

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-accretive 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

- Support for new breed of fintechs geared towards financial well-being and inclusion (e.g., Salary Finance, Tully, Wagestream, etc.)
- Growing support for cryptos from financial institutions, international organisations and governments

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)

Hyder Jumabhoy
Partner, London
EMEA M&A Group



Guy Potel
Partner, London
EMEA M&A Group



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
- Clawing back ownership of the consumer relationship
- 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 N26'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 proves 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?



Consistently high level of M&A activity, with a particular focus on bank IT infrastructure, RegTech, consumer/SME finance, AI/machine-learning and DLT. Concerns of a market rapidly approaching saturation are likely to increase, driving consolidation. The strong will grow stronger and the weak will be acquired or fold.

Active fintechs in H1 2019

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

RegTech & Efficiency Solutions

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

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**

Payments

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

DLT & Cryptocurrencies

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

Banking/BankTech

- GREENSILL**
- 10X BANKING
- 11:FS
- REWIRE
- KLARNA
- MASTHAVEN
- OAKNORTH**
- STARLING BANK
- FINTONIC
- TIDE
- MOLLIE
- METTLE
- TRUELAYER
- YAPILY
- PIXPAY
- MASTHAVEN
- N26

Non-bank lending

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

WealthTech & Robo-advisory

- ELINVAR**
- RAISIN
- MIEUXPLACER.COM
- PLEO
- NUTMEG
- MARKETSFLOW
- WEFOX**
- FINVENTUM

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 **Finabl'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

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**

Here's what our specialists say



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.

4

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.

5

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?

6

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*

Banks buy into the promise

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, CIBC, 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 Fnality 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 Rewire (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 invest 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 (May 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 Socure (February 2019)

Santander InnoVentures (AI)

Participation in successful US\$20 million Seed funding round for Nivaura (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)*

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)*

Financial sponsors buy into the promise

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)*

Financial sponsors buy into the promise

Funding rounds/Equity investments:

Earlybird (InsurTech)

Participation in successful €15 million Series A funding round for Getsafe (June 2019)

Toscafund Asset Management (Payments)

Participation in successful £11 million Venture funding round for CellPoint Mobile (June 2019)

Tencent (Bank infrastructure)

Participation in successful US\$35 million Series C funding round for TrueLayer (June 2019)

TCV, Accel and Leapfrog Investments (Online money transfer)

Participation in successful US\$175 million Series D funding round for WorldRemit (June 2019)

HZ Holtzbrinck Ventures and Localglobe (Open Banking)

Participation in successful £4.3 million Seed funding round for Yapily (May 2019)

Brightly Ventures (Consumer credit)

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

Bold Capital Partners, TFX Capital Partners, Techstars Ventures and First Derivatives (Supply chain DLT)

Participation in successful US\$5.5 million Series A funding round for Crowdiz (May 2019)

Global Founders Capital (Banking)

Participation in successful €3.1 million Venture funding round for Pixpay (May 2019)

Brightly Ventures and Luminar Ventures (Open Banking)

Participation in successful €1.2 million Seed funding round for Open Payments Europe (May 2019)

Coatue Management (Payments/card-issuing platform)

Participation in successful US\$260 million Series E funding round for Marqeta (May 2019)

Frog Capital (Payments)

Participation in successful £14 million Seed funding round for Modulr (May 2019)

GapMinder VC (AI)

Participation in successful €1.1 million Seed funding round for FintechOS (May 2019)

FinTech Collective (Consumer credit)

Participation in successful US\$8 million Series A funding round for Anyfin (May 2019)

Stripes (Payment cards)

Participation in successful US\$56 million Series B funding round for Pleo (May 2019)

Finch Capital (Consumer credit)

Participation in successful US\$14 million Series B funding round for Twisto (May 2019)

MizMaa Ventures and Ant Financial (RegTech)

Participation in successful US\$10 million Series A funding round for Qedit (May 2019)

Menlo Ventures (InsurTech)

Participation in successful US\$20 million Series B funding round for Indio Technologies (May 2019)

Octopus Ventures (Data analytics)

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

Dawn Capital (Efficiency solutions)

Participation in successful US\$10 million Series E funding round for OpenGamma (April 2019)

Värde Partners (Banking)

Minority equity investment in Masthaven (April 2019)

SoftBank Investments and Augmentum Fintech (AI)

Participation in successful US\$50 million funding round for Onfido (April 2019)

Blenheim Chalcot (Non-bank lending)

Participation in successful US\$32.8 million Series C funding round for Salary Finance (April 2019)

Sequoia Capital, Permira, Otiva and Northzone (Banking)

Participation in successful US\$93 million late-stage funding round for Klarna Bank (April 2019)

LMK Industri (Mobile leading)

Participation in successful €48 million Seed funding round for Bynk (February 2019)

Merian Global Investors (Banking)

Participation in successful £75 million Series C funding round for Starling Bank (February 2019)

SoftBank Vision Fund (Banking)

Participation in successful US\$440 million Series D funding round for OakNorth (February 2019)

Index Ventures, Ribbit Capital and Thrive Capital (WealthTech)

Participation in successful US\$114 million Series D funding round for Raisin (February 2019)

NVM Private Equity and Maven Capital Partners (Non-bank lending)

Participation in successful £7 million Series A funding round for Mojo Mortgages (February 2019)

9Yards Capital (Fintech re-bundling)

Participation in successful US\$20 million Series A funding round for Bud (February 2019)

Convoy (Robo-advisory)

Participation in successful £45 million Series E funding round for Nutmeg (January 2019)

Celeres Investments (Consumer finance)

Participation in successful £3.5 million Series A funding round for Jaja Finance (January 2019)

Insight Venture Partners (Banking)

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

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)

Start-up support:

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 Konsentus (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)

Scaling-up

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)

Salary Finance

Unsecured loan JV with CYBG (February 2019)

BrightAnalytics

Financial reporting JV with KBC (January 2019)

11:FS

Digital banking partnership with RBS (January 2019)

Fundraisings:

Bankin'

(Money management app)

Successful €20 million Series B funding round (April 2019)

20j30

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)

Iress

Acquisition of QuantHouse (May 2019)

KRM22

Acquisition of Object+ (May 2019)

Sovos

Acquisition of Foriba (May 2019)

Certua

Acquisition of Surely Group (May 2019)

Torstone Technology

Acquisition of Percentile (April 2019)

FinLeap

Acquisition of Penta (April 2019)

SimplyBiz

Acquisition of Defacto (March 2019)

Raisin

Acquisition of MHB-Bank (March 2019)

Kyriba

Acquisition of FIREapps (January 2019)

Cedacri

Acquisition of Oasi (January 2019)

Meniga

Acquisition of Wrapp (January 2019)

Top-down support for fintech continues

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:

UK Financial Conduct Authority and Bank of England

Establishment of Technology Working Group (May 2019)

***** 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

Fls:

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)

Increasing market sophistication

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)

Regulatory intervention

UK FCA

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

Patrick Sarch

Partner, London
Co-head of Financial Institutions
Global Industry Group
T +44 20 7532 2286
E patrick.sarch@whitecase.com

Prof. Dr. Roger Kiem

Partner, Frankfurt
Co-head of Financial Institutions
M&A Group
T +49 69 29994 0
E roger.kiem@whitecase.com

Ashley Ballard

Partner, London
EMEA M&A Group
T +44 20 7532 2128
E aballard@whitecase.com

Guy Potel

Partner, London
EMEA M&A Group
T +44 20 7532 1969
E guy.potel@whitecase.com

Hyder Jumabhoy

Partner, London
EMEA M&A Group
T +44 20 7532 2268
E hyder.jumabhoy@whitecase.com

Daniel Turgel

Partner, London
EMEA M&A Group
T +44 20 7532 2402
E daniel.turgel@whitecase.com

Emmie Jones

Partner, London
EMEA Private Equity Group
T +44 20 7532 1727
E emmie.jones@whitecase.com

Jan Jensen

Partner, Stockholm
EMEA Private Equity Group
T +46 8 506 32 375
E jan.jensen@whitecase.com

Martin Järvengren

Partner, Stockholm
EMEA M&A Group
T +46 8 506 32 371
E martin.jarvengren@whitecase.com

Henrik Wireklint

Partner, Stockholm
EMEA M&A Group
T +46 8 506 32 331
E henrik.wireklint@whitecase.com

Stuart Willey

Partner, London
EMEA Financial Regulatory Group
T +44 20 7532 1508
E swilley@whitecase.com

Jonathan Rogers

Partner, London
EMEA Financial Regulatory Group
T +44 20 7532 2163
E jonathan.rogers@whitecase.com

Pratin Vallabhaneni

Partner, Washington DC
US Bank Advisory Group
T +1 202 626 3596
E pratin.vallabhaneni@whitecase.com

Howard Wettan

Partner, Silicon Valley
US M&A Group (Sourcing & Technology)
T +1 650 213 0354
E howard.wettan@whitecase.com

Darragh Byrne

Partner, Stockholm/Frankfurt
EMEA M&A Group
T +49 69 29994 1433
E darragh.byrne@whitecase.com

Dr. Lutz Krämer

Partner, Frankfurt
EMEA M&A Group
T +49 69 29994 1132
E lutz.kraemer@whitecase.com

Dr. Jost Kotthoff

Partner, Frankfurt
EMEA Intellectual Property Group
T +49 69 29994 1275
E jkotthoff@whitecase.com

Franck De Vita

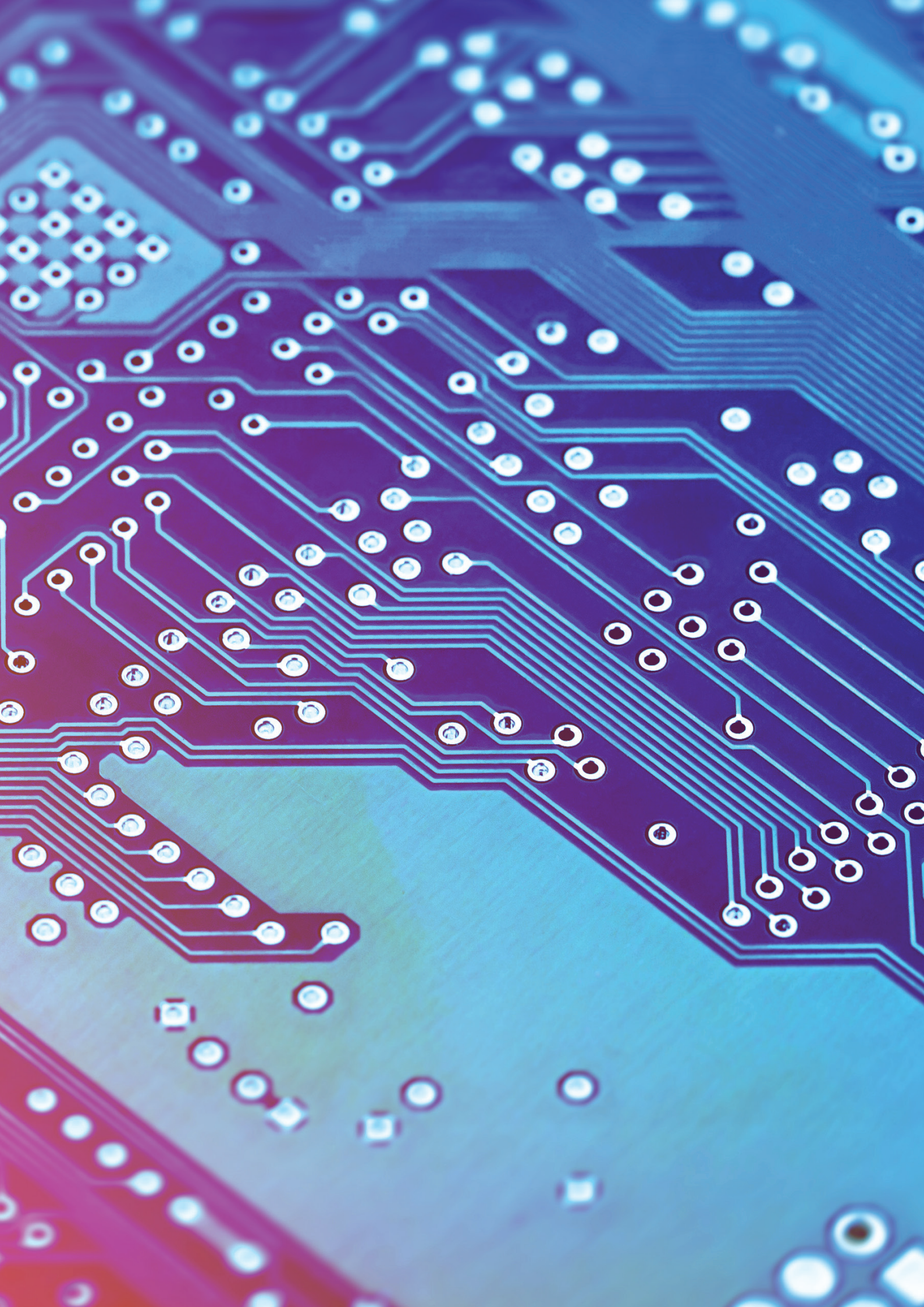
Partner, Paris
EMEA Private Equity Group
T +33 1 55 04 15 75
E fdevita@whitecase.com

Hugues Mathez

Partner, Paris
EMEA M&A Group
T +33 1 55 04 15 10
E hmathez@whitecase.com

We do not accept any liability in relation to this Report or its distribution by any person. This Report has been prepared exclusively using information in the public domain. We have not independently verified the information relied on for the purposes of or contained in this Report. Accordingly, no representation or warranty or undertaking (express or implied) is made, and no responsibility or liability is accepted by us as to the authenticity, origin, validity, accuracy or completeness of, or any errors in or omissions from, any information or statement contained in this Report or in or from any accompanying or subsequent material or presentation.

We are neither giving nor purporting to give any assurance as to the likelihood of any transaction. Furthermore, this Report does not, and is not intended to, constitute an offer or invitation to any person to purchase any securities of any nature whatsoever. This Report is provided on a non-reliance basis and is not intended to be exhaustive or to constitute legal advice or any nature whatsoever. We do not accept any responsibility, express or implied, for updating this Report.



whitecase.com

In this publication, White & Case means the international legal practice comprising White & Case LLP, a New York State registered limited liability partnership, White & Case LLP, a limited liability partnership incorporated under English law, and all other affiliated partnerships, companies and entities.

This publication is prepared for the general information of our clients and other interested persons. It is not, and does not attempt to be, comprehensive in nature. Due to the general nature of its content, it should not be regarded as legal advice.

Attorney Advertising.
Prior results do not guarantee a similar outcome.

© 2019 White & Case LLP