

# Yet another SPAC targets European fintechs amid soaring valuations

Article

EFIC1, a special purpose acquisition company (SPAC) led by Martin Blessing, former CEO of German bank Commerzbank, is seeking to raise €415 million (\$473.2 million) in Amsterdam, [per](#) Bloomberg. SPACs are shell companies that go public and use the IPO funds to merge with private firms, making them public without having to go through the IPO process themselves. EFIC1 will target fintechs with a value of at least €1 billion (\$1.14 billion) in Europe,

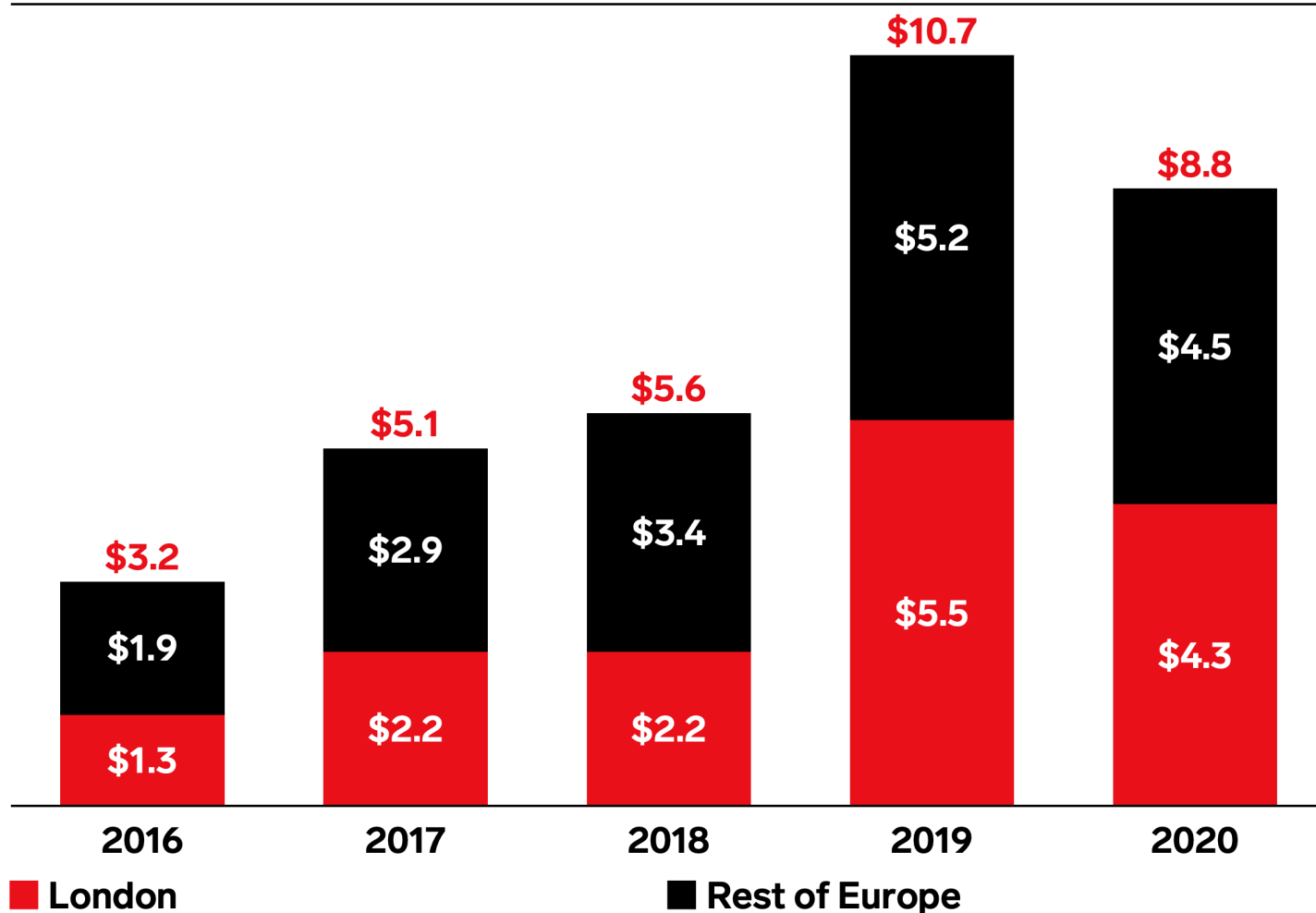
the UK, and Israel. This follows other SPACs launching in recent months to target European fintechs: [North Atlantic Acquisition](#) and [Lakestar SPAC I SE](#) are worth \$300 million and \$332 million respectively.

### Here's why SPAC deals are set to accelerate in Europe:

- **SPACs in the US compete with hundreds of peers for attractive acquisitions.** SPAC activity across all sectors first accelerated in the US in 2020, during which they raised [\\$78.2 billion](#) across 244 IPOs, compared with \$495 million for just three such listings in Europe. With so many SPACs armed with large war chests in the US, competition is rife for acquiring US fintech winners. Already, SPAC deals in [Q1](#) have exceeded volumes for all of 2020. This is likely pushing some US-based SPACs to look for acquisition opportunities in other less crowded markets, starting with Europe.
- **Privately held European fintechs are soaring in valuations.** In 2020, consumer fintech adoption soared across the [UK](#) and [Europe](#), in response to the pandemic's physical restrictions. This growing consumer willingness to access financial services digitally is boosting local fintechs' valuations, making them attractive acquisition targets for SPACs such as EFIC1 looking for unicorns. Swedish buy now, pay later startup [Klarna](#), for example, hit a whopping \$31 billion valuation, from [\\$10 billion](#) in September, while UK neobank Starling hit unicorn status last week at [£1.37 billion](#) (\$1.89 billion).
- **European capital markets aim to attract SPACs.** Amsterdam's Euronext recently [overtook](#) London as Europe's biggest trading venue and has stated that it welcomes the world's SPACs, which likely encouraged EFIC1 to list there. The UK meanwhile, recently published a government-commissioned listings [review](#) to relax SPACs rules. Unlike in the US and Amsterdam, a London-listed SPAC has its trading suspended once it merges with a startup, meaning investors can't easily get out once they've bought shares. This will create more Europe-born SPACs, widening the scope of available routes for European fintechs to go public and further accelerating SPAC activity this year.

# Share of Fintech Funding in Europe

billions



Source: Dealroom, "London: Europe's global tech city," January 14, 2021

Methodology: Investment numbers refer to venture capital investment rounds such as seed, series A, B, C, etc, late-stage, and growth equity rounds. It excludes debt or other nonequity funding, lending capital, grants, and ICOs.

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