

Media release

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From hype to reality: Switzerland has progressed into a leading global FinTech hub

The Institute of Financial Services Zug IFZ from the Lucerne University of Applied Sciences and Arts conducted its third extensive survey of the Swiss FinTech market. The study shows that, thanks to the ideal conditions for the FinTech sector, Switzerland has evolved into a leading global FinTech hub, especially in the fields of Blockchain and Cryptocurrencies.

The FinTech Study 2018, which was released today, provides an extensive overview of the Swiss FinTech sector (see definition in box below). It shows that the FinTech industry in Switzerland is able to benefit from excellent conditions: a global comparison of 30 different cities places Zurich and Geneva on the second and third position, respectively, solely outperformed by Singapore. However, «Switzerland has not yet unleashed its full potential», according to the director of studies Thomas Ankenbrand. He still sees room for improvement on the technological side. The ranking mentioned above is based on 72 indicators, which reveal the conditions of the political and legal, economic, social and technological environment.

«Crypto Valley» in Zug is not a coincidence

The excellent conditions, combined with the clustering of innovative entrepreneurs, the proactive authorities and leading research institutes, enabled the so-called Crypto Valley to flourish. This centre has enabled Switzerland to benefit from the global ICO boom: Swiss FinTech companies raised 271 million Swiss Francs by this alternative form of financing in 2017 (see Figure 1). But also the traditional means of funding, venture capital, increased in 2017 to a total of 130 million Swiss Francs.

FinTech companies: growth and maturity

«The FinTech sector has experienced steady growth over the last two years», says Thomas Ankenbrand. At the end of 2017, 220 companies were active in Switzerland, which indicates a growth rate of 16% compared to the year before. The average size of the companies, measured by the number of full-time employees as well as the capitalisation, has increased compared to 2016. «The industry has not only matured, it is also perceived as being more mature: the hype has become reality», Ankenbrand points out. Swiss banks no longer recognise FinTech companies as competition, but seek collaboration with them.

Customer acquisition as the greatest challenge

Despite the promising growth rates, Swiss FinTech companies are still confronted with some challenges, as revealed by a sentiment questionnaire conducted by the project team. The biggest challenge for further growth in the industry seems to be the difficulty of finding new customers. On the contrary, access to external financing does not seem to pose a problem (see Figure 2). This fact is also supported by the significant increase in venture capital provided.

Further growth is expected

«2017 was another successful year for the Swiss FinTech market», states Thomas Ankenbrand, «We expect this trend to continue in 2018». This includes higher company valuations, more jobs in the sector as well as strengthening certain FinTech products. In addition, the entire

financial sector seems to benefit from this growth and the technological innovation linked hereto.

IFZ FinTech Study 2018

The IFZ FinTech Study 2018 from the Lucerne University of Applied Sciences and Arts was released on February 28, 2018. With this study, the project team seeks to provide an extensive overview of the Swiss FinTech sector. The first part of the study describes the FinTech ecosystem: on the one hand discussing the political and legal, economic, social and technological environment and on the other hand, evaluating the different business models of the 220 FinTech companies. In the second part of the study, 108 Swiss companies participating in the study are introduced in more detail. The individual summaries provide, amongst other things, information on target markets, distribution channels and revenue models, as well as some key data on the company.

The entire 140-page study will be available from February 28, 2018 and can be ordered at ifz@hslu.ch.

What is FinTech?

FinTech is defined as software solutions for innovative products, services, and processes in the financial industry, improving, complementing and/or disrupting existing offerings. Hence, FinTech companies are firms whose main activities, core competencies, and/or strategic focus lie in developing those solutions. Big Data, Artificial Intelligence, Crowdfunding, Mobile Payment, API Banking, Robo Advisory, Blockchain and Cryptocurrencies are some of the subsections of FinTech.

Appendix:

Figure 1: Volume of venture capital und ICO in the Swiss FinTech sector

Figure 2: Challenges faced by the Swiss FinTech sector

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Lucerne University of Applied Sciences and Arts – the University in Central Switzerland

The Lucerne University of Applied Sciences and Arts is supported by the six cantons of Central Switzerland. It combines the departments of Technology and Architecture, Economics, IT, Social Work, Design and Art, as well as Music. With 6,200 students attending bachelor's and master's degree programmes, almost 4,600 students attending continuing and executive education programmes, and 416 new projects in research and development, it is the largest educational institution in this region, the heart of Switzerland. www.hslu.ch

Appendix:

Figure 1: Volume of venture capital und ICO in the Swiss FinTech sector

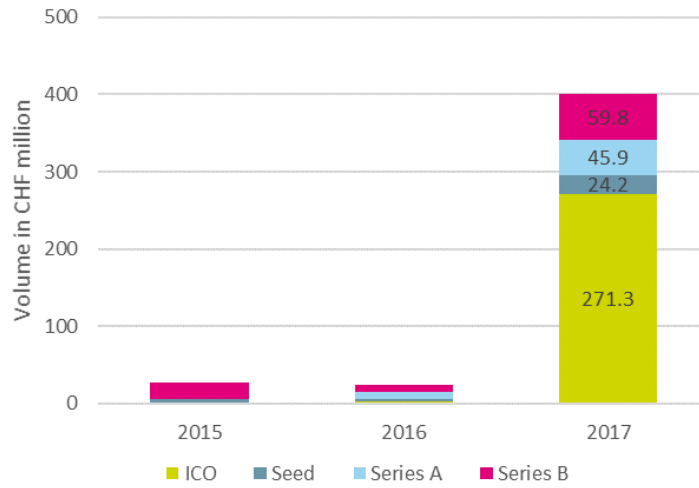


Figure 2: Challenges faced by the Swiss FinTech sector

