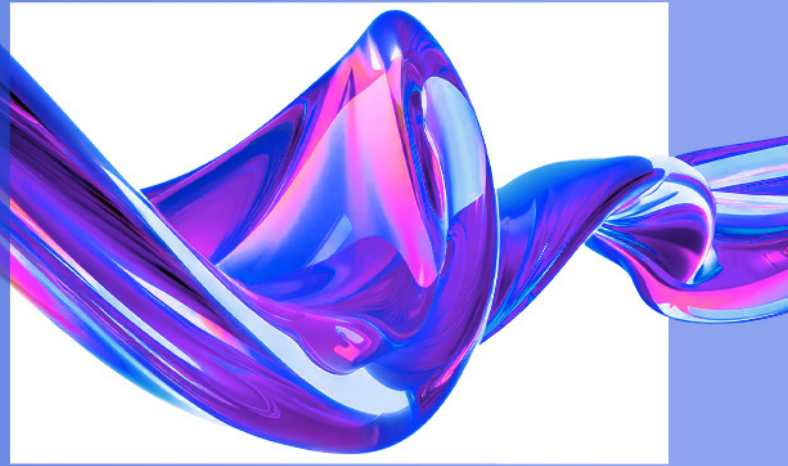


Pulse of Fintech H1/25

Country Insights Germany



Venture capital investments in Fintechs increase in H1/25

Total investment volume in fintech companies in Germany is showing initial signs of recovery following the recent sluggish phase. The volume of venture capital (VC) investments in German fintechs rose markedly by 83% in H1/25 compared to H2/24. One factor behind this rise was corporate venture capital (CVC), with these investments almost tripling compared to H2/24 and establishing themselves as a solid pillar of VC in Germany.

Key takeaways

1

Fintechs in Germany benefitted from geopolitical tensions in H1/25. Venture capitalists are actively seeking investment opportunities in Europe in a conscious push to diversify their risk and reduce their exposure in North America.

2

Artificial intelligence is increasingly establishing itself as a driver in Germany's fintech market. In H1/25 there were ten transactions relating to fintechs with AI solutions. The applications focus especially on the evaluation of qualitative market and customer data.

3

Corporate venture capital enjoyed significant growth momentum in Germany's fintech sector in H1/25 and is becoming more strategically relevant in the financing of fintech companies.

Financing volume in Germany stabilises at a low level

In H1/25, financing rounds with a total volume of USD 651 million were completed in Germany. The decline of 44% compared to H2/24 does not necessarily indicate weaker investor sentiment, as investment volumes in H2/24 notably included a small number of large transactions. Nevertheless, there were 53 completed financing rounds, representing an increase of eight. Investment volume in H1/25 was 55% more than in H2/23 (USD 420 million) and 30% more than H1/24 (USD 500 million). Taking into account the one-off effect in H2/24, the market is showing signs of recovery following the previous sluggish period. Compared to earlier years, the financing volume remains relatively subdued.

Investment growth in fintechs in Germany in H1/25 was largely driven by an increase in capital allocated to Europe. The EMEA region was the only region to see rising fintech investment volumes. In France, investment volume rose to USD 2,328 million across 58 transactions – an increase of 139% compared to H2/24. The United Kingdom recorded investment volume of USD 7,291 million across 216 transactions, representing an increase of 52% compared to H2/24. At the same time, investment volume in the US declined significantly: the figure of USD 20,930 million was down 22% on H2/24 and 41% on H2/23. One reason for the European

momentum in H1/25 could be international investors' attempts to diversify following the previous overweighting of investments in North America.

Significant increase in VC investments in H1/25

In H1/25, VC investments in German fintechs reached USD 651 million across 39 transactions, up by about 83% from H2/24. The main driver was an exceptionally strong Q2/25, in which USD 363.7 million was invested. The picture across Europe was mixed: VC investments in France fell by 2% compared to H2/24, while in the UK they rose by 52%. In H1/25, fintechs from Germany outperformed fintechs from France and the UK in the competition for venture capital.

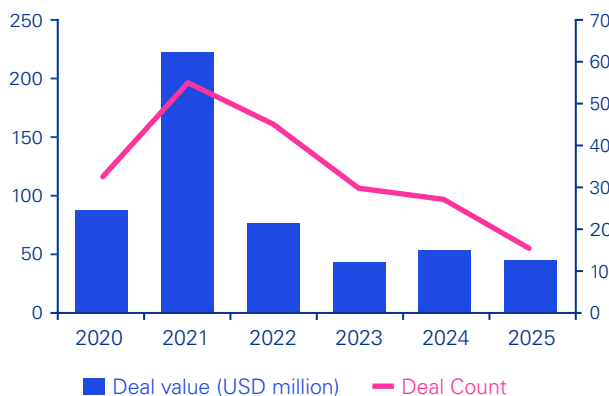
CVC investments establish themselves as pillar of VC investments in Germany

In H1/25, corporate venture capital (CVC) investments in fintechs in Germany reached USD 451 million, almost three times as much as in H2/24 (USD 161 million). This is an increase of more than 40% since H2/23 and is a significant rebound from H2/24. In France, CVC investments compared to H2/24 declined by 15% while in the UK they fell by 19%. CVC is thus increasingly establishing itself as an essential pillar of VC in Germany.

Artificial intelligence remains a strategic growth driver

In Europe, fintechs linked to AI now account for almost a quarter of all transactions. With ten AI deals and a share of 19%, Germany is below this regional average but is marking a clear upward trend compared to the previous year.

CVC activities in Germany from 2020 to 2025*

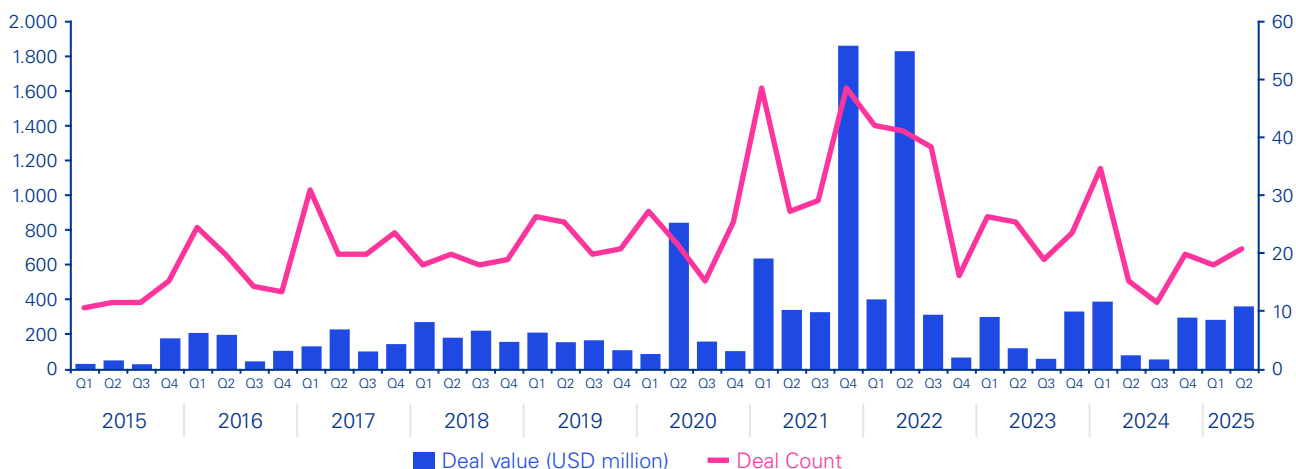


* As at 30 June 2025

Source: KPMG International, 2025

The investment focus in AI is shifting more towards specialised applications. Solutions for analysing unstructured and qualitative customer and market data are particularly sought after. These developments underscore the transition from experimental projects to scalable, market-ready products with immediate economic benefits. This is being supported by advances in the reduction of hallucination rates and the introduction of specialised AI agents.

VC activities in Germany from 2015 to 2025*



* As at 30 June 2025

Source: KPMG International, 2025

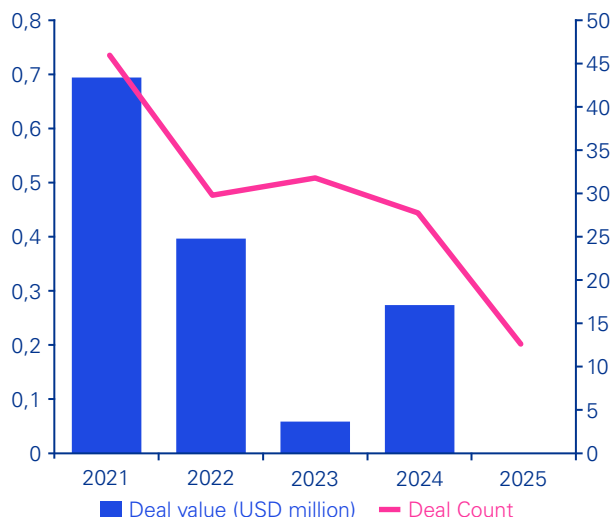
In addition to AI, software-as-a-service (SaaS) solutions remain a key focus for investments (23 transactions), as do crypto assets and blockchain (six transactions). Given the technological maturity and growing pressure to increase efficiency in the financial industry, developments indicate that established business models are increasingly being augmented by AI applications and that AI can be a key distinguishing factor and competitive advantage.



Irrespective of the difficult economic situation, global risk capital is being reallocated. This development, combined with real-world use cases for AI-related applications and regulatory clarity, could open up new opportunities for the fintech sector in Germany.

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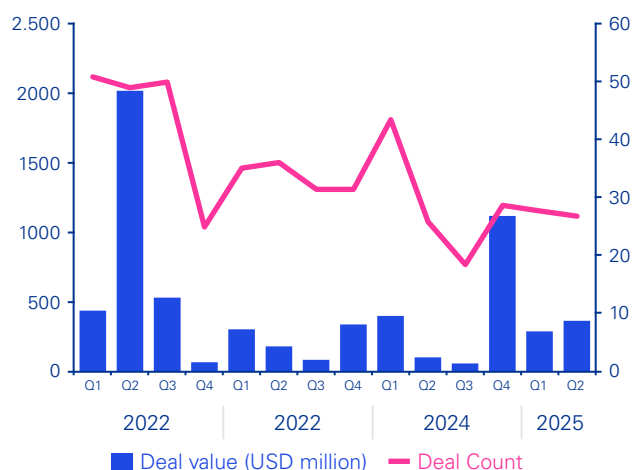
National M&A activities from 2021 to 2025*



* As at 30 June 2025

Source: KPMG International, 2025

Total investments in fintechs (VC, PE and M&A) in Germany from 2022 to 2025*



* As at 30 June 2025

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 H1/25.

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