

Saving and investment app Acorns gets \$2.2B SPAC listing after record Q1

Article

The merger with Pioneer Merger Corp., which almost triples the fintech's last private valuation of \$860 million in 2019, is set to close in H2, [per](#) CNBC. Launched in 2014, [Acorns](#) lets users

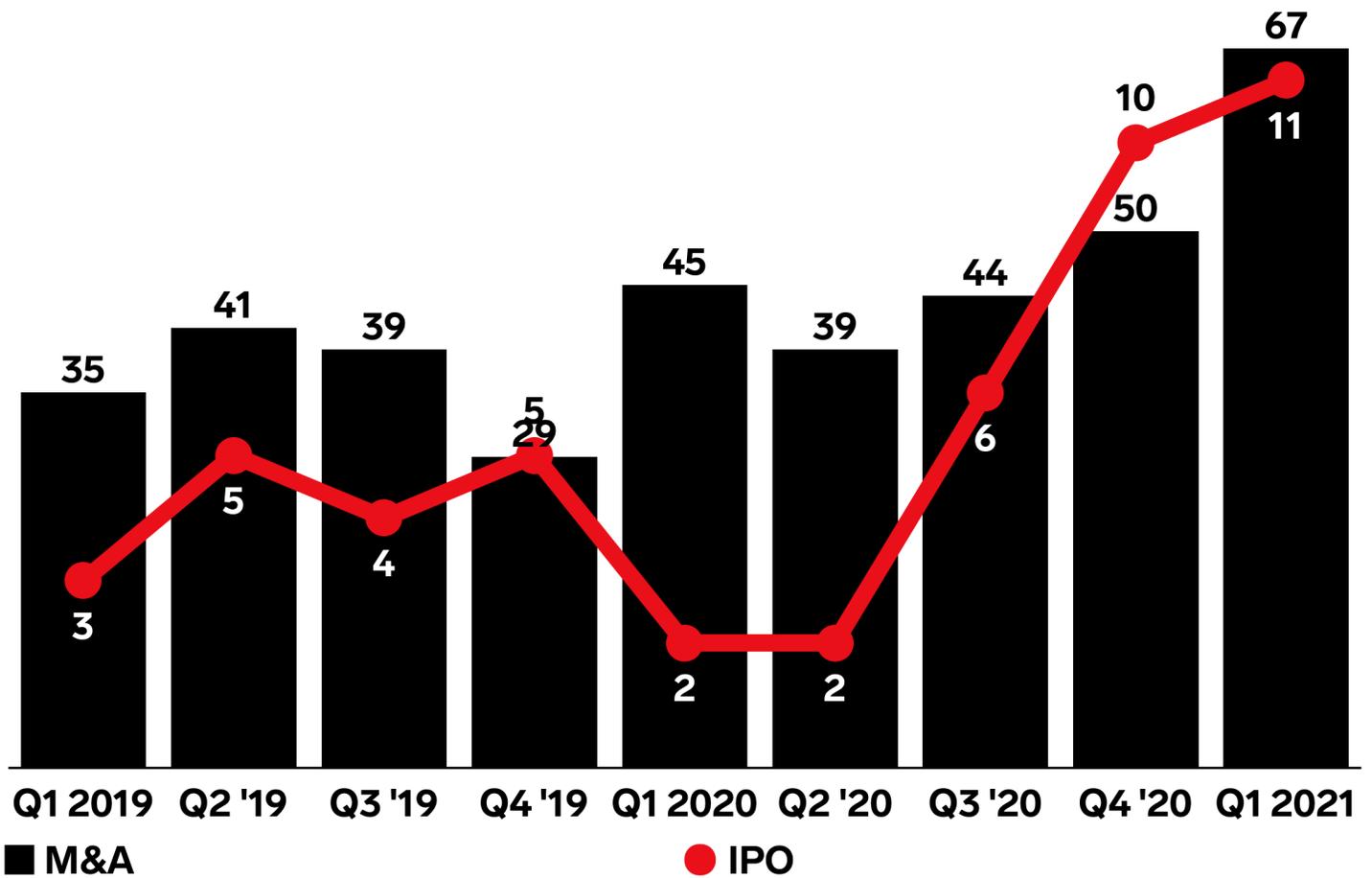
round up transactions from a linked credit or debit card and transfer the change into exchange-traded funds (ETFs) that the app manages. Acorns also offers individual retirement accounts and a checking account with a debit card. An Acorns [subscription](#) runs between \$1 and \$5 monthly, depending on the number of features.

The SPAC deal will raise Acorns' sails to catch the gale wind of retail investing.

- **Acorns is going public during an investing boom.** Pandemic-induced market volatility and ultra-low interest rates have [encouraged](#) more consumers than ever to try their hands at investing. Acorns reached 4 million subscribers, attaining its best quarter ever during Q1 2021, per CNBC. Since subscription fees compose 80% of its revenue, Acorns predicts it will earn \$126 million this year, up from \$71 million in 2020, [per](#) The Wall Street Journal.
- **Going public can further kindle Acorns' product development.** The \$400 million that Acorns will receive as part of the SPAC deal can fund new product development. Acorns could introduce a smart transfer feature, like its peers [Wealthfront](#) and [M1 Finance](#), to further automate fund transfers between users' checking accounts and ETF portfolios. This helps free the consumer from the burden of money management— which is key to enhancing these fintechs' value proposition, [per](#) Insider Intelligence's PFM Digital Maturity Model.

Momentum is building for investing apps to go public after record Q1 exits. Sixty-seven fintechs engaged in M&A deals, including SPACs, in Q1 2021, compared with 50 in Q1 last year, [per](#) Insider Intelligence. Several investing apps went public via SPACs, including [MoneyLion](#), [Bakkt](#), and [eToro](#). Acorns' announcement corroborates our earlier analysis that more fintechs will take this route in 2021. Acorns' competitors Betterment and Wealthfront, which also had [record-breaking](#) Q1s, have been [touted](#) as prime acquisition targets.

Quarterly Global Fintech M&A and IPO Activity



Source: CB Insights, "State Of Fintech Q1'21 Report: Investment & Sector Trends To Watch," April 2021

Methodology: This data is reported quarterly by CB Insights.

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