



## FINANSLIV FINTECH FORUM AT BERNS 2017

On November 15th 2017 the annual event FinTech Stockholm arranged by Finansliv and Breakit took place at Berns in Stockholm, Sweden, aiming to bring together the hottest FinTech startups and the smartest investors in the business. The focus of this year's event included robo advisory and new funding methods for smaller firms (i.e. equity crowdfunding offered by companies such as Pepins, and FundedByMe), which are two segments where new startups are founded almost every month.

Sweden, and more particularly Stockholm, has a strong startup ecosystem all thanks to a few key success factors. With digital early adopters, supportive strong government and social security, Stockholm is positioned as a Nordic FinTech hub. In terms of successful unicorn companies, Sweden has the 5th highest number of unicorns globally and ranks at 2nd place with regards to number of unicorns per capita. Only Silicon Valley is outperforming this by a small margin. Further, with a large share of active risk capital companies (EQT, NFT among others) and a steady stream of investments into FinTech, Stockholm ranks 3rd after London and Amsterdam in terms of funding volume of such companies in Europe.

As a way to stay on top of the financial digitalization that is rapidly taking place, even the Swedish central bank is supportive of the suggestion to introduce a digital Swedish currency, the E-Krona, as a complement to the traditional Swedish Krona.

The day kicked off with an introduction by Olle Aronsson, the co-founder of Breakit, discussing the recent timeline for the FinTech segment in Sweden. After an investment boom the last years, the time has now come for FinTech firms to deliver actual results and toughen up. Banks remain the primary choice for most consumers, and FinTechs need to step up their game to differentiate themselves and position their offering on the markets. Going forward, 2018 will bring a few game-changers to the arena with the regulatory impact that GDPR, MiFID II and PSD2 will entail. Looking at the forecast, the extinction of the banks will take longer time, and in the meanwhile it is the survival of the fittest and most patient FinTechs.

Regarding PSD2, there is a need to address the elephant in the room – banks need to shift their mindsets and face the change that is about to come. This was highlighted by Steve Kirsch, the CEO and founder of Token, a company offering compliant open banking platform to create an ecosystem of banks and developers to easily and securely move money and information globally. Emphasis was placed on the complexity regulations pose and the benefits a standard platform can present, especially for first movers.

What PSD2 and open banking promotes in particular is a more collaborative environment between actors in the financial services arena. This is in many ways the essences of a successful way forward in the ongoing digitalization – cooperation. With joint platforms and forums to resolve the common challenges macro trends are posing, better solutions can be developed. FinTechs, banks, governments and regulators need to keep the dialogue up and running with one another in order to promote innovation. A truly successful example of a mutually beneficial solution is Swish, the payment app which was co-developed by the four largest Swedish banks.

The main takeaways from the event FinTech Stockholm 2017 can thus be summarized in three main aspects; **patience, compliance and collaboration**. Patience for FinTechs to hang in there, keep pushing the frontiers and challenge the industry incumbents ruthlessly. The importance of being regulatory compliant, and to turn the curve balls regulations present into opportunities, and even better – integrate it into the business model from an early stage. Finally, collaboration and a continuous dialogue between



the industry actors is key in generating success going forward. Sharing thoughts, information and solutions is the name of the game for the future in financial services and this will become increasingly visible.

The role of zeb in this environment could be described as twofold. First, it consists of utilizing our position in the financial services industry and network to acting as a mediator between banks and FinTechs. It is a responsibility, but also a privileged situation which should be used to the fullest to bring actors together. Second, zeb's experience and deep knowledge regarding the impact of regulatory topics will play a crucial role in paving the way forward. This will enables us to guide our clients in generating an understanding and assisting in implementation, ultimately making them compliant and able to focus on their core business.