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Improving the Innovation Ecosystem as a Key to Successful Development of Russian Fintech Startups

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ABSTRACT

Relevance. The article presents the results of a study of the criteria and factors contributing to the success and failure of Russian fintech start-ups, as well as their important role in the development of the economy and the financial sector. **The aim** of the study was to identify and assess the impact of stakeholders' coordinated activities on the success of Russian start-up projects. **Methods** used by the authors involved empirical analytic methods, case studies, focus groups, surveys, in-depth interviews, and qualitative comparative analysis. **Research results** include an assessment of the state and prospects of financial technology development and the formation of a fintech ecosystem, as well as the problems of financing technological innovations in Russia. The authors have studied barriers to the growth of the Russian venture capital market and ways to overcome them. The article also presents the findings of 32 in-depth interviews with experts and entrepreneurs in the domestic fintech market, as well as a survey of owners and managers of 44 start-ups in the early or seed stage of business development. As a follow up of a thorough research, a list of 30 factors for startup success was compiled and seven configurations identified for potential estimation of either success or failure for the projects. **The practical implication** of the work lies in its potential use for participants in the startup ecosystem to increase the chances of success in the early stages of fintech projects.

Keywords: fintech; ecosystem; stakeholders; fintech start-ups; Russian venture capital market; barriers to growth; criteria and factors for success and failure; stakeholder approach

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INTRODUCTION

After the global crisis of 2008–2010, the world opened *FinTech*, or "era of financial technologies', which the Basel Committee on Banking Supervision defines as "technology-generated financial innovations that lead to new business models, applications, processes or products which eventually influence financial markets and institutions and the provision of financial services".[1]

The Bank of Russia regards FinTech as "the provision of financial services and solutions using innovative technologies, such as Big Data, AI and machine learning, robotic process automation, blockchain, cloud technologies, biometrics etc."[2]

The authors of this article interpret it as innovative technologies in the financial sector transforming the established value chain (or its component), providing more efficient services and solutions for businesses and consumers.

There exist many various definitions for the notion of "innovation". In this regard, for the definition purposes of the OECD Innovation Strategy, they decided to refer to the *Oslo Manual*[3] *describing the following four types of innovation:*

- *Product innovation. The use of a new or significantly upgraded product (good or service), including significant upgrading of technical specifications, components and materials, embedded software, or other functional characteristics.*
- *Process innovation. Employing a new or considerably improved method of production or delivery, involving significant changes in techniques, equipment and/or software.*
- Marketing innovation. Introduction of a new marketing method (product launch) involving major changes in product design or packaging, product placement, promotion or pricing.
- Organisational innovation. Implementing a new organisational method in business practices, workplace structure or public relations.

One can hardly avoid but adding to this list as well "pseudo-innovations": useless or harmful novelties, unfinished projects, speculative and other imitations.

We employ the following synonyms for the term "innovation": "novation", "novelty", "new development", "introduction of the new", or sometimes "novella".

The term "startup" deriving from English *start up* (launch, beginning of operation) meaning a nascent innovative company. In some cases, it is replaced by "project" or "FinTech project": since innovations develop most dynamically in the financial technology sector due to high demand and resource availability, which provides a significant amount of data for research. Technological startups are knowledge-intensive small-scale ventures.

The "founding member" of a startup may be referred to as an initiator, organiser, author of the idea/project, as well as an innovator, rationaliser, inventor, innovative entrepreneur, project manager, or owner of an innovative product. The term "introduction of innovations" in our viewpoint involves the creation and development of a new, unprecedented product, or service idea, its realization, or manufacture, and application.

DEVELOPMENT FEATURES OF INNOVATION ECOSYSTEMS

Since the end of the 20th century, the adoption of the ecosystem approach in various spheres of socio-economic activity has greatly expanded, primarily among innovations. Companies (actors) in the business ecosystem model formally or informally unified in a network generate new value propositions (public goods) by means of various types of collaboration, that include unusual partnership mechanisms and unprecedented forms of competition. Practice has demonstrated that ecosystems make the most favourable environment generating and implementing innovations.

The terms "business ecosystem" (BES) and "innovation" are inextricably interrelated. On the one hand, the initial ecosystems emerged in innovation clusters; on the other hand, all BESs are

[1] URL: https://www.rbc.ru/finances/04/09/2017/59ad67f39a79477e3de93754

[2] URL: https://trends.rbc.ru/trends/industry/618b6f349a794772fa50adf4

[3] URL: https://www.oecd.org/en/publications/oslo-manual-2018_9789264304604-en.html

in some way engaged in innovation, and without it, they have no chance to exist for long and develop sustainably. Charles W. Wessner suggested the concept of an innovation ecosystem in 2004, and it serves as an instrument for conditions enhancing the entities' competitiveness in national and regional economies [1].

Amidst various interpretations of the concept of an innovation ecosystem (IES), there is no universally accepted definition yet, because a complicated network architecture and unpredictable nature of multiple interactions coexist within it among its heterogeneous participants, and each of them has certain competencies, strategies, and objectives. In accordance with Robert Metcalfe's law, the value/utility of communication networks rises proportionally to the number of users, although, practically, not all participants establish ties and interact with each other.

The authors of the given article have taken as a basis supplementing and expanding the version of American scholars Ron Adner and Raul Kapoor. We view an IES as an aggregate of multiple stakeholders (interested or involved parties): first of all innovators, investors, and clients, whose interests must be coordinated, balanced, or brought to a dynamic harmony, so that a company's innovative value proposition get materialised in the market [2].

In our point of view, ecosystem management, including innovation ecosystems, is the distributed regulation of the process of mutually beneficial exchange of resources (involving technologies, explicit and tacit knowledge, competencies and innovations, human resources) among their autonomous participants aiming to permanently create new values for consumers, as well as added value or public goods for stakeholders.

S.E. Proskurnin, First Deputy Head of the Administration of the closed administrative-territorial formation of Zheleznogorsk, Krasnoyarsk Krai, distinguishes the following types of innovation ecosystems: global, national, regional, local (technopolises), corporate (sectoral), entrepreneurial, and individual. In his opinion, the IES' specialty implies in the fact that it "generates innovations, ideas, intellectual property, and people for society and other sectors that in turn provide the IES with problems and requests, as well as resources for self-development".

He also points out that "the ecosystem approach emphasises not so much the participants of the system themselves, but the nature and dynamics of their interactions (with each other and with potential participants)". He also stresses the point that "it is precisely collaboration, viewed as a horizontal network environment of communications among all sectors and organisations, that ensures generation and delivery of knowledge flows, the transformation of these flows into innovations, and the further dissemination of novelties throughout the economy" [3, p. 5].

The literature describes different alternative, but not mutually exclusive ecosystem models. For instance, the consulting company PricewaterhouseCoopers (PwC) presented an ecosystem with four groups of internal stakeholders (financial institutions, technology companies, infrastructure players, startups) as well as external participants (investors, incubators and accelerators, regulatory bodies and the State, new technologies and instruments, consumers and users).

STARTUPS: DRIVING FORCE FOR PROGRESS

The FinTech industry has become one of the most innovation-resourceful and highly competitive sectors. New technologies are developing primarily in startups of small tech companies (hereinafter referred to as STCs).

FinTech projects are deployed within the framework of complex ecosystems, which in recent years have been fast-developing in breadth and depth, thereby increasing the number of stakeholders.

E.V. Burdenko, Associate Professor of the Plekhanov Russian University of Economics considers the external ecosystem of startups and its elements as universities, scientific and financial entities, large corporations, and state institutions. They generate conditions for financial and economic activity for aspiring entrepreneurs and STCs as the main components (cores) of the ecosystem. The scholar attributes the leader to

the internal ecosystem of a startup capable to advance ideas for creation of a new product, as well as a team of like-minded individuals ready to spare no effort or time working on the project. Startup's specific aspect lies in the absence of limits and restrictions on growth, which means, scalability [4].

Venture funds are made by investors (private, public-private, and corporate), corporations and banks, incubators, accelerators, as well as "business angel" investors. Investment intermediaries (consultants, brokers, representatives of investment platforms, etc.) participate in attracting venture investments too.

Startup projects have various definitions. Lisa Barrehag with co-authors define a startup as a "human institution designed to create new products and services under the extreme-uncertainty consequences" [5]. Steve Blank and Bob Dorf call it "a temporary structure in search of a scalable, repeatable and profitable business model" [6].

Other definitions include time limit (no more than 5 or 10 years), as well as such characteristics as a state of high uncertainty and novelty of the product/service, often implying "disruptive innovation".

Notably, the terms "disruptive innovation" and "disruptive technologies" are translated literally as "undermining or subversive innovations/technologies" in Russian literature. Sometimes one can even find "destructive or revolutionary innovations or technologies". English-language economic publications have these terms in reference to innovations or new technologies that disrupt traditional markets, gradually replacing existing products or services with higher quality, more convenient, and efficient ones. In the authors' viewpoint, it is more logical to use the established Russian interpretation: "break-through technologies".

In 2024, there were nearly 150 million startups worldwide. According to statistics, 21 per cent of them collapse in the first year, 30 per cent within 2 years, 50 per cent by the 5th year, and 70 per cent within 10 years. Less than 1 per cent of them become "unicorns". It refers to the startups that have achieved a market valuation of 1 billion USD within less than 10 years of operation without launching its IPO and with at least 25 per cent ownership remained by their creators.

As of June 2024, there were registered 1,658 "unicorns" worldwide and their number has almost doubled since 2021.[4] At the beginning of 2025, there were 228 FinTech startups among them with a capitalisation totaling at $ 780 billion.[5] Russia has no such companies by now.

Among the reasons for the failure of startups are the following:

- cash flow problems (38 per cent);
- lack of funding or investor interest (27 per cent);
- lack of a business model (27 per cent);
- impact of the COVID-19 pandemic (18 per cent);
- loss of market demand (17 per cent);
- legal problems (16 per cent);
- lost competition to contenders (16 per cent);
- conflicts within the team or with investors (14 per cent);
- problems with pricing policy or costs (14 per cent);
- impractical product (13 per cent);
- problems with the team (13 per cent);
- delayed launch of the product to the market (11 per cent).

The launch of a startup is highly risky for both the founder and the investor. The first year is assessed as the most risky: the longer STC exist, the better the chances the will survive.

The startup ecosystem also includes supporting, advisory, and mentoring organisations: technoparks and co-working spaces, business incubators and startup studios, as well as business accelerators. In exchange for equity in STCs, they back up with marketing, education, communication, and necessary organisational assistance, for instance, providing premises and services of experts, innovation managers, accountants, lawyers, suppliers, etc.

[4] URL: https://issek.hse.ru/news/951771910.html

[5] URL: https://www.cbinsights.com/research-unicorn-companies

SPECIFICS OF THE RUSSIAN VENTURE MARKET

The relatively immature FinTech market in Russia, experiencing lack of funding, is unevenly developing. As to the level of development of payment systems, digital banking, financial planning programmes, etc., Russia leads among many countries, however, at the same time it lags in the application of more upgraded technologies, for instance, AI and Big Data processing. Unlike in developed countries, "business angels"[6] were not popular here. However, they grew more noticeably here in 2023, when for the first time their share exceeded over a quarter of the total investment volume.

Startups are subject to heavy state regulation. For instance, in Russia, only banks can provide financial services to individual consumers, which strongly reduces the amount of FinTech companies interacting directly with clients.

Barriers to entry into the FinTech market for STCs are still high. In 2018, the Bank of Russia founded the regulatory "sandbox" for a fast and safe introduction of innovative products, services, and technologies on the Russian financial market, which requires compliance with bureaucratic and legal procedures, however, small technology entities lack the competencies and resources for that. The high level of regulation in the financial sector is one of the reasons for the relatively small amount of early-stage startups.

Banks operate in dual functions: as a considerable source of capital for FinTech startups and as their customers. That is why they develop the major part of FinTech fast-growing number of projects, particularly in the spheres of investment management, payments and transfers, loans and deposits. However, it also happens, that banks acquire small tech companies and later, for various reasons, they close or do not develop them, therefore impeding innovations.

Another specific aspect of Russian FinTech startups is that some of them modernise or simply copy technological solutions already successfully employed by specialists abroad. This may hinder their introduction into foreign markets or bring a civil action.

In the latest edition of the Global Innovation Index (GII),[7] issued in September 2024, Russia was rated 59th among 133 countries, compared to its 45th position held in 2021. Concurrently, Russia ranks 13th among 34 upper-middle-income countries and 33rd in Europe.

The UN World Intellectual Property Organization (WIPO) calculates the GII based on nearly 80 indicators as the average of two sub-indices:

- "Innovation input" evaluates elements of the economy that insure or facilitate innovative activities, grouped into five components: (1) Institutions, (2) Human capital and research, (3) Infrastructure, (4) Market maturity, and (5) Business development.
- "Innovation Output" reflects the actual results of innovative activity in the economy in two components: (6) Knowledge and technology outputs and (7) Creative outputs.

Russia took the 39th position in the area of human capital and scientific development, and the lowest, 126th place for the performance of institutions. However, experts from the Institute for Statistical Studies and Economics of Knowledge at the Higher School of Economics (an academic partner of the abovementioned ranking compilers) claim, that these listings provide inaccurate information: according to their own assessment, based on Rosstat data, Russia experiences boosting innovations.

Moreover, Russia fosters favourable conditions and infrastructure for developing innovations, primarily information and communication technologies. The gap between a low efficiency of innovation activity and its potential is due to a weak demand for innovations and lack of resources for the long payback period of venture investments.

The Ernst & Young's Global FinTech Adoption Index reflects the development of this industry in

[6] Business Angels — Private venture capital investors operating at the early (seed) stage of startup development in exchange for a return on investment and a share in the capital, often holding a blocking stake rather than a controlling one.

[7] URL: https://www.wipo.int/publications/ru/details.jsp?id=4756&plang=RU

different countries. According to this indicator, in 2019, Russia ranked third worldwide and maintained this leadership for five consecutive years.

A large number of users of the digital infrastructure of FinTech services existing in Russia generated precisely the B 2C segment (business to consumer). In particular, there appears the possibility of obtaining financial services through remote channels, the share of cashless payments in retail is growing, and the digital divide is narrowing, as residents of rural areas and small towns, people with disabilities, and older age groups are mastering financial technologies.

Already in 2021, the Russian Federation outpaced G20 countries in terms of instant access to financial products: 76.2 vs. 60.7 per cent. In 2024, this indicator grew further, including among population groups most susceptible to the digital divide: by 7 per cent for rural residents, by 11 per cent among people with disabilities and by 16.7 per cent for elderly people. Russian payment services indicated the largest revenue in Q2 of 2024, however, then it decreased by 13 per cent, the growth rates have notably dropped and in 2024, it amounted to only 3 per cent compared to the same period in 2023.[8]

In 2023, Russia held the 29th place and Moscow lost one position, ranking 30th in the annual Global Startup Ecosystem Index report of the Swiss-Israeli research centre StartupBlink. The USA, the UK, Israel, Canada, and Sweden took the five top positions. Conducted since 2017, the research covers 100 countries and 1000 cities now.

Ranking stems from a general index consisting of three groups of indicators: quantitative (amount of startups, co-working spaces, accelerators, etc.), qualitative (volume of private investments, number and size of "unicorn" companies), and the business environment (internet speed and cost, R&D investments, etc.).

Moscow constantly hosts over half of the national venture market (both in volume and number of deals), as well as half of all startups. Besides, the capital is among traditional trio of leading regions together with Tatarstan and St. Petersburg.

In 2024, Moscow Innovation Agency analysts compiled a statistical portrait of over 5,500 Moscow's startups with an average age of 4.5 years. As to the number of STCs Moscow is comparable to such cities as Boston or Singapore, but slightly lags behind New York and London. Over a quarter of startups were launched within the last three years. The majority of them offer B 2B solutions, over 40 per cent operate for computer software development, and 20 per cent for scientific research and development in the natural and technical sciences.

As to investment volume, in 2024, the Russian market for investments in IT startups showed a lower level than in the crisis year 2022: venture funds and investors allocated only 91.7 million USD in total into small tech companies. The situation is expected to recover by no earlier than in 2027, if economic conditions potentially improve.

The statistical analysis of venture market and activities of large institutions for innovation development in Russia indicated lack of quality early-stage innovative projects. This primarily hinders efficiency of the abovementioned accelerators, incubators, and seed venture funds, as well as the activity of corporate venture investors and investment volumes.

To eliminate this problem, the innovation of infrastructure needs to be improved and stronger interaction between startups and the corporate sector is required. However, it is also vital to solve such problems as complexity and multi-stage nature of business processes in corporations, as well as cultural differences and a low level of knowledge about the specifics of joint work, which in part can be solved by organising corporate accelerators and educational programmes for all employees[9] [7]. Moreover, improving interaction is possible by applying the startup studio model, where a group of experienced entrepreneurs and hired managers create, test, and develop projects.

Such studios join in to the project at the stage of problem detection and help startups go through the scaling stage. They are called "startup factories", since, due to deeper involvement in the project process, they

[8] URL: https://iidf.ru/upload/documents/corporate/research.ru.pdf

[9] URL: https://www.amazon.com/dp/B 07NVNYM4C

obtain greater profit. Accelerators provide instead a brief support to external companies and teams, usually for 3–6 months.

According to Russian government data at the end of 2021, there were about 25 per cent of startups created in universities worldwide, while only 3 per cent in Russia.[10] To get students involved extensively in technological entrepreneurship, in 2022, the Russian Ministry of Science and Higher Education launched the federal project "Platform for University Technological Entrepreneurship" (hereinafter referred to as the Platform).

Nowadays, the Platform is an ecosystem, which unites tools of state and investment support for budding entrepreneurs, scientists who try to commercialise their developments, private and institutional investors ready to allocate resources and competencies into creative ideas and domestic developments.[11] By January 2025, the Platform includes:

- 28,000 university startups and startup projects;
- 429 universities from 87 regions of Russia;
- 2.56 billion Rubles raised by support instruments;
- 4,500 university startups that received a million Rubles each through the "Student Startup" competition of the Foundation for Assistance to Innovation;
- a network of 21 university startup studios from the Northwestern to the Far Eastern federal districts;
- annual training for hundreds of thousands of participants in entrepreneurial competency;
- over 150 acceleration programmes in Russian universities annually;
- over 339 thousand participants in events of entrepreneurial communication platforms "Tochki Kipeniya" ("Boiling Points").[12]

A research of the Agency for Strategic Initiatives[13] states: "Innovative activity is related to uncertainty and risk, which is not typical for routine daily operational activity. The implementation of innovations can be hindered under the circumstances of risk-minimising stance and the absence of processes adapted to innovative activity: employees will be unwilling to risk their reputation and career for the sake of no-guarantee long-term hopes… No tolerance for risk and mistakes is distinguished as one of the key barriers to innovation in large companies."

One of the problems in our country is that the authorities support only the development of new technologies, but neither tech commercialisation, nor implementation. This is due to an incompatibility of interests between science and business, high transaction costs, inadequate legislation, etc.

Besides, there is a lack of experts skilled and experienced in commercialising inventions and innovations, in addition to the unsolved brain-drain problem among Russian startups and well-trained mathematicians and programmers leaving to countries for more appealing conditions.

A rigid monetary policy regarding a sharp key rate increase, contributes to a decrease in investment volumes, including in innovations.

Dishonest competition methods strongly thwarts motivation for creating new products as well. In such circumstances, many strive not to win the consumer market, but gain access to state resources and restrict it for competitors.[14]

All the above mentioned factors testify the requirement of an all-round modernisation of the national innovation system. It is invaluably important to build a creative environment and a healthy working atmosphere in project teams at the micro-level.

PREDICTORS OF FINTECH PROJECT EFFECTIVENESS

Venture investments are among the most risky. This is why the percentage of FinTech project failures remains high. There are many reasons for this: rapid development of technology and slow growth of the financial sector, short-term business strategies, inertia from large players, underfunding, inadequate insight of client needs,

[10] URL: https://tass.ru/ekonomika/12603543

[11] URL: https://univertechpred.ru/

[12] URL: https://vc.ru/u/1348105-liga-universitetskih-startapov/1772306-nas-bolee-742-tysyach-za-god-chislo-uchastnikov-platformy-vyroslo-vtroe

[13] URL: https://asi.ru/

[14] URL: https://cyberleninka.ru/article/n/sostoyanie-i-perspektivy-razvitiya-innovatsionnoy-deyatelnosti-v-rossiyskoy-federatsii-v-xxi-veke

fruitless sales strategy, lack of consideration of ecosystem specifics, regulatory problems, etc.

This article primarily discusses startups at their early pre-seed and seed stages, where about 90 per cent of STCs failed.

Startup founders need to be extremely flexible in decision-making to avoid falling into the trap of escalation of commitments, when managers face negative results of their decisions or activity, preserve the prior direction. This occurs particularly often in the scaling stage of startups.

This is indirectly related to the fact, that STCs headed by one individual founder significantly lag behind those with two or more founders. At least a duet of founders facilitates the chances of success: 30 per cent more investment, customer growth rates threefold faster, and a higher potential for optimal speed of scaling.

For several decades, scientific literature has been continuously publishing researches of factors and criteria for the success of business projects. In the early 1970s, it focused predominantly on operational aspects of projects, assessment of tools, and implementation methods. At the end of the 20th century, scholars suggested a popular criteria framework of project success known as the "iron triangle" involving time, cost and scope/quality [8].

Generally, a project is considered to be successful if it achieves the set goals, accomplished on time, does not exceed the budget estimate, meets the quality expectations, and brings profit to stakeholders. Furthermore, it must meet the requirements/expectations of the investor and other participants. However, there are no universal criteria determined here.

Bill Gross, who founded Idealab, the world's first business incubator in 1996, compared 100 successful and 100 failed startups. To everyone's surprise, it turned out that 42 per cent of success brings the choice of the right launch timing, 32 per cent from a cohesive and competent team, and the idea deserves only 28 per cent, although this scientist was convinced of the opposite. The business model contributes to getting the set goal by 24 per cent, and one can do without it and develop it later in the subsequent stages of a project. Funding depends on success by only 14 per cent: it is not so difficult to find back up for a good idea.

Overall, these five factors are essential, but the most significant is timing, which can be determined by testing the consumer sector and its readiness for innovations.

The first descriptions of success factors of projects were not classified: no one considered behavioural aspects, for instance, stakeholder satisfaction [9]. Then a list of critical success factors (CSF) was developed, namely:

- project mission (strict definition of goals);
- support from top management;
- quality of project schedule/plan;
- coordination with the client/customer;
- personnel recruitment/selection/training;
- technical provision;
- client acceptance;
- monitoring and feedback;
- communication within the team/entity;
- searching-and-fixing problems [10].

However, the major attention was still focused on operational rather than strategic management. That is why, the perspective of interaction between internal and external stakeholders, as well as understanding and commitment of investors, prioritising the selection of a project manager with relevant experience and leadership qualities necessary for this role as well, became significant for the potential of success [11].

Modern scientific literature interprets a viewpoint that various stakeholders subjectively evaluate the project success, which should be calculated separately for each specific stage of the life cycle. Otherwise decision-making can be erroneous, which discourages employees and reduces work efficiency [12]. "Seven forces model of project success" by R. Turner is compelling, as it integrates external and internal influencing factors.

The initial forces are political, economic, social, technical, legal, and environmental ones, as well as owners and investors eager to get a quick return on resources invested in the project. It is also important to define correctly goals, mission, planning, and control.

The secondary forces include people with their knowledge, skills, team, leadership, and industrial relations, system configuration of management, work organisation, quality, risks, etc., as well as involved external parties with additional skills if they are not available within the entity [13].

The amount and types of success factors differ in the concepts of separate authors, however, there are some aspects in common: besides the presence of stakeholders, the clarity of defined project goals and mission are important, as well as investor support, staff composition and competencies, communication, monitoring, and feedback too. However, it is not fully clear, if success factors remain static or gradually change.

The perception of success factors has vastly deepened over several decades. In the 21st century, scholars attribute an increasingly essential role to stakeholders, including owners (investors) or sponsors (project curators from investors), as well as consumers, operators or users, suppliers, managers, teams, and the public. At the same time, the major stakeholders must agree on success criteria and act as partners to estimate work results throughout the entire project [12]. In the wider sense, they act as investors who contribute in one form or another to the development of innovative projects.

RESEARCH OF THE RUSSIAN STARTUPS PERFORMANCE

FinTech startups differ from traditional business projects in their high uncertainty, novelty, and process flexibility. One of the authors of this article, E.A. Plaksenkov, together with colleagues from the Moscow School of Management SKOLKOVO, made a research setting the following tasks, namely: to define the key stakeholders, criteria and factors of success and failure in the Russian venture market, as well as strategies for aligning stakeholder interests and survival of project [14, 15].

The authors have not planned to create a universal model for FinTech startup success, but the analysis of the criteria and factors of their effectiveness or failure will help to achieve the set goals and prevent casual repeated errors.

In the course of their research, the authors took 32 in-depth interviews with experts and entrepreneurs of the Russian FinTech market. The respondents were selected on the basis of the following criteria: they represent an entity potentially or actually keen in the development of the FinTech market in Russia, besides, their activities are related to innovative projects and their experience is linked to cooperation with entrepreneurs in the field of financial technologies.

Among the respondents were also "business angels", as well as representatives of 50 largest banks, venture funds, institutions supporting and developing startups, high-tech and consulting enterprises, sales and solution networks, regulatory bodies, etc.

The survey also included the leaders (owners and managers) developing a scalable and reproducible business model of 44 startups within the last five years. The sample included small tech entities at different stages of development: seed (commercial product not available yet), or formation and growth of the startup (commercial product available, first revenues), as well as expansion and strengthening of market positions.

The majority of the studied STCs were at the early seed stage, which involves a project idea or invention, formation of the team, determining business model and development of technology or a prototype continues. In the venture market, the stage is called a Minimal Viable Product (MVP) when projects experience the highest risk: less than 10 per cent of startups survive. Venture investors call this stage "a death valley".

Then follows the project launch and its formation, or the actual startup stage: the new company enters the market with a ready prototype, finds investors and clients. In case of success, the early growth stage begins. Startups in subsequent stages, involving expansion and exit in the sale of shares or initial public offering, were not involved in the research.

To develop questions for in-depth interviews and questionnaires, the authors used the R. Turner's approaches of the Seven Forces Model of Project Success modified and adapted

to knowledge-intensive and high-risk FinTech projects, which are often startups [13].

The authors developed a list of 30 hypothetically possible success factors, based on this model, each of the factors assessed by experts and entrepreneurs on the degree of its influence on the survival of FinTech project.

The obtained answers were elaborated with the Qualitative Comparative Analysis (QCA) method effective for comparison and assessment of small-sized samples (from 10 to 30 observations or objects).

The QCA method reveals various combinations of factors leading to a desired outcome, as well as identifies core factors (important in most combinations) and peripheral (less important) factors [16].

Quantitative research allowed for ranking the principal success criteria assessed by the owners and managers of the above forty-four FinTech startups (hereinafter referred to as startup members). Among the top positions were the following: revenues (65 per cent of respondents), net profit (49 per cent), and company capital value (30 per cent). At the same time, only 16 per cent noted investment volume, and 22 per cent mentioned the volume of website traffic and web search queries. Startup members also highlighted dynamics in foreign markets, attracting bank participation in the project, market entry, and presence abroad.

Analysis of the 32 in-depth interviews with experts and participants of the Russian FinTech market illustrates that they find a FinTech project successful due to the following:

- solution of a problem or saving clients' time;
- generating and implementing a new product/technology;
- forming a strong team;
- seizure of market share;
- obtaining the optimal volume of investments;
- successful competition at the local/global level;
- potential growth, or a business model.

Analysis of the obtained results allows for compiling a matrix with 16 success criteria for FinTech projects. Notably, unlike startup members, experts rank completely differently the criteria for driving forces of success. The former mainly concentrate on business and financial success, but the latter add to this also factors of influence on the client and human resources, as well as potential for future development.

Both startup members and experts of the Russian FinTech market noted two coinciding criteria: market share and involvement of a bank in the project. At the same time, the former do not take into account or ignore the factor of satisfying the needs of the bank operating as a client in B 2B projects. Besides, unlike venture market experts, managers of the majority of the studied early-stage STCs did not consider as a priority to focus on client expectations and preferences.

Such discrepancy explains to some extent the problem of the overall low success rate of Russian FinTech: most startup members choose from the too limited list of criteria, in many cases, not corresponding to the expectations of stakeholders, some of whom can become potential investors in these projects.

Most owners and managers of Russian FinTech startups do not understand or do not want to understand the interests and role of key stakeholders. Therefore, they cannot correctly determine their project's objectives and strategies essential for its survival and development. In some instances, they do not follow the recommendations of banks and other investors.

To eliminate this problem, market agents operating in the project ecosystem must determine unified criteria meeting the interests of all its stakeholders. As the research results indicate, one of such important and common to all criterion could be the satisfaction of the bank-investor, evaluated either by the volume of its investment in the project or by its acquisition of this STC.

Within the qualitative analysis, the authors identified 30 main success factors for FinTech projects and estimated the level of their influence on achieving a favourable outcome. In particular, seven equifinal patterns were determined, including factors that lead to success of the project; however, two of them are sporadic cases.

Since the research is focused on the early-stage projects, financing for product development is of paramount importance. Allocation of at least 25 per cent of the necessary funds means the participation of a serious investor. Incidentally, 25 out of the 44 studied startups won that grant, and 13 received 50 per cent. The latter include "business angels" and venture funds, which are attracted at the early stage of startup development, as well as banks, which prefer to buy mature STCs and/or "grow" them within the institution and large IT companies too.

The backup of a bank or corporation for necessary funding contributed to a positive outcome in 28 per cent of cases. A third of successful cases stems from the previous experience in FinTech projects of the founder or manager of the startup, as well as the available business plan, which increases the chance of subsidy. Another third of successful projects was due to the presence of marketing specialists and absence of financial experts. Thus, a correctly selected and motivated team is very important too.

Interestingly, the experience of project manager in the domain of finance is not a basic condition. On the contrary, in most cases, just the absence of finance professionals in key positions leads to a positive result. In a few projects, such a specialist plays a secondary role, for example, in developing software or a product of interest for the bank-investor.

However, all the mentioned above aspects do not imply, that there should be no financiers or marketers in the project. The key role should be given to IT specialists: their work and the combination of net profit, as the main indicator of success, with the creation of a B 2C product brings positive results in almost 24 per cent of cases.

During the analysis, it also became clear that the evaluation of the influence of some success factors changes depending on the stage of project development and its lifespan. Moreover, the significance of required competencies also changes: for example, at launch, software developers play a key role, while in startups over 5 years, usually the role increases of marketing, advertising, and public relations specialists.

The QCA method allows not only for modelling success but also for creating a model to test deficiencies leading to failure. Within the research, two main negative factors were revealed: the combined manifestation of which hinders project development. The chances for unsuccessful outcome of FinTech startup dramatically increases in the absence of banks and corporations as main investors, in addition to a project manager unexperienced in the market of financial services.

Furthermore, notably, 67 per cent of unsuccessful cases are caused by a lack of experience in the specified sphere, coupled with the absence of marketing experts in key positions and a shortage of bank or corporate investment. Still funding must remain a priority, even if a financial expert or IT specialist heads the project.

Another 35 per cent of fiascoes occur due to a lack of experience in the FinTech sphere, or not a strong team or marketing specialists, which refers to the vital essence of understanding the market and client needs by all team members, starting with the leader.

The importance of the latter factor is increasing: the trend of personalisation of client relations intensifies, that is why service providers will have to create and customise financial products in view of the interests of each individual consumer.

One of the major conclusions of the research work is that the interests of project stakeholders must be consistent with their goals. It is also important that all participants in the startup ecosystem demonstrate no discrepancies in determining the key success criteria. For this matter, it is necessary to identify the most significant stakeholders, understand their interests, expectations, and capabilities, and then establish partnership relations with them.

The strategy of startup projects wins success, particularly in the early stages, when a manager is understanding and considerate of investors' expectations, treats them as influential and experienced team members, sharing important decisions with them.

This factor has been manifested in the sphere of corporate governance: there occurred the transition to a stakeholder model from a shareholder model with predominantly needs of owners.

Within the framework of the stakeholder approach, interested parties determine coordinated operation to achieve potential benefits, and in case of disagreement, they find acceptable balanced solutions based on the win-win principle of mutual benefit.

CONCLUSIONS

The FinTech industry makes a significant impact on the development of the economy and the financial sector, which contributes to the implementation of a few UN Sustainable Development Goals.

FinTech startups have noticeably accelerated the process of democratisation of digital financial services: they are seizing this high-profit market, successfully ousting competitors by means of traditional technologies, thanks to more client-preferred solutions.

Innovation ecosystems generate the most favourable environment for startups with interests of all stakeholders born in mind, most of all, investors, innovators, and clients.

In terms of development level of FinTech, Russia surpasses many countries, however, due to insufficient funding, expensive credit and underdeveloped culture of innovation, it lags in the sphere of developing and applying AI, Big Data processing, etc.

The financing problem of technological innovations in Russia is aggravated by high credit rates, underdeveloped venture market, and a shortage of specialists, primarily in the sphere of commercialising inventions and innovations.

Our state supports only the development of new technologies, but not their commercialisation and implementation. This occurs due to incompatible interests between science and business, high transaction costs, imperfect legislation, etc.

The implementation of state strategies, concepts, programmes, and initiatives is focused to shape an effective national innovation system, uniting the efforts of science, business, and expert societies for developing high-potential technological markets and sectors, training specialists, etc.

We propose creating an institution of an ombudsman, an authorised representative for innovation development empowered with the main mission to enhance mutual interest, the level of trust, and the capacity for accord within the triangle "science-technology-production". This role could be entrusted to qualified intermediaries capable of performing the functions of translators, mediators, coordinators and also experts able to understand the interests of officials, businessmen, and innovators, as well as solve problems, including by means of shuttle diplomacy.

It is characteristic for Russia, that universities are extremely inactive in the innovation process, which partly explains the lack of quality innovative projects at the early stage of development. In 2022, to resolve this situation, the Russian Ministry of Science and Higher Education launched the federal project "Platform for University Technological Entrepreneurship",[15] which is under successful implementation, according to official reports.

It is necessary to continuously modernise innovation infrastructure, increase the role of corporate venture investors at all stages of startup development, and facilitate the entry into this market, primarily, through reducing bureaucratic procedures and restrictions, and decreasing the excessive regulation of the financial sector.

In medium and large companies, the key barrier to innovations remains the fear of inevitable errors and failures, which endangers careers and reputation that can lead to lawsuits. Therefore, the concept of entrepreneurial risk and the criteria for its admissibility should be defined under legislation.

Within the last quarter-century, the amount of criteria and factors for the success of FinTech startups has significantly expanded: the majority of authors, who rank lists of indicators for

[15] URL: https://univertechpred.ru/

assessing results achieved at each project stage, recognises the important role of key stakeholders.

The given research of the authors identified the impact of the innovation ecosystem on project success (30 internal and external factors), as well as the reasons for failures. These results can be useful for venture investors, "business angels", accelerators, state organisations, commercial banks, etc. Startup founders are recommended to use them to increase the potential success at the early stages of projects.

Anti-Russian sanctions, despite their tangible damage, have contributed to the rejection of the policy aimed to "import technology in exchange for raw materials". The era of excessive consumption is about to wrap up: it is time to think, invent, and produce.

Potential venues for future research could be related to increasing the sample size of experts and startups, as well as the more detailed study of the role of team competencies, the organisation of business processes, and interaction with investors and clients. This will help for a significant enhancing the methodology for measuring the criteria and factors of success for FinTech projects, especially in the early stages of development.

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