

Global Fintech Report Q3 2018

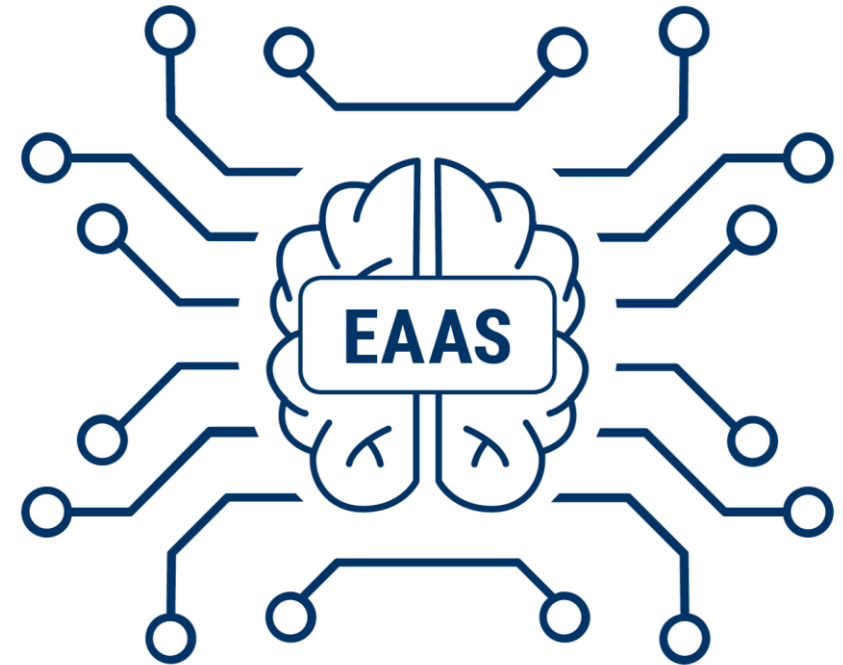
 CBINSIGHTS



WHO WE ARE

The technology market intelligence platform.

CB Insights software lets you predict, discuss, and communicate emerging technology trends using data in ways that are beyond human cognition. We are a leader in the Expert Automation & Augmentation Software (EAAS) space.



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“We use CB Insights to find emerging trends and interesting companies that might signal a shift in technology or require us to reallocate resources.”



Beti Cunniff, Corporate Strategy, Microsoft





FUTURE OF FINTECH

 CBINSIGHTS

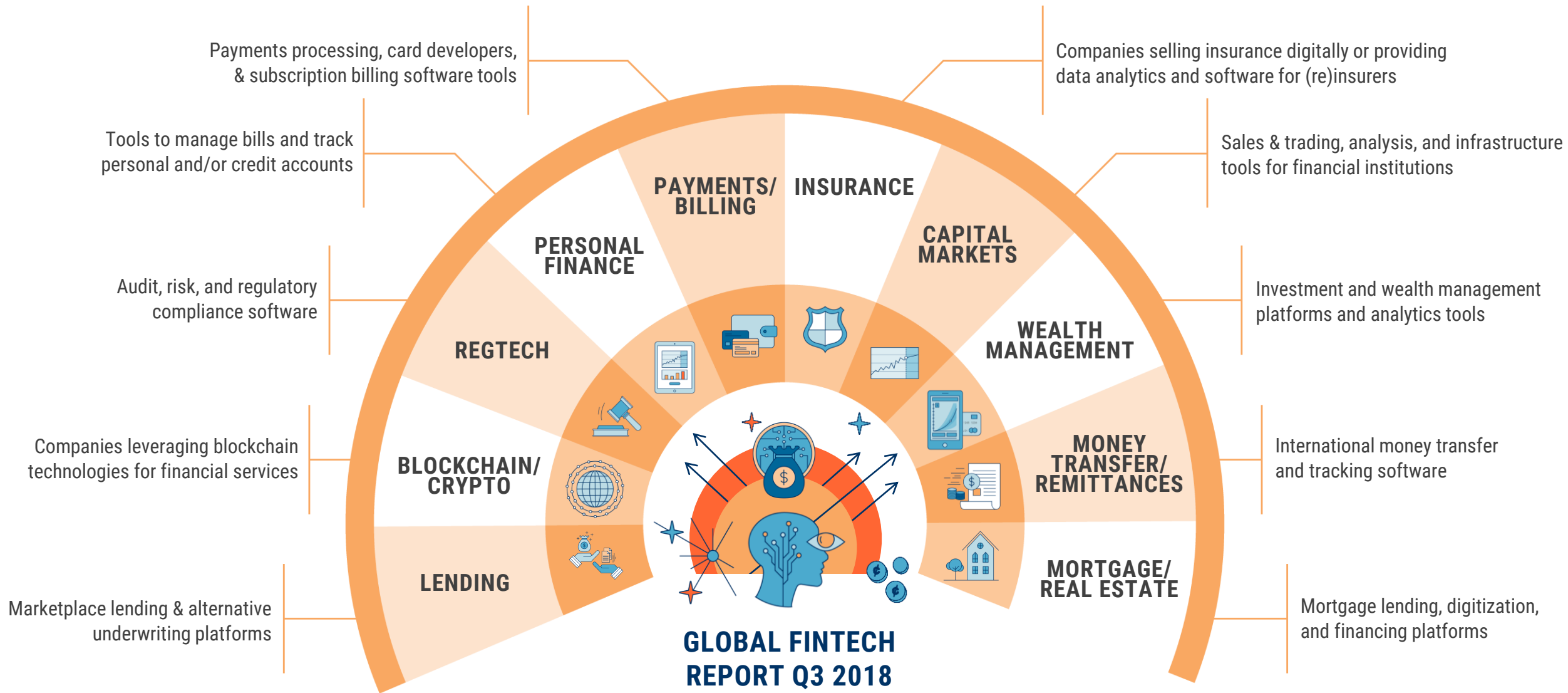
June 12 - 13, 2019

New York, NY

events.cbinsights.com/future-of-fintech

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WHAT THIS REPORT COVERS



Summary of findings

VC-backed fintech deals saw a global pullback in Q3'18, but still on track for annual deal record: In Q3'18, VC-backed fintech companies raised \$5.64B across 375 deals globally – a drop in both funding and deals from Q2'18 record highs. Despite the dip, fintech funding has already surpassed 2017's annual record and fintech deals are still on track to set an annual high in 2018.

Early-stage fintech deals fell off in Q3'18: Global seed and Series A fintech deals fell 16% on a quarterly basis in Q3'18. North America saw a 26% quarterly pullback in early-stage fintech deals, while early-stage fintech deals in Asia fell 22%.

Fintech mega-rounds continue in Q3'18, while IPO activity remains lackluster: The first three quarters of 2018 have seen a whopping 39 \$100M financing deals to VC-backed fintech companies – including 12 in Q3'18 from well-funded unicorns like Stripe, Oscar, Gusto, and UiPath.

Aggregate fintech unicorn valuation tops \$115.49B: Q3'18 saw two new unicorns births (Toast and Root) and one in the first month of Q4'18 (Brex), bringing the total VC-backed unicorn count to 33. The cohort's total valuation was boosted to \$115.49B on the back of four mega-rounds to existing unicorns in Q3'18 and three in Q4'18 (Brex, Nubank, and Coinbase).

Asia surpasses the US in early-stage fintech deals: Asia saw 64 early-stage deals worth \$270M in Q3'18, 5 more than the US. In the US, early-stage deals fell to a five-quarter low of 59 deals worth \$434M.

US sees biggest dip in fintech deals in five quarters: Q3'18 saw a second consecutive dip in VC-backed US fintech deals to 130, down 17% from Q2'18. Funding to US VC-backed fintech companies dipped slightly to \$2.8B led by seven mega-round investments, which minted two unicorns (Toast and Root).

The US reclaims the lead on Asia for fintech mega-rounds: The US reclaimed the top spot with seven fintech mega-rounds, while Asia saw four. Through Q3'18, there have been 17 \$100M+ fintech financings in the US vs. 15 in Asia.

Early signs of fintech investment continue to spread to frontier markets: Africa saw 9 VC-backed deals, a five-quarter high. To date Africa has seen 16 deals, surpassing 2017's annual record of 14 deals.

Note: Report focuses on all 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.

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 - Major markets financing trends

GLOBAL FINTECH VC-BACKED EQUITY FUNDING IN Q3'18:

\$5.64 BILLION

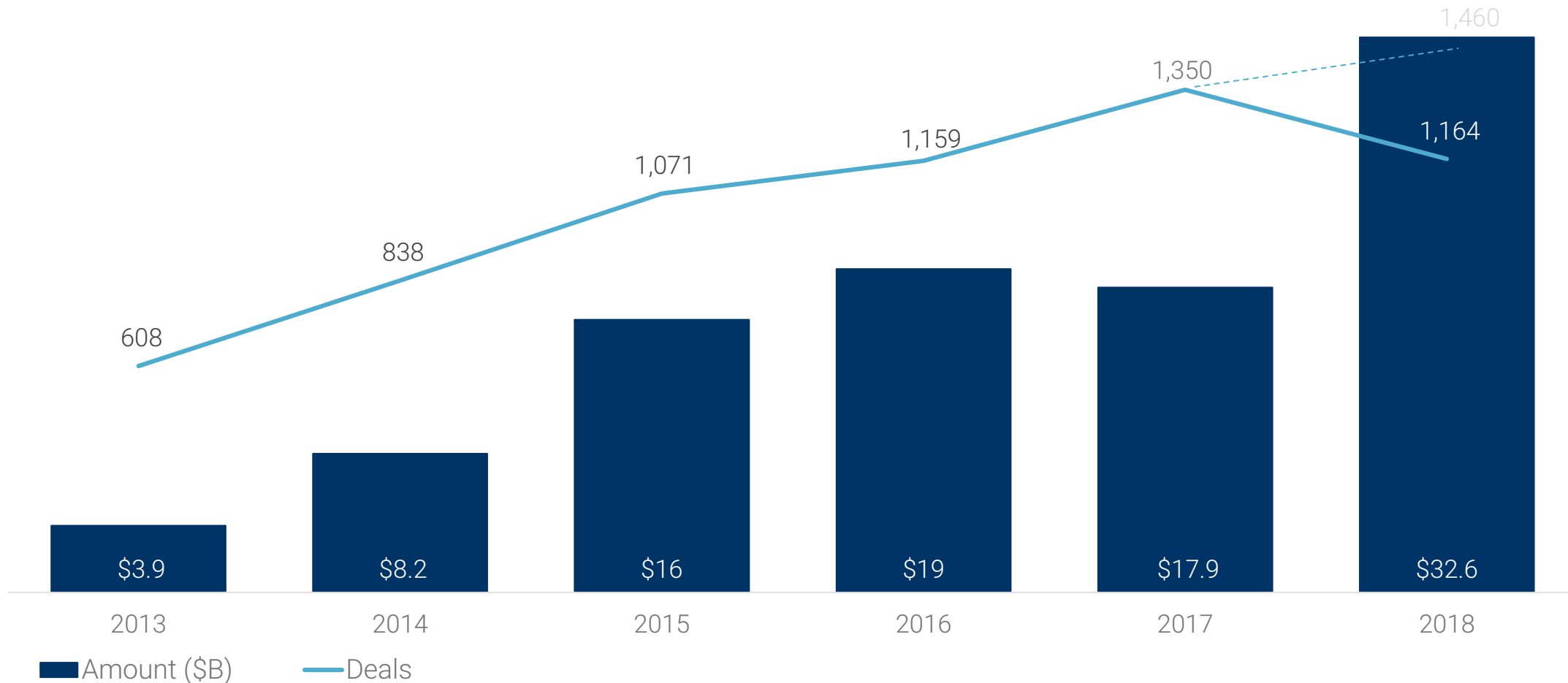
ACROSS

375 DEALS

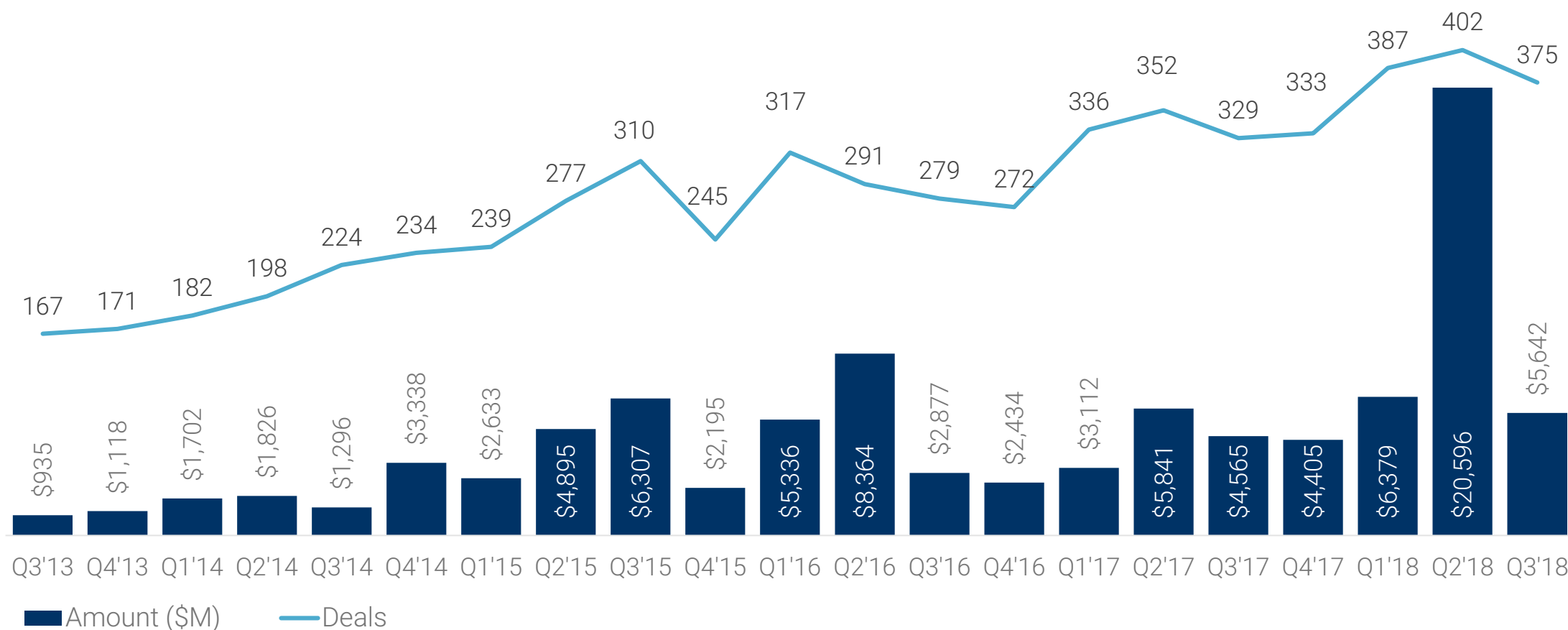


Global fintech deals are on pace for a record year

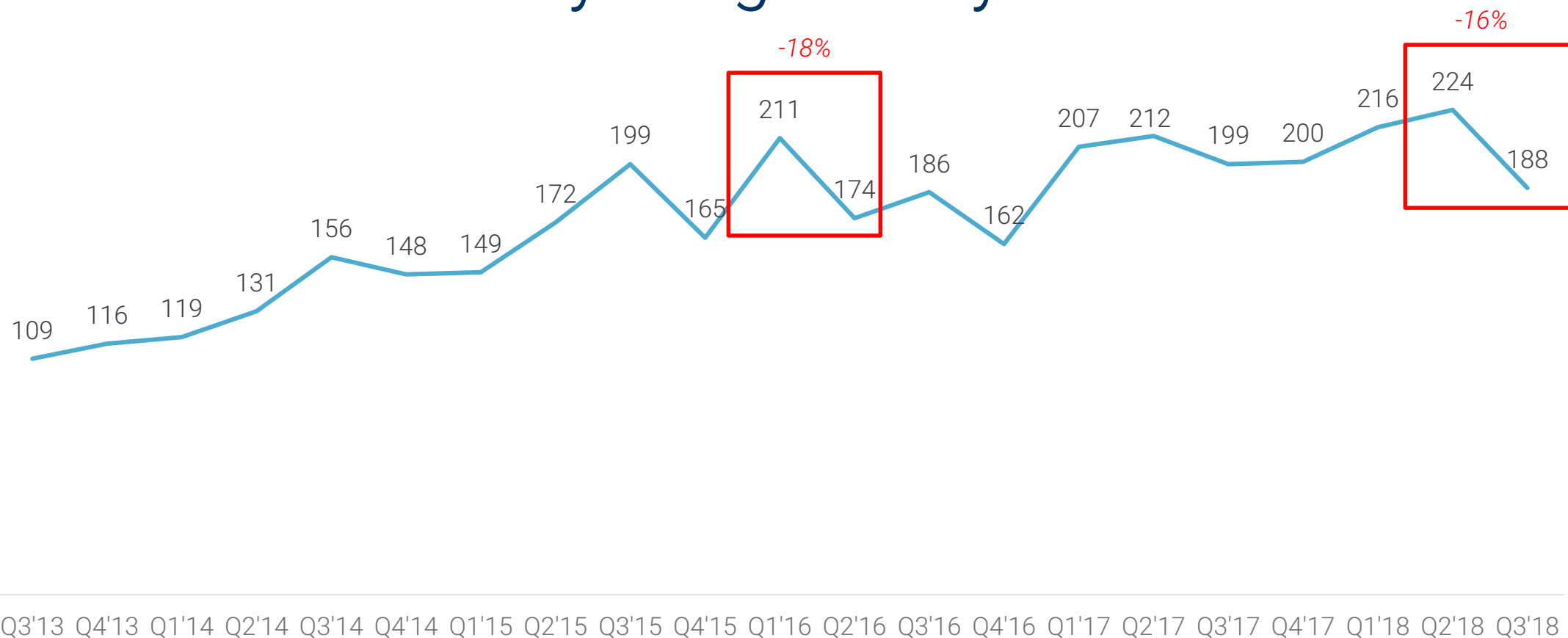
Annual VC-backed global fintech deals and financing, 2013 – 2018 YTD (Q3'18), (\$B)



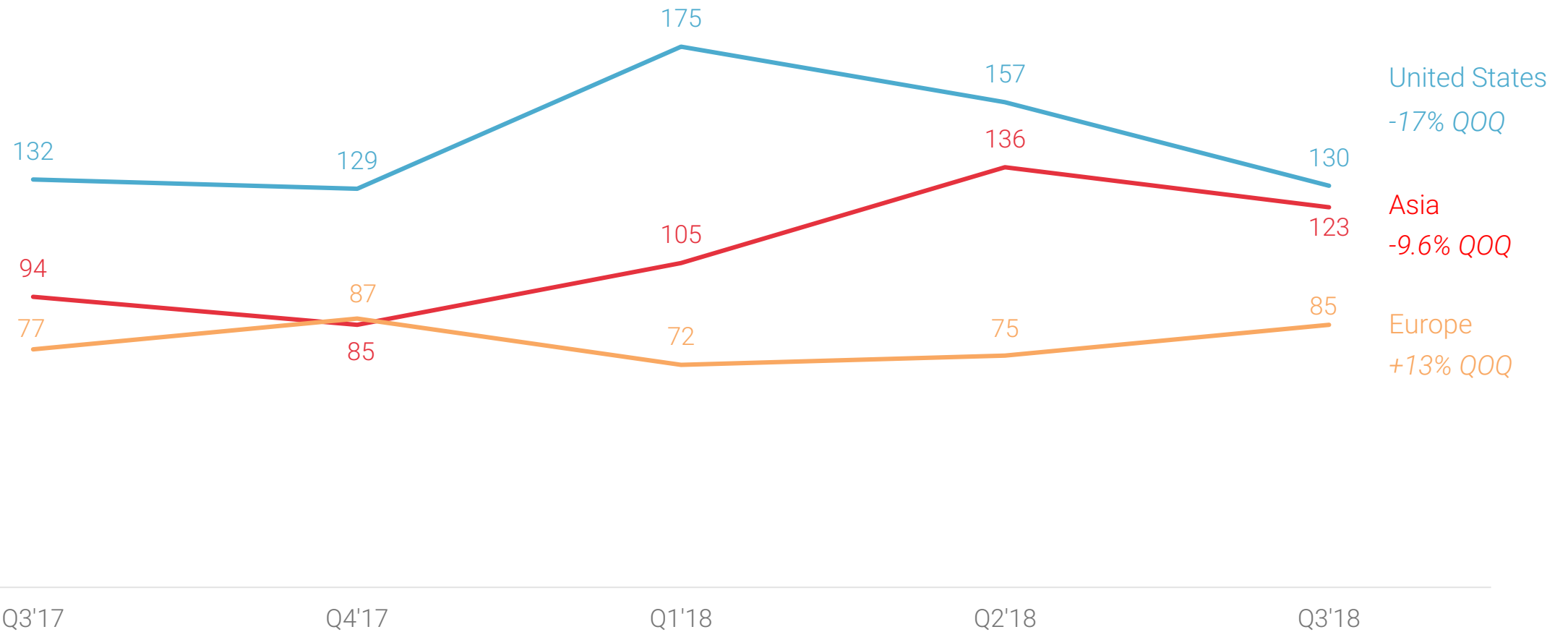
Q3'18 sees a pullback after Q2 but deals are still on track to set record



The pullback in deals was driven by the biggest decrease in early-stage in 2 years

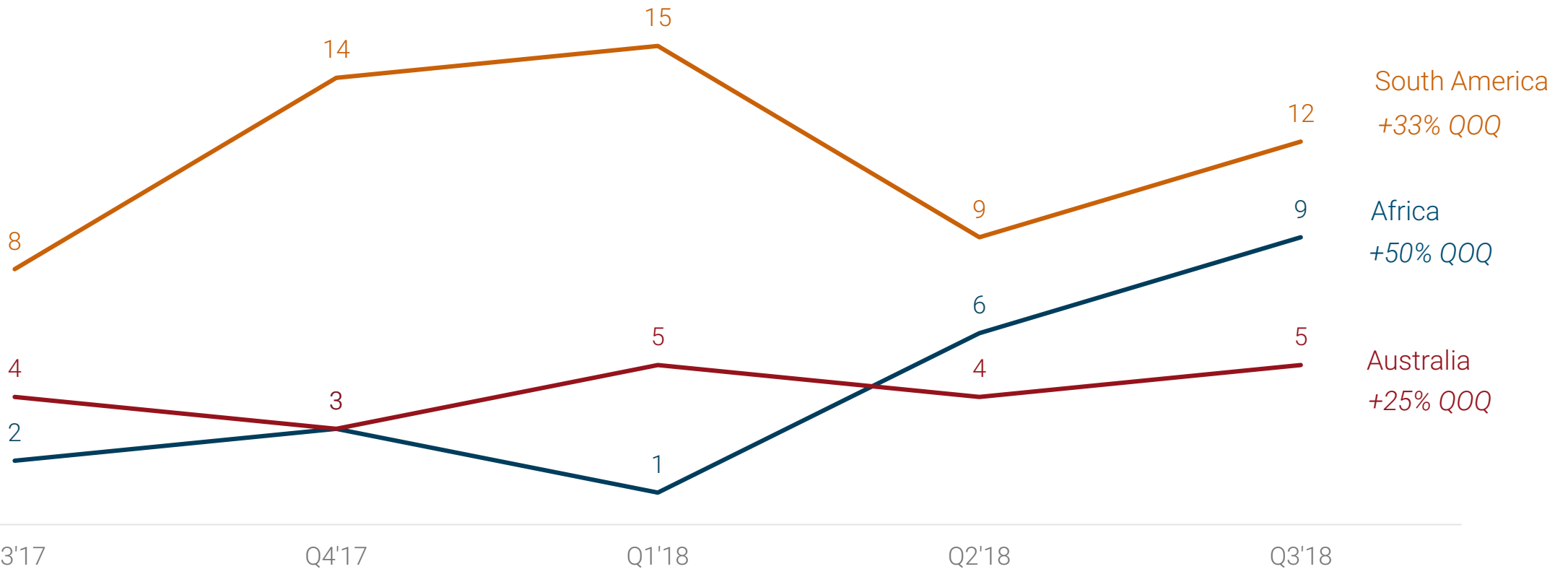


US maintains a narrow single digit deal lead on Asia, despite biggest dip in 5-quarters



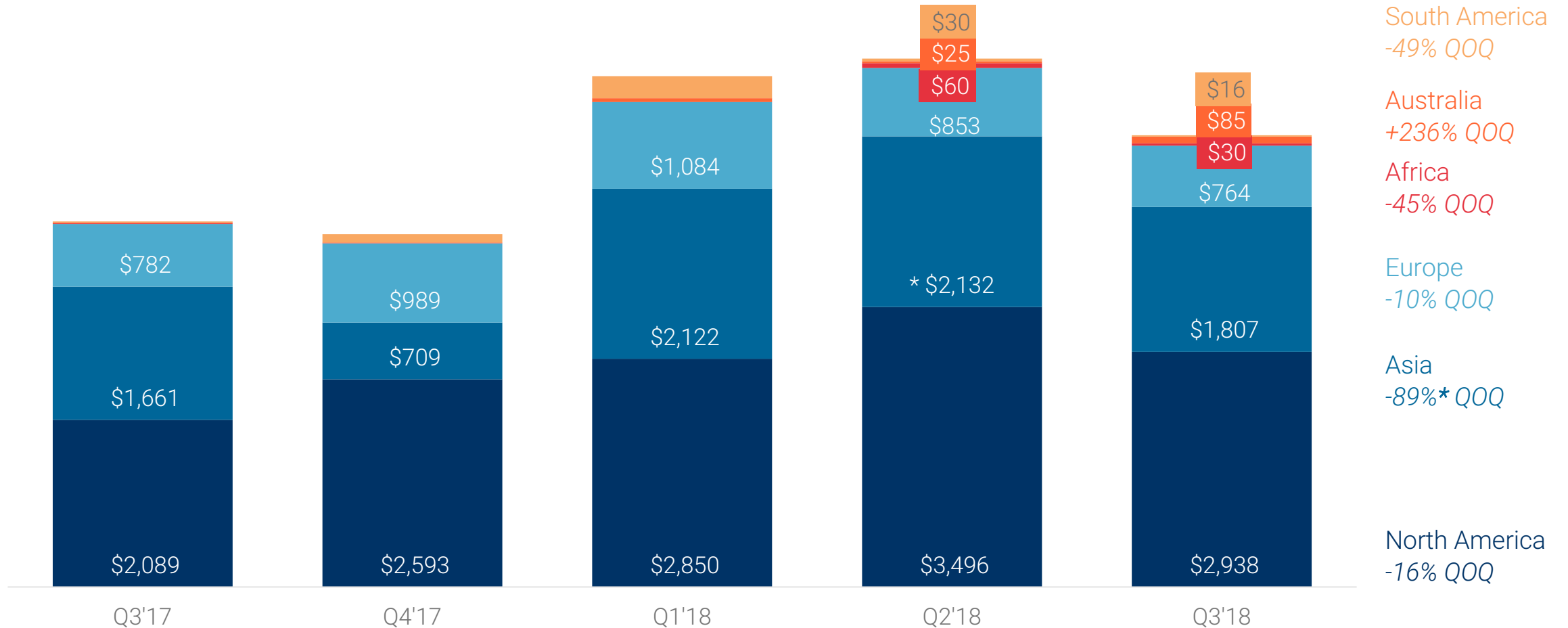
Africa sees deals top a new quarterly high while conflict in South America constrains deals

Global VC-backed fintech deals by continent, Q3'17 – Q3'18



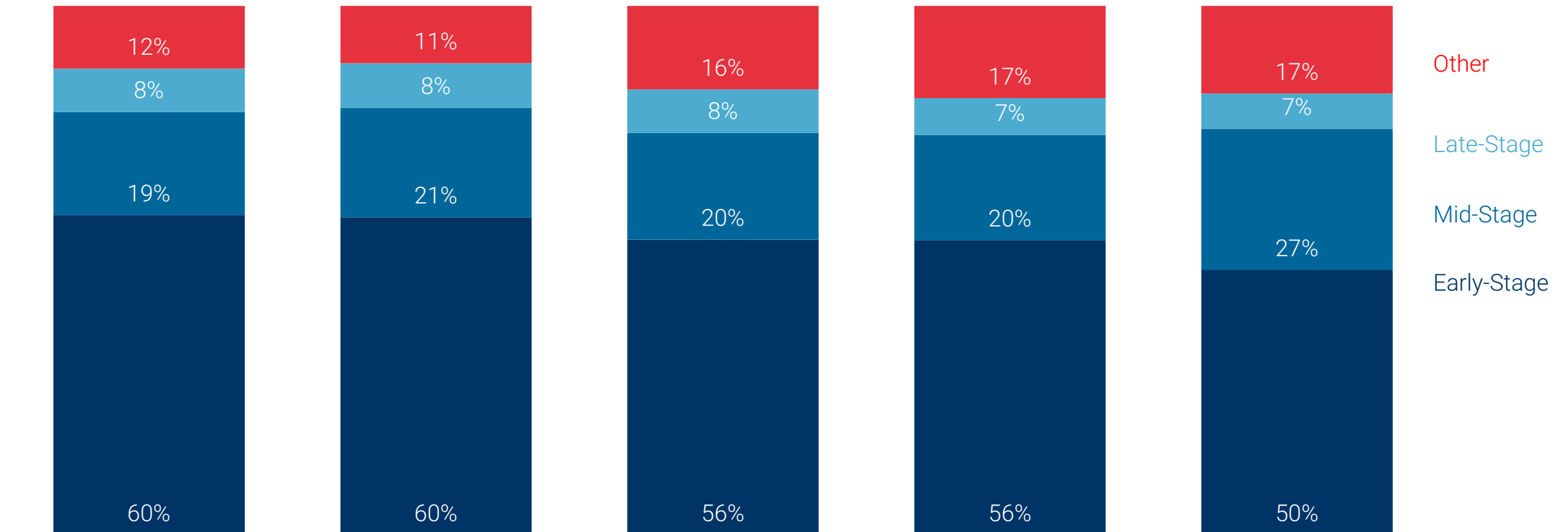
Funding dipped in nearly every region in Q3'18

Global VC-backed fintech funding by continent, Q3'17 – Q3'18, (\$M) (*Ant Financial excluded)



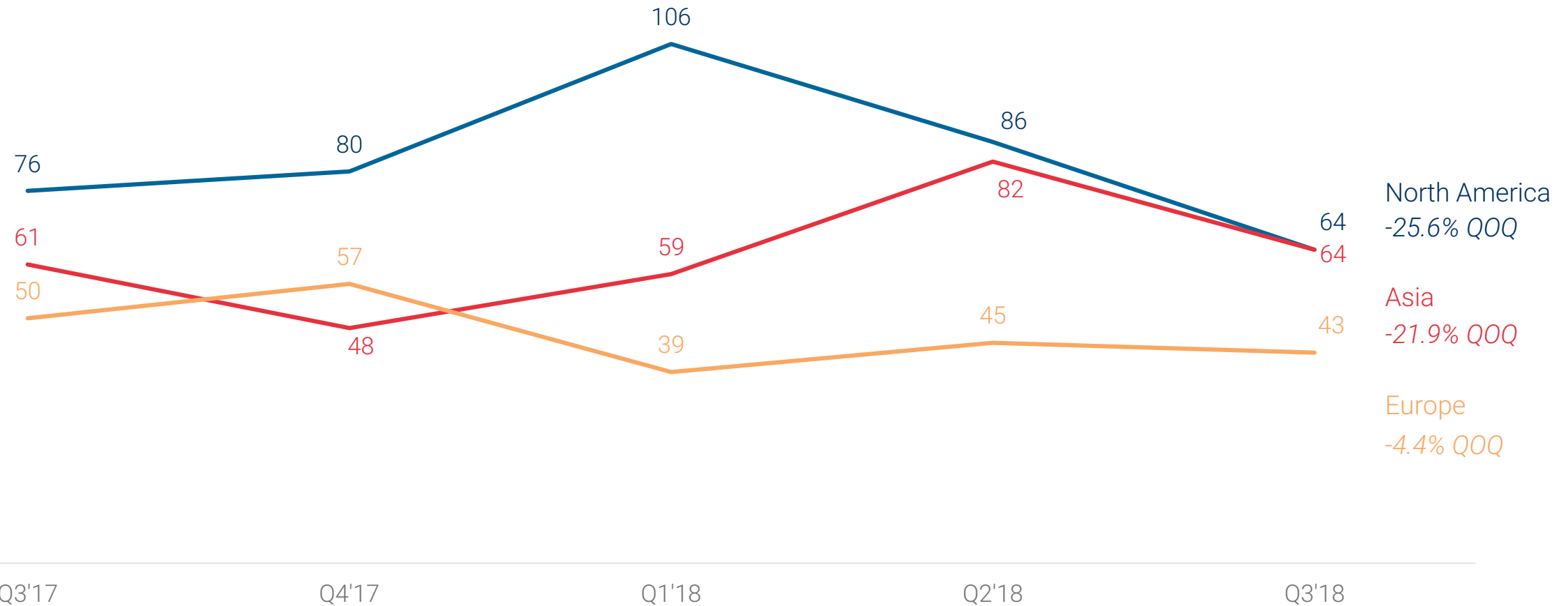
Early-stage deals dropped to 5-quarter low

Quarterly deal share by stage to global VC-backed fintech companies, Q3'17 – Q3'18

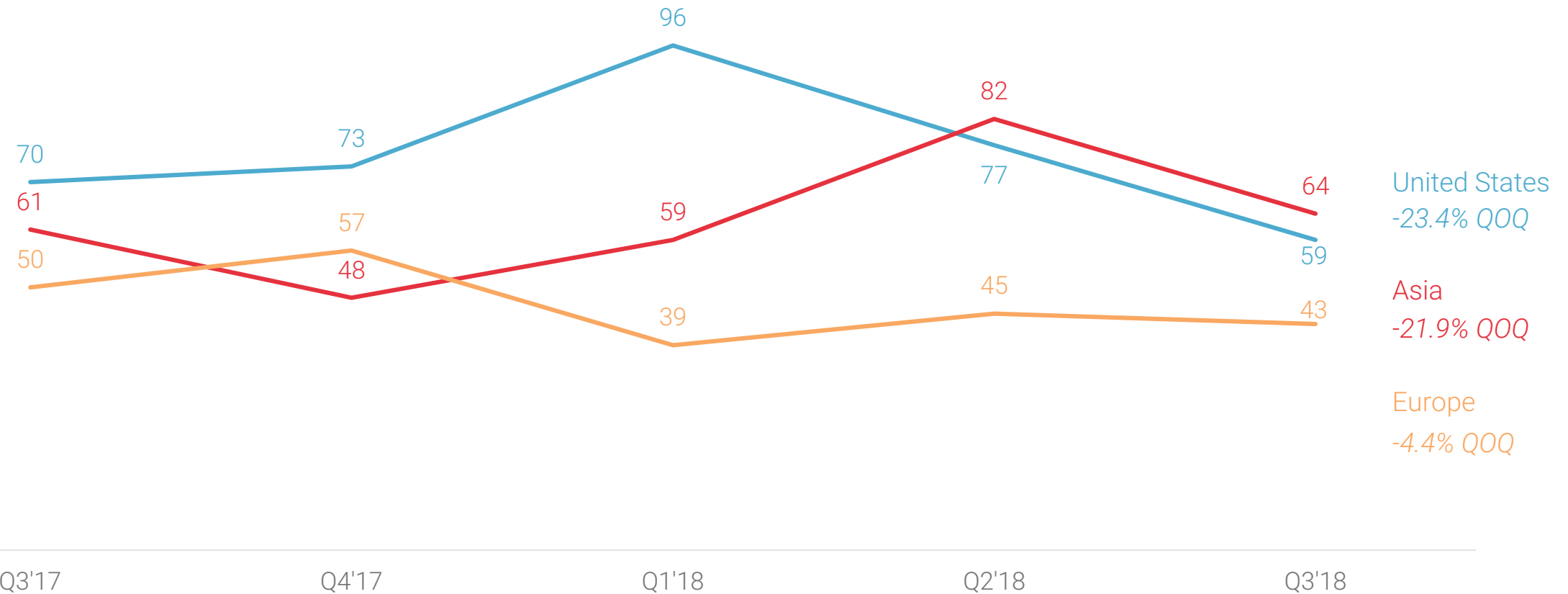


Early-stage deals dropped in every major region

Quarterly Seed and Series A deals to VC-backed fintech startups, Q3'17 – Q3'18

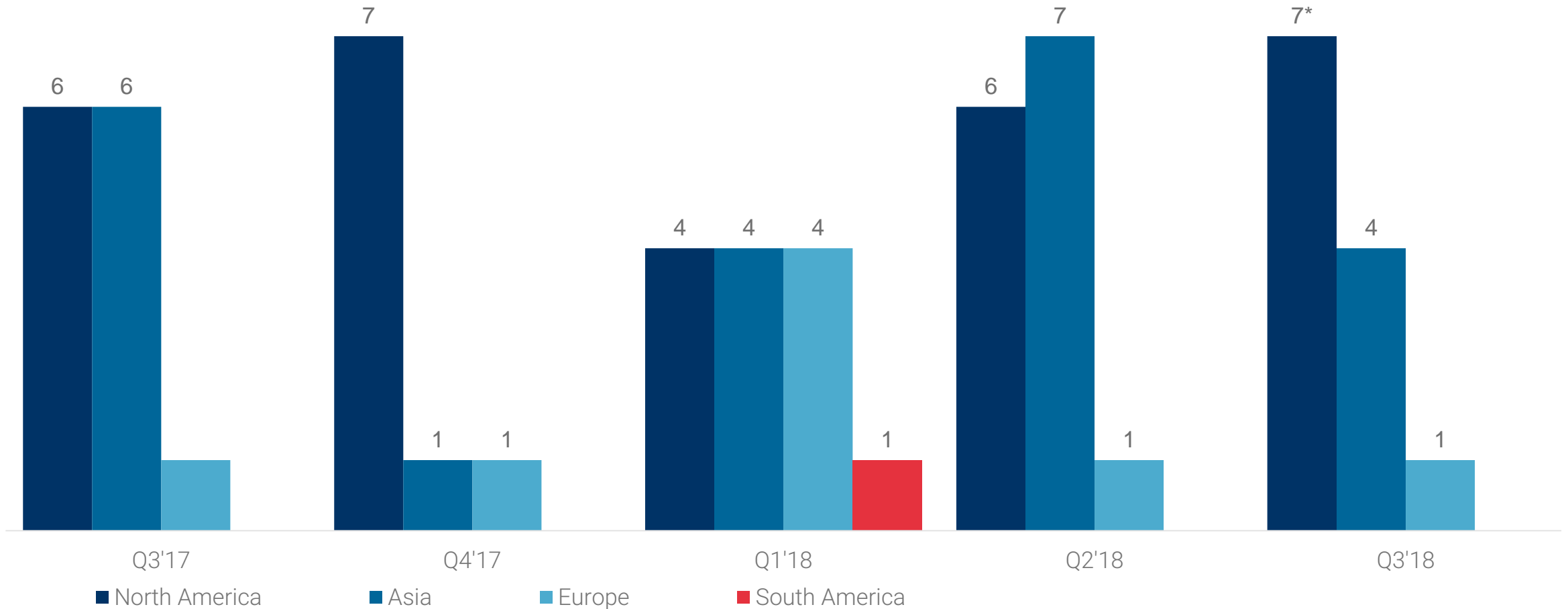


Despite the dip in deals, Asia maintains the lead on US in early-stage investments



The US reclaims mega-round lead over Asia

Q3'18: 12 mega-rounds (\$100M+), worth a total \$2.08B

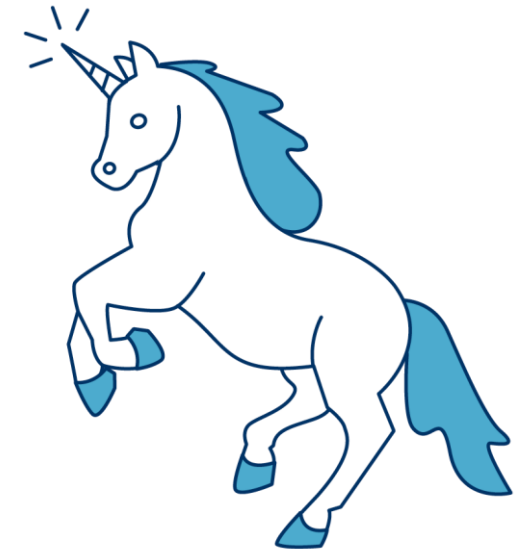


GLOBALLY THERE ARE

33 FINTECH UNICORNS

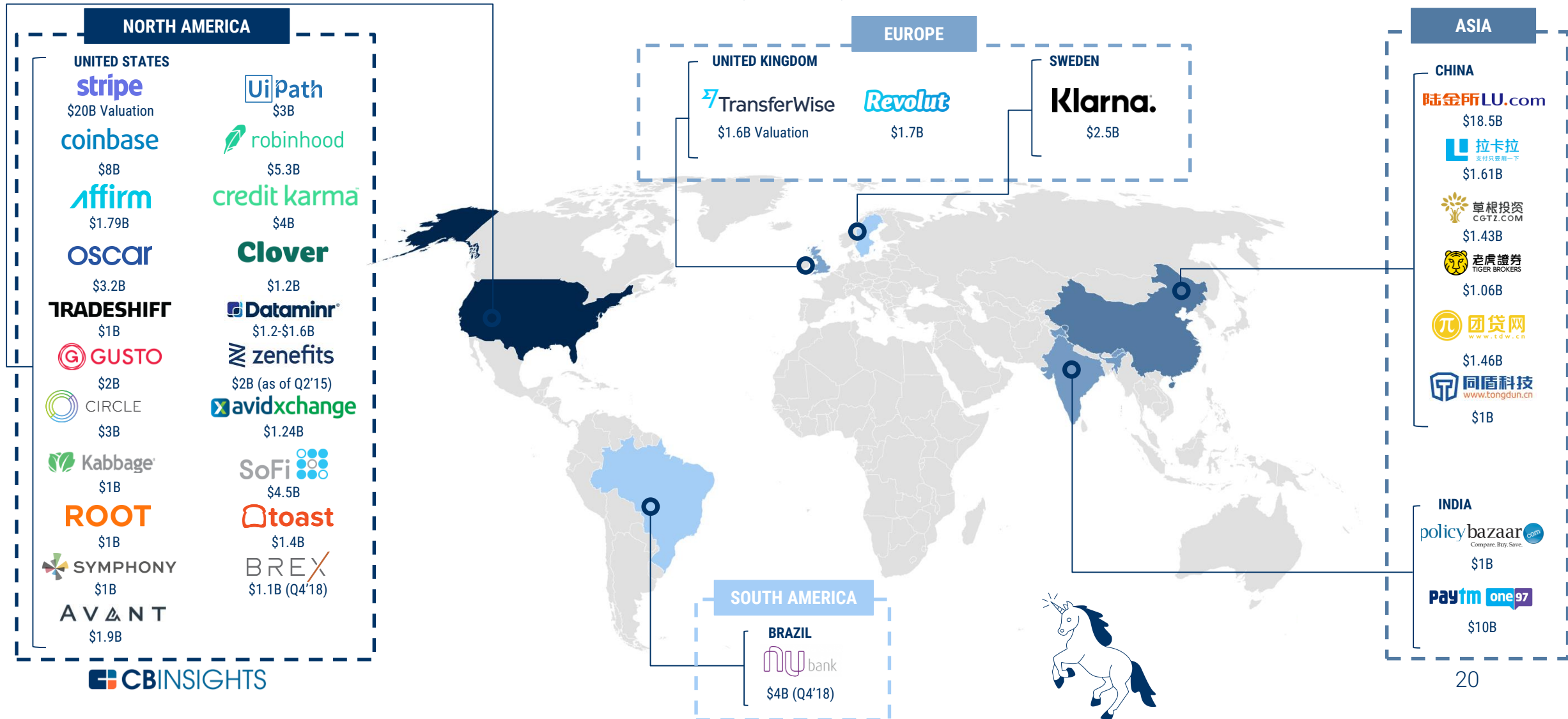
VALUED, IN AGGREGATE, AT

\$115.49 BILLION



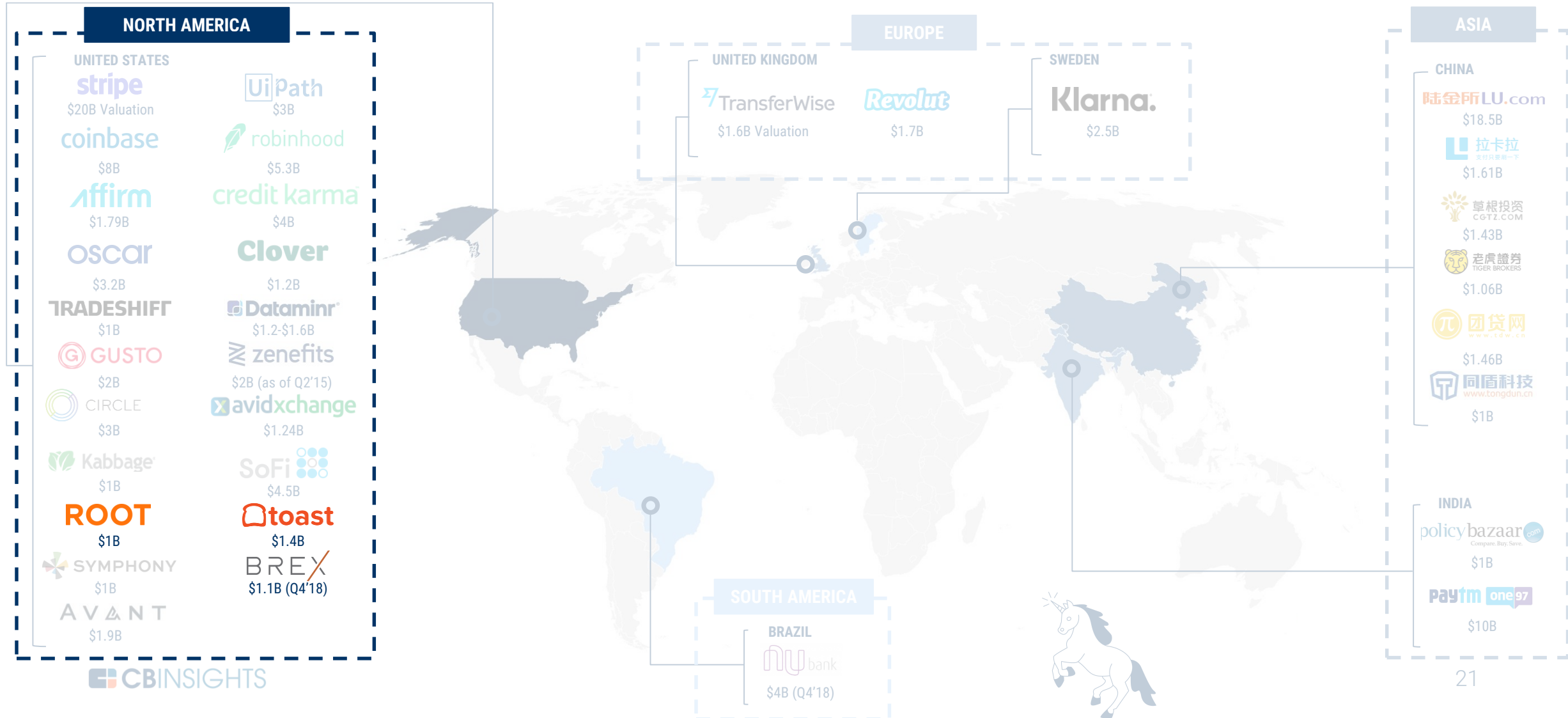
33 fintech unicorns valued at \$115.49B

2018 fintech companies with a private market valuation of \$1B+ (10/30/18)

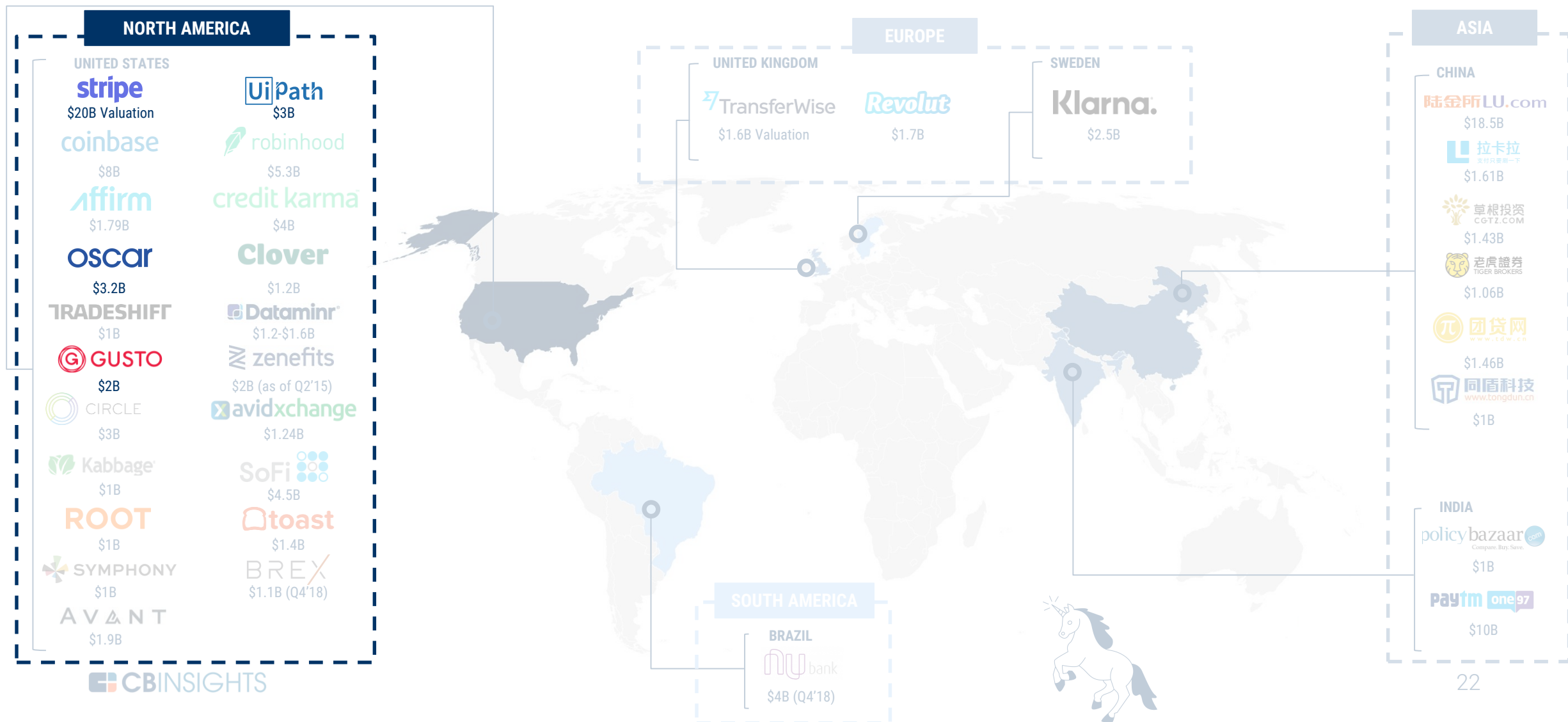


US sees new breed of fintech unicorns

2018 fintech companies with a private market valuation of \$1B+ (10/30/18)



And mega-rounds to established startups to stay private



















































Top Fintech Investors & Deals
















































The most active fintech VCs from Q3'17 – Q3'18

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

Rank	Investor	Select Fintech Investments						
1	500startups	 BloomCredit	 finAcel	 indio	 YayPay	 RealAtom	 wetravel	
		 FINOVA financial	 SmartHR	 kin.	 firstaccess	 qwil	 justInCase ジャストインケース	
2	Ribbit Capital	 robinhood	 credit karma	 upgrade	 nyu bank	 FIGURE	 BREX	
		 Revolut	 affirm	 coinbase	 CAPITAL FLOAT	 ROOT	 GUSTO	
3	 nyca	 avidxchange	 roofstock	 commonbond	 TrueAccord	 AXONI	 scratch.	
		 canopy	 affirm	 Ladder	 blend	 Ribbon	 covr	
4	 CEIF 宜信新金融产业投资基金 CREDITASE FINTECH INVESTMENT FUND	 美利 金融 meili.com	 BLAST	 upgrade	 MARQETA	 dv01		
		 taulia	 TRUMID	 FIGURE	 onfido	 Active.Ai		
4	 BainCapital VENTURES	 SIGNIFYD	 roofstock	 CHROMERIVER	 JUSTWORKS.	 Bench [™]		
		 acorns	 flywire	 reonomy	 Passport	 Ribbon		

The most active fintech VCs from Q3'17 – Q3'18

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

Rank	Investor	Select Fintech Investments						
5								
								
5	 OMIDYAR NETWORK							
								
5								
		 China Chengxin Credit						
5								
								





Top 12 global fintech deals in Q3'18

The top 12 deals to VC-backed fintech companies were all mega-rounds (\$100M+) and 7 were in the US

Company	Deal Date // Amount	Total Disclosed Funding (M)	Select Investors	Description
	Aug'18 // \$375M	\$1.27B (\$3.2B Valuation)	Alphabet	Tech-enabled health insurance carrier
	Aug'18 // \$300M	\$3.07B (\$10B Valuation)	Berkshire Hathaway	Mobile payments and commerce platform
	Sept'18 // \$245M	\$1B (\$20.25B Valuation)	Andreessen Horowitz, DST Global, General Catalyst, Khosla Ventures, Kleiner Perkins Caufield & Byers, Sequoia Capital, Tiger Global Management	Online payment infrastructure provider and global e-commerce enabler
	Sept'18 // \$225M	\$408M (\$3B Valuation)	Accel, capitalG, Sequoia Capital	Robotic process automation software
	Sept'18 // \$146.11M	\$271M	Boyu Capital and Sequoia Capital China	China-based mobile and micropayment service provider

Top 12 global fintech deals in Q3'18

The top 12 deals to VC-backed fintech companies were all mega-rounds (\$100M+) and 7 were in the US

Company	Deal Date // Amount	Total Disclosed Funding (M)	Select Investors	Description
 挖财 wacai.com	July'18 // \$140M	\$368M	Oriental Patron Financial Group, Qiming Venture Partners, and Warburg Pincus	China-based fintech that provides users wealth management and credit solutions
 GUSTO	July'18 // \$140M	\$316M (\$2B Valuation)	137 Ventures, capitalG, Dragoneer Investment Group, Emergence Capital Partners, General Catalyst, Kleiner Perkins Caufield & Byers, MSD Capital, T. Rowe Price, Y Combinator	Online platform that centralizes payroll systems, benefits information, and core HR
 toast	July'18 // \$115M	\$253M (\$1.4B Valuation)	Bessemer Venture Partners, Generation Investment Management, Lead Edge Capital, T. Rowe Price, Tiger Global Management	Restaurant management system
 pingpong	Sept'18 // \$102.25M	\$102M	HRVC and Sinowisdom	China-based e-commerce payments platform

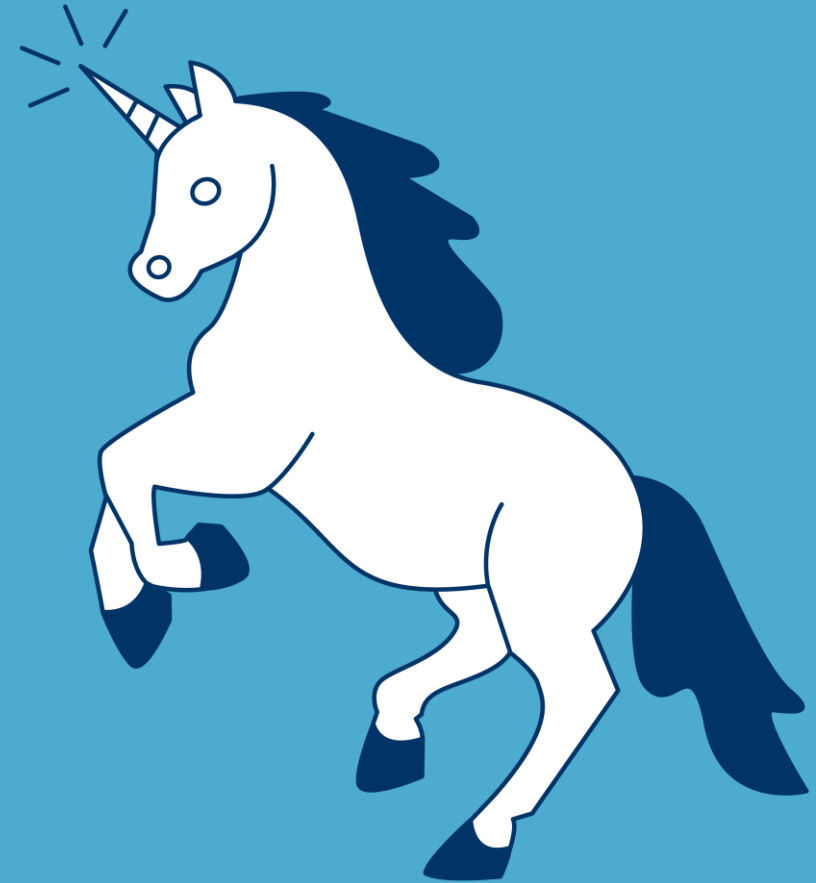
Top 12 global fintech deals in Q3'18

The top 12 deals to VC-backed fintech companies were all mega-rounds (\$100M+) and 7 were in the US

Company	Deal Date // Amount	Total Disclosed Funding (M)	Select Investors	Description
	July'18 // \$100M	\$143M	Bain Capital Ventures, F-Prime Capital, Temasek Holdings, QED Investors, Accel	Global payments platform
	Aug'18 // \$100M	\$143M (\$500M Valuation)	e.ventures, Kinnevik, Vitruvian Partners	Open banking platform
	July'18 // \$100M	\$159M (\$1B Valuation)	Redpoint Ventures, Ribbit Capital, Scale Venture Partners, Tiger Global Management	Personalized auto insurance





Q3'18 Exits: IPOs & Acquisitions













Q3'18 top exits: IPO by valuation

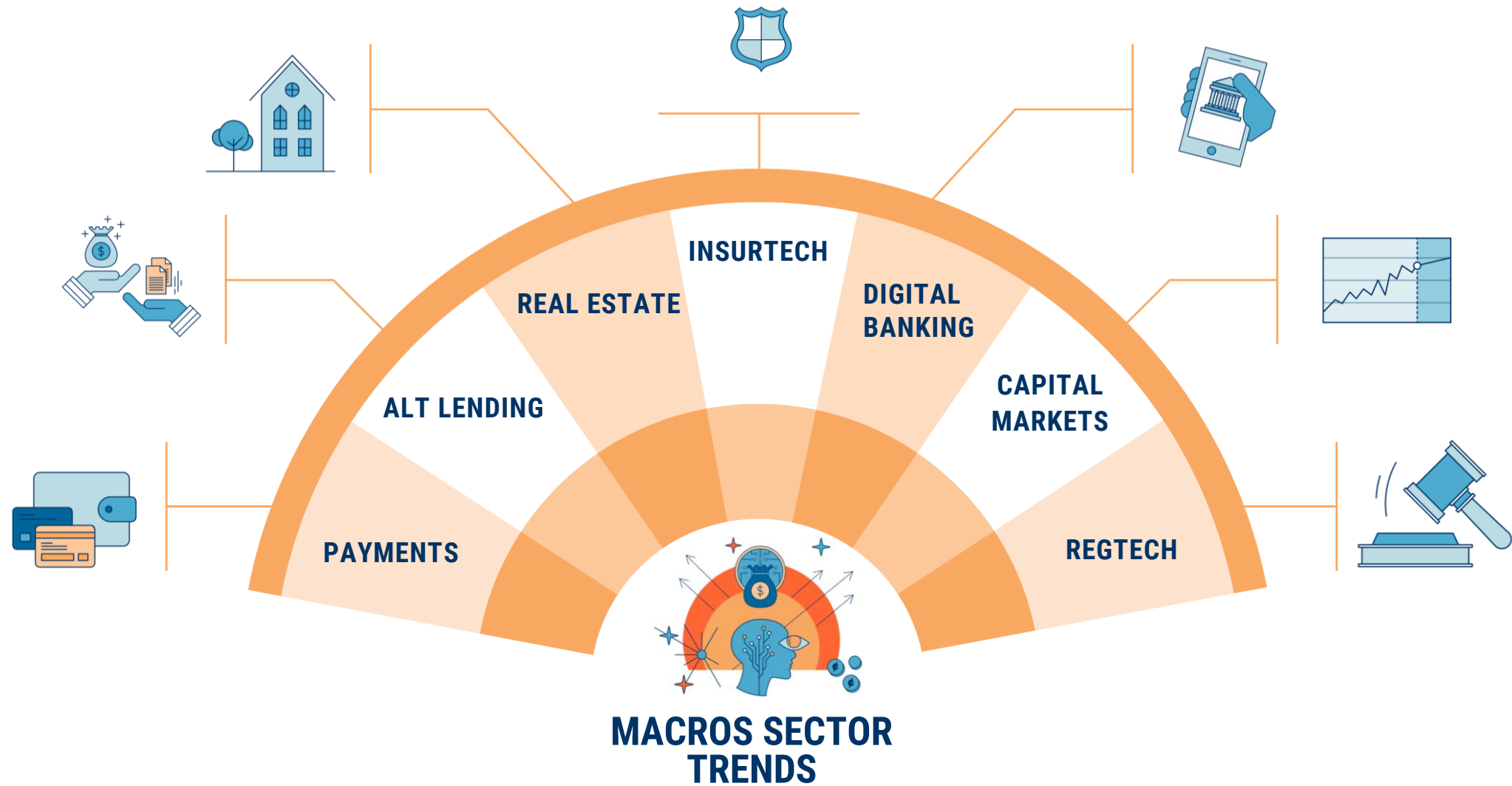
There were 2 fintech IPOs in Q3'18, both listed on international exchanges

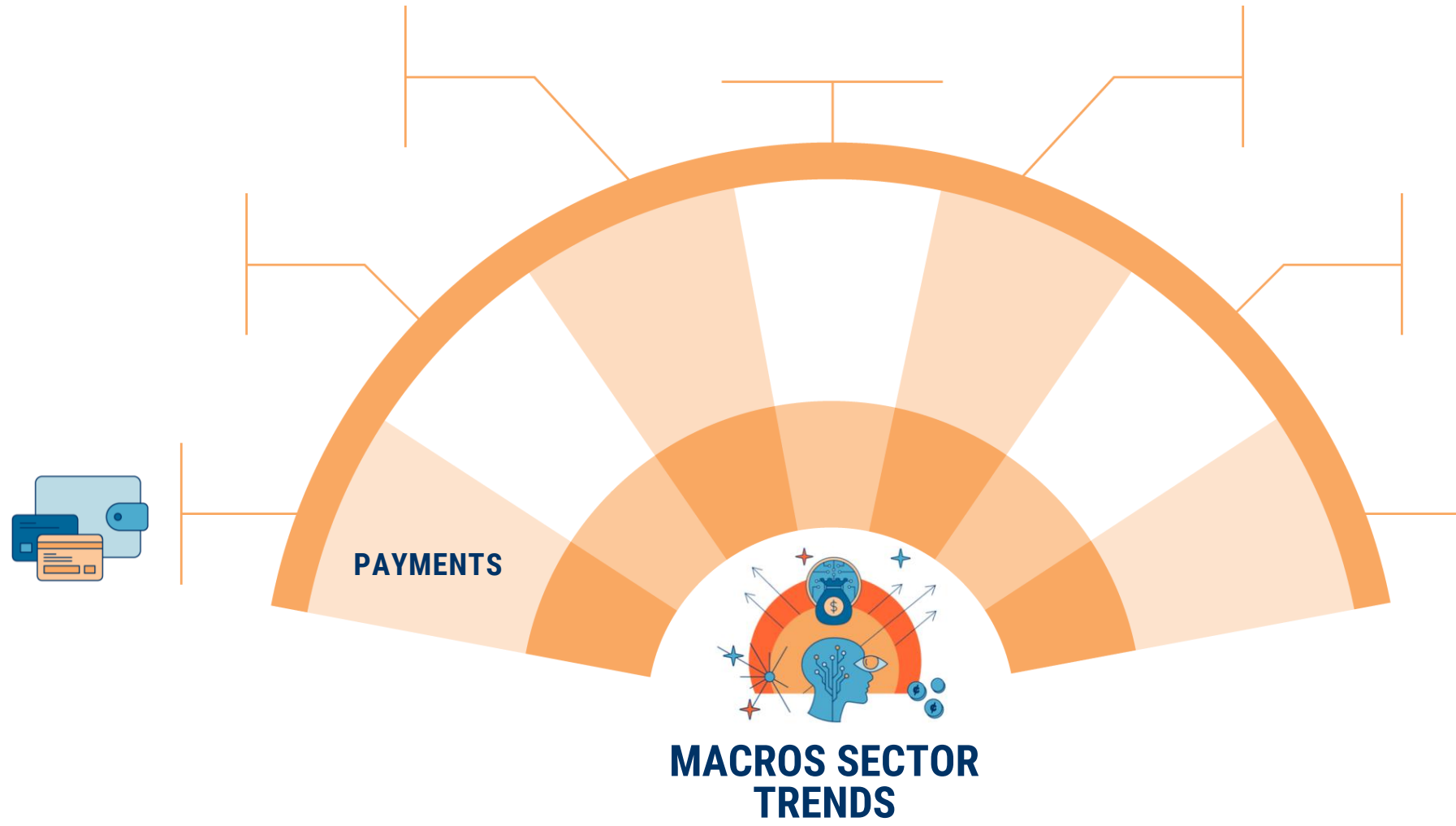
Company	Exit Type	Deal Date // Valuation	Total Disclosed Funding (M) Valuation Pre-Exit	Select Investors
 Funding Circle	IPO (LSE: FCIF)	Q3'18 // \$1.96B	\$373M (\$2.05B Valuation)	Accel, Index Ventures, Ribbit Capital, Union Square Ventures, BlackRock, CreditEase Fintech Investment Fund, DST Global, Temasek Holdings
 51信用卡	IPO (HKG: 2051)	Q3'18 // \$1.3B	\$340M (\$1B Valuation)	Susquehanna International Group, GGV Capital, JD.com

Q3'18 top exits: acquisitions by valuation

Company	Deal Date // Valuation	Total Disclosed Funding (M)	Acquirer	Description
 LevelUp	Q3'18 // \$390M	\$103M	 GRUBHUB	Online and mobile food-ordering company
 FINANZCHECK.DE	Q3'18 // \$332.31M	\$57M	 SCOUT 24	Digital marketplace with a focus on real estate and automobiles
 Tapingo	Q3'18 // \$150M	\$36M	 GRUBHUB	Online and mobile food-ordering company
 ZOOZ	Q3'18 // \$80M	-	 PayU	Financial services provider in global growth markets
 Hubdoc™	Q3'18 // \$70M	-	 xero	Online accounting system designed for SMBs

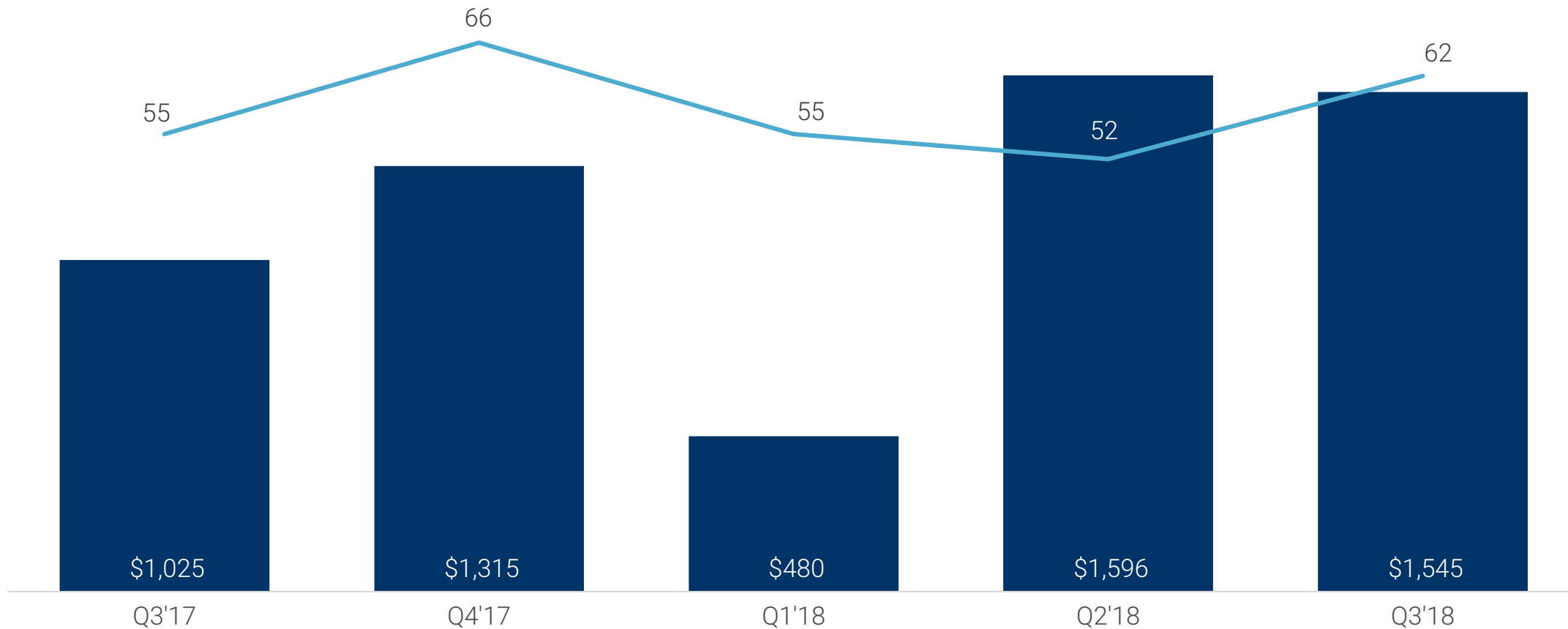
GLOBAL VC-BACKED FINTECH Q3'2018





Payments sees deals rebound after a slow H1'18

Global VC-backed payments fintech financing trends, Q3'17 – Q3'18, (\$M)



DEMOCRATIZING GLOBAL PAYMENTS AND ENABLING THE DIGITAL ECONOMY



Last Funding

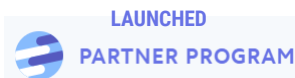
\$245M Series E // Sep'18

Valuation \$20.3B

Stripe, the global payments provider, has been aggressively expanding their tech stack. The company plans to use the latest funding to expand into Southeast Asia and India.

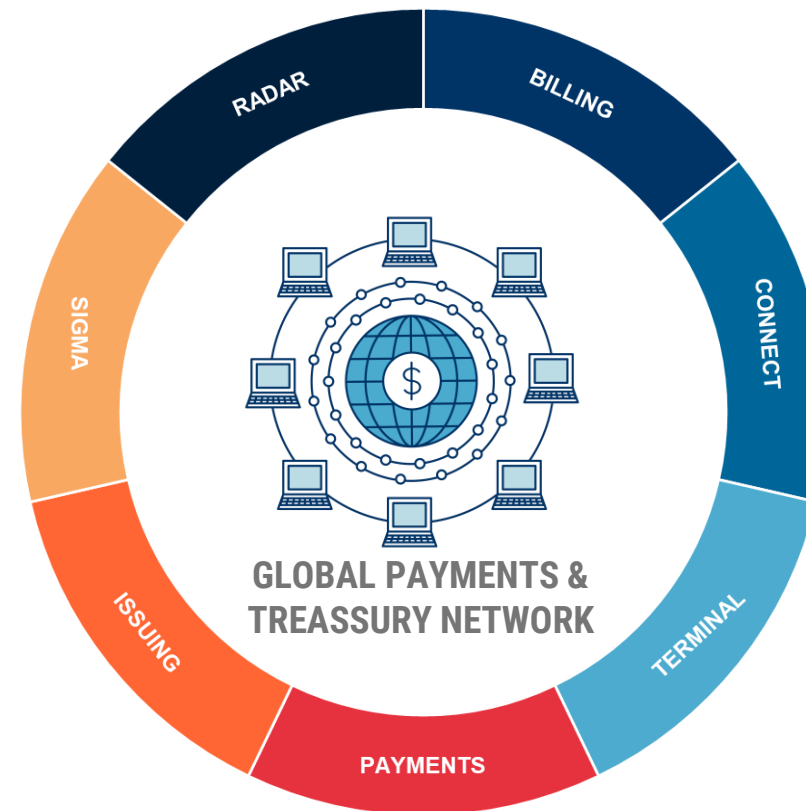
According to Bloomberg, Stripe sales are roughly \$1.5B annually. Stripe supports businesses in 120 countries, payments in 130 currencies, and provides services ranging from fraud prevention to accounting. Stripe reports that 65% of UK internet users and 80% of US users have bought something from a Stripe-powered business.

RECENT PARTNERSHIPS



ENABLING DEVELOPERS

Stripe's integrated technology stack for global money movement



SQUARE 2.0

POS expands from hardware to all-in-one sales & CRM



Headquarters: US

Focus: Restaurants

Q3'18 Funding: \$115M Series D

Valuation: \$1.4B

Select Investors: T. Rowe Price, Bessemer Venture Partners, Generation Investment Management, Tiger Global Management



CBINSIGHTS



Headquarters: Africa

Focus: SMBs & Retail

Q3'18 Funding: \$16M Series B

Select Investors: FMO, Orange Digital Ventures, Partech Ventures, Quona Capital, Velocity Capital Private Equity



Headquarters: Indonesia

Focus: SMBs, coffee shops, barbers

Q3'18 Funding: \$24M Series B

Select Investors: Convergence Ventures, East Ventures, EDBI, Fenox Venture Capital, Mandiri Capital, Sequoia Capital India, and SoftBank Ventures Korea



N+1 OF PAYMENTS IN EARLY PHASES

While next gen payments want to “go” cashier-less



Tech: AI-powered computer vision software powering autonomous checkout

Q3'18 Funding: \$5.5M Seed-II

Total Funding: \$10M

Select Investors: CRV, Y Combinator, Initialized Capital



Tech: Hardware price tag & mobile payments app

Q3'18 Funding: \$.04M Convertible Note

Total Funding: \$10M

Select Investors: 500 Startups, Dream Assembly

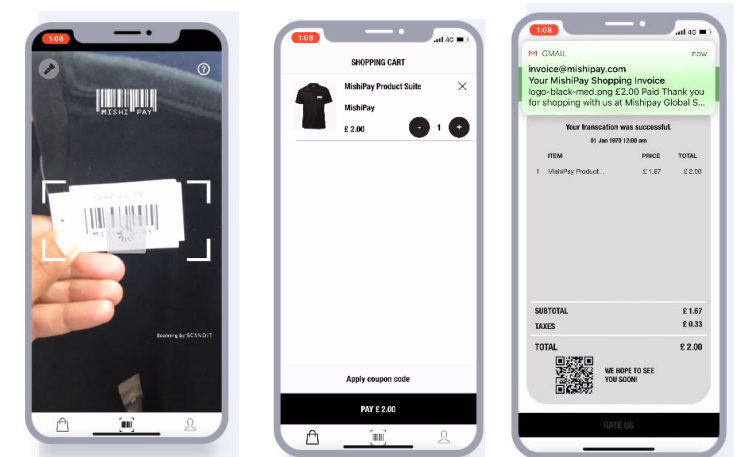


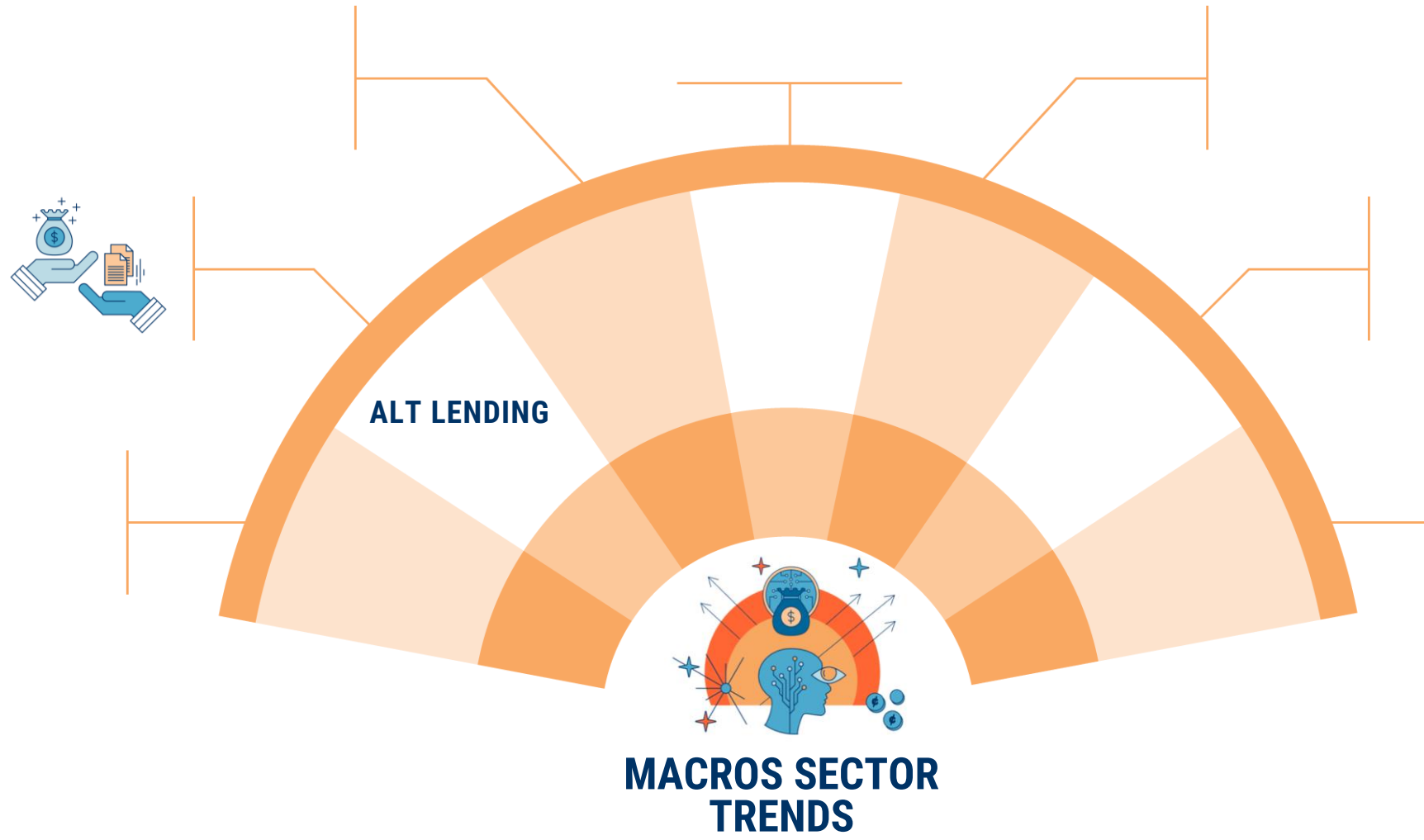
Tech: Mobile scanner, non-RFID reader, and payments app

Q3'18 Funding: Undisclosed

Total Funding: \$2.2M

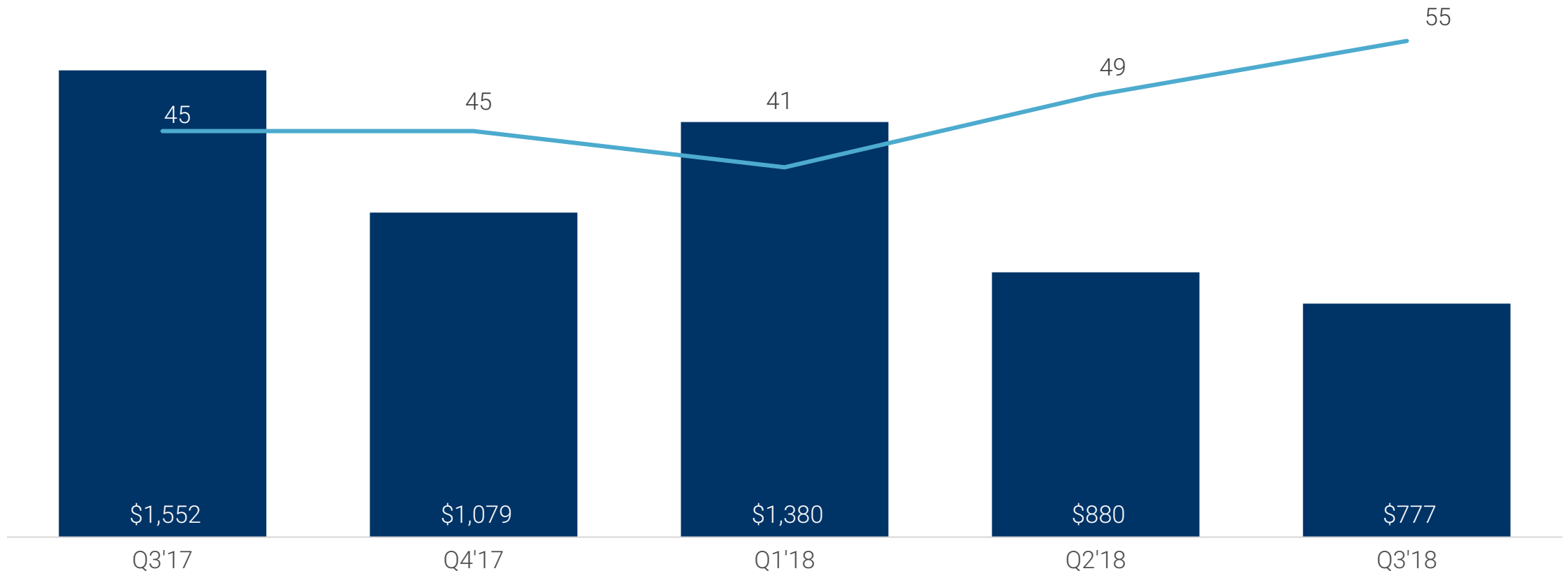
Select Investors: Plug and Play Accelerator, Tech Nation Fintech





Alternative lending sees boost from a fresh crop of startups focused on POS and emerging markets

Global alternative lending VC-backed financing trends, Q3'17 – Q3'18, (\$M)



Alternative lenders launch point-of-sale services to attract millennials and boost merchant sales



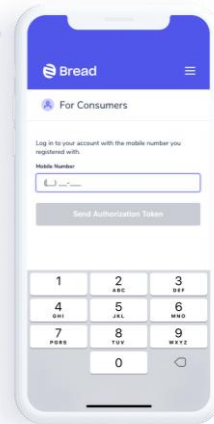
You're approved!

Congrats, you pre-qualify for financing on your \$700.00 order. Choose a plan to view details and continue.

<input checked="" type="radio"/> 6 Months 0.00% APR	\$69.33 / mo Interest Cost: \$0.00
<input type="radio"/> 12 Months 7.99% APR	\$35.24 / mo Interest Cost: \$55.98
<input type="radio"/> 24 Months 10.99% APR	\$19.89 / mo Interest Cost: \$85.98

Click "Continue to Checkout" to select shipping options and see complete terms.

Continue to Checkout

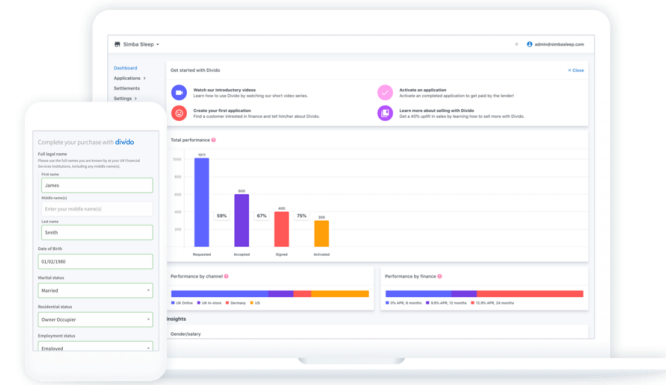


Focus: Omni-channel software for retailers to offer POS lending, boost sales, and increase checkout conversions. Bread integrates with sales software (Shopify, Magento).

Differentiator: White-label & installments

Q3'18 Funding: \$60M Series C

Select Investors: RRE, Menlo, Bessemer, Kinnevik



Focus: Omni-channel platform that allows merchants to offer their customers the ability to spread the cost of products or services into interest-free installments.

Differentiator: Installments

Q3'18 Funding: \$15M Series A

Select Investors: American Express Ventures, Mastercard

India sees next wave of lending startups focused on point-of-sale to boost booming e-commerce

Select Q3'18 alternative lending deals



Focus: Omni-channel EMI payment and digital lending platform focused on financing electronics and appliances. Partners include Amazon, Flipkart, Uber, and others.

Differentiator: Multi-option EMI

Q3'18 Funding: \$30M Series C

Select Investors: Endiya Partners, Fosun RZ Capital, Sistema Asia Fund, Vertex Ventures SE Asia, VenturEast



Focus: Digital lending platform that enables people to pay using digital EMI, without the need for a credit card or a credit score.

Differentiator: Card-less digital EMI

Q3'18 Funding: \$13.4M Series A-II

Select Investors: Omidyar Network, PayU India, Ribbit Capital, Xiaomi Ventures



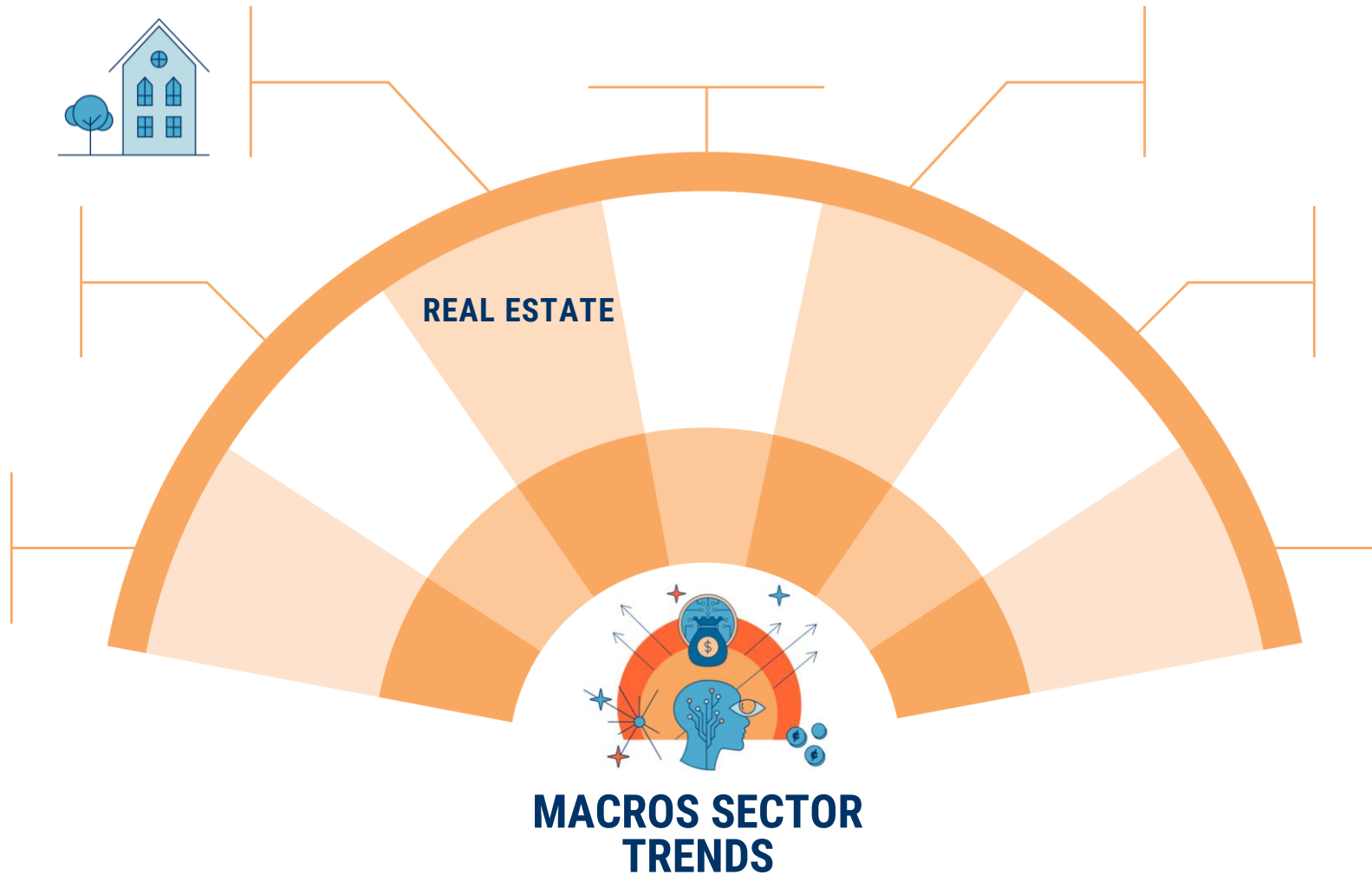
Focus: Digital credit platform for college students providing monthly payment plans for e-commerce purchases (Amazon, Flipkart) without collateral.

Differentiator: Micro-loans

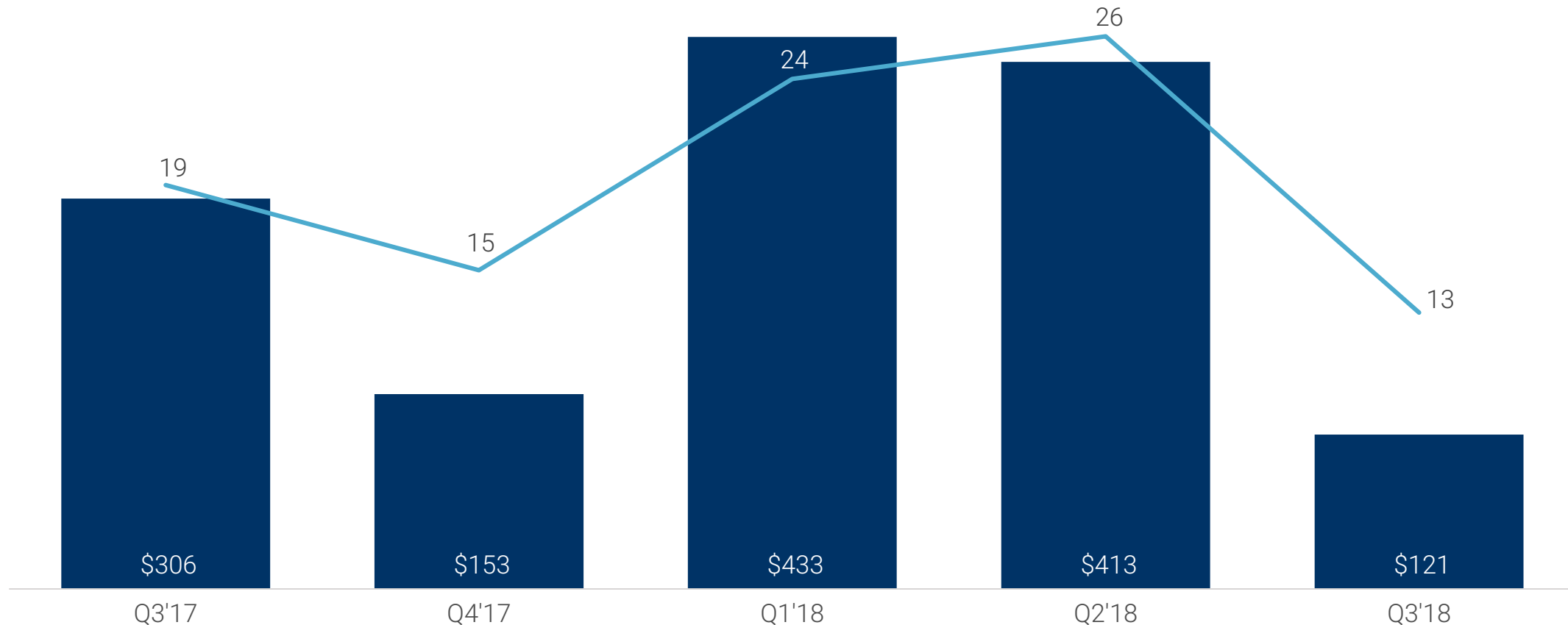
Q3'18 Funding: Undisclosed Series A

Select Investors: FinUp Finance Technology Group, Simile Ventures, Blume Ventures

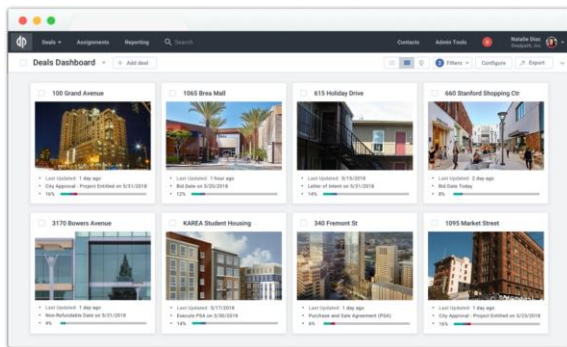
GLOBAL VC-BACKED FINTECH Q3'2018



VC-backed fintech companies focused on real estate are still promising despite deal dip



Real-estate tech sees next wave of startups using AI and data to tap into CRE investing opportunities



Last Funding

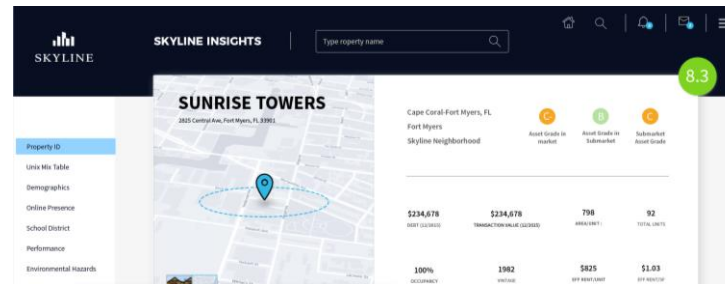
Undisclosed Series B // US

Collaboration, centralization, and workflow platform for commercial property investors.

In May, Dealpath opened its third party API to integrate with iLevel, Compstak, Okta, and other.

Select Investors

JLL Spark



Last Funding

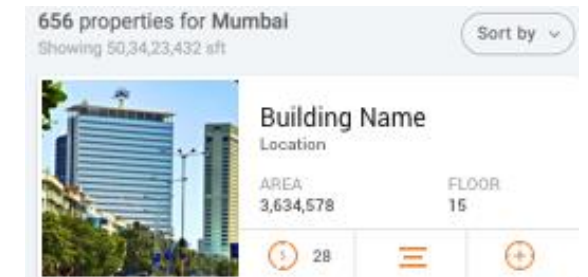
\$18M Series A // US & Israel

AI platform that leverages proprietary algorithms to ingest and analyze 100+ data sets to recommend CRE investment opportunities.

In June, Skyline invested \$26M for two multifamily properties in Philadelphia sourced from its AI.

Select Investors

JLL Spark, Sequoia, Arbor Ventures



Last Funding

\$.1M Seed // India

Suite of online services that enables CRE professionals to analyze, interpret, and gain insight on commercial property values, market conditions, and current availabilities.

Select Investors

Proptech Accelerator, DMG Information, Real Capital Analytics

Startups open door to portfolio diversification with real estate-backed assets by borrowing existing biz models



PEER-TO-PEER

Secured bonds

Bonds listed on the London Stock Exchange, backed by UK property loans.

- ✓ 5 year, 5.25% fixed rate
- ✓ 5.5 year, 5.375% fixed rate
- ✓ Suitable for ISAs and SIPPs

Online investment platform

Build your own portfolio at the click of a button.

- ✓ 4 – 7% p.a target return
- ✓ Apply and invest in a few clicks
- ✓ Returns payable monthly

Last Funding

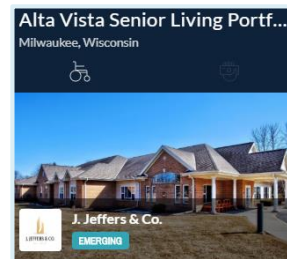
Undisclosed Series C // London

Lendinvest is a marketplace property lender that uses a P2P model to connect borrowers with bridge and rent-to-let financing. Retail and institutional investors are then able to invest in LSE listed bonds securitized from the loans.

Lendinvest has lent \$2B and helped borrowers buy, build, and renovate 5,000+ properties.



CROWDFUNDING



Targeted Investor IRR	20.4%
Targeted Equity Multiple	1.9x
Targeted Average Cash Yield	13.8%
Targeted Investment Period	4 Years
Minimum Investment	\$25,000
Closed: August 22nd, 2018 \$3,320,735 Raised • 81 Investors	

Last Funding

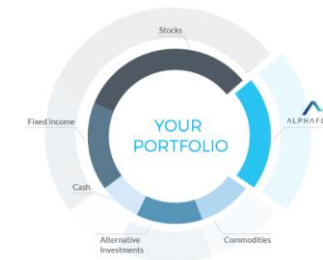
\$8M Series B (Jul'18) & \$.05M Unattributed (Oct'18)

CrowdStreet is a US-based marketplace that connects accredited investors, family offices, and institutions with sponsored commercial real estate projects. CrowdStreet leverages a crowdfunding model to connect investors to co-invest with developers.

CrowdStreet's investors have deployed \$350M across 250+ properties.



ROBO-INVESTING



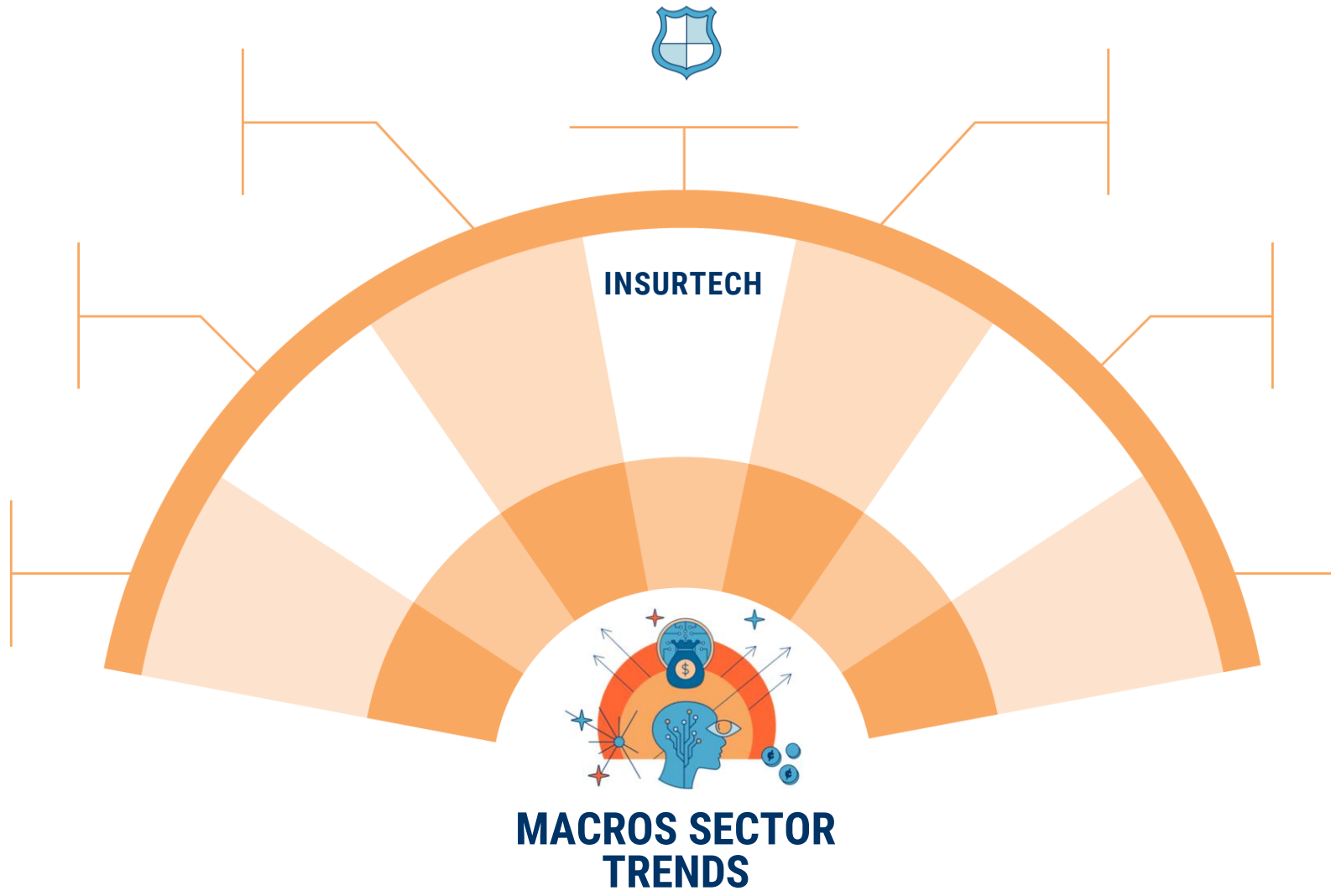
from **75-100** loans
up to **8 – 10%** projected yield
across **15 +** states

Last Funding

\$1M Convertible Note// US

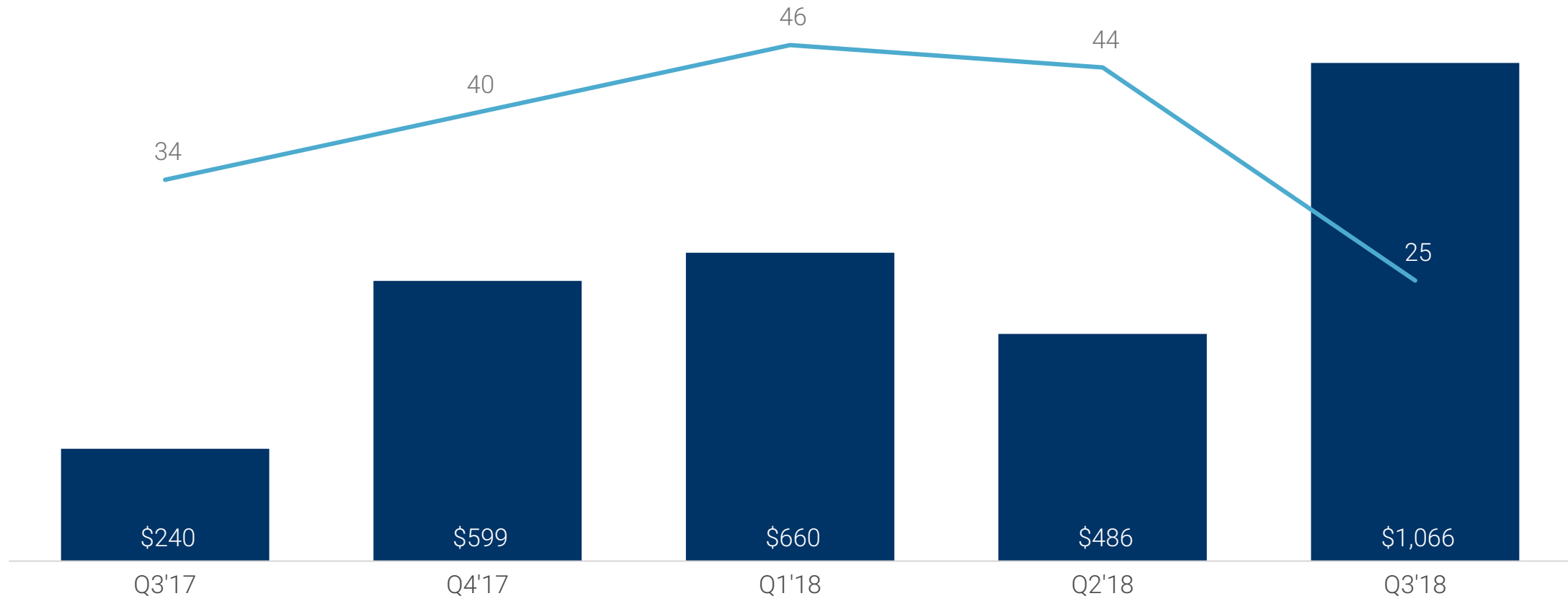
Alphaflow automates real estate investing by leveraging a robo-advising model to generate passive income-producing portfolios.

The company launched in January 2016 and has \$17.32M of assets under management



Insurance tech funding boosted by mega-rounds to unicorns to fuel further product expansion

Global VC-backed insurance tech financing trends, Q3'17 – Q3'18, (\$M)



With \$1B+ in funding, Oscar eyes Medicare Advantage with potential help from Alphabet

Oscar

Mar'18 // \$375M Corporate Minority (Alphabet)

\$3.2B Valuation

Select Investors:

Alphabet, Verily, Google Capital, Google Ventures, Founders Fund, General Catalyst, Khosla Ventures, Thrive Capital, 8VC

Growth strategy:

- Entering the Medicaid Advantage space by 2020
- Using in-house machine learning applications to identify new markets to enter and at-risk patients
- Forecasted to grow to 260K members in 2018
- Expanding to Ohio in 2019 through a partnership with Mount Carmel Health System

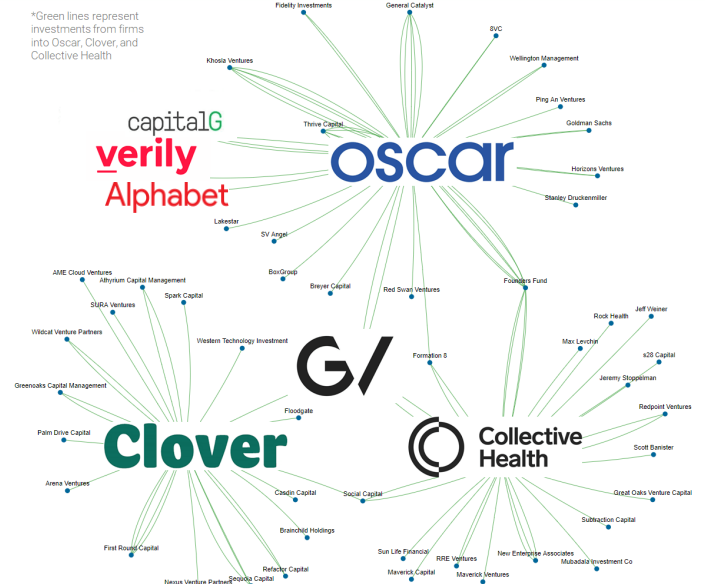
Oscar's customer experience is now integral to its brand

Members trust Oscar to find the right doctor for their medical issue.

First-time physician visits routed by Oscar for members

14% 2016 43% 2018

Select healthcare investments from Google open potential avenues for further growth



Auto carriers raise large investments in 2018 to fuel expansion

metromile

Jul'18 // \$90M Series E

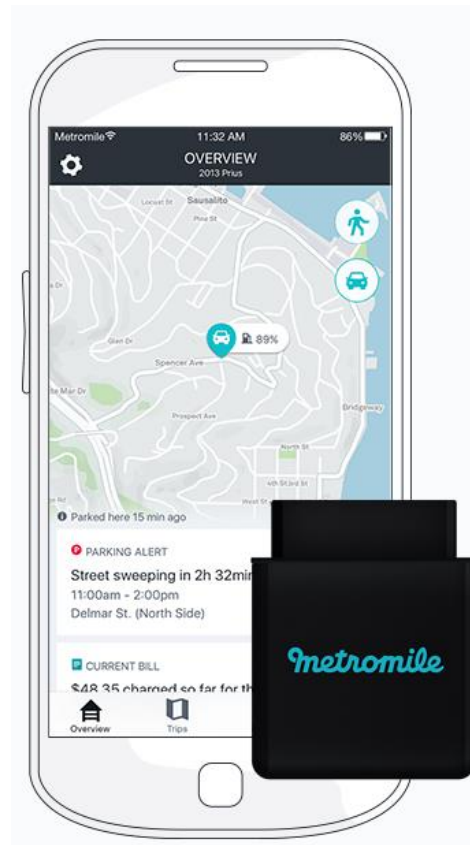
Select Investors:

Tokio Marine Holdings, Intact Financial, Index, NEA

States (8): CA, IL, NJ, OR, PA, VA, WA, OR

Description:

Metromile provides pay-per-mile insurance based on factors including age, vehicle, and driver history. The startup doesn't charge for miles driven above 250/day (150/day in NJ). Metromile has also built out its own mobile claims service.



ROOT

Aug'18 // \$100M Series D

Valuation \$1B

Mar'18 // \$51M Series C

Select Investors:

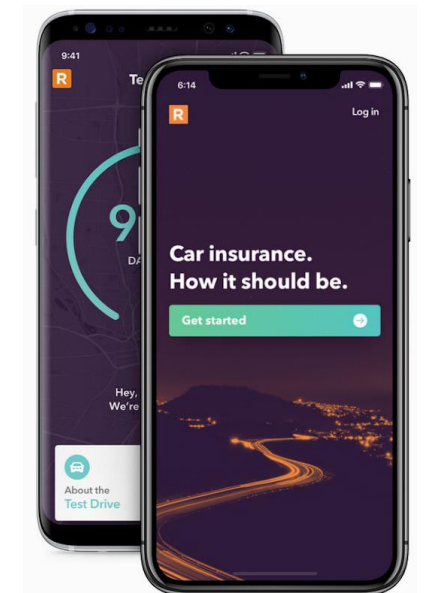
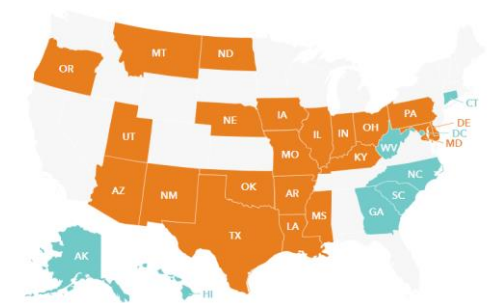
Redpoint Ventures, Ribbit Capital, Scale Ventures, Tiger Global Management

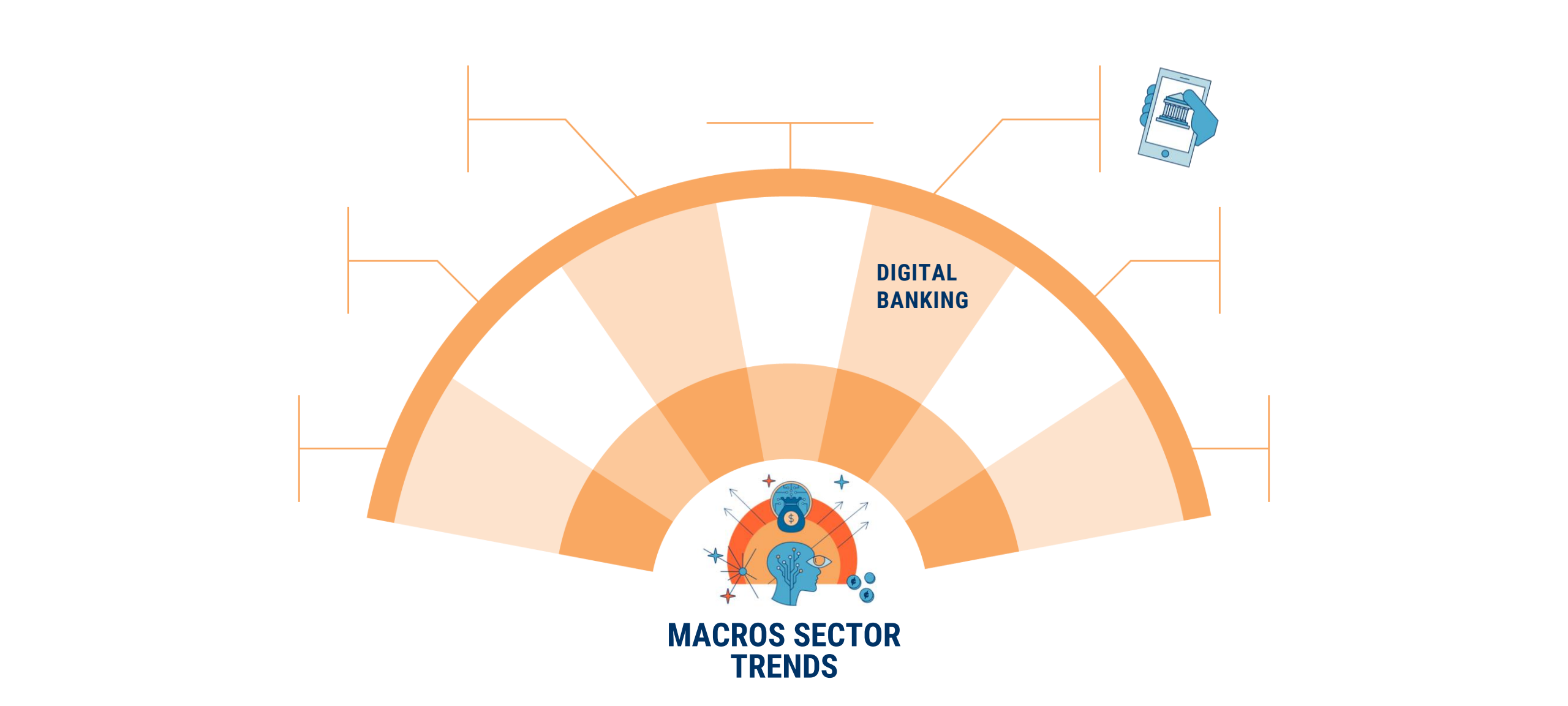
States (20): AZ, IL, IN, KY, LA, MS, MO, NM, OH, OK, PA, TX, UT, OR

Description:

Root Insurance's mobile app tests driving habits for 2-3 weeks including mileage, hard braking, dangerous routes, driving regularity, and time of day before insuring "good drivers."

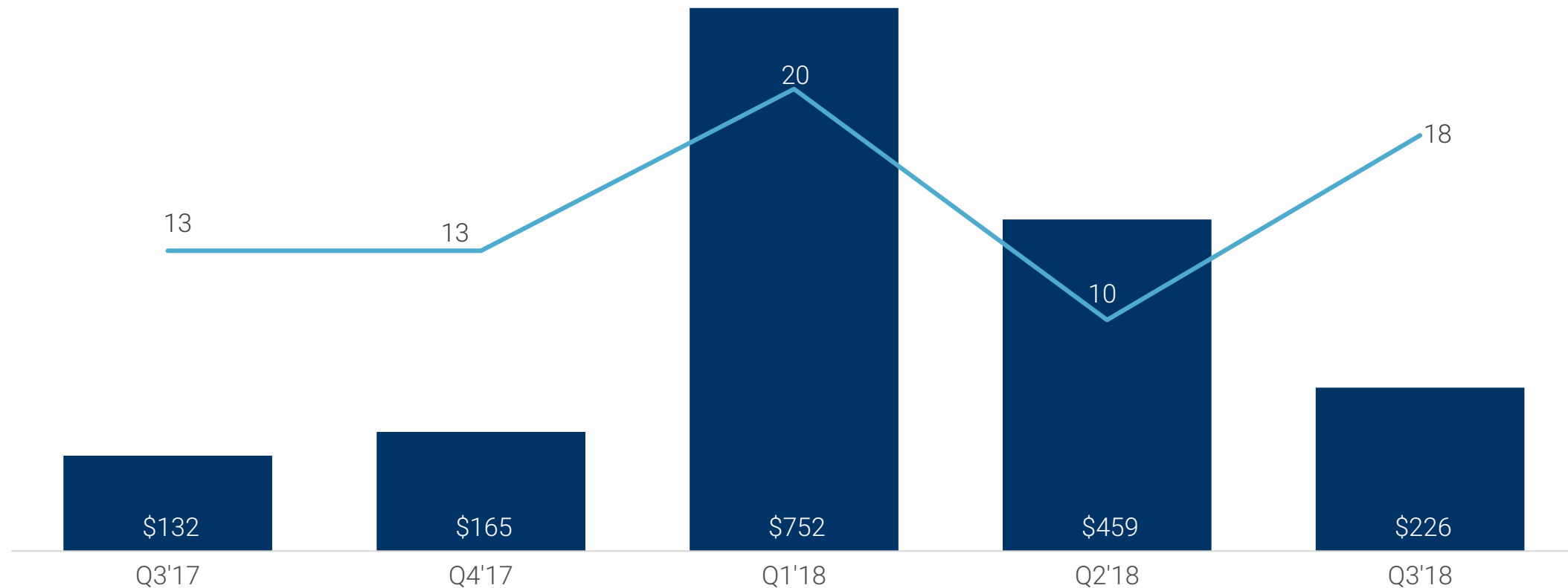
Licensed & Planned





Digital banking startups are cropping up globally to challenge traditional institutions

Global VC-backed digital banking financing trends, Q3'17 – Q3'18, (\$M)



Startups Disrupting Retail & Commercial Banking

B2C - DEBIT

Underbanked/Unbanked



Blockchain



Students



Freelancers



Millennials



Kids



SMB/SMEs



Expense Management



Freelancers



Tech Startups



B2B - DEBIT

CREDIT

Students



Home owners



Underbanked/Unbanked



Tech Startups



SMB/SMEs



Q3'18 saw 18 deals
in digital banking
worth \$226M

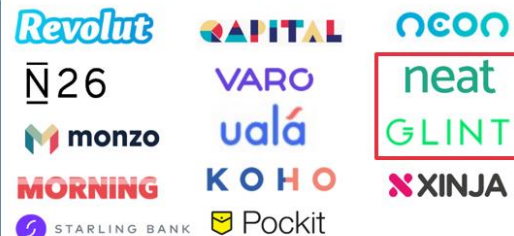
Variations on the digital
challenger bank model
championed in Europe are
spreading globally with new
entrants targeting niche
customer pain points.

Collectively this year,
startups in our market map
have raised over \$1.7B in
venture capital across 55
deals, both annual records.

Startups Disrupting Retail & Commercial Banking

B2C - DEBIT

Underbanked/Unbanked



Blockchain



Students



Freelancers



Millennials



Kids



CREDIT

Students



Home owners



Underbanked/Unbanked



SMB/SMEs



Expense Management



Freelancers



Tech Startups



B2B - DEBIT

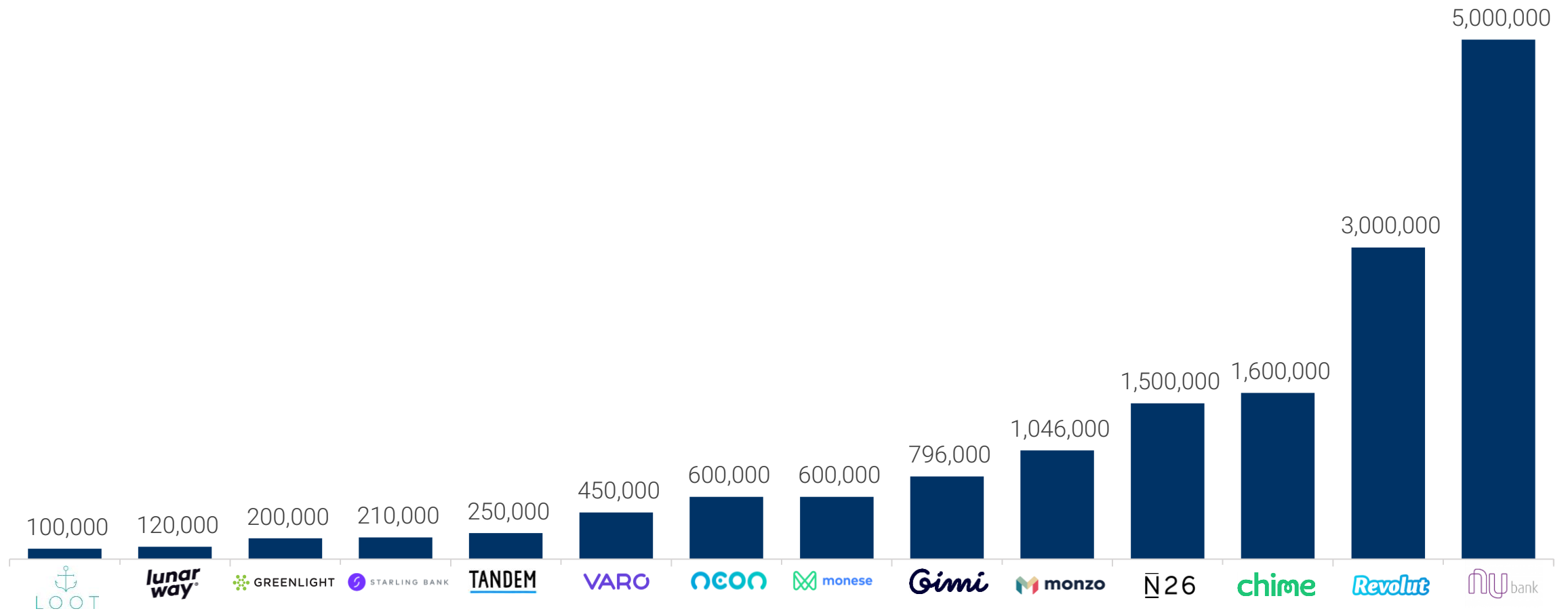


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WHY BANKS SHOULD CARE

Fintech challengers have 15M+ reported users

Combined, startups disrupting banking have attracted millions of customers, accounts, and downloads



Startups targeting the next generation of bank customers to teach money fundamentals early

Select Q3'18 digital banking deals

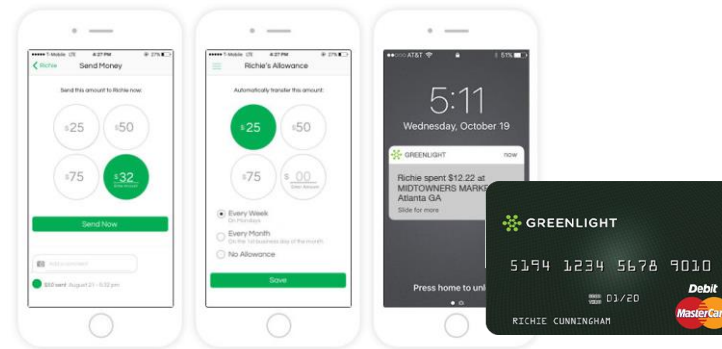


Focus: Automated allowance

Milestone: In September 2018, Current crossed 200,000 customers.

Q3'18 Funding: \$2.81 Series A-III

Select Investors: QED Investors, Expa, Fifth Third Bank



Focus: Reloadable debit cards

Milestone: In March 2018, Greenlight crossed 100,000 customers.

Q3'18 Funding: \$40M Undisclosed

Select Investors: Amazon Alexa Fund, NEA, SunTrust, Social Capital, Ally Financial



Focus: Pre-paid cards

Milestone: In August 2018, Spriggy reported 125,000 parents and kids (about 45,000 families) had signed up.

Q3'18 Funding: Undisclosed Series A

Select Investors: Alium Capital, Grok Ventures

DIGITAL BANKS TARGETING NICHE PAIN POINTS SEE SUDDEN INVESTOR INTEREST



Last Funding

\$125M Series C // Oct'18

Valuation

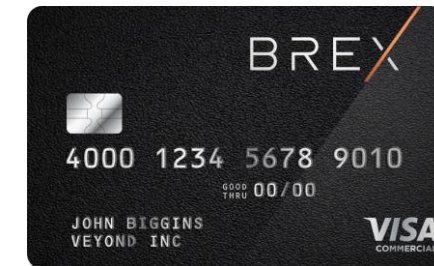
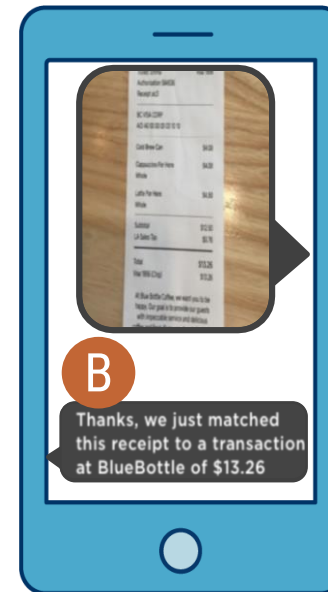
\$1.1B

Brex is a San Francisco-based B2B financial services company that extends credit to startups. Startups typically do not meet financial qualifications for business credit. Leveraging an in-house KYC and underwriting process, Brex issues credit based on the amount of money in the startup's corporate bank account.

Brex's core products include a credit card issued in partnership with Visa and Sutton Bank that links to a mobile app that automatically captures, manages, and digitizes expenses. Brex launched out of beta in June 2018 and reports having onboarded 1,000 customers.

Select Investors

DST, Green Oaks Capital, Ribbit Capital, Y Combinator, Max Levchin, Peter Thiel



SELECT STARTUP CUSTOMERS



MORE TO COME?

Regulators are lowering barriers for tech entrants

The Hong Kong Monetary Authority
announces details on its virtual bank
licenses

May 30, 2018 |  South China Morning Post

Standard Chartered says it will apply to
operate a virtual bank in Hong Kong

March 26, 2018 |  South China Morning Post

Fintech regulations: Chile follows Mexico's
lead

May 15, 2018 |  Bnamericas

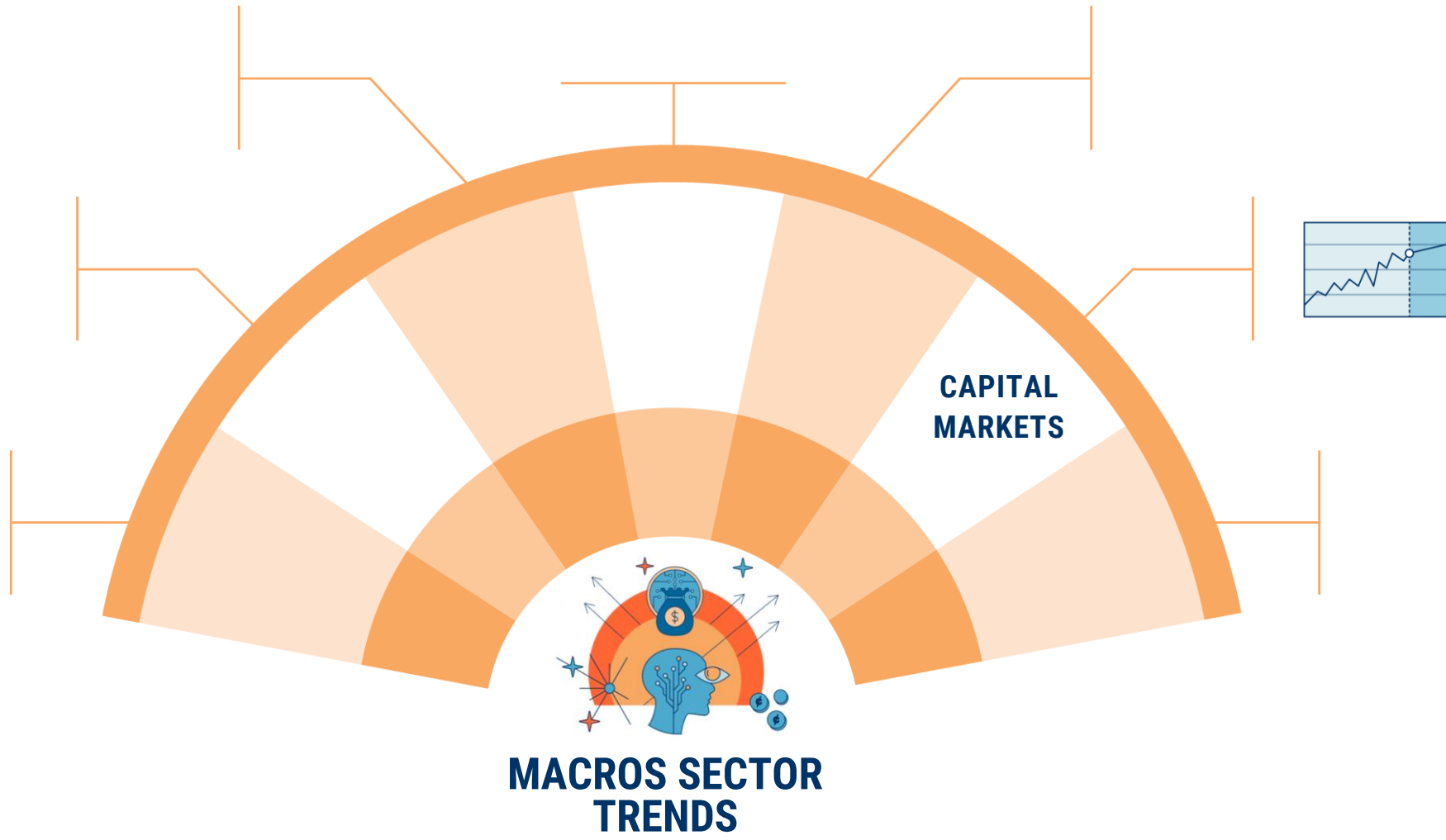
Brazil cuts interest rates to new record low
of 6.5%

March 21, 2018 |  FINANCIAL TIMES

US's OCC Provides a Path for FinTech
Charters

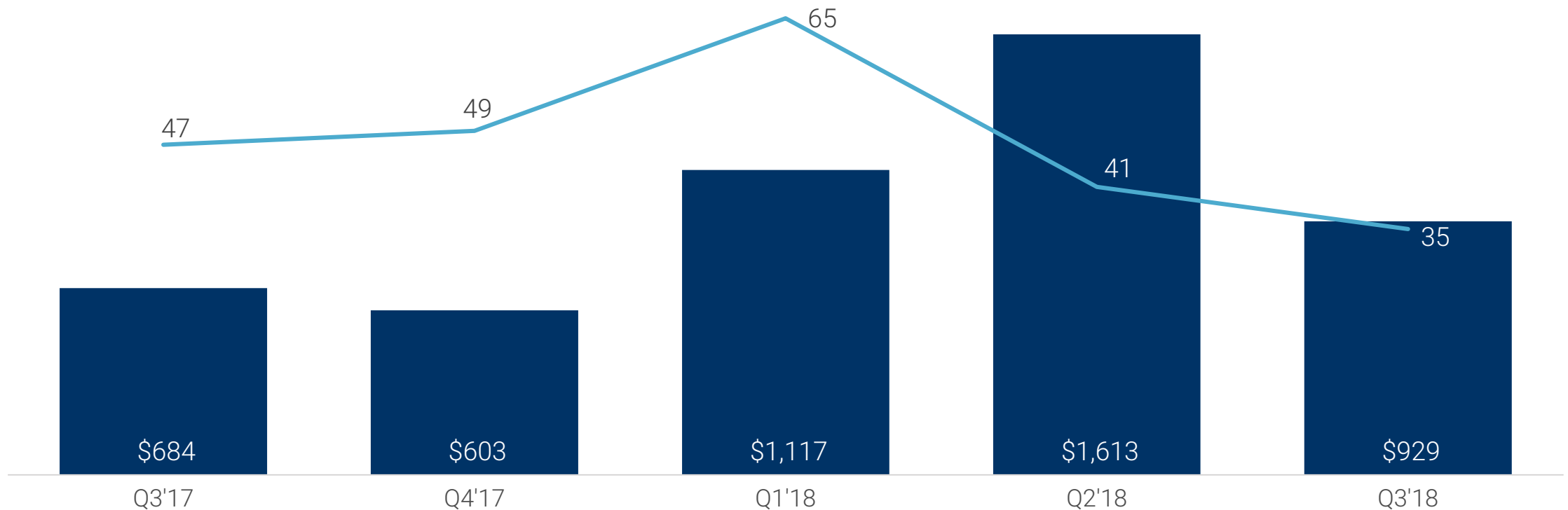
August 24, 2018 |  JD SUPRA®

GLOBAL VC-BACKED FINTECH Q3'2018

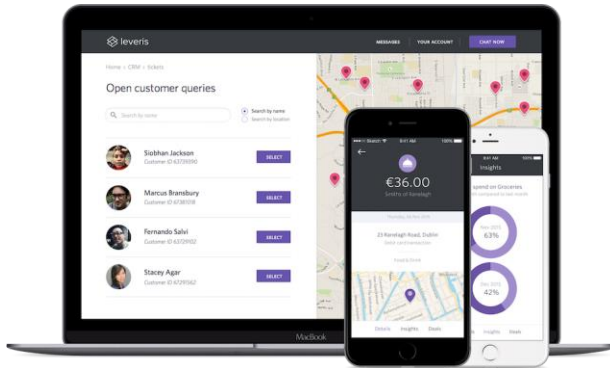


Capital markets tech funding deals drop to five-quarter low

Global capital markets tech VC-backed fintech financing trends, Q3'17 – Q3'18, (\$M)



Emerging banking-as-a-service startups look to give “legacy infrastructure” a fintech facelift



Last Funding

\$17.4M Corp. Minority // Ireland

Leveris is an end-to-end white-label platform that provides banking infrastructure. The “bank-in-a-box” service helps both financial institutions and fintechs to run core services.

Select Investors

Link Market Services



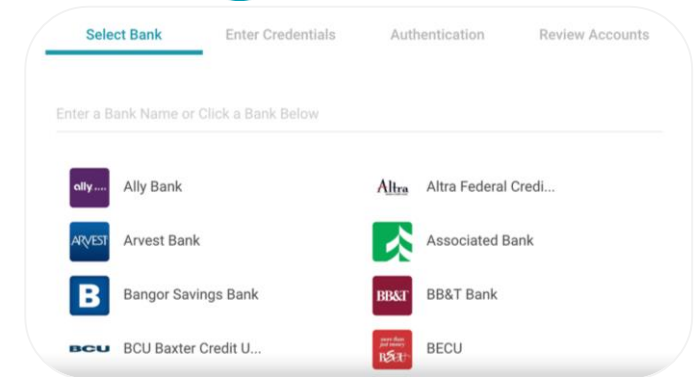
Last Funding

\$8.75M Series A // Amsterdam

Cobase is a platform offering multi-bank connectivity that makes direct connections with banks or uses existing networks like SWIFT. Key features include a central payment hub, cash management, and treasury management modules.

Select Investors

ING Ventures



Last Funding

\$17M Series A // United States
SynapseFI's API allows fintech developers to connect with banks to build fin services and for banks to automate & extend back-end operations. SynapseFI has processed \$10B transactions for 1.5M customers.

Select Investors

Core Innovation Capital, Trinity Ventures

INVESTORS LOOK TO RPA FOR WHITE COLLAR AUTOMATION



Last Funding

\$235M Series C // Q3'18

Valuation \$3B

UiPath specializes in robotic process automation, leveraging computer vision to operate the user interface layer of software more efficiently & accurately than human users.

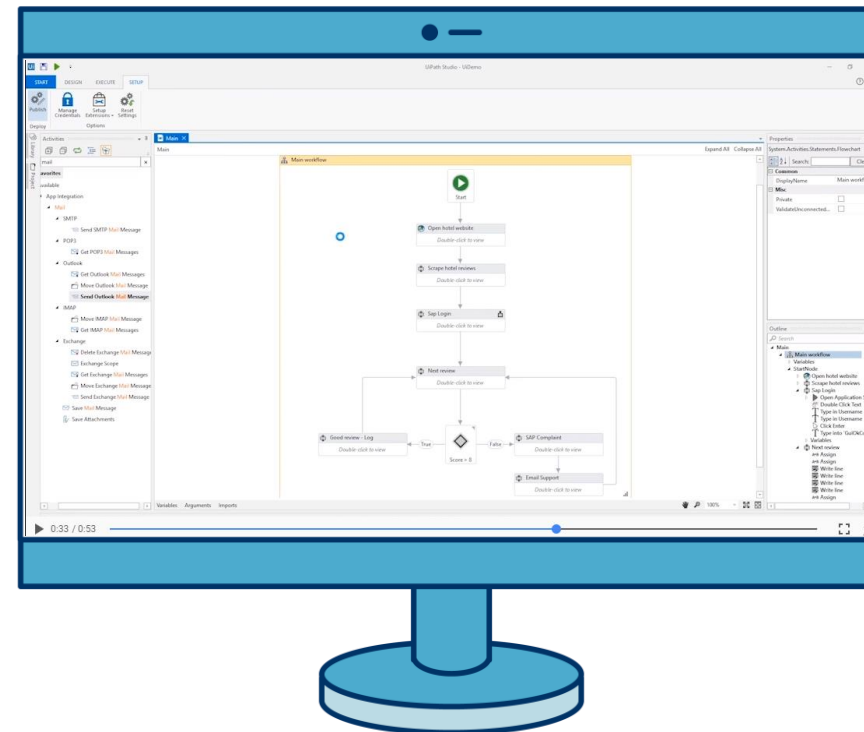
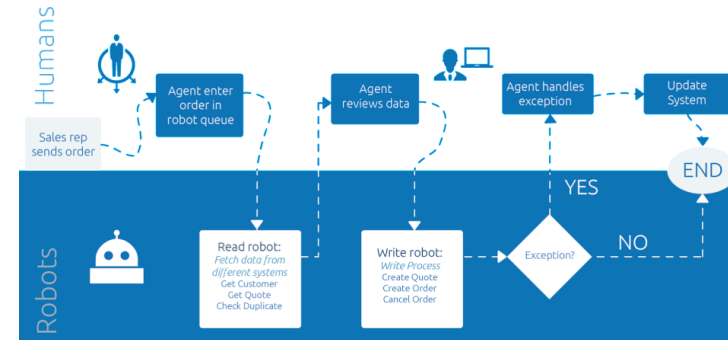
Select Investors

Sequoia, Accel, capitalG, Credo Ventures, Kleiner Perkins Caufield & Byers

SELECT CUSTOMERS



EXAMPLE WORKFLOW AUTOMATION



OVER A DECADE IN THE MAKING, “RPA” IS THE NEW “BIG DATA”

RPA companies move upmarket to automate white collar jobs in financial services



Established: 2003

Focus: Automation Anywhere is a cognitive RPA platform that uses AI and machine learning to learn from human behavior to automate business processes both on-premise and in the cloud. The company works across industries including financial services.

Q3'18 Funding: \$250M Series C*

Valuation: \$1.8B

Select Investors: General Atlantic, Goldman Sachs, NEA

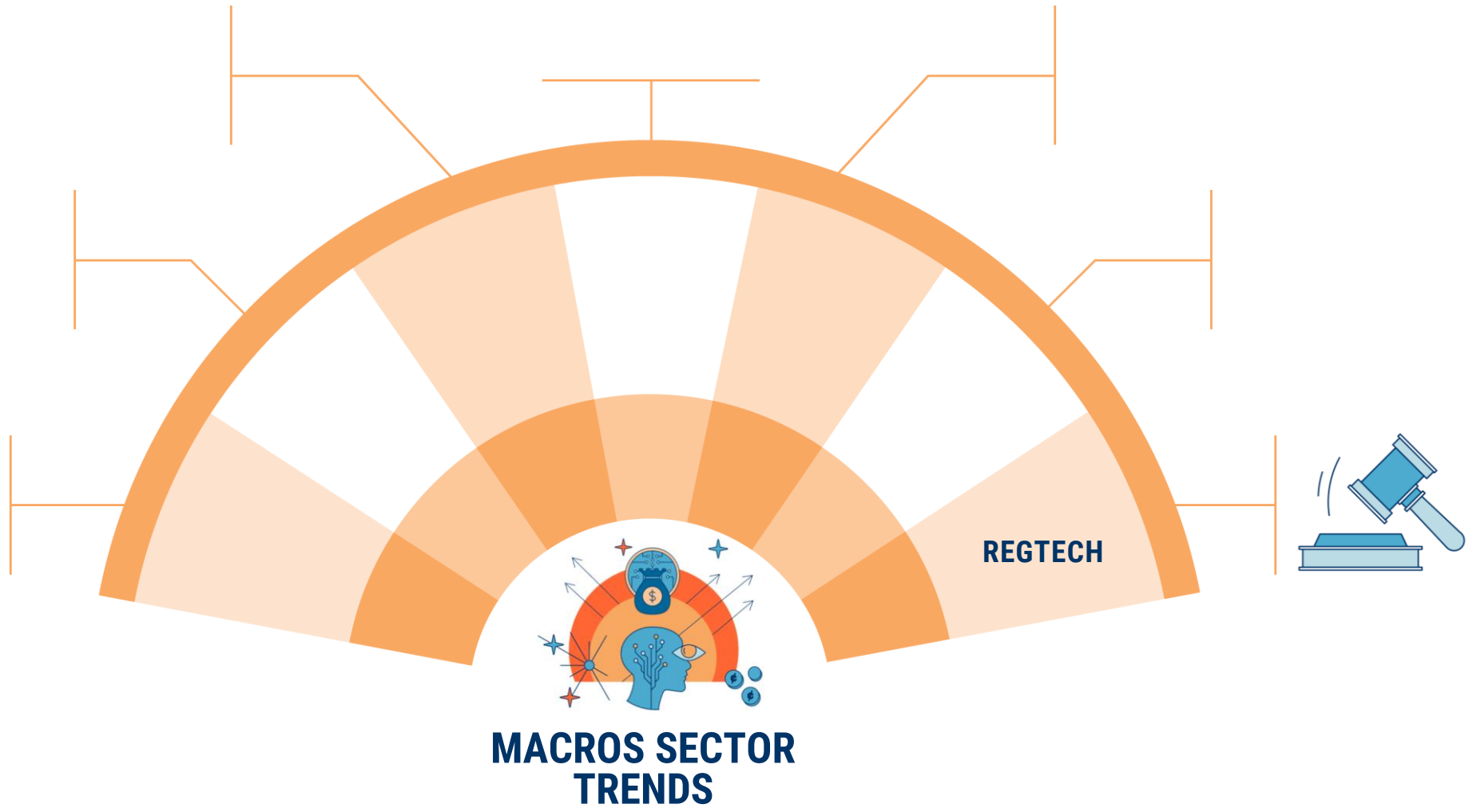


Established: 2005

Focus: Softomotive offers automation solutions designed to improve operational efficiency, reduce costs, limit exposure to risk, and drive compliance. The company deploys its RPA software to organizations in banking, insurance, accounting, and others.

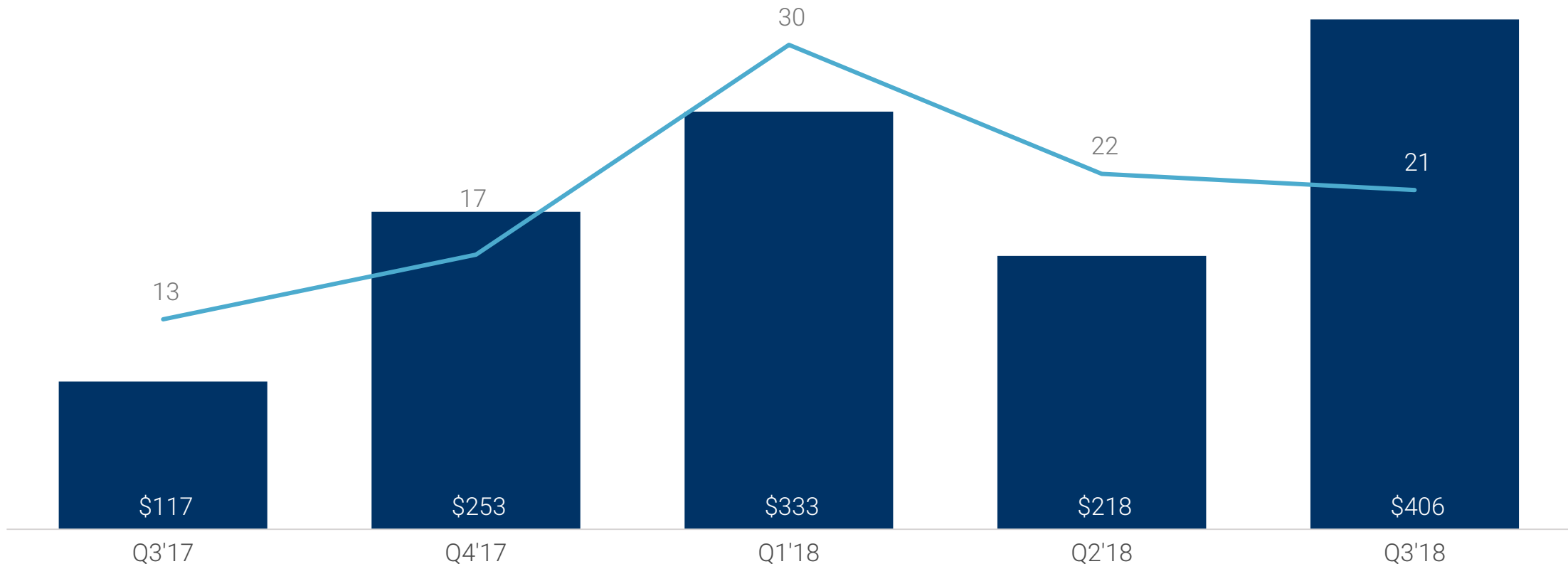
Q3'18 Funding: \$25M Series A*

Select Investors: Grafton Capital



Regtech sees pullback in early-stage deals and funding flows to established business

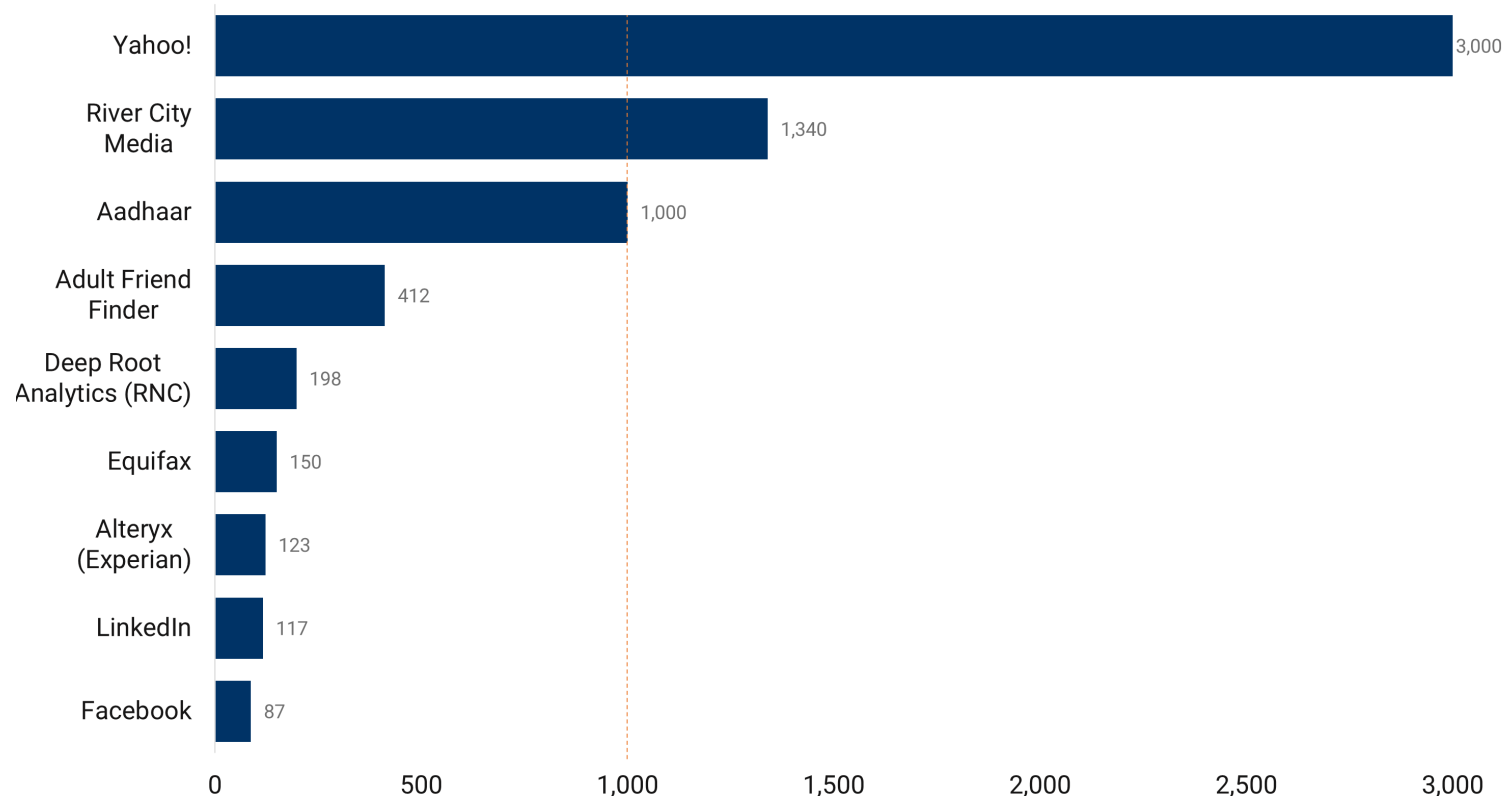
Global regtech VC-backed fintech financing trends, Q3'17 – Q3'18, (\$M)



Data breaches prevail as the number of compromised data records continues to climb

2016 - 2018 YTD (9/14/2018)

Data on number of records breached compiled by Breach Level Index as of August, 2018.



Incumbents jump in on data-as-a-service startups to upgrade fraud prevention on heels of breaches



Headquarters: UK

Focus: Ongoing surveillance and AML compliance

Description: Quantexa uses big data analytics to tackle complex financial crime and data challenges within the financial services, corporate, and public sectors.

Q3'18 Funding: \$20M Series B

Select Investors: Albion Capital, Dawn Capital, HSBC Venture Capital



Headquarters: US

Focus: Knowledge graphs and data mapping

Description: Enigma aggregates data into representations of real-world relationships, providing a source of intelligence on people, places, and companies.

Q3'18 Funding: \$95M Series C

Select Investors: BB&T, Capital One Growth Ventures, Comcast Ventures, Crosslink Capital, MetLife, NEA, Partnership Fund for New York City, Third Point, Two Sigma Ventures



Acquired



Headquarters: US

Acquired Q3'18

Focus: Real-time credit reporting, data certification, and authentication services

APPENDIX Q3'18:

VC-backed fintech regional trends

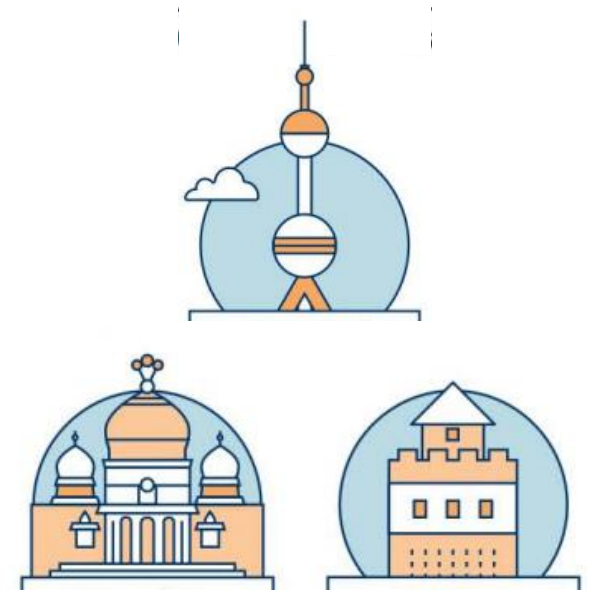


ASIA FINTECH VC-BACKED EQUITY FUNDING IN Q3'18:

\$1.81 BILLION

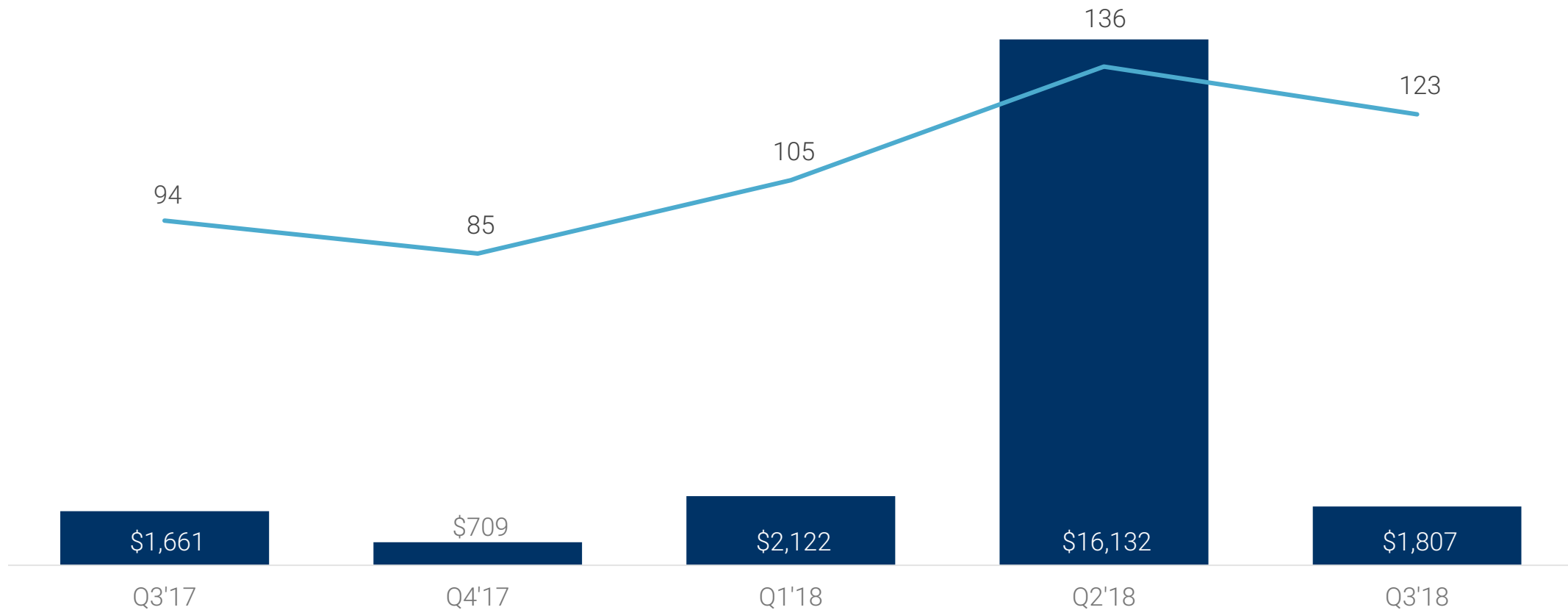
ACROSS

123 DEALS



Asia sees deals and funding level out after record in Q2'18

Asia VC-backed fintech financing trends, Q3'17 – Q3'18, (\$M)



US FINTECH VC-BACKED EQUITY FUNDING IN Q3'18:

\$2.8 BILLION

ACROSS

130 DEALS



US deals dip near 5-quarter low

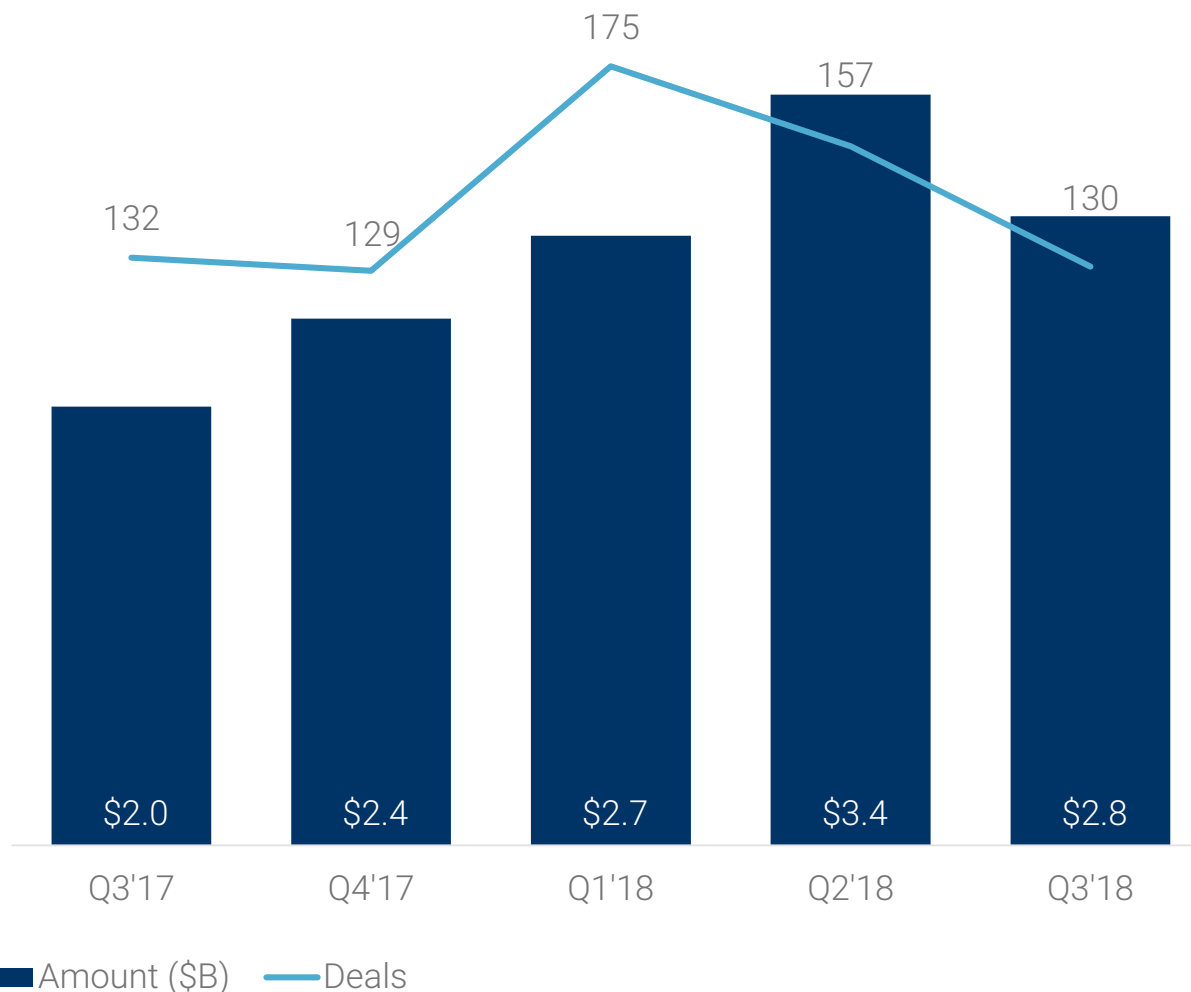
Early-stage deals slipped after a record Q2'18 causing deals to drop for the second consecutive quarter in Q3'18.

Funding dipped slightly from Q2'18 highs and saw a boost from 7 mega-rounds worth \$1.3B.

Unicorns Stripe, Oscar, Gusto, and UiPath all raised mega-rounds in Q3'18.

US fintech funding deals and funding dipped in Q3'18

US VC-backed fintech financing trends, Q3'17 – Q3'18, (\$B)

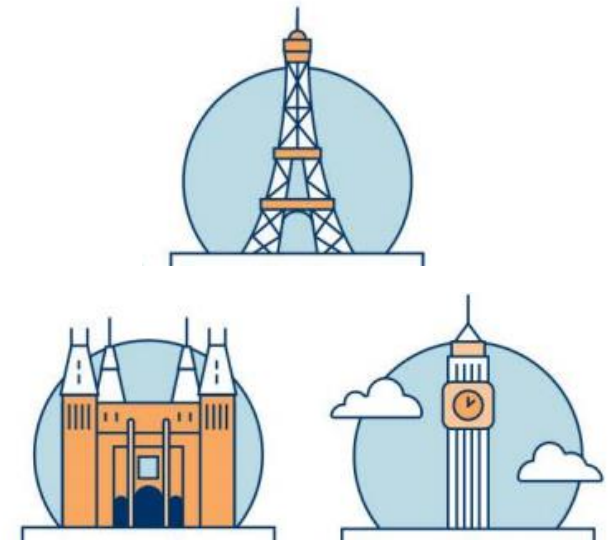


EUROPE FINTECH VC-BACKED EQUITY FUNDING IN Q3'18:

\$764 MILLION

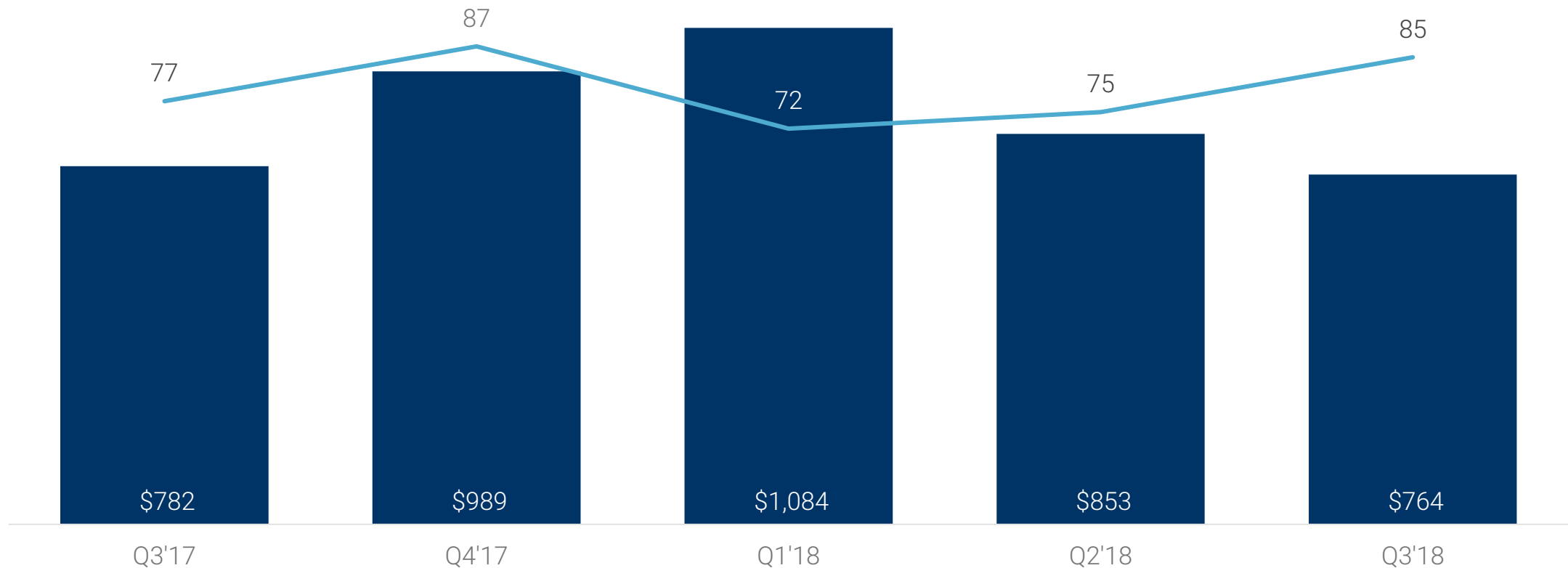
ACROSS

85 DEALS



Despite the dip in funding, deals in Europe jumped driven by a fresh crop of early-stage fintechs

Europe VC-backed fintech financing trends, Q3'17 – Q3'18, (\$M)



UK fintech
recovered after
Brexit fears stalled
quarterly deals

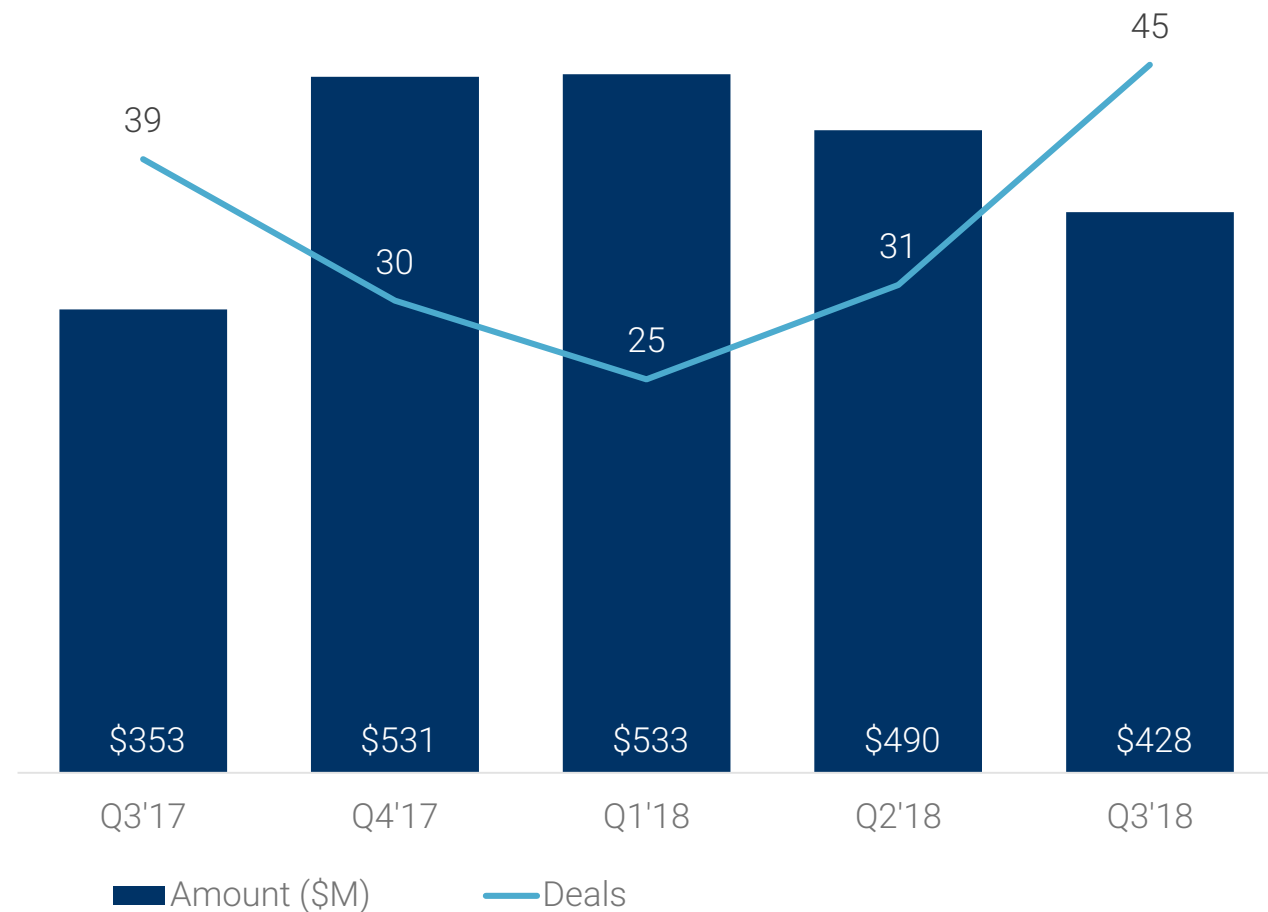
UK fintech saw deals hit a 5-
quarter high of 45, up 15%
from Q3'17.

The UK represented 53% of
total deals in Europe.



UK-based fintech rebounded to a 5-quarter high

UK VC-backed fintech financing trends, Q3'17 – Q3'18, (\$M)



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 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). *Note:* For the purposes of this analysis, JD.com's finance arm JD Finance and its \$1B financing were included in the data per its investment from Sequoia Capital China in Q1'16.
- Only includes the investment made in the quarter for tranching 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?

The CB Insights platform has the details on all the data included in this report

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