FINTECH 2023 – State of the Norwegian Fintech Industry

An analysis prepared by Ontogeny

On behalf of Finansforbundet

finans FORBUNDET

ONTOGENY

Table of contents

Background for the Analysis

This report is a follow-up to "Fintech 2022 - Status and trends for the Norwegian fintech sector" from 2022.

On behalf of the Finance Sector Union of Norway (Finansforbundet), Ontogeny Group has examined the emerging fintech segment in Norway. The following analysis focuses specifically on the industry from 2012 to 2022, tracking the development of financial and balance sheets of fintech companies, as well as the growth of new firms. Resulting insight contributes to an increased understanding of the fintech industry's economic development and its place in the financial ecosystem.

By continuously monitoring this development, the Finance Sector Union of Norway aims to contribute to increased knowledge about the Norwegian fintech sector.

2023

Analysis of Norwegian Fintech Companies

Purpose

- Analyze the economic growth of the Norwegian fintech industry since 2012
- Enhance understanding of the role of these companies in Norway's financial sector
- Provide deeper insights and expertise on the Norwegian fintech sector

ONTOGENY

FINTECH 2023

State of the Norwegian Fintech Industry

Contents

Analysis

The economic development of the Norwegian fintech environment from 2012 until now

Interviews

Leading experts and companies in the fintech sector provide interesting insight

The Fintech Industry

Investigating major factors to facilitate for fintech as an infrastructure in Norwegian business

Gender Balance

An analysis on gender balance regarding ownership and startups

Table of contents

Executive summary

Economic landscape, capital flow and gender balance

Several new companies have emerged, but the overall growth in revenues has stalled in 2022, losses are increasing, and only a few companies are experiencing substantial expansion. Far more companies have gone bankrupt in 2022 than in previous years., and there has been a significant shift in market sentiment, resulting in companies raising less capital in 2023 compared to 2022 and less capital than tech in general. However, there are exceptions for some of the segments, where AI plays a pivotal role in the value proposition, or the companies have managed to achieve positive cash flow. Before 2012 there were no fintech companies with female founders, but a significant change happened after 2012 and today women represent 10% of the founders. The number of female founders between 2017 and 2021 tripled from the previous five-year period.

Most important scaling barriers

Previous interviews have shed light on the difficulties posed by a relatively small domestic market in Norway, which heavily relies on talent from established financial institutions, making it hard to scale further. Companies this year emphasize that regulation and competition are major hindrances to their continued expansion. The established financial industry often possesses the resources to navigate a rigorous regulatory regime and a mature market, creating barriers for new entrants to penetrate the market, particularly when their value proposition must outperform "trusted brands" by 2-10 times to compete effectively.
In general, the capital requirements have surpassed initial expectations across all segments, with significant variations observed among the sectors analyzed.

Executive summary

Strategic implications for regulatory authorities

Understand key parts of the innovation ecosystem: For regulatory authorities, fostering a vibrant ecosystem requires a thoughtful approach to encourage collaboration among entrepreneurs, venture capitalists, established firms, regulatory authorities and the educational system.

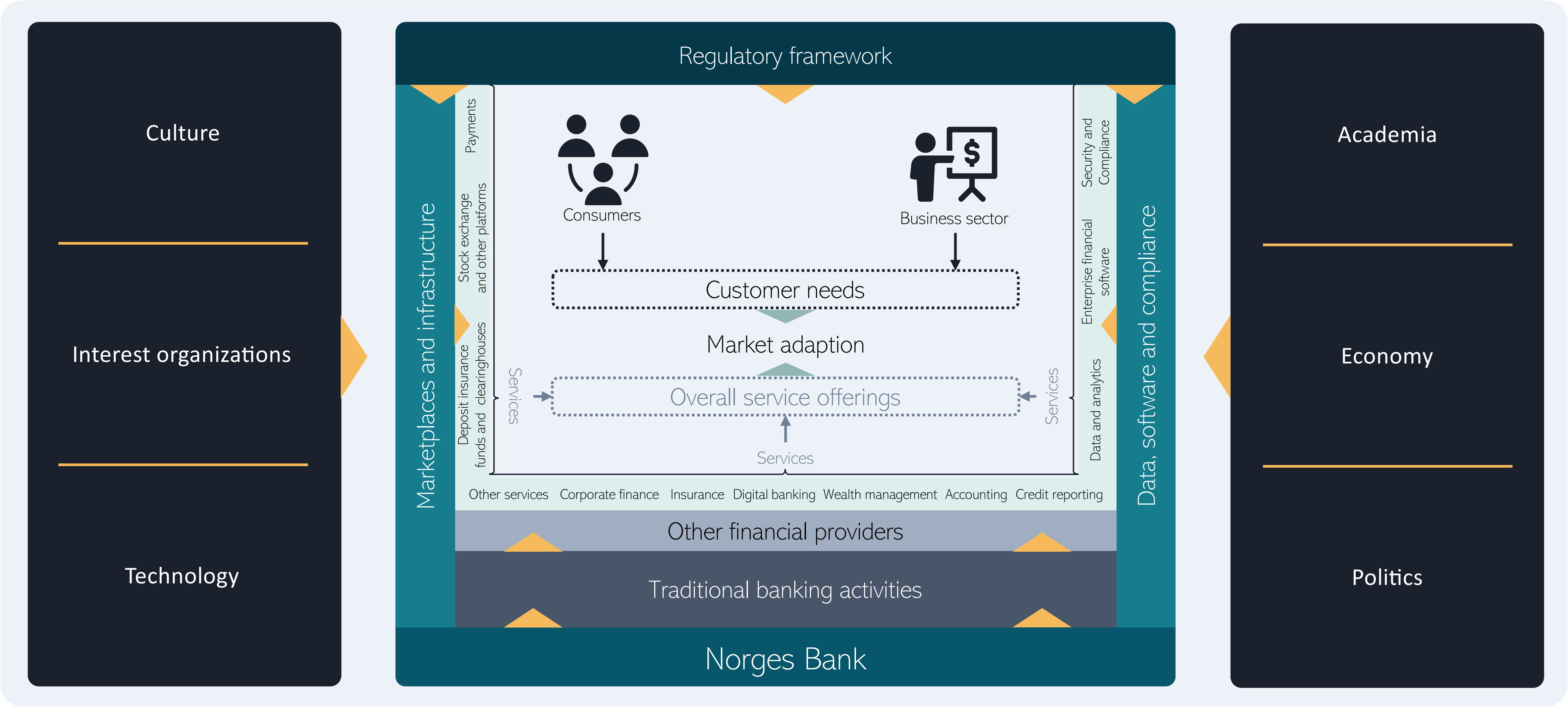
Improve key parts of the innovation ecosystem: Providing incentives and reducing barriers for new businesses to start up is of paramount importance, and promoting the success of female entrepreneurs can contribute to building critical momentum and critical mass of skilled entrepreneurs that are necessary to succeed as an industry. Attracting relevant and competent capital from international networks is a key factor, and the government can play a vital role in stimulating such investments at a broader level. Additionally, facilitating stronger partnerships between the established financial industry and smaller companies, viewing them as complementary allies, is crucial for mutual growth and success. Moreover, creating an educational system that nurtures and attracts top talent to the entrepreneurial realm is vital to ensure a continuous flow of skilled individuals contributing to innovation and development in the country. By proactively addressing these aspects, the government can effectively stimulate a dynamic environment that propels growth, innovation, and competitiveness within the business landscape.

Strategic implications for new companies

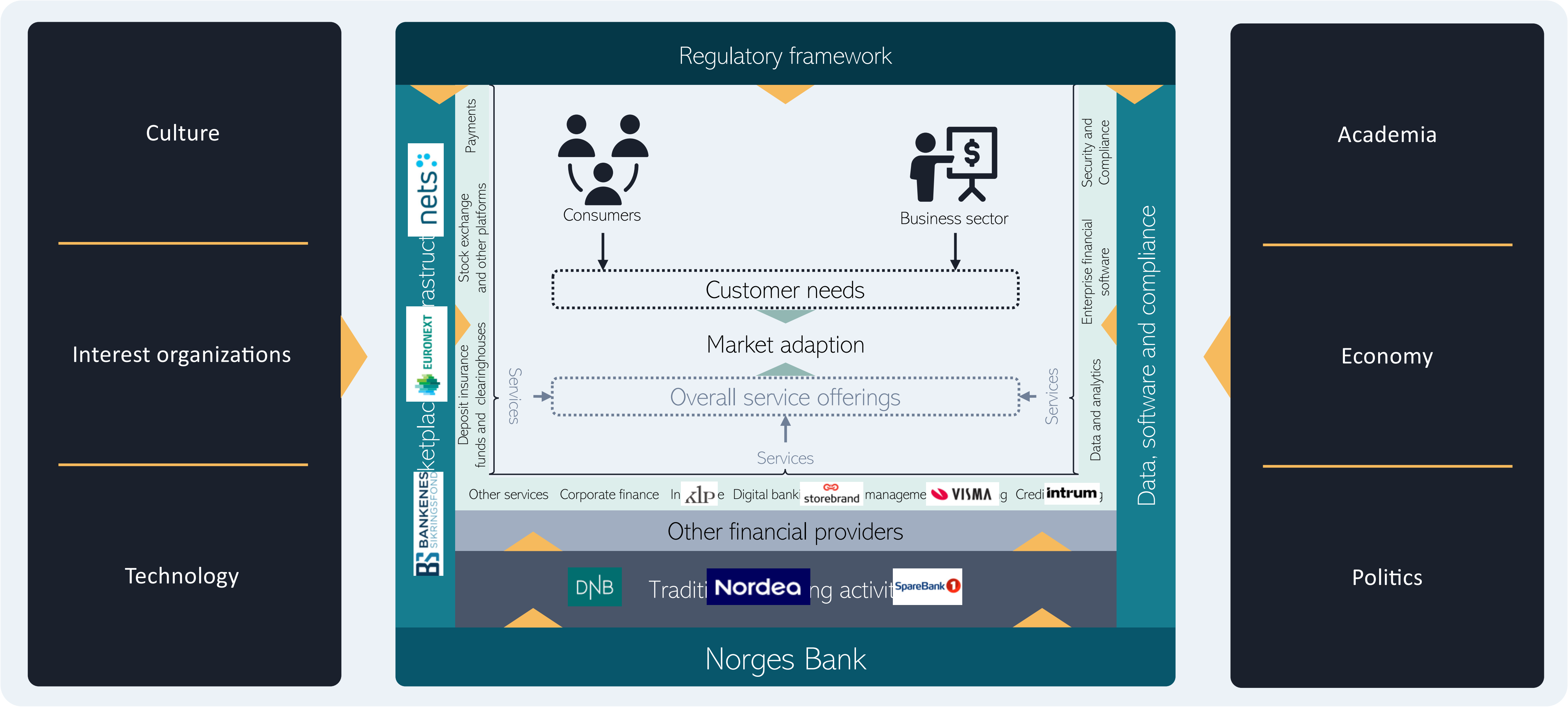
Handle scaling barriers and competition: For new fintech companies, it is crucial to be aware of the regulatory burden in general and how it varies significantly across different segments. Additionally, understanding unique scaling barriers that differ among segments, understand existing competition, and learn from successful companies that avoids direct competition with established players by serving underserved markets or offering strong B2B solutions to the established industry is essential. If companies intend to directly compete, they must be prepared for a lengthy and capital-intensive journey to penetrate the market and face competition from the well-established industry.

Table of contents

The financial industry is part of a larger financial ecosystem



The segments that generate the highest value are dominated by some major companies



There are fintech companies in many parts of the financial ecosystem

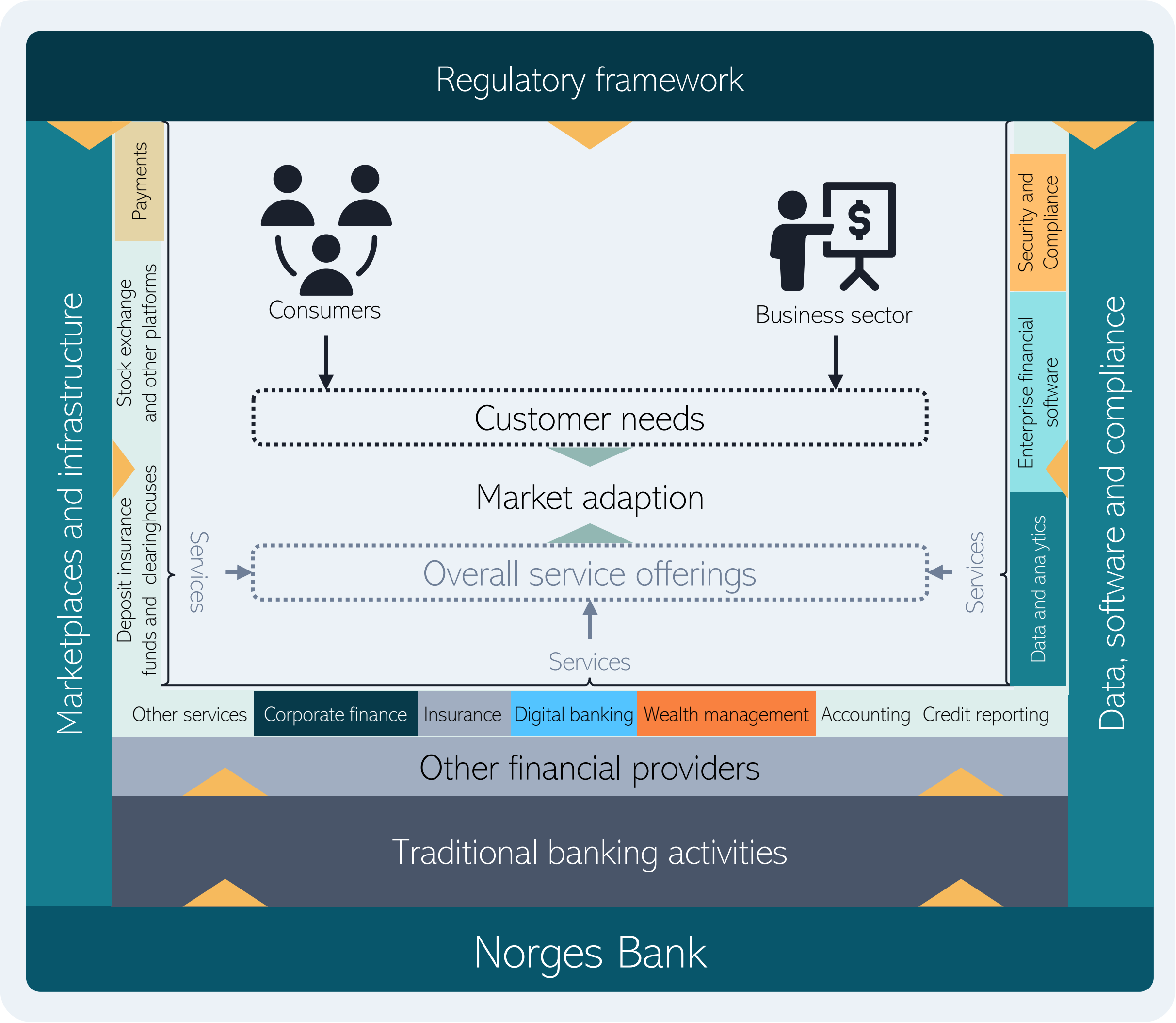


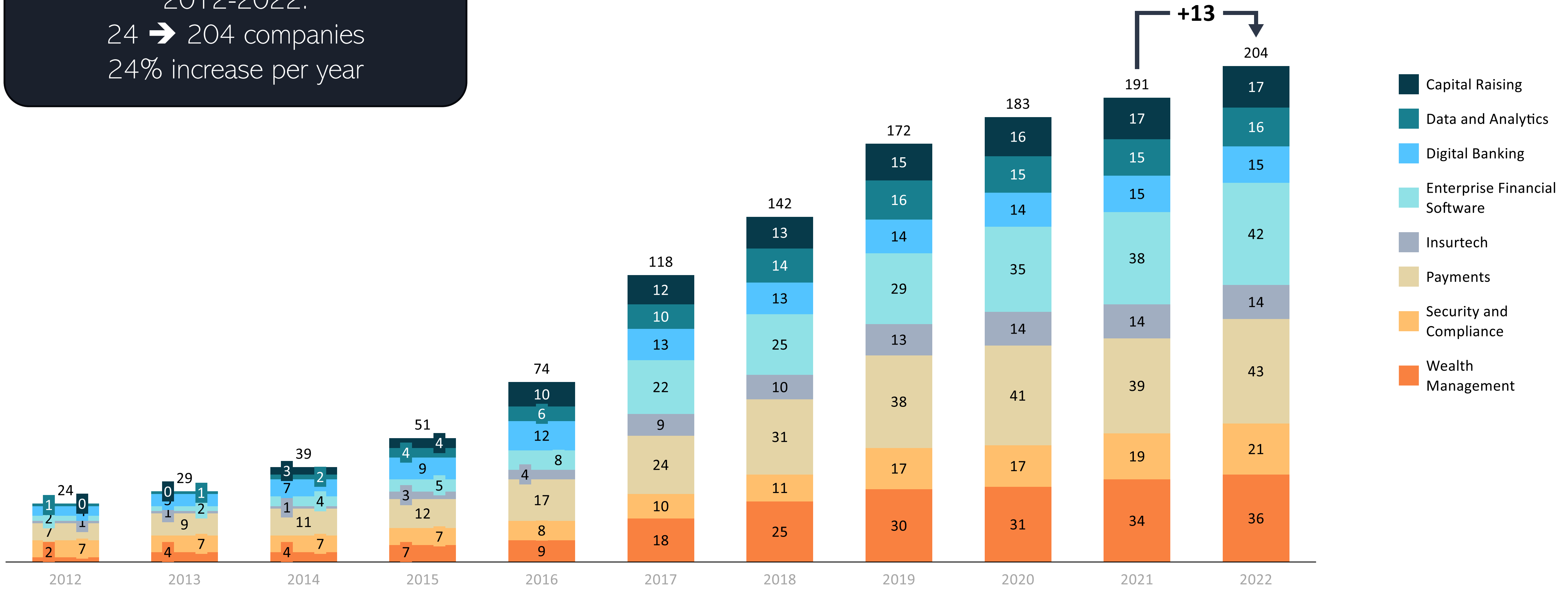
Table of contents

Companies in the scope of the analysis

Since 2012, there has been significant growth in the number of companies, which are categorized into eight segments – with a net addition of 13 compared to 2021

Number of companies

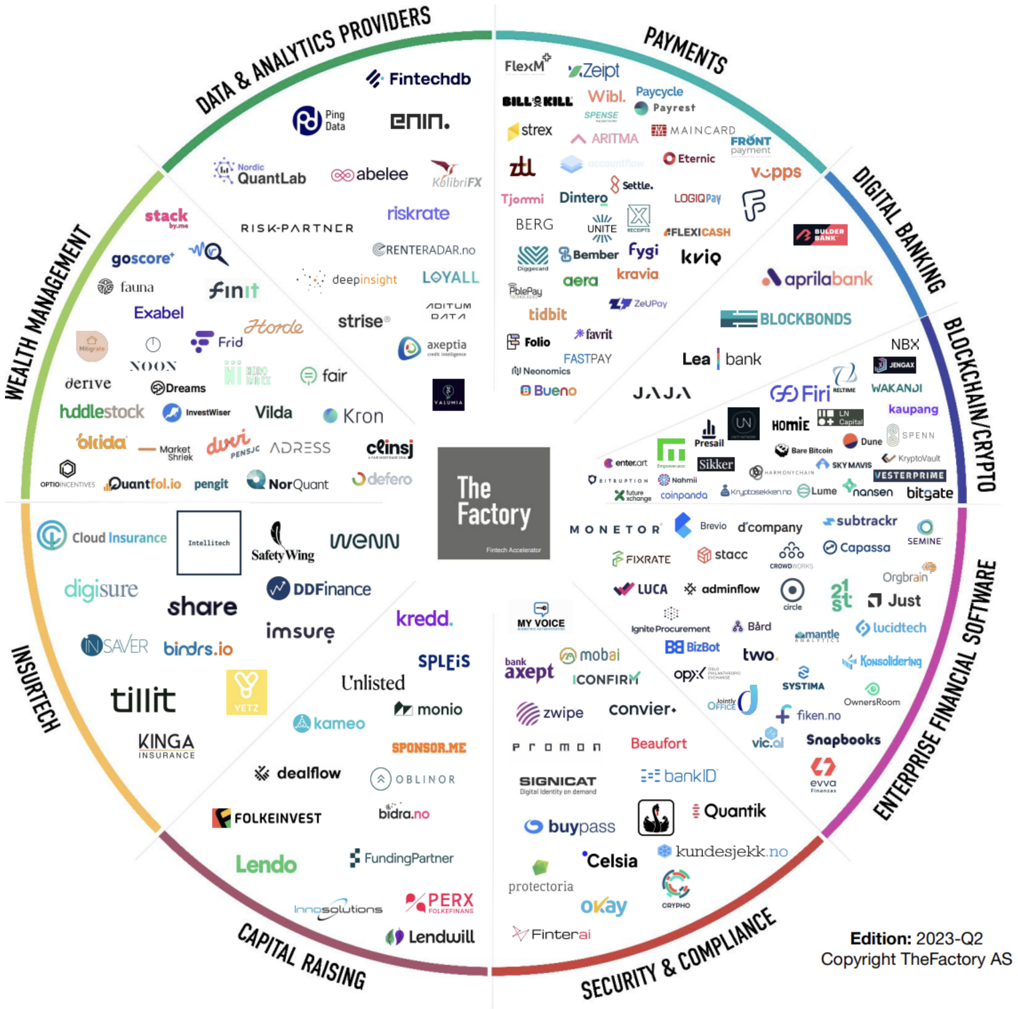
2012-2022:
24 ➔ 204 companies
24% increase per year



Companies in the scope of the analysis

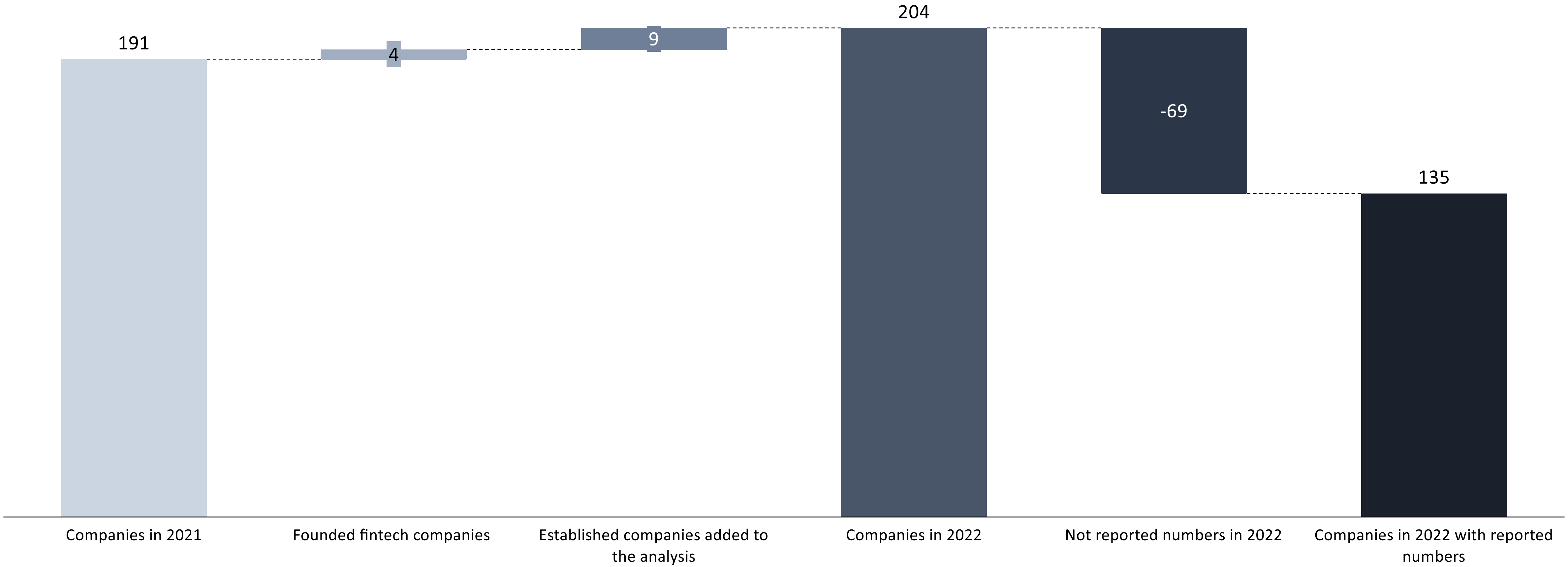
TheFactory, a leading Norwegian incubator, has conducted an extensive mapping of the Norwegian fintech industry contributing to the segmentation

*The blockchain/crypto segment is spread out across other segments (mostly Wealth Management)



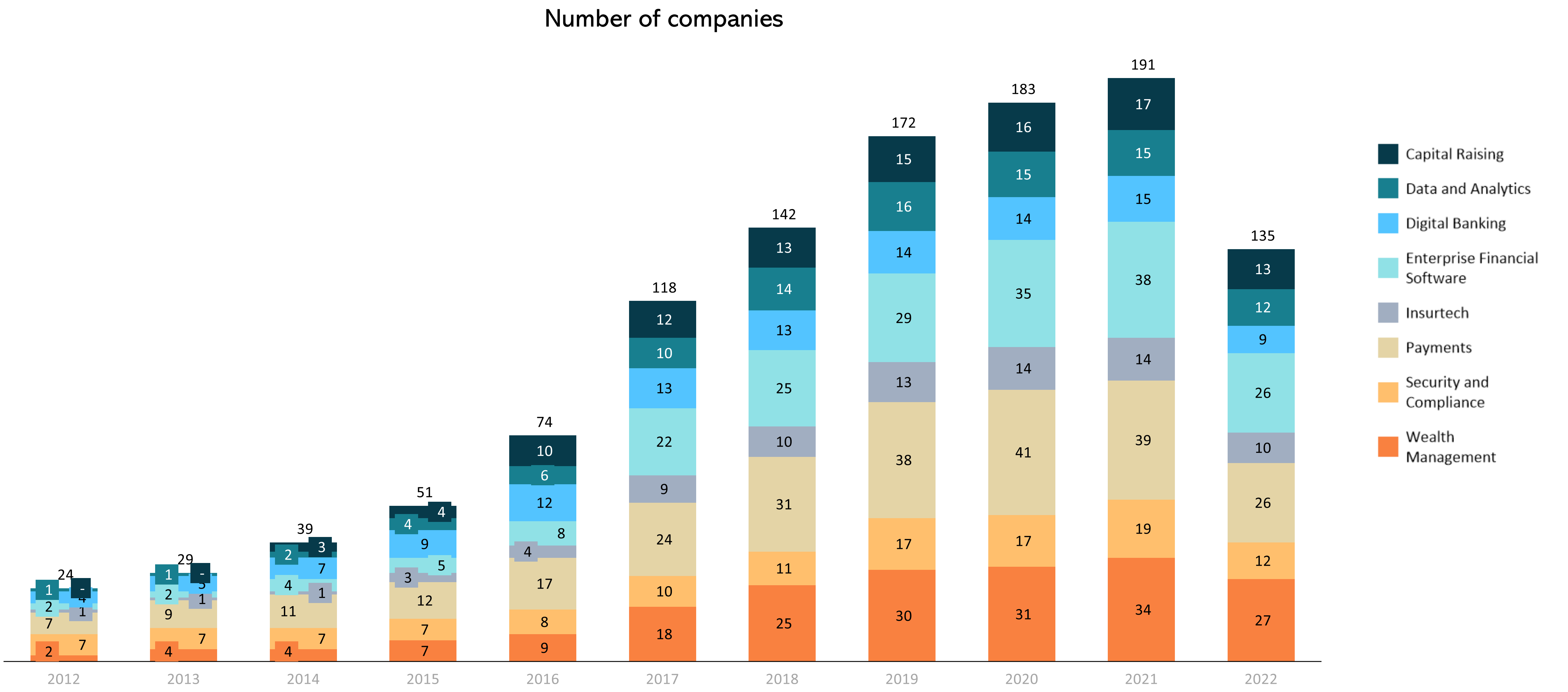
Companies in the scope of the analysis

Due to the non-submission of financials by several companies for 2022, they have been excluded from the analysis, bringing the total number of companies for the analysis to 135



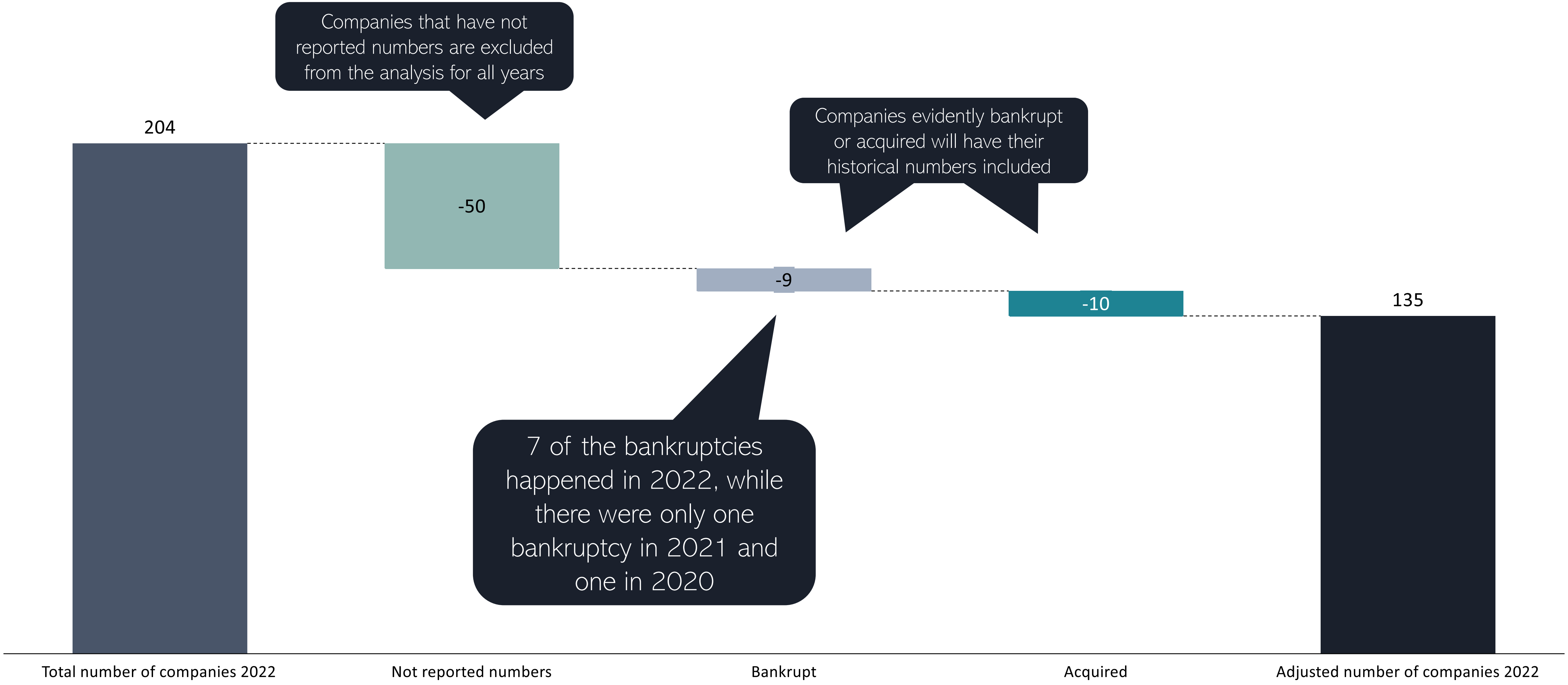
Companies in the scope of the analysis

The adjusted pool of companies maintains similar segment distributions as in previous years



Companies in the scope of the analysis

The companies evidently bankrupt or acquired by foreign owners will have their financials included, while the companies without reported numbers are removed from the analysis to ensure comparability



New companies

Numerous companies have been included in this year's analysis, encompassing both recently founded startups and older companies that were previously not on the radar

Capital Raising	Data and Analytics	Digital Banking	Enterprise Financial Software	Insurtech	Payments	Security and Compliance	Wealth Management
	Norkon		SYSTIMA		orbyt		
			aptic		Receipts		

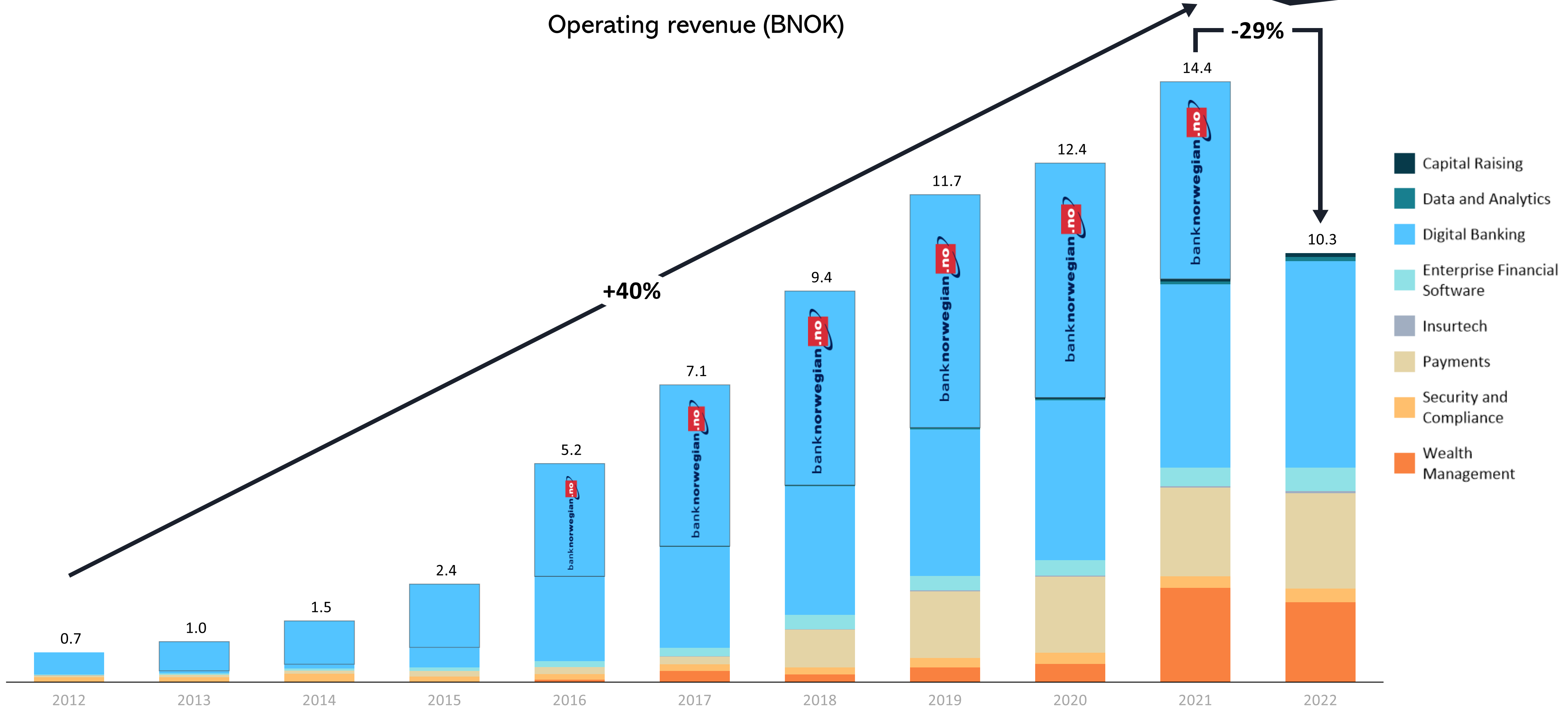
Acquired or bankrupt companies

There has been a considerable attrition in the fintech segment, involving both major and several smaller players

Capital Raising	Data and Analytics	Digital Banking	Enterprise Financial Software	Insurtech	Payments	Security and Compliance	Wealth Management
		banknorwegian.no			VC		lifeplanner
		S'banken			MeaWallet		Spiff
					NØFFE		
					PNGR		
					Tjommi		

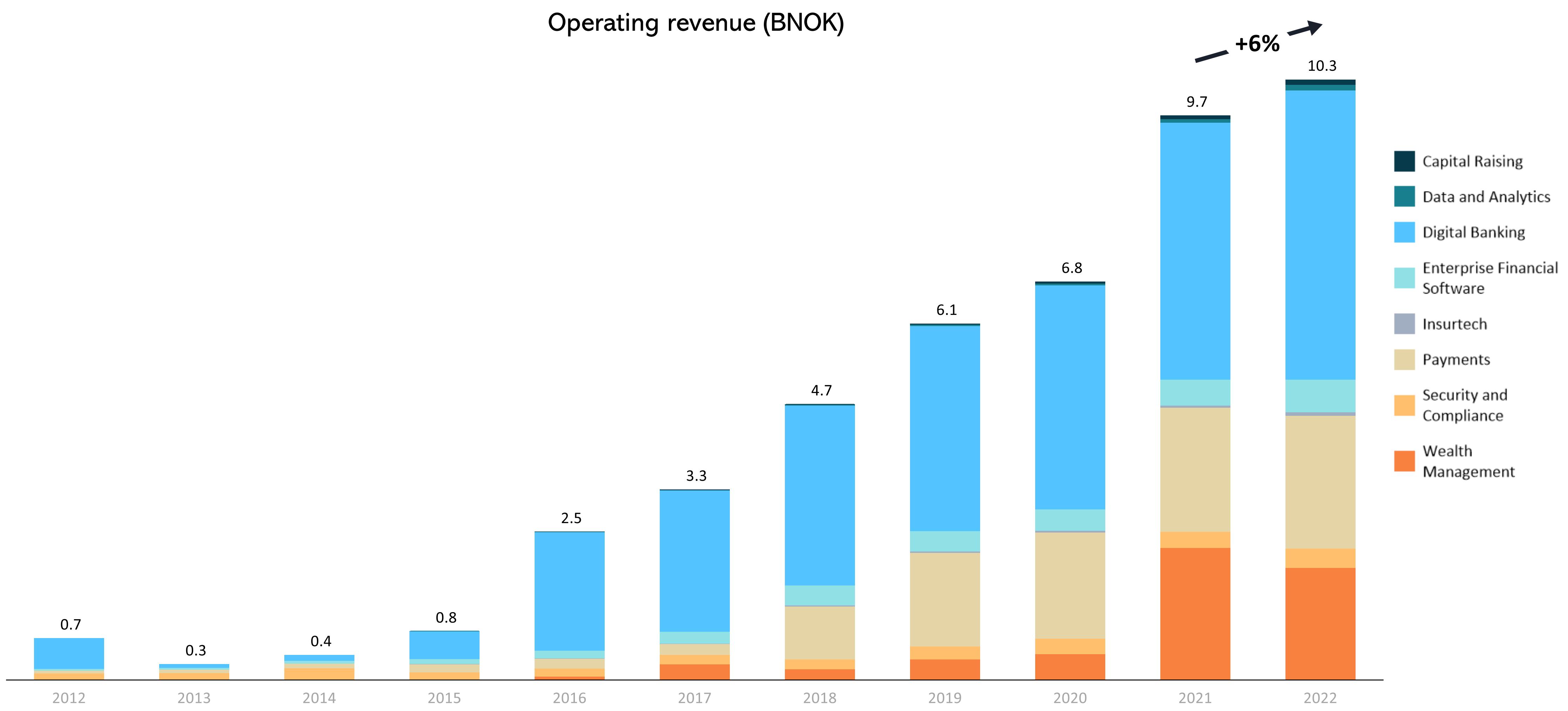
Decreased accumulated revenues between 2021 and 2022 resulting from exclusion (mainly Bank Norwegian)

Bank Norwegian was acquired from Swedish Nordax Bank autumn 2022



Operating revenue | All segments without Bank Norwegian

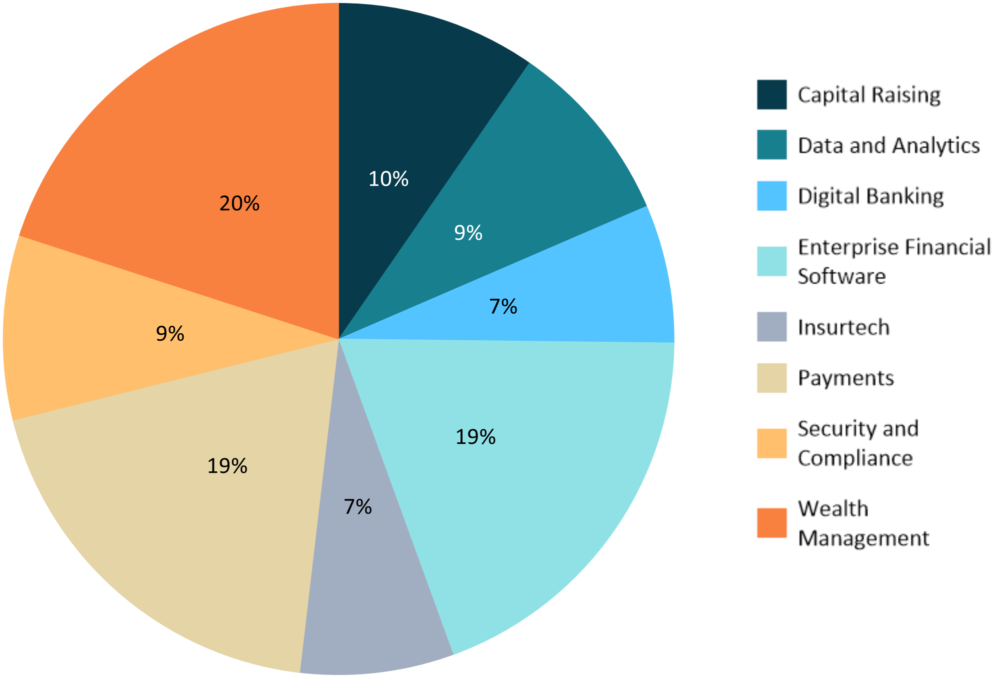
If Bank Norwegian numbers are excluded, the conclusion changes significantly – operating revenue increases by 6%



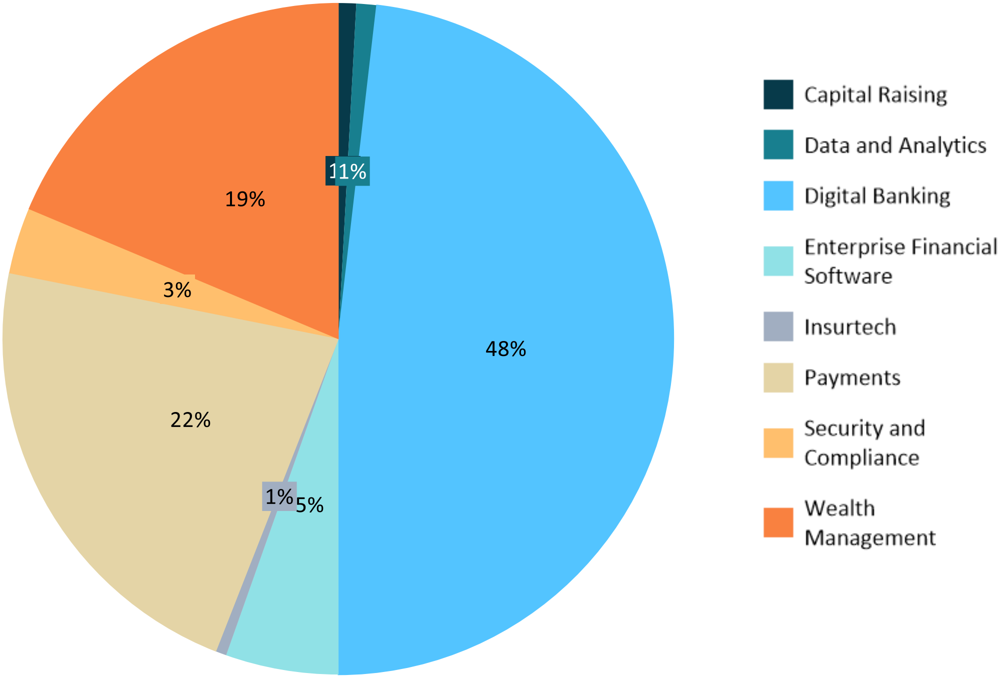
Norwegian fintech companies in numbers

The number of companies across segments are balanced, but Digital Banking earns 48% of revenue

Share of companies within the different segments – 2022



Operating revenue within different segments – 2022



Segments exhibit a balanced distribution of actors

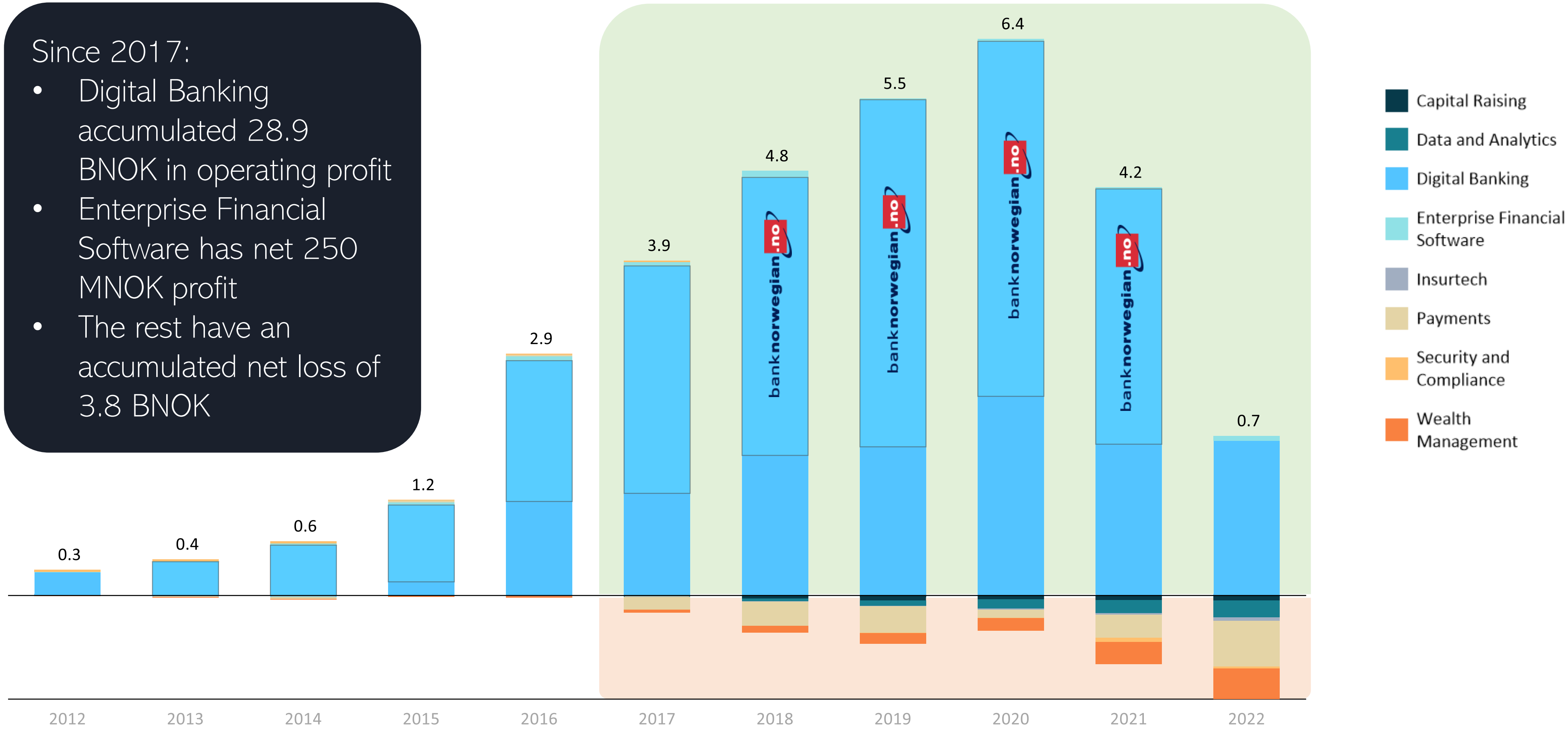
Segments display large disparities in operating revenue

Digital Banking dominates operating profit, while most other segments incur losses – the total operating profit in fintech is declining

Since 2017:

- Digital Banking accumulated 28.9 BNOK in operating profit
- Enterprise Financial Software has net 250 MNOK profit
- The rest have an accumulated net loss of 3.8 BNOK

Operating profit (BNOK)

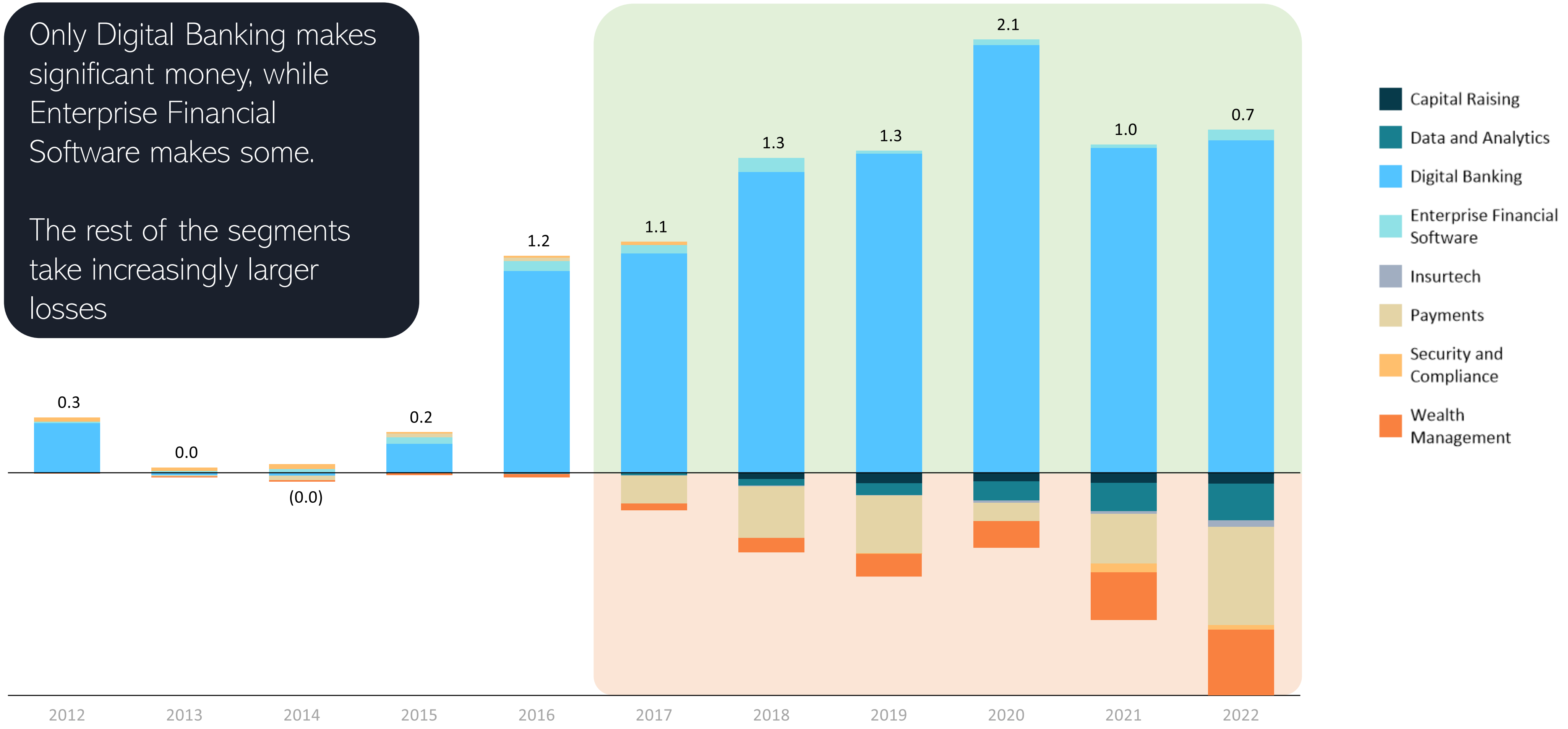


By excluding Bank Norwegian, the magnitude of the profits change – overall profit is declining

Operating profit (BNOK)

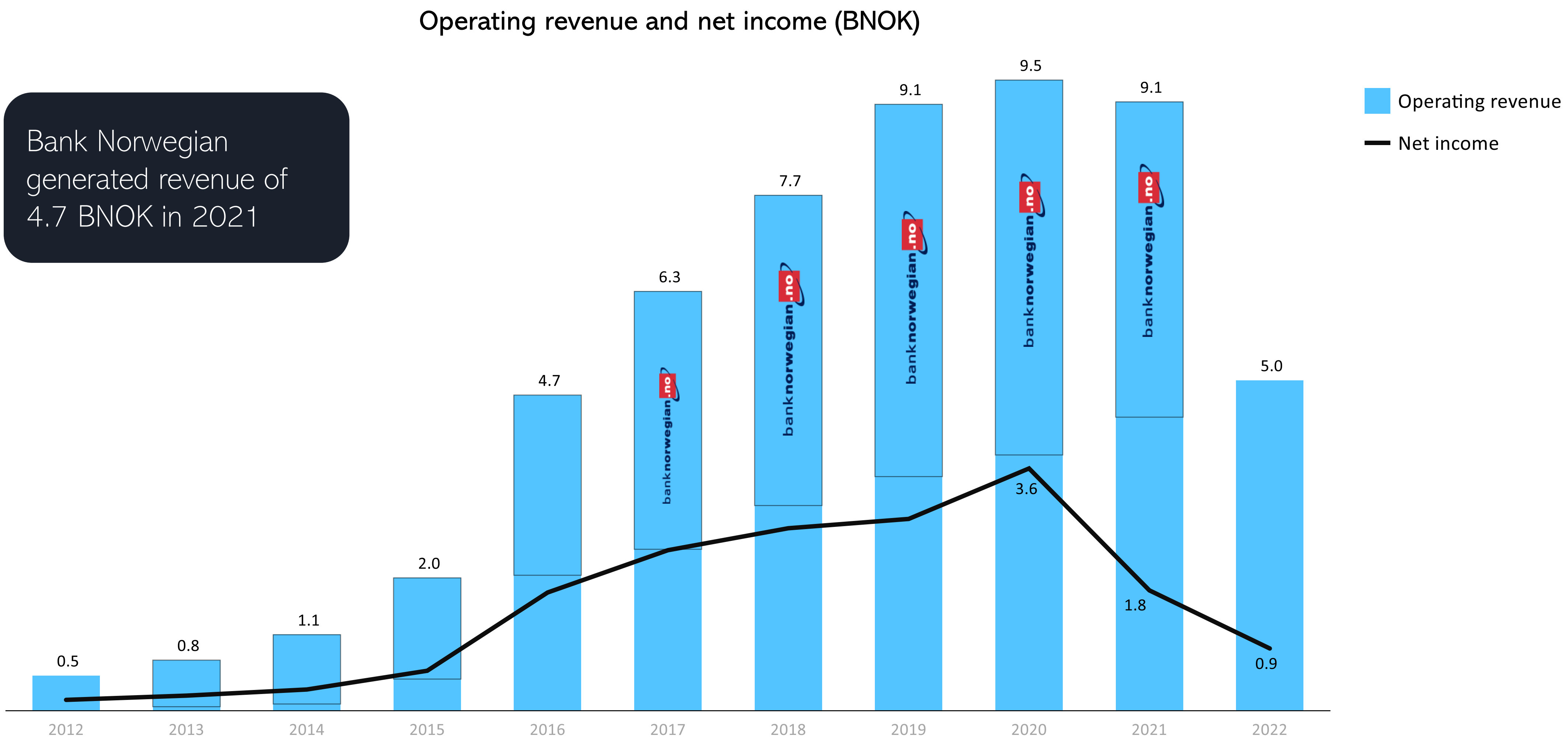
Only Digital Banking makes significant money, while Enterprise Financial Software makes some.

The rest of the segments take increasingly larger losses



Digital Banking operating revenue declines from approximately 9 BNOK to 5 BNOK – driven by the acquisition of Bank Norwegian

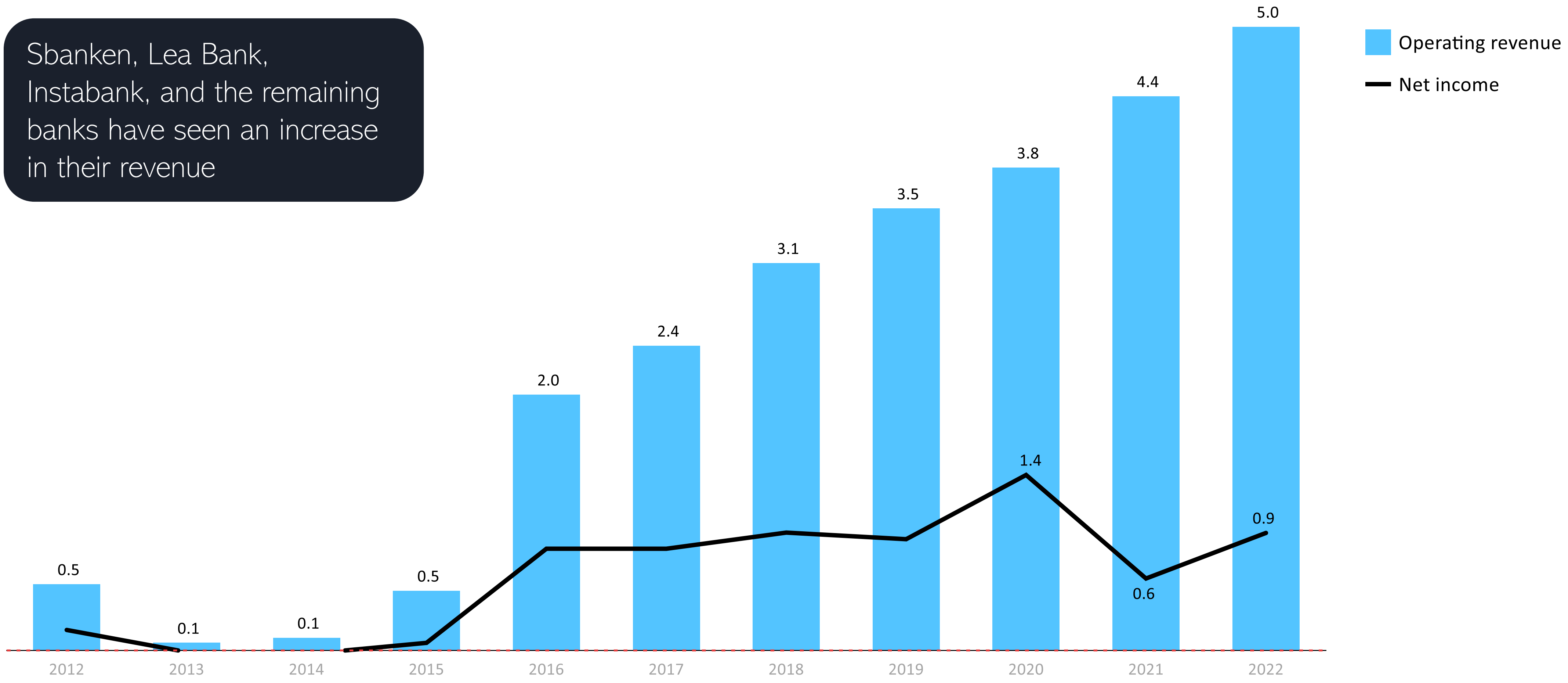
Bank Norwegian generated revenue of 4.7 BNOK in 2021



The story changes significantly for Digital Banking if Bank Norwegian is excluded from the previous year's data – both operating revenue and profit increased from 2021

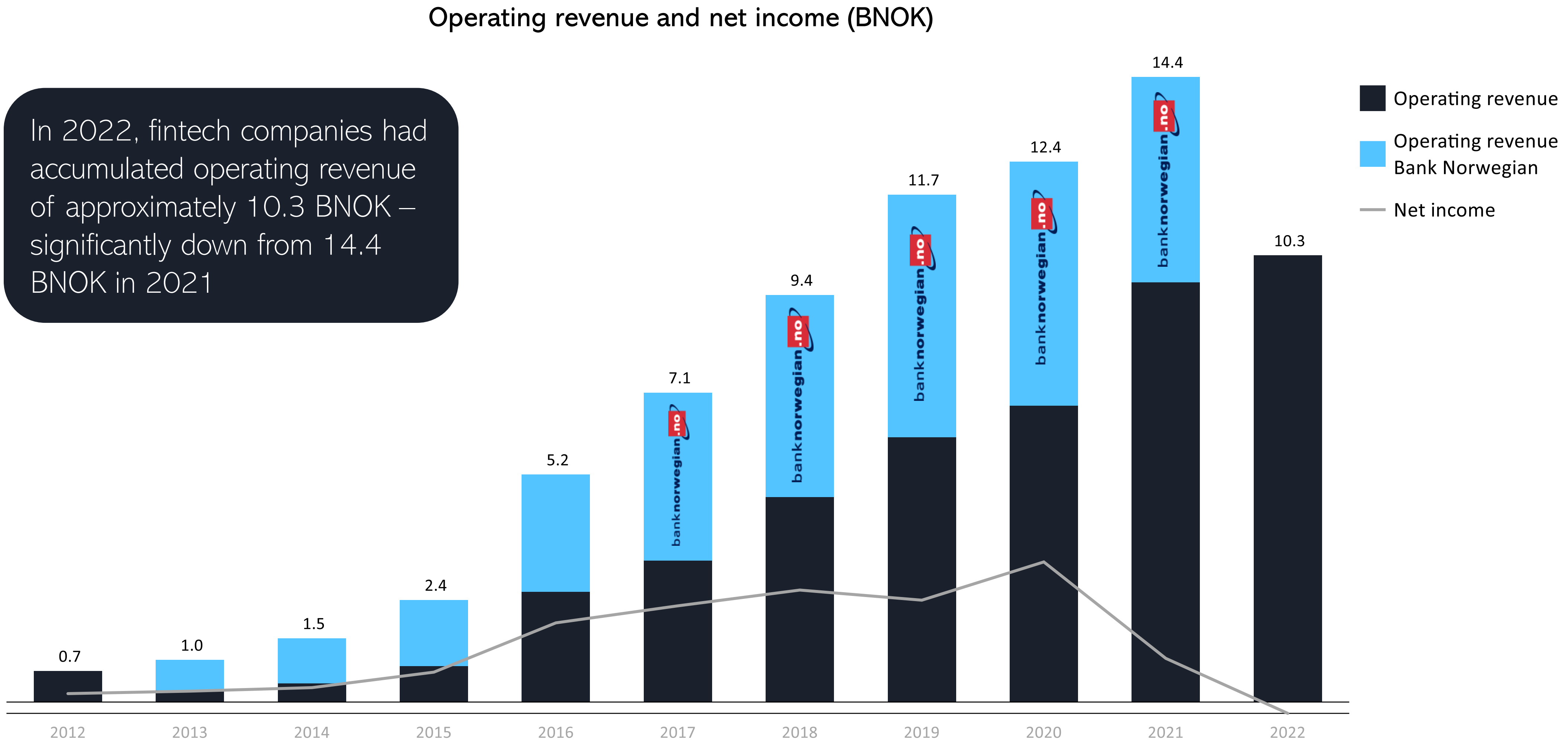
Operating revenue and net income (BNOK)

Sbanken, Lea Bank, Instabank, and the remaining banks have seen an increase in their revenue



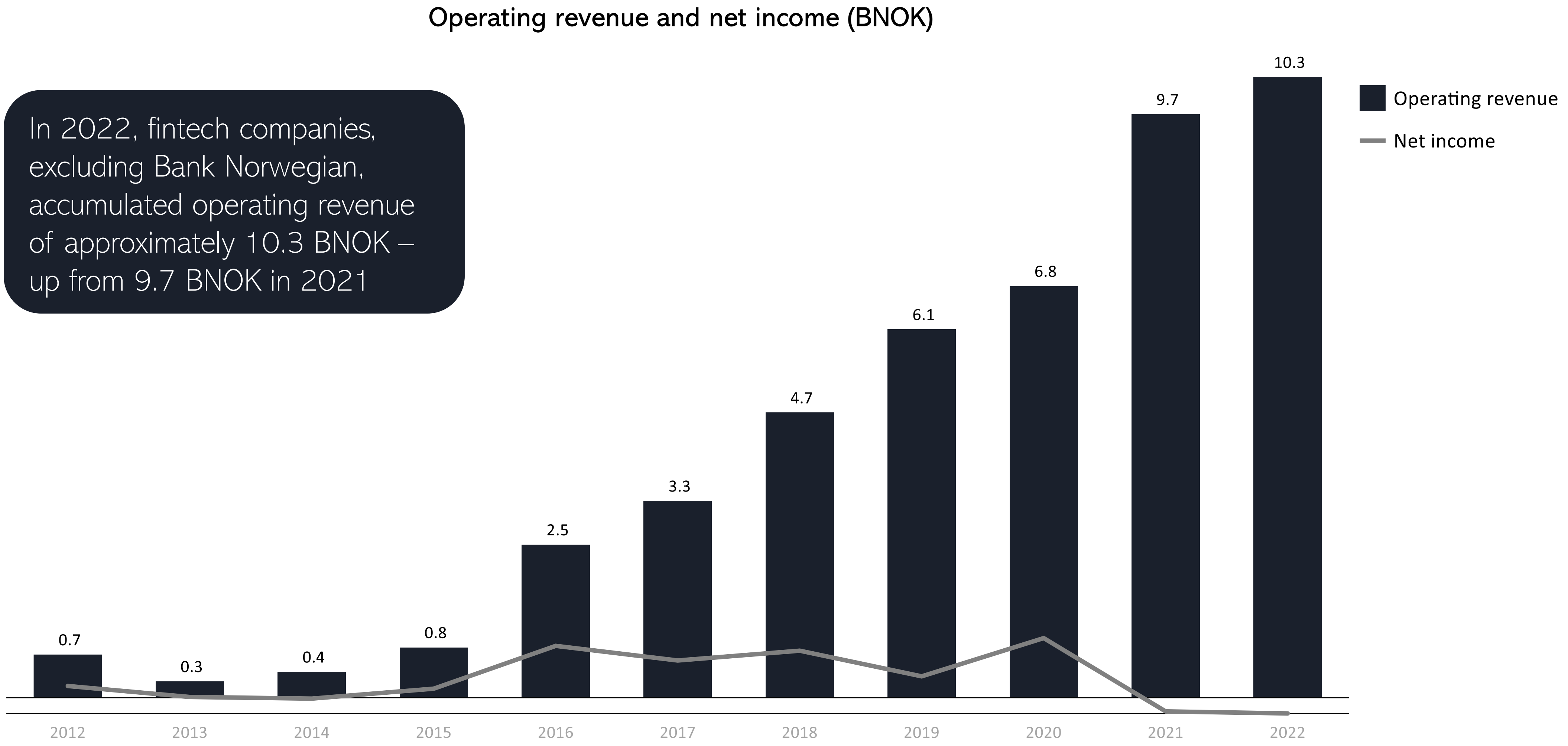
Operating revenues for all segments are decreasing and the results are weakening

In 2022, fintech companies had accumulated operating revenue of approximately 10.3 BNOK – significantly down from 14.4 BNOK in 2021



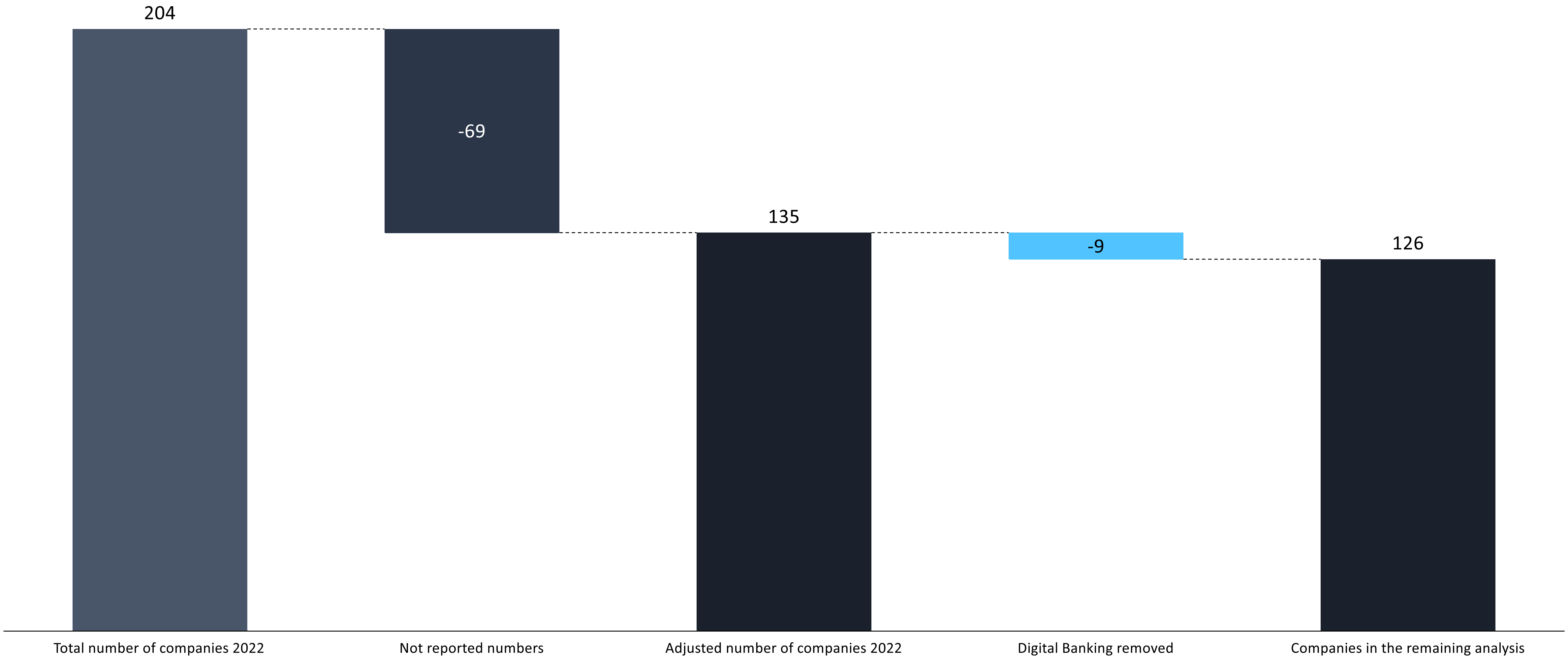
Excluding Bank Norwegian, accumulated operating revenues for all segments are decreasing and the results are weakening

In 2022, fintech companies, excluding Bank Norwegian, accumulated operating revenue of approximately 10.3 BNOK – up from 9.7 BNOK in 2021



Companies in the scope of the analysis

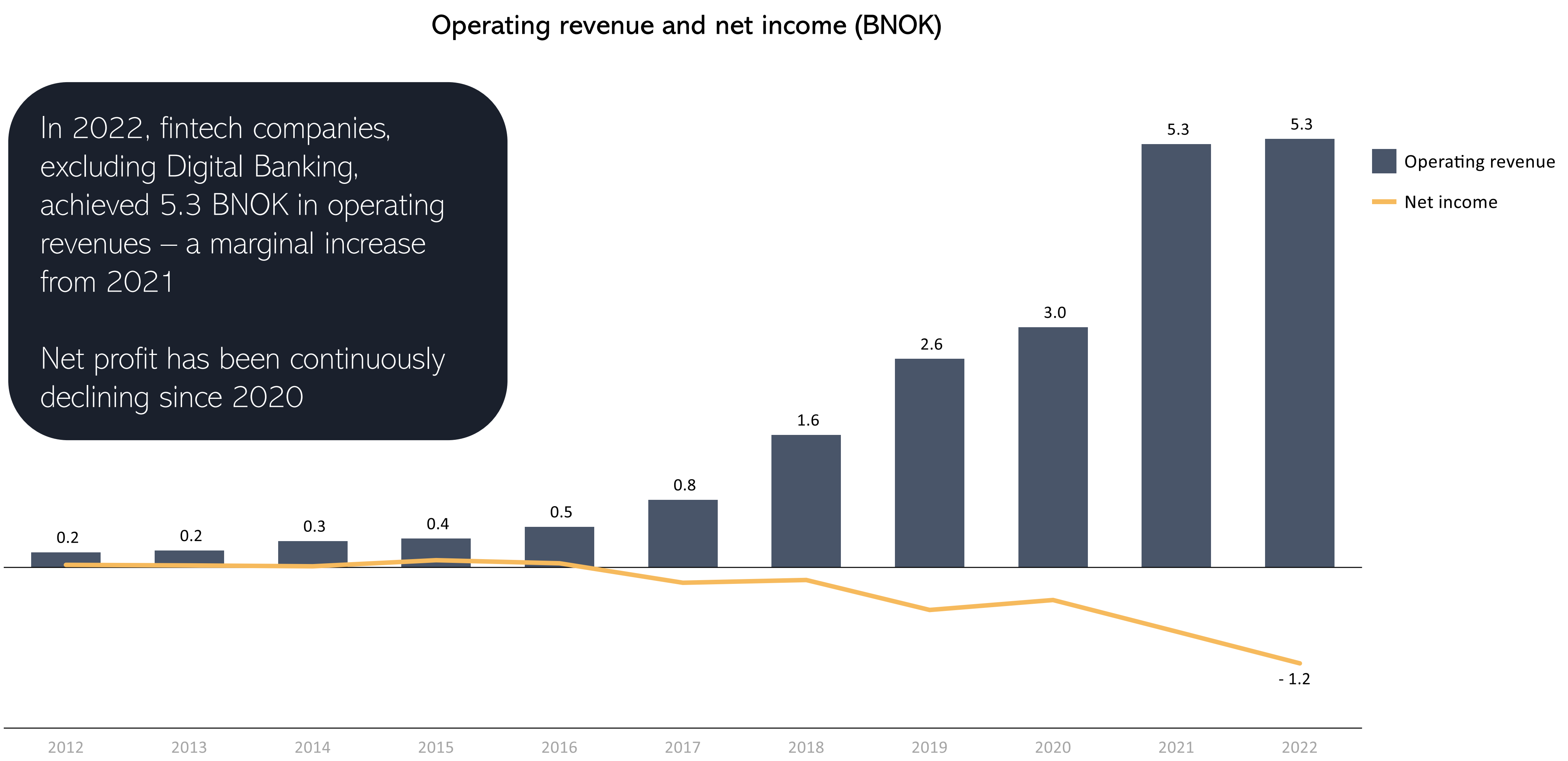
Digital Banking will be excluded from further central analyses due to their dominant presence



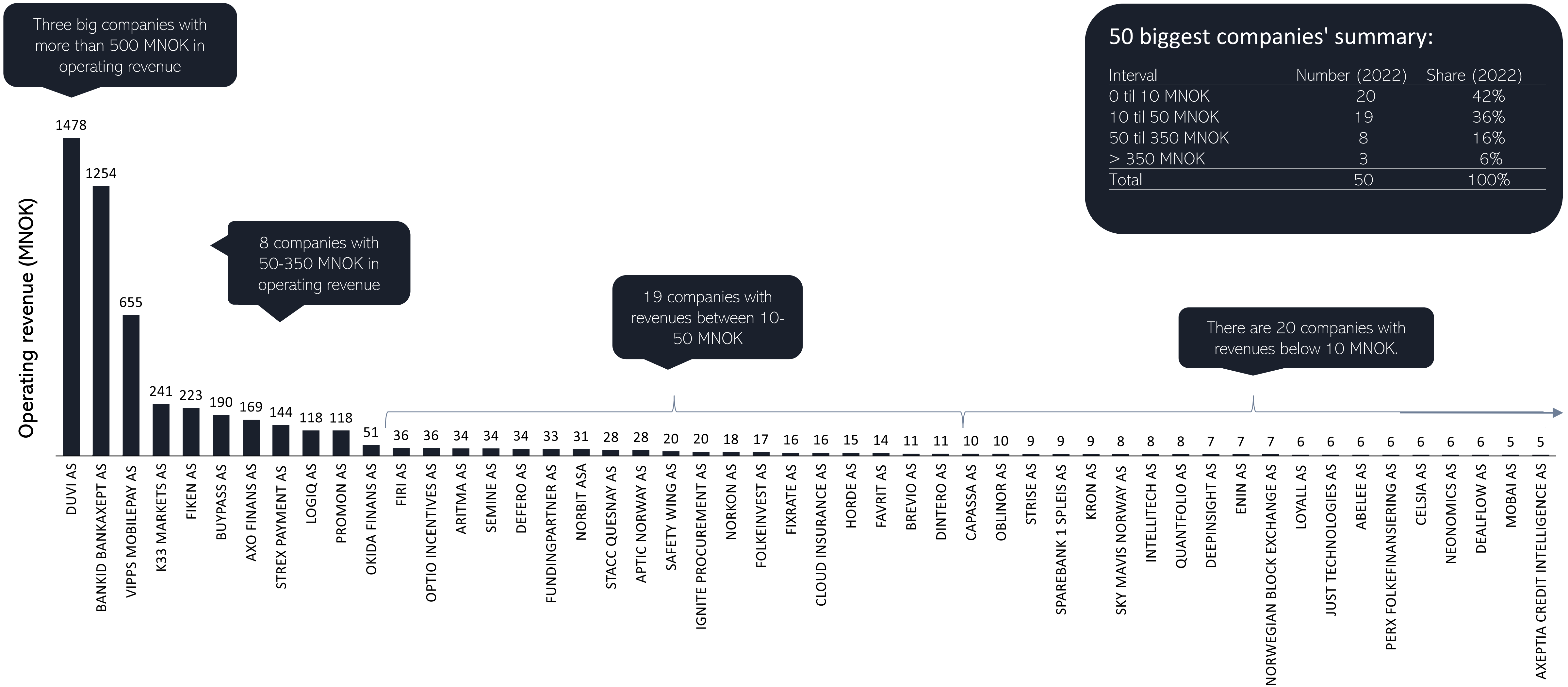
Operating revenue remain flat, but the results are weakening

In 2022, fintech companies, excluding Digital Banking, achieved 5.3 BNOK in operating revenues – a marginal increase from 2021

Net profit has been continuously declining since 2020



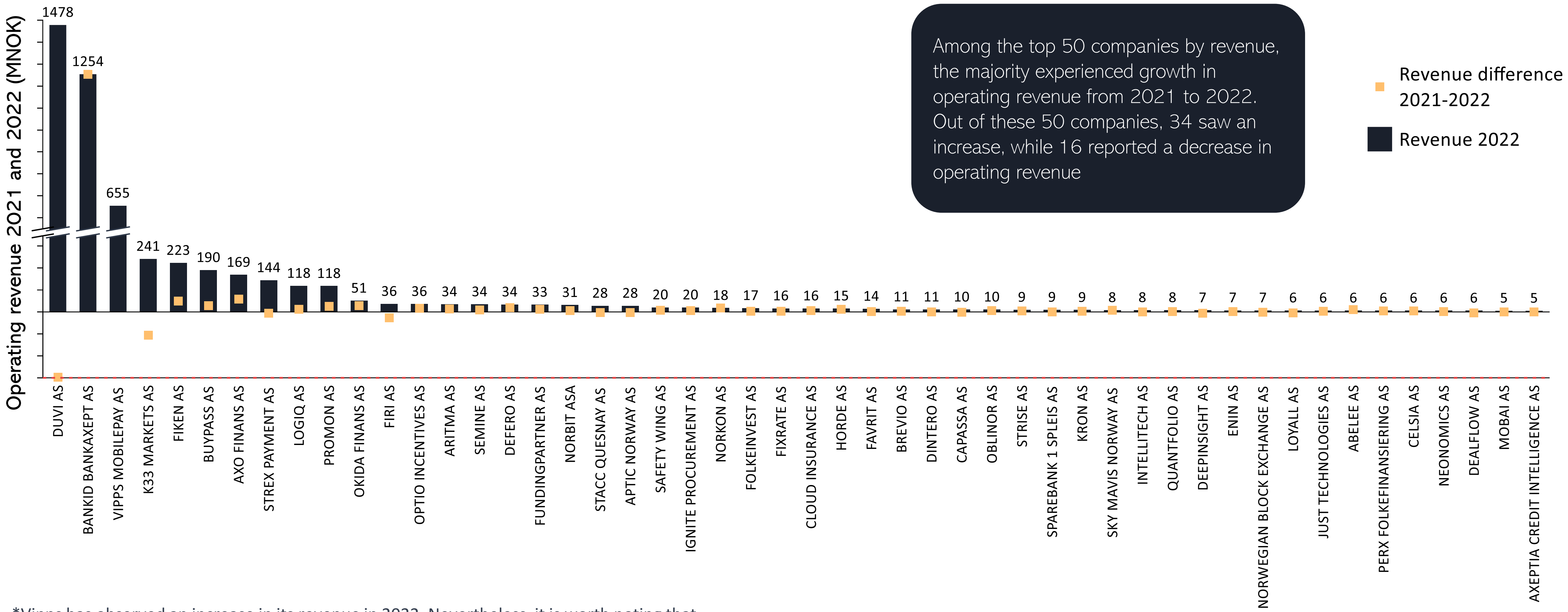
Most of the revenue is concentrated in a handful of companies among the top 50, with most earning less than 50 million



50 biggest companies' summary:

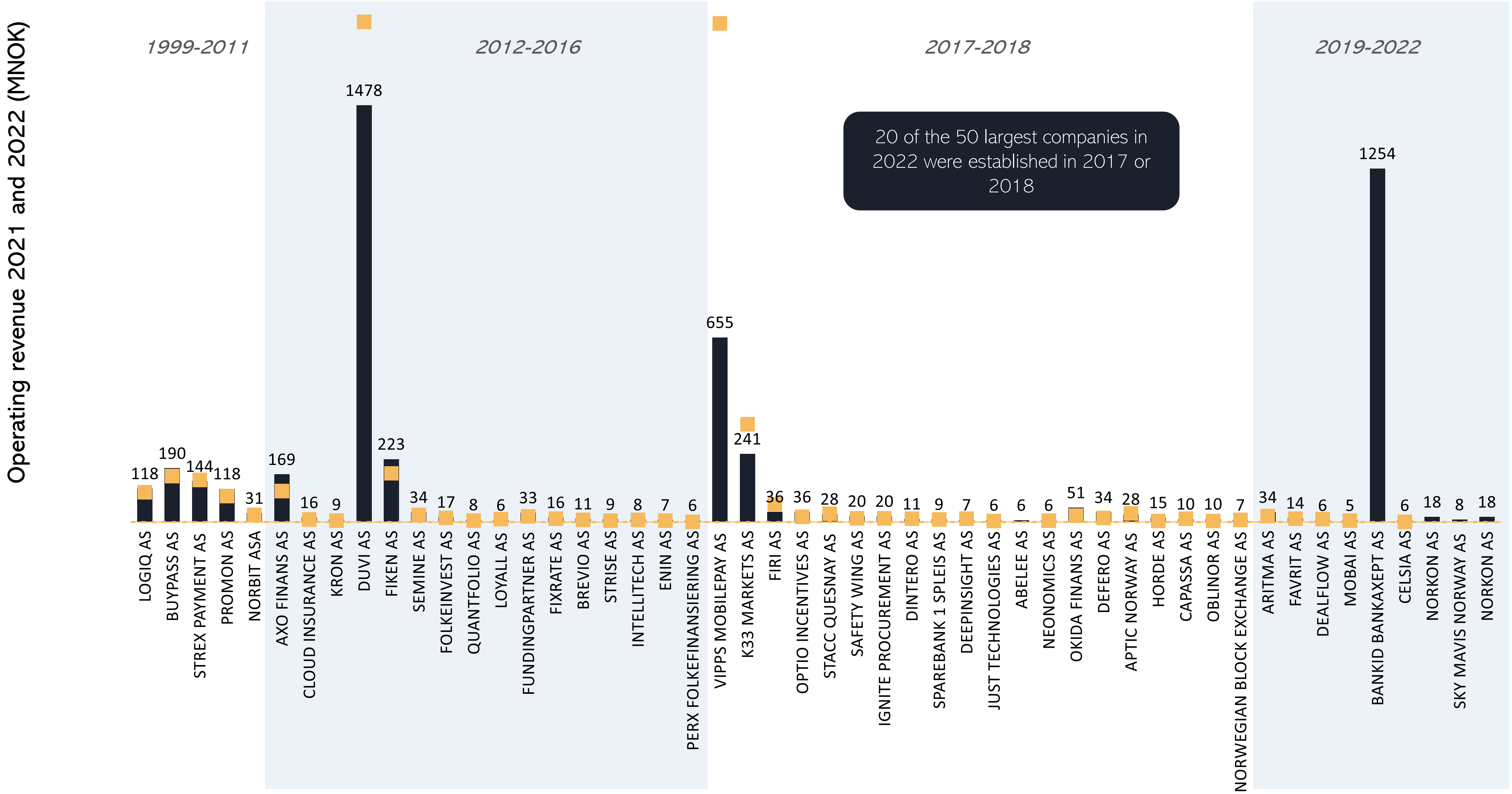
Interval	Number (2022)	Share (2022)
0 til 10 MNOK	20	42%
10 til 50 MNOK	19	36%
50 til 350 MNOK	8	16%
> 350 MNOK	3	6%
Total	50	100%

Accumulated operating revenue increases for the top 50 companies in 2022, compared to 2021, and the majority demonstrate growth in operating revenue



*Vipps has observed an increase in its revenue in 2022. Nevertheless, it is worth noting that in prior years, they had integrated BankAxept into their financials, but now it operates as a separate entity, resulting in adjustments to the financial reporting

Nearly 60% of 50 largest companies were established in 2017 or later



The companies in the sample were established between 1999 and 2022

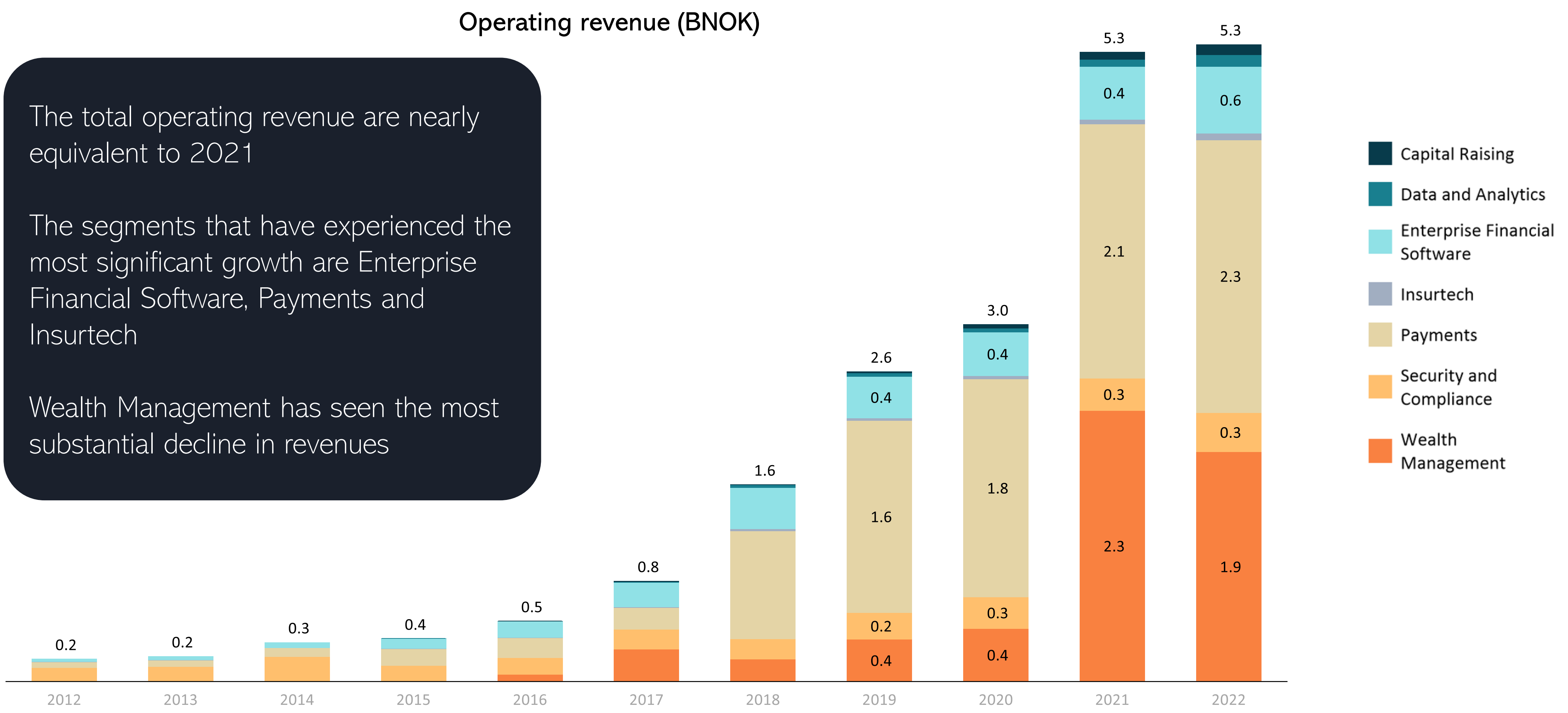
1999-2011	5
2012-2016	16
2017-2018	20
2019-2022	9

The overall growth in revenues has stalled in 2022- Wealth Management has decreased revenues, while the other segments have increased their earnings

The total operating revenue are nearly equivalent to 2021

The segments that have experienced the most significant growth are Enterprise Financial Software, Payments and Insurtech

Wealth Management has seen the most substantial decline in revenues



Operating revenue

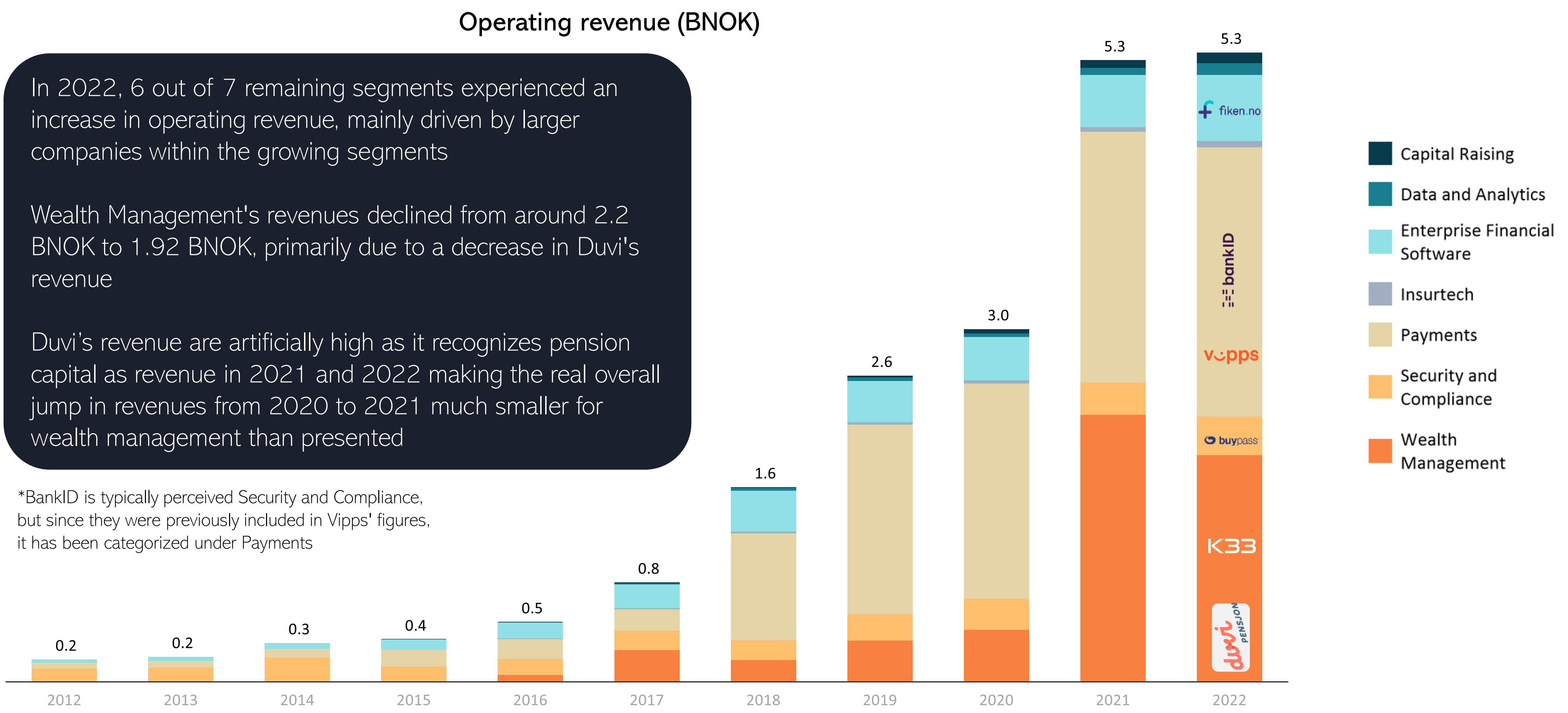
A handful of larger companies dominate the landscape

In 2022, 6 out of 7 remaining segments experienced an increase in operating revenue, mainly driven by larger companies within the growing segments

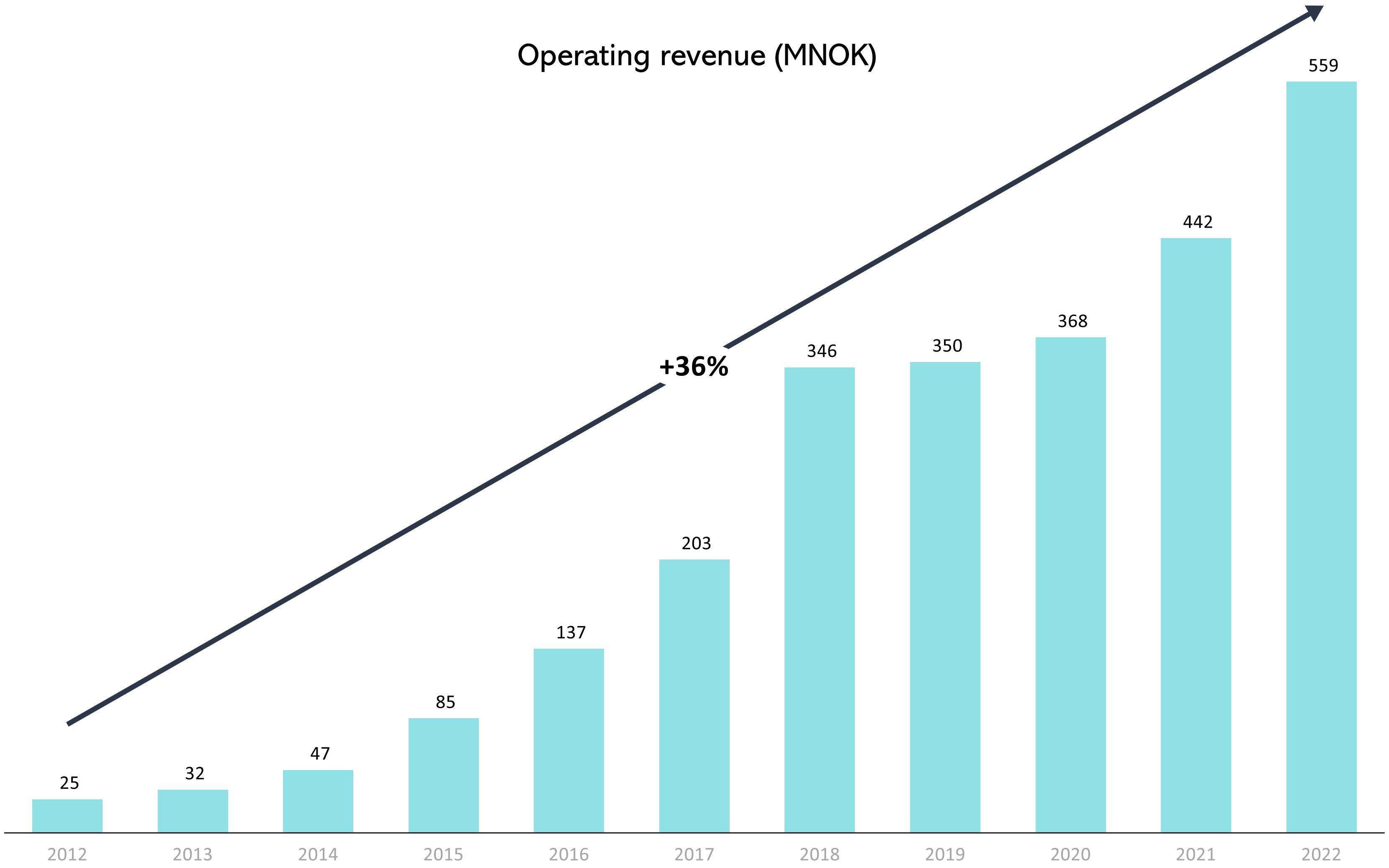
Wealth Management's revenues declined from around 2.2 BNOK to 1.92 BNOK, primarily due to a decrease in Duvi's revenue

Duvi's revenue are artificially high as it recognizes pension capital as revenue in 2021 and 2022 making the real overall jump in revenues from 2020 to 2021 much smaller for wealth management than presented

*BankID is typically perceived Security and Compliance, but since they were previously included in Vipps' figures, it has been categorized under Payments



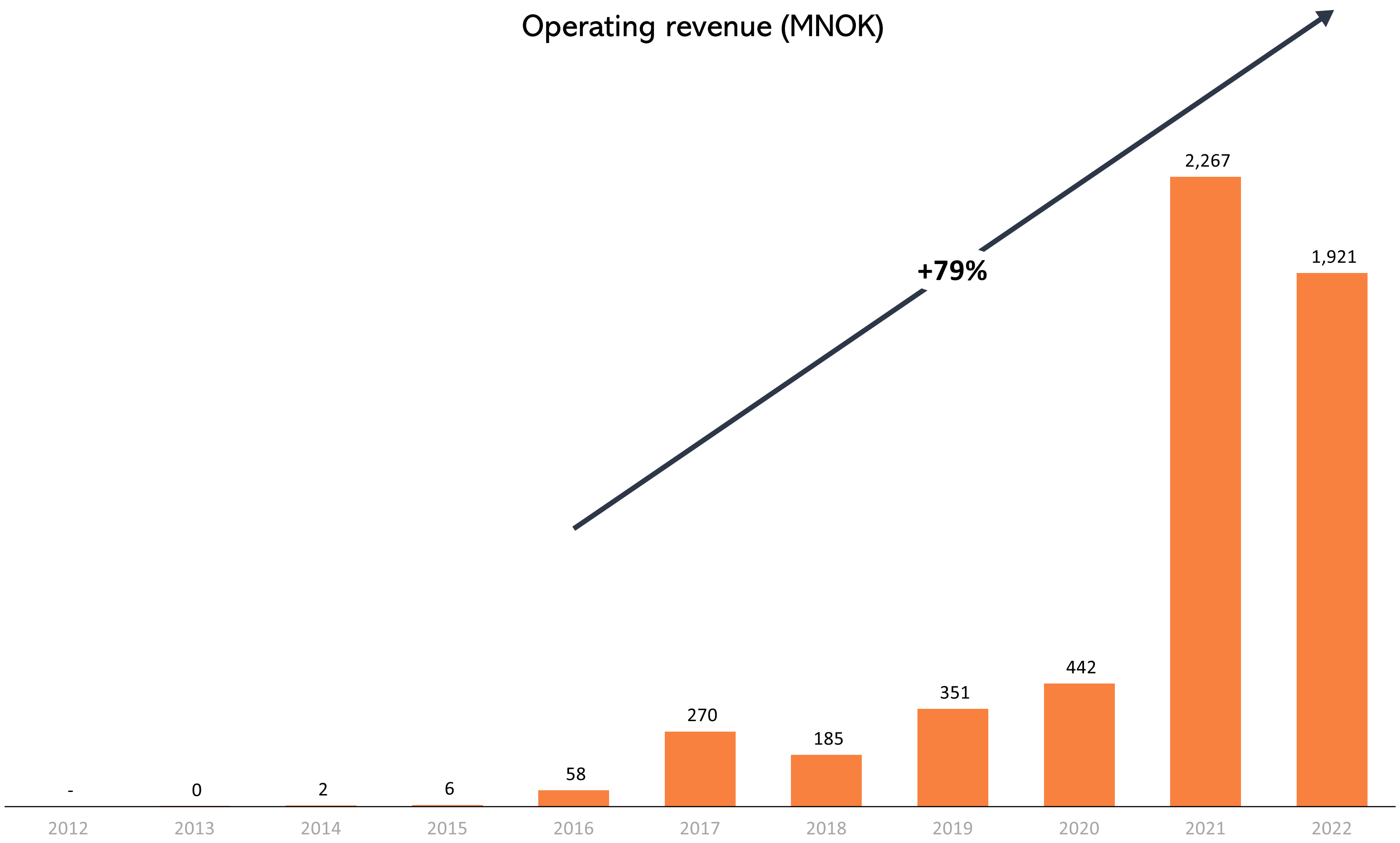
Enterprise financial software has experienced a steady increase from 2012 until 2022



Enterprise Financial Software has robust growth in recent years, particularly in 2022, where revenue increased significantly

Fiken, along with several other companies, has contributed significantly to the uplift in accumulated revenues for the segment

Wealth Management has had aggressive growth since 2016, when it first displayed significant revenue



Wealth Management has experienced significant growth in recent years, particularly in 2021

Companies like Duvi, K33 markets, and Firi have shown strong growth

In 2022, the aggregate revenue have declined, mainly due to a decrease in revenues for the larger companies

A few major companies represent most of the accumulated revenue - Duvi, Lendo and Vipps account for 60% of the accumulated revenue

10 largest companies in numbers

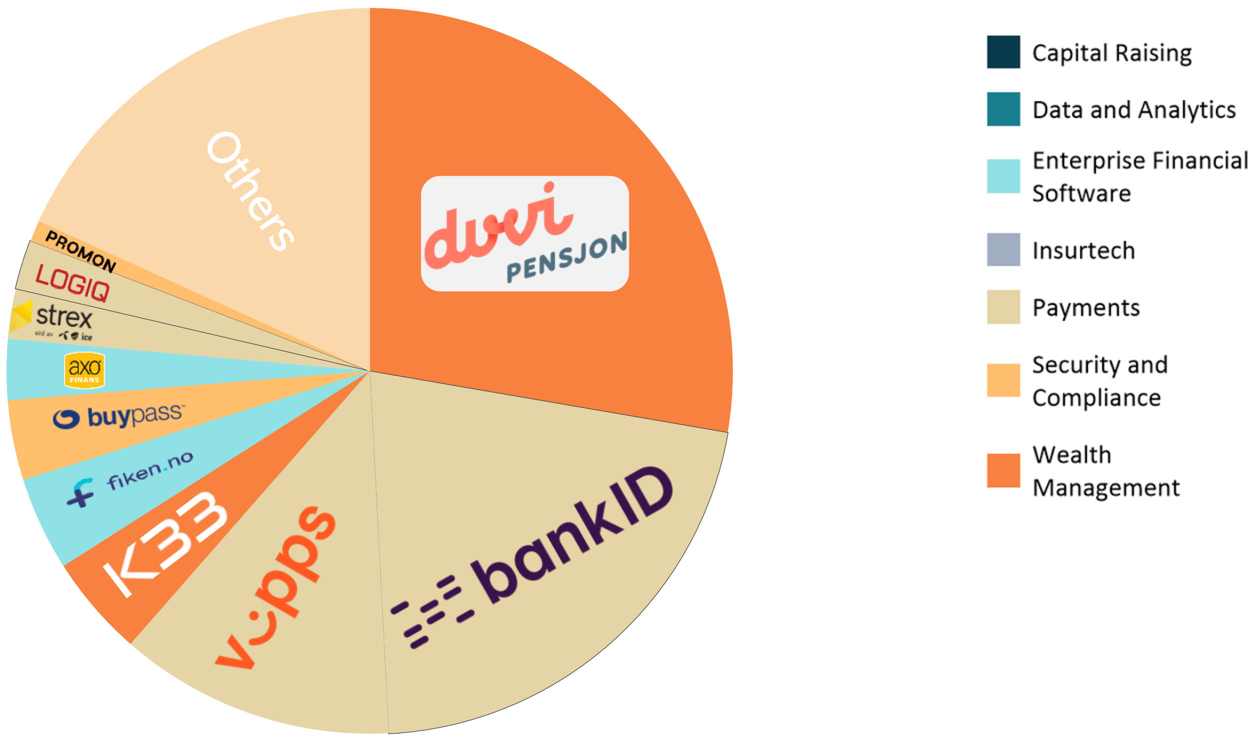
86%
Cumulative proportion of total operating revenues

4.6 BNOK
Cumulative operating revenue

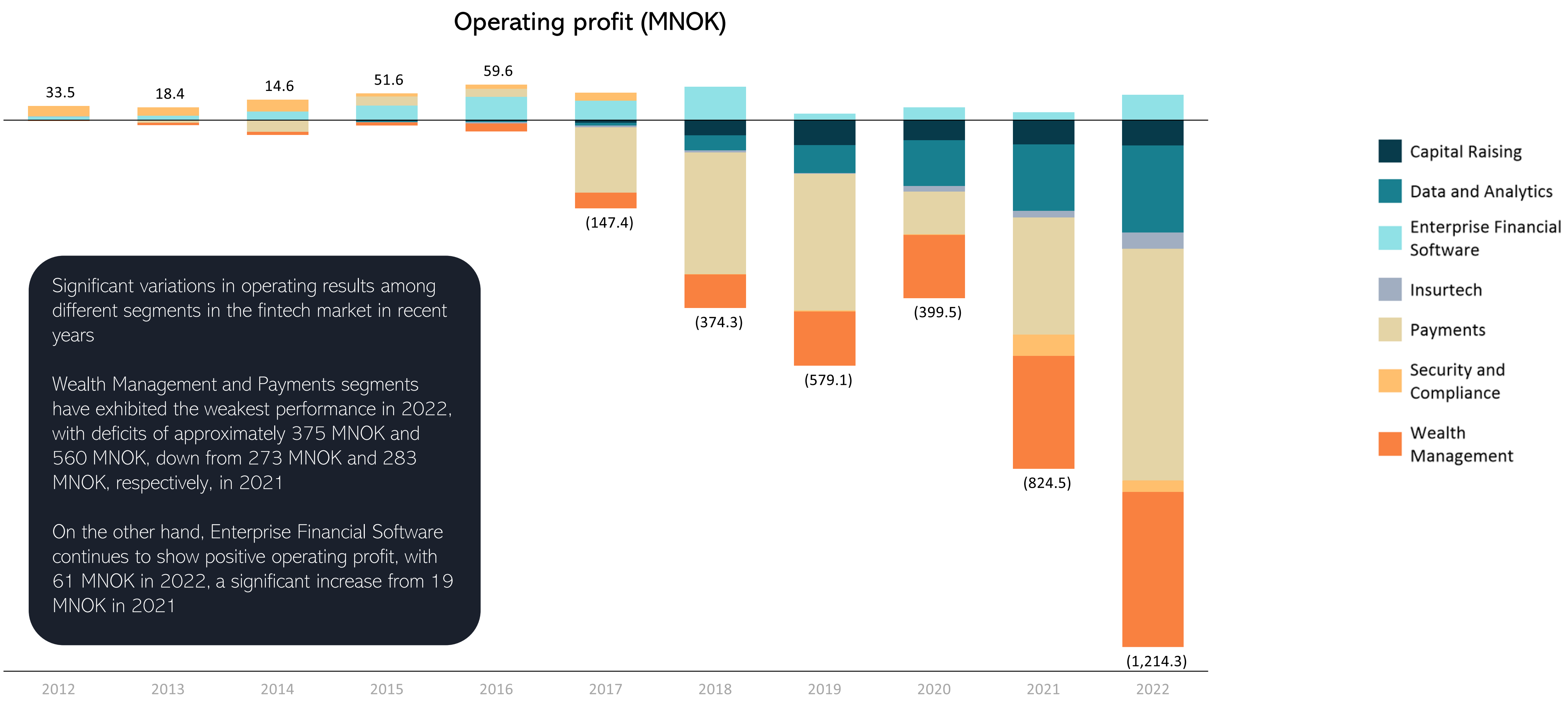
5.6 BNOK
Cumulative equity

1.1 BNOK
Cumulative debt

Share of accumulated oper.revenue in 2022



Enterprise Financial Software remains the sole profitable segment over five years, while other segments face substantial losses

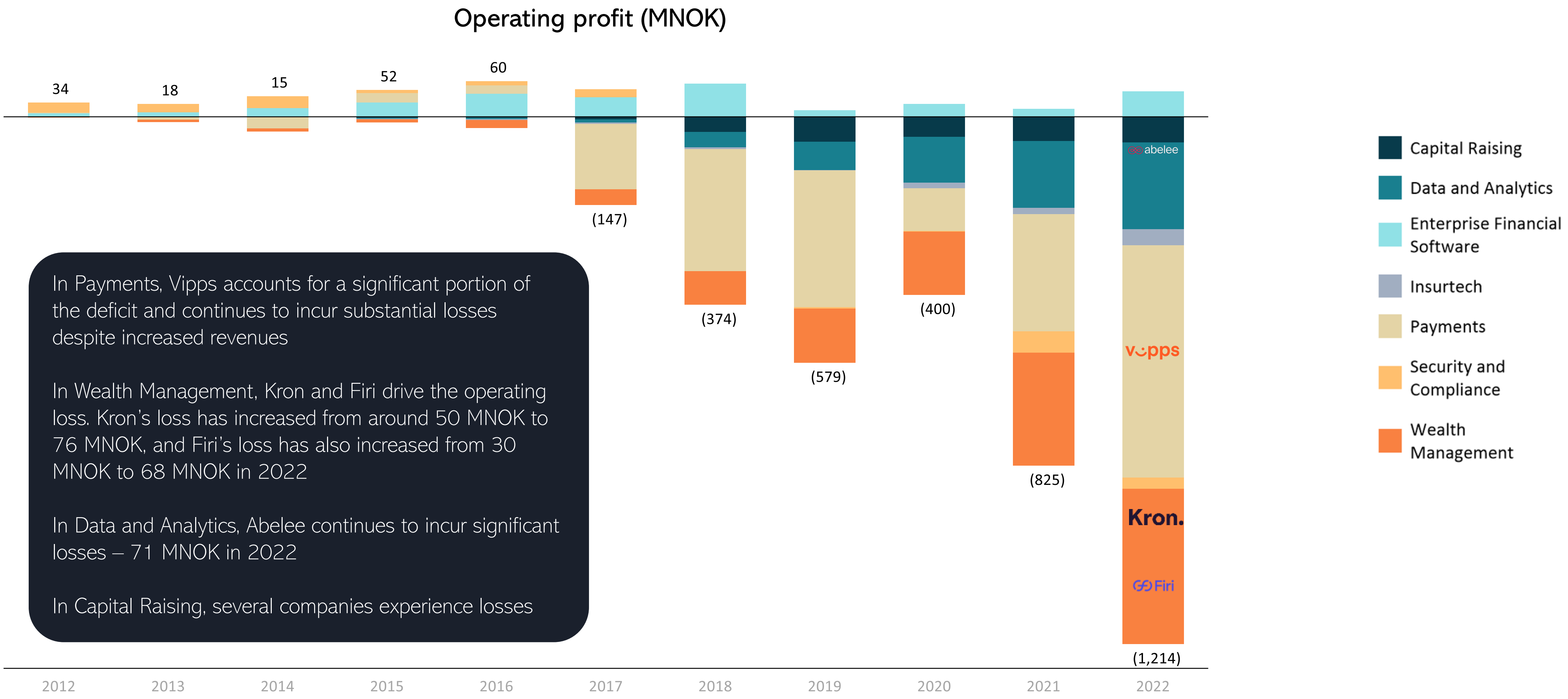


Significant variations in operating results among different segments in the fintech market in recent years

Wealth Management and Payments segments have exhibited the weakest performance in 2022, with deficits of approximately 375 MNOK and 560 MNOK, down from 273 MNOK and 283 MNOK, respectively, in 2021

On the other hand, Enterprise Financial Software continues to show positive operating profit, with 61 MNOK in 2022, a significant increase from 19 MNOK in 2021

Deficits are driven primarily by a selection of larger companies across segments



In Payments, Vipps accounts for a significant portion of the deficit and continues to incur substantial losses despite increased revenues

In Wealth Management, Kron and Firi drive the operating loss. Kron's loss has increased from around 50 MNOK to 76 MNOK, and Firi's loss has also increased from 30 MNOK to 68 MNOK in 2022

In Data and Analytics, Abelee continues to incur significant losses – 71 MNOK in 2022

In Capital Raising, several companies experience losses

Deficits are spread out between many companies – Vipps stands out

Top 10 companies – operating loss

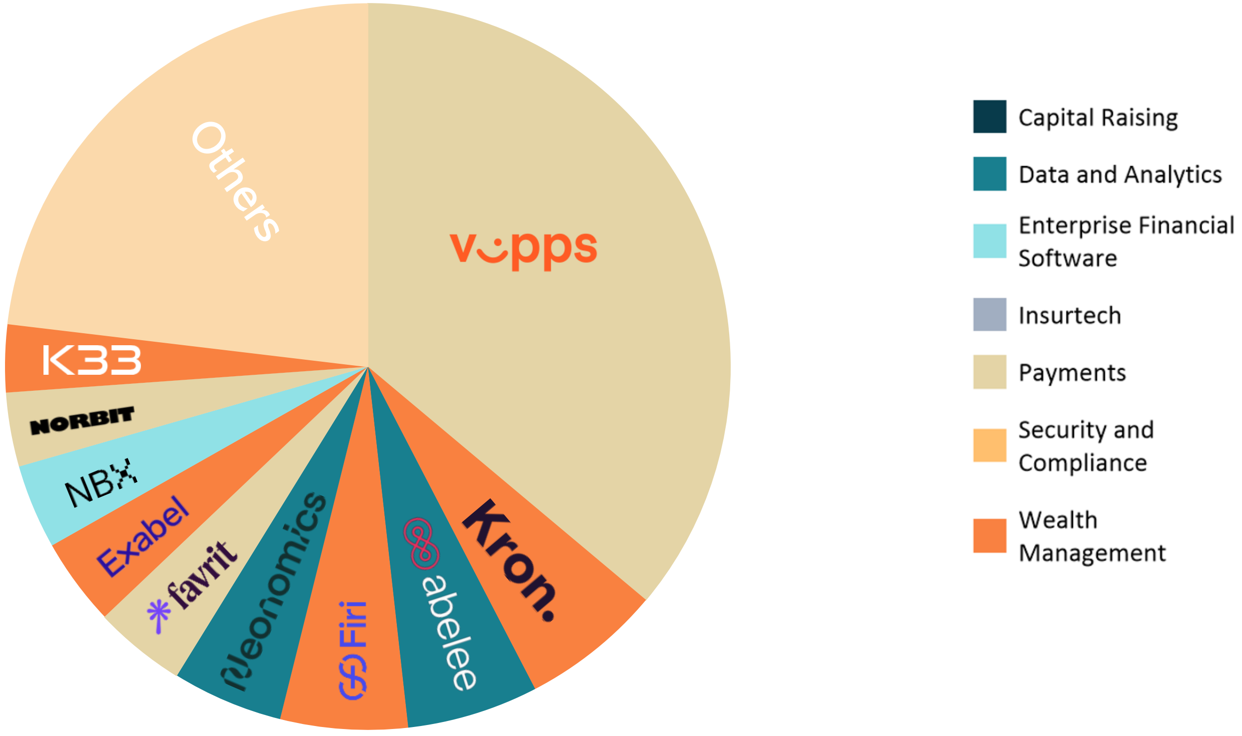
77%
Cumulative proportion of total loss

933 MNOK
Cumulative deficit

15%
Accumulated market share of total operating revenues

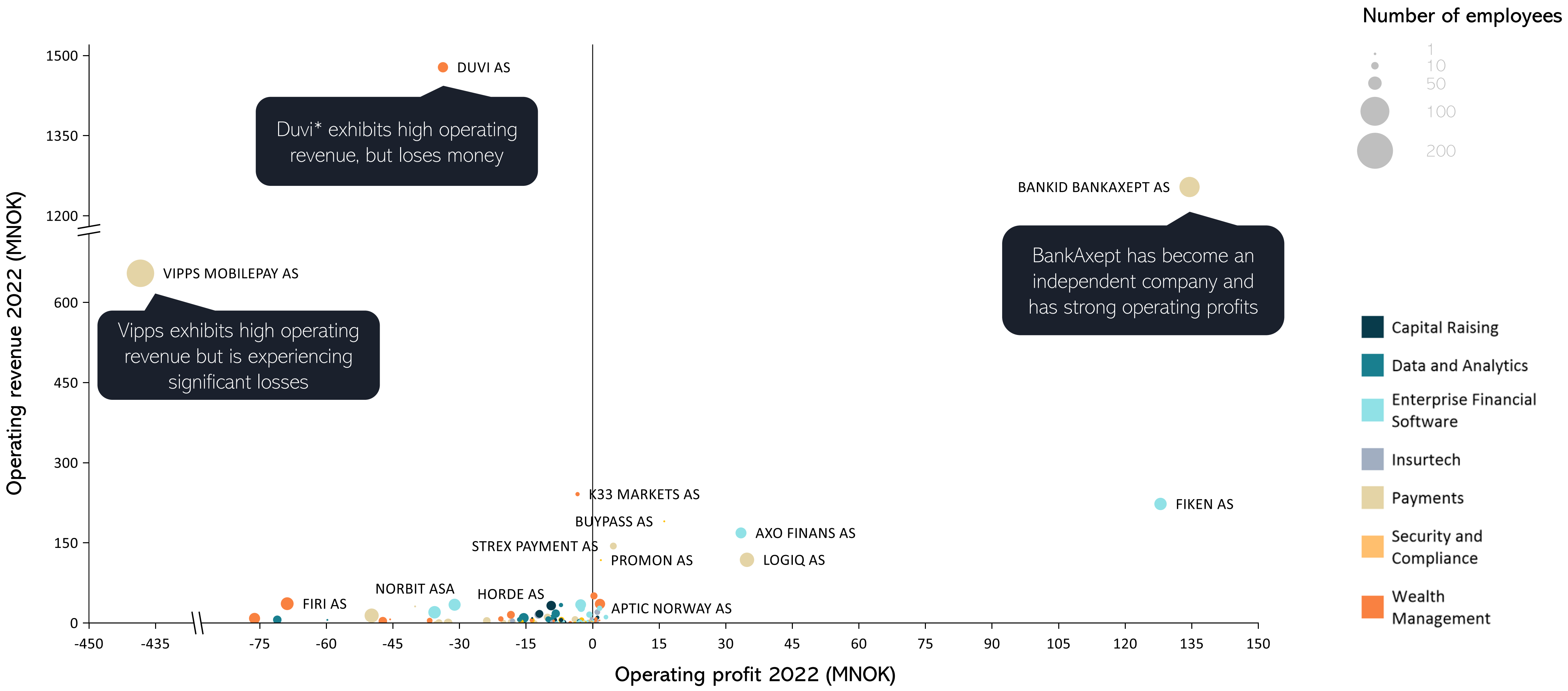
36%
Vipps accounts for the largest share of the loss

Share of operating loss in 2022



Operating revenue, operating profit and number of employees 2022

Contrasting performance – Vipps and Duvi face losses, Fiken and BankAxept prosper

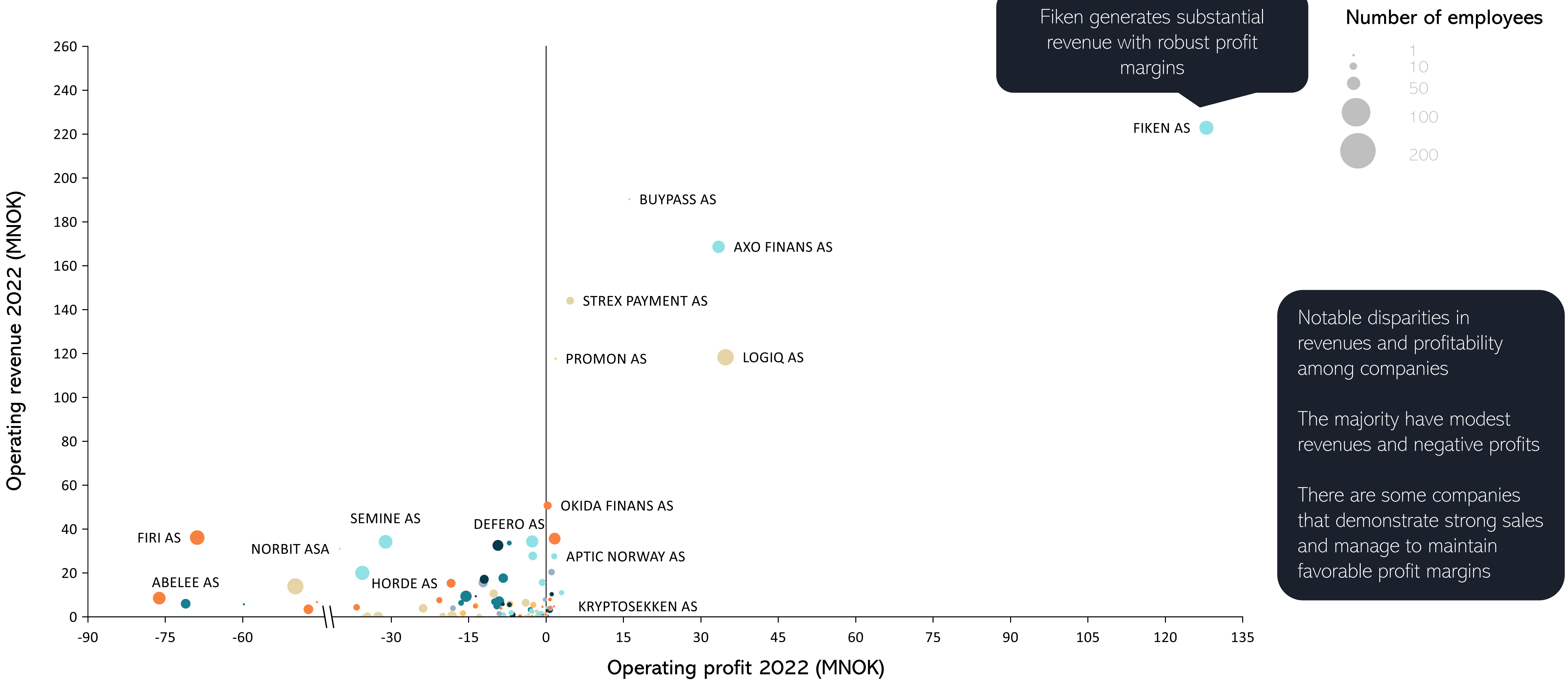


*Duvi's revenues are artificially high as it recognizes pension capital as revenue

Operating revenue, operating profit and number of employees 2022 | Excluding the biggest companies

Significant variations in revenues and profitability among companies

Fiken generates substantial revenue with robust profit margins



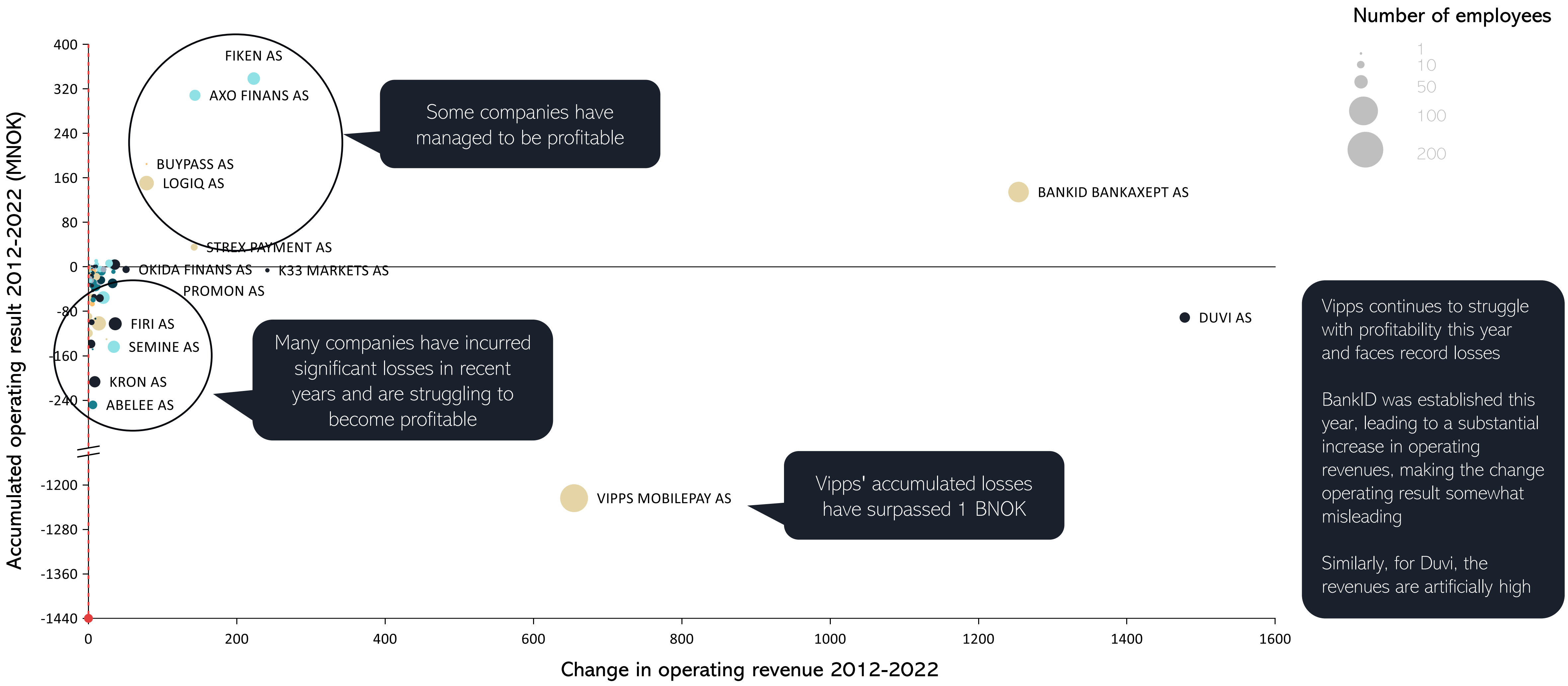
Notable disparities in revenues and profitability among companies

The majority have modest revenues and negative profits

There are some companies that demonstrate strong sales and manage to maintain favorable profit margins

Accumulated operating result and change in operating revenue

Uncovering the financial journey of Vipps, Abelee and Duvi amidst losses



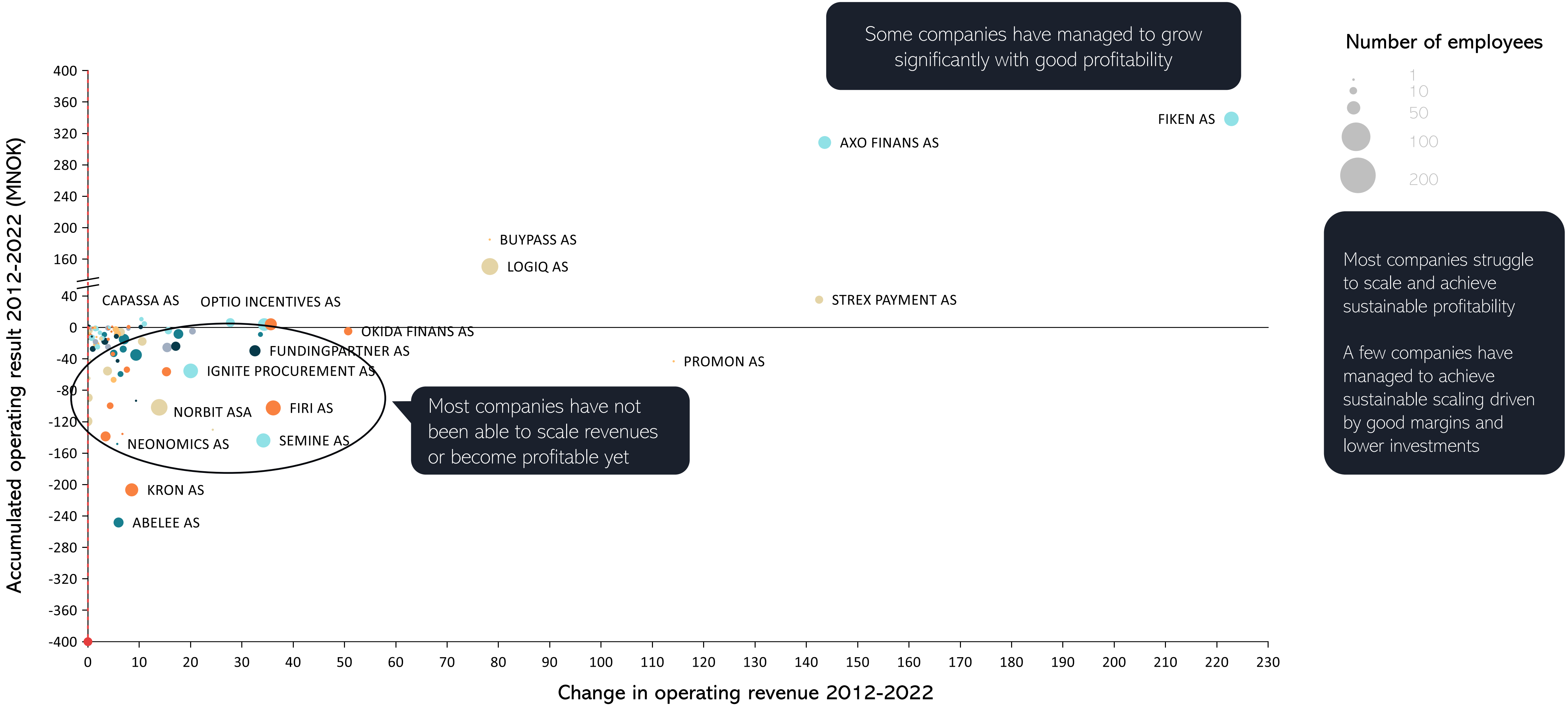
Vipps continues to struggle with profitability this year and faces record losses

BankID was established this year, leading to a substantial increase in operating revenues, making the change operating result somewhat misleading

Similarly, for Duvi, the revenues are artificially high

Accumulated operating result and change in operating revenue | Excluding the biggest companies

Most smaller companies exhibit limited scalability and significant accumulated deficits

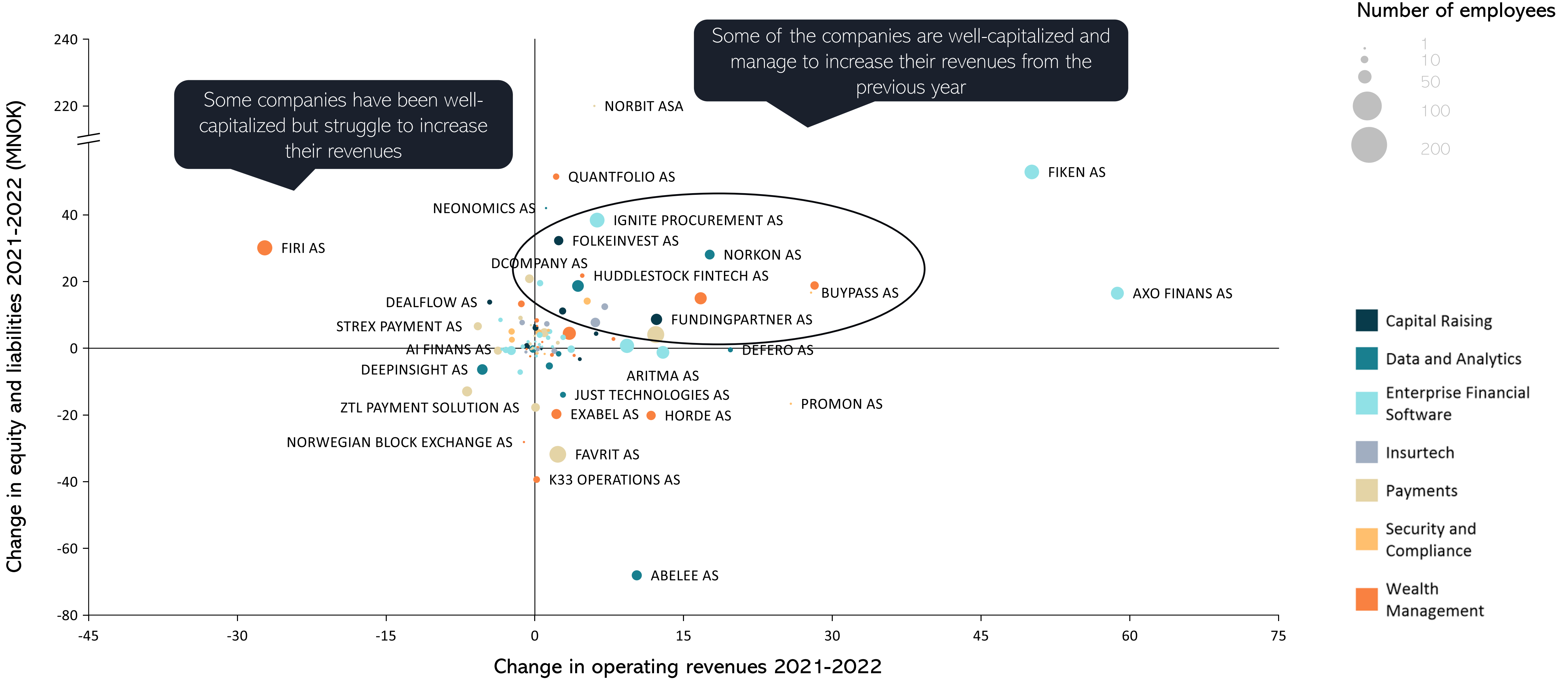


Most companies struggle to scale and achieve sustainable profitability

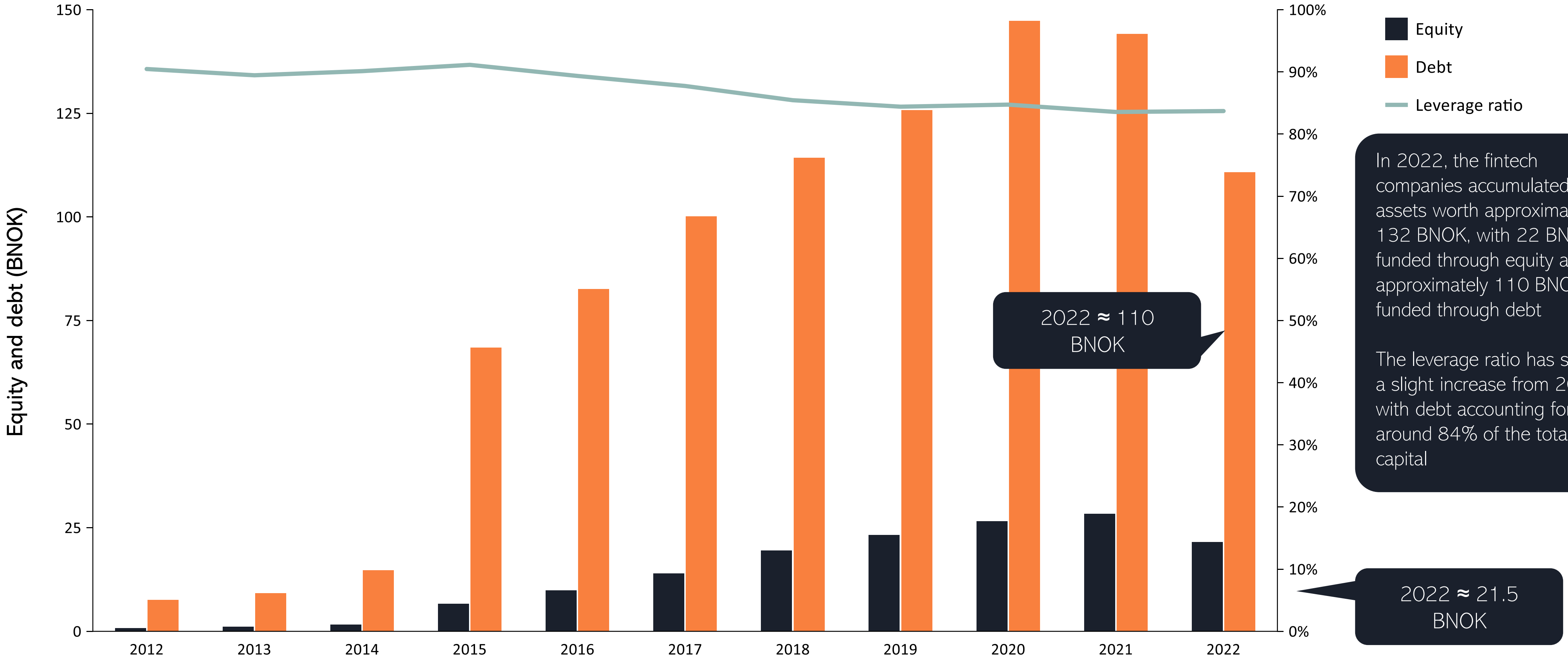
A few companies have managed to achieve sustainable scaling driven by good margins and lower investments

Change in equity and liabilities, change in operating revenue | Excluding the biggest companies

Some companies have been able to scale by increasing operating revenue and total assets in between 2021 and 2022 – many companies struggle to scale adequately



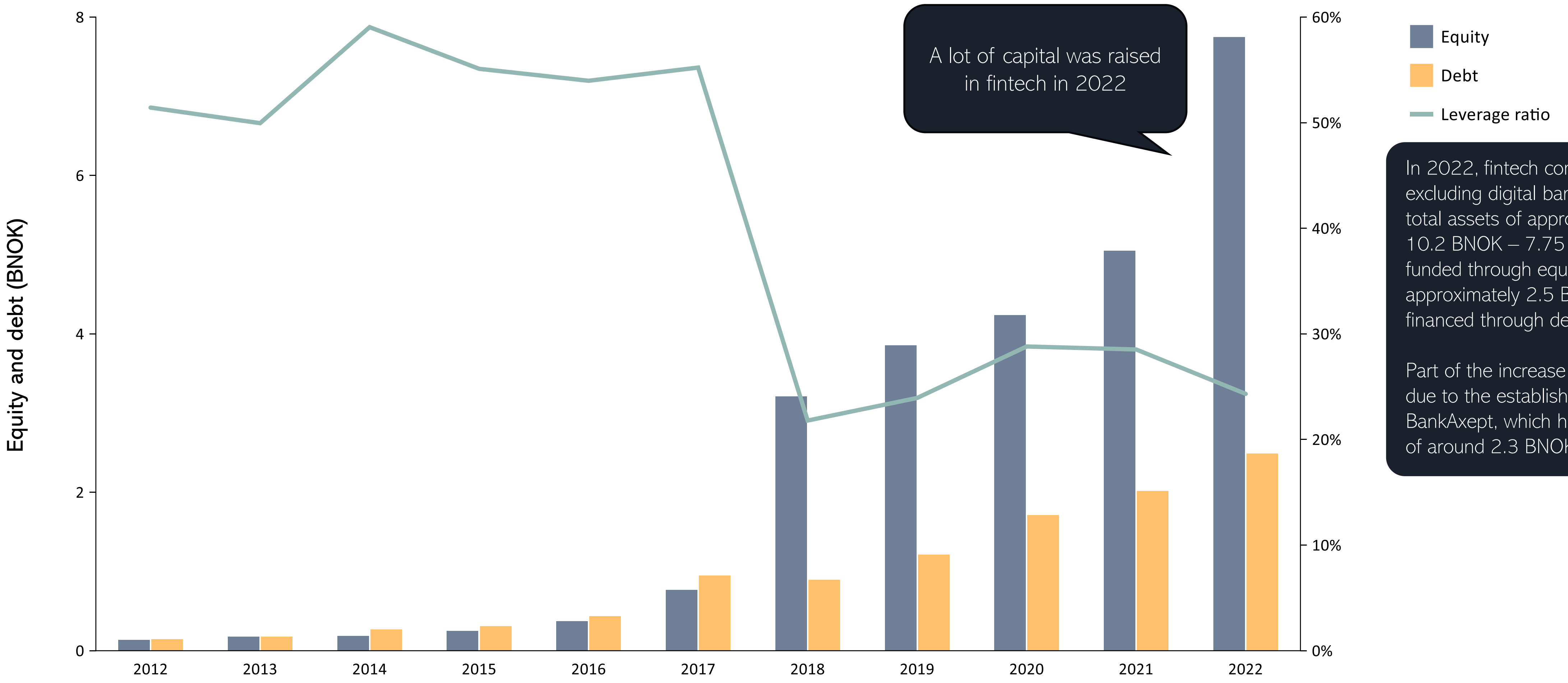
Strong capitalization trends in the fintech market since 2012 - debt dominates the capital structure in digital banks



In 2022, the fintech companies accumulated assets worth approximately 132 BNOK, with 22 BNOK funded through equity and approximately 110 BNOK funded through debt

The leverage ratio has shown a slight increase from 2021, with debt accounting for around 84% of the total capital

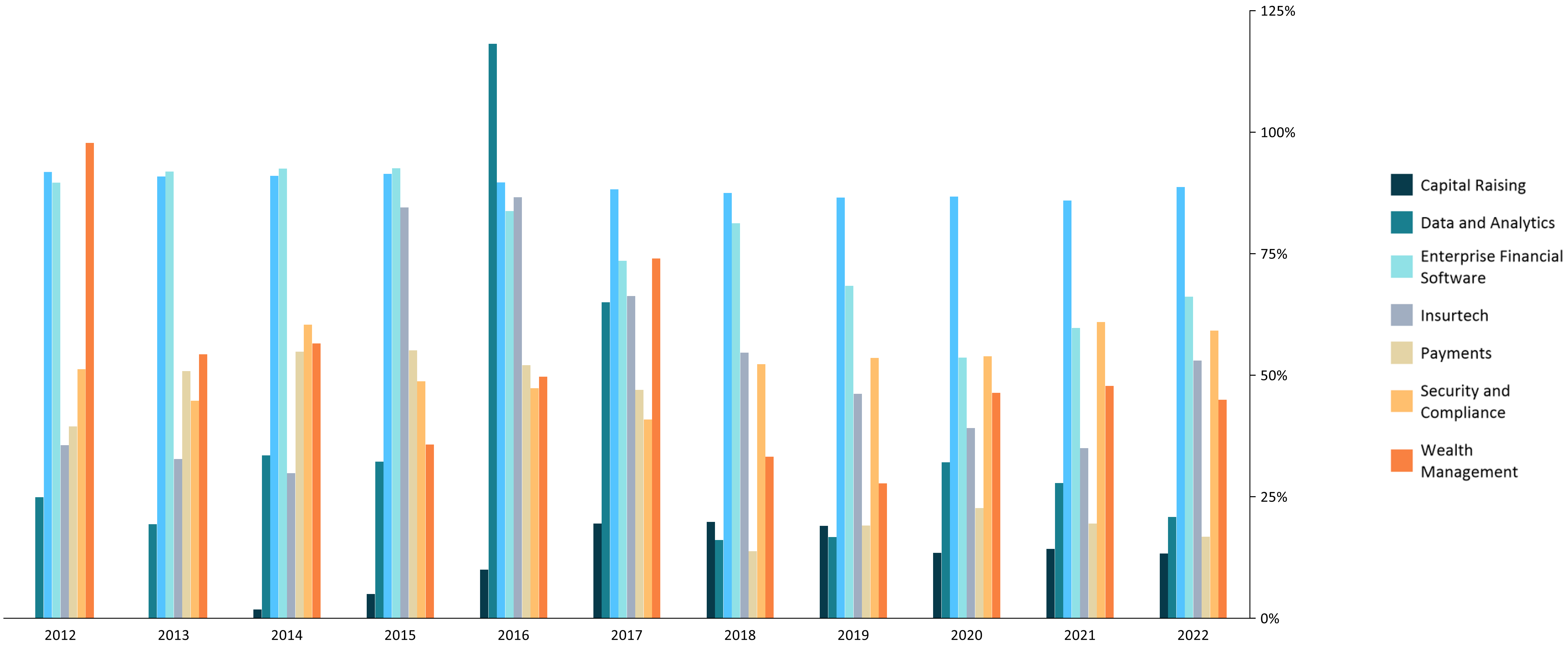
Increasing investor enthusiasm in fintech segment (excluding Digital Banking) - higher equity and debt financing than in 2021



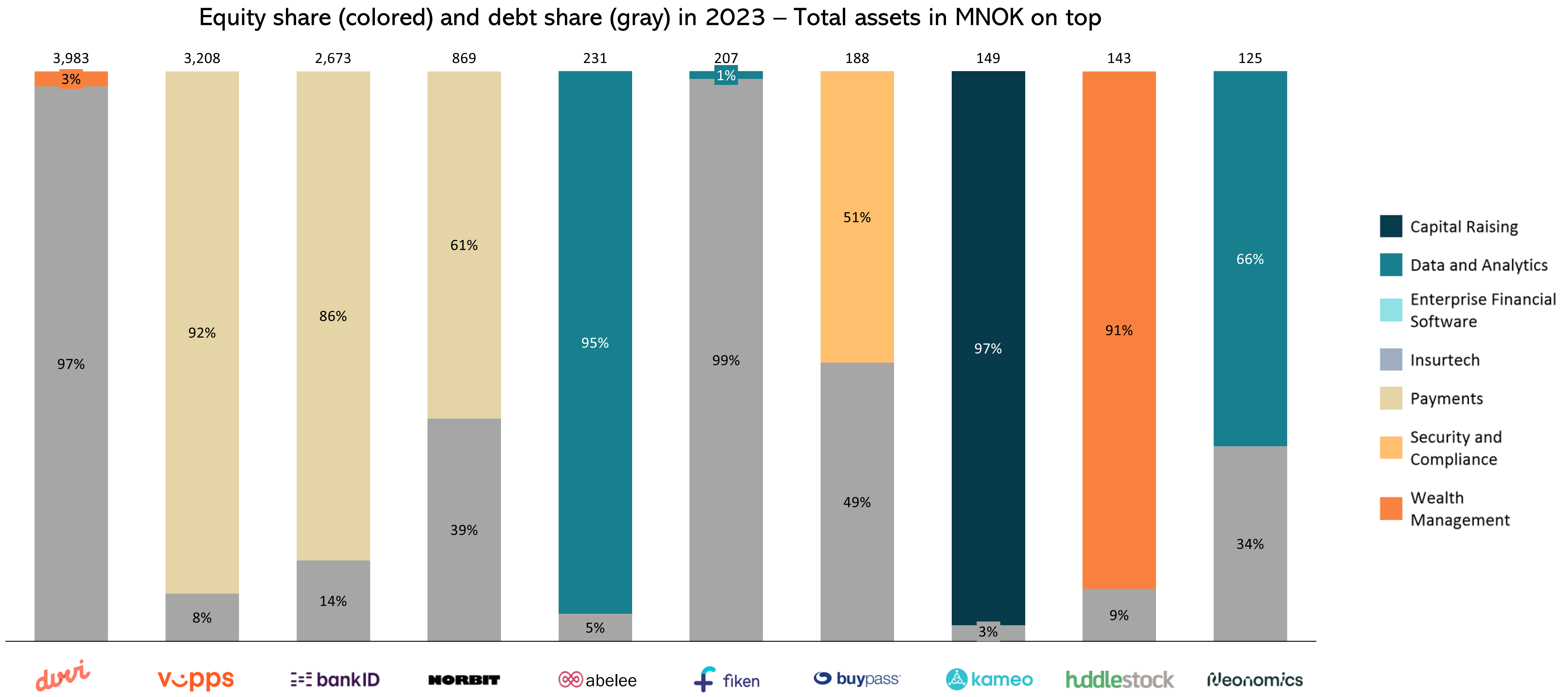
In 2022, fintech companies excluding digital banks had total assets of approximately 10.2 BNOK – 7.75 BNOK was funded through equity, and approximately 2.5 BNOK was financed through debt

Part of the increase in equity is due to the establishment of BankAxept, which has equity of around 2.3 BNOK

Digital Banking is usually the most leveraged segment, and the driver for high debt ratio in fintech



Major companies primarily capitalized by equity – except Duvi

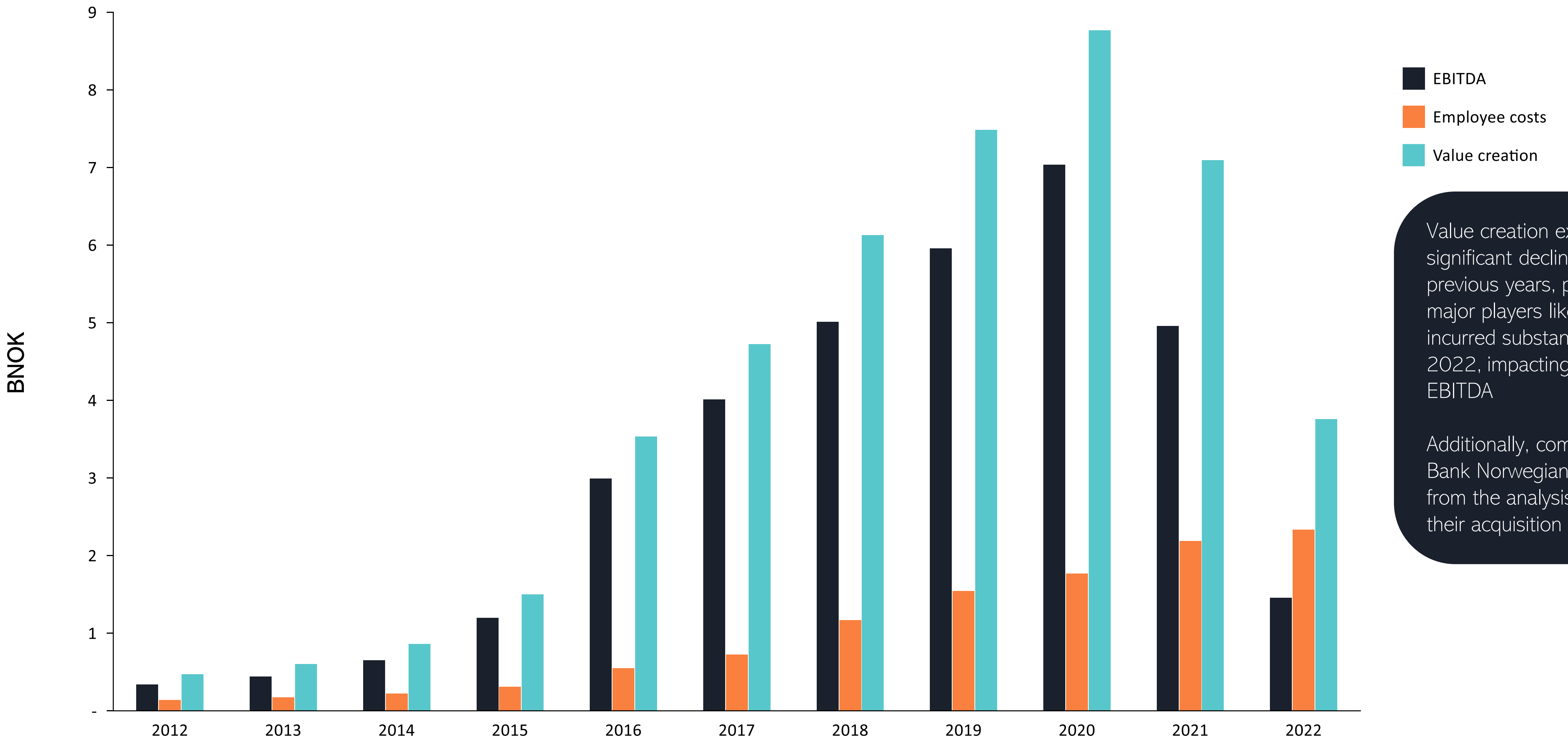


*Duvi has slightly over 3.8 BNOK in insurance liabilities

Definition of value creation – employee costs plus EBITDA constitute value creation

Value Creation	Factors and Definitions	Explanation
	EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) EBITDA is the result before depreciation, financial income, financial expenses, and taxes	EBITDA represents the value creation of a company for owners, creditors, and the government
Value creation is the residual factor that is distributed among owners, employees, and the government after deducting the input factor of goods/services in the company	**Employee costs** Labor costs include salaries and bonuses, as well as various social costs such as pensions and employer's contributions.	Employee costs represent the value creation of a company for employees and the government
Definition	**Value Creation** Value creation is the sum of EBITDA and employee costs	The sum of EBITDA and employee costs is the total value creation that occurs within the company

Value creation declines in 2022 due to reduced EBITDA, primarily influenced by larger companies



Value creation experienced a significant decline compared to previous years, primarily driven by major players like Vipps, which incurred substantial losses in 2022, impacting the aggregated EBITDA

Additionally, companies such as Bank Norwegian were excluded from the analysis for 2022 due to their acquisition

The fintech market is experiencing reduced value creation in 2022, primarily driven by a significant decline in EBITDA for the year

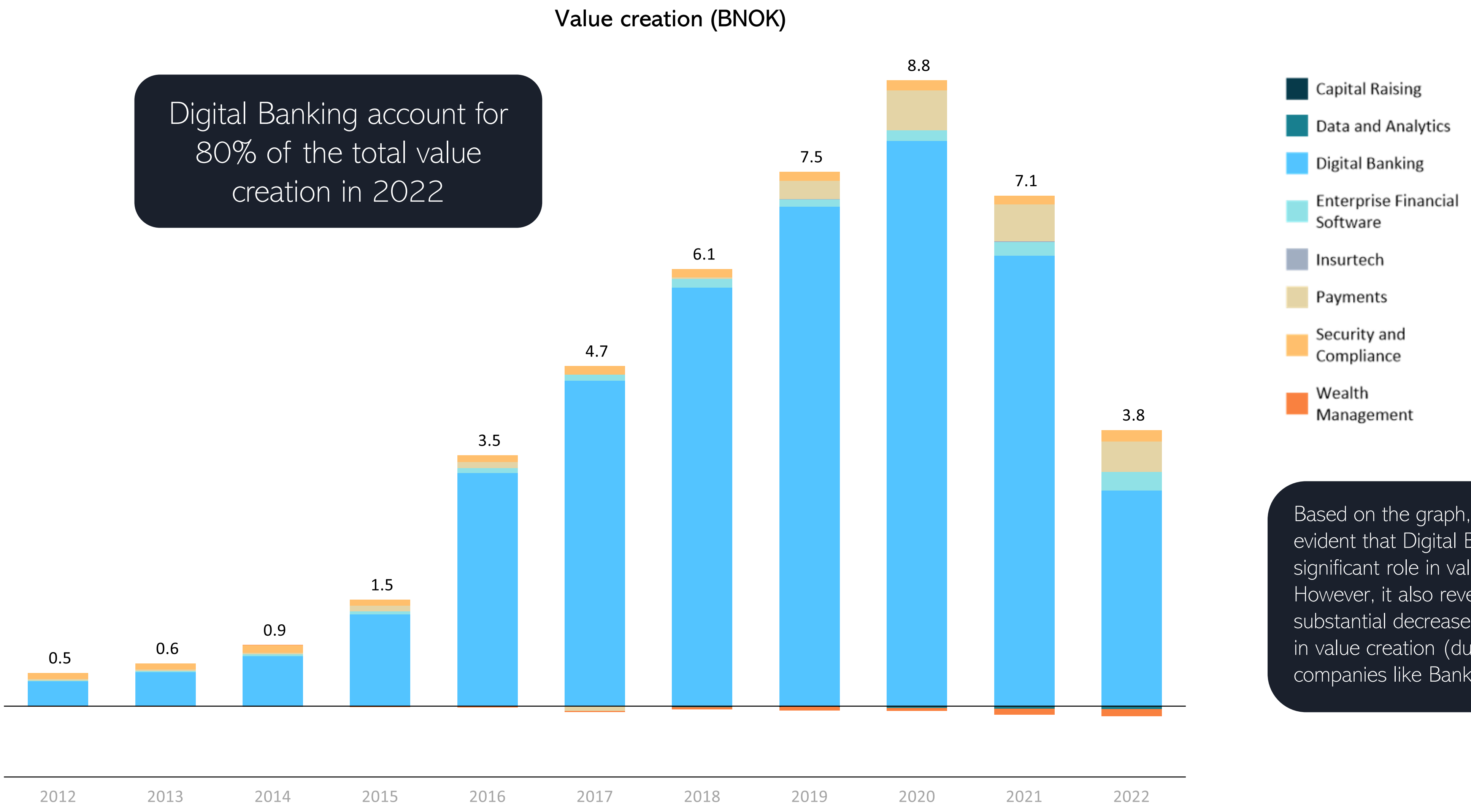
Excluding Digital Banking, value creation also decreases. This is primarily driven by the negative EBITDA contributions, led by major players like Vipps.

Employee costs have increased from 1.2 BNOK to 1.5 BNOK.

Value creation is approximately 722 MNOK, down from 732 MNOK in 2021

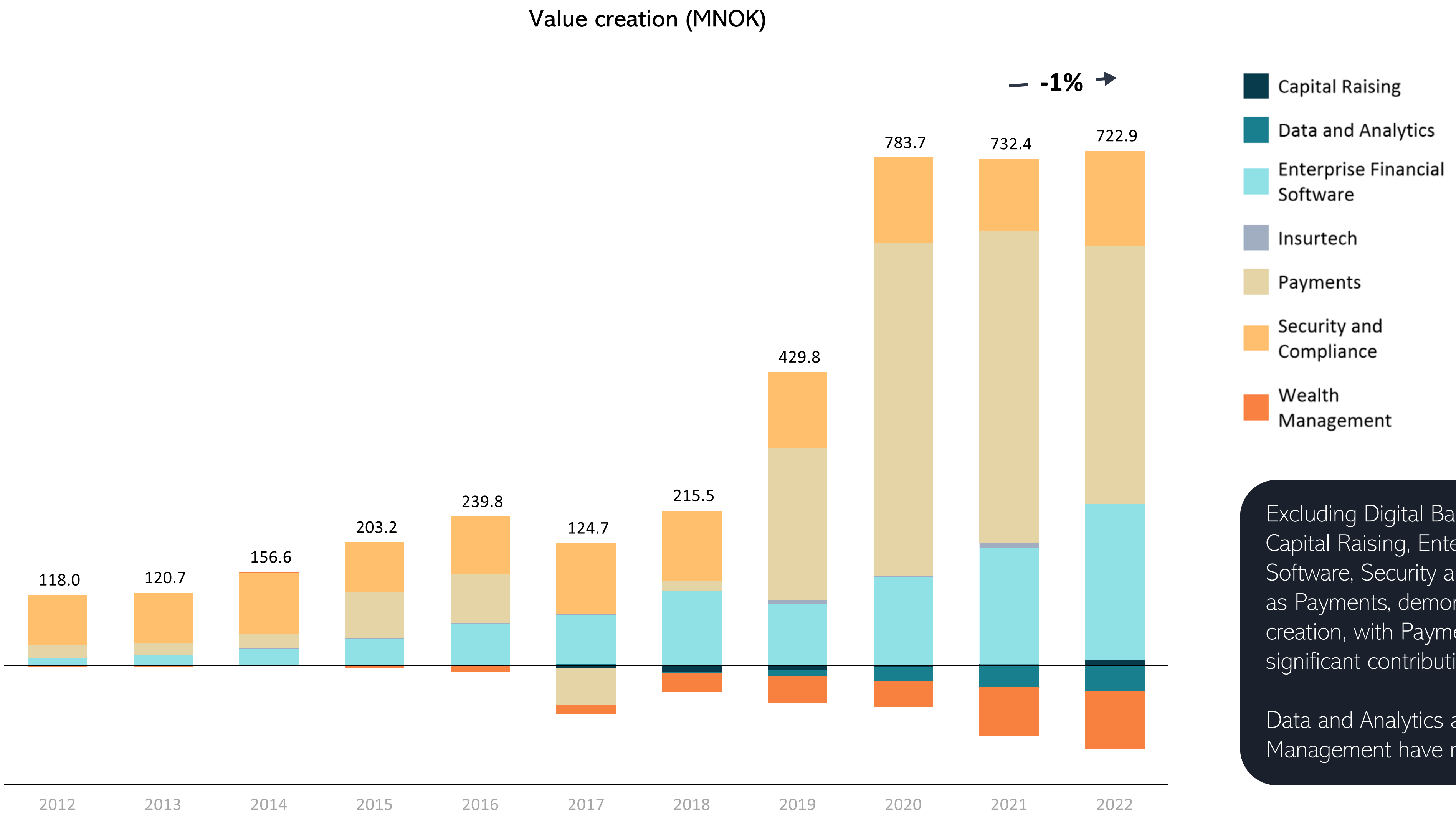
Acquisitions drive decline in value creation from Digital Banks

Digital Banking account for 80% of the total value creation in 2022



Based on the graph, it becomes evident that Digital Banking plays a significant role in value creation. However, it also reveals the substantial decrease they have faced in value creation (due to the exit of companies like Bank Norwegian)

Impact of excluding Digital Banking and the subsequent year-on-year decline



Excluding Digital Banks, we observe that Capital Raising, Enterprise Financial Software, Security and Compliance, as well as Payments, demonstrate positive value creation, with Payments making the most significant contribution

Data and Analytics and Wealth Management have negative impact

The largest companies contribute to an augmented value creation, whereas the remaining entities experience negative value creation

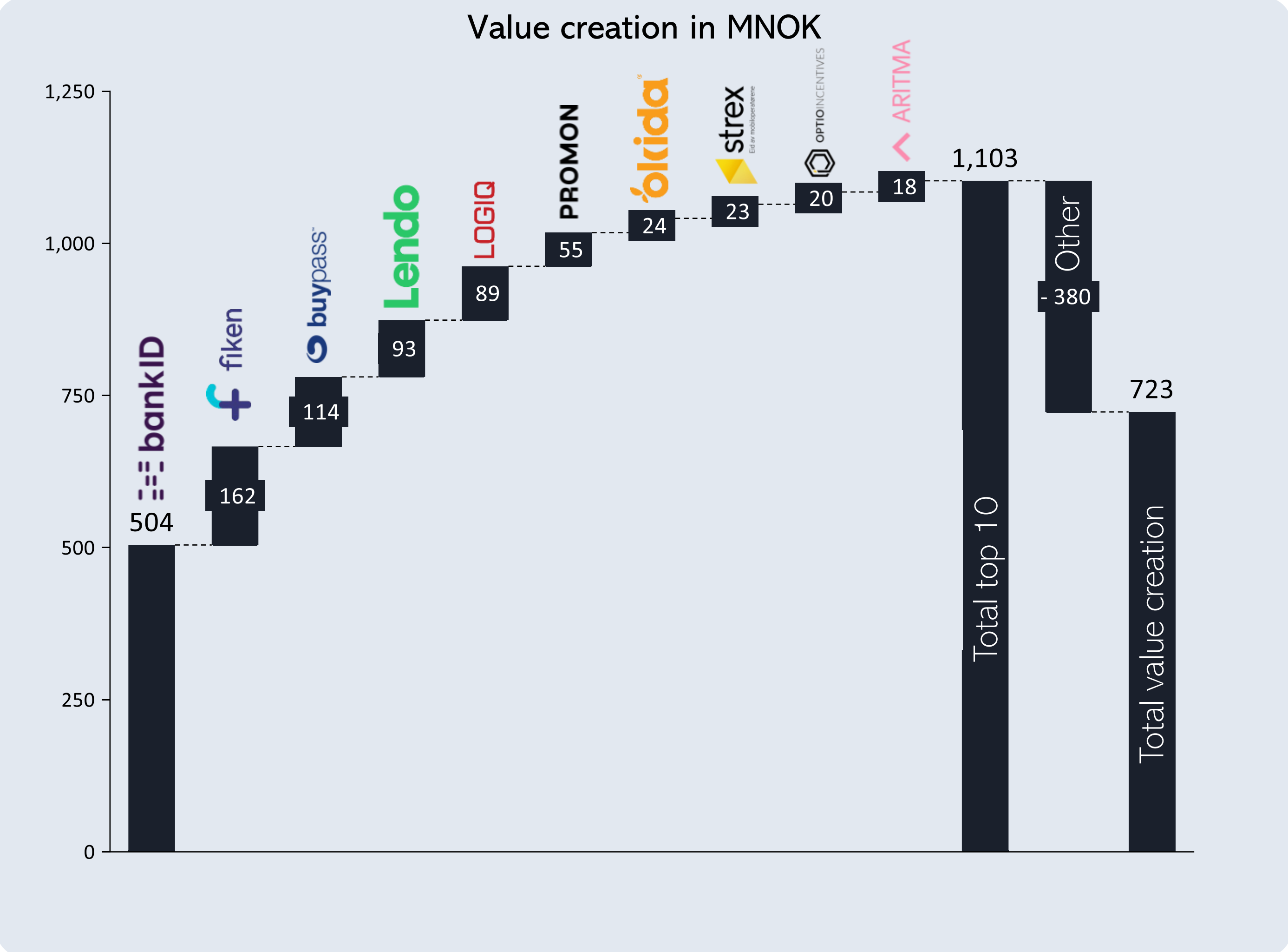
Top 10 value creating companies

1 103 MNOK
Cumulative value creation

565 MNOK
Cumulative EBITDA

537 MNOK
Cumulative employee costs

-380 MNOK
Cumulative value creation "other"



Summary

High dynamics in the number of companies
Thirteen new companies have entered this year's analysis, with four of them having their first financial year

Scaling challenges
Limited scaling among companies with few notable exceptions driving significant economic impact in their respective segments

Negative economic trend
Flattening growth in operating revenues while operating profit declines, driven by impact from selected companies

The larger segments dominate
Payments and Wealth Management exhibit significant revenue generation alongside notable losses, excluding digital banks

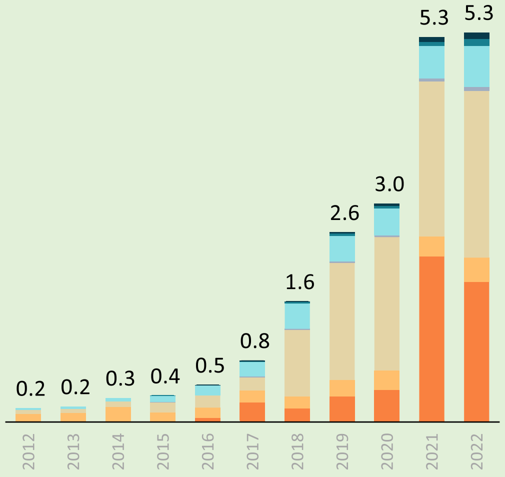
Reduced value creation in 2022
There is a small decline in value creation from 2021, both with and without digital banks. This is driven by negative EBITDA. The major companies account for all value creation

Still in the "valley of death"
Enterprise Financial Software is the only profitable segment in 2022. All other segments face losses, driven by larger companies bleeding money, leading to a negative trend since 2020

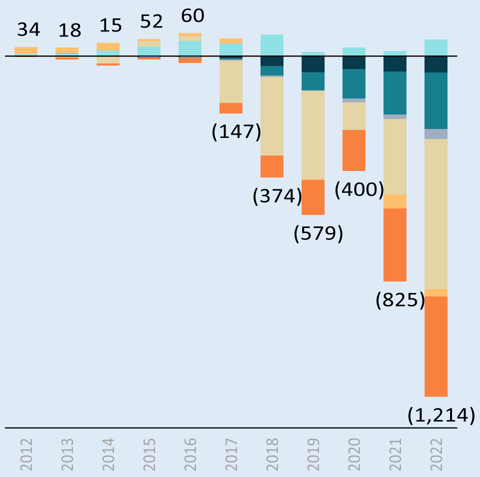
Bankruptcies and acquisitions
There have been several acquisitions and bankruptcies within the fintech industry in 2021/2022. This includes both larger players and smaller growth companies

Impacting the fintech landscape
The acquisitions and bankruptcies have a significant impact on the fintech industry. The combination of a challenging 2022 and a tighter capital market could lead to further attrition

Operating revenue (BNOK)

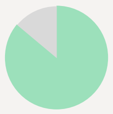


Operating profit (MNOK)



The 10 largest companies account for

86%

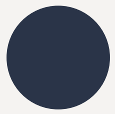


of revenue

77%

of losses

100%



of value creation

Summary

Negative economic trend with major players struggling in the "valley of death"

1. Growth is flattening out
2. Bigger losses
3. Significant scaling challenges across all segments

Table of contents

ONTOGENY

Fintech 2023

The Fintech Industry

The Factory

STARTUP LAB

NCE Finance Innovation
Norwegian Centre of Expertise

enin.

Fixrate

Funding Partner

tillit

How does the sector perceive scaling barriers and which properties are necessary to attract capital?

Several key players from different parts of the fintech industry have provided answers

The Factory

STARTUP LAB

NCE Finance Innovation
Norwegian Centre of Expertise

enin.

Fixrate

tillit

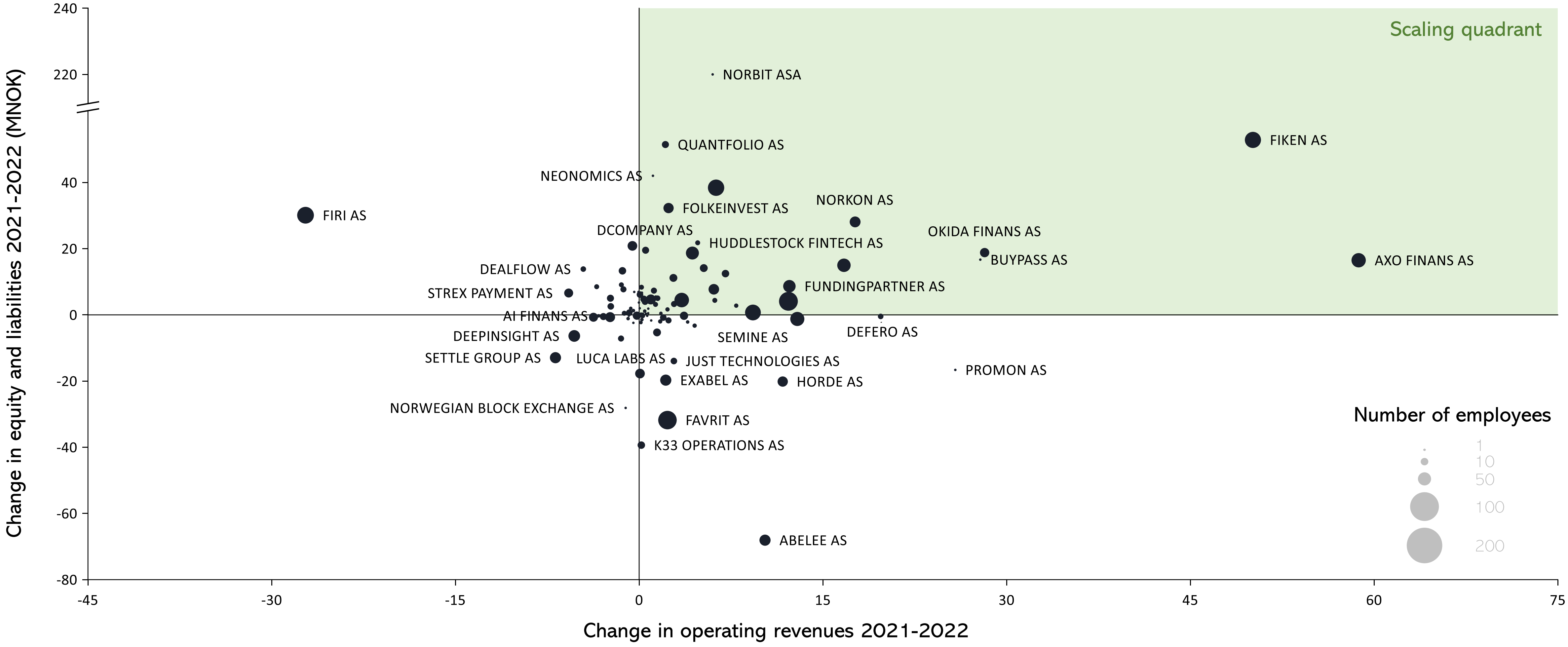
finans forbundet

Funding Partner

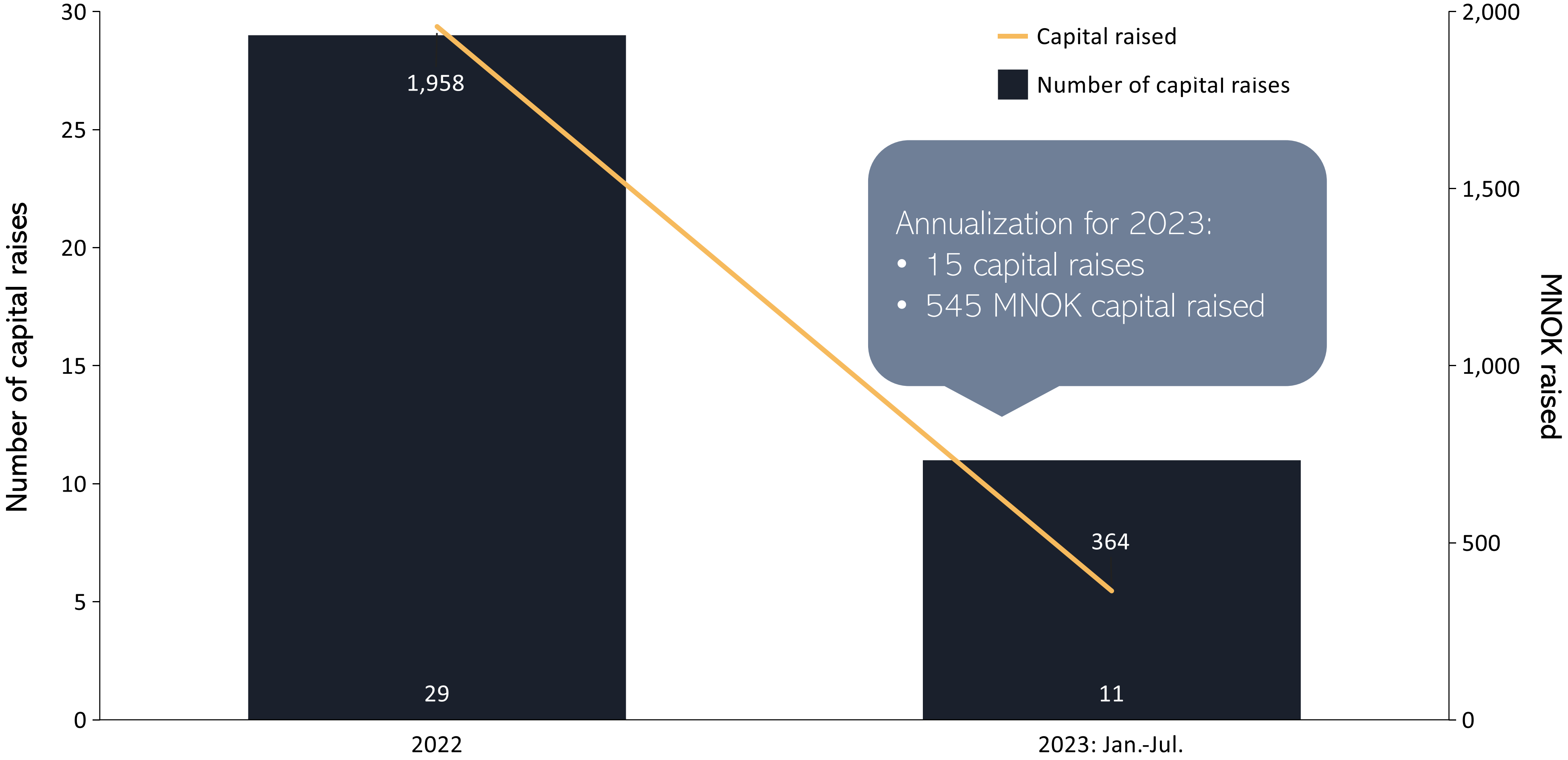
ONTOGENY

1. What are the most important scaling barriers in fintech?
2. Which fintech companies have momentum in capital raising?

Some companies have been able to scale by increasing operating revenues and total assets from 2021 to 2022 – however, many companies struggle to scale adequately

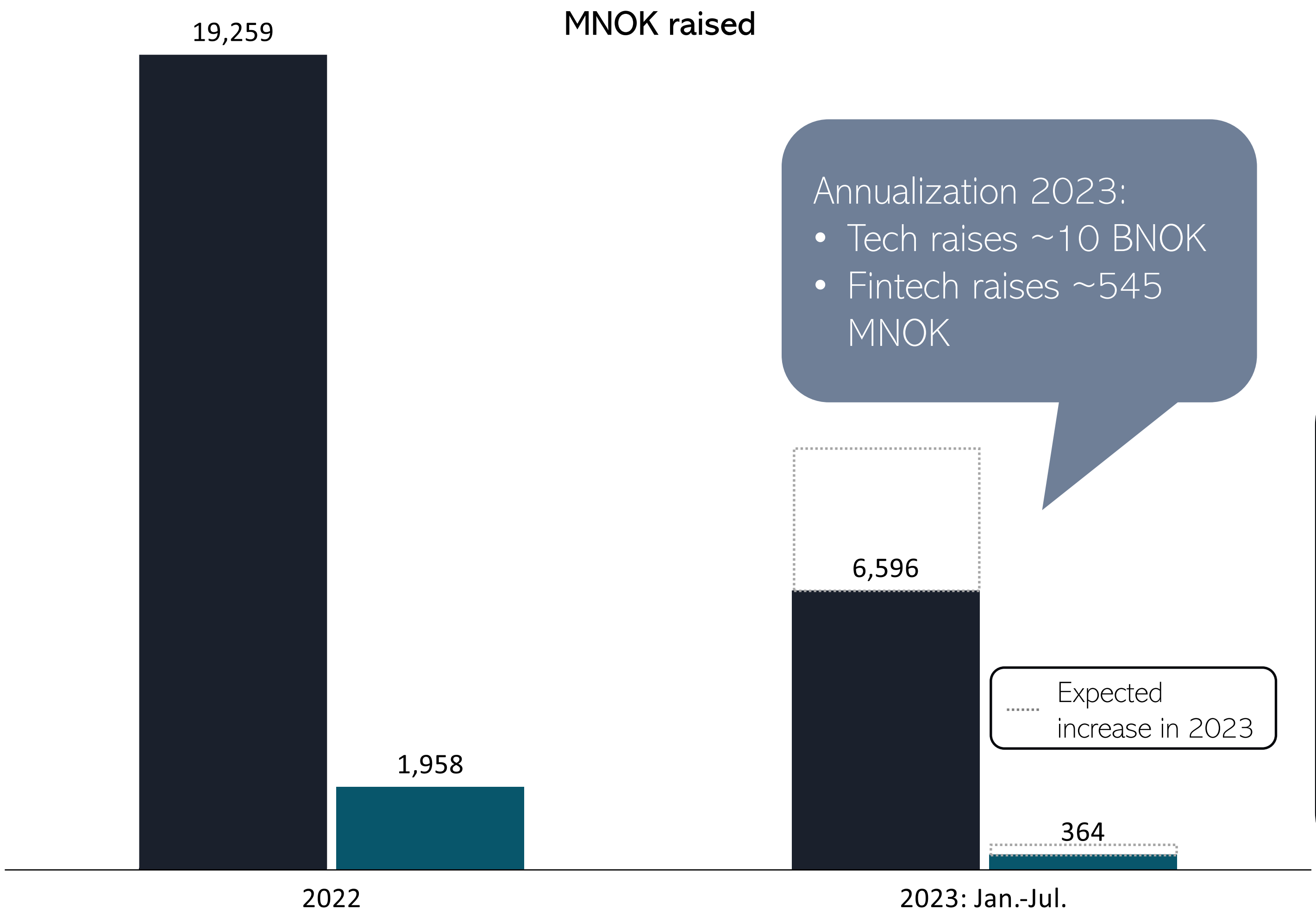


Capital raising has dried up in 2023 compared to 2022 – amount will likely drop significantly year on year. In 2023 Two AS raised 184 MNOK, while in 2022 Vipps and Dune raised 1 143 MNOK combined



 Source: Shifter

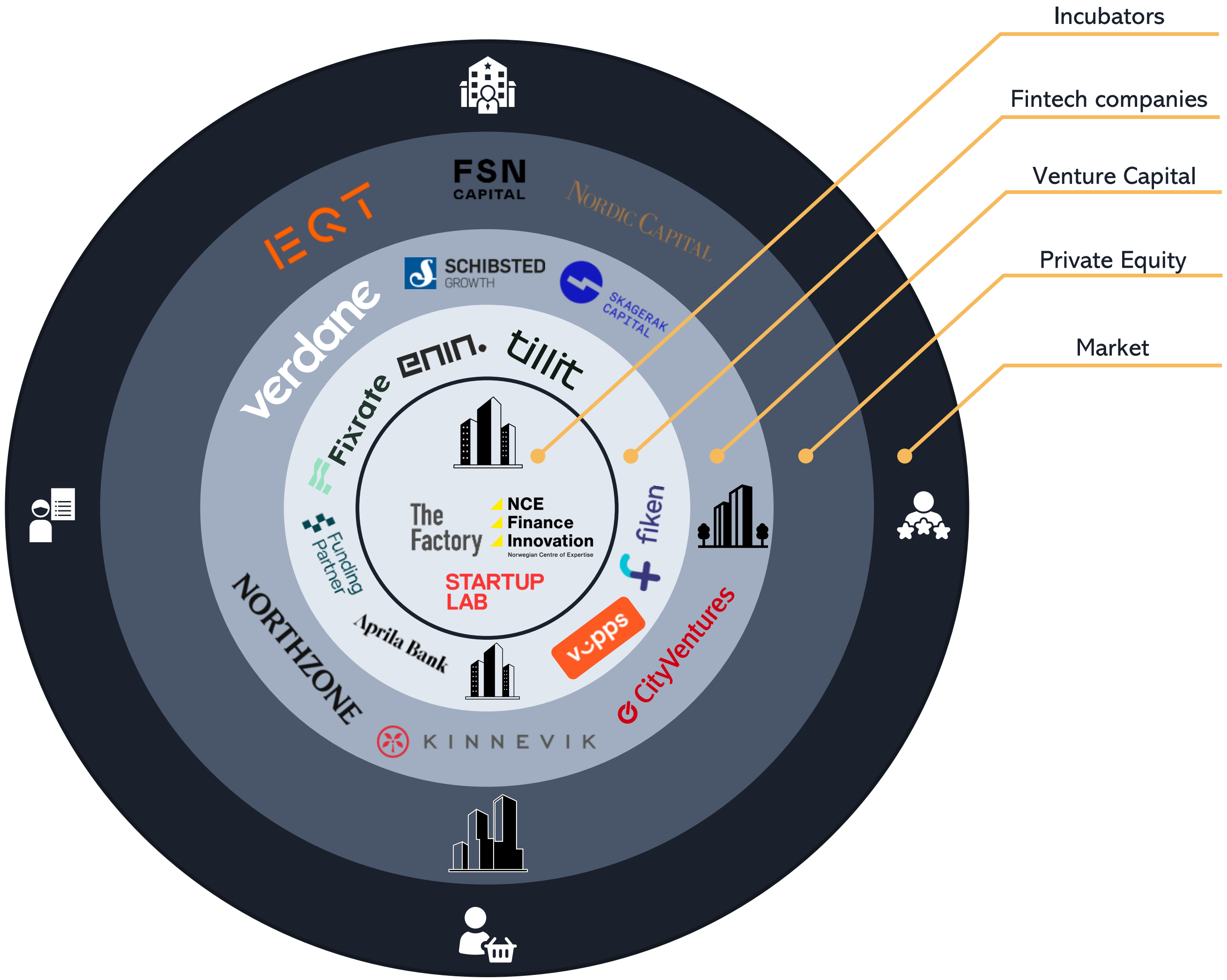
Tech in general outperforms fintech when comparing capital raised in 2023 to 2022 – both are likely to raise less capital than last year



- Tech is likely to raise **half** the capital of 2022 in 2023
- Fintech is likely to raise **a quarter** of the capital of 2022 in 2023
- Fintech underperforms tech significantly

Some of the central players in the financial ecosystem are important to understand the scaling barriers and capital flows – a few leading incubators are critical for the development of the fintech industry

*The model provides examples, but is not exhaustive



Interviews contributed to a deeper understanding of capital flows and scaling barriers

Scaling barriers

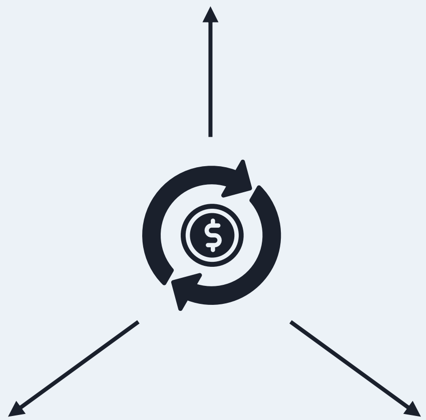
"Internationalization is time consuming, and it is demanding to keep all parties happy at the same time"

"The lack of a Financial Supervisory Authority meeting the needs of a small, technology-oriented company is perceived as the most significant barrier to innovation. This creates a disadvantage compared to companies operating under EU or US regulations"

"Small banking environments and few individuals leaving since it's challenging to return. Industry professionals in Norway generally fare well within finance - exciting positions in established companies require significant upside to become an entrepreneur"

Capital flows

Enterprise Financial Software and **Payments** prominent among capital raising companies in 2023



Credible **AI applications** in the value proposition

Companies with **positive cash flows**

Five factors were mentioned repeatedly

	Factors	Description	Capital Raising	Data and Analytics	Digital Banking	Enterprise Financial Software	Insurtech	Payments	Security and Compliance	Wealth Management
Capital flows	New technology	How new technology such as AI attract capital from investors	◕	●	◕	●	●	◕	●	◕
	Market sentiment	Market willingness to fund companies	◑	◔	◔	◑	◔	◑	◑	◔
Scaling barriers	Capital needs	Capital needed to develop a sufficiently improved product/service	◑	◑	●	◔	◕	●	◕	◑
	Competition	Cumulative effect of number of competitors, brand loyalty and switching costs	◑	◑	◕	◕	●	◕	◕	◑
	Regulations	Degree to which regulations hinders scalability	◕	◕	◕	◑	◕	◕	●	◑

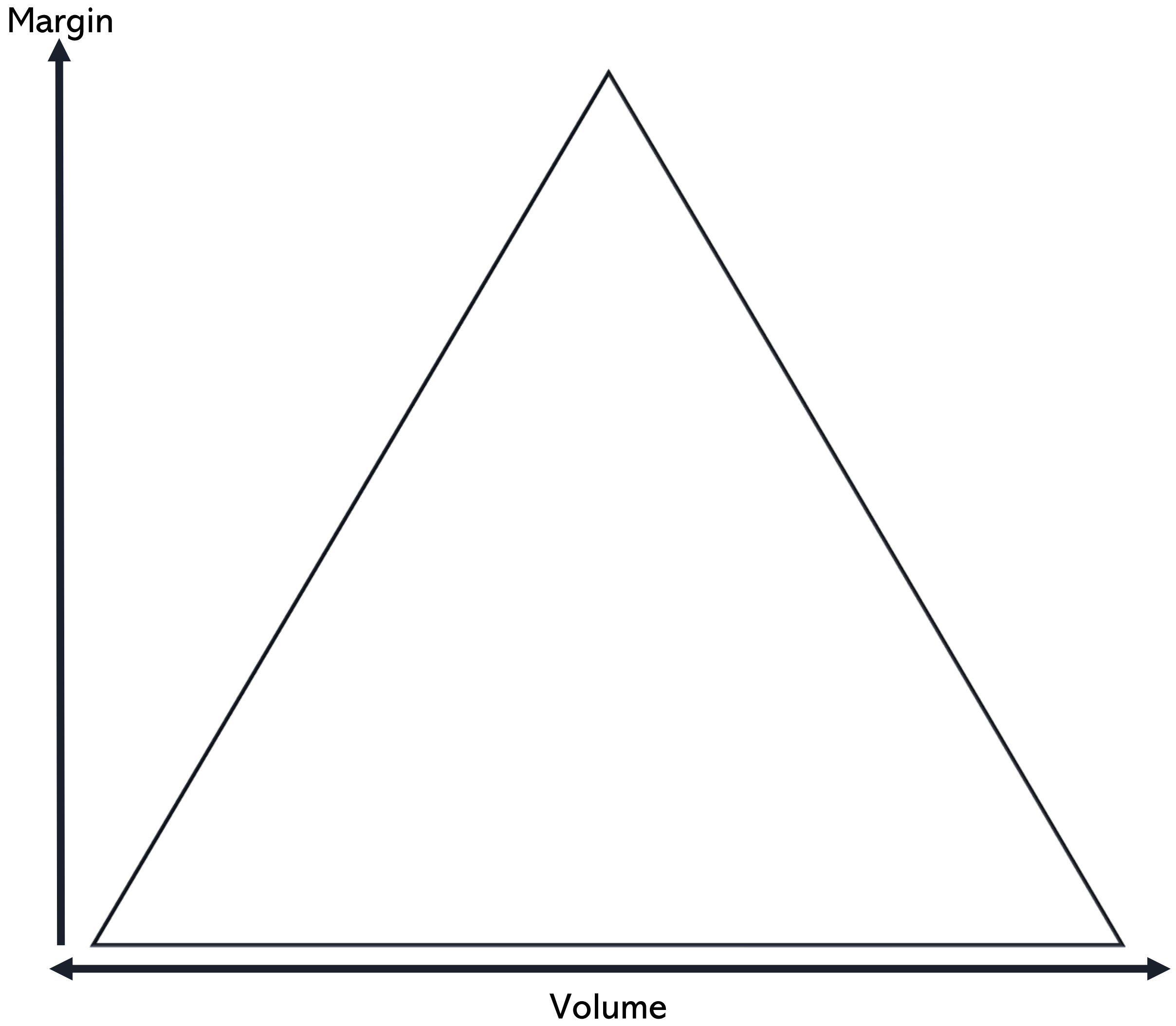
● Larger pie -> higher barrier

● Larger pie -> more capital flow

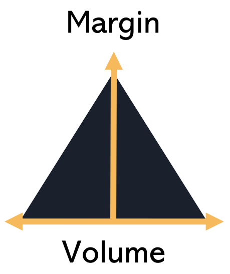
Each factor displays some key takeaways across all segments

	Factors	Description	Across segments
Capital flows	New technology	How new technology such as AI attract capital from investors	AI has breathed new life into an industry that was struggling, enabling some companies to secure capital. Those who have integrated AI as a core element of their value proposition have found it easier to attract investments
	Market sentiment	Market willingness to fund companies	Securing capital across various fintech segments proves to be difficult due to the prevalence of negative cash flow among numerous firms. Such companies have been disproportionately impacted by macroeconomic shifts, exacerbating their challenges in attracting investment
Scaling barriers	Capital needs	Capital needed to develop a sufficiently improved product/service	Some segments are much more capital demanding than others
	Competition	Cumulative effect of number of competitors, brand loyalty and switching costs	Intense competition often acts as a hindrance to scaling efforts. In this mature market, a substantial number of competitors have achieved a solid market position with relatively happy customers, necessitating a value proposition that surpasses existing offerings by a factor of 2 to 10 in order to successfully penetrate the market
	Regulations	Degree to which regulations hinders scalability	A rigid regulation system that is not well adapted to the need of small companies is perceived as the main obstacle to innovation in financial services

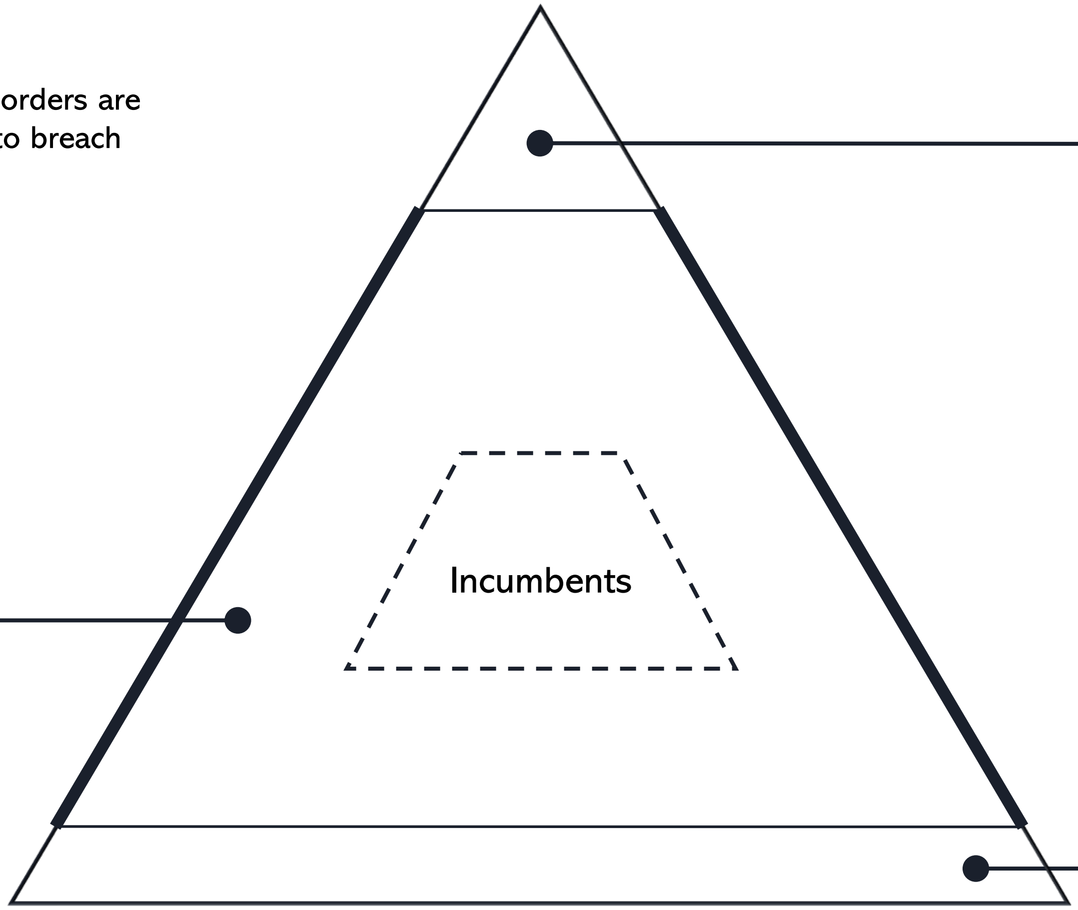
To further enhance understanding of the industry, one can illustrate the competitive market as a pyramid, where a company can position itself along two axes – product margin and product volume



Inside the pyramid there are three sub-markets, and the incumbents are positioned centrally



Thicker borders are tougher to breach

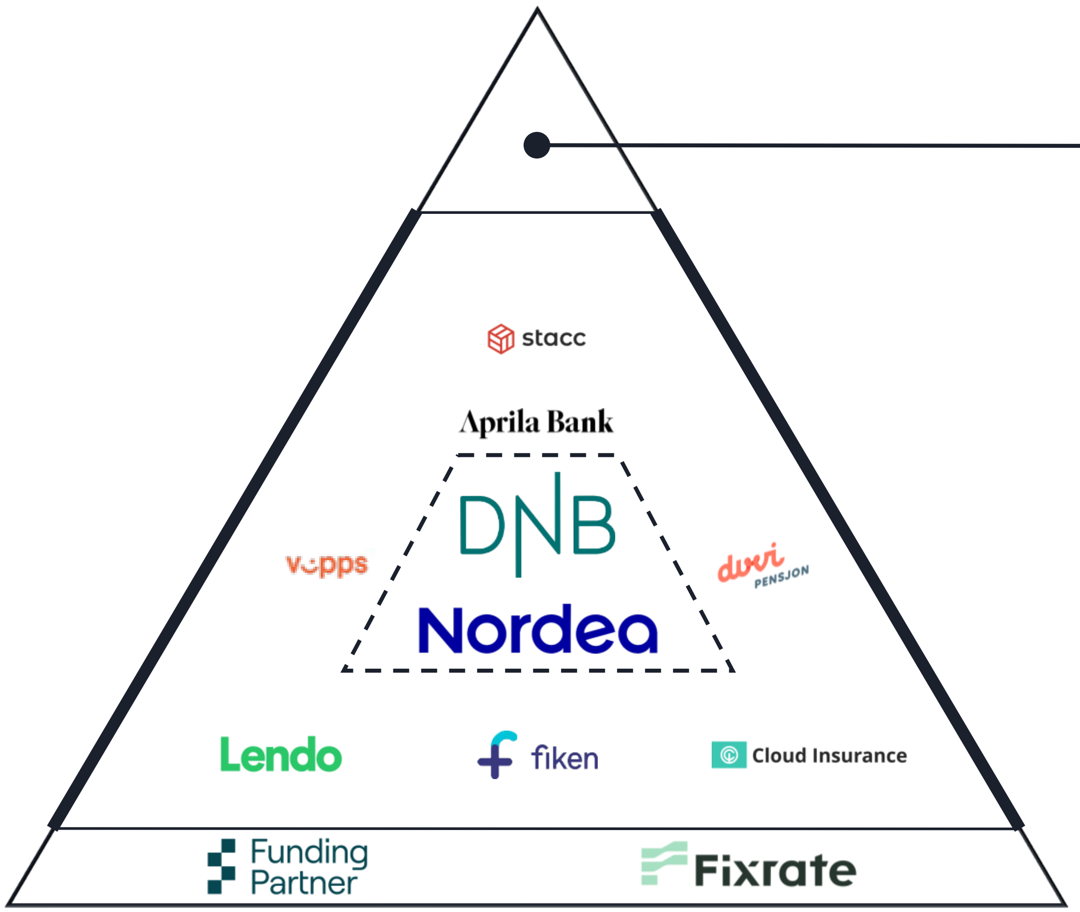


High margins, low volume
Smaller market with higher willingness to pay. Can also be underserved

Medium margins and volume
The main market is in the middle of the pyramid. At the core there are some big players

Low margins, high volume
Often an underserved customer base that benefits from e.g., market consolidation

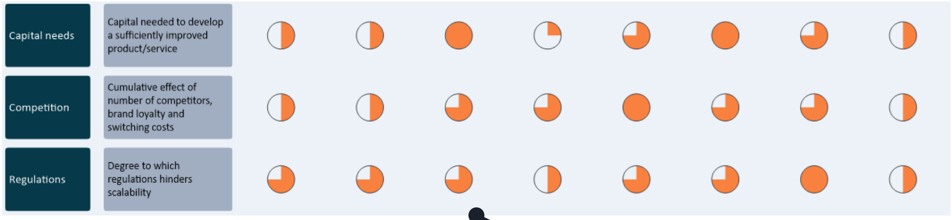
Norwegian fintech companies serve different markets



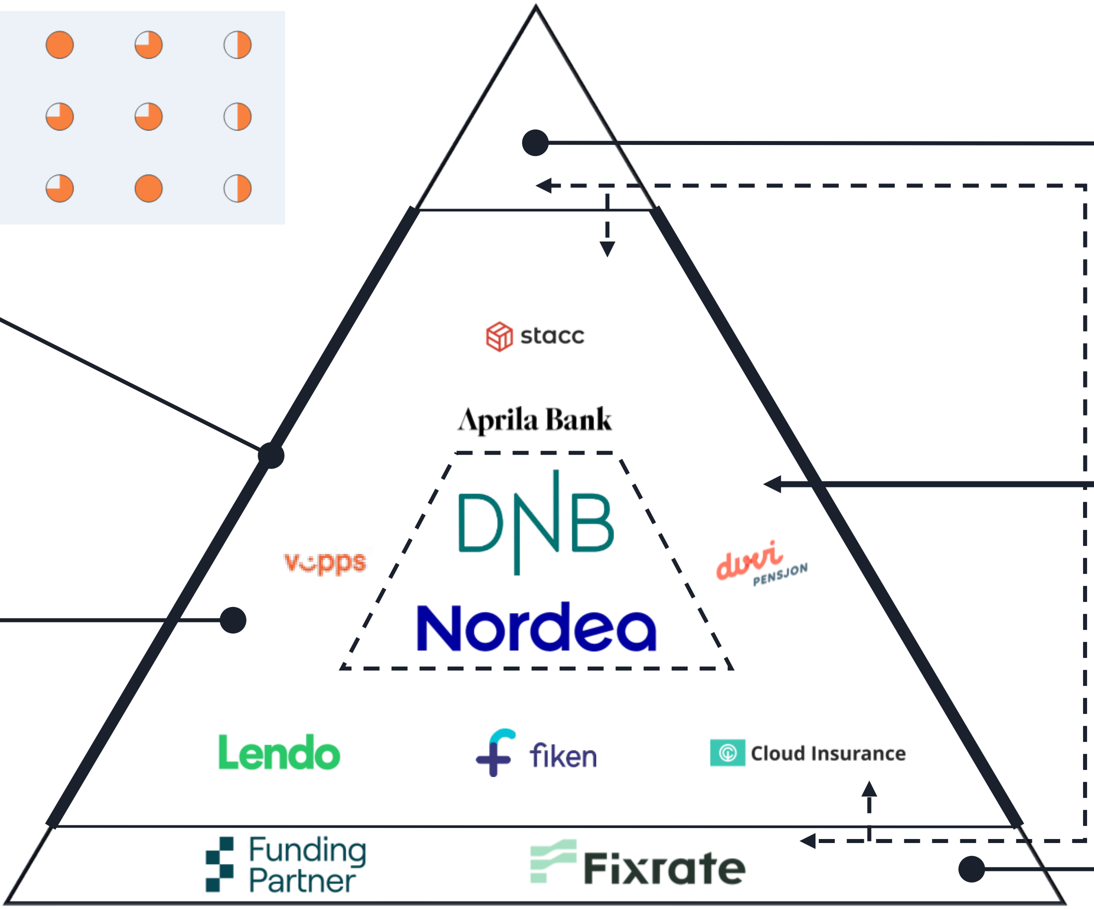
Few pure "high end" examples among Norwegian fintech-companies

There are different implications for different entry strategies – generally Norwegian fintech companies enter the main market directly or through the low-end underserved market

Scaling barriers

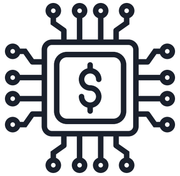


2x-10x improvement to access existing market
To enter the main market directly the value proposition must be substantially better than the substitutes. It is possible to enter the main market by starting at the top or bottom of the pyramid



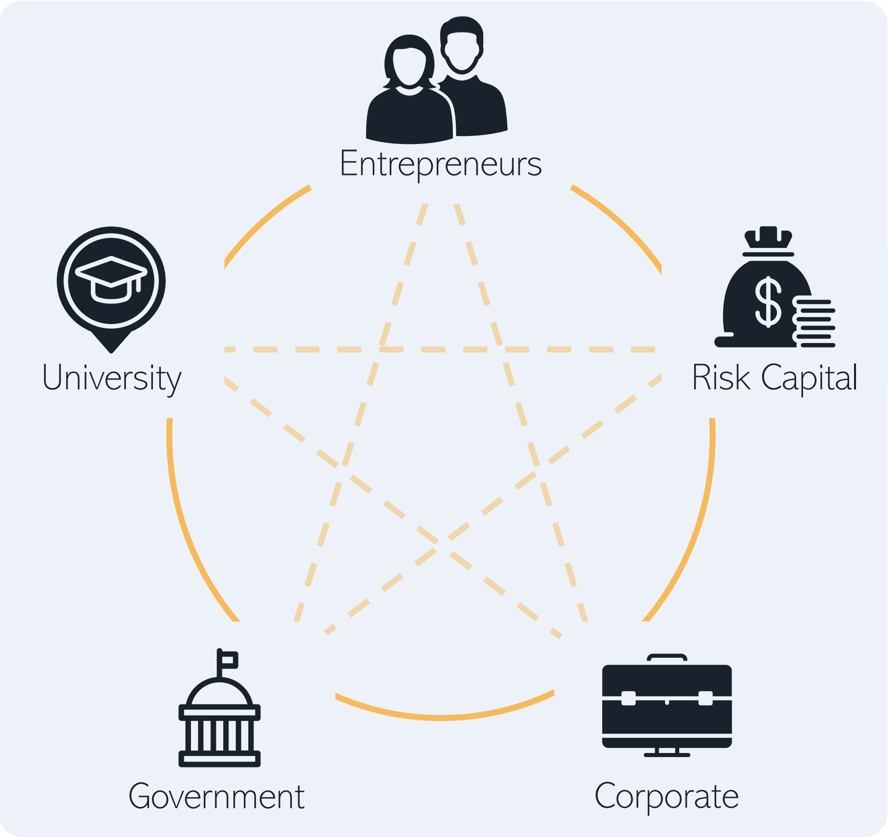
High-end underserved market
Unique or premium solutions for customers with high willingness to pay create market entry opportunities

Emerging company



Low-end underserved market
Need many customers before becoming breakeven. PSD3 is an enabler for further consolidation of the finance industry

It is important to nurture the fintech industry to ensure robustness and competitiveness internationally moving forward



Stakeholder	Key Takeaway
	The presence of a critical mass of determined entrepreneurs is indispensable for fostering innovation
	It is essential to have the capability to attract suitable capital and investors
	The collaboration between established incumbents and innovative fintech companies is pivotal in strengthening the Norwegian fintech industry
	More regulations should be designed to enable and promote value creation within the industry
	Prominent universities with strong business connections play a crucial role in fostering industry development and attracting global talent

Summary

There has been a significant negative shift in market sentiment, except in the cases using artificial intelligence (AI) and cases with positive cash flow

1. Significant variation of capital needs and flows across segments
2. Regulations can be very costly and impede both growth and innovation
3. Small home market and small banking environments makes it challenging
4. The entry strategy is crucial due to the intense competition in a mature market and the requirement to surpass existing service offerings by a substantial margin
5. Improve key parts of the innovation ecosystem is essential moving forward

Table of contents

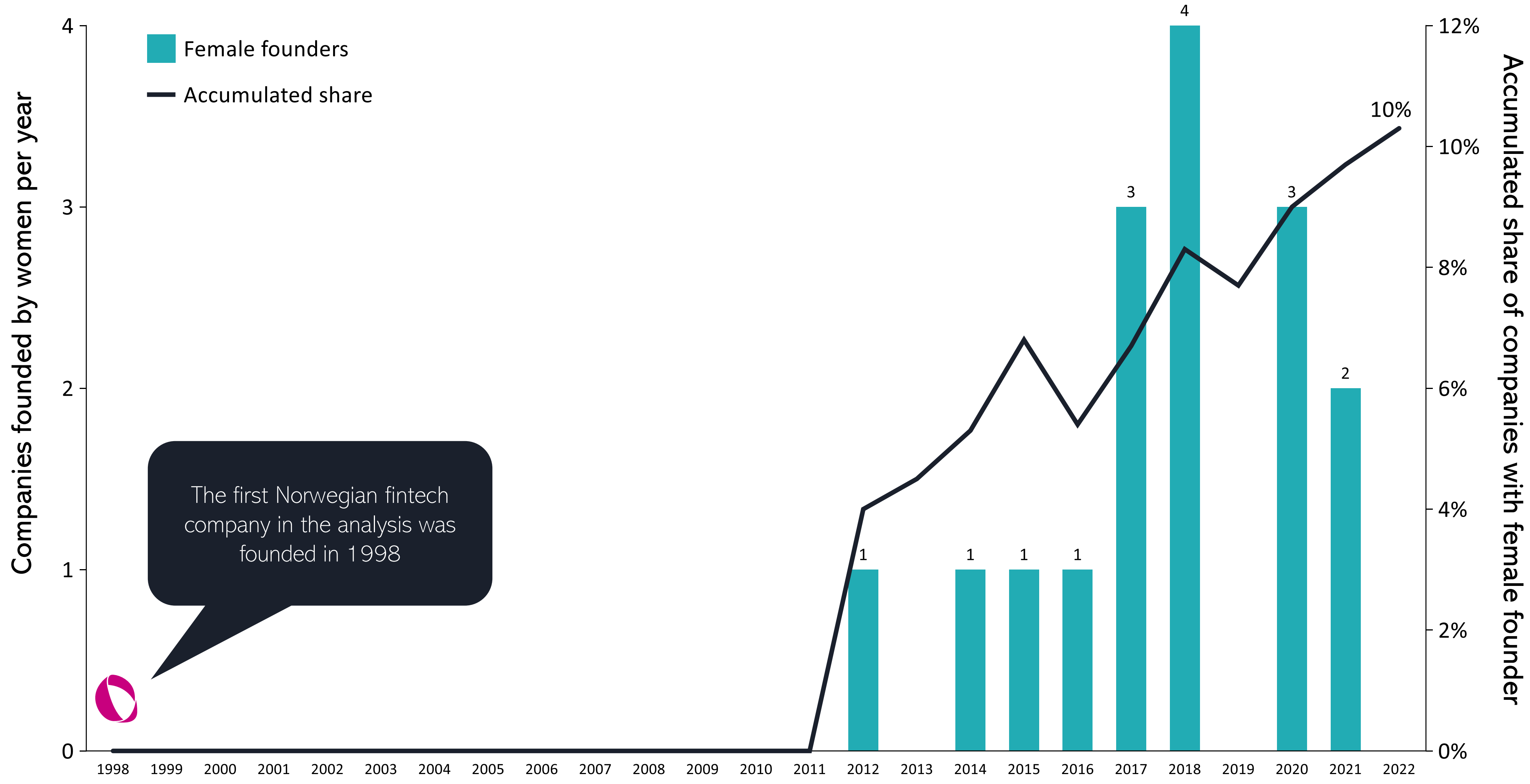
ONTOGENY

Fintech 2023

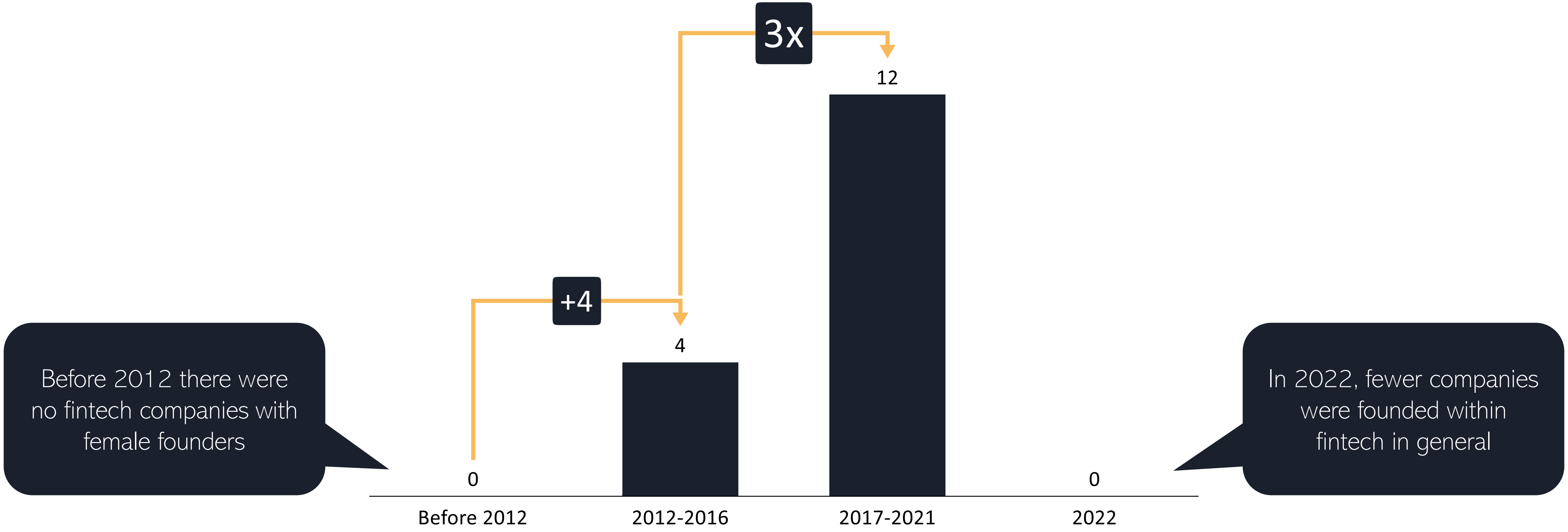
Gender Balance in Fintech

Finans FORBUNDET ONTOGENY

Women have founded 10% of the fintech companies that remain in operation

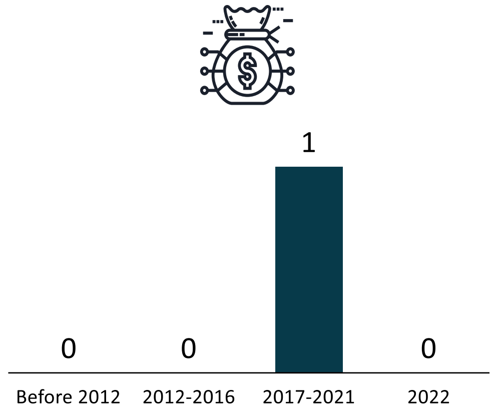


The number of female founders between 2017 and 2021 has tripled from the previous five-year period

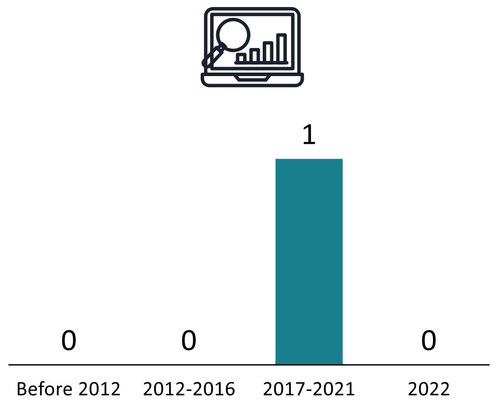


All segments except Digital Banking show an emergence of female founders – Wealth Management has been the standout segment

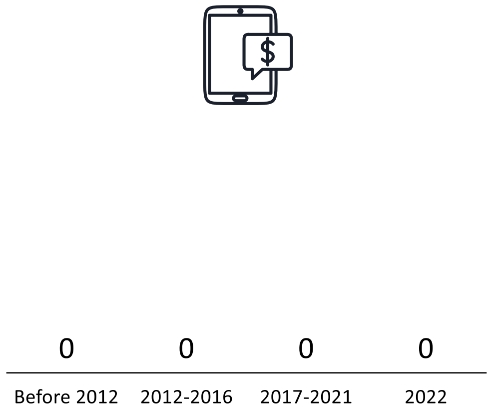
Capital raising



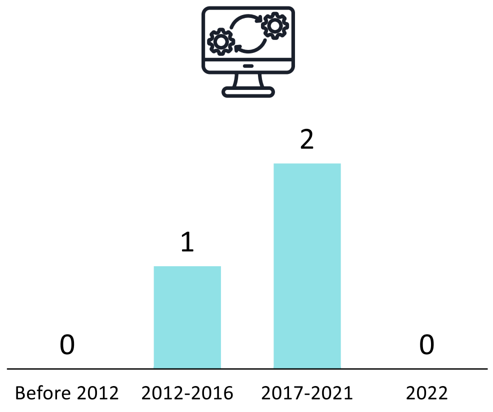
Data and analytics providers



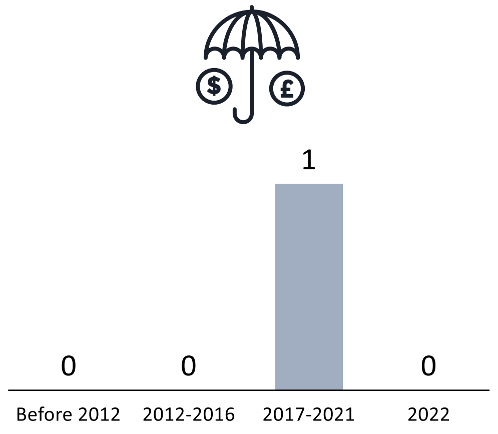
Digital banking



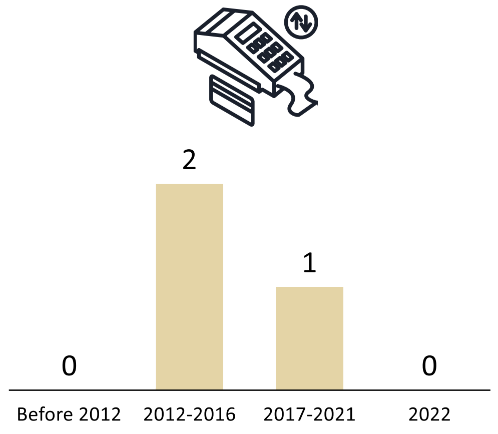
Enterprise financial software



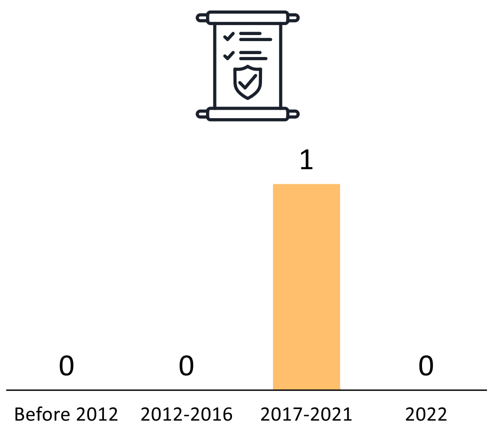
Insurtech



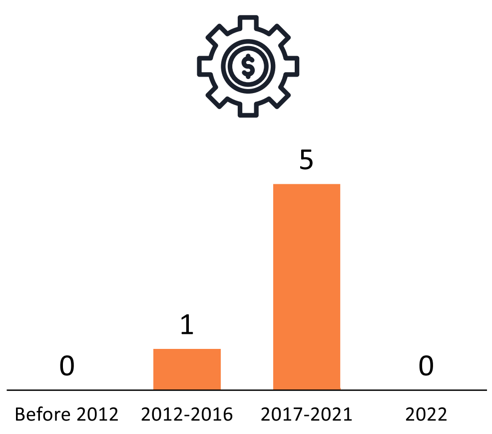
Payments



Security and compliance

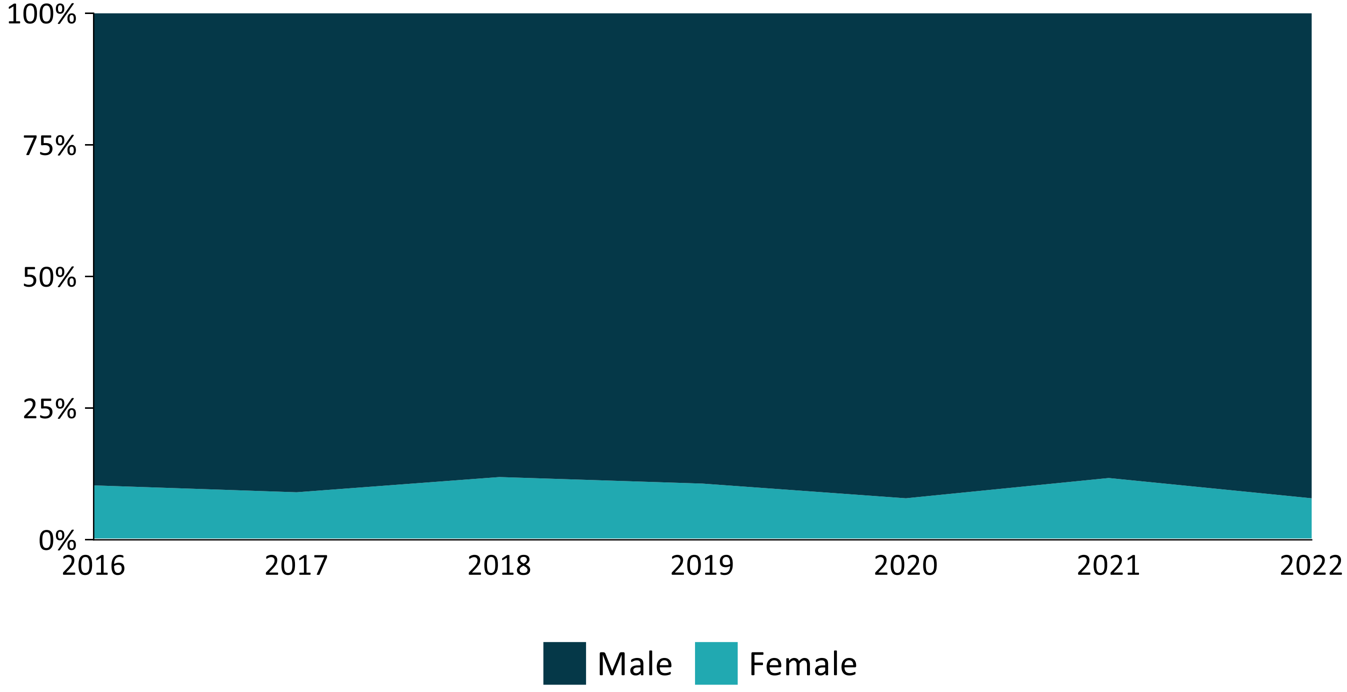


Wealth management



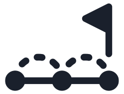
The share of female majority owners has been stable over the last seven years, but may rise with the origination of more female entrepreneurs

Majority ownership distribution between genders for fintech companies



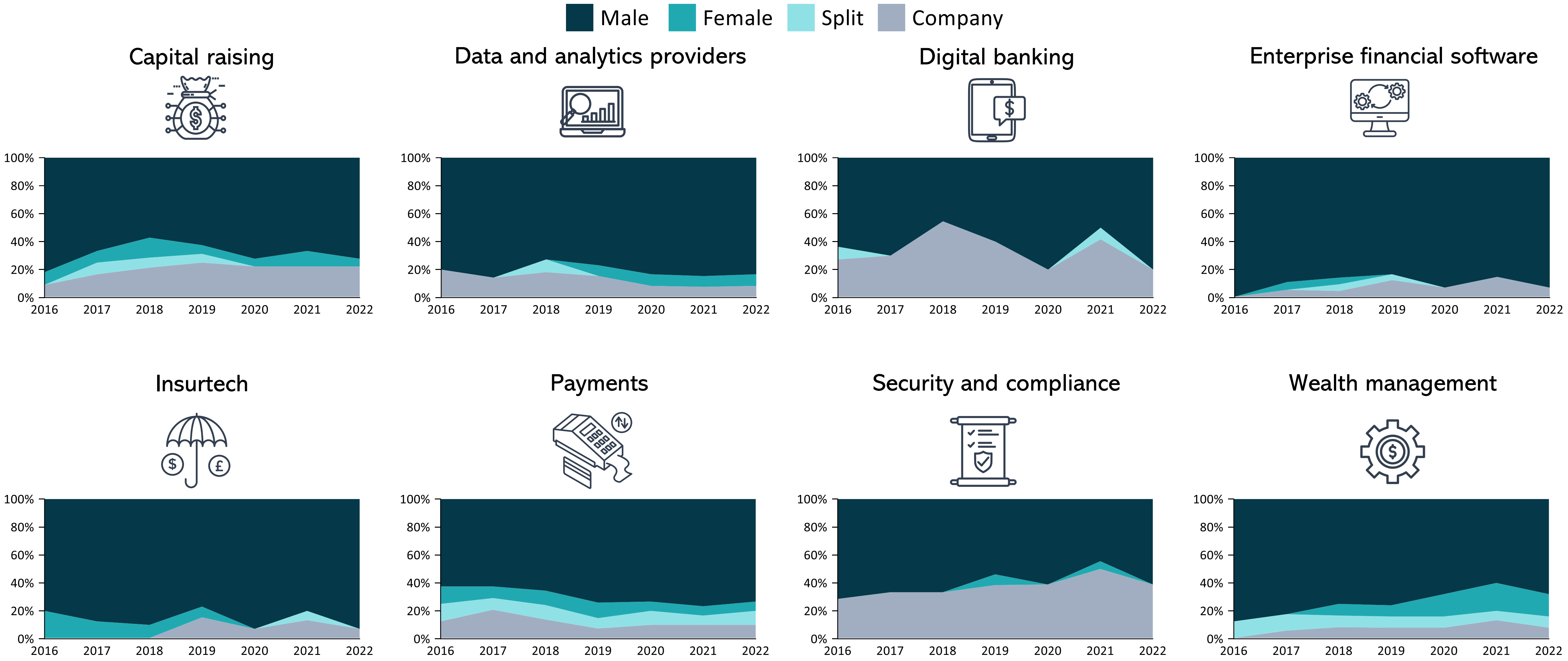
The share of female majority shareholders has been consistent between 2016 and 2022

The number of female entrepreneurs are on the rise, while female majority ownership remain constant



In the future the increasing number of female entrepreneurs may be reflected in ownership

Female majority ownership varies significantly across segments – Wealth Management has the highest share of female majority ownership, which might be linked to the number of female founders in the segment



Summary

Before 2012 there were no fintech companies with female founders, but a significant change happened after 2012 and today women represent 10% of the founders

1. Significant variation across segments
2. The increase of founders has not yet increased the average share of ownership over time for women within the fintech industry

FINTECH 2023 – State of the Norwegian Fintech Industry

An analysis prepared by Ontogeny

On behalf of Finansforbundet

Finansforbundet

ONTOGENY

Table of contents

Key Contributors

Multiple companies and incubators contributed to the analysis with deep insight and understanding about the Norwegian fintech ecosystem

TheFactory is an award-winning accelerator and incubator in the Nordics, specializing in fintech

The Factory

Hans Christian Bjørne
CCO

Bjørne emphasizes the untapped potential for collaboration between banks and fintech companies

TheFactory supports entrepreneurs with investment, perks, mentors, and a wide network to fuel company growth.

GründerAcademy is Norway's biggest accelerator program for startups

- Spanning over 12 weeks, twice per year
- 70-80 yearly participators
- Notable speakers for workshops and facilitators with experience

Nordic Fintech Fast Track is a scaleup program for international expansion

- Focus on fintech companies with a proven domestic track-record
- Close collaboration with Innovation Norway and DLA Piper
- Delegation trips to Nordic fintech events

Selected portfolio companies

BILL KILL

Zeipt

NOON INVEST

Firi

NorQuant

StartupLab is an incubator and early-stage investor for Norway's most ambitious technology startups

Lise Fulland
Investment Partner

Formerly employed by Schibsted

Fulland believes in a prosperous future for the security and compliance segment

StartupLab provides a supportive environment for Fintech startups, nurturing and accelerating their growth in Norway.

Startuplab Accelerator is a 3-month program where you can explore and utilize a broad network and get access to broad experience

- Up to 3MNOK in funding
- Possible to participate remotely
- Access to legal consultations, accountants, patent lawyers and recruitment assistance

The Fintech Revolution is an industry program and network

- Gathering fintech startups, corporates, investors, researchers and public authorities
- A goal of boosting innovation and successful launches
- Encouragement through collaboration, mentorship and knowledge sharing

NCE Finance Innovation is the Norwegian non-profit fintech cluster

NCE
Finance
Innovation
Norwegian Centre of Expertise

Bent Gjendem
CEO

Gjendem sees a bright road ahead for enterprise financial software

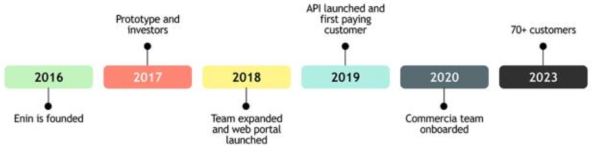
Norwegian Innovation Clusters are government supported programs aiming to trigger and enhance collaboration in the Norwegian industry.

NCE acts as an incubator to support aspiring fintech companies

- NCE has a comprehensive fintech network in Norway and can connect the startup to the right people
- A fintech focused program provides the input needed to stay on top of the changing fintech market
- Experienced mentors assist in the development of the startups

Enin combines structured and unstructured data about companies to provide deep insight

Paul I. Huse
CEO and co-founder



Enin has grown steadily

- Established in 2016
- 70+ customers
- Enin's data help customers gain insight beyond the obvious

Offering multiple services

- KYC Solutions used by customers to examine, onboard and monitor company portfolios
- Risk Monitoring through early warnings and risk indicators
- Investment Analysis tool for screening and due diligence
- Prospecting is easier with insight from Enin's data

A trusted partner

- Building a reputation and a portfolio of customers in a conservative market
- Aspiring to become an international company in the next few years

Selected customers

eika. | BN Bank | AF | Nordic Corporate Bank | Aprila | Bertel O. Steen

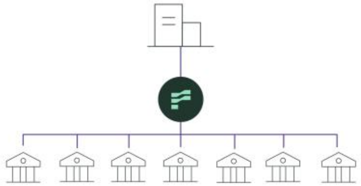
Fixrate is revolutionizing banking access and streamlines reporting

Fixrate

Brynjar Ellingsen
CEO and founder

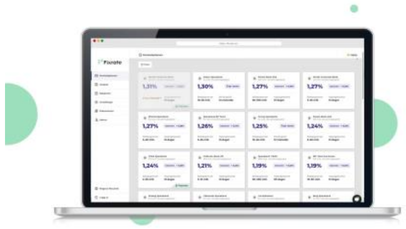
Building a transparent market place

- Established in 2017
- 20+ employees
- Easy access to interest offers from 57 banks
- Streamlined reporting, centralized deposits, and standardized reports for easy accounting of bank deposits



Industry leader

- Creating a user-friendly marketplace that offers clarity for customers
- Fixrate aspires to become a prominent player in Norway's capital market for deposits and funds
- Long-term vision includes extending their reach beyond Norway's borders to international markets



Opportunities for further growth

- Fixrate generates recurring income
- 800 business customers and can accommodate up to 50 billion in deposits
- Opening doors for smaller banks to access a broader customer base through Fixrate's platform

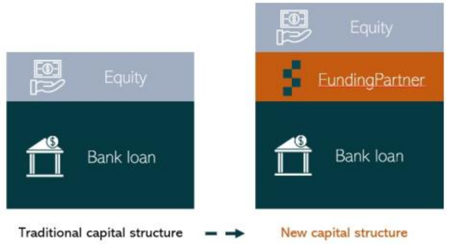
Customers

VISMA | nysnø Klimainvesteringer | nel | SpareBank 1 Kapitalforvaltning | PROTECTOR forsikring

FundingPartner is adding a new financing service to the traditional capital structure

Funding Partner

Geir Atle Bore
CEO and founder

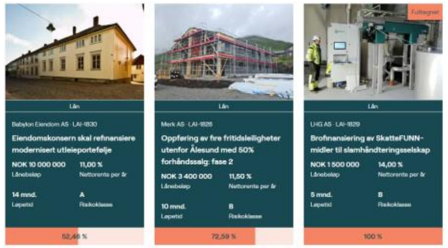


Transforming business financing

- Established in 2016
- A fintech company specializing in crowdfunding services
- The company offers businesses the opportunity to borrow money beyond traditional bank limits
- FundingPartner serves as a supplement to bank loans or for businesses that don't meet traditional banking criteria

Unlocking potential

- Fundingpartner targets medium and high-risk businesses, addresses an underserved segment and captures a portion of the SMB market
- Investors can participate in business growth by receiving regular interest payments on their investments
- Achieved a loan volume of approximately 780 million NOK in 2022



Growth

- Launched FP Securities
- Capitalized on the underserved Swedish market, experiencing strong growth

Strategic partners

Schibsted DNB STARTUP LAB

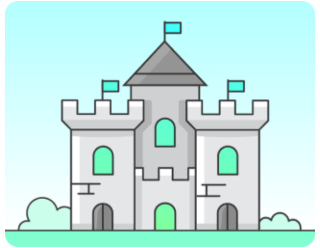
Tillit is an insurtech company offering fully digitalized insurance with dynamic prices

tillit

Erik Skaar
CEO and co-founder

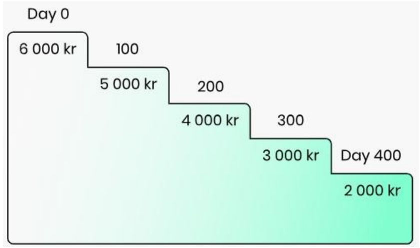
An agile insurance company

- Established in 2017
- Tillit work with local service points across the country that are ready to help or repair your items as soon as possible



A digital product array

- Tillit is the only Nordic company that insures used phones
- Home insurance: fires, theft, water damage, natural damage, bike theft and more



A different pricing model

- The price you pay for repair or replacement for your phone decreases for each day the insurance is not used

Strategic Partners

STARTUP LAB | Schibsted | eir | The Factory | DNB | NXT | Innovasjon Norge