

Global fintech funding already surpassed 2020 levels

Article

The news: Fintechs raised **\$30.79 billion** across **657 deals**, a whopping **30%** rise on Q1. The total funding for 2021 already exceeds all funding raised during the entirety of 2020, [per](#) CB Insights.

Here's what drove funding activity in Q2: To add some perspective, fintechs dominated global startup funding in all sectors: **One dollar** out of every **\$5** raised in Q2 went into the

industry.

- **Mega-rounds:** **88 fintechs** raised more than \$100 million each, which accounted for **70%** of total funding. Investors target startups that are disrupting fast-growing, multibillion-dollar markets, like the **explosive** growth of ecommerce transactions and **trading**.
- **LATAM:** Fintech funding in LATAM has now reached **\$4.25 billion** in 2021 so far, up from **\$2.80 billion** for all of 2020. Brazil took home **70%** of the region's funding in Q2. This is likely thanks to incumbent banks' **dominance** and soaring fees, coupled with the high demand among its large **underbanked** population for fintech solutions—especially amid the **speedup** of the digital transformation that the pandemic brought about.
- **Europe:** While funding in Europe didn't grow as dramatically as in LATAM, it attracted **half** of the mega-rounds of the quarter, such as for **Trade Republic**, **wefox**, and **Klarna**. This is likely thanks to increasing consumer fintech adoption, with **62%** now open to switching from physical banks to digital platforms, up from **49%** in 2017. Investors may also be encouraged by a public policy push among both **UK** and **EU** regulators to nurture fintech innovation in the region.

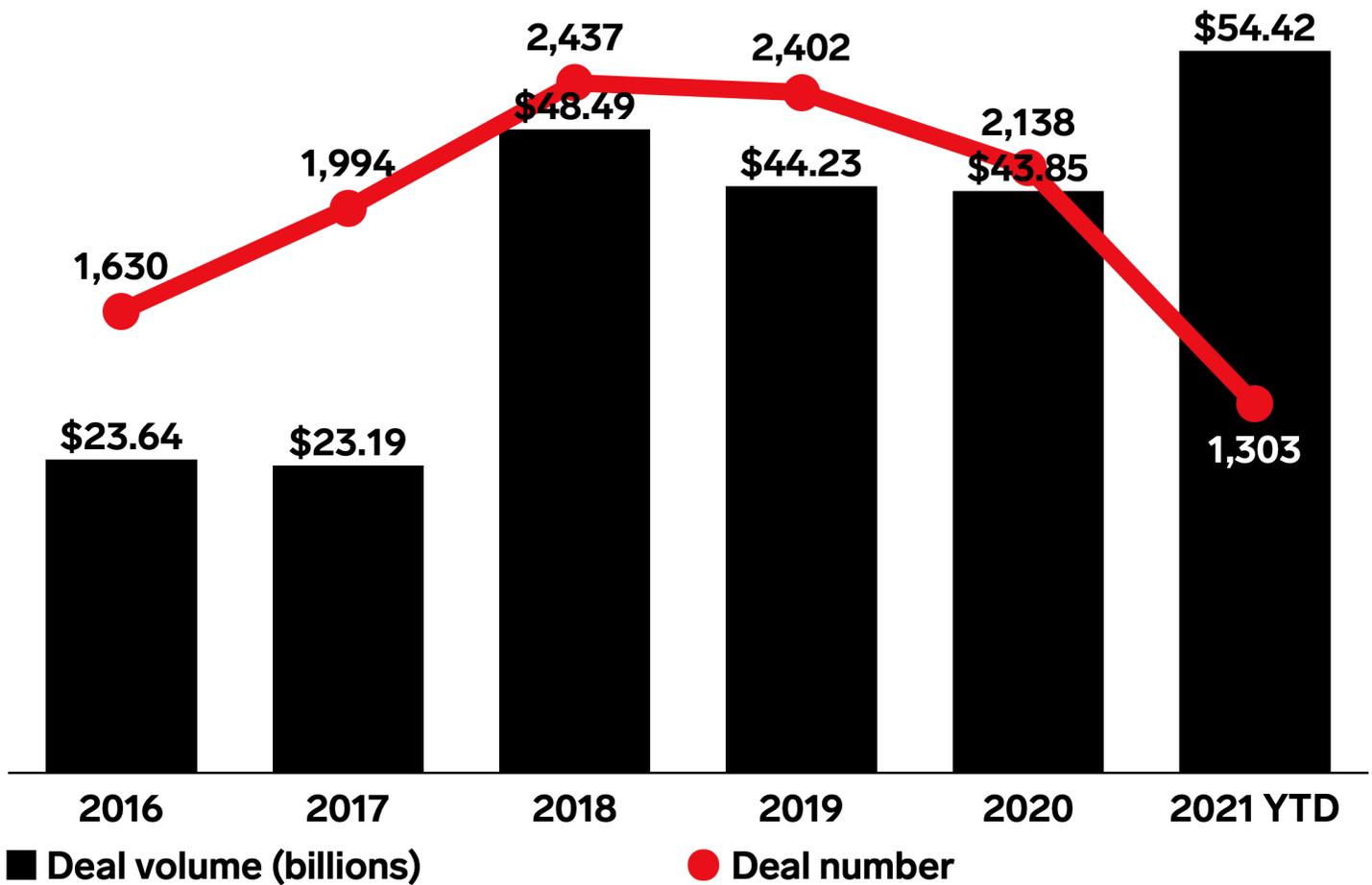
Can the momentum be sustained? For the rest of this year at least, yes. Fintech-focused funds have a lot more money to dish out and are eyeing future lucrative exits.

Andreessen Horowitz raised **\$2.2 billion** for its third crypto fund in June. This month, **Index Ventures** raised **\$2.9 billion** that will in part invest in fintechs, and **Ethos Invest** announced a fund aimed to reach **£1 billion** (\$1.28).

The proliferation of funds is due to investors' view that fintech startups have significant potential to rapidly appreciate in value: Fintech unicorns now account for close to **one in five** of the world's unicorns. And when they eventually go public, their private backers could get sky-high returns. Andreessen's stake in **Coinbase** was worth **\$11.2 billion** when the exchange went public in April—more than half the amount of capital the VC raised from investors in its **12 years** of operation.

With a **record** number of fintech exits already having occurred this year, many private investors who made a pretty penny from them are probably now reinvesting their earnings in the next winners—even as new funds also rush to get in on the action.

Annual Global Fintech Funding



Source: CB Insights, "State Of Fintech Q2'21 Report: Investment & Sector Trends To Watch," July 22, 2021

Methodology: Fundings were verified via various federal and state regulatory filings, direct confirmation with firm or investor, or press release.

1045561116917

[InsiderIntelligence.com](https://www.insiderintelligence.com)