

Q3 global fintech funding smashes records

Article



The news: Fintechs raised **\$31.1 billion across 1,185 deals**, the second-largest haul on record behind Q2's \$36.8 billion. **Global funding reached \$94.7 billion**, almost double the \$48.4 billion for all of 2020.

Behind the numbers:

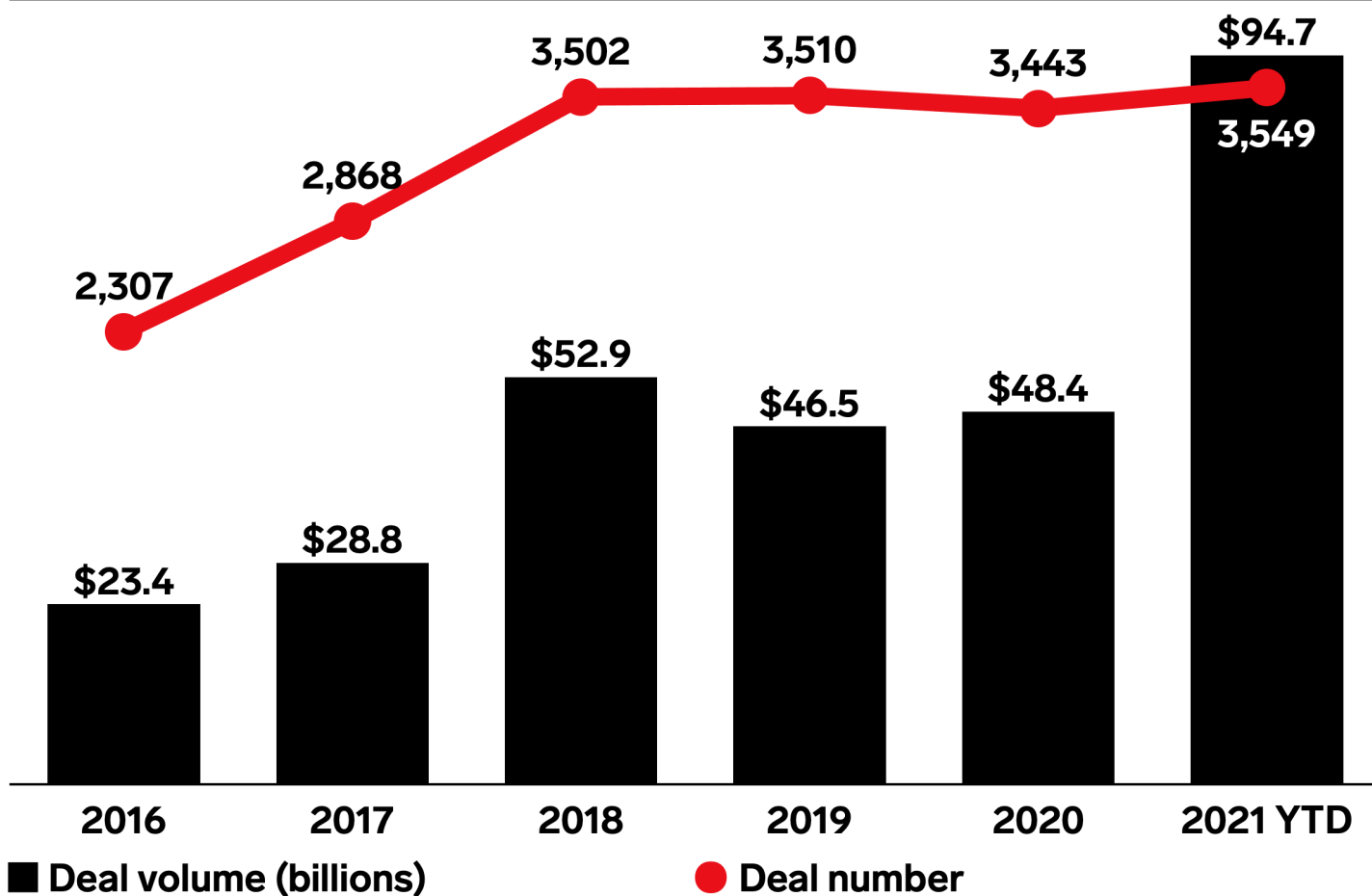
- **Mega-rounds kept their lead.** For the third consecutive quarter, mega-rounds composed more than half of total funding. **Ninety-four deals over \$100 million accounted for 64% of**

the total. Late-stage fintechs drove this volume, with median deal size reaching \$90 million. In total, there have been **257 mega-rounds** this year, more than double last year's 113.

- **Wealthtechs stole the show.** They were the only fintech vertical to hit a record number of deals this quarter with **132, up from 131 in Q2.** Early-stage wealthtechs were the main beneficiary, accounting for **65% of deals** this year—up from 59% in 2020—as investors eye huge growth opportunities in this area. On the B2B side, the startups have a wide addressable market: **75% of global wealth managers now see digitization as a priority area.** And consumers are flocking to such platforms—crypto exchange **FTX** raised the highest round of the quarter, at \$900 million.
- **The unicorn herd got bigger.** There are now **206 fintech unicorns globally**, and 43 joined the herd in Q3 alone. In the same quarter last year, there were 105. The largest are **Stripe (\$95B), Klarna (\$45.6B), and Revolut (\$33B).** And while the US remains the largest unicorn hub, Europe is catching up to Asia, as we **predicted.** At the end of 2020, Asia had 10 more unicorns than Europe; there's now only a five-unicorn difference.
- **Record exits.** 2021 has seen **664 M&A** compared with 540 for all of 2020. The largest acquisitions in Q3 occurred in the payment space, as market players eyed rapid scaling in growing verticals. In the two largest deals, **PayU** bought **BillDesk** to grab a bigger piece of India's digital payment space, and **PayPal** snagged a Japanese BNPL provider.

Bottom line: The results track with our **prediction** in Q2 that fintech funding momentum will be sustained for the rest of this year. With the use of fintech solutions nearly ubiquitous in major markets like the **US**, startups' valuations are inevitably going up, creating a flywheel that entices more investors to back them, which increases valuations even more—and so on. **As a result, we expect funding activity in Q4 to push global volumes across the \$120 billion mark.**

Annual Global Fintech Funding



Source: CB Insights, "State Of Fintech Q3'21 Report: Investment & Sector Trends To Watch," October 26, 2021

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

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