Fintech Decoded

A special edition report tracking investment activity in Fintech companies

1H23

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Executive Summary

The first half of 2023 witnessed a period of notable turbulence in the global fintech investment space. While venture capital funding experienced a substantial decrease in value, deal volume remained remarkably robust throughout this timeframe. Projections based on the current funding trajectory suggest that 2023 could potentially rank as the third-highest year in terms of total investment, following the precedent set by the years 2021 and 2022.

This dynamic landscape was shaped by various factors. The economic landscape was greatly influenced by the surge in U.S. inflation, the Federal Reserve's withdrawal of stimulus measures, and a sequence of interest rate hikes contributing to a fragile economic environment marked by the impending gloom of recession. Regulatory uncertainties from GDPR, China's cryptocurrency ban, and geopolitical tremors like the Russia-Ukraine conflict added further complexity. Furthermore, a series of adverse events, such as a more severe than anticipated deceleration in China's growth, the upsurge of inflation across the Eurozone, and the collapse of multiple US banks, collectively contributed to the downturn observed in the first half of 2023.

Within the realm of venture capital activity in the fintech sphere, discernible trends emerged. Notably, a slowdown was evident in VC deal activity, with a total investment of USD 8.2 billion distributed across 826 global deals. Venture capital investors displayed a noticeable shift towards directing their attention to angel and seed-stage companies while taking a more rigid stance towards early and late-stage VC firms due to increased valuations arising from the 2021 surge. The current global economic and political climate, characterized by uncertainty, prompted venture capital entities to exercise caution in their investment decisions. Fintech enterprises with robust value propositions and sustainable profitability are anticipated to continue attracting investment, particularly within domains such as RegTech and Cybersecurity.

During this period, the focus within fintech segments underwent a major transformation. The Payments and Blockchain/Crypto sectors receded, instead Business Solutions and Financial Markets domains gained prominence. The decline in the Blockchain/Crypto sector was driven by events such as the Terra (Luna) crash and the bankruptcy of FTX in 2022. The increasing importance of the regulatory landscape across various jurisdictions, exemplified by changes like Basel IV, the EU Market in Crypto-assets Regulation, the Digital Operations Resilience Act, the AI Act, the Digital Services Act, and evolving ESG standards, fostered a more concentrated focus and investment in the RegTech sector. Clear guidelines regarding customer data sharing beyond payment accounts, as established by the European Commission, are poised to generate interest and investment in the open banking and embedded finance arenas. Additionally, the UK's Joint Regulatory Oversight Committee's framework for advancing open banking signifies a pivotal stride forward.

In response to more stringent regulatory environments domestically, Chinese fintech enterprises exhibited a global outlook for growth opportunities. Consequently, the maximum unicorns observed during this period were predominantly concentrated in the US and Europe. Despite the all-time high count of unicorns, the valuation of exits for these enterprises faced a downward trajectory.

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Welcome to the sixth edition of Aranca's *Fintech Decoded* report, a publication where we highlight the major VC funding trends of 1H23 within the broader Fintech universe across key markets.

VC fintech funding slowed in 1H23 after the 2021 surge, with the macroeconomic-led headwinds turning the tides of investments and paving the way for the future. The anticipation of further economic volatility has made investors risk-averse. The velocity of mega deals is receding as even established companies with proven unit economics and growth plans are unable to attract investor attention. In this report, we highlight some key trends based on 1H23 deal activity and the outlook for various fintech verticals

We hope you find this an interesting and insightful read.

In 1H23, investment in Fintech companies globally clocked

$29.7B

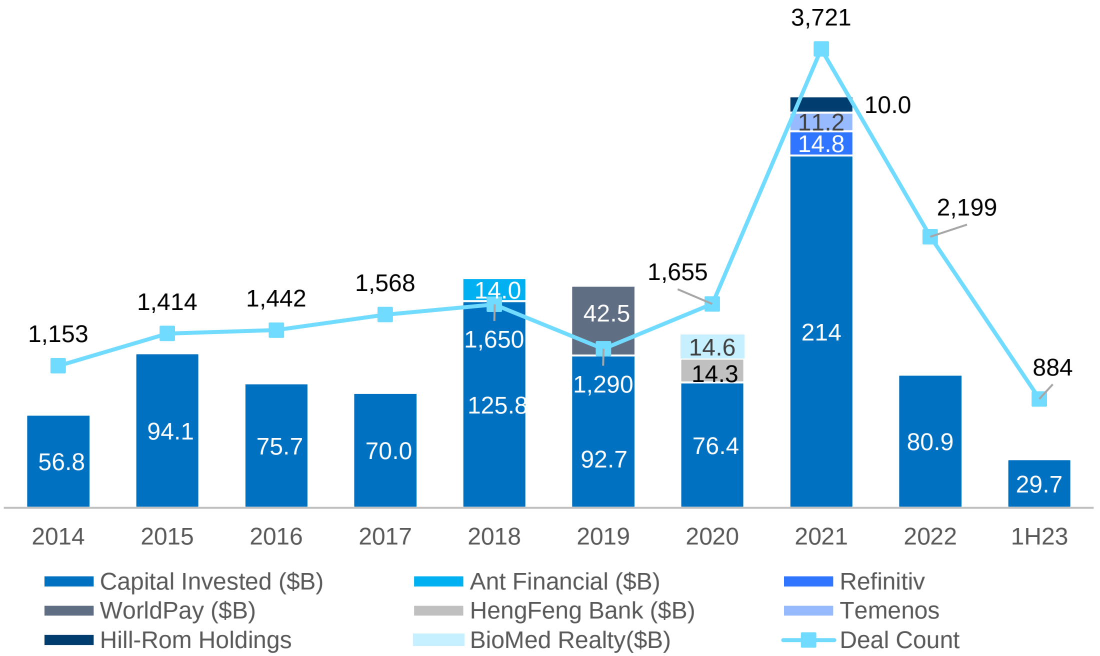
across

884 deals

Global Fintech funding continued to decline by 17% in 1H23 compared to 1H22, lowering median deal size

Global VC, PE, MA deal landscape in Fintech companies

January 01, 2014–June 30, 2023
Currency in $, unless otherwise specified



Data Source: *Pitch Book, unless specified otherwise*
Note: *Please refer to the Methodology section at the end of the report to understand the Fintech universe and its constituents as defined from the perspective of this report.*

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The fintech sector experienced a decline in investor funding in 1H23 due to several macroeconomic factors, including inflation, rising interest rates, the war in Ukraine, and the collapse of several banks in the US.

Capital Invested in 1H23 was 37% of the 2022 value, 17% lower than the investment in 1H22. However, the deal volume increased by 31% with 884 deals completed as compared to 675 deals in 1H22. However, the deal volume has significantly declined by more than 40% from 2H22 (884 deals in 1H23 vis-à-vis 1,524 deals in 2H22). The median investment per deal has seen a downward shift during the period.

VC funding in fintech halved in 1H23 from 1H22, but the overall VC deal volume increased by 33% in 1H23 from 1H22. Meanwhile, the PE space recorded negligible financing in 1H23, close to a 1x drop from 1H22. Whereas the funding through M&A increased by 40% in 1H23 from 1H22, registering robust growth as companies are looking at acquisitions as a mechanism to achieve scale and power expansion activities.

In 1H23, VC funding in Fintech companies globally clocked

$8.2B

across

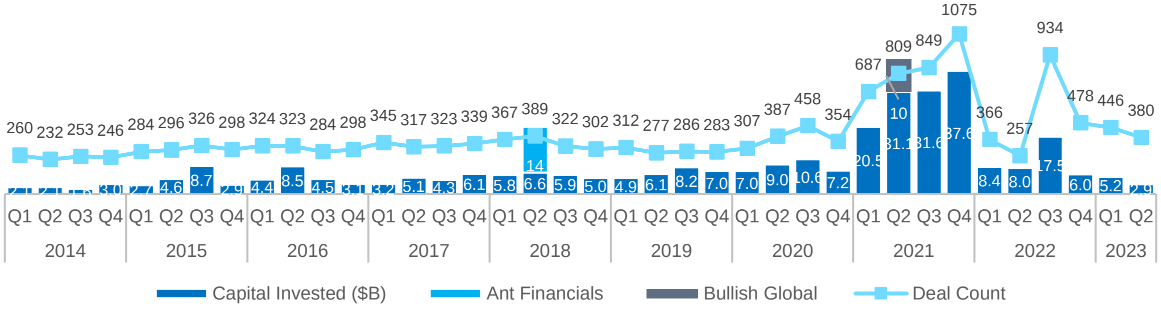
826 deals

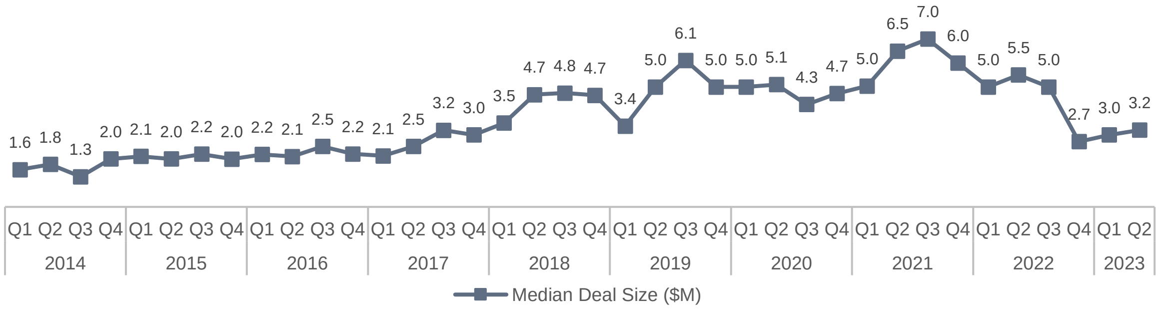
VC funding in Fintech has been on a downward trend for the past three quarters

Global VC funding in Fintech companies

January 01, 2014–June 30, 2023

Currency in $, unless otherwise specified





Data Source: *Pitch Book, unless specified otherwise*

Note: *Please refer to the Methodology section at the end of the report to understand the Fintech universe and its constituents as defined from the perspective of this report.*

VC funding for fintech companies in 1H23 has been at the lowest since 2017. The invested capital has declined from $16.3B in 1H22 to $8.2B in 1H23. VC funding deal activity in 1H23 decreased by 65% in value and 42% in volume compared to 2H22.

Investors do not seem as enthusiastic about the fintech space as they were in 2021 because of the rising interest rates in an effort to combat inflation, reducing the liquidity in the market. Moreover, the inflated valuations of the companies in recent years have made it riskier for VC firms to invest in startups and have ultimately made the exit difficult. The decreased investor confidence may continue to impact the venture capital landscape in the months and years to come.

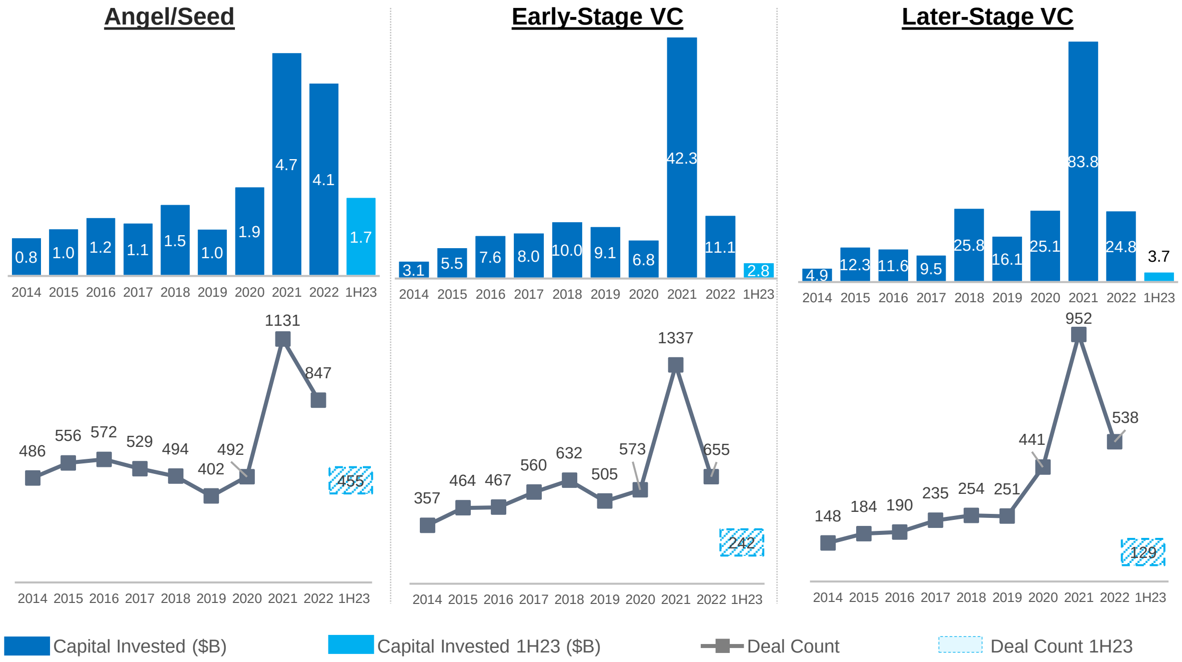
The number of mega deals (>$100M) declined from 42 deals worth $9.4B in 1H22 to 8 deals worth $2.8B in 1H23. The mega deals in 1H23 accounted for 34% of the total VC funding. Investors are cautious in the current scenario of the rising cost of capital, economic slowdown, and increased scrutiny from regulators. However, the number of VC-backed deals in 1H23 has slightly increased as compared to 1H22. This suggests that there is still a demand for venture capital, but the investment value has been reduced substantially in the current recessionary environment.

Extraordinary levels in angel/seed-stage funding; early and late-stage fell below the 2020 level

Global VC funding in Fintech companies

January 01, 2014–June 30, 2023

Currency in $, unless otherwise specified



Data Source: *Pitch Book, unless specified otherwise*
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Late-stage deal activity recorded a ~67% drop in investment from $11.2B worth of investment in 1H22 to $3.7B worth of investment in 1H23. Early-stage deal activity recorded a 27% decline in investment in 1H23 vis-à-vis 1H22, from $3.9B to $2.8B.

The momentum in angel/seed stage investment continued in 1H23 with a raised capital of $1.7B, a 29% increase from the $1.3B deal value in 1H22.

The market still has a plethora of growth opportunities to offer for fintech entrants. However, with the industry facing many regulatory changes in the past few years, financing has slowed down.

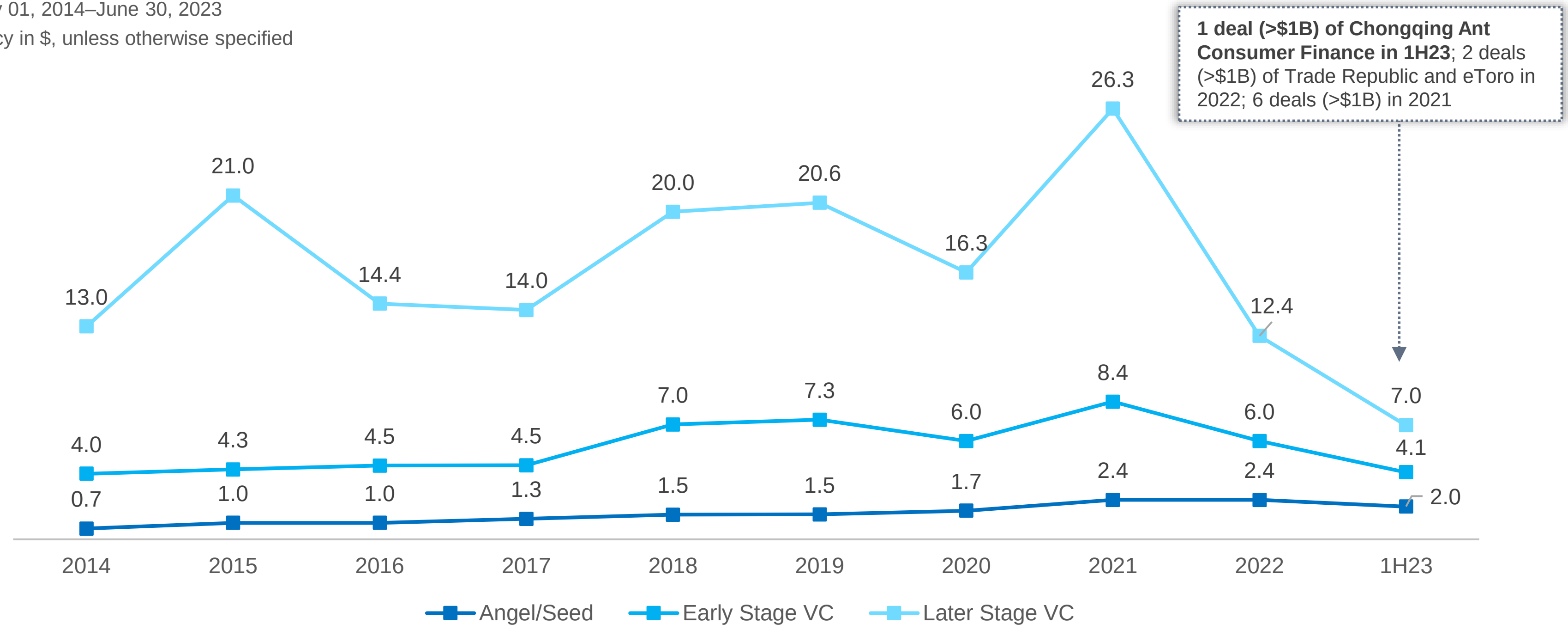
In recent years, there has been a surge in the number of unicorn startups that have made it more difficult for VC firms to find undervalued startups to invest in. As a result, VC firms are becoming more selective about the startups they invest in, leading to smaller amounts of investment in each startup in order to reduce their risk.

Significant decline in late-stage median deal size in 1H23

Global VC funding median deal size: By funding stage

January 01, 2014–June 30, 2023

Currency in $, unless otherwise specified



Data Source: *Pitch Book, unless specified otherwise*

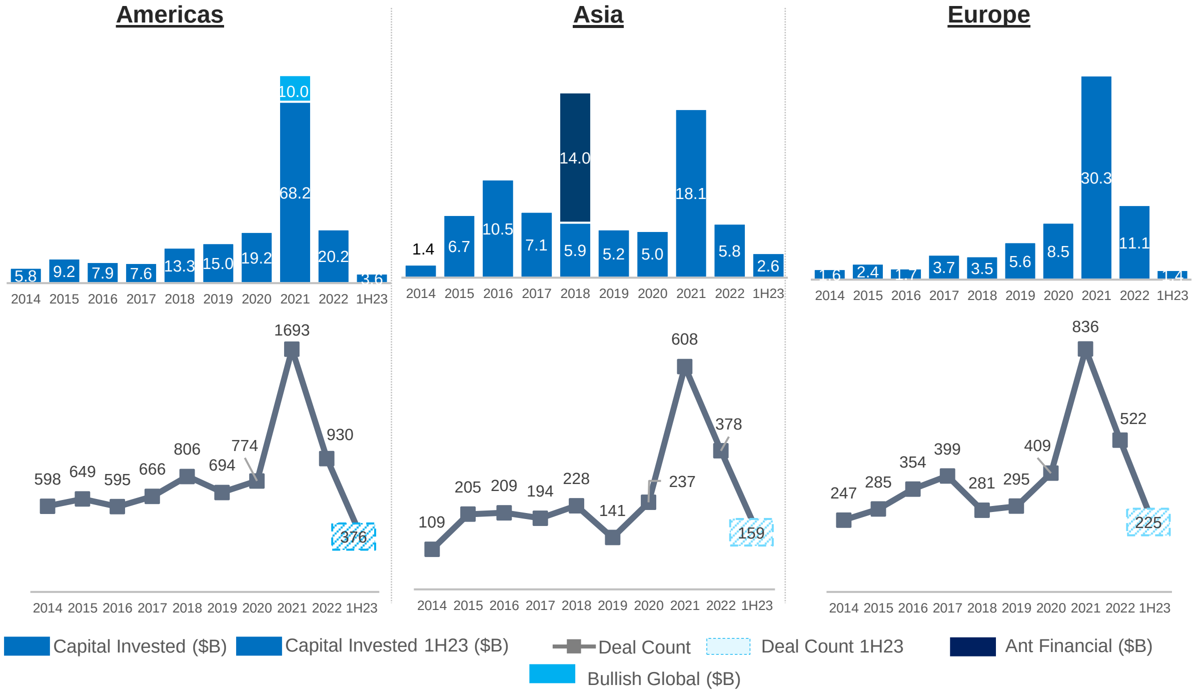
Note: *Please refer to the Methodology section at the end of the report to understand the Fintech universe and its constituents as defined from the perspective of this report.*

US and European fintech funding in 1H23 declines by >60% of 1H22; Asian funding grew by >20%

Global VC funding in Fintech companies

January 01, 2014–June 30, 2023

Currency in $, unless otherwise specified



Data Source: *Pitch Book, unless specified otherwise*

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The fintech funding spree slowed due to a sufficiently reduced inflow of capital in value, with $1.2B in 1H23 in the Payments+ segment (69% down from $3.9B in 1H22), in addition to a 64% and 58% decline in the Financial Markets and Business Solutions segments, respectively. In terms of value, all subsectors in the fintech industry registered close to a 30–80% drop in capital invested in 1H23 vis-à-vis 1H22.

The volume of deals has increased but the overall value of investment for each segment has declined, indicating a decline in investment per deal in 1H23. Blockchain/Crypto segment witnessed more than a 1.5x increase in the deal volume, whereas the investment value has decreased by 35% from $2.0B in 1H22 to $1.3B in 1H23. Funding in the Lending segment has remained relatively stable YoY.

Asia, Europe, and the Americas secured $2.6B, $1.4B, and $3.6B in funding in 1H23, registering a change of +21%, -67%, and -60%, respectively, from 1H22. 1H23 volume of deals in each geography was more than 1.3x that in 1H22. However, the 1H23 funding was close to 50% of 1H22, signifying the changing market conditions and investor confidence.

Top 10 global VC funding deals in Fintech space

Top 10 global VC funding deals in Fintech space

January 01, 2022–June 30, 2023

S. No.	Region	Name	Verticals	Deal Size ($M)	Key Investors	Post-Money Valuation ($B)
1	China	Chongqing Ant Consumer Finance	Lending	1,510	Ant Group, Boguan Technology, HFI investment Group, Jiangsu Yuyue Medical, Nongxin Investment, Sunny Group	2.7
2	Germany	Trade Republic	Financial Markets	1,153	Ontario Teachers' Pension Plan, Sequoia Capital, Founders Fund	5.3
3	UK	eToro	Financial Markets	1,000	Smart Partnership Capital	5.0
4	US	Ramp	Payments+	748	Founders Fund, D1 Capital Partners, Spark Capital, Altimeter Capital Management	8.1
5	UK	SumUp	Payments+	603	Bain Capital Tech Opportunities, BlackRock, btov Partners, Centerbridge Partners, Crestline Investors	8.2
6	US	Fireblocks	Blockchain/Crypto	550	D1 Capital Partners, Spark Capital, Altimeter Capital Management, Bank of New York Mellon	8.0
7	US	Xpansiv	Financial Markets	525	Bank of America, Blackstone, The Goldman Sachs Group	~1.4*
8	US	Juro System	Business Solutions	500	-	-
9	US	Liquidity Group	Business Solutions	475	Apollo Global Management, MUFG Innovation Partners, Spark Capital	-
10	Germany	Wefox	Insurance	413	Invest AD, Mubadala Capital-Ventures, OMERS Ventures, Target Global	4.7

Data Source: *Pitch Book, unless specified otherwise; * based on an article published by The Australian Financial Review dated July 7, 2022*

Note: *Please refer to the Methodology section at the end of the report to understand the Fintech universe and its constituents as defined from the perspective of this report.*

In 1H23, VC funding in Fintech companies in North America clocked

$3.4B

across

335 deals

Fintech ecosystem – North America

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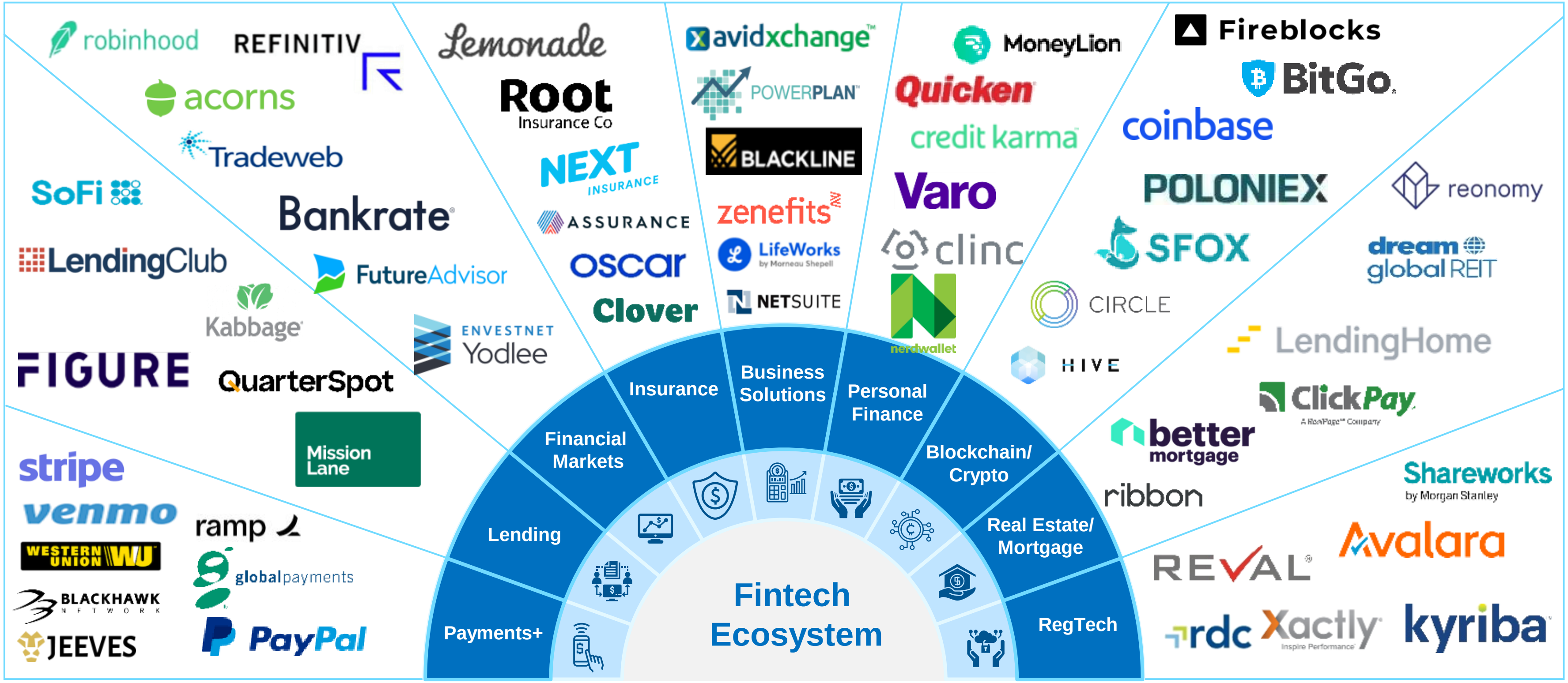
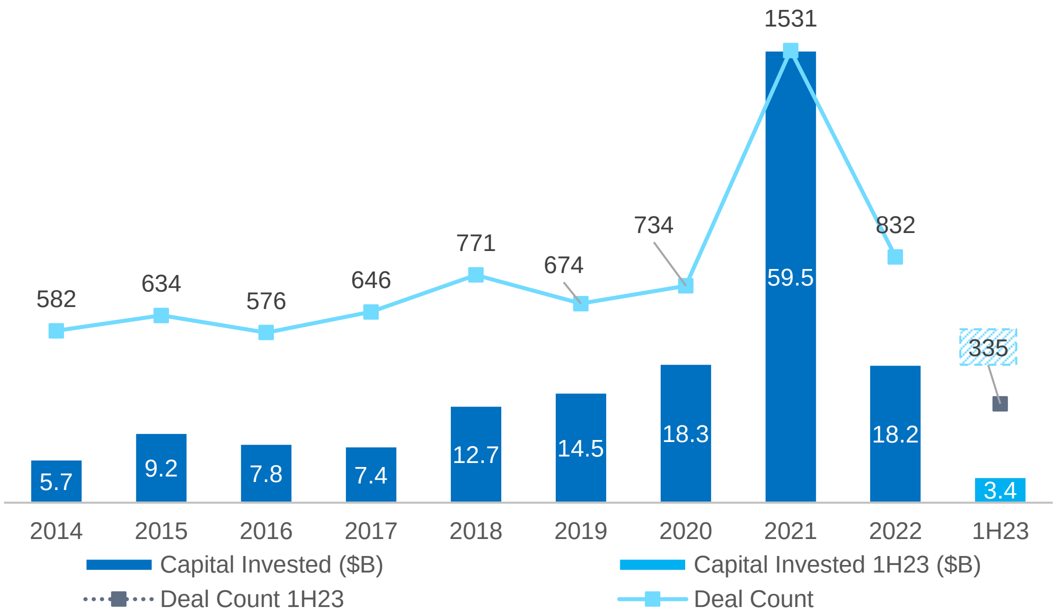


Deal activity in the North American Fintech space in 1H23 reduced to half of that in 1H22

North American VC funding in Fintech companies

January 01, 2014–June 30, 2023

Currency in $, unless otherwise specified



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Investments decelerated at a rapid pace in the North American fintech space, recording ~60% degrowth in 1H23 from the 1H22 level.

In 1H23, 4 mega VC funding deals (>$100M) were signed as opposed to 21 in 1H22 and 25 in 2H22. Total funding raised through these mega deals was 80% less in 1H23 compared to that in 1H22.

The majority of the investor dollars have been in the Financial Markets segment ($0.8B), closely followed by Business Solutions ($0.7B), and Blockchain/Crypto ($0.6B).

RegTech is expected to see a surge in investment as companies look to technology to help them manage their increasingly complex regulatory compliance obligations and cyber threats.

The investments in Blockchain/Crypto segment plunged significantly owing to the Terra (Luna) crash and FTX bankruptcy in 2022. The subsequent increasing focus on due diligence and governance likely slowed the speed of crypto deals even further.

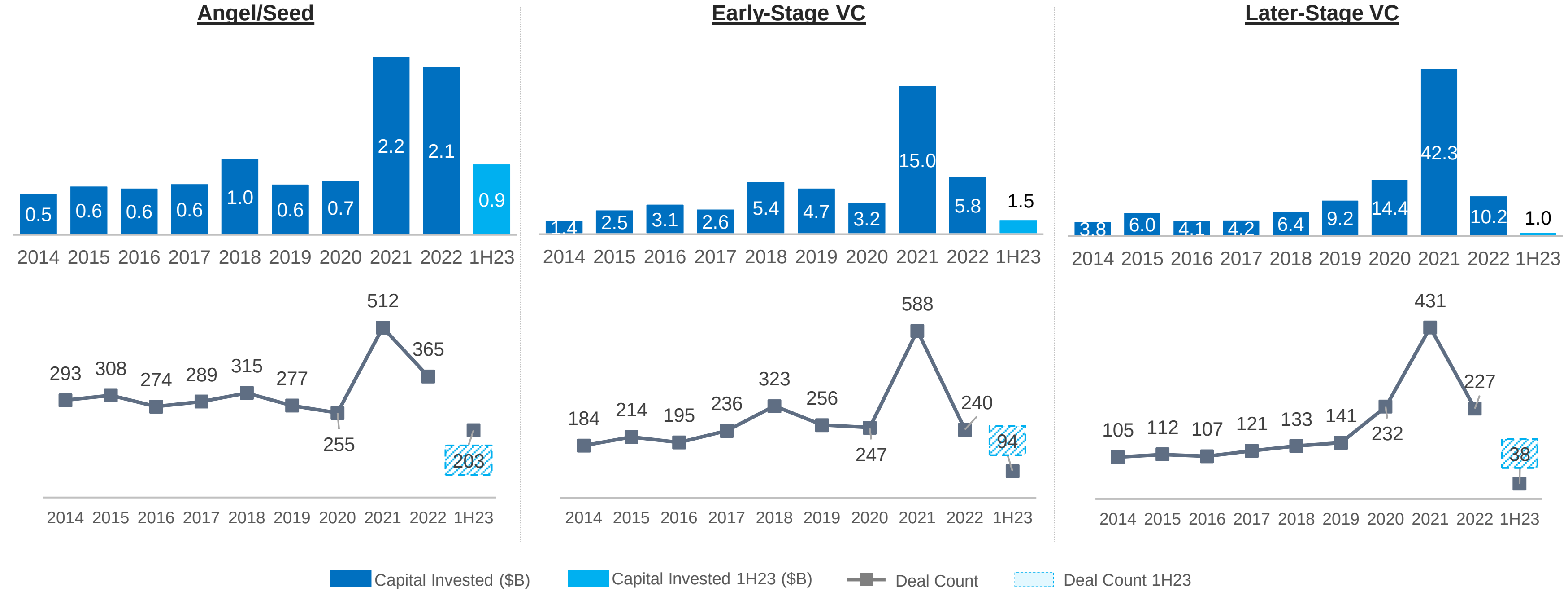
There is an increasing focus on B2B payments, particularly the use of real-time payments, as businesses look to optimize their supply chains, automate processes, and improve their anti-fraud efforts.

Investment in Angel/Seed deals in-line with 2022, whereas early-and late-stage VC saw significant downward pressure

North American VC funding in Fintech companies: By funding stage

January 01, 2014–June 30, 2023

Currency in $, unless otherwise specified



Data Source: *Pitch Book, unless specified otherwise*

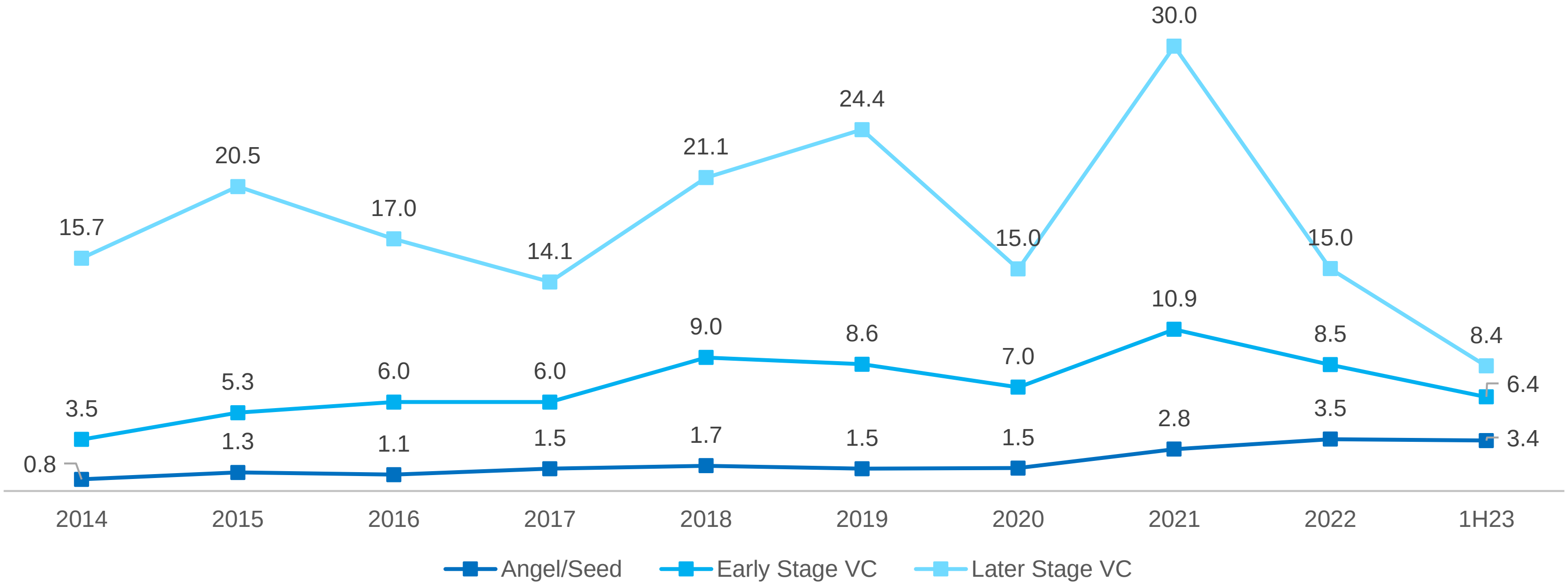
Note: *Please refer to the Methodology section at the end of the report to understand the Fintech universe and its constituents as defined from the perspective of this report.*

Late- & Early-stage median deal size plummeted below the 2020 level; Stagnant median deal size for Angel/seed-stage funding

North American VC funding median deal size: By funding stage

January 01, 2014–June 30, 2023

Currency in $, unless otherwise specified



Data Source: *Pitch Book, unless specified otherwise*

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Top 10 VC funding deals in North America

Top 10 VC funding deals in Fintech: North America

January 01, 2022–June 30, 2023

S. No.	Region	Name	Verticals	Deal Size ($M)	Key Investors	Post-Money Valuation ($B)
1	New York	Ramp	Payments+	748	Founders Fund, D1 Capital Partners, Spark Capital	8.1
2	New York	Fireblocks	Blockchain/Crypto	550	D1 Capital Partners, Spark Capital, Altimeter Capital Management, Bank of New York Mellon	8.0
3	US	Xpansiv	Financial Markets	525	Bank of America, Blackstone, The Goldman Sachs Group	~1.4*
4	Wyoming	Juro System	Business Solutions	500	-	-
5	New York	Liquidity Group	Business Solutions	475	Apollo Global Management, MUFG Innovation Partners, Spark Capital	0.8**
6	Massachusetts	Circle (Financial Software)	Blockchain/Crypto	400	BlackRock, Fidelity Management & Research, Fin Capital, Marshall Wace	~9.0***
7	New York	Power	Lending	316	Amy Nauiokas, Logan Allin, Anthemis Digital Acquisitions I, CRV, Dash Fund, Plug and Play Accelerator, Restive Ventures	-
8	District of Columbia	Pie Insurance	Insurance	315	Allianz X, Centerbridge Partners, FourCities Capital, Gallatin Point Capital, Greycroft, White Mountains Insurance Group	-
9	California	Acorns	Financial Markets	300	TPG, Bain Capital Ventures, BlackRock	1.8
10	California	Arc Technologies	Business Solutions	181	Left Lane Capital, NFX, Bain Capital Ventures, 10X Capital, Y Combinator	-

Data Source: *Pitch Book, unless specified otherwise; * based on an article published by The Australian Financial Review dated July 7, 2022; ** based on an article published by CTech dated April 5, 2022; *** based on an article published by AltFi dated April 13, 2022, and Bloomberg dated April 12, 2022*

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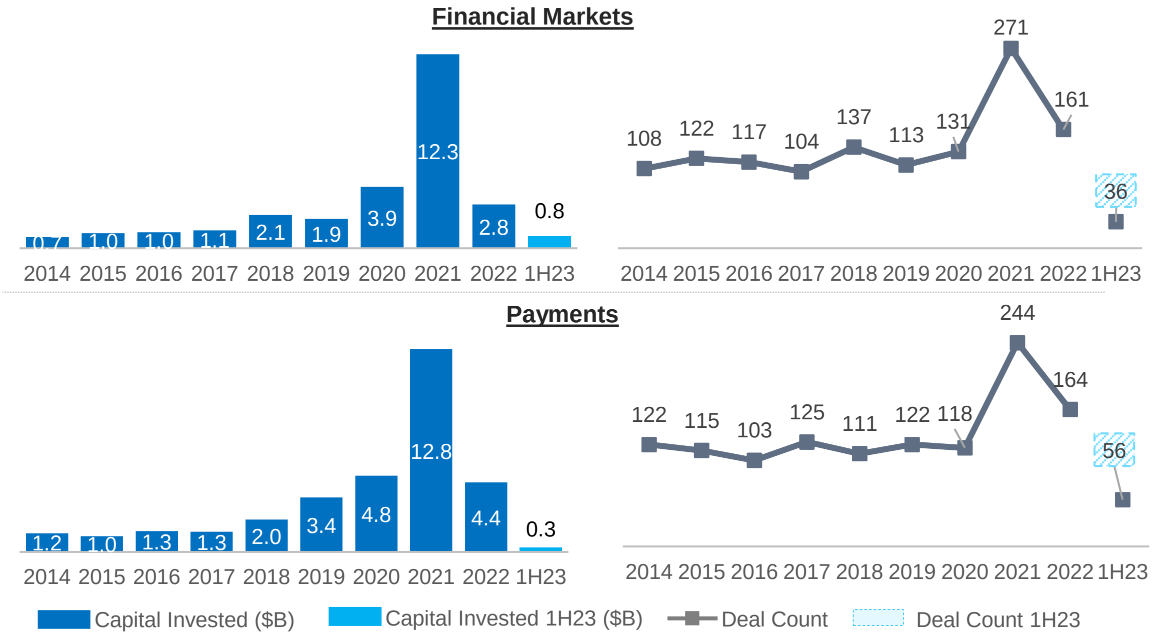
Financial Markets dominates the Fintech space

North American VC funding in Fintech companies: Financial Markets, Payments

January 01, 2014–June 30, 2023

Currency in $, unless otherwise specified



Data Source: *Pitch Book, unless specified otherwise*

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North American investors shifted their focus from Payments+ to Financial Markets and Business Solutions in 1H23.

Although the ongoing macroeconomic conditions led to an increased investment risk associated with institutional and retail investors, firm deal activity has been observed in Financial Markets during 1H23, with one mega deal (>$100M) amounting to $525M. The Business Solutions segment registered two mega deals (>$100M) of $291M, followed by Real Estate/ Mortgage with one mega deal amounting to $100M in 1H23.

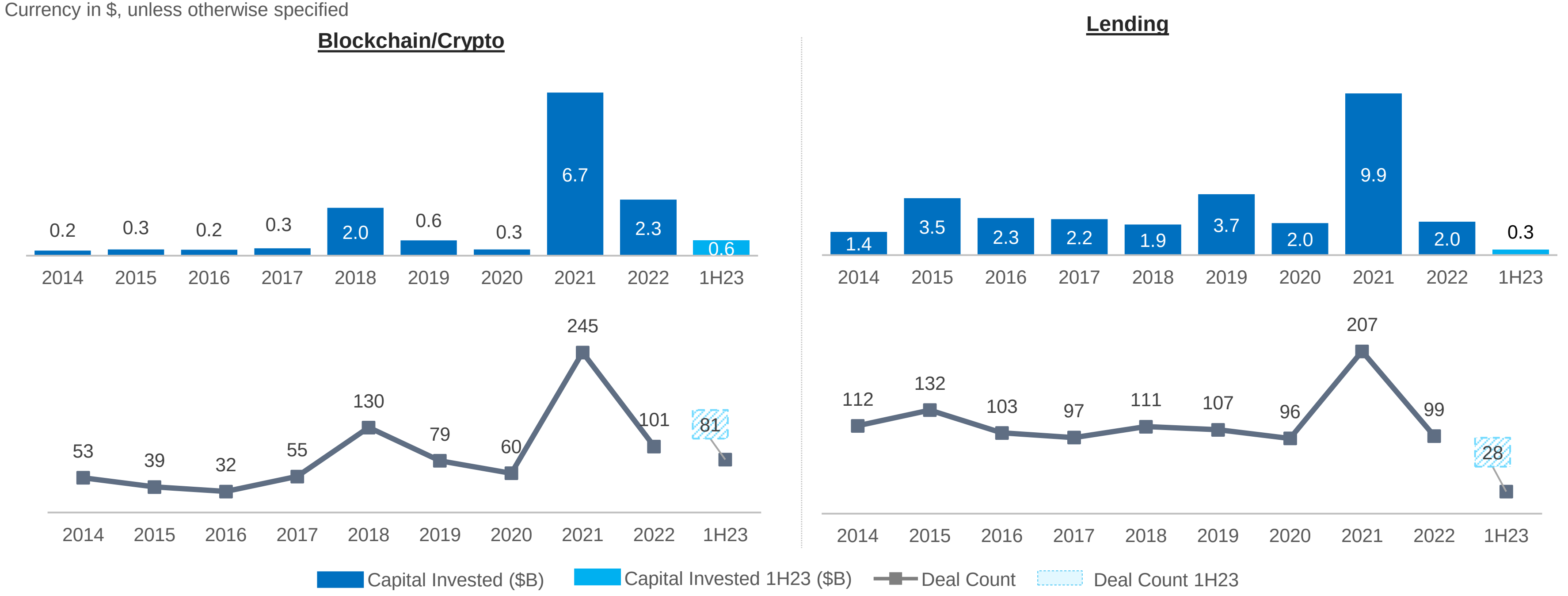
Compared to other sectors, the Payments+ space showed strong resilience in 1H23, with most of the largest M&A transactions in North America occurring in the space. Witnessed by the acquisition of Signify Health, a technology-enabled healthcare services provider for healthcare organizations, by CVS Health in an $8.0B deal; the reverse merger of The Beneficient Company Group, an online platform to provide liquidity solutions to participants in the alternative asset industry, by Avalon Acquisition for $3.3B; the acquisition of Paya Holdings, by Nuvei for $1.3B; and the acquisition of NetSpend by Rev and Searchlight Capital Partners for $1.0B.

Blockchain/Crypto market is expected to plummet due to stronger regulations

North American VC funding in Fintech companies: Blockchain/Crypto, Lending

January 01, 2014–June 30, 2023

Currency in $, unless otherwise specified



__Data Source:__ Pitch Book, unless specified otherwise

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Business Solutions witness high investor interest owing to digitizing financial solutions, cloud-based solutions, and big data & analytics

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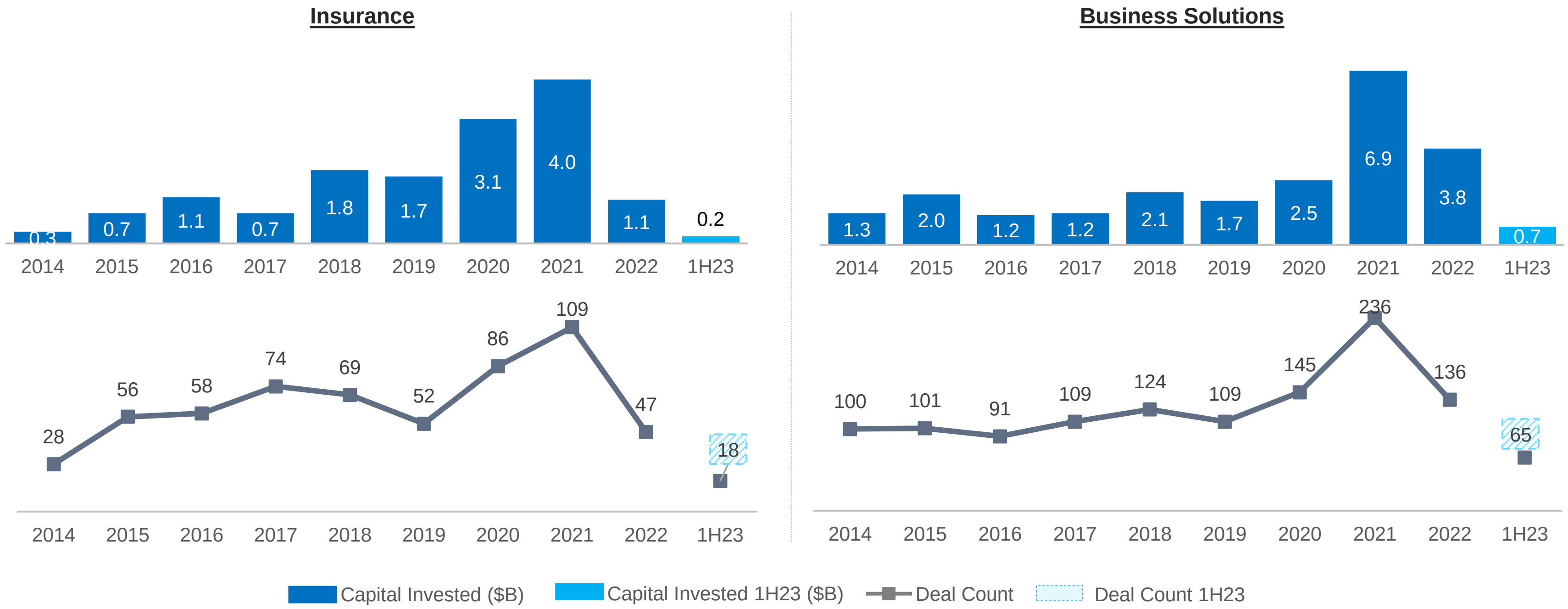
North American VC funding in Fintech companies: Insurance, Business Solutions

January 01, 2014–June 30, 2023

Currency in $, unless otherwise specified



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In 1H23, VC funding in Fintech companies in Europe clocked

$1.4B

across

225 deals

Fintech ecosystem – Europe

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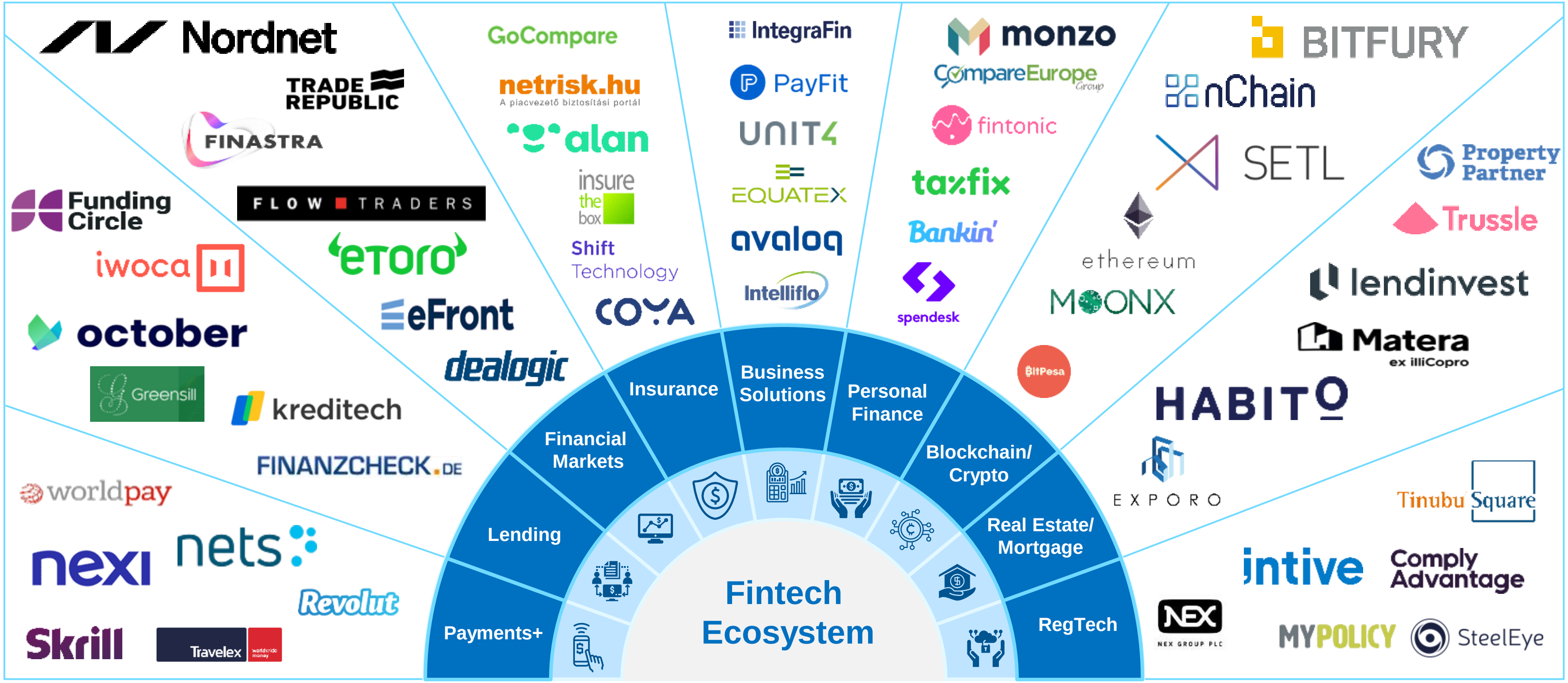
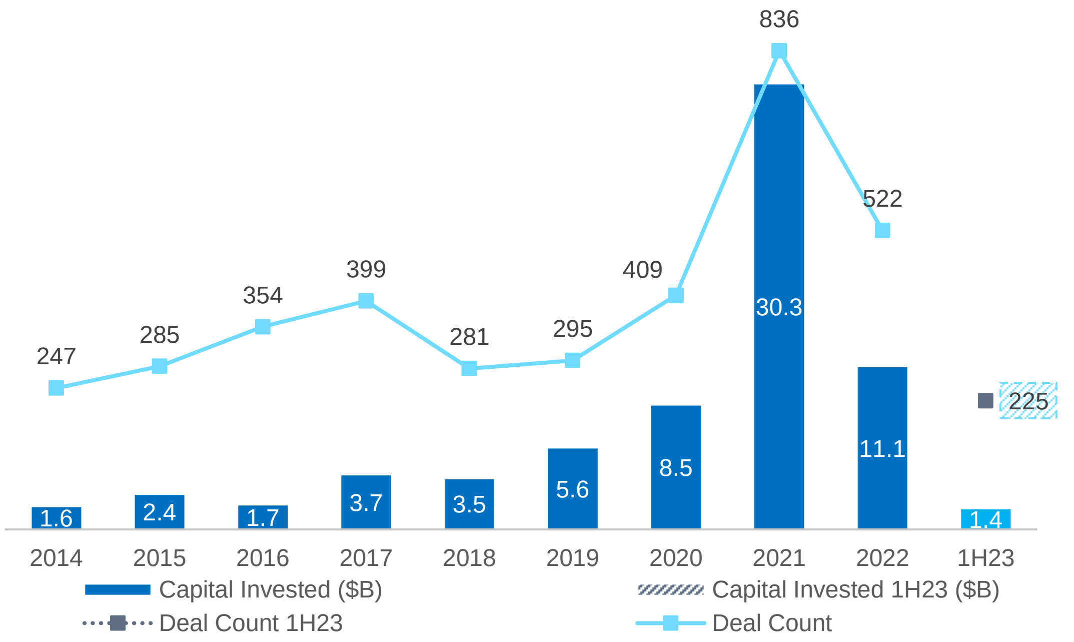


Fintech funding in Europe considerably dropped in 1H23

European VC funding in Fintech companies

January 01, 2014–June 30, 2023

Currency in $, unless otherwise specified



Data Source: *Pitch Book, unless specified otherwise*

1. *Revised rules on payment services (europa.eu)*
2. *The future of open banking and the Joint Regulatory Oversight Committee | FCA*

Note: *Please refer to the Methodology section at the end of the report to understand the Fintech universe and its constituents as defined from the perspective of this report.*

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Europe's fintech investments in 1H23 recorded a 67% fall in value and a 42% increase in volume as compared to 1H22. Consequently, the median deal size declined for all the stages of VC investments.

Payments+ recorded the highest deal value in the fintech space, with investments of $0.5B, slightly lower than the 1H22 investment of $0.8B. The deal value in the Financial Markets segment declined from a robust $1.7B in 1H22 to a marginal $0.2B in 1H23. Fintech companies raised $0.2B in mega deals (>$100M) in 1H23 compared to $2.9B in 1H22.

In 1H23, the European Commission released the draft of the revised Payment Services Directive (PSD3)[1], and its proposals for a Payments Services Regulation (PSR) and a framework for financial data access. These ensure clear rights and obligations to manage customer data sharing beyond payment accounts, thus likely to help boost interest and funding in the open banking and embedded finance space and drive more collaboration between ecosystem participants.

Moreover, the UK's Joint Regulatory Oversight Committee announced a framework for moving to the next phase of open banking[2].

A slowdown in all the stages of Fintech funding

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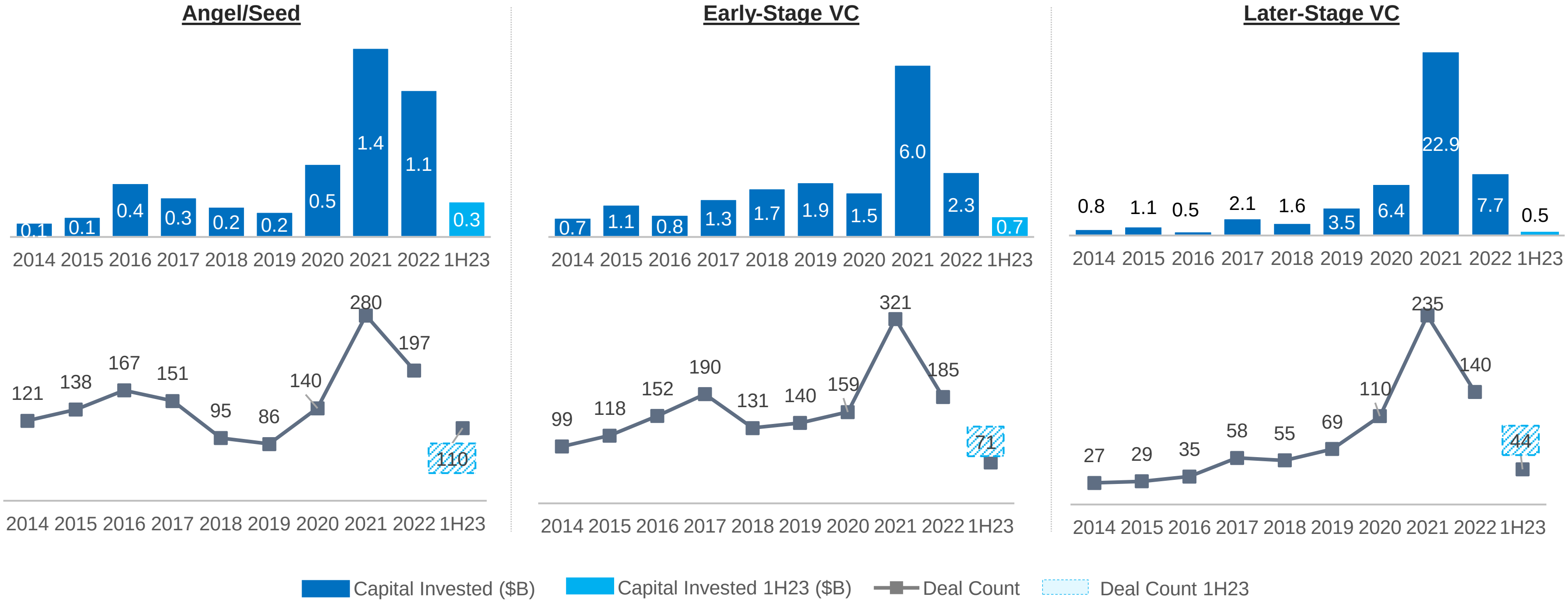
European VC funding (no. of deals) in Fintech companies: By funding stage

January 01, 2014–June 30, 2023

Currency in $, unless otherwise specified



Data Source: *Pitch Book, unless specified otherwise*
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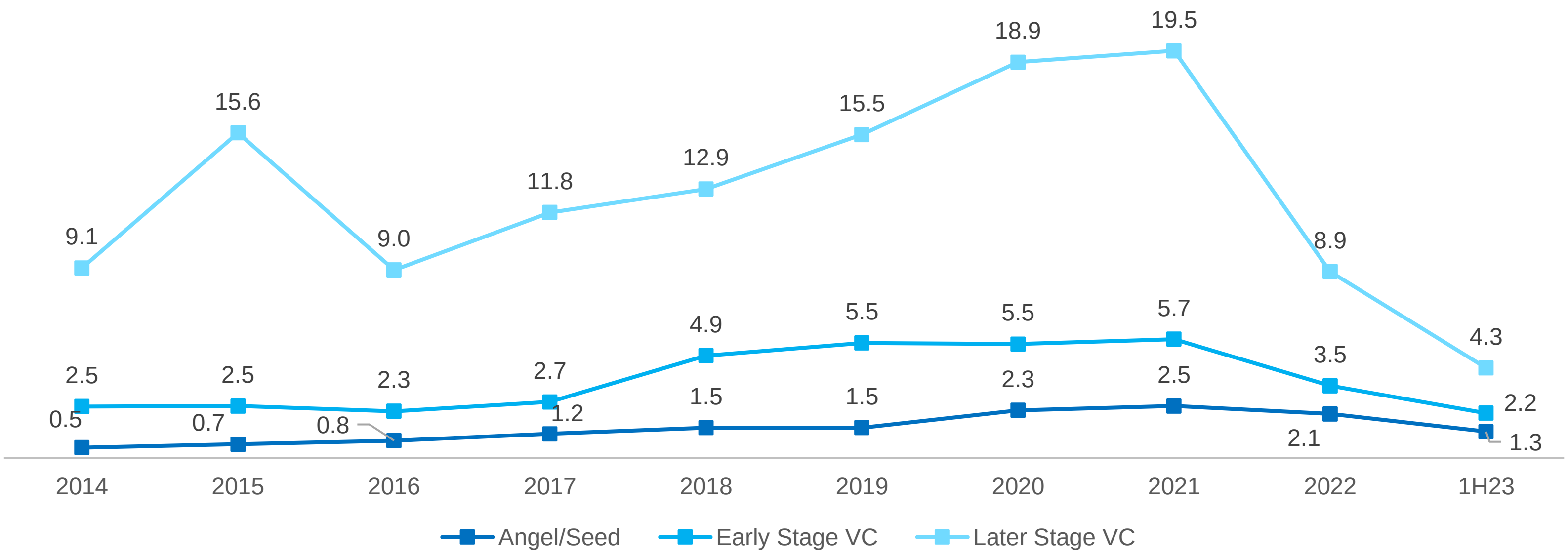
Median deal sizes further declined in 1H23 across all stages of funding

European VC funding median deal size: By funding stage

January 01, 2014–June 30, 2023

Currency in $, unless otherwise specified



Data Source: *Pitch Book, unless specified otherwise*

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Top 10 VC funding deals in Europe

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Top 10 VC funding deals in Fintech: Europe

January 01, 2022–June 30, 2023

S. No.	Region	Name	Verticals	Deal Size ($M)	Key Investors	Post-Money Valuation ($B)
1	Germany	Trade Republic	Financial Markets	1,153	Ontario Teachers' Pension Plan, Sequoia Capital, Founders Fund	5.3
2	UK	eToro	Financial Markets	1,000	Smart Partnership Capital	5.0
3	UK	SumUp	Payments+	603	Bain Capital Tech Opportunities, BlackRock, Centerbridge Partners, Crestline Investors	8.2
4	Germany	Wefox	Insurance	413	Invest AD, Mubadala Capital-Ventures, OMERS Ventures, Target Global	4.7
5	Italy	Satispay	Payments+	318	Addition, Block, Greyhound Capital, Growth Engine, Tencent Holdings	1.0
6	Luxembourg	Bloom	Lending	306	Credo Capital Partners, Fortress Investment Group	-
7	UK	Genesis	Financial Markets	272	Tiger Global Management, Accel, Bank of America, BNY Mellon, Citigroup, GV, Insight Partners	-
8	France	Alma	Payments+	239	Eurazeo, Tencent Holdings	-
9	Germany	Taxfix	Personal Finance	220	Ontario Teachers' Pension Plan	1.0
10	UK	Sonovate	Business Solutions	202	BNP Paribas, M&G	-

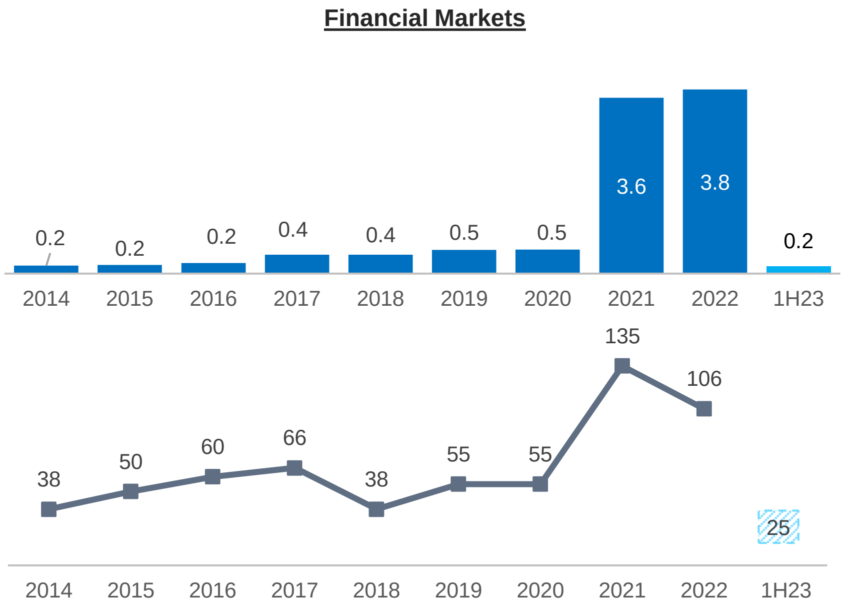
Data Source: *Pitch Book, unless specified otherwise*
Note: *Please refer to the Methodology section at the end of the report to understand the Fintech universe and its constituents as defined from the perspective of this report.*

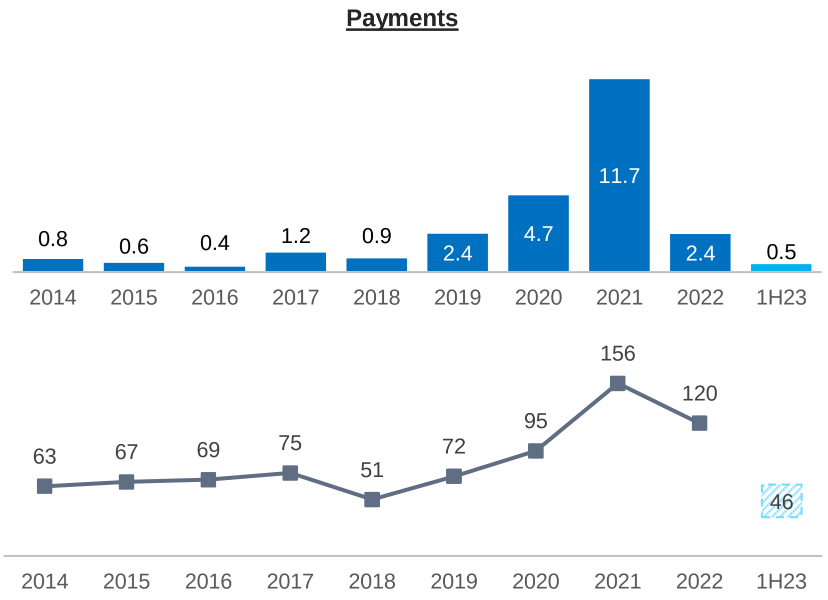
Moderate investments in Payments, but a slowdown in Financial Markets

European VC funding in Fintech companies: Financial Markets, Payments

January 01, 2014–June 30, 2023

Currency in $, unless otherwise specified





Capital Invested ($B) Capital Invested 1H23 ($B) Deal Count Deal Count 1H23

Data Source: *Pitch Book, unless specified otherwise*

Note: *Please refer to the Methodology section at the end of the report to understand the Fintech universe and its constituents as defined from the perspective of this report.*

Funding in Blockchain/Crypto, Insurance, and Business Solutions contracted owing to the shortage in market liquidity

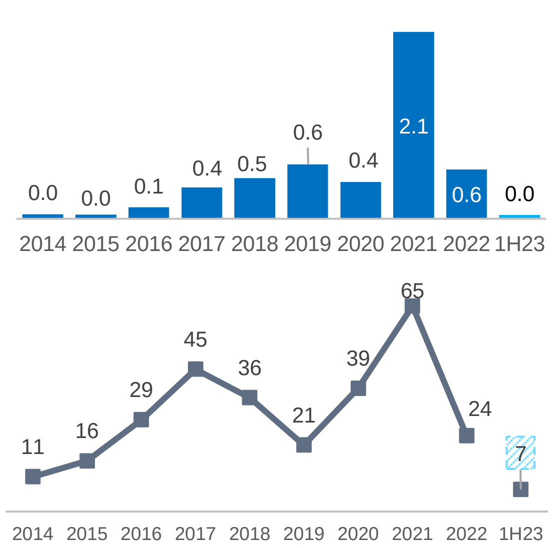
European VC funding in Fintech companies: Lending, Insurance, Business Solutions

January 01, 2014–June 30, 2023

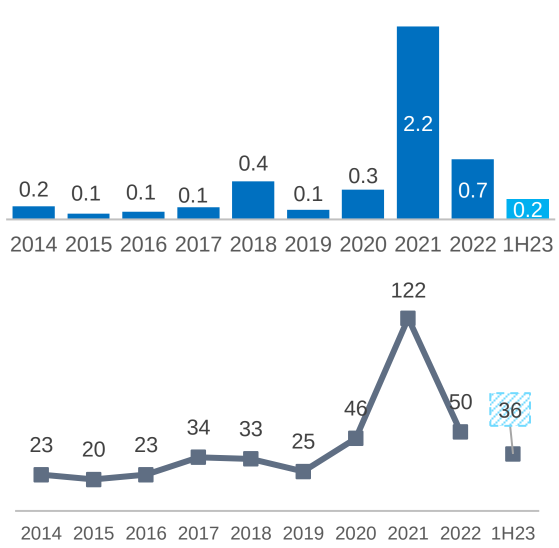
Currency in $, unless otherwise specified

Business Solutions

Insurance



Blockchain/Crypto



Capital Invested ($B) Capital Invested 1H23 ($B) Deal Count Deal Count 1H23

Data Source: *Pitch Book, unless specified otherwise*

Note: *Please refer to the Methodology section at the end of the report to understand the Fintech universe and its constituents as defined from the perspective of this report.*

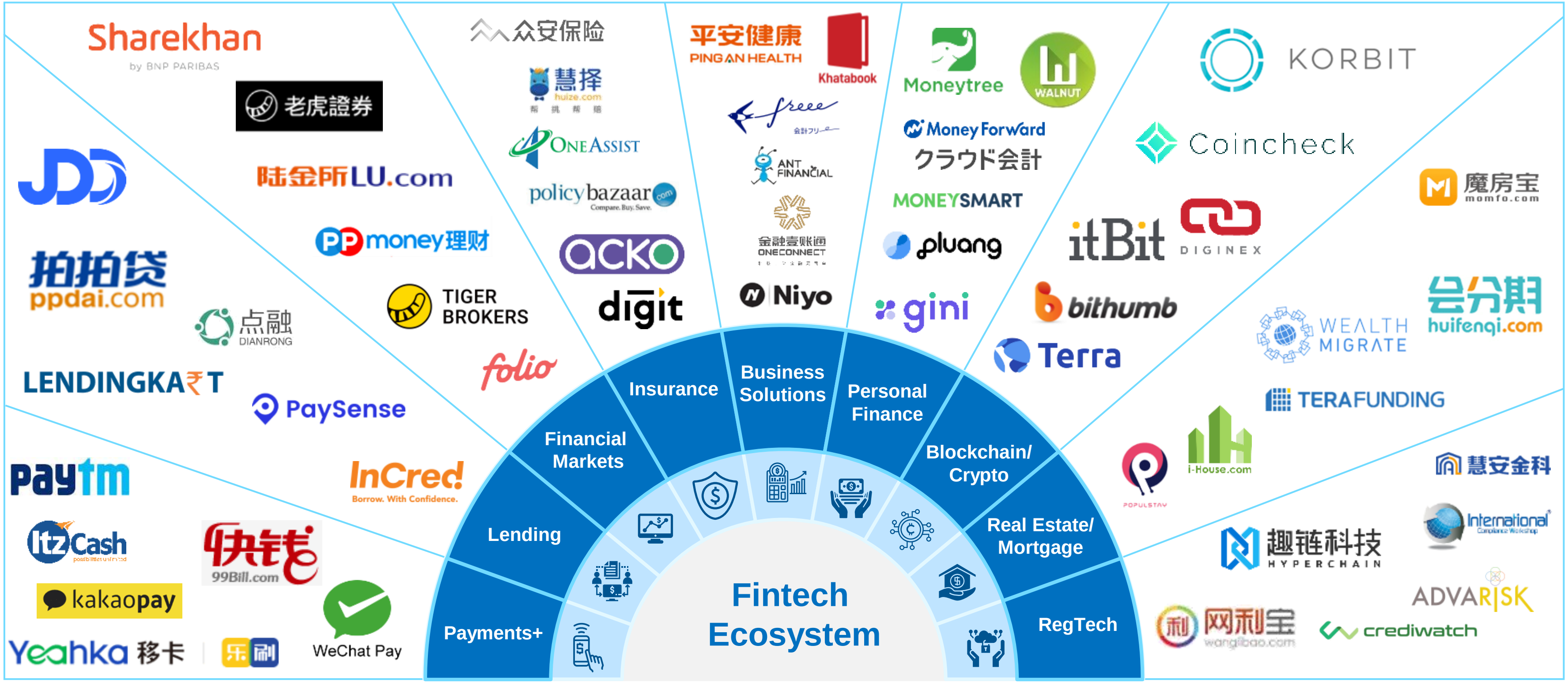
In 1H23, VC funding in Fintech companies in Asia clocked

$2.6B

across

159 deals

Fintech ecosystem – Asia

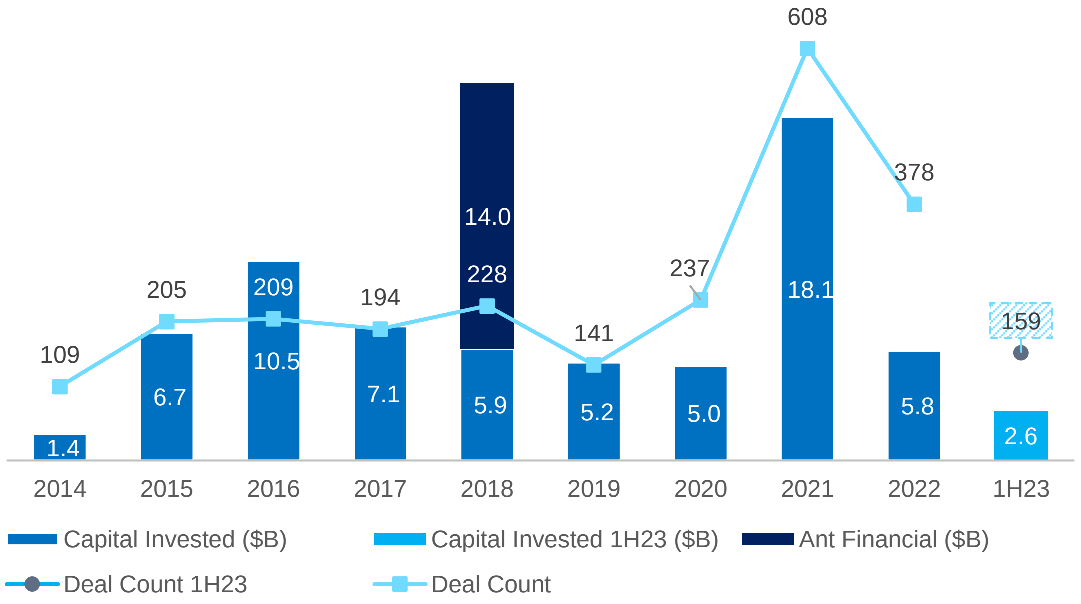


Robust VC funding in Asian markets in 1H23

Asian VC funding in Fintech companies

January 01, 2014–June 30, 2023

Currency in $, unless otherwise specified



Data Source: *Pitch Book, unless specified otherwise*

Note: *Please refer to the Methodology section at the end of the report to understand the Fintech universe and its constituents as defined from the perspective of this report.*

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The amount of venture capital raised by fintech companies in Asia was on an incline in 1H23, with deal value increased by 21% in 1H22. Whereas the deal volume in 1H23 increased by 43% that in 1H22.

The investments in the Lending segment inclined significantly from $0.6B in 1H22 to a record $1.6B in 1H23, surpassing the 2022 level and on track to beat the 2021 level.

The investment momentum in Financial Markets, Payments+, Personal Finance, and Blockchain/Crypto continued to gain traction among VC investors in Asia. Business Solutions, on the other hand, observed a substantial reduction in funding in 1H23, registering a 72% degrowth from 1H22.

In response to the US's increased scrutiny of crypto-focused firms, Singapore has established strong regulations governing crypto firm operations, such as the Payment Services Act and the Digital Token Payment Act. Japan and Hong Kong SAR have also taken steps to create robust crypto ecosystems.

Investors and corporates are leveraging AI-generated content to upgrade their marketing and customer engagement. Logistics and supply chain finance has been gaining increasing attention among investors recently.

The fintech investment in China reached $1.7B in 1H23, solely supported by the late-stage VC funding by Chongqing Ant Consumer Finance worth $1.5B.

Robust angel/seed-stage funding; decline in funding in early-stage deals in 1H23

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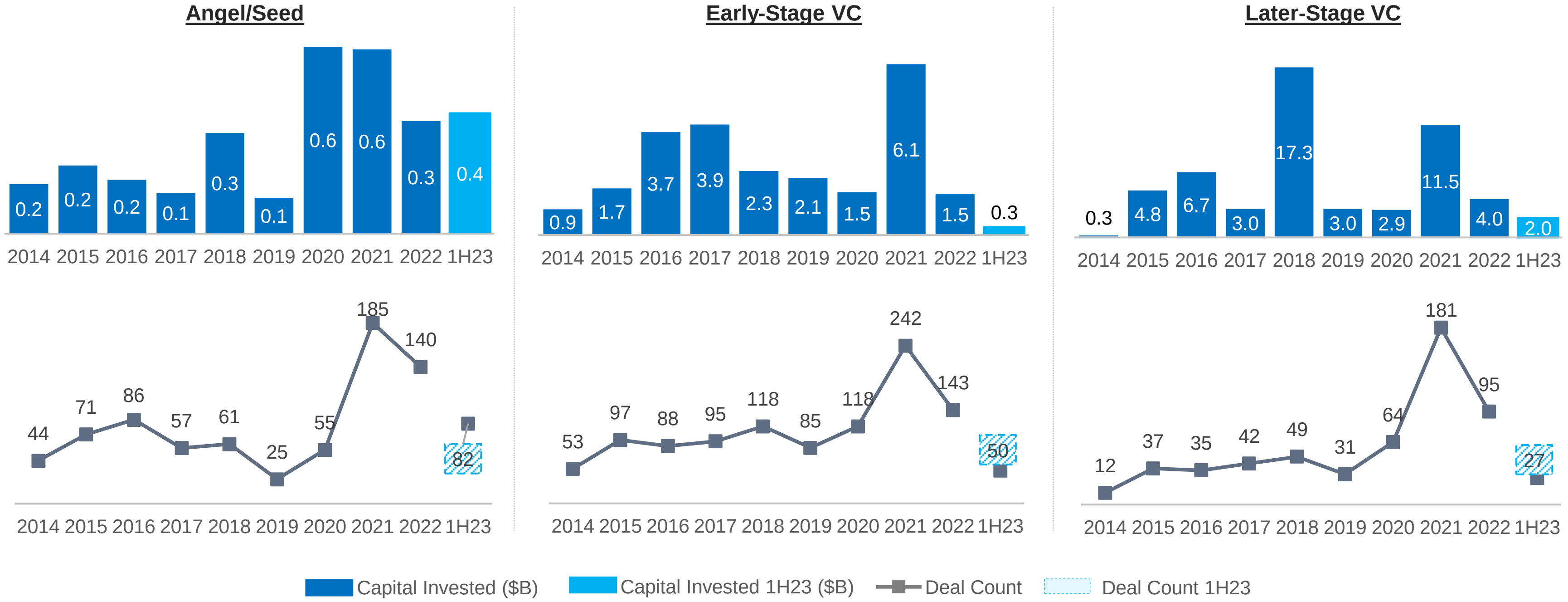
Asian VC funding (no. of deals) in Fintech companies: By funding stage

January 01, 2014–June 30, 2023

Currency in $, unless otherwise specified



Data Source: *Pitch Book, unless specified otherwise*

Note: *Please refer to the Methodology section at the end of the report to understand the Fintech universe and its constituents as defined from the perspective of this report.*

Continued downtrend across early- and late-stage funding in 1H23

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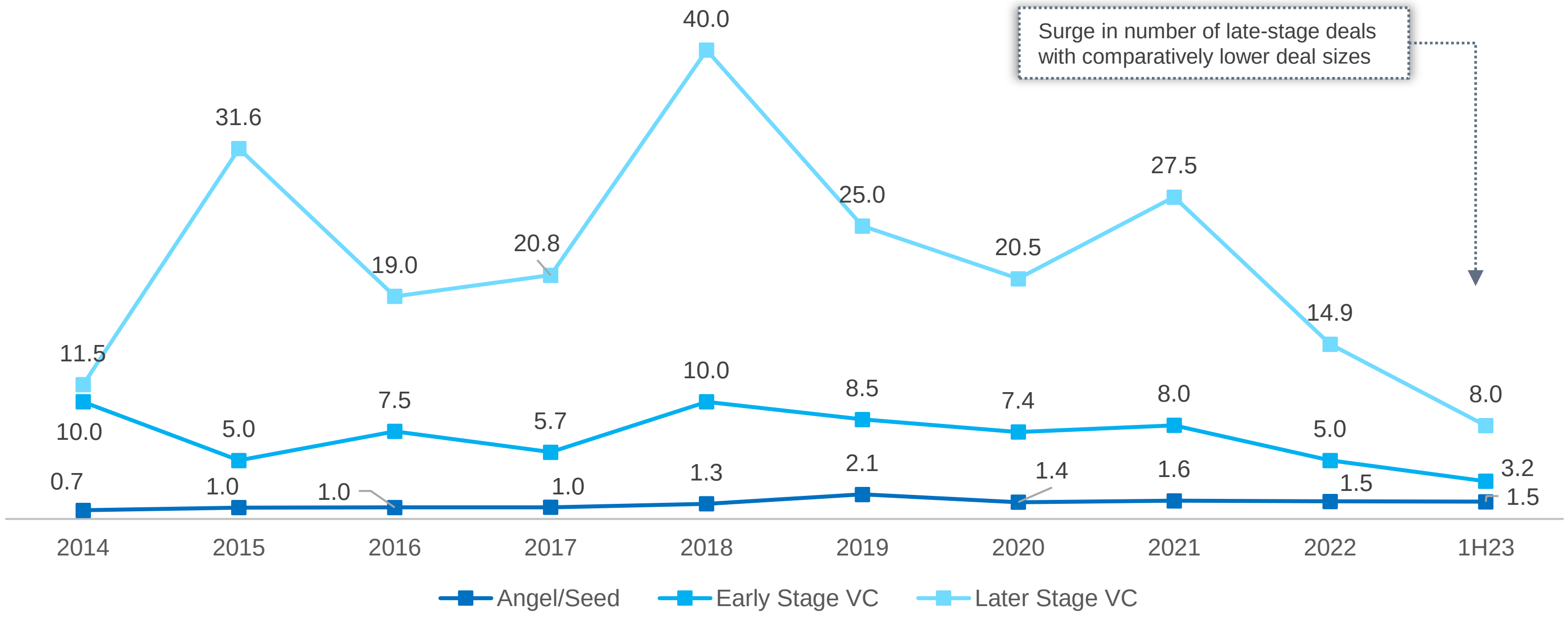
Asian VC funding median deal size: By funding stage

January 01, 2014–June 30, 2023

Currency in $, unless otherwise specified



Data Source: *Pitch Book, unless specified otherwise*

Note: *Please refer to the Methodology section at the end of the report to understand the Fintech universe and its constituents as defined from the perspective of this report.*

Top 10 global VC funding deals in Asia

Top 10 VC funding deals in Fintech: Asia

January 01, 2022–June 30, 2023

S. No.	Region	Name	Verticals	Deal Size ($M)	Key Investors	Post-Money Valuation ($B)
1	China	Chongqing Ant Consumer Finance	Lending	1,510	Ant Group, Boguan Technology, HFI investment Group, Jiangsu Yuyue Medical	2.7
2	South Korea	toss	Payments+	405	Tonic Private Equity, Greyhound Capital, Korea Development Bank, Korea Investment & Securities, SC Ventures	7.0
3	Singapore	Amber Group	Blockchain/Crypto	200	Temasek Holdings, Sequoia Capital China, Tiger Global Management	3.0
4	India	Oxyzo	Lending	200	Alpha Wave Global, Tiger Global Management	1.0
5	Malaysia	TNG Digital	Payments+	170	Lazada, Touch 'n Go	-
6	Singapore	Tonik	Payments+	131	Mizuho Bank, Sequoia Capital India, Sixteenth Street Capital	-
7	India	Niyo	Business Solutions	130	Accel, Lightrock, Alteria Capital, Prime Venture Partners	0.4
8	South Korea	Ideahub Research Corporation	Financial Markets	123	Paratus Investment, Premier Partners, Quad Asset Management, Quantum Ventures Korea, Stonebridge Capital	-
9	Indonesia	Flip (Financial Software)	Payments+	103	Insight Partners, Insignia Venture Partners, Sequoia Capital, Tencent Holdings	0.5*
10	India	OneCard	Lending	100	-	1.5

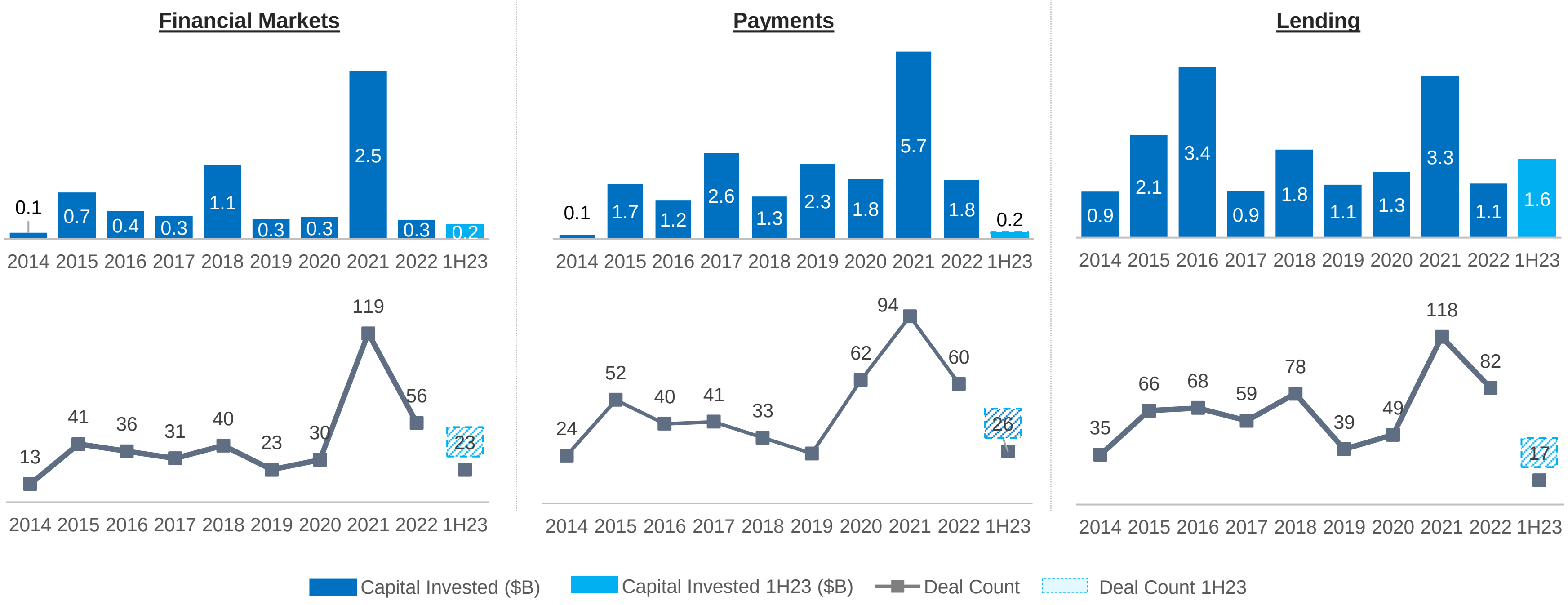
Data Source: *Pitch Book, unless specified otherwise; * based on an article published by Pymnts.com dated July 20, 2022*
Note: *Please refer to the Methodology section at the end of the report to understand the Fintech universe and its constituents as defined from the perspective of this report.*

Investors’ traction toward Financial Markets and Lending segments

VC funding in Fintech: Diverse verticals

January 01, 2014–June 30, 2023

Currency in $, unless otherwise specified



Data Source: *Pitch Book, unless specified otherwise*

Note: *Please refer to the Methodology section at the end of the report to understand the Fintech universe and its constituents as defined from the perspective of this report.*

Methodology

- The underlying deal data used in the report was sourced from Pitchbook. Only transactions with a "completed" status were considered.
- **Fintech Data Selection Criteria**
- All transactions classified under the Fintech vertical by Pitchbook were selected. We also considered transactions based on search results that included keywords such as Fintech, financial technology, finance technology, and financial service technology.
- We specifically reviewed details such as business description, original classification, deal value, and nature of deal for all transactions with a deal value exceeding or equal to $1B using publicly available articles and/or the company website. The data was used to make a reasonable judgment about their inclusion or exclusion within the broader Fintech universe as well as the verticals/segments therein.
- **Categorization of Deal Type**
- For the purposes this report, we focus on Fintech deals primarily of three types as per Pitchbook classification: venture capital (VC), private equity (PE), and mergers and acquisitions (M&As). All other deal type classifications including, but not limited to, secondary transaction, accelerator/incubator, debt-financed, joint venture (JV), and publicly listed were not included in this report.
- **Venture Capital**
- For the purposes of this report, we observed the deal type and deal universe reported by Pitchbook for each deal. Based on Aranca's analysis, the deals tagged as early-stage VC, late-stage VC, angel (individual), restart-angel, seed round, and corporate were classified as VC deals.
- **Venture Capital Stages**
- Angel/seed deals include those tagged by Pitchbook as angel (individual) and seed rounds.
- Early-stage deals include those tagged by Pitchbook as early stage, which mostly include Series A and Series B companies. VC corporate deals of size less than $5M that did not contain any specific tag for early or late stage (about 1% of total VC deals) within Pitchbook data were categorized as early stage.
- Late-stage deals include those tagged by Pitchbook as late stage, which typically represent Series C (and above) transactions. Furthermore, in the absence of specific classification, VC corporate deals of size greater than or equal to $5 million (about 1% of total VC deals) were categorized as late stage.
- In this report, accelerator/incubator is not part of the VC universe.

Methodology (continued)

Categorization of Industry Segments

All Fintech deals have been classified under nine segments: payments, lending, insurance, financial markets (wealth management and capital markets), personal finance, business solutions, RegTech, real estate/mortgage, and blockchain/crypto.

The companies were classified based on the business description provided by Pitchbook or the company website.

1. Payments+: Companies that provide payment and money transfer solutions, wallets, point-of-sale (PoS) systems, credit cards, etc.
2. Lending: Companies that provide loans or a marketplace for lending, working capital, or any type of business financing, peer-to-peer (P2P) lending, crowdfunding, etc.
3. Insurance: Companies that provide insurance or technology/marketplace for all types of insurance products, insurance-enabling solutions, etc.
4. Financial markets (wealth management and capital markets): Companies that provide advisory and portfolio management services, investment management firms, financial data and analytics, trading or brokerage firms, etc.
5. Personal finance: Companies that provide expense trackers, budget management apps, financial literacy apps, etc.
6. Business solutions: Companies that provide business process-enabling systems or technology such as payroll systems, accounting, and companies that do not fall into any of the previously mentioned categories
7. RegTech: Companies that provide solutions for regulatory compliance, risk management, assistance in audit, etc.
8. Real estate/mortgage (PropTech): Companies that provide rent payment solutions, real estate advisory, mortgage-related tech, etc.
9. Blockchain/Crypto: Companies that offer cryptocurrency/blockchain-related services or technology

Important Note: 2023 deals until June 30, 2023, only

Based on the dynamic nature of the industry and companies operating in the Fintech space, we have reclassified some of the companies (and their corresponding deal activity) in this edition of the report.

Glossary

Fintech	Financial Technology
1H23	First Half of 2023
1H22	First Half of 2022
VC	Venture Capital
PE	Private Equity
M&A	Merger and Acquisitions
YoY	Year over Year
QoQ	Quarter over Quarter

500+
Strong, professional teams across multi-disciplinary domains

2500+
Global clients

120+
Sectors and sub-sectors researched by our analysts

80+
Countries where we have delivered projects

Aranca is a trusted research and advisory partner to global companies, from the hottest startups to the Fortune 500.

PRACTICE AREAS

Business Research & Advisory
CXOs in Strategy, SBUs, Sales, Marketing, CI/MI, Innovation

Valuation & Financial Advisory
CFOs in Startups, PE//VC Firms, Corporate M&A Teams, Mid-market Cos.

Technology | IP Research & Advisory
R&D, Tech Scouting, Open Innovation, IP Teams, Product Development

Investment Research & Analytics
Brokerage, Hedge Funds, IRPs, I-Banks, AMCs, Investor Relations

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LinkedIn Profile

Bharat has over 15 years of experience in business valuation and corporate finance. Currently, he leads Aranca's Valuation and Financial Advisory Practice. He has managed business valuation assignments for over 400 VC-backed companies for a range of tax and financial reporting purposes. He manages the firm's relationships with private equity clients globally and helps them in M&A valuation and evaluation of investment opportunities.

Bharat holds Accredited Senior Appraiser (ASA) designation conferred by the American Society of Appraisers and is a qualified Chartered Accountant (CPA Equivalent in India).

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Ashish has over 10 years of experience in Corporate Finance, Transaction Advisory and Business Valuation and has managed financial advisory engagements for over 300 Venture Capital firms focused on investments within the Technology domain.

Ashish holds an MBA from New York's Stern School of Business and a Baccalaureate degree in Business and Management Information Systems from Pennsylvania State University.

For any queries or assistance please reach out to Ashish Rane at ashish.rane@aranca.com

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