

Switzerland must seize the FinTech opportunity now!

Study

Roland
Berger



Everybody speaks about FinTech – What is the international position of Switzerland? What are the opportunities?

“This European country is the center for FinTech startups.”

Business Insider

“Es lässt sich anhand verschiedener Parameter belegen, dass der Schweizer Finanzplatz tatsächlich den «digitalen» Anschluss verloren hat.”

finews.ch

- 1 What is the **current status** of the Swiss FinTech eco-system? What is Switzerland's **international position**?
- 2 What are the **key opportunities and challenges** for the Swiss financial market?
- 3 What is our **outlook**? What do we expect to happen in the **next months**?

The study is based on a sound methodology – Expert interviews and startup web survey are the two key elements

Methodology

Extensive expert interviews



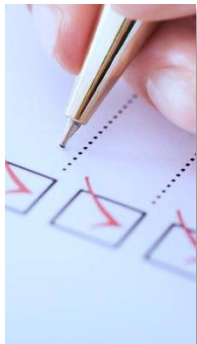
- > **36 expert interviews conducted**
- > **Broad perspective:** Startup entrepreneurs, journalists, large corporates (banks, insurance, technology), regulators and politicians

Roland Berger Digital Lab



- > Committed to **accelerating digital transformation**
- > Roland Berger **Digitalization Trend Radar** – in cooperation with **e.ventures**
- > **Digital Lab in Berlin**

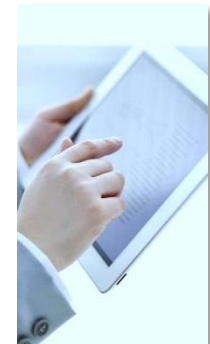
Methodology



- > **54 completed surveys**
- > **Coverage** of about **50%** of Swiss FinTech startup landscape (basis: 100-120 startups)
- > Questionnaire previously **validated** with **experts**

Targeted web survey

- > Analysis of **global trends** and information on **investments**
- > Comparison of international **FinTech hubs**
- > **Research** on FinTech **landscape** in Switzerland



Supporting desk research

Status quo – Internationally, Switzerland's FinTech hubs have not yet achieved a leading position

Overview FinTech hubs

London

- > Historical strength in financial services
- > Effective & captivating marketing
- > Announced focus on FinTech

"Nr. 1 finance city"

"Talent from investment banks"

Berlin

- > Highly entrepreneurial community in different sectors
- > First successful FinTechs
- > Higher rank among entrepreneurs than experts

"Cheap labour, smart people, investments floating in"

"Great environment... many successful FinTech startups"

New York

Zurich/ Geneva

Tel Aviv

Silicon Valley

- > Tech-savvy environment
- > Limited focus on finance
- > Excellent startup eco-system
- > Straightforward access to funding

"Eco-system"

"All innovation happens here"

Singapore

Sydney

London positioned itself successfully as a leading FinTech hub – It remains to be seen whether it will "walk the talk"

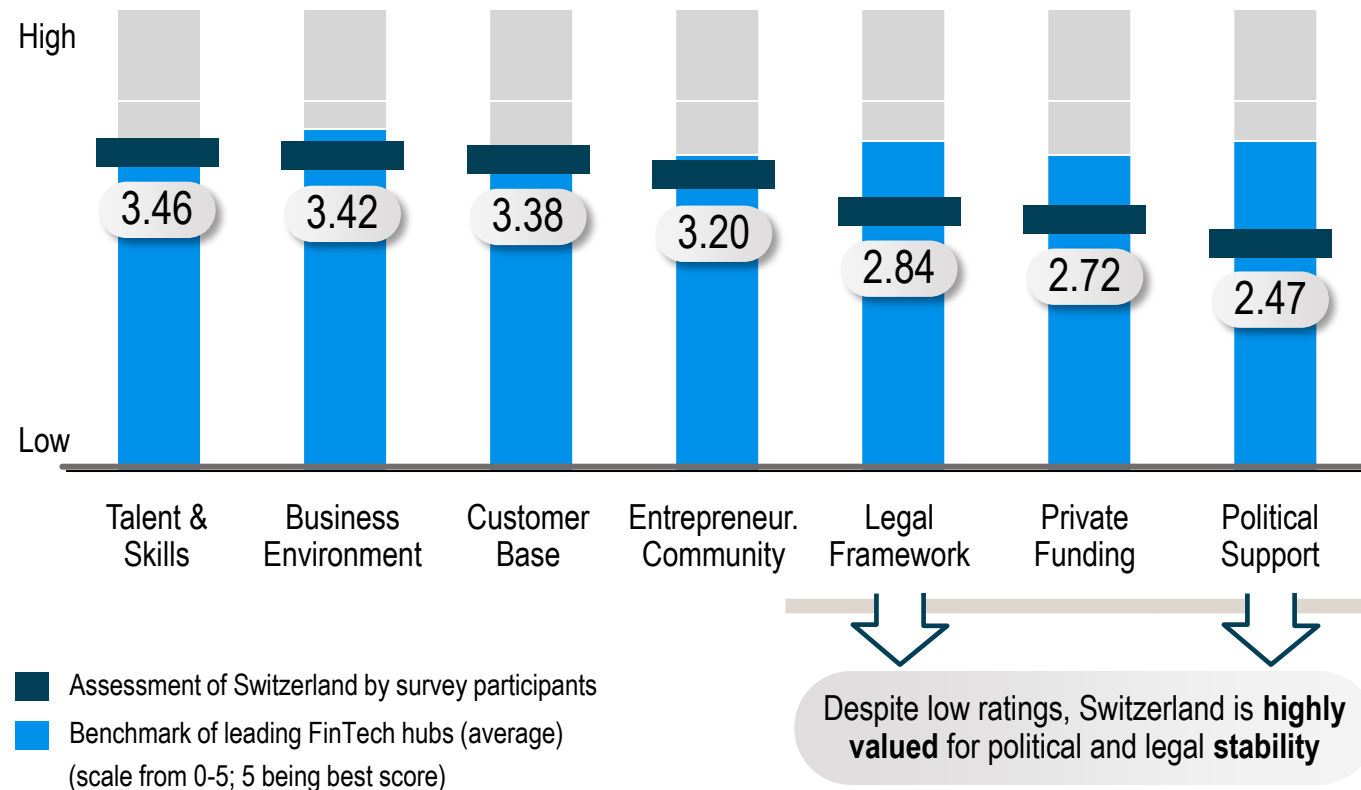
Development of London FinTech hub



1) Quote by Martin Wheatley, CEO of FCA

Switzerland can build upon its strength as a financial center, but must consider changing needs of FinTech to compete globally

Comparison of Zurich/Geneva to leading international FinTech hubs

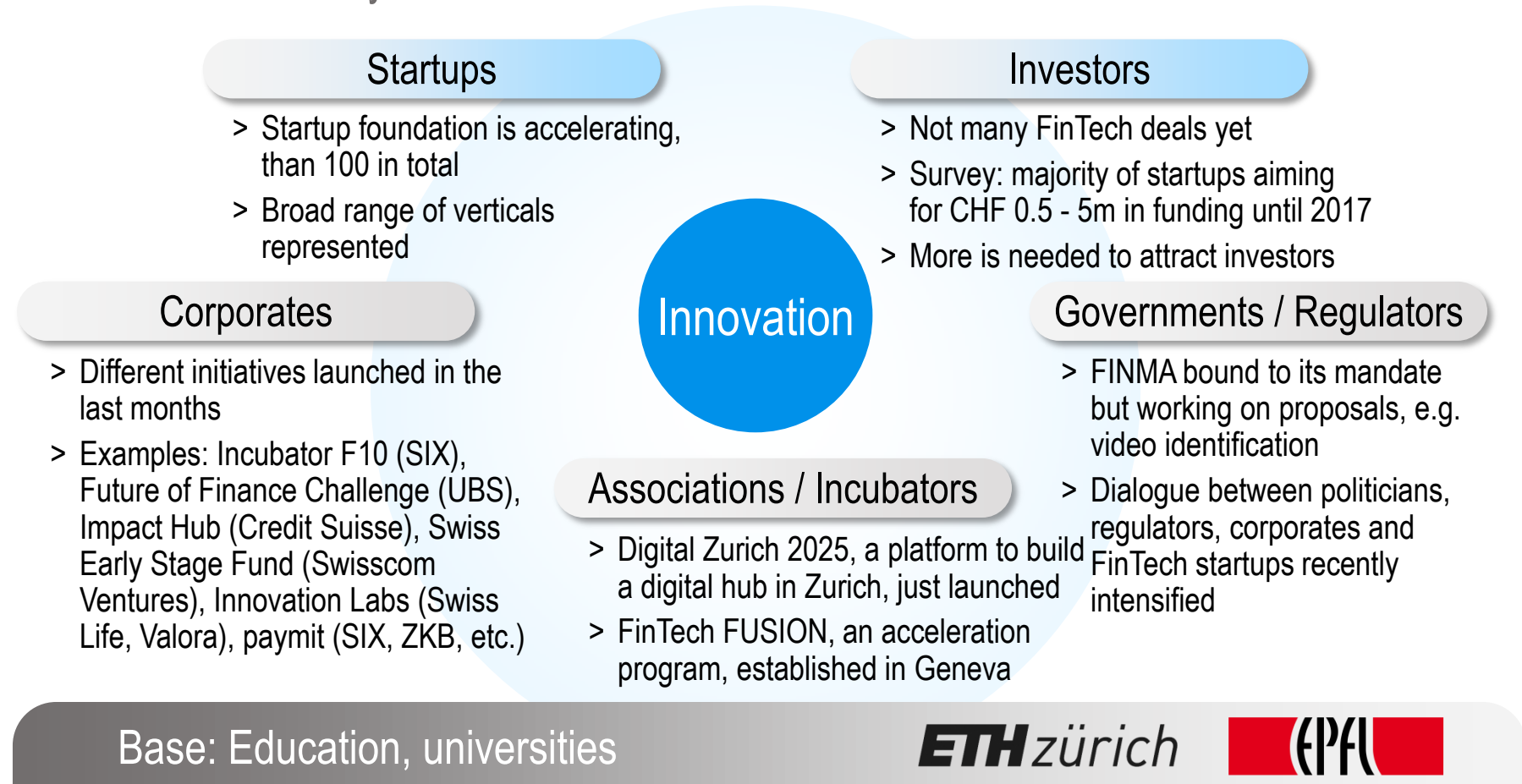


Key messages

- > Limited social acceptance or encouragement of entrepreneurs
- > Some Swiss entrepreneurs decide to start companies abroad
- > Creative and talented young people have many alternatives to founding as startup
- > Dialogue with politicians/ regulators recently intensified

First steps in building individual components of an eco-system are completed – Learning to collaborate in new ways will be crucial

Swiss FinTech eco-system








There have not been many FinTech deals in Switzerland yet – More is needed to attract investors and talent effectively

FinTech investors



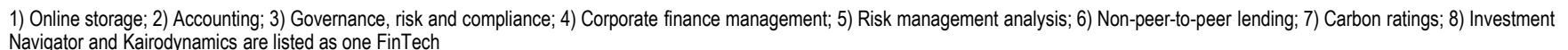
Recent funding deals

	Knip	Series B funding by OGC	Oct/15
	Advanon The invoice market	Seed funding by D. Gutenberg	Sep/15
	SOBRADO	Swisslife buys majority of shares	Sep/15
		Seed funding by Novit LP	Jun/15
	bexio	Series B funding by redalpine	Feb/15

Verticals (color code)

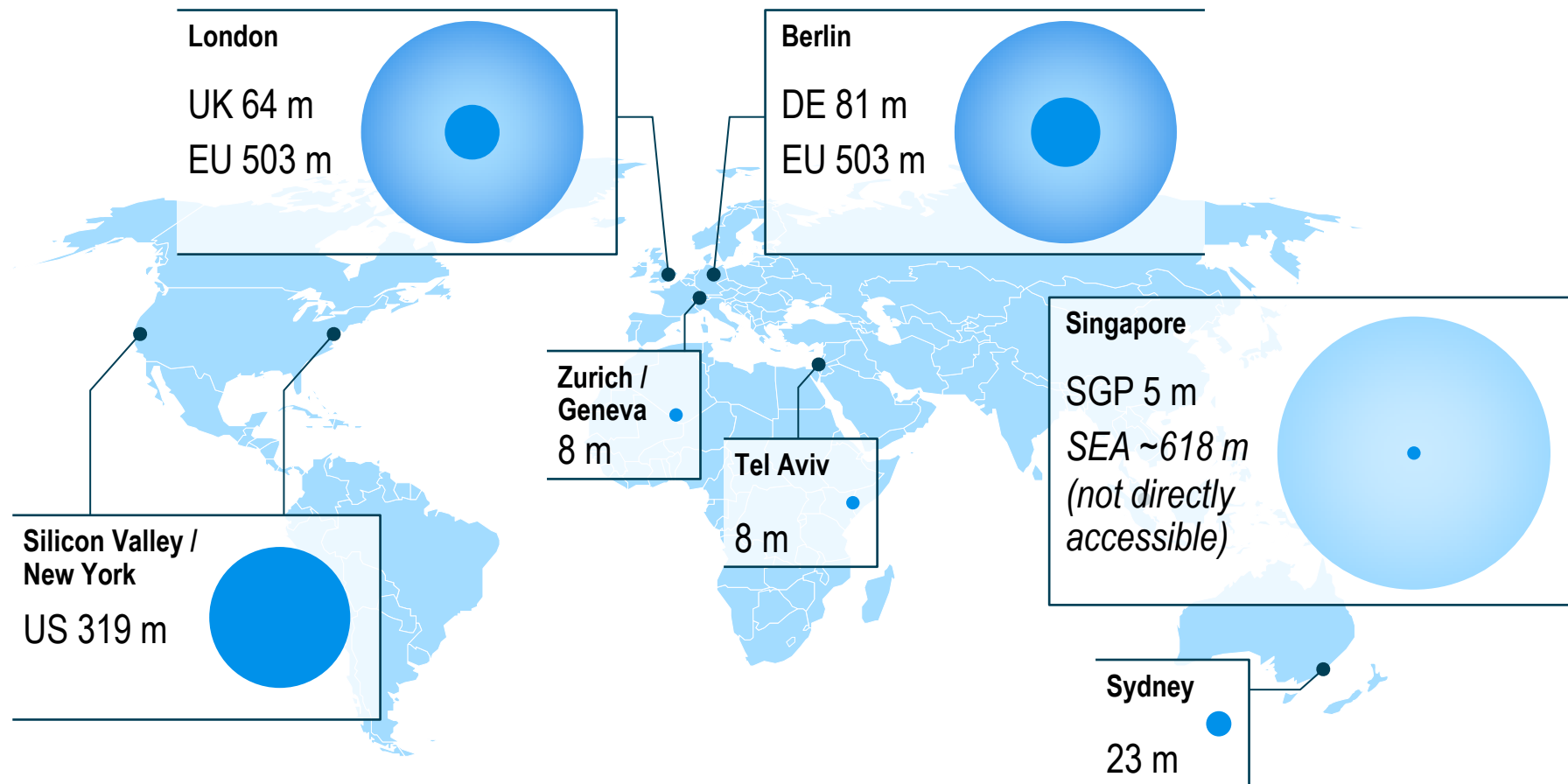
- | | |
|---|--|
|  Security / digital identity |  Institutional tools |
|  Aggregator |  Investment / wealth management |
|  Comparison platforms |  Payments / money transfer |
|  Crowdfunding |  Peer-to-peer lending |
|  Crypto / blockchain |  Personal finance |
|  Data analytics |  Other |

SecureSafe ¹⁾	2008
RunMy Accounts ²⁾	2008
Customweb	2008
Sayula	2009



Key challenge – In Switzerland, the consumer base is significantly smaller than in the US or EU countries

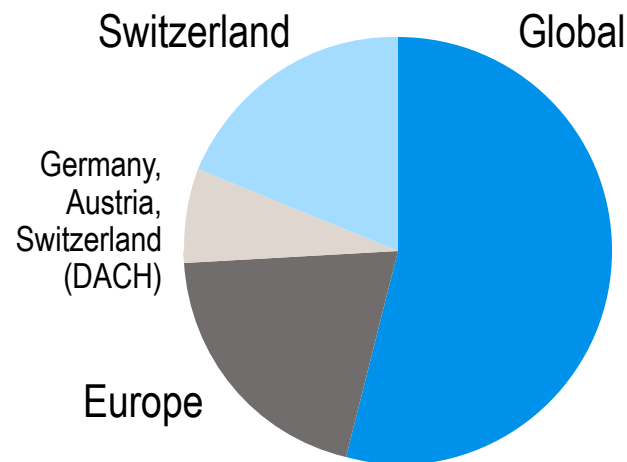
Consumer base (population)



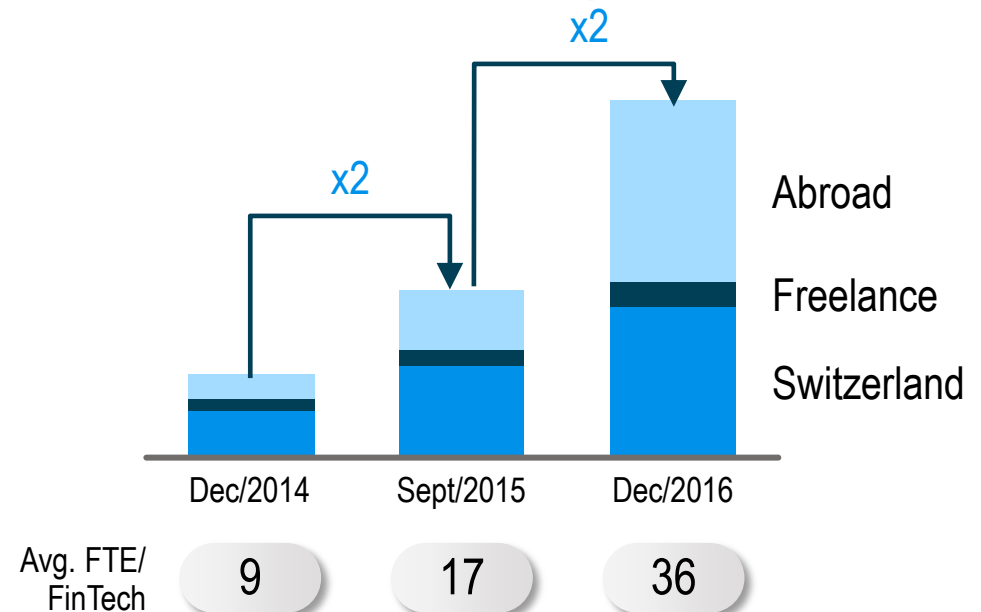
Many startups want to expand beyond Switzerland, esp. B2C startups are targeting large international markets, e.g. Germany, US

International expansion (markets, workforce)

Target markets

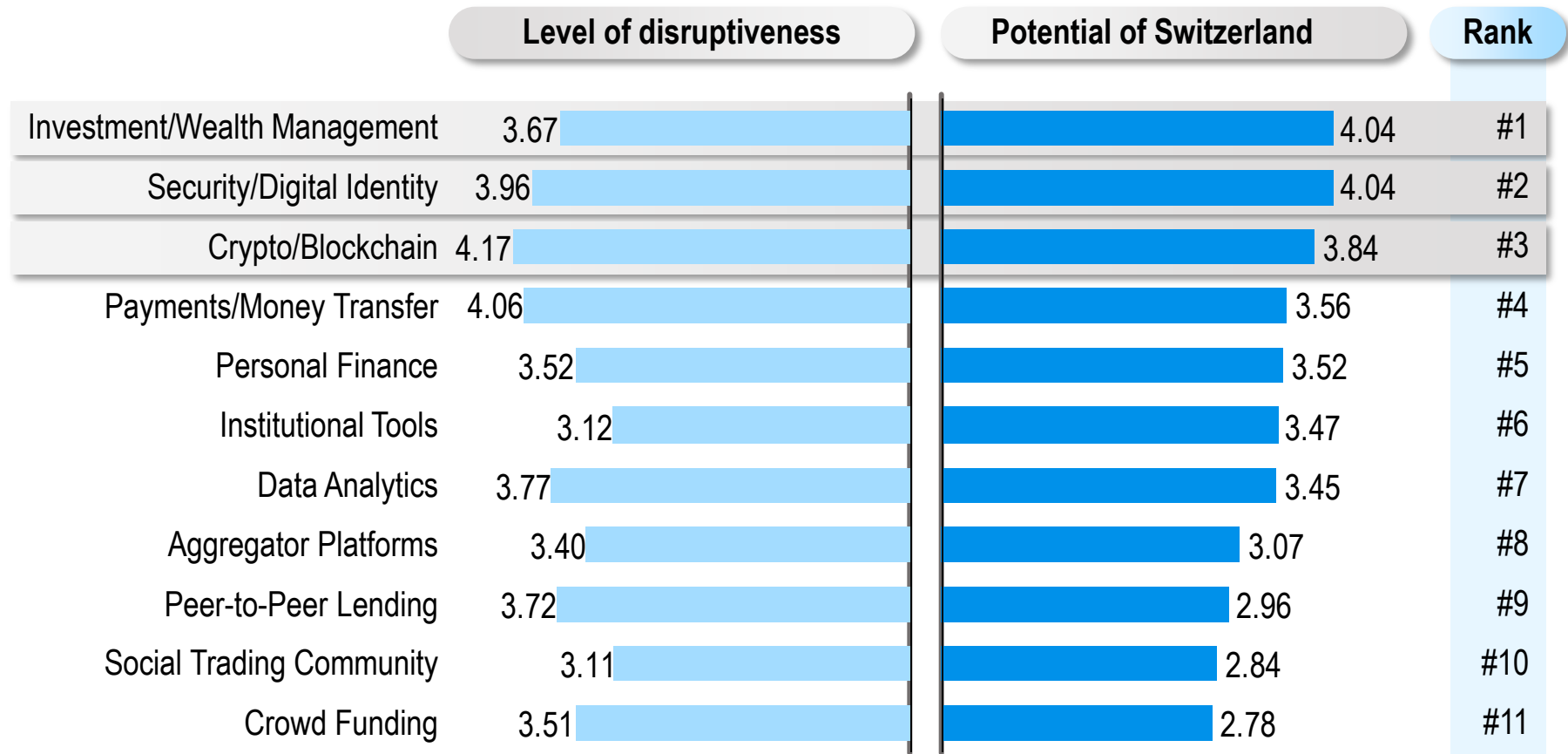


Development of workforce



*"International expansion is a **key priority**, esp. for **B2C** startups"*

Key opportunities – Based on survey results, Wealth Management, Security and Crypto/ Blockchain have the largest potential



To realize the potential in those three verticals, startups must drive break-through innovation beyond existing strengths of Switzerland

Verticals with most potential in Switzerland

1 Wealth Management

- > Existing strength in wealth management as starting point
- > Many startups already active in investment/wealth management, both B2C and B2B oriented

"Banking will become digital and social"

"Wealth Management will see a 'commoditization' of services and further automation of processes"

2 Security/Digital Identity

- > Potential to leverage existing reputation and values of Switzerland (security, stability)
- > First startups already active but still small number of foundations

"Switzerland's reputation as a secure and reliable financial center is a USP to build on"

"Security of personal data and digital identification is a societal topic not to be underestimated"

3 Crypto Currencies/Blockchain

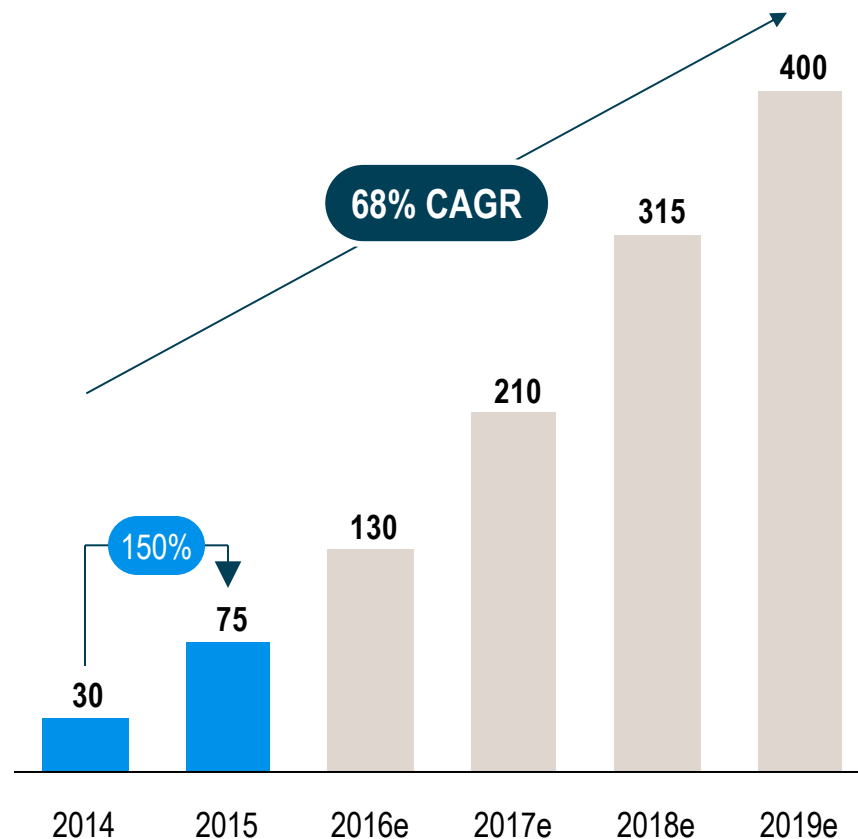
- > Small but exclusive Crypto/BitCoin hub emerging in Zug
- > Blockchain startups planning to raise significant amount of funds
- > Large opportunity, high uncertainty

"Crypto FinTech is being hyped, but many break-through technologies have started as a hype"

"Establish the first Bitcoin Bank and settle startups around it!"

Blockchain technology – There is a lot of potential but also a lot of open questions

Estimated global capital market spending on blockchain technology [USD m]



Expert Comments

“The **potential** seems to be **huge** and if it really can be applied as we hope, it will become huge.”

(Head of transaction services, ING)



“The results for blockchain have been **less than spectacular** to date.”

(CIO of DBS Bank, Singapore)

“We really have **no idea** what this whole thing is going to **turn into**.”

(Director, MIT Media Lab)

FinTech will accelerate changes in market structure and business models that have long been anticipated

Private insurance market in Switzerland

Market characteristics

- > Margins still relatively high
- > Traditional processes often inefficient
- > Low market share of brokers (compared to other markets)

Developments

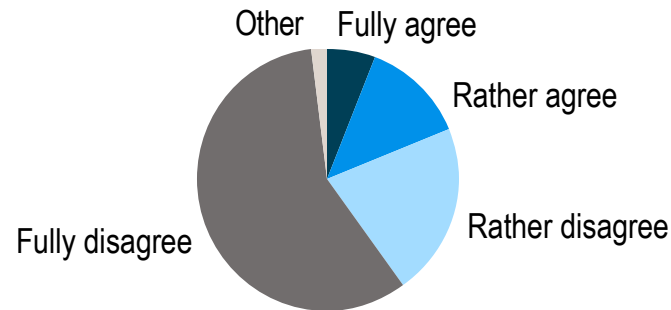
- > New market entrants, digital brokers (e.g. Knip), or digital broker platforms (e.g. Finance Fox)
- > Brokers gaining market share
- > Trend towards "single point of contact"
- > Digitalization of existing processes (convenience, efficiency)

Strategic key questions

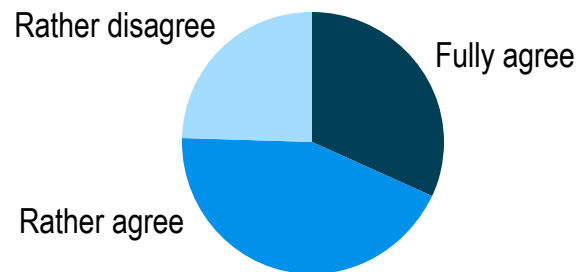
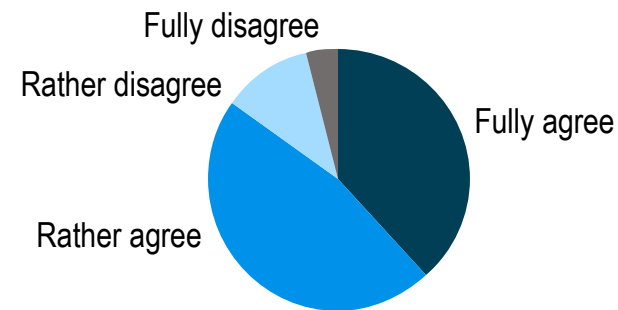
- 1 How to position along the value chain:
Distribution vs. production ?
- 2 How to become and stay the "single point of contact" of the client ?
- 3 How to produce products efficiently or achieve differentiation ?

Outlook – FinTech will play an important role in the financial services industry, just the 'when' and 'how' are not yet fully clear

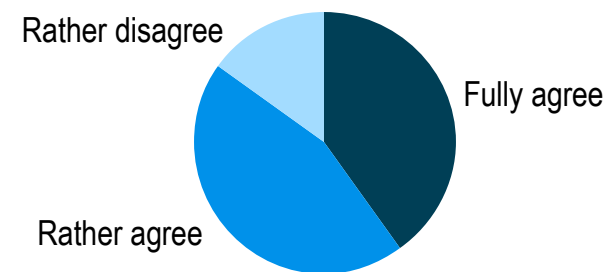
FinTech
is just a **hype**



FinTech will be a key driver for the **creation**
of **new jobs** in the financial sector



Selected finance **startups** will develop
into **large** financial services **providers**
with significant market shares



Established players will **acquire** innovative
market players and **integrate** their services/
solutions to secure dominating market positions



Switzerland must seize the FinTech opportunity now!

We need success stories soon

1 Switzerland must seize the FinTech opportunity (as London, Silicon Valley and Berlin did)

- ▶ Switzerland can play an important international role beyond its current strengths in financial services technology and proven know-how

2 The eco-system needs to be further strengthened

- ▶ Corporates must learn how to **cooperate** with and **learn** from startups (and vice versa)
- ▶ **Dialogue** between startups, corporates, politicians and regulators is **promising** and should be **continued** and intensified

3 Success stories will encourage private funding and global investment

- ▶ Startups must **focus more on attracting funding** for their innovative projects
- ▶ Corporates set up **dedicated budgets** to invest into innovation

We would like to thank all survey participants and experts interviewed for their support!

54 survey participants¹⁾



36 experts interviewed

Startup entrepreneurs

- > Advanon
- > bexio
- > bob Finance
- > Contovista
- > DealMarket
- > FinanceFox
- > Fundbase
- > Go Beyond Investing
- > InvestGlass
- > investiere
- > Investment Navigator
- > Klimpr
- > Knip
- > milliPay
- > Qumram
- > Run My Accounts
- > Swanest
- > TawiPay
- > True Wealth
- > Wealthport

Corporates

- > BLKB, Sales & Channel Management
- > Credit Suisse, Digital Private Banking
- > Helsana, Cross Channel Management
- > Helvetia, Client & Distribution
- > MasterCard & MasterCard Advisors²⁾
- > Raiffeisen, Channel & Distribution
- > SIX, Innovation Management
- > Swisscom, Banking Trends & Innovation
- > Temenos, Strategy & Marketing

Investors

- > Orange Growth Capital / Next GFi
- > Ploytech Partners
- > Private Investor

Others

- > FDP Nationalrat & Digital Zurich 2025
- > financialmedia AG
- > FINMA

1) Two responses from Investment Navigator (incl. one from Kairosdynamics); 2) Two experts interviewed (MasterCard and MasterCard Advisors)

Don't hesitate to contact us

Study contacts



Philipp Angehrn

Managing Partner

Switzerland, Zurich

+41 43 336 87 20

philipp.angehrn@rolandberger.com



Sven Bischof

Project Manager

Switzerland, Zurich

+41 43 336 86 56

sven.bischof@rolandberger.com

SFS contact



Urs Haeusler

Swiss Finance Startups (SFS)
Co-founder & board member

Switzerland, Zurich

+41 43 888 75 35

urs@dealmarket.com

Roland
Berger

