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Fintech – In the wake of Wirecard, German fintech is turning its attention to 'useful' finance

Long associated with neobanks and the promise of disruption, German fintech has changed its focus. Since the Wirecard scandal, its centre of gravity has shifted towards compliance, financial infrastructure and the needs of *the Mittelstand* – that network of SMEs and mid-sized companies which forms one of the cornerstones of the German economy. This shift demonstrates that financial innovation in Germany is no longer solely about winning over users of banking apps, but also about the fundamental building blocks that make the banking and financial sector more reliable, more integrated and more useful to businesses.

Wirecard: the shock that changed the rules of the game

The Wirecard scandal did not spell the end of German fintech but rather changed the sector's credibility criteria. In June 2020, the former German payments champion admitted that around €1.9 billion recorded in its accounts most likely did not exist and subsequently filed for bankruptcy. Ultimately, the affair exposed not only a major accounting fraud but also failings in control, audit and supervision.

For Germany, this shock has been a traumatic experience. Wirecard was a national technological flagship, and its downfall has profoundly altered the German perspective on financial innovation. Growth at any cost is no longer enough to establish a fintech's credibility. This now rests on the ability to perform critical financial functions over the long term. Germany's response to the Wirecard shock has therefore been institutional, involving enhanced supervision of fintechs, increased powers for BaFin, and stricter requirements regarding governance and compliance.

This shift is still weighing on the German fintech ecosystem. Of course, it is slowing down certain start-ups, but it is also acting as a filter. Indeed, according to Bitkom, the German digital industry association, obtaining a licence from BaFin takes on average just over two years. This requirement may seem onerous, but in a sector where trust is a prerequisite for market access, it can also become a genuine mark of quality.

When robustness becomes a competitive advantage

This shift in approach is also evident in the trend in capital raised by German fintechs since the 2023 market correction. According to PitchBook, they raised 1.07 billion euros in 2025 and 1.55 billion since the start of the year[1] . For these innovative fintech start-ups, fresh capital is still available and is now concentrated on the models deemed to be the most robust.

This trend favours two types of player. On the one hand, platforms capable of broadening their value proposition. Trade Republic perfectly illustrates this trajectory. This neo-broker now offers a broad financial ecosystem centred on savings, investment, accounts and cards. On the other hand, there are specialists who are less visible to the general public but essential to the functioning of innovative digital finance: business payments, compliance tools and financial services integrated into enterprise software.

[1] Venture capital (VC) fundraising across a range of verticals selected by experts. Data as at 21 October 2026.

Romain LIQUARD
romain.liquard@credit-agricole-sa.fr

On the consumer side, N26 serves as a reminder that the growth of a German fintech remains dependent on the robustness of its internal systems. This neobank, which in its early days was competing head-to-head with Revolut, had to contend with pressure from BaFin. The regulator has kept its growth in check and imposed additional requirements on both its governance and its key processes. This case shows that, on the German market, the user experience – however excellent – is not enough. A fintech company involved in banking functions must, above all, demonstrate its commitment to compliance, risk management and operational quality.

Innovation is thus shifting from the interface to the infrastructure. The priority now lies with the building blocks capable of delivering, securing, controlling and integrating innovative financial services over the long term, going beyond the mere ability to attract the end customer.

The *Mittelstand*: the new stronghold for fintechs

This development becomes fully apparent when one considers the structure of the German economy. The country is characterised by an economy of industrial and export-oriented businesses, which are often highly focused on process reliability, data security and operational continuity. It is against this backdrop that the German fintech *sector* is establishing its unique identity by integrating innovative financial services into the day-to-day tools used by businesses[2] . In this context, innovative finance may become less visible or tangible, but it is more closely aligned with the real needs of these economic actors. Players such as Banxware and Pliant exemplify this trend, operating at the very heart of a company's cash flows.

Artificial intelligence is reinforcing this trend. By 2026, 41% of German companies will already be actively using AI, compared with 17% in 2024 – a stunning increase. When it comes to financial innovation, the challenge is not to add yet another chatbot, but rather to tackle costly and sensitive tasks[3].

This trajectory of financial innovation – which delivers improvements rather than spectacular results – remains fragile, however. In Germany, fintech firms must contend with lengthy administrative delays, a shortage of IT talent and consumers who remain loyal to established banks. These obstacles limit the sector's pace of development, but they also highlight a key reality: in the German market, financial innovation can only succeed by inspiring trust.

It is this requirement that gives the German model its distinctive character. Fintech there now takes on a more understated, more industrial and more practical form, where compliance, operational robustness and a firm grounding in business needs count for just as much as commercial success.

[2] Management software, cash flow tools and payment solutions, such as corporate cards or short-term financing, for example.
[3] Document verification, know-your-customer procedures, fraud detection, compliance or risk management, for example.

Crédit Agricole S.A. — Economic Research Department
12 place des États-Unis – 92127 Montrouge Cedex

Publishing Director: Isabelle Job-Bazille
Editor-in-Chief: Armelle Sarda
Documentation: Elisabeth Serreau – **Statistics:** Datalab ECO
Editorial Secretariat: Sophie Gaubert / Nathalie Marcet

Contact: **publication. eco@ credit- agricole- sa. fr**

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