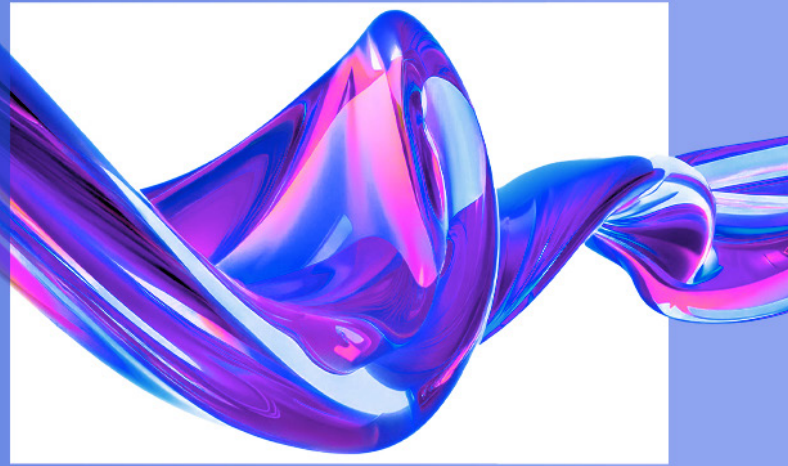


# Pulse of Fintech H2/25

## Country Insights Germany



### Fintech investment remains low – AI continues to gain in significance

The investment volume in Germany's fintech sector in H2 2025 remained well below the levels seen in previous periods. Given the weak fourth quarter in particular, this highlights how challenging it remains to attract funding. At the same time, investors are taking a more selective approach and are increasingly looking to back technologies which promise immediate practical benefits. Artificial intelligence in particular is establishing itself as a key growth driver that is shaping the strategic direction of fintech investment activity.

#### Key-Take-Aways

1

The declining investment volumes in the US and Europe highlight the general slowdown in the market, with European fintechs in particular facing greater caution among investors. On top of this, increasingly stringent regulatory requirements in Europe are further influencing the pace of investment.

2

The share of fintech deals focused on AI has risen significantly both in Germany and across the EMEA region, with investors increasingly backing AI solutions that facilitate specific efficiency gains and make well-aimed improvements to existing business models.

3

The disproportionate decline in corporate venture capital investments points to increasingly cautious corporate investors, and may indicate that they are allocating more capital to internal strategic initiatives and efforts to stabilise their own businesses.

### Funding volumes sharp decline in funding volumens in German fintech sector

The funding rounds in Germany's fintech sector (including venture capital, private equity and M&A) raised a total of USD 277 million in H2 2025, down 60% on H1 2025 (USD 688 million) and 76% on H2 2024 (USD 1,162 million). The deal count also fell short of the prior periods, at 49. Q4 2025 was particularly weak, with just USD 64 million raised. This represented a roughly 70% drop on the preceding quarter, falling far short of the comparative figures for Q4 2023 and Q4 2024. The weak performance in H2 2025 was thus due primarily to the significant decrease in funding activity at the end of the year.

Fundraising also proved challenging outside Germany. In France, the investment volume declined significantly to USD 331 million in H2 2025, down 52% on the figure for H1 2025. The UK recorded USD 7,649 million from 179 deals in H2 2025, up 131% on H1 2025. However, this merely balanced out the weak first half of 2025 to stabilise at the prior-year level. The investment volume also declined in the US: at USD 23,884 million, the figure was down 27% on H1 2025 and down 12% on the prior-year period.

The global funding environment remains strained overall, with the reluctance to invest having a particularly severe impact on the EU markets under review. This may also be linked to increasing regulatory requirements which – in Europe in particular – are making business more complex and resource-intensive for fintechs and thus having an additional impact on the willingness to invest.

### Uneven venture capital investment trends in Europe – Germany losing momentum

In the absence of landmark private equity and M&A deals, venture capital remains the mainstay for fundraising activities in Germany. Accordingly, venture capital financing in the German fintech sector in H2 2025 raised USD 227 million in 28 deals, a decline of some 60% compared with the first half of the year.

Across Europe, there was a mixed picture for venture capital investments. France saw a 45% year-on-year decline in H2 2025, while the UK recorded significant growth of 196%. The strong showing by venture capital investments played a crucial role in stabilising the overall funding volume in the UK following the low level in H1 2025. This underscores the key role venture capital is playing in the current market environment while investment activity in Europe continues to develop unevenly.

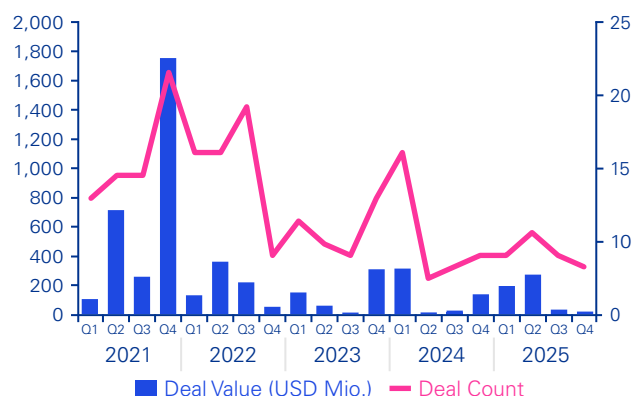
### Rising caution among corporate investors in Germany’s fintech sector

German fintechs attracted USD 49 million in corporate venture capital (CVC) investments in H2 2025, well below the levels seen in H1 2025 and in the prior-year period and down almost 70% on H2 2024. The picture was likewise mixed elsewhere in Europe, with France recording a 71% fall in CVC investments compared with H2 2024 and the UK posting significant growth of 234%.

The significant decline in CVC investments suggests that corporate investors are taking a cautious approach to providing venture capital.

This may be linked to a greater focus on their own internal strategic priorities and efforts to stabilise their core businesses.

### CVC activity in Germany 2021–2025\*



\* As at 31 December 2025

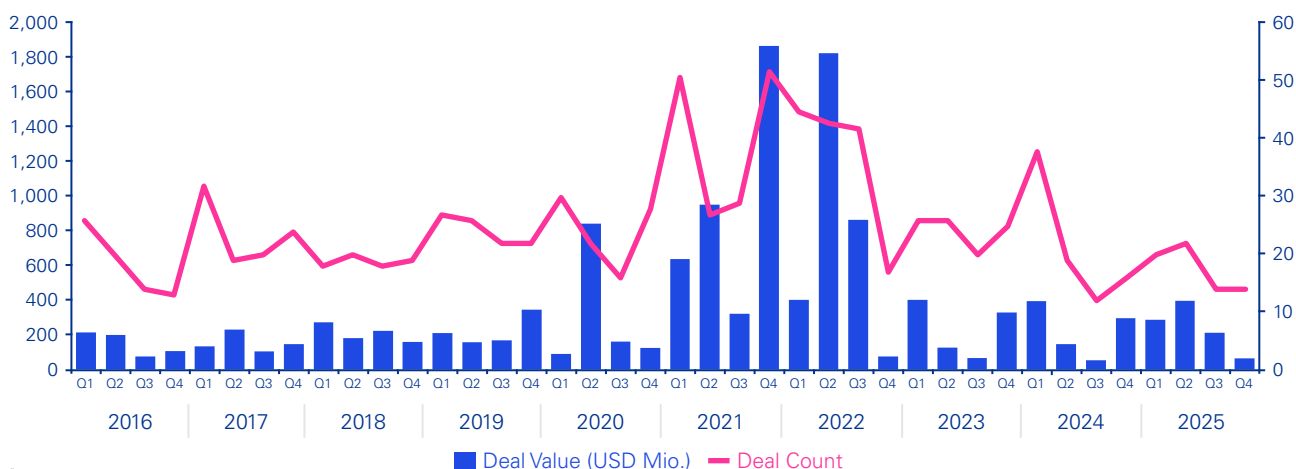
Source: KPMG International, 2025

### Artificial intelligence still a strategic growth driver

Artificial intelligence remains a key growth driver in the fintech sector. In the EMEA region, fintechs with an AI focus accounted for 36% of all deals in H2 2025, representing a significant increase compared with the first half of the year. This trend continued in Germany, too: with 16 AI-related deals making up 31% of the total count, AI continued to gain in prominence and cement its position as a strategic investment focus.

The rising share of AI-related deals goes hand in hand with a shift towards specific, business-relevant areas of application. The particular focus is on solutions to enhance efficiency, automation and better use of data along the financial value chain. This points to increasing market maturity, as AI is increasingly used to refine existing business models and generate direct economic value.

### VC activity in Germany 2016–2025\*

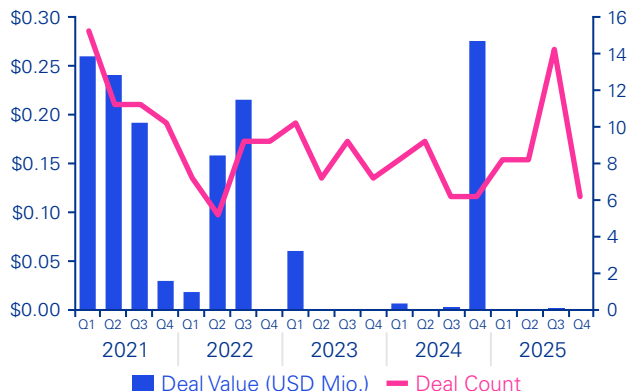


\* As at 31 December 2025

Source: KPMG International, 2025

Alongside artificial intelligence, software-as-a-service (SaaS) solutions remain a key investment focus, with 23 deals. Crypto assets and blockchain accounted for six deals, although their 11% share in Germany remained low compared with other EMEA peers. These developments highlight a clear shift in investment strategies towards technologies with direct operational benefits, with artificial intelligence increasingly establishing itself as a key driver for enhancing efficiency and refining existing business models in the fintech sector.

### National M&A activities 2021–2025\*



\* As at 31 December 2025

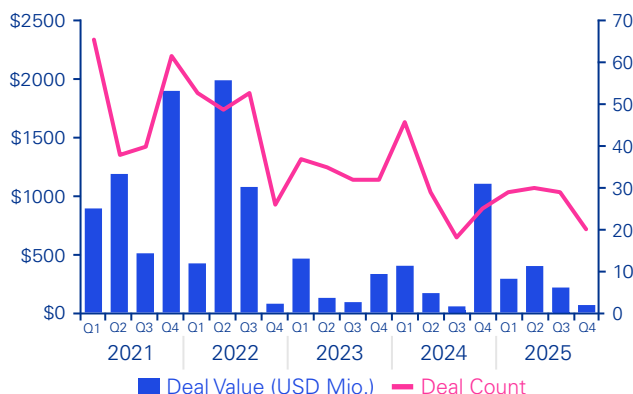
Source: KPMG International, 2025



The decline in venture capital investments reflects a period of heightened selectivity in which capital is being channelled specifically into business models that offer clear economic value added. AI-based applications in particular are emerging as a strategic differentiator, offering fintechs the opportunity to solidify their competitive position in the long term.

**Bernd Oppold**  
Partner, Financial Services

### Total investments in fintechs (VC, PE and M&A) in Germany 2001–2025\*



\* As at 31 December 2025

Source: KPMG International, 2025

### Contact

KPMG AG Wirtschaftsprüfungsgesellschaft



**Bernd Oppold**  
Partner, Financial Services  
M +49 174 3368139  
boppold@kpmg.com



**Kilian Verweyen**  
Manager, Financial Services  
M +49 176 48725981  
kverweyen@kpmg.com

[www.kpmg.de](http://www.kpmg.de)

[www.kpmg.de/socialmedia](http://www.kpmg.de/socialmedia)



For a detailed explanation of the underlying data and the terms used here, please refer to the overarching Pulse of Fintech H2/25 study.

The information contained in this presentation is of a general nature and is not intended to address the specific situation of any individual or entity. Although we endeavour to provide reliable and up-to-date information, we cannot guarantee that this information is as accurate as it was at the time it was received or that it will be as accurate in the future. No one should act on this information without appropriate professional advice and a thorough analysis of the underlying situation.

© 2026 KPMG AG Wirtschaftsprüfungsgesellschaft, a corporation under German law and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under licence by the independent member firms of the KPMG global organisation.