

Mapping the Danish Fintech Sector 2018



The Danish Fintech Sector at a Glance

This study examines the development and growth of the Danish fintech sector since 2015 – the year when CPH Fintech was established. In short, the study shows that the Danish fintech sector has experienced significant growth since 2015:

- **From 2015-2017 fintech employment in Denmark has increased with around 1260 jobs.**
- **Jobs in fintech start-ups and the established financial sector have increased significantly from 2015 to 2017.** With approximately 600 new jobs created since 2015 the number of jobs in fintech start-ups has grown with more than 60 pct. The established financial sector has seen a significant job increase with around 670 new jobs created since 2015.
- **Fintech investments in Denmark has more than quadrupled** since 2015 reaching 420 million DKK in 2017.
- **Copenhagen/Denmark is seen as an attractive place for running a fintech company.** More than 80 pct. of the fintech companies find that Copenhagen/Denmark is attractive in terms of starting a fintech company and for doing business.

The study has been conducted by Oxford Research in spring 2018. Results are based on a systematic mapping of fintech companies in Denmark, employment data from Statistics Denmark and Danish Employers' Association for the Financial Sector and an e-survey to Danish fintech companies.

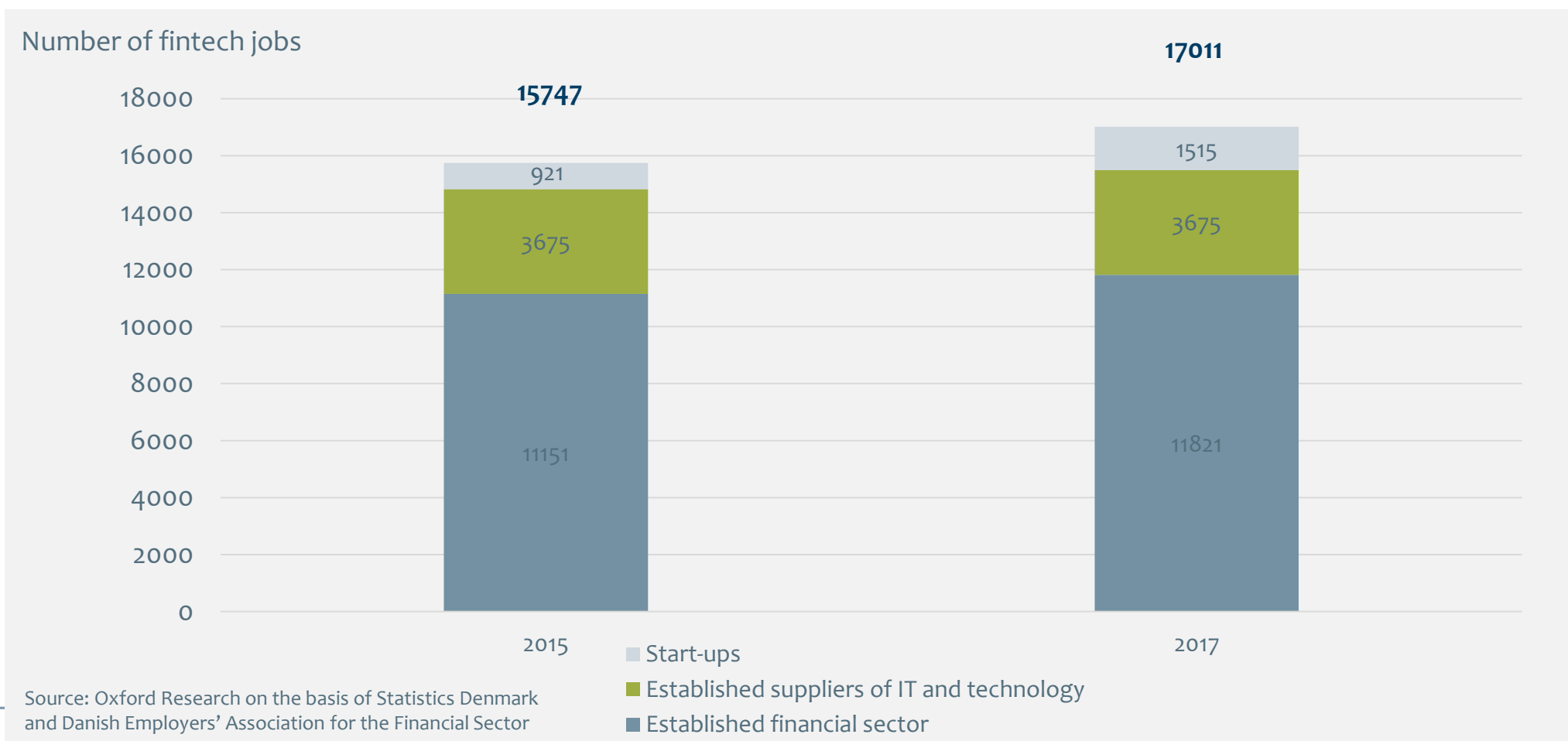
The Danish fintech sector

Fintech is defined as 'digital financial technologies'. The fintech sector is made up of both start-ups and established players from the financial services sector. The established players covers banks, pension funds, insurance companies and mortgage lenders as well as established suppliers to the financial service sector of technology and digital consultancy services. In 2017, the Danish fintech sector employed around 17.000 people (2017).

In 2015 Oxford Research carried out the first mapping of the Danish fintech sector in the study 'Copenhagen as a Nordic Fintech Hub'. The approach and methodology in the current study has however been refined and changed slightly. Thus, numbers and results in the two studies cannot be directly compared.

Total number of fintech jobs in Denmark

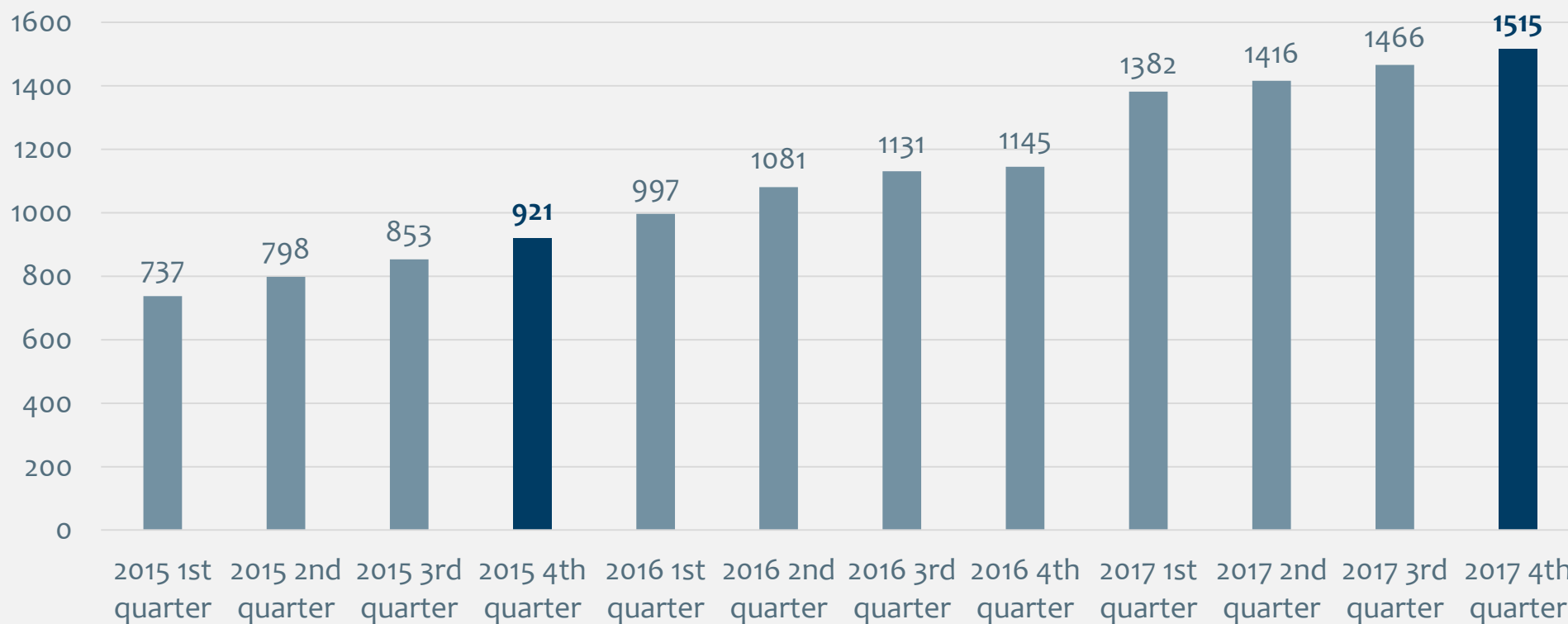
Total number of fintech jobs in Denmark has increased by around 1260 jobs from 2015 to 2017 – an 8 % increase. As seen from the figure below, the job growth can be attributed to a significant increase in the no. of jobs in start-ups (around 600 jobs in two years) as well as a significant increase in the no. of jobs in the established financial sector (around 670 jobs). In reality the actual increase might be even larger, because we cannot estimate the fintech job development in the group of established suppliers of IT and technology.



Jobs in fintech start-ups in Denmark

From 2015 to 2017 the number of jobs in fintech start-ups in Denmark increased from app. 700 jobs to 1500 jobs – more than a 100% increase. Our job calculation of start-up jobs in the total no. of fintech jobs is based on the data points 2015 4th quarter (921 jobs) and 2017 4th quarter (1515 jobs).

Number of jobs in fintech start-ups

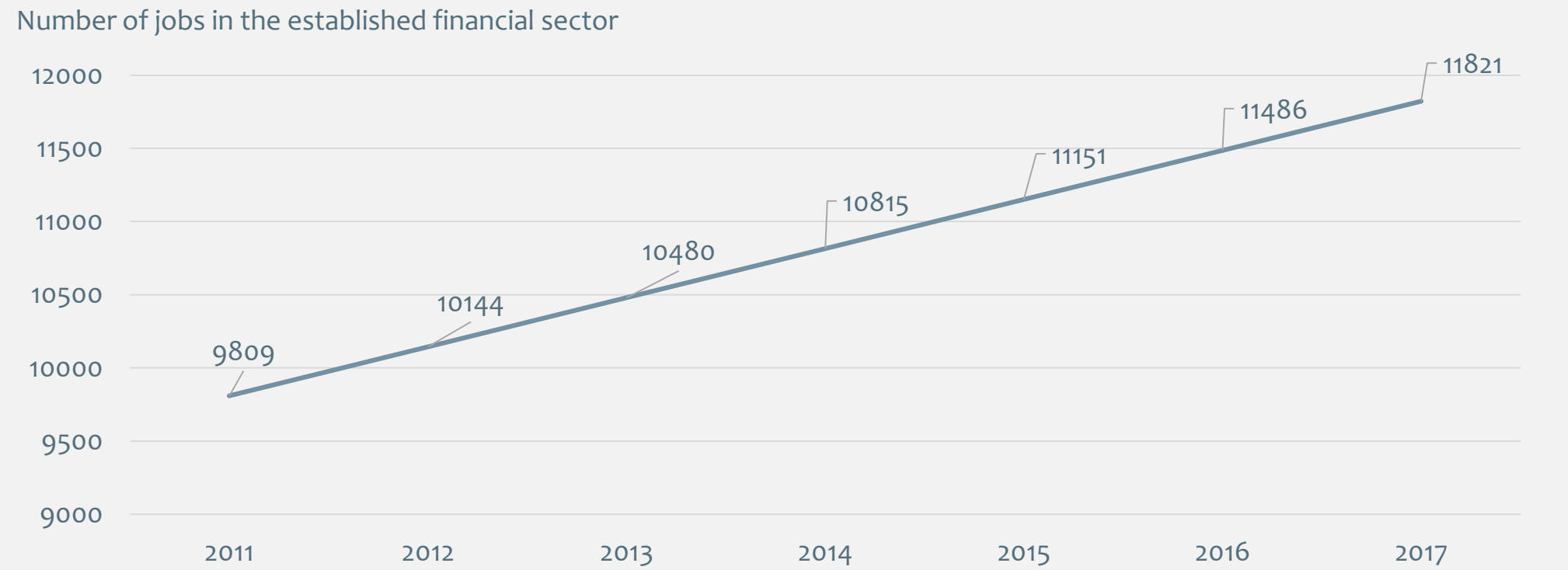


Source: Oxford Research on the basis of Statistics Denmark

Jobs in the established financial sector

From 2011 to 2016 the number of jobs in the established financial sector has increased from app. 9800 jobs to 11500 jobs – an annual estimated increase of 335 jobs. The estimation is based on employment data from FA’s statistical assessments of no. of IT employees in 2011 (9809 jobs) and 2016 (11486 jobs). Based on this we have extrapolated the annual estimated job increase (335 jobs) from 11486 in 2016 to 11821 jobs in 2017.

Our job calculation in the established financial sector is based on the data points 2015 (11151 jobs) and the extrapolation to 2017 (11821 jobs).



Source: Oxford Research on the basis of The Danish Employers’ Association for the Financial Sector’s (FA) statistical assessment of no. of IT employees

Jobs in established suppliers of IT and technology

Our data from Statistics Denmark shows that the no. of employees in established suppliers of IT and technology has varied from 2015 1st quarter to 2017 4th quarter. Since we cannot say, if the variations in no. of jobs is related to fintech employment, we have chosen the mean no. of jobs from 2015 1st quarter to 2017 4th quarter. Thus, we have used the same no. of jobs (3675 jobs) in 2015 and 2017.

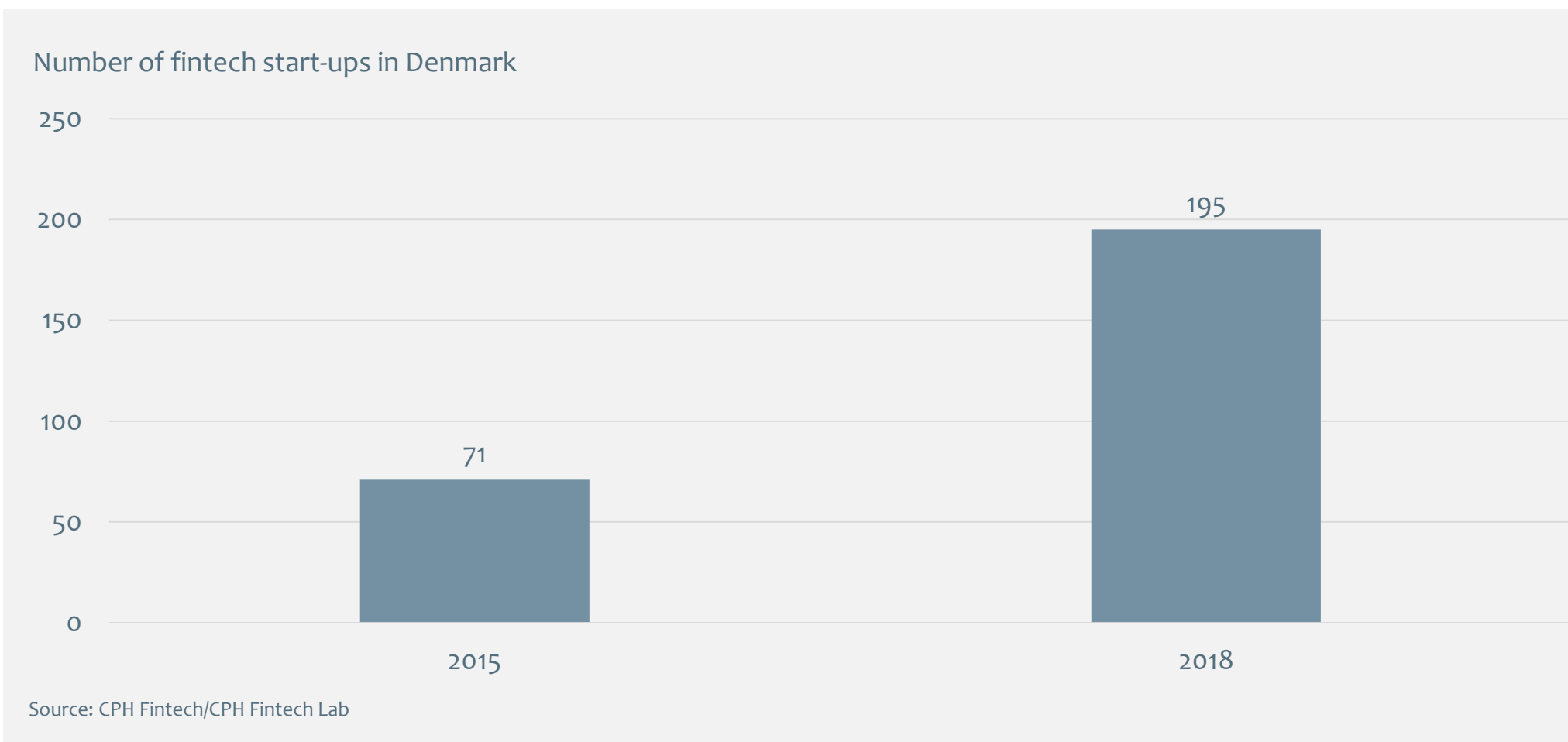
In reality, we find that it is plausible that the number of fintech jobs among established suppliers of IT and technology has actually increased. In the survey, more than 40 pct. of the established suppliers of IT and technology indicate that their number of fintech employees has increased during the last two years. In addition, around 80 pct. of the established suppliers of IT and technology expect an increase in fintech employment in the coming two years.

The development in the number of Fintech employees during the last two years (Established suppliers of IT and technology)

We have increased the number of employees in fintech	43%
We are more or less the same number of employees in fintech	43%
We have decreased the number of employees in fintech	5%
Don't know	10%

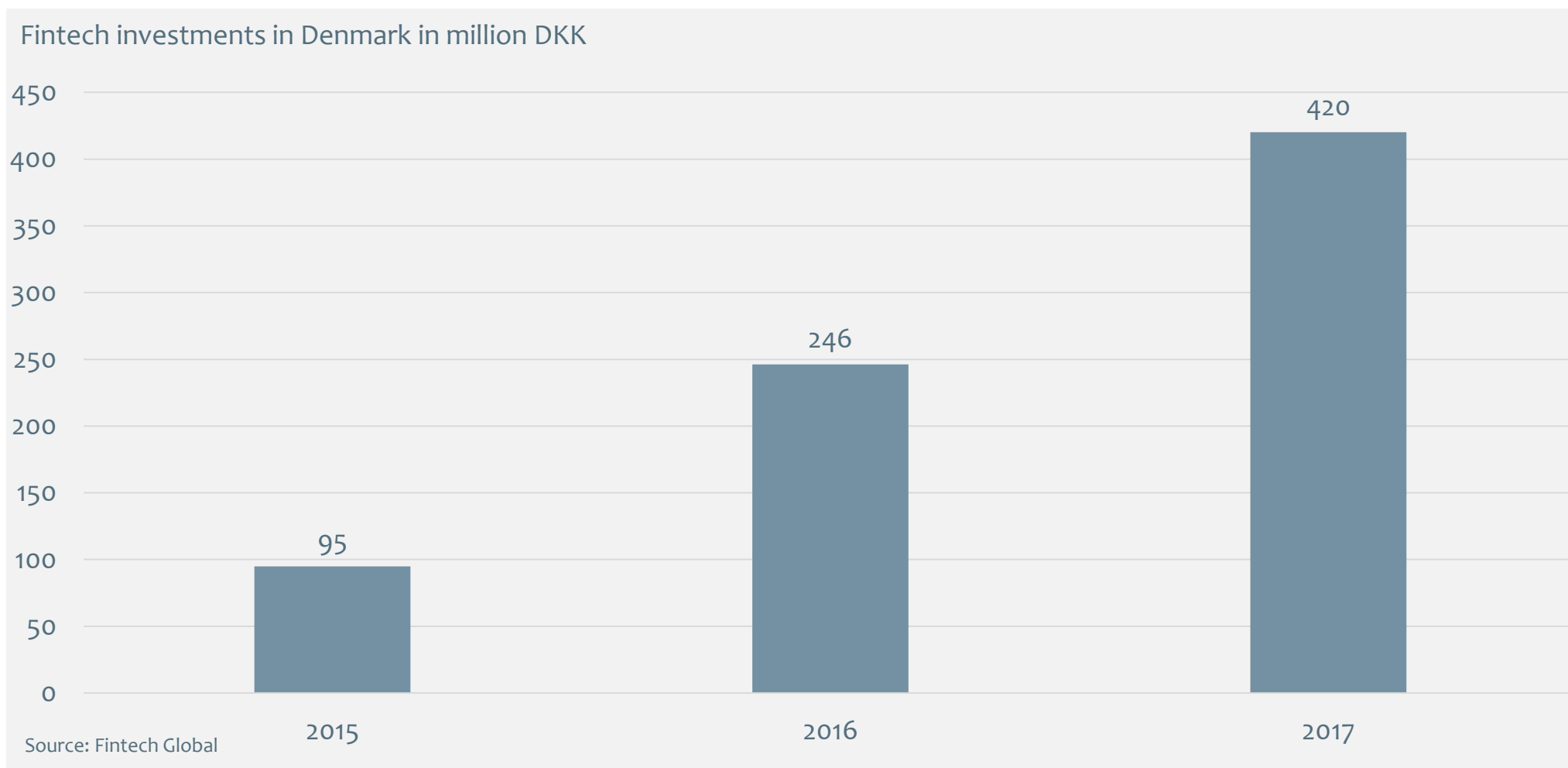
Number of fintech start-ups in Denmark

The number of fintech start-ups in Denmark has nearly tripled since 2015. Today the Danish fintech scene hosts 195 start-ups.



Fintech investments on the rise

Fintech investments in Denmark more than quadrupled from 95 million DKK in 2015 to 420 million DKK in 2017.



Future growth expectations

As part of the mapping we have conducted a survey of fintech companies in Denmark asking among others to growth expectations. 90 pct. of the responding fintech companies expect to increase the number of employees working with fintech. More than 60 pct. expect an increase in fintech employment by more than 10%.

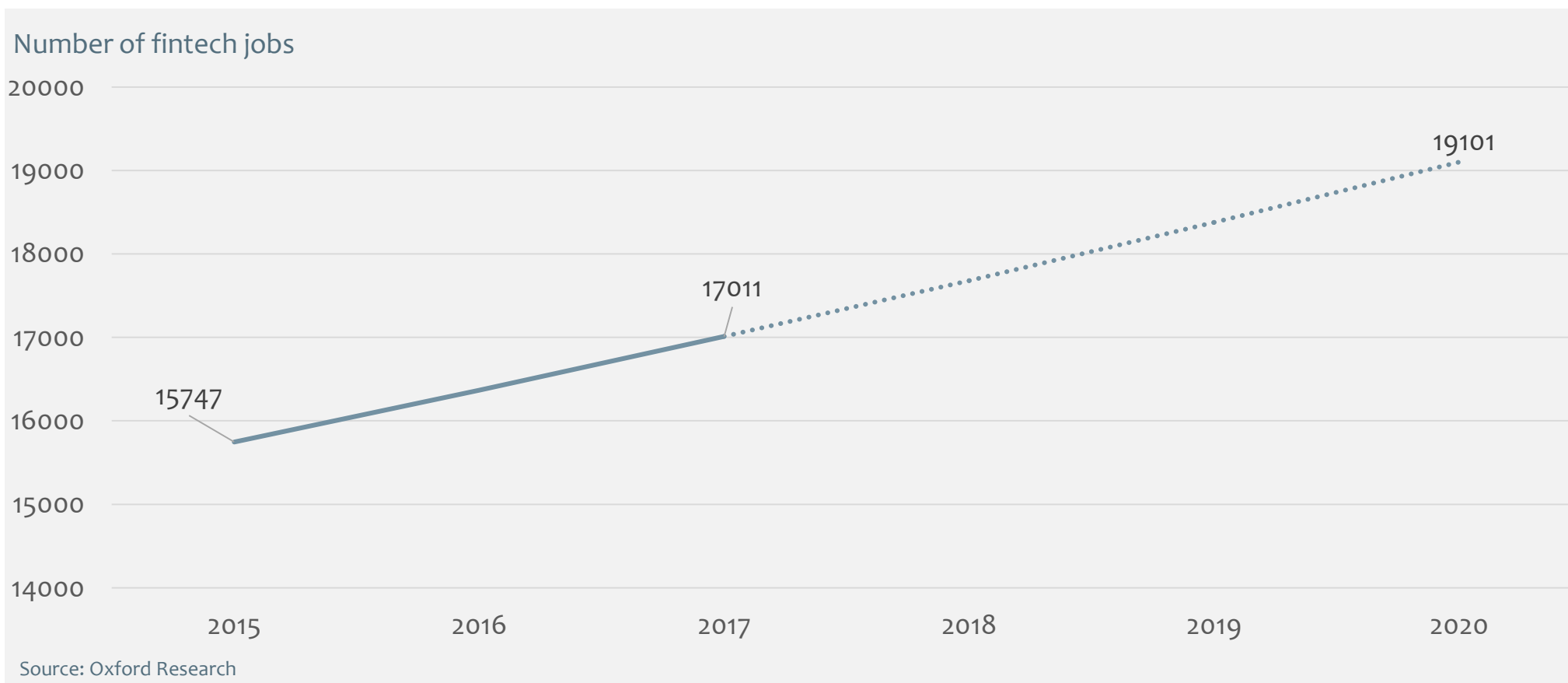
Fintech companies' growth expectations for the next two years

We will decrease the number of fintech employees	1%
We will be more or less the same number of fintech employees	9%
We will increase the number of fintech employees with 1 - 5%	8%
We will increase the number of fintech employees with 6 - 10%	20%
We will increase the number of fintech employees with more the 10%	62%

Source: Oxford Research (survey to fintech companies in Denmark 2018)

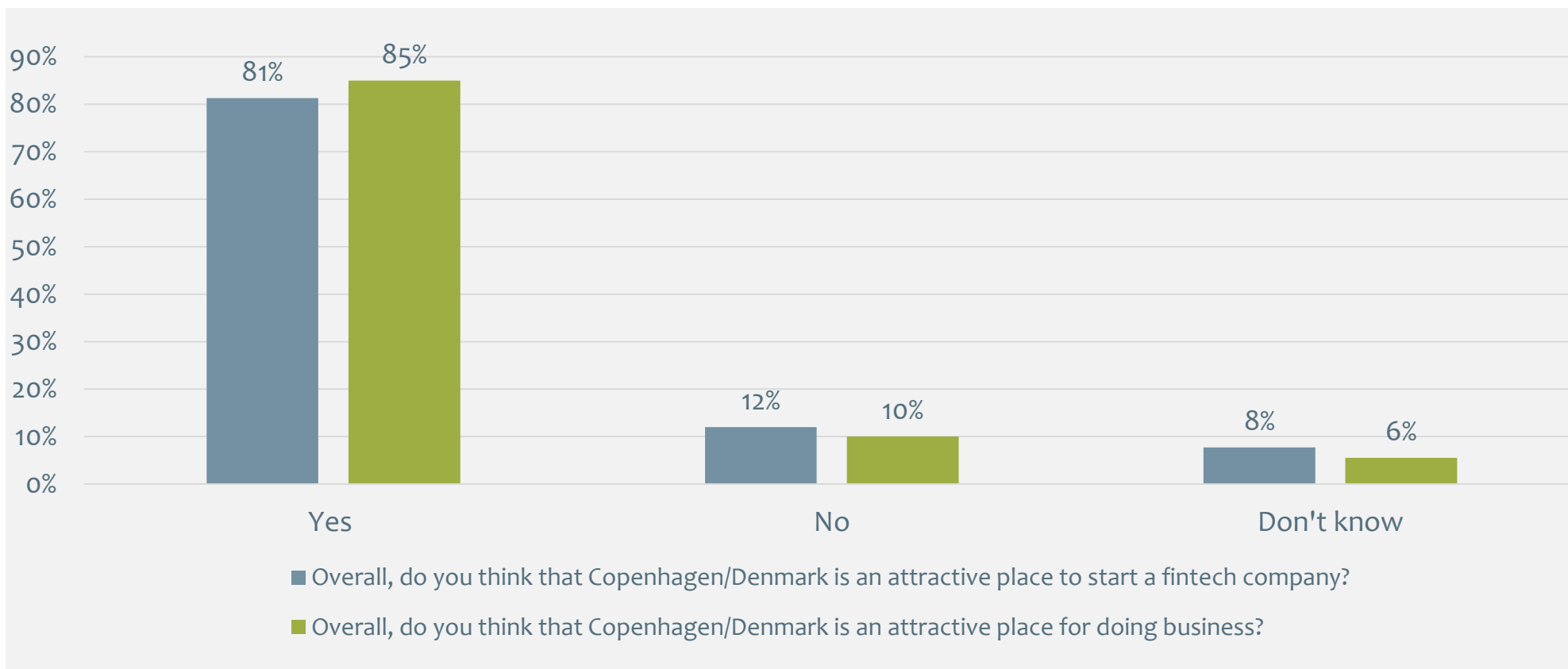
Future growth expectations

So far, we have seen an annual growth in the total number of fintech jobs by app. 4% from 2015 to 2017. If we assume that the yearly growth rate remains stable, almost 3400 new jobs will have been created in the period from 2015 to 2020. However, as already shown the future growth expectations of the Danish fintech companies are significantly higher.



The attractiveness of running a fintech company in Copenhagen/Denmark

The fintech companies find that Copenhagen/Denmark is an attractive place to run a fintech company. The survey results speak for themselves. Firstly, around 81 pct. consider Copenhagen/Denmark to be an attractive place for starting a fintech company. Secondly, around 84 pct. find that Copenhagen/Denmark is an attractive place for doing business.



Source: Oxford Research (survey to fintech companies in Denmark 2018)

The importance of CPH Fintech/CPH Fintech Lab for the development of fintech start-ups

The fintech start-up scene generally finds that CPH Fintech/CPH Fintech Lab has been important to the development of their businesses. The survey shows that more than 80 pct. assess that CPH Fintech/CPH Fintech Lab has had an importance (in various degrees) to their business development

To which degree has CPH Fintech/CPH Fintech Lab had an importance to the development of your business? (start-ups)

To a high degree	35%
To some degree	27%
To a low degree	19%
Not at all	17%
Don't know	2%

Source: Oxford Research (survey to fintech companies in Denmark 2018)

