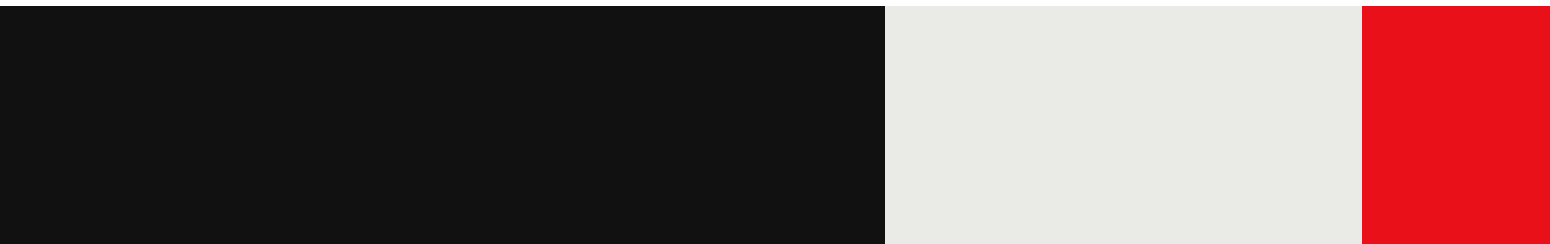


# Banking fintech funding slumps to lowest level in almost six years

## Article



**The news:** Funding raised by banking-focused fintechs worldwide has fallen to its lowest level in almost six years, according to CB Insights.

- Funding shrank 64% quarter over quarter (QoQ) to reach \$500,000 million in [Q1 2023](#), the lowest total since Q2 2017. From the buoyant prior year period, funding dropped 94% year
- 

over year (YoY).

- The **deal count of just 52 was 16% lower QoQ** and down 63% YoY.

**Our take:** Banking fintech funding dropped more than any other financial industry and contrasted with payments, digital lending, insurtech, and capital markets funding, which all increased QoQ. That's unsurprising, given a turbulent first quarter characterized by bank collapses and market uncertainty. Funding dropped below levels seen during the initial coronavirus outbreak as banking turmoil drove widespread investor caution.

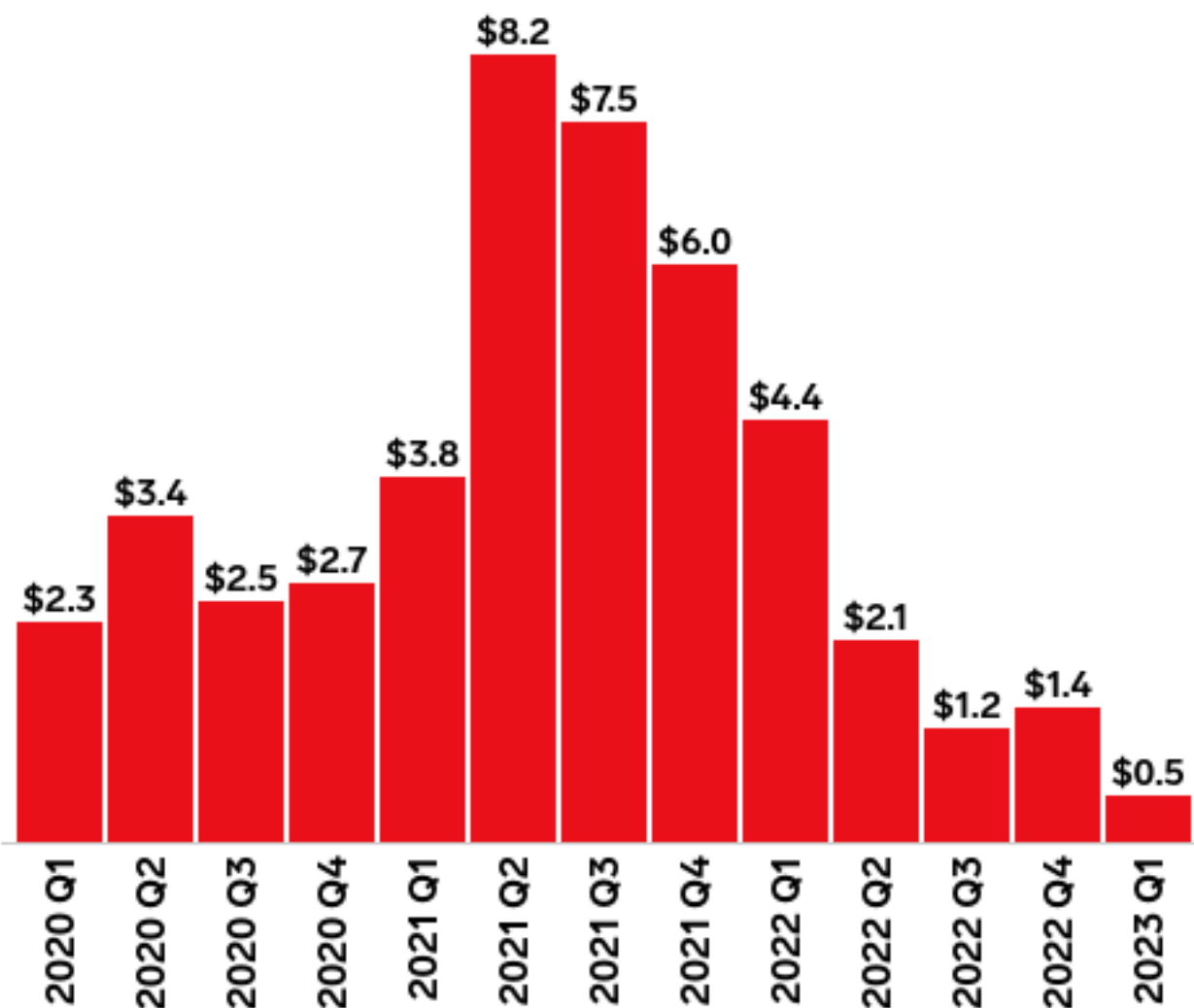
**Funding for early-stage banking fintechs was a rare bright spot, making up 60% of the total raised and reaching a five-year high.** Startups seeking to attract capital are in a stronger position and may be viewed as a safer destination for investment.

**What next:** Although the period of bank collapses appears to have passed, the uncertain outlook will continue. That'll weigh on fintech funding and make it harder for firms to raise capital, particularly late-stage companies.

Most fintechs are better off cutting costs and scaling back expansion plans until the situation improves.

## Banking-Focused Fintech Funding Worldwide, Q1 2020-Q1 2023

billions



Source: CB Insights, "The State of Fintech Q1 2023"

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