

Banking tech vendor Zeta plans US market boost with new funding proceeds

Article

Zeta will [bolster](#) its US and European market presence with proceeds that it received from a \$250 million funding round led by SoftBank. The vendor, whose valuation climbed to \$1.45

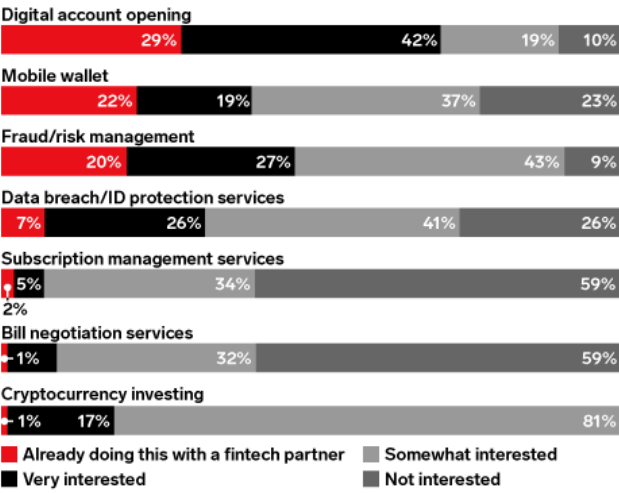
billion following the investing round, already operates in eight countries, with 10 banks and 25 fintechs as its customers. Through its Omni Stack, Zeta offers features including a white-label mobile app; support for checking and savings accounts; debit and credit card processing; and management of buy now, pay later offerings and personal loans.

Zeta's expansion plans come as smaller US banks struggle with updating their tech offerings. Small and midsize financial institutions (FIs) in the US—defined as those with assets of up to \$100 billion—have tighter tech budgets than their larger peers, which limits the incentives they can use to attract tech talent, [per](#) Insider Intelligence. These financial headwinds hitting smaller banks are, in turn, making it harder for them to adapt. Additionally, US community banks are not confident in their current abilities to roll out new products: A Federal Reserve System survey from last year [found](#) that just 32.5% were “satisfied” or “very satisfied” with their current processing services’ ability to launch new offerings.

Zeta is in a prime position to capitalize on smaller US banks’ competitive worries and demand for tech stack improvements. Small US FIs have three available routes to close the tech gap with their larger competitors: building products internally, partnering with third-party providers, or merging with other FIs to combine resources. In the past year, a string of banks have [taken](#) the merger route. But the partner option can be superior in terms of time and resources, as the fintech or vendor has [already](#) developed the product and can make it available for quick deployment. By using its new funding to scale its US presence—including its platform and staff—Zeta will be better positioned to tap demand for such partnerships and expand its customer base.

Level of Interest in Fintech Partnerships According to US Bank Executives, Dec 2020

% of respondents in each group



Note: n=260; numbers may not add up to 100% due to rounding
Source: Cornerstone Advisors, "What's Going On in Banking 2021," Jan 26, 2021
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