

2021 fintech funding in LATAM and Asia hits record levels, but US firms still dominate

Article

The news: The **US** led in deal count and funding during 2021, while investments in **Asia** and **Latin America** reached record highs, per CB Insights' 2021 State Of Fintech report.

Fintech funding by region: Funding surged across the US, Asia, Europe, and Latin America as investment grew within a booming sector, driven by broad interest from both financial services firms and technology companies.

- **US: Fintech funding climbed 171% to \$62.9B** for the year as investors shrugged off pandemic-related market uncertainty. The number of deals ticked up 42% to hit 1,827.
- **Asia:** Record fintech deal activity occurred during Q4'21, with **352 deals—its strongest quarter in almost four years.**
- **Europe:** While the number of European deals rebounded in Q4, **funding declined** for a second consecutive quarter to \$5.6B. Overall, funding for fintechs on the continent soared in 2021, more than doubling to \$26.3B.
- **Latin America: Fintech funding more than tripled** in 2021 to hit \$12.9B, driven by mega-rounds, which made up almost 70% of the funding in 2021, per Dealroom.

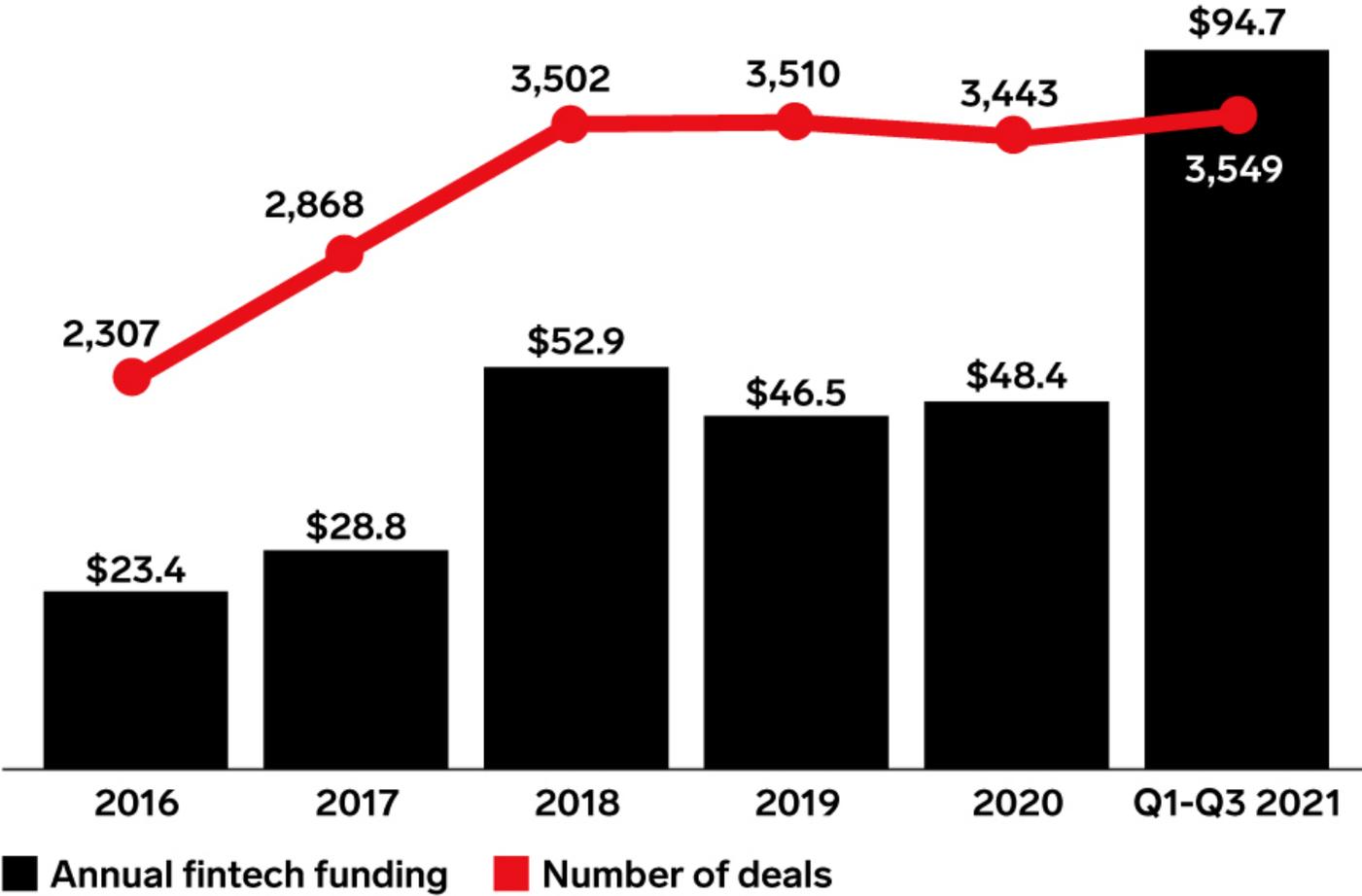
What's coming in 2022? We predict fintech funding will surpass 2021 levels and exceed the \$150 billion mark globally as investor confidence continues building after a cautious period during the pandemic.

- **Latin America:** Fintech funding here **will hit a new peak in 2022, eclipsing the \$13 billion mark.** Firms will look to take advantage of the enormous pent-up demand for fintech services in the region, where 56% of consumers still have traditional bank accounts, according to World Bank data. Growing efforts by fintech to democratize access to financial services will draw new customers and attract more funding.
- **US: It will likely continue dominating the fintech landscape,** driven by a raft of companies exploiting rampant demand for services and rapidly evolving technology. Crypto players, wealth managers, insurtechs, and regtechs all netted big rounds, highlighting the country's range of fintech expertise. As ever, the largest funding hauls go to companies with the biggest names, many of which are US-based. Just last week, New York-based crypto tech firm **NYDIG** secured a staggering \$1 billion, reaching a market value of \$7 billion.
- **UK:** Funding growth among UK fintechs **will likely continue to contribute an outsized share to swelling global investment,** boosted by a favorable regulatory landscape and a recovery in business confidence after the pandemic- and Brexit-related slump.
- **Emerging markets:** While many of 2021's biggest fundraisers were concentrated in the US and Europe, **firms in emerging markets also attracted significant funding.** South Korean Viva

Republica notched \$450 million, and CRED in India raised more than \$400 million across several raises. We expect this trend to continue in 2022 as companies look to better cater to underserved customers in regions with the potential for substantial growth.

Annual Fintech Funding Worldwide, 2016-Q3 2021

billions and number of deals



Source: CB Insights, "State of Fintech Q3'21 Report," Oct 26, 2021

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