

Micro-investing app Acorns acquires kid- focused GoHenry for undisclosed sum

Article

The news: US-based investing app **Acorns** has acquired UK-based youth banking app **GoHenry** as both fintechs have visions to serve the whole family, [per](#) CNBC. Neither disclosed

the exact price of the deal.

The deal details: The heads of both fintechs said they've always had the goal of serving a larger audience. **The new entity wants to attract users at all stages of their financial lives, from birth to retirement.**

- GoHenry will become a wholly owned subsidiary of Acorns through the all-stock agreement, with employees and GoHenry investment partners rolling over their equity to Acorns.
- The deal will allow GoHenry to expand to the US, while giving Acorns access to the UK, French, and Spanish markets. In the US, the new entity will be called **GoHenry by Acorns**. In the UK, it will be called GoHenry, and in French and Spain it will keep the name **PixPay**, which was established through GoHenry's acquisition of PixPay last year.
- Prior to the acquisition, Acorns tapped into the US youth market in 2020 with **Acorns Early**, which provides investing opportunities for kids.

Environmental context: Acorn's founder Noah Kerner said the current fintech market environment didn't play a role in the timing of the acquisition—the fintechs have been in talks since 2021—but the deal is evidence of our anticipated fintech consolidation trend in 2023.

- Acorns claims it considered over 100 possible global deals before ultimately deciding to go with GoHenry. Kerner said GoHenry's \$55 million cash raise last year and its geographic expansion through its PixPay acquisition made it a good value.
- Because the terms of the deal weren't disclosed, no accurate valuation for either fintech is available. Last year, Acorns was valued at \$1.9 billion when it raised \$300 million after plans to go public via a special purpose acquisition company (SPAC) fell through.
- During the time of GoHenry's \$55 million raise last year, the fintech was believed to be valued between \$250 million and \$500 million.

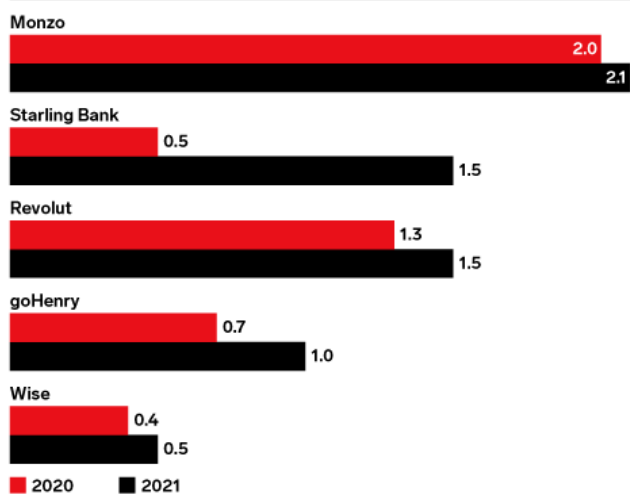
Last year, global fintech funding dropped 46%, with early-stage startups bagging the bulk, per CB Insights. Both Acorns and GoHenry were fortunate enough to capture some of this limited funding, but their plans to use it to expand likely didn't pan out as planned. Rather than hold out hope for more funding in an uncertain economic climate, they're leaning on each other as a workaround.

Will it succeed? Both fintechs are optimistic about the deal, but the new entity needs to overcome a handful of hurdles to be successful.

- Acorns could achieve its goal of geographic expansion through the deal, but the European retail market is less familiar with investing than the US market. It will take a bit of work to persuade European consumers of the value in Acorns' micro approach to investing.
- Although GoHenry and Acorns are both roughly 10 years old, neither is profitable. GoHenry recorded a £30.9 million (\$36.3 million) loss in 2021, per TechCrunch, and Acorns' Kerner said its goal is to become profitable. Both firms rely on subscription-based revenue streams, rather than interchange fees or lending, which is a more widely used strategy for moving fintechs toward profitability.
- In the US, Acorns is entering a competitive youth-focused banking environment. **Greenlight**, **Step**, and **Current** are major, well-known players in that arena, each with roughly 3 million US household users. It also faces major rivals in Europe, like **Revolut** and **Revolut <18**, which caters to all consumer stages.

Top 5 UK Neobanks, by Average Monthly Active Users, 2020-2021

millions



Source: App Annie, "State of Mobile 2022," Jan 12, 2022

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