



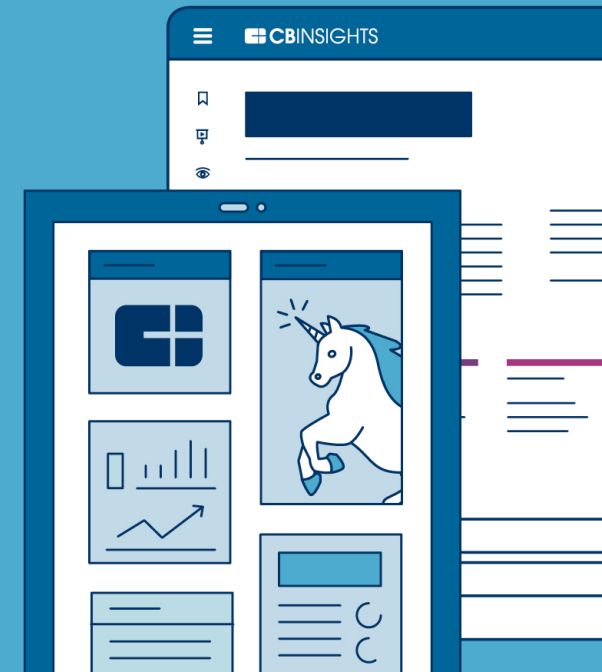
# State Of Fintech: Investment & Sector Trends To Watch



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**Joe Dunleavy**

Head of Innovation at Pramerica, Prudential





# FUTURE OF FINTECH

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# Summary of findings

**2019 saw fintech reach an inflection point on a global scale, pulling in \$34.5B across 1,913 deals:** Annual funding dipped 15% year-over-year (YoY); however, 2018 funding was inflated by Ant Financial's record \$14B deal in Q2'18. Removing this round would make 2019 a record funding year.

**North America, Europe, and Asia all saw deals dip year-over-year, partially driven by a 5-year low in early-stage deals:** Though annual early-stage (seed & Series A) deals dropped to a 5-year low of 59%, deals to Series B+ companies topped 5-year highs. This is a positive signal that more fintech startups are maturing, which becomes more difficult with each subsequent financing.

**Nearly 50% of 2019 funding was concentrated in 83 mega-rounds (\$100M+) totaling \$17.2B:** 2019 was a record year for mega-rounds in every market except Europe. Fintech startups are maturing beyond early-stages and raising private funding over going public.

**Q4'19 saw approximately \$9.4B invested across 452 deals, a quarterly funding high when adjusted for Ant's \$14B investment:** Fintech funding set quarterly records twice in 2019, including a new high in Q4'19. Deals were less resilient. Deals in Asia and the US primarily went to established categories rather than early-stage companies.

**Fintech deals and funding are spreading to emerging and frontier markets:** South America, Africa, Australia, and Southeast Asia (SEA) all saw funding top annual highs. Deals in Africa and SEA also set new records.

**Despite macro-economic pressures in some regions, the fintech sector has been resilient:** Latin America (LatAm) has been through a tumultuous period of social and political uncertainty while Europe has been preparing for the UK's exit from the EU. Quarterly, this has created volatility; however, both regions saw fintech set annual deal and funding records.

**India and China both saw funding drop off in Q4'19 when adjusted for One97's \$1B Series G, but India regained the lead in deals:** India saw 31 deals in Q4'19 – just 1 deal ahead of China. India saw \$1.87B invested (\$1.66B of which went to One97) while \$298M went to China.

**There are 67 VC-backed fintech unicorns worth a combined \$244.6B:** 2019 saw a record of 24 unicorn births, 8 of which occurred in Q4'19 (Next Insurance, Ebanx, Riskified, Rapyd, Wefox Group, Ripple, Bright Health, and Figure) and 2 in Q1'20 (HighRadius, Pine Labs, and Flywire) (as of 2/14/20).

*Note: This report focuses on equity rounds to VC-backed fintech companies. This report does not cover companies funded solely by angels, private equity firms, or any debt, secondary, or line of credit transactions. All data is sourced from CB Insights. Unicorns are \$1B+ valuation in latest round.*

# Contents

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## 8 Q4'19 Financing Trends

Quarterly Deals & Dollars

Regional Trends

Fintech Unicorns

## 21 Q4'19 Fintech Sector Trends

Insurance

SMB

Lending

Digital Banking

Capital Markets

Real Estate

Wealth Management

## 74 Appendix

Geographic Trends

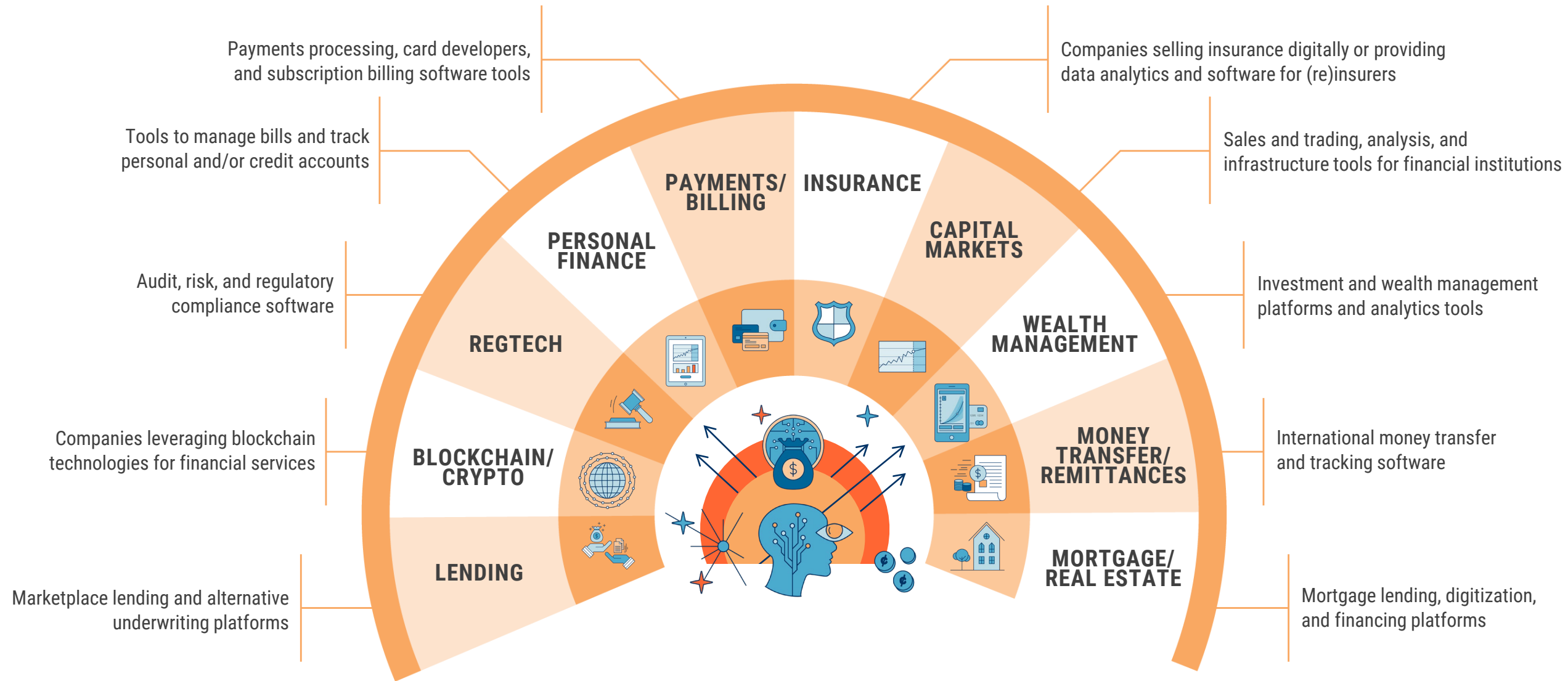
Most Active Fintech Investors Q1'19 – Q4'19

Unicorn Hunters

Top Fintech Deals Q4'19

Methodology

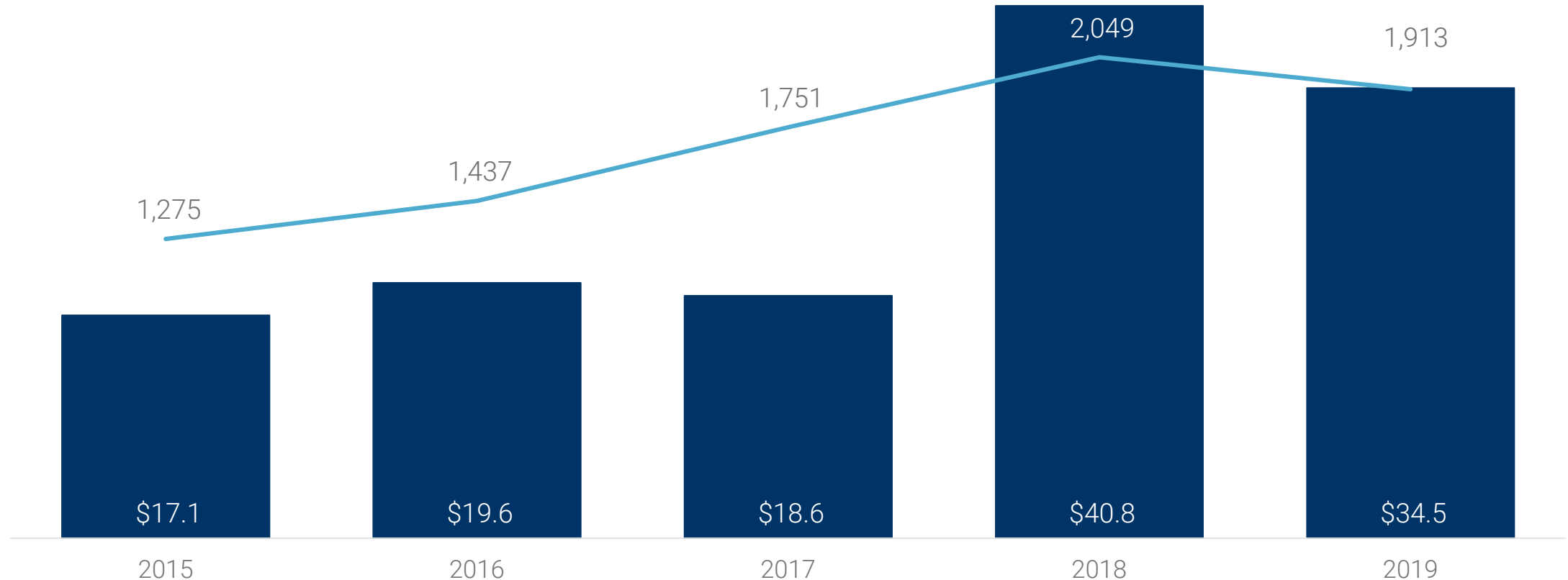
# WHAT FINTECH COVERS





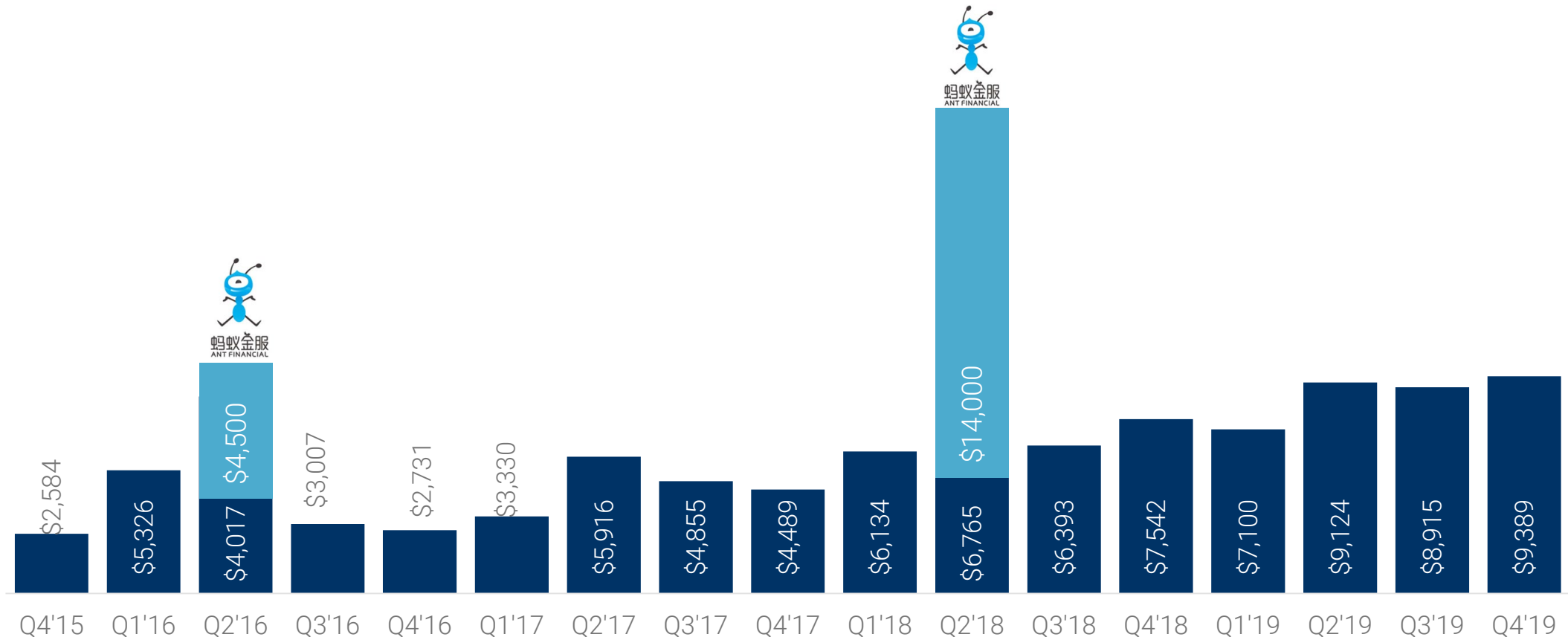
# 2019 global fintech funding and deals were strong, despite falling short of 2018 records

Annual global VC-backed fintech deals and financing, 2015 – 2019 (\$B)



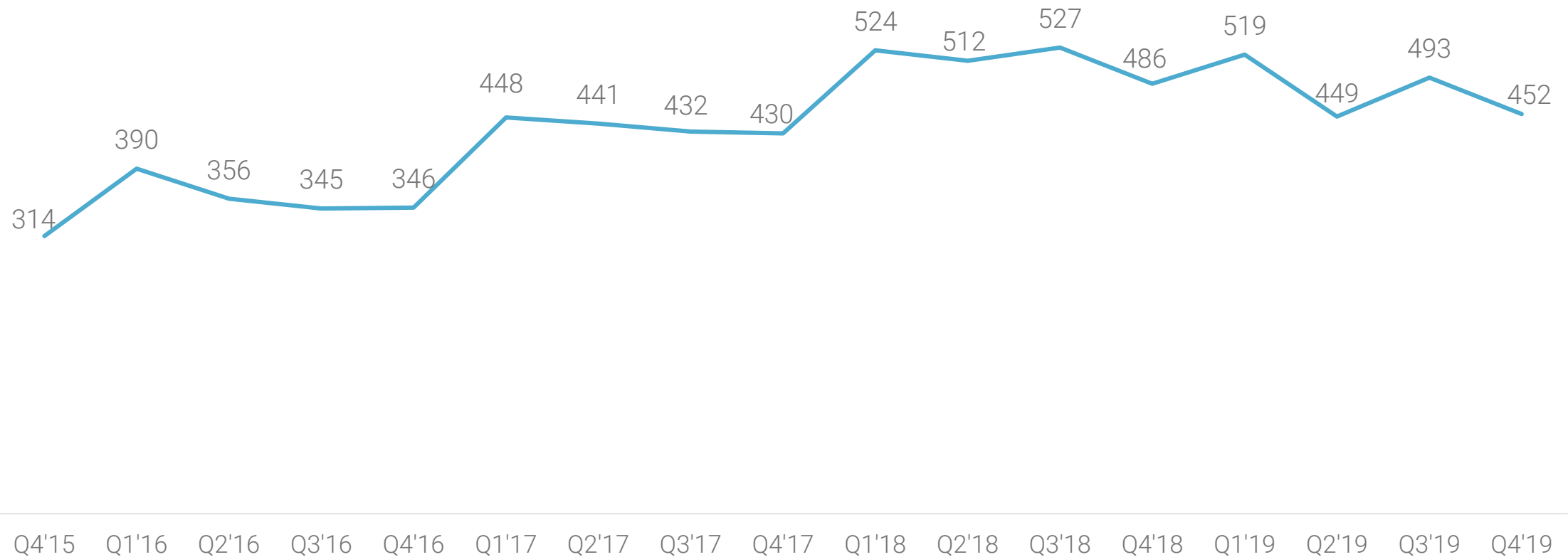
# Excluding Ant's massive funding rounds, 2019 was a record year with consistent momentum

Quarterly global VC-backed fintech financing, Q4'15 – Q4'19 (\$M)



# Macro-economic pressures and category maturation contributed to deal slowdown

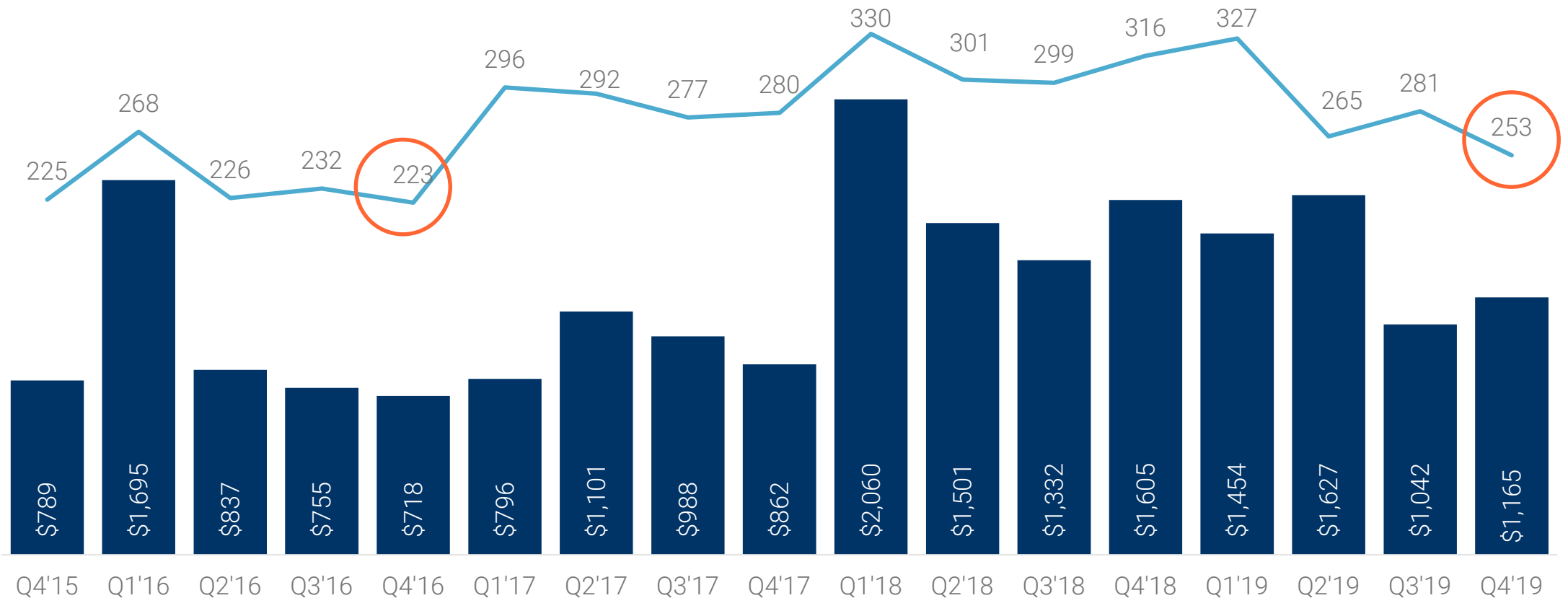
Quarterly global VC-backed fintech deals, Q4'15 – Q4'19





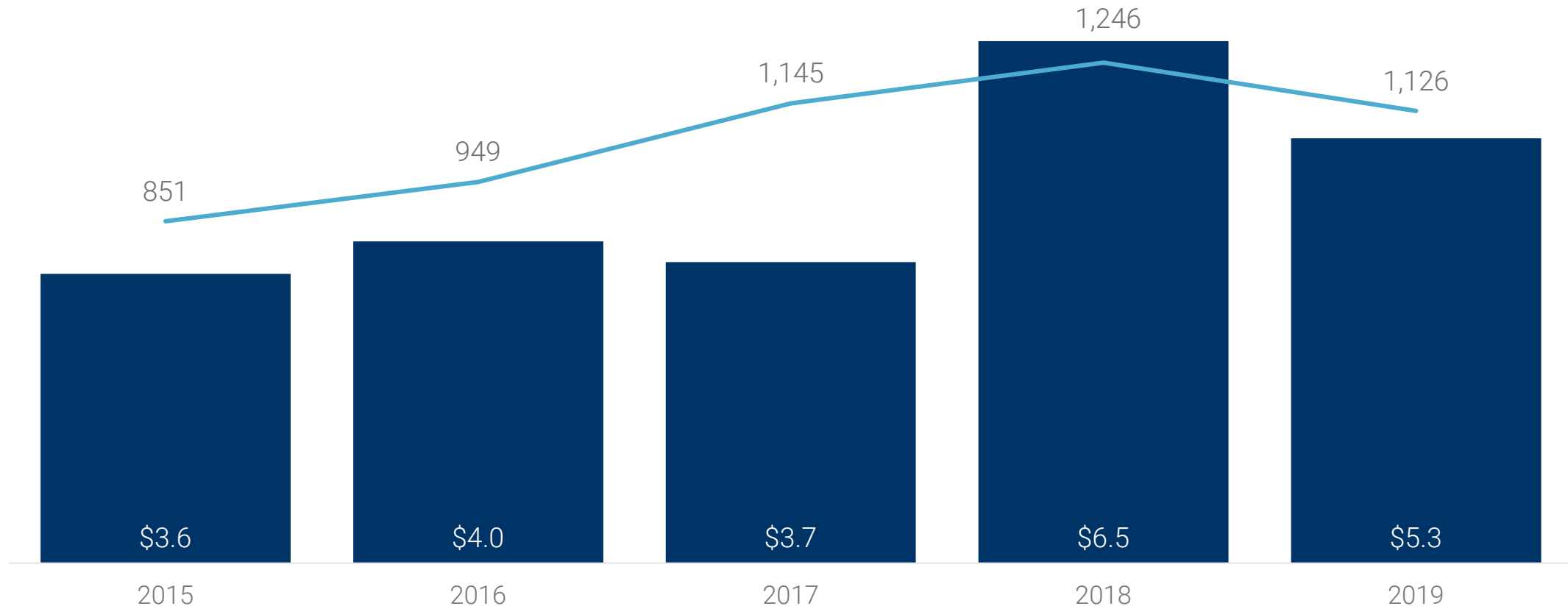
# Early-stage deals dropped to a 12-quarter low as deal share globally shifts to mid- and late-stages

Quarterly global VC-backed fintech early-stage deals (seed/angel & Series A), Q4'15 – Q4'19 (\$M)



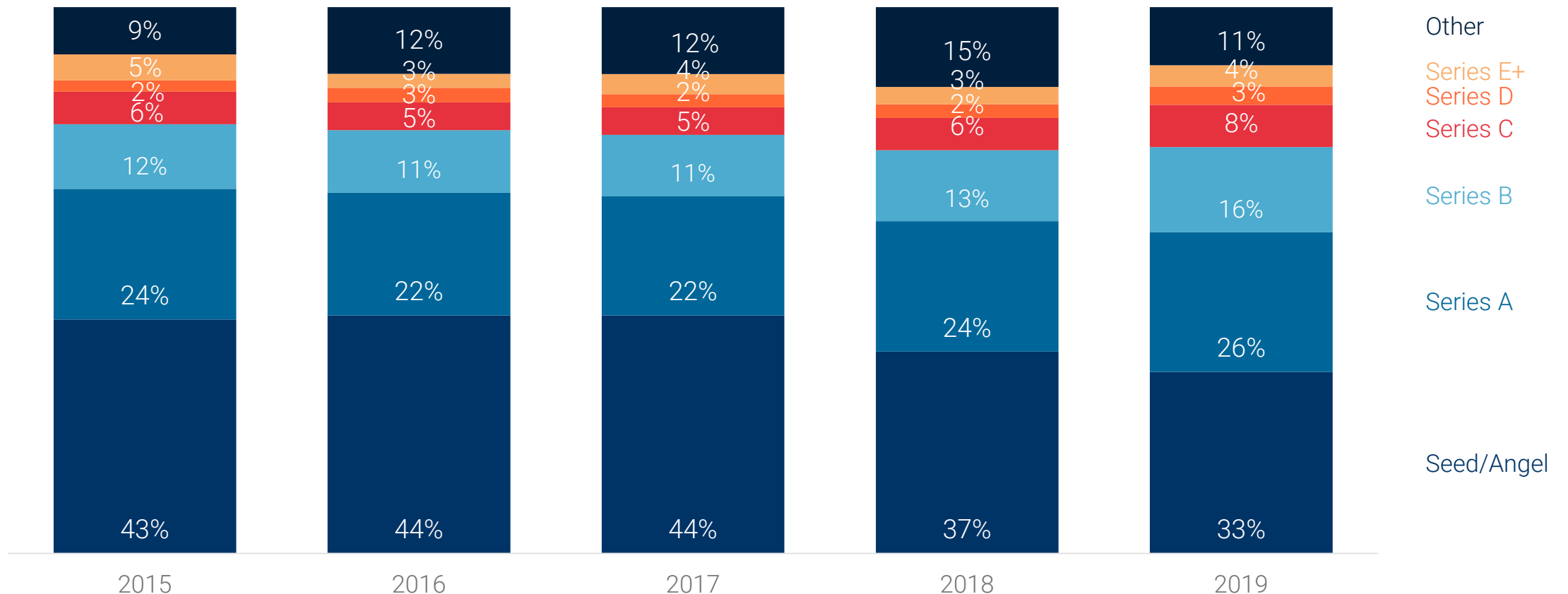
# Early-stage deals and funding dipped YoY in 2019 as deals shifted to growth-stage startups

Annual global VC-backed fintech early-stage deals (seed/angel & Series A), 2015 – 2019 (\$B)



# Late-stage deals hit a 5-year high in 2019; early-stage deals dropped to a 5-year low

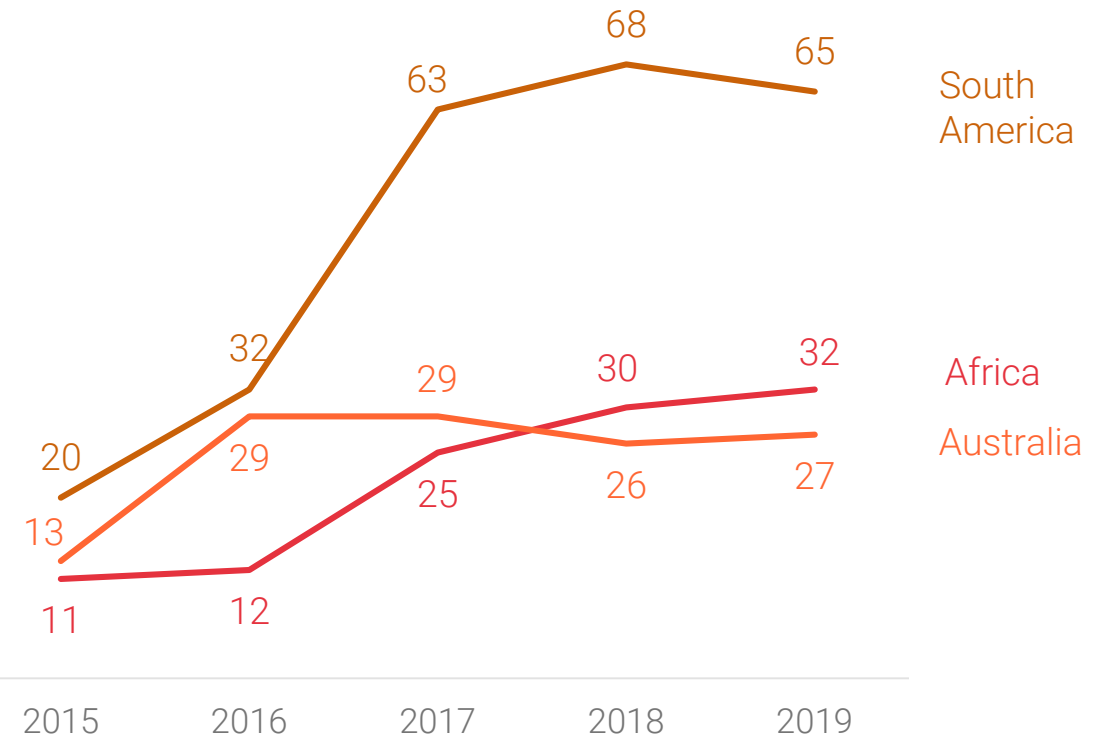
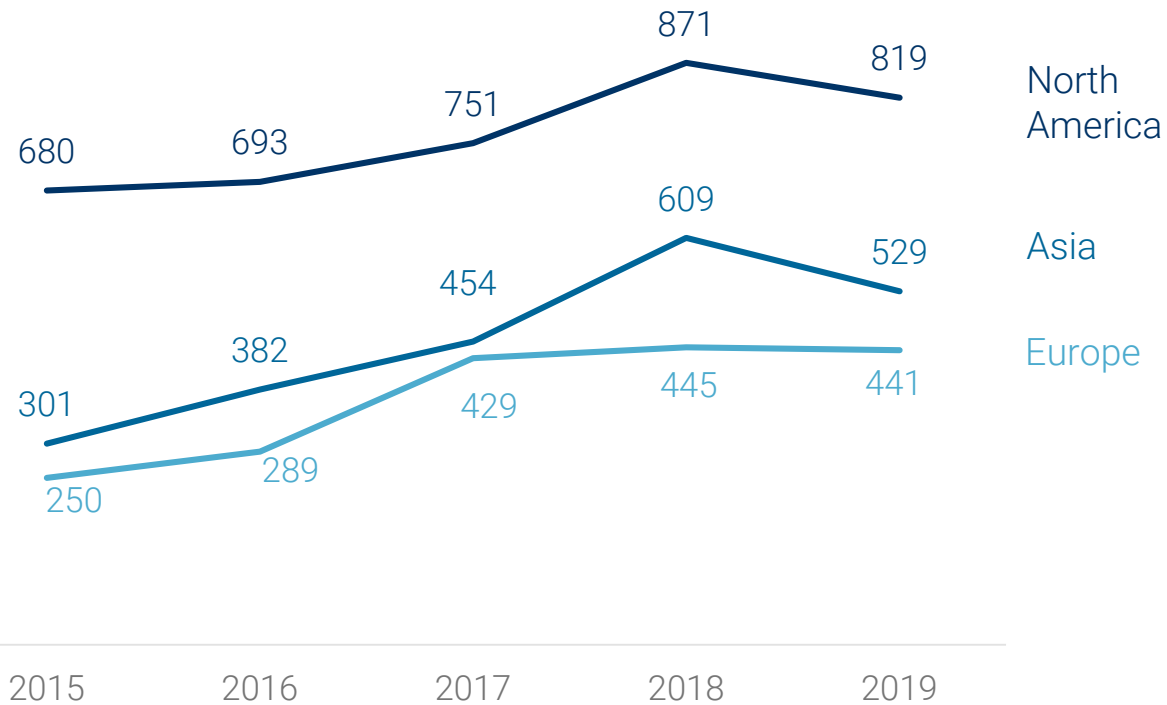
Annual deal share to global VC-backed fintech companies by stage, 2015 – 2019





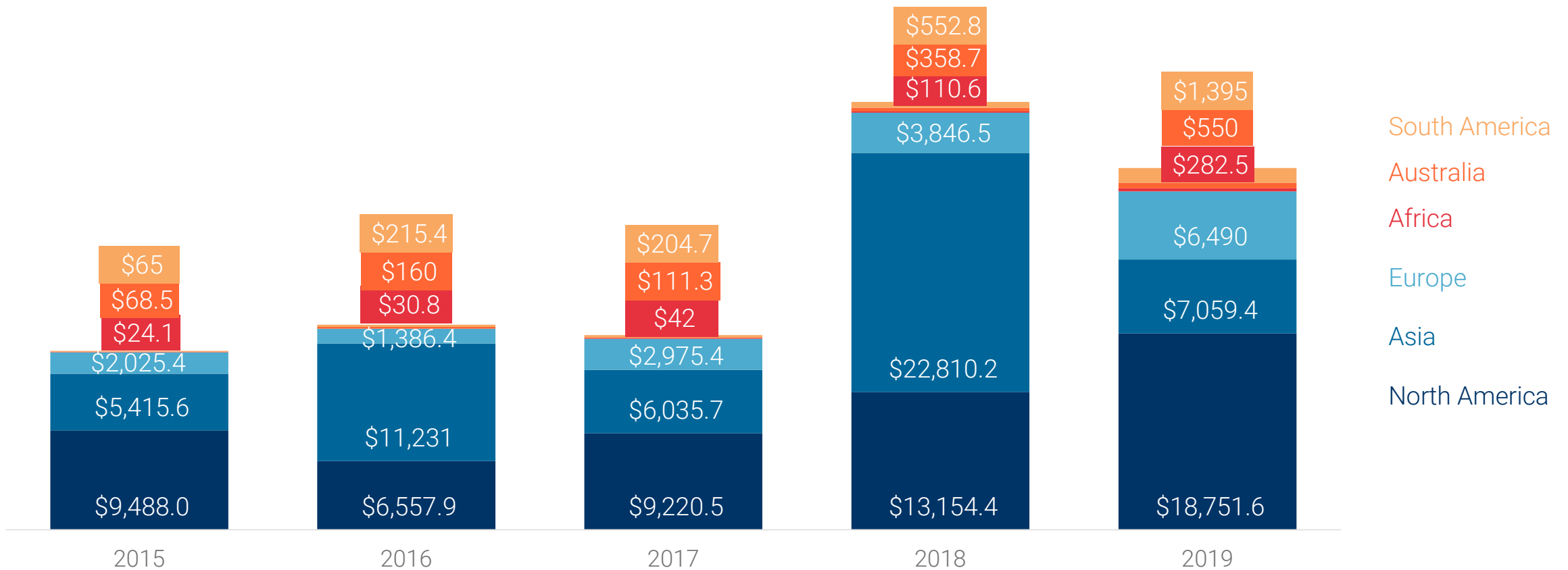
# Deal volume cooled in developed markets but continued to grow in emerging markets

Global VC-backed fintech deals by continent, 2015 – 2019



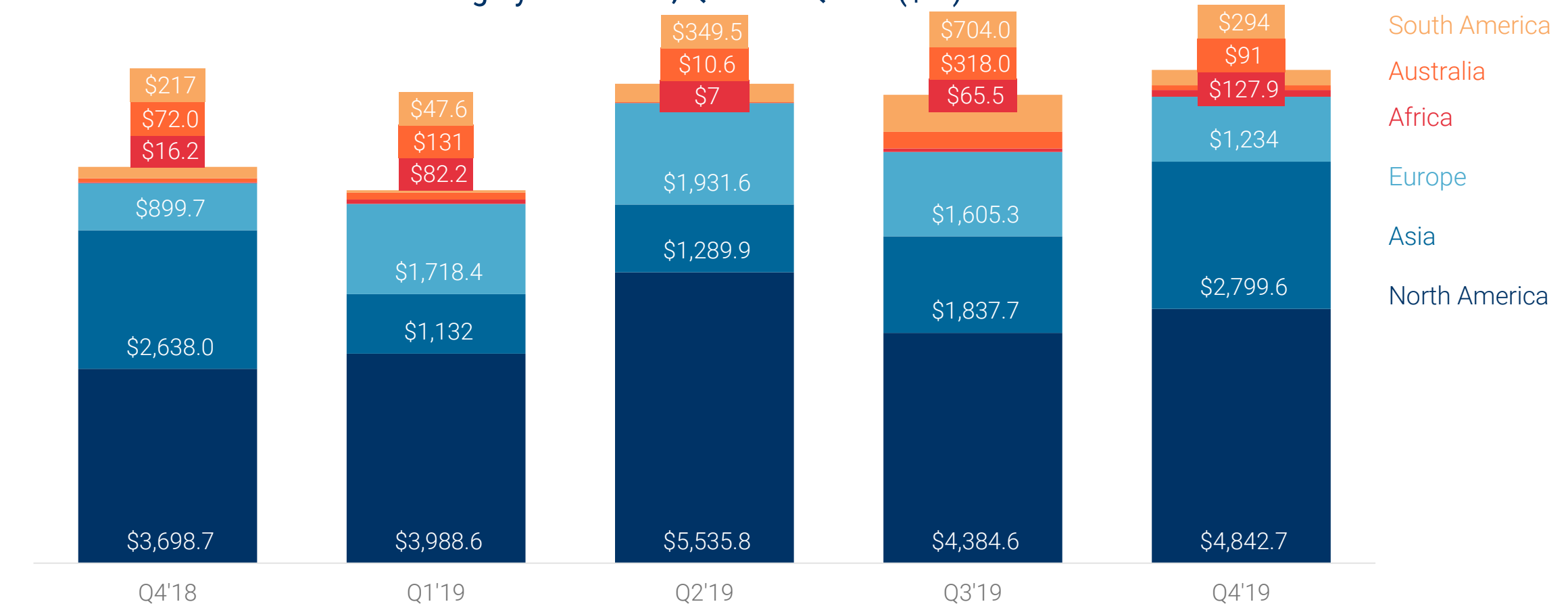
# Asia's 2019 pullback is an anomaly as the year brought record funding levels to other continents

Global VC-backed fintech funding by continent, 2015 – 2019(\$M)



# Mega-rounds drive large quarterly increase for North America, Asia, and Africa

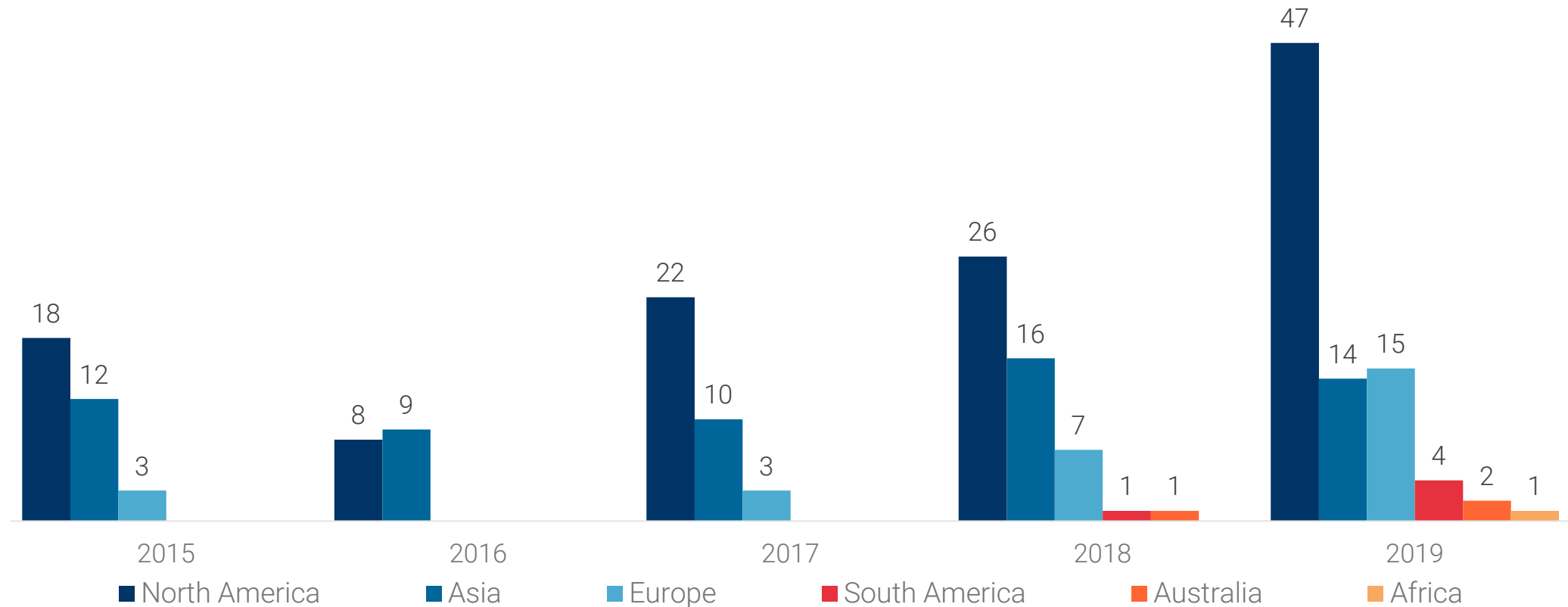
Global VC-backed fintech funding by continent, Q4'18 – Q4'19 (\$M)





# 2019 saw 83 mega-rounds totaling \$17.2B, a record year in every market except Europe

Global number of fintech mega-rounds (\$100M+), 2015 – 2019

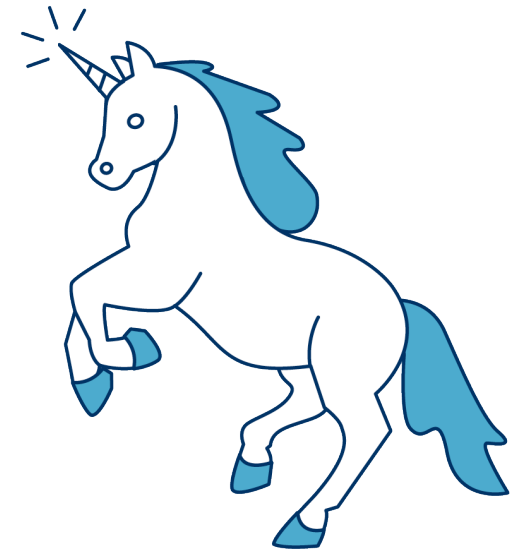


Globally there are

67 Fintech unicorns

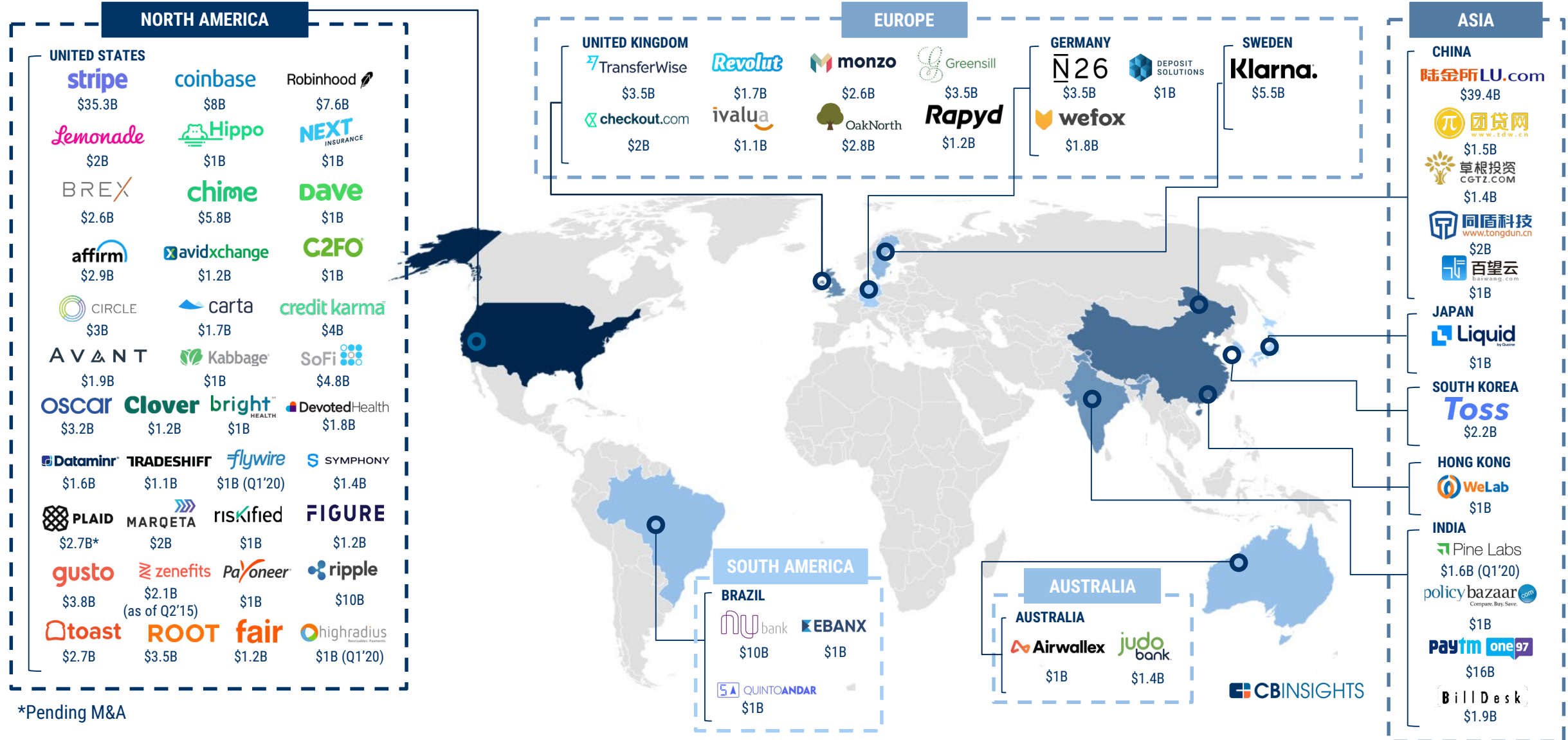
Valued, in aggregate, at

\$244.6 billion



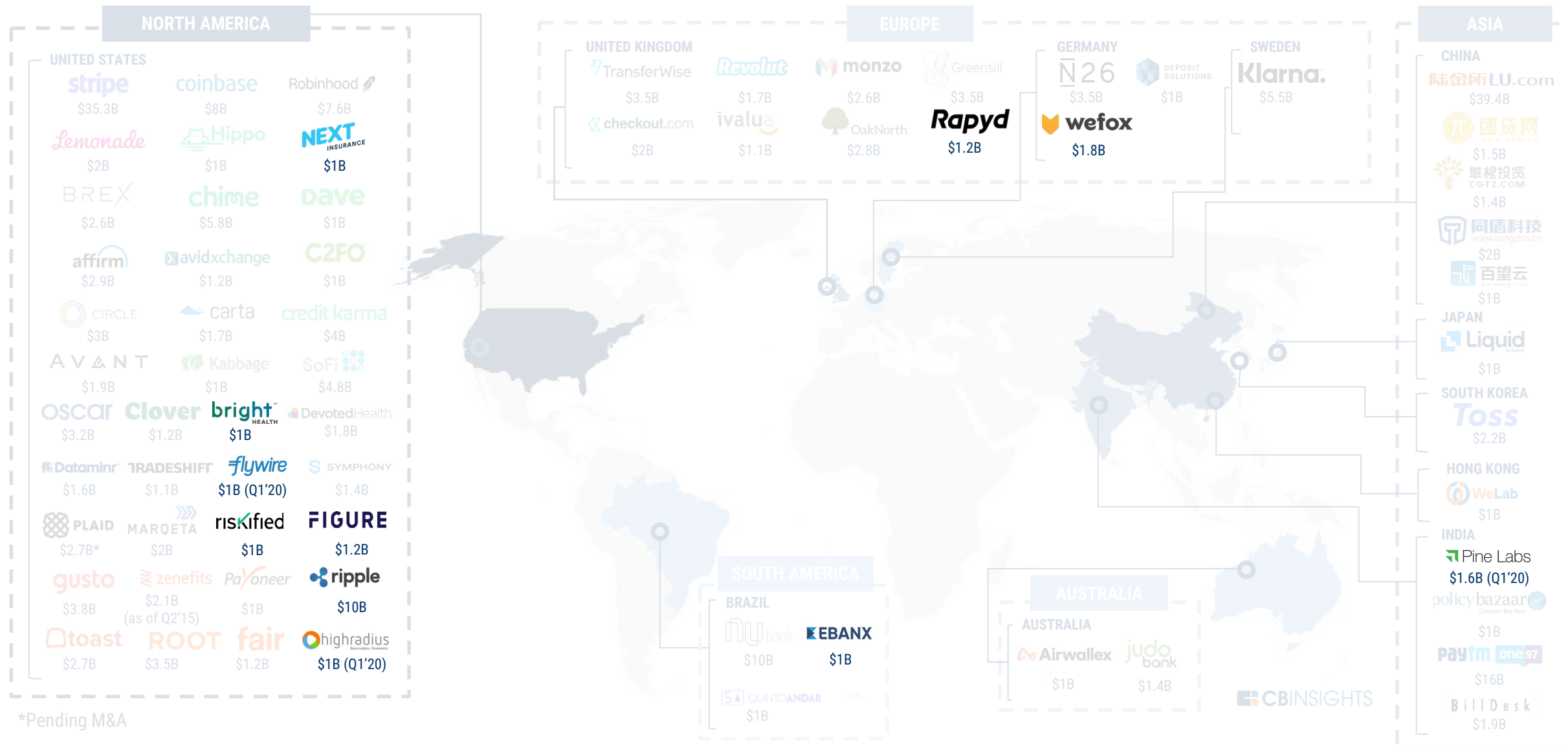
# 67 fintech unicorns valued at \$244.6B

Global VC-backed fintech companies with a private market valuation of \$1B+ (2/14/20)



# 8 new fintech unicorn births in Q4'19 and 3 in Q1'20

Global VC-backed fintech companies with a private market valuation of \$1B+ (2/14/20)



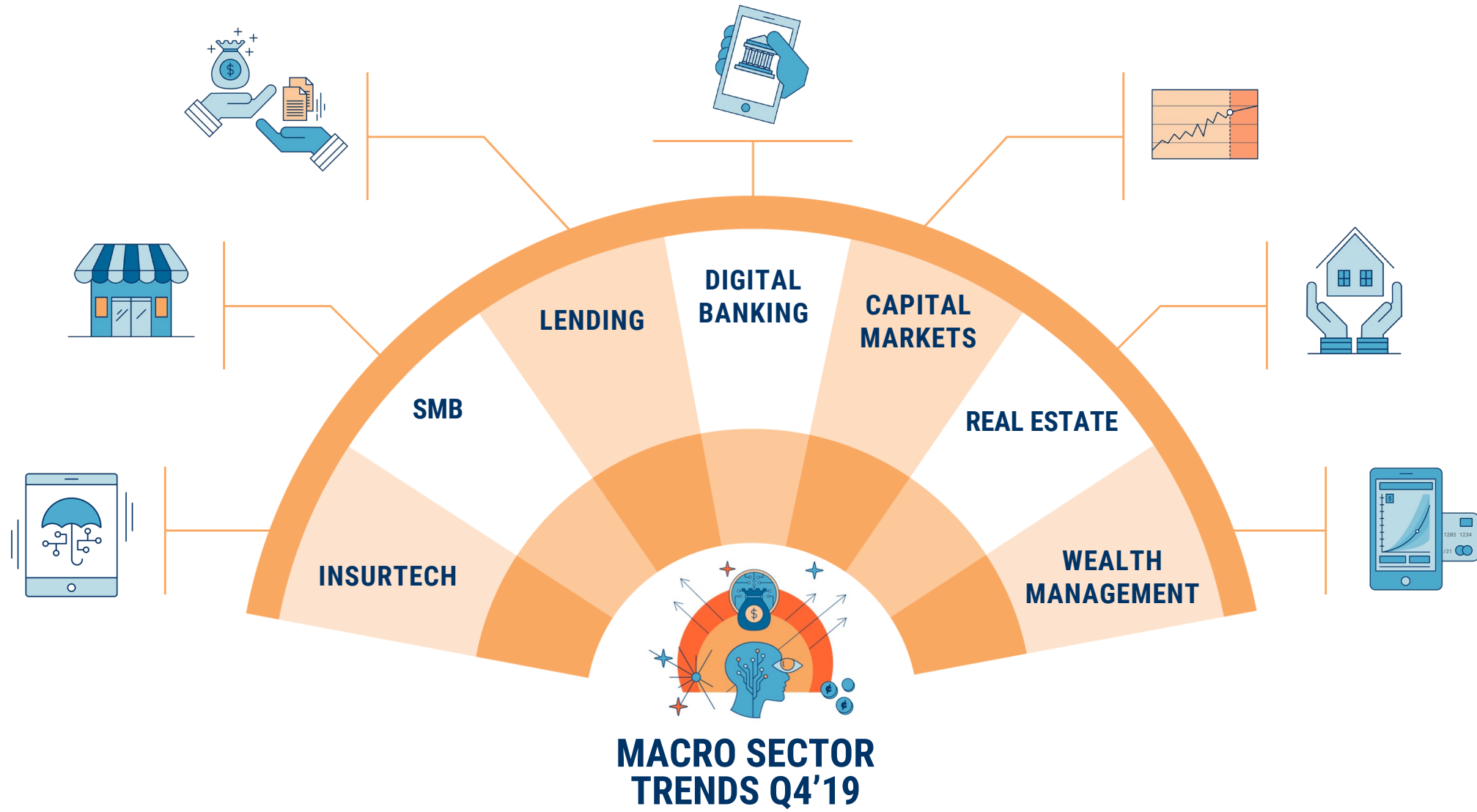


# Q4'19 Fintech Sector Trends

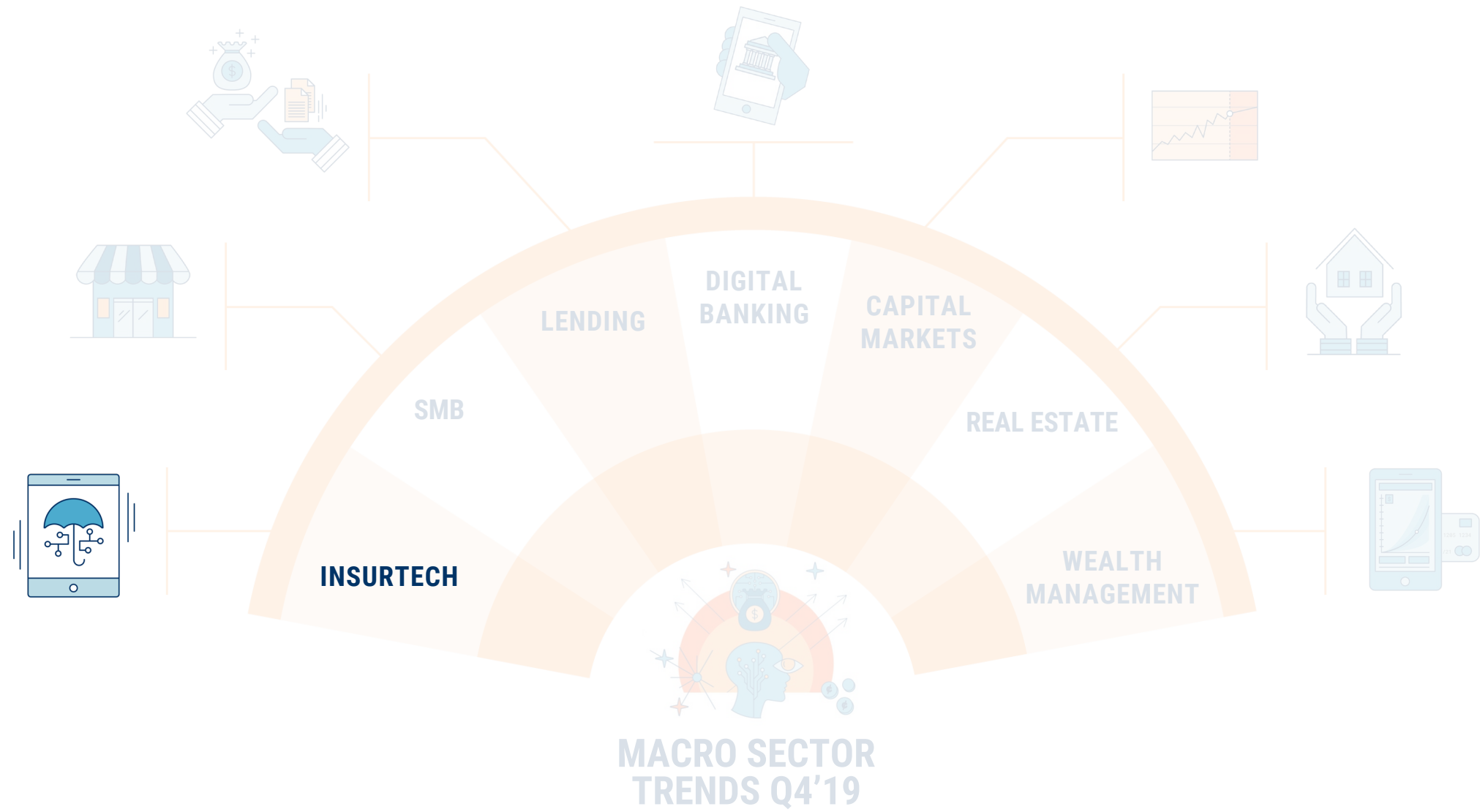




# GLOBAL VC-BACKED FINTECH Q4'2019

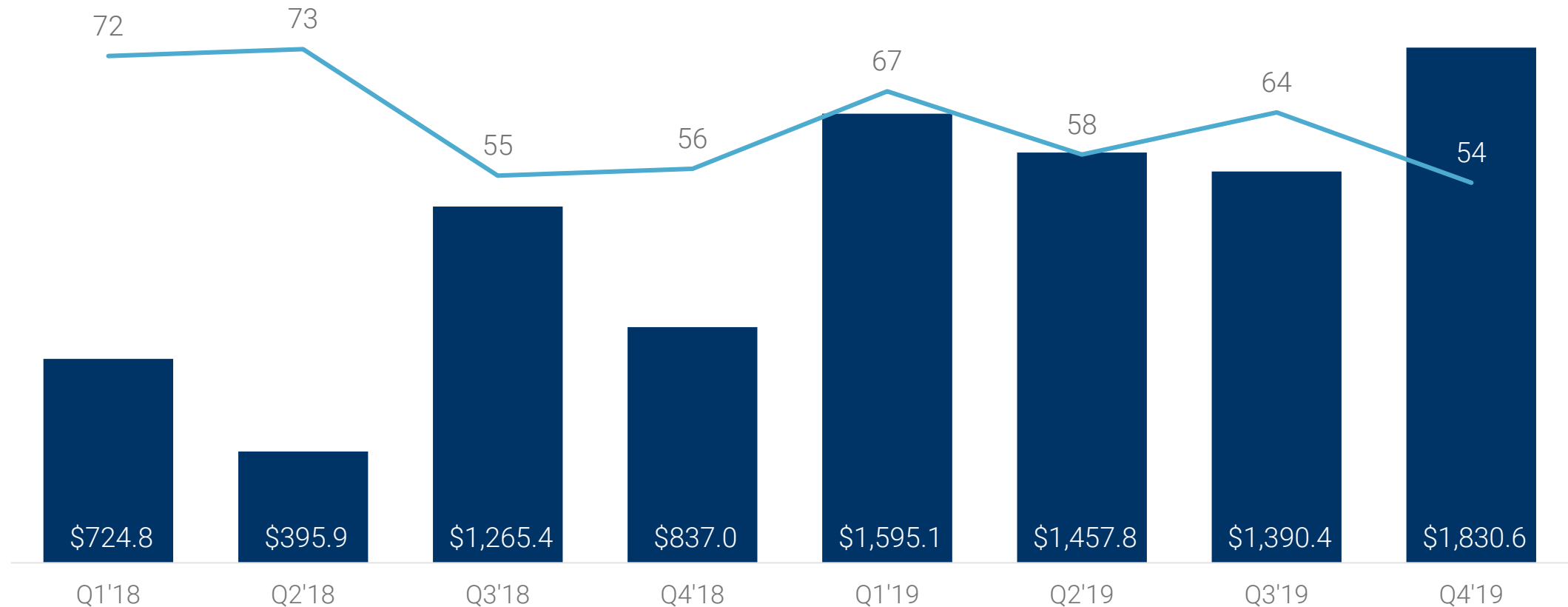


# GLOBAL VC-BACKED FINTECH Q4'2019



# Insurtech funding hits 8-quarter peak, boosted by 4 mega-rounds driving mid-to-late-stage growth

Global VC-backed insurtech financing trends, Q1'18 – Q4'19 (\$M)



# Unicorns are scaling across insurance verticals

5 of the insurtech unicorns born in 2019 offer varied types of insurance coverage

Lemonade



**Q2'19 Funding:** N/A  
**Valuation:** \$2B  
**Total Funding:** \$480M

**Select Investors:** SoftBank, Allianz X, GV, Thrive Capital

**Business model:** Licensed insurance carrier that keeps a fixed fee of customer's home insurance premiums

**Traction:** \$58M in gross written premium in 2018

Hippo



**Q3'19 Funding:** \$100M Series D  
**Valuation:** \$1B  
**Total Funding:** \$209M

**Select Investors:** Bond, Lennar, Comcast, Fifth Wall

**Business model:** Digital home insurance provider incorporating smart home devices to adjust risk premiums

**Traction:** Premiums grew 10x in 2019; allegedly its NPS is 76 or ~3x industry average

NEXT  
INSURANCE



**Q4'19 Funding:** \$250M Series C  
**Valuation:** \$1B  
**Total Funding:** \$381M

**Select Investors:** Munich Re Ventures

**Business model:** Digital insurer that underwrites the majority of its own verticalized SMB policies

**Traction:** 1,000 business types covered; 100K customers to-date and \$77M gross written premiums

wefox



**Q4'19 Funding:** \$110M Series B-II  
**Valuation:** \$1.65B  
**Total Funding:** \$274.31M

**Select Investors:** Salesforce Ventures, Target Global, IDInvest Partners

**Business model:** (1) B2B2C platform that connects carriers, agents, and insurers (2) Digital household and private liability provider

**Traction:** Reportedly \$100M in revenue and over 500K customers across both lines

bright  
HEALTH



**Q4'19 Funding:** \$635M Series D  
**Valuation:** \$1B  
**Total Funding:** \$1.08B

**Select Investors:** NEA, Bessemer, Redpoint, Cross Creek

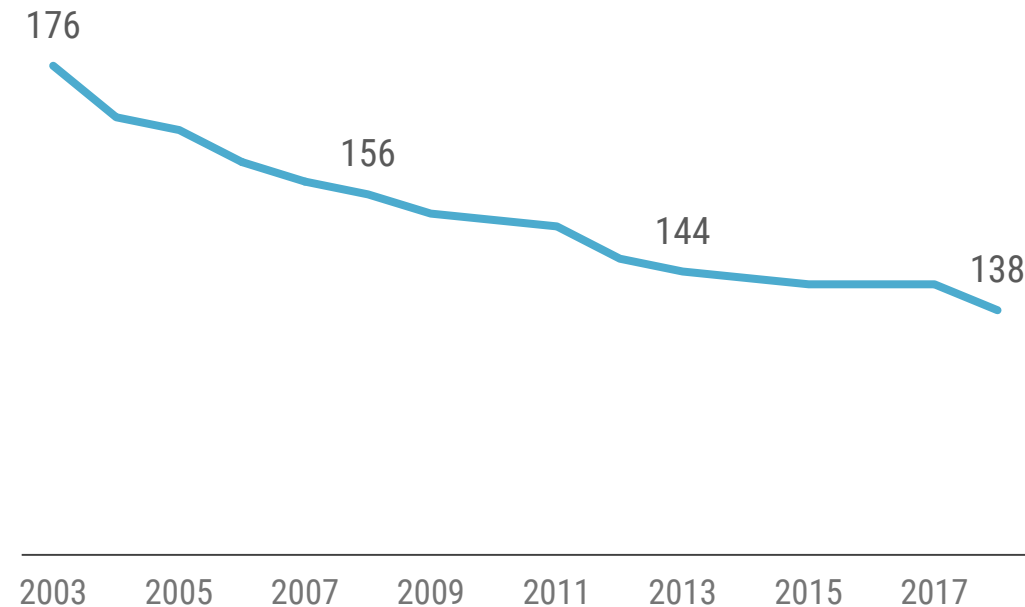
**Business model:** Single health system-focused, tech-enabled consumer health plan (Medicare Advantage, Individual, Family)

**Traction:** 22 markets in 12 states, 13 new markets planned for 2020

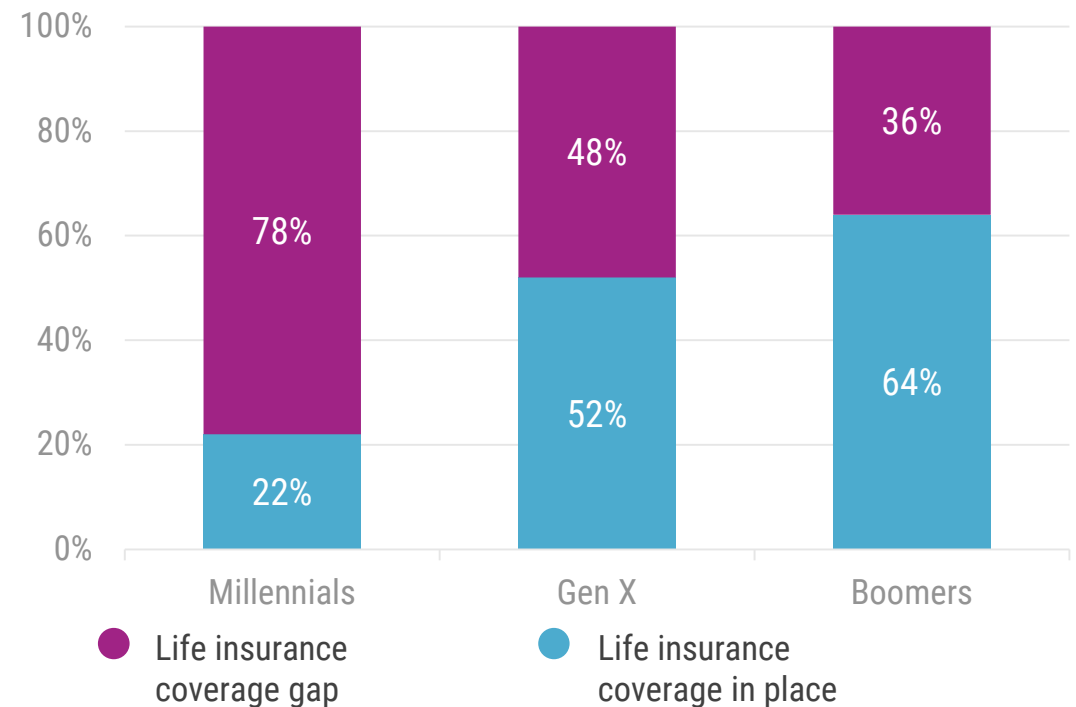
# Millennials are killing US life insurance policies

## US individual life insurance policies are steadily dying

Policies outstanding in the US in millions (M)



## Millennials have the largest coverage gaps, but Boomers are also underinsured at a critical life stage



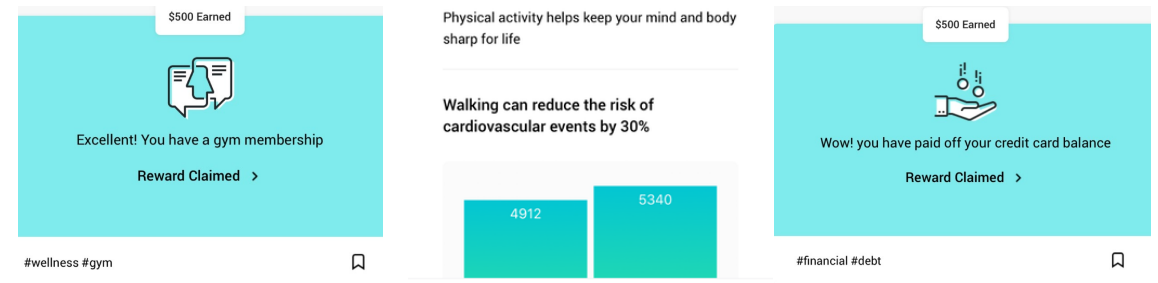
# Early-stage life insurance startups are trying new approaches to attract younger demographics



**Q4'19 Funding:** \$12M Series A

**Select Investors:** Guardian Life, Moneta VC, State of Mind

**Focus:** Sproutt is a marketplace for life insurance coverage. Sproutt has developed a Quality of Life Index (QL Index) that uses alternative data, like sleep patterns and nutrition, to assess customers' life insurance coverage gaps and recommend policies and coverage.



**Q4'19 Funding:** \$3.2M Unattributed

**Select Investors:** Aphelion Capital

**Focus:** Avibra offers a platform that is targeted towards wellbeing benefits and uses gamification to attract younger demographics. Avibra uses data science and machine learning to track and reward individual good habits with life insurance coverage. It also integrates with social media to encourage sharing.

# Startups are helping insurance incumbents meet customer expectations and demand for digital solutions



**Q4'19 Funding:** \$120M Unattributed VC

**Select Investors:** Insight Partners, Dragoneer Investment Group, Tamasek, Neuberger Berman

**Focus:** P+C enterprise cloud software

Boston-based Duck Creek Technologies offers a suite of SaaS solutions for policy, billing, claims, analytics, distribution, and reinsurance management.

The company has also created a partner ecosystem to match users with “specialists” focused on delivery, solutions, or consulting as a value-added service.

**Traction:** Duck Creek reported a 32% increase in market share between FY 2018 and FY 2019. Customers include large insurance players like Liberty Mutual, Progressive, Geico, Chubb, Berkshire Hathaway, and Zurich.



**Q4'19 Funding:** \$80M Series B

**Select Investors:** CapitalG, BlackRock, Goldman Sachs

**Focus:** No-code SaaS platform for insurers and financial incumbents

New York-headquartered Unqork is looking to create a no-code application development platform for large enterprises. The cloud-hosted platform has a drag-and-drop interface that is meant to speed up app development by unifying rules, workflows, and databases.

Unqork's platform can be used to build applications that support underwriting, policy issuance, and servicing, among others.

**Traction:** Company tripled employees from 30 to 150 in 2019; customers include John Hancock, Goldman Sachs, Prudential, and Liberty Mutual.



# Underinsured sectors remain open target markets

Select startups going after the 40% of US SMBs that lack insurance coverage



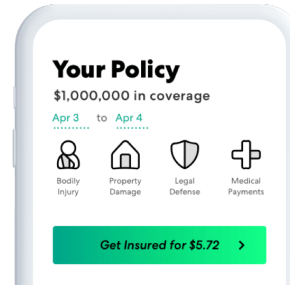
**Q4'19 Funding:** \$22M Series A

**Select Investors:** AXA Venture Partners, IAC, Open Ocean Capital, Slow Ventures

**Roadmap:** New York-based Thimble plans to use its funds to expand product offerings and grow its 40 employees by 40% to 100% over the next year to 18 months.

**Focus:** Thimble (fka Verifly) is focused on providing flexible, short-term insurance to small businesses and freelancers. Users can purchase daily, weekly, monthly, or yearly liability coverage for close to 120 professions through an app or on the web.

**Traction:** Thimble is licensed to sell coverage in 48 states and was on pace to sell 100K policies in 2019. The company claims to have sold over \$100B in aggregate exposure.

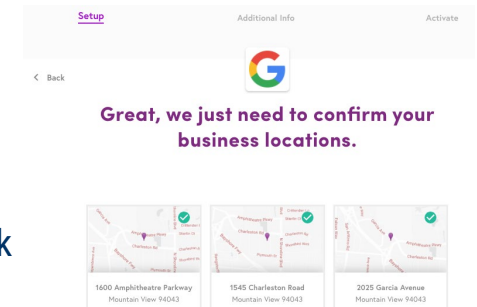


**Q4'19 Funding:** \$18M Series A

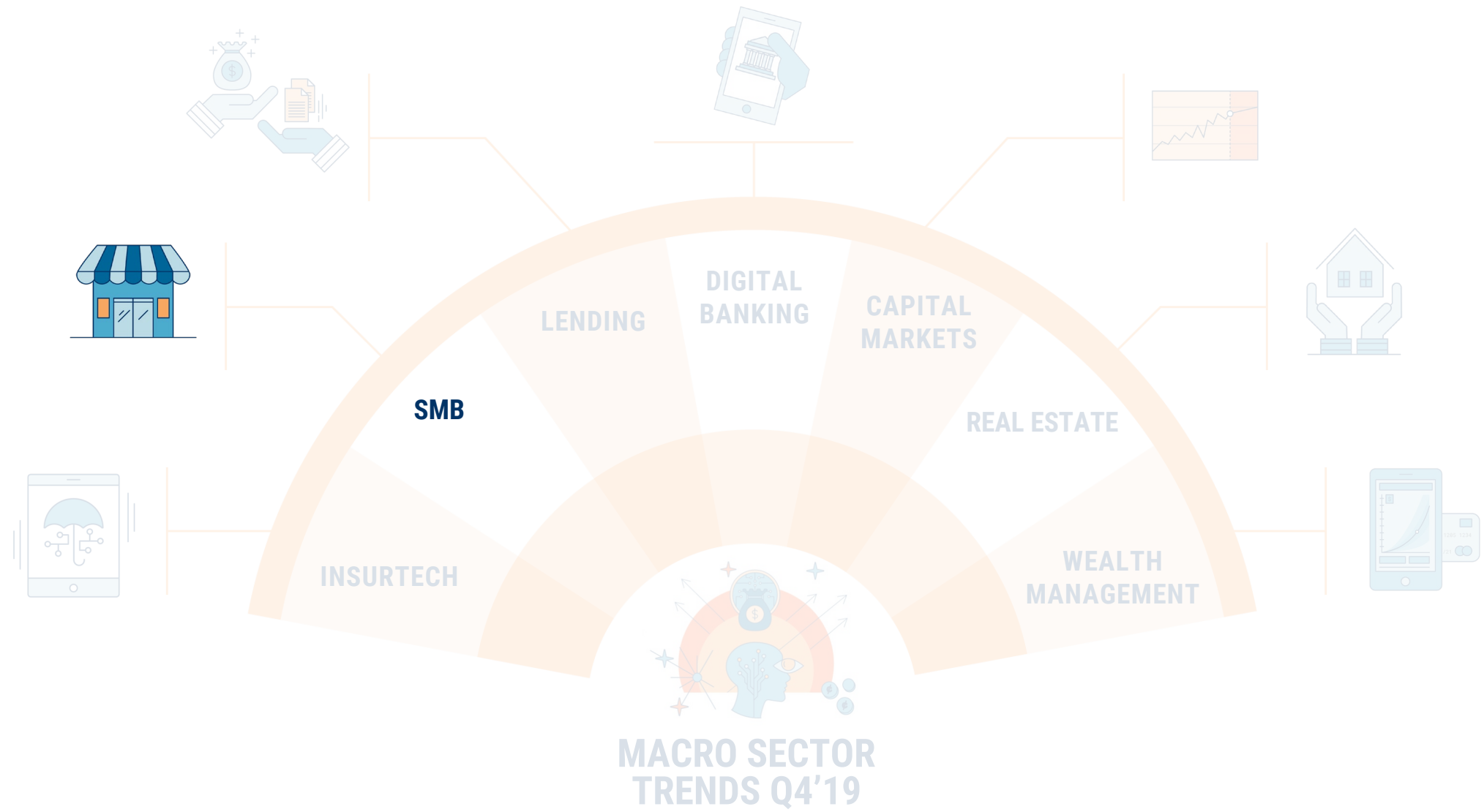
**Select Investors:** Tribe Capital, Crosslink Capital, Uncork Capital

**Roadmap:** San Francisco-based Huckleberry plans to use its funds to increase sector coverage including personal care, auto repair, and restaurants. The company also plans to scale its engineering, data science, and marketing efforts. There is also potential the funding will be used to match small businesses with insurance plans using AI.

**Focus:** Huckleberry is a managing general agent that focuses on providing small business insurance, with an emphasis on workers' comp and business owner policies (bundled coverage).

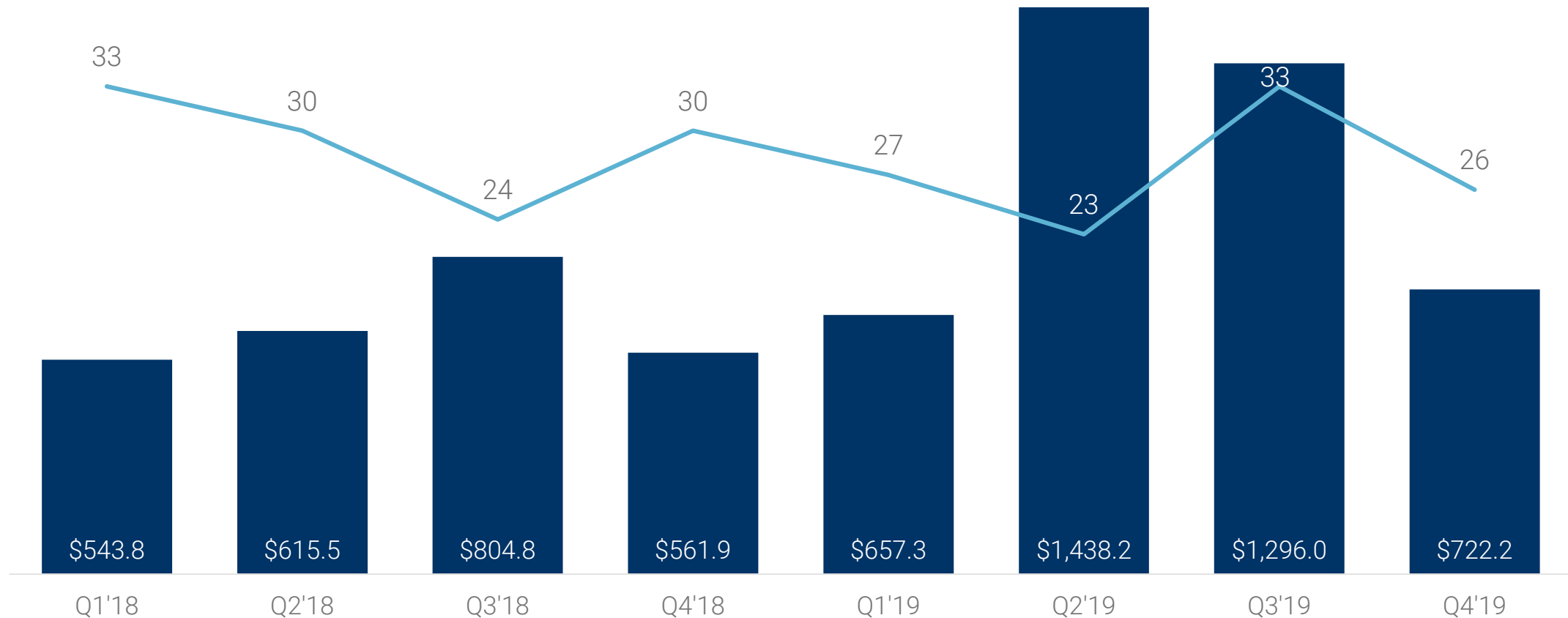


# GLOBAL VC-BACKED FINTECH Q4'2019

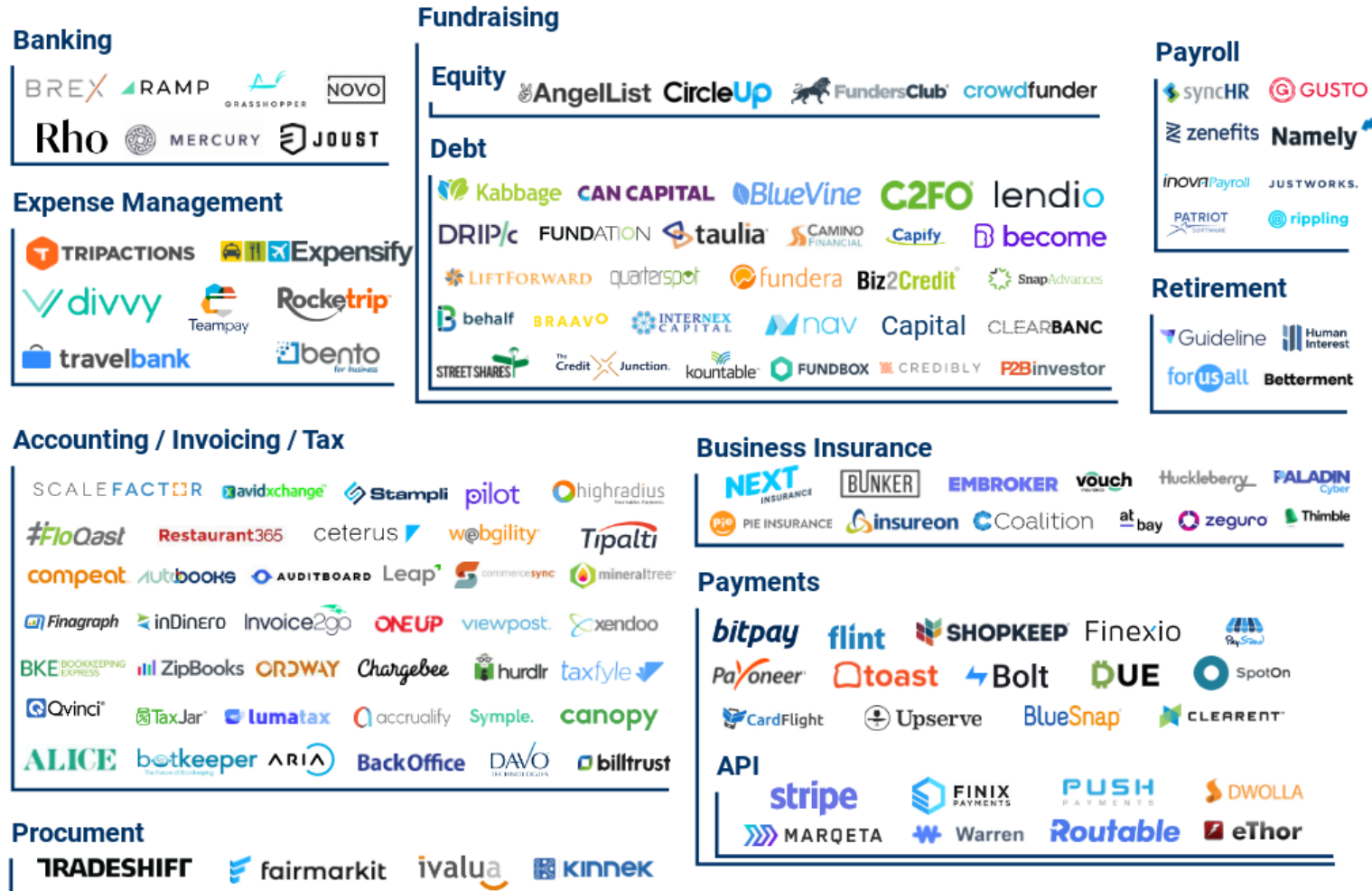


# Small business (SMB) fintech companies in the US raised over \$4B in 2019

US VC-backed SMB fintech tech financing trends, Q1'18 – Q4'19 (\$M)



# There are 140+ US fintech startups enabling SMBs across the financial services



# AUTOMATING TREASURY MANAGEMENT THROUGH ARTIFICIAL INTELLIGENCE



## Last Funding

**\$125M Series B // Q1'20 // \$1B valuation**

HighRadius is treasury and accounts receivables (AR) automation platform for SMBs. Its Integrated Receivables (IR) product unifies AR and payments across credit, billing, payment processing, cash application, deductions, and collections.

HighRadius has established a B2B payment network that allows suppliers to connect with buyers and aims to close the current communication gaps between supplier receivable processes and buyer payable processes.

HighRadius' treasury management platform gives SMBs control over cash flows by giving them visibility into cash positions, automating reconciliation, and reducing days sales outstanding (DSO), among other highly manual tasks.

## SELECT CLIENTS



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world's first*

*auto-pilot for order to cash*

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## Integrated Receivables

Optimize accounts receivable operations by combining all receivable and payment modules into a unified business process

### Credit Cloud >>

Automated, proactive credit reviews  
and faster customer onboarding

### EIPP Cloud >>

Electronic invoicing through web, email,  
fax, print + mail and easy payments with  
ACH, credit cards

### Cash Application Cloud >>

Zero-touch, straight-through remittance  
capture and payment posting

### Deductions Cloud >>

Automated research and resolution  
of trade and non-trade deductions

### Collections Cloud >>

Automated dunning, improved collector  
KPIs, lower past-due and DSO

## Treasury Management

Forecast cash accurately, get more visibility and control into cash  
positions and automate reconciliation

### Cash Forecasting >>

Accurate cash flow forecasts  
delivered automatically by  
Artificial Intelligence

### Cash Management >>

Enable greater visibility and control on  
cash positions across all your bank  
accounts

### Bank Reconciliation >>

Enrich your bank statements to  
achieve seamless straight-through  
processing

# Next-gen business accounting startups are streamlining accounts payable for SMBs



Cases overview				
Add filters x Status: Needs review				
Case ID	Case creation date	Type	Affected payees	Payments in process
30	Aug 01, 2017	Blocked payees	6	USD 2,487.00
29	Aug 01, 2017	Blocked payees	10	USD 5,363.60
28	Aug 01, 2017	Multiple accounts	3	
27	Jul 28, 2017	Multiple accounts	2	USD 2,121.00
26	Jul 28, 2017	Multiple accounts	2	USD 1,001.00
25	Jul 28, 2017	Multiple accounts	2	USD 2,222.00
24	Jul 27, 2017	Multiple accounts	2	USD 1,352.00

INVOICE	
	Origami Solutions, Inc. 30 Watlany Ct Beverly Park NSW 2170, Australia T: +61 2 9607 8256 E: accounting@origami.com.au ABN 59 123 456 789 ACN 51 234 567 890
Bill to: Advanced Business Communications 305 Hamilton Avenue Suite 200 Palo Alto, CA 94301	Date: 13 May 2016 Invoice #: 020215 Term: Net 14
Multiple Commerce Environment and User Experience	
Description	Amount
Consulting Session 4-hour planning and working session	\$4,300.00
Design and Development 100 hours labour	\$5,600.00

Supplier & approver	
Payee name	Origami Solutions ()
Approver name	admin (admin@user.com)
General	
Invoice number	032015
Invoice date	May 13, 2016
Invoice due date	May 26, 2016
Description	
Capture bill lines	
Account	Select GL account

**Q3'19 Funding:** \$60M Series D & \$16M Debt

**Select Investors:** 01 Advisors, Greenspring Associates, Zeev Ventures, Group 11

**Focus:** Tipalti provides a cloud-based payables automation platform that aims to streamline global payables workflow, while giving companies access to cross border payments, currency conversion, and payments.

**Traction:** \$8B+ in annual remittances, 400K suppliers, and 100% YoY growth



Invoice 951334536		Invoice 1/2	Filter Messages
Chevron Attached file		Invoice approval has been received Alice G. 11/29/2018 18:58	
Approve Not Mine		An invoice approval request has been submitted to Alice G. Gabe M. 11/29/2018 18:54	
Reject Request field update Request preliminary approval Ask a question		An update has been made to the field "GL Account" Gabe M. 11/29/2018 18:54	
Invoice Status: Scanned		Additional details	
Handled By: Waiting to be assigned		Index details have been updated	
Processing Began: 08/21/2018 Received From: Bethany Glover		Additional details	
Due Date: 09/20/2018		Invoice No: 951334536	
Financial System: Export		Vendor: Corpo Industries INC	
Invoice Type: Invoice		Invoice Date: 07/08/2018	
Total to be Paid: \$1951		Total to be Paid: \$431.29	

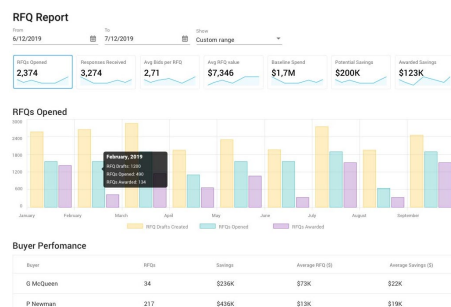
**Q4'19 Funding:** \$25M Series B

**Select Investors:** Bloomberg Beta, Hillsven Capital, SignalFire

**Focus:** Stamppli provides cloud-based interactive invoice management software that is intended to streamline the entire accounts payable process and centralizes the communication on a specific invoice. Stamppli's solution integrates ERP systems like NetSuite, Sage Intacct, QuickBooks, and SAP.

**Traction:** Processed over \$12B in invoices annually with 1,900+ businesses and 40K users on the platform

# The next battlegrounds for early-stage SMB fintechs are cashflow management and optimization



**Q4'19 Funding:** \$11.9M Series A

**Select Investors:** Insight Partners

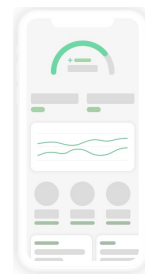
**Focus:** Fairmarkit is a tail spend management firm. The company automates procurement through a central purchasing platform to minimize source-to-award cycle times and reduce non-strategic spend.



## Grow Smarter

Pepper gives modern businesses a new perspective on their financial health and helps them grow smarter.

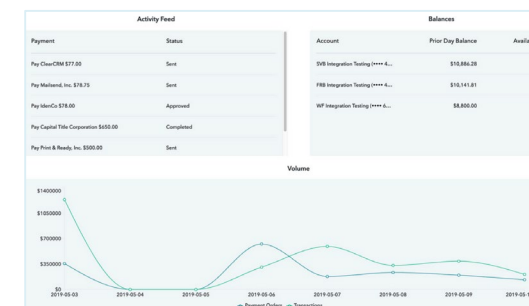
GET EARLY ACCESS



**Q4'19 Funding:** \$5.6M seed

**Select Investors:** Upfront Ventures, Lerer Hippeau Ventures, Imran Khan

**Focus:** Pepper is a financial analytics platform that monitors cashflow and burn rate for direct-to-consumer (DTC) and app-based businesses. The goal is to give businesses insight into customer acquisition costs, budget, and prepare for fundraising.



**Q4'19 Funding:** \$10M Series A

**Select Investors:** Benchmark, YC

**Focus:** Modern Treasury is building a payments operating systems for businesses. Its suite of APIs initiate, monitor, and reconcile payments and integrate major banks and infrastructure providers. The company recently launched support for real-time payments (RTP) and a continuous accounting product.



## INCUMBENTS ARE EXPANDING TO NEW CUSTOMER SEGMENTS

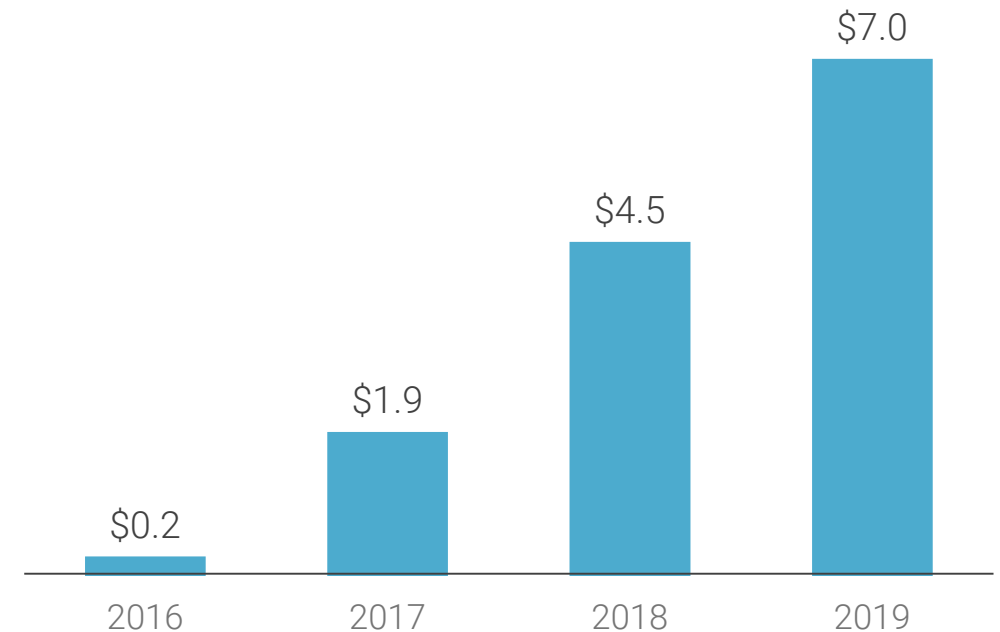
# Goldman is growing its main street banking efforts while expanding into banking-as-a-service

### Goldman in talks with Amazon to offer small business loans over Amazon's lending platform

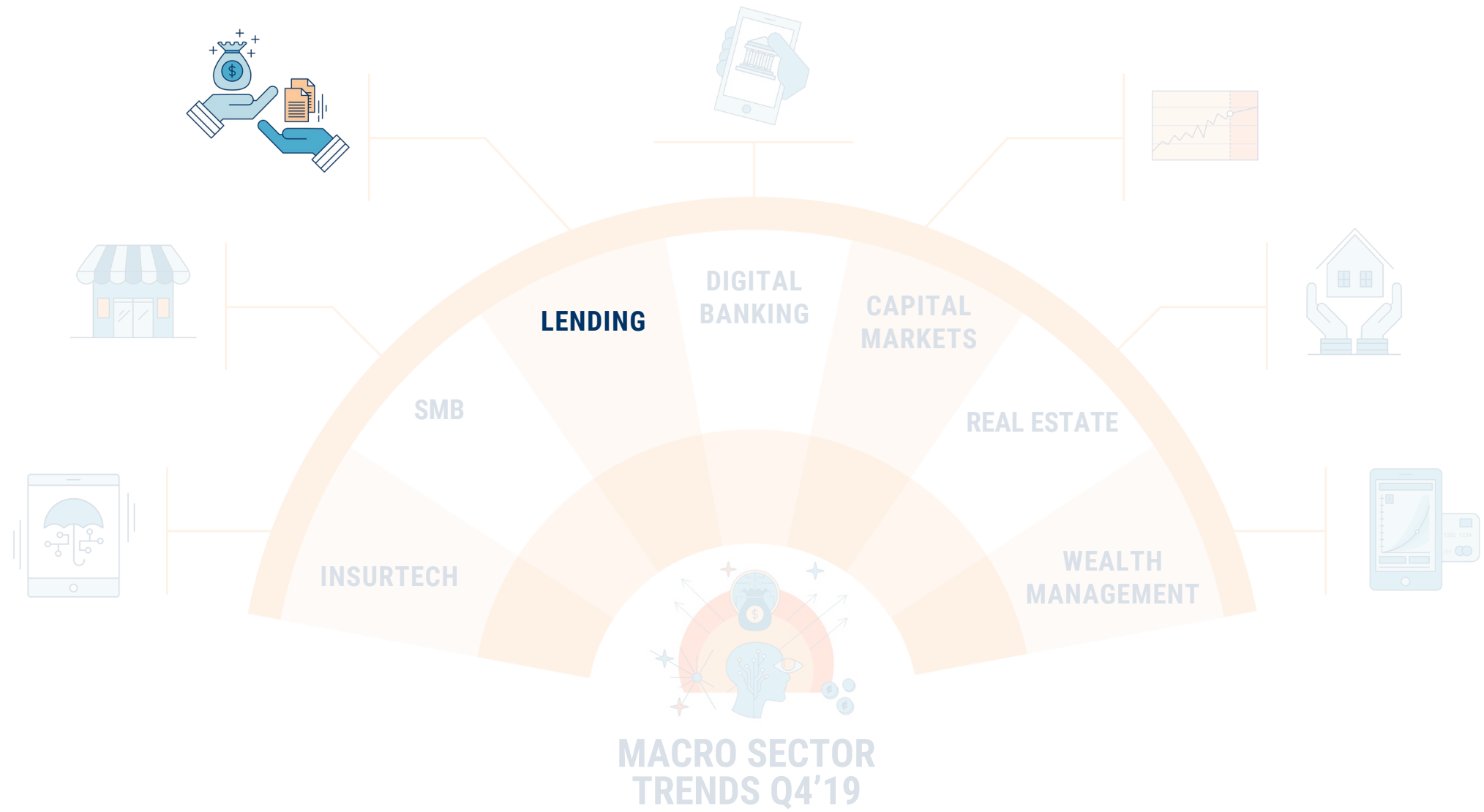
In January 2020, Goldman held its first investor day where the banking giant emphasized its priorities to grow Marcus, its retail banking arm. CEO David Solomon alluded to expanding SMB lending as transaction and consumer banking “mature.”

In February 2020, Amazon was reportedly in conversation with Goldman to offer more SMB loans, in line with the investor day report. Amazon has been actively lending to SMBs on its platforms and access to Goldman's balance sheet comes at an opportune time as SMB marketplace lending is heating up with new entrants like Shopify, which recently piloted lending.

Marcus has originated \$7B+ since its launch  
Loan / Card Balances (\$B)

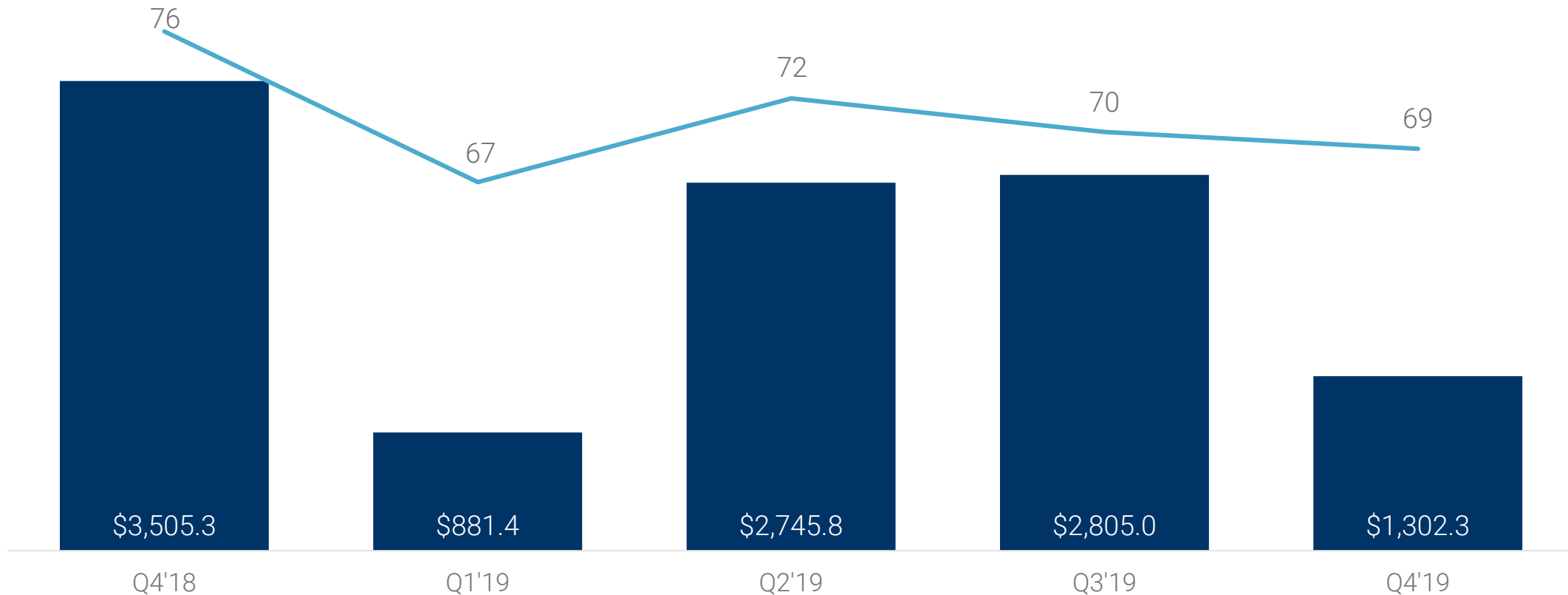


# GLOBAL VC-BACKED FINTECH Q4'2019



# Global lending deals and funding ended the year down in Q4'19 with funding dropping 54% QoQ

Global VC-backed lending financing trends, Q4'18 – Q4'19 (\$M)



# B2C lenders raise mega-rounds to expand in Asia

The booming e-commerce market combined with low credit card penetration across China, Hong Kong, and Southeast Asia have made way for digital lending platforms to emerge across the region

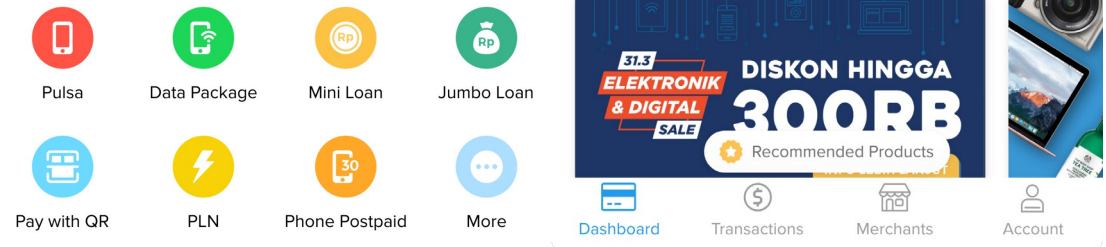


**Q4'19 Funding:** \$156M Series C  
**Valuation:** \$1B

**Select Investors:** Alibaba Entrepreneurs Fund, CCB International

**Focus:** WeLab operates Wolaidai, a mobile lending platform, and WeLend, an online lending platform in Hong Kong. It also partners with financial institutions to offer fintech-enabled solutions to its customers. WeLab received a virtual banking license in Hong Kong in April 2019 and plans to launch WeLab Bank in 2020 and expand internationally in the next 2 years.

WeLab has over 41M users in Hong Kong, China, and Indonesia.



**Q4'19 Funding:** \$90M Series C – II & \$71M in debt  
**Valuation:** \$500M

**Select Investors:** Mirae Asset Capital, Square Peg Capital, Cathay Innovation

**Focus:** FinAccel runs Kredivo, a Singapore-based consumer lending platform that extends lines of credit from \$100 - \$2,200. The offering is integrated at point-of-sale at e-commerce retailers like Lazada, Shopee, Bukalapak, and Tokopedia for purchase financing.

Kredivo claims over 1M customers and 30M+ loans originated.

# Fintech lenders in LatAm fill the credit gap for SMBs and micro-businesses not served by banks



Simple Credit | Pure Lease

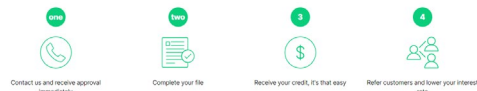
How much do you need?

Amount:  \$2 million

Term:  32 months

Monthly payment \$87,299 \*

**Apply now!**



**Q3'19 Funding:** \$42M Series B

**Select Investors:** Goldman Sachs, Kaszek Ventures, Point72 Ventures

**Focus:** Credijusto is an SME lending platform that offers Mexican companies and individuals credit solutions.

**Traction:** Credijusto has originated \$90M+ in term loans and leases for over 25K customers since launching in 2015.



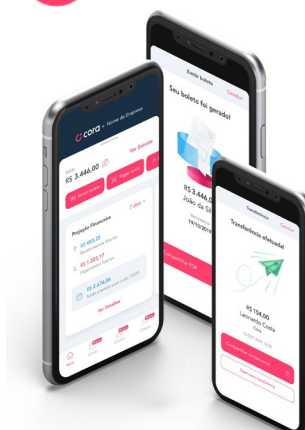
**Q3'19 Funding:** \$100M line of credit

**Q4'19 Funding:** \$100M Series D

**Select Investors:** SoftBank, Kaszek Ventures, QED Investors, Vostok Emerging Finance

**Focus:** Konfio is an online lending platform that helps underserved SMEs in Latin America with business loans, credit cards, financial health monitoring, and insurance.

**Traction:** Konfio has lent to 25K+ SMEs and claims 1M+ clients in Mexico.



**Q4'19 Funding:** \$10M seed

**Select Investors:** Ribbit Capital, Kaszek Ventures

**Focus:** Brazil-based Cora is a lending platform for small and medium enterprises. The platform offers tools for businesses to transfer money, pay invoices, and more.

**Traction:** Founders sold previous fintech company to Wirecard in 2016. Cora is in beta and plans to launch in first half of 2020.



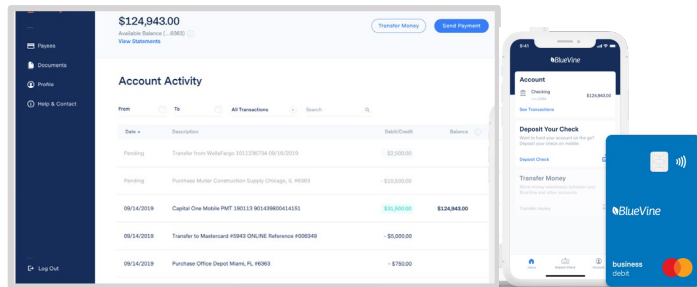
**Q1'20 Funding:** \$125M Series B

**Select Investors:** SoftBank

**Focus:** AlphaCredit provides credit lines to individuals and small companies in Mexico and Colombia via a programmed deduction system, which has low default rates thus allowing for low-interest rates.

**Traction:** AlphaCredit has originated over \$1B in loans in Mexico and Colombia over its eight-year existence.

# Established alternative lenders in the US are moving into business banking and payments



**Q4'19 Funding:** \$102.5M Series F

**Select Investors:** ION Crossover Partners, Lightspeed Venture Partners, Menlo Ventures, Nationwide, Citi Ventures, M12

**Focus:** BlueVine announced BlueVine Business Banking service to improve the banking experience for SMBs with a digital dashboard, Mastercard debit card, and 1% APY business checking account. Banking services are provided by partner The Bancorp Bank.

BlueVine has funded over \$2B in loans since 2013.



Withdraw	
\$15,000.00	12-Month Loan 18-Month Loan
Fixed Fee	\$4,050.00
Total	\$19,050.00

Continue to Review	
Payment Schedule	
15 Mar 2019	\$1,059.18
Principal	\$834.00
Fee	\$225.18
15 Apr 2019	\$1,059.18



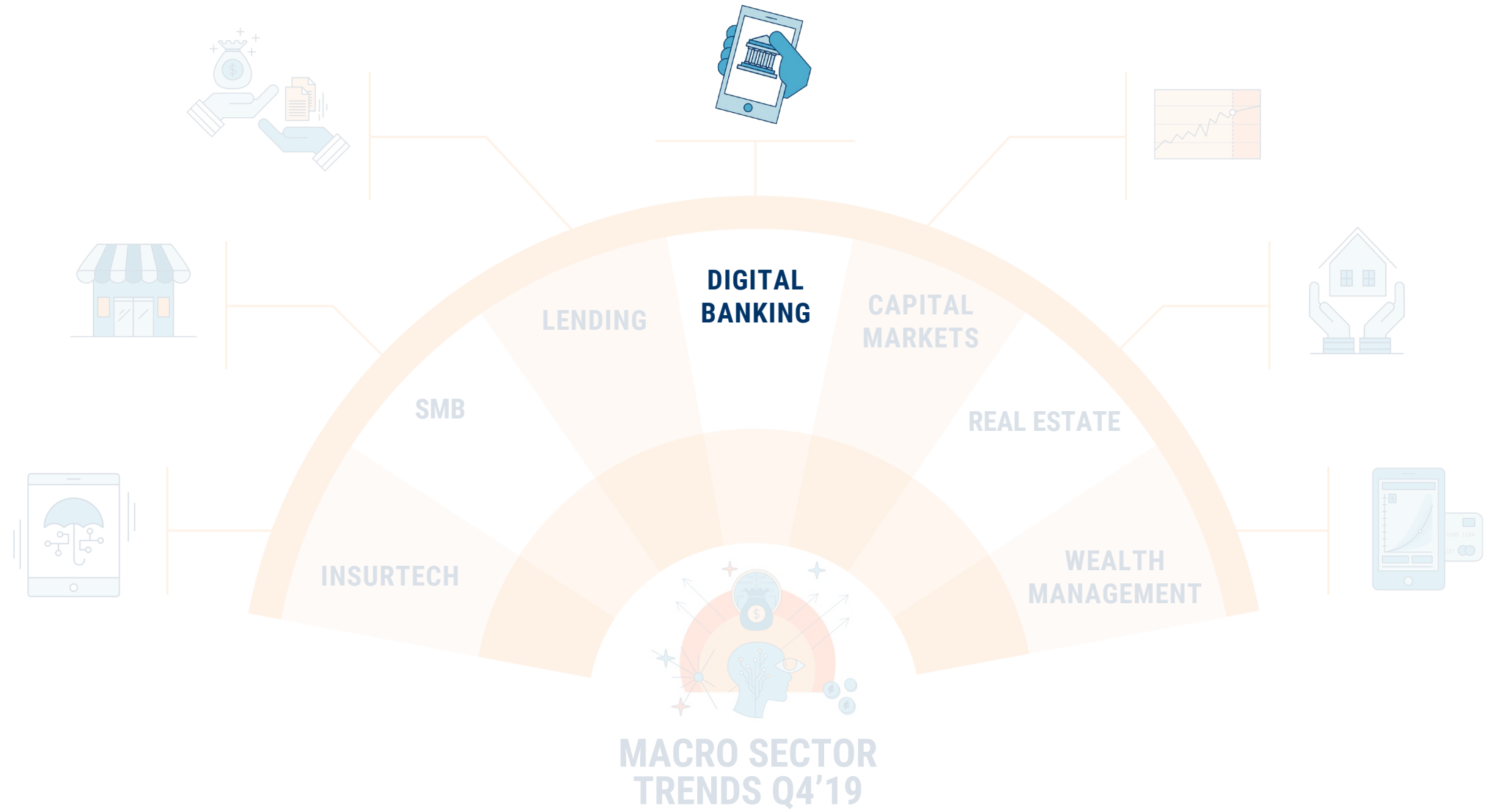
**Total Funding:** \$490M

**Valuation:** \$1B

**Select Investors:** BlueRun Ventures, Thomvest Ventures, Mohr Davidow Ventures, SoftBank, Victory Park Capital

**Focus:** In October 2019 Kabbage launched Kabbage Payments, a payment processing solution that helps SMBs get paid faster. The launch is an attempt to better serve customers across a range of products. Kabbage also acquired Radius Intelligence, a marketing tech company with data on 20M small and medium businesses in the US. The company launched short-duration loans between three and 45 days for cashflow management in early 2020.

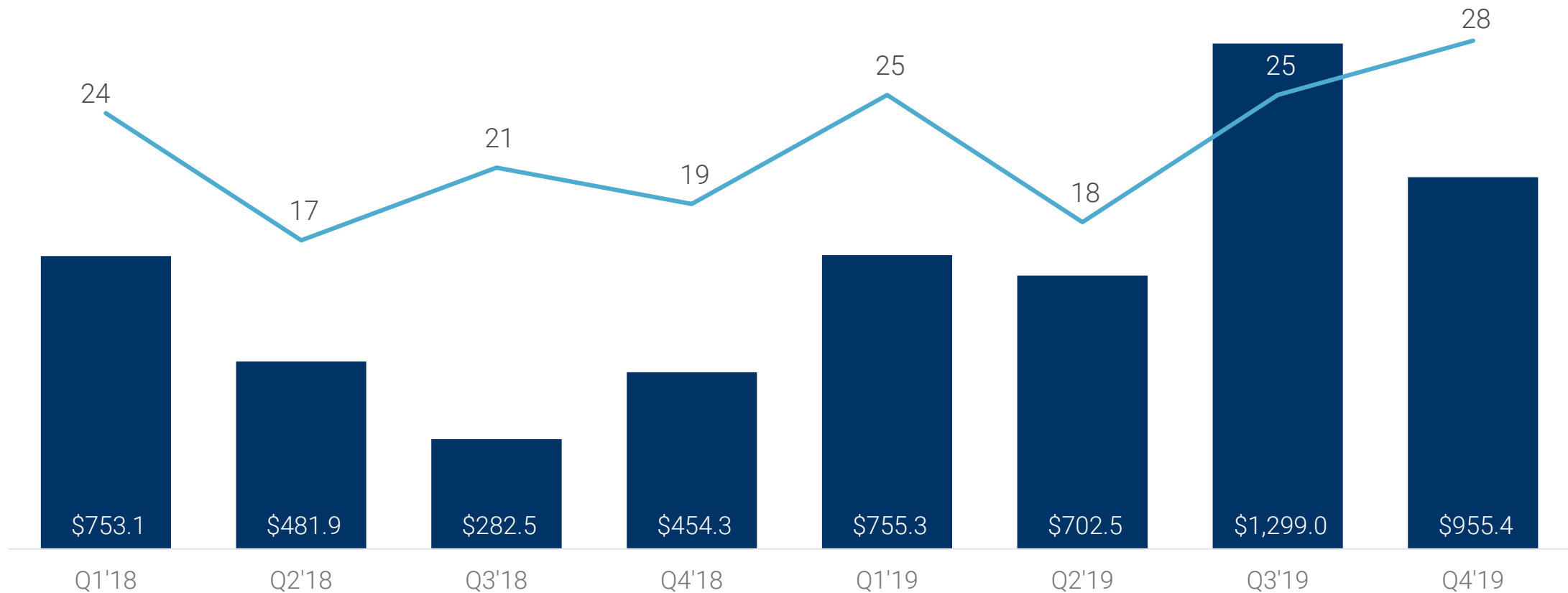
# GLOBAL VC-BACKED FINTECH Q4'2019





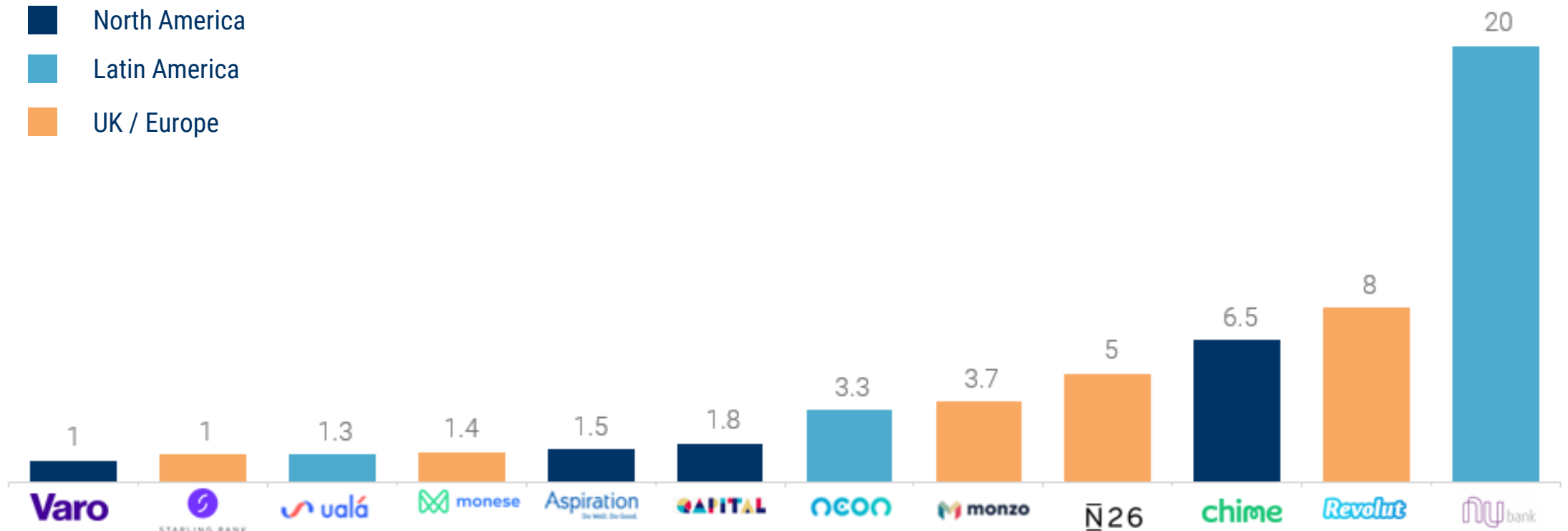
# Challenger banks raised over \$3.7B across 96 deals in 2019, records for both deals and dollars

Global VC-backed challenger bank financing trends, Q1'18 – Q4'19 (\$M)



# Fintechs whose first minimum viable product (MVP) was a checking or credit card have added 54M+ combined accounts

Total accounts (M) added by challenger banks (as of 02/01/20)



# While deals and funding are heavily concentrated in B2C business models, B2B use cases are emerging

## B2C - DEBIT

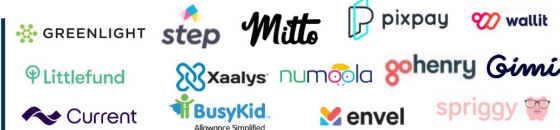
### Underbanked/Unbanked



### Millennials



### Gen Z



### Perks & Rewards

POINT

### Savings



### Blockchain



### Impact Banking



### Freelancers



### Insurance



## B2B - DEBIT

### SMB/SMEs



### Expense Management



### Freelancers



### Perks & Rewards



### Tech Startups



## CREDIT

### Underbanked/Unbanked



### Tech Startups



### B2B2C



### Home Owners



### Millennials



### SMB/SMEs



### Perks & Rewards



# Open banking regulations continue to be a boon for new fintech business models in Europe



**Q4'19 Funding:** \$2.42M Series B - II

**Q2'19 Funding:** \$54.3M Series B

**HQ:** London, UK

**Select Investors:** Rabo Frontier Ventures, Augmentum Fintech, SBI Group

**Focus:** Tide is a no-fee mobile business banking service with simple account setup. Tide has a freemium model with multiple account tiers. Users can auto-categorize transactions, attach invoices and receipts, and export to third-party accounting software.

Tide claims over 130K business accounts.



**Q4'19 Funding:** \$4.39M Angel

**HQ:** Cardiff, Wales

**Select Investors:** Seedrs

**Focus:** ANNA Money combines a business account and debit card with invoicing and tax reminders. For freelancers and small businesses, it's ideal for SMEs that use light commercial vehicles ("LCVs") for their work.

ANNA Money partnered with TrueLayer for account aggregation and financial data access to simplify value-added tax (VAT) calculations and speed up payments.



**Q1'20 Funding:** \$115M Series C

**Q3'19 Funding:** \$23M Series B

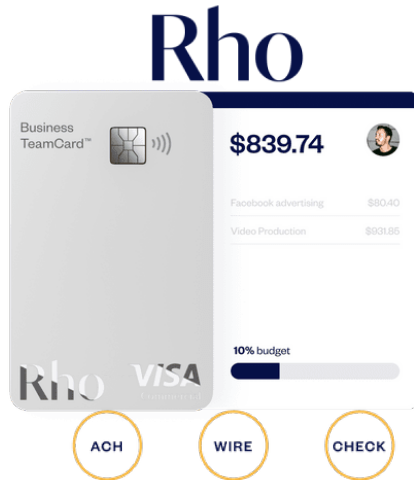
**HQ:** Paris, France

**Select Investors:** DST Global, Tencent, Valar Ventures, Alven Capital

**Focus:** Qonto is a challenger bank for SMBs and freelancers that issues International Bank Account Numbers (IBANs) and cards. Qonto supports payments and money receipts from IBANs, digital cards, and physical cards.

Qonto has over 65K customers and handled €10B in transaction volume in 2019.

# Early-stage US challengers target bank accounts and credit gaps for SMBs, freelancers, and startups



**Q4'19 Funding:** \$4.9M seed

**Select Investors:** Inspired Capital

**Focus:** Rho Business Banking is a no-fee, digital business bank platform with easy account opening, commercial cards, high-yield savings, free transfers, and FDIC insurance up to \$75M.

Rho offers integrations with QuickBooks, NetSuite, Xero, Slack, and others.



**Q4'19 Funding:** \$5.4M seed

**Select Investors:** Barclays Ventures, Scott MinerD, WorldQuant Ventures, CXO Fund

**Focus:** Cogni provides banking services for the gig and freelancer economy. Cogni provides seamless account opening, financial management tools, simple account deposits, and instant transfers.

Cogni launched in Q4 2019 after graduating from Barclay's TechStars accelerator in NYC.



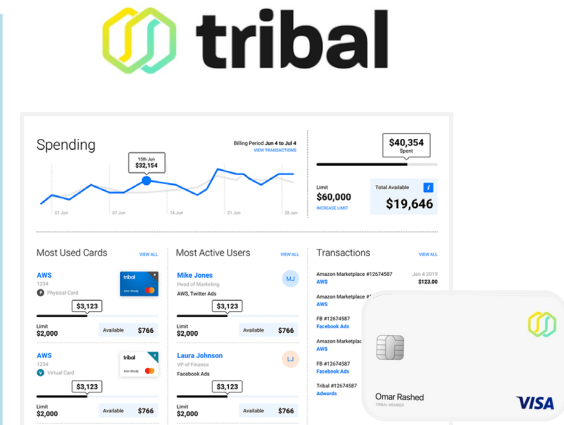
**Q3'19 Funding:** \$2.6M seed

**Q4'19 Funding:** \$0.5M convertible note

**Select Investors:** Accion Venture Lab, Financial Venture Studio, Techstars

**Focus:** Joust Labs offers an all-inclusive banking toolkit for independent contractors and freelancers. It helps customers handle invoices, get paid, and run their business.

Joust's PayArmour acts as a credit department, protecting users from clients who pay late or default altogether.



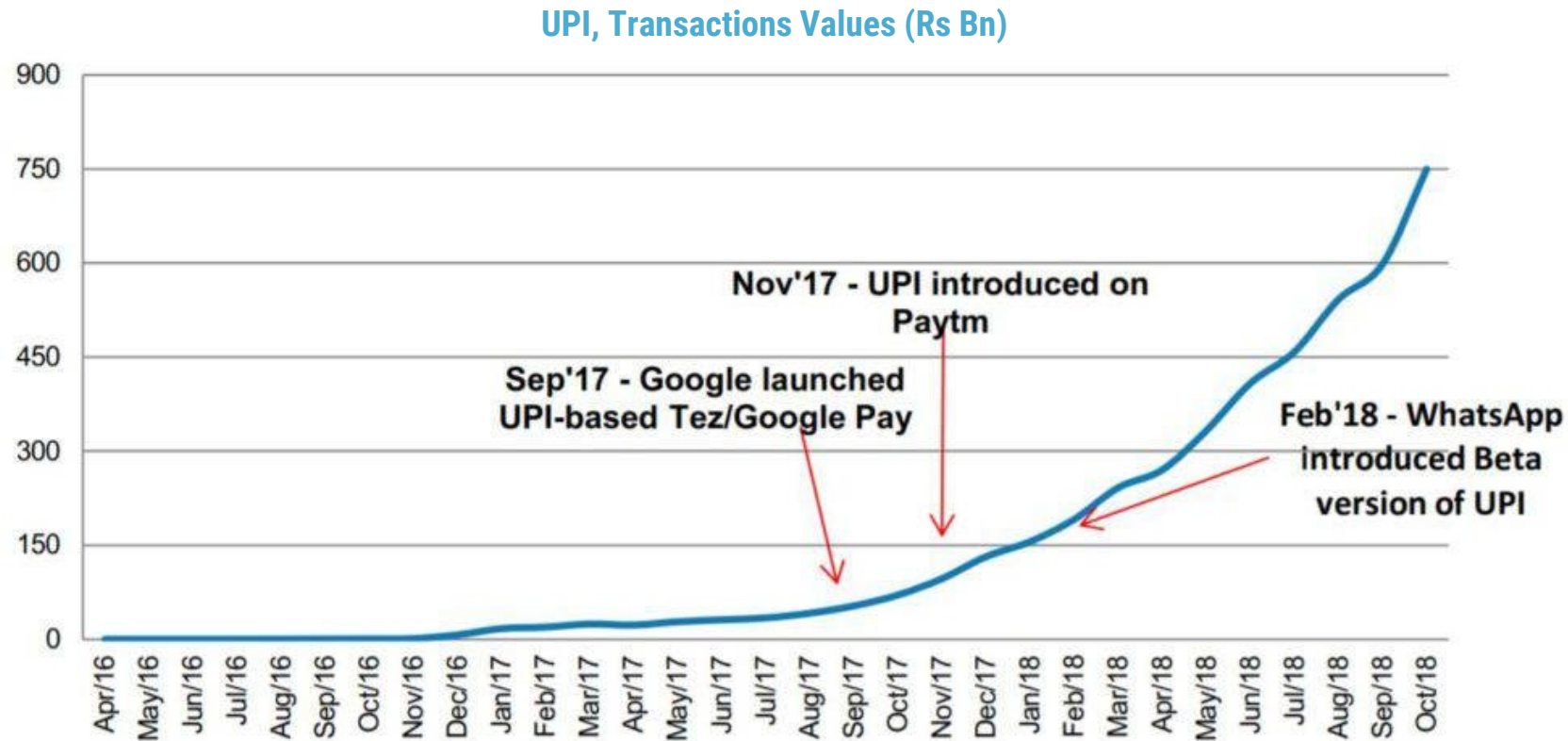
**Q4'19 Funding:** \$5.5M seed

**Select Investors:** BECO Capital, Global Ventures, 500 Startups, Tribe Capital,

**Focus:** Tribal Credit is a business credit card targeting startups in emerging markets. Tribal uses AI and blockchain to underwrite, reduce approval times, control spending, and give token-based financial rewards.

EMERGING MARKETS ARE STILL AN OPEN OPPORTUNITY FOR CHALLENGER BANKS

# India's Unified Payment Interface (UPI) has seen mass adoption from tech players





# India sees a wave of challenger banks tackling SMB pain points and capitalizing on UPI adoption



**Q2'19 Funding:** \$30M Series B  
**Valuation:** \$150M

**HQ:** Bengaluru, India

**Select Investors:** Tiger Global, Tanglin Venture Partners, Better Capital AngelList

**Focus:** Open provides banking services to startups and entrepreneurs. It offers bank account features like payments, invoicing, automated bookkeeping, spend accounts, and developer APIs.

Open claims over 100K business accounts and handles \$5B in transactions each year.



**Q3'19 Funding:** \$35M Series B  
**Q1'19 Funding:** \$13.2M Series A

**HQ:** Bengaluru, India

**Select Investors:** Horizon Ventures, JS Capital Management, Tencent Holdings

**Focus:** Niyo is a fintech company that offers digital banking solutions for SMBs. Niyo helps employees access company benefits and financial services like a global travel card, a mobile app, and real-time expense tracking.

Niyo has over 1M customers and wants to hit 5M by 2022.



**Q1'20 Funding:** Undisclosed

**HQ:** Haryana, India

**Select Investors:** Venture Catalysts

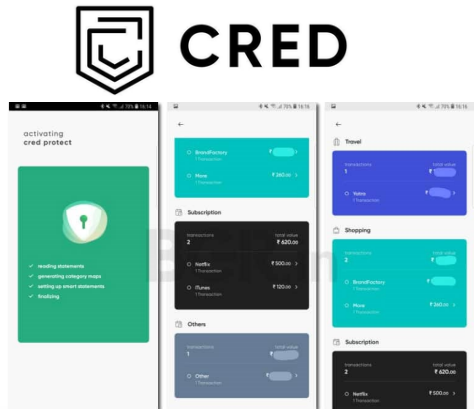
**Focus:** Nupay is a neo-banking business payments platform for large enterprises and governments.

Nupay has partnered with IndusInd Bank and Yes Bank to offer its technology to incumbent banks.

Nupay is owned and operated by Entellus Business Solutions.



# India challengers are also tackling consumer credit and debit by tailoring services to target customers



**Q3'19 Funding:** \$120M Series B  
**Valuation:** \$430M - \$450M

**Select Investors:** Sequoia, Ribbit Capital, DST Global, Tiger Global, Hillhouse Capital, General Catalyst, Dragoneer

**Focus:** CRED aims to reward credit card users for making timely bill payments and offers various benefits to them. CRED offers tracking tools, credit scoring, and rewards & discounts for members.



**Q4'19 Funding:** \$1.4M convertible note  
**Q3'19 Funding:** \$2.8M debt

**Select Investors:** AL Trust, Das Capital

**Focus:** Slice is a digital credit platform that enables college students to buy products and services online on monthly payment plans, without any collateral.

The company has partnered with major online e-commerce platforms including Amazon, Flipkart, Myntra, Snapdeal, and Paytm where students can use the Slice credit line to purchase products.

**Jupiter**

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Amica Financial Technologies Pvt. Ltd.

Modernizing banking  
is an inside job

We're building India's first digital-only banking experience. One that resides on your phone Understands the needs of young Indians And turns banking from a chore to an experience.

**Q4'19 Funding:** \$24M seed  
**Valuation:** \$70M

**Select Investors:** Greyhound Capital, 3One4 Capital, Rocket Internet, Matrix Partners, Sequoia

**Focus:** Amica Financial Technologies is currently in stealth. Under the alias "Jupiter Financial," hiring data reveals the company is building B2C neo-bank offering savings, investing, and lending to salaried millennials with an income above ₹50,000.

**epifi.**

the  
epicentre  
of your  
finances.



**Q1'20 Funding:** \$13.2M seed  
**Valuation:** \$50M

**Select Investors:** Sequoia India, Ribbit Capital, Hillhouse Capital, David Velez

**Focus:** Epifi is a neo-banking platform focused on serving millennials in India. Epifi aims to help users better understand how they are spending money and guide them to make better investments and increase their savings.

Epifi was founded by co-founders of Google Pay (fka Google Tez) in India.

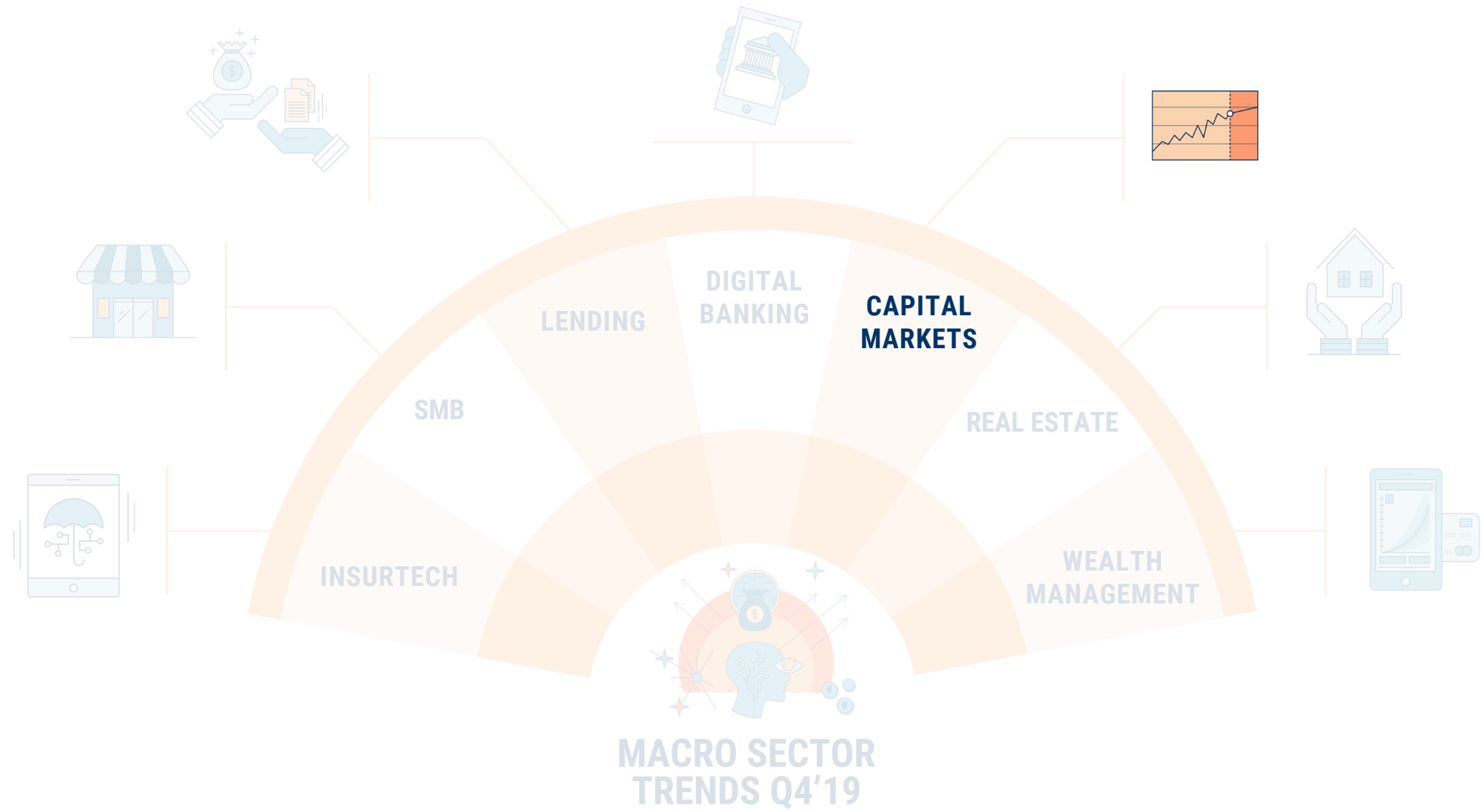
## **The Monetary Authority of Singapore (MAS), Singapore's Central Bank, receives 20+ applications for digital banking license**

Singapore's Central Bank plans to issue 5 digital banking licenses later this year. So far, MAS has reportedly received 21 digital banking applications from a wide range of technology companies including Ant Financial, ride hailing unicorn Grab, gaming company Razer, and phone manufacturer Xiaomi.

Despite the boom in digital banking globally, Singapore currently lacks the emerging challenger banks that have continued to gain traction in Europe, Asia, and Latin America. The applicants will be vetted based on their level of innovation, compliance with capital requirements, and projected path to profitability.

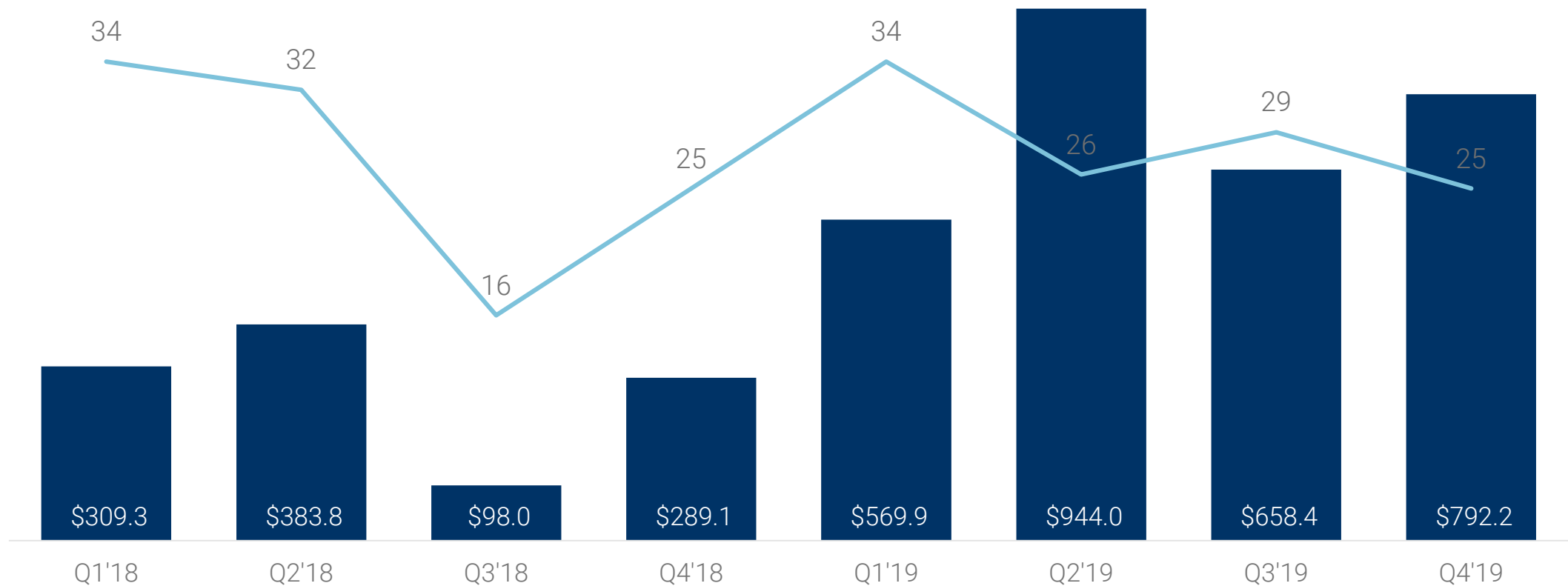


# GLOBAL VC-BACKED FINTECH Q4'2019



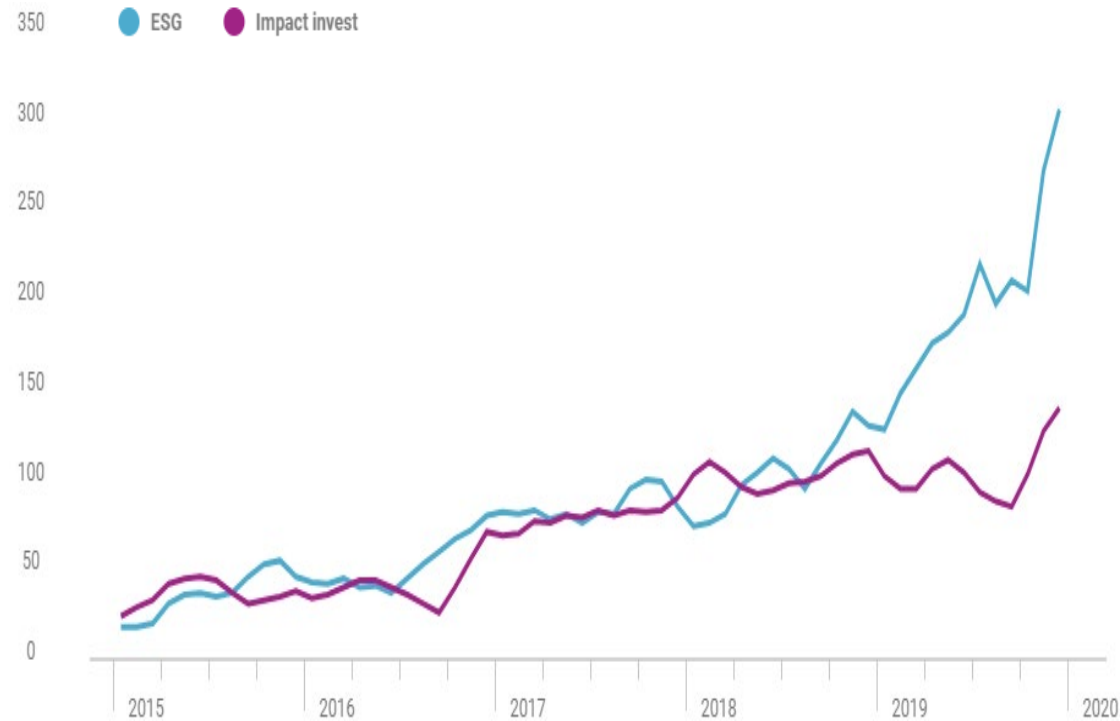
# Capital markets tech deals have been volatile, but 2019 funding was strong as incumbents forged partnerships with fintech

Global VC-backed capital markets tech financing trends, Q1'18 – Q4'19 (\$M)

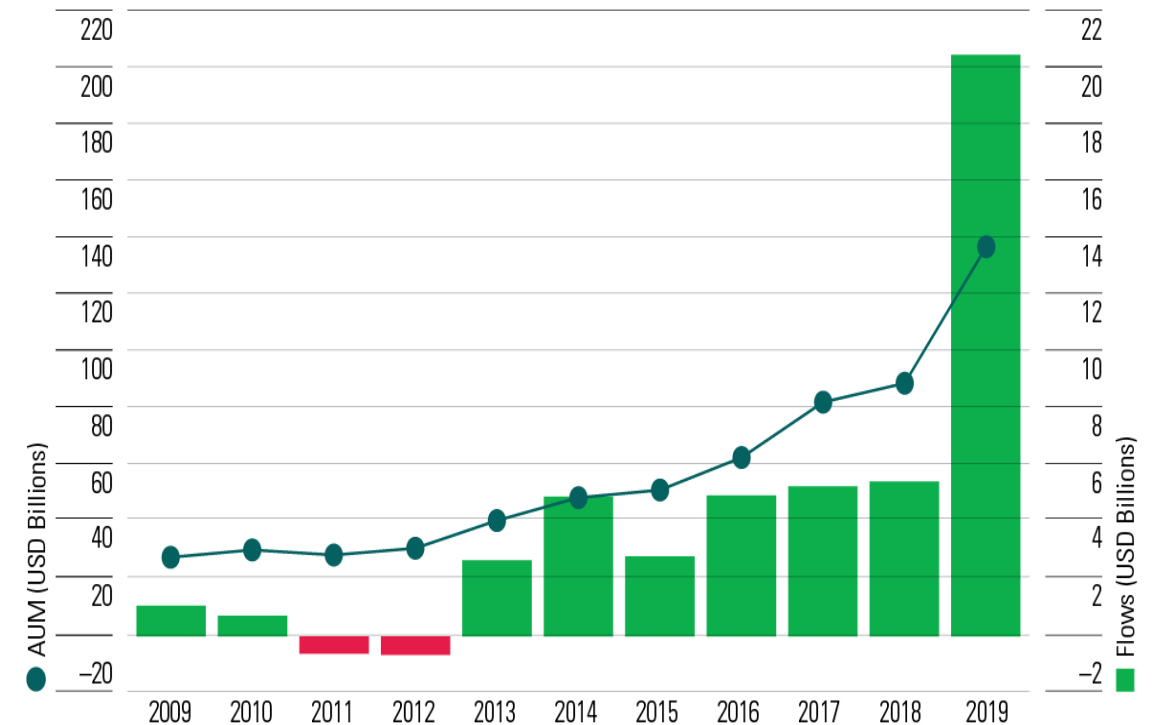


# Media and investor interest in environmental, social, and governance (ESG) took off in 2019

Media mentions of “ESG” and “impact investing” top new highs amid climate crisis concerns



2019 saw an estimated \$20.6B of inflows to sustainable funds, nearly 4x 2014's previous record



# Wall Street's top executives commit material levels of capital to invest in ESG and mitigating risk

In December, Goldman Sachs earmarked \$750B to invest in sustainable finance that drive global climate transition and inclusive growth strategies by 2030.

**“Combining public policy, technology, and capital is a must, not a choice”**



David Solomon, CEO

**Goldman  
Sachs**

iShares ESG Leaders Fund raised \$1B+ in 2019, representing the largest equity ETF launch in the past 15 years

Blackrock Q4'19 Earnings Call

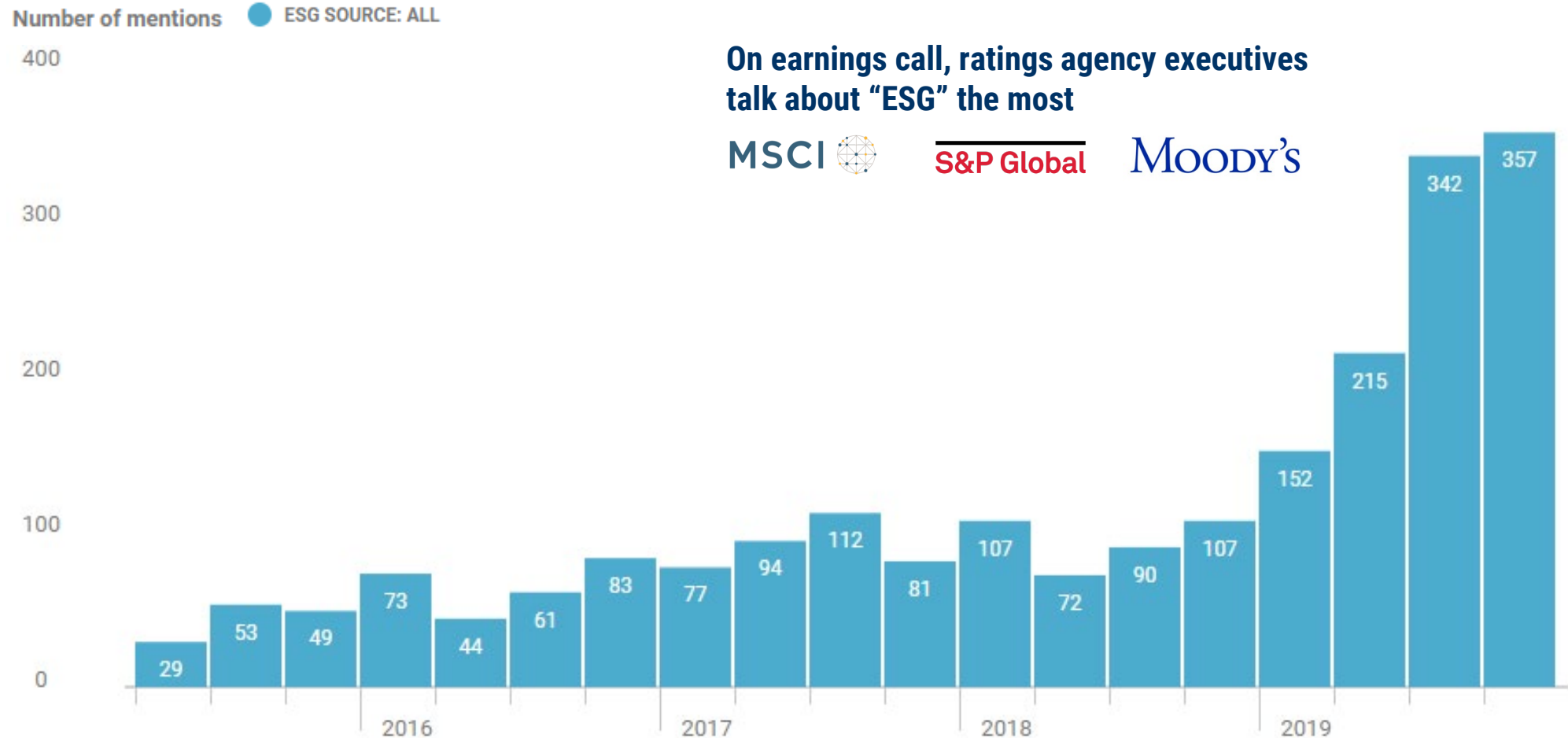
**“Climate Risk Is Investment Risk”**



Larry Fink, CEO

**BlackRock**

# Mentions of 'ESG' are rising on earnings calls as executives prioritize curbing climate risk



# Ratings agencies are fortifying their position in the data market with ESG M&A and investments



## Q3'19 Acquisition announced

**Target's focus:** Carbon Delta is an environmental data analytics firm that specializes in climate change scenario analysis.



## Q4'19 Acquisition

**Target's focus:** RobecoSAM is an investment specialist focused exclusively on sustainability investing. RobecoSAM offers asset management, impact analysis & investing, sustainability assessments, and benchmarking services.



## Q4'19 Minority investment

**Target's focus:** SynTao Green Finance provides ESG data and analytics. The company is based in and serving China.

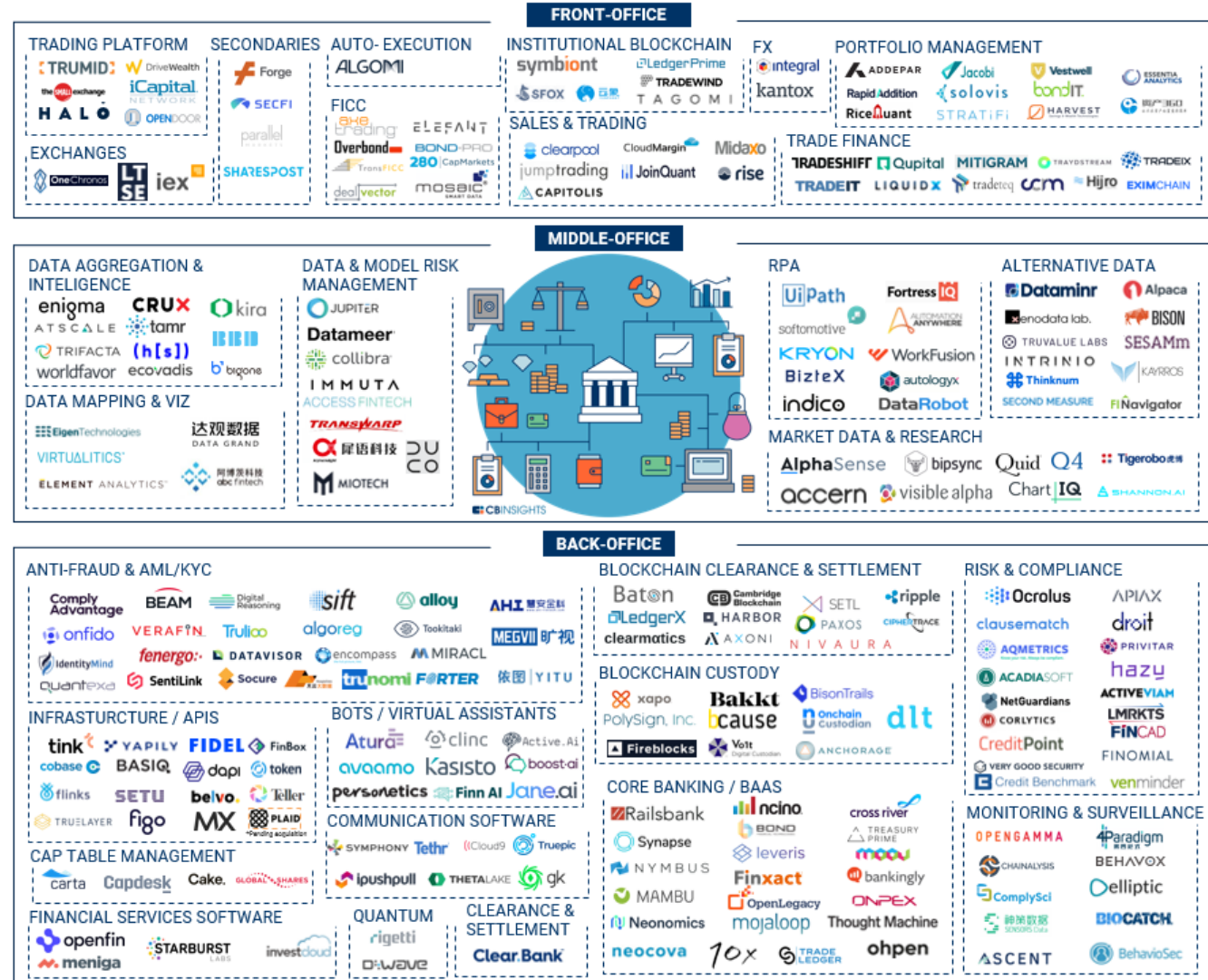


Data, intelligence, and ESG tech are well-positioned to mitigate risk

Executives across industries are taking a proactive stance on mitigating ESG risks while continuing to deliver financial returns to customers.

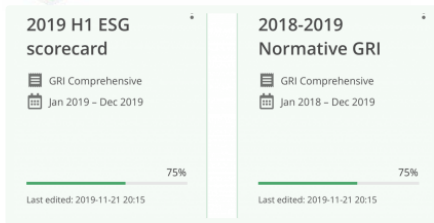
Capital markets tech startups attacking the middle office are well positioned to capture incumbent demand for ESG tech with alternative data, enhanced analytics, and market intelligence technologies.

## The capital markets tech landscape is evolving fast



# ESG solutions exist across pain points, but the ROI remains unproven without a data 'gold standard'

## REPORTING



**Q3'19 Funding:** \$2.1M seed

**Select Investors:** byFounders, Luminar Ventures, Wave Ventures

**Focus:** Normative is a Sweden-based AI software that references purchasing data against a sustainability research database to assess a company's social and environmental impact.

## RISK MANAGEMENT



**Q4'19 Funding:** \$1M grant

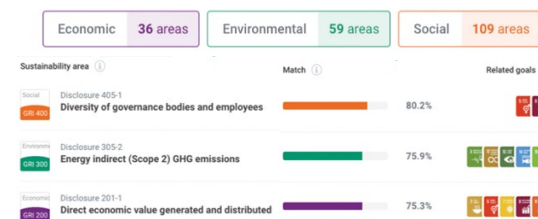
**Q1'19 Funding:** \$23M Series B

**Select Investors:** Gordon and Betty Moore Foundation, Data Collective, Mitsui Sumitomo, Ignition Partners

**Focus:** Jupiter provides data and analytics services to better predict and manage climate risks. The first two products, FloodScore and HeatScore, are focused on climate-related risk assessment and management.

## GOAL TRACKING

### worldfavor



**Q4'19 Funding:** \$3.2 Series B

**Select Investors:** Brightly Ventures, Spintop Ventures

**Focus:** Worldfavor is a Sweden-based collaboration platform for streamlining the management of information relating to economic, environmental, and social sustainability. Worldfavor reports 30K businesses use its platform to submit and source ESG related information.

## RATINGS



**Q1'20 Funding:** \$200M Growth

**Select Investors:** CVC Capital Partners

**Focus:** EcoVadis is a France-based platform that provides sustainability business qualifications, intelligence, and performance improvement tools for global supply chains.

# Startups are using satellites to build geospatial intelligence databases with finance use cases



## Financial Services and Insurance

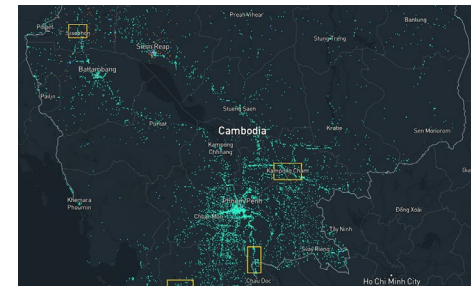
Apply geospatial data to model market forces and detect the unexpected



**Q4'19 Funding:** \$20M Series B-II

**Select Investors:** Ajax Strategies, Crosslink Capital, Cultivian Sandbox, March Capital Partners, Union Grove Venture Partners

**Focus:** Descartes Labs uses computer vision technology and machine learning to capture and analyze geospatial data. Descartes extracts insights from satellite imagery to create business intelligence for customers in the government, agriculture, financial services, and energy sectors. For traders, Descartes' data is used to predict commodity prices.

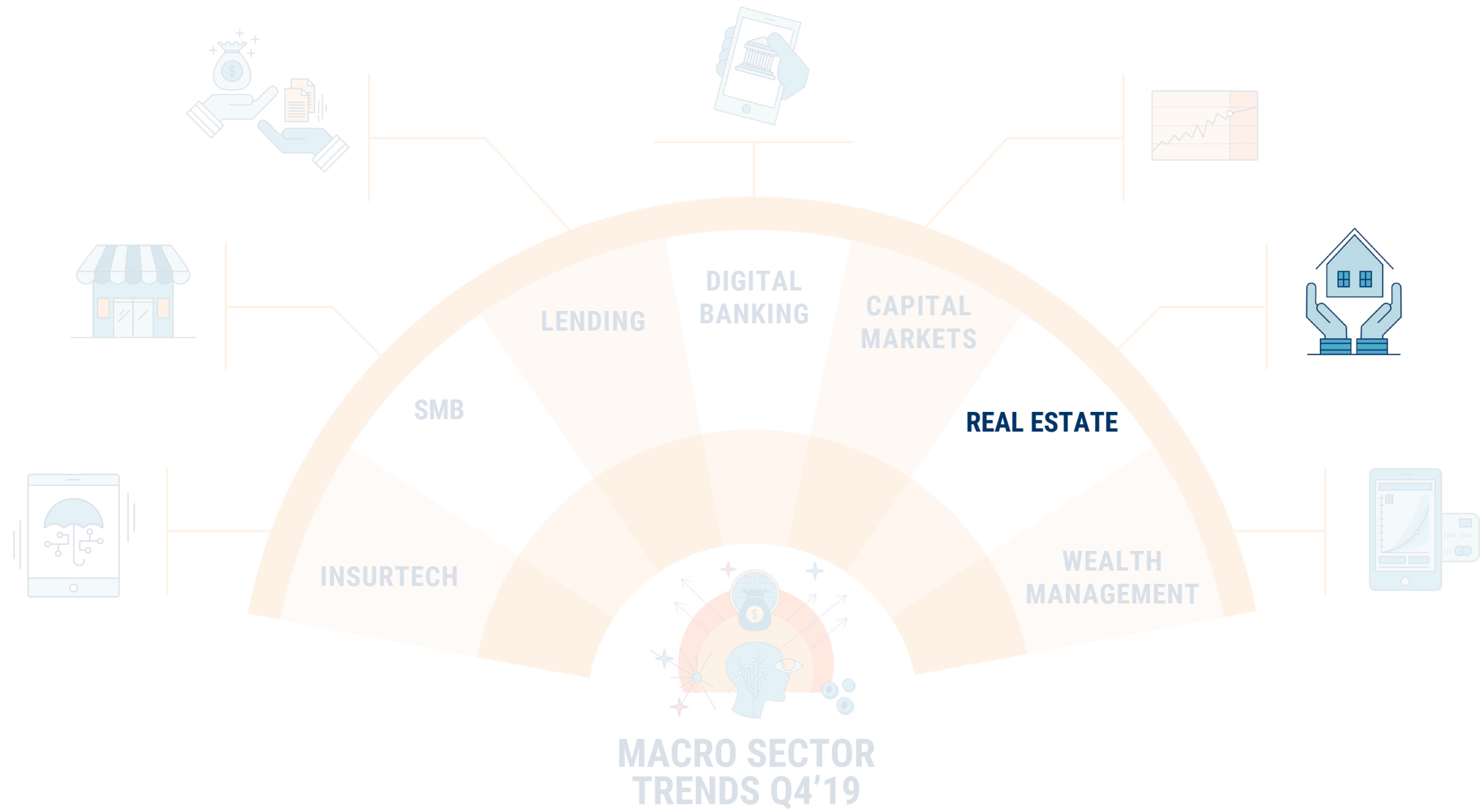


**Q4'19 Funding:** \$50M Series D

**Select Investors:** Lux Capital, Sequoia Capital, Bloomberg Beta, Goldman Sachs, Google Ventures, Intellectus Partners, Invicta Growth

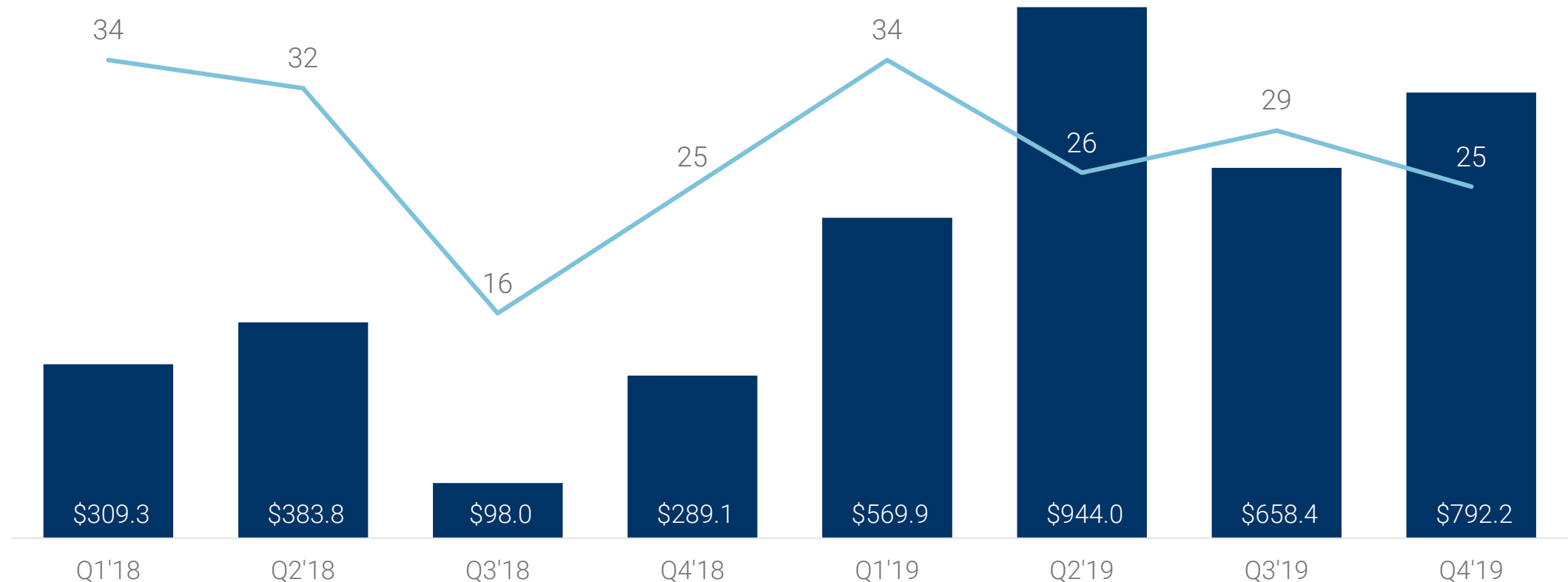
**Focus:** Orbital Insight applies AI to satellite, UAV, and other geospatial data sources to discover and quantify societal and economic trends. Combining this data with terrestrial data, such as mobile and location-based data, also unlocks new sources of intelligence. Orbital provides monitoring, tracking, and measuring tools to help companies across industries.

# GLOBAL VC-BACKED FINTECH Q4'2019



# Q4'19 funding to real estate tech companies increased 20% from Q3 while deals dipped

Global VC-backed real estate tech financing trends, Q1'18 – Q4'19 (\$M)





2019 saw US real estate tech mature across B2C and B2B sectors

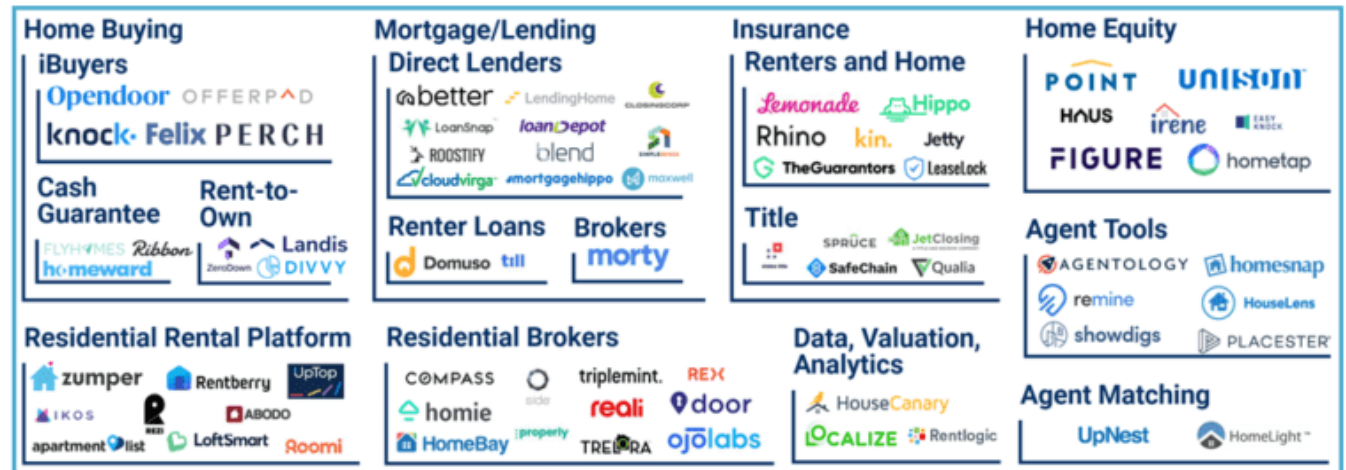
Real estate tech deals spanned both commercial and residential sectors.

On the commercial side, investment themes focused on data transparency, portfolio optimization, platform-ification, and digitization.

On the retail side, deals went to marketplaces for rentals, ownership, and investing.

## US real estate tech is gaining ground with residential and commercial use cases

### Residential



### Commercial



# Startups commoditize access to property data to level the commercial real estate (CRE) market



**Q4'19 Funding:** \$60M Series D

**Select Investors:** Citi Ventures, Wells Fargo, Bain Capital Ventures, SoftBank

**Focus:** CRE market intelligence

New York-based Reonomy focuses on aggregating commercial real estate data from various public, proprietary, and crowd-sourced data feeds and applies AI to generate market intelligence for CRE professionals like developers, investors, and acquirers.



**Q4'19 Funding:** \$16M Series A

**Select Investors:** Navitas Capital, DreamIt Ventures, Red Swan

**Focus:** CRE database for investing and underwriting

New York-based Cherre uses machine learning (ML) to aggregate & analyze unstructured real estate data. Customers include investors, insurance companies, banks, and large enterprises that use Cherre to evaluate and underwrite real estate investment opportunities.

In Q1'20, Cherre raised an undisclosed debt round from Silicon Valley Bank.



**Q4'19 Funding:** \$8M Series B

**Select Investors:** Builders VC, Navitas Capital, Camber Creek, MetaProp

**Focus:** Automated appraisals

New York-based Bowery Valuation is building a real estate valuation database to facilitate automated appraisals. Bowery aggregates public and proprietary data and matches it against comparable properties. Target customers need data to appraise multi-family and mixed-use properties.



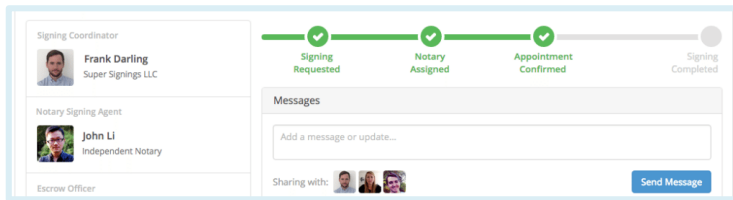
**Q4'19 Funding:** \$5.5M Series A

**Select Investors:** SIGNA Innovations, Ventech

**Focus:** Market and portfolio valuation analysis

Berlin-based Realxdata provides real estate and finance professionals an AI-enabled platform for market and portfolio analysis. Realxdata integrates with 100+ market-based and socio-economic data sources.

# Mid-stage startups add funding to fuel growth in building digital home closing solutions



**Q4'19 Funding:** \$25M Series B

**Select Investors:** F-Prime, Founders Fund, Sequoia, Freestyle, YC

**Focus:** Snapdocs is an e-closing platform for centralizing mortgages across stakeholders including lenders, titleholders, and notaries. Snapdocs uses AI to separate title and lender documents into e-signature and wet-signature packages. Snapdocs has 60K notaries and 50K customers on its platform.

In 2019, Snapdocs reports it helped close 750K mortgages worth \$150B.

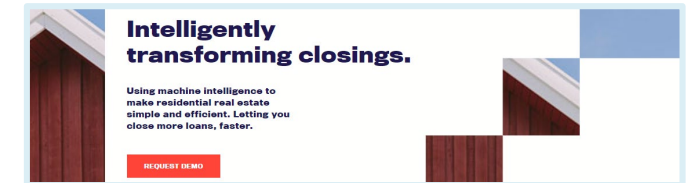


**Q4'19 Funding:** \$55M Series C

**Select Investors:** Tiger Global Management, Menlo Ventures, 8VC, Clocktower Technology Ventures, Bienville Capital

**Focus:** Qualia is a digital real estate closing platform. The company offers a suite of products that bring buyers, sellers, lenders, title, escrow, and real estate agents together.

Qualia reports it processes over 1M transactions annually, has 200K title and escrow agents on its platform, and handled 15% of all US real estate transactions in 2019.



**Q4'19 Funding:** \$45M Series C

**Select Investors:** Bloomberg Beta, Fifth Wall Ventures, Foundation Capital

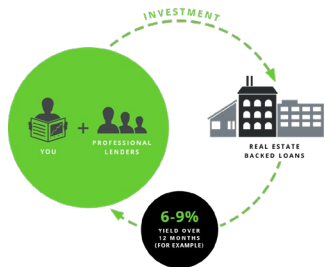
**Focus:** States Title uses AI to underwrite title insurance and escrow for lenders, title agents, and homeowners.

In 2019, States Title insured approximately \$1.3B of RE transactions.

In February 2020, States Title partnered with Notarize to enable borrowers to remotely sign, notarize, and streamline closing or refinance their mortgage.



# Real estate investment platforms raise growth rounds to attract new pools of investors and capital



**Q4'19 Funding:** \$60M Series D

**Select Investors:** a16z, Colchis Capital, Thomvest Ventures, Navitas Capital

**Focus:** Providing a marketplace for investors and professional lenders to buy and sell real estate loan investments.

**Target Investors:** Accredited investors, expanding institutional investors, and added self-directed IRAs

**Traction:** \$3B in total loan volume; \$4.25B in new institutional capital commitments to purchase loans



Rental home investments for as low as \$5,000

Buy shares of an individual rental home

Passive income without operating responsibilities

Diversify across multiple homes and locations



**Q1'20 Funding:** \$50M Series D

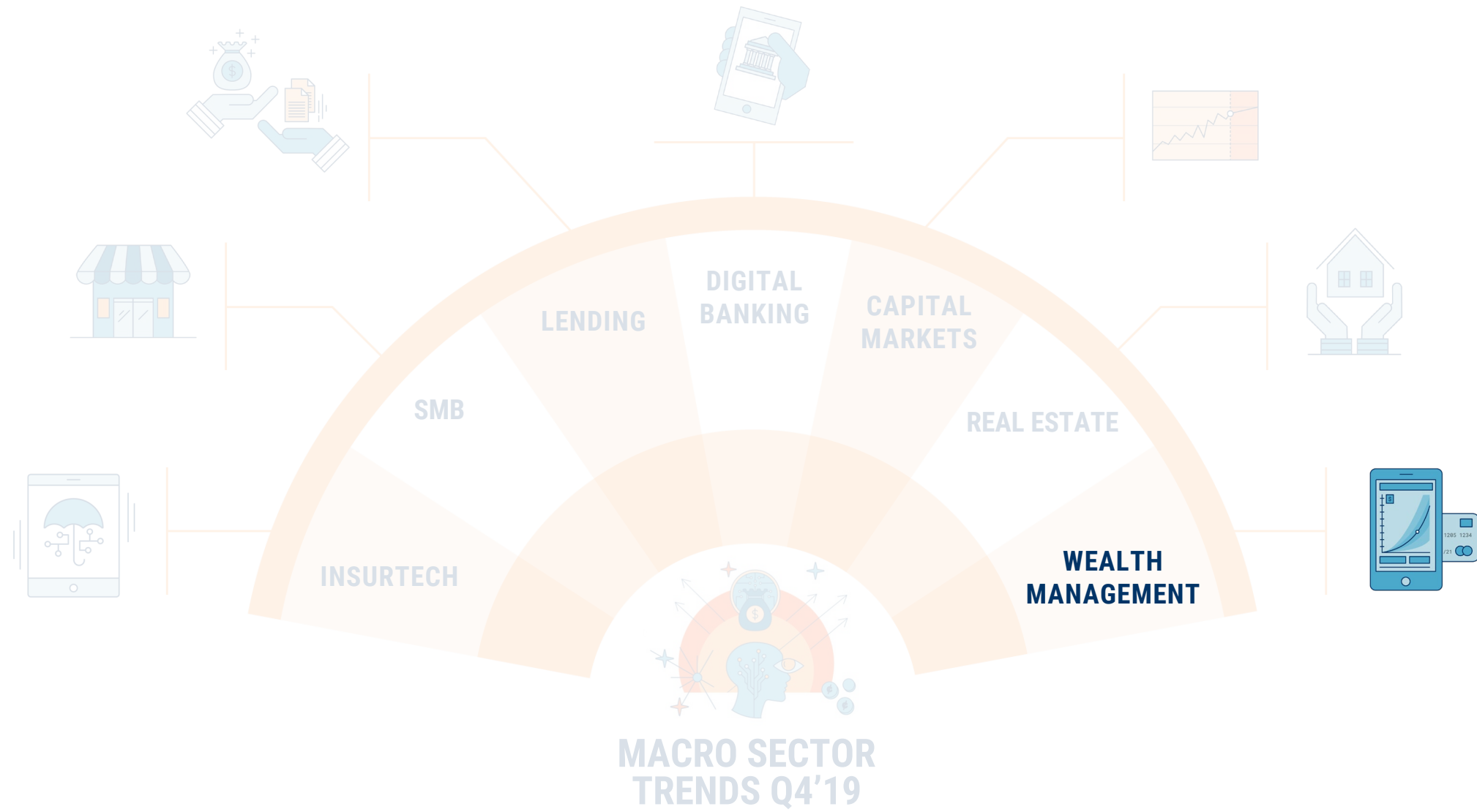
**Select Investors:** SVB, Bain Capital Ventures, Citi Ventures

**Focus:** Enabling retail investors to buy and sell leased single family rental homes through an online marketplace.

**Target Investors:** Retail investors (>50% of users under 35 years old) and expanding to accredited investors and fractional investing

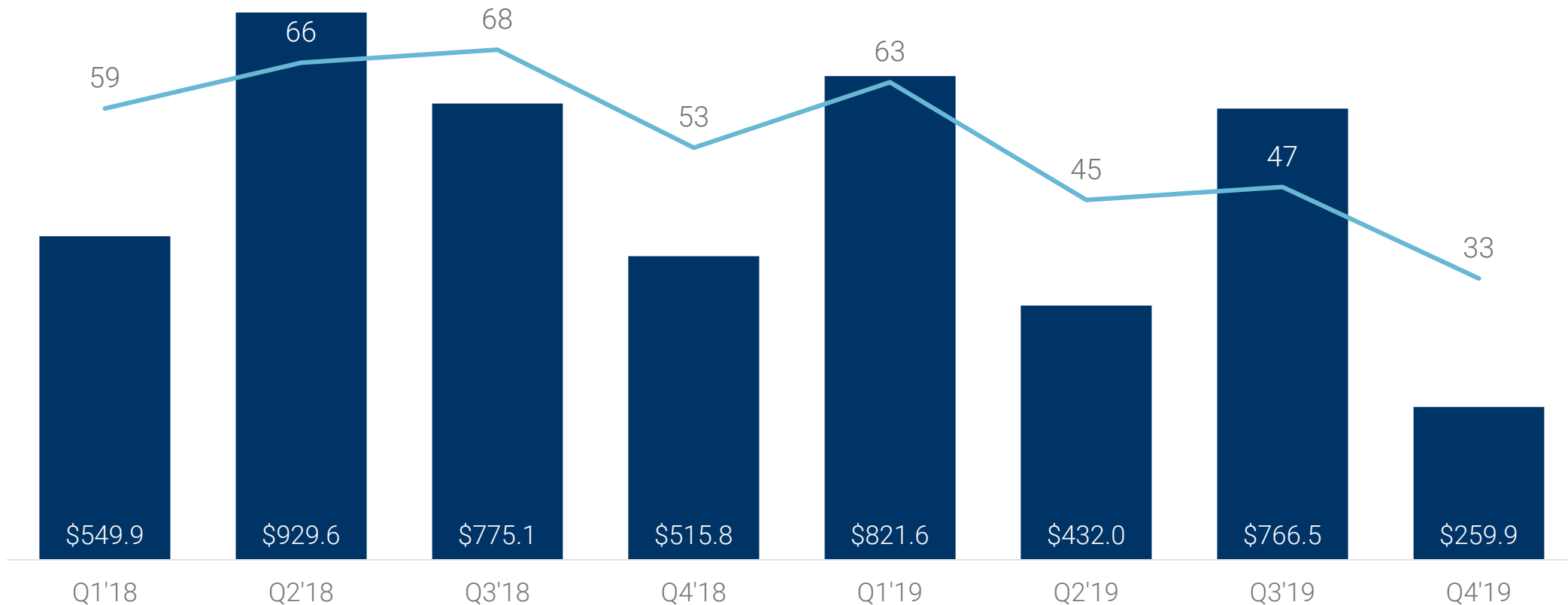
**Traction:** Facilitated \$2B in transactions; top markets include Atlanta, Memphis, Indianapolis, Jacksonville, and greater Chicago area

# GLOBAL VC-BACKED FINTECH Q4'2019



# Wealth tech deals and funding dropped to 2-year low in Q4'19 as consumer startups pivoted to banking

Global VC-backed wealth tech financing trends, Q1'18 – Q4'19 (\$M)



# Wealth tech startups are rebundling the consumer bank of the future

Company	HQ	Global	Starting Vertical Point of Entry (first product)	Lending				Payments				Asset Management				Insurance	Added Value
				Personal/ Consumer	Mortgage	Auto	Student Loans	Credit Card	Debit Card	Payday Advance	Peer-to-Peer	Brokerage	Robo-Advisor	Savings	Crypto	Coverage	Viral Feature
Robinhood	US	UK	Brokerage														\$0 Trading
MoneyLion	US	N/A	Consumer Lending														Alternative loan
credit karma	US	UK & Canada	Credit Monitoring													Auto	Free credit score
coinbase	US	UK	Crypto Exchange														Crypto
dave	US	N/A	Consumer lending														Pay-day loan
STASH	US	N/A	Micro-Investing													Life, Auto, Renters	Stock back
acorns	US	N/A	Micro-Investing														Round Ups
Betterment	US	N/A	Robo-Advisor														High yield savings
wealthfront	US	N/A	Robo-Advisor														High yield savings
SoFi	US	N/A	Alternative Lending													Renters, Auto	Student debt refi
affirm	US	N/A	POS Lending														Installments
chime	US	N/A	Digital Banking														No overdraft
Varo	US	N/A	Digital Banking														Payday advance
N26	Germany	US + Global	Intl: Digital Banking													Travel	Top-ups
monzo	UK	US* + Global	Intl: Digital Banking													Travel	Top-ups
Revolut	UK	US* + Global	Intl: Digital Banking													Travel	Free currency exchange
TransferWise	UK	US + Global	Intl: Money Transfer													Auto	Remittances
Klarna	Sweden	US + Global	Intl: POS Lending														Installments

# Early-stage investing startups are unlocking alternatives like crypto as a diversification vehicle for retirement accounts



## Select investment partners



**Q4'19 Funding:** \$420K  
**Total Funding:** \$3.6M

**Select Investors:** Undisclosed investors

**Focus:** Rocket Dollar enables consumers to diversify retirement savings in non-traditional assets like peer-to-peer lending in startups & small businesses, crypto, and real estate via a marketplace of investment partners. Rocket Dollar offers traditional, Roth, self-employed (SEP), inherited IRAs, and 401(k)s, as well as a gold subscription service with features such as a debit card.



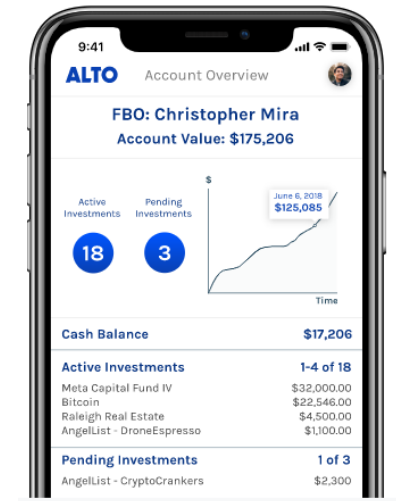
## Reimagine Retirement Investing

Invest in private equity, venture capital, real estate, cryptocurrency and other alternative assets. Fast, easy, hassle-free. Only with an Alto IRA.

**Q1'20 Funding:** \$3.5M Series A  
**Total Funding:** \$13.3M

**Select Investors:** Moment Ventures, Foundation Capital, Jefferson River Capital

**Focus:** Alto IRA offers self-directed IRAs with access to alternatives like private companies, real estate, and crypto. Crypto is unique as its investors fall under two extremes, enthusiasts who tend to hold, making it a prime "asset" for longer-term retirement accounts and skeptics who question if its viable in a long-term scenario like retirement. In either scenario, investors can self-direct their allocations and risk appetite on Alto.



# Startups are also lowering the barriers for investors to manage the uncertain tax implications of crypto



Account Assets					
Nickname	↓ Value (USD)	Assets	Asset ↓	Amount ↓	Value ↓
Coinbase Test	\$5.96	REP, USD, BAT, LTC, DAI...	ETH	0.081	\$14.59
Name ↓ Value (USD) Assets					
			DAI	5.993	\$5.96
Test Eth	\$14.59	ETH, TGN	TGN	8.8	\$0.00

**Q4'19 Funding:** Undisclosed Series A

**Select Investors:** Fenbushi Capital, TTV Capital

**Focus:** Verady provides cryptocurrency accounting, reporting, and verification abilities through the Ledgible platform. The Ledgible platform is the bridge between cryptocurrencies and traditional financial accounting.



zenledger



Broad Coverage



IRS-Friendly






Quick. Easy. Automatic

**Q4'19 Funding:** \$3.4M seed

**Select Investors:** Castle Island Ventures, gumi Cryptos, Migration Capital, unblock ventures, Vestigo Ventures

**Focus:** ZenLedger provides tax software for cryptocurrency investors and their accountants. Using the platform, cryptocurrency investors can manage their portfolio, generate profit loss statements, file their taxes, and avoid IRS audits.



+\$32,935 GAINS		+\$4,960 TAX LIABILITY		22% SHORT TERM RATE		15% LONG TERM RATE	
Recent Activity							
DEC 08	 Bitcoin -0.5 BTC	>	Litecoin +3 LTC	<b>+\$1,458 Gains</b> +\$291 Taxes	Crypto-to-Crypto Gains - Taxable 52% <b>+\$18,298 Gains</b> +\$4,513 Taxes		
DEC 13	 Bitcoin -0.135 BTC	>	USD +\$1,270 USD	<b>+\$900 Gains</b> +\$180 Taxes	Crypto-to-Fiat Gains - Taxable 16% <b>+\$5,533 Gains</b> +\$1,396 Taxes		
DEC 16	 Ethereum -5 ETH	>	Ripple +4,250 XRP	<b>+\$2,120 Gains</b> +\$424 Taxes	Unrealized Gains - Not Taxable 32% <b>+\$10,982 Gains</b> Not Taxable		

**Q1'20 Funding:** \$5M seed

**Select Investors:** TTV Capital, Collaborative Fund, Valar Ventures, Winklevoss Capital

**Focus:** TaxBit is an online platform that provides real-time tax impact on crypto transactions.

# Central banks join in piloting digital currencies, a move to add long-term credibility by centralizing crypto use cases

Central Bank Plans to Create Digital Currencies Receive Backing

June 30, 2019 | **FINANCIAL TIMES**

China's central bank says it has completed 'top-level' design of digital currency

January 10, 2020 | **yahoo! finance**

Indian central bank has proposed a digital rupee in National Strategy on Blockchain

January 29, 2020 | **Finextra**

Bank of England governor: CBDCs could counter destabilizing influence of US Dollar

August 27, 2019 | **Finextra**

Survey: central banks are undertaking extensive work on central bank digital currencies

January 1, 2020 |  BANK FOR INTERNATIONAL SETTLEMENTS

Japan is the latest country to announce intentions to launch a digital currency

January 24, 2020 | **Finextra**

# Fidelity has bet on crypto by incubating a digital asset service provider



## CUSTODY

Offline, vaulted deep-cold storage.

Custody of cryptocurrencies for enterprise clients. Its platform only supports Bitcoin currently, but Fidelity has stated it plans to start supporting Ethereum in 2020.



## EXECUTION SERVICES

Trade execution venue integrated with our custody platform.

Trading platform for best execution. Fidelity's platform sources information from different exchanges and market makers, then returns the best bid or offer to the client.



APPENDIX:

# Q4'19 Global Fintech Financing Trends





# Geographic Trends



US FINTECH VC-BACKED EQUITY FUNDING IN Q4'19:

\$4.6B

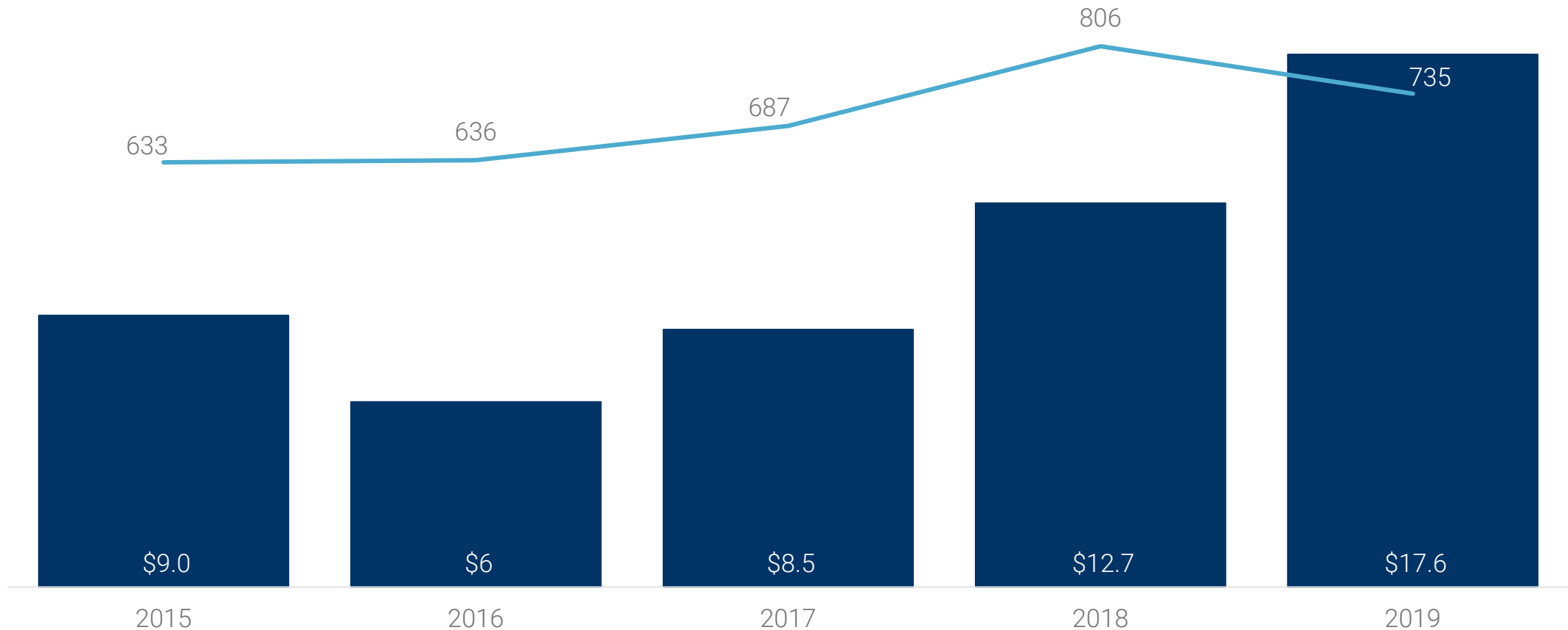
ACROSS

177 DEALS



# 2019 funding to US fintech companies was up 4% YoY, but deal count slowed

US VC-backed fintech financing trends, 2015 – 2019 (\$B)



The US saw 10 mega-round (\$100M+) investments worth \$2.3B in Q4'19

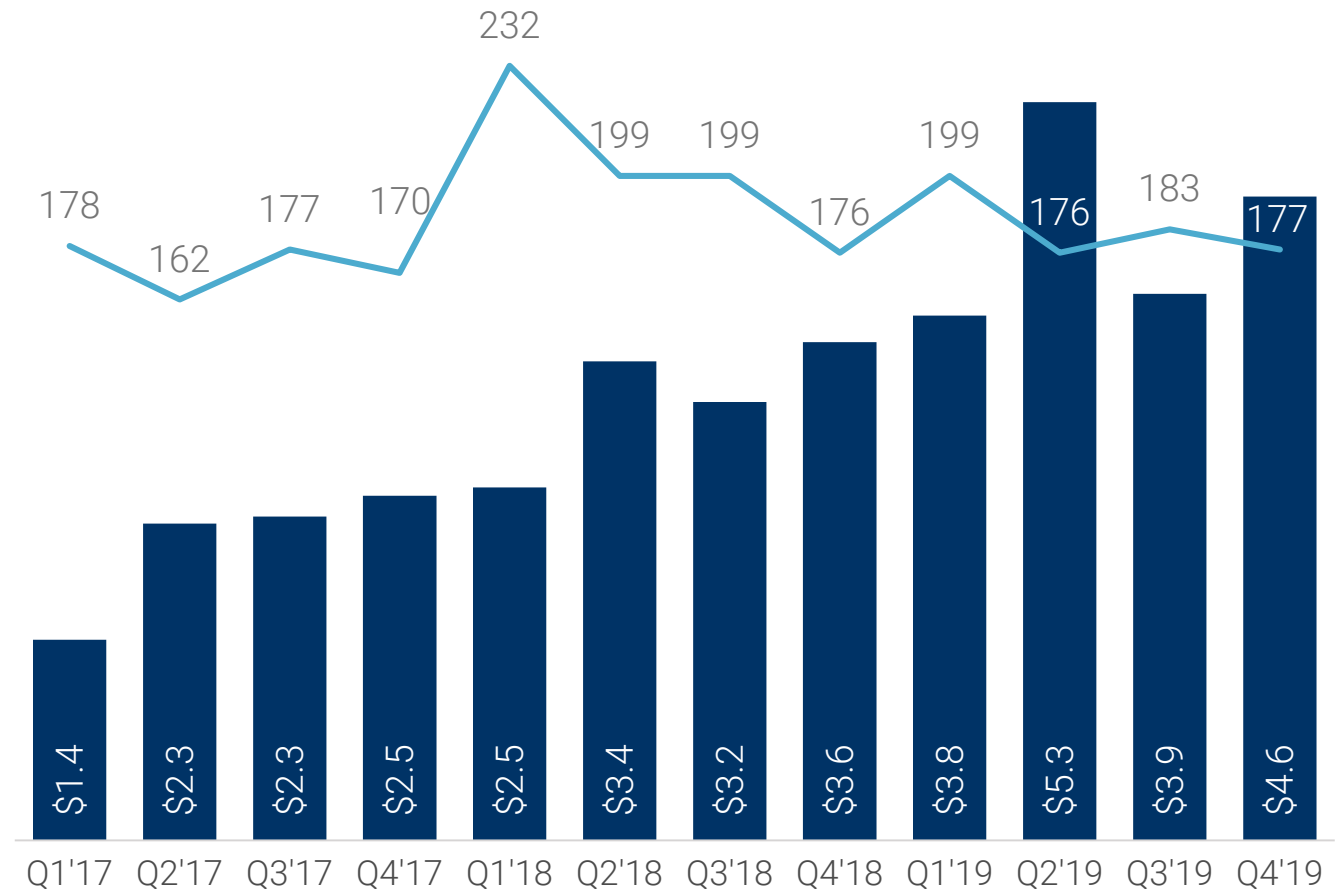
US funding rose to \$4.6B, driven by several mega-round investments to growth stage fintech companies.

Meanwhile, aggregate deals fell slightly, partially due to early-stage deals dropping 11% from Q3'19.

Q4'19 saw 5 unicorn births: Bright Health, Next Insurance, Ripple, Riskified, and Figure Technologies all surpassed the \$1B valuation mark. The top deal was a \$635M Series D to Minneapolis-based health insurer Bright Health.

## US fintech funding jumps fueled by series of mega-rounds to mid-stage companies and unicorns

US VC-backed fintech financing trends, Q1'17 – Q4'19 (\$B)



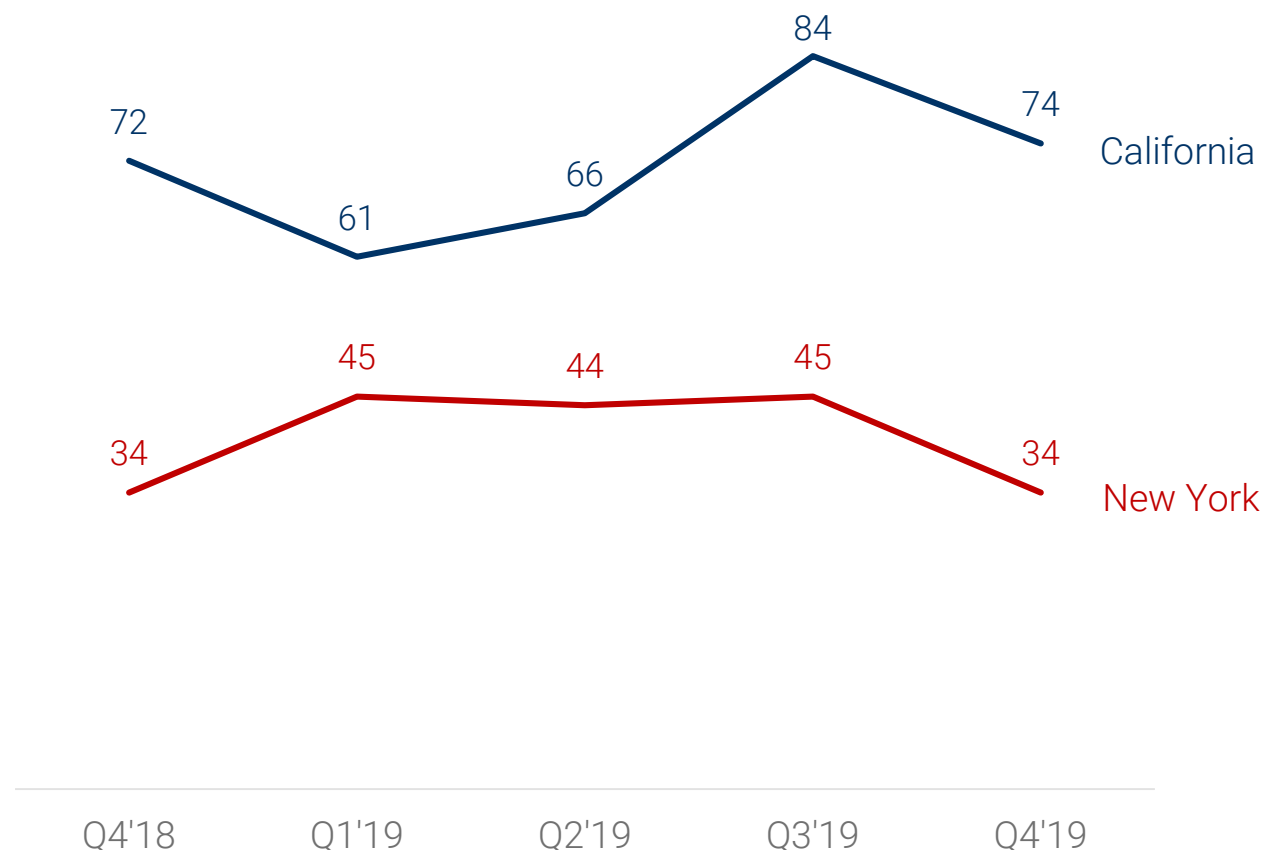
## Deal activity in CA and NY saw a sizable pullback

In Q4'19, both CA and NY saw a slowdown in deals (12% and 24% QoQ, respectively) driven by significant quarter-over-quarter decline in seed/angel deals.

Notably, 4 of the 10 US mega-rounds in Q4'19 went to companies in states outside the major deal hubs: Bright Health in Minnesota, Hometap & Duck Creek Technologies in Massachusetts, and AvidXchange in North Carolina.

### US deal hubs CA and NY both saw deals drop in Q4'19

New York vs. California VC-backed deals, Q4'18 – Q4'19 (\$M)



EUROPE FINTECH VC-BACKED EQUITY FUNDING IN Q4'19:

\$1.2B

ACROSS

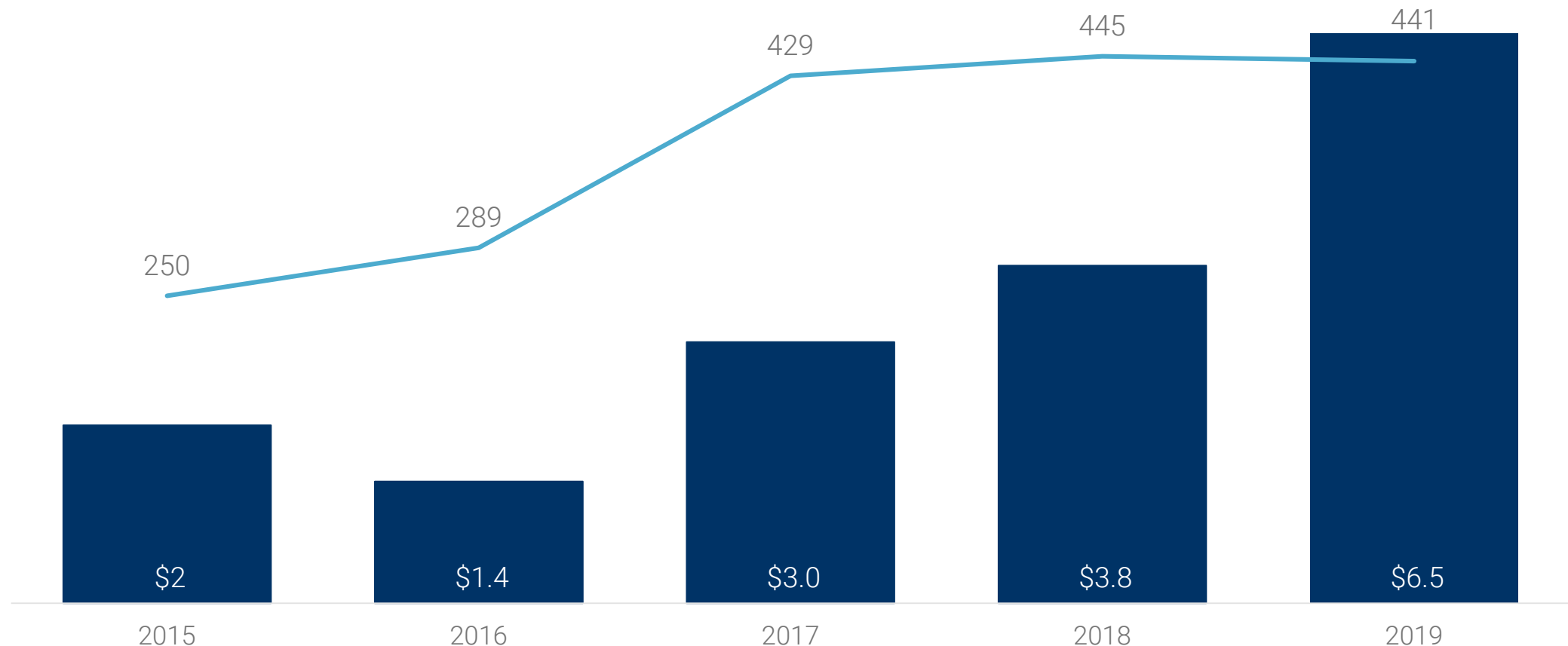
100 DEALS





# 2019 funding to Europe-based fintech companies jumped 71% YoY, fueled by 15 mega-rounds

Europe VC-backed fintech financing trends, 2015 –2019 (\$B)



Europe saw a drop in funding as Brexit concerns gave investors pause

Q4'19 saw funding sink to a 4-quarter low of \$1.2B.

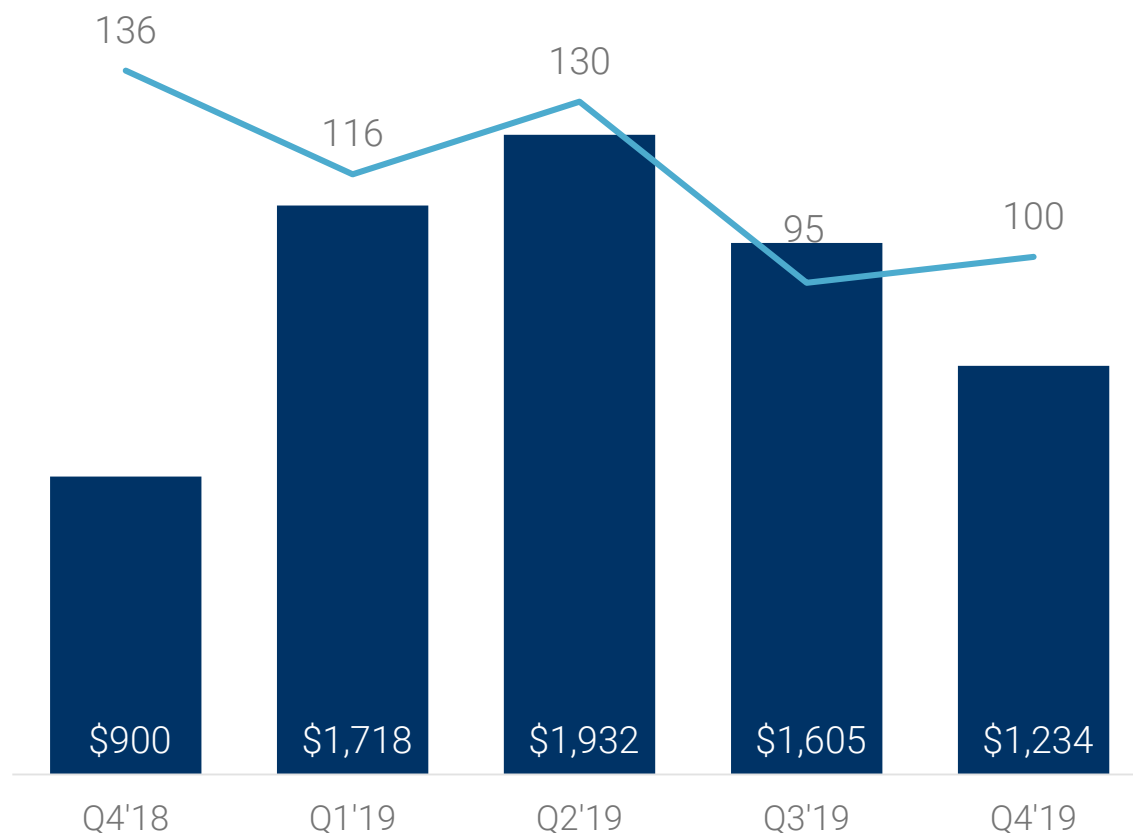
Funding was also propped up by 4 mega-rounds, including Zopa's \$182M Series H, Commercetools' \$145M unattributed round, Wefox Group's \$110M Series B-II, and Rapyd's \$100M Series C.

Deals rebounded slightly QoQ but were down compared to Q4'18.



## Europe funding ends Q4'19 down 23% QoQ despite a small uptick in quarterly deals

Europe VC-backed fintech financing trends, Q4'18 – Q4'19 (\$M)



# For Germany, 2019 was the year of mega-rounds and fintech unicorns

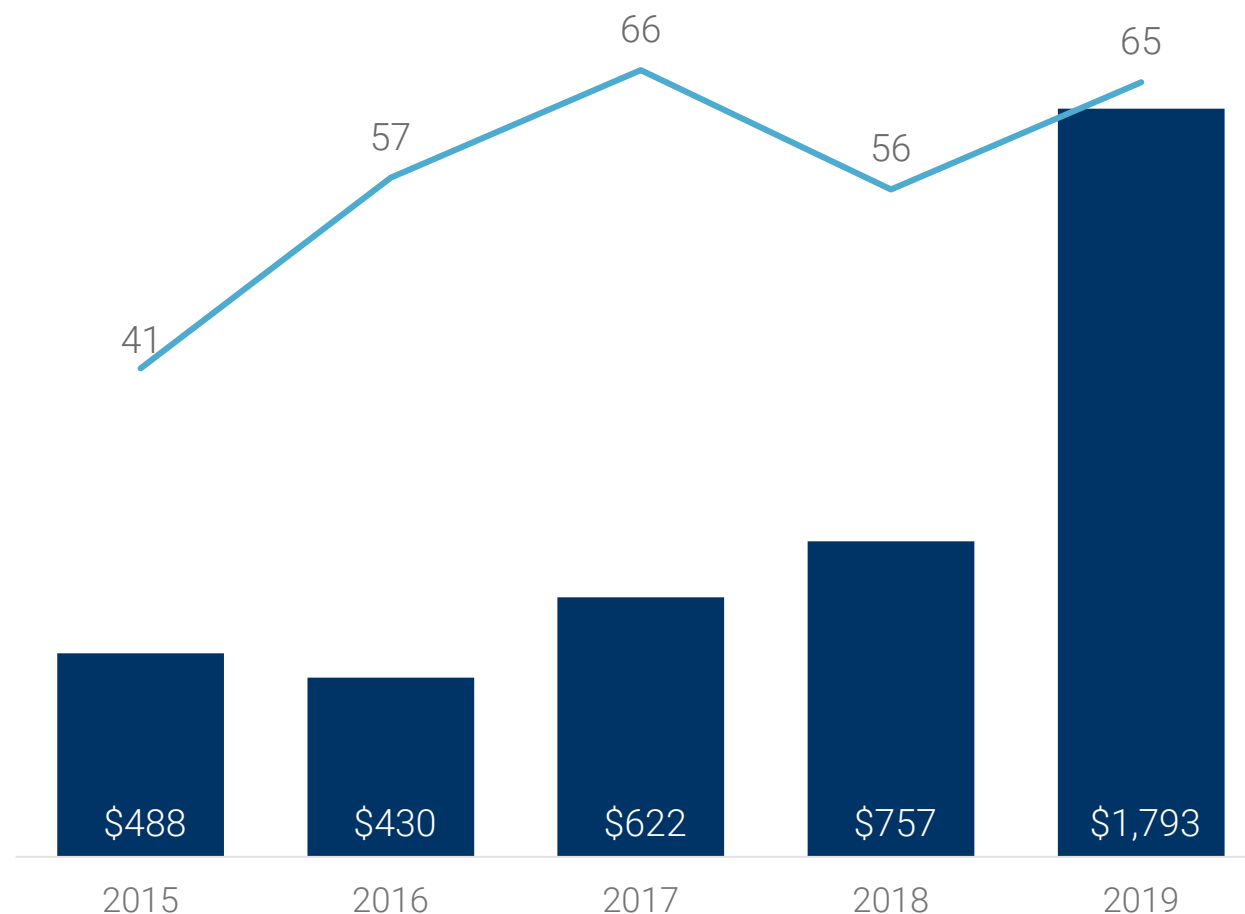
Germany-based startups gained significant funding traction in 2019, with 5 companies raising 7 mega-rounds.

Challenger bank N26 raised \$470M in its two-part Series D. N26 was also the first of 3 Germany-based fintech unicorn births in 2019. The second was Deposit Solutions, followed by insurtech Wefox Group, which raised a \$235M mega-round in a two-part Series B.



## Funding to Germany-based companies reached an annual high and a near-historic deal high in 2019

Germany VC-backed fintech financing trends, 2015 – 2019 (\$M)



## UK deals saw a modest rebound in Q4'19

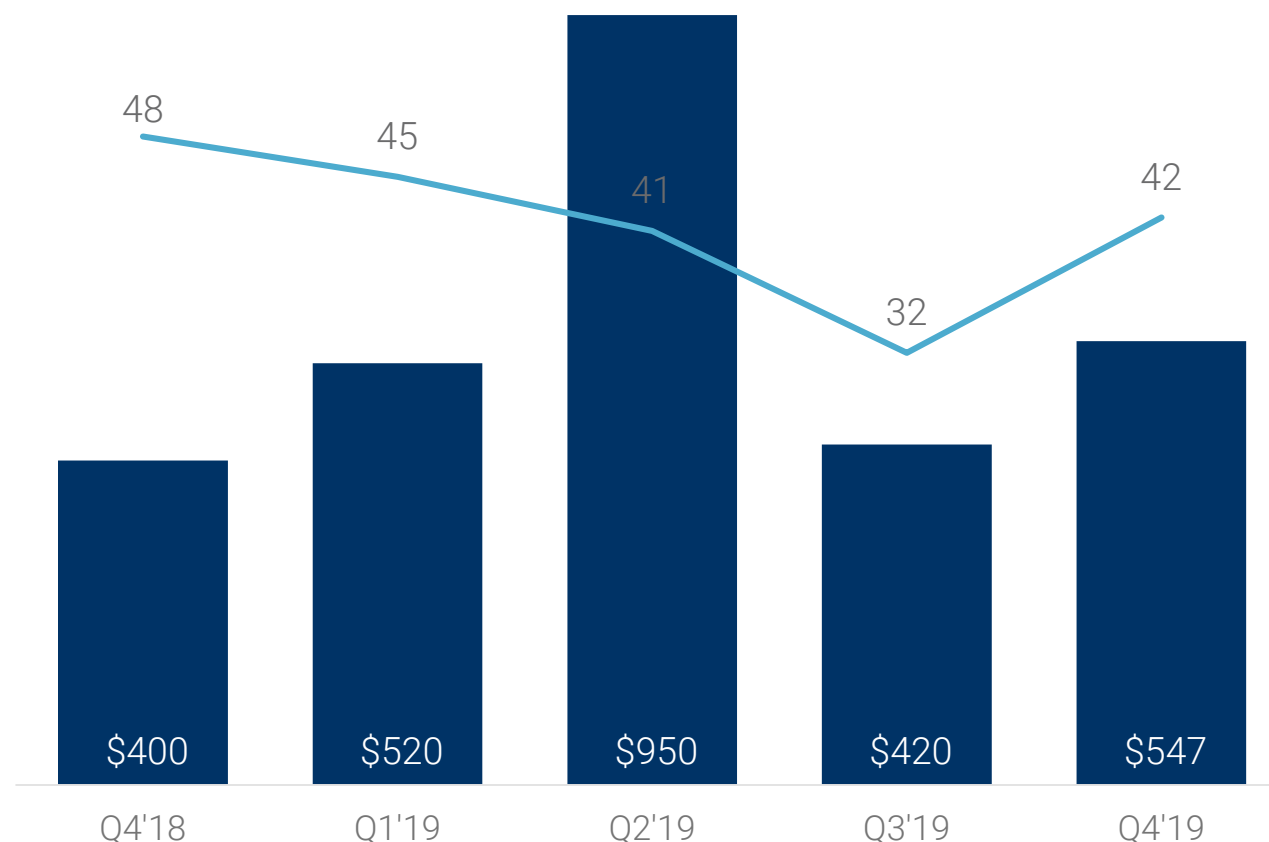
Despite the drop in deals and funding in Q3'19, the UK continues to lead as the top fintech hub in Europe.

London, the main UK deal hub, saw deals increase 35% in Q4'19, up from a 10-quarter low in Q3'19 – partially fueling the jump in aggregate UK deal count.



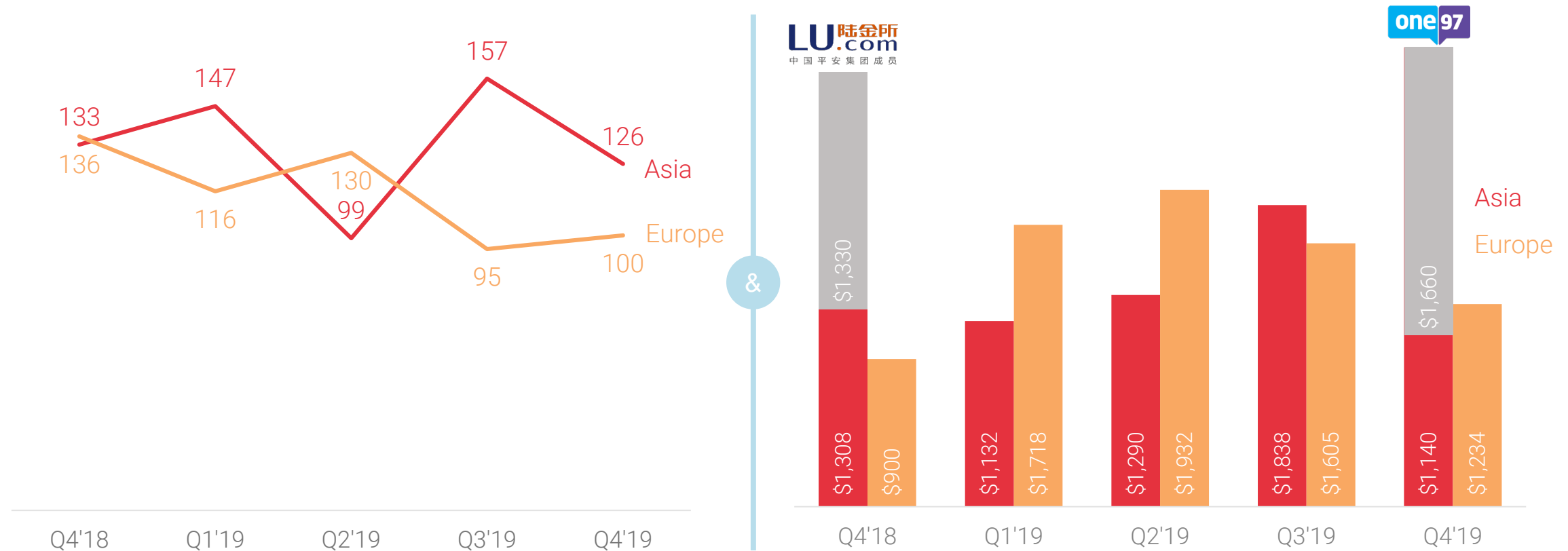
### UK deals and dollars saw modest recovery in Q4'19 after a slow Q3'19

UK VC-backed fintech financing trends, Q4'18 – Q4'19 (\$M)



# Asia outpaced Europe for the second straight quarter on deals and dollars

Global VC-backed fintech funding by region (Europe vs. Asia), Q4'18 – Q4'19 (\$M)

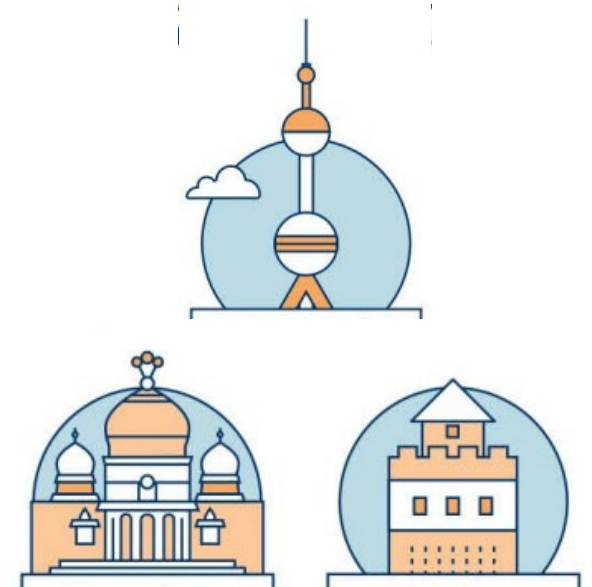


ASIA FINTECH VC-BACKED EQUITY FUNDING IN Q4'19:

\$2.8B

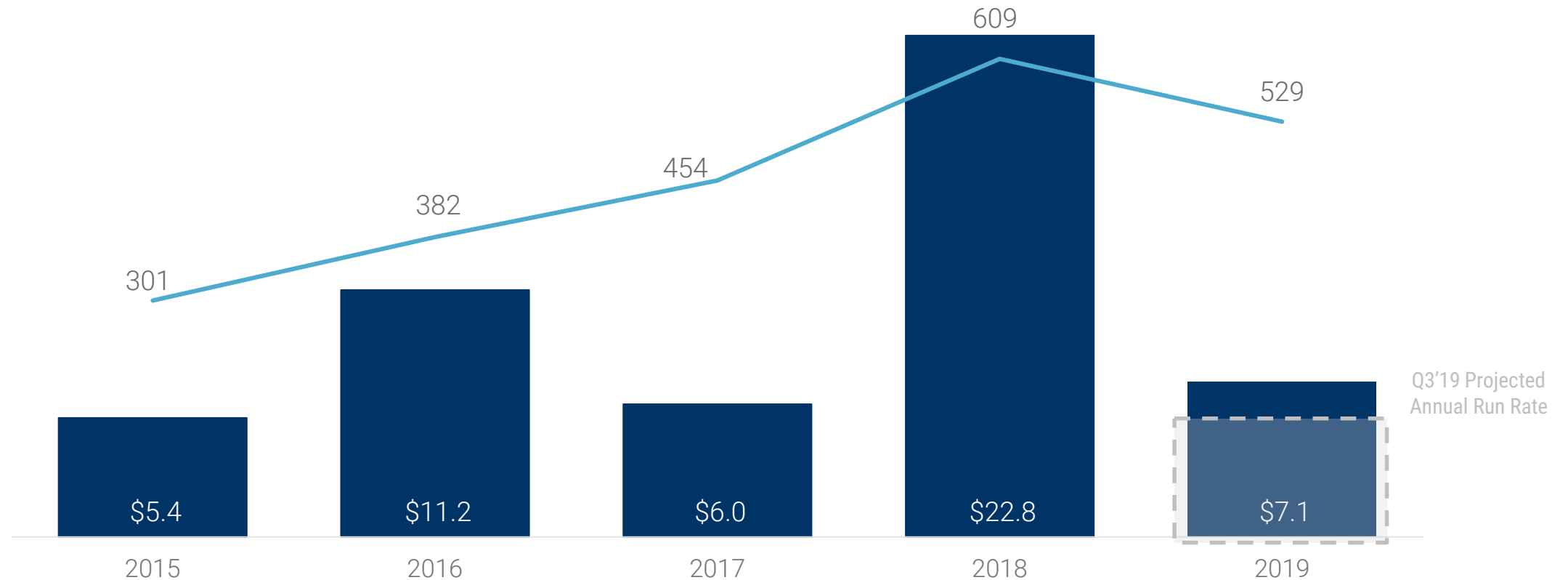
ACROSS

126 DEALS



# 2019 funding exceeded expectations, driven by One97's \$1.7B financing

Asia VC-backed fintech financing trends, 2015 – 2019 (\$B)



## 4 mega-rounds bolstered a Q4'19 funding increase

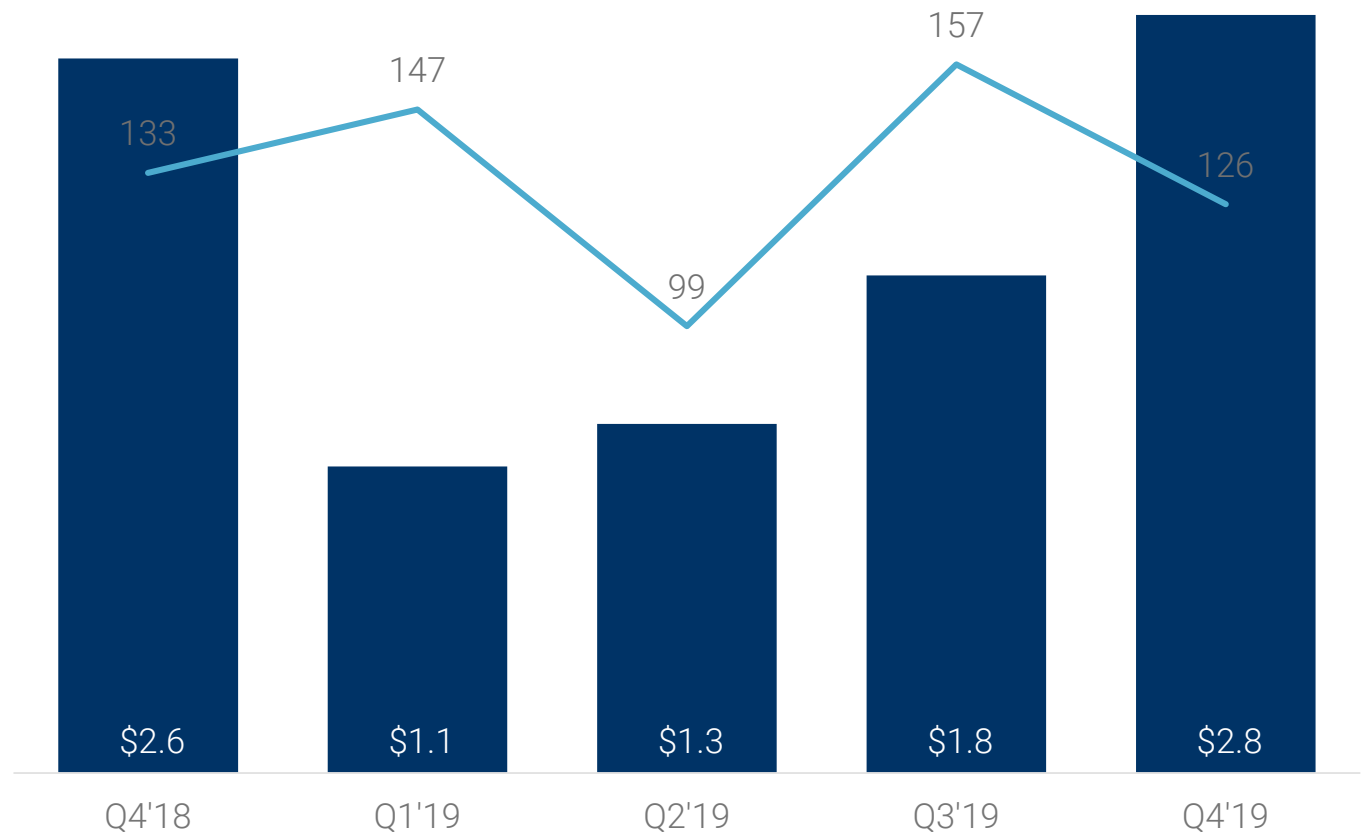
Though early-stage deals in Q4 increased ~7%, total deals ended down from Q3'19.

Funding in Q4'19 saw a significant surge, driven predominantly by One97 Communications two-part Series G worth \$1.7B, mobile lending platform WeLab's \$581 Series C, and supply chain SaaS provider XForcePlus's \$100M Series C.



### Asia posted 5-quarter high funding figure, though deals were down from Q3'19

Asia VC-backed fintech deals, Q4'18 – Q4'19 (\$M)





# China deal activity falls below India

In Q3'19, the combined deals from China and India represented a 5-quarter record of 57% of aggregate deals in Asia.

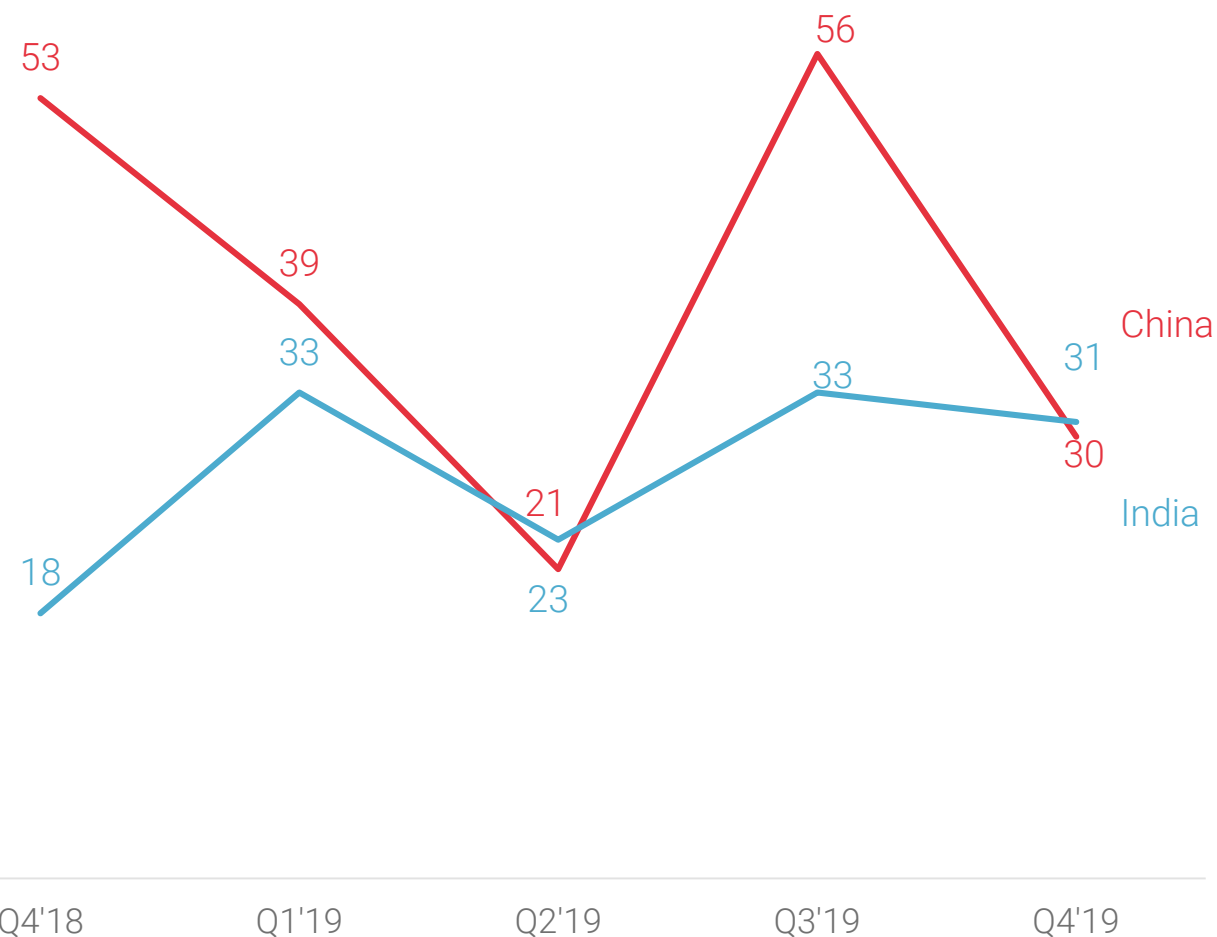
However, in Q4'19, China's deal dropped off after a temporary surge in Q3'19.

Despite China's dominance in annual deal activity, on a quarterly basis, its deals dipped below India's for the second time in 2019.



## India overtakes China in deal activity in Q4'19

China vs. India VC-backed fintech deals, Q4'18 – Q4'19



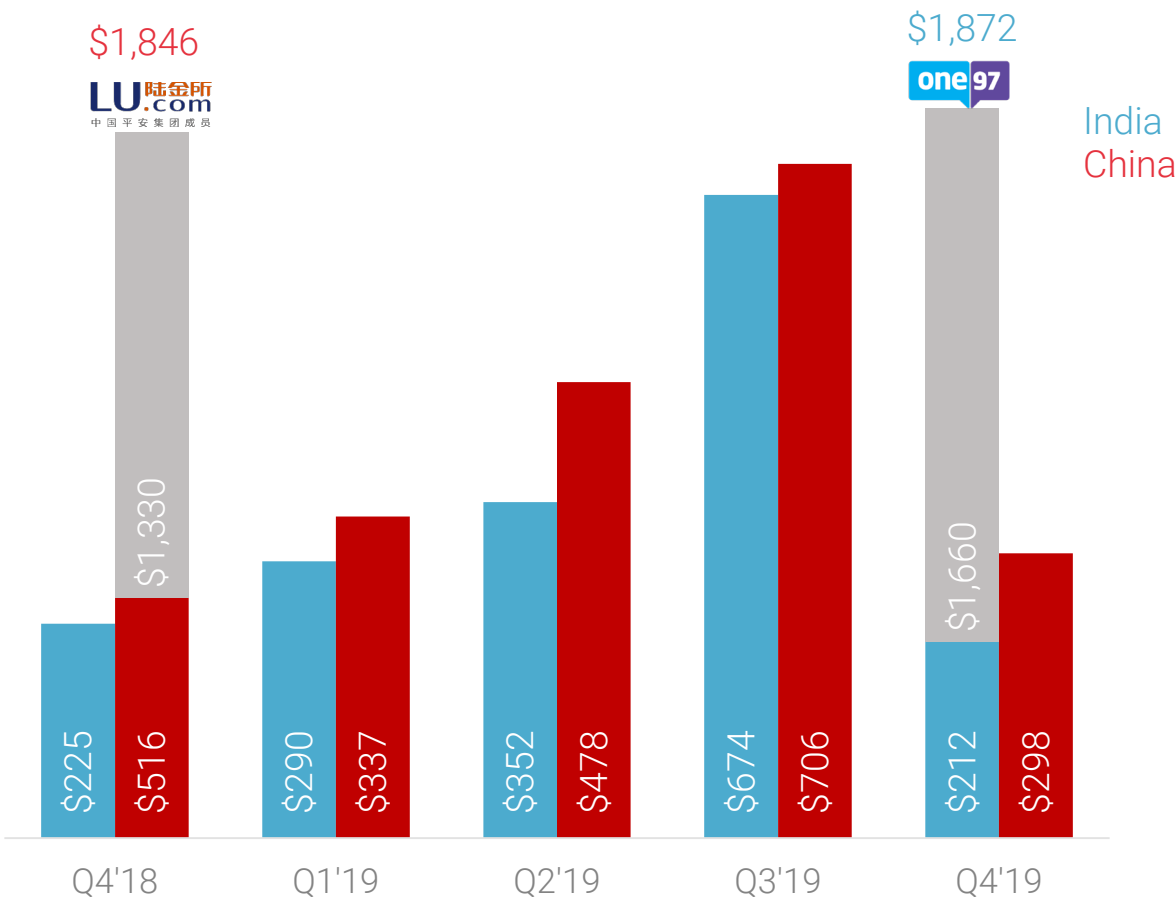
# Funding in China and India was down in Q4'19 when adjusted for One97's \$1.6B deal

Both countries saw a significant pullback in funding, though India's funding pulled ahead when including One97's \$1B Series G and \$660M Series G-II deals.

China saw a similar spike in Q4'18 when Lu.com raised a \$1.3B Series C round.

## Adjusting for One97's \$1.6B deal, China saw a significant drop in funding in Q4'19

China vs. India VC-backed fintech funding, Q4'18 – Q4'19 (\$M)

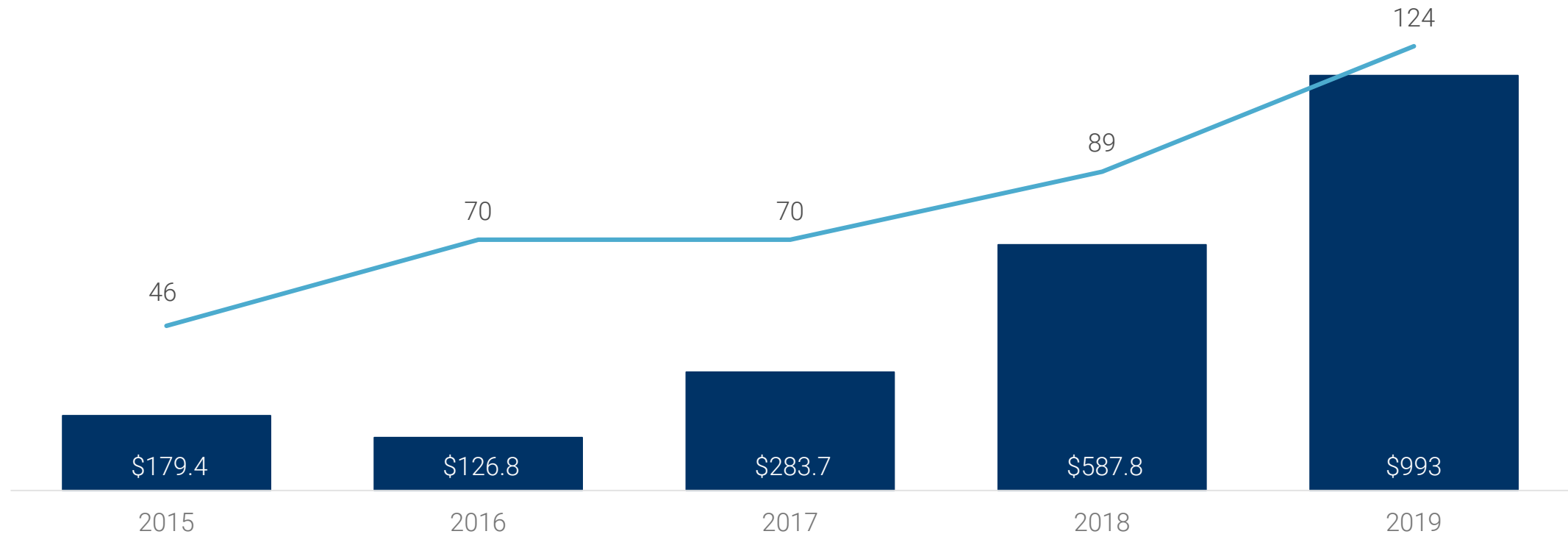


\* Lu.com's \$1.3B Series C in Q4'18 and One97 Communications 2-part \$1.7B Series G in Q4'19 were excluded for illustrative purposes. Not to scale.

## ASIA SPOTLIGHT: SOUTHEAST ASIA

Southeast Asia was a bright spot for the region with 100+ deals and nearly \$1B+ invested in 2019

Southeast Asia VC-backed fintech financing trends, 2015 – 2019 (\$B)





















































# **Most Active Fintech Investors, Unicorn Hunters, And Biggest Deals**




























# The most active fintech VCs from Q1'19 – Q4'19

By unique fintech company investments (new or follow-on)

Rank	Investor	Select Fintech Investments
1	<b>500</b> startups	          
2	Accel	          
3	Ribbit Capital	         
4	<b>INSIGHT</b> VENTURE PARTNERS	       
5	a16z	       

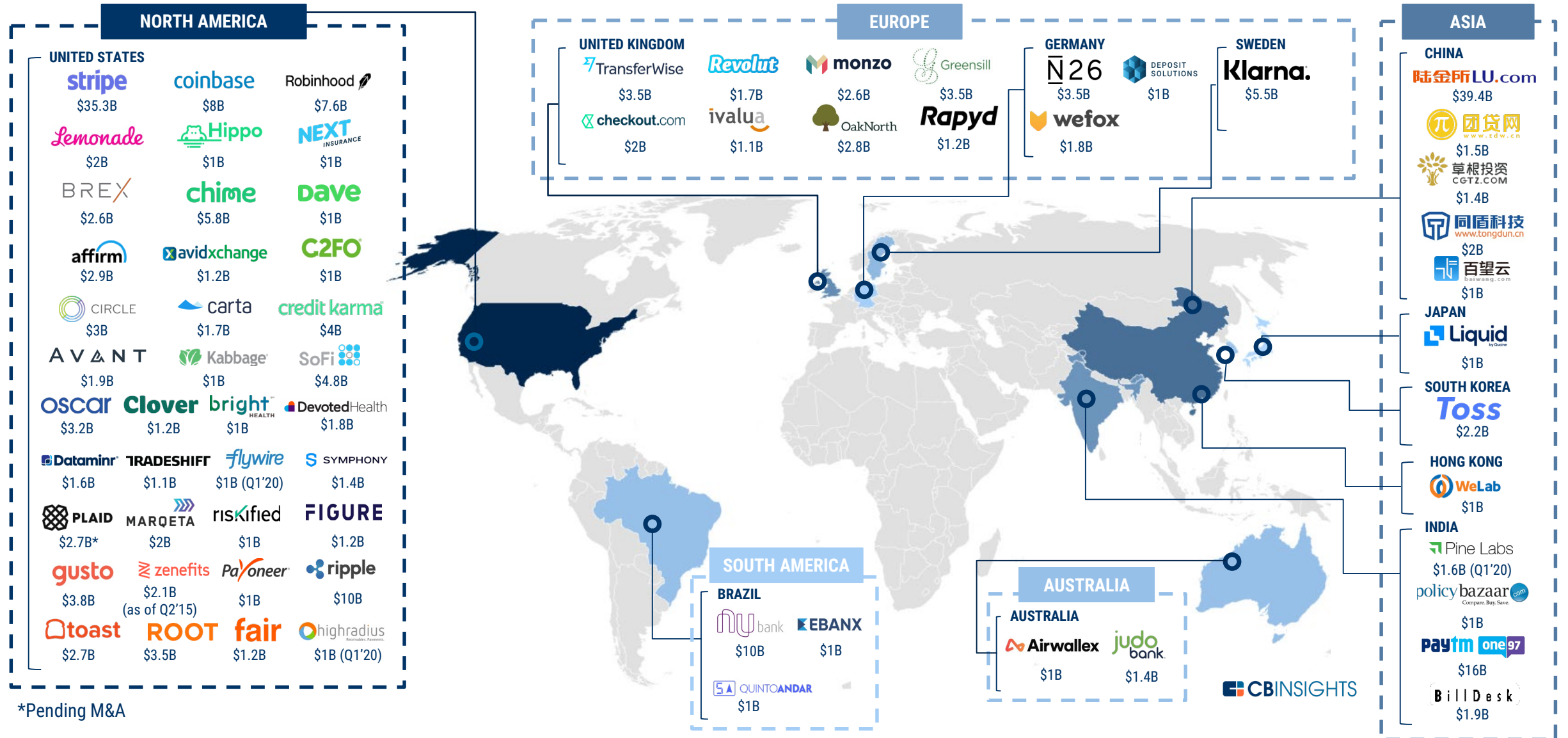
# The most active fintech VCs from Q1'19 – Q4'19

By unique fintech company investments (new or follow-on)

Rank	Investor	Select Fintech Investments
6	SEQUOIA 	 <b>stripe</b>  <b>robinhood</b> <b>Klarna.</b> <b>ETHOS</b>  <b>snapdocs</b>  <b>TESSIAN</b>
6	<b>GFC</b>	 <b>atom</b>  <b>provi</b> <b>(h[s])</b> HYPERSCIENCE <b>MODIFI</b>  <b>TheGuarantors</b> 
8	 <b>salesforce</b> <b>ventures</b>	 <b>wefox</b>  <b>runa</b>  <b>ATHENA</b>  <b>ncino.</b> <b>GOCARDLESS</b> <b>blend</b>
8	 <b>QED</b> INVESTORS	 <b>QUINTOANDAR</b>  <b>konfio</b>  <b>Current</b> <b>kin.</b> <b>XERPA</b>  <b>Ocrolus</b>
8	 <b>BESSEMER</b> VENTURE PARTNERS	 <b>bright</b> HEALTH  <b>toss</b> <b>SCALE FACTOR</b>  <b>Restaurant365</b>  <b>papaya</b> global  <b>alloy</b>

# 67 fintech unicorns valued at \$244.6B

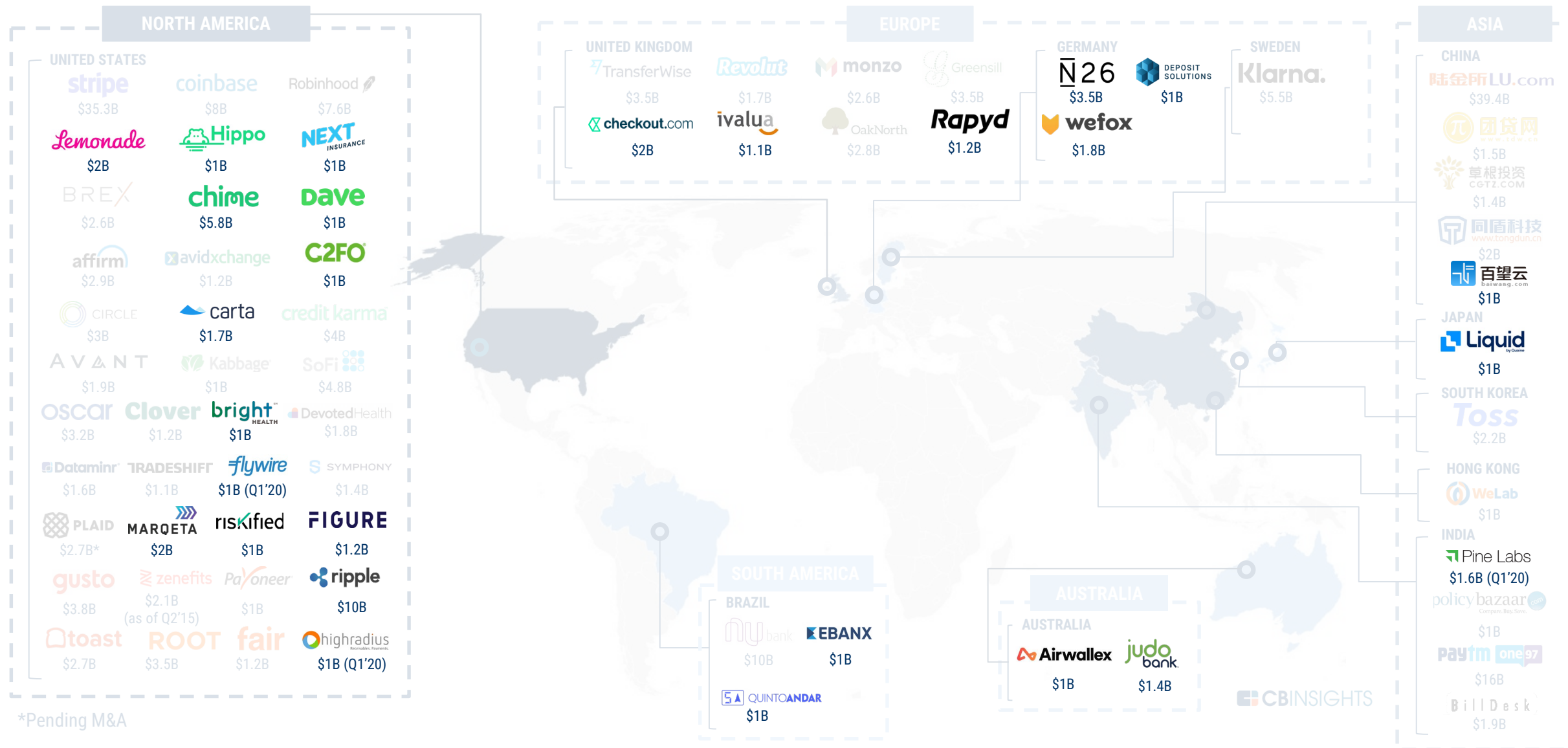
Global VC-backed fintech companies with a private market valuation of \$1B+ (2/14/20)





# 24 new fintech unicorn births in 2019 and 3 in Q1'20

Global VC-backed fintech companies with a private market valuation of \$1B+ (2/14/20)











# TOP FINTECH UNICORN HUNTERS: INVESTORS WITH THE MOST \$1B+ PORTFOLIO COMPANIES

The top 9 fintech unicorn investors and their portfolio companies (as of 1/27/20)

Rank	Investor	Fintech Investments
1	Ribbit Capital (13)	Toss coinbase ny bank BREX affirm FIGURE gusto Robinhood policybazaar Revolut ROOT credit karma NEXT INSURANCE
2	TIGERGLOBAL (12)	stripe coinbase ny bank AVANT Rapyd toast carta C2FO policybazaar ivalua ROOT credit karma
3	DST (11)	stripe checkout.com ny bank BREX chime FIGURE Klarna. Robinhood Airwallex Revolut ROOT
4	SoftBank Group (10)	QUINTOANDAR Lemonade SoFi OakNorth paytm one97 Greensill Kabbage C2FO policybazaar fair
4	a16z (10)	stripe coinbase PLAID TransferWise affirm zenefits carta Robinhood ripple DevotedHealth
6	G/ (9)	stripe Lemonade PLAID oscar Clover toast gusto Robinhood ripple
7	THRIVE CAPITAL (8)	stripe Lemonade ny bank oscar affirm monzo carta Robinhood
7	WELLINGTON MANAGEMENT® (8)	Dataminr coinbase SoFi OSCAR affirm Payoneer Klarna. policybazaar
9	CEFI (7)	QUINTOANDAR wefox CIRCLE TRADESHIFT dave FIGURE fair
9	IVP (7)	Dataminr coinbase SoFi BREX TransferWise zenefits Klarna.
9	GENERAL ATLANTIC (7)	QUINTOANDAR BillDesk riskified AVANT chime Greensill Klarna.
9	GENERAL CATALYST (7)	stripe Lemonade CIRCLE OSCAR Rapyd monzo gusto
9	SVAngel (7)	stripe coinbase TransferWise OSCAR dave zenefits Kabbage

## UNICORNS WITH MULTIPLE FIN SERVICES CVC BACKERS

# 9 unicorns are backed by 2+ financial services CVCs

Company	Description	Location	Sector	Fin Services CVC Investors
 <b>TRADESHIFT</b>	Tradeshift is a supply chain payments enabler and marketplace.	San Francisco, CA	Supply chain finance	American Express Ventures, Goldman Sachs Principal Strategic Investments, HSBC Venture Capital
 <b>SYMPHONY</b>	Symphony is a collaboration and productivity tool for financial institutions.	Palo Alto, CA	Communications	Goldman Sachs Principal Strategic Investments, Barclays Ventures, MUFG Innovation Partners
 <b>PLAID</b>	Plaid offers APIs that enable applications to connect to consumer bank accounts.	San Francisco, CA	Infrastructure	American Express Ventures, Citi Ventures, Visa Ventures, Goldman Sachs PSI
 <b>NEXT INSURANCE</b>	Next Insurance offers coverage targeting small businesses.	Palo Alto, CA	Insurtech	American Express Ventures, Munich Re Ventures, Nationwide Ventures
 <b>C2FO</b>	C2FO is a working capital marketplace.	Leawood, KS	Dynamic discounting	Intact Ventures, Liberty Mutual Strategic Ventures
 <b>chime</b>	Chime is a challenger bank.	San Francisco, CA	Challenger bank	Northwestern Mutual Future Ventures, Opera Tech Ventures
 <b>fair</b>	Fair offers short-term car leases.	Santa Monica, CA	Auto finance	Exponential Ventures, Munich Re Ventures
 <b>Lemonade</b>	Lemonade is a home and renters insurance startup.	New York, NY	Insurtech	Allianz X, XL Innovate
 <b>MARQETA</b>	Marqeta is a payments card issuance platform.	Oakland, CA	Payments	CommerzVentures, Visa Ventures

# India's One97 takes the top two deals in Q4'19

7 of the top 10 deals went to existing unicorns or minted new ones (\$1B+ valuation)

Company	HQ	Deal Date // Amount Raised	Total Disclosed Funding	Select Investors	Description
	India	Nov'19 // \$1,000M	\$4.7B (\$16B Valuation)	T. Rowe Price, SoftBank Group, Discovery Capital, Ant Financial Services Group	Digital goods and mobile commerce platform
	India	Dec'19 // \$660M	\$4.7B (\$16B Valuation)	T. Rowe Price, SoftBank Group, Discovery Capital, Ant Financial Services Group	Digital goods and mobile commerce platform
	US – MN	Dec'19 // \$635M	\$1.1B (\$1B Valuation)	New Enterprise Associates, Bessemer Venture Partners, Redpoint Ventures, Cross Creek	Single health system-focused, tech-enabled consumer health plan
	US – CA	Dec'19 // \$500M	\$808.8M (\$5.8B Valuation)	General Atlantic, DST Global, Coatue Management, Menlo Ventures	Digital challenger bank
	US – CA	Oct'19 // \$250M	\$381 (\$1B Valuation)	Munich Re Ventures	Digital SMB commercial insurance

# 5 of the top deals were outside the US

6 of the top 10 deals to VC-backed fintech companies were \$200M+ mega-round investments

Company	HQ	Deal Date // Amount Raised	Total Disclosed Funding	Select Investors	Description
 <b>ripple</b>	US – CA	Dec'19 // \$200M	\$293.9M (\$10B Valuation)	SBI Group, Tetragon Financial Group, Route 66 Ventures	Cross-border payments network
<b>Z O P A</b>	United Kingdom	Dec'19 // \$182M	\$344.3M (Undisclosed Valuation)	IAG Capital Partners	Peer-to-peer lending marketplace
 <b>riskified</b>	US – NY	Nov'19 // \$165M	\$228.7M (\$1B Valuation)	General Atlantic, Fidelity Investments, Entree Capital, Winslow Capital	E-commerce transaction solutions provider
 <b>WeLab</b>	Hong Kong	Dec'19 // \$156M	\$581M (Undisclosed Valuation)	Alibaba Entrepreneurs Fund, CCB International	Mobile lending platform
<b>uala</b>	Argentina	Oct'19 // \$150M	\$194M (\$950M Valuation)	SoftBank, Goldman Sachs, Jefferies Financial Group, Tencent, Ribbit Capital	Virtual banking app and prepaid card management

# Methodology

CB Insights encourages you to review the methodology and definitions employed to better understand the numbers presented in this report. If you have any questions about the definitions or methodological principles used, we encourage you to reach out to CB Insights directly. Additionally, if you feel your firm has been under-represented, please send an email to [info@cbinsights.com](mailto:info@cbinsights.com) and we can work together to ensure your firm's investment data is up to date.

## What is included:

- Equity financings into emerging fintech companies. Fundings must be put into VC-backed companies, which are defined as companies who have received funding at any point from venture capital firms, corporate venture groups, or super angel investors.
- Fundings of only private companies. Funding rounds raised by public companies of any kind on any exchange (including Pink Sheets) are excluded from our numbers, even if they received investment by a venture firm(s).
- Only includes the investment made in the quarter for tranced investments. If a company does a second closing of its Series B round for \$5M and previously had closed \$2M in a prior quarter, only the \$5M is reflected in our results.
- Round numbers reflect what has closed — not what is intended. If a company indicates the closing of \$5M out of a desired raise of \$15M, our numbers reflect only the amount which has closed.
- Only verifiable fundings are included. Fundings are verified via various federal and state regulatory filings, direct confirmation with firm or investor, or press release.
- Previous quarterly VC reports issued by CBI have exclusively included VC-backed rounds. In this report, any rounds raised by VC-backed companies are included, with the exceptions listed.

## What is excluded:

- No contingent funding. If a company receives a commitment for \$20M subject to hitting certain milestones but first gets \$8M, only the \$8M is included in our data.
- No business development/R&D arrangements, whether transferable into equity now, later, or never. If a company signs a \$300M R&D partnership with a larger corporation, this is not equity financing, nor is it from a venture capital firm. As a result, it is not included.
- No buyouts, consolidations, and/or recapitalizations. All three of these transaction types are commonly employed by private equity firms and are tracked by CB Insights. However, they are excluded for the purposes of this report.
- No private placements. These investments, also known as PIPEs (Private Investment in Public Equities), are excluded even if made by a venture capital firm(s).
- No debt/loans of any kind (except convertible notes). Venture debt or any kind of debt/loan issued to emerging startup companies, even if included as an additional part of an equity financing, is not included. If a company receives \$3M with \$2M from venture investors and \$1M in debt, only the \$2M is included.
- No government funding. Grants, loans, or equity financings by the federal government, state agencies, or public-private partnerships to emerging startup companies are not included.



WHERE IS ALL THIS DATA FROM?

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has the underlying data  
included in this report**

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