

France becomes Europe's third-biggest fintech hub but trails far behind the UK

Article

The news: Fintechs in France have raised **€1.9 billion (\$2.17B)** this year as of September, more than double the **€711 million (\$810.7M)** they attracted last year, per Sifted.

Zooming in the French fintech scene: Here are three reasons why fintech funding is booming in France.

- **Government initiatives.** The Macron presidency has been particularly supportive of the local tech scene. In 2019, it overhauled tech visas to make it easier to import talent. And during the pandemic, it distributed **€4 billion (\$4.56B)** to bail out local startups, one of the most generous policies in Europe that helped prevent any scaling disruptions.
- **A slew of mega-rounds.** Startups innovating a range of financial services won big, highlighting cross-sector growth—like peer-to-peer payments platform **Lydia (\$131M)**, insurtech **Alan (\$223M)**, and crypto wallet **Ledger (\$380M)**. Funding also shows little sign of slowing down: NFT marketplace **Sorare** raised **\$680 million** just this week.
- **Growing ecosystem.** Fintechs from abroad are expanding into France, encouraging more investors to investigate the country for business opportunities: Both **Trade Republic** and **PrimaryBid** launched in France this year, and **Square** is targeting merchants with its ecommerce payment solutions. And just last week, open banking provider **Yapily** touched down in France to help banks and fintechs build more personalized services.

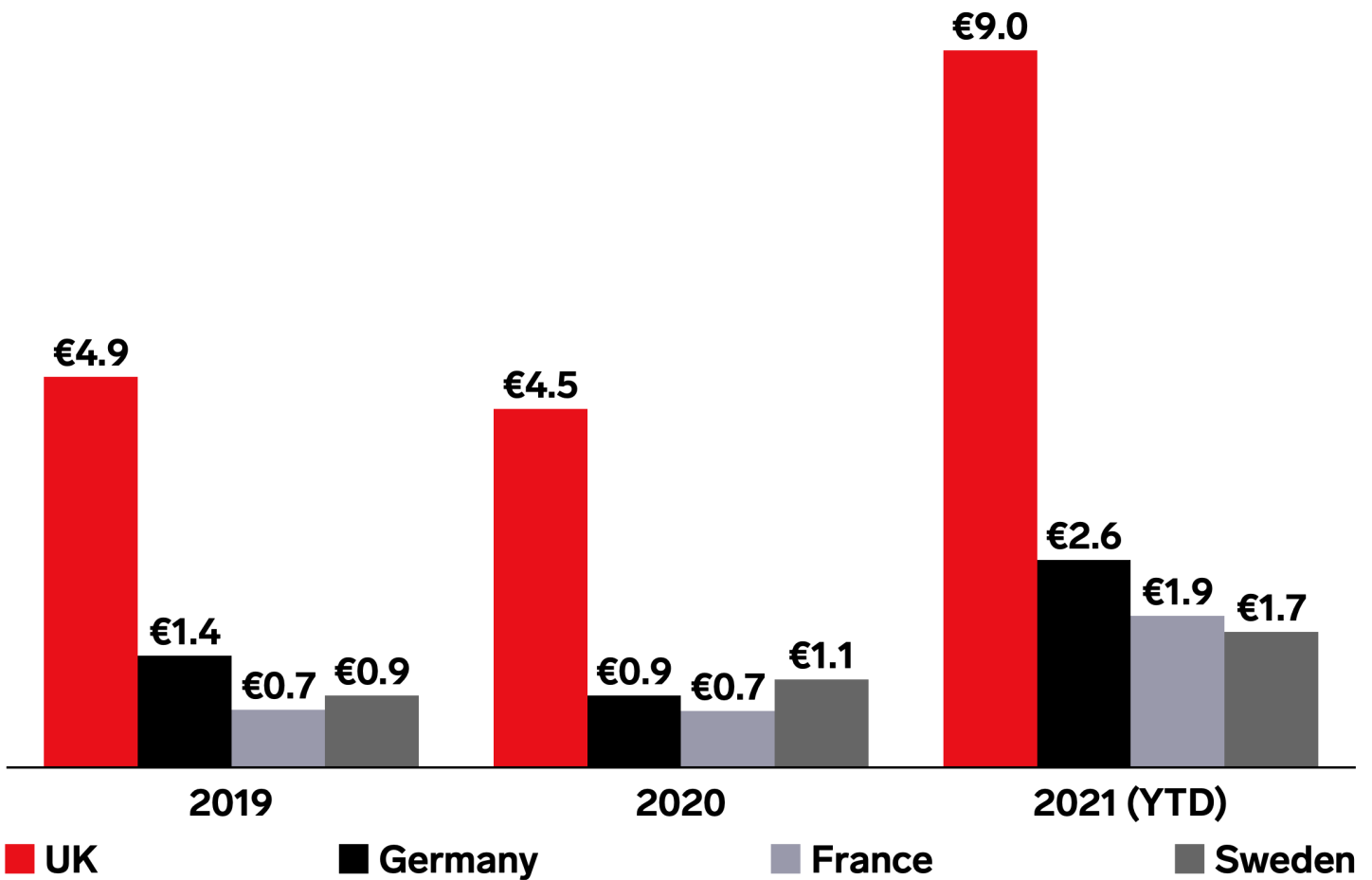
Looking ahead: France is now gunning for the UK's top spot, but it's unlikely to even get close to the isles' level of fintech funding and maturity anytime soon.

- Germany attracted **€2.6 billion (\$2.96B)** in fintech funding this year while the UK is far ahead with **€9 billion (\$10.26)**.
- Despite the yawning gap, France thinks Brexit could give it an edge—**French junior minister for digital affairs Cedric O** expects Paris will overtake London as the European tech hub.
- We also had concerns that the UK's departure would make it harder for UK fintechs to attract foreign talent and scale. But nine months in, it's clear the UK is still dominant.
- **Paris now has more than 1,200 fintechs, per Sifted, but the UK has three times more.** The UK is also the **third-biggest unicorn hub** in the world, with more high-value startups than Germany, France, and The Netherlands combined.
- And the UK government is taking steps to alleviate Brexit consequences, like enhancing its regulatory sandbox and reforming its public listing requirements.

Bottom line: While the UK will attract the bulk of Europe's funding for the foreseeable future, the fintech boom across the English Channel underscores significant scaling opportunities for startups and incumbents alike.

Fintech Funding in Select European Countries

billions



Source: Dealroom, "2021 mid-year update of UK tech," September 20, 2021

Methodology: Dealroom's proprietary database and software aggregate data from multiple sources: harvesting public information, user-submitted data verified by Dealroom, data engineering.

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