

FINTECH MARKET UPDATE

4Q23

PNC's FinTech team shares updates regarding capital raising, M&A, fundraising and valuations across the FinTech segment.

4Q23 FinTech Industry Trends

4Q23 FUNDING INCREASED BY 11% QoQ

FinTechs raised \$10.4B across 1,066 deals in 4Q23. The increase in funding was aided by \$100MM+ mega-rounds, which accounted for 44% of the 4Q23 funding. While multi-hundred-million-dollar funding rounds remained limited compared to 2021 and 2022, early-stage deals continued at a strong pace. Despite lagging behind peak performance from 2021, FinTech venture capital deal activity is stabilizing at levels similar to those seen in 2018.

FINTECH M&A AND IPO EXIT VALUE DECREASED BY 10% QoQ

Quarterly volume was bolstered by Nasdaq's \$10.5B acquisition of Adenza. While there has not been a U.S. FinTech IPO in the last 8 quarters (excluding exits via SPAC), several high-profile FinTechs have recently filed to go public in the U.S.

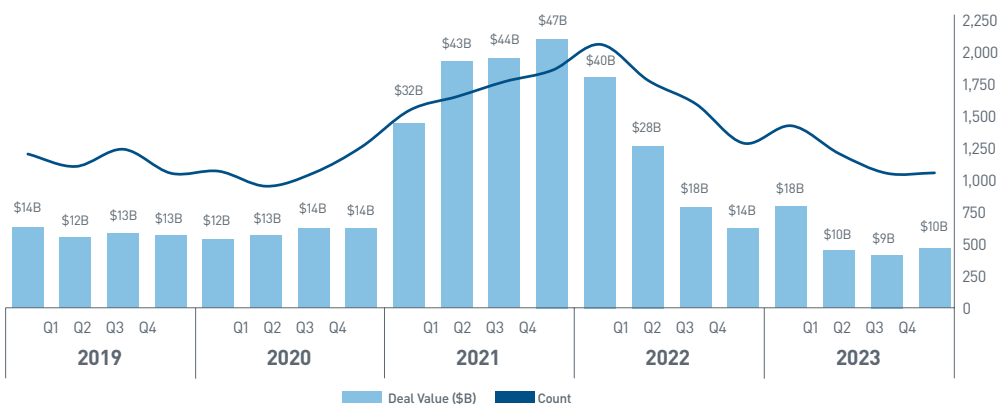
THE U.S. CONTINUES TO LEAD GLOBAL DEAL SHARE IN 4Q23

The U.S. (38%) contributed the majority of the global deal share followed by Europe (25%) and Asia (21%). U.S. FinTech funding increased slightly by 6% QoQ to \$3.7B across 281 deals. Europe funding jumped 30% QoQ to \$1.7B across 184 deals.

GLOBAL UNICORN BIRTHS GREW BY 167% QoQ

4Q23 saw 8 unicorn births with 2 in the U.S. (Enable at \$1.1B and Vestwell at \$1.0B).

Global FinTech Venture Capital (VC) Deal Activity



Source: CB Insights

CAPITAL RAISING AND M&A HIGHLIGHTS

4Q23 KEY STATISTICS¹



\$10B

VC Financing Volume

↑ 12% QoQ

↓ 25% YoY

Source: CB Insights



1,066

VC Financing Transactions

↑ 1% QoQ

↓ 18% YoY

Source: CB Insights



\$30B

IPO / M&A Exits Volume

↓ 10% QoQ

↑ 41% YoY

Source: CB Insights



247

IPO / M&A Exit Transactions

↓ 9% QoQ

↓ 7% YoY

Source: CB Insights

KEY M&A DEALS (\$MM)²

Company	Acquirer	Segment	Exit Size	Rev Multiple
Adenza	Nasdaq	WealthTech	\$10,500	17.8x
HealthComp	pulse	InsurTech	\$3,000	-
VettaFi	TMX	WealthTech	\$950	15.4x
BROADWAY	Bloomberg	WealthTech	\$450	-
CORVUS	TRAVELERS	InsurTech	\$435	-
payzer	wex	PayTech	\$250	-
SECURENCY	DTCC	Digital Assets	\$50	-

KEY SPACS (\$MM)²

Company	Deal Status	Segment	Exit Size	Close ³
GRID	Completed	Digital Assets	\$625	4Q23
Alpha modus	Announced	Consumer Finance	\$175	1Q24

KEY LBOS (\$MM)²

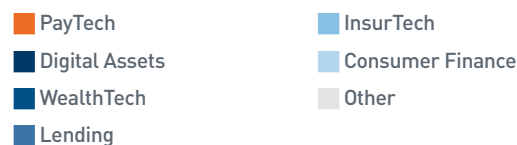
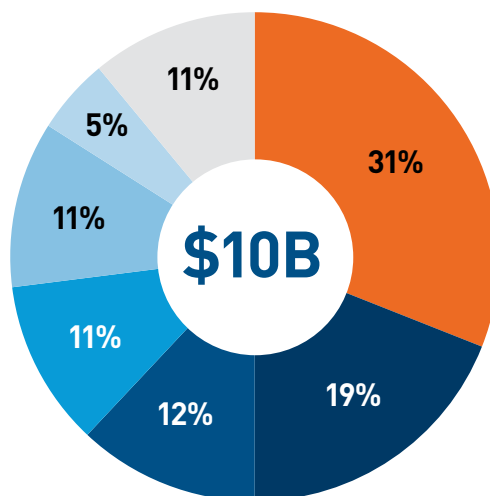
Company	Acquirer	Segment	Exit Size	Rev Multiple
EngageSmart	VISTA EQUITY PARTNERS	PayTech	\$4,000	10.9x
IRIS	LGP LEONARD GREEN & PARTNERS	PayTech	\$4,000	-
Avantax	Cetera FINANCIAL GROUP	WealthTech	\$1,200	1.6x

KEY VC DEALS (\$MM)²

Company	Segment	Deal Size	Valuation
sumup [®]	PayTech	\$310	\$8,600
NEXT	InsurTech	\$265	\$2,500
WORMHOLE	Digital Assets	\$225	\$2,500
DevotedHealth	InsurTech	\$175	\$12,900
kapital	PayTech	\$165	-
Swan	Digital Assets	\$165	-
enable	Enterprise	\$135	\$1,140
Vestwell	WealthTech	\$125	\$1,000
Blockchain.com	Digital Assets	\$110	\$5,000

VENTURE FUNDING HIGHLIGHTS

4Q23 Global VC Deal Activity by Segment



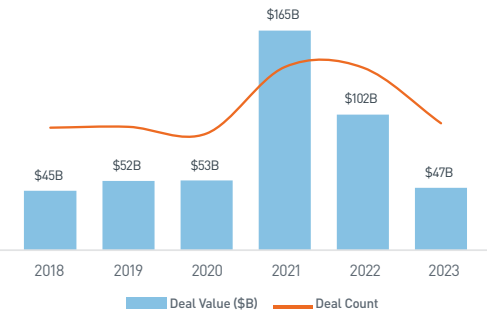
Source: CB Insights

MOST ACTIVE FINTECH VC INVESTORS BY DEALS⁴

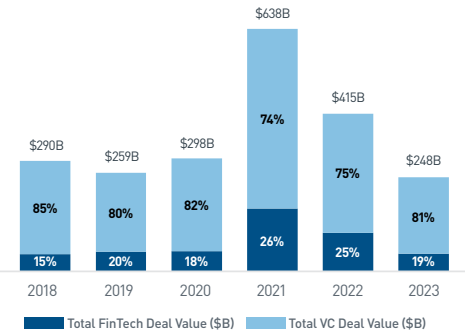
Investor	2023 FY	2022 FY	2021 FY
andreesen horowitz	28	56	63
Y Combinator	22	42	47
FJ LABS	21	53	43
SEQUOIA	20	36	40
Lightspeed	17	35	41
Fin venture capital	15	34	19
GENERAL CATALYST	15	20	38
PLUGANDPLAY	15	48	48
QED INVESTORS	15	34	40



Annual Global FinTech Venture Capital Deal Activity⁵



Global and FinTech Venture Capital Deal Value⁵



KEY 2023 M&A DEALS (\$MM)

Company	Acquirer	Segment	Exit Size	Quarter
BLACK KNIGHT FINANCIAL SERVICES	ICE	WealthTech	\$11,700	3Q23
Adenza	Nasdaq	WealthTech	\$10,500	2Q23
EV	globalpayments	PayTech	\$4,000	1Q23
HealthComp	Virgin pulse	InsurTech	\$3,000	4Q23
paya	nuvei	PayTech	\$1,300	1Q23
opismo	VISA	PayTech	\$1,000	3Q23
optimalblue	Perseus Group Constellation Software Inc.	Lending	\$700	3Q23

KEY 2023 LATE-STAGE VC DEALS (\$MM)

Company	Segment	Deal Size	Valuation	Quarter
stripe	PayTech	\$6,500	\$50,000	1Q23
GENERATE	WealthTech	\$1,100	-	1Q23
Xpansiv	WealthTech	\$525	\$2,000	1Q23
RIPLING	PayTech	\$500	\$11,750	1Q23
sumup	PayTech	\$310	\$8,600	4Q23
ramp	PayTech	\$300	\$5,800	3Q23
Clear Street	WealthTech	\$270	\$2,000	2Q23

FINTECH 2023 YEAR IN REVIEW

FY 2023 KEY STATISTICS¹


\$47B

VC Financing Volume

↓ 54% YoY

Source: CB Insights


4,778

VC Financing Transactions

↓ 31% YoY

Source: CB Insights


\$102B

IPO / M&A Exit Volume

↓ 25% YoY

Source: CB Insights


1,109

IPO / M&A Exit Transactions

↓ 14% YoY

Source: CB Insights

VALUATION & PUBLIC MARKET INDICATORS

Global X FinTech ETF Index vs. S&P 500 LTM 4Q23



Source: S&P Capital IQ

■ S&P 500 ■ Global X FinTech ETF

READY TO HELP



PNC works directly with FinTech companies to develop innovative financial solutions with leading banking and payments services and expertise. For more information, reach out to the PNC FinTech team or [click here to learn more.](#)

FinTech Sub-Segments	1-Year Stock Return ⁶	EV / 2023E Revenue (First quartile, median and third quartile)		EV / 2023E EBITDA (First quartile, median and third quartile)	
		Q1	Q3	Q1	Q3
S&P 500	↑ 24%	1.9x	3.5x	11.2x	20.6x
Public FinTechs	↑ 33%	1.6x	3.8x	11.5x	26.4x
Lending	↑ 26%	4.7x	7.1x	17.7x	32.3x
InsurTech	↑ 28%	3.2x	5.9x	18.1x	54.3x
Capital Markets	↑ 16%	2.3x	5.3x	9.6x	21.5x
Enterprise	↑ 19%	1.6x	4.4x	14.0x	32.7x
Data & Analytics	↑ 30%	2.5x	3.8x	11.6x	21.0x
Real Estate	↑ 39%	0.9x	3.2x	20.7x	64.0x
PayTech	↑ 6%	1.3x	2.6x	7.6x	19.4x
WealthTech	↑ 9%	0.8x	2.0x	16.5x	45.1x

1 As of 12/31/23.

2 Revenue multiples based on 2023 Estimates; Source: PitchBook, FT Partners.

3 Indicates expected close for deals after 4Q23.

4 Excludes deals under \$5MM; Source: PitchBook.

5 As of 2/10/24; Source: PitchBook.

6 As of 12/31/23; Source: Trading multiples based on share price, other market data, and broker consensus future earnings estimates from S&P Capital IQ. Houlihan Lokey Fintech Monthly Market Update.

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CIB CM PDF 0324-069-2435505