



WEBINAR FINANCIAL SERVICES & INNOVATION  
**HOW TO EXPAND IN FRANCE AND UNLOCK THE EU MARKET?**

Transcript

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# HOW TO EXPAND IN FRANCE AND UNLOCK THE EU MARKET?

**Business France London and the Economic Department of the French Embassy in the United Kingdom** organised a webinar to showcase why British and Irish Fintech benefit from setting up an office in France. The event was co-organised and moderated by **CFTE, the Centre for Finance, Technology & Entrepreneurship**, an online education platform for digital finance which recently launched in France with the support of Business France; and supported by two **sponsors ORWL Avocats**, a French law firm specialised in innovation, and **Nord France Invest**, the regional development agency of the Hauts-de-France region.

After a keynote from **Cédric O, Minister of State to the Digital transition**, and **H.E Catherine Colonna, Ambassador to the United Kingdom and Northern Ireland**, two panels of experts composed of government officials, successful entrepreneurs, and players of the French ecosystem presented the following key arguments and advice:

- A. Speed** – finding the right balance between the preparation and the execution phase is key.
- B. Market** – you can only be competitive at a global scale by addressing a sizeable market such as the French one, a diverse financial hub with access to the European and francophone market (Luxembourg, Belgium, Switzerland).
- C. Proximity** – location and geographical proximity matter for your expansion.
- D. Talents** – you will find all the talents you need in France and be able to recruit them from abroad with the French Tech Visa.
- E. France has changed** – it's business-friendly, easier to open an office and language is no longer a barrier.
- F. Support** – don't hesitate to reach out to Business France or other associations in France who will help you accelerate your project.

## WEBINAR SUMMARY

**Cédric O** mentioned two main reasons to open an office in France: the dynamism of the French Tech scene and the size of our market.

He said that France is back in the race with an ecosystem that delivers many unicorns including fintech (Shift, Qonto, Younited, ...) and quadrupled the amount of funds raised between 2017 and today. Cédric O ended the keynote by stating that if companies want to be competitive on a global scale they must address a big market and France has this important internal market and access to the European one.

**H.E Catherine Colonna** said that the Embassy welcomes the views and perspectives of the Fintech attending today's event and the challenges they are facing.

She then mentioned that today, 9 months post-Brexit, we start to have a clearer view of the new interactions between the European Union and the United Kingdom. She confirmed that the Memorandum of Understanding agreed for the financial services industry will provide a framework to collaborate, it is similar to the one agreed between the US and the EU. She reminded that our relationship with the United Kingdom remains vital and important since France has deep ties with the UK being the third foreign investors and second largest source of jobs in France.

H.E Catherine Colonna ended her statement stating that the French ecosystem is a place open to business, a breeding ground for talents, a leader for R&D; it has the infrastructure to support startups in their growth, the recent historical fundraising rounds clearly showing that France is one of the best places to start and grow your startup.

**Tram Anh Nguyen & Huy Nguyen Trieu, co-founders of CFTE**, the EdTech platform for fintech skills, mentioned that they were involved in the global fintech ecosystem, especially in France where they just opened an office. They stated that Fintech is the fastest growing industry of the last decade with €200 billion invested.

Finally, they hinted that most actors are understanding the need for upskilling, re-skilling and continuous learning but its implementation is lagging in Europe. They ended by saying that, as shown today, France is evolving, taking the Fintech turn and proving to be a place to grow your fintech!

## WEBINAR SUMMARY

**Marie-Cécile Tardieu** summarised this webinar in three words: size, speed, and service.

- **Size** – The size of the French market is considerable, and you will find all the talents you need to capture market share in Europe.
- **Speed** – A good balance is to be found between preparation and speed. You need to take time to think about your strategy, to plan and be ready while understanding that the French regulatory framework has made it possible to have speed in the process.
- **Service** – You will find great services and strong support to establish your business in France and achieve your project. France is welcoming all activities and making it easy to open an office.

She thanked Geraldine for having mentioned Business France and reminded everyone that we provide free services to all organisations looking to expand in France and that we are eager to support them. Especially that we have the Welcome Office to help with all the questions about living and relocating to France (visa, social security, school, daily life, ...).

She ended by stating that it has been a dense discussion and we hope everybody knows, now, about Business France! Be sure to follow up with us, we are looking to hear about all your projects in France.

# OVERVIEW OF THE FINTECH SCENE IN FRANCE

**We notice more and more unicorns in France (Shift, Ledger, Sorare), can you give us clues as to why we see this movement and what the French fintech ecosystem looks like today?**

**Thomas Ernout** – The ecosystem is striving! The Fintech sector in France is no longer niche by any means. The sector has gone from strength to strength prospering on a fertile ground thanks in part to Paris, a global financial hub, with a high volume of transactions seen.

The investment structure is growing at a fast pace and has proven resilient during the Covid-crisis. 2021 will be an even more amazing year with already €1.5 billion raised for 68 operations in the first semester, equals to three times the amount raised for the entire year of 2020.

**Domitille Dessertine** – Being the head of fintech innovation at the French Securities Markets Authority, since 2016, my team and I have met with around 650 fintech of all sorts French, foreign, large or small, startup, etc, which gives us a global picture of the ecosystem. The three main trends we observe today are:

1. **Platforms** – The creation of an integrated ecosystem, a one-stop shop (investing, retail, ...) is impacting the way traditional financial actors have to market and sell their products.
2. **Automation** – The first phase, which many companies have engaged with, is to clean up the data, become aware of the possibilities and have a database that can be leveraged. The second stage we observe is to automate all the low value-added tasks.
3. **Tokenisation** – The increased use of DLT (Distributed Ledger Technologies) to modernise and speed up the financial transaction and infrastructure (trade and post-trade).

**Why are we noticing an acceleration of Fintech in France?**

**Thomas Ernout** – It's a mix, including a sustained effort of the French authorities to support businesses, bearing fruits now and leading the ecosystem to grow. Across several things we had:

- **Labour market reforms** which made the job market nimbler and more predictable for corporates, by for instance capping the costs linked to dismissing employees.
- **Modernised tax framework**, aligned with Europe and the UK rates, which lowered corporate tax from 33% to 25% next year and it's already at 26.5%/27.5% today.
- **Reduction in the social contribution** of employer by 6% on the lower income salary.
- **Reinforced R&D tax credit**, the most efficient and generous scheme in advanced economies, according to the OCED, allowing to deduce 30% of your R&D expenses up to 100M€ and 20% for innovation activities up to 400K €.

**Domitille Dessertine** – I agree, it's the result of many years of efforts put toward entrepreneurship and startups. For a few years, France was not seen as a paradise for startups, but it has changed and will continue to improve. We already see the great results of it.

# WHY CHOOSE FRANCE

## Why should a startup have its HQ or an office in France instead of another country in Europe?

**Domitille Dessertine** – The dynamism and quality of the ecosystem. Paris is rich in infrastructure, major players (large banks, issuers, investors), with a large pool of savings and a serious regulator. All this make it an attractive destination.

**Thomas Ernout** – And it's easier than ever! We took a new approach to simplify how entrepreneurs can create a business and flourish in France. The PACTE Legislation is a statement to the ambition of the French government to streamline and get rid of the previous hurdle for entrepreneurs to create a company in France.

## The momentum in France is clear through the numbers. But in your opinion what is the French difference?

**Domitille Dessertine** – Well the French way of life is definitely an advantage. It is more and more important to have a nice place to live for employees and France rank quite high there. As for the regulator, we are committed to making it as easy and seamless as possible. You can contact us directly without an intermediary, which is not always the case in all European countries.

**Thomas Ernout** – France is the global financial centre in the EU27 with a strong domestic market, big corporates and a business-friendly environment which is a strong card that fintech can benefit from to start addressing the EU and global market. A lot has changed in the past 10 years, you can harness all these resources, support and opportunities we are offering you!

**William O'Rorke** – I have a lot of clients from abroad, quite surprised by the change made in France in the past decade both in innovation and technology.

After Brexit, France is a good door to the single market and it's a serious door if you want to expand and be competitive in Europe. You have a serious regulator and the ability to recruit good talents. I think it's one of the best places to start, it's not the easiest one, like in smaller countries in Europe, but it's one of the best places to start.

**Artus Galiay** – When there is a will there is a way! And today in France there is the will at all levels: population, local authorities, and government to work for the benefit of society. Whatever barriers you may find, you will have the support and solutions to overcome them.

**Geraldine Gibson** – 10 years ago the barrier to entry for non-French speakers was much higher than today. Today the general level of English is high enough that this barrier has been lifted.

## REGULATION

### Regulation is an important topic for all fintech companies, who are the regulators in France?

**Domitille Dessertine** – Both regulators the ACPR and the AMF are part of the Banque de France. Depending on the type of activity you perform you can be in touch with either one of us. In broad terms:

- ACPR supervises banking, payment and insurance services.
- AMF supervises the security market including anything related to financial instruments (portfolio management, investment funds, broker & dealers, trading venues, listed companies, crowdfunding).

We have also recently modernised our website, so if you want to set up a company in France, it's quick to apply and receive an approval. My team provide support in the “pre-licencing” phase as well, so don't hesitate to reach out to us early.

## RECRUITMENT

### How does the hiring and visa process work in France?

**Thomas Ernoult** – For visa, we have a fast-track procedure: the French Tech visa. It is a scheme designed to help companies recruit people from abroad to work in France, with no sponsorship fee. This fast-track procedure leads to a 4-year renewable work and stay visa which is automatically extended to the close family (spouse and children), with no requirements regarding academic degree. It's designed for you; I encourage you to apply!

You can apply online through the [website](#) and it has no sponsorship fees.

### And what if I want to hire locally?

**Artus Galiay** – France has a longstanding tradition of engineering, financial and mathematical talents. In the past, these talents were looking to work abroad but today France's dynamism and opportunities make them stay in France. In the Hauts-de-France region, we train 10% of all engineers and can assure that we have a deep and strong multilingual talent pool.

# TIMELINE FROM PLANNING TO AN OPERATIONAL AND REGULATED OFFICE

## How much time does it take to realistically set up a legal structure and get approval from the regulator?

**William O’Rorke** – It does take time especially for a regulated company. For an unregulated company, the procedure is simple and fully online, a realistic timeline including preparation would be 2 to 3 weeks.

While in this sector moving fast is a strong narrative, by experience, the time spent on planning is never lost. ORWL Avocats, specialises in working with regulated innovative companies and we can help you plan for all questions such as what type of regulations apply to my business, what are the requirements, what is the spirit and expectations of the regulator.

The goal is to find the right trade-off between planning and execution - which is where we can help. My advice, invest in the preparation.

The French regulator may not be the fastest, but it is certainly not the slowest and they are investing a lot to decrease the time to register. As an illustration, in France, we have a complete and large regulatory regime for digital asset providers. The first crypto company took 6 to 8 months to be registered and now it’s only 3 to 4 months which is really fast compared to other jurisdictions including the FCA in England.

They have the resources and skills to handle applications and I found that their team is clearly involved in the procedure.

**Geraldine Gibson** – The time to open a branch will depend on what you are trying to achieve and may take from 1 to 2 weeks to a year. We are regulated and had all the authorisation before opening in 2018, which helped us when planning to open the branch.

**Jean-Marc Nourel** – For Checkout between the set-up planning and a fully regulated office it took us a year to a year and a half to get regulated. It’s a quick process especially for an EMD licence (Electronic Money Distributor).

## WHICH LOCATION TO CHOOSE

**Paris is often mentioned as a destination for an office, are there other locations to consider in France?**

**Artus Galiay** – Location matters. France is not only Paris, and it can be quite decentralised. For instance, Lille, in Hauts-de-France, is the perfect halfway house between London and Paris. It's 1h15 from London and 1h from Paris, it's like living in the outskirts of both cities with affordable housing!

The region has 6 million inhabitants from the north of Paris to Calais and is at the centre of an important economical region including in a 185 miles (300 km) radius 67 million people with €1.5 trillion purchasing power and an international community in the region with 1 out of 10 jobs linked to foreign owned companies.

## COSTS OF RUNNING AN OFFICE IN FRANCE

**What are the average costs of running a sales office in France?**

**Artus Galiay** - The costs in cities outside of Paris and London are much more affordable with for instance real estate costs halved in Lille and HR costs on average 15% less than Paris and 30% less than London. The average cost for a 10 employees office in the region is around half a million annually (sales team). A customer service centre of 50 employees, with technical expertise (insurance for instance), would be around one and a half million euros.

More details: every square meter of a prime back-office price is halved in Lille (240€ in Lille, 670€ in Canary Wharf or 490€ in Paris la Defence) with cheaper options going for 145€ in Arras (Hauts-de-France) or 400€ in Paris.

For HR costs you can look at 130,000 € in Lille for a Sales Director compared to 180,000 € in London or 150,000 € in Paris; 58,000 € for a Sales Representative in Lille versus 87,000€ in London and 64,000 € in Paris; 31,000 € for an operation officer versus 53,000 € and 41,000 €.

## ADVICE AND TIPS

### Any last advice for our audience?

**Domitille Dessertine** – GET STARTED! Don't hesitate to contact us [the regulator] well upstream even if you just have the idea to set up in France, we will be happy to help you in your project. Contact us through our email address: [fic@amf-france.org](mailto:fic@amf-france.org) or through Business France.

**Thomas Ernout** – Make the most of all the support, tools, and expertise available to you through the French Tech or Business France in the UK. Get in touch, we have a lot of support available for you, don't hesitate!

**Jean-Marc Nourel** – Preparation is key! You need the right people at the very beginning on the ground helping to build the branch and the entity.

**Geraldine Gibson** – The existence of Business France was definitely key. The help in networking, finding the right people (lawyers, recruiters) all those who could help us in France was immense. I wish I had known the existence of Business France before because it would have made us go faster. If you're starting your journey, I encourage you to talk with the people from Business France.

**Artus Galiay** – Any local region has the resources to help also. It's easy for every company to connect and have a sense of what is going on locally. For instance, L'olivier Assurance, the French branch of Admiral, chose Lille after we helped them identify a strong local partner for recruitment.

**William O'Rorke** – I would say take the time to map all the organisations and support you can obtain in France to help you start in this market. It's specific to the French culture, the government is here to help the ecosystem. You will find a lot of support from public organisations and from the state.

# TESTIMONIAL OF GERALDINE GIBSON ON HOW SHE EXPANDED AQMETRICS TO FRANCE

**Geraldine Gibson** – A good point was made previously is just get going. Don't delay your expansion because your plans will change and sometimes you will have to change gears as you manoeuvre the entrepreneurship journey. Although you have your BHAG (Big Hairy Audacious Goal) – and the goal to be in the French market, it takes time to execute.

Our experience is not a blueprint for all startups, but this is how we approached it.

AQmetrics provides a regulatory and compliance platform for asset managers. Our clients are often global actors and we noticed that there is a lot of asset managers in France and francophone countries (Luxembourg, Belgium, Switzerland). That made France and Paris quite interesting for AQMetrics for its central location in Europe.

We took two years to make our choice as we also considered the US, the UK and Europe. We decided and planned from 2012 that the European base will be in Paris.

We started with recruiting a French representative working from London and starting to register the French entity. It took time and good advisors to do things correctly as we believed this type of operation need to be done properly.

We now have signed large clients in France and francophone countries, we will soon hire locally in Paris with our new entity as we prefer to have a team close to our new clients and we strongly believe that the diversity of culture, often complementary, create a unique and efficient team!

## Any plans for the future?

**Geraldine Gibson:** I was glad to hear about alternatives to Paris like Lille and we will look at that for our technology needs. As a technology firm, it's reassuring to know that there is such technical talents in France. Today we are focused on Paris, working with large financial institutions, and making sure we will support them with talents locally.

# TESTIMONIAL OF JEAN-MARC NOUREL ON HOW HE PARTICIPATED IN CHECKOUT EXPANSION TO FRANCE

**Jean-Marc Nourel** – Checkout is a payment service provider – a gateway, acquire and processor. We have had an entity and business operations in France for almost 3 years now.

We chose France for two reasons:

- 1. Brexit** - As a UK company, we wanted to have a plan B for continental Europe.
- 2. Market size** – For the payment industry, France is one of the biggest markets in Europe, the 2<sup>nd</sup> or 3<sup>rd</sup> behind UK / Germany, making it a logical decision.

For Checkout between the set-up planning and a fully regulated office, it took us a year to a year and a half. It's a quick process especially, for a regulated EMD business.

It was a crucial project, as it was our 4<sup>th</sup> office and the 1<sup>st</sup> entity to be regulated outside the UK. Our aim was to have a strong local entity entirely part of the local ecosystem, not just a shell company in France that would only use resources from abroad.

When the decision was made, we applied directly for an EMD licence (E-money Directive – Electronic Money Distributor). It was important for us to prepare everything and be sure the legal basis was solid. Then, when we set up the French entity in 2018, we started to hire people essentially for sales operations.

Parallel to the regulatory licence acquisition, we spent the first year talking to merchants in order to be identified as a key player on the market. The Checkout brand was well known, and it helped move quicker. Today, we have grown to 60 people in France including business operations (commercial and product team) and regulatory reporting talents.

It was important to have people on the ground, employees who were experts in French regulation, who used to work for entities regulated by the ACPR. We are also expanding from one office in Paris to a second smaller office in the south of France to develop our activities.

For us, to recruiting locally is important and really helped us with sales. We did the same for finance, compliance, operation, etc later. We recruit easily from everywhere in the world including London and other offices of Checkout.com.

## Any plans for the future?

**Jean-Marc Nourel:** Be sure that we are gaining market share in Europe by expanding our product offering and our commercial/business footprint in each market. We plan for much more commercial and business operations in France and Europe.



# Merci !

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