Stampede of the unicorns

Financial Institutions M&A: Sector trends H1 2019 | Outlook for H2 2019
Fintech

Fintechs trailblaze the European M&A landscape. The racecourse leader board explained:

Banks embracing digital transformation through multi-channel investment strategies

Financial sponsors spur the pace of M&A—from start-up support through to late-stage private equity investment

Fintechs with critical mass build scale through acquisitions and JVs
Stampede of the unicorns

H1 2019 has seen European fintech M&A hit new heights. Fintechs have enjoyed funding support from established financial institutions, financial sponsors, sovereign wealth funds, data giants and family offices. The next 36 months will be pivotal in identifying fintechs which will revolutionise financial services.

Overview

**CURRENT MARKET**
Upward, exponential

**WE ARE SEEING**
- Banks embracing digital transformation:
  - Direct investment—for fintechs able to deliver profits (e.g., WealthTech) or cost savings (e.g., RegTech) in the shorter term
  - Venture fund investments—efficient deployment of capital across wider range of fintechs which may be value-accrue in the longer term
  - JVs—partnering with fintechs which accelerate their digital strategies
  - Start-up support (e.g., accelerator programmes, tech hubs, funding competitions, formal networking to connect start-ups with potential investors, etc.)
  - Innovation consortia—cross-border collaborations with competitors. Most prevalent for distributed ledger technology-based networks
  - Home-grown digital offerings (e.g., digital banking, account aggregation technology, efficiency solutions, etc.)
  - Outsourcings—purchase of specific solutions/services from fintech providers
- Financial sponsors embracing digital disruption:
  - Start-up support—early identification of promising new technologies through accelerator programmes (e.g., æternity Ventures)
  - ‘Fintech only’ funds—dedicated capital for leveraging the fintech boom
  - Participation in funding rounds—growth funding for product testing, roll-out and scaling (e.g., Balderton Capital, Passion Capital, Index Ventures, NFT Ventures, Accel, etc.)
  - Acquisitions—buy-and-build strategies for fintechs with readily identifiable customers or end-buyers
  - Late-stage private equity investment—funding for product enhancement/expansion/diversification in the run-up to exit/IPO (e.g., SoftBank, KKR, Apax, etc.)
- Wide range of investors buying into the fintech growth story (e.g., established asset managers and insurers, sovereign wealth funds, tech giants and family offices)
- Fintechs coming of age:
  - Mega-funding rounds to intensify competition with established financial institutions
  - Acquisitions of complementary technologies
  - JVs with other fintechs and established financial institutions to hasten product development and widen customer catchment

**KEY DRIVERS**
- Established financial institutions place digital challenges/opportunities at the heart of corporate strategies:
  - Potential solution for operational inefficiencies and improving customer satisfaction
  - Tangible solution for growing cyber-attack, money laundering, identity fraud and financial crime threats
  - Cost reduction by avoiding physical boots-on-the-ground presence
  - Heralded as a means of tapping into new markets and customer bases (e.g., unbanked/under-banked communities in emerging markets)
- High financial sponsor appetite:
  - Growing founder and regulator familiarity with financial sponsor ownership
  - Availability of funding—successful sponsors have enjoyed mega-fundraisings and stockpiled dry powder
  - Availability of alternatives to ongoing equity funding for portfolio businesses (e.g., interim value generation through out-licensing)
  - Encouragement from peers reaping rich rewards on exit
- Top-down support for fintech:
  - Financial regulation, specifically designed to increase market competition (e.g., open banking PSD2)
  - Fintech perceived as a priority for economic growth (e.g., techUK’s mission to ‘make the UK good for tech’, launch of fintech alliance)
  - Inclusive mind-set of national regulators (e.g., establishment of UK FCA’s and Bank of England’s Technology Working Group)
  - Collaboration projects at government level (e.g., collaboration between Belgium’s B-Hive and UK’s Innovate Finance)
Established banks have played a material role in Britain’s imminent coronation as home to the highest number of unicorns. The next 18 months will see increasing collaboration with, and dependency on, fintech to meet growing customer needs.

Hyder Jumabhoy

Our M&A forecast

- UK—the European hothouse of innovation:
  - Availability of entrepreneurial talent
  - Consumer embrace of technology for everyday financial activities
  - Maturity of mobility (i.e., smart phones, tablets and wearables have evolved to a sophistication which facilitates fintech adoption)
  - Maturity of fintech (i.e., interconnectivity between apps encouraging use by reducing clutter)
  - Willingness to collaborate with other fintech hubs
- Existential need to avoid drift towards utility low margin banking

TRENDS TO WATCH

- Thinning of the herd—fintechs with sustainable customer demand, scalability and continuous innovation to fend off challengers, all whilst maintaining high business standards and without compromising quality, will survive. The rest will fail
- Growth of outsourcings by banks to fintechs of discrete compliance and tech functions
- Regulatory scrutiny and intervention relating to KYC, AML, ABC, anti-fraud and financial crime prevention compliance standards (e.g., German BaFin’s criticism of NZB’s anti-fraud standards, UK FCA’s second probe into Revolut’s business practices, etc.)
- Banks and other established lenders:
  - Monetising and unleashing untapped data troves to challenge the challengers
  - Coming under pressure from activist investors and other key stakeholders to generate returns from expensive innovation projects
- Continued competition between national governments/regulators across Europe to attract and retain fintechs (e.g., London, Berlin, Amsterdam, Copenhagen, Dublin, etc.)—will London be able to hold on to its crown as the European fintech capital post-Brexit?
Active fintechs in H1 2019

White & Case advised Nets, a market leader in the payments industry, on its acquisition of Dotpay/eCard

White & Case advised Nets, a market leader in the payments industry, on its strategic alliance with Przelewy24

White & Case advised a syndicate of banks including Barclays, J.P. Morgan and Goldman Sachs, as joint global coordinators, and BAML, EFG-Hermes and Numis, as joint bookrunners, on Finablr’s £1.2 billion LSE Main Market IPO

White & Case advised Emirates Telecommunications Corporation and Noor Bank to establish a JV to create a state-of-the-art dirham-denominated payments wallet business licensed by the UAE Central Bank.

White & Case advised Pollinate International in connection with its partnership with RBS to create NatWest Tyl, a new, innovative solution for merchant acquiring

RegTech & Efficiency Solutions

- BRIGHT ANALYTICS
- BUD
- COMPLYADVANTAGE
- ORDO
- MOSAIC SMART DATA
- OPENGAMMA
- SIMUDYNE
- SOCURE
- EUROBASE

Payments

- NATWEST TYL
- NETS
- CHECKOUT.COM
- WIRECARD
- BINK
- ETISALAT
- TRIBE
- OPEN PAYMENTS EUROPE
- GO CARDLESS
- FINABL

DLT & Cryptocurrencies

- BITSPARK
- SEBA
- MARCO POLO
- WIREX
- FIRMO
- NIVAURA
- CROWZ
- J.P. MORGAN

Non-bank lending

- TWISTO
- BYNK
- MOJO MORTGAGES
- KROWD
- IWQCA
- FINTONIC
- MARKETINVOICE
- SALARY FINANCE
- TRADICO
- JAJA FINANCE
- DIVIDO

Banking/BankTech

- GREENSILL
- 10X BANKING
- SEBA
- REWIRE
- KLARNA
- MASTHAVEN
- OAKNORTH
- STARLING BANK
- FINTONIC
- TIDE

WealthTech & Robo-advisory

- ELINVAR
- RAISIN
- MIEUXPLACER.COM
- PLEO
- NUTMEG
- MARKETSFLOW
- WEFIX
- FINVENTUM

White & Case advised SoftBank Vision Fund on its US$800 million equity investment in Greensill, which specialises in alternative supply chain funding to corporates, the #1 largest European fintech investment

White & Case advised SoftBank Vision Fund on its participation in the successful US$440 million Series D funding round for OakNorth, a unicorn UK bank for SMEs providing business and property loans, the #2 largest European fintech investment

White & Case advised Goldman Sachs on its acquisition of a significant minority investment in Elinvar, a Germany-based online B2B2C software platform which connects investors and asset and wealth managers

White & Case advised Goldman Sachs on its participation in a US$125 million Series B funding round for wefox

White & Case advised Bud on its £1.5 million Seed and subsequent US$20 million Series A funding rounds
Here’s what our specialists say

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We expect the deal landscape to remain very active. Financial sponsors are as hungry as founders for fintechs to transition from disruptors into mainstream enablers of financial service delivery.

Emmie Jones  
Partner, London  
EMEA Private Equity Group

Israel is gaining ground as a fintech powerhouse. In the last few years alone, Israel has incubated over 500 start ups.

Daniel Turgel  
Partner, London/Tel Aviv  
Co-head Israel/Fast-growth EMEA M&A Group

The fintech boom is upon us, but the boom brings its own risks. At the conduct level regulators will have very limited patience for poorly tested business plans or short cuts in compliance. However, at the market level they could scrutinise more for the unintended consequences that inevitably arise from disruption, including financial exclusion.

Jonathan Rogers  
Partner, London  
EMEA Financial Regulatory Group

The methods of payment around the world have changed more in the last five years than they did in the forty years before, and we are only going to see those changes accelerate. Mega transatlantic deals in response like the FIS/Worldpay merger will not be the last we see.

Howard Wettan  
Partner, Silicon Valley  
US M&A Group (Sourcing & Technology)

Brexit is driving a divergence of approach to entry into the digital banking space. In the US, fintechs like Robinhood are filing national bank charter applications. By contrast, a Brexit-exacerbated backlog of licence applications is resulting in fintechs acquiring existing banks, like Raisin’s recent acquisition of MHB Bank.

Pratin Vallabhaneni  
Partner, Washington DC  
US Bank Advisory Group
6 key things to get a funding round right

1 Structure
- Is the funding round early- or late-stage?
  - Evolutionary stage will determine key structuring factors including founder/management team familiarity with process, existence of established funding round protocols, approach to investor due diligence and investor expectations
- How will investors participate?
  - E.g., ordinary/preferred equity, debt, equity/debt combination, convertible debt instrument, etc.
- Is the funding round primary or secondary or a combination?
- Will any new third-party investors lead/participate in the round? Will existing shareholders participate pro rata?
- Are there any restrictions to third-party investor participation?
  - E.g., statutory/contractual pre-emption or similar rights on issues of new equity
- Is there an employee option scheme in place? Does the funding round impact vesting triggers under/operation of the scheme?
- Do not forget about tax—does the fintech qualify under the Seed Enterprise Investment Scheme or the Enterprise Investment Scheme? Does eligibility impact the proposed investment structure? Will a new one be put in place?
- Is the senior management team sufficiently incentivised through equity participation and subject to appropriate restrictive governance?
- Any crowd fundraising element?

2 Process
- Has the investor presentation been prepared? Is a process letter required?
  - If courting multiple potential investors for a late-stage funding round, a formal process letter may be preferable
- Is the investment term sheet ready? Is it ‘fit for purpose’?
  - I.e., is the term sheet detailed enough, but not too detailed? If too detailed, negotiation may impede expeditious closing of the funding round
- Does the lead investor have a standard set of rights they expect? Are other investors supportive? How do these terms compare with ‘standard market practice’?
  - ‘Standard market practice’ may differ materially depending on the particular funding round. Terms of one round may impact those for future rounds. Terms also differ from market-to-market
- Has the proposed fund raising been socialised with relevant stakeholders? Are there any sensitive founder/shareholder personalities which need to be navigated?
- Have relevant professional advisers been formally engaged? Has a budget been allocated to pay them?
  - E.g., financial advisers, valuation consultants, lawyers, tax advisers, etc.
- Is one law firm acting for the all investors, rather than each investor having its own counsel?

3 Practicalities
- What board/shareholder/investor approvals are required for the equity/debt issue? Are there any hurdles to secure these?
  - E.g., under corporate law or the terms of any existing shareholders’ agreement
- Equity raising:
  - Primary equity raising—do new shares need to be offered pro rata to existing shareholders? Are any pre-emption waivers required?
  - Secondary equity raising—are any tag rights triggered? Are any tag waivers required? Who pays stamp duty?
  - Broadly, transfer of shares in an English company worth more than £1,000 attracts stamp duty at the rate of 0.5 per cent of the value of the chargeable consideration, rounded up to the nearest £5
- Is the fintech engaged with any wider projects which may interact with the fund raising? Are all relevant stakeholders/advisers up-to-date on progress?
  - E.g., re-branding, sensitive negotiation of material customer contracts, etc.
- Publicity around a successful funding round may be critical to investor appetite for the next round—how will closing of the round be communicated to the market? Has a formal communications plan been prepared? Has the prospective investor’s IR team signed-off on the plan?

The benefits of engaging professional advisers with the right skillset, recent and relevant experience and a strong execution track-record cannot be overstated.

Experienced financial advisers will be invaluable in selecting the most appropriate source/combination of funding (e.g., Angel/VC/PE, crowdfunding, accelerator/incubator support, government programmes, etc.), the right time to tap into the market, introductions to potential investors, securing the best valuation, fine-tuning the fintech’s ‘equity story’ and creating/maintaining competitive tension between potential investors.

Similarly, experienced lawyers will be familiar with ‘what’s market’ on deal terms and ensure smooth and successful execution.
Timing

- Start with a robust fundraising timeline and religiously stick to it—has the timeline been prepared? Are the milestones clear and realistic? Has the timeline been communicated to all relevant stakeholders and advisers?

- The key drivers for timing include:
  - Marketing/investor selection
  - Negotiation/finalisation of investment term sheet
  - Negotiation/finalisation of full-form investment documentation
  - Applying for and obtaining relevant financial regulatory approvals
  - Closing logistics and receipt of investment funds

- Will new investment documents be required or will existing documents be refreshed?
  - E.g., corporate approvals, shareholders’ investment agreement, disclosure letter, articles of association, service agreements/director appointment letters, companies registry filings, etc.

- Will any historic documentation need to be terminated/re-negotiated?
  - E.g., founder pledges, founder service agreements, etc.

Due diligence

- Get your house in order—is management familiar with expectations for a due diligence/disclosure process? Is due diligence information ready for review?
  - Information should be collated in line with a market-standard investor due diligence request list. The preparation process should be well-advanced by the time marketing of the funding round is underway. Pre- and post-cap tables are often forgotten

- Does the fundraising timeline dovetail with production of fresh financial information?
  - Investors will expect a robust set of recent accounts (e.g., annual audited accounts, unaudited monthly management accounts, etc.) on which to base their valuation

- Will a virtual data room be available? Is there an existing data room from a previous funding round which can be refreshed?
  - Information provided in a well-organised and timely manner through a data room may strengthen the fintech’s/exiting shareholders’ argument for the entire data room to be disclosed against ‘business’ warranties (if any) in the investment documentation

- Are investors intending to follow a ‘traditional’ due diligence model?
  - I.e., review of data room contents as the primary source of information, supplemented by management Q&A (as opposed to a ‘management interview’—style process. The latter was pioneered by White & Case)

- Integrity of IP and technology rights will be key

- Will a separate warranty deed be used and has W&I insurance been considered?

Regulatory

- Does the fintech conduct any regulated activities? Does the prospective investor’s participation trigger any change-in-control consent requirements? If so, which jurisdictions/regulators would be involved?

- The regulatory landscape is in flux—being aware of upcoming regulatory changes and how such changes may impact a funding round is important (e.g., potential investors may be interested in a fintech’s preparedness for new regulations as part of their due diligence exercise)

- Do not overlook the value of a well-considered regulatory approval application and implementation strategy—informal pre-signing discussions with relevant regulators is crucial to ensuring that regulatory roadblocks to successful closings and potential timing delays can be identified early and effectively managed

- Regulatory notifications by the fintech itself are sometimes forgotten

- Can the funding round be structured to avoid undue delay in investment?
  - If a ‘bright line’ test is applicable for relevant change-in-control consents, it may be possible to structure the investment such that a potential investor invests up to the maximum threshold upfront (without triggering relevant consent requirements), with the remaining amount to follow after relevant approvals are duly obtained

- What impact would the proposed investment instrument have on the fintech group’s regulatory capital position (if relevant)?
  - This may dictate whether the use of certain investment instruments (e.g., shareholder loan) are viable

- What changes to the fintech’s governance would result following closing? Is the proposed post-closing governance structure in line with regulator expectations? Do in-coming directors need to be pre-approved as ‘fit & proper’ persons?
  - E.g., investor directors, non-executive chairperson, additional NEDs, board advisor/observer, etc.
Fintech—Publicly reported deals & situations

Fintech is the UK’s top technology sub-sector, attracting investment of £4.5 billion between 2015 and 2018*

London is to become home to the same number of fintech unicorns as San Francisco—out of the 29 unicorns globally, 9 are based in San Francisco, while 7 are in London**

Deal highlight:
White & Case advised Goldman Sachs on its:

Acquisition of a significant minority investment in Elinvar, a Germany-based online B2B2C software platform which connects investors and asset and wealth managers

Participation in a US$125 million Series B funding round for wefox

Direct investments:

UniCredit (Dynamic discounting)
Acquisition of 10% of FinDynamic (June 2019)

Bank Frick (SME working capital finance)
Acquisition of majority equity holding of Tradico (June 2019)

Santander, BNY Mellon, Barclays, CIB, Commerzbank, Credit Suisse, ING, KBC, Lloyds, MUFG Bank, Sumitomo Mitsui Banking, State Street and UBS (Digital cash settlement)
Participation in successful £50 million Series A funding round for Fnnality International (June 2019)

Swedbank (Consumer credit)
Participation in successful £4 million Venture funding round for Kaching Retail (May 2019)

Barclays (Supply chain DLT)
Participation in successful US$5.5 million Series A funding round for Crowdz (May 2019)

Goldman Sachs (WealthTech)
Participation in successful Seed funding round for Elinvar (May 2019)

Goldman Sachs (InsurTech)
Participation in successful US$125 million Series B funding round for wefox (March 2019)

Goldman Sachs (WealthTech)
Acquisition of significant minority investment in Elinvar (March 2019)

Standard Bank (Banking)
Participation in successful US$12 million Series A funding round for Hewire (March 2019)

Barclays (Customer loyalty)
Participation in successful £10 million Series A funding round for Bink (February 2019)

Credit Suisse (InsurTech)
Participation in successful 120 million Swiss franc Series A funding round for Tradeplus24 (February 2019)

Goldman Sachs, ANZ and Banco Sabadell (Tech connectivity platform)
Participation in successful US$20 million Series A funding round for Bud (February 2019)

RBS (Banking)
Acquisition of 25% equity interest in Loot (January 2019)

Barclays (Factoring)
Minority equity investment in MarketInvoice (January 2019)

Goldman Sachs (WealthTech/Robo-advisory)
Participation in successful £45 million Series E funding round for Nutmeg (January 2019)

Venture fund investments:

ABN AMRO Digital Impact Fund (Data analytics)
Minority equity investment in ThetaRay (June 2019)

CommerzVentures (InsurTech)
Participation in successful €15 million Series A funding round for GetSafe (June 2019)

ING Ventures (Consumer credit)
Participation in successful US$14 million Series B funding round for Twisto (May 2019)

Barclays Ventures (RegTech)
Participation in successful US$6 million Series A funding round for Simudyne (April 2019)

ING Ventures (Banking)
Participation in successful US$21.4 million Series C funding round for fintonic (February 2019)

NBS Ventures (Fraud prevention)
Participations in successful Seed funding round for Ordo (April 2019)

CommerzVentures (Data analytics)
Participation in successful US$9 million Series A funding round for Mosaic Smart Data (April 2019)

NBS Ventures (Banking)
Participation in successful £15 million Series B funding round for 10Xbanking (March 2019)

Santander InnoVentures (Fraud prevention)
Participation in successful US$30 million Series C funding round for Secure (February 2019)

Santander InnoVentures (AI)
Participation in successful US$20 million Seed funding round for Nivaera (February 2019)

Santander InnoVentures (Factoring)
Minority equity investment in MarketInvoice (January 2019)

Barclays Ventures (Marketplace)
Participation in successful Seed funding round for Krowd (January 2019)

JVs/Partnerships:

Starling Banking
Online e-commerce merchant payment services JV with PelicanPay (June 2019)

* For Payments M&A, please refer to the ‘Other Financial Services’ report in this series.
* Source: Finextra (May 2019)
** Source: CityAM (April 2019)
Banks buy into the promise

China UnionPay
European debit and credit card JV with Tribe Payments (June 2019)

Rabobank
Instant mobile banking solution JV with Mollie (May 2019)

Luminor Bank
Markets and treasury operations JV with Eurobase (May 2019)

HSBC
AI-based sourcing and procurement JV with Globality (May 2019)

Arab Tunisian Bank
Core banking software JV with Temenos (May 2019)

J.P. Morgan
Partnership with Microsoft to offer Quorum through Azure Blockchain Service (May 2019)

Lloyds Banking Group
Launch of Edinburgh tech hub (May 2019)

NatWest
Biometric fingerprint card JV with Gemalto (April 2019)

Praxia Bank
German deposits JV with Raisin (April 2019)

Commerzbank
Corporate client savings platform JV with Raisin (April 2019)

CYBG
Unsecured loan JV with Salary Finance (February 2019)

KBC
Cash and smart treasury JV with Cashforce and financial reporting JV with BrightAnalytics (January 2019)

RBS
Partnership with 11:FS to launch Mettle (January 2019)

Start-up support:

CIBC, Bank Leumi and National Australia Bank
Launch of joint global online portal for submission of funding pitches for fintech (May 2019)

BBVA
Open Talent start-up competition for US$100,000 investment funding from Venture Creation Partnership (May 2019)

Lloyds Banking Group
Launch of Edinburgh tech hub (May 2019)

Nationwide Building Society
Support for OpenWrks, Ducit.ai, Trezeo Flow, Toucan, Squad and Tully through £3 million ‘Open Banking for Good’ challenge (April 2019)

SC Ventures
Launch of SC Ventures Fintech Bridge to connect start-ups, investors and accelerators to Standard Chartered Bank (March 2019)

Barclays Accelerator
Selection of 10 fintechs to participate in 2019 Barclays Accelerator, powered by Techstars (January 2019)

Innovation consortia:

Finastra (DLT)
DLT-based syndicated loan market joined by BNP Paribas, Natixis and Société Générale (May 2019)

Marco Polo Network (DLT)
DLT-based trade finance network joined by Bayerische Landesbank, Landesbank Hessen-Thüringen Helaba and Raiffeisen Bank International (April-May 2019)

Voltron (DLT)
Expansion of DLT-based trade finance coalition to >50 banks (May 2019)

Interbank Information Network (DLT)
Expansion of blockchain payment services by J.P. Morgan to reach 220 banking members (April 2019)

New business lines:

Emirates NBD
‘Bank of the future’ JV with Amazon Web Services and launch of WhatsApp Business Solution (April-May 2019)

Outsourcings:

Banco Santander
Multi-year cloud banking contract with Microsoft Azure (April 2019)

Global fintech funding reached US$6.3 billion in Q1 2019***

InsurTech investment volumes increased by more than 60 per cent between 2017 and 2018, totalling US$2.6 billion in Q1-Q3 2018****

VC-backed fintech companies raised US$39.57 billion in 2018, up 120 per cent from 2017 through 1,707 deals, up from 1,480 deals*****

Deal highlight:
White & Case advised SoftBank Vision Fund on its:
US$800 million equity investment in Greensill, which specialises in alternative supply chain funding to corporates, the #1 largest European fintech investment

Participation in the successful US$440 million Series D funding round for OakNorth, the #2 largest European fintech investment

Deal highlight:
White & Case advised Bud on its £1.5 million Seed and subsequent US$20 million Series A funding rounds

*** Source: Reuters (April 2019)

**** Source: Reinsurance News (February 2019)

***** Source: Reuters (January 2019)
### Funding rounds/Equity Investments:

<table>
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<th>Investor/Platform</th>
<th>Details</th>
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<tr>
<td>Earlybird (InsurTech)</td>
<td>Participation in successful €15 million Series A funding round for GetSafe (June 2019)</td>
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<tr>
<td>Toscafund Asset Management (Payments)</td>
<td>Participation in successful £11 million Venture funding round for CellPoint Mobile (June 2019)</td>
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<td>Tencent (Bank infrastructure)</td>
<td>Participation in successful US$35 million Series C funding round for TrueLayer (June 2019)</td>
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<td>TCV, Accel and Leapfrog Investments (Online money transfer)</td>
<td>Participation in successful US$175 million Series D funding round for WorldRemit (June 2019)</td>
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<td>HZ Holtzbrinck Ventures and Localglobe (Open Banking)</td>
<td>Participation in successful £4.3 million Seed funding round for Yapily (May 2019)</td>
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<td>Brightly Ventures (Consumer credit)</td>
<td>Participation in successful £4 million Venture funding round for Kaching Retail (May 2019)</td>
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<td>Bold Capital Partners, TFX Capital Partners, Techstars Ventures and First Derivatives (Supply chain DLT)</td>
<td>Participation in successful US$5.5 million Series A funding round for Crowzit (May 2019)</td>
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<td>Global Founders Capital (Banking)</td>
<td>Participation in successful £3.1 million Venture funding round for Pixpay (May 2019)</td>
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<td>Brightly Ventures and Luminar Ventures (Open Banking)</td>
<td>Participation in successful €1.2 million Seed funding round for Open Payments Europe (May 2019)</td>
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<td>Coature Management (Payments/card-issuing platform)</td>
<td>Participation in successful US$260 million Series E funding round for Marqeta (May 2019)</td>
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<td>Frog Capital (Payments)</td>
<td>Participation in successful £1.8 million Seed funding round for Modal (May 2019)</td>
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<td>GapMinder VC (AI)</td>
<td>Participation in successful €1.1 million Seed funding round for FintechOS (May 2019)</td>
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<td>FinTech Collective (Consumer credit)</td>
<td>Participation in successful US$8 million Series A funding round for Anyfin (May 2019)</td>
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<td>Stripes (Payment cards)</td>
<td>Participation in successful US$56 million Series B funding round for Pileo (May 2019)</td>
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<td>Finch Capital (Consumer credit)</td>
<td>Participation in successful US$14 million Series B funding round for Twisto (May 2019)</td>
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<td>MizMaa Ventures and Ant Financial (RegTech)</td>
<td>Participation in successful US$10 million Series A funding round for Qedit (May 2019)</td>
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<td>Menlo Ventures (InsurTech)</td>
<td>Participation in successful US$280 million Series B funding round for Indio Technologies (May 2019)</td>
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<td>Octopus Ventures (Data analytics)</td>
<td>Participation in successful US$9 million Series A funding round for Mosaic Smart Data (April 2019)</td>
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<td>Dawn Capital (Efficiency solutions)</td>
<td>Participation in successful US$10 million Series E funding round for OpenGamma (April 2019)</td>
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<td>Värde Partners (Banking)</td>
<td>Minority equity investment in Masthaven (April 2019)</td>
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<td>SoftBank Investments and Augmentum Fintech (AI)</td>
<td>Participation in successful US$50 million funding round for Onfido (April 2019)</td>
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<td>Blenheim Chalcot (Non-bank lending)</td>
<td>Participation in successful US$32.8 million Series C funding round for Salary Finance (April 2019)</td>
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<td>Sequoia Capital, Permira, Otiva and Northzone (Banking)</td>
<td>Participation in successful US$93 million late-stage funding round for Klarna Bank (April 2019)</td>
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<tr>
<td>LMK Industri (Mobile leading)</td>
<td>Participation in successful €48 million Seed funding round for Bynk (February 2019)</td>
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<td>Merian Global Investors (Banking)</td>
<td>Participation in successful £75 million Series C funding round for Starling Bank (February 2019)</td>
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<td>SoftBank Vision Fund (Banking)</td>
<td>Participation in successful US$440 million Series D funding round for OakNorth (February 2019)</td>
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<tr>
<td>Index Ventures, Ribbit Capital and Thrive Capital (WealthTech)</td>
<td>Participation in successful US$114 million Series D funding round for Raisin (February 2019)</td>
</tr>
<tr>
<td>NVM Private Equity and Maven Capital Partners (Non-bank lending)</td>
<td>Participation in successful £7 million Series A funding round for Mojo Mortgages (February 2019)</td>
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<tr>
<td>9Yards Capital (Fintech re-bundling)</td>
<td>Participation in successful US$80 million Series A funding round for Bud (February 2019)</td>
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<tr>
<td>Convoy (Robo-advisory)</td>
<td>Participation in successful £45 million Series E funding round for Nutmeg (January 2019)</td>
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<tr>
<td>Celeries Investments (Consumer finance)</td>
<td>Participation in successful £3.5 million Series A funding round for Jaja Finance (January 2019)</td>
</tr>
<tr>
<td>Insight Venture Partners (Banking)</td>
<td>Participation in successful US$300 million Series D funding round for N26 (January 2019)</td>
</tr>
</tbody>
</table>

### Acquisitions:

- **Nordic Capital (Digital identity solution)**: Acquisition of Signicat (April 2019)
- **Bowmark Capital (Automation and compliance technology)**: Acquisition of Tax Systems (March 2019)
- **Dedicated fintech funds**:
  - **Blossom Capital**: Successful US$85 million fund raising (February 2019)
  - **Draper Esprit**: Acquisition of 27% of Earlybird (January 2019)
  - **Augmentum Fintech**: £7 million equity investment in iwoca (January 2019)
- **æternity Ventures**: Selection of Abend, Cryptic Legends, Cryptotask and Homeport for 2019 Starfleet accelerator programme (April 2019)
Other FIs buy into the promise

**Equity investments/Acquisitions:**
- **Mastercard (RegTech)**
  Participation in successful pre-Series A funding round for Konseptus (June 2019)
- **Legal & General (Non-bank lending)**
  Minority equity investment in Salary Finance (April 2019)
- **Visa (Consumer finance)**
  Minority equity investment and strategic alliance with Branch International (April 2019)

**BlackRock (Data analytics)**
Acquisition of eFront (March 2019)

**Zurich (InsurTech)**
Acquisition of Sea Pine Technologies (February 2019)

**Amundi (Data analytics)**
Acquisition of Anatec (January 2019)

**Kingsbridge Group (InsurTech)**
Acquisition of Dinghy (January 2019)

**Universal-Investment (Data solutions)**
Acquisition of labs (January 2019)

**Venture fund investments:**
- **Aviva Ventures (Mortgage tech)**
  Participation in successful £5 million Seed funding round for Acre Software (April 2019)
- **AXA Venture Partners (InsurTech)**
  Successful US$150 million fundraising for AVP Early Stage II, early-stage InsurTech investment fund (January 2019)

**SWFs buy into the promise**

**Mubadla Ventures (InsurTech)**
Participation in successful US$125 million Series B funding round for wefox (March 2019)

**GIC (Payments integration)**
Participation in successful US$230 million Series A funding round for Checkout.com (May 2019)

**GIC (Banking)**
Participation in successful US$300 million Series D funding round for N26 (January 2019)

**Data giants buy into the promise**

**Orange (Digital payments and banking)**
CEE digital payment and banking JV with Wirecard (May 2019)

**IBM (RegTech)**
AI-driven regulatory compliance monitoring product JV with Thomson Reuters (May 2019)

**T-Mobile (Banking)**
T-Mobile Money checking account JV with BankMobile (April 2019)

**Fintech, the ‘enabler’—‘ethical’ lending and tackling social concerns**

**Market highlight:**
World Bank launched its ‘impact investment’ standards, aimed at delivering positive societal benefits, supported by 60 asset managers and institutional investors

**Wagestream (Consumer finance)**
Successful £15 million Series A funding round, led by Balderton Capital and Northzone (May 2019)

**Tully (Open Banking)**
Launch of Open Banking-based free online personalised financial plan service (April 2019)

**Nationwide Building Society (Open Banking)**
£3 million “Open Banking for Good” challenge to develop fintech solutions to assist financially vulnerable customers (April 2019)

**Credit Kudos (Open Banking)**
Successful £2.2 million Series A funding round, led by Ascension Ventures (April 2019)

**Salary Finance (Financial well-being)**
Successful US$32.8 million Series C funding round (led by Blenheim Chalcot and Legal & General) and financial well-being JV with CYBG (February–April 2019)

**Branch International (Connectivity)**
Strategic alliance with Visa for consumer finance for first-time borrowers in under-banked communities in Africa, India and Mexico (April 2019)
Deal highlight: White & Case advised Motive Partners on the launch of New York and London-based membership-only innovation and investment incubator, Motive Labs

Expanding footprints/product lines:
- Amaiz: Launch of banking app for UK ‘solopreneurs’ (June 2019)
- Plaid: Launch in the UK (May 2019)
- Liquidnet: Launch of Ecosystem Pro (April 2019)
- N26: Expansion into Brazil banking market (February 2019)

JVs:
- Jumio: AI-powered trusted identity JV with Monzo (May 2019)

Fundraisings:
- Bankin’: (Money management app) Successful €20 million Series B funding round (April 2019)
- 20|30: Successful £3 million fundraising through tokenised share issuance on the London Stock Exchange’s Turquoise equity trading platform (April 2019)

Start-up support:
- Motive Partners: Launch of Motive Labs (January 2019)

Inorganic growth:
- PayU: Acquisition of Iyzico (June 2019)
- SimCorp: Acquisition of AIM Software (June 2019)

Spaghetti junction of UK government-led initiatives threatens UK’s innovation crown

21 EU Member States have established fintech innovation hubs and 5 EU Member States have operational regulatory “sandboxes”

Market highlight: White & Case is, as of June 2019, a partner in the FinTech Alliance Community, a new online portal for the global fintech community, connecting the UK to a worldwide ecosystem

Governments:
- UK Tech Nation: Launch of applications for 2nd cohort for fintech growth programme (June 2019)
- Bahrain Electronic Network for Financial Transactions: Development of DLT-based national KYC utility in partnership with Fenergo (May 2019)
- Belgian Finance Ministry: Collaboration project with Innovate Finance (January 2019)

UK All-party Parliamentary Group on Fintech: Launch of ‘fintech diplomacy’ in Asian markets (January 2019)

Global trade associations:
- Financial Data and Technology Association: Cooperation agreement with OpenID Foundation (May 2019)

Regulators:

***** Source: Financial News (June 2019)
****** Source: Law360 (January 2019)
Cashing out

TruFin
Disposal of 15% of Zopa (April 2019)

Beware the undertow

Fintech investments are far from a ‘sure win’:
Loot
Entry into administration (May 2019)
Investec
Discontinuance of Click and Invest robo-advisor (May 2019)

Financial inclusion:
Czech Republic Government
Erste Bank, UniCredit, Société Générale and KBC to pay US$260 million into National Development Fund to support social and digital projects (May 2019)

UK Treasury Select Committee
Proposal for UK big banks to fund shared hubs in response to branch closures (May 2019)

ICOs/Cryptocurrencies

Growing support for cryptos

FIs:
Total Processing
Crypto payment solution JV with PumaPay (May 2019)
Enumis
Fiat current accounts JV with Coinfloor (May 2019)
PaySend
Launch of stablecoins on Stellar (May 2019)
J.P. Morgan
Launch of JPM Coin (April 2019)

Wirex
Fiat-backed stablecoins collaboration with Stellar (April 2019)
Julius Bär
Crypto banking JV partnership with SEBA Crypto (February 2019)
Nivaura
Successful US$20 million Seed funding round, led by London Stock Exchange and Banco Santander (February 2019)

International organisations:
IMF and World Bank
Launch of ‘Learning Coin’ (April 2019)

Governments:
Belfast City Council
Belfast Coins JV with Colu (May 2019)

Market participants seeking scale

eToro
Acquisition of Firmo (March 2019)

Bitspark
Launch of web platform enabling deposits cash and cryptocurrency using stablecoins (May 2019)

Société Générale
Issue of €100 million of covered bonds as security tokens registered on Ethereum blockchain (April 2019)

Increasing market sophistication

UK FCA
Consultation on proposed ban on selling derivatives linked to certain cryptocurrencies to retail customers expected in H2 2019 (January 2019)

Regulatory intervention
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