

 **Stockholm**
The Capital of Scandinavia

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Stockholm FinTech Guide

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With a cashless society around the corner, Stockholm is leading the way in financial innovation

Main Take-aways:

- Stockholm has a strong history of financial innovation, with locally-founded Klarna the highest valued private fintech in Europe.
- The city is the financial capital of the Nordics: more international banks are present there than anywhere else in the region.
- It is also the financial heart of the world's most cashless society. Digital methods account for a huge proportion of payments and many stores no longer accept cash.
- The spirit of innovation has a strong impact on the city's Fintech ecosystem, where regtech, insurtech and green finance are among the areas expected to grow in the near future.

A history of technological innovation in financial services combined with a robust economy where covid-19 had a limited impact means **Stockholm's** fintech ecosystem is in an enviably unique position in 2021.

There's weight behind those words, proven by the city boasting the highest valued private fintech in Europe. Stockholm-founded Klarna's raising of \$1 billion USD in equity funding for international expansion in March 2021 hammered home the huge potential to use the Swedish capital as a launching platform for fintechs, now more than ever.

Their success should be no surprise to those in the know - Stockholm produces more billion-dollar companies per capita than any other region in the world after Silicon Valley, with Skype, King, Mojang, Spotify and iZettle among the unicorns founded in the country.

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Flag 1: B(j)orn competitor: How Stockholm compares

Rank Top 10 Globally	The World Smart City Award	EU Regional Competitiveness Index	Generation Z City Index	European Regional Economic Growth Index	Top Ten Startup Hubs	European Digital Social Innovation Index	The Regional Innovation Scoreboard
1	Stockholm (winner)	Stockholm	London	London	Silicon Valley	London	Zürich
2	Bristol (finalist nominee)	London and its commuting zone	Stockholm	Paris	Beijing	Amsterdam	Ticino
3	Curitiba (finalist nominee)	Utrecht	Los Angeles	Stockholm	Stockholm	Copenhagen	Helsinki-Uusimaa
4	Montevideo (finalist nominee)	Berkshire, Buckinghamshire, Oxfordshire	Toronto	Istanbul	Tel Aviv	Stockholm	Stockholm
5	Seoul (finalist nominee)	Surrey, East and West Sussex	New York	Munich	New York City	Paris	Copenhagen
6	Tehran (finalist nominee)	Copenhagen	Berlin	Dublin	Shanghai	Madrid	Ostschweiz
7	-	Luxembourg	Munich	Luxembourg	Los Angeles	Brussels	Nordwestschweiz
8	-	Oberbayern	San Francisco	Stuttgart	Seoul	Utrecht	Zentral-schweiz
9	-	Flevoland & Noord-Holland	Amsterdam	Oslo	Boston	Barcelona	Berlin
10	-	Helsinki-Uusimaa	Vancouver	Copenhagen-Malmö	London	Edinburgh	Région lémanique

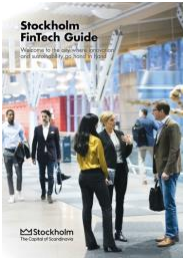
Source: IMD, Euromonitor, Forbes, Transparency International, Cornell, INSEAD, WIPO, European Union.

Those leading market players paved the way for the Swedish capital to become one of the largest Fintech communities in Europe. There, an exceptionally digitally mature society combines with a robust economy and strong financial market to create the ideal foundation for fintech companies to thrive and continue to innovate, in a city that’s regularly ranked one of the most attractive in the world across a number of metrics.

The Swedish capital’s tagline is “The Capital of Scandinavia”. It’s a statement that while bold, ultimately rings true in a number of ways relevant to fintech. Stockholm can be considered the gateway to the Nordics and beyond for players in the world of finance, and the city has a constant habit of pushing the boundaries of financial technology advancement, perhaps best summed up by its role at the centre of developing the world’s most advanced cashless society.

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The Nordics' cashless home

According to the World Economic Forum, Sweden is one of the 10 most competitive countries in the world, with merit awarded for its innovation capacity. It's no coincidence given Sweden's commitment to investing 3.4% of GDP in research and development – among the world's highest rates of public investment.

That ability to compete at the highest global level is reflected in Stockholm consistently ranking as the number one financial centre in the Nordics, a truly international financial hub with the largest concentration of foreign banks in the region. And even in the digitally advanced context of the Nordic region, Sweden and Stockholm are at the forefront of one of the most important financial developments of our time: the transition towards a world without cash.

A city defined by its competitiveness and forward thinking in the area, Stockholm's financial world is fast moving, and that mindset is so widespread that even the almost 400-year-old Swedish Central Bank, headquartered in the capital, is no exception to the rule.

Sweden pushing boundaries

The long-standing spirit of pushing the boundaries has a particularly profound impact on the makeup of Stockholm's fintech landscape, which continues to evolve at a quick pace. The already advanced level of digitalisation there ensured the Swedish capital's RegTechs for example were in an advantageous position when the Covid-19 pandemic hit, giving them an opportunity to ensure safety and security of information workflows and capitalise on a surge in interest from companies seeking efficient ways to manage their regulatory requirements at short notice.

The growth of the platform economy and continuous digitalisation within insurance providers meanwhile means Stockholm insurtech is also on the rise, and the city is growing into a leading role for the Nordics in that sector. And perhaps unsurprisingly in a tech-savvy city that has long taken sustainability seriously, Green Finance is also finding a home in Stockholm, with Normative's SaaS service that automatically calculates a company's CO2 emissions based on their financial transactions being one noteworthy innovation of many. The decision to base the BIS Innovation Hub Nordic Centre in Stockholm, where one of the key areas of focus is green finance, shows there is potential for the city to produce further Green Finance innovations at a time where solutions are of vital and urgent importance.

It's truly no exaggeration to say then that the Swedish fintech ecosystem, through its expertise and innovation, is playing a genuinely important part in shaping the future of the global financial system. For fintechs looking to establish in the Nordics and far beyond, not to mention understand the future of finance, Stockholm holds a unique position.

Download the 2021 Stockholm Fintech Guide here:

<https://www.investstockholm.com/documents/75/stockholm-fintech-guide-2021.pdf>

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