



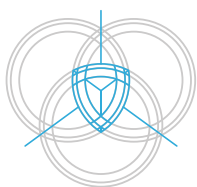
FINTECH
B U L G A R I A

Annual Fintech Report 2019

Prepared by
SeeNews

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Automated digital loyalty and marketing platform for SMEs



Turns the phone into a POS terminal



Utility bills payment platform



Micropayment solutions



Leading electronics retailer in Romania



Automated expense management



Groups payments platform



Consumer financing company



Financial broker

—BUSINESS LINES—

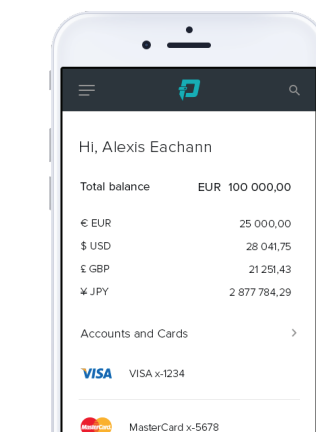
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1. INTRODUCTION



Bulgaria is firmly on its way to become a major hub for fintech in the CEE region.

Valeri Valtchev, Chairman Bulgarian Fintech Association

Tradition clearly has its say - IT and innovation date back as far as the '70s, when Bulgarian Pravets was one of the first personal computers worldwide. The last 20 years saw a number of global IT companies open major R&D and outsourcing centers in Bulgaria, talent was built to world standards. EU supported VCs helped IT professionals and entrepreneurs believe that the start-up success story is possible for them as well. Private funding flew in too. Two payment companies started in Bulgaria joined the Billion Club.

We established the Bulgarian Fintech Association less than two years ago and here we are today – in a country with over 60 fintechs and a viable and strong ecosystem that grows continuously.

Our mission is to encourage innovation, develop the environment and help Bulgarian FinTechs shine on the world map.

I am looking forward to more international success stories to come.

Sponsors

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Gold



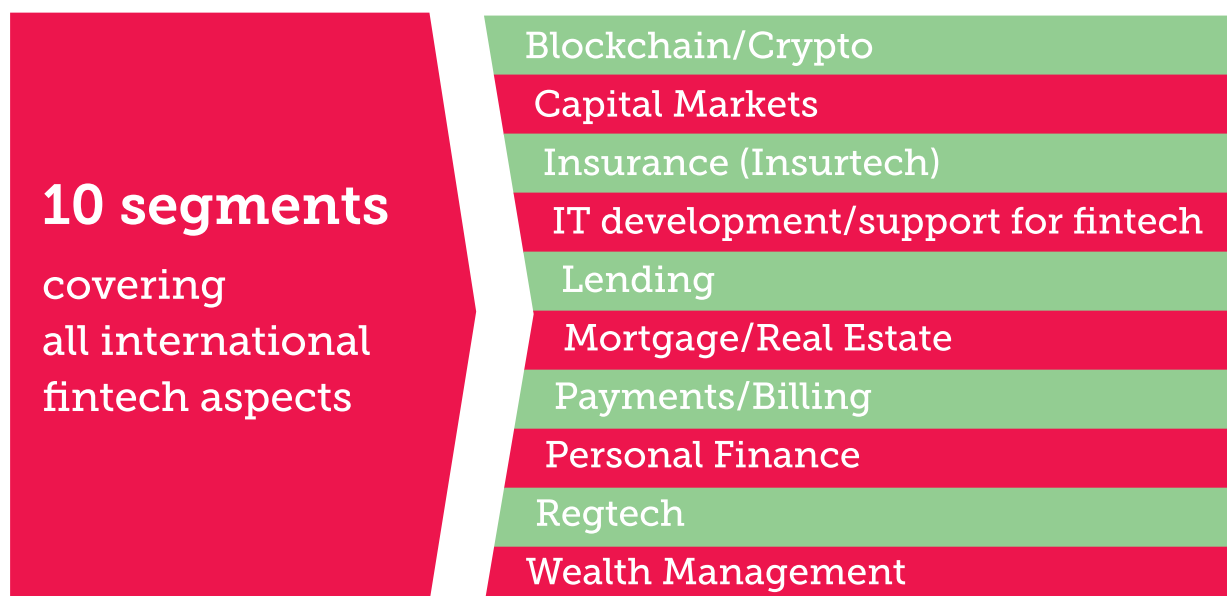
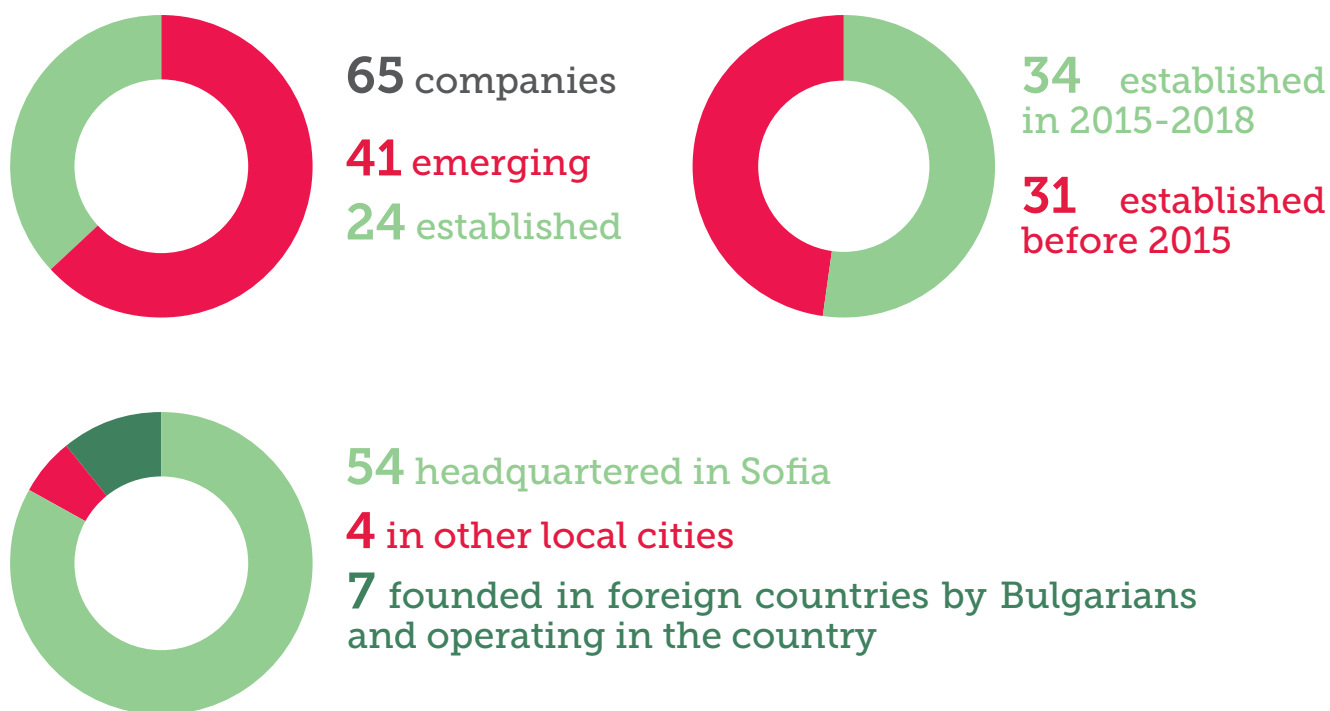
Bronze



2. KEY FINDINGS

Bulgarian fintech ecosystem snapshot

Figure 1



Most popular segments

Payments/Billing

19
companies

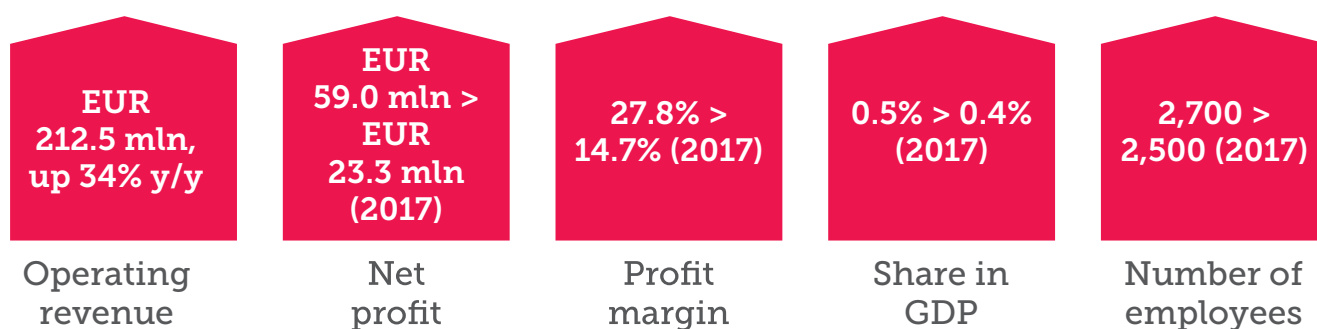
Capital Markets

10
companies

Personal Finance

8
companies

The sector's performance in 2018



In the 2014-2018 period, the fintech sector in Bulgaria was blooming in both number and revenue terms. The local fintech ecosystem is growing stronger and is one of the main engines of the innovation technology field in the country.

The heart of the Bulgarian fintech ecosystem is the capital Sofia, which boasts significant tech talent and appropriate business infrastructure. The city is one of the fastest growing destinations in SEE and is becoming the fintech centre of the CEE region as well. The local startups are backed not only by a number of venture capital funds, angel organizations and private investors but also by startup supporting initiatives of local banks, which further augment the role of Bulgaria as a main fintech destination in SEE.



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so you can enjoy secure
and convenient shopping.

We bind payments and loyalty to enable merchants
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remove the friction from the loyalty cards experience.



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Pay with your phone

At any contactless POS
terminal all over the world.



Use all of your loyalty card from your phone

And track your points, vouchers and coupons
from the most popular loyalty programs.



Make free instant money transfers

Perfect for paying off or sending
money to your family abroad.



Stay on top of your expenses

Track your spending with free instant
notifications for all of your transactions.



Pay securely online

Get the free virtual Mastercard
and control it from your phone.

ACHIEVEMENTS:

#1

in App Store for Bulgaria,
category Finance



offices in Bulgaria, the UK and Romania
with a great team of professionals

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Altex is the biggest electronics retailer in
Romania. phyre empowers Altex to get even
more sales and happy customers.

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3. ABOUT THE ASSOCIATION

Bringing the
Bulgarian Fintech
sector together.



The Bulgarian Fintech Association is a non-profit organisation founded in 2018 due to the growing need for a unification of the expanding local fintech sector. The mission of the Association is to create a platform that brings together all parties in Bulgaria with an interest in the Financial Technologies field and encourage them to communicate and exchange ideas between each other.

The organisation has been very active in supporting the establishment of a fintech community in Bulgaria. As of July 2019, the Association has close to 30 members, including banks, service providers, big payment infrastructure companies and institutional investors, but most importantly many rapidly growing fintech start-ups. This gives a voice to the sector and improves its status, therefore giving it leverage before regulators, financial institutions, investors and other relevant third parties on a local and international level.

Among the long-term goals of the Association are:

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



About SeeNews

SeeNews is an independent provider of business news and market intelligence 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.

SeeNews

Business Intelligence
for Southeast Europe



4. VENDORS LANDSCAPE

4.1. Sector overview

The fintech ecosystem in Bulgaria consists of 65 companies established or with operations in the country as of April 2019. More than 60% of them are startups – companies established during and after 2014, and/or companies that received venture capital (VC) funding. The remaining 40% are companies that have a longer history and/or were established by other corporates without the help of VC funds. The fintech enterprises cover a wide variety of fintech segments:

- Blockchain/Crypto
- Capital Markets
- Insurance (Insurtech)
- IT development/support for fintech
- Lending
- Mortgage/Real Estate
- Payments/Billing
- Personal Finance
- Regtech
- Wealth Management

Payments and billing solutions are the most preferred development field for the Bulgarian fintech companies as nearly 30% of them operate in this segment. Personal finance and capital markets are also popular - their combined share is close to 30%. IT developers supporting the fintech sector have an important role in the ecosystem as well, as they accounted for more than 10% of the total number.

Number of Fintech Companies by Segment

Figure 2



The capital Sofia is the heart of the Bulgarian fintech ecosystem with more than 50 of the companies being headquartered there. Beside Sofia, significant for the sector are companies which are established in foreign countries but operate in Bulgaria. They are either founded or managed by Bulgarians or their core operations are in the country, which reflects its potential to emerge as a fintech hub in SEE.

Number of Fintech Companies by Location

Figure 3



According to a survey among the members of the Bulgarian Fintech Association:

60%

of the fintech companies prefer to cooperate with other organisations;

40%

prefer to operate independently

- Bulgaria, CEE and other European countries are the main market for the Bulgarian fintechs.
- All of the respondents plan an expansion – CEE, Europe-wide or global.
- Facebook, LinkedIn, Twitter, Google Ads - the companies use online media, social and business networks, among other channels, to attract customers.
- Typical customer profile - B2B service providers, young professionals, product managers and technologically savvy people.
- Most needed specialists – front-end and back-end developers, designers, financial analysts, marketing, sales and PR specialists.

Employees structure

65% men

35% women

Employees average age range:

30-40

Average monthly net salary range (EUR):

900 –
1,500



INVEST IN LOANS. WE MADE IT SAFE.

Iuvo is a P2P investment platform founded in 2016. Iuvo is the dream-project of the founders of one of the largest non-banking financial holdings in Eastern Europe – Management Financial Group. The years of experience meet the flair for success of the platform.

- We are striving to provide our investors with the best financial market experience:
- Originators – stable portfolio, including partners from MFG for a diverse profile of credits with high interest rates
- Average interest rate for 2017: 8.9%, for 2018: 9.2%
- Growing and developing investment environment with attractive yield opportunities
- Helpful and assisting customer-support staff



INVESTORS
12 000
from
COUNTRIES
120

OUR INVESTORS

Over **12 000** investors from **120** countries. In 2018 their number grew by **286%**.

Average yearly yield **9.2%** for 2018, many of our investors are reaching up to **15%**.

The average deposit on the platform is **5 000 euro**. **10%** of our investors have deposits over **10 000 euro**.

The total investments on the platform by April 2019 are over **59 million euro**; growth with **406%** compared April 2018.

The funds invested via the platform are not deposits and their return is not guaranteed. The platform's activity is not legislatively regulated by laws concerning investment brokers.

OUR ORIGINATORS

All originators go through a strict selection process before they start listing loans on the platform. Our business model is based on mutual trust with our originators, supported by rigorous criteria list.

ALL ORIGINATORS ON IUVO PROVIDE 100% BUY-BACK GUARANTEE.

Originator	Established	Type of loans	Interest Rates
Easy Credit Bulgaria	2005	Personal loans	5.03% to 12.03%
Viva Credit Bulgaria	2012	Personal loans, mortgages	4.02% to 15.23%
iCredit Romania	2011	Personal loans	6.51% to 15.14%
Fast Finance Romania	2013	Business, mortgages	9.00% to 14.02%
BBG credit Georgia	2015	Secured auto-credits	5.70% to 9.33%
KFP Poland	2015	Business loans	12,21% to 12,60%

Contact us:

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T: (UK) +44 20 0333 1998

4.2. Fintech companies - short overviews

Corporates/established fintechs

Figure 4

	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.
	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.
	CashCredit	Lending	2012	An online consumer loans platform.
	Credissimo	Lending	2007	An online platform for quick loans.
	Datecs	Payments/Billing	1990	Datecs is manufacturer and developer of innovative POS solutions.
	DeGiro	Capital Markets	2014	DeGiro is an online stock broker.
	eINS.tech	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.
	iCard	Payments/Billing	2007	Digital wallet for money transfers, payments, loyalty cards and more.

	Name	Segment	Established	Short description
	Lenno	Lending	2014	Lenno is an alternative lender and online broker.
	NaXeX	Capital Markets	2014	NaXeX is a software company which provides technological solutions for the finance industry.
	Paynetics	Payments/Billing	2005	Paynetics is an EU licensed e-money issuer and payment service provider offering payments-as-a-service.
	Paysafe	Payments/Billing	2007	Paysafe is a multinational online payments company.
	Qaiware	Payments/Billing	2011	Qaiware is a software development company, working with large companies from the German fintech sector.
	SafeCharge	Payments/Billing	2007	Online payment processing for online and mobile merchants.
	Scalefocus	IT development/ support for fintech	2012	ScaleFocus is a technology, R&D and advanced engineering company.
	Sirma ICS	Insurance	2016	Sirma ICS (Insurance Cloud Software) is a software solutions provider for the Insurance industry.
	SumUp	Payments/Billing	2012	SumUp is a mobile payments company.
	Taulia	IT development/ support for fintech	2014	Taulia delivers payment processing solutions.
	Trader.bg	Capital Markets	2011	Trader.bg is an online trading platform.
	Transact Europe	Payments/Billing	1997	Transact Europe is an EU-regulated electronic money institution.
	Virtual Affairs	IT development/ support for fintech	2000	Virtual Affairs is an international software and services company that specialises in transforming digital channels for banks and insurance providers.
	VSG Bulgaria	IT development/ support for fintech	2011	VSG Bulgaria is a financial software solution provider.

Emerging/startup fintechs

Figure 4.1

	Name	Segment	Established	Short description
	BillButler	Personal Finance	2017	BillButler is a free mobile app for management of personal expenses and bill payments.
	Cashlend	Lending	2016	Cashlend is a Bulgarian peer-to-peer lending platform.
	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 Wealth	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.
	Colibra	Insurance	2018	Colibra is a crowdsourced platform on the blockchain for handling insurance claims.
	eCollect	Payments/Billing	2017	eCollect applies AI technology to cover a business' full receivables management cycle.
	Evrotrust	Regtech	2015	Evrotrust offers a technology for identification, strong authentication and signing.
	Fram Fintech	IT development/support for fintech	2017	Fram Fintech is entirely focused on UX & UI design and digital marketing solutions for the financial sector.
	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
	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.
	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.
	Klear Lending	Lending	2016	Klear is a peer-to-peer lending platform.
	Log Sentinel	Regtech	2009	LogSentinel is a blockchain-inspired secure audit trail service providing log aggregation and GDPR-related solutions.
	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.
	Nexo	Blockchain/Crypto	2018	Nexo provides instant cryptocurrency backed loans.
	Oli	Insurance	2007	Oli is an online-only insurance for retail customers and small businesses.
	Payhawk	Payments/Billing	2018	PayHawk is a company card that automates expenses and expense management.

	Name	Segment	Established	Short description
	Payomy	Payments/Billing	2016	Payomy develops a mobile payment solution.
	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.
	Pension.Care	Insurance	2015	Pension.Care is a platform as a service (PaaS) for long-term financial decisions about lifelong savings.
	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.
	Property Club	Mortgage/Real Estate	2015	Property Club is a real estate crowdfunding platform in SEE.
	Reloyalty	Personal Finance	2014	Reloyalty is a digital loyalty mobile application.
 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.
	Skim Prot	Personal Finance	2013	Skim Prot develops protective credit and debit cards stickers againsts bank frauds.

	Name	Segment	Established	Short description
	SmartIT	IT development/support for fintech	2014	SmartIT is a software company for development of financial systems and platforms, including such for the fintech field.
	Software Group	IT development/support for fintech	2016	Software Group is a global technology company that is specialized in delivery channel and integration solutions for the financial sector.
	SuperDev	IT development/support for fintech	2017	Super Dev is a fintech software platform provider.
	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.
	VirtualBroker	Insurance	2015	Virtual Broker is a provider of an insurance broking management software.
	World VIP Club	Personal Finance	2014	World VIP Club is a loyalty platform developer.
	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.



The Age of Digital Banking



- Multi-currency payment account – without fees for account opening and monthly maintenance; easy funds management in more than 30 currencies
- Own IBAN for transfers in EUR in the EEA
- Local and international money transfers to over 180 countries from 0.15 EUR
- Online currency exchange
- Paysera Mobile Wallet for convenient payment operations management
- Paysera card for payments all over the world
- Mobile QR code payments
- Paysera Checkout – payment gateway with many payment methods at one place
- Paysera Tickets – online event ticketing system

Digital payment services for all your payment operations!

More about the digital Paysera account at www.paysera.bg

Download Paysera Mobile Wallet and manage your everyday payments wherever you are!



Paysera Bulgaria is a partner of the Lithuanian e-money institution [Paysera LT](http://www.paysera.lt), which obtained license № 1/2012 by the Bank of Lithuania and offers its services in EU countries, including Bulgaria.

4.3. Market analysis and financial data

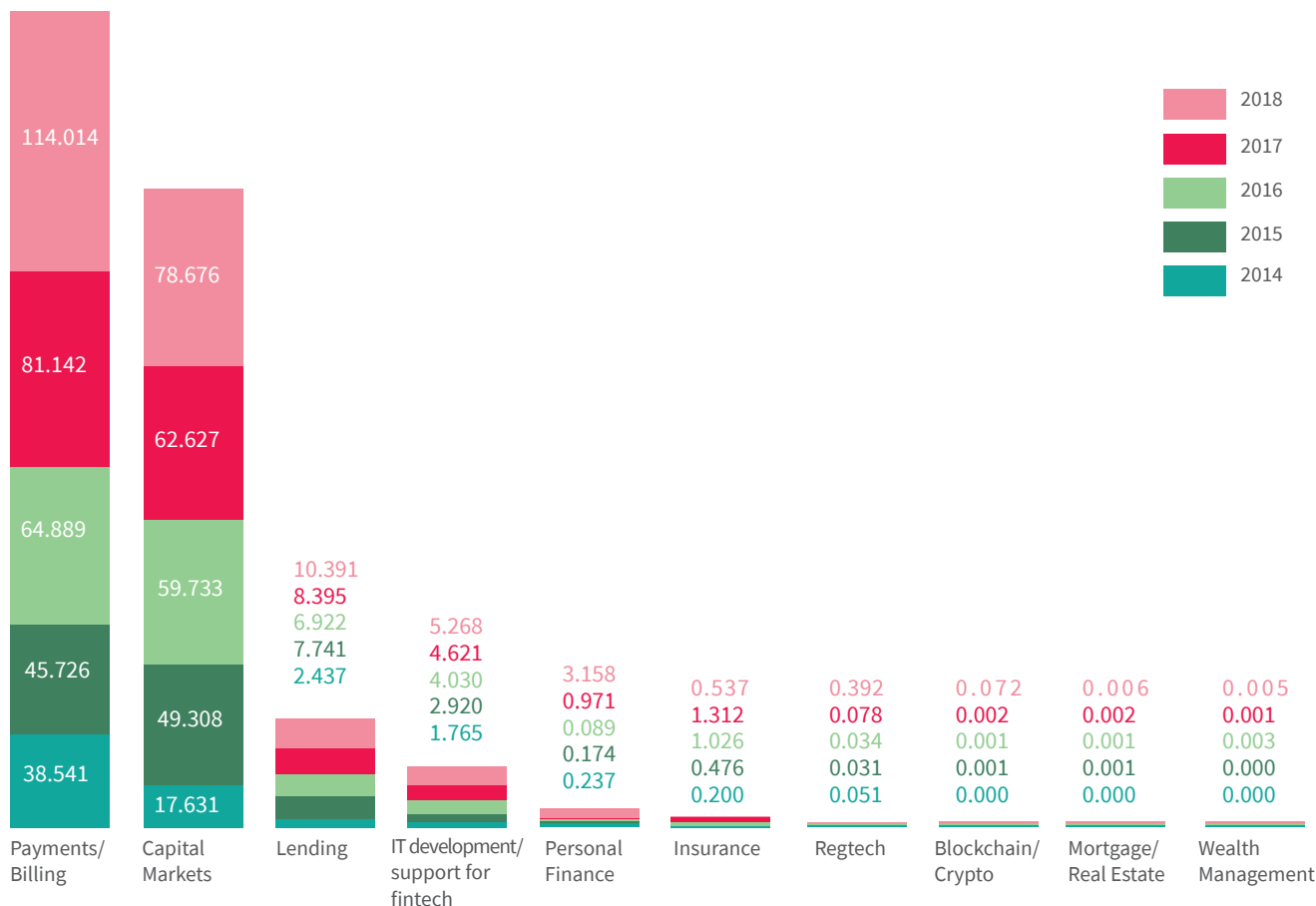
4.3.1. Operating revenue

The combined operating revenue of the companies in the fintech sector was sharply increasing in the 2014-2018 period. The growth was fuelled mainly by the rising revenues of the corporates, but startups are also becoming a significant contributor to the overall uptrend. In 2018, the total operating revenue of the sector exceeded EUR 200 mln, a 33.5% annual jump and double the figure just three years ago. The market is highly concentrated in terms of revenue, with the leading five companies, all corporates, contributing 80% of the total sum in 2018. The leaders in terms of revenue are Paysafe, Trader.bg, Emerchantpay, ActivTrades, and Credissimo. The startups also performed well in 2018 by doubling their operating revenues in comparison to the previous year but accounted for just 3.6% of the total sector revenue.

Along with its rising revenue, each year the fintech sector is contributing more to the national economy. The share of the sector in the country's Gross Domestic Product (GDP) expanded to 0.5% in 2018, up from 0.4% in 2017 more than double the share in 2014.

Operating Revenue by Fintech Segment (EUR mln)

Figure 5

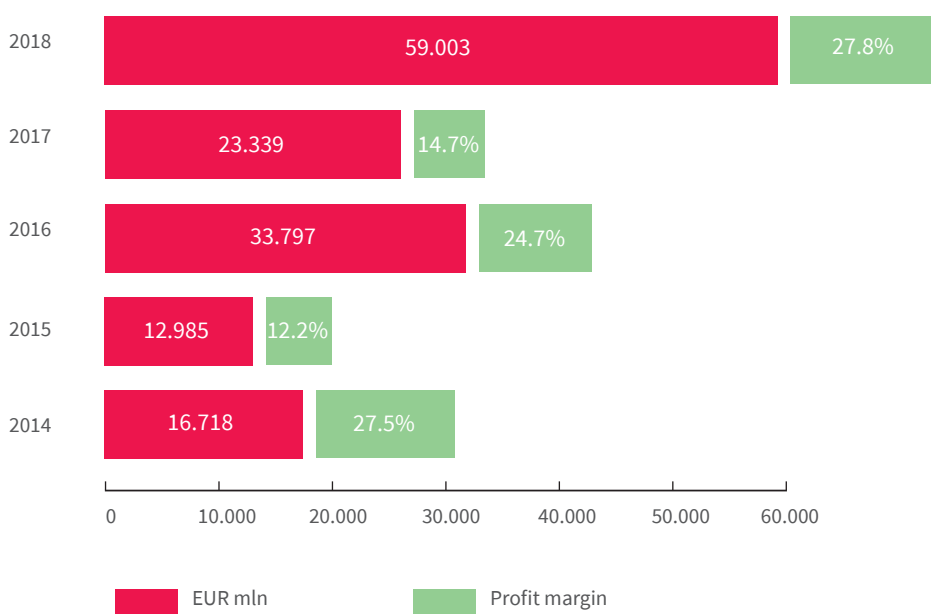


4.3.2. Profitability

The Bulgarian Fintech sector was profitable in every year of the 2014-2018 period, with a total net profit amounting to more than EUR 59.0 mln in 2018. The result was more than two times higher compared to 2017 mainly thanks to the soaring profit of Trader.bg from EUR 1.1 mln to EUR 30.1 mln. Over half of the companies achieved a net profit in 2018, amounting to EUR 62.4 mln and similar to revenues, the leading five companies accounted for the bulk, or 82.1% of the total.

Fintech Sector's Net Profit

Figure 6

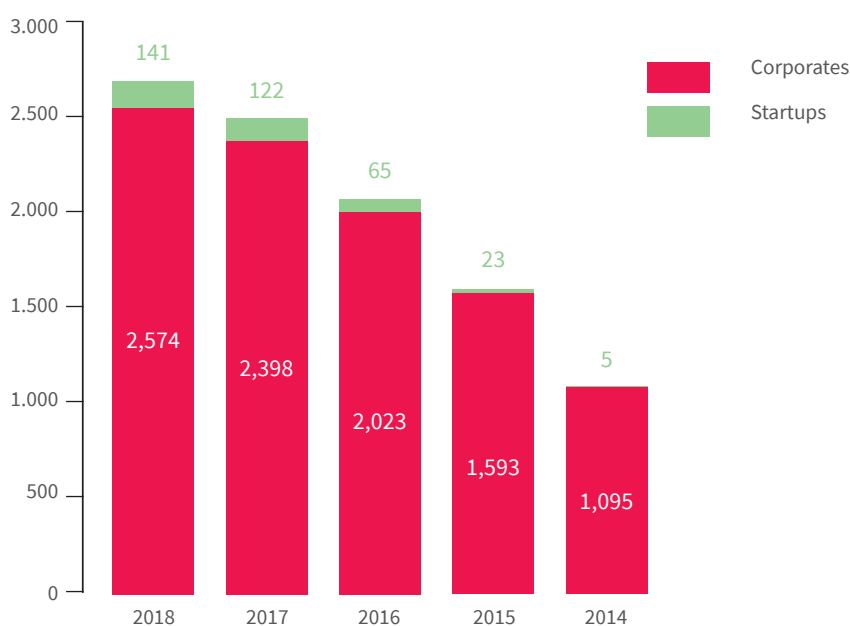


4.3.3. Employment and efficiency

The number of employees in the fintech sector is constantly on the rise, both as a consequence of the emergence of new players and the expansion of the existing companies. The sector more than doubled in terms of personnel within the five years between 2014 and 2018, reaching more than 2,700 people. In 2018 alone, the annual employment growth rate stood at 7.7%, most of which can be attributed to the market leaders. The employment in the sector is highly concentrated - the five largest companies account for 66.0% of the total number of employees in the sector. At the same time, more than 90% of the fintech companies fall into the category of small or medium-sized enterprises.

Number of Employees in the Fintech Sector

Figure 7



It has been estimated that a single employee in the Bulgarian fintech sector generated on average EUR 78,300 in operating revenue in 2018, up from EUR 63,200 in the previous year. The indicator ranged widely among the fintech segments. The highest efficiency was registered in the Personal Finance segment. Although it is fifth in terms of operating revenue, it was the sole leader in terms of revenue per employee with EUR 243,000. For comparison, the Payments/Billing, the leader in revenue terms, recorded EUR 60,900 and Capital Markets, which occupied the second position in per employee terms, had EUR 157,000 of revenue per employee.

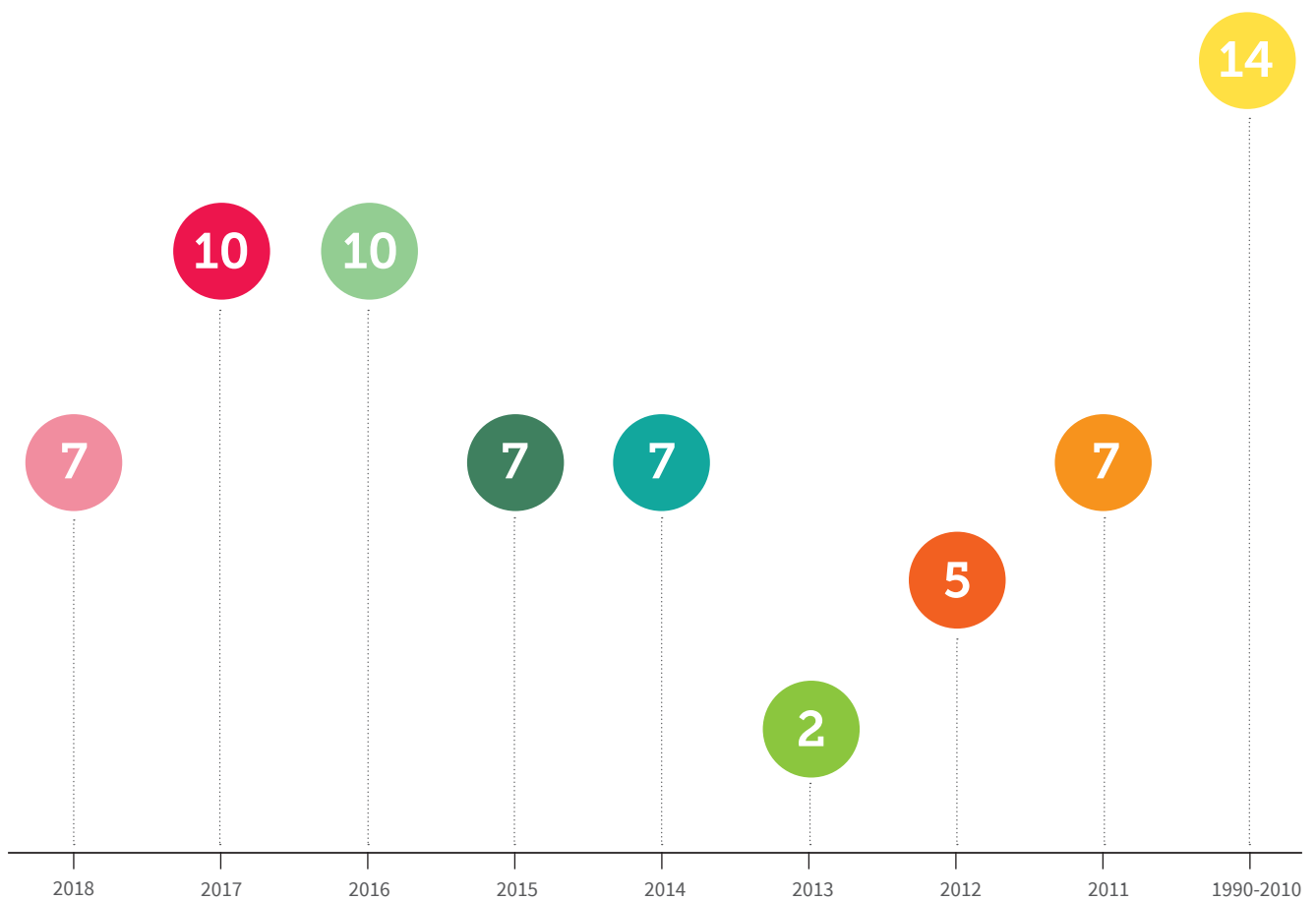
Fintech startups tend to be far more efficient in terms of revenue per employee than the more established fintech developers. In 2018, the contribution of a single employee to the total operating revenue of the startups was 0.71%, while for corporates it amounted to just 0.04%. The difference stems from the more intensive development of the startups, which utilise to a greater extent their tech talent in order to develop and launch their product or service and attract financing.

4.3.4. Average age of the companies

On average, a Bulgarian fintech company is six years old as of April 2019. However, more than half of the companies were established after 2015, thus reflecting the key role of startups in the fintech ecosystem. Furthermore, the development of the sector was especially notable in 2016 and 2017 when a total of 20 fintechs started operations.

Fintech Companies by Year of Establishment

Figure 8



4.4. Investments in the sector

Bulgarian fintech companies secured venture capital funding of more than EUR 80 mln as of April 2019. The seed funding round type was the most wide-spread, with the most active seed-stage venture capital fund being Eleven Ventures. The seed-stage dominance means that most startups had already secured initial funding but are in their early development stage.

Venture Investments in Bulgarian Fintech Companies

Figure 9

Funding Round	Company	Raised Funds (EUR)	Lead Investor(s)
Pre-seed		130,000	
	Payhawk	130,000	N/A
Seed		3,040,000	
	TiXi	1,000,000	NEVEQ II
	Tradeo	770,000	N/A
	Payhawk	500,000	Eleven
	Reloyalty	300,000	LAUNCHHub Ventures
	Colibra	250,000	Eleven
	Tickey	100,000	Eleven
	Klear Lending	100,000	N/A
	CashWave	20,000	NEVEQ

Series A

7,860,000

Charlie Finance

7,860,000

Propel Venture Partners

Other

69,162,000

Undisclosed round

Nexo

46,000,000

Arrington XRP Capital

Private equity round

CashCredit

18,000,000

Delta Partners Capital Limited

Not specified venture series

Software Group

5,000,000

Black Peak Capital,
PostScriptum Ventures

Angel round

Yatrus Analytics

87,000

N/A

Convertible Note

Tickey

75,000

Eleven

Source: Crunchbase, SeeNews research

Venture Investments in Bulgarian Fintech Startups by Segment

Figure 10

Segment

EUR

Blockchain / Crypto

46,000,000

Lending

18,100,000

Personal Finance

8,180,000

IT development/support for fintech

5,000,000

Payments/Billing

1,805,000

Capital Markets

857,000

Insurance

250,000

Source: Crunchbase, SeeNews research

credissimo

Technology Driven Consumer Finance

Registered in Malta, Credissimo is a **leading European FinTech group** that utilizes innovative proprietary technology to provide instant online consumer loans, e-commerce financing and bill payment services since 2007.

Credissimo is **present in five countries worldwide**, of which four in Europe, and is an undisputed market leader in the online consumer lending segment in two of them.

The group adheres to the highest regulatory requirements and is **supervised by multiple banking and financial services regulators** in each country of operations.



Leading FinTech company in Europe

The Company has developed a **state-of-the-art proprietary operating platform** which allows a high degree of automation of the business processes on the basis of **machine learning and big-data coordination**.

Credissimo's platform can be easily and efficiently implemented to work purely online in any country, language, currency, regulatory framework at minimized risk and cost.



Scalable business model

Through its **fast and rigorous scoring system and automated pre-selection procedures with preset criteria for approvals/ rejections**, the Company is capable of **addressing the financial needs of customers with higher risk standing**, while **minimizing both risk cost and time of service delivery**.



Profitability and Growth

For the period 2015–2018 Credissimo enjoyed **more than 3m website visits** and granted **more than 300 thousand loans**, marking a significant increase year-to-year.



Highly recognized brand

77% returning customers over the period 2016–2018 and **96% customer satisfaction** based on an in-house survey.



Credissimo was the **1st company in the world** to launch a **chatbot service** for granting online consumer loans **via Facebook Messenger**.

Find out more on <https://credissimo.com>

5. RELEVANT MARKET PLAYERS

The main actors within the Bulgarian fintech ecosystem other than the companies that operate in the field are the commercial banks and the startup accelerators. Banks tend to support the fintech companies and startups through investment initiatives and programmes, as well as through partnerships. Some of the largest local telecommunication companies also show interest in the fintech field, while the insurance sector is still passive.

Figure 11

Banks

Expressbank

In November 2017, Expressbank AD integrated the pilot Evrotrust service - a mobile application for biometric identification and remote generation of a qualified electronic signature.

ING Bank

In 2017, Dutch multinational banking and financial services group ING established ING Ventures - an investment fund for fintech companies. The fund has an investment budget of EUR 300 mln for the period 2017-2021. ING Ventures will invest in established or startup fintech companies from around the world. Companies which are based in countries where the group operates or plans to enter are with priority.

Raiffeisenbank

In June 2017, Raiffeisen Bank International launched the Elevator Lab fintech accelerator program. A total of eight Bulgarian fintech startup companies registered for participation in Elevator Lab in the same year.

In 2018, Evrotrust was placed first in Elevator Lab's regional challenge in Bulgaria. The company won with a biometric licensing project for biometric authorisation of third parties, in competition with four finalists - Log Sentinel, Risk Labs, Scale Focus and My Cloud Quant.

In April 2019, Elevator Lab launched the new edition of its regional challenge in Bulgaria. The Bulgarian fintech companies and startups, including such in seed phase, can apply to participate in the programme until Jun 21, 2019.

TBI Bank

In January 2019, TBI Bank and Telerik Academy announced a partnership for the development of IT professionals for the banking and fintech sectors. The cooperation includes the practical training of junior IT specialists by Telerik Academy and career opportunities in the bank.

In March 2019, TBI Bank announced the implementation of innovative solutions in partnership with fintech companies. Some of them are already used by the bank's customers in Romania and Germany and the bank plans to introduce them in Bulgaria as well.

Unicredit Bulbank

In 2016, UniCredit Group and international consultancy company Anthemis Group established the joint investment venture UniCredit EVO (Equity Venture Opportunities). The new venture is focused exclusively on identifying and investing in financial technology startups. UniCredit EVO invested a total of EUR 25 mln in four fintech startups in 2016.

United Bulgarian Bank (UBB)

On March 14, 2019, in relation to the revised version of the Payment Services Directive (PSD2), UBB launched an API Developer Portal, which is accessible from the bank's home webpage and can be accessed by all users, including fintech companies.

In February 2019, UBB launched the Challenge YOU pre-acceleration program in partnership with Junior Achievement Bulgaria. The program is open for Bulgarian students - bachelors, who have an idea to start business in various innovative fields, including fintech.

Varengold Bank

In November 2018, German Varengold Bank opened a branch office in Sofia, which will offer loans to fintech companies. Varengold Bank specialises in Marketplace Banking, which includes financing of non-bank institutions providing fintech solutions - mainly peer-to-peer lending platforms.

Global payment processing companies

MasterCard

A global payment processor connecting consumers, financial institutions, merchants, governments and companies in more than 210 countries and territories. The company has a startup engagement program - Start Path.

Visa

Visa is a U.S.-based credit card company, operating in more than 200 countries and territories worldwide. In February 2019, the company announced it is expanding its Fintech Fast-Track Program in the Central and Eastern Europe, Middle East and Africa (CEMEA) region.

Joint initiatives

Postbank | Endeavor |
Bulgarian Small and
Medium Enterprises
Promotion Agency
(BSMEPA) | Scalefocus

In April 2019, Bulgarian commercial bank Postbank, entrepreneurial network Endeavor, BSMEPA and ScaleFocus announced they will support the growth of ten Bulgarian companies under the Dare to Scale campaign. It targets companies with growth potential that have already passed their early development stage.

Bulgarian American Credit Bank | Vivacom

In February 2019, Vivacom and Bulgarian American Credit Bank (BACB) announced their plans to set up a fintech joint venture. It will deal with the development and maintenance of software for money transfers and electronic payment of goods and services.

Eleven Ventures | Visa

In 2018, Visa and Eleven Ventures launched the Visa Fintech Innovation Program. The programme encourages local technology talents and entrepreneurs to tackle real business challenges while developing innovative solutions for Visa clients and partners.

A1 | Access Finance

In 2018, Bulgarian telecommunications company A1 launched its digital wallet service. The A1 Wallet is a mobile phone application that allows users to make non-contact payments via their smartphone, send money in the country and abroad free of charge, and pay their utility bills. The project was developed in cooperation with local non-banking financial institution Access Finance and fintech company iCard.

Main venture capital funds in Bulgaria

Eleven Ventures

Eleven Ventures (www.11.me) provides early-stage funding from pre-seed to seed, and access to a community of mentors, partners, and investors to help startup projects reach the next level.

LAUNCHub Ventures

LAUNCHub Ventures (www.launchub.vc) is a venture capital firm, investing in technology startups from Southern and Eastern Europe.

NEVEQ

NEVEQ Capital Partners (www.neveq.com) is a Southeast Europe-focused venture fund manager. In 2016, it established its first fund, NEVEQ I with EUR 40 mln capital. In 2014, the second fund, NEVEQ II, was launched with an initial investment budget of EUR 20 mln.

Other

Armada Capital - invests in high-potential established companies and startups - www.armadacapital.com

BlackPeak Capital - is an EIF-financed co-investment growth equity fund for SMEs - www.blackpeak-capital.com

BrightCap Ventures - tech-focused early-stage venture capital fund - www.brightcap.vc

Empower Capital - a fund supporting growing Bulgarian companies, financed by the European Investment Fund (EIF) - <http://empowercapital.net/>

FasterCapital - startup incubator and accelerator - <https://fastercapital.com/>

Rosslyn Capital Partners - private equity and investment management firm - www.rosslyncp.com



Fintech competitions

CEE Fintech Challenge - by Vestbee	www.vestbee.com/cee-fintech-challenge/
Elevator Lab – by Raiffeisen Bank International	https://elevator-lab.com/
Start Path - by Mastercard	www.startpath.com

Media

Capital.bg	A leading Bulgarian business news website.
Fintech.bg	Fintech.bg is the first Bulgarian news website dedicated to the fintech field.
Trending Topics	International media focusing primarily on the startup and technology ecosystem.
Investor.bg	Bulgarian online media company, specialised in financial and economic news.

Fintech Hubs/Co-Workings

Beta House	Co-working space in Sofia - www.betahaus.bg
Campus X	Incubator for tech companies in Sofia - www.campusx.company
Puzl	IT co-working space in Sofia - www.puzl.com
Sofia Tech Park	The complex features an incubator for tech companies, including acceleration programs and venture capital funding - https://sofiatech.bg/
Sophia Lab	Sophia Lab's mission is to be a leading national laboratory for digitalisation, growth and development with a dual focus on analysis and impact. Sophia Lab is an initiator and to co-organisator of the Bulgarian Annual FinTech and InsureTech Forum. - https://sophia-lab.eu/
Trakia Tech	Trakia Tech is a platform for sharing technology and knowledge with a mission to digitally transform manufacturing, finance and other traditional industries - https://trakia.tech/

Regulators

Bulgarian National Bank (BNB)	www.bnb.bg	Ministry of Finance	www.minfin.bg
European Commission (EC)	https://ec.europa.eu/	National Revenue Agency (NRA/NAP)	www.nra.bg
Financial Supervision Commission (FSC)	www.fsc.bg	State Agency for National Security (SANS/DANS)	www.dans.bg

6. REGULATIONS

Figure 12

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: - 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 Mar 29, 2019	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.

7. EVENTS

Selected Fintech Events in 2019 - 2020

Figure 13

Annual Fintech Summit Mar 13, 2019 Sofia, Bulgaria https://events.economedia.bg/en/event/112	Sofia Startup Expo Mar 13-14, 2019 Sofia, Bulgaria https://sofiastartupexpo.eu
21st Finance Tech Forum Apr 10, 2019 Sofia, Bulgaria https://events.ictmedia.bg/en/event/118	
Business & Finance 4.0 May 16, 2019 Sofia, Bulgaria https://mysuccess.bg	WEBIT.FESTIVAL Europe 2019 May 13-15, 2019 Sofia, Bulgaria https://www.webit.org
	Banks & Finance 2019 - by Investor.bg Jun 11, 2019 Sofia, Bulgaria https://club.investor.bg/
SecurIT Sep 19, 2019 Sofia, Bulgaria https://events.ictmedia.bg/event/140	Bulgarian Digital Week Sep 23-28, 2019 Plovdiv, Bulgaria https://bdw.bg/
Pressconference of the Bulgarian Fintech Association February 2020 Sofia, Bulgaria https://fintechbulgaria.org	Innovation Explorer Feb 20, 2020 Sofia, Bulgaria https://innovationexplorer.bg/
Digitalk June 2020 Sofia, Bulgaria https://www.digitalk.bg	



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8. TRENDS AND FORECASTS

Bulgaria, and especially Sofia, is one of the fastest growing fintech destinations in SEE and is evolving into the region's fintech centre. Startups and corporates developing fintech products and services are already gaining critical mass. The ecosystem is benefiting from the abundance of local IT talent, venture capital funding and contemporary internet infrastructure.

Bulgaria is the world's third most innovative upper-middle income country and SEE region's leader in that category in terms of innovation efficiency and achievement, according to the Global Innovation Index 2017.

Financial services with a great potential to be utilised by the Bulgarian fintech companies include mobile payments, cross-border peer-to-peer payments, as well as peer-to-peer businesses and personal loans, Robo-advisors, automated wealth management services, equity-based online crowdfunding and venture financing. In technology terms, near field communication (NFC) and contactless mobile payments grow in popularity. Furthermore, small and medium-sized enterprises (SMEs) are beginning to turn to work process automation and cloud technologies to facilitate their financial management. Interest in cyber security is also growing. The popularity of peer-to-peer loan platforms as well as online and mobile non-bank credit companies is increasing thus raising the standards for data confidentiality, fraud protection, and customer verification.

According to market representatives, more banks should support the development of the fintech ecosystem in Bulgaria. The government should also be more committed to creating incentives and regulations which support the development of the sector. Furthermore, the fintech companies should be considered as partners of the commercial banks rather than their competitors, especially in countries with well-developed banking infrastructure like Bulgaria. The PSD 2 Directive created a more favourable environment for the fintech companies and eased their expansion on the European markets but they still need to adapt to the preferences and habits of the local customers.

The development of the Bulgarian fintech sector could be slowed down by the low technological maturity of the population in terms of smartphone and internet penetration, as well as by the weak domestic demand and low average income. In 2017,

only 7.0% of the Bulgarian individuals aged 16-74 used the internet for online banking, compared to the EU-average of 54%. The majority of the population, especially the elderly population, is still unaware of what fintech is, and the benefits its services offer. When the current fintech startups grow stronger they should invest more in advertising and popularising their products and services to the general public.

The local fintech ecosystem will reach a development stage at which it will deliver successful technological solutions when there is a functioning system for supporting entrepreneurship in the field thus setting a clear timeframe in which a project could be funded, according to market experts. Another indicator that will reflect that the ecosystem is maturing is when more local companies become part of international projects for digitization of financial services.

Fintech segments still relatively unutilised by fintech companies on the local market are wealth management, insurance, regtech, mortgage/real estate and personal finance. There are only two companies in the wealth management field, and while the other segments have more representatives, their results are still insignificant. A possible reason for the underdevelopment of these sectors might be the low level of awareness of the population regarding such services and/or their limited disposable income.

Fintech trends in 2019:

Operating revenue surpass EUR 300 mln

In 2019, the Bulgarian fintech sector may see its operating revenue surpass EUR 300 mln, as the overall development of the sector will keep its pace, supported by a growing demand for fintech services and their wider popularity among the population, especially among young and working-age population;

Wider usage of AI and RPA

Artificial Intelligence (AI) and Robotic Process Automation (RPA) – the usage of these technologies will be wider, as they are continually improving and can help companies increase efficiency and security, including cut time wasted in tedious, easily repeatable tasks;

Growth in online payments

Growth in online payments, including mobile payments and payments through decentralized apps – the global increase in mobile payments will be evident in Bulgaria as well. In 2017 alone, the local fintechs specialising in payments and billing services saw their revenues jump by an average of 23% on an annual basis;

Banks' interest in fintech

Growing interest from banks in fintech - to stay ahead of the competition, an increasing number of banks will support or cooperate with fintech corporates or startups. This will enhance their existing product offering and leverage the fintech products using their data, especially in respect to the PSD2 directive. In general, fintechs are expected to be seen more often as partners to the traditional financial companies rather than their aggressive competitors;

Investments in regtech

Regtech – investments in regtech are expected to speed up, fuelled by expansion in the regulatory oversight regarding fintech and the emergence of regtech solutions, which can be used to automate key operations in large financial institutions.

9. ABOUT BULGARIA

Figure 14

Bulgaria Factsheet 2018

Area

111,002 sq km

Population

7,000,039

Currency

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

Form of government

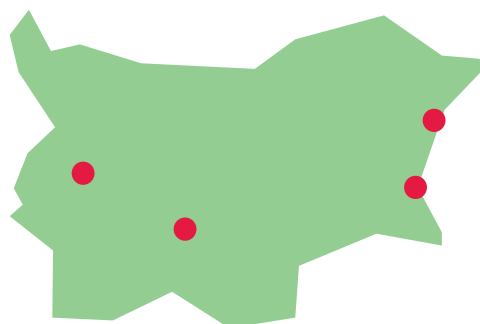
Parliamentary Republic

Taxes

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

Membership

EU, NATO, WTO



Capital

Sofia

Other Major Cities

Plovdiv, Burgas, Varna

Macroeconomic indicators

GDP Real Annual Growth Rate

3.1%

Labour Force

3.326 million people

Unemployment

5.2%

Average Monthly Wage

EUR 574

Average consumer monetary expenditure per capita

EUR 2,367

Average Annual Inflation

2.8%

Share of households that have broadband internet connection

71.5%

Share of individuals who make online purchases of goods and services

20.8%

Research and development expenditure as % of GDP (as of 2017)

0.75%

Total number of debit and credit cards (as of 2017)

7,556,000

Share of electronic credit transfers (value terms; as of 2017)

64.8%

Share of internet card payments (value terms; as of 2017)

21.0%

10. 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 of 65 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 10 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;
- IT development/support for fintech - fintech IT activities/development/support n.e.c.;
- 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 made using the official non-consolidated figures of all companies, which are registered in Bulgaria, have financial results for all or any of the years in the 2014-2018 period and are operating entirely in the fintech field. These companies represent more than 60% of the total number of companies researched in the current report.

Average age of the companies - here, as opposed to the financial analysis, the data for all companies has been taken into account.

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 April-May 2019.

List of fintech companies included in the report

Blockchain/Crypto

InchainZ
Jarvis Exchange
Nexo

Capital Markets

2iQ Research
ActivTrades - Sofia Branch
Catalea Trading
DeGiro
My Cloud Quant
NaXeX
Risk Labs
Tradeo
Trader.bg
Yatrus Analytics

Insurance

Colibra
eINS
Oli
Pension.Care
Sirma ICS
VirtualBroker

IT development/support for fintech

Fram Fintech
Scalefocus
SmartIT
Software Group
SuperDev
Taulia
Virtual Affairs
VSG Bulgaria

Lending

CashCredit
Cashlend
Credissimo
Klear Lending
Lenno

Mortgage/Real Estate

Immo-Fund
Property Club

Payments/Billing

Datescs
eCollect
Emerchantpay
ePay
iCard
Payhawk
Paynetics
Payomy
Paysafe
Paysera
Phos
Phyre
Qaiware
SafeCharge
SumUp
Tickey
Tide
TiXi
Transact Europe

Personal Finance

BillButler
CashWave
Charlie Finance
Groupayer
Reloyalty
Rewards Labs
Skim Prot
World VIP Club

Regtech

Evrotrust
Log Sentinel

Wealth Management

Iuvo Group
Money Vox

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