

# HEIGHTENED SECTOR REGULATION SPURS COMPLIANCE-FOCUSED M&A

FINANCIAL TECHNOLOGY SECTOR UPDATE | NOVEMBER 2023



**CAPSTONE  
PARTNERS**

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Capstone Partners, a subsidiary of Huntington Bancshares Incorporated (NASDAQ:HBAN), has been a trusted advisor to leading middle market companies for over 20 years, offering a fully integrated range of expert investment banking and financial advisory services uniquely tailored to help owners, investors, and creditors through each stage of the company's lifecycle.

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## FINANCIAL TECHNOLOGY COVERAGE VERTICALS

Capstone’s Financial Technology practice provides high-quality corporate finance advice to software and hardware technology and service providers across the entire Finance spectrum including payment providers, banks, brokerage firms, asset managers, and real estate and insurance companies. We leverage domain experience to provide high-quality merger and acquisition, institutional financing, and strategic advisory services to private and publicly traded financial technology and information-based companies globally.

### Subsector Focus

Payments	Banking	Insurance	Wealth Management	Capital Markets	Real Estate
					
<b>\$125TN+</b> of annual non-cash payments in the U.S.	<b>\$19TN+</b> of total deposits in U.S. banking system	<b>\$1.4TN+</b> of annual premiums recorded in U.S.	<b>\$29TN+</b> of Assets Under Management in N.A.	<b>\$200 Billion</b> Traded on the World Stock Exchange Daily	<b>\$50TN+</b> of real estate asset value in the U.S. alone

### Coverage Map

<h4>Payments</h4> <p>The innovative use of technology to facilitate and improve the processes of making financial transactions.</p> <p>Representative Companies</p> <p><b>BOLT</b> <b>fiserv.</b> <b>leafflink</b> <b>PayPal</b> <b>Rapyd</b> <b>Thunes.</b></p>	<h4>CFO Stack</h4> <p>Financial technology solutions and tools designed to streamline and enhance the financial management and decision-making processes.</p> <p>Representative Companies</p> <p><b>avidxchange</b> <b>bill</b> <b>coupa</b> <b>daily. pay.</b> <b>datarails</b> <b>INTUIT</b></p>
<h4>WealthTech</h4> <p>Technology used to provide innovative solutions for managing and growing wealth and investments.</p> <p>Representative Companies</p> <p><b>Betterment</b> <b>guideline</b> <b>HALO</b> <b>Vestmark</b></p>	<h4>Capital Markets</h4> <p>Digital innovations designed to help the buying and selling of financial instruments in primary and secondary markets.</p> <p>Representative Companies</p> <p><b>AlphaSense</b> <b>BONDLINK</b> <b>openfin</b> <b>SS&amp;C</b> <b>XTRADE</b> <small>ONLINE TRADING</small></p>
<h4>Bank &amp; Lending Tech</h4> <p>Software and technology focused on providing digital solutions to traditional banking operations and lending.</p> <p>Representative Companies</p> <p><b>aspire</b> <b>chime</b> <b>HLmmnr bird</b> <b>jack henry</b> <b>ZEST</b></p>	<h4>InsurTech</h4> <p>Technology that enhances the efficiency, accessibility, and customer experience for businesses and individuals.</p> <p>Representative Companies</p> <p><b>Hippo</b> <b>Lemonade</b> <b>NEXT</b> <b>Policygenius</b> <b>ROOT</b></p>



# Financial Technology

## Heightened Sector Regulation Spurs Compliance-Focused M&A

### KEY SECTOR TAKEAWAYS

Capstone Partners' Financial Technology (FinTech) & Services Group is pleased to share its FinTech report. The FinTech sector has undoubtedly entered a period of stringent regulation, particularly in the U.S. Sector regulations have spurred compliance-focused acquisitions across the FinTech ecosystem. Through year-to-date (YTD), this trend has been most prevalent in the CFO Stack, Financial Services Infrastructure, Payments, and Regulatory Technology (RegTech) subsectors. Several additional report takeaways are outlined below.

1. The U.S. Federal Reserve and Securities and Exchange Commission have spearheaded recent financial regulation amendments, marking many areas of FinTech as a priority for 2024.
2. Growth strategies are expected to be executed by the lion's share of North American FinTech CEOs in 2024 and 25% plan to engage in an acquisition as a seller, likely driven by strong M&A valuations in the space, according to Capstone's 2023 Middle Market Business Owners Survey.
3. While innovation, such as the adoption of artificial intelligence (AI), headlined the 2023 Money20/20 conference, fundamental utility within the ecosystem has remained a key performance driver for many FinTech businesses.
4. Fraud has permeated throughout the B2B and B2C markets globally which has driven demand for more robust risk management strategies utilizing advanced technologies including AI and ML.
5. Global M&A volume in the FinTech sector has continued to mirror prior year levels, with deal flow YTD declining a modest 2.2% year-over-year (YOY).
6. Average sector M&A purchase multiples have remained healthy despite global economic turmoil and a downturn in M&A volume, with a YTD average revenue multiple of 5.8x.
7. The number of sector venture capital deals and total capital raised YTD have declined YOY as investors have become more selective in capital allocation.

Capstone Partners has developed a full suite of corporate finance solutions, including, financial advisory services, merger and acquisition advisory, debt advisory, and equity capital financing to help privately owned businesses and private equity firms navigate through each stage of a company's lifecycle.

To learn more about Capstone's wide range of advisory services and FinTech sector knowledge, please [contact us](#).

## FEDERAL RESERVE AND SEC AMPLIFY REGULATORY MEASURES

The FinTech sector has showcased significant strength amidst economic turbulence and heightened regulatory oversight, evidenced by healthy levels of M&A and financing activity through YTD. Regulatory authorities, particularly in the U.S., have increasingly analyzed the FinTech sector to prompt stringent compliance and reduce risk of fraudulent activity. This initiative has been spearheaded by the U.S. Federal Reserve and Securities and Exchange Commission (SEC). Of note, the SEC has identified Emerging FinTech, Anti-Money Laundering (AML), and Regulation Systems Compliance as three key areas of examination for 2024, according to the organization’s 2024 Examination Priorities report.<sup>1</sup> Under this latest SEC provision, sector participants will be required to routinely review, update, and enhance their compliance practices in accordance with SEC’s custody processes, valuation procedures, compliance reviews, and the Bank Secrecy Act (BSA).

### Notable FedNow®-Certified Service Providers



### International FedNow® Equivalents



Source: Federal Reserve and Capstone Partners

Contrary to the SEC, the Federal Reserve acts as a regulator and participant in the U.S. economy, a unique position which has afforded the organization with an opportunity to bolster offerings in tandem with enhanced supervision. Historically, the Federal Reserve has only set oversight expectations for financial market infrastructure providers. However, with the launch of FedNow® in July 2023, institutions can leverage the organization’s federally-monitored platform to instantly and securely process payments.<sup>2</sup> The impacts of FedNow® and recent SEC initiatives have spanned across the FinTech sector, with market participants increasingly fortifying compliance and risk management measures through organic means, partnerships, and M&A. Although the long-term impacts have remained uncertain, this shift has recently spurred compliance-focused transactions in the CFO Stack, Financial Services Infrastructure, and Payments subsectors.

### FedNow® Service Standard Payment Flow

Launched in July 2023, the Federal Reserve’s FedNow® Service offering enables instant, secure payments between participating banks, credit unions, and the Federal Reserve. The software serves as a critical infrastructure component in the Payments ecosystem, designed to enhance fraud protection and mitigate credit risk through a centralized, federally-monitored platform.

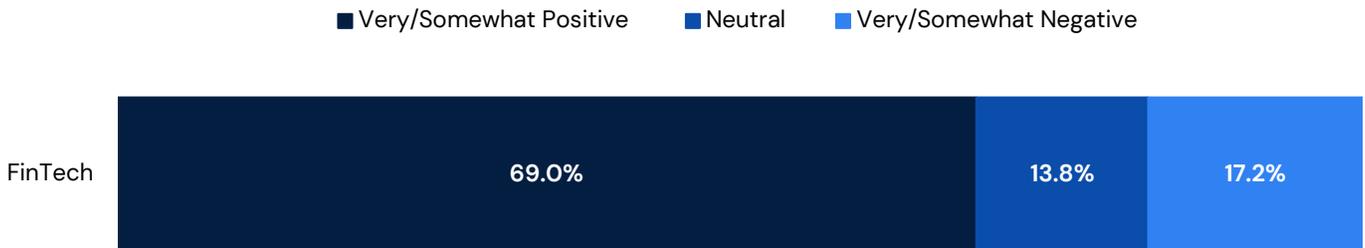


Source: Federal Reserve and Capstone Partners

## 2024 NORTH AMERICA FINTECH MARKET FORECASTS

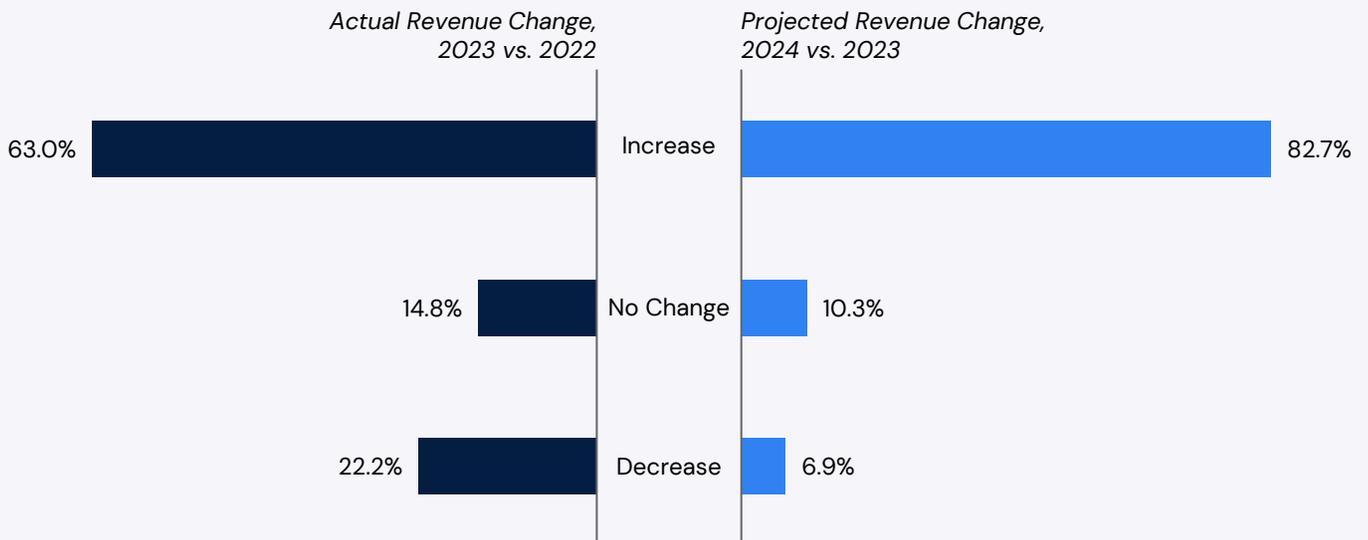
Business owner sentiment in the North America FinTech sector has remained strong for 2024, with 69% of FinTech CEOs polled in Capstone’s 2023 Middle Market Business Owners Survey reporting a positive industry outlook over the next 12 months. Further digitization of the Financial ecosystem has contributed to sector participants’ bullish outlook. However, the sector has continued to experience pressure from economic turbulence, with inflation and interest rates identified as the top two concerns in relation to company growth. In addition, 37.9% noted a limited access to funding as the primary hinderance to company growth, followed by an increased workload (34.5%).

### Industry Outlook Over the Next Twelve Months



Despite these challenges, the majority of FinTech CEOs surveyed have continued to enjoy healthy revenue gains. Of note, 63% of sector business owners reported a YOY revenue increase in 2023 and 82.7% forecasted YOY revenue gains for 2024. Operationally, sector participants are largely focused on reaching or enhancing profitability, with more than half (51.7%) of business owners requiring capital investment and performance improvement assistance in support of profitability goals. **Growth strategies are expected to be executed by the lion’s share of sector business owners in 2024 and 25% of FinTech CEOs surveyed plan to engage in an acquisition as a seller, likely driven by strong valuations in the space.**

### Majority of FinTech CEOs Surveyed Report Healthy Revenue Gains and Projections



Source: Capstone Partners’ 2023 Middle Market Business Owners Survey  
FinTech Sample Size (N): 29

## KEY THEMES FROM THE 2023 MONEY20/20 CONFERENCE

# MONEY 20/20

AN ASCENTIAL COMPANY

In October 2023, Capstone's Head of FinTech & Services [David Francione](#) attended the [Money20/20](#) conference in Las Vegas, Nevada to meet with FinTech leaders and share market experiences. Below are select key themes from the conference.



### Generative AI Utilized Across FinTech Segments

Generative AI has been leveraged across the FinTech sector to enhance and streamline processes, especially in the Fraud Detection, Risk Assessment, and Algorithmic Trading areas.



### Programmatic Money Requires Bolstered Infrastructure

The programmatic money movement has generated heightened demand in the Financial Services Infrastructure segment, with businesses increasingly depending on blockchain developers.



### Embedded Finance to Spur Growth Opportunities

Acquirers and investors have increasingly demanded heightened specialization among target companies, with embedded payment businesses attracting elevated interest.



### Compliance and Risk Management Accelerate

In response to heightened federal oversight and data protection concerns, businesses have accelerated compliance and risk management measures, buoying the RegTech segment.



**David Francione,**  
Head of FinTech & Services

*"The Money20/20 conference was teeming with sector leaders, investors, and regulators in pursuit of an ecosystem in which technological advancement, frictionless client experience, and data protection strengthen harmoniously. While innovation and regulation headlined the conference, fundamental utility within the ecosystem has remained a key performance driver for many FinTech businesses. As such, transaction opportunities have remained available for participants with strong, recurring revenue profiles, sticky customer bases, and compliance-forward business models."*

## STRATEGICS BUOY M&A VOLUME, MULTIPLES REMAIN STRONG

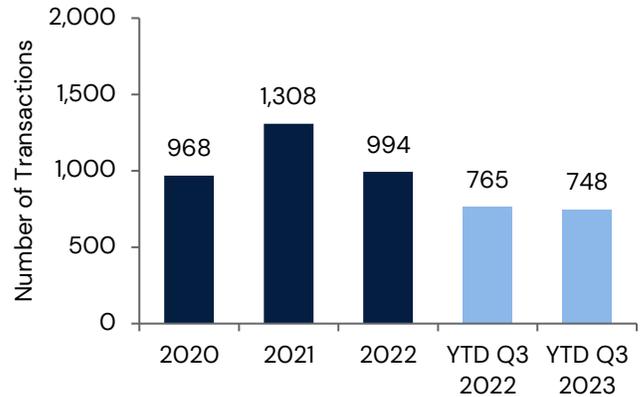
Global M&A volume in the FinTech sector has continued to mirror prior year levels with 748 transactions announced or completed in YTD Q3 2023. This marks a modest decline of 2.2% from YTD Q3 2022 (765 deals). Although full-year 2023 dealmaking will likely fall short of 2021's peak, further consolidation is expected as M&A has become a key strategic option for mature FinTech providers seeking to gain market share. FinTech M&A volume in North America has fallen 4.3% YOY through Q3, registering a slightly deeper decline compared to the international market (-0.9% YOY), likely driven by heightened M&A regulations from U.S. governing bodies.

Private strategic buyers have continued to comprise the lion's share of deal activity to-date, accounting for 50.5% of sector M&A volume. However, private equity firms have maintained interest in the space, namely through add-on deals (20.6% of sector transactions to-date). Through YTD, sponsors have largely focused on the Payments, Real Estate Technology, and Capital Markets & WealthTech subsectors. The maturity of these subsectors offers a relatively high degree of confidence for sponsors building platform businesses through add-on acquisitions amid an elevated interest rate environment.

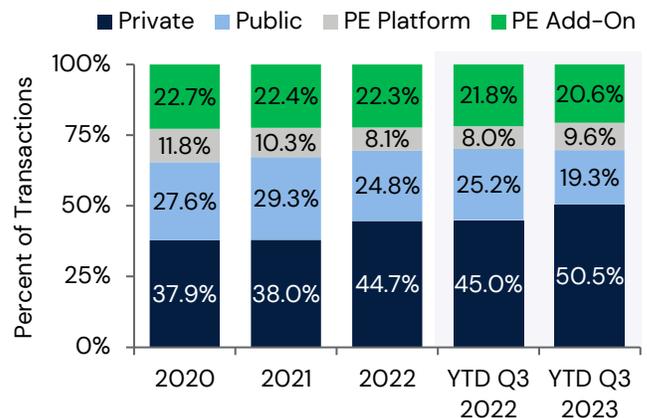
Average sector M&A purchase multiples have remained healthy despite global economic challenges and a downturn in M&A volume. In YTD 2023, sector M&A transactions have averaged 5.8x EV/LTM Revenue, marking an uptick from YTD 2022 (5.4x EV/LTM Revenue). At the top end of the M&A market, there have been 23 sector deals YTD with valuations exceeding \$500 million in enterprise value, demonstrating buyers' willingness to consolidate leading players. This includes GTCR's announcement to acquire Worldpay in July 2023 for an enterprise value of \$23.1 billion (4.8x EV/LTM Revenue, 10.0x EV/LTM EBITDA), representing the largest sector transaction in YTD 2023.

Although average purchase multiples have been uplifted by large-scale transactions, middle market participants (less than \$500 million enterprise value) have continued to comprise an overwhelming majority of FinTech sector deal activity, accounting for 80.8% of disclosed transactions to-date. Additionally, FinTech middle market purchase multiples have averaged 5.4x EV/LTM Revenue in YTD 2023.

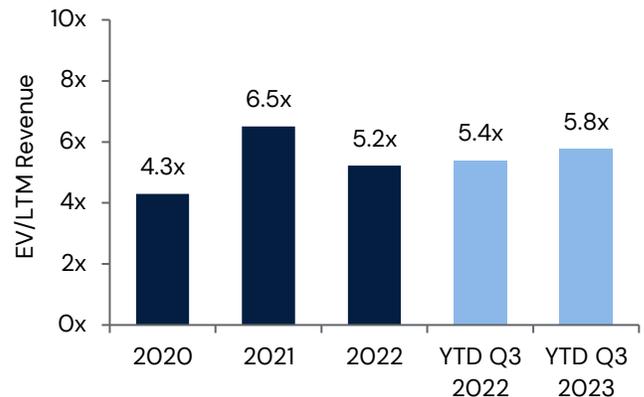
**Global FinTech M&A Volume Records Modest Year-Over-Year Decline**



**Private Strategic Buyers Lead Global FinTech M&A Market**



**Global Average FinTech Purchase Multiples Hold Steady Through Q3 2023**



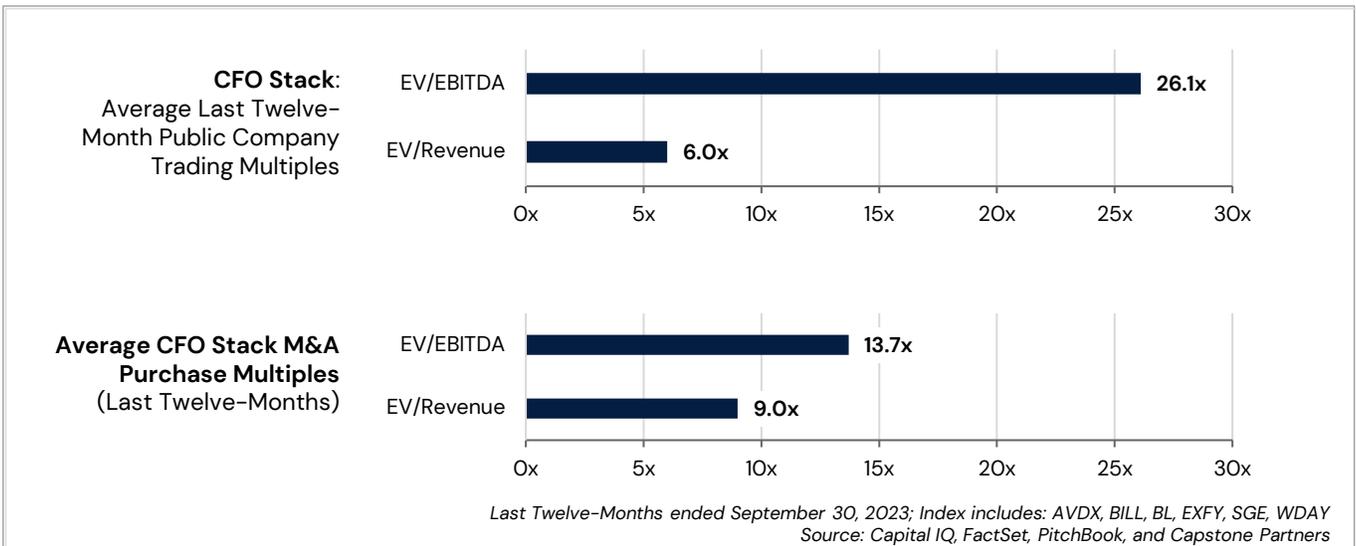
Year-to-date (YTD) ended September 30  
Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

## CFO STACK SUBSECTOR M&A MARKET

CFOs across industries have increasingly prioritized technology adoption to streamline routine tasks such as expense management, accounting, and compliance. Notably, 80% of CFOs surveyed in Gartner’s 2023 CFO Study indicated that setting a FinTech strategy and roadmap has been their top initiative.<sup>3</sup> As a result, the CFO Stack subsector has experienced robust M&A opportunities and garnered the highest average subsector revenue purchase multiple over the last 12 months at 9.0x, outpacing the average public company multiple in the space (6.0x EV/LTM Revenue). Acquirers in the subsector have given precedence to target companies with compliance capabilities, arming CFOs with tools to navigate an increasingly stringent regulatory environment.



In May 2023, private equity firm Insight Partners acquired SignUp Software for an enterprise value of \$199.3 million, equivalent to 7.9x EV/LTM Revenue. SignUp provides ExFlow, an expense management, automated accounts payable, and compliance platform for businesses in the U.S. and Europe. The transaction demonstrates sponsors’ elevated interest in the CFO Stack subsector, especially for target companies serving clients across continents. Insight Partners plans to bolster SignUp’s compliance capabilities through multiple add-on engagements.

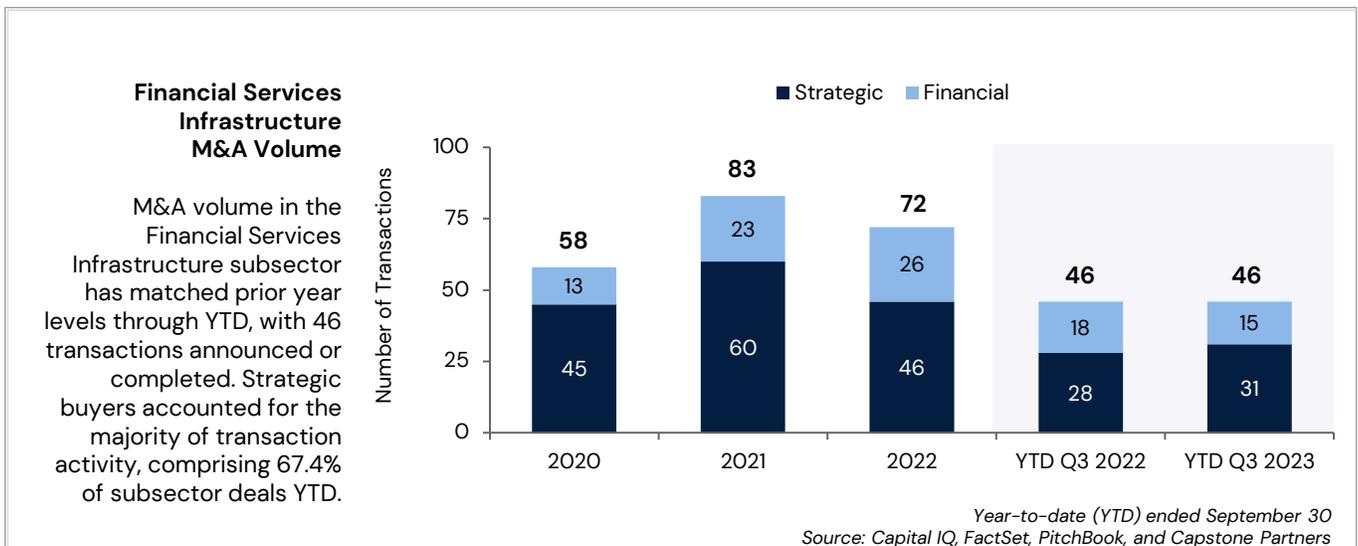
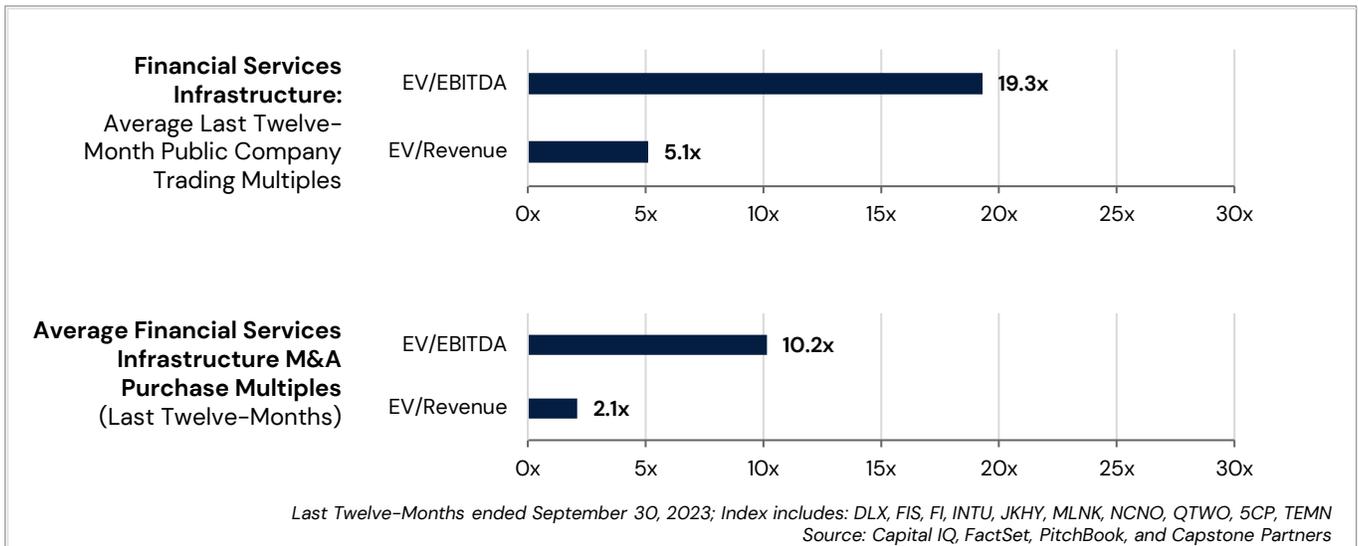


## FINANCIAL SERVICES INFRASTRUCTURE SUBSECTOR M&A MARKET

The Financial Services Infrastructure subsector has been under heightened regulatory scrutiny from the SEC and Federal Reserve, spurring demand for compliance solutions. This has resulted in strong M&A activity YTD, with buyers targeting risk management- and compliance-focused software providers to penetrate the space. Although the subsector has only comprised 6.1% of total FinTech M&A activity to-date, deal flow has remained resilient matching the prior year period at 46 deals announced or closed. The Financial Services Infrastructure subsector M&A market has continued to be controlled by strategic acquirers, representing 67.4% of deal activity YTD, led by private strategics rolling up middle market competitors to gain scale and market share.



Nasdaq (Nasdaq:NDAQ) announced its acquisition of Adenza from private equity firm Thoma Bravo in June 2023 for an enterprise value of \$10.7 billion. Adenza’s leading regulatory, compliance, and risk management software solutions are expected to aid Nasdaq in its pivot to the Financial Services Infrastructure subsector. Historically operating in support of the capital markets, the transaction enables Nasdaq to provide a technology suite to banks, credit lenders, and other institutions. The deal also extends Nasdaq’s addressable market by \$10 billion, according to a press release.<sup>4</sup>

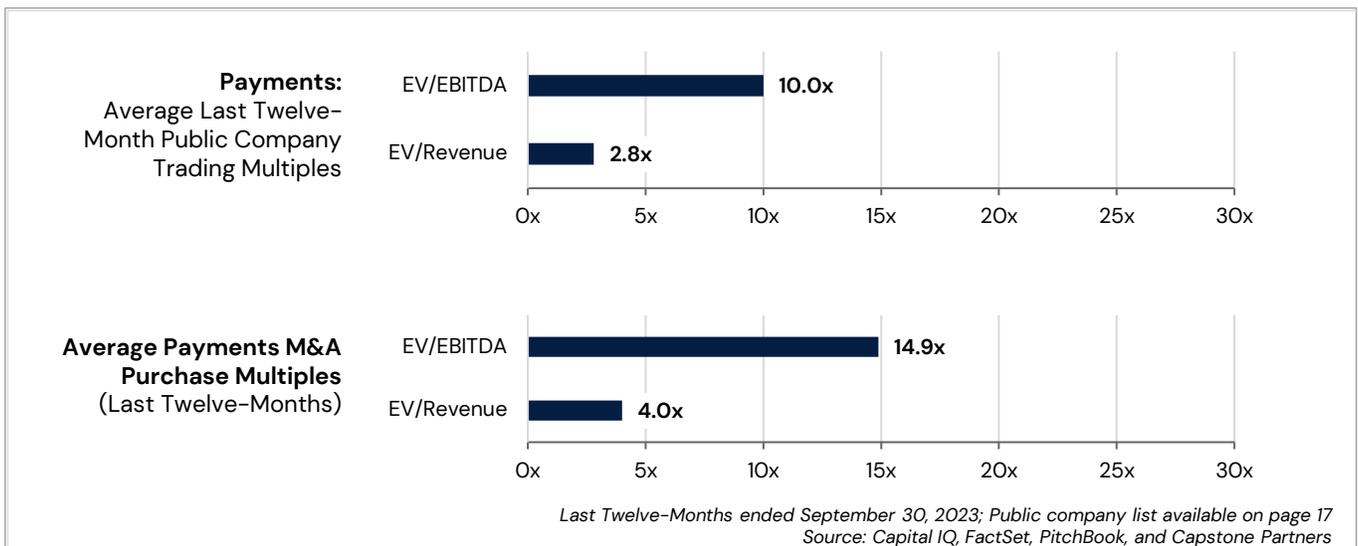


## PAYMENTS SUBSECTOR M&A MARKET

The Payments subsector has continued to lead sector M&A transaction activity in YTD 2023, comprising 26.6% of total sector deal volume and registering a modest YOY decline of 4.3% to 199 deals announced or completed. On a valuation multiple basis, the Payments M&A market has outperformed average public company trading multiples over the last 12 months by more than a full turn, illustrating the valuation strength of private companies in the space. Security and accountability have headlined the Payments M&A market, as buyers have increasingly pursued target companies with demonstrated security measures, AML capabilities, and compliance-forward business models to ensure secure money transfers and client data protection.



In July 2023, leading private equity firm GTCR announced its acquisition of Worldpay for an enterprise value of \$23.1 billion (4.8x EV/LTM Revenue, 10.0x EV/LTM EBITDA), marking the largest sector transaction in YTD 2023. As part of the agreement, FIS (NYSE:FIS) will retain a 45% stake in the business and GTCR has committed \$1.3 billion in equity capital to fund Worldpay’s acquisition pursuits, global expansion, and secure payment processing initiatives, according to a press release.<sup>5</sup> The transaction is expected to close in Q1 2024.



## SELECT M&amp;A TRANSACTIONS

Date	Target	Acquirer	Target Business Description	Target Segment	Enterprise	EV/LTM	
					Value (mm)	Revenue	EBITDA
09/25/23	VIVE Solutions	Insurance Technologies	Develops an InsurTech platform that streamlines the processing of term life insurance.	InsurTech	-	-	-
09/14/23	Tax Guard	COGENCY GLOBAL	Operates an online portal that provides tax risk due diligence services to lenders.	CFO Stack	-	-	-
08/31/23	Flexiti	Questrade	Provides online credit card services intended to offer competitive retail lending.	Retail Banking & Credit	\$40.8	-	-
08/29/23	Capital Software & Services	Under Technologies	Operates a fundraising tool for founders in the U.S.	Capital Markets	-	-	-
08/29/23	KyckGlobal	Dash Solutions	Develops a cloud-based digital B2C payments platform for businesses.	Payments	-	-	-
08/14/23	The Burgiss Group	MSCI (NYSE:MSCI)	Offers investment decision support tools for the private capital markets.	WealthTech	\$1,056.1	-	-
08/01/23	PayU GPO	Rapyd Financial Network	Provides merchants with access to local payment processing at scale.	Payments	\$610.0	-	-
07/31/23	nChain Holdings	Ayre Group Ventures	Develops blockchain technology for the Finance industry.	Capital Markets	\$576.3	-	-
07/26/23	Certinia	General Atlantic	Delivers a Services-as-a-Business platform for business financial planning and accounting.	CFO Stack	\$1,000.0	-	-
07/25/23	Nomentia	Inflexion Private Equity	Develops treasury and cash management software.	CFO Stack	\$385.1	-	-
07/24/23	Kolesa Group	Kaspi.kz (LSE:KSPI)	Offers real estate management software applications.	Real Estate Technology	\$172.5	2.9x	-
07/21/23	Roxe Holdings	Fresh2 Technology	Provides a blockchain infrastructure platform for payments and digital commerce solutions.	Capital Markets	\$43.7	-	-
07/20/23	Sinqia (BOVESPA:SQIA3)	EVERTEC (NYSE:EVTC)	Operates a financial institution platform for regulatory, accounting, and credit processes.	Consumer Payments	\$580.1	4.2x	25.3x
07/17/23	Optimal Blue – Black Knight	Perseus Operating	Comprises a loan origination system (LOS) business.	Mortgage Technology	\$700.0	-	-
07/14/23	IOU Financial	Neuberger Berman	Engages in the operation of an internet-based lending platform.	Alternative Lending	\$19.1	1.3x	-
07/10/23	Tochka Bank	Interros Holding	Provides digital banking services.	Retail Banking & Credit	\$504.6	-	-
07/05/23	Worldpay	GTCR	Offers payment processing technology and solutions.	Payments	\$23,090.9	4.8x	10.0x
06/29/23	Saxo Geely Tech	Zhejiang Geely Holding Group	Provides financial and regulatory technology solutions to financial institutions.	RegTech	-	-	-
06/28/23	Pismo Soluções Tecnológicas	Visa (NYSE:V)	Offers an all-in-one processing platform for banking and payments.	Consumer Payments	\$1,000.0	-	-
06/15/23	New Quantum Holdings	Canna-Global (Nasdaq:CNGL)	Develops and offers a SaaS-based digital wealth management platform.	WealthTech	\$800.0	-	-
06/12/23	Adenza Group	Nasdaq (Nasdaq:NDAQ)	Delivers trading, treasury, risk management, and regulatory compliance technology solutions.	Financial Services Infrastructure	\$10,700.7	-	-
06/09/23	Bond Financial Technologies	FIS (NYSE:FIS)	Offers a secure credit card platform for businesses and banks.	Financial Services Infrastructure	-	-	-
06/09/23	Network Intl. (LSE:NETW)	Brookfield (TSX:BAM)	Provides a full suite of technology-enabled payment solutions.	Payments	\$2,495.9	5.7x	13.7x

Source: Capital IQ, PitchBook, FactSet, and Capstone Partners

## STRATEGIC UNIVERSE

Capstone has built relationships with and tracked buyers that have been highly acquisitive in the FinTech sector, particularly those that have completed notable transactions. Our sector knowledge and network provide us with unique insights into this buyer universe and growth drivers for sector participants.

### Leading Strategic Buyers



### Leading Financial Buyers

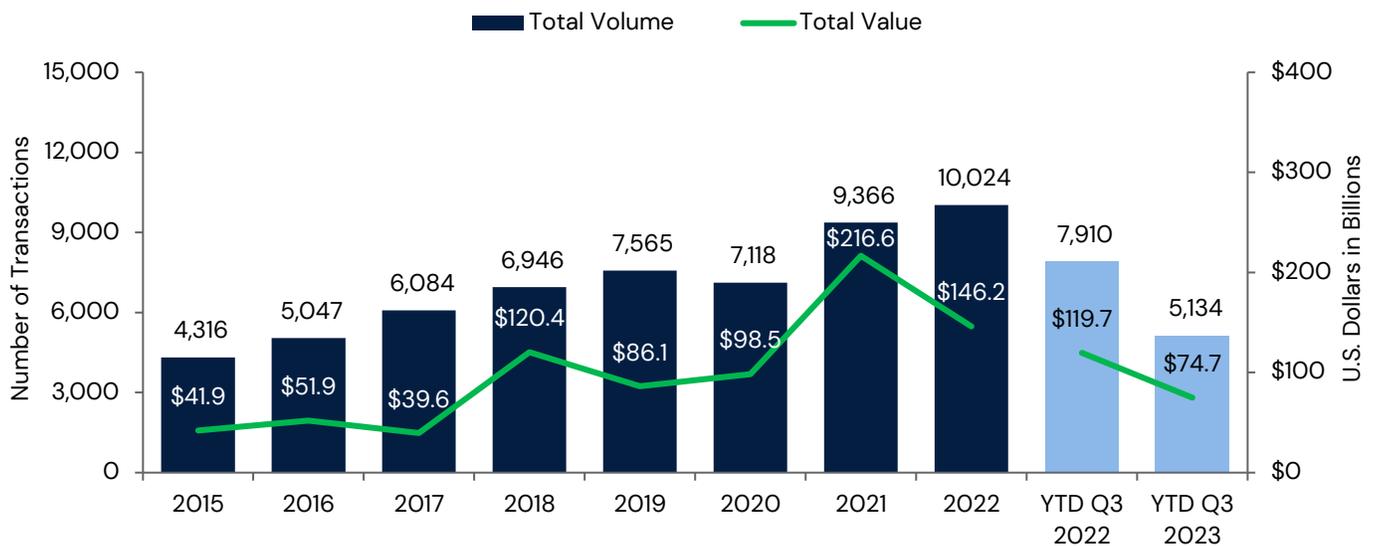


Source: Capstone Partners

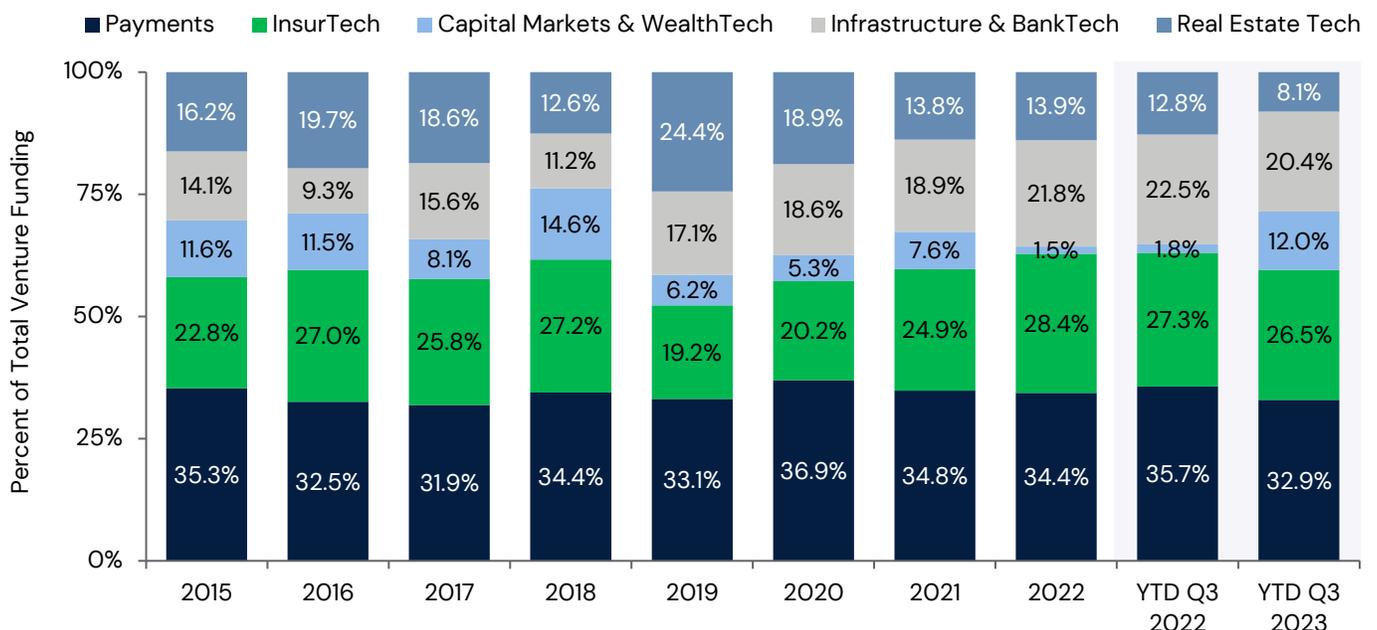
## VENTURE CAPITAL ACTIVITY

Capital invested in the FinTech sector by venture capital firms has declined to \$74.7 billion YTD, down 37.6% from YTD 2022 (\$119.7 billion). However, total funding to-date is on pace to meet or exceed pre-pandemic levels, demonstrating the continued attractiveness of startups in the sector. The number of sector venture capital deals YTD also declined YOY as investors have become more selective in capital allocation. Venture capital firms have increasingly deployed investments in the Capital Markets & WealthTech subsector, reducing concentration in the Payments and Infrastructure & BankTech subsectors.

**Global FinTech Venture Capital Raises Moderate Year-to-Date**



**Venture Capital Firms Increasingly Diversify Funding Across Subsectors**



Year-to-date (YTD) ended September 30  
Source: PitchBook and Capstone Partners

## CAPSTONE'S FINTECH FRONT RUNNERS

Capstone's FinTech Front Runners comprises a series of FinTech startups that have exhibited exceptional leadership and exceeded revenue growth of 20% in the past two years. To qualify for FinTech Front Runners, startups must be headquartered in the U.S. and be privately-owned as of the date of publication. To be included in the next volume of Capstone's FinTech Front Runners please contact [David Francione](#), Head of FinTech & Services Investment Banking at Capstone Partners.

### FinTech Front Runners Volume 4

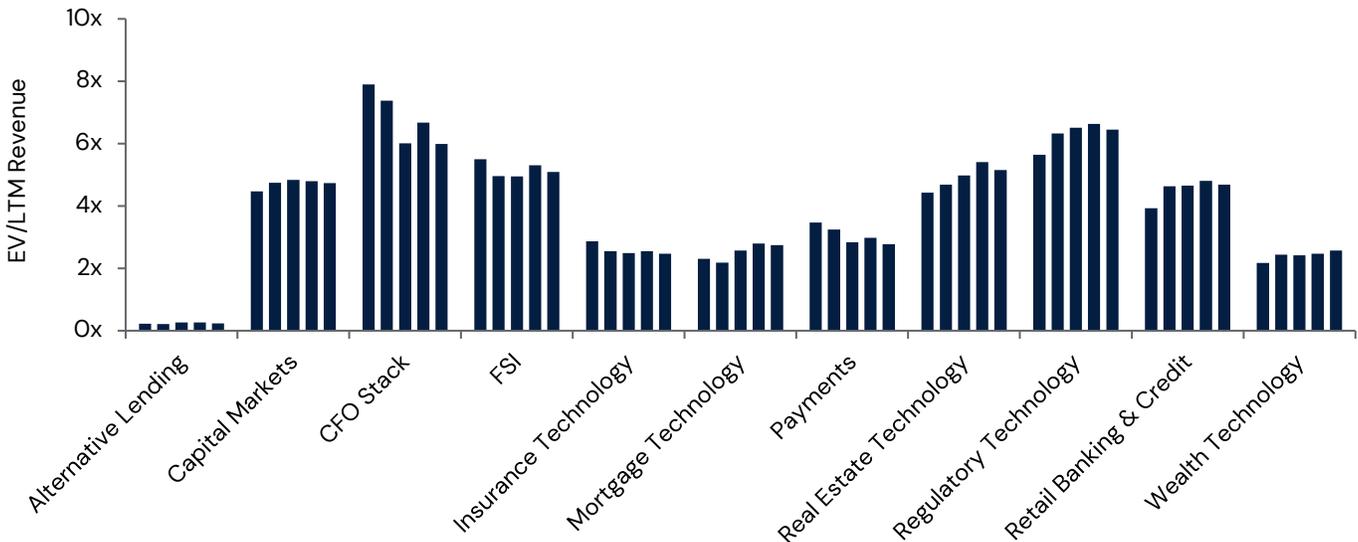
 <b>AIKON.</b> Founded: 2017 <a href="#">Website</a>	<b>Alviere</b> Founded: 2017 <a href="#">Website</a>	 <b>Arrived</b> Founded: 2019 <a href="#">Website</a>	 <b>asenso</b> Founded: 2021 <a href="#">Website</a>	 <b>B9</b> Founded: 2020 <a href="#">Website</a>
 <b>bankuish</b> Founded: 2020 <a href="#">Website</a>	<b>Better.</b> agency Founded: 2019 <a href="#">Website</a>	 <b>BLUEx</b> Founded: 2019 <a href="#">Website</a>	 <b>Brex</b> Founded: 2017 <a href="#">Website</a>	 <b>chargezoom</b> Founded: 2019 <a href="#">Website</a>
 <b>CHIPPER.</b> Founded: 2018 <a href="#">Website</a>	 <b>CollegeCash</b> Founded: 2019 <a href="#">Website</a>	 <b>Easy Expense</b> Founded: 2017 <a href="#">Website</a>	 <b>FinGoal</b> Founded: 2019 <a href="#">Website</a>	 <b>FUEL</b> Founded: 2019 <a href="#">Website</a>
 <b>LuckyTruck</b> Founded: 2019 <a href="#">Website</a>	 <b>NOTA BENE</b> Founded: 2020 <a href="#">Website</a>	 <b>ROCKETDOLLAR</b> Founded: 2018 <a href="#">Website</a>	 <b>Sky Systemz</b> Founded: 2017 <a href="#">Website</a>	<b>Status.</b> Founded: 2016 <a href="#">Website</a>
 <b>StockSnips</b> Founded: 2016 <a href="#">Website</a>	 <b>UNBANKED</b> Founded: 2018 <a href="#">Website</a>	 <b>upgrade</b> Founded: 2016 <a href="#">Website</a>	 <b>Vector ML Analytics</b> Founded: 2019 <a href="#">Website</a>	 <b>Xclaim</b> Founded: 2018 <a href="#">Website</a>

Source: PitchBook and Capstone Partners

## FINTECH PUBLIC COMPANY DATA

Segment	% 52 Wk High	Enterprise Value	EV / LTM		EBITDA Margin	LTM Rev Growth
			Revenue	EBITDA		
Alternative Lending	48.2%	\$189.9	0.2x	NA	0.2%	-0.9%
Capital Markets	76.4%	\$19,248.8	4.7x	16.2x	23.2%	7.8%
CFO Stack	69.1%	\$13,747.3	6.0x	26.1x	9.1%	20.5%
Financial Services Infrastructure (FSI)	79.7%	\$31,595.9	5.1x	19.3x	26.5%	8.3%
Insurance Technology	54.7%	\$1,793.1	2.5x	10.8x	14.1%	25.8%
Mortgage Technology	65.5%	\$9,631.5	2.7x	12.8x	28.6%	-25.4%
Payments	71.1%	\$8,152.3	2.8x	10.0x	23.3%	16.6%
Real Estate Technology	69.3%	\$28,362.4	5.2x	19.8x	24.9%	10.3%
Regulatory Technology	87.5%	\$23,400.1	6.4x	20.5x	31.0%	16.6%
Retail Banking & Credit	81.8%	\$137,562.6	4.7x	18.7x	21.7%	21.2%
Wealth Technology	72.7%	\$3,135.8	2.6x	27.8x	11.8%	14.8%

**Capstone’s FinTech Index Revenue Multiples Hold Steady Amid Volatile Public Markets (LTM Quarterly Average, Q3 2022 – Q3 2023)**



LTM = Last twelve months

Source: CapitalIQ and Capstone Partners as of September 30, 2023

### Segment Index

Alternative Lending: LHI, H, TREE, OPFI, SOFI

Capital Markets: BL, BR, CWAN, COIN, EBIX, EFX, FDS, FDP, FIS, INF, IRE, LIN, MKTW, MCO, MSC, NRDS, PSON, HOOD, SPGI, SWF, SSNC, TRU, TRI, VINP, WKL

CFO Stack: AVDX, BILL, BL, EXFY, SGE, WDAY

Financial Services Infrastructure: DLX, FIS, FI, INTU, JKHY, MLNK, NCNO, QTWO, 5CP, TEMN

Insurance Technology: CCCS, EBIX, EVER, GWRE, HCI, HIPO, ISGI, LMND, PRCH, ROOT, SPNS

Mortgage Technology: ASPS, BLND, DOMA, FNF, FAF, ICE, LDI, MLNK, RDN, REAL, RKT, STC, VXTR

Payments: ACIW, AVDX, BILL, SQ, CASS, DBD, EEFT, EVTC, EXFY, FLT, GPN, GDOT, LSPD, MQ, MITK, MGI, NVEI, 327, PAY(NYSE), PYPL, PAY(LSE), PSFE, PRTH, RPAY, STNE, WU, TOST, WEX, WISE

Real Estate Technology: ABNB, AIF, HOUS, APPF, ADSK, BSY, CBRE, CIGI, COMP, CSGP, CWK, EFX, EXPI, EXPN, FICO, ICE, JLL, LTCH, MTRR, MCO, MSC, OPAD, OPEN, ORCL, PRCH, PCOR, RMAX, RDFN, ROP, SMRT, SOND, TRU, TRMB, VCSA, ZG

Regulatory Technology: CTSH, FICO, DATA, NICE, OTEX, PEGA, PRGS, REL, VRSK, WKL

Retail Banking & Credit: AXP, DFS, GDOT, HCA, MA, NU, V

Wealth Technology: DAVE, ENV, MORN, 7342, WT

## FINANCIAL TECHNOLOGY REPORT CONTRIBUTORS

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David Francione, Managing Director and Head of Capstone's FinTech team, has over 24 years of experience as an investment banker, corporate development executive, and management consultant. Previously, David served as Senior Vice President at Silverwood Partners, a global investment banking firm. Prior to joining Silverwood Partners, He was head of corporate development for Elcom International, Inc., a \$500 million international publicly traded eCommerce technology platform company. David began his career with SS&C Technologies (Nasdaq:SSNC), a global FinTech leader in investment software and analytics, and then joined the investment banking group at Advest, Inc. (acquired by Merrill Lynch).

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Managing Director  
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Taylor is a Managing Director within Capstone's FinTech & Services Group. He possesses nearly 20 years of investment banking experience advising FinTech, PropTech, and other high-growth technology businesses on a wide range of transactions, including sell-side and buy-side M&A, private capital raises, corporate divestitures, and debt and equity financings. Prior to Capstone, Taylor was a senior member of Truist Securities' FinTech practice within its broader Technology investment banking group.

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Brandon is an associate on Capstone's investment banking team providing buy and sell-side advisory services to business owners across various industries. Previously, he was part of High Street Global Advisors investment banking and strategic advisory team, performing capital markets and M&A advisory for business owners in the Technology, Media, and Telecommunications industries.

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Michael is an Associate within Capstone's FinTech & Services group. Michael's responsibilities include market research and analysis, company valuation analysis, building financial projections, and working with clients to help with project due diligence. Prior to joining Capstone, he worked as a financial analyst for a credit hedge fund focused on structured loans to Tech-enabled Non-Bank Financial Services companies.

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Market Intelligence Manager  
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Max serves as Manager on Capstone's Market Intelligence Team. He provides M&A insights, proprietary research analysis, and macroeconomic trends for C-suite middle market executives, specializing in the coverage of the Business Services, Financial Technology & Services, and Technology, Media & Telecom industries.

## FIRM TRACK RECORD

Capstone has represented numerous companies in the FinTech sector. Sample recent engagements include the following:

 <p>Insurance Technology and Warranty Services</p> <p>HAS RAISED 20 MM IN EQUITY FROM</p>  <p>ATALAYA</p>	 <p>HAS BEEN ACQUIRED BY</p>  <p>a portfolio company of</p> 	 <p>HAS BEEN ACQUIRED BY</p> 	 <p>HAS BEEN ACQUIRED BY</p>  <p>Realtime Electronic Payments</p>
 <p>HAS BEEN ACQUIRED BY</p> 	 <p>HAS BEEN ACQUIRED BY</p> 	 <p>HAS BEEN ACQUIRED BY</p> 	 <p>HAS BEEN ACQUIRED BY</p>  <p>Realtime Electronic Payments</p>
 <p>HAS BEEN ACQUIRED BY</p> 	 <p>HAS BEEN ACQUIRED BY</p> 	 <p>HAS BEEN ACQUIRED BY</p> 	 <p>HAS BEEN ACQUIRED BY</p> 
 <p>HAS BEEN ACQUIRED BY</p> 	 <p>a portfolio company of</p>  <p>HAS BEEN OBTAINED A SENIOR CREDIT FACILITY</p>	 <p>HAS BEEN ACQUIRED BY</p> 	 <p>HAS DIVESTED ITS SUBSIDIARY</p>  <p>to</p> 

Note: Above transactions also include those which were completed outside of the Capstone Partners platform

## CAPSTONE’S PROPRIETARY RESEARCH REVEALS TOP SERVICES IN DEMAND

The current stage and initiatives of a business often dictates which financial services are in demand. As the majority of CEOs polled in Capstone’s 2023 Middle Market Business Owners Survey indicated growth strategies are a priority for 2024, the lion’s share (31.5%) of owners anticipate a need for growth strategy support services. Similarly, 28.5% of owners require accounting and audit support to shore-up cash flows and establish financial stability. In addition, more than one-fourth of CEOs demonstrated an interest in accessing relevant industry research to keep up with emerging industry trends, complete competitor analyses, and track capital markets activity in their space.

Capstone has developed a full suite of [corporate finance solutions](#) to help privately owned businesses and private equity firms through each stage of the company’s lifecycle, ranging from growth to an ultimate exit transaction. In addition, we developed a specialty consulting practice to provide financial advisory services to companies experiencing distress or performance challenges. All of these capabilities are supported by 16 industry groups, an active sponsor coverage group, and a dedicated market intelligence team.

### Top Financial Services Required by Business Owners in 2024



Question: Have you ever had, or do you anticipate having, a need for any of the following services?  
 Source: Capstone Partners’ Middle Market Business Owner Survey, Total Sample Size (N): 435



## ENDNOTES

1. U.S. Securities and Exchange Commission, "2024 Examination Priorities," <https://www.sec.gov/files/2024-exam-priorities.pdf>, accessed November 1, 2023.
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3. Gartner, "Gartner Survey Identifies the Top 10 Priorities for CFOs in 2023," <https://www.gartner.com/en/newsroom/press-releases/2023-01-10-gartner-survey-identifies-the-top-10-priorities-for-cfos-in-2023>, accessed November 2, 2023.
4. Nasdaq, "Nasdaq Accelerates its Transformation as a Leading Technology Provider to the Global Financial System with the Acquisition of Adenza from Thoma Bravo," <https://www.nasdaq.com/press-release/nasdaq-accelerates-its-transformation-as-a-leading-technology-provider-to-the-global>, accessed November 2, 2023.
5. GTCR, "GTCR to Acquire Majority Stake in Worldpay," <https://www.gtcr.com/gtcr-to-acquire-majority-stake-in-worldpay/>, accessed November 3, 2023.



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PARTNERS**

Common Goals. Uncommon Results.

### Disclosure

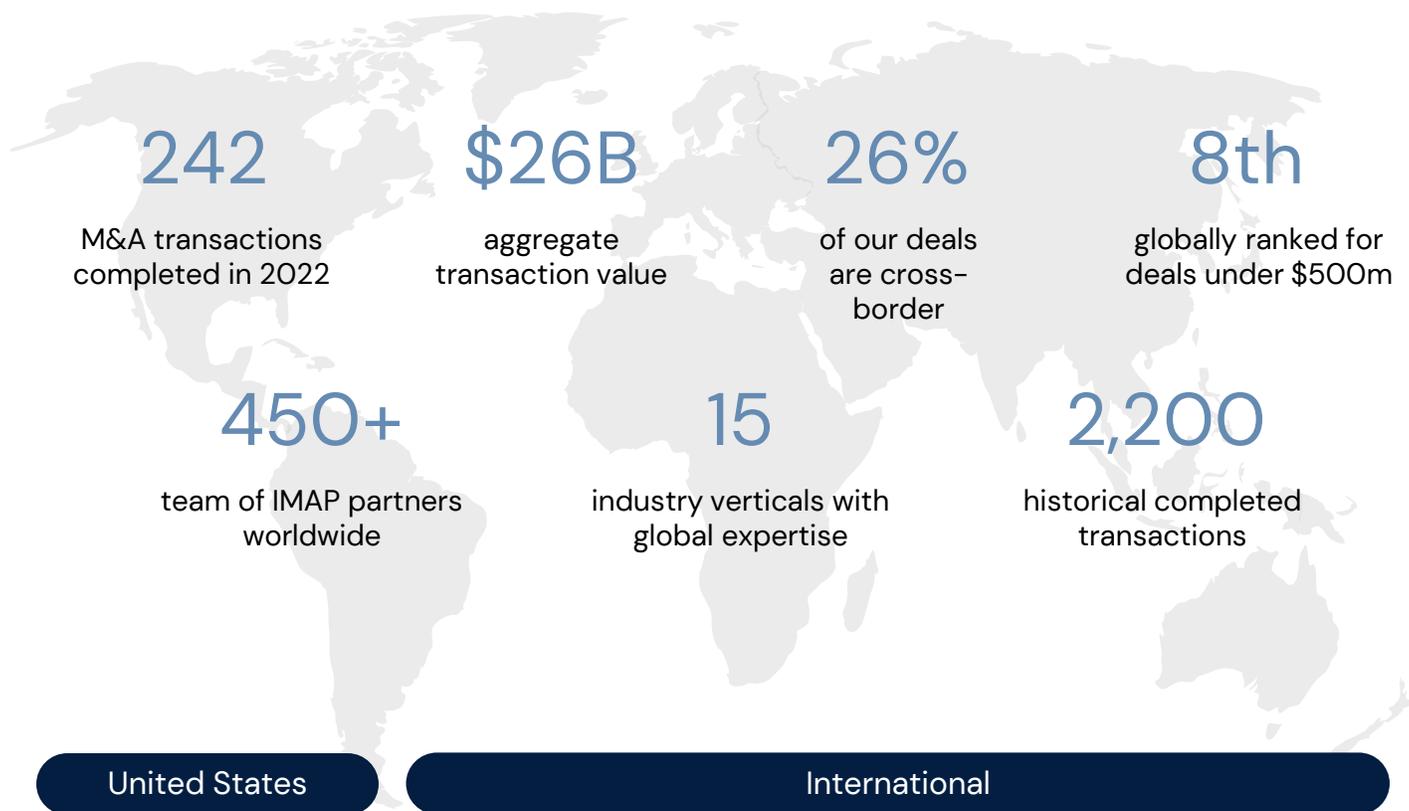
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# CAPSTONE PARTNERS

## Market Presence

With a long-established U.S. footprint, together with an international partner platform, we provide clients with broad expertise and access to key market relationships on a global basis. Our presence is backed by ~200 professionals in the U.S. with 450+ partners across 41 countries.



~200 professionals  
8 offices

Boston · Chicago · Dallas ·  
Denver · Detroit · Irvine ·  
New York · Tampa

450+ partners  
60+ offices in 41 countries

Asia: China · India · Japan · Thailand  
Africa: Congo · Egypt · Ghana · Ivory Coast · Mauritius · Morocco · Nigeria · Senegal · South Africa  
Americas: Toronto · Vancouver · Argentina · Brazil · Chile · Colombia · Mexico · Panama & Central America · Peru  
Europe: Belgium · Bosnia & Herzegovina · Croatia · Czech Republic · Finland · France · Germany · Hungary · Ireland  
Italy · Netherlands · Poland · Portugal · Russia · Serbia · Slovakia · Slovenia · Spain · Sweden · United Kingdom