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FINTECH GEORGIA

January 2021

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1. INTRODUCTION

FinTech (Financial Technology) is defined as “the evolving intersection of financial services and technology”. It refers to startups, tech companies, or even legacy providers.”¹ FinTech can be traced back to 1966 when the first magnetic stripe was introduced to the public. FinTech services have been able to bring more convenient and cheaper services to millions of customers throughout the world. This industry is democratizing financial services for the masses and making banking more accessible than ever before.² In 1987, the Georgia Assembly lowered the restriction on credit card rates for banks and credit card operators. This was the start of the bustling Georgia FinTech community.³ Today, the Georgia FinTech community accounts for nearly seventy percent of the transactions of all the U.S. purchases.⁴

1.1 DEFINITION

The term FinTech is an abbreviation of “Financial Technology”. Financial technology is a combination of financial services and technologies.⁵ Fintech is focused on innovating finance through Artificial Intelligence, Streamlined Payments, and Big Data. The goal is to optimize financial services and banking. Some leading companies in the Fintech industry are Apple, PWC, JP Morgan, Samsung, Amazon, PayPal, Venmo, and Bancontact.⁶

The ecosystem of FinTech is built around four players:

- Financial institutions,
- Infrastructure players (ex. developers),
- Tech Companies,
- and Startups.⁷

¹ Consulted on (Dean Nicolacakis, 2016)

² Consulted on (Gosh, 2020)

³ Consulted on (Fintech Industry Map, n.d.)

⁴ Consulted on (Campbell, Harden, & Sarvady, 2018 State of Georgia's Fintech Ecosystem, 2018)

⁵ Consulted on (Dean, 2016)

⁶ Consulted on (Blaney, 2020)

⁷ Consulted on (PWC, 2016)

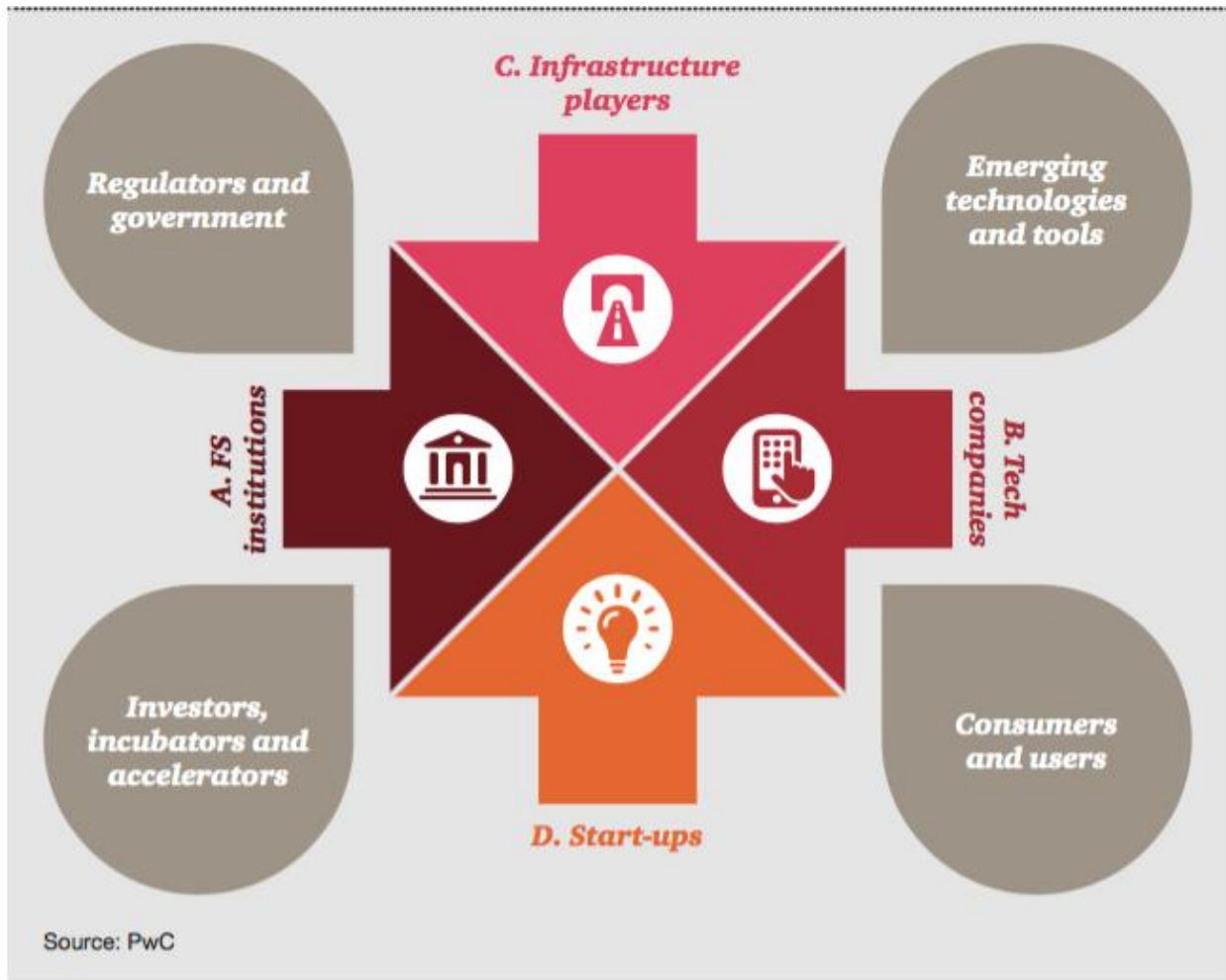


Figure 1: The four players of FinTech⁸

Fintech brought disruptive innovation to five different sectors:

- money transfer and payment,
- budgeting and financial planning,
- savings and investments,
- borrowing,
- and finally, insurance.

⁸ Consulted on (PWC, 2016)

Money transfer and payments

These platforms are focused on: online foreign exchange, overseas remittances, digital-only branchless banking, peer-to-peer payments, and non-banking money transfers, in-store mobile phone payments, and cryptocurrency eWallet.⁹ One of the most popular FinTech providing this service is TransferWise.¹⁰ The goal of TransferWise is to offer the cheapest foreign exchange rate and making the process as accessible and transparent as possible.

Budgeting and financial planning

Online budgeting and financial planning tools and online retirement and pension management tools are the two subdivisions within budgeting and financial planning.¹¹ For example, Goalsetter. Goalsetter is focused on the whole family, educating them, and learning how to spend money responsibly.¹²

Savings and investments

Savings and investments include lending on peer-to-peer platforms, investments via crowdfunding platforms, online investment advice and investment managing, online stockbroking, and online spread betting.¹³ An example of this is Robinhood.¹⁴ Robinhood offers commission-free investing together with the education you need to be active on the stock market.

Borrowing

Online-only loan providers, online marketplaces, and aggregators for loans, online loan broker facilitation websites are all part of the FinTech service of borrowing.¹⁵

An example of this is Affirm, the product of this company is providing a pay-over-time solution (Affirm, n.d.).

Insurance

Insurance FinTech products are divided into three subdivisions: insurance premium comparison sites, insurance-linked smart devices, and app-only insurance.¹⁶

Overall, the banking, insurance, and capital markets consistently spend more on technology than any other industry grouping¹⁷, highlighting the global importance of the FinTech industry.

⁹ Consulted on (Hwa, 2019)

¹⁰ Consulted on (TransferWise, n.d.).

¹¹ Consulted on (Hwa, 2019)

¹² Consulted on (Goalsetter, n.d.)

¹³ Consulted on (Goalsetter, n.d.)

¹⁴ Consulted on (Robinhood, n.d.)

¹⁵ Consulted on (Hwa, 2019)

¹⁶ Consulted on (Hwa, 2019)

¹⁷ Consulted on (Campbell, Harden, & Sarvady, State of Georgia's FinTech's Ecosystem, 2018)

1.2 GLOBAL

Within the past five years, FinTech services have been able to bring more convenient and cheaper services to millions of customers throughout the world. This industry is democratizing financial services for the masses and making banking more accessible than ever before.¹⁸

The disruption of the FinTech industry is led by startups. On a global scale, they accumulated 34.5 billion dollars in funding in the year 2019 alone.¹⁹ As a reaction, major financial institutions invested in mergers and acquisitions to compete with the FinTech startup industry. Two main points can be concluded from their actions: financial institutions are threatened by FinTech start-ups, but they also want to be part of the unique solutions that are offered to customers (by these startups).

FinTech hubs are rising all over the world. The ten biggest FinTech hubs at this moment are: San Francisco, London, New York City, Beijing, Shanghai, Berlin, Stockholm, Sydney, Singapore, and New Delhi.²⁰



Figure 2: Fintech Map International²¹

FinTech continues to grow. 97 FinTech mega-rounds will have taken place in 2020 worldwide.²²

¹⁸ Consulted on (Gosh, 2020)

¹⁹ Consulted on (Insider Intelligence, 2020)

²⁰ Consulted on (Fintech Map International, n.d.)

²¹ Consulted on (Fintech Map International, n.d.)

²² Consulted on (CB Insights, 2020)

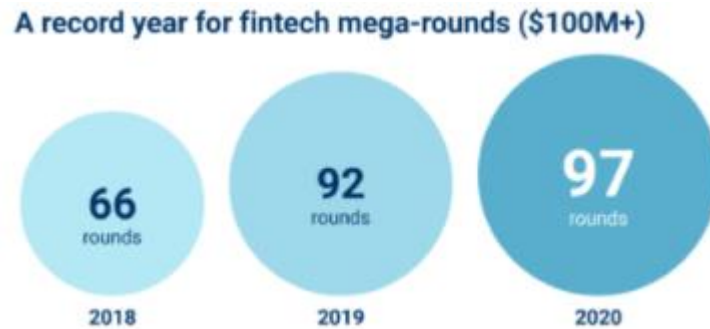


Figure 3: FinTech mega-rounds²³

Global Investments

Since the start of FinTech investments, a total of 9945 rounds with an accumulated amount of \$119.3 billion (USD) have been registered on a global level.²⁴ The most active Venture Capitalist firms and accelerator programs in the industry are Y Combinator, Techstars, 500 Startups, Plug and play, Ribbit Capital, Omidyar Network, Alumni Ventures Group, Goldman Sachs, Bain Capital Ventures, CreditEase Fintech Investment Fund, Nyca Partners, QED Investors, Sequoia Capital, Tiger Global Management, FJ Ventures, Index Ventures, Andreessen Horowitz, Accel, Anthemis Group, Global Founders Capital, Startupbootcamp, Speedinvest, Digital Currency Group, Seedcamp, and Index Venture.²⁵

1.3 USA

North American Market

FinTech hubs are rising all over the USA. The most important hubs at this moment are New York, San Francisco, and Atlanta.²⁶

The most sought services within the domestic FinTech market are: loans, investing, start-up funds, and insurance.²⁷ The key market segmentation in the USA is Digital Payment. Digital Payment is defined in the report US FinTech Market – Growth, Trends, and forecast (2020-2025) as "the market segment that is led by consumer transactions, including payments for products and services which are made over the internet as well as mobile payments at point-of-sale (POS) via smartphone applications".²⁸

²³ Consulted on (CB Insights, 2020)

²⁴ Consulted on (FinTech Startups, 2021)

²⁵ Consulted on (Industry Spotlight: Fintech, 2019)

²⁶ Consulted on (FinTech, n.d.)

²⁷ Consulted on (US FinTech Market - Growth, Trends, and forecast (2020-2025), 2018)

²⁸ Consulted on (US FinTech Market - Growth, Trends, and forecast (2020-2025), 2018)

In the United States, the digital payment division will have an estimated total transaction value of USD 910.396 billion in 2020 (FinTech, 2020).³⁰

When looking at the key benefits that the American consumer is seeking: service convenience, security, simplicity, transparency, and personalization are the uses that add value to their financial services.³¹

USA Investments

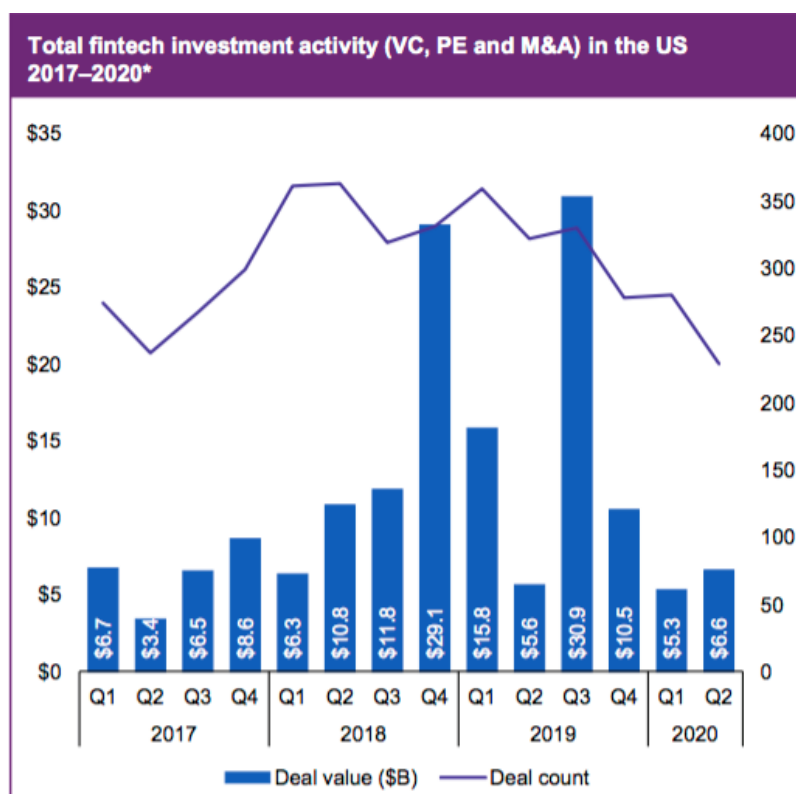


Figure 4: Total Fintech investment activity²³

³³ (Pollari & Buddenklau, 2020)

Zooming in on the US investment market, corporations invest in FinTech for two main reasons. The first reason is to augment their capabilities, and the second reason is to support their business strategies. Therefore, even during COVID-19, the investments in FinTech will continue to increase. It is expected that corporations who were behind digitally, see the urgent need to switch as fast as possible.³⁴ (Pollari & Ruddenklau, 2020)

1.4 FUTURE

1.4.1 Future of Banks and FinTech

Many banks, who were not actively seeking a more modern approach, realized quickly they had to adapt because of the Covid-19 pandemic. This came in place because in-person visits were not possible anymore, thus banks were open to see what possibilities there are in the market to facilitate this process without losing their customer service. Another reason why this was pushed forward as well, was because contactless payment became the preferred method for both the customer as the business owner itself. With the right partnerships and investments, banks can offer cloud-based systems, deliver real-time software updates, faster processing, quicker transactions, and reduced human error as stated by Bezer.³⁵

1.4.2 Future Trends

Because of Covid-19, the shift in customer behavior towards digital trends has accelerated. This customer behavior shift is mainly seen in the increased use of digital payment methods and online products and service channels. This trend will continue to drive the investments towards FinTechs as we enter an even more digital area.³⁶

When talking about the FinTech product itself, the biggest trend we see and will keep seeing improving is personalization and the customer experience, while continuing to drive as much innovation as possible in the FinTech industry.³⁷ These improvements will mainly be done through artificial intelligence, blockchain technologies, and analyzing big data. These improvements keep being the main motivation factors of FinTech investments. the leading innovators in this sector that will truly make the difference for the end customer.³⁸

As FinTech technologies keep touching on new markets, one thing that cannot be overlooked is the rise of disruption and fraud. These problems remain one of the main priorities in the FinTech industry.³⁹

³⁴ Consulted on (Pollari & Ruddenklau, 2020)

³⁵ Consulted on (Bezemer, 2020)

³⁶ Consulted on (Top fintech trends in H2'20, 2020)

³⁷ Consulted on (Paroma, 2020).

³⁸ Consulted on (Tanika, 2020)

³⁹ Consulted on (Campbell, Harden, & Sarvady, 2018 State of Georgia's Fintech Ecosystem, 2018)

Another notable trend is the rise of platform business models. These large tech companies will continue to invest and expand into financial services, for example, payment methods, to expand their service portfolio.⁴⁰

Lastly, throughout the world and in the USA itself there are a lot of efforts regarding FinTech regulations. Most of these regulations are focused on customer protection, but it is also going to be adjusted towards decreasing the barriers for FinTech investments and enhancing the growth of this sector.⁴¹

2. FINTECH GEORGIA, USA, WHAT ARE THE OPPORTUNITIES?

2.1 POLITICAL FACTORS

Georgia's state and tax policies are strongly focused on growing business and creating a thriving environment for new businesses and startups.

2.1.1 Governmental Support

The Georgia Department of Economic Development (GDEcD)⁴² provides support and resources in several areas at no cost:

- Extensive site and building selection and evaluation services;
- Comprehensive location information, including workforce, education, and business data;
- Coordination with community officials regarding project needs, existing utilities, and specific site requirements;
- Information on business cost environment, taxes, and available incentives;
- Connections to advanced academic intellectual talent and research through Georgia's private and public universities;
- Unique cross-industry connections, cutting-edge technology insight, and expertise through other partner resources in Georgia.

2.1.2 Taxes

Georgia's favorable corporate tax structure is number 6 in the United States.⁴³

State corporate income taxes

The state corporate income tax of Georgia is 5.75%⁴⁴, which is one of the lowest corporate income taxes in the United States. This tax is based on the corporation's federal taxable net income and as modified by

⁴⁰ Consulted on (Top fintech trends in H2'20, 2020)

⁴¹ Consulted on (Top fintech trends in H2'20, 2020)

⁴² Consulted on (Georgia Department of Economic Development)

⁴³ Consulted on (Business Incentives 2020, 2020)

⁴⁴ Consulted on (Corporate Income and Net Worth Tax, n.d.)

Georgia statutory adjustments. The corporation is subjected to this tax once it owns the property, does business in Georgia, or receives income from Georgia sources.⁴⁵ Furthermore, there is a chance that corporations might have a tax based on their net worth imposed for being able to do business in the state of Georgia, which is called the "Net Worth Tax"⁴⁶.

Tax Credits

To continue, Georgia offers several tax credits that serve to lower or eliminate the state corporate income tax.⁴⁷ These credits include, but are not limited to:

- Job Tax Credit
- Quality Jobs Tax Credit
- Research & Development Tax Credit
- Mega Project Tax Credit
- Investment Tax Credit
- Retraining Tax Credit

Lastly, the state of Georgia does also include tax exemption to lower the cost of doing business. The goods and services that are tax-free include computer hardware and software for high technology companies, telecommunications services (long-distance calls), and many more.⁴⁸

2.2 ECONOMICAL FACTORS

2.2.1 GDP

Twenty Fortune 500 headquarters have their HQ's in Georgia including AFLAC, AGCO, Asbury Automotive Group, Coca-Cola Enterprises, Delta Air Lines, Genuine Parts, Graphic Packaging, HD Supply Holdings, Intercontinental Exchange, Mohawk, NCR, Newell Brands, PulteGroup, Rock-Tenn, Southern Company, The Coca-Cola Company, The Home Depot, UPS, Veritiv and Westrock. Besides the headquarters of these 18 Fortune 500 companies and the active presence of 440 Fortune 500 companies, Georgia is also home to more than 3,000 international companies.⁴⁹ With a central location in the Southeastern Region of the United States, Georgia is a leader in Gross Domestic Product (GDP) and GDP growth.⁵⁰

⁴⁵ Consulted on (Business Incentives 2020, 2020)

⁴⁶ Consulted on (Business Incentives 2020, 2020)

⁴⁷ Consulted on (Georgia Department of Economic Development)

⁴⁸ Consulted on (Georgia Department of Economic Development)

⁴⁹ Consulted on (Georgia Department of Economic Development)

⁵⁰ Consulted on (Regional Data, 2019)

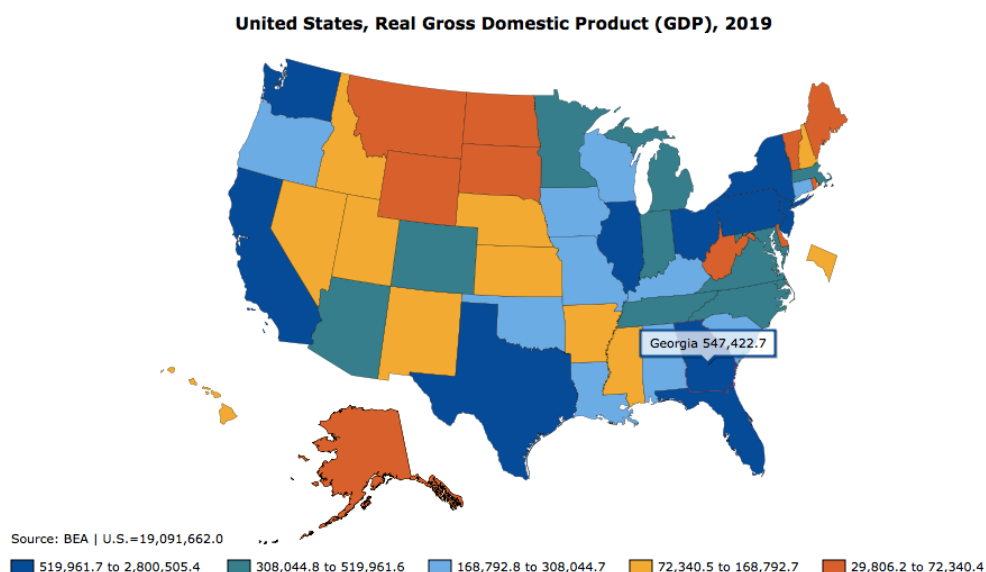


Figure 5: Georgia: a key player in generating the GDP of the Southern region⁵¹

2.2.2 FinTech

Within the Georgia economy, FinTech is an important and swiftly expanding industry. When looking at figure 8, it is to be concluded that specifically **Atlanta** and its neighboring areas have evolved in becoming the **epicenter of financial technology**.⁵²

The story of Fintech in Georgia started in 1987 when the Georgia Assembly lowered the restriction on credit card rates for banks and credit card operators. This was the start of the bustling Georgia FinTech community.⁵³ Today, the Georgia FinTech community accounts for nearly seventy percent of the transactions of all U.S. purchases. This gives Georgia the rightful nickname "Transaction Alley".⁵⁴

The following figures further illustrate the importance of FinTech in this region:⁵⁵

- 120 FinTech companies have an HQ or have a remarkable presence in Georgia
- Six out of ten payment processing firms are based in Georgia
- More than 37,000 professionals are employed by Georgia FinTech companies in this state and over 130,000 people are employed around the world.

⁵¹ Consulted on (Regional Data, 2019)

⁵² Consulted on (Fintech Industry Map, n.d.)

⁵³ Consulted on (Fintech Industry Map, n.d.)

⁵⁴ Consulted on (Campbell, Harden, & Sarvady, 2018 State of Georgia's Fintech Ecosystem, 2018)

⁵⁵ Consulted on (FinTech, n.d.)

- 128 billion transactions per year are processed by Georgia FinTech organizations. This produces over USD 5.15 trillion of purchase volume each year.
- Seven out of ten credit card swipes, debit card payments, and gift card purchases in the US go through Georgia-based organizations.

A list of several well-established companies and promising start-ups in this region is found in chapter 3, “Active Companies”.



Figure 6: Landscape overview of FinTechs in Atlanta, Georgia⁵⁶

To summarize, these data clearly show high economic FinTech activity in Georgia, which is an important asset for the region from a client proximity perspective.

⁵⁶ Consulted on (Campbell, Harden, & Sarvady, 2018 State of Georgia's Fintech Ecosystem, 2018)

2.3 SOCIAL FACTORS

2.3.1 Cost of living

One of the main reasons Georgia is booming today is the low cost of living. Georgia has a below-average housing cost, lower taxes, and comparing the overall costs of living it is far below the other hubs within the USA. This lower cost also translates to the office building, construction cost, and other utility rates.⁵⁷ This is a very important advantage over New York and San Francisco, in particular for startups where cost containment is a critical success factor.

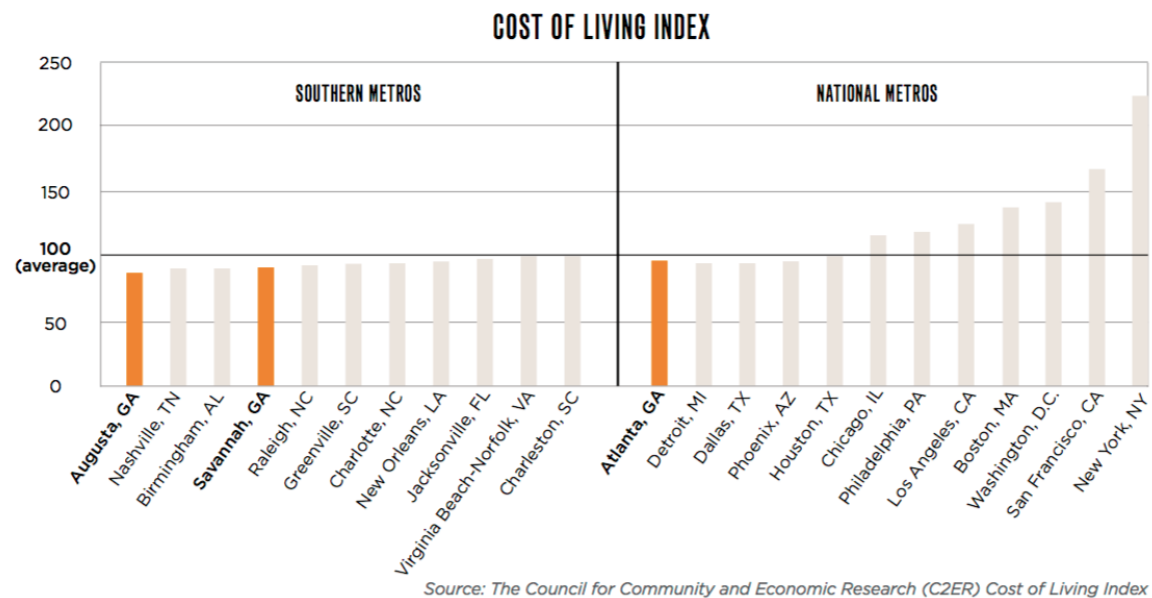


Figure 7: Cost of living index⁵⁸

2.3.2 Education

Hope Scholarship

This scholarship is available for Georgia residents who have proven to be successful during their high school years. The criteria for obtaining this scholarship are rather low and covers between 85.83%-93.68% of the tuition.⁵⁹ This means that the financial barrier is far lower in obtaining a bachelor’s degree in Georgia than in other states. This in its turn contributes to Georgia’s high number of new graduates with a yearly average of 90,000 recent grads from 80 colleges. These colleges include technical colleges and universities all over

⁵⁷ Consulted on (Georgia Department of Economic Development)
⁵⁸ Consulted on (Georgia Department of Economic Development)
⁵⁹ Consulted on (Hope Scholarship, 2019)

this state, including nationally ranked and recognized institutions: Georgia Institute of Technology, Emory University, and the University of Georgia.⁶⁰

Education in numbers

Georgia has several nationally ranked and recognized institutions of higher education:

- Two of the top 20 public universities, the Georgia Institute of Technology and the University of Georgia;
- One of the top 20 business schools, Emory University;
- Two of the top 5 HBCUs, Spelman College, and Morehouse College;
- Georgia State University, the No. 6 up-and-coming national universities.

University System of Georgia (USG)

The University System of Georgia allows employers to partner up with their educational institutions in Atlanta or somewhere else within Georgia. Some initiatives that came forth of this collaboration are but are not limited to:⁶¹

- USG FinTech Bootcamp
- USG Internship and Apprenticeship Program
- USG FinTech Learning Cloud
- USG Experiential Learning Hub
- USG Co-Sponsored FinTech Hackathon
- Opportunities to Engage New Learners
- FinTech Program Pathways

All of these initiatives are focused on putting the student in contact with the FinTech industry. Ultimately, there is an underlying focus on educating students on the needs that are found within this specific ecosystem.⁶²

Georgia Tech

One of the biggest attributes that Georgia Tech offers is a platform called Financial Services Innovation Lab (fintech.gatech.edu). As stated in the report by Campbell, Harden, & Sarvady: "The vision for the Lab is to become a hub for finance education, research, and industry in the Southeast".⁶³ The objective of the Financial Services Innovation Lab is to accomplish this vision by offering four different channels:

- Creating original research;
- Offering experiential learning projects;
- Hosting and coordinating events involving students, faculty, the business community, regulators, and other stakeholders;

⁶⁰ Consulted on (Georgia Department of Economic Development)

⁶¹ Consulted on (Campbell, Harden, & Sarvady, 2018 State of Georgia's Fintech Ecosystem, 2018)

⁶² Consulted on (Campbell, Harden, & Sarvady, 2018 State of Georgia's Fintech Ecosystem, 2018)

⁶³ Consulted on (Campbell, Harden, & Sarvady, 2018 State of Georgia's Fintech Ecosystem, 2018)

- Facilitating the recruitment of undergraduate and graduate students.

To continue, Scheller College of Business in Georgia Tech is one of the first schools within the United States to offer a Graduate class in FinTech five years ago. Furthermore, Georgia Tech offers a top ten ranked Master of Science program in Quantitative and Computational Finance (qcf.gatech.edu). Within the Financial Services Innovation Lab, there is a strong collaboration with other labs in Georgia Tech itself. Some examples are The Institute for Information Security and Privacy (IISP), The Institute for Data Engineering and Science (IDEaS), Center for Machine Learning and Business Analytics Center.

The ultimate goal of the Lab is to have a strong collaboration between the FinTech industry and the corporations through expanding relationships from both sides.⁶⁴

2.3.3 Accessibility and Travel

The Hartsfield-Jackson Atlanta airport is the world's busiest airport with 250,000 passengers a day, or 96 million every year. Within the FinTech industry, this is a huge plus: by being headquartered in Atlanta one is never far away from (potential) clients. The whole of the United States is accessible within 4 hours. To continue, most FinTech companies are present in multiple countries.



Figure 8: Atlanta Airport offers a direct connection to clients across the USA⁶⁵

⁶⁴ Consulted on (Campbell, Harden, & Sarvady, 2018 State of Georgia's Fintech Ecosystem, 2018)

⁶⁵ Consulted on (Georgia Department of Economic Development)

For this, the Atlanta airport offers direct flights to more than 70 international destinations in 50 countries among which is Belgium.⁶⁶

Furthermore, metro Atlanta offers a reliable metro system called Marta, which allows people to live further away from the city while decreasing commuting times.⁶⁷

2.4 TECHNOLOGICAL FACTORS

2.4.1 Access to Venture Capital Money

In an early-stage start-up, several problems are encountered. One of the main challenges is finding people who want to invest in the company. One of the ways to gain investment in the start-up is through venture capitals. Venture capital money is more available in Atlanta than in other states/countries. Following the PWC Global FinTech Report 2017, the second strength of Atlanta is that it is a vast payment hub. Lastly and most notably, there is a lot of talent available in Atlanta because of the several institutions present.⁶⁸

2.4.2 Community technological efforts in general

Programs that offer resources, workspaces, and training to aspiring entrepreneurs within the Atlanta region:

- **Flashpoint** is an experienced startup studio. As stated in the biography of Flashpoint at Georgia Tech on LinkedIn: "it is a rigorous management and education program that works closely with founders to create companies".⁶⁹ Through their efforts they try to reduce the risk of the company, lower the cost, making sure the product is a fit for the market, and by supporting startups, in this way, they aim for a higher success rate within the startup.
- **Advanced Technology Development Center (ATDC)**: the most experienced and oldest university connected technology incubator in the United States. ATDC started in 1980 and to this day assists the growth of advanced technology start-up companies within Georgia.⁷⁰
- **Atlanta Tech Village** provides a community of professionals ranging from technologists to marketers. It is focused on creating connections to grow your business and finding potential customers. Furthermore, Atlanta Tech Village provides support for a startup to succeed. This is done by connecting the start-up company to experts and advisors within its fields. Lastly, it is likewise a hub to share and create new ideas.⁷¹
- **Switchyards** provides drop-in working spaces in and around Atlanta where you can work among other people. It offers an underlying opportunity to network with others.⁷²

⁶⁶ Consulted on (Georgia Department of Economic Development)

⁶⁷ Consulted on (Marta, 2020)

⁶⁸ Consulted on (Dean, 2016)

⁶⁹ Consulted on (Flashpoint at Georgia Tech, n.d.):

⁷⁰ Consulted on (Advanced Technology Development Center, 2007).

⁷¹ Consulted on (Home, n.d.)

⁷² Consulted on (Neighborhood Work Club, n.d.)

- **The Bridge by Coca Cola:** commercialization program for startups with the idea of working as a bridge between global markets and entrepreneurs. The program itself is focused on early-stage and growth start-ups. Granting the opportunity to access in-depth marketing training, mentors, and connection to three of the major sponsors (Coca-Cola, Turner, and Mercedes-Benz). This program mainly focuses on start-ups that grant software solutions.⁷³
- **TechStars business accelerator:** focuses on cultivating startup culture at the local level. This is done by expanding communities of entrepreneurs through events, guidance, and education.⁷⁴ One of the recurring events in Atlanta is the TechStars Atlanta Startup Week. In 2020 this event was held from November 9th to November 13th. These are five days to connect the community with other local entrepreneurs, business leaders in this sector, investors, etc. all free of charge.⁷⁵

2.4.3 Community FinTech efforts

Four major regional efforts are found in Atlanta:⁷⁶

- **Technology Association of Georgia (TAG):** Sponsor several events and focus on the promotion of education, influence, and unity within Georgia's technology community.
- **FinTech Atlanta:** a combination of companies from startups to Fortune 500 businesses that focus on making Atlanta a recognized global player within the FinTech industry. They focus on recruiting, training, expanding companies, and jobs within the Atlanta financial technology services.
- **American Transaction Processors Coalition** is a pool of more than 70 Georgia-based companies who support the growth of the Atlanta ecosystem by developing products and providing funding to support the FinTech needs.
- **Georgia FinTech Academy:** both the FinTech industry and the University System of Georgia collaborate on this initiative. This program is a talent development initiative to ensure students are getting the education that is needed to enter the financial technology sector in this area. They organize monthly activities to connect both business and students with each other.

2.5 ENVIRONMENTAL FACTORS

2.5.1 Climate

The climate of Georgia is a humid subtropical climate with most of the state having short, mild winters and long, hot summers. Overall, Georgia has a favorable climate for living. Airport transport is rarely hindered by climatological conditions, in contrast to New York, where blizzards can heavily impact flights in winter periods.

⁷³ Consulted on (The Bridge By Coca-Cola, n.d.)

⁷⁴ Consulted on (Tech Stars Atlanta, n.d.)

⁷⁵ Consulted on (Innovation and Entrepreneurship A Thriving Innovation Hub, 2020)

⁷⁶ Consulted on (Economic Development FinTech, n.d.)

2.5.2 Fintech and Covid-19

As the actual COVID-situation is affecting the worldwide economy, an environmental analysis of the impact of COVID on FinTech in general, and on Georgia, should be included in the assessment. Depending on the kind of business model, many FinTech companies have found ways to see the COVID-19 crisis as an opportunity, rather than a barrier.

One example of these opportunities is used by FinTech's for whom their core business is lending. These specific companies worked together with the government to help secure loans to small business owners. This was possible through several governmental relief acts Payroll Protection Program (PPP) of the Coronavirus Aid, Relief, and Economics Security Act (CARES Act). This way, small business owners received their loans quickly without too much hassle.⁷⁷

In the United States, as part of avoiding a crashing economy, the federal government began giving stimulus checks to eligible Americans. This was done under the Economic Impact Payments ("EIP") Act, issued as of April 15th, 2020. Because most states and companies were in complete lockdown at the time, the American government partnered with PayPal. As follows, the American government gave its citizens two options to receive money through PayPal. One way was to let the American government deposit the money directly onto the debit/credit card linked to their PayPal account. The second way was to send the stimulus check to their mailbox and from there, the client was able to take a picture with the PayPal app. This way the stimulus check was deposited directly onto their bank account, avoiding a trip to a physical bank.⁷⁸

Within the USA, COVID has affected states differently. Looking at the 3 major FinTech hubs: California, New-York, and Atlanta, it looks like Georgia has suffered the least from this pandemic. While large populations moved away from New York and California, and businesses were heavily affected over there, in Georgia, the impact of COVID was generally moderate, compared to these other states. From the start of the new fiscal year on July 1, 2020, Georgia earned several new US top rankings⁷⁹:

- No. 1 Business Climate for a record-setting eighth year by Site Selection;
- "Top State for Doing Business" for the seventh consecutive year by Area Development;
- "E Star Award" for Export Services for a fourth year by the U.S. Department of Commerce;
- No. 1 State for Aerospace Manufacturing Attractiveness by PWC;
- No. 1 Tech Hub, Atlanta;
- No. 1 in Film Production by Business Facilities magazine.

These datasets clearly show that Atlanta has reasonably well-absorbed the pandemic at this point.

⁷⁷ Consulted on (Shilling & Eckenrode, 2020)

⁷⁸ Consulted on (Questions about government stimulus payments, n.d.)

⁷⁹ Consulted on (COVID-19, 2020)

2.6 LEGAL FACTORS

2.6.1 Regulation FinTech

FinTech organizations have several regulatory compliance obligations under both state and federal laws and regulations. These regulations are based on what products, services, and activities their company is based on.

To be compliant in a certain state, FinTech companies have to obtain a license for every product they offer. As these specific products (thus requirements) vary from company to company, only one example will be given to give a clearer view of the requirements needed and the process it will take to get the proper documentation. For example, a FinTech organization that solemnly provides payment services and interacts with other payment systems is subjected to multiple requirements and restrictions posed on by federal law. One example of these restrictions and requirements on the federal level are consumer protection laws. Then, for the same service, the FinTech entity is required to obtain the proper licensing (in this case a money transmission license will be required).⁸⁰ The specifications and requirements to obtain these licenses are different in every state.

2.6.2 Georgia's State License

The growth of Georgia's FinTech sector is partly due to its progressive regulatory environment as well (Faridi, 2020). In 2018, seven U.S. states including Georgia agreed on simplifying financial technology companies who are applying for licenses. Before this initiative, each FinTech company needed to obtain a different license per state. Now, Georgia, Illinois, Kansas, Massachusetts, Tennessee, Texas, and Washington, will accept each other's research when deciding the suitability of companies applying for money service business licenses, as stated by the national organization of state bank regulators.⁸¹ This saves both human and monetary resources.

2.6.3 Tax Incentives

As previously mentioned, there are several general tax credits in place for investing in R&D.⁸² Nonetheless, at this point, there is not yet a FinTech-specific tax incentive for investment and R&D in place within the state of Georgia.

⁸⁰ Consulted on (Nonaka, et al., 2019)

⁸¹ Consulted on (Reuters Staff, 2018)

⁸² Consulted on (Incentives, n.d.)

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4. CONCLUSION

FinTech is a fast-growing business and new trends are expected to be driven by Artificial Intelligence, Streamlined Payments, and Big Data.

At this moment, Atlanta is ranked number 3 in the US after San Francisco and New York. Atlanta/Georgia has a favorable and interesting climate for Flemish FinTechs who want to cross the ocean.

Smart regulation and civic partnership between industry and government have benefited the business environment in Georgia.

The broader benefits of living and working in Georgia are, also, attractive arguments for new companies. They will find a skilled workforce, and client proximity: a presence of more than 100 Georgia-based FinTech firms and the most traveled airport in the world which puts 80% of the US clients within two hours of Atlanta. Besides, direct flights connect Brussels with Atlanta within 8 hours. Potential starters will find access to venture capitalists and strong community FinTech efforts.

Finally, Georgia is successfully facing the COVID pandemic, in contrast to other US regions. All-together, the high opportunity for potential Flemish starters in Georgia is obvious.

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