

# Startups in FINTECH SECTOR

## *and their Relationship with Traditional Banking*

For some years now, a new buzzword has appeared in the financial world: fintech, a portmanteau of Finance and Technology.

“Fintech” firms are companies with a strong technological component that seek to provide new solutions for the financial sector with mobile applications and big data; startups that seek to capture part of the market dominated by the big banks, which usually are low on innovation and slow to adopt new, innovative solutions and to understand and provide services with innovative financial initiatives for their clients.

Rodrigo García de la Cruz, CEO of Finnovating, the first strategic consultancy firm specialised in fintech, states that “it is still too soon to know how much fintech firms have raised this year- The most aggregate data are from 2016 when the sector moved some 23,600 million dollars, 16% more than last year and six times more than in 2013.”

The relevant data confirm that the impact of these companies is changing the way we interact with banks and demonstrating that digital transformation is affecting banking in a very evident way.

Rodrigo believes that “seeing how things are developing, we’ll see growth in global investment, in particular in Asia and China in particular where investment operations are becoming bigger by the day”. The Finnovating founder also warns of “a new trend that could completely change the investment map of the sector. ICOs (Initial Coin Offerings) are a new way some fintech firms have used to raise more capital so far, this year than venture capital. The emission of tokens and cryptocurrencies in a decentralized way may become the way future startups are financed

# F INTECH SECTOR AND SPAIN

Insofar as it concerns Spain, the number of startups related to the fintech sector has grown progressively over recent years, identifying as of today more than 281 active startups compared to 196 in 2016, as confirmed by Rodrigo.

Although, some experts believe that this growth will stabilise over the coming years and investment will fall. François Derbaix, founder of Indexa Capital states that “we have passed peak investment in fintech and that investment will grow more slowly in the coming years that it has in recent ones (investment growth will slow)”.

Javier Megías has a similar opinion to François: “Fintech is soon facing a confrontation between the expectations generated and reality and there will surely be an adjustment, although given that the transformation the firms represent is medium-term, I don’t think we’re going to see a new financial world within the next year.”



Founders of Housers.

# THE SPANISH FINTECH ECOSYSTEM

Currently, in Spain there is a total of 280 startups linked to the fintech sector. More than half were founded over the last 4 years (between 2014 and 2017), 18% of them lack activity and their activity is minimal (50 ). Of the total companies, 35% were founded in Madrid compared to 20% in Barcelona.

From this sector there are certain startups that have a more promising future according to the experts. The longest-running companies are those involved in loans, insurance, asset management, investments, robo-advisors and neobanks.

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## *Most relevant Madrid-based fintech firms*

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Of the total created and operating in Spain related to the finance sector and based in Madrid, the following companies stand out as the most promising and as those that have shown the most growth.

**Accurate Quant** is a Quant-Advisor Fintech that focusses on quantitative asset management strategies, institutional up until now, and that seek to obtain benefits independently of the financial markets through the use of algorithms that attempt to take advantage of upward and downward movements in the markets. This focus makes possible to access quantitative strategies that were solely institutional up until now, in tailored formats for analysis and selection on the part of each client.

**Aplázame** is an instant financing service for online purchasing. It is a system that combines a method deferred payment methods and marketing tools to allow financing to be used as promotional leverage to help shops to sell more. Founder Fernando Cabello-Asolfi launched the firm in 2014.

**Besepa**, created in 2014, offers companies the right tools for their size and needs so that they can integrate banking management in their day to day in a simple way starting with management of their SEPA direct debits.



Founders of Aplázame.

**Bizum** is the brand of the service provided by Sociedad de Procedimientos de Pago, S.L., which is participated by 27 banking institutions that operate in Spain. It is a joint commitment to digital innovation in banking to meet the clients' new needs. Bizum is the new solution for making mobile payments, account by account, in real time and in a comfortable and safe manner. It is currently available for payment between individuals..

**Bnext** is Spain's first neobank. A marketplace bank where you can open an account and have a linked card for your day-to-day banking. All of the other products that were previously contracted with the bank, can now be provided by fintech firms and cutting-edge banks that participate in the marketplace so that you can find the option that best suits your needs.

**Criptopay** was born in 2014 with the aim of being the first payment platform based on the Bitcoin network, geared entirely towards small and medium-sized enterprises. They worked with different crypto currencies and unify the whole process, from acquisition from the crypto currency, use and maintenance. For a number of months, they have been working on a diversification process with they work as developers with blockchain.

**Darwinex** is a new financial market that allows users to invest directly in traders from all over the world. It combines the talent of its traders, the market data generated in real time and the technology platform and thus offers a legal alternative for traders to increase the profit of their strategies through third-party capita, a new asset that allows investors to diversify their investment portfolio by controlling risk in a professional manner.

**ETF Matic** offers investors ETF (exchange traded funds) portfolios that are personalised and adapted to the profitability and risk objectives of each investor. They can also adapt to the profile and personality of each investor. It currently has its headquarters in London and a subsidiary in Madrid and offers services in 17 European countries.

**Feelcapital** is Europe's first robo-advisor. It is dedicated to automatic advice for investment fund clients Regulated by the CNMV since July 2014, it is a financial advisory company (EAFI) with more than 12,000 users registered on its platform and 1 billion euros under management. It has raised 6 million from more than 50 investors.

**Finanbest** is an asset agency authorised by the CNMV since July 2016 which delivers automated discretionary portfolio management for retail clients. Discretionary portfolio management is a service that until now was limited to Private Banking customers through which the client authorises that management of their assets with the objective of maximising returns. With this objective of democratizing private banking, Finanbet constitutes a radical change in personal financial advisory and management services, offering premium services at a lower cost to the average investor.

**Fintonic** is a free mobile app that shows the financial information for all the banks and cards of its users in the same place. Lupina Iturriaga and Sergio Chalbaud created the app in 2012 with the aim of organising the information into categories and an alert service to give notice of any unexpected transactions: erroneous charges, duplicate payments, commission, overdrafts, expiry of insurance, etc. The platform also allows for the formalising of personal loans and access to insurance at more competitive premiums than the market.

**Finnovating** is the first multi-disciplinary financial innovation as a service (IFaaS) platform that helps understand the world of fintech and insurtech that lies ahead, with a communication channel (FinnoTV and FinnoPress), a Strategic Advisory team (FinnoAdvise) and a research area (FinnoTrends). Rodrigo García, Jesús Pérez and Gonzalo Ruiz founded the company in 2015.



**Finizens** is an automated investment manager that allows the small and medium saver to access a fully automated service. It's all 100% online and has low entry minimum. Alfonso de León, Francisco Velázquez, Giorgio Semenzato and Martín Huete are the initiative's founders.

**Grow.ly** is a participative financing platform founded by Mireia Badia in December 2013. It is authorised by the CNMV with a bidding report of the Central Bank of Spain and it puts SMEs that need a loan with investors who are looking for attractive returns on their savings.

**Housers** is the first property crowdfunding platform in Spain with over 3,000 users and over 1,100 accredited investors. Tono Brusola launched the website in 2015 and its purpose is to purchase property assets on the part of investors for financial exploitation and subsequent sale.

**Indexa Capital** is the first automated investment manager in Spain. Its founders, Unai Ansejo, François Derbaix and Ramón Blanco offer savers a fully diversified, transparent portfolio with radically low fees. With additional annual returns estimated at around 3.1% better than the banks.

**MyTripleA** an alternative financing platform with a payment entity licence granted by the Central Bank of Spain, offers loans to SMEs, the self-employed and entrepreneurs funded by people willing to lend them their money in return for an interest rate. MytripleA counts GLI Finance aiming its shareholders, one of the leading investment funds in the world specialized in crowd-lending to SMEs.

**Sipay** is a Spanish company specialized in developing smart payment solutions for trade, adapted to each sector and to each business both at point of sale and for eCommerce, meeting the highest international security standards PCI-DSS 3.1, level 1.

**TransferZero** is the first Spanish platform specialized in international money transfers. Its technology is developed for both individual transfers and payments by Spanish companies to other parts of the world. Thanks to its technology and network of correspondents, TransferZero allows for money to be sent to the rest of the world with no wait and no commission under the regulation of the Central Bank of Spain. The service is available for money transfers between individuals and international company payments in over 200 countries and in 50 currencies in quick, easy way at click, anytime and anywhere.

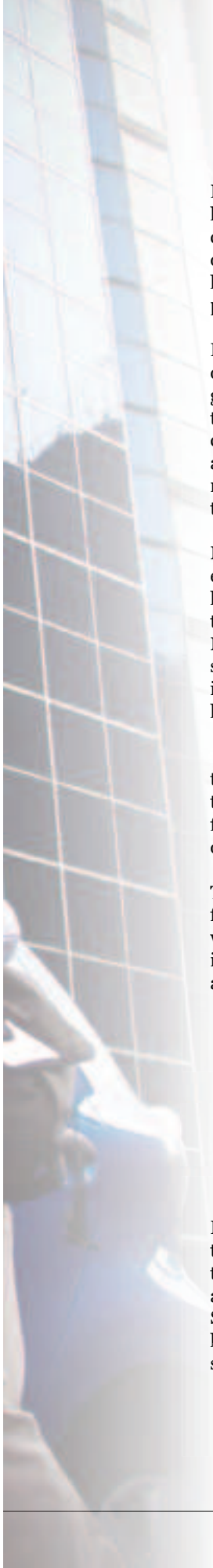


Founders of Indexa Capital.

# THE URBAN MOBILITY CHALLENGE

*The electric, shared and driverless  
urban mobility challenge*





Large cities have a big challenge facing urban mobility, the cornerstone of planning great friendly urban centres and metropolitan areas. It is a sector where, over the coming years, we will see significant technological advancement and where the driverless car will play an important role sooner than expected.

Recent studies by the United Nations confirm that, over the next forty years the urban population will grow by 75%, a problem which combined with continued population increase, will constitute a huge challenge for the world's major cities. Cities occupy a little over 2% of the planet's surface, and currently represent between 60% and 80% of energy consumption and 75% of CO2 emissions.

Madrid is the Spanish city, even the European one, experiencing the most radical change in urban mobility thanks to the different initiatives that have been taken in the capital, many of which have come from Madrid's entrepreneurs. Carsharing has been the issue that has evolved most in the last ten years and is where we can best identify the birth of initiatives linked to technology and mobile devices.

In 2004, Avancare launched a service for the collection of cars from carparks and their subsequent return. Bluemove, Respiro, Cochele and Clickcar then followed in the footsteps of this initiative. This type of service was known as Roundtrip.

The second variation would be so-called flexible or free-fleet, which consists of being able to rent the car within a specified period of time between two points in a limited area for a cost per minute (a service always offered by a company). In the case of Car2go,

Emov, Zity and Wible the vehicles are electric, with the service being named Electric Vehicle Carsharing (EVC). Other companies like eCooltra, Muving, Movo, IoScoot y COUP followed similar lines offering motosharing, a per-minute electric motorcycle rental service.

Moreover, within the collaborative economy there are already startups that have developed technological solutions for carsharing between individuals such as SocialCar, Hellobyecars and the French company Drivy. The service consists of renting a private car between individuals when it is parked.

Also we can find carpooling initiatives for sharing the expenses of a journey between two urban or suburban centres between two or more individuals. Thanks to web platforms and mobiles, interested people can be found to share journeys. The best known of these initiatives is the French start up Blablacar, which operates between cities. But there are also many other initiatives that do the same between urban areas.

Taking advantage of transport to move one person a short distance is now possible thanks to platforms like Uber and Cabify, while Uberpool allows for travellers to be added in real time to already predefined journeys and with destinations close to the proposed journey. For these services, driver must hold a VTC licence. To challenge these services, the application Ntaxi was recently created, which allows for taxis to be reserved instantly through smartphones and the same taxi to be shared provided several users share a route and for payment through mobile devices.

## GOODS TRANSPORT

But it's not just transport of people living in cities that is changing, as urban mobility also affects the transport of goods, several collaborative initiatives are starting to provide solutions to these problems. Shippeer is a platform which connects drivers travelling between Spanish cities with those who want to send a package and save money on shipping.

GOI is the first online platform that allows for the sending of voluminous items or small moving services between urban areas, such as Madrid and Barcelona. Other urban initiatives related to goods transport include Glovo, a home deliver app for all kinds of products in large cities within less than 30 minutes and the English Deliveroo, which delivers restaurant food to homes or workplaces in record time.

## PARKING SOLUTIONS

Another sector experiencing a boom in cities is the carpark and vehicle collection business. A number of startups offer parking-related vehicle collection services in different destinations with very clear strategies. Valeet, a startup that offers 5 euros/hour for collection of your vehicle anywhere in Madrid and return to the desired destination when requested by the customer.

Other two companies with collection services are Lollo and La Vacolla, simple, quick and practical solutions for vehicle parking when traveling in return for an hourly cost.

They collect, park and return your vehicles at the train station or airport requested by the customer. There are also the parking solutions in major cities like Parkclick, an app for reserving carparks online and saving 70% on normal costs; Parkfy, an app that allows you to earn money when your parking space is free, or Wesmartpark, an app that connects people who have empty parking spaces with those who need to park.

Also, worth mentioning are solutions like Parkifast, an app for first-time street parking and with one click, or Chipiapp, an app that compares Cabify, Uber and Mytaxi fares in real time to see which allows to reach your destination cheapest.

## DRIVERLESS CARS: THE PRESENT

But if we have to highlight one initiative that will have a true impact on cities it would be the driverless smart vehicle which will bring together driverless, shared, connected and electric services. There are already several initiatives underway along these lines that it is useful to highlight. Eazymoov is an open, shared platform. It is the only one with the capacity to include driverless cars from any manufacturer and geared towards private vehicles for any task necessary to avoid leaving cars parked.



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## SPECIAL FEATURE: CABIFY

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*Juan  
de Antonio*  
*Madrid 1982*  
Ceo of CABIFY

Cabify is a mobility solution founded by Juan de Antonio that offers different categories of chauffeured car transport to move around the city. The application calculates the users' cost per journey from A to B and the price is closed regardless of the duration or the chosen route. There are no supplements for high-time travel or journeys to airports or train stations.

Cabify offers five minutes' courtesy at the pick-up point for all categories (15 minutes at the airport for Lite and 30 minutes for Executive and Group). This way, clients can book their Cabify in advance or instantly. There is also a series of tailored services in the pretences section. Users can

choose these forms the app so that everything is personalised and adapted to the customer's specifications at pick-up.

Cabify offers three categories of vehicles: Lite, offering black mid to high end cars; Executive offering high-end cars and Group for groups of up to eight passengers.

Among the special services it is possible to request collection from the airport with a sign, an English-speaking driver or baby seats in the car. Cabify is currently available in Spain, Mexico and Peru.

