FT Partners Research | January 2024

The FinTech Journey Continues

What to watch for in 2024

Featuring an Interview with

Jon Lear

President & Co-Founder of

FINTECHMeetup

FINANCIAL TECHNOLOGY PARTNERS

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FINANCIAL TECHNOLOGY PARTNERS

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1 Executive Summary & 2023 FinTech Deal Activity Recap

Executive Summary & 2023 FinTech Deal Activity Recap

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2023 through all its ups and downs – from bank crashes to an S&P 500 record high – was a year of re-balancing for the FinTech sector. Lofty valuations were re-thought and "mega" deals were intermittent as founders and investors worked off the excesses of recent years and re-evaluated business models and goals. Still, with a strong flow of early-stage funding activity, alongside continued successes from established players, the FinTech sector's journey continues as companies reimagine and reinvent financial services. Despite the challenges in the overall market, numerous FinTech innovations are thriving across various market segments and regions around the world, which we highlight and discuss further in this report.

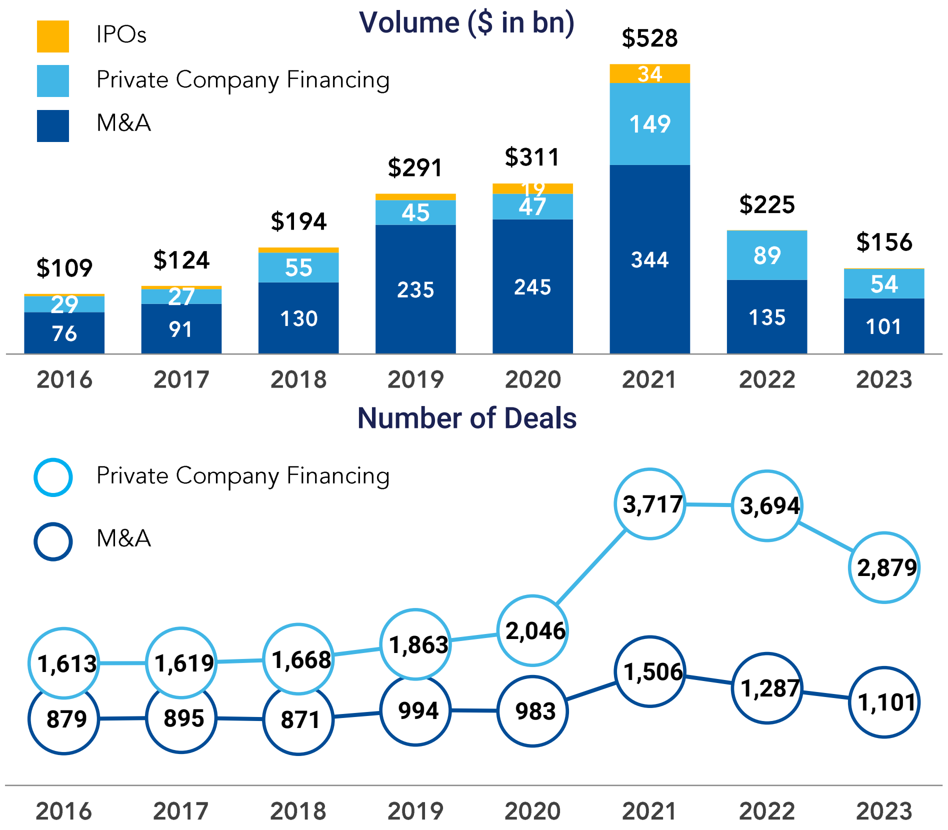
FinTech deal activity volume in 2023 declined approximately 70% from the peak in 2021 more closely resembling the volume from five years ago. Lower M&A volume drove more of the overall decline, as fewer $1 billion+ deals were announced. For private capital raising, the year-ended on an upward trajectory after a three-quarter climb, with Q4 volume of $15 billion representing a year-over-year increase of 30%. In the public markets, 2023 witnessed a return of international FinTech IPO activity, though debuts and performances were lackluster. A few high-profile FinTech companies have recently filed to go public in the U.S., and with the market's year-end high in December, many are looking ahead to see if the rally and confidence in the market will stick.

Compared to volume, the number of deals across both financing and M&A held up stronger. Over the last two years, financing activity has skewed towards earlier-stage or smaller deals, with 65% of funding rounds coming in under $10 million (compared with 46% in 2021). Seed funding notably reached an all-time high in 2022 at more than $5 billion in volume across 1,100 deals. Substantial seed-stage activity continued through 2023, with volume and deal count totaling higher than 2021 and years prior.

Meanwhile, later-stage activity continued to normalize post the soaring highs of 2021. Series D+ funding levels in 2023 look nearly identical to 2020. Many prominent companies continued to announce large deals - **Stripe, Visma,** and **Metropolis** all raised rounds over $1 billion and 15+ companies reached new unicorn valuations including **Cart.com**, **AlphaSense**, **Quantexa**, **Kin** and **Employment Hero.**

On the M&A side, nearly half of all deals with announced amounts in 2023 totaled less than $100 million. Still, a resurgence of larger deals occurred during the last half of the year with 16 $1 billion+ M&A deals announced in Q3 and Q4, for a total of 25 in the year. The largest deals in 2023 included, **GTCR's** $18.5 billion acquisition of a majority stake in **Worldpay** from **FIS** (a stark drop from FIS' original $43 billion acquisition of the Company in 2019), and **Nasdaq's** $11 billion acquisition of **Adenza**. With depressed public market valuations earlier in the year, several public companies were taken private: **EngageSmart** ($4.0 billion), **Network International** ($2.8 billion), **Duck Creek** ($2.6 billion) and **Paya** ($1.3 billion) among others.

Global FinTech Deal Activity



Source: FT Partners' Proprietary Transaction Database
Note: IPO data only includes IPOs with gross proceeds of $30 mm or more

Executive Summary & 2023 FinTech Deal Activity Recap (cont.)

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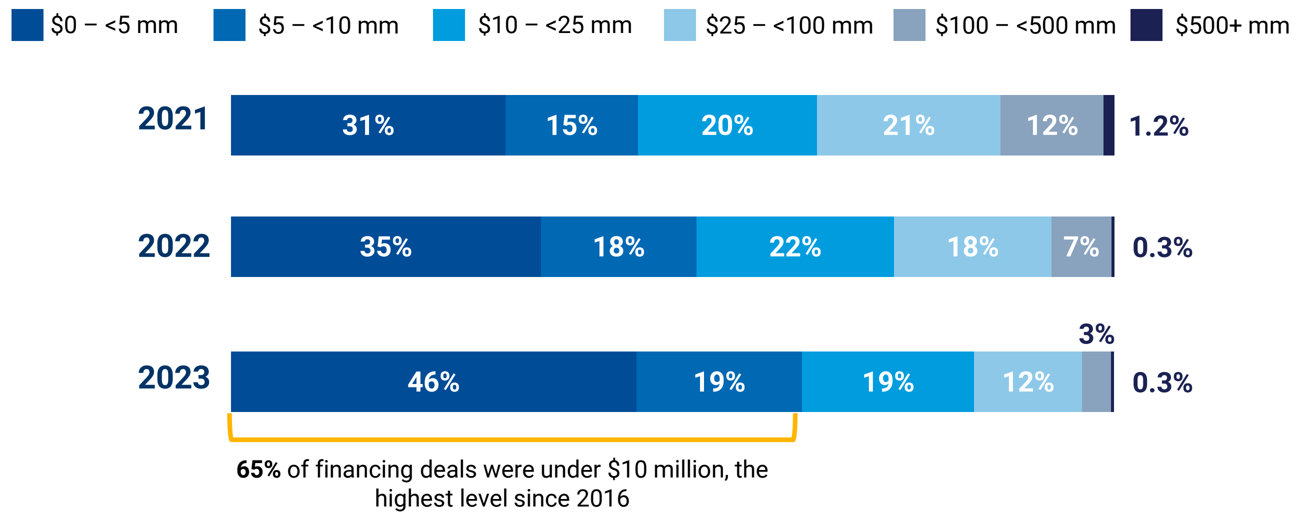
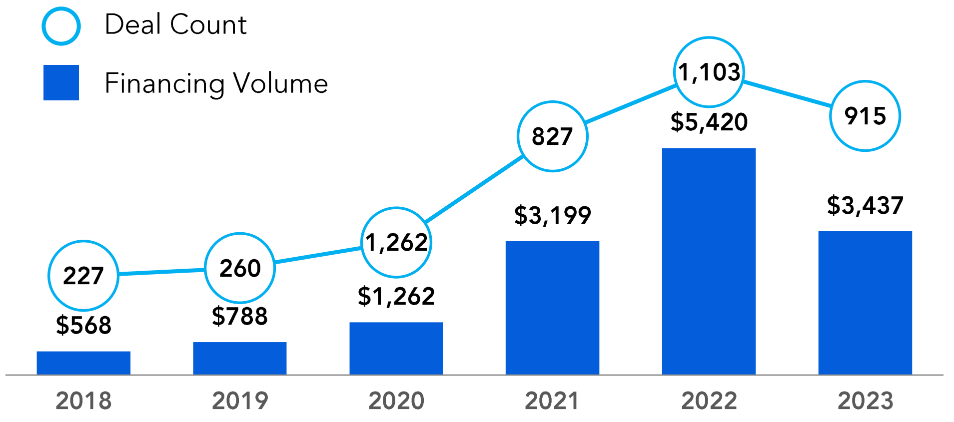
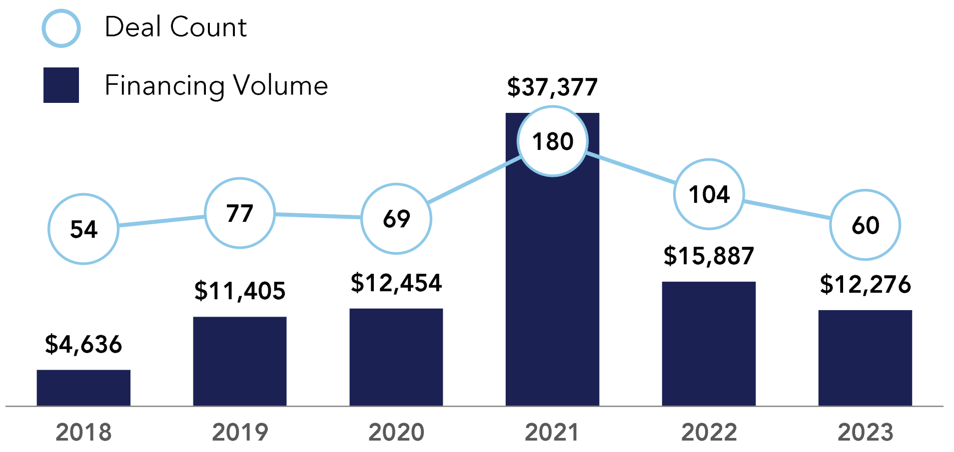
Distribution of Financing Rounds by Size



Seed Financing Activity ($ in mm)



Series D+ Financing Activity ($ in mm)



Selected New FinTech Unicorns Announced in 2023

Source: FT Partners' Proprietary Transaction Database

Executive Summary & 2023 FinTech Deal Activity Recap (cont.)

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Selected Largest Financings 2023

Date	Target	Stage	Amount ($ in mm)
Mar. 2023	stripe	Series I	$6,869
Dec. 2023	VISMA	Growth	4,400
Oct. 2023	metropolis	Series C	1,050
Sept. 2023	PRISMIC	Growth	1,000
May 2023	PhonePe	Growth	850
Mar. 2023	abound	Early-Stage	601
Nov. 2023	Rakuten Securities	Strategic	576
Mar. 2023	RIPPLING	Series E	500
Aug. 2023	MICRO CONNECT	Series C	458
Aug. 2023	HAQQEX	Early-Stage	400

Selected Largest M&A Deals 2023

Date	Target	Buyer	Amount ($ in mm)
July 2023	worldpay	GTCR	$18,500
June 2023	Adenza	Nasdaq	10,500
Apr. 2023	SimCorp	Deutsche Börse Group	4,515
Oct. 2023	EngageSmart	VISTA	4,000
Dec. 2023	IRIS	LGP Leonard Green & Partners	4,000
Dec. 2023	Singlife	SUMITOMO LIFE	3,408
Nov. 2023	HealthComp	Virgin pulse	3,000
June 2023	network	Brookfield	2,760
Jan. 2023	Duck Creek Technologies	VISTA	2,600
Sept. 2023	nextgen healthcare	THOMABRAVO	1,760

See more FinTech deal activity data & analysis in FT Partners' upcoming 2023 FinTech Almanac report

Source: FT Partners' Proprietary Transaction Database

2 2024 FinTech Trends

What to watch for in 2024

2024 FINTECH TRENDS TO WATCH

Real-time Payments Is Here

Real-time Payments Is Here

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Real-time payments (RTP) have already begun to revolutionize the way people and businesses transact. As adoption continues to accelerate, we expect to see a transformation of the global payments landscape, particularly in the U.S. following the 2023 launch of FedNow.

The payments ecosystem is on the precipice of fundamental change with the entrance of real-time payments. Real-time payments have already proliferated in many parts of the globe, and will become ubiquitous over the next few years. Government-based initiatives are driving the development of real-time payments in some markets such as India and Brazil, while existing players are also innovating and adding new real-time or near-real-time capabilities, and others are leveraging cryptocurrency rails (including stablecoins and central bank digital currencies) to make real-time payments.

Real-time payment rails allow money to be transferred between bank accounts instantly, 24/7/365, in real-time; these systems are typically open-loop, with participation from a wide array of financial institutions and platforms. They offer a host of benefits for consumers and businesses, such as immediate access to funds, cost savings, decreased risk of payment failure, and superior transfer of data.

Instant payments also come with risks that will need to be addressed, such as fraud and security risks, lack of a chargeback system, and difficulty integrating into existing systems given that much of the global bank back-office payment infrastructure is built around batch processing. The future of payments is clearly real-time, but there are issues that must be addressed before every payment can move instantly. A number of companies are working on solving those issues currently, and we expect real-time payments' momentum to accelerate, especially in the U.S..

Real-Time Payments vs. Selected Other U.S. Payment Rails

	Card	Wire transfer	ACH	Real-Time
Benefits	• Easy to use • Widespread acceptance • Chargeback protection on credit • Availability of credit and reward points	• Suitable and ubiquitous for high-value transactions between businesses and financial institutions	• Suitable for account-to-account transfers, credit-push and debit-pull transactions • Low fees, convenient, ubiquitous among banks	• Instant settlement • Low costs • Greater data capabilities
Settlement Time	• 0–2 days although can be much longer in certain markets	• 0–1 days • Fedwire is real-time while CHIPS provides end-of-day settlement	• Traditional ACH: 2-3 days; Same Day ACH: 0-1 days • ACH operates on batch-processing model at various times during the day	• Instant
Fees	• **Credit**: 1-3% acceptance costs, essentially no cost for payer • **Debit:** Variance across PIN vs. Signature rails, Durbin-exempt versus covered, single vs. dual message	• Transaction fee for sender of ~$10–35 (1)	• Sender processing fee of $0.20–1.50 per transaction, or 0.5–1.5% of transaction amount	• Varies by payment type and provider, but relatively low vs. other rails
Security	• Medium / High • Consumers protected through chargebacks, but card fraud still costs businesses billions	• High	• Medium / High • Settlement lag creates the opportunity for fraud	• Medium / High • Instant settlement is attractive to fraudsters
Drawbacks	• Relatively high acceptance fees for merchants	• Payments processed through Fedwire are irrevocable • Relatively high sender fees	• Mainly works within U.S. • Not instant as transactions are processed in batches • Less data for reconciliation	• Potential for fraud • No ability to retrieve funds • Fragmented network environment

Real-time Payments Is Here (cont.)

FedNow will continue to drive broader adoption of real-time payments in the U.S. in 2024, which will help transform the payments ecosystem in the country, even if it may not be obvious to consumers right away.

FedNow Overview

The Federal Reserve launched its proprietary real-time payments system, FedNow, in July 2023, becoming the first public real-time network in the U.S. FedNow provides interbank clearing and settlement enabling funds to be transferred in real-time, making bill payments, paychecks, and business transfers available instantaneously 24x7x365. The system offers a liquidity management tool to support instant payment services, as well as optional features including fraud prevention tools, request for payment capability, and more.

There are a host of real-time payment-related use cases that FedNow is poised to cover, including Account-to-Account, Consumer-to-Business Bill Pay, Peer-to-Peer, Business-to-Business, Consumer-to-Business, Business-to-Consumer, and Government and Municipal Payments. The service has been launched in phases, with the first release providing core clearing and settlement capabilities and features like request for payment and remittance information. In January 2024, the Fed announced that it had 400 financial institutions signed up to send or receive funds on the FedNow network, up from 35 in July 2023.

As FedNow rolls out new capabilities and use cases, it has the potential to revolutionize the B2B payments space in the U.S.; however, the near-term impact to consumers will likely be minimal. Consumers currently have little incentive to switch from paying with credit cards that offer rewards to real-time payment rails. Additionally, the Zelle network already offers a "real-time" peer-to-peer payment experience to consumers (though settlement is not technically real-time in many cases), so many consumers will not notice a difference. And as banks are not currently incentivized to push RTP on their retail banking customers, we expect the vast majority of FedNow's near-term impact will be on B2B payments, at least initially.

Selected Company Highlights

ACI Worldwide
- Founded in 1975, ACI Worldwide is a leading provider of real-time payments software to financial institutions and FinTech companies
- Its platform supports 18 real-time domestic schemes globally, including FedNow and The Clearing House in the U.S.

Cross River
- Cross River is a leading provider of FinTech infrastructure solutions across embedded payments, cards, lending solutions, and more
- Its real-time, API-based processing core creates direct and streamlined connections to FedNow, ACH, and RTP rails

Ripple
- Ripple enables banks to make and settle international payments in seconds, leveraging the XRP ledger and the digital asset XRP to bridge fiat currencies, eliminate prefunding, and increase visibility to payment terms
- Ripple aims to replace the SWIFT infrastructure and reduce costs

TabaPay
- Founded in 2017, TabaPay is a money movement platform enabling scalable and cost-efficient instant payment solutions
- It offers clients, such as Klarna and SoFi, solutions for collecting payments, disbursing funds, loading and unloading accounts all in real-time via direct connections to card schemes and RTP

Other Selected Companies Touching Real-time Payments

PLAID, Orum, Finexio, TRUELAYER, appbrilliance, moov, MESH, Thunes, Volt, DWOLLA

Source: Company websites

Restaurant Technology is Becoming Table Stakes

Restaurant Technology is Becoming Table Stakes

Technology has become the backbone of modern restaurants. As food costs continue to rise and staffing challenges remain, operators are re-engineering business models to fit an increasing consumer shift to off-premises dining options.

While the masks may be fading, COVID has left an indelible mark on the restaurant industry. COVID's impact continues to be felt across all facets of the industry including reservations, takeout and delivery, staffing, input pricing, marketing, and payments. Even as consumers have returned to in-person dining, demand for off-premise interactions and omni-channel experiences are not dissipating given the degree of convenience they provide. In order to meet this demand, restaurants must be able to handle and coordinate online ordering and delivery (whether through their own channel or through third parties), order ahead and pick-up, indoor and outdoor dining options, touchless / cashless in-person interactions including new payment mechanisms, and challenges in marketing to and engaging with consumers across multiple channels, including now Tik-Tok. Meanwhile, input prices have certainly inflated, and staffing challenges remain as roles are difficult to fill and employee demands are higher than ever.

To solve these challenges, restaurants must turn to technology solutions in greater ways than ever before. In fact, a strong technology backbone is becoming table stakes across the industry. Fortunately, FinTech and other technology providers are rising to the occasion with tailored solutions that simplify complexity, streamline operations, reduce operating costs, and create a more seamless customer experience. For example, **SpotOn** is solving these problems for restaurants and retail businesses of all sizes through its fully-integrated payments and software platform, simplifying operations and driving efficiency. SpotOn's platform offers tailored end-to-end services including marketing, website development, e-commerce, reservations, online ordering, digital loyalty, review management and data analytics and more.

Improving the guest experience is central to the restaurant industry, and the shift to digitized guest interactions coupled with the explosion of artificial intelligence has led to a predictive, data-based approach to managing the guest experience that has resulted in scalable solutions offering superior efficiency and better outcomes.

Union is an all-in-one hospitality engagement platform leveraging industrial-grade data intelligence to deliver transformative experiences for the industry's most popular venues, their guests and brand partners. Union's guest-led ordering, personalized in-app recommendations, and mobile POS solution reduces wait times, leaving guests happier and wait staff with larger check sizes.

Omni-channel platforms such as **Paytronix** have been leveraging AI to offer tailored CRM and loyalty solutions to a wide array of restaurants and convenience stores, increasing engagement, retention and customer spend.

Historically, restaurant technology providers swam in separate lanes, but today, software, hardware, and processing are coming together with some platforms able to replace a multitude of point solution providers. While best-of-breed point solution providers will always have an opportunity in the space, we expect to see more consolidation as the platform plays look to serve an increasingly larger role for their customers.

Selected Restaurant Tech Companies

SpotOn, paytronix, union, toast, TouchBistro
LUNCHBOX, HungerRush, GoTab, Restaurant365, olo
Square, clover, MenuSifu, sumup, LAVU
SHIFT4, qlub, lightspeed, PAR, ORACLE
PayFacto, yabie, ziosk, tattle, deliverect

Executive Commentary

"As restaurants have added technology to solve specific problems, they stacked those different technologies and ran into issues of cost, complexity and integration. We're now entering the period in which restaurants and convenience stores have gone beyond solving a single problem and are now working to streamline the stack and find not only better results, but also more value."

paytronix

Jeff Hindman
CEO

Source: Company websites

The Shift to InsurTech 2.0

The Shift to InsurTech 2.0

After over a decade of widespread innovation in the insurance industry, InsurTech 2.0 is now coming into view as entrepreneurs in the space apply critical lessons learned from the initial wave. Founders – including a growing number of traditional insurance industry vets that are joining the space – are exploring new B2B business models and diversified distribution channels, and employing a keen focus on underwriting performance as they continue pushing forward new technologies and innovations across the insurance value chain.

InsurTech 1.0 ushered in a new era of digital, consumer-friendly solutions, transforming an outdated industry that has been held back by legacy systems. The modern user experience and competitive rates offered by InsurTech 1.0 companies put pressure on incumbents to modernize their businesses. Over the last decade, many traditional insurers have built up significant corporate venture capital arms and some have even made acquisitions in order to keep up.

Some of the most high-profile InsurTech 1.0 startups set out with sky high ambitions– to be a full stack carrier competing with these hundred-year-old institutions. The challenges of doing this were quickly realized, including the capital-intensive nature of bearing that risk, while also consuming significant capital to build and maintain proprietary tech stacks and acquire customers digitally. Several companies turned to public market investors to provide the significant remaining capital required to get to scale and profitability. The growth-at-all-costs mindset of many VC-backed start-ups led to poor underwriting results and weak unit economics. As global funding slowed down, and inflation dramatically increased the cost of claims, public and private market investors are focusing more heavily on underwriting performance for InsurTech companies. And noticeable shifts have taken place – **Hippo** paused writing new business in August 2023 in order to reduce volatility in its book and is working on building out its Insurance-as-a- Service business, and **Root** honed in on advancements to its pricing and underwriting to improve its loss ratio, while also continuing to focus on growing its embedded distribution channel.

Many companies founded in the initial wave have pivoted away from pure direct-to-consumer ("D2C") models by adding agent, broker and embedded distribution channels. **Clearcover** and **Next Insurance** on the P&C side, and **Ladder** and **Ethos** in the life insurance market, are all increasingly selling through embedded partnerships and/or traditional agents. At the same time, **Kin**, a D2C digital home insurer founded in 2016, is proving the D2C model's path to success with a $1 billion+ valuation, below-industry loss ratios and high double-digit premium growth.

Companies in this new "InsurTech 2.0" wave are increasingly launching with B2B business models that many investors favor. Companies like **Openly** (homeowners) and **Cover Whale** (commercial auto) are employing a B2B2C model, offering their products exclusively through agent and broker channels with digitally-native platforms. **Newfront**, founded in 2017, is building a modern commercial insurance brokerage, transforming legacy paper-based processes into digital workflows and fueling much greater productivity for their brokers. **DPL** has cracked the code on tapping into financial advisors as a distribution channel for annuities.

Sure, **Qover**, and **Lula** are architecting embedded solutions for companies across various industries (as well as traditional insurance players themselves), to launch digital insurance products and experiences. Further, companies like **Accelerant** and **Envelop** are innovating around the risk transfer and reinsurance space with superior data-driven approaches.

Expansion and reinvention of specialty insurance products is continuing as well. Cyber insurance is a particularly fast-growing segment, reaching a record level in 2023. Companies like **Coalition**, **At Bay**, and **Cowbell Cyber** are innovating in this particular space, while Travelers recently acquired InsurTech cyber MGA **Corvus** for $435 million. Other companies focused on emerging product areas include **Route**, which offers package protection for e-Commerce, and **Arbol**, **Kettle** and **Raincoat**, which provide coverage and risk management for climate and weather-related threats. Companies like **kWh Analytics**, **Energetic Insurance** and **Oka** are creating new insurance products for renewable energy and carbon credits. Crypto- and blockchain-related insurance solutions have emerged from **Breach**, **Evertas**, **Meanwhile** and **Re**.

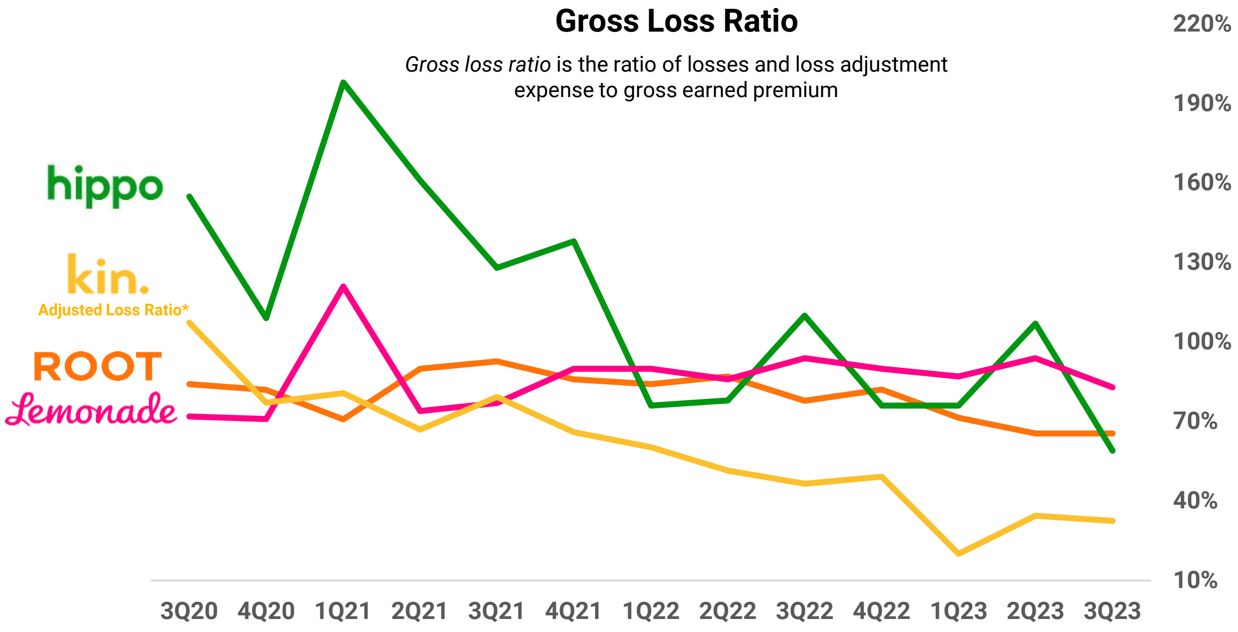
With $60 billion in venture funding pumped into the sector in the last ten years and over half of that raised just in the last three, we expect the InsurTech sector broadly to endure the road bumps and ultimately continue on its journey to make insurance more accessible, consumer-friendly and seamless.

Selected InsurTech Companies

Source: FT Partners' Proprietary Transaction Database

The Shift to InsurTech 2.0 (cont.)

InsurTech 1.0s Focused on Improving Underwriting Performance & Profitability



3Q23 Management Commentary

"Our Q3 2023 adjusted EBITDA loss of $38 million was our best yet as a public company, and we expect even stronger results in the coming periods. These improvements will be driven by continued improvements to the Hippo Home Insurance Program loss ratio, significant operating expense savings, growth in our Insurance as a Service segment, which is already profitable and growth in our Services business, which will turn closer to adjusted operating income positive in 2024."

hippo — **Stewart Ellis**, CFO

3Q23 Management Commentary (cont.)

"If we see changes in the environment or degradation in our loss ratios, our systems are designed to automatically pull back on growth. Our objective remains to optimize our profit. Root's embedded channel is a core part of our distribution strategy, and we continue to believe it is a meaningful part of our foundation for long-term growth."

ROOT — **Alexander Timm**, Co-Founder & CEO

"Our business model enables us to target customers we know will be a good match for our risk criteria, and cuts out about half of the legacy cost structure. Then our proprietary technology enables us to do much more accurate pricing and underwriting, which is why we're beating our competitors on loss ratio." (1)

kin. — **Sean Harper**, Co-Founder & CEO

"…this month, we expect to pass the 2 million customer mark. The comparison of our business today to our business when we hit the 1 million customer mark is instructive. Today…we have 3.5x as much gross earned premium as our premium per customer jumped by 70% in the intervening years. At the same time, net loss as a percentage of gross earned premium roughly halved. Taken together, these improvements show a strong progression of the business…and they sketch a robust path to profitability."

"Everything that we do is technology-based. We pay claims in as little as three seconds. We sell 98% of our policies through an AI chat bot. All of those investments in technology are great, when you have a scale. They're not so great when you're small. Indeed, over the last 24 months, we've doubled our gross earned premium without growing our expenses. And that scalability is the secret of how we get to cash flow positivity in 24 months." (2)

Lemonade — **Daniel Schreiber**, Co-Founder & CEO

Source Company filings; Q3 2023 Earnings Calls in November 2023
**These metrics represent Kin's Adjusted Loss Ratio, defined as loss & loss adjustment expenses, net of catastrophe excess of loss reinsurance recoverables divided by earned premium and the "earned" portion of subscriber surplus contributions during the period.*
1) *Kin: "Kin increases gross written premium by 55% year-over-year, nearly doubles operating income"*
2) *Yahoo Finance!: "Premiums creating 'real stress' in insurance: Lemonade CEO"*

Better Healthcare & Benefits Experience

Better Healthcare & Benefits Experience

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Ask an average American about health insurance and they'll most likely say it is complex, confusing and of course, expensive. Ever rising healthcare costs are burdening individuals and families as well as creating challenges for employers who sponsor much of America's healthcare. Over the last decade, patient financial responsibility has increased due to growth in high deductible health plans, rising premiums and out-of-pocket costs, but employers are also feeling the pain and are seeking solutions to make benefits more affordable for their workforce. FinTech companies are modernizing the employee benefits experience by leveraging technology and data to create more personalized and effective options, while also creating cost-savings for the employees and employers alike.

For employees, benefits are often something they think about once a year during open-enrollment leading many to not fully understand or take meaningful advantage of them. According to a survey by Bend, more than half of respondents claimed they feel "completely lost when it comes to understanding health insurance" and more than half admitted to having put off scheduling medical appointments or filling a prescription out of uncertainty in coverage. [(1)] For employees, underutilized benefits can lead to financial hardships, if they are overspending or underinsured, and ultimately worse health outcomes due to care avoidance. On the employer side, this leads to wasted company spend and dissatisfaction from employees.

To fix this underutilization issue, some companies are providing a solution layered on top of existing benefits systems to deliver decision support, benefits education and more. **Medefy** provides a navigation app that centralizes users' benefits in one place and features 24/7 guidance from experts, helping employees to make smarter decisions about their care including guiding them to lower cost services. On a similar mission, **Nayya** has created a robo-advisor-like solution that utilizes AI and permissioned user health data to provide personalized benefits recommendations that take into account an employee's life stage, financial status, and medical history. Nayya's solution spans across all types of benefits (and provides year-round advice, not just at open enrollment), making sure employees aren't over or under insured in any one area. In addition to creating cost-savings, solutions like this can actually benefit the partnered insurance carriers / brokers as employees with a better understanding of ancillary products are more likely to purchase them. Serving large, self-insured employers, **Amino** is improving healthcare's "shop-ability" through its Smart Match tool. Amino uses claims data as well as quality measures like Leapfrog Hospital Safety Grades, to highlight providers and facilities that are in-network, highly experienced, safe, and affordable.

In competitive labor markets, benefits can also be a deciding factor in attracting and retaining talent. For small businesses, many modern clinical digital health innovations, like telehealth or virtual behavioral health, and are unattainable due to costs or lack of coverage by traditional employer-sponsored health insurance. [(2)] **Angle Health**, which raised $58 million in its Series A round in early 2023, decided to tackle this head on by becoming a full-stack carrier offering customizable health plans to SMBs with features typically unavailable to business of their size.

There has been a marked shift towards high deductible health plans ("HDHPs") in the last several years as a way to offset rising premiums. Hand-in-hand with growth in HDHPs, Healthcare Spending Accounts ("HSAs"), a tax-advantaged way for individuals to save for when they need to pay for care, have grown in use. This combination of offerings is called Consumer Directed Health Plans (CDHPs). New start-ups and well-established companies alike are providing modernized HSAs and CDHPs along with additional tools to help employees navigate using and paying for healthcare. **Elevate**, founded in 2020, is modernizing CDHPs through its API-driven customizable platform for employers. Employees can benefit from its instant claim processing and real-time reimbursement - much of which was handled in slow, paper-based processes in legacy systems - as well as its 24/7 conversational AI guidance. In an Infrastructure play, **First Dollar's** software and APIs are providing flexible tools for third-party administrators (TPA), health plans and banks, to launch and manage their own health spending benefits programs.

Finally, some companies, such as **Transcarent** and **Nomi Health,** are upending the traditional insurance model altogether, creating tech-enabled "direct-to-employer healthcare" by building out their own networks of healthcare providers. These models can offer faster payouts to providers (compared with the lengthy insurance claims process) and offer cheaper care price points to employers through negotiated discounts, all while delivering digital-first experiences for employees. Nomi Health notably also offers an integrated real-time payments platform as it aims to re-invent healthcare in a more efficient and mutually beneficial way.

FinTech companies undoubtedly have a huge opportunity in front of them to re-build how Americans interact with health insurance, and improvements around effectiveness and affordability stand to benefit all industry participants.

Selected Healthcare FinTech Companies

Nayya | amino | Nomi Health | zero | firstdollar | Lively | elevate | transcarent EXPERIENCE DIFFERENT | medefy

Source:
1) Bend: "More than Half of Americans Confused by Health Insurance, Including HSAs"
2) Forbes: "Bringing Personalization And Simplicity To Healthcare"

Global Digitization of B2B Payments

Global Digitization of B2B Payments

The business-to-business (B2B) market remains one of the last major global opportunities for payment digitization. Not only is the market still plagued by widespread manual processes and inefficient payment methods, but it is also a massive market estimated at nearly $29 trillion in the U.S. alone. Today, checks still shockingly account for 40-50% of B2B payments. Moreover, manually intensive payment methods are more likely to lead to high error and failure rates, making companies vulnerable to security risks and increasing costs. Consequently, the rush is on to bring more efficient, digital payment solutions to businesses, both large and small.

While this huge opportunity is readily apparent, attacking B2B payments is significantly more complex than B2C payments. Business payments cannot be viewed in isolation, but rather as part of a broader set of processes involving purchase orders, invoices, payment terms, as well accounts payables (AP) and accounts receivables (AR) departments. Digitizing B2B payments involves not only digitizing payments themselves, but also digitizing these workflows into much more efficient solutions.

With several FinTech vendors targeting B2B payments, the landscape is undergoing a massive shift. The key focus is on payment automation as businesses increasingly look for an opportunity to digitize AP and AR functions, reduce labor costs and human error associated with manually processing payments, and subsequently increase productivity.

Several FinTech companies have emerge as leaders in the movement to digitize B2B payments. Notably, **Tipalti** is the only global payables automation solution to streamline all phases of the AP and payment management workflow in one holistic cloud platform. Tipalti makes it painless for AP departments to manage their entire supplier payments operation, with solutions addressing everything from supplier onboarding and vetting, to tax and regulatory compliance, and invoice processing. **Finexio** has taken a B2B2B approach, offering “AP payments as a service” to AP software providers and financial institutions through unique embedded payments capabilities, allowing them to create solutions for their clients. **TreviPay** is a market leader in AR automation, using next-gen embedded financing to help thousands of sellers provide choice and convenience to buyers, open new markets and automate accounts receivables. With integrations to top e-commerce and ERP solutions and flexible trade credit options, TreviPay brings 40 years of experience serving leaders in manufacturing, retail and transportation.

Vendors are targeting the B2B space with specialized products and services. Some are attempting to play across the entire value chain while others are only focused on one or a few of the components involved in B2B payment processes.

Investors have taken note of the massive B2B payments opportunities. While few pure-play public market opportunities exist to target this opportunity, the recent IPOs of **AvidXchange**, **Expensify**, **Payoneer**, **Bill.com** and **Billtrust** and the long-term success of B2B payments companies **FLEETCOR** and **WEX** indicate strong potential investor appetite. Moreover, both Visa and Mastercard have consistently highlighted the B2B payments category as a key growth opportunity. The private markets around B2B payments have remained vibrant as well, with several companies recently raising significant capital.

Selected Solution Providers

avidxchange

AvidXchange is the leading provider of accounts payable and payment automation solutions for the middle market. With highly configurable solutions for various industries, AvidXchange’s software seamlessly integrates with a company’s accounting system or ERP to enable invoice processing and digital payments. By digitizing AP and payment processing, AvidXchange has enabled organizations to reduce their processing costs, improve visibility into their invoices, and increase work efficiencies.

boost payment solutions

Boost is the only FinTech acquirer exclusively focused on the B2B marketplace. Boost's technology platform serves as a gateway, optimizing the use and acceptance of commercial cards. Boost processes cards on behalf of suppliers, allowing them to more easily accept and manage commercial card payments. Boost allows businesses to pay on their own terms, providing greater payment flexibility, a lower cost of processing, and automated reporting.

Source: Company websites

Financial APIs & Payroll Data Connectivity for SMBs

Financial APIs & Payroll Data Connectivity for SMBs

Although financial data APIs don't provide services directly to SMBs, they have a crucial part to play in the ecosystem by helping banks and FinTech companies easily integrate with a range of different small business systems. API providers allow businesses to seamlessly share and sync data between all the different financial tools they use, saving time on financial admin and making accessing finance easier and more convenient.

SMBs, especially small businesses with fewer than 100 employees, have historically been underserved by large payroll processing companies, though that has begun to change since the advent of cloud-native services. Cost, implementation difficulties, and technical challenges are the primary reasons small business owners cite for running their own payroll.

A large market opportunity exists for payroll providers who can successfully serve the SMB space, considering SMBs employ nearly half of all U.S. workers, and many still run payroll manually. Cloud-native payroll systems can improve the accuracy, ease of use, and transparency of the payroll process.

Payroll APIs provide access to data that was previously locked in payroll providers' and employers' records, enabling employee-friendly services such as earned wage access and paycheck-linked lending, seamless direct deposit switching, and faster identity and income verification.

Codat is a FinTech company providing business data APIs for SMB lending and embedded accounting automation. With connections to major accounting platforms like QuickBooks, Xero, Sage, Dynamics 365, and more, Codat makes it easy to provide seamless payroll and accounting automation, letting SMBs post detailed HR and benefits information with the click of a button.

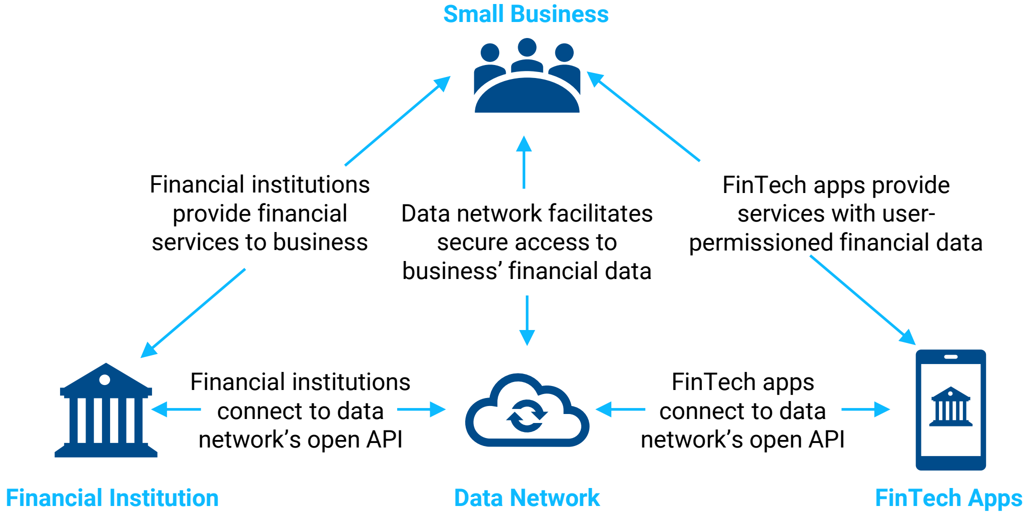
Automated Verification of Income and Employment (VOIE) drastically speeds up the process of verifying employment and income information for banks, lenders, background check providers, and others. VOIE providers leverage data from payroll providers and employers via payroll API connectivity in order to verify this information in a matter of minutes or hours, as opposed to weeks for manual verification.

Finch is a financial API provider designed to unlock organization, pay and benefits data from over 200 payroll and HRIS systems with one integration. Finch's platform automates VOIE using the data from a user's payroll account, switches direct deposit payments to new checking accounts, expedites the application process, and confirms a prospective employee's previous employment as part of the background check process, enabling businesses to access a previously closed system and smoothen out the payroll process.

In short, efficient payroll systems can improve employee satisfaction and retention, while also easing the administrative burden on employers. Given these secular trends, we expect API providers to continue to develop new use cases for SMBs, and the payroll technology market is likely to continue growing and innovating rapidly.

Selected SMB API Companies

How Open Financial APIs Work



Source: Company websites

Investors Continuing to Favor B2B Over B2C

Investors Continuing to Favor B2B Over B2C

FINANCIAL TECHNOLOGY PARTNERS

With challenging financing conditions persisting, investors continue to show a strong preference for business-to-business (B2B) models over business-to-consumer models (B2C). Still, innovative B2C FinTech companies serving unmet needs can win over customers and investors alike.

When capital is widely available, entrepreneurs and investors tend to like to shoot for the stars and build entirely new consumer brands. In the few years leading up to the "Great Valuation Reset" of 2022, a number of challenger banks, online brokers, online insurance brokers, and other direct-to-consumer FinTech companies received large amounts of funding. The vision here was sound – the incumbents remain mired in legacy infrastructure, the customer experience may be lagging, and the brands may not speak to younger generations. Subsequently, the door should be open for a savvy, mobile-centric consumer FinTech with a great UI and customer experience with a better value proposition. However, building a new financial brand can be incredibly difficult and expensive. This can obviously be done, but think about how many new major financial service brands have been built in the last 30 years.

Given the current conditions, investors are clearly favoring B2B models. These tend to be infrastructure companies (aka "arms dealers" or "picks-and-shovels" companies) that are helping incumbents digitize their businesses by automating workflows or replacing legacy technologies. They could also be enabling new solutions like banking-as-a-service or embedded financial solutions. Regardless of their solutions, these companies are not marketing directly to consumers, which – all else being equal – leads to significantly lower marketing costs and typically leads to a faster time to profitability relative to B2C companies.

While investors are favoring B2B companies, these models still have their challenges. In particular, selling to enterprises can be quite difficult. Enterprises are always going to be weary of trusting a key part of their business to a startup and sales cycles can be quite long. This brings the classic chicken-and-egg problem. Without any referenceable clients, it's difficult to find new clients. But once you land a few, then it becomes relatively easier to land the next one. While this does not involve a massive outlay of capital, it brings its own risks with regards to success.

Another model that investors are favoring are B2B2C models. In these cases, a company is leveraging existing, captive customers to sell what is ultimately a consumer solution. Employer-driven financial solutions are great examples. Marketing through employers or even service providers to employers such as benefit providers can be highly efficient distribution models vs. marketing directly to consumers. Selling a bill monitoring solution or an iD theft protection product through a bank represent additional examples of B2B2C models.

But back to B2C … building a strong, new B2C FinTech company can be done, but perhaps the most efficient way is through virality. The best marketer of a product can be a happy customer. Filling a key, unserved need combined with virality can be very powerful. **Revolut** is a great example of this. The Company has become one of the most successful consumer FinTech companies globally. Revolut built its business initially by providing lower-cost FX card rates to consumers along with a slick user experience. This was highly appealing to consumers in Europe that were used to dealing with expensive cross-border FX fees. The product spread virally by word-of-mouth with relatively little marketing and the Company has been able to capitalize on this by expanding both its products and the geographies it serves. Revolut last raised at a $33 billion valuation.

Revolut

Year Founded:	2015
Total Capital Raised:	$2.1 billion+
Last Valuation:	$33 billion July 2021
# of Customers:	35 million+

BILT

Year Founded:	2021
Total Capital Raised:	$400 million+
Last Valuation:	$3.1 billion January 2024

Another successful model, combining elements of all of these channels is **Bilt Rewards**. Bilt is the first program for consumers to earn valuable rewards on rent and daily neighborhood spend while creating a path to home ownership. Through its Bilt Rewards Alliance, a partnership with many of America's leading residential real estate companies, the Company enables renters in nearly four million units across the U.S. to earn Bilt Points just by paying rent, while these owners benefit from resident loyalty, cost savings and a share of revenue. Bilt is becoming an exciting company to watch, as it was recently valued at $3.1 billion, less than 3 years after its public launch.

So, while the funding markets remain constrained, we expect investors to continue to favor B2B and B2B2C models, but we still expect to see interest in breakaway consumer models that are serving unmet needs and have solved customer acquisition challenges.

Source: FT Partners' Proprietary Transaction Database

Blending of FinTech & E-Commerce

Blending of FinTech & E-Commerce

FINANCIAL TECHNOLOGY PARTNERS

The fusion of FinTech and E-Commerce has marked a significant inflection point in the evolution of online retail. Technological innovation, shifting consumer behaviors, and widespread adoption across industries has resulted in enhanced payment processes, revamped business models and more personalized customer experiences. Global digitization, increased smartphone penetration, and payments innovation have catalyzed this critical shift.

Global digitization and the ubiquity of internet connectivity have been crucial driving forces behind the convergence of FinTech and E-Commerce. Mobile penetration continues to permeate throughout the developing world, which is vital since smartphones act as the primary means by which consumers access financial services and engage in online commerce. They also serve as the main conduit for FinTech innovations, enabling seamless transactions, personalized experiences and real-time engagement.

Innovations in payments, specifically the rise of new payment gateways and digital wallets, have been a critical component to the success of E-Commerce in recent years. Payment gateways allow businesses to securely process online transactions, offering fraud protection and data encryption while promoting consumer confidence. Likewise, the proliferation of digital wallets, which securely store payment information and facilitate one-click purchases, make online shopping faster and more user-friendly.

Increased adoption of blockchain technology in digital retail is also having a pronounced effect, especially in supply chain finance. The decentralized nature of blockchain enhances transaction security and ensures integrity in product tracking, transforming the concept of digital identity and promoting transparent supply chain operations.

The rise of digital banking has been an instrumental force behind the convergence of FinTech and E-Commerce of late. Increased mobile access to financial services has redefined the relationship between financial institutions and consumers. The integration of embedded financial services including virtual cards and buy now, pay later options offer increased purchasing flexibility to consumers and greater conversion rates for businesses. Stockholm-based BNPL leader **Klarna** is a centerpiece of the intersection of FinTech and E-Commerce, providing smarter and more flexible shopping and purchasing experiences to 150 million active consumers across 500,000 merchants in 45 countries.

Along with integrated financial services, the importance of unified commerce and logistics is of paramount importance to businesses and consumers alike. **Cart.com** and **Route** are two market leaders in this arena, digitizing order fulfillment, warehousing coordination and shipping protection, leading to enhanced risk mitigation and higher transaction volumes.

Artificial intelligence is paving the way of the future when it comes to FinTech and E-Commerce. AI-driven machine learning algorithms are personalizing the online shopping experience for consumers through predictive analytics, automated decision-making processes, and enhanced fraud detection capabilities ensuring a seamless and authentic user experience.

Investors are taking notice of the dynamic tandem developing between FinTech and E-Commerce and the burgeoning influence of AI, and we expect to see further innovations in the space driven by continuous technological advancements and a perpetually growing digital economy.

Selected Solution Providers

cart.com

Cart.com is a leading provider of unified commerce and logistics solutions enabling B2C and B2B companies to sell and fulfill anywhere their customers are. Cart.com's interconnected suite of software and services powers cross-channel commerce operations from listing to sale to fulfillment for some of the world's most recognizable brands. By unifying the digital and physical aspects of commerce across channels, Cart.com is transforming how merchants sell and how people buy.

ROUTE

Route is an all-in-one post-purchase platform reimagining the e-commerce experience from product discovery to delivery via the Route app. Route's suite of tools empowers both sellers and shoppers to enhance the overlooked and often unpleasant post-purchase experience. With visual tracking, one-click package protection and tailored brand discovery all in one app, merchants can finally engage authentically beyond checkout while shoppers enjoy the immersive and transparent experience they crave.

Source: Company websites

Acceleration of Embedded FinTech Solutions

Acceleration of Embedded FinTech Solutions

Embedded Finance began to gain momentum with the promise of making every company a FinTech company by enabling them to offer financial services to their customers directly within their own platforms, mostly via partnerships with financial institutions and infrastructure providers. Initial use cases were primarily related to banking-as-a-service (BaaS) and embedded payments, but new embedded FinTech use cases and traction have begun to pick up in pace, which we expect to accelerate in 2024.

Embedded finance, simply put, is the integration of financial services such as lending, payment processing or insurance into the infrastructure of nonfinancial businesses without the need to redirect to traditional financial institutions. This is typically enabled by third-party BaaS companies using open API integrations to embed financial services into the user experience of nonfinancial businesses.

Until recently, the primary applications of embedded finance were banking and payments-related. Traditional use cases for embedded banking include store-branded credit cards and BNPL installment plans for high-priced consumer goods. On the payments side, companies like Amazon, Uber, and DoorDash enable customers to place an order and pay for it all in one application, while embedded payment applications such as Google Pay, Apple Pay and Venmo allow users to store financial information and conduct transactions in one place.

Synctera is a BaaS platform designed for launching fully compliant bank accounts, debit cards, charge cards, lending and more. Synctera's platform gives companies of all sizes the technology infrastructure, sponsor bank connection and compliance framework they need to launch FinTech or embedded banking products through powerful APIs. Synctera is transforming the way vertical SaaS companies bank and move money by offering their customers a true end-to-end business management solution.

Other new entrants have emerged offering innovative solutions, while some large established players have begun offering embedded versions of their own products. In late 2023, JPMorgan announced a partnership with **Gusto** to offer embedded payroll services to small and medium-size businesses. Chase Payment Solutions will use Gusto Embedded, an API customized for any business software platform to combine payments, banking and payroll with a single sign-in, saving business owners valuable time.

Several newer use cases have been gaining traction in recent years across the embedded finance ecosystem, including insurance, payroll, tax solutions and brokerage.

Sure is an embedded Insurtech company powering API-based digital insurance programs for global brands and insurance carriers. **Check** and **Zeal** partner with software platforms to build and scale embedded payroll businesses, increasing revenue and customer retention. **Column Tax** is using an API for personalized income tax, enabling users to deposit funds or make tax payments directly from the platform. WealthTech companies such as **Apex, DriveWealth**, and **Alpaca** have developed APIs enabling users to access investment products and trade through a nonfinancial company's platform.

Embedding financial services can help SaaS companies improve user engagement and reduce churn, while offering high-margin incremental revenue opportunities; given the range of solutions that are now available on the market, we expect the space to gain significant traction in 2024.

Selected Embedded FinTech Companies

Parent / Acquirer logo shown on top

Source: Company websites, Company press releases

Re-bundling of FinTech Services – SMB & Consumer

Re-bundling of FinTech Services – SMB-focused Solutions

FINANCIAL TECHNOLOGY PARTNERS

Traditional financial institutions have not served SMBs well, leaving a sizable void in the marketplace for FinTech companies to fill. While a number of companies have already built significant businesses serving SMBs, we see various solution sets beginning to consolidate as FinTech companies chase the SMB opportunity.

SMBs have historically been a low priority for large banks, as many of them are viewed as risky, while many smaller banks lack the technology to serve SMBs in a digitally-native way. Many established FinTech companies serve SMBs today, such as merchant acquirers, payroll processors and alternative lenders. However, these providers have historically focused closely on growing their core solutions as opposed to venturing into other solution sets.

That is beginning to change, however, as FinTech companies realize the power of their data in underwriting and recognize large cross-selling opportunities among their customer bases. For example, Square and PayPal have both expanded from payment processing into SMB lending, Bill.com has moved aggressively into expense management with the Divvy acquisition, while Brex has expanded from corporate cards into business banking, and Nav has expanded from small business loans into business credit cards. Many companies are launching with SMB-focused point solutions, with plans to subsequently launch new products and cross-sell. Cross-selling to existing customers enables companies to drive revenue growth profitably, as the related customer acquisition costs are virtually zero, improving unit economics considerably.

Over the coming years, we expect to see significant consolidation within the space, both in terms of M&A activity as well as product expansion among FinTech companies that currently offer relatively narrowly-focused solutions.

Complementary SMB-focused FinTech solutions include banking products, expense management and corporate cards, accounting services, lending, AP/AR automation, supply chain and working capital finance, cross-border payments, revenue-based financing, invoice factoring, and more.

Selected SMB-focused FinTech Solutions

Revenue-Based Financing
Capital for growth in exchange for a percentage of monthly revenues

Banking
Online banking solutions such as deposits, payments and credit cards catering to SMBs

AP / AR Automation
Solutions that streamline and automate AP / AR processes

Invoice Factoring
Capital made available from the sale of accounts receivables to a financing company

Expense Management / Corporate Cards
Software and card solutions that help employees make purchases and submit expenses

Supply Chain Finance / Working Capital Specialists
Short-term capital solutions that optimize working capital for buyers and sellers

Lenders / Lending Marketplaces
Installment loans / credit lines; online platforms connecting businesses to best-suited lenders

Accounting
Accounting software for SMBs from tracking expenses to payroll to determining tax obligations

Cross-Border Payment Specialists
Solutions that enable business to more seamlessly make or receive cross border payments

Executive Commentary

"I think that people have for 20 years told startup founders that what you want to do is to build something extremely narrow. And so people have been building hundreds of these little, extremely narrow, like point solution SaaS businesses. We've sort of forgotten about the benefits of deep systems integration and bundled contracting and pricing because 20 years ago, you could count the number of business software vendors on one hand. The shift to the cloud is largely complete and now we're seeing a shift back to all-in-one, cloud native systems." (1)

RIPPLING

Parker Conrad
Founder & CEO

Source:
(1) TechCrunch: "One month after entering the spend management space, Rippling goes after global payroll"

Re-bundling of FinTech Services – Consumer-focused Solutions

FINANCIAL TECHNOLOGY PARTNERS

With profitability increasingly in focus as opposed to growth at all costs, consumer FinTech companies will aggressively look to expand their range of offerings via new product launches and acquisitions in order to improve their unit economics and grow profitably

Consumer FinTech unit economics are challenging, with many companies raising massive amounts of capital in 2020/2021 in order to invest in customer acquisition. The fundraising environment has changed since then, with investors more focused on profitable growth and/or a path to profitability. As a result, many marketing/CAC (customer acquisition cost) budgets have been cut, and companies have begun to redirect their focus to product innovation and upselling existing customers, in order to boost ARPU, reduce customer churn, and improve unit economics since revenue on upselling is almost entirely profit given effectively zero CAC.

To that end, many consumer FinTech companies have made acquisitions or significant investments in order to broaden their solution sets with the aim of becoming a "Super App" along the lines of China's WeChat and Alipay. WeChat and Alipay are digital wallets that provide a single interface for users to manage money, pay friends, transact online and in-store, order food and transportation, access credit or purchase financing, pay taxes, sign up for insurance, and more. However, none of the major consumer FinTech apps in the west have reached that level of ubiquity, primarily due to structural differences across markets.

Instead, consumer FinTech platforms in the west will look to supplant banks as the consumer's financial "front end," with a broad range of services all in one, offered either in-house or through third-party partnerships and integrations. FinTech companies that are able to become a one-stop shop for a broad range of services – such as bank accounts and debit cards, credit products, budgeting tools, investment products, and more – will have a greater chance of owning the front end, and ultimately the customer relationship, posing a greater threat to banks.

Selected Recent Developments

Several consumer FinTech platforms have announced new product launches, acquisitions, or partnerships, as they seek to control a greater portion of the consumer's paycheck and wallet. We expect that to ramp up further in 2024.

M&A:

Acorns acquired kid and teen banking app **GoHenry** in April 2023 in order to broaden its demographics to encompass the entire family, as well as to expand geographically into the European market

Robinhood acquired **X1 Card** in June 2023 in order to get access to the credit card market to complement its existing debit card offering, which in turn complements the core investing platform

Product Launches:

Varo recently launched free in-app tax prep and filing services for its customers, as well as Varo to Anyone, a free, instant peer-to-peer payments service, building on Varo's banking, credit building, and cash advance products

X (formerly Twitter) has acquired EMI licenses in 15 states, as owner Elon Musk has stated his desire to turn the platform into "the everything app" where a user can manage their "entire financial life" (1)

PayPal's Venmo launched Tap to Pay functionality and Teen Accounts in 2023, in addition to Venmo Groups, an in-app feature that lets users track and split bills and expenses among groups of friends or family

Additionally, a number of consumer FinTech companies have pivoted to B2B2C models whereby they enable businesses to offer their products on a white-labeled or embedded basis. This allows these FinTech companies to take advantage of their client businesses' established customer bases, rather than having to invest heavily in customer acquisition.

Sources: Company websites, Company press releases
(1) The Verge: "Elon Musk gives X employees one year to replace your bank"

PFM Isn’t Dead

PFM Isn't Dead

Intuit's October 2023 announcement that it would be shutting down Mint prompted speculation surrounding the death of personal financial management (PFM) apps. And while many consumer PFM companies have struggled as standalone businesses, PFM tools still have great value as part of a larger consumer platform. A number of companies in the space have pivoted to B2B2C models, enabling consumer FinTech companies and financial institutions to launch their own offerings; we expect to see some M&A in the space as well.

PFM as a standalone business has generally been difficult. Mint did offer a paid tier in addition to the ad-supported offering, and Quicken still has many fans, but most people have not been willing to pay for budgeting tools on a standalone basis. However, consumers do still value PFM and budgeting tools, so as consumer FinTech brands look to offer their customers a more comprehensive set of solutions (and a more holistic view of their financial lives), many are seeing the incremental value that these tools can provide on top of core services like credit building and lending products, debit cards, robo-advisory, and more

As a result, we expect to see consumer FinTech companies acquiring PFM providers or launching their own offerings, either in-house or through partnerships. Recognizing that potential, a number of companies in the space have also launched or pivoted to B2B2C offerings, enabling financial institutions and FinTech companies to quickly launch and scale their own PFM offerings

In addition to the product expansion potential, the rise of open APIs and advanced data enrichment techniques have enabled next-gen PFM tools to provide a much more robust customer experience than the legacy players. For instance, **Rocket Money** (formerly **Truebill**) offers PFM tools like spending and saving insights, credit score monitoring, budgeting tools, and net worth calculations, in addition to its subscription management offering. **Brigit** provides users with tools to monitor their spending trends for overdraft protection, as well as a credit building product and financial and budgeting insights, on top of its cash advance offering. Several other companies have begun incorporating generative AI into their offerings to provide more personalized insights and advice to customers.

While the shuttering of Mint may have marked the end of an era, PFM isn't dead yet. It's just getting bundled along with many other consumer FinTech products.

Selected Companies and Recent Developments

While most consumers haven't historically been willing to pay for PFM apps, studies show that they do still see value in the products. According to a recent Plaid survey, over 50% of consumers said that budgeting advice and subscription/bill management were among the top financial use cases for AI. [1] Companies that succeed will likely be those that are able to offer a broad range of products and features; to that end, several PFM players have launched new products recently including:

Plum launched a Spend Tracker feature in January 2024 that automatically categorizes and tracks users' expenses in order to recognize potential areas for savings, complementing its existing PFM tools such as bill tracking

In December 2023, **Monarch** stated that its new customer signup rate doubled after the Mint announcement, and shortly thereafter announced that it had gone live in Canada and launched an improved reporting feature to help users' visualize their budgets

AI "financial assistant" **Cleo** launched a ChatGPT-powered negotiation tool that helps users create personalized negotiation letters tailored to lower their rent, car insurance, credit card interest rates and fees, and more

We see competition increasing in the coming months as players try to take Mint's place in the market. This competition will include standalone PFM companies as well as white-labeled solutions launched by banks, credit unions, and consumer FinTech platforms in partnership with B2B2C providers like **Personetics** and **Moneyhub**.

Sources: Company websites, Company press releases
(1) Plaid FinTech Effect Report 2023

Rewiring Capital Markets

Rewiring Capital Markets

Addressing Old Challenges Through New Technology

The capital markets industry continues to weather significant regulatory and technological changes, including market structure changes, the enhanced significance of cleared trades, and continued electronification of the product and trading lifecycle. In light of these high-level themes, we believe a number of specific themes will drive innovation through 2024 and beyond, with many of the key players further collapsing the front, middle and back office into a unified offering.

The first is the *increased prominence of non-bank end-to-end solution providers*, with **Clear Street** and **Hidden Road** being two market leaders in the space. **Clear Street** provides financial institutions with cloud-native prime brokerage and clearing systems, offering comprehensive support for clearing, custody, and financing of U.S. equities and options. **Hidden Road**, meanwhile, is a global credit network for institutions, delivering seamless access to traditional and digital markets while reducing complexity and cost in prime brokerage, clearing, and financing. These companies will likely see continued success as their technology-forward and client experience-centric business models address long-standing pain points associated with the use of legacy capital markets execution service franchises.

According to Forbes, financial advisors allocated 10.5% of their clients' portfolios to alternative assets in 2021, rising to 14.5% in 2023, and is expected to reach 17.5% in 2024.(1) This continued increase in alternative investment allocations drives another key theme: *innovative workflow solutions designed to reduce friction in a historically opaque, overtly manual, and operationally costly market*. **CAIS** is a key provider of such a solution, connecting financial advisors with alternative asset managers and providing comprehensive software solutions to support the entire trade lifecycle.

A further key theme for 2024 is *the maturation of distributed ledger technology (DLT) and blockchains into production across key capital markets infrastructure components*, and the increased adoption thereof. This includes innovation in the equity management and transfer agent industry, such as **Figure Markets'** end-to-end equity management solution to help companies raise and manage equity, while also providing liquidity through an alternative trading system for secondaries, all powered by blockchain technology. Similarly, **Archax** operates a multilateral trading facility (MTF) for digital securities and novates trades, including tokenized money market funds, on a DLT-based solution.

Lastly, several companies are spearheading *transformation in the primary issuance* space by tackling B2B processes such as book building and allocations. **Capital Markets Gateway**, for instance, provides a platform to digitally connect institutional investors with sell-side advisors, streamlining the workflows associated with the book building process.

Selected Capital Markets Tech Companies

Clear Street
- Founded: 2018
- HQ: New York, NY
- CEO: Christ Pento
- The Company provides the infrastructure for $10 billion of daily trading volume
- Raised $435 million to date through equity financing

HiddenRoad
- Founded: 2019
- HQ: London, UK
- CEO & Founder: Marc Asch
- On October 25, 2023, the Company announced the launch of Route28, its synthetic prime brokerage covering OTC swaps
- Raised $50 million to date through equity financing

CAIS
- Founded: 2009
- HQ: New York, NY
- CEO & Founder: Matt Brown
- The Company supports over $25 billion in transaction volume with $4 trillion in network assets and 32,000 advisors
- Raised $402 million to date through equity financing

FIGURE
- Founded: 2018
- HQ: San Francisco, CA
- CEO: Mike Cagney
- Over $4.7 billion is managed, raised, and traded through the Figure Equity Solution
- Raised $418 million to date through equity financing

Sources: Company websites, Company press releases
(1) Forbes: "Alternative Assets Going Mainstream: What It Means For Financial Advisors"

Rewiring Capital Markets (cont.)

FINANCIAL TECHNOLOGY PARTNERS

AI / Machine Learning Applications

Although capital markets businesses have long applied AI and machine learning (ML) in domains such as algo selection and 1LOD trade and communications surveillance, the year 2023 looks like an inflection point in the accelerated adoption of AI and ML across the industry, which we believe will continue in 2024. AI's ability to process vast quantities of data, ranging from news sentiment to company financials, enables the identification of patterns and trends that may be overlooked by humans. Specifically, the utilization of large language models (LLMs) and generative AI technology at unprecedented scale resulted in substantial gains across multiple facets, such as enhanced data analysis, algorithmic trading, fraud detection, personalized investment advice, and workflow automation. The integration of AI in capital markets elevates the importance of data as resource.

AI and ML are powering novel client relationship management approaches, powering the provision of customized, bespoke financial tools and investment strategies to individual investors at scale, particularly important for less experienced retail investors. Platforms like **Magnifi** (owned by Tifin) utilize AI to personalize investment recommendations, enhancing financial literacy and market accessibility for retail investors.

This democratization aligns with the trend of AI-powered wealth management, whereby portfolio construction, trade execution, and risk mitigation and hedging reduce the reliance on humans in the loop. **Arta Finance**, an inclusive investment platform, leverages AI to provide access to exclusive financial strategies across public markets and alternative investments. Through AI-managed portfolios, Arta Finance enhances portfolio management efficiency by facilitating complex strategies and proficiently handling alternative investments, previously unattainable without AI and ML. Similarly, the companies **Big Data Federation** and **BlueFire AI** support investment decision-makers with insight into novel investment opportunities or underappreciated risk factors within a portfolio. Platforms like **Gain.Pro** apply similar ideas to private company information, utilizing AI to track and provide accurate data in a historically opaque space. Offerings include company profiles, curated financial insights, research reports, and a comprehensive repository of downloadable financial documents.

Even traditional capital market firms like Broadridge offer AI solutions for asset classes historically viewed as data-poor, and thus unsuited for machine-driven execution. Specifically, Broadridge subsidiary **LTX** applies AI technology to the U.S. corporate credit market, providing insights to enhance liquidity and execution for investors and dealers. LTX's platform equips dealers with data-driven tools to attract new business and improve client engagement, while helping investors assess pre-trade liquidity, identify bonds and counterparties, and execute trades more efficiently.

Selected Capital Markets Tech Companies

magnifi

- Founded: 2018
- HQ: New York, NY
- CEO: Vinay Nair (Tifin)
- The Company is an AI-powered financial co-pilot for individual investors
- The TIFIN Group is majority stakeholder of Magnifi

arta

- Founded: 2021
- HQ: Mountain View, California
- CEO: Caesar Sengupta
- Arta Finance is a digital family office for retail investors
- In October 2023, the Company raised $90 million from Sequoia Capital India

Gain.pro

- Founded: 2018
- HQ: Amsterdam, Holland
- Co-CEO: Frister Haveman & Nicola Ebmeyer
- Gain.pro lists over 300k entities, 2.6k investor profiles, and 800 industry reports

LTX – A Broadridge Company

- Founded: 2020
- HQ: New York, NY
- CEO: Jim Kwiatkowski
- On June 6, 2023, LTX announced it had built BondGPT, an OpenAI GPT-4 powered platform that answers bond-related questions

Sources: Company websites, Company press releases

Rewiring Capital Markets (cont.)

FINANCIAL TECHNOLOGY PARTNERS

Evolving Fixed Income Landscape

Fixed Income markets underwent tremendous change in the past decade, driven by post-Global Financial Crisis regulations such as the Dodd-Frank Act (USA) and updated Markets In Financial Instruments Directive (MiFID II) in the E.U. The retrenchment of banks from providing balance sheet to warehouse inventory continues to impede trading even as outstanding debt levels increased in the protracted the low-interest environment. With interest rates globally returning to higher levels in 2023, investors sought out attractive investment opportunities in the fixed income market by locking in high coupon payments prior to the anticipated lowering of rates in 2024.

This newfound interest highlighted enduring pain points in fixed income markets, while concurrently incentivizing the adoption of electronic trading tools that look to address those pain points. Specifically, we anticipate the continued consolidation of the fragmented trading venue landscape, increased traction of various formats of data used from the pre-trade through to trade execution and product lifecycle, as well as the continued rise of electronic trading both on the dealer-to-client (D2C) and all-to-all (A2A) front.

We anticipate major fixed income trading venues to further consolidate the fragmented trading landscape by adding new products and execution tooling via acquisition, as they did in 2023 when **MarketAxess** acquired Pragma Trading for $128 million in August and **Tradeweb** closed its acquisition of Yieldbroker for $84 million in the same month and R8FIN for an undisclosed amount in November. Independently of the venues, the likes of Moment facilitate retail trade electronification by arming wealth management firms with fixed income APIs for execution, data analytics, risk management, and customized investing strategies, while **TransFICC** offers fixed income venue API software development kits (SDKs), co-location services, and data services to institutional market participants.

Fixed-income specific data services will remain an area of particular interest for acquisition as the data needs of e-trading driven volumes intensify. This includes strategic tie-ups akin to that between London Stock Exchange Group (LSEG) and BondCliQ offering real time, U.S. corporate bond quotes and axes, alongside dealer performance rankings, from 40+ participating dealers, and independent vendors such as **Overbond,** which utilizes AI analytics for market surveillance, data aggregation, and bond analysis, improving trade automation and portfolio performance. Europe's lack of a consolidated tape may come to an end either through the designation of a dedicated vendor or through solutions such as **Propellant Digital**, which enables clients to aggregate public MIFID II trade data with proprietary data to enable unprecedented transparency insights into fixed income markets at an affordable cost.

Selected Fixed Income Capital Markets Tech Companies

MarketAxess

- Founded: 2000
- HQ: New York, NY
- CEO: Chris Concannon
- The Company operates an electronic trading platform for institutional investors and broker-dealers
- Listed on the Nasdaq on November 5, 2004

Tradeweb

- Founded: 1996
- HQ: New York, NY
- CEO: Billy Hult
- The Company provides marketplaces for trading a range of fixed income asset classes, along with pre-trade data, trade execution, and post-trade services
- Listed on the Nasdaq on April 3, 2019

TransFICC

- Founded: 2016
- HQ: London, UK
- Co-Founders: Steve Tolan, Judd Gaddie, & Tom McKee
- Technology infrastructure is built in house, featuring continuous delivery, aeron messaging, aeron clustering, aeron archiving, and simple binary encoding
- Raised $25 million to date through equity financing

Overbond

- Founded: 2015
- HQ: Toronto, CA
- CEO: Vuk Magdelinic
- The platform supports more than 250,000 corporate bonds and fixed income ETFs
- Raised $7.5 million to date through equity financing

Sources: Company websites, Company press releases

Next-Gen WealthTech Advisory Solutions

Next-Gen WealthTech Advisory Solutions

The wealth management industry is evolving to keep pace with an increasingly complex world and changing consumer expectations. New "next-gen" WealthTech firms are emerging to offer holistic advisory solutions around managing wealth and planning financial futures, as well as empowering advisors with the tools to provide greater personalization and diversification of client investment strategies.

With inflation and interest-rates not far off of multi-decade highs, geopolitical conflicts on the rise and fears of a recession looming, it is easy to imagine that the average consumer may be feeling some unease when it comes to their financial planning and wealth management. Moreover, with the continued expansion of investable asset classes, from alternative investments to digital assets, consumers have more options than ever to choose between. As more of consumers' financial activities move online, and as wealth shifts to younger generations who are accustomed to having information at their fingertips, advisors and firms will need to incorporate new strategies to keep up with consumer expectations.

To accomplish this, next-gen WealthTech companies are rapidly becoming akin to a "life coach" focusing on all aspects of life that money touches – investments, loans, spending, insurance, taxes etc. McKinsey found that client desire for holistic wealth advice has risen 60% since 2018.(1) **Facet Wealth**, an RIA founded in 2016, provides a personalized financial plan that "*evolves with your whole life*" from career and family planning to insurance, taxes, investing and retirement. The Company recently launched its Financial Wellness Score that even incorporates psychology and emotions around money to create a more well-rounded picture to build an actionable plan. Similarly, **Farther**, a tech-forward wealth advisory platform and RIA founded in 2019, boasts that its advisors are supported by experts such as CPAs, estate attorneys and insurance specialists. Two companies leading the way for enterprise level digitization of wealth management and advisor workflows are **Docupace** and **SigFig**.

In addition to encompassing a client's full financial picture, greater personalization of investment strategies will be a key part of the future of wealth management. **Savvy Wealth,** another new WealthTech entrant founded in 2021, features tax-optimized, risk-adjusted and value-aligned portfolios through the recent launch of its Direct Indexing tool. According to Cerulli Associates, assets utilizing direct indexing in the U.S. are expected to almost double from $458 billion in 2022 to more than $800 billion by the end of 2026.(2) From a B2B angle, **Ethic** is powering some of the largest wealth advisory firms and custodians to be able to customize portfolios around individual client financial goals as well as personal values such as sustainability, gender equality and racial justice. A recent U.S. Bank survey of young investors found that two-thirds of Gen Z and Millennial investors want their investments to support causes they care about, and moreover, fourth-fifths of them are even willing to receive a lower return than the S&P 500's 10-year average to make these investments.(3)

Additionally, demand for and access to alternative investments continues to expand to new groups of consumers and advisors. According to a financial advisor survey conducted by iCapital in 2023, 95% of advisors plan to maintain or increase allocations to alts in the next year to keep up with client demand.(4) Some FinTech companies are providing marketplaces for consumers to directly access these investments, **Yieldstreet** for example, offers investments across VC / PE, Private Credit, Real Estate and more, with minimums as low as $10k. Previously these investments were only available to institutional and ultra-wealthy investors, with minimums upwards of $1 million. Other companies are innovating around specific alts: **Percent** offers investments in SMB and consumer loans, **Moonfare** offers investments in VC / PE funds and **Forge** provides access to shares in private companies. Companies like **iCapital**, **CAIS** and **Opto** are offering B2B solutions that empower advisors with the tools to provide these investments for their clients. Further still, new asset classes are being explored through fractional ownership models – **Masterworks** enables investments in fine art and **Rally Rd** allows investors to buy and sell equity shares in collectible assets such as comic books, cars and one-of-a-kind memorabilia.

Selected FinTech Companies

Facet. | Farther | Savvy | netwealth | iCapital NETWORK
ethic. | Yieldstreet | Rally | opto | arta
Moonfare | compound | Docupace | Forge
MASTERWORKS | Range | Percent | SIGFIG

Sources:
(1) McKinsey: "U.S. wealth management: Amid market turbulence, an industry converges"
(2) Ethic: "Direct Indexing Offers Greater Personalization Around the Client Experience"
(3) CNBC: "'Not just money and math': Young people are willing to sacrifice returns for ESG"
(4) Advisorpedia: "Rise in Alternative Investments Fueled by Client Interest"

FinTech Focused on Retirement Savings

FinTech Focused on Retirement Savings

FINANCIAL TECHNOLOGY PARTNERS

The troubled U.S. retirement system has emboldened FinTechs to improve access to retirement plans for participants, plan sponsors and service providers alike. FinTech companies are transforming retirement planning, management and optimization through enhanced accessibility, personalized solutions, workflow automation, real-time monitoring of retirement portfolios, diverse investment options including ETFs, digital assets and impact investing, robo-advisory, and financial education.

Today, retirement in the U.S. poses a major financial challenge to Americans as employer pension benefit programs and Social Security benefits dwindle amidst growing healthcare costs and longer life spans. Employer-sponsored retirement plans are the most important plans, however nearly 50% of private sector workers lack access. By 2014, private sector pensions fell to 22,000 from 29,000 in 2006; now they're no longer the mainstream. According to the U.S. Department of Labor, merely 15% of private sector workers participate in a traditional pension plan compared to about 88% in 1975. The Bureau of Labor Statistics estimates the number of people aged 75 and older who are working or looking for a job will grow up to 96.5% by 2030. According to a study by Northwestern Mutual, people think the likelihood of outliving their savings is 45%, however on average of 41% Americans are trying to save more. Over half of Americans, precisely 56%, don't know how much they need to save for retirement. If Americans are forced to retire early due to unexpected events such as job loss or health issues, only 26% have a back-up plan. [1,2]

Although the Fed's Survey of Consumer Finances (SCF) shows that retirement account balances have trended upward since 2010, the median American household needs at least $470,000 more than what they have in their current accounts, or *eight times* their annual income in those accounts. Among the wealthiest countries, the U.S. is one of the few without a universal retirement system that requires Americans to save the adequate amount of funds for retirement. A Fed survey found that 46% of families do not have a retirement account and rely entirely on Social Security, however Social Security will only be funded three-quarters of its amount after 2033. [3]

FinTech companies are observing these challenges and are developing solutions to tackle them. San Francisco-based **Human Interest** is making retirement plans, such as 401(k) and 403(b)'s, more attractive for SMBs through low-cost, tech-enabled solutions, including robo-advisory and automated client communications. Nearly half of private sector employees between the ages 18 and 64, about 57 million people, don't have access to pensions or retirement savings plans provided by employers, particularly SMBs which struggle to afford the administrative costs and complexities of managing plans. Human Interest provides retirement plans without charging transaction fees, making it easy and affordable for businesses to administer them. On January 13, 2023, BlackRock announced its minority investment in Human Interest to support growth. Human Interest has helped thousands of customers create 401(k) plans at 2x the average participation rate. Since 2021 when Human Interest's last financing round was announced, the Company's customer count and revenue have grown over 400%.

2023 was a year of milestones for **Vestwell**, a retirement and savings platform that offers advisors, employers, TPAs, and financial institutions various retirement, health and education programs, including 401(k), 403(b), IRA, 529 Education, ABLE disability, and Emergency Savings programs. On July 28, 2023, Vestwell announced its acquisition of **Gradifi**, a student loan benefits provider, to expand its product suite, including programs to help employees manage and pay down student debt, contribute to education savings accounts, and refinance student loans. On December 21, 2023, the Company announced its $125 million Series D financing round led by Lightspeed Venture Partners, bringing the total amount of equity financings to $228 million. Vestwell now serves over 1 million employees across 300,000 companies in the U.S., manages $29 billion in assets, and approaches profitability.

Other FinTechs are solving inefficiencies and lowering operational costs on the back-end so businesses can service millions of accounts. **IRALOGIX** is a SaaS, white-labelled technology platform that offers open architecture for investment options, custody and advice providers. The Company helps users grow their business and better serve millions of IRA accounts and account types, all of which are rather small.

The future is bright for FinTech companies in the retirement space and consumers alike, as U.S. legislators create policies to rectify the retirement system and encourage saving. In 2019, Congress passed the Secure Act to help Americans better prepare for retirement. In 2022, Congress signed Secure 2.0 into law, an act which expands upon the Secure Act of 2019 to encourage retirement saving in IRAs and workplace plans. A series of new provisions are expected to follow suit consecutively from 2024 to 2027. [4] In 2024, we expect to see an increasing number of FinTech companies that are focused on offering sponsors and participants the flexibility, ease, and affordability to design plans, select among various investments, and save towards retirement.

Selected Solution Providers

IRALOGIX | guideline | Human Interest | ELLEVEST | Vestwell | M

Wealthfront | Smart Pension | acorns | Betterment | Endowus

Sources: Company websites, Company press releases
(1) Debt.com: "9 Mind-Blowing Statistics Showing How Bad America's Retirement Crisis Is"
(2) OPB: "Big changes to retirement savings in new federal spending bill"
(3) Forbes: "Americans' Retirement Savings Fall Short By Nearly $500,000"
(4) Time: "What Is the Secure Act 2.0?"

The Endurance of Crypto

The Endurance of Crypto

FINANCIAL TECHNOLOGY PARTNERS

The "Crypto Winter" of 2022-23 appears to be officially over, as the price of bitcoin rallied by more than 150% in 2023 to over $42,000 by the end of the year. This was driven by a number of factors, but several regulatory developments have helped boost institutional adoption and led the crypto space closer to the mainstream, which bodes well going into 2024.

The crypto market experienced a significant downturn in 2022 and early 2023, as general market conditions coupled with the collapse of FTX sent Bitcoin and other major cryptocurrency prices tumbling. Over the last few months of 2023, however, the market began to experience a turnaround with digital asset prices rallying materially, including Bitcoin ending the year up more than 150%.

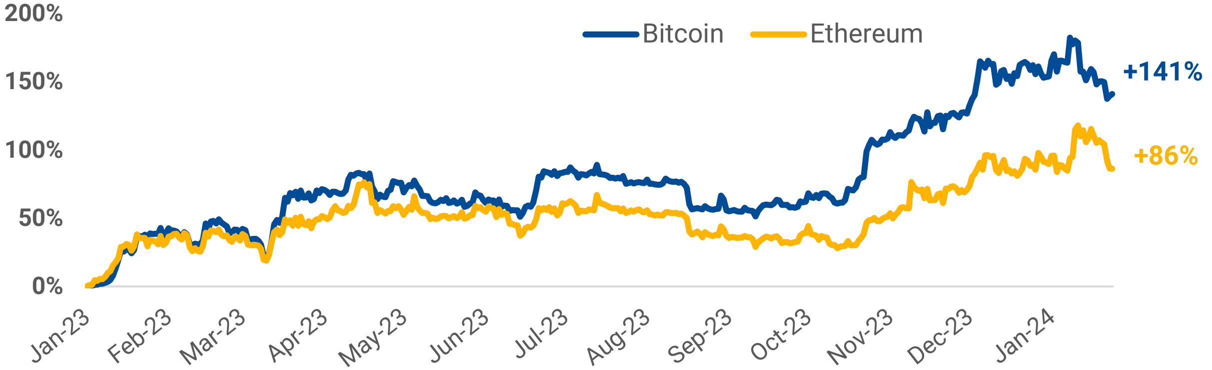
So, what drove that rally, especially in light of the $4 billion+ civil and criminal fines crypto giant Binance agreed to pay to the U.S. CFTC in November for violations of the Bank Secrecy Act? The overall market view of potential use cases for crypto and DeFi protocols has narrowed somewhat, but that has ultimately been viewed as a positive for the most part as the industry continues to mature and become less inherently speculative. More significantly, though, the industry continued to mature from a regulatory standpoint and began to eliminate some of the regulatory concerns that had previously cast a pall over the crypto space.

Most notably, crypto assets began to rally in late 2023 as momentum began to build around the potential regulatory approval of spot Bitcoin ETFs in the U.S. (more details on next page), while the EU adopted its Markets in Crypto Assets (MiCA) regulatory framework in June 2023, though it isn't expected to fully take effect until later this year.

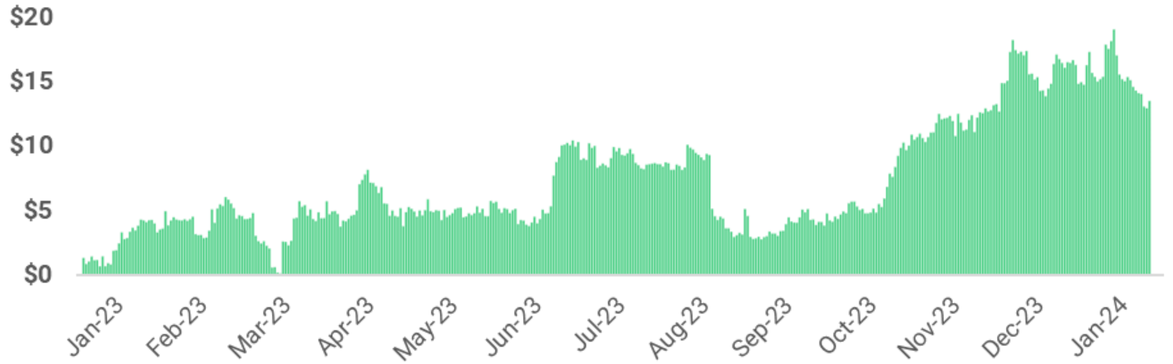
The digital asset space is likely to benefit going forward from these developments, as the ETF approval should drive further institutional adoption and boost inflows into the space, which should positively impact the prices of digital currencies such as Bitcoin and ETH. And while there could be a mild negative impact on crypto-focused firms offering investment products given the growing competition from deep-pocketed incumbents, crypto ETF-focused players will still likely benefit, and the broader impact on the space should be meaningfully positive as digital assets continue to become more mainstream.

Selected Market Data

Bitcoin / Ethereum Price Movements



Bitcoin Open Interest Since 2023 ($ Bn) (1)



Source:
(1) CoinGlass. Refers to the total of all open Bitcoin futures and options contracts, as a proxy for total money invested in Bitcoin derivatives at a given point in time.

The Endurance of Crypto (cont.)

FINANCIAL TECHNOLOGY PARTNERS

The approval of spot bitcoin ETFs in the U.S. led to immediate inflows into the new funds.

On January 10th of this year, the SEC finally granted approved for a U.S-listed spot bitcoin ETF, granting 11 applications concurrently including those of traditional financial services institutions **BlackRock**, **Fidelity**, and **Franklin Templeton**, and digital asset natives **Grayscale**, **Hashdex**, and **Valkyrie**. BlackRock's iShares bitcoin Trust ETF surpassed $1 billion in inflows in its first week including $371 million in inflows on January 17 alone, making it the first bitcoin ETF to exceed the milestone. Fidelity's Wise Origin bitcoin Fund reached over $1 billion in inflows the following day, demonstrating the mainstream appeal of regulated digital asset products.

Prior to approval of the spot ETFs, consumers faced some level of friction in gaining exposure to the asset class: they could access spot bitcoin and other digital assets products through an array of brokers and specialized providers like Coinbase, and cryptocurrency-related exchange traded products were available; however, U.S.-listed products were synthetic in nature. The trading simplicity of a spot ETF on a national exchange through existing trading arrangements along with the associated investor protections that come with regulated products immediately proved highly attractive to investors. The SEC has already received Ethereum spot ETF applications from a number of investment management firms.

The SEC's approval of bitcoin ETFs is a watershed moment for the digital asset industry. Moreover, the SEC's long-awaited move brought renewed attention to the cryptocurrency and digital asset space in the U.S., and the entry of asset management giants like Fidelity, Blackrock, and Franklin Templeton will surely help shine a bright spotlight on the space, despite the SEC going out of its way to state that while the organization approved the listing and trading of bitcoin ETFs, it "… did not approve or endorse bitcoin." This non-endorsement may relate to the ongoing, cyclical boom-and-bust nature of the young asset class, but the approval should nonetheless be a significant tailwind to the institutionalization of the crypto space.

SEC's Bitcoin ETF Approval Overview

- The SEC's approval of spot bitcoin ETFs had a rocky rollout, as a hacker accessed the regulator's official account on X (formerly Twitter) and posted a fake announcement about the approval on January 9
- The next day, the SEC officially approved applications from managers including:

BlackRock, Fidelity Investments, Franklin Templeton, WisdomTree, Invesco, VanEck, Grayscale, ARK Invest, Hashdex, Valkyrie, Bitwise

- While most of these ETFs have experienced massive inflows, that has been partly offset by nearly $2 billion in outflows from Grayscale's GBTC fund since it converted from a closed-end fund to an ETF upon SEC approval; while nearly half of those outflows have come from the estate of FTX's liquidation of its GBTC holdings, the fund's higher fees relative to competitors have also contributed to the sell-off
  - While the ETFs' inflows thus far have been impressive, they has largely come at the expense of existing Bitcoin ETFs and related investment products, as investors flock to lower-fee vehicles; for instance, Grayscale's GBTC cut its fees from 2% to 1.5% upon conversion to an ETF, but that is still far higher than BlackRock's 0.25% or Franklin Templeton's 0.19% expense ratio
- Thus far the SEC approval has not had a positive impact on the price of bitcoin, primarily because the approval was largely expected and potentially priced in already

Expansion of Emerging Market FinTech

Expansion of Emerging Market FinTech

FINANCIAL TECHNOLOGY PARTNERS

In recent years, FinTech has gained significant momentum and traction in emerging markets, filling gaps where legacy financial systems are lacking, or even non-existent, and providing critical financial services to people that are underserved. Across Africa, Latin America, India and the Middle East, more venture capital is flowing into a widening pool of startups innovating across financial services. FinTech only stands to accelerate in these markets given the crucial role it plays in the lives of consumers, local businesses and industries.

Africa

Africa, home to some of the world's fastest growing economies, has experienced major leaps of innovation around digital payments and banking, including the proliferation of mobile money / wallets, digital remittance solutions, and consumer and small business finance platforms.

The continent is home to nearly half of the world's mobile money customers. Mobile wallets and the use of mobile money are often the first step in financial inclusion and Africa is clearly paving this path. As Africa's mobile money schemes – **M-Pesa**, **Airtel Money** and **Orange Money** among others - credentialize the unbanked, an entire FinTech ecosystem is forming to connect consumers, merchants, and other providers as new functionality and use cases are added.

People across the continent are benefitting from consumer finance platforms such as **Mukuru**, **Chipper,** and **HelloPaisa** which are focused on digital remittances as well as banking / microfinance platforms like **FairMoney** and **Wave**. Additionally, alternative lending models are helping Africans with asset ownership. For example, **M-KOPA's** pay-as-you-go financing solutions enable low-income, rural Africans to access smartphones, solar and other household appliances, while **Moove** provides a path to vehicle ownership for ride-hailing drivers through a revenue-base financing model.

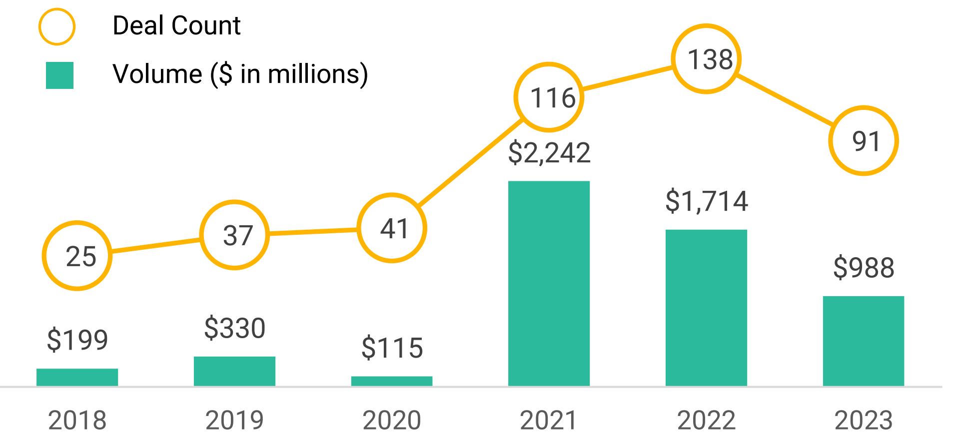
In many African countries, much of the retail activity is comprised of small shop owners and kiosks. B2B commerce companies like **Sabi** and **Wasoko** are enhancing these retailers' operating efficiency through delivery, data, and financing solutions. Cross-border transport has often been a complex and challenging process fraught with delays. **Korridor** is digitizing payments for border fees, road tolls, fuel and more in an effort to make fleet operations more efficient. Companies like **Moniepoint** are further helping small businesses through integrated payments, banking and working capital solutions. Building off of the proliferation of mobile money, **Onafriq,** is building the largest network of African payment schemes to connect African countries to each other and to businesses throughout the world, while **Flutterwave** is facilitating cross-border transactions through a single API.

InsurTech, WealthTech and Crypto are among other burgeoning areas of FinTech in the region, and while a handful of FinTech unicorns do exist on the continent, Africa's FinTech space is still largely nascent. Private capital raising for FinTech companies on the continent reached nearly $1 billion in 2023, despite a global slow down in funding during the year, with both regional and international investor participation. Today, roughly 90% of payments on the continent are still made using cash, more than half of all Africans are unbanked or underbanked, and only a small minority hold a debit or credit card leaving huge room for further FinTech penetration. Still, Africa is an emerging market and economic and political risks remain, but it is indisputable that the region offers one of the greatest long-term secular growth opportunities for FinTech globally.

Selected FinTech Companies

onafriq, Interswitch, OPay, Moniepoint, mukuru, moove, M-KOPA, hellopaisa, wave, Naked, sabi, flutterwave, WASOKO, Korridor, M-PESA, FairMoney Microfinance Bank, CHIPPER

Africa FinTech Financing Volume & Deal Count



Source: FT Partners' Proprietary Transaction Database

Expansion of Emerging Market FinTech (cont.)

FINANCIAL TECHNOLOGY PARTNERS

India

With one of the fastest-growing economies in the world, a young, tech-savvy population, and a large contingent of citizens who are underserved by financial institutions, India has emerged as a FinTech powerhouse. Driven by these macroeconomic and demographic trends, as well as a high concentration of tech talent due its status as a global IT hub, India has become one of the most attractive countries for financial innovation, and its burgeoning FinTech sector has attracted billions from global investors in recent years. In 2023, Indian FinTech companies raised nearly $3 billion, third most of any country behind only the U.S. and UK, and accounting for around 5% of all FinTech financing volume globally.

Several government initiatives have been driving FinTech adoption, including Aadhaar, a national biometric identification system; a 2016 demonetization program that took high-denomination notes out of circulation; and most prominently, Unified Payments Interface (UPI), which was launched in 2016 enabling real-time account-to-account payments. UPI adoption has accelerated massively, becoming ubiquitous across India's retail payments landscape and proving to be among the most effective and popular implementations of real-time payments around the world. UPI serves as a successful example of payments infrastructure powered by public and private sector cooperation, and the efforts of FinTech players like **PhonePe** and **Paytm**.

Beyond payments, many FinTech companies that have reached scale such as **Stashfin**, **slice**, **CRED,** and **M2P** operate in the banking and lending market, which has experienced massive demand due to India's large underbanked population. Other FinTech sectors have also become more prominent in the country:

Cross-border / Remittances: India became the first country to exceed $100 billion in inbound remittances in 2022; that growth is being driven by companies like **Remitly**, as well as UPI going international through partnerships with **PPRO** and Singapore's **PayNow**, among others.

WealthTech / Capital Markets: Growing household wealth and other favorable demographic trends present a large opportunity for companies offering stock trading, robo-advisory, crypto investment, and other related solutions.

InsurTech: Insurance penetration remains low, but is poised to grow rapidly driven by government initiatives aimed at expanding coverage, as well as improved distribution and innovation from tech-forward companies like **Turtlemint** and **Digit**.

Selected FinTech Companies

Banking / Lending
- CRED
- stashfin
- open
- slice
- weRize
- M2P

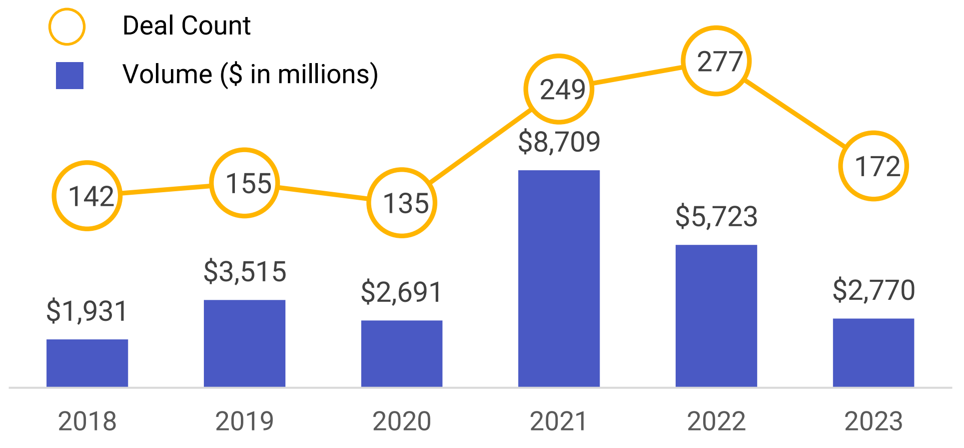
Payments
- PhonePe
- BharatPe
- Paytm
- Simpl
- Razorpay

WealthTech
- upstox
- Groww
- CoinDCX

Fin. Mgmt. Solutions
- Khatabook

InsurTech
- Insurance Dekho
- policybazaar.com
- turtlemint
- digit

Indian FinTech Financing Volume & Deal Count



Source: FT Partners' Proprietary Transaction Database

Expansion of Emerging Market FinTech (cont.)

FINANCIAL TECHNOLOGY PARTNERS

Latin America

Latin America has proven to be a region ripe for FinTech disruption, with a digitally-savvy population and high mobile penetration. Led by startup activity in Brazil and Mexico, the seventh and tenth most populous countries in the world, respectively, Colombia, Chile, Argentina and Uruguay have also emerged as hot spots for FinTech startups in recent years. Private FinTech funding in the region reached a record high in 2021, and while capital levels have declined in the two years since, the number of FinTech startups innovating in the region remains high.

Challenger banks have thrived in the region with innovative, digital products that hinge on fair and transparent approaches to financial services. **Nubank** and **Neon** were both born out of a highly concentrated banking sector in Brazil, with **Nubank** ending 2023 with more than 90 million customers, making it the largest challenger bank in the world. More recent entrant **Nomad**, which received $61 million in its Series B round led by Tiger Global in 2023, offers Brazilians a U.S. dollar bank account, an international debit card and investment platform to help citizens counteract the country's currency risks as the Brazilian Real has lost nearly 60% of its value compared to USD over the last decade. In Mexico, companies like **Klar**, **Albo, Kueski** and **Stori** are helping to build up the country's financial inclusion as Mexico has some of the highest levels of unbanked citizens in the world. **Stori**, which reached unicorn status in 2022, uses proprietary technology and underwriting to offer a credit card to anyone who applies, even those without credit history. Emerging areas within alternative lending include solutions for the agriculture and foreign imports industries. **Nagro**, which provides credit to rural farmers in Brazil, and **Finkargo**, a financing platform for foreign trade operations, both raised Series A rounds last year.

Financial infrastructure has also gained traction in the region over the last few years. As consumers continue to embrace FinTech, companies in various industries are realizing the massive potential of being able to launch new financial products in these countries. Two prominent deals in this space took place in 2023 - Banking-as-a-service company **QI Tech** raised $200 million in its Series B round and Visa acquired **Pismo**, a cloud issuer processing and core banking provider, for $1 billion, in what was the largest M&A deal in the region last year. In early 2024, **Pomelo**, an Argentinian payments infrastructure player and **Prometeo**, an open banking platform out of Uruguay, both raised early-stage rounds from prominent investors.

Payments has long been a key sector for the LatAm region with Brazil's government providing regulatory support to encourage innovation, from the de-monopolization of merchant acquirers / payment networks in 2009 to the launch of real-time payment network **Pix** in 2020. **CloudWalk,** a next-gen payments company offering innovative tap-to-pay, POS and digital banking solutions for merchants, notably launched its own blockchain network in 2022 to increase the speed of authorization and settlement of its payment transactions.

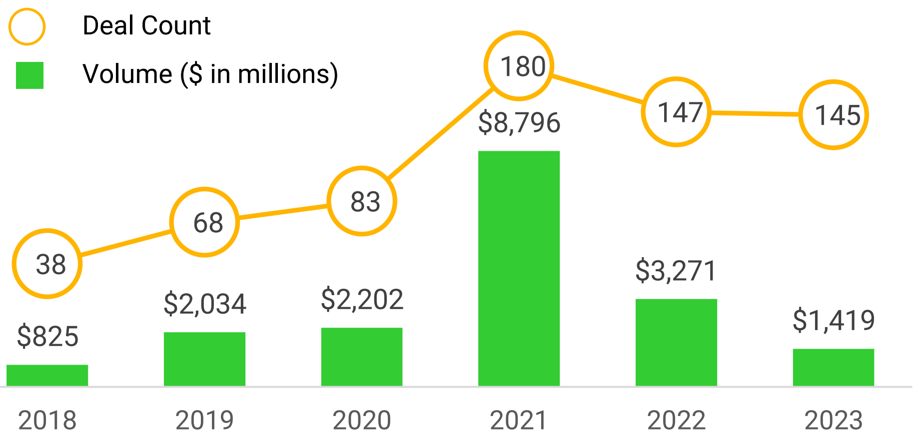
While deal activity around PropTech declined in 2023, it remains a major area of focus as LatAm is home to several "megacities" such as São Paulo, Mexico City, Buenos Aires and Rio de Janeiro, which can benefit from more efficient real estate processes. Home buying and selling platforms **Loft, QuintoAndar** and **Habi** all reached unicorn status in recent years. Other companies like **Superlógica** are digitizing rental processes through automation of recurring payments and rent collection, as well as offering flexible financial services such as rent installment plans and guaranteed income solutions for owners.

FinTech has clearly already made an impact on the region, as according to Atlantico, bank account penetration in the region increased from 39% to 74% between 2011 to 2021.(1) With deep roots in FinTech innovation already, LatAm's FinTech scene will no doubt continue to expand and become more sophisticated over time.

Selected FinTech Companies

nu, loft, kueski, cloudwalk, QI TECH, stori, Superlógica, Prex, NOMAD, Klar, albo, neon, swap, pismo, BETTERFLY, habi, Dock, QuintoAndar, pomelo, creditas, KUSHKI, Prometeo, Conta Azul, recargapay, BRAZA bank, celcoin

LatAm FinTech Financing Volume & Deal Count



Source: FT Partners' Proprietary Transaction Database
(1) TechCrunch: "All that fintech investment had a real impact on banking penetration in Latin America"

Expansion of Emerging Market FinTech (cont.)

FINANCIAL TECHNOLOGY PARTNERS

Nubank: A Model for Success

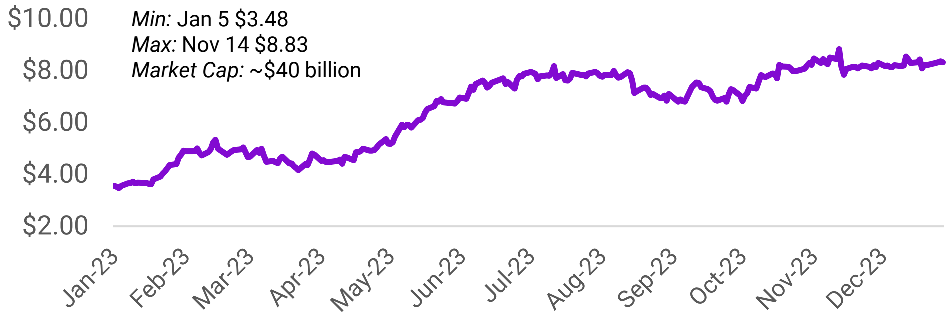
Brazil's **Nubank**, founded in 2013, is a particularly worthy "model of success" for emerging market FinTech companies as the Company has reached an impressive scale across all marks from its $40 billion market cap to its continued customer growth and expansion. The Company's playbook in a nutshell? Cater to a deeply underserved market through a consumer-friendly app, gain loyal customers and expand with relevant product lines and into similar end-markets.

Brazil's banking sector was, and continues to be, primarily dominated by four large institutions – Itaú Unibanco, Banco do Brasil, Banco Bradesco and Caixa – which hold more than 70% of the assets. Given this concentration, there was historically little incentive amongst FIs to create innovative, consumer-friendly banking products. Further, over the last decade Brazil has experienced periods of great recession, high inflation and political strife and corruption, adding to personal economic uncertainty in many Brazilian's lives. Much like other global challenger banks, Nubank was founded on the principals of fairness, transparency and a customer-first approach to financial services, aiming to become a trusted brand in the country while offering more flexible banking products.

Starting initially with a no-fee platinum Mastercard credit card managed through an app, Nubank was able to offer lower APRs to many, think mid hundreds percentage points vs 400%+ that the Brazilian's bank were offering. Its low-cost digital structure and advanced credit modeling and decisioning allowed Nubank to pass saving to its customers. In 2019, the Company expanded into Mexico, followed by its expansion to Colombia in 2020.

Nubank went public in December 2021 on NYSE raising $2.6 billion in gross proceeds, making it one of largest FinTech IPOs in history. After ten years in business, the Company has expanded into personal and business bank accounts, investing, personal loans, insurance products and crypto offerings. And the Company has not slowed down, it added 40 new products in 2023 alone – all while maintaining high customer satisfaction and retention rates over the years. Nubank currently serves 90 million customers making it the largest challenger bank globally. In Q2 2023, the Company officially became the fourth-largest financial institution in Brazil based on number of customers, now reaching 51% of the adult population in the country.

1 Year Stock Performance (NYSE: NU)



"Our true differentiator has always been our culture. Our values were written at the time of the Company's founding, and the first one is that we want our customers to love us passionately. There are companies that grow to gain a reputation and charge more from their customers, we grow to continue charging less."

David Velez
Co-Founder & CEO of Nubank

90 million
Customers as of Oct 2023

$2.1 billion
Revenue in Q3 '23

$303 million
Net Income in Q3 '23

Source: S&P Capital IQ, Company filings and press releases, FT Partners' Proprietary Transaction Database

Expansion of Emerging Market FinTech (cont.)

FINANCIAL TECHNOLOGY PARTNERS

Middle East

The Middle East, North Africa & Pakistan (MENAP) region has become one of the fastest growing FinTech ecosystems, made up of more than 1,300 companies. While private FinTech capital raising fell in all other regions globally in 2023, funding for MENAP companies continued at an upward trajectory hitting nearly $2.5 billion in the year. Home to approximately 600 million people, the MENAP region has embraced the innovative, tech-enabled solutions that FinTech companies provide. Policymakers in the Gulf Coast countries such as UAE and Saudi Arabia see FinTech as an opportunity to diversify their economies and steer the transition off heavy oil reliance, reduce nation-wide economic volatility, promote financial inclusion, and embrace the formation of cash-less societies. Government initiatives promoting FinTech, such as FinTech hubs, regulatory sandboxes, and dedicated FinTech investment strategies by sovereign wealth funds, have bolstered an ecosystem poised for growth. Further, Israel has long had a flourishing tech scene, leading to the creation of many prominent FinTech companies and prolific FinTech VCs.

While FinTech funding and startup activity has picked up in countries like UAE, Egypt, Saudia Arabia, and Pakistan in more recent years, Israel has been a hot bed for technology for decades and is home to large public tech companies such as Mobileye, Check Point, and Nice, all with market caps in the tens of billions. Within FinTech, prominent companies have emerged in the country around the fraud and digital identity verification space – **BioCatch**, **AU10TIX** and **ThetaRay** – as well as in the InsurTech space – **Earnix**, **Novidea**, and **Planck** – to name a few. While not headquartered in the country, well-known InsurTechs **Hippo**, **Lemonade** and **Next Insurance** were all notably founded by Israel natives. With Israel-based FinTech companies accounting for a third of the region's funding volume in the last two years, we expect Israel to continue a major FinTech hub.

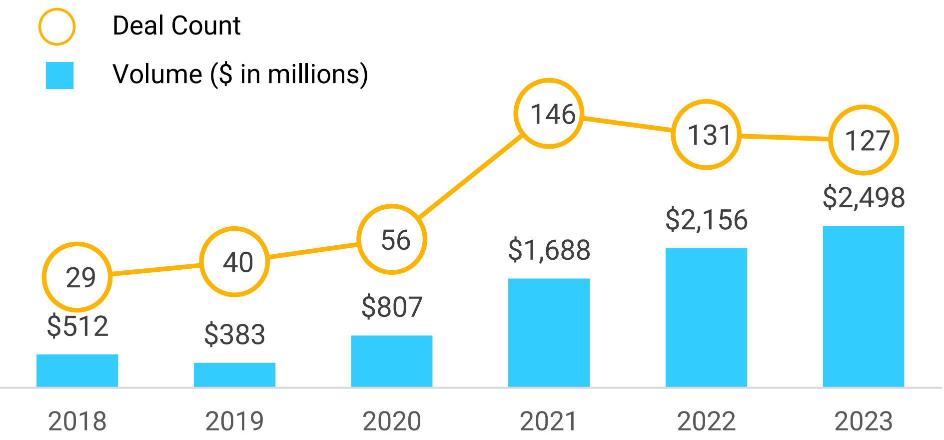
In the MENAP region more broadly, Payments has been the most active sector within FinTech, accounting for nearly a third of the companies we are tracking, followed by Banking Tech and Alternative Lending. Buy now pay later (BNPL) solutions have dramatically risen in popularity in the Gulf Coast countries. Specifically, Saudi Arabia's BNPL market has experienced rapid growth, surging from 76,000 customers in 2020 to more than 10 million in 2022 according to report by Saudi Central Bank (SAMA).(1) In 2023, two Saudi Arabia-based BNPL platforms, **Tamara** and **Tabby**, both raised multi-hundred-million-dollar rounds at unicorn valuations. **NymCard**, a Banking-as-a-Service company out of Dubai, acquired **Spotii** in 2023 bolstering its BNPL capabilities to enable its customers, which include banks, retailers, and start-ups, to launch the service. In Egypt, Cairo-based **MNT-Halan** is "digitally banking the unbanked" as the country's largest microfinance platform for both consumers and businesses. In 2023, MNT-Halan raised $200 million in financing at a valuation north of $1 billion.

WealthTech solutions and cryptocurrencies are also quickly gaining traction throughout the region. UAE is leading the charge in innovation-friendly crypto regulation, with institutions such as **Virtual Assets Regulatory Authority** (VARA) in Dubai. Notably, **Haqqex,** the first digital asset exchange to offer professional trading in accordance with Islamic law, raised $400 million in its first institutional round last year. **Alpheya** also raised a large round during the year to build out an AI-powered wealth management platform for asset managers and private banks. Bahrain's **Rain**, a crypto-asset exchange backed by Coinbase and other prominent industry names, also recently obtained a license to operate as brokerage in UAE expanding its services.

Selected FinTech Companies

mnt halan, tabby, LEAN, tamara, Alpheya, NYMCARD, network, ONE ZERO, BAZAAR, AU10TIX, TARABUT, THETARAY, BioCatch, stc pay, PLANCK, Rain, HAQQEX, Novidea, earnix

MENAP FinTech Financing Volume & Deal Count



Source: FT Partners' Proprietary Transaction Database
(1) TechCrunch: "https://techcrunch.com/2023/12/18/saudi-shopping-and-bnpl-platform-tamara-tops-1b-valuation-in-340m-series-c-funding/"

Verifying Digital Identity Only Becoming More Critical

Verifying Digital Identity Only Becoming More Critical

FINANCIAL TECHNOLOGY PARTNERS

As consumer behavior continues to migrate towards digital channels, the prevalence of fraud and financial crime has skyrocketed. Accurately assessing digital identity, while maintaining a seamless customer experience, is mission critical for modern businesses.

The swift digitalization of financial services has enabled faster, more accessible, and largely frictionless customer experiences. In tandem, financial crime has run rampant, a sinister externality of FinTech innovators' quest to build a digital-first financial ecosystem. Traditional fraud prevention capabilities, often paper-based and reliant on manual processes, are overwhelmed by the velocity, scale, and sophistication apparent in modern-day fraud schemes. Bad actors have embraced novel technology to power intricate attacks, with costly implications across industries.

In the race to counteract financial crime, fraud prevention businesses have developed advanced capabilities using machine learning and artificial intelligence to power intelligent biometric data capture, behavioral analytics, mobile ID, document verification, and much more. While each individual point solution has strengthened functionality in recent years, the industry has also emphasized the necessity of a cohesive and unified defense; a synchronized system capable of routing users through a variety of protective layers with minimal friction during each stage of the customer journey. No one solution is capable of solving for digital identity. End-to-end fraud prevention systems, such as **Feedzai's** RiskOps platform, are paramount to assessing digital identity and reducing losses from financial crime.

Orchestration, or the process of combining various point solutions and ensuring synchronization, has emerged as an essential element of processing digital identity. **Alloy's** identity orchestration platform is a prime example; providing access to a wide variety of solutions from notable vendors such as **IDVerse**, **NeuroID**, **Prove**, **SentiLink**, and many more. Cooperation, partnership, and consolidation mark the contemporary fraud prevention ecosystem as the industry aims to mitigate advanced fraud attacks.

Key Components of Digital ID / Fraud Prevention Platforms

End-to-End Platform for Proper Digital ID & Risk Assessments

- Document Verification
- Transaction Monitoring / Sanctions Screening
- Biometric / Behavioral Analytics
- Digital Data Attributes
- Mobile ID / Device ID
- Employment / Income Verification

Selected Digital Fraud Solution Providers

jumio, Trulioo, feedzai, onfido, ALLOY, Prove, persona, IDVerse (An OCR Labs Company), sumsub, Smile ID, neuroID, IDEMIA, veriff, Zumigo, Socure, SentiLink

Worldcoin's Open-Source Protocol

WORLDCOIN

Founded in 2019 by OpenAI CEO Sam Altman, Alex Blania and Max Novendstern, **Worldcoin** is an open-source protocol with a vision to provide universal access to the global economy by building a global identity and financial network. The Company solves the problem of Proof of Personhood in the age of AI using a novel biometric device called the Orb.

Digitizing & Automating the Office of the CFO

Digitizing & Automating the Office of the CFO

FINANCIAL TECHNOLOGY PARTNERS

As technological innovation has allowed for the automation of many core accounting and finance-related tasks, CFOs' responsibilities have begun to evolve. Automation of accounting and finance functions frees up time for a heightened focus on strategic planning and decision-making, and many FinTech solutions have emerged that seek to make CFOs' jobs easier and more efficient.

Historically CFOs relied primarily on their enterprise resource planning (ERP) systems, but as businesses have become increasingly complex and fast-moving, much more is needed. Legacy ERP systems generally offer traditional accounting and finance solutions, but many still don't include CFO tools like AP/AR automation, strategic planning, and cash and treasury management that have become increasingly important.

As CFO's responsibilities have increasingly shifted to forward-looking strategic decision-making, the need for tech-forward solutions has accelerated. According to private equity firm LLR Partners, on average more than **40% of CFOs' time is spent on strategic initiatives rather than traditional finance and accounting functions**, and as a result they need more from their financial operating systems.

Similar to the consolidation occurring among FinTech companies serving SMBs, businesses of all sizes have been increasingly seeking one operating system for the office of the CFO from which they can access all of the tools they need – whether through broader in-house offerings, partnerships and integrations, or embedded solutions. Point solutions serving enterprise clients are much more viable as standalone businesses compared to those serving SMBs, as larger contract sizes help to make the unit economics more palatable, but integrations with ERP systems and accounting platforms remain paramount due to the convenience factor and the potential data advantages of having everything connected in one place.

Given the amount of enterprise-level data to which the CFO's office has access, having them all integrated in one central operating system gives CFOs an unprecedented view into their companies' operations. Using advanced data analytics and AI-powered tools enables them to see comprehensive business data and insights in near real-time, improving visibility and decision-making.

Selected Office of the CFO FinTech Solutions

Accounting
- Oracle NetSuite
- intuit quickbooks
- FreshBooks
- xero
- H&R Block
- wave
- Sage
- Intacct

AP Automation
- avidxchange
- bill.com
- tipalti
- globalpayments
- mineraltree
- airbase
- Finexio
- Transcard

FP&A
- Anaplan
- workday
- Vena
- planful
- Adaptive Insights
- cube

AR Automation
- billtrust
- Paystand
- trevipay
- boost payment solutions
- Tesorio
- versapay

Tax and Compliance
- Avalara
- TAXbit
- SOVOS
- VERTEX

Treasury Management
- MODERN TREASURY
- coupa
- kyriba
- highradius

Payroll
- ADP
- PAYCHEX
- paylocity
- RIPPLING
- gusto
- onpay

Expense Management
- SAP
- CONCUR
- bill.com
- Divvy
- capitalontap
- Expensify
- Brex
- ramp
- payhawk

Parent / Acquirer logo shown on top

3 Exclusive Interview

Jon Lear

President & Co-Founder of

FINTECHMeetup

FINANCIAL TECHNOLOGY PARTNERS

Jon Lear
President & Co-Founder of
FINTECHMeetup

Jon, you have obviously spent a ton of time in the FinTech space as an operator and an entrepreneur. What is your high-level macro view of FinTech from an innovation and opportunity perspective as well as from a financing & M&A perspective? To use a baseball analogy, what inning are we in?

To use a baseball (or cricket!) analogy, I'm firmly of the belief that we're only now approaching the end of the first innings for FinTech. As an industry, we've only existed for ten years and the progress we've made has been incredible and changed financial services beyond all recognition. A decade ago, FinTech was largely focused on a handful of industry pain points – things like cross-border remittances, issuer processing, and digital banking. But during these first innings, we've seen an explosion of innovation. In fact, at FinTech Meetup, we've created a taxonomy identifying over 130 different categories of services and solutions, many of which are still in their infancy and have huge growth opportunities.

Like any industry, growth tends to ebb and flow. However, long-term I'm incredibly bullish on the sector. There are still so many pain points left to solve for and the opportunity is vast – think personalized financial services, further integration of AI and ML, and greater financial inclusion. FinTech is a sector where innovation is demanded by consumers, corporates, financial institutions, and the broader world at large. To paraphrase Bill Gates, we tend to overestimate the amount of growth and change we can affect in one year, and dramatically underestimate it over ten years. FinTech isn't cyclical (although it may feel like that right now); it's a secular, long-term structural shift which is transforming every aspect of financial services. To bring it back to baseball, the players are still warming up, strategies are evolving, and the real game-changing plays are still yet to be made.

From a financing and M&A standpoint, the next 12 months are going to be critical. Obviously, VC funding is at a three-year low. However, we sometimes forget that overall funding levels are still 10x what they were a decade ago. That's a huge vote of confidence into the industry. It's going to be fascinating seeing the M&A dynamic play out over the next year. I suspect that we'll see three things:

1. A lot of consolidation among later stage FinTech companies, many of which will face funding challenges;
2. Financial institutions becoming a lot more acquisitive as they get to leverage their balance sheets and acquire at much more attractive multiples; and
3. A significant number of start-ups exhausting their runway and exiting the market.

"FinTech isn't cyclical (although it may feel like that right now); it's a secular, long-term structural shift which is transforming every aspect of financial services. To bring it back to baseball, the players are still warming up, strategies are evolving, and the real game-changing plays are still yet to be made."

Exclusive Interview: Jon Lear of Fintech Meetup (cont.)

FINANCIAL TECHNOLOGY PARTNERS

How do you see macroeconomic conditions impacting the sector this year? For instance, if rates don't come down, will we be in trouble?

The FinTech industry is certainly navigating a complex macroeconomic landscape in 2024. Rising interest rates, an uncertain inflationary environment, and recessionary fears are undoubtedly impacting different segments of the sector. With higher interest rates, capital has become a lot more expensive driving investors to shift from growth to value. I recently read that over 30% of early and growth stage start-ups need to raise capital in the next 18 months to survive. Similarly, I think later stage financing will continue to be challenging, which potentially may drive some interesting M&A opportunities. This creates a huge pressure on management teams to get fit and get focused ("default alive"), which inevitably involves reducing OPEX, extending runway and doubling down on those activities which drive revenues.

That's why at FinTech Meetup, we focus so much on bringing the whole ecosystem together in the most efficient and effective way possible, an example being the incredible over 45,000 on-site meetings we'll facilitate for everyone in the industry.

The one area I'm concerned about is tightening credit conditions brought on by higher interest rates. The U.S. is a consumption-driven economy and any slow-down in spending could tip us into recession which would have a significantly negative impact for FinTech given what the sector has already endured. While interest rate cuts would be welcomed, it's not a panacea for those companies still struggling to get fit and find a long-term viable future. On a positive note, those companies that do emerge in shape from the end of this first innings are likely to have a much brighter future ahead.

Drilling into the innovation and opportunity side of FinTech specifically, what are a few key themes that you are particularly excited about?

Overall, FinTech still has so many critical problems left to solve. That's why we've devoted over 60% of the FinTech Meetup agenda to innovation and transformation reflecting our hugely positive outlook on the industry. I'm personally excited about three areas.

First, the adoption of FinTech infrastructures which solve big, meaningful problems. Big banks and market infrastructures are now energetically partnering with FinTechs in the infrastructure space. Some of the recent announcements from SWIFT, which has partnered with Wise for cross-border payments, is really encouraging. SWIFT is also gradually connecting RTP systems around the world, suggesting the promise of real-time, cross-border settlement is tantalizingly close. This will spur another wave of innovation – particularly in the B2B space which still has so much inherent friction. But it's not just in payments that banks are adopting FinTech-based networks and infrastructures. Pinwheel for example is striking deals with some of the biggest financial institutions in the U.S. for its payroll deposit switching service. This helps banks acquire new customers at much lower costs while growing their deposit base.

Second, institutional adoption of embedded finance will dramatically accelerate in 2024 and beyond. Talking to a lot of the big banks, they're allocating significant resources and balance sheet capital to accelerating the build-out of their embedded finance offerings. Some of them will be challenged to make this a reality encumbered with their legacy technology stacks but this all represents partnership opportunities for FinTechs.

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Another key theme that sparks my interest is the convergence of Artificial Intelligence (AI) and financial services. AI and deep personalization of financial services and customer experiences is much closer than any of us had thought possible. Historically, we've seen growth in tools like chatbots, but leveraging the huge amounts of data stored in financial institutions and exposing them to LLMs is going to make for a much richer and more deeply personalized set of experiences. It will take time but pandora's box has been opened and customer expectations and demands are rising inexorably.

And following up on the themes, is there an area of FinTech that you think is a real sleeper that not enough people are paying attention to?

The emergence of blockchain-based solutions which solve for real-life corporate and institutional pain points. For too long, blockchain has been a solution looking for a problem to solve, but the work J.P. Morgan is doing for example with Partior is impressive. J.P. Morgan was first out of the gates with tokenized money with JPM Coin and has now joined a bank-led consortium, Partior, to offer multi-bank, multi-currency money movement with the goal of overcoming some of the challenges inherent with legacy correspondent banking. This has the potential to transform wholesale money movement using blockchain technology. I suspect we'll see a lot more of these types of applications emerging as sponsors, regulators and market participants get more comfortable with the technology at scale. It's an area that a lot of VCs are focusing more and more on, and I expect a wave of innovation here.

Finally, the Banking-as-a-Service segment has clearly faced several challenges during the last 12-18 months – not least increased regulatory scrutiny. However, the premise of "composable" financial services using a suite of "best of breed" FinTech solution providers holds huge promise. The economics and regulatory oversight of the segment still need to be solved for but if this can be achieved, then the segment could be set for strong growth in the coming years.

Let's discuss FinTech Meetup. This has rapidly become one of the biggest global FinTech events and is a "must attend" for everyone in the ecosystem. What was the thesis behind jumping into the space and how is FinTech Meetup differentiated from other conferences?

We launched FinTech Meetup with the strong belief that the FinTech industry needed a tech-enabled event for a new decade that truly reflected the growth that the industry has gone through. FinTech Meetup is an amazing full event experience featuring over 4,000 FinTechers (40% C-level and Founder), 200 speakers, and 300 sponsors and exhibitors.

Our thesis was simple. During the last decade, FinTech has obviously experienced explosive growth. It even begs the question – what is FinTech anymore? I like the expansive McKinsey definition which includes any solution that enables the user to store, save, borrow, invest, move, pay and protect their money. The FinTech Meetup solutions and services taxonomy covers over 130 across the entire FinTech ecosystem. Given such complexity, there's simply no way to bring everyone together in the most efficient and effective way without using technology.

> ***"Whether it's a startup securing their first funding round, one of the world's biggest banks signing multiple multi-million-dollar deals with FinTech solution providers, or financial institutions filling their pipelines with new FinTech partners, FinTech Meetup delivers and has quickly become the buzz of the industry."***

Continued on next page

FINANCIAL TECHNOLOGY PARTNERS

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What really sets us apart and makes FinTech Meetup so unique is the over 45,000 tech-enabled on-site meetings we'll schedule. For those that haven't experienced FinTech Meetup, it's mind-blowing and we're the first event to put the "tech" into a FinTech event.

The response from everyone in the industry has been truly staggering! FinTech Meetup is the fastest growing, highest rated FinTech event in the U.S. Anyone who's attended FinTech Meetup has been blown away by what they've experienced with attendees describing it as "the best FinTech show of the year!" We couldn't be more thrilled at the industry's response.

You are facilitating an amazing number of meetings at the event. How many meetings do you expect this year and how are you able to handle the logistics? Again with a baseball analogy, can you give us some inside baseball on how the app and your tech platform work?

We're going to facilitate over 45,000 incredible meetings for everyone in FinTech, banking, payments and lending which is mind-boggling! It's the world's largest FinTech meetings program, and as a former FinTecher and banker, this would have radically transformed how I connected and collaborated across the industry. The ROI at FinTech Meetup is staggering. We've built the technology platform which powers FinTech Meetup from the ground up using our deep industry domain expertise and knowledge. There's simply nothing like it anywhere else. Ultimately, FinTech Meetup is so successful because people get measurable and impactful outcomes, which change the course of their professional (and personal) lives. Whether it's a startup securing their first funding round, one of the world's biggest banks signing multiple multi-million-dollar deals with FinTech solution providers, or financial institutions filling their pipelines with new FinTech partners, FinTech Meetup delivers and has quickly become the buzz of the industry.

To continue the baseball analogy, FinTech Meetup has set up the pitch, brought all key teams and players together from across the FinTech industry, and provided the tools or bats to knock the ball out of the park. We can't wait to see all the incredible partnerships, funding secured, and new commercial opportunities coming out of FinTech Meetup 2024.

What advice would you give to those attending FinTech Meetup for the first time this year? Can you take this from the perspective of an early-stage founder, a large financial services organization, and an investor.

Most importantly, **make sure you get your ticket by the February 5th deadline** so that you can participate in FinTech Meetup! This is something you absolutely can't afford to miss if you're in FinTech. When it comes to selecting who you want to meet, be open-minded and generous with your time. Select everyone you'd be happy to spend 15 minutes with. We've heard countless stories of people originating incredible opportunities, securing funding, meeting the media, recruiting exceptional talent – all as a result of participating in FinTech Meetup.

Beyond that, throw yourself fully into the event. We've got over 200 incredible speakers in over 40 content sessions covering all the latest trends and innovations in FinTech, as well as an exhibit hall with over 300 amazing sponsors and exhibitors. FinTech Meetup is now the defining event of our industry, and we can't wait for everyone to experience what we've got planned.

Thank you Jon.

4 About FT Partners

The Only Investment Bank Exclusively Focused on FinTech

FT Partners' Proven Track Record of Success Across FinTech

FINANCIAL TECHNOLOGY PARTNERS

Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its role as exclusive strategic and financial advisor to
ASSURANCE
on its sale to
Prudential
for total consideration of up to
$ 3,500,000,000
The Only Investment Bank Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its role as exclusive financial and capital markets advisor to
Payoneer
on its merger with
FT
(NASDAQ: FTOCU)
post-transaction equity value
$3,796,000,000
The Only Investment Bank Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its role as exclusive strategic and financial advisor to
Divvy
on its sale to
bill.com
for total consideration of
~$2,500,000,000
The Only Investment Bank Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its role as exclusive strategic and financial advisor to
Velocity Global
on its Series B financing led by
ELDRIDGE NORWEST
for a total amount of
$400,000,000
The Only Investment Bank Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its role as exclusive strategic and financial advisor to
mollie
on its financing led by
Blackstone
for total consideration of
$800,000,000
at a valuation of
$6,500,000,000
The Only Investment Bank Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its role as exclusive strategic and financial advisor to
SpotOn
on its Series F financing led by
DRAGONEER
for a total amount of
$300,000,000
at a valuation of
$3,600,000,000
The Only Investment Bank Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its role as exclusive strategic and financial advisor to
Revolut
on its Series E financing led by
SoftBank TIGERGLOBAL
for a total amount of
$1,250,000,000
at a valuation of
~$33,000,000,000
The Only Investment Bank Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its role as advisor to
BILT
on its financing for a total amount of
$200,000,000
at a valuation of
$3,100,000,000
The Only Investment Bank Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its role as strategic and financial advisor to
CompoSecure
security innovation durability
on its proposed merger with
ROMAN DBDR
(NASDAQ: DBDR)
post-transaction enterprise value
$1,206,400,000
The Only Investment Bank Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its role as exclusive strategic and financial advisor to
square trade
in its sale to
Allstate
for total consideration of
$ 1,400,000,000
The Only Investment Bank Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its role as exclusive strategic and financial advisor to
Finicity
on its sale to
mastercard
for total consideration of up to
~$1,000,000,000
The Only Investment Bank Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its role as exclusive strategic and financial advisor to
avidxchange
on its growth financing with new investors
NEUBERGER BERMAN LONE PINE CAPITAL SCHONFELD
for a total amount of
$388,000,000
The Only Investment Bank Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its role as exclusive strategic and financial advisor to
CAIS
on its Series C financing from
APOLLO
FRANKLIN TEMPLETON
for a total amount of
$325,000,000
at a valuation of
$1,000,000,000+
The Only Investment Bank Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its role as strategic and financial advisor to
Heartland
in its sale to
globalpayments
for total consideration of
$ 4,500,000,000
The Only Investment Bank Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its role as exclusive strategic and financial advisor to
Truebill
on its sale to
ROCKET
for total consideration of
$1,275,000,000
The Only Investment Bank Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its role as exclusive strategic and financial advisor to
upgrade
on its Series F financing led by
COATUE DST GLOBAL
for a total amount of
$280,000,000
at a valuation of
$6,000,000,000
The Only Investment Bank Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its role as exclusive role as strategic and financial advisor to
OpenLending
on its merger with
Nebula Acquisition Corporation
(NASDAQ: NEBU)
sponsored by
TRUE WIND
for total consideration of up to approximately
$1,700,000,000
The Only Investment Bank Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its role as strategic and financial advisor to
GreenSky
on its sale to
Goldman Sachs
for total consideration of
~$2,240,000,000
The Only Investment Bank Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its role as exclusive strategic and financial advisor to
Forge
on its merger with
MOTIVE CAPITAL CORP
(NYSE: MOTV)
for total consideration of
$2,000,000,000
The Only Investment Bank Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its role as exclusive strategic and financial advisor to
Payrix
on its sale to
FIS
~$800,000,000
The Only Investment Bank Focused Exclusively on Financial Technology

Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its role as exclusive strategic and financial advisor to
cross river
on its Series D financing led by
ELDRIDGE andreessen horowitz
for a total amount of
$620,000,000
The Only Investment Bank Focused Exclusively on Financial Technology

Advisor of Choice for Leading FinTech Companies

FINANCIAL TECHNOLOGY PARTNERS

Selected Billion Dollar+ Clients

avidxchange, The Zebra, Mambu, OpenLending, Revolut, Trumid, Remitly, Bilt, Upgrade, Square Trade, MoneyLion, ppro, GreenSky, Finicity, mollie, stone, Payoneer, Nium, Cross River, CompoSecure (security, innovation, durability), Divvy, acima, Porch, CAIS, Heartland, SpotOn, Newfront, Accelerant, lendable, checkout.com, Google, Liquidnet, cart.com, Forge, Cayan, Assurance, Varo, Mercury, Interswitch, CIBC, Marqeta, ally, cloudwalk, Truebill, BlackRock, feedzai

Selected Transactions with Multi-Billion Dollar Valuations

Financial Technology Partners LP / FTP Securities LLC is pleased to announce its role as exclusive strategic and financial advisor to **Revolut** on its Series E financing led by SoftBank, TIGERGLOBAL for a total amount of **$1,250,000,000** at a valuation of **~$33,000,000,000**

Financial Technology Partners LP / FTP Securities LLC is pleased to announce its role as exclusive strategic and financial advisor to **mollie** on its financing led by Blackstone for total consideration of **$800,000,000** at a valuation of **$6,500,000,000**

Financial Technology Partners LP / FTP Securities LLC is pleased to announce its role as exclusive strategic and financial advisor to **upgrade** on its Series F financing led by COATUE, DST GLOBAL for a total amount of **$280,000,000** at a valuation of **$6,000,000,000**

Financial Technology Partners LP / FTP Securities LLC is pleased to announce its role as exclusive strategic and financial advisor to **MAMBU** on its Series E financing led by EQT with participation from existing investors for a total primary amount of **~$266,000,000** at a valuation of **~$5,500,000,000**

Financial Technology Partners LP / FTP Securities LLC is pleased to announce its role as strategic and financial advisor to **Heartland** in its sale to globalpayments for total consideration of **$ 4,500,000,000**

Financial Technology Partners LP / FTP Securities LLC is pleased to announce its role as exclusive financial advisor to **lendable** on its growth equity financing led by Ontario Teachers' Pension Plan for a total amount of **~$275,000,000** at a valuation of **~$4,500,000,000**

Financial Technology Partners LP / FTP Securities LLC is pleased to announce its role as exclusive financial and capital markets advisor to **Payoneer** on its merger with FT (NASDAQ: FTOCU) post-transaction equity value **$3,796,000,000**

Financial Technology Partners LP / FTP Securities LLC is pleased to announce its role as exclusive strategic and financial advisor to **SpotOn** on its Series F financing led by Dragoneer for a total amount of **$300,000,000** at a valuation of **$3,600,000,000**

Financial Technology Partners LP / FTP Securities LLC is pleased to announce its role as exclusive strategic and financial advisor to **ASSURANCE** on its sale to Prudential for total consideration of up to **$ 3,500,000,000**

Financial Technology Partners LP / FTP Securities LLC is pleased to announce its role as advisor to **BILT** on its financing for a total amount of **$200,000,000** at a valuation of **$3,100,000,000**

Financial Technology Partners LP / FTP Securities LLC is pleased to announce its role as exclusive strategic and financial advisor to **Divvy** on its sale to bill.com for total consideration of **~$2,500,000,000**

Financial Technology Partners LP / FTP Securities LLC is pleased to announce its role as strategic and financial advisor to **GreenSky** on its sale to Goldman Sachs for total consideration of **~$2,240,000,000**

Financial Technology Partners LP / FTP Securities LLC is pleased to announce its role as exclusive strategic and financial advisor to **Newfront** on its financing led by Goldman Sachs, B Capital Group for a total amount of **$200,000,000** at a valuation of **$2,200,000,000**

Financial Technology Partners LP / FTP Securities LLC is pleased to announce its role as exclusive strategic and financial advisor to **cloudwalk** on its Series C financing led by COATUE for a total amount of **$150,000,000** at a valuation of **~$2,150,000,000**

Financial Technology Partners LP / FTP Securities LLC is pleased to announce its role as exclusive strategic and financial advisor to **Forge** on its merger with MOTIVE CAPITAL CORP (NYSE: MOTV) for total consideration of **$2,000,000,000**

Financial Technology Partners LP / FTP Securities LLC is pleased to announce its exclusive role as strategic and financial advisor to **OpenLending** on its merger with Nebula Acquisition Corporation (NASDAQ: NEBU) sponsored by TRUE WIND for total consideration of up to approximately **$1,700,000,000**

Financial Technology Partners LP / FTP Securities LLC is pleased to announce its role as exclusive strategic and financial advisor to **acima** on its sale to RAC (Rent-A-Center) for total consideration of **$1,650,000,000**

Financial Technology Partners LP / FTP Securities LLC is pleased to announce its role as exclusive strategic and financial advisor to **square trade** in its sale to Allstate for total consideration of **$ 1,400,000,000**

The Only Investment Bank Focused Exclusively on Financial Technology

Significant Experience Advising Large Financing Rounds

FT Partners has a history of advising on some of the largest financing transactions in the FinTech space

Company	Amount Raised	Company	Amount Raised
avidxchange	$1,616,000,000 *	MERCURY	$420,000,000
GreenSky	1,560,000,000 *	Velocity Global	400,000,000
stone co.	1,545,000,000 *	Remitly	374,000,000 *
Revolut	1,250,000,000	ppro	370,000,000 *
mollie	800,000,000	cloudwalk	340,000,000 *
SpotOn	725,000,000 *	Next	333,000,000 *
cross river	620,000,000	neon	300,000,000
Varo	510,000,000	OakNorth	270,000,000
MARQETA	505,000,000 *	feedzai	267,500,000 *
MAMBU	483,000,000 *	AlphaSense	263,000,000 *
upgrade	445,000,000 *	Liquidnet	250,000,000

Selected Prominent Investors in FT Partners Led Rounds

Accel, TEMASEK, VISA, PIMCO, RCP Reverence Capital Partners, DST, Ant Financial, Greenspring Associates, Insight Partners, TPG, Great Hill Partners, ICONIQ, Premji Invest, SoftBank, Tiger Global, Bain Capital Private Equity, ION Crossover Partners, CDPQ, Scotiabank, Bain Capital Ventures, BlackRock, CIBC, khosla ventures, Lone Pine Capital, Goldman Sachs, Viking, capitalG, KeyBank, QED Investors, ING, Blackstone, 乾源资本 Yuan Capital, nyca, BBVA, Santander InnoVentures, Battery Ventures, Wellington Management, Thiel, maveron, Adams Street Partners, Elavon, PayPal, GV, Edison Partners, KDT, Redpoint, PayU, andreessen horowitz, Neuberger Berman, KKR, Dragoneer Investment Group, Munich RE, Carrick, Eldridge, edbi, nab ventures, nab, COATUE, APOLLO, mastercard, 8VC, QuestMark Partners, VALOR Equity Partners, generation, SilverLake, Parthenon Capital Partners, Summit Partners

* Total includes multiple financing rounds

Selected FT Partners' International / Cross-Border Experience

FT Partners' global presence offers capabilities reaching far beyond North America, as demonstrated by our numerous international clients and successful transactions with international firms & investors

Target	Buyer / Investor	International Aspect
judo	fabrick	
Moniepoint	QED Investors	
neon	BBVA	
happay	CRED	
MFS Africa	LUN Partners, goodwell, AfricInvest	
NIUM	Riverwood Capital	
Currencycloud	VISA	
Revolut	SoftBank, Tiger Global	
mollie	Blackstone	
cloudwalk	COATUE	

Target	Buyer / Investor	International Aspect
Thunes.	Insight Partners	
MAMBU	TCV, ARENA, Tiger Global	
KSNET	payletter., Stonebridge	
Interswitch	VISA	
fawry	actis, National Bank of Egypt, Banque Misr	
payworks	VISA	
iyzico	PayU	
checkout.com	Insight Partners, DST	
nutmeg	CONVOY 康宏	
stone co.	Ant Financial	

FT Partners Advises Revolut on its $1.25 billion Series E Financing

FINANCIAL TECHNOLOGY PARTNERS

Overview of Transaction

- On July 15, 2021, Revolut announced that it has raised $1.25 billion in financing from Softbank and Tiger Global, valuing the business at ~$33 billion
- SoftBank and Tiger Global join existing investors including Balderton Capital, DST, Ribbit Capital, TCV and TSG Consumer Partners
- Revolut is building the world's first truly global financial superapp to help people get more from their money
  - In 2015, Revolut launched in the UK offering money transfer and exchange; Today, more than 16 million customers around the world use dozens of Revolut's innovative products to make more than 150 million transactions a month

Significance of Transaction

- The investment will enable the Company to further its growth plans, in particular its ongoing product innovation aimed at meeting customers' everyday financial needs and aspirations, from quick and easy global transfers, to managing everything from savings to insurance to democratizing wealth and trading
- It will also support the expansion of Revolut's offering to US customers and its entry to India and other international markets
- Revolut is now the most valuable financial superapp and the 4th most valuable private FinTech company globally

FT Partners' Role

- FT Partners served as exclusive financial and strategic advisor to Revolut
- This transaction underscores FT Partners' deep expertise in the Consumer FinTech and Banking Tech space, as well as our successful track record generating highly favorable outcomes for high-growth, unicorn FinTech companies globally

Financial Technology Partners LP
FTP Securities LLC

is pleased to announce its role as exclusive strategic and financial advisor to

Revolut

on its Series E financing led by

SoftBank TIGERGLOBAL

for a total amount of

$1,250,000,000

at a valuation of

~$33,000,000,000

FINANCIAL TECHNOLOGY PARTNERS

The Only Investment Bank Focused Exclusively on Financial Technology

FT Partners Advises Assurance on its $3.5 billion Sale

FINANCIAL TECHNOLOGY PARTNERS

Overview of Transaction

- On September 5, 2019, Prudential Financial (NYSE:PRU) announced that it has signed a definitive agreement to acquire Assurance IQ ("Assurance")
- The acquisition includes total upfront consideration of $2.35 billion and an additional earnout of up to $1.15 billion in cash and equity, contingent upon the Company achieving multi-year growth objectives
- Launched in 2016, Assurance is the fastest growing direct-to-consumer InsurTech platform in history
  - Using a combination of advanced data science and human expertise, Assurance matches buyers with customized solutions spanning life, health, Medicare and auto insurance, giving them options to purchase entirely online or with the help of a technology-assisted live agent

Significance of Transaction

- Assurance will add a large and rapidly growing direct-to-consumer channel to Prudential's financial wellness businesses, significantly expanding the total addressable market of both companies
- Both companies will draw on respective capabilities to create a new, end-to-end engagement model geared to better serve customers
- The transaction is the largest strategic InsurTech exit in history and represents one of the fastest multi-billion dollar tech exits, as the Company was only founded in February 2016
- Assurance was funded entirely by its founders, highlighting FT Partners' ability to help under-the-radar FinTech companies achieve optimal outcomes

FT Partners' Role

- FT Partners served as exclusive strategic and financial advisor to Assurance and its board of directors
- This transaction highlights FT Partners' deep domain expertise in the InsurTech space, and its successful track record generating highly favorable outcomes for high growth FinTech companies globally

Financial Technology Partners LP
FTP Securities LLC

is pleased to announce its role as exclusive strategic and financial advisor to

ASSURANCE

on its sale to

Prudential

for total consideration of up to

$3,500,000,000

FINANCIAL TECHNOLOGY PARTNERS

The Only Investment Bank Focused Exclusively on Financial Technology

FT Partners Advises Divvy on its $2.5 billion Sale to Bill.com

FINANCIAL TECHNOLOGY PARTNERS

Overview of Transaction

- On May 6, 2021, Bill.com (NYSE:BILL) announced it has entered into a definitive agreement to acquire Divvy in a stock and cash transaction valued at approximately $2.5 billion
  - Bill.com will acquire Divvy for $625 million in cash and approximately $1.875 billion of Bill.com Common Stock, subject to customary adjustments for transactions of this nature
- Divvy modernizes finance for business by combining expense management software and smart corporate cards into a single platform
- Bill.com is a leading provider of cloud-based software that simplifies, digitizes, and automates complex back-office financial operations for small and midsize businesses (SMBs)

Significance of Transaction

- The combination will expand the market opportunity for both companies
- Bill.com can offer expense management and budgeting software combined with smart corporate cards to its more-than 115,000 customer base and its network of 2.5 million members
- Divvy will be able to offer automated payable, receivables, and workflow capabilities to the more-than 7,500 active customers that it serves

FT Partners' Role

- FT Partners served as exclusive financial and strategic advisor to Divvy and its Board of Directors
- FT Partners previously advised Divvy on its $165 million Series D financing in January 2021, demonstrating FT Partners' long-term commitment to its clients, and the repeat nature of many of FT Partners' advisory engagements
- This transaction underscores FT Partners' deep payments and software domain expertise, as well as our successful track record generating highly favorable outcomes for high-growth, unicorn FinTech companies globally

Financial Technology Partners LP
FTP Securities LLC

is pleased to announce its role as exclusive strategic and financial advisor to

Divvy

on its sale to

bill.com

for total consideration of

~$2,500,000,000

FINANCIAL TECHNOLOGY PARTNERS

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FT Partners Advises Upgrade on its Series F Financing

Overview of Transaction

- On November 16, 2021, Upgrade announced it raised $280 million in Series F financing led by Coatue Management and DST Global with participation from Dragoneer Investment Group and existing investors
  - The round values the Company at more than $6 billion, which represents a ~2x increase over the prior 2021 round
- Upgrade is a neobank that offers affordable and responsible credit to mainstream consumers through cards and personal loans, along with a rewards checking account that offers 2% cashback rewards to consumers on common everyday expenses and monthly subscriptions
- Upgrade has delivered over $10 billion in affordable credit to mainstream consumers through cards and loans since inception in 2017, and is on track to deliver $8 billion in 2021 alone
- Upgrade was recognized as the fastest growing company in the Americas by the Financial Times earlier this year, and Upgrade Card was recently recognized by Nilson Report as the fastest growing credit card in the US, marking the first time a FinTech company is listed among the top 50 US credit card issuers

Significance of Transaction

- The investment will fuel the rapid growth of Upgrade Card, an innovative credit card that brings the low cost of responsible credit of installment lending to millions of retail locations in the U.S.

FT Partners' Role

- FT Partners served as exclusive financial and strategic advisor to Upgrade
- FT Partners previously advised Upgrade on its Series D financing led by Santander InnoVentures in 2020 and Series E financing led by KDT in August 2021 – over this time period, Upgrade's valuation has grown over ~6x
- This transaction highlights FT Partners' deep domain expertise with neobanks and Consumer FinTech, as well as its successful track record generating highly favorable outcomes for high-growth FinTech companies globally

Financial Technology Partners LP
FTP Securities LLC

is pleased to announce its role as exclusive strategic and financial advisor to

upgrade

on its Series F financing led by

COATUE DST GLOBAL

for a total amount of

$280,000,000

at a valuation of

$6,000,000,000

FINANCIAL TECHNOLOGY PARTNERS

The Only Investment Bank Focused Exclusively on Financial Technology

FT Partners Advises Lendable on its $275 million Growth Financing

FINANCIAL TECHNOLOGY PARTNERS

Overview of Transaction

- Lendable has raised £210 million (~$275 million) of new capital led by Ontario Teachers' Pension Plan in its latest growth equity financing round
- Co-founded in 2014 by Martin Kissinger and Victoria van Lennep, Lendable is an AI-led consumer finance platform, headquartered in the UK, offering a seamless and transparent multi-product experience
  - The Company's technology platform connects global institutional investors with borrowers across loans, credit cards and car finance
  - The company applies machine learning and automation to data sets leading to better rates, transparency, underwriting and ultimately customer service
  - Lendable also plans to widen its offering to include new products such as BNPL as well as expand in the US
- The addressable consumer credit market across the UK and the US is estimated at ~$3 trillion
- Lendable has been profitable since 2017

Significance of Transaction

- Lendable has an unparalleled profile through its unique combination of growth, scale and profitability; the transaction will further accelerate Lendable's growth, expand its product offering, and support its upcoming launch in the US
- Ontario Teachers' Pension Plan is one of the world's largest institutional investors, and the investment, via Teachers' Innovation Platform, represents its continued commitment to supporting cutting-edge private tech companies led by mission-driven entrepreneurs to help fulfil their vision and shape better futures

FT Partners' Role

- FT Partners serves as exclusive financial advisor to Lendable
- The transaction highlights FT Partners' industry-leading expertise and successful track record within lending and the broader consumer finance sector

Financial Technology Partners LP
FTP Securities LLC

is pleased to announce its role as exclusive financial advisor to

lendable

on its growth equity financing led by

ONTARIO TEACHERS' PENSION PLAN

for a total amount of

~$275,000,000

at a valuation of

~$4,500,000,000

FINANCIAL TECHNOLOGY PARTNERS

The Only Investment Bank Focused Exclusively on Financial Technology

FT Partners Advises Bilt on its $200 million Financing

FINANCIAL TECHNOLOGY PARTNERS

Overview of Transaction

- On January 24, 2024, Bilt Rewards ("Bilt") announced that it raised $200 million in financing led by General Catalyst (sourced by Bilt) with a significant contribution by Eldridge (sourced by FT Partners) and participation from existing investors Left Lane Capital, Camber Creek and Prosus Ventures
  - The round values Bilt at $3.1 billion, more than double its previous valuation of $1.5 billion from October 2022
  - As part of the transaction, Ken Chenault, Chairman and Managing Director of General Catalyst, joins the board as Chairman, while Roger Goodell, the Commissioner of the NFL, joins as Independent Director
- Based in New York, Bilt Rewards is the first program for consumers to earn valuable rewards on rent and daily neighborhood spend while creating a path to home ownership
  - Through its Bilt Rewards Alliance, a partnership with America's leading residential real estate companies, the Company enables renters in nearly four million units across the US to earn Bilt Points just by paying rent, while these owners benefit from resident loyalty, cost savings and a share of revenue
  - In 2023, Bilt developed its Neighborhood Rewards program that rewards customers for spending on local businesses, such as dining, rideshares, and groceries

Significance of Transaction

- Bilt will use the new capital for strategic initiatives, namely expanding the Bilt Rewards Alliance across multifamily, single-family and student housing sectors nationwide, and growing the Neighborhood Rewards program among local merchants; additionally, Bilt plans to venture into mortgage payment rewards
- Bilt's financial trajectory continues to grow, with the Company achieving EBITDA profitability in 2023 and its annualized member spend nearing $20 billion

FT Partners' Role

- **FT Partners advised Bilt on this transaction, bringing in Eldridge as a key investor into the round**
- This transaction highlights FT Partners' domain expertise in the payments and rewards space, along with its successful track record generating highly favorable outcomes for high-growth, unicorn FinTech companies

Financial Technology Partners LP
FTP Securities LLC

is pleased to announce its role as advisor to

BILT

on its financing for a total amount of

$200,000,000

at a valuation of

$3,100,000,000

FINANCIAL TECHNOLOGY PARTNERS

The Only Investment Bank
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FT Partners Advises Cart.com on its Series C Financing

FINANCIAL TECHNOLOGY PARTNERS

Overview of Transaction

- On June 27, 2023, Cart.com announced that it raised $60 million in Series C financing from B. Riley Venture Capital, Kingfisher Investment Advisors, Snowflake Ventures, Prosperity7 Ventures, Legacy Knight as well as other strategic corporate and financial investors
- Founded in November 2020, Cart.com is among the fastest-growing commerce and logistics enablement leaders, with nearly 6,000 brands on its platform
- In 2022, the Company grew revenue by more than 500% across its software, services and fulfillment offerings and doubled its gross merchandise value and fulfillment footprint
- The $60 million Series C funding is an all-equity round and values Cart.com at $1.2 billion, an increase in valuation of nearly 50% since its Series B funding in February 2022

Significance of Transaction

- The Company will use the new investment to meet increased demand from enterprise and B2B clients, accelerate its international expansion and expand product development across its software portfolio
- Cart.com will also continue to invest in the expansion of its software and AI capabilities to enable even greater order and inventory control across the commerce value chain, powered by predictive and prescriptive analytics

FT Partners' Role

- FT Partners served as the strategic and financial advisor to Cart.com
- This transaction highlights FT Partners' deep domain expertise in the commerce enablement space, as well as its successful track record generating highly favorable outcomes for its clients

Financial Technology Partners LP
FTP Securities LLC

is pleased to announce its role as exclusive strategic and financial advisor to

cart.com

on its Series C financing from

B | RILEY Venture Capital
Kingfisher Investment
snowflake ventures
Prosperity7
LEGACY KNIGHT MULTI-FAMILY OFFICE

for a total amount of

$60,000,000

at a valuation of

$1,200,000,000

FINANCIAL TECHNOLOGY PARTNERS

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About FT Partners Research

FINANCIAL TECHNOLOGY PARTNERS

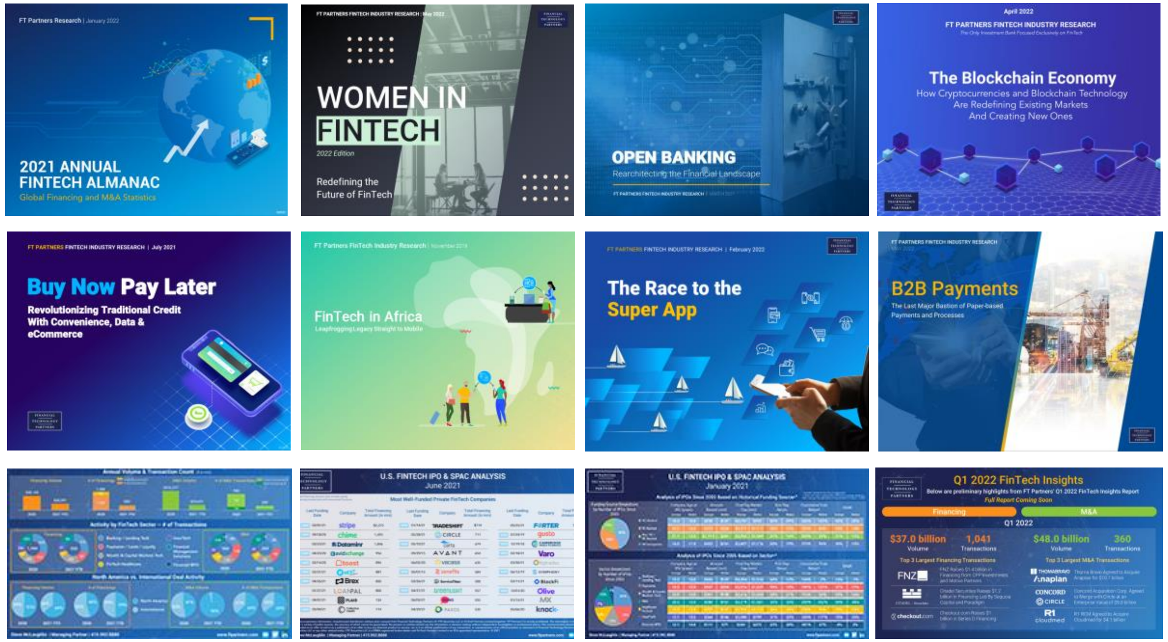
PROPRIETARY FINTECH RESEARCH

FT Partners regularly publishes detailed research highlighting key trends driving market activity across all sectors of FinTech.

Our research and analysis has been featured on Bloomberg, The Wall Street Journal, Dow Jones and the Financial Times and is regularly viewed by CEOs and industry leaders.

FT Partners' unique insight into FinTech is a direct result of successfully executing hundreds of transactions combined with over 20 years of exclusive focus on the FinTech sector.

Each report published by FT Partners contains an in-depth review of a unique area of the FinTech marketplace and is highly valuable and topical to CEOs, board members, investors and key stakeholders across the FinTech landscape.



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