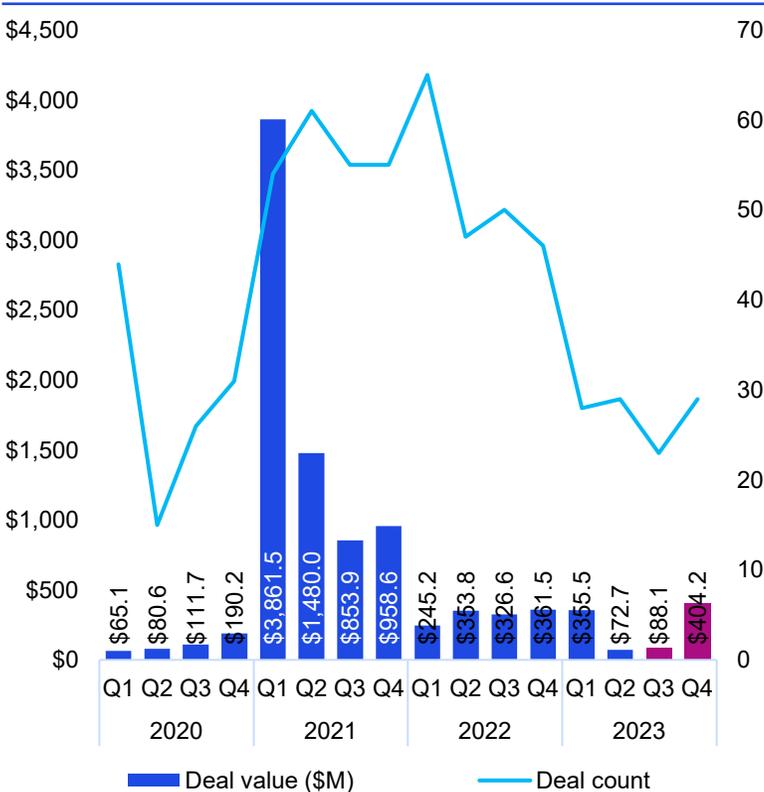


Country insights : Canada

Fintech dealmaking may appear to be subdued, but this is not unfamiliar territory for the Canadian fintech ecosystem, which has experienced similar low levels of dealmaking activity in the past.

Total fintech investment activity (VC, PE and M&A) in Canada 2020-2023*



Source: Pulse of Fintech H2'23, Global Analysis of Investment in Fintech, KPMG International (data provided by PitchBook), *as of 31 December 2023.

- Over the past couple of years, fintech dealmaking has fallen, and appears to have evened out in 2023 with approximately 20-30 completed transactions per quarter.
- The Canadian fintech ecosystem is still in its early stages of development, as venture capital investments remain highly variable. Key fintech niches that combine AI applications and wealth management are appealing to retail investors that are looking to improve their finances. Some of the current challenges facing the fintech ecosystem include the need to produce revenue growth quickly in the current economic environment, the rising costs of capital, and the delay in the real-time payments rails infrastructure.
- On the other hand, the substantial talent pool and direct access to key financial services markets are two key long-term factors that can contribute to the strength of the Canadian fintech ecosystem. Canadian fintech players have also identified open banking and digital modernization as key areas of focus.

“ The investment landscape for Canadian fintechs faced numerous challenges in 2023, including elevated capital costs, market volatility and a stalling economy. However, it appears the bottom has been reached and some of those headwinds will start to become tailwinds as economic pressures eventually begin to ease. The introduction of an open banking framework in Canada this year could provide a catalyst for future growth of the fintech ecosystem. Established financial institutions in Canada will continue to strengthen their relationships with fintechs as a way to enhance the digital customer experience. All these factors point to growth for Canada’s fintech ecosystem ”



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