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.
“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 Cung, Corporate Strategy, Microsoft
WHAT THIS REPORT COVERS

**PAYMENTS/BILLING**
- Payments processing, card developers, & subscription billing software tools
- Tools to manage bills and track personal and/or credit accounts
- Audit, risk, and regulatory compliance software

**PERSONAL FINANCE**
- Companies leveraging blockchain technologies for financial services
- Marketplace lending & alternative underwriting platforms

**INSURANCE**
- Companies selling insurance digitally or providing data analytics and software for (re)insurers
- Sales & trading, analysis, and infrastructure tools for financial institutions

**CAPITAL MARKETS**
- Investment and wealth management platforms and analytics tools
- International money transfer and tracking software

**WEALTH MANAGEMENT**
- Mortgage lending, digitization, and financing platforms

**MONEY TRANSFER/REMITTANCES**
- Mortgage lending, digitization, and financing platforms

**MORTGAGE/REAL ESTATE**
- Mortgage lending, digitization, and financing platforms

**GLOBAL FINTECH REPORT Q2 2018**
Summary of findings

Ant Financial’s $14B boosts Q2 funding to record $20B: In Q2’18, VC-backed fintech companies raised $20.3B across 383 deals globally—new quarterly records in funding and deals. Excluding Ant’s record financing, VC-backed fintech funding still hit a quarterly record at $6.3B, up from $5.6B in Q1’18.

H1’18 saw 46 fintech M&A and IPO exits: As the strongest six-month period for fintech exits to date, H1 saw former unicorns GreenSky and Adyen go public and iZettle get acquired for $2.2B, 2x its target IPO price.

Quarterly record for fintech mega-rounds as Asia beats US for first time: Asia took the top spot with 7 mega-rounds, beating the US for the first time.

Early signs of fintech investment spreading to frontier markets: In Africa, VC-backed fintech companies in Q2’18 raised $63M across seven investments, more funding than the last four years combined.

Europe saw Q2’18 deals rebound with surge in early-stage deals: The boost in early-stage deals helps explain a dip in funding. Despite a 20% funding decrease from Q1, funding for H1’18 beat H1’17. Europe also minted a unicorn (Revolut) and had two largest exits to date.

US remains top market with five-year funding record: Q2’18 saw a slight dip in deals from Q1’18’s record, but it was still a quarterly high for funding to US-based fintech companies on the back of six mega-round investments which minted two unicorns (Circle and Tradeshift).

29 fintech unicorns valued at $84.4B: Q2’18 saw five new unicorns births, bringing up the total VC-backed unicorn count to 29 worth a combined $84.4B. Ribbit Capital is the most active fintech unicorn investor, followed by QED Investors.

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.
Contents

8  Q2’18 Financing Trends
   Annual Deals & Dollars
   Regional Trends
   Fintech Unicorns

21  Top Deals and Top Investors
    Q2’ 2018 Top VC-Backed Fintech Deals
    Most Active Fintech Investors Q2’17-Q2’18

26  Q2’18 Sector Trends

63  Incumbent Fintech Investing Update

69  Appendix:
    Major markets financing trends
    M&A and IPO trends
GLOBAL FINTECH VC-BACKED EQUITY FUNDING IN Q2'18:

$20.34 BILLION

ACROSS

383 DEALS
Global fintech deals are on pace for a record year

Annual VC-backed global fintech deals and financing, 2013 – 2018 YTD (Q2’18), ($B)
Q2’18 sees a new quarterly record for global VC-backed fintech deals & funding
Ant Financial’s record investment accounted for 69% of Q2’18 fintech funding.
Excluding Ant Financial's $14B round, Q2'18 still a record high

*Ant Financials' $14B round in Q2'18 was excluded from the chart represented on this slide for illustrative purposes*
Africa sees first jump in fintech deals and Asia posts record quarter in Q2’18

Global VC-backed fintech deals by continent, Q2’17 – Q2’18
South America saw the largest fintech funding dip

Global VC-backed fintech funding by continent, Q2’17 – Q2’18, ($M) (*Ant Financial excluded)

<table>
<thead>
<tr>
<th>Continent</th>
<th>Q2’17</th>
<th>Q3’17</th>
<th>Q4’17</th>
<th>Q1’18</th>
<th>Q2’18</th>
</tr>
</thead>
<tbody>
<tr>
<td>South America</td>
<td>$2,122</td>
<td>$1,379</td>
<td>$699</td>
<td>$2,042</td>
<td>$30</td>
</tr>
<tr>
<td>Africa</td>
<td>$496</td>
<td>$903</td>
<td>$699</td>
<td>$2,042</td>
<td>$852</td>
</tr>
<tr>
<td>Europe</td>
<td>$2,801</td>
<td>$1,379</td>
<td>$699</td>
<td>$2,042</td>
<td>$2,070</td>
</tr>
<tr>
<td>Asia</td>
<td>$522</td>
<td>$1,065</td>
<td>$2,042</td>
<td>$2,230</td>
<td>$3,296</td>
</tr>
<tr>
<td>North America</td>
<td>$41</td>
<td>$12</td>
<td>$103</td>
<td>$271</td>
<td>$30</td>
</tr>
</tbody>
</table>

*Ant Financials’ $14B round in Q2’18 was excluded from the chart represented on this slide for illustrative purposes.
Early-stage deals were strongest in Asia & Europe

Quarterly deal share by stage to global VC-backed fintech companies, Q2’17 – Q2’18
INVESTORS ARE LOOKING OUTSIDE OF THE US FOR EARLY-STAGE FINTECH OPPORTUNITIES

Asia nears the US in early-stage deals

Quarterly Seed and Series A deals to VC-backed fintech startups, Q2’17 – Q2’18

North America
-17% YOY

Asia
+46% YOY

Europe
+22% YOY

Quarterly Deals:
Q2’17: 74
Q3’17: 69
Q4’17: 72
Q1’18: 95
Q2’18: 79

Asia

Europe

North America
Asia beats US with 7 fintech mega-rounds

Q2’18: 14 mega-rounds ($100M+), worth a total $16.83B
Globally there are 29 fintech unicorns valued, in aggregate, at $84.4 billion.
29 fintech unicorns valued at $84.4B

Global VC-backed fintech companies with a private market valuation of $1B+ (as of Q2’18)
Q2’18 sees 5 fintech unicorn births

Global VC-backed fintech companies with a private market valuation of $1B+ (as of Q2’18)
Fintech unicorn hunters

Investors ranked by the number of fintech unicorns in their portfolio from 2009 – Q2’18
Top investors & deals
The most active fintech VCs from Q2’17 – Q2’18

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

<table>
<thead>
<tr>
<th>Rank</th>
<th>Investor</th>
<th>Select Q2’17 – Q2’18 Fintech Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>500startups</td>
<td>wetravel, MoneyFellows, peoplefund, quill, justInCase, kin, FINNOVA financial</td>
</tr>
<tr>
<td>2</td>
<td>Ribbit Capital</td>
<td>Nubaank, ROOT, robinhood, affirm, REVOLUT, TALA, Jetty, HABITO</td>
</tr>
<tr>
<td>2</td>
<td>CEFIF</td>
<td>什马金融, FIGURE, ADDEPAR, dv01, branch, Genus, ELLEVEST</td>
</tr>
<tr>
<td>4</td>
<td>nyca</td>
<td>canopy, Ribbon, acorns, roofstock, Ladder, blend, avidxchange</td>
</tr>
</tbody>
</table>
# The most active fintech VCs from Q2’17 – Q2’18

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

<table>
<thead>
<tr>
<th>Rank</th>
<th>Investor</th>
<th>Select Q2’17 – Q2’18 Fintech Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Omidyar Network</td>
<td>chime, PULA, Lidya, GuiaBolso, kin., PΩPEL</td>
</tr>
<tr>
<td>5</td>
<td>Bain Capital Ventures</td>
<td>SIGNIFYD, Compound, acorns, CORVUS, reonomy, avidxchange</td>
</tr>
<tr>
<td>7</td>
<td>Anthemis Group</td>
<td>CAPITAL, FLOCK, STRATiFi, goji, Currencycloud</td>
</tr>
<tr>
<td>8</td>
<td>Accel</td>
<td>CIRCLE, UiPath, oroweight, ACKO, Raise</td>
</tr>
</tbody>
</table>
## Top 10 global fintech deals in Q2’18

The top 10 deals to VC-backed fintech companies were all mega-rounds ($100M+) and half were in Asia

<table>
<thead>
<tr>
<th>Company</th>
<th>Deal Date // Amount</th>
<th>Total Disclosed Funding (M)</th>
<th>Select Investors</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ant Financial</td>
<td>May’18 // $14,000M</td>
<td>$19,145M</td>
<td>Silver Lake Partners, General Atlantic, T. Rowe Price, Temasek Holdings, Sequoia Capital China, Warburg Pincus, &amp; others</td>
<td>China-based internet giant that provides a suite of financial services spanning payments, insurance, credit, wealth management, and others, through various subsidiaries including Alipay &amp; Yu’e Bao</td>
</tr>
<tr>
<td>Dataminr</td>
<td>Jun’18 // $392M</td>
<td>$569M</td>
<td>Venrock, Goldman Sachs, GSV</td>
<td>B2B data analytics suite of modular desktop and API applications that leverage social media to detect events, consumer signals, and alerts</td>
</tr>
<tr>
<td>Robinhood</td>
<td>May’18 // $363M</td>
<td>$539M</td>
<td>capitalG, DST Global, ICONIQ Capital, Kleiner Perkins Caufield &amp; Byers, Sequoia Capital</td>
<td>B2C digital brokerage and financial services platform that lets users invest in U.S. stocks, ETFs, options, and cryptocurrencies</td>
</tr>
<tr>
<td>华兴资本 CGT2.COM</td>
<td>Jun’18 // $359M</td>
<td>$536M</td>
<td>Geo-Jade Petroleum Corporation, Shunwei Capital Partners</td>
<td>Web-based investment portal that provides various debt-backed investments products for individual and SMB investors</td>
</tr>
<tr>
<td>TRADESHIFT</td>
<td>May’18 // $250M</td>
<td>$455M</td>
<td>Goldman Sachs Principal Strategic Investments, HSBC, GP BullHound Sidecar, Gray Swan, H14</td>
<td>A procure-to-pay supply chain management platform for SMBs and enterprises</td>
</tr>
</tbody>
</table>
### Top 10 global fintech deals in Q2’18 (continued)

4 of the top 10 deals to VC-backed fintech companies created new unicorns

<table>
<thead>
<tr>
<th>Company</th>
<th>Deal Date // Amount</th>
<th>Total Disclosed Funding (M)</th>
<th>Select Investors</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revolut</td>
<td>Apr’18 // $250M</td>
<td>$336M ($1.7B Valuation)</td>
<td>DST Global, Index Ventures, Ribbit Capital, Rocket Internet</td>
<td>UK-based “challenger bank” that launched a mobile payments and “top-off” card and has been rapidly expanding into new services like crypto investing and into markets in the EU and the US</td>
</tr>
<tr>
<td>Ant Financial</td>
<td>Jun’18 // $245M</td>
<td>$19,145M ($150B Valuation)</td>
<td>China Pacific Insurance</td>
<td>China-based internet giant that provides a suite of financial services spanning payments, insurance, credit, wealth management, and others, through various subsidiaries including Alipay &amp; Yu’e Bao</td>
</tr>
<tr>
<td>Policybazaar</td>
<td>Jun’18 // $200M</td>
<td>$347M ($1B Valuation)</td>
<td>Softbank Capital</td>
<td>India-based online comparison, quotes, and recommendation tool for life &amp; general insurance, loans, and credit cards that partners with issuing financial institutions</td>
</tr>
<tr>
<td>BitGo</td>
<td>May’18 // $178M</td>
<td>$232M</td>
<td>Undisclosed Investors* (*not a token sale)</td>
<td>Cryptocurrency wallet that provides investors with Bitcoin portfolio management, corporate treasury, and enterprise enablement</td>
</tr>
<tr>
<td>百融金服</td>
<td>Apr’18 // $159M</td>
<td>$263M</td>
<td>China Reform Holdings, Sequoia Capital China</td>
<td>B2B alternative data platform for bank and insurers to provide credit services and other financial services and serve as a CRM for outstanding loans</td>
</tr>
</tbody>
</table>

(*not a token sale)
GLOBAL VC-BACKED FINTECH Q2’18

MACROS SECTOR TRENDS

SMB FINTECH
SMBs were a key focus of deals across the fintech ecosystem

In Q2'18, many fintech startups that raised funding are looking to solve SMBs needs beyond obtaining loans & financing

Small businesses remain underserved by established players that target bigger corporates.

*The map is not meant to be exhaustive of companies in the space*
Tradeshift is a procure-to-pay supply chain management platform for SMBs and enterprises. Tradeshift’s suite of applications include Pay (for dynamic discounting and supply chain financing), Buy (for marketplace procurement), and Apps (for general supply chain digitization). Tradeshift integrates with many popular SMB apps.

Last Funding
$250M Series E // May’18
Valuation $1.1B
Banking on startups as the next SMB battle ground

Select Q2’18 SMB fintech investments in the US:

**Brex**

*Last Funding*

$50M Series B // San Francisco

Brex is a B2B financial services company focused on startups. Brex’s core products include a credit card and a digital expense management & reporting app.

Brex partners with Visa & Sutton Bank to issue the cards and accounts and does KYC and underwriting in-house.

*Select Investors*

Ribbit Capital, Y Combinator, Yuri Milner, Max Levchin, Peter Thiel

**Divvy**

*Last Funding*

$10.5M Series A // Utah

Divvy is a B2B payments & expense platform for SMBs that issues virtual & physical corporate credit cards (through Mastercard).

Allocations to the digital & physical cards are “divvy’ed” out by the employer through a central app that that automatically captures transactions, categorizes purchase, and automates expense reporting.

*Select Investors*

Pelion Venture Partners
Banking on startups as the next SMB battle ground

Select Q2’18 investments:

**Aprila Bank**
- Last Funding: $21M Unattributed // Norway
- Aprila Bank is a digital bank targeting invoice financing for SMBs & entrepreneurs. Aprila cuts down the credit approval process and requires less transaction history than traditional banks.
- In April’18, Aprila integrated with Tripletex’s accounting systems to offer liquidity and working capital to Tripletex’s 30,000 SMBs.
- Select Investors: Alliance Venture, Arts Alliance, FJ Labs

**Pleo**
- Last Funding: $16M Seed A // Denmark
- Pleo offers a prepaid card through Mastercard for employers to allocate and reimburse employees. The cards connect to Pleo’s app that automatically categorizes expenses, captures receipts, and tracks expenses.
- Pleo partners with 1,700 companies and integrates popular SMB accounting and finance platforms.
- Select Investors: Creandum, Founders, Kinnevik, Seedcamp

**Open**
- Last Funding: $2.4M Seed B // India
- Open provides banking services to startups and entrepreneurs. Open offers a digital banking platform, business spend card, and bank account that can make and receive payments.
- Open integrates with other business finance systems & popular SMB apps.
- Select Investors: ISME ACE, Recruit Strategic Partners, Unicorn India Ventures
GLOBAL VC-BACKED FINTech Q2’18

ALTERNATIVE LENDING

MACROS SECTOR TRENDS
Deals to alternative lending startups see uptick but still on pace for a new funding low

Global alternative lending VC-backed financing trends, Q2’17 – Q2’18, ($M)
Profitable GreenSky ‘bears’ market volatility

IPO Details
- Offering: 38M shares
- Price: $23 per share
- Total raised: $874M
- Analysts stick to "outperform" stock rating

Source: CB Insights public market data
Lending in India shifts from consumer to SMBs

VC-backed lending deals in Asia move out of China to developing nations in Q2’18

- 6 deals worth $53.6M
- All focused on SMBs
- 5 were early-stage deals
- Amazon lead the top deal to Capital Float, a $22M Series C-II
- Amazon is targeting merchant lending to grow in India
Insurance tech deals and funding dip in Q2’18

Global VC-backed insurance tech financing trends, Q2’17 – Q2’18, ($M)
Europe sees more early-stage insurance tech deals

Q2’18 saw 8 insurtech deals worth $192M in Europe, 6 were early-stage deals
Startups look to change the life insurance buying experience in the US
Select H1’18 Life Insurtech deals

<table>
<thead>
<tr>
<th><strong>Ladder</strong></th>
<th><strong>ETHOS</strong></th>
<th><strong>Fabric</strong></th>
<th><strong>bestow</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Focus:</strong> Term life insurance</td>
<td><strong>Focus:</strong> Term life insurance</td>
<td><strong>Focus:</strong> Accidental death and term life insurance</td>
<td><strong>Focus:</strong> Term life insurance</td>
</tr>
<tr>
<td><strong>Coverage:</strong> Up to $8M</td>
<td><strong>Coverage:</strong> Up to $10M</td>
<td><strong>Coverage:</strong> Up to $5M</td>
<td><strong>Coverage:</strong> Up to $500K</td>
</tr>
<tr>
<td><strong>(Re)insurance partners:</strong> Hannover Re, Fidelity Security</td>
<td><strong>(Re)insurance partners:</strong> Assurity, Munich Re, RGAX</td>
<td><strong>(Re)insurance partners:</strong> Vantis Life, RGAX</td>
<td><strong>(Re)insurance partners:</strong> North American Company for Life &amp; Health, Munich Re</td>
</tr>
<tr>
<td><strong>H1’18 Funding:</strong> $40M Series B</td>
<td><strong>H1’18 Funding:</strong> $11.5M Series A</td>
<td><strong>H1’18 Funding:</strong> $10M Series A</td>
<td><strong>H1’18 Funding:</strong> $15M Series A</td>
</tr>
<tr>
<td><strong>Select Investors:</strong> RRE, Canaan Partners, Allianz Life Ventures, Northwestern Mutual Future Ventures</td>
<td><strong>Select Investors:</strong> Sequoia Capital, Downey Ventures, Roc Nation, Durant Company</td>
<td><strong>Select Investors:</strong> Bessemer Venture Partners</td>
<td><strong>Select Investors:</strong> Valar Ventures, Core Innovation Capital, NEA</td>
</tr>
</tbody>
</table>
GLOBAL VC-BACKED FINTECH Q2'18

PAYMENTS/BILLING

MACROS SECTOR TRENDS
Adyen makes record public debut in Europe

Netherlands-based payments processor Adyen saw shares jump 98% on its 1st day of trading.
PayPal’s $3B acquisition spree

Recent deals by PayPal highlight their focus on in-store retail and marketplace enablement.

**Corporate minority in India-based Pine Labs, a cloud-based unified payments interface (UPI) & PoS**

**MAY 2018**

**Pine Labs**

**MAY 2018**

**iZettle**

**JUNE 2018**

**HyperWallet**

Acquisition of iZettle for $2.2B for their in-store PoS technology operating in 50K business in Europe, as well as Brazil & Mexico

Acquisition of HyperWallet, a payout network to pay earnings, commissions, or merchants ($400M valuation)

*Note: PayPal also acquired Simility & Jetlore in Q2’18; both are non-fintech companies.*
Payment networks look to grow partnerships and secure a foothold in emerging markets...

---

**Jun’18 // $8M Series A**  
**Select Investors:** Mastercard, Amazon

**Focus:** Contactless payments hardware and software provider that can be integrated at both merchant & customer interaction points

**Key Product:** PoS hardware, card readers, mobile bank & wallet

**Numbers:** 50M consumers, 25,000 Retail Pods in India

---

**Jun’18 // $7M Series A**  
**Select Investors:** Visa

**Focus:** Digital financial services & payments intermediary

**Key Product:** Digital & card-not-present payments processor

**Numbers:** 6.6M MAU, 480M digital transactions annually, 400K merchants supported, across 6 LatAm countries
...And for next-gen credit & debit cards

Select startups & respective payments network partner

VISA

VS.

Mastercard
Fintech business lines are blurring as bank accounts become the new battleground
Acorns grows to 3.7M customers & $1B in AUM

May’18 // $50M Series E

Select Investors:
Blackrock, Bain, Nyca, Sound Ventures, Point 72, PayPal, Greycroft, e.Ventures

Q2’18 announcements:
• Acorns Grow, a retirement savings account through acquisition company Vault launched IRA, Roth IRA, and SEP retirement accounts
• Acorns Spend, a debit cards that rewards spending with investment contributions
• Acorns is exploring adding more active investments and potential 401(k) partners

SELECT PARTNERSHIPS

Q2’18 Acquired by GS
Digital banking startups in US add funding

US-based startups raise funding in Q2’18 to build products as European challengers look stateside.

**Chime**

**Last Funding**
$70M Series C // San Francisco

**Valuation** $500M

Chime is a mobile banking app that provides a checking account-like service through a partnership with Bancorp, debit cards through Visa, and optional round ups Savings Accounts.

In May’18, Chime crossed 1M accounts.

**Select Investors**
Crosslink Capital, Forerunner Ventures, Menlo Ventures, Northwestern Mutual Capital, Omidyar Network, Homebrew

**Qapital**

**Last Funding**
$29.7M Series B // New York (Stockholm)

Qapital was first a PFM app focused on goals-based saving that uses IFTTT (If This Then That) recipes to prompt behavioral changes to achieve savings goals.

Now, they offer Visa debit cards & look to launch robo-investment in 2019.

In April’18 they reported having 420K users that have saved $500M.

**Select Investors**
Anthemis Group, Entrée Capital, SEB Private Equity, Northzone Ventures
GLOBAL VC-BACKED FINTECH Q2'18

WEALTH MANAGEMENT

MACROS SECTOR TRENDS
Wealth tech deals on track to surpass 2017

Global wealth tech VC-backed fintech financing trends, Q2’17 – Q2’18, ($M)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2’17</td>
<td>$551</td>
<td></td>
</tr>
<tr>
<td>Q3’17</td>
<td>$321</td>
<td></td>
</tr>
<tr>
<td>Q4’17</td>
<td>$211</td>
<td></td>
</tr>
<tr>
<td>Q1’18</td>
<td>$567</td>
<td></td>
</tr>
<tr>
<td>Q2’18</td>
<td>$758</td>
<td></td>
</tr>
</tbody>
</table>
Early startups gained an edge by undercutting incumbents with competitive & transparent fees

<table>
<thead>
<tr>
<th></th>
<th>Management Fees</th>
<th>Trading Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>wealthfront</td>
<td>0.25%; first $10,000 is managed free</td>
<td>$0</td>
</tr>
<tr>
<td>Betterment</td>
<td>0.25% to 0.40%, depending on plan</td>
<td>$0</td>
</tr>
<tr>
<td>Morgan Stanley</td>
<td>0.35%</td>
<td>$6.95</td>
</tr>
<tr>
<td>J.P.Morgan</td>
<td>0.25% to 0.50%</td>
<td>$6.95</td>
</tr>
<tr>
<td>robinhood</td>
<td></td>
<td>$6.95</td>
</tr>
<tr>
<td>‘EToro’</td>
<td></td>
<td>$4.95</td>
</tr>
<tr>
<td>E*TRADE</td>
<td></td>
<td>$4.95</td>
</tr>
<tr>
<td>TD Ameritrade</td>
<td></td>
<td>$4.95</td>
</tr>
<tr>
<td>Fidelity</td>
<td></td>
<td>$6.95</td>
</tr>
<tr>
<td>charles Schwab</td>
<td></td>
<td>$4.95</td>
</tr>
</tbody>
</table>
Starting in August, investors using Vanguard’s online brokerage will be able to trade ETFs on a commission-free basis. Vanguard supports nearly 1,800 ETFs of the roughly 2,000 in the market from 100 ETF providers including from rivals iShares, Schwab and State Street Global Advisor.

**Why does it matter?:** Millennials love ETFs more so than older investors and with so much interest and competition from fintech in ETFs, Vanguard, Schwab, & Fidelity are slashing fees to compete and acquire millennial customers.
Advisor tech focuses on AUM over millennials

Select Q2’18 investments:

**STRATiFi**

**Focus:** Risk management, portfolio tracking, and advisory platform including Stratifi’s PRISM risk rating.

Stratifi integrates with several major brokerages including TD & Fidelity.

**Q2’18 Funding:** $7M Series A

**Select Investors:** Khosla Ventures, Anthemis Group

**solovis**

**Focus:** Institutional multi-asset class portfolio management and reporting solution for pension, endowments, foundations, OCIOs, and family offices.

In May’18 Solovis partnered AcordIQ to expand PE services.

**Q2’18 Funding:** $8M Series A

**Select Investors:** Edison Partners, FINTOP Capital
Pure-play ICOs still losing funding momentum

Disclosed funding of completed ICOs (and Telegram’s private sale). June 2017 – June 2018 (YTD)

Sources: CB Insights, TokenData.
Blockchain fintech hits 5-quarter high in Q2’18

Global VC-backed blockchain fintech financing trends, Q2’17 – Q2’18, ($M)

Note: Blockchain investments outside of financial services-related applications are not included in this data
M&A activity in crypto space heats up

May’18 // $165M Series D
$3.2B Valuation
Select Investors:
Accel, Breyer Capital, General Catalyst,
Blockchain Capital, Digital Currency Group

Q2’18 announcements:
• In Feb’18 Circle acquired crypto exchange Poloniex ($400M valuation)
• In Jan’18 the OTC crypto trading business’ monthly trading volume was ~$2B

H1’18 Acquisitions
In June, Stellar, a blockchain protocol for building financial products, reportedly acquired San Francisco-based Chain for $500M paid in Stellar’s digital currency XLM.

In addition to launching a venture arm, Coinbase made 7 acquisitions in H1’18 including Keystone Capital, a FINRA-registered broker-dealer that operates as an alternative trading system. The acquisition will allow Coinbase to sell cryptocurrency tokens that are deemed securities.

Acquires

Acquires

Acquires
Fintech insurgents look to tap into crypto’s viral growth

**Revolut**

Apr’18 // $250M* Series C

$1.7B Valuation

Select Investors:
DST, Index Ventures, Ribbit Capital, Kleiner Perkins, capitalG

Q2’18 announcements:
- Added 1M users with crypto launch
- Broke even & grew headcount
- Announced plans to add commission-free stock trading

May’18 // $363M* Series D

$5.6B Valuation

Select Investors:
DST, Index Ventures

Q2’18 announcements:
- Grew 1M customers following crypto exchange launch
- Applied for BitLicense to set up NY operations and is in 17 other states
- In July’18 they added Litecoin, Dogecoin, and Bitcoin Cash

*Rounds not included in blockchain Q2’18 funding total
GLOBAL VC-BACKED FINTECH Q2’18

MACROS SECTOR TRENDS

CAPITAL MARKETS
Capital markets tech funding grows, but deals drop to five-quarter low

Global capital markets tech VC-backed fintech financing trends, Q2’17 – Q2’18, ($M)
Dataminr is a B2B data analytics suite of modular desktop and API applications that leverage social media and public market data sets to detect events, consumer signals, and alert customers.

Dataminr for Finance is used by hedge funds and investment banks to act on market information and gain context from nontraditional sources.

Select Fin Services Investors

Last Funding

$392M Series E // Jun’18

Valuation $1.2 - $1.6B

THE FIRST ALTERNATIVE DATA UNICORN FOR FRONT OFFICE SALES AND TRADING
Institutional-grade crypto vehicles target the street

**Tradeix**

**Jun’18 // $16M Seed**

**Select Investors:** BNP Paribas, ING Ventures

**Focus:** Trade finance platform utilizing open-source blockchain that today offers receivables discounting, factoring, and payment commitment.

**Key Product:** Marco Polo, a platform for open account trade that was developed with R3 and 10 international banks.

**LedgerX**

**Apr’18 // $8.37M Series A**

**Select Investors:** FundersClub, Lightspeed, Google

**Focus:** Institutional clearing & trading platform for digital currency swaps and options contracts.

**Key Product:** Bitcoin savings accounts that earns interest through “call overwrites” on options (pictured above).

**Numbers:** $7.5M weekly trade volume, 700 swaps and options contracts, 90 individual & institutional traders.
INVESTOR SPOTLIGHT:
Incumbent Fintech Investing Update
Top US banks make strategic bets that align with core initiatives

In Q2’18, Goldman Sachs invested $40M in Series E financing to customized payment card company Marqeta. A partnership could allow Marcus to offer an Affirm-style POS lending service.

JP Morgan participated in a $54M Series E investment in Q2’18 to payments hardware provider TouchBistro. The two partnered as part of the deal, suggesting Chase Pay is looking to grow its retail presence.
Top US banks make strategic bets that align with core initiatives

Goldman focuses building out retail banking arm Marcus.

JP Morgan remains focused on payments and recently launched their digital bank app Finn.

In H1’18 both Goldman Sachs and JP Morgan saw Kensho exit their portfolios. The company was acquired by S&P at a reported $550M valuation.

---

<table>
<thead>
<tr>
<th>Rank</th>
<th>Bank</th>
<th>Retail Banking</th>
<th>Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Goldman Sachs</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>JP Morgan Chase &amp; Co.</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>3</td>
<td>Morgan Stanley</td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>4</td>
<td>US Bancorp</td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>5</td>
<td>PNC</td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>BB&amp;T</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Citigroup</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Wells Fargo</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>JPMorgan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Bank of America</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

Marcus now serves 1.5 million customers, Goldman CFO says on earnings call.

June 28, 2018

---

JP Morgan launches mobile banking app Finn.

July 17, 2018
European banks keep up investing pace in Q2’18 and see big exit

In Q2’18, Santander was among one of the investors in iZettle which was acquired by Paypal for $2.2B.

Santander and HSBC have both invested in recent unicorn Tradeshift.
European banks are challenging back

In H1’18, competition between high street banks and well-funded challengers continued to heat up.

While incumbents look to boost their digital capabilities, challenger banks are growing market share and their global footprint.

Fresh off mega-round ($100M+) investments in H1’18, N26 and Revolut continued to build out their US operations.

RBS’s Next Gen Challenger Bank aims to move 1M NatWest customers onto its new mobile bank
Apr 24, 2018 | RBS

Santander latest traditional player to open digital bank
May 15, 2018 | Santander

Barclays UK Ventures newly launched fund focused on tech to develop new business lines and boosting returns
April 15, 2018 | BARCLAYS

TSB could lose £150m over ‘biggest IT disaster in British banking history’ as thousands of customers still struggle with digital accounts
Jun 28, 2018 | TSB
Top banks continue to pick off fintechs in Q2’18

Fintech acquisitions between 2013 – Q2’18

April’18 Goldman closed its’ acquisition of Clarity Money, adding a potential 1M customers to its digital finance unit Marcus.

= acquired after September 1, 2017
APPENDIX Q2’18:
VC-backed fintech regional trends
ASIA FINTECH VC-BACKED EQUITY FUNDING IN Q2'18:

$16.07 BILLION

ACROSS

133 DEALS
Asia sees record for fintech deals and funding

Deals to VC-backed fintech companies in Asia grew 41% & funding was flat quarter-over-quarter

- Q2'17: $2.8
- Q3'17: $1.4
- Q4'17: $0.7
- Q1'18: $2
- Q2'18: $14 Series C ($15B Valuation)
US FINTECH VC-BACKED EQUITY FUNDING IN Q2'18:

$3.2 BILLION

ACROSS

146 DEALS
US financing saw a boost from 6 mega-rounds worth $1.39B

After a dip in Q1’18, funding in the US came roaring back and topped a new quarterly record with $3.2B.

The US saw Dataminr, Tradeshift, & Circle join the unicorn club and GreenSky exit in Q2’18

Early-stage deals also hit a new record raising $532M across 72 deals.
EUROPE FINTECH VC-BACKED EQUITY FUNDING IN Q2'18:

$852 MILLION

ACROSS

72 DEALS
Despite the dip in funding, deals in Europe jumped driven by a fresh crop of early-stage fintechs.
CVC activity in European fintech hits quarterly high

Corporates and their venture arms (CVCs) participated in 26 fintech investments worth $343M in funding in Q2’18.

In particular, Allianz X has been active in large fintech deals to European startups including MoneyFarm, N26, and Simplesurance in H1’18.
Q2’18 Exits: M&A + IPOs
IPOs in Q2’18

Global VC-backed fintech companies with a private market valuation of $1B+ as of Q1’2018

United States
- Robinhood: $1.3B
- Affirm: $1.79B
- Coinbase: $1.56B
- Clover: $1.2B
- Oscar: $3.2B
- Kabbage: $1B
- Gusto: $1B
- Credit Karma: $4B
- AAVANT: $1.9B

GreenSky stock rises after several analysts initiate coverage with bullish ratings
June 18, 2018 |

United Kingdom
- TransferWise: $1.6B Valuation
- Funding Circle: $1B

Dutch payments company Adyen opens at €400/share, a pop of 67%, now valued at $16B
June 13, 2018 |

Europe
- Sweden
  - Klarna: $2.5B
  - Adyen: $2.3B

Could Adyen IPO could unleash a backlog of fintech ‘unicorns’?
June 18, 2018 |

MarketWatch

South America
- Brazil
  - Nubank: $1B - $2B

Asia
- China
  - 51 Credit Card: $18.5B
  - Paytm: $7B

India

United Kingdom
- United States

Middle East

Australia

Canada

Latin America

Africa

Central America

Europe

North America

CBI INSIGHTS
H1’18 saw more than 2x the amount of fintech IPOs as H1’17
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 tranched 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.