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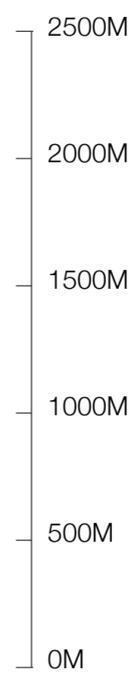
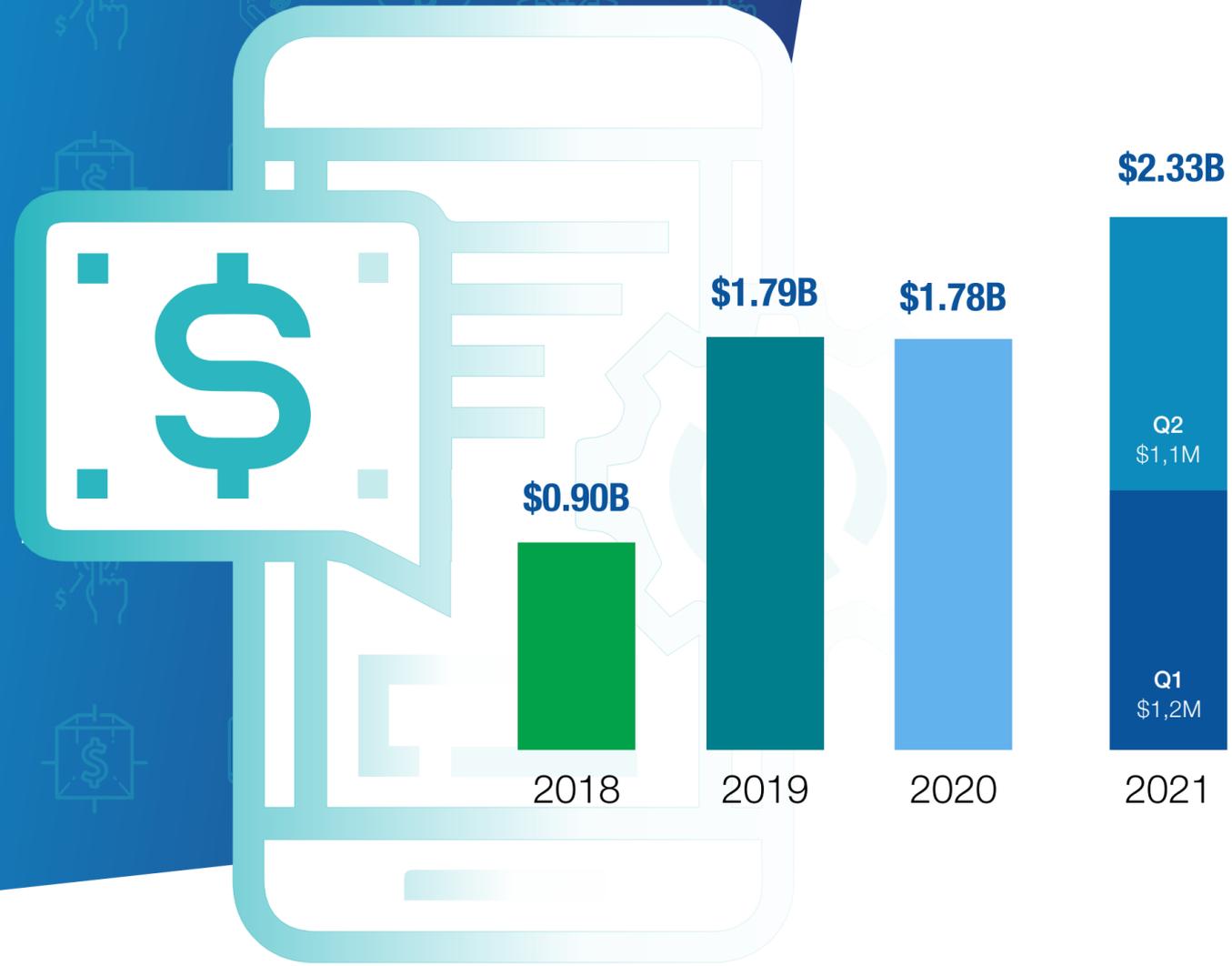


# FINTECH H1/2021 REPORT

Israeli FinTech Companies are Raising Capital  
at an Unprecedented Pace



# THE MAIN STORIES IN FINTECH



Israel's FinTech sector raised a record-breaking \$2.3B in VC and PE investments in the first half of 2021, more than tripling the amount it raised over the same period in 2020. The amount of capital invested in Israeli FinTech companies so far this year has already surpassed the total raised throughout all of 2020 by nearly 30% and even eclipsed the total raised in 2019, which was the previous record year.

## Key FinTech Sector Insights Following a Landmark H1/2021

- ① The Payments subsector is booming all over the world. Israel, where it makes up 35% of total FinTech sector funding, is no exception. Demand for online payments skyrocketed during restrictions imposed by COVID-19. Companies that offer global payment solutions, rapid integration, and multiple payment methods were well-positioned to benefit from the shifts in user habits and are set to continue to exhibit growth even after the pandemic's immediate effects are behind us. The Israeli Payments subsector alone has raised \$812M so far this year, across 14 funding rounds, 68% more than it raised throughout the entirety of 2020.
- ② Enterprise Solutions – particularly those that focus on CFO functions such as autonomous solutions for FP&A, Finance, and HR – constitute a growing opportunity for investments in FinTech. Accounts payable platform [Melio](#) raised \$110M and reported 2,000% growth last year. Melio's solution improves SMB cash flow by reducing invoice payment transfers from 3-4 business days to same-day. Working capital solution [Weel](#) was acquired by Brazilian digital bank BS2.
- ③ Exit momentum – Israel's FinTech sector has seen 7 acquisitions, 1 IPO, and 1 completed SPAC so far in 2021. This compares to 8 acquisitions and 1 IPO for the whole of 2020.



### Israeli FinTech Trends

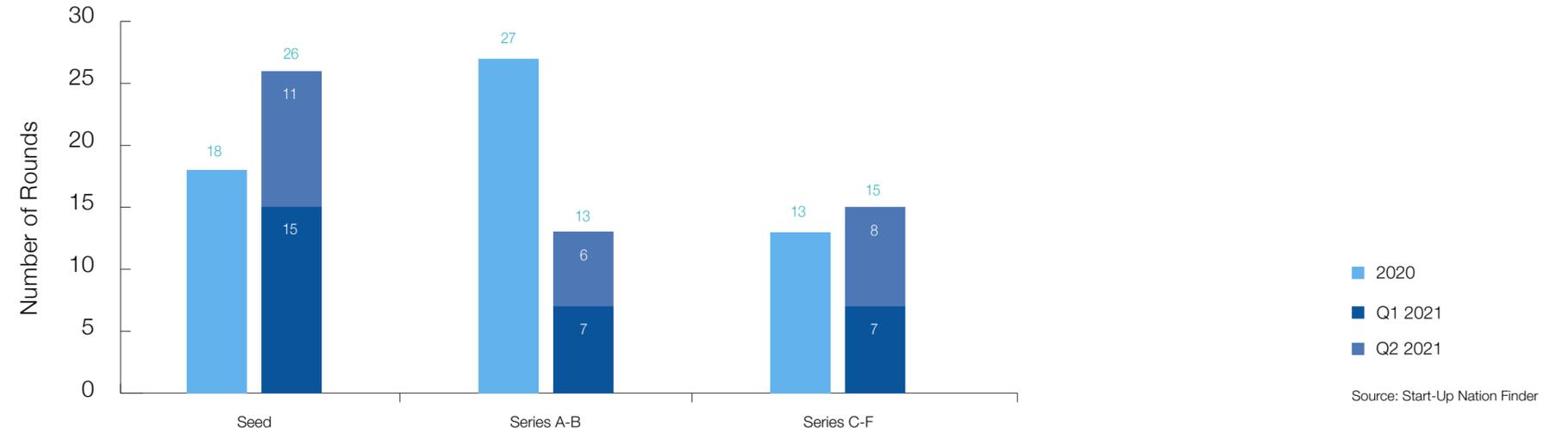


The first half of 2021 saw an increase in capital investments in seed-stage companies as well as in later-stage companies (series C+). In both of these categories, the number of funding rounds throughout H1/2021 has already exceeded the number of rounds raised in FY/2020. This suggests that while FinTech is a mature sector in Israel, with many established companies, new startups continue to emerge, easing concerns that innovation in the country is on the decline.

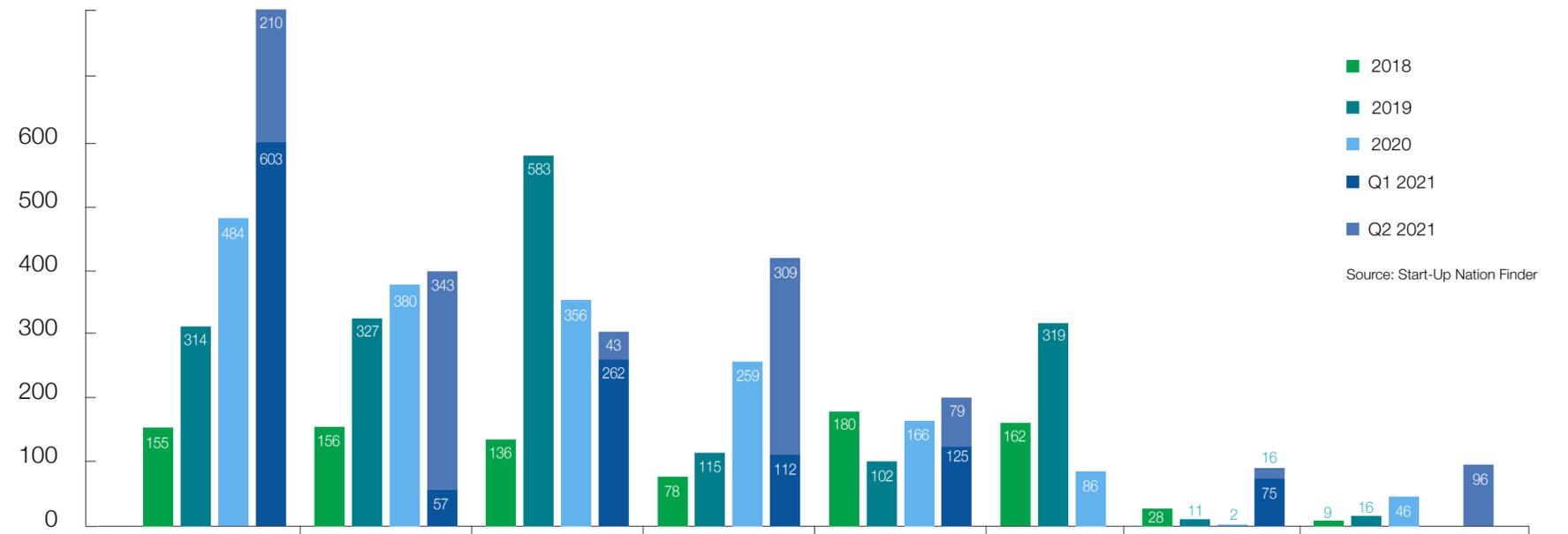


Over the last two years, 70% of Israeli FinTech funding was funneled into three prominent subsectors: Payments, Anti-fraud and InsurTech. While this remained the case in the first half of 2021, there was also a major investment boost to the Enterprise Solutions subsector. This new demand was largely spurred by the pandemic-induced rush for corporate innovation, which created an opportunity to modernize legacy processes. Home to ~80 companies that develop enterprise solutions, Israel's FinTech ecosystem offers ample options for corporations and investors.

### Round Type



### Funding by Subsector, \$M





## 2021 FinTech Exits and Major Funding Rounds

Throughout the whole of 2020, five FinTech companies raised mega-rounds (>\$100M). By the end of H1/2021 alone, seven companies had already raised mega-rounds, with many at multi-billion dollar valuations.

### Top funding rounds:

| Company   | Amount, \$M | Subsector   | Description  | Funding Stage |
|---|-------------|---|--|---------------|
|  Forter                     | \$300       | Anti-fraud / Payments                             | Fraud Prevention for Ecommerce                               | F             |
|  Rapyd                      | \$300       | Payments  | Multi-Currency Mobile Wallet                                 | D             |
|  Next Insurance             | \$250       | InsurTech   | Tailored Digital insurance for SMBs                          | E             |
|  Deel                     | \$156       | Enterprise / Payments                             | Remote HR and Payroll Services                               | C             |
|  Fireblocks               | \$133       | Trading & Investing / Lending                     | End-to-end Security Platform for Transferring Digital Assets | C             |
|  Sunbit                   | \$130       | Payments  | BNPL Payment Solution for Retailers                          | C             |
|  Melio                    | \$110       | Payments  | Supplier Payment Platform                                    | D             |
|  Capitolis                | \$90        | Trading & Investing                               | Capital Markets Optimization                                 | C             |
|  TipRanks                 | \$77        | Trading & Investing                               | Financial Accountability Engine                              | B             |
|  Personetics Technologies | \$75        | Personal Finance Management / Trading & Investing | AI-powered Personalized Banking Platform                     | E             |
|  Earnix                   | \$75        | InsurTech / Trading & Investing                   | Pricing and Personalization for Banks and Insurers           | D             |

Source: Start-Up Nation Finder

### Exits:

| Company  | Acquired by/ Stock exchange     | Amount, \$M | Subsector             | Description   | Exit Type   |
|--|---------------------------------|-------------|-----------------------|---|-------------|
|  Payoneer                     | FTAC Olympus Acquisition Corp   | \$563       | Payments              | Global Payment Platform for SMB's, Marketplaces and Enterprises | SPAC        |
|  Global-e                     | NASDAQ                          | \$100       | Payments              | Cross-Border Online Marketing Solutions                         | IPO         |
|  Cappitech                   | IHS Markit                      | Undisclosed | Enterprise Solutions  | Regulatory Trade Reporting Platform                             | Acquisition |
|  Curv                       | PayPal                          | Undisclosed | Payments              | Institutional Digital Asset Wallet Service                      | Acquisition |
|  EasyCount - Online Invoice | Max                             | Undisclosed | Enterprise Solutions  | Small Business Accounting Software                              | Acquisition |
|  SecuredTouch               | Ping Identity                   | Undisclosed | Anti-fraud            | Mobile Gesture-Based Authentication and Fraud Detection         | Acquisition |
|  Simplex                    | Nuvei Corp                      | \$250       | Anti-fraud / Payments | Fraud Prevention in Online Payments                             | Acquisition |
|  Task Sheriff               | Sage                            | Undisclosed | Enterprise Solutions  | AI Solution for Accounting                                      | Acquisition |
|  Weel                       | BS2 (formerly Banco Bonsucesso) | Undisclosed | Lending & Financing   | Bridge Loans for Small Businesses                               | Acquisition |

Source: Start-Up Nation Finder



## SPACs are shaking up FinTech investments



Special Purpose Acquisition Companies, better known as SPACs, have enabled more Israeli FinTech companies to become traded on Wall Street. Cross-border payment company [Payoneer](#) went public in June 2021 via a SPAC merger and two other Israeli FinTech companies—trading platform [eToro](#) and data-driven investment manager [Pagaya Investments](#)—have announced their plans to follow the same route. SPACs are an increasingly interesting trend in FinTech fundraising given that company valuations are based on their future forecasts.

## Payments companies lead the way



The boom in investments in Payments companies is supported by the ongoing digitization of financial services and online channels, which has accelerated throughout the past year. Of the notable deals illustrated on page 4, nine companies built payment-related solutions and provided significant infrastructure for cross-border B2B or B2C payments.

We also see growth in payment technology for streamlined enterprise solutions (in FP&A and controller processes) such as Melio, and embedded payment solutions such as UNIPaaS, whose solution is relevant to other ecosystem areas including entertainment and marketplaces.

The Trading & Investments subsector has also already exceeded 2020 annual levels, by 23%. Notable fundraising deals include Capitolis, which reimagines capital markets optimization, and TipRanks, which developed NLP engines to provide market insights for traders.

## Emerging crypto-nation



The global crypto trend of 2019 is resurfacing. As an indication of widespread global interest, the Google search volume for the topic “cryptocurrency” reached its highest level in May 2021. From a 2021 deal standpoint in Israel, PayPal announced its acquisition of [Curve](#), a cloud-based secure digital asset wallet, while [Fireblocks](#), a secure digital asset platform, raised \$133M. Built on Israel’s strength in high-level mathematics and cryptography, approximately 120 crypto-related companies exist across the FinTech sector. We expect many of these companies to become noteworthy players across the crypto landscape.

## Back-seat but steady



InsurTech was an Israeli FinTech headline in 2020. 2021 figures remained strong, with another \$250M mega-investment round by SMB insurer [Next Insurance](#). Ancillary InsurTech actuarial solutions are also emerging: [Earnix](#), [Planck](#), and [Vestoo](#), for example, all raised rounds in 2021.



## Company Highlights

# Rapyd

### Rapyd Financial Network

The digital payments solution company [Rapyd](#) raised \$300M in a series D round at a \$2.5B valuation in January 2021. The company provides an API-based 'FinTech-as-a-service' global platform that includes payments, banking services, and fraud protection, among other services, while managing regulatory compliance. In addition to immense customer acquisition via organic and partnership channels, the company expanded its European reach this year by acquiring Valitor, an Icelandic payments solutions company for \$100M, which follows its acquisition of European card acquirer Korta in 2020.

The company also launched Rapyd Ventures, a venture arm focused on investing in seed to series B growth businesses delivering financial services innovation.

# FORTER®

### Forter

In May, anti-fraud platform [Forter](#) raised \$300M in a series F funding round led by Tiger Global Management at a \$3B valuation. With roots in Israel's trusted cybersecurity capabilities, Forter's platform brings together merchants, banks, and payment providers to improve card authorization rates and enable a convenient consumer experience. In the past year, Forter doubled its global merchant network and grew its revenues over 100%. Forbes named Forter one of the world's most innovative FinTech companies in 2021. Now processing over \$250B in transactions, the company was a pandemic winner when consumer e-commerce trends strengthened. Another Israeli company in this space is [Riskified](#), which recently filed for an IPO on the NYSE.

## FinTech in Israel's local market

- 1 MNC activity** - Mastercard and Enel X – in partnership with the Israel Innovation Authority, Israel National Cyber Directorate, and Israeli Ministry of Finance – launched the FinSec Lab in Be'er Sheva.
- 2 First Digital Bank**  
Founded by serial entrepreneur Amnon Shashua (Mobileye, OrCam), the First Digital Bank aims to revolutionize Israeli retail banking. It has begun a phased roll out prior to opening to the general public in late 2021.
- 3 Digital Payment Revolution**  
Apple Pay's Israel launch was positively received with digital wallet payment volume rising over 800% in a single month. Google is reportedly speeding up its digital wallet launch for Android. The Bank of Israel was integral in EMV terminal introduction and is taking digital payments a step further, announcing its intention to launch a CBDC (central bank digital currency).



**Start-Up Nation Central** is the address for corporations, governments and investors to connect with the Israeli tech ecosystem. We catalyze growth opportunities by bringing Israeli tech innovation to global business and societal challenges. Established in 2013 and headquartered in Tel Aviv, Israel, Start-Up Nation Central is a not-for-profit organization funded by philanthropy.

**Start-Up Nation Finder** is a free online platform for identifying and engaging Israeli tech organizations based on customers' specific interests. This Business Innovation Platform is a comprehensive knowledge hub on Israeli startups, investors, acceleration hubs, multinational corporations, and technology-based innovation associated with academic research. The open-source platform provides up-to-date information and insights into thousands of active Israeli tech companies.

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