

Plaid scoops up mega-round months after failed acquisition

Article

The US-based open banking startup raised a \$425 million Series D funding round led by Altimeter Capital, [per](#) a company blog post. The fresh capital raise comes three months after a \$5.3 billion acquisition from Visa [announced](#) in January 2020 [fell through](#) due to competition concerns. No valuation was disclosed as part of the new funding, but CNBC

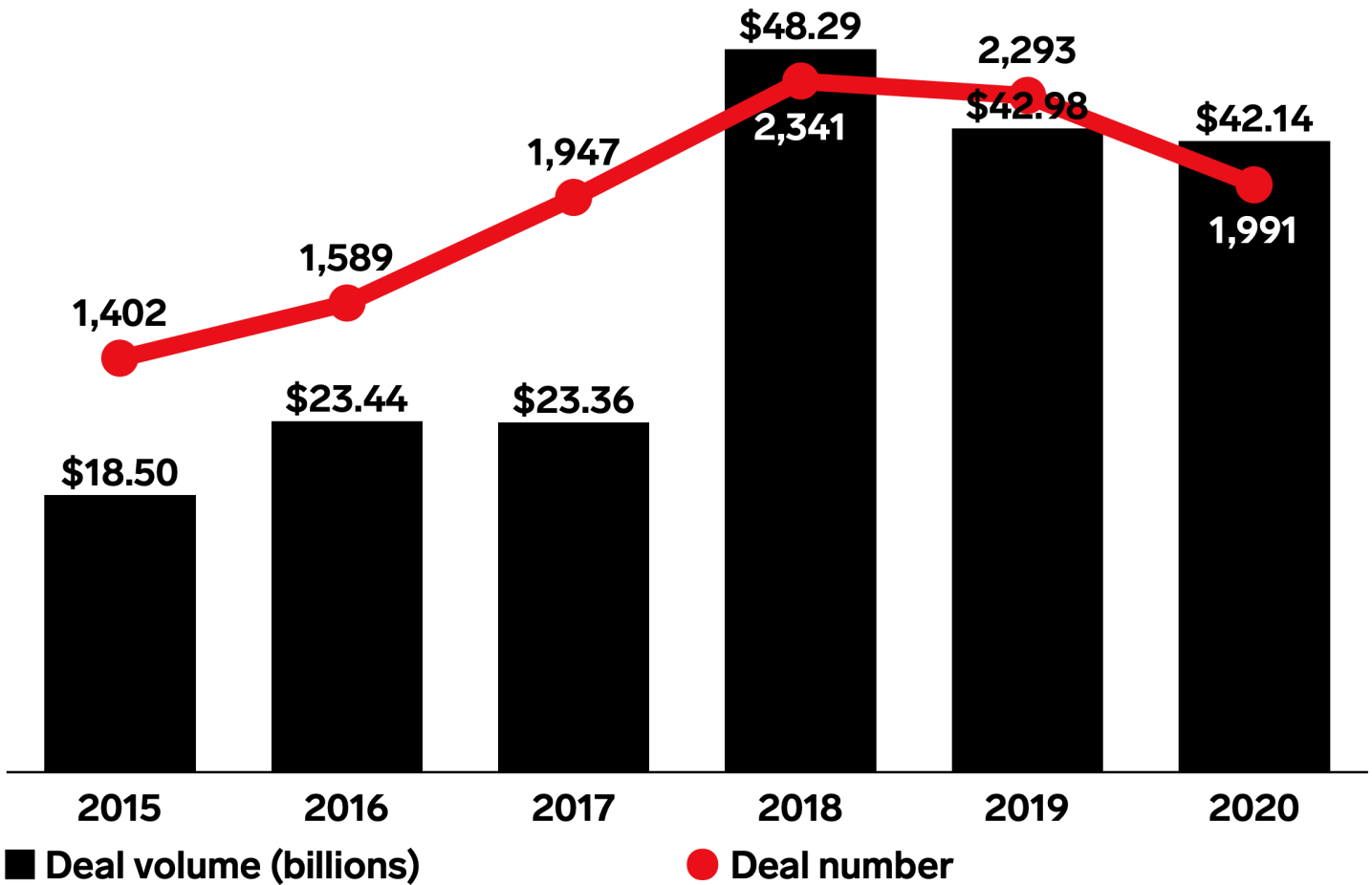
reported that Plaid's value more than doubled to \$13.4 billion post-money, per sources familiar with the matter.

The fresh funding will help Plaid expand both its platform and its geographic reach. Being acquired by Visa would have given Plaid additional reach and visibility, but it will now have to achieve this on its own. The startup said that it wants to expand globally to meet international demand while also bolstering its platform products for clients by investing in its API, helping consumers consolidate their financial information. To achieve this, Plaid also wants to increase its headcount, which already grew by 40% last year.

Expanding its products is timely—open banking is evolving, and embedded finance poses a lucrative opportunity for Plaid.

- **By broadening its API, Plaid can stay on top of new open banking trends.** Plaid already has a comprehensive list of use cases ranging from lending to wealth management and can access **data** from consenting users' checking accounts, savings, and credit cards. As open banking evolves across the globe—the UK is **exploring** an Open Finance model that would let consumers share more than just current account data while Australia already has a **comprehensive** list of data that can be shared—ensuring that consumers can share their complete finances via Plaid's API is vital to remaining competitive.
- **Some of its competitors are moving toward embedded finance, another potential growth area for Plaid.** In **September**, open banking competitor Tink teamed up with energy provider Enel X to fuel the development of personal finance management tools for the latter's end users. Plaid **stated** last year that it's in talks with 25% of Fortune 100 companies that don't yet offer financial products, including Microsoft, which makes this a huge potential growth area for the fintech that will require human and financial resources to take off.

Annual Global Fintech Funding



Note: 2020 volume and deal numbers are as of December 12.

Source: CB Insights, "State Of Fintech Preview: Investment Trends To Watch," December 2020

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

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