



Singapore, 7 November 2017

Global fintech investment remains robust on back of strong VC funding: [KPMG Pulse of Fintech Report](#)

Asia fintech investment rises to over US\$1 billion for the first time

Total global fintech funding continues to remain strong, with US\$8.2 billion invested in Q3'17, after more than doubling to US\$9.3 billion in Q2, according to the KPMG Pulse of Fintech report. Although deal volume declined, Q3'17 investment stood well above the US\$6.3 billion raised in Q3'16. Venture capital (VC) investment in fintech in Q3'17 saw a five quarter high of US\$3.3 billion, although the total was well shy of the record US\$7.4 billion raised in Q3'15.

The US led global fintech investment in Q3'17, with US\$5 billion deployed across 142 deals. Europe and Asia lagged considerably behind the US, with Europe fintech deals accounting for US\$1.66 billion of investment across 73 deals, and Asia accounting for US\$1.21 billion across 41 deals.

Despite healthy investment activity, the volume of VC fintech deals dropped dramatically in Q3'17, particularly at the earlier deal stage. The number of angel and seed stage fintech deals plummeted to 67 for the quarter, a low not seen since Q1'13. This reflects the trend of investors focusing on larger deals and higher quality companies with proven business models.

Singapore continues to evolve into leading fintech hub

Investment into fintech in Singapore was at US\$25.3 million over 6 deals in Q3'17. The Monetary Authority of Singapore (MAS) remained the key driver behind the country's fintech ecosystem.

With 2018 a key checkpoint year for Singapore's Smart Nation 2020 strategy, the MAS's focus on innovation is only expected to grow. One major priority for the MAS has been blockchain. To date, it has launched 10 blockchain projects – moving them through concept development to proof of concept. In 2018, some of these initiatives are expected to go to pilot, with the hope of implementation prior to 2020.

"The MAS is putting a lot of emphasis into the development of blockchain, with high expectations for successful pilot projects heading into 2018. In addition to blockchain, regtech is also a high priority for fintech in Singapore. Applications in regtech ranges from using AI to make workflow processes more efficient to finding ways to provide real time or near-real time monitoring of transactions," said Chia Tek Yew, Head of Financial Services Advisory, KPMG in Singapore.

KPMG will be showcasing some of the approaches and applications around fintech, regtech and related technologies during the Singapore Fintech Festival this month, in addition to the Global Fintech Hackcelerator, which is powered by KPMG Digital Village.

Key global Q3'17 highlights

- Global fintech investment was US\$8.2 billion in Q3'17, down from US\$9.3 billion in Q2'17.
- VC funding increased to US\$3.3 billion invested across 211 deals, up from US\$3.01 billion in Q2.

- The median deal size for angel/seed stage deals at the end of Q3'17 stood at US\$1.4 million – up from US\$1 million in 2016, while the median deal size for early stage rounds was also up to US\$5.5 million from US\$5.1 million in 2016. The median deal size of late stage deals was even year over year at US\$16 million.
- While overall corporate VC funding has declined so far this year, the participation rate remains high. Corporates have participated in 18 percent of all fintech VC deals globally (YTD)
- Fintech venture-backed exit activity skyrocketed in Q3'17, almost tripling quarter over quarter from US\$270 million to US\$940 million. This reflects the second-best quarter on record for fintech exits.
- Insurtech VC deals and investment are on track to reach record highs by end of the year. By the end of Q3'17, more than US\$1.5 billion had been invested by VCs in insurtech across 179 deals, compared to US\$1.8 billion across 203 deals in all of 2016.

Asia fintech investment rises to over US\$1 billion for first time in 2017

Asia experienced a solid increase in fintech investment in Q3'17, with US\$1.21 billion raised across 41 deals. VC funding was up considerably – accounting for just over US\$1 billion in investment. China accounted for over half of Asia fintech investment at US\$745 million.

Corporate participation in Asia fintech VC deals remained high at 22 percent of overall round counts, although actual direct investment has been quite minimal in 2017 with just US\$840 million invested YTD in associated deal value.

Trends to watch for in Asia

Over the next few quarters, Corporate VC (CVC) investments are expected to grow as more traditional corporates look to make strategic investments. The entire fintech ecosystem in Asia is also expected to expand as additional fintech hubs arise in different jurisdictions.

In China, the focus of startups is expected to continue to shift more to B2B solutions given the expanded controls over consumer-facing activities. P2P lending is also expected evolve as a result of new regulations. While the large P2P lenders may continue to grow, smaller lenders will likely struggle and either consolidate or disappear.

“The fintech market continues to rapidly evolve with an increasing diversity of funding participation and sources, geographic spread and areas of interest,” says Ian Pollari, Global Co-Lead, KPMG Fintech. “We are seeing the emergence of fintech leaders who are looking to expand internationally to scale their platforms, as well as large technology giants moving into adjacencies to create new value for their customers. This is a trend that is expected to continue and could force incumbent financial institutions to take bolder steps in response.”

**Data for the Pulse of Fintech report provided by PitchBook.*

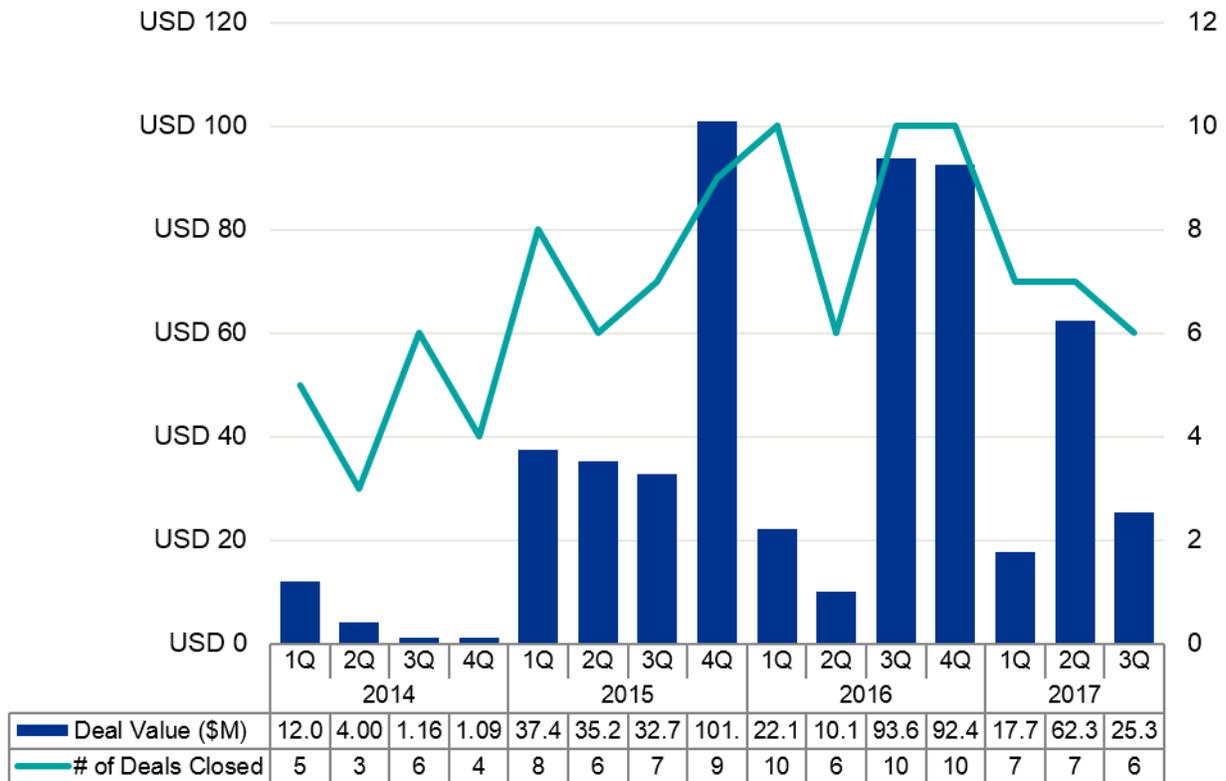
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Appendix

Fintech VC, PE and M&A activity in Singapore 2014 – Q3'17



Source: Pulse of Fintech Q3'17, Global Analysis of Investment in Fintech, KPMG International (data provided by PitchBook) November 7, 2017.

Note: please note that the separate PE and M&A data sets both include PE buyouts as a transaction type per the Methodology section on page 81 of the report. An adjustment has been made to some of the prior quarters due to a reassessment of the underlying companies to ensure accuracy of the underlying dataset.

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About KPMG Fintech

The Financial Services industry is transforming with the emergence of innovative new products, channels and business models. This wave of change is driven by evolving customer expectations, digitalization, as well as continued regulatory and cost pressures. KPMG is passionate about supporting clients to successfully navigate this transformation, mitigating the threats and capitalising on the opportunities. KPMG Global Fintech comprises professionals in over 35 fintech hubs around the world, working closely with financial institutions and fintech companies, to help them understand the signals of change, identify the growth opportunities and to develop and execute on their strategic plans.

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