Unicorns trail-blaze the London financial services landscape

Fintech

Support for fintech is the highest it has ever been:

Banks turbocharge digital transformation strategies: Multi-channel investment strategies

Voracious financial sponsor appetite: Sponsors and founders embrace to disrupt traditional financial services models

Fintechs come of age: Fintechs have stockpiled growth capital and are ready to turbocharge inorganic expansion strategies
Unicorns trail-blaze the London financial services landscape

British thoroughbreds dominate the downs—London has overtaken New York as the world’s #1 hub for fintech investments. Unicorns are not mythical creatures on City streets...

Overview

CURRENT MARKET

Upward, exponential (the air is thin up there)

WE ARE SEEING

- Established banks turbocharging digital transformation strategies:
  - Top brass sanction digital transformation spend (e.g., Deutsche Bank’s Central Technology Division, mandated to invest US$14.2 billion in technology by 2022)
  - Allocation of capital to ‘fintech only’ funds (e.g., increase of ABN AMRO Digital Impact Fund to £100 million)
  - Start-up support—discovering diamonds in the rough (e.g., Deutsche Bank’s Shanghai-based innovation lab, Blue Water, and Softbank’s Vision Fund)
  - Outsourcing—the professionals will handle it (e.g., NatWest’s voice recognition banking outsourcing to Google Assistant)
- Established banks deploying multi-channel investment strategies:
  - Acquisitions—technologies offering business-critical benefits (e.g., harnessing the potential benefits of BigData)
  - Direct equity investments—technologies offering nearer term value enhancement opportunities (e.g., RegTech, AI, digital banking solutions, etc.)
  - Venture fund equity investments—technologies which will be value accretive to core banking operations in the longer term (e.g., data analytics, customer connectivity, etc.)
  - Partnerships—new efficiency solutions (e.g., NIBC Bank credit decision partnership with DathNorth and new customer opportunities (e.g., Goldman Sachs’s credit card partnership with Apple Pay)
  - Innovation consortia—many hands make light work (e.g., development of a joint KYC data-handling platform by Danske, DNB, Nordea, SEB, Handelsbanken and Swedbank)
- Financial sponsors stoke the fires of change:
  - Piling into equity and debt funding rounds—from seed to late-stage—VC and private equity firms with potential to disrupt traditional financial service models
  - Acquisitions—for fintechs which have (or are capable of) developing critical scale within a 3–5 year exit horizon
  - Dedicated fintech funds (e.g., Balderton Capital’s $400 million Balderton Fund VIII)

KEY DRIVERS

- Established banks imbibe the benefits of technology:
  - New battleground to compete with other established banks/institutions for existing customer bases
  - Keeping up with rapidly growing customer expectations—customers want personalisation, on-demand innovative products, available through frictionless experiences
  - Improving operational efficiencies by leveraging emerging AI and automation technologies
  - Solution for growing cyber-attack, money laundering, identity fraud and financial crime threats
  - Improving customer catchment and distribution (e.g., Saxo Bank’s Chinese RegTech and robo-advisory alliance with ZhongAng Cheq)
  - Reaching under-banked/un-banked communities in emerging markets (e.g., Standard Chartered’s new Digital-only bank in Botswana, Tanzania and Zimbabwe)
  - Opportunity to repair customer sentiment and tackle social concerns (e.g., Nationwide’s new ‘Open Banking for Good’ initiative)
  - Voracious financial sponsor appetite:
    - Founders’ embrace financial sponsor ownership expectations and benefits (including less ‘tangible’ mentorship opportunities)
    - Growing regulator understanding of financial sponsor ownership

TRENDS TO WATCH

- Availability of funding dry powder (e.g., Mubadala’s $1.0 billion and dedicated US$250 million investment capital)
- Success stories bolster investment confidence (e.g., Emergence, DCM, Icon Ventures, Financial Partners Fund and Scale Venture Partners benefitting from Bill.com’s US$1.6 billion valuation on IPO)
- Top-down encouragement for fintechs:
  - National governments provide support, including legislative (e.g., Turkey’s new Open Banking regime, financial (e.g., France’s €6 billion start-up funding pledge and infrastructure (e.g., access to Bank of England’s overnight accounts for fintechs)
  - Local regulators valley cross-border collaboration (e.g., Croatian Financial Services Agency’s fintech collaboration MoU with the Israel Security Authority)
  - Domestic trade associations lobby for competition and a level playing field
- Very high level of M&A activity, investor appetite for untested new fintech entrants will start to wane, as market saturation and impatience to see returns increases. That will inevitably mean two things. Firstly, that there will be more opportunities for first-movers who have stockpiled capital and do not need to rely on their business plans, and secondly, that the fail rate of fintechs who lag behind will increase.

Our M&A forecast

- Mounting pressure on fintechs to demonstrate sustainability and, more importantly, profitability—investor patience is neither unconditional nor everlasting
- Declining numbers of new fintech entrants but increasing opportunities for fintechs which are successfully able to scale
- Growth of support from established financial institutions for fintechs:
  - Through outsourcing—migration of core systems onto the cloud could present a digital solution for many institutional banks. However, risks associated with cloud computing still need to be assessed
  - Cloud capabilities provide cost-benefit, sustainability and financial inclusion (e.g., Accion International’s US$30 million investment initiative for seed-stage fintechs focusing on financial inclusion
  - Growing awareness of negative side effects of fintech acceptance (e.g., Unita campaign to ‘Save Bank Branches’)
  - Re-investment by fintechs into the ecosystem around them (e.g., Modulr’s £20 million investment into the Scottish fintech industry)
  - Regulatory scrutiny and intervention relating to KYC, AML, ABC, anti-fraud and financial crime prevention standards, particularly in relation to crypto-trading

Hyder Jumabhoy
EMEA Corporate Group
Partner, London

Guy Potel
EMEA Corporate Group
Public M&A/Fintech
Partner, London

Air is thin at the top and the peak does not afford space for everyone. We have started to see the demise of fintechs which offered promise but could not deliver. More will fail, leaving the few that will revolutionise financial services.

Hyder Jumabhoy
Fintech—Publicly reported deals & situations

**Fintech**

UK fintech start-ups reached new funding record level of US$2.9 billion in H1 2019, across a total of 123 deals (Finextra—July 2019)

UK fintech boom shows signs of slowing—only 11 new fintechs were founded in 2019, compared with 91 in 2018 and 164 in 2015 (Pitchbook—December 2019)

UK’s tech entrepreneurs raised c. £44 billion since the financial crisis, with >50% (c. £23 billion) coming after the Brexit vote (Telegraph—December 2019)

Deal highlight:

**White & Case** represented Pollinate on its £50 million growth capital investment round, participated in by RBS as well as Mastercard, Motive Partners and EPM Capital Management

**Direct equity investments:**

- **HSBC (Desktop OS):** Participation in US$22 million Series C funding round for OpenFin (December 2019)
- **Banco Votorantim (Banking):** Participation in US$91.5 million Series B funding round for Neon (November 2019)
- **Volkswagen Bank (Digital solutions on credit products):** Acquisition of 20% of EnTech Cred2 (November 2019)
- **SEB Bank (Payments):** Participation in £69 million Series B funding for CardPay (November 2019)
- **ING (RegTech):** Participation in US$11.3 million Series B funding for Ascent (November 2019)
- **Banco Santander (Trade financing):** Acquisition of 50.1% of Ebury (November 2019)
- **RBS (Payments):** Participation in £50 million Series A funding round for Polinata (November 2019)

**Banks’ multi-channel investment strategies**

<table>
<thead>
<tr>
<th>Bank</th>
<th>Multi-channel Investment Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>BBVA</td>
<td>Data analytics – Participation in Seed funding round for PrivacyCloud (October 2019)</td>
</tr>
<tr>
<td>Intesa Sanpaolo (Payments)</td>
<td>Acquisition of minority stake in MatPay (October 2019)</td>
</tr>
<tr>
<td>BBVA (Mortgage deposit-rising platform)</td>
<td>Participation in £15 million Seed funding round for StepLadder (October 2019)</td>
</tr>
<tr>
<td>Barclays, RBC, BMO and J.P. Morgan (WealthTech)</td>
<td>Participation in US$158 million Series E funding round for TouchBazaar (September 2019)</td>
</tr>
<tr>
<td>Deutsche Bank (Open-banking)</td>
<td>Acquisition of 4.9% of Deposit Solutions (September 2019)</td>
</tr>
<tr>
<td>J.P. Morgan and Société Générale (Customer relationship management)</td>
<td>Equity investment in Weilnetz (September 2019)</td>
</tr>
<tr>
<td>Banco Sabadell (Retailbanking)</td>
<td>Participation in US$5.5 million Series A funding round for Kowr (September 2019)</td>
</tr>
<tr>
<td>Standard Bank (POS finance and data analytics)</td>
<td>Participation in US$44 million Series D funding round for Nomanti (August 2019)</td>
</tr>
<tr>
<td>TBC Bank (E-commerce)</td>
<td>Acquisition of 66% of LLC Mylege (August 2019)</td>
</tr>
<tr>
<td>Bellfus, BNP Paribas, ING and KBC (Payments)</td>
<td>Participation in €20 million funding round for Payconiq (July 2019)</td>
</tr>
<tr>
<td>BBVA (Digital banking)</td>
<td>Participation in €50 million Venture funding round for Atom Bank (July 2019)</td>
</tr>
<tr>
<td>Crédit Mutuel Arkéa (Insurance)</td>
<td>Acquisition of 80% of Budget Insight (July 2019)</td>
</tr>
<tr>
<td>Nordea (Banking)</td>
<td>Equity Investment in RegTech (July 2019)</td>
</tr>
<tr>
<td>Visa (Cloud-based payments-as-a-service)</td>
<td>Participation in £32 million Series E funding round for Currencycloud (October 2019)</td>
</tr>
<tr>
<td>Nordea (Payments)</td>
<td>Equity Investment in Mondro (June 2019)</td>
</tr>
<tr>
<td>BAWAG (WealthTech)</td>
<td>Acquisition of 49% of Finventum (June 2019)</td>
</tr>
<tr>
<td>UniCredit (Disconting programmes)</td>
<td>Acquisition of 10% of FinDynamic (June 2019)</td>
</tr>
<tr>
<td>Venture fund investments:</td>
<td>Santander InnoVentures (Digital lending) – Participation in Series C funding round for Rosility (October 2019)</td>
</tr>
<tr>
<td>Santander InnoVentures (Debt marketplace)</td>
<td>Participation in €135 million Series B funding round for CrossLand (October 2019)</td>
</tr>
<tr>
<td>Citi Ventures (Data analytics)</td>
<td>Participation in £45 million Series A funding round for Cashforc (October 2019)</td>
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<tr>
<td>Citi Ventures (Data analytics)</td>
<td>Participation in £138 million Series A funding round for Fidel (September 2019)</td>
</tr>
<tr>
<td>Santander InnoVentures (Token issuance)</td>
<td>Participation in £14 million Series A funding round for Securitize (September 2019)</td>
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**Nationwide Ventures**

- **Equity investment in BankFi (September 2019)**
- **SC Ventures (AI):** Participation in US$40 million Series D funding round for Digital Reasoning (September 2019)
- **Goldman Sachs Growth Equity, Citi Ventures, Santander InnoVentures and American Express Ventures (AI):** Participation in US$60 million Series C funding round for Trufio (September 2019)
- **ABN AMRO Digital Impact Fund (Data analytics):** Equity Investment in Trifacta (September 2019)
- **Citi Ventures and MassMutual Ventures (Customer connection APIs):** Participation in US$75 million Series A funding round for Even (Financial) (September 2019)
- **ABN AMRO Digital Impact Fund (Data analytics):** Equity Investment in ThetaRay (June 2019)

**Acquisitions:**

- **VTB Bank (B2C):** Acquisition of AG ESK (August 2019)
- **TBD (FinTech):** Participation in US$32 million Series A funding round for Even (Financial) (September 2019)
- **Deutsche Bank (Digital lending):** Acquisition of 49% of Finventum (June 2019)
- **UniCredit (Disconting programmes):** Acquisition of 10% of FinDynamic (June 2019)
- **Santander InnoVentures (Social lending):** Participation in Series C funding round for Rosility (October 2019)
- **Santander InnoVentures (Debt marketplace):** Participation in €135 million Series B funding round for CrossLand (October 2019)
- **Citi Ventures (Data analytics):** Participation in £45 million Series A funding round for Cashforc (October 2019)

**Debt investments:**

- **Silicon Valley Bank (Consumer credit reporting):** Participation in US$100 million Series A funding round into TotalMoney (October 2019)
- **J.P. Morgan (Lending):** Participation in US$100 million Series A funding round for Nokomi (August 2019)
- **Citi Ventures (Data analytics):** Participation in £45 million Series A funding round for Cashforc (October 2019)
- **Citi Ventures (Data analytics):** Participation in £138 million Series A funding round for Fidel (September 2019)
- **Santander InnoVentures (Token issuance):** Participation in £14 million Series A funding round for Securitize (September 2019)
- **ING (Insurance):** Cashless store JV with Albert Heijn and Ali (September 2019)
- **ABN AMRO (Insurance):** Sustainability and financial data JV with Ecochain (August 2019)
- **Goldman Sachs (Banking):** Credit card JV with Apple Pay (August 2019)
- **Close Brothers (Retail banking):** Wealth and savings deposits JV with Deposit Solutions (August 2019)
- **NIBC Bank (Banking):** Credit decision JV with OakNorth (July 2018)
- **Start-up support:**
  - **Nationwide (Banking):** Launch of Open Banking for Good incubator (September 2019)
  - **J.P. Morgan (Retailbanking):** Launch of new Glasgow hi-tech hub (September 2019)
- **Deutsche Bank (Retailbanking):** Launch of BlueWater Fintech Space, Shanghai-based innovation hub (September 2019)
- **Acion International (Banking):** Launch of US$33 million investment initiative for seed-stage fintechs focusing on financial inclusion (September 2019)
- **Equinix (Banking):** Launch of ‘Open Banking for Nationwide’ (June 2019)

**New business lines/territories:**

- **ABN AMRO (Retailbanking):** Launch of Next Generation Complex Analytics platform in conjunction with Microsoft and DreamQuark (October 2019)
- **Banco Santander (Banking):** Launch of Openbank in Germany (September 2019)
- **Barclays and Standard Chartered (Banking):** Global supply chain DLT pilot (September 2019)
- **Nobank (Banking):** Launch of Cortes Live, single dealer platform (September 2018)
- **Santander (Retailbanking):** Inaugural US$20 million bond on Ethereum blockchain (September 2019)
- **HSBC (Retailbanking):** Inaugural processing of blockchain letter of credit using Chinese yuan (September 2019)

**Dedicated fintech funds:**

- **ABN AMRO (Retailbanking):** Inaugural use of ABN AMRO Digital Impact Fund to €100 million (November 2018)
- **Riyad Bank (Retailbanking):** Launch of SAR 100 million Financial Technology Fund (October 2019)
- **Goldman Sachs (Retailbanking):** Launch of International Innovation Hub (September 2019)

**Digital strategy investment:**

- **Deutsche Bank (Retailbanking):** Creation of Central Technology Division, with a mandate to invest US$14.2 billion in technology by 2022 (October 2019)

**Outsourcing:**

- **NatWest (Retailbanking):** Voice recognition banking outsourcing to Google Assistant (August 2019)
Fintech start-ups commanded the most funding of any sector in Q2 2019, taking in US$5.1 billion, highlighting VC firms with significant amounts to spend (FT–July 2019). 2019, a record-breaking year for megaldeals—381 deals totalling deal value of US$76.33 billion in 2018 but has recorded 193 deals totalling US$121.18 billion through 15 August 2019 (SNP–August 2019)

Deal highlight:

White & Case represented Thinsurance, an intelligent business insurance distribution platform, on its successful €13 million Series B funding round

Financial sponsors stoke the fires of change

Eight Roads Ventures (InsurTech) Participation in €13 million Series B funding round for Thinsurance (October 2019)

Index Ventures (Data analytics) Participation in US$165 million Series B funding round for Instabase (October 2019)

Accel (SUI) Participation in US$177 million Series A funding round for Galileo (October 2019)

e-ventures and XAnge (InsurTech) Participation in US$66.6 million Series A funding round for Aiplux (October 2019)

Anthemis (Mortgages) Participation in £2 million Seed funding round for Propority (October 2019)

QVentures (WealthTech) Participation in Seed funding round for Rosaceat (October 2019)

Salesforce Ventures (Cloud-based banking OS) Participation in US$10 million Venture funding round for nClino (October 2019)

DN Capital, Redalpine and Speedinvest (Banking) Participation in US$35 million Series A funding round for Brext (October 2019)

Oak HC/FT (Payments) Participation in US$100 million Series C funding round for Rapyd (October 2019)

Augmentum Fintech and SBI (Healthcare) Participation in £44 million Series B funding round for Tide (October 2019)

Hambro Perks (Debt capital) Participation in £15 million equity investment into Trade Ledger (October 2019)

Forward Partners and Frontline Ventures (Online lending) Participation in £3.8 million Venture funding round for Koyo (October 2019)

SoftBank Vision Fund (Supply chain finance) Investment into Germisati (October 2019)

Toscafund Asset Management (Equity investment into Lemos Way) (October 2019)

Runa Capital (Online lending) Participation in £29 million Venture funding round for Kreditech (September 2019)

Nyca Partners and QED Investors (Debt capital) Participation in £18 million Series A funding round for Fidel (September 2019)

General Catalyst, Sequoia and Andreessen Horowitz (Payments) Participation in US$250 million Series F funding round for Stripes (September 2019)

ETFS Capital (Debt capital) Participation in £2 million Seed funding round for TreasurySpring (September 2019)

Shore Private Partners (WealthTech) Participation in US$4 million Series A funding round for Sarvar Digital Wealth (September 2019)

Fintech-only funds:

Tamedia and Backbone Ventures (Healthcare) Participation in CHF5 million Series A funding round for Neon (September 2019)

Obvious Ventures (InsurTech) Participation in US$10.4 million Series A funding round for Heidvig (August 2019)

Seed Capital (Banking) Participation in £26 million Venture funding round for Lunar Way (August 2019)

Maven Capital (Private asset infrastructure-as-a-service) Equity investment into Delio (August 2019)


Dragoneer and BlackRock (Banking/payments) Participation in US$450 million Venture funding round for Klarna (August 2019)

HV Holtzbrinck Ventures (Supplementary education) Participation in €8 million Seed funding round for Penta (August 2019)

Toscafund and Persitics (Digital banking) Participation in £15 million Venture funding round for Atom Bank (July 2019)

Valar Ventures and Insight Partners (Digital banking) Participation in US$470 million Series D funding round for N26 (July 2019)

Accel and Dawn Capital (Pre-paid corporate credit cards) Participation in US$101 million Series B funding round for Soldo (July 2019)

BlackRock, HV Holtzbrinck Ventures and Tangemann Ventures (WealthTech) Participation in €25 million Series C funding round for Scalable Capital (August 2019)

IQ Capital (RegTech) Participation in US$5.5 million Series A funding round for FNA (July 2019)

GVA Capital (Payments) Participation in US$6.8 million Series B funding round for Payr (July 2019)

Toscafund and Persitics (Digital banking) Participation in €10 million Venture funding round for Atom Bank (July 2019)

JVs:

Fidelity International Launch of US$3.5 billion Eight Roads VC fund (August 2019)

Legal & General Cash savings account JV with Revolut (July 2018)

Y Combinator Continuity Capital Launch of US$13 million Series F funding round for Monzo (June 2019)

Other Fintech invest in the digital future

Velocity Capital and Holtzbrinck Ventures (Mobile trading) Participation in US$12.5 million Venture funding round for BLU (June 2019)

Acquisitions:

Nordic Capital and Sampo Markets Consortium acquisition of 17.47% of Bank Norwegian (August 2019)

Octopus (WealthTech) Acquisition of Seed Capital (August 2019)

Dedicated fintech funds:

Balderton Capital US$400 million Balderton Fund IV, dedicated to fintech investments (November 2019)

Mubadala Establishment of Hub71 and dedicated investment capital of US$250 million (October 2018)

Mubadala

Sedeco Participation in US$60 million Series C funding round for Zetta (July 2019)

Dedicated fintech funds:

Balderton Capital US$400 million Balderton Fund IV, dedicated to fintech investments (November 2019)

Mubadala Establishment of Hub71 and dedicated investment capital of US$250 million (October 2018)
Fintechs burst from starting stalls

London has overtaken New York as the world’s #1 hub for fintech investments. In the first 8 months of 2019 alone, London has attracted 114 investments with value exceeding US$2 billion (City A.M.—September 2019).

- **Cardify (Payment)***
  - Successful £15 million Series B funding round, led by Seedcamp, Forward Partners and Frontline Ventures (November 2019)
- **Cover Genius (InsurTech)***
  - Successful US$105 million Series B funding round, led by BVNA and Anthems (October 2019)
- **Koyo (Online lending)***
  - Successful £3 million Series B funding round, led by Oak HC/FT (October 2018)
- **Numbro Personal Finance (Banking)***
  - Successful UK$70 million Series C funding round, led by BAFA and CMF (November 2019)
- **Apix (RegTech)***
  - Successful US$1 million Series A funding round, led by Accel and Dawn Capital (October 2018)
- **TouchBistro (POS)***
  - Successful UK$10 million Series E funding round, led by Barclays, BRC, BMO and J.P. Morgan (September 2018)
- **Plaid (Payments)***
  - Successful US$125 million Series C funding round, led by Visa and Mastercard (September 2018)
- **Klarna (Banking)***
  - Successful £30 million Seed funding rounds (September 2018)
- **Lunar Way (Banking)***
  - Successful £25 million Venture funding round, led by Seed Capital (August 2019)
- **C2FO (Working capital lending)***
- **Fintech OS (Cloud-based payments)***
  - Successful US$25 million Series B funding round, led by General Atlantic and Bank of America (November 2019)
- **FintechOS (Cloud-based payments)***
  - Successful Series A funding round, led by Mastercard, Motive Partners, EF and Asset Management and Barings (November 2019)
- **ABN AMRO (SME lending)***
  - Successful £15 million Series A funding round, led by Earlybird and OTB Ventures (November 2019)
- **Neon (Banking)***
  - Successful US$154 million Series B funding round, led by General Atlantic and Bank of America (November 2019)
- **Google Ventures (Cloud-based payments)***
  - Launch of new retail current account offering (November 2019)
- **Google Venture (Cloud-based payments)***
  - Participation in £2 million Series E funding round for CurrencyCloud (July 2018)
- **ID Finance (SME lending)***
  - Successful £4.4 million crowdfunding round (November 2019)
- **Action International (SME lending)***
  - Successful £7 million Series A funding round, led by Seedcamp and Invester (November 2019)
- **Dozens (Banking)***
  - Successful £10 million Seed funding round, led by Santander and InnovateUK (October 2019)
- **Snaptax (Banking)***
  - Successful US$26 million Series A funding round, led by DN Capital, Red杉pine and Speedinvest (October 2019)
- **Rapyd (Payments)***
  - Successful £100 million Series C funding round, led by Oak HC/FT (October 2018)
- **Tide (SME Banking)***
  - Successful £44 million Series B funding round, led by Augmentum Fintech (October 2019)
- **Kreditech (Online lending)***
  - Successful £20 million Venture funding round, led by Rain Capital (September 2019)
- **Fidato (Data analytics)***
  - Successful £118 million Series B funding round, led by Nycia Partners and QED Investors (October 2019)
- **Evo (Online lending)***
  - Successful £15 million Series B funding round, led by Nya and QED Investors (October 2019)
- **FundBox (B2B network)***
  - Successful £15 million Series C funding round, led by BNP Paribas and KBC (October 2019)
- **Securitize (Token issuance)***
  - Successful £14 million Series A funding round, led by Interdigital Venture Partners, MUGF and Nomura (October 2019)
- **Klarna (Banking)***
  - Successful £150 million Series B funding round, led by Altiplano, Fidato and Fintech (October 2019)
- **Frequentis (RegTech)***
  - Successful £45 million Series A funding round, led by BAFA and MVFG (October 2019)
- **Galileo (B2B)***
  - Successful US$177 million Series A funding round, led by Accel (October 2018)
- **FintechOS (Cloud-based payments)***
  - Successful US$25 million Series E funding round, led by Barclays, BMO and J.P. Morgan (September 2018)
- **Plaid (Payments)***
  - Successful US$125 million Series C funding round, led by Visa and Mastercard (October 2018)
- **CrossLend (Debt marketplace)***
  - Successful £30 million Series B funding round, led by Santander, InnovateUK and UBS (October 2019)
- **Chrysalis (InsurTech)***
  - Successful £30 million Venture funding round, led by Citi Ventures and MassMutual Ventures (August 2019)
- **Hedvig (InsurTech)***
  - Successful £4.4 million Series A funding round, led by BAFA and CMF (August 2018)
- **Kovrr (Energy efficiency)***
  - Successful £110 million Series A funding round, led by Belfius, BNP Paribas, Ing and KBC (July 2019)
- **SumUp (MobilePOS payments)***
  - Successful £30 million Series C funding round, led by Bain Capital Credit (July 2018)
- **WebSwap (Currency exchange)***
  - Successful £2.3 million equity crowdfunding round (July 2017)
- **Soldo (Pre-paid corporate credit cards)***
  - Successful £35 million Series B funding round, led by Bain Capital (July 2019)
- **Currencycloud (Cloud-based payments)***
  - Successful £22 million Series B funding round, led by Goldman Sachs (July 2019)
- **Fintech OS (Cloud-based payments)***
  - Successful £22 million Series A funding round, led by Seed Capital (August 2019)
- **Stanford (Banking)***
  - Successful £7 million Series B funding round, led by Nycia Partners and QED Investors (October 2019)
- **Lion’s Share (RegTech)***
  - Successful £45 million Series A funding round, led by BNP Paribas, ING and KBC (July 2019)
- **Fintech OS (Cloud-based payments)***
  - Successful £22 million Series B funding round, led by Oak HC/FT (July 2019)
- **SabePay (Payments)***
  - Successful £5.1 million Series II funding round, led by BAFA and CMF (July 2019)
- **Payconiq (Payments)***
  - Successful £200 million Series C funding round, led by BNP Paribas, ING and KBC (July 2019)
- **Radefin (SME lending)***
  - Successful £30 million Series D funding round, led by BNP Paribas and KBC (October 2019)
- **Bread (Loans)***
  - Successful £30 million Series E funding round, led by Nya and QED Investors (October 2019)
- **Klarna (Banking)***
  - Successful £89.3 million Series A funding round, led by QED Investors (September 2019)
- **Klarna (Banking)***
  - Successful £32 million Series A funding round, led by BNP Paribas (September 2019)
Top-down encouragement for fintech

Governments:
- Turkish Government: New Open Banking legislation (November 2019)
- Bahrain Economic Development Board: New fast-track setup process, covering residency, visa requirements and business registration (November 2019)
- Lord Mayor of the City of London: £10 million of UK aid support for Catalyst Fund (October 2019)
- French Government: €5 billion of capital over 3 years for Open Banking solutions (September 2019)

UK Banking Competition Remedies Board: Atom Bank, Iwoca, Modulr
- Financial and Currencycloud each awarded £10 million Capability and Innovation Fund Pool CRBS bail-out fund (August 2019)
- Bank of England: Grant of access to BiS overnight accounts, to level playing field with commercial banks (June 2019)

Global associations:
- MENA Fintech Association: Alliance with Deutsche Gesellschaft für Internationale Zusammenarbeit to boost financial inclusion (June 2019)
- Domestic innovation organisations: Nesta: Award of £1.6 million prize money for Open Banking solutions (July 2019)

Cash withdrawals fell by 8.7% in London the 1st 4 months of 2019 compared to the same period in 2018, 7.8% in the rest of South-East England and 7.7% in South-West England (FT-July 2019)

Global fintech investment fell sharply by 29% in H1 2019, to US$22 billion, from US$31.2 billion in the same period of 2018 (Finextra–August 2019)

Fintech is far from a ‘sure win’:
- Wirecard: Disposal of £855 million equity stake by Jupiter (November 2018)
- FundingSecure: Collapse into administration (October 2018)
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### Growing Support for Cryptos

**Market Concern**
- Increasing market sophistication
- Regulatory intervention

**Market movers**
- **FIs:**
  - Fidelity: Launch of Fidelity Digital Asset Services in Europe (December 2019)
  - Nomura: Launch of Jersey-based crypto custodian Komainu (November 2019)
  - Sparebanken: Acquisition of 16.3% of Norwegian Block Exchange (August 2019)
  - Visa, Mastercard, PayPal, and Uber: Financial support for Facebook’s Libra token (June 2019)

**Trade organisations:**
- Association of German Private Banks: Proposal for establishment of European crypto-based digital currency (October 2019)

**Regulators:**
- Malta Financial Services Authority: Launch of 3 year plan to enhance AML supervision (September 2019)
- Gibraltar Financial Services Commission: First crypto derivatives exchange, Quedex (August 2019)
- BaFin: Approval of launch of US$250 million real estate token by Fundament Group (July 2019)

**FIs:**
- PayPal: Termination of affiliation with Facebook’s Libra project (October 2019)
- Barclays: Termination of partnership within Coinbase (August 2019)

**Regulators:**
- Sveriges Riksbank: Development and testing of e-krona (December 2019)
- UK Financial Conduct Authority: Proposed ban on selling, marketing or distributing derivatives linked to unregulated cryptoassets (July 2019)
- UK Financial Conduct Authority: Warning to Facebook against ‘move fast and break things’ approach to cryptocurrencies (July 2019)
- UK Department for Business, Innovation and Skills: Potential risks to competition, financial stability and social welfare posed by Facebook’s Libra coin (June 2019)

**Governments:**
- French Ministry for the Economy and Finance: Criticism of Libra coin (September 2019)
- German Federal Ministry of Finance: Criticism of Libra coin (September 2019)
- UK Financial Conduct Authority: 87 open inquiries into cryptocurrency businesses, up 74% since 2018 (October 2019)
- Intercontinental Exchange: Launch trading in bitcoin futures (September 2019)
- Merj Exchange: JV with Globacap to issue tokenised securities (August 2019)

**ICOs/Cryptocurrencies**
- Fnality: Intraday foreign exchange swaps JV with Finteum (September 2019)
- Cryptix: Acquisition of Blocktrade.com (August 2019)
- Coinbase: Acquisition of Xapo’s custody business (August 2019)

**Other**
- UK Financial Conduct Authority: 87 open inquiries into cryptocurrency businesses, up 74% since 2018 (October 2019)
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