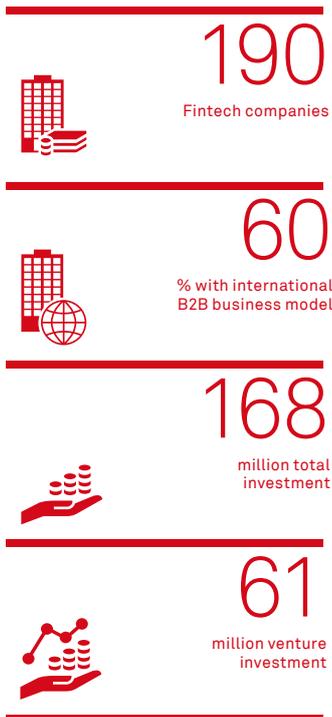




**KEY FIGURES**



Source: e-Foresight/IFZ, end of 2016

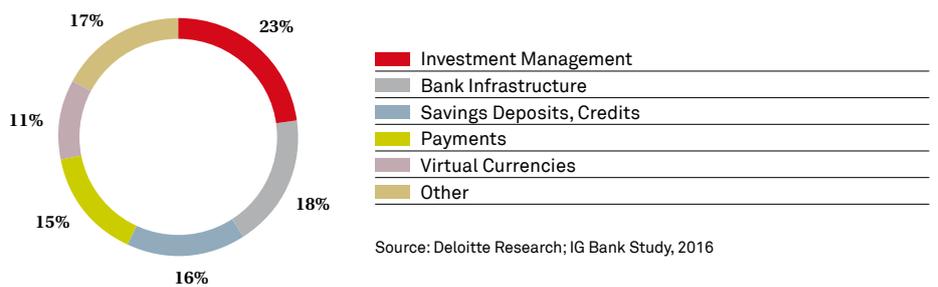
**FINTECH SWITZERLAND**

**AT A GLANCE**

Switzerland enjoys an international reputation as a trustworthy, reliable and innovative financial center. Years of experience in the banking and insurance sector combined with technological expertise and a well-developed infrastructure provide excellent conditions and a first-class ecosystem for the fintech sector. With the adoption of the new banking regulation and the creation of a business-model-neutral fintech license, Switzerland is also doing pioneering work: in future, market entry barriers for fintech companies will be reduced and the competitiveness of the Swiss financial center will be sustainably increased.

**Swiss fintech landscape**

Financial functions



Source: Deloitte Research; IG Bank Study, 2016

## RESEARCH AND DEVELOPMENT (R+D)

- As a traditionally strong financial center with infrastructure close to universities, Switzerland offers ideal conditions for driving innovations in the fintech scene. Key locational advantages include political stability, regulatory efficiency, access to venture capital, the availability of highly qualified professionals and graduates in ICT and a dense cluster of world-renowned universities and research laboratories that work closely together with business.
- The Swiss market is demonstrably beginning to back blockchain technology and intensify collaboration with respective fintech startups. In the Global FinTech Report recently published by PwC, the majority (75%) of Swiss companies surveyed said that they plan to introduce blockchain applications over the next three years. As a result, global orientation and specialization amongst Swiss fintech companies continued to increase last year, with incubators, accelerators and venture capitalists also operating internationally (IFZ FinTech Study 2017).
- Since September 2017, the city of Zug has been the first municipality in the world to offer all citizens the possibility of a digital identity based on Ethereum blockchain technology. The whole of Switzerland is set to receive a standardized digital identity by 2019.
- Launched in June 2017, the Swiss “Cryptocurrency Fund” based in Zug will become the world’s first regulated fund to provide secure and easy access to cryptocurrencies.
- Since July 2017, the Swiss private bank Falcon has been the first Swiss bank to offer its customers the possibility of holding deposits in cryptocurrencies. A public Bitcoin ATM was installed in the lobby of its Zurich headquarters.

- The state-owned Swiss railway company SBB has been selling Bitcoins at its public ticket machines since November 2016. A Swiss mobile number and Bitcoin wallet installed on the phone are necessary for purchase. Bitcoins can be purchased in amounts from 20 to 500 francs.
- Under the name “Trust Square: Blockchain Swiss made”, a Swiss-based blockchain research and innovation center with international significance is currently being set up in Zurich.
- Under the patronage of the Swiss Federal Council, the nationwide initiative digitalswitzerland ([www.digitalswitzerland.com](http://www.digitalswitzerland.com)) has set itself the goal of making Switzerland a leading worldwide digital business location. The Federal Council also agreed a digital strategy in 2016 to create optimal framework conditions. The strategy sets different priorities (business, data, exchange with other countries) and promotes dialog between public authorities, business, academia and research as well as civil society. Additional funds will be secured to finance new university courses, research and professorships in the field of digitization and fintech.
- The Crypto Valley Association ([www.cryptovalley.swiss](http://www.cryptovalley.swiss)) wants to bring the most innovative fintech research to Switzerland. To achieve this, the organization is working with Swiss universities to organize regular conferences starting in 2018 that will bring together researchers, startups and venture capital investors.
- With its 600 members, the Swiss Finance + Technology Association ([www.swissfinte.ch](http://www.swissfinte.ch)) is building new bridges between Switzerland’s fintech scene and interesting markets around the world. The emphasis is on knowledge exchange and easier entry into new markets for fintech startups and investors. In 2017, new partnerships were established with fintech organizations in Abu Dhabi, Hong Kong and Singapore.
- Alongside favorable conditions with regard to financial regulations and ecosystems, Switzerland’s long tradition of stability and protection makes it the ideal location for digital assets. The Swiss mountains are regarded as a safe and proven data storage facility, which increasingly attracts fintech companies from Silicon Valley to Switzerland. Bitcoin pioneers such as Xapo, Monetas or Breadwallet have already moved their headquarters to Switzerland and are strengthening the innovative cluster.

## Global Financial Centers, 2017

	Rank
 United Kingdom / London	1
 USA / New York City	2
 Hong Kong	3
 Singapore	4
 Japan / Tokyo	5
 China / Shanghai	6
 Canada / Toronto	7
 Australia / Sydney	8
 Switzerland / Zurich	9
 Switzerland / Geneva	15

Source: The Global Financial Centres Index (GFCI 22), 2017

### SWISS CRYPTO VALLEY

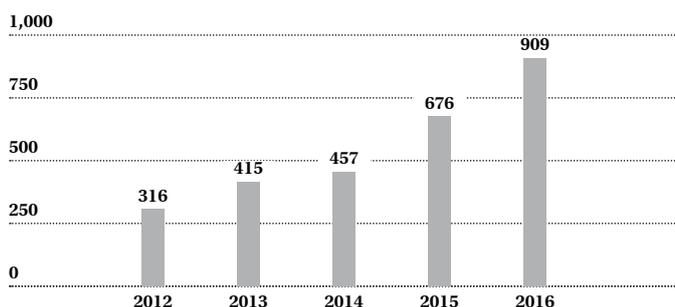
Crypto Valley is an ecosystem centered in and around the Swiss canton of Zug with active connections to international centers of blockchain innovation. It is increasingly compared to Silicon Valley for finances and has produced stars such as Ethereum. Over the last few years, around 30 new companies focusing on blockchain and cryptocurrencies have set up their offices in Zug.

## COSTS AND FINANCING

- Last year, Swiss startups were funded with venture capital amounting to 909 million francs. This is 35 percent more than in the previous year (Swiss Venture Capital Report). Investments in companies in the ICT sector, including fintech, grew the most in terms of percentage (+132%). The highest volume of around 60% was collected by fintech startups in the insurance sector. The most VC deals were in the area of crowdfunding.

### Invested capital in Swiss startups, 2016

Yearly development (in CHF million)



Source: Swiss Venture Capital Report 2017

- Incubators, accelerators and awards have noticeably developed in Switzerland in recent years, offering startups and international companies a variety of services, support and opportunities to build a successful business here.
- Current incubators and accelerators actively supporting innovative startups and companies in Switzerland include: F10, Fusion, Nexuslab, Swiss Finance + Technology Association mentoring program, Thomson Reuters (incubator focusing on fintech and Legal Tech startups), Kickstart Accelerator, Venture Kick, Pirates Hub (Swisscom) and more.
- A large number of competitions and awards promote innovative solutions and ideas, including: Swisscom StartUp Challenge, Swiss FinTech Award (Knip and Sentifi in 2016), SIS Hackathon, Hack the Valley (Thomson Reuters), Reverse Pitch (Swiss Finance + Technology Association), Swiss Startup Summit, Blockchain Competition and many more.

## FRAMEWORK CONDITIONS AND MARKET ENTRY

The Swiss state has recognized the huge potential of the fintech industry and blockchain technology and adapted legislation accordingly. For example, measures have been in place since July 2017 that facilitate market access for fintech companies while sustainably strengthening the international competitiveness of the Swiss financial center. Regulatory processes will be further optimized to pave the way for future innovative business models in the financial sector.

### • Fintech license up to 100 million Swiss francs

Many fintech business models require a banking license, even though they do not conduct typical bank lending business. Banking licenses are associated with high costs, however. In order to facilitate these kinds of innovative business model, Switzerland has created a fintech license, which is also groundbreaking on the international scene. While foreign licenses are still tied to specific business models, the Swiss fintech license uses a business-type-neutral approach to facilitate regulation of institutions that do not conduct typical banking business, with possible deposits of up to 100 million Swiss francs.

### • Sandbox for everyone

Innovations often arise in young startups that possess scarce financial means. In this early phase, high regulatory requirements may weigh heavily on them. That's why Switzerland has introduced a sandbox: Companies can receive customer funds of up to 1 million Swiss francs without having to comply with complex regulatory requirements. This allows market entrants to test their business model for its conceptual and economic effectiveness before deciding on a license. In contrast to the United Kingdom, for example, the sandbox is open to all market participants, there is no involvement of the Swiss Financial Market Supervisory Authority and there is no time limit.

A further easing has been created especially for crowdfunding. Crowdfunding platforms are now able to process a large number of projects without restriction, as long as money received from customers is not in their account for more than 60 days.

## Swiss fintech ecosystem in an international context

Country / City	Rank
Singapore	1
Switzerland / Zurich	2
Switzerland / Geneva	3
Canada / Toronto	4
USA / New York City	5
USA / San Francisco	6
Netherlands / Amsterdam	7
United Kingdom / London	8
Hongkong	9
Sweden / Stockholm	10

Source: IFZ FinTech Study 2017, Lucerne University of Applied Sciences and Arts

## TESTIMONIAL



The fintech scene in Switzerland has the ideal conditions for innovation, speed and sustainability. The knowledge gained from a traditionally strong Swiss financial center as well as an excellent education system combined with a politically reliable environment form the ideal basis for innovative companies. In addition, regulatory adjustments, such as simplified licensing and operating requirements for fintech companies, make it quick and easy to bring new business models to market.

ROLAND RUETTIMANN  
Managing Partner CB Financial Services AG  
[www.c-b-f-s.com](http://www.c-b-f-s.com)

## CURRENT DEVELOPMENTS

- In July 2017, the Swiss Federal Council passed an amendment to the Banking Ordinance. It came into force on August 1, 2017. The revision minimizes market entry barriers for fintech companies and significantly strengthens the competitiveness of the Swiss financial center.
- The amendment to the Banking Ordinance (BankV) aims to regulate fintech companies providing services outside of the typical banking business in accordance with their risk potential.
- The Swiss consumer base, in particular Generation Y with its high digital affinity, fulfills the ideal conditions for a thriving fintech sector in the B2C segment.
- Due to the relatively small Swiss market, the connection to international markets is of central importance to many Swiss fintech companies. This circumstance is increasingly taken into account by the legislature. Switzerland also offers potential in the B2B segment thanks to its excellent financial sector and its experience and strength in the export of financial services.

## CONTACTS AND FURTHER INFORMATION

### Authorities and regulators

FDE, Federal Department of Finance  
SIF, State Secretariat for International Financial Matters  
[www.sif.admin.ch](http://www.sif.admin.ch)

FINMA, Swiss Financial Market Supervisory Authority  
[www.finma.ch](http://www.finma.ch), [fintech@finma.ch](mailto:fintech@finma.ch) or +41 31 327 16 16

### Associations and networks

[www.cryptovalley.swiss](http://www.cryptovalley.swiss)  
[www.fintechnews.ch](http://www.fintechnews.ch)  
[www.swissfinte.ch](http://www.swissfinte.ch)  
[www.swissfintechinnovations.ch](http://www.swissfintechinnovations.ch)

### Innovation and startup grants/ financing (VC)

[www.kickstarter.ch](http://www.kickstarter.ch)  
[www.startupticker.ch](http://www.startupticker.ch)  
[www.swisscom.ch](http://www.swisscom.ch)  
[www.swissfinancestartups.com](http://www.swissfinancestartups.com)

### Incubators and accelerators

[www.fl0.ch](http://www.fl0.ch)  
[www.kickstart-accelerator.com](http://www.kickstart-accelerator.com)

### Publications

FDE, Federal Department of Finance:  
Background Documentation – Reduction of Barriers to Market Entry for FinTech Firms (2016)  
[www.efd.admin.ch](http://www.efd.admin.ch)

EY, Swiss Finance + Technology Association:  
Swiss Fintech Report 2016  
[www.swissfinte.ch](http://www.swissfinte.ch)

Lucerne University of Applied Sciences and Arts, Institute of Financial Services Zug IFZ:  
IFZ FinTech Study 2017, An Overview of Swiss FinTech  
[www.hslu.ch/ifz](http://www.hslu.ch/ifz)

[www.startupticker.ch](http://www.startupticker.ch):  
Swiss Venture Capital Report 2017

Swiss Finance + Technology Association:  
Swiss Fintech Associations Ecosystem Map  
<https://swissfinte.ch/swiss-fintech-ecosystem>

### S-GE resources

Handbooks for Investors  
[www.s-ge.com/handbookforinvestors](http://www.s-ge.com/handbookforinvestors)

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