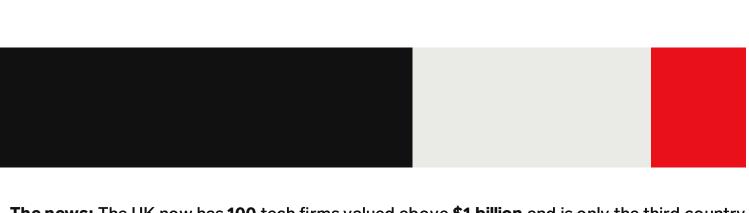
## The UK is the thirdbiggest tech unicorn hub worldwide

**Article** 



**The news:** The UK now has **100** tech firms valued above **\$1 billion** and is only the third country to cross this milestone, following the US and China, <u>per</u> a Tech Nation report.

**Data zoom-in:** For context, the UK has more tech unicorns than Germany **(42)**, France **(22)**, and the Netherlands **(18)** combined. The number of tech unicorns in the UK grew





exponentially: In 2017, there were just **44** unicorns; this year, **13** unicorns have already been formed, more than the **seven** for all of 2020.

How did the UK reach this milestone? A nurturing regulatory environment created fertile pastures that encouraged large fintech raises, leading unicorns to multiply.

The UK ranks No. 1 in open banking adoption in Europe, giving fintechs standardized access to a wealth of user bank account data, which helps develop their services and attract investors. In addition, the **Financial Conduct Authority** is known to be accommodative of industry changes; for example, it recently extended the anti-money laundering requirements deadline for crypto trading.

As a result, fintech startups constituted the largest share of the 100 tech unicorns, at **34**%, along with other subsectors, including healthtech, travel and transport tech, foodtech, and gaming.

In 2021 alone, in the UK:

- Neobank <u>Starling</u> raised £272 million (\$375.8 million), bringing its new valuation to £1.37 billion (\$1.89 billion);
- Insurtech <u>Zego</u> reached a \$1.1 billion valuation after a \$150 million raise; and
- Insurtech Tractable's \$60 million raise last week brought the UK to the triple-digit milestone.

**The bigger picture:** Fintechs are driving unicorn milestones across the world.

Fintechs tied with internet software and services for the biggest share of unicorns globally, at 15%. Payments startup **Stripe** is the highest-valued unicorn of any sector in the US, while BNPL **Klarna** and digital broker **Trade Republic** take that mantle in Sweden and Germany respectively, per **CB Insights Complete List of Unicorn Companies**.

Future unicorns-to-be include open banking providers and neobanks. For example:

- Sweden-based Tink hit a <u>€680 million</u> (\$867.9 million) valuation last December and will likely follow in the footsteps of Plaid's recent <u>\$13.4</u> billion valuation.
- **Zopa** and **Atom Bank**, Starling's neobank peers in the UK, will likely reach a \$1 billion within the next year, per Dealroom.







## Fintech Unicorns, Global

## **Fintech**







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Source: Insider Intelligence, CB Insights, March 24, 2021

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