

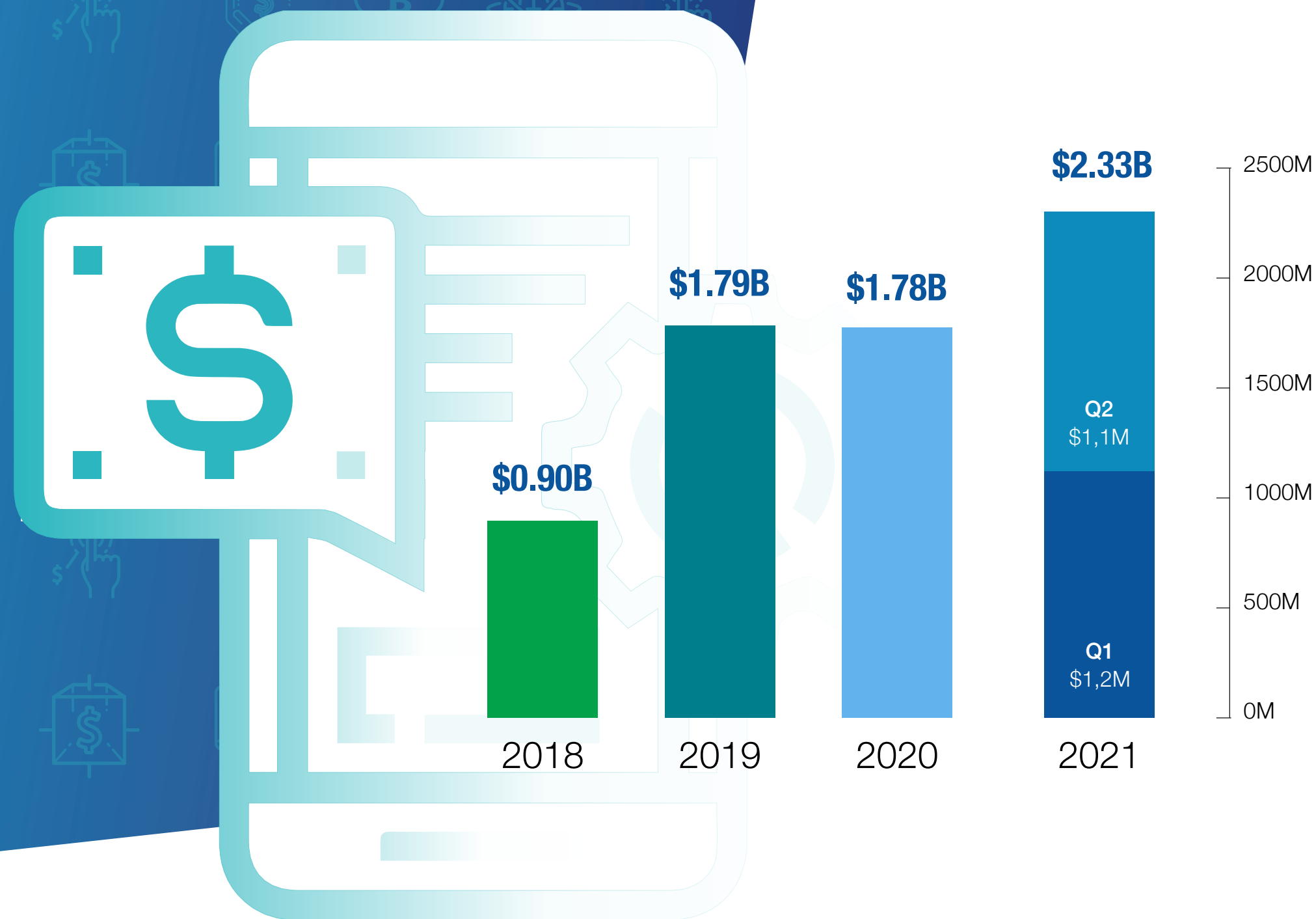


# FINTECH H1 2021 REPORT

After a record breaking first half,  
there's no stopping Israel's FinTech sector



# THE MAIN STORIES IN FINTECH



In 2021, Israel's FinTech sector received \$1.2B in investment in Q1 and \$1.1B in Q2, bringing H1/2021 FinTech investment to \$2.3B. This is 3.6x the amount raised in H1/2021 and 4% of global 2021 FinTech funding. By May of 2021, investment in Israeli FinTech had already surpassed the 2020 annual total and closed H1/2021 at 1.3x the 2020 total.

## The main stories in global FinTech are:

- The Payments sector is booming.** The demand for online payments skyrocketed during restrictions imposed by COVID-19; companies offering global payment solutions, rapid integration, and multiple payment methods were well positioned to benefit from the shift in habits and will continue to grow beyond the pandemic. The Israeli payments subsector has raised an accumulated \$812M so far this year, across 14 funding rounds.
- Enterprise solutions**, particularly those focused on CFO functions, are a growing opportunity in FinTech - this includes autonomous solutions for FP&A, Finance and HR. 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.
- Exit momentum** – H1/2021 so far has seen 7 acquisitions, 1 IPO, and 1 completed SPAC in Israel's FinTech sector. This compares to 8 acquisitions and 1 IPO for the whole of 2020.



## The first half of 2021



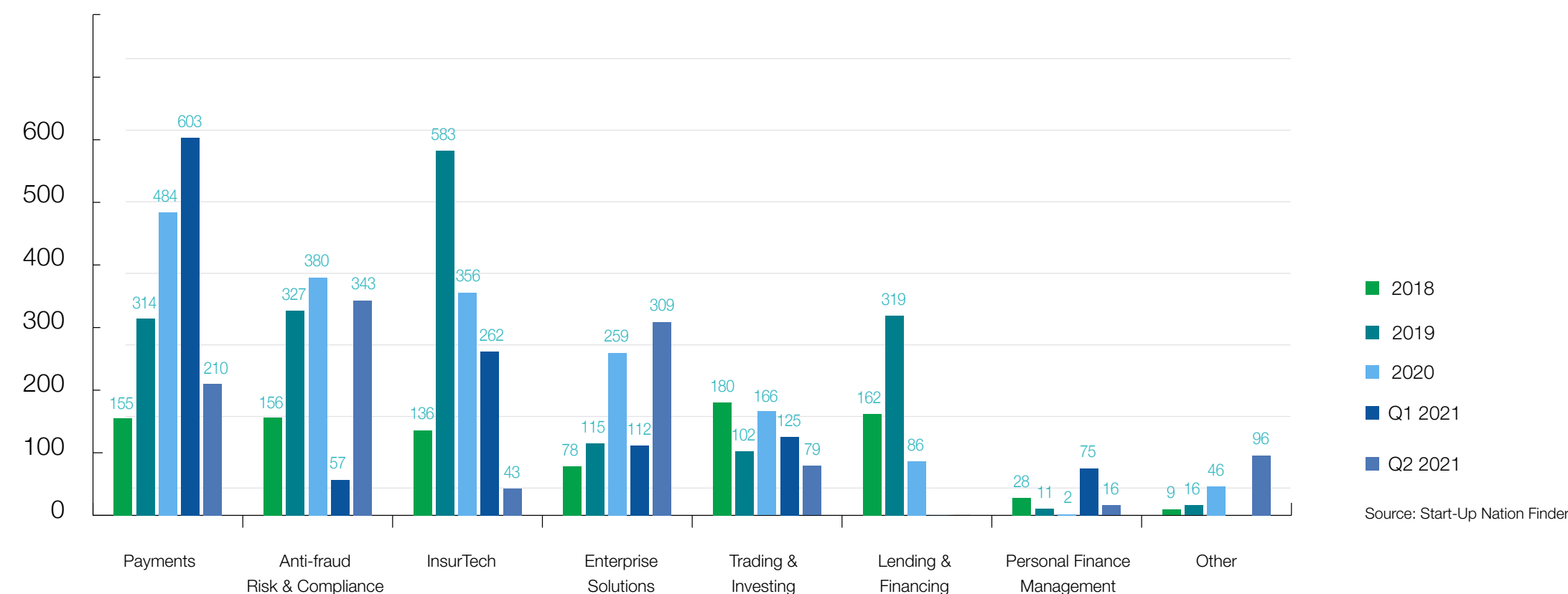
The first half of 2021 has seen \$2.3B invested in Israeli FinTech companies across 70 rounds, which is 130% of 2020's annual FinTech sector funding.

Investment appetite for seed and series C+ funding has grown in 2021, already exceeding 2020's annual deal count in these round categories – indicating that while FinTech is a mature sector, there continues to be an emergence of new start-ups.

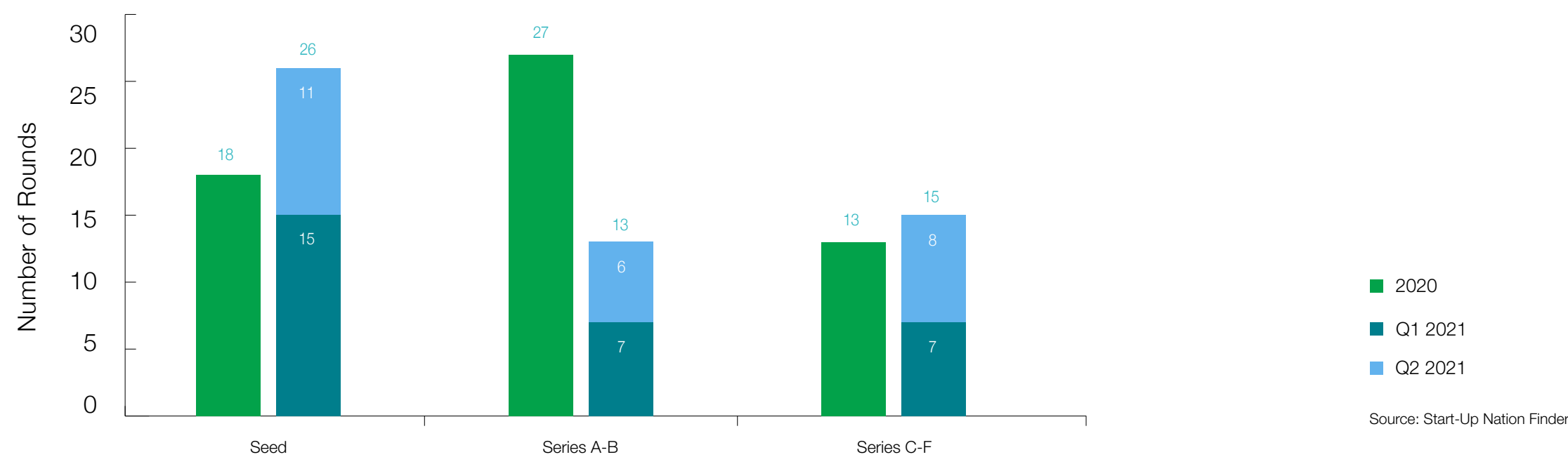


Over the last two years, 70% of Israeli FinTech funding was funneled into three prominent subsectors: Payments, Anti-fraud and InsurTech. This trend has continued in 2021, and now also see investment growth in Enterprise Solutions. This new demand was largely spurred by the pandemic-induced rush for corporate innovation, which created an opportunity to modernize legacy processes. Home to ~80 enterprise solution companies, Israel's FinTech ecosystem offers ample choices for corporations.

### Funding by Subsector, \$M



### Round Type
















## 2021 FinTech exits and top funding rounds










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

### Top funding rounds:

Company	Amount, \$M	Subsector	Description	Funding Stage
 <b>Forter</b>	\$300	Anti-fraud / Payments	Fraud Prevention for Ecommerce	F
 <b>Rapyd</b>	\$300	Payments	Multi-Currency Mobile Wallet	D
 <b>Next Insurance</b>	\$250	InsurTech	Tailored Digital insurance for SMBs	E
 <b>Deel</b>	\$156	Enterprise / Payments	Remote HR and Payroll Services	C
 <b>Fireblocks</b>	\$133	Trading & Investing / Lending	End-to-end Security Platform for Transferring Digital Assets	C
 <b>Sunbit</b>	\$130	Payments	BNPL Payment Solution for Retailers	C
 <b>Melio</b>	\$110	Payments	Supplier Payment Platform	D
 <b>Capitolis</b>	\$90	Trading & Investing	Capital Markets Optimization	C
 <b>TipRanks</b>	\$77	Trading & Investing	Financial Accountability Engine	B
 <b>Personetics Technologies</b>	\$75	Personal Finance Management / Trading & Investing	AI-powered Personalized Banking Platform	E
 <b>Earnix</b>	\$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
 <b>Payoneer</b>	FTAC Olympus Acquisition Corp	\$563 (PIPE)	Payments	Global Payment Platform for SMB's, Marketplaces and Enterprises	SPAC
 <b>Global-e</b>	NASDAQ	\$100	Payments	Cross-Border Online Marketing Solutions	IPO
 <b>Cappitech</b>	IHS Markit	Undisclosed	Enterprise Solutions	Regulatory Trade Reporting Platform	Acquisition
 <b>Curv</b>	PayPal	Undisclosed	Payments	Institutional Digital Asset Wallet Service	Acquisition
 <b>EasyCount - Online Invoice</b>	Max	Undisclosed	Enterprise Solutions	Small Business Accounting Software	Acquisition
 <b>SecuredTouch</b>	Ping Identity	Undisclosed	Anti-fraud	Mobile Gesture-Based Authentication and Fraud Detection	Acquisition
 <b>Simplex</b>	Nuvei Corp	\$250	Anti-fraud / Payments	Fraud Prevention in Online Payments	Acquisition
 <b>Task Sheriff</b>	Sage	Undisclosed	Enterprise Solutions	AI Solution for Accounting	Acquisition
 <b>Weel</b>	BS2 (formerly Banco Bonsucesso)	Undisclosed	Lending & Financing	Bridge Loans for Small Businesses	Acquisition

Source: Start-up Nation Finder



## SPACs are shaking up FinTech investments



FinTech deals are reaching new levels via SPACs. Cross-border payment company Payoneer went public in June 2021 via a SPAC merger and two more FinTech companies, eToro and Pagaya, announced plans to go public via a SPAC. SPACs are an increasingly interesting trend in FinTech fundraising given that valuations are based on a companies' future plans

## Trending



The Payments subsector is a strong focus in 2021 both globally and within Israel. Payments comprised 35% of Israeli FinTech funding by H1/2021 and Payments subsector investment is already 68% greater than 2020 annual figures. The boom in payments is supported by the ongoing digitization of financial services and online channels, which accelerated throughout last 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 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 in FinTech or enterprise solutions. We expect many of these companies to become noteworthy players across the crypto landscape within digital assets, decentralization or cryptographic security.

## Back-seat but steady



InsurTech was an Israeli FinTech headline in 2020. It remains strong albeit in the background in 2021, with another \$250M mega-investment round by SMB insurer Next Insurance. Ancillary InsurTech actuarial solutions are emerging: Earnix, Plank, and Vestoo for example each raised rounds in 2021.



## Select Highlights

# Rapyd

## Rapyd Financial Network

The digital payment solution company Rapyd raised \$300M in a 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

Payment fraud prevention platform Forter raised \$300M in an F-round at a \$3B valuation in May 2021, led by Tiger Global Management. 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 not only added leading global brands to double its global merchant network, but also grew revenue 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 ecommerce 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 - FinSec Lab (Mastercard-Enel X)**  
Mastercard and Enel X, in partnership with the Israel Innovation Authority, Israel National Cyber Directorate, and Israel Ministry of Finance launched the FinSec Lab in Be'er Sheva. The lab seeks POC-stage startups focused on FinTech and cyber innovation for payments and energy.
- 2 First Digital Bank**  
Founded by repeat entrepreneur Amnon Shashua (Mobileye, OrCam), the First Digital Bank aims to revolutionize Israeli retail banking and began a phased roll out before opening to the 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 an approach to launching 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.

**For more information please contact:**

Nicole Krieger

FinTech Analyst

[nicole.krieger@sncentral.org](mailto:nicole.krieger@sncentral.org)

***START-UP  
NATION  
CENTRAL***