

A satellite night view of Europe, showing city lights and road networks in yellow and orange against a dark blue background. Four teal diagonal lines are overlaid on the image, two on the left and two on the right, pointing towards the center.

2017 VC FinTech Investment Landscape

INNOVATE / February
FINANCE / 2017

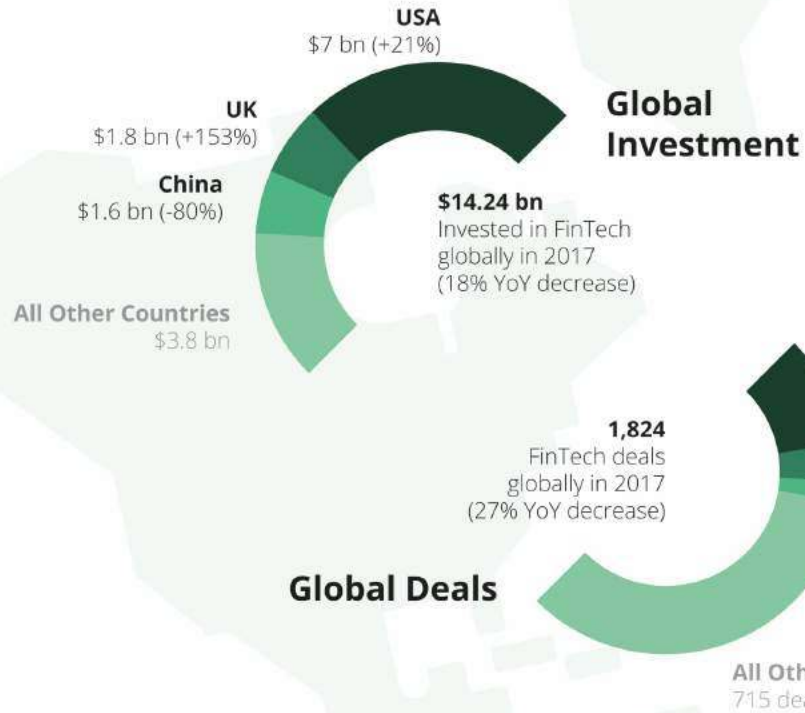
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SUMMARY

THE 2017 FINTECH INVESTMENT LANDSCAPE

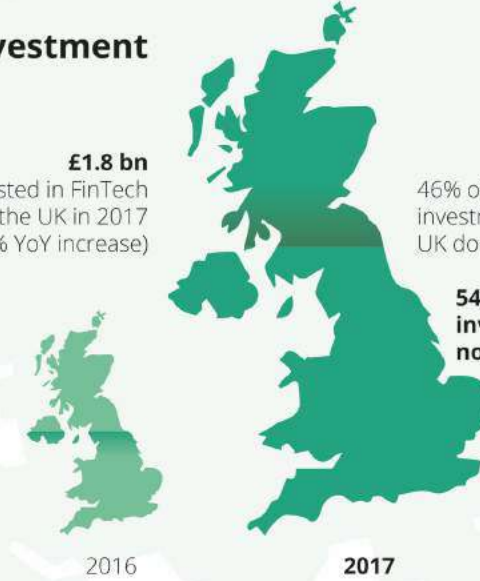


UK Investment

£1.8 bn invested in FinTech in the UK in 2017 (153% YoY increase)

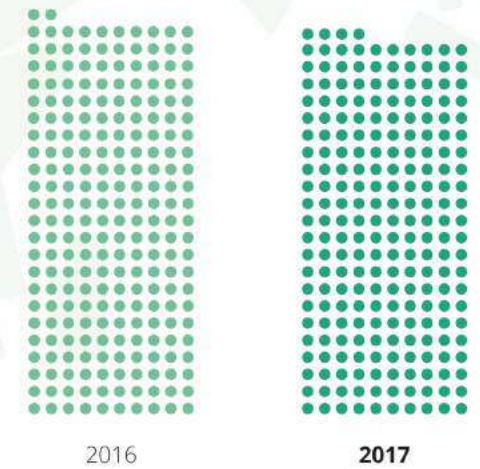
46% of UK FinTech investment came from UK domicile VCs in 2017

54% of UK FinTech investment came from non-UK domicile VCs in 2017



UK Deals

224 FinTech deals in the UK in 2017 (-3.4% YoY increase)



THE 2017 FINTECH INVESTMENT LANDSCAPE

SUMMARY

Global

- 2017 saw 1,842 deals globally, attracting \$14.2BN of VC investment, a 18% decrease YoY.
- The United States attracted the largest amount of VC investment at \$7.0BN over 765 deals, an 22% increase on 2016 deal value of \$5.8BN.
- China, which raised the largest amount of VC investment in 2016, dropped to third place with \$1.6BN of investment compared with \$8.2BN in 2016, a 81% decrease YoY.
- If the 2 China “mega-rounds” (Alipay and JD Finance - each over \$1BN) are excluded as “exceptional” from 2016 figures, global investment increased 19.4%.
- SoFi, the online personal finance company based in the United States, raised the largest round globally at \$500M during Q1.
- The most active global investor was 500 Startups with 49 investments.

UK

- The UK experienced its best year on record with \$1.8BN over 224 deals of VC investment, up 153% on 2016. The UK ranked second globally in total Capital Invested and Deal Volume, behind the United States.
- Challenger Banks (24%) and Money Transfer & FX (21%) were the top 2 verticals.
- TransferWise, OakNorth, Funding Circle, Interactive Investor and Monzo led the top 5 top UK deals in the range of \$90M to \$280M of investment. Both TransfeWise and OakNorth ranked amongst the global top 20 deal list.
- There were 10 Innovate Finance members in the top 20 UK deals.
- 54% of investment into the UK was from non domiciled VCs, largely coming from North America (25%).

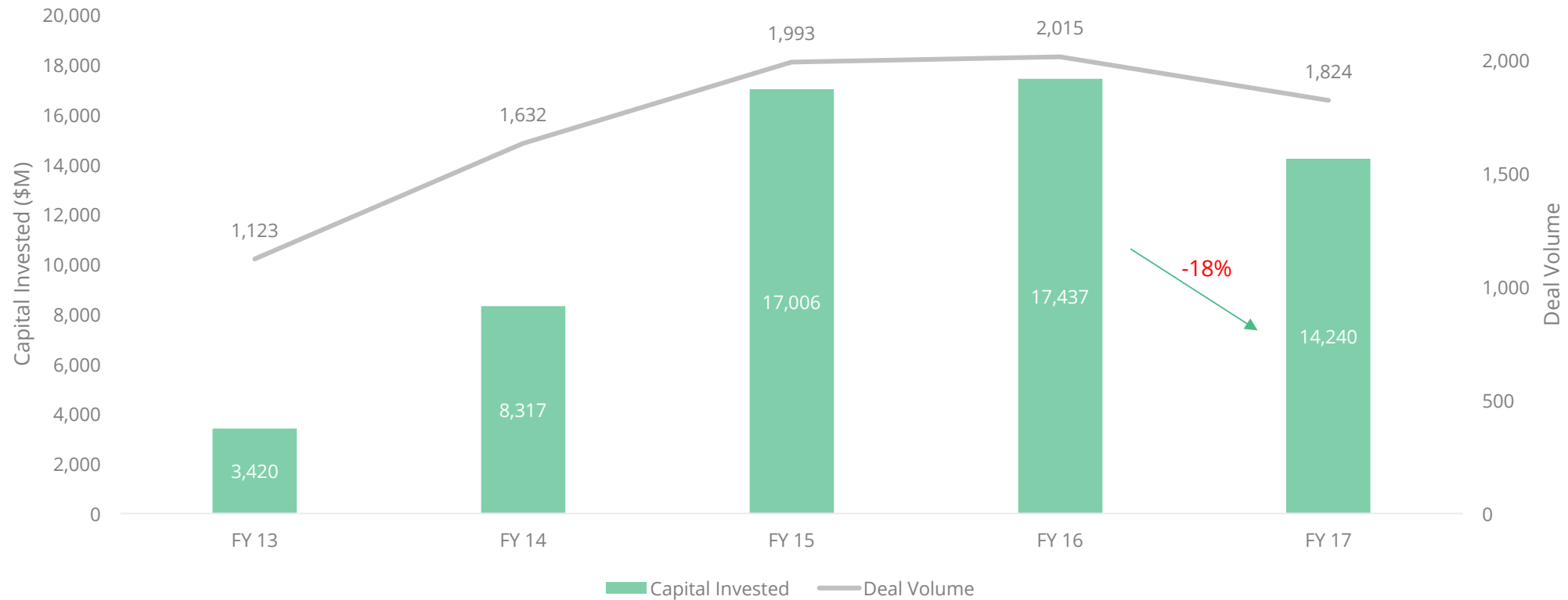


GLOBAL

GLOBAL FINTECH VC INVESTMENT

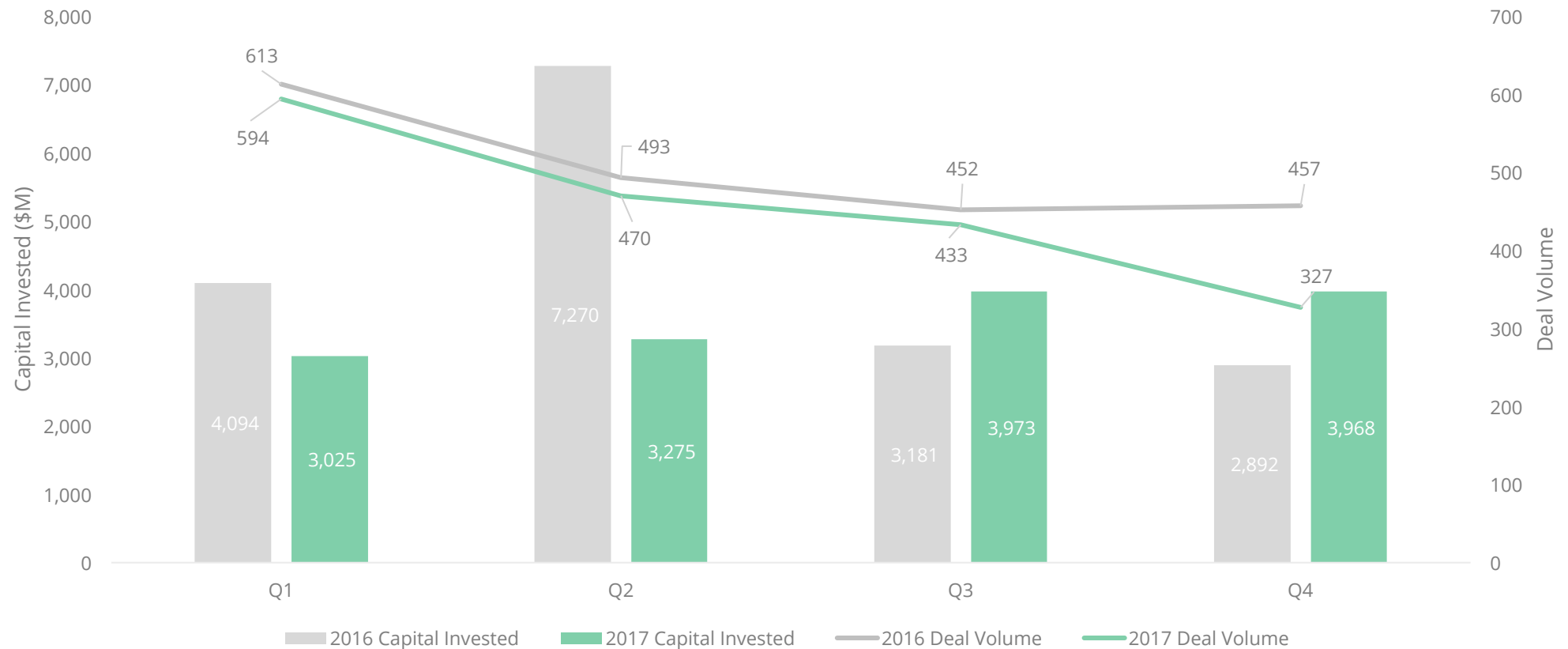
5 YEAR TREND

2017 has seen 1,824 deals globally attracting \$14.2BN of VC investment, a 18% decrease YoY

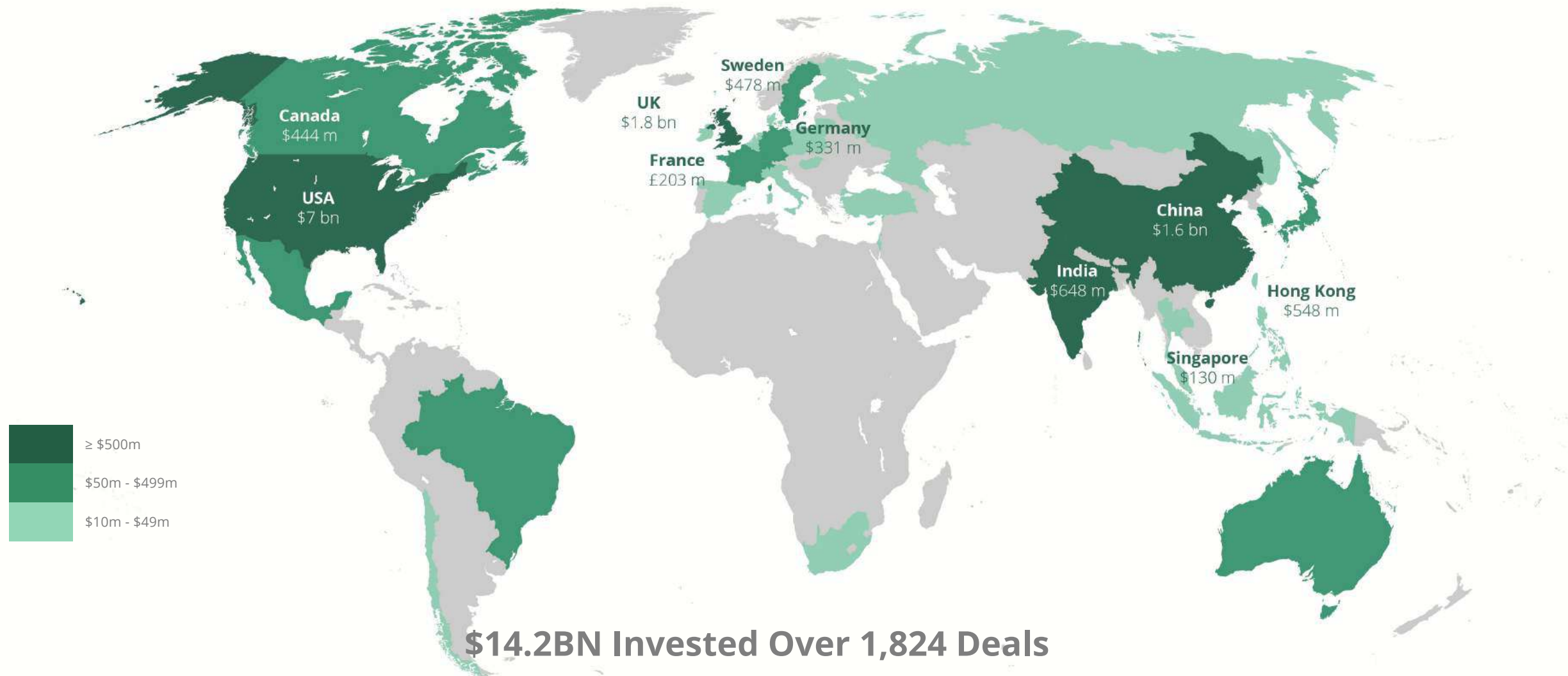


GLOBAL FINTECH VC INVESTMENT QUARTERLY ANALYSIS (2016 vs 2017)

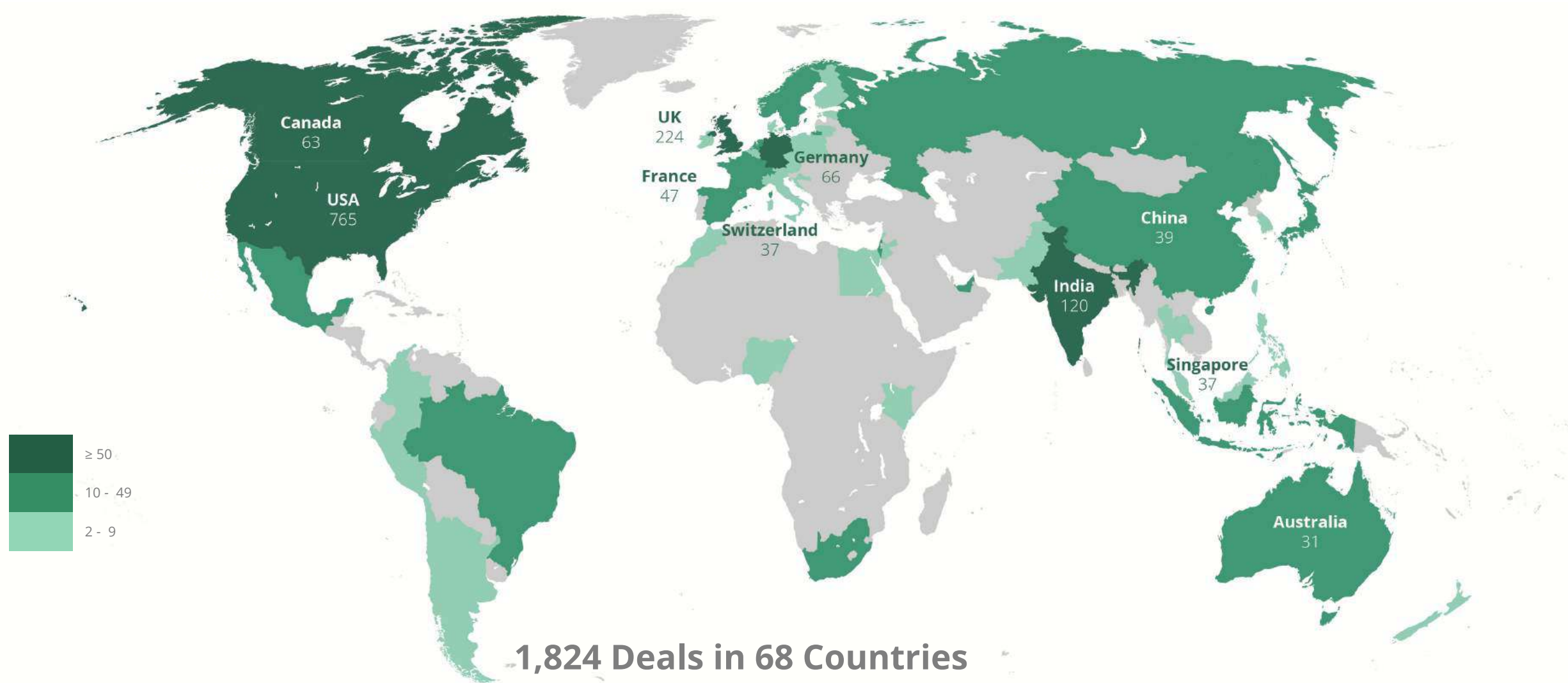
The 2 China “mega-rounds” JD Finance (\$1.0BN, Q1 16) and Alipay (\$4.5BN, Q2 2016) were the main driver behind 2016 being higher than 2017 in terms of Capital Invested



GLOBAL FINTECH VC INVESTMENT DEAL VALUE 2017



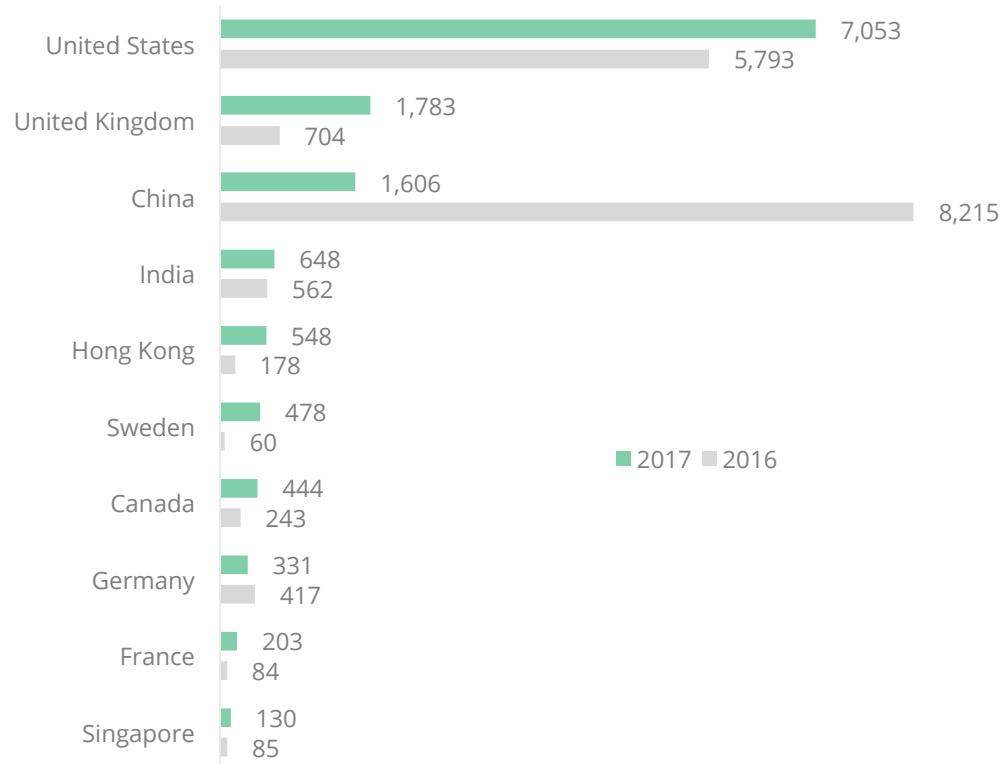
GLOBAL FINTECH VC INVESTMENT DEAL VOLUME 2017



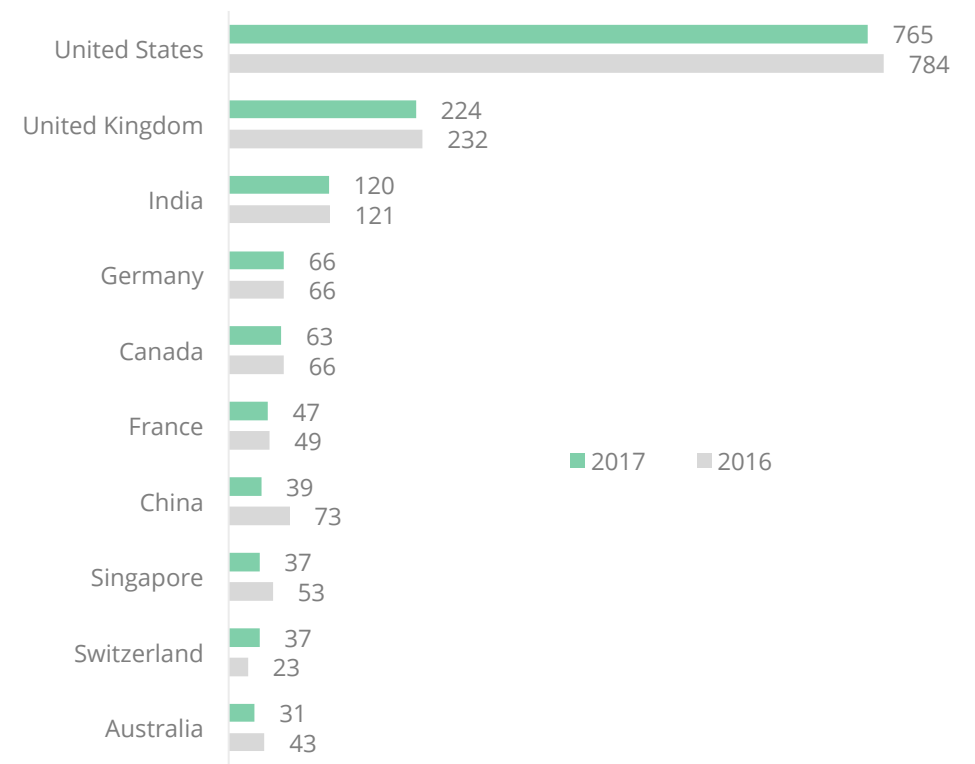
GLOBAL FINTECH VC INVESTMENT TOP 10 COUNTRIES (2016 vs 2017)

The United States ranked top, both in Capital Invested (\$7BN) and Deal Volume (765)

Top 10 countries by Capital Invested (\$M)




Top 10 countries by Deal Volume




GLOBAL FINTECH VC INVESTMENT

TOP 5 FINTECH VC DEALS

SoFi, an alternative lender in the United States, raised the largest global round of 2017 at \$500M



Name	SoFi
Country	
Sector	Alternative Lending / Financing
Date	21-Mar-2017
Series	G
Size	\$500M



Name	AvidXchange
Country	
Sector	Enterprise Software
Date	08-Jun-2017
Series	F
Size	\$300M



Name	TransferWise
Country	
Sector	Money Transfer & FX
Date	01-Nov-2017
Series	E
Size	\$280M



Name	E-Life Financial
Country	
Sector	Payments
Date	03-Jan-2017
Series	B
Size	\$275M



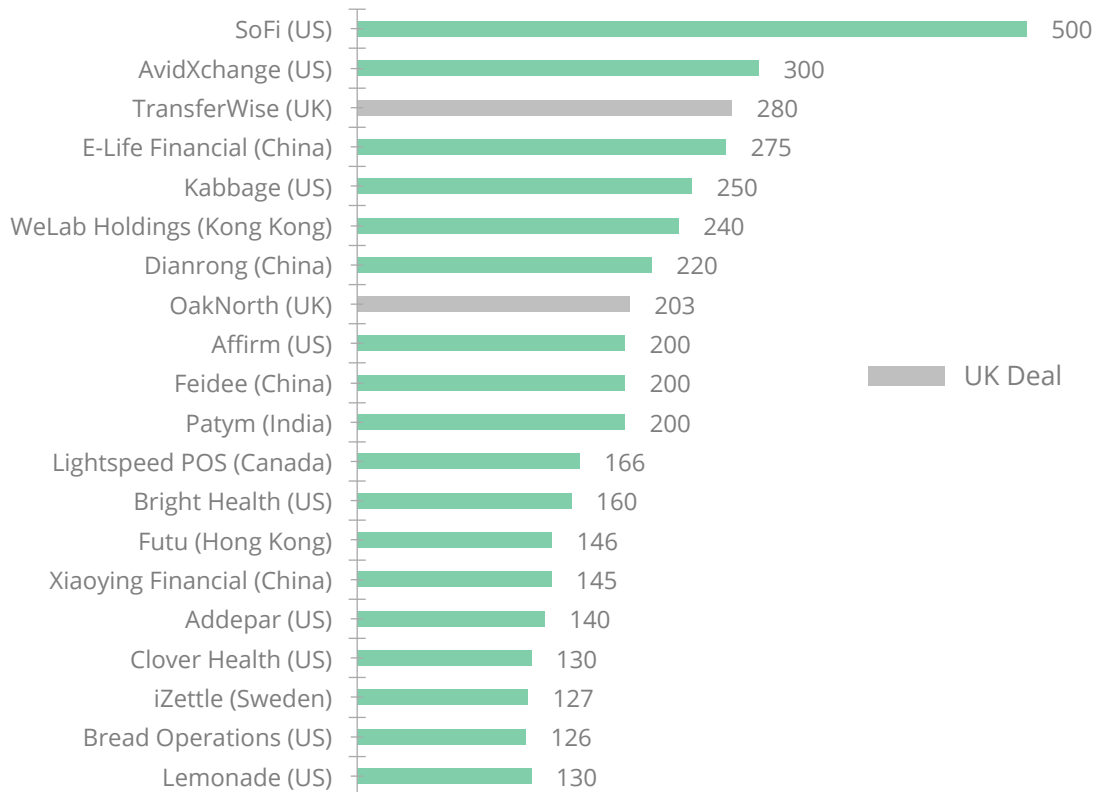
Name	Kabbage
Country	
Sector	Alternative Lending / Financing
Date	03-Aug-2017
Series	F
Size	\$250M

GLOBAL FINTECH VC INVESTMENT

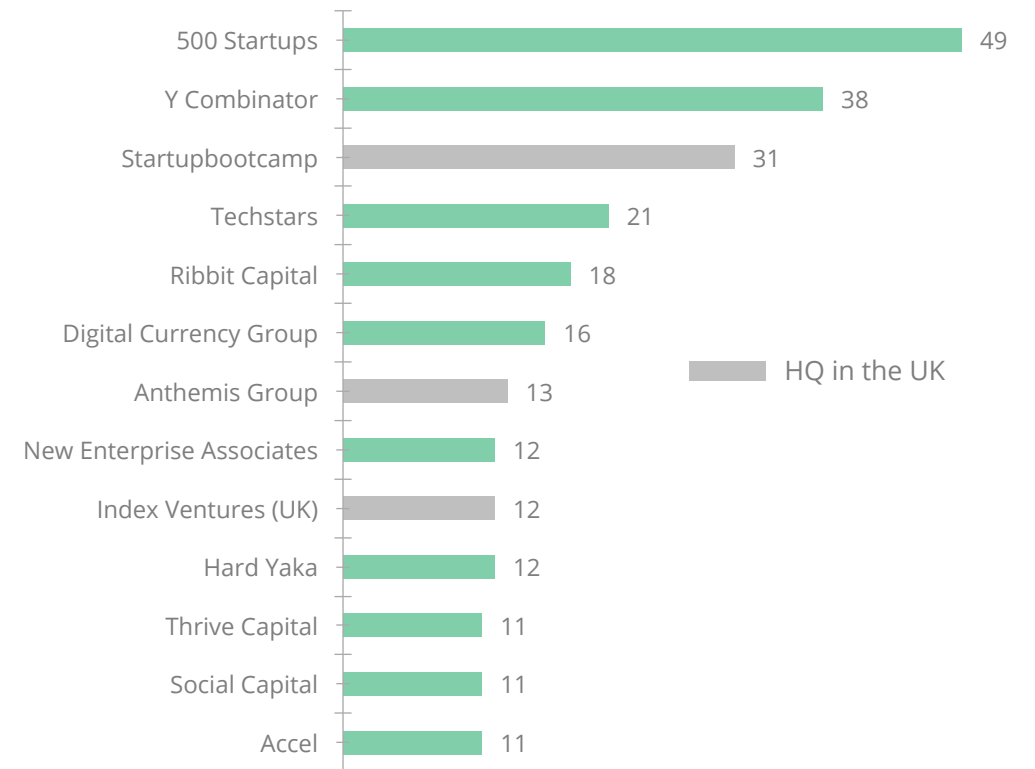
TOP DEALS AND INVESTORS

Two UK companies made it into the top 20 global deals. 500 Startups was the most active global investor

Top global deals by capital invested (\$M)



Most active investors by deal volume



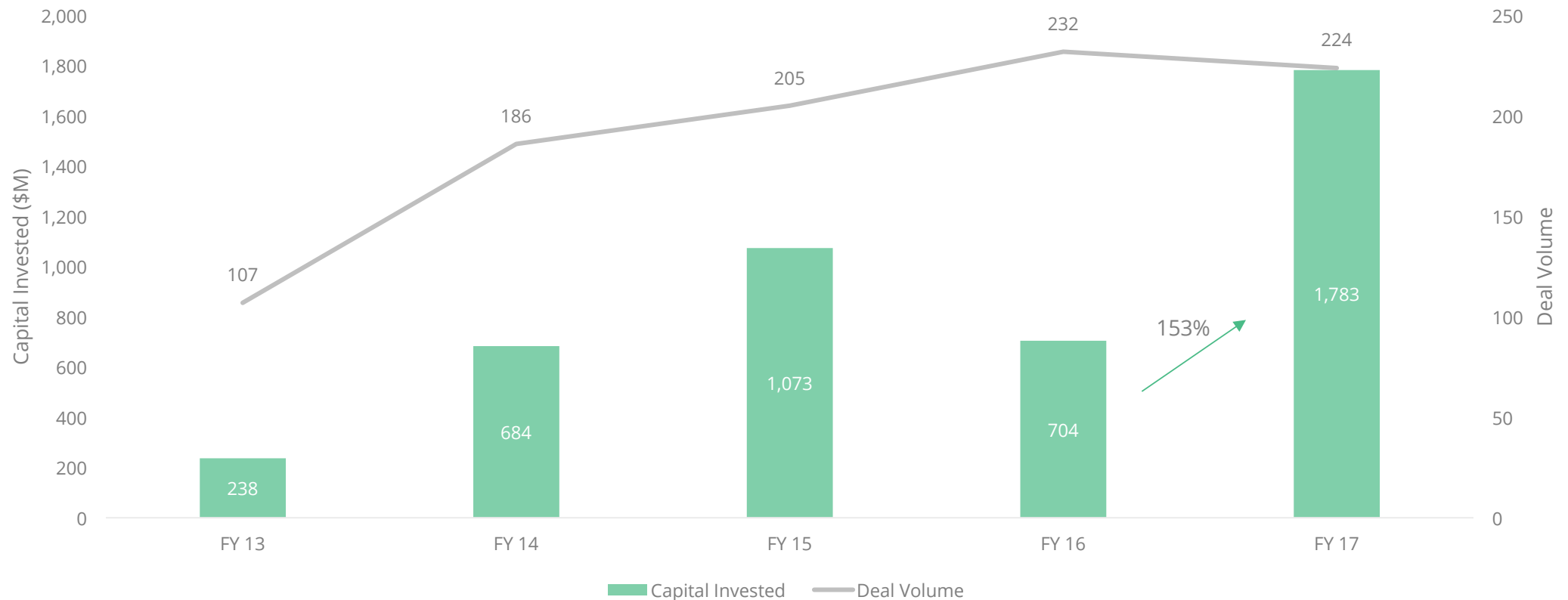


UK

UK FINTECH VC INVESTMENT

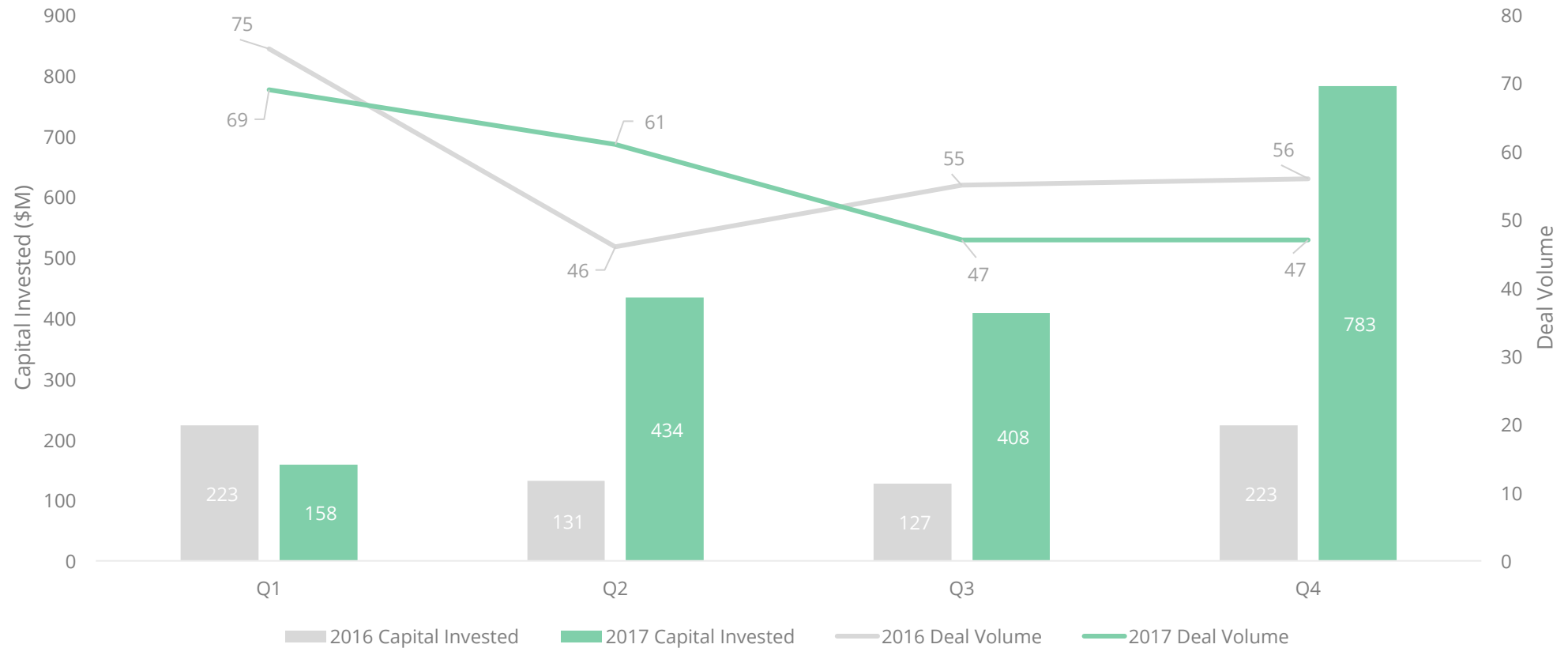
5 YEAR TREND

2017 has seen 224 deals attracting \$1.8BN of VC investment, a 153% increase YoY



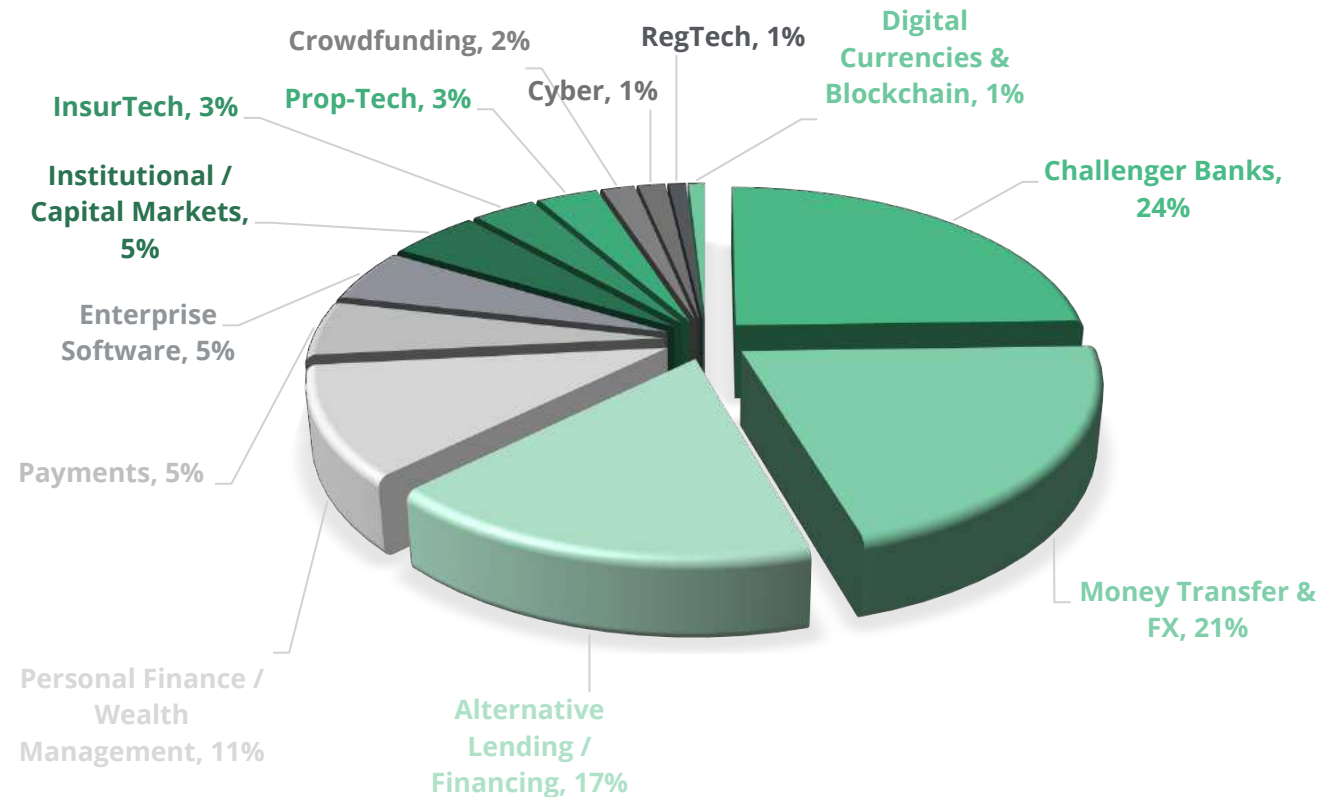
UK FINTECH VC INVESTMENT QUARTERLY ANALYSIS (2016 – 2017)

The top two VC rounds, Tranferwise (\$280M) and OakNorth (\$203M), fell into Q4 2017



UK FINTECH VC INVESTMENT 2017 VERTICAL ANALYSIS






Challenger Banks and Money Transfer & FX were the top verticals in 2017, with 24% and 21% of investment deal value respectively



UK FINTECH VC INVESTMENT

TOP 5 FINTECH VC DEALS

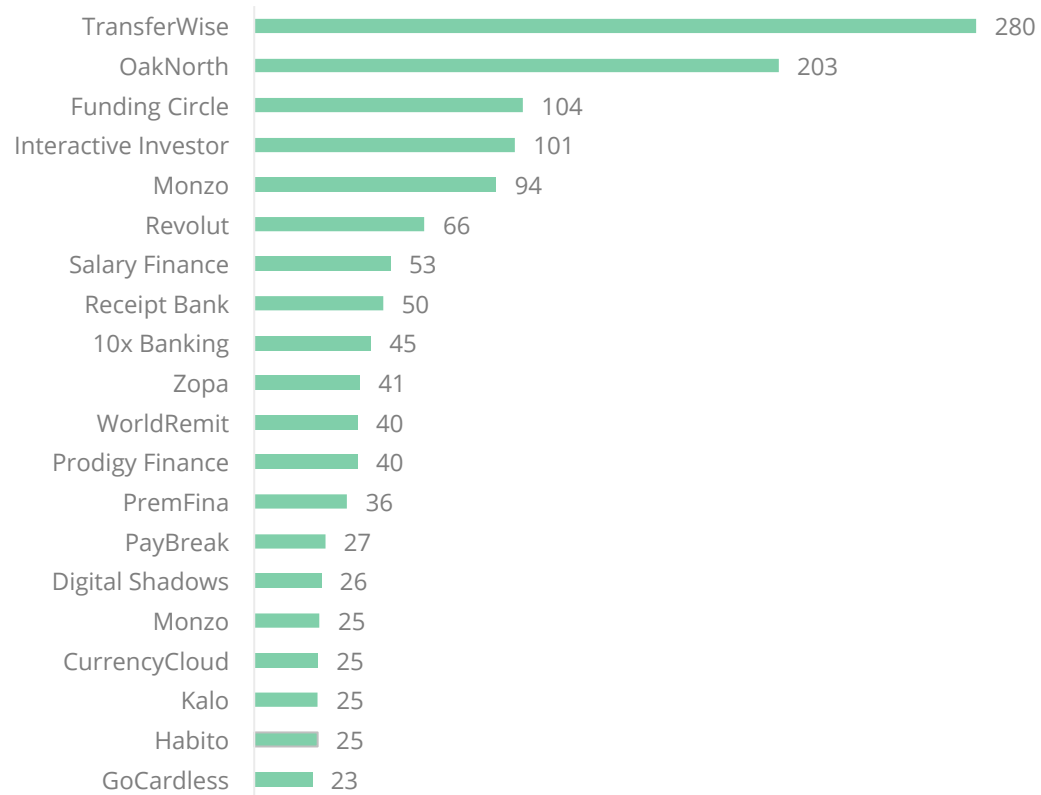
TransferWise and OakNorth Bank both raised rounds above \$200M during 2017

				
Name TransferWise	Name OakNorth	Name Funding Circle	Name Interactive Investor	Name Monzo
Sector Money Transfer & FX	Sector Challenger Bank	Sector Alternative Lending / Financing	Sector Personal Finance / Wealth Management	Sector Challenger Banks
Date 01-Nov-2017	Date 12-Oct-2017	Date 19-Apr-2017	Date 02-Jun-2017	Date 07-Nov-2017
Series E	Series Unknown	Series F	Series Unknown	Series Unknown
Size \$280M	Size \$203M	Size \$104M	Size \$101M	Size \$94M

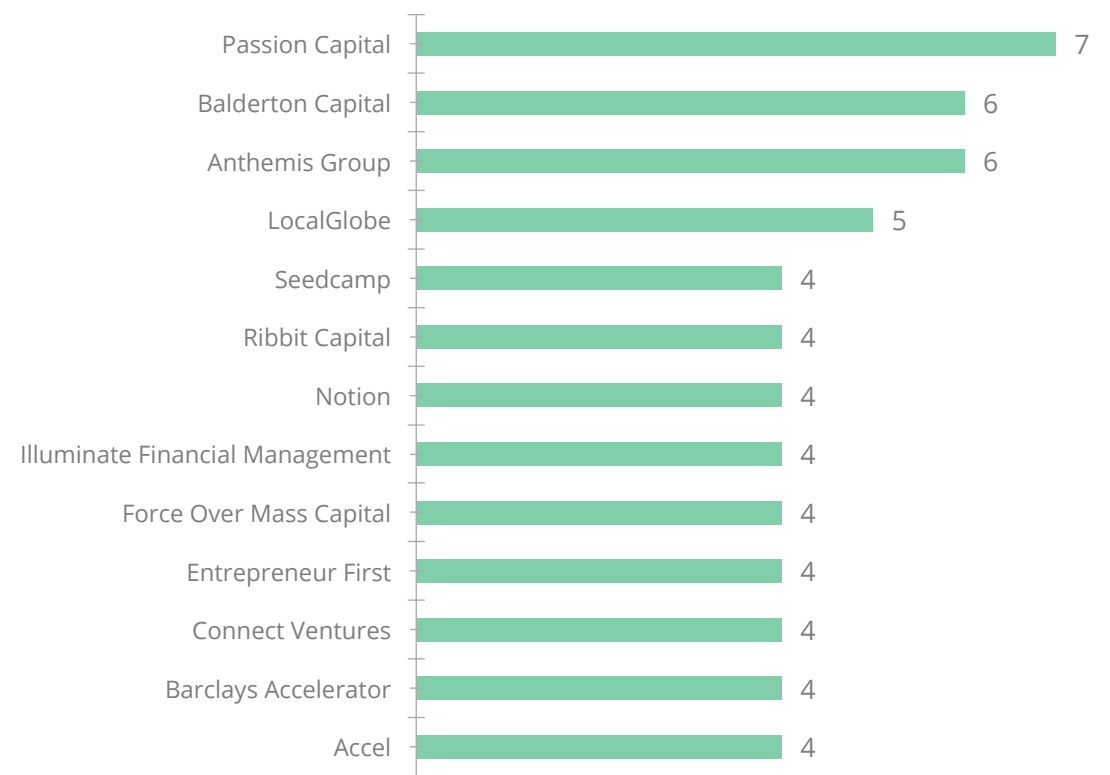
UK FINTECH VC INVESTMENT TOP DEALS AND INVESTORS

There were 10 Innovate Finance members within the top 20 UK deals. Passion Capital was the UK's top investor

Top deals by Capital Invested (\$M)

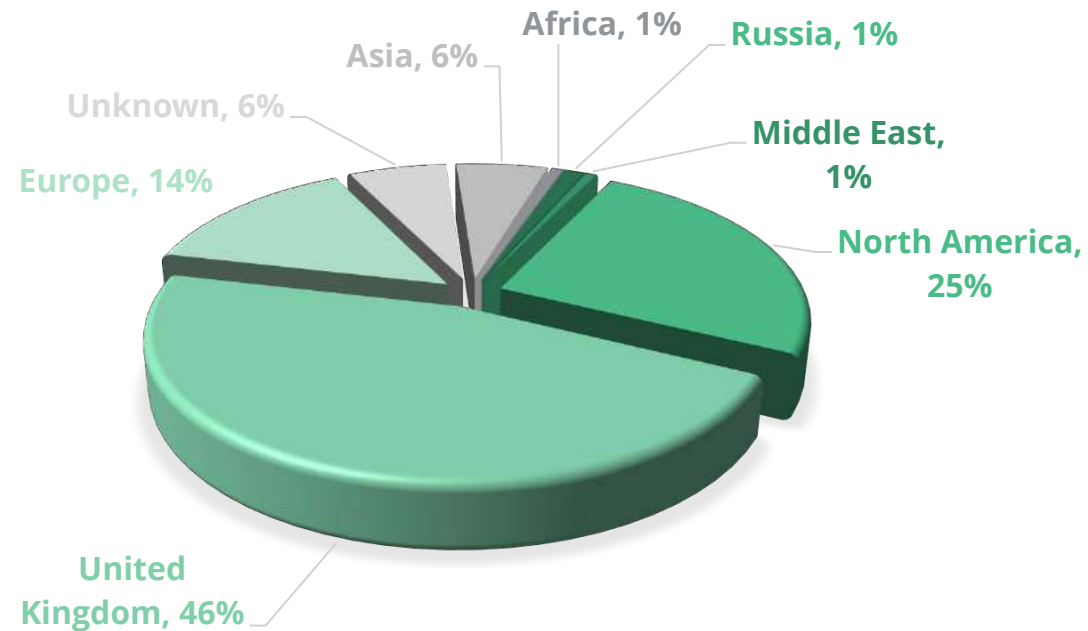


Most active investors by Deal Volume



UK FINTECH VC INVESTMENT 2017 INVESTOR HQ ANALYSIS

54% of VC investment into the UK led by non domiciled VCs, with the majority coming from North America (25%)





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Partner, Balderton Capital



Tara Reeves
Partner, LocalGlobe



APPENDIX

THE 2017 FINTECH INVESTMENT LANDSCAPE

APPENDIX 1: VERTICAL GLOSSARY

- **Alternative Lending / Financing** – P2P lending, invoice financing, SME financing, e-lending platforms, credit scoring
- **Institutional / Capital Markets** – B2B solutions for financial institutions (e.g. banks, hedge funds and other institutional investors) including innovations within capital market activities
- **Challenger Banks** – new digital banks that are challenging the large established High Street banks
- **Crowdfunding** – platforms that allow investment for projects / companies / equity
- **Cyber Security** - technology designed to protect companies infrastructure from attack, damage or unauthorised access
- **Data & Analytics** – analysis of data within the financial industry to support data driven decisions
- **Digital Currencies & Blockchain** – digital ledger technology, in which transactions made in bitcoin or digital currency are recorded chronologically and publicly
- **Enterprise Software** – financial software solutions for enterprises
- **Financial Inclusion** – delivery of financial services to the unbanked / unbankable
- **InsurTech** – technology applied to the insurance industry
- **Money Transfer & FX** – money transfer, international remittance & currency conversion
- **Payments** – innovation in payments, including cashless, online / ecommerce, mobile, B2B, merchant / POS, wallets, P2P, recurring
- **RegTech** – technology applied to resolve issues regarding regulation within the financial industry
- **Personal Finance / Wealth Management** – innovation within pensions, savings, personal financial management, investment platforms and management of personal assets and investments (e.g. robo-advisors)
- **Prop-tech** – technology used to disrupt the property industry, including mortgages and investment

THE 2017 FINTECH INVESTMENT LANDSCAPE

APPENDIX 2: SCOPE OF REPORT DATA

- VC deal value figures include the deal types:
 - Angel
 - Accelerator / incubator
 - Crowdfunding
 - VC (all rounds)
- VC deal value figures include all deals completed or announced (verified to press releases) in 2017
- Deal volume figures include deals without a disclosed deal value, except when looking at top investors
- UK VC deal value represents investment into FinTech companies which are Head Quartered in the UK

Author

Sophie Winwood
Head of Partnerships
sophie@innovatefinance.com