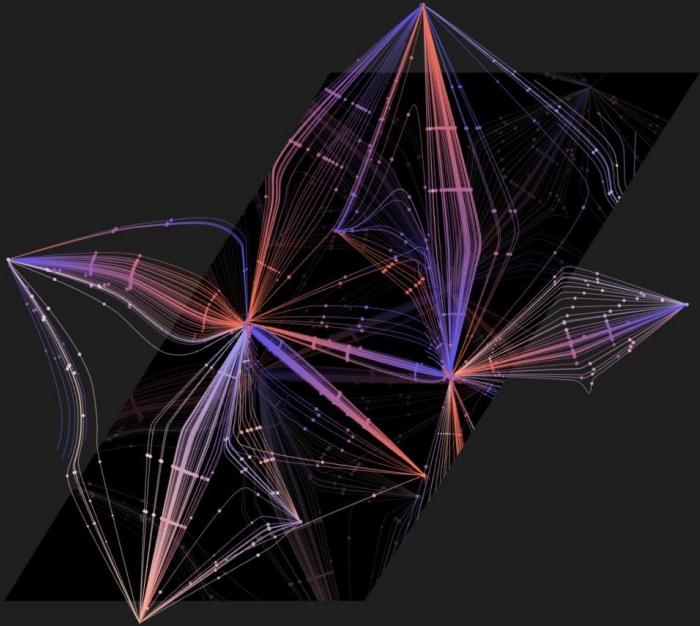


F·PRIME

State of Fintech

2021



State of Fintech Team



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Context

Fintech is on fire in both public & private markets

- Fintech startups have raised nearly \$120B of capital in private markets this year, with over 300 mega rounds (\$100M+).
- Fintech startups are exiting to public markets with increasing velocity and the market is rewarding them with higher revenue multiples and valuations (nearly \$400B in listing valuations for 77 fintech exits in 2021). This enabled public fintech companies to surpass \$1.3T in market cap in Q3 2021.
- To better track fintech disruptors, we've launched the F-Prime Fintech Index and this accompanying State of Fintech Report. The F-Prime Fintech Index has outperformed the S&P 500 and the NASDAQ by 1,000 and 900 percentage points, respectively since 2015.

Fintech disruptors across most fintech categories are collectively capturing significant market share and have generated the majority of industry growth over the past decade

- Payments startups have attracted the largest amount of fintech investments (\$118B+) over the past decade and comprise 74% of the F-Prime Fintech Index by market cap.
- Banking has attracted \$64B+ in investments over the past decade and is seeing significant activity with Nubank (\$40B) & Dave (\$4B) listings and upcoming Aspiration (\$8B) listing.



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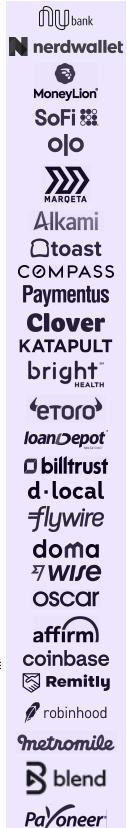
Public Fintech Overview and F-Prime Fintech Index



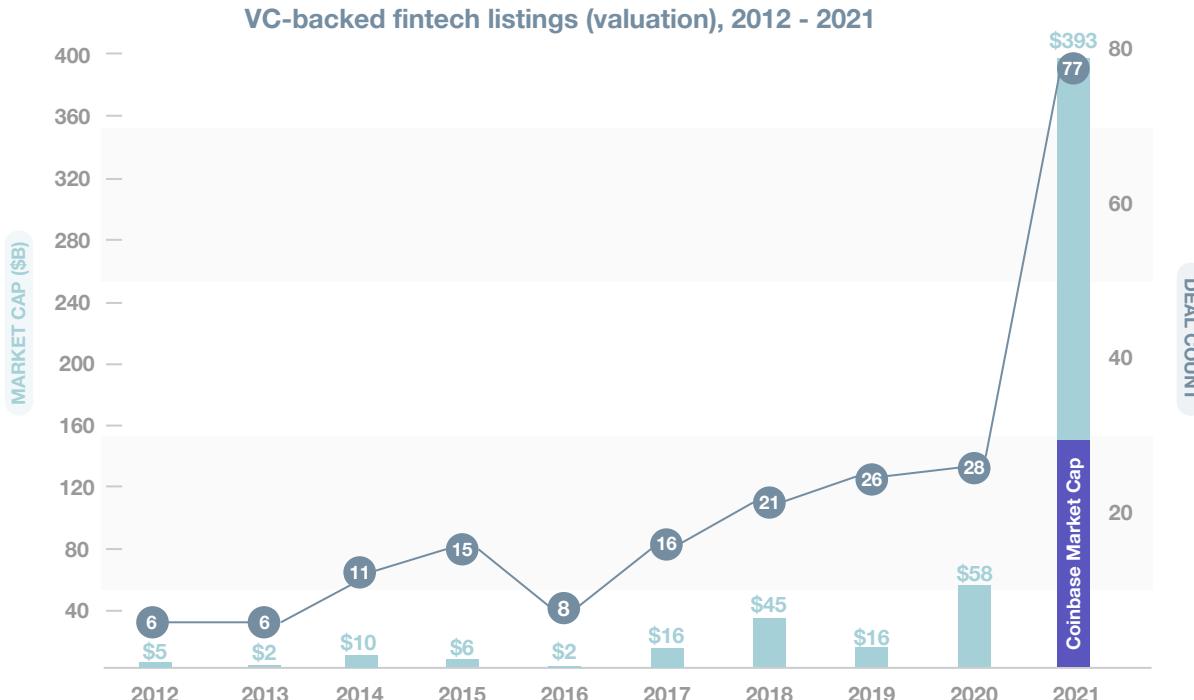
Fintech is exploding in the public markets with a record number of public listings in 2021



Source: Capital IQ, PitchBook, F-Prime team analysis



In 2021, 77 fintech companies listed for \$393B



Source: PitchBook, F-Prime team analysis

Note: The listed top 2021 IPOs & SPACs account for 2/3 of \$393 total exit value (at \$261B using IPO valuation)

2021 Top IPOs

COMPANY	VALUATION
coinbase	\$85.8B
✉️bank	\$41.5B
⚡robinhood	\$32.0B
-toast	\$20.0B
paytm	\$18.7B
» MARQETA	\$14.3B
WISE	\$12.2B
affirm	\$11.9B

2021 Top SPACs

COMPANY	VALUATION
SoFi	\$8.7B
Clover	\$4.5B
○ Payoneer	\$3.3B
MoneyLion	\$2.4B
Aspiration	\$2.4B
Bakkt	\$2.1B
billtrust	\$1.3B



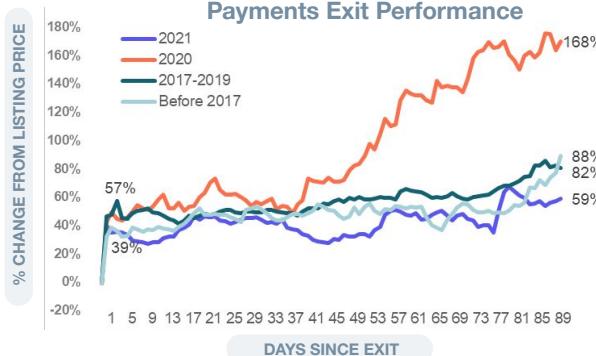
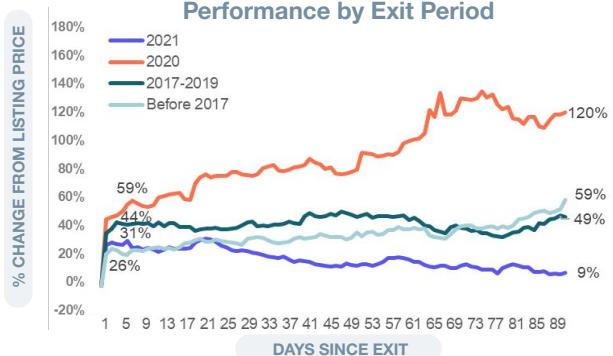
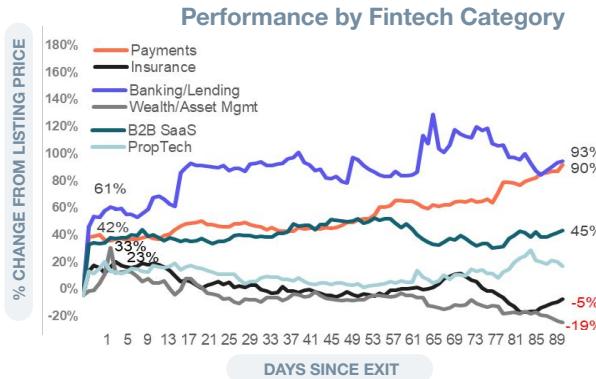
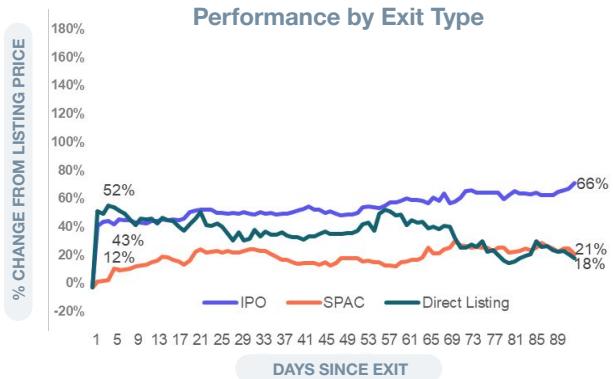
8 of the largest 10 fintech IPOs have occurred in 2021



Source: PitchBook, F-Prime team analysis

Note: PayTm is currently only registered in the National Stock Exchange of India (NSE) and not included in the F-Prime Fintech Index.

Fintech stocks have a high variability in performance in the first 90-days following their public listing



Source: Yahoo Finance, F-Prime team analysis

Note: The companies included in the above analysis are the F-Prime Fintech Index Companies

Public investors are differentiating as they learn more about public fintech stocks



Fintech companies obtained historically high valuation multiples in 2021; these multiples declined in Q4 along with the broader tech sector

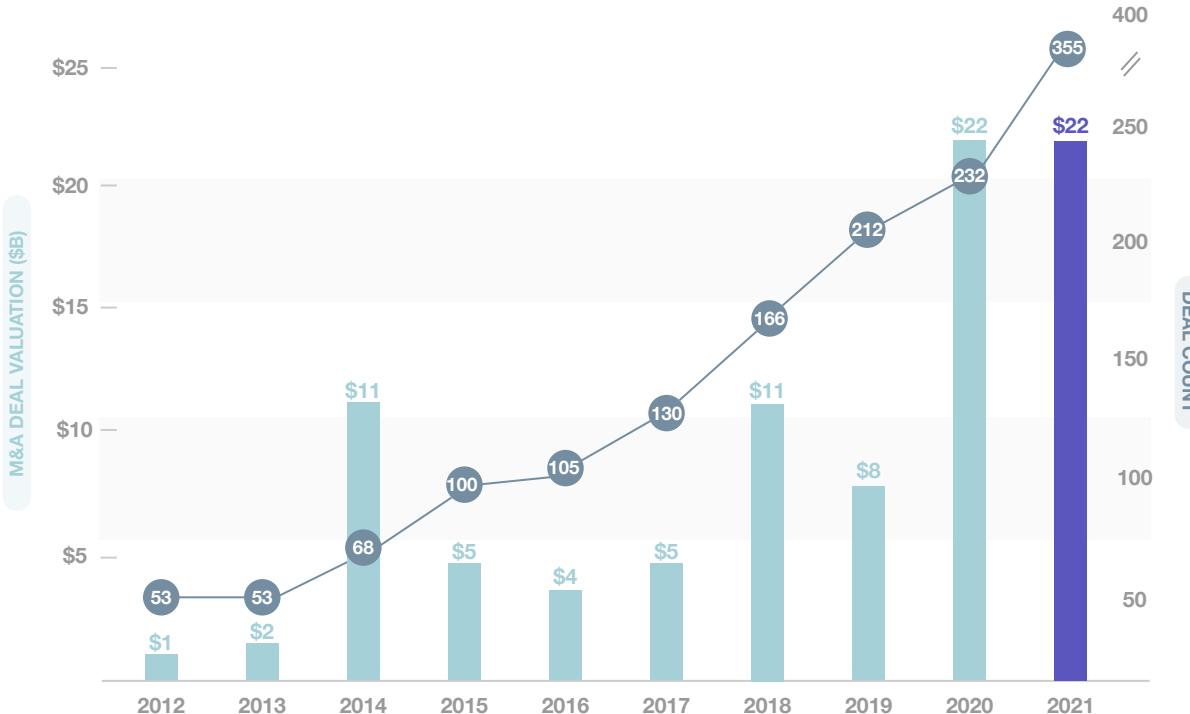


Source: Capital IQ, F-Prime team analysis

Note: The companies included in the above analysis are the F-Prime Fintech Index Companies



In addition to a vibrant IPO market, there have been 355 fintech acquisitions in 2021, totaling \$22B+



Source: PitchBook, F-Prime team analysis

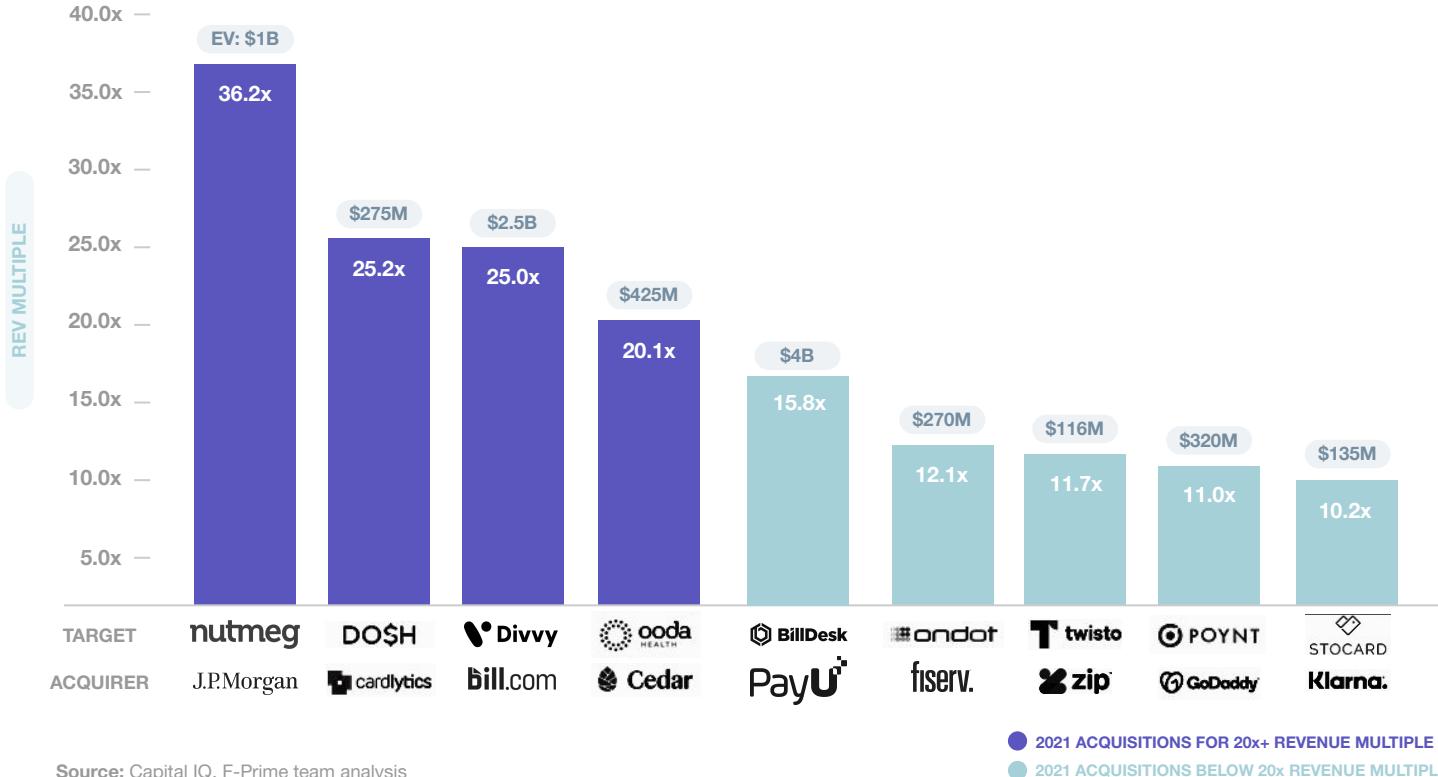
Note: The listed top 2021 M&As account for 75% of \$22.1B total (at \$16.7B)

Note: M&A activity above is of private venture-backed startups; figures exclude public market acquisitions (e.g., Square's acquisition of AfterPay)

2021 Top M&A		
COMPANY	ACQUIRER	VALUATION
BillDesk	PayU	\$4.7B
pafy	PayPal	\$2.7B
Divvy	bill.com	\$2.3B
tink	VISA	\$2.2B
BitGo	GALAXY DIGITAL	\$1.2B
nutmeg	J.P.Morgan	\$1.0B
Currencycloud	VISA	\$930M
Invoice2go	bill.com	\$625M
LEVELSET	PROCORE	\$500M
mineraltree	globalpayments	\$500M

F-Prime/Eight Roads Portfolio

Several large fintech acquisitions have mirrored the high public valuation multiples



Source: Capital IQ, F-Prime team analysis

F-Prime Fintech Index Overview

The F-Prime Fintech Index comprises the following emerging financial technology companies. Criteria include capitalization, liquidity, growth rates, founding year and listing exchange.

 REDFIN	 affirm	 Alkami	 Paymentus	 bill.com	 stoneP
 bright[™] HEALTH	 flywire	 doma	 billtrust	 Clover	 sezzle
 COMPASS	 oscar	 EVERQUOTE	 Opendoor	 coinbase	 d-local
 loanDepot[®]	 mIncino	 KATAPULT	 Lemonade	 Avalara	 PayPal
 Hippo	 adyen	 lightspeed	 Payioneer	 Upstart	 Intapp
 SoFi	 FLEETCOR[®]	 Root Insurance Co	 PagSeguro	 toast	 ENVESTNET[®]
 Q2	 olo	 陆金所 Lufax.com	 VIRTU FINANCIAL	 Funding Circle	 mercado libre
 green dot	 BLOCK	 shopify	 MoneyLion[®]	 MARQETA	 xero
 Duck Creek Technologies	 BLACKLINE	 robinhood	 Remitly	 blend	 wise

Source: Capital IQ, PitchBook, Yahoo Finance, F-Prime team analysis

54
Companies

\$1T
Market cap

\$45B
Raised

11x
Revenue multiple

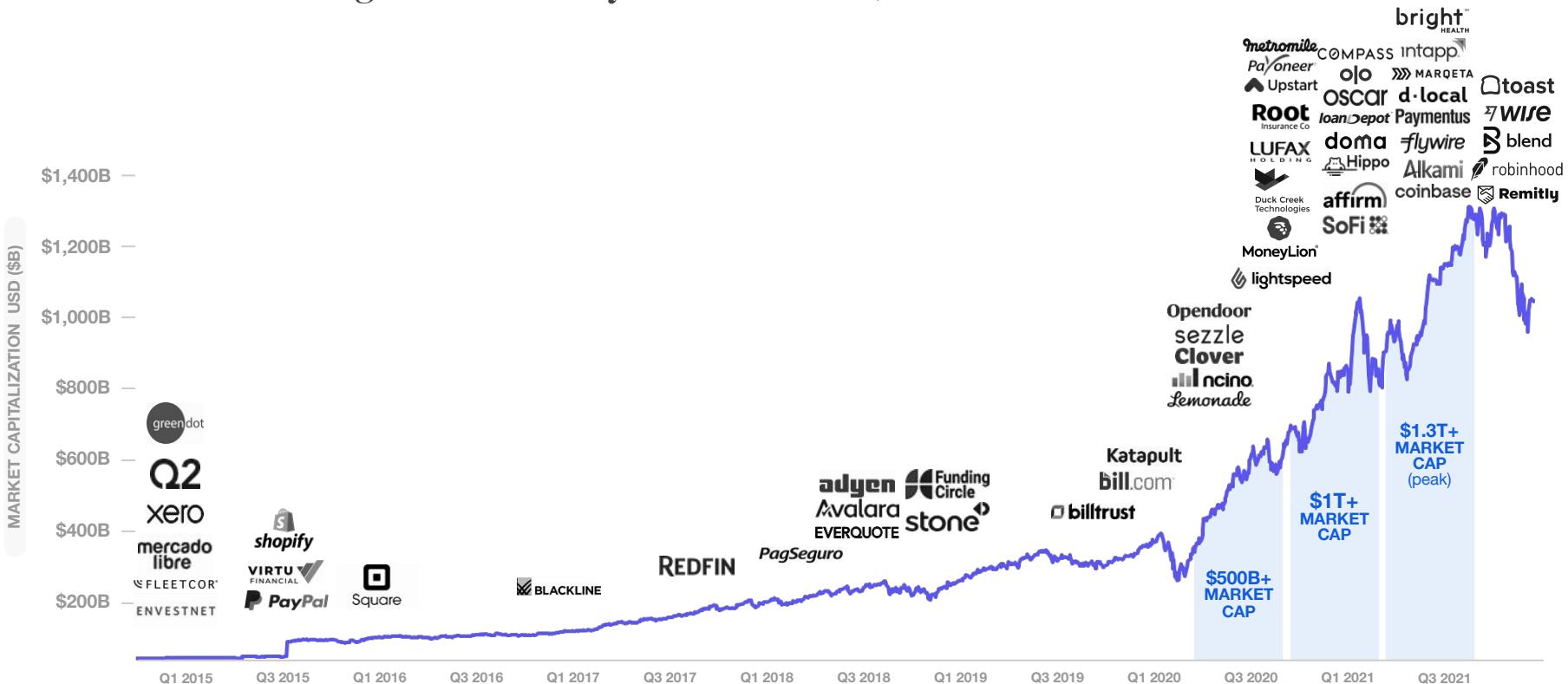
62%
**Annual revenue
growth rate**

Note: All figures as of 12/31/2021

With the unprecedented level of activity, we created the F-Prime Fintech Index to track performance of disruptive public fintech companies



The F-Prime Fintech Index surpassed \$1.3 trillion in market cap in Q3 2021, before declining to \$1 trillion by December 31st, 2021

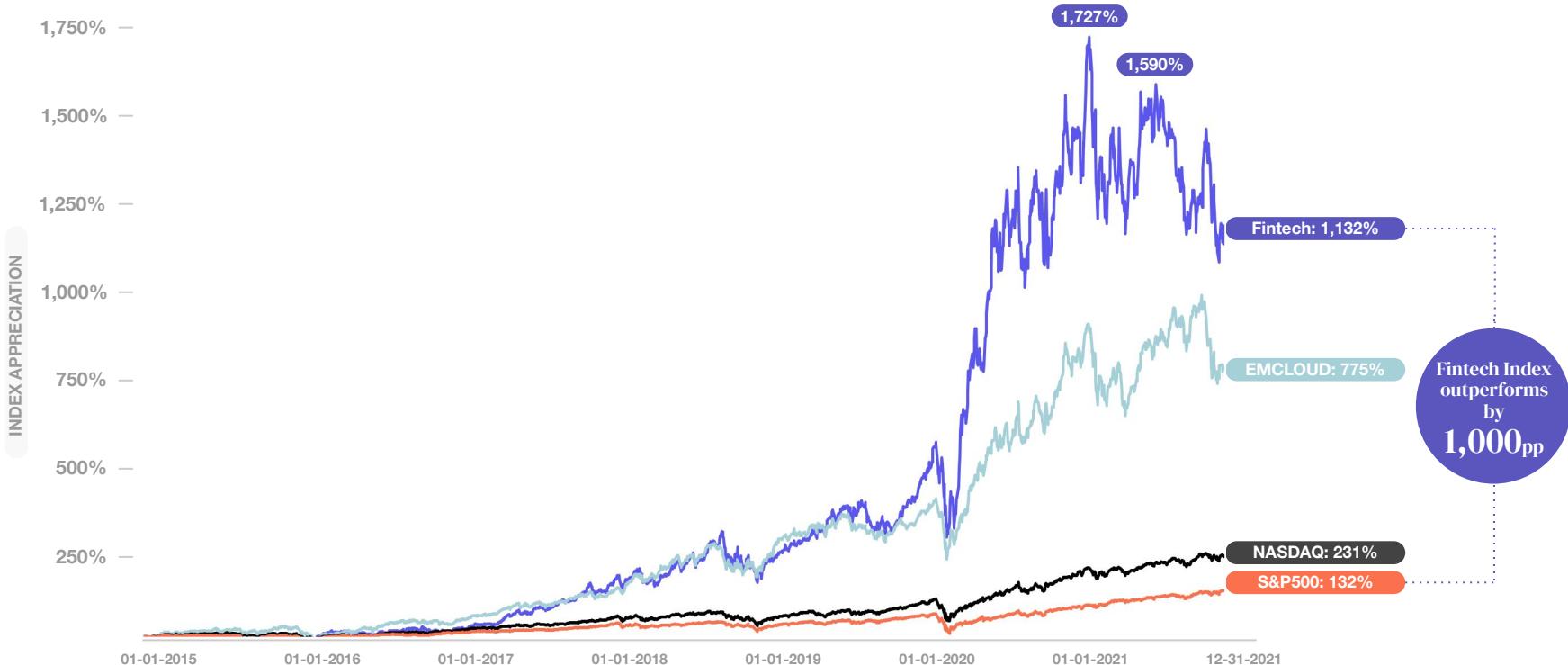


Source: Capital IQ, Yahoo Finance, F-Prime team analysis

Note: Metromile subsequently removed from F-Prime Fintech Index due to pending acquisition.



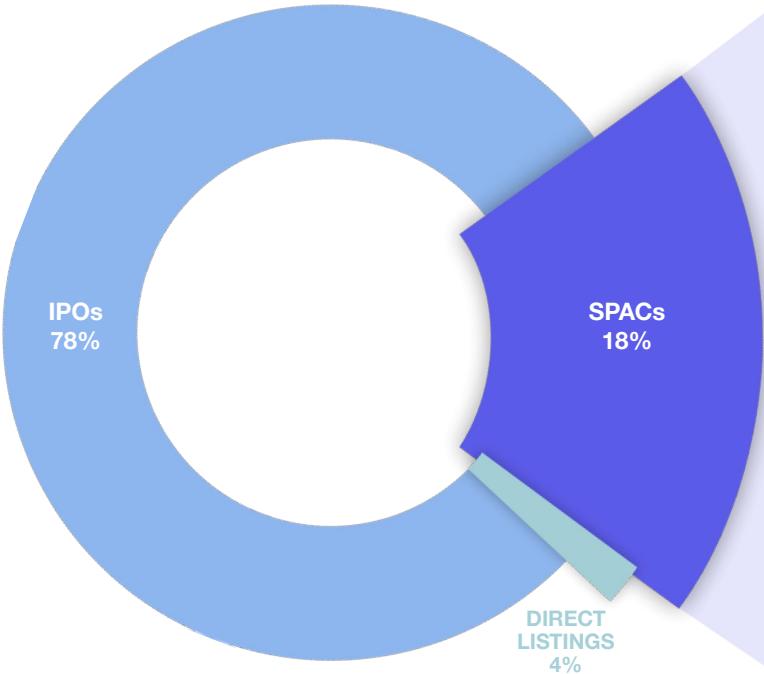
The F-Prime Fintech Index has outperformed the S&P 500 by 1,000 percentage points over the last seven years



Source: Yahoo Finance, F-Prime team analysis

Note: All indexes are market cap weighted with exception of EMCLOUD. See [F-Prime Fintech Index website](#) for live performance.

18% of F-Prime Fintech Index companies have gone public via Special Purpose Acquisition Companies (SPACs), all since December 2020



Note: Upon seasoning, we will add a number of fintech companies that have already gone or will go public to the F-Prime Fintech Index, if they continue to meet the F-Prime Fintech Index inclusion criteria.

Coinbase & Wise are the only company in the F-Prime Fintech Index that went public via direct listing.

SPACed fintechs

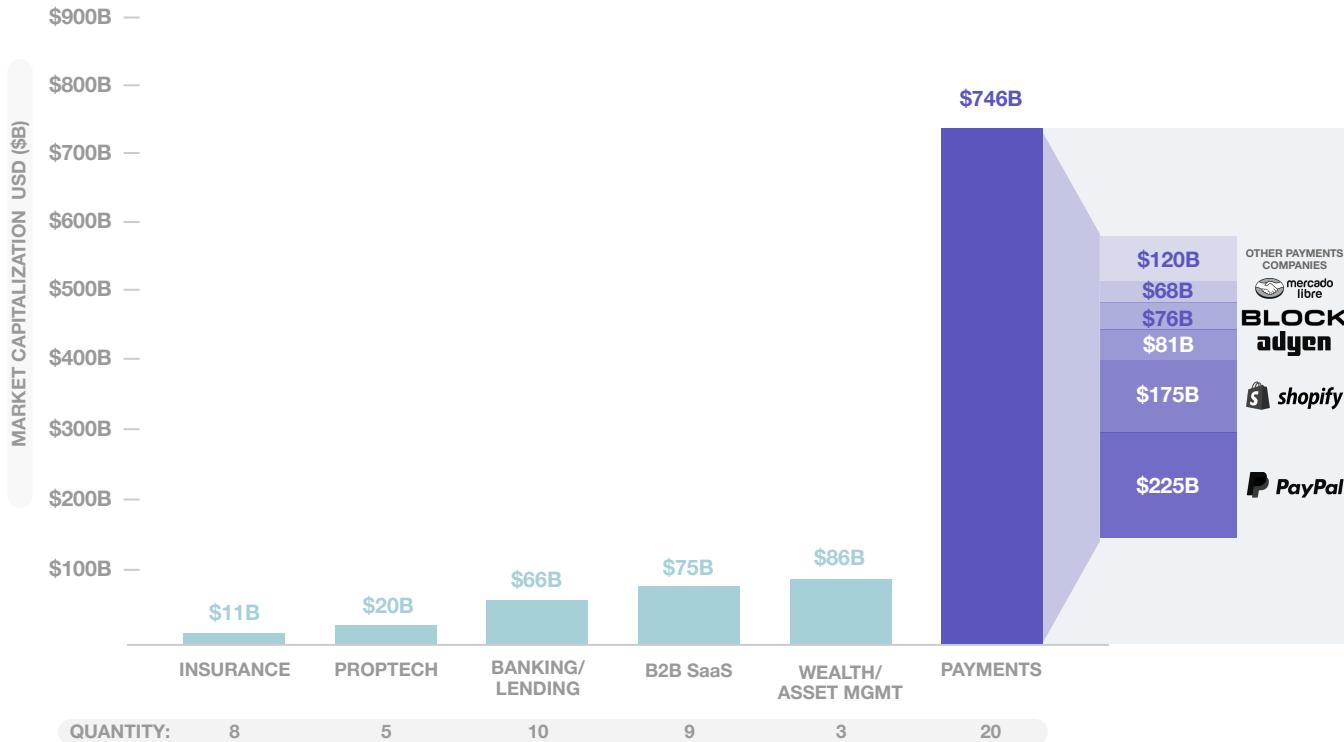
COMPANY	VALUATION	MERGER DATE
Opendoor	\$18B	Dec 2020
SoFi	\$9B	Jun 2021
Hippo	\$5B	Aug 2021
Clover	\$4B	Jan 2021
○ Payoneer	\$4B	Jun 2021
doma	\$3B	Jul 2021
MoneyLion	\$3B	Sep 2021
Bakkt	\$2B	Oct 2021
billtrust	\$1B	Jul 2021
metromile	\$1B	Feb 2021
Katapult	\$1B	Jun 2021

Upcoming SPAC mergers

COMPANY	VALUATION	DATE ANNOUNCED
etoro	\$10B	Jun 2021
better	\$8B	May 2021
APEX Clearing [“]	\$5B	Feb 2021
Dave	\$4B	Jun 2021
acorns	\$2B	May 2021



Payment companies make up the majority of F-Prime Fintech Index at \$746B in market cap



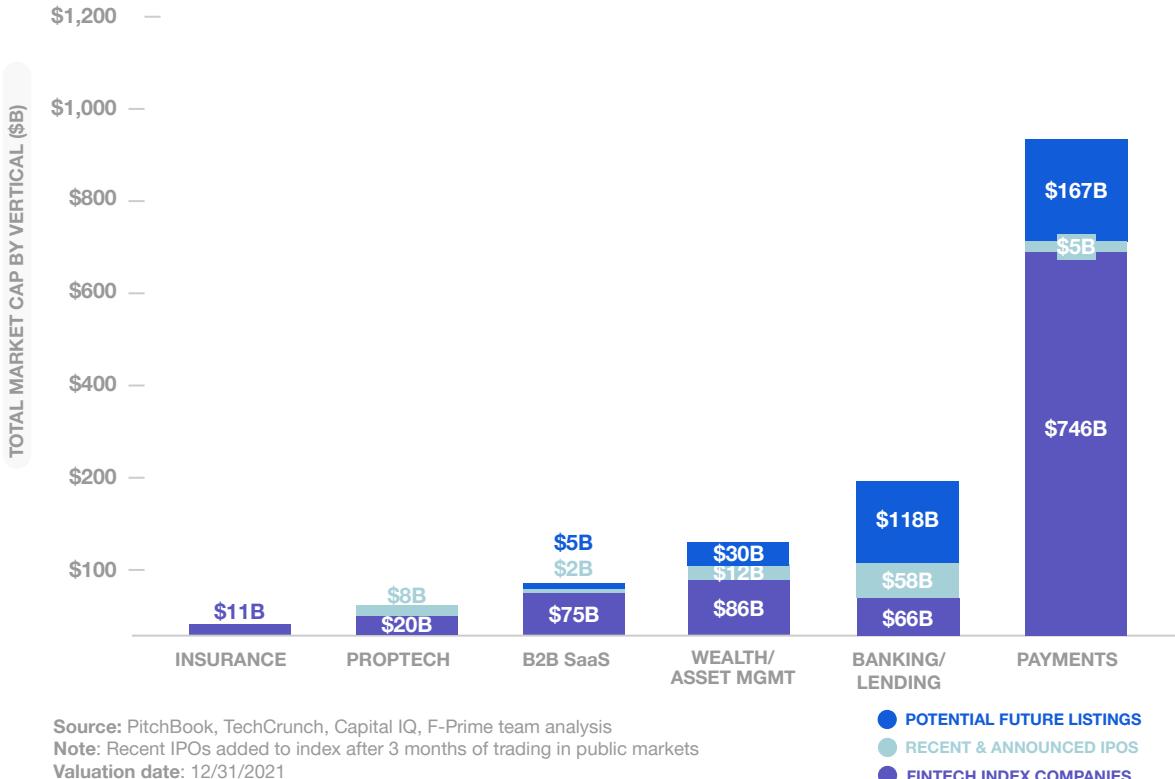
Source: Capital IQ, F-Prime team analysis
Note: Market cap as of 12/31/2021

Payment companies account for 74% of the total F-Prime Fintech Index market cap

3 largest companies account for 48% of market cap



With recent and upcoming listings, the F-Prime Fintech Index is likely to add another ~\$500B over the next few years



Recent & Announced Exits

COMPANY	VALUATION	IPO DATE
NU	\$40B	Q4 2021
eToro	\$10B	Q1 2022
Aspiration	\$8B	Q1 2022
Better	\$8B	Q1 2022
avidxchange™	\$4B	Q4 2021
Dave	\$4B	Q1 2022
finNaccel	\$3B	Q1 2022
Bakkt	\$2B	Q4 2021
Expensify	\$2B	Q4 2021

Potential Listing Candidates

COMPANY	VALUATION
stripe	\$152B
Klarna	\$46B
Revolut	\$33B
chime	\$25B
FTX	\$25B
checkout.com	\$15B
PLAID	\$14B

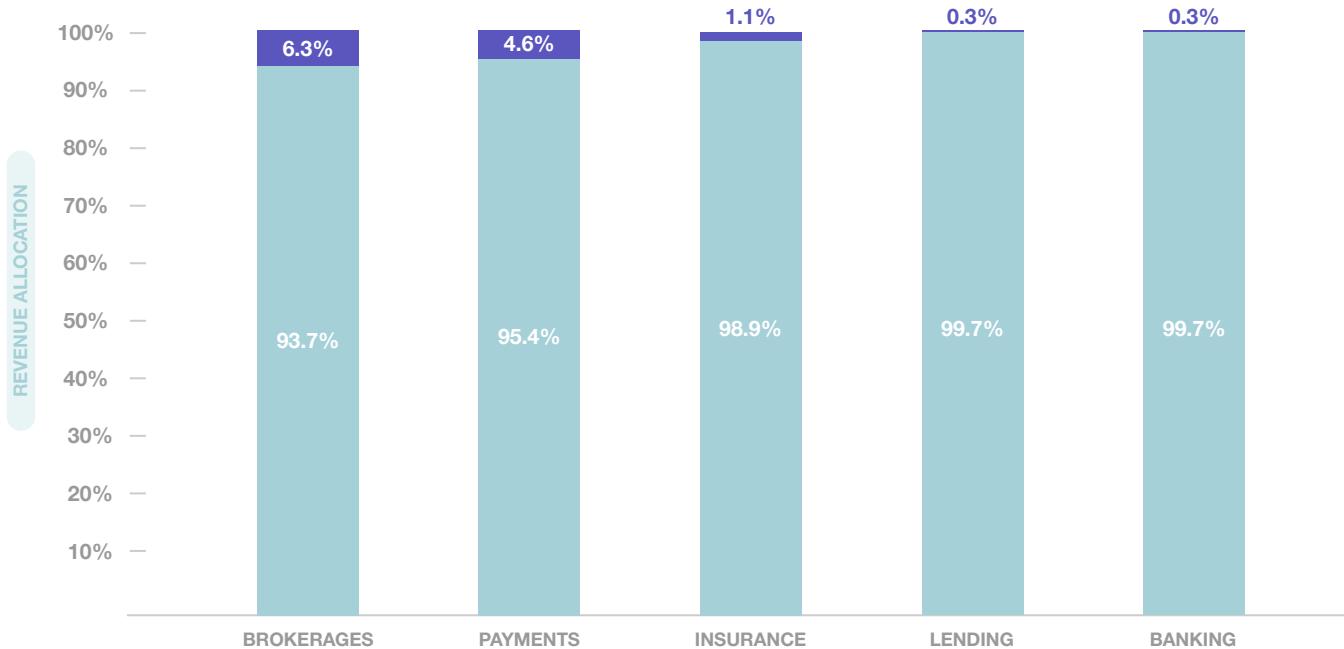


Startups in the F-Prime Fintech Index have generated \$120B+ in revenue over the LTM to Q4 2021



Source: PitchBook, F-Prime team analysis

Despite this remarkable rise in fintech, venture-backed startups have captured less than 10% of U.S. industry revenue with tremendous room for growth



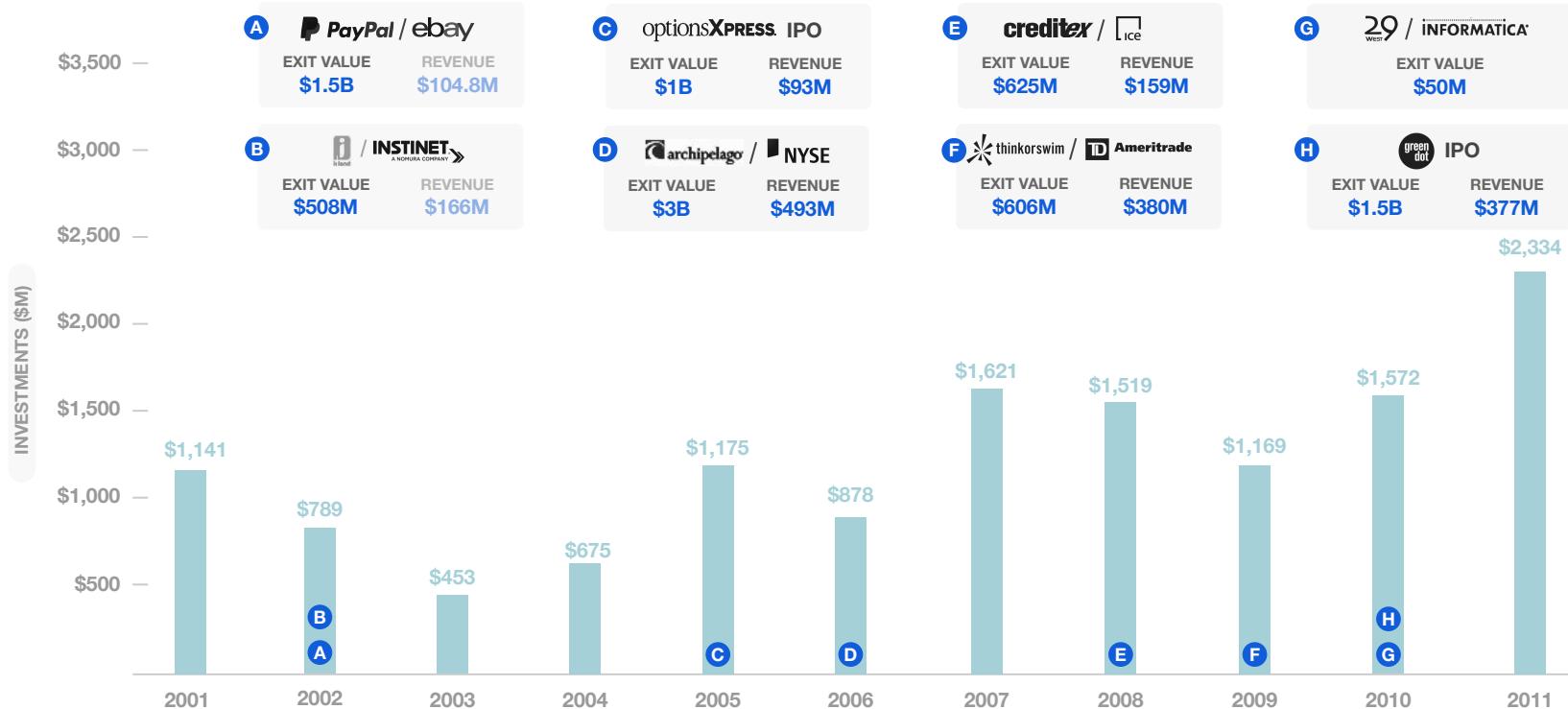
Source: IBIS World Industry Report, Company 10Ks, PitchBook, F-Prime team analysis

● INCUMBENTS
● DISRUPTORS

Private Startups and Funding



Fintech used to be a sleepy niche in venture and was limited to selling tech to financial institutions...

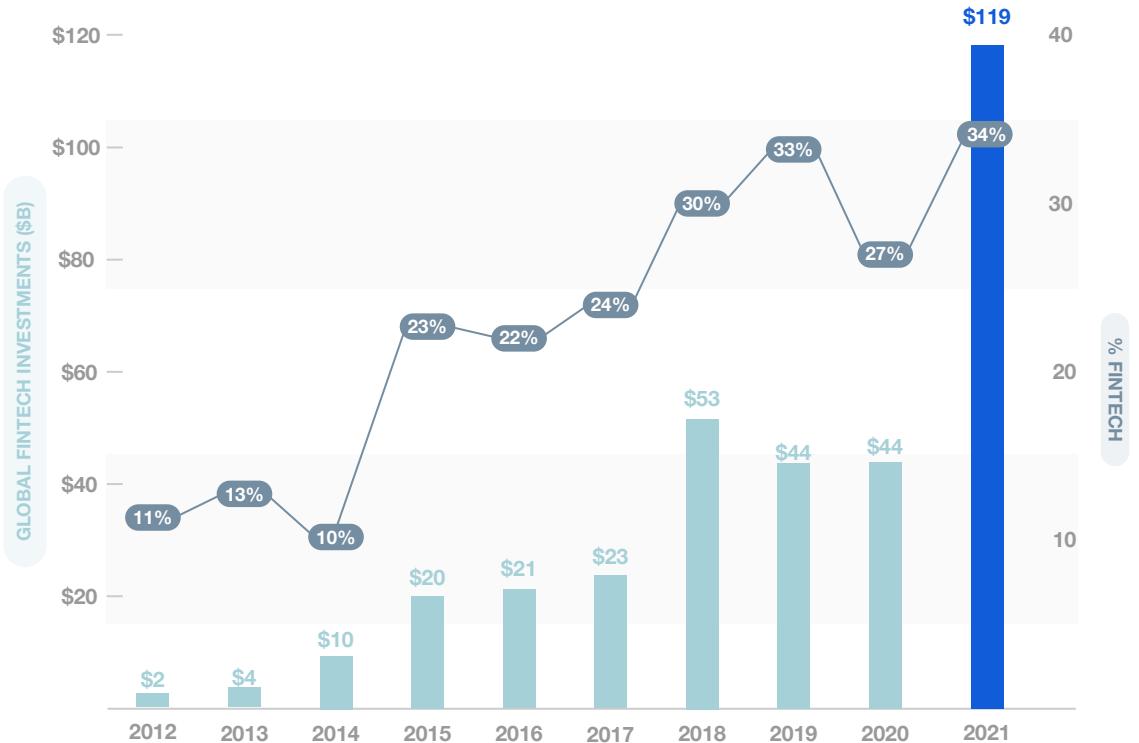


Source: PitchBook, F-Prime team analysis

Note: Includes venture-backed financial institutions, financial management software, and financial services software; GreenDot is the first F-Prime Fintech Index IPO

● FINTECH INVESTMENTS
● FINTECH EXITS

...But over the last few years, fintech has become one of the largest segments in tech venture capital, accounting for over 30% of global tech investments

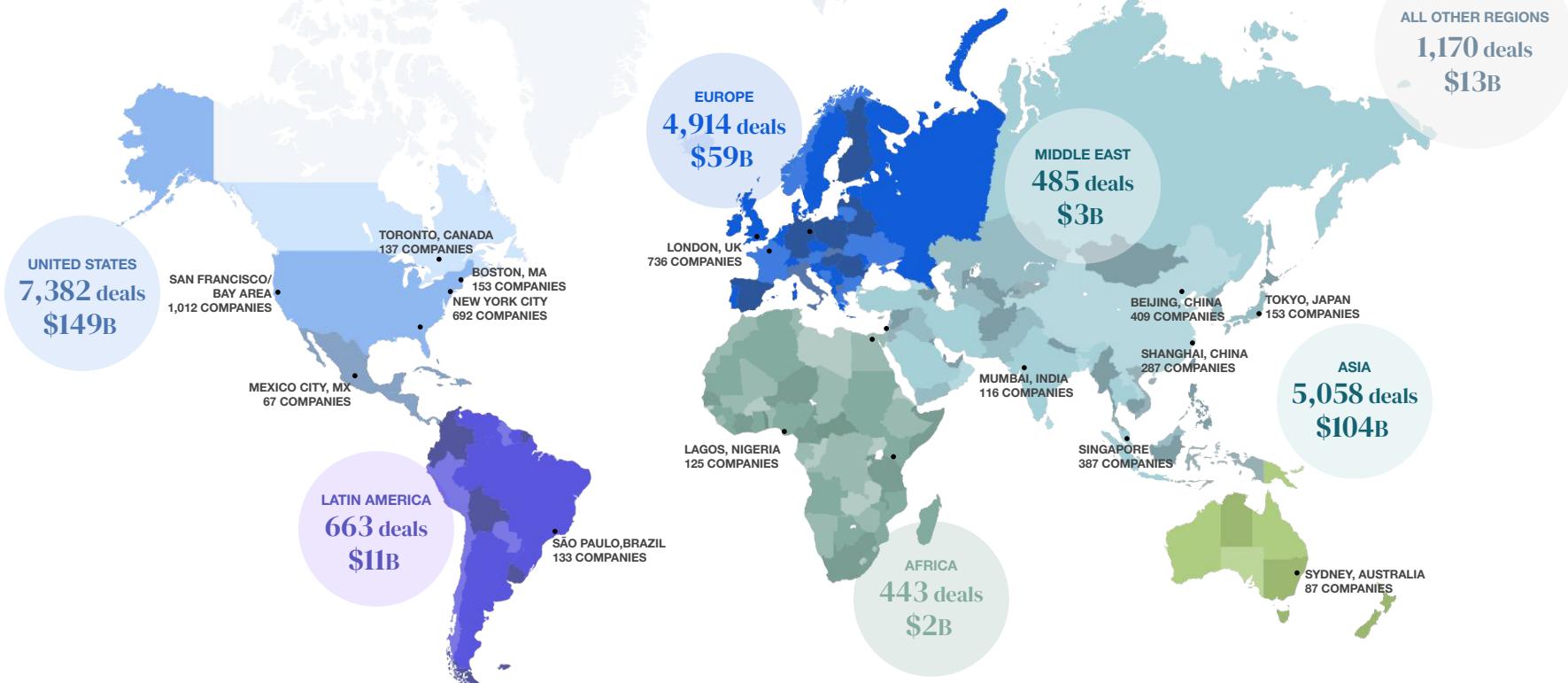


Source: PitchBook, F-Prime team analysis

2021 represents
nearly 35%
of \$342B
invested in fintech
since 2012

Fintech
funding
has nearly
tripled in
2021

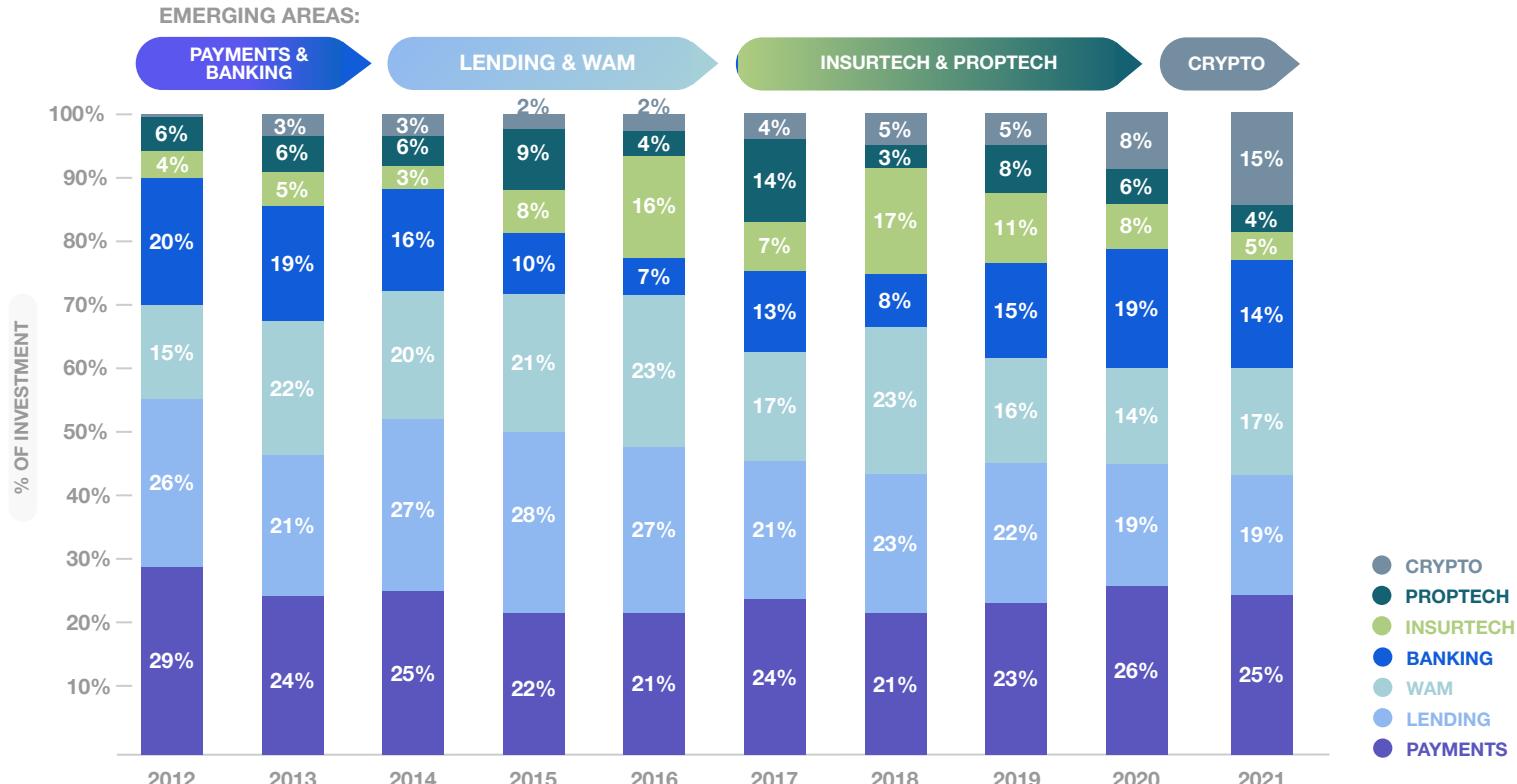
Since 2012, nearly 45% of capital invested in fintech
has been deployed to U.S. based startups



Source: PitchBook, F-Prime team analysis



Payments and lending were first to ignite, but startups and venture capital are now active across all financial sectors



Source: PitchBook, F-Prime team analysis

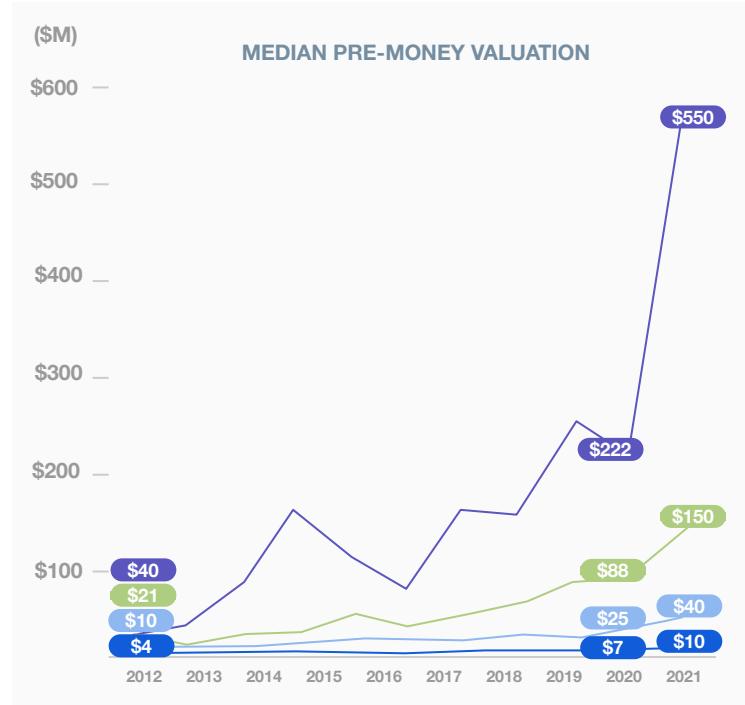
Note: Not mutually exclusive fintech categories



Median deal size and valuations continue to trend upwards across all deal stages – most notably for later-stage companies



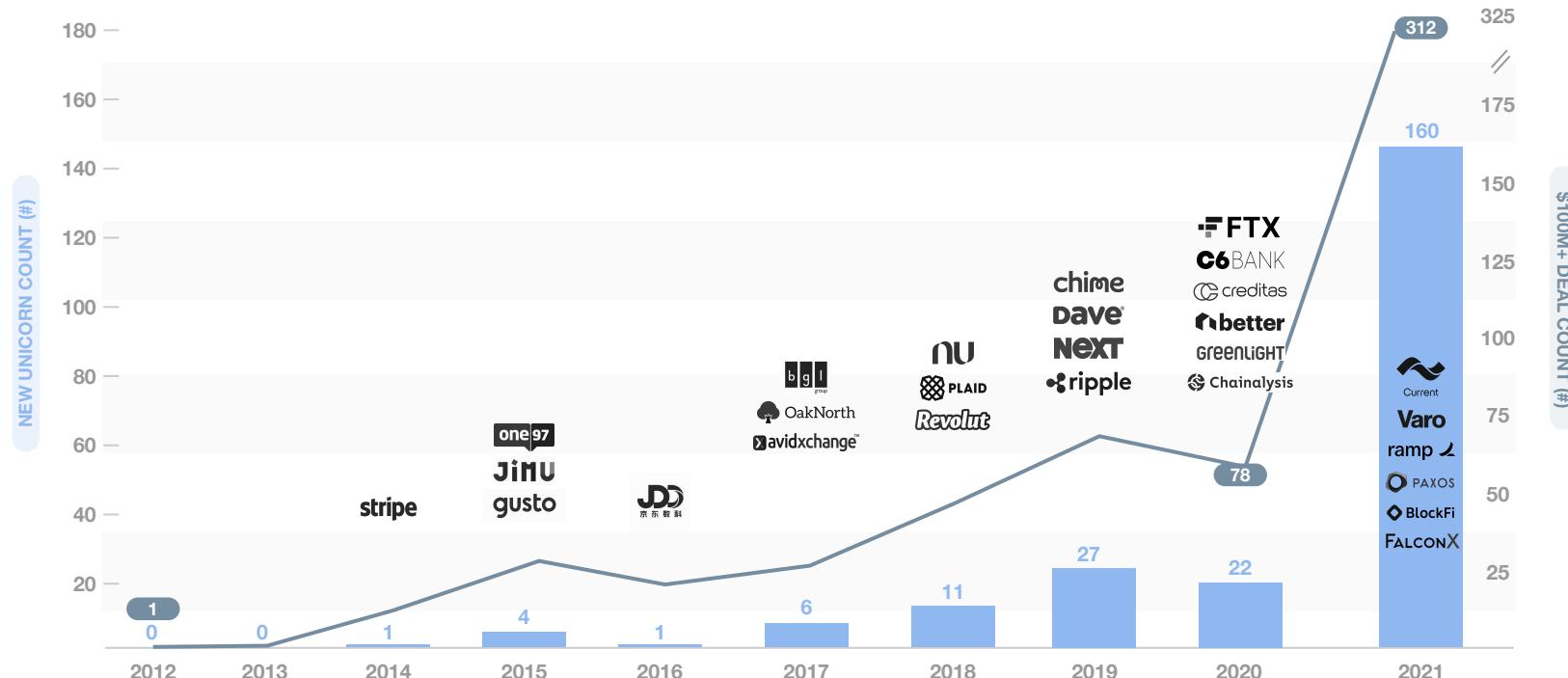
Source: PitchBook, F-Prime team analysis



● SEED ● SERIES B
● SERIES A ● SERIES C

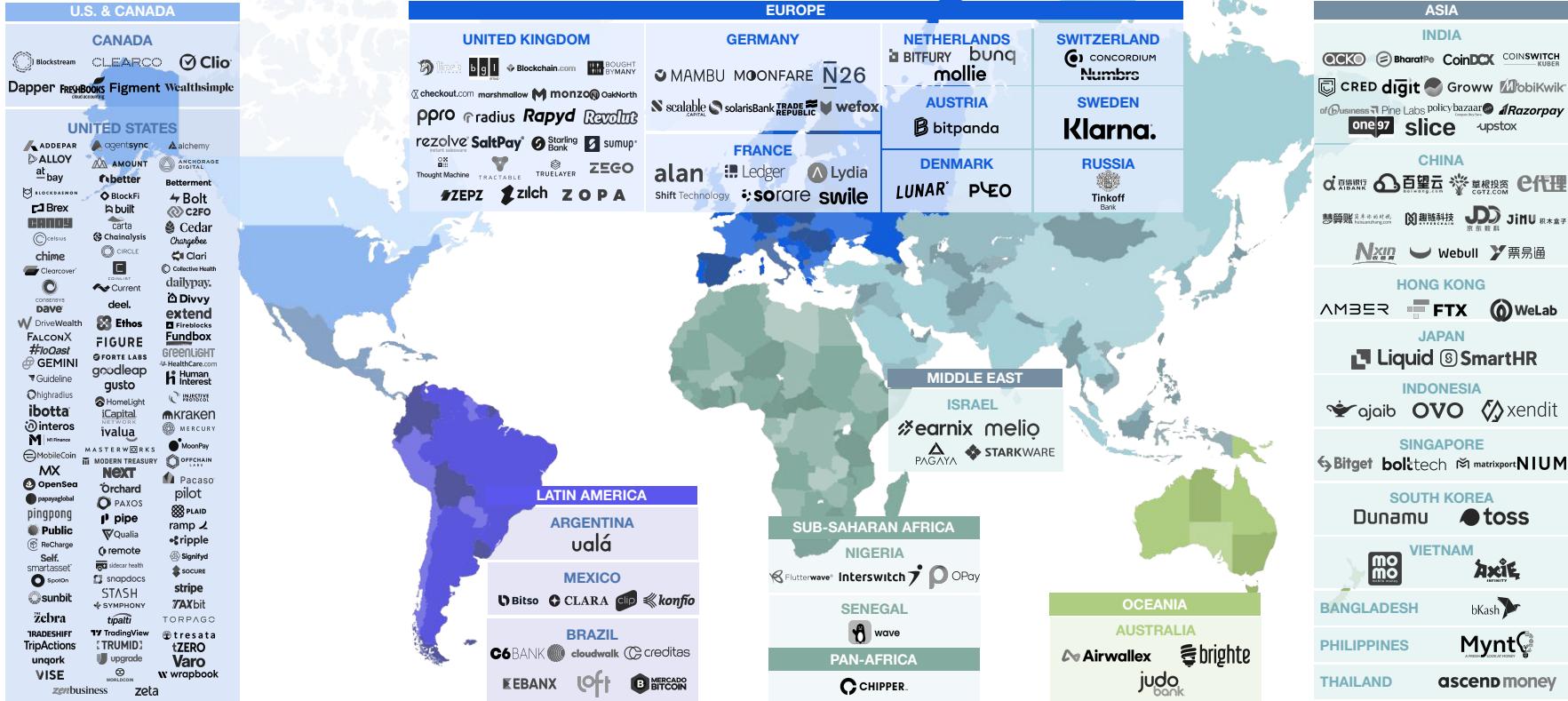


A significant increase in the number of \$100M+ rounds has fueled the creation of a record 150+ newly minted fintech unicorns in 2021



Source: CB Insights, PitchBook, F-Prime team analysis

There are now 200+ private fintech unicorns globally



Source: CB Insights, PitchBook, F-Prime team analysis

Industry Trends

Payments

Fintech's frontrunner

Payments has attracted the most capital, the most number of unicorns, and highest valuations

Rapid ascent

Payments disruptors are collectively capturing significant market share as incumbents consolidate in the industry

E-commerce as the accelerant

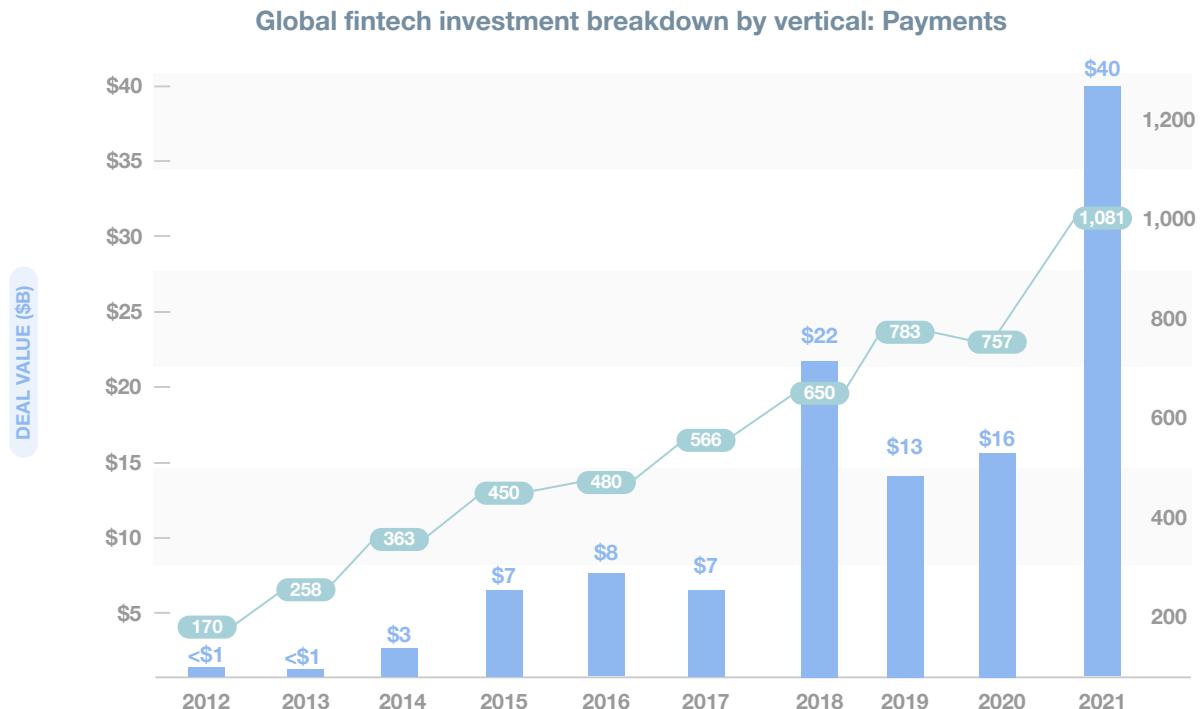
E-commerce and digital adoption has been accelerated by the pandemic



Credit: Andrey Suslov (Shutterstock)



Payments overview



Source: PitchBook, F-Prime team analysis

Note: Stripe (\$152B) accounts for 46% of top 10 valuation.

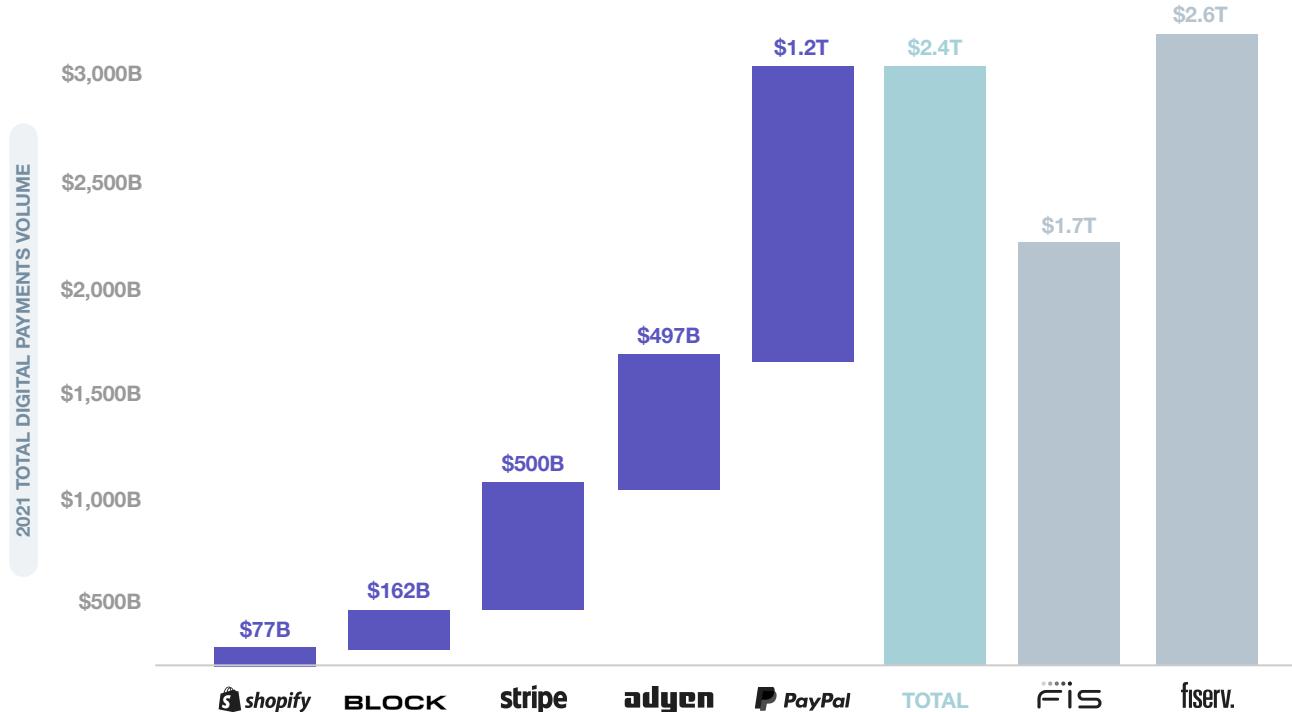
70+
Unicorns

2,800+
Companies

\$118B
Raised since 2012

\$328B
Top 10 valuation

Nowhere has fintech disruption been more apparent than in payments, where the disruptors cumulatively reach the volumes processed by Fiserv

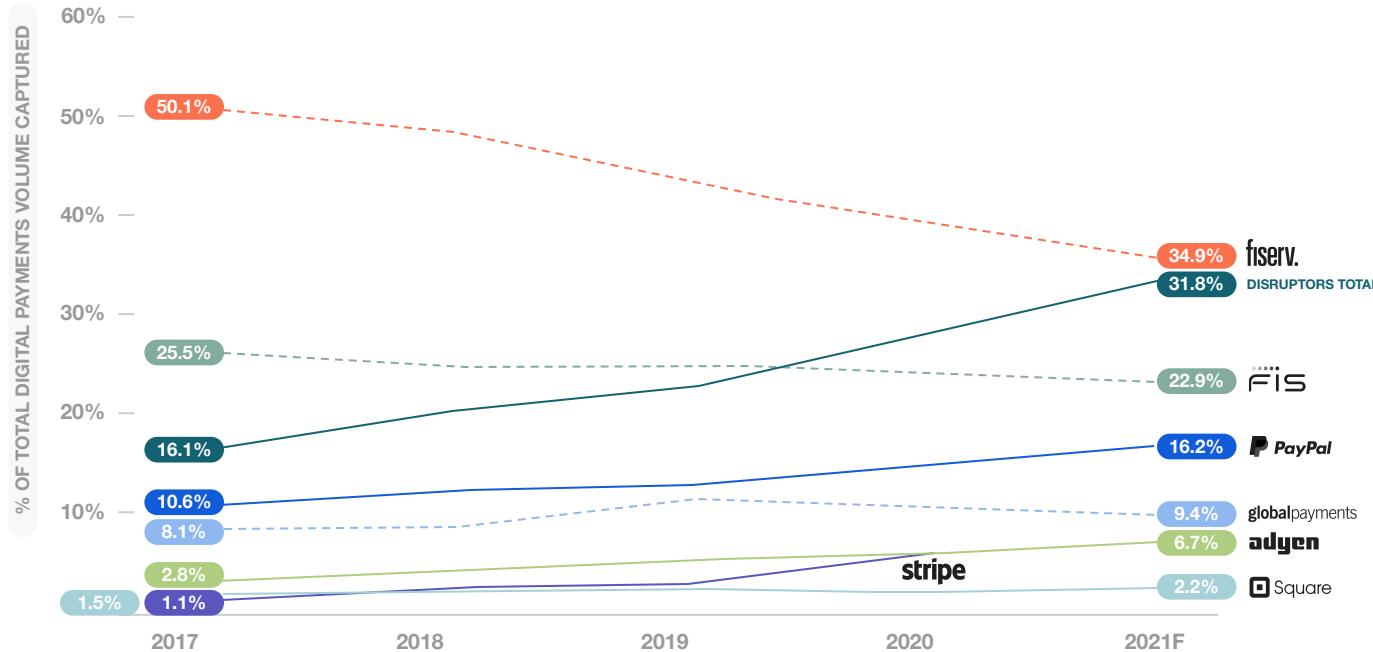


Source: Company 10Ks; F-Prime team analysis

Note: On December 1, 2021 Square changed name to Block, Inc.



Natively digital payment processors like PayPal, Square, Stripe and Adyen have captured 32% share of the digital payment volume in the U.S., and their market share is accelerating



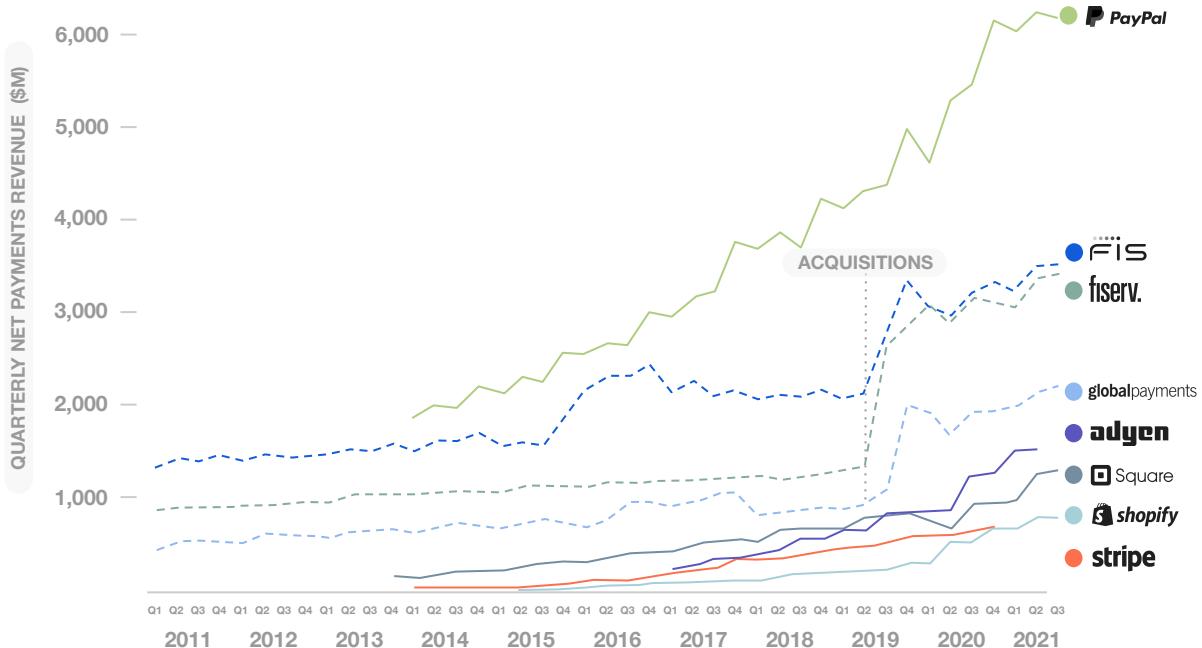
Source: Company 10Ks, Industry Reports, and F-Prime team analysis

Note: While payment disruptors have captured 32% of total digital payments volume, they only capture 2.2% of total payments volume (and 4.6% of payments revenues)

INCUMBENTS

DISRUPTORS

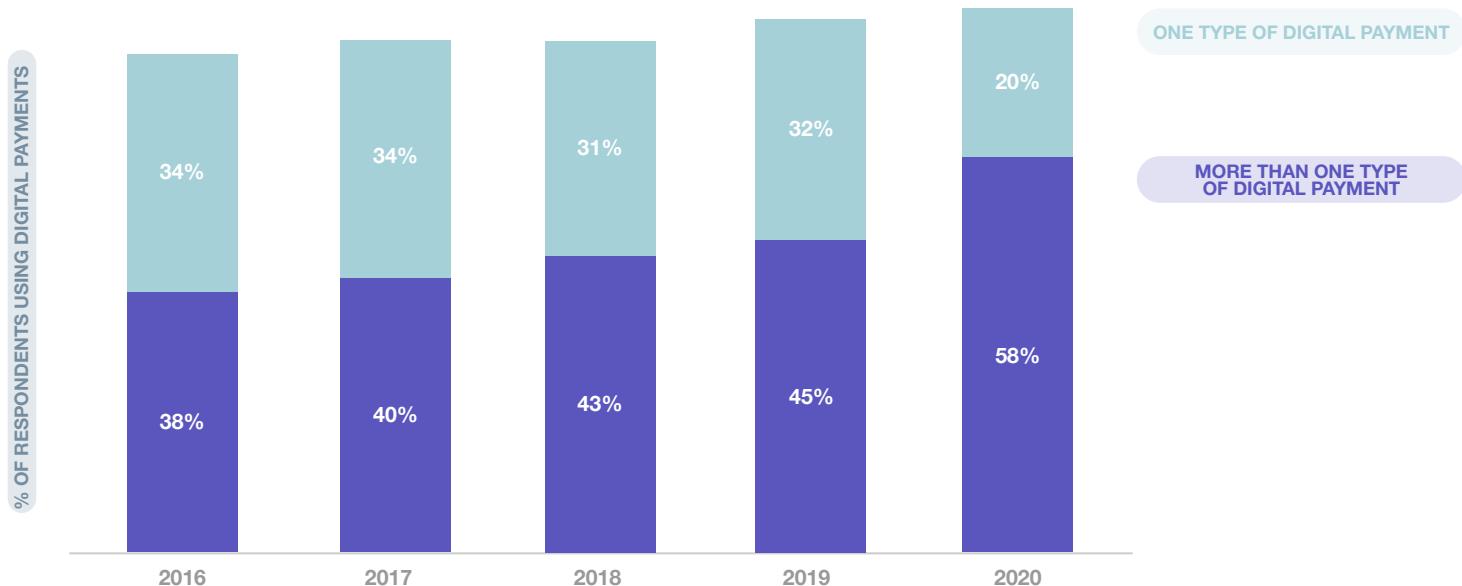
As disruptors grew rapidly, the industry responded with a wave of consolidations



Acquirer	Acquired	Date	Deal Size
fis	worldpay	July 2019	\$35B
fiserv.	First Data.	July 2019	\$22B
globalpayments	TSYS	May 2019	\$22B
globalpayments	Heartland	April 2016	\$4.3B

Source: Company 10Ks; F-Prime team analysis

The global pandemic accelerated the already steady shift to digital payments



Source: 2020 McKinsey Digital Payments Consumer Survey



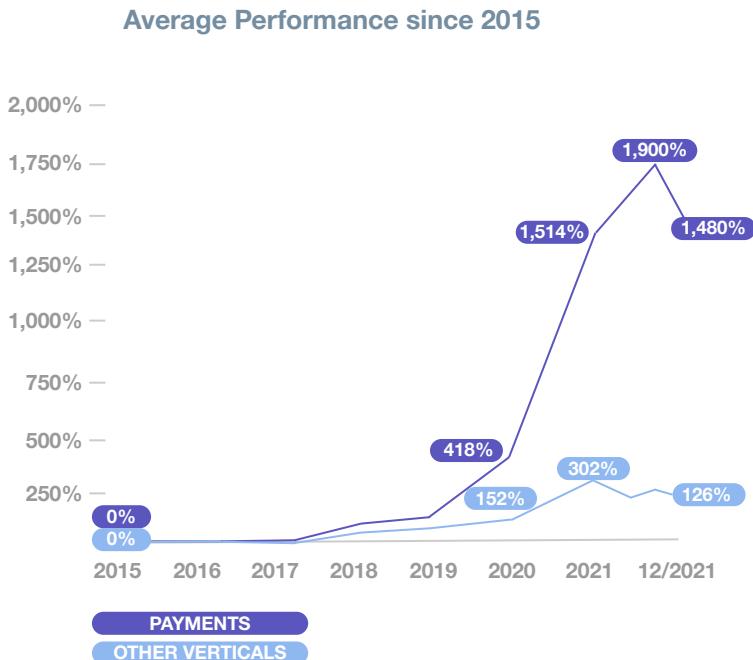
The pandemic also accelerated e-commerce with e-commerce platforms expected to capture 20% of retail spend by end of year



Shopify's GMV
doubled between
Q4 2019-Q4 2020

Source: [eMarketer](#); [MarketplacePulse](#), Shopify 10Ks, F-Prime team analysis

Public markets have rewarded payments startups – they are among the highest performing fintech disruptors in the F-Prime Fintech Index



Vertical	Avg. EV/ LTM Revenue	Total Market Cap
Payments	13.3	\$746B
Banking/ Lending	16.4	\$66B
B2B SaaS	19.1	\$75B
Wealth/Asset Management	4.6	\$86B
PropTech	3.5	\$20B
Insurance	4.8	\$11B
Company	EV/ Revenue	Market Cap
PayPal	8.9	\$225B
shopify	39.6	\$175B
adyen	16.6	\$81B
BLOCK	4.5	\$76B
mercado libre	10.9	\$68B
toast	11.3	\$19B
OTHER PAYMENTS COMPANIES	12.1	\$101B

Source: Yahoo Finance, F-Prime team analysis
Note: Data above is as of 9/30/2021.



Dynamic payment trends we are tracking

Globalization of Commerce

Companies and consumers are selling and buying globally placing demands on supply chain, fulfillment and payment acceptance



Vertical Payments

More vertical software companies will emerge and seamlessly offer embedded fintech solutions like payments, loans, and payroll



Payment Fragmentation

Merchants need to support a wider variety of payment options including cards, wallets/QR codes, ACH, cash and BNPL



Crypto Payment & the Rise of Web3

15K+ businesses have began accepting crypto payments as payments begin to shift to decentralized platforms



Real-Time Payments (RTP)

RTP volumes will grow significantly due to increased support by both private and public sector actors



Granular Retail Data

Real-time Merchant and SKU level data will unlock new business models to engage consumers and businesses



Global War on Cash

The war on cash was accelerated by the pandemic and will continue as consumers adopt faster and more convenient forms of payment



Banking

Digital banks become PFRs

Digital native banks are becoming Primary Financial Relationships (PFRs) for members attracted by fee transparency and novel features

Consumer friendly hooks unlock growth

Fastest growing neobanks did not start as banks but instead launched with consumer friendly services

Traditional FI's and fintechs will compete, but also collaborate

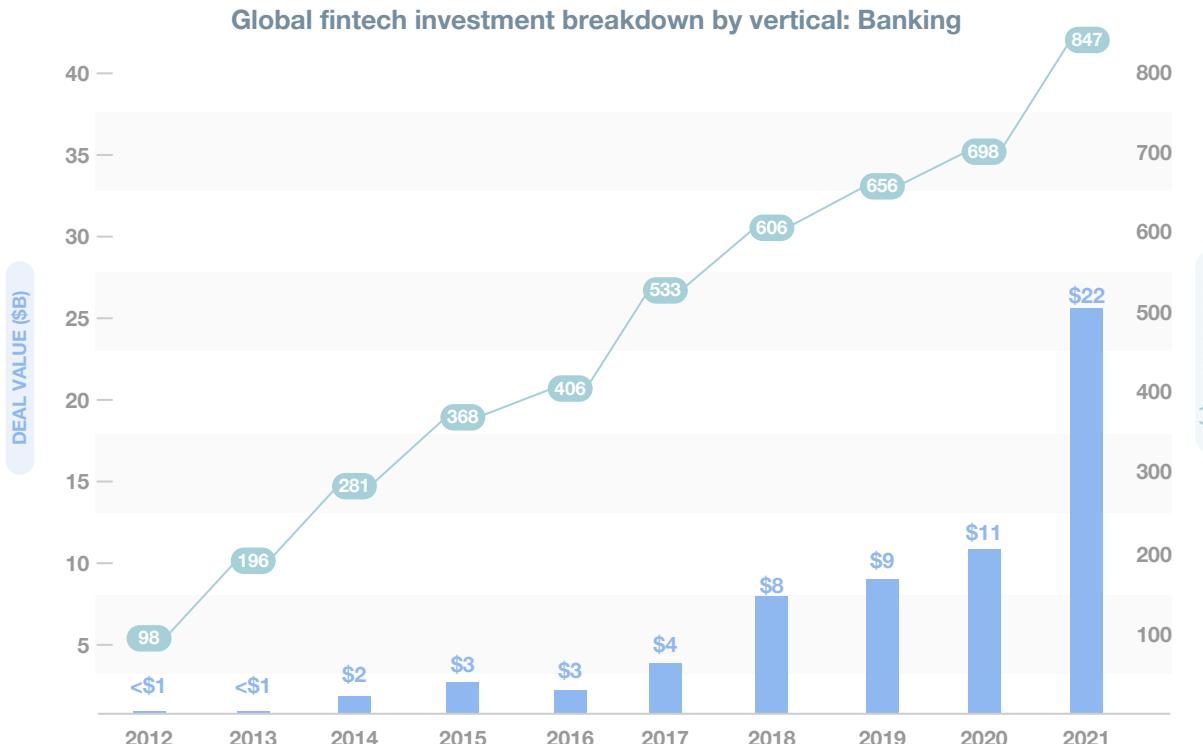
Regional banks are being squeezed with many responding by partnering with fintech startups



Credit: PopTika (Shutterstock)



Banking overview



Source: PitchBook, F-Prime team analysis
Note: Revolut (\$33B) accounts for 29% of top 10 valuation.

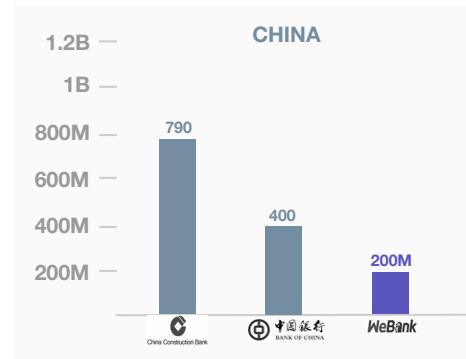
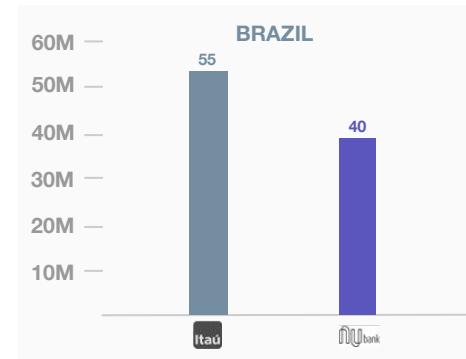
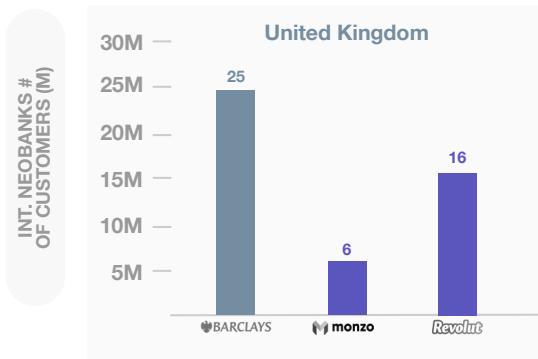
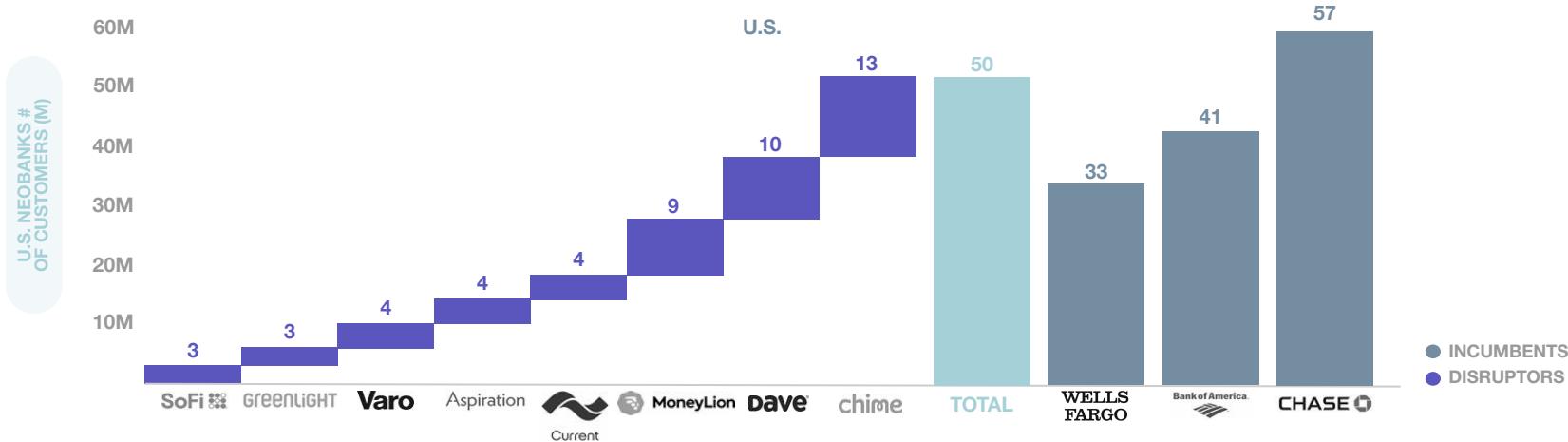
40+
Unicorns

2,400+
Companies

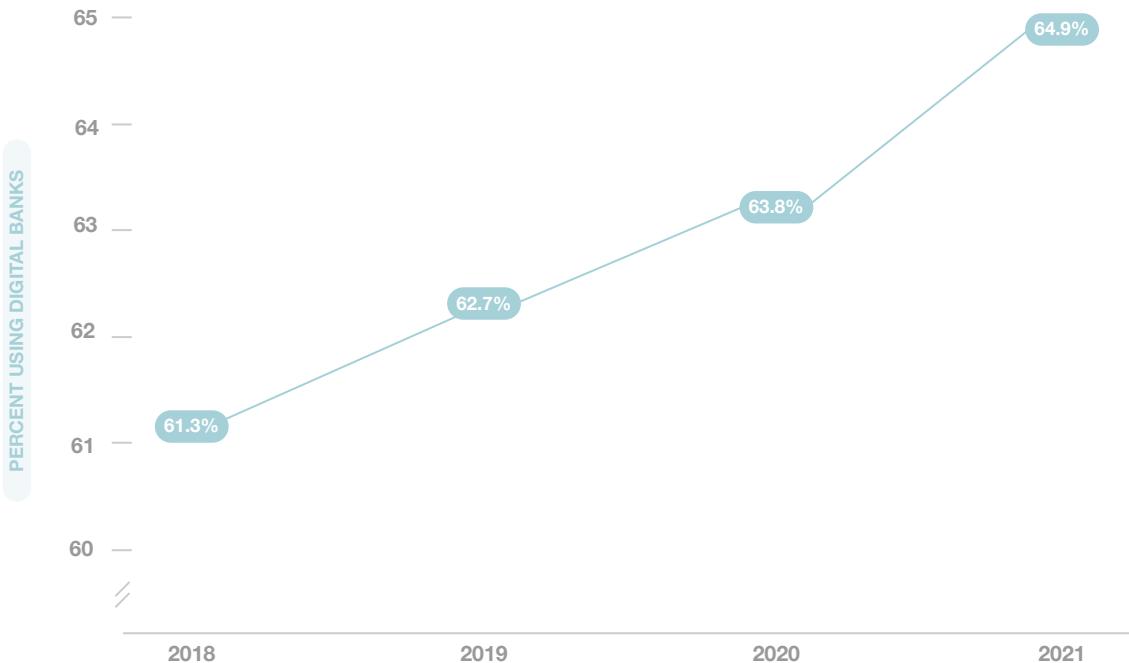
\$64B
Raised Since 2012

\$113B
Top 10 Valuation

Digitally native banks have emerged as viable alternatives to incumbent banks



Digital banking has been on the rise in the U.S.



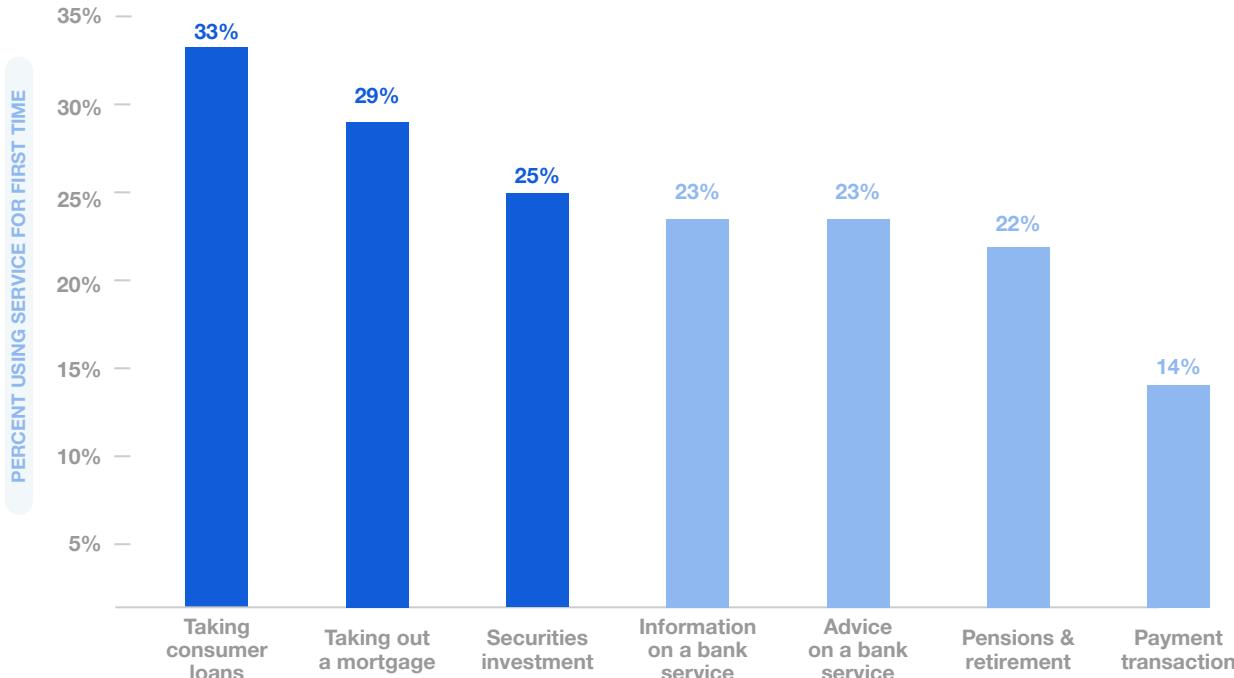
There are
169.3 million
mobile banking
users in the U.S.

Source: [Plaid](#), [Statista](#)

Note: Digital banks include incumbent banks offering primarily digital financial services



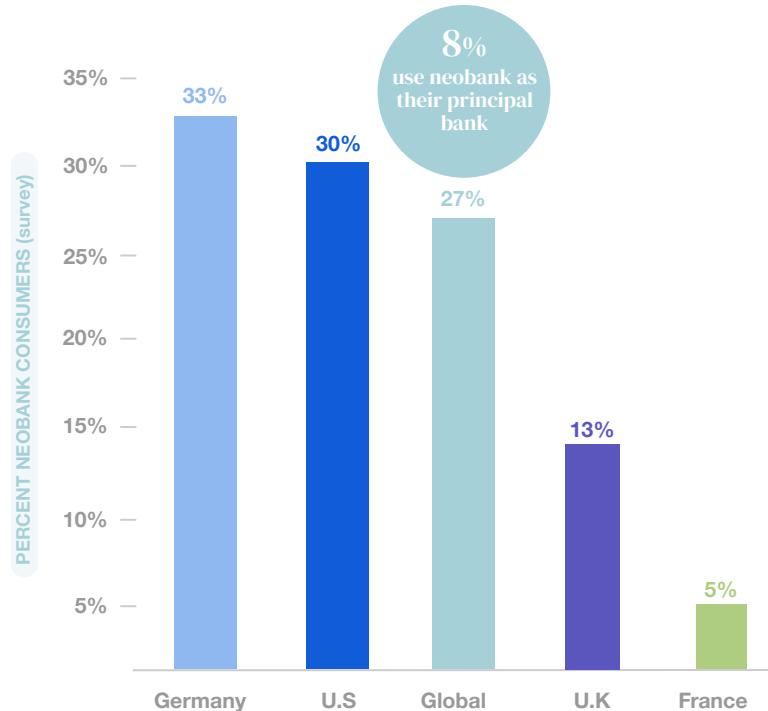
Many began using new online banking services for the first time as a result of the pandemic



Source: [Deloitte](#) (survey of 2,000 individuals), [CNBC](#)

200%
increase in new
mobile banking
registrations
at onset of pandemic
in April 2020

27% of global consumers have relationships with neobanks, with 8% using neobanks as their principal bank. They are attracted by the mobile experience, convenience, fee transparency and features like early-deposit access, overdraft protection etc.



3 out of 7 NerdWallet's
“best overall” banks are fintechs

chime

Best Overall,
Best for Tools

Varo

Best overall,
Best for Rates

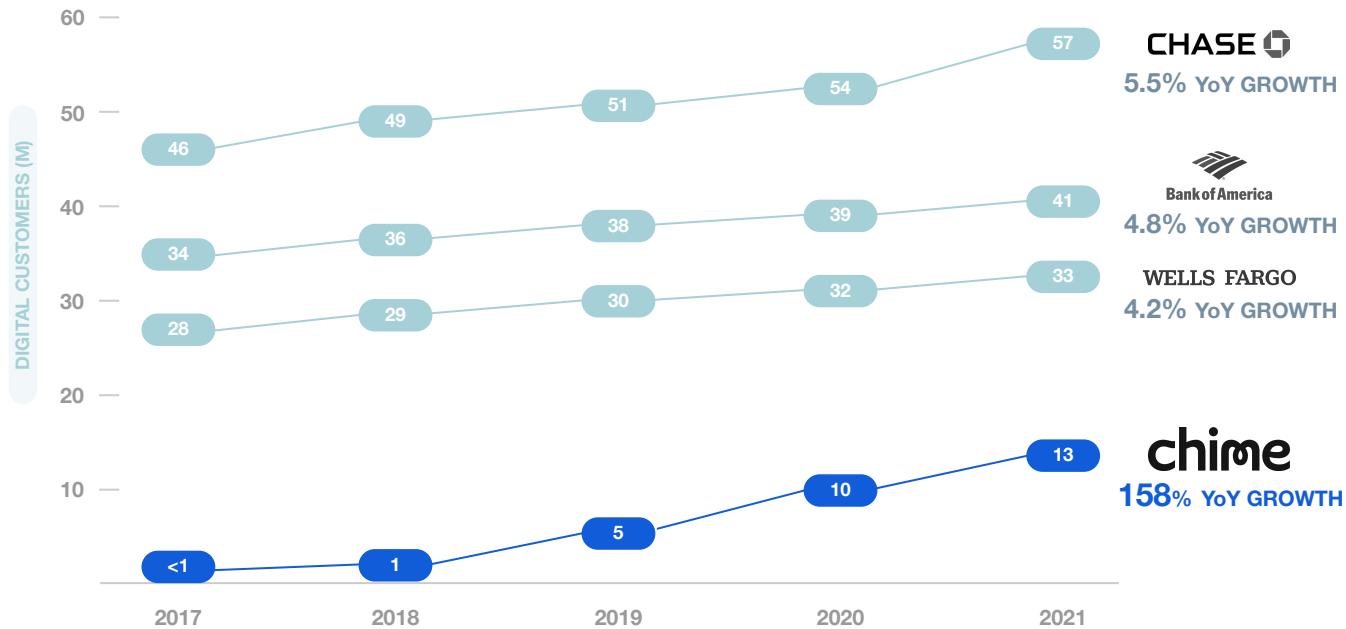
ONE

Best Overall,
Best for
Overdraft Options

Source: EY NextWave Consumer Financial Services research & survey, Plaid 2021 Fintech Report



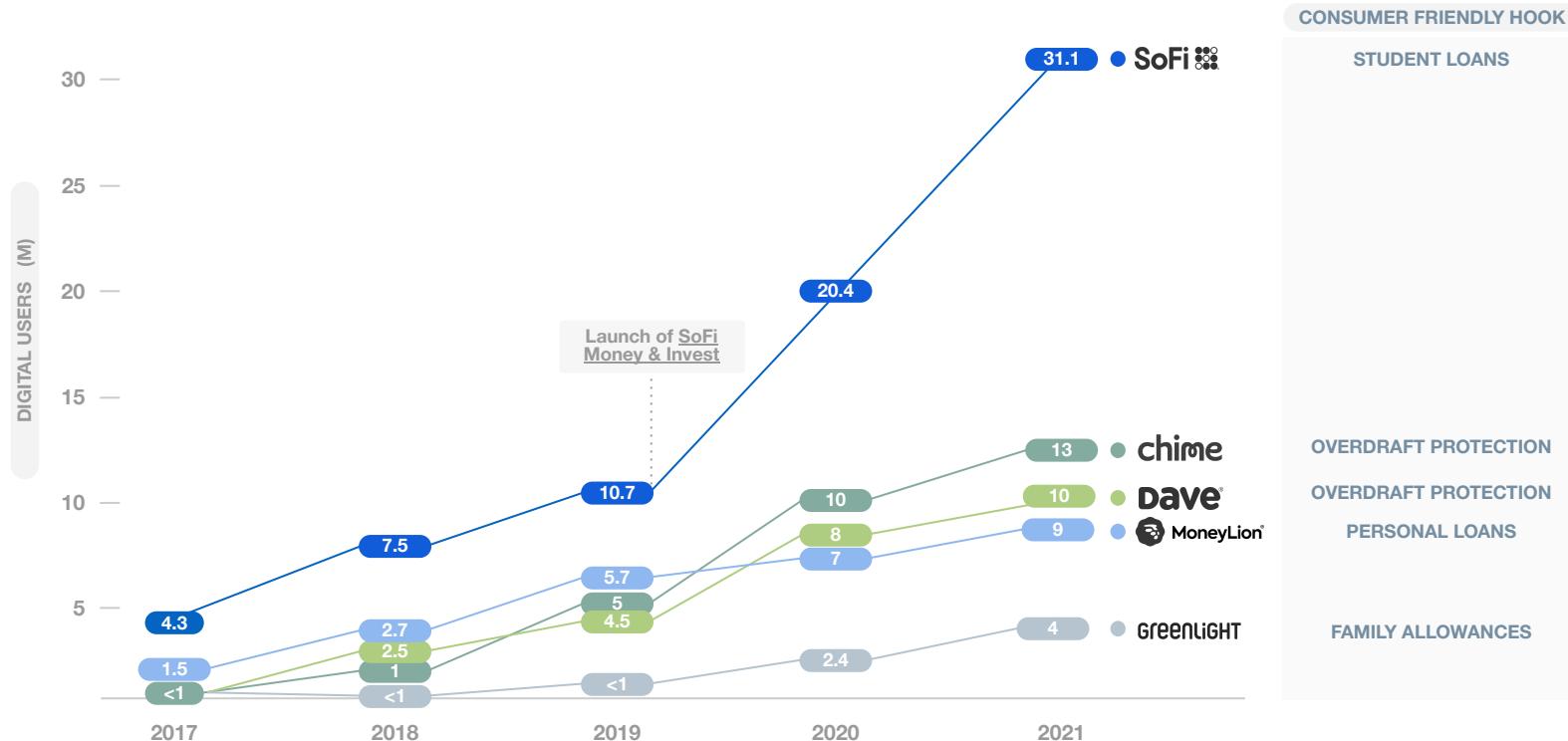
Chime, the largest neobank in the U.S., is growing at a much faster rate than incumbents



8M
use Chime as
their primary
bank

Source: News ([Link 1](#), [Link 2](#), [Link 3](#)), Company 10Q/10Ks, F-Prime team analysis

Many neobanks did not even start as banks, but led with consumer-friendly services that leveraged a customer's existing bank account



Source: Company 10Ks, news outlets, F-Prime team analysis

Note: ~10% of SoFi's users are active members



Neobanks have a long way to go to catch-up with incumbents on most metrics, but investors are ascribing value to their potential based on low CACs and high growth

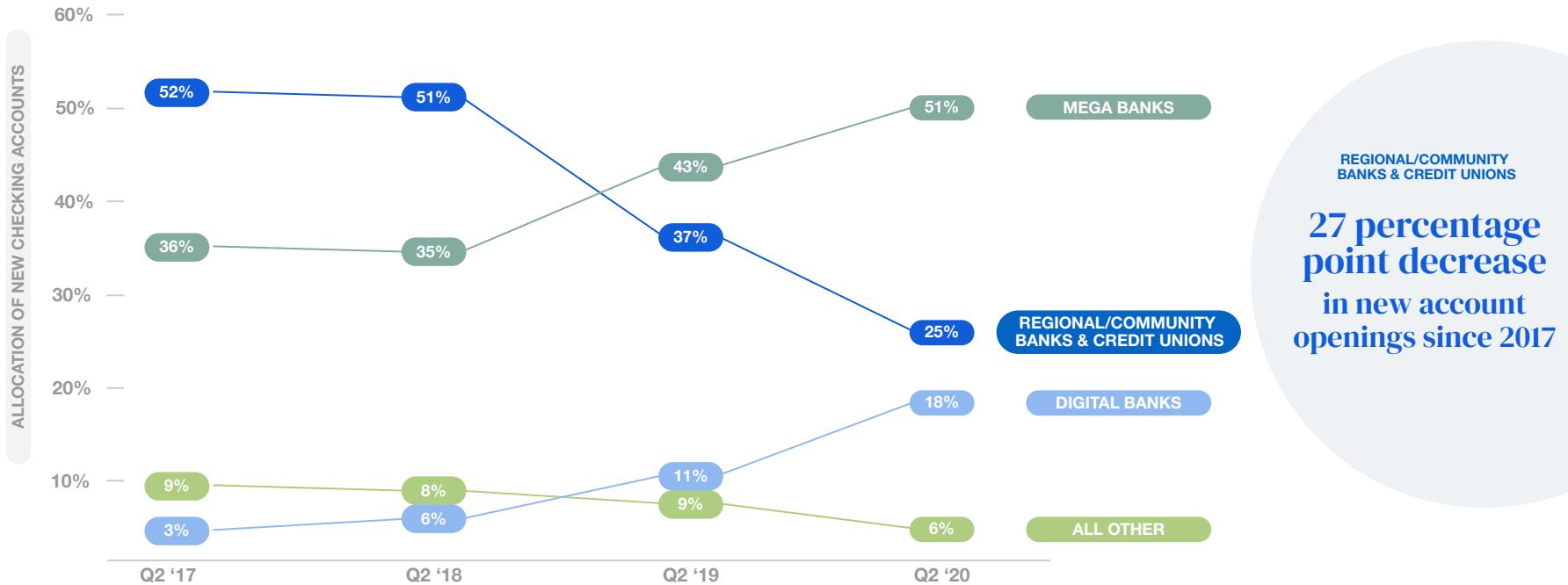
	REVENUE GROWTH	CAC	ARPU	VALUATION	TOT. ASSETS	VAL./TOT. ASSETS
CHASE	2.6%	\$1,076	\$1,963	\$496B	\$3,800B	0.13x
 Bank of America	(1.4%)	\$2,953	\$1,321	\$360B	\$3,100B	0.12x
WELLS FARGO	1.1%	\$857	\$1,072	\$201B	\$1,900B	0.11x
chime	n/a	\$100	\$208	\$25B	\$10.0B	2.5x
SoFi	47%	\$278	\$311	\$16.6B	\$8.1B	2.1x
 MoneyLion®	79%	\$15	\$87	\$1.4B	\$0.5B	2.8x

Source: Company 10Ks; [Forbes](#), [Yahoo \(via Axios\)](#), F-Prime team analysis

CAC: Marketing spend in previous quarters/new members in current quarter

ARPU: Revenue/total numbers

Megabanks & neobanks in the U.S. are benefiting from the consumer shift to digital banking while regional and community banks are being squeezed



REGIONAL/COMMUNITY BANKS & CREDIT UNIONS

**27 percentage point decrease
in new account openings since 2017**

Source: Forbes, FDIC, NCUA, F-Prime team analysis

In response, banks in the middle are increasingly collaborating with fintechs to accelerate the digitalization and personalization capabilities, and in turn, fintechs are leveraging the bank partner's charter and earned reputation to accelerate their growth

USE CASE	INCUMBENTS	FINTECHS
BANK CHARTERS	 EMPRISE BANK®  PACIFIC WESTERN BANK	 TREASURY PRIME
DATA SHARING	 Simmons Bank®  Community Bank N.A.	 PLAID
BANK CORES	 BancoEstado® <small>Above 1855</small>	 BANK ISLAM
LOAN ORIGINATION	 Customers Bank  AssociatedBank	 Upstart
LOAN UNDERWRITING	 VyStar® Credit Union  Suncoast Credit Union	 ZEST <small>AI</small>

Source: Fintech website press releases, F-Prime team analysis



Dynamic banking trends we are tracking

Embedded banking

Enabled by new infrastructure, nonbank vertical software companies will offer embedded financial services



Pomelo.



Synapse



BOND

Banking barbell

Megabanks and new digital bank disruptors will continue to gain share at expense of regional and community banks but opportunity exists for fintechs to partner



BANK OF AMERICA



MoneyLion[®]
dave chime

Personalized banking

Personalized experiences tailored towards specific segments of the population will benefit as customer demand for customized solutions increase



Daylight



jefa

Bare-metal banking partnerships

The latest fintech evolution brings powerful distributors closer to the “bare metal” infrastructure via partnerships with wholesale banks



Reserve
Trust



Goldman
Sachs

Same-day ACH

Same-day ACH will gradually emerge as viable alternative to cards, first in B2B and over time in B2C



Orum



ASTRA

Decentralized banking

Decentralized finance (DeFi) will push the boundary of where and how money is stored, transferred, loaned and secured



yearn.finance

About F-Prime

We create and invest in healthcare and technology companies that impact lives all over the world.
We have over 200 companies in our portfolio including 23 that we started. Our global portfolio is spread across the US, Europe, and Asia.



Note: Above listing is a sample of fintech portfolio companies in the F-Prime and Eight Roads funds.

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