

Countries Shaping Europe's Financial Landscape



France

Country Profile

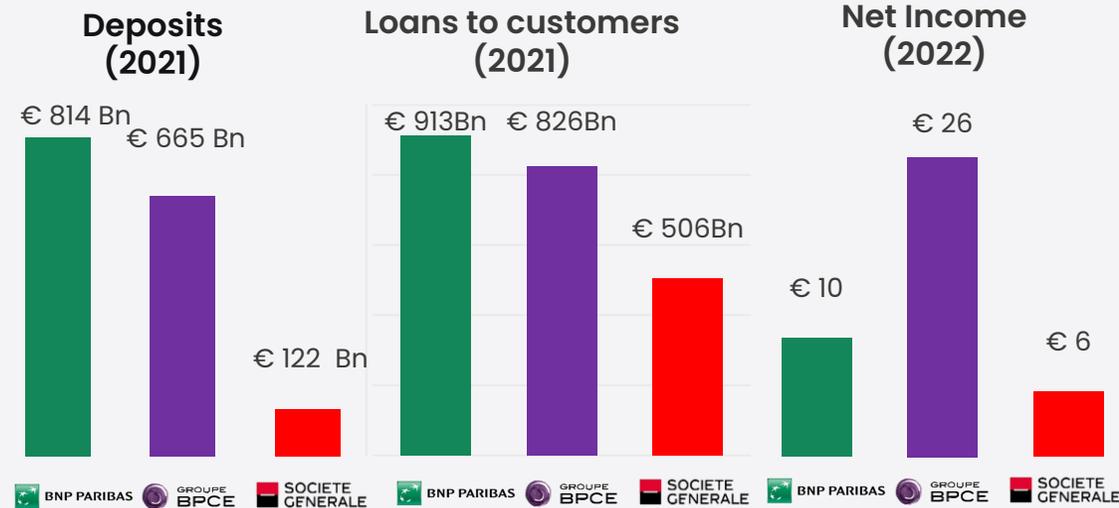


TOTAL POPULATION **ACTIVE POPULATION**
67 m **31 m**

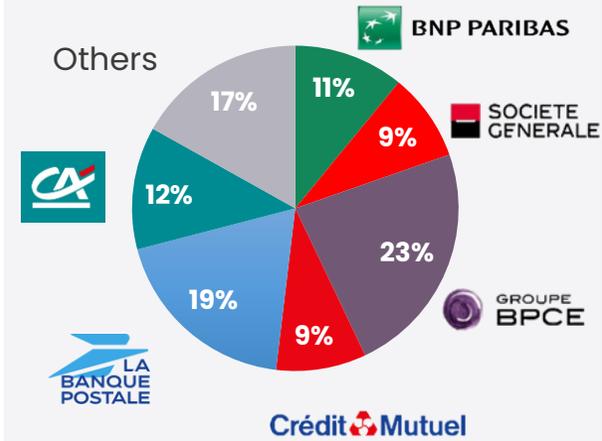
GROSS DOMESTIC PRODUCT **GDP GROWTH**
US\$2.96 Tr **2.6 %**

GDP Projection (2023) **WORLD ECONOMY RANKING**
0.7 % **7th**

Key Figures of Top Banks in France (millions)



Market share (2021)



Total Lending (2023)
€1.74 Tr + 4.0% YoY

Financial assets (2023)
€6.48, Tr +0.82% YoY

Total Deposits (2023)
€1.90 Tr + 3.9% YoY

Return on equity (2022)
7.1% +470% YoY

Share of assets held in the EU (2022)
27.09%

Competitive landscapes

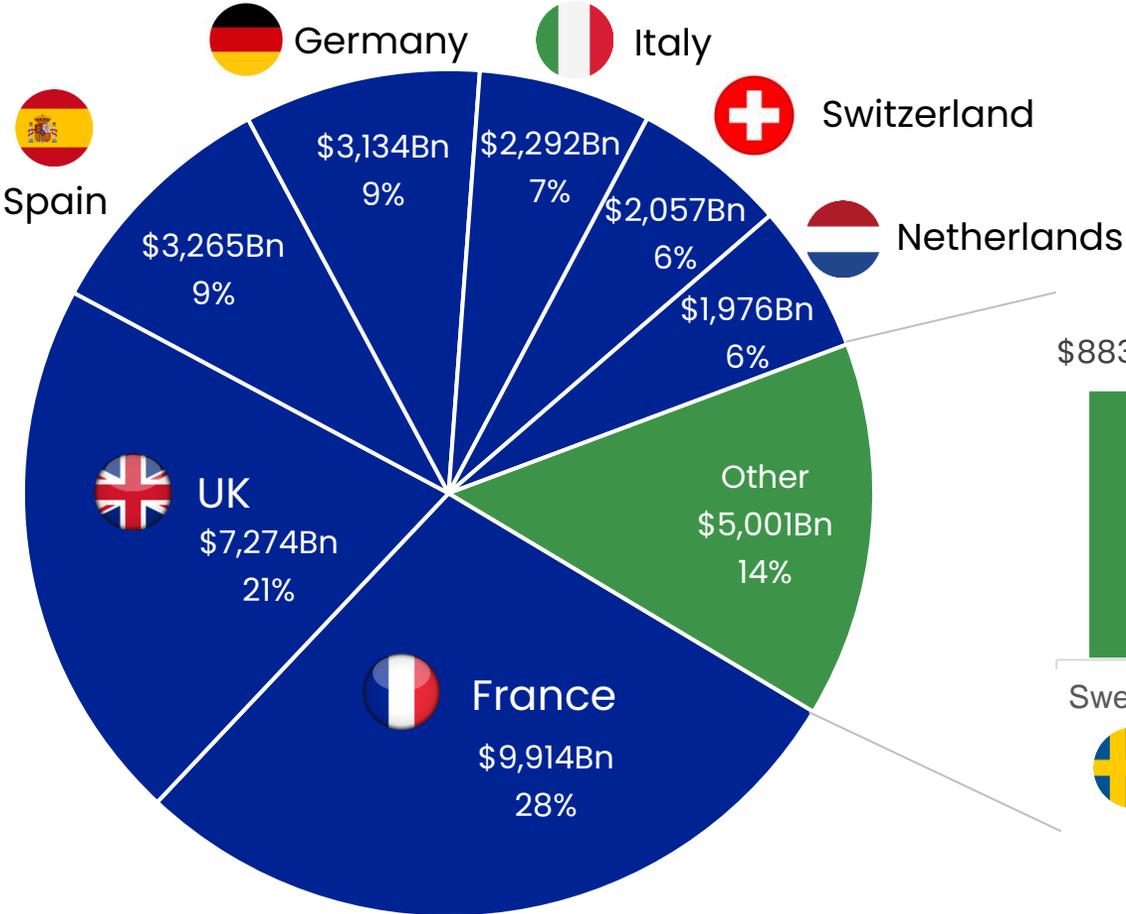


Prominent Digital Brands

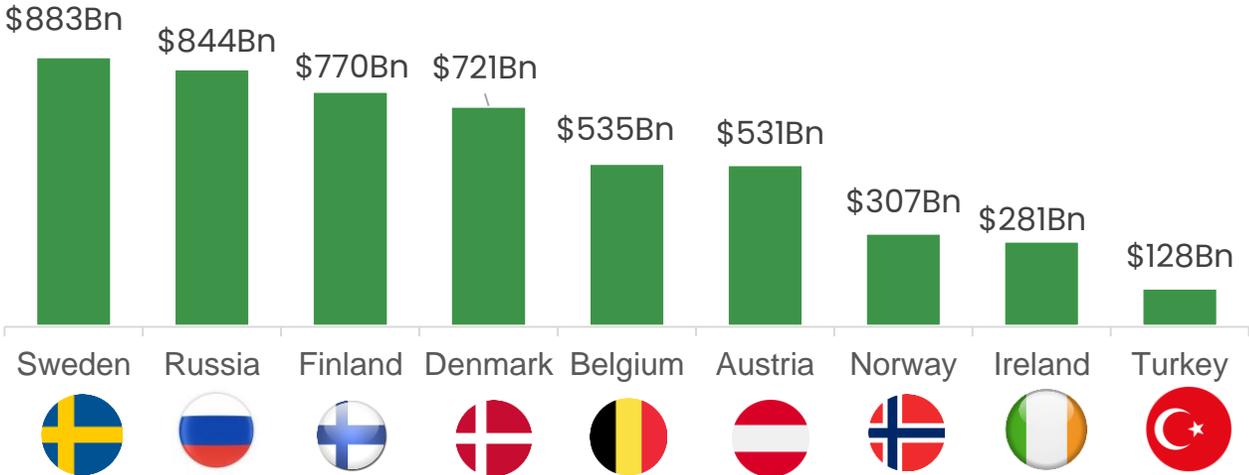


French banks have the highest combined assets at almost €10 trillion, representing 28% of the total assets of the top 50 banks in Europe. The UK, Spain, and Germany follow.

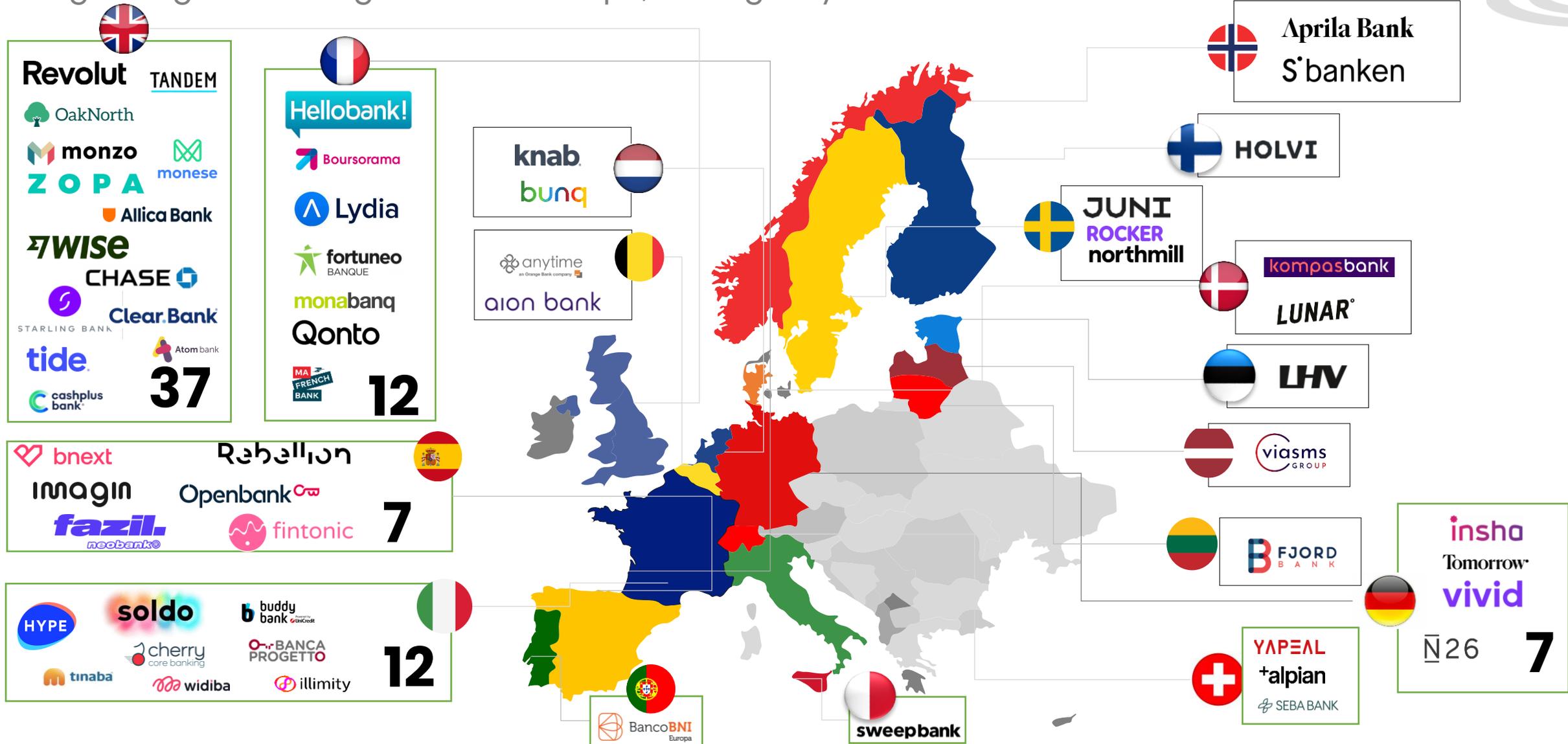
Aggregate assets of top 50 largest European Banks by country



- France and the U.K., with six banks each represents almost the 50% of total banking assets of Top 50 banks in Europe.
- Spain, Germany and Italy, each have five banks in the ranking, which together hold €3.2 trillion, €3.1 trillion and €2.2 trillion in assets, respectively.



The surge in digital banking adoption positions France, alongside Italy, as the second-largest digital banking market in Europe, trailing only behind the UK.



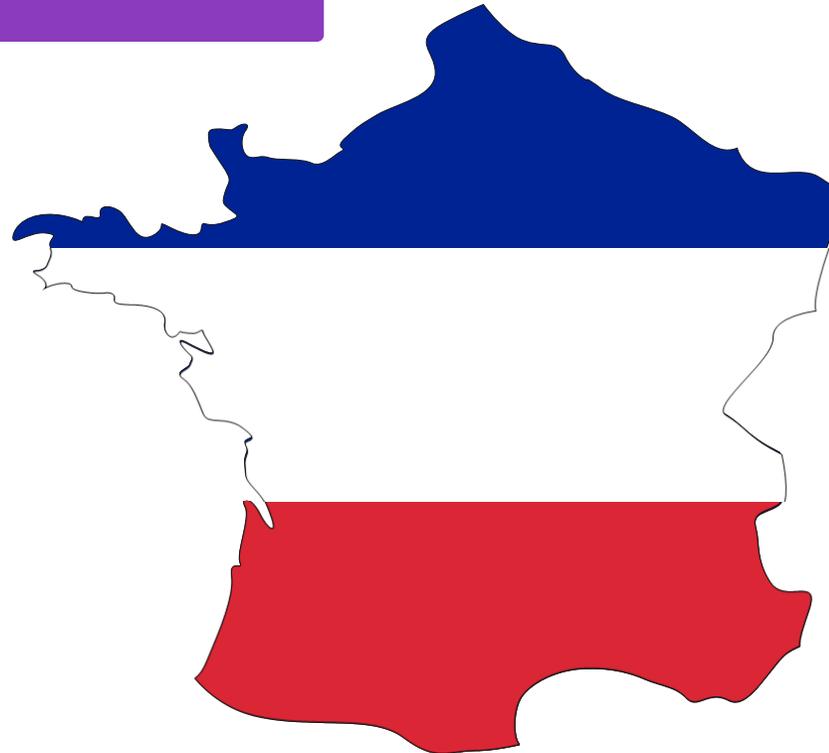
Source: C-Innovation data

The rise of France as a significant player in the digital banking scene, hosting around 12 local personal banking digital brands, highlights the nation's commitment to adopting innovation and transforming its banking industry.

Digital Banking Landscape in France

47 Digital Only Brands in the country

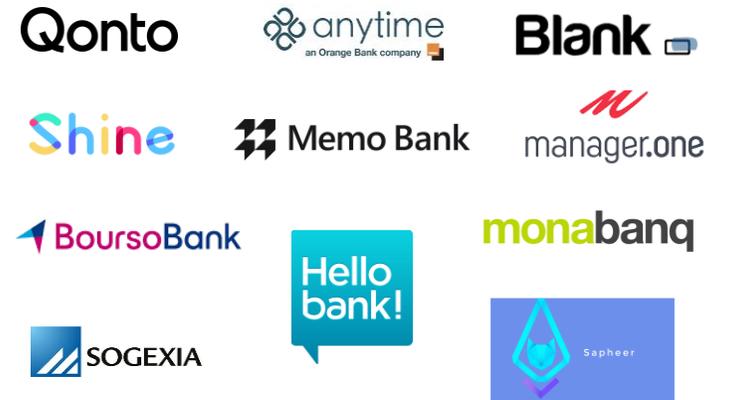
Personal Banking Digital Brands



Environmentally Friendly



Servicing SMEs and Professionals



Leading Foreigner Brands



Note: Non-exhaustive list.

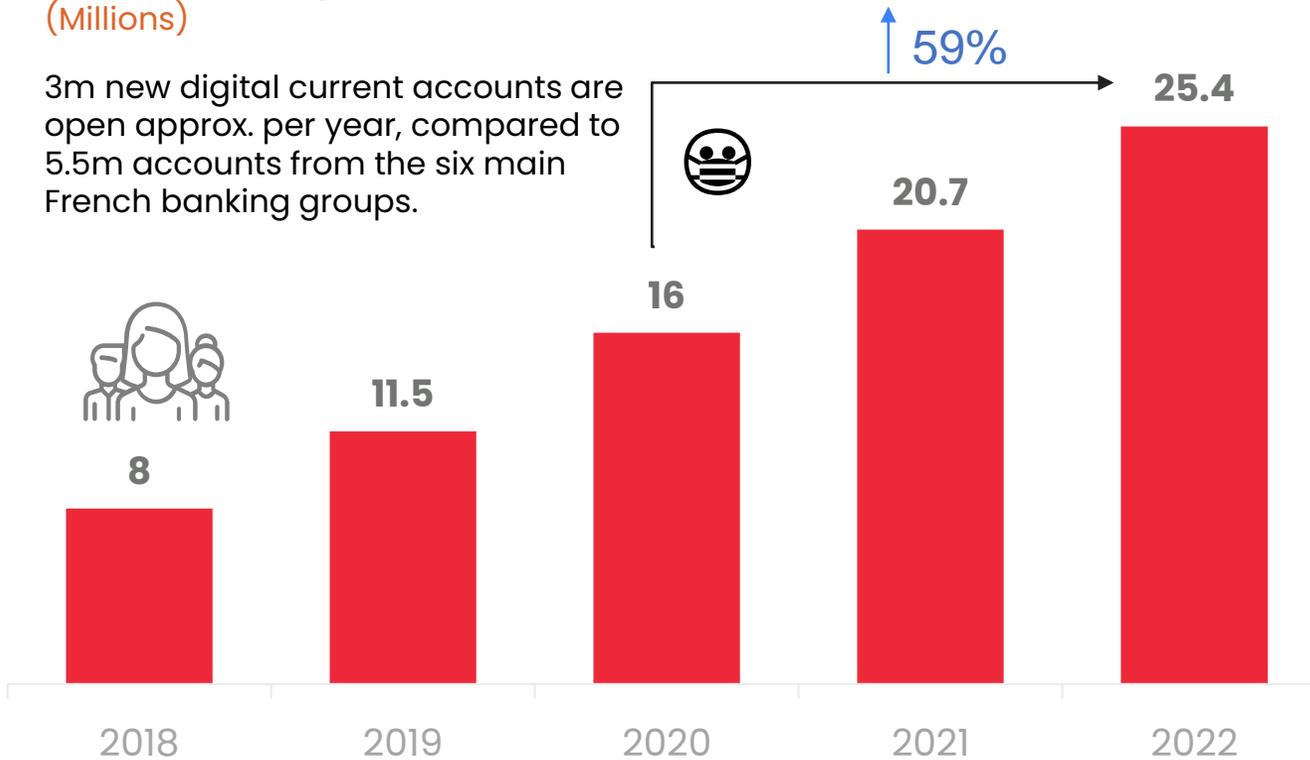


The digital banking sector in France has experienced a remarkable growth trajectory, with the number of users skyrocketing from 8 million in 2018 to over 25 million in 2022. The rapid development highlights a significant shift in consumer preferences towards digital financial services and a transformative trend in the banking industry.

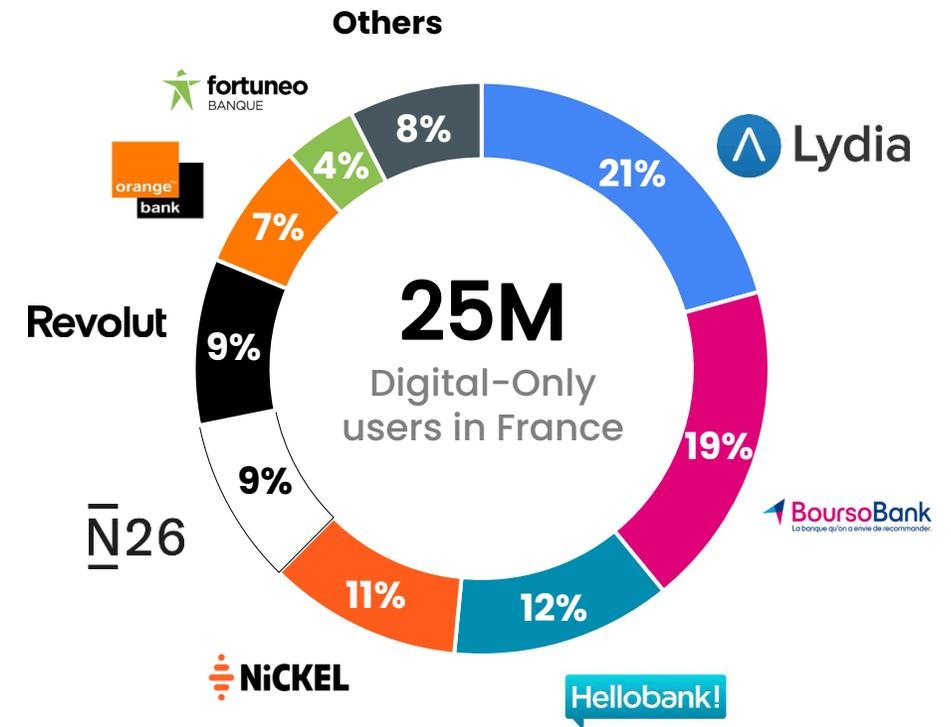
France Digital Banking Landscape

Evolution of Digital-Only Users in France (Millions)

3m new digital current accounts are open approx. per year, compared to 5.5m accounts from the six main French banking groups.



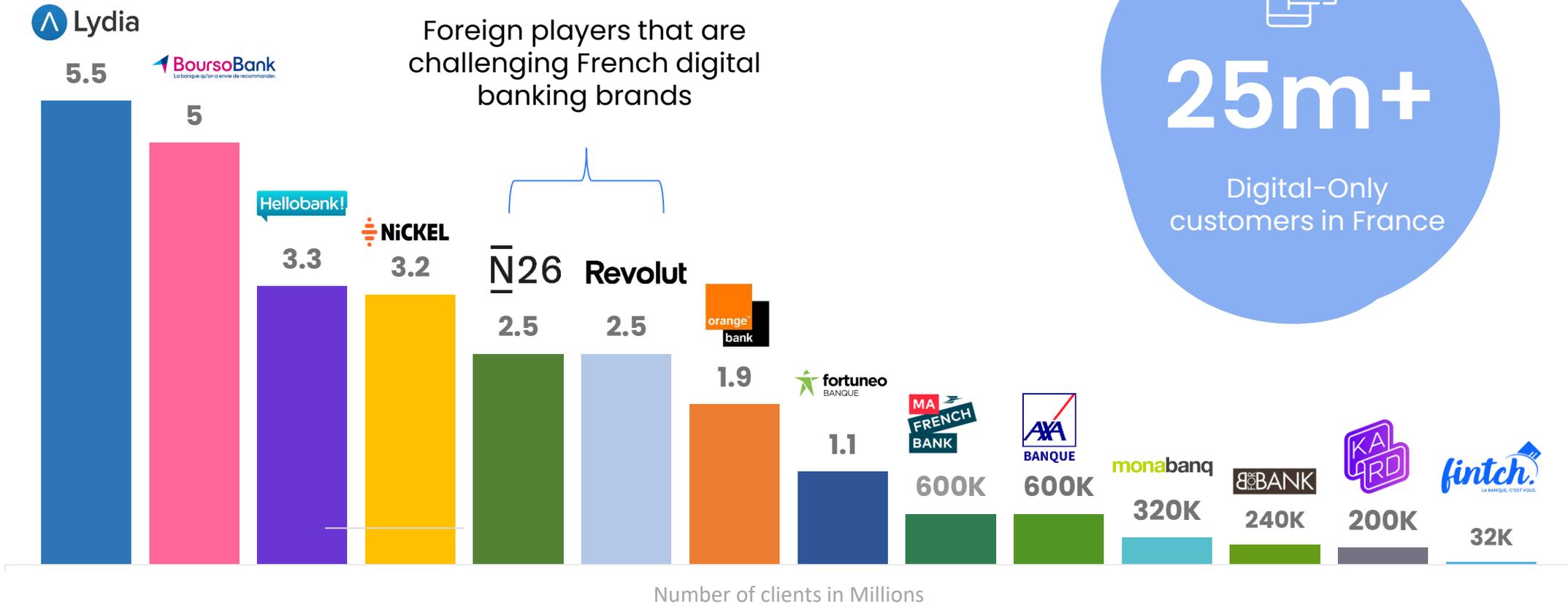
Digital-Only Banks Market Share in France (based on number of users)





In France most of Digital-only players directly depend on the traditional banking sector, either because the traditional banking sector acquired the business after a few years of existence, or because they were developed in-house within those groups to counter the emergence of new players or to compete with new entrants.

Number of Users by Digital-Only Banks in France (Millions)





Among corporate-backed digital banks in Europe, French player Boursobank (previously Boursorama) holds the lead in customer numbers.

Number of customers by European Digital Bank associated with a traditional brand (Millions)



5.0m

imagin

4.2m



3.4m



3.2m



2.0m



1.9m



1.6m



1.1m



1.0m

monabanq

0.3m

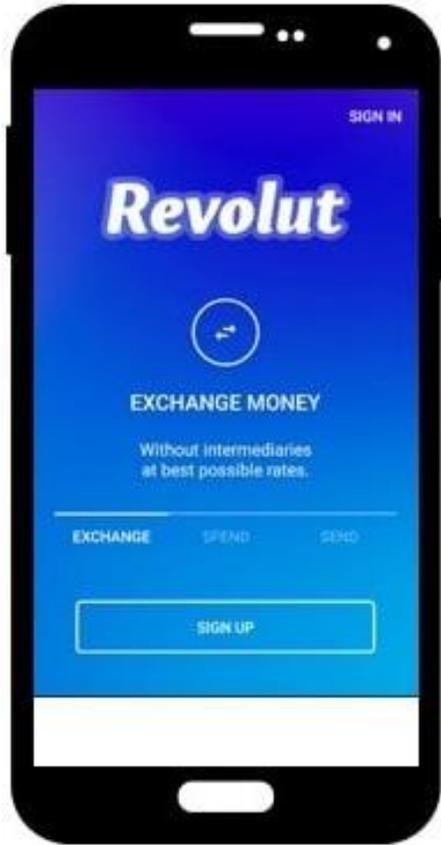


Legacy Brand Affiliated



Product Strategy | Typically Startups prioritize rapid growth with simple products and licenses; corporates focus on immediate customer monetization.

Go-To-Market Strategy



Revolut app years back.

Independent Challenger Banks

Quick go-to-market

- Started with payment license (or the equivalent)
- Later acquire a full banking license or partner with a license holder.

Simple offering

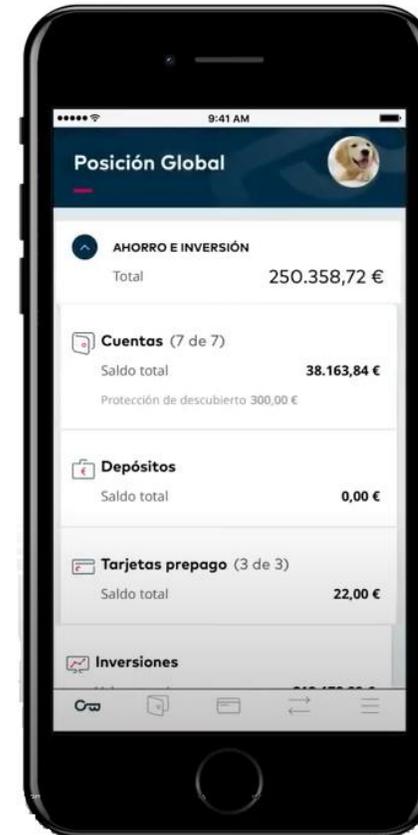
- Typically launched with a transactional product.
- Then extended offering through partnerships

Focused on Acquisition

- Aims to grow user base quickly
- Payment products have lower barriers to adoption

Built New brand

- which helps to rapidly gain insights on customers and the market



OpenBank app by Santander relaunched in 2017.

Backed by Corporates

Leverage Banking License

- Uses parent company banking license or Go-to-market after acquiring a full license, if parent company outside of financial services

Full Product suite

- Usually launch with banking, saving accounts and lending proposition.

Monetization is key

- Broader portfolio enables cross-selling and better credit risk assessments.
- Lending offer high profit margins

Leverage on parent brand

- Brand familiarity and trust enable attraction of deposits, which helps fund lending business

Value Proposition & App Experience |

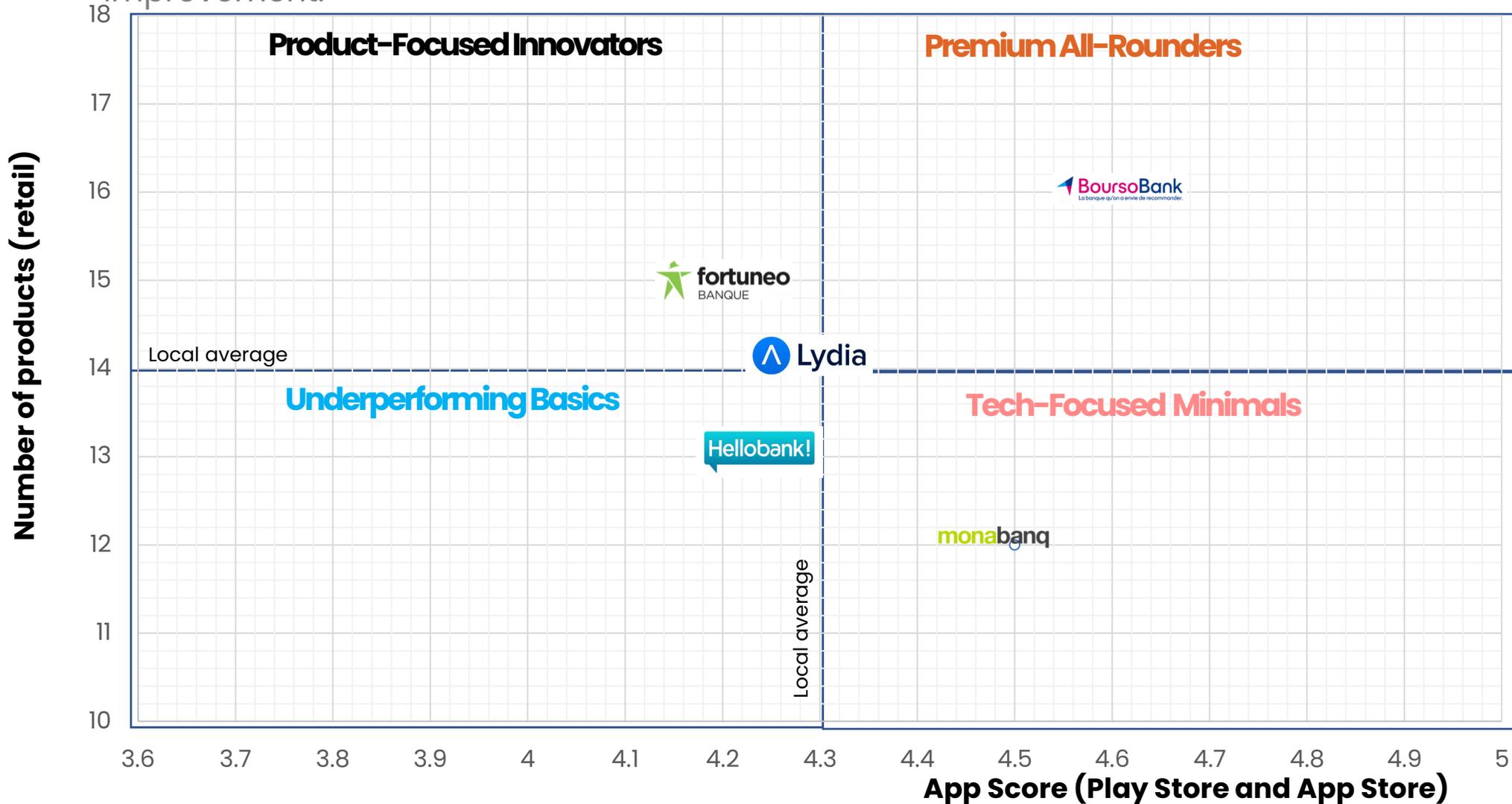
We categorized digital brands into four main themes based on the comprehensive evaluation of their product offerings and the app scores reported by their users.

 <p>Product-Focused Innovators</p> <p>They prioritize offering a diverse and high-quality range of products to their customers. However, their average app scores may be lower, indicating that their focus has been primarily on product development rather than optimizing their digital banking experience. Despite the lower app scores, these banks are known for their innovative product offerings and the value they provide to their customers.</p>	 <p>Premium All-Rounders</p> <p>Refers to banks that excel in terms of their digital services and product offerings. They have achieved high average app scores, indicating a user-friendly and technologically advanced banking experience. Additionally, they offer an extensive range of products, catering to the diverse needs of their customers. These banks stand out as top performers in both digital capabilities and product variety.</p>
 <p>Underperforming Basics</p> <p>They face challenges with both low average app scores and a limited product offering. These banks have room for improvement in terms of their digital banking capabilities and the range of products they provide to their customers.</p>	 <p>Tech-Focused Minimals</p> <p>They stand out for their higher average app scores, indicating a strong emphasis on digital banking capabilities. However, their product offerings are relatively limited, suggesting that their focus has been primarily on enhancing the technological aspects of their services rather than diversifying their product range. Despite the limitations in product offerings, these banks prioritize delivering a seamless and efficient digital banking experience to their customers.</p>

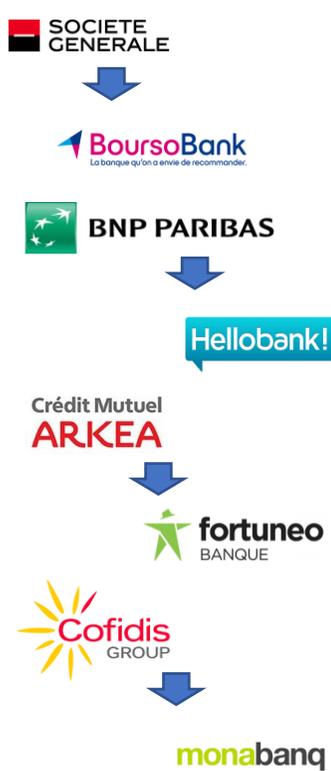
Value Proposition & App Experience |



The French market is characterized by an important number of brands associated with incumbent banks, which offer a wide range of products to retail consumers. Hellobank falls into the underperforming category when compared to the local players, showing it has room for improvement.



47
Neo-banks operates in France





Value Proposition & App Experience | It is customer-centric and customer-focused to provide affordable and accessible financial services with improved customer experience.



Pricing

Digital Challenger Banks have step away from the free only proposition to offer premium services to paid customers, as they widen offering.

Better pricing is reached by leveraging its technology stack and partnerships.



Accessibility

Delivers full suite of services through mobile device and engage with customers digitally.

Aims to improve accessibility to financial services for the unbanked and underbanked population.

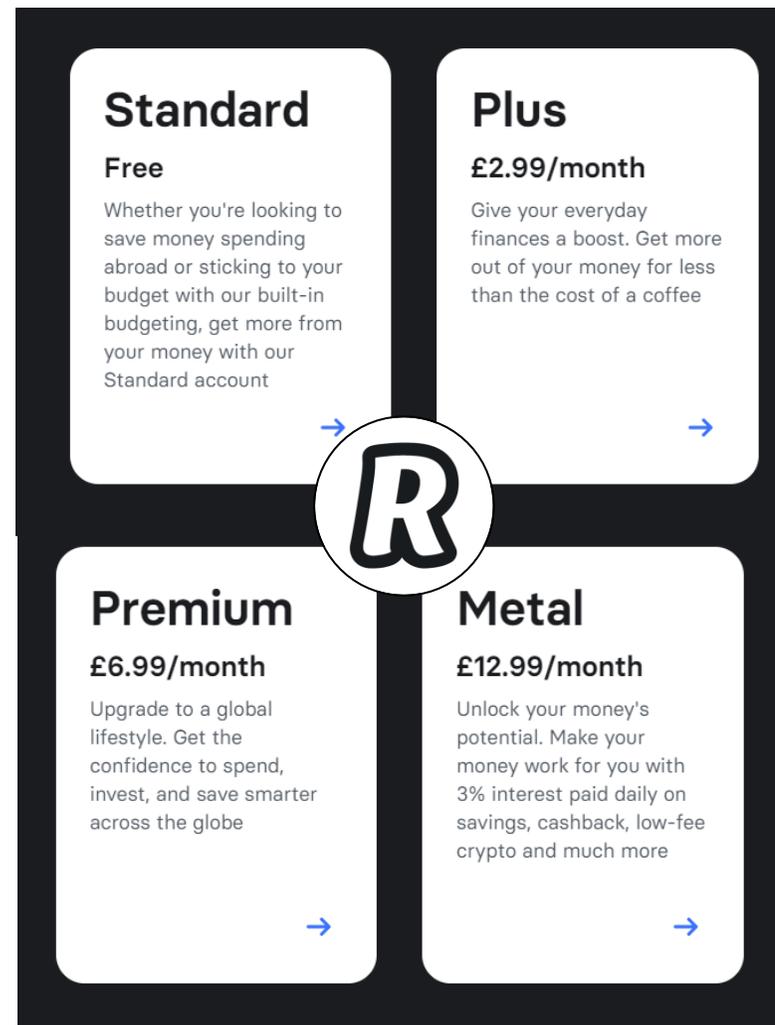


Experience

Strong focus on customer experience

Leads to greater personalization, ease of use, and a wider variety of product features

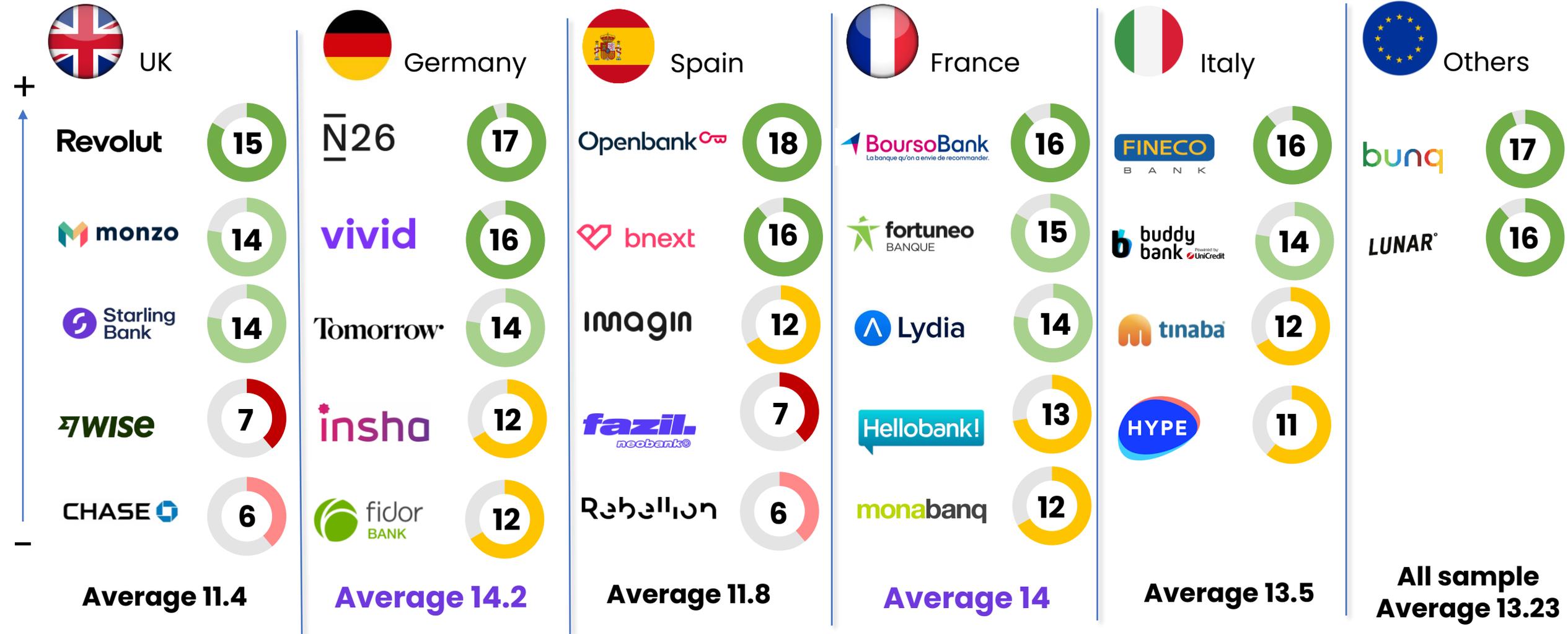
Offers a stronger Experience proposition for users than traditional players



Value Proposition & App Experience |

France and Germany stand out as countries with the most comprehensive range of products offered by digital banks, providing a diverse and extensive selection to their customers.

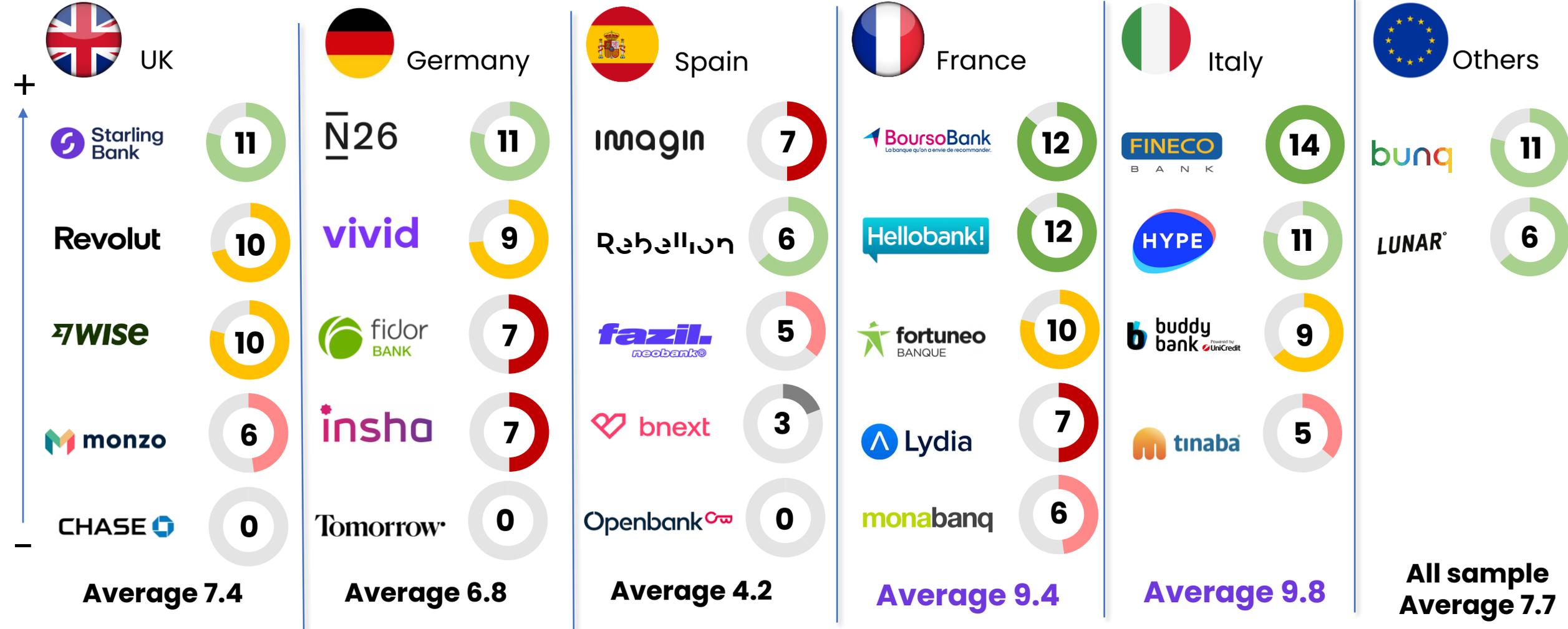
Personal Banking – Extension of Product offering by Digital player



Value Proposition & App Experience |

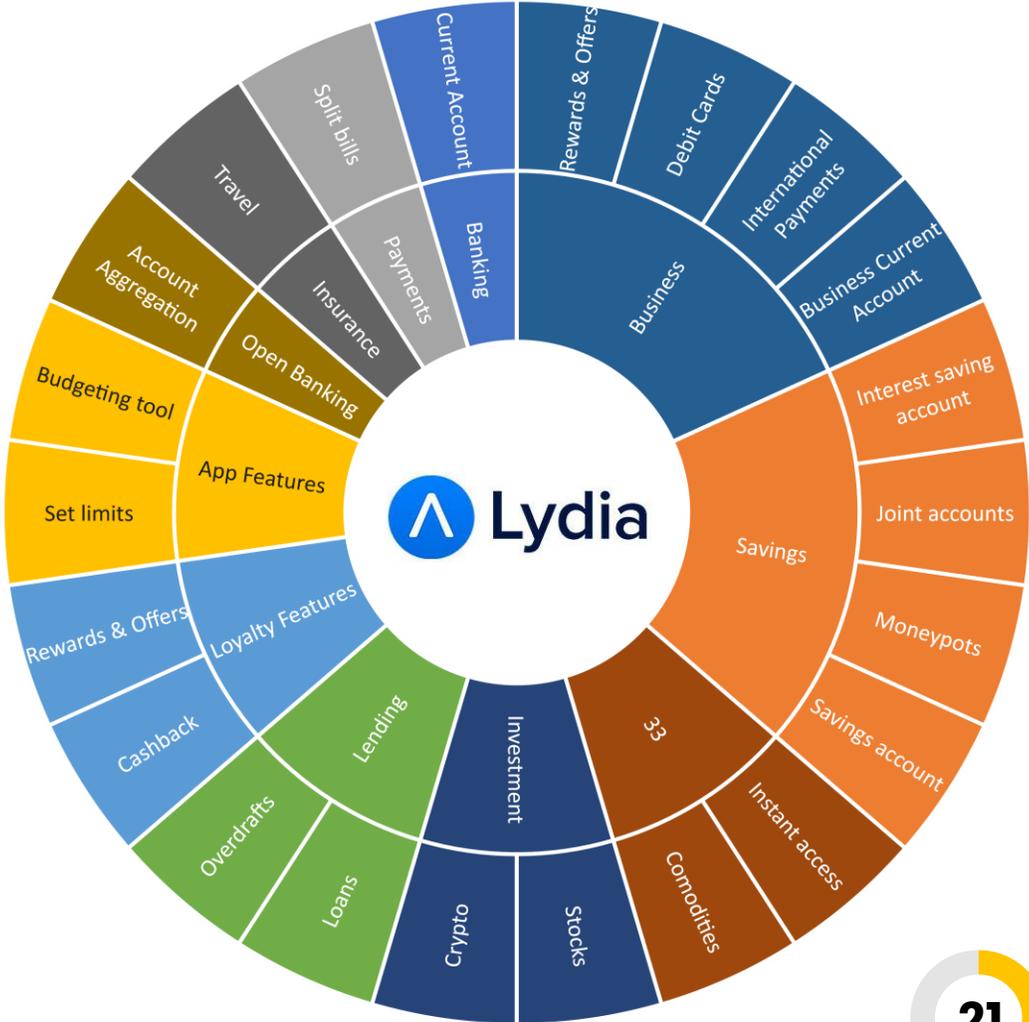
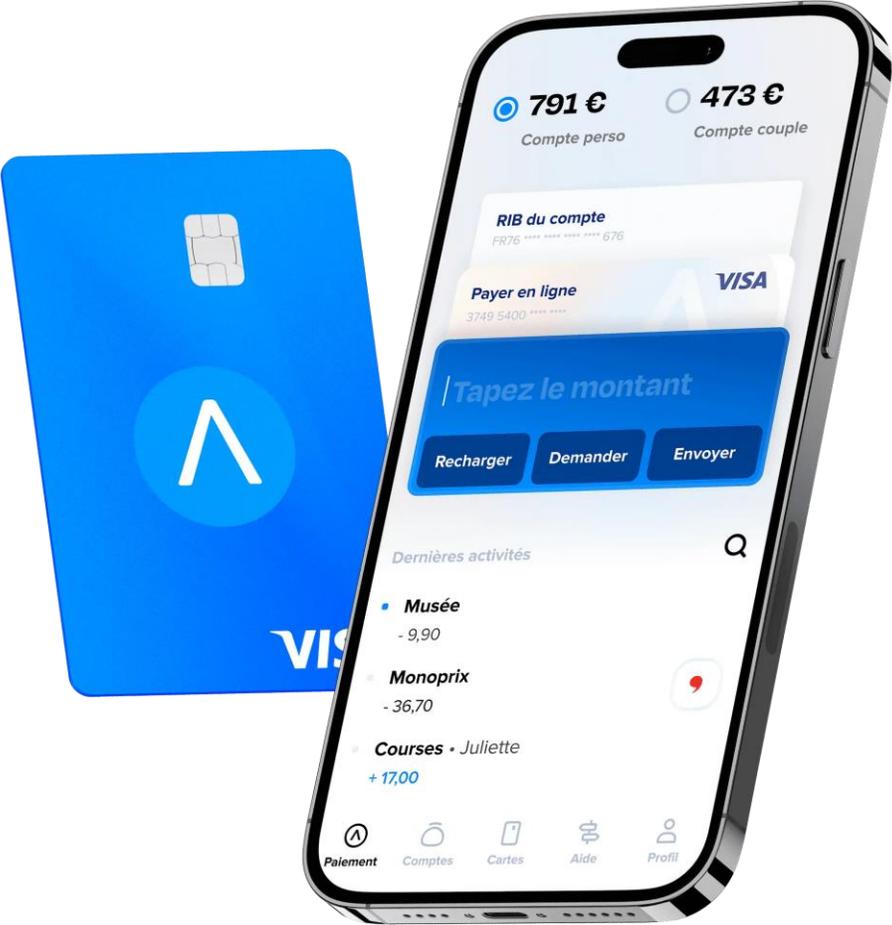
In a bid to increase profitability and broaden their customer base, digital banks have expanded their product offerings to cater to the business banking segment. This strategic move reflects their commitment to enhance the attractiveness of their offerings.

Business Banking – Extension of Product offering by Digital player



Digital Banks Value Proposition

Product-Focused Innovator



4.3
Average App Score



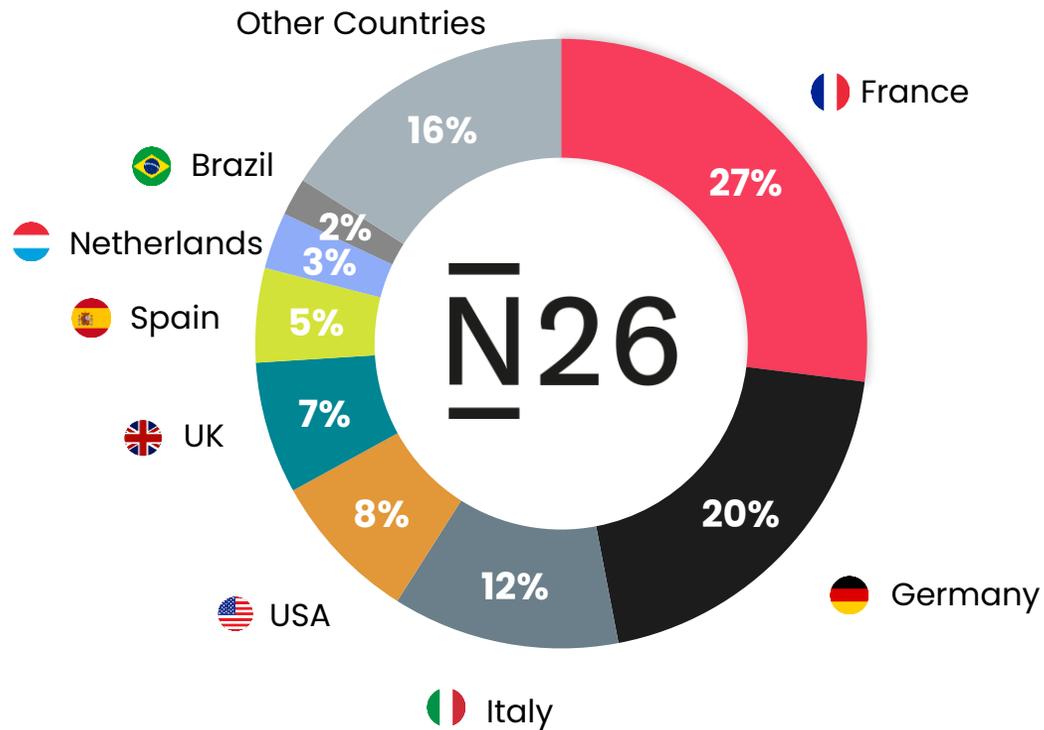
Range of products

Case Study - France



N26, which entered the French market more than 5 years ago, has progressively emerged as the dominant foreigner Neo-bank in France, making it N26's largest market ahead of Germany.

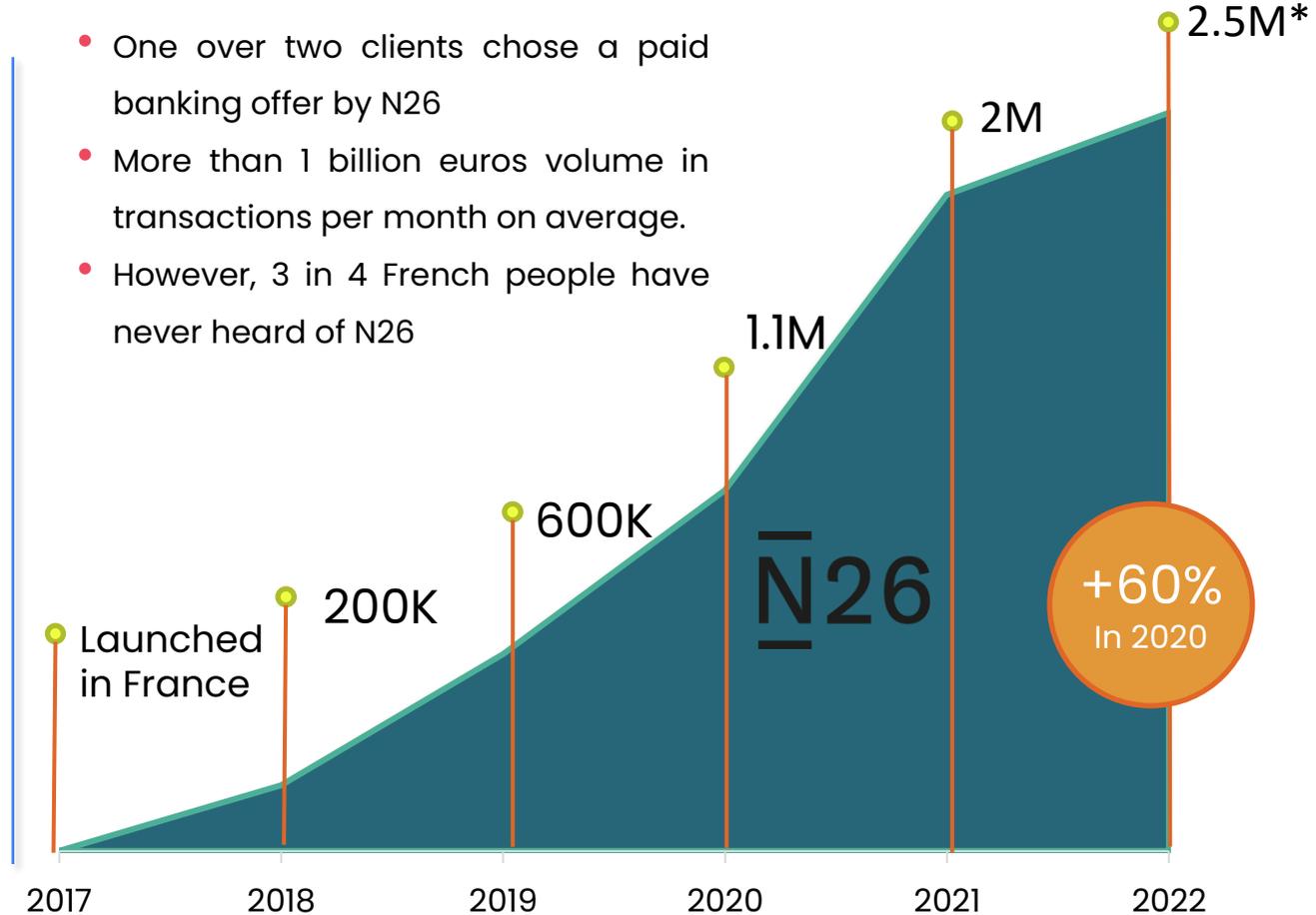
Market Share of N26 by Country



Based on apps downloads. Figures as October 2021.

2000 new clients joins N26 each day in France

- One over two clients chose a paid banking offer by N26
- More than 1 billion euros volume in transactions per month on average.
- However, 3 in 4 French people have never heard of N26



Stay tuned for more!



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EMPOWERING STRATEGY



This study was carried out by C-Innovation. Do not hesitate to follow us via social media to keep you informed of the latest FinTech developments.

