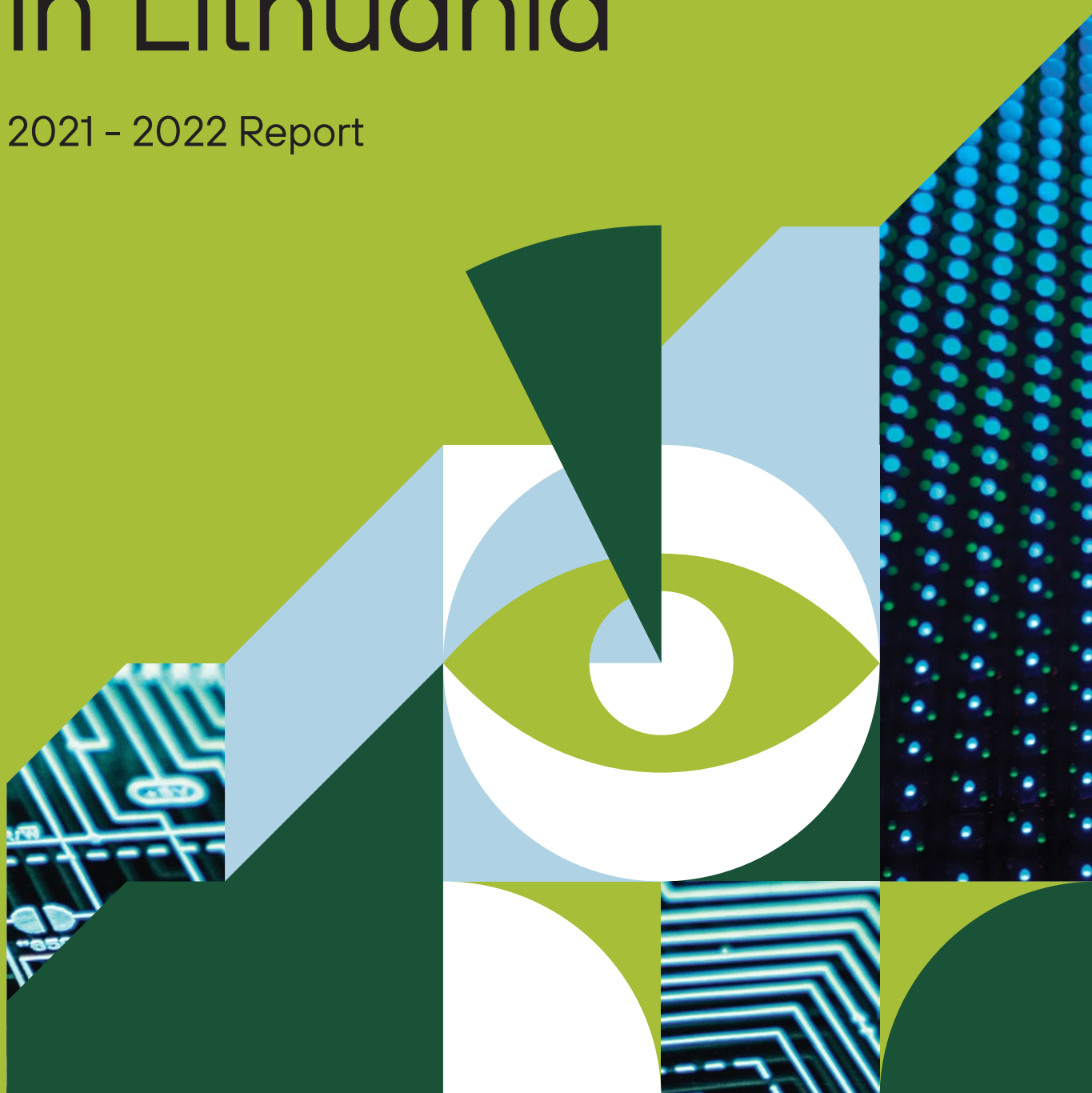


The Fintech Landscape in Lithuania

2021 – 2022 Report



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Welcome word

Gintarė Bačiulienė

Head of Technology Team



We are delighted to present our 5th annual Fintech Landscape in Lithuania report. This is our most comprehensive overview of the country's Fintech sector so far. The report encompasses data-driven insights, ecosystem survey results, and opinions from a diverse group of industry leaders.

2021 was, without a doubt, a year of new heights and records. Globally, we witnessed unprecedented amounts of funding attracted by Fintechs, and megadeals across a variety of subsectors.

The Lithuanian Fintech scene was no exception. 2021 marked the 265th Fintech company established in Lithuania. Our Fintech community grew to almost 6,000 employees, as we welcomed new global players, such as Airwallex, Sezzle, Woolsocks, GPS Capital Markets, and Mobile Pay. Meanwhile, home-grown companies saw funding amounts grow four-fold year-on-year. Local players continued rapidly expanding to new markets, setting themselves on track to minting Lithuania's first Fintech unicorn.

The country's regulatory focus on transparency and compliance continued to impress, as demonstrated by the improved positions in the Moneyval and Basel AML indexes. We saw public and private sectors join forces to prepare for the next chapter of Fintech in Lithuania. Spearheaded by the Ministry of Finance, the new National Guidelines for Fintech for 2022-2027 will set the course for the sector's development in Lithuania.

With a strong expertise in payments, Lithuania's Fintech ecosystem possesses plenty of ambition to promote new and innovative business models. Last year, the Bank of Lithuania embarked on a mission to develop the country's potential for Fintech solutions for capital markets, with a special emphasis on Crowdfunding, Wealthtech, and Green Finance sectors.

We invite you to discover Lithuania's Fintech ecosystem through this report, and hope that your business becomes a part of this success story.





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 and is part of a collaborative initiative to promote growth and cooperation and foster Lithuania's thriving Fintech ecosystem. We thank our partners – the Ministry of Finance, Fintech Hub LT, Fintech Lithuania and ROCKIT – for assisting us in this endeavour.

The method of research consisted of desk research and an online survey, distributed to a comprehensive list of operational Fintech companies in Lithuania. This list was developed based on the 2021 results of an analogous report, existing directories, as well as information provided by associations and hubs. These Fintechs were then screened to ensure they matched a precise 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 265 Fintechs were identified as having a legal entity and operating in Lithuania at the end of 2021. Desk research was performed to collect data on these companies, such as locations, business activities, and the number employees. All of 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, revenue and funding, client pool and strategic partnerships. Looking ahead, the survey also included questions on the anticipated future business development and technological innovations in the company, as well as anticipated challenges and opportunities. In all, 78 companies submitted their responses, representing 29% of the market.

This year's edition of the survey was unique as it served two milestone documents: the annual Fintech Landscape Report in Lithuania and the 2022 – 2027 Guidelines for the Fintech Sector Development in Lithuania. The Guidelines, developed by a working group led by the Ministry of Finance, will determine the national long-term initiatives to support the growth of the Fintech sector.

01 Lithuania's Fintech Landscape at a Glance

Growth of the Fintech Hub



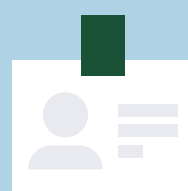
265

Fintech companies operating in Lithuania¹



147

Fully passportable Fintech licenses issued²



5,900

People employed in the Fintech sector¹

*EMI, PI and SPB licenses
Source 1: Invest Lithuania, 2021
Source 2: The Bank of Lithuania, Data for EMI, PI, SPB licenses as of 2021

Source 3: The Index of Economic Freedom, 2021
Source 4: Tax Foundation, 2021
Source 5: Quality of life index, 2021
Source 6: Findexable, 2021

Source 7: EUCLID Register, European Banking Authority, Data as of the end of 2021
Source 8: Basel AML Index 2021: 10th Public Edition

Business environment



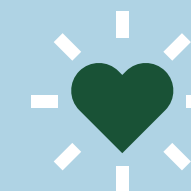
15th

in the Index of Economic Freedom³



6th

in OECD for tax competitiveness⁴



19th

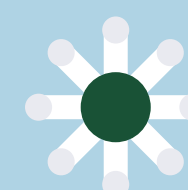
in the world for quality of life⁵

Achievements



10th

in Global Fintech Ranking⁶



1st

largest Fintech hub in the EU in terms of licensed companies⁷



9th

globally amongst lowest risk jurisdictions (Basel AML index)⁸

02 Ecosystem overview

Sector trends and highlights

In 2021, the Fintech ecosystem sustained rapid growth along with signs of gradual maturity. Financial services continued to be transformed by Fintech innovators, both newcomers ready to meet the ever-widening scope of customer needs, as well as established players offering new products, services and digital solutions. Lithuania welcomed 35 new market participants in 2021, including financial brokerage and wealthtech companies, crypto & blockchain providers, and multiple technology firms.

While the ongoing COVID-19 pandemic continued to test the entire financial system last year, the Fintech sector demonstrated resilience by continuing to evolve at a quick pace.

The development of Lithuania's Fintech sector has been exceptional in the last decade, growing almost fivefold in seven years – from 55 Fintech companies in 2014 to over 260 in 2021. Lithuania has cemented its leadership as the EU's biggest and most vibrant Fintech hub, hosting the largest number of licensed Fintech service providers across the European Union¹.

Source 1: EUCLID Register, European Banking Authority, Data as of the end of 2021
Source 2: Invest Lithuania, 2021

Number of Fintechs in Lithuania²
At the end of the year



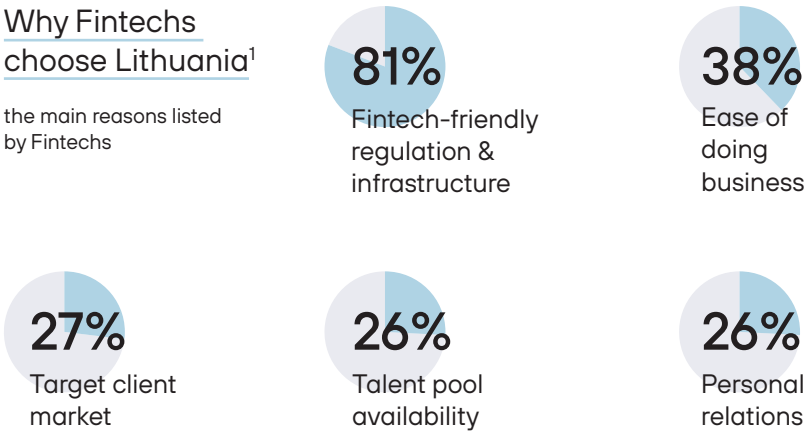
Lithuania: Fintech destination of choice

The number of international Fintechs setting up operations in Lithuania continues to grow every year. As part of our annual ecosystem survey, we asked Fintech companies why they chose Lithuania as the location for starting and scaling their business. Survey results indicate that Lithuania's Fintech ecosystem has retained its underlying strengths over the years. Fintech-friendly regulation, well-developed infrastructure and the ease of doing business stand out as the key contributors

to the attractiveness of the country as a Fintech destination. Thanks to the government's Fintech-focused policy and the central regulator's proactive communication with market participants, 30% more of newcomers cite regulation and infrastructure as Lithuania's key attraction points.

Why Fintechs choose Lithuania¹

the main reasons listed by Fintechs



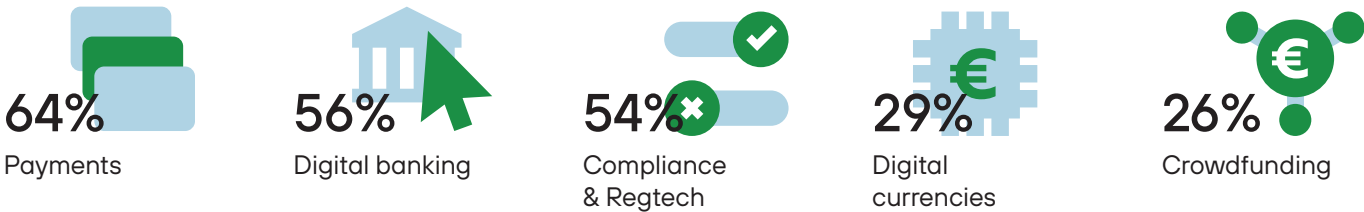
88% of Fintechs surveyed had a positive experience with the Bank of Lithuania¹

The growth of Lithuania's Fintech hub has not been accidental. It gained momentum in 2016, when the Bank of Lithuania and other governmental institutions introduced the country's Fintech Strategy to promote the growth of the financial ecosystem and to address the challenges in diversifying the financial sector. This strategic approach helped to create a regulatory environment and infrastructure that are conducive to Fintech companies: more than a third of Fintechs see policy, tax incentives, and access to regulatory sandboxes as additional benefits of the Fintech ecosystem in Lithuania, accelerating their entry into the market.¹

With a continuous focus on improving its business and regulatory environment, Lithuania has strengthened its position as one of the top ecosystems for developing and rapidly scaling innovative Fintech solutions. As a result, more than half of the Fintechs surveyed see Lithuania becoming a leader in payments, digital banking, and compliance & Regtech solutions while a third of the respondents believe that Lithuania holds great opportunity to demonstrate leadership in digital currencies.

Lithuania's potential for leadership in innovative Fintech solutions¹

The main areas in which Lithuania has the largest potential to become a leader according to survey participants



Source 1: Invest Lithuania Fintech Survey Results, 2021


Tadas Češkevičius

Country Manager, Lithuania
at Yapily



Why did Yapily choose Lithuania? What were the criteria behind the selection process of a new licensing jurisdiction?

Lithuania's position as the second largest Fintech hub in Europe is no accident — it's the result of the country's deliberate policy and the collaboration between the government and the central bank. As our company has been born out of regulation, a regulatory environment that supports a thriving Fintech ecosystem is vital to our growth trajectory, particularly as we continue to expand across Europe. Access to a local talent pool of unparalleled Fintech expertise was also a key driver in the selection process.

Yapily has been operating in Lithuania for over a year. How smooth was the process of establishing a business here?

After establishing our central office in Vilnius, over the last twelve months our team has grown from just two people to include technical, product, compliance and operations business functions. We're continuing to hire across these areas in 2022 including sales to manage our growth across key European markets.

Lithuania's reputation as a global Fintech hub has attracted a lot of industry expertise to the region. It's an incredibly exciting time to be a Fintech startup looking to scale at speed in this environment, which offers a huge opportunity to our newest team members.

In our last year's survey, Open Banking was named the most exciting trend in Fintech. Do you see Lithuania playing a leading role in the EU in the development and distribution of this technology?

Undoubtedly. Last year we saw tremendous interest from financial technology companies to use Open Banking. In 2021, our customer base grew 2.5 times, and we currently provide at least 80% coverage across 16 European countries — with the Baltics and Nordics on the horizon — enabling our customers to connect to more than 1,600 banks. However, we're always working to expand our bank integration footprint across the continent, and Lithuania will play a key role in supporting this growth.

In Lithuania, there is an appetite for innovation across the financial ecosystem, not just in the Fintech community. The fact that the Bank of Lithuania considers using Account Information Services (AIS) for reporting shows a deep-rooted understanding and interest in the distribution of Open Banking. This makes Lithuania well-positioned to play a leading role in the evolution and success of this technology across the EU — not just from a licensing perspective, but also a cultural one.

Lithuania – centre for European operations

Lithuania boasts a diverse range of Fintech market participants from all around the globe. By the end of 2021, Lithuania's Fintech ecosystem hosted a diverse community of Lithuanian and foreign entities, more than 60% of which had their headquarters (HQs) located in Lithuania, while the remaining 40% were mainly foreign companies with their HQs in other locations.¹ Fintechs headquartered in locations other than Lithuania are mainly focused on non-EU markets, with nearly 70% of their core operations outside of the EU.

Fintechs in Lithuania by HQ location¹

Local Fintechs¹

47% have HQ in
Lithuania

2% have HQ in the EU
(excl. Lithuania)

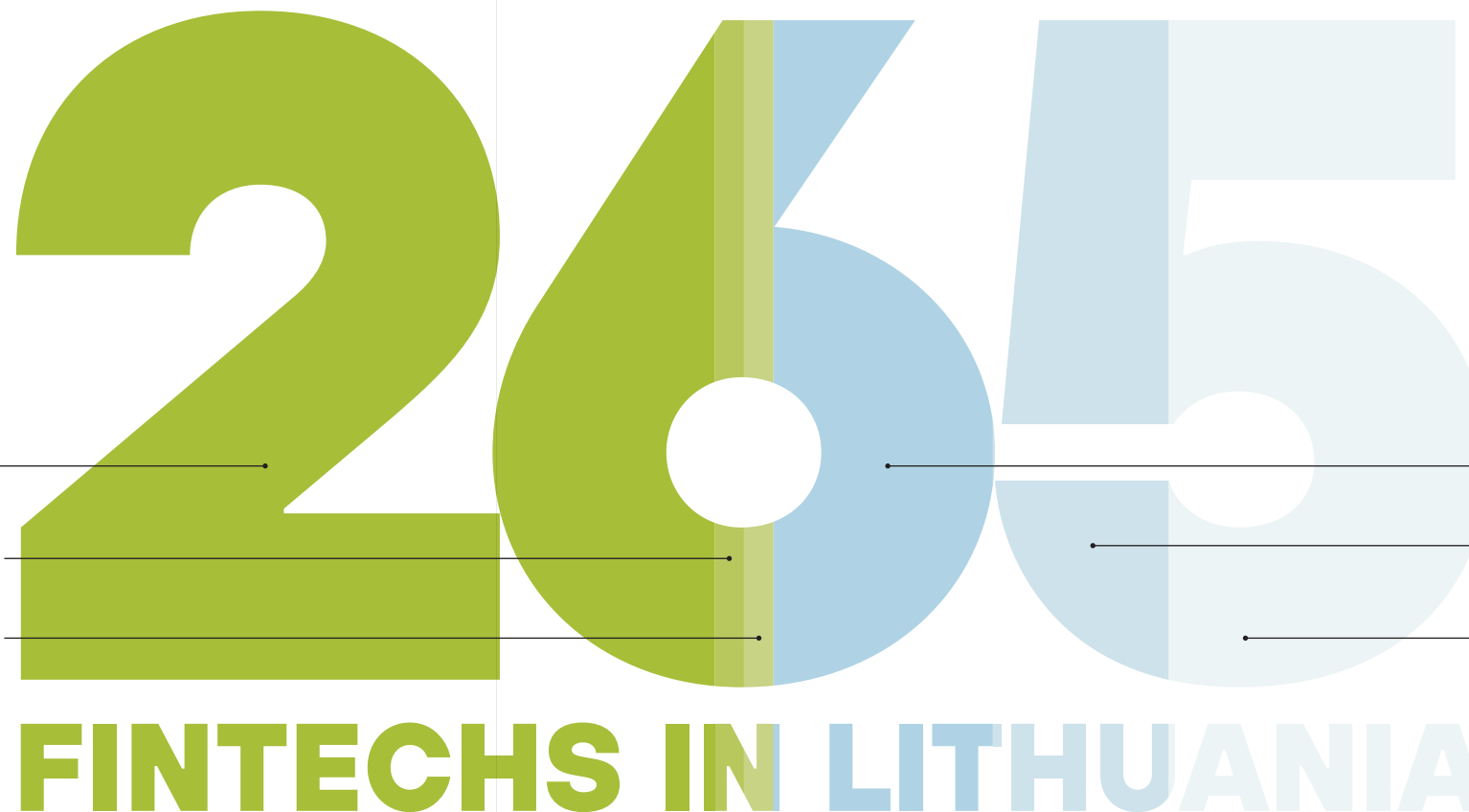
2% have HQ outside of
the EU (UK, Israel, etc.)

Foreign Fintechs¹

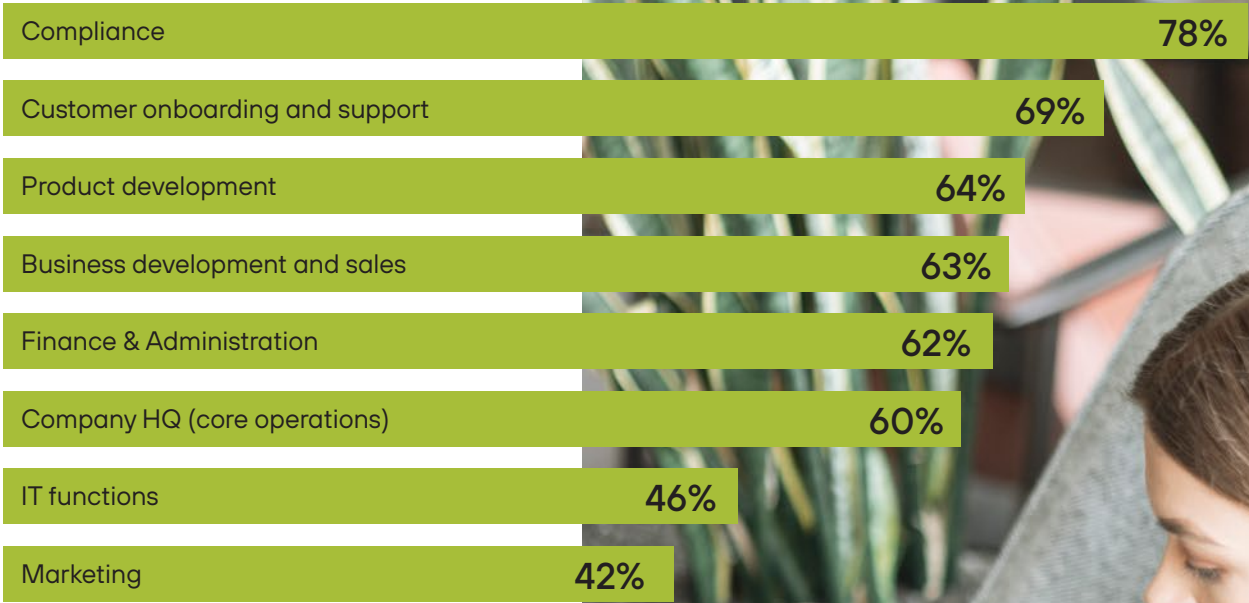
15% have HQ in
Lithuania

12% have HQ in the EU
(excl. Lithuania)

22% have HQ outside
of the EU (UK, USA,
SG, etc.)



Main functions of Lithuanian entities¹

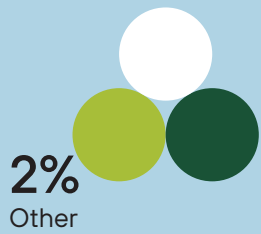
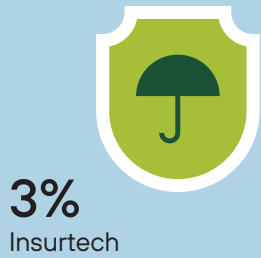
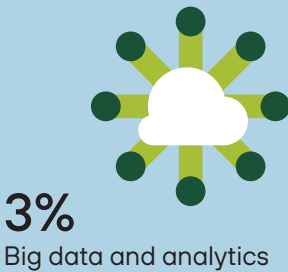
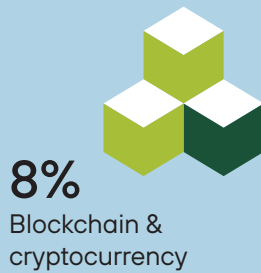
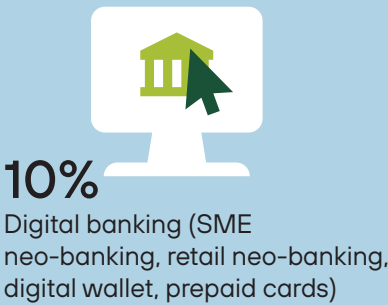
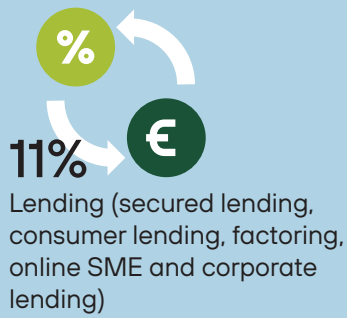
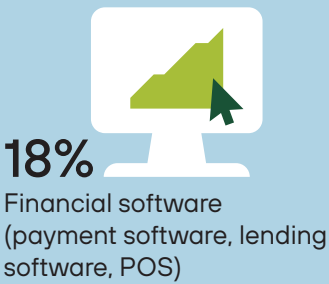
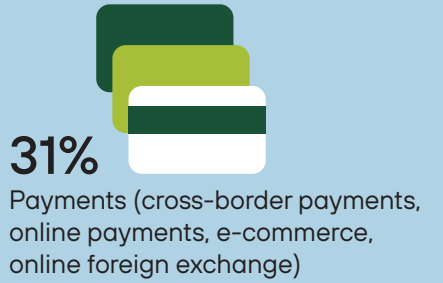


Majority of foreign Fintechs establish core operations in Lithuania. They perform essential functions including compliance, engineering, customer onboarding procedures, product development and business development-related activities.

Source 1: Invest Lithuania Fintech Survey Results, 2021
Source 2: Invest Lithuania, 2021

Fintechs in Lithuania by core business activity²

In 2021, payments remained the main competence of Lithuania's Fintech hub, reinforcing its potential to become a leader in innovative payment services-related solutions. Payment services are carried out by 31% of Fintechs, with the majority providing cross-border payment transactions, online foreign exchange, and online payments and e-commerce transactions.



Fintech sector revenue growth extends into 2022

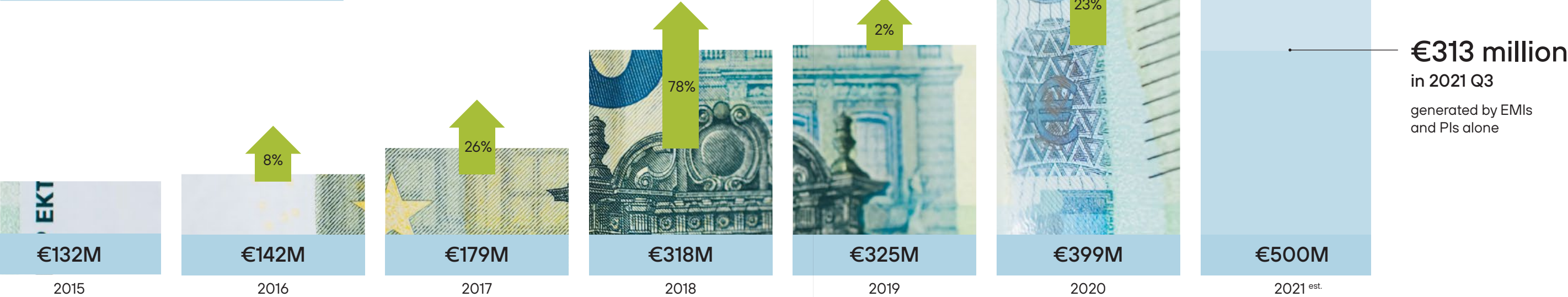
After hypergrowth in 2018, the following years saw a stable yet impressive increase in Fintech revenues. In 2020, market participants reached an aggregated revenue growth of 13%¹, with almost one-third of surveyed Fintechs reporting surges of over 100%². Among businesses experiencing the highest revenue growth were Fintechs operating in the payments, financial software, and digital banking sub-sectors.

During the first three quarters of 2021, licensed Fintechs (EMIs and PIs) alone generated nearly 80% of total market revenue in 2020. These preliminary results suggest a record year for the Fintech sector.

Products and services geared towards business customers generate the largest revenue share. The majority of Fintechs surveyed in 2021 serviced SME and/or corporate clients.

96% of surveyed Fintechs expect their revenue to grow in 2022. Nearly one-quarter of Fintechs operating in the payments and payments infrastructure, lending, Insurtech, Regtech, and blockchain & cryptocurrency sub-sectors anticipate revenue surges of over 300%.

Revenue generated by Fintechs in Lithuania¹

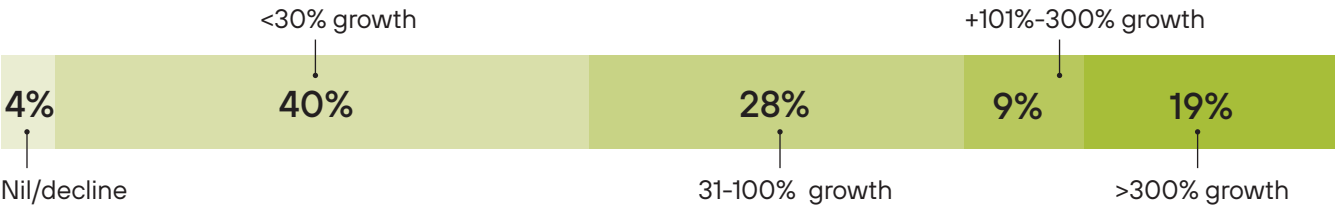


Types of clients serviced by Fintechs in Lithuania²



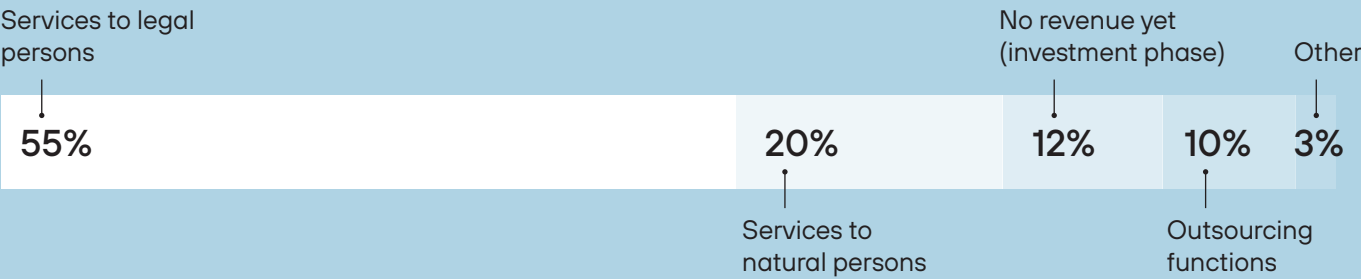
Source 1: State Tax Inspectorate (VMI), 2021 / Fintech HUB LT, 2021
Source 2: Invest Lithuania Fintech Survey Results, 2021

Revenue growth expectations for 2022²



Main sources of revenue²

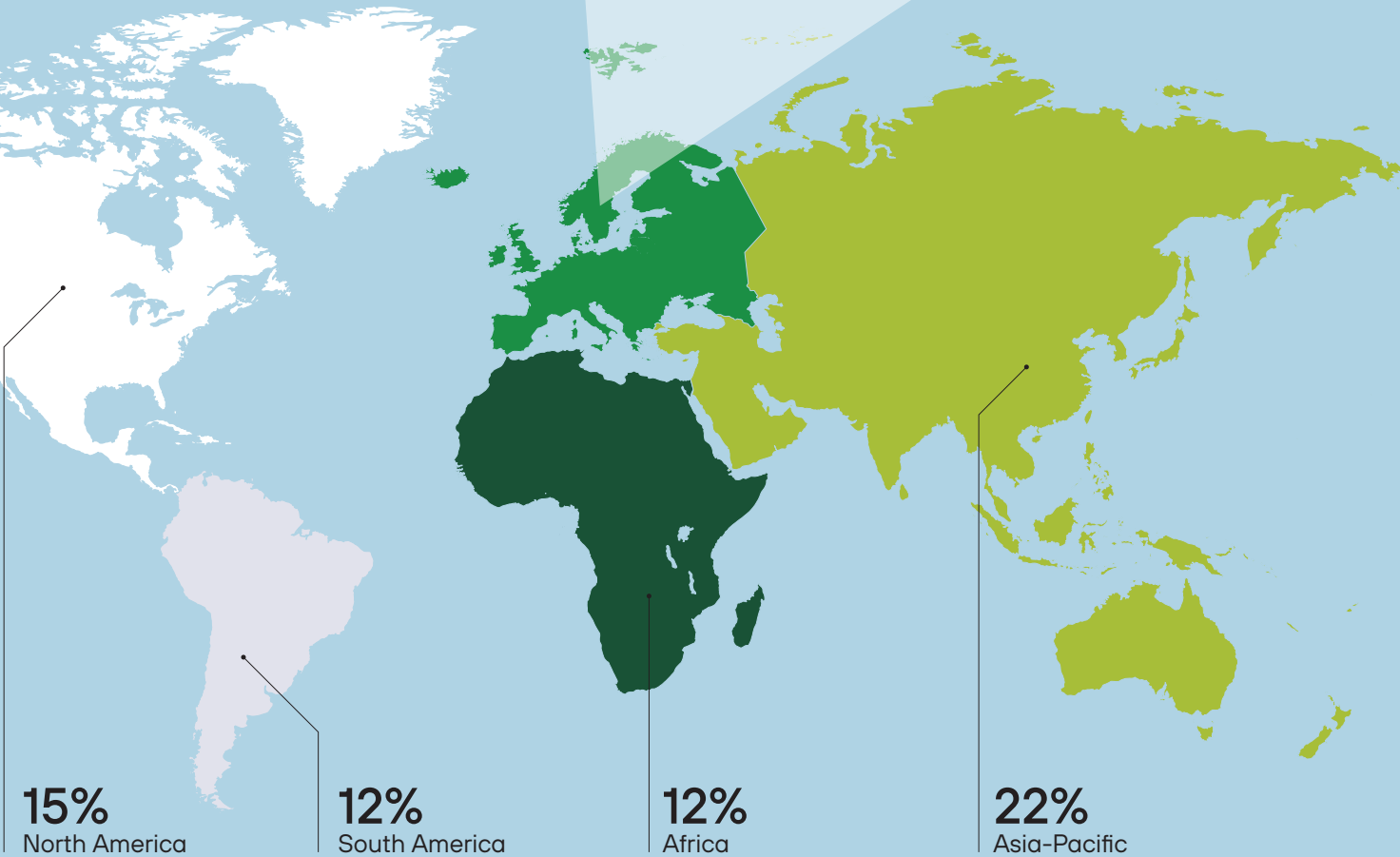
% share, based on the number of survey respondents that have indicated a specific service as their main revenue stream



Lithuania – your gateway to Europe

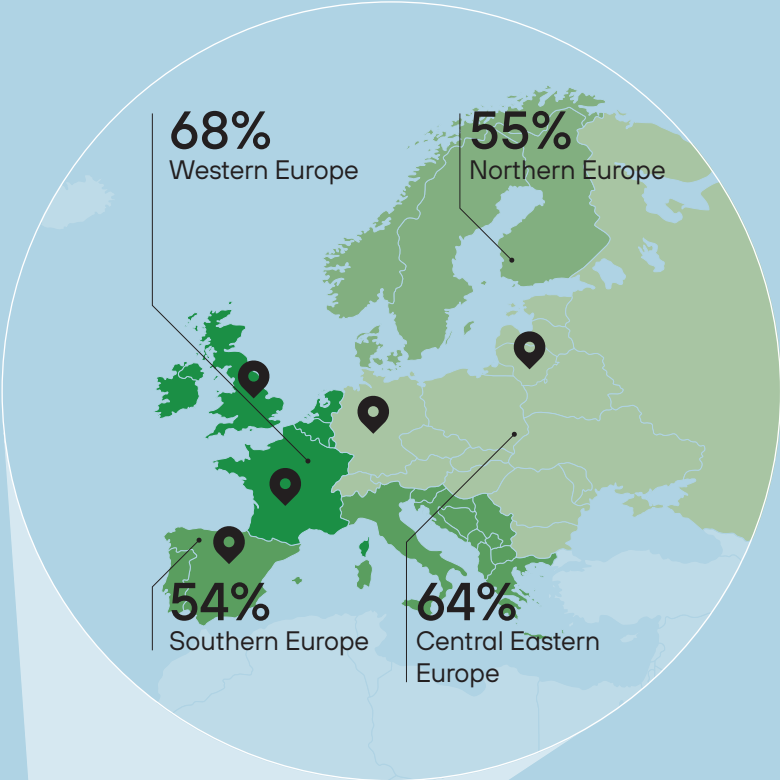
Survey results indicate that Lithuania continues to serve as a gateway for international Fintechs to access European markets. More than half of the surveyed Fintechs focused on strengthening their positioning across the European Economic Area and the UK from their Lithuanian base. While interest across other regions remained stable year-on-year, survey results show an increased interest in the African region.

Target client markets¹



Source 1: Invest Lithuania Fintech Survey Results, 2021

Top targeted countries



Scaling Open Banking solutions across the EEA

Tadas Tamošiūnas
Co-founder & CEO at kevin.

kevin.



You're continuously adding new countries across EEA. What's the story behind this rapid expansion?

Coverage is the most crucial factor in a competitive industry like Fintech. It is not enough to just have a great product in order to get contracts with large European merchants and global payment service providers (PSPs). Only coverage can assure blitz scaling in such a competitive industry, which is why we devoted the whole year of 2021 to achieving complete EEA coverage. As a result, we now have the market's highest PSD2 coverage: more than 85% of bank customer coverage in the EEA.

In our last year's survey, Open Banking was named the most exciting trend in fintech. Do you see Lithuania playing a leading role in the EU for the further development and distribution of this technology? How is kevin. pioneering this?

We cannot answer for the whole Lithuanian Open Banking industry. Nonetheless, we are very proud to be the ones bringing exciting trends. Recently, our company launched A2A (account-to-account) payments at physical POS payment terminals together with Worldline, one of the global leaders in payments and transactional services, with over 35 million POS terminals currently in operation. It is a game-changing solution that competes with card schemes without directly changing end consumers' payment behaviour or experience.

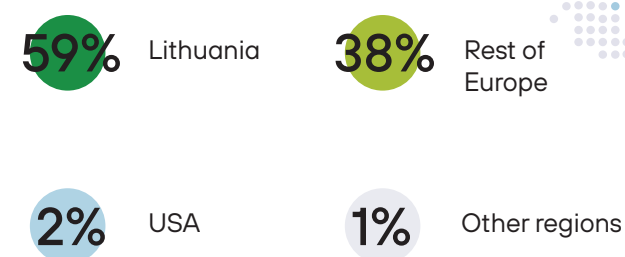
What's next for kevin.? Can you share some exciting plans for the future?

Currently, we are live in 18 countries, and in H1 2022 we will be live in the entire EEA. In 2022 we plan to reach 35%+ in POS payment terminal coverage in EEA, while in 2023, POS payment terminal coverage will be at least 85%+, which is equivalent to the current coverage of major card schemes.

A vibrant ecosystem that accelerates partnerships

Members of the Lithuanian Fintech ecosystem emphasise that cooperation is an important factor to the ecosystem's development. The majority of surveyed Fintechs collaborate with one another, financial institutions and other businesses. Over the year, the average number of partnerships and their geographic reach per Fintech has grown.

Geographic distribution of strategic partnerships¹

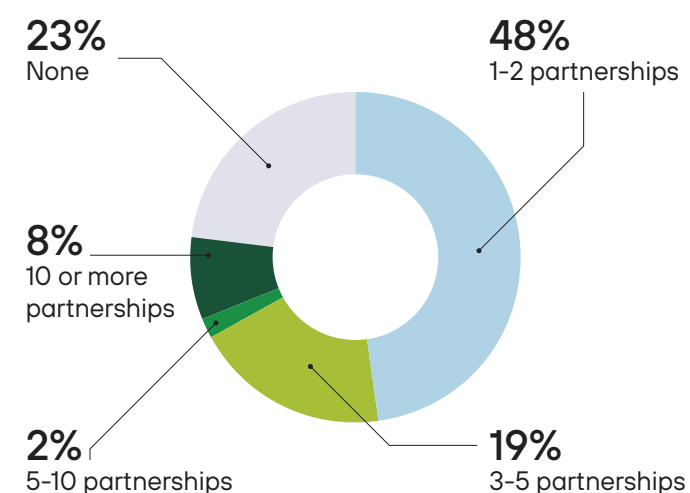


Fintechs are joining forces to diversify their offering of products and services. The share of Fintechs not engaged in any partnerships decreased by 10% compared to 2020. Fintechs are also enhancing their process-based security and compliance capabilities through collaboration with numerous technology solutions providers. Financial software, compliance

management, cyber security and Regtech are seen as prerequisites for Fintechs to partner up and boost their capacity. The wide range of Fintech solutions providers in Lithuania enable more than 60% of market participants to have partnerships or outsourcing arrangements with local vendors.

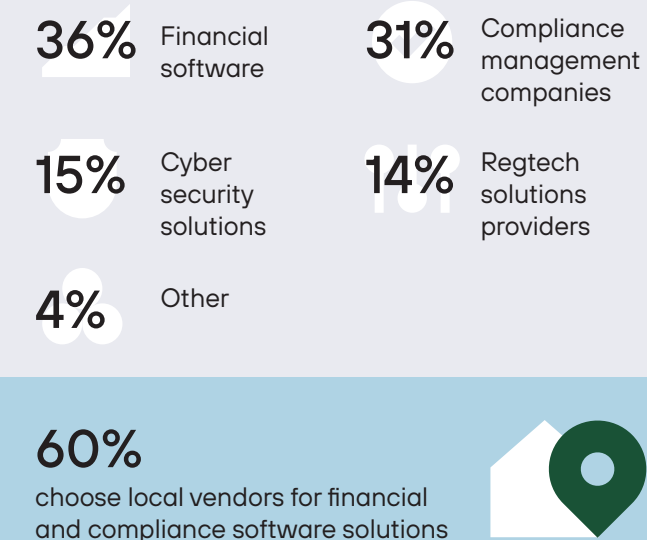
Partnerships: Fintechs with Fintechs¹

At the end of 2021



Types of partnerships: Fintechs with Fintechs¹

At the end of 2021

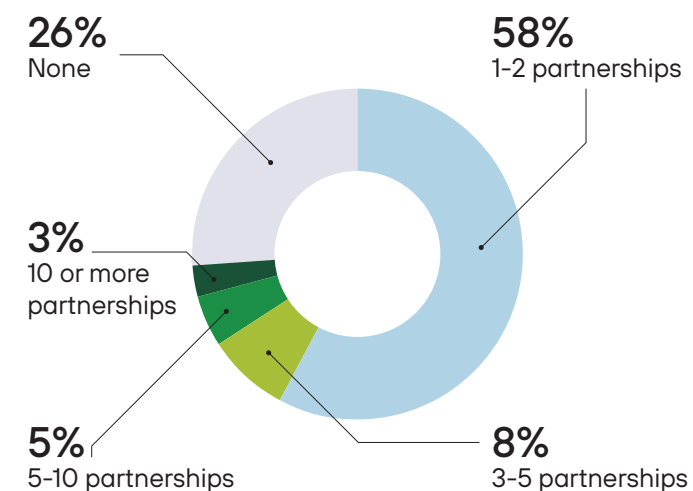


Source 1: Invest Lithuania Fintech Survey Results, 2021

This year, more than 70% of Fintechs surveyed were in partnerships with legacy financial institutions. These partnerships bear a two-fold benefit: digitising services for banks and access to new clients for Fintechs.

Partnerships: Fintechs with Banks¹

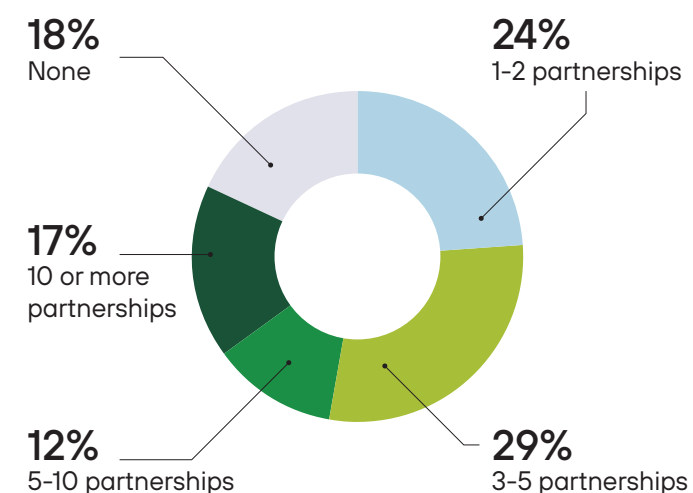
At the end of 2021



Nearly one-third of Fintechs in Lithuania see embedded finance as the Fintech sector's biggest opportunity in 2021. Market trends reflect these expectations as 60% of surveyed Fintechs had at least 3 partnerships in place with other businesses in 2021.

Partnerships: Fintechs with other businesses¹

At the end of 2021



Record funding rounds

Local Fintechs raised larger rounds

In 2021, Lithuanian businesses raised €428 million in funding of which more than €65 million were attracted by Fintechs alone¹. While the number of Fintech deals remained similar to that of 2020, the size of investments grew fourfold in 2021¹. The largest rounds were raised by local companies TransferGo (€43M), Kevin (€8.5M) and Ondato (€3.6M).

Funds raised by local Fintechs²

As of the end of the 2021



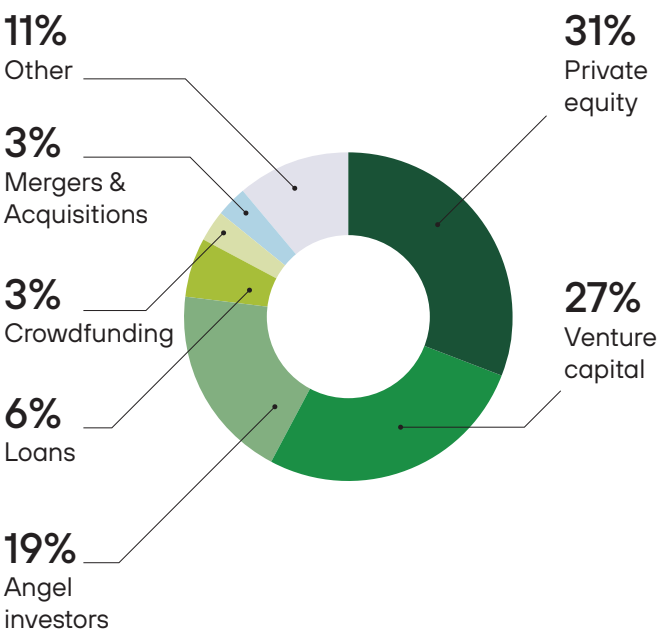
The average seed investment doubled in size to €3.5 million in 2021¹



Source 2: Investments in Lithuanian tech startups, 2007-2021

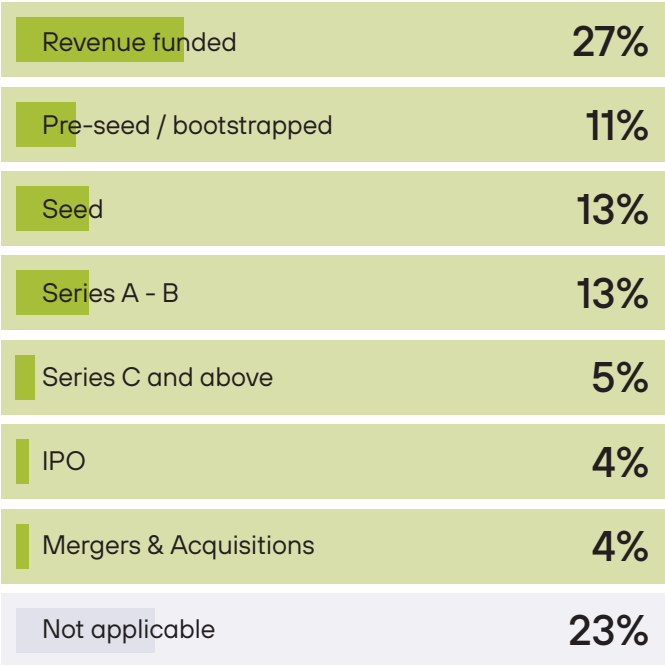
According to survey results, angel investment, venture capital and private equity are the top three external sources of funding. Almost a third of survey respondents cited revenue as the main source of funding, indicating maturity of their products and services.¹

Main sources of funding¹



Fintechs by stage of funding¹

As of the end of the 2021

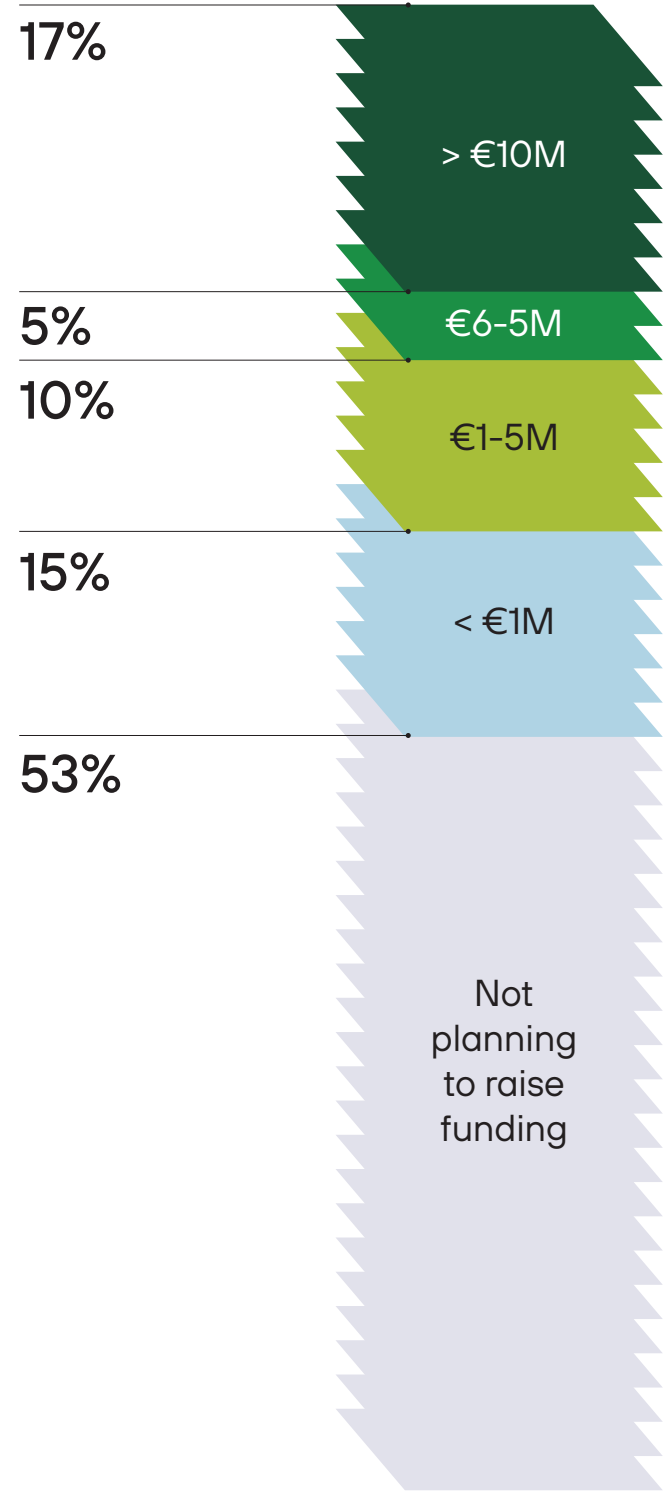


Source 1: Invest Lithuania Fintech Survey Results, 2021

Considering multiplied investments in all verticals in 2021, the Fintech sector is anticipated to be headed the same direction in 2022. With a positive outlook to the future, 47% of surveyed Fintechs are planning another funding round next year, while 17% forecast raising over €10 million.

Total funds Fintechs aim to raise in their next funding round¹

As of the end of the 2021



Record rounds: what's behind the success

Daumantas Dvilinskas

Founder and CEO of TransferGo



This year broke all fundraising records for Lithuanian startups, and TransferGo was no exception. In your opinion, what's behind this rapid growth?

It is a product of Lithuania's significant appeal to the investment community. The country's economy has been resilient to the pandemic, owing to a well-balanced fiscal support package for businesses and individuals, while an accommodating regulatory environment has allowed digital startups to flourish. Low startup costs, government support, and a significant entrepreneurial community mean that it's easy to turn a problem-solving idea into a legitimate business venture. That's why manufacturing, IT and financial services are thriving here.

TransferGo is but one example of Lithuania's many success stories. We've scaled fast and courted foreign investment, demonstrating the power of digital remittances in keeping migrants connected with their loved ones, especially over the last two years. Income inequality is one of the most pressing issues of our time, and platforms like ours are helping to rebalance the scale and provide financial inclusion and opportunity around the world.

While we've seen many success stories in Lithuania, we've yet to see a Fintech unicorn. When will the time come for a Lithuanian Fintech to reach this status?

It's only a matter of time before Lithuania unveils its first Fintech unicorn. The technology scene is scaling fast, particularly in Vilnius; in addition to Fintech, investment is pouring in for startups in cyber-security, energy, sustainability, and healthtech. Importantly, the online marketplace Vinted — Lithuania's first tech unicorn — has already broken ground and provided a blueprint for businesses on a similar trajectory to follow. Like falling dominoes, once one Fintech reaches unicorn status, others are bound to follow.

During the pandemic, Fintechs have demonstrated their value to the global economy, delivering continuity and accessibility of financial services when we needed it most. In the post-pandemic world, Fintechs will be the primary and trusted choice for business partnerships and consumer use, and will no doubt enjoy significant investment, both local and foreign. It's an exciting time to be involved in the ecosystem.

What's next for TransferGo? What are your most significant plans for the future?

In September, we raised \$50 million in our largest ever funding round, and this will be put to good use as we work towards our mission — building a platform that is the best way to pay and to be paid. As we look towards 2022 and beyond, we are committed to expanding our core payments platform. Using the funding to unlock new sender and receiver markets, we're developing our product offering with new pay-out options. This means a greater focus on local transactions and cross-network payments, as well as on making it easier for our customers to hold and withdraw funds from their digital wallets.

We also plan to double-down on our presence and investment in Lithuania. As we look to scale our business and broaden our reach, we want to triple the number of full-time employees to 600-700 FTEs in the next couple of years, with a focus on expanding our offices in Vilnius. We recognise that by generating highly remunerative opportunities in the local knowledge economy, we can grow our tax contribution to Lithuania's thriving Fintech ecosystem and help cement its place as one of Europe's leading startup hubs.

03 Talent

Skills driving the ecosystem further

Lithuania boasts a multilingual and well-educated talent pool, enabling the continued growth of the Fintech ecosystem. More than a quarter of international Fintechs surveyed cited availability of high-quality talent as one of the key reasons for choosing Lithuania to scale their business.

As the EU-leading economy by workforce growth rate¹, Lithuania is focused on boosting the local talent pipeline. Key examples of these efforts include: continuously improving accessibility to tertiary education and various reskilling programmes, as well as promoting Lithuania as an attractive career destination to international professionals and Lithuanian expats.

Emphasis on learning foreign languages from early age, international connectivity and the presence of global companies in Lithuania are all factors contributing to a multilingual society. In Lithuania, an absolute majority of working age individuals speak at least one foreign language fluently.



3rd in the EU

in IMD World Talent Ranking by labour force growth*¹



95%

of working-age individuals know one or more foreign languages²



85%

of young professionals are proficient in English, the 4th highest share in the EU³



4th in the EU

for young specialists (age 15-34) joining the ICT sector⁴



5th globally

in IMD World Digital Competitiveness Ranking by availability of digital/technological skills⁵



>45,000

specialists employed in ICT and related professions⁶

*Measured by increase in YoY growth

Source 1: IMD World Talent Ranking, 2021

Source 2: People reporting they knew one or more foreign languages, Eurostat, 2016

Source 3: 2021 Invest Lithuania estimations based on Population Census 2011

Source 4: Distribution of ICT specialists by age, Eurostat, 2020

Source 5: IMD World Digital Competitiveness Ranking, 2021

Source 6: Employed ICT specialists, Eurostat, 2020

Source 7: Invest Lithuania Fintech Survey Results, 2021

Source 8: LinkedIn Talent Insights, data as of January 2022

Growth in AML/CTF and Compliance skills

Among all specialists, AML/CTF & Compliance professionals are cited as the most in-demand talent⁷ in Lithuania by survey respondents. The number of specialists with expertise in AML/CTF, compliance, and other risk management-related fields is consistently growing, supported by innovative education

programmes and Lithuania's increasing appeal to international talent. Lithuania's compliance talent pool consists of more than 10,000 specialists with the required skill-sets for various industries, and more than 7,700 of these specialists already pursue careers in financial services, banking and related sectors.⁸

Overall availability of AML/CTF, Compliance and risk management-related skills **across all industries in the market**



>10,200

specialists in AML/CTF, Compliance and risk management-related fields in the market⁷



10%

annual growth in the number of specialists in AML/CTF, Compliance and risk management-related fields⁷

Of which specialising in **financial services, banking sector and related sectors**

>7,700

specialists in AML/CTF, Compliance and risk management-related fields in the market⁷

11%

annual growth in the number of specialists in the financial services and banking sector⁷

Talent Garden Vilnius Coworking space
© Talent Garden Vilnius

Highly-educated talent as the ecosystem's foundation

With academic expertise that ensures a strong foundation for further expansion of priority sectors, Lithuania leads the EU by the share of young residents with a tertiary education. Among the most popular

degree subjects in Lithuania are IT, Economics and Finance, and other Business Management and Administration-related programmes, attracting nearly 10,000 students annually.



56%

of the 25 to 34 year-old population with tertiary education¹



33,000

students in innovation-related programmes^{2*}



>26,000

students in Finance, Economics, Business Administration and related programmes²



2nd in the EU

for share of students choosing STEM, 2019³

Advancing Fintech-critical competences

The Fintech sector is set to drive demand for IT specialists over the coming year, as more than 67% of surveyed Fintechs⁴ cite this talent to be in high demand.

Ensuring constant growth of the pool of multidisciplinary professionals is one of Lithuania's priorities. Therefore, innovative education programmes focused on finance, business and technologies are being rolled out in public and private educational institutions.

The Ministry of the Economy and Innovation of the Republic of Lithuania launched the National Requalification Program, which is expected to add nearly 19,000 in-demand specialists by 2026. The comprehensive education programme is focused on niche areas, such as Cyber Security, Cloud Computing, AI, Automation, Robotics, Data Science and others.

Due to numerous initiatives promoting IT careers, the number of IT graduates from universities, colleges and vocational schools increased throughout 2019 – 2021. During the past 3 years Lithuania has experienced an average annual growth of nearly 2,300 IT graduates, with the majority of talent (57%) coming from universities. More than 85% of ICT specialists in Lithuania hold a tertiary degree, making Lithuania's ICT workforce the most highly educated in the EU.



1st in the EU

for ICT specialists with a tertiary level of educational attainment⁵



2,400

of ICT graduates from universities, colleges and vocational schools in 2021



4th in the EU

for young specialists (age 15–34) joining ICT sector⁸



>19,000

in demand specialists to enter market by 2026 via National Requalification Program⁶

*Life sciences, Engineering, Mathematics, IT, Physical Sciences

**Bachelor's and Master's degrees

Source 1: Population by educational attainment level, Eurostat, 2020

Source 2: Ministry of Education, Science and Sport, 2021

Source 3: UNESCO Institute for Statistics, 2019

Source 4: Fintech Survey Results, 2021

Source 5: Distribution of ICT specialists by education attainment level, Eurostat, 2021

Source 6: "New Generation Lithuania", Ministry of Economy and Innovation, 2021

Source 7: ISM University of Management and Economics on received CEE Business Services Awards, 2020

Source 8: Distribution of ICT specialists by age, Eurostat, 2020

New university and vocational education programmes are designed to focus not only on specific areas like regulation, security and IT, but also on the macro trends that are driving the Fintech ecosystem locally and globally. To support the development of Fintech-based skills, institutions offer specialised modules and programmes by closely cooperating with businesses and tailoring the courses to their needs. Various industry specialists and entrepreneurs are regularly featured as guest speakers or lecturers.



14

Fintech-related university programmes^{**6}



>55%

of Fintechs have initiatives to contribute to the growth of Fintech-critical skills and knowledge⁴



1st in CEE

for Best University-Business Partnership of the Year between Moody's and ISM University of Management and Economics⁷

Partnerships between universities and businesses



accenture
TransUnion^{tu}



Nasdaq
tesonet



Microsoft
MOODY'S



Cognizant
.NF3

Kaunas University of Technology
© Norbert Tukaj

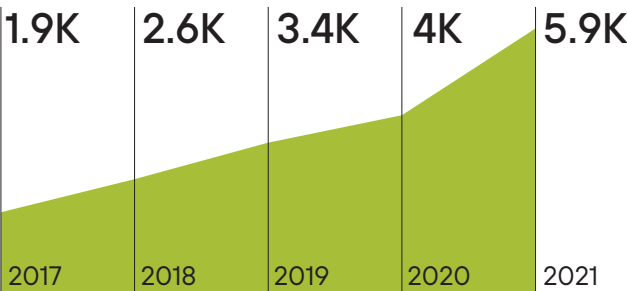
Multidisciplinary teams helping Fintechs grow

The number of specialists employed in Fintech increased by 48% in 2021, a record year for the Fintech sector in Lithuania. The increase in the number of employees hired can be attributed to companies scaling their teams to keep up with the growing demand for their products and services. Fintech had a record year

in investments attracted in 2021, which also contributed to further employment growth at various organizational levels. The share of companies employing fewer than 5 people have decreased by 10% and the average size of a Fintech company in Lithuania has increased.

Total number of employees in the Fintech sector¹

As at the end of the 2021

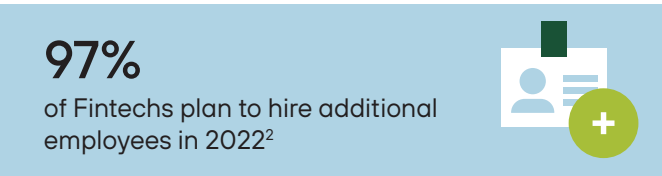


Fintechs in Lithuania by number of employees¹

As at the end of the 2021

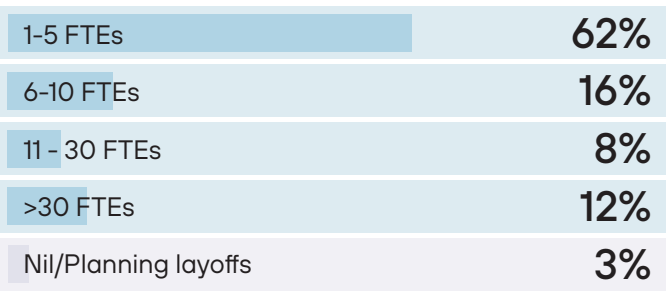


Survey results indicate that 2022 is expected to be another year for growth. 12% of respondents indicated that they expect to ramp up their operations by nearly doubling their headcount and hiring between 30 to 100 new employees.



Fintech hiring plans for 2022²

Number of employees to be hired



In 2021, Fintechs were actively hiring across all core functions. Signalling the anticipated growth of the sector, survey respondents identified continuing demand for AML/CTF & Compliance, IT & Software Development specialists. In line with the existing

demand, Fintechs indicated that continued growth in the number of specialists hired can be expected in 2022 and an absolute majority are planning to expand their teams.

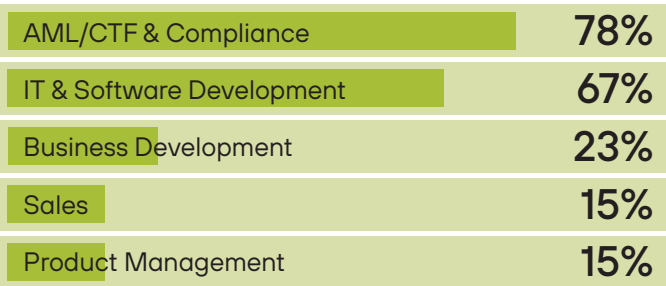
Functions for which employees are hired by Fintechs in Lithuania²

% of respondents that hire these functions



Sought-after specialists²

% of respondents that named this function



Source 1: State Social Insurance Fund Board (Sodra), 2021

Source 2: Fintech Survey Results, 2021

Talented labour force supporting global operations

Tadas Vizgirda,

Managing Director of
Shift4 Payments Lithuania

SHIFT 4



You are one of the biggest Fintech success stories in Lithuania, active in the cluster since the early days. How has the ecosystem developed so far, in your opinion?

Ever since the Lithuanian Government eased its banking license requirements, introduced business-friendly regulatory initiatives, and made a commitment to building a strong Fintech cluster, Lithuania has been making strides towards becoming the region's Fintech powerhouse. As a result, competition for IT talent in this sector has been growing significantly. That being said, having an attractive product, a strong core team, and a clear strategic vision makes attracting talent considerably easier.

One major change that we've noticed in our recruitment efforts is the growing number of prospective hires that already have experience working in Fintech, which is one of the criteria that we really look for when recruiting. This wasn't the case 5 years ago.

In your opinion, what are the key reasons for Fintech success in Lithuania?

The Lithuanian Government's initiative to form a Fintech cluster was a great idea. Back then Lithuania was somewhat of a Fintech pioneer in the region, but we're now reaping the rewards as an experienced global player. The Bank of Lithuania did a great job in formulating a strategy to differentiate Lithuania's banking system and regulatory environment from our neighboring countries.

Invest Lithuania has also done outstanding work over the past 5-7 years of putting itself out there and spreading the word about Lithuania. This has resulted in numerous Fintech investments from Europe and the rest of the world. Needless to say, none of this would've mattered if Lithuania didn't have an extremely talented

labor force. High levels of educational attainment and English proficiency, an innovative mindset, and a robust sense of ownership – these are the key characteristics of Lithuanian talent, highly sought-after by most Fintech companies.

Most of your team is in the US. What are the advantages of extending your engineering efforts to Lithuania?

Having an international, culturally diverse team allows us to be more innovative in our product development process. Given that everyone's thought process is somewhat unique, working together helps us generate a greater number of innovative ideas. Our 24/7 engineering and customer support cycles also allow us to address issues as they happen, which is critical in the payments space. Having our engineering and operations teams up and running at all times of the day reduces the likelihood of a customer running into any significant issues.

You also have extensive support functions in Lithuania. What can you tell about the talent pool here?

Shift4 Payments was initially established as a software development center. However, in May 2017 we were asked to assist with customer support operations. We gladly accepted and today, in addition to our software development center, we also have one of the largest Shift4 customer support centers within our global operations.

The client support talent pool in Lithuania is second-to-none. High English proficiency, eagerness to solve difficult problems, and commitment to customer satisfaction are all qualities that make Lithuanians stand out from their peers in the region and across the EU.

Diversity at every level

Lithuania's Fintech ecosystem stands out for its talent diversity at every level – from the range of functions hired to the number of women and multicultural backgrounds among employees.

With half of the total labour force being female, Lithuania remains a leader globally by the share of women employed across all jobs, including highly-skilled occupations. This is well reflected in the Fintech sector,

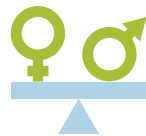
as nearly 60% of surveyed Fintechs¹ indicated that the proportion of women across all organisational levels is higher than 40%. Three quarters of surveyed companies confirmed that they have at least one female executive in their management teams.

Gender balance among Fintech companies has improved year-on-year, as the share of Fintech companies that employ less than 20% women has been cut in half compared to 2020.



1st in EU

for the share of women in total labour force²



1st in CEE

in the Global Gender Gap Index³



9th globally

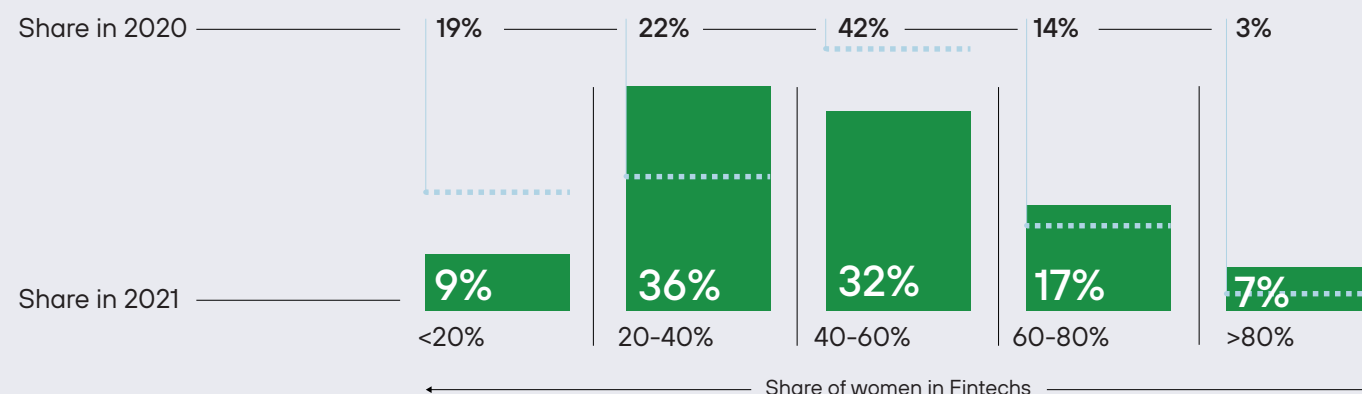
for the share of women employed in highly-skilled occupations⁴



75%

of Fintechs have female executives¹

Share of women in Fintechs in Lithuania¹



Diversity brings many benefits for the community and businesses. Lithuania's Fintech ecosystem has been internationally diverse from the beginning, and the Fintech companies' employee composition reflects that. An impressive 41% of surveyed market participants in Lithuania have international teams. The employees in Lithuanian Fintech companies hail from all 5 continents.



41%

of Fintechs in Lithuania have international teams¹



5

continents represented by talent working in Fintechs in Lithuania¹

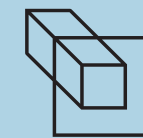


1/3

of Fintechs employ up to 30% of international specialists in share to the total number of staff in Lithuania¹

Source 1: Fintech Survey Results, 2021
Source 2: IMD World Talent Ranking, 2021

Source 3: World Economic Forum, 2021
Source 4: Insead Global Talent Competitiveness Index, 2021



Work in Lithuania

Work in Lithuania (WIL) is an initiative dedicated to encouraging highly-skilled professionals living abroad to build their careers in Lithuania.

WIL connects talent from abroad with the best opportunities in Lithuania. They act as a link between people looking to land their dream job and international companies keen to hire specialists from abroad. The WIL platform lists many exciting opportunities that are open to skilled professionals from all around the world. Not only that, they offer guidance when it comes to relocating and settling in Lithuania.

Work in Lithuania partners with Lithuania-based companies that believe in diversity and inclusivity, and helps companies navigate the practicalities of international recruitment. Together with a wide network of partners, they enable global talents to pursue their career development and a fulfilling life in Lithuania.



>250

international companies on the Work in Lithuania platform



>500

new candidates in WIL database every month



27,000

monthly platform visitors on average



1,400

monthly applications on average

Attractiveness for international talent



12,500

highly qualified specialists working in Lithuania¹



20%

YoY average growth of positive migration for the past 5 years²



8th

best country to live and work for freelance professionals³

Areas of most successful placements



IT (Information Technology)



Business Services and Operations



Analytics



Accounting and Financial Services

Source 1: Invest in Lithuania, "The Fight for Global Talent: An Opportunity for Lithuania's Breakthrough", 2021
Source 2: Strata, 2021
Source 3: Tide, 2021



International House Vilnius

International House Vilnius (IHV) provides valuable support and information to people relocating to Lithuania’s capital.

IHV offers free consultations and services related to relocation to Lithuania and living in Vilnius: from residence permits and social insurance, to employment services, taxes, starting a business, and much more. It makes use of an extensive network of national agencies, local organisations and experts to ensure the integration

process is as easy as possible. International House Vilnius also organises events where newcomers can get advice and meet fellow foreigners as well as locals.

Established in September 2021, IHV is a joint initiative of Go Vilnius, the city’s official tourism and business development agency, and Work in Lithuania, a talent attraction programme encouraging foreign talent to pursue careers in Lithuania.

Key areas of support



Residence permits



Taxpayer obligations



Social and health insurance



Starting a business



Employment



Integrating into social life



Agnė Camara

Head of International House Vilnius



We’ve seen growth in the number of foreign professionals in Vilnius. What are the main reasons people are moving to Vilnius? What do you think makes Lithuania an attractive location for expats?

Vilnius is currently on the fast track to becoming a global technology hub, which places us on the map of attractive relocation destinations. With the city’s priority sectors – Fintech, ICT, Lasers, and Biotech – booming, its entire ecosystem is showing remarkable strength, resilience to challenges, and willingness to cooperate. Governing bodies, academia, startups, accelerators, international companies and other organisations constitute a well-organised support system available to foreign talent upon arrival in Vilnius. The resulting close-knit community is often singled out as the key reason for choosing Vilnius for relocation.

In addition, Vilnius not only allows for a sustainable, healthy work-life balance, but is also among the greenest cities in Europe, offering a wide variety of social, cultural, and sports activities.



International House Vilnius has just started its operations. What is your vision for a global talent ecosystem in Lithuania?

Given that Vilnius is, and has always been, an open city, our priority is not only to attract talented people, but also to ensure their wellbeing to the utmost. We want foreign professionals to feel welcome here, which requires easy-to-understand procedures that ensure smooth relocation, and high-quality public services provided free of charge. International House Vilnius, our latest project that serves as a physical one-stop-shop for highly skilled professionals, does just that – we offer consultations and services in English and Russian, covering topics from residence permits and social insurance to starting a business.

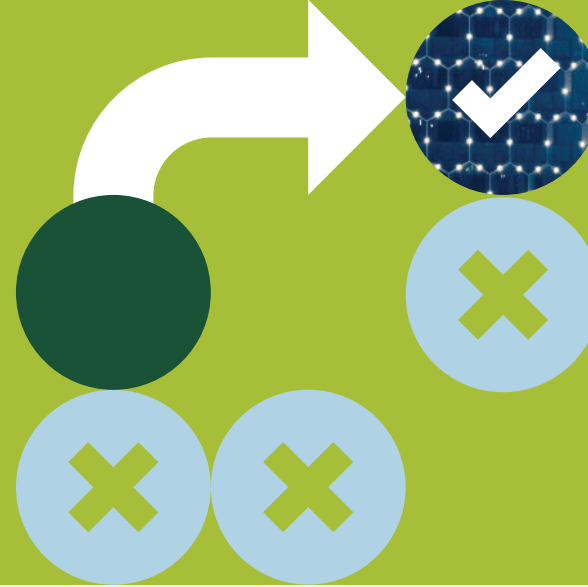
A total of 10 official public institutions have already joined the project, which proves commitment on both the governmental and municipal levels to go the extra mile in building a global talent ecosystem in Lithuania.

Do you think there’s more potential for companies in Lithuania to leverage foreign talent? What would be your main suggestions for them?

Since attracting foreign talent is of benefit to the entire city’s ecosystem, companies are not the only players responsible for making it happen. With global competition for highly skilled professionals heating up, we are proud to see the increasing visibility of this challenge in our public discourse, as well as the fact that a growing number of ecosystem players are joining in.

There is always room for improvement in this area, and with that in mind I’d like to encourage Lithuanian companies to contact International House Vilnius in case of any issues related to attracting talent – we’re here to help and to find the best way to move forward.

04 National Fintech Guidelines for 2022 – 2027



Fintech benefits for the economy and population



Gintarė Skaistė

Minister of Finance of the Republic of Lithuania



MINISTRY OF FINANCE
of the Republic of Lithuania

Lithuania is introducing new national guidelines for developing the Fintech sector. How will they help to foster the development of the Fintech sector and benefit the economy and society?

Continuous efforts of public authorities to foster the growth of Lithuania's Fintech sector have brought tangible results. Fintech has become a crucial part of the Lithuanian financial ecosystem, and our achievements have been recognised globally. Responding to the challenges ahead, we decided to bring public and private sector experts together to prepare the new national guidelines. They provide a clear, long-term roadmap for the lasting success of the Fintech sector.

The guidelines focus on four main topics: ensuring the future growth and maturity of the Fintech sector, promoting the use of digital financial services, fostering the creation of technological innovations, and strengthening risk management. More broadly, the guidelines reflect an agreement among all stakeholders on the ambition for Lithuania to retain its position as the Fintech frontrunner in the region and internationally.

Discussions held in preparation of these guidelines allowed us to better grasp the needs and challenges of market participants, investors, regulatory bodies, public institutions, and society as a whole. The overall goal is to find ways to bring technological transformation to financial services and make a positive impact on the broader economy while managing the associated risks in a comprehensive and effective manner. I believe that the guidelines will help to ensure the competitiveness of the Lithuanian jurisdiction and to maintain an open and secure market for Fintech companies and their clients, which benefits the whole financial ecosystem.

05 Regulatory Overview

Top 6 European countries by number of licenses issued¹

At the end of 2021

EMI – Electronic Money Institution
PI – Payment Institution
SPB – Special Purpose Bank

The Bank of Lithuania: ensuring sustainable growth and innovation

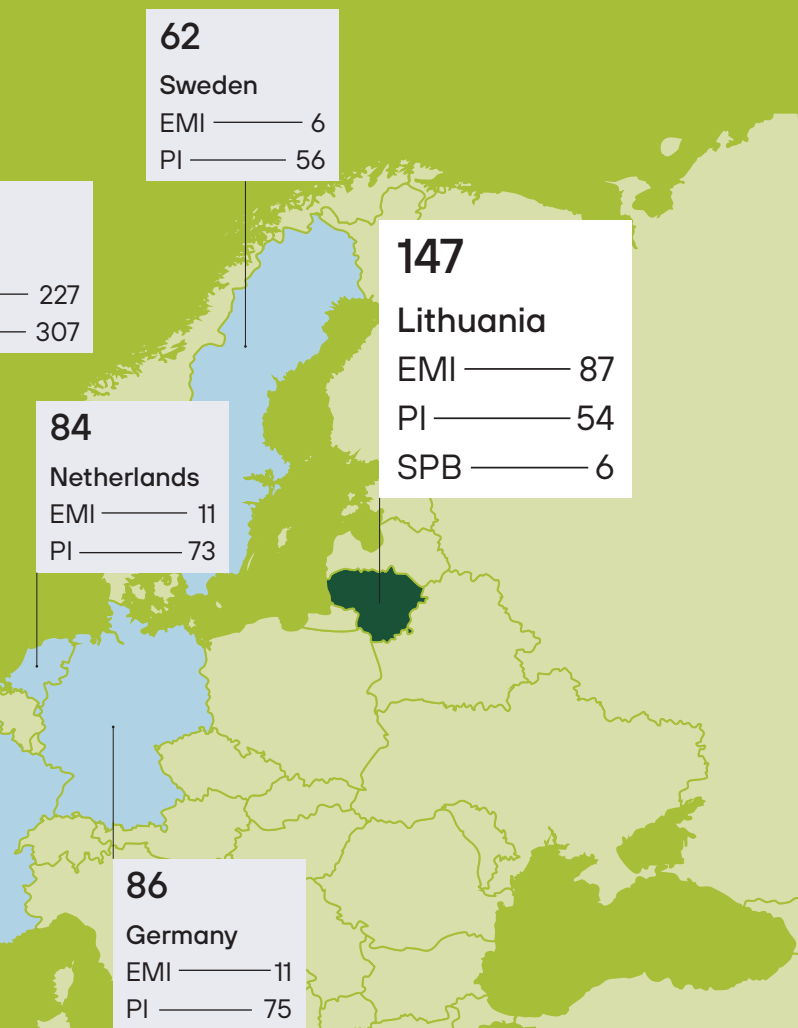
As Lithuania's central bank and supervisory authority, the Bank of Lithuania (BoL) is responsible for supervising licenced financial market participants including the regulation of the latest financial innovation.

BoL's work, anchored by the values to society, accountability, continuous progress, contributes to enhancing the public's trust in the central bank and the domestic financial system, which encompasses Fintech.

Throughout the years, BoL has demonstrated a fair, proactive and welcoming approach to new financial market participants. This attitude has earned BoL the honour of Central Banking's Global Impact Award for fostering innovation and development across the entire Fintech and Regtech sector.¹

Being an innovation-friendly supervisor, BoL also emphasises the importance of sustainable growth of the sector and constant efforts for the highest standards of services licenced in Lithuania and compliance culture.

¹Since 1st of January, 2021 UK is no longer part of the EU
Source 1: EUCLID Register, European Banking Authority & Bank of Lithuania, Data as of the end of 2021



The Bank of Lithuania promotes Fintech growth through the following key initiatives:

- **Newcomer Programme:** a one-stop shop consultation service for financial market participants interested in applying for a licence in Lithuania;
- **Regulatory Sandbox:** a live environment to test financial innovations under the guidance and supervision of BoL;
- **Regtech:** innovative solutions for financial market participants to streamline reporting procedures;
- **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;
- **LBChain:** a sandbox to test blockchain-based services.

Source 2: FCA, 2021
Source 3: The Global Impact Award in Central Banking Fintech & Regtech Global Awards 2020

The next chapter in Fintech



Simonas Krėpšta

Member of the Board
at the Bank of Lithuania



You have joined the Board of the Bank of Lithuania in 2021. What does the Fintech sector in Lithuania look like from the regulator's perspective?

Fintech is exceptionally broad in scope. It encompasses both the digital transformation of the entire financial sector, and the future of finance. Ten years from now, all financial market participants will be making full use of financial technologies or will be out of business. Licensed digital financial institutions that have launched operations over the past five to six

years are an essential part of the Fintech ecosystem. There are more licensed market participants active in Lithuania's Fintech sector than in any other EU country. In this respect, we might say that we have embraced the future of finance more than other members of the Union.

The whole Fintech ecosystem has been expanding in Lithuania. It includes global IT companies specialising in the financial segment and companies that provide other services. Moreover, banks and insurance undertakings that have been present in the market for many years are also among the most digitised across the EU, and almost half of the retail payments made in the country are instant payments. Being a regulatory authority, we aim to ensure that these licensed Fintech companies are active and growing in a sustainable way. That means, first and foremost, high-quality services and responsible compliance with regulations, in particular those related to the prevention of money laundering and terrorism financing, equity capital, and the safeguarding of customers' funds.

The trademark 'Licensed in Lithuania' implies not only the opportunity for business development, but also a greater sense of responsibility – to respect legislation and to upgrade, continuously, the culture of compliance. A high level of compliance maturity is vital for successful long-term operations of new market entrants. As an open and constructive partner, we listen to the concerns raised by financial market participants, analyse problems, and develop solutions by providing explanations, recommendations, opinions, and guidelines. In turn, we expect the licensed Fintech sector to pursue maturity and stronger competition with market incumbents and, ultimately, provide consumer benefits that can be delivered through attractive, high-quality services.

We anticipate an increase in regulatory issues and a build-up of regulatory activities, especially as regulation intensifies across the entire EU, with a particularly strong focus on the prevention of money laundering and terrorism financing, and the implementation of international sanctions. Moreover, the work of individual countries is closely monitored by international institutions, such as MONEYVAL, which has, in its latest assessment, highlighted our progress and upgraded Lithuania's score in the area of regulation and supervision of financial institutions. At the same time, we devote a great deal of attention to the area of de-risking to prevent the emergence of excessive barriers. We conducted a survey on this issue and launched a public consultation. Moreover, we continuously monitor the situation to ensure that payment service providers do not misuse de-risking policies.

How do you see the Lithuanian Fintech sector developing in the future?

At present, the licensed Fintech sector in Lithuania is mainly associated with payment services provided by electronic money and payment institutions, which comprise the largest chunk of licensed Fintechs and face the strongest competition.

I would like to singularly highlight specialised banks, which saw their share of the banking market, in terms of assets, increase from 0.6% to 2.3% in the span of one year. Going forward, the participants of Lithuania's Fintech sector might consider moving beyond payment or lending services. Other subsectors, such as insurance (Insurtech) or capital and investment services (Wealthtech), remain largely uncharted territory in Lithuania. There are vast business opportunities in these domains, particularly in view of the Fintech sector's growth rate and the increasing competition that serves as a powerful incentive to seek new forms of activity. We also see prospects for active and sustainable development in crowdfunding.

Given the Fintech sector's breakneck expansion and the proliferation of new business models, how is the Bank of Lithuania adapting to the changing landscape and keeping pace with innovation?

Back when Fintech was still in its budding stage, we made the decision to be an innovation-friendly regulatory authority. Thanks to this approach, we have been able to develop ourselves right alongside the growing sector, to gain an understanding of how it functions, to observe the genesis of products and services, and to acquire extensive and valuable experience in asking financial market participants to try out new products in the regulatory sandbox of the Bank of Lithuania. This sandbox environment, for instance, served as a testing ground for a peer-to-peer insurance platform. Capitalising on the results of the test, we issued guidelines aimed at developing the best practices of peer-to-peer insurance platforms and shaping this new service.

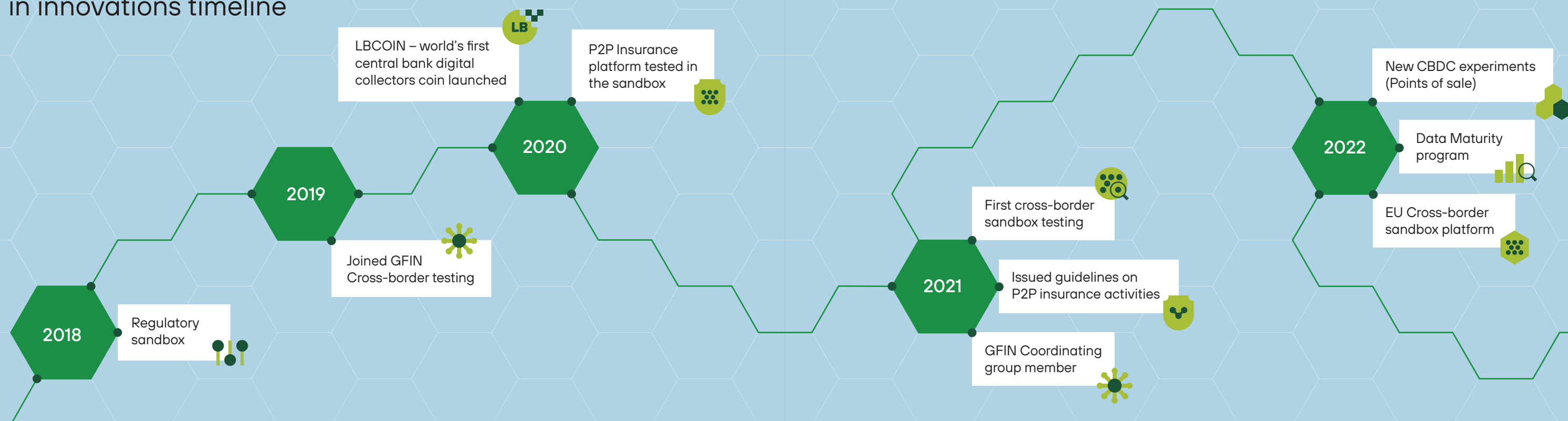
Today much of the market, including licensed Fintech services, is regulated. As a regulatory authority, we have chosen to take a neutral approach towards the choice of technology. This means that we are not interested in the specific technology used in the

development of a product. However, if the product has the characteristics of a financial instrument (e.g., securities), it will be subjected to regulation and supervision.

We carefully monitor the international environment, which includes participation in the activities of the Global Financial Innovation Network (GFIN). Through GFIN, we examine and share the know-how gained in the development of new financial products, services, and supervisory tools that go beyond the boundaries of a single jurisdiction. Last year, we became members of the network's coordination group, which is tasked with shaping and implementing the organisation's strategy. In addition, this year saw the launch of a common testing platform initiated by the EU's innovation hubs and regulatory sandboxes. It provides opportunities to test innovations in more than one testing environment across the EU simultaneously. New cross-border opportunities in the EU may contribute to further developments in the market.



Bank of Lithuania developments in innovations timeline



The Bank of Lithuania: contributing to the GFIN strategy

In 2019, the Bank of Lithuania joined the Global Financial Innovation Network (GFIN) – a global platform for collaboration, sharing knowledge and regulatory response on the latest financial innovations, best known for its active experimentation through the cross-border sandbox initiative.

In 2021, the regulatory sandbox of the Bank of Lithuania led one of the first cross-border testing cases at GFIN. Together with 5 other central banks and financial market supervisory authorities, the Bank of Lithuania tested multiple proofs of concept models for environmental, social and governance (ESG) reporting in three different areas: banking, insurance, and investments.



A new page for cross-border innovation development: EFIF

2022 opens new cross-border possibilities for the members of the European Forum for Innovation Facilitators (EFIF). An EU-wide cooperation and knowledge sharing platform for financial market supervisors, EFIF recently adopted the Procedural Framework for Innovation Facilitator Cross-Border Testing.

Under the new framework, financial sector companies will be able to simultaneously test their innovations in two or more sandboxes located in different EU member states. Companies will also be able to present test results from one sandbox to other member states, providing better visibility for Bank of Lithuania's sandbox participants across Europe.

By entering the Bank of Lithuania's regulatory sandbox, companies have a great opportunity to test and scale innovations or new business models for the European market via the EFIF initiative, and globally via the GFIN.

The sandbox is open year-round, and companies are welcome to present their ideas, with Wealthtech and Insurtech being the key priorities in 2022.



Innovative solutions in regulatory sandbox testing: new P2P insurance guidelines

By providing access to its regulatory sandbox, the Bank of Lithuania enables companies to test their innovative financial products and business solutions in a real environment under the supervision and guidance of the regulator. In 2020, a peer-to-peer (P2P) insurance platform tested, which led to P2P insurance guidelines being published in 2021. This has opened new opportunities for insurance market participants and set out good practice principles to be followed by P2P insurance providers.



Digital Point-of-sale: experimenting with future payment solutions

The Bank of Lithuania has been redoubling its efforts to boost the debate on future payments initiatives. Leading the way in blockchain-based projects, in 2020 the BoL introduced LBCoin – the first-of-its-kind blockchain-based, central bank-issued digital collector coin.

In 2021, the BoL invited payment market participants and technology companies for an experiment to develop a software PoS payment solution that enables instant settlements in digital currencies.

The experiment aims to develop a solution based on the latest payment technologies and EU standards, ensuring an efficient, secure, and simple use of digital currencies. Such a digital PoS solution could enable any payment mean (digital currency, account-based money, CBDC) be smoothly processed and interoperate with traditional payment systems, creating a next generation ecosystem.

The results of the experiment will showcase the potential of physical PoS settlements in digital currencies as well as the solution's potential risks and application possibilities.

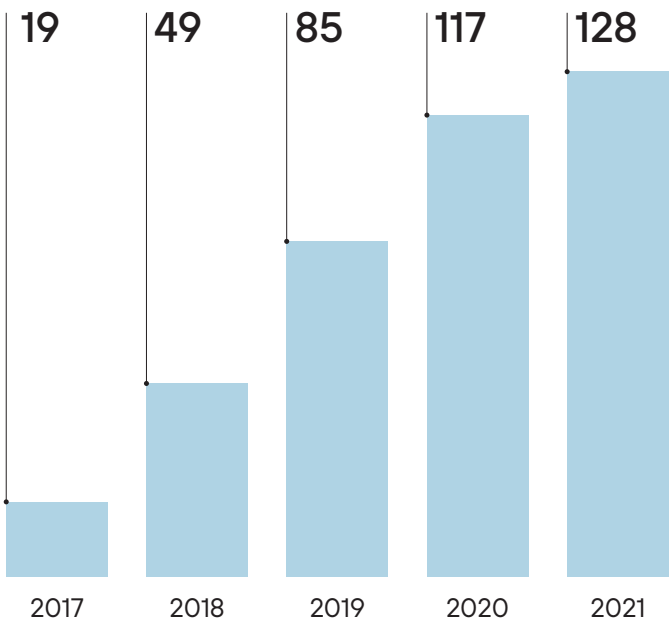
CENTROlink payment system reaching new heights

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

In 2021, the CENTROlink payment system experienced another period of unprecedented growth, reaching record numbers in both transaction numbers and value. More than 169 million transactions were made within the system, their value exceeding €228 billion. CENTROlink’s growth rate over the past year was staggering, with the increase in transaction volume reaching 109% and the increase in transaction value surging 97%.

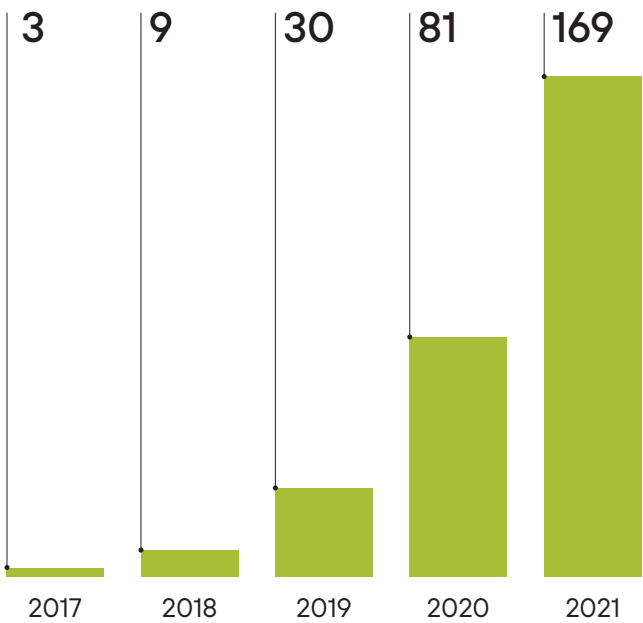
CENTROlink in numbers¹

No. of PIs and EMIs using the system

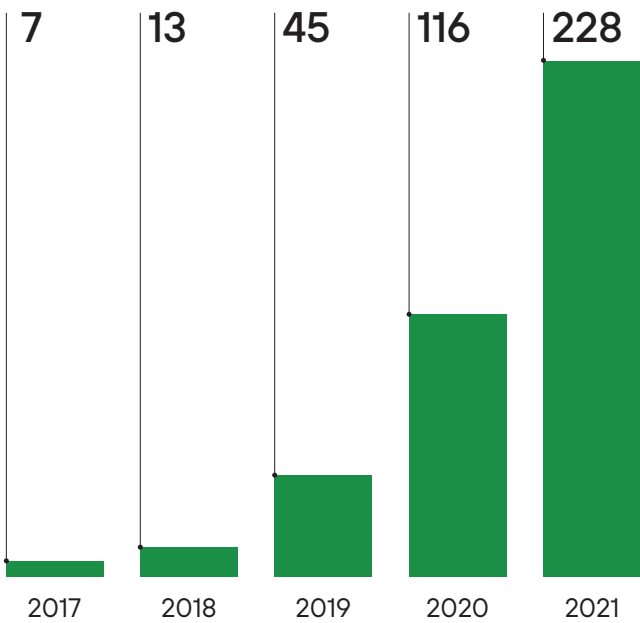


Source 1: Bank of Lithuania; Data as of the end of 2021

No. of transactions, executed by PIs and EMIs, millions



Value of Transactions, executed by PIs and EMIs, billion EUR



CENTROlink – a robust system powering global reach



Mindaugas Navys
Head of Payment Systems Development Unit at the Bank of Lithuania



CENTROlink saw immense growth last year. What’s behind this success?

The CENTROlink payment system experienced another year of impressive growth in both the number of participants and transactions. Similarly, to 2020, the number of payment transactions saw an almost twofold increase last year, while the number of instant payments grew nearly fourfold. The growing number of new participating payment service providers and the increasing transaction flows from established CENTROlink participants were also among the key factors behind the system’s growth. Continuing interest shows that services offered by CENTROlink are attractive not only to EMIs and PIs but also to commercial banks.

In addition to regular SEPA credit transfers, we also offer instant payments and direct debits; in addition to a unique opportunity for EMIs and PIs to issue their own IBAN accounts. Finally, success stories of our participants contribute to growing interest from PSPs and the popularity of the CENTROlink system. This suggests that our pricing and services are among the best on

the market. Apart from the marketing and technical side of the story there’s also the fact that CENTROlink unambiguously positions itself as a service aimed at reliable financial market participants only. We perform regular assessments to manage related risks and maintain our reputation. Due to these assessments, 7 applications to connect to CENTROlink were rejected, and 6 institutions providing payment services were disconnected from the system in 2021.

2021 was a year of significant infrastructure improvements for CENTROlink. Can you elaborate on the work behind the scenes?

Each year we spend a lot of time implementing updates and other improvements in our system, but they’re often hard to notice for a regular participant. However, one of last year’s developments was quite significant: we implemented technological updates to connect the CENTROlink system to TARGET Instant Payment Settlement (TIPS). Since December 2021, CENTROlink participants can reach more than 2,500 payment service providers in 25 European Economic Area countries with TIPS instant payments.

What are your plans for 2022? Can you share some larger strategic initiatives for the future?

Even though we are quite happy with the growth of the CENTROlink payment system, we don’t intend to simply rest on our laurels. For instance, this year we are going to focus our efforts on the Request to Pay (RTP) initiative. This new EU-wide standardised messaging functionality will allow a Payee to request the initiation of a payment from a Payer in a wide range of physical or online use cases. Although RTP is still in development, we are laying the groundwork for it in 2022. Another project is the upgrade of the Proxy Lookup Service, which, in combination with RTP, may lead to further growth of SEPA instant payments.

This year, we also have plans to investigate a possible technical solution that would reduce the number of fraudulent transactions. One of the possible solutions may be to require a confirmation of the Payee, but other options are on the table as well.

Lithuania leads the way in compliance and risk management

2021 marked significant milestones of Lithuania's efforts in combating money laundering (ML) and terrorism financing (TF). The Council of Europe's anti-money laundering body MONEYVAL assigned Lithuania a higher international compliance rating, concluding that its authorities have improved measures to combat ML/TF, demonstrating significant progress in compliance with the Financial Action Task Force (FATF) standards.

Lithuania has also been rising in the rankings of the world's least risky ML/TF jurisdictions. In 2021, the Basel Institute on Governance released its 10th public edition of the Basel AML Index, where Lithuania climbed two positions from 2020 to rank 9th worldwide among the countries with the lowest ML/TF risk.



The Centre of Excellence in Anti-Money Laundering

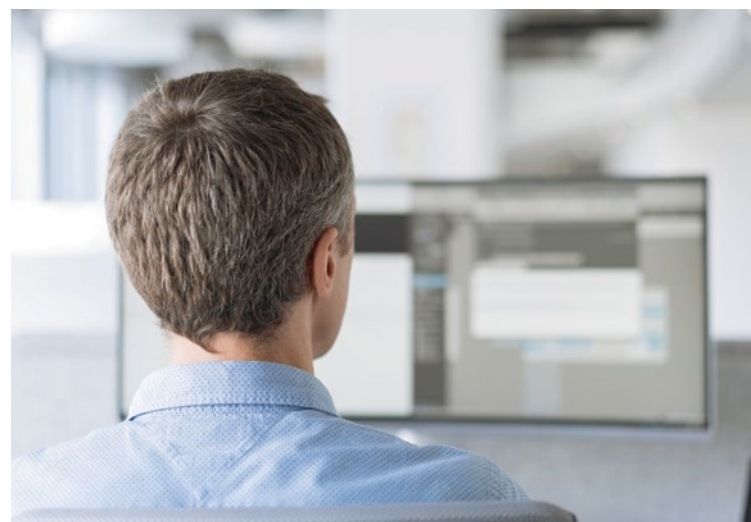
The partnership between the public and private sectors is essential to ensure a compliant, safe, and transparent financial system. The Centre of Excellence in Anti-Money Laundering (AML Centre) in Lithuania, established in 2021, seeks to mobilise public and private efforts in combating ML/TF and strengthen the prevention framework. This unique public-private partnership (PPP) initiative involves the Ministry of Finance, the Bank of Lithuania and the country's commercial banks. Other financial market participants will be invited to join the initiative in the future. The Centre aims to achieve its goals with a plan of action involving:

- Creating a dedicated information exchange platform to ensure proper risk identification and management;
- Carrying out studies, assessments and analyses, and preparing guidelines, recommendations, methodologies and legislative initiatives to improve the AML/CTF framework in Lithuania;
- Assisting private sector entities in conducting internal AML/CTF risk assessments;
- Strengthening the competencies of public and private sector staff in the AML/CTF field, and organising workshops, seminars, conferences and other events;
- Publishing information on the implementation of AML/CTF measures in the country.

Lithuania's ambition to become an EU centre of competence

Lithuania has succeeded in becoming an international Fintech hub, serving many businesses as a launchpad for EU/EEA operations. Now, the country's ambition is to become an EU-wide competence centre for risk management in the financial sector, including the prevention of money laundering and terrorism financing.

With their institutional and regulatory experience in managing ML/TF risks, Lithuanian authorities envision a future EU-level institution with an ambitious objective to create and implement unified EU-level AML/CTF rules. With plenty of relevant experience and a rich talent pool, Lithuania has a lot to offer in its bid to host the new EU institution. The newly created European AML/CTF institution is slated to be established at the beginning of 2023, while direct supervision of the financial sector entities is expected to start in 2026.



Source 1: Basel AML Index 2021: 10th Public Edition
Source 2: Global Cyber security index, International Communications Union, 2021

The next chapter in risk management

Eimantas Vytuvis

Director at Centre of Excellence in Anti-Money Laundering



The Centre of Excellence in Anti-Money Laundering has been in operation for almost a year. What are your most recent achievements?

Although it only opened in May 2021, the Centre of Excellence in Anti-Money Laundering (AML Centre) has already achieved some great milestones. During this time, we've built strong relationships and signed partnership agreements with the State Tax Inspectorate, the Prosecutor General's Office, and the Special Investigation Service. Official partnership agreements signed with the Financial Investigation Unit (FIU) and the Police Department were signed in January 2022. The Centre's team has extensive knowledge in the AML field and is working in five working streams - Fraud, Sanctions, Legislative Changes and AML Certification Program.

Last year, AML Centre projects included preparing an FAQ section on the implementation of EU sanctions, participating in AML-related events, and, together with the FIU, organizing two STR (Suspicious Transaction Reporting) training sessions for financial market participants. The Fraud stream has already delivered a successful public-private partnership (PPP) project in fighting specific fraud activity, while also focusing on developing public education activities.

Lithuania has been constantly climbing the ranks in international ratings such as MONEYVAL and the Basel Index. What's behind this success?

Lithuania's high ranking in MONEYVAL and the Basel Index indicates that risk management and AML are among the country's top priorities. The Lithuanian government is actively participating in addressing money laundering risks; our organisation's efforts to advance AML cooperation between the public and the private sectors is a great example. The fact that financial institutions actively participate in self-

regulation activities demonstrates the maturity of Lithuania's financial market.

While additional resources, continuous work and further investments are necessary, the current public and private sector initiatives and a strong emphasis on improving the AML regime indicate a promising future for the money laundering prevention system in Lithuania. We simply need to make sure we don't lose our focus.

We've seen great examples of public-private cooperation in fighting AML risks and developing innovative information sharing solutions elsewhere in the world. What is your vision for risk management in Lithuania? How do you plan on working with the wider fintech ecosystem?

Increasing attention towards public-private partnerships is a global trend we observe. Partnerships and effective information sharing allow financial institutions to identify potentially suspicious behavior at an earlier stage. That's why PPPs are crucial to improve the present AML regime.

Our vision for risk management in Lithuania is making money-laundering prevention one of the priorities of the country's risk management strategy and maintaining this focus long-term by continuously investing in AML efforts. In the future, public and private sector initiatives should involve not only Fintech organisations but also market players in areas such as gambling, real estate, notary services and others.

06 Future development areas

Lithuania well-positioned to become the European crowdfunding hub

Crowdfunding is one of the Fintech sub-sectors especially ripe for growth. Crowdfunding platform operators (CPOs) have been regulated in Lithuania for nearly 5 years. During this period, CPOs have been developing at a rapid pace, with the value of transactions made through crowdfunding platforms increasing 60-fold.

In 2021, Lithuania welcomed 6 new CPOs which brought the total number of licensed CPOs to 21.¹ Crowdfunding platforms are projected to demonstrate dramatic growth moving forward: according to the sub-sector's preliminary results, the value of CPO-funded projects doubled by the end of Q3 2021, amounting to nearly €81 million. The volume of financed projects during the first three quarters of 2021 grew by 80%, suggesting that crowdfunding is becoming an increasingly popular form of alternative business financing.

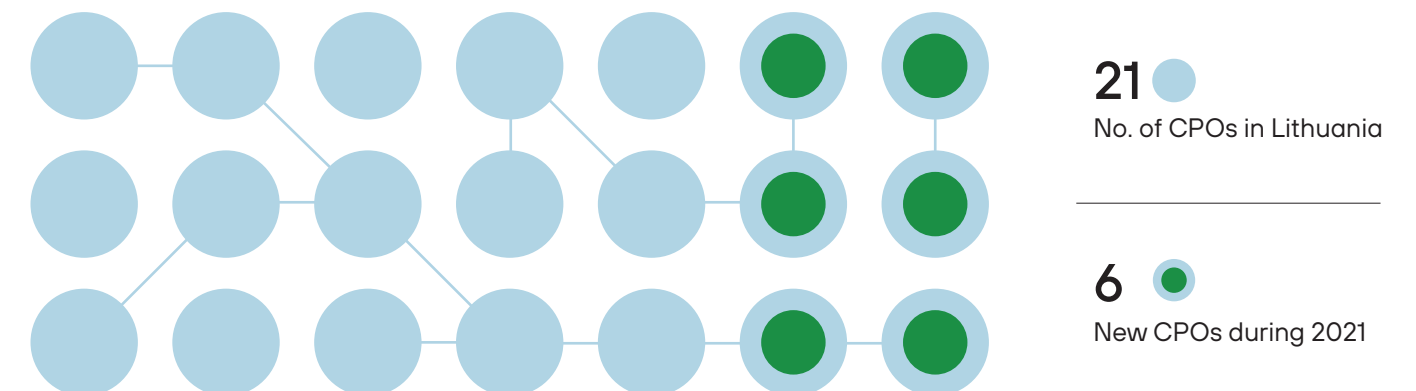
The New European Crowdfunding Regulation, which came into force in November 2021, is expected to fuel further market expansion. This regulation creates a uniform framework across the EU for both equity-based and lending-based crowdfunding platforms, allowing them to offer services to businesses and investors across the EU based on a single set of rules. Platforms will be required to undergo a re-licensing process in order to operate across the EU. The re-licensing process will reassess key elements of the CPOs' business models, focusing on segregation of funds, proper disclosure of information to investors, and adequate staffing of key compliance functions. The regulation also aims to create the perfect medium for crowdfunding platforms to attract funding not only in the form of loans but also through the issuance of securities (equity or debt).

Changes in the regulatory environment open the Lithuanian market to a wider spectrum of crowdfunding services and create a unique value proposition for CPOs to expand their business cross-border. Combined with the local regulator's Fintech-friendly attitude, experience in dealing with CPO regulatory matters, and a unique offer to combine CPO and EMI licenses, Lithuania is perfectly positioned to become the European launchpad for crowdfunding platform operators.

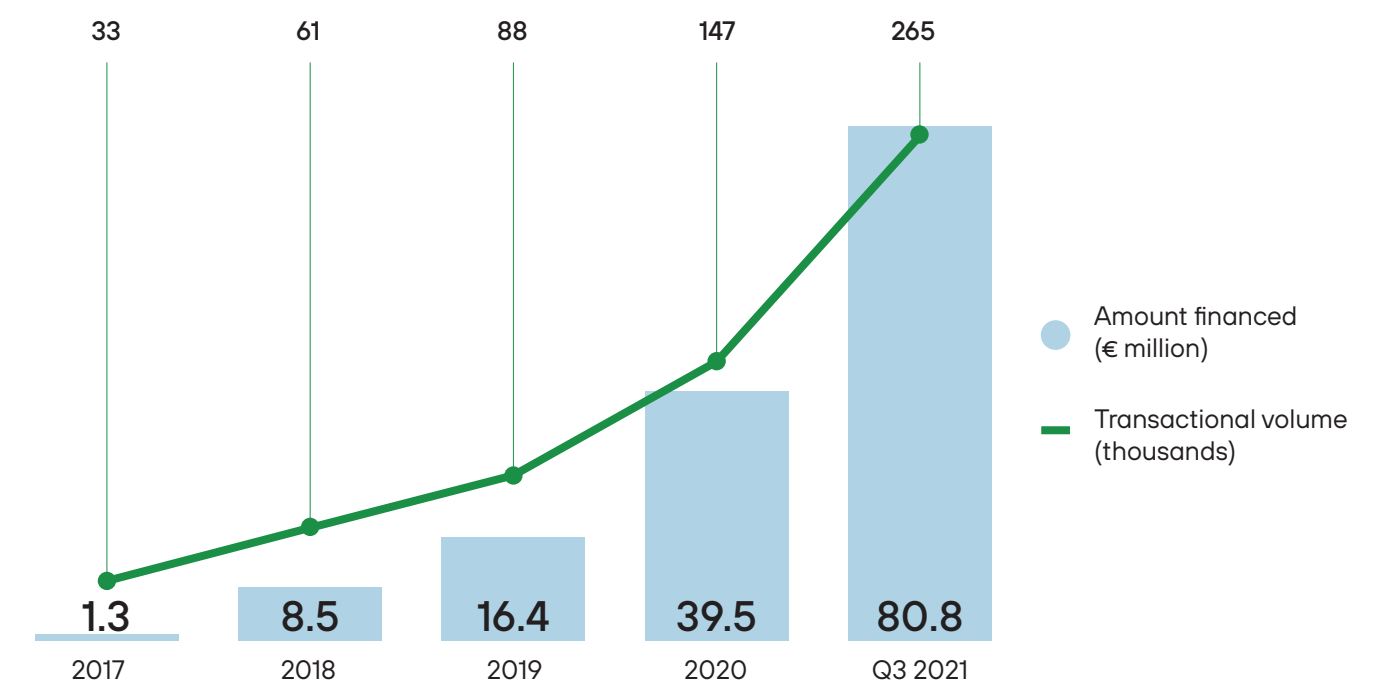


Crowdfunding platform operators in Lithuania¹

Data at December 3rd, 2021



CPO transaction value and volume dynamics¹



Source 1: Bank of Lithuania; Data as of the end of 2021

New opportunities for crowdfunding

Simonas Krėpšta

Member of the Board
at the Bank of Lithuania



How does the Bank of Lithuania see the crowdfunding sector developing in Lithuania? What challenges in the market does the new business model help solve?

Lithuania's crowdfunding sector grew by nearly one-third last year and the number of participants increased by six, to twenty-one at present. Ten of the participants were actively providing services in 2021, while the rest were getting ready to launch operations. Lithuania adopted the Law on Crowdfunding in late 2016 and welcomed the first participants of this market as early as 2017. Hence the activities of crowdfunding platforms are explicitly regulated, which enables us to ensure adequate consumer protection and reduce investment risks.

The scale of financing via the crowdfunding sector almost doubled last year, in terms of both the number of transactions and the number of funded projects, as well as the amount of funding provided to businesses. This indicates that crowdfunding in Lithuania is actively seeking its own niche and new possibilities, and is contributing to stronger competition in the area of credit provision. During the pandemic, some operators of crowdfunding platforms took part in an initiative called "Avietė" (Raspberry), which enabled small and medium-sized companies to borrow for investment or working capital through crowdfunding platforms.

Up to now, crowdfunding has been a fractured market. With the new regulation, do you see potential for explosive growth in the future?

Yes, we see a lot of potential for this sector. First, this is a new opportunity for our businesses – the access to the EU market should encourage the growth of crowdfunding platforms, which in turn should lead to increased competition between such platforms and with other financial market participants. Second, and no less importantly, we expect new participants to enter the Lithuanian market, with more investment opportunities opening up for consumers and more borrowing or funding opportunities for small and medium-sized businesses.

It is worth noting that the Bank of Lithuania was among the regulatory pioneers in the area of crowdfunding, and we also actively contributed to the preparation of crowdfunding regulation for the entire EU. As a result, the new pan-European regulation mechanism is similar to the current regulation in Lithuania. This means that the operators of crowdfunding platforms authorised in our country will not need to make dramatic changes to their business models. They can thus save time and other resources, which is critical in the context of competition at the EU level.

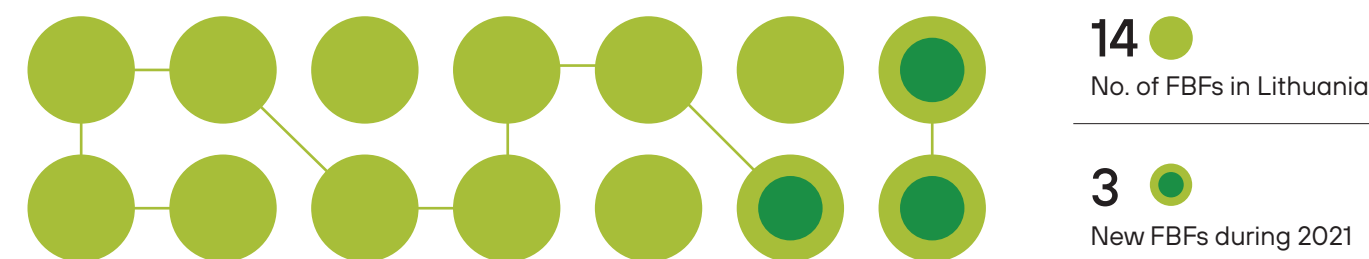
Wealthtech: untapped potential for Lithuania's Fintech ecosystem

In 2021, the Ministry of Finance together with the Bank of Lithuania identified Wealthtech as a key area of development to support the growth of capital markets and the diversification of the Fintech ecosystem. With the measures like boosting financial literacy and attracting international financial brokerage firms, various stakeholders hope to usher new growth in the Wealthtech sector.

Last year we already saw the first signs of the development of Lithuania's Wealthtech ecosystem with more financial brokerage licenses issued than in any year prior. This showcases Lithuania's friendly and welcoming regulatory environment for innovative financial service providers. One notable example was Revolut, which received a financial brokerage license. Company's Lithuanian entity will become the main hub for wealth and trading activities in Europe.



Financial brokerage firms in Lithuania¹



Source 1: Bank of Lithuania; Data as of the end of 2021

k29 Business Centre in Vilnius
© Andrius Aleksandravičius, photo courtesy of Lietuva.lt

Developing capital markets in Lithuania

Simonas Krėpšta

Member of the Board
at the Bank of Lithuania



What do you think are the main advantages of Lithuania as compared to other jurisdictions in the EU for new and established companies?

Lithuania's Fintech ecosystem is quite unique. When it comes to Fintech, Lithuania speaks with one voice. It has been decided on the national level that we will promote sustainable development of this sector, that we, together with our partners – the Ministry of Finance, Invest Lithuania, and other authorities and agencies – will pursue continuous and balanced development of Fintech by fostering a favourable legal environment.

The Bank of Lithuania endeavours to ensure support at various stages of Fintech activities, including initial consultations about whether a service or a product meets expectations (through the financial innovation testing environment) as well as the startup stage (through the Newcomer Programme and consultations during the licensing process) and the period of active operations. It is worth stressing that we firmly maintain our longstanding commitment to keeping Lithuania open only for credible financial market participants who pursue the highest standards of compliance, meet the regulatory requirements, and are ready to provide high-quality services.

As a subset of Fintech, Wealthtech has been around for a while, the uptake of investing in financial instruments in Lithuania is still low to investing in financial instruments. Do you think innovative Wealthtech products and solutions can change that?

We want the capital, investment, and crowdfunding market segments to grow, as this would mean new opportunities for the country's investors. Toward that end, we have introduced a package of tools for capital market development. It includes specific instruments that provide access to financing that businesses, in particular small and medium-sized firms, require for their activities or development at all stages of their lifecycle.

We believe that comprehensive measures like these will stimulate investments and help individuals and businesses to both manage their money more effectively and make savings for the future. These measures are also designed to make Wealthtech more attractive to financial market participants and potential service providers. We want this sector to act as an intermediary between investors and Lithuanian firms that are looking for possibilities to borrow or raise additional capital. In our view, this domain is set to see significant, very near-term interest from financial market participants. We are ready to provide support with the first steps, including testing of new products or services.

Improving access to investment services across the EEA

Rolandas Juteika

CEO of Revolut Securities

Revolut



Revolut has recently received a financial broker's license – how does that affect company's wealth and trading services in the EEA?

The financial broker's licence we've just received from the Bank of Lithuania allows us to offer our trading products to customers across the European Economic Area (EEA) directly from our European entity Revolut Securities UAB, and to continue our efforts at improving our value proposition.

This is another step not only in our mission to make financial services more inclusive, innovative and affordable to everyone, but also in building customer trust. We intend to make Revolut a daily financial partner that covers all customer needs – from banking and payments to saving and investing.

What made Lithuania your jurisdiction of choice? What are the benefits compared to other countries?

We are glad to be licensed here because it allows us to provide one of the most in-demand of Revolut's services from Lithuania. After Brexit we had to choose a hub for our wealth and trading products in the EU. And since we are both a licensed bank and a licensed e-money institution here in Lithuania, which enables us to service all our EEA-based customers, applying for MiFID authorisation to complement those activities seemed like the natural next step.

Considering that you've already created a super-app, is wealth and trading going to play a more important role in your strategy?

We launched our stock trading service across the EEA in 2019, thereby prying open the notoriously insular, expensive, and complex stock market to an entirely new audience. We are now able to provide our customers with the opportunity to invest in the stocks of more than 900 global companies, and to trade in fractional shares (stock portions less than a full share), which is an appealing offer for low-stakes and novice investors. This service has become quite successful, attracting over 1 million customers across the EEA.

Our vision is to create a global super-app that would encompass all things finance (and beyond) within a single digital system. Wealth and trading are already an important part of our diversified offer. But I believe that we are only at the very beginning of our journey here as we continue to work on expanding our offer in the near future.



Green finance

Green finance is gaining momentum in 2022

There was one thing that was on everyone's heart and mind in the last couple of years, and it was not the pandemic. We are, of course, talking about sustainability. With governments, businesses, and societies of the world taking a green turn, a need for green investments is set to rise in Lithuania and worldwide. And Fintechs have all the right tools and means to be at the forefront of this huge trend.

Financial services company BBVA estimates that by 2030 green finance could create economic opportunities worth \$12 trillion a year.¹

As Marius Jurgilas, Board Member at Bank of Lithuania, puts it: 'On one hand, the potential to scale developed solutions across a broad set of geographies that face similar issues should be a sufficient incentive to allocate capital for the cause. But on the other hand, there is the risk of hit and miss due to the uncertainty of how fast the push for the change will hit the ground. In other words, those that will enter the game early have the most to gain but risk being too early. Nothing new here, but exciting indeed.'

To echo these predictions, more and more Fintechs see green finance as an exciting opportunity rather than a challenge.



A brief history of green finance

In the 90s, a new generation of investors began to look for companies that were better than their competitors in terms of managing their environmental impact. At first, it was the most egregious polluters that were avoided. But over the years investors realised that their huge financial leverage can be used in a positive and transformative way – for the sake of the environment and society.

The interest in green finance was relatively low until 2015-2016, when money worldwide started to flow into funds with strict environmental, social, and governance (ESG) criteria. That trend has been accelerating ever since.

Sustainable finance, green and eco-investment, or simply – green finance. Basically, they all mean the same thing. Simply put, green finance is any structured financial activity that has been created to ensure a better environmental outcome. It is not exactly a red-hot buzzword in the markets yet, but it has all the potential to become one.

Source 1: BBVA, 2021

Powered by **Rockit**

How Fintech can boost green finance in Lithuania

Fintechs show great flexibility and know how to operate and make sense of large quantities of data. They can figure out which industries and markets would benefit from green investment the most – and then enter those markets.

'The main advantages of Fintech firms compared to incumbent market participants are speed of innovation, agility of implementation, and higher tolerance of failure. Is this conducive to addressing climate change? You bet,' says Mr. Jurgilas. 'Regulatory uncertainty, the pressure to change usual business models, and the need to source new, untested data is a nightmare for slow-moving businesses. All this points to fertile ground for Fintech-like firms – they can provide solutions that would facilitate a more rapid shift of the financial world towards longer-term, more socially desirable objectives.'

Fintechs can also complement the efforts of traditional financial institutions, such as banks. Whereas established financial bodies might focus on 'the bigger fish', Fintechs are great at focusing on the speed and needs of SMEs.

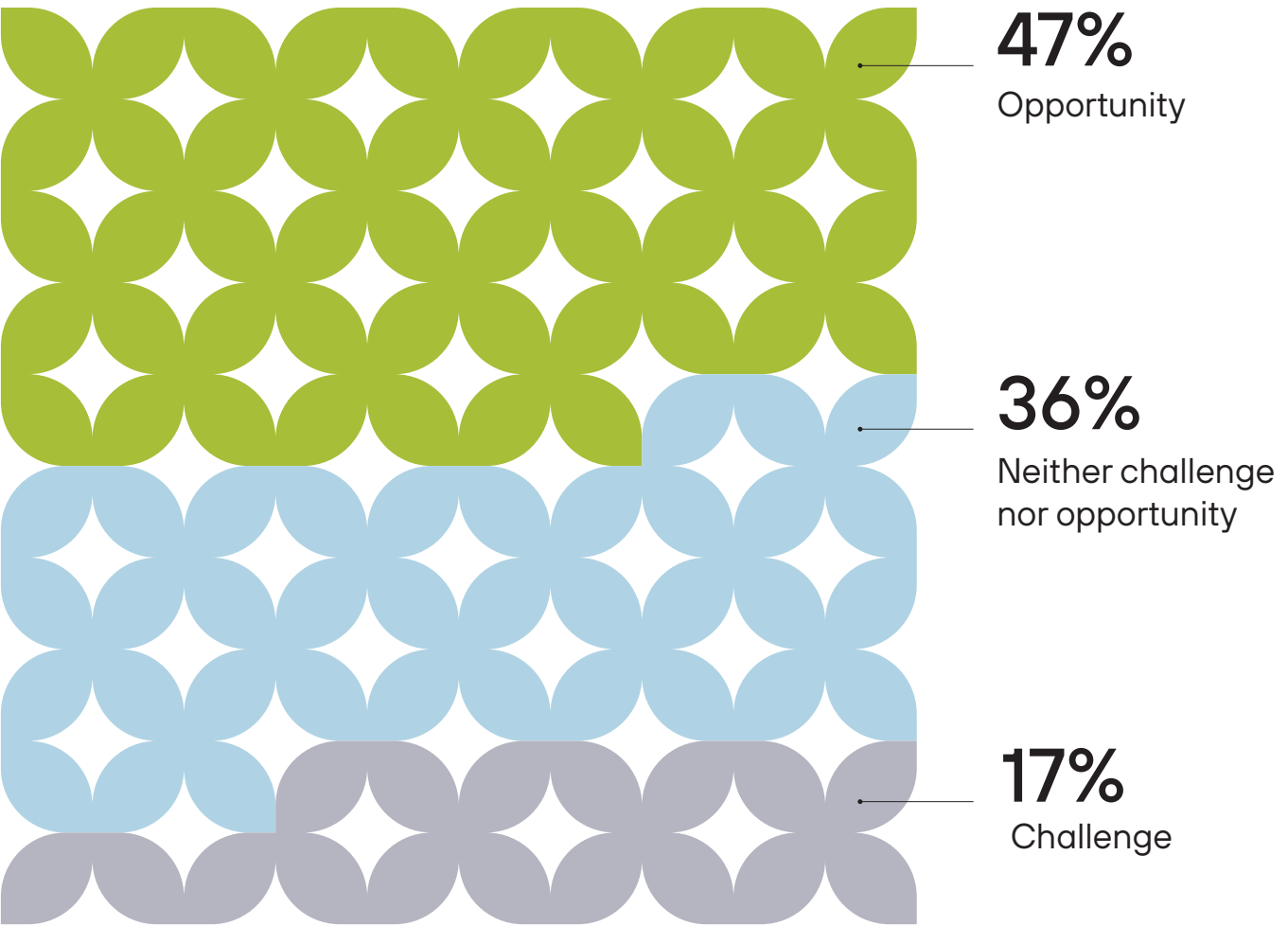
We all saw how Fintechs stood up and took initiative during the crisis. At the early stages of the pandemic, quite a few Fintechs² played a crucial role in distributing the government's funds to businesses. Climate crisis is definitely a bigger, longer lasting event with a more profound impact on our lives than even the greatest of pandemics.



Source 2: Invega, 2021



Green finance: opportunity or challenge?¹



Why does Green finance look more like an opportunity?¹

New investment opportunities	31%
Saving money and making an impact by being a greener business	26%
Better financing and loan system from the banks	12%
Bank of Lithuania Sandbox issuing green bonds	10%

Why does Green finance look more like a challenge?¹

No clear link between Fintechs and sustainability	13%
Hard to understand and connect to the Green Agenda	8%
Not enough regulatory infrastructure	5%
No interest	1%

Source 1: Invest Lithuania Fintech Survey Results, 2021

In my opinion, Lithuania’s recent sustainable finance strategy provides adequate direction for the financial ecosystem and indicates the challenges ahead. It also identifies areas of improvement that will receive support from the Government and points out the need for public-private cooperation – something that fast-moving firms are not very keen on. This is probably the main challenge for Fintech firms in navigating their way around this once-in-a-generation structural change. No doubt some will find it ... unsustainable.

Marius Jurgilas

Member of the board at the Bank of Lithuania








Quadrum Business Centre in Vilnius

© Augis Narmontas, photo courtesy of Quadrum Business Centre

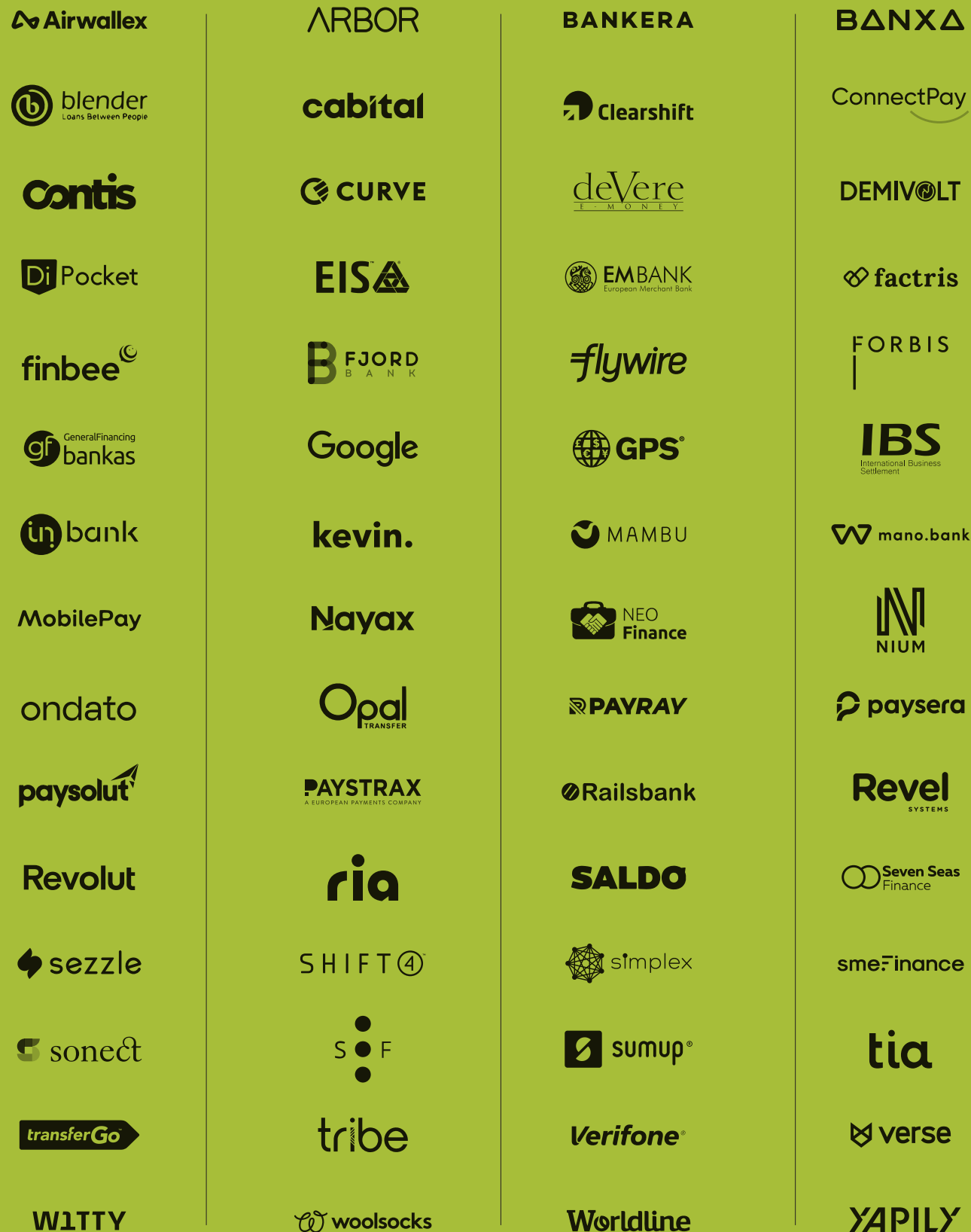
07 Elevator pitches from local startups

In collaboration with Fintech Hub, Fintech Lithuania and ROCKIT, we have selected six ambitious local Fintech companies that represent the areas of biggest development potential.



FOROS	 Poklet	 INRENTO	 Kernolab	 DappRadar	 H-FINANCE
<p>Making green investments simple and accessible to everyone</p> <p>FOROS is an international, all-in-one digital forest management and investment platform. Open to the global community, it supports investment decisions geared towards a net-zero, climate-resilient future. FOROS was established in 2017, and since then has facilitated the sale of over 5,000 hectares of forest assets, worth more than €25 million.</p> <p>The company has ambitions to become the world's leading green investment platform. At the moment, FOROS is available in Lithuania and Latvia, but expansion to Finland, the UK and the US is underway.</p> <p>Currently, the company employs a dedicated group of specialists in forestry and IT. The 25-strong team, backed by venture capital, is developing the platform together. Other key areas of the team's expertise include marketing, real estate markets, alternative investments, startup environment and product development.</p>	<p>A financial literacy app that teaches money management to the kids and teens</p> <p>The Poklet app comes with a personal payment card for a child, connecting money management lessons with real-life purchasing decisions.</p> <p>With Poklet, children decide how to use their money themselves. Learning from both experience and short in-app lessons, they can start developing their financial savvy by saving, investing, and earning money.</p> <p>Poklet enables parents to give their children pocket money via the app and oversee their transactions. Managing card settings is easy, so parents can restrict internet purchases if necessary. Poklet also provides advice on how to talk to your child about money management and the importance of financial planning.</p>	<p>Unlocking buy-to-let investment opportunities</p> <p>InRento is a buy-to-let crowdfunding platform that actively contributes to innovative investment solutions. With InRento, users can start investing in rental properties with as little as €500 and earn monthly rental income as well as capital growth once the property is sold for profit.</p> <p>The company connects investors with experienced real estate project owners, so they do not have to worry about day-to-day property management. Investments are secured by a 1st rank mortgage guarantee and there is a Secondary Market if investors need to exit at any point.</p> <p>InRento is the first platform of its kind that is licensed in continental Europe. The company has recently expanded from the Nordics to Southern Europe, and now even offers investors a chance to stay at properties they have invested in Spain.</p>	<p>Bringing the best of Fintech to any business</p> <p>Today, consumers require more attention and tailoring than ever before. They seek simple, holistic solutions and expect to get the best user experience possible. Here's where Kernolab comes into play.</p> <p>Kernolab is building a platform to shape the future of financial services. The company helps businesses create bespoke banking and payment experiences within their products, without the hurdles associated with traditional banking.</p> <p>For users, it means enjoying services exactly the way they need them. For enterprises, it gives critical insights about the needs of their customers, which can skyrocket their business development.</p> <p>Kernolab's mission is to make financial services less restrictive and more accessible for any company. The platform aims to be a partner every step of the way in unlocking the benefits of fintech for every business.</p> <p>In 2021, Kernolab tripled its headcount to 15 specialists, and closed a \$1M pre-seed round. The company is looking to grow threefold in 2022.</p>	<p>The world's #1 NFT & DeFi dapp store</p> <p>DappRadar was founded in 2018 as a blockchain analytics platform, with the vision of becoming a community-powered ecosystem. It currently counts over 1M unique users monthly, and 9,000 decentralized applications (dapps) across more than 30 protocols. It has, since its early days, evolved to cover the full dapp user journey – from discovery, through tracking and market analysis, to asset trading and management, all supported by industry-leading research.</p> <p>The past year set DappRadar on its way to achieving its long-term vision. With the launch of its native RADAR token in December 2021, the company introduced Contribute2Earn – an innovative incentive structure that works seamlessly within DappRadar and its governance system to align it with the influence of the community. The goal: to scale and decentralise DappRadar to build a dapp ecosystem by and for the community.</p>	<p>A comprehensive digital asset trading solution for end customers</p> <p>H-Finance provides a simple way to offer digital asset trading opportunities for consumer-facing Fintech companies. Easy to integrate, H-Finance's trading solution takes only 2 weeks to launch. Everything is taken care of by H-Finance: compliance, liquidity provision, crypto custody, executing orders in partner exchanges, and system maintenance.</p> <p>In 2021, H-Finance facilitated almost \$500M worth of transactions for thousands of daily users. In 2022, the company is looking to capitalise on the rapid expansion of the digital asset market. As increasingly more fintechs and banks seek to provide their clients with crypto trading opportunities, H-Finance solutions, tested by the very volatile 2021, are well-positioned to benefit from this growth.</p>
foros.lt	poklet.io	inrento.com	kernolab.com	dappradar.com	hfinance.co

08 Some of the established brands in our Fintech hub



Support from the Public Sector

Invest Lithuania

Agency providing free-of-charge consultancy services to international companies on setting up and growing their business presence in Lithuania.

Startup Lithuania

National start-up ecosystem facilitator between fast-growing business, venture capital funds, accelerators, start-up friendly enterprises, and the government.*

Enterprise Lithuania

Agency established to promote entrepreneurship, support business development and foster export for entrepreneurs across EU. Get business consultations on regulations, requirements, licenses and a quality support to establish business in Lithuania.*

MITA

Agency for Science, Innovation and Technology (MITA) is the main governmental institution, responsible for implementation of innovation policy in Lithuania.*

INVEGA

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

LITHUANIAN INNOVATION CENTRE

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

MEN TO RAI

Business Mentor Network is a virtual platform where experienced businessmen share their knowledge with other businesses. The network is aimed at entrepreneurs that own business and search for change or improvements.

LVPA

Agency responsible for administering EU funds, including those for businesses and R&D. The measure aims to encourage companies to invest in the R&D required to develop innovative products, services and processes.*

Go Vilnius

The official development agency of the City of Vilnius, dedicated to promoting tourism and business development, Go Vilnius can help newcomers become locals in no time. Get practical advice about various events in the city, tourism, learning Lithuanian and much more.

KAUNASTIC BUSINESS

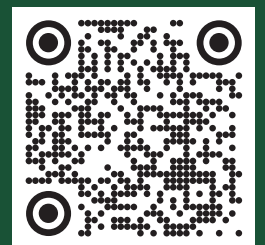
The official development agency of the City of Kaunas, which focuses on gathering information relevant to start-ups, i.e. all initiatives, events, and training programs in Kaunas. Also, any news related to financing and growth opportunities in Lithuania and abroad.

Klaipėda ID

Klaipėda ID is 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.

*Organisation expected to merge into The Innovation Agency

Learn more about support for your business



Accelerators, funds and VCs active in Lithuania

Local facilitators:



Foreign facilitators:

BVALUE

LIGHTHOUSE VENTURES

black river VENTURES

09 Moving forward in 2022

Understanding the challenges that Fintech companies face is critical for the continuous efforts to foster a thriving Fintech ecosystem in Lithuania. If previous years had challenged Fintechs with unprecedented changes in the market due to the COVID-19 pandemic, 2021 was a year of dynamic transition. The key challenges that

surveyed Fintech companies dealt with in 2021 were focused on the three key pillars of fintech operations: talent, product development and compliance. The survey respondents anticipate similar challenges in 2022.

Key challenges experienced by the surveyed Fintechs in 2021¹

Attracting qualified and suitable talent	62%
Product/IT development	55%
Regulatory environment and compliance	55%
International expansion	38%
Expansion of product portfolio	35%

Key challenges anticipated by the surveyed Fintechs in 2022¹

Attracting qualified and suitable talent	60%
Product/IT development	56%
Regulatory environment and compliance	55%
International expansion	51%
Expansion of product portfolio	44%

Delivering a sneak peek of what is coming next for Fintech in Lithuania, one of the most interesting takeaways of this survey is how the surveyed ecosystem participants view their potential for the following year. Fintechs project 2022 to be a fruitful year for a number of Fintech sub-sectors. With PSD2 in force, open

banking and instant payments remain the hottest topics in Fintech circles. At the same time, the survey results reveal an increasing number of Fintechs see digital currencies and decentralized finance among the top growth areas in 2022.

Source 1: Invest Lithuania Fintech Survey Results, 2021

The biggest opportunities surveyed Fintechs see in 2022



58%
Open banking



41%
Instant payments



41%
Digital currencies



38%
Decentralized finance



28%
Embedded finance



28%
Green finance



27%
Personal finance & savings



23%
Regtech



23%
Wealth management



22%
Crowdfunding

We expect 2022 to be a very exciting year for Fintech in Lithuania fuelled by initiatives on national, EU and global level. The National Guidelines for the Fintech Sector Development in Lithuania 2022-2027 will set a strategic direction for the ecosystem. European Crowdfunding Regulation and EFIF Cross-Border testing

framework will allow companies to explore new business models across the EU while GFIN will enable to test them globally. Lithuania's future strategic directions towards Crowdfunding, Wealthtech and Insurtech could have a significant impact on changing consumer habits and the overall outlook on financial services.



The PORTAL installation in Vilnius
© Benediktas Gyls Foundation, Vilnius Tech
LinkMenų Fabrikas, photo courtesy of Lietuva.lt

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



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