be underlined that, in global taxonomies, companies specialized in anti-fraud are often included in the RegTech area, while in this report they are considered part of the Cybersecurity area.

Ways for growth

While the Italian RegTech landscape looks less mature than other segments, new opportunities may arise with open banking. Open APIs and Open Banking technologies are already being used at a good rate in the cluster, thanks to the need of a technological approach to regulation and compliance due to the PSD2.

More than pure compliance, given the high number of RegTechs working as fiscal assistants and document management, the Italian **RegTech may evolve acting as a sort of TPP of legal solutions for SMEs in Open Banking infrastructures**. Given the Italian complex regulations and the centrality of SMEs in the country, **banks may benefit by using RegTechs to extend their offer to SMEs**.

Evolving offering of RegTechs

Kaleyra and **Epiphany** form Open Banking partnership, integrating Kaleyra's mobile messaging services for banks and Epiphany's APIs for banking services. Through time, Epiphany evolved from being a pure compliance (PSD2-related) platform to a full-stack Digital Banking Platform, and through this partnership is evolving even more, becoming close to a Open Banking Platform offering APIs for Payments, account aggregation and credit.

RegTech

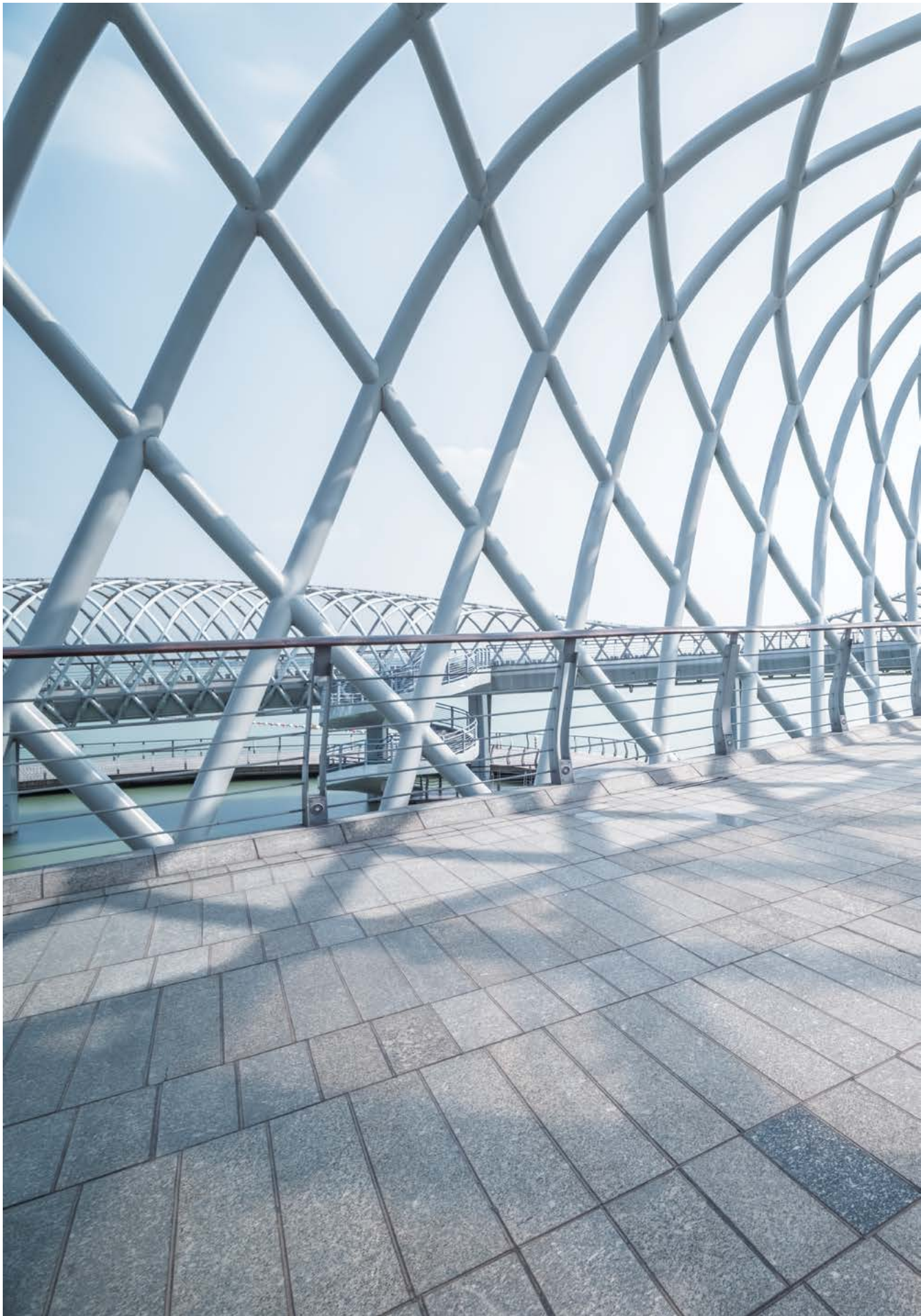
News Room



Kaleyra 19/07/2019

Kaleyra and Epiphany form Open Banking partnership

Kaleyra, an international leader in mobile messaging services for banks and companies of all sizes, and Epiphany, a technology start-up born in Italy and operating globally, specialised in digital banking solutions that "open up" open banking, have signed a partnership agreement to jointly support banks in their digital transformation efforts, from basic PSD2 compliance to delivering new banking experiences, to enabling core banking modernization.





5. TechFin

TechFin is an healthy and growing sector

To complete and enrich the scenario of innovation opportunities in the financial sector, we have included the analysis of some players of interest in the area of Tech Enablers and Cybersecurity.

The choice was made based on technologies (Artificial Intelligence, Conversational Interfaces, Big Data, Blockchain, Open Banking) and the focus on the financial market.

Despite a selection that favored the most innovative companies in the two sectors analyzed, these are companies that are on average more mature and larger in size than those in the FinTech segment, characterized by a sustained growth in turnover (+17% compared to the previous year) even if much lower than in FinTech.

Investments in the area are contained (similar to FinTech), but growing and largely coming from international Venture Capital.

Profitability is on average good and growing, with the exception of the Cybersecurity sector which is negatively impacted by the very negative performance of a single company.

It should be noted that some of the main M&A operations in the sector targeted TechFin companies: Neutrino, acquired by Coinbase, Stamplay by Apple and Qurami by UFirst.

The opportunities for AI and Mobile-UX are growing

- The companies focused on offering solutions and tools based on the use of Big Data and Artificial Intelligence or on Mobile / User Experience solutions are those with the highest turnover. The importance of Advance Analytics, conversational interfaces and text analysis is growing.
- The digital marketing and CRM segment is consolidated and growing.
- New companies (2 new in 2019) in the Open Banking area.
- Companies operating in the blockchain environment are growing.
- More solutions to support productivity and improve the back office of financial companies (banks and Insurance companies).

TechFin introduction

To complete the FinTech picture we selected some key players in the area of Tech Enablers and Cybersecurity

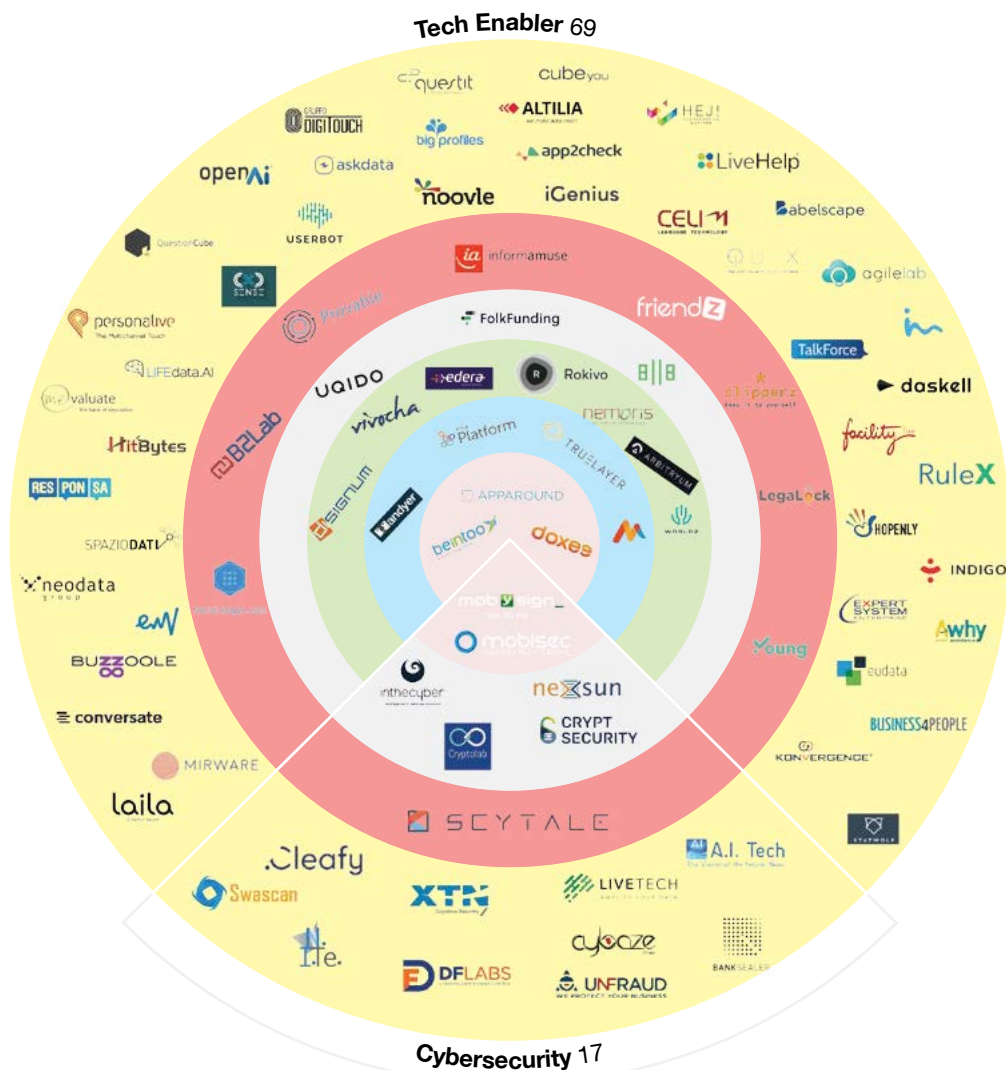
Selection criteria include:

Tech and Business Innovation:

- new technology such as AI-Big Data, Conversational Interfaces, Blockchain, Open Banking
- enablers of new Financial Services business models

Financial Services specialization

The Italian selected TechFin Landscape 2020



86
Companies

Web Platform 8

AI / Big Data 54

Mobile & UX 5

Blockchain & Crypto 8

Open Banking / API 4

Other 7



TechFin in Italy in 2019 (VS 2018)

69 Tech Enablers
+15

17 CyberSecurity
+1

186 M € revenues
+17% 2018/2017

43,6 M € capital raised
+52%

32 Scale-ups
37%

2 areas & 13 subsegments

Source: PwC - NetConsulting cube: «Italian FinTech Observatory 2020»



The Italian selected TechFin portrait

Mature
+ 60% more than 5 years old

Average Size
+50% with more
than 10 employees

Moderately Growing
+17% revenues

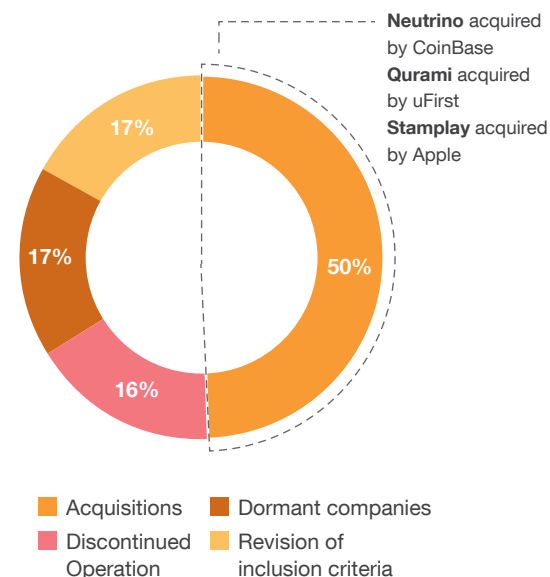
Promising:
Increasing EBITDA
from 8% to 10%

Constant increasing
of n° of Scale-ups
from 26 to 32

Source: PwC - NetConsulting cube: «Italian FinTech Observatory 2020»

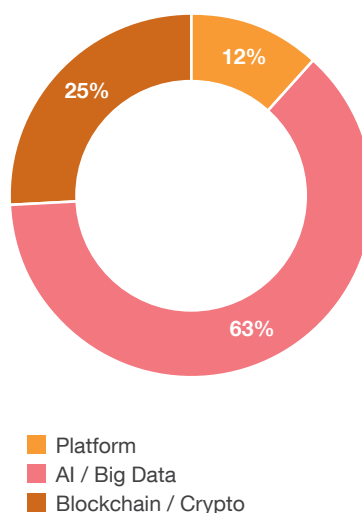
TechFin: In & Out

6 companies OUT - of which 3 exits



Source: PwC - NetConsulting cube: «Italian FinTech Observatory 2020»

8 new born 2018-2019 - All Tech Enablers



Revenues

Relevant but slowing down growth
for the selected TechFin

**Revenues analysis is based on 66 companies
(76% of total sample).**

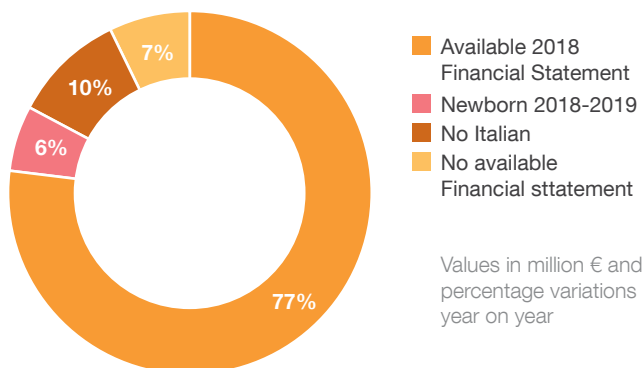
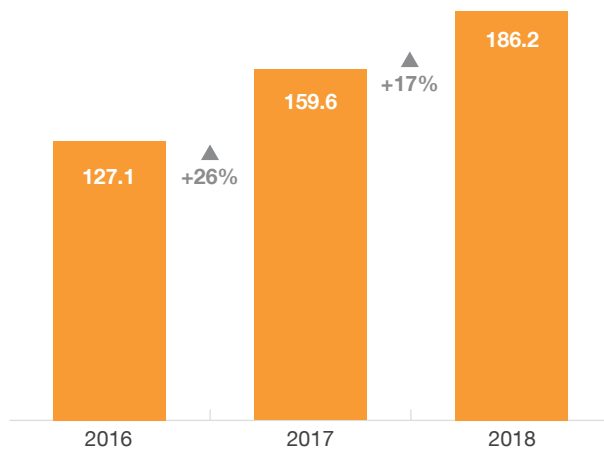
Not included new companies (2018-2019), No
Profit, International headquartered and No available
Balance sheet.

“

186 million € / +17%

Italian selected TechFin Revenues in 2018
+ 32% Cyber security / + 15% Tech Enablers

TechFin revenues

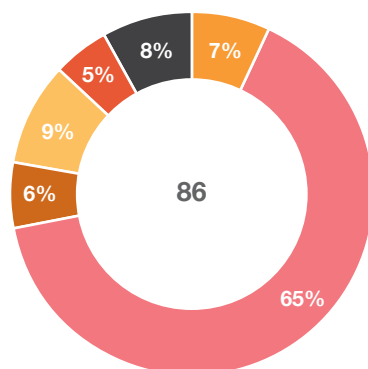


Key technology in the TechFin arena

Higher revenues for companies focused on AI/Big Data and Mobile&UX.

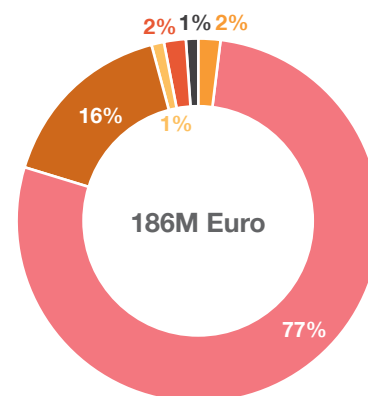
Still in seed stage most companies focused on blockchain, open API and platforms.

On number of companies



Platform
 AI/Big Data
 Mobile & UX
 Blockchain / Crypto
 Open Banking / Open API
 Other

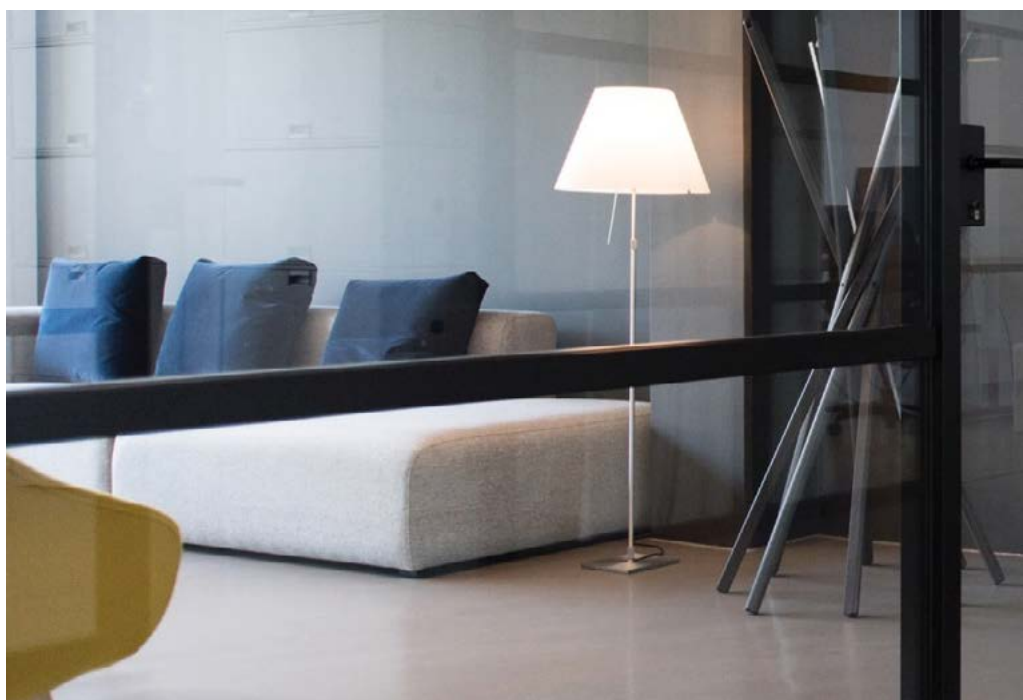
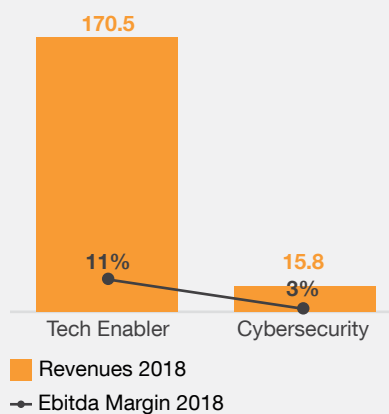
On 2018 revenues



Platform
 AI/Big Data ▲
 Mobile & UX ▲▲▲
 Blockchain / Crypto
 Open Banking / Open API
 Other

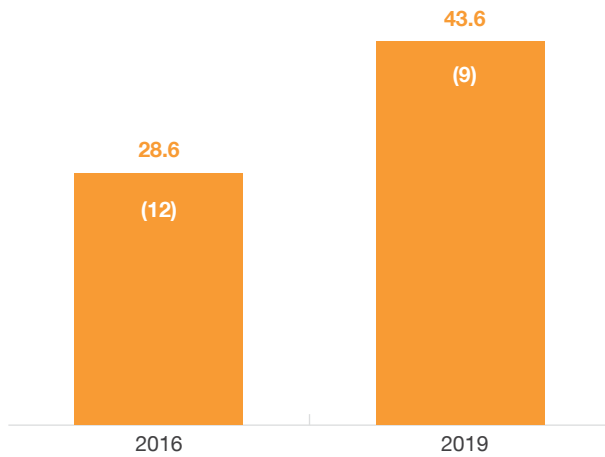
Source: PwC - NetConsulting cube: «Italian FinTech Observatory 2020»

EBITDA 2018
is **10%** of revenues,
up from **8%** in 2017



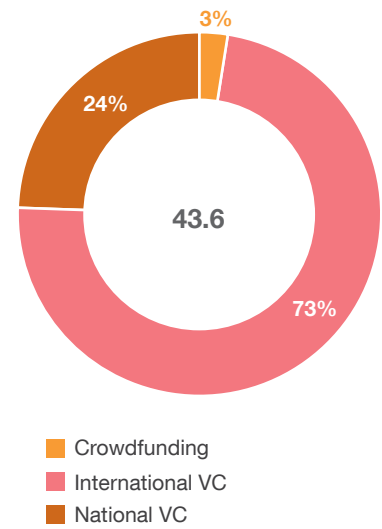
Investments in TechFin Companies

Capital raised by selected TechFin companies 2018 – 2019
Value in mln € - (xx) Number of deals

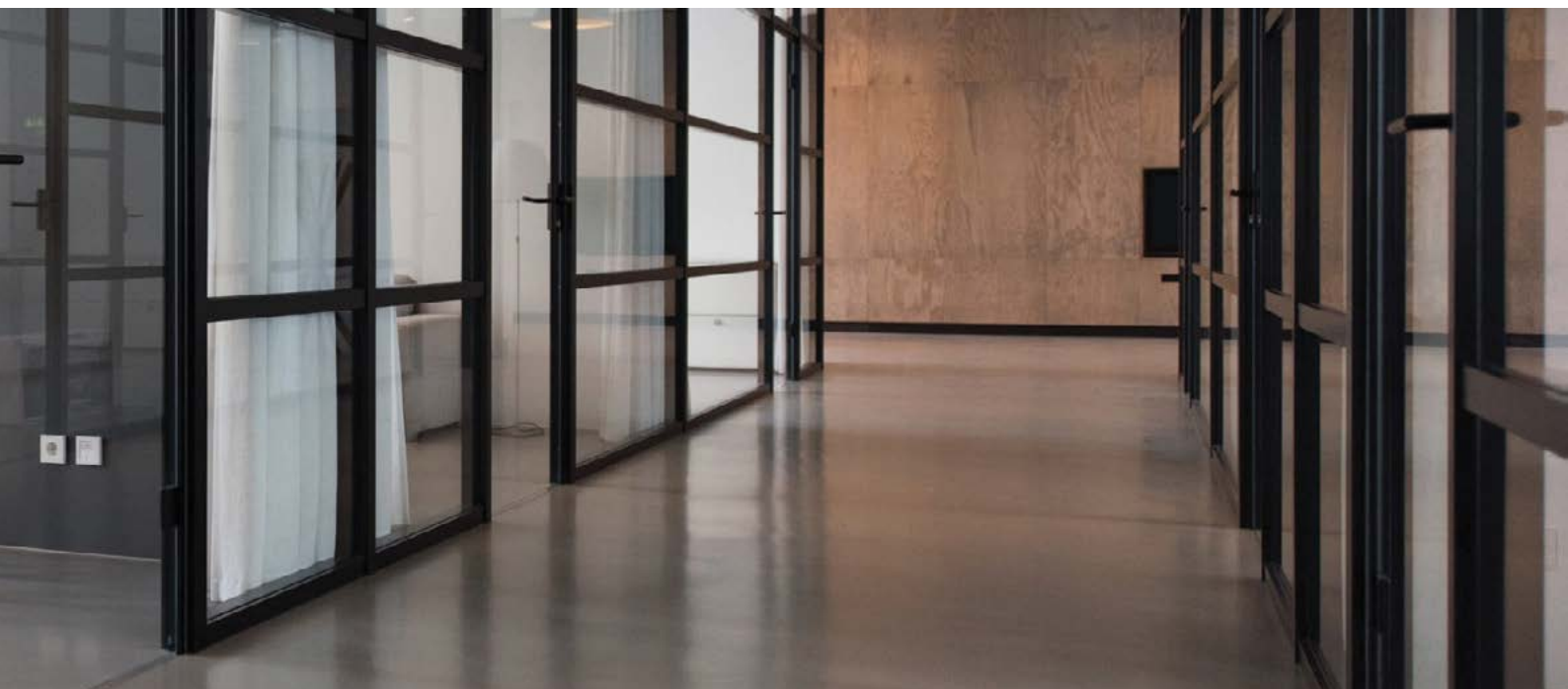


100%
Tech Enabler

Capital raised in 2019 per cluster of operator
Value in mln € and in %



Source: PwC - NetConsulting cube: «Italian FinTech Observatory 2020»



Tech Enablers are maturing and more solutions arise

Key numbers 2019 Highlights

- Tech enabler companies amount to 69. The weight of companies on TechFin total number increases from 77 % to 80%.
- Remarkable quantity of added companies: +20 new – 5 delisted = 15 (2 of which founded in 2019)
- 6 Companies out, of which 3 are exits, involved in big deals.
- Positive revenues growth (+15%) but lower compared to the TechFin rate (+17 %); 38% of companies are Scale ups.
- Funds raised 43 mln €, with a strong growth compared to 2017.
- **EBITDA margin is 11% up from 2017 (8%) and higher than FinTech.**
- Revised Taxonomy and completely new segment: Open banking –API (2 new entry in 2019).



- NEW OPEN BANKING-API segment (2 new companies 2019)
- Importance of ANALYTICS and Conversational Interfaces is growing
- Consolidation and growth of the Digital Mktg segment
- Blockchain: companies and solutions are growing
- New solutions to help banks' productivity

Key numbers of Tech Enabler compared to the total TechFin

	Tech Enabler	Total TechFin
number of companies	69	86
% on Total	80%	100%
growth 2019-2018	28%	23%
revenues (% on Total)	92%	100%
growth 2018/2017	15%	17%
average revenues	3.2€	2.8€
N° of scale up (% on each segment)	38%	40%
average age (years)	6.8	7
Investments (% on Total)	100%	100%
EBITDA	11%	10%

Source: PwC - NetConsulting cube: «Italian FinTech Observatory 2020»



Tech Enabler Taxonomy

Average 2018 revenue: 3.2 M €



Source: PwC processing on NetConsulting cube graphic

Tech Enabler

The business segments and enabling technology

Open Banking/Open API

This is a new segment and includes two new companies: **Truelayer**, that provides API/open banking Platform in order to enable developers to build banking and FinTech propositions that use account aggregation, Payment initiation, bank account verification and more features; **MIA**, that provides a Digital Platform to implement a Digital Integration Hub to disassociate back end and Front end. The segment is expected to have a fast growth in 2020 due to PSD2 entered in force.

Advanced Analytics

The sub-segment includes Analytics and algorithms powered by Big Data and Artificial Intelligence. It includes companies focused on: Customer Profilation (i.e. **Big Profile**, that enriches customers data to support marketing campaign, or **NeoData**), Big Data and Analytics (i.e. **Altilia**, **AgileLab**, **Energyway**) and Deep Learning and Machine Learning.

Conversational interfaces and text analytics

This is one of the most crowded sub-segment and includes companies that offer chatbot solutions based on natural language processor or text analytics, to support omnichannel and customer care. Some companies (i.e. **Eudata**, **Expert Systems**, **Conversate**, **Vivocha**) have a consolidated business, but the most have been founded recently (in the last 5 years).

Digital marketing and CRM

Companies operating in Digital Marketing sub-segment support digital marketing and omnichannel strategy of banks and insurance companies. Some of them are included also in Advanced Analytics and/or in the Conversational Interfaces sub-segment (i.e. **Eudata**, **OpenAI**, **CubeYou**, **App2Check**, **Big Profiles** etc). Other companies are focused on advisory in Digital marketing strategy (i.e. **Digitouch**, **Doxee**), Mobile advertising and Data Driven Marketing (i.e. **Beintoo**) or Mobile App for Sales force (i.e. **Apparound**) and have a cross industries approach.

Blockchain development

The Blockchain sub-segment is still small but companies are in a developing phase. Seven companies identified in this segment have different inclinations based on blockchain technology or distributed ledger: smart contract, tracking of goods and shipments, strong authentication.

Productivity and back office

In this categories are included companies which support banking back office with tools based on AI or other digital technologies. Some are specific for Data visualization (i.e. **AskData**), others for Performance Management (i.e. **Edera**).

Customer engagement

It includes 2 companies that enable to convert fans (Facebook or other Social Media Network) in revenues: for example **Worldz** is a platform to improve social media communication.

Tech Enablers

Stories

Positive trend of investments

The investments in Italy increased by 52% compared to 2017 and 43.6 million euros raised with 9 deals: 2018 average deal were bigger than previous year (5.1 million euros, more than double compared to 2017 average value). The most of funds were provided by International Venture Capital, considering this segment more mature than others.

3 Significant Exit

The exit are in different segments:

- Blockchain analytics: **Neutrino** has been acquired by US company Coinbase. Neutrino, by analyzing data on public blockchain, is able to ensure the cryptocurrency exchange and prevent theft of funds from peoples' accounts, investigate ransomware attacks, and identify bad actors. This operation is the evidence that Blockchain analytics is becoming an increasingly important part of the broader cryptocurrency
- Customer Experience/mobile app: **Qurami** has been acquired by uFirst, both operating in Queue Management.
- Open API; Apple acquired **Stamplay**, An PI integration developer.

Digital and omnichannel strategy strongest driver

The continuous decline of the branches role and the growing need to improve customer engagement trough digital channels is one of the main driver for TechFin industry. The focus on customer experience is a must in Banks Development, not only to win more customers, but also to retain existing ones, offering them innovative services. As a result, they've started investing in new capabilities. So Advanced Analytics, Conversational Interfaces and Digital Marketing are faster growing segments.

Open API is expected to accelerate its growth in 2020

PSD2 is creating for banks the opportunity to offer new services through FinTech, but it will be also an opportunity for other industries to build new services. Open APIs play a key this scenario.

Blockchain is growing but not mature at all

The Blockchain Development segments has seen a growing number of companies, but the market does not seem mature. However, a growth is expected: the number of Blockchain wallets has been growing since the creation of the Bitcoin virtual currency in 2009, reaching over 44 million Blockchain wallet users at the end of December 2019. Being blockchain an emerging technology, it is normal that in this phase the ecosystem is building up.

Tech Enabler

News Room



Sole24Ore, 19/02/2019

Coinbase Bought Neutrino for \$13.5 Million

Coinbase acquired Neutrino, a blockchain intelligence platform. This is the most important Exit in Cryptography in cryptocurrency. The main goal for Coinbase is to empower security in cryptocurrency transactions and trust of consumers in this new system

"If we see a really great team that's built a really great product, like Neutrino, for example, you'll see us go out and talk to them and try to bring them into the Coinbase family to extend the suite of products that we have," Srinivasan said.

21/11/2018

Qurami, the queue management app acquired by uFirst

UFirst, an application allowing users to access a multitude of skip-line services in private sectors has acquired Qurami. Qurami is a mobile app for queue management and agenda booking. The acquisition aimed to build the only platform for accessing services that simplifies everyday life in the city: from virtual queueing in hospitals to fast tracks at airports.

Sole24Ore, 21/03/2019

Apple acquired the Italian startup Stamplay

Apple has acquired Stamplay, Italian startup founded in 2012 with a specialization in cloud development and API-based backend development. Apple is said to have paid around five million euros for Stamplay, which equates to roughly \$5.6 million. The purchase required the founders to become Apple employees.

TechEU, 05/06/2019

TrueLayer has raised 35 million \$

TrueLayer received \$35 million from Tencent, Temasek and prior backers to expand its 'Open Banking network' in and out of Europe. The company says it will use the investment to continue to expand its 'Open Banking' platform as it aims to connect the majority of European banks by the end of 2019.

Founded in 2016, TrueLayer has already partnered with the likes of Monzo, Zopa, ClearScore and Plum. The next step is expansion outside of Europe, with Asia and Australia as considerations for its next destination, coherently with its latest investors.

Insurzine, 27/01/2019

MIA Platform enables Digital Transformation in Cattolica Assicurazioni

Cattolica Assicurazioni decided to use MIA Platform to enable its renewal Software Architecture, the integration between back end and front end omnichannel and build new services like: Cattolica app, Quotty to support agents in price quotation, Movapp that improves and enables the communication channel with agencies.

Cybersecurity

Innovation comes from small companies trying to grow

Key numbers 2019 Highlights

- Cybersecurity companies amount to 17.
- Share of companies on TechFin total number decreases from 23 % to 20%.
- Stable number of selected companies:
+2 new – 1 delisted = +1
- Positive revenues growth (+32%), higher than the TechFin total percentage (+17%)
- No Capital raised from Cybersecurity companies.
- Average years old: 8,1 years, older than the average of TechFin.
- EBITDA margin is 3%, compressed by the negative result of only one company.



- The segment is stable without significant changes compared to the last years performances.
- The most innovative solutions (AI based) are struggling to gain market share (due to integration problems with banking legacy)
- Relevant revenues growth (+ 23%)
- Low EBITDA and no investments

Key numbers of Cybersecurity compared to TechFin total

	Cybersecurity	Total TechFin
number of companies	17	86
% on Total	20%	100%
growth 2019-2018	6%	23%
revenues (% on Total)	8%	100%
growth 2018/2017	32%	17%
average revenues	1.2€	2.8€
N° of scale up (% on each segment)	47%	40%
average age (years)	8.1	7
Investments (% on Total)	0%	100%
EBITDA	3%	2.3%

Source: PwC - NetConsulting cube: «Italian FinTech Observatory 2020»



Cybersecurity Taxonomy



Source: PwC processing on NetConsulting cube graphic

Cybersecurity

Business segments and enabling technologies

Cybersecurity Area is composed of 5 sub-segments in which companies operate/work

Antifraud

It Includes companies that mainly work in the field of payments anti-fraud systems and digital platforms. The sub-segment includes 4 companies.

Few examples below:

XTN, a company with a strong growth achieved in the last 2 years developing Behavioural-based Threat and Fraud Protection solutions, designed to defend digital businesses and based on proprietary AI algorithms.

UnFraud: it offers a proprietary platform based on AI and Deep Learning algorithms in order to detect and prevent fraud. The platform is able to collect thousands of data for every event excluding a standard and fixed layout.

Mobile Security

Composed of companies that offer strong authentication solutions using Mobile platforms (**MobySign** for example) and advanced security and authentication systems for Mobile banking.

Endpoint Security

Endpoint security companies work in the protection of computer networks that are remotely bridged to client devices, attempting to ensure that such devices follow a definite level of compliance to standards.

Web Security

Segment with the largest number of companies. Even this area has companies that are also included in other sub-segments, specifically those whose offer of anti-fraud and mobile security is integrated with web platforms threat defense. Moreover, it includes Cybersecurity Threat Intelligence companies, such as **InTheCyber**, and those based on Forensics analysis services cover the Web Security sub-segment.

Other

Cluster including companies working in the Infrastructure Security, Cryptography, Reading Machines...

Technologies

AI & Advanced Analytics

AI & Advanced Analytics are the prevalent technologies in the fields of Antifraud and Threat Intelligence. Thanks to AI, Behaviour Analytics and Deep Learning algorithms, it is possible to analyze anomalies located in transactions or in the network, in order to detect potential cyber attacks or intrusions aimed at criminal purposes (e.g: data theft, denial of services). Moreover the Behavior Analytics technology allows to analyze user behavior and to implement a complete device fingerprinting, considering fraudster's unusual action. An interesting case to highlight regards the application of AI to video surveillance. In fact, AI Tech uses artificial vision together with embedded systems designed solutions and engineering skills applied to hardware and software, as a source to the audio analysis and intelligent video sector.

Cryptography

A technique still not enough widespread. Among companies supported by these technologies Crypt Security offers solutions based on encryption-decryption algorithms.

Blockchain

Scytale is the company to underline for its offer of electronic signature services based on the Blockchain technology, giving every user a "digital identity", a unique cryptographic footprint based on his personal data.

Cybersecurity

Stories

Cyberattacks continuous growth

In 2019 cyber threats keep growing by 38%, considering 1552 serious attacks with an average of 129 per month, continuously growing since 2011. Cybercrime is the first source of cyber attacks, aimed at money extortion (79% of cases) or information stealing (+44% compared to 2017)*. The main target of phishing and malicious e-mail are banks and their customers.

Italian banks are the main investors in Cybersecurity

According to the 2019 Cybersecurity Barometer**, banks invest every year around 10/15% of their ICT budget and the trend will remain in the coming years. Identity and Access Management receives most of the investments followed by Data Protection, due to the growth of internet banking customers in recent years and to PSD2 regulation.

Distinctive skills as competitive factor

Considering distinctive skills as difficult to find and an important competitive factor, many companies come from universities spin-offs. Other ones have cyber espionage and cyberwarfare extensive expertise.

Competition is increasingly global

Unlike other segments, competition in the Cybersecurity area is considered global due to the systems and networks interconnection. Market growth is affected by a very competitive pressure.

Some companies have already reached an international dimension

Few examples below:

XTN: a company with offices located in London and Boston. It has obtained Nominations for Most Innovative Cybersecurity Company at the Cybersecurity Excellence Awards.

DF LABS: located in the U.S., it is the first case of round A investment received in 2016 from an American fund. The sum amounts to 5.5 millions of dollars (around 4.7 millions of euros).

(*) Report Clusit 2020; (**) Barometro Cybersecurity 2019 - NetConsulting cube.



Cybersecurity

News Room



01/2020

Partnership between Tempest and Cleafy

TEMPEST, one of the first IT service Provider and Cleafy have established a strategic partnership aimed at delivering comprehensive fraud prevention services in Central and Eastern Europe region.

Report CheckPoint, 2019

2019 records a growth of Mobile banking attacks

Mobile banking attacks increased by more than 50% compared to 2018. The attacks involve advanced banking malware that makes the risk more widespread. Even cloud attacks are growing due to the lack of security practises, such as the incorrect configuration and management of resources. The 2020 scenario provides ransomware attacks growth, malware attacks towards mobile devices and mobile banking and evolved phishing, also extended via SMS.

BeBeez, 29/05/2019

Scytale participated by Gellify

Gellify's innovative B2B platform got a minority share in Scytale, a start-up specialized in developing solutions of advanced cryptography, Electronic signature and authentication based on Blockchain protocol.



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