



Fintech Geography

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Arner et al. (2016)

“FinTech 3.5 in the developing world is supported by a strong underlying rationale, including, but not limited to, the following characteristics:

- (1) young digitally savvy populations equipped with mobile devices;
 - (2) a fast-growing middle class with 60% of the world's middle class to be located in Asia by 2030;
 - (3) inefficient financial and capital markets creating opportunities for informal alternatives;
 - (4) shortage of physical banking infrastructure;
 - (5) behavioral pre-disposition in favour of convenience over trust;
 - (6) untapped market opportunities (1.2 billion people without bank accounts); and
 - (7) less stringent data protection and competition.
- (8) In addition, particularly in India and China, there are very large numbers of engineering and technology graduates.”



Leading countries for fintech adoption 2019, by category

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	Banking and payments	Financial management	Financing	Insurance
China	92%	91%	89%	62%
U.S.	52%	49%	41%	31%
Mexico	49%	36%	31%	23%
South Africa	47%	43%	34%	26%
U.K.	41%	37%	34%	24%
Total	56%	51%	46%	33%



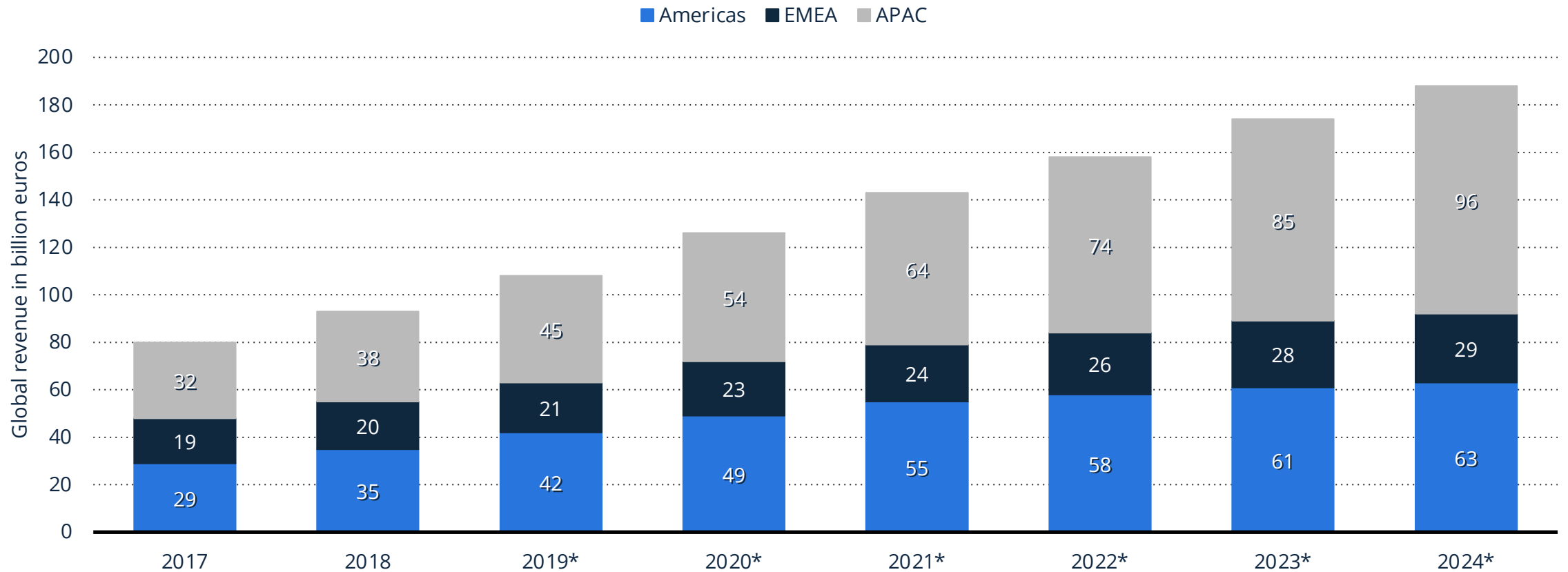
Reasons for Lag in Europe

- High level of financial development
- Dominance of banks in both personal finance and capital markets
- Heterogeneous regulatory environment impedes EU-wide initiatives
- In some countries (e.g., Germany), cultural preference for cash as a shield for privacy



Fintech sector revenue worldwide in 2017 and 2018 with a forecast until 2024, by region (in billion euros)

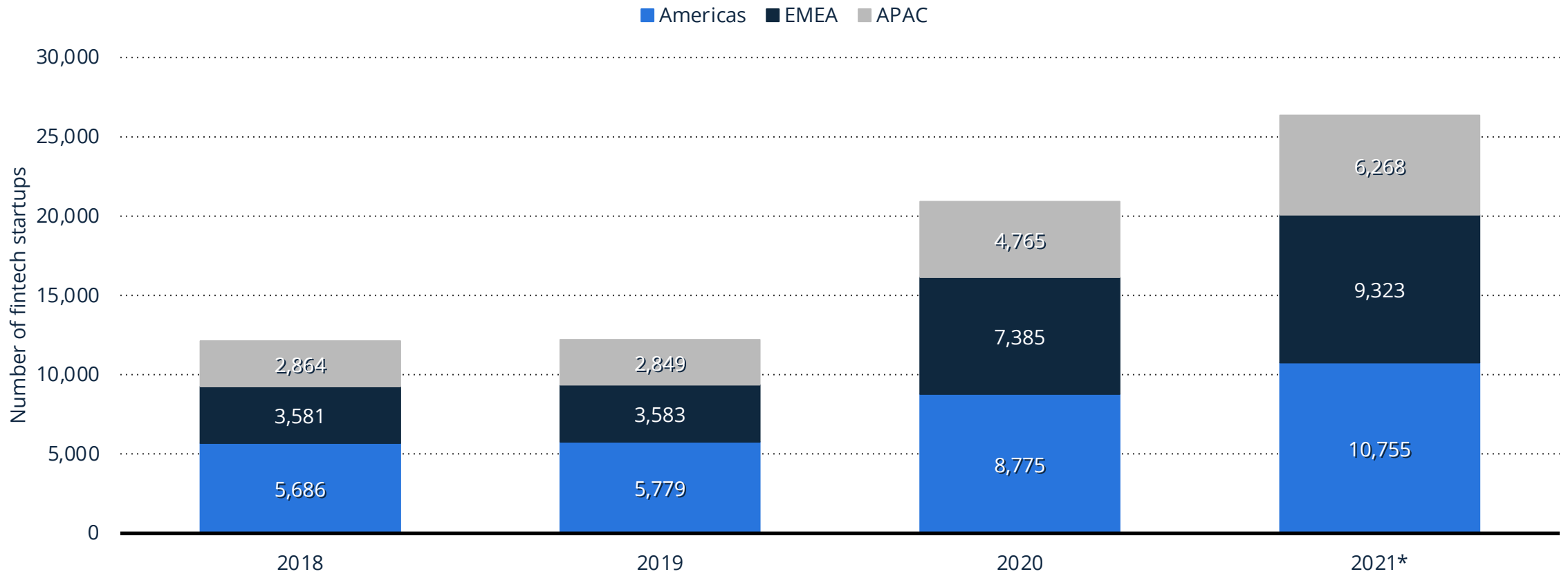
Global fintech revenue 2018 with a forecast until 2024, by region





Number of fintech startups worldwide from 2018 to 2021, by region

Number of fintech startups worldwide 2018-2021, by region

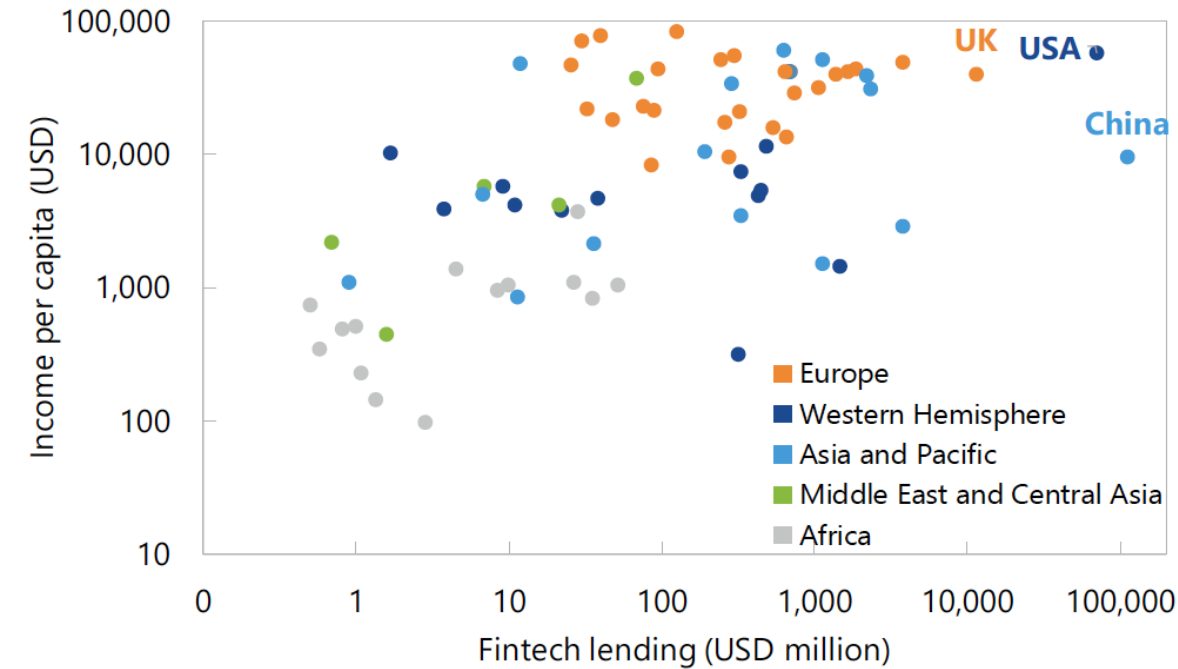




Fintech lending in Europe is less developed...

Fintech Lending and Income per Capita, 2019

(USD, log scale)

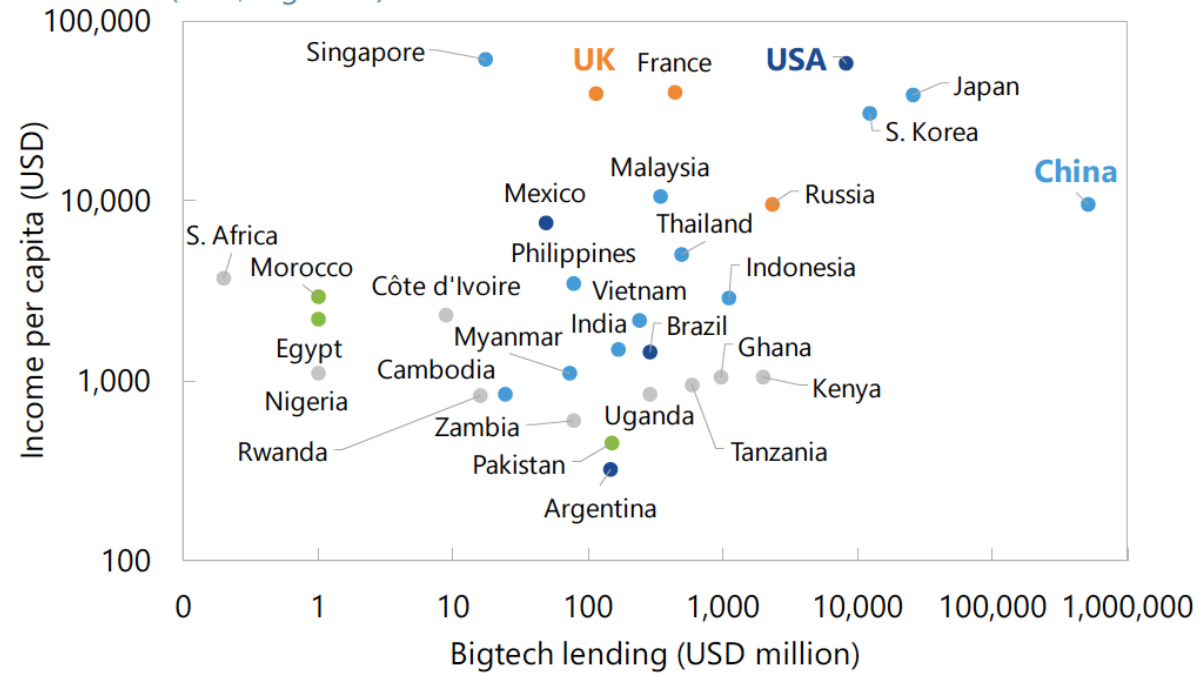


Sources: G. Cornelli, J. Frost, L. Gambacorta, R. Rau, R. Wardrop and T. Ziegler (2020), "Fintech and big tech credit: a new database"; and IMF WEO database.

...and Bigtech lending lags far behind global frontrunners.

Bigtech Lending and Income per Capita, 2019

(USD, log scale)



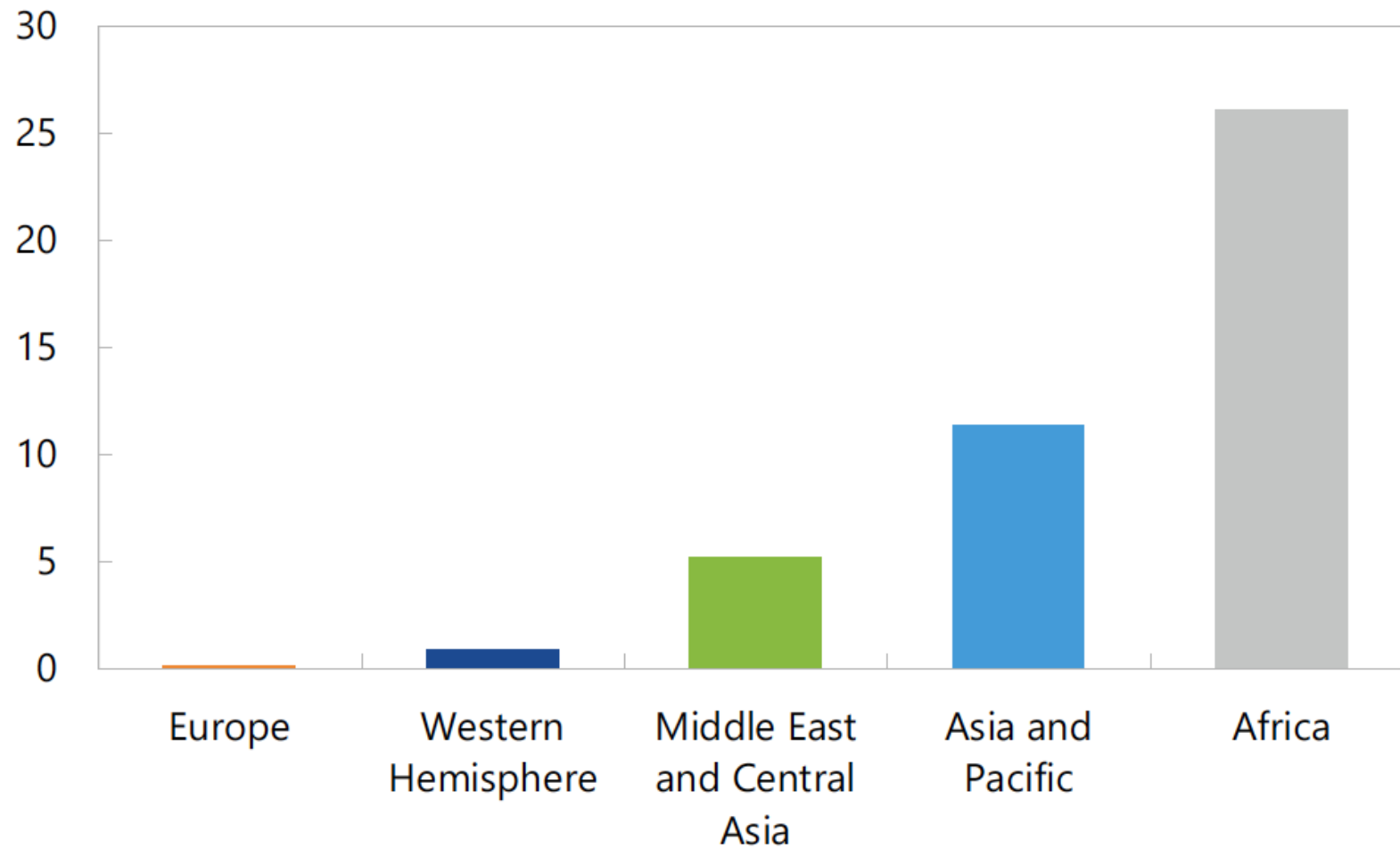
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Source: Baba et al., "Fintech in Europe: Promises and Threats," IMF Working Paper (2020)



Mobile Money Transactions, 2018

(Percent of GDP, simple averages)



Sources: IMF Financial Access Survey; and IMF Staff calculations.

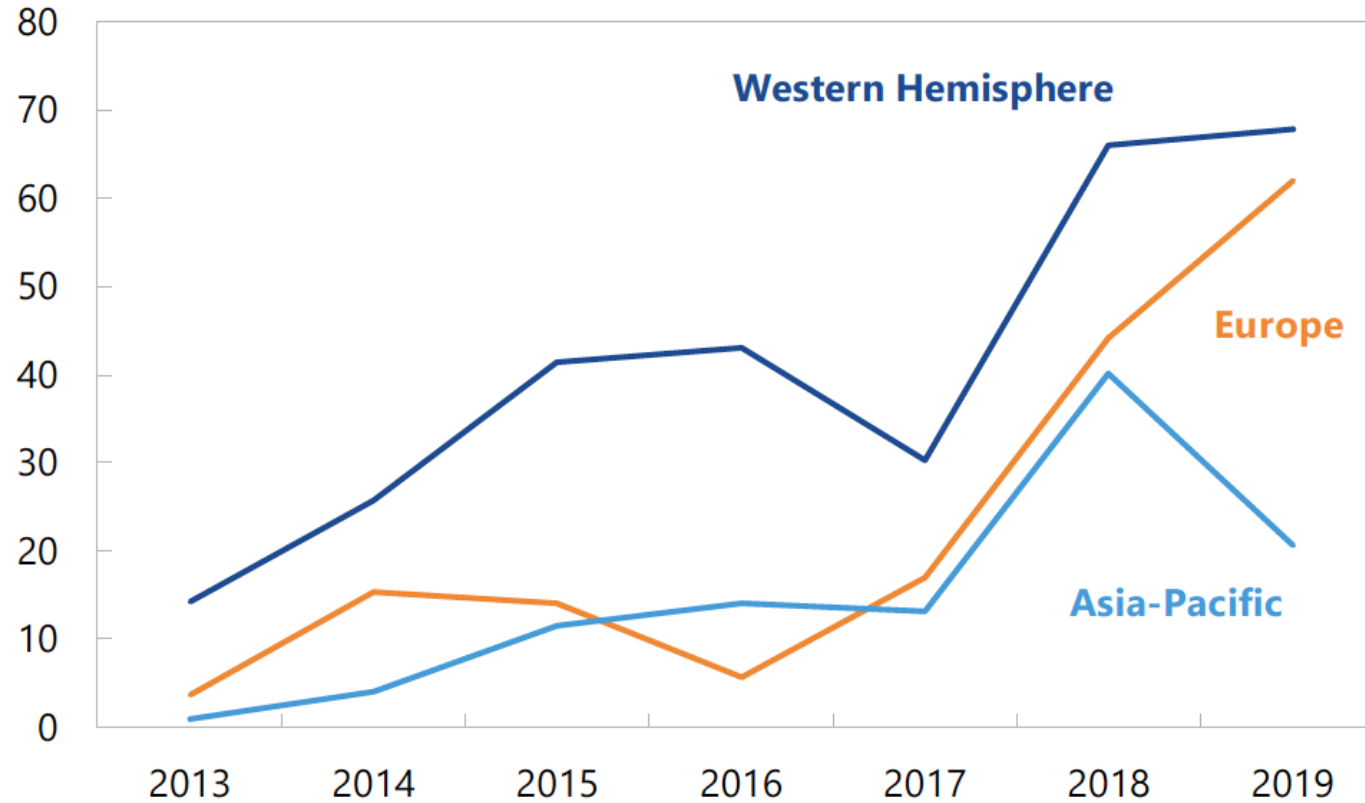
Source: Baba et al., “Fintech in Europe: Promises and Threats,” IMF Working Paper (2020)



while new Fintech investment is also catching up.

Total Investment Activity in Fintech

(USD billions, includes VC, PE and M&A transactions)



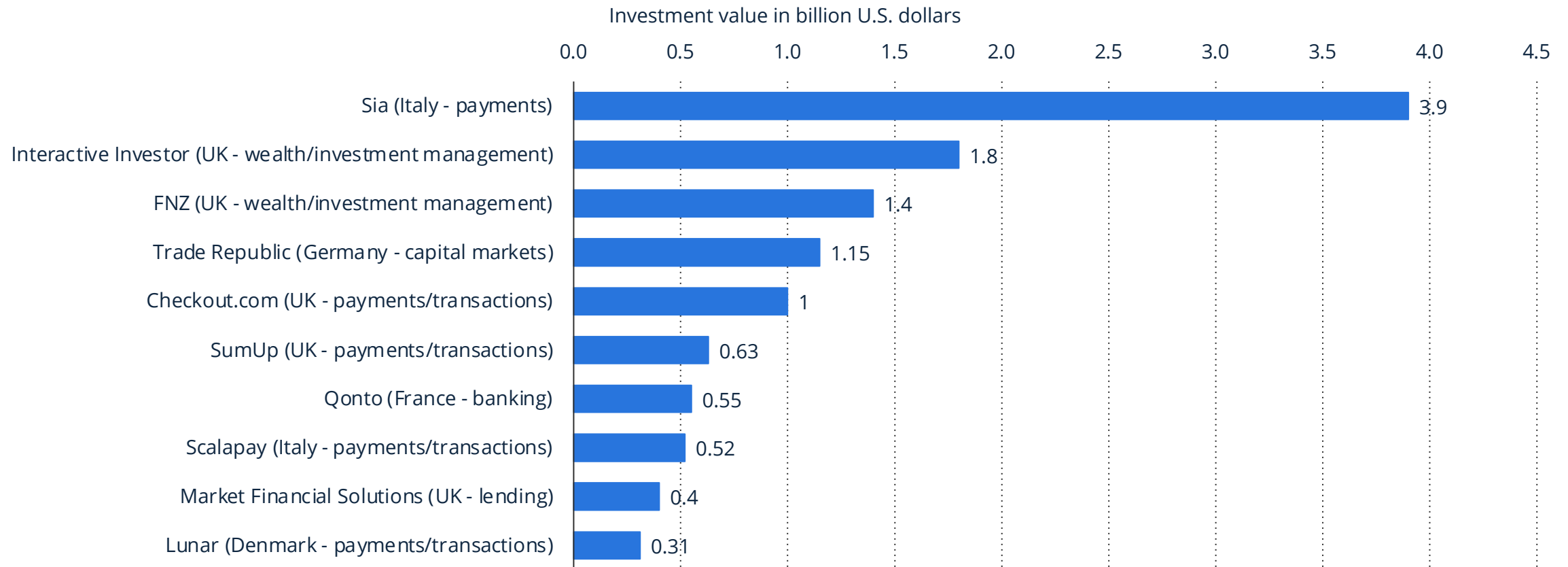
Source: Pulse of Fintech H1'20, Global Analysis of Investment in Fintech, KPMG International.

Source: Baba et al., "Fintech in Europe: Promises and Threats," IMF Working Paper (2020)



Largest fintech investment deals in European countries in 1st half 2022 (in billion U.S. dollars)

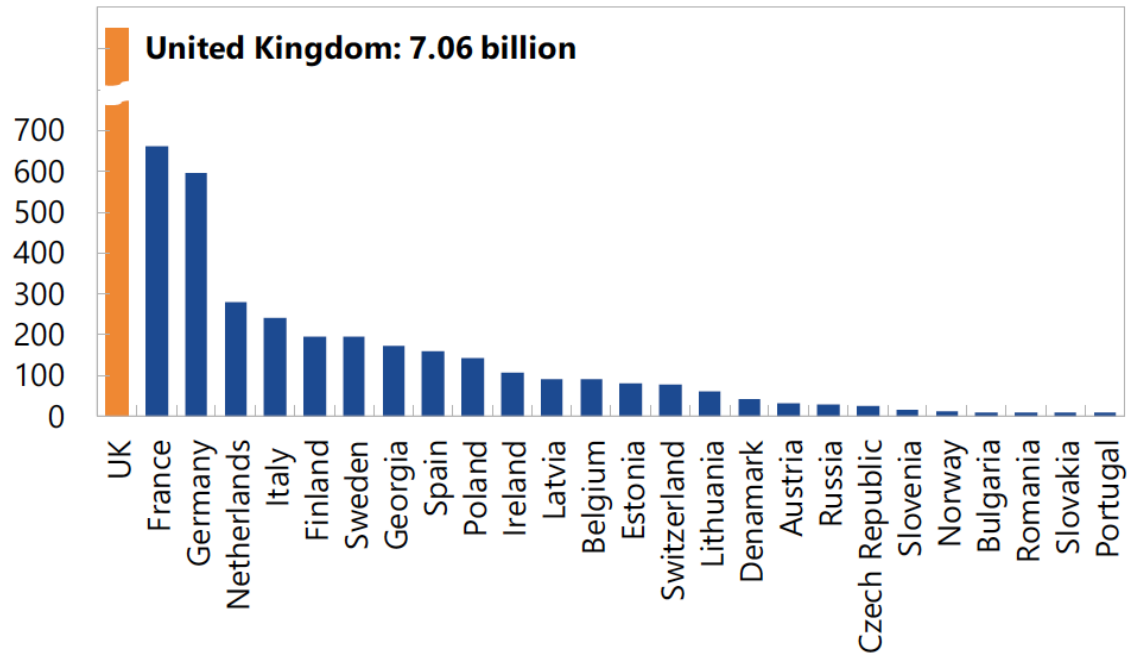
Largest fintech investment deals in Europe H1 2022





Alternative Finance Volume by Country, 2017

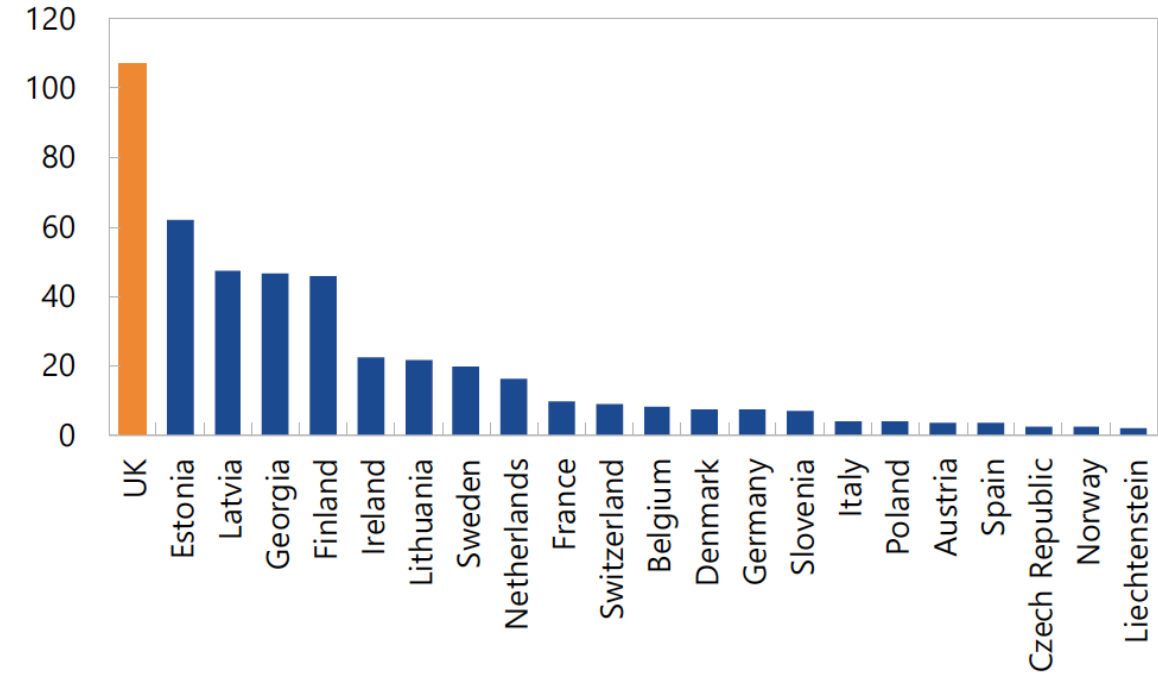
(Euro Millions)



Source: The 4th European Alternative Finance Industry Report, Cambridge Center for Alternative Finance, 2019.

Market Volume Per Capita by Country, 2017

(Euro)



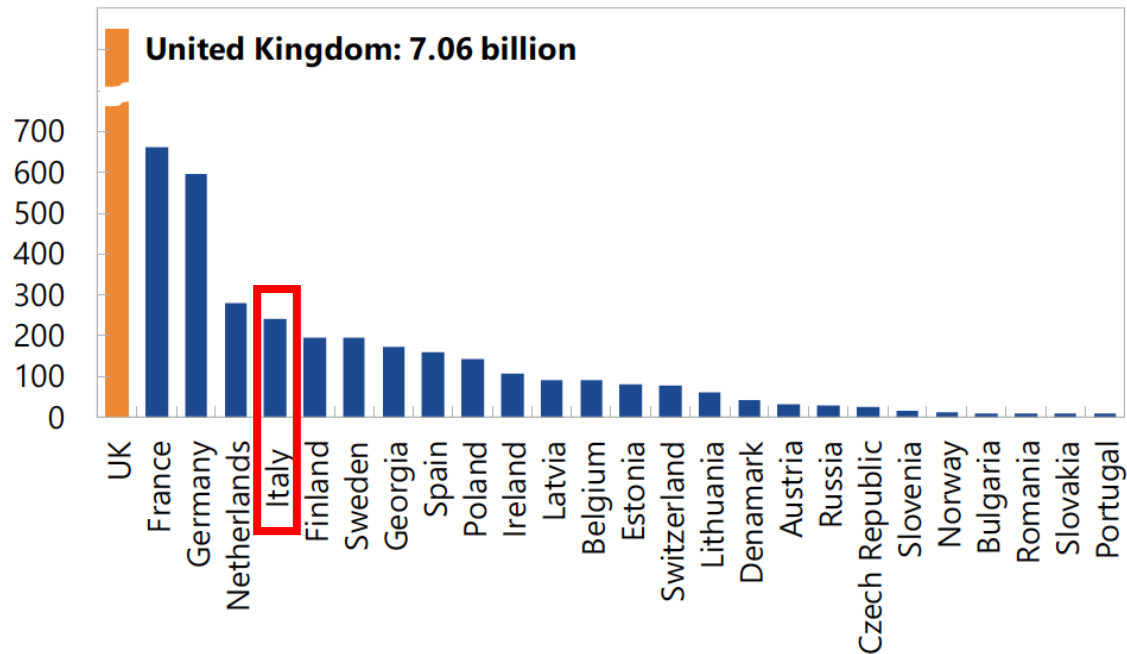
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Alternative Finance Volume by Country, 2017

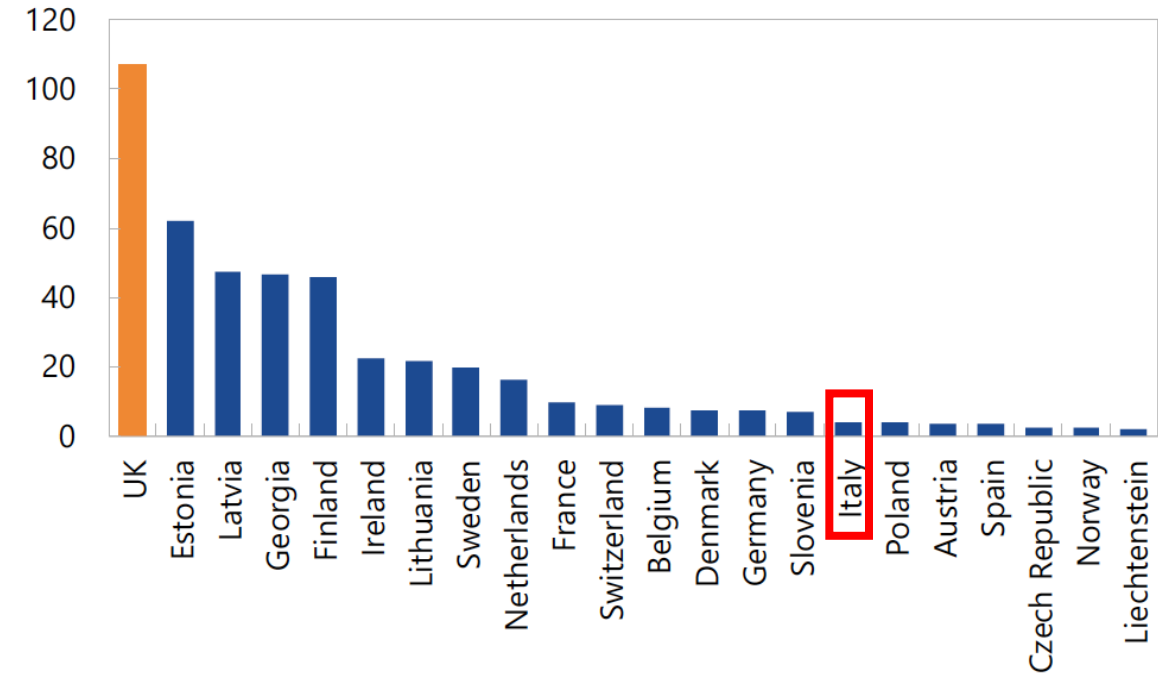
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Market Volume Per Capita by Country, 2017

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Countries in Europe with the highest amount of venture capital (VC) investments in fintech companies from 2016 to 2021 (in billion euros)

Biggest countries in Europe for VC funding in fintech 2021

