

The Fintech Landscape in Lithuania

2022 - 2023 Report

Lithuania

Co-create



Invest
Lithuania



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Welcome word

It is our pleasure to present to you the 6th annual Fintech Landscape in Lithuania Report, which provides an overview of the Fintech sector in Lithuania, its current state and development.

While the beginning of 2022 was marked by Russia's tragic invasion of Ukraine and the year as a whole was full of unforeseen challenges, the Fintech ecosystem in Lithuania exhibited resilience and flexibility in the face of adversity and volatility.

Companies in Lithuania quickly mobilised to launch various services, as well as aid and support mechanisms for Ukrainians. Our Fintech community played an important part in this joint effort. Fintech companies and their employees provided humanitarian and financial assistance, support for relocation and settlement in Lithuania, as well as easier access to financial services to refugees.

We are inspired by the agility, engagement, and solution-seeking attitude demonstrated by Fintech companies in Lithuania. Their maturity and growth have had a positive impact on the local economy and society, and we are grateful for the value they continue to bring.

On a greater scale, we are witnessing an economic slowdown, raising inflation and interest rates, mass layoffs in the technology sector and tightening VC funding flows globally. However, what at first glance might seem like a tumultuous time for Fintech, we believe to be an excellent opportunity for consolidation and the development of a stronger focus for addressing market needs. In fact, we are already seeing these trends emerge in the Lithuanian Fintech ecosystem.

While in 2022 we did not see significant growth in the number of Fintech companies operating in Lithuania, the sector's headcount grew by 19% YoY and reached 7,000 employees. Lithuania is dedicating significant resources to continue developing the talent this sector needs. For example, the Center of Excellence in Anti-Money Laundering has launched training and certification initiatives to educate specialists in compliance, anti-money laundering, and counter-terrorist financing skills. The government has dedicated €80M for an extensive 3-year National Upskilling

and Reskilling Programme, which will help develop in-demand skills, including those related to Fintech and IT.

Lithuania continues to be widely regarded as the best gateway to Europe by international companies. This is reflected in the diverse range of Fintechs that have recently joined the Lithuanian ecosystem.

Lithuania has solidified its place among the most reputable jurisdictions in the world, climbing to the 8th place among the lowest risk jurisdictions, according to the Basel Index. This demonstrates Lithuania's commitment to maintaining high standards of business practices and regulatory compliance.

The strengthening of the sector in Lithuania is evidenced from various perspectives: capital flows, revenue growth and market reach. 2022 was marked by one of the largest Series A rounds in Lithuania by Kevin., and the total amount of funds raised by local Fintechs in Lithuania grew to €67.9M.¹ The top 10 highest-growth licensed Fintechs in Lithuania posted triple-digit increases in revenue. Altogether, companies licensed in Lithuania have served over 25 million customers, a significant milestone that demonstrates Lithuania's position as the EU's leading Fintech Hub.² Finally, on the policy side, the National Fintech Guidelines for 2023 – 2028 setting the strategic direction for the sector's growth for the next 5 years are in their last stages of development.

We hope that this Report will give you a comprehensive overview of the Lithuanian Fintech sector and inspire you to choose Lithuania as the right location for your business.



Gintarė Bačiulienė
Head of Technology Team

Source 1: Fintech HUB LT, 2022
Source 2: Bank of Lithuania, 2022

About this Report

This Report presents the latest data, success stories, and market expectations for what is coming next in the Fintech landscape in Lithuania. The Report is based on extensive research conducted by Invest Lithuania to highlight the Fintech sector’s main trends and celebrate its most significant milestones.

The method of our research consisted of desk research and an online survey distributed to a comprehensive list of Fintech companies operating in Lithuania. This list was compiled based on the 2022 results of an analogous report, existing directories, as well as information provided by business associations and hubs. Companies on the provisional list were then screened to ensure they matched a definition of a Fintech organisation – namely, one that undertakes activities relating to the use of innovative business models and technology to enable, enhance or disrupt financial services.

A total of 263 Fintechs were identified as operating and having a legal entity in Lithuania at the end of 2022. Desk research was performed to collect data on these companies, such as location, business activities, and number of employees. These companies were then invited to take part in the survey that forms the basis of this Report. The survey questions focused on gaining insights into the companies’ operations in Lithuania, talent dynamics, as well as revenue and funding. The survey also included questions on the anticipated future business development of the surveyed companies, as well as challenges and opportunities faced. In total, 93 companies, representing 35% of the market, submitted their responses.

We would like to thank all our partners – Ministry of Finance, Bank of Lithuania, Center of Excellence in Anti-Money Laundering, Financial Crime Investigation Service, Lithuanian Private Equity and Venture Capital Association, ROCKIT and Fintech Hub LT – for assisting us in the preparation of the Report.



Lithuania’s Fintech landscape at a glance / 01

Growth of the Lithuanian Fintech Hub



Business-friendly environment



Global leadership



Source 1: Invest Lithuania, 2022
Source 2: Bank of Lithuania, Data for EMI, PI and SPB licenses as of the end of 2022
Source 3: Tax Foundation, 2022
Source 4: The Frazer Institute, 2022

Source 5: fDi’s European Cities of the Future, 2022
Source 6: Basel AML Index, 2022
Source 7: EUCLID Register, European Banking Authority, Data as of the end of 2022 for EMI, PI, SPB licences
Source 8: Bank of Lithuania, 2022

Ecosystem overview / 02

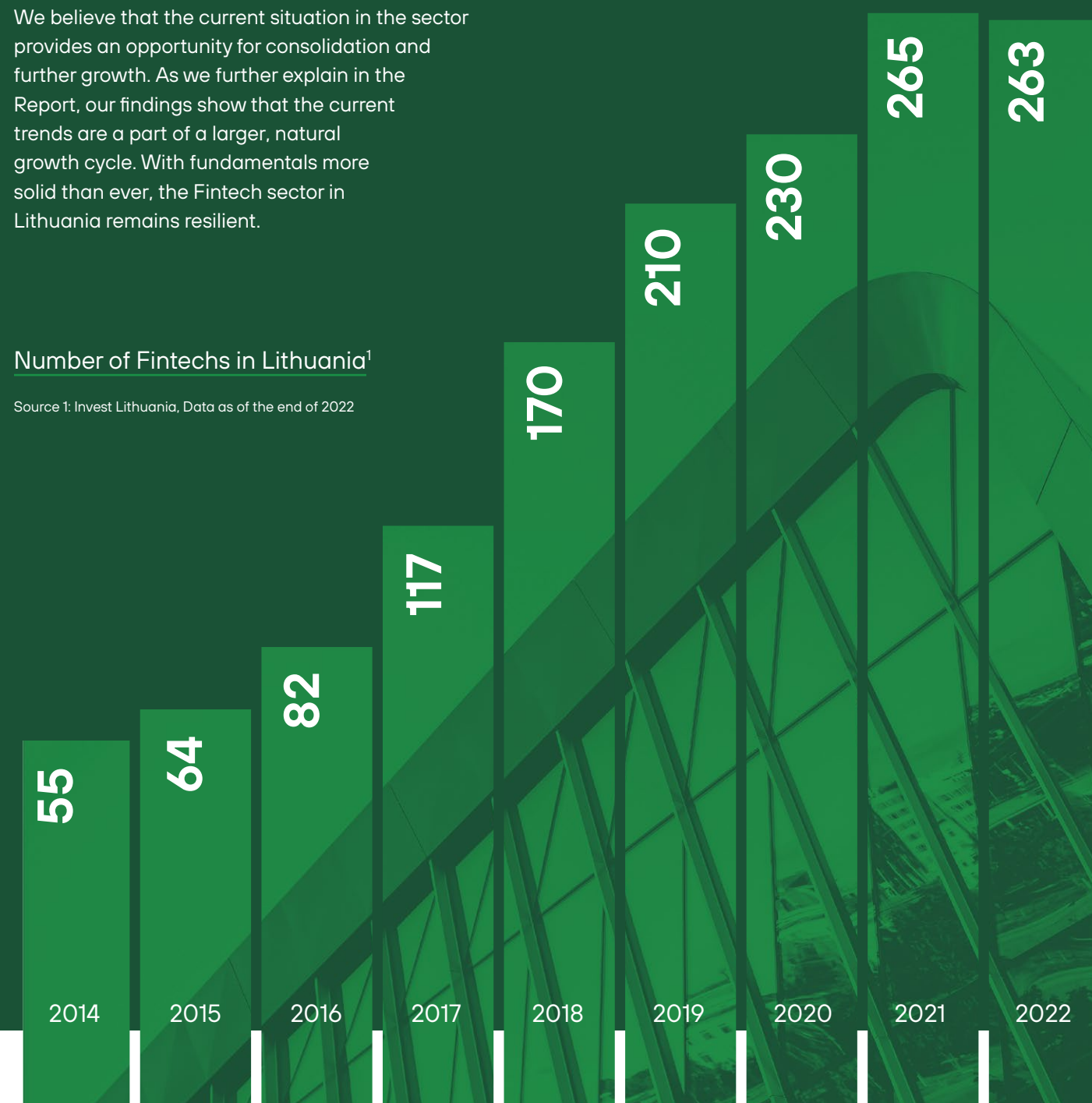
Trends and highlights

For the first time since we began our census of Lithuania's Fintech ecosystem in 2017, the growth of the number of companies in the sector has plateaued. This is not surprising for several reasons. First, we see the effects of the current economic downturn materialising. We sense a generally more cautious economic outlook - even revenue-generating companies are conservative regarding their growth plans. Also, a number of early-stage startups ceased their operations for variety of reasons, such as difficulty to raise funds or inability to find product-market fit.

We believe that the current situation in the sector provides an opportunity for consolidation and further growth. As we further explain in the Report, our findings show that the current trends are a part of a larger, natural growth cycle. With fundamentals more solid than ever, the Fintech sector in Lithuania remains resilient.

Number of Fintechs in Lithuania¹

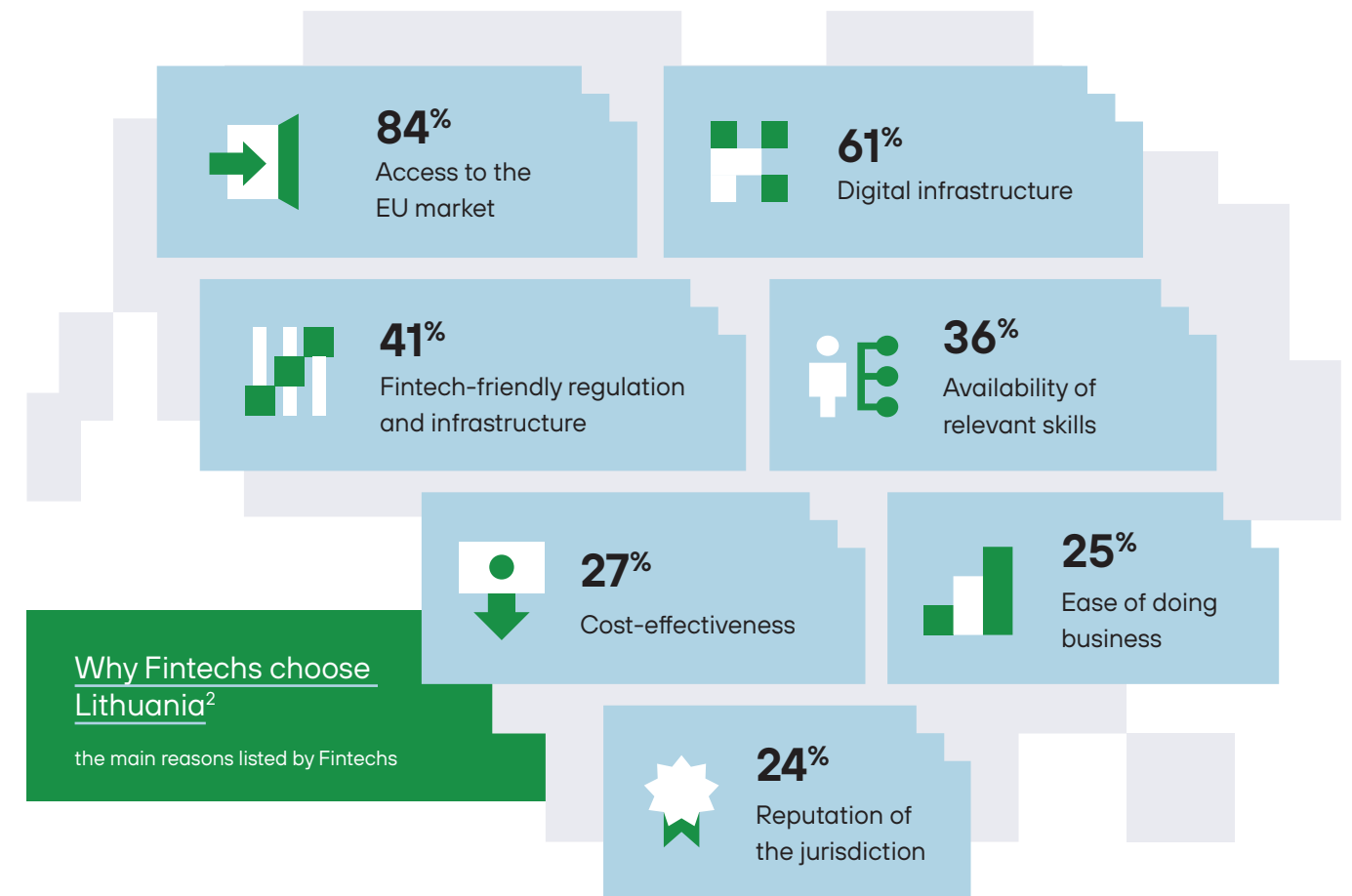
Source 1: Invest Lithuania, Data as of the end of 2022



Lithuania – Fintech destination of choice

Despite the shifting circumstances in the global economy, Lithuania remains a prime destination for Fintech companies looking to expand into Europe. The unparalleled access to the 500M+ customer market of the European Union, underpinned by Lithuania's digital infrastructure and supported by the country's Fintech-friendly regulator, remain the key attributes

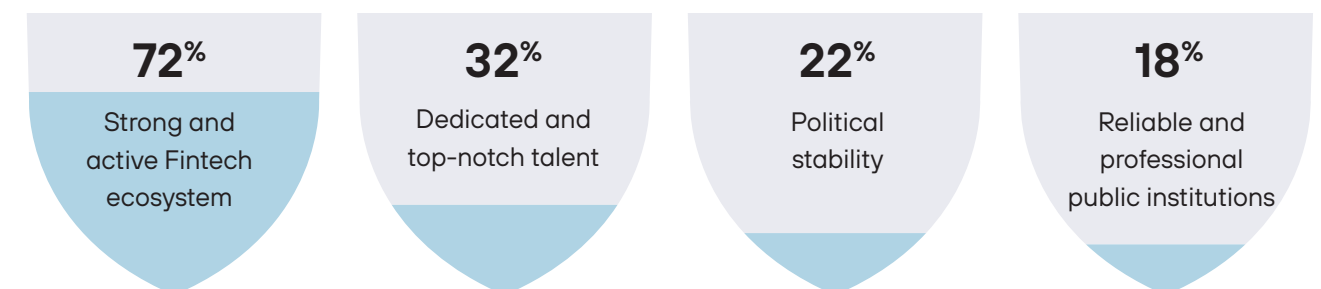
of Lithuania's attractiveness. We see that companies recognise the skills and experience of the talent pool in Lithuania, indicating it as one of the top five reasons why they chose Lithuania for their operations. We also forecast that, as the global Fintech sector continues to consolidate, the reputation of the jurisdiction will take centre stage.



The sector's resilience

Given the challenges we all witnessed in 2022, we asked our survey participants what, in their opinion, were the main sources of resilience of Lithuania's Fintech sector. It was inspiring to see that the core

pillar of strength was people – both our Fintech community, which remained as active as ever, and the talented people that make up the companies².



Source 2: Invest Lithuania Fintech Survey, 2022

Fintechs in Lithuania

Main functions of Fintechs in Lithuania¹



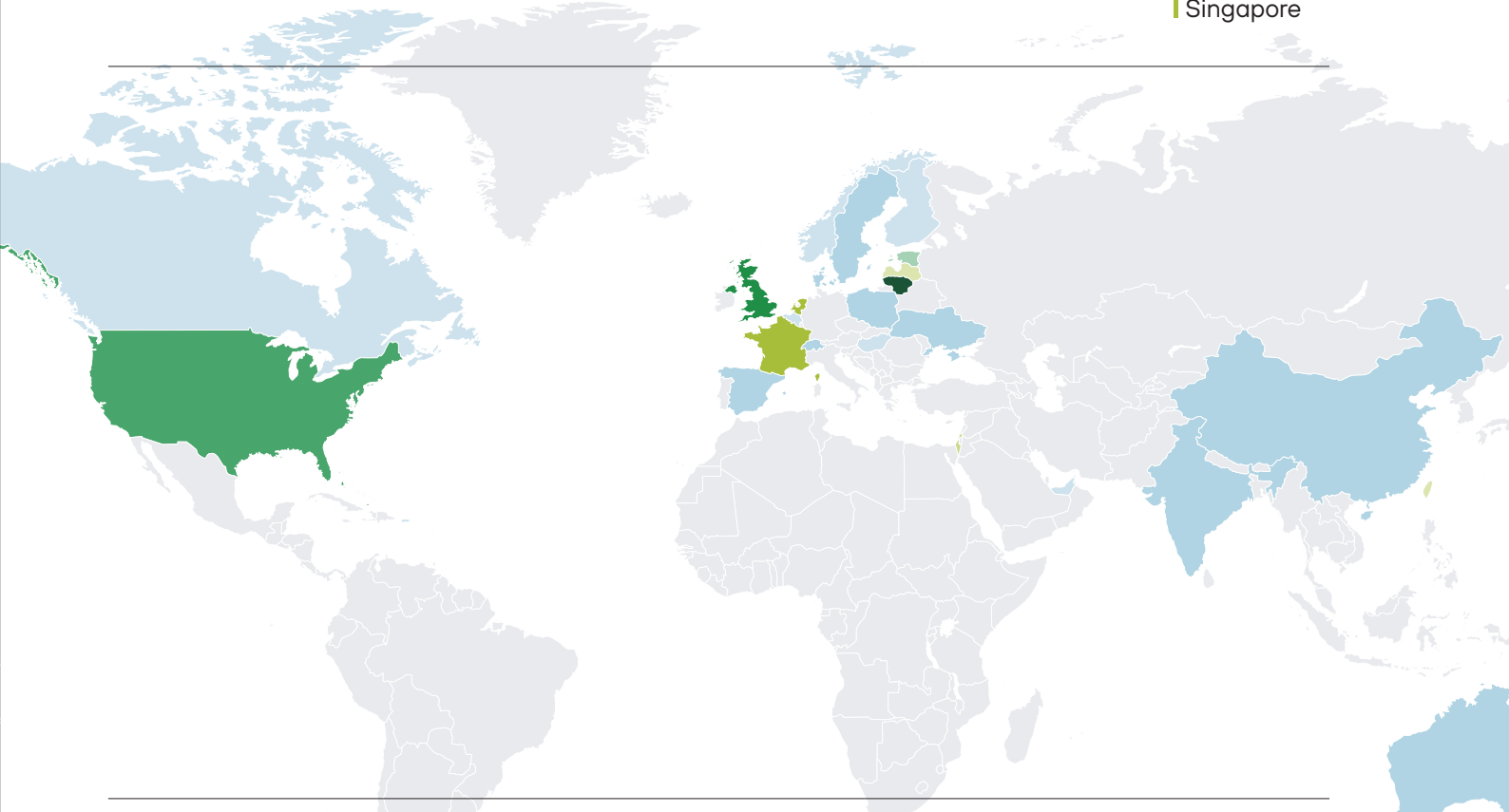
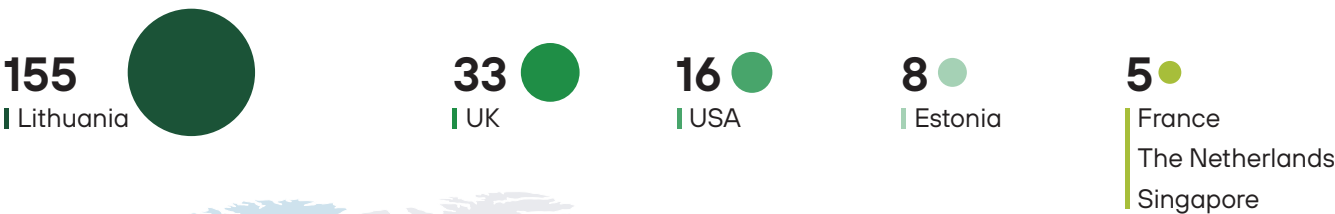
In 2022, we took a deeper look into the functions that Fintechs operating in Lithuania perform here. As in the previous years, Compliance remains key in back office operations. On the product side, it is great to see almost half of the surveyed

Fintechs doing Software Development in-house. Furthermore, Business Development and Sales dominate front office activities, with Lithuanian talent able to not only develop, manage and ship the product, but also to sell it.

Source 1: Invest Lithuania Fintech Survey, 2022

Attracting global businesses

Fintechs in Lithuania by HQ location²



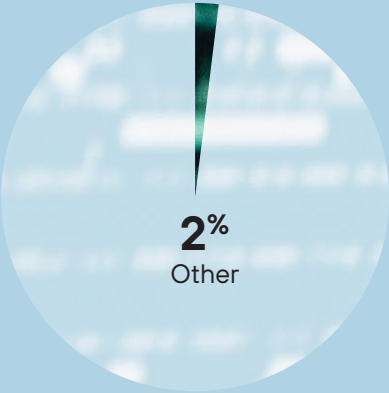
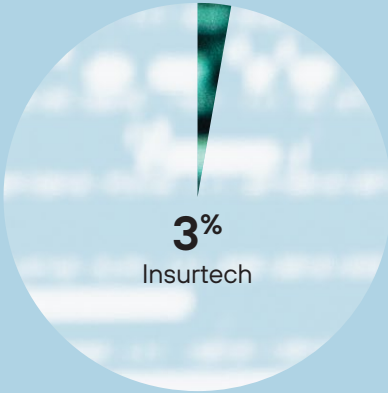
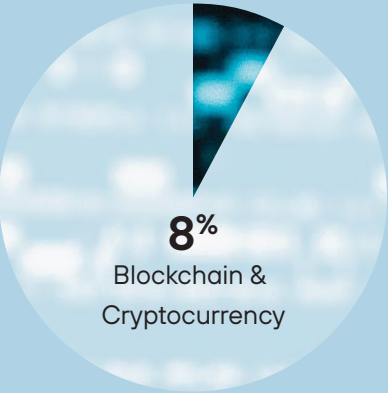
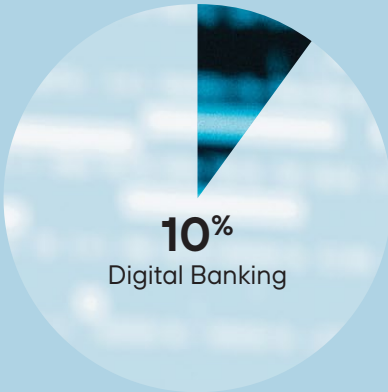
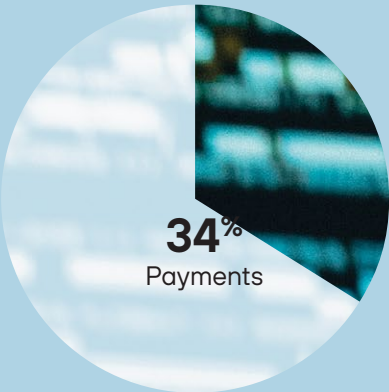
What makes Lithuania's Fintech ecosystem unique is a strong presence of international companies. Globally minded Fintechs bring their expertise and know-how to Lithuania and export their services across the European Union. Currently, most foreign companies come from the United Kingdom and the

United States. For the first time since the start of the Fintech census, we see a presence of Taiwanese companies. In 2022, 3 companies from Taiwan joined the ecosystem, a testament to Lithuania's strategic direction towards developing East Asian markets.

Source 2: Invest Lithuania, 2022

Fintechs in Lithuania by core business activity

In 2022, the composition of the Fintech ecosystem in Lithuania remained similar to previous years. The payments sector retained the largest share of the market and reigned supreme as the core competence of Lithuania. Going into 2023, we forecast the ecosystem to continue to focus on payments. With the PSD3 Directive on the horizon, we expect even more innovation in the sector¹.



Source 1: Invest Lithuania, 2022

Kaunas: Emerging hub for product development

Adriaan Hoogduijn

Chief Executive Officer of Hyarchis



Why did Hyarchis choose Kaunas? What was the thought process and criteria for selecting a new office outside of the Netherlands?

The Regtech market, in which we operate, is booming and Lithuania is quickly developing into one of its main hubs in Europe. As a company, we’re always looking for breakthrough solutions within our market, and Lithuania offers the kind of talent that we need to stay at the helm of innovation within our industry. Whereas we started with a hub for our product development, our Lithuanian operations have quickly developed into our operational headquarters which includes HR, Finance, Support, Marketing and Sales. We selected Kaunas mainly because of the presence of high-quality institutions of higher education, which actively collaborate with the business environment. We successfully collaborate with both Kaunas University of Technology as well as Vytautas Magnus University and we are very happy with the talent we’ve been able to attract and nurture with them.

What is the current role of the Kaunas office within your company? And what are the unique advantages Kaunas has when compared to Vilnius?

Our Kaunas office serves as our main product development hub while our Vilnius office serves as our operational headquarters. For product development, we heavily rely on data scientists and the talent pool in Kaunas is deeper in this regard. Due to the presence of many homegrown Fintech successes, the operational experience, however, runs deeper in Vilnius. Since it’s a mere hour’s drive between the cities, we can easily combine the best of both worlds.

What would you recommend to companies looking to explore locations outside of Vilnius?

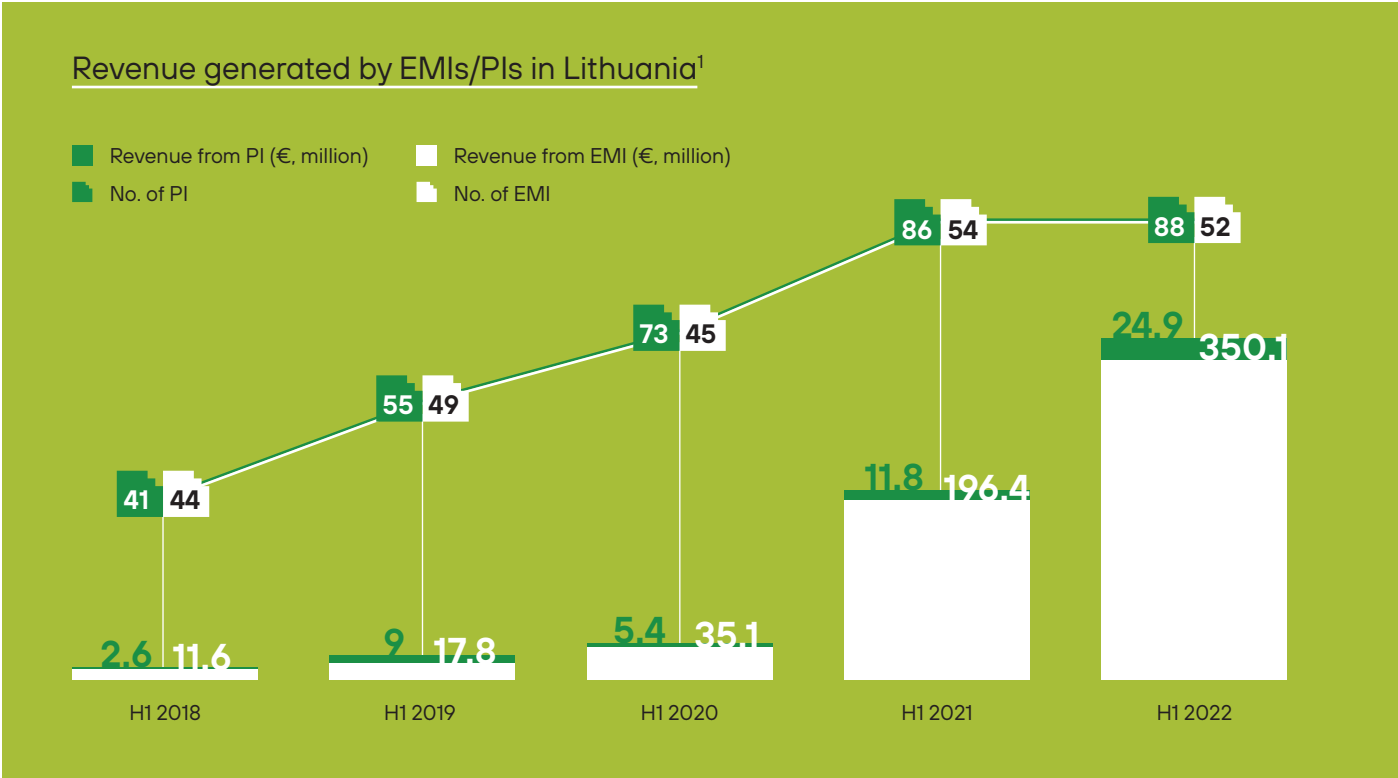
My advice would be to look first and foremost at the city’s potential. When I first touched ground in Kaunas in 2016, there were only a handful of international investors and barely any Class A office buildings. We, however, saw the potential of the city based on its infrastructure and decided to move in. Together with us, more and more international investors started moving in and together have created a great infrastructure that many companies can reap the fruits from. To my feeling, cities such as Klaipėda and Šiauliai will see a similar surge in the years to come.

An impressive growth rate despite turbulent times

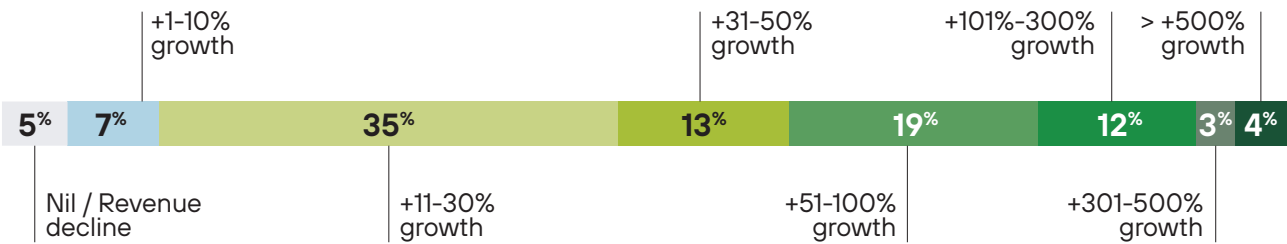
In this section, we take a closer look at revenue to gauge how the Fintech sector fared in these turbulent times. Similar to 2021, the Lithuanian Fintech sector demonstrated resilience, as evidenced by the substantial income growth seen across the sector. The revenue generated by Electronic Money and Payment Institutions from licensed activities in H1 2022 reached €375 million, which shows an 80% YoY increase compared to H1 2022. Such strong results from EMIs and PIs alone suggest that the year will be remembered as a record one.

If we compare revenue generated by EMIs and PIs from licensed activities in H1 2022 and H1 2018, we see a staggering increase of 26 times. At the same time, the number of EMIs and PIs grew from 85 (41 and 44 accordingly) to 140 (88 and 52 accordingly), which indicates growing maturity of the sector.

Revenue growth expectations are optimistic, as 94% of all Fintechs surveyed are expecting their revenues to grow in 2023, with 1 in 5 Fintechs anticipating to more than double their revenues. The majority of the survey's respondents, however, expect their revenues to grow at a sustainable rate of 11% to 30%.²



Revenue growth expectations for 2023^{2*}



Source 1: Bank of Lithuania, 2022. Income from licensed activities
Source 2: Invest Lithuania Fintech Survey, 2022. 27% of respondents decided not to disclose their answer to this question
*Funds that local Fintechs aim to raise in the next funding round

Fintech funding roundup and projections for 2023

Lithuanian technology companies on the radar of international VCs

Gerda Sakalauskaitė
Managing Director of
Lithuanian Private Equity and
Venture Capital Association



Since 2017, the combined value of companies based or founded in Lithuania grew from €0.6 B to €10B. What enabled such rapid growth?

Many different factors coincided and correlated well. I think that proper governmental support for startup development had its effect. At the same time, significant success cases inspired young founders to start their own businesses. Overall, being a founder or working at a startup is quite a popular career path, especially in Vilnius.

In Lithuania, most investments in startups revolve around early-stage rounds. Why is that and what could be done to support later-stage investment in Lithuanian startups?

It is a very expected trend for smaller startup ecosystems like Lithuania. Local VC investors should ensure the proper funding and growth of early-stage startups, while connecting them to larger VC markets (Western Europe or the US) for larger investment rounds. In this light, it is vital for us to have good access to global VC markets, and I think we already have that at this stage. In fact, more and more foreign VC funds scout Lithuania for later-stage opportunities.

According to our survey, 44% of all surveyed Fintechs are revenue-funded. What are the reasons for that?

I think there is quite an evident market for new financial solutions here. And Lithuanian consumers are not afraid of using Fintech solutions, on the contrary, they prefer to use them. This means that Fintechs can enjoy growth from revenue from a very early stage.

Also, I think Lithuanian companies tend to bootstrap their growth rather than raise capital. For instance, our second unicorn Nord Security raised VC money for the first time at a very late stage.

In 2021, Fintech was the fastest-growing industry both by the number of new startups established in Lithuania and by the record funding rounds it raised. What were the main local Fintech funding trends in 2022 and what can we expect for 2023?

Last year was an incredible year for the local Fintech market. I would mark out Kevin's Series A round of €61.6M. That was impressive! It sparks an intrigue whether our next unicorn is going to be a Fintech one. We can expect more good deal flow in the Fintech space in the near future as well. Our ecosystem is becoming mature and internationally known, and the overall reputation of the local Fintech sector is good.

Finally, we hear about the record amount of "dry powder" held by global VCs currently. Can we expect more investment in Lithuanian founders?

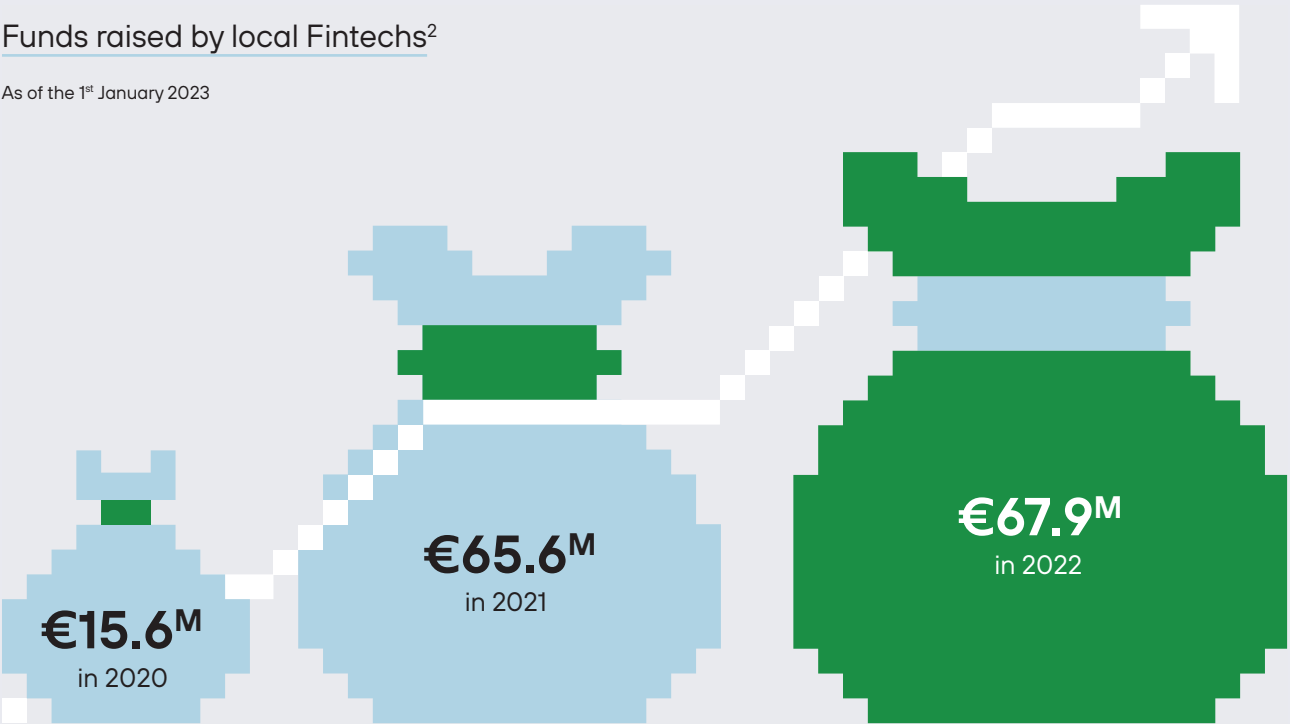
Yes, globally VCs enjoy deeper pockets than they used to. However, we should consider uncertainties and the economic slowdown worldwide. I believe VCs will be pickier and will take lesser risks toward opportunities. That being said, I still think our founders will get more attention from international VCs because the performance of our startups still grows and does not show negative trends, unlike in other regions.

Fintech funding continues to grow

In 2022, local Fintechs raised €67.9M. Namely, rounds were raised by four companies: Kevin. (€61.6M, Series A), myTU (€5M, Seed), DeepFin (€685K, Pre-Seed) and Okredo (€650K, Seed). Compared to the previous year, the number of deals decreased, yet the total amount of funding slightly increased. While in 2021 the share of funds raised by local Fintechs made up 13% of the total amount of funding attracted by Lithuanian companies, in 2022 it reached 28%. All in all, in 2022 Fintech was one of the most successful startup segments in Lithuania.¹

Funds raised by local Fintechs²

As of the 1st January 2023



The results of our survey indicate that the main funding trends were similar to those seen in 2021. Private equity, venture capital, and angel investors are the top three sources of funding. 44% of surveyed Fintechs were revenue-funded, indicating that a significant share of Fintechs experience growth from revenue from a very early stage.

Main sources of funding³

Private equity	52%
Venture capital	28%
Angel investors	24%
Loans	14%
M&A	7%
Crowdfunding	4%
Government grants	3%
ICO	2%
Other	16%

Fintechs by stage of funding³

Revenue-funded	44%
Pre-seed (bootstrapped)	5%
Seed	14%
Series A	9%
Series B	3%
Series C	2%
Series D	3%
IPO	4%
ICO	0%
M&A	4%
Other	11%

Despite negative global trends, such as falling VC funding throughout 2022, uncertainty in the markets and a looming economic slowdown, the Fintech sector in Lithuania keeps a rather positive outlook. Looking to the future, 48% of respondents plan to raise another funding round, while 52% of respondents have no plans to raise funds in the near term.

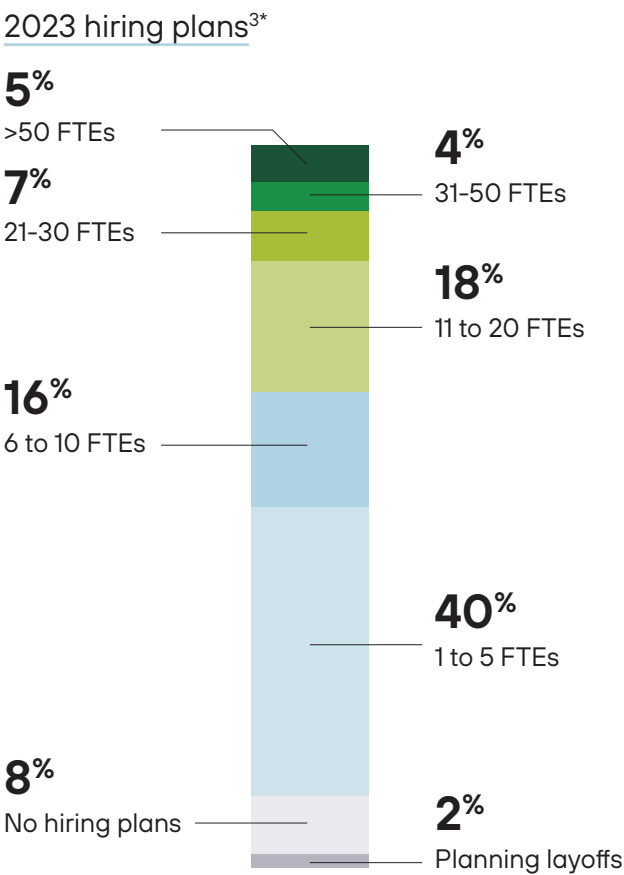
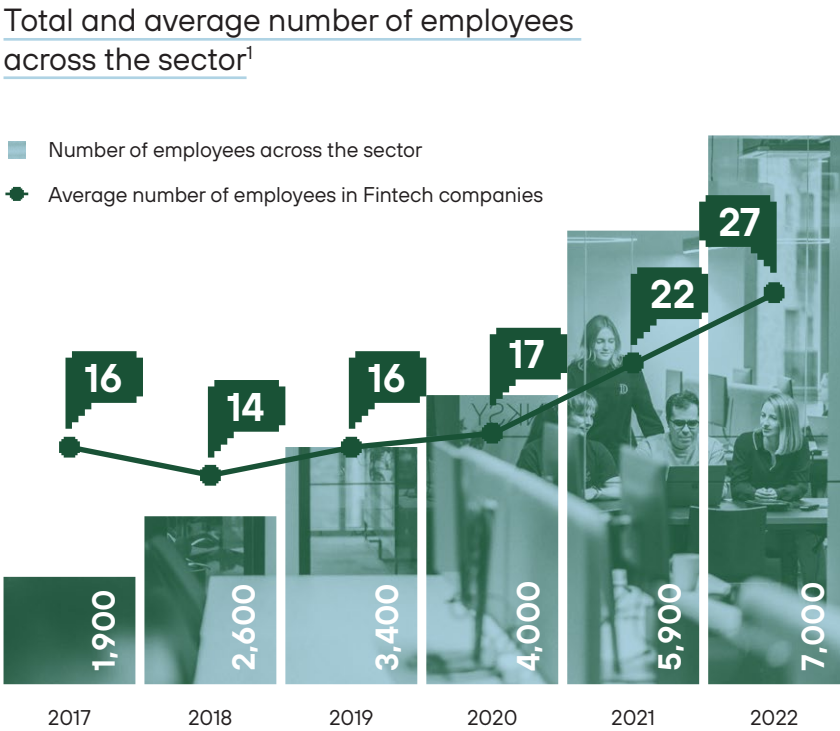
Funds that local Fintechs aim to raise in the next funding round^{3*}

> €50M	3%
€21M-€50M	4%
€11M-€20M	7%
€6M-10M	5%
€4M-5M	7%
€1M-3M	13%
< €1M	9%
Not planning to raise funding	52%

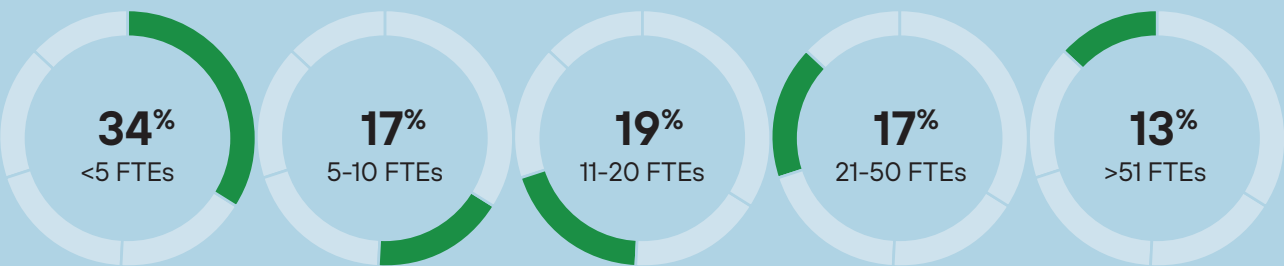
Source 1: CIVITTA report commissioned by Google. The Baltic Startup Scene: Today's Realities, Tomorrow's Possibilities, 2022
Source 2: Lithuanian Private Equity and Venture Capital Association, 2022
Source 3: Invest Lithuania Fintech Survey, 2022
*19% of respondents decided not to disclose their answer to this question

Key employment dynamics

The Fintech sector in Lithuania continued to add new jobs in 2022, despite the global backdrop of hiring freezes and layoffs. The resilience of the sector in Lithuania can be partly attributed to the strong performance of payment institutions. It is noteworthy that the average Fintech company in Lithuania employs 27 people, with the most substantial year-over-year increase in the number of companies with over 20 employees.



Fintechs in Lithuania by number of employees²



Headcount growth expectations for 2023 are somewhat moderate. 90% of respondents plan to hire additional employees in 2023, compared to 97% the previous year. The hiring expectations are realistic and in line with the overall economic outlook: 74% of the companies surveyed expect to add up to 20 employees to their headcount in Lithuania. With that in mind, 16% expect to add more than 20 employees, with several respondents indicating plans to add more than 50 to their headcount.

The continued hiring indicates that the multilingual and highly skilled talent in Lithuania offers excellent quality-to-cost ratio: Lithuanian teams deliver

business-critical functions and results, which helps companies that employ them to withstand and excel in the current market conditions.

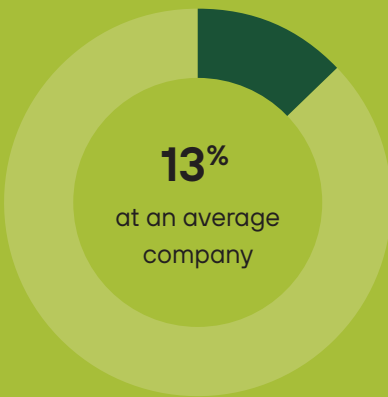
In 2022, Software Development and Compliance specialists were the most sought-after roles by Fintechs in Lithuania.

Interestingly, 11% of the companies surveyed reported no difficulties in filling their job openings. This trend is expected to continue into 2023, enabling Fintech companies in Lithuania to scale in line with their ambitions.

Source 1: Invest Lithuania, Data as of the end of 2022
Source 2: Invest Lithuania Fintech Survey, 2022

Diversity at every level

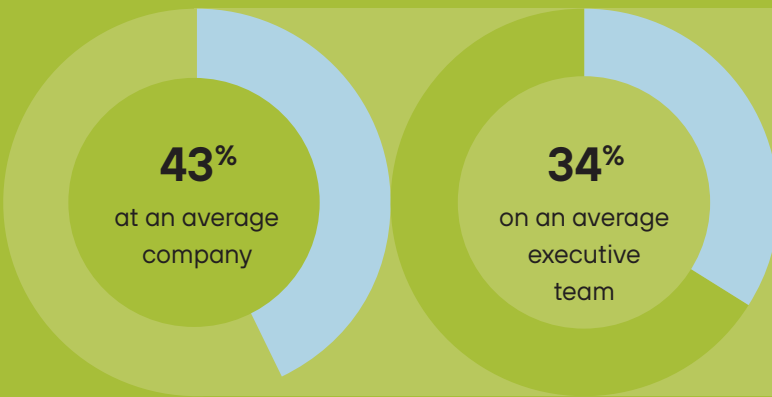
Share of international staff working in Fintechs in Lithuania³



Diversity is a contributing factor in the success of Lithuania's Fintech ecosystem. With an average share of international staff working in Fintechs at 13%, the Fintech industry benefits from fresh perspectives and new ideas from expats living in Lithuania. Additionally, the average proportion of

Source 3: Invest Lithuania Fintech Survey, 2022.
*8% of respondents decided not to disclose their answer to this question

Share of women working in Fintechs in Lithuania³



women in Lithuanian Fintech companies stands at 43%, with 34% of women holding leadership positions on executive teams. This diversity of backgrounds and experiences is crucial for driving innovation and staying competitive in the fast-paced world of Fintech.

Talent / 03



Availability and growth

2nd globally

in IMD Digital Competitiveness Ranking by Digital / technological skills¹

2nd in the EU

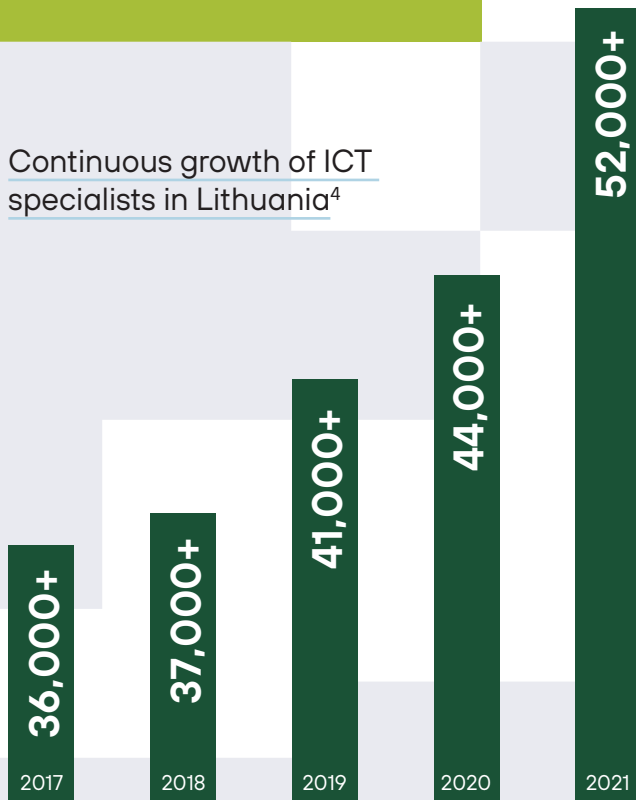
for young specialists (age 15–34) joining the ICT sector²

17%

annual growth in the number of ICT specialists³

One third of the companies surveyed indicate that the availability of relevant skills is the main advantage of Lithuania’s business environment⁵. To ensure constant talent pool growth, numerous initiatives and policies have recently been undertaken by the state, private companies and academic institutions. And these initiatives are already bearing fruit: between 2020 to 2021, the number of ICT specialists in the country increased by 17%. Considering that a significant number of young specialists join the ICT sector, the outlook for the future growth of the sector is positive.

Continuous growth of ICT specialists in Lithuania⁴



Source 1: IMD Digital Competitiveness Ranking, 2022
Source 2, 3, 4: Eurostat, 2022
Source 5: Invest Lithuania Fintech Survey, 2022
Source 6: Population with tertiary education, OECD, 2022

Source 7: Eurostat, 2020 *Life Sciences, Engineering, Mathematics, IT, Physical Sciences, Bachelor’s and Master’s degrees
Source 8: National Agency for Education, 2022
Source 9: Eurostat, 2022

Highly educated talent

58%

of the 25- to 34-year-olds hold higher education (3rd in the EU)⁶

4th in the EU

by share of students choosing STEM degree programmes⁷

>23K students

enrolled in innovation-related programmes⁸

5th in the EU

by share of ICT specialists with a higher education⁹

Lithuania leads the EU in terms of the share of young people (25- to 34-year-old) with higher education. Innovation-related programmes and fields, such as Physical Sciences, Life Sciences, Engineering, Mathematics and IT are among the most popular degree programmes with over 23,000 students in the pipeline.

Advancing Fintech-specific skills

Across the board, both formal and non-formal education providers are working intensely to provide the kind of talent that Fintech companies need.

1,200+ students are currently enrolled in dedicated Fintech university and college courses in Lithuania, namely:



Vilnius University

Financial Technologies

Master’s degree study programme



VILNIUS TECH

Financial Engineering with a specialisation in Fintech

Master’s degree study programme

Financial Engineering with compulsory Fintech modules

Bachelor’s degree study programme



Vik VILNIUS UNIVERSITY OF APPLIED SCIENCES

Banking

Professional Bachelor’s degree study programme

Information Systems with a specialisation in Financial Technologies

Professional Bachelor’s degree study programme



ktu kaunas university of technology

Finance with a specialisation in Financial Technology and Analysis

Bachelor’s degree study programme

Business Digitalisation Management with compulsory Fintech modules

Bachelor’s degree study programme

developed in close cooperation with Danske Bank and Invest Lithuania



MRU Mykolas Romeris University

Law and Fintech

Bachelor’s degree study programme



Vilnius Business College

Programming for Fintech

Bachelor’s degree study programme

Currently under development

Emerging talent hotspots in Lithuania

Johannes Ingi Kolbeinsson

CEO of Paystrax



You've recently announced your expansion to Klaipėda, Lithuania's 3rd largest city. It's not a location most think about for hiring Fintech talent. What were the main reasons behind this decision?

In 2021, it was clear that PAYSTRAX would be growing fast in the coming years. When planning our expansion and at the same time seeing the expansion of other Fintech companies in Vilnius, we realised that there would be an increased demand for qualified employees in Vilnius. We decided to set up a back office in another location to hire young and bright educated people that we could train with long-term employment in mind.

Klaipėda caught our attention because of its favourable location with a variety of educational institutions, which are a source of qualified job candidates. The Fintech environment in Klaipėda is quickly developing, and more companies are looking to set up here.

During this year, PAYSTRAX nearly doubled its headcount in Lithuania and opened two more offices in addition to its offices in Vilnius and Reykjavík, one in Brighton in the UK and another one in Klaipėda.

How has the journey been so far? Have you collaborated with anyone in Klaipėda?

Currently, we are pleased with the decision to open our second office in Lithuania which helped us in expanding our activities here. At first, we started working in a co-working space at Lighthouse, which has really nice facilities. But as we are growing, we are moving to larger premises in the same location. Since the beginning of 2023, we have relocated to our new office, which has 30 workspaces.

During our journey, Klaipėda ID has been helpful with the whole settlement process and potential market opportunities. Looking ahead to the upcoming year, we are planning to focus more on educational institutions in Klaipėda and collaborate with them on educating students.

What would you recommend to companies looking to explore other locations outside of Vilnius?

The Fintech sector in Lithuania is rapidly growing, and it is good to realise that there is qualified talent located outside of the capital. Vilnius' exponential growth only proves to us that with the right plan for innovation, other cities in Lithuania could reach the same potential.

Globally minded multilingual talent

The Lithuanian talent pool is characterised by its multilingual and well-educated specialists. And it is this kind of top-notch talent that is most in demand in times of economic uncertainty. In fact, one third of the Fintechs surveyed identified talent as one of the Lithuanian Fintech sector's benchmarks of resilience³.

This knack for multilingualism has its roots in Lithuania's international mindset, which is well aligned with the Nordics, Europe and the US. Not only that, with the settling of foreign companies in Lithuania and an education system that is firmly committed to looking outward, language learning has become top of the agenda. With most young Lithuanian professionals proficient in English, international companies expanding to Lithuania have the benefit of being able to tap into talent that can seamlessly integrate into their global teams.

20,000 in-demand specialists to be reskilled or upskilled

Via an €80M initiative launched in 2023, the Lithuanian government has committed to upskill and reskill just under 20,000 people within the space of three years. Fintech-specific, as well as broader Finance and IT programmes are currently under development in partnership with Fintech companies operating in Lithuania. Training courses designed to provide learners with high value-added competencies in 4-32 weeks are being made available free of charge. To qualify, companies simply need to commit to employing the employees they refer for upskilling and reskilling for a further six months.

Source 1: 2021 Invest Lithuania's estimations based on Population Census 2011
Source 2: Eurostat, 2016
Source 3: Invest Lithuania Fintech Survey, 2022
Source 4: Ministry of Social Security and Labour, 2022
Source 5: Invest Lithuania's estimations based on data provided by IT academies, 2022



85%

of young professionals are proficient in English¹

53%

of population speaks at least 2 foreign languages²

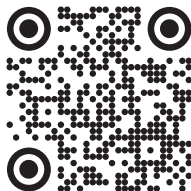
€80M

allocated for upskilling and reskilling of 20,000 in-demand specialists⁴

3,100

people requalified as IT specialists in 2021⁵

Learn more



Availability of AML/CTF and Compliance skills

Lithuania's Compliance talent pool consists of more than 10,000 specialists with the required skillset, 7,500 of which are working in Finance, Banking and related sectors¹.

10,200+

Overall availability of AML/ CTF & Compliance and Risk management-related skills across all industries

7,500+

Availability of AML/ CTF & Compliance and Risk management-related skills in Finance, Banking and related sectors

The survey reveals that presently professionals with the AML/CTF & Compliance skillset are among the most in-demand in Lithuania. To meet the talent needs of the companies, an additional stream of talent is upskilled or reskilled by education providers and academies. Established and recently launched programmes include:

Center of Excellence in Anti-Money Laundering:

- hosts a series of online seminars throughout the year, each attended by 860 participants on average from both the private and public sectors;
- launched an AML certification programme with 52 hours of in-person training, provided in collaboration with Mykolas Romeris University and the Ministry of Finance.



Center of Excellence in Anti-Money Laundering

Kazimieras Simonavičius University:

- offers a full suite of International Compliance Association's (ICA) professional qualifications, including courses in AML, financial crime prevention, and customer due diligence.
- offers a qualification course for Data Protection Officers.



Kazimieras Simonavičius University

More certified AML and compliance specialists to enter the market

Eimantas Vytuvis

Director at the Center of Excellence in Anti-Money Laundering



Center of Excellence in Anti-Money Laundering



Compliance and AML specialists are some of the most in-demand for Fintechs. What initiatives is the Center of Excellence in Anti-Money Laundering undertaking to expand the talent pool of these specialists?

In 2022, the Center of Excellence in Anti-Money Laundering, together with the Ministry of Finance and Mykolas Romeris University, signed a memorandum for establishing and implementing a new AML certification programme. By building this programme, Lithuania took another step towards becoming a competency hub for money laundering prevention in Europe.

The programme will help students and those willing to improve their AML skills enter the job market and solve the current shortage of money laundering prevention specialists. The first cohort of 35 students started the course in November 2022. The programme lasts nine weeks and consists of 52 hours of theory and 103 hours of independent work.

Those who successfully complete the programme will receive a Certificate in AML. We expect to continue this programme, and in the future, we plan to create a new Certification programme for senior managers.

According to our survey, Compliance & Regtech is an area where Lithuania has the potential to become a leader. What are the main achievements in Compliance and AML that should be celebrated?

The overall state of Compliance and AML in Lithuania is worth celebrating. It is not a coincidence that Lithuania is continuously ranked among the top countries for AML². This is a collective achievement of Banking, Fintech, Regtech, and other sectors in Lithuania contributing to a common goal – fighting financial crime.

Countries worldwide continue to sanction Russia, and other associated countries, in condemnation of its war in Ukraine. What advice could you give to new Fintechs who are building their product in such a complex global environment?

First, follow and comply with relevant national and global regulations. Regulatory and particularly sanctions frameworks have never been as dynamic as today. This brings new challenges to all financial sectors, including Fintech. We also advise companies to continuously invest in appropriate and timely control systems. This includes technological solutions and adequate and proportional level of employees' expertise.

Source 1: LinkedIn Talent Insights, Data as of the end of 2022
Source 2: Basel AML Index, 2022

Attracting international talent

Attracting highly qualified talent to the country's IT and Finance sector is one of the Lithuanian Government's top priorities. Already in place is the EU Blue Card scheme, which allows highly qualified professionals from outside the EU to immigrate easily. Recently, an incentive scheme has been put in place which offers fast processing times and financial incentives to both specialists brought from abroad and to companies attracting talent. These amounts, up to €3,000 and €5,000 respectively, are aimed at helping with relocation costs. This support scheme are also available to repatriating Lithuanian specialists.

Read more about the financial incentive



No. of highly qualified specialists moved to Lithuania with Blue Card

2020:	289
2021:	1,267
2022:	3,924



2022 was marked by several important milestones for us – we broke our own pre-pandemic FDI records, won awards for best FDI strategy, established Vilnius TechFusion as an innovation and technology-driven brand, and made sure that migration and integration procedures for top talents are as smooth as possible. Vilnius is a growing talent and technology hub, especially in the Fintech ecosystem. Lithuania is the biggest Fintech hub in Europe, and within the country 9 of 10 Fintech companies establish themselves in Vilnius. In 2023, we are also celebrating our 700-year birthday, so this year is really special – everyone's invited!

Inga Romanovskienė
Director of Go Vilnius



Upon arriving to Lithuania, foreign nationals and repatriating Lithuanians are met with a warm welcome and are provided support. International House Vilnius is a one-stop shop for newcomers to the Lithuanian capital, where they can resolve all immigration, taxation, and social security issues, as well as receive guidance on housing and life in Vilnius. In its first year of operation, International House Vilnius serviced 16,000 new Vilnians.



Visit website

Work in Lithuania

Work in Lithuania is an initiative by Invest Lithuania that connects talent from abroad with the best job opportunities in Lithuania. The platform acts as a link between people looking to land their dream job and international companies keen to hire specialists from abroad¹.



Visit workinlithuania.com

TOP 5 positions by applications received

- 1. Technical Client Support Specialist
- 2. Sales Development Representative
- 3. Digital Marketing Assistant
- 4. Junior Compliance Specialist
- 5. Finance Process Specialist



35^K on average

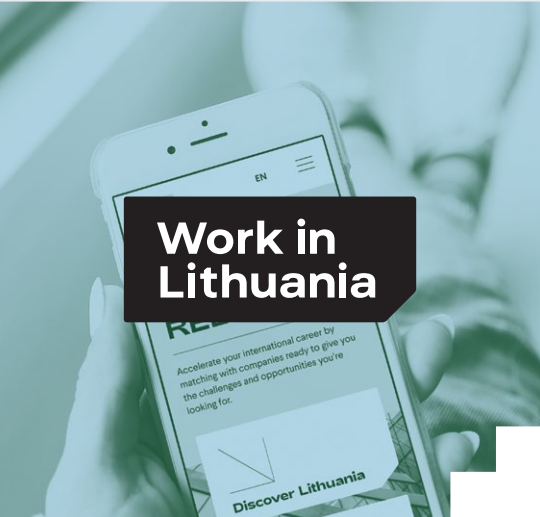
monthly visitors to the platform



>1.5^K on average

monthly job applications submitted by global talent

Work in Lithuania



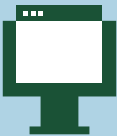
Application statistics on Fintech-related positions in 2022



Accounting & Financial Services

300 jobs

2,200 applications



Information Technology and Services
(excl. Software Engineering)

500 jobs

5,150 applications



Software Engineering

200 jobs

1,570 applications

Source 1: workinlithuania.com, Data as of the end of 2022

Partnerships between universities and technology companies

Collaboration between Kaunas University of Technology and TransUnion Baltics

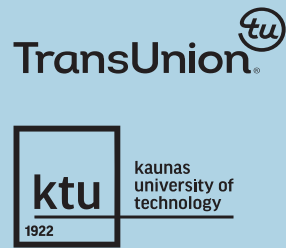
Kaunas University of Technology has numerous partners in the private sector. One of the best among them is TransUnion, which has been working with us for many years on the basis of friendship, respect, and mutual trust.

Representatives of TransUnion have been giving lectures and holding seminars designed for our students. By sharing their knowledge, experience, and real-world examples, they increase the overall value of education. In addition, by listening to professionals from companies like TransUnion, students get an opportunity to better understand the features and challenges of the IT and Fintech sectors, as well as their own career prospects. For its part, the company benefits by meeting potential future hires, learning about their strong and weak points, or simply getting to know the upcoming generation.

Besides these opportunities, TransUnion also takes part in the University's informal programme SKILLed Fintech by delegating mentors. The programme is dedicated to students willing to learn more about the Fintech sector, become better leaders, and develop their skills in this competitive field.

Erika Jucevičiūtė-Barisė

Head of Partnership Development Office at Kaunas University of Technology



Social scholarships to increase the accessibility of IT studies

Vilnius University (VU) is one of the first universities in Lithuania to award scholarships to students from disadvantaged families.

VU established a scholarship for 100 students with its own funds. The partners of VU have additionally established another 40 scholarships for students from financially disadvantaged families. Tech companies EPAM Lithuania and Coherent Solutions are among the main contributors, supporting students of Software Engineering, Information Systems Engineering, Information Technology, Informatics, and Data Science programmes at Vilnius University.

"Two-thirds of Vilnius University students come from smaller towns. There are still significant challenges for many students who plan to study and live in one of the big cities – Vilnius, Kaunas or Šiauliai," says Lina Kižinienė, Head of VU Partnership Development Department.



Lina Šiumetė, Head of Coherent Solutions Lithuania: "Every talented person should have the opportunity to learn, and if a lack of financial resources limits their potential, we want to help solve this. The demand for IT specialists remains stable, and contributing to talent development should be a part of every business that plans its future responsibly."

Linus Grinevičius, General Director of EPAM Lithuania: "Welcoming first-year students to start their journey with scholarships, we aim to help them discover their path and develop their passion for pursuing excellence so they can lead the future of tech for the world – and everyone in it."

Lina Kižinienė

Head of the Partnerships Development Division at Vilnius University

Vilnius University Business School partners with Moody's Lithuania to support Ukrainian students



Vilnius University Business School has a wide network of social partners, including Moody's Lithuania, which provides support to its Ukrainian students. This financial aid will allow Ukrainian students facing financial difficulties due to the war to continue their studies.

"Community solidarity and values are said to be truly tested in the face of adversity. We couldn't just stand by, so, seeking to help our students, we turned to our partners. Our call was answered quickly and there was a strong desire to contribute, so I dare to say that our community has passed this test with flying colours," said Dr. Birutė Miškinienė, Director of VU Business School.

"Moody's is proud to be working with Vilnius University to help students from Ukraine to continue their studies and develop professional skills. This reflects our commitment to our local communities, well-being, and making a tangible impact," says Mariano Andrade Gonzalez, Country Head – Moody's Lithuania.

Aneta Šlekytė-Kaminienė

Head of Strategic Business Partnerships at Vilnius University Business School

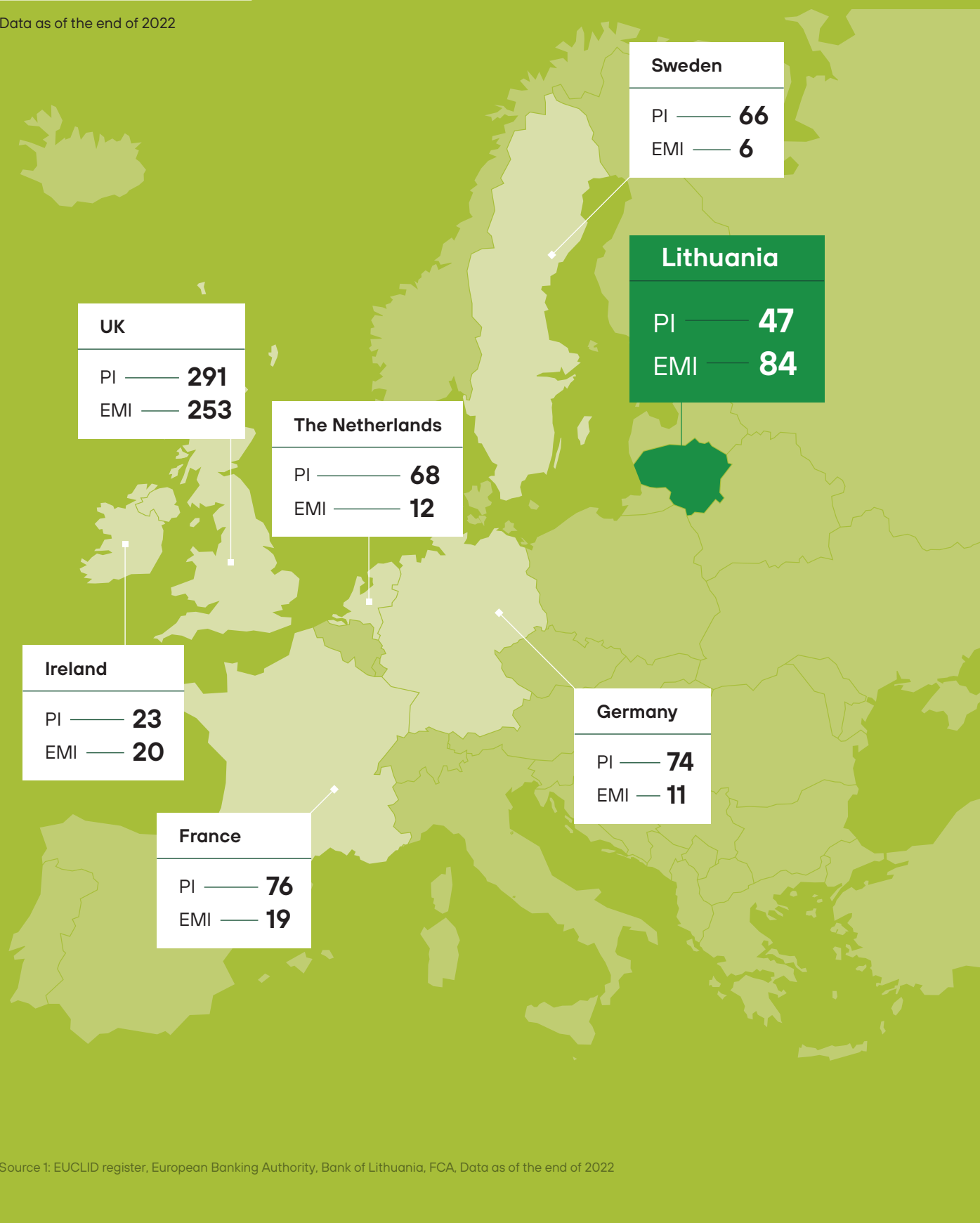
Photo courtesy of Justina Šuminaitė, Kaunas University of Technology.



Regulatory overview / 04

Top 6 European countries by number of PI/ EMI licences issued¹

Data as of the end of 2022



Source 1: EUCLID register, European Banking Authority, Bank of Lithuania, FCA, Data as of the end of 2022

Bank of Lithuania at the frontier of innovation

The key responsibilities of the Bank of Lithuania, which is Lithuania's central bank and supervisory authority, include supervising the financial market participants, increasing competition in the financial system, protecting consumers, developing a Fintech-conducive and reputable regulatory ecosystem, and fostering financial innovation.

Being an innovation-friendly and proactive regulator, the Bank of Lithuania promotes sustainable growth and maturity of the Fintech sector. Throughout 2022, the Bank of Lithuania drove numerous initiatives to boost competition, increase access to services, and strengthen capital markets. The Bank of Lithuania has recently established a specialised Centre for Financial Market Development, which is responsible for attracting new participants in such segments as credit, capital, insurance, and payments. The Centre looks after the well-known Newcomer Programme and has a goal to act as a connection between Lithuania's Fintech community and the supervisory authority.

The Bank of Lithuania has also announced the Capital Market Development Action Plan containing over 40 different measures, including legalisation of investment and savings accounts, clarification on new trading activities, such as copy trading, mirror trading and fractional shares, facilitation of the investment of EMIs in debt securities, and unification of rules in the Baltic market, to name just a few.

The Bank of Lithuania continues with the following Fintech-friendly initiatives that both newcomers and established companies can benefit from:



Newcomer Programme:
a one-stop shop consultation service for financial market participants interested in applying for a licence in Lithuania.



CENTROLink:
the Bank of Lithuania's 24/7/365 payment system that provides technical access to the Single Euro Payments Area (SEPA) for payment service providers licensed in the European Economic Area (EEA), including electronic money and payment institutions.



Regtech:
innovative solutions for financial market participants to streamline reporting procedures.



Regulatory Sandbox:
a live environment to test financial innovations under the guidance and supervision of BoL.



DAMAMA:
data maturity programme dedicated to changing the perspective of how regulators collect data, enabling them to pull granular data from the supervised entities rather than ask for reports.

25 million Europeans served from Lithuania



Simonas Krėpšta

Member of the Board at the Bank of Lithuania



It's been a tough year for markets in general. How do you think Fintech fared when compared to the other sectors?

Despite a general economic slowdown in Europe and a challenging environment, the Lithuanian Fintech sector experienced rapid growth both in terms of turnover and client base. As of the end of 2022, almost 25 million Europeans (~10% of the total adult population) had received financial services from Fintechs licensed in Lithuania. As a sector, Fintech has already proved its vitality during the Covid-19 pandemic, responding swiftly and precisely to the rising demand for financial e-services and using this opportunity to grow. In 2022, we saw further development. For example, one market participant finalised its transformation from an Electronic Money Institution to a global bank, which is a significant indicator of the market's development and maturity. On a broader scale, the total amount of payment transactions executed by Electronic Money and Payment Institutions almost doubled. 2022 also saw the total value of projects funded via crowdfunding platforms go up by 40%, compared to 2021.

What was the key focus for the Bank of Lithuania in 2022? Any new developments within the Bank of Lithuania that you would like to share?

In addition to our day-to-day supervision matters, we have introduced the Capital Market

Development Action Plan to unleash the potential of capital markets. We have also established two specialised centres – one for Financial Market Development and another for Financial Literacy. The former is focusing on streamlining our efforts of attracting new market participants, promoting balanced Fintech development and improving the financial ecosystem. The latter is dedicated to increasing financial literacy, which, I believe, is essential for the effective protection of consumers against financial fraud, the ability to make prudent financial decisions, and the sustainable development of our financial market.

We are also moving forward with our state-of-the-art data management programme DAMAMA. Currently, we are working on a data platform – an integrated modular solution for financial supervision. It will provide us with the essential functionalities for collecting, analysing, and disseminating regulatory and statistical data almost in real-time. This way we will be able to efficiently manage an increasing amount of data, together with complex data formats and workflows. By handling regulatory data as an asset, we aim to supervise the financial industry with enriched insight and, in turn, to create a more resilient financial ecosystem.

Lithuania has been climbing the ranks as a jurisdiction of low risk and good reputation. What did it take to reach this stage and what will be done to maintain what was achieved?

The idea is simple – if we want to have solid global performers in our market, we must prove that the quality of services and compliance are the main components of our financial system. Therefore, as a financial market supervisor, we put in a lot of effort to foster a constructive dialogue with market participants, as it takes two to tango. We devote a lot of attention to the analysis of various aspects of supervision, we publish Dear CEO letters, positions and recommendations, we perform training, and we highlight best practice examples. We want to emphasise that sticking to the rules is the prerequisite for success in this business. I do believe that compliance expenses are not costs, but a long-term investment.

Do you have a message to the market participants, a wish for the future, or a broader comment?

Lithuania has become an important European Fintech hub, but we should not stop here, we should seek long-term success by anchoring ourselves to our status as a trustworthy, secure and innovative jurisdiction. It is great that this vision is shared by all main stakeholders – the Government, relevant ministries, agencies, and, I dare to say, market participants. I do hope that in 2023 we will take yet another step forward with the help of long-term Fintech guidelines, close institutional cooperation and an open dialog with market participants.

CENTROlink continues to serve more EU customers



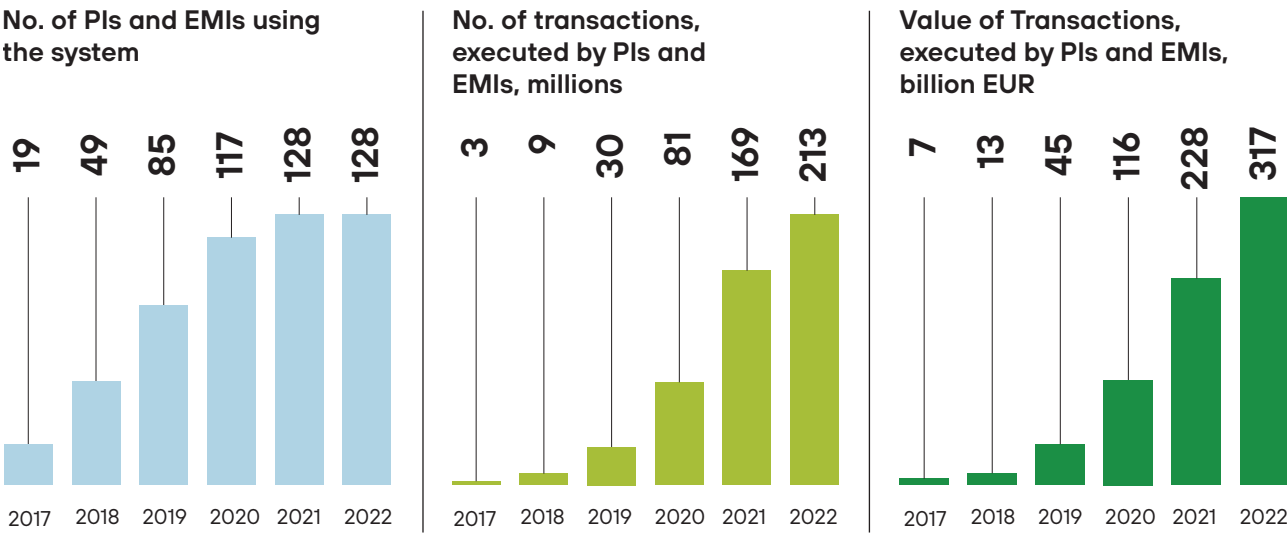
CENTROlink is a payment system operated by the Bank of Lithuania that provides access to the Single Euro Payments Area (SEPA) for credit institutions and licensed payment service providers. CENTROlink participants are also given technical capabilities to issue IBAN format accounts and safeguard client funds in the Bank of Lithuania.

2022 was yet another year of rapid growth for the CENTROlink payment system. EMI and PI sector numbers reached sustainable growth. More than 213 million transactions were made by the EMIs

and PIs within the system, their value exceeding €317 billion, which was an increase of value of transaction executed by €89 billion compared to last year.

Worthy of note that a large CENTROlink participant migrated from an EMI/PI sector to a banking sector in the middle of the year, therefore, only transactions completed until then have been considered for this CENTROlink participant. The overall payment system growth has been solid and robust.

CENTROlink in numbers¹



Source 1: Bank of Lithuania, Data as of the end of 2022

National Fintech Guidelines for 2023-2028 / 05

Scale your Fintech with Lithuania! Our new motto represents the goal of the Guidelines, namely – ensuring that in 2028 Lithuania is globally recognised as the European high value-added Fintech hotspot. While the period of 2016-2022 saw Lithuania anchoring itself as a Fintech Hub on the global map, 2023-2028 will be dedicated to securing further maturity and qualitative development of the sector. Hence, the Guidelines are focused on the following key areas:

1.

Inviting companies creating innovative solutions to Lithuania. Our aim is to be pro-active in attracting foreign investors and companies known for creating high value-added products and/or services that could expand Lithuania’s Fintech scene.

2.

Fostering the sector’s qualitative growth. We aim to create favourable conditions that would allow companies to expand their product/service portfolio and attract new clients. The measures we propose (to be reviewed annually) were designed to ensure that Fintech companies receive tailored support across all stages of development.

3.

Working on publicity to improve Lithuanian Fintech sector’s global recognition. We will invest in showcasing the Lithuanian Fintech brand via national and international media and live events.

4.

Building competencies that would enable Lithuania to become a Fintech competence hub. Given that sectoral growth is driven primarily by people, our focus will be on ensuring adequate talent supply to the companies. In addition, we will work to improve our standing with international organisations, thereby enabling us to share our experiences and create favourable conditions for the sector at the highest level.

5.

Strengthening risk management procedures to ensure that Lithuania is a safe, secure, and reliable jurisdiction. We will continue to work on increasing the operational maturity of the companies as well as strengthening the cooperation between public and private sectors. Our goal is to find a balance between market security and stability, and to reduce the companies’ administrative burden.



Gintarė Skaistė
Minister of Finance
of the Republic of
Lithuania



Strengthened regulation of the crypto sector / 06

In 2022, the crypto sector in Lithuania experienced both rapid growth and tightening regulation, which will eventually negatively impact the number of crypto companies in the country. Favourable conditions for starting operations in Lithuania, a crypto-friendly legal environment, and stricter regulation in neighbouring countries such as Estonia all contributed to the rise in the number of virtual asset service providers (VASPs) registered and operating in Lithuania. In the early spring of 2022, the number of VASPs started to grow exponentially and reached nearly 800 by the end of the year.

The changes in regulation foresee significantly raised initial capital requirements for VASPs, an obligation to have local managers, and new transparency measures. State authorities and supervisory bodies, such as the Lithuanian Financial Crime Investigation Service, which is responsible for supervising the activities of VASPs and established crypto companies, expect that the legal changes will have a positive effect on the further development of the sector and increase its transparency and maturity.

Changes in AML Law: main requirements for companies

Rolandas Kiškis

Director at Financial Crime Investigation Service



FINANCIAL CRIME INVESTIGATION SERVICE



The recent amendments to the Law on the Prevention of Money Laundering and Terrorist Financing aim to strengthen the supervision of the cryptocurrency sector. What are the key new regulatory requirements for such companies?

Amendments to the Law on the Prevention of Money Laundering and Terrorist Financing are aimed at increasing the transparency of the cryptocurrency sector and strengthening the management of various risks. These amendments include:

- customer identification requirement before carrying out virtual currency exchange transactions, or transactions in virtual currency, or before depositing or withdrawing virtual currencies where the amount of the transaction is equal to or greater than €700;
- significant increase of the authorised capital requirement for virtual currency exchange operators and depository virtual currency wallet operators (Operators) from €2.5K to €125K;
- reinforcement of residency requirements for managerial staff, notably, Operators must have a senior manager who is a permanent resident of Lithuania as foreseen in the Law on Personal Income Tax of the Republic of Lithuania, the managerial staff must not represent more than one operator at the same time, except when those Operators belong to a single group of undertakings;
- prohibition of opening anonymous accounts or accounts under obviously fictitious names, etc.;
- publication of the lists of Operators registered in Lithuania on the website of the Register of Legal Entities.

How will the tightened regulation change the Fintech landscape in Lithuania? Who will be affected the most?

Inadequate implementation of anti-money laundering and counter terrorist financing measures by Operators makes it possible to use virtual currencies for illegal acts (e.g., fraud, circumvention of sanctions, unreported income, etc.). Amendments to the Law are expected to have some positive effects on the regulation of the sector. An additional round of amendments may be considered if the currently established provisions fail to ensure the above-mentioned objectives.

A Supervision Unit of the Money Laundering Prevention Board of the Financial Crime Investigation Service is responsible for a comprehensive approach to AML/CTF supervision (including a risk-based supervision approach). As cryptocurrency exchange, trading and custody operations are considered to be an area with the highest risk profile, the supervision of this sector is performed during on-site inspections.

In your opinion, is this an opportunity or an obstacle to the further development of the sector?

The new legal provisions create the legal preconditions for a more effective application of preventative AML/CTF measures in the activities of providers of crypto assets. They also create intolerance and an unfavourable space for money laundering and terrorist financing opportunities, and mitigate the resulting reputational risks for both market participants and the state in the international context. The requirement to appoint a senior manager (a permanent resident of Lithuania) with sufficient knowledge of the AML/CTF field will strengthen the cooperation and implementation of the provisions of the Law.

Navigating new regulation

Saulius Galatiltis

CEO at Bifinity, powered by Binance



How will the tightened regulation change the Fintech landscape in Lithuania? Who will be affected the most?

Last year alone, almost 500 crypto exchanges were registered in Lithuania – by the end of 2022 there were around 760 such companies. Tighter regulation comes into force in 2023, which will significantly reduce this number.

But mature companies that can provide accountability and customer protection will remain. Organisations or low-value projects that cannot deliver sustainable performance will therefore be the most affected.

In your opinion, is this an opportunity or an obstacle to the further development of the sector?

Cryptocurrencies are no longer just a business of technology enthusiasts. Europe is leading crypto adoption globally. Crypto has the potential to go mainstream with EU companies and citizens. Alongside this, there is a natural need for regulation.

I would not see regulation as an obstacle, but as a condition for growth. If we want more people to use our services, we need to be more vigilant about customer safety, and more accountable. Regulation means normalising cryptocurrencies, and at the same time allowing crypto companies to expand their customer base and offer more services.

I believe that regulation is useful both for crypto companies and for public authorities, who need to understand the specifics of what crypto companies do, how they operate, and how they can benefit the state and the community.

Bifinity has already proved its worth – we became one of the largest corporate taxpayers in the country soon after starting our operations.

I hope our example has encouraged decision-makers to take a more positive view of the crypto industry and the upcoming Web3 phenomena in general.

2022 was a hard year for the crypto industry. What's the scale of the impact and what is the path to recovery?

The event in 2022 can be seen as a "maturity shock". Although unpleasant for many participants, these events will inevitably help the market mature by exposing unsustainable and avoidable business models.

The revelations of the activities of some companies once again show that regulation is necessary and that technological know-how, although crucial, is no longer sufficient.

The way out of this difficult chapter is to demonstrate the resilience of companies and to develop solutions that enhance the safety of market participants.

Opportunities and challenges / 07

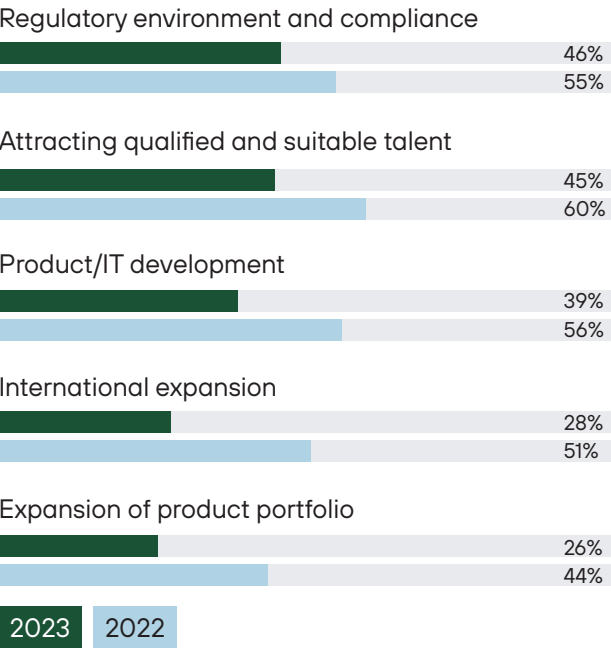
Moving forward in 2023

2022 was undoubtedly a year full of challenges. The dramatically changing macroeconomic and geopolitical environment, tightening VC markets, and uncertainty about the future became part of the new reality Fintechs had to deal with. If in 2022, 38% of our respondents believed that Covid-19 was one of the main challenges they faced, in 2022 the global pandemic seemed to be already long forgotten. With Russia’s invasion of Ukraine still ongoing, energy and food prices skyrocketing, and the global economic slowdown, businesses worldwide suddenly had to come to terms with new challenges. According to our survey’s respondents, the greatest macro-level challenges anticipated in 2023 are Russia’s war in Ukraine, the economic slowdown, and the high inflation rate.

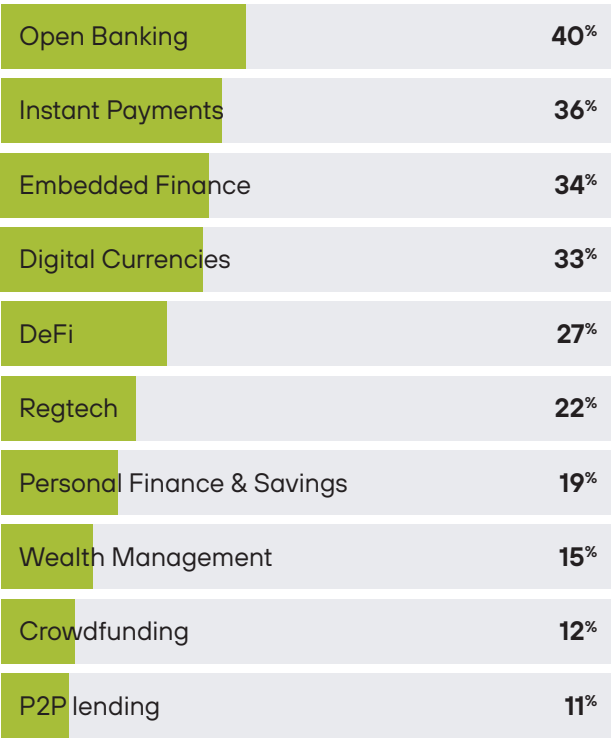


Company-level challenges anticipated by the Fintechs surveyed in 2023 vs. 2022¹

Looking back at our 2021 survey, the biggest challenges anticipated by the respondents were attracting qualified and suitable talent, product/IT development, regulatory environment and compliance, international expansion, and expansion of product portfolio. In 2022 these were still perceived as the greatest anticipated challenges, however, this time the respondents gave less prominence to them. This could be explained by the fact that in 2022 new factors emerged, namely, securing enough funding (20%), finding product-market fit (20%), and partnerships with established players (24%), not to mention global geopolitical and macroeconomic tensions.



Where do you see the biggest Fintech sub-sector development opportunity(-ies) in 2023?¹



Open Banking, Instant Payments, Embedded Finance and Digital Currencies remain the hottest sub-sectors among the Fintechs surveyed. Since Lithuania has the largest number of licensed Payments Fintechs in the EU, there is no surprise that Payments were identified by the respondents as a sector of the highest potential in Lithuania, followed by Digital Banking, Compliance & Regtech.

Lithuania’s ambition and joint efforts of the ecosystem and institutional partners to be globally recognised as the European Fintech hotspot will

Where do you think Lithuania has the largest potential to become a leader?¹



further shape the development of the Fintech sector in Lithuania. In the upcoming years, we expect that Payments and Digital Banking will retain their importance for the ecosystem. The adoption and implementation of the National Fintech Guidelines for 2023 – 2028 and of the measures foreseen in the Capital Market Development Plan will contribute to the diversification and qualitative growth of Lithuania’s Fintech sector. As a result, we also expect to see the potential of other segments growing, including Crowdfunding, Wealthtech, Credit Markets, and Insurtech.

What happened by 2022 - is a result of real effort, hard work and global connections of public sector employees in Lithuania in putting Lithuania’s Fintech on the global map. Then the strong collaboration and common effort with the private sector followed. So once that is done and we are on the map, now we need to go to the next level, grow unicorns here and help businesses by opening the doors to correspondent banks globally, support them in exporting services, celebrate and identify success cases locally and globally.

Agnė Selemonaitė
Chair of the Board, Chief of Strategy at ConnectPay



Source 1: Invest Lithuania Fintech Survey, 2022

Green Finance Continues to Gain Momentum in 2023 / 08

powered by **Rockit**

Fintech as a driver toward sustainability

Currently, Lithuania could be considered a leading Fintech hub. Another direction for Lithuania’s economic development is green transformation. This places Lithuania in a great position to lead sustainable finance initiatives.

Some Fintech neo-banks are already offering products to their clients with positive environmental

impact, such as decarbonisation, tracking of shopping, automatic offsetting of purchased items, and tree planting credit cards, to name a few. Lina Žemaitytė-Kirkman, Head of ROCKIT, Home of Fintech and Sustainable Innovation, says that developing a wide variety of different climate-friendly Fintech products and services is essential for transitioning to a more sustainable future.

Government progresses in laying the path

To further increase sustainable project financing and incentivize businesses to shift towards more sustainable practices, the Government of Lithuania is also taking action to create a comprehensive green finance framework and supportive business environment.

“Lithuania has the ambition to become a regional hub for sustainable finance. To achieve this goal, we will create a favourable environment for both sustainable businesses and financial market participants. For this purpose, the Ministry of Finance has developed the Sustainable (Green) Finance Action Plan for 2023-2026. The Action Plan will lead to favourable conditions for financing the green economy in Lithuania and attracting a wider range of private investors,” says Vaida Markevičienė, Vice-Minister at the Ministry of Finance.

According to Ms. Markevičienė, accessible data is an essential element in assessing the compliance of companies with ESG criteria. Thus, one of the most important elements of the Action Plan is the development of a sustainability database. Another important element is the establishment of the Green Finance Institute that will act as a think tank consulting both private and public stakeholders on sustainable finance issues, providing strategic insights to the Government institutions and facilitating innovation in private financial institutions.

Lithuanian Fintech accelerating climate effort

The Lithuanian Fintech ecosystem hosts a number of Fintech companies that address sustainability issues. One of them is Lithuanian climate Fintech HeavyFinance, which provides financing to small and medium agricultural enterprises across the EU.

Why does this matter? Along with manufacturing and transportation, agriculture is one of the sectors that needs to amplify its climate effort. For the moment, conventional agriculture land use and deforestation make the sector responsible for 24% of all greenhouse gas emissions. According to the European Environmental Agency, “between 2005 and 2019, the EU’s agricultural greenhouse gas emissions changed very little”.

facilitated 1,000 loans for small and medium farms. The company aims to further contribute towards the reduction of CO2 emissions.

“The land use sector, including agriculture, is an excellent tool for carbon sequestration (the process of capturing and storing atmospheric carbon dioxide). We see the tremendous potential of private capital accelerating the action to mitigate climate change. These new private climate-related initiatives tap into the newly emerging needs of businesses and society not only in agriculture but in so many other sectors”, says Mr. Noreika.



“HeavyFinance aims to support countries in climate target commitments by assisting farmers in adopting ecosystem-friendly practices. These pledges create climate change mitigation and resilience in the agro sector as well as reduce risks in the food supply chain,” explains HeavyFinance CEO Laimonas Noreika.

Being a leading crowdlending platform for agricultural loans, HeavyFinance has already

Some of the established brands in our Fintech hub / 09

 **Airwallex**

ARBOR

BANKERA


Banked :

BANXA

 **birkle** IT

 **blender**
the new way to finance

cabital

 **Clearshift**

ConnectPay

 **CURVE**

deVere
E - MONEY

DEMIVOLT

 **Di Pocket**

DRIVEWEALTH

EISA

 **EMBANK**
European Merchant Bank

 **factris**

finbee

FJORD
BANK


flywire

FORBIS

 **General Financing**
bankas

Google

 **GPS**

 **Hyarchis**

IBS International Business Settlement

 **in bank**

kevin.

 **MAMBU**

 **mano.bank**

 **MobilePay**

myTU

Nayax

 **NEO Finance**

NIUM

ondato

Opal
TRANSFER

 **PAYRAY**

 **paysera**

paysolut

PAYSTRAX
A EUROPEAN PAYMENTS COMPANY

railsr

Revel
SYSTEMS


Revolut

ria

SALDO

SAPIENS

 **Seven Seas Finance**

 **sezzle**

SHIFT

simplex
by nuvei

smeFinance

 **Solaris**

 **sumup**

 **transferGo**

tribe

trolley

Verifone

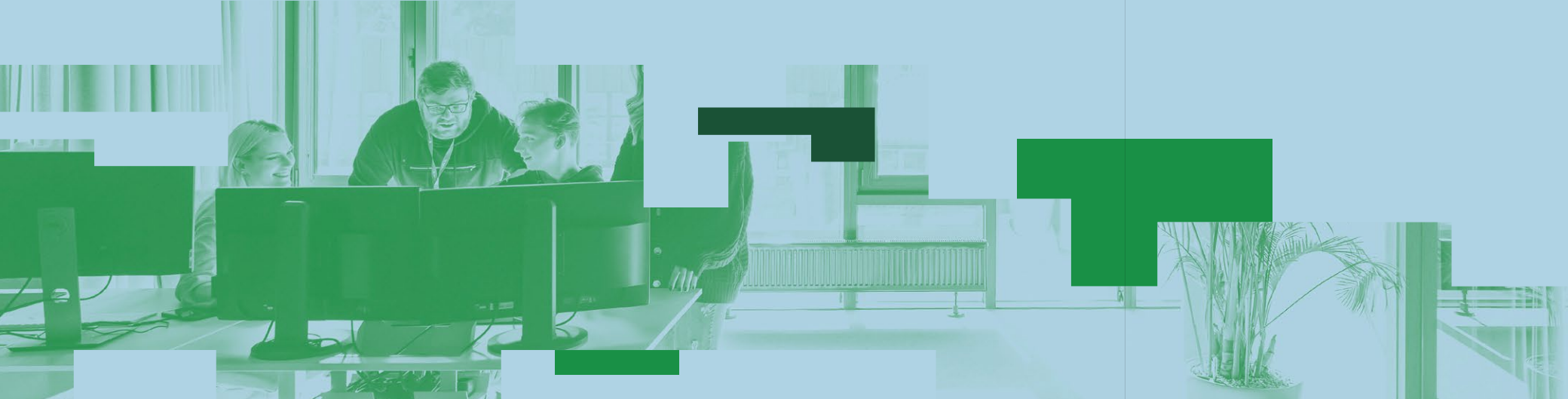
 **verse**

WITTY

WORLDLINE

YAPILY

 **zest**



Support from the public sector

Invest Lithuania

A free-of-charge one-stop-shop providing consultancy services to international companies aiming to relocate or expand their business in Lithuania.



Agency, providing support and information to people relocating to Vilnius, responsible for ensuring easy integration process.



The official public agency responsible for the development of Lithuanian innovation ecosystem and the promotion of innovation at all stages of business.

Go Vilnius

The official development agency of the City of Vilnius, dedicated to promoting tourism and business. Go Vilnius is behind International House Vilnius and Vilnius TechFusion initiatives.



The official development agency of the City of Kaunas, which focuses on gathering information relevant to start-ups, i.e. all initiatives, events, and training programs in Kaunas. Also, any news related to financing and growth opportunities in Lithuania and abroad.



A non-profit city development agency founded by Klaipėda Municipality. Its mission is to support both international and local businesses by providing information and on the ground advice. It is also dedicated to attracting more top-tier talent to the city.



Agency responsible for financial services and implementation and administration of financial and other support measures for SMEs.

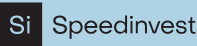


Non-profit organization, providing innovation support services to entrepreneurs from Lithuania, research institutions, industry associations and business support organizations.



Learn more about the support for your business

Accelerators, funds and VCs active in Lithuania



Verslo Angelų Fondai I-II

Looking for exciting new horizons for your Fintech? Invest Lithuania would love to help.



Gintarė Bačiulienė
Head of Technology Team



Dovilė Meliauskaitė
Key Account Executive



Agnė Klimavičienė
Senior Fintech Advisor



Liutauras Žilinskas
Senior Fintech Advisor

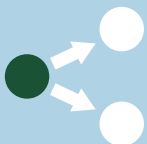


Lukas Balčaitis
Fintech Advisor

Invest Lithuania is the official agency for FDI promotion and business development. We provide free advice to global companies interested in launching their business in Lithuania, and introductions to experts on the ground. Our mission does not end at set-up, as we provide aftercare support months and years down the road. All our services are confidential and tailored to the specific needs of our clients. So if your company is considering a business set-up or looking to access one of Europe's most skilled talent pools, make us your first stop.

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Decision-making



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