



FINTECH
B U L G A R I A

Annual Fintech Report 2020

Prepared by
SeeNews

CONTENTS

1.	Foreword	4
2.	Key findings	5
3.	About the association	7
4.	Vendors landscape	10
5.	Market analysis and financial data	15
6.	Fintech ecosystem	24
7.	Investments in Fintech	29
8.	Regulations landscape	33
9.	Southeast Europe Fintech landscape	36
10.	Trends	43
11.	Events	47
12.	About Bulgaria	48
13.	Glossary of Fintech companies	49
14.	Methodology	58
	References	60
	Disclaimer	62



Banking on Crypto

nexo.io



Nexo is the world's leading regulated financial institution for digital assets. The company's mission is to maximize the value and utility of digital assets by offering tax-efficient Instant Crypto Credit Lines™, a high-yield Earn on Crypto & Fiat suite and Send & Pay capabilities while providing the top-tier custodial insurance and military-grade security of the Nexo Wallet.

Nexo has an impeccable reputation and is a trusted partner for leading trading firms, hedge funds, family offices, and OTC desks. Bridging the gap between traditional finance and the blockchain space, the company offers a comprehensive suite of services designed to satisfy even the most sophisticated needs.

Combining top-tier custody with large scale digital assets lending and financing, deep liquidity, and efficient low latency execution, Nexo is the partner that can help you scale and execute any trading or investment strategy.

The company's robust balance sheet is backed by cost-efficient institutional liquidity and interest accounts from Nexo's 1 M+ client base. As of 2020, Nexo has processed \$3.5+ billion for users across 200 jurisdictions and has distributed \$9.5 million in dividends to NEXO Token Holders.

Currently, the enterprise is scaling up and seeking motivated professionals with a variety of skill sets to join its ranks. If you are interested in redesigning the financial world, get in touch at office@nexo.io.

For more information, visit our website nexo.io or follow us on Twitter, Facebook and LinkedIn [@NexoFinance](https://twitter.com/NexoFinance).

\$3.5B+

Processed

1M+

Nexo users

40+

Fiat currencies

200+

Jurisdictions

1. FOREWORD

Fintech - One Giant Leap For The Bulgarian Economy



For a second consecutive year, the Bulgarian Fintech Association launches a Bulgarian Fintech Report. The report aims at presenting the Fintech industry in Bulgaria and measuring its progress. What we understand as Fintech is the fusion of new/digital technologies with the finance sector, where the term Fintech stands for new business approaches, products, and services that remodel the common understanding of financial and banking services. Historically speaking, the application of innovation and technology in finance in Bulgaria is dated back to the late 1960s when the first computers were installed in the Bulgarian banks. Ever since, despite any economic and political obstacles, Bulgaria has always managed to keep up with financial technology.

Nowadays, the Bulgarian Fintech industry is considerably well-developed compared to our neighboring countries. The Bulgarian government adopted the EU regulations enabling Fintechs to operate, but it is important to note that we still have a long way to go to be any near the “role models in Fintech” - the UK, Germany, France, and Lithuania. The 2020 global healthcare and economic crisis has been devastating for many companies but the Fintech sector has proven resilient to such crises and is flourishing as more and more people turn to contactless payments. In 2020 the Bulgarian Fintech ecosystem consists of about 100 Fintech companies, specialising in areas ranging from payments and personal finance to insurance, regtech, etc. In addition, there are more than 90 IT companies, operating in Bulgaria and providing software products and services to Fintechs.

Although the Bulgarian Fintech industry is considered a small contributor to the national GDP, it is one giant leap towards a high-value-added economy. For developing countries such as Bulgaria, the Fintech industry provides one of a few opportunities for catching up and promoting a highly efficient economy. Creating more Fintech business models will open the country’s potential for innovation and new technologies. Undoubtedly, this could only happen with a well-developed internal market, highly efficient and effective public institutions, and a well-developed educational system that maintains a rich talent pool able to answer the current business needs. All the above are the daily goals of the Bulgarian Fintech Association and the reasons why we created it.

Valeri Valtchev,
Chairman of the
Bulgarian Fintech Association

A stylized, handwritten signature in black ink, appearing to read 'Valeri Valtchev'.

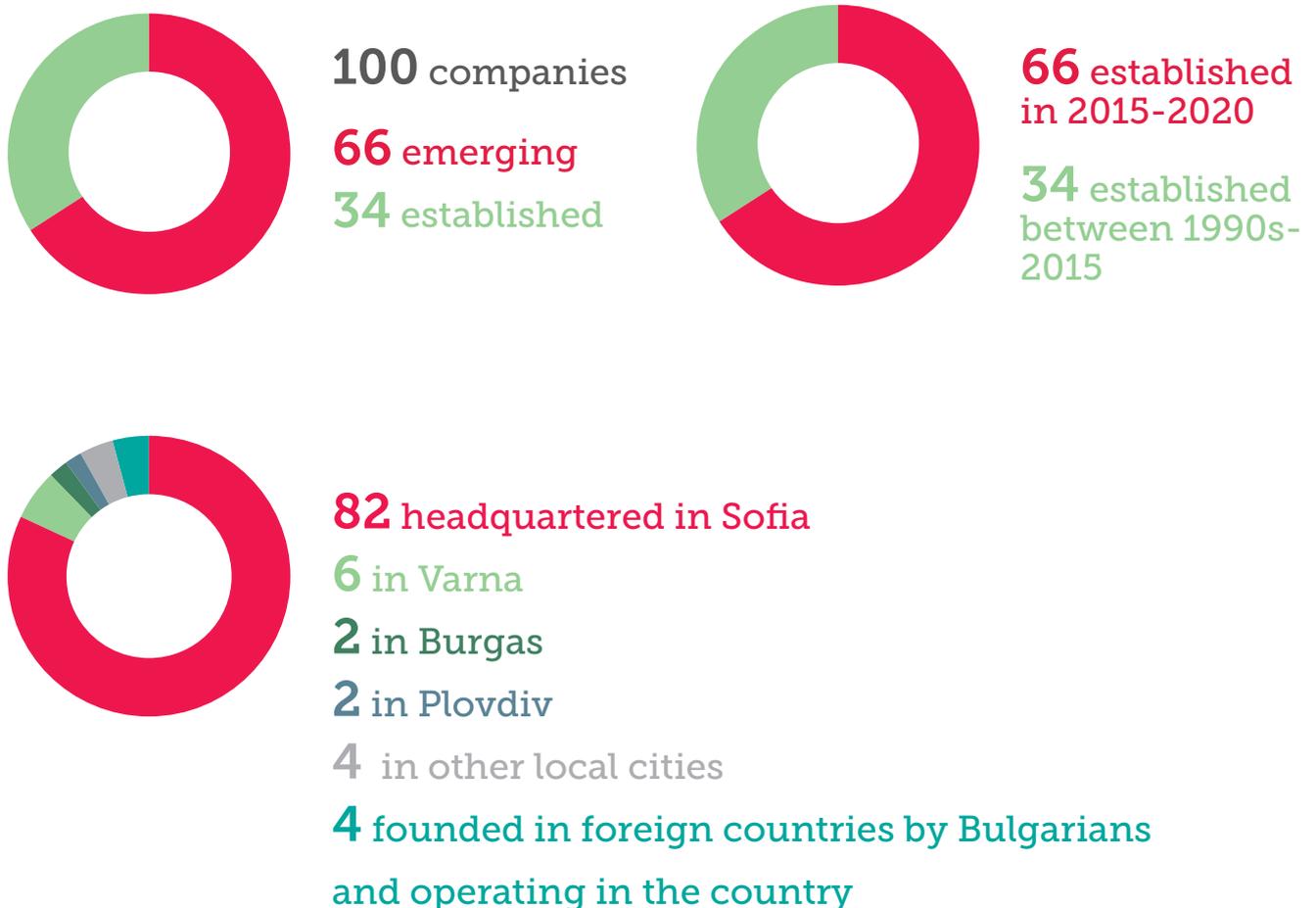
2. KEY FINDINGS

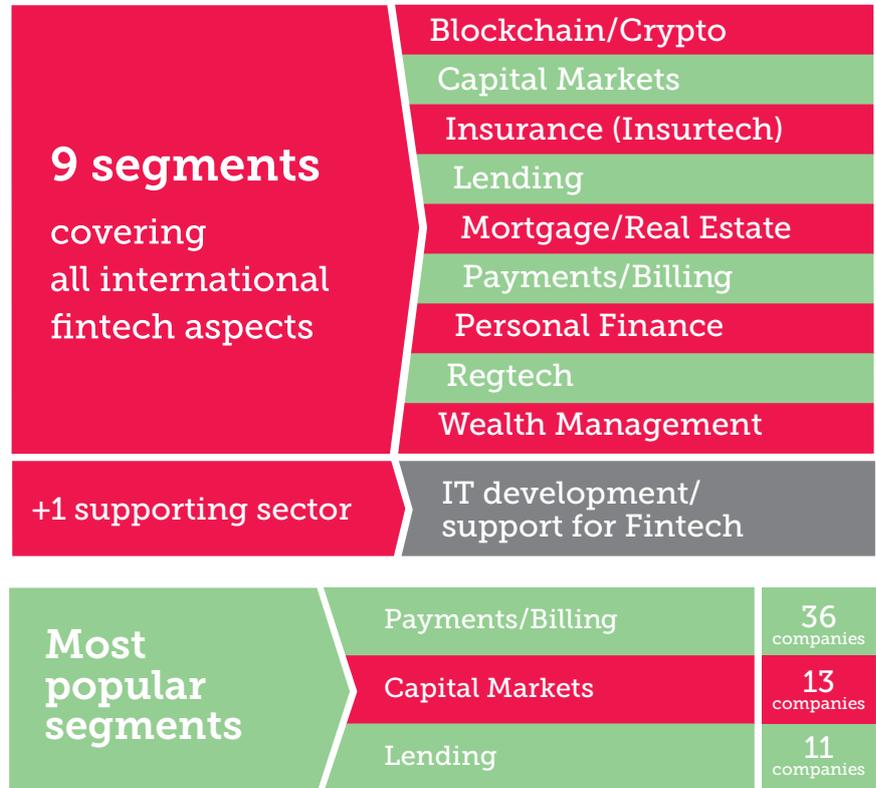
Definition of Fintech

We consider Fintech any company the core business of which is related to the creation or use of technologies enabling innovations, facilitating the offering, access, and/or usage of financial services, including technologies in payments, money transfer, insurance, digital lending, personal finance & savings, digital banking, investing, debt collection, accounting, capital markets, credit scores & analytics, mobile wallets, payroll & benefits, POS and others.

Bulgarian Fintech sector snapshot

Figure 1



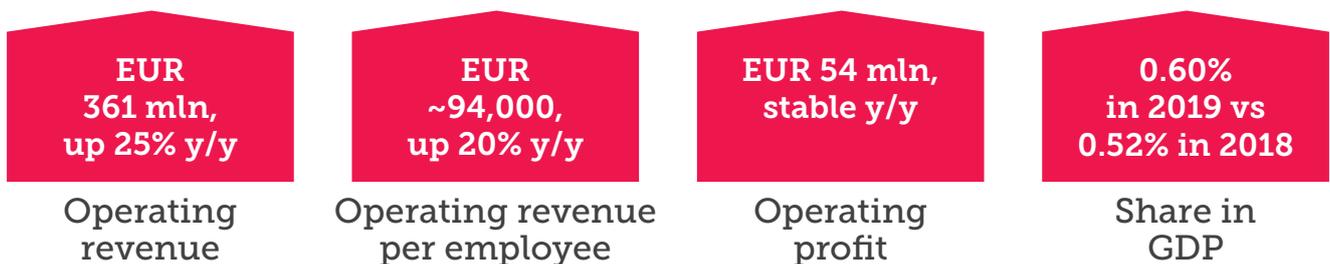


The Fintech sector remained one of the fastest-growing sectors in Bulgaria in 2019

The ecosystem includes an ever-growing number of startups as well as venture capital funds, angel organisations and private investors. The cooperative relationship between Fintechs and banks supports the ecosystem and boosts Bulgaria's role as the main Fintech destination in the region of Southeastern Europe.

The sector's performance in 2019

Figure 2



3. ABOUT THE ASSOCIATION



The Bulgarian Fintech Association (BFA) is a non-profit organisation founded in 2018 in response to the growing need for unification of the expanding local Fintech industry. The mission of BFA is to create a platform that brings together all parties in the region of Southeastern Europe with an interest in the Financial Technologies field and encourage the communication and exchange of ideas among them. The Bulgarian Fintech Association aims at representing and safeguarding the shared values of its members before regulators, investors, financial institutions, foreign associations, partners and any other party and thus, fostering the development of the sector.

BFA is a founding member of the European Digital Finance Association which unites over a dozen European National fintech associations, and their several hundred members. As of October 2020, BFA has close to 50 members, including banks, service providers, big payment infrastructure companies and institutional investors, but most importantly many rapidly growing fintech start-ups.

Among the long-term goals of the Association are:

- to strengthen entrepreneurship in the sphere of financial technologies and digital innovation;
- to actively support the integration of financial technologies in the traditional financial industry;
- to raise public awareness about the sector and its most remarkable innovations and achievements;
- to foster the development of the talent pool in the region;
- to help affirm Bulgaria as a regional Fintech centre;

About SeeNews

SeeNews

Business Intelligence for Southeast Europe

SeeNews is an independent provider of market intelligence and business news for Southeast Europe. As a one-stop-shop with over 15 years of expertise SeeNews gives a 360-degree perspective on Southeast Europe, helping the customers to make informed business decisions.

SeeNews provides market moving news and analyses for business, finance and industry professionals. The news stories keep the customers ahead of the curve, while the market research and company intelligence give actionable insights. SeeNews delivers bespoke market research, focused on emerging markets around the globe.



WE MAKE PAYMENTS

fast
convenient
modern
borderless
secure



MORE PAYMENT SOLUTIONS FOR THE BULGARIAN BUSINESS

- Multi-currency payment account - without fees for account opening and monthly maintenance
- Own Bulgarian and Romanian IBANs for local payments
- Own IBAN for transfers in EUR in the EEA
- Budget payments in Bulgaria
- Local/International money transfers to over 180 countries via SEPA, SWIFT and Target 2, from 0.20 EUR
- Online FX exchange in more than 25 currencies
- Paysera Mobile Wallet for convenient payment operation management
- Paysera VISA card for payments all over the world
- Mobile QR payments
- Paysera Checkout - payment gateway with many payment methods at one place
- Paysera Tickets - online ticketing system
- Purchase of gold and precious metals
- Providing physical POS-terminals
- Accumulative account for companies under establishment

OPEN YOUR ACCOUNT AT
www.paysera.bg

paySera

+ 5.9 bln EUR
Processed

+ 2.7 mln
Transfers

+ 400 K
Customers

+ 61 K
Companies

+ 180
Countries

4. VENDORS LANDSCAPE

Fintech, short for financial technology, represents the effect of new technologies on the financial sector. The term “Fintech” stands for new business approaches, products, and services that remodel the common understanding of financial and banking services. Fintech could be any company whose core business is related to the creation or use of technologies, enabling innovations, facilitating the offering, access, and/or usage of financial services, etc.

Historically, the application of innovation and technology in finance in Bulgaria is dated back to the late 1960s when the first computers were installed in the Bulgarian banks. Ever since then, despite any economic and political obstacles, Bulgaria has always managed to keep up with financial technology.

The Bulgarian Fintech ecosystem consists of 100 Fintech companies, operating in 9 different segments covering almost the whole range of Fintech products and services. More than 65% of them are startups – companies established during and after 2015, and/or companies that received venture capital (VC) funding. The ecosystem also includes an ever-growing number of startups as well as venture capital funds, angel investors, and more than 90 IT companies, providing software products and services for Fintechs.

When compared to its neighboring countries, Bulgaria stands out with a cooperative relationship between Fintechs and traditional banks, which on its turn boosts the Fintech ecosystem and Bulgaria’s role as the main Fintech destination in Southeast Europe.

Figure 3 shows the healthy diversification of the Bulgarian Fintech industry. The payments/billing segment is the largest contributor to Fintech in the country, followed by lending and capital markets. Other booming segments are blockchain/crypto, insurance, and personal finance business, which accumulate to about ¼ of all Fintechs in Bulgaria.

Number of Fintech Companies by Segment

Figure 3



- 36** Payments/Billing
- 13** Capital Markets
- 11** Lending
- 10** Personal Finance
- 9** Blockchain / Crypto
- 8** Insurance
- 6** Mortgage/Real Estate
- 4** Regtech
- 3** Wealth management

BULGARIA FINTECH MAPPING 2020

PAYMENTS/BILLING



LENDING



CAPITAL MARKETS



MORTGAGE/REAL ESTATE



IT DEVELOPMENT/ SUPPORT FOR FINTECH



BLOCKCHAIN/CRYPTO



PERSONAL FINANCE



REGTECH



WEALTH MANAGEMENT



INSURANCE



INFRASTRUCTURE



ENTREPRENEURIAL ECOSYSTEM

ENTREPRENEURIAL ORGANISATIONS

BEESCO, MOVE.BG, eban, ABLE, EDIT, Bulgaria, GEN, Chief Executive Officer Bulgaria, IC, European network, CEO CLUB ANGELS, e, BULGARIAN INDUSTRIAL ASSOCIATION, Union of the Bulgarian Business

ACCELERATORS AND INCUBATORS

FOUNDER INSTITUTE, start it smart, Bulgaria Innovation Hub, Starter, VISA Innovation Program, eleven, FLYING LAB, dare to scale, Campus X

VCS AND PE FUNDS

WAKING THE HILL, NV8, Rosslyn, PostScriptum, LAUNCHUB, BRIGHTCAP, BlackPeak CAPITAL, impetus, ENTRIA CAPITAL, Vitoshka VENTURE PARTNERS, NEO VENTURES, EMPower CAPITAL, eleven, INNOVATION CAPITAL

DIGITAL AND INNOVATIVE COWORKING AND MAKER SPACES

Campus X, puzzle coworking, Microsoft Innovation Center, THIS WAY, COPIA, Init Lab, NETWORKING, 3A Startup Hambar

REGULATORS

FINTECH REGULATORY AUTHORITY, ROMANIAN SA, REPUBLIC OF BULGARIA, Ministry of Finance, Ministry of Energy

EVENTS AND CONFERENCES

Virtual Tech Summit, Global Tech Summit, WEBIT, Investum Sofia, Cloud Sofia Summit, YEDU Sofia Summit, DEV.BG All in One, GROWTH SUMMIT, SUSTAIN IT, DEVFEST, js.talks(), DIGITALK, WOMEN TECH SOFIA

SUPPORTING ORGANISATIONS

FINTECH, PARA, ICT cluster, BASSCOM, AIBEST, bait, innovativeSofia, FUND OF FUNDS, DEV.BG, GATE, SOPHIA LAB, CS Sofia, Republic of Bulgaria, Ministry of Finance, Ministry of Energy

UNIVERSITIES AND IT ACADEMIES

UNIVERSITIES

NEW BULGARIAN UNIVERSITY, VUZF, BULGARIAN ACADEMY OF SCIENCES

IT SCHOOLS & SOFTWARE ACADEMIES

Software University, Telerik Academy, SWIFTACADEMY, TelebidPro, Hack Bulgaria

MEDIA

DevStyle, TRENDING TOPICS, B2B Media Group, BGlobal, SeeNews, COMPUTERWORLD, economedia, CIO, MAYOR, Ipadom, Fintech VIVAINVULST

The information gathering for this mapping is done by the Bulgarian Fintech Association in collaboration with Innovative Sofia. If you have any concerns about the mapping, please address them to: info@fintechbulgaria.org

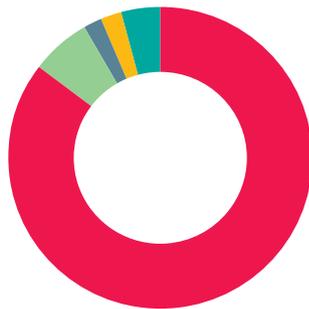
SOFIA - THE CAPITAL OF SOUTH EASTERN EUROPE'S FINTECH

The capital city, Sofia, remains the most preferred location with 82 of the companies headquartered there. The Bulgarian capital's leading position is also evident by the structure of employment in the sector. All of the respondents in a survey conducted by the BFA and SeeNews say their employees are predominantly located in the headquarters.

The city of Varna is home to six companies while Burgas and Plovdiv each have two companies headquartered there. Companies established in foreign countries but operating in Bulgaria remain an important part of the sector. There are four such entities as of September 2020. These companies are either founded or managed by Bulgarians or their core operations are in the country.

Number of Fintech Companies by Location

Figure 4

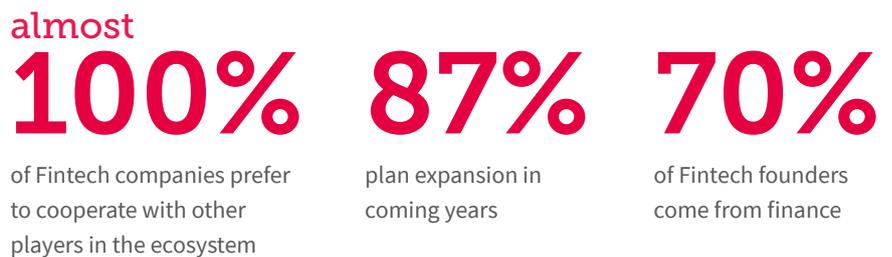


82 Sofia
6 Varna
2 Plovdiv
2 Burgas

4 Foreign countries
2 Estonia
1 UK
1 Germany

According to a survey among the members of the Bulgarian Fintech Association conducted by the BFA and SeeNews:

Figure 5



Customer profile



Employees structure



credissimo

Technology Driven Consumer Finance

COVID-19 impact

While digital lending has been gaining momentum in recent years, now is the time when it is expected to boom even faster. Not only non-banking financial institutions but banks should also keep up by accepting the new reality and going fully digital as soon as possible, by originating, servicing, and collecting loans completely online.

From the very beginning of the spread of the virus, one of the greatest advantages of Credissimo has been our entirely online operational business model. It allowed us the flexibility to continue our daily operations uninterrupted while easily applying the necessary safety precautions both towards our employees and customers, who were not exposed to the risk of infection spreading via face-to-face contact.

Adaptive early warning signs

Digital lenders and banks are to develop significantly more attention, time and investments to the development and implementation of AI-based algorithms. So far, the vast majority of such solutions have been used mainly to assess the creditworthiness of customers. Another area which is mature enough to evolve and be supported by AI-tools is the loan monitoring process. Matching borrowers' behavior with macroeconomic trends and generating early warning signals would allow lenders to remain proactive and minimize the likelihood of bad loans.

“The impact of COVID-19 on the global economy and the uncertainty surrounding recovery will give a positive boost to the future partnership between banks and non-banking financial

**institutions.” - Sokol Iankov,
Co-founder and CEO of
Credissimo Group**

The future of online mortgages

Through their ability to leverage new technological tools, digital lenders have been able to outcompete banks on speed and ease of approval. In the U.S. non-bank lenders are already granting more mortgage loans than traditional banks. Without having to adhere to as many regulations as legacy banks, the European non-banks are expected to grow their market share rapidly in the next few years by developing the online mortgage lending space, resulting in faster loan approvals and more flexible rates. The products will be aimed at refinancing current liabilities and servicing first-time homeowners as well.

There is a lot of untapped potential for establishing partnerships between traditional banks and non-banks, which would allow both sides to benefit from the future of online mortgages. Such collaborations could lead to more flexibility in structuring mortgage products.

Lending forms with potential for rapid growth

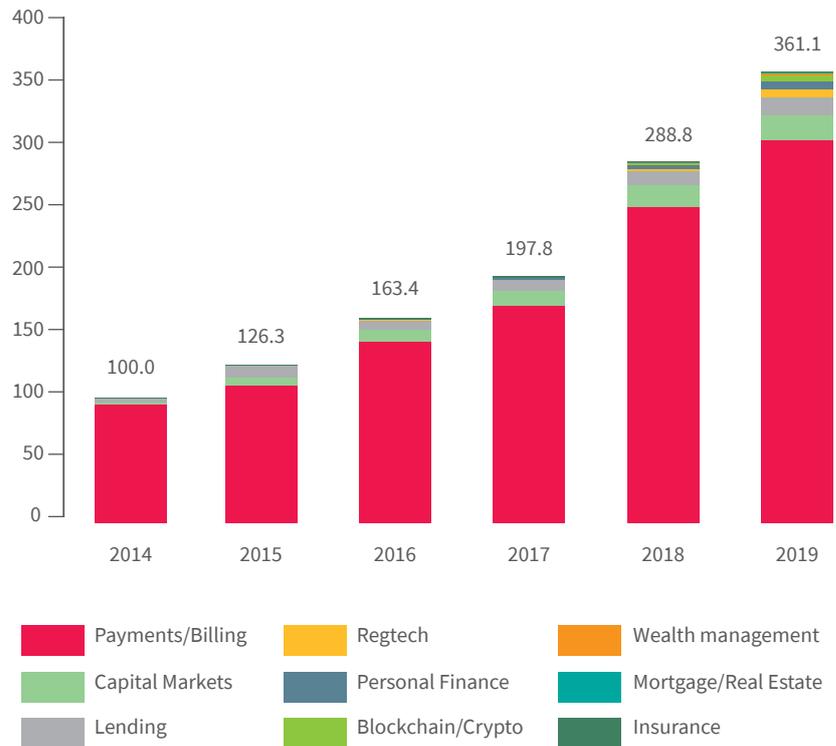
Funding solutions for SMEs and Point-of-Sale financing (pay-later solutions) through non-banks and alternative lenders are some of the areas expected to accelerate exponentially.

Facing the harsh global economic conditions and the fact that we have managed to continue our operations uninterrupted helped us to adapt to the current situation much faster. Although the pandemic has surely posed certain challenges for the industry, we are convinced that in the long-run it will create new opportunities for growth and development towards further digitalization and AI-based solutions, tailored to the needs and expectations of the consumers in the new reality.

5. MARKET ANALYSIS AND FINANCIAL DATA

Operating revenue

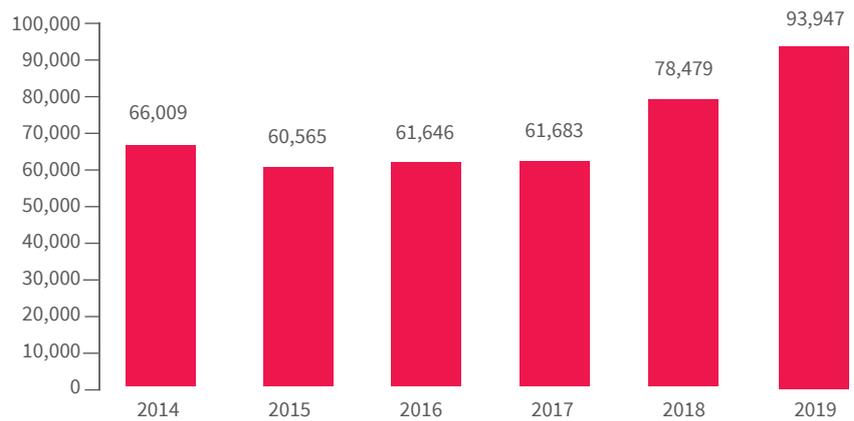
Figure 6. Operating Revenue by Fintech Segment (EUR mln)



In 2019, the combined operating revenue of all companies in the Fintech sector in Bulgaria continued the upward trend recorded in the previous five years. There was an increase of 25% year-on-year to EUR 361 mln. The payments/billing segment continues to be the main growth driver, accounting for close to 85% of the total operating revenue. This trend is supported further by the top five leading companies in terms of average annual growth rate – three of them are operating in the payments/billing segment, while one is operating in the personal finance segment and another in the Regtech segment.

Operating revenue per employee

Figure 7. Fintechs' operating revenue per employee (EUR)



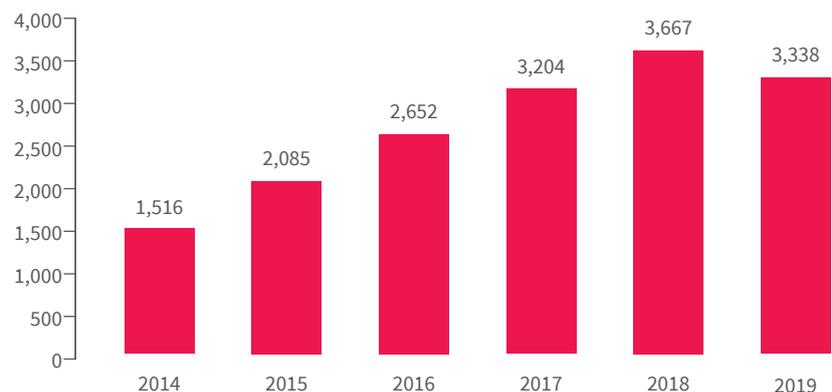
Only companies with available employees data are taken into account

The Bulgarian Fintech sector grew its total operating revenue per employee by nearly 20% in 2019 to EUR 93,947. While this indicator had been growing at a steady pace of about 1% between 2015 and 2017, the increases in 2018 and 2019 indicate that the sector is boosting its efficiency and is likely to continue this trend over the next years in the context of increasing digitalization and growing demand.

Number of employees

Following a constant increase in the number of employees in the last five years, there was a slight decrease in 2019 to 3,338 people from 3,667 in 2018. Employment in the sector remains highly concentrated within three segments – payments/billing, capital markets, and lending, accounting for close to 99% of all employees while the top five companies in terms of employee numbers accounted for 70% of all employees.

Figure 8. Fintechs' employment dynamics



Profitability

Figure 9. Fintechs' Operating margin

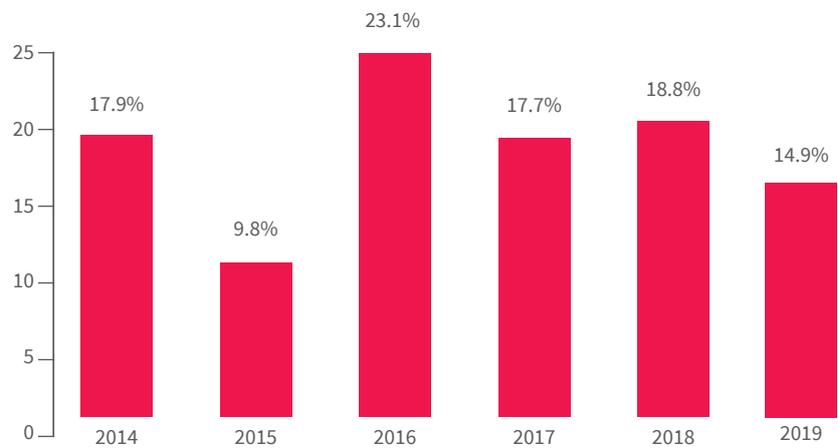
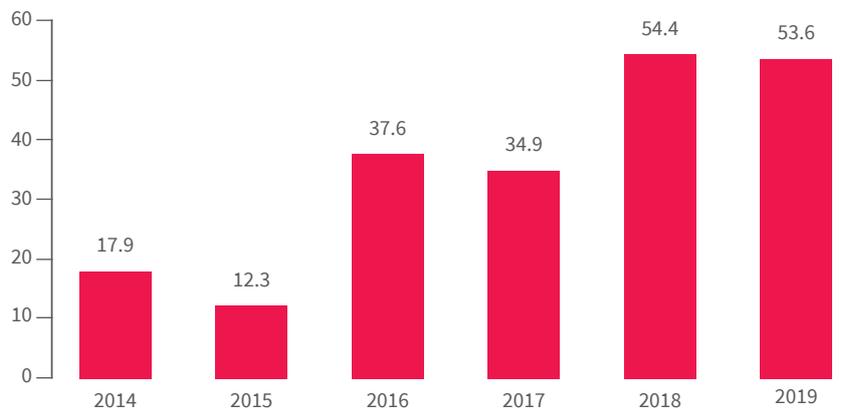


Figure 10. Fintechs' Operating Profit/Loss (EUR mln)

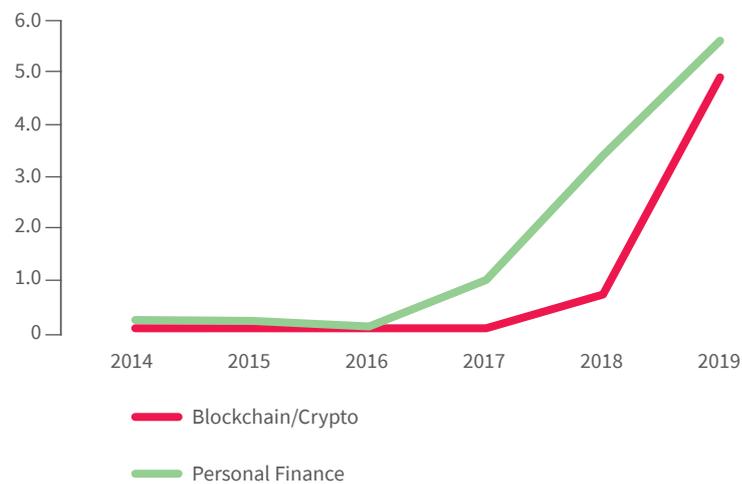


The Bulgarian Fintech sector has been profitable every single year over the last five-year period and managed to keep its total operating profit stable at EUR 53.6 mln in 2019. Nearly 47% of the companies achieved an operating profit in 2019, with the top five companies accounting for 81% of the total.

Fintech's two most successful segments

- by operating revenue

Figure 11. Operating Revenue Dynamics of the Top 2 Segments (EUR mln)

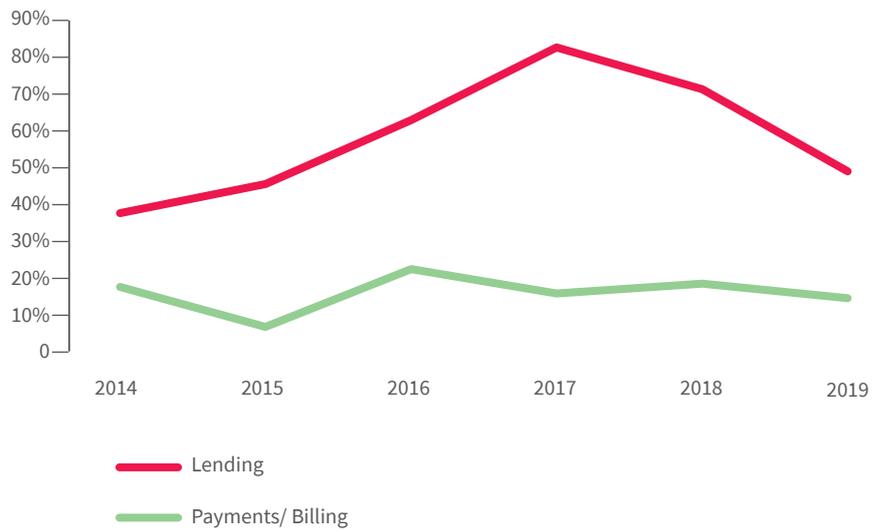


While the payments/billing segment is the largest contributor to the sector's total operating revenue, two other segments have been growing at a far faster pace and can easily be described as most booming – blockchain/crypto and personal finance. In 2019 alone, blockchain/crypto grew its operating revenue to EUR 5 million from just about EUR 668,000 in 2018. It should be noted that the segment recorded its first operating revenues in 2017. The personal finance sector has been growing at an average rate of 606% since 2014 and reported total operating revenue of EUR 5.6 mln in 2019. Looking at the growth rates, blockchain/crypto could well become one of the top 3 contributors in the next few years, if not in 2020.

- by operating margin

When it comes to operating margin, the top two performers are the lending and the payments/billing segments. This is not surprising, considering that both segments have been consistently in the top 3 in terms of both operating revenue and profitability. In 2019, lending had an operating margin of as much as 49% while payments/billing's operating margin stood at 15%.

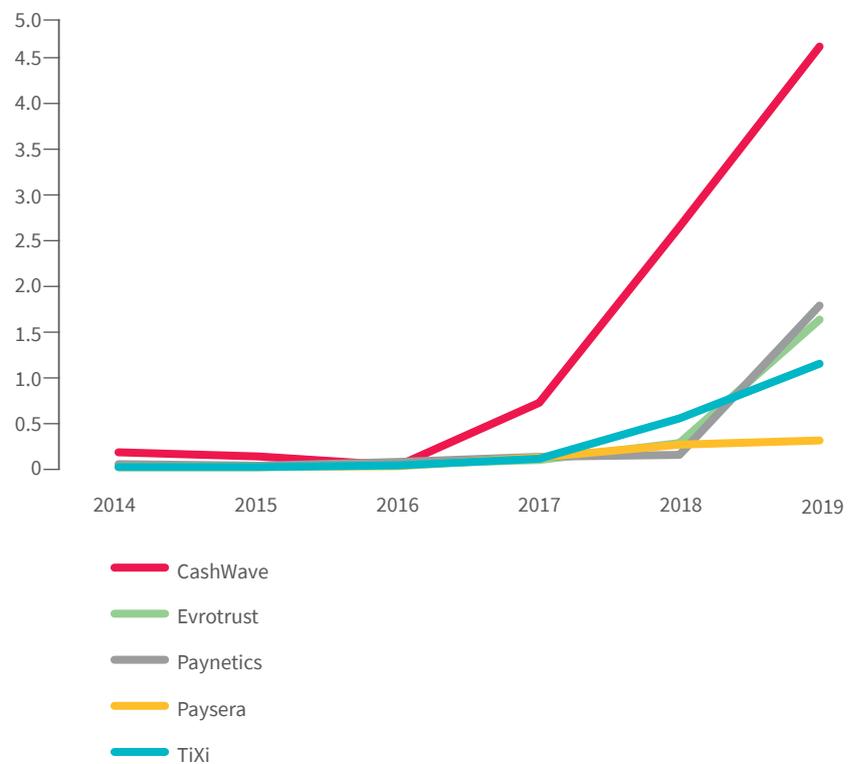
Figure 12. Operating Profit Margin Dynamics of the Top 2 Segments



Fintech's top five companies by operating revenue growth

The sector's top five fastest-growing companies in terms of operating revenue come from three segments which demonstrates a healthy diversification. These top five companies have had an average annual growth rate of between 300% and close to 1550% between 2017 and 2019. CashWave, which is operating in the personal finance segment, is leading the way – it has increased its revenue more than six times between 2017 and 2019 to EUR 4.3 mln in 2019. It is followed by three companies operating in the payments/billing segment, Paynetics, Paysera, and TiXi whose average annual growth rate stands at 451%, 424%, and 361%, respectively. Evrotrust is the last company to form the top five with an average annual growth rate in operating revenue of 300%.

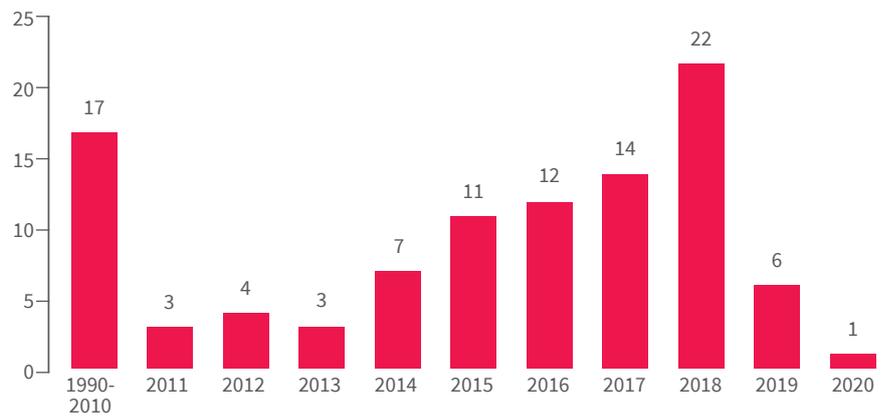
Figure 13. Operating Revenue Evolution of the Top 5 Most Dynamic Fintechs (EUR mln)



Dynamics by year of establishment

Over half of the companies operating in the Bulgarian Fintech market have been established between 2015 and 2020, with 2018 being an especially active year with a total of 22 companies established. The most popular sector is the payments/billing sector with 36 companies established between 1990 and 2020.

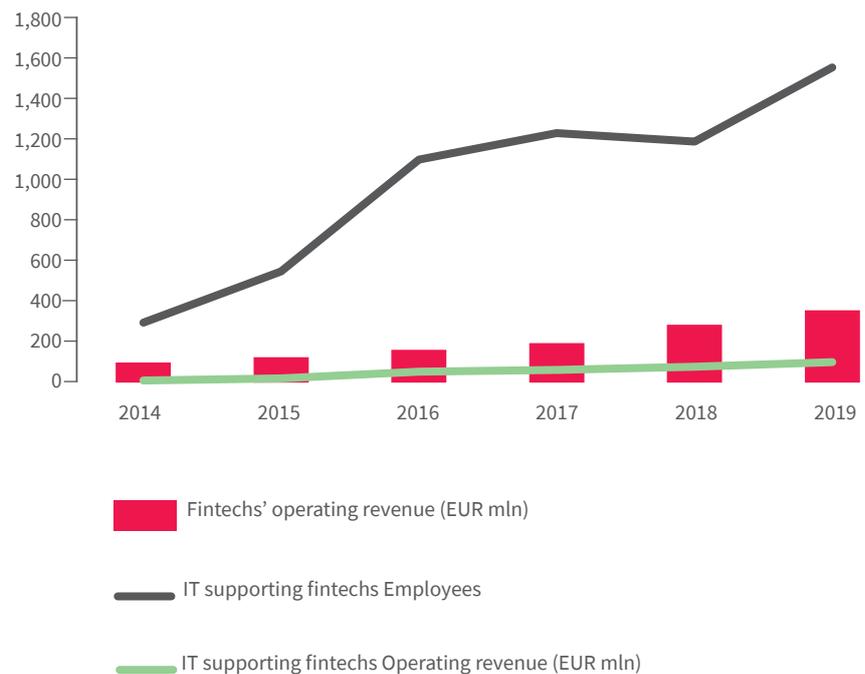
Figure 14. Established fintechs by year



IT supporting Fintechs role

IT companies supporting the Fintech sector remain an important part of the Fintech ecosystem which is evident by the demand for IT specialists indicated by respondents in our survey. The two sectors remain intertwined, both being drivers of innovation and skill-development in the Bulgarian economy. The rapid growth of the Fintech sector is also boosting the IT industry – while the first has been growing its operating revenue ever since 2014 and has increasingly been searching for support from ITs, the latter has increased both its operating revenue and number of employees over the same period.

Figure 15. Evolution of IT companies supporting fintechs





Behind the bloom of Digital Banking

A conversation with **Konstantin Djelebov**, Co-founder and CEO of phyre

For less than a year the two biggest Telcos in Bulgaria (A1 Telekom Austria Group and Vivacom) have launched their digital banking services...

Both of these companies have huge customer bases and it's natural for them to enter the financial services market. Worldwide there are a lot of success stories of Telcos that have managed to take a leading space in the industry. We are proud to be the engine behind A1 Wallet and Pay by VIVACOM.

How traditional banking players are reacting to this move?

Banks and payment institutions have been under enormous pressure to respond not just to the entry of the Telcos in the Bulgarian market but also the challenger banks and fintech companies. The big players are accelerating the development of their fintech strategy and are starting to catch-up by providing more customer centric service. However because of their legacy system, processes and constraints they still move quite slowly.

How the fintech strategy of the traditional players can be accelerated?

Fintech and banks are perceived as natural enemies. This is not quite true. Great example is our cooperation with the Bulgarian American Credit Bank. We've managed to launch together BACB Pay for just a quarter. The usual time for such a project is between 18 and 24 months.

Banks, Telcos and challenger banks - it seems everybody tries to be a fintech these days...

We can add the big techs like Google and Apple in this list. Retailers like Tesco, Walmart, Amazon, Lidl have already entered the finance industry. Even gaming companies. There are so many use cases that are still unserved or are being underserved. This creates a lot of opportunities and we are happy that we are very well positioned to help both non-financial institutions trying to enter in fintech and traditional institutions in their digitalisation strategy.

Is there a recipe for a successful entry in the fintech stage?

I wouldn't say so. Such projects are very complex. You need to build a strong team covering all moving parts from customer experience and technology to compliance and risk. It may take years to launch a financial or banking service. Selecting the right partners and trying to cut the time to market is quite important. phyre has good track-record of successful project mainly because of our unique symbiosis offering Digital Banking platform and Payment as a Service model via our cooperation with Paynetics.

6. FINTECH ECOSYSTEM

Banks continue to be the main actors beyond Fintechs within the Bulgarian Fintech ecosystem.

The lenders keep digitalising their services, bringing online almost every part of their traditional operations and processes. Some banks have also established their own Fintech providers, thus highlighting the surge in demand for digital financial services worldwide, especially amidst the COVID-19 pandemic. Telecommunication companies are also joining the Fintech bandwagon through cooperation with Fintechs, introducing digital wallets and payments.

BANKS

UBB, DZI

In 2019, Bulgaria's United Bulgarian Bank and insurer DZI, both part of Belgian financial group KBC, opened the Bulgarian unit of the Surf Studio innovations lab. Surf Studio is a platform for sharing innovations in banking, insurance, and beyond among the companies within the KBC group. Surf Studio was named Innovative Idea of the Year at the Fifth Edition of the B2B Awards in Sofia.

Bulgarian-American Credit Bank (BACB)

In October 2019, BACB became the sole owner of local Fintech start-up Paytech by acquiring the 50% stake held by Bulgarian Telecommunications Company (BTC). Paytech was founded at the beginning of 2019 as a joint venture investment of BACB and BTC, with the main purpose of developing instant payment services, known as "portfolio services".

In March 2020, BACB acquired respectively 8.7% of and 7.8% of the Fintechs Phyre and Paynetics. With this acquisition, BACB heavily promotes the Fintech ecosystem in Bulgaria and once again states its determination for a digital, greener and sustainable business model.

Postbank

In 2019, Postbank launched what it claims to be the first mobile banking application in Bulgaria with an integrated chatbot. EVA Postbank informs about important changes,

answers frequently asked questions, gives advice on daily banking, and can be used for submitting loan applications. The app also provides a live chat with a Postbank consultant.

Raiffeisen

In June 2020, Raiffeisenbank Bulgaria launched its Elevator Lab Fintech accelerator program. RBI's subsidiaries in Bulgaria and Romania will host the Analytics & Loyalty Solutions Track challenge, part of Elevator Lab 2020. The winners will see their innovations reach the Proof of Concept (PoC) phase by the Bulgarian or Romanian RBI banks and will be presented with an opportunity to integrate the solution into the group's global network of financial institutions.

Raiffeisenbank Bulgaria launched in June 2020 its RaiConnect digital communication service. The service is available for the bank's small business and premium clients. RaiConnect's main features include text, audio, and video chat with their bank consultant, and secure transfer of documents.

Fibank

In March 2020, First Investment Bank (Fibank) established its wholly-owned subsidiary MyFin EAD. The new company is licensed by BNB to operate as an issuer of electronic money. MyFin launched operations in November 2020 and provides innovative services such as P2P payments, digital wallets, etc., thus expanding Fibank's markets and client base.

ApplePay

From April 2020 the Apple Pay service is now provided by three Bulgarian banks, along with Fintech companies. Fibank was the first Bulgarian bank to launch the service in November 2019, followed by Unicredit Bulbank a month later and Raiffeisenbank in April 2020.

DSK Bank

As part of OTP Group, DSK Bank has launched in Bulgaria OTP Lab - an innovation hub that brings together experts, startups and businesses to work on the development of banking products and services. The hub has a 12-week program for post product/market fit startups and scaleups that could establish partnerships with OTP Bank and its subsidiaries.

JOINT INITIATIVES

Sofia University St. Kl. Ohridski and Bulgarian Fintech Association

For the very first time in October 2020, the Faculty of Economics of Sofia University St. Kliment Ohridski launched a Finance and Investments Master's degree program in close collaboration with the Bulgarian Fintech Association. Only promoted for a couple of months, the program became the most popular program in the Faculty of Economics and attracted more than 40 students.

This Master's degree consists of various finance and investment courses, accompanied by an innovative English language course in Fintech and E-banking. The course is led by Deyan Radev, Ph.D., an academic with 10+ years of experience in universities around Germany and investigates how Fintech is transforming financial services across Europe. The innovative element of this course is that it is taught in cooperation with more than 15 Fintech representatives of the Bulgarian Fintech ecosystem, among which Mastercard, Unicredit Bulbank, Paynetcis, Iuvo Group, Paysera, Klear, etc.

The course's main goal is to expand the talent pool of finance professionals and produce a critical mass of highly qualified specialists with a proven interest in the financial sector who will eventually join or establish a Fintech business, located in the region of Southeast Europe. Another innovation is that apart from traditional lectures and exams, the process of acquiring new skills and knowledge will be augmented with real-life case studies, conferences, a Fintech Hackathon, and many more. This new teaching approach executed as a partnership between the public and private sectors will ease the transition from the university's bench to a professional career in the Fintech industry.

A1, Access Finance

In August 2020, the Bulgarian telecommunications company A1 launched, in cooperation with local non-banking financial institution Access Finance, an online service for quick consumer loans. The move is part of A1's strategy to expand its operations in the Fintech field. The company has already launched two financial products - the A1 Credit Card and A1 Wallet. The telco also offers home insurance through the local insurer Allianz Bulgaria.

Fibank, MasterCard, Garmin

In September 2019, Fibank, MasterCard, and Garmin announced a partnership in the Fintech field. The companies partnered for the launch of the Garmin Pay service on the Bulgarian market. Fibank's customers are now able to digitalise their Mastercards and make contactless payments using Garmin Pay on their smartphones and watches.

Unicredit Bulbank, Raiffeisenbank, A1, Vivacom, Bulgarian-American Credit Bank (BACB)

In 2019 and 2020 three of the Bulgarian banks – Unicredit Bulbank, BACB and Raiffeisenbank, as well as telcos A1 and Vivacom, launched their digital wallet services. The services are available through a mobile app for Android and/or iOS devices. The A1 Wallet, Pay by Vivacom and BACB Pay are developed in collaboration with Paynetics AD, which is registered as an electronic money institution by the Bulgarian National Bank (BNB).

Visa, Eleven Ventures

In 2020, international financial services company Visa and Bulgarian early-stage investor Eleven Ventures launched the second round of the Visa Innovation Program in Bulgaria. The Visa Innovation Program is a collaborative platform for emerging fintech companies in SEE, leveraging resources such as design thinking, fintech know-how, mentorship, market access within Visa and its global partner network and investment opportunities. The Visa Innovation Program was first launched in 2018 and has since helped 10 of the most promising fintechs from the SEE to reach a POC with a bank or Visa, bulletproof their business models, access new markets and land investments.

Varengold Bank, Klear Lending

In June 2019, Germany's Varengold Bank AG has agreed to acquire 20 percent of Klear, a Bulgaria-based peer-to-peer (P2P) lending platform with leading positions in the emerging FinTech segment in Southeast Europe (SEE). Varengold Bank will support the development and growth of Klear with a EUR 750,000 financial package, which comprises of equity and debt funding. This is Varengold Bank's first investment in a P2P lending platform and the Bank's first step to turn its Bulgarian branch into a major hub for its expansion in Southeast Europe.

GLOBAL PAYMENT PROCESSING COMPANIES

MasterCard

In January 2020, MasterCard presented in Bulgaria its global initiative in the Fintech field MasterCard Accelerate. The initiative facilitates the cooperation between MasterCard and Fintech companies through all stages of growth and transformation – market entry, expansion, product development, diversification, and innovation. MasterCard Accelerate includes a range of programs that Fintechs can choose from based on their needs.

Visa

Visa is supporting Fintech companies through its Fintech Fast Track Program. According to Visa, since expanding globally in mid-2019, the Fast Track program has grown 280% to more than 140 Fintechs. The newest members of the Fast Track program span a diverse range of companies, including female-founded Fintechs, digital currency wallets, consumer-centric and business-to-business (B2B) solutions providers. Another initiative supporting the development of fintech companies in the region is the Visa Innovation Program powered by Eleven.

Borica

Borica is a payment services provider, the first bank card operator in the country. The company's portfolio features fintech products for electronic signature, electronic invoice and money transfer via ATM. Borica plans to launch instant payments in BGN in Q1 2021. The project will enable instant payments through point of sale (POS) terminals via QR code, instant payments to online stores, and others.

7. INVESTMENTS IN FINTECH

In Bulgaria, there are 6 investment funds actively participating in building the business climate for financial technology companies in the country.

The highest number of Fintech-related investments in the last 36 months has been achieved by Eleven Ventures, followed by LaunchHub and New Vision. From 2018 - 2020 the Bulgarian VC Investment funds spent a bit less than EUR 47 million on digital finance solutions, out of which EUR 21 million were invested in Fintech companies and over EUR 25 million were invested in Fintech-related companies, whose financial technology solutions are considered secondary revenue streams. A deeper look into the data shows that 72% of the VC investments are in pre-seed and seed-stage companies, which is natural for a market like Bulgaria - with a relatively young startup ecosystem and short VC history. Another evidence for increased investment interest in Bulgarian Fintechs firms is the significant non-VC Fintech investment made in June 2019 when Germany's Varengold Bank AG has agreed to acquire 20 percent of Klear, a Bulgaria-based peer-to-peer (P2P) lending platform, for a EUR 750,000 financial package.

Investments in Fintech and the impact of COVID-19 crisis

Despite the adverse effects of the COVID-19 pandemic, which led to many delays and cancellations of IT projects in sectors such as aviation and hospitality which have sharply cut their IT spendings, Q1 in 2020 was rather positive for the Fintech investments in Bulgaria. The Fintech investments in the first 3 months of 2020 achieved 93% of all-time-best-results (in 2018) accumulating to EUR 8.4 mln. We are still to see if the emergence of the COVID-19 pandemic will affect investments in Bulgaria.

Payments - the favorite investment segment

When analyzing the data, a trend of investing in payment solutions was spotted - more than 60% of Fintech investments in the period 2018-2020 are made in the Payments/Billing Fintech segment. The reason behind this is that this the most developed, fastest-growing, and therefore most prominent Fintech business segment which accounts for 35% of all Fintechs in Bulgaria. It could be speculated that the trend to invest in payment solutions and products will keep going up in the near future, as it will be further stimulated by the increased adoption of digital payment technology.

The prospects for the Bulgarian Fintech investments

When talking about the Fintech investment future, undoubtedly we have to take into consideration the short-term and long-term implications of the COVID-19 crisis. Although digitalization and Fintech adoption were positively impacted, for some of the main drivers for Fintech such as the retail sector and e-commerce for non-essential goods, lending for small and medium businesses and capital loans and hospitality the lockdowns have been especially burdensome. The companies that survive this period of uncertainty will be the ones that will have the unseen opportunity for economic development as a result of the boosted digitalisation of all aspects of our daily lives. In that sense, we at the BFA, are optimistic that the future belongs to the sustainable Fintech business models who can resist anything staying on their way to success.

Investments in Fintech Companies

Investor	Organization Name	Organization Headquarter	Fintech Segment	Announced Date	Funding Round	Converted In EUR
New Vision 5	Phos	Bulgaria	Payments/Billing	Mar-20	Seed	1,300,000
New Vision 7	phyre JSC	Bulgaria	Payments/Billing	Mar-20	Series a	1,600,000
New Vision 9	Paynetics	Bulgaria	Payments/Billing	Mar-20	Series a	2,500,000
Eleven	Payhawk	Bulgaria	Payments/Billing	Mar-20	Seed	3,000,000
Eleven	LogSentinel	Bulgaria	Regtech	Aug-19	Seed	1,000,000
Eleven	Reloalty	Bulgaria	Payments/Billing	Jun-19	Seed	530,000
Aeternity Ventures	TraDEXsocial	Bulgaria	Blockchain/Crypto	Mar-19	Pre-Seed	84,698
Eleven	Payhawk	Bulgaria	Payments/Billing	Feb-19	Pre-Seed	500,000
Eleven	Colibra	Bulgaria	Insurance	Feb-19	Seed	2,000,000
Launchub	Charlie Finance	Bulgaria	Personal Finance	Nov-18	Series a	9,000,000
Launchub	Reloalty	Bulgaria	Payments/Billing	Jan-18	Seed	50,000
Varengold	Klear Lending	Bulgaria	Lending	Jun-19		750,000

Investments in Fintech Supporting Companies

Investor	Organization Name	Organization Headquarter	Fintech Segment	Announced Date	Funding Round	Converted In EUR
Launchub	FintechOS	Romania	IT Support for Fintechs	Dec-19	Series A	10,700,000
Impetus Capital	A4Everyone	Bulgaria	IT Support for Fintechs	Dec-19	Convertible Note	565,000
Launchub	FintechOS	Bulgaria	IT Support for Fintechs	May-19	Seed	1,100,000
Blackpeak	Software Group	Bulgaria	IT Support for Fintechs	Sep-18	Convertible Note	6,000,000
	Software Group	Bulgaria	IT Support for Fintechs	Mar-18	Series B	7,000,000



PENKOV · MARKOV & PARTNERS

INTERNATIONAL LAW FIRM

SINCE 1990



LEGAL REGULATIONS IN THE FINTECH SECTOR IN THE EU

One of the problematic topics concerning the Fintech sector in the EU countries is related to ensuring regulatory **compliance of their activities with the applicable regulatory requirements (the so-called Compliance)**. Currently, the following material legal regulations are applicable for Fintech companies:

- **Payment Services and Payment Systems Act (PSPSA)**, which transposes the *Second Payment Services Directive (PSD 2)* - regulates the relations linked to payment services and payment systems in Bulgaria, including what payment services Fintech companies are entitled to perform and what license must be obtained thereof;
- **Markets in Financial Instruments Act (MFIA)**, which transposes the *Markets in Financial Instruments Directive (MiFID II)* - introduces a number of regulatory obligations for documenting the consultations provided by obligated persons, adopting a policy for the execution of orders from clients, recording telephone calls, meetings, electronic correspondence that may lead to the conclusion of transactions, etc.;
- **General Data Protection Regulation (GDPR) and the Personal Data Protection Act (PDPA)** - both introducing essential requirements to the activities regarding the collection, processing and use of personal data, the observance of which is subject to periodic control and serious sanctions in case of non-compliance. The new rules have had a significant impact on all companies in the Fintech sector, as their implementation requires significant financial, human and technical resources on an ongoing basis;
- **Measures Against Money Laundering Act (MAMLA)**, which transposes the AMLD4 and AMLD5 Directives - regulates the preventive measures against the use of the financial system for money laundering, as well as the organization and control of such measures. Like the PDPA and the GDPR, the implementation of these regulations requires significant efforts and resources on the part of the obligated persons.

The above regulations do not constitute an exhaustive list of the new EU and national regulatory requirements that the financial

sector has faced in the last less than 10 years - **EMIR (2013), CSMAD and MAR (2014), Solvency II (2016), SFTR (2016), CSDR (2017), IFRS 9 (2018)**, etc. should be noted here.

It should also be noted that some of these regulations contain, at first glance, **seemingly contradictory requirements**. For example, **the GDPR and the PDPA** require to be collected as **little information as possible** about clients on the basis of a proven legal interest, as the said should be kept for a limited period of time (after the termination of the legal relationship with the client). However, **the MAMLA, and partly the MFIA**, require the collection of **additional data about clients in order to identify them** (extended comprehensive inspections, clarification of the origin of funds, clarification of the volume and nature of the relationship, etc.).

In that respect, Fintech companies are faced, in each separate case, with the difficult assessment which regulation should have a priority. The main challenge is to **meet both customer expectations and market requirements, on the one hand, and regulatory standards, on the other**, whereupon maintaining a balance between the two is represents a particularly challenging task.

*The article is created by Penkov, Markov and Partners.
For more info: www.penkov-markov.eu*

8. REGULATIONS LANDSCAPE

The following table lists all relevant EU and Bulgarian regulatory initiatives that apply to or are expected to be applicable to the Fintech sector over the next years:

New regulatory initiatives	Stage	Overview
Digital Finance Package	Published on 24th September	Based on broad public consultations and the Digital finance outreach, on 24 September 2020, the European Commission adopted a digital finance package, including a digital finance strategy and legislative proposals on crypto-assets and digital resilience, for a competitive EU financial sector that gives consumers access to innovative financial products, while ensuring consumer protection and financial stability. The package supports the EU's ambition for a recovery that embraces the digital transition. Digital financial services can help modernise the European economy across sectors and turn Europe into a global digital player. By focusing its regulations on digital technologies and consumer safety, the Commission aims to leverage synergies between high innovative start-ups and established firms in the financial sector while addressing associated risks.
European Payments Initiative	Initial roll-out	This initiative aims to create a unified payment solution for consumers and merchants across Europe, encompassing a payment card and a digital wallet and covering in-store, online, and person-to-person payments as well as cash withdrawals. It was launched by 16 European banks and is aimed at replacing national schemes for a card, online and mobile payments with a unified card and digital wallet that can be used across Europe. It is based on the Single European Payments Area's (SEPA) instant credit transfer (SCT Inst) scheme and can immediately capitalize on existing infrastructures, such as the Eurosystem's TARGET Instant Payment Settlement (TIPS). The initiative is supported by the European Central Bank and will likely have a wide impact on the Fintech landscape in Europe.
European Fintech action plan	Consultations closed	<p>The plan will help the financial industry make use of the rapid advances in technology such as blockchain and other IT applications and strengthen cyber resilience. This will benefit consumers, investors, banks and new market players.</p> <p>In June, The BFA and the Commission organised together a public discussion with Bulgarian stakeholders on the new plan as part of a series of national events, once more exemplifying Bulgaria as a country which prioritises the development of digital finance and strives to become a regional Fintech hub.</p>

New regulatory initiatives	Stage	Overview
Digital Services Act	Consultations closed	In December 2020, the Commission is expected to introduce plans for a new act regulating digital services. The new piece of legislation will come as an update to the eCommerce directive from 2000. It is expected that the act will address issues such as illegal and counterfeit sellers and outline new measures for online safety, liability, market dominance, online advertising, and smart contracts. It is also likely to include the future governance framework for online services. A coalition of 10 EU member states is insisting that the new act should be based on some of the basic principles of the eCommerce directive, including the country of origin principle, the limited liability exemption, and the ban on a general monitoring obligation.
European Data Strategy	Feedback on consultations published	In February 2020, the Commission presented a new strategy aimed at the creation of a single market for data across the EU. The market will be accessible to both public and private stakeholders and will store masses of industrial data. The strategy encompasses the model for governing access to the market, the use and reuse of the data, the establishment of data spaces across different sectors, and building capacity for the entire data ecosystem. The plan presented in February includes the creation of nine common data spaces across the EU, covering a range of sectors. It also foresees a new Data Act in 2021, that could “foster business-to-government data sharing for the public interest.”
New EU-US Privacy Shield Agreement	N/A	In July, the European Court of Justice declared invalid the EU-US Privacy Shield agreement that was aimed at guaranteeing the secure transmission of EU data to the US. The US Department of Commerce announced in August that it and the Commission have started talks on the establishment of a new Privacy Shield framework. There is no timeline for the completion of the talks.
Sofia Regtech Sandbox	N/A	In February 2020, the Bulgarian Ministry of Finance announced plans for the creation of a regulatory sandbox - the first of its kind in the SEE region - that will allow global companies to test their products and services in a secure regulatory environment. This way, public institutions will gain insights into the required regulatory framework to foster growth in the sector. The minister of finance at the time, Vladislav Goranov, did not provide a timeline for the launch of the Sofia Regtech Sandbox.

Regulation	Entry into force	Overview
PSD2	Jan 13, 2018	The Payment Services Directive (PSD2) is an EU Directive regulating payment services and payment service providers throughout the European Union (EU) and European Economic Area (EEA). PSD2 enables banks' customers to use third-party providers to manage their finances, which requires banks to provide third-party providers access to customers' accounts through open banking API platforms. The purpose is to increase pan-European competition and participation in the payments industry even among non-banks, while also providing a level playing field for them by harmonising customer protections, and right and obligations of payment providers and users.
Regulatory Technical Standards (RTS)	September 2019	The European Commission adopted the Delegated Regulation on Regulatory Technical Standards (RTS) in November 2017. These standards provide detailed specifications to achieve the strict security requirements for payment service providers in the EU.
Law on Payment Services and Payment Systems	Mar 6, 2018	The law regulates payment services and systems in Bulgaria, including: <ul style="list-style-type: none"> - the requirements to the payment service providers' activity and types of payment services; - the terms and procedures for licensing and operation of payment institutions; - the terms and procedure for licensing and conducting activities of electronic money institutions; - the rights and obligations of the parties in the provision of payment services; - the terms and procedure for consumers to open and use payment accounts with basic feature.
Ordinance H-18	Jan 1, 2007; latest amended on July 31, 2020	The Ordinance regulates the registration and reporting through fiscal devices of sales in trade sites, the requirements to use a software for their management and requirements to the persons, who carry out sales through online shops in Bulgaria.
eIDAS	Sep 17, 2014	The electronic identification, authentication and trust services (eIDAS) is an EU set of regulatory standards for electronic identification and trust services for electronic transactions in the European Single Market. It regulates electronic signatures, electronic transactions, involved bodies, and their embedding processes to provide a safe way for users to conduct business online like electronic funds transfer or transactions with public services.
Law on Measures Against Money Laundering	Mar 27, 2018	The law regulates preventive measures against using the financial system for money laundering purposes, as well as organisation and control over such measures.

9. SOUTHEAST EUROPE FINTECH LANDSCAPE



* Number of Fintech companies

Introduction to the SEE Fintech

The Fintech ecosystem in Southeast Europe (SEE) is constantly growing and becoming more complex and sophisticated in recent years – a trend, facilitated by rapid shifts in social and economic behaviour triggered by the COVID-19 pandemic. From both a global and European perspective, the SEE region is still an emerging Fintech location, but some countries, such as Greece, Bulgaria, Romania, Slovenia, and to a lesser extent Serbia and Croatia, are rising as prominent Fintech destinations. According to the 2020 Global Fintech Index, four countries in the region were among the 60 best Fintech ecosystems in the world – Greece, Slovenia, Bulgaria, and Romania. At a city level, Athens, followed by Sofia are the leading Fintech locations in SEE, according to the same ranking, followed by Ljubljana, Bucharest, and Cluj-Napoca, all of them in the Top 50 in Europe.

The initiatives supporting national and regional Fintech ecosystems can be grouped into five main categories:

- bank challenges for startup financing
- collaborations between traditional banks and mobile operators and Fintech startups in the field of open banking
- organising innovation events, including ones dedicated to Fintech, e.g hackathons and competitions
- partnerships with universities and other educational institutions
- government initiatives for promoting Fintech through innovation hubs and regulatory sandboxes.

Albania

Albania is one of the latest entrants to the SEE Fintech scene and its ecosystem is at a very early stage of development. There is no association or other organisation specifically dedicated to representing the interests of the Fintech sector in the country. Some of the already established players are members of the wider Albanian ICT Association, which unites Fintech companies among others. The main driving force for the development of the sector in Albania is the need for traditional banks to offer more flexible and convenient services to their customers. This calls for partnerships with Fintech companies on the development of online banking products. A growing number of startups are also entering the local market, providing solutions in the fields of microfinancing and retail banking, wealth management, and investment.

Major participants in Albania's Fintech ecosystem include the digital lending platform Cardo.AI, the mobile payment service MPAY and the microfinancing institution aimed at customers in the rural areas Fed Invest. The sector benefits from collaboration with international partners, such as the bilateral partnership programme UK Albania Hub aimed at facilitating the development of Fintechs in Albania and the Western Balkans. Initiatives by traditional commercial banks, such as the Raiffeisen Bank Elevator Lab Bootcamp, also support local early-stage entrepreneurs in the Fintech ecosystem. Tirana Business Park provides training, networking, infrastructure and co-working spaces for Fintech startups. A Fintech Society has been developed to support innovations in that field. National and regional events, such as Startup Albania Fintech Summit, are being held more frequently. The Epoka University has established an Innovators Hub, which maintains partnerships with local Fintech companies.

Croatia

Croatia is regarded as one of the most promising new Fintech destinations in SEE with several companies with global market presence. However, there are still no government programmes or specific legislation to support the sector. Furthermore, as of November 2020 there is no existing Fintech association and in effect, several narrowly specialised initiatives and organisations represent the interests of the participants in the Fintech ecosystem. The largest association in terms of coverage is the Croatian Association for Blockchain and Cryptocurrencies (UBIK) which shows that Croatia's Fintech sector is mainly driven by the need for disruptive financial services provided in partnership with banks and insurance companies. Crowdfunding and other innovative areas are also in the development stage.

The three main and most established independent Fintech startups in Croatia are Microblink, Oradian and Worig. The first one is an AI-powered scanning and data extraction software producer that provides its products to end-users in Europe, the USA and Southeast Asia and is listed by Financial Times in Europe's 1,000 fastest growing companies in 2020. Financial inclusion company Oradian is also included in that list and it is also the winner of the Raiffeisenbank Austria Elevator Lab Challenge with its platform facilitating the interaction between landlords and tenants of real estate in terms of reliability and payments processing. Support for the development of the

Fintech ecosystem in the country ranges from initiatives by traditional commercial banks, such as the Raiffeisenbank Austria Elevator Lab Challenge, to support from state government bodies, such as the regulatory Innovation Hub of the Croatian Financial Services Supervisory Agency.

Greece

In Greece, there are 36 credit institutions and 23 payment institutions which makes the Hellenic Republic one of the most developed digital finance countries in the region of Southeastern Europe. Together with a rich vast talent pool, for which in 2018 Greece was ranked 11th in the world for Science and Engineering graduates by the Global Innovation Index 2018, Greece is among the first 3, along with Bulgaria and Romania, with the best potential to become the next Fintech hub.

In the region, there are several associations active in the field of financial technology - Federation of Hellenic Information Technology & Communications, Electronic Money Association, Hellenic Bank Association. All three of them are closely interrelated and work daily to make Greece an attractive point for ICT projects and financial innovation. As a result, in 2020 the Global Fintech Ranking placed Greece 41st and Athens 36th in Europe Top 50 Europe Fintech Cities – the best performed among its neighbors of Bulgaria, Romania, and Serbia.

The Hellenic Fintech ecosystem

A major part of Greek Fintech life takes place in the Hellenic capital – Athens. This is where most investor and startup events take place. For this reason, it is considered the epicenter of Greek innovation and Fintech.

In April 2020, in Athens, 53 prominent Fintech startups were mapped, and more than 50 ICT companies operating in the sphere of Financial technologies. As of October 2020, the Hellenic Fintech ecosystem is backed by 85 investors and more than 40 accelerators and incubators. An example of a Fintech-related initiative is the accelerator, organized by the National Bank of Greece - Be Finovative, awarding each team developing Fintech ideas with 3,000 €.

Promoting companies is one of the most important preconditions for a well-developed ecosystem for every industry. In 2019 Greece hosted 46 IT competitions, hackathons, and Fintech programs among which were Visa Innovation Program, Crowdhackaton #Insurance, Finquest by Alpha Bank, etc. They all offered countless possibilities for the transfer of knowledge, direct communication with investors, and crucial opportunities for entrepreneurs to gain experience and enhance their public skills.

Last, but not by importance for the development of the Fintech sector is the role of the government. In Greece, the main Supervisory body is the Bank of Greece (BoG). BoG is responsible for supervising the stability of the financial system in the country, therefore it is monitoring all credit institutions, private insurance companies, payment and settlement systems, etc. To foster the development of Fintech businesses within

the country and facilitate Fintech and innovation, this year, together with the European Bank for Reconstruction and Development, BoG started a process of establishing a Regulatory Sandbox.

All of the above, together with the political will for Greece to catch up with other European countries in the field of digital technology creates a momentum for Hellenic Fintech to thrive.

North Macedonia

North Macedonia is one of the first SEE countries to establish a dedicated Fintech association – the Alternative Financial Services Association of North Macedonia. It has six members, almost exclusively representing the most popular Fintech branch in the country - lending and personal finance. The association plays a major role in the promotion of the Fintech companies and raising awareness among users of financial services in North Macedonia. In 2020, it signed a memorandum of cooperation with the broader ICT Chamber of Commerce of North Macedonia (MASIT) as a joint initiative. Another key stakeholder in the ecosystem is the National Bank of North Macedonia, which organises workshops and other events aimed at promoting Fintech as a crucial branch of the financial sector. North Macedonia also partners with global Fintech players, such as Mastercard, with which it reached a deal on implementing digital identities for citizens.

The leading Fintech companies in the country include microcredit platforms SN Finance, Credissimo, M Cash and Tigo.mk, the foreign exchange trading platform LMFx and the provider of a mobile wallet for parking payments Zoning Parking System.

Romania

Romania is among the Fintech pioneers in SEE with one of the best-developed Fintech ecosystems in the region, together with Bulgaria and Slovenia. In terms of size and number of market participants, Romania is one of the leaders in the region with nearly 100 active Fintech companies. A fair share of it is represented by the Romanian Fintech Association, established in 2020. The most important private initiative in the sector is FintechCamp which is developing a network of Fintech events, projects, and communities and has achieved regional coverage. The public sector is particularly active, in specific the National Bank of Romania with its initiatives Fintech Innovation Hub and Regulatory Sandbox.

At the company level, retail banking is the dominant segment with more than half of all entities active in 2019. It is followed by SME banking and technology with 20% each. Corporate banking, capital markets, wealth management, and insurance still have negligible shares. The most successful startups in the Romanian Fintech ecosystem are the online shopping cashback platform Beez, the business cloud solutions provider Bunnyshell, the cloud-based platform integrating payments with loyalty programs SymphoPay and the cross-cloud management platform Swazm.

Serbia

Serbia has established itself as an attractive destination for global Fintechs and 10 of the TOP 100 Fintech companies ranked by IDC operate in the country. A growing number of them have their research and development centres in Serbia. Although being considered one of the most rapidly developing in SEE, the Serbian Fintech ecosystem is still not represented by a single dedicated association. Many participants in the ecosystem are members of the wider ICT Network. There are a number of narrowly specialised unofficial organisations, such as the startup community Fintech Serbia, which supports the development of the sector above all through various initiatives and events. Serbia is predominantly specialised in blockchain as a result of the quick adoption of this technology and local blockchain startups count more than 20.

The Serbian government strives to provide support to Fintech companies in terms of education and infrastructure. The sector also benefits from the corporate income tax reduction for technology startups via the double accelerated research and development expenses deduction. A host of private initiatives are also in place, including events such as the Fintech 4 Business Forum. The most popular players in the Serbian Fintech ecosystem are Germany-based Finleap, cryptocurrency-based solutions Yugonova and xCEEDium and the data security platform for claims Sentries.

Slovenia

Slovenia boasts one of the most developed Fintech ecosystems in SEE. The Fintech scene, however, is still quite fragmented with numerous non-profit organisations, platforms, and communities representing different companies. Most of them cover the broader startup ecosystem, such as the crowdfunding platforms ADRIFund and CONDA, the Young Entrepreneurs Meetup, and the social media initiative GREMO na Kickstarter. The ICT Innovation Network also represents Fintech companies, as well as other IT enterprises and startups. The National Bank of Slovenia has launched a Fintech Innovation Hub to promote the development of the Fintech sector and provide information on regulatory requirements for companies offering alternative methods of payment, cryptocurrency, crowdfunding, and other financial services. Other organisations supporting the Fintech ecosystem include Blockchain Think Tank Slovenia and Tech Park Ljubljana. There is also a government action plan for blockchain and innovative startups.

Some of the most recognizable Fintech companies in Slovenia are the insurance industry software provider Adacta Fintech, the purchase financing solutions provider Leanpay and the blockchain and cryptocurrency platforms Eligma, Oxcert, and Netko.



Five predictions for what's to come in 2021 in fintech and payments

Ivo Gueorguiev Co-Founder, Paynetics



The events of 2020 have forced years' worth of innovation and disruption to take place in mere weeks, and fintechs have been crucial in supporting all businesses as they respond to the current global economic crisis. Here are a few thoughts on what we can expect to see in 2021 and beyond:

The reign of mobile – Mobile payment adoption is soaring because of convenience, speed and safety concerns around handling cash. Merchants are looking to digitalise their payments in a physically safe and technologically secure way, which they can do by shifting the point of sale to a mobile device.

Options aplenty, via e-wallets - There's no doubt that e-wallet tech is on the up. The network of interoperable wallets built by pyre and currently used by A1 and Vivacom is an excellent example of the innovation in this space. Offering multiple payment options is important for businesses, and a key selling point for consumers.

BigTech making its voice heard - The dominance of BigTech in the fintech space continues to rumble on; Google's upcoming launch of a digital banking platform and Apple's lawsuit with Epic Games are just some recent examples. Only time will tell if these tech behemoths have what it takes to make a positive difference in this industry.

Collaboration is king - We must strive for closer cooperation between fintechs and more traditional players. Through collaboration, we can bring 'best in breed' solutions to market that can compete effectively, but which will have the adequate regulatory and supervisory frameworks to make them a success and drive innovation in the sector.

Bulgaria as a fintech hub - There's no doubt that Bulgaria's reputation as a fintech hub is gathering pace: we have the people, skills, drive and the expertise to be a player in the international fintech scene. I'm looking forward to seeing Sofia give London a run for its money and claim its crown as European fintech capital!

It's an exciting time for the fintech sector, and we are on the front line of supporting businesses and consumers transition to a new way of operating. The gears of the economy need to keep turning, and when it comes to how we pay and are paid, fintech is the oil that keeps the machine moving forwards.

10. TRENDS

The Fintech sector's development in the next few years will inevitably be dependent on the COVID-19 pandemic which has already led to a change in consumer behaviour in times of social distancing, work from home, and increased online trade. These shifts are unlikely to be only short-term and present a huge opportunity for the sector to accelerate the adoption of Fintech technologies on a broad level. Mass adoption will take place not only on the consumer side but also by merchants who are being forced to adopt contactless deliveries as well as efficient and as contactless as possible face-to-face payments.

Further digitalisation

In this context, one of the biggest trends for Bulgarian Fintech companies over the next few years is the need for a rapid digitalisation of their business model. Fortunately, the majority of sector players are already actively operating in this domain. As many as 53% of the Fintech respondents in a survey conducted by BFA and SeeNews say they are already working with digitally-active enterprises. This positive trend is observed amid a rather unfavourable overall environment – Bulgaria has the lowest share of digital technology integration among all EU members, according to the latest edition of the European Commission's Digital Economy and Society Index. This puts the Fintech sector at the forefront of the digitalisation trend in the country and gives sector players a competitive edge against other businesses, considered to be more traditional.

Expanding use among consumers

Most sector representatives acknowledge that their expectations for contactless adoption have been compressed to several months from two to three years previously. However, the speed at which Fintech solutions will reach mass adoption depends on Bulgarians' general familiarity with the sector. Industry representatives are divided in their experience with the public's perception of Fintech technologies – 50% of the respondents in our survey say that Bulgarians are familiar with what comprises a Fintech while the rest consider the public generally unaware. At the same time, Bulgarians' financial literacy is above the SEE average at 58% of the maximum possible in a study conducted by OECD earlier in 2020, indicating that the general public is perceptive of the need of financial services (OECD (2020), Financial Literacy of Adults in South East Europe).

The majority of the respondents in our survey agree that certain age groups are far more familiar with Fintech products and willing to use them while some point that one of the reasons for this could be that most Fintech services offered in Bulgaria are focused on B2B. Indeed, about 53% of the respondents in our survey have said they provide services predominantly to businesses but those focused on consumers are not far behind with around 47%. These close results show that Bulgarian consumers were already easing into Fintech solutions even before the start of the pandemic.

Expanding outside of the domestic market

While the accelerated adoption of Fintech technologies and products will likely help local sector players grow faster than previously projected in Bulgaria, respondents in our survey agree that scalability is one of the main challenges ahead due to limitations in the domestic market. The sector is already mature enough for international growth and the COVID-19 pandemic is unlikely to affect expansion plans – close to 87% of the survey respondents plan to gain a foothold in new markets. In terms of desired destinations, the Central and Eastern Europe region emerges as a favourite, followed closely by North America.

Improving funding availability

Scalability is not the only limitation faced by Bulgarian Fintechs. While investors flock to Fintechs in other parts of the world and the sector is regularly producing unicorns elsewhere, most Bulgaria-based companies have mixed experience with domestic external funding. All of the respondents in our survey noted that access to fresh external capital needs improving while 54% noted that the overall availability of funds has improved greatly over the last couple of years. Most respondents consider funding to be key for the future positive development of the entire Fintech ecosystem in Bulgaria. Eleven Ventures is the leader in terms of VC funding with seven investments in Fintech in 2019. (Raiffeisen Bank Fintech Atlas 2019)

Regulatory framework – the next big step

The Bulgarian Fintech ecosystem is growing at a fast pace and Bulgaria is already one of the countries with the highest number of Fintech companies in the whole SEE region. However, a comprehensive regulatory framework for the sector is yet to be adopted and all respondents in our survey recognise this to be of crucial importance if the country is to establish itself as a preferred location not only in the region but in the EU. One of the main obstacles before the sector currently is the use of obsolete legislation that does not recognize the needs of the Fintech sector and the way it operates. The lack of a specific framework impedes legal stability in the sector, according to all respondents in our survey. The implementation of an electronic government would immensely improve the outlook for the Bulgarian Fintech sector even without a sandbox regime in place.

Cooperation with other financial services players to remain the norm

Bulgarian Fintechs are committed to cooperation with banks, insurers, and other players in the financial services domain and this trend is unlikely to change – almost 100% of the respondents in our survey say they cooperate or operate in both a cooperative model and independently. One respondent noted that while working independently at the moment, they have identified partnerships that would enhance efficiency utilization.



Bulgarian fintech solution Phos grows global with Mastercard®

A partnership between phos and Mastercard was recently announced. It will enable 12,000 small businesses across 12 European countries to accept contactless payments using their existing Android mobile devices. In an interview with Jason Lane, Group Executive of Market Development for Europe at Mastercard, we deep dive into this strategic partnership.



How does this partnership with phos fit in with Mastercard's strategy?

Supporting small businesses is a key priority for Mastercard. This collaboration fits in with that strategy by enabling small businesses to accept electronic payments across various channels: cards, wallets and wearables. It is also worth pointing out that the payment solutions promoted in this partnership are all next-gen. This means they are all contactless-enabled, have best in class security via our tokenization technology and include our sonic sound to confirm that a payment went through successfully.

Other than the obvious hygiene benefits, how does contactless benefit small businesses?

We have seen a phenomenal growth in the use of contactless payments. In Europe, 78% of all Mastercard transactions are now contactless. Hygiene concerns is an important driver for contactless payments, but people also enjoy the convenience and speed that comes with it, without compromising the security of their payment information.

How does Mastercard cater to small business needs?

We offer solutions that save time and money for small business owners, allowing them to focus on what matters most to them. We work in tandem with fintechs to deliver safe and simple digital solutions for people as well as businesses.

When partnering with fintechs, what does Mastercard bring to the table to become their partner of choice?

Our overarching fintech platform – Mastercard Accelerate – gives start-ups and emerging brands support and assistance for every stage of their growth and transformation, from market entry to global expansion. This tailored approach helps us become their partner of choice as demonstrated by the fact that 26 of the 30 top European fintech issuers launched their products on Mastercard.



11. EVENTS

Event	Date	Country	City	Type	URL
Security expo DIGI PAY	01/10/2020	Bulgaria	Sofia	live+online	https://digipay.acfe.bg
The Annual Fintech & InsureTech Summit	27/02/2020	Bulgaria	Sofia	live	https://www.capital.bg/en/event/152#
Tech of Tomorrow	September – October 2020	Bulgaria	Sofia	online	https://tech.investor.bg/
Finance Tech Forum		Bulgaria	Sofia		
Business & Finance 4.0		Bulgaria	Sofia		https://mysuccess.bg/bizfinance/
The Future of Money		Bulgaria	Sofia		
Financial Forum Innovations	Autumn 2020	Bulgaria	Sofia		
Bulgarian Digital Week	21/09/2020	Bulgaria	Plovdiv		https://www.facebook.com/events/179876506435632/
Next Difi	October 2020	Bulgaria	Sofia		https://difi.b2bmedia.bg/
Investor Finance Forum		Bulgaria	Sofia		https://financeforum.investor.bg/en/
Digitalk	15/10/2020	Bulgaria	Sofia	live	https://www.digitalk.bg/
Bulgaria on the European Fintech Map	24/11/2020	Bulgaria	Sofia	online	https://fintechbulgaria.org/bulgaria-on-the-european-fintech-map-conference-24-november/

12. ABOUT BULGARIA

Bulgaria Factsheet 2019

Area

111,002 sq km

Population

6,951,482

Currency

Bulgarian lev (BGN), pegged to the euro at BGN 1.95583

Form of government

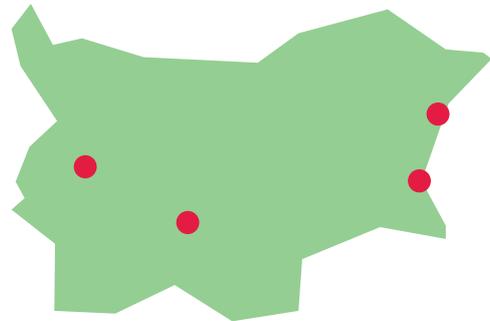
Parliamentary republic

Taxes

Corporate tax - 10%;
Income tax - 10%; VAT - 20%

Membership

EU, NATO, WTO



Capital

Sofia

Other Major Cities

Plovdiv, Varna, Burgas

Macroeconomic indicators

GDP real annual growth rate (2019)

3.4%

Labour force (2019)

3,375,900

Unemployment rate (2019)

4.2%

Average gross monthly wage (2019)

**BGN 1,279
(€ 654)**

Average annual inflation (2019)

3.1%

Average consumer monetary expenditure per capita (2019)

**BGN 5,010
(€ 2,562)**

Research and development expenditure as % of GDP (2018)

0.7%

Share of households that have broadband internet connection (2019)

74.9%

Share of individuals who make online purchases of goods and services (2019)

21.7%

Share of internet card payments (2019)

23.0%

Share of electronic credit transfers (2019)

58.7%

Total number of debit and credit cards (2019)

7,662,000

Education

Higher education institutions

57

IT schools and universities

30+

Number of students at universities

180,000

Number of students majoring Computer science at any given time

10,000

First Fintech Master's degree program in the SEE region

Talent Pool

1st in Europe in IT-certified specialists per capita

12th among the countries with best developers in the world

Sofia ranked 28/400 in English proficiency in the world

13. GLOSSARY OF FINTECH COMPANIES

	Name	Segment	Established	Short description
	2iQ Research	Capital Markets	2003	2iQ Research is Insider Transaction data provider with a global coverage of 60,000+ stocks.
	Access Finance	Lending	2013	Access Finance is a non-bank financial institution providing customer loans through credit cards in Bulgaria.
	ActivTrades - Sofia Branch	Capital Markets	2012	ActivTrades is a UK-based brokerage firm providing an electronic trading platform to trade Forex, Contracts for Difference (CFDs), and spread betting.
	AMS Bulgaria	Payments/Billing	2017	AMS Bulgaria specialises in servicing and management of problematic loans and divestment of distressed assets. The company develops custom and innovative solutions in the financial industry.
	Assetify	Lending	2018	Platform for p2p lenders and fintech companies seeking to enter the digital asset market.
	BillButler	Personal Finance	2017	BillButler is a free mobile app for management of personal expenses and bill payments.
	Bonexx	Blockchain/Crypto	2018	BoneX is a digital wallet that offers fast and secure way to buy and sell crypto currency like Bitcoin, Ethereum and Bitcoin Cash.
	Boleron	Insurance	1994	Digital insurance software platform.
	Bunq	Payments/Billing	2017	Bunq is a Dutch digital bank offering financial services, primarily through its own mobile app.
	CashCredit Online	Lending	2012	An online consumer loans platform.
	Cashlend	Lending	2016	Cashlend is a Bulgarian peer-to-peer lending platform.

	Name	Segment	Established	Short description
	CashWave	Personal Finance	2012	Cashwave is a reseller and distributor of corporate gift cards, e-codes and gift vouchers on the B2B and employee rewards market.
	Catalea Trading	Capital Markets	2017	Catalea develops and delivers professional trading software for financial market players.
	Charlie	Personal Finance	2018	Charlie is a free AI personal financial assistant.
	Checkout X	Payments/Billing	2018	Checkout solution for e-commerce.
	CleverSoft Bulgaria	Regtech	2018	CleverSoft is a Germany-based provider of cloud-based RegTech solutions for the financial industry.
	Colibra	Insurance	2018	Colibra is a free travel app that pays every time a passenger's flight gets cancelled or delayed by one hour or more, no matter the reason.
	Crediport	Lending	2002	Crediport is an online lending marketplace, which serves as an intermediary between consumers and the lending institutions.
	Credissimo	Lending	2007	An online platform for quick loans.
	Credissimo Super	Lending	2017	Online quick loans platform for car owners.
	Creditex	Lending	2004	Innovative financing solutions for consumers and businesses.
	Datecs	Payments/Billing	1990	Datecs is manufacturer and developer of innovative POS solutions.
	datecsPay	Payments/Billing	2018	Datecs Pay provides POS terminal support to merchants who are already using Datecs' fiscal devices in Bulgaria, and the surrounding countries.

	Name	Segment	Established	Short description
	DeGiro	Capital Markets	2014	DeGiro is an online stock broker.
	Easy Payment Services	Payments/Billing	2016	Easy Payment Services is an EU E-money institution offering payment services and issuing of electronic money and payment instruments.
	EasyDex	Blockchain/Crypto	2017	Decentralised exchange platform.
	eCollect	Payments/Billing	2017	eCollect applies AI technology to cover a business' full receivables management cycle.
	eINS	Insurance	2009	eINS.tech is a technology company developing and operating a web-based information system for the insurance and health insurance companies.
	Emerchantpay	Payments/Billing	2006	Emerchantpay is an online payment services provider.
	ePay	Payments/Billing	2000	Online payment services provider.
	Evrotrust	Regtech	2015	Evrotrust offers a technology for identification, strong authentication and signing.
	Finrax	Blockchain/Crypto	2018	Finrax is a crypto payment platform.
	Foris Europe	Blockchain/Crypto	2018	Foris Europe is part of Crypto.com - a payment and cryptocurrency platform.
	Gaida Guide	Mortgage/Real Estate	2018	Gaida Guide operates a real estate business platform.
	Groupayer	Personal Finance	2017	Groupayer develops a digital financial service designed for informal group of individuals who collect, manage and spend funds for mutual causes, events, etc.

	Name	Segment	Established	Short description
	Help Credit	Lending	2015	Online quick loans platform.
	iCard	Payments/Billing	2007	Digital wallet for money transfers, payments, loyalty cards and more.
	Immo-Fund	Mortgage/Real Estate	2016	Immo-Fund is a real estate investment platform.
	InchainZ	Blockchain/Crypto	2018	InChainZ is a blockchain-based trading platform.
	iPORT	Insurance	2018	iPORT is a digital insurance platform that offers online insurance policies.
	Iris Solutions	Payments/Billing	2018	Iris Solutions is a licensed payment institution by the Bulgarian National Bank. Iris Solutions is Open-banking provider of services and solutions.
	Iuvo Group	Wealth Management	2016	Iuvo is a peer-to-peer lending platform.
	Jarvis Exchange	Blockchain/Crypto	2017	Jarvis Exchange is a hybrid exchange giving access to Forex, CFDs and crypto assets from one single wallet.
	Kaje Fin Services Software	Capital Markets	2017	KajeFin delivers financial software for special-needs of both individual Forex and CFD traders.
	Klear Lending	Lending	2016	Klear is a peer-to-peer lending platform.
	Leno	Lending	2014	Lenno is an alternative lender and online broker.
	Lime Pay	Payments/Billing	2015	LimePay is a SaaS platform that enables end-users to freely execute transactions for decentralized applications (dApps) with fiat money.

	Name	Segment	Established	Short description
	Log Sentinel	Regtech	2009	LogSentinel is a blockchain-inspired secure audit trail service providing log aggregation and GDPR-related solutions.
	Mabsut Technologies Bulgaria	Payments/Billing	2019	Belize-based payment service provider.
	Money Vox	Wealth Management	2017	MoneyVOX develops personal automated financial savings advisor.
	My Cloud Quant	Capital Markets	2017	My Cloud Quant is a research company offering cloud based quantitative analyses for financial markets around the globe.
	myPOS	Payments/Billing	2018	myPOS provides integrated payment solutions, changing the way businesses accept card payments across all channels – at the counter, online and mobile.
	Naxex	Capital Markets	2014	NaXeX is a software company which provides technological solutions for the finance industry.
	Nexo	Blockchain/Crypto	2018	Nexo is a regulated financial institution for digital assets that offers borrow, earn, and “send & pay” products, as well as boasting sophisticated trading and OTC capabilities.
	Notolytix	Regtech	2015	Notolytix develops a data analysis platform specialised in fraud detection and risk analysis.
	Ocenime.bg	Mortgage/Real Estate	2018	Ocenime.bg is a digital real estate information portal providing current prices and detailed information about each estate.
	Oli	Insurance	2007	Oli is an online-only insurance for retail customers and small businesses.
	Pay Voo - Bulgaria - Varna Branch	Personal Finance	2019	Pay Voo is a Lithuania company which delivers solutions for managing and spending corporate and personal funds.

	Name	Segment	Established	Short description
	Paycentive BG	Personal Finance	2018	Paycentive operates a platform which enables normal bank or credit cards to be used simultaneously as loyalty cards.
	Payhawk	Payments/Billing	2018	PayHawk is a company card that automates expenses and expense management.
	Paynetics	Payments/Billing	2005	Paynetics is an EU licensed e-money issuer and payment service provider offering payments-as-a-service.
	Payomy	Payments/Billing	2016	Payomy develops a mobile payment solution.
	Paysafe	Payments/Billing	2007	Paysafe is a multinational online payments company.
	Paysera Bulgaria	Payments/Billing	2016	Paysera is a Lithuanian payment platform which offers a wide range of payment services & solutions to both businesses and individuals in over 180 countries. The company operates in Bulgaria since 2016 via its local franchisee company Paysera Bulgaria.
	Payware	Payments/Billing	2019	Multi-sided platform for payment initiation and information exchange.
	Pension.Care	Insurance	2015	Pension.Care is a platform as a service (PaaS) for long-term financial decisions about lifelong savings.
	PetroffSoft	Payments/Billing	2015	PetroffSoft is a software development company specialised in touchscreen POS modules, hotel and warehouse management systems.
	Phos	Payments/Billing	2018	Phos is a mobile app that turns the phone into a POS terminal.
	Phyre	Payments/Billing	2015	Phyre is a digital wallet for mobile payments, digital loyalty cards, peer-to-peer payments, FX.

	Name	Segment	Established	Short description
	Property Club	Mortgage/Real Estate	2015	Property Club is a real estate crowdfunding platform in SEE.
	Qaiware	Payments/Billing	2011	Qaiware is a software development company, working with large companies from the German fintech sector.
	Ramensofia	Payments/Billing	2016	Ramensofia is an all-in-one payment platform provider.
	Reinno Bulgaria	Mortgage/Real Estate	2018	Reinno is a financial technology company based in the USA, which offers a new solution for lending and real estate tokenization with a focus on providing liquidity.
	Reloyalty	Personal Finance	2014	Reloyalty is a digital loyalty mobile application.
	Rentila	Mortgage/Real Estate	2015	Rentila is an online property rental management software.
 Rewards Labs	Rewards Labs	Personal Finance	2013	Rewards Labs is a digital rewards application aimed at boosting sales by increasing customer loyalty for local and neighborhood businesses.
	Risk Labs	Regtech	2017	Risk Labs develops a machine learning software for financial analysis.
	SafeCharge	Payments/Billing	2007	Online payment processing for online and mobile merchants.
	Sepa Cyber Technologies	Payments/Billing	2018	Sepa provides modular and scalable IT solutions to the banking & financial sector, governmental sector and retail sector.
 a Sirma Group Company	Sirma ICS	Insurance	2016	Sirma ICS (Insurance Cloud Software) is a software solutions provider for the Insurance industry.
	Spenduble	Personal Finance	2019	Spenduble is a platform that connects credit institutions, retail shops, and consumers, thus reducing consumer lending costs.

	Name	Segment	Established	Short description
	SumUp	Payments/Billing	2012	SumUp is a mobile payments company.
	Technementals Technologies (Bulgaria)	Capital Markets	2013	Provider of online foreign exchange (forex) trading, CFD trading, spread betting and related services.
	The Burgiss Group	Wealth Management	2017	Burgiss is a provider of investment decision support tools for private capital.
	Think Capital Services Limited	Capital Markets	2017	Think Capital Services Limited is a brokerage company providing Equities, Forex, Cryptocurrencies, Precious Metals, Commodities and Futures trading.
	Tickey	Payments/Billing	2015	Tickey is developing a mobile ticketing platform for urban transport.
	Tide	Payments/Billing	2018	Business banking app.
	TiXi	Payments/Billing	2016	TiXi is a technology provider proficient in transport management systems and electronic payments.
	Tradeo	Capital Markets	2015	Tradeo is an online trading platform and brokerage.
	Trader.bg	Capital Markets	2011	Trader.bg is an online trading platform.
	Tradexsocial	Blockchain/Crypto	2018	Tradexsocial is a combination of user friendly web-based mining client and a decentralized social trading crypto exchange.
	Transact Europe	Payments/Billing	1997	Transact Europe is an EU-regulated electronic money institution.
	Treasury Intelligence Solutions Bulgaria	Payments/Billing	2014	Treasury Intelligence Solutions Bulgaria is a cloud platform for managing corporate payments and cash flows.

	Name	Segment	Established	Short description
	Vendofin	Payments/Billing	2017	Vendofin is a market-oriented e-auction platform for trading different types of assets through online auctions.
	Vesipay	Payments/Billing	2018	Vesipay is an electronic voucher payment system.
	VirtualBroker	Insurance	2015	Virtual Broker is a provider of an insurance broking management software.
	weiDex	Blockchain/Crypto	2018	weiDex is fully-featured decentralised exchange for crypto assets.
	WIN POS	Payments/Billing	2014	WIN POS develops and implements fiscal systems and peripherals.
	World VIP Club	Personal Finance	2014	World VIP Club is a loyalty platform developer.
	Xenia Solutions	Payments/Billing	2007	Xenia Solutions is a banking technology company specialising in solutions for digital payment processing for banks and other financial institutions.
	Yatrus Analytics	Capital Markets	2016	Yatrus Analytics provides real-time data-analytics of the political, economic and cultural systems surrounding the financial and socio-political sectors by analyzing data, from all possible sources, and providing them with added value intelligence.

14.

METHODOLOGY

Fintech companies are enterprises whose core business is related to the creation or use of technologies, enabling innovations, facilitating the supply, access and/or usage of financial or insurance services, including technologies in payments, money transfer, insurance, digital lending, personal finance and savings, digital banking, investing, debt collection, accounting, capital markets, credit scores and analytics, mobile wallets, and payroll and benefits.

We have identified a total 100 companies operating in the Fintech sector in Bulgaria. They were collected through a desktop research from various sources, including the Bulgarian Fintech Association, Crunchbase, Dev.bg, news portals, own and external databases. We estimate that the companies included in the report represent more than 95% of all Fintechs operating in Bulgaria, which provides for a reliable, comparable, comprehensive and independent data about the market stakeholders.

The companies are distributed in 9 Fintech segments, which cover the whole range of products and services developed by the companies in the sector:

- Blockchain/Crypto - blockchain technologies bringing innovation in the financial sector;
- Capital Markets - online stockbroking and analysis regarding financial markets;
- Insurance (Insurtech) - innovative technologies and data analytics for the insurance business as well as (re)insurers selling policies digitally, excluding standard insurance corporates;
- Lending - P2P borrowing platforms, online short-term loan providers and alternative underwriting platforms;
- Mortgage/Real Estate - digital mortgage lending and financing platforms;
- Payments/Billing - mobile payments, payments processing and subscription billing software tools;
- Personal Finance - bills management tools, tracking personal and/or credit accounts;
- Regtech – innovative technologies, which address regulatory challenges in financial services, including audit, risk, and regulatory compliance software;
- Wealth management - investment and wealth management platforms and analytics tools.

Blockchain developers – we have not included all blockchain companies operating in Bulgaria but only those which develop innovations in the financial sector.

Emerging/Startup Fintechs – companies established during and after 2014, and/or companies that received venture capital (VC) funding.

Established/Corporate Fintechs - companies that have a longer history and/or were established by other corporates without the help of VC funds.

The financial analysis and data on the number of employees is based on the official non-consolidated figures of all companies included in the “Glossary” section of the current report. These companies are registered in Bulgaria, have financial results for all or any of the years in the 2014-2019 period and are operating entirely in the Fintech field. This pool represents more than 60% of the total number of companies researched in the current report.

The analysis does not include companies from the infrastructure segment as well as IT companies supporting Fintechs. The latter form a separate pool used for a separate financial analysis.

The Fintech mapping published in this report is based on data from October 2020 and there might be differences between the companies included in it and those included in the financial analysis.

Currency conversion – all figures in the report are converted to EUR in accordance with the official exchange rate on the last working day of the respective year.

The report was prepared in July-October 2020.

REFERENCES

1. Bank of Greece
<https://www.bankofgreece.gr/en/main-tasks/supervision/supervised-institutions>
2. EU startups.com
<https://www.eu-startups.com/2020/02/10-promising-greece-based-startups-to-watch-in-2020/>
3. Findexable, Global Fintech Index 2020
<https://findexable.com/global-fintech-index-2020-city-rankings-report-registration/>
4. Startups in Greece 2019 – REPORT
https://www.eitdigital.eu/fileadmin/newsroom/publications/Startups_in_Greece_2019.pdf
5. TRACXN.com; Fintech Startups in Greece
<https://tracxn.com/explore/FinTech-Startups-in-Greece>
6. Electronic Money Association
<https://www.e-ma.org/our-members>
7. Crunchbase database for investors in Greece
<https://www.crunchbase.com/discover/principal-investors/5715dc634bad6c0c57bd709b94526e6c>
8. Startups in Greece 2019 – REPORT; p. 32
https://www.eitdigital.eu/fileadmin/newsroom/publications/Startups_in_Greece_2019.pdf
9. Startups in Greece 2019 – REPORT; p. 31-33
https://www.eitdigital.eu/fileadmin/newsroom/publications/Startups_in_Greece_2019.pdf
10. Startups in Greece 2019 – REPORT; p. 34-35
https://www.eitdigital.eu/fileadmin/newsroom/publications/Startups_in_Greece_2019.pdf
11. Bank of Greece Tasks; available at:
<https://www.bankofgreece.gr/en/the-bank/tasks>
12. EBRD Terms and Background of the project to establishing a Regulatory Sandbox in Greece
<https://www.ebrd.com/documents/procurement/tor-82876.pdf?blobnocache=true>
13. Interview with Minister of Digital Governance of Greece, 2019, available at:
<https://prisma-reports.com/interview-with-mr-kyriakos-pierrakakis-minister-of-digital-governance-of-greece/>
14. BACB buys fintech company, available at
<https://www.economic.bg/bg/a/view/bakb-kupi-finteh-kompaniya-za-momentalni-razplasztaniya-109693>
15. UBB and DZI use robotics to automate processes, available at
https://www.computerworld.bg/it-projects/2020/03/02/4035995_softuerni_roboti_avtomatizirat_procesite_v_obb_i_dzi/
16. Raiffeisen launches digital clients consultations, available at
https://www.computerworld.bg/new-technologies/2020/06/11/4077709_raifaizenbank_vuvejda_digitalni_konsultacii_za_klienti/
17. Raiffeisen Bank launches Elevator Lab, available at
<https://www.rbb.bg/bg/za-bankata/novini-analizi/novini/2020/elevator-lab-na-rajfajzen-trsi-finteh-resheniya-za-korporativni-klienti/>
18. Fibank registers new subsidiary, available at
<https://www.ffbh.bg/en/post/fibank-registers-new-subsidiary-1589981327284>
19. Fibank launches Apple Pay service, available at
<https://blog.fibank.bg/apple-pay-%D0%B8%D0%B4%D0%B2%D0%B0-%D0%BF%D1%80%D0%B8-%D0%BA%D0%BB%D0%B8%D0%B5%D0%BD%D1%82%D0%B8%D1%82%D0%B5-%D0%BD%D0%B0-fibank.html>
20. UniCredit Bulbank launches Apple Pay service, available at
<https://www.unicreditbulbank.bg/bg/za-nas/media/novini/uslugata-apple-pay-e-dostpna-za-klientite-na-unikr/>
21. Raiffeisen Bank launches Apple Pay service, available at
<https://money.bg/business/rayfayzenbank-veche-predlaga-apple-pay-v-balgariya.html>
22. Garmin partners with Fibank and Mastercard in the area of payments, available at
<https://cryptodnes.bg/garmin-si-partnira-s-fibank-i-mastercard-za-inovaciya-v-razplashaneto>
23. A1 launches fast loans services, available at
<https://fakti.bg/biznes/499106-a1-zapochva-predlaganeto-na-barzi-kreditni-izcalo-onlain-za-suma-do-3000-lv-i-s-odobrenie-za-15-minuti>
24. Mastercard launches Mastercard Accelerate, available at
https://www.capital.bg/biznes/fintech/2019/09/27/4021436_mastercard_v_pomosht_na_finteh_kompaniite/
25. Visa global fast track programme for fintech industry, <https://www.businesswire.com/news/home/20200507005309/en/Visa%E2%80%99s-Fast-Track-Program-Propels-Growth-of-the-Fintech-Industry-Worldwide>

26. Croatian Association for Blockchain and Cryptocurrencies (UBIK), www.ubik.hr
27. Croatia fintech scene, available at <https://balkaninsight.com/2020/08/20/croatias-burgeoning-fintech-scene-blazes-trail-for-western-balkans/>
28. Elevator Lab programme, <https://elevator-lab.com/the-fintechs/>
29. Romanian Fintech Association, www.rofin.tech
30. FintechCamp, www.fintech.camp
31. National Bank of Romania launches FinTech Innovation Hub, <https://www.bnr.ro/FinTech-Innovation-Hub-20332-Mobile.aspx>
32. Bank of Slovenia's Fintech Innovation Hub, <https://www.bsi.si/en/about-us/banka-slovenijes-fintech-innovation-hub>
33. FED Invest, Albania, www.fedinvest.al
34. Albanian ICT Association, www.aita-al.org/members/
35. Tracxn, www.tracxn.com
36. National Bank of the Republic of Macedonia holds Fintech workshop, available at <http://www.nbrm.mk/ns-newsarticle-nbrm-realizirana-ednodnevna-rabotilnica-za-fintek-en.nspk>
37. Croatia's current state of alternative finance in 2020, available at <http://www.crowdfundingshub.eu/croatia-current-state-of-alternative-finance-2020/>
38. Alternative Financial Services Association of North Macedonia, interview on the fintech industry with the vice governor and executive member of the board of National bank of the Republic of Macedonia, available at <http://afd.mk/2020/07/14/intervju-so-maja-kadeivska-vojnovikj/>
39. Findexable, Global Fintech Index 2020, http://findexable.com/wp-content/uploads/2019/12/Findexable_Global-Fintech-Rankings-2020exSFA.pdf
40. Romania Fintech Map, available at www.futurebanking.ro/2020/front/assets/download/WSRO-FinTechMap-v1.0.pdf
41. Raiffeisen Bank International CEE Fintech Atlas 2019, available at www.fintechatlas.com/en/cee-fintech-atlas.html
42. The European Commission welcomes the initiative by a group of 16 banks to launch a European payments initiative (EPI), available at https://ec.europa.eu/info/news/200702-european-payments-initiative_en
43. European fintech action plan, https://ec.europa.eu/info/publications/180308-action-plan-fintech_en
44. The Digital Services Act Package, https://ec.europa.eu/info/publications/180308-action-plan-fintech_en
45. European Data Strategy, https://ec.europa.eu/info/strategy/priorities-2019-2024/europe-fit-digital-age/european-data-strategy_en
46. EU-US data transfers at critical risk as ECJ invalidates Privacy Shield, available at <https://www.euractiv.com/section/digital/news/eu-us-data-transfers-at-critical-risk-as-ecj-invalidates-privacy-shield/>
47. Bulgarian Ministry of Finance to launch regulatory sandbox for fintech industry, available at <https://www.minfin.bg/en/news/10967>

DISCLAIMER

Whilst the information contained in this report has been given in good faith and every effort has been made to ensure its accuracy, SeeNews Ltd cannot guarantee the accuracy of this information and hereby expressly disclaims any responsibility for error, misinterpretation and any and all loss, disappointment, negligence or damage caused by reliance on the information contained in the Profile or any failure or alleged failure in the delivery of the Service referred to herein, or in the event of bankruptcy, liquidation or cessation of trade in any company, individual or firm referred to herein. Confirmation of the information accuracy should be sought from the establishments concerned. Unless otherwise stated, the copyrights and any other rights in all material on this site are owned by SeeNews Ltd. Use of this Profile is provided by SeeNews Ltd. subject to the following.

Terms and Conditions:

1. Use of this Profile constitutes your acceptance of these Terms and Conditions which take effect when you first use this Profile. SeeNews reserves the right to change these terms and conditions at any time by posting changes online. You are responsible for reviewing regularly information posted online to obtain timely notice of such changes. Your continued use of the Profile after changes are posted constitutes your acceptance of this agreement.
2. Neither SeeNews nor other related parties, whilst endeavouring to provide 24/7 availability, will be held liable if for any reason the Profile is unavailable at any time.
3. Access to this Profile may be suspended temporarily or permanently and without notice.
4. Whilst SeeNews endeavours to ensure that the information on this site is correct and up-to-date, no warranty, express or implied, is given as to its accuracy and SeeNews does not accept any liability for error or omission.
5. Part of this Profile contains materials submitted to SeeNews by third parties. Third parties are responsible for ensuring that materials submitted for inclusion on this Profile complies with national and relevant international law. SeeNews cannot guarantee the accuracy of this material and hereby expressly disclaims any responsibility for error, omission or

inaccuracy in the material, misinterpretation and any all loss, disappointment, negligence or damage caused by reliance on the information contained in the Profile or any failure or alleged failure in the delivery of the services referred to herein, or in the event of bankruptcy, liquidation or cessation of trade of any company, individual or firm referred to herein. Confirmation of the information accuracy should be sought from the establishments concerned or from SeeNews upon explicit request.

6. SeeNews shall not be liable for any damages (including, without limitation, damages for loss of business or loss of profits) arising in contract, tort or otherwise from the use of or inability to use this Profile, or any data contained in it, or from any action or decision taken as a result of using this Profile or any such information.

7. SeeNews accepts no responsibility for the content of any site to which a hypertext link from this Profile exists. Such links are provided for your convenience on an “as is” and “as available” basis with no warranty, express or implied, for the information provided within them.

8. If any of these terms should be determined to be illegal, invalid or otherwise unenforceable by reason of the laws of any state or country in which these terms are intended to be effective, then to the extent and within the jurisdiction in which that term is illegal, invalid or enforceable, it shall be severed and deleted from the clause concerned and the remaining terms and conditions shall remain in full force and effect and continue to be binding and enforceable.

9. By accessing and reading any part of this Profile, you should have accepted these Terms in full.

Copyright

All rights reserved. Downloads and print extracts of SeeNews content are allowed for personal and non-commercial use only. Re-publication or re-distribution of content, including by framing, is strictly prohibited without the prior written consent of SeeNews.

SeeNews, 2020

Sponsors

Platinum



Gold



Silver



PENKOV · MARKOV & PARTNERS
INTERNATIONAL LAW FIRM
SINCE 1990

