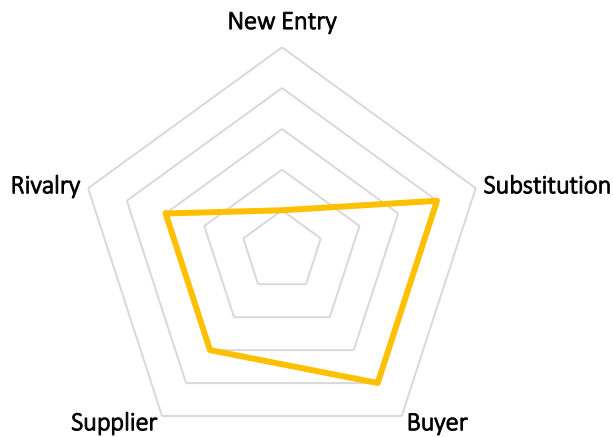


AUSTRIA



- Bargaining Power of Buyers: High
- Bargaining Power of Suppliers: Moderate
- Threat of New Entry: Low
- Threat of Substitution: High
- Industry Rivalry: Moderate

PORTER'S FIVE FORCES

Bargaining Power of Buyers

The retail industry in Austria is not that concentrated. Except for the top 3, which take up around 30% of the whole market. Other companies are in similar size and do not have major market share. Thus, the bargaining power of buyer in Austria may not be strong and it's easy for Synchrony to negotiate with these companies.

Bargaining Power of Suppliers

Our team has determined that the suppliers for fintech companies compete on a global level rather than regional or national due to the nature of the industry, fully dependent on digital technology. Data base, tech and money support don't vary a lot in different suppliers. Product is not unique (Standardized products). Therefore, supplier power is fixed.

Threat of New Entry

After sharply contracting in 2016, owing to company disinvestments, FDI inflows into Austria surged in 2017, thanks to higher economic activity and increased investments from US-based companies: Accordingly, FDI intensity surged to a six-year high of 2.3% of GDP in 2017, indicative of FDI being a relatively important economic driver. So the threat of new entry may be quite high currently in Austria.

Threat of Substitution

When Austrians speak of credit cards ("Kreditkarten"), they are usually referring to charge cards. Indeed, from a consumer's perspective, there is little difference between the two. By the end of the review period most issuing banks still did not offer cards with an activated credit function from day one. Typically, an Austrian bank will initially offer its customers a credit card, where the revolving credit function has been disabled. Once a cardholder is established, by agreement with the bank the revolving credit function is then activated. As a result, a significant number of credit cards in circulation according to ECB data are in effect charge cards.

Over the review period the active promotion of credit cards, usually under the description "Kreditkarte mit Teilzahlungsfunktion" ("credit card with instalment function"), increased notably, with major banks such as Easybank and DC Bank even starting to offer revolving credit right away. The reason for this would appear to be a search for

new profit opportunities following the EU's introduction of a cap on interbank fees. From this point of view, it's a good chance for synchrony to enter into this market because the credit card market in Austria is still not mature, and there is fewer substitutes in this market.

Industry Rivalry

The competence in Austria may not be fierce because the number of major Fintech company is quite low compared with other countries. There are only 13 major Fintech companies in Austria and most of them are just startups and do not have a lot of capital. But we do need to point out two companies. The first one is Blue Code, it is a mobile payment company and it already cover almost 70% of food retails in Austria. Therefore, we do not recommend synchrony choose food retail if it decides to enter Austria. DaoPay is another company we need to notice, it is an online payment company and growing its market share. Synchrony needs to keep an eye on this company if Austria is your final choice.

IMPLICATIONS FOR SYNCHRONY

Austria is another potential market for Synchrony to enter.

First, the retail industry in Australia is not that concentrated. Except for the top 3, which take up around 30% of the whole market. Other companies are in similar size and do not have major market share. Thus, the bargaining power of buyer in Austria may not be strong and it's easy for synchrony to negotiate with these companies.

Second, When Austrians speak of credit cards ("Kreditkarten"), they are usually referring to charge cards. Indeed, from a consumer's perspective, there is little difference between the two. By the end of the review period most issuing banks still did not offer cards with an activated credit function from day one. Typically, an Austrian bank will initially offer its customers a credit card, where the revolving credit function has been disabled. Once a cardholder is established, by agreement with the bank the revolving credit function is then activated. As a result, a significant number of credit cards in circulation according to ECB data are in effect charge cards. From this point of view, it's a good chance for synchrony to enter into this market because the credit card market in Austria is still not mature, and there is fewer substitutes in this market

Third, the competence in Austria may not be fierce because the regulation of banks. Local banks do not usually provide credit cards to local residents. But we could predict an increasing amount of credit cards provided by local banks in recent years. But there are high possibilities that Synchrony could earn its place under current environment.