

6 REASONS WHY FINTECH IS NEW ZEALAND'S FASTEST GROWING TECH SECTOR



**NEW ZEALAND
TRADE & ENTERPRISE**
Te Taurapa Tūhono

FINTECH

Insights from the Technology Investment Network (TIN) New Zealand 2022 Fintech Insights Report show why and how the sector is booming.

For over a decade in New Zealand, Fintech's five-year compound annual revenue growth rate has been an incredible 32%. In 2021, New Zealand jumped fifteen places to number 30 in the global fintech rankings. So, what's driving this incredible growth across an entire industry sector at the edge of the South Pacific?

1. New Zealand has often been an innovator and early adopter in new technologies and a test bed for international banks

For example, all the banks and financial institutions that are part of Payments NZ have a common software language that they use to talk to each other about accounts and payments (one API for all banks). The progressive nature of banking in New Zealand has led many UK and US banks to use it as a test bed for new services before rolling these out in home markets.

Today, open banking is being touted as the next big area of transformation in New Zealand. It is seen as an opportunity to foster greater trust, transparency and competition. The country is adopting Consumer Data Right legislation and an industry-led (rather than regulation-led) approach to protect consumers' rights.

2. New Zealand provides an open ecosystem and collaborative environment for fintech companies

There is a high-level collaboration between banks, fintechs and financial market regulators compared to other markets. In this case, New Zealand's smaller population size (5 million) is an advantage as it makes communications between these different stakeholders quicker and easier than in larger countries.

This environment helps companies stay agile and has bred many globally-successful players like [Xero](#), [Valocity](#) and [PushPay](#).

3. The New Zealand fintech sector is heavily export focussed and internationally connected, with more than 80% of its sales generated overseas.

In the past year alone, overseas revenue for the TIN200 fintech companies has grown by 26.2%. Many of the largest TIN200 fintech companies have long-term average growth rates (5-year CAGR) of over 30%, demonstrating a steely focus on global growth and expansion.

4. The fintech sector has increased its investment in research and development (R&D) by 37% amounting to 20.5% of revenue.

Investment in innovation is core to the sector's success. At the same time as investment in research has risen, profitability has jumped by 38.3% to account for 20.9% of revenue, a strong margin that is higher than the TIN200 average of 18.4%.

5. Fintech in New Zealand has benefitted massively from the acceleration of digital trends during the Covid-19 pandemic.

CEOs in New Zealand and elsewhere have reported that the acceleration of digital adoption due to the Covid-19 pandemic has transformed their markets,

as has the growing acceptance of operating in the cloud. Among other things, almost overnight the world stopped using cheques and cash and this opened opportunities for cryptocurrencies and the metaverse.

6. Investors love NZ fintech! Investment into NZ fintech comes from diverse sources, with both local and international funds in the mix.

The pandemic condensed at least five years of fintech growth into six months, creating the “perfect storm” for financial technology innovation and investment.

The market for fintechs became larger than ever as Covid-19 boosted consumer interest in transactions online. Consumer-facing financial companies rapidly embraced digital models and payment solutions to meet this need.

Today, there is a core group of around 20 companies who are global market players (such as Vend, Invenco and Laybuy and others), but investors can still benefit from partnering early and

betting on some newcomers such as:

- APLYiD: biometric ID scanning, document capture and data verification for AML and KYC compliance.
- Relay: a business cashflow automation platform.
- GoGenerosity: a customer charity donation platform facilitated through local businesses.
- Kwotimotion: a Maori-owned app to make quoting easier for tilers and other tradespeople.
- Frankie: a property management app that makes budgeting easier.
- Cogo, a carbon footprint tracking app which has raised \$10m

Read the full report here: [DOWNLOAD LINK](#). For more information about New Zealand fintech companies in the Middle East contact New Zealand Trade and Enterprise.

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FinTech in New Zealand in 2022

The FinTech sector in New Zealand continues to grow faster than its global counterparts. Partnerships and collaboration are critical to building on our success. Please get involved if you want to shape the future for New Zealand companies both here and overseas.

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Accelerators / Funders: [Logos: ARANZI, okta, etc.]

Consultants & IT Services: [Logos: Deloitte, KPMG, PwC, etc.]

Payments FX Cryptocurrency: [Logos: centrality, docal, VISA, etc.]

Public Sector: [Logos: ASX, etc.]

Banking Services: [Logos: ANZ, ASB, etc.]

Financial Management: [Logos: Squirrel, etc.]

Research & Education: [Logos: etc.]

Regtech: [Logos: open, etc.]

Software & Infrastructure: [Logos: aifirma, etc.]

Capital Markets & Investing: [Logos: NATIONAL CAPITAL, etc.]

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