

INNOVATE
FINANCE

2019 FinTech
Investment Landscape

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Innovate Finance is the independent industry body that represents and advances the global FinTech community in the UK. Our mission is to accelerate the UK's leading role in the financial services sector by directly supporting the next generation of technology-led innovators.

Innovate Finance's membership ranges from seed-stage startups and global financial institutions to investors, professional services firms, and global FinTech hubs. All benefit from Innovate Finance's unique position as the single point of access to promote enabling policy and regulation, talent and skills, business opportunity and growth, and investment capital.

By bringing together and connecting the most forward-thinking participants in financial services, Innovate Finance is helping create a global financial services sector that is more transparent, more sustainable and more inclusive.

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BROADGATE

Global FinTech Investment Falls

Global investment in FinTech decreased 28% in 2019 to \$35.7 billion, dragged down by a sharp fall in funding to Chinese FinTechs. The relative value of the top five deals in 2019 has decreased to its lowest level in the past five years at 11% of the total investment, versus 40% in 2018.

Nearly all global regions saw an increase in investment aside from Asia, which decreased 73% from \$28.8 billion to \$7.8 billion due to a significant drop in large deals in China. Investment increased 25% in North America to \$17.3 billion, and 49% in Europe to \$8.5 billion. North America received nearly half (49%) and Europe a quarter (24%) of total global investment in 2019.

FinTech Startups Continue to Raise Big Rounds

2019 continued the trend of an ever increasing total number of big fundraises. Globally, there were 86 mega deals in 2019 (deals exceeding \$100m in value), an increase of 23% from 70 mega deals in 2018. Over half of all mega deals occurred in North America (56%) and a fifth in Europe (20%). The largest three deals globally were Paytm (\$1.7 bn, India), Greensill Capital (\$800m, UK), Chime (\$500m, USA), SoFi (\$500m, USA) and Mission Lane (\$500m, USA). Corporate participation in global FinTech investment continues to increase, rising to 20% in 2019 from 18% of all deals in 2018.

UK FinTech Accelerates to New Record

The United Kingdom ranked second globally (and number one in Europe) with \$4.9 bn of investment (up 38% on 2018) across 359 deals (down 9%).

The top five deals in Europe were Greensill Capital (\$800m, UK), N26 (\$470m, Germany), Klarna (\$460m, Sweden), WeFox (\$235m, Germany) and Checkout.com (\$230m, UK). The UK saw significant fundraises in 2019, accounting for 7 of the 10 largest deals in Europe.

Looking more closely at trends within the UK, investment in female-led businesses stands at only 10% of all investment and 11% of deals. London remains the incumbent centre of investment receiving 88% of investment and 78% of all deals.



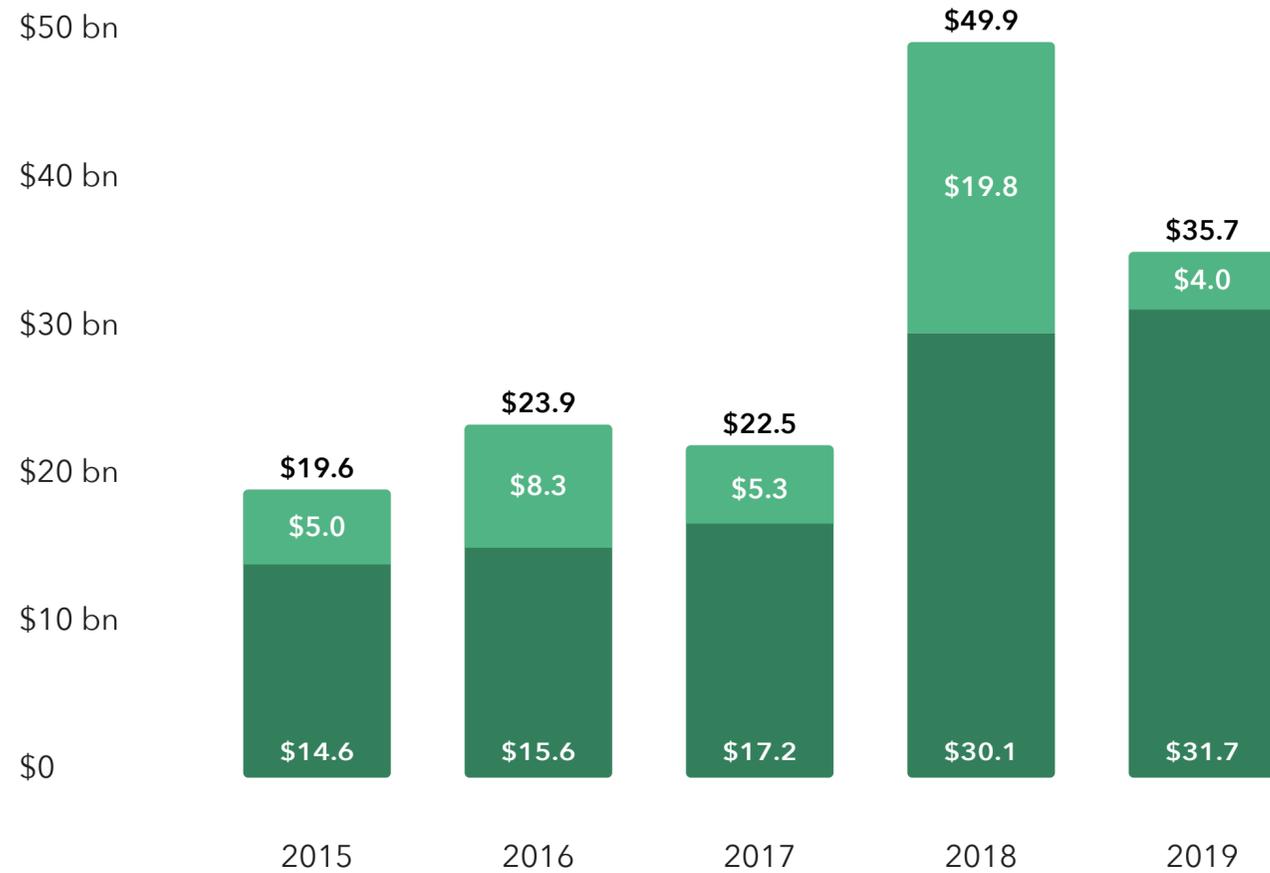
Global

FinTech investment falls to \$35.7 billion across 2,827 deals

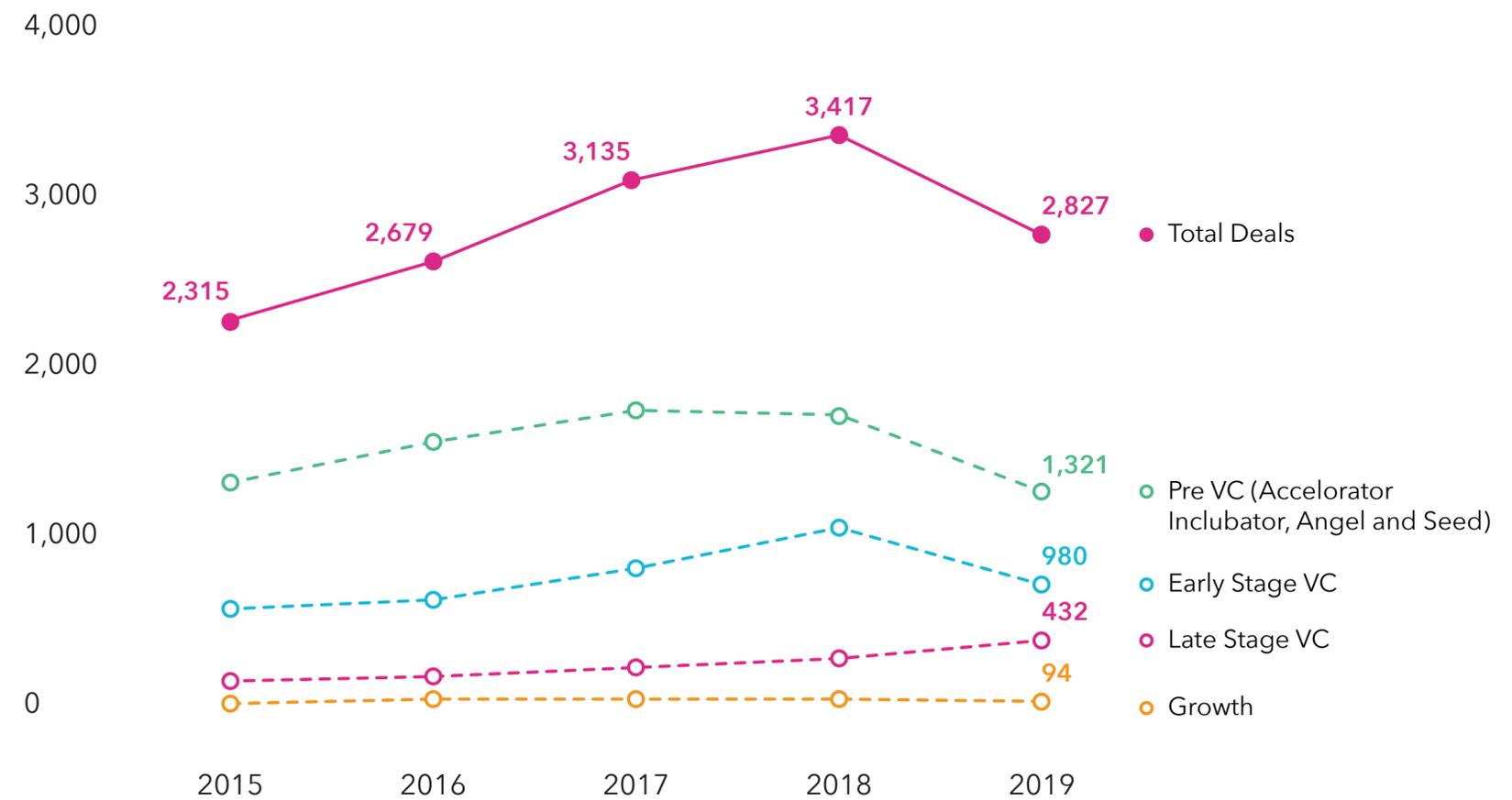
Global investment in FinTech has decreased 28% in 2019 to \$35.7 billion, dragged down by a sharp fall in funding to Chinese FinTechs. The relative value of the top five deals in 2019 has decreased to its lowest level in the past five years at 11% of the total investment, versus 40% in 2018. The number of deals has decreased 17% to 2,827. Corporate investors were active in a fifth of all deals in 2019 continuing a steady increase from 13% in 2015.

Capital Invested (\$ bn)

Capital from top 5 Deals



Deal Count



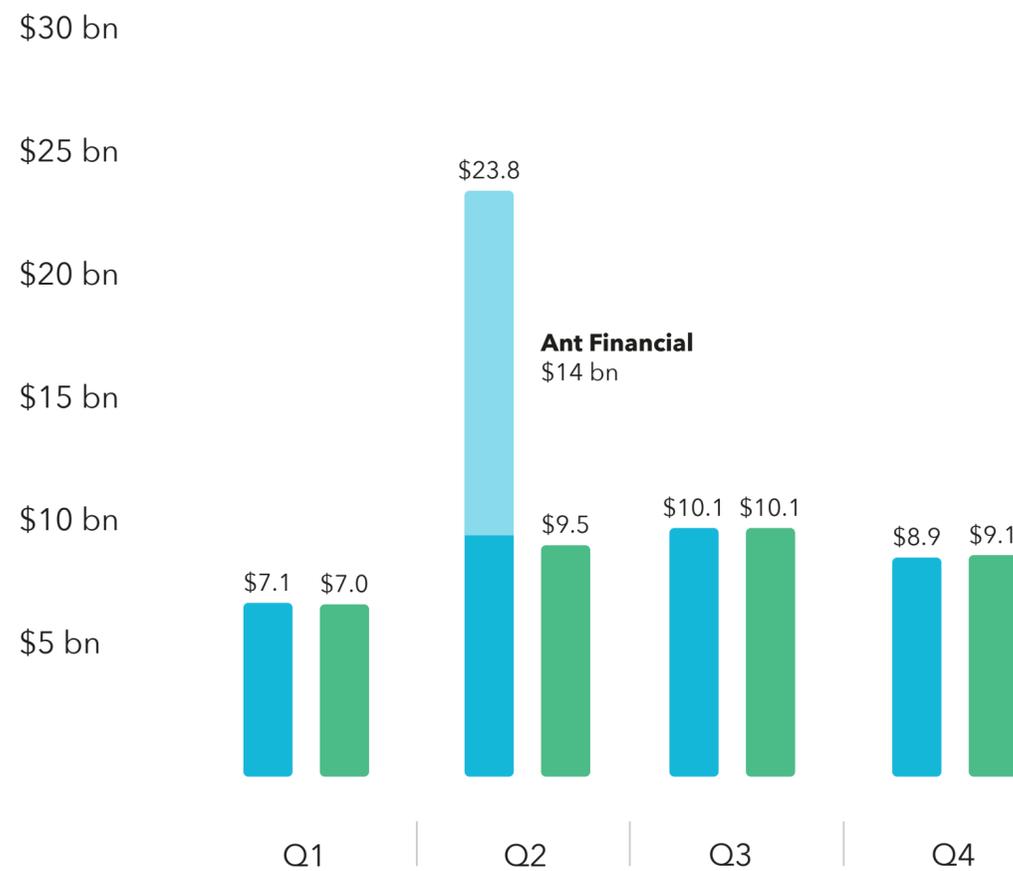
Source: PitchBook. Data has not been reviewed or approved by PitchBook analysts.

Two Year Quarterly Analysis

Ant Financial's \$14 billion record fundraising in Q2 2018 is clearly reflected in a quarterly analysis. Aside from Q2, investment levels remain very close across most quarters between 2018 and 2019. Deal volume by quarter is consistently lower across 2019.

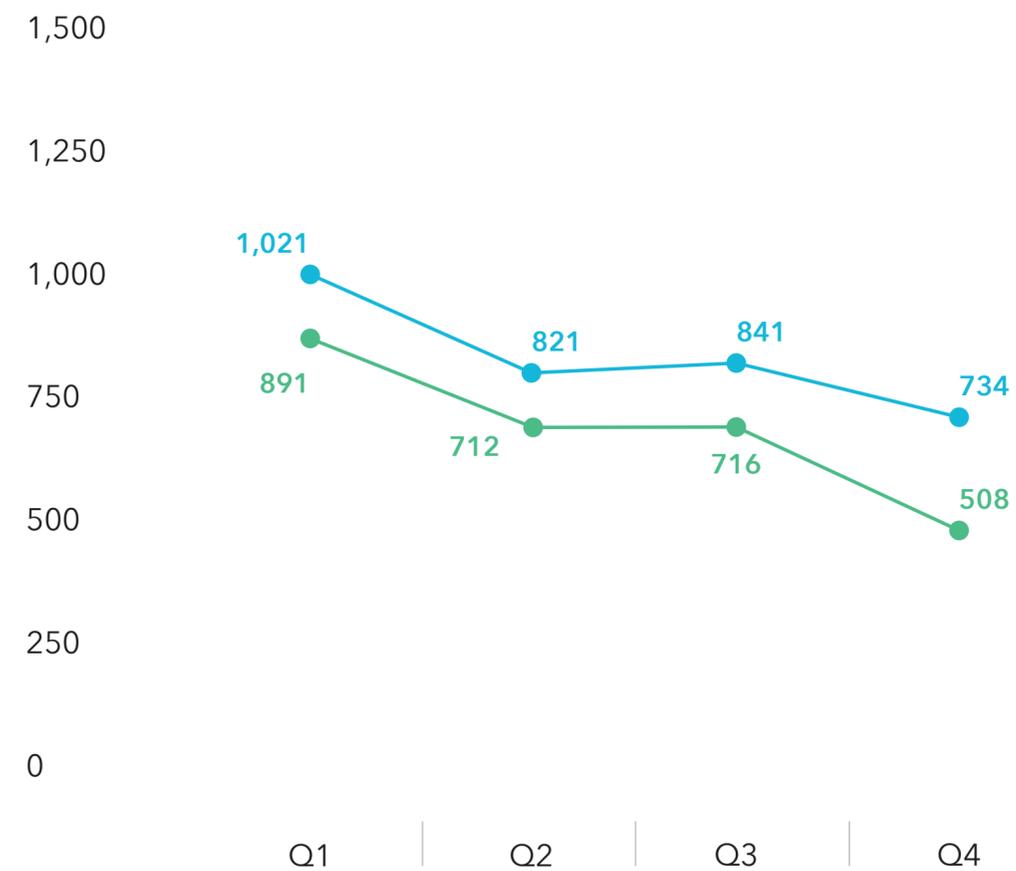
Capital Invested (\$bn)

2018 2019



Deal Count

2018 2019

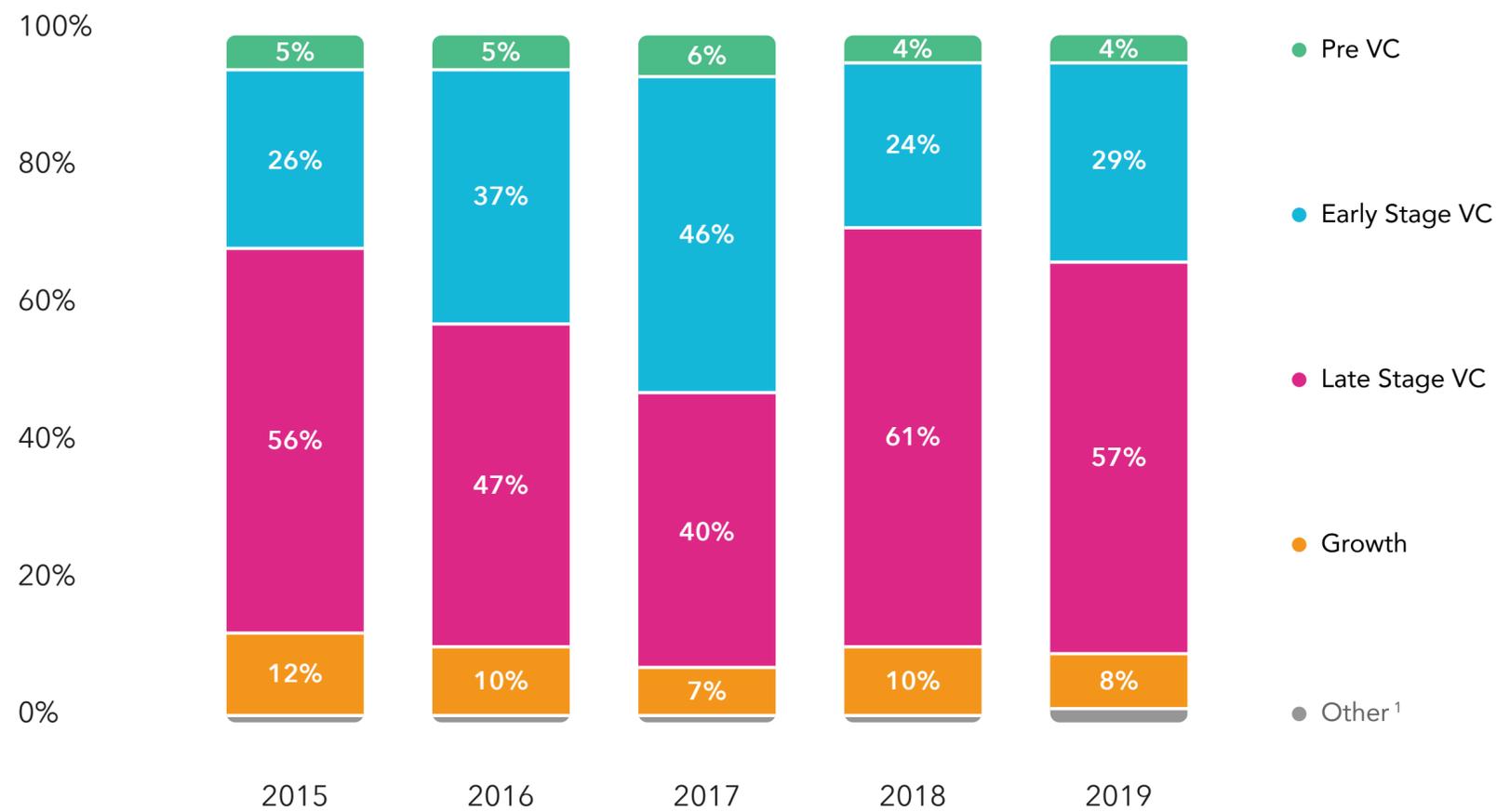


Source: PitchBook. Data has not been reviewed or approved by PitchBook analysts.

Late stage deals dominate funding

Late stage deals dominate the majority of all funding into global FinTech. Late Stage VC and Growth combined represented 65% of all investment in 2019, down from 71% in 2018.

Capital invested by deal type (%)

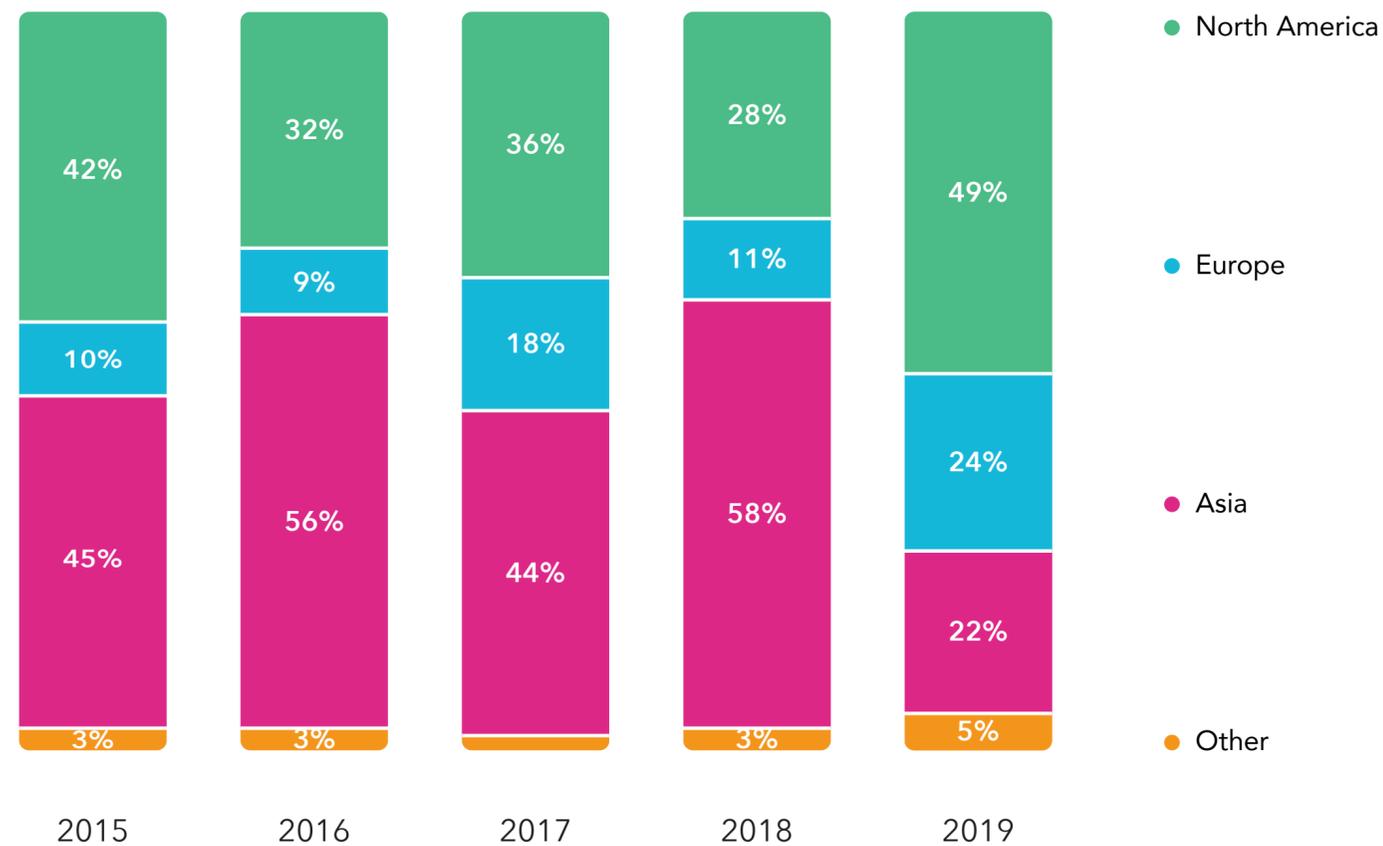


Source: PitchBook. Data has not been reviewed or approved by PitchBook analysts.

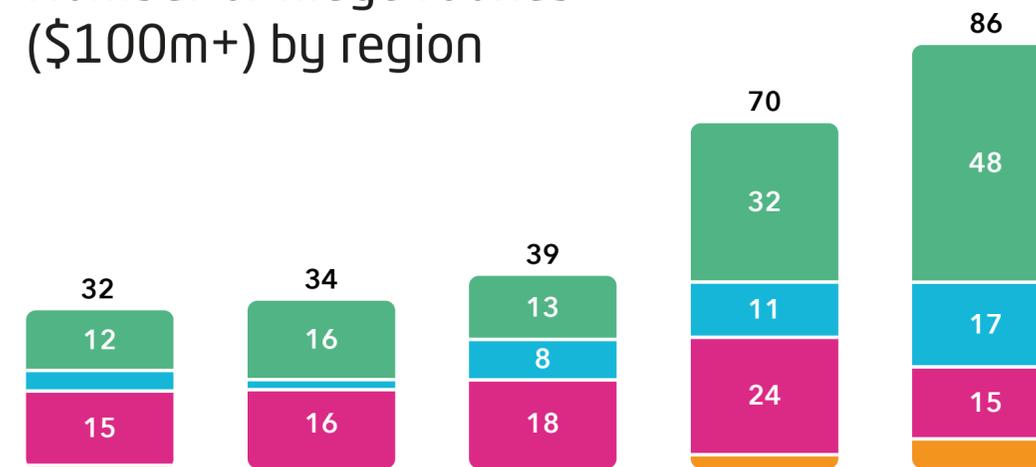
Investment in Asia falls off in 2019

Nearly all global regions saw an increase in investment aside from Asia, which decreased 73% from \$28.8 billion to \$7.8 billion due to a significant drop in large deals in China. Investment increased 25% in North America to \$17.3 billion, and 49% in Europe to \$8.5 billion. North America received nearly half (49%) and Europe a quarter (24%) of total global investment in 2019. The overall number of mega deals continues to rise, increasing 23% in 2019 to 86 deals.

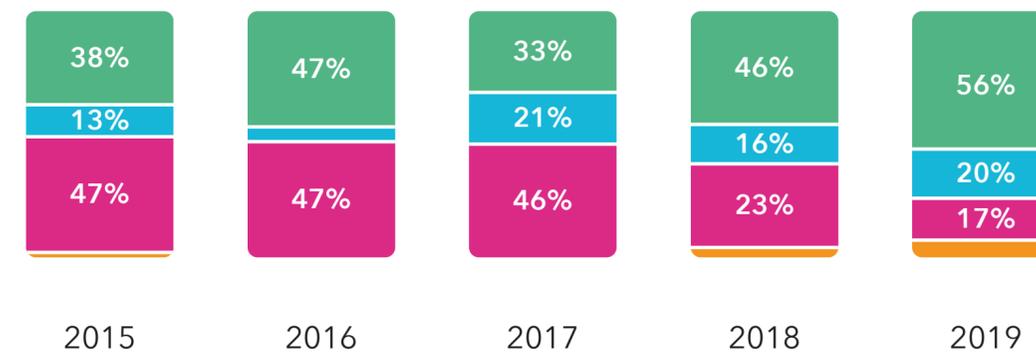
Capital invested (%) by region



Number of mega rounds (\$100m+) by region

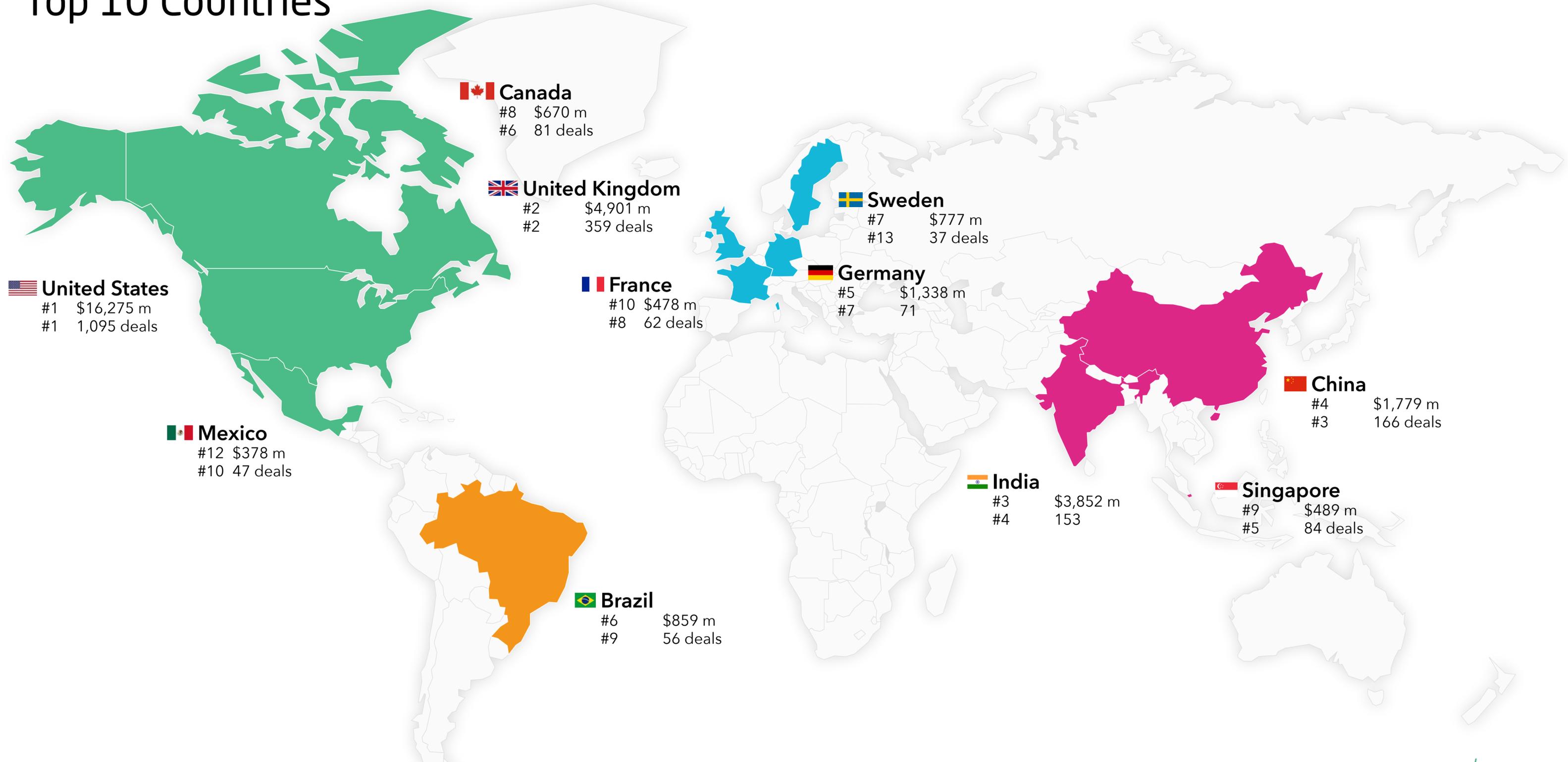


Percentage breakdown by region



Source: PitchBook. Data has not been reviewed or approved by PitchBook analysts.

Global Top 10 Countries



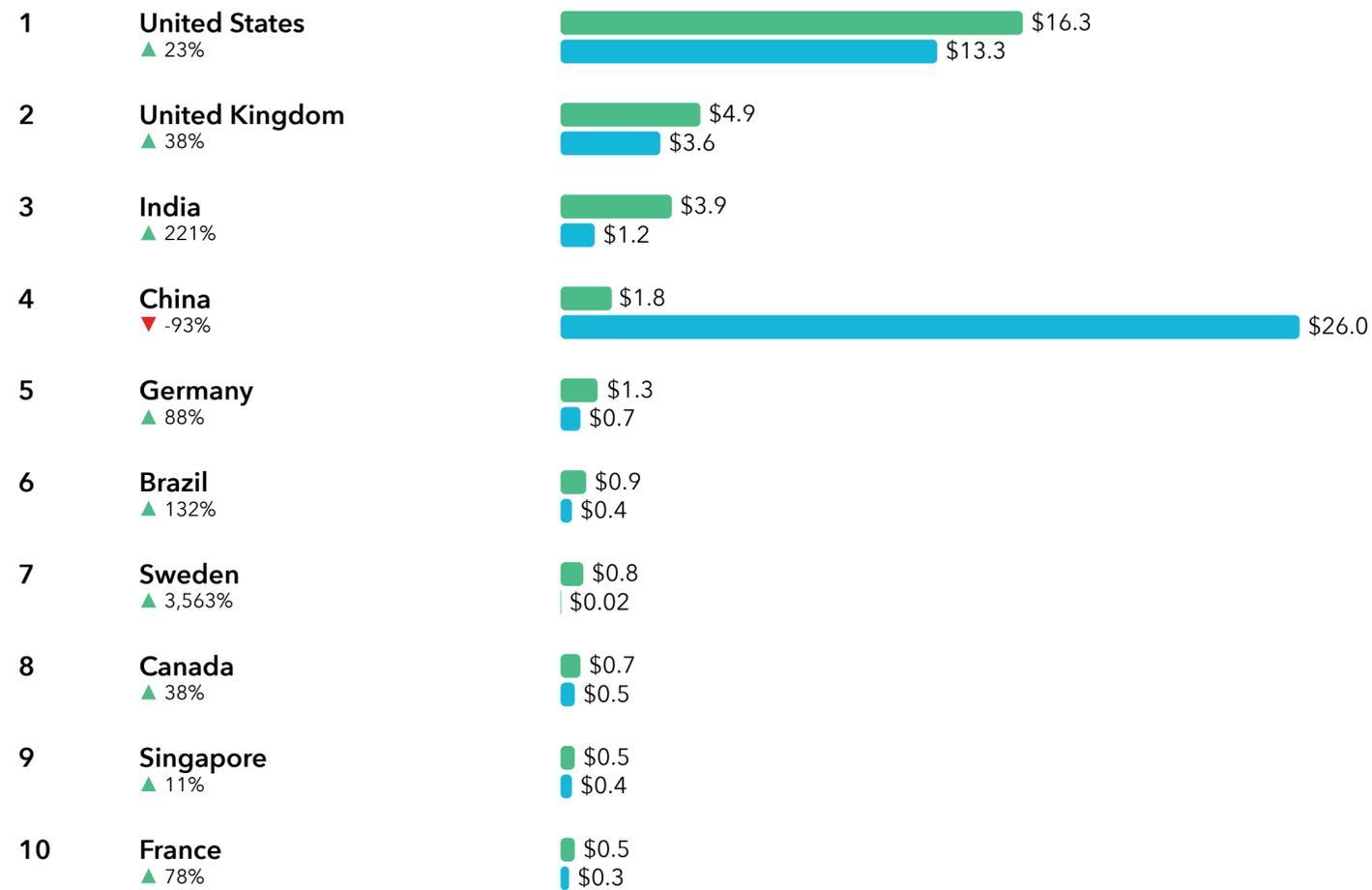
Source: PitchBook. Data has not been reviewed or approved by PitchBook analysts.

Top 10 Countries

The United States leads global FinTech investment with \$16.3 billion across 1,095 deals in 2019, nearly a quarter increase (23%) from 2018. FinTech investment in China slumped 93%, from \$26.0 billion in 2018 to \$1.8 billion in 2019. Indian FinTech investment reached \$3.8 billion, bringing it to third in the world, with Paytm's \$1.7 billion fundraise. Brazil more than doubled its investment figure to reach \$859 million, taking it to sixth in the global rankings, with large raises by challenger bank Nubank (\$400 million) and consumer lender Creditas (\$230 million). Sweden also joined the top ten rankings with significant fundraises by payments company Klarna (\$460 million and \$107 million) and open banking platform Tink (\$63 million).

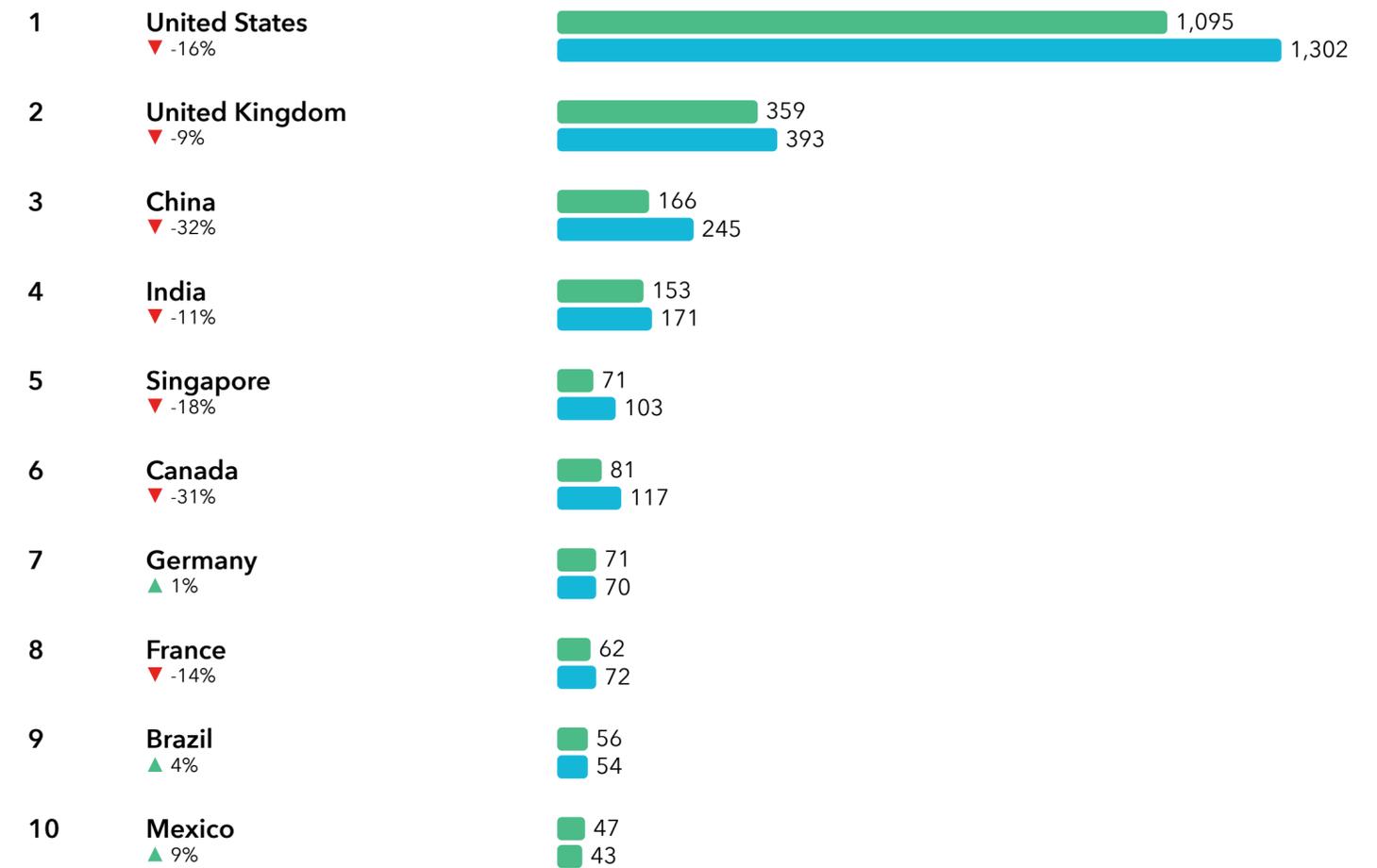
Capital Invested (\$bn)

2019 2018



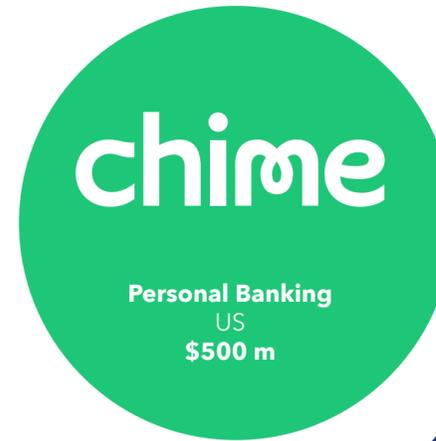
Deal Count

2019 2018



Source: PitchBook. Data has not been reviewed or approved by PitchBook analysts.

Global Top 10 Deals



Source: PitchBook. Data has not been reviewed or approved by PitchBook analysts.

Europe

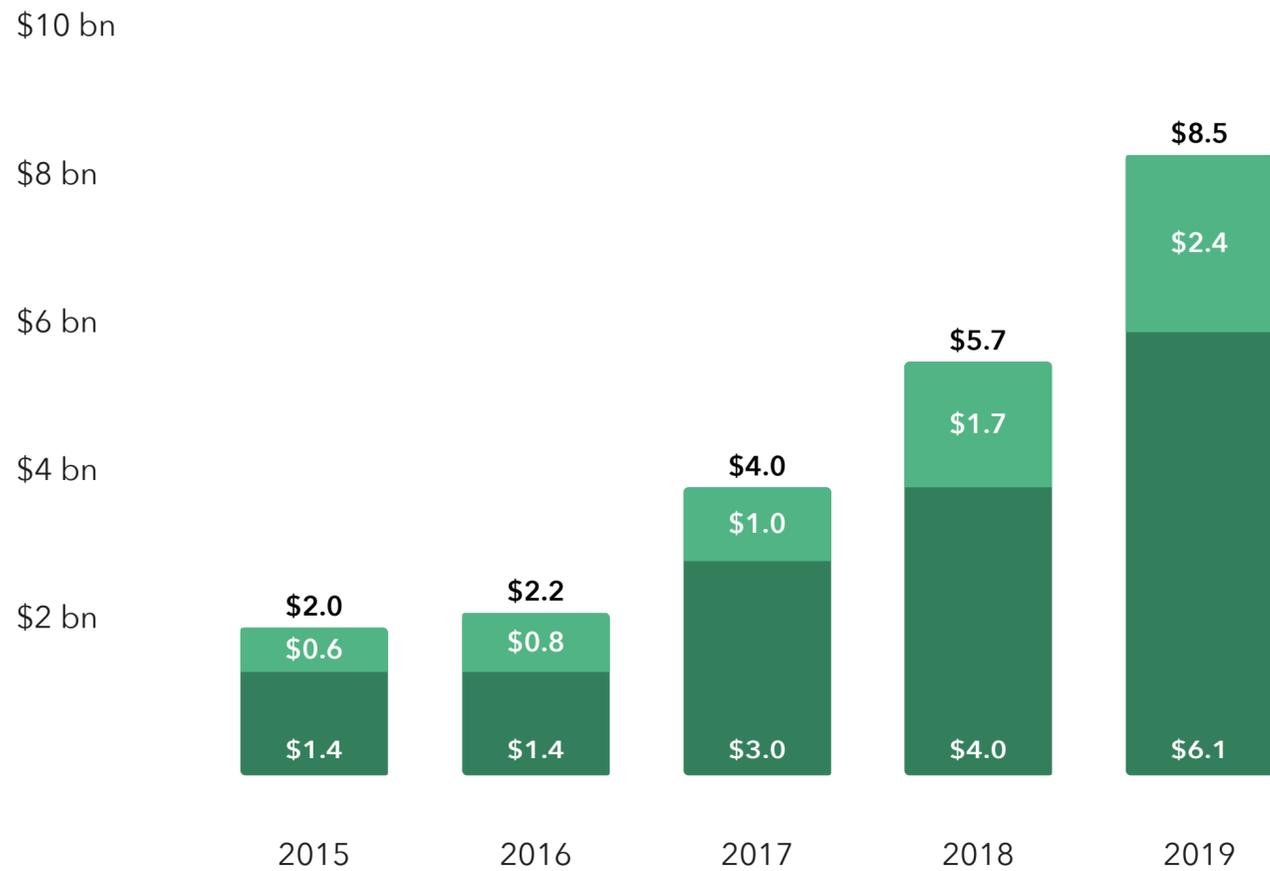


FinTech Investment in Europe rises 49%

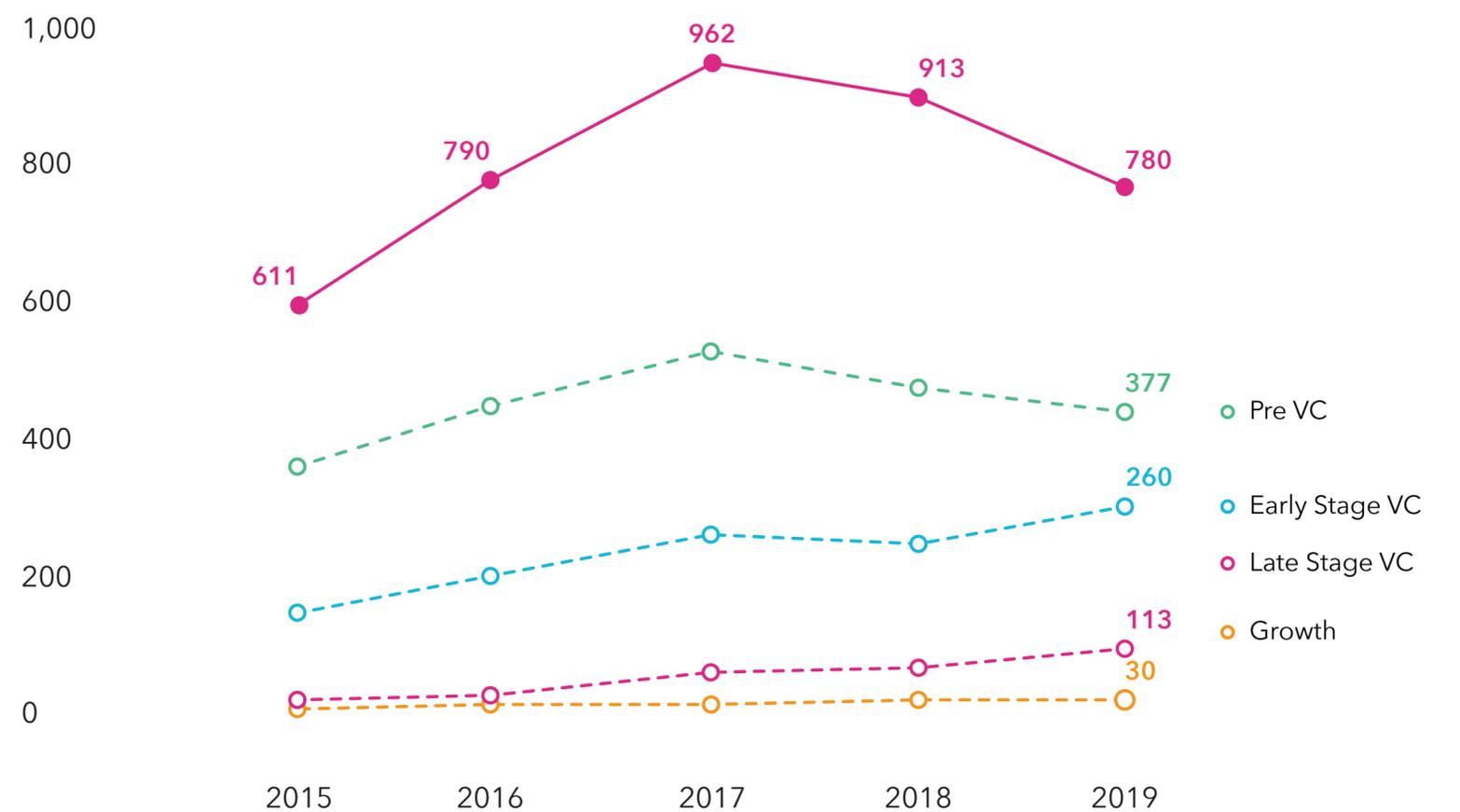
European FinTech continues to accelerate, rising 49% to \$8.5 billion of investment. Europe's major FinTech ecosystems in the UK, Germany, France and Sweden all attracted record investment in 2019. The total number of deals decreased 15% to from 913 to 780.

Capital Invested (\$ bn)

Capital from top 5 Deals

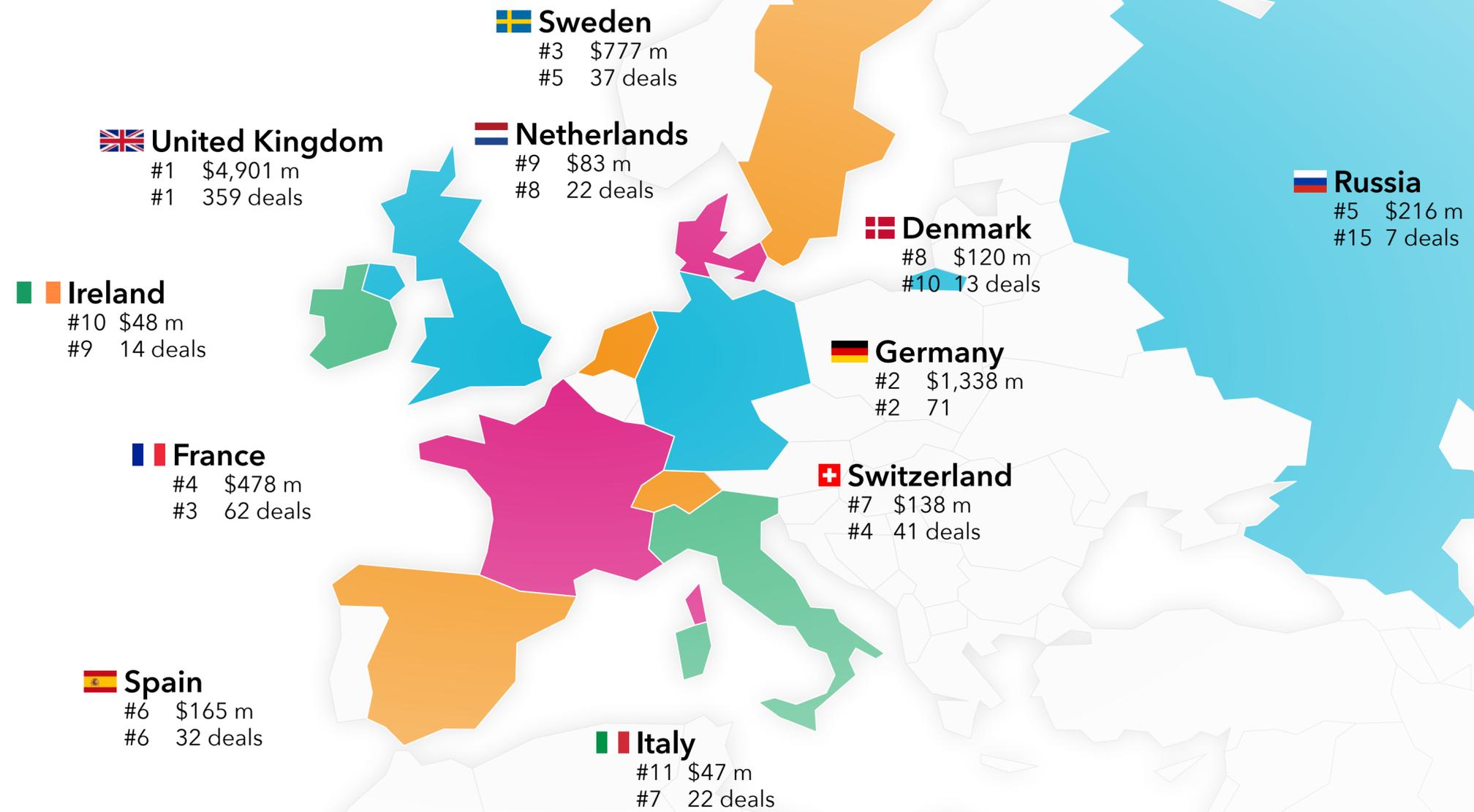


Deal Count



Source: PitchBook. Data has not been reviewed or approved by PitchBook analysts.

Top 10 European Countries

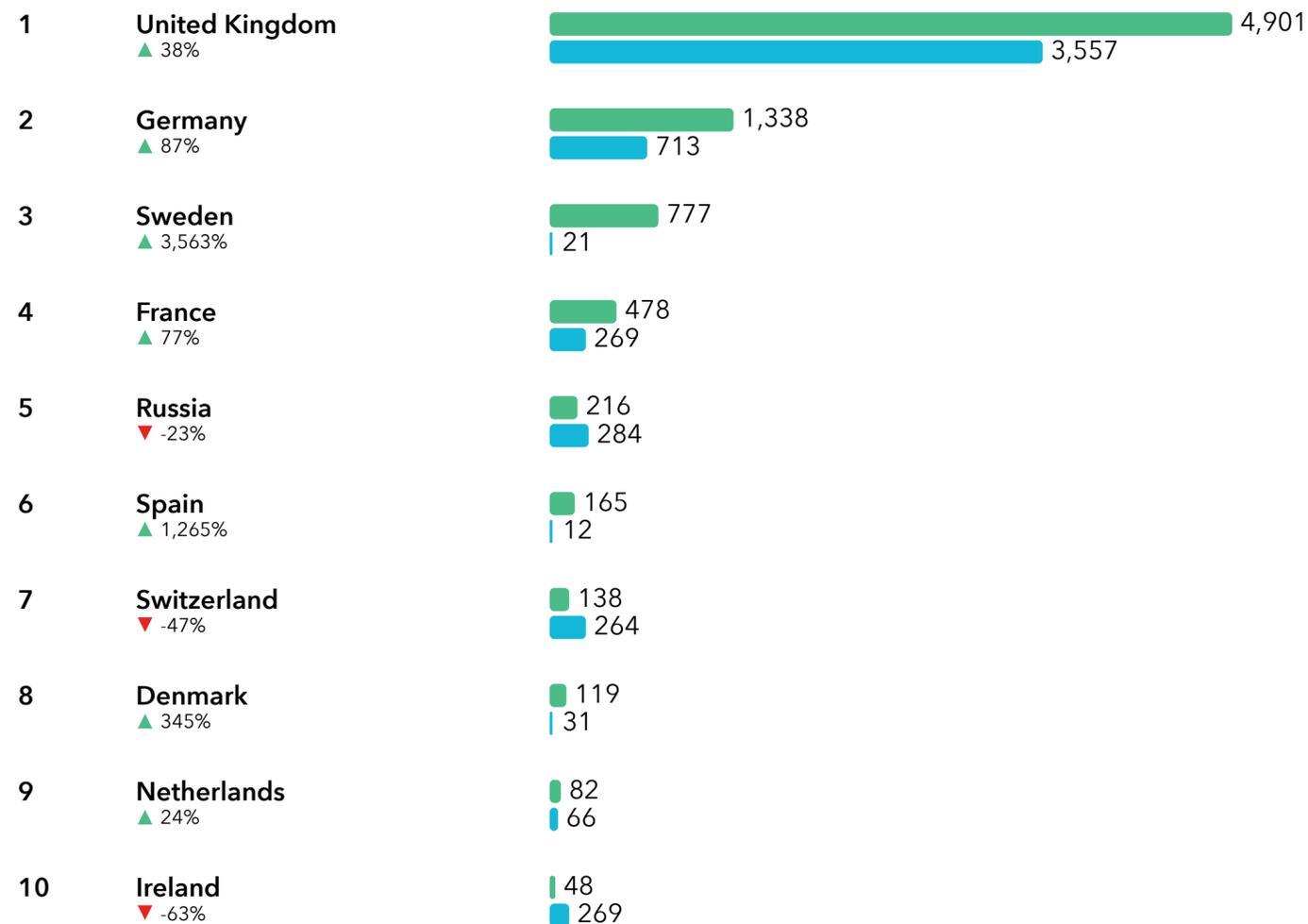


Top 10 Countries

The United Kingdom ranked number one in Europe with \$4.9 billion of investment (up 39% on 2018) across 359 deals (down 9%). German investment accelerated to \$1.3 billion (88% increase YoY), and Sweden ranked third, buoyed by large fundraises at Klarna and Tink.

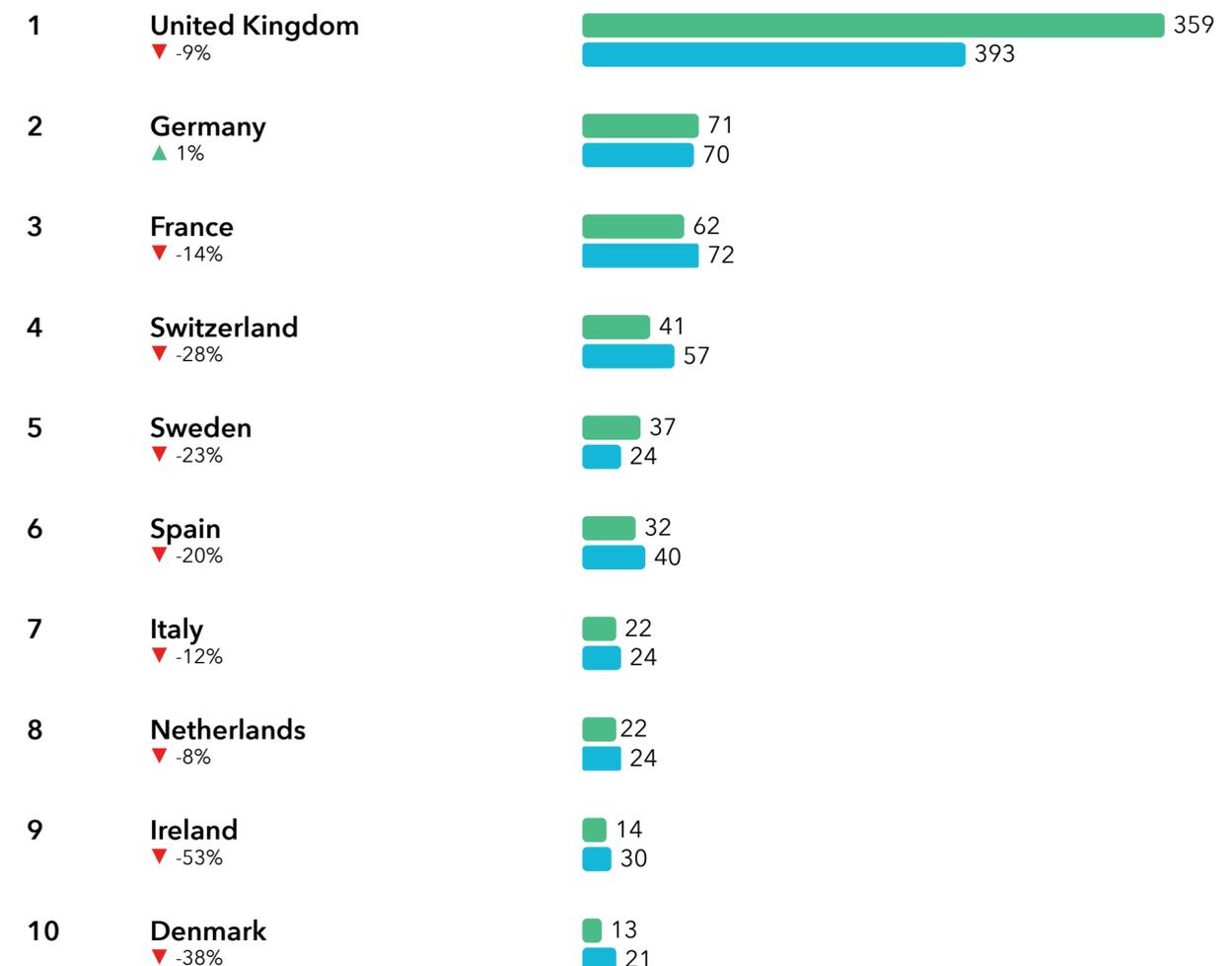
Capital Invested (\$ m)

2019 2018



Deal Count

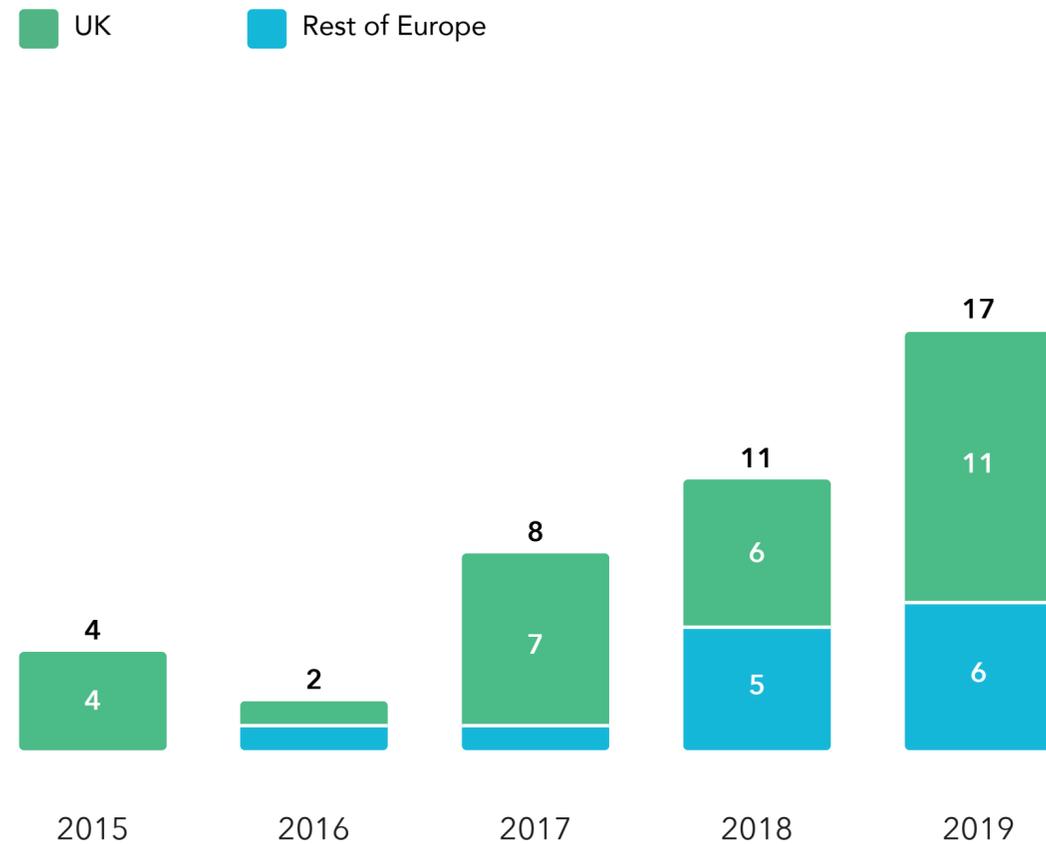
2019 2018



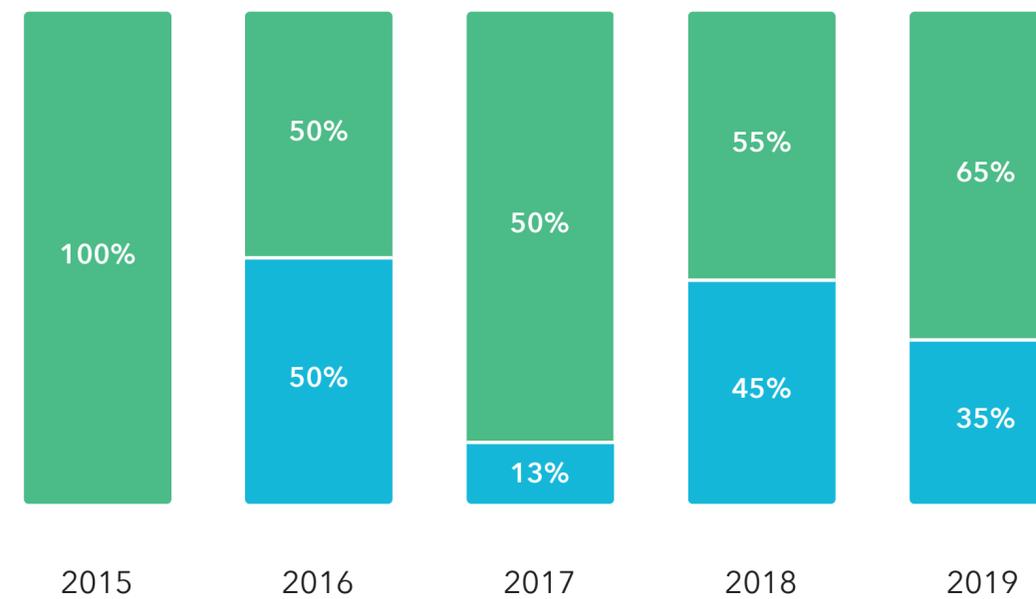
Number of European mega deals increase 55%

The number of mega deals in Europe increased 55% from last year, rising from 11 to 17. The UK has consistently represented over half of all mega deals in Europe over the last five years.

Number of mega rounds (\$100m+)



Percentage breakdown (%)



Europe Top 10 Deals



Source: PitchBook. Data has not been reviewed or approved by PitchBook analysts.



United Kingdom

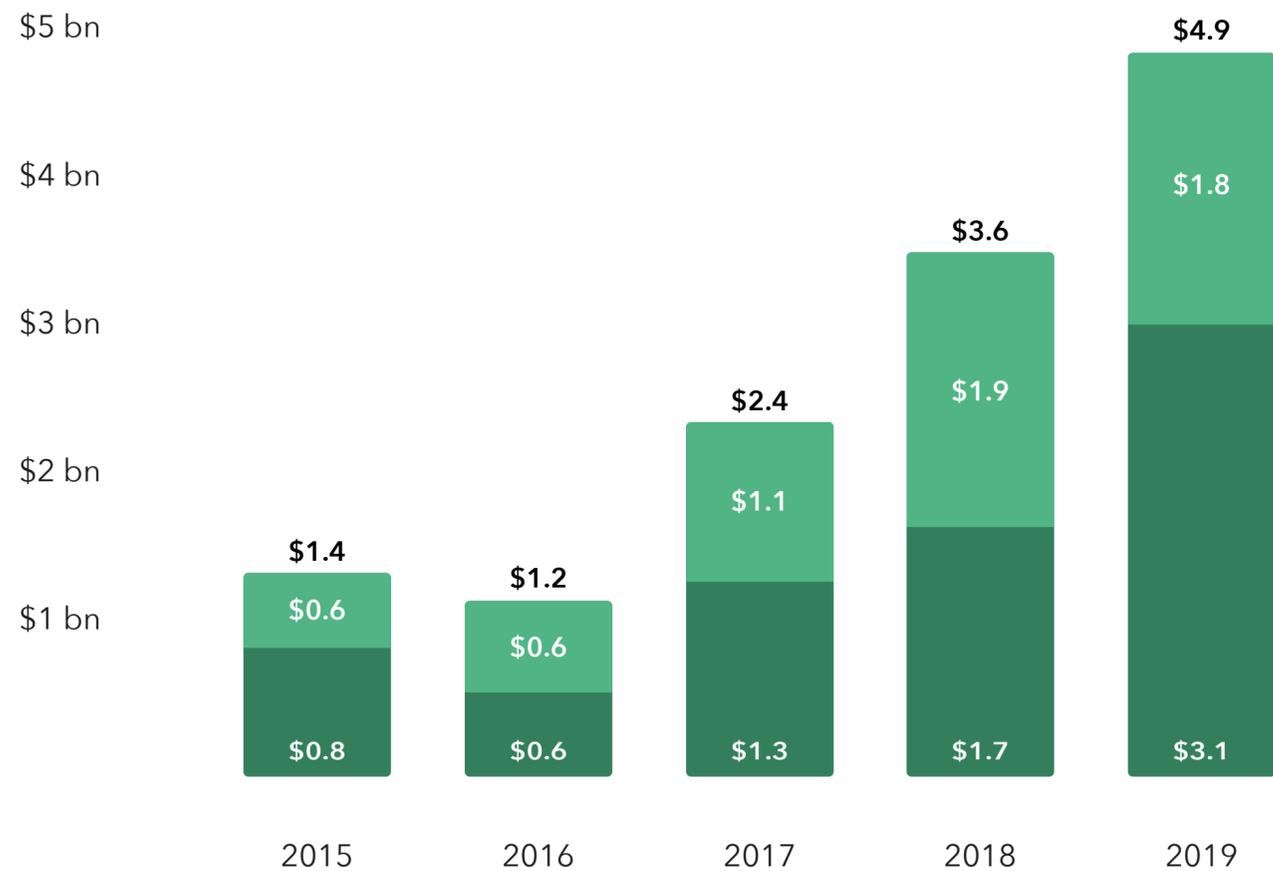


UK FinTech investment rises 38% to new record

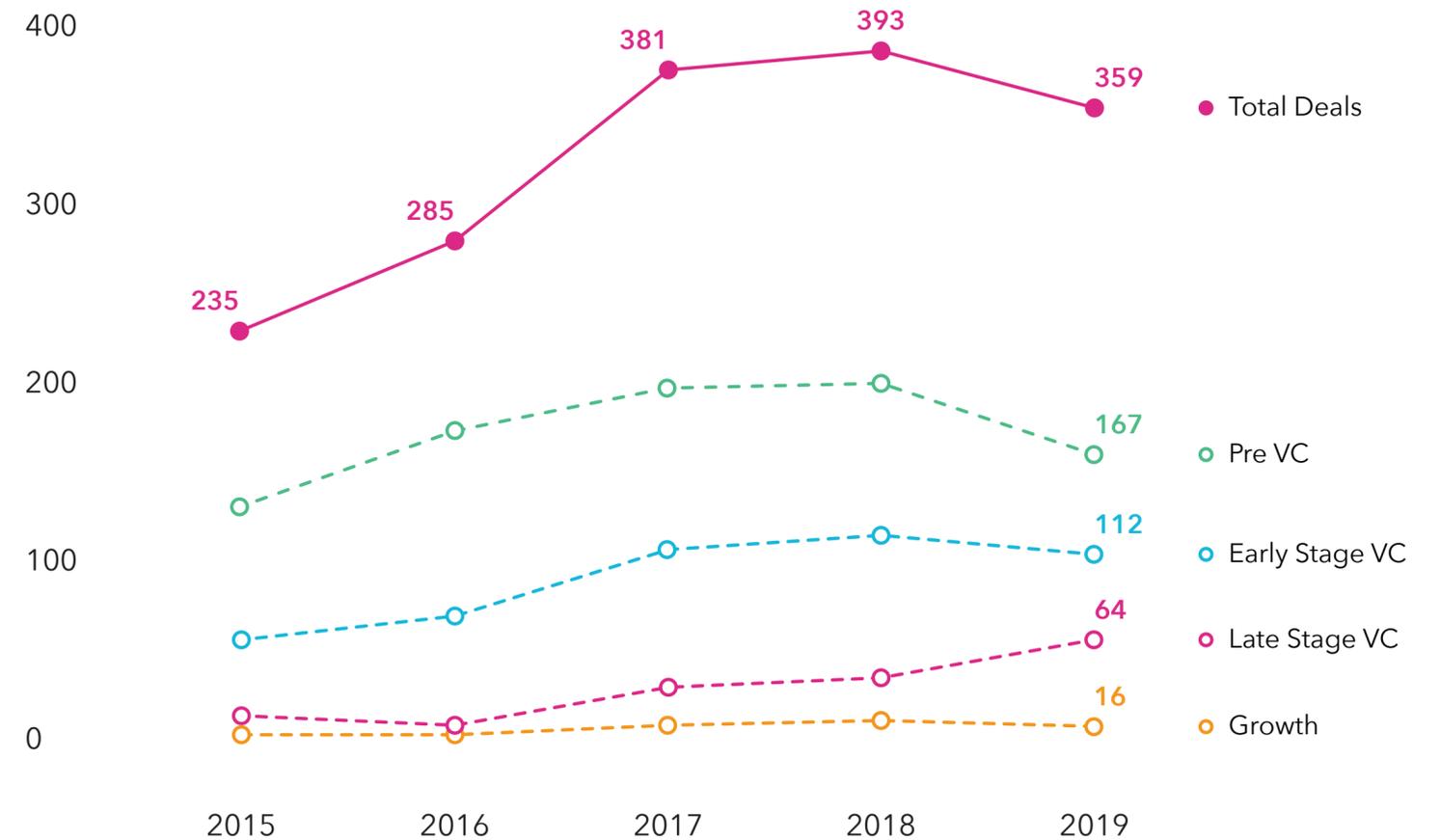
The UK FinTech sector retained its role as the top-ranking investment destination in Europe, with venture capital and private equity investment growing 38% YoY to a new record of \$4.9bn, despite a year of political challenges and uncertainty. This strong annual growth as second in the global ranks in both capital invested and number of deals.

Capital Invested (\$ bn)

Capital from top 5 Deals



Deal Count



Two Year Quarterly Analysis

The first half of 2019 saw four of the five largest deals of the year, including Greensill (\$800m), OakNorth (\$440m), Checkout.com (\$230m) and iwoca (\$195m).

Capital Invested (\$bn)

2018 2019



Deal Count

2018 2019

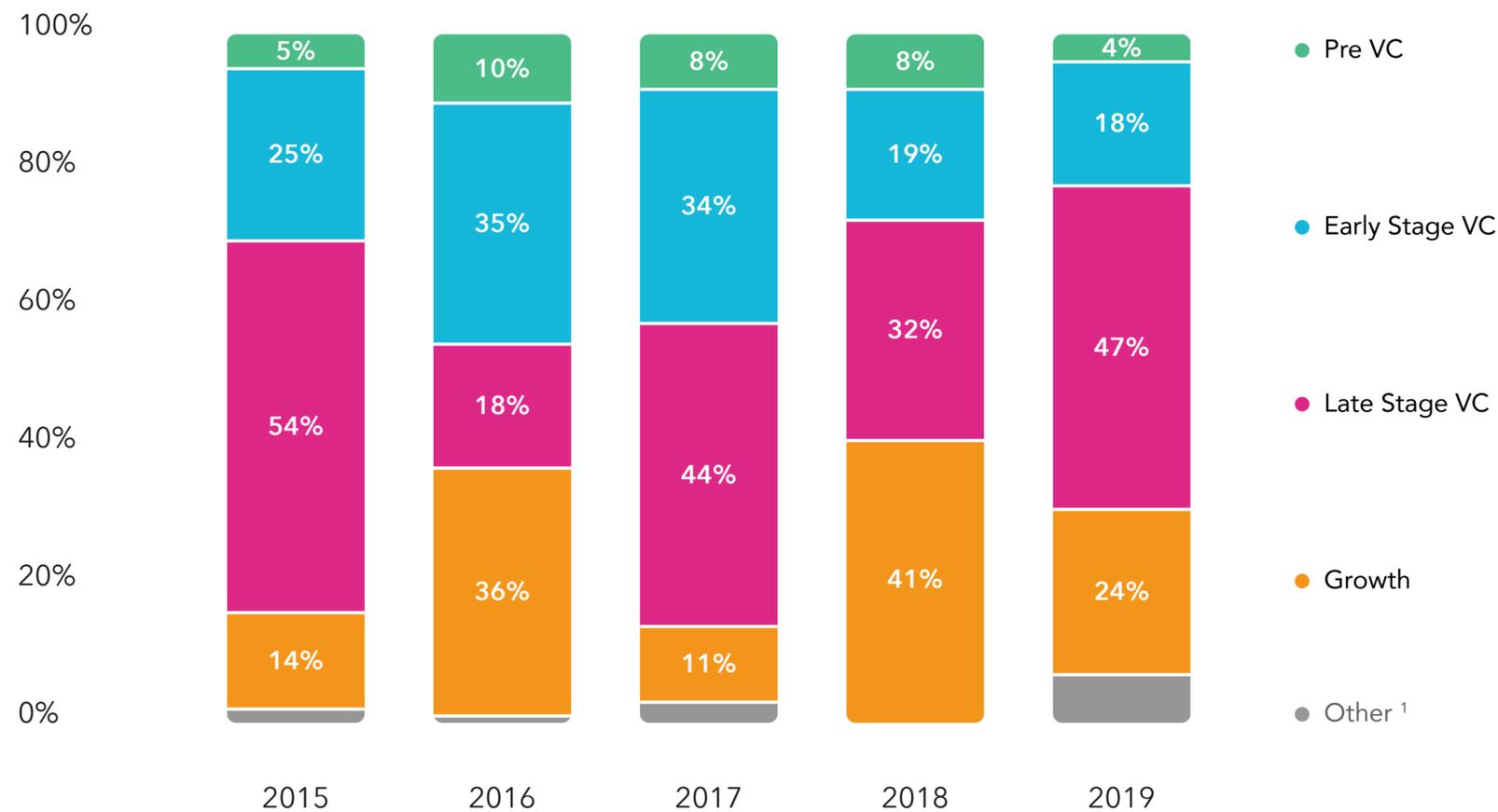


Source: PitchBook. Data has not been reviewed or approved by PitchBook analysts.

Later stage deals dominate

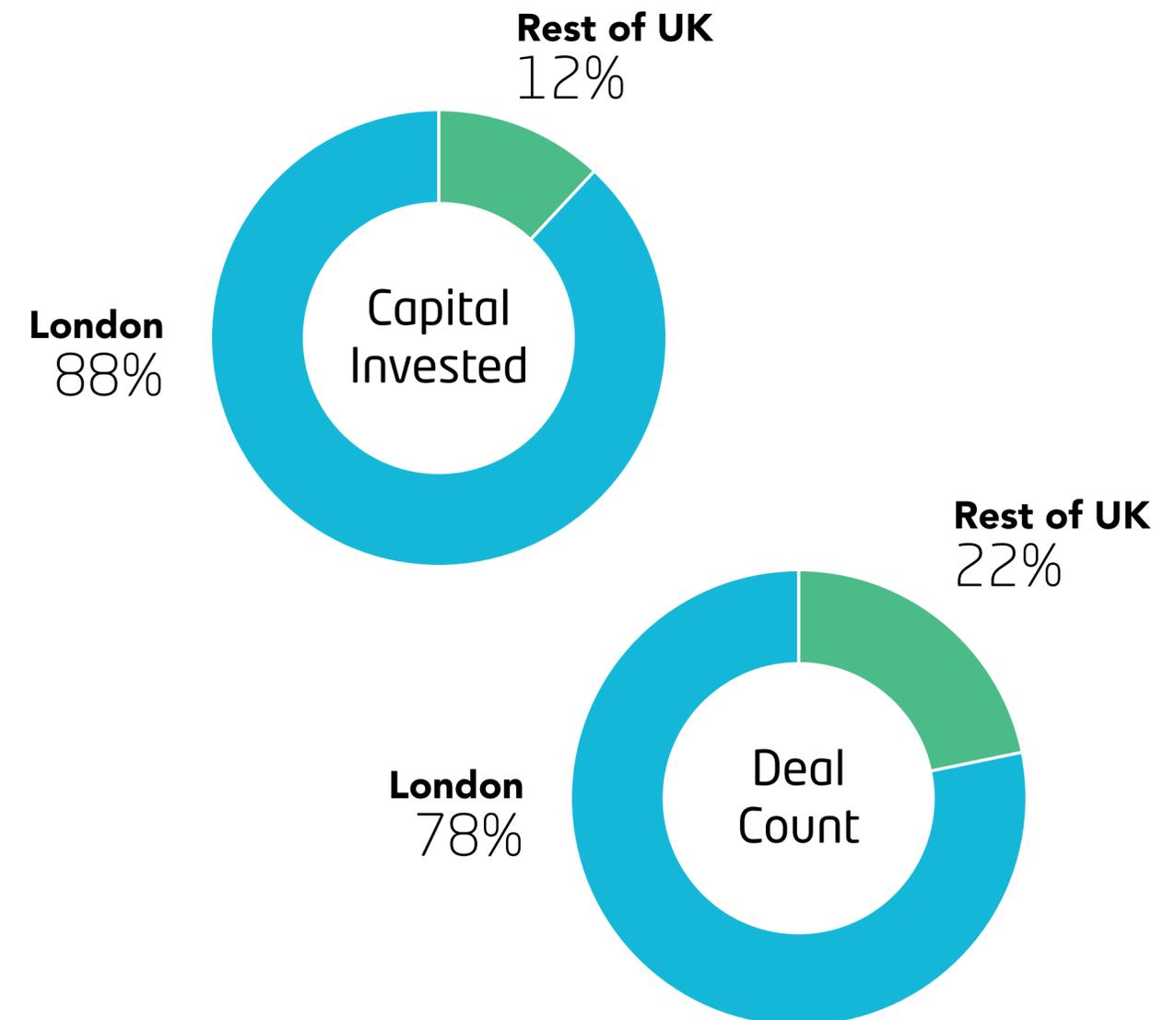
Later stage deals dominated the majority of all funding into the UK FinTech sector. Later Stage VC and Growth combined represented 73% of all investment in 2019 up from 71% in 2018.

Deal type (%)

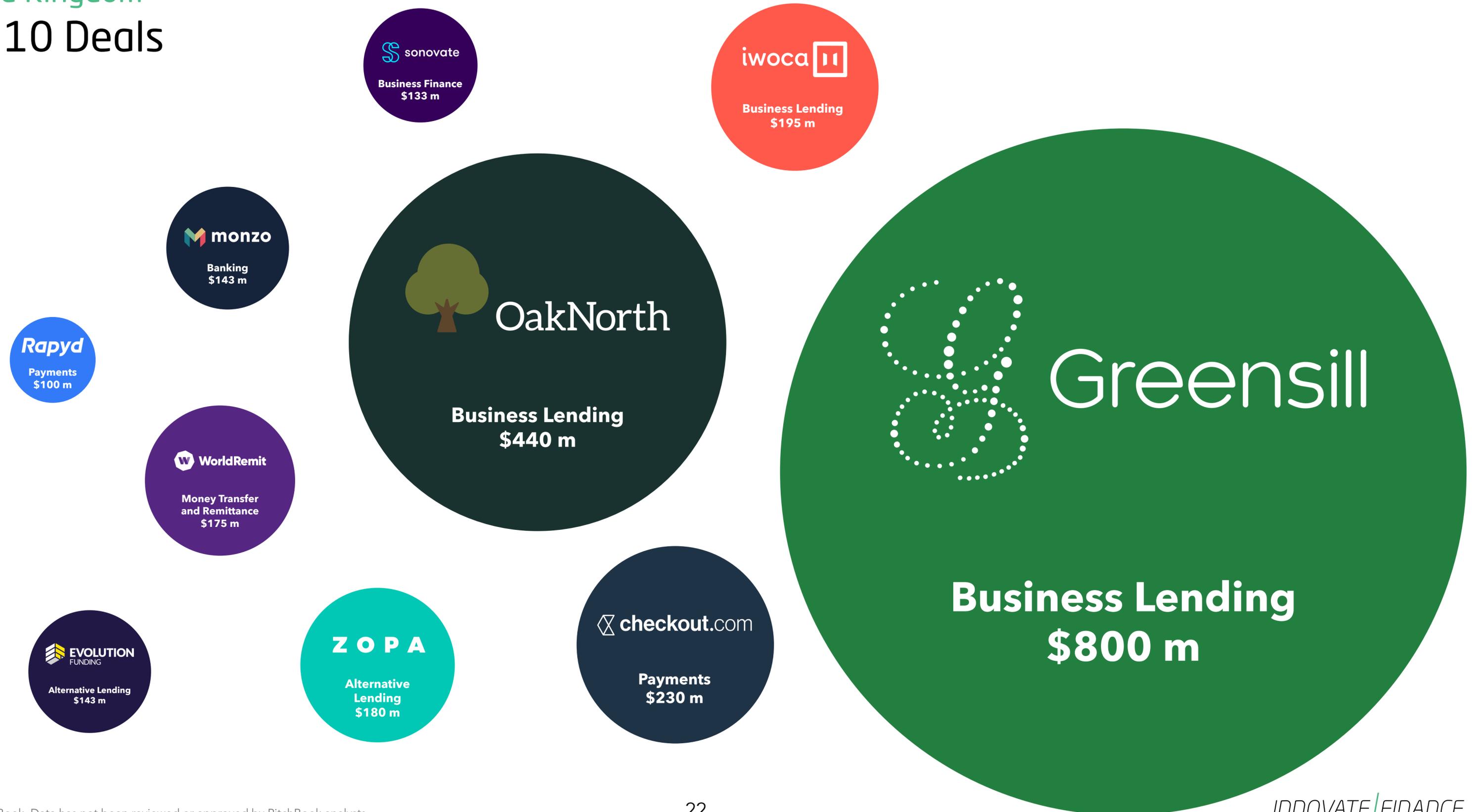


National Investment

London remains the leading centre of FinTech in the UK, receiving 88% of all investment representing 78% of all deals. Included among the largest FinTech deals of 2019 outside of London were Evolution Funding in Chesterfield (\$143 million), DivideBuy in Newcastle (\$78 million) and Atom Bank in Durham (\$63 million).

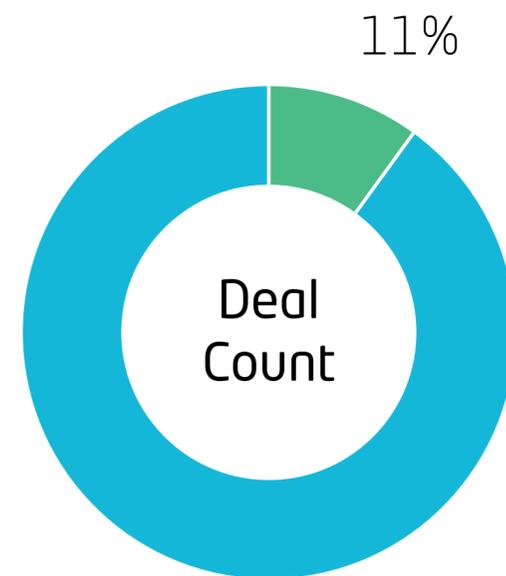
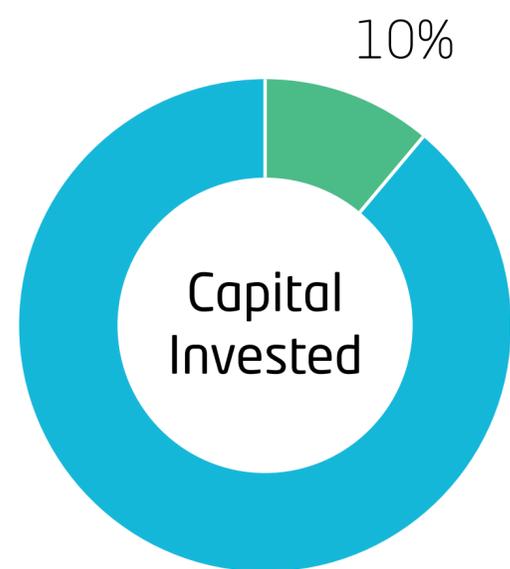


United Kingdom Top 10 Deals



Investment in female-led businesses

Female led FinTech businesses received only 10% of all investment and 11% of deals in 2019.



“ We are a world-leading FinTech hub, and as the figures reveal, the epicentre of FinTech in Europe – all of which is a testament to the fact that the UK is a leading destination to start and scale a FinTech business.

The missing piece of the puzzle is ensuring we are also boosting female-led companies, and providing the capital to this area of the market. There’s no excuse for investors to be overlooking female founders, and as a collective we must do more to better to ensure long-term success and growth of the sector. ”

– **Charlotte Crosswell,**
CEO, Innovate Finance

This year the dataset for investment in female led businesses has been widened to include both CEOs and founders as well as additional sources of investment. The above numbers are not comparable with those included in the *Innovate Finance 2018 FinTech Investment Landscape Report*.

Appendix

The global data was compiled and summarised by Innovate Finance using PitchBook data. FinTech investment includes accelerator, incubator, angel, seed, early and later stages VC, and PE growth/expansion funding. The data has not been reviewed or approved by PitchBook.

- 1 Other investment includes grant based funding and corporate (where no other investor type participated).
- 2 Paytm (\$1,660m, India) reflects data from PitchBook. Other news sources may indicate varying deal sizes.
- 3 WeFox (\$235m, Germany) reflects data from PitchBook, reflecting two funding rasies (initial and extension) in its Series B.
- 4 Our 2019 report includes certain changes in the methodology and dataset from prior years. As a result, please note how sections of this report may not be exact comparisons with prior reports. In particular, the UK data on female led businesses was widened to include CEOs and other sources of investment as well as data on national trends was widened to include other sources of investment.