



# Ireland FinTech Census 2018

A snapshot of the FinTech  
landscape in Ireland



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# 1. Overview

## Foreword

“The Government of Ireland is strongly supportive of FinTech, recognising the significant benefits it can bring to consumers, economic growth, productivity and the competitiveness of the Irish economy. The Census provides, for the first time, a comprehensive landscape of Irish FinTech. It draws attention to the importance of talent and investment to entrepreneurs, the two key ingredients to great companies and a healthy start-up ecosystem. The Census will provide valuable information to investors and policymakers on the composition and needs of Irish FinTechs, helping to boost the understanding of Irish FinTech across Ireland and the rest of the world.”



Michael D'Arcy TD

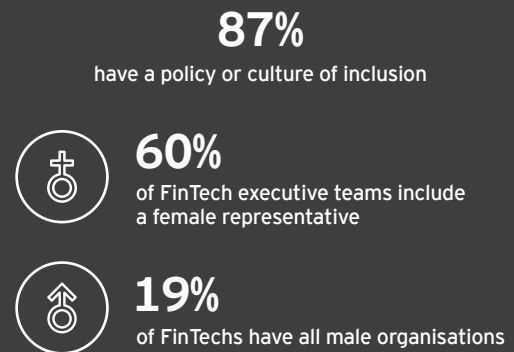
Minister of State for Financial  
Services and Insurance

# Fast facts: the FinTech landscape in Ireland

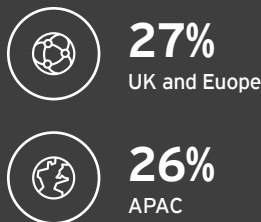
## Top FinTech Sector



## Diversity and inclusiveness

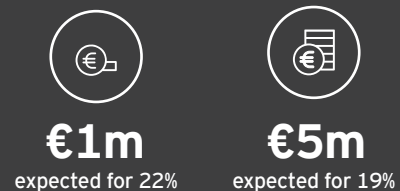


## Regions for future expansion



## Investment

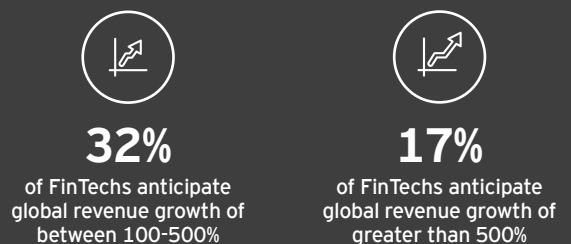
Anticipation of next round of funding:



## Multinational workforce



## Future revenues





## Talent

Top 3 talents in demand:



Coding and software development



Product Management



Regulatory and Risk Management

## Regulation



71%

not required to be regulated by the Central Bank of Ireland due to their subsector



29%

are regulated by the Central Bank of Ireland or another European country

## FinTech adoption in Ireland

Current adoption:



26%

Ireland

33%

Global

Future adoption:



52%

Ireland

52%

Global

## Top 4 key challenges for 2018



54%

Attracting qualified or suitable talent



44%

Building partnerships with established players



44%

International expansion



44%

Customer adoption

# Ireland's FinTech ecosystem







## Introduction

FinTech in its broadest articulation comprises every area of technology and innovation in the financial services arena, from payments, trading and FX, big data, risk, compliance and business intelligence to consumer-focused currency exchanges and peer to peer lenders. In Ireland we have a deep heritage in growing financial services businesses in the International Financial Services Centre and an equally strong history in establishing and scaling Irish technology companies focused on foreign markets. We are lucky to have a diverse range of market participants who see FinTech as the context for their own innovation or at least a source of innovation from which they can benefit.

Ireland is renowned globally for both its Technological and Financial Services industries. These industries include over 400 financial services companies and approximately 37,000 employees across the sector. The presence of leading Global technology companies and a skilled & educated workforce are certainly factors which have enabled the development of Ireland's FinTech Ecosystem.

It is estimated that approximately 7,000 people are currently employed in the FinTech industry in Ireland. One of the many success factors of the Irish FinTech Ecosystem include a number of organisations who work closely together to support FinTech companies across all stages of growth. These include but are not limited to: **FinTech and Payments Association of Ireland ('FPAI')**, **FinTech Ireland**, **IDA Ireland**, **Banking and Payments Federation Ireland (BPFI)** and **Financial Services Ireland (FSI)**.

# Scope and methodology: a four-stage approach

## 1. Definition of the FinTech sector

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- ▶ There is no universal classification or comprehensive directory of FinTech businesses. For this census, we have defined a FinTech organisation as one that undertakes one or more of a set of FinTech business activities, as shown in Figure 1 (page 4). These activities relate to the use of innovative business models and technology to enable, enhance or disrupt financial services.
- ▶ Business activities are categories according to whether they primarily deliver a business-to-consumer (B2C) or business-to-business (B2B) proposition. We acknowledge the recent trend for FinTech organisations to describe themselves as 'B2B2C', indicating a focus on an end consumer via a B2B relationship. For this census, we consider these to be B2B organisations.

## 2. List of FinTech companies

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- ▶ A list of FinTechs was developed from existing contacts, directories, industry association members and events (including FinTech conferences). These organisations were screened for FinTech eligibility and contacts sorted to remove duplication.
- ▶ A total of 200 unique FinTechs were identified in Ireland. Using existing relationships with these FinTechs, as well as online sources of contact information, email addresses were sourced. These individuals were then invited to take part in the census.

## 3. Survey design

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- ▶ Census questions focused on profiling respondents, as well as providing insights into their revenue, investment, talent, future growth ambitions and key challenges in achieving these.
- ▶ FinTech firms received an email with a link to an online survey page. There were 22 questions, with a wider range of free text, multiple choice, ranking and scoring questions that would take no more than 30 minutes to complete.
- ▶ Enterprise Ireland and supporting stakeholders wrote to Fintech companies to encourage them to participate in the survey.

## 4. Analysis and reporting

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- ▶ 63 companies submitted their response, representing 31.5% of the FinTech industry in Ireland.
- ▶ The survey was officially closed on 31 August 2018. A manual data cleansing exercise was then undertaken, with final output based on analysis of the cleansed data.
- ▶ In addition to the analysis of the data, the following EY reports have been referenced in this Census report;
  - ▶ The EY FinTech Adoption Index 2017



Figure 1: Scope of FinTech sector as defined for this census by qualifying business activities

## B2C propositions

### Money transfer and payments:

- ▶ Online foreign exchange
- ▶ Overseas remittances
- ▶ Payout management tools
- ▶ Online digital-only banks without branches
- ▶ Non banks to transfer money
- ▶ Mobile phone payment at checkout
- ▶ Payments via cryptocurrency (e.g. bitcoin)

### Insurance:

- ▶ Car insurance using telematics (black box) to monitor driver behaviour
- ▶ Insurance premium comparison sites
- ▶ Peer-to-peer (P2P) or micro-insurance

### Borrowing:

- ▶ Borrowing using online short-term loan providers

### Financial planning:

- ▶ Online budgeting and financial planning tool
- ▶ Tools to analyse expenses and compare financial products

### Savings and investments:

- ▶ P2P platforms for high-interest investments
- ▶ Investments in equity crowdfunding platforms and rewards platforms
- ▶ Online investment advice and investment management
- ▶ Online stockbroking
- ▶ Top-up savings or investments
- ▶ Online spreadbetting

## B2B propositions

### Enterprise and RegTech:

- ▶ Advanced analytics providers
- ▶ Blockchain solutions and distributed ledger technology (DLT)
- ▶ RegTech and risk management
- ▶ Core banking, insurance, asset management and capital market software
- ▶ Credit reference data and analytics
- ▶ Insurance and data analytics
- ▶ Cybersecurity
- ▶ Digital identity

### Small and medium-sized enterprises (SMEs):

- ▶ FinTech lenders including online short-term loan providers
- ▶ FX and B2B payments
- ▶ Trade finance and supply chain solutions

### Corporates:

- ▶ Merchant acquirers and gateways
- ▶ Payment optimisation and fraud detection software
- ▶ Loyalty software providers
- ▶ Payments software
- ▶ Trade finance and supply chain solutions

## Key messages

The 2018 Ireland FinTech Census was designed to gather insights directly from FinTechs, charting key areas of growth, as well as potential challenges. Data was gathered on the specific areas of Diversity and inclusion, revenue, investment, talent, regulation and future expansion.

The respondents in our study provide a strong subsector representation, with the largest representation from RegTech and digital identity, as well as payments and remittances.

### Diversity and Inclusion

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87% of FinTechs have a policy or culture of inclusion. FinTechs also have a diverse workforce with employees being representing from the Americas, APAC and Africa regions. Also, 60% of FinTechs have one or more females represented on executive teams.

### Revenue and Growth

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Both historic and prospective revenue growth are key indicators of success for FinTechs. While revenue has steadily grown both in Ireland and the rest of the world, 17% of FinTechs anticipate global revenue growth to increase by greater than 500% in 2018.

A FinTech's ability to raise funds is critical to growth. 22% of FinTechs are anticipating greater than €1m in the next round of funding with 19% anticipating greater than €5m.

### Talent

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94% of FinTechs are looking to hire up to 50 employees in 2018. Attracting qualified or suitable talent seemed to be the most frequent challenge Irish FinTechs experienced with the three most in demand skills being 'coding and software development', 'product management', and 'regulatory and risk management'.

### Regulation

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Financial Services is a regulated sector, with Ireland establishing itself as a big player in the FinTech sector due to its hospitable environment for tech start-ups. Governing bodies such as the Central Bank of Ireland and Enterprise Ireland have created a welcoming landscape for FinTechs in Ireland with various FinTech focused initiatives. 29% of FinTechs are regulated by the Central Bank of Ireland or another European country.

### Future expansion

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Irish FinTechs have highlighted the UK and Europe 27% and APAC 26% as regions for future expansion.







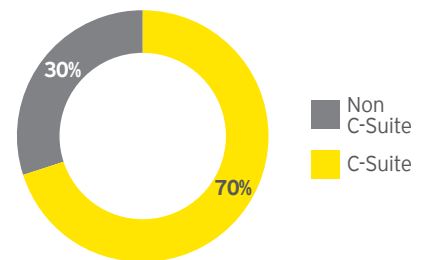
## 2. Profiling respondents

### Insights

The Ireland FinTech census gathers key statistics to profile the sector and providing insights into employee demographics.

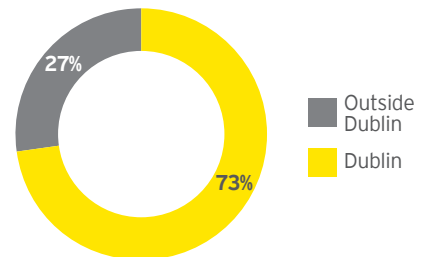
**Figure 2:** Respondent positions

The majority of respondents hold senior positions at FinTech companies, with 70% in the C-suite. Of these, 40% hold CEO positions.



**Figure 3:** Global headquarters located

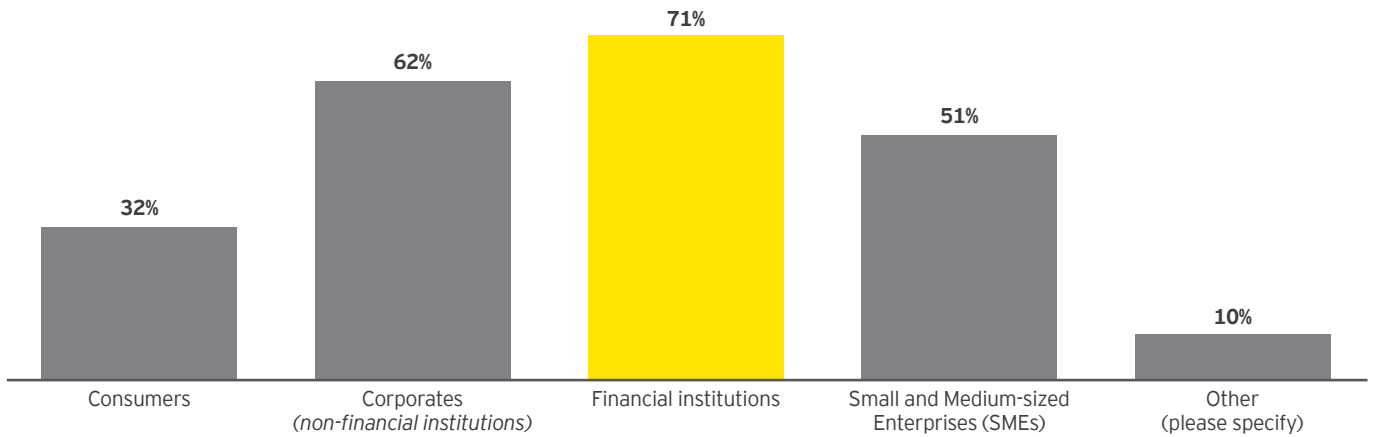
73% of respondents are headquartered in Dublin. Only 11% of respondents are headquartered outside of Ireland.



London is the most popular alternative destination for headquarters outside Ireland.

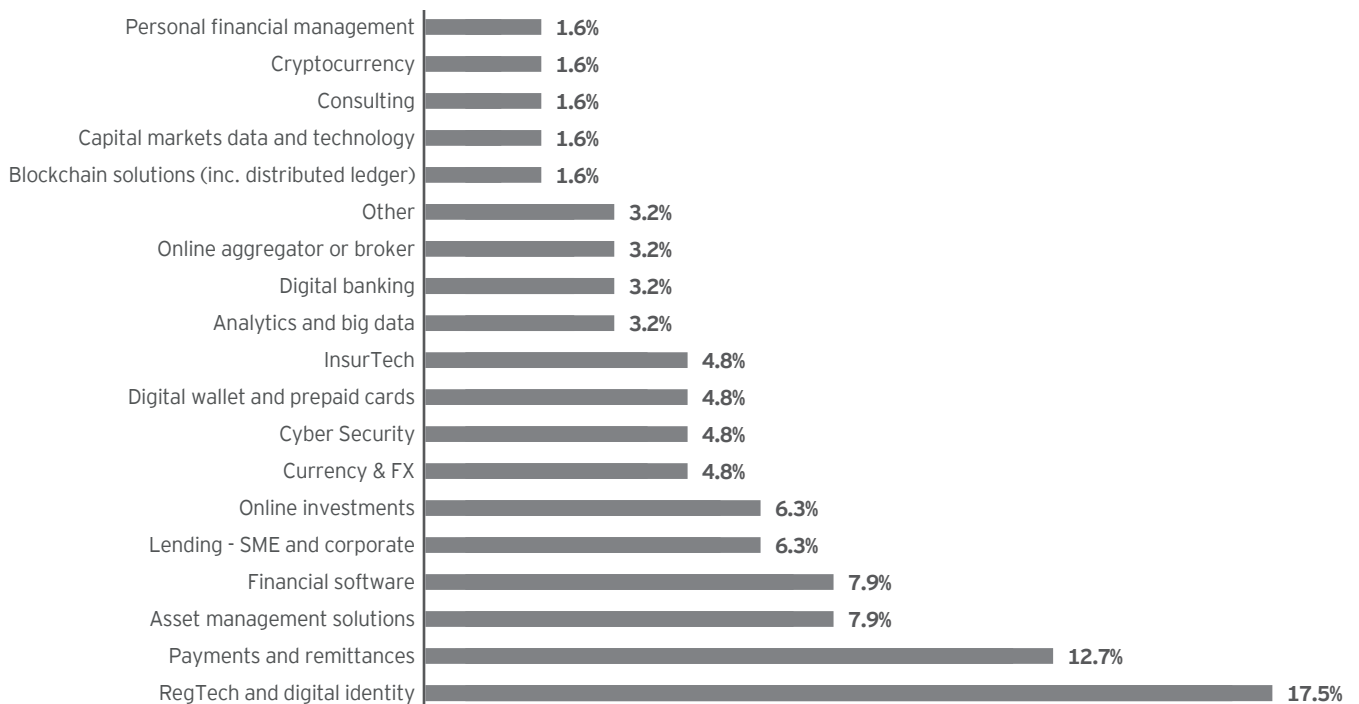


**Figure 5: Companies by customer segment served**



There is an equal representation of customer segments, with many serving more than one (several options could be selected). For FinTechs that only served one segment, financial institutions ranked the highest. Government bodies were the most common customer segment served within the 'other' category.

**Figure 6: Subsector representation**



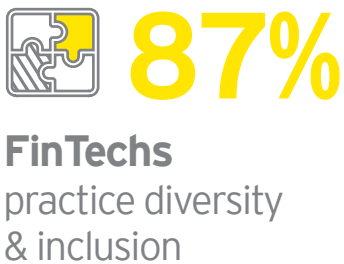
Respondents provide subsector coverage, with FinTechs citing RegTech and digital identity (17.5%) as their main proposition followed by Payments and remittances (12.7%), Asset Management Solutions (7.9%) and Financial Software (7.9%).

### 3. Diversity and inclusion



# Insights

Figure 9: Inclusion policy



87% of FinTechs have a policy or culture of inclusion, this is also reflected in EY's 2017 Diversity & Inclusion report in the Irish market which found that 98% of organisations agree an inclusive environment is vital for business performance and enhances team performance and collaboration.

Figure 4: Employee Nationalities

While 100% of responding FinTechs had Irish employees, 63% had employees from Europe and 51% from the UK.

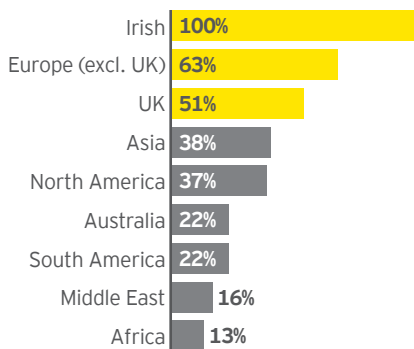
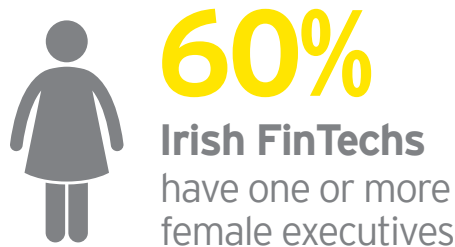


Figure 8: Gender executive teams



Analysis of executive headcount by gender shows that 60% of Irish FinTechs have at least one or more female representative on their executive team.

Figure 7: Gender split in company



19% of Irish FinTechs say their gender ratio is 100:0 male to female with 13% stating that their ratio is 50:50 male to female.



## 4. Revenue and growth





## Revenues

Historic revenue growth highlights proven demand for a FinTech's product and service. Both Irish and Global total revenue generated has increased year on year reaching over €254M (Ireland) and €19B (ROW)

Prospective revenue growth is a key indicator of success for FinTechs with 49% expecting revenue growth of 100% or greater highlighting the strength of ambition in the sector.

## Revenues – future

Prospective revenue growth is a key indicator of success for FinTechs with just under half expecting revenue growth of 100% or greater highlighting the strength of ambition in the sector.

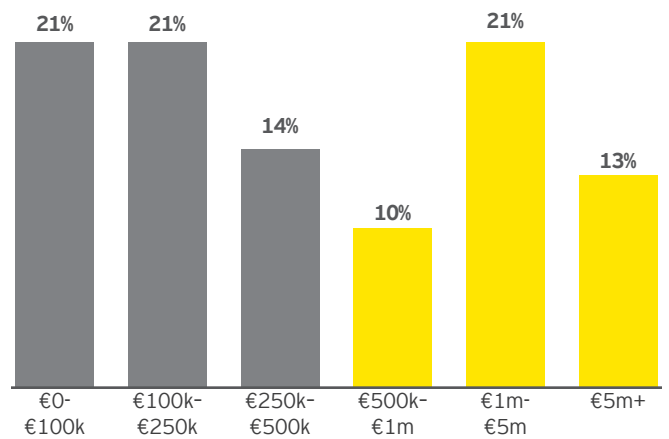
Figure 12: Expected revenue growth over the next 12 months globally



## Investment

FinTech businesses need to attract investment to grow and develop.

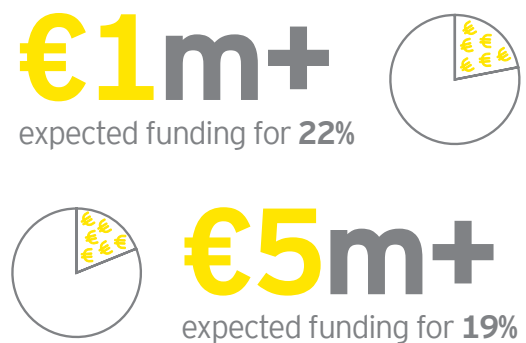
Figure 13: Investment to date



43% of FinTechs have received €500K or more in investment, with 13% receiving €5m or more.

## Investment – future

Figure 15: Anticipated size of next funding round

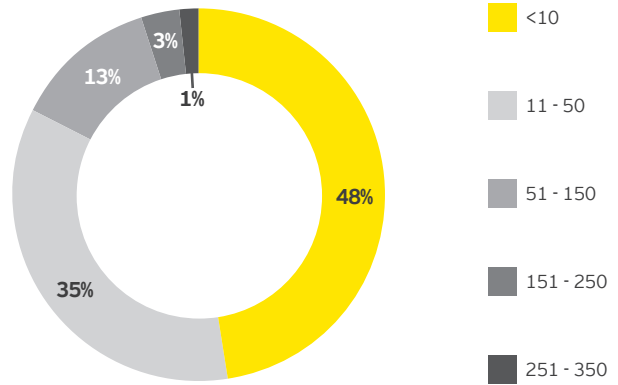


# 5. Talent



## Talent – headcount

Figure 16: Number of employees in Ireland in 2018



83% of FinTechs have less than 50 employees. 23% of FinTechs have more than 50 employees outside of Ireland with 3% having over 1,000 employees outside Ireland.

## Talent – headcount growth

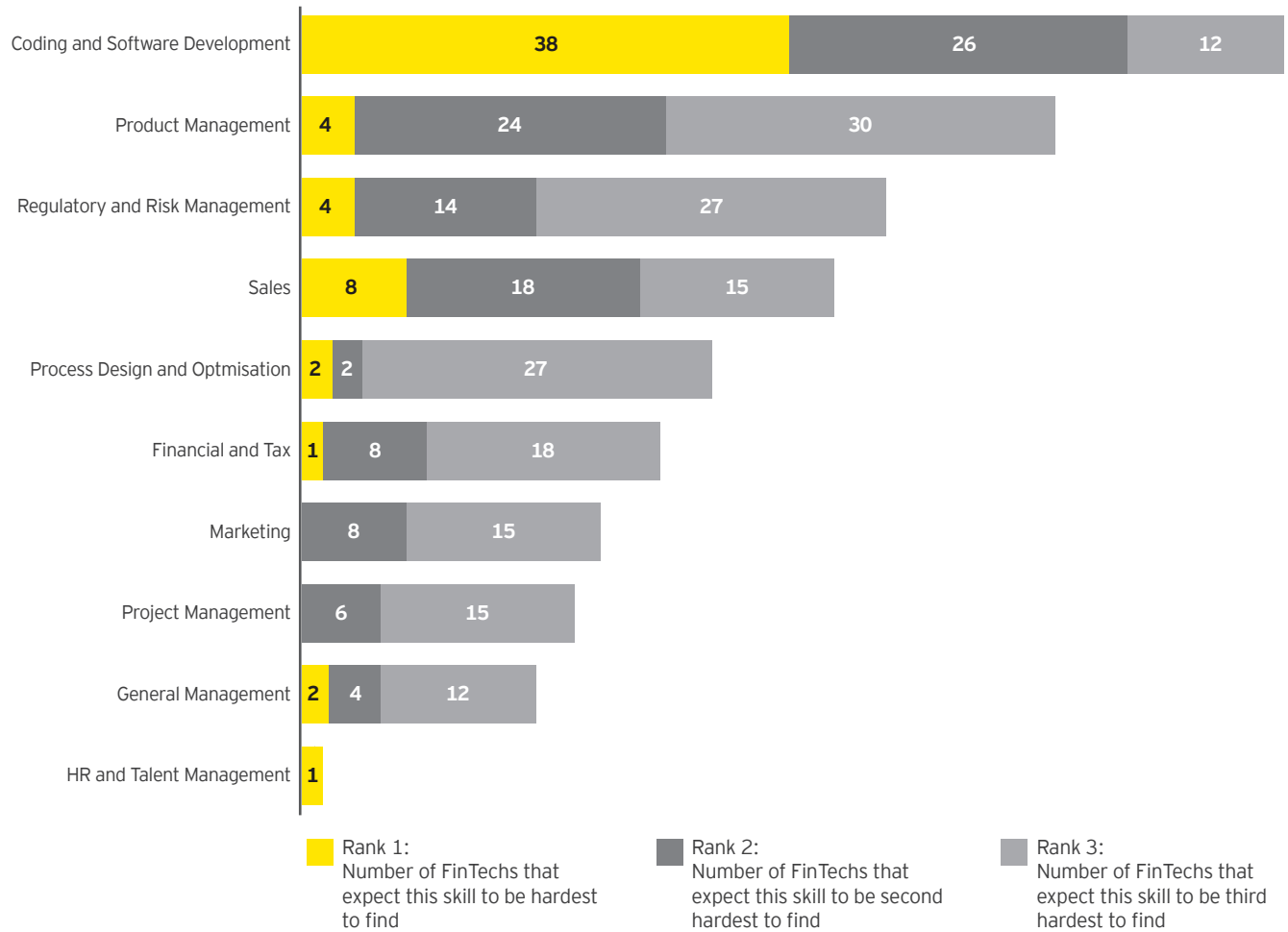
Figure 17: Expected number of hires in Ireland in 2018

**94%** of respondents are looking to hire up to 50 people in the next 12 months



## Talent – in demand

Figure 18: Skills and experience hardest to find in Ireland when recruiting in 2018



Coding and software development, product and regulatory and risk management are the three most current in demand skills which FinTechs are recruiting in the next 12 months.



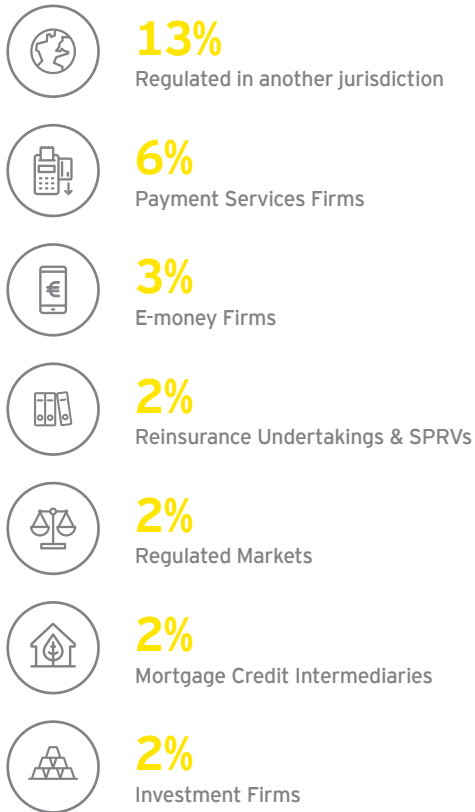
## 6. Regulation





# Insights

**Figure 19:** Breakdown of regulated FinTechs by subsector



71% of respondents are not required to be regulated by the Central Bank

**Figure 20:** Breakdown of regulated FinTechs by the CBI



## Regulatory engagement

The Central Bank of Ireland recently launched its Innovation Hub which allows FinTechs to engage with them outside of existing formal regulator/firm engagement processes. The Innovation Hub provides a platform for the Central Bank of Ireland to build on existing intelligence on developments in the FinTech sector. By engaging with FinTechs, the CBI will gain early sight of new technologies and enhance their understanding of potential risks and, importantly, potential mitigants.

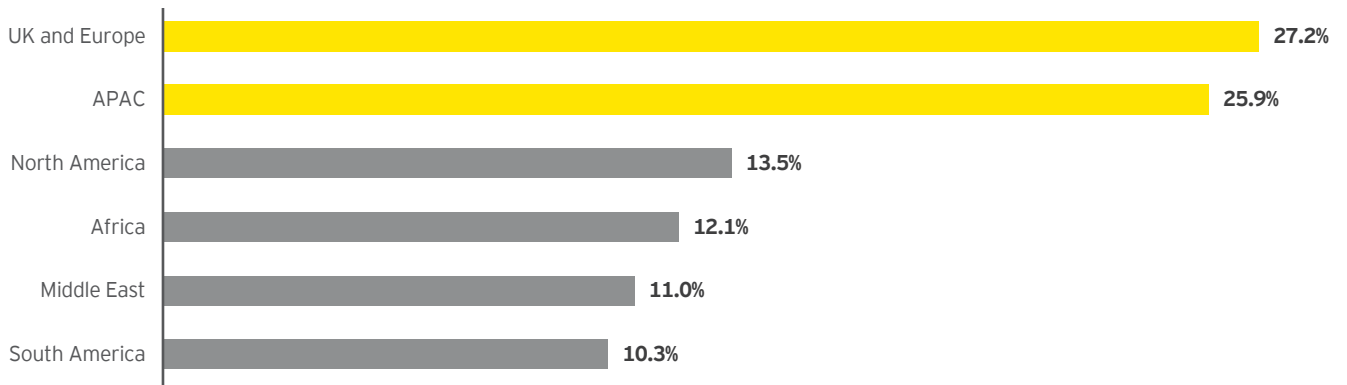


# 7. Future expansion



# Insights

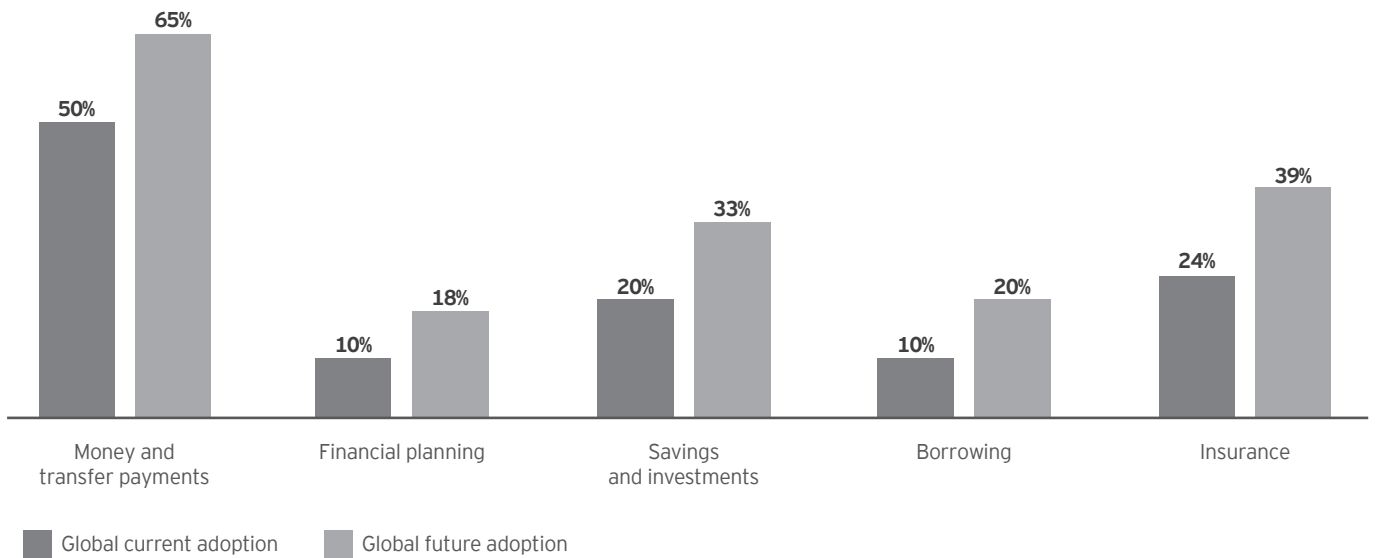
Figure 21: Regions for future expansion



FinTechs in Ireland are prioritising the UK and Europe and APAC regions with regards to future expansions. Expansion into the UK and Europe would be seamless where culture, work force, geography and political environment would be quite similar to that of Ireland. Expansion into the APAC region highlights the global nature of financial services.

# Future adoption

Figure 22: Current and future adoption globally



The above graph is taken from the 2017 EY FinTech Adoption Index which cuts through the hype and understands whether digitally active consumers are using FinTech services on a regular basis.



## Key challenges for 2018

Figure 21: FinTechs' biggest challenges for 2018



Irish FinTechs face a number of challenges to achieving their business and growth objectives for 2018. Key challenges highlighted include attracting qualified and suitable talent, building partnerships with established players, international expansion and customer adoption.











## Conclusion

“EY is committed to supporting the Irish FinTech sector and we are proud to publish the first Ireland FinTech Census in collaboration with Enterprise Ireland. The report highlights the dynamic and vibrant FinTech landscape as well as the ambitious growth plans of Irish FinTechs, evident through the planned hiring of new talent, expected future investment and future revenues. Demand for FinTech services and the opportunity for innovative Irish FinTechs at home and abroad has never been so strong. PSD2 and Open Banking are key drivers, with the framework for sharing data between banks and FinTechs taking shape. This together with strong global demand for payments and RegTech solutions is good news for Irish FinTech. The report provides essential analysis for Irish FinTech, delivering a benchmark for ongoing assessment, and a tool for continuous improvement within the sector. We are delighted to be able to share these results and look forward to our continued engagement across the FinTech ecosystem in Ireland.”



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