

UK Fintech

Emerging Growth

2021 Trends

March 2022

Fintech equity investment

With the number of equity investment deals steadily climbing every year for the last decade, fintech is clearly popular with investors. Between 2012 and 2021, the 4,323 deals raised had a combined value of £18.8b. The investment volume exploded in 2021 in particular, where 20 deals were for £100m or

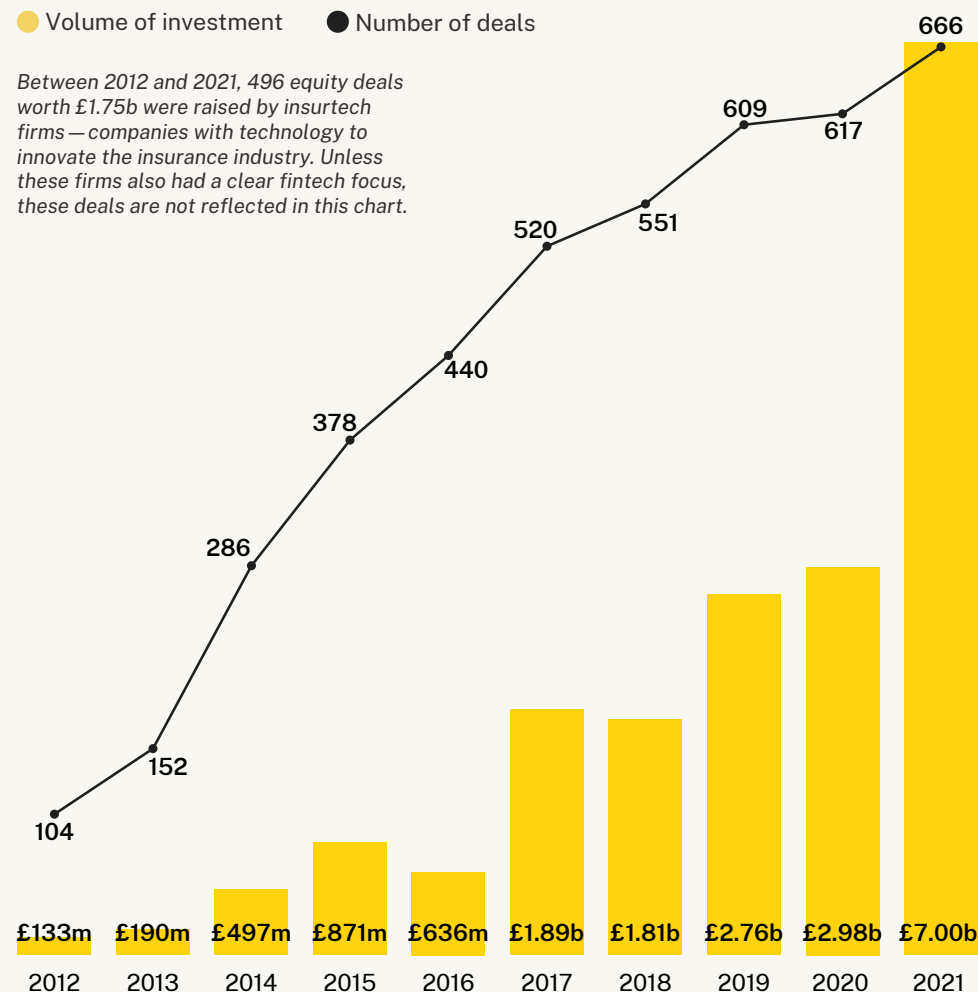
more. The top deals were Revolut's £578m round, £409m for Monzo and £358m for SaltPay. Other big name fintechs securing these gigadeals included Checkout.com and Starling Bank. The most popular route for taking investment in 2021 was crowdfunding, with Seedrs and Crowdcube topping the

investor ranking. The flourishing sector was also supported by a number of deals involving the government scheme, the Future Fund. This report is the first in a UK fintech series; still to come will be a deep dive into Leeds and Manchester's fintech scene, as well as a 2022 quarterly review.

Equity investment into fintech (2012-2021)

● Volume of investment ● Number of deals

Between 2012 and 2021, 496 equity deals worth £1.75b were raised by insurtech firms—companies with technology to innovate the insurance industry. Unless these firms also had a clear fintech focus, these deals are not reflected in this chart.



Top investors into fintech by number of equity deals (2021)

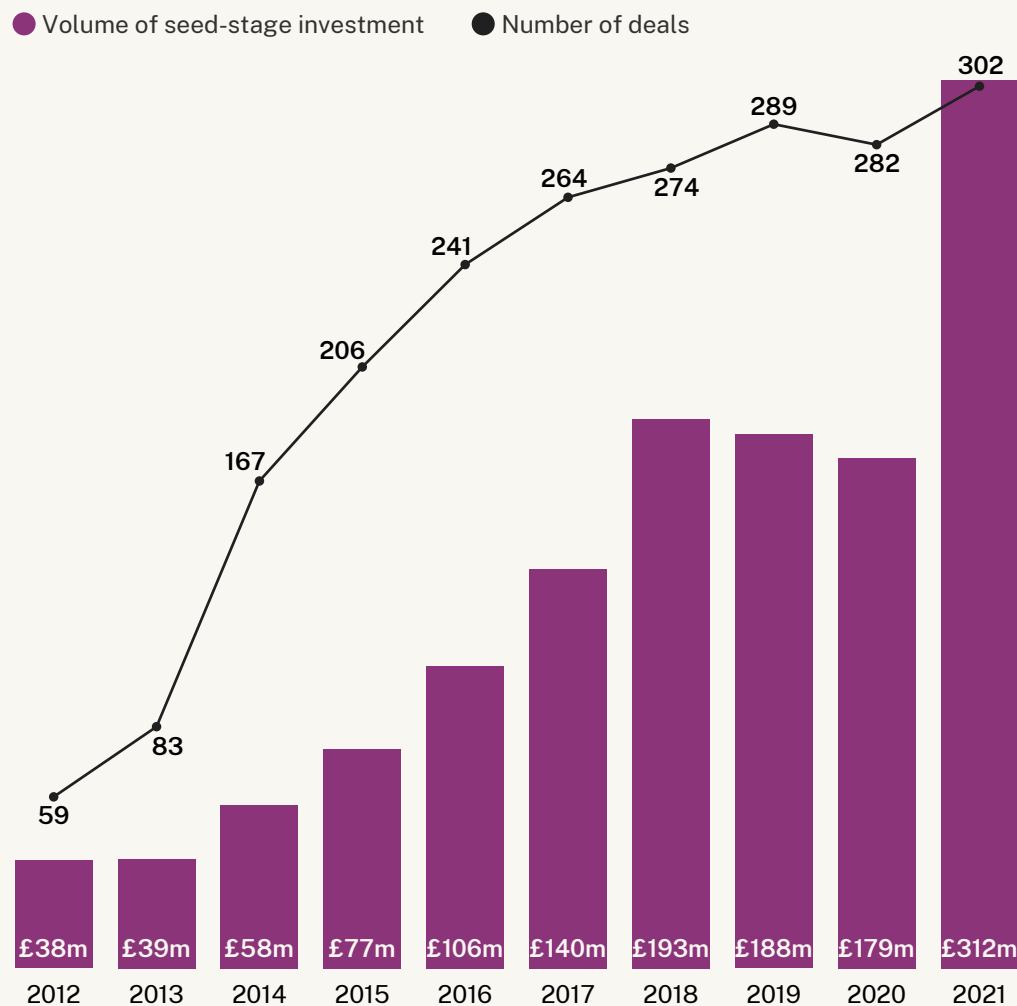
Seedrs	40
Crowdcube	30
Future Fund	16
Seedcamp	8
Anthemis	8
Speedinvest Fintech	6
Octopus Ventures	6
Tiger Global Management	5
SFC Capital	5
Molten Ventures	5
Lakestar	5
Augmentum Fintech	5
Access EIS	5
Accel	5

Seed-stage fintech investment

Despite a slight dip in 2020, likely due to some hesitance to invest in younger and thus riskier businesses during the economic uncertainty of the pandemic, the number of equity deals in seed-stage fintechs matched the wider trend: a steady upward climb. In 2021 – the first year seed-stage fintech deals were more than 300 in number – funding rounds included £28m then £23.9m to challenger bank Monument, £15.8m raised by buy-now-pay-later app Butter, and £18.5m secured by blockchain firm Aztec. By examining which fintech subsectors are gaining funding momentum, seed-stage deals are indicative of where the fintech industry may be heading.

In addition to crowdfunding platforms Seedrs and Crowdcube, the source of 14 and nine deals respectively, top investors in seed-stage fintechs in 2021 included London-based European venture capital fund Seedcamp, and early-stage investment firm SFC Capital. Each participated in four separate equity deals. The Future Fund, backed by the British Business Bank, also supported three young fintechs to grow: Elite Capital and Management Services, Envision, and Sweep.

Equity investment into seed-stage fintech companies (2012-2021)



"Fintech should be about making people's lives better, using technology in new ways to make financial services for all rather than for those that can afford it. It is a sector that has led on purpose driven missions and it is welcoming to see that last year the funding momentum captures this across the sub-sectors spotlighted in this report."

With fintech being key to the levelling up agenda it is great to see that 174 equity deals were invested in UK fintech firms outside London in 2021."

Louise Brett,
Head of FinTech and Financial
Services Innovation, Deloitte Europe

Deloitte.

Fintechs raising first deals in 2021

In 2021, 156 fintech companies raised an equity deal for the first time, indicating that there is a strong pipeline of young and ambitious startups that will disrupt the already enormous fintech market. The newest innovation in fintech is coming in many different forms, from those operating

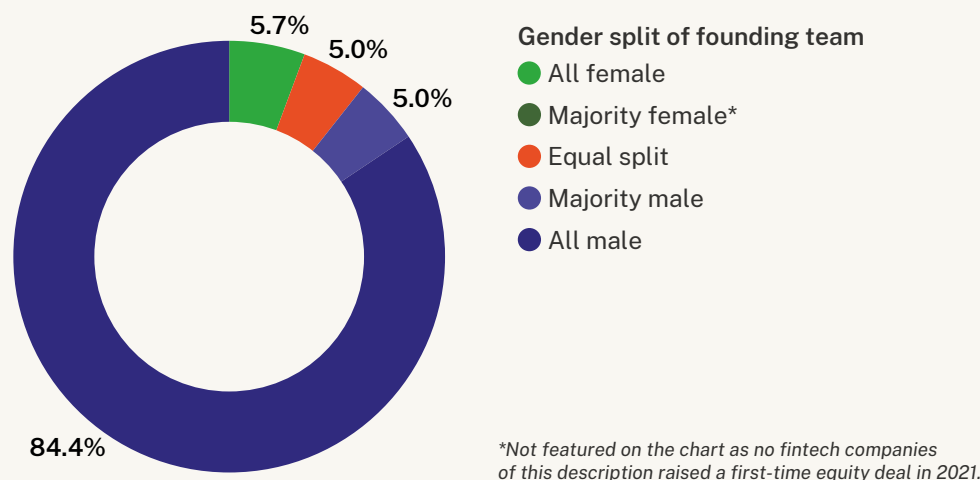
in cryptocurrency and blockchain, to firms offering global financial services, to ventures tapping into consumer habits with loyalty programs and rewards. But an equally significant area for fintech investment in 2021 has been ESG-orientated products and services, such as financial inclusion,

sustainability and ethical investing. The following two pages explore these three emergent subsectors, as well as internationalisation, each featuring three young high-growth companies that raised equity investment in 2021, highlighting the potential future of fintech.

First-time equity deals into fintech by subsector (2021)



Founding team genders of fintech companies that raised a first equity deal (2021)



Women-led fintech companies remain significantly underrepresented among those that raised a first equity deal in 2021. Financial services has historically been a male-dominated sector, with women less likely to be promoted into senior positions. Moreover, female entrepreneurs still do not have access to an equal peer network or opportunities for funding. For these numbers to change, there must be more women in decision-making roles at VCs, fairer scrutiny on female entrepreneurs looking to raise a first deal, and funding networks need to become more accessible.

Spotlight companies: ethical investing and financial inclusion

Ethical Investing

Investing that considers social responsibility as well as financial return is on the rise. At the same time, a number of innovative fintechs are springing up, helping investors to find these ethical opportunities, and attract and educate new investors. These startups are also playing a role in improving transparency and assessment of financial risk.

Carbon Keepers

Incorporation date	September 2019
Equity funding raised in 2021	£57k

Having raised £57k in September 2021, Carbon Keepers operates platforms for managing carbon conscious investments and assets. The technology firm aspires to deliver in three areas on its investment opportunities: return on investment, the creation of jobs and better livelihoods, and a positive impact on the planet.

Arcturus

Incorporation date	August 2020
Equity funding raised in 2021	£100k

Arcturus provides data and analysis that helps investors assess environmental risks and financial outcomes, and to anticipate opportunities early on. Based in Kent, Arcturus secured its first equity deal in January 2021 with a pre-money valuation of £4m.

Your Juno

Incorporation date	February 2021
Equity funding raised in 2021	£1.48m

Focused on addressing financial inequality, Your Juno's platform is aimed at women and non-binary people, offering educational courses on a number of topics surrounding money, with one such area being investing. The edtech raised a total of £1.48m in 2021, across a £254k deal in May and £1.23m in December.

Financial inclusion

Financial inclusion refers to equal opportunity for all individuals and businesses to access useful and affordable financial services, such as accounts, digital banking and transactions, loans and insurance. Fintech has the potential to advance financial inclusion through financial education, accessible platforms, and a more versatile product offering.

ProGrad

Incorporation date	November 2020
Equity funding raised in 2021	£620k

ProGrad's mission is to pioneer financial inclusion for Gen-Z, helping them access sustainable funding by connecting them with relevant credit products and enabling rewards for 'good' behaviour. ProGrad are due to fully launch over the next few months with over 30+ lenders on their panel. ProGrad secured £620k in August 2021.

AGAM International

Incorporation date	November 2019
Equity funding raised in 2021	£82k

AGAM uses AI to derive alternative datapoints from mobile phones to create a credit score for customers and connect them with banks for instant access to credit. The firm was a joint winner of the Global Fintech Award by UK Department of International Trade in 2021. Shabnam Wazed is a first-generation female founder who has relocated to the UK (courtesy of the DIT and UK Innovator Visa) to build the company.

The Big Exchange

Incorporation date	March 2014
Equity funding raised in 2021	£364k

The Big Exchange aims to support people with money management and investing, offering help with these as well as lower carbon emissions. Their biggest shareholder is The Big Issue Group. Striving for a financial system that is fair and accessible, 50% of their customers are women and 40% of those have invested for the first time on The Big Exchange.

Spotlight companies: sustainability and internationalisation

Sustainability

Fintech is increasingly able to contribute to sustainability missions that desire a responsible and long-lasting approach to the environment, the economy and society. This ranges from providing data on companies to green investors, to increasing awareness of climate issues and helping individuals actively contribute in their financial decisions.

Novus

Incorporation date	April 2020
Equity funding raised in 2021	£1.13m

Novus is developing a banking app with a positive social and environmental impact at no extra cost to users; every purchase gives the user 'impact coins' to put towards causes including ocean conservation, education, hunger alleviation and reforestation. Novus raised £1.13m of equity funding in April 2021.

Climate X

Incorporation date	December 2020
Equity funding raised in 2021	£1.1m

Climate X delivers climate-change related risk ratings and asset level loss estimates for the financial industry and beyond. Their purpose driven team is comprised of ex-Risk management professionals and climate science experts. Climate X raised £1.1m in July 2021 from Pale Blue Dot, Blue Wire Capital, and several noteworthy angels.

Zeti

Incorporation date	May 2020
Equity funding raised in 2021	£560k

Zeti helps innovative fleet operators adopt EV vehicles, making it simple, transparent and flexible by enabling a Pay-As-You-Use finance for vehicles. Zeti secured £500k in April 2021 with Alan Morgan, the Chairman of MMC Ventures as an investor. The team of 14, currently enabling and managing the financing £12m of zero-emission vehicles (185 EVs), is based between Shoreditch and Santa Monica and is 35% women.

Internationalisation

Expanding production and sales overseas is a step on the growth journey for many businesses — including fintechs — with firms building products designed for both home and foreign markets. Examples include services for online payment in multiple currencies, transferring money abroad, and investing in international businesses.

T8

Incorporation date	October 2020
Equity funding raised in 2021	£3.14m

T8 is a payment and wealth management platform that allows users to make investments internationally. Since incorporation in October 2020, the firm first raised £2.24m in February 2021, and then secured a further £903k in September. T8 is continuing to scale across Europe and Asia.

Yonder

Incorporation date	July 2020
Equity funding raised in 2021	£5.85m

Aimed at those moving to London from abroad, Yonder is developing a credit card that does not require a UK credit score. Instead, membership is based on income and spending history, and users earn points to use on experiences in London. In 2021, Yonder raised £850k in March and £5m in August, totalling £5.85m overall.

sendit.money

Incorporation date	June 2019
Equity funding raised in 2021	£166k

sendit.money is building a mobile wallet which allows users to securely and inexpensively send and receive money internationally. The business secured £141k from Crowdcube in February 2021, and then a further £25k from undisclosed investors in September. sendit.money also received a £145k grant from Innovate UK.

About

Beauhurst

Contact

4th Floor, Brixton House
2 Somerleyton Road
London
SW9 8ND

www.beauhurst.com
+44 (0)20 7062 0060
consultancy@beauhurst.com

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Deloitte.

Contact

Louise Brett
Head of FinTech and Financial Services Innovation, Deloitte Europe
Senior Partner, Deloitte Digital
Vice Chairman, Deloitte UK

www.deloitte.co.uk
+44 (0)20 7303 7225
lbrett@deloitte.co.uk

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We are committed to making an impact that matters for our clients, our people and society, and see FinTech as a core component in how innovation in financial services can create a better future for all.

Editor Henry Whorwood
Production Dan Robinson, Freya Hyde, Alice Williams

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