

# HOW MUCH IS BEING INVESTED IN BLOCKCHAIN START-UPS?

I can't finish writing my blockchain and DLT dialogue without wrapping up the missing bits. This blog series is not meant to be an exhaustive list of every company and every use case, just the ones that stand out for <sup>10</sup>Shares in a banking context. There are others such as syndicated loans, compliance and more that I haven't covered. Equally, I've missed some start-ups who feel they should qualify for my lists to whom I apologise. Next time.

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Anyway, to try to mop up the missing parts, I just received the CB Insights/KPMG *Pulse of Fintech* report for Q2 2016, which shows a slowdown in Fintech generally but blockchain related developments gaining ground fast.

*During the first 2 quarters of 2016, it became apparent that investors are focusing more attention on newer areas of fintech when it comes to their investments. InsurTech and blockchain were among the big winners during the quarter, with a number of significant funding rounds coming in these two sub-sectors, including rounds by Clover Health Insurance, a company focused on offering data-driven health insurance options (\$350 million) and Circle Internet, a company that allows users to send payments for free (\$60 million). It is expected that these areas will continue to gain momentum as investors grow more cautious regarding payments and lending opportunities. Other areas of fintech expected to see increased investment interest over the next few quarters include robo advisory and artificial intelligence ...*

*While China may be the dominant jurisdiction for fintech investment in Asia, fintech ecosystems are sprouting and growing across the region. While Singapore, Hong Kong and Australia are setting themselves apart as fintech hubs, countries like Japan are also starting to focus on enhancing support for the sector. Recent research showed Japan now has sixty-two established fintech ventures in ten areas and is also making a major focus on areas like blockchain.*

For more depth on what is happening, I then stumbled across a great presentation deck from Tracxn showing the state of the Blockchain markets, July 2016. What this shows is that funding in the first half of 2016 for Blockchain related start-up firms is almost the level of funding for the whole of 2015.

That corroborates CB Insights view that this is the fastest growing sector for investments. Having seen a surge of startups in 2014, we are also seeing that continue through 2015 but slowing in 2016.

These start-ups are in several camps from platforms and infrastructure to FinTech, HealthTech and other tech, with the top investments of the last year including many of the names I've referred to in this blog series.

In fact, FinTech blockchain investments outstrip all other sectors with half of the 2015 funding and two-thirds of the firms raising funds lying in the financial markets space.

Finally, the most funded firms in FinTech blockchain are those that have the strongest use cases, and hence have been covered here in the last ten days.

You here's the whole Tracxn deck (download available):

