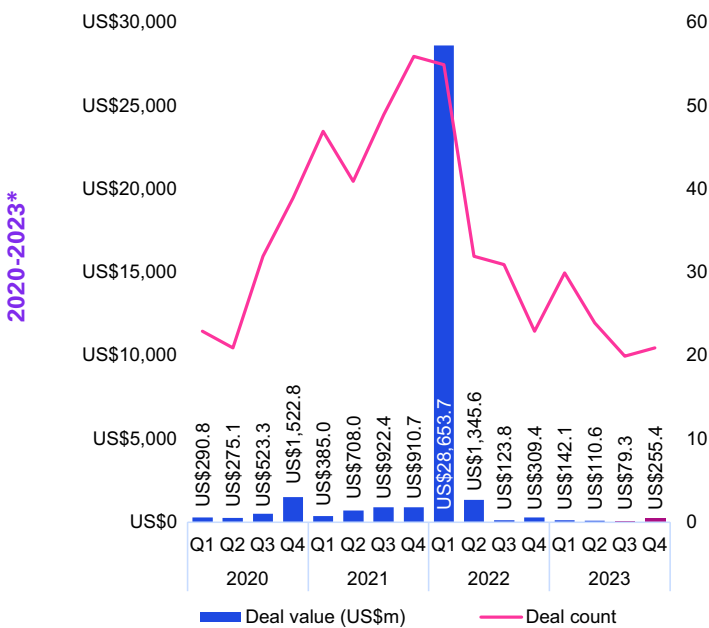


# Pulse of Fintech H2'23: Australia insights



The fintech ecosystem in Australia continues to face a number of challenges, resulting in levels of investment not seen since 2017, and a deal count down 24% compared to H1'23.

## Total fintech investment activity (VC, PE and M&A) in Australia



In H2'23, Australia saw a total of US\$335 million worth of investments deployed in the local fintech sector, across 41 deals. While the deal value of total investments for the second half of calendar year 2023 is up 32% on H1'23, the deal count is down -24% for the same period. In fact, on average, in 2023 only 24 deals were closed in each quarter, a significantly lower number than in 2022 (35 deals per quarter) and 2021 (48 deals per quarter).

Overall, year on year, 2023 has seen a decline in deal value of around -76% and a reduction in deal count of -33%. While the overall picture as of H2'23 appears to show a slight improvement (particularly as of Q4'23), it is too early to tell whether this trend will continue or whether the challenging market conditions will continue into 2024.

In terms of notable deals, taxi payment platform operator A2B is being acquired by Singapore-listed transportation firm ComfortDelGro for US\$109.5 million, whilst deferred payment loan provider Midkey raised US\$50 million in early VC stage. In addition, one of Australia's leading robo-advisers, Stockspot, was acquired by Korean firm Mirae Asset Global Investments. Finally, Rich Data Co. raised US\$17.5 million and SME lender Lumi raised an additional US\$15 million.



As expected, 2023 was a challenging year for the Australian fintech ecosystem, with both total deal value and deal count experiencing a sharp decline compared to previous years. The local market, as with the majority of global markets, has been impacted by a number of challenges including, but not limited to, a higher inflation and corresponding higher rates environment, and a change in overall risk appetite amongst investors.

Looking ahead, we expect growth to continue to be modest, and with interest rates unlikely to shift materially in the near term, funding and availability of capital are likely to remain a key challenge for local players.

### Daniel Teper

Partner, M&A and Head of Fintech KPMG Australia

E: danteper@kpmg.com.au

T: +61 2 9335 7935

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