

# RETHINK FINTECH

Crisis as an opportunity –  
Argentina

December 2020

# INDEX PAGE

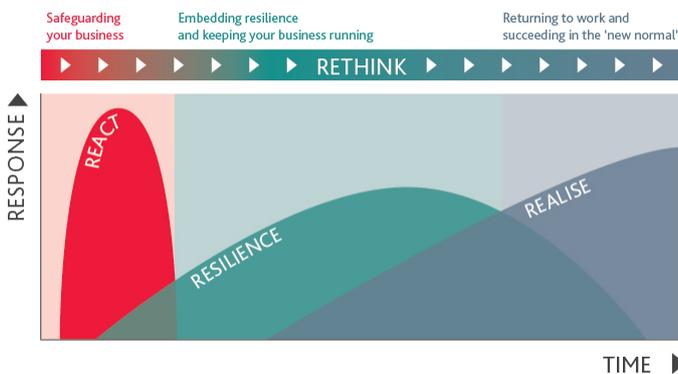
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# INTRODUCTION

COVID-19 sent Argentina into a nation-wide lockdown on March 19, 2020. Since then the country, including its ecosystem of Fintech companies, has grappled with the immediate and likely long-term fallout. Like many other sectors, revenues have dropped rapidly, counted in double digit percentages.

Simultaneously, it has become abundantly clear for both businesses, financial institutions and customers that Argentina's economic systems have not been able to handle the fallout from COVID-19. Increased digital transformation and radical redesigns of everything from supply chains to business models and services offers await once the initial effects of COVID-19 dissipate.



Before that, companies, including almost all of the Fintech startups in Argentina – and neighbouring countries – must navigate immense challenges. For one, cash flow has all but dried up and customer defaults loom large on the horizon. Furthermore, many companies need access to funding to either survive in the short term or to underpin growth.

For companies able to navigate the immediate effects of COVID-19, many new opportunities await. Customer behaviour will undoubtedly change, and a 'new normal' will have increased focus on digital solutions, such as contactless payments and algorithm-driven lending systems. At the same time, Fintech companies' innovative systems may well play a central role in connecting Argentina's vast ecosystem of unbanked with the financial sector, thereby improving opportunities for growth and founding new businesses.

In order to succeed, Fintechs need to **Rethink** their position and proposition. Fintechs who manage to overcome immediate, COVID-19-related business challenges will be primed to secure their position in the market long into the future and realise their companies' full, disruptive potential.

In this report, we present a guide to the challenges and opportunities facing Fintechs, and advise on how to navigate the disruption and succeed in a new normal.

**NICOLÁS FRANCO**  
*Partner Financial Services & Head of Fintech Americas*



# INDUSTRY OVERVIEW

Argentina has approximately 80 banks across the country, however, around half of the population is largely unbanked, and many are underbanked. This is driven by a number of factors – one is access, with many Argentinians unable to access traditional banking services or open accounts given high service fees. Unlike in many countries, there are people in Argentina who engage in illegal economic activities undermining the need for a bank account. Reasons for being unbanked include an interest in evading taxes, the lack of bank branches in the less favoured areas and a long history of economic crises that favour mistrust, especially among older people.

There is also a mistrust in banks, given the historical economic instability – such as the economic crisis of 2001 which led to what is colloquially known as 'corralito' – where economic measures froze bank accounts and banned withdrawals from US dollar denominated accounts for one year; and more recently in 2018, when the country experienced 47.6% inflation rate. This has been highlighted in a recent Voices Survey<sup>1</sup> and the UP with 73% of the population having "little or no" confidence in banks – a figure that rises to 78% among the unbanked. For those who are banked, 4 out of 10 are little or not sure that the money they have deposited is protected.

Overall, Argentina faces key challenges in the Fintech ecosystem, including:



Lack of finance/investment support especially from banks – Fintechs are dependent on angel VC investment which itself is limited/small



Lack of technology infrastructure e.g. people can't use Fintech services if they don't have phones/internet (which also creates cyber vulnerabilities)



Confusing regulation/laws which may stem from a more turbulent political situation



Big inflation issues (however this is an opportunity for cryptocurrencies to thrive as people may prefer that to local currency)



Issues with 'financial inclusion' – quite a few people don't 'bank' (however, the central bank in Argentina thinks Fintech could help get more people banking, providing opportunity for the sector.



Argentina is a smaller/less accessible market for Fintechs in SA compared to Brazil and Mexico.

<sup>1</sup><https://cashesentials.org/news/52-of-argentinians-are-unbanked/>

# INDUSTRY OVERVIEW

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Despite these challenges, there are opportunities for the Fintech sector which is growing faster than the overall Financial Services sector. Some Fintechs have been effective in bridging the gap between financial services and the unbanked (and underbanked), creating new opportunities for things like loans to open new businesses. There are now more Fintech start-ups than traditional banks in Argentina, ready to take advantage of the growing sector.

In particular, Fintechs are driving financial inclusion – given lack of access to banks, many Argentinians have trouble paying bills or shopping online – this is why Argentina is now touted as having the highest number of contactless credit cards in circulation with 2 million prepaid MasterCard-branded cards issued by their number one Fintech, Uala.

Furthermore, finance industry incumbents are trying to move toward integrating more digital solutions, including contactless payments and transfers, but are also often battling internal conservatism to create lasting, deep-founded changes. A recent survey found almost half of the banks were not undertaking widespread efforts to personalise and digitise services. This is part of the reason why the country has a large shadow economy. Some Fintechs have been effective in bridging the gap between financial services and the unbanked, creating new opportunities for things like loans to open new businesses.

Argentina's Fintech sector has performed well over recent years. With the Fintech sector exceeding growth in Brazil, Mexico and Colombia. Argentina is in many ways primed for Fintech disruption. The country's incumbent financial institutions are undertaking digital transformation projects, but often with limited success. Smaller, more nimble competitors are excellently positioned to take advantage of their flexibility and innovative approaches to carve out market segments, as well as respond to the neglected markets.

Despite Argentina's unstable economic conditions, Fintech companies have grown, with interest from foreign companies. However, the shaky economy has recently led foreign companies to withdraw investments as the import restrictions, capital controls and price freezes, making some sectors inequitable for business.

<sup>1</sup><https://cashedentials.org/news/52-of-argentinians-are-unbanked/>

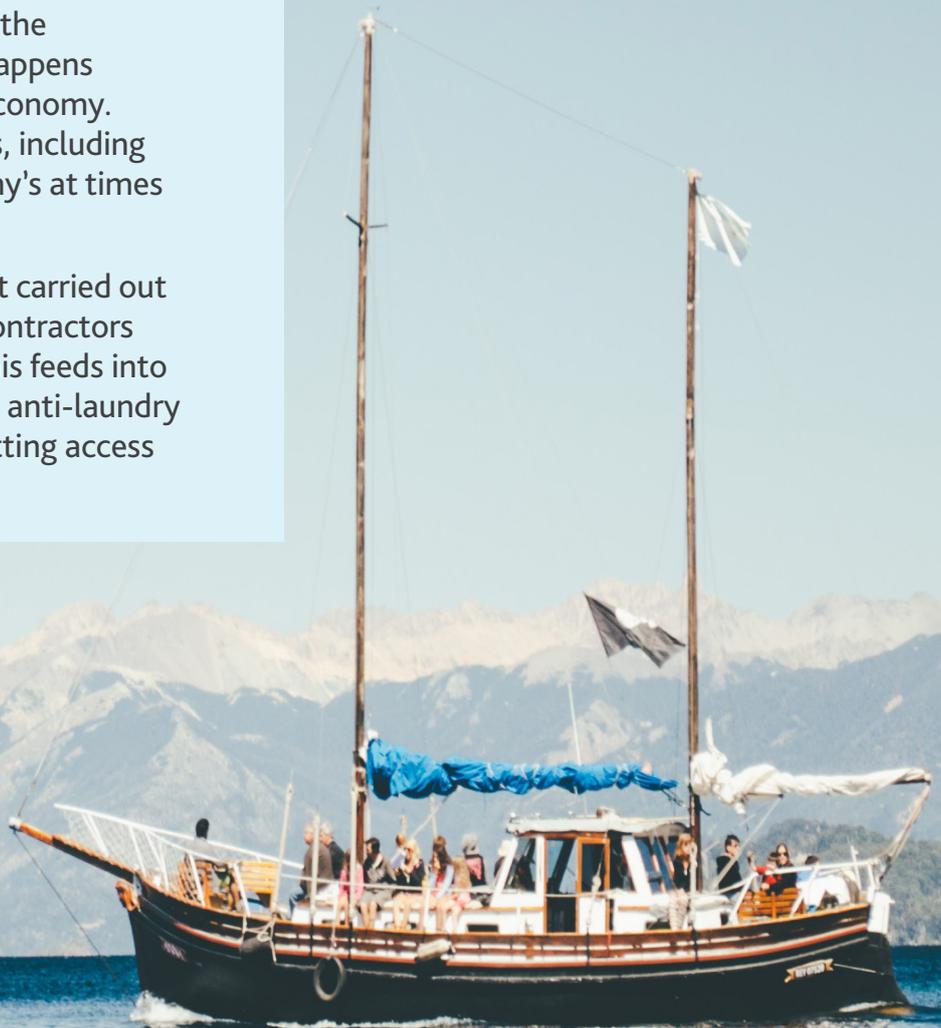


## ARGENTINA'S SHADOW ECONOMY

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One of the areas that Argentina's Fintech system has huge potential within is what could be described as the shadow economy. Estimates vary, but a huge part of the Argentinian economy happens outside of the regular economy. This has various reasons, including the Argentinian economy's at times shaky foundations.

Many of the jobs are not carried out by illegal workers but contractors who get paid in cash. This feeds into several issues, including anti-laundry rules and difficulties getting access to bank accounts.



## REGULATORY ENVIRONMENT

While Fintech companies have typically not been upheld to the same regulations as other financial providers, since the new Argentine Federal Administration took office in December last year, the Argentine Central Bank has changed its approach to Fintech companies and has started a regulating process in order to monitor and supervise the sector in Argentina more closely. The recent regulations passed on payment service providers (PSPs) are a clear sign of a new approach.<sup>2</sup>

According to the Central Bank authorities, the PSP regulation intends to bring transparency to transactions made through PSPs and to improve the protection of Fintech customers at a time when social isolation due to the COVID-19 pandemic has made digital payment critical for a country such as Argentina, which has one of the lowest bankisation rates in Latin America.

The regulation on PSPs is a significant step taken by the Central Bank to start regulating Fintechs in Argentina. The Central Bank will face a great challenge in regulating the Fintech industry due to discouraging innovation and the use of new technologies for financial inclusion. This requires special consideration in Argentina, where more than 50 per cent of the economy uses cash as the principal payment method.<sup>3</sup>

Argentina has a long-standing informality problem in the labour market, that has brought many negative consequences. One of these consequences is the lack of regulatory protection of low-income workers, who sometimes have no choice but to work in the informal sector. Informality is a barrier to Fintech because most people that work in the informal economy do not want to leave traces of their payment history. Informal workers receive their salaries in cash, so it would be hard for them to introduce their savings into a digital system.<sup>4</sup>

This also feeds into several issues, including anti-money laundering rules<sup>5</sup> and difficulties getting access to bank accounts. With Argentina currently tackling a country-wide debt of US\$330 billion, Fintechs offering transparency in payments are welcomed by citizens and investors. Fintech can be one of the main weapons to fight informality, probably one of the most important components of the vicious cycle that feeds financial exclusion.<sup>6</sup>

<sup>2</sup>Through a new regulation issued on the 9 of January 2020 (Communication A6859) the Central Bank of Argentina requested the Payment Service Providers (PSP) be registered, before April 1, in the "Registry of payment service providers that offer payment accounts" and be part of an information and surveillance regime to monitor their evolution. In addition, in their advertising, PSPs must include a legend that makes it clear that they are limited to offering payment services and that the funds do not have a guarantee of the deposits that financial institutions have.

<sup>3</sup>International Bar Association. Argentina regulates payment service providers. 29 May 2020.

<sup>4</sup>Fintech and its Regulation, a Tool for Financial Inclusion in Argentina. Francisco Bianchetti, 16 December 2019.

<sup>5</sup>During August 2019, the Financial Information Unit issued Resolution UIF N ° 76/2019 that regulates the Anti Money Laundering / Counter Financing of Terrorism (AML / CFT), the obligations of the operating companies of the credit card sector, purchase, prepaid and other means of payment, incorporating a risk-based approach in line with international standards promoted by the International Financial Action Group (FATF), of which the Argentine Republic is a full member. All Fintech companies are now considered obligates subject and therefore are obliged to fulfil the regulations regarding AML.

<sup>6</sup>Fintech and its Regulation, a Tool for Financial Inclusion in Argentina. Francisco Bianchetti, 16 December 2019.



Several different entities are in charge of the regulation of the Argentine financial system. The main regulator is The Central Bank of the Argentine Republic – BCRA, while certain powers are held by the CNV, which regulates the capital markets and also has certain supervisory powers and the Financial Information Unit (Unidad de Información Financiera, or UIF), which enforces anti-money laundering laws.

The BCRA is an autonomous organisation in charge of enforcing all financial regulations.

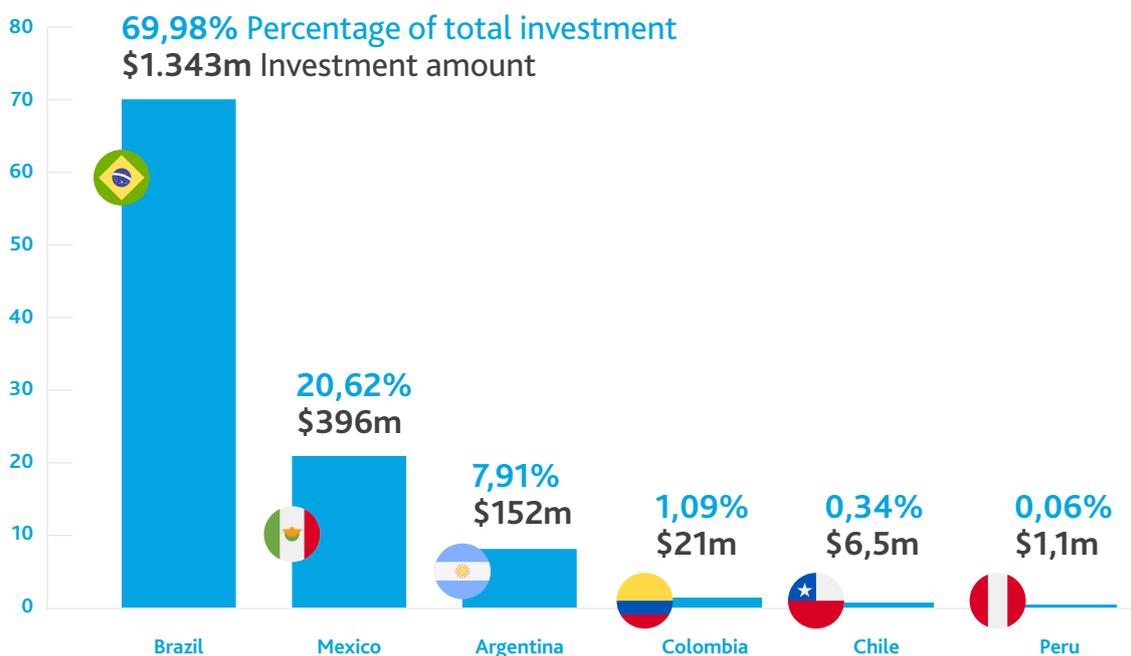
The BCRA has wide powers to govern banks and their activity, including granting and revoking bank licenses, authorising the establishment of bank branches abroad, approving bank mergers, capital increases and certain transfers of stock, and setting minimum capital, liquidity and solvency requirements and lending limits.

**Source:** Fintech and its Regulation, a Tool for Financial Inclusion in Argentina. Francisco Bianchetti, 16 December 2019.

## INVESTMENT IN FINTECH

### RANKING OF LATAM COUNTRIES BY INVESTMENTS IN FINTECH. 2019

BY  Finnovating



Source: Finnovation Open Innovation Team



Investment in Fintech in Latin America is highly concentrated, with Brazil and Mexico accounting for over 90% by 2019.

During 2019, Argentina received US\$152 million in investments in Fintechs, of which US\$150 million were taken up by only one company, Uala.

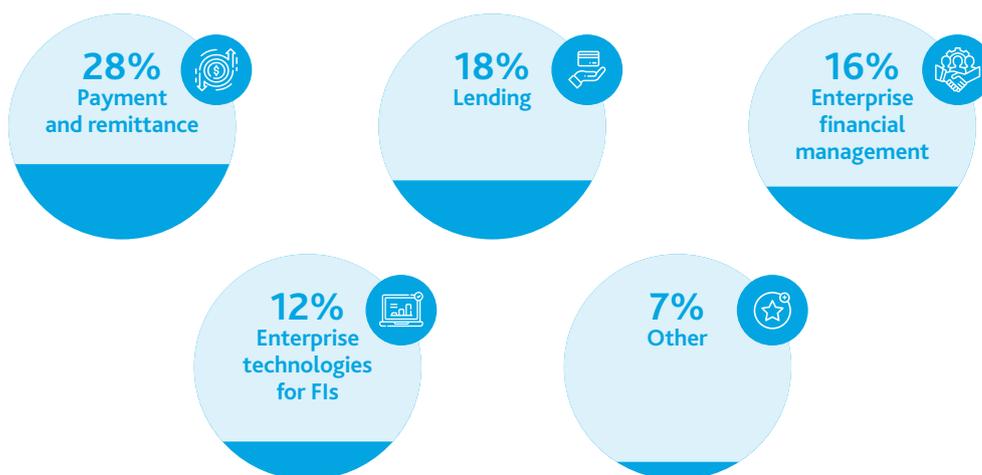
## FINTECH SUBSECTORS

The Argentinian Fintech market is going through an early stage of diversification with companies offering an ever-increasing array of financial services and solutions. The solutions cover both back-end and customer-facing services.

There are more than 220 companies associated with CAF (Chamber of Argentine Fintech), representing almost 10,000 jobs. Most of them are focused on payment services, loans and Business to Business (B2B) services.

The segment that incorporates the most financial activity in Argentina's Fintech scene currently is digital payments. The segment has a total transaction<sup>7</sup> value of around US\$18,680 million (February 2020).

### % OF TOTAL START-UP ACTIVITY



BDO Global. Data source: BizLatin Hub. Opportunities for Businesses: Fintech in Argentina. 13 February 2020.

Lending and virtual wallets sectors have primarily been driven by smaller businesses and personal use. A large part of Argentina's population remains unbanked – or uninterested in using traditional banking services.



**Tim Aman,**  
National Leader of Financial  
Services at BDO Australia  
and Global Fintech Leader



*Prior to COVID-19, global activity in payments was increasing in demand. In Argentina, it highlights the first step in achieving financial inclusion – however, to succeed, Fintechs will need to find a balance between cash and digital payment methods to reach and service the unbanked regions.*



<sup>7</sup>BizLatin Hub. Opportunities for Businesses: Fintech in Argentina. 13 February 2020.



Finnovating.com. Fintech Map Argentina. June 2020.

## INCUMBENTS VS FINTECHS

Industry incumbents are viewed as one of Fintech companies' greatest competitors. The same applies to competing solutions from other Latin American countries. Early regional leaders in number of solutions and funding include Mexico and Brazil.

Traditional banks are slowly moving forward in the process of digitisation. New banks such as Openbank (Santander group), brubank and Wilobank opened. Banco del Sol (owned by Sancor Seguros) which will be 100% digital is about to enter the market.



# COVID-19 IS TRANSFORMING THE INDUSTRY

COVID-19 has struck hard across the globe. For many Argentinian Fintechs the immediate effect has been particularly hard. Cash-flow is one of the main issues, with many users limiting their interactions and transfers, and others defaulting on installments or mortgage payments. As many as 35,000 companies may reportedly be considering closing their doors, even many international companies are leaving the country due both to the coronavirus and the uncertainty in local economy.<sup>8</sup>



**Enrique Szewach,**  
*former director of Argentina's  
Central Bank. Foreignpolicy.com,  
Argentina's Economy Crumbles as  
Buenos Aires Lockdown Continues.  
27 August 2020*



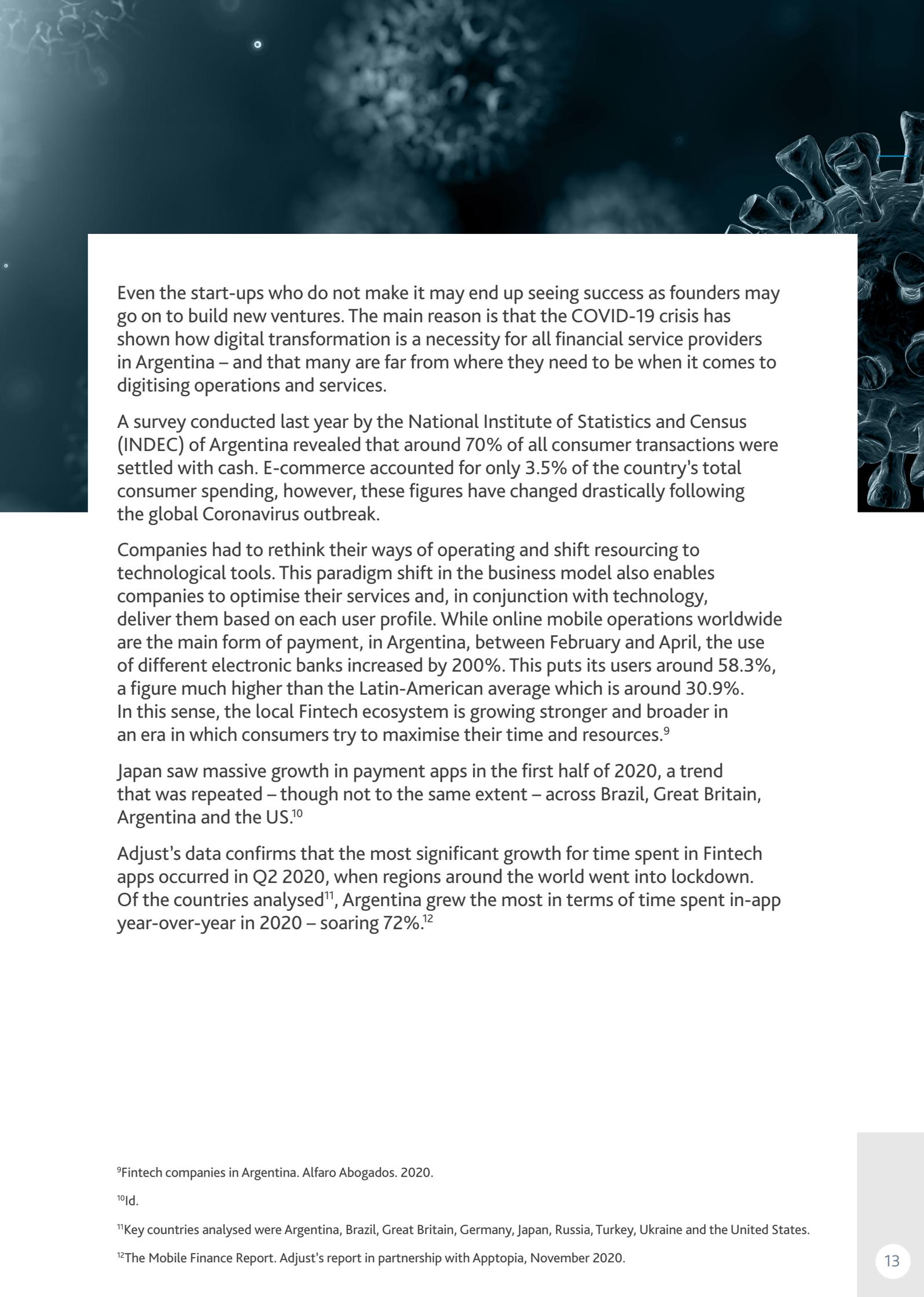
*Small businesses, particularly those unable to benefit from e-commerce, are suffering most from this situation. For these sectors, the aid was and is very partial and quite inefficient, and bankruptcies and closures are being generated that will not be easy to overcome.*



Cash flow and liquidity issue will continue to be on the forefront of most companies' minds and to-do list for a while yet, and it is likely that some Fintech companies will not survive the short-term crisis.

Among the immediate tasks for Fintech management groups are business continuity planning; funding support (Venture Capital, Angel investors, loan givers etc); employee health and safety; as well as cost optimisation and ensuring liquidity. Those who undertake such steps successfully will be well-placed to survive the short-term fallout and take advantage of the medium to long-term possibilities are likely to see develop over time.

<sup>8</sup><https://www.lanacion.com.ar/economia/coronavirus-hay-35000-pymes-que-estan-considerando-cerrar-su-negocio-nid2352242>

A dark blue background with a microscopic view of virus particles, likely COVID-19, on the right side. The particles are spherical with a textured surface, resembling a crown or a cluster of spikes. The background is dark and slightly blurred, with some light spots.

Even the start-ups who do not make it may end up seeing success as founders may go on to build new ventures. The main reason is that the COVID-19 crisis has shown how digital transformation is a necessity for all financial service providers in Argentina – and that many are far from where they need to be when it comes to digitising operations and services.

A survey conducted last year by the National Institute of Statistics and Census (INDEC) of Argentina revealed that around 70% of all consumer transactions were settled with cash. E-commerce accounted for only 3.5% of the country's total consumer spending, however, these figures have changed drastically following the global Coronavirus outbreak.

Companies had to rethink their ways of operating and shift resourcing to technological tools. This paradigm shift in the business model also enables companies to optimise their services and, in conjunction with technology, deliver them based on each user profile. While online mobile operations worldwide are the main form of payment, in Argentina, between February and April, the use of different electronic banks increased by 200%. This puts its users around 58.3%, a figure much higher than the Latin-American average which is around 30.9%. In this sense, the local Fintech ecosystem is growing stronger and broader in an era in which consumers try to maximise their time and resources.<sup>9</sup>

Japan saw massive growth in payment apps in the first half of 2020, a trend that was repeated – though not to the same extent – across Brazil, Great Britain, Argentina and the US.<sup>10</sup>

Adjust's data confirms that the most significant growth for time spent in Fintech apps occurred in Q2 2020, when regions around the world went into lockdown. Of the countries analysed<sup>11</sup>, Argentina grew the most in terms of time spent in-app year-over-year in 2020 – soaring 72%.<sup>12</sup>

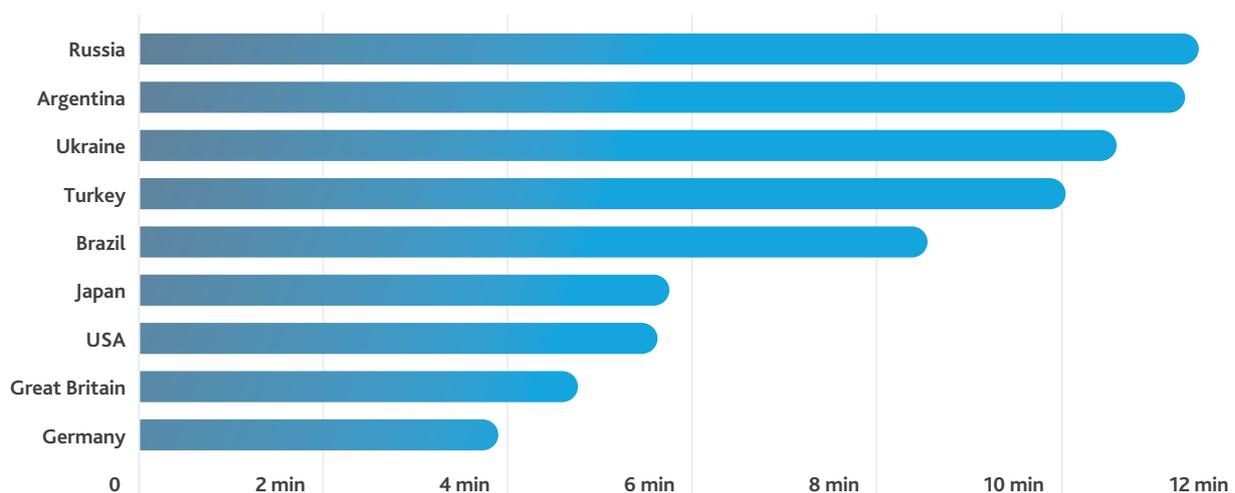
<sup>9</sup>Fintech companies in Argentina. Alfaro Abogados. 2020.

<sup>10</sup>Id.

<sup>11</sup>Key countries analysed were Argentina, Brazil, Great Britain, Germany, Japan, Russia, Turkey, Ukraine and the United States.

<sup>12</sup>The Mobile Finance Report. Adjust's report in partnership with Apptopia, November 2020.

## MINUTES IN-APP PER SESSION



Source: Adjust. The Mobile Finance Report. 2020.

High time spent in-app tends to correlate with countries that have a relatively higher proportion of unbanked people, with figures from the World Bank finding that processes to digitise government payments have led to a surge in digital banking users. 25% of all bank account owners in Argentina opened a bank account for the first time to receive digital payments.

Countries with a more established legacy banking industry correlate with users spending less time in-app – likely because they still carry out more banking functions via desktop or in their local branch. Apps targeting unbanked users tend to offer a more educational approach to banking, which may mean users are in-app longer.

## MOVING AND SHAKING



**M. Florencia Bo,**  
*Directora, Servicios a la Industria  
Financiera y de Seguros*



*For the first time, Argentina has the great opportunity to overcome the shadow economy. Thanks to COVID-19, more workers are being included in the legal economy and can benefit from the use of banking accounts, digital wallets and so on....*





Openbank Argentina – in which the Santander group made an initial investment of more than 1 billion Argentine pesos, plans to formally launch operations in the first half of 2021.



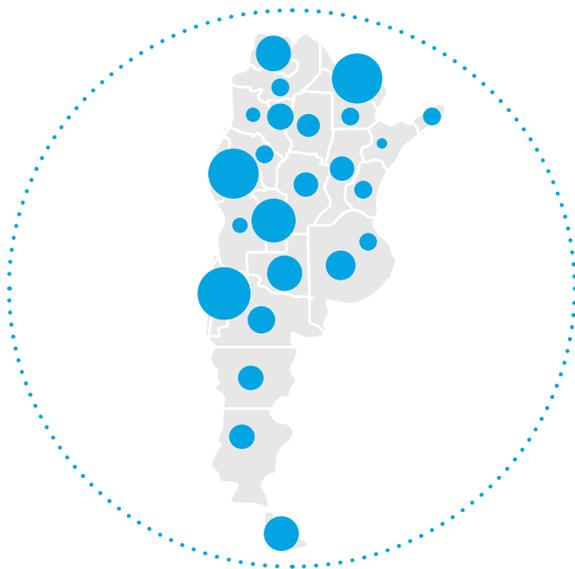
About thirty banks in Argentina have joined the MODO electronic wallet, the sector's bet to compete with Fintechs, and especially with Mercado Pago. The most recent entity to join the platform was Banco Nación, which could accelerate and catapult adoption, as it is the largest in the country.



Argentina based Fintech Ohana announced in May 2020 that it will launch a digital wallet to help locals pay for daily services via QR Codes, and also help them with easily sending money, and even settling taxes.



Payment system TodoPago reports that the use of its new form of contactless payments has grown by 275% during the pandemic. TodoPago's "Payment Button" (Botón de Pago) has reached a generous deployment in the country's provinces, in some cases exceeding 1000% growth.



After 2 months of quarantine, the use of the Botón de Pago app has grown by

**275%<sup>13</sup>**

<sup>13</sup>Mercado.com.ar, 6 June 2020.



FacePhi – a biometric technology company of Spanish capitals that signed a new contract with Orange X, part of the Galicia Group- for whom the Argentine market was key in its expansion strategy. They will offer the Selph ID product, used to verify and authenticate the document owner using a facial pattern registered on the bank's server.



Ualá – a mobile payments firm backed by billionaire George Soros, reportedly issued 127,000 new prepaid cards since the nationwide lockdown began (as of late April 2020). This represented a 20% monthly increase in the number of new payment cards issued. In September 2020 the firm launched a push into Mexico, hoping to replicate the success it has experienced in its domestic market as the coronavirus crisis accelerates a move away from cash. Ualá, whose latest valuation was US\$900m, has enjoyed particular success with younger users in Argentina, with nearly a fifth of 18 to 25-year-olds owning a Ualá card.<sup>14</sup>



A new unified QR will allow the same image to be readable by a digital wallet<sup>15</sup>, a bank or any payment management infrastructure. The Central Bank of the Argentine Republic (BCRA) announced in October that the decision is about to be approved, which is part of a new regulatory framework to even out competition between Fintech and banks.



**Pierpaolo Barbieri,**  
founder and CEO at Buenos  
Aires-headquartered Ualá



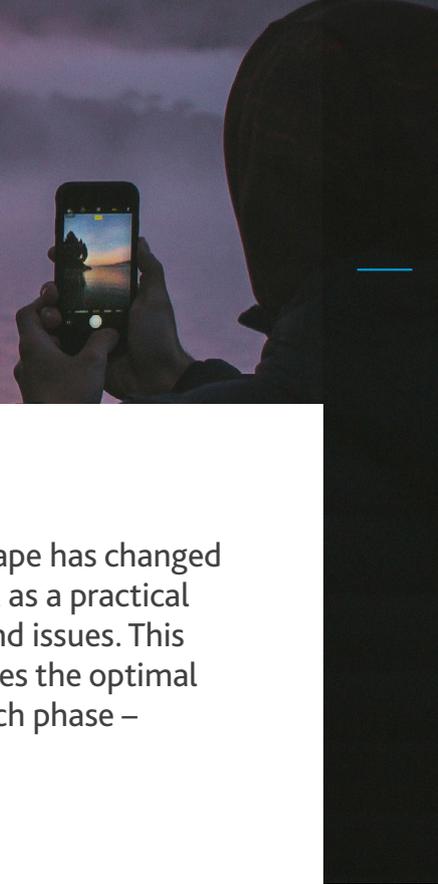
*The change we expected over years is happening in weeks. Ever since the quarantine started, we've seen an unprecedented acceleration in requests for new accounts.*



<sup>14</sup>Financial Times, 29 September 2020. Argentine Fintech launches in Mexico as COVID accelerates decline of cash.

<sup>15</sup><https://www.forbesargentina.com/summit/entusiasmo-mundo-fintech-bcra-aprobara-qr-todos-octubre-n4308>

# BDO RETHINK – ASSISTING FINTECHS DURING AND AFTER THE CRISIS



Over the past few months, the economic landscape has changed rapidly. BDO has developed the RETHINK model as a practical guide to help companies assess potential risks and issues. This is a three-phased structured approach that creates the optimal foundation to develop their business through each phase – **REACT**, **RESILIENCE**, **REALISE**.

Initially, Fintechs face the **REACT** phase. Focus will be on the immediate fallout from COVID-19, such as keeping employees safe, securing cash flow, and ensuring that funding runway is in place. Now, many are already transitioning into the **RESILIENCE** phase. The emphasis in this phase will be on building out and solidifying business models, workflows, supply chains, increasing the speed of digital transformation, and creating the foundation for work in 'the new normal'. Beyond this, a **REALISE** phase awaits where Fintechs will be able to take advantage of the opportunities from changes to economies, societies, as well and professional and personal lives. This will, among other things, involve securing capital for growth, technological innovation, and continuous adaption of business models.

Fintech companies who successfully respond to the currently troubled economic waters, implement resilient, efficient strategies and initiatives, as well as lay the groundwork for grasping future opportunities, will be well poised for realising their full, disruptive potential in the years ahead.



In the short term, the economic impact and fallout of COVID-19 make conditions difficult for Fintechs, with the priority being on cash flow and solvency. Safeguarding business is critical for Fintechs, who must consider belt tightening and cost saving measures into the medium term and seek out relevant stimulus and grants. The [four key areas of focus](#) should be sustainability, operations, supply chain and health and safety.

## REACT: A STEP-BY-STEP PLAN

Below is a step plan we recommend for clients in the **REACT** phase to ensure best prospects for managing through this business crisis.



### STEP 1 - Build your "new world" cash flow forecast

Build a 12 month cash flow forecast - 3 months (weekly) and then 9 months (monthly) taking into account your "new world" – build in revenue impacts but retain committed expenses as is for now – understand if you are cash flow positive. If not – understand your cash burn and your runway before existing reserves are exhausted.



### STEP 5 - Consider government support available

Identify the measures in the federal government's stimulus packages and state government support programs that are available. Identify how they impact cash flow and apply where relevant.



### STEP 2 - If you have a cash deficiency now or coming up – identify measures to reduce costs or increase revenue

Identify discretionary or non business critical expenditure to eliminate immediately. Identify overheads to defer, adjust or remove (e.g. rent, equipment leases, employee costs). Identify capital outflows to defer or adjust (e.g. dividends, bank loan repayments, capex).



### STEP 6 - Develop a 90 day "business rescue" plan

Develop a 90 day action plan incorporating steps above. Include:

- ▶ Implementation of the cash flow measures identified (i.e. apply to financier for funds, negotiate with creditors for standstills.
- ▶ Engagement with key stakeholders such as employees, financiers, landlords, customers and suppliers and remaining creditors to ensure they understand your position to continue business.



### STEP 3 - Engage with key stakeholders regarding potential standstill arrangements

This will be critical – you need to engage with key creditors such as landlords, ATO and suppliers, explain your situation and attempt to negotiate stand still arrangements where possible. An independent report from your accountant or financial advisor on your financial position will bring credibility and assist negotiations.



### STEP 7 - Update your cash flow forecast

Recast your cash flow forecast in-line with your 90 day plan. Forecast for 90 days initially on weekly basis – be sure you can remain cash flow positive. When you are confident you can manage through the next 90 days – extend your forecast for a further 9 months (taking into account timeframes of stand stills agreed) to determine how long your "runway" is now... understand the point where you exhaust cash reserves and which you cannot go past (if within the next 12 months).



### STEP 4 - Conduct due diligence on other capital sources

Consider collateral and equity available to support finance. Engage with your existing financiers - bring them into the "tent". Consider equity sources – do existing shareholders have capacity? Are there logical buyers of your equity you can approach? Do you have assets that are non-core to realise in short time to generate cash?



### STEP 8 - Implement the plan and monitor regularly

Start engaging with relevant stakeholders to put your plan into action. Monitor progress regularly (weekly to begin with) and keep updating the cash flow forecast weekly to monitor the length of your runway. Be conscious of when your cash reserves are exhausted so you do not continue to incur expenditure past that point.

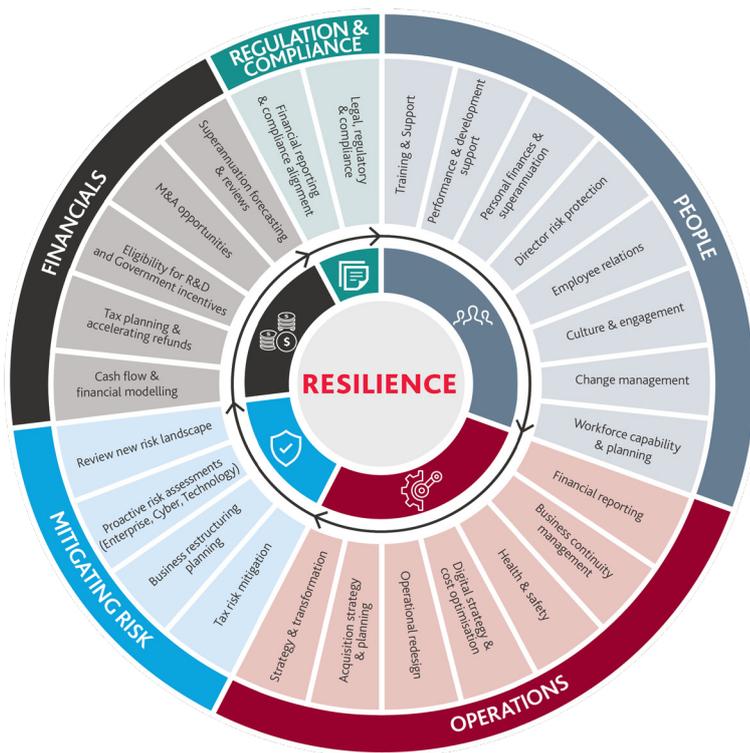
# RESILIENCE

## WHAT'S NEXT?

In the short term to medium term, many Argentinian Fintech companies are going to need to restructure their organisation, strategy and financial setup. Any company in early-stage growth mode – be it Fintech or otherwise – will find the likely economic downturn following in the wake of COVID-19 challenging to navigate.

For Fintechs, their resilience will be typified on how well they can attract capital at each of the Rethink phases. Some will be looking at mergers and acquisitions to stay afloat and carve out revenue streams.

## The RESILIENCE wheel



Fintechs can use this wheel to identify the largest threats and potential opportunities within each area, as well as a framework for what actions your findings necessitate. Following a review, plan and track progression, you will be able to follow up initiatives and react in a timely fashion to the unforeseen – and often unforeseeable – changes that will manifest themselves over the coming months and likely even years. The wheel also represents many (although not all) of the areas where we are assisting Fintech companies with navigating the crisis.

## PIVOTING AND PURSUING PROSPECTS

There is no way of getting around the fact that not all Argentinian Fintech companies will make it through the current crisis. However, many will – and will find themselves in an excellent position to thrive.

In the wake of COVID-19, Argentinian Fintech companies may take advantage of such areas as the increased need for banking services for the vast amount of people in Argentina who are still not eligible for banking services, as well as the increased opportunities for accelerating the digital transformation amongst some of the finance industry's incumbents.

To succeed in the REALISE phase, Fintech's must:



Respond to shifts in consumer behaviour and new market conditions



Find avenues of collaboration to create synergies



Undertake technological transformation



Manage expansion and costs



Seek expert advice

Although COVID-19 has slowed the world economy, it's important to remember that neither it, nor technological development have stopped. New areas for Fintech solutions keep on appearing, for example, in the shape of Internet of Things (IoT) – enabled contactless payments, which could well be in high demand through smart city-scapes within a few years.

We are likely to see big changes in consumer behaviour due to COVID-19. For example, an increased push toward end-to-end digital solutions, as COVID-19 has both customers and incumbents extra focused on areas such as digital transformation, contactless payments, and online financial services.

That goes for both end-users and financial institutions. Fintechs are often the originators of such solutions and will likely be extra sought after by large-scale incumbents who, through partnerships or M&A, will look to combine Fintech companies' flexible, digital solutions with their capital, distribution access, and compliance infrastructure. Fintechs may want to seek out collaboration with incumbents such as traditional lenders who are safe-guarded through their other investments, but also identify the need to expand their Fintech options.



## EXTERNAL AUDIT

- Agreed Upon Procedures
- AFSL Compliance Support
- APRA Regulation And Return Assistance
- Audit Of Financial Statements
- Controls Reports

## INTERNAL AUDIT & FORENSIC SERVICES

- Secondments
- AML/ CFT
- Specialist Technical Support
- Outsource
- Co-source
- Forensic Services



## INDEPENDENT EXPERT REPORTS

- Regulatory Response Audit Reports
- Enforceable Undertaking Independent Expert Reporting
- Operational Due Dilligence Reports

## EXTENDED ASSURANCE

- Non-financial Reporting Review
  - Risk Framework Review
- Risk And Compliance Outsourcing



## TAX ADVICE

- R&D
- Tax Compliance
- Transfer Pricing

## RISK CULTURE ASSESSMENTS

- Impact Of The Royal Commission
  - Risk Culture Assessment
  - Conduct Framework Review



## TECHNOLOGY ADVISORY

- Cyber Security
- IT Transformation
- Data Quality Support
- Blockchain

# ABOUT BDO ARGENTINA

BDO is one of the world's leading accountancy and advisory organisations, with clients of all types and sizes, in every sector. As a result of our client partnership approach, our teams develop strong insight into their client's business, enabling them to find innovative ways to help clients maximise their growth opportunities, improve processes and avoid pitfalls.

BDO has over 600 partners and staff in Argentina, making us one of the country's largest accounting practice. We have offices in Buenos Aires, Córdoba and Santa Fe. Our Financial Services team counts 90 of which 10 specialise in Fintech.

For more information about BDO services, visit [www.bdoargentina.com](http://www.bdoargentina.com)

MORE THAN **600** EMPLOYEES AT BDO ARGENTINA  
**4 OFFICES**  
**35 PARTNERS AND DIRECTORS** MORE THAN  
**90** EMPLOYEES IN THE FINANCIAL SECTOR  
**10 EMPLOYEES** FOR THE FINTECH INDUSTRY



BDO Argentina is ready to assist both Fintech companies, financial incumbents and businesses throughout all stages of the journey: from dealing with the initial fallout to managing the long-term growth and opportunities that we are likely to see in coming years.

We have a 90 strong team managing the Financial Services and now the Fintech industry. We combine knowledge of the market and banking system with an understanding of digital transformation. We help both traditional banks in their evolvment to become digital and the new Fintechs to overcome the difficulties of regulations and adhere to best practices of compliance, risk and ALM among others.

Our team helps Digital Banks to embrace the regulations stipulated by the Central Bank regarding themes such as Internal and external Auditing, Risk & Compliance, AML and others.

# ABOUT BDO ARGENTINA

## READ OUR RECENT PUBLICATIONS



## BDO ARGENTINA'S DEEP INVOLVEMENT IN THE FINTECH INDUSTRY

This year BDO Argentina announced an alliance with Digital Bank Latam with the aim of promoting Digital Transformation services to the Financial Industry, and supporting cultural change far beyond disruptive technologies.

Digital Bank Latam is a regional platform that connects the financial industry with startups, working within organisations to innovate, generate and disseminate valuable content for the ecosystem.

With this alliance, BDO Argentina adds an important player to its team to help lead the transformation of our clients by offering solutions for the implementation of technologies such as RPA, Paperless Solutions, Blockchain, Big Data, Mobile Onboarding, AI and Machine Learning, among others, depending on the needs of each entity.

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