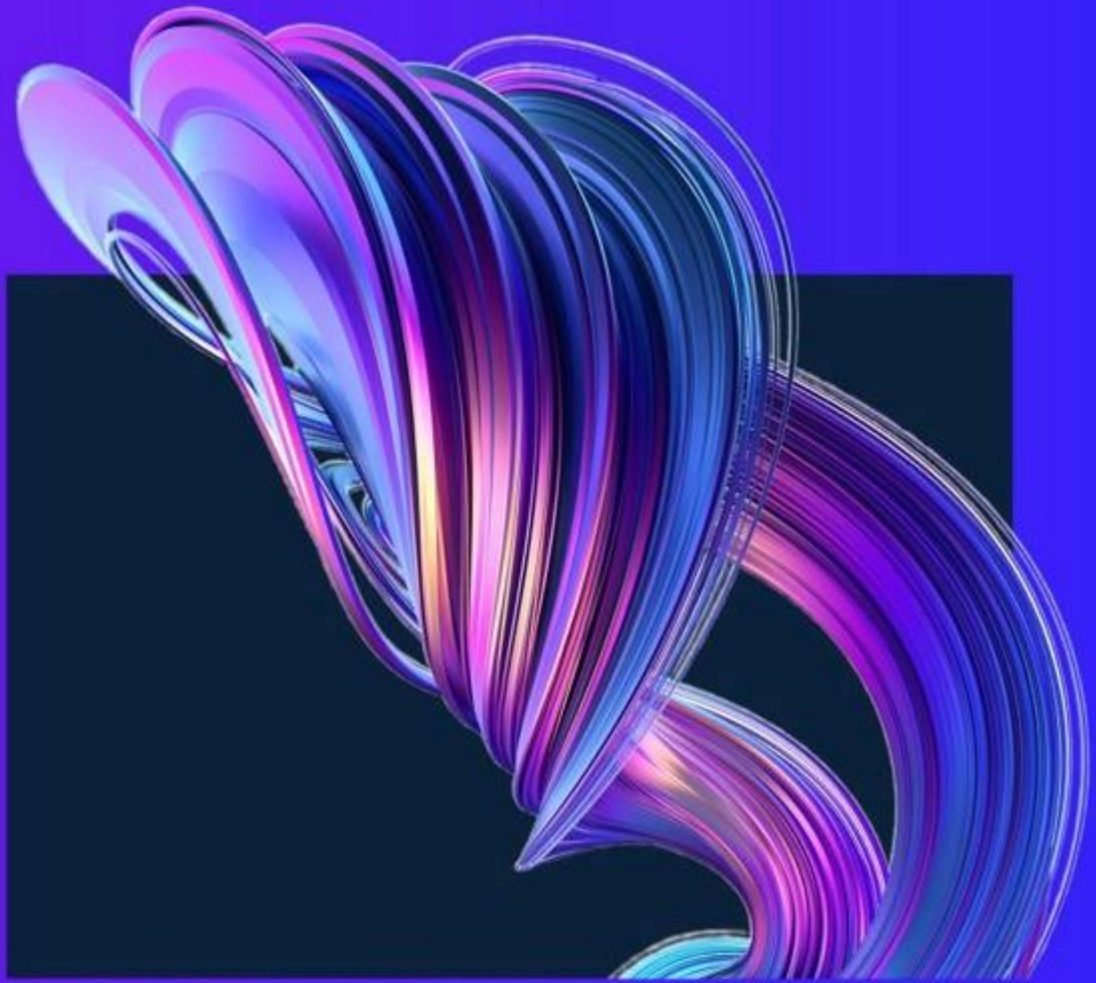
# Pulse of Fintech H1' 24



**Global analysis of fintech funding**

August 2024

kpmg.com/fintechpulse

# Welcome message

**Author:** Anton Ruddenklau, Global Head of Fintech and Innovation, Financial Services, KPMG International

2024 got off to a challenging start for the fintech market globally, driven by ongoing concerns related to geopolitical uncertainty and high interest rates. Total global investment declined from $62.3 billion to $51.9 billion between H2'23 and H1'24 — the lowest six months of fintech investment since H1'20. All regions experienced a noticeable drop in fintech investment, with the EMEA region experiencing the sharpest drop — from $19.4 billion to $11.4 billion between H2'24 and H1'24.

Globally, only five $1 billion+ deals occurred in the fintech space during the first half of 2024 — all buyouts. The Americas accounted for four of these deals, including Worldpay ($12.5 billion) and EngageSmart ($4 billion) in the US and Nuvei ($6.3 billion) and Plusgrade ($1 billion) in Canada. The UK accounted for the fifth deal — the $4 billion buyout of IRIS Software group. The UK also saw the largest fintech-focused VC deal of H1'24 — a $999 million raise by Abound.

While fintech investment remained suppressed, deal volume offered a hint of optimism for the fintech market; both the Americas — including the US — and the ASPAC region saw deal volumes increase between H2'23 and H1'24.

At a sector level, payments continued to draw the largest share of fintech funding globally, attracting $21.4 billion in H1'24. Regtech, however, was the only major fintech subsector to see investment increase in the first half of 2024 — with the $5.3 billion in investment already surpassing 2023's total. At a technology level, AI continued to be a very hot area of interest for investors, particularly in the US.

Looking back on the first half of 2024, the sentiment of fintech investors can be characterized as *restrained*. Consider some of the key trends we've seen across the fintech sector over the past six months:

- Mature, stable markets attracting the largest fintech deals.
- Investors continuing to shy away from the largest deals, with very few exceptions.
- AI drawing significant interest, both as a means to improve operating efficiencies and to reduce costs.
- Regtech interest continuing to increase, particularly in the EMEA region.

With interest rate cuts taking longer to materialize than initially expected, the pickup in investment activity predicted in H2'23 is taking longer than originally thought to come to fruition. Heading into H2'24, fintech investment is expected to remain subdued — except, perhaps, when it comes to AI and generative AI — given the continued high cost of capital and geopolitical uncertainly. All eyes will likely be on interest rates and on the US presidential election heading into H2'24.

Whether you're the CEO of a large financial institution or the founder of an emerging fintech, it's critical to consider how your company can become more efficient and profitable given the cost of capital will likely remain high for some time. As you read this edition of *Pulse of Fintech*, ask yourself: How can we position our organization to be more competitive and sustainable both now and in the future?

> "Looking forward, the confluence between asset management, asset ownership and capital markets is a ripe area for investment globally — whether it's clearing, trading, settlements, or actually supporting asset allocation and investment monitoring. That will be a really interesting area to watch over the next six months."

**Anton Ruddenklau**
Global Head of Fintech and Innovation
Financial Services
KPMG International

Unless otherwise noted, all figures quoted in this report are based on data provided by PitchBook as of 30 June 2024. See page 54 for detailed methodology. All currency amounts are in US$ unless otherwise specified.

# Contents





# Global fintech funding in H1 2024 recorded $51.97B with 2,255 deals

# Global insights

**Author:** Anton Ruddenklau, Global Head of Fintech and Innovation, Financial Services, KPMG International

## Global fintech market sees $51.9 billion in total investment in H1'24

### Total global fintech investment slides in first half of year

Global investment in fintech across VC, PE and M&A fell from $62.3 billion across 2,287 deals in H2'23 to $51.9 billion across 2,255 deals in H1'24. At a regional level, every key jurisdiction saw total fintech investment slide; in the Americas, total investment dipped from $38.5 billion to $36 billion, while in Europe, Middle East and Africa (EMEA), it fell from $19.1 billion to $11.4 billion, and in Asia Pacific (ASPAC) it dropped from $4.6 billion to $3.7 billion.

### Americas and ASPAC both see pickup in deals volume

Fintech deal volume globally held nearly steady at 2,255 in H1'24. Both the Americas and ASPAC saw deal volume increase between H2'23 and H1'24 — from 1,066 to 1,123 in the Americas and from 406 to 438 in ASPAC — while the EMEA region saw deal volume decline from 804 to 689.

### Fintech M&A investment ahead of 2023's pace, PE well behind

While soft compared to the outlier high of $172 billion in 2019, global fintech M&A investment at the end of H1'24 was somewhat ahead of the pace seen last year — with $32.6 billion in deal value compared to the $58.8 billion seen during all of 2023. PE investment, meanwhile, is well behind the pace seen last year — with just $979 million in global PE investment at midyear, compared to $9.6 billion in 2023.

### Three largest fintech deals of H1'24 spread across Americas and Europe

While the US accounted for the largest fintech deal of H1'24 — the $12.5 billion buyout of a majority stake in payments processing firm Worldpay by GTCR[1] — Canada and the UK attracted the next two largest deals: Canada-based payments processing company Nuvei was taken private by PE firm Advent International in a $6.3 billion deal,[2] while UK-based financial software firm IRIS Software Group was bought out by Leonard Green.[3] By comparison, ASPAC saw much smaller deal sizes: China-based Yi-an Enterprise saw the region's largest deal — a $280 million Series B VC raise.

### With interest rates slow to drop, big deals remain elusive

During H1'24, the European Central Bank, the Bank of Canada, and the Swiss National Bank began to make cuts to interest rates, which rose dramatically during 2022 and 2023. While a positive move, interest rate cuts have been conservative to date and key jurisdictions — including the US and UK — have not followed suit. Given the high cost of capital and concerns about valuations and returns, fintech deals have been slower to materialize, particularly at largest deal sizes. Within the VC market in particular, the fintechs that raised the largest during H1'24 leaned heavily towards more mature companies looking to raise scaling capital.

1. FIS. "FIS completes sale of majority stake of WorldPay to GTCR." (1 February 2024).
2. Reuters. "Advent to buy Ryan Reynolds-backed fintech Nuvei in $6.3 bln deal." (1 April 2024).
3. Bloomberg. "Leonard Green to buy Iris Software Stake at £3.2 billion value." (23 December 2023).

> "The high cost of capital and geopolitical uncertainty linked to conflict and elections, have put a significant damper on global fintech investment so far this year. Investors are acting cautiously, not only when it comes to large transactions, particularly on the M&A front given concerns about valuations and the profitability of potential targets investors are focused on improving the companies they already own rather than buying new."

**Karim Haji**
Global Head of Financial Services
KPMG International

# Global insights

## Payments dominates fintech investment globally, attracting over $21 billion in H1’24

The payments sector remained the dominant sector for fintech investment during H1’24, attracting $21.4 billion in investment — only slightly less than the $22.7 billion in payments-focused deal value seen during all of 2023. The buyouts of Worldpay and Nuvei, however, accounted for $18.8 billion of this total. Within the payments space, there was growing interest in use-case driven payments companies, including startups focused on finding ways to add value in very specific areas of the financial services market — such as payments insurance, unsecured lending, and insurance claims.

## AI remails a major priority for fintech investors

Following broader investment trends, AI continued to be a very hot area of interest to fintech investors, particularly in the US. During H1’24, the US saw four large AI-focused fintech deals. Cyber insurance company Corvus was acquired by Travellers for $427 million,[4] compensation-focused platform Spiff — was acquired by Salesforce for $419 million,[5] and corporate management company Ramp and investment management platform FundGuard raised $150 million and $100 million VC funding rounds, respectively. China-based AI-powered sustainability data company MioTech also raised $150 million during H1’24.

### Trends to watch for in H2’24

- Larger focus on Central Bank Digital Currencies (CBDC) and regulated stablecoins.
- Increasing interest in middle and front office solutions related to investment management.
- Growing investor focus on AI-powered fintech offerings, including in emerging areas like behavioural intelligence.
- Increasing investor attention on less traditional fintech markets, including Africa and parts of Southeast Asia — such as Indonesia and the Philippines.
- ESG fintech continuing to gain attention, particularly in areas like carbon measurement and tracking.

“The large buyouts we’ve seen in H1’24 really highlight the valuation challenges in the market right now and the need for startups and their investors to really take the defensive to protect their valuations from sliding even further. Other large deals have been incredibly slow to materialize, which likely will continue until interest rates really begin to drop.”

**Tim Johnson**
Global Lead, Deal Advisory
Financial Services
KPMG International

4. Business Wire. “Travelers completes acquisition of Corvus Insurance.” (2 January 2024).
5. Spiff. “Salesforce signs definitive agreement to acquire Spiff.” (1 February 2024).

# Global insights — Top fintech trends for H2'24

**During the first half of 2024, fintech investors remained very cautious, pulling back from making large deals except in exceptional circumstances. With macroeconomic conditions expected to remain challenging well into H2'24, and a US presidential election approaching, fintech investment is expected to remain subdued heading into H2'24.**

**Here are our top predictions for fintech in H2'24.**

1. **AI will continue to gather steam among fintech investors:** Similar to the investment environment more broadly, interest in AI will likely overshadow every other area in terms of investor interest and investment.

2. **The payments space will continue to attract the lion's share of investment:** Payments will continue to account for the largest deals in the payments space, with a continued focus on the modernization of B2B payments, embedded payments, and real-time payments.

3. **Regtech will attract additional attention and investment:** Regtech will attract increasing interest and investment — driven by the constant evolution of regulatory regimes and the growing complexity of reporting requirements.

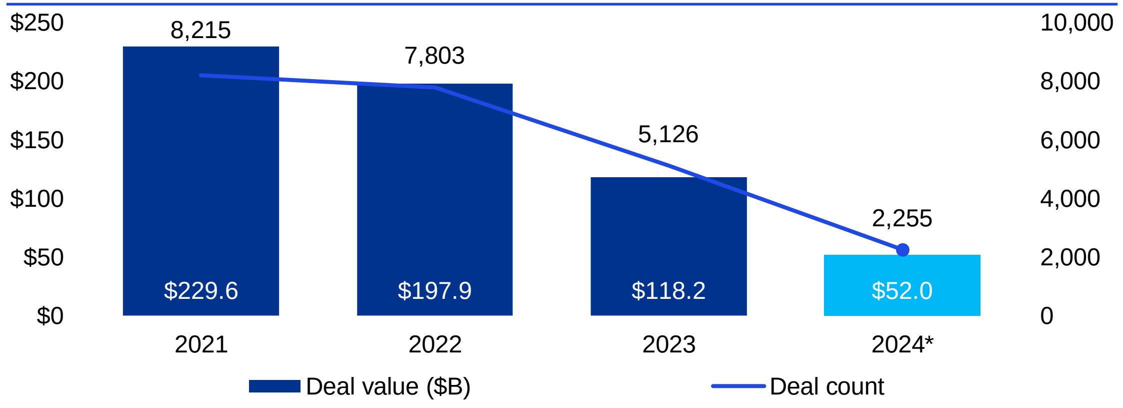
4. **DORA will keep investors focused on cybersecurity:** Cybersecurity will remain a key focus for fintech investors, particularly given the EU's Digital Operations and Resilience Act will come into force early in 2025; AI-related cybersecurity solutions will garner the most interest and investment.

5. **Increasing convergence between trad-fi and de-fi:** Jurisdictions will continue to explore and approve activities that blend traditional finance with decentralized finance, including areas like the tokenization of real work assets and the use of traditional financial infrastructure to support crypto investment.

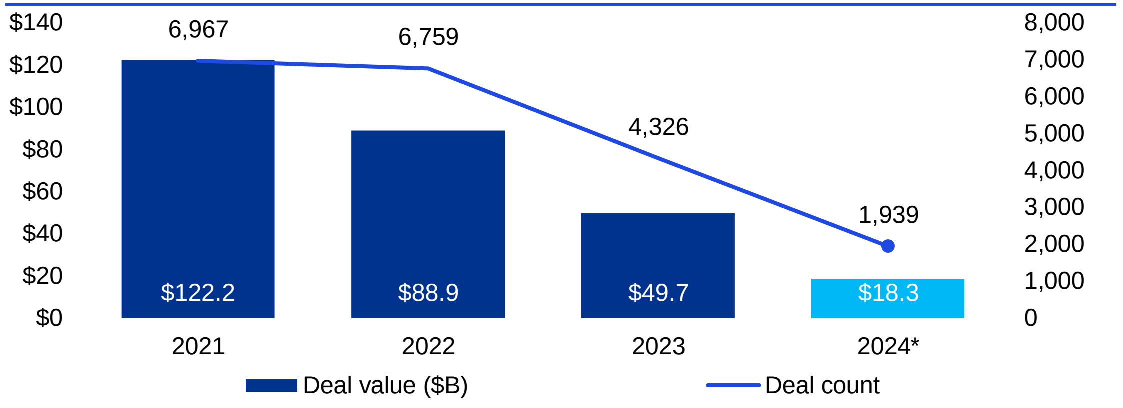
# Global insights

## Dealmaking remains subdued at best

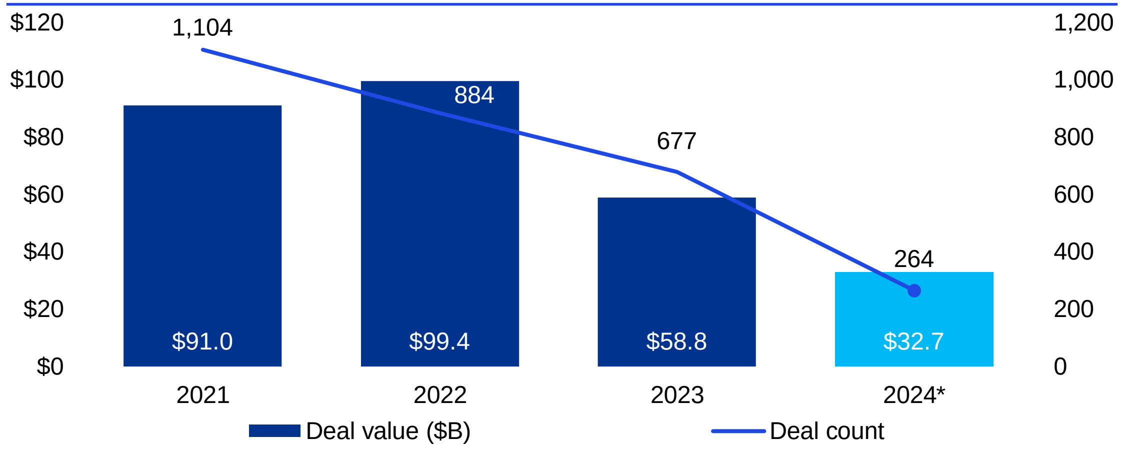
### Total global funding activity (VC, PE and M&A) in fintech 2021-2024*



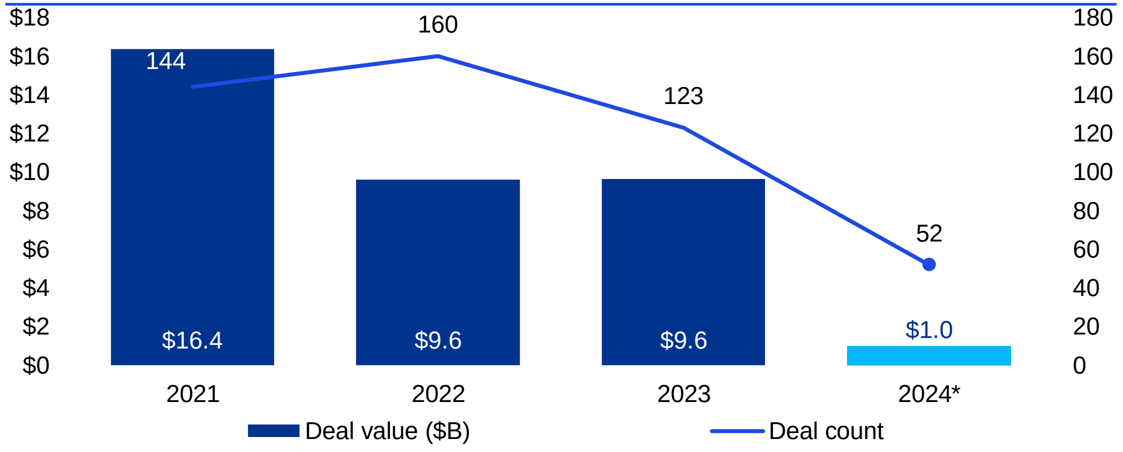

### Global venture capital funding activity in fintech 2021-2024*




### Global M&A activity in fintech 2021-2024*




### Global PE growth activity in fintech 2021-2024*

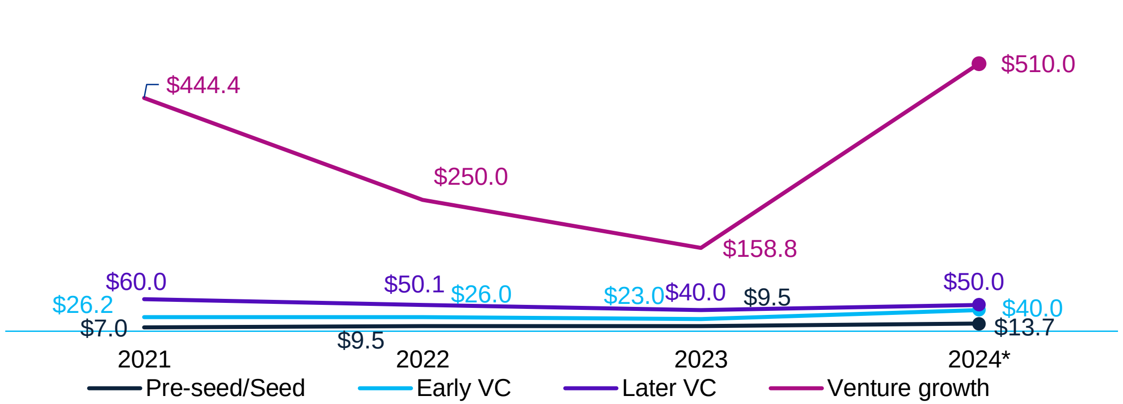



Source: Pulse of Fintech H1'24, Global Analysis of funding in Fintech, KPMG International (data provided by PitchBook), *as of 30 June 2024.

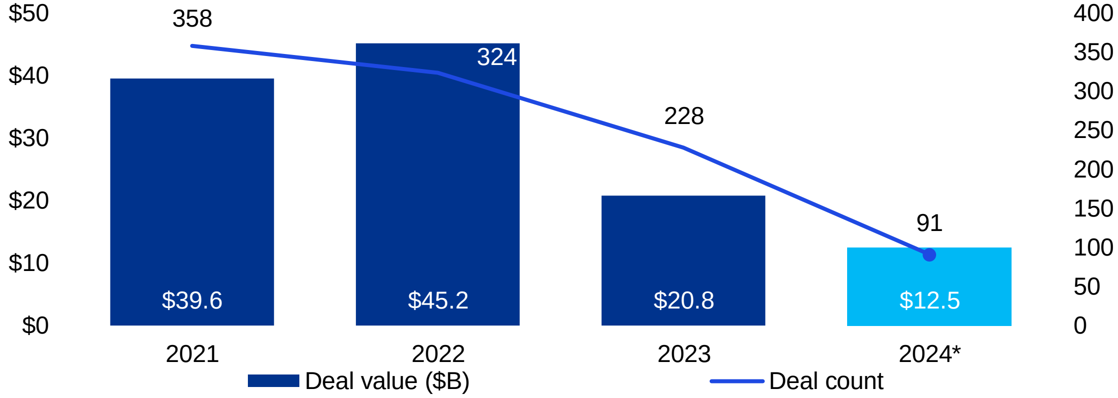
# Global insights

## Even amid subdued dealmaking, financing metrics are robust

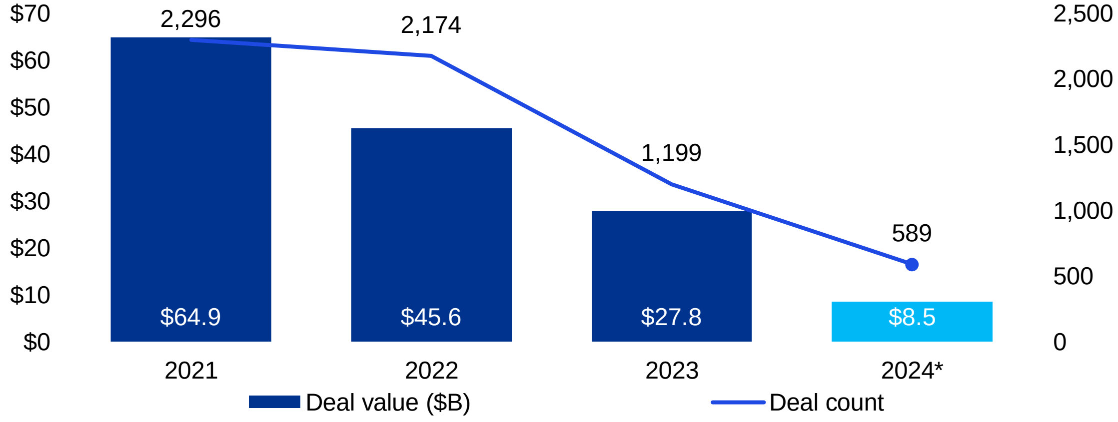
### Global median pre-money valuations ($M) by stage in fintech 2021-2024*



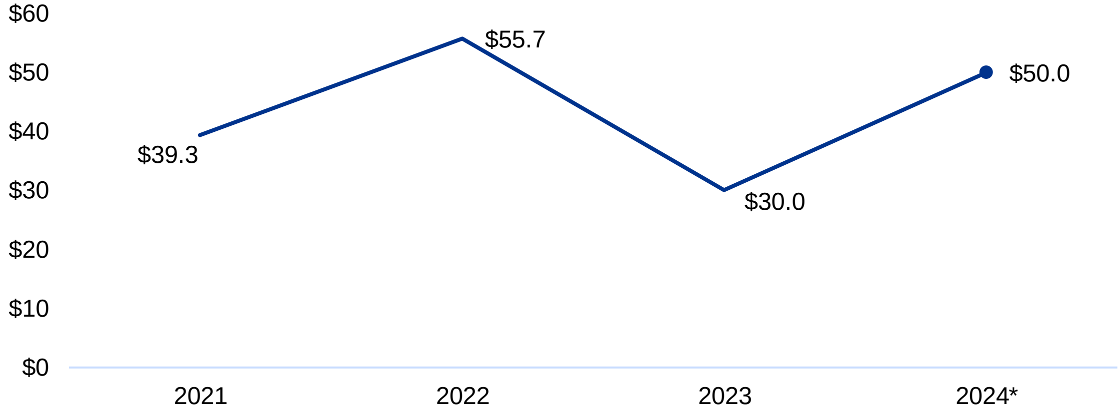

### Global cross-border M&A activity in fintech 2021-2024*




### Global VC activity in fintech with corporate participation 2021-2024*




### Global median M&A size ($M) in fintech 2021-2024*



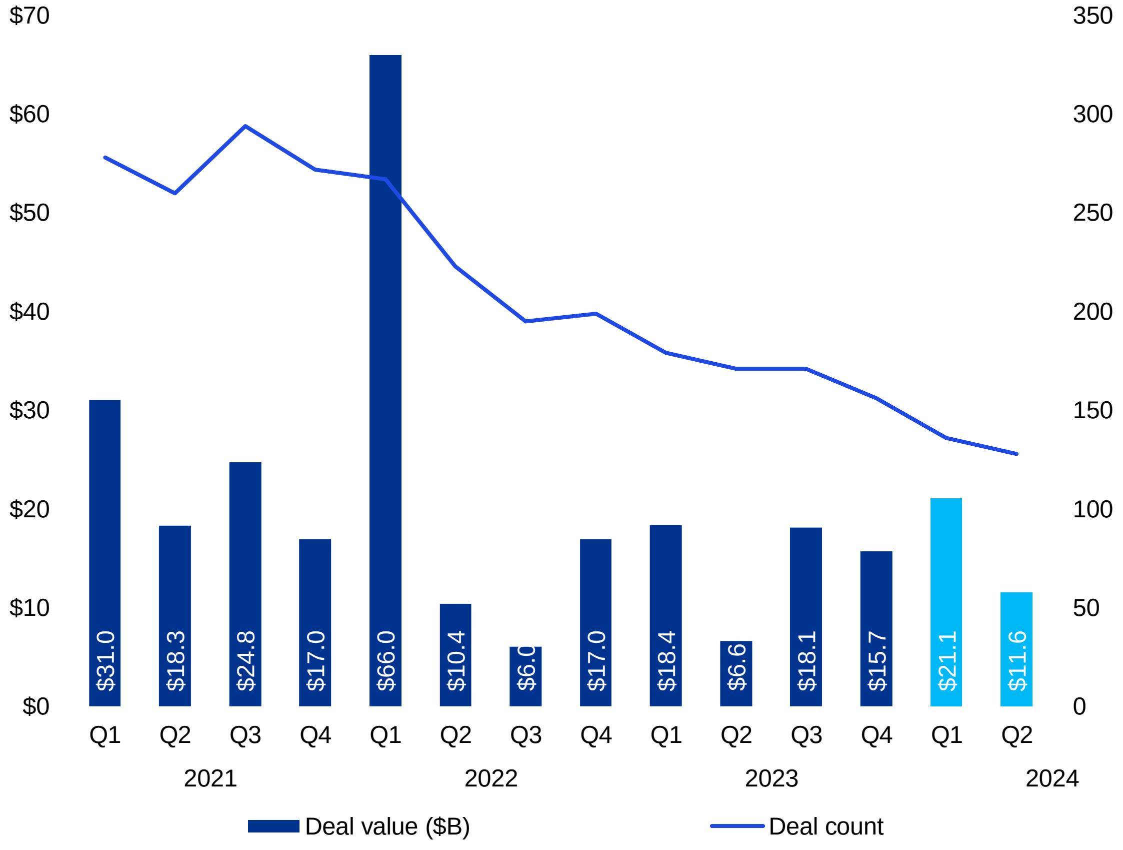

Source: Pulse of Fintech H1'24, Global Analysis of funding in Fintech, KPMG International (data provided by PitchBook), *as of 30 June 2024. The 2024 YTD figure for the median pre-money valuation at the growth stage is based on a non-normative population size.

# Global insights

## Dealmaking momentum could be entering a plateau

### Total global funding activity (VC, PE and M&A) in fintech 2021-2024*


### Global M&A activity in fintech 2021-2024*

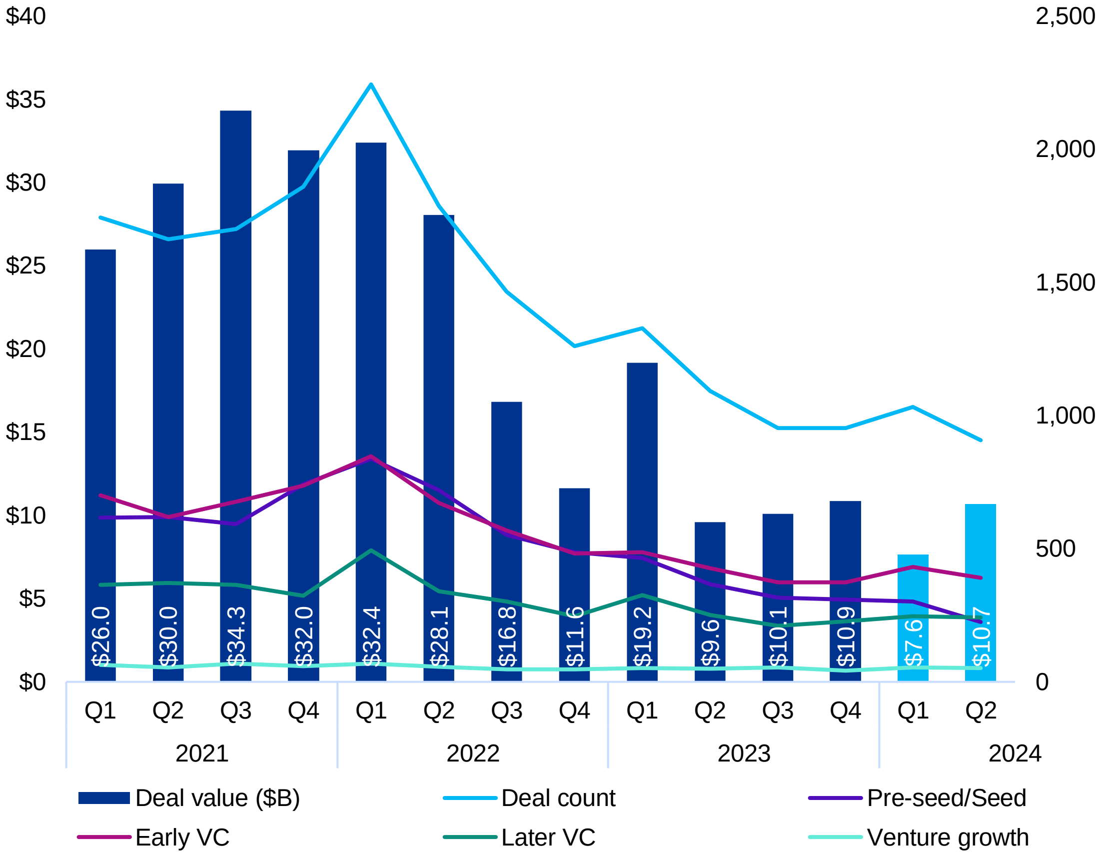



Source: Pulse of Fintech H1'24, Global Analysis of funding in Fintech, KPMG International (data provided by PitchBook), *as of 30 June 2024.

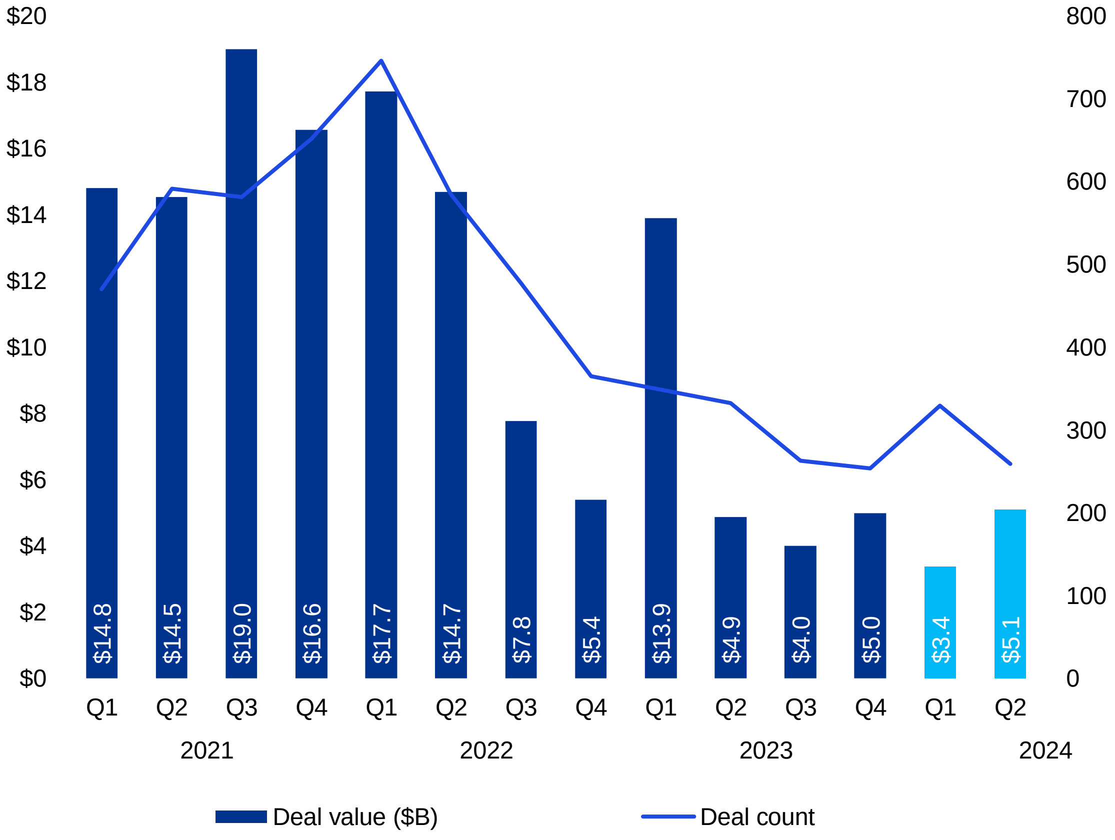
# Global insights

## VC financing sees first bump in several quarters, in terms of aggregate VC invested

**Global venture capital funding activity in fintech** 2021-2024*



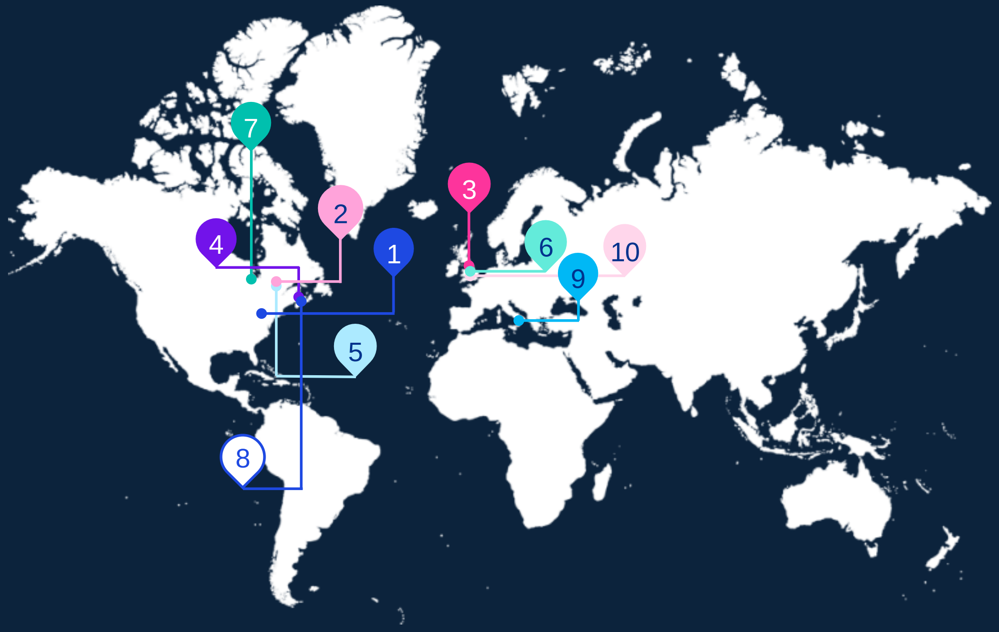

**Global venture capital activity in fintech with corporate participation** 2021-2024*




Source: Pulse of Fintech H1'24, Global Analysis of funding in Fintech, KPMG International (data provided by PitchBook), *as of 30 June 2024.

# Global insights

## Top 10 global fintech deals in H1 2024




1. **Worldpay** — $12.5B, Cincinnati, US — Payments — *Buyout*
2. **Nuvei** — $6.3B, Montreal, Canada — Payments — *Public-to-private buyout*
3. **IRIS Software Group** — $4B, Slough, UK — Institutional/B2B — *Secondary buyout*
4. **EngageSmart** — $4B, Braintree, US — Payments — *Public-to-private buyout*
5. **Plusgrade** — $1B, Montreal, Canada — Institutional/B2B — *Buyout*
6. **Abound** — $999.6M, London, UK — Consumer finance — *Series B*
7. **Tegus** — $930M, Chicago, US — Information — *M&A*
8. **Clear Street** — $685M, New York, US — Institutional/B2B — *Series B*
9. **Banco BPM Gruppo** — $652.6M, Milan, Italy — Payments — *Corporate divestiture*
10. **Monzo** — $621M, London, UK — Banking — *SeriesI*

Source: Pulse of Fintech H1'24, Global Analysis of funding in Fintech, KPMG International (data provided by PitchBook), *as of 30 June 2024.

# Fintech segments

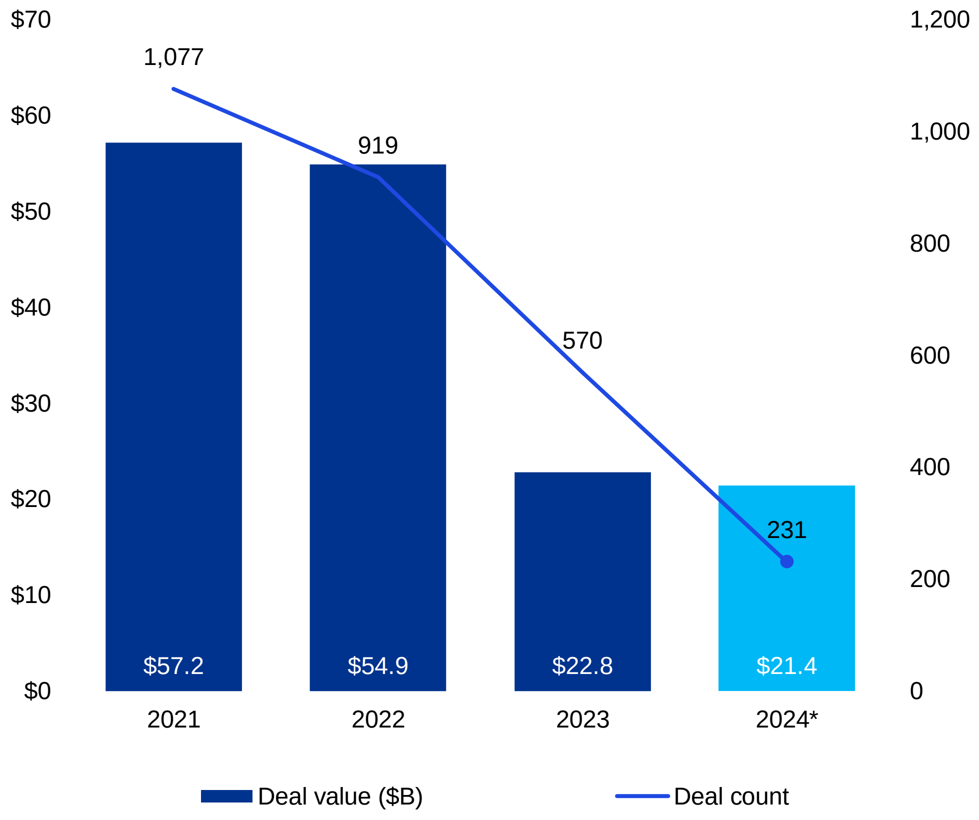
- **Payments**
- **Insurtech**
- **Regtech**
- **Cybersecurity**
- **Wealthtech**
- **Crypto and Blockchain**

# Fintech segments — Payments

**Author:** Courtney Trimble, Global Lead, Payments, KPMG International

## Two payments deals account for $18.8 billion of the $21.4 billion of investment seen in H1'24

**Total global funding activity (VC, PE and M&A) in payments** 2021-2024*




Source: Pulse of Fintech H1'24, Global Analysis of funding in Fintech, KPMG International (data provided by PitchBook), *as of 30 June 2024.

The payments space attracted $21.4 billion in investment in H1'24, falling just shy of the $22.7 billion of investment seen in the space during all of 2023. The overarching number does not tell the full story, however; two deals in the Americas accounted for $18.8 billion of this total, including GTCR's $12.5 billion buyout of a majority stake in US-based payments processing firm Worldpay and the $6.3 billion take private deal of Canada-based Nuvei by PE firm Advent International. Outside of these two significant outlier deals, total global investment in the payments space was incredibly subdued. Deal volume was also very soft, with just 231 payments deals seen globally in H1'24 — well behind even 2023's pace, which saw a six-year low of 570 deals during the year.

### Key H1'24 highlights from the payments sector include:

#### Increasing focus on consolidation and global expansion in payments space

Given the significant economic headwinds, investors in the payments space globally showed little interest in making major VC investments during H1'24. Despite this lull, there continued to be movement on the M&A front as investors prioritized consolidation in order to scale and drive expansion activities. In addition to the Worldpay and Nuvei deals, Spain-based travel technology company Amadeus acquired Spain-based travel-focused invoicing and payments company Voxel for $127 million,[6] while Canada-based financial insurance technologies company Vencora acquired Switzerland-based banking technology company Crealogix for $96.6 million.[7]

#### Americas and Europe see strongest payments activity

Investors in the payments space focused heavily on stable markets in H1'24, with the top 16 largest payments deals occurring in one of the two regions. The largest payments deals in the ASPAC region included a $50 million VC raise by Singapore-based B2B payments platform Nium and a $32.7 million raise by Indonesia-based credit card company Honest. New regulation on instant payments came into force in the EU, with some obligations for payment service providers to enter into force in January and October 2025, putting financial institutions under pressure, especially regarding the verification of payee obligation where international interoperability is a key concern.[8]

6. Amadeus. "Amadeus acquires travel payments expert Voxel." (2024, March 10).
7. CREALOGIX. "Vencora acquires CREALOGIX." (2024, February 22).
8. Swift. "Swift research finds European SMEs expect to be more competitive and save money as a result of instant payments regulation." (2024, June 18).

# Fintech segments — Payments

## AI for fraud prevention becoming a key focus for investors

Within the payments space, interest in AI has continued to increase, with both investors and fintechs looking to leverage AI in different ways to solve payments-related challenges. During H1'24, for example, Mastercard announced its use of generative AI to accelerate card fraud detection[9] and Swift announced an AI-based pilot with member banks to explore how the technology could assist in combatting cross-border payments fraud.[10] Fraud detection and prevention solutions were of particular interest to investors given the intensifying focus on instant payments models in different jurisdictions and the surging number of cross-border transactions.

## Payments activity diverse — from digitization of payments to digital currency payments

Different regions and jurisdictions continued to see a wide range of trends but represent unique regional differences in adoption and usage behavior in H1'24. In regions like Africa and parts of Southeast Asia, investments in the payments space remained focused on digitization given the very high number of cash-based transactions. In other regions, payments activity was much broader, ranging from instant payments and cross-border payments solutions to embedded payments and analytics solutions to support data monetization and commercialization. During H1'24, the Bank of China also pilot tested a new service to allow merchants to accept digital currency payments on their cell phones.

## What to watch for in H2'24

- A possible uptick in activity, particularly following the US presidential election in November.
- Consolidation continuing and global expansion to be important for the foreseeable future as payments companies look to scale and grow.
- Increasing regulations and risk management strategies to prevent fraud and protect customers, particularly given real-time payments environments.
- Growing volume of account-to-account payments in Europe supported by open banking and instant payment regulation.
- Increasing focus on the modernization of B2B payments tandem with a surge in cross-border payment volume.
- Continued focus on embedded payments and related services.
- Growing use of AI within the payments space, particularly to detect and prevent fraud.

9. Mastercard. "Mastercard accelerates card fraud detection with Generative-AI Technology." (2024, May 22).
10. Swift. "Swift and global banks launch AI pilots to tackle cross-border payments fraud." (2024, May 30).

> "The B2B payments landscape continues to evolve rapidly with a transformative shift towards digitization, underpinned by the increased adoption of instant payments, surge in mobile payments, and advancement of AI technologies and cross-border solutions. These innovations are not only streamlining payment processes but also creating opportunities for increased efficiency, decreased costs, and enhanced security. Looking ahead, this is an area that will likely see significant attention over the next six to 12 months."

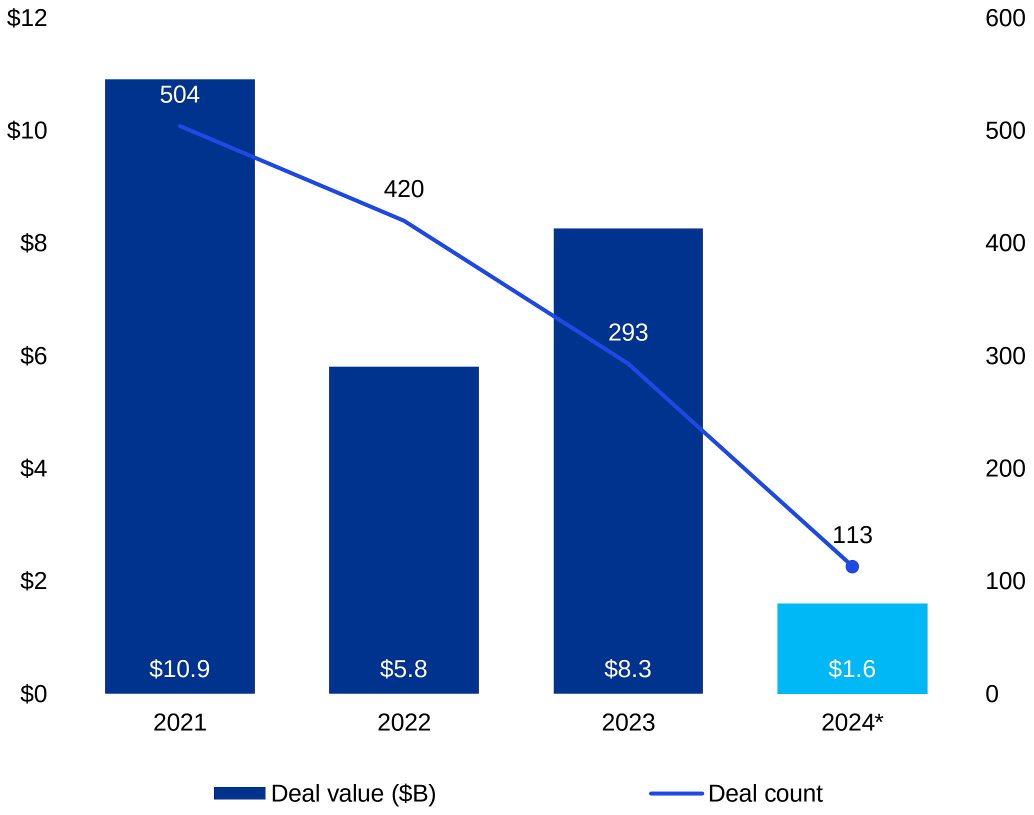
**Courtney Trimble**
Global Lead, Payments
KPMG International
Principal, Financial Services
KPMG in the US

# Fintech segments — Insurtech

**Author:** Ram Menon, Global Lead, Deal Advisory, Insurance, KPMG International

## Insurtech funding falls to lowest level in a decade

**Total global funding activity (VC, PE and M&A) in insurtech** 2021-2024*




Source: Pulse of Fintech H1'24, Global Analysis of funding in Fintech, KPMG International (data provided by PitchBook), *as of 30 June 2024.

Investment in insurtech dried up significantly in H1'24, with just $1.6 billion in investment globally — less than a quarter of the $8.2 billion seen during 2023. The US continued to attract the vast majority of insurtech deals and funding globally, including the $427 million acquisition of cyber-insurance company Corvus by Travellers, the $151 million VC raise by direct-to-consumer insurance company Kin, and the $80 million raise by embedded insurance provider Cover Genius. An $80 million VC raise by India-based real-time underwriting company Perfios was the largest insurtech deal in the ASPAC region during H1'24, while a $73 million raise by UK-based pricing decision intelligence firm Hyperexponential claimed the top spot in the EMEA region.

### Key H1'24 highlights from the insurtech space include:

### Cost of capital making it difficult for insurtechs to raise funds

The cost of capital continued to put a damper on insurtech investment in H1'24, with total global investment falling to the weakest level seen in ten years. Early-stage deals saw the biggest slowdown, although later stage companies also saw significant challenges, with investors putting a laser focus on companies able to show profitability.

### Challenging environment for M&A

M&A activity within the insurtech space was incredibly dry during H1'24, with the exception of the acquisition of Corvus by Travellers. While there were a number of insurtechs looking for buyers during H1'24, acquirers were very cautious given the high cost of capital and lack of profitability of potential targets.

# Fintech segments — Insurtech

## Embedded insurance, cyber remain attractive to investors

While investment was very soft in H1’24, major carriers continued to show interest in opportunities within the embedded insurance space given the perceived potential of point-of-sale insurance offerings. Interest in cybersecurity also remained high, both from a defence perspective given the rise in cyberattacks targeting the industry and in terms of insurance carriers looking to expand their capabilities into writing cyber insurance.

## MGA insurtechs still attracting investment

Despite the challenging market, MGA (managing general agent) insurtechs continued to attract money as a result of their successful business models, ability to drive efficiencies, and the fact they do not carry risk on their balance sheets. Compared to other areas of insurtech, MGA fintechs are well positioned to remain attractive to carriers from an acquisition point of view.

### What to watch for in H2’24

- AI continuing to attract the lion’s share of interest, similar to general investment trends.
- Corporate investors tightening their wallets in order to focus on AI enablement.
- Regtech investment remaining quite dry given current market conditions.
- Growing optimism around insurtech opportunities in the ASPAC region, particularly over the longer term.
- Embedded insurance and cyber, and enabling technologies, continuing to attract attention from investors, particularly larger carriers.

“We’ve been through times where money was easy, and investors were happy to chase opportunities and support start-up businesses explore innovative solutions. But when money flow gets tight, investors begin asking the hard questions like what is the ‘path to profitability’ and how long will it take for the business model to generate sustainable positive cash flows? For insurtech, getting the scale and size to turn a profit takes time. That’s making it difficult to attract investors given current market conditions. Profitable insurtechs will continue to attract capital, but the rest will likely continue burning up cash.”

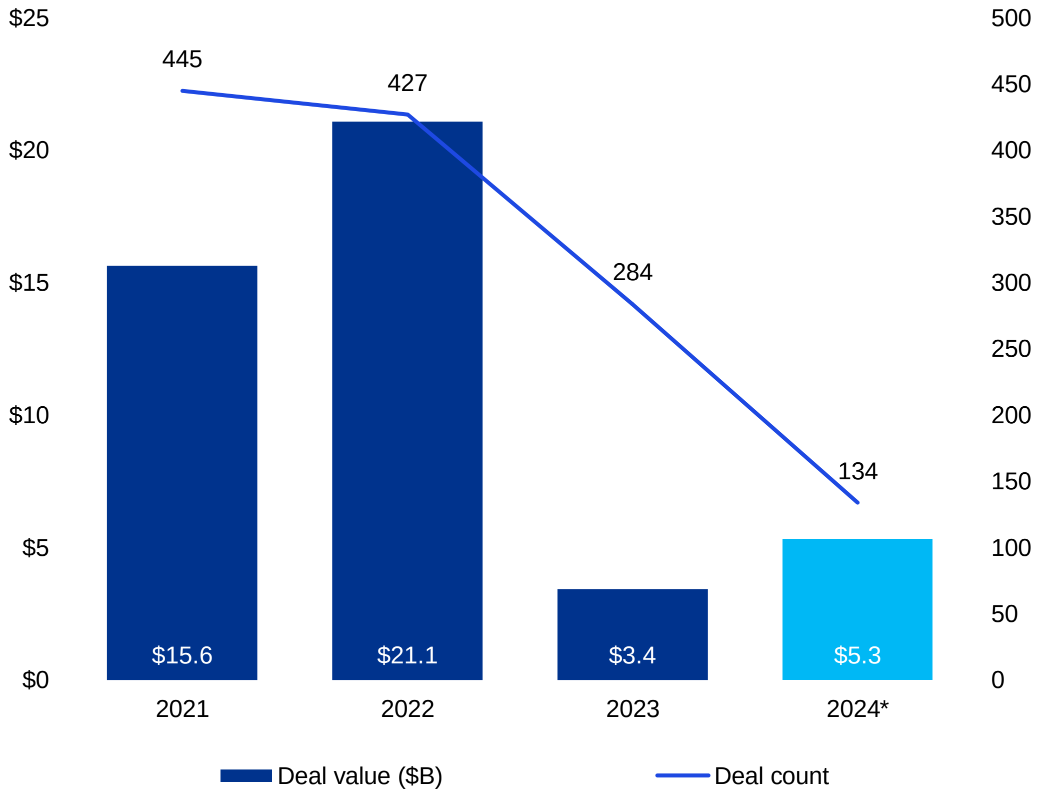
**Ram Menon**
Global Lead, Deal Advisory, Insurance
KPMG International
Partner
KPMG in the US

# Fintech segments — Regtech

**Author:** Courtney Trimble, Global Lead, Payments, KPMG International

## Global investment in regtech strengthens in H1’24

**Total global funding activity (VC, PE and M&A) in regtech** 2021-2024*




Source: Pulse of Fintech H1'24, Global Analysis of funding in Fintech, KPMG International (data provided by PitchBook), *as of 30 June 2024.

Regtech attracted $5.3 billion in investment during H1’24, making it the second most attractive sector of fintech investment after payments. The $4 billion buyout of UK-based IRIS Software Group by Leonard Green accounted for the vast majority of this investment, followed by the $235 million buyout of US-based Sayari by TPG, and the $109 million buyout of Ireland-based SoftCo by Keensight Capital. The regtech space also saw two $100 million+ funding rounds during H1’24 — a $104 million raise by Germany-based Solaris and a $100 million raise by Netherlands-based DataSnipper. The largest regtech deal in the ASPAC region was a $32.8 million raise by Australia-based Constantinople.

### Key H1’24 highlights from the regtech sector include:

### VC and PE investors increasingly interested in regtech opportunities

Globally, both VC and PE investors have shown increasing interest in the regtech space, seeing it as a sector with sustainable growth opportunities given the growing pressure on financial services companies and other organizations needing to comply with increasingly complex and detailed regulatory requirements. While deal sizes were relatively small in most regions during H1’24 — with the exception of the Iris Software buyout — the number of deals remained quite robust; both the number of deals and deal sizes are expected to grow as macroeconomic conditions improve.

### Risk and compliance drivers building the case for regtech

Globally, a number of factors continued to come together to put a focus on regtech in H1’24, including shifting regulatory requirements, more complex reporting requirements, and the constantly evolving risk environment. This confluence of factors has put a lot of strain on companies, which is driving interest in solutions and regtechs able to automate and streamline specific activities.

# Fintech segments — Regtech

## Core areas of regtech still attracting significant interest

The definition of regtech has expanded considerably in recent years to include activities like ESG, horizon scanning, cybersecurity, and data privacy. Despite this expansion, the major focus for investors in H1'24 continued to be core regtech solutions, including anti-fraud, anti-money laundering, and customer identity management — with AI increasingly playing a role in such solutions. Ongoing regulatory pressures and the significant losses being incurred by financial services firms will likely keep investment in these areas strong for the foreseeable future.

## Growing focus on ESG — but a small percentage of the regtech market

Following on a trend seen in 2023, interest in ESG-related technology solutions continued to grow during H1'24, with an increasing number of regtechs offering ESG solutions. Investments in ESG-focused fintech have remained relatively small, however, particularly compared to the level of investment going into areas like AML.

### What to watch for in H2'24

- Continued focus on deployment of regtech as risk and compliance functions seek to deliver greater organizational value.
- Regtechs increasingly looking to take advantage of GenAI and AI more broadly.
- Increasing interest in regtechs able to provide solutions fit to complex multi-jurisdictional requirements.
- Regulators and central banks' adoption of machine learning and other technologies (suptech) will continue to drive a response in the firms they supervise regtech.
- Regulators in a number of jurisdictions (e.g. Hong Kong (SAR)) looking for ways to encourage regtech development and adoption.
- Continued use of regulatory sandboxes and other tools to promote innovation within financial services.

“Despite the geopolitical and macroeconomic challenges facing the market today, the regtech space has continued to evolve and grow. There is a real demand for solutions able to help organizations manage complex regulatory requirements, and ultimately deliver greater value from risk, compliance, and controls activities. Given this demand, we'll likely continue to see good investment in the regtech space heading into H2'24.”

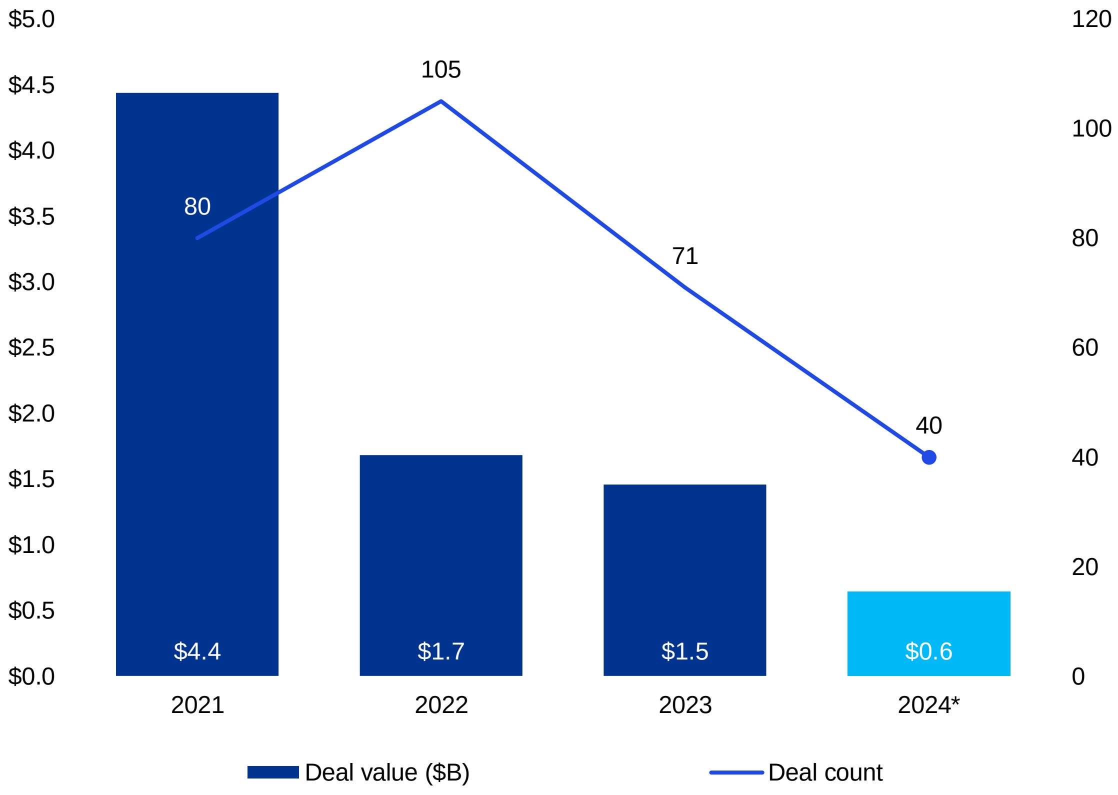
**Chris Steele**
Partner, Banking Risk and Regulation
KPMG in the UK

# Fintech segments — Cybersecurity

**Author:** Charles Jacco, Financial Services Cybersecurity Lead, KPMG International

## Cybersecurity deals volume remains strong globally in H1'24, despite slightly soft investment

**Total global funding activity (VC, PE and M&A) in cybersecurity** 2021-2024*




Source: Pulse of Fintech H1'24, Global Analysis of funding in Fintech, KPMG International (data provided by PitchBook), *as of 30 June 2024.

Global investment in cybersecurity was somewhat softer in H1'24, with $640 million in investment — slightly less than half of the $1.4 billion seen during 2023. The number of cybersecurity deals (40), however, was quite strong — on pace to match the second-best year for cybersecurity deal volume ever.

The vast majority of cybersecurity deals occurred in the US during H1'24, led by the $235 million buyout of supply chain risk intelligence platform Sayari by TPG, and $100 million VC raises by AI-investment accounting platform FundGuard and stake validation marketplace EigenLayer.

### Key H1'24 highlights from the cybersecurity sector include:

### AI a top priority for cybersecurity investors

Within the cybersecurity space, AI continued to be an incredibly hot area of interest and investment in H1'24, with investors focusing on a range of AI applications, from AI-driven risk intelligence platforms to AI-powered supply chain security solutions. In addition to these operational applications of AI, investors have also shown increasing interest in cybersecurity solutions aimed at protecting and safeguarding AI activities, such as by ensuring the security of AI algorithms and protecting the integrity of data being used by GenAI models.

# Fintech segments — Cybersecurity

## Platform models gaining ground over smaller players

During H1’24, the large platform players — both large cybersecurity platforms and the big tech players — continued to focus on expanding the breadth and reach of their solutions to improve their value propositions to clients. With cybersecurity activities increasingly consolidated within larger platforms, it is becoming increasingly challenging for niche cybersecurity players to gain attention and the funding needed to scale and grow. This could drive further consolidation in the space over time as struggling smaller players look to sell.

## Regulations shining a spotlight on cybersecurity

Evolving regulations continued to shine a spotlight on cybersecurity during H1’24, although direct VC, PE, and M&A investment remained somewhat soft globally. In the EU, the Digital Operations and Resilience Act (DORA) — which is aimed specifically at enhancing the operational and IT security of banks and financial institutions — will come into force in January 2025.[11] A recent gap analysis performed by KPMG, showed that across the EU financial sector, only one-third (32 percent) of regulated entities, comply with all its requirements.[12] This is driving affected companies to look for solutions able to help them comply and cybersecurity firms and platforms to focus their efforts on providing solutions that align with shifting regulations.

### What to watch for in H2’24

- Intensifying focus on all aspects of AI, including automating of activities in order to identify and respond to risks faster.
- Continued focus on building out platform-based cybersecurity models.
- Increasing consolidation as big players look to gain new capabilities and niche platforms struggle and look to sell.
- Growing focus on code security and ensuring the security of APIs.
- Ongoing evolution of cybersecurity regulations and general regulations with cybersecurity impacts driving interest and investment in related solutions.
- Managed services providers increasingly looking to embrace automation, either by acquiring automation platforms or partnering with large technology companies.

11. European Securities and Markets Authority (ESMA). "Digital Operational Resilience Act (DORA)." (16 January 2023).
12. KPMG International. "Decoding DORA for European banks." (6 May 2024).

“There’s definitely a big focus on platform integration plays. We’re not seeing a lot of M&A activity around the smaller boutiques at the moment, but we’re definitely seeing the larger platform players winning a lot of the work. With the number of big players throwing their hats into the ring, it’s going to be difficult for some of the smaller players to be able to remain niche. More likely, we’ll see some looking to sell while others simply fade away.”

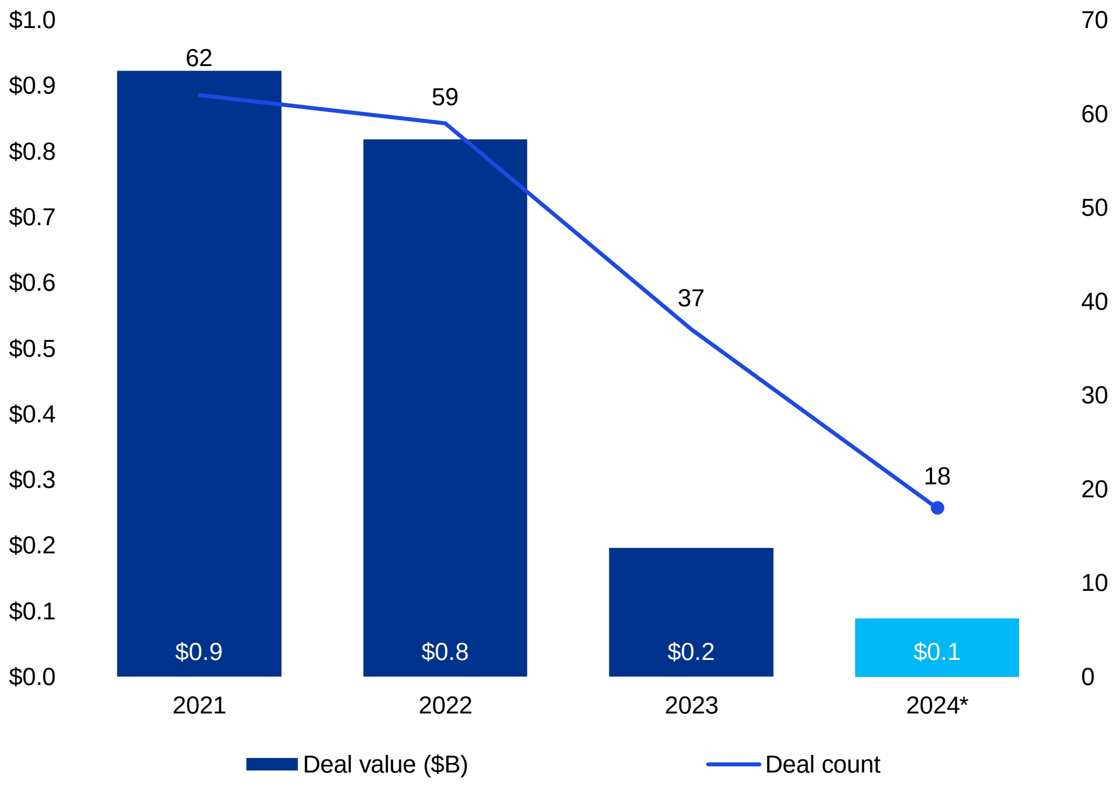
**Charles Jacco**
Financial Services Cybersecurity Lead
KPMG International
Principal, Information Protection and Cybersecurity Financial Services Lead
KPMG in the US

# Fintech segments — Wealthtech

**Author:** Leon Ong, Partner, Financial Services Advisory, KPMG in Singapore

## Wealthtech investment off to a quiet start in H1'24; interest in AI-enablement rises

**Total global funding activity (VC, PE and M&A) in wealthtech** 2021-2024*




Source: Pulse of Fintech H1'24, Global Analysis of funding in Fintech, KPMG International (data provided by PitchBook), *as of 30 June 2024.

Total investment in wealthtech was very subdued in H1'24, with only marginal levels of investment seen globally. The VC market in the US saw a $63.8 million raise by investment management company Edward Jones, but otherwise investors in the wealthtech space held back from making major deals in H1'24 or focused on internal innovation activities.

### Key H1'24 highlights from the wealthtech sector include:

### AI opportunities taking center stage

AI was top of mind for many in the wealthtech space during H1'24 as both investors and corporates looked to understand how AI can play a role in enhancing wealth management, particularly in terms of extending the capabilities of wealth managers and the products that they can offer. While many AI applications in the wealthtech space have focused on enhancing back-office activities to date, there is growing interest in the use of AI to support data analytics, to enhance robo advisory services, and to automate investment processes.

### Self-directed wealth management becoming a key focus

Globally, investors have increasingly focused on the provision of self-directed wealth management platforms and tools to enable individual investors — ranging from the digitally savvy to those with smaller amounts of wealth — to become more active in the wealth management space. This trend has been particularly noticeable in Asia, where self-directed investment platforms are viewed as a means of democratizing wealth management activities.

# Fintech segments — Wealthtech

## Increasing convergence of wealthtech with other sectors

Recently, there has been an interesting convergence between wealthtech and healthtech, driven in part by insurance companies looking to gamify insurance products. For example, a number of health tracking apps have integrated mechanisms to provide savings, discounts, and other rewards to their users.

## ESG remains a focus for wealthtech investors

Globally, there continued to be interest in ESG-related wealth management products and solutions from individual investors, particularly high net worth individuals looking to make ESG investments. The EMEA region continued to lead the way on the ESG front, with a number of large incumbents focused on enabling people to make philanthropic investments and investments in environmentally sustainable technologies or in socially responsible companies.

### What to watch for in H2'24

- Successful wealth management companies continuing to grow significantly and to look more like banks.
- AI use cases increasingly targeting direct interactions with customers, including the provision of investment advice.
- Wealthtechs taking a leading role in changing the face of socially responsible investing.

"While H1'24 has been relatively quiet from an investment point of view, digital wealth management platforms continue to grow. There haven't been any significant high-profile failures in the space, which bodes well for investment in the space long term. Given the explosion of AI interest more broadly, it's not surprising that there are a lot of investors interested in how AI can play a role in the evolution of wealth management — and looking out for wealthtechs offering AI-powered solutions."

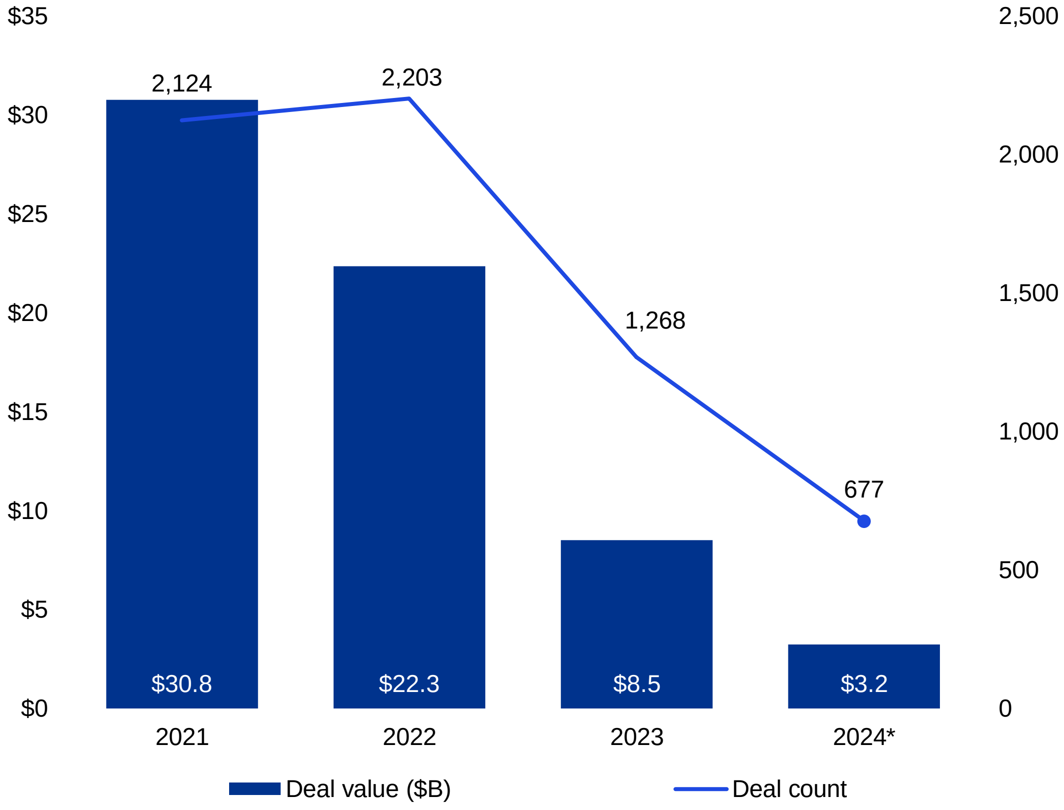
**Leon Ong**
Partner, Financial Services Advisory
KPMG in Singapore

# Fintech segments — Blockchain/cryptocurrency

**Authors:** Debarshi Bandyopadhyay, Director, Financial Services, KPMG in Singapore and Kenji Hoki, Director, Financial Services, KPMG in Japan

## Investment in crypto and blockchain stabilizing; deal volume up

**Total global funding activity (VC, PE and M&A) in blockchain and cryptocurrency**
2021-2024*




Source: Pulse of Fintech H1'24, Global Analysis of funding in Fintech, KPMG International (data provided by PitchBook), *as of 30 June 2024.

After faltering significantly in 2023, global investment in crypto and blockchain stabilized quite a bit in H1’24, accounting for $3.2 billion in investment globally. Large megadeals remained elusive compared to historical trends, with only five deals over $100 million — all in the VC space: UK-based Revolut raised $139 million, while Hong Kong-based Hashkey Group, US-based Berachain, UK-based MAR mining, and US-based EigenLayer each raised $100 million.

While deal sizes in the crypto and blockchain space were relatively small, deal volume remained good, with 677 deals completed during H1’24 — well on pace to exceed the number of deals seen last year by a solid margin.

### Key H1’24 highlights from the crypto and blockchain space include:

### Increasingly interconnected ecosystem between trad-fi and de-fi

During H1’24, the lines between trad-fi and de-fi began to blur. In the US, traditional financial instruments — such as bonds and treasury bills — were tokenized[13] and brought into the de-fi world, while crypto assets were wrapped in traditional financial infrastructure to improve investor confidence and enhance investment opportunities. Investors such as MiddleGame Ventures, that already invested earlier in Keyrock and Ripple, raised a new fund with targeted EUR150 million to invest in startups at the intersection of blockchain and capital markets.[14]

13. Coindesk. “Over $1B in U.S. Treasury notes has been tokenized on public blockchains.” (28 March 2024).
14. Sifted. “Fintech firm MiddleGame Ventures raises €55m of targeted €150m fund.” (25 June 2024).

# Fintech segments — Blockchain/cryptocurrency

### EMEA and ASPAC leading on digital currencies and digital asset tokenization

While the US focused primarily on cryptocurrency regulation in H1'24, the EMEA and ASPAC regions focused more heavily on the development and launch of digital currencies and real- world digital asset tokenization. During H1'24, the Hong Kong Monetary Authority launched the next phase of its e-HKD pilot project,[15] while the European Central Bank (ECB) published a report on its progress towards a digital euro as part of its preparation phase which lasts until October 2025. The ECB outlined work conducted in designing privacy standards to make online and offline digital payments as close as possible to cash transactions, and in addressing other contentious topics such as holding limits and compensation for payment service providers.[16]

### Blockchain infrastructure continues to evolve:

Blockchain technology has been overshadowed somewhat by AI this year, although there continued to be a focus on embracing blockchain technologies for fraud detection, cybersecurity, and similar solutions. While it is a much smaller amount than in 2021 and 2022, investors are still putting money into these types of enterprise solutions.

> "The SEC's approval of the Bitcoin ETFs is quite a significant move on the crypto front. The ETF structure provides investors with exposure to bitcoin without having to directly buy or store cryptocurrencies. Investors can use their traditional risk methods and their traditional tax and advisory structures around that, while still getting exposure to bitcoin. It's been a big move — and one that has brought a lot of traditional investors — and a lot of money — into the crypto space."

**Debarshi Bandyopadhyay**
Director, Financial Services
Blockchain & Crypto
KPMG in Singapore

15. Hong Kong Monetary Authority. "Central Bank Digital Currency (CBDC)." (26 June 2024).
16. European Central Bank. "Progress on the preparation phase of a digital euro - First progress report. European Central Bank." (2024).

# Fintech segments — Blockchain/cryptocurrency

## SEC's approval of Bitcoin ETFs drives interest into crypto space

Early in H1'24, the Securities Exchange Commission approved a number of spot Bitcoin ETFs,[17] which has led to quite a significant flow of institutional money into the space through mainstream financial instruments. Spot Ethereum ETFs are also well positioned to be approved during H2'24.

### What to watch for in H2'24

- Growth of real-world asset tokenization, especially with respect to traditional financial instruments.
- More digital currencies, including CBDCs, tokenized deposits, and regulated stablecoin becoming mainstream over the next six to twelve months.
- Increasing interest in Web3, with the ASPAC region leading on crypto.
- Rising cryptocurrency valuations as more traditional structures are put into place around them.
- Growing investment in blockchain-based solutions, particularly enterprise blockchain solutions related to digital identity management — which have now been tried and tested.

"A number of jurisdictions in the ASPAC region have been working on regulating crypto for some time. Major hubs like Japan, Singapore, and Hong Kong (SAR) in particular have been working to balance innovation and regulation in a way that protects investors rights — especially retail investors."

**Kenji Hoki**
Director, Financial Services
KPMG in Japan

17. U.S Securities and Exchange Commission. "Statement on the approval of spot Bitcoin Exchange-Traded Products." (10 January 2024).

# In H1 2024, fintech companies in Asia Pacific (ASPAC) received $3.8B with 438 deals

# Regional insights — ASPAC

**Authors:** Andrew Huang, Head of Fintech, KPMG China and Daniel Teper, Head of Fintech, KPMG Australia

## Fintech investment in ASPAC drops to $3.8 billion; Q2’24 slowest quarter since Q3’17

Fintech investment in the ASPAC region dropped from $4.6 billion in H2’23 to $3.8 billion in H1’24, despite a small uptick in deal volume from 406 to 438 deals over the same time frame. Much smaller deal sizes accounted for this decline; the largest deals in the region during H1’24 included a $280 million raise by China-based capital markets solutions firm Yi’an Enterprise, a $209 million raise by India-based personal loan platform KreditBee, a $195 million raise by Thailand-based digital financial solutions company Ascend, and $150 million raises by China-based ESG financial solutions platform MioTech and Australia-based performance management firm Camms.

### Key H1’24 highlights from the Asia-Pacific region include:

### Fintech investment in ASPAC slows across the board as uncertainty remains high

Following broader investment trends in the region, fintech investment in ASPAC remained weak in H1’24, with total investment declining in China, India, Singapore, Australia, and Japan. M&A and PE investments were particularly soft in the region during H1’24, with M&A accounting for just $300 million in deal value and PE accounting for just $7.8 million. Fintech investors remained quite cautious — particularly corporates, which leaned heavily towards cost and risk management during the quarter rather than on fintech investment.

### Despite investment lull, innovation in financial services still a priority in China

Investment in China remained quite subdued compared to historical trends, with only $624 million in total investment during H1’24, compared to $754.6 million in H2’23. Despite the lull in fintech-focused VC, PE, and M&A investment, financial services continued to be a key priority for China’s central government, with five subsectors identified as priorities: technology finance, green finance, inclusive finance, pension finance, and digital finance.[25] As part of this Five Finance strategy, China’s central government is working to encourage financial institutions to support startups in these spaces — which could lead to additional investments over time. ESG finance came under the spotlight somewhat in H1’24 given the $150 million raise by ESF finance company MioTech.[26]

25. National Financial Regulation Administration (NFRA). “Promoting high-quality financial development and boosting Asian financial cooperation.” (n.d.).
26. Times of Startup “MioTech completes funding round to solidify APAC Climate Tech leadership” (26 January 2024).

“A number of financial institutions in China have introduced AI-driven applications, such as digital customer service providers and AI robots to help answer questions. Some have also started to use generative AI internally to help with the compilation of computer code for software design and other limited use cases. During H2’24, we’ll likely continue to see these kinds of activities grow, many with the help of fintechs, but it will likely take time before any applications really mature.”

**Andrew Huang**
Head of Fintech
KPMG China

# Regional insights — ASPAC

### Fintechs focusing on AI value propositions; solutions still nascent

AI continued to grow on the radar of both fintech investors and fintechs, following a trend seen broadly both across ASPAC and globally. During H1'24, the AI focus came predominantly from traditional financial institutions looking to leverage AI to drive operational improvements and efficiencies. Fintechs in the region have also enhanced the emphasis of any AI components of their solutions and offerings, although many of these solutions remain quite nascent, with more sophisticated applications yet to come.

### Business model sustainability becoming a critical focus for fintech investors

Prior to 2023, the fintech market in ASPAC was fairly frothy, even in smaller markets; in Australia, for example, a number of neobanks and other fintechs were able to raise money quite easily. Over the last year, however, with the cost of capital rising and investors growing more conservative with their investments, the sustainability of these companies has come intense scrutiny. This has driven an increasing interest in consolidation, some fintechs choosing to pivot away from their initial value propositions, and investors narrowing their funding to companies they believe can be profitable and sustainable long term.

### Trends to watch for in H2'24

- Regulators within the region intensifying their focus on data security and privacy.
- Fintechs in the region looking for new geographies in which to grow, including areas like the Middle East, Latin America, and parts of Southeast Asia.
- Increasingly mature generative AI and AI applications tailored to the financial services sector.
- A number of mature fintechs considering IPO exits as IPO markets begin to open up in H2'24 or H1'25.
- A continued shift from empire building to empire consolidating within the most mature fintech subsectors, including payments.

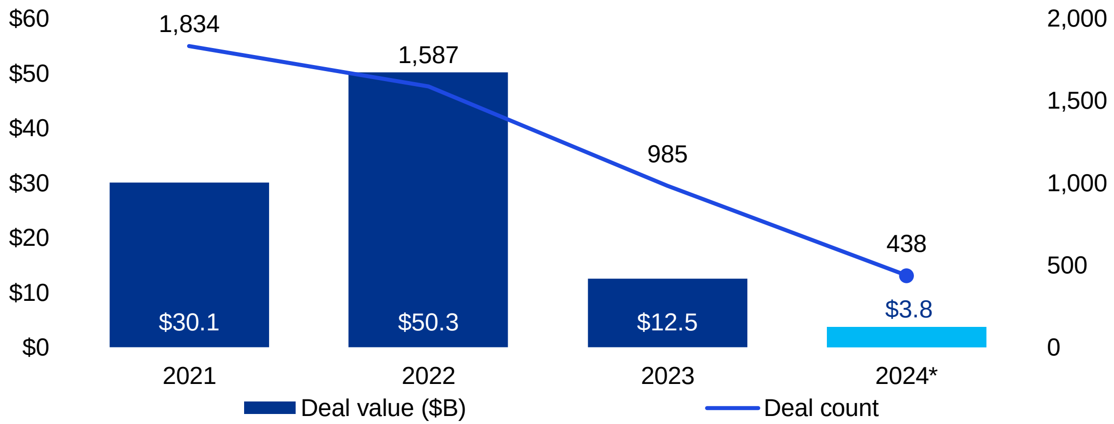
“A number of jurisdictions within the ASPAC region are four or five years behind markets like the US and UK in terms of fintech market maturity. We simply don't have as many larger, more mature fintech players — which has likely put a bit more stress on the ecosystem. Once the market does reopen, the companies that have survived will be well positioned to grow quickly, however, as they'll have proven the sustainability of their business models under quite challenging circumstances. At the back end, we'll have a much stronger market and fintechs as a result.”

**Daniel Teper**
Partner, M&A and Head of Fintech
KPMG Australia

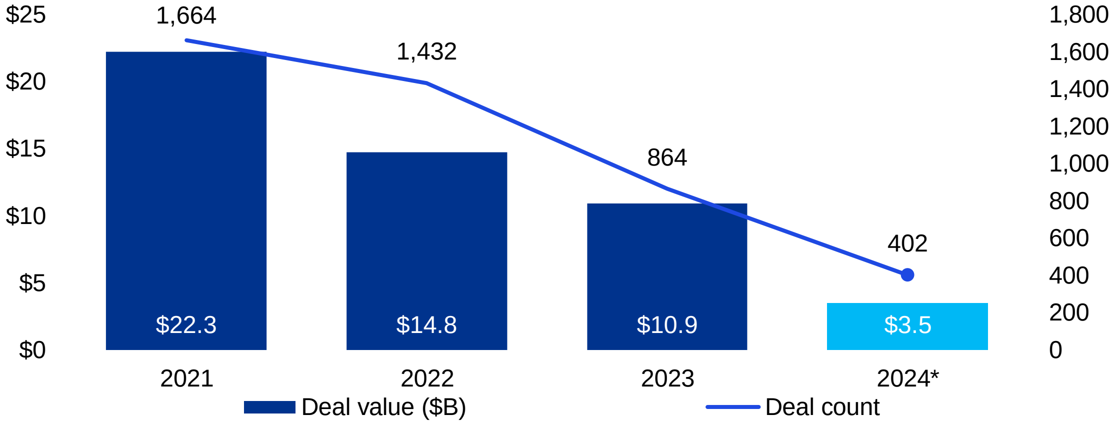
# Regional insights — ASPAC

## Dealmaking slides again after a slow 2023

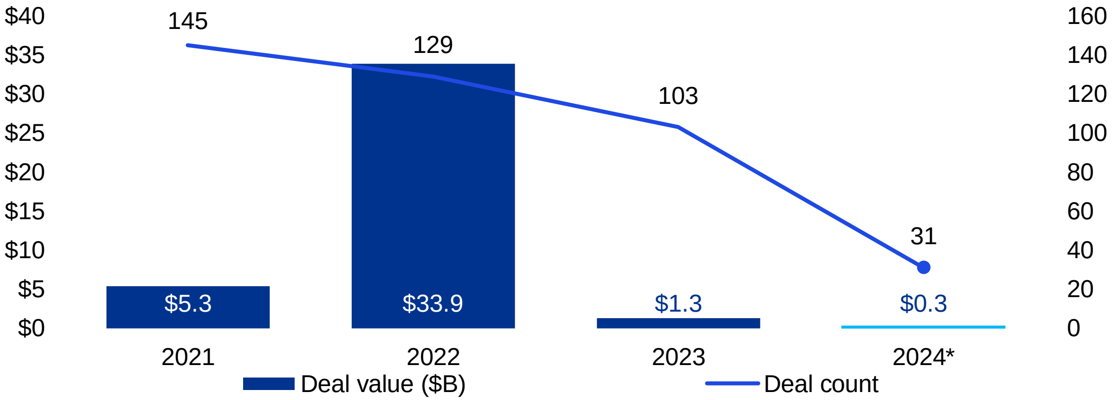
### Total funding activity (VC, PE and M&A) in fintech in ASPAC 2021-2024*



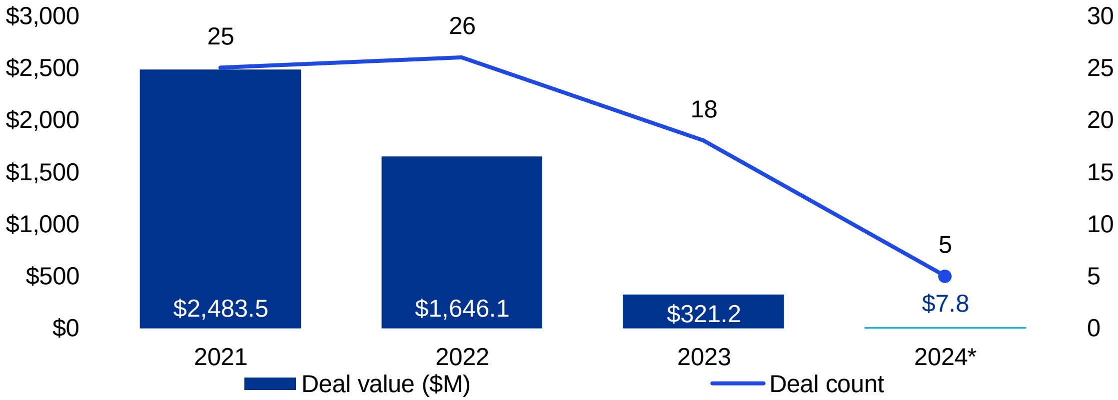

### Venture capital funding activity in fintech in ASPAC 2021-2024*




### M&A activity in fintech in ASPAC 2021-2024*




### PE growth activity in fintech in Asia Pacific 2021-2024*



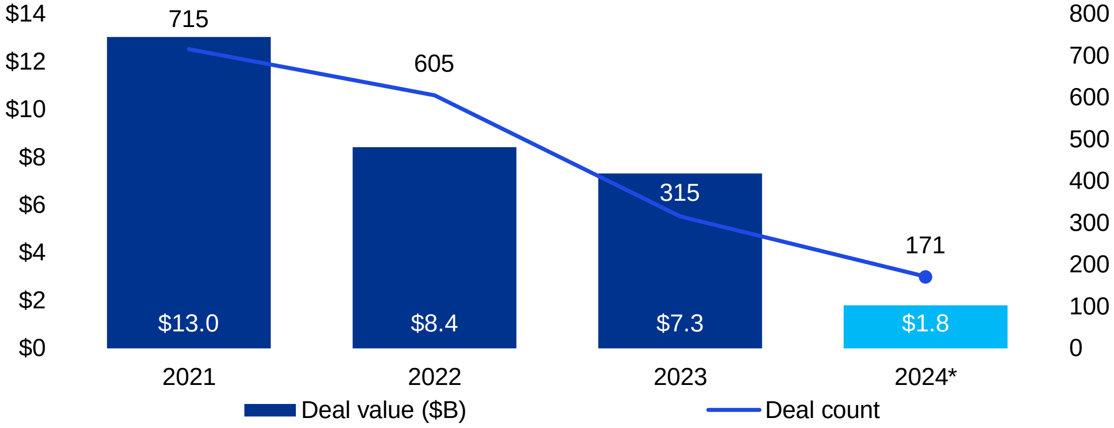

Source: Pulse of Fintech H1'24, Global Analysis of funding in Fintech, KPMG International (data provided by PitchBook), *as of 30 June 2024.

#fintechpulse

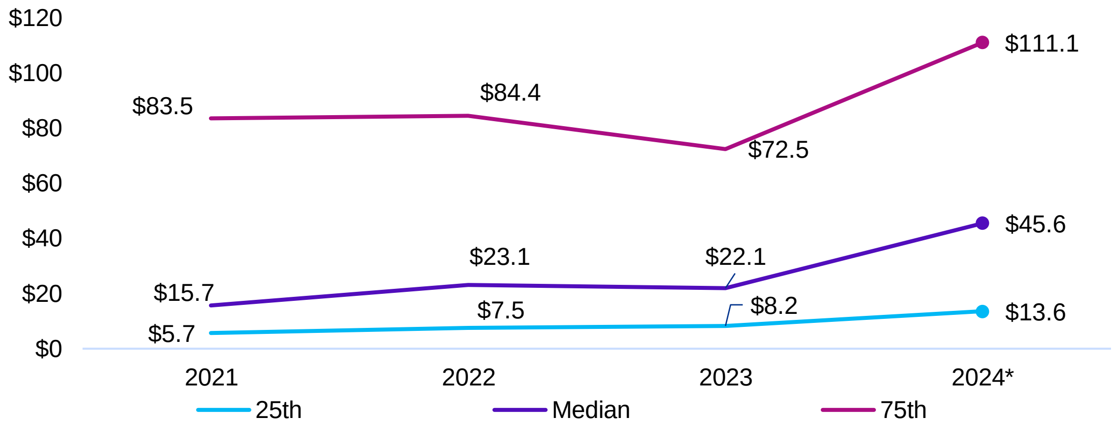
# Regional insights — ASPAC

## Sample sizes are small, yet some deals can still close at robust levels

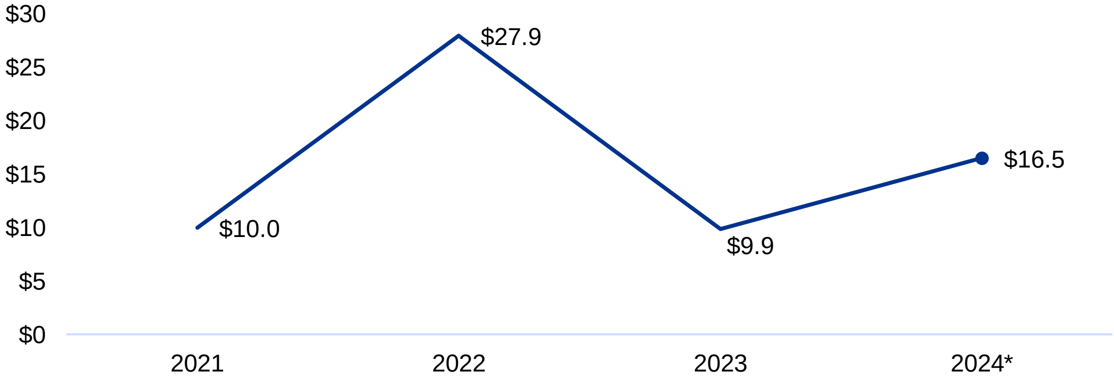
### VC activity in fintech with corporate participation in ASPAC 2021-2024*



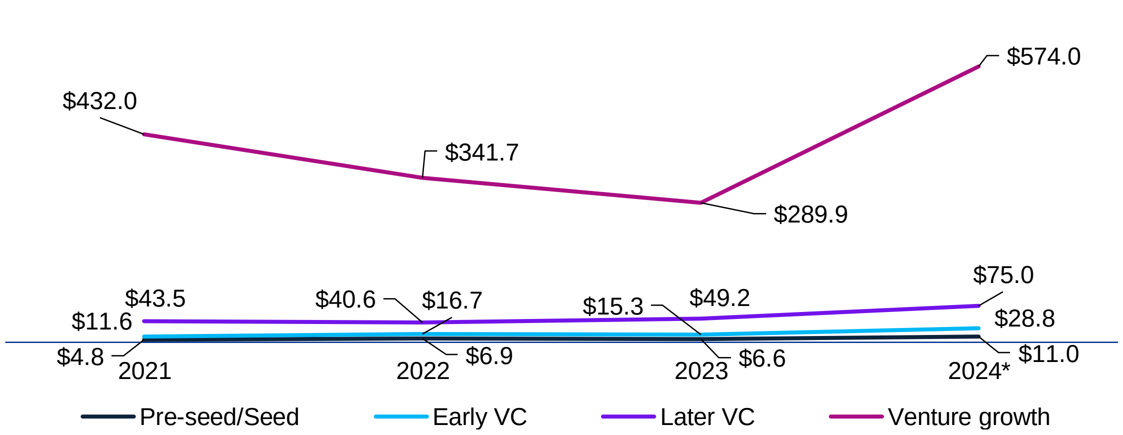

### Quartile post-money (VC, PE and M&A) valuations in ASPAC 2021-2024*




### Median M&A size ($M) in fintech in ASPAC 2021-2024*




### Median venture pre-money valuations ($M) by stage in fintech in ASPAC 2021-2024*

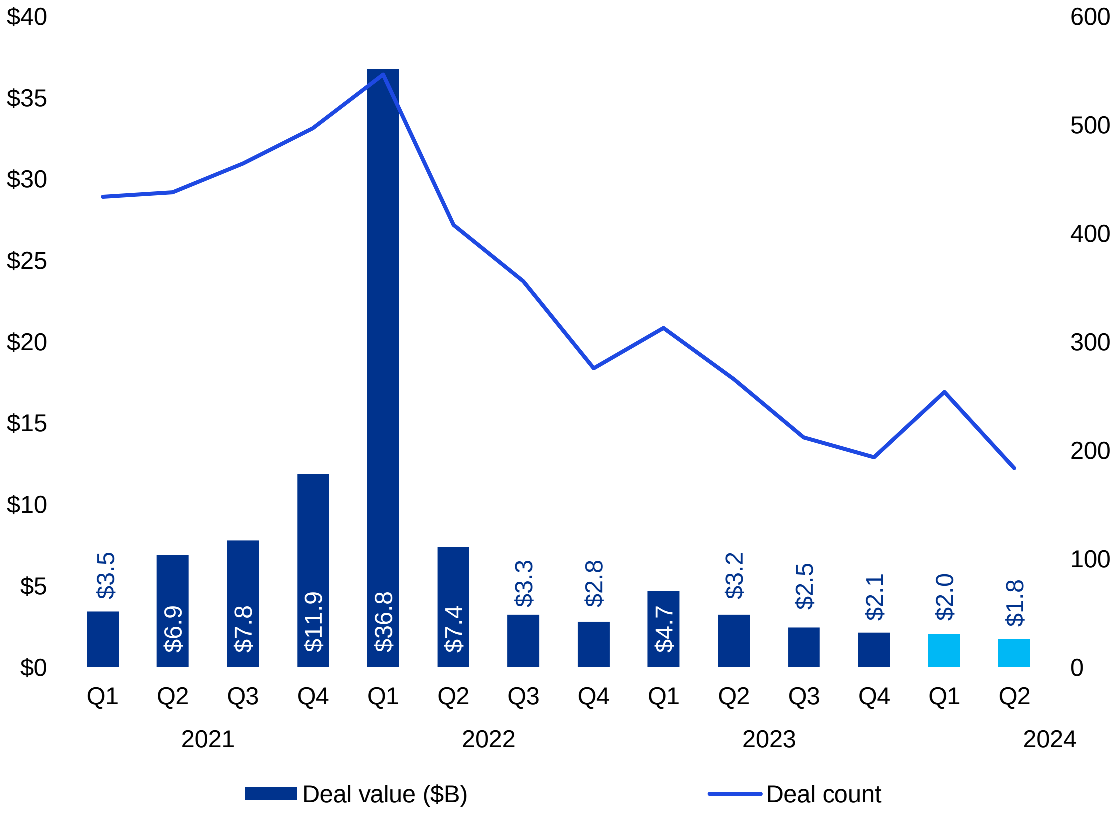



Source: Pulse of Fintech H1'24, Global Analysis of funding in Fintech, KPMG International (data provided by PitchBook), *as of 30 June 2024.
The median M&A size for 2024 YTD is based on a non-normative population size. The median pre-money valuations for venture growth for 2022 and 2023 are based on a non-normative population size; likewise are all 2024 YTD figures.

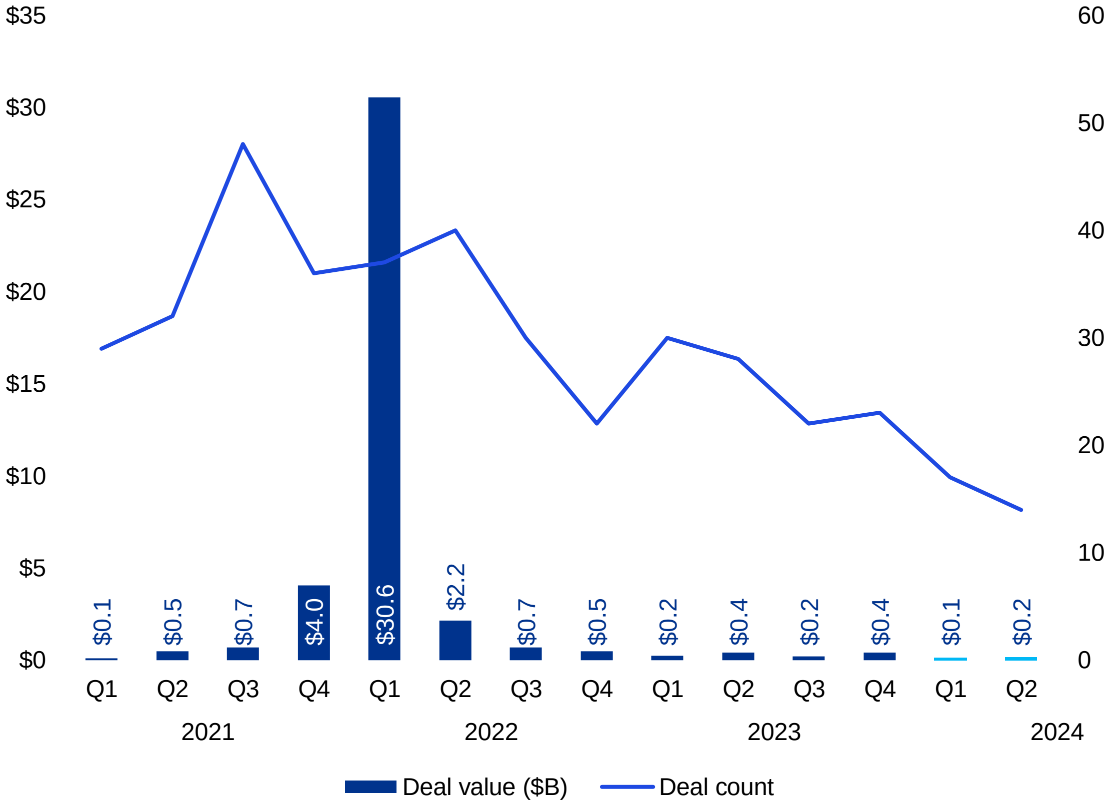
# Regional insights — ASPAC

## Even after a muted 2023, deals slide even further

**Total funding activity (VC, PE and M&A) in fintech in ASPAC** 2021-2024*




**M&A in fintech in ASPAC** 2021-2024*

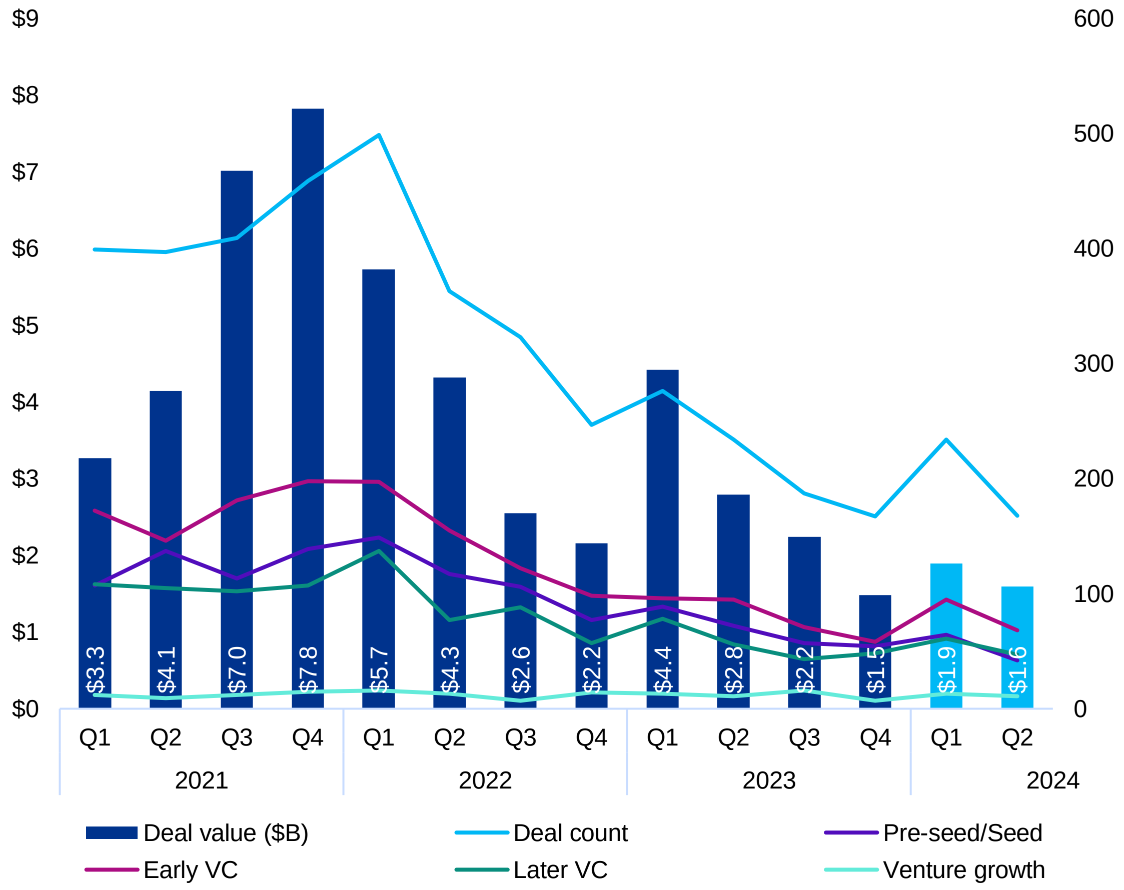



Source: Pulse of Fintech H1'24, Global Analysis of funding in Fintech, KPMG International (data provided by PitchBook), *as of 30 June 2024.

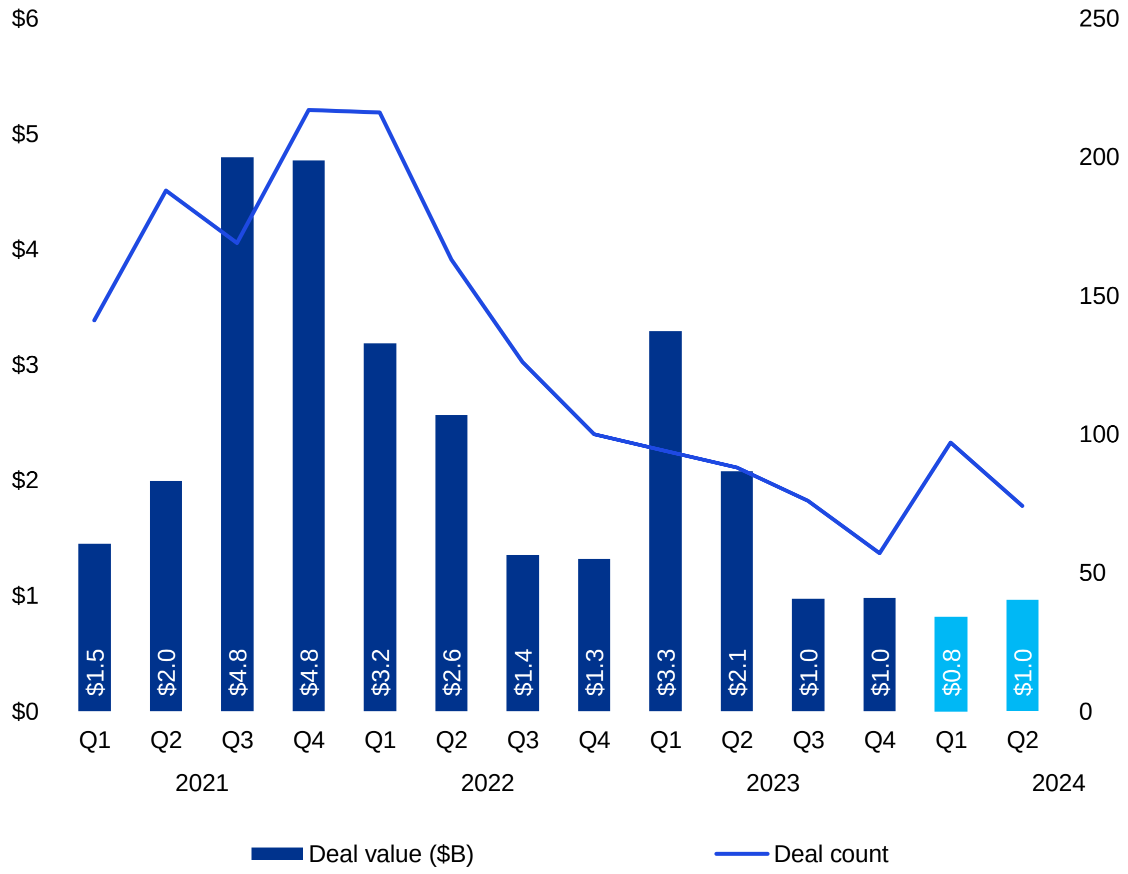
# Regional insights — ASPAC

## VC financing activity shows only consistency across the fintech ecosystem

### Venture capital funding activity in fintech in ASPAC 2021-2024*




### VC activity in fintech with corporate participation in ASPAC 2021-2024*




Source: Pulse of Fintech H1'24, Global Analysis of funding in Fintech, KPMG International (data provided by PitchBook), *as of 30 June 2024.

# ASPAC

## Top 10 fintech deals in ASPAC in H1 2024


Source: Pulse of Fintech H1'24, Global Analysis of funding in Fintech, KPMG International (data provided by PitchBook), *as of 30 June 2024.

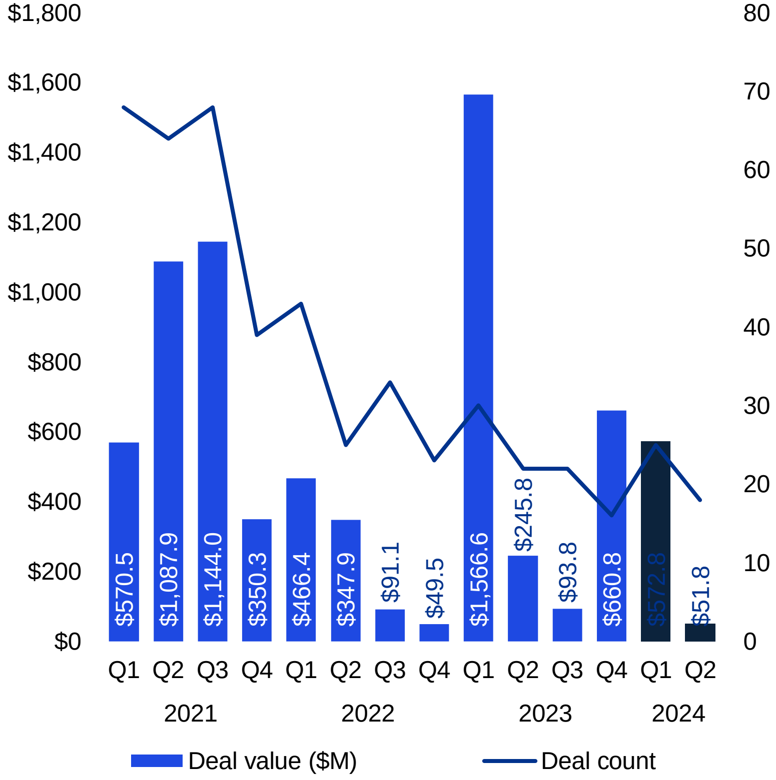
1. **Yi'an Enterprise** — $280.9M, Shanghai, China — B2B/information — *Series B*
2. **KreditBee** — $209.4M, Bengaluru, India — Lending — *Series D*
3. **Ascend (Holding Company)** — $195M, Bangkok, Thailand — Institutional/B2B — *Late-stage VC*
4. **MioTech** — $150M, Shanghai, China — AI — *Series C*
5. **Camms** — $150M, Melbourne, Australia — Institutional/B2B — *Add-on*
6. **Bridgit** — $139.6M, Sydney, Australia — Proptech — *Series A*
7. **Hashkey Group** — $100M, Hong Kong (SAR) — Blockchain/crypto — *Series A*
8. **LongBridge Security** — $100M, Hong Kong (SAR) — Institutional — *Late-stage VC*
9. **SwiffyLabs** — $100M, Bengaluru, India — Lending/payments — *Add-on*
10. **Guosheng Inclusive Finance** — $90.45M, Qingdao, China — Lending — *Early-stage VC*

# Country insights : China

## Despite the regulatory hiccups, fintech is poised to remain a durable investment choice with bright spots in crypto, consumer payment systems and lending platforms

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

2021–2024*




Source: Pulse of Fintech H1'24, Global Analysis of Investment in Fintech, KPMG International (data provided by PitchBook), *as of June 30, 2024.

- Fintech investments in China made a very modest recovery towards the end of 2023 and trickled over into 2024. Consumer finance and lending companies contributed over half of deal value in Q1.
- Notwithstanding regulatory uncertainties in the cryptocurrency space in the Chinese Mainland, the sector remains resilient with several crypto start-ups receiving funding and one acquisition completed. If anything, crypto remain a cornerstone investment choice as blockchain is positioned as a strategic technological innovation in the 14th Five-Year Plan (2021-2025). Meanwhile, Hong Kong is actively cultivating a regulatory framework to support cryptocurrency exchanges and other crypto-related activities. The city is aiming to position itself as a global hub for digital assets, with initiatives to attract crypto firms and enhance its financial ecosystem
- An area of opportunity is the internationalisation of the RMB. The People's Bank of China (PBOC), has launched its e-CNY wallet app, an unprecedented scheme allowing foreigners in China to use offshore funds to pay.

"While deal volumes remain relatively low, we feel there is a positive change in sentiment around fintech. In the Chinese Mainland, efforts are being made to better connect international payments providers into the Chinese payment ecosystems, with some companies receiving payment licence approvals. Meanwhile significant positive regulatory developments around crypto mean Hong Kong is re-emerging as Asia's crypto innovation hub."

**Barnaby Robson**
Head of Value Creation
KPMG China

# In H1 2024, fintech funding in the Americas reached $36.75B with 1,123 deals

# Regional insights — Americas

**Author:** Robert Ruark, Principal, Financial Services Strategy and Fintech Lead, KPMG in the US

## Fintech investment in the Americas weakens slightly despite increase in deal volume

Total fintech investment in the Americas fell slightly — from $38.5 billion in H2'23 to $36.7 in H1'24 — although the number of fintech deals rose from 1,066 to 1,123 over the same period. Given the high-interest-rate environment, geopolitical uncertainty, and lingering valuations challenges, fintech investors showed a subdued appetite for making the largest deals. Growth stage VC investment was particularly weak in H1'24, with just $1.6 billion, compared to over $10.5 billion during all of 2023.

### Key H1'24 highlights from the Americas include:

### US attracts majority of fintech investment in Americas

The US accounted for $27.4 billion of the $36.7 billion in fintech investment seen in the Americas during H1'24, including the $12.5 billion acquisition of Worldpay by GTCR, the $4 billion buyout of B2B customer engagement platform EngageSmart by Vista Equity Partners,[18] the $930 million acquisition of financial research firm Tegas by AlphaSense,[19] and the $685 million VC raise by capital markets platform company Clear Street.

### Canada sets new record for fintech investment in H1'24 as investment

Outside of the US, fintech investment in Canada was particularly notable in H1'24, reaching a record high of $7.8 billion for a six-month period. Two deals accounted for the bulk of this funding — the $6.3 billion acquisition of payments firm Nuvei by Advent International and the $1 billion buyout of revenue solutions firm Plusgrade by General Atlantic.[20] While fintech remains a big ticket for investors in Brazil, investment in H1'24 was quite weak, with just $616 billion in investment compared to $1.8 billion in H2'23.

### Valuations gap persists in VC and PE space

Within the Americas, the high-interest-rate environment combined with a continued gap in valuations and the search for quality assets kept VC and PE investment in fintech somewhat soft during H1'24. On the M&A front, the focus of deals has shifted somewhat in H1'24; whereas in 2023 a number of larger organizations looked to divest underperforming parts of their business in order to concentrate on their core, the first half of 2024 saw companies looking at opportunities to make smaller acquisitions aimed at enhancing their capabilities in specific areas.

18. Business Wire. "Vista Equity Partners completes acquisition of EngageSmart. (26 January 2024).
19. PR Newswire. "AlphaSense Completes Acquisition Of Tegus." (8 July 2024).
20. Business Wire. "General Atlantic announces investment in PlusGrade, joining existing investor CDPQ." (4 March 2024).

# Regional insights — Americas

## Growing interest in taking fintechs private

During 2021 and 2022, there was a significant amount of IPO activity in the fintech space, including a number of fintechs going public via SPAC mergers. Since that time, a number of these companies have struggled given the challenging market environment. This has led to growing interest in taking companies that went public early private again. During H1'24, the largest of these take-private deals was Nuvei – which was taken private by Advent International for $6.3 billion.

### Trends to watch for in H1'24

- Additional consolidation in the payments space, particularly niche fintechs being acquired by more mature fintechs looking to grow and scale.
- Regulators increasing their attention on issues like data protection and privacy, particularly in the US.
- Wealthtech investments focusing more on B2B support fintechs rather than on D2C businesses.
- Growing focus on AI enablement, not only in the regtech space, but in the insurtech sector as a means for assessing risks.

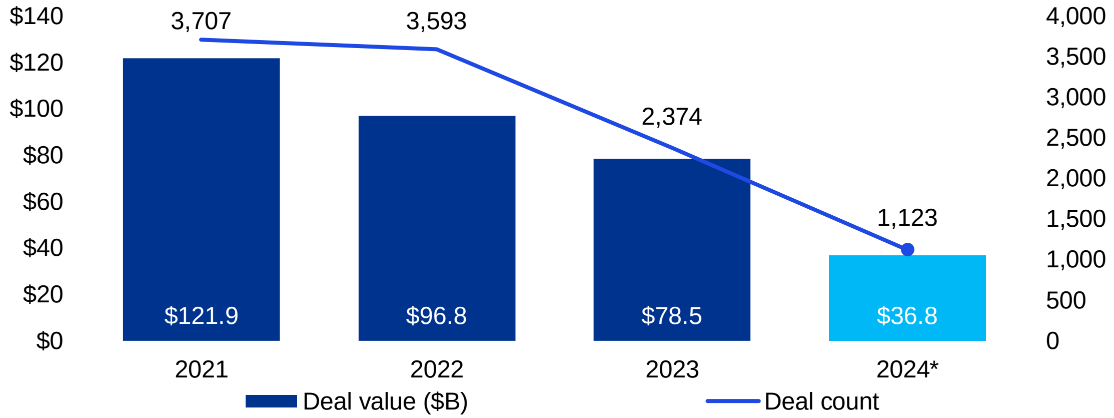
"We're still seeing decent M&A activity in the fintech space, but it's lower than prior years. Compared to 2023, when larger companies were looking to divest some of their non-core assets, now we're seeing them looking to make smaller, more targeted acquisitions in order to enhance their capabilities, such as their product set or market reach. The focus has definitely shifted from 'we need to get back to doing what we do really well' to 'maybe there's room in some small areas to continue to grow and expand non-organically through M&A."

**Robert Ruark**
Principal, Financial Services Strategy and Fintech Lead
KPMG in the US

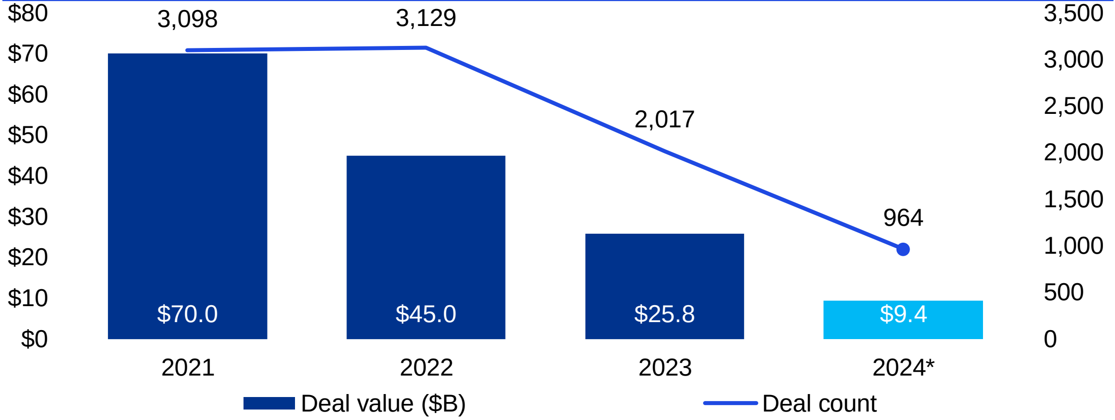
# Regional insights — Americas

## Overall, dealmaking could be evening out to levels similar to 2023

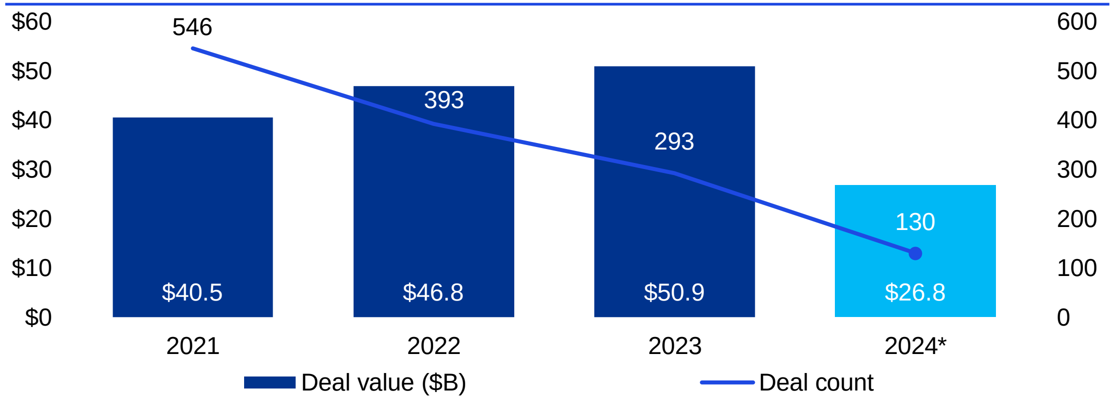
### Total funding activity (VC, PE and M&A) in fintech in the Americas 2021-2024*



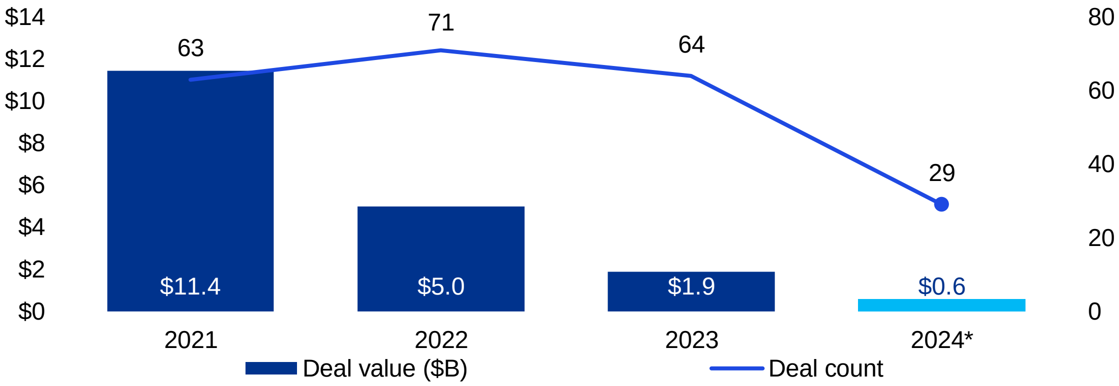

### Venture capital funding activity in fintech in the Americas 2021-2024*




### M&A activity in fintech in the Americas 2021-2024*




### PE growth activity in fintech in the Americas 2021-2024*

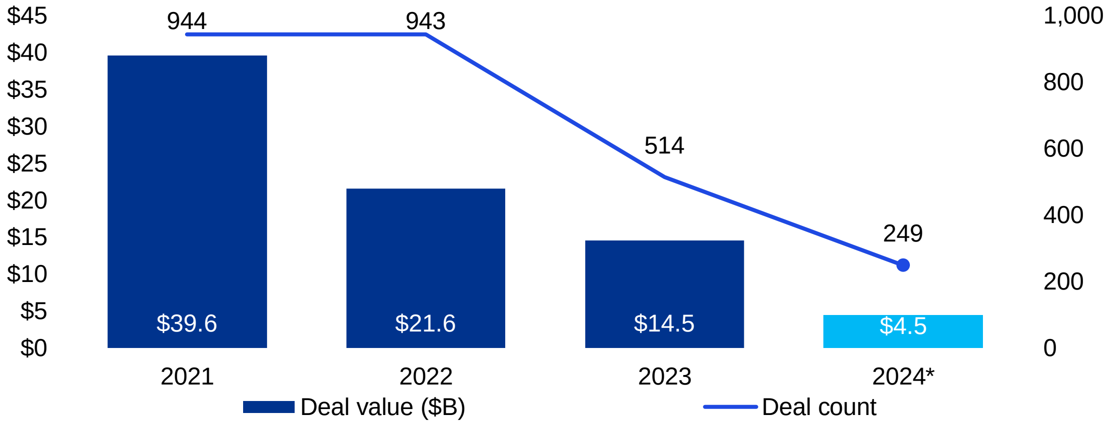



Source: Pulse of Fintech H1'24, Global Analysis of funding in Fintech, KPMG International (data provided by PitchBook), *as of 30 June 2024.

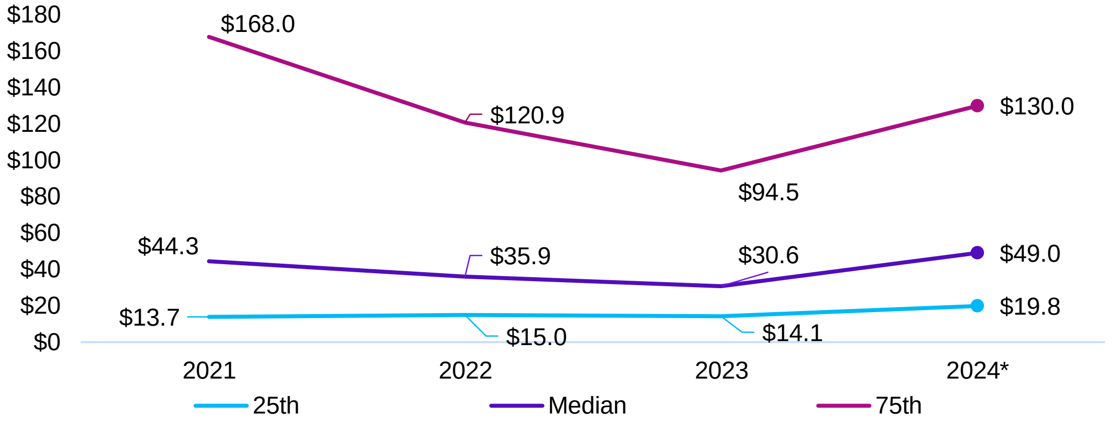
# Regional insights — Americas

## Amid quieter dealmaking front, financing metrics suggest dealmakers are still bidding up when needed

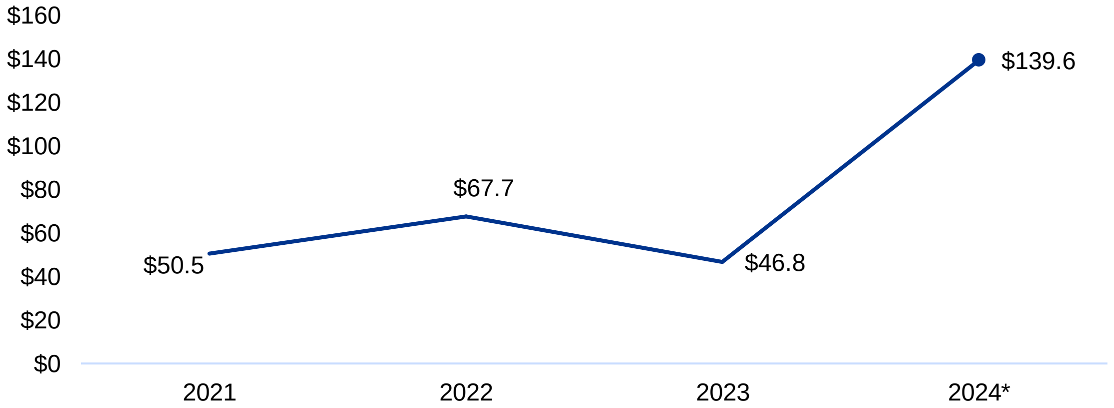
### VC activity in fintech with corporate participation in the Americas 2021-2024*



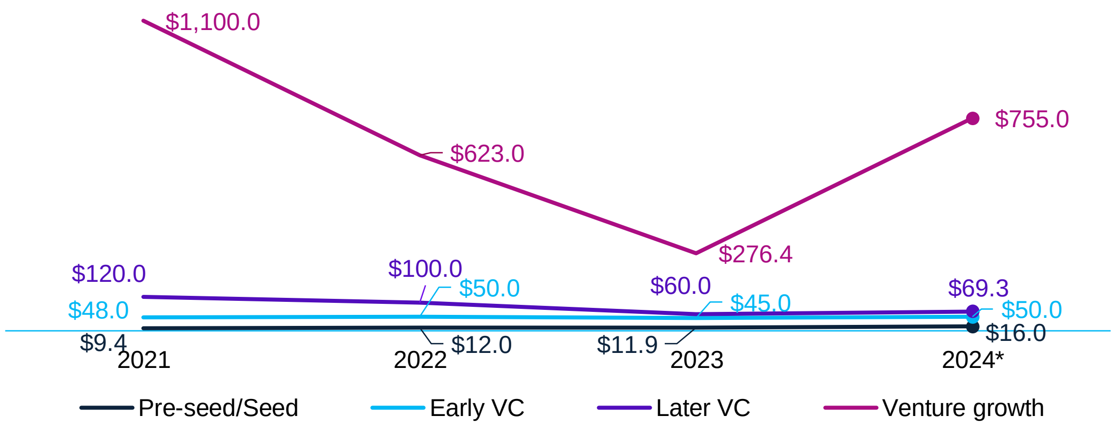

### Quartile post-money (VC, PE and M&A) valuations in the Americas 2021-2024*




### Median M&A size ($M) in fintech in the Americas 2021-2024*




### Median pre-money valuations ($M) by stage in fintech in the Americas 2021-2024*

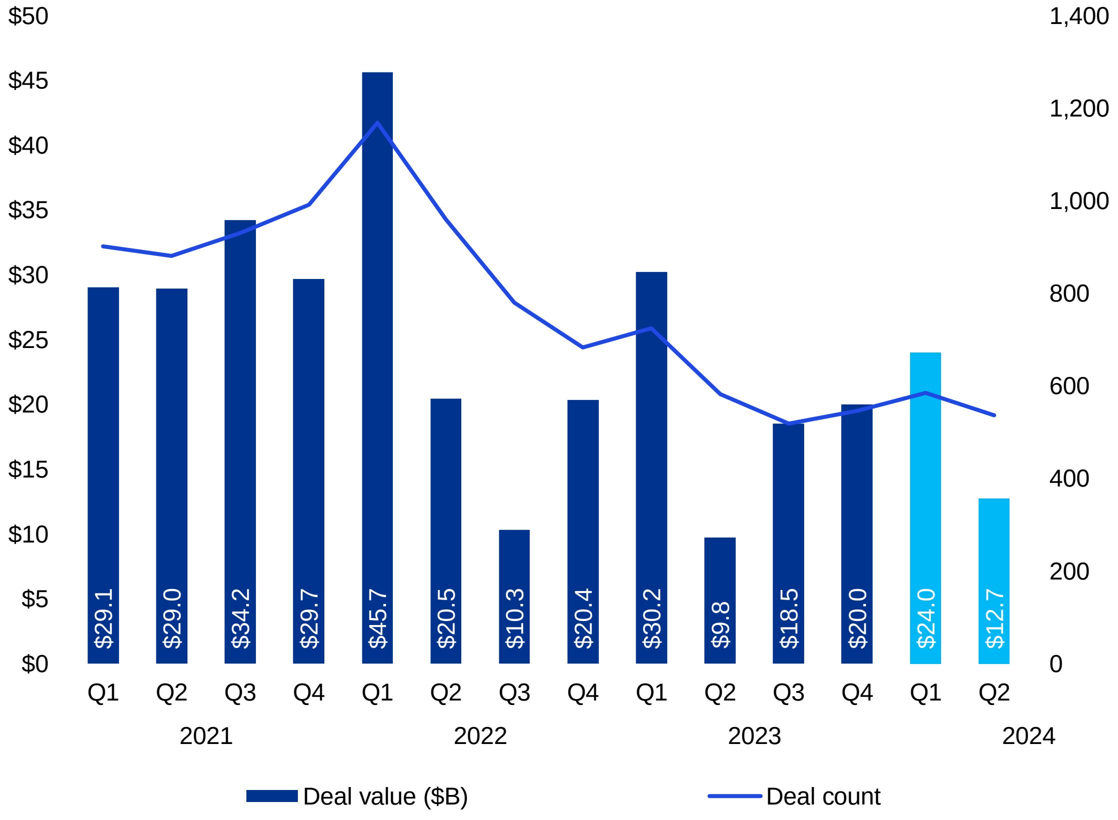



Source: Pulse of Fintech H1'24, Global Analysis of funding in Fintech, KPMG International (data provided by PitchBook), *as of 30 June 2024.
The 2024 YTD figure for median M&A sizes is based on a non-normative population size. The 2024 YTD figure for the median pre-money valuation at the growth stage is based on a non-normative population size.

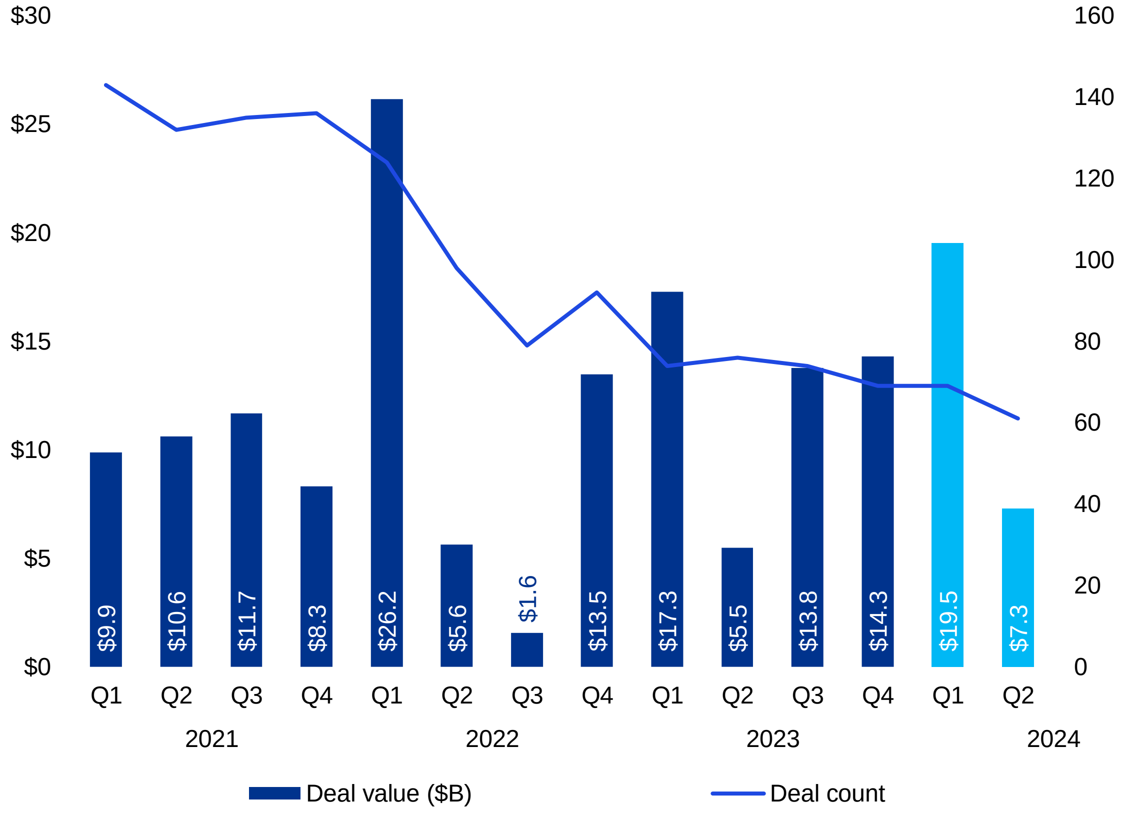
# Regional insights — Americas

## Dealmaking shows signs of flattening out at a level aligned with historical averages

### Total funding activity (VC, PE, M&A) in fintech in the Americas 2021-2024*




### M&A activity in fintech in the Americas 2021-2024*

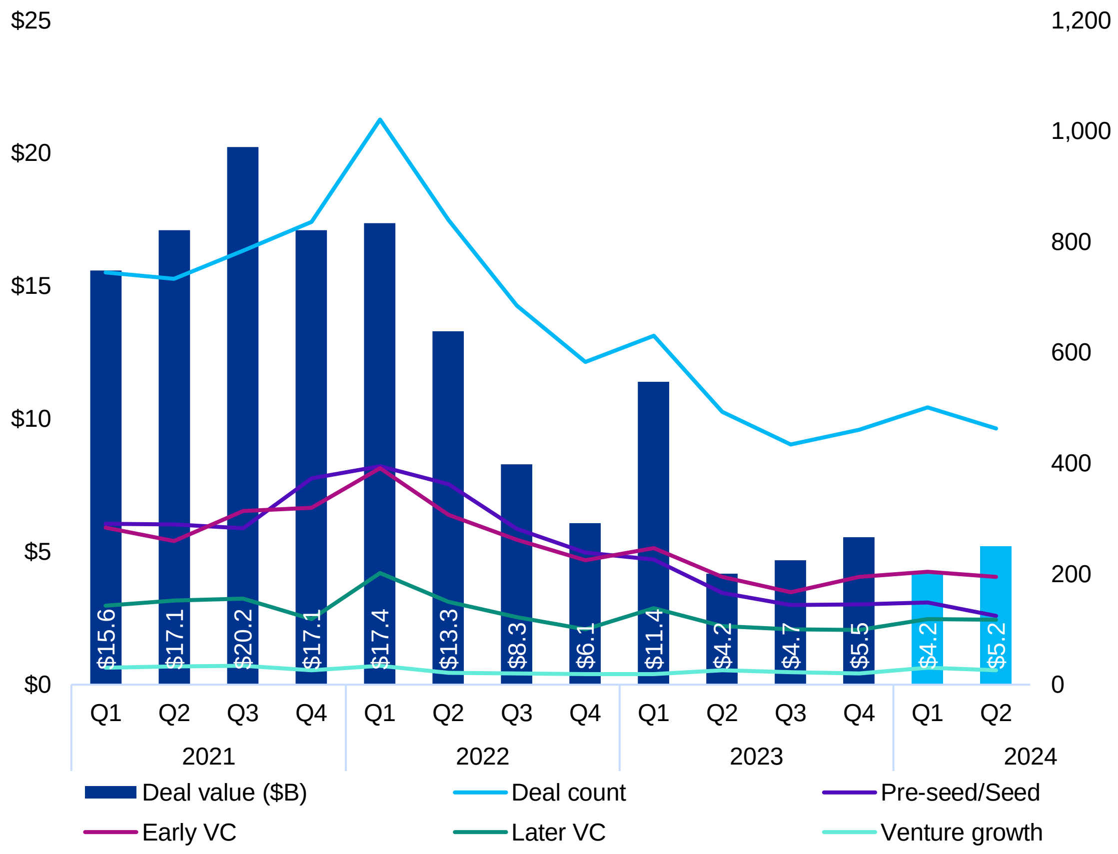



Source: Pulse of Fintech H1'24, Global Analysis of funding in Fintech, KPMG International (data provided by PitchBook), *as of 30 June 2024.

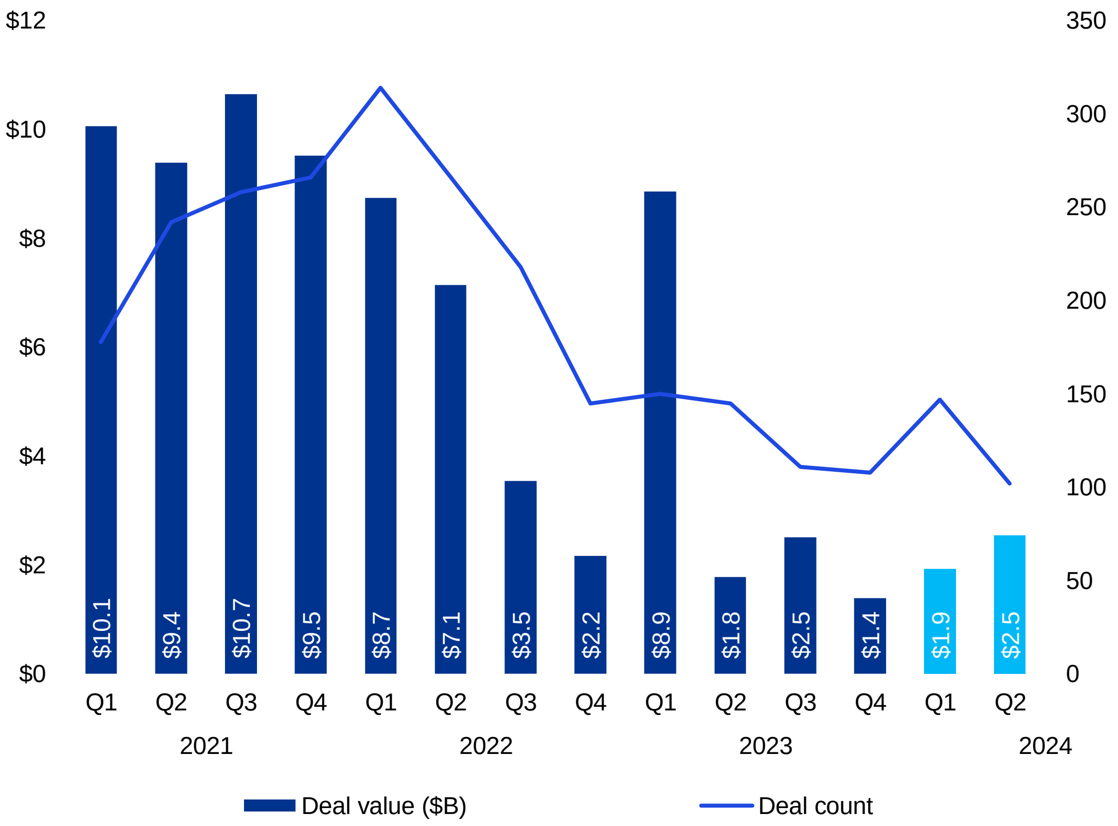
# Regional insights — Americas

## VC dealmaking seems to be keeping a steady plateau going

**Venture capital funding activity in fintech in the Americas** 2021-2024*



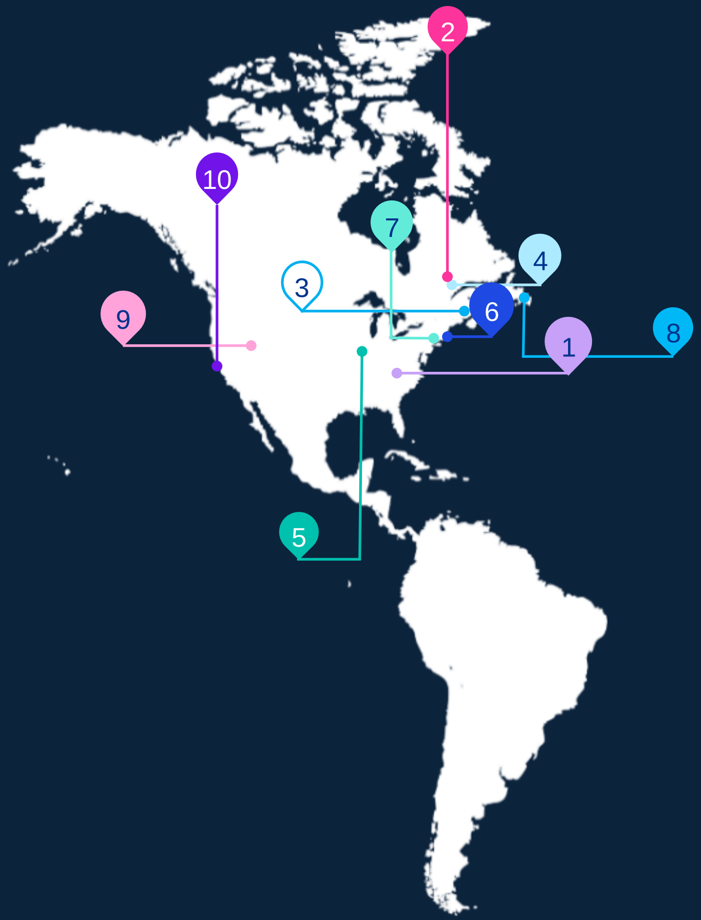

**VC activity in fintech with corporate participation in the Americas** 2021-2024*




Source: Pulse of Fintech H1'24, Global Analysis of funding in Fintech, KPMG International (data provided by PitchBook), *as of 30 June 2024.

# Americas

## Top 10 fintech deals in the Americas in H1 2024




1. **Worldpay** — $12.5B, Cincinnati, US — Payments — *Buyout*
2. **Nuvei** — $6.3B, Montreal, Canada — Payments — *Public-to-private buyout*
3. **EngageSmart** — $4B, Braintree, US — Payments — *Public-to-private buyout*
4. **Plusgrade** — $1B, Montreal, Canada — Institutional/B2B — *Buyout*
5. **Tegus** — $930M, Chicago, US — Information — *M&A*
6. **Clear Street** — $685M, New York, US — Institutional/B2B — *Series B*
7. **Cadre** — $500M, New York, US — Proptech — *M&A*
8. **Corvus** — $427M, Boston, US — Insurtech — *M&A*
9. **Spiff** — $419M, Sandy, US — Institutional/B2B — *M&A*
10. **PayJoy** — $360M, San Francisco, US — Payments — *Series C*

Source: Pulse of Fintech H1'24, Global Analysis of funding in Fintech, KPMG International (data provided by PitchBook), *as of 30 June 2024.

# In H1 2024, funding in fintech companies in Europe, Middle East and Africa (EMEA) recorded $11.4B with 689 deals

# Regional insights — EMEA

**Authors:** Hannah Dobson, Co-lead Fintech, KPMG in the UK, François Assada, Head of Fintech, KPMG in France and Dave Remue, Fintech Lead, KPMG in Belgium

## Fintech investment in EMEA drops to $11.4 billion in H1’24

The EMEA region saw total fintech investment drop considerably in the first half of 2024, falling from $19.1 billion in H2’23 to just $11.4 billion in H1’24 amid continued geopolitical uncertainty and a high-interest-rate environment that kept interest in large deals quite muted. The UK saw the largest share of fintech funding in the region during H1’24, attracting $7.3 billion in investment, including the $4 billion buyout of financial software company IRIS Software Group by Leonard Green, a $999 million VC round by small-business-focused marketplace platform Abound, and a $621 million raise by neobank Monzo. The largest deals outside of the UK included the buyout of payments firm Banco BPM Gruppo for $652 million and the acquisition of Switzerland based e-invoicing company Pagero by Thomson Reuters.[21]

## Key H1’24 highlights from the EMEA region include:

### VC funding shows some resilience

Compared to other regions, fintech-focused VC investment in the EMEA region showed resilience in H1’24, with $5.4 billion in investment. This resilience was likely helped by small increases in VC investment in the UK, Germany, Nordics region, and Ireland. The region saw increasing interest in early-stage deals as investors showed more optimism than they have in recent months. This optimism extended to the possibility of the IPO market reopening in H2’24, although any sustained opening would likely occur after the US presidential election.

### Regulations remain key focus in EMEA, particularly in the EU

The EMEA region continued to see the regulatory environment evolve in H1’24, particularly in the EU. The EU Parliament approved landmark legislation with the AI Act in March 2024; the new regulation will apply later in 2026, with some exceptions for specific provisions.[22] Crypto was a particular focus, given the EU’s *Markets in Crypto Assets* (MiCA) regulation is set to come into effect in June 2024.[23] MiCA will require that crypto companies — such as exchanges, wallet providers, and coin issuers — obtain a license to operate in order to conduct operations in the EU. The regulatory environment could drive renewed interest into the blockchain and crypto space as a result of growing regulatory confidence.

21. Thomson Reuters Corporation. “Thomson Reuters Successful acquisition of Pagero paves the way for significant growth opportunities.” (26 February 2024).
22. European Parliament. “Artificial Intelligence Act: MEPs adopt landmark law.” (13 March 2024).
23. Eurofi. “Crypto regulation: MiCA implementation and global convergence.” (n.d.).

> “With the new Labour government in situ with it’s focus on economic growth, and the expectation of an interest rate drop in the final quarter of 2024, there are hopes that UK fintech funding and the deals market will start to show signs of recovery. The UK fintech market continues to be dominated by the payments sector and the growing adoption and use of the services of challenger banks. Previously struggling to gain the trust of customers, these challenger banks now lead the way in banking innovation and agility, and we expect their growth to continue.”

**Hannah Dobson**
Partner and Fintech Lead
KPMG in the UK

# Regional insights — EMEA

## B2B-focused fintechs attracting attention in EMEA

During H1'24, B2B-focused fintech companies were of particular interest to fintech investors across EMEA, likely in part driven by their ability to produce recurring revenues. Deals in the space ranged quite broadly, with a number attracting international investors. During H1'24, for example, France-based accounting software firm Pennylane raised $43 million in VC funding from investors, including Sequoia Capital and DST Global;[24] the raise earned the company unicorn status.

## UK-based fintechs taking different approaches to international growth

A number of mature fintechs in the UK have targeted international expansion as a means to drive growth; however, these activities have been relatively hit or miss given the unique differences in banking practices in various target countries. This has led some mature fintechs, including Starling Bank and Oak North, to pursue other avenues for international expansion, including selling their technology internationally as banking SaaS platform plays.

### Trends to watch for in H2'24

- Wealthtech gaining more attention, particularly from big banks and investors looking to fill gaps.
- Large financial institutions and fintechs looking to leverage AI to drive operational efficiencies and cost reductions.
- Growing focus on AI-driven regtech and cybersecurity solutions, including in areas like KYC and AML and fraud prevention.
- An increasing focus on open banking and open finance in the UK following the general election.
- Potential increase in IPO activity, although any major rebound will likely hold off until 2025.
- Growing interest in blockchain and crypto as startups mature and evolving regulatory environment provides more confidence to investors.

"When it comes to AI, on one side of the spectrum, the larger banks and financial institutions are well positioned to be winners given their access to data and a much more structured organization. On the other side of the spectrum, start-up/scale-up fintechs have progressively embedded AI in their delivery model to demonstrate their ability to improve their economics. In the middle, smaller banks and financial institutions could very quickly find themselves lagging behind and this could be an additional factor to consider for further consolidation in the sector, especially in the context of regulatory harmonization across Europe and more national barriers being erased."

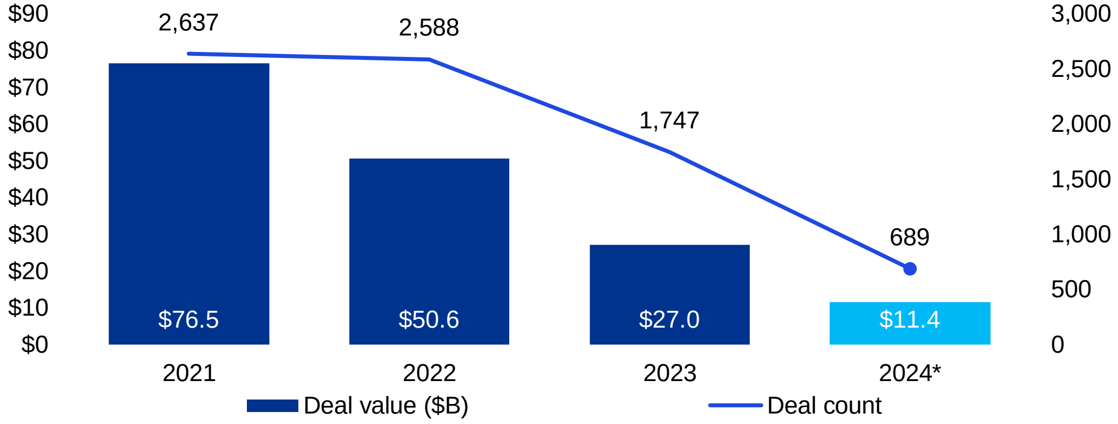
**François Assada**
Partner, Head of Fintech
KPMG in France

24. Tech.eu. "Parisian fintech Pennylane raises €40M at €1B valuation." (8 February 2024).

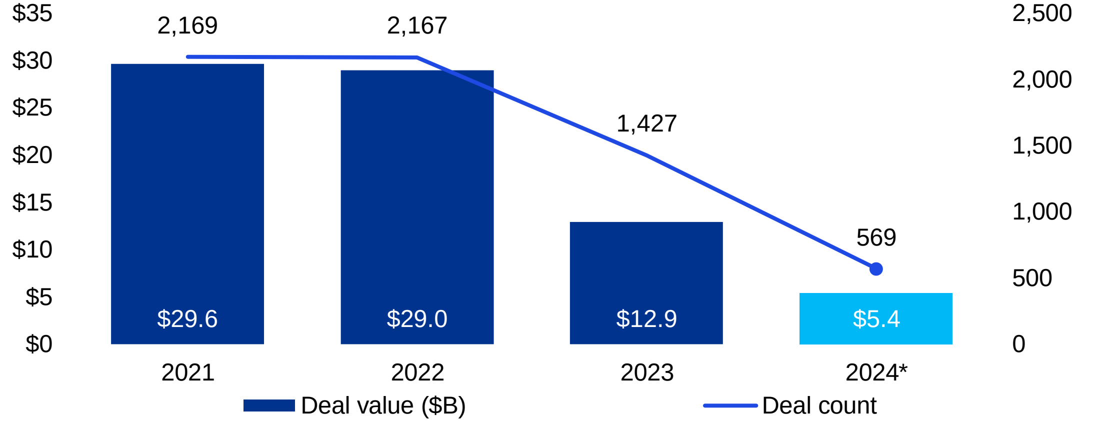
# Regional insights — EMEA

## Dealmakers continue to close deals, but at a still-cautious pace

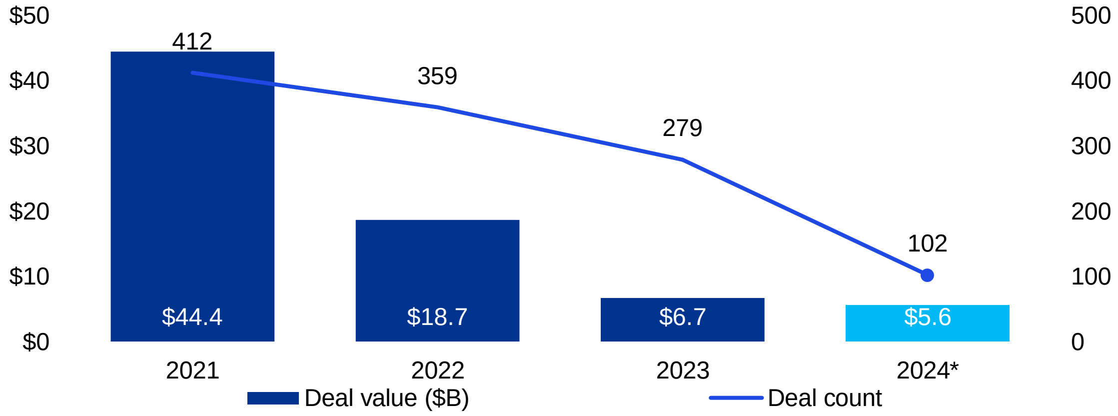
### Total funding activity (VC, PE and M&A) in fintech in EMEA 2021-2024*



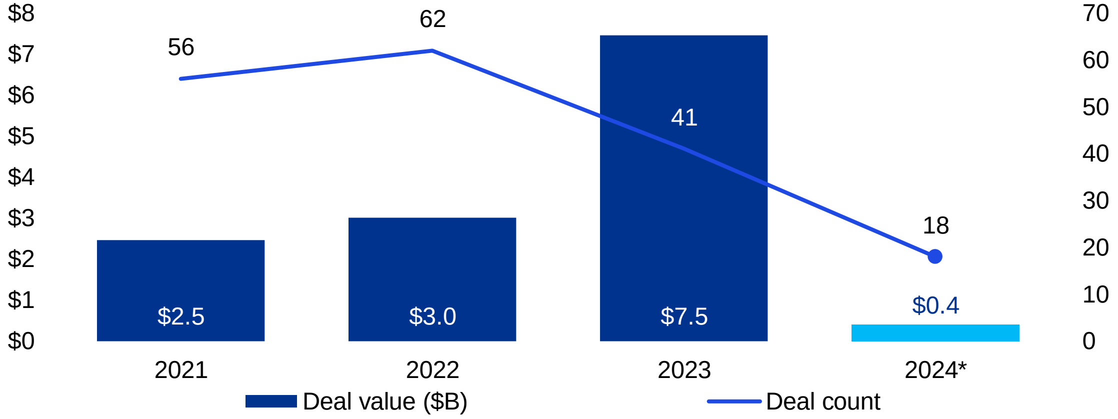

### Venture capital funding activity in fintech in EMEA 2021-2024*




### M&A activity in fintech in EMEA 2021-2024*




### PE growth activity in fintech in EMEA 2021-2024*

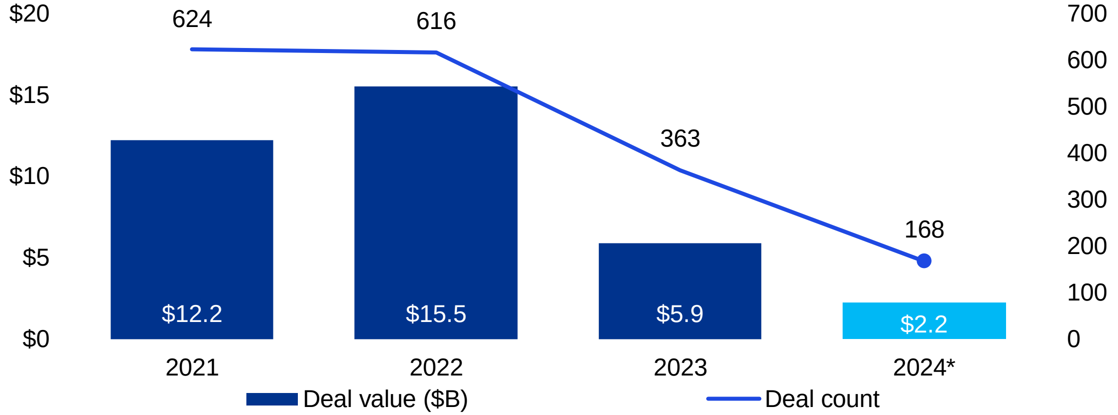



Source: Pulse of Fintech H1'24, Global Analysis of funding in Fintech, KPMG International (data provided by PitchBook), *as of 30 June 2024.

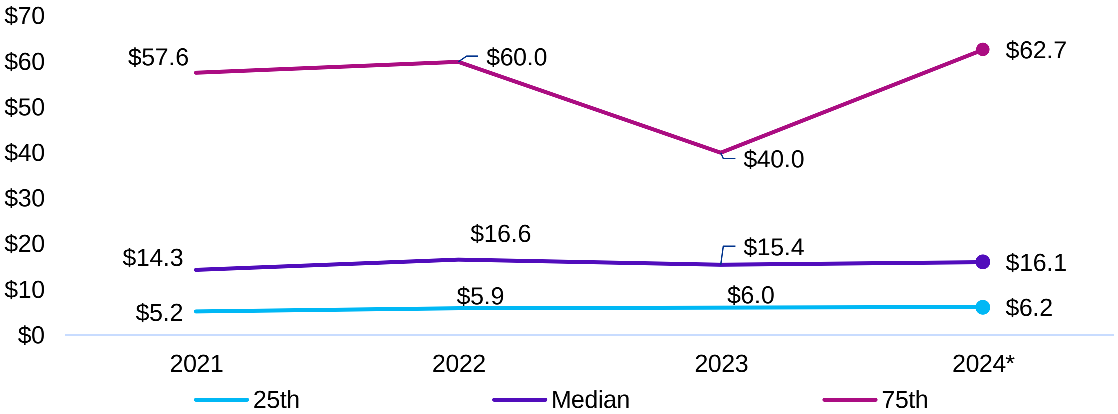
# Regional insights — EMEA

## Valuations hold steady or inch back up, suggesting some adaptation

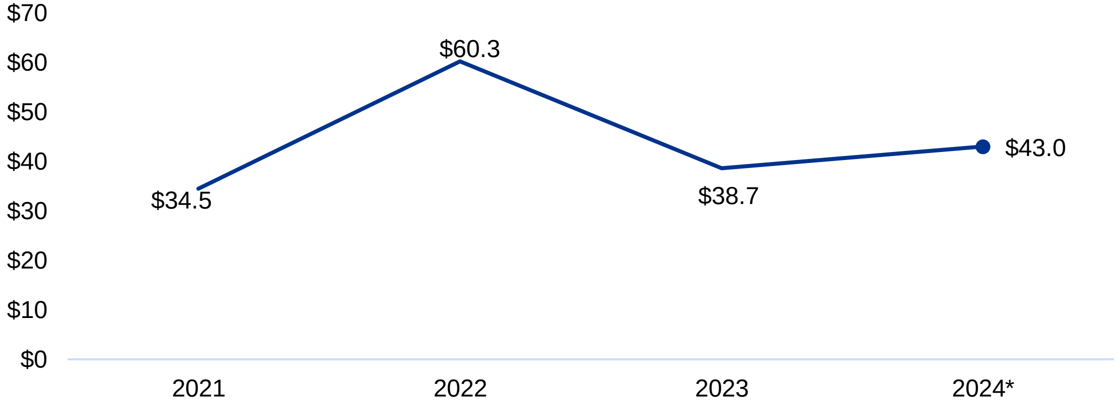
### VC activity in fintech with corporate participation in EMEA 2021-2024*



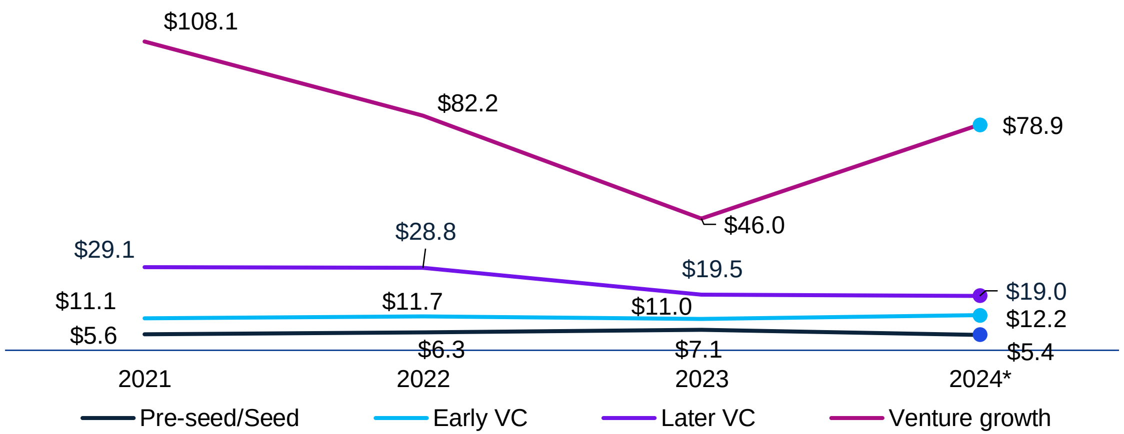

### Quartile post-money (VC, PE and M&A) valuations in EMEA 2021-2024*




### Median M&A size ($M) in fintech in EMEA 2021-2024*




### Median pre-money valuations ($M) by stage in fintech in EMEA 2021-2024*

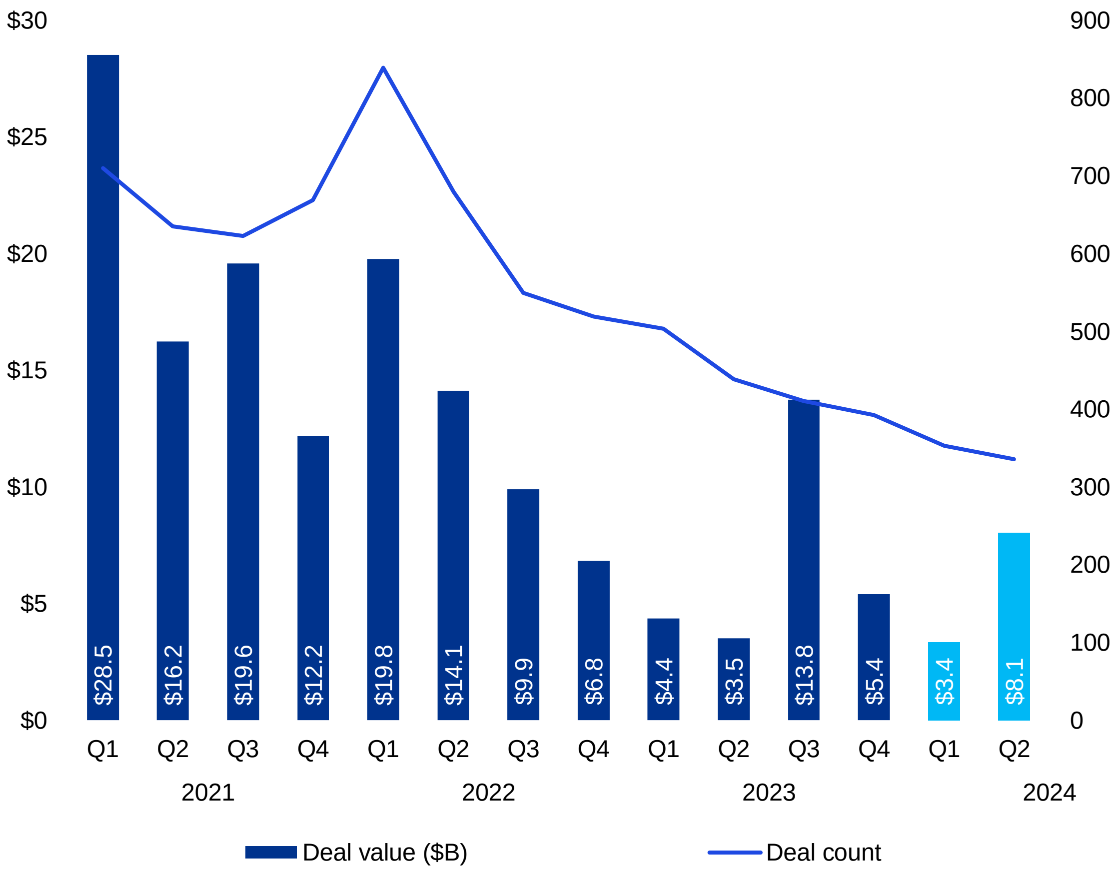



Source: Pulse of Fintech H1'24, Global Analysis of funding in Fintech, KPMG International (data provided by PitchBook), *as of 30 June 2024.
The median M&A size for 2024 YTD is based on a non-normative population size. The 2023 venture growth figure for median pre-money valuations is based on a non-normative population size; all 2024 YTD medians are likewise.

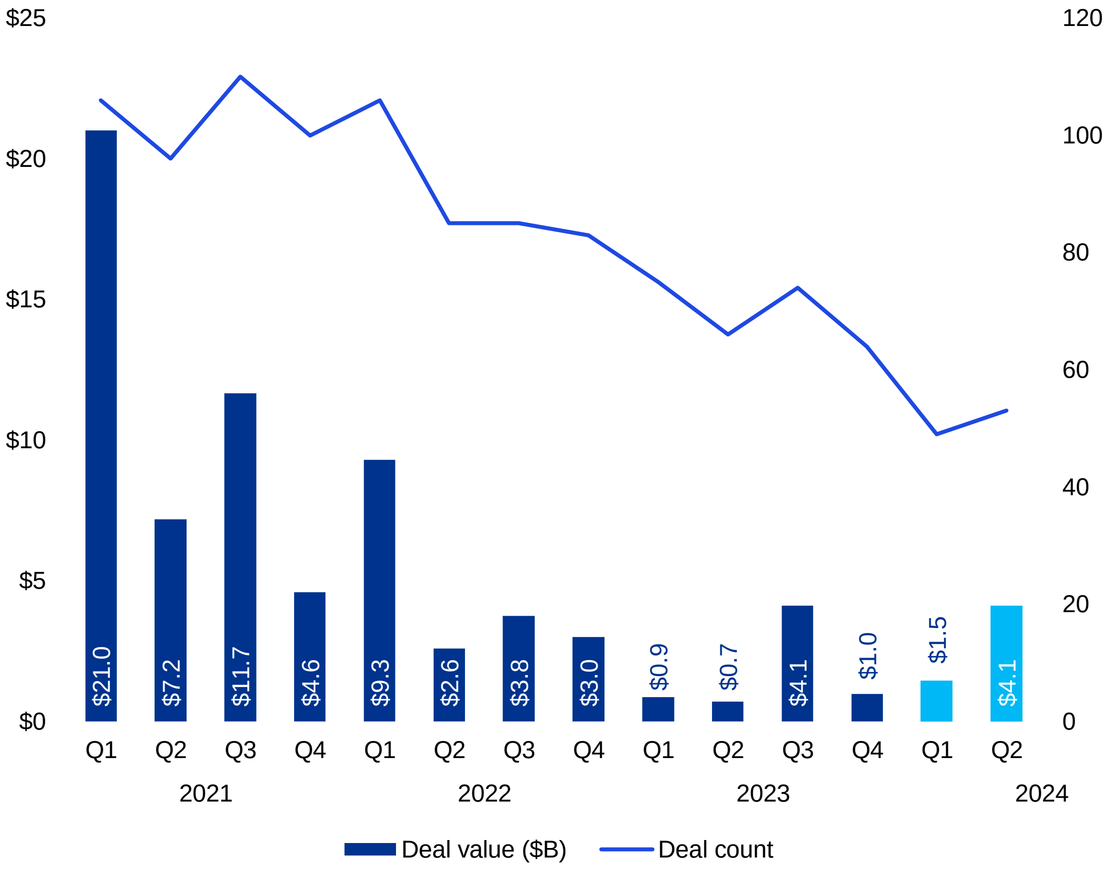
# Regional insights — EMEA

## Dealmaking continues to lose momentum, yet outlier deals can occur

### Total funding activity (VC, PE and M&A) in fintech in EMEA 2021-2024*




### M&A activity in fintech in EMEA 2021-2024*

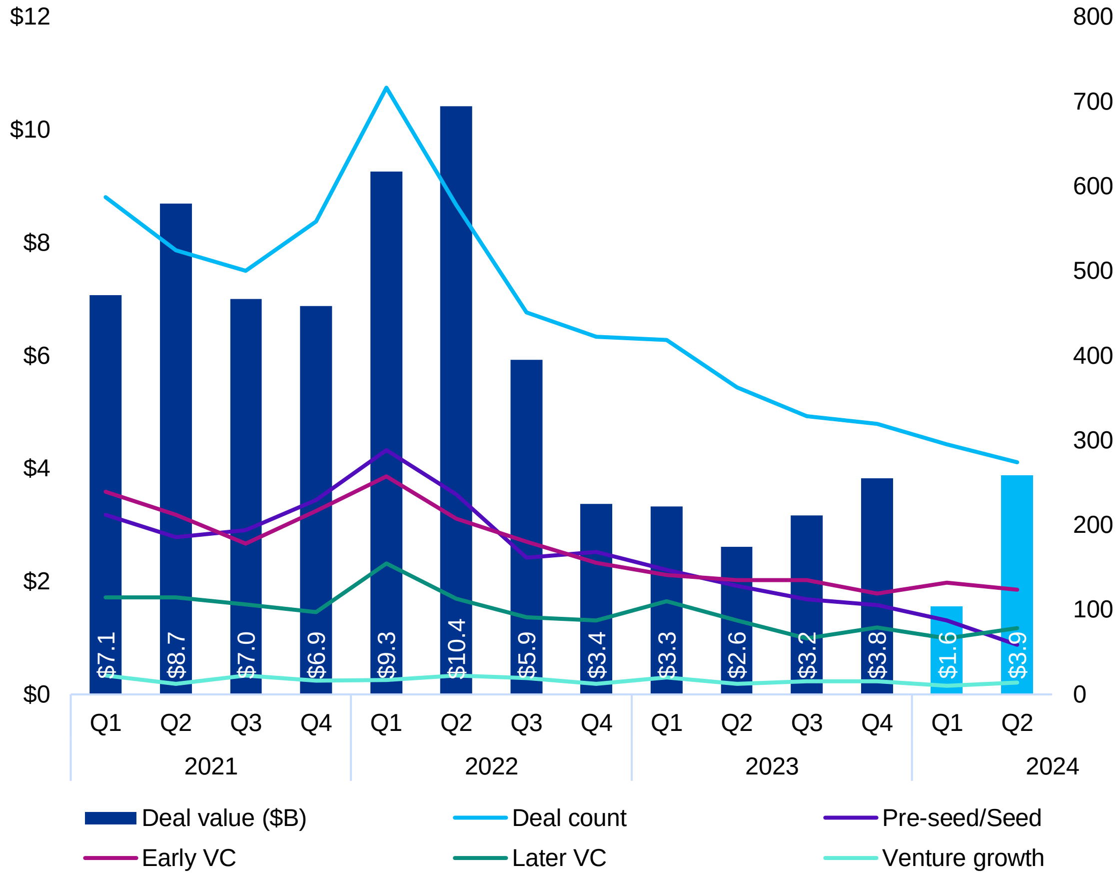



Source: Pulse of Fintech H1'24, Global Analysis of funding in Fintech, KPMG International (data provided by PitchBook), *as of 30 June 2024.

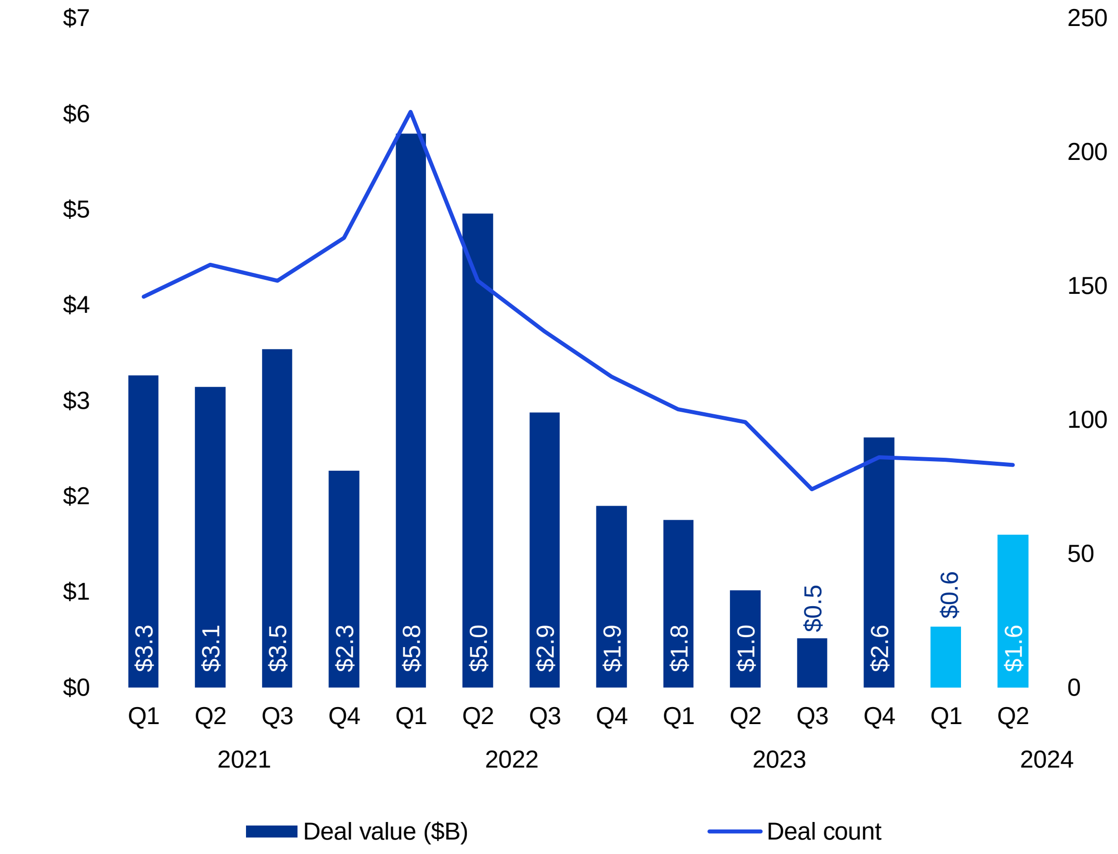
# Regional insights — EMEA

## Outlier deals help skew Q2 VC invested tallies

### Venture capital funding activity in fintech in EMEA 2021-2024*



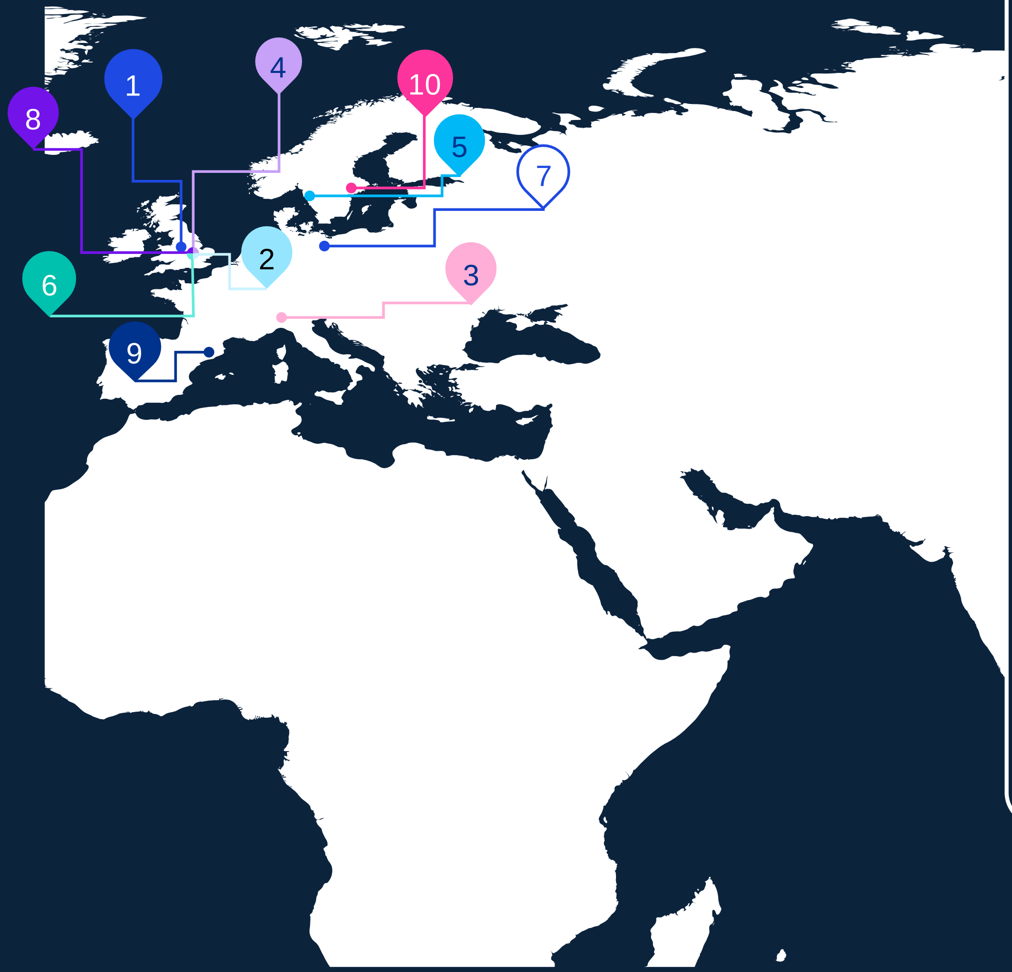

### VC activity in fintech with corporate participation in EMEA 2021-2024*




Source: Pulse of Fintech H1'24, Global Analysis of funding in Fintech, KPMG International (data provided by PitchBook), *as of 30 June 2024.

# EMEA

## Top 10 fintech deals in EMEA in H1 2024




1. **IRIS Software Group** — $4B, Slough, UK — Institutional/B2B — *Secondary buyout*
2. **Abound** — $999.6M, London, UK — Consumer finance — *Series B*
3. **Banco BPM Gruppo** — $652.6M, Milan, Italy — Payments — *Corporate divestiture*
4. **Monzo** — $621M, London, UK — Banking — *Series I*
5. **Pagero** — $429M, Gothenburg, Sweden — Institutional/back-office — *M&A*
6. **Flagstone** — $174.85M, London, UK — Back-office — *PE growth*
7. **Pliant** — $163M, Berlin, Germany — Payments — *Series A*
8. **Revolut** — $139.4M, London, England — Payments — *Late-stage VC*
9. **Voxel** — $127.8M, Barcelona, Spain — Institutional/back-office — *M&A*
10. **Cloover** — $114M, Stockholm, Sweden — Institutional/B2B — *Seed*

Source: Pulse of Fintech H1'24, Global Analysis of funding in Fintech, KPMG International (data provided by PitchBook), *as of 30 June 2024.

# About the KPMG global fintech practice

The financial services industry is transforming with the emergence of progressive new products, channels and business models. This wave of change is driven primarily by evolving customer expectations, digitalization as well as continued regulatory and cost pressures.

KPMG firms are passionate about supporting clients to successfully navigate this transformation, mitigating the threats and capitalizing on the opportunities.

KPMG fintech professionals include partners and staff in over 50 fintech hubs around the world, working closely with financial institutions and fintech companies to help them understand the signals of change, identify the growth opportunities, and develop and execute their strategic plans.

**Visit** kpmg.com/financialservices

# About the KPMG global fintech practice

## KPMG firms recognized as one of the “2023 World’s Best Management Consulting Firms” in Banks, Insurances and Financial Institutions by Forbes

KPMG firms have been recognized by Forbes as one of the “2023 World’s Best Management Consulting Firms,” receiving stars in all 27 industries and categories, including Banks, Insurances and Financial Institutions. Forbes awarded KPMG Financial Services professionals with a top five-star rating, for being “very frequently recommended” by thousands of customers and consultants in numerous countries around the globe.

The annual ranking recognizes KPMG firms for its capabilities in delivering insights-driven consulting services to commercial and public sector clients across the globe.

## KPMG firms recognized as an M&A Innovator by ALM Pacesetter Research

KPMG was recognized for M&A services in the ALM Pacesetter Research: M&A Services 2022-2023 report. ALM Intelligence reviewed over 70 global professional services firms and named KPMG firms as an M&A Innovator, a distinction given to only one-third of firms.

ALM also named KPMG firms top five in the business model and brand eminence categories, indicating strengths adapting core capabilities to evolving client needs and generating quality insights, research and marketing.

ALM Intelligence INNOVATOR
M&A SERVICES 2022 – 2023

## KPMG ranks #1 across multiples categories in risk consulting in the Source Perceptions of Risk Firms 2023 report

KPMG firms have received top rankings across multiple categories in the Source client perceptions study: Perceptions of Risk Firms 2023. According to the client perception survey, KPMG leads as the top firm for being first choice in “financial risk” and “third party assurance,” and is ranked first for client advocacy in risk.

Additionally, the report indicates that KPMG is the top firm for “competitive resilience in risk consulting” and is among the top scorers for quality in “cyber security” by clients.

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# About the report

## Methodology

The underlying data and analysis for this report (the 'Dataset') was provided by PitchBook Data, Inc ('PitchBook') on 30 June 2024 and utilizes their research and classification methodology for transactions as outlined on their website at https://pitchbook.com/news/articles/pitchbook-report-methodologies. The Dataset used for this report considers the following funding transactions types: Venture Capital (including corporate venture capital) ('VC'), private equity ('PE') funding and Mergers and Acquisitions ('M&A') for the fintech vertical within the underlying PitchBook data. Family and friends, incubator and accelerator type funding rounds are excluded from the Dataset.

Due to the private nature of many of the transactions, the Dataset cannot be definitive, but is an estimate based on industry-leading practice research methodology and information available to PitchBook at 30 June 2024. Similarly, due to ongoing updates to PitchBook's data as additional information comes to light, data extracted before or after that date may differ from the data within the Dataset.

Only completed transactions regardless of type are included in the Dataset, with deal values for general M&A transactions as well as venture rounds remaining un-estimated if this information is not available or reliably estimated.

### *Venture capital deals*

PitchBook includes equity fundings into startup companies from an outside source. Funding does not necessarily have to be taken from an institutional investor. This can include funding from individual angel investors, angel groups, seed funds, venture capital firms, corporate venture firms and corporate investors.

Fundings received as part of an accelerator program are not included; however, if the accelerator continues to invest in follow-on rounds, those further financings are included.

**Angel, seed/pre-seed, seed:** PitchBook defines financings as angel rounds if there are no PE or VC firms involved in the company to date and it cannot determine if any PE or VC firms are participating. In addition, if there is a press release that states the round is an angel round, it is classified as such. Finally, if a news story or press release only mentions individuals making fundings in a financing, it is also classified as angel. As for seed, when the investors and/or press release state that a round is a seed financing, or it is for less than $500,000 and is the first round as reported by a government filing, it is classified as such. If angels are the only investors, then a round is only marked as seed if it is explicitly stated. Pre-seed and seed were added as a new type of methodology in the January 2024 edition; details are at the report methodologies page on PitchBook's website.

**Early-stage VC:** Rounds are generally classified as Series A or B (which PitchBook typically aggregates together as early stage) either by the series of stock issued in the financing or, if that information is unavailable, by a series of factors, including the age of the company, prior financing history, company status, participating investors and more.

**Late-stage VC:** Rounds are generally classified as Series C or D or later (which PitchBook typically aggregates together as late stage) either by the series of stock issued in the financing or, if that information is unavailable, by a series of factors, including the age of the company, prior financing history, company status, participating investors and more.

**Corporate venture capital:** Financings classified as corporate venture capital include rounds that saw both firms investing via established CVC arms or corporations making equity fundings off balance sheets or whatever other non-CVC method actually employed.

**Corporate/Growth:** Corporate rounds of funding for currently venture-backed startups that meet the criteria for other PitchBook venture financings are included in the Pulse of Fintech as of March 2018. Growth: Financings tagged as Series E or later or deals involving companies that are at least seven years old and have raised at least six VC rounds will be included in this category.

### *Private equity fundings*

PitchBook includes both buyout investors, being those that specialize in purchasing mainly a controlling interest of an established company (in a leveraged buyout) and growth/expansion investors, being those that focus on investing in minority stakes in already established businesses to fund growth. Transaction types include leveraged buyout ('LBO'); management buyout; management buy-in; add-on acquisitions aligned to existing fundings; secondary buyout; public to private; privatization; corporate divestitures; and growth/expansion. Acquisition financing transactions will be included as of June 2023 if they do not fall under the PE growth transactional umbrella.

# About the report

## Methodology (cont'd)

***M&A transactions***

PitchBook defines M&A as a transaction in which one company purchases a controlling stake in another company. Eligible transaction types include control acquisitions, leveraged buyouts (LBOs), corporate divestitures, reverse mergers, mergers of equals, spin-offs, asset divestitures and asset acquisitions. Debt restructurings or any other liquidity, self-tender or internal reorganizations are not included. More than 50 percent of the company must be acquired in the transaction. Minority stake transactions (less than a 50-percent stake) are not included. Small business transactions are not included in this report. As of June 2023, acquisition financing transactions not covered under the PE growth umbrella will be included.

***The fintech vertical***

A portmanteau of finance and technology, the term refers to businesses who are using technology to operate outside of traditional financial services business models to change how financial services are offered. Fintech also includes firms that use technology to improve the competitive advantage of traditional financial services firms and the financial functions and behaviors of consumers and enterprises alike. PitchBook defines the fintech vertical as "Companies using new technologies including the internet, blockchain, software and algorithms to offer or facilitate financial services usually offered by traditional banks including loans, payments, wealth or funding management, as well as software providers automating financial processes or addressing core business needs of financial firms. Includes makers of ATM machines, electronic trading portals and point-of-sale software." Within this report, we have defined a number of fintech sub-verticals, some of which are defined in existing PitchBook verticals, yet others that are not and required a bespoke methodological approach:

1. **Payments/transactions** — Companies whose business model revolves around using technology to provide the transfer of value as a service including both B2B and B2C transfers.
2. **Blockchain/cryptocurrency** — Companies whose core business is predicated on distributed ledger (blockchain) technology with the financial services industry and/or relating to any use case of cryptocurrency (e.g. bitcoin). This vertical includes companies providing services or developing technology related to the exchange of cryptocurrency, the storage of cryptocurrency, the facilitation of payments using cryptocurrency and securing cryptocurrency ledgers via mining activities.
3. **Lending** — Any non-bank that uses a technology platform to lend money often implementing alternative data and analytics or any company whose primary business involves providing data and analytics to online lenders or investors in online loans.
4. **Proptech** — Companies that are classified as both fintech and who are developing and leveraging technology intended to help facilitate the purchase, management, maintenance and funding into both residential and commercial real estate. This includes sub-sectors such as property management software, IoT home devices, property listing and rental services, mortgage and lending applications, data analysis tools, virtual reality modeling software, augmented reality design applications, marketplaces, mortgage technology and crowdfunding websites.
5. **Insurtech** — Companies utilizing technology to increase the speed, efficiency, accuracy and convenience of processes across the insurance value chain. This includes quote comparison websites, insurance telematics, insurance domotics (home automation), peer-to-peer insurance, corporate platforms, online brokers, cyber insurance, underwriting software, claims software and digital sales enabling.
6. **Wealthtech** — Companies or platforms whose primary business involves the offering of wealth management services using technology to increase efficiency, lower fees or provide differentiated offerings compared to the traditional business model. Also includes technology platforms for retail investors to share ideas and insights both via quantitative and qualitative research.
7. **Regtech** — Companies that provide a technology-driven service to facilitate and streamline compliance with regulations and reporting as well as protect from employee and customer fraud.
8. **AI & ML, ESG** — These companies are either tagged with fintech and the existing PitchBook vertical of AI & ML, meaning they operate within both fintech and employ AI & ML tools, models, etc. For ESG, this segment was defined utilizing existing PitchBook ESG-related verticals (e.g. cleantech) and the fintech vertical.

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