



Bocconi Students Fintech Society

European Venture Capital in Fintech

Industry Analysis: Record-breaking VC investment in fintech in first half of 2021

M&A / VC Division

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A glimpse into the VC world



Who are the investors, how is it structured, and how does it make money ?

Venture capital (VC) is a form of private equity and type of financing that investors provide to startup companies and small businesses that are believed to have long-term growth potential.

INVESTORS IN VC ARE GENERALLY:

- Pension funds
- Financial firms
- Insurance companies
- University endowments

DIFFERENCES BETWEEN PE AND VC:

- The types of target companies
- The levels of capital invested
- The amount of equity obtained via their investments
- The company stage in which they invest

THREE INVESTMENT FUNDS TYPES

- Stages Focus
- Geography Focus
- Sector/Industry Focus

1. At the beginning VC firms open a fund and ask for commitments from limited partners. Using this process, they're able to draw from a pool of money that they invest into private companies with high growth potential.
2. VC firms usually focus on one or two VC funding stages, which impacts how they invest.
3. The last step is the exit. During this stage, selling the company, the VC makes profit and distributes returns to the limited partners.

M&A/share purchase



EXIT



IPO

<https://medium.com/sogal-adventures/venture-capital-101-structure-returns-exit-and-beyond-2048f22247a5>

<https://hbr.org/1998/11/how-venture-capital-works>

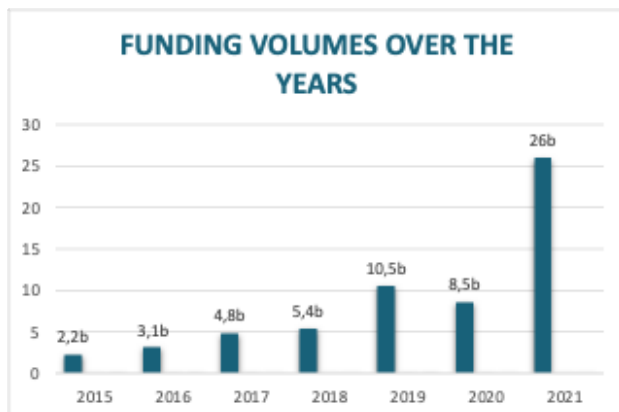
<https://www.forbes.com/sites/alejandrocremades/2018/08/02/how-venture-capital-works/?sh=70df81a11b14>

Venture Capital in Europe is Booming

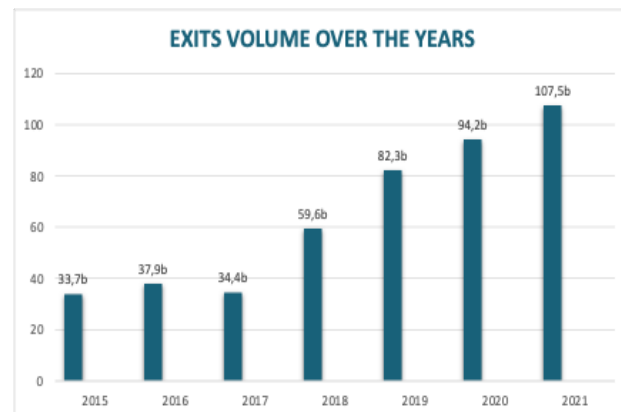


Data in recent years are showing an expansion in the European VC landscape

- Data regarding **funding volumes** and **exit volumes** show the strong expansion of this industry.
- Since 2015 the interest from investors has considerably increased due to the good performance of the VCs and the promising prospects of Fintech companies.



- The graph shows a general **increase** in funding volumes for fintech VCs. 2021 has indeed seen impressive numbers, doubling the record of 2019.
- In 2020, however, due to the pandemic situation, there was a **slight breaking**.



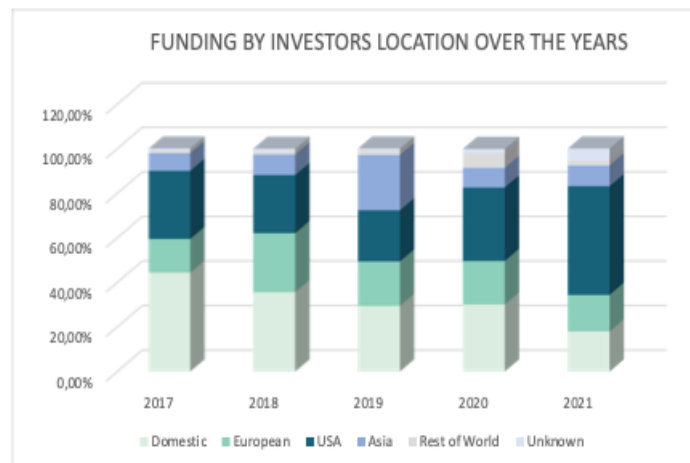
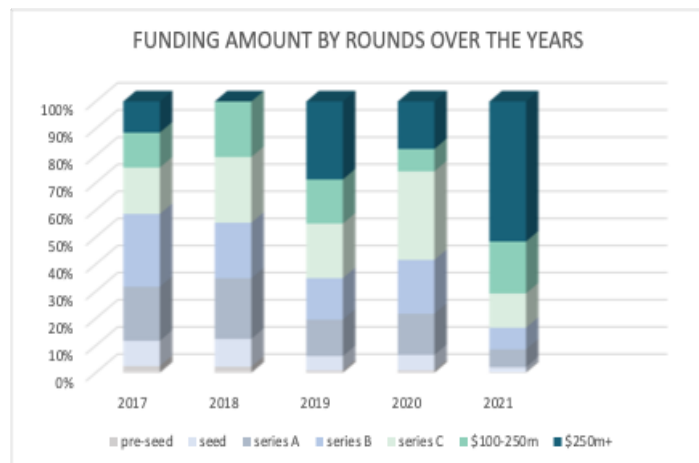
- During the last three years, the **slow and stable growth** in exit volume unleashed the boom in the Venture Capital industry.

Trends in European Venture Capital

Big rounds are increasing, USA investors are becoming dominant



2021 has seen an unprecedented growth of US investors in European VCs as well as a 250 M increase in major funding rounds.



The graphic shows:

- Increase in the amount of money collected during big rounds.
- Pre-seed, seed, and series A are **vanishing**.

The graphic shows:











- Three main investors locations: **Domestic (National investors), Europe, and USA**
- USA investors are increasingly taking the place of Domestic investors. The rest of the World and the unknown locations are quite irrelevant here.

Most Prominent Players in European Venture Capital






UK-based VC funds dominate the European landscape

Top 5 VCs based on Dealroom's EMEA prominence ranking

VC funds	HQ	No. of rounds all time	Portfolio value	Portfolio size	Most prominent fintech investments	% of fintechs in portfolio	Total value of exits
 Index Ventures		911	€959.5B	547	Adyen, Revolut, Robinhood	14%	€86.3B
 LocalGlobe		302	€30.2B	228	Robinhood, Wise, Melio	18%	€7.0B
 ENTRÉE CAPITAL		189	€25.5B	129	Adyen, Riskified, Rapyd	27%	€5.5B
 Point Nine		217	€49.5B	126	Revolut, Mambu, Chainalysis	15%	€2.8M
 Seedcamp		407	€51.4B	313	Revolut, Wise, Wefox	22%	€1.9B

Top 5 VCs based on no. of rounds funded all time

 bpi france		953	€40.7B	786	Ledger, Kyriba, Alma	6%	€5.1B
 Index Ventures		911	€959.5B	547	Adyen, Revolut, Robinhood	14%	€86.3B
 kima ventures		648	€36.5B	809	Wise, Alan, Swile	13%	€1.4B
 High-Tech Gründerfonds		553	€4.6B	590	Finleap connect, Stocard, Nuri	8%	€3.2M
 GFC		517	€106.4B	382	Revolut, Next Insurance, Anyfin	25%	€50.6B

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Filters: HQ: Europe, Funding type: Venture capital, Industry experience: Fintech. Sorted by prominence ranking





Filters HQ: Europe, Funding type: Venture capital, Industry experience: Fintech. Sorted by no. of rounds all time

November 22, 2021

Most Prominent European Fintech Investments

Highest valued European fintechs are mostly active within the payments category



European Investors	Investment	Valuation	Total Funding	Growth signal	Subcategory
Index Ventures, Entrée Capital		€73.5B	€293M	18%	Payments
Atomico, Creandum, Northzone	Klarna.	€45.6B	€3.1B	36%	Payments, BNPL
Index Ventures, Point Nine Capital, Seedcamp, Balderton Capital	Revolut	€30.0B	€1.6B	14%	Banking
Index Ventures, Kima Ventures, Seedcamp, Localglobe		€13.9B	€360M	38%	Payments
Blossom capital		€13.6B	€755M	15%	Payments
CommerzVentures, ION Group		€9.5B	€809M	8%	Wealth Management
Earlybird Venture Capital, Armada Investment Group, Redalpine		€8.2B	€1.6B	6%	Banking
Entrée Capital, Target Global	Rapyd	€8B	€700M	41%	Cloud & infrastructure
ApolloCapital, EQT Group	mollie	€5.9B	€849M	59%	Payments
Creandum, Project A		€4.8B	€767M	134%	Wealth Management

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The investors list is not exhaustive

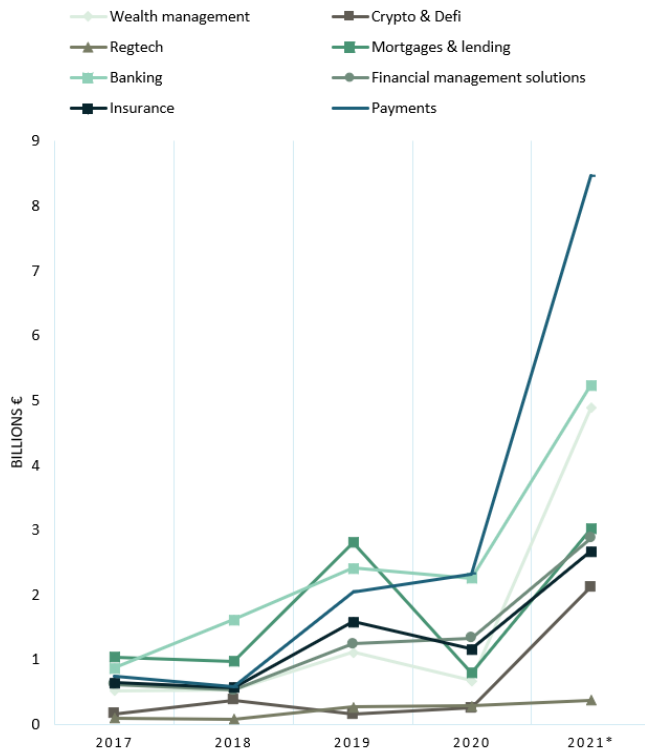
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Industry Focus of European VCs

The Payments sector is leading Fintech's growth, but also other areas are soaring.



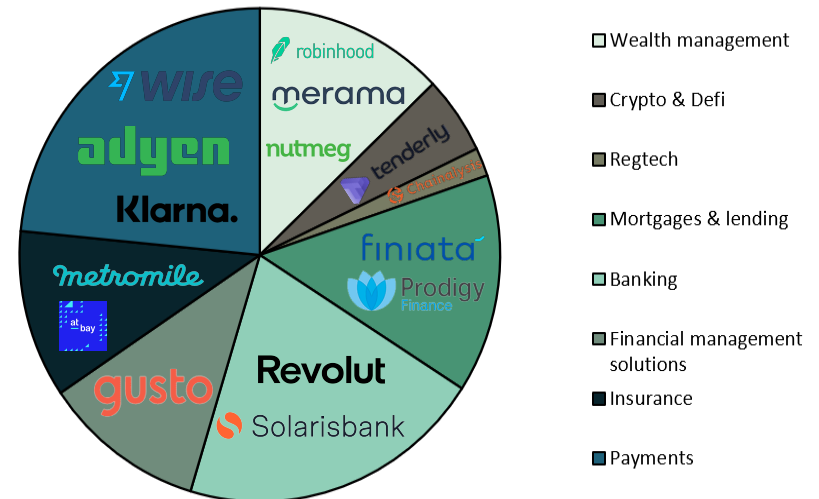
Value of VC-backed funding in Fintech, by sector, in Europe



European VCs are investing more and more in Fintech.

The data show us how the **Payments** sector, among the others, is gaining extraordinary interest.

Important to notice is also the rise in the **Crypto & Defi** sector, which marked an +718% growth in annual European VC-backed fundings, during the last year. Isolated case or potential trend for the years to come?



The logos belong to some of the companies in which the VCs mentioned previously invested.

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