EMERGING TECH RESEARCH

Fintech Report

VC trends and emerging opportunities

Q2 2022

REPORT PREVIEW
The full report is available through the PitchBook Platform.
This report serves as a quarterly snapshot of the fintech vertical in Q2 2022. For a comprehensive, detailed analysis of the fintech industry by segment, please see our latest annual report.
Q2 2022 timeline

April 12
Stripe teams up with Alphabet, Meta, Shopify, and McKinsey to commit nearly $1.0 billion to buy carbon offsets by aggregating demand and supply via advance commitments.

May 10
KuCoin, a centralized crypto exchange, closes a $150.0 million Series B at a $10.0 billion post-money valuation as the crypto markets begin to nosedive. The deal is led by Jump Crypto with participation from Circle Ventures, IDG Capital, and Matrix Partners.

June 10
While MasterCard and Visa have forged ahead with multiple services and partnerships in the crypto space in recent years, American Express launches its first partnership with Abra for a crypto rewards credit card.

May 7
The algorithmic stablecoin Terra USD, which was pegged to $1, begins to depeg, falling to under 30 cents over the following week. The broader Luna ecosystem collapses over the next few weeks, dragging down large parts of the crypto industry.

May 11
Deel, a payroll platform for global distributed teams, raises a $50.0 million Series D3 at a $12.1 billion post-money valuation. The company raised a $14.0 million Series A at a $59.0 million valuation at the beginning of the pandemic in May 2020.

June 23
Tel Aviv-based Pagaya, an AI credit technology platform, completes the only major fintech public listing for the quarter, a $8.5 billion deSPAC on the NASDAQ.
Fintech landscape

1. Alternative lending
2. Capital markets
3. Consumer finance
4. Digital assets
5. Financial services IT
6. Payments
7. Regtech
8. Wealthtech
Fintech VC ecosystem market map

Click to view the interactive market map on the PitchBook Platform.

Market map is a representative overview of venture-backed or growth-stage providers in each segment. Companies listed have received venture capital or other notable private investments.

**Alternative lending**
- Commercial lending
- Microlending
- Real estate lending
- Retail & marketplace lending
- Underwriting & credit scoring

**Capital markets**
- Alternative capital
- Infrastructure
- Market data & analytics
- Trading

**Consumer finance**
- Credit & BNPL
- Digital banking
- Loyalty & rewards
- Personal financial management
- Wallets & super apps

**Digital assets**
- Cryptocurrency wallets & exchanges
- Decentralized finance
- Institutional services & infrastructure
- Layer-1 & scaling solutions
Fintech VC ecosystem market map

Market map is a representative overview of venture-backed or growth-stage providers in each segment. Companies listed have received venture capital or other notable private investments.

Financial services IT
- Enterprise architecture
- Platforms & APIs

Payments
- Business products & services payments
- Cross border & FX
- P2P & remittance
- Payment platforms & POS
- Payroll & AP/AR automation

Regtech
- Crime surveillance
- Regulatory affairs & compliance
- Risk management

Wealthtech (cont.)
- Advisortech
- Alternative investments
- Brokerage
- Digital advisory
- Investment tools & platforms
In Q2 2022, fintech companies globally raised $24.1 billion in venture capital (VC) across 1,103 deals, representing a 17.8% decrease in quarter-over-quarter deal value. This is the largest percentage drop in deal value since Q3 2018. Payments companies continue to lead the largest portion of deal value, at $7.6 billion, yet this sum was 18.7% lower than the $9.3 billion in Q1.

Ramp, an expense management platform, raised the largest round of the quarter in the segment, a $748.3 million Series C at an $8.1 billion post-money valuation. Other notable payment deals of the quarter include point-of-sale software and hardware developer SumUp (a $626.6 million late-stage round at an $8.5 billion valuation), two rounds from application programming interface (API)-based payments companies: Scalapay, which raised a $524.0 million Series B, and GoCardless, which raised a $312.0 million Series G at a $2.1 billion post-money valuation. Alternative lending also had a strong quarter, raising $4.7 billion across 176 deals. These deals include a $306.0 million Series A for Italian software-as-a-service (SaaS) financing platform Bloom, a $270.0 million Series C at a $750.0 million valuation for Indian-based consumer lender Stashfin, and a $170.0 million Series B for commercial real estate financing platform Lev. Financial services IT and regtech companies had the largest VC investment increase during the quarter, up 83.8% and 3.2%, respectively. These fundraises support our view that fintech companies with contract-based recurring revenues from enterprises, banks, and other financial institutions will likely thrive in the current environment.

During the quarter, the median pre-money valuation for VC-backed, late-stage fintech companies decreased 40.6% to $153.0 million from Q1’s $257.5 million. This is roughly a flat valuation compared to 2021’s full-year figure of $151.3 million. Early-stage median pre-money valuations
## Key fintech late-stage VC deals*

<table>
<thead>
<tr>
<th>Company</th>
<th>Close date (2022)</th>
<th>Subsegment</th>
<th>Stage</th>
<th>Deal size ($M)</th>
<th>Lead investor(s)</th>
<th>Valuation step-up</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade Republic</td>
<td>June 3</td>
<td>Brokerage</td>
<td>Late-stage VC</td>
<td>$1,152.7</td>
<td>Ontario Teachers’ Pension Plan, Sequoia Capital</td>
<td>N/A</td>
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<tr>
<td>Ramp</td>
<td>April 1</td>
<td>Business products &amp; services payments</td>
<td>Late-stage VC</td>
<td>$748.3</td>
<td>Founders Fund</td>
<td>2.0x</td>
</tr>
<tr>
<td>SumUp</td>
<td>June 22</td>
<td>Payment platforms and POS</td>
<td>Late-stage VC</td>
<td>$626.6</td>
<td>Bain Capital Tech Opportunities</td>
<td>N/A</td>
</tr>
<tr>
<td>Liquidity Group</td>
<td>April 5</td>
<td>Alternative capital</td>
<td>Late-stage VC</td>
<td>$475.0</td>
<td>Apollo Global Management, MUFG Innovation Partners</td>
<td>N/A</td>
</tr>
<tr>
<td>ConsenSys</td>
<td>April 1</td>
<td>Institutional services and infrastructure</td>
<td>Late-stage VC</td>
<td>$450.0</td>
<td>ParaFi Capital</td>
<td>2.1x</td>
</tr>
<tr>
<td>Circle</td>
<td>April 12</td>
<td>Institutional services and infrastructure</td>
<td>Late-stage VC</td>
<td>$400.0</td>
<td>BlackRock</td>
<td>N/A</td>
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<tr>
<td>GoCardless</td>
<td>May 9</td>
<td>Payment platforms and POS</td>
<td>Late-stage VC</td>
<td>$312.0</td>
<td>Permira</td>
<td>6.9x</td>
</tr>
<tr>
<td>SpotOn</td>
<td>May 18</td>
<td>Payment platforms and POS</td>
<td>Late-stage VC</td>
<td>$300.0</td>
<td>Dragoneer Investment Group</td>
<td>1.1x</td>
</tr>
<tr>
<td>Xendit</td>
<td>May 19</td>
<td>Payment platforms and POS</td>
<td>Late-stage VC</td>
<td>$300.0</td>
<td>Coatue Management, Insight Partners</td>
<td>N/A</td>
</tr>
<tr>
<td>Stashfin</td>
<td>June 21</td>
<td>Credit and BNPL</td>
<td>Late-stage VC</td>
<td>$270.0</td>
<td>Abstract Ventures, Fasanara Capital, Uncorrelated Ventures</td>
<td>N/A</td>
</tr>
</tbody>
</table>

*Source: PitchBook | Geography: Global | *As of June 30, 2022*
### Key fintech VC exits

<table>
<thead>
<tr>
<th>Company</th>
<th>Close date (2022)</th>
<th>Subsegment</th>
<th>Exit size ($M)</th>
<th>Exit type</th>
<th>Acquirer(s)/index</th>
<th>Post-money valuation ($M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qwil</td>
<td>May 26</td>
<td>Business products &amp; services payments</td>
<td>N/A</td>
<td>Buyout</td>
<td>Ares Capital Corporation BDC, LSQ Funding Group, Lovell Minnick Partners, Techstars</td>
<td>N/A</td>
</tr>
<tr>
<td>Pagaya</td>
<td>June 23</td>
<td>Platforms and APIs</td>
<td>$8,500.0</td>
<td>Public listing</td>
<td>EJF Acquisition</td>
<td>$8,500.0</td>
</tr>
<tr>
<td>Finxact</td>
<td>April 1</td>
<td>Enterprise architecture</td>
<td>$650.0</td>
<td>Acquisition</td>
<td>Fiserv</td>
<td>$650.0</td>
</tr>
<tr>
<td>StreetShares</td>
<td>April 1</td>
<td>Platforms and APIs</td>
<td>N/A</td>
<td>Acquisition</td>
<td>MeridianLink</td>
<td>N/A</td>
</tr>
<tr>
<td>Embed</td>
<td>June 21</td>
<td>Platforms and APIs</td>
<td>N/A</td>
<td>Acquisition</td>
<td>FTX US</td>
<td>N/A</td>
</tr>
<tr>
<td>Sentieo</td>
<td>May 11</td>
<td>Advisortech</td>
<td>$185.0</td>
<td>Acquisition</td>
<td>AlphaSense</td>
<td>N/A</td>
</tr>
<tr>
<td>OrderBird</td>
<td>May 12</td>
<td>Payment platforms and POS</td>
<td>N/A</td>
<td>Acquisition</td>
<td>Nexi</td>
<td>N/A</td>
</tr>
<tr>
<td>Superhero</td>
<td>June 8</td>
<td>Brokerage</td>
<td>$1,060.4</td>
<td>Acquisition</td>
<td>Swyftx</td>
<td>$1,060.4</td>
</tr>
<tr>
<td>ErisX</td>
<td>May 2</td>
<td>Cryptocurrency wallets and exchanges</td>
<td>$400.0</td>
<td>Acquisition</td>
<td>Cboe Global Markets</td>
<td>N/A</td>
</tr>
<tr>
<td>Finiata</td>
<td>May 4</td>
<td>Commercial lending</td>
<td>N/A</td>
<td>Buyout</td>
<td>Manta Ray Ventures</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Source: PitchBook | Geography: Global | *As of June 30, 2022
SELECT COMPANY HIGHLIGHTS

<table>
<thead>
<tr>
<th>Founded</th>
<th>Total raised:</th>
<th>Last financing valuation:</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$18.5M</td>
<td>$45.5M post-money valuation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Location</th>
<th>Last financing:</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York, NY</td>
<td>Raised $12.5M in a Series A</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Lead investors:</th>
</tr>
</thead>
<tbody>
<tr>
<td>B Capital Group, White Star Capital, Recharge Thematic Ventures, Revel Partners</td>
</tr>
</tbody>
</table>

**Overview**

Percent is a private credit investment platform for individual and institutional investors. The platform enables investors to access a historically hard-to-reach and opaque $1.2 trillion asset class. The demand for investing in private credit has increased significantly in recent years, primarily because private credit is one of the highest yielding asset classes, comes with investor protections (covenants), is viewed as having inflation protection due to floating rates, and is typically lower in volatility due to illiquidity. Percent’s platform connects borrowers, investors, and underwriters—streamlining the private credit deal process for each stakeholder.

Borrowers have access to a platform that provides real-time market data. That way they can view their offering against others on the market, including terms and asset performance. Once a borrower’s deal goes live, it can gauge investor interest during syndication with a live view of the order book. Investors with access to the platform can view all live deals and can invest in some deals with as little as $1,000. Underwriters have access to a platform that supports the entire deal process, including sourcing, structuring, syndicating, and servicing.

In June 2022, Percent partnered with DeFi private credit protocol Anzen to provide a CDS-like protection for some of the assets on Percent’s platform. Anzen provides the loss protection through its stablecoin reserve treasury and staking pools. Percent has seen strong growth over the last 12 months, having roughly doubled the volume of private credit transactions on its platform to more than $900 million, with a 3x increase on revenue and annual recurring revenue during the time period.

**Leadership**

Percent was founded by CEO Nelson Chu. Chu previously worked at Bank of America in wealth management and at BlackRock in fixed income. Chu is also cofounder of MySupport, a platform acquired by RISE Services that is designed to help seniors and people with disabilities on Medicaid.

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## Financing history

<table>
<thead>
<tr>
<th>Round</th>
<th>Month</th>
<th>Total Raised</th>
<th>Pre-money Valuation</th>
<th>Lead investor(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seed</td>
<td>June 2018</td>
<td>$300,000</td>
<td>$1.0M</td>
<td>N/A</td>
</tr>
<tr>
<td>Seed</td>
<td>April 2019</td>
<td>$1.7M</td>
<td>$6.3M</td>
<td>Recharge Thematic Ventures</td>
</tr>
<tr>
<td>Seed</td>
<td>April 2020</td>
<td>$4.0M</td>
<td>$11.0M</td>
<td>Revel Partners</td>
</tr>
<tr>
<td>Series A</td>
<td>March 2021</td>
<td>$12.5M</td>
<td>$33.0M</td>
<td>B Capital Group, White Star Capital</td>
</tr>
</tbody>
</table>
About PitchBook
Emerging Tech Research

Independent, objective and timely market intel

As the private markets continue to grow in complexity and competition, it’s essential for investors to understand the industries, sectors and companies driving the asset class.

Our Emerging Tech Research provides detailed analysis of nascent tech sectors so you can better navigate the changing markets you operate in—and pursue new opportunities with confidence.

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