



Global fintech market resilient in H1'22

\$107.8 billion in investment, according to KPMG's Pulse of Fintech

Quick facts:

- Asia-Pacific sees record \$41.8 billion of fintech investment in H1'22 - ahead of the \$39.4 billion seen in the Americas
- Record \$16.6 billion in VC funding in EMEA, although Global VC investment drops to \$52.6 billion

Brussels, 19 September 2022 – Global fintech investment declined from \$111.2 billion in H2'21 to \$107.8 billion in H1'22, but remained remarkably resilient compared to historical trends given the challenges affecting the broader investment market, including geopolitical uncertainty, growing inflation, and increasing interest rates.

According to the H1'22 edition of KPMG's *Pulse of Fintech*, the Asia-Pacific region saw total fintech investment more than double - from \$19.2 billion in H2'21 to a record \$41.8 billion in H1'22 - with the \$27.9 billion acquisition of Australia-based Afterpay by Block accounting for more than half of this total. Meanwhile, both the Americas and EMEA regions saw fintech investment dip - from \$59.7 billion to \$39.4 billion and from \$31.6 billion to \$26.6 billion respectively.

VC investment also declined between H2'21 and H1'22 - from \$66.5 billion to \$52.6 billion. Compared to all periods outside of 2021, the amount was incredibly robust. The Americas accounted for the largest amount of VC funding (\$27.2 billion), while EMEA set a new record high for a six-month period (\$16.6 billion), led by the world's two largest raises during the period: a \$1.1 billion raise by Germany-based Trade Republic and a \$1 billion raise by UK-based Checkout.com.

The payments space remained very hot in H1'22, with \$43.6 billion of investment. Despite major market challenges, crypto and blockchain attracted the second highest amount of funding from a sector perspective (\$14.2 billion).

Belgian fintechs stood their ground and attracted major financing in H1'22 with more than three deals above €10 million. International investors have discovered some of our blockchain technology gems. Venly secured more than €21 million from global investors to develop products for Web3 users further, and budding crypto wallet provider and imec.istart alumnus Ngrave, got \$6 million seed funding. Other fintech segments also flourished. Financial assistant for self-employed professionals, Accountable, received an extra €10 million, while remittance player Moneytrans raised an additional €11 million.

Corporate investors have also actively acquired or taken meaningful stakes in Belgian fintechs. B2B payment specialist TIS acquired cash management specialist Cashforce, and fintech accounting Amarris acquired Skwarel. Leading market infrastructure Euroclear took a strategic stake in sustainable finance player Greenomy.

"Belgian fintechs have become increasingly visible to international investors and thus have access to a more diverse funding pool," said **Dave Remue, Head of Fintech at KPMG in Belgium**. "This trend is to continue. Success stories such as Clear2Pay, Posios, Collibra, and Odoo, which have grown into international unicorns, have brought a wider range of investors looking for the next unicorn."



“2021 was a banner year for the fintech market globally, which makes the first half of 2022 seem slow by comparison,” said **Anton Ruddenklau, Global Head of Financial Services Innovation and Fintech, KPMG International**. “But in reality, many sectors within the fintech market have shown strength and resilience. While the fintech market will likely be quite challenged in H2’22 due to global uncertainty and broader economic concerns, fintechs will likely continue to attract significant attention and investment - if at lower levels than last year.”

H1’22—Key Highlights

- Global investment in fintech dropped from \$111.2 billion across 3,372 deals in H2’21 to \$107.8 billion across 2,980 deals in H1’22. The Asia-Pacific region attracted \$41.8 billion, while the Americas attracted \$39.4 billion – of which the US accounted for \$34.9 billion, and the EMEA region attracted \$26.6 billion.
- Global VC investment declined from \$66.5 billion in H2’21 to \$52.6 billion in H1’22. The Americas attracted \$27.2 billion in investment, while EMEA attracted a record \$16.6 billion, and the Asia-Pacific region saw \$8.7 billion.
- Global M&A activity was strong in H1’22, with \$49.1 billion in deal value, including \$31.8 billion in the Asia-Pacific, \$10.1 billion in the Americas, and \$7.2 billion in the EMEA region.
- Global PE investment remained steady, with \$6.1 billion in investment in H1’22, including \$2.7 billion in EMEA, \$2 billion in the Americas, and \$1.3 billion in the Asia-Pacific.
- Corporate-participating investment accounted for \$25.9 billion in investment during H1’22, including \$13.1 billion in the Americas, \$8 billion in EMEA, and \$4.7 billion in the Asia-Pacific.
- Payments accounted for \$43.6 billion of investment in H1’22, while crypto and blockchain attracted \$14.2 billion, regtech attracted \$5.6 billion, and insurtech saw \$3.8 billion.
- Global investment in the insurtech sector dropped to \$3.8 billion in H1’22 - far off pace to match the \$14.8 billion in investment seen during 2021.

\$27.9 billion Afterpay acquisition drives fintech investment in Asia-Pacific to new high at mid-year

Fintech investment in the Asia-Pacific region soared to an annual record high of \$41.8 billion with six months left in 2022, driven by Block’s \$27.9 billion acquisition of Australia-based Afterpay. The region saw several other large M&A deals, including the \$1 billion merger of Superhero and Swiftx in Australia, and the \$2.1 billion buyout of Yayoi by KKR in Japan. VC investment was spread throughout the region, including a \$690 million raise by Singapore-based Coda Payments, a \$300 million raise by Indonesia-based Xendit, and \$270 million and \$237 million raises by India-based fintechs Stashfin and Oxyzo. Fintech investment in China remained soft in H1’22, with the largest fintech deal in the country a \$140 million raise by Fenbeitong.

US accounts for \$34.9 billion of the \$39.4 billion of fintech investment in the Americas in H1’22

The US attracted \$34.9 billion of fintech investment, including \$23.5 billion in VC investment, compared to \$39.4 billion in total investment and \$27.2 billion in VC investment seen across the Americas as a whole. The US attracted the Americas region’s largest deals of H1’22, including the \$2.6 billion buyout of Bottomline Technologies by Thomas Bravo, the \$1.2 billion buyout of SimpleNexus by nCino, the \$1.1 billion acquisition of Technisys by SoFi, and the \$748 million VC raise by Ramp. Outside of the US, most jurisdictions saw fintech investment drop; Brazil saw fintech investment fall from \$3.7 billion in H2’21 to \$1.4 billion in H1’22, while Canada saw investment plunge from \$1.9 billion to \$810 million during the same period.

EMEA region sees major decline in M&A, but record VC funding



Fintech investment in the EMEA region dropped from \$31.6 billion in H2'22 to \$26.6 billion in H1'22, driven largely by a 50 percent decline in M&A deal value (from \$15.7 billion in H2'21 to \$7.2 billion in H1'22). The region saw only two \$1 billion+ M&A deals during H1'22: the \$3.9 billion merger of Italy-based Nexi and SIA and the \$1.8 billion acquisition of UK-based Interactive Investor by Abrdn. While M&A declined significantly, VC investment in the region grew to \$16.6 billion in H1'22 - slightly eclipsing the previous record high of \$16.5 billion set in H1'21. EMEA also saw a record of \$2.7 billion in PE funding in H1'22, including a quarterly record of \$2.1 billion in Q1.

Payments space remains dominant among fintech subsectors

Investment in the payments space was incredibly strong in H1'22, accounting for \$43.6 billion compared to the \$60.3 billion seen during all of 2021. In addition to the mega acquisition of Afterpay by Block (formerly Square) for \$27.9 billion, the payments space also saw the \$2.6 billion buyout of Bottomline Technologies by PE firm Thomas Bravo, and a \$1 billion VC raise by UK-based Checkout.com.

Cybersecurity still a key focus for fintech investors

Interest in cybersecurity remained very strong at mid-year, with \$1.2 billion in investment globally, including four big raises in the US: a \$550 million raise by Fireblocks, a \$170 million raise by Chainalysis, and \$100 million raises by TokenEx and Cowbell Cyber. In March, Google also announced plans to acquire incidence response company Mandiant for \$5.2 billion. If completed, the deal would singlehandedly break 2021's record \$5.2 billion in global cybersecurity investment.

Uncertain future ahead

H1'22 saw numerous challenges affect the broader investment market, including geopolitical uncertainty, turbulence in the public markets, and rising inflation and interest rates. With no end in sight to many of these challenges, the fintech market could see activity slowing considerably - particularly compared to the major record highs seen in 2021. While fintech investment is expected to remain somewhat resilient - particularly in areas like B2B payments, cybersecurity automation, and data-driven analytics - deals could take longer to complete as investors become more critical of opportunities.

"With valuations coming under pressure, fintech investors are going to enhance their focus on cash flow, revenue growth, and profitability - which could make it more difficult for some fintechs to raise funds," said Anton. "M&A activity, however, could see an uptick as struggling fintechs look to sell rather than holding a downround, corporate and PE investors move to take advantage of better pricing, and well-capitalized fintechs look to take out the competition."

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Press contacts:

Dave Remue (NL)

Head of Fintech
KPMG in Belgium

T: +32 499 716 118

E: dremue@kpmg.com

Cherie Wee (EN)

Communications Manager
KPMG in Belgium

T: +32 477 983 115

E: cheriewee@kpmg.com

Audee Van Winkel (NL)

Corporate Communications
Officer
KPMG in Belgium

T: +32 473 327 344

E: avanwinkel@kpmg.com



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General contact info:

KPMG in Belgium

Luchthaven Brussel Nationaal 1K, 1930 Zaventem.

Tel: +32 2 708 4300.

home.kpmg/be

