



*Practitioner's Point of View:  
Common Challenges of FinTech Start-ups That  
Prevent the Creation of a Sustainable FinTech  
Ecosystem*

*1st European Conference on Risk Management and Big Data in Finance*

*03/09/2019*

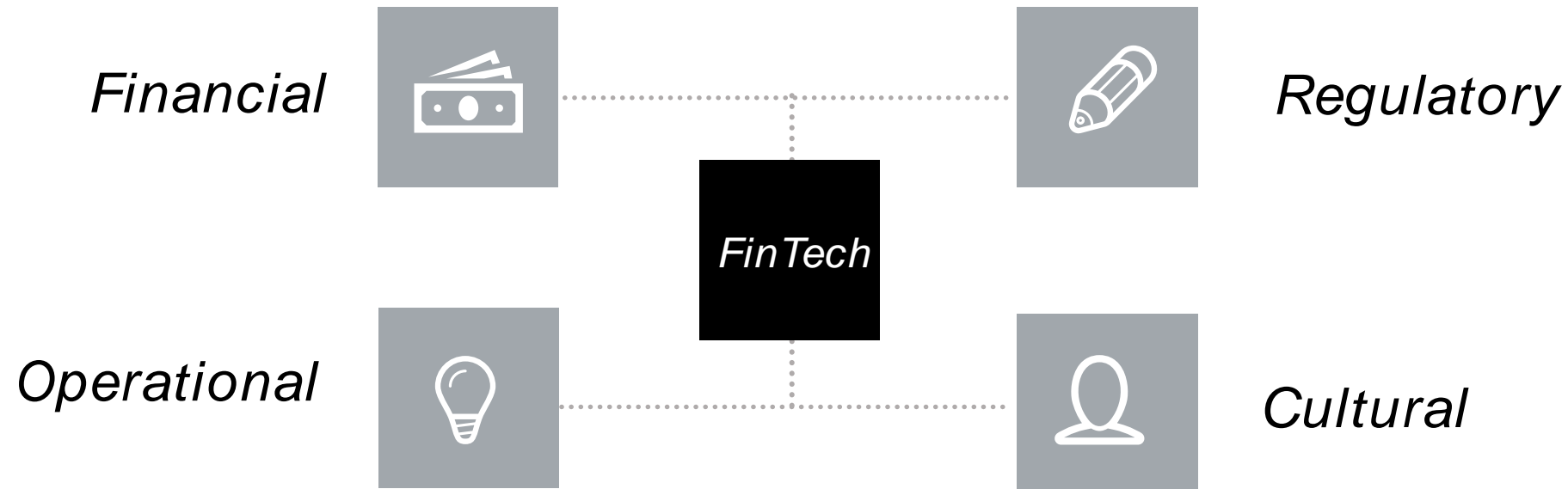
*Elif Kocaoglu-Ulbrich*

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# *FINTECH ECOSYSTEM IS GROWING*

*Issues FinTech Start-ups Face Regardless of Jurisdiction & Size*

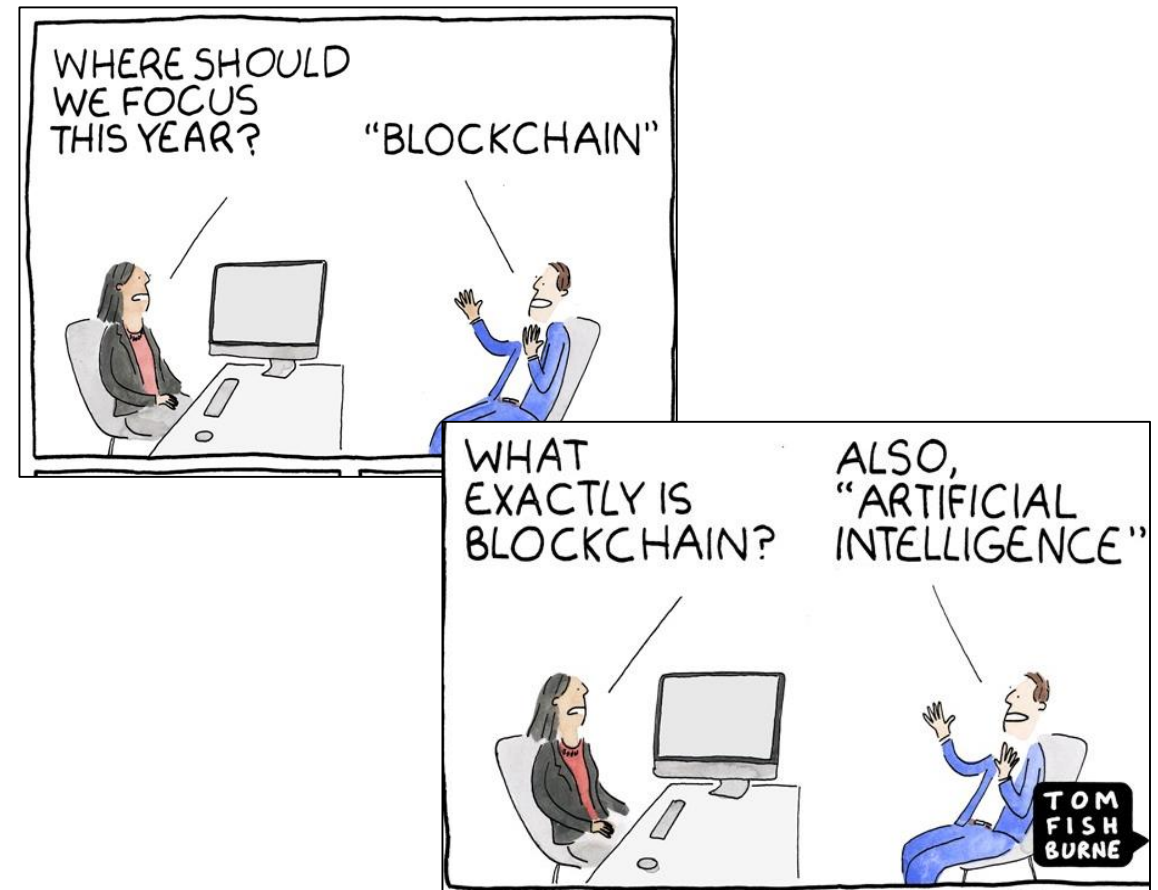


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# FINANCIAL CHALLENGES

## *Access to Finance is Harder for Some FinTech Start-ups*

- *Buzzwords: Using hyped technologies increases the likelihood of access to funding*
- *Forced Use of Technology: Start-ups feel the need to use hyped technologies and develop solutions for problems that do not exist*

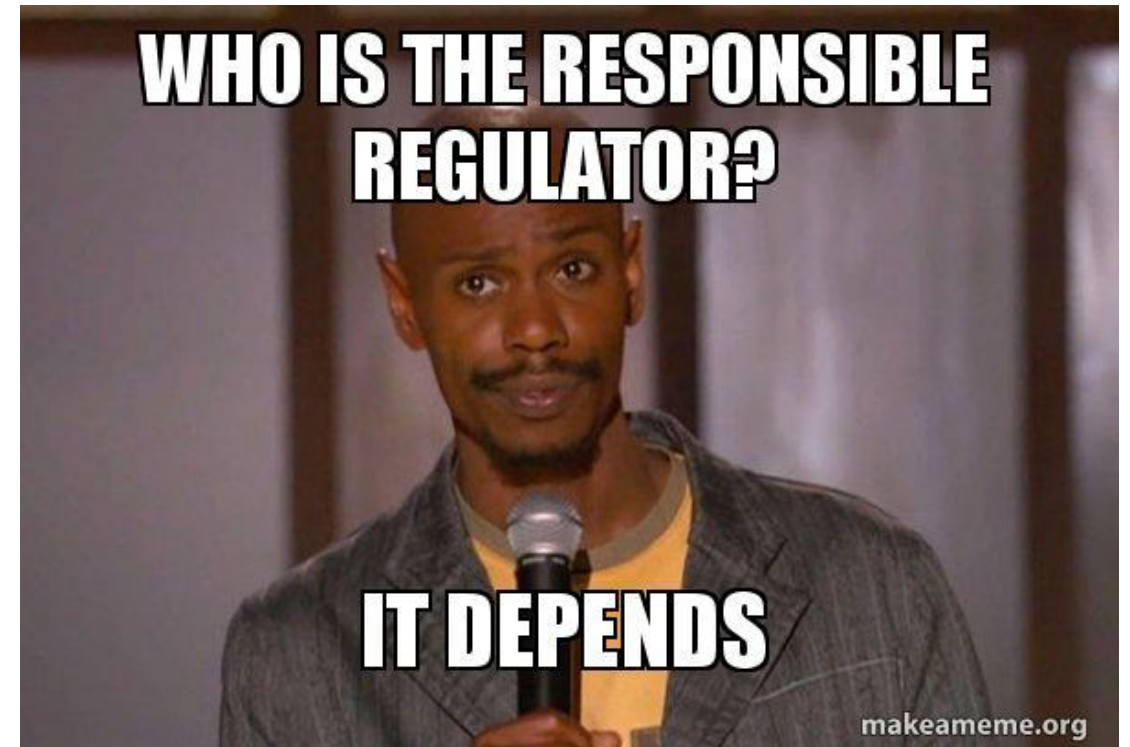


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# REGULATORY CHALLENGES

## *Lack of Standardized Regulation and Processes*

- *Harmonization: Lack of harmonized laws in the EU create competitive disadvantage*
  - *Inclusion: FinTech Councils & Sandboxes only accept a handful of FinTech start-ups*
  - *Responsiveness: FinTechs have to undergo long waiting periods & small FinTechs have no direct touch-points with the regulators*
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# OPERATIONAL CHALLENGES

*Monitoring Uses of Technology & Data is Challenging for the Regulators*

- *Use of Technology: Start-ups are not aware of the potential technology abuse scenarios*
- *Market Segmentation: BigTechs are hindering competition*
- *Data Security: There is lack of oversight on how data is used by small start-ups*



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# CULTURAL CHALLENGES

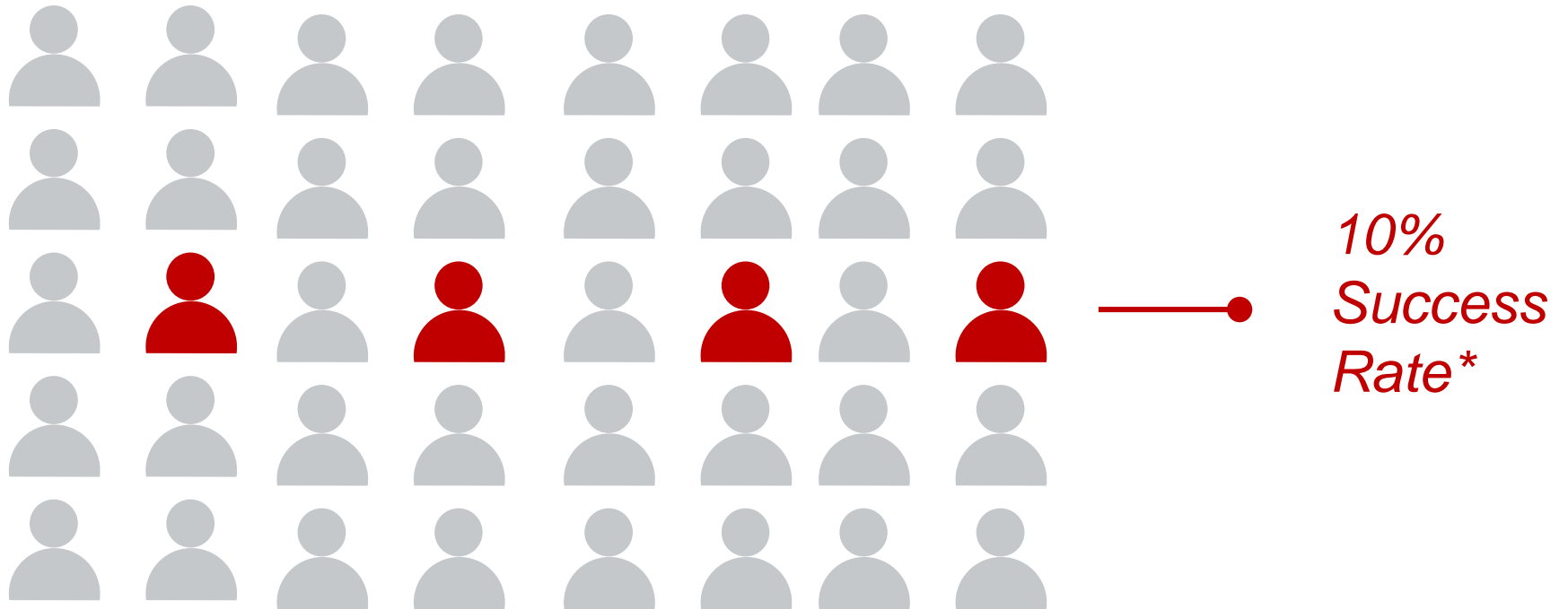
*Cultural Issues Can Impact Company Scalability*

- *Culture Clash: Integration issues between banks and FinTechs*
- *Competition: Banks and FinTechs focus on the competition rather than solutions*
- *Lack of Diversity: Women are underrepresented in FinTech (30%)*



# *BIGGEST CHALLENGE: CONTINUITY*

*90% of Start-ups Fail and FinTech Start-ups Are No Exception*





# CONCLUSION

## *Suggestions for a Sustainable FinTech Ecosystem*

### *Collaboration*

- *Clarifying which regulators are responsible for what topics*
- *Creating a register for active FinTechs*
- *Continuous exchange between regulators and all FinTechs*
- *Giving all FinTechs the chance to test their business models for a certain period of time*
- *Government backed funding*



### *Monitoring*

- *Introducing ethical boards to monitor the use of technology*
- *Creating international supervisory bodies to standardize regulations*
- *Incentivizing Diversity*



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*THANK YOU FOR YOUR ATTENTION.*  
*QUESTIONS?*

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