

**YESMILANO**

# MILANO FOR FINTECH

2021



# **MILANO FOR FINTECH**

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# WHY MILANO



**International  
Financial Hub**



**Thriving start-up  
ecosystem**



**World class  
talent pool**



**One of the  
wealthiest regions  
in Europe**



**International  
Outlook**



**A Gateway  
To Europe**



**Excellent  
Infrastructure**



**A Welcoming  
And Proactive  
Government**



**Competitive  
Incentives**



**Quality  
Of Life**

# WHY MILANO



## 10 good reasons to invest on Milano:

- Home to **11,000 financial companies**, including the Italian Stock Exchange
- A leader in Smart Payment, Insurtech, Capital Markets and Trading, Money Management and Lending
- 70,000 financial services employees, **200,000 university students** and over 2,000 start up companies
- **€49,198 GDP per capita**, 30% higher than the EU average
- Milano's Fintech District partners with 15 international fintech hubs and local lending operators
- **A gateway to Europe, the Middle East, Asia**, with 3,000 flights to 185 destinations every week (2019)
- The first major city in the world to launch **5G**, with efforts to educate residents about access and opportunities
- The City government is led by a company executive, turned politician, who is leading **Milano's renaissance** and is determined to strengthen its international and national standing
- Highly competitive corporation tax, super- and hyper-depreciation, tax credits for training and R&D, and employment incentives
- **Quality of life** is among the best in the world: High quality housing at competitive prices, international schools, state-of-the-art health system, efficient public transport system, and thriving cultural and food scene



# SNAPSHOT OF ECOSYSTEM

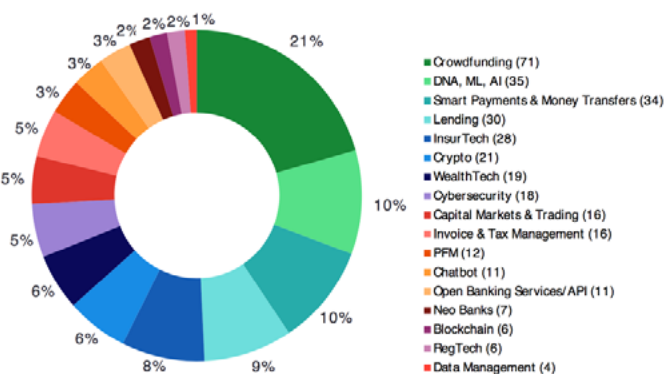


**Milano is a top three European city for fast growing startups, and the city has recently attracted unprecedented levels of venture capital<sup>1</sup>**

Many fintech companies now choose Milano as the city for their headquarters or regional hub, thanks to the city's favorable environment for startups and early technology adoption, as well as its broad expertise in ancillary and technological solutions. The cluster was recently rated "good" or "better than average" for its proximity to expertise, proximity to customers, presence of foreign startups, and innovation culture.<sup>2</sup>

The Italian Fintech Ecosystem is a heterogeneous and fast-growing market with a high potential. From 2011 to 2019 FinTech companies in Italy grew at +28% annual rate, passing from 16 to 345 with Milano leading this growth and attracting increasing investments.

Funding to Italian FinTech startups grew at a Compound Annual Growth Rate of over 60% from 2016 to 2019 and in 2019 Italian Fintech startups received 261 mln, settling a new record for the country.



Break-down of Italian FinTechs by classification, EY 2020  
(Notes: 1 Financial Times, 2019 - 2 Farindustria Report, 2017)



# SOME STATS



## +28%

Milano has seen 28% year-on-year growth in fintech startups and 30% growth in fintech revenue <sup>3</sup>

## 45%

45% of all the fintech firms in Italy are actually located in Milano

## 51%

Italy has seen 51% year-on-year growth in the adoption off in tech services <sup>4</sup>

## +58,5K

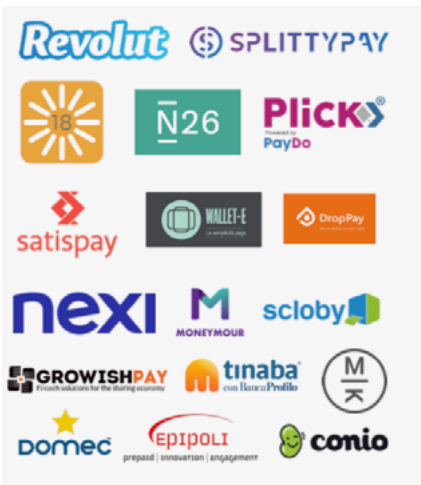
Over the next 4 years, fintech disruptions are expected to create between 58,500 and 73,300 jobs in Italy <sup>5</sup>

# FINTECH COMMUNITY

Milano is a vibrant and international fintech ecosystem with a diversified supply of products and solutions. The startup community is strongly supported by government, regulators — Banca d'Italia and Consob — universities and large financial institutions.

In 2017, the Fintech District was created in Milano, which has become the established reference point for Italy's fintech ecosystem. It aggregates leading fintech operators and technology, media and capital partners for the development of the industry, by promoting collaboration, competition, service interoperability and open innovation.

## Payment



## Tech Enabler



## Lending



## Wealth & Asset Management



## Money Management



## Cybersecurity



## Regtech



## Insurtech



## Capital Trading



**Milano has given birth to more than 155 fintech startups focused on Insurtech, Regtech, Capital Markets and Trading, Payments, Money Management and Lending. They are enjoying rapid growth, both in terms of numbers and revenues.**

**The community also recently created Italia Fintech and AssoFintech business associations, which advocate for regulations and standards which will support the continued growth of new fintech instruments.**

Many traditional Milanoese financial services companies are embracing the fintech community, not seeing it as a threat, but as a stimulus and starting point for future partnerships. The city has 25 incubators and accelerator programs for startups and scaleups. In 2018, Credit Agricole opened an innovation hub "Le Village" in Milano.



# SMART PAYMENT & NEW BANKS



**Banca d'Italia recently introduced "Target Instant Payment Settlements"(TIPS), which guarantees almost immediate settlement and is leading to exponential growth of new payment systems. As a result, Milanese fintech firms, such as Satispay and Nexi, are at the vanguard of smart payment solutions.**

Italy is experiencing a fast increasing in the adoption of mobile payments, especially among younger generation. 13,7 mln Italians (25% of the population between 18 and 74) have benefited from at least one FinTech or InsurTech service in 2019. Smart payment companies' revenues have grown 38% year-on-year. In 2017, mobile proximity payments grew 600% year-on-year, and are expected to reach €15bn within 5 years <sup>8 7</sup>



Now counting Tencent and Square among its shareholders and €93 mln secured in funding, Satispay is the fastest growing Italian fintech company in payments, with over 1,3 mln active users and more than 130.000 merchants. In the first ten months of 2020, a number of payments equal to approximately 21.5 million was recorded, for a total value of 400 mln euros, up by 78% compared to the same period in 2019.

In addition, the startup was reconfirmed among the 250 fastest growing Fintechs in the world according to CBInsights and in September it was included by LinkedIn in the ranking of the top 10 startups to work for in Italy.

# ALTERNATIVE LENDING



**Milano's alternative lending sector is strong and mature, with 75% of revenues generated by companies which are more than five years old. The revenues of this sector have grown 29% year-on-year.<sup>8</sup>**

The city is home to numerous alternative lending companies which enable credit scoring, focus on business and/ or consumer lending, do invoice financing and offer comparison tools and marketplaces.



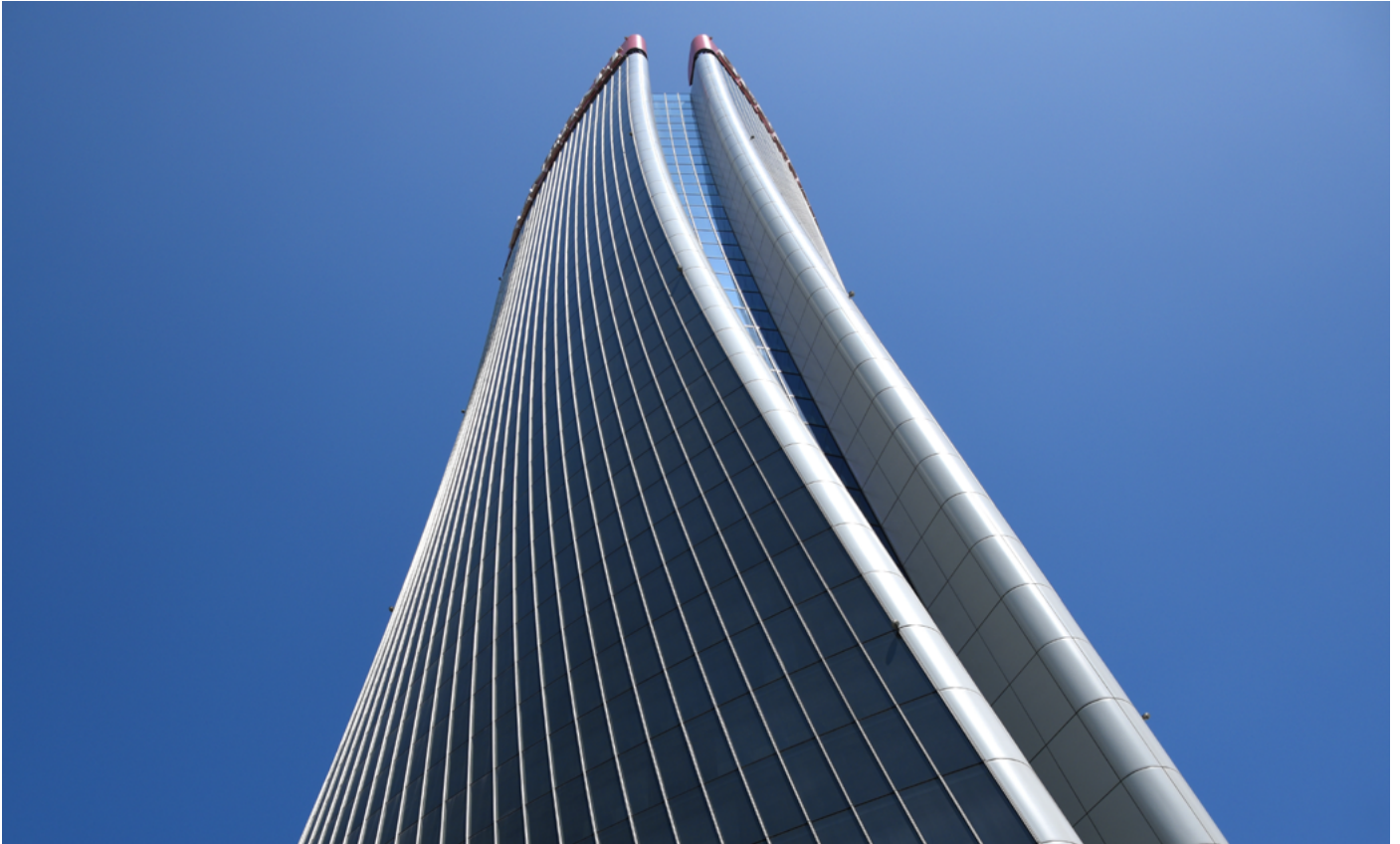
October is a leading small business lending platform. It opened its Milano office in 2017 and employs 19 people for its Italian operations.

October's instant lending uses machine learning techniques to assess the risk of corporate default and is based on the previous analysis of the more than 131,000 loan applications received by the platform from 2015 to date in the various countries in which it is active.

Concerning the Italian market, October has financed 156 business projects for over € 76 mln.



# INSURTECH



**The Italian insurtech market has seen exponential growth in recent year, with insurtech companies' revenues growing 97% in 2016, 71% in 2017 and 46% in 2020. <sup>9</sup>**

Moreover, between 35 and 45% of Italians say they are willing to share personal data in exchange for more tailored insurance policies. <sup>10</sup>

**prima**.it

Prima.it is an Insurtech firm, which distributes online insurance policies for cars, motorcycles, and vans. Through its online services, Prima.it enables its users to save time and manage all aspects of their insurance policies. In 2018, Prima.it became the first company in Italy to raise €100 M in a single VC ROUND.



Credimi is a lending platform in Milano, dedicated to Italian companies of any size, which makes the financing of invoices quicker, simpler and more transparent than any other alternative available.



FinLeap is a fintech company builder which entered the Italian market in 2017. Milano was chosen as its hub and it has since helped to create 16 fintech companies, as well as making several acquisitions.



Illimity is a startup “neobank” which raised about €600m mainly from foreign investors and subsequently merged with Banca Interprovinciale. In 2019, Illimity listed on the Italian Stock Exchange and now employs over 200 people.



Fabrick is a financial ecosystem that helps financial companies create innovative solutions for their end customers. The platform offers new ways of doing banking: open, modular and data driven, and offers a vast ecosystem of quality services.



Moneyfarm is a digital wealth manager that provides a unique combination of simple investment advice and discretionary management to help people grow their wealth over time. It is a fast growth company with more than 50,000 active investors and has secured £60 million in capital.



Elite is a global community that spans 33 countries, with a clear vision to give start-ups access to capital, skills and networks needed to scale up and make a lasting economic impact. Elite is part of the London Stock Exchange group, with headquarters in Milano.



# TALENT BASE

## Milano has highly ranked universities that offer diverse and challenging approaches to education

Milano also has one of the lowest unemployment rates in Europe, which is attractive to international students. The city's 11 universities and academies admit 200,000 students, of which 10% are international, 10,000 are studying software engineering and 29,000 are studying economics, management and finance.

The city also has a wide expat community compared to its peer cities, and is increasingly known as a laboratory for creativity and innovation. As a result, it registers 20% of all Italian patents, despite only being 8% of the Italian population. Milano's young, diverse population are early technology adopters, making the city the perfect testing ground for new fintech products and services. The chart below shows the average salaries for the most researched profiles in the Industry.

11 QS, 2019 - 12 QS, 2019 - 13 Milano Observatory, 2017

### 2nd Bocconi University

Bocconi University ranked second in continental Europe for accounting and finance, as well as business and management, and is first for economics and econometrics <sup>11</sup>

### 3rd Politecnico di Milano

Politecnico di Milano is ranked third in continental Europe for technology and engineering <sup>12</sup>

### 23% Fintech Penetration

23% of Italians used at least one fintech service in 2019, while 56% of bank customers are active on smartphones, tablets or PCs <sup>13</sup>

Role	Gross Annual Min	Income Max
Cyber Engineer	€ 29,679	€ 40,569
AI/ ML engineer	€ 29,921	€ 42,584
Full stack developer	€ 22,612	€ 30,284
Data scientists	€ 28,961	€ 38,980
Programmer /Software Engineer	€ 25,403	€ 34,545
Marketing Specialist	€ 25,519	€ 34,103
Financial Analyst	€ 25,519	€ 44,312

# INDUSTRY AND START-UPS

**Milano is a global hub for financial and business services, fashion and design, architecture, engineering, life sciences, food and culture.**

7 of the world's top 10 multinational companies operating in the country have their branch office in Milano, including Google, Facebook, Microsoft and Cisco. Being the Italian economic capital, Milano is home to 4700 multinational companies, employing more than 501,000 residents.

The Venture Capital sector has experienced a strong growth. In 2018, VC investments in Fintech Firms were 13 times higher than those in 2017. Milano alone gathers 61,6% of the total VC investments in Italy.

## COWORKING SPACES

In Milano there are over 60 coworking facilities. **Copernico**, **Talent Garden** and **Impact Hub Milano** are among the most popular ones in terms of size and international appeal.

The average monthly fares start from 45€ to 350€ for the most exclusive packages.

For more information about the coworking space in Milano please visit:

<https://www.yesmilano.it/en/startups-ecosystem>

12,000  
Financial  
Companies

12,000  
Fashion  
Companies

15,000  
Creative  
Companies

12,000  
Comms  
Companies

7,000  
Engineering  
Companies

4,500  
Design  
Companies

# BORSA ITALIANA



**Milano is home to the Italian Stock Exchange, which has 455 listed companies and a market cap of over €688 billion. Borsa Italiana was recently acquired by Euronext, becoming the largest revenue contributor of the Combined Group, thus playing a key role in its future operations, strategy and governance.**

Milano is home to major financial institutions such as Unicredit, Mediobanca, Banca BPM and Intesa Sanpaolo, as well as global players like BNP Paribas, HSBC, Citibank and ING.

**Revolut**

«We chose Milano as Revolut South European Hub because the city stands out in Europe in both the financial and innovation sectors. Milano is Italy's leading force for new trends, especially in the Fintech sector. The city is also strategically located for the administration of Southern Europe. »



# BANCA D'ITALIA X FINTECH



**A new structure dedicated to the tasks of impulse and coordination in the Fintech field is being set up within Banca d'Italia. It will also have the role of surveillance of the supply chain of retail payment instruments and services.**

Tasks include enhancing the complementarity between the use of cash, electronic payments and digital services and strengthening the ability to observe trend that could lead to the development of new activities and new products in the future.

Working along the innovation hub (known as Canale FinTech) already operating within Banca d'Italia, it represents a shift in the banking paradigm. The result, indeed, is a new ecosystem which, enriched with technological innovations and strong recent regulatory interventions, stands today as a fertile ground for a flourishing of complex solutions, already diversified even on a taxonomic level.



Established in 1893, Banca d'Italia is a public law institution regulated by national and European standards. Its main function is to achieve price stability and the efficiency of the financial system in implementation of the principle of protection of savings enshrined in the Constitution.

# MILAN FINTECH SUMMIT



Milan Fintech Summit is a new international meeting, organized by Fintech District and Business International, with the support of Milano&Partners and Italia Fintech.

The first version of the event will be held digitally on **December 10th 2020**, while the first physical meeting is scheduled for **October 4th-5th 2021**.

Business networking, fintech culture reinforcement, talent & investment attraction are the aims of the event, which will also be an opportunity to strengthen the ties between the innovation sector and the many incumbents, headquartered in the city. The event will host international experts and the most innovative companies. An opportunity to present new ideas and products and to foster open innovation.

Milan Fintech Summit confirms the city's international role in the Fintech sector and it's a token of its continuous growth.

[www.milanfintechsummit.com](http://www.milanfintechsummit.com)

# NEXI-SIA-NETS: THE ITALIAN GIANT OF DIGITAL PAYMENTS



**The recent merge of Nexi and Sia, two major Italian companies active in the digital payments sector, was followed by the acquisition of private-equity owned rival Nets. Such operations gave birth to Europe's biggest payments firm by volume in a quickly consolidating industry.**

The new Italian group has an estimated capitalization of more than 15 billion euros and is now one of the ten most valuable companies among those listed on the Milan Stock Exchange and one of the largest in Europe in the field of digital payments.

It is the largest in continental Europe in terms of number of merchants, number of cards and number of acquiring transactions and number of cross-border payment transactions, with about 2 million merchants, about 120 million cards issued, a total number of annual transactions processed amounting to over 21 billion, 5,500 employees and a presence in 15 countries, mainly in Europe.



# MILANO SUCCESS STORIES



The German neobank that offers mobile banking solutions via app including international money transfer, investment, overdraft, and cash withdrawal and deposit at stores entered Italian market in 2017 and has now more than 500K Italian clients.



The French fintech that provides an online platform designed to connect and facilitate financial transactions between lenders and borrowers in 2016 chose Italy as first destination for its international expansion. Only two years after the launch in Italy, Younited credit reached 100 million disbursed, earning the title of first reality in Italian social lending to overcome this goal.



The German Open Banking platform designed to connect banks and depositors, today one of the fintech unicorns in Europe, chose Milan as one of its major financial hub in 2018.



The British scaleup fintech that assists companies in all major operations involving money transfers abroad in 2019 was the first fintech company to obtain the approval for Guarantee Italy to provide Italian SMEs with guaranteed loans.



The French insurtech startup that offers insurance companies, bancassurance operators and brokers a platform based on IA to support their activities chose Milan as starting point for its international growth. In 2020 it opened its first Italian office within LeVillagebyCA, the city innovation hub created by Crédit Agricole.



The French neobank that offers online banking services dedicated to professionals and SMEs to help businesses and freelancers run their finances efficiently in 2019 chose Italy as first destination market for its international expansion. Since then Qonto in Italy has seen its customers grow by an average of 25% each month. The company has now more than 100K Italian clients and over 300 million euros of transactions managed. "The Italian market has given already in the first week since the launch, and is continuing giving, great satisfaction... Our turnover has also doubled in the first quarter of 2020 compared to the same period in 2019".



The Swedish Fintech company leader in payments and purchasing services in 2020 chose Milan as new development hub, to revolutionise online purchase habits of over 19 million Italian consumers in a market where e-commerce is expanding rapidly. "The new challenge is Milan tech hub, at the centre of an aggressive recruitment plan and contextualised in what is not only a capital of finance, fashion, design and much more, but also a hotbed of very interesting talent from a technological point of view".



The Dutch platform for payment management opened its first Italian office in Milan in 2018 and now counts over 130 Italian clients such as Boggi, Benetton, Furla, Etro and Eataly. Ayden chose Italy in its international expansion path for: "The fashion and retail market, because the volume of digital payments is now at interesting levels, because ecommerce is growing at double-digit rates and mobile ecommerce is growing at 60% year on year".

# COMPETITIVE BUSINESS ENVIRONMENT



In recent years, the Italian government has introduced reforms to make the country more competitive and attractive for foreign investments. As a result, Italy has now a very generous fiscal regime and incentives package that includes the reduction of the main corporate tax from 27.5% to 24%, a flat-tax rate for income or capital gains on investments earned abroad realized by individual taxpayer and special visas for entrepreneurs that want to start a company in Italy.

The **2020 Budget Law** introduced new tax incentives with the aim of facilitating the transition to a more **digitalized economy** and promoting industry in Italy. Incentives are available in the form of capital grants, easy-term loans and tax credits and includes tax credits for new investments in tangible and intangible assets, R&D, employees' training. Furthermore, 2019 Growth Decree introduced a new 18-months **regulatory sandbox** to **promote technological innovation** and facilitate the **development of fintech in Italy**, allowing companies to test new services and products in the financial, credit and insurance sectors.

Thanks to these reforms and to the strength of its industry, Italy ranks **8th** in the **Global FDI Confidence Index, 2019**.

# ECONOMIC INCENTIVES

## Startups

### Smart&Start Italia

To support innovative startups, established for no more than 60 months with a strong technological dimension. Interest-free loan up to 80% of the total investment (10y repayment). Up to 90% if the startup is composed exclusively by women or people aged <35, or if it includes at least one Italian PhD working abroad and willing to return in Italy.

### Development Contract

For large and innovative investments in manufacturing, tourism and environmental protection for greenfield and expansion projects of more than € 20m (€ 7.5m for food processing) presented by one or more small and medium companies also in joint form. Projects presented by foreign companies providing an investment of at least € 50m gain access to the Fast-Track procedure. Additional funds for Fast-Track will be accessible to companies investing in the Green Economy, Biomedical and Telemedicine sectors.

### R&D Circular Economy

For the transition of economic activities towards a circular economy model: eligible expenses between € 500k and € 2mln, with a duration  $\geq 12$  months and  $\leq 36$  months. Soft loan up to the 50% of the eligible expenses and direct contribution to expenditure (micro and small companies: 20%, medium companies 15%, large companies 10%).

## Innovation

### New Enterprises “Zero Interest Rate”

Investment programs with eligible expenses up to € 1.5m to be implemented by micro and small companies established by no more than 12 months and composed, for more than half of members and shares, of people aged between 18 and 35 years old or by women. Program duration not less than 3 years from project completion. Benefits are granted in the form of a subsidized loan (max. 8y) with a zero-interest rate covering up to 75% of the eligible expenses.

### Patents+

The incentive supports micro, small and medium-sized enterprises (SMEs) for the purchase of specialized services related to patents. Eligible expenses related to: industrialization and engineering, organization and development, and technological transfer. Grant of max 140K up to 80% of the eligible costs.

### Energy Efficiency National Fund

A total budget of € 310m supports energy efficiency investments on buildings, plants and production processes. The aid consists in a soft loan up to the 70% of the total eligible investment (between € 250k and € 4m), a guarantee on individual financing operation, up to the 80% of the investment, for a total amount between € 150k and € 2.5m.

# FISCAL BENEFITS

## Startups

### Innovative Startups

Italian startups under 5 years old with revenues of less than €5m receive an exemption from certain taxes and access to flexible employee contracts. 30% tax relief for investors in innovative startups (cap at €1m for individuals, €1.8 for companies).

### Patent Box

50% tax reduction for incomes arising from direct use or licensing of qualified intangible assets: property rights, industrial patents, trademarks, designs and models, etc.

### Tax Credit on Assets

Companies investing in tangible and intangible capital goods accordingly to the Industry 4.0 national strategy can benefit of a wide range of tax credits from 15% (intangible assets) to 20-40% (tangible assets). Companies investing in ordinary tangible assets can benefit of a 6% tax credit.

### Industry 4.0 training

40% tax credit on the cost of personnel employed in training courses for the acquisition and consolidation of skills in "4.0" fields.

## Innovation

### ACE – Allowance for corporate equity

To encouraging the capitalization of companies by cutting net income and mitigating different tax treatments applied to companies funded with debt/equity. The benefit entails a notional deduction from corporate income taxable base on company revenue (IRES) equal to the net increase in the "new equity" employed in the company, multiplied by a yearly determined rate (1.3% for FY 2020).

### Employment

Firms that employ workers under the age of 35 are granted a reduction in the labor taxes for the first three years of their employment, up to a maximum of 3,000 euros per year. The age limit will be reduced to 30 years starting from 2021.

### New Residents

Employees, self-employed, researchers and professors who move to Italy and have not been resident in Italy in the prior 2 years can benefit of a special tax regime with a tax exemption equal to 70% of their incomes for 5 years (extendible under certain circumstances).

## Human Capital



## **ITALIAN QUALITY OF LIFE**

**Milano and its attractive surroundings offers a modern, sophisticated way of life, in a safe, tolerant and open social and cultural environment. It is a city that makes everyone feel at home right away and has opened its doors to foreign investors and workers.**

English is widely spoken. Its quality of life is among the best in the world, with high-quality housing, a comprehensive network of international schools, a state-of-the-art healthcare system, a thriving artistic and cultural environment, a unique food scene, and efficient public transportation systems.



## **Milano stands at the heart of Europe, connected to all the continent's great cities.**

### **Intercontinental Direct Flights to:**

San Francisco, New York, Shanghai, Hong Kong, Tokyo, Istanbul, Tel Aviv, Riyadh, Abu Dhabi, Cyprus

Milano has efficient and rapid connections with Italy, Europe and the world. The city is two hours by plane to most EU capital cities, and two hours drive from the Alps in the North and the seaside in the South.

Milano has three major airports: Malpensa-MPX for intercontinental destinations, Linate-LIN with convenient connections to European and Italian cities, and Orio al Serio-BGY, which is an operating base for European low- cost airlines.

Milano Central railway station is a major hub for international railway travel, with daily trains to Paris, Munich, Barcelona, Vienna, Bern, Lugano, Nice, and Marseille. The city is also at the junction of major highways networks, which connect the city to France, Switzerland, Germany, Austria and Slovenia, as well as to the ports of Genoa and Venice-Mestre.



# FIND OUT MORE

**Milano&Partners is the investment promotion agency of the city of Milano, founded by Milano's Municipality and Milano's Chamber of Commerce. In collabor with Promos Italia, it supports the soft landing of foreign investments in the metropolitan area and promotes Milano's excellence by attracting foreign talents and boosting its competitive environment.**

We support foreign companies and startups expanding their business in Milan with several free of charge services throughout the entire process:

- Facilitating the dialogue with the Public Administration and providing bureaucratic support with visas, permits, and documentation.
- Specialised support accessing national and local fiscal incentives.
- Location scouting.
- Networking with local stakeholders and universities aimed at recruiting specialized human capital and connecting with potential partners.
- Information on the local supply chain (fees may apply).
- Introduction to a selected network of legal, fiscal, labour, and real estate consultants.

In collaboration with:

**MILANO&PARTNERS**



\* Information concerning Companies that are part of the FItech community are updated periodically. We apologize in advance for potential omissions. If you notice any missing or wrong information please feel reach out.







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