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EDITION

## Coordinators

Vasile STRAT  
Deyan RADEV

Daniel Traian PELE  
Cătălina CHINIE  
Florin GROSU  
Flavius Cosmin DARIE  
Codruța MARE  
Virgil DAMIAN  
Ioana COITA

# FINTECH REPORT ROMANIA & BULGARIA

## SUPPORTED BY:



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București  
2024



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# **FINTECH REPORT**

## ROMANIA & BULGARIA

### Coordinated by:

Associate Professor Vasile Alecsandru Strat, Dean of Bucharest Business School, Bucharest University of Economic Studies.

Associate Professor Deyan Radev, Faculty of Economics and Business Administration, Sofia University "St. Kliment Ohridski".

### Prepared by:

Professor Daniel Traian Pele, Department of Statistics and Econometrics, Bucharest University of Economic Studies.

Lecturer Cătălina Chinie, Faculty of Business Administration in Foreign Languages, Bucharest University of Economic Studies.

Florin Grosu, Co-Founder Traderion and Faculty of Business Administration in Foreign Languages, Bucharest University of Economic Studies.

Flavius Cosmin Darie, Invited lecturer, Faculty of Business Administration in Foreign Languages, Bucharest University of Economic Studies.

Professor Codruța Mare, Faculty of Economics and Business Administration, and The Interdisciplinary Center for Data Science, Babeș-Bolyai University.

Associate Professor Virgil Damian, Faculty of Finance, Insurance and Stock Exchanges, Bucharest University of Economic Studies.

Lecturer Ioana Coita, Faculty of Economics, University of Oradea.

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**BUCHAREST UNIVERSITY  
OF ECONOMIC STUDIES**

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Vasile Strat and  
Deyan Radev (coordinators).

Daniel Traian Pele, Cătălina  
Chinie, Florin Grosu, Flavius  
Cosmin Darie, Codruța Mare,  
Virgil Damian, Ioana Coita.

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[www.editura.ase.ro](http://www.editura.ase.ro)

[editura@ase.ro](mailto:editura@ase.ro)

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### Valery Valtchev

Co-founder & Chairman,  
Bulgarian Fintech Association

## Foreword: President of the Bulgarian Fintech Association

We created the Bulgarian Fintech Association in 2017 at a time when fintech was more of a buzzword for start-up companies. Fast forward seven years later and it is now a vibrant ecosystem of innovative growth companies providing sustainable financial services.

Regulatory changes, digitization, sanctions and technological innovation are shaking up an industry where huge profits alternate with crisis and bailout, creating niches where fintech companies move faster and more efficiently seize opportunities. We have been able to meet the expectations of consumers and have invested in new technologies for a new modern world in which we live today.

While the European Union is fully engaged in common markets, free movement of people, goods and services 30 years after Maastricht, financial services are yet to make significant progress on this journey. The cooperation between the fintech sectors of Bulgaria and Romania is in consistent line with the active bilateral relations over the past two years in areas such as connectivity, infrastructure with more and more companies having plans to operate on both markets.

The Board of Directors of the Bulgarian Fintech Association give importance to the Bulgarian-Romanian Fintech Report, which is focused on the development of the fintech sector in both countries. We believe that this is the beginning of a future cooperation that will contribute to the synergy and deepening of the relationship between the two ecosystems and future positive initiatives of mutual interest. We are glad that this fintech report was in co-authorship with representatives of the academic community in Bulgaria and Romania, as we at the Bulgarian Fintech Association actively support and work with the academic community in the fintech education.

Today, artificial intelligence (AI) promises to disrupt traditional service delivery, business models and consumer behaviour, so I wish everyone courage and vision because we are at the beginning of a new era.

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# Foreword: President of the Romanian Fintech Association

As President of the Romanian Fintech Association, it is my honor to present this joint annual report on the fintech industry in Romania and Bulgaria. Crafted through exceptional collaboration between esteemed professors from the Bucharest Academy of Economic Studies and the University of Sofia, this report provides a comprehensive overview of our evolving fintech landscape.

The fintech industry in Romania has been on a steady growth trajectory, poised to play a pivotal role in shaping the future of our local financial sector. Despite being in its nascent stages, it holds significant promise in advancing the provision of high-quality financial experiences and services through the integration of technological innovation.

We are delighted to witness an increase in collaboration among various stakeholders within our local ecosystem. From the National Bank of Romania and the Financial Supervisory Authority as regulatory authorities, to traditional banks, financial institutions, consulting firms, and emerging fintech startups, all are coming together, instilling optimism for the progress of our entire industry. I really want to thank, on behalf of RoFintech members to all these institutions and entities for supporting the Romanian fintech story, a story that we want to tell our nephews in the future.

Furthermore, I would like to commend our colleagues in Bulgaria for their invaluable collaboration, offering hope that together, in Central and Eastern Europe, we can exemplify how regional cooperation can accelerate fintech innovation.

This report stands as a proof of our commitment to fostering growth, innovation, and collaboration within the fintech industry. May it serve as a guiding light as we navigate the exciting opportunities and challenges that lie ahead.



**Cosmin Cosma**

President, Romanian  
Fintech Association



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## Catalin Cretu

General Manager, Bulgaria, Croatia,  
Romania, Slovenia at Visa

# Foreword: General Manager, Bulgaria, Croatia, Romania, Slovenia at Visa

## Visa and Fintechs: A Transformative Partnership Shaping the Future of Payments

Over the last decade, "Fintech" has become synonymous with innovation. Fintechs of all sizes, from seed-stage ventures to established players, are the driving force behind the evolution of payments, constantly reinventing the money movement.

The first wave, back in 1993, focused on automating workflows and improving customer experiences – the very foundation of ATMs, payment networks like Visa, and online/mobile banking. Today's fintech revolution leverages cutting-edge technologies like APIs, cloud computing, AI, blockchain, and more to further enhance security and provide seamless financial experiences.

From Banking-as-a-Service to Buy Now, Pay Later (BNPL) solutions, the fintech landscape boasts a wide array of thriving sub-sectors. These bright entrepreneurs are constantly reimagining the way money interacts with our lives, closing gaps in the payment ecosystem and creating frictionless experiences for consumers, merchants, and financial institutions.

At Visa, we see fintechs as a vital engine of growth, aligning perfectly with our mission to uplift everyone, everywhere. Our diverse and ever-expanding portfolio of fintech partners reflects this commitment. The number of fintech card programs generating over \$1 billion in annual processed volume has more than doubled in the last two years, and we currently engage with close to 2,000 fintechs globally.

But our work goes beyond numbers. We actively engage with the fintech ecosystem through several key initiatives. Programs like Fintech Fast Track and Visa Ready make it easier for fintechs to join our network and access our partners. Additionally, Fintech Partner Connect facilitates connections between Visa's issuing clients and leading fintech providers.

Programs like the global Visa Everywhere Initiative (VEI) engage startups in tackling the future of payments and commerce. Nearly 12,000 startups from over 100 countries have participated in VEI, collectively raising more than \$16 billion in funding. Regional initiatives like Visa Innovation Program further foster innovation, with Romanian fintechs such as Finqware, PaybyFace, and PrimeDash benefitting from the program to accelerate their growth.

Importantly, Visa's commitment to empowering underrepresented communities through strategic investments aligns with fintech innovations that promote accessibility. For instance, digital remittances benefit over 800 million people globally, ensuring essential funds reach those in need. Additionally, breakthroughs like Visa's Tap to Phone technology empower small merchants to accept digital payments, contributing to business growth and financial inclusivity. Visa has committed to invest \$200 million in partnerships driving inclusion and equity, and our investment in Anthesis Female Innovators Lab, supporting female-led fintech businesses, stands as one powerful example.

In this dynamic landscape of financial innovation, the partnership between Visa and fintechs represents a crucial driver of progress. Through strategic investments, groundbreaking technologies, and collaborative initiatives, we redefine what's possible, shaping a more equitable and accessible financial landscape for all.





# Preface

Both the Romanian FinTech sector and the Bulgarian Fintech sector have been developing faster mostly during the last five years. The present report is the first to present and to assess in a more complex manner the current state of the fintech ecosystem for both markets.

It is based on a joint approach using the methodology and structure used in 2022 in the Romanian Fintech Report and the one used in the 2022 Bulgarian Fintech report. The report also incorporates information that was presented in the previous Romanian and Bulgarian reports, with the clear purpose of ensuring consistency and comparability.

The current report also includes an analysis of the developments of the sector, which has emerged as a response or as a cause of the EU AI Act.

## **The report aims to provide an overview of the recent developments influencing the Romanian FinTech sector and the main characteristics and challenges of the FinTechs.**

It is coordinated by the Bucharest Business School from the Bucharest University of Economic Studies in cooperation with the Romanian Fintech Association (ROFINTECH) as a key representative of the Romanian Fintech sector.

The Bulgarian counterparts are represented by the Faculty of Economics and Business Administration at Sofia University Saint Kliment Ohridski and the Bulgarian Fintech Association. The team of the report is broader, including academics from four universities in Romania and Bulgaria, namely Bucharest University of Economic Studies, Babeş-Bolyai University and University of Oradea and the Sofia University Saint Kliment Ohridski.

As mapping the FinTech landscape is a challenge, because of the difficulties in distinguishing FinTechs from non-FinTechs.

**We would urge the Romanian and Bulgarian FinTechs not mentioned in this report to let us know of their existence, so they can provide input for future reports.**

## **The report is divided into several sections.**

### **Section 1**

includes the forewords and this preface and is followed by 4 other sections.

### **Section 2**

provides the definitions and the overall framework of the report.

### **Section 3**

presents an overview of the current Romanian and Bulgarian FinTech environment with a focus on changes in the legal domain and characteristics of the local FinTech ecosystem.

### **Section 4**

presents an overview of Romanian and Bulgarian FinTechs and the results of the survey conducted in summer-autumn 2023.

### **Section 5**

concludes the report by presenting the most important findings.

The team of the report greatly appreciates the support provided by the representatives of the Romanian Fintech Association and Bulgarian Fintech Association in creating connections with the FinTechs. Our deepest appreciation goes to the FinTechs who agreed to participate in the survey. We would like to thank Iulia Meirosu, Georgi Penev, Tudor Doman and Raluca Micu for their support and feedback on the report.

We would also like to extend our appreciation to the team of TALTECH School of Business and Governance who has shared with us their work and encouraged us to follow their approach and adapt the study to Romania and Bulgaria. We would also like to extend our gratitude to KEYSFIN for supporting us with data regarding the Romanian companies analyzed in this report. We also thank Borislava Mutafchieva, Gabriela Stoyanova, Dimitar Andreev, Ivan Ruykov, Nikola Chakarov and Ziad Hussein for valuable research assistance.





# Definition and general framework of the study

## 1.1. Definition of Fintech

The concept of fintech emerged along with the introduction of technology within financial services. Fintech is a broad term which encompasses IT solutions that can be developed internally by a financial organization or by an IT provider.

The Financial Stability Board (FSB) defines fintech as “technologically enabled innovation in financial services that could result in new business models, applications, processes or products with an associated material effect on financial markets and institutions and the provision of financial services” (FSB, 2022).

Previous reports have divided fintech companies into two main categories: providers of financial services - retail facing, and providers of technology and support services - market provisioning (CCAF, World Bank and WEF, 2020).

A detailed list of FinTech solutions has been included in the CCAF, World Bank and World Economic Forum reports (CCAF, World Bank and WEF, 2020; CCAF, World Bank and WEF, 2022). A similar taxonomy has been developed for Fintech Report Estonia 2021 (Laidroo et al., 2021).

We suggest a leaner taxonomy based on the proposals within the previously mentioned sources and on the 2022 Fintech Reports for Romania and Bulgaria. Therefore, our proposal is adapted to the Bulgarian and Romanian ecosystem and is also helpful in ensuring comparability over time.

### Providers of financial services are organizations which perform the following functions:

#### Capital raising and personal finance:



**Digital lending:** P2P lending, micro lending, invoice trading, leasing.



**Digital capital raising:** crowdfunding and ICO platforms.

#### Digital payments and assets exchange:



**Digital payments:** mobile payments, money transfer, mPOS, NFC,



**Digital assets exchange:** cryptocurrency platforms and brokerage, e-wallets.

#### Insurtech, including digital brokers, P2P insurance:



**InsurTech**

#### Other services



**Wealthtech:** personal financing, pension planning, wealth management & advisory

### Providers of technology and support services include:



**Cybersecurity and Digital Identity:** biometric solutions, Know Your Customer (KYC) solutions.



**Credit and Data Analytics:** financial analyses and credit scoring based on big data.



**RegTech:** IT solutions for meeting regulatory requirements.



**Enterprise Technology Provisioning:** solutions for financial companies, including cloud computing, business intelligence applications, API management, distributed ledger technology and others.

## 1.2. Research methods

The current report incorporates the information collected by the research team through desk research, through the analysis of data collected through the survey carried out during the spring-summer of 2023 and also through the analysis of the information collected through the semi-structured interviews carried out during the same period.

The study was based on a survey which was created by merging the questionnaire used in the 2022 report on Romanian ecosystem with the one used in the Bulgarian Fintech 2022 report. The survey used in 2022 in the Romanian report was adapted after the questionnaire used previously by Taltech.

### **The focus of the survey was the business model of the Bulgarian and Romanian FinTechs.**

The Bulgarian and Romanian Fintechs were analyzed using the business model canvas proposed by Osterwalder and Pigneur (2010), covering the key activities, key resources, value proposition, customer channels and segments, and revenue streams.

The analysis covers several aspects like technology, value proposition, and product / service delivery classifications introduced by Eickhoff et al. (2017). The survey included a section focusing on the use of AI in the framework of the EU AI Act and on GDPR related issues. The quantitative data were complemented with information collected through interviews carried out with representatives of Bulgarian and Romanian Fintechs and also with information from interviews with the representatives of the Bulgarian Fintech Association and of the Romanian Fintech Association.

This information was also enriched with input from other stakeholders including regulators and supervisors. The analysis of all collected data and information is structured and presented mostly in section 8, even though some of it was also used in section 7, especially in section 7.2.



# Bulgarian and Romanian Fintech Environment

## 2.1. Legal environment

**Fintech companies operate within a complex landscape of legal and regulatory obligations, which varies depending on their unique business models and the diverse range of products and services they offer.**

Due to the rapidly evolving nature of financial technology, it is crucial that the legal environment surrounding the fintech industry is continuously adapted as well.

The fintech regulatory landscape includes financial regulation, cybersecurity and data privacy and protection laws, as well as Internet rules. These laws are intended to limit the inherent risks of the fintech industry while also assuring the safety and security of customers' financial information. However, overlapping legal and political orders sometimes make it difficult for fintech companies to navigate and comply with several sets of rules.

**The General Data Protection policy (GDPR), which oversees the processing and protection of personal data, is also an essential policy in the fintech industry.**

Fintech firms frequently deal with sensitive client information, and GDPR establishes tight guidelines for how this data should be handled. It requires businesses to get explicit consent for data processing, establish suitable security measures, and give individuals access to and control over their personal data.

**In 2017, European lawmakers agreed to expand the Anti-money-laundering Directive to include virtual currency exchanges and wallet providers.**

The 5th Anti-money-laundering Directive (EU) 2018/843 addressed virtual currency exchanges, custodian wallet providers, art stores, trade, and intermediary companies.

It sets out measures to prevent money laundering and terrorist financing, including customer due diligence, record-keeping, and reporting obligations. Fintech companies that handle virtual currencies or facilitate peer-to-peer transactions are particularly affected by these regulations.



The European Commission recommended a new amendment to Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing in 2021, to eliminate regulatory divergences and add corporate accountability (European Commission, 2021).

**Another important fintech legislation is The Markets in Financial Instruments Directive (MiFID II). The Markets in Financial Instruments Directive (MiFID), first released in 2004, has been revised and is now known as MiFID II.**

It serves as the basis of EU financial Markets law and is intended to support traders, investors, and other financial industry players. Maintaining strong, equitable, efficient, and transparent financial markets is the main objective of MiFID II.

It contains several significant directions:

- Improve conditions for competition in the trading and clearing of financial instruments.
- Increase transparency in all transactions.
- Introduce trading controls for algorithmic trading activities which can cause systemic risks.
- Introduce better organizational requirements and stricter regulations.

MiFID II requires investment firms to disclose product costs and fees to consumers. Fintech companies offering investment services or robo-advisory platforms need to comply with these requirements.

The European Commission launched its first Fintech action plan in 2018 and the digital finance package in 2020. Legislation affected distributed ledger market infrastructures, digital operational resilience, and crypto-assets.

**The Regulation on European Crowdfunding Service Providers (Regulation (EU) 2020/ 1503) took effect on November 10, 2020, and across the EU on November 10, 2021. The ECSP established methodological guidelines for cross-border crowdfunding (European Commission, n.d.).**

Service providers must obtain a license in their home member state before operating in all other member states. It is anticipated that the new regulations will make this new kind of funding more accessible, benefiting businesses looking for alternatives to bank loans. Meanwhile, an enhanced and synchronized framework for investor protection will benefit crowdfunding platform investors.

This framework is based on:

- Definite guidelines for project owners and crowdfunding platforms regarding information disclosures.
- Guidelines for risk management and governance on crowdfunding platforms.
- Robust and uniform oversight authority for national agencies in charge of monitoring crowdfunding platform operations.





The MiCA framework aims to provide legal clarity, financial stability, consumer and investor protection, market stability, and innovation. MiCA requires crypto-asset service providers to be authorized to operate in the EU, follow strict requirements to protect consumers' digital wallets, and be liable for losing consumers' crypto-assets (European Commission, 2020).

The Markets in Crypto Assets Regulation (MiCA) entered into force in June 2023 and will become applicable starting June 2024. The regulation calls for the development of a significant number of Level 2 and Level 3 measures, which must be completed prior to the new regime's implementation.

In close collaboration with EBA, EIOPA, and the ECB, ESMA is conducting public consultations on some technical standards that will be released in three packages over the course of the MiCA implementation phase.

Delivering draft level 2 and 3 measures that take public feedback into account as soon as possible is the objective. The dates on which the measures will go into effect are contingent upon the European Commission adopting them and the European Parliament and Council of the EU (ESMA, n.d.).

## 2.1.1. Changes in the European legal environment

**The Revised Payment Services Directive (PSD2), which aims to encourage competition and innovation in the payment services industry, has been set forth by the Commission after its evaluation in 2022.**

The amendments primarily address strengthening measures to combat fraud, promoting an open banking environment, allowing non-bank payment service providers access to all EU payment systems, and further improving consumer information and rights (European Commission, 2023).

**Regulation (EU) 2022/858 proposes a Pilot Regime for distributed ledger market infrastructures to complement MiCA. This regulation is in force starting with March 2023 and has allowed EU firms to issue financial products utilizing distributed ledger technology.**

The legislation sets trading and settlement thresholds for financial products based on DLT and creates collaboration between DLT operators and responsible authorities.

The purpose is to evaluate DLT market infrastructures and to develop financial products based on DLT. Certain EU rules preclude these solutions from being developed.

**The Digital Operational Resilience Act (DORA) is another Digital Finance Package regulation that entered into force in 2023 with the aim to ensure the protection of the European financial system from cyberattacks and major operational disruptions.**

DORA requires financial companies and their third-party providers to take security measures to overcome ICT threats and disruptions (Regulation (EU) 2022/2554).

A significant issue with EU financial regulation is resolved by the Digital Operational Resilience Act (Regulation (EU) 2022/2554). Financial institutions did not manage all aspects of operational resilience before the implementation of DORA; instead, they handled the primary categories of operational risk primarily through capital allocation.

Following DORA, they also have to abide by regulations pertaining to ICT-related incident protection, detection, containment, recovery, and repair capabilities. ICT risk is specifically covered by DORA, which also establishes guidelines for incident reporting, operational resilience testing, ICT risk management, and ICT third-party risk monitoring.

This Regulation recognizes that even in cases where there is "adequate" capital for the traditional risk categories, ICT incidents and a lack of operational resilience may compromise the stability of the entire financial system.

**A central bank-backed payment system, the Digital Euro (ECB, 2022), is an initiative that would allow people in the 20 countries that share the single currency to make electronic payments securely and free of charge.**

The "preparation phase" for the introduction of the Digital Euro started November 1st, 2023, and would span over two years. After this period, the Governing Council will decide if the project will be advanced to the next phase.

A digital euro would not be considered a crypto-asset since it would be supported by a central bank. It is the responsibility of central banks to uphold the value of money, both digital and physical. Crypto-assets are not guaranteed to be exchangeable for cash when needed, and they are not supported or overseen by any central authority.









## 2.1.2. Bulgarian competent authorities in the Fintech field

**Regarding regulatory bodies, the financial sector in Bulgaria is split into two:**

- (i) the banking sector, which includes all banking institutions, electronic money issuers, lending institutions and payment providers, and
- (ii) the non-banking sector, with the capital, insurance, and pension markets, investment funds and other investment intermediaries.

The former sector is regulated by the Bulgarian National Bank and the latter – by the Financial Supervision Commission (FSC) of Bulgaria.

The Bulgarian National Bank (BNB) is one of the oldest national institutions established right after the restoration of the Bulgarian state, on January 25, 1879.


The BNB is an independent issuing institution of the State reporting to the National Assembly. It is vital to the Bulgarian economy and oversees preserving the value of the national currency as well as the expansion and fortification of the nation's banking and credit infrastructure.

The European Union Treaty and the BNB's Organic Law (LBNB) both guarantee the organization's independence. The bank has been a full member of the European System of Central Banks since January 1, 2007, and it actively takes part in EU banking and finance policy decisions. The Governor of the BNB is a member of the European Central Bank's General Council (The official BNB website).

Credit institutions (banks), non-banking financial institutions, e-money institutions, and payment service providers are all under the close supervision of the Bulgarian National Bank. It serves as both the nation's central bank and the banking sector's regulating authority. Investment firms are subject to regulations enforced by the Financial Supervision Commission.

The Financial Supervision Commission (FSC) was established on March 1st, 2003, under the Financial Supervision Commission Act. It is an organization that reports its operations to the National Assembly of the Republic of Bulgaria and operates independently from the executive branch.

The Commission is a specialized government agency responsible for overseeing and regulating the capital, insurance, health, and pension insurance markets, among other financial system segments. The institution's main objectives are to protect customers of financial services and products and to support the non-banking financial sector's stability and transparency through legal, administrative, and informational means.



The Commission's regulatory activities include the creation and adoption of rules and guidelines pertaining to the application and interpretation of laws and codes, as well as the drafting and adoption of regulations and instructions mandated by the legislation.

The Commission enacts secondary legislation pertaining to the application of laws in the context of carrying out financial supervision. The way that market participants' activities are regulated complies with European laws, standards, and customs. Legislative amendments are typically required when new products and technologies are introduced, the financial system undergoes changes, or flaws in the current regulatory framework are discovered.

In FSC's regular cooperation with individuals under its supervision, financial technology companies, and providers of financial innovation in the non-banking sector, it gives applicants the chance to initiate a non-binding conversation with the regulatory body by means of a designated application form through the Fintech Innovation Hub.

Fintech Innovation Hub is a technology hub that connects young talent to viable opportunities and mentorship by offering tech training and a guide to tech entrepreneurship (FSC, 2023). The innovation hub's main goal is to provide a single point for communication between the relevant applicant company and the supervisory body to safeguard the interests of consumers and promote innovations in the non-banking sector.

The application form facilitates interactions between the applicant company and the FSC, allowing that company to request assistance in applying for a license to carry out its activity, if needed, as well as to provide clarifications and optional guidelines on the legislative rules pertaining to the applicant organization's business model.

### 2.1.3. Romanian competent authorities in the Fintech field

**The Financial Supervisory Authority (Autoritatea de Supraveghere Financiară), established in 2013, is the national competent authority responsible for the regulation, supervision and control of insurance, private pensions, and capital markets.**

The authority has also been appointed by Law no. 244/2022 as competent authority for the Romanian crowdfunding platforms, in terms of authorization, monitoring and control.

The ASF has been selected to participate in the European Commission's project EU Supervisory Digital Finance Academy, (EU SDFA), together with other competent authorities from EU Member States. This Academy offers structured and comprehensive training courses, which cover top trending topics within the digital finance area, to enhance financial supervisors' awareness regarding the complicated world of FinTech and thereby to encourage adopting novel technology and best practices in their day-to-day activities, for a unitary approach throughout national competent authorities across Europe.

The Authority has established FinTech Hub and InsurTech Hub to encourage innovation, development, and implementation of new solutions and products in the three financial markets regulated and supervised by the ASF. These projects bring together Romania's most important financial market players and provide the institutional framework for collaboration to support the development of Romania's insurtech and fintech environments.

InsurTech Hub brings together representatives of the academic field, as well as market players and stakeholders (2 Romanian universities, 11 professional associations, 11 insurance companies and intermediaries, and 18 IT & software companies) and represents an innovation accelerator for these stakeholders. The work carried out within the FinTech Hub/ InsurTech Hub focused on ensuring the institutional collaboration framework through organizing meetings and discussions with the entities/persons who submitted requests through the hubs on various topics relevant to the Authority's work, as well as organizing events where the latest trends in terms of regulation are presented.

With the entry into force of Law 209/2019 on payment services and for the amendment of certain regulatory acts that transpose the provisions of PSD2 (EU Directive 2366/2015 on payment services in the internal market, the National Bank of Romania has acquired powers to authorize, regulate and supervise payment service providers who offer payment initiation services and/or account information services.

In 2019, to support companies developing innovative solutions in the field of financial and payment services, the NBR launched the Romanian FinTech Innovation Hub platform. Through this platform, providers or potential providers of financial and payment products or services can communicate through this channel with the competent authority in the field, namely the NBR. More information on this project can be found on the NBR website (NBR, n.d.).





## 2.2. Bulgarian Fintech ecosystem

**The focal point of the fintech sector in Bulgaria is concentrated within the nation's three largest cities – Sofia, Plovdiv, and Varna, among which Sofia accommodates 131 out of the total 156 Bulgarian fintech firms.**

The competitive edge attributed to Sofia, the geographical nucleus of this cluster, is widely acknowledged, encompassing factors such as a well-educated workforce, housing the premier technical and economic universities in Bulgaria, robust physical and digital infrastructure including a major airport, headquarters of public administration agencies, and IT infrastructure and support centers, strategic geographical positioning, and favorable climatic conditions.

Regarded as one of the nascent industries in the country, the fintech sector has witnessed a notable emergence over the past twelve years, with notable peaks in activity observed in 2018 and 2020.

A seminal transformation within the digital finance sector in Bulgaria unfolded following the dissolution of the communist regime and the consequential shift from a centrally planned economy to a market-oriented one (Radev and Penev, 2024). Preceding this transition, innovation within the sector was chiefly propelled by the public sector and policymakers, who advocated for the integration of computing capabilities to enhance the efficacy and efficiency of operations within the Bulgarian National Bank (Radev and Penev, 2024). However, after the year 1990 and particularly at the onset of the 21st

century, the impetus behind the adoption of innovative digital finance solutions shifted towards market dynamics and the discernible needs of the populace (Radev and Penev, 2024).

Although the fintech industry in Bulgaria has roots dating back to the 1990s, the BFA Annual Fintech Report 2022 documents that it is a relatively young yet burgeoning sector within the economy (BFA, 2022). The report highlights that a vast majority (92%) of Bulgarian fintech enterprises qualify as small and medium-sized enterprises, characterized by turnovers of less than €50 million and employing fewer than 250 individuals.

Among the diverse array of business models prevalent in the Bulgarian fintech landscape, digital payments emerge as a prominent niche, accounting for a quarter of the sector, followed by enterprise technology provisioning (18%) and digital asset exchange (15%). Notably, digital payments fintechs emerge as the primary revenue contributor, constituting 54% of the BGN 1.828 billion (~ EUR 0.9 billion) total revenue of the sector in 2021 [1].

Furthermore, the Bulgarian digital payments segment exhibits a blend of indigenous companies such as Paynetics, Borica, and Paysera Bulgaria alongside foreign direct investments including Paysafe, SumUp, and Nuvei. Remarkably, although the credit and data analytics fintech sector comprises only six firms primarily engaged in credit scoring for banks, it emerges as the fourth-largest revenue contributor, contributing 8% to the sector's total revenue in 2021.

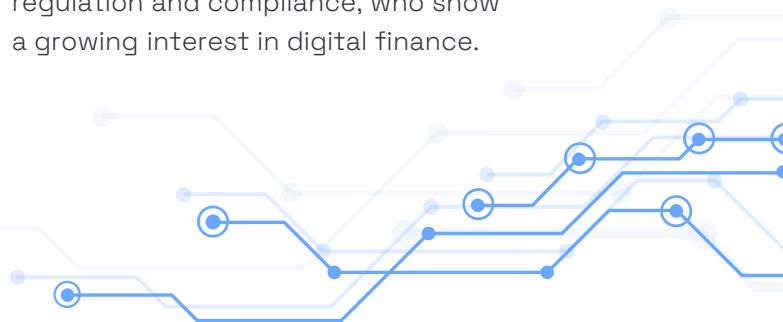


The Bulgarian Fintech Association (BFA) was established in 2017 by seven of the most active players in the fintech space. Since its inception, the Association has been applying the Quadruple Helix Model of Innovation to steer the further development of the ecosystem. As of December 2022, BFA is the only registered fintech cluster organization in SEE on the European Cluster Collaboration Platform, with 72 member organizations, among which 45 fintech companies, two universities, one Bulgarian fintech-active VC fund, two banking institutions, and others. The Association is an associate member of the International Network for Financial Education at the OECD and a co-founder of the European Digital Finance Association. It publishes an annual report, supports educational activities and organizes awareness campaigns and hackathons.

A major factor for the development of the digital finance cluster is the vibrant start-up scene in the Bulgarian capital that provides an inclusive environment, which is ready to embrace change. In addition, a growing number of VC funds with local expertise provide capital to fintech startups. The Bulgarian Stock Exchange (BSE) also expanded their funding to startups in 2018 through its Bulgarian Enterprise Accelerator Market (BEAM) and has already hosted the first Initial Public Offering (IPO) of a fintech company. BSE has also launched the BeamUp Lab – a program for promoting and encouraging growth of Bulgarian startups (BSE, 2023b). There is also an increase in the number of legal firms specializing in digital finance, which shows the interest of the legal profession in the fintech sector.

One of the main advantages of the geographical center of the cluster, the Bulgarian capital Sofia, is the high-quality education provided in the country's best universities located in Sofia (Radev and Penev, 2024). The Technical University of Sofia is the largest technical university in Bulgaria, which, together with the Faculty of Mathematics and Informatics at Sofia University, supplies the labor market with a significant number of IT engineers every year. Several private education institutions like SoftUni and Telerik Academy provide software-engineering training and requalification of people with any background.

The capital also hosts the best universities and faculties in economics and finance: the Faculty of Economics and Business Administration at Sofia University has focused on contacts with business from its reopening in the early 1990s and provides internationally accredited finance and accounting programs, while the University of National and World Economy, the largest economics university in Bulgaria, is also located there. The Faculty of Law at Sofia University, the most renowned law department in Bulgaria, produces and provides legal experts on regulation and compliance, who show a growing interest in digital finance.





According to the analysis of BFA, in 2021 there were 12,900 university and high school students enrolled in STEM programmes that could potentially choose a career or continue their studies in fintech-related fields (BFA, 2022, p.16). At the same time, Bulgarian academia has been working intensively on incorporating financial innovation into their educational programs. The most decisive steps toward fintech education have been taken by the Faculty of Economics and Business Administration (FEBA) at Sofia University. However, the topic of fintech is being taught in one form or another in almost every economics faculty in Bulgaria. In these, private sector representatives give lectures to the students and share their experiences.

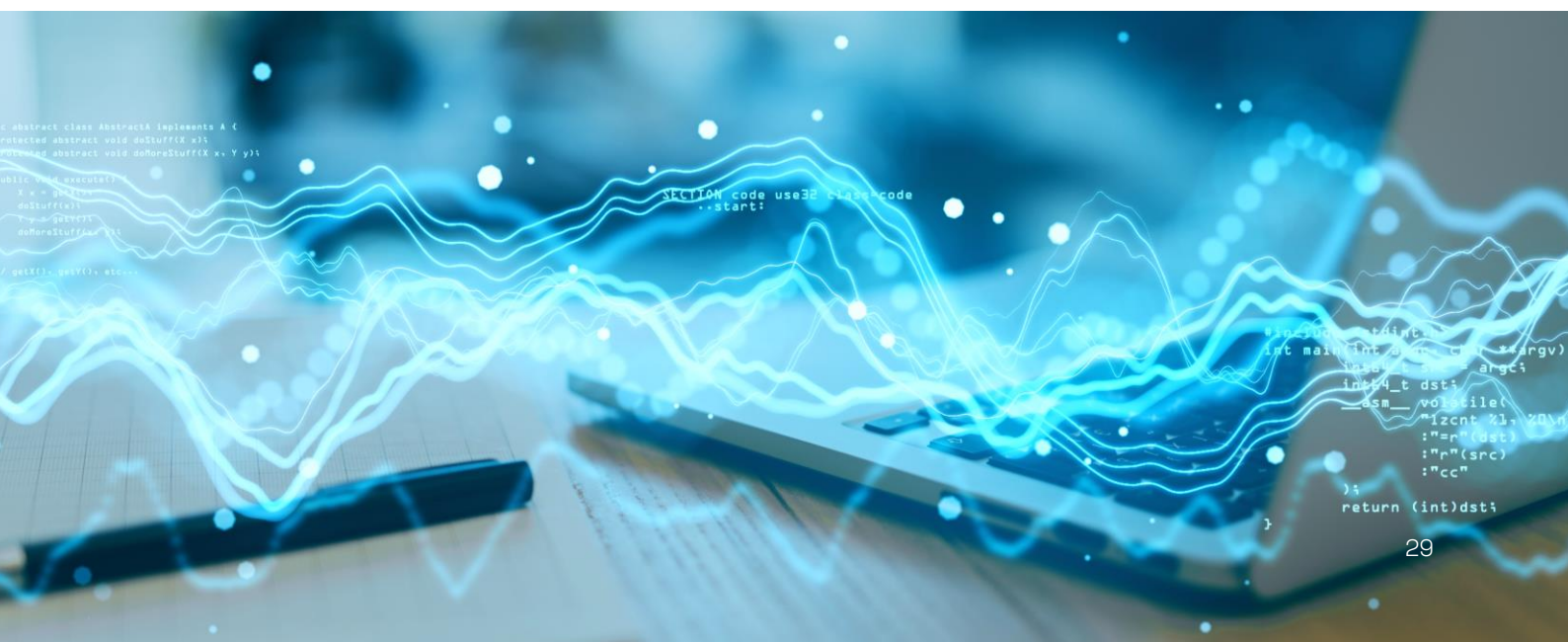
The government and parliament provide key legal foundations for the activities of fintech companies in the highly regulated and segmented financial sector. These usually come in the form of transposing EU directives and regulations, such as the EU's Payment Services Directive 2 (PSD 2) and Anti-money laundering (AML) framework. Another asset is the low-tax environment that Bulgaria managed to maintain in the past two decades.

The relatively lower flat income tax rate compared to Western Europe (WE) at 10% provides fintech companies located in Bulgaria with substantial competitive advantages on the IT labor market relative to their Western counterparts and at the same time IT specialists receive net salaries close to Western European levels (Radev and Penev, 2024).

In 2023, women continue to play an important role in the Bulgarian FinTech industry. Although the technology field and finance are thought to be predominantly men-dominated, in Bulgaria we observe a parity, 44% of all employed in the Bulgarian FinTech industry are women. Another important aspect is that the average age of the employees is 35.4 years. This means that the workforce is more adaptive, which is a great benefit in the evolving FinTech landscape.

With several advantages for fintech, blockchain, and cryptocurrency companies, Bulgaria has become a popular destination for such organizations. Startups seeking to grow internationally find the nation to be a desirable site due to its contemporary infrastructure, experienced workforce, strategic location, low operating expenses, advantageous tax structure, and supportive ecosystem.

Bulgaria is expected to continue to be a center for innovation and entrepreneurship in the fintech, blockchain, and cryptocurrency sectors as these industries expand and change. Bulgaria is positioned to lead these industries because to its highly skilled workforce and business-friendly climate. We may anticipate further development and innovation in these areas as more and more companies decide to relocate there, making Bulgaria an appealing location for investors and business owners alike.





### 2.3. Romanian Fintech ecosystem

**The Romanian FinTech sector has continued its rapid growth over the last year, reducing the gap with the more mature similar sectors in the region even further.**

Despite being a young ecosystem still, the Romanian FinTech has entered a new phase of maturity fueled by new funding rounds for some of the existing players, a tighter cooperation between the actors in the ecosystem and even exits.

The central role in the ecosystem is played by the fintech companies themselves. RoFintech continued to be the representative organization of the Romanian fintech ecosystem and, during this past year, has not only strengthened its ties with the other shareholders in Romania, but embarked on a mission to establish strong partnerships with the fintech associations in the region. RoFintech is also now the obvious channel for other relevant organizations, such as banks, insurance companies, and large consulting firms to support the entire ecosystem and collaborate more effectively with the fintech companies.

Another good sign of the rapid maturing of the ecosystem is represented by the close collaboration between the Government, the Financial Supervision Authority, the Ministry of Finance, and fintech companies. Furthermore, the National Bank of Romania (NBR), in its dual role as the central bank and National Competent Authority (NCA), collaborates with companies and other institutions to promote the

development of the FinTech ecosystem. This initiative is in line with its expanded set of responsibilities under the framework of PSD2. The startups have been involved in all the major regulatory processes in the past year, both at national and EU level. Both the Government and the startups (represented by RoFintech) have learned to work closely together, and this has benefited the startups, who are now more comfortable navigating the regulatory changes.

Accelerators and incubators are now well established in the ecosystem. The Romanian fintech ecosystem benefits from the existence of accelerators such as Techcelerator and InnovX and incubators such as Founder Institute and Commons Accel. Most of the newly formed fintech companies emerged from one of these programs.

In addition to this, BCR recently announced the creation of the first fintech corporate VC fund in Romania, a natural step forward from InnovX, the accelerator program of the bank. The fund is expected to become operational in 2024 and will represent an important milestone in the development of the ecosystem.

The fourth player in the ecosystem is composed of the R&D and education institutions which are not often viewed as an active part of the ecosystem by existing players. This is changing rapidly as the largest universities in the country are taking a more active role in the ecosystem by organizing both long-term and short-term education programs dedicated to fintech.

The authors of this study consider this to be a key driver in the coming years, as most of the fintech companies are facing significant challenges with meeting their human capital needs. The universities are also taking steps towards bridging the gap between the regulators and the ecosystem, by joining the support programs of the regulators and actively participating in research projects together with both the regulators and the FinTech companies.

These research projects, together with the close collaboration with RoFintech could lead to FinTech spinoffs emerging in the coming years, founded either by faculty members alone or by faculty members together with executives from the existing companies.

In addition to these players, the ecosystem is also growing due to the existing financial sector, Romania representing a large market for many of the fintech companies. This is one of the main strengths of the Romanian FinTech ecosystem, as many of these players, especially banks, are actively supporting the ecosystem in its development. In this past year, insurance companies joined the banks in working with fintech companies and several large insurance companies in the market now have established commercial partnerships with fintech companies.

Same as in many countries in the CEE region, including Bulgaria (see Radev and Penev, 2024a), many ecosystem players feel that the main obstacle to ecosystem development remains the slow cooperation and coordinated activities between the players in the ecosystem.

Some interviewees felt that this could be achieved only through the joint efforts of different ecosystem players – the FinTech companies, the Government, and the universities. Others felt that the regulators should be more open to cooperating with the FinTechs. However, many startups recognize that improvements have been made in this past year.

Many see RoFintech as the leader of the Romanian FinTech sector. According to the market participants, RoFintech's strengths are structured and coordinated activities. RoFintech is now perceived as the official "voice" of the

fintech startups in relationship with the other stakeholders, both in Romania and in Brussels, as well as the driving force behind connecting our ecosystem to the ones in the region. Still, its activities are restricted by the size of its budget, which is dependent on membership fees. Since 2022, more companies have joined RoFintech, but many important players are yet to join the organization.

The Romanian business environment is stable and offers all the key ingredients necessary to start and grow a FinTech company. The large size of its financial sector, relatively easy access to early-stage capital (both private and public), as well as the local tech human capital create the premises for many of the FinTech companies to grow locally. However, it also means that the local FinTechs will have further difficulties expanding into international markets and building global companies. Despite these concerns voiced by the interviewees, many companies in the ecosystem have taken steps towards international expansion and we believe this will pave the way for others to do the same.

One other key concern resulting from the answers received fierce competition for talent. Local FinTechs are now competing with global players that are either present locally or about to enter the market (most recently Klarna and Stripe). Local fintech companies now face competition from the banks themselves, who are beginning to build in-house fintech teams and are targeting the same pool of talent. Again, the role of the universities is key and some of the existing FinTechs have already started research projects with local universities. This is not as developed as in the more mature ecosystems in our region, and more is yet to be done to strengthen these relationships. However, a trend emerges, and each success story contributes to other FinTechs identifying synergies with universities to develop new programs and new, innovative products.

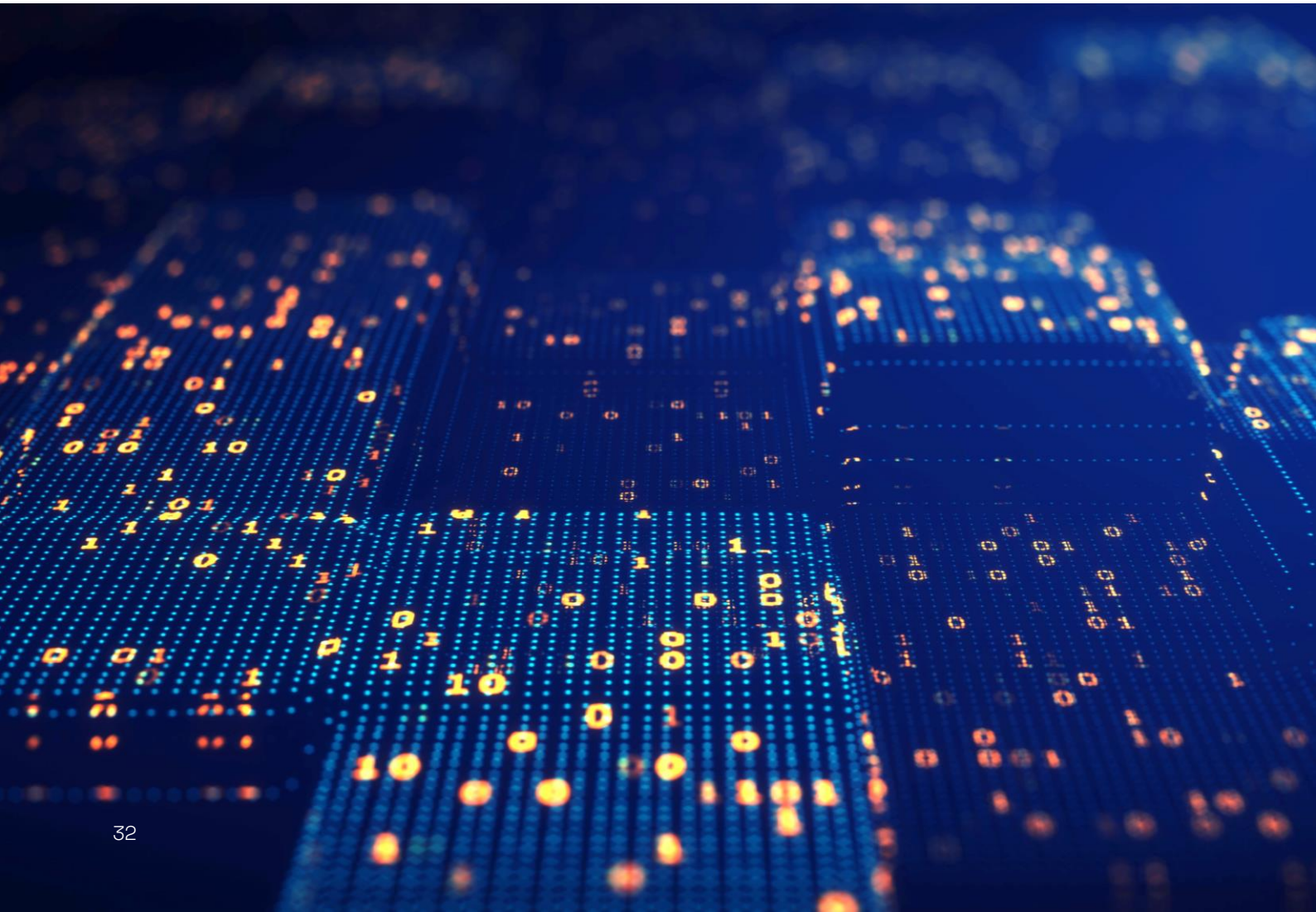


Despite the above-mentioned limitations, ecosystem players feel that the Romanian entrepreneurship culture is strong. Entrepreneurial mentality, willingness to act, creativity, and tolerance for alternative tools and solutions have created a culture open to innovation and technology. The development of digital infrastructure and the spread of English as a business language created the premises for more FinTech companies to emerge and grow globally.

FinTechs feel the support from the state to startups has grown in recent years. Still, many FinTechs feel that support targeted specifically towards FinTechs has remained low. The main role of the state in the ecosystem is to shape the political and legal framework. There is relative freedom for the activities of FinTechs in Romania. However, many FinTechs complain about the inadequate regulation of the industry and difficult access to open data. These make the sector closed and difficult for the FinTechs to navigate the regulatory process. On the positive side, the National Bank and the Financial

Supervision Authority have been working more closely with RoFintech in this past year. This could prove to be an important way of overcoming the negative effects outlined above, as it was also highlighted by the FinTechs that co-operation and communication between the state and the private sector could help avoid disadvantageous situations to the sector's development in the future.

As a result of the analysis of the Romanian FinTech ecosystem, it can be concluded that a favorable business environment and culture, a strong IT infrastructure, access to talent and industry-specific know-how provides good preconditions for the development of the FinTech sector. As for weaknesses, the limited nature of these resources, lack of cooperation between the stakeholders in the ecosystem, insufficient interest, and support by the state, and inadequate legal framework, as well as the more difficult access to capital in the next period can be significant obstacles to the Romanian FinTech ecosystem development.





## Fintech companies in Bulgaria and in Romania

### 3.1. Overview of the Romanian and Bulgarian Fintech companies

The entire group of companies analyzed in the next section includes 240 companies that were identified by the authors and classified as Fintechs in Romania and Bulgaria.

The group includes 84 companies for Romania and 156 companies for Bulgaria. Since identifying the Fintechs is no facile and straightforward task, the research team acknowledges that there might be companies that were not correctly identified or companies that might not be correctly classified. Therefore, we invite all interested stakeholders who have information that might help increase the quality of the report to reach out to us.

### 3.1.1. Distribution of the Fintech companies based on type of activity

#### Groups according to taxonomy

Type 1.  
Digital lending: P2P lending, micro lending, invoice trading, leasing.

Type 2.  
Digital capital raising: crowdfunding and ICO platforms.

Type 3.  
Digital payments: mobile payments, money transfer, mPOS, NFC.

Type 4.  
Digital assets exchange: cryptocurrency platforms and brokerage, e-wallets.

Type 5.  
Insurtech.

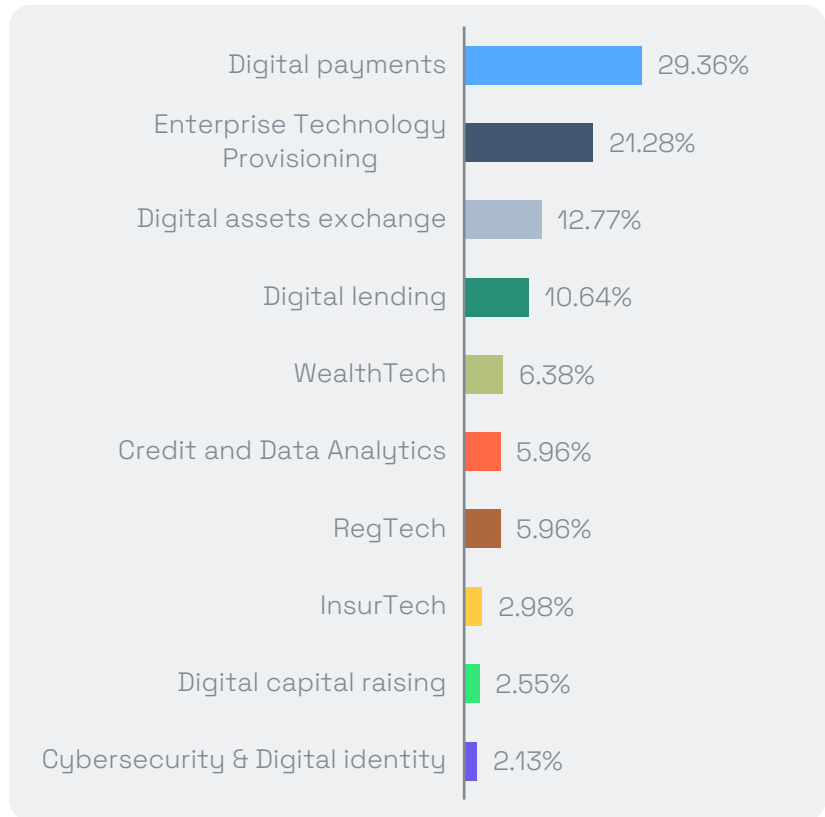
Type 6.  
Wealthtech: personal financing, pension planning, wealth management & advisory.

Type 7.  
Cybersecurity and Digital Identity: biometric solutions, Know Your Customer (KYC) solutions.

Type 8.  
Credit and Data Analytics: financial analyses and credit scoring based on big data.

Type 9.  
RegTech: IT solutions for meeting regulatory requirements.

Type 10.  
Enterprise Technology Provisioning: solutions for financial companies, including cloud computing, business intelligence applications, API management, distributed ledger technology and others.



#### General distribution

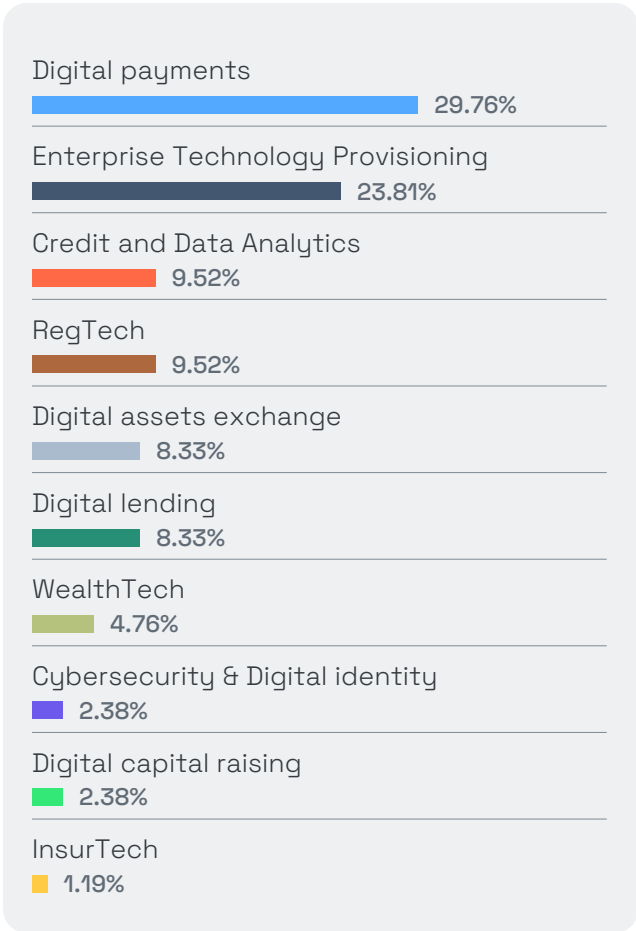
The digital financial services landscape is heavily dominated by Digital Payments (type 3), Enterprise Technology Provisioning (type 10), and Digital Assets Exchange (type 4), as indicated by their respective market shares of 29.36%, 21.28%, and 12.77%.

The dominance of digital payments underscores a consumer shift towards convenient, fast, and secure transactions enabled by the widespread use of smartphones as payment tools.

Enterprise Technology Provisioning's significant share highlights the financial sector's deep investment in robust technological infrastructure, enclosing cloud services, data analytics, and blockchain, to boost operational efficiency and competitive edge.

Meanwhile, the substantial interest in Digital Assets Exchange reflects a promising market enthusiasm for cryptocurrencies and digital assets despite their volatility, signaling a strong inclination toward innovative financial instruments and investment diversification.

Collectively, these leading sectors illustrate a financial ecosystem increasingly oriented towards digital innovation, convenience, and technological empowerment.



### Romanian distribution

In Romania’s financial landscape, Digital Payments (Type 3) claim the largest segment at 29.76%, reflecting a significant shift towards digital transaction methods such as mobile payments and NFC, driven by the consumers’ desire for convenience and efficiency.

Enterprise Technology Provisioning (Type 10) follows closely with 23.81%. This significant allocation underscores the commitment of Romanian financial institutions to bolster their technological progress with sophisticated infrastructure, embracing cloud computing solutions and advanced API management to streamline and enhance operational capabilities while ensuring they remain at the forefront of a competitive global financial market.



### Bulgarian distribution

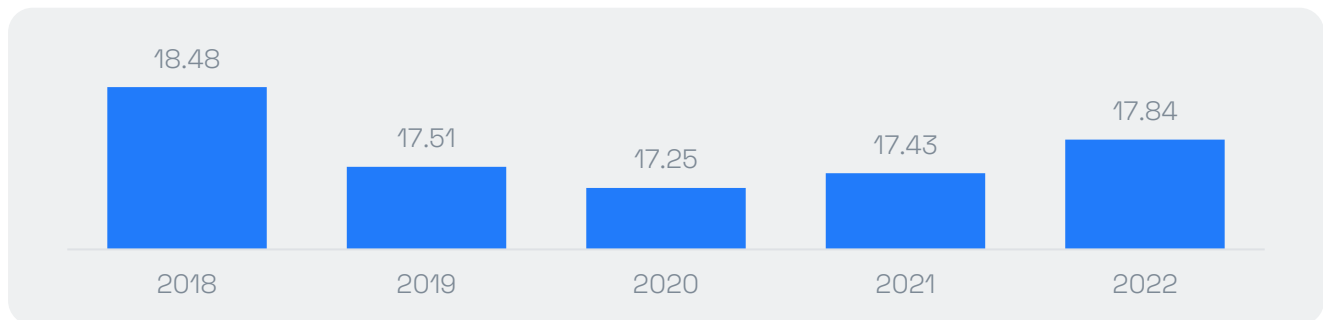
In the Bulgarian financial technology sector, the distribution of services by market share reveals a landscape where Digital Payments (Type 3) have the largest segment at 29.14%, indicating their significance.

Enterprise Technology Provisioning (Type 10), which includes sophisticated solutions such as cloud computing and API management, holds a substantial 19.87% of the market, reflecting a robust demand for enterprise-level technology services.

Digital Assets Exchange (Type 4) accounts for 15.23%, suggesting a healthy involvement with cryptocurrency platforms, e-wallets, and related services.

Finally, Digital Lending (Type 1) comprises a moderate 11.92% share, pointing to a solid, yet smaller, footprint for services such as P2P lending and micro lending within the Bulgarian fintech ecosystem.

### 3.1.2. The average number of employees in the Fintech companies (number).



#### Romanian distribution

The bar chart depicting the average number of employees in Romanian Fintech companies from 2018 to 2022 shows a distinct trend of workforce changes over the five-year period.

Starting at a peak in 2018 with approximately 18,48 employees, the sector saw a decline in the following two years, dropping to around 17,51 in 2019 and further to 17,25 in 2020.

This downward trajectory suggests possible economic challenges or industry-specific factors impacting employment.

However, a modest rebound is observed in 2021, with a slight increase to about 17,43 employees, which continued into 2022, reaching nearly 17,84 employees. The initial decrease followed by a gradual recovery indicates a period of adjustment within the Romanian Fintech sector. This highlights a stabilization or growth phase towards the end of the observed timeline.



#### Bulgarian distribution

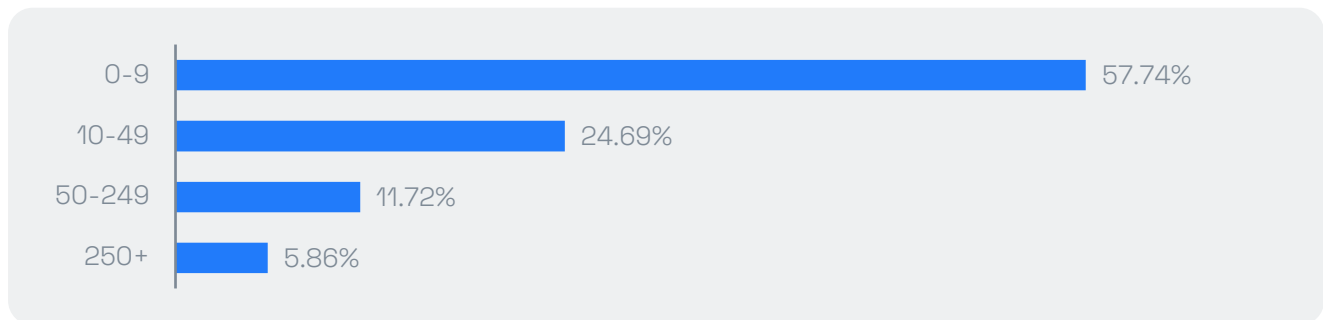
The bar chart illustrates the growth in employment within the Fintech sector in Bulgaria over a span of four years, indicating a positive trend in the industry's development.

Starting with an average of 53.1 employees per company in 2018, there was a consistent annual increase, reaching 57.1 in 2019 and 60.76 in 2020. This reflects a steady demand for talent in the Fintech field.

This upward trajectory culminated in a significant rise to an average of 76.04 employees in 2021, suggesting a robust expansion phase for Bulgarian Fintech companies, likely driven by factors such as increased investments, market growth, scaling of successful startups, or a rising adoption of financial technology services among consumers.



### 3.1.3. Distribution of companies based on classes of employees (number of companies).



#### General distribution for 2021

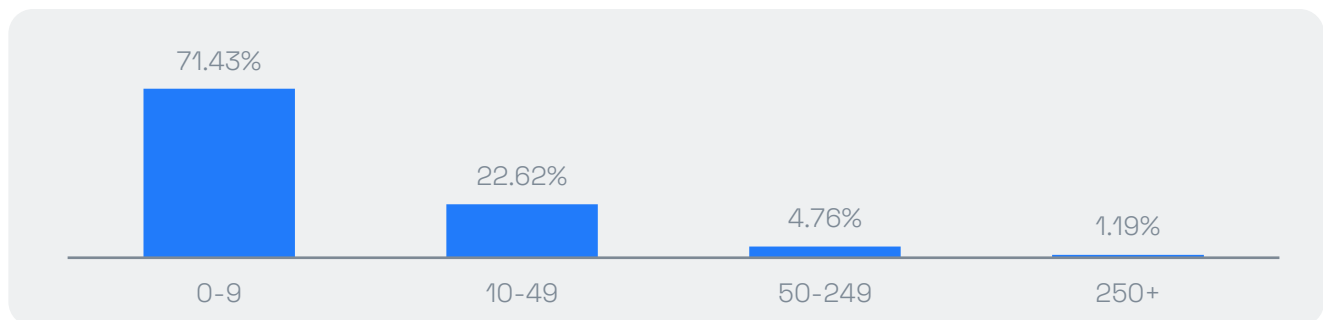
*(0-9 employees / 10-49 employees / 50-249 employees / over 250 employees).*

The bar chart depicts the distribution of companies based on the number of employees, revealing that a significant majority, 57.74% are small-scale enterprises with 0 to 9 employees.

Medium-sized businesses with 10 to 49 employees constitute 24.69%, indicating that they are also a substantial portion of the company landscape.

Smaller still, 11.72% of companies fall into the category of 50 to 249 employees, pointing towards fewer medium-sized enterprises.

Lastly, large companies with over 250 employees make up the smallest fraction, at 5.86%, underscoring the rarity of large-scale operations in this dataset. This distribution highlights the predominance of small businesses in the overall composition of companies.



#### Romanian distribution for 2022

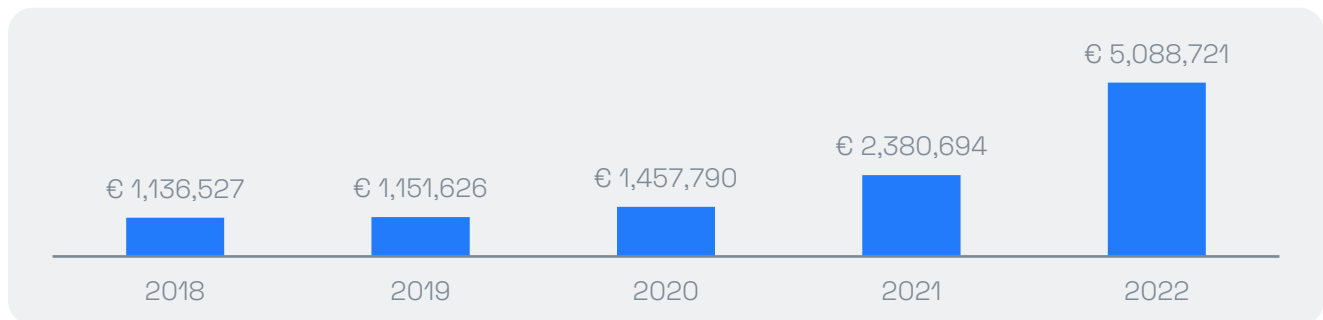
*(0-9 employees / 10-49 employees / 50-249 employees / over 250 employees).*

The bar chart illustrates the distribution of companies in Romania, categorized by the size of their workforce. A vast majority, 71.43%, are small-scale enterprises with 0 to 9 employees, highlighting the prevalence of small businesses in the country.

Medium-sized businesses with 10 to 49 employees form a significant segment as well, accounting for 22.62%, while those with 50 to 249 employees represent a smaller fraction at 4.76%.

Large companies with over 250 employees are the rarest, comprising just 1.19% of the total. This distribution underscores the economic structure in Romania, which is heavily reliant on small enterprises, with a progressively smaller number of larger companies.

### 3.1.4. Evolution of average fixed assets per company (Euro).

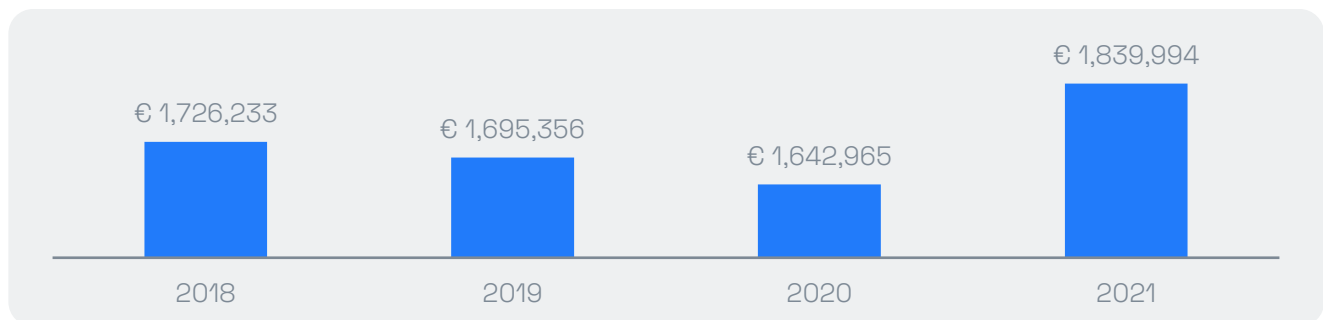


#### 2018 – 2022 evolution for Romania

The bar chart depicting the evolution of average fixed assets per company in Romania from 2018 to 2022 shows a consistent year-over-year increase in assets, with moderate growth from 2018 (approximately 1,136,527) to 2020 (approximately 1,457,790). However, there is a noticeable acceleration in growth from 2021 (approximately 2,380,694) to 2022 (approximately 5,088,721), more than doubling in this final year.

Such a significant rise suggests a robust economic expansion, increased capital investments, perhaps changes in reporting standards or asset valuation practices.

To understand these dynamics fully, it would be important to consider external economic factors, potential changes in financial legislation or inflationary impacts that could influence these figures, especially the significant surge in 2022.



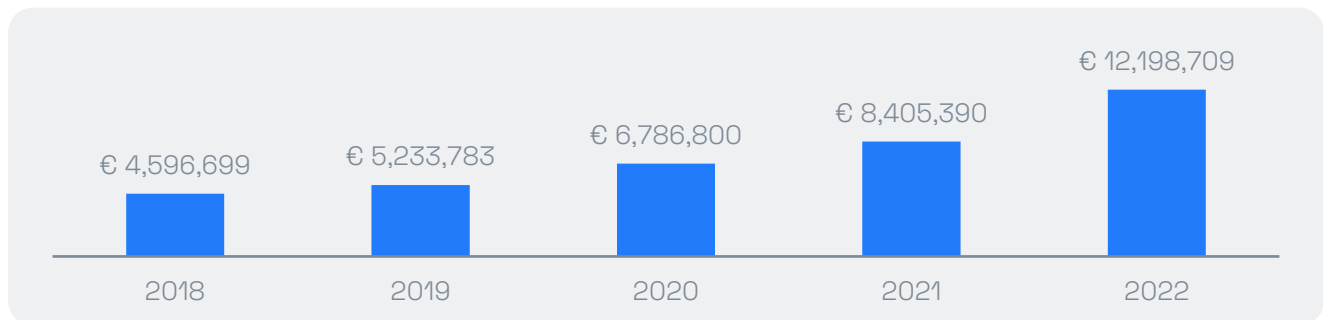
#### 2018 – 2021 evolution for Bulgaria

The bar chart depicts the evolution of average fixed assets per company in Bulgaria from 2018 to 2021, showing a fluctuating trend over the four-year period.

Initially, the average fixed assets stood at approximately 1,726,233 in 2018, but this figure slightly declined to around 1,695,356 in 2019 and then more sharply to about 1,642,965 in 2020, suggesting a challenging economic period or potential changes in market conditions.

However, in 2021, there was a significant rebound, with the average fixed assets per company rising to approximately 1,839,994 indicating a robust recovery or positive market shift that led to a growth in the fixed assets held by companies in Bulgaria.

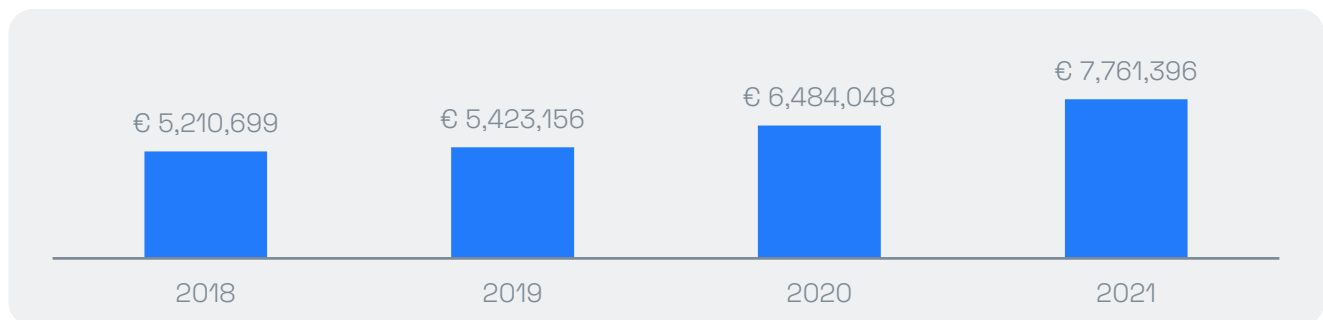
### 3.1.5. Evolution of average total assets per company (Euro).



#### 2018 – 2022 evolution for Romania

The bar chart presents the evolution of average total assets per company in Romania from 2018 to 2022. It illustrates a consistent upward trend in the financial strength of companies. Starting at approximately 4,596,699 in 2018, there is a notable year-on-year growth, climaxing at approximately 12,198,709 in 2022.

This represents a substantial increase of 45.13% from 2021. This positive trajectory suggests an expanding economic environment for businesses within the country, with the largest growth observed in the final year.



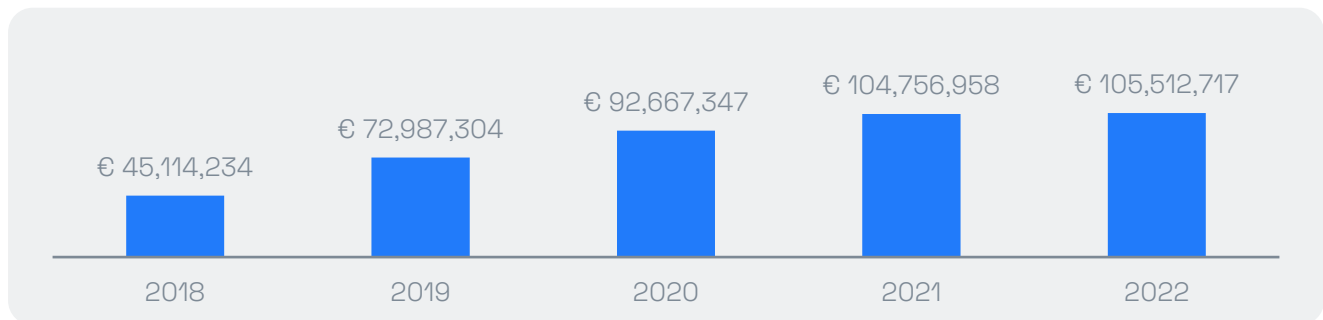
#### 2018 – 2021 evolution for Bulgaria

The bar chart illustrates the growth in average total assets per company in Bulgaria from 2018 to 2021. It shows a steady increase in assets over the four years, starting at approximately 5,210,688 in 2018, experiencing a minor rise in 2019 to approximately 5,423,156, before rising to approximately 6,484,048 in 2020.

By 2021, it surged to approximately 7,761,396. This progression suggests a positive trend in the financial growth of companies within Bulgaria, with the most notable rise between 2020 and 2021, indicating potentially favorable economic conditions or market consolidation.



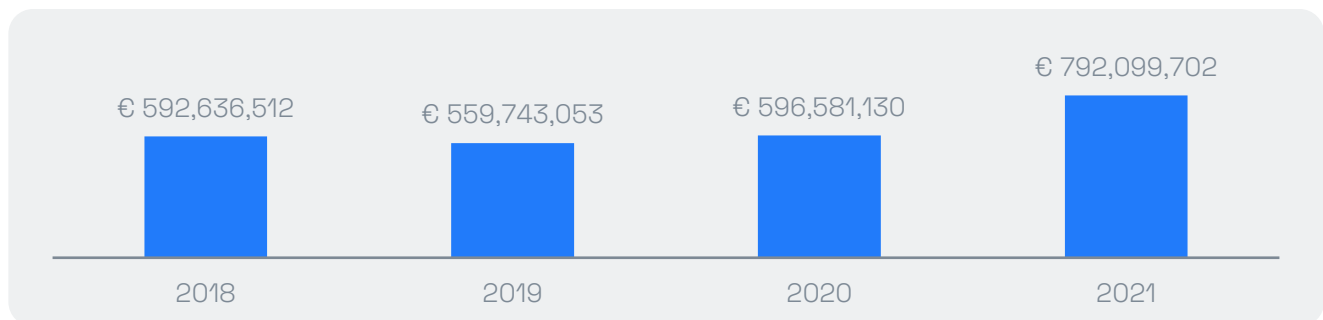
### 3.1.6. Evolution of operational profit per sector (Euro).



#### 2018 – 2022 evolution for Romania

The bar graph emphasized the evolution of operational profit per sector for Romania from 2018 to 2022, depicts a consistent upward trend in operational profits over the first four years, with profits rising from approximately 45,114,234 in 2018 to a peak of around 104,756,958 in 2021.

In 2022, there is a slight increase in profits to approximately 105,512,717. The consistent growth suggests a robust performance of the Romanian market.

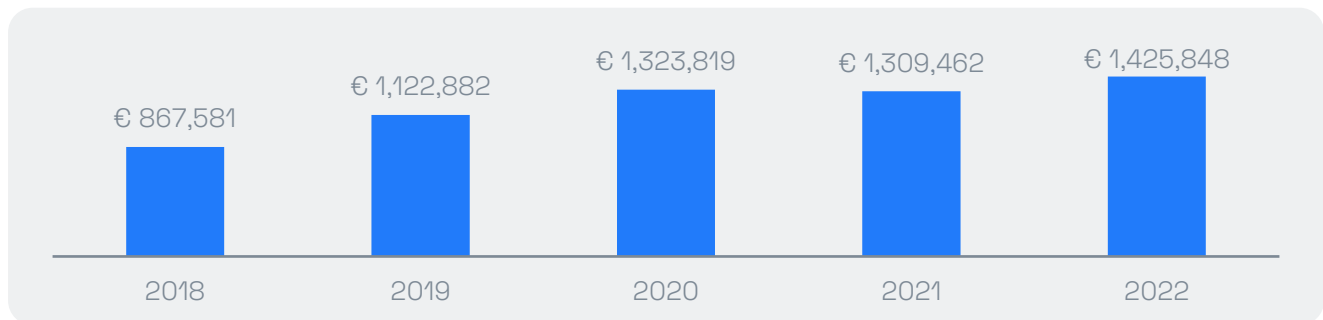


#### 2018 – 2021 evolution for Bulgaria

The bar chart illustrates the evolution of operational profit for various sectors in Bulgaria from 2018 to 2021. It begins with a profit of approximately 592,636,512 in 2018, followed by a minor decrease to approximately 559,743,053 in 2019. The profit marginally increased to approximately 596,581,130 in 2020, indicating a recovery from the previous year's dip.

Notably, 2021 saw a significant surge in operational profits, reaching approximately 792,099,702. This suggests a robust growth in the sectors' profitability over the four-year period. This upswing could be indicative of a positive economic trend or successful sectoral performance in Bulgaria during that time.

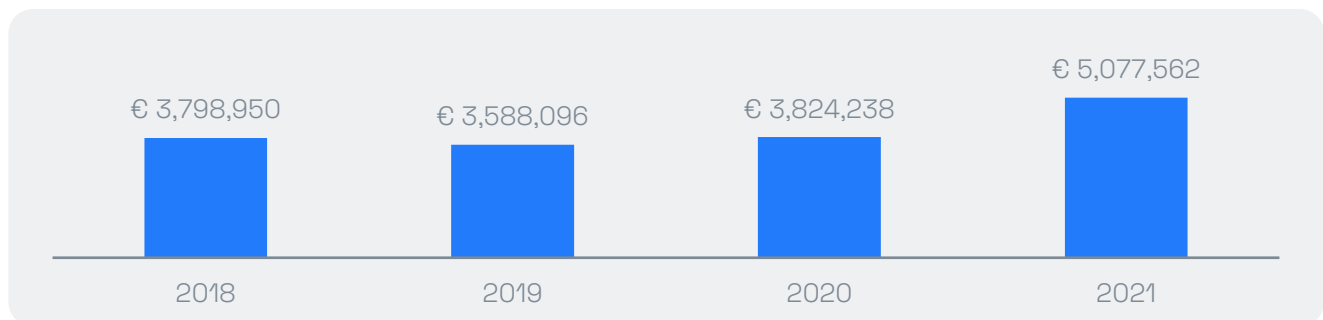
### 3.1.7. Evolution of average operational profit per company (Euro).



#### 2018 – 2022 evolution for Romania

The evolution of average operational profit per company for Romania from 2018 to 2022 indicates a growth trend in operational profits among Romanian companies over the five-year period. Starting at approximately 867,581 in 2018, there is a notable annual increase in profits, peaking in 2020 at approximately 1,323,819 despite a slight dip in 2021 to approximately 1,309,462.

The graph concludes with a recovery and a new peak in 2022 at approximately 1,425,848, suggesting not only a rebound from the previous year's decline but also an overall robust upward trajectory in the operational profitability of companies in Romania during these years.

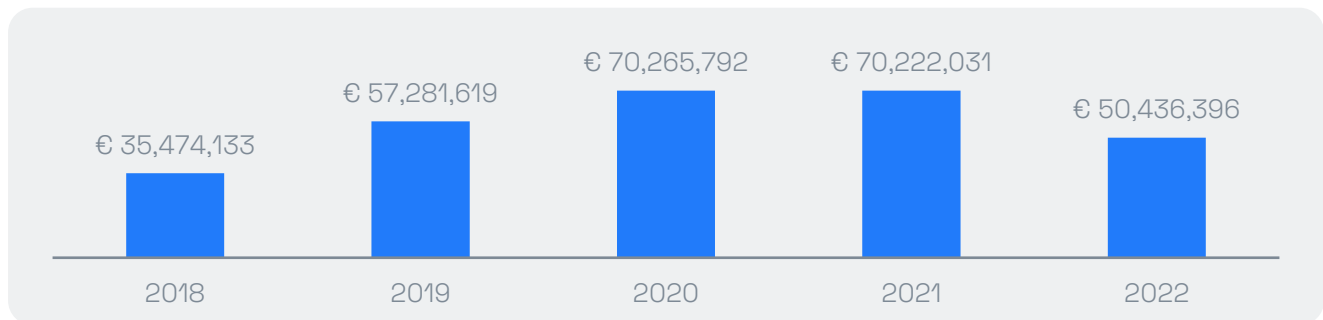


#### 2018 – 2021 evolution for Bulgaria

The evolution of average operational profit per company describes a trend for Bulgaria from 2018 to 2021. It shows an initial average operational profit of approximately 3,798,952 in 2018, followed by a decline to approximately 3,588,096 in 2019. In 2020, there was a recovery to approximately 3,824,238 and a substantial increase to nearly 5,077,562 in 2021.

This upward trend, especially the significant rise in 2021, suggests a notable improvement in the operational efficiency or economic conditions of companies in Bulgaria, reflecting potential positive business developments or the impact of favorable market conditions and policies.

### 3.1.8. Evolution of net result per sector (Euro).

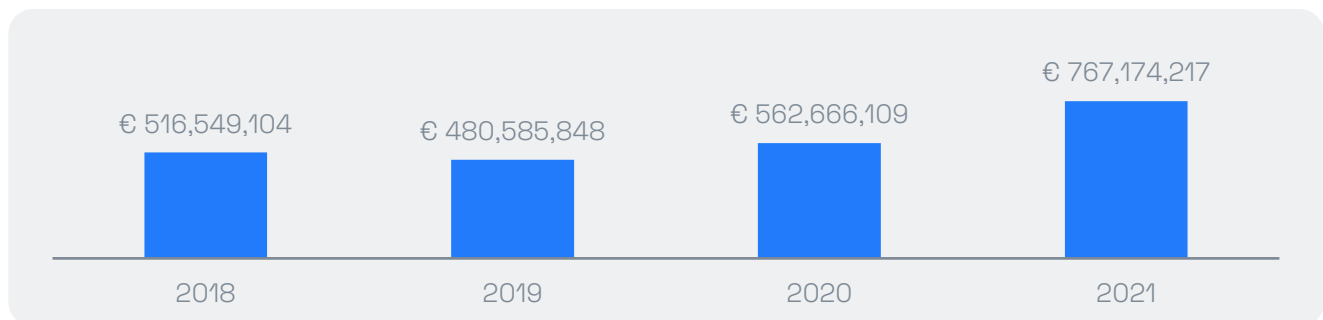


#### 2018 – 2022 evolution for Romania

The bar chart illustrates the evolution of net result per sector in Romania from 2018 to 2022. It displays a pattern of growth followed by a decline in the later years. Initially, there is a substantial increase from approximately 35,474,133 in 2018 to 57,281,619 in 2019. This upward trend continues into 2020, reaching a peak at approximately 70,265,792.

However, the trend reverses slightly in 2021 with a small decrease to about 70,222,031, followed by a more pronounced drop to approximately 50,436,396 in 2022.

This trajectory suggests a period of economic expansion for the sector during the first three years, but then a contraction in the subsequent years. To fully comprehend the underlying causes of these movements, it is essential to gather more data and contextual information.

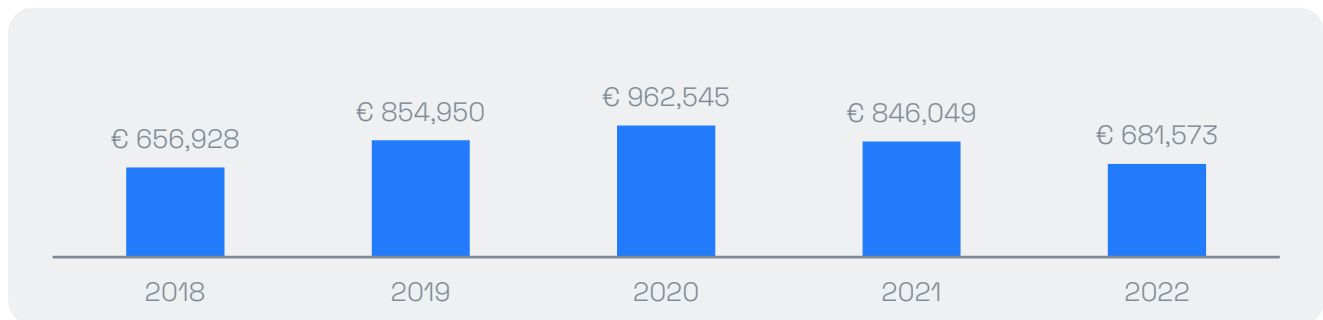


#### 2018 – 2021 evolution for Bulgaria

The evolution of net result per sector for Bulgaria from 2018 to 2021, indicating fluctuations in financial performance across four years. In 2018, the net result began at approximately 516,549,104, which then saw a marginal decline in 2019 to 480,585,848.

However, the sector experienced a recovery in 2020, climbing to approximately 562,666,109. This upward trend sharply continued into 2021 with a significant surge, reaching a peak of around 767,174,217. This trajectory suggests a volatile economic environment with a notable rebound and growth period in the latter two years.

### 3.1.9. Evolution of average net result per company (Euro).

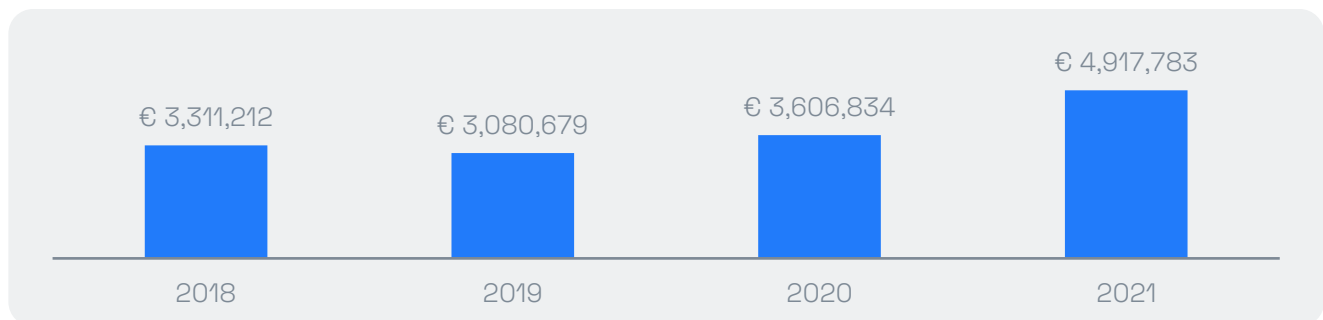


#### 2018 – 2022 evolution for Romania

The bar chart illustrates the evolution of average net result per company in Romania from 2018 to 2022. It displays a pattern of growth followed by a decline in the later years. Initially, there is a substantial increase from approximately 656,928 in 2018 to 854,950 in 2019. This upward trend continues into 2020, reaching a peak at approximately 962,545.

However, the trend reverses slightly in 2021 with a decent decrease to about 846,049, followed by a more pronounced drop to approximately 681,573 in 2022.

This trajectory suggests a period of economic expansion for the sector during the first three years, but then a contraction in the subsequent years. To fully comprehend the underlying causes of these movements, it is essential to gather more data and contextual information.



#### 2018 – 2021 evolution for Bulgaria

The evolution of average net result per company for Bulgaria from 2018 to 2021, indicating fluctuations in financial performance across four years. In 2018, the net result began at approximately 3,311,212, which then saw a marginal decline in 2019 to 3,080,679.

However, the sector experienced a recovery in 2020, climbing to approximately 3,606,834. This upward trend sharply continued into 2021 with a significant surge, reaching a peak of around 4,917,783. This trajectory suggests a volatile economic environment with a notable rebound and growth period in the latter two years.

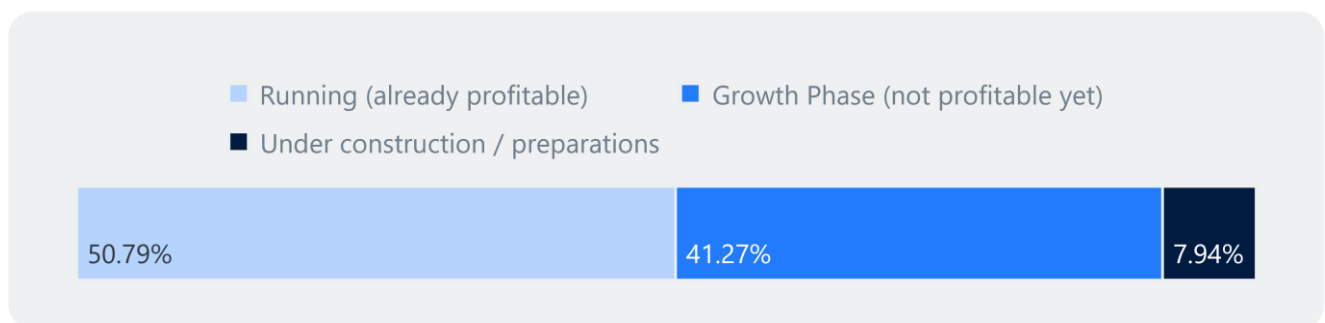




## 3.2. Results of the survey

### Section 1

#### 3.2.1. Maturity of the company



**The data provided illustrates the maturity levels of fintech companies in both Romania and Bulgaria. A considerable number of fintech companies in Romania and Bulgaria are in the growth phase and not yet profitable.**

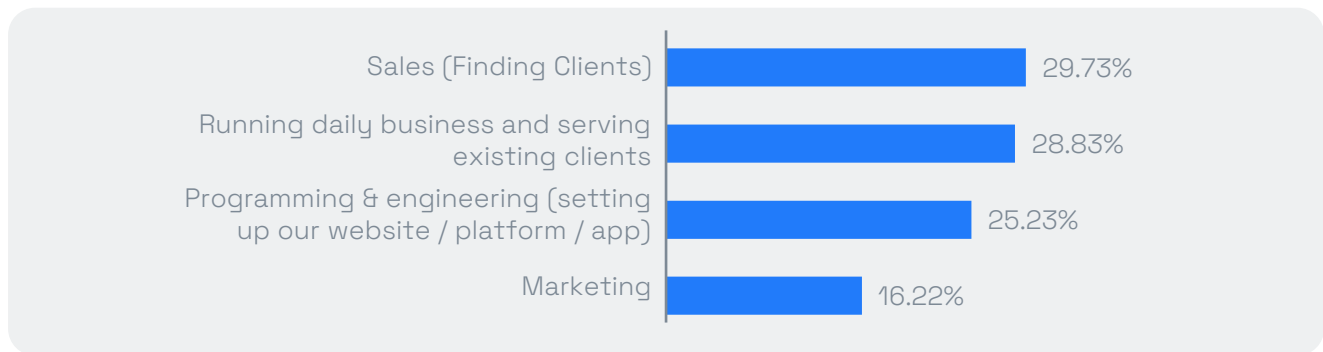
This suggests a vibrant startup ecosystem with ongoing entrepreneurial activity. Both countries have fintech companies that are already profitable. This demonstrates the presence of established players in the market, indicating successful business models and sustainable operations.

There are fintech companies in both countries that are under construction or in the preparatory stages. These could be startups in the planning phase, awaiting regulatory approvals, or in the process of building their infrastructure.

The fintech sectors in both Romania and Bulgaria showcase a mix of startups in the growth phase, profitable running companies, and those in the preparatory stages.

Supportive policies, cross-border collaboration, and a focus on innovation will be key drivers for the sustained growth and competitiveness of the fintech ecosystems in these countries.

### 3.2.2. Activities on which you spend most of your time



**Respondents have given us 123 choices for this aspect. This implies that some companies do not spend most of the time only on one specific activity, but they focus on several.**

The provided data outlines the various activities that fintech companies in Romania and Bulgaria are primarily engaged in. These activities provide valuable insights into the focus areas of these companies.

A significant number of fintech companies in both Romania and Bulgaria are actively engaged in marketing and sales efforts. This indicates a strong emphasis on acquiring new clients and expanding their customer base.

Many fintech companies are dedicated to running daily operations and serving their existing clients. This underscores the importance of customer satisfaction and retention in the fintech sector of both countries.

There is a notable focus on technical aspects, with companies investing time in programming, engineering, and setting up their online platforms and applications. This aligns with the core technological nature of fintech businesses.

Other responses, with very low frequencies like 1 or 2 choices, deal with education, development, funding, or even waiting for the right time to launch, among others. For example, some companies are actively involved in product development, indicating a focus on enhancing their offerings. Additionally, business development activities are prevalent, showcasing efforts to explore new opportunities and partnerships.

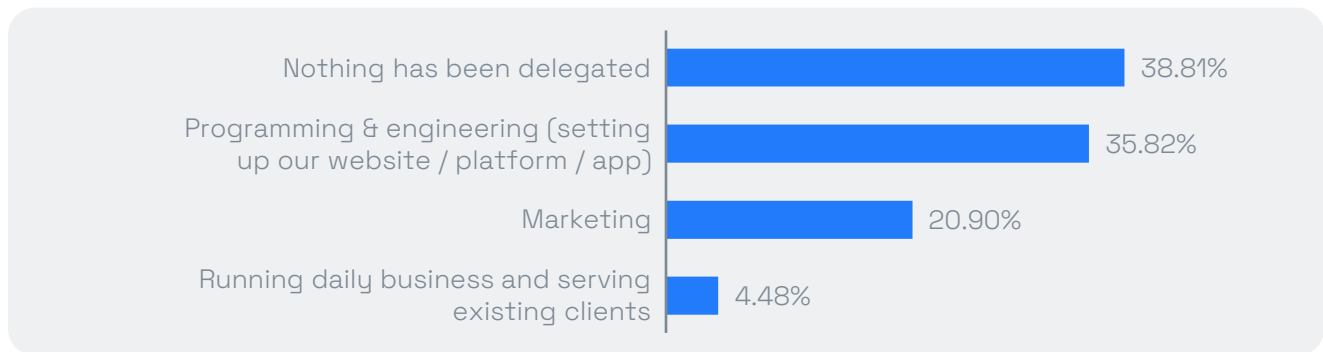
Specific activities such as financial planning, data analytics, and optimization efforts are mentioned. These activities reflect a strategic approach to managing finances, leveraging data insights, and optimizing processes for efficiency.

Legal setup and business modeling are crucial activities, emphasizing the importance of compliance, regulatory adherence, and structuring business models for sustainability and growth.

Some companies are focused on strategic development, indicating a forward-looking approach to long-term planning. Funding-related activities are also mentioned, highlighting efforts to secure investments for business expansion.

In summary, the fintech sector in Romania and Bulgaria is characterized by a diverse range of activities, emphasizing the importance of technology, customer engagement, regulatory compliance, and strategic planning. Fintech companies in these countries should leverage these insights to refine their strategies, foster innovation, and navigate the dynamic landscape of financial technology.

### 3.2.3. Activities, which have been delegated to third parties



**We have obtained 80 answers to this question. The main answers that we provided are presented in figure 3.2.3. Besides them, respondents also had the opportunity to include other activities that they delegated. These are presented hereinafter.**

The data provided highlights the activities that fintech companies in Romania and Bulgaria have chosen to delegate to third parties. Some companies have outsourced their marketing efforts, indicating a reliance on external expertise for promoting their services.

Outsourcing programming and engineering tasks suggest a strategic decision to leverage specialized skills in software development.

Customer support activities have not been delegated, reflecting an emphasis on direct interaction with clients, ensuring personalized service. One company outsources data enrichment, indicating a focus on enhancing their datasets through external resources.

Sales activities have not been delegated, indicating a hands-on approach to acquiring clients. Similarly, solicitation efforts are handled internally. One company has delegated accounting tasks, highlighting a preference for specialized financial expertise.

Some Fintechs have outsourced administrative tasks, allowing them to focus on core operations while external partners manage administrative responsibilities.

HR tasks, including HR software, are outsourced by a few companies, indicating a strategic approach to human resource management.

Certain fintechs outsource document signing and remote identification processes, showcasing a reliance on external services for secure transactions and client verification.

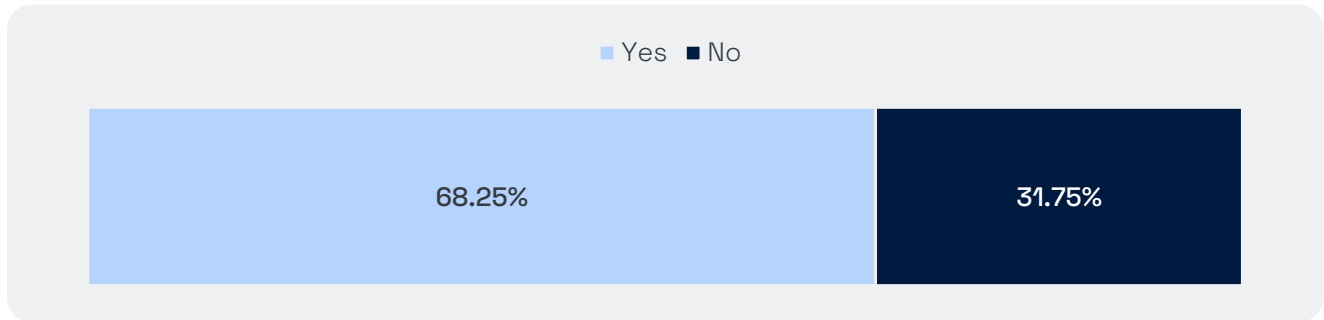
DevOps functions are outsourced, indicating a focus on streamlined development and operational processes. Fintechs are strategically outsourcing non-core activities like marketing, administrative tasks, and specific technical functions. This allows them to concentrate on their core competencies, such as product development and client engagement.

Activities related to direct client interaction, sales, and sensitive data handling are often kept in-house, ensuring a high level of control, security, and personalized service.

In summary, the delegation of tasks in the fintech sector of Romania and Bulgaria reflects a strategic approach where companies prioritize their strengths and leverage external expertise for specific functions. This approach enables Fintechs to enhance efficiency, maintain a focus on innovation, and ensure quality client interactions while relying on specialized partners for specific tasks.

## Section 2

### 3.2.4. The company provides a financial service itself



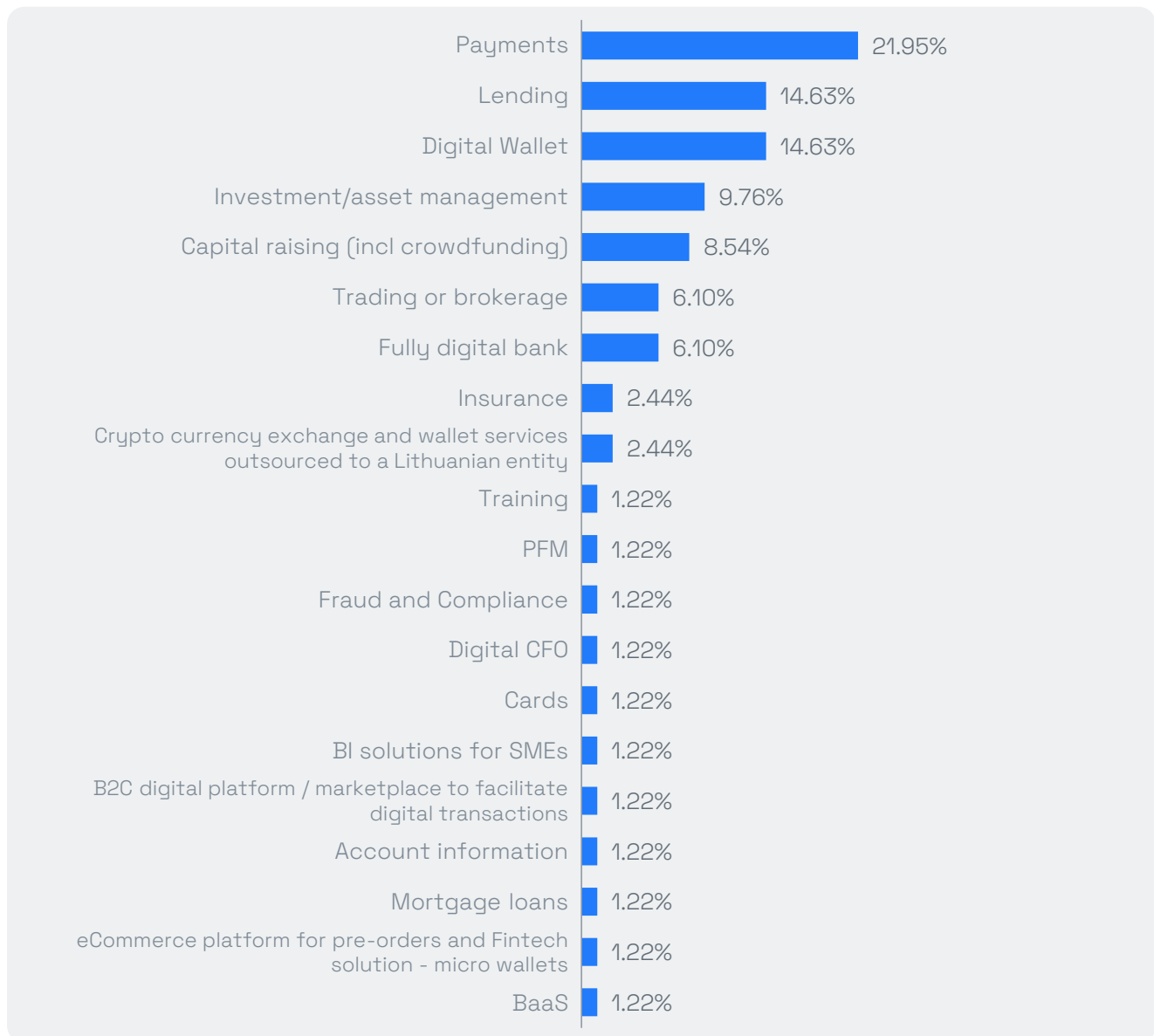
The responses indicate that a majority of the fintech companies in Romania and Bulgaria are directly involved in providing financial services. This trend highlights several significant points:

<p><b>1</b></p> <p>Fintechs directly offering financial services are integral parts of the economic landscape in Romania and Bulgaria. Their involvement in providing financial solutions underlines their market presence and influence.</p>	<p><b>4</b></p> <p>The active participation of fintechs in providing financial services highlights the importance of regulatory frameworks. Regulatory authorities in both countries must balance fostering innovation and safeguarding consumers' interests.</p>
<p><b>2</b></p> <p>The presence of numerous fintech companies offering financial services suggests a diverse range of offerings in the market. These services likely encompass digital payments, lending, investment solutions, and other innovative financial products.</p>	<p><b>5</b></p> <p>Fintechs engaging directly in financial services indicate the utilization of cutting-edge technologies. These technologies include blockchain, artificial intelligence, and data analytics, enabling the delivery of efficient and secure financial solutions.</p>
<p><b>3</b></p> <p>Consumers in Romania and Bulgaria likely have a wide array of fintech-driven financial services to choose from. This variety empowers consumers to select services tailored to their specific needs, promoting financial inclusion and convenience.</p>	<p><b>6</b></p> <p>Fintech companies playing a significant role in financial services contribute to the economic landscape of Romania and Bulgaria. They create job opportunities, foster entrepreneurship, and drive economic growth through technological progress.</p>

In summary, the active involvement of fintech companies in providing financial services in Romania and Bulgaria signifies a dynamic and innovative financial ecosystem.



### 3.2.5. Distribution of companies based on the financial services provided (The company provides the following financial services)



**The fintech landscape in Romania and Bulgaria is diverse, offering a wide array of financial services to consumers and businesses.**

And, obviously, there are companies that do not offer only one service to their clients. On average, we have 1.32 services provided by one company. Most of the companies focus only on one service, while the maximum number is 6.

Payments services are prevalent among fintech companies, indicating a focus on digital transactions and financial inclusivity. This aligns with the global trend of transitioning towards cashless economies, enhancing convenience and security for consumers.

Lending services are a key offering, reflecting the fintech industry's role in providing alternative lending solutions. This addresses the credit needs of individuals and businesses, especially those underserved by traditional financial institutions.

The presence of mortgage loans also indicates diversification within the lending sector. Digital wallets are integral to many fintech companies, enabling users to store funds, make payments, and manage finances seamlessly. These wallets often come with added functionalities, enhancing user experience and promoting financial mobility.

Fintechs facilitate capital raising activities, indicating their involvement in supporting startups and businesses in their growth journeys. Crowdfunding platforms empower entrepreneurs to access funds from a broad investor base, fostering innovation and entrepreneurship.

Investment and asset management services signify the fintech industry's role in democratizing investment opportunities. These services may range from robo-advisors to sophisticated investment platforms, providing users with diversified investment options tailored to their preferences and risk tolerance.

Trading and brokerage services demonstrate fintech companies' focus on investment and securities trading. These platforms offer users the ability to trade various financial instruments, catering to both novice and experienced investors.

Fully digital banks signify a disruptive shift in the banking sector. These fintech entities offer comprehensive banking services entirely online, challenging traditional banking models and appealing to tech-savvy consumers seeking streamlined financial experiences.

Insurance services are part of the fintech landscape, providing tailored insurance products to individuals and businesses. Insurtech solutions often leverage technology, data analytics, and innovative risk assessment methods to offer customized insurance offerings.

Fintechs also provide specialized services, such as Business Intelligence (BI) solutions for Small and Medium Enterprises (SMEs), cryptocurrency exchange and wallet services, and fraud and compliance solutions.

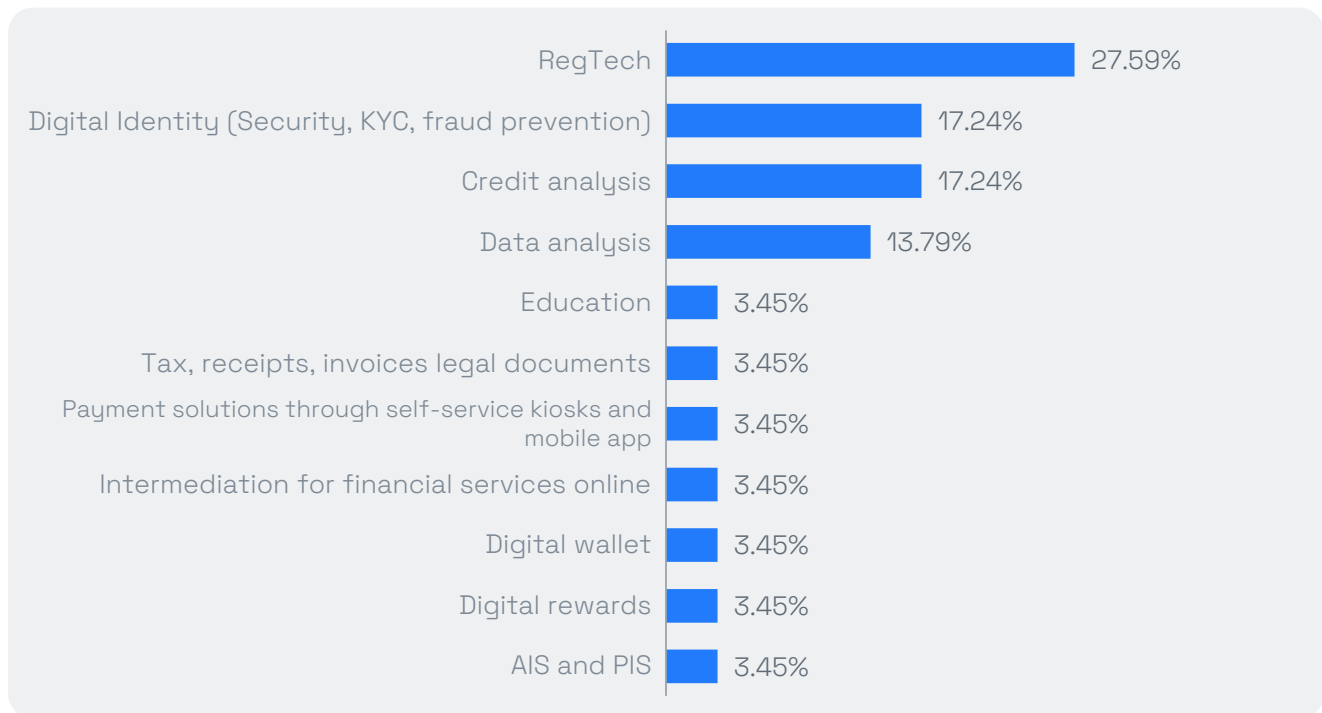
These offerings showcase the industry's adaptability and responsiveness to emerging market demands and regulatory challenges.

In summary, the fintech sector in Romania and Bulgaria is multifaceted, embracing a wide spectrum of financial services.

Fintech companies in these countries play a vital role in enhancing financial accessibility, promoting innovation, and reshaping the traditional financial landscape through technology-driven solutions.



### 3.2.6. The company is involved in providing the following supporting services



#### **Fintech companies in Romania and Bulgaria are not only providing direct financial services but also offering a range of supporting services.**

RegTech services assist financial institutions and fintech companies in compliance with regulatory requirements. This includes monitoring, reporting, and adherence to complex financial regulations.

Fintechs offering digital identity solutions play a vital role in enhancing user trust and enabling seamless customer onboarding processes.

Credit analysis services involve evaluating borrowers' creditworthiness based on various financial factors.

Data analysis services are vital for deriving valuable insights from financial data. Fintech companies leverage advanced analytics to understand customer behavior, market trends, and risk profiles.

Education services indicate fintech companies' commitment to raising financial literacy levels among consumers.

Fintech firms providing tax-related services simplify financial documentation processes. Managing tax filings, receipts, invoices, and legal documents digitally streamlines administrative tasks for businesses and individuals.

Fintech companies offering payment solutions through self-service kiosks and mobile apps enhance payment accessibility for consumers.

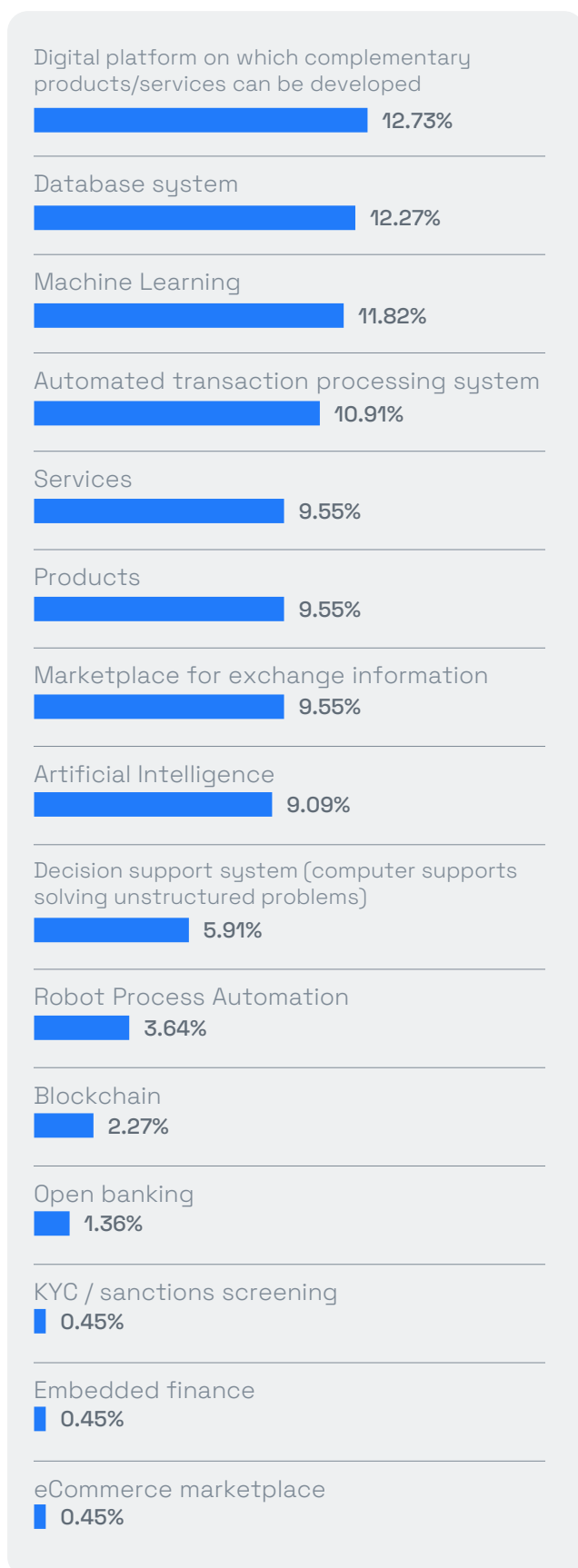
Intermediation services involve facilitating online transactions and connections between financial service providers and consumers.

Digital rewards programs are part of customer engagement strategies employed by fintech firms.

AIS and PIS services facilitate access to account information and initiate payments securely. Fintech companies offering these services empower consumers with financial data visibility and control over their payments.

In summary, the diverse range of supporting services offered by fintechs in Romania and Bulgaria reflects the industry's commitment to providing holistic solutions. These services not only facilitate financial transactions but also address regulatory compliance, enhance security, promote financial education, and leverage data for meaningful insights. The fintech industry's integration of technology and innovation in these areas contributes significantly to shaping the future of finance in the region.

### 3.2.7. The company uses the following main innovative technologies in its activity



The company prominently integrates a variety of innovative technologies into its operations, as indicated by the data chart.

The most significant share is attributed to a digital platform, which accounts for **12.73%** of their technology usage, highlighting a strong emphasis on a comprehensive system that likely supports various complementary services or applications.

Close behind, database systems represent **12.27%**, underscoring the critical role of data management in the company's infrastructure.

Machine Learning technologies are also a major component, with an **11.82%** share, suggesting the company's commitment to advancing its analytics and predictive capabilities.

Automated transaction processing systems contribute **10.91%**, reflecting the move towards efficiency and speed in operations.

Services and products each make up **9.55%** of the technology spectrum, indicating an investment in innovative solutions to enhance the company's offerings. The same percentage is allotted to a marketplace for exchanging information, pointing to a significant involvement in digital trading platforms.

Artificial Intelligence and computer-based decision support systems are also key elements of the company's tech arsenal, with **9.09%** and **5.91%** respectively, demonstrating a reliance on smart systems for optimizing business decisions.

Further investments in Robot Process Automation and Blockchain technologies, at **3.64%** and **2.27%**, respectively, reflect a focus on automating repetitive tasks and securing transactions or data.

Open banking technologies, which include **1.36%**, reveal the company's engagement in the financial sector, potentially facilitating third-party app development around financial services.

While less prominent, KYC/sanctions screening, embedded finance, and eCommerce marketplace technologies, each at **0.45%**, indicate a strategic approach to compliance, financial service integration, and online retail presence, respectively.

This diverse array of technologies suggests a multifaceted approach to innovation, aiming to position the company at the forefront of the evolving digital landscape.



### Section 3

#### 3.2.8. The company’s value proposition (value to the customer) is based on



**Fintech companies in Romania and Bulgaria are at the forefront of financial innovation, harnessing a diverse range of cutting-edge technologies to enhance their services and transform the industry.**

These companies are leveraging Open Banking to foster collaboration and create user-centric financial solutions.

Digital platforms serve as versatile ecosystems, enabling the development of complementary products and seamless exchange of information.

Robust database systems ensure secure and efficient data management, facilitating real-time transactions and superior customer experiences.

Artificial Intelligence and Machine Learning empower fintech firms to automate processes, analyze data, and offer personalized services, enhancing customer satisfaction and risk management.

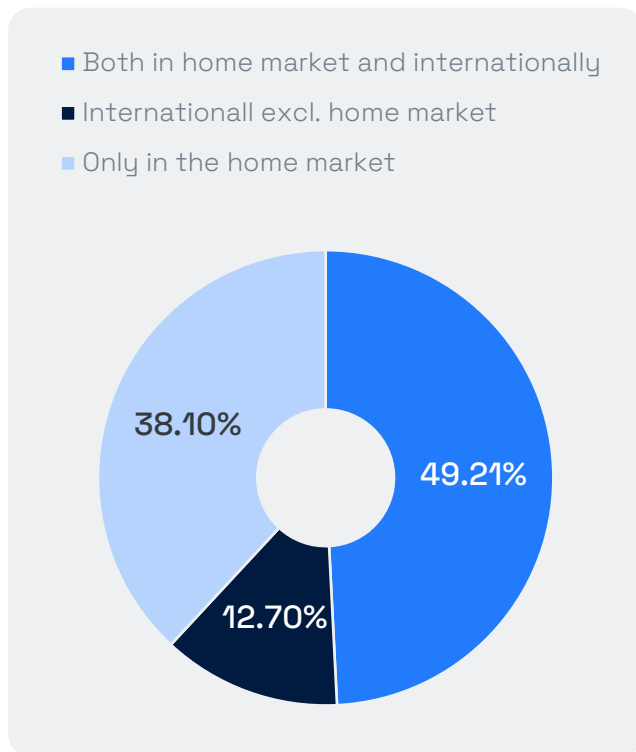
Automated transaction processing systems and blockchain technology further optimize financial transactions, ensuring speed, accuracy, and security.

Decision support systems aid in strategic decision-making and customer service optimization, while marketplaces promote healthy competition and innovation.

Additionally, technologies such as Know Your Customer (KYC) and sanctions screening play a vital role in identity verification and regulatory compliance.

By embracing these innovative technologies, fintech companies in the region are reshaping the financial landscape, driving operational efficiency, and fostering financial inclusivity.

### 3.2.9. Company registered in Romania or Bulgaria operates



**Fintech companies in Romania and Bulgaria exhibit diverse operational scopes, with some businesses exclusively serving their domestic markets, while others have expanded their services both domestically and internationally.**

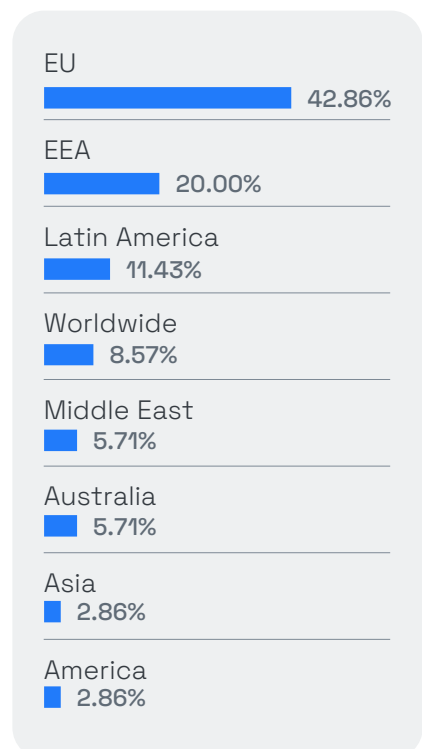
These companies operate within a broad spectrum, from purely local ventures to global players. Their reach extends across various regions, catering to both local clientele and international markets. This varied landscape underscores the flexibility and adaptability of fintech firms in the region, allowing them to meet the demands of their home markets while exploring opportunities on the global stage.

#### 3.2.10.1. Regions (excluding home market) where the companies operate?

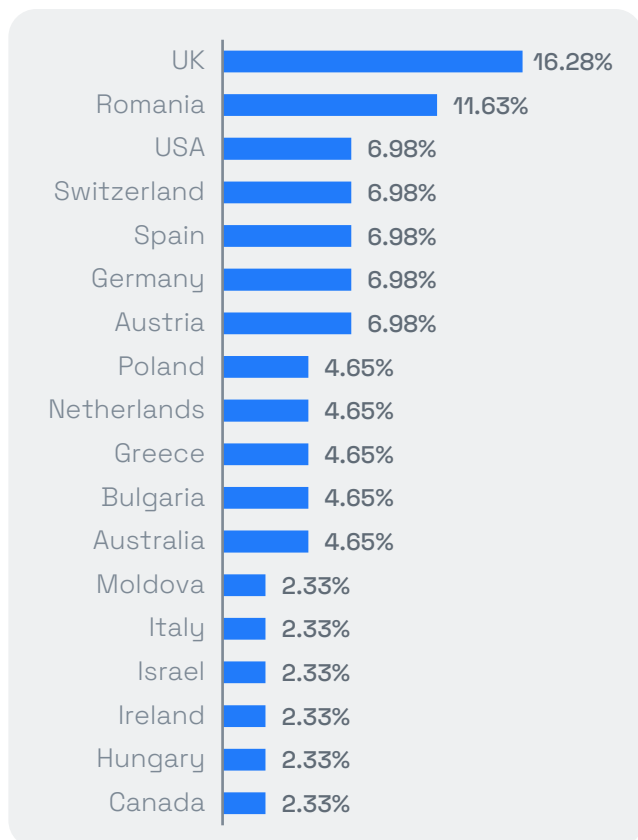
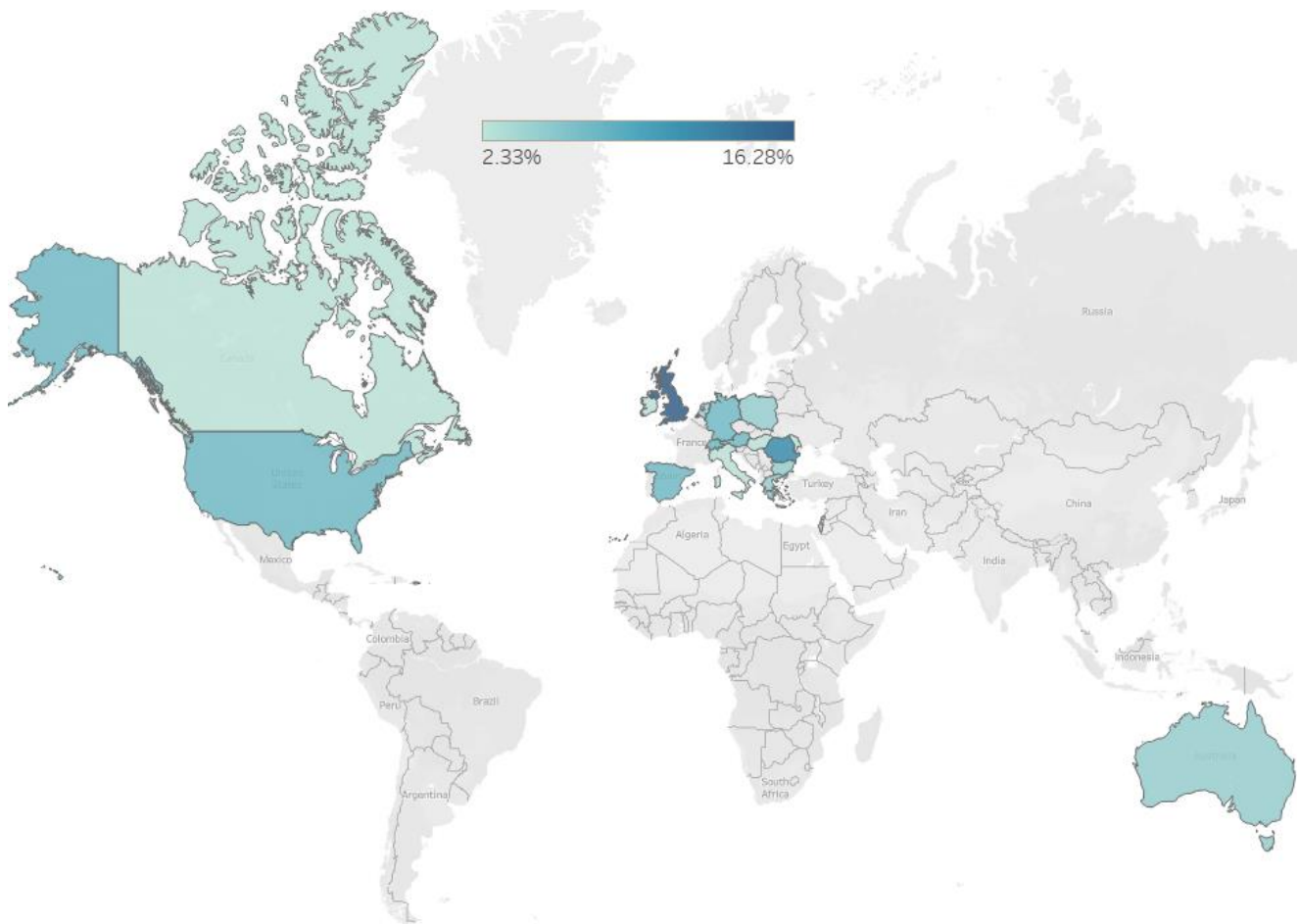
**Fintech companies, each with their unique strategic priorities, are diversifying their operational landscapes across a multitude of global regions, with the European Union emerging as the predominant location for corporate activities.**

More specifically, the EU attracts just under **43%** of companies while the European Economic Area attracts **20%**. However, a fifth of the EU businesses are also part of the European Economic Area. Latin America captures the interest of approximately **11%** of the companies, indicating a significant but smaller footprint compared to Europe. Only **8.57%** of companies are truly global.

The Middle East and Australia each host operations for **5.71%** of the companies, reflecting a modest engagement with these regions. In contrast, Asia and America host operations for **2.86%** of companies. This graphical analysis underscores a pronounced inclination towards the European market, with other regions playing a less dominant but still notable role in the international expansion strategies of these companies.



### 3.2.10.2. Countries (excluding home market) where the companies operate? (list countries or entire regions like EU)



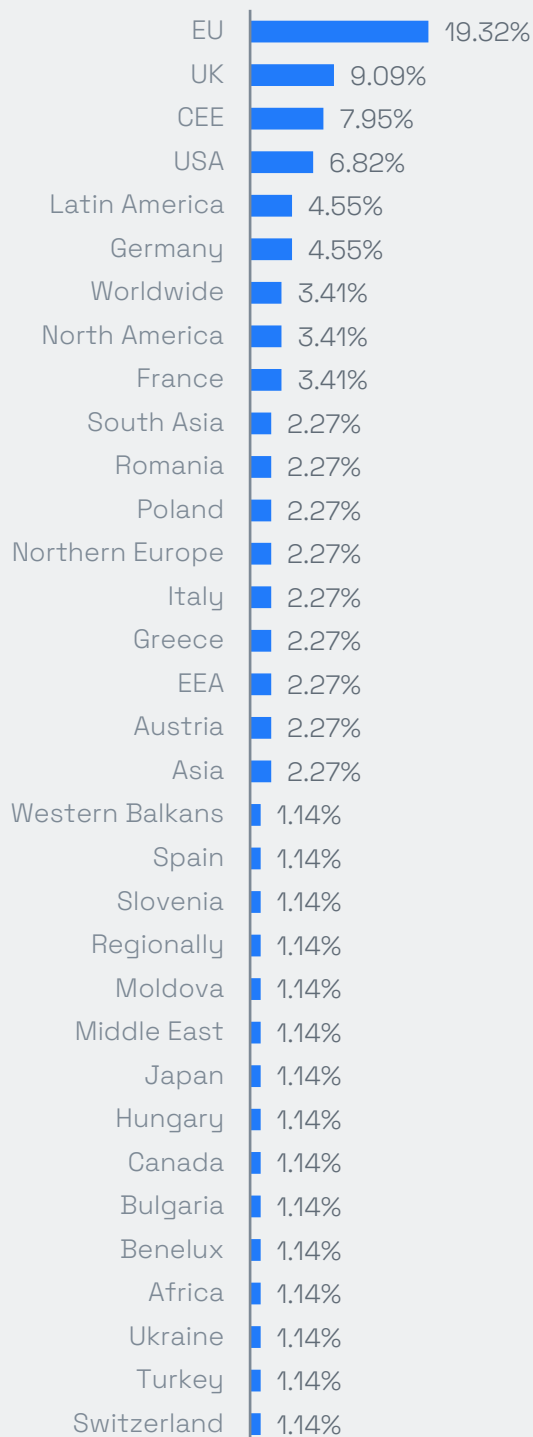
**Fintech companies in Romania and Bulgaria display a diverse international presence, with operations spanning various countries and regions.**

These include several European Union (EU) member states such as Greece, Luxembourg, Netherlands, Poland, Hungary, Germany, Spain, and Austria.

Additionally, these fintech firms have expanded their reach to the wider European Economic Area (EEA), covering all 30 EEA countries. Some companies have a global footprint, operating in countries like the United States, Canada, Australia, Switzerland, Middle East, and various parts of Asia.

Furthermore, their services extend to the United Kingdom (UK) and Latin American (LATAM) countries. This extensive geographical coverage showcases the global orientation of these fintech companies, highlighting their ability to cater to diverse markets beyond their home regions.

### 3.2.11. Countries where companies intend to expand their activities in the future? (list countries or entire regions like EU)



**Fintech companies in Romania and Bulgaria have diverse plans for future expansion, with a focus on both regional and global markets.**

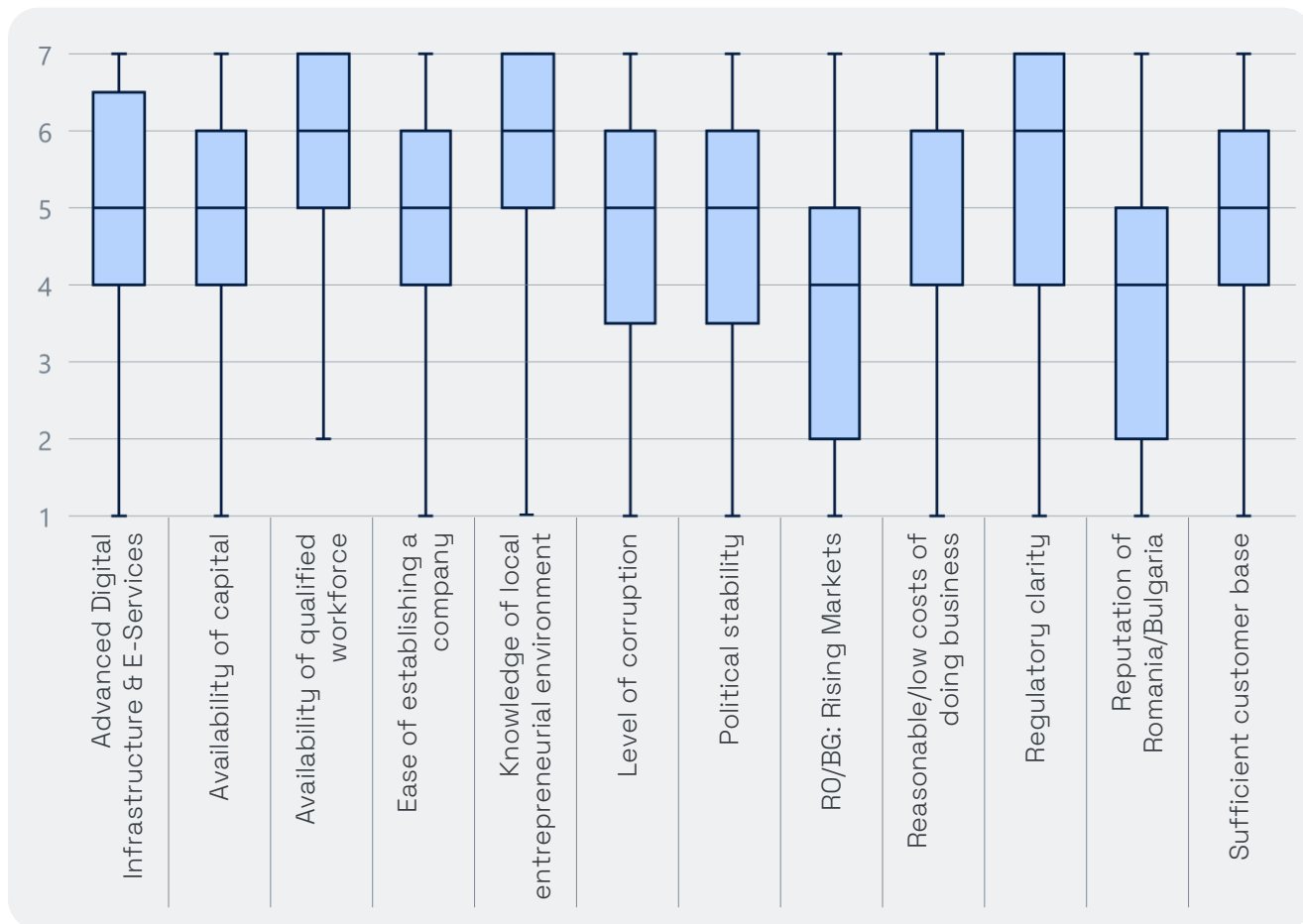
These companies intend to broaden their presence within the European Economic Area (EEA), including countries like Poland, CEE (Central and Eastern Europe) region, and specific countries within the EU such as Italy, Spain, UK, France, Germany, Austria, Slovenia, Finland, and other developed EU countries.

Additionally, they are eyeing expansion into non-EEA regions like the UK, Turkey, Africa, Latin America (LATAM), North America, South America, Southeast Asia, and specific countries such as Canada, Japan, GCC countries, and various parts of Asia. Some companies have a more global outlook, aiming for a worldwide presence, excluding restricted countries.

This diversified expansion strategy reflects the ambition of these fintech firms to establish a significant international footprint beyond their current regions of operation.



### 3.2.12. Importance of the following factors, for registering the company in its home market



**The data provided offers insights into the factors considered crucial by fintech companies when registering their businesses in Romania and Bulgaria.**

Political stability emerged as a significant concern, with most respondents rating it highly. Additionally, the level of corruption and regulatory clarity were perceived as vital elements, indicating the importance of a transparent and accountable business environment.

The reputation of Romania and Bulgaria was moderately important, suggesting the need for enhanced promotional efforts to attract businesses.

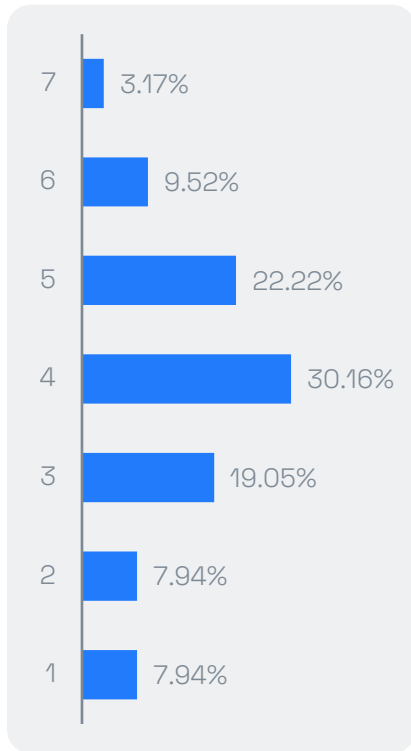
Furthermore, the ease of establishing a company, good quality digital infrastructure, availability of a skilled workforce, and access to capital were key considerations.

Reasonable costs of doing business and knowledge of the local entrepreneurial environment were also significant factors.

Finally, having a sufficient customer base was highly valued, emphasizing the importance of market readiness for fintech companies' success.

Addressing these factors could enhance the appeal of Romania and Bulgaria as favorable destinations for fintech investments, fostering economic growth and innovation in the region.

### 3.2.13. The cooperation with the public sector institutions for establishing the company in its home market



**The responses shed light on the average evaluation of cooperation between fintech companies and public sector institutions when founding their businesses in Romania and Bulgaria.**

The ratings indicate a varied and nuanced perspective. Some respondents expressed satisfaction, rating the cooperation moderately high, suggesting a relatively positive experience with public sector entities. On the other hand, there were respondents who gave lower ratings, indicating challenges and areas for improvement in the collaboration between fintech firms and the public sector.

The mixed feedback underscores the need for continuous efforts to enhance cooperation between these sectors. Addressing the concerns raised by respondents could lead to more streamlined processes, fostering a conducive environment for fintech companies to thrive in the region.

Collaborative initiatives between the public and private sectors might help address the challenges met, ensuring a more supportive ecosystem for fintech entrepreneurship in Romania and Bulgaria.

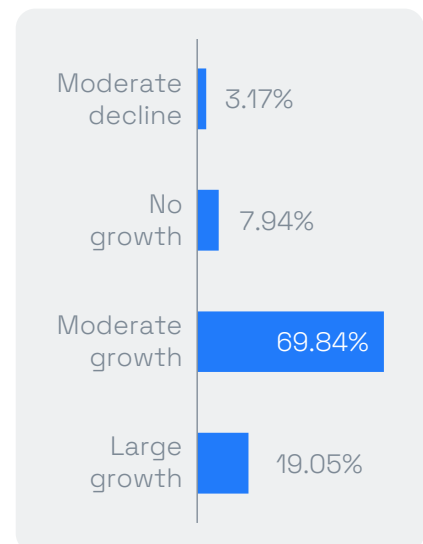
## Section 4

### 3.2.14. Expected change in workforce in the next year

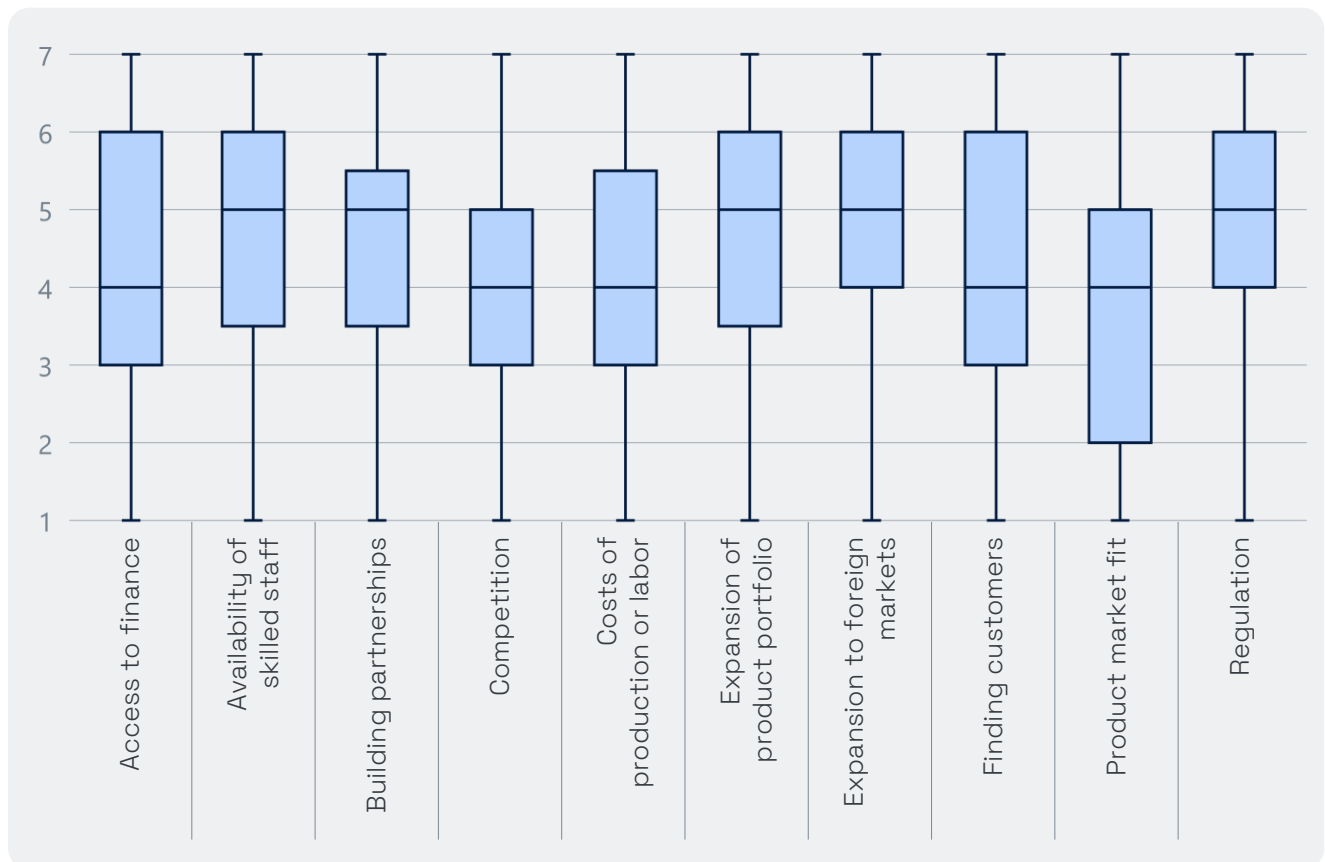
**The responses from fintech companies in Romania and Bulgaria offer a nuanced perspective on the expected changes in their workforce for the upcoming year.**

A notable portion of these firms anticipates substantial growth, indicating a positive outlook and potential expansion plans within the year. Simultaneously, a significant number foresees moderate growth, suggesting a steady and stable trajectory, possibly aligned with gradual business development.

Conversely, some companies expect a moderate decline in their workforce, indicating potential restructuring or adjustments due to changing market dynamics. Additionally, the presence of businesses anticipating no growth signifies a focus on optimizing existing resources rather than expanding.



### 3.2.15. Importance of the following aspects (Please indicate how pressing the following aspects are for your business currently) for the business



#### In evaluating the pressing aspects for fintech businesses in Romania and Bulgaria, a variety of factors come into play.

Competing in the market and finding customers are considered moderately important, indicating a balanced focus on customer acquisition and market positioning.

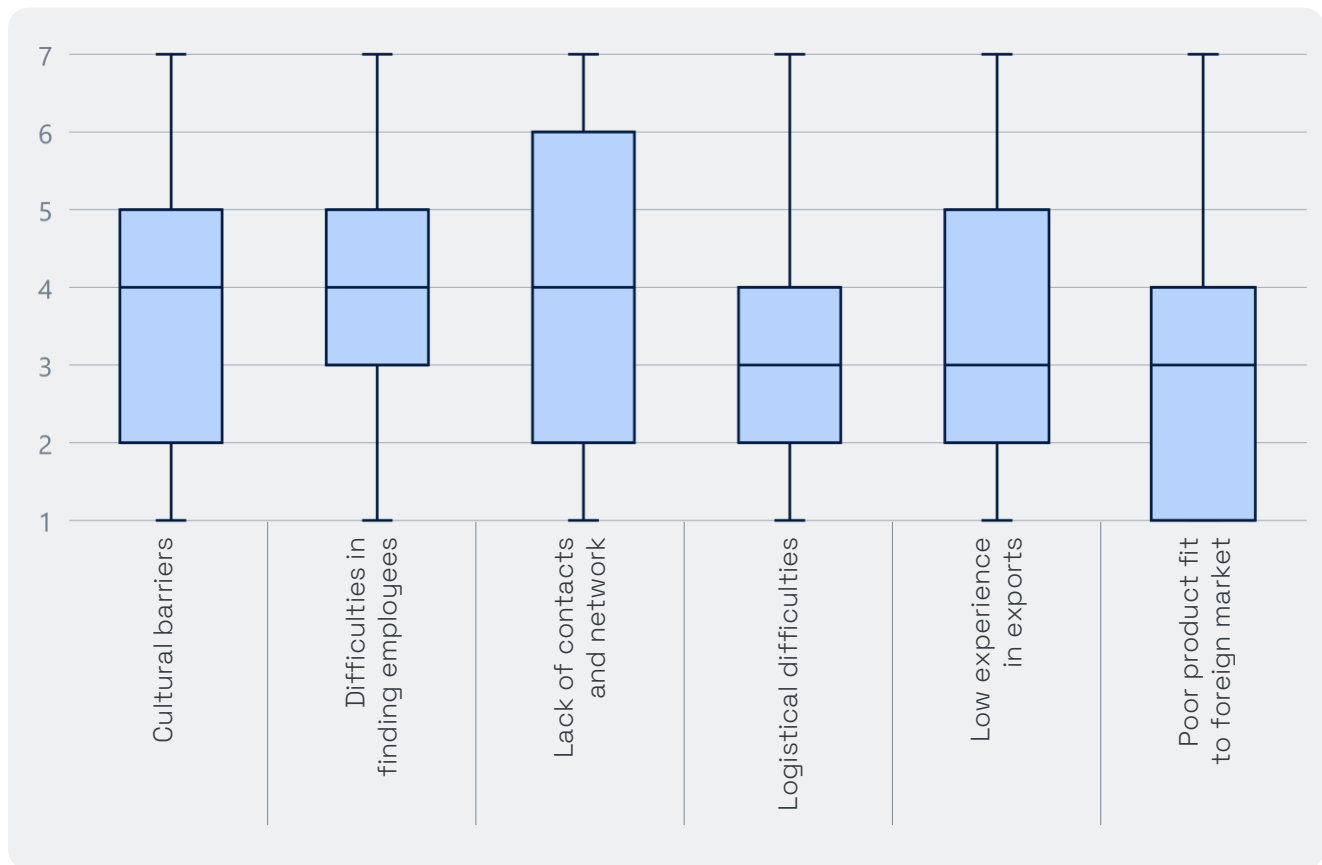
Achieving the right product-market fit is also a significant concern, highlighting the importance of aligning products with market needs.

Expanding the product portfolio and accessing finance are challenges that companies are actively addressing, as indicated by their ratings.

Regulation and building partnerships with established players are moderately pressing concerns, suggesting a need for a balanced approach to regulatory compliance and industry collaboration.

Furthermore, the availability of skilled staff or experienced managers is crucial, indicating the emphasis placed on talent acquisition and retention in these fintech firms. Expanding to foreign markets is a significant focus, reflecting the companies' aspirations for international growth. The costs of production or labor are also relevant, highlighting the attention given to operational efficiency and cost management.

### 3.2.16. Importance of factors that restrict the expansion of business to foreign markets:



**In the context of expanding fintech businesses from Romania and Bulgaria to foreign markets, various challenges have been identified.**

Establishing networks and contacts abroad is moderately restrictive, emphasizing the need for robust international relationships.

Cultural differences and limited experience in exports present significant hurdles, requiring businesses to adjust their products and strategies to suit diverse cultural contexts and navigate export complexities effectively.

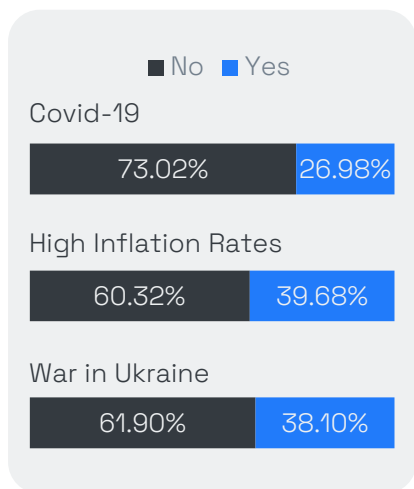
Logistics, including supply chain and transport issues, pose moderate challenges, highlighting the importance of streamlined operations in foreign countries.

Finding skilled employees proves to be a notable obstacle, reflecting the competitive talent landscape in international markets.

Additionally, ensuring a suitable fit for products in foreign markets emerges as a pressing concern, underscoring the importance of tailoring offerings to meet the specific demands of target markets.

These findings underscore the multifaceted nature of challenges faced by fintech enterprises, emphasizing the necessity of strategic planning, cultural understanding, effective networking, talent acquisition, and market adaptation for successful international expansion.

### 3.2.17. Company was negatively affected by:



In analyzing the impact of external factors on fintech companies in Romania and Bulgaria, the survey results reveal that most of these businesses were not negatively affected by the COVID-19 pandemic. However, a significant portion experienced adverse effects due to high inflation rates.

Furthermore, the ongoing war in Ukraine did not have an overall negative impact on these fintech firms. These findings highlight the resilience of these companies amidst global challenges, although inflation rates emerged as a concern, affecting a notable portion of the surveyed businesses. It is crucial for these fintech enterprises to monitor economic fluctuations and adapt their strategies accordingly to navigate such uncertainties effectively.

### 3.2.18. The most important threat to the business in the next 12 months

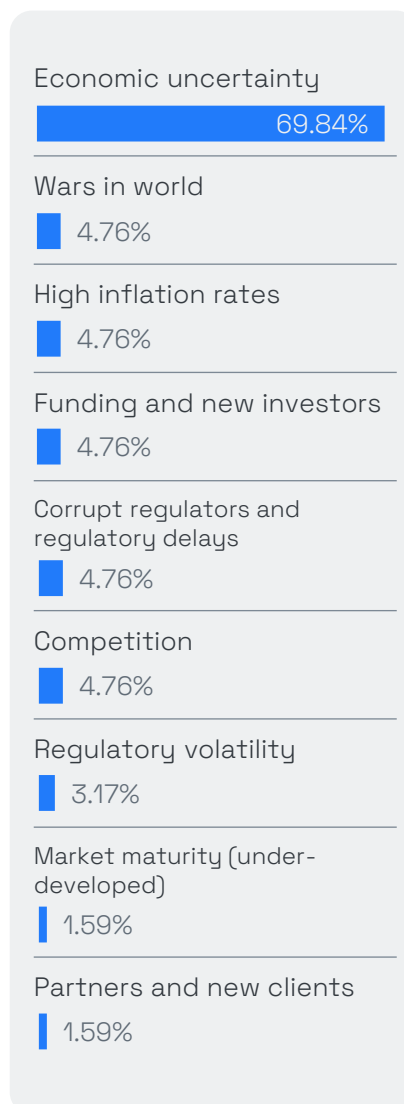
Examining the responses provided by fintech companies in Romania and Bulgaria regarding the most significant threat to their businesses in the coming 12 months, a consistent theme emerges: widespread concern about economic uncertainty.

Most respondents highlighted economic instability as their primary worry, likely driven by the unpredictable nature of both domestic and global economic conditions, posing potential challenges for the fintech industry. High inflation rates were also identified as a notable concern, given their potential to erode purchasing power and create financial instability, particularly in a swiftly changing economic landscape.

Geopolitical tensions, specifically the war in Ukraine, were cited as a significant threat, indicating apprehension about the impact of global conflicts on the fintech sector. Regulatory challenges, including delays and volatility, were raised by respondents, underscoring the need for stable and supportive regulatory frameworks to foster innovation and growth.

Additionally, competition within the industry was mentioned, emphasizing the necessity for fintech companies to continually innovate and differentiate themselves to maintain a competitive edge. Funding-related concerns, including access to capital and the search for new investors, highlighted the importance of financial stability for both startups and established fintech businesses.

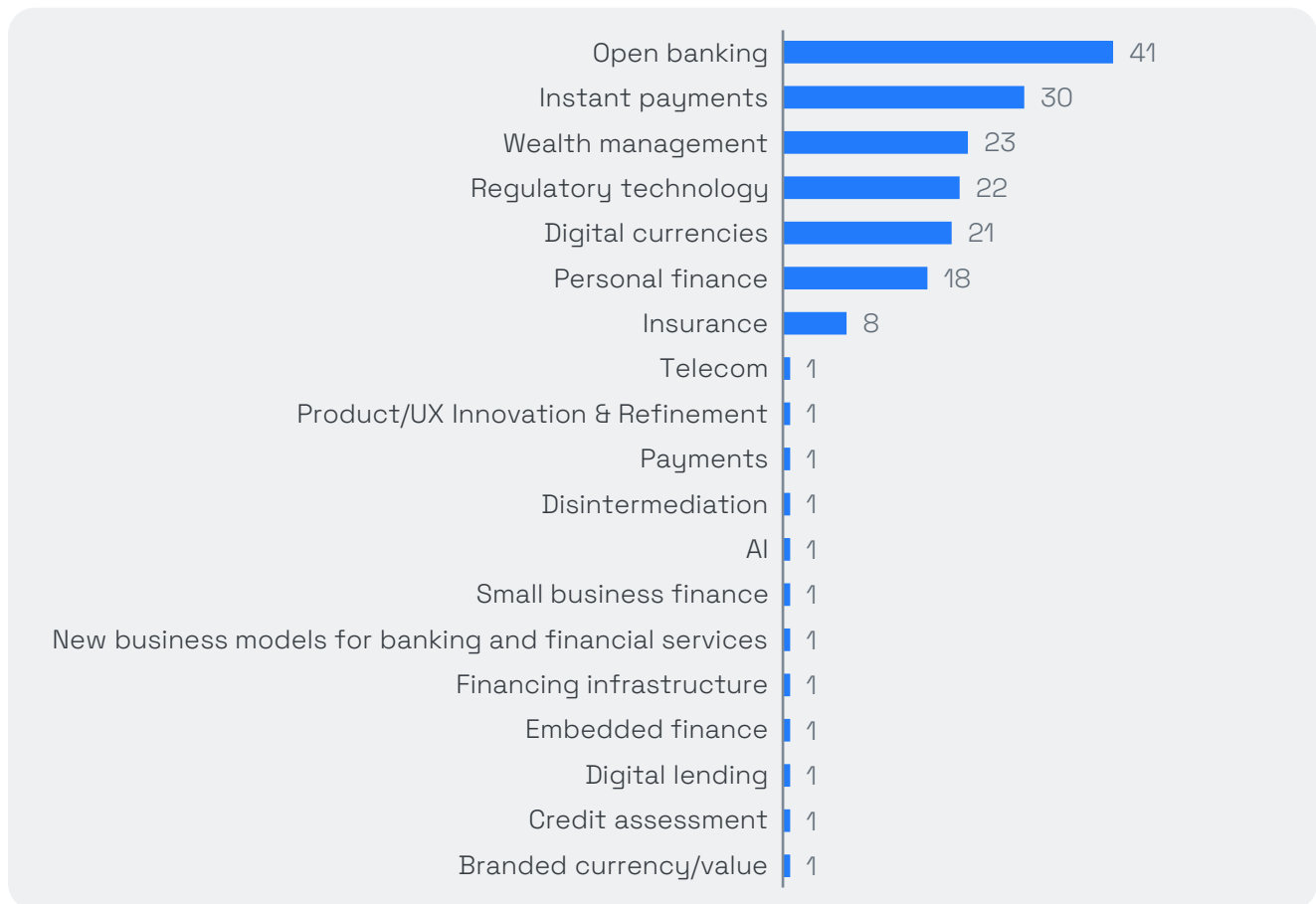
In summary, the fintech sector in Romania and Bulgaria faces multifaceted challenges, predominantly driven by economic uncertainty, inflation rates, regulatory complexities, competition, and funding limitations.





## Section 5

### 3.2.19. Areas with the most important development to your business in the next 12 months.



#### Analyzing the responses from fintech companies in Romania and Bulgaria regarding the areas with the best development potential for the next three years, several key trends emerge.

Open banking is consistently identified as a promising area, reflecting the industry's focus on leveraging open APIs and data sharing to enhance financial services.

Digital currencies also stand out, indicating a growing interest in blockchain technology and cryptocurrencies within the fintech sector.

Instant payments are recognized as a crucial area, aligning with the industry's emphasis on providing seamless and real-time transaction solutions.

Regulatory technology, often abbreviated as RegTech, is highlighted as an important sector, underscoring the significance of compliance and risk management solutions in the evolving regulatory landscape.

Wealth management and personal finance are deemed essential services, reflecting fintech companies' commitment to providing tailored solutions for individual and business clients.

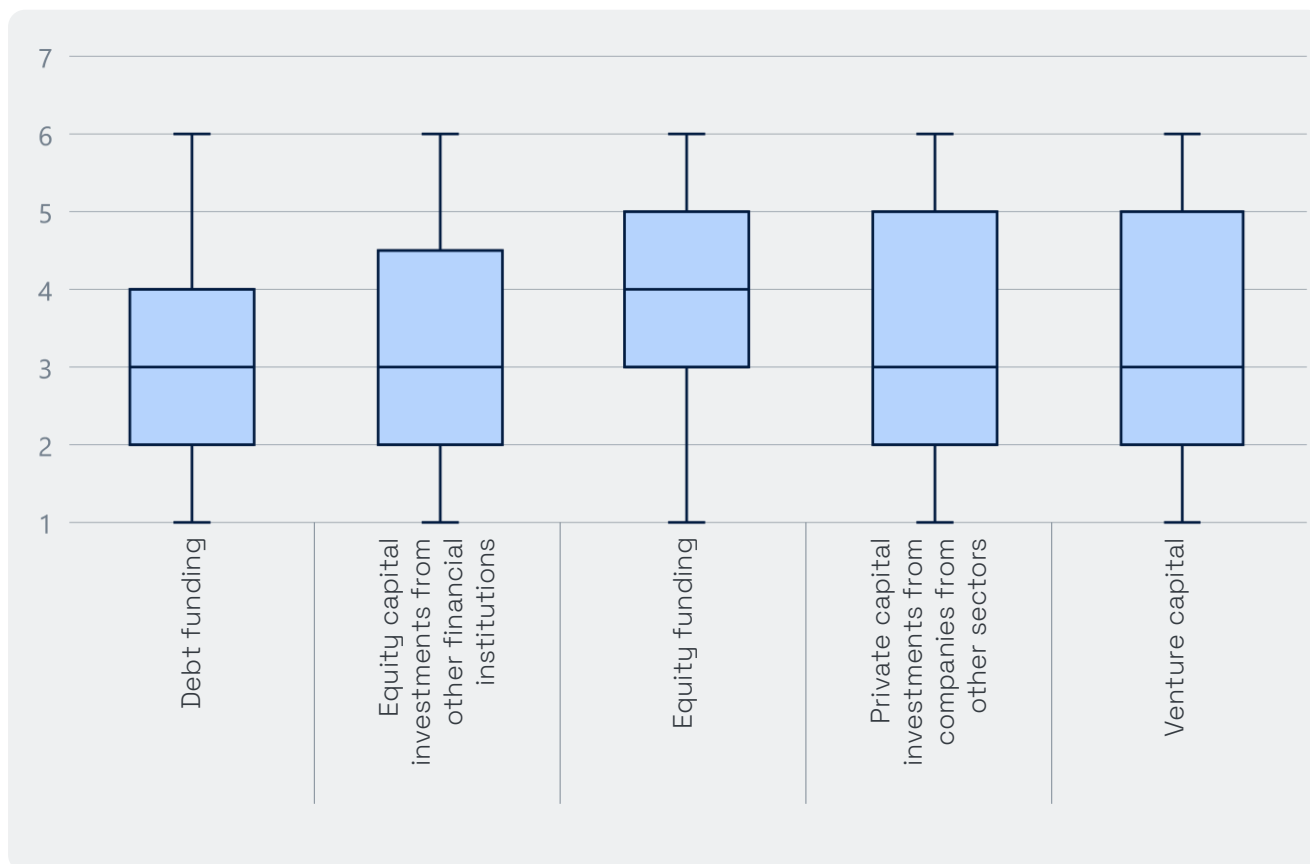
Additionally, the junction of fintech with insurance services is evident, highlighting the potential for innovative offerings in the insurance sector.

The integration of artificial intelligence (AI) in the context of open banking, wealth management, and personal finance further emphasizes the industry's drive toward technology adoption.

Moreover, disintermediation and exploring new business models are regarded as transformative opportunities in banking and financial services, suggesting a shift in traditional paradigms.

Overall, these trends showcase the diverse and multifaceted avenues for growth and innovation within the fintech landscape in Romania and Bulgaria, reflecting the sector's adaptability and forward-thinking approach.

### 3.2.20. The most important funding sources for the FinTech sector in the next three years



#### Analyzing the responses from fintech companies in Romania and Bulgaria regarding the most crucial funding sources for the sector over the next three years provides valuable insights.

The data indicates that seed capital is highly regarded, receiving the highest rating among the listed options. This emphasizes the importance of initial financial support for startups and early-stage fintech ventures in both countries.

Following closely, venture capital emerges as the second most significant funding source, reflecting the industry's reliance on external investments for growth and innovation.

Equity capital investments from other financial institutions also hold considerable importance,

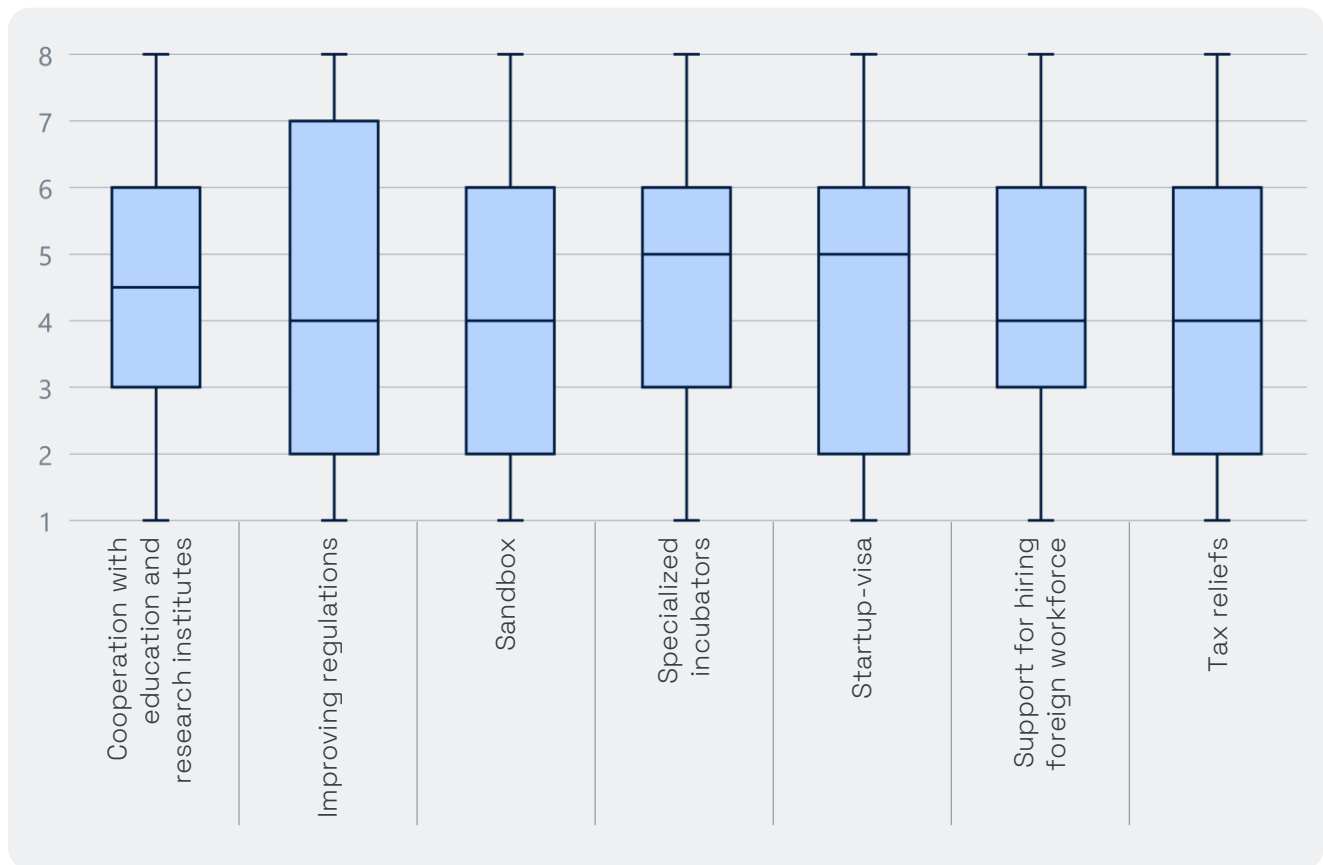
underscoring the role of established financial entities in supporting the fintech sector.

Private capital investments from companies in other sectors rank lower, indicating a lesser focus on cross-industry collaborations for funding.

Debt funding and equity funding are perceived as relatively less critical, indicating that fintech companies in these regions might prioritize equity-based and venture capital investments over debt-based financing.

Overall, this data highlights the multifaceted nature of funding sources in the fintech sector, with a clear preference for seed capital and venture capital injections to drive future development and expansion initiatives.

### 3.2.21. The measures that would help the development of the Fintech companies and/or the FinTech sector of the home market further



#### Analyzing the feedback from fintech companies in Romania and Bulgaria regarding measures that could enhance their development and the local fintech sector provides valuable insights.

The data highlights that establishing better cooperation with regulators is perceived as the most crucial measure, given its highest rating among the provided options. This underscores the importance of fostering a collaborative relationship between fintech firms and regulatory authorities to create an environment conducive to innovation and expansion.

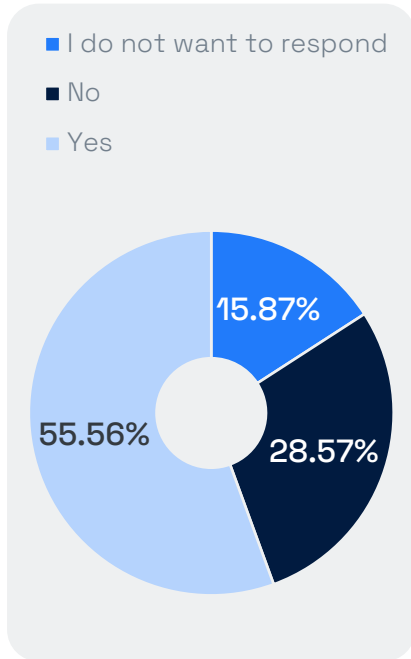
Support for hiring foreign talent and introducing a startup visa program are thought moderately important, indicating the value brought by international expertise and the necessity for streamlined immigration procedures.

The sandbox approach, specialized incubators, and collaboration with educational and research institutions are viewed as relatively less vital.

In summary, these responses emphasize the multifaceted nature of the measures required to bolster the fintech landscape in Romania and Bulgaria.

Section 6

### 3.2.22. Is AI used in companies?



Analyzing the responses from fintech companies in Romania and Bulgaria regarding the utilization of AI in their operations provides valuable insights into the technological landscape of these firms.

The data reveals a varied adoption pattern, with some companies embracing AI while others have chosen not to incorporate it into their business strategies.

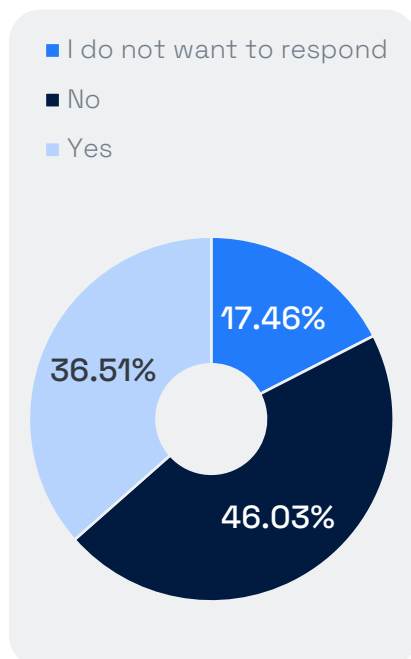
The affirmative responses indicate a proactive approach among certain fintech firms, leveraging AI technologies to enhance their services, streamline processes, and drive innovation.

Conversely, the negative responses suggest that there are still companies in the fintech sector in Romania and Bulgaria that have not yet integrated AI into their operations, possibly due to factors such as budget constraints, lack of expertise, or the nature of their services not requiring AI applications.

Additionally, the presence of respondents choosing not to provide an answer underscores the sensitivity of this topic or a potential lack of awareness about the specific AI applications within their organizations.

In summary, these responses highlight the diverse technological landscape within the fintech industry in Romania and Bulgaria. While some companies have embraced AI, others are yet to explore its potential fully.

### 3.2.23. Do companies have a specific designated person for checking the AI results?



Examining the responses regarding the presence of a designated person for checking AI results in fintech companies in Romania and Bulgaria reveals a mixed pattern within these organizations.

The data shows that some firms have allocated specific individuals for the task, indicating a structured approach to ensuring the accuracy and effectiveness of AI-generated outcomes.

On the other hand, a notable portion of respondents chose not to respond, signifying a potential lack of clarity or a sensitive nature concerning the allocation of responsibilities related to AI result verification in certain fintech companies. This lack of transparency might be due to the confidential nature of their operations or organizational policies.

Additionally, there are companies that have not appointed specific individuals for checking AI results, possibly relying on automated validation processes or integrating AI verification tasks into the broader responsibilities of their teams.

In summary, these responses highlight the diverse approaches fintech companies in Romania and Bulgaria take concerning the validation of AI outcomes. While some have established designated roles for this purpose, others may employ different strategies or choose not to disclose specific details.

### 3.2.24. Do companies have a facility to explain to customers the results of the AI?

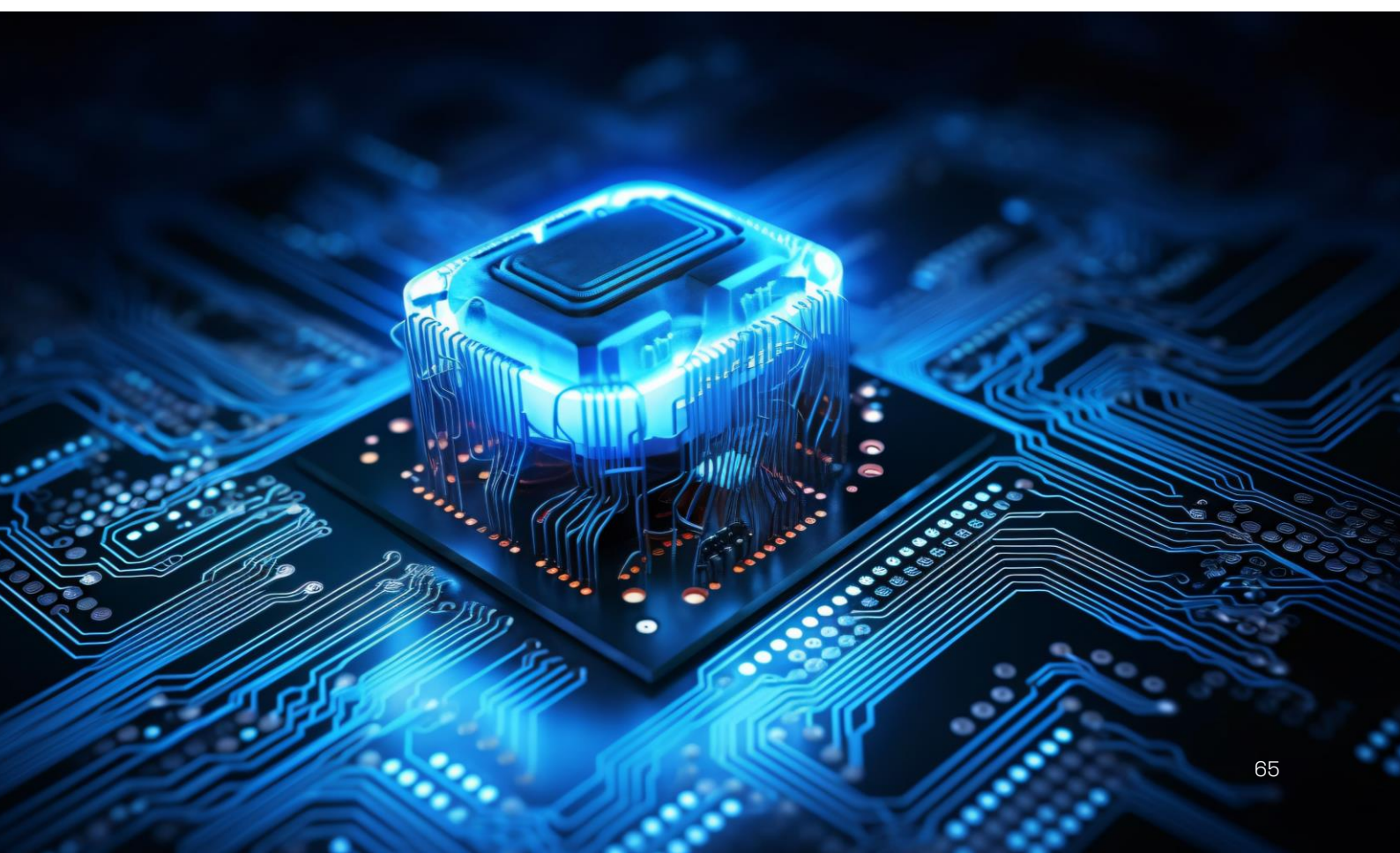
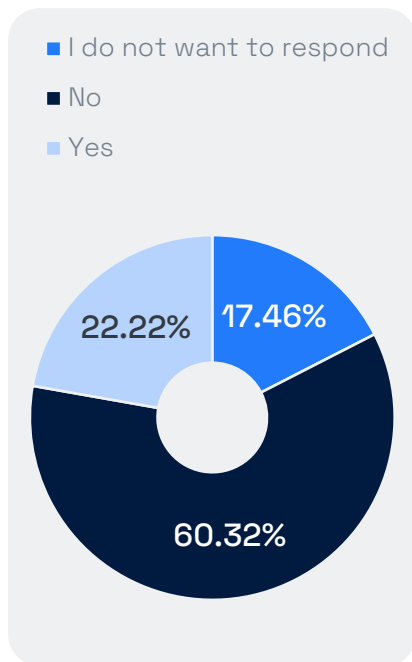
Analyzing the responses regarding the availability of facilities to explain AI results to customers in fintech companies in Romania and Bulgaria reveals diverse practices within these organizations.

A significant number of respondents indicated that they do not have specific mechanisms in place to explain AI outcomes to their customers. This suggests a potential gap in communication between the fintech companies and their clients, as customers may not fully understand the basis on which AI-driven decisions are made.

Interestingly, there are respondents who chose not to answer, indicating a possible sensitivity or confidentiality around this topic. This hesitation to respond might be due to the proprietary nature of their explanation methods or a lack of established protocols, highlighting an area where further transparency and communication strategies could be developed.

On the positive side, some fintech companies do have facilities in place to explain AI results to their customers. This signifies a proactive approach to fostering customer trust, enhancing transparency, and ensuring that clients have a clear understanding of the AI-driven processes that impact their interactions with these fintech platforms.

In summary, the findings underscore the importance of clear and transparent communication between fintech companies and their customers regarding AI-generated outcomes. Companies that provide facilities to explain these results are better positioned to build trust and credibility among their clientele, potentially gaining a competitive advantage in the market.





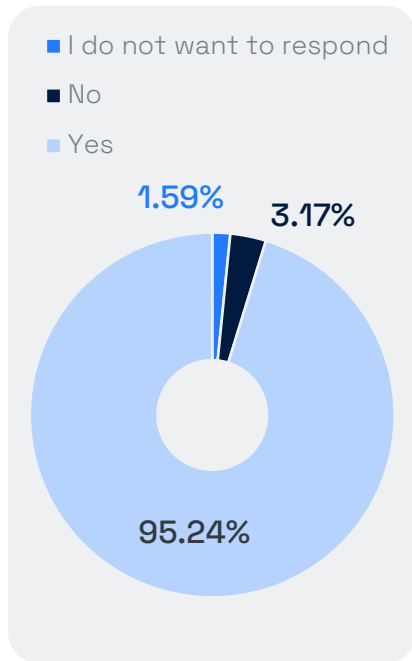
### 3.2.25. Do companies know how GDPR applies to their industry?

Analyzing the responses regarding the understanding of General Data Protection Regulation (GDPR) in the fintech industry of Romania and Bulgaria reveals a high level of awareness and knowledge among the surveyed companies.

An overwhelming majority of respondents affirmed their understanding of how GDPR regulations apply to their industry, indicating a robust comprehension of the legal framework governing data protection and privacy.

The consistent affirmative responses also suggest a collective commitment to upholding data privacy standards, fostering customer trust, and mitigating legal risks associated with data processing activities. Moreover, the acknowledgment of GDPR's applicability underscores the industry's efforts to align with international data protection standards, which is crucial in an increasingly interconnected global business landscape.

However, it is worth noting the presence of respondents who chose not to disclose their knowledge about GDPR, possibly indicating a confidentiality concern or a strategic decision not to disclose specific internal practices related to data protection. Despite this, the overall trend reflects a positive compliance culture within the fintech sector of Romania and Bulgaria, positioning these companies favorably in terms of data protection and privacy practices.

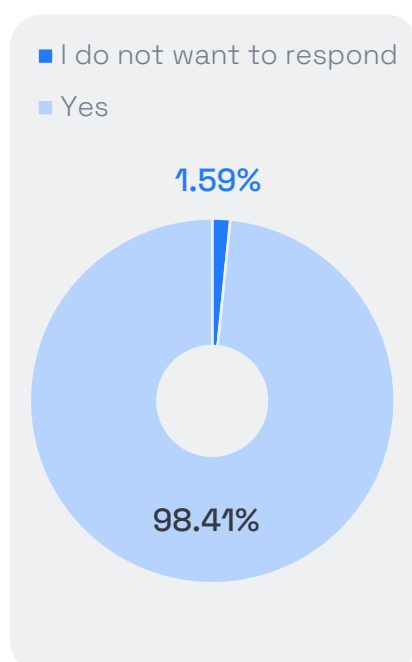


### 3.2.26. Are companies compliant with GDPR?

The survey results pertaining to General Data Protection Regulation (GDPR) compliance among fintech companies in Romania and Bulgaria demonstrate a unanimous commitment to adhering to the stringent regulations.

In every case, respondents affirmed their companies' compliance with GDPR standards, underscoring the industry's dedication to safeguarding customer data and ensuring privacy. This unanimous agreement signifies a collective effort among fintech businesses in both countries to align their data processing practices with international data protection laws. Achieving and sustaining GDPR compliance is a complex task, requiring meticulous data protection policies and regular audits of data processing activities. The consistent compliance reported in the survey indicates a high level of diligence and attentiveness in managing data privacy concerns.

This commitment not only showcases legal responsibility but also reflects a broader awareness of the importance of data protection in building trust with customers. By upholding GDPR, fintech companies enhance their reputation, establish secure data practices, and foster enduring client relationships. Moreover, this compliance underscores the maturity and professionalism of the fintech sector in Romania and Bulgaria, positioning these companies as trustworthy entities in the global digital financial landscape.



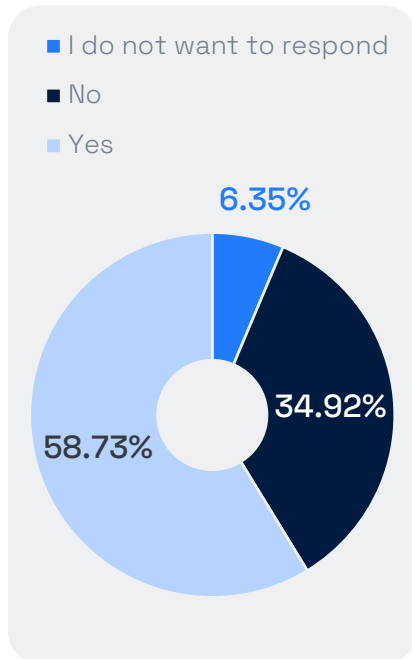
### 3.2.27. Are companies aware of the AI Act?

The responses to the question regarding awareness of the AI ACT among fintech companies in Romania and Bulgaria reveal a varied level of familiarity within the industry.

While some respondents indicated that they have heard about the AI ACT, others chose not to respond, suggesting a potential lack of awareness or uncertainty about this specific legislation. This disparity in awareness highlights the need for greater dissemination of information and education within the fintech sector regarding regulatory frameworks such as the AI ACT.

It is crucial for companies operating in these countries to stay informed about such regulations, as they play a significant role in shaping the ethical and legal landscape of artificial intelligence applications.

Addressing the knowledge gap through targeted initiatives, industry seminars, or educational campaigns could enhance awareness and ensure that fintech companies are well-equipped to navigate the evolving regulatory environment, fostering responsible and compliant AI practices within their operations.



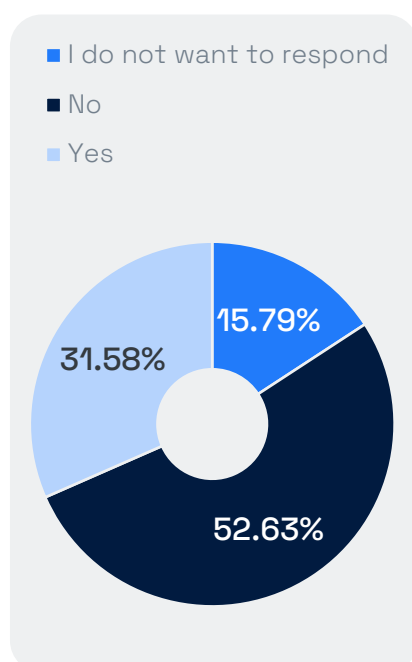
### 3.2.28. Are companies preparing themselves for the AI Act?

The responses to the question about preparation for the AI ACT among fintech companies in Romania and Bulgaria depict a diverse range of approaches within the industry.

While some respondents indicated active preparations, including both 'Yes' and 'No' answers, others chose not to respond, revealing a degree of uncertainty or reluctance to disclose their strategies. This mixed response highlights the complexity and challenges associated with complying with emerging regulatory frameworks such as the AI ACT.

The companies that have affirmed their preparations demonstrate a proactive stance, indicating their awareness of the importance of aligning their operations with the upcoming legislation. Conversely, those who have not started preparations might be facing challenges in understanding the requirements or implementing the necessary changes. The respondents who chose not to respond might be deliberating their approach or are in the early stages of internal discussions.

This diversity in responses emphasizes the need for targeted support and resources from regulatory bodies and industry organizations. Providing clear guidelines, educational initiatives, and consultation services could assist fintech companies in navigating the complexities of the AI ACT.



# CONCLUSION

This report tries to be the first attempt providing an overview of both the Romanian and Bulgarian FinTech Ecosystem and, at the same time, it aims to identify the main characteristics of the Romanian and Bulgarian FinTechs, their main challenges and the expected trends.

**The research team has complemented the data collected through a survey with information gathered through desk research, and information collected through interviews from the partakers of the ecosystem.**

The main conclusions of the analysis conducted by the research team will be presented in this final section of the report through a list of clear and concise insights.

## Firstly

The Romanian and Bulgarian FinTech ecosystem is not yet mature and large, but accelerated its growth in the past years, with a major part of the companies being established after 2018. In 2023, the two markets included, in total, 240 companies, 84 in Romania and 156 in Bulgaria.

The top types are represented by companies active in the sector of digital payments with 29%, followed by enterprise technology provision companies at 20%, and digital assets exchange with a percentage of 13%.

The ecosystem includes two collaborative bodies, the Romanian Fintech Association, RoFintech, and the Bulgarian Fintech Association. The Romanian body includes 23 members, while the Bulgarian association includes 45 associates.

The average number of employees per company was 76 in within Bulgarian companies in 2021, while for Romanian companies it was at 17.84 in 2022. The total number of employees in the 240 companies in 2021 was 13309.

## Secondly

in terms of turnover, the report only includes data about the Romanian sector, and the average value of turnover per company has increased 20.44% over the period 2018–2022, from 1627190.8 Euro, to 1959810.9 Euro. The overall turnover has increased 65.05% over the same period, from 87868301 Euro, to 145026008 Euro.

## Thirdly

FinTech entrepreneurs value the availability of a qualified workforce and knowledge of the local entrepreneurial environment the most, when selecting Romania or Bulgaria for their activity.

Other relevant factors considered by the respondents are the clarity of the regulatory system, the existence of a sufficient customer base and reasonable/ low costs of doing business. On the other hand, the lowest relevance was put on Romania's and Bulgaria's reputation and on the existence of materials/ events introducing Romania as a place of doing business and as a place with political stability.

Another factor that was not considered top, but listed among the important ones, was the existence of the available capital. These factors are also combined with prior knowledge about the local business ecosystem, entrepreneurial experience in the local market, and the availability of the required tech infrastructure.



#### Fourthly

Over 90% of respondents reported that they know how GDPR applies to the industry and conform to these regulations. When discussing the European AI Act, less than 58% report that they have heard about the AI act, and only 31% are preparing for it.

#### Fifthly

Almost 55% of the respondents report using AI in their company, while less than 36% report that they have a person checking the results produced by the AI tool. Also, less than 22% report using a tool/ instrument for explaining the AI results to customers.

#### Sixthly

Almost 70%, indicate uncertainty as the most important threat to their business in the next 12 months. High inflation and war in Ukraine follow but with significantly lower importance.

#### Seventhly

The most critical problems of the respondents are related to regulations and the availability of skilled staff and experienced managers.

Next in line are criticalities related to the expansion to foreign markets, access to finance, building partnerships with established players, finding customers and the expansion of product portfolio. On the other hand, the least critical aspects are the competition, accompanied by

product market fit and costs of production.

#### Eighthly

Respondents indicate that the most important measures helping the development of their company and of the Romanian and Bulgarian FinTech sector are:

- Tax relief;
- Better cooperation with regulators and improvement of regulations;
- Support for hiring foreign workforce.

The least important were the existence of a Startup-visa, of specialized incubators and the cooperation with education and research institutions.

#### Finally

the general conclusion is that the sector has accelerated its development in the last years and has a significant growth potential if regulations are improved, procedures are simplified, and the skilled workforce is further developed.

When presented together, based on a borderless approach, the Romanian and Bulgarian Fintech sector appear as the central ecosystem of South-East Europe, including the Balkans and could consequently be the driving force of the area in the field.

# Appendix 1: Map of the Romanian Fintech Ecosystem



## DIGITAL LENDING: P2P lending, micro lending, invoice trading, leasing

- Bankata Online S.R.L.
- CREDIFY ASSET MANAGEMENT S.R.L.
- Nexspot Technology SRL
- Ocean Credit I.F.N. S.A.
- Omnicredit S.R.L.
- OMRO IFN S.A.
- Volt Finance S.A.



## DIGITAL CAPITAL RAISING: crowdfunding and ICO platforms

- SeedBlink Crowd S.A.
- Stockestate Crowdfunding S.R.L.



## DIGITAL PAYMENTS: mobile payments, money transfer, mPOS, NFC

- AIR PAY HUB S.R.L.
- AROBS Transilvania Software S.A.
- BEEZ SOFTWARE S.R.L.
- BYTEX PAYMENTS S.R.L.
- DONTPAYFULL S.R.L.
- ELECTRONIC PAYMENT KEY SOLUTION S.R.L.
- EPAY SOLUTIONS S.R.L.
- MACROPAY S.R.L.
- MOBILPAY S.R.L.
- MPX PAY SERVICES S.R.L.
- NETOPIA
- PAYMENTS S.R.L.
- PAYBYFACE S.R.L.
- PAYMASTER S.R.L.
- PAYMENT TECH S.R.L.
- PAYTEN PAYMENT SOLUTIONS S.R.L.
- PAYU ROMANIA SERVICES S.A.
- QUANTOPAY S.R.L.
- QUICKPAY S.R.L.
- SMARTPAY SOFTWARE S.R.L.
- SMARTPAY SYSTEMS S.R.L.
- SYMPHOPAY S.R.L.
- TACIT PAY S.R.L.
- Timesafe S.R.L.
- Twispay, SELFPAY S.A.



## INSURTECH

- Crop Intelligence S.R.L.
- Fără Grijă
- LIFE IS HARD S.A.



## DIGITAL ASSETS EXCHANGE: cryptocurrency platforms and brokerage, e-wallets

- Blockchain Apt Assets Marketplace S.R.L.
- DEGETHAL LABS S.R.L.
- DOLLARBIRD APPS S.R.L.
- Globe Monnaie S.R.L.
- MEDEVA FINTECH S.A.
- Tradesilvania S.R.L.
- ZOIDPAY TECH SOLUTIONS S.R.L.



## WEALTHTECH: personal financing, pension planning, wealth management & advisory

- CASHCONTROL S.R.L.
- Ebriza Software S.R.L.
- Investory
- Revo Technologies I.F.N. S.A.
- SALARIUM FINTECH S.A.
- STOCKBERRY S.R.L.





#### **CYBERSECURITY AND DIGITAL IDENTITY:**

biometric solutions, Know Your Customer (KYC) solutions.

- ⦿ STARBYTE SRL
- ⦿ TypingDNA SRL



**CREDIT & DATA ANALYTICS:** financial analyses and credit scoring based on big data.

- ⦿ Client Risk S.R.L.,
- ⦿ iFactor Brokerage S.R.L.
- ⦿ KEYSFIN SRL
- ⦿ Lendrise Marketplace SRL,
- ⦿ PRIME DASH DEVELOPMENT SA,
- ⦿ THINKOUT SRL
- ⦿ VICTORIA CREDIT S.R.L.



**REGTECH:** IT solutions for meeting regulatory requirements.

- ⦿ C Solution SRL
- ⦿ Credimatic Network S.R.L.
- ⦿ Pluridio
- ⦿ Process Lab SRL
- ⦿ SOLO Fintech S.R.L.
- ⦿ TERMENE JUST S.R.L.
- ⦿ Two To Trust Venture S. R. L.



**ENTERPRISE TECHNOLOGY PROVISIONING:** services related to biometric security, KYC, fraud prevention.

- ⦿ ARGENTUM APP SRL,
- ⦿ BOLD Technologies,
- ⦿ Business Information Systems (Allevo) S.R.L.,
- ⦿ DIGITAL KEEZ S.R.L.,
- ⦿ Druid S.A., Finlight Project S.R.L.,
- ⦿ Finqware SRL,
- ⦿ Fintechos Easy Solutions S.R.L.,
- ⦿ IT SMART SYSTEMS S.R.L.,
- ⦿ KNOW NOW SOLUTIONS SRL,
- ⦿ Optim Finance Solutions S.R.L.,
- ⦿ PAYDEMIC SRL,
- ⦿ PAYLEX CONSULTING SRL,
- ⦿ PAYMO SRL, QUICKDATA S.R.L.,
- ⦿ Smart Fintech S.R.L.,
- ⦿ Sourcetask Solutions S.R.L.,
- ⦿ TP FINTECH SRL.

# Appendix 2: Map of the Bulgarian Fintech Ecosystem



## DIGITAL LENDING: P2P lending, micro lending, invoice trading, leasing

- Creditex
- Transcard
- Credissimo
- FERRATUM
- CashCredit Online
- Stick Credit
- Help Lending (Help Credit)
- Management Financial Group
- Cashlend
- Klear Lending
- Assetify
- Reinno Bulgaria
- Hypoport
- Iuvo Group/ИУВО Сървисиз
- Afranga,
- New Pay AD Maxo.bg (Credissimo Super)
- Vnoska.bg (Solvly Europe).



## DIGITAL CAPITAL RAISING: crowdfunding and ICO platforms

- Leno
- Property Club,
- Immo-Fund
- Paycentive BG



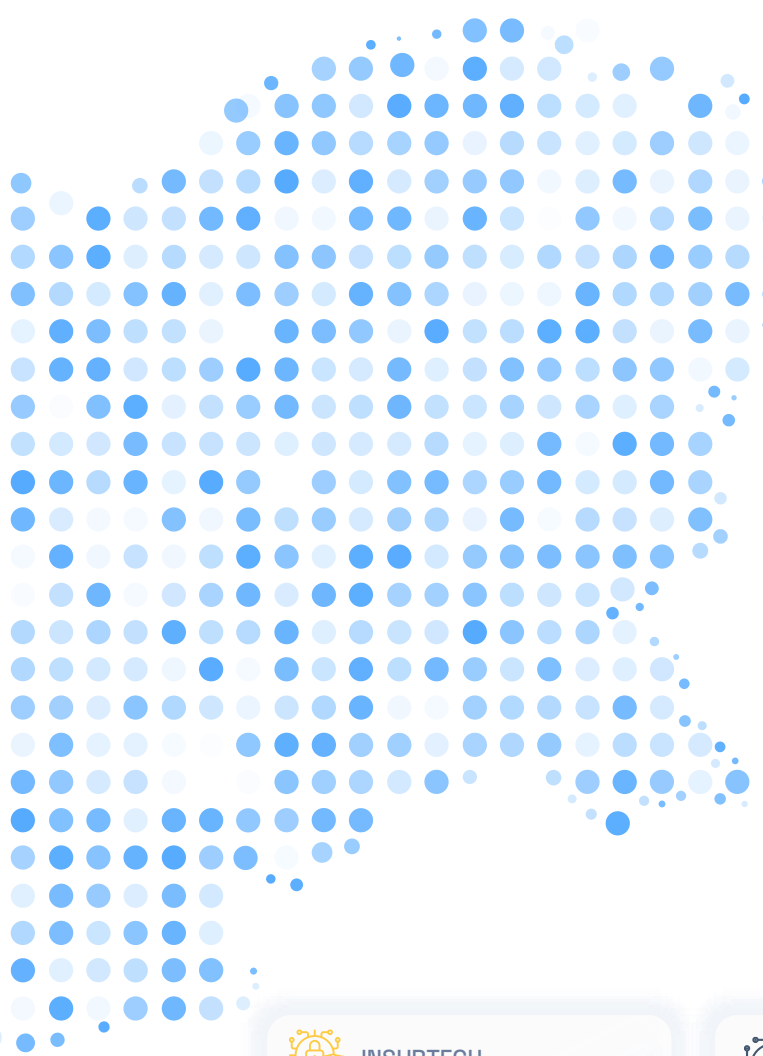
## DIGITAL PAYMENTS: mobile payments, money transfer, mPOS, NFC

- Datecs
- myWorld
- Diners Club Bulgaria
- Transact Europe
- EasyPay
- ePay
- Paynetics
- Emerchantpay
- Paysafe
- iCard
- Xenia Solutions
- BORICA
- CashWave
- SumUp
- Rewards Labs
- WIN POS
- Reloyalty
- Tickey
- PetroffSoft
- TiXi
- Easy Payment Services
- paymentwall.com (Ramensofia)
- DatecsPay
- Payslip
- Checkout X
- myPOS
- Payhawk
- Lime Pay
- Immedis
- Pay Voo - Bulgaria - Varna Branch
- Payware
- Phos
- Ecoins
- Rilla
- Tenen Payments
- MyFin
- Rebenefit
- Paysera
- Streamflow EAD (FILLIT)
- Settle
- SEPA Cyber Technologies
- Nuvei
- VISA
- MASTERCARD



## DIGITAL ASSETS EXCHANGE: cryptocurrency platforms and brokerage, e-wallets

- JFD Group
- Transfermate/Interpay
- Trading 212
- ActivTrades - Sofia Branch (konsolidiran)
- Finalto
- FXCM Support EAD
- DeGiro
- Naxex
- VirtualBroker
- Tradeo
- Xchange.bg/ Global Exchange,
- Jarvis Exchange/ Joe Labs
- Think Capital Services Limited
- EasyDex
- Finrax,
- Tradexsocial
- weiDex
- Crypto.com / Foris Europe
- Nexo/NDS
- Bonexx
- JFD Group
- Almacena Bulgaria (part of Almacena platform)
- StocksTech.



**WEALTHTECH:** personal financing, pension planning, wealth management & advisory

- Crediport
- EOS
- Treasury Intelligence Solutions Bulgaria
- Pension.Care
- Vendofin
- The Burgiss Group
- BillButler (Billie BG)
- Groupayer
- Charlie Finance
- Move Digital Sofia EOOD
- Colibra



**CYBERSECURITY AND DIGITAL IDENTITY:**

biometric solutions, Know Your Customer (KYC) solutions.

- Evrotrust
- Apipax
- Phyre



**CREDIT & DATA ANALYTICS:** financial analyses and credit scoring based on big data.

- FactSet
- Experian
- Scorify
- My Cloud Quant
- Risika
- 2iQ Research



**REGTECH:** IT solutions for meeting regulatory requirements.

- Clunetech
- LogSentinel
- Passcon
- Notolytix
- CleverSoft Bulgaria
- Omnio



**INSURTECH**

- Boleron
- Oli (Euroins)
- eINS, eCollect
- Insurify Bulgaria EOOD
- Abexio



**ENTERPRISE TECHNOLOGY PROVISIONING:** services related to biometric security, KYC, fraud prevention.

- Quanterall
- Industria Technology
- VSG BULGARIA
- Paggas Technologies,
- Taulia, SmartIT
- Uber
- Synergy
- Dext/RB SOFIA Ltd
- LimeChain
- Kaje Fin Services Software
- OpenPayd Bulgaria EOOD
- Nula.bg
- Paysoft
- Devexperts
- Ocnime.bg
- Finovation/ Tryond Ltd
- LabForty
- Zotapay/ Mabsut Technologies Bulgaria
- Tarya Fintech
- MyCFO
- Tick42
- 2parts
- FIDU TRADE
- M&M Fintech
- Paymenttools
- Blankfactor
- Gate2Payments
- Wallex Custody
- DeepCFO

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