

# FINTECH MARKET UPDATE

## 3Q23

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



### CAPITAL RAISING AND M&A HIGHLIGHTS

#### 3Q23 KEY STATISTICS<sup>1</sup>



**\$9B**

VC Financing Volume

↓ 8% QoQ

↓ 47% YoY

Source: CB Insights



**1,063**

VC Financing Transactions

↓ 13% QoQ

↓ 34% YoY

Source: CB Insights



**\$34B**

IPO / M&A Exits Volume

↑ 32% QoQ

↑ 2% YoY

Source: CB Insights



**147**

IPO / M&A Exit Transactions

↓ 2% QoQ

↓ 17% YoY

Source: CB Insights

### 3Q23 FinTech Industry Trends

#### 3Q23 FUNDING FELL SLIGHTLY BY 8% QOQ AT LOWER LEVELS

FinTechs raised \$9B across 1,063 deals in 3Q23. The drop in funding was stabilized by \$100MM+ mega-rounds, which accounted for 33% of the 3Q23 funding. While multi-hundred-million-dollar funding rounds remained limited compared to 2021 and 2022, early-stage deals continued at a strong pace. The FinTech sector largely recovered from the several factors affecting the industry, such as bank collapses, inflation and further interest rate hikes.

#### FINTECH M&A GREW OVER A THIRD IN EXIT VALUE

FinTech M&A exit value grew 35%, led by GTCR's \$19B LBO of the majority stake of Worldpay and Intercontinental Exchange's \$13B acquisition of Black Knight. There has not been a U.S. FinTech IPO in the last 7 quarters (excluding exits via SPAC).

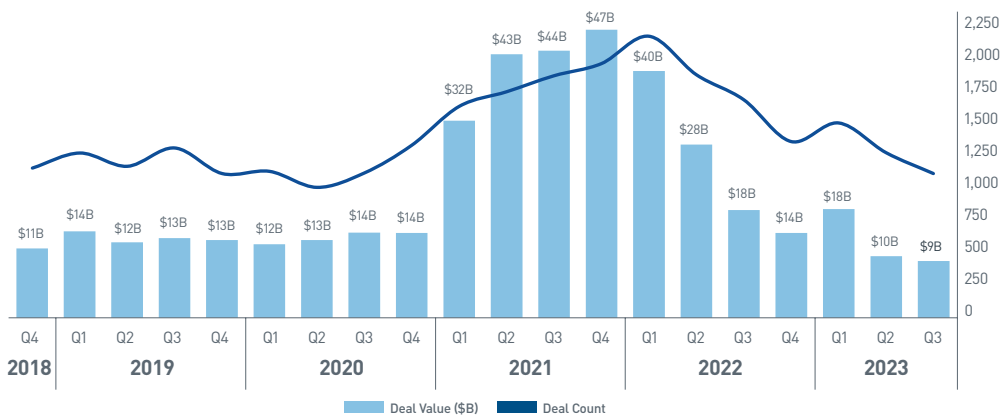
#### THE U.S. CONTINUES TO LEAD GLOBAL DEAL SHARE IN 3Q23

The U.S. (41%) contributed the majority of the global deal share, followed by Europe (24%) and Asia (22%). U.S. FinTech funding fell slightly by 4% QoQ to \$3.5B across 310 deals. Asia funding jumped 82% QoQ to \$2.0B across 167 deals.

#### GLOBAL UNICORN BIRTHS FLAT QOQ

3Q23 saw only 3 unicorn births with 2 in the U.S. (BitGo at \$1.8B and Kin at \$1.0B).

#### Global FinTech Venture Capital (VC) Deal Activity



Source: CB Insights

KEY M&A DEALS (\$MM)<sup>2</sup>

Company	Acquirer	Segment	Exit Size	Rev Multiple
BLACK KNIGHT	ice	WealthTech	\$13,000	7.9x
optimalblue	Perseus Group Constellation Software Inc.	Lending	\$700	-
Burgiss	MSCI	WealthTech	\$700	-
PayU	Rapyd	PayTech	\$610	-
pragma	Market Axess	WealthTech	\$130	-
uplift	Upgrade	Consumer Finance	\$100	-
RAILS	X T M I N C .	PayTech	\$4	-

KEY SPACS (\$MM)<sup>2</sup>

Company	Deal Status	Segment	Exit Size	Expected Close
Better	Completed	Lending	\$7,700	3Q23
roadzen	Completed	InsurTech	\$965	3Q23

KEY LBOS (\$MM)<sup>2</sup>

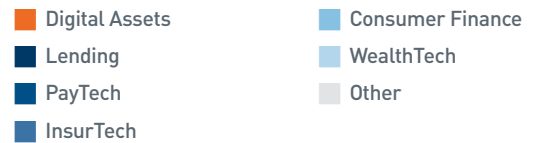
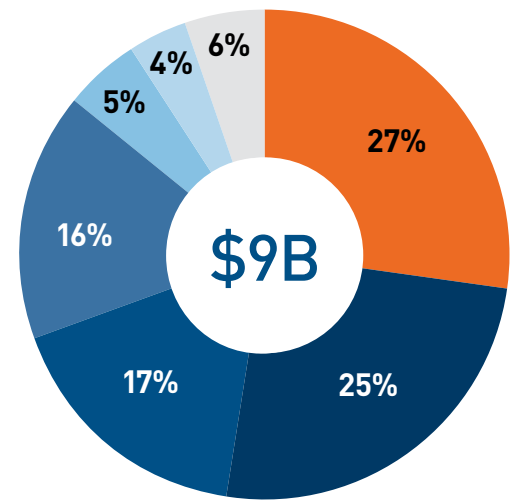
Company	Acquirer	Segment	Exit Size	Rev Multiple
worldpay from FIS	GTCR	PayTech	\$18,500	9.8x
nextgen	THOMABRAVO	PayTech	\$1,760	2.7x
Avantax	Cetera FINANCIAL GROUP	WealthTech	\$1,600	10.8x

KEY VC DEALS (\$MM)<sup>2</sup>

Company	Segment	Deal Size	Valuation
ramp	PayTech	\$300	\$5,800
AlphaSense	WealthTech	\$150	\$2,500
bob	PayTech	\$150	-
PAYJOY	PayTech	\$140	\$590
Teamshares <sup>1</sup>	WealthTech	\$130	\$750
BitGo	Digital Assets	\$100	\$1,750
resilience	InsurTech	\$100	\$950
Openly	InsurTech	\$110	-
Thunes.	PayTech	\$70	\$800

## VENTURE FUNDING HIGHLIGHTS

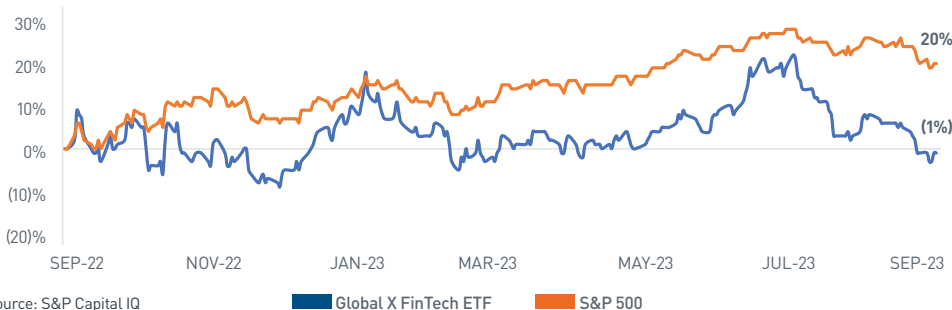
## 3Q23 Global VC Deal Activity by Segment

MOST ACTIVE FINTECH VC INVESTORS BY DEALS<sup>3</sup>

Investor	2023 YTD	2022 YTD	2022 FY
andressen horowitz	23	51	57
FJ LABS	19	42	50
Y Combinator	17	38	42
GENERAL CATALYST	12	15	17
QED INVESTORS	12	30	35
SEQUOIA	12	31	33
Gaingels	11	45	48
CLOCKTOWER TECHNOLOGY VENTURES	10	20	23
Fin venture capital	10	26	30

## VALUATION & PUBLIC MARKET INDICATORS

Global X FinTech ETF Index vs. S&P 500 LTM 3Q23



Source: S&P Capital IQ

### READY TO HELP



PNC can work 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 <sup>4</sup>	EV / 2023E Revenue (First quartile, median and third quartile)	EV / 2023E EBITDA (First quartile, median and third quartile)
S&P 500	↑ 20%	1.7x ● 3.2x ● 5.3x	10.4x ● 13.9x ● 18.5x
Public FinTechs	↓ 1%	1.6x ● 3.4x ● 6.2x	11.0x ● 16.6x ● 28.9x
Data & Analytics	↑ 10%	3.1x ● 5.0x ● 8.6x	13.6x ● 16.0x ● 22.5x
Enterprise	↑ 11%	2.9x ● 4.7x ● 8.2x	9.7x ● 12.8x ● 15.2x
Capital Markets	↑ 7%	2.3x ● 4.1x ● 7.1x	11.1x ● 14.2x ● 20.2x
Lending	↑ 1%	2.6x ● 3.6x ● 4.4x	9.2x ● 10.0x ● 14.5x
WealthTech	↑ 7%	1.7x ● 3.4x ● 5.1x	10.7x ● 13.7x ● 16.1x
Real Estate	↑ 2%	0.8x ● 3.1x ● 7.5x	12.7x ● 17.0x ● 22.0x
PayTech	↑ 3%	1.4x ● 2.6x ● 5.0x	6.1x ● 9.5x ● 13.9x
InsurTech	↑ 12%	0.8x ● 1.4x ● 6.6x	10.7 ● 16.0x ● 19.7x

<sup>1</sup> As of 9/30/23; Source: PitchBook.

<sup>2</sup> Revenue multiples based on 2023 estimates; Source: PitchBook, CB Insights.

<sup>3</sup> Excludes deals under \$5MM; Source: PitchBook.

<sup>4</sup> As of 9/30/23; 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 1223-064-2388507