Tyler Van Dyke, and Sherry Fairchok

Q&A: Fintechs set on fundraising shouldn't 'waste a good chaos'

Article

Scarlett Sieber, Chief Strategy & Growth Officer

Money20/20

At **Money20/20 USA**, Insider Intelligence caught up with **Scarlett Sieber,** the event's chief strategy and growth officer, after the **America's Got Access startup pitch competition**. Sieber shared her take on **fintech funding** in this economically uncertain time, **whether the "every company is a fintech" sentiment has peaked yet**, and why this year's pitch competition focused on **financial inclusion**.

The following has been edited for clarity and brevity

Insider Intelligence (II): How has the fundraising landscape changed for fintechs in recent months?

Scarlett Sieber (SS): So much money has been coming into fintech, especially in the last five years. The angel investors and earlier-stage funds that I'd gotten to know when I was an entrepreneur were all starting to get into it. **It felt like there was almost too much money invested. People had valuations that I thought were quite inflated. I think this is a level-setting.**

But even though funding isn't what it was, it's still very strong and in certain geographies, it's actually increasing. Now it's about making sure that the money lasts. That's tougher for B2B companies with longer sales cycles that require more investment up front. VCs are looking for opportunities with earlier ROI. **It's not just, "Hey, cool, you have hundreds of thousands of customers." Now they're asking, "How is that actually moving into revenue?"**

II: Do you think that funding is down mostly because there are fewer mega-rounds, but smaller rounds are still happening at the same pace? Or is it across the board?

SS: I think it's taking place across the board, but not surprisingly, it's weighing more heavily on the big rounds. But I believe good companies will still get funded. Capital has dried up a bit, but it isn't lacking. **And one thing that my boss, Tracey [Davies (Byers), president of Money20/20], says all the time is: "Never waste a good chaos." Some of the biggest companies have come out of downturns and recessions.** The companies coming out now can make a big difference.

II: How can startups weather this economic uncertainty?

SS: I think it's just being very smart with your money, if you have it, and focusing on how you differentiate, and on how you're making people's lives better. Even in a downturn, people continue with certain behaviors. How do you use that as an opportunity to have a real impact?

II: Is there a concern that—with embedded finance, for example—everyone is a fintech now and trying to incorporate a financial component to whatever they're offering?

SS: When I co-authored a book on embedded finance with Sophie [Guibad], people said it was such a niche thing. But now everyone wants to know how they can do that. I think it will be an incredible opportunity for those who have the right strategy, tech, and resources in place—but not everyone should be getting into it. **People forget that playing within financial services is really hard because they see the opportunity, but then, oh wait, that regulatory thing or that legal thing. You're going to see a culling of the herd.**

II: Do you think we're approaching a critical mass of financialization?

SS: Not yet. When Sophie and I were thinking about writing our book, we asked ourselves, “Who is this for?” Our industry had been talking about it a lot, so we wanted to make sure we had use cases for them. We looked at the big banks that were doing it well, and fintechs that were operating effectively. **There are still a lot of opportunities for other brands to get smarter about incorporating financial services into their day-to-day activities so that they know their customers better than they could before.**

II: What are those unmet opportunities?

SS: Anywhere up and down the chain, especially on the retail side, from big cheap retail to luxury goods. Like your weekly groceries—making that experience better and actually knowing what your customers are doing and when and when not to offer them a coupon. If a customer is doing something online versus walking into the store, **if they’re not tracking every moment, they're not connecting those dots and so they’re always restarting the process**.

II: How do you think the America’s Got Access startup pitch competition went?

SS: We've run a successful startup competition at Money/2020 for years, but this year, we weren't going to do one, because I wanted to reinvent it. Then Dan Rosen reached out and pitched this idea [of financial inclusion]. And it felt right, because **the purpose of America’s Got Access is to give back to and help amplify the voice of people who need it, and to elevate and accelerate growth for companies that need it.**

The prizes were different this year. We’ve partnered with Commerce Ventures to get real money moving. A hundred thousand has the potential to really impact the trajectory of these earlier stage startups. **From a macroeconomic perspective, funding is especially important right now.**

I spent time with all 10 finalists last week, talking them through the process and what to expect. My main piece of advice was: “Just know your pitch. Whether you're going to do a one-minute or a three-minute version, just be comfortable, be you, tell the story that matters, and use data.”

And they did all we could ask for. The startups were excited, passionate, and resilient. They took the advice and they were really tight on their pitches.

II: How did you land on this theme of doing good for AGA and on this specific batch of startups?

SS: The theme started with Dan saying, “I don't think this has ever been done before.” He was right, it hasn't been. This theme felt like the next obvious evolution of helping to connect the members. Our Do Better Together brand has done a lot of things over time with Rise Up and Amplify. Rise Up started back in 2018. We have all this curated content and networking specifically for women. Then we expanded that to specifically to include people of color. We have great stats to support the work that Rise Up and Amplify does, but we felt this presentation could help influence money and investment.

We were overwhelmed with the number of applications that we got. **It's the highest number of applications that we've ever received for a startup competition.** From them, we selected 10 that presented well, and nine of those presented today.

II: Did you have a favorite going into it?

SS: They were all interesting for different reasons. For some of them, I was gravitating toward the business opportunity that they were presenting, but they didn't convey that as well in the application. This practice and the feedback is good for them.

Since I started off as an entrepreneur—though not in fintech—I know how hard it is to get that money, especially early in the life cycle. **Yes, it is about the idea, and you want to make sure that the market cap makes sense, but it’s so much about you as a person, too, because you don't have the traction and the proof points yet.**