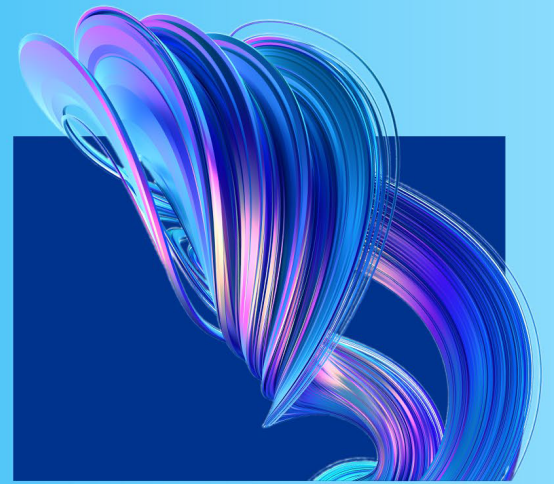


# Pulse of Fintech H2/24

## Country Insights Germany



### FinTech investments in 2024 decline for the third year in a row

The positive developments on the financial markets in 2024 did not carry over to investments in FinTechs in Germany. Investment volume for the entire year suffered its third consecutive decline since 2021, reaching a similar level to 2018. Venture capital investments declined year on year by 10% and private equity by 7%. While global investment volume in FinTechs rose by more than 37% over the prior year, the German FinTech landscape – much like the entire EMEA region (Europe, Middle East & Africa) – found itself in a comparatively weak cycle. However, new regulatory possibilities and European initiatives could force a turnaround in 2025.

### Key takeaways

1

Artificial intelligence remains a key driver in Germany's FinTech market. A total of eight transactions were successfully carried out in H2/24. The investments focused on FinTechs with AI solutions for the securities trading infrastructure.

2

Long-planned legislative initiatives, such as the introduction of e-invoicing and requirements for real-time transfers, came into effect at the beginning of 2025. As a result, payments have become a focal point for many FinTechs.

3

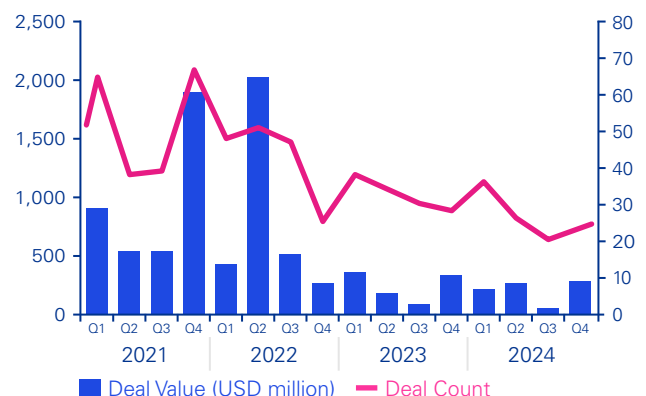
FinTechs in the alternative investment segment were a particular investment focus in H2/24. This centred on FinTechs with solutions for decentralised stock exchanges and the use of stablecoins.

### FinTechs in Germany hit by macroeconomic challenges

The difficult economic environment was reflected in H2/24, with only 43 investments and a volume of USD 337.64 million in the German FinTech market. The total investment volume was approx. 29% lower than in H1/24 (USD 477.03 million), and also below the figure for H2/23 (USD 416.27 million). As a result, the investment volume in Germany has not yet stabilised.

One reason for the low investment volume in H2/24 was the weaker final quarter compared to the prior year – total investment volume on the German market in Q4/24 (USD 285.19 million) was 14% less than in Q4/23.

### Total investments in FinTechs (VC, PE and M&A) in Germany from 2021 to 2024



Source: KPMG International, 2025

FinTechs from Germany are thus falling further behind their European peers. FinTechs on the German market raised considerably less capital than FinTechs from France (53 investments; USD 616.29 million) or the UK (189 investments; USD 2,593.51 million). In addition to the stronger financing infrastructure, the reasons for the significant difference to the UK include tax incentives for investors and regulatory sandbox opportunities created for FinTechs.

Further declines in interest rates, new regulatory requirements such as mandatory instant payments, or financing programmes including the European AI initiative (InvestAI), could bring a turning point for FinTech investment volume in Germany in 2025.

### Decline in VC investments

VC (venture capital) investments amounted to USD 788.78 million in calendar year 2024, declining by approx. 10% compared to 2023 and around 72% compared to 2022. This decline was primarily due to decreasing VC investments in H2/2024. While USD 451.14 million in venture capital was invested in 45 transactions in FinTechs in H1/2024, only USD 337.68 million was invested in 34 transactions in the second half of the year (-25.2%).

The total number of VC investments in 2024 dropped year on year by around 16%. However, the decrease in VC investments in Germany in 2024 was lower than in France (-22.2%), the UK (-18.5%) or Ireland (-71.4%). Despite the decline in investment volume, the VC investments in the UK amounted to USD 4,669.26 million in 338 transactions, more than five times the VC investment volume in Germany.

### CVC investments stagnate

Corporate venture capital (CVC) investments in FinTechs from Germany were USD 495.95 million in 2024, almost unchanged from the prior year's level of USD 506.87 million (-2%).

The stagnation of the CVC investment level followed the EMEA trend for the calendar year. However, in Germany, this is particularly due to H2/24 – the volume in H2/24 decreased by 55% to USD 144 million compared to H2/23.

CVC investments in the UK and France were below trend in 2024, declining year on year by -4.1% and -28.4%, respectively.

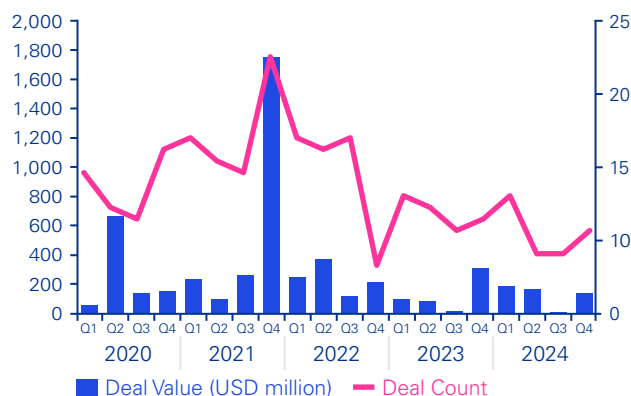


After declines in investment volume over several years, the trend could reverse in 2025. Falling interest rates may help to create renewed investment appetite among venture capitalists. This creates hope for positive development in the FinTech sector.



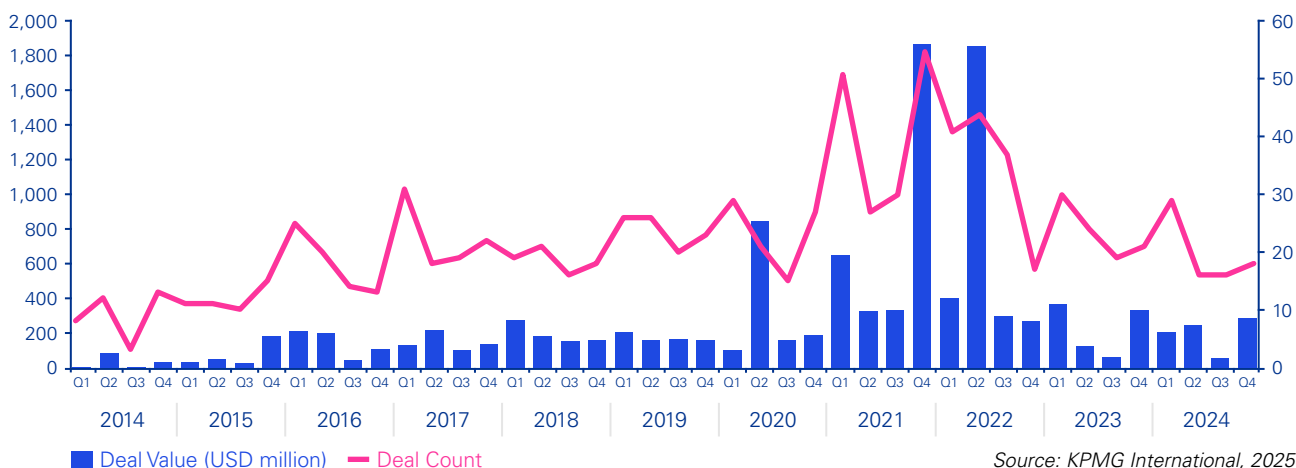
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### CVC activities in Germany from 2020 to 2024



Source: KPMG International, 2025

### VC activities in Germany from 2014 to 2024



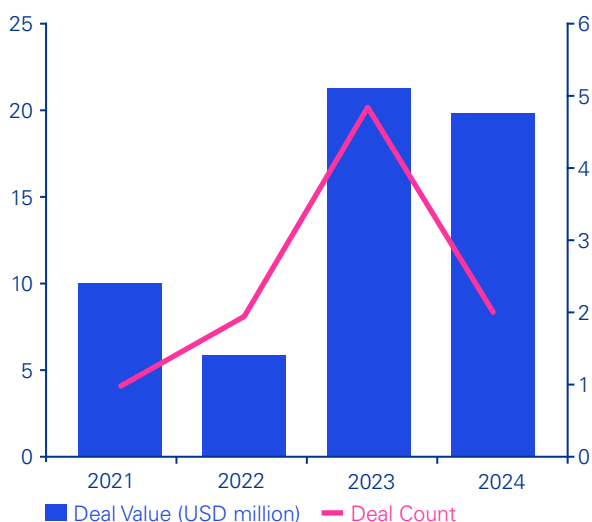
Source: KPMG International, 2025

## AI driving German FinTechs

Artificial intelligence (AI) remains a key driver in the FinTech market. A total of eight transactions were successfully carried out in H2/24, including strategically relevant acquisitions of companies that use AI to optimise financial market processes and to detect and prevent fraud in the financial sector. Special investment focuses were also on FinTechs related to cryptocurrencies and on Software-as-a-Service (SaaS) solutions.

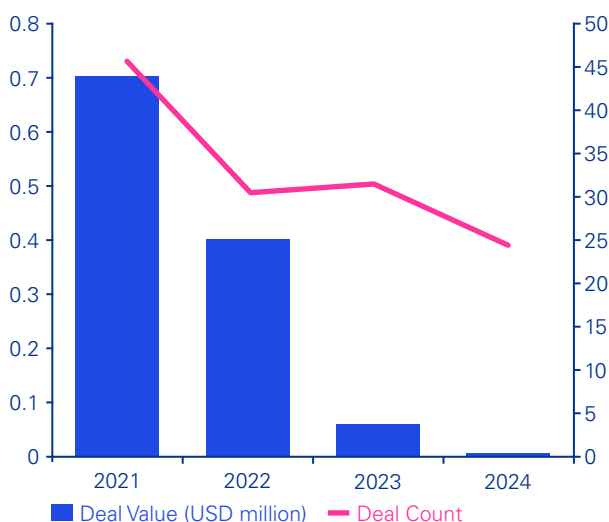
It is interesting to note the comparatively greater focus on AI-based FinTechs in Germany than the rest of the EMEA region. While approx. 16% (USD 27 million) of all transactions in Germany in 2024 had a link to artificial intelligence, the figure across the entire EMEA region was around 14% (USD 1,189 million).

### National PE growth from 2021 to 2024



Source: KPMG International, 2025

### National M&A activity from 2021 to 2024



Source: KPMG International, 2025

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You can get a detailed explanation of the data basis and the terms used here from the overarching study: Pulse of FinTech H2/24.

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