This dictionary explains the meaning of some 125 terms commonly used within the field of FinTech.
function_exists( 'incode_starter_setup' )

Sets up theme defaults and registers support functions before the init hook. The init hook is taken as an indication of support for post thumbnails.

Action incode_starter_setup() -

* Make theme available for translation.
* Translations can be filed in the /languages/ directory.
* To change 'incode_starter' to the name of your own theme in wp-config.php, you can do:
  
    define( 'INCODER_STASTER', 'new_theme_name' );
Financial technology, or FinTech, has become a ‘can’t miss’ and fast-developing industry in recent years. There are essentially two trends in FinTech. Either new start-ups seek to challenge or partner up with existing financial institutions, or existing financial institution seek to develop new solutions themselves. In any case, the ever-faster development of technologies such as blockchain are revolutionizing the financial sector and is a force to be reckoned with also across non-financial industries. Whichever way you’ve crossed paths with FinTech, you will need to understand the new technological and business landscape that has emerged.

One essential step on the path to understanding FinTech is getting familiar with its vocabulary, which is easier said than done! That is why we at DLA Piper Denmark found it useful to draw up a FinTech dictionary to explain with simple words the meaning of some 125 terms commonly used within the field. If you have little to no prior knowledge of the field, having a good look at this dictionary is a great place to start.

We hope this will help you to get a better understanding of the “lingo” of FinTech.

We wish you a good read!
The FinTech Group
DLA Piper Denmark

If you are short on time, perhaps just have a look at the following 15 terms we consider to be essential:

- AI (Artificial Intelligence)
- API (Application Programming Interface)
- Bitcoin
- Blockchain
- Cryptocurrency
- Data/Personal data
- Digital assets
- Digital identity
- DLT (Distributed Ledger Technology)
- Mining
- PoW/PoS (Proof of Work/Proof of Stake)
- Sandbox
- Smart-contract
- Token/coin/cryptoasset
- Underbanked/unbanked
<table>
<thead>
<tr>
<th>Word</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accelerator</td>
<td>An accelerator, or start-up accelerator, is a program designed to help new businesses over a limited period, for instance by providing them with mentoring and networking opportunities.</td>
</tr>
<tr>
<td>Agile</td>
<td>Agile is a set of 12 principles for software development, which have been elaborated by a group of programmers in the ‘Manifesto for Agile Software Development.’ According to them, it consists in valuing: ‘Individuals and interactions over processes and tools; Working software over comprehensive documentation; Customer collaboration over contract negotiation; Responding to change over following a plan.’ It has had a broader impact in other fields such as business administration with the concept of agile management, particularly popular with companies seeking to be more innovative.</td>
</tr>
<tr>
<td>Algorithm</td>
<td>An algorithm is a set of rules to be followed by a computer, which are typically repeated many times by a program to solve a problem or process a vast amount of data. Although the analogy is not entirely accurate, it is often compared to a cuisine recipe: take X eggs and Y grams of flour, etc. and perform a certain number of actions in a specific order to bake one crêpe, repeat it until you reach the desired number of crêpes.</td>
</tr>
<tr>
<td>AltFin</td>
<td>AltFin is a jargon word meaning Alternative Finance.</td>
</tr>
<tr>
<td>AML</td>
<td>AML is short for ‘Anti Money Laundering’ and basically refers to the different laws which seek to prevent the acquisition and dissemination of</td>
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</tbody>
</table>
illegally obtained income, i.e. dirty money. For example, money obtained through the sales of illegal drugs or destined to finance terrorism.

**Angel**

An angel investor, or business angel, is a person with a high net worth and typically lots of experience in the tech industry who will invest his or her own personal money to support a new venture. This is for instance what Peter Thiel, one of the founders of PayPal together with Elon Musk, did when he put forward $500,000 from his own pocket to become the first investor in Facebook.

**API**

API - not to be mixed up with IPA for Indian Pale Ale - is short for ‘Application Programming Interface’ and refers to a way softwares interact and exchange information. For example, the online payment service of a bank will use an API to enable its program to communicate with a software or database external to the bank, such as insurance company with whom you would have a payment agreement. To some extent, it can be compared to a messaging app between softwares.

**App**

An app is short for an application and is essentially a synonym of software.

**Artificial intelligence**

Artificial intelligence, shortened as ‘AI,’ is a field of computer science which seeks to create machines able to mirror intelligent behavior typically associated with human thinking. It can be further divided into weak and strong AI. Machines with a weak AI appear intelligent and creative when they perform their tasks but do not actually have any consciousness or sense of purpose. Machines with strong AI are capable of actual critical thinking and consciousness, but they are not a reality in
the current state of technology. For instance, for a weak AI think of Amazon's Alexa, for a strong AI think about the character Hal in 2001: A Space Odyssey.

| Automation | Automation refers to the trend of seeking operational efficiency by enabling machines and **AI** programs to perform tasks traditionally carried out by humans. For example, manufacturing companies employ robots to assemble goods, companies like Tesla use AI to create self-driving cars. |
| Beacon | Beacons, in the context of FinTech, refer to small Bluetooth devices functioning like micro radio transmitters permitting to wirelessly carry out financial transactions. An example of beacon technology can be the device certain restaurants add to a smart phone and that waiters use to both take an order and read a credit card. |
| Big data/big data analytics | Big-data, or big-data analytics, refers to the set of tools and strategies used to structure and analyze large amounts of data in order to reveal trends and patterns and to use this knowledge to gain a competitive market advantage. For example, Facebook analyzes its users’ **data** to get a better understanding of them and to enhance the quality of its targeted advertising services. |
| BigTech | Expression used to refer to the most influential technology companies such as Google, Apple, Facebook, Amazon (these four also referred to as ‘GAFA’), Microsoft, Spotify, Netflix, etc. |
| Bitcoin | Bitcoin is the most popular **cryptocurrency**. It was created in 2008 by an unknown person or |
group of persons under the pseudonym of Satoshi Nakamoto. Satoshi authored the white paper ‘Bitcoin: a peer-to-peer electronic cash system,’ which explains how the currency and its underlying technology, the blockchain, work. The creation of Bitcoin is considered to be one of the most defining breakthroughs of cryptocurrencies.

**Blockchain**

A blockchain can be described as a record of transactions made of blocks which each represent one or several transactions. Each record is encrypted and results in a ‘hash.’ Each new block contains a hash of the previous one which itself contains the record of all the previous transactions that ever took place on the network, and each node of a network possesses the same synchronized record (also referred to as Distributed Ledger Technology). As a result, in order to tamper with the record and make a single modification in the history of transactions, one would have in effect to modify all the blocks from the change and onwards. This comes down to having to hack all the nodes operating on a given blockchain at once. This is how the high level of security of the blockchain is created, because it requires a monumental amount of computing power to outspeed at once all the miners on the network who are constantly certifying transactions and adding new blocks to the chain.

Blockchain technology has also found usage beyond its birth in cryptocurrencies. For example, it is used by Maersk and IBM in a partnership called TradeLens to track and ensure the integrity of the content of shipped containers.

There is also a distinction between permissionless
(or public) and permissioned (or private) blockchains. The first ones do not require any permission to join, obtain a copy of the ledger and transact on their network (think Bitcoin), the second ones require to be approved to join and are private (think TradeLens, which is only addressed to actors of international trade).

<table>
<thead>
<tr>
<th>Bootstrap</th>
<th>A bootstrap refers to a new business started by one or a few people who have extremely limited resources.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Challenger bank</td>
<td>A challenger bank is a FinTech venture which seeks to propose services to draw clients away from established banks.</td>
</tr>
<tr>
<td>Chief Data Officer (CDO)</td>
<td>CDO is short for ‘Chief Data Officer’ and refers to a recent new director position in corporations. It essentially designates a person in charge of supervising the management of Data/Personal data held and operated by his or her company. It can be synonymous to the role of the Data Protection Officer mandatory in some circumstances under the GDPR, but these two can also be separate persons within a company.</td>
</tr>
<tr>
<td>Churn-rate</td>
<td>The churn-rate is an essential metric of performance for start-ups as it refers to the percentage of users who stop using a service or a product over a specific period.</td>
</tr>
<tr>
<td>Cloud computing</td>
<td>Cloud computing refers to digital services outsourced over the internet. For business users, instead of investing in its own servers or processing power, a company will obtain these through a cloud service provider who will give it access to its infrastructure from a distance.</td>
</tr>
</tbody>
</table>
via the internet for instance through Amazon Web Services. For consumers, a cloud can for example be a way to store files on the internet, with operators like DropBox or Google Drive, or to access music, via Spotify or Deezer.

**Cockroach**

A cockroach is a company whose strategy is to grow up organically and keep its costs low in order to be as financially resilient as possible.

**Collaborative consumption**

Collaborative consumption is the technical term for what is also referred to as the ‘sharing economy’ or ‘gig economy.’ It has become an umbrella term that covers all kinds of business models based on the sharing of goods and services. Some well-known examples are Uber, to share car rides, and AirBnB, to share housing.

**Consensus mechanism**

A ‘consensus’ mechanism is the way by which the nodes of a blockchain agree on the state of their network, that is to say on the single data value to be the actual correct record of the history of all the transactions that ever took place.

**Crowdfunding**

Crowdfunding refers to an innovative way of raising money that bypasses traditional routes such as banks or venture capital funds and that consists in leveraging from an online community to advertise and ask its members to each make small financial contributions to help the financing of a given project. For example, YouTubers would use crowdsourcing platforms such as Patreon to reach out to their communities and seek their funding to realize a specific project such as a video with a bigger budget for special effects or that would involve a lot of travelling.
| **Crowdsourcing** | Crowdsourcing is similar to [crowdfunding](#) except that it is not limited to raising money. It consists in reaching out to the public via the internet in order to gather ideas, services or personnel. |
| **Crypto-collectibles** | Crypto-collectibles are a kind of [tokens](#) which have the peculiarity of not being fungible with each other. For instance, all pairs or Jordan shoes are fungible, up until the time when one gets actually signed by Michael Jordan. Crypto-collectibles work in a similar fashion. For example, in an online video game a person can create an avatar which will be unique and therefore not necessarily fungible with any other. |
| **Cryptocurrency** | Cryptocurrency, also referred to as ‘digital currency’ or ‘exchange token,’ is a virtual, non-physical currency that is not issued by a central authority, whose administration is distributed through all its users on a [blockchain](#), and whose security and integrity is ensured by advanced encryption techniques also based on a blockchain. It is however not necessarily synonymous of [E-currency](#). |
| **Crypto fiat currency** | A crypto-fiat currency is a kind of [cryptocurrency](#) issued by a central bank. The most well-known example is Venezuela’s ‘Petro.’ See also [fiat currency](#). |
| **Cybersecurity** | Cybersecurity refers to the technologies, programs, processes and best practices to shield a computer or internet system from breaches and intrusions. |
| **Cypherpunks** | The cypherpunks are a group of activists who, since as early as the beginning of the 1990’s, started to promote a stronger protection of privacy online for instance through the creation of a system of |
encryption and anonymization of online financial transactions. These people were the pioneer thinkers who paved the way for the ideological framework behind the creation of Bitcoin. Famous members of this movement include for example a mathematician from UC Berkeley, Eric Hughes, a retired business official from Intel, Tim May, a computer scientist called John Gilmore who was one of SunMicrosystems’ first employees.

**Data/Personal data**

Data refers to scattered digital information that can take many shapes and sizes such as texts, numbers, images, etc. For example, it could be objective information about how much it rained in Aarhus on a given day, or how many people used the Copenhagen city bikes over a specific period. Personal data, more specifically, refers to any such information attached to a certain person. For example, your web browser history or the information on your national ID card.

**Database**

A database is a platform on which vast amounts of data are stored and organized.

**Data Protection Officer (DPO)**

A Data Protection Officer, often shortened as DPO, is, according to the GDPR, a mandatory function in certain companies whose role is to ensure the compliance of the handling of personal data by his or her company with European Union law. It can sometimes coincide with the position of Chief Data Officer.

**Decentralized Autonomous Organization (DAO)**

DAO is short for Decentralized Autonomous Organization and designates an organization built around policies and rules that have been coded into a software. This means that this organization is not run by people but by a software program.
For instance, it can act like a central bank or a financial authority which is able to modify the rules governing a given blockchain. However, to the difference of central banks, it is distributed among all its nodes who entrust some of them to exercise administrative powers on the rest of the community.

**Denial of service attack (DDoS)**

DDoS is short for ‘Denial of Service attack’ and is a type of cyber-attack whereby hackers prevent users from accessing a given service or website. This is typically done by overwhelming a service by artificially flooding it until its servers do not have enough power for its ‘real’ users. For instance, this is what happened in 2012 to Bank of America, JP Morgan Chase and Citigroup, and in 2017 to the journal The Boston Globe.

**Devs**

‘Devs’ is a jargon term to designate ‘developers,’ who are the people who create computer programs.

**Digital assets**

A digital asset refers to any data, along with the rights to use it, that is capable of having a commercial value. For example, it can be a photo, a video, audio files, .pdf documents. It is however not necessarily synonymous to a crypto-asset which is a more specific notion.

**Digital Asset Management (DAM)**

DAM is short for Digital Asset Management solution and refers to services handling digital assets.

**Digital identity**

Digital identity, also written Digital ID, is the equivalent to a ‘real world’ personal identity to be used online. It may consist of basic information such as name, date/place of birth, etc. (similarly
to a passport), or even be as simple as a login and a password, depending on the sensitivity of the service provided. In the context of FinTech, it is closely related to the notions of keys, KYC, and 2FA.

Digital Native
A digital native, also called a millennial, or generation Y, is a person who grew up in the era when digital technologies started to fill all aspects of life. It would typically refer to a person born during or after the late 1980’s.

Discount tokens
Discount tokens are a subcategory of utility tokens whose purpose are to provide with a discounted price on certain services provided by its issuer.

Disruption
Disruption and disruptive technology are expressions popularized by Harvard Business School Professor Clayton Christensen with his 1994 book ‘The Innovator’s Dilemma.’ It originally refers to the phenomenon through which established companies and institutions miss out on new technological opportunities and instead become replaced by new innovative firms.

Distributed Ledger Technology
Distributed Ledger Technology, also known as DLT, is any kind of software utilizing a network of servers with the goal of sharing the same financial information on a synchronized ledger. It is called distributed because there is no central record of transactions. Instead, the record of transactions is spread through a network of users (sometimes referred to as nodes). Even though they are often used as synonyms, the difference between blockchain and DLT is that blockchain is a subcategory of DLT. The main differentiator between DLTs and blockchains is the way they reach consensus, that is to say the
way its nodes agree on the content of the ledger, to avoid issues such as double spending. For example, on the Bitcoin blockchain, a ‘consensus’ is reached when a majority of nodes agree on the correct history of the record; on the DLT of Hashgraph, the consensus mechanism is called ‘gossip about gossip’ and essentially means that the task of updating the network is allocated in an unpredictable way between its nodes and at an increased speed as time goes by.

**DRAAS**
DRAAS is short for ‘Disaster Recovery As A Service’ and refers to the outsourcing of the hosting of a server to a third party, in case of for instance a cyber security breach, to maintain the integrity of sensitive and vulnerable data. This is a service for instance proposed by Microsoft Azure or Quorum.

**Ecosystem**
An ecosystem is the set of users, rules, services and cultures ‘growing’ on a given platform or network. For instance, the ecosystem of eBay consists inter alia of the set of users, their business practices and the features of the website.

**E-Currency**
A E-currency refers to a currency which does not rely on cash, but that is not necessarily a **cryptocurrency**. The most famous example comes from Sweden, whose central bank issued an E-Krona as an experiment to lead the country to a cash-less future.

**EMV/EMV chip**
EMV is short for ‘Europay, Mastercard and Visa’ (its initial developers) and refers to the global security standard for credit card microchips.

**Encryption**
Encryption refers to the procedure by which communications are filtered to become secure and
unreadable by any third party to which they were not addressed and to anyone who would seek to intercept them. For instance, a **hashing function** can turn bank information into a unique cyphered string of numbers and letters.

**Ether/Ethereum**

Ethereum refers to a cryptocurrency, inspired by the model of **Bitcoin**, but with other features such as a major use of smart-contracts. It was co-created in 2013 by Vitalik Buterin, a Russian-Canadian computer programmer, when he was only 19 years old.

**Evangelist**

In the world of **start-ups**, an evangelist is a person who promotes a company by trying to ‘convert’ people to its cause, to turn them into ‘believers.’ The term was popularized by Guy Kawasaki who used to be the Chief Evangelist at Apple.

**Fiat currency**

A fiat currency, or fiat money, refers to a currency issued by a government authority, typically a central bank, and whose value is not linked to any material asset. The value of a coin in a fiat currency is symbolic, it does not correlate to the value and amount of metal it is made of. ‘Fiat’ is Latin for ‘let it be done’ – think about the expression ‘fiat lux’ for ‘let there be light.’ For example, the Dollar is a fiat currency because it is no longer linked to the value of gold since 1971. In the context of **FinTech**, see **crypto fiat currency**.

**FinServ**

FinServ is a jargon term referring to the broad industry of Financial Services.

**FinTech**

FinTech is a jargon term referring to Financial Technologies, which is the trend of **start-up** companies seeking to dethrone banks and other
established financial institutions.

Fork

A fork, in the context of FinTech, is a modification of the protocol of a blockchain. Picture yourself a rail track dividing in two. For many reasons, the community of users of a blockchain may disagree as to the direction the currency should take, they therefore create a fork, that is to say an alternative version of the blockchain with new rules, which will evolve in parallel to the original one.

There are two kinds of forks. Hard forks are not ‘backward compatible’ and refer to changes in protocol that render previous rules obsolete, forcing all nodes wishing to operate on it to update their software. Imagine trying to read a Microsoft Word 2016 document with a Word 1997 software – it would not work without an update. On the contrary, soft forks are backward compatible: older versions of the software of a blockchain can read and operate transactions on the new fork.

Probably the most famous example of fork is the hard fork on the Bitcoin blockchain called ‘Bitcoin Cash.’ A part of the Bitcoin community wanted to change some rules for instance regarding the size of blocks.

Forks can be dangerous for a blockchain because it may disperse its community and thus negatively impact the trust in any cryptocurrency attached to it. PoW systems are designed specifically to dis-incentivize the creation of forks and reduce that risk.

Gamification

Gamification is a trend in FinTech which consists in building apps by borrowing designs typically
found in games. This renders the user experience more friendly, playful and facilitates customer engagement and on-boarding. For example, a pocket-money management app can look like a video game in order for parents to teach their kids how to become financially responsible.

**GDPR**

GDPR is short for the European Union’s General Data Protection Regulation which is the piece of legislation determining among other things how the personal data of European citizens must be handled.

**Hackathon**

A hackathon is a mash-up of ‘hack’ and ‘marathon’ and refers to an event or a competition during which programmers and hackers try to solve difficult coding problems collaboratively over a short period of time, typically a few days. For instance, a company wants to make public a new security system, but it first decides to organize a hackathon to attract coders to try to break it and reveal its weaknesses, to fix them before actually releasing the program.

**Hacker**

A hacker is a computer programmer whose goal is to exploit the security weaknesses of a program to infiltrate it, for instance to extract valuable information. For example, think of the movies like Matrix or Die Hard 4.

**Hardware**

Hardware, sometimes abbreviated H/W, refers to the physical, tangible elements that constitute a computer or any electronic device. For instance, it can be a screen, a hard drive, a keyboard, a motherboard.

**Hashing**

Hashing refers to an encryption method which
is heavily used in the context of **blockchain**. For example, a hashing program (also called a hash function) will turn any input however long (a picture, a sentence, a series of number, an entire book, etc.) into a series of character of a fixed length called a hash. The program is designed so that it is extremely difficult to deduce the initial text from the resulting hash. For example, the hash function SHA-256 can turn any text or document into a unique string of 64 numbers and letters.

**IaaS**

IaaS is short for ‘Infrastructure as a Service’ and is similar to **SaaS**, except that instead of providing a software as a service, it provides with **hardware** such a servers and computational power. Well-known examples are Microsoft Azure or Google Compute Engine.

**Incubator**

An incubator is an organization providing support for the development of early stage **start-ups**. It can for instance be an incubator in a university to help students start their own companies, as StartX does at Stanford University.

**Initial coin offerings (ICO)/Token sale**

An ICO is short for ‘Initial Coin Offering’ and refers to the way by which a company may seek to raise money not by issuing shares (such as would be the case in an Initial Public Offering, IPO) but by issuing **tokens/coins** to purchase services on its platform.

**IOT**

IOT is short for ‘Internet of Things’ and refers to the phenomenon by which everyday items such as lamps, windows, fridges, become connected to the Internet in order to enhance their features. For instance, an oven connected to a cell phone and that one can launch from a distance to pre-heat while still being at work.
**KBA**

KBA is short for ‘Knowledge-Based Authentication’ and is more generally known as the ‘secret questions’ one has to answer when forgetting or wanting to change a password. It is a security feature essential to counter fraud and identity theft in accessing online services. For instance, when you open a Gmail account, you need to create a password as well as a secret question and answer that may be used if you need to change that password or if you need to make sensitive changes to your personal settings.

**Keys (public and private)**

A public key is a long string of numbers and letters used to hide the identity of a user on a blockchain. It can be compared to a bank account number: it permits to know where money has to be sent, without explicitly disclosing the identity of the individual behind it.

A private key is the secret key that a blockchain user will use to access his or her account and transact on the blockchain.

**KYC**

KYC is short for ‘Know Your Customer’ and refers to enhanced security procedures to identify and know better one’s customers identity and activities. For financial institutions for instance it can be methods to make sure that clients are not trying to launder money or evade taxes.

**Leapfrogging**

Leapfrogging designates the process by which for instance certain developing or emerging countries obtain new advanced technology before having had access to a previous technology. For instance, in Africa countries like Kenya saw a quick growth of mobile payment apps before credit card systems even became popular, thanks to companies such as M-Pesa.
Legacy finance

Legacy finance, in the context of FinTech, refers to the traditional, incumbent financial industry represented by banks and insurance companies that young start-ups seek to topple.

Machine learning/Deep Learning

Machine learning is a method to develop and train AIs. It does not consist in giving an AI a set of instructions about how to behave in any given situation, but it confronts an AI with a massive number of examples in order for it to figure out the rules and behaviors expected from it.

The quality of the AI depends very much on the quality and quantity of the data it is given to process. A well-known example of machine learning application is facial recognition AIs.

Deep learning is a subcategory of machine learning which can be made of deep nets of artificial neural networks that perform best when fed with larger amounts of data. Without being taken too strictly, a difference between Machine learning and Deep learning is that the former is more about analyzing data, and the latter is more about helping to make previsions and take decisions. A well-known example of use of deep learning is Google DeepMind's AlphaGo AI which defeated in 2016 the world's best player of Go.

Messaging Commerce

Messaging commerce refers to the new trend to link private messaging apps such as Whatsapp or Messenger with e-commerce services. This is much more common in Asia than in the Western World, with the most famous example being China’s WeChat.

MiFID II

MiFID II is short for ‘Markets in Financial
Instruments Directive, version 2’ of the European Union. Together with MiFIR I, it harmonizes, among other things, transparency obligations for investment firms, authorization procedures for the issuance of new kinds of financial instruments, the way market abuses have to be reported, how investors are protected, how algorithm-driven high frequency trading has to be carried out, etc.

**MiFIR I**

MiFIR I is short for ‘Markets in Financial Instruments Regulation, version 1’ of the European Union which forms a legislative package with MiFID II and regulates for instance trade reporting and trading venue transparency.

**Mining**

Mining is a concept that relates to blockchains relying on a PoW consensus mechanism. A miner is a person contributing computational power to the network in order to both ensure the security of the network and verify the most recent transactions. The security aspect is that the more miners you have, the more computational power you gather, and the more difficult it becomes for any ill-intentioned individual to gather the 51% of computational power needed to unilaterally modify the transaction history. It also is a compensation system. It takes a lot of resources (electricity, hardware, time) to mine. As a way of compensation, the miners are paid in the cryptocurrency native to the blockchain they are servicing. For example, miners on the Bitcoin blockchain get remunerated by the special issuance of new Bitcoins. This means that the greater the value of a blockchain currency, the more incentive there will be for new miners to join the blockchain and enhance in turns its security.
| **Mining pools** | A mining pool consists in a group of persons who share their computational powers in order to **mine cryptocurrencies** in a more efficient fashion. As an example, Iceland has in recent years become a paradise for Bitcoin miners to set up and pool their super computers. |
| **MVP** | MVP in the context of **start-ups** is short for ‘Minimum Viable Product’ and is an extremely early version of a product to be developed and demonstrated to early adopters, testers and investors. In the context of the NBA it would refer to the ‘Most Valuable Player,’ but this has nothing to do with **FinTech.** |
| **Natural asset tokens** | Natural asset tokens are **tokens** linked to actual assets such as carbon. For example, carbon-trading schemes rely on natural asset tokens. |
| **Natural Language Processing (NLP)** | NLP is short for ‘Natural Language Processing’ and is essentially a subfield of computer science which seeks to enable **AIs** to understand human language. It can also be used in turns to analyze and generate human-like speech and text. |
| **Neural network/Artificial neural network** | A neural network, in the context of **AI** technology, refers to the specific design of Machine learning/Deep Learning AI programs which seek to emulate the natural biological structures and flows of a human brain in order to gain efficiency. |
| **Node** | A node refers to a computer servicing the network by recording and transmitting transactions on a **blockchain.** It is often used as a synonym to a user, but it is not necessarily the case. Several users can gather on a single node, and a single user can own several nodes. |
**Nudge**

A ‘nudge’ is a concept of behavioral economics popularized by Richard Thaler (Professor at the University of Chicago and winner of the Nobel Prize of Economics in 2017) and Cass Sunstein (Harvard Law School Professor). A nudge is essentially a small change in an environment that is designed to incentivize people to have a certain behavior without explicitly mandating them or ordering them anything. Probably the most famous example used by these authors in their seminal book ‘Nudge’ is that of drawing small flies or bugs at the bottom of urinals so that men think it is funny to aim at them, and therefore without realizing it they actually pee properly and do not spread urine all over the place.

It is particularly relevant to FinTech companies to enhance their user experience and on-boarding process. It is a challenge for them to create products which are extremely easy to use and with a design that facilitate their adoption.

**On-boarding**

On-boarding refers to the strategies a company can use to draw new customers onto its platform, by making them understand its functioning and eventually adopt it fully, one step at a time. For example, language learning app Duolingo offers a tutorial to learn quickly how to use it. This is a notion closely linked to user experience and more and more to gamification.

**Online Wallet**

An online wallet, also called a digital wallet, consists in the deposition of money online to a service provider such as PayPal or mWallet who will then be used to proceed to secured payments on e-commerce platforms, for instance eBay.
| **Open source movement/open source software movement** | The open source movement refers to the people advocating for the spread of open-source software, in other terms of non-proprietary (non-licensed) softwares, which are public and free to use. |
| **Oracle** | An oracle is a device which permits to link a smart-contract to the ‘real world.’ For example, if a clause of a **smart contract** states that a supplier will need to automatically send new barrels of oil to a client when its stocks are running low, an oracle can be the sensors checking the level of that client’s tanks. |
| **PaaS** | PaaS is short for ‘Platform as a Service’ and is similar to **SaaS**. It however differs from it because it does not provide just any kind of end-user with a software, but it specifically provides software developers with software for them to develop new applications. |
| **Payment Gateway** | A Payment Gateway consists in a secured service to link for instance a bank and a credit card with a website on which to proceed to payments, such as e-commerce platforms or to book plane tickets online. |
| **PCI Compliance** | PCI Compliance is short for ‘Payment Card Industry Compliance’ which is the sum of all regulation to be abided by in order to uphold security and safety of sensitive credit cards and bank information when carrying financial transactions online. |
| **POS** | POS is short for ‘Point of Sale’ and refers to the physical place where a transaction can be concluded. It is traditional for established banks to conclude and sign a loan with a customer during a meeting at the bank’s premises. Although it may seem counterintuitive, some **FinTech** companies
may seek to establish their own physical points of sales, such as was the rationale behind the partnership of the Swedish start-ups Klarna and Sitoo.

**PoW/Pos (Proof of Work/Stake)**

A Proof of Work system, or PoW, is a method of reaching consensus on a blockchain. It is closely linked to the notion of mining and is most widely used by crypto. It is the consensus method on the Bitcoin blockchain and essentially refers to a system forcing miners to tackle complicated mathematical puzzles generated by the Bitcoin program and whose resolutions are necessary to certify new transactions and generate new blocks on the blockchain. The node which solves the puzzle first is the one that gets to create the next block and be remunerated with protocol tokens.

A Proof of Stake system, or PoS, is another method of reaching consensus on a blockchain. It differs from a PoW system in that it does attribute the creation of a new block to the quickest node to solve a puzzle: it attributes this task to certain nodes picked according to factors such as the amount of tokens/coins/crypto-assets they own (their stake). In that sense it can be compared to the voting rights system between shareholders of a company.

There is a variety of other methods to reach consensus such as Delegated Proof of Stake (DPoS), Proof of Elapsed Time (PoET), Practical Byzantine Fault Tolerance (PBFT), and many others which most of the time consist in variations of the principles contained in PoS and PoW systems.

**Protocol**

In the context of FinTech and blockchain, a
Protocol is the sum of all the rules that govern a given ecosystem. For example, the Bitcoin protocol states, among other things, that the total monetary mass of Bitcoin cannot be more than 21 million Bitcoins in circulation.

**Protocol tokens**

A protocol token is a token awarded as an incentive to reward a node performing a task that maintains and updates its network, such as mining.

**PSD2**

PSD2 is short for ‘Payment Services Directive, version 2’ of the European Union which governs, among other things, online payments in the EU. PSD2 is currently very much in focus for FinTech companies. For example, it obliges banks to build APIs allowing third party’s access to sell applications to the banks customers using the data originally given by the customers to the bank.

**PSP**

PSP is an abbreviation for ‘Payment Service Provider.’

**Public Ledger**

A public ledger is a public record of all the transactions which have taken place on the network of a blockchain-based cryptocurrency. It is accessible by anyone, but its nodes are anonymized. For instance, the Bitcoin blockchain is a public ledger.

**P2P Lending**

P2P Lending is short for Peer-to-Peer Lending and is also known as Social Lending. It is the borrowing of money from individual lenders without the intermediary of a financial institutions and at rates that are typically lower and more competitive. It is an application of the concept of collaborative consumption to lending.
Quantum computing

Quantum computing is an advanced computer design not based on the processing of bits made of 0 and 1 but of quantum bits, or Q-bits, which can incorporate much more combinations than the traditional binary system, by exploiting quantum physics phenomena such as quantum superposition. It can perform most of the tasks of traditional computers, but it will most often do so several orders of magnitude quicker.

RegTech

RegTech is a the short for Regulatory Technology and essentially represents the merger between technology and regulation. It consists of new business models which seek to facilitate the compliance of other companies with all the complex laws regulating the financial and technological landscape.

Robo-Advisors

Robo-Advisors refers to AIs which are entrusted the management of a financial portfolio. They are an automated version of a financial advisor. For instance, companies like Wealthfront or Betterment propose robo-advisors aiming to help their users to optimize their taxes.

SaaS

SaaS is short for ‘Software as a Service’ and essentially refers to softwares provided by a cloud computing service provider via the internet rather than being installed on the user’s computer. For example, Salesforce.com, Microsoft Office 365 or Slack.

Sandbox

A sandbox, or regulatory sandbox, is used by an authority to supervise in an isolated space and during a limited period a service by a company that may be borderline in terms of regulatory compliance. This is a way to test it before deciding
to authorize or prevent it from getting placed on the market. For instance, this is what the UK's Financial Conduct Authority (FCA) has put in place in order to test developing companies in the sectors of consumer credit or automated financial advisory. The Danish Financial Supervisory Authority (DFSA) has also in 2018 established a Sandbox in Denmark inspired by the British model.

**Satoshi Nakamoto**

The pseudonym of the anonymous inventor(s) of Bitcoin and author(s) of the Bitcoin white paper.

**Scale-up**

A scale-up is a start-up that has grown greatly, by hiring many employees and raising a lot of funds to become an established company with a sustainable business model.

**Security tokens**

If a token's value is linked to that of an actual asset outside of its blockchain ecosystem, it will be considered as a security and will therefore be subject to regulations which would apply to any traditional kinds of security. For example, such tokens can be called cryptoequities or cryptobonds and be regulated under MiFID II.

**Seed capital**

Seed capital refers to the very early stage capital invested in a company and that will often be provided for by friends and family.

**Series A, B, C, etc.**

Series A, B and C on onwards refer to the successive rounds of financing in the life of a start-up. Each of them can represent a different milestone being anything between early stage financing up to the preparations for an acquisition or an IPO.
Shadow banking and shadow banking system refer to the trend when financial institutions such as hedge funds, private equity funds or even FinTech companies start acting in a similar way to banks by providing lending services but are not subject to the same regulatory oversight.

Smart-contracts refer to contractual clauses embedded in computer code in order to be performed automatically upon the realization of specific circumstances which are typically triggered by a signal from an Oracle. There is however debate over the legal enforceability of all smart contracts as well as to what constitutes the contract: whether the contract is the code itself, or whether the code is a mere expression of a contract taking another form.

Software is a general term used to refer to programs on which computers operate. These are divided into application software, often referred to as ‘apps,’ or system software such as Microsoft’s Windows or Apple’s iOS.

A start-up, also written startup, is a new small business with an innovative business model and/or technology which have typically never been tested before.

STP is short for ‘Straight Through Processing’ and refers to the capability to carry a financial transaction entirely without human intervention.

SSO is short for ‘single sign-on’ and refers to the bulking of login information of several services. For instance, it is possible to log on to Spotify via Google or Facebook.
**Stablecoin**

A stablecoin is a kind of cryptocurrency that provides more price stability by linking its value to certain reserve assets, in the way that an actual currency like the Dollar was linked to gold's value until 1971.

**Token/Coin/ Cryptoasset**

Tokenization refers to the way by which a company creates a sort of currency that can only be used within its own ecosystem and in which the unit is called a token. The difference between a token and a coin is that a coin is only used as a means of payment, whereas a token can have wider applications such as providing voting rights in some decisions of the company that issued it. For instance, each Ether on the Ethereum Blockchain is a token: it can only be used in relation to that specific blockchain. Typically, when a user joins such a platform, he or she has to trade actual money in exchange of tokens to use on that specific platform. This is exactly what happens when you go to a casino, you do not put money on the roulette boxes but casino chips, which are to gambling what tokens are to FinTech.

**Two factor authentication (2FA)**

2FA refers to a security technique to ensure the identity of the user of a service. For instance, when you proceed to an online payment, you may have to first authenticate yourself by giving your credit card information, and you may have to give confirmation to your bank by entering a code you received by SMS.

**Underbanked/ unbanked**

An unbanked or underbanked person refers to an individual who does not have access to basic financial services such as retail banking. The majority of these persons live in developing or emerging countries, see ‘leapfrogging.’ For that reason, they constitute priority targets for FinTech ventures because they would have less established financial institutions to compete with.
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td><strong>Unicorn</strong></td>
<td>A unicorn is a start-up company whose valuation exceeds one billion US Dollars. These are a rarity, hence the name of a mystical animal. For instance, Uber is a unicorn.</td>
</tr>
<tr>
<td><strong>Use-case</strong></td>
<td>A use-case, often referring to blockchain use-case, refers to any given application of a technology such as blockchain.</td>
</tr>
<tr>
<td><strong>User experience (UX)</strong></td>
<td>User experience, sometimes abbreviated UX, refers to the experience a user gets when using a given product, including all his or her expressions, sensations, frustrations, etc. See also on-boarding.</td>
</tr>
<tr>
<td><strong>Utility tokens</strong></td>
<td>Utility tokens are tokens which provide access to a specific service within an ecosystem. For example, on the ecosystem of the mobile game Candy Crush, gold bars can be considered to be utility tokens as they may be used for purchasing services on the app such as extra ‘lives,’ moves or gameplay.</td>
</tr>
<tr>
<td><strong>Venture capital</strong></td>
<td>Venture capital, sometimes abbreviated as VC, is a kind of private equity specialized in risky investments in early stage companies.</td>
</tr>
<tr>
<td><strong>WealthTech</strong></td>
<td>WealthTech is a kind of FinTech applied to personal finances and private banking.</td>
</tr>
<tr>
<td><strong>White Paper</strong></td>
<td>The white paper is the seminal piece written by Satoshi Nakamoto and which is considered the groundbreaking work founding Bitcoin and blockchain technologies.</td>
</tr>
<tr>
<td><strong>Wizards</strong></td>
<td>A wizard is a walk-through to a computer software in order to teach its user how to properly use it and can be a tool for on-boarding.</td>
</tr>
</tbody>
</table>
Zug

Zug is a Swiss town close to Zürich which has been dubbed the ‘crypto valley’ and has been promoted by local authorities to become the FinTech center of the world. As a matter of fact, Swiss law favors the advent of cryptocurrencies by treating them as any other kind of foreign currency.
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