

Fintech

Gender Diversity & Q2/2022 Trends

August 2022

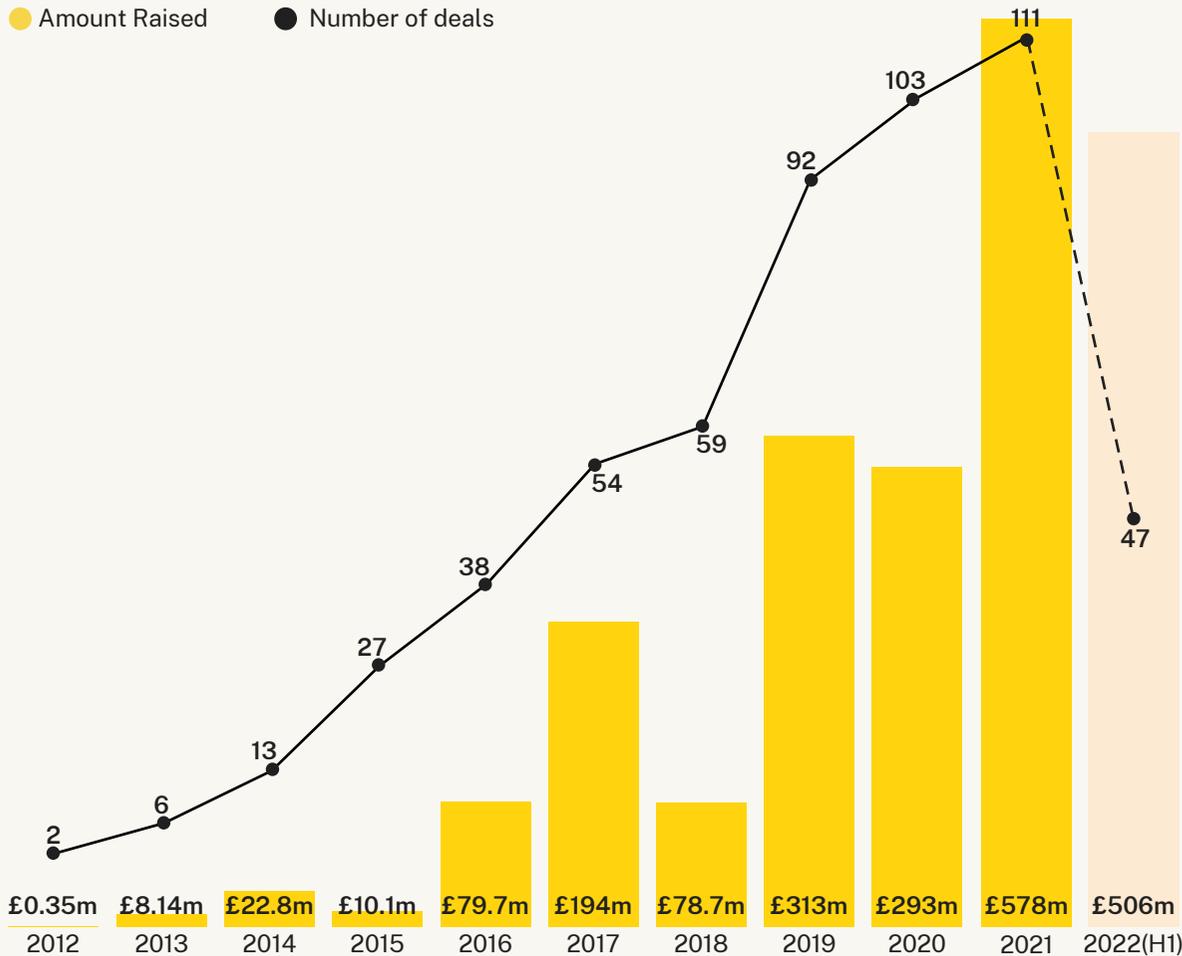
Gender diversity

Equity investment into fintech companies with one or more female founders has continued to grow exponentially over the past decade, rising from just two deals worth £350k in 2012 to 111 deals worth £578m in 2021. Despite the increase in funding secured by female-founded fintech companies, these figures

are still disproportionately low given the investment in male counterparts. For example, in 2021, just 1.9% of fintech equity investment went to companies with at least one female founder. Of the £578m of equity invested into fintech companies with a female founder in 2021, 61.1% (£352m) of the investment was

secured by all female founding teams. This high proportion is largely due to investment raised by Starling Bank, a challenger bank founded by Anne Boden, which amounted to £322m in 2021.

Equity investment into fintechs with one or more female founders (2012-H1/2022)



“There is long way to go to level the playing field for female founders looking to raise capital. Only 1.9% of FinTech equity investment went to startups with at least one female co-founder in 2021. This is antithetical to what we know about female founders who perform better than all male founding teams 63% of the time as per the commonly cited First Round Capital report. This is a representation problem, as opposed to a frequently stated pipeline problem. We should continue to increase our focus on investment to underrepresented female founders. Cultivating entrepreneurial talent in women across the financial services ecosystem could not be more important!”

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

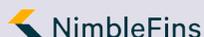
Gender diversity

Female-founded startup case studies



TAINA Technology

TAINA Technology helps financial institutions to meet regulatory requirements using technology. The company secured £6.54m in their most recent fundraising round hosted in October 2021.



NimbleFins

NimbleFins is a 100% female founded platform, with a mission to ensure everyone has access to financial education. Since its incorporation in 2018, NimbleFins has raised £60k in equity fundraising.



Vira Health

Stella, the app developed by Vira Health, aims to enable users to monitor menopause symptoms, offering tailored solutions. Launched in 2018, the company has received £10.7m of equity funding.



Legl

Legl is a digital platform that aims to assist legal professionals by simplifying the legal processes with technology. Founded by Julia Salasky, Legl has raised £14.58m in equity funding so far this year.



Esther

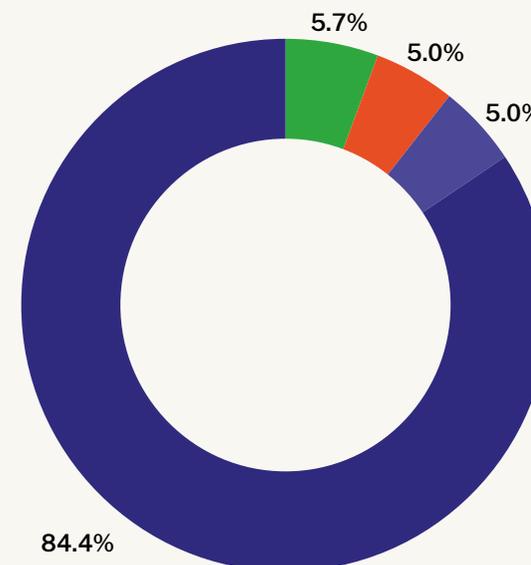
Esther created and manages an app promising to provide 100% of charitable donations made by users to local vulnerable individuals. The business has secured £1.04m across three fundraising rounds.

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

Gender split of founding team

- All female
- Majority female*
- Equal split
- Majority male
- All male

**Not featured on the chart as no fintech companies of this description raised a first-time equity deal in 2021.*



This chart, on initial equity raises, was generated for the first in this series of fintech reports, available at: www.beahurst.com/research/uk-fintech-emerging-growth/

Market trends

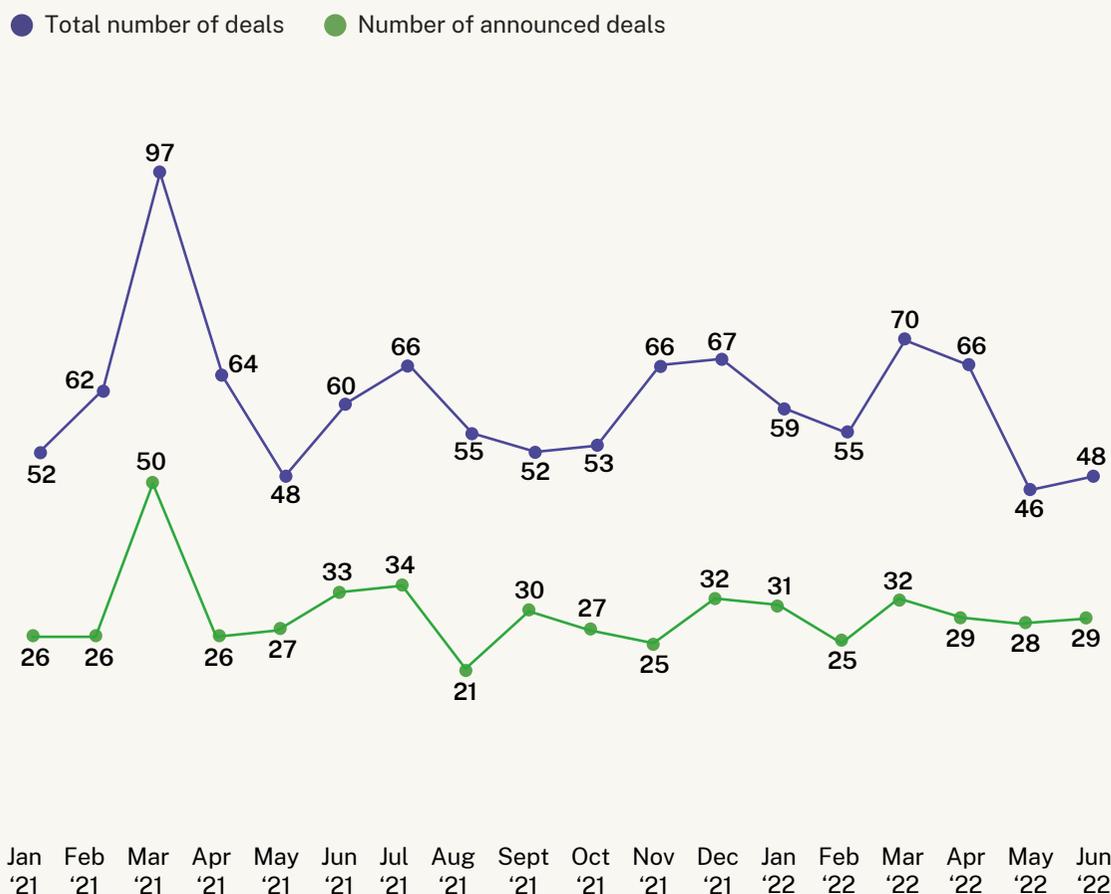
Turning to the ecosystem in full, although broader socio-economic conditions had a slightly delayed impact on the private markets for the first few months of the year, since March 2022, there has been a notable downturn in the number of deals secured by fintech companies. In June 2022, just 40

equity fundraising rounds took place, making this the worst month for investment since January 2021.

Whilst the number of deals taking place has reached a lull, it should be noted that the combined value of equity investment secured

by fintech companies remains comparable with previous time periods. However, this may be due to several large deals taking place in recent months. In April, Paddle received £163m of equity, for example, and in June SumUP secured £506m of investment in a single deal.

Number of equity investment deals into fintechs (2021-H1/2022)



“March is usually the busiest month of the year for investments into startups and scaleups in any sector because of SEIS and EIS. The difference between March last year and March this year is marked – 28% fewer deals. But every other month has seen a number of deals within the normal range. Although the figure for May this year is a low point, it is only two deals fewer than the same month last year. The paperwork for a handle of deals may yet trickle through. The boom times may be over, but a proper downturn is not yet in evidence.”

Henry Whorwood
 Head of Research and Consultancy,
 Beauhurst

Spotlight deals: seed and venture stage



Seed stage deals

Seed stage companies refer to the youngest and smallest high-growth businesses in the ecosystem. They typically have a low valuation and have received a limited volume of equity investment for its sector. The company is likely to have a small team, and may still be developing the market-fit of its product or seeking regulatory approval.

Strabo

Size of equity deal	£235k
Round number for company	2

The cloud platform developed by Strabo enables its users to connect all of their financial accounts, and monitor them in one place. The company raised £235k during an equity deal in June 2022, with the intention of funding research and development, and expanding their operations.

Finadvant

Size of equity deal	£1.58m
Round number for company	1

Founded by Katya Sorofejeva and Leonid Prujanski, Finadvant operates an online-only bank for internationally traded SMEs. The company secured £1.58m of equity investment in May 2022, in a deal that valued the business at £2.74m.

RegGenome

Size of equity deal	£7.00m
Round number for company	3

RegGenome spun out from the University of Cambridge in 2020, and has since worked to develop compliance technology that offers machine-readable regulatory content powered by an AI-based textual information extraction technique. Their most recent fundraising round, hosted in April 2022, raised £7m.



Venture stage deals

Venture companies have usually been around for a few years and have gained traction in technology offerings or regulatory approval processes. Both the valuation and funding secured may be a few million pounds. A common source of investment at this stage is venture capital firms.

Argent

Size of equity deal	£32.1m
Round number for company	3

The London-based app creator has developed a wallet for the Ethereum cryptocurrency. In their most recent deal, secured in April 2022, the company benefited from £32.1m of equity in a transaction that valued Argent at £137m.

Elwood

Size of equity deal	£56.8m
Round number for company	1

Elwood develops an online digital asset trading platform, providing users with full market data analysis and portfolio management services. Their unique technology, enabling clients to connect to global crypto exchanges, custodian and liquidity providers via an API, provided a pivotal role in attracting £56.8m of investment in May 2022.

Kroo

Size of equity deal	£26.0m
Round number for company	5

Camden-based Kroo operates a mobile banking app that provides users with spending insights, and allows them to create groups organised to manage shared spending. The business, which has secured £56.9m of equity investment since launching in September 2016, was valued at £65m during an April 2022 fundraising event.

Spotlight deals: growth stage and acquisitions

Growth stage deals

Companies at the growth stage typically have existed for more than five years and have multiple offices or branches, sometimes in multiple countries. These businesses may have substantial revenues, some profit, highly valuable technology or secured full regulatory approval.

● SumUp

Size of equity deal	£506m
Round number for company	8

Used by over 2 million small businesses across 34 markets, SumUp has created a payment processing system via a smart device for sellers globally. Launched in November 2011, the company aims to empower small business owners by enabling them to accept card payments in a simpler, more cost-efficient way.

● Paddle

Size of equity deal	£163m
Round number for company	8

Paddle develops a programme that helps developers to sell digital products including apps, games or other software. In the company's most recent fundraising round, including investors such as 83North and Notion Capital, they secured a £780m valuation.

● Thought Machine

Size of equity deal	£128m
Round number for company	7

The banking platform developed by Thought Machine, known as Vault, provides a cloud-based end-to-end operating system that enables banks to centrally manage a range of their financial products, acting as the foundation layer in a technology stack.

Acquisitions

An acquisition occurs when a company sells a majority of its existing shares to another company or fund. Industry acquirers may be seeking to use the company's intellectual property, claim their market share, or enter new markets. Businesses that have been acquired have exited the high-growth ecosystem.

● Vauban

Equity secured prior to exit	£7.26m
Acquirer	Carta

By creating the necessary infrastructure required to deploy capital, the software created by Vauban enables clients to start up a range of different investment funds — including hedge funds, venture capital funds and crypto-currency funds. Prior to its acquisition by American competitor Carta, the business had secured £7.26m of equity investment across four fundraising rounds.

● Azimo

Equity secured prior to exit	£66.1m
Acquirer	Papaya Global

Azimo developed an online payment processing system, which specialises in international money transfers. The company was acquired in April 2022 by a payroll and payments firm based in Israel, Papaya Global, with the aim of expanding into more markets.

● SETL

Equity secured prior to exit	£7.89m
Acquirer	Colendi

The blockchain technology developed by SETL allows users to conduct real-time multi-asset and multi-currency transactions between themselves, building connections between traditional and digital spaces. In June 2022, the company was acquired by banking services platform provider Colendi. Deloitte was previously a shareholder in SETL.

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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.

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