Fintech Decoded
A special edition report tracking investment activity in fintech companies
1Q-2020
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</tr>
<tr>
<td>02</td>
<td>Americas</td>
<td>After two record-setting years, the pandemic effect likely to subdue deal activity in 2020. Large decline in late-stage median deal size on account of several small size investments. Mega deals boost funding in Lending and Payments.</td>
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<td>03</td>
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Executive Summary

Fintech companies in the lending segment may have to brace for a double whammy as retail and SME borrowers struggle to repay loans because of tightening cashflows and investors turn wary about infusing more capital into these setups. However, massive government stimulus programs may present an opportunity for fintech companies as traditional banks with their legacy systems could find it difficult to distribute the cash to small business owners with the speed that the situation demands. How government assistance will support the lending companies is yet to be mapped out. As consumers and businesses become more acclimatized to the new reality and are forced to reshape behaviors, we expect new prospects for fintech firms to accelerate their growth and initiate the transition towards a digital economy.

The Payments segment, which remains the largest receiver of investments in the fintech space, may be looking at a seismic reaction as consumers increasingly opt for contactless payments. The economic conditions and continuing social distancing protocols will soon hit PropTech companies hard.

The ensuing hardships are likely to push traditional banks and financial institutions to actively seek partnerships with fintech companies to accelerate their digital transformation.

We expect the crises to last until Q3 2020, after which recovery would take at least 12–18 months, if we go by the experience of the last financial crisis. Many fintech companies are understandably focused on responding to the current uncertainty by implementing cost-effective measures. Their ability to swiftly, innovatively leverage their unique technology platforms will be crucial at this time; these efforts will be reflected in the upcoming quarters.

Welcome to the third edition of Aranca’s ‘Fintech Decoded’ report, a publication where we highlight key trends in VC funding within the broader fintech universe across critical markets in 1Q-2020.

After years of record funding levels, the surge in mega-rounds, and sky-rocketing valuations, is set to change due to the coronavirus pandemic. The funding environment that supported companies in growth by fueling in millions for customer acquisition no longer exists. In this report, we highlight some early trends, based on Q1 deal activity and the outlook for different fintech verticals.

We hope you will find this an interesting and insightful read.
Executive Summary

The COVID-19 pandemic will undoubtedly have lasting effects on overall deal activity during the year. The fintech sector anticipates stress on multiple fronts, yet also sees new opportunities for fintech companies that move fast enough to seize them.

The 1Q-2020 investment deal activity data based on Pitchbook indicates that this quarter may have just escaped the full impact of the pandemic. Deals already negotiated in late Q4 2019 and the early part of 1Q-2020 reached closure. In the 12 months ended March 2020, venture capital deal volume declined by 12% (YoY) and total capital invested declined by 21% (YoY), recording $29.1B in funding over 1,188 deals.

As the funding environment deteriorates, early-stage fintech companies will find fundraising extremely challenging as investors turn more cautious about allocated capital and would prefer to back firms with more definitive business models.

As the global fight against the COVID-19 outbreak continues, we expect the economic aftermath and slowdowns in economies to reflect in funding activity in all fintech verticals, although the scale and depth of challenges may vary widely.
In 1Q-2020, investment in fintech companies globally clocked $22.9B across 335 deals.
2020 had a stellar start; however, global crisis slowed down funding activity marginally by end-1Q-2020

Global VC, PE, MA deal landscape in fintech companies
January 01, 2014 – March 31, 2020
Currency in $, unless otherwise specified

VC, PE, and M&A fintech funding saw a significant surge in January 2020. There was $25.8B worth of funding during this month, driven by three big ticket deals, each worth more than a billion dollars. They included $14.3B of development capital given to HengFeng Bank in China, $5.3B in Visa’s acquisition of Plaid in the US, and $2.4B in The Utmost Group of Companies’ acquisition of Equitable Life Assurance Society in the UK.

As expected, the COVID-19 outbreak led to a slump in deal activity in subsequent months decreasing it to $4.1B in February 2020 and further to $3.3B in March 2020.

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 1Q-2020, VC funding in fintech companies globally clocked $7.2B across 319 deals.
Global VC activity continues to remain stable, but the future outlook is uncertain

In line with the last three quarters of 2019, 1Q-2020 continued to remain strong. While the deal volume noted a marginal increase, the total capital invested declined and median deal value saw not change in 1Q-2020.

There were over 10 big deals announced in March 2020 that were either cancelled or remained open at month end, corroborating the uncertainty brought about by the current crisis.

While the pandemic’s repercussions on fintech deal activity are expected to materialize over the next few quarters, it would be interesting to see if funding in fintech will slow down further, or if investors will place their bets on innovative fintech companies that are promoting digitalization and contactless operations.

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.
Another quarter of robust late-stage deal activity; number of early-stage deals continues to decline

Global VC funding in fintech companies
January 01, 2014 – March 31, 2020
Currency in $, unless otherwise specified

Late-stage deal activity remained stable in 1Q-2020, clocking over 15 mega deals (over $100M). Meanwhile, early-stage VC funding in 1Q-2020 saw the lowest capital amount invested in 11 quarters and the lowest number of deals in 20 quarters as investors moved towards established fintech solutions.

A sharp decline in early-stage funding and another growth quarter for late-stage funding (with the highest number of deals and total capital invested) validates the hypothesis that the fintech space is showing signs of maturity.

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-stage median deal size falls in 1Q-2020

Global VC funding median deal size: By funding stage
January 01, 2014 – March 31, 2020
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 fintech

### January 01, 2020 – March 31, 2020

<table>
<thead>
<tr>
<th>S.no</th>
<th>Region</th>
<th>Name</th>
<th>Verticals</th>
<th>Deal Size ($M)</th>
<th>Key Investors</th>
<th>Post Money Valuation ($B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>US</td>
<td>Chime</td>
<td>Payments+</td>
<td>700</td>
<td>Access Technology, Coatue, Dragoneer, DST Global, General Atlantic, ICONIQ Capital, Menlo Ventures</td>
<td>6.0</td>
</tr>
<tr>
<td>2</td>
<td>UK</td>
<td>Revolut</td>
<td>Payments+</td>
<td>500</td>
<td>Bond Capital, GP Bullhound, Ribbit Capital, TCV</td>
<td>5.5</td>
</tr>
<tr>
<td>3</td>
<td>US</td>
<td>Toast POS</td>
<td>Business Solutions</td>
<td>400</td>
<td>Alta Park Capital, Bessemer Venture, Durable Capital, G Squared, Greenoaks Capital, Light Street Capital, TCV, Tiger Global, TPG Capital</td>
<td>4.9</td>
</tr>
<tr>
<td>4</td>
<td>US</td>
<td>Bakkt</td>
<td>Wealth Management</td>
<td>300</td>
<td>BCG Digital, CMT Digital, Goldfinch, Intercontinental Exchange, M12, Pantera Capital, PayU, SGH Capital</td>
<td>-</td>
</tr>
<tr>
<td>5</td>
<td>US</td>
<td>AvidXchange</td>
<td>Business Solutions</td>
<td>260</td>
<td>TPG Sixth Street Partners</td>
<td>2</td>
</tr>
<tr>
<td>6</td>
<td>US</td>
<td>Tradeshift</td>
<td>Business Solutions</td>
<td>240</td>
<td>Gray Swan</td>
<td>-</td>
</tr>
<tr>
<td>7</td>
<td>Sweden</td>
<td>Klarna</td>
<td>Payments+</td>
<td>200</td>
<td>Commonwealth Bank of Australia</td>
<td>5.4</td>
</tr>
<tr>
<td>8</td>
<td>Australia</td>
<td>Xinja</td>
<td>Payments+</td>
<td>160</td>
<td>Emirates World Investments</td>
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<td>9</td>
<td>US</td>
<td>HighRadius</td>
<td>Payments+</td>
<td>125</td>
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<tr>
<td>10</td>
<td>UK</td>
<td>CurrencyCloud</td>
<td>Payments+</td>
<td>122</td>
<td>Accomplice VC, Anthemis, BNP Paribas, Goldman Sachs, GV, International Finance Corporation, Notion, Sapphire Ventures, SBI Holdings, Siam Commercial Bank, Visa</td>
<td>-</td>
</tr>
</tbody>
</table>

**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: Europe completes strongest quarter; numbers plummet in Asia

Global VC funding (no. of deals) in fintech companies
January 01, 2014 – March 31, 2020
Currency in $, unless otherwise specified

After a recording-setting year in 2019 for both Americas and Europe, the future of fintech in 2020 remains uncertain due to the pandemic induced economic slowdown which is expected to hit deal activity. Asian fintech funding was already on a downward trend in terms of value due to region-specific factors and the outbreak has made it worse.

Payments+ segment remains the most attractive segment across regions, accounting for over 45% of the total capital invested in 1Q-2020.

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 1Q-2020, VC funding in fintech companies in North America clocked $3.9B across 176 deals.
After two record-setting years, the pandemic effect likely to subdue activity in 2020

VC funding in fintech companies in North America
January 01, 2014 – March 31, 2020
Currency in $, unless otherwise specified

Deal activity grew 6% in volume terms and 21% QoQ in value terms in 1Q-2020. While projections based on the quarterly performance suggest that 2020 could probably be the best year for North America’s VC funding space, the next few quarters are expected to bring about a massive drop in funding activity as countries battle the economic impact of the pandemic, especially the US, which has been the worst hit by COVID-19 as of April 2020.

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.
Another quarter of significant late-stage funding: 1Q-2020; Early-stage funding numbers continue to decline

North America VC funding (no. of deals) in fintech companies: By funding stage
January 01, 2014 – March 31, 2020
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.
Large decline in late-stage median deal size on account of several small size investments

North America VC funding median deal size: By funding stage
January 01, 2014 – March 31, 2020
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 5 VC funding deals in fintech: North America

**January 01, 2020 – March 31, 2020**

<table>
<thead>
<tr>
<th>S.no</th>
<th>Region</th>
<th>Name</th>
<th>Verticals</th>
<th>Deal Size ($M)</th>
<th>Key Investors</th>
<th>Post Money Valuation ($ B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>US</td>
<td>Chime (Financial Software)</td>
<td>Payments+</td>
<td>700</td>
<td>Access Technology, Coatue, Dragoneer, DST Global, General Atlantic, ICONIQ Capital, Menlo Ventures</td>
<td>6.0</td>
</tr>
<tr>
<td>2</td>
<td>US</td>
<td>Toast POS</td>
<td>Business Solutions</td>
<td>400</td>
<td>Alta Park Capital, Bessemer Venture, Durable Capital, G Squared, Greenoaks Capital, Light Street Capital, TCV, Tiger Global, TPG Capital</td>
<td>4.9</td>
</tr>
<tr>
<td>3</td>
<td>US</td>
<td>Bakkt</td>
<td>Financial Markets</td>
<td>300</td>
<td>BCG Digital Ventures, CMT Digital, Goldfinch Partners, Intercontinental Exchange, M12, Pantera Capital, PayU, SGH Capital</td>
<td>-</td>
</tr>
<tr>
<td>4</td>
<td>US</td>
<td>AvidXchange</td>
<td>Business Solutions</td>
<td>260</td>
<td>TPG Sixth Street Partners</td>
<td>2.0</td>
</tr>
<tr>
<td>5</td>
<td>US</td>
<td>Tradeshift</td>
<td>Business Solutions</td>
<td>240</td>
<td>Gray Swan</td>
<td>-</td>
</tr>
</tbody>
</table>

**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.
The lending space in North America witnessed the lowest amount of funding in 1Q-2020 in over six quarters, whereas the Payments+ segment saw the highest-ever quarterly funding in North American history with three mega deals (over $100M).

The economic slowdown has significantly reduced consumer spending, resulting in fewer financial transactions. Demand shocks have impacted payment processors’ cash flows and could potentially bring a down-round for some. On the flip side, people are increasingly opting for cashless payments and digital banking, a trend that could benefit the survivors of the current adversity.
RegTech likely to slump after record-setting deal activity in 2019

North America VC funding in fintech: RegTech
January 01, 2014 – March 31, 2020
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.
Increased demand for blockchain-driven Insurance Tech start-ups during pandemic likely to bring in higher funding

North America VC funding in fintech: Insurance, Business Solutions
January 01, 2014 – March 31, 2020
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.
In 1Q-2020, VC funding in fintech companies in Europe clocked $1.9B across 77 deals.
Fintech funding in Europe registers a great quarter in 1Q-2020

VC funding in fintech companies in Europe

January 01, 2014 – March 31, 2020
Currency in $, unless otherwise specified

Europe registered its best quarter in the last six years with a staggering $1.8B of VC funding, driven by six mega deals (over $100M) during 1Q-2020.

The quarter also marks the highest number of mega deals registered till date. Remarkably, all six deals were in the Payments+ space, indicating the widespread adoption of digital payments and banking solutions in Europe.

It will be challenging for fintech companies in Europe to raise funds in the upcoming quarters as key financial hubs, such as France, Germany, Spain, and the UK, bear the brunt of the coronavirus outbreak.

However, regulatory framework on open banking and PSD2 demonstrate that fintech companies are the need of the hour as the world transitions to contactless and digital ways, which may encourage VCs to remain bullish on fintech.

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.
Explosive growth continues in late-stage funding

Europe VC funding (no. of deals) in fintech companies: By funding stage

January 01, 2014 – March 31, 2020
Currency in $, unless otherwise specified

**Angel/Seed**

<table>
<thead>
<tr>
<th>Year</th>
<th>Capital Invested ($B)</th>
<th>Deal Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>0.1</td>
<td>124</td>
</tr>
<tr>
<td>2015</td>
<td>0.2</td>
<td>143</td>
</tr>
<tr>
<td>2016</td>
<td>0.4</td>
<td>169</td>
</tr>
<tr>
<td>2017</td>
<td>0.3</td>
<td>157</td>
</tr>
<tr>
<td>2018</td>
<td>0.2</td>
<td>96</td>
</tr>
<tr>
<td>2019</td>
<td>0.2</td>
<td>87</td>
</tr>
<tr>
<td>1Q 2020</td>
<td>0.1</td>
<td>[27]</td>
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</table>

**Early Stage VC**

<table>
<thead>
<tr>
<th>Year</th>
<th>Capital Invested ($B)</th>
<th>Deal Count</th>
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</thead>
<tbody>
<tr>
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<td>0.7</td>
<td>101</td>
</tr>
<tr>
<td>2015</td>
<td>1.1</td>
<td>121</td>
</tr>
<tr>
<td>2016</td>
<td>0.8</td>
<td>159</td>
</tr>
<tr>
<td>2017</td>
<td>1.3</td>
<td>195</td>
</tr>
<tr>
<td>2018</td>
<td>1.7</td>
<td>133</td>
</tr>
<tr>
<td>2019</td>
<td>2.0</td>
<td>146</td>
</tr>
<tr>
<td>1Q 2020</td>
<td>0.2</td>
<td>[23]</td>
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**Later Stage VC**

<table>
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<tr>
<th>Year</th>
<th>Capital Invested ($B)</th>
<th>Deal Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>0.8</td>
<td>27</td>
</tr>
<tr>
<td>2015</td>
<td>1.2</td>
<td>30</td>
</tr>
<tr>
<td>2016</td>
<td>0.5</td>
<td>35</td>
</tr>
<tr>
<td>2017</td>
<td>2.2</td>
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<tr>
<td>2018</td>
<td>1.6</td>
<td>58</td>
</tr>
<tr>
<td>2019</td>
<td>3.4</td>
<td>67</td>
</tr>
<tr>
<td>1Q 2020</td>
<td>1.7</td>
<td>[27]</td>
</tr>
</tbody>
</table>

**Notes**
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- **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.
Median deal sizes in late-stage companies peak at record levels

Europe VC funding median deal size: By funding stage
January 01, 2014 – March 31, 2020

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 5 VC funding deals in Europe

### Top 5 VC funding deals in fintech: Europe

January 01, 2020 – March 31, 2020

<table>
<thead>
<tr>
<th>Sr.no</th>
<th>Region</th>
<th>Name</th>
<th>Verticals</th>
<th>Deal Size ($M)</th>
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<th>Post Money Valuation ($B)</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>UK</td>
<td>Revolut</td>
<td>Payments+</td>
<td>500</td>
<td>Bond Capital, GP Bullhound, Ribbit Capital, TCV</td>
<td>5.5</td>
</tr>
<tr>
<td>2</td>
<td>Sweden</td>
<td>Klarna</td>
<td>Payments+</td>
<td>200</td>
<td>Commonwealth Bank of Australia</td>
<td>5.4</td>
</tr>
<tr>
<td>3</td>
<td>UK</td>
<td>CurrencyCloud</td>
<td>Payments+</td>
<td>122</td>
<td>Accomplice VC, Anthemis, BNP Paribas, Goldman Sachs, GV,</td>
<td>-</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>International Finance Corporation, Notion, Sapphire Ventures, SBI Holdings,</td>
<td></td>
</tr>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Siam Commercial Bank, Visa</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>UK</td>
<td>Starling Bank</td>
<td>Payments+</td>
<td>117</td>
<td>JTC, Merian Chrysalis Investment</td>
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<tr>
<td>5</td>
<td>France</td>
<td>Qonto</td>
<td>Payments+</td>
<td>116</td>
<td>Alven Capital Partners, DST Global, Ingo Uytdehaage, Taavet Hinrikus, Tencent</td>
<td>-</td>
</tr>
</tbody>
</table>

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.
Deals in Business Solutions on steady, upward trend; deal activity shrinks in Insurance, Lending

Europe VC funding in fintech: Lending, Insurance, Business Solutions
January 01, 2014 – March 31, 2020
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.
Payments remains most promising vertical in Europe

Europe VC funding in fintech: Financial Markets, Payments
January 01, 2014 – March 31, 2020
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.
In 1Q-2020, VC funding in fintech companies in Asia clocked $1.0B across 51 deals.
VC funding in Asia continues to slump

VC funding in fintech companies in Asia
January 01, 2014 – March 31, 2020
Currency in $, unless otherwise specified

After the worst year in five years in 2019, Asian fintech funding in 2020 is expected to face a further blow in the first quarter as China and other Asian countries battle the COVID-19 outbreak.

Chinese fintech startups were already suffering due to the US-China trade war and lasting effects of the stringed P2P lending regulatory framework; the coronavirus outbreak has further weakened the funding activity in the country.

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-stage fares better than early stages in 1Q 2020

Asia VC funding (no. of deals) in fintech companies: By funding stage
January 01, 2014 – March 31, 2020
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.
Angel/seed median deal sizes continue to grow steadily; but the others remain below 2018 highs

Asia VC funding median deal size: By funding stage
January 01, 2014 – March 31, 2020
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 5 global VC funding deals in Asia

### Top 5 VC funding deals in fintech in Asia

**January 01, 2020 – March 31, 2020**

*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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<th>Post Money Valuation ($B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>China</td>
<td>Yunzhangfang</td>
<td>Business Solutions</td>
<td>85</td>
<td>Vitruvian Partners</td>
<td>-</td>
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<tr>
<td>2</td>
<td>India</td>
<td>BharatPe</td>
<td>Payments+</td>
<td>75</td>
<td>Amplo, Coatue Management, Insight Partners, Ribbit Capital, Steadview Capital Management</td>
<td>0.4</td>
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<tr>
<td>3</td>
<td>India</td>
<td>PaySense</td>
<td>Lending</td>
<td>65</td>
<td>PayU</td>
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<tr>
<td>4</td>
<td>India</td>
<td>Vivriti Capital</td>
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<td>50</td>
<td>LGT Lightstone Aspada</td>
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</tr>
<tr>
<td>5</td>
<td>Japan</td>
<td>Kyash</td>
<td>Payments+</td>
<td>44</td>
<td>Altos Ventures, Broadhaven Capital Partners, Goodwater Capital, Greenspring Associates, Greyhound Capital, Jafco, Partech Partners, Rahul Mehta, Tekton Ventures</td>
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Funding declines steeply in all main verticals

Asia VC funding in fintech: Diverse verticals
January 01, 2014 – March 31, 2020
Currency in $, unless otherwise specified

**Business Solutions**

- Capital Invested ($B): 0.1, 2.0, 5.1, 2.5, 0.6, 0.8, 0.2 (2014-2020)

**Payments**

- Capital Invested ($B): 0.1, 1.7, 1.2, 2.6, 1.3, 2.3, 0.3 (2014-2020)

**Lending**

- Capital Invested ($B): 0.9, 2.1, 3.4, 1.0, 1.8, 1.1, 0.2 (2014-2020)

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, financial service technology, etc.

We also specifically reviewed details such as business description, original classification, deal value, and nature of deal for all transactions with a deal value surpassing or equal to $1 billion 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 of 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 others deal types classifications including, but not limited to, secondary transaction, accelerator/incubator, debt-financed, joint venture (JV), publicly listed, and others were not included in this report.

Venture Capital
For the purpose 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 deals tagged by Pitchbook as angel (individual) and seed round.

Early-stage deals include those tagged by Pitchbook as early stage, which mostly include Series A and Series B companies. VC corporate deals with size less than $5 million 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 deals 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 the report, accelerator/incubator is not a part of the VC universe.
Categorization of Industry Segments

All fintech deals have been classified under nine segments, namely, 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
<table>
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<tr>
<th>Term</th>
<th>Definition</th>
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<tr>
<td>Fintech</td>
<td>Financial Technology</td>
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<td>1Q-2020</td>
<td>First Quarter of 2020</td>
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<td>PSD2</td>
<td>Payment Services Directive</td>
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