

## FINTECH INDUSTRY INVESTMENT GUIDE

### 1. MARKET EVALUATION

- Market size and growth trajectory
- Financial services trends
- Geographic regulations and opportunities
- Market segmentation (Payments, Lending, Banking, Wealth Management, Insurance)

### 2. KEY INVESTMENT CRITERIA

#### a) Business Model Assessment

- Revenue model (transaction fees, subscription, interest spread)
- Unit economics
- Customer acquisition costs (CAC)
- Lifetime value (LTV)
- Path to profitability

#### b) Technology Stack

- Core banking/financial infrastructure
- Security and encryption
- API integration capabilities
- Blockchain/DLT implementation
- Cloud architecture

### 3. COMPETITIVE ANALYSIS

- Market positioning
- Product innovation
- Incumbent competition
- Network effects
- Regulatory advantages

### 4. TEAM EVALUATION

- Financial services experience
- Technical expertise
- Regulatory knowledge
- Risk management capabilities
- Compliance understanding

### 5. RISK ASSESSMENT

#### a) Market Risks

- Regulatory changes
- Cybersecurity threats
- Market volatility
- Competition from traditional banks

#### b) Operational Risks

- Fraud prevention
- System downtime
- Data breaches
- Compliance violations

### 6. GROWTH METRICS

- Monthly Active Users (MAU)
- Transaction volume
- Customer acquisition rate

- Default rates (for lending)
- Net Promoter Score (NPS)

#### 7. DUE DILIGENCE CHECKLIST

- Regulatory compliance
- Security audits
- Financial statements
- Risk management framework
- AML/KYC procedures
- Data protection measures

#### 8. RED FLAGS

- Regulatory violations
- High fraud rates
- Poor risk management
- Weak security measures
- Unsustainable unit economics
- High customer churn

#### 9. EXIT STRATEGIES

- IPO
- Acquisition by traditional financial institutions
- Strategic merger
- SPAC

#### 10. INVESTMENT STAGES

- Seed: \$1M - \$5M
- Series A: \$5M - \$20M
- Series B: \$20M - \$100M
- Growth/Late Stage: \$100M+