F-PRIME

State of Fintech
2024

F⁄PRIME

Contents

Summary

Fintech in 2023: reg on, risk off

- The overall climate for fintech in 2023 was "*reg on, risk off*" with **heightened scrutiny, rulemaking, and enforcement by regulators**.

- In 2023, **public fintech companies found stability and many sectors started to recover** as they emphasized capital-efficient growth. Sub-sector **multiples were up 30% on average**, with lending & WAM leading the way.

- **The public market correction is still rippling through private markets** with fewer rounds, longer time between fundraises, and a high probability of significant shutdowns in 2024 and 2025.

- The **F-Prime Fintech Index was up 114%** in 2023. However, it is **60% off the 2021 peak**.
  - Aggregate market cap reached $573B by year-end, up from a $389B trough (but down from a $1.3T peak in 2021)
  - There were no new additions to the Fintech Index, but there were six delistings: one buyout and five companies removed based on our index criteria.

The big picture

- Ten years in, **it's becoming clear where fintech startups have disrupted** (e.g., software-based payments), **been embraced** (e.g., mobile banking), **been outmaneuvered or outlasted** (e.g., robo-advisors), and where **impact of innovations are yet to be seen** (e.g., generative AI).

- In aggregate, fintech companies have **captured <10% of financial services revenue**, yet many **scaled private fintech companies are generating $1B+ revenue**, **still growing rapidly**, and expected to **list in public markets**.

We are optimistic as ever on the future of fintech - if you are building or investing here, let's connect!

2023 was the year of "*regulation on, risk off*" with heightened scrutiny, rulemaking, and enforcement by regulators

Banking

- **OCC scrutinized BaaS** and chartered bank relationships
- **CFPB** proposed <u>rules</u> to enshrine **open data**, limit overdraft fees, and eliminate some NSF fees

Crypto

- **E.U.** released detailed <u>regulatory frameworks</u>
- **U.S. SEC** continued "regulation" via **litigation**, and **approved Bitcoin ETFs**

Lending

- **OCC focused on** <u>BNPL</u> requirements around risk management, disclosure guidelines, and borrower safeguards
- Three states **passed Early Wage Access legislation**, with 10 more considering it

Payments

- **Federal Reserve** considering debit **interchange** <u>reduction</u>
- Under regulatory pressure, **Zelle preemptively reimbursed** consumers for fraudulent transactions

Proptech

- Landmark **federal** ruling on **real estate** broker <u>commissions</u>

Wealth management

- **SEC** requires more <u>disclosures</u> from **private fund** managers
- **Dept. of Labor scrutinizes** inclusion of **crypto** in retirement products

The public fintech correction found its floor and began to recover in 2023

In September 2021 the F-Prime Fintech Index had a **$1.3 trillion market cap**

Market cap at trough was **$389B**

Market cap at 12/31/2023 was **$573B**

MARKET CAP BY VERTICAL ($B)

- PEAK (Q3 2021)
- TROUGH (Q4 2022)
- 12/31/2023
- RECOVERY FROM TROUGH

B2B SAAS — $88 | $32 | +21% | $39
PAYMENTS — $994 | $249 | +48% | $367
INSURANCE — $39 | $4 | +69% | $7
BANKING — $32 | $8 | +77% | $14
LENDING — $113 | $12 | +93% | $22
PROPTECH — $28 | $2 | +173% | $6
WEALTH/ ASSET MGMT — $89 | $11 | +303% | $44
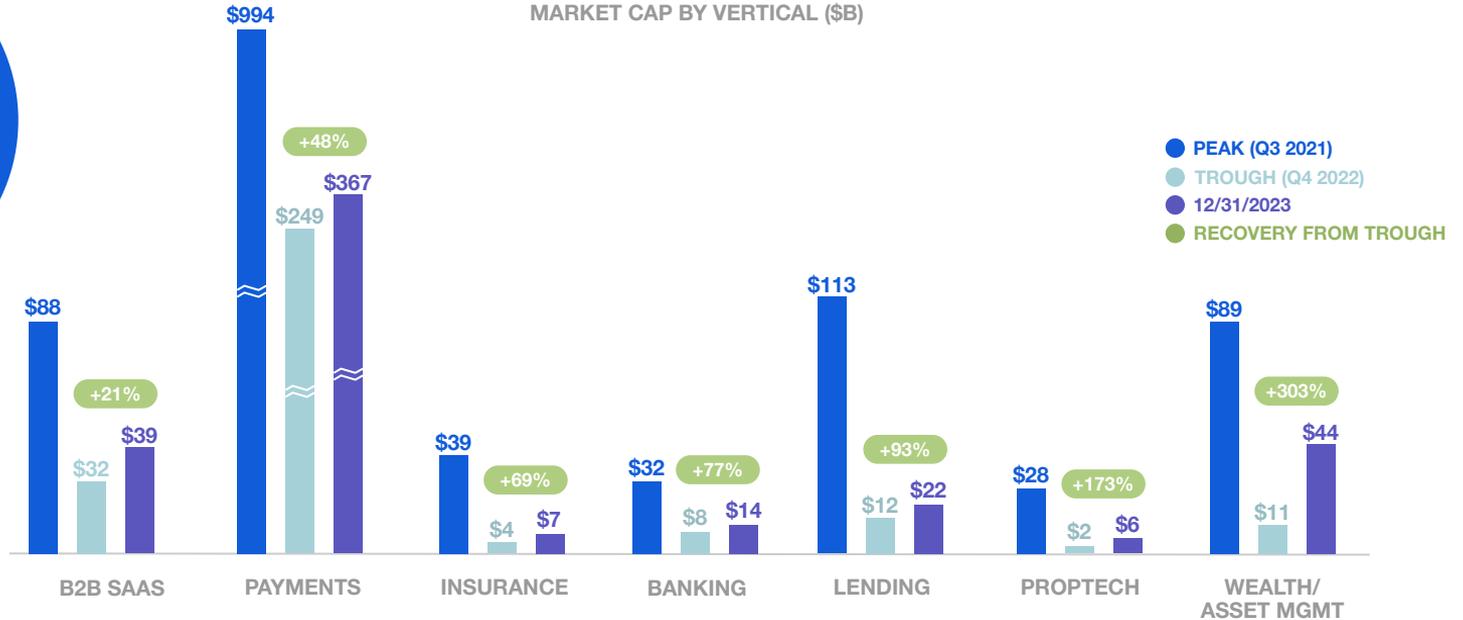
Source: S&P Capital IQ, F-Prime team analysis
*Note: Totals in the chart do not equal 12/31/2023 Fintech Index market cap of $573B and trough market cap of $389B, as the analysis above excludes additions/removals for consistency purposes. Market capitalization of companies in the Index during the peak period was $317B at trough and $499B as of 12/31/2023.

In private markets, investment volume fell by ~50% and valuations trended down at most stages

VC-BACKED FINTECH: DEAL COUNT

~50% ↓ from 2022 transaction volume

Compared to 2019, all stages except seed are ↓10%+

VC-BACKED FINTECH: PRE-MONEY VALUATION ($M)

↓41% median difference in secondary pricing

Legend:
- SEED
- SERIES A
- SERIES B
- SERIES C
- SERIES D
- SECONDARIES

Startups delayed raising capital for as long as possible, and we will see many challenging fundraises, distressed sales, and shutdowns this year

819 companies ($14B)
2021 SERIES A FINTECH ROUNDS

250 companies ($10B) — 31%
2022-2023 SERIES B ROUNDS BY COMPANIES

88 — 11%
BRIDGE ROUNDS (announced)

10 — 1%
ACQUISITIONS

114 — 14%
SHUTDOWNS (F-Prime proprietary database)

357 — 43%
COMPANIES YET TO ANNOUNCE SERIES B
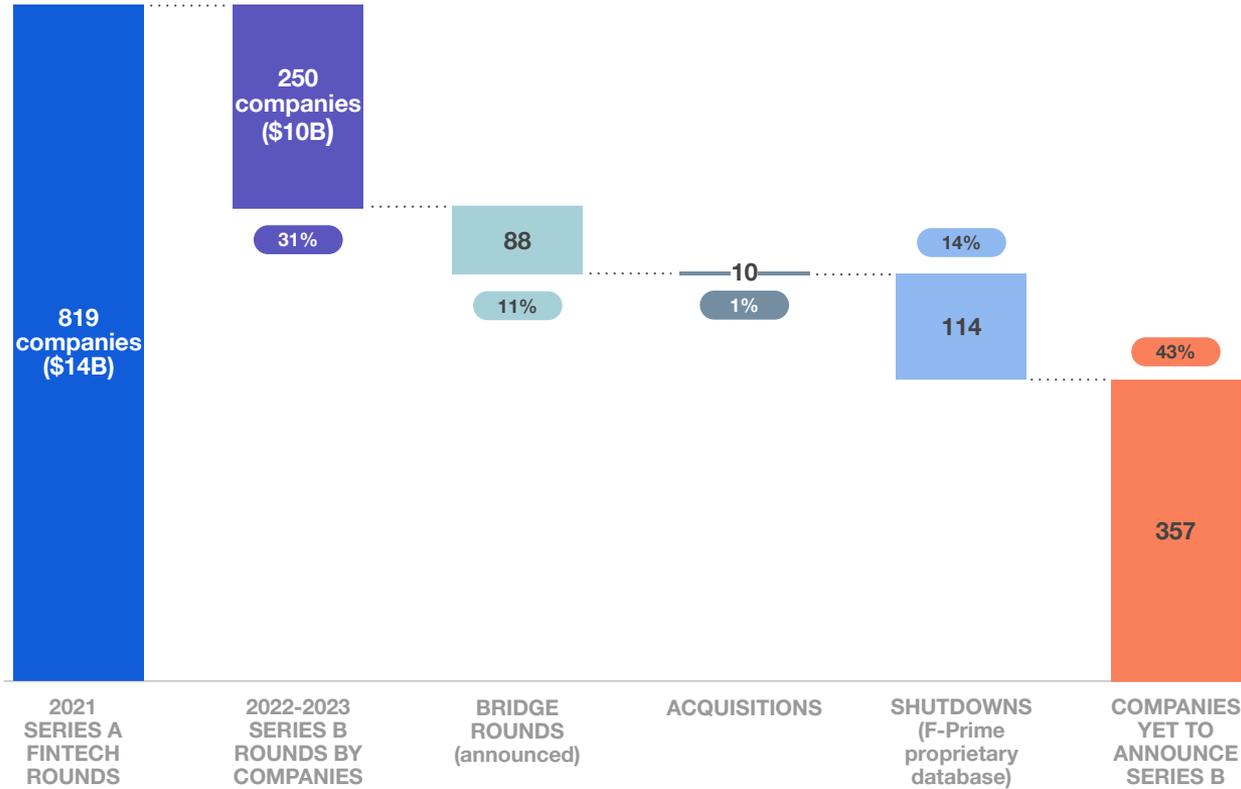
Sample Series A Shutdowns

COMPANY	TOTAL RAISED	LAST ROUND VALUATION
RECUR	$85M	$333M
XANPOOL	$63M	$400M
TESSERA	$22M	$300M
ASTRALABS	$34M	$122M
KOYO	$25M	$135M
BESPOKE FINANCIAL	$26M	~$75M
ALPHAFLOW	$18M	$68M
FINLYNC	$35M	$64M

Source: PitchBook, CB Insights, Carta, and F-Prime team analysis

M&A activity also fell to its lowest level in five years

2023 M&A volume is 72% less than 2021

FINTECH M&A VOLUME ($B) (Deal count)

2021 — $349
- Other Buyers/JVs: $21
- Scaled Fintech Buyers: $46
- Financial Buyers (LBO): $176
- Strategic Buyers: $102

2019 — $235

2020 — $245

2022 — $130
- Scaled Fintech Buyers: $3
- Scaled Fintech Buyers: $6
- Financial Buyers (LBO): $70
- Strategic Buyers: $51

2023 — $98
- Other Buyers/JVs: $1
- Scaled Fintech Buyers: $3
- Financial Buyers (LBO): $55
- Strategic Buyers: $40

2019
- PayPal $4B ACQ. OF honey
- THOMABRAVO $3.7B ACQ. OF EllieMae
- FIS $35B ACQ. OF worldpay

2020
- coupa $1.5B ACQ. OF Lamasoft
- THOMABRAVO $10.2B ACQ. OF REALPAGE
- S&P Global $44B ACQ. OF IHS Markit

2021
- Square $29B ACQ. OF afterpay
- INSIGHT PARTNERS $6B ACQ. OF CoreLogic
- VISA $2.1B ACQ. OF tink

2022
- SoFi $1.1B ACQ. OF technisys
- VISTA EQUITY PARTNERS $8.48B ACQ. OF Avalara
- ice $18.5B ACQ. OF BLACK KNIGHT

2023
- Rapyd $610M ACQ. OF PayU
- LGP LEONARD GREEN & PARTNERS $4B ACQ. OF IRIS
- Nasdaq $10B ACQ. OF Adenza

Legend:
- OTHER BUYERS/JVs
- SCALED FINTECH BUYERS
- FINANCIAL BUYERS (LBO)
- STRATEGIC BUYERS
- AGGREGATE DATA

Source: FT Partners, F-Prime team analysis

Top fintech acquisitions of 2023

ACQUISITION VALUE ($B) AND MULTIPLES

	Q4	Q1	Q1	Q2	Q3	Q3	Q3	Q4	Q3	Q3
Multiple	17.0x	8.4x	4.6x	1.0x	16.5x	11.5x	N/A	15.4x	15.0x	7.1x
Value	$10B	$2.6B	$1.3B	$1.3B	$1.3B	$1.1B	$1.0B	$850M	$770M	$610M
TARGET	Adenza	Duck Creek Technologies	paya	HDFC CREDILA The Education Loan Specialist	SYNTELLIS	Burgiss	Pismo	VettaFi	MACROBOND	PayU
ACQUIRER	Nasdaq	VISTA EQUITY PARTNERS	nuvei	BPEA EQT	strata	MSCI	VISA	TMX	FP FRANCISCO PARTNERS	Rapyd
VERTICAL	WAM	INSURANCE	PAYMENTS	LENDING	VERTICAL SAAS	WAM	PAYMENTS	WAM	LENDING	PAYMENTS

Source: FT Partners, F-Prime team analysis
Note: All revenue multiples are approximate.
Note: The above list is of fintech disruptor acquisitions (excludes acquisition on incumbents).

ACQUISITION OF FINTECH INDEX COMPANY   ▬ BUYOUT/LBO

Despite these headwinds, the impact of fintech startup innovations on financial services are indisputable and increasingly becoming clear
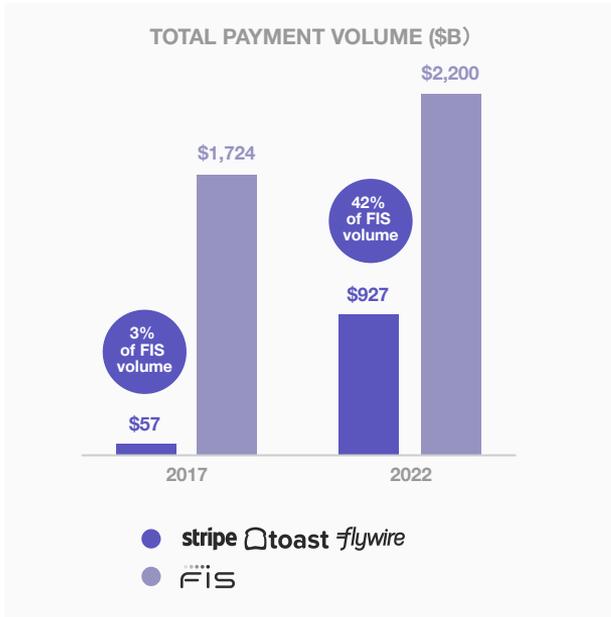
STARTUP DISRUPTION

HIGH

INCUMBENT ADAPTATION

HIGH

LOW / TO BE SEEN

LOW / TO BE SEEN

2 Areas where **innovations** have been **embraced** by **both incumbents and disruptors**, leading to profound changes in financial services

Mobile banking   **Business banking**

Open finance

1 Areas where **fintech innovations** have **disrupted incumbents** and meaningfully shifted business models, revenue streams, and customer expectations

Software-based payments   **Buy now, pay later**

Commission-free trading

3 Areas where **incumbent** financial institutions either **outmaneuvered** fintechs or were so **entrenched** that disruption is proving difficult

Robo-advisors   **Peer-to-peer lending**

Direct-to-consumer insurtech

4 Areas where we are **waiting for true disruption** to the status quo in financial services

Crypto   **Real-time payments**

Generative AI

Startups have meaningfully disrupted payments, credit cards, and retail equity trading

1

SOFTWARE-BASED PAYMENTS

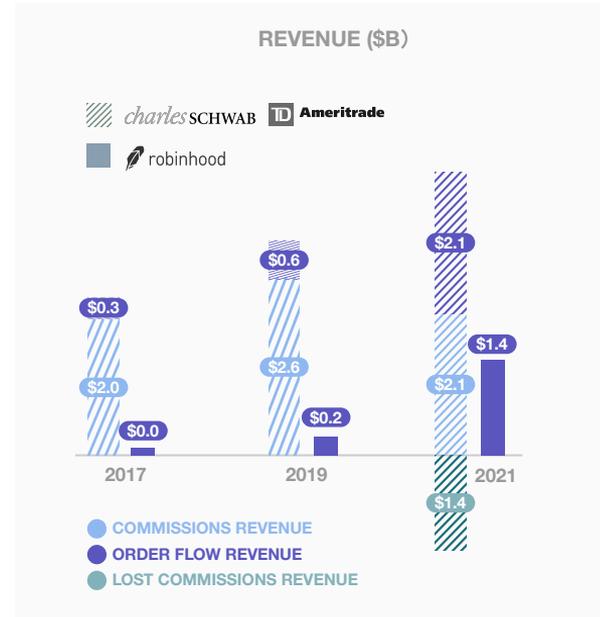Stripe, Toast, and Flywire combined payment volumes have meaningfully eaten into those of incumbents

TOTAL PAYMENT VOLUME ($B)

- $2,200
- $1,724
- 42% of FIS volume
- $927
- 3% of FIS volume
- $57

2017   2022

● **stripe** ○ **toast** *flywire*
● **FIS**

BUY NOW, PAY LATER

Consumers are carrying fewer cards and instead opting to finance purchases with Affirm and Klarna

NUMBER OF NEW ACCOUNTS/USERS (M)

- 39.3
- 33.4
- 28.6
- 27.9
- 20.9
- 12.5
- 5.4

2019   2020   2021   2022

— **NEW RETAIL CREDIT CARD ACCOUNTS**
— **NEW AFFIRM AND KLARNA (US) USERS**

COMMISSION-FREE TRADING

Robinhood won a new generation of investors with zero-fee trading, prompting incumbents to forgo some commission revenue in order to stay competitive

REVENUE ($B)

charles SCHWAB   TD Ameritrade
■ *robinhood*

- $0.3
- $2.0
- $0.0
- $0.6
- $2.6
- $0.2
- $2.1
- $2.1
- $1.4
- $1.4

2017   2019   2021

● **COMMISSIONS REVENUE**
● **ORDER FLOW REVENUE**
● **LOST COMMISSIONS REVENUE**

Source: Company annual reports, CB Insights, TechCrunch, WSJ, Forbes, F-Prime team analysis

F-PRIME

Both startups and incumbents have embraced innovation in banking and open finance
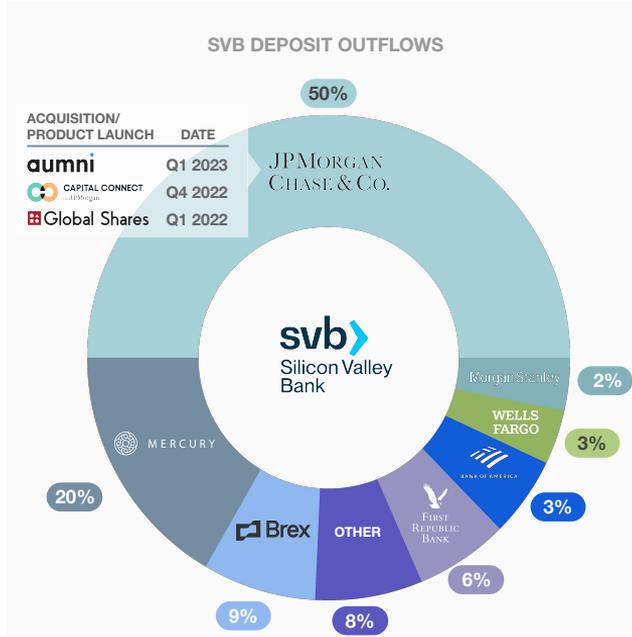
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CONSUMER BANKING

Neobanks provided new front doors for consumers, and incumbents adopted some innovative features e.g., zero overdraft fees

MOBILE APP DOWNLOADS (M), 2023

- INCUMBENT
- DISRUPTOR

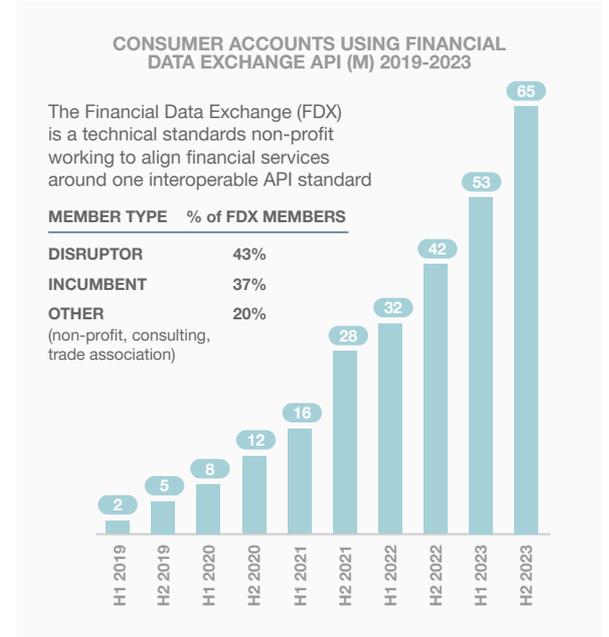| Bank	Value
JP MORGAN	7.2
CHIME	6.0
CAPITAL ONE	5.5
CAPITAL ONE	4.0
WELLS FARGO	3.5
CITI	2.5
US BANK	1.4
SOFI	1.1
VARO	1.0

BUSINESS BANKING

Business neobanks Mercury and Brex benefited from SVB deposit outflows — though most flew to security in JP Morgan, which recently acquired innovative startup banking businesses

SVB DEPOSIT OUTFLOWS

ACQUISITION/PRODUCT LAUNCH	DATE
aumni	Q1 2023
CAPITAL CONNECT by JPMorgan	Q4 2022
Global Shares	Q1 2022

JPMorgan Chase & Co. — 50%
Morgan Stanley — 2%
WELLS FARGO — 3%
BANK OF AMERICA — 3%
FIRST REPUBLIC BANK — 6%
OTHER — 8%
Brex — 9%
MERCURY — 20%

svb Silicon Valley Bank

OPEN FINANCE

Both startups and incumbents alike appreciate the benefits of accessing consumer-permissioned financial data

CONSUMER ACCOUNTS USING FINANCIAL DATA EXCHANGE API (M) 2019-2023

The Financial Data Exchange (FDX) is a technical standards non-profit working to align financial services around one interoperable API standard

MEMBER TYPE	% of FDX MEMBERS
DISRUPTOR	43%
INCUMBENT	37%
OTHER (non-profit, consulting, trade association)	20%

Period	Value
H1 2019	2
H2 2019	5
H1 2020	8
H2 2020	12
H1 2021	16
H2 2021	28
H1 2022	32
H2 2022	42
H1 2023	53
H2 2023	65

Source: AltIndex, Sensor Tower, Kruze Consulting, Financial Data Exchange, F-Prime team analysis
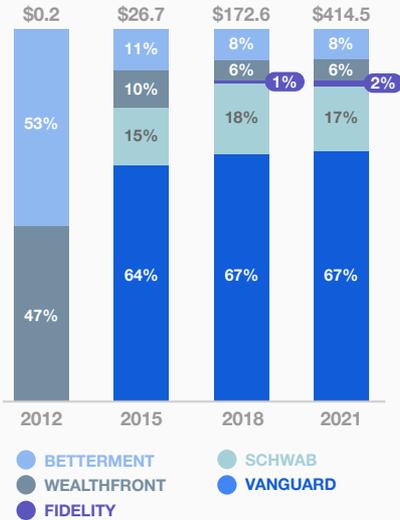
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In several sectors, incumbents have outmaneuvered disruptors or proven resilient to disruption

(3)

ROBO-ADVISORS

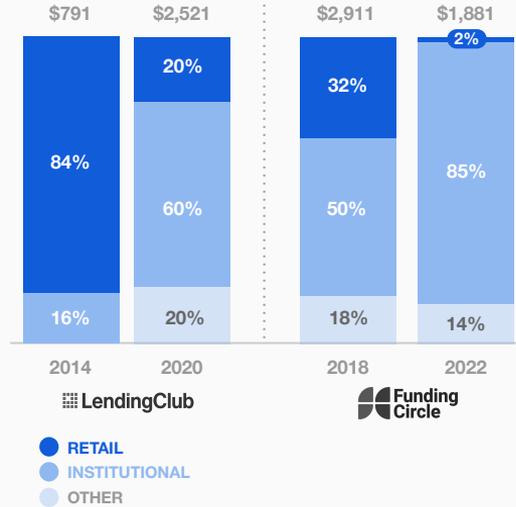Vanguard was able to innovate before Betterment and Wealthfront secured distribution

ROBO-ADVISED ASSETS ($B), 2012-2021

	2012	2015	2018	2021
Total	$0.2	$26.7	$172.6	$414.5

- 2012: 53%, 47%
- 2015: 11%, 10%, 15%, 64%
- 2018: 8%, 6%, 18%, 67%
- 2021: 8%, 6%, 1%, 17%, 67%, 2%

Legend:
- BETTERMENT
- SCHWAB
- WEALTHFRONT
- VANGUARD
- FIDELITY

PEER-TO-PEER LENDING

P2P lenders set out to disrupt the traditional banking model, but retail sources of funding eventually dried up

LOAN ORIGINATION VOLUME ($M) AND SOURCES OF FUNDING, 2014-2022

	2014	2020	2018	2022
Total	$791	$2,521	$2,911	$1,881

- 2014: 84%, 16%
- 2020: 20%, 60%, 20%
- 2018: 32%, 50%, 18%
- 2022: 2%, 85%, 14%

LendingClub (2014, 2020)
Funding Circle (2018, 2022)

Legend:
- RETAIL
- INSTITUTIONAL
- OTHER

DIRECT-TO-CONSUMER INSURTECH

Insurtech disruptors are winning on growth and CAC, but have not yet made a dent in incumbent premiums
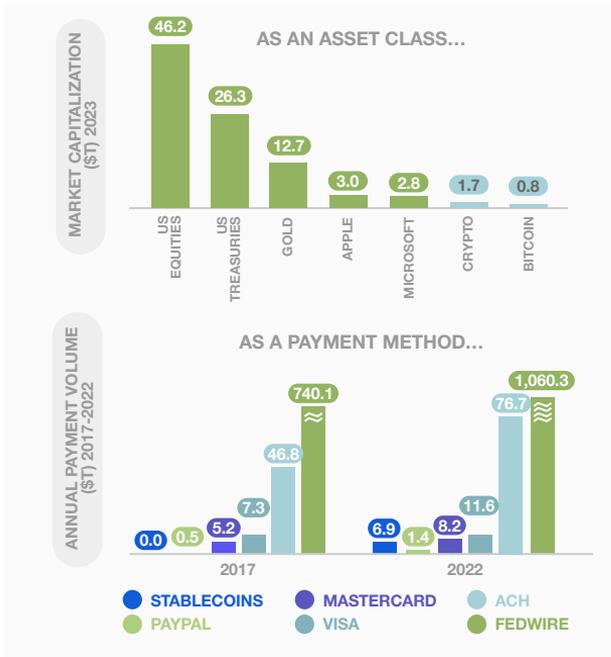
NET EARNED PREMIUM ($B), 2020-2023

	2020	2023	2020	2023
	$0.07	$0.23	$24.22	$33.74

Lemonade (2020, 2023)   *PROGRESSIVE* (2020, 2023)

	Lemonade	Progressive
CAGR '20-'23	53%	12%
LOSS RATIO	93.0%	79.8%
PREMIUM PER POLICY	$362	$1,325
POLICY ACQUISITION COST	$372	$1,087

Source: Morningstar, Investment News, company annual reports, F-Prime team analysis
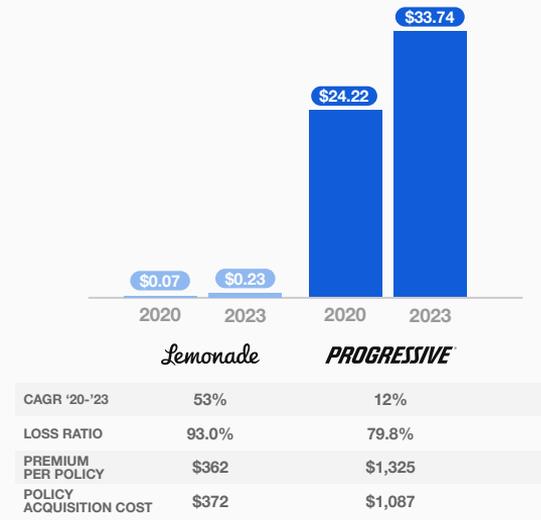
Crypto, generative AI, and real-time payments (in the US) have yet to meaningfully disrupt incumbents
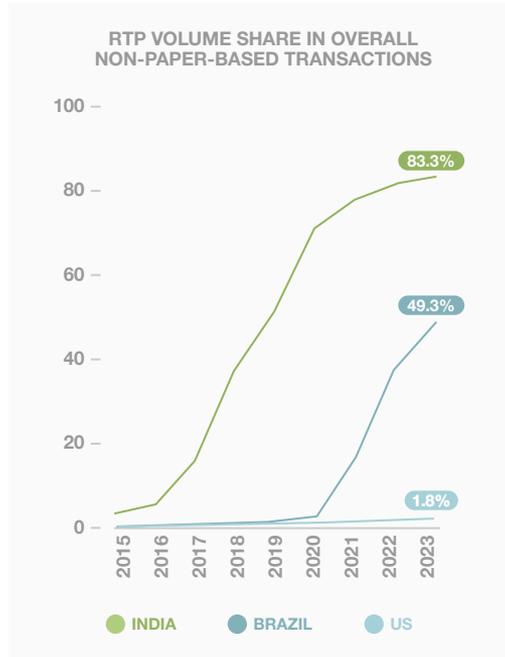
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CRYPTO/BLOCKCHAIN

While crypto has had a volatile history as an asset class, stablecoin annual volume shows promise in its use as a global payment method

AS AN ASSET CLASS...

MARKET CAPITALIZATION ($T) 2023

- US EQUITIES: 46.2
- US TREASURIES: 26.3
- GOLD: 12.7
- APPLE: 3.0
- MICROSOFT: 2.8
- CRYPTO: 1.7
- BITCOIN: 0.8

AS A PAYMENT METHOD...

ANNUAL PAYMENT VOLUME ($T) 2017-2022

2017:
- 0.0, 0.5, 5.2, 7.3, 46.8, 740.1

2022:
- 6.9, 1.4, 8.2, 11.6, 76.7, 1,060.3

● STABLECOINS   ● MASTERCARD   ● ACH
● PAYPAL   ● VISA   ● FEDWIRE

REAL-TIME PAYMENTS

It remains to be seen whether FedNow or RTP will see the same adoption as UPI in India or Pix in Brazil

RTP VOLUME SHARE IN OVERALL NON-PAPER-BASED TRANSACTIONS

- 100
- 80
- 60
- 40
- 20
- 0

2015 2016 2017 2018 2019 2020 2021 2022 2023

- 83.3%
- 49.3%
- 1.8%

● INDIA   ● BRAZIL   ● US

GENERATIVE AI

While incumbents have a data advantage and disruptors can move more quickly, AI is top of mind for both and there is no clear 'winner' yet
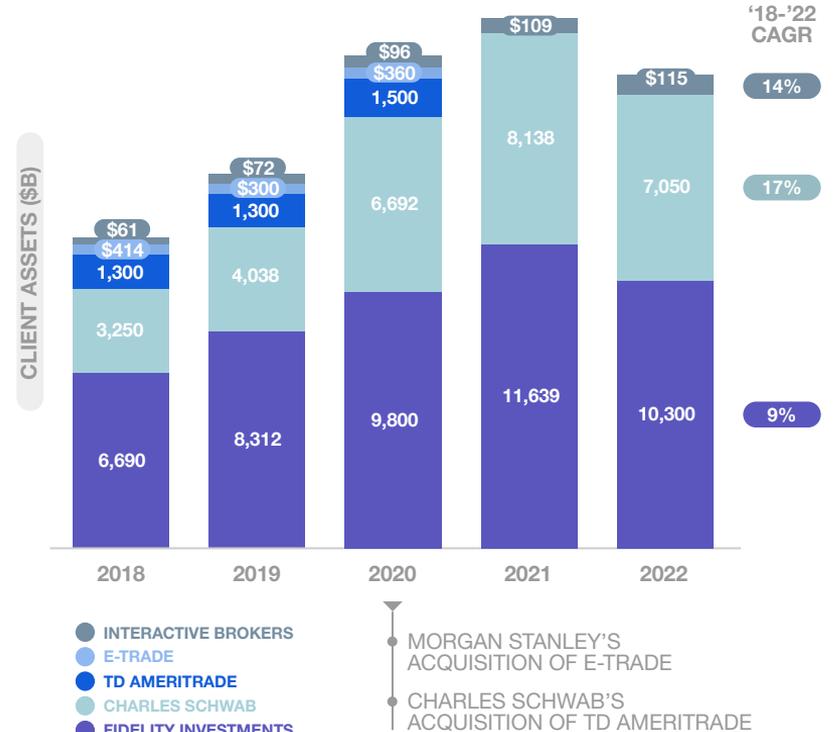
MENTIONS OF AI IN COMPANY EARNING CALLS, 2023

- Q1: 0.7 (incumbent), 1.3 (disruptor)
- Q2: 2.0 (incumbent), 3.4 (disruptor)
- Q3: 3.2 (incumbent), 4.1 (disruptor)
- Q4: 2.6 (incumbent), 2.7 (disruptor)

● INCUMBENT   ● DISRUPTOR

Source: WFE, SIFMA, CoinDCX, company annual reports, Bloomberg, ACI Worldwide, AlphaSense, F-Prime team analysis

Despite the success of many disruptive startups, incumbents are doing just fine

Top five banks added $580B in market cap since 2003

SHARE OF CONSOLIDATED ASSETS AMONG FDIC-INSURED BANKS

SHARE OF CONSOLIDATED ASSETS	2003	2022	% CHANGE
COMMUNITY BANKS (<$10B)	29%	15%	-14%
REGIONAL BANKS	29%	14%	-15%
LARGE FINANCIAL INSTITUTIONS (>$100B)	42%	71%	29%
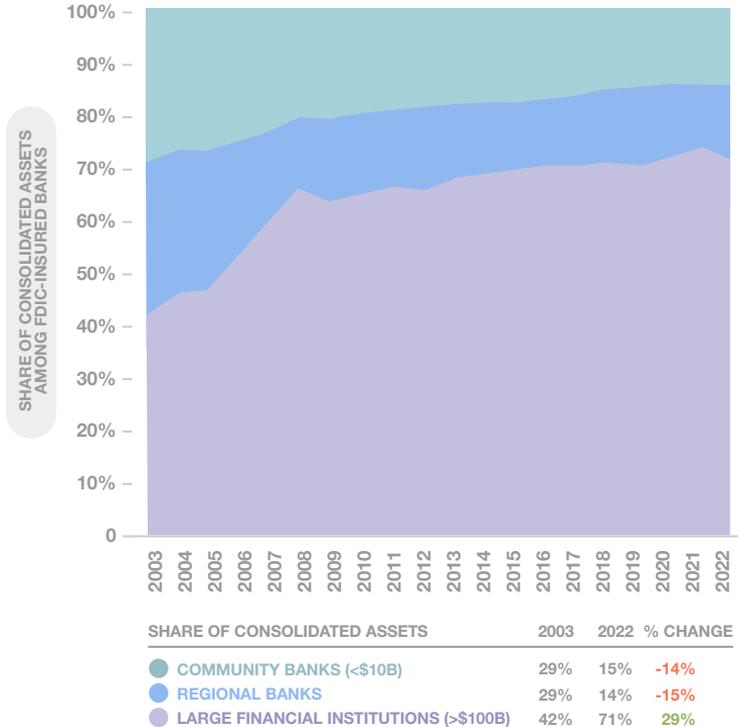
Top brokerages added $5.8T in client assets over past 5 years

CLIENT ASSETS ($B)

'18-'22 CAGR

- INTERACTIVE BROKERS
- E-TRADE
- TD AMERITRADE
- CHARLES SCHWAB
- FIDELITY INVESTMENTS

MORGAN STANLEY'S ACQUISITION OF E-TRADE

CHARLES SCHWAB'S ACQUISITION OF TD AMERITRADE

Source: Company annual report, Capital IQ, Bloomberg, F-Prime analysis
Note: Top 5 banks include JP Morgan, Citi, Bank of America, Wells Fargo, and Morgan Stanley.

With the race to implement AI intensifying, we see increased activity in proptech, banking, and insurtech to address the many manual processes in those verticals

ANNOUNCEMENT OF AI APPLICATION (F-PRIME FINTECH INDEX COMPANIES)

No announcement yet ← ○ ◔ ◑ ◑ ◑ ◑ ◕ ● → Proportion of companies announced AI application

VERTICAL (# of fintech index companies)	PREDICTIVE AI — Predictive AI has been deployed for years, with typical applications focusing on predictive analytics that can support use cases like "next best action"		GENERATIVE AI — Generative AI, powered by the new class of LLMs, is beginning to be implemented within the industry to generate novel content	
	SHARE OF COMPANIES	**EXAMPLE USE CASES**	**SHARE OF COMPANIES**	**EXAMPLE USE CASES**
PROPTECH (4)	◔	**-Pricing** (e.g., OpenDoor): Project pricing and streamline transaction process **-Home search / matching** (e.g., Redfin): Match home based on user criteria	◑	**-Loan officer copilot** (e.g.,Redin): Streamline mortgage application processing **-Listing enhancement** (e.g., Compass, Redfin): Redesign listing photos and videos
BANKING (6)	◔	**-Product recommendation** (e.g., SoFi, MoneyLion, Nerdwallet)**:** Enable personalized financial product recommendation **-Credit underwriting** (e.g., Nubank): Streamline personal credit app. review **-Compliance / AML**: Streamline KYC/KYB processes and identify client risk	◑	**-Bank agents copilot** (e.g., SoFi, nCino): Streamline loan application review, memo generation, and approval processes
INSURANCE (6)	◑	**-Underwriting** (e.g., Lemonade, EverQuote): Spot patterns & provide traceability of underwriting decisions **-Dynamic, real-time, predictive analytics** (e.g., Clover Health): Assist doctors in analyzing past medical record	◕	**-Claim management & automation** (e.g, Oscar Health): Review cost procedures and confirm insurance logic **-Personal Health assistant:** Check coverage/deductibles automatically and share preventive care benefits
LENDING (4)	●	**-Underwriting** (e.g., Upstart, Affirm): Automate loan approval and validation	○	No announcement yet
PAYMENTS (19)	◑	**-Fraud detection / prevention** (e.g, Ayden, Wise Paypal)**:** Monitor transactions, detect fraudsters, and manage risks **-Dynamic, real-time, predictive analytics** (e.g., Toast, Olo)**:** Project live customer demand and quote order ready times	◕	**-Developer copilot** (e.g., MercadoLibre, Marqeta): Increase developer efficiency **-Customer onboarding** (e.g., Marqeta): Streamline user navigation of documentation
WEALTH/ ASSET MGMT (4)	◔	**-Order matching** (e.g., Virtu financial): Connect retail brokers with IPO markets	○	**-**Though fintech startups (e.g., Public) launched feature to streamline investment research, public companies have yet to announce application of AI

F·PRIME

Many startup are also emerging to enable wider adoption of AI across fintech verticals

VERTICAL	PREDICTIVE AI					GENERATIVE AI			
PAYMENTS	SPADE	TAPIX BY DATEIO	Ballerine						
BANKING	MOSTLY·AI	Taktile	Hyperplane AI	MINERVA	HAWK:AI	Kasisto	vectari	posh	
WEALTH/ASSET MGMT	Quille AI	canoe / JIFFY.ai	accelex / aiFlow	ficc.ai	Dendrite AI	Brightwave AI	TOGGLE / Portrait / Theia Insights	ARKIFi / paraplanner.ai / Dispatch	Rose AI / Savvy
INSURANCE	Groundspeed / sprout.ai	Tractable / riskgenius	leO	snapsheet / EigenTechnologies	Atidot / SHIFT	PLANCK / Qumis	INSURMI / super.ai	ZELROS / Sixfold	
LENDING	LoanSnap	Ocrolus	True AI	ZEST AI	POLLY	noetica	Cascading AI		
PROPTECH		plunk	ValueBase	LocalizeOS		Haven	blackshark.ai	TRESTLE	Jitty
B2B SaaS	COMPLIANCE.AI / TRULLION	elucidate / Anonybit	Vymo / LUCINITY	fAIrplay / nSure.ai	VIC.AI	Basis	Greenlite / oscilar	Parcha / Hebbia	truewind / NormAi / Maya AI / FCB.ai

Source: F-Prime analysis

F-PRIME/EIGHT ROADS PORTFOLIO COMPANY

18

Fintech trends we are tracking in 2024

Payments tooling

With new rails, faster settlement times, and increasing need for reconciliation, payments teams are receiving purpose-built tooling

Ledge nilus

pagos Proper

Vertical APIs

Vertical SaaS tools will open their platforms to allow others to integrate actions and share real-time, industry-specific data

Propify codat

1upHealth Canopy Connect

Digitization of wealth tech stack

Growth of independent advisors and the alternatives asset class drive the need for a better and more integrated tech stack

Dispatch canoe

LEMONEDGE 73 STRINGS

AI x professional services

Compelling early use cases in accounting, legal, and tax with LLM-powered wedge products

agentive muse

black ore Harvey

Emerging markets fintech

Accelerated digital transformation combined with low penetration of financial services paves the way for vertical SaaS and fintech to serve fast-growing markets

toku iGlu

parrot Tripitaca

Stablecoins

Stablecoins have a role in multiple valuable solutions including payment methods, volatility hedge, and investment products

Bridge Brale

CEDAR sling

F-Prime Fintech Index

F-Prime Fintech Index Overview

The F-Prime Fintech Index comprises the following emerging financial technology companies. Criteria include capitalization, liquidity, growth rates, founding year and listing exchange.
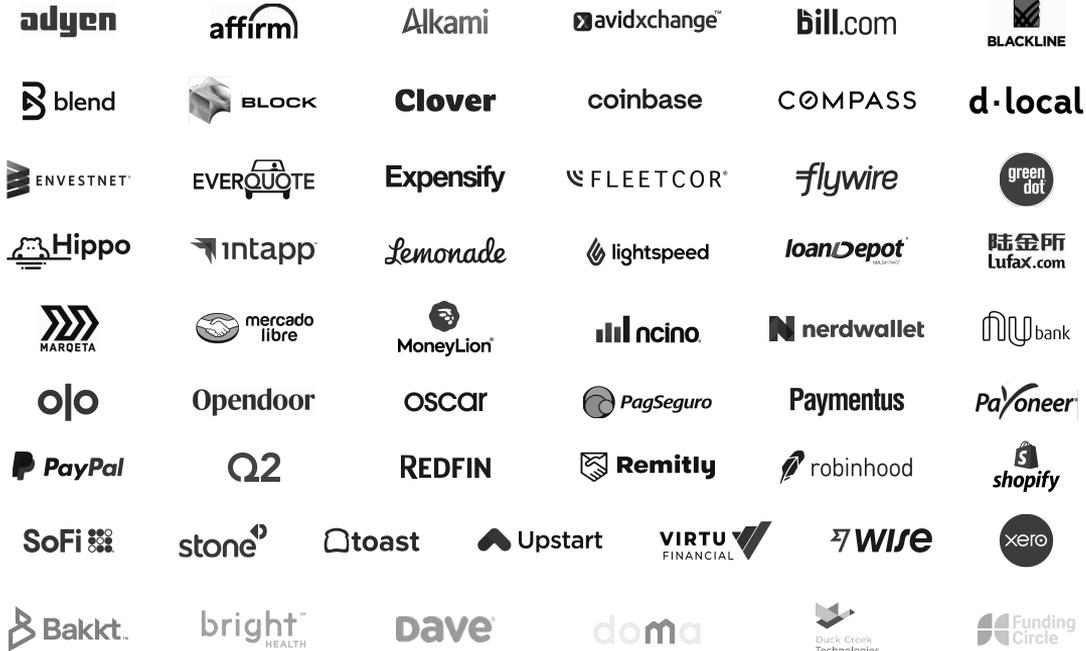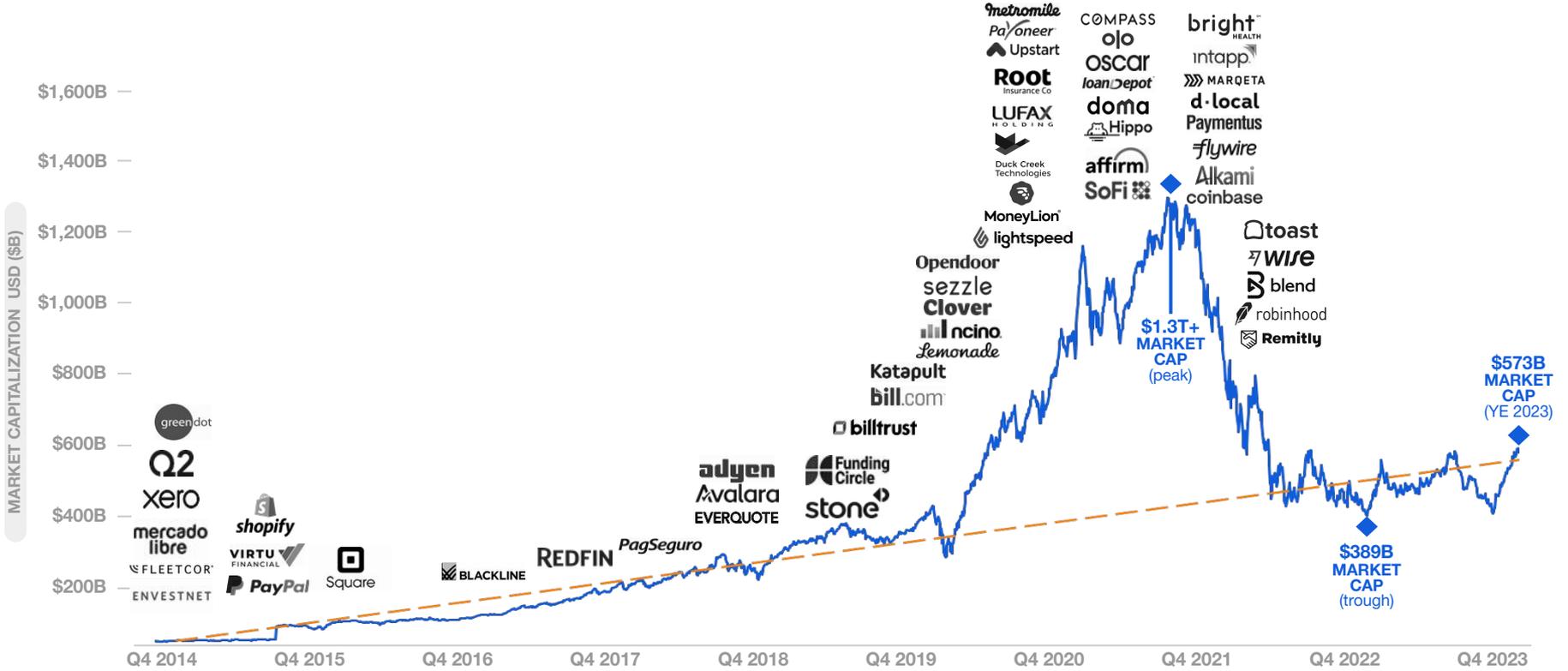

49
Companies

$573B
Market cap

$65B
Raised

4.8x
Revenue multiple

15%
LTM avg. revenue growth rate

2023 Exclusions

Note: All figures as of 12/31/2023

After peaking at $1.3T in late 2021, the F-Prime Fintech Index fell to $389B before rebounding to $573B in 2023

MARKET CAPITALIZATION USD ($B)
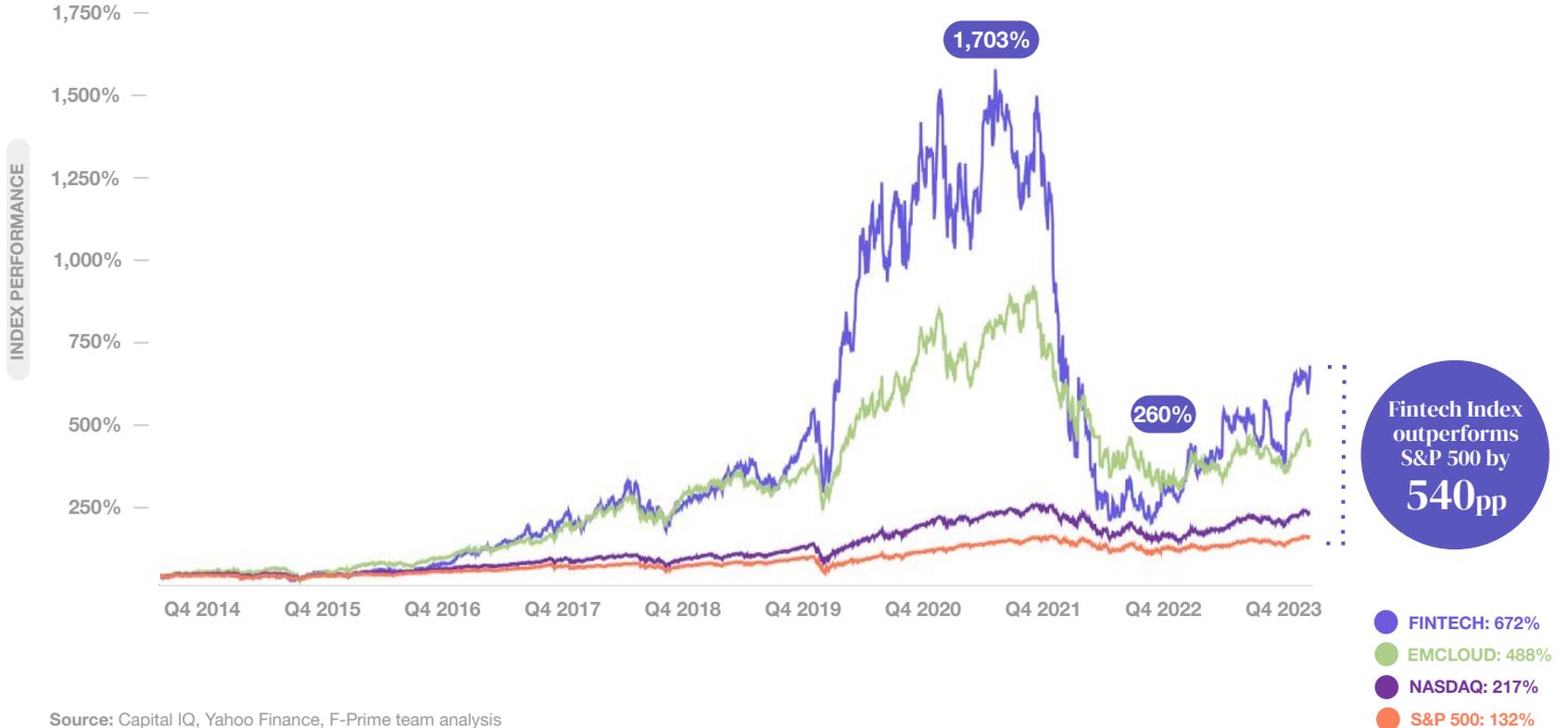
$1,600B —
$1,400B —
$1,200B —
$1,000B —
$800B —
$600B —
$400B —
$200B —

Q4 2014   Q4 2015   Q4 2016   Q4 2017   Q4 2018   Q4 2019   Q4 2020   Q4 2021   Q4 2022   Q4 2023

$1.3T+ MARKET CAP (peak)

$389B MARKET CAP (trough)

$573B MARKET CAP (YE 2023)

Source: Capital IQ, Yahoo Finance, F-Prime team analysis
Note: Due to the fact that the Fintech Index is market cap weighted, the performance in the next slide will be higher than the capitalization change above.
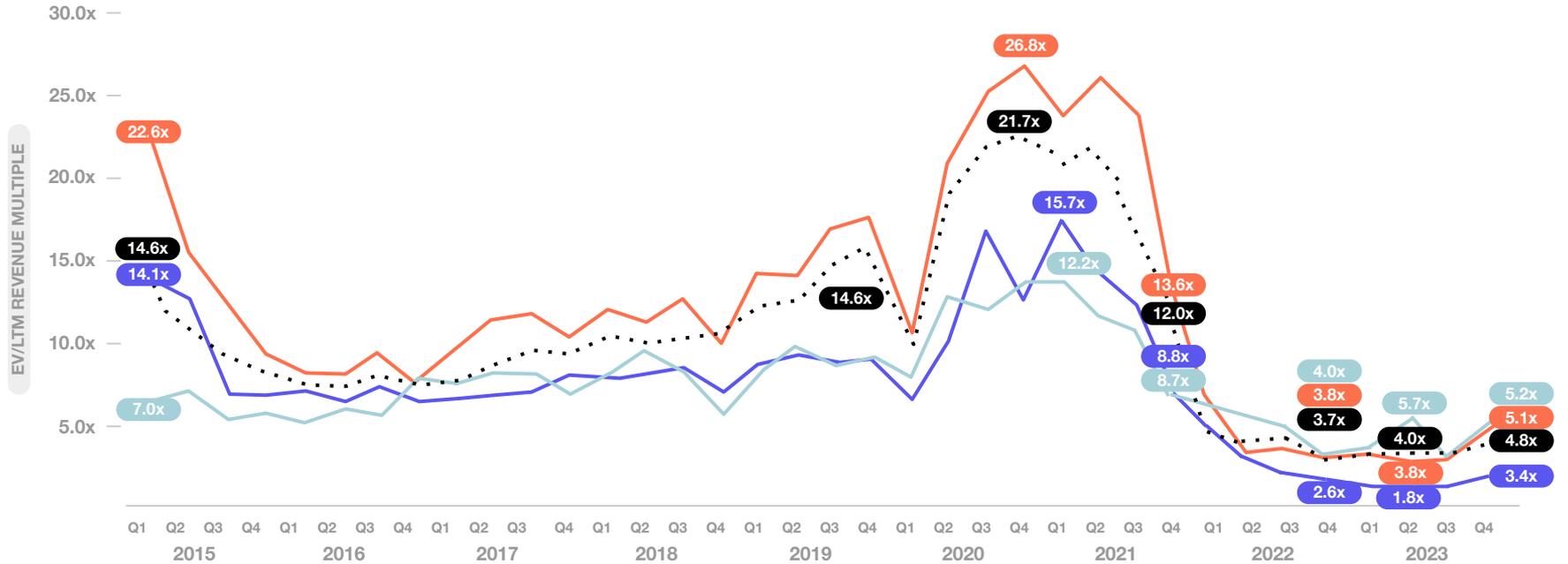
42% CAGR

In 2023 the F-Prime Fintech Index was up 114%

INDEX PERFORMANCE

1,703%

260%

Fintech Index outperforms S&P 500 by **540pp**

- **FINTECH: 672%**
- **EMCLOUD: 488%**
- **NASDAQ: 217%**
- **S&P 500: 132%**

Q4 2014 | Q4 2015 | Q4 2016 | Q4 2017 | Q4 2018 | Q4 2019 | Q4 2020 | Q4 2021 | Q4 2022 | Q4 2023

Source: Capital IQ, Yahoo Finance, F-Prime team analysis

Public investors assigned high multiples to fintech companies in 2020 and 2021, but are now valuing companies below historical averages
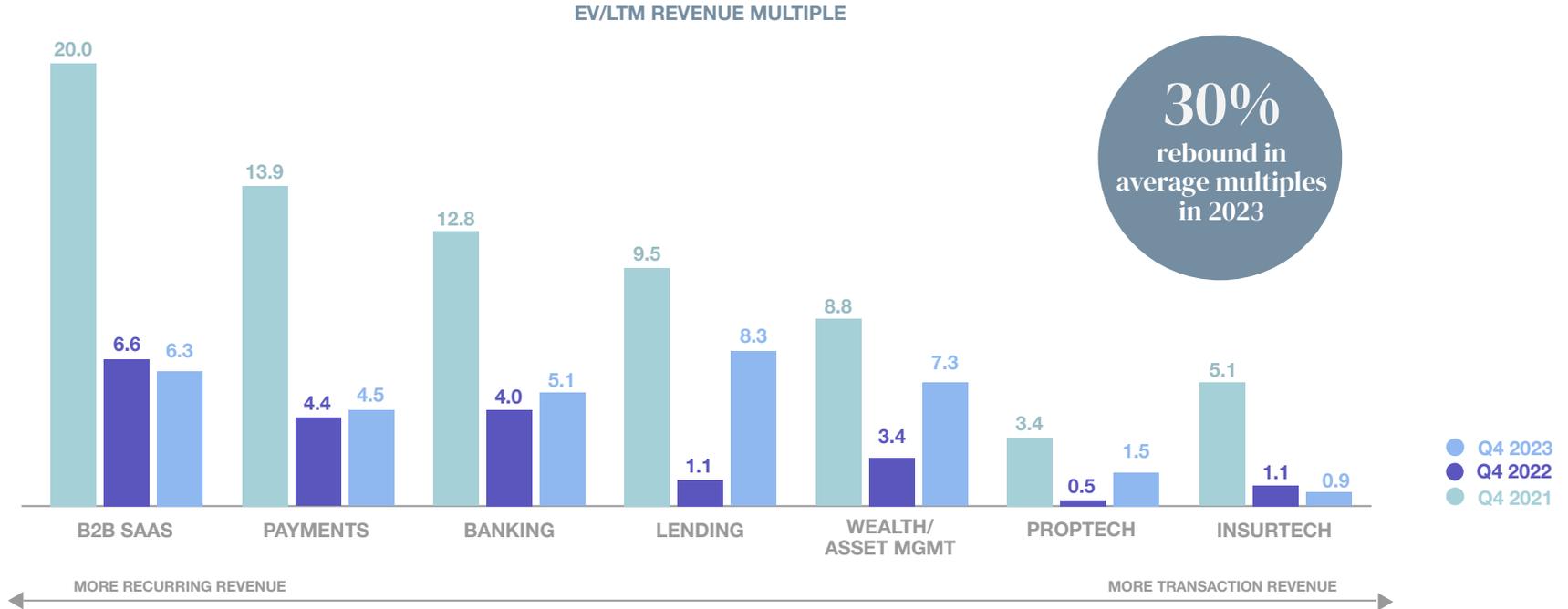
F·PRIME

EV/LTM REVENUE MULTIPLE

30.0x
25.0x
20.0x
15.0x
10.0x
5.0x

Q1 Q2 Q3 Q4 | Q1 Q2 Q3 Q4 | Q1 Q2 Q3 Q4 | Q1 Q2 Q3 Q4 | Q1 Q2 Q3 Q4 | Q1 Q2 Q3 Q4 | Q1 Q2 Q3 Q4 | Q1 Q2 Q3 Q4 | Q1 Q2 Q3 Q4
2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023

Data labels: 22.6x, 14.6x, 14.1x, 7.0x, 26.8x, 21.7x, 15.7x, 14.6x, 12.2x, 13.6x, 12.0x, 8.8x, 8.7x, 4.0x, 3.8x, 3.7x, 2.6x, 5.7x, 4.0x, 1.8x, 5.2x, 5.1x, 4.8x, 3.8x, 3.4x

● AGGREGATE   ● BETWEEN 20-40% (LTM growth rate)
● LESS THAN 20% (LTM growth rate)   ● GREATER THAN 40% (LTM growth rate)

Almost every sector saw a modest recovery in valuation multiples

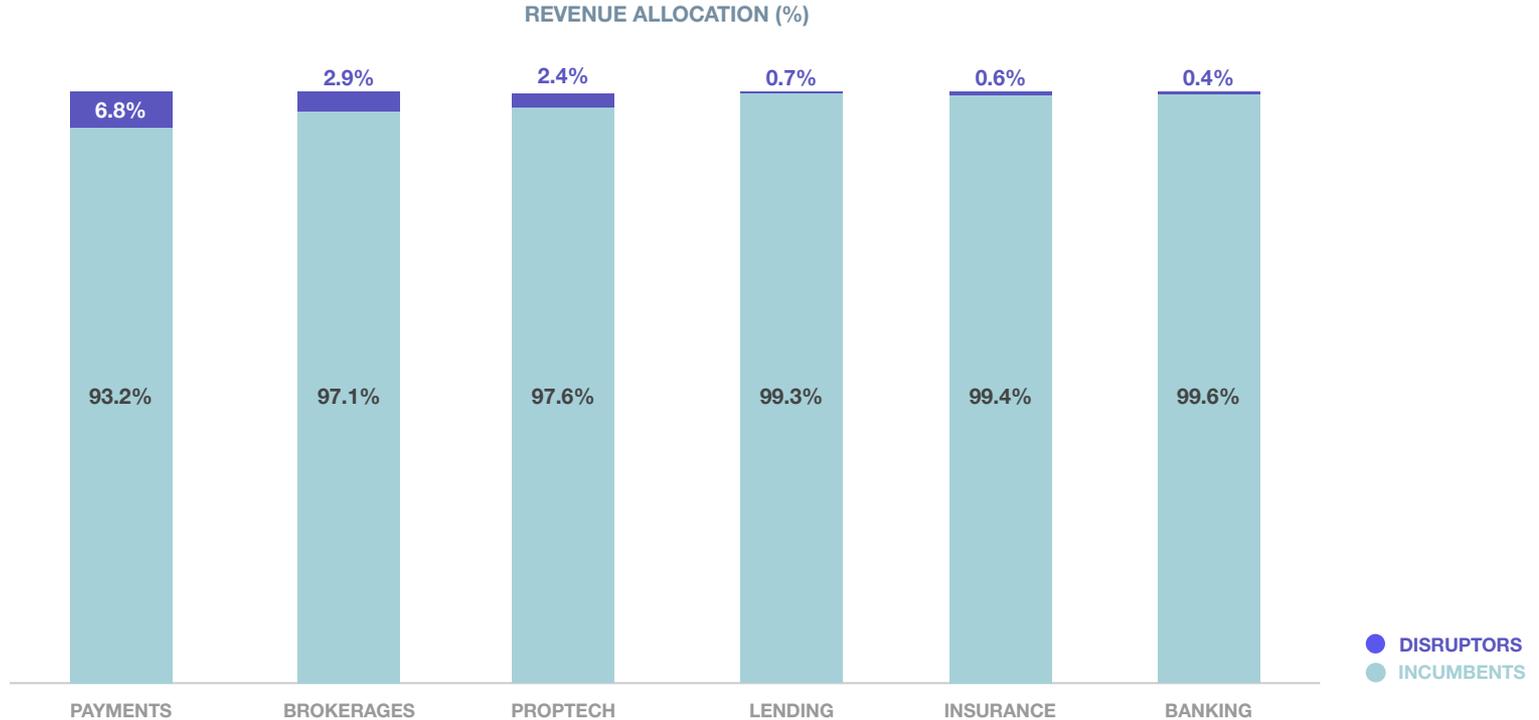**EV/LTM REVENUE MULTIPLE**

30% rebound in average multiples in 2023

Sector	Q4 2021	Q4 2022	Q4 2023
B2B SAAS	20.0	6.6	6.3
PAYMENTS	13.9	4.4	4.5
BANKING	12.8	4.0	5.1
LENDING	9.5	1.1	8.3
WEALTH/ASSET MGMT	8.8	3.4	7.3
PROPTECH	3.4	0.5	1.5
INSURTECH	5.1	1.1	0.9

● Q4 2023
● Q4 2022
● Q4 2021

← MORE RECURRING REVENUE   MORE TRANSACTION REVENUE →

Source: S&P Capital IQ, F-Prime team analysis

For now, public investors view high gross margins as an important driver of valuation

LTM REVENUE MULTIPLE

15x — ● C coinbase

shopify

12x — ● affirm

9x —

● Nubank

● FLEETCOR

6x — mercado libre ● robinhood

adyen

3x — PayPal BLOCK

● REVENUE ($2B - $30B)
··· TRENDLINE

10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

GROSS MARGINS

Note: The above chart is displaying the 10-most valuable Fintech Index companies as of 12/31/2023.

Fintech companies are capturing market share, but still have room to grow

REVENUE ALLOCATION (%)

	PAYMENTS	BROKERAGES	PROPTECH	LENDING	INSURANCE	BANKING
Disruptors	6.8%	2.9%	2.4%	0.7%	0.6%	0.4%
Incumbents	93.2%	97.1%	97.6%	99.3%	99.4%	99.6%

● **DISRUPTORS**
● **INCUMBENTS**
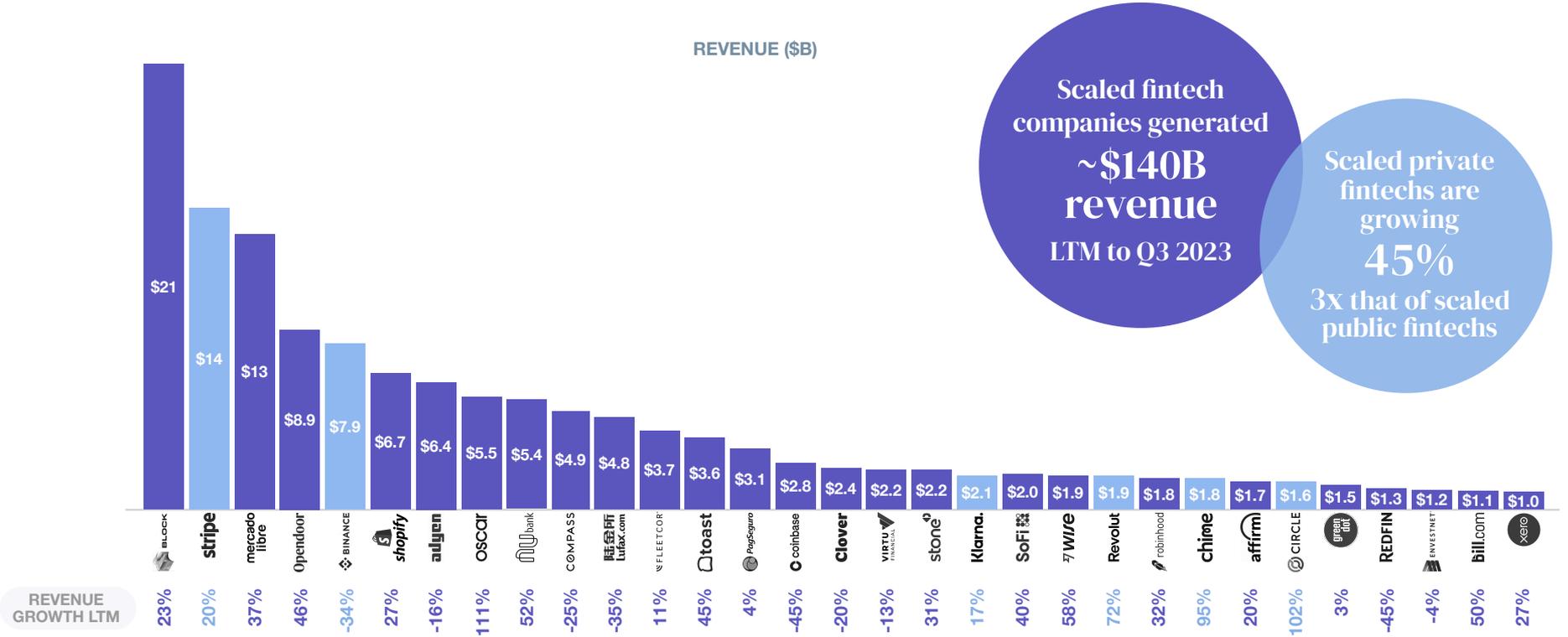
After two years without a large fintech IPO, many sizable companies are now filing or considering going public

TOTAL MARKET CAP BY VERTICAL ($B)

Vertical	Values
INSURANCE	$15B / $4B
PROPTECH	$18B / $6B
LENDING	$30B / $9B / $22B
B2B SaaS	$66B / $33B
BANKING	$88B / $53B
WEALTH/ASSET MGMT	$87B / $16B / $56B
PAYMENTS	$68B / $50B / $398B

● POTENTIAL FUTURE LISTINGS
● ANNOUNCED/UPCOMING IPOs
● FINTECH INDEX COMPANIES
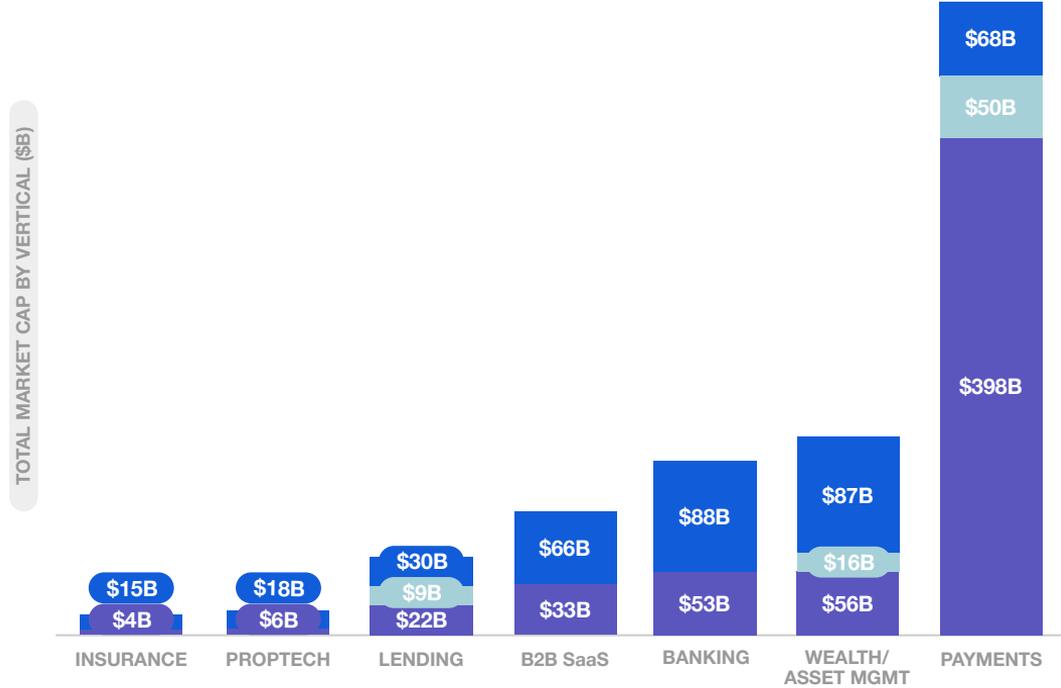
Source: PitchBook, TechCrunch, Capital IQ, F-Prime team analysis
Note: Exited companies added to index after 3 months of trading in public markets.
Valuation date: 12/31/2023

Filling & Announced Exits

COMPANY	VALUATION	FILING DATE
CIRCLE	$8B	Q1 2024
APEX	$5B	Q4 2023
stripe	$50B	N/A
Klarna.	$7B	N/A
lendbuzz	$2B	N/A
FIGURE	$3B	N/A

Potential Listing Candidates

chime   gusto   Brex   NYDIG
Revolut   deel.   PLAID   iCapital
Rapyd   ripple   carta   ramp
Chainalysis   Fireblocks
ServiceTitan   flutterwave
DRIVEWEALTH   checkout.com
RIPPLING   wealthfront

F-PRIME

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About F-Prime Capital

We create and invest in healthcare and technology companies that impact lives all over the world.
We have over 300 companies in our portfolio, including 30 that we started. Our global portfolio is spread across the Americas, Europe, Asia and Africa.

Note: Above listing is a sample of fintech portfolio companies in the F-Prime and Eight Roads funds.

F-Prime Technology Team

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Principal

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