FINCH CAPITAL

State of European Fintech 2025

Growth Equity for European Business & Financial Technology

We partner with visionary entrepreneurs to build category-defining companies

Introduction

Welcome to the ***10th edition of Finch Capital's State of European FinTech report***, where we take stock of the evolution, opportunities, and challenges shaping Europe's FinTech landscape. As in previous years, our analysis centres on macro trends including exit activity, valuation dynamics, funding shifts across key European markets and our predictions for the year ahead.

This year's report is structured into three key sections:

1. The State of European FinTech
2. Country Deep Dives: Key Markets in Focus
3. Trends Shaping the Future of FinTech

This year's report captures a sector reaching maturity, driven by resilient mid-market M&A, the transformative impact of AI across financial services, and Europe's emergence as a stable haven for FinTech innovation amid global volatility.

At Finch Capital, we continue to back ambitious founders in financial and business technology. We invest €5-15 million in companies generating €2-15 million in ARR, helping them scale profitably while maintaining control. Our capital also enables teams to provide selective liquidity to early backers or team members. Our portfolio includes over 50 companies such as Fourthline, Goodlord, eFlow, ZOPA, AccountsIQ, NomuPay, and Lavanda.

We are a team of 12 investment professionals across Amsterdam, London, and Dublin with deep entrepreneurial experience. We remain committed to partnering with the next generation of FinTech leaders.

Learn more at www.finchcapital.com and subscribe to our newsletter for updates.

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State of FinTech Covers a Major Sector Finch Capital Focuses On

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Finance Technology

Insurance
- Protection against various risks
- Claims and administration
- Fraud and payments
- Search and quoting software
- Data and underwriting

Payments
- B2B & A2A payments
- Payment value chain infrastructure (PSPs, gateways, pay-in, payout)
- Fraud and security
- Mobile payments/digital wallets/loyalty
- Card network infrastructure

Banking & Digital Currency
- Banking as a service infrastructure (e.g. card issuing)
- Open banking infrastructure
- Neobanks
- Digital currency and blockchain

Wealth & Capital Markets
- IFAs / Portfolio Management Software
- Investment Management Platforms
- Capital market tools

Lending & Mortgages
- Loan servicing and origination
- Lending technology
- B2C tech-enabled brokers/lenders
- Communication and product construction tools

Business Technology

HR & Payroll
- Talent acquisition
- Resource management
- Payroll technologies
- Human capital management platforms
- Rewards & benefits management
- Performance management
- Compensation management

Tax & Accounting
- Financial management software & FPA
- Tax prep, management and compliance
- AP/AR
- Revenue & spend management
- Shareholder/board planning
- Audit
- Treasury

Regulatory & Legal
- KYC/KYB/AML and other financial crime prevention
- Risk management (portfolio, vendor, GRC)
- Security and intelligence tools
- Legislation driven reporting and transaction software
- Contract and document management

Business Process Automation
- Software to simplify operations in a business including product management, BI and other business improvement tools
- Supply chain management
- Customer relationship management
- Data integration across organization

Example of Investments we have made in these sectors:

- Insurance: FIXICO, Digital Insurance, komparu, goodlord, SALVIOL, Knip
- Payments: NomuPay, mōni, in3, payaut, ayoconnect, tada, twisto, prepaynation
- Banking & Digital Currency: ayoconnect, Grab, pritle., Qwist, StablR, cermati
- Wealth & Capital Markets: halofina, BUX, Safened, ScalingFunds, big xyt
- Lending & Mortgages: Pintek, Purely Capital, Trussle, Frits, ZOPA, smeo, Supply Finance, Hendrick, twin co capital
- HR & Payroll: symmetrical, lantum, JOJONOMIC, crunchr
- Tax & Accounting: TaxScouts, AccountsIQ
- Regulatory & Legal: fourthline, SALVIOL, eflow, intelliment security, AYLIEN
- Business Process Automation: brytlyt, goodlord, FIXICO, squirro, LAVANDA, PerfOps, webio, hiber, ScalingFunds

Executive Summary:

Fintech Powerhouse: The Backbone of Europe’s Tech Economy

2025 marks a turning point for European FinTech. After years of recalibration, the sector is emerging more focused, disciplined, and resilient. Mid-market M&A remains robust, AI adoption is reshaping teams and products, and Europe is increasingly viewed as a safer long-term investment destination.

Key takeaways for 2025 so far:

- Funding concentration intensifies: 73% of capital was allocated to the top 20 deals in H1 2025, up from 37% just 18 months prior.
- FinTech resilience endures: ~25% of all VC/Growth funding in H1 2025 flowed into FinTech, confirming the sector’s staying power.
- US investors return: They now represent 28% of all European FinTech transactions, signalling renewed cross-Atlantic interest.
- Mid-market M&A dominates: €100–500M transactions are 5x more common than €500M+ exits, shifting liquidity toward pragmatic, structured outcomes.
- IPO pipeline builds: FinTechs represent nearly 50% of the European backlog, with over €150B in value preparing for public markets.
- AI adoption outpaces funding: 21% of FinTech deals are AI-led, yet they capture just 7% of total funding, highlighting early-stage dynamics.
- AI reshapes talent: R&D hiring plateaus as AI augments or replaces traditional engineering, fueling an “AI Talent War.”

UK Still Leads, But the Rest of Europe Still Lags Behind

- UK remains overwhelmingly dominant, capturing 56% of funding, highlighting the lack of diversification.
- Germany, Ireland, France and Spain show only government- and subsidy-driven rebounds, with limited evidence of sustainable private capital momentum.
- Netherlands outperformance is an exception, relying on a handful of mature LBOs rather than broad ecosystem strength.
- Nordics, Poland & CEE remain underfunded at Series A–B; with little real progress beyond an isolated outlier in Poland. Potential remains largely untapped.

Key FinTech Trends 2025:

AI Becomes Finance’s New Brain

- From credit scoring to insurance underwriting, AI is emerging as the ultimate gatekeeper: deciding risk, pricing, and the fate of millions.
- Wealth managers are using GenAI to cut costs and boost margins, though alpha generation is still limited.

Payments at a crossroads

- Circle’s IPO validates stablecoins as a mainstream transaction protocol.
- The race to agentic payments is on, but infrastructure still lags.
- Virtual cards are reshaping B2B payments and eroding legacy models.

Neo Banking resilience is tested

- Challenger banks must quickly diversify revenues as rate tailwinds fade, exposing how fragile some models may be in a tougher macro environment.

1. State of European FinTech 2025

FinTech Powerhouse: The Backbone of Europe’s Tech Economy

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New European FinTech Era: Scaling with Discipline, Leading with Depth

Macro

€3.6Bn
Up 23% from €2.9Bn in H1 2024
Capital invested in European FinTechs

340
Down 32% from 498 in H1 2024
Number of fundraising deals

73%
Up from 62% in H1 2024
Share of total funding value in Top 20 FinTech deals

91%
Up from 89% in H1 2024
Share of announced M&A deals with transaction size EUR <500m (vs >500m)

Insights

56%
Down from 60% in H1 2024
Share of Total European Fintech funding distributed in the UK

23%
Up from 18% in 2024
Share of Total European Funding that is going to FinTech companies

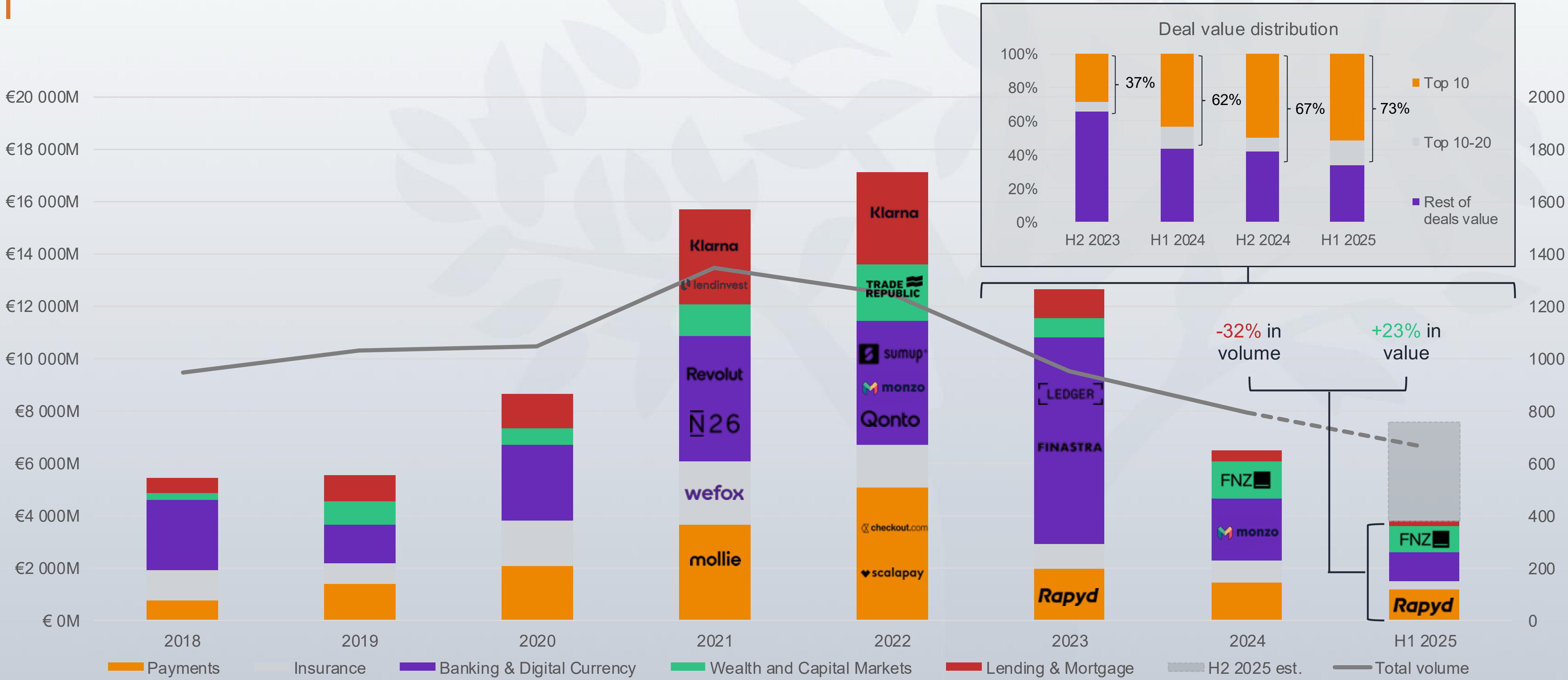
2%
Down from 9% in 2024; 14% in 2023
Year-on-year growth of R&D teams at top FinTech firms

20%
Up from 16% in 2024
Share of FinTech funding volume going to AI start-ups and scale-ups

*Data up to 30/06/2025, Europe HQ'd companies, only equity deals

Sources: Pitchbook, Sifted, LinkedIn, Finch Capital team analyses

Fewer Bets, Bigger Checks: Maturing European FinTech Funding Landscape



Though deal volume dropped 32%, funding value rose 23% in H1 2025. Top 20 deals as a share of total funding value grew steadily from 37% in H2 2023 to 73% in H1 2025. This suggests investors are becoming more selective, channelling capital into established winners rather than spreading bets widely.

*Data up to 30/06/2025, Europe HQ'd companies, only equity deals

Sources: Pitchbook, Finch Capital team analyses

FinTech Powerhouse: The Backbone of Europe's Tech Economy

*Over the past decade, **FinTech has proven to be the most resilient and enduring asset class within European technology** investing, a safe bet in times of uncertainty and a consistent outperformer through cycles. This part of the report examines the macroeconomic shifts shaping the sector through **three core pillars**.*

	Europe's Powerhouse	State of Exits	The Impact of AI
Key Insights	FinTech Reclaims Its spot as Technology Investors' Prime Asset Class	+5x more exits happened at €100-500m than at >€500m valuation in 2024	AI Is Buzzing in FinTech, but the Big Money Isn't Biting (Yet)
	The Impact of Trump: Europe is a Safer Bet than the US	Close to 50% of the European IPO Backlog is FinTech	We've Hit Peak Engineering: AI Reshapes Teams and Fuels a Global Talent War

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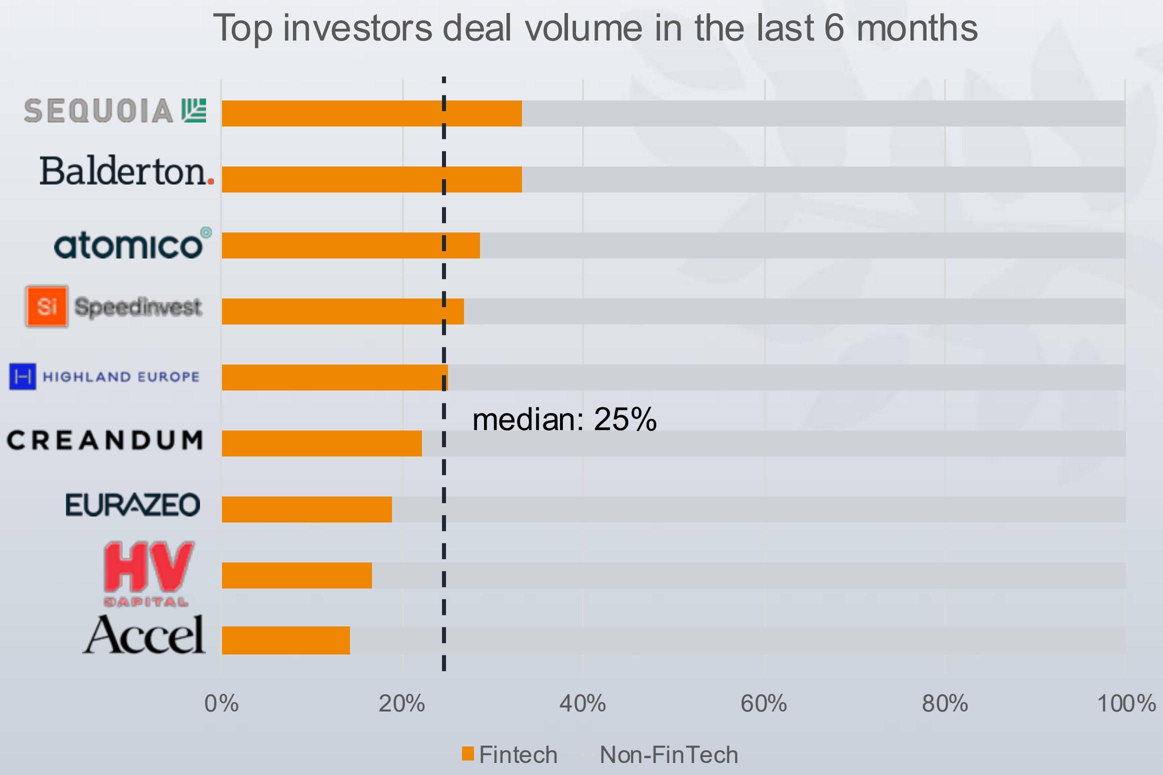
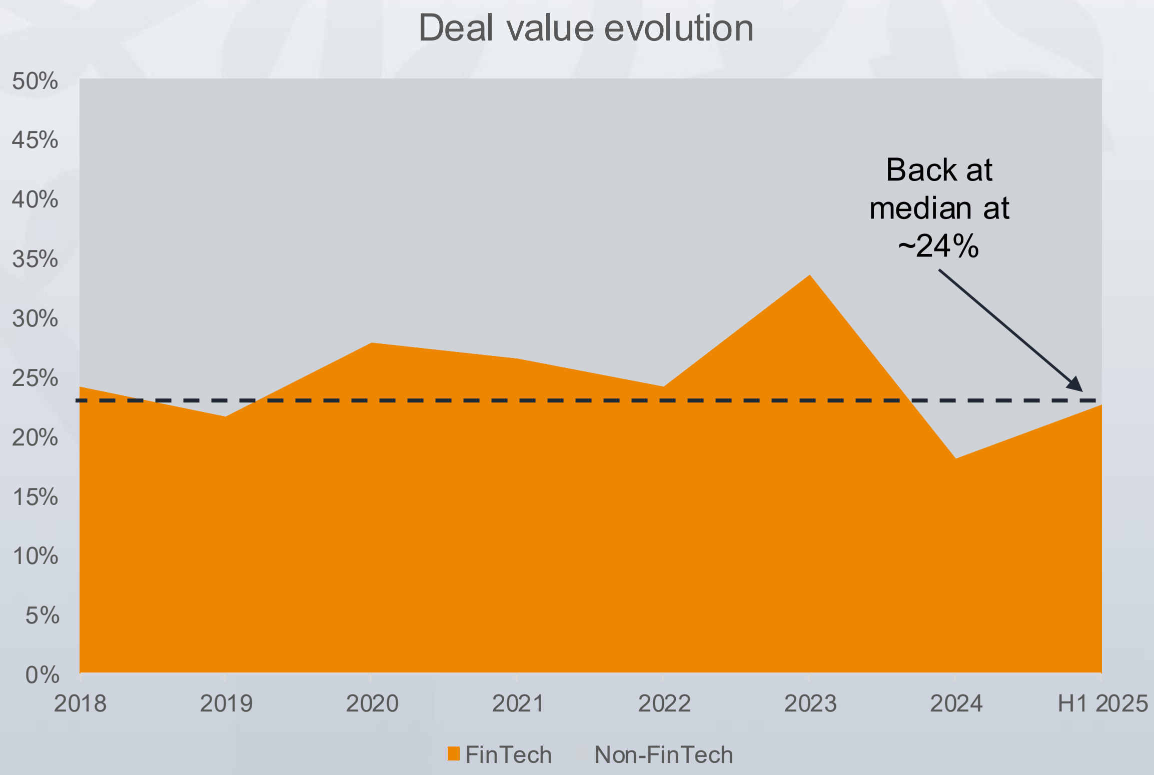
FinTech Reclaims its Spot as Technology Investors' Prime Asset Class





A quarter of VC/Growth deals in Europe done by generalist technology investors are in FinTech companies

*Data up to July 10th, 2025

Sources: Pitchbook, Finch Capital team analyses

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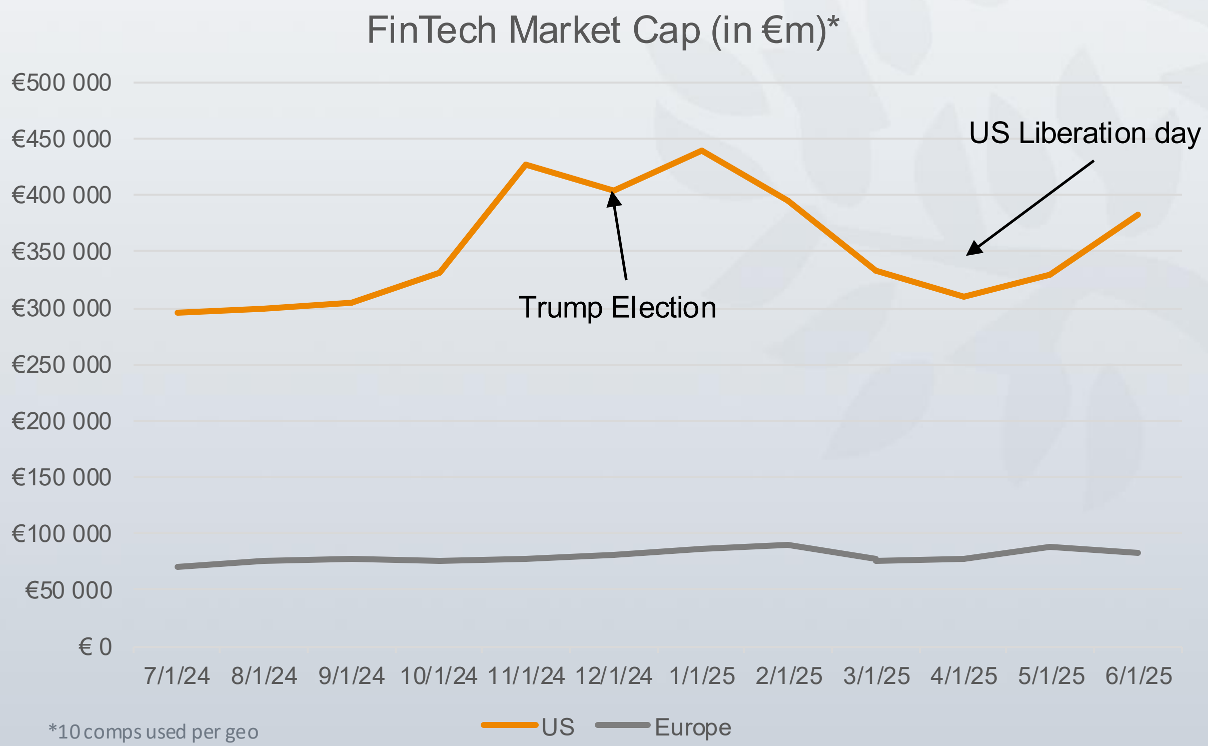
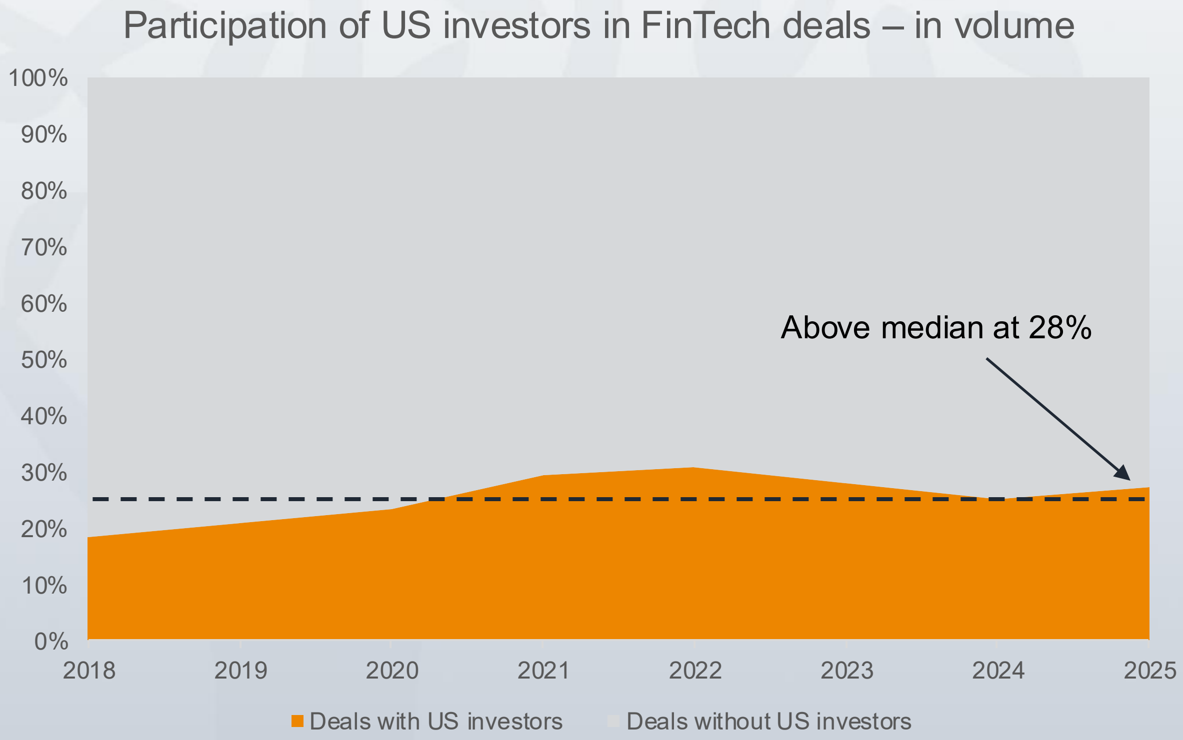
The Impact of Trump: Europe's Growing Appeal vs. the US



*10 comps used per geo



After a trough in 2024, US investor activity in European FinTech is rebounding, now accounting for 28% of all transactions involving at least one US investor. While European companies often trade at a valuation discount to their US counterparts, they offer greater price stability, positioning them as compelling long-term investments amid global market volatility.

Sources: Pitchbook, Finch Capital team analyses

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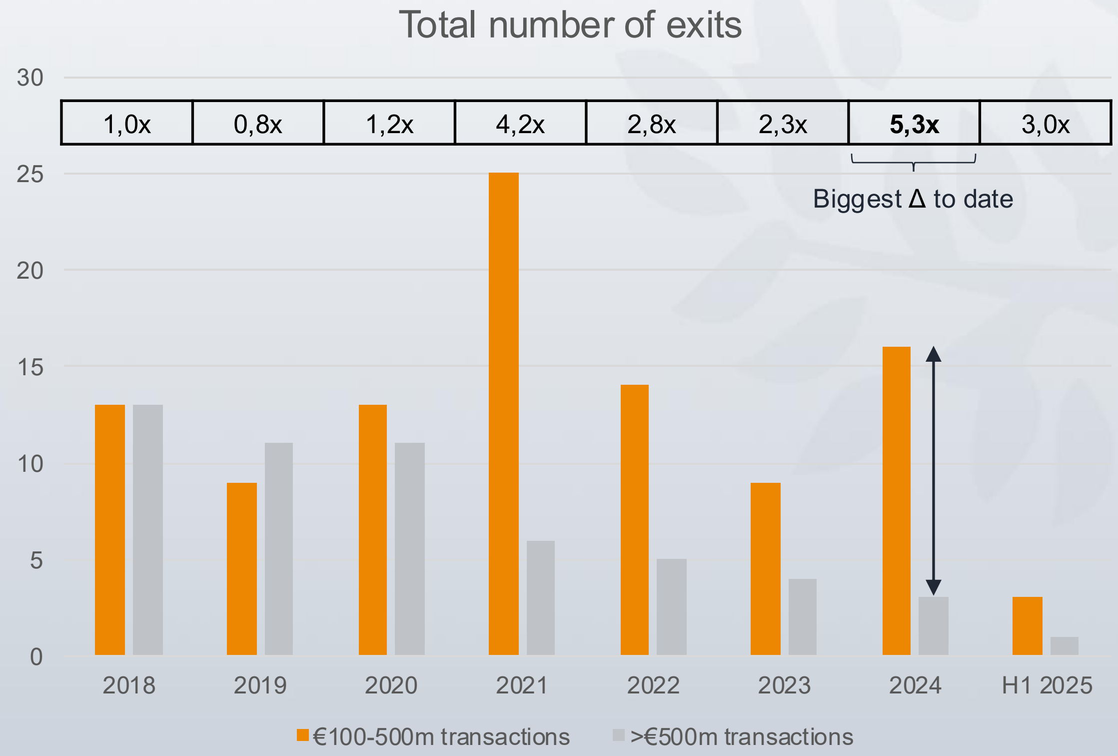
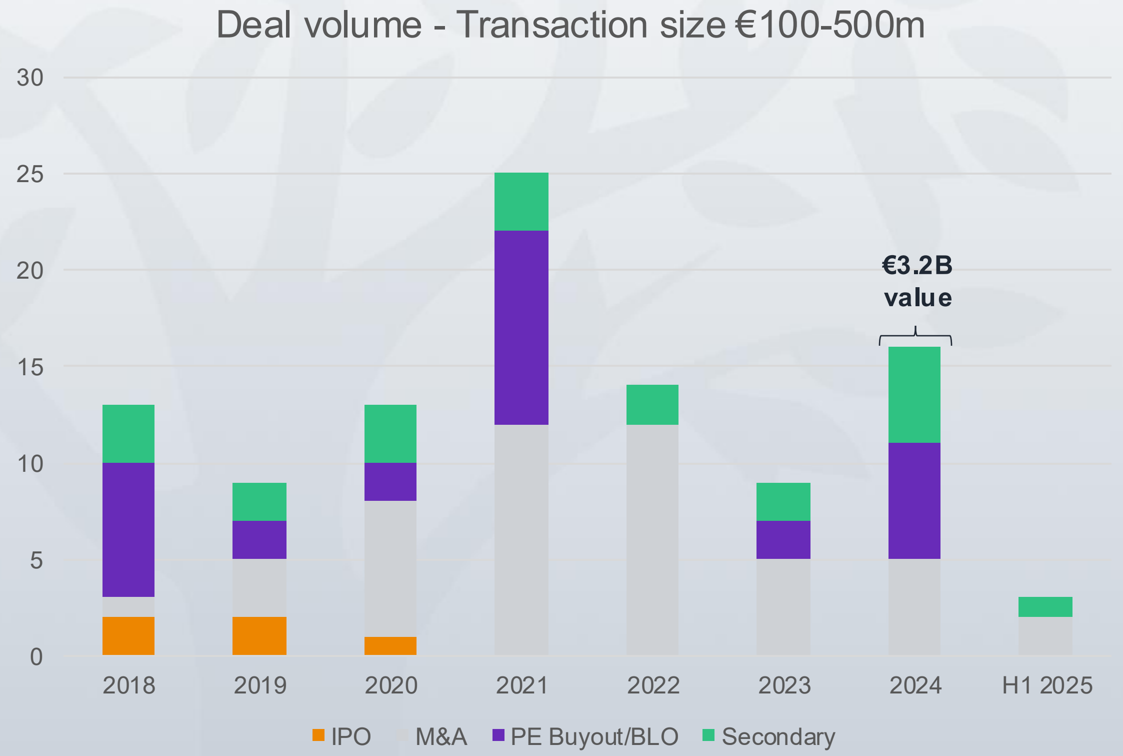
Trade Sales: Mid-Market happened 5x more than Large-Cap (>500m)





Whilst the European exit market has not yet recovered for transactions over €500m, the mid-market M&A remains active and presents the biggest potential for financial technology startups and scale-ups.

*Announced deals inc. transaction value only

Sources: Pitchbook, Finch Capital team analyses

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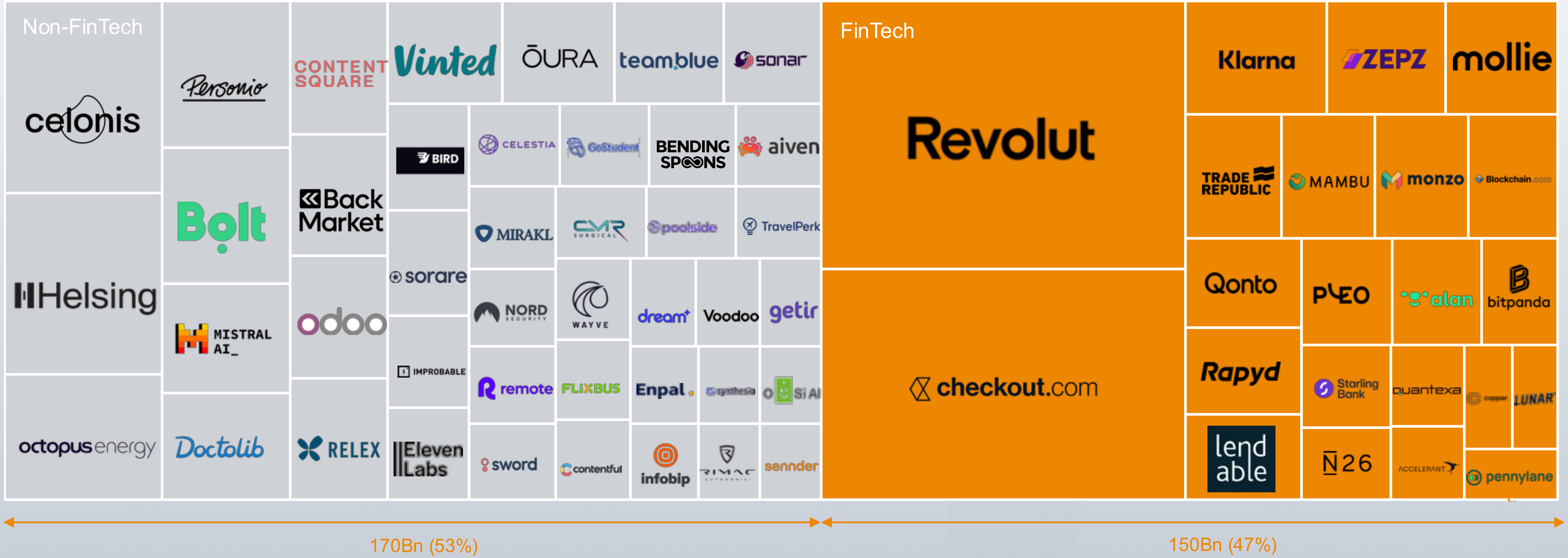
Close to 50% of the European IPO Backlog is FinTech

IPO Backlog Value*



With major fintech players like eToro, Circle, and Chime listing in the US, a wave of large European fintechs may follow – but will this reignite Europe's IPO landscape, or simply benefit American capital markets?

*Only startups with >€2bn in last known valuation

Sources: Pitchbook, Sifted, Finch Capital team analyses

Europe's Powerhouse | State of Exit | The Impact of AI

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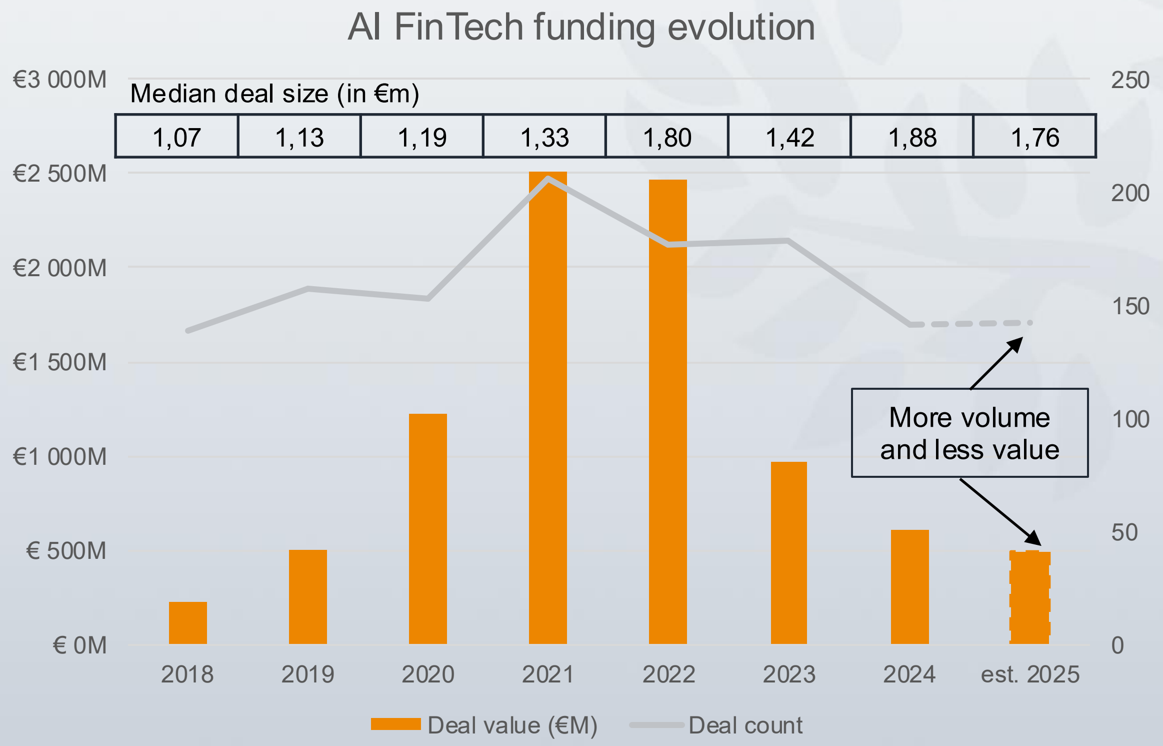
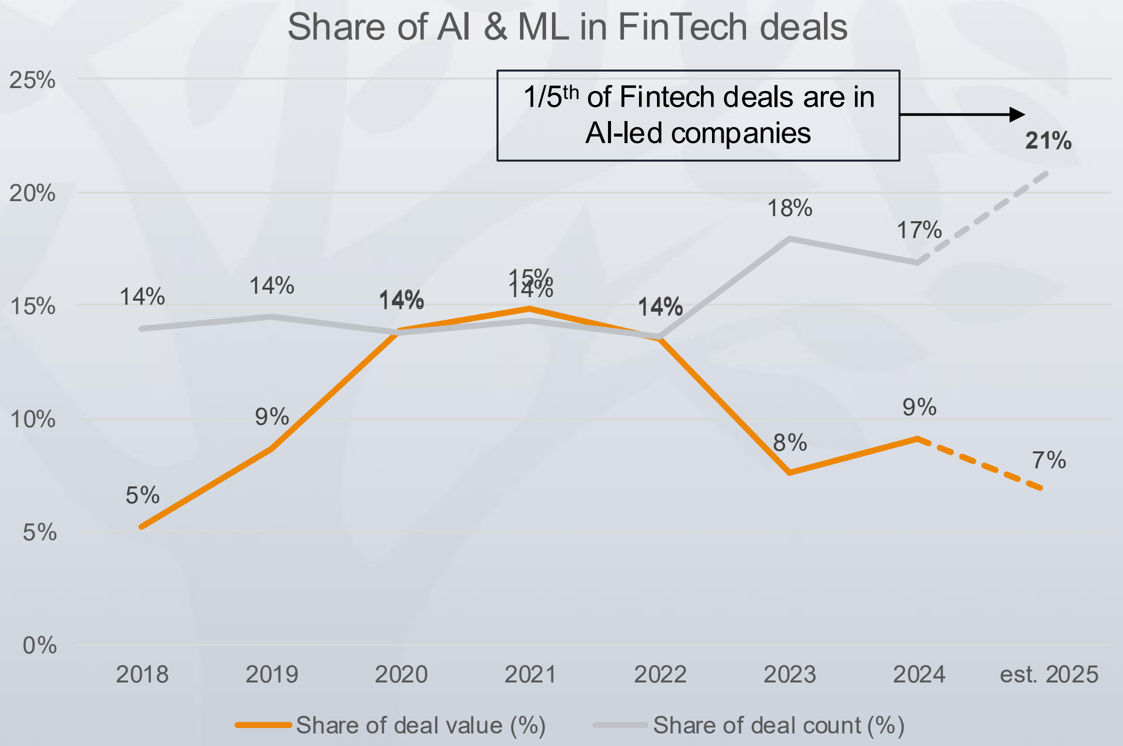
AI Is Buzzing in FinTech, but the Big Money Isn't Biting (Yet)





AI adoption in financial services is real and some early-stage FinTechs are riding this wave. But despite the momentum, only a few are breaking out as category leaders and attracting large rounds. While AI-related FinTechs account for 21% of deal volume, they represent just 7% of deal value in H1 2025

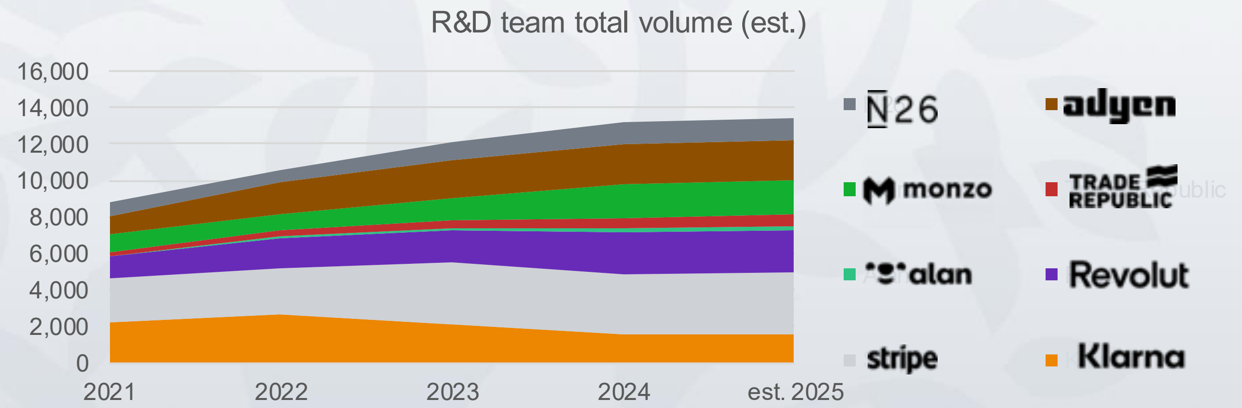
*Announced deals inc. transaction value only

Sources: Pitchbook, Finch Capital team analyses

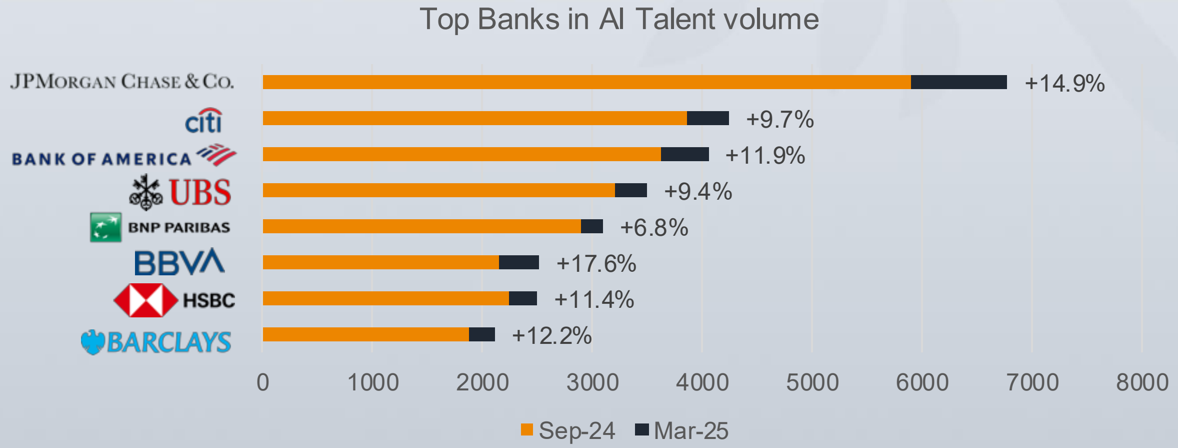
We've Hit Peak Engineering: AI Reshapes Teams and Fuels a Global Talent War

Financial Technology

The Engineer hiring spree is hitting a plateau as R&D teams are increasingly optimising their activities with AI tools, e.g. front-end engineers being replaced by a "prompt" engineer



Financial Institutions



The AI Talent War is hitting Financial Institutions hard as it becomes a battleground for competitive edge

In the age of AI, what was once seen as a competitive advantage – having an engineering-heavy org – may now be an expensive legacy. AI is not just augmenting engineering; it's redefining workflows and reshaping R&D teams.

Sources: LinkedIn, Evident, Finch Capital team analyses

2. FinTech Country Deep Dives

Deep dives into the UK, Ireland, Netherlands, Germany, Poland, France, Spain and the Nordics

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Fintech Dominance Continues as UK Secures Nearly Twice the Funding of Other European Regions Combined

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Most Active FinTech Investors #Deals in 2025*

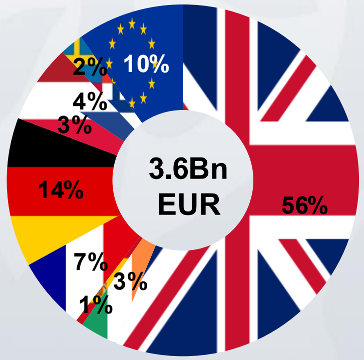
UK	SFC Capital	6
UK	Fuel Ventures	5
UK	NORTHZONE	5
UK	Notion Capital	4
Germany	HV Capital	3

*Excluding Incubators, Angels and Accelerators

Rising Stars in Fintech

UK	Palm	Treasury operating system
Ireland	Prommt	Payment orchestration tools
Netherlands	MarvelX	AI agents for regulated industries
France	Hyperline	Revenue management platform
Germany	big xyt	Financial markets data analytics

Total FinTech funding per region in H1 2025 (in M€)



€3.93M	+54%
Median deal size in H1'25	Median deal size H1'24 to H1'25
+23%	**-32%**
Total Fintech Capital Invested H1'24 to H1'25	Total European Fintech deal count H1'24 to H1'25

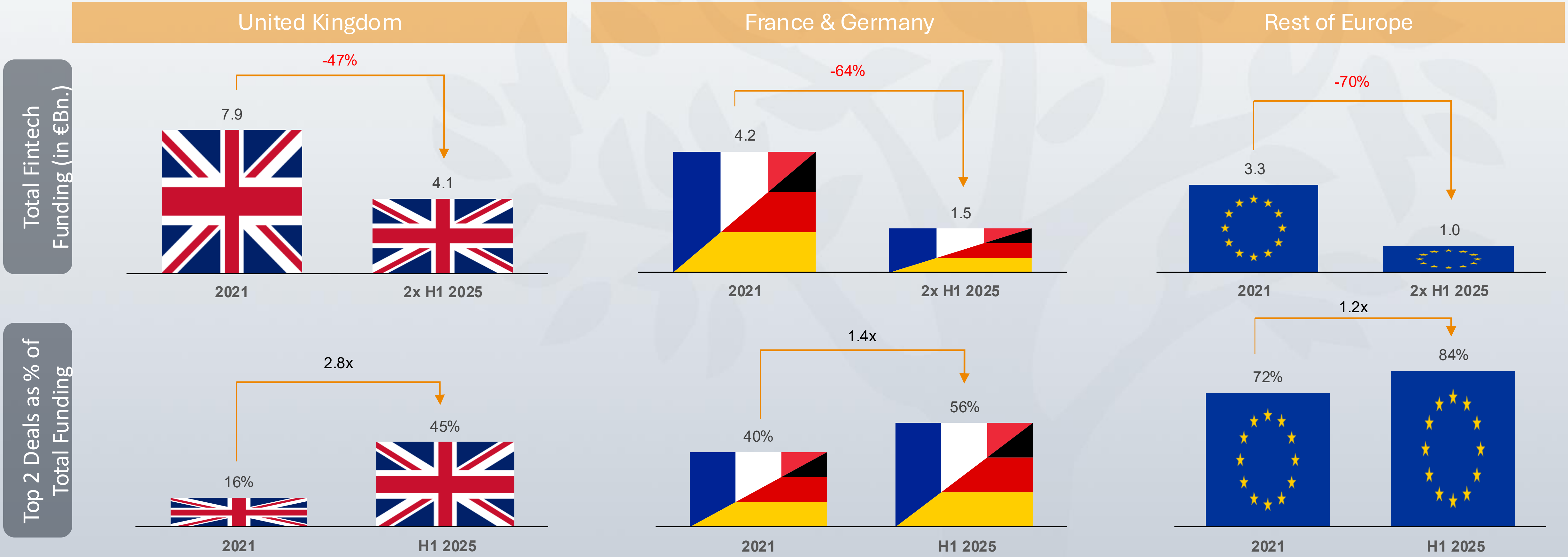
(Soon-) Unicorns or Largest deals per region

UK	Rapyd	Global payments platform	Payments	€474M Venture
UK	FNZ	Wealth management platform	Wealth & Capital Markets	€460M Growth/PE
UK	dojo	Card payment solutions	Payments	€168M Growth/PE
Germany	scalable capital	Wealth management platform	Wealth & Capital Markets	€155M Venture
Germany	Solaris	Digital banking platform	Banking & Digital Currency	€140M Venture
UK	Revolut	All-in-one finance app	Banking & Digital Currency	€126M Venture
Poland	WEALTHON	SME loan provider	Lending & Mortgages	€124M Venture

Insurance | Payments | Banking & Digital Currency | Lending & Mortgages | Wealth & Capital Markets

Source: Finch Capital Team analyses, Pitchbook

Funding Concentration: UK Maintains Scale While Others Require Reinvention



Since 2021, overall funding has declined heavily, leading to greater concentration across all regions. While the UK has broadly maintained its scale and diversification, Germany, France and other markets have become increasingly reliant on one or two large deals, reflecting a shift away from the broader funding base seen in the past.

Source: Finch Capital Team analyses, Pitchbook

London Remains Europe's Largest Fintech Hub, with Highest National Concentration at 79% of Total Deal Volume

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Trends

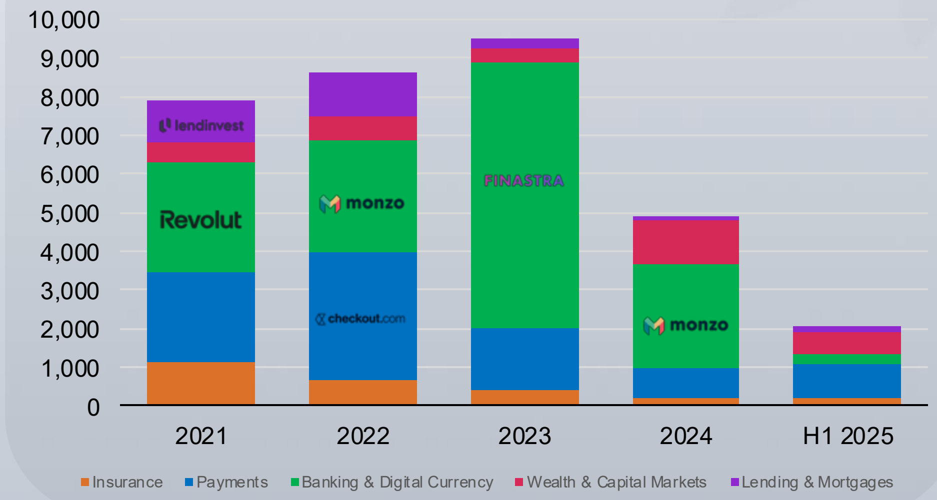
+21%	+53%	-29%	45%
Median deal valuation in H1'25 at €15.27M	Median deal size in H1'25 at €4.43M	Total Fintech capital invested in H1'25	Top 2 deal value as % of total funding in H1'25

Insights

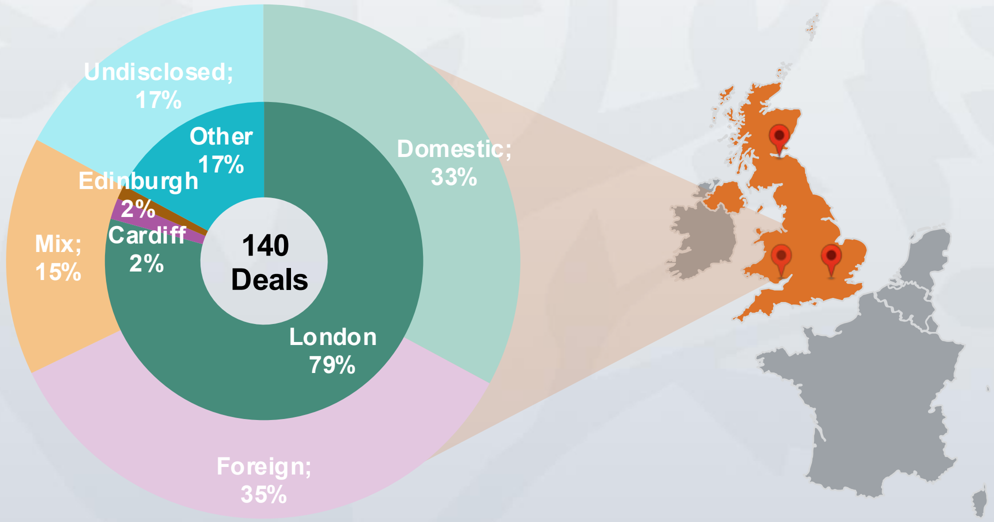
The UK remains Europe's FinTech leader, anchored by London's dominance and homegrown giants in challenger banking and payments. As the sector matures, the key questions is what comes next; early signals point to the remaining asset classes as the next wave of innovation.

Funding highlights

Capital Invested in FinTech (in M€)



Deal volume concentration & Investor location in H1 2025*



*Based on investor HQ

Most Active FinTech Investors #Deals in 2025*	
SFC Capital	6
Fuel Ventures	5
NORTHZONE	5
Notion Capital	4
Balderton capital	3

*Excluding Incubators, Angels and Accelerators

Rising Stars in Fintech	
Palm	Wealth & Capital Markets
DIESTA	Insurance
covecta	Lending & Mortgages
InfinitX	Wealth & Capital Markets
VELOCITY	Banking & Digital Currency

Unicorn deals/ Largest deals	
Rapyd	€474M Venture
FNZ	€460M Growth/PE
dojo.	€168M Growth/PE
Revolut	€126M Venture
marshmallow	€86M Venture

Source: Finch Capital Team analyses, Pitchbook

Limited Funding Beyond NomuPay

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Trends

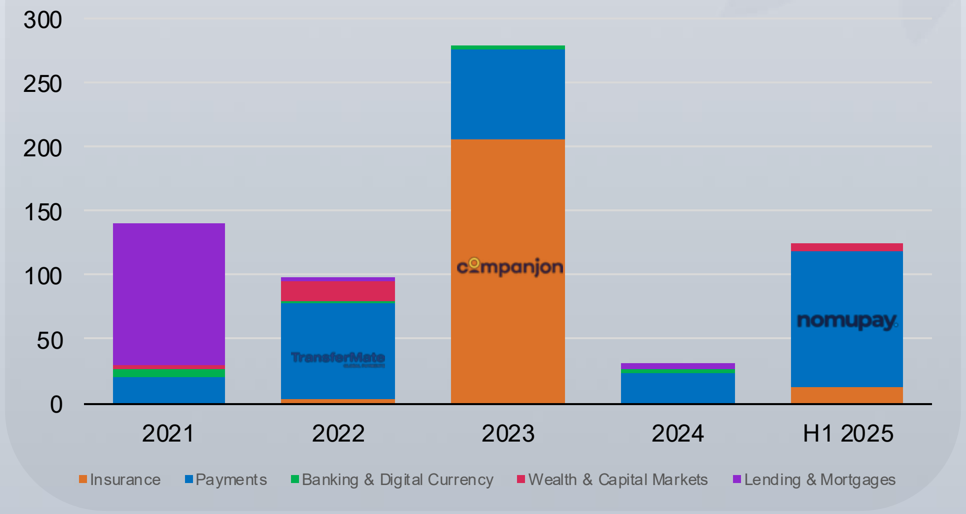
+148%	-41%	+485%	81%
Median deal valuation in H1'25 at €137.18M	Median deal size in H1'25 at €4.70M	Total Fintech capital invested H1'24 to H1'25	Top 2 deal value as % of total funding in H1'25

Insights

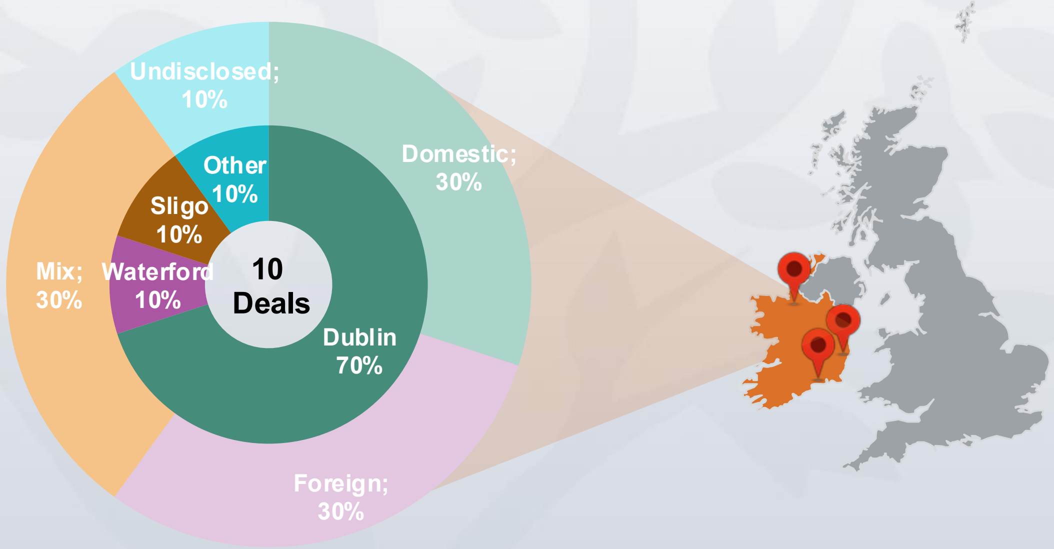
Ireland's FinTech market remains highly concentrated, with funding largely defined by just by NomuPay deal, which single-handedly rescued what would otherwise have been a mediocre H1 2025.

Funding highlights

Capital Invested in FinTech (in M€)



Deal volume concentration & Investor location in H1 2025*



*Based on investor HQ

Most Active FinTech Investors #Deals in 2025*

Enterprise Ireland	3
ComOp	2
Frontline	1
SoftBank Payment Service	1
endeit	1

*Excluding Incubators, Angels and Accelerators

Rising Stars in Fintech

Prommt	Payments
TRUSTAP	Payments
nofrixion	Payments
LoyLap	Payments
Credit Logic	Lending & Mortgages

Unicorn deals/ Largest deals

nomupay.	€64M Venture
nomupay.	€36M Venture
Kota	€13M Venture
accelerated payments.	€5M Venture
JUSTTIP	€2M Venture

Source: Finch Capital Team analyses, Pitchbook

Since 2021 no More Mega Rounds, What is the Next Wave Beyond Payments?

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Trends

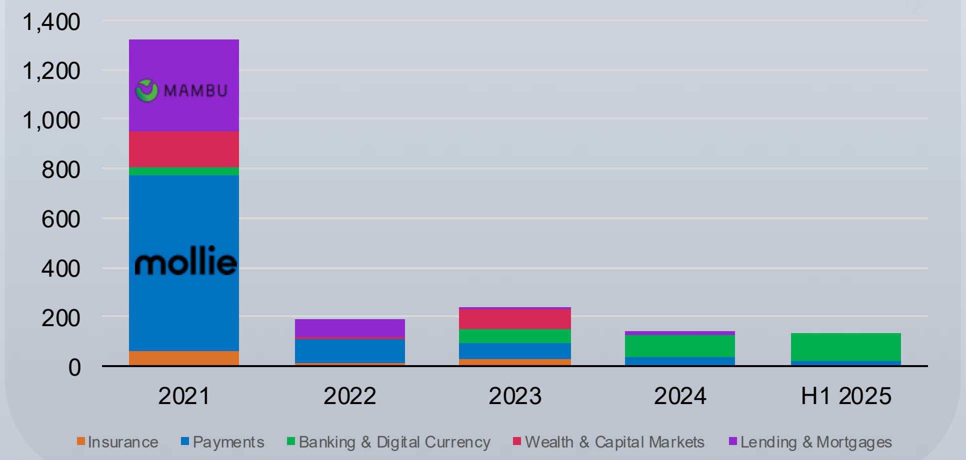
N/A	-32%	+22%	90%
Median deal valuation in H1'25	Median deal size in H1'25 at €5.15M	Total Fintech capital invested H1'24 to H1'25	Top 2 deal value as % of total funding in H1'25

Insights

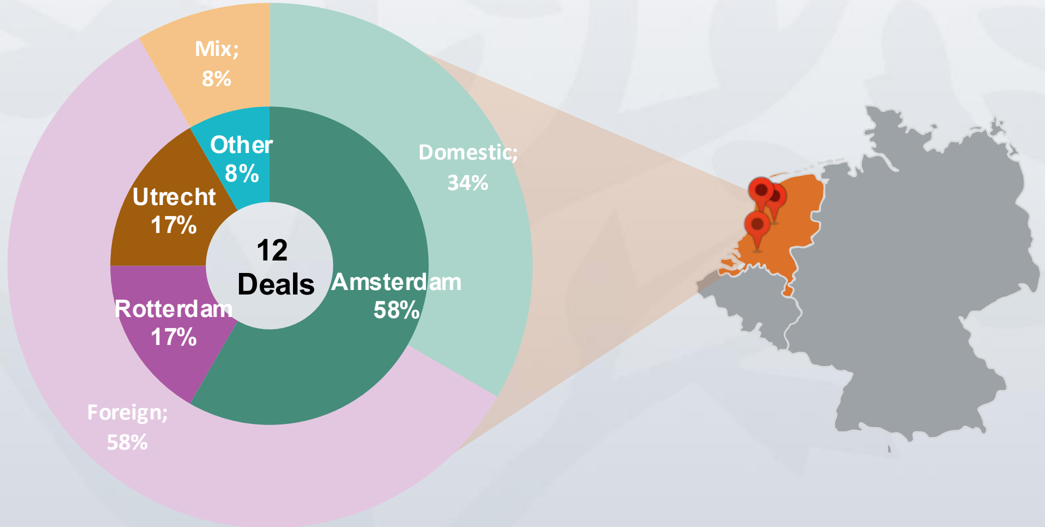
The Dutch FinTech market shows clear signs of slowing, with the days of landmark deals like Mollie and Mambu behind it. Foreign investors now dominate funding flows, and the H1 2025 rebound was driven almost entirely by FINOM's €115M deal.

Funding highlights

Capital Invested in FinTech (in M€)



Deal volume concentration & Investor location in H1 2025*



*Based on investor HQ

Most Active FinTech Investors #Deals in 2025*

anterra capital	1
Bright Business	1
Dutch Operator Fund I	1
endeit	1
Golden Egg Check	1

*Excluding Incubators, Angels and Accelerators

Rising Stars in Fintech

Klearly	Payments
MarvelX	Insurance
NORBR	Payments
plumery	Banking & Digital Currency
BLOCKRISE	Wealth & Capital Markets

Unicorn deals/ Largest deals

FINOM	€115M Venture
Klearly	€6M Venture
carepay	€5M Venture
MarvelX	€5M Venture
BLOCKRISE	€2M Venture

Source: Finch Capital Team analyses, Pitchbook

Germany Posts Strong Performance and Attracts Increased Foreign Investment

Trends

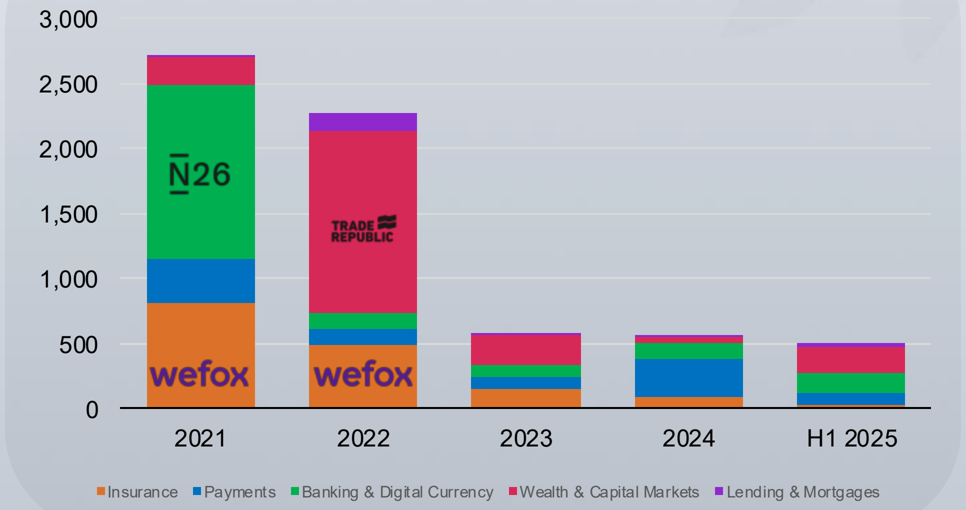
N/A	+189%	+19%	59%
Median deal valuation in H1'25	Median deal size in H1'25 at €10.25M	Total Fintech capital invested H1'24 to H1'25	Top 2 deal value as % of total funding in H1'25

Insights

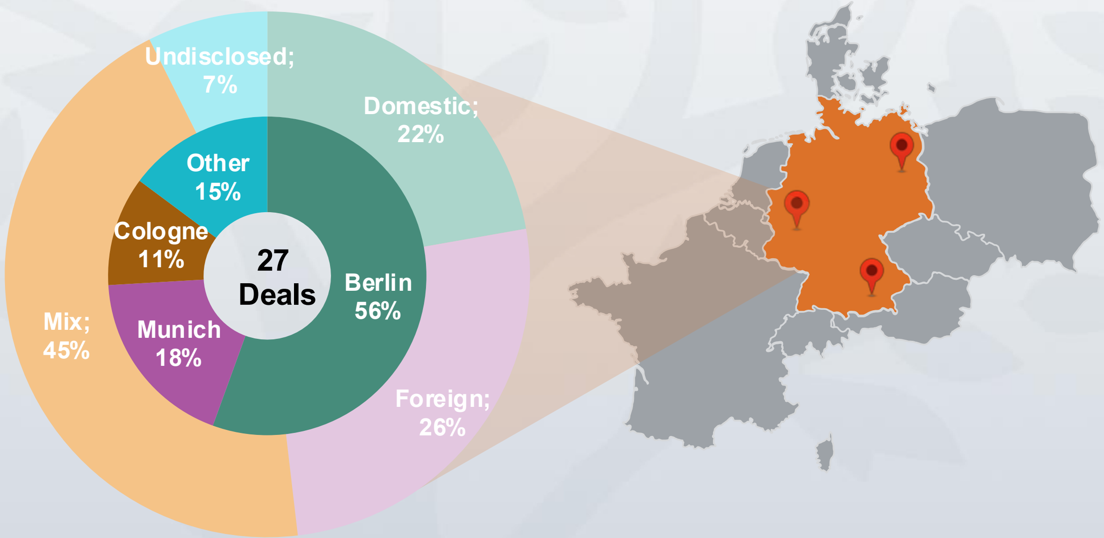
Germany continues to attract meaningful foreign investment, though activity remains concentrated in a relatively small number of deals. Median valuations and deal sizes are inflated by the market's largest deals, masking the fact that overall deal count lags behind what might be expected for Europe's largest economy.

Funding highlights

Capital Invested in FinTech (in M€)



Deal volume concentration & Investor location in H1 2025*



Most Active FinTech Investors #Deals in 2025*

HELIAD	3
HV Capital	3
87 Ventures	2
REDSTONE	2
CHERRY	1

*Excluding Incubators, Angels and Accelerators

Rising Stars in Fintech

baobab	Insurance
big xyt	Wealth & Capital Markets
mento labs	Banking & Digital Currency
NARO IQ	Wealth & Capital Markets
particula	Wealth & Capital Markets

Unicorn deals/ Largest deals

scalable capital	€155M Venture
Solaris	€140M Venture
NELLY	€50M Venture
pliant	€36M Venture
Payrails	€25M Venture

Source: Finch Capital Team analyses, Pitchbook

Wealthon Deal Breaks Up Historically Lackluster Funding Performance

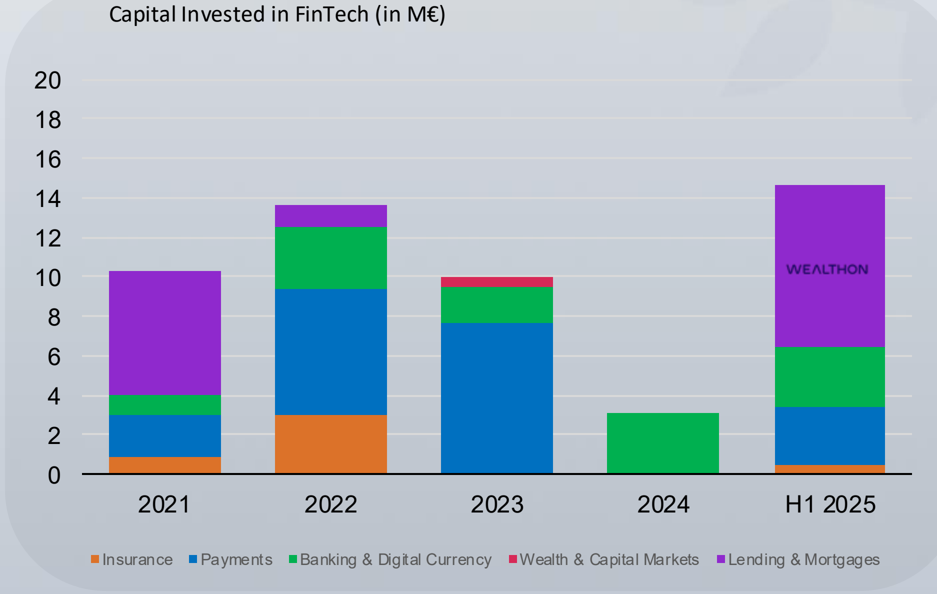
Trends

N/A	+58%	+696%	79%
Median deal valuation in H1'25	Median deal size in H1'25 at €2.90M	Total Fintech capital invested H1'24 to H1'25	Top 2 deal value as % of total funding in H1'25

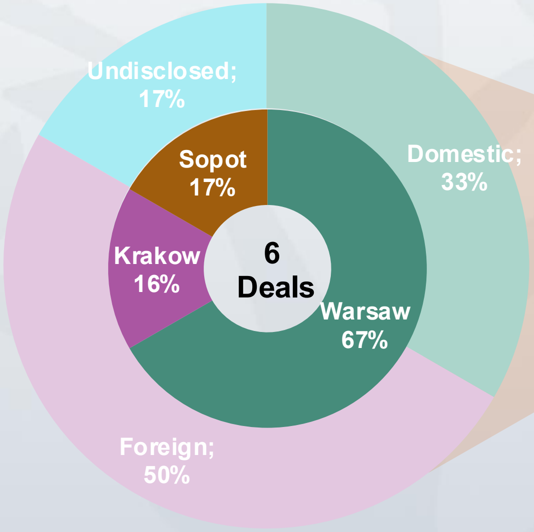
Insights

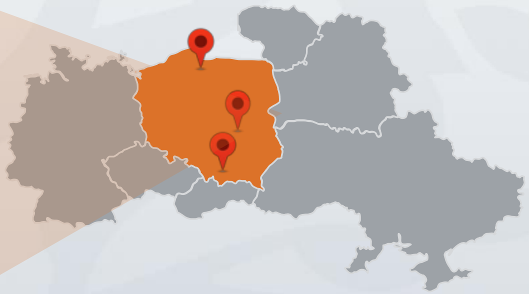
Poland remains far from a FinTech powerhouse, with activity still thin compared to its regional peers. H1 2025 was defined almost entirely by the Wealthon deal, heavily debt-financed at €116M underlining how dependent the market remains on a handful of outsized transactions rather than a broad-based FinTech ecosystem.

Funding highlights



Deal volume concentration & Investor location in H1 2025*





*Based on investor HQ

Most Active FinTech Investors #Deals in 2025*	
s20 Capital	1

*Excluding Incubators, Angels and Accelerators

Rising Stars in Fintech	
Klink	Banking & Digital Currency
INXY Payments	Payments
minte	Insurance
smeo	Lending & Mortgages
paymove	Payments

Unicorn deals/ Largest deals	
WEALTHON	€8M Venture*
Klink	€3M Venture
INXY Payments	€3M Venture
minte	€1M Venture
Flexee	Undisclosed

*Excludes 116M in debt financing

Source: Finch Capital Team analyses, Pitchbook

Steady First Half of the Year for French FinTech Sector, Bigger Deals Waiting to be Made

FINCH CAPITAL

Trends

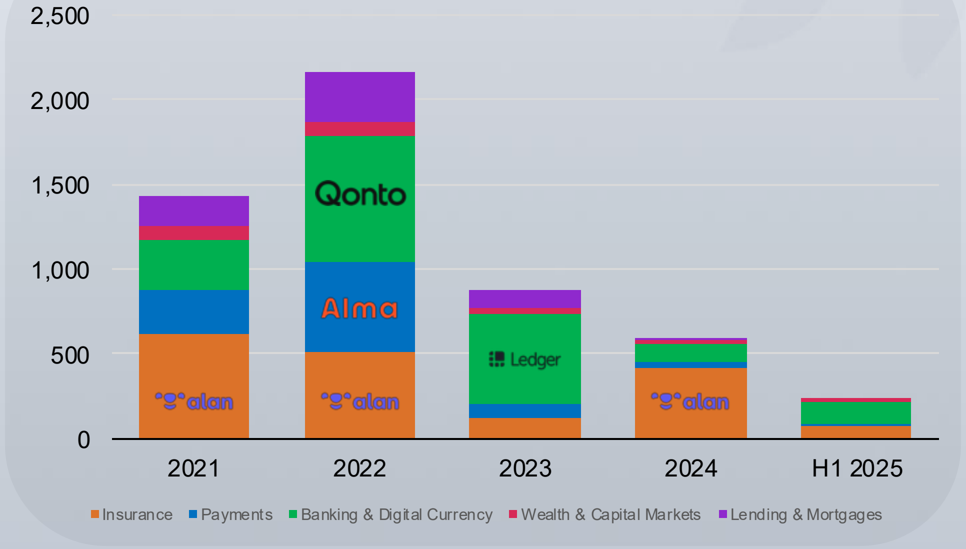
+77%	-35%	+90%	51%
Median deal valuation in H1'25 at €35.95M	Median deal size in H1'25 at €3.50M	Total Fintech capital invested H1'24 to H1'25	Top 2 deal value as % of total funding in H1'25

Insights

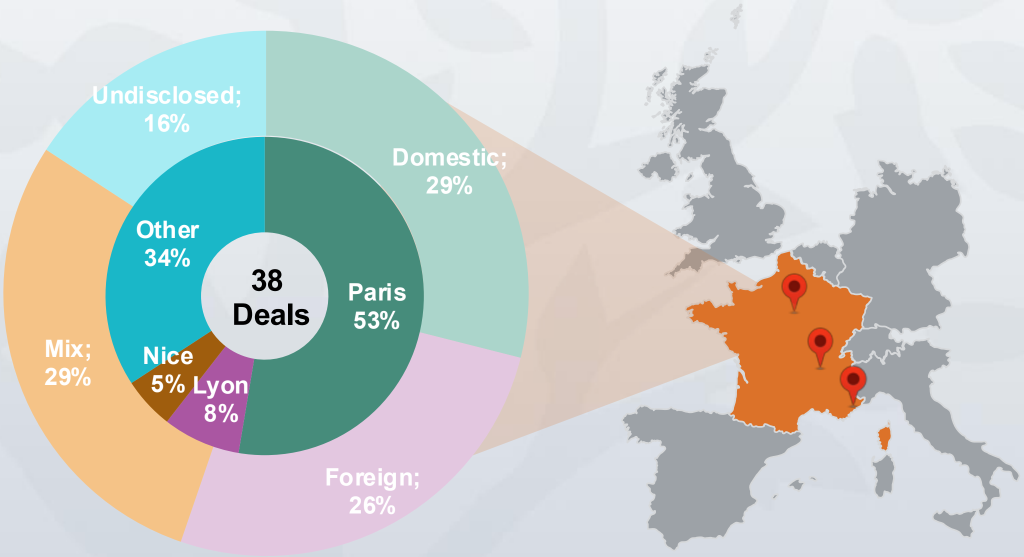
France continues to stand out as Europe's strongest challenger to London, with Paris firmly at the center of its FinTech ecosystem. A healthy deal count and year-on-year growth in funding underscore the resilience and depth of the French market, which remains one of the most balanced and dynamic in Europe.

Funding highlights

Capital Invested in FinTech (in M€)



Deal volume concentration & Investor location in H1 2025*



*Based on investor HQ

Most Active FinTech Investors #Deals in 2025*

alven	2
BREEGA	2
kima ventures	2
115K	1
PARTECH	1

*Excluding Incubators, Angels and Accelerators

Rising Stars in Fintech

Hyperline	Payments
Bitstack	Banking & Digital Currency
Skarlett	Insurance
Wealthcome	Wealth & Capital Markets
GRACE	Insurance

Unicorn deals/ Largest deals

Flowdesk	€98M Venture
Orus	€25M Venture
cryptio	€24M Venture
dalma.	€20M Venture
RockFi	€18M Venture

Source: Finch Capital Team analyses, Pitchbook

Spain's Fundraising Season Kicks Off Cautiously

FINCH CAPITAL

Trends

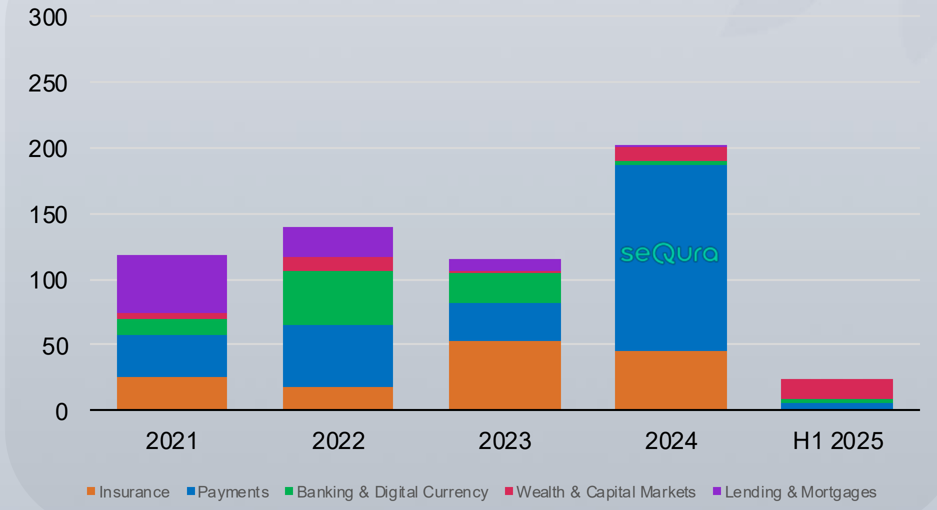
+210%	+106%	+22%	80%
Median deal valuation in H1'25 at €21.70M	Median deal size in H1'25 at €2.41M	Total Fintech capital invested H1'24 to H1'25	Top 2 deal value as % of total funding in H1'25

Insights

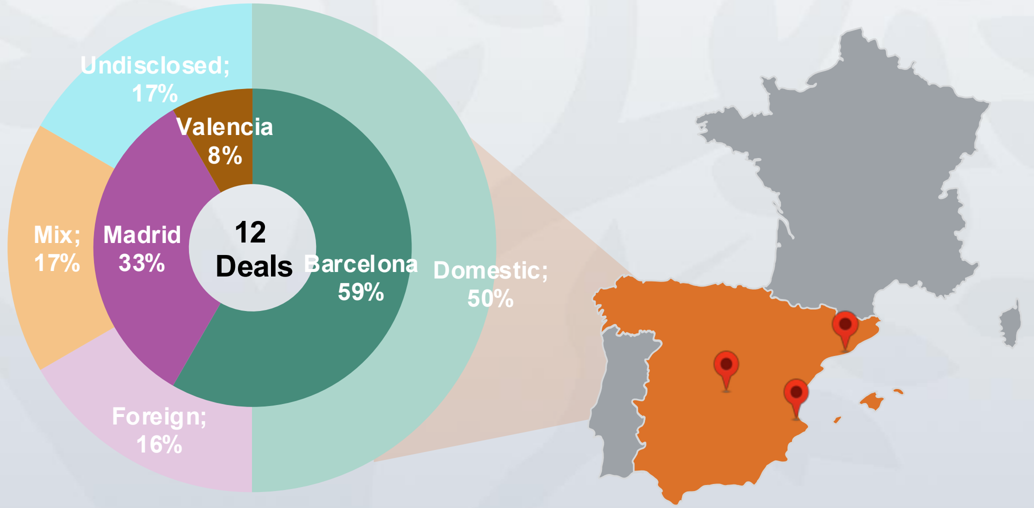
Spain's FinTech market had a disappointing start to 2025, with the top two deals accounting for 83% of funding. Combined with a low deal count and weak deal values, H1 marks one of the slowest halves in recent years.

Funding highlights

Capital Invested in FinTech (in M€)



Deal volume concentration & Investor location in H1 2025*



*Based on investor HQ

Most Active FinTech Investors #Deals in 2025*	
SEAYA	1
kfund	1
mundi ventures	1
Acurio Ventures	1
BONSAI PARTNERS	1

*Excluding Incubators, Angels and Accelerators

Rising Stars in Fintech	
tuio	Insurance
Weecover	Insurance
frekuent	Payments
Wealthreader	Banking & Digital Currency
BRICKKEN	Wealth & Capital Markets

Unicorn deals/ Largest deals	
flanks	€14M Venture
frekuent	€6M Venture
BRICKKEN	€2M Venture
Wealthreader	€1M Venture
EthicHub	€1M Venture

Source: Finch Capital Team analyses, Pitchbook

Balanced Capital Distribution across Nordics Cannot Prevent Low Funding Totals

FINCH CAPITAL

Trends

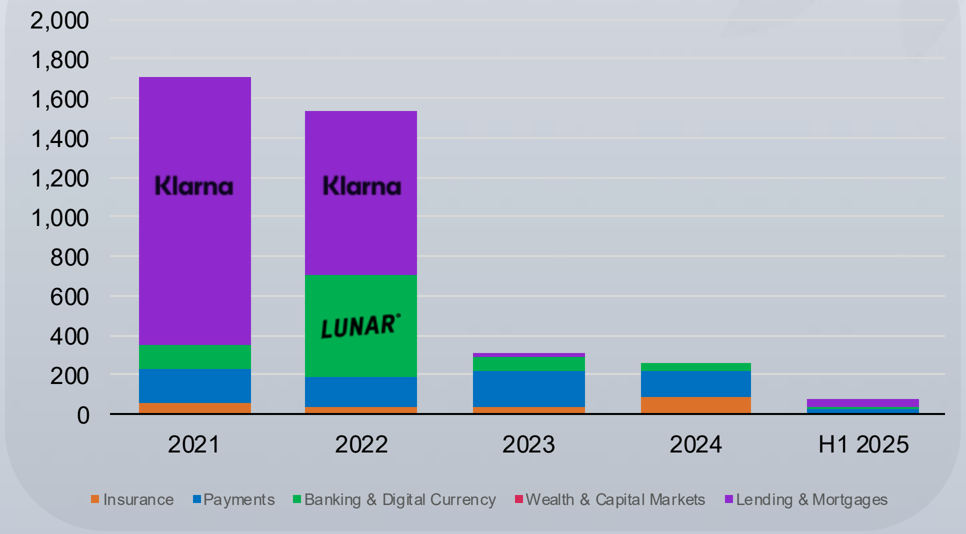
N/A	+114%	-39%	57%
Median deal valuation in H1'25	Median deal size in H1'25 at €3.00M	Total Fintech capital invested H1'24 to H1'25	Top 2 deal value as % of total funding in H1'25

Insights

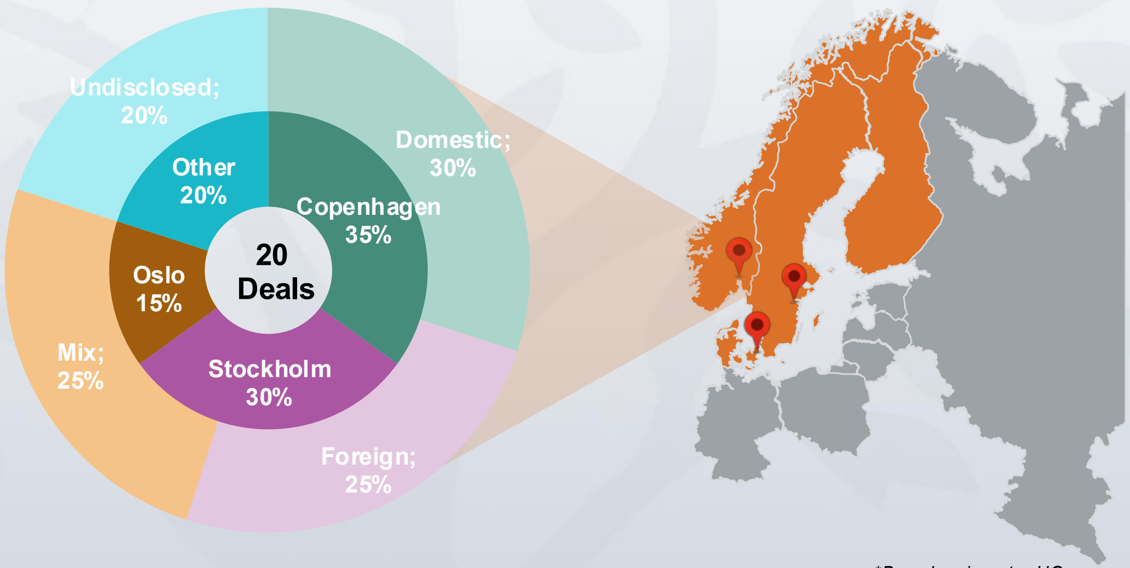
The Nordics recorded their weakest H1 in five years, with even regional heavyweight Klarna raising only modest capital and no new breakout players emerging. While funding remains geographically balanced across Stockholm, Copenhagen, and Oslo, the region's once-dominant FinTech momentum has clearly cooled.

Funding highlights

Capital Invested in FinTech (in M€)



Deal volume concentration & Investor location in H1 2025*



*Based on investor HQ

Most Active FinTech Investors #Deals in 2025*	
EQT Ventures	3
Medley	2
EIFO	1
Creandum	1
IDC Ventures	1

*Excluding Incubators, Angels and Accelerators

Rising Stars in Fintech	
embankment	Wealth & Capital Markets
FINANCEKEY	Payments
Stack	Wealth & Capital Markets
Open Payments	Payments
Leaf	Insurance

Unicorn deals/ Largest deals	
Klarna	€26M Venture
Froda	€20M Venture
ARYZE	€19M Venture
Treyd	€5M Venture
FINANCEKEY	€3M Venture

Source: Finch Capital Team analyses, Pitchbook

Next Wave of European FinTech – What Comes Next?

With traditional funding leaders increasingly concentrated around a few large deals, the next wave of European FinTech will likely come from emerging verticals and geographies that can reinvent their ecosystems.

	The Netherlands	France & Germany	Rest of Europe
Opportunity	Crypto / Stablecoin infrastructure, RegTech for digital assets	AI-driven compliance, wealthtech, and capital markets data analytics	Vertical fintech (e.g., lending platforms in Poland, InsurTech in Spain, SME tools in Nordics)
Challenges	Talent & companies relocating abroad (e.g. Deribit moving out)	Heavy reliance on a few mega-deals; ecosystems less dynamic than UK	Small deal sizes, ecosystems still thin and overdependent on top 1–2 deals
Signals	Rebound possible if regulatory clarity improves; early growth in embedded finance and digital asset custody	Foreign investment flows remain strong, especially in Germany	Nordics still balanced geographically but momentum cooled; Poland and Spain defined by single outsized deals

3. FinTech Trends Deep Dive

FinTech's New Brain: How AI is Rewriting the Rules of FinTech

FINCH CAPITAL

FinTech Powerhouse: Trends Shaping the Industry

The next 3 years are going to see unprecedented technological shifts as well as underlying economic policy movement.

Key Sectors

Transformation of payments	The Impact of AI	Dramatic Rate Cut Impact
Stablecoin and Circle	Underwriting & Lending Gains	Challenger Bank Revenue Diversification
Agentic Payments	Wealth Management GPT	
B2B Payments		

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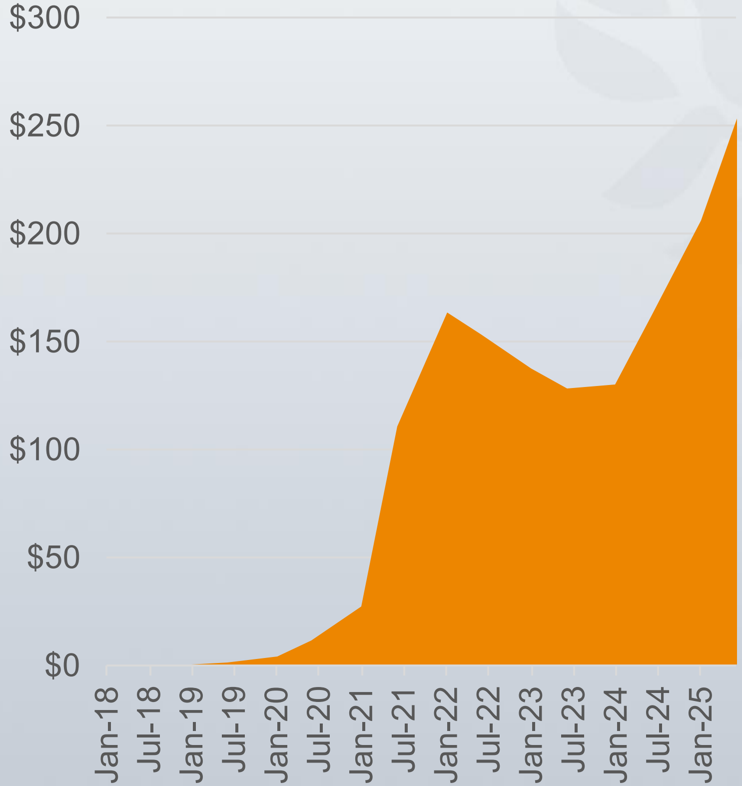
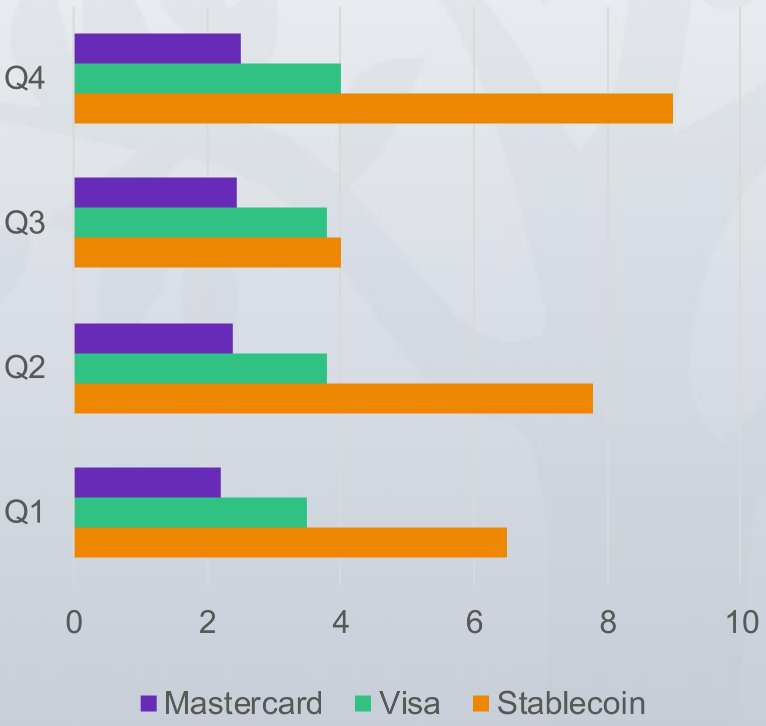
The Circle IPO Underpins the Impact of Stablecoins

Stablecoin supply reached 10% of US currency in circulation (in $ billions)



Activity has surpassed Visa and Mastercard (in US $ Trillions)



Growth drivers

- Regulatory: GENIUS ACT
- Institutional Support: Banks, fintechs (Paypal, Stripe), retail (Walmart) integrating USDC
- Usage: High usage in Latin America, Africa and Southeast Asia
- Merchant Adoption: More than 20,000 merchants now integrate with USDC
- Technology: Cross chain protocols are making interoperability a reality

Here to stay: The adoption of stablecoin as a transaction protocol has gotten serious adoption

Source: Finch Capital Analysis

FINCH CAPITAL

Race To Build Agentic Payment Stack, But It's Too Soon With Lack Of Autonomous Layer

	MCP Architecture	Autonomous Agent Layer	ERP / Workflow integrations	Risk and Observability	Structured Input Layer
VISA	✓	✗	✗	✓ Visa Risk	✗
mastercard	✓	✗	✗	✓ Cyber intelligence tools	✗
PayPal	✓	✗	✗	✓	✗
stripe	✓	✗	✓ Strong (Netsuite, Xero)	✓ Risk APIs	✗
adyen	✓	✗	✓	✓ RevenueProtect	✗
shopify	✗ Reliant on Stripe/Adyen	✗	✓ Native	✓ Basic for all merchants	✗

Hold on: There is still a lot to achieve in development stack to deliver agentic payments

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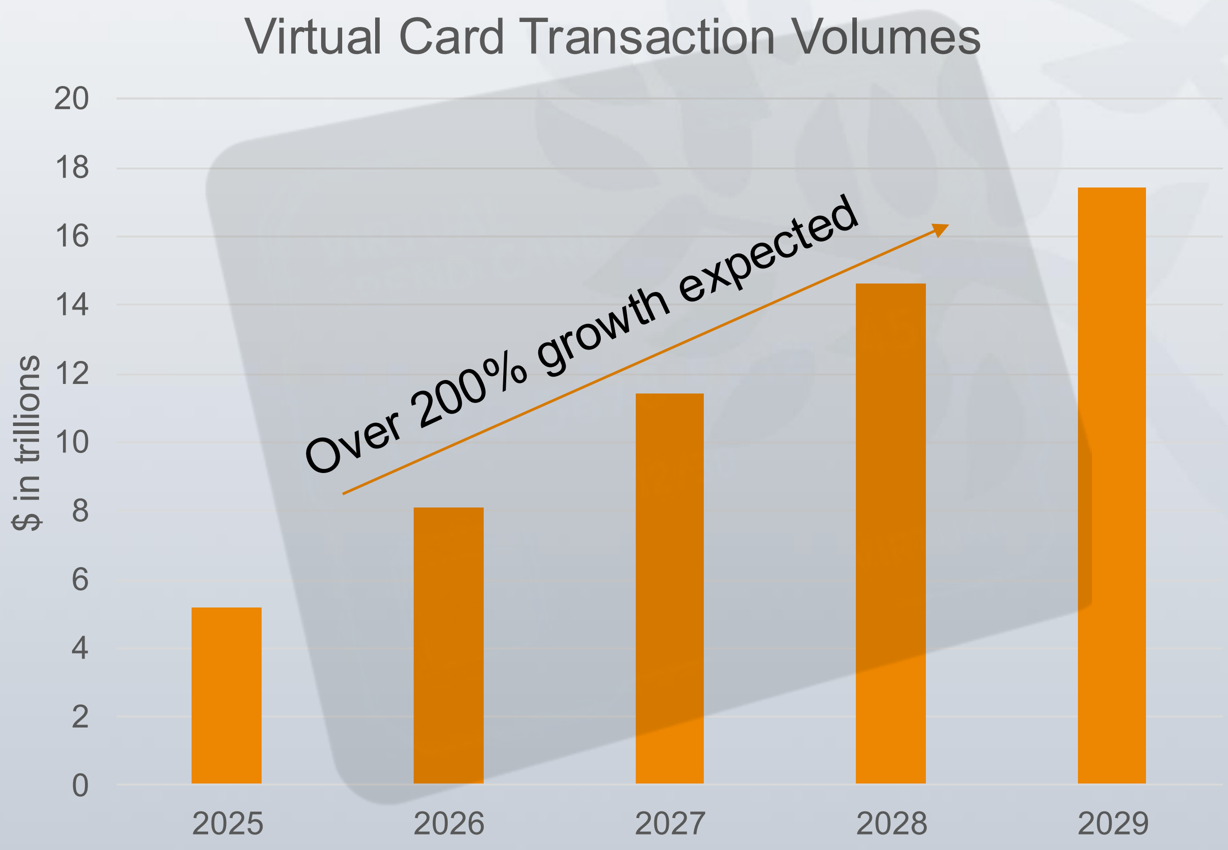
The AMEX Threat: Surge In Virtual Card Usage Driving Real Change In B2B Payments



Growth drivers

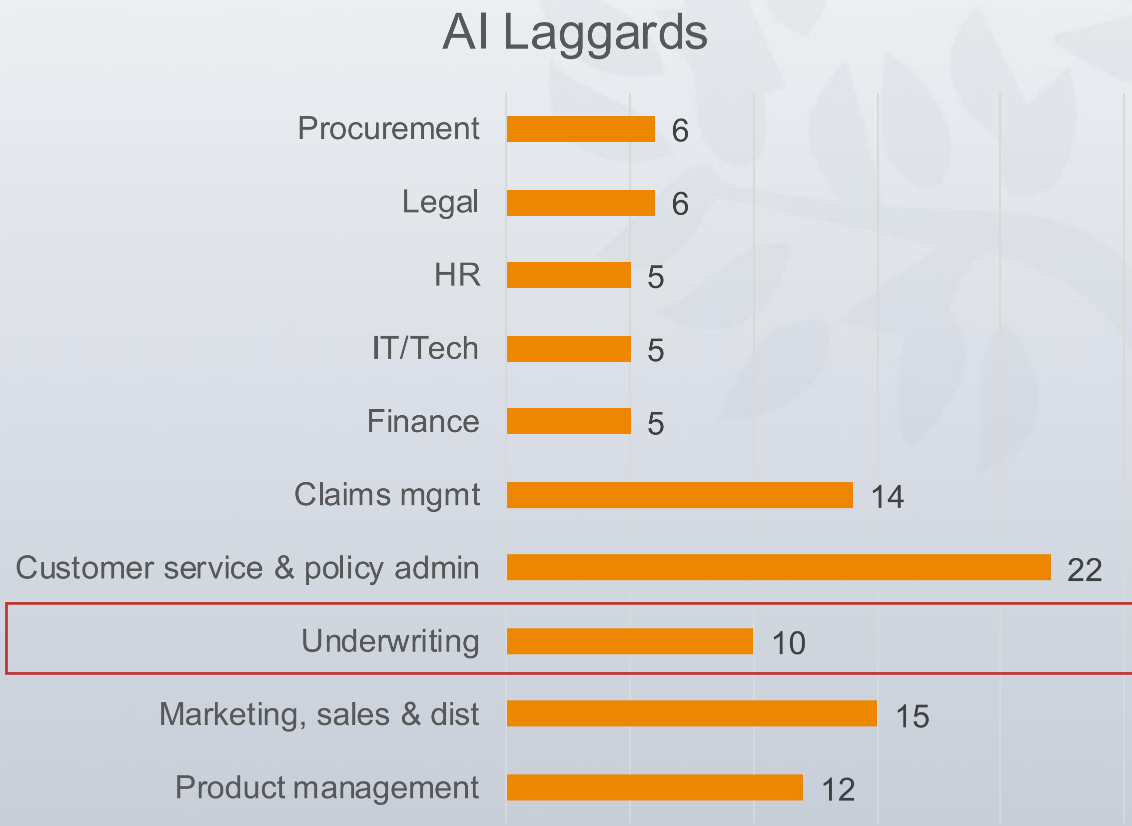
- AP Automation Impact: Saves 10 hours a week on reconciliation
- 60% use to manage risk and control
- B2B payments today for 60% but will rise to 70%
- 52% deployed for single use spending
- 50% reduction in fraud

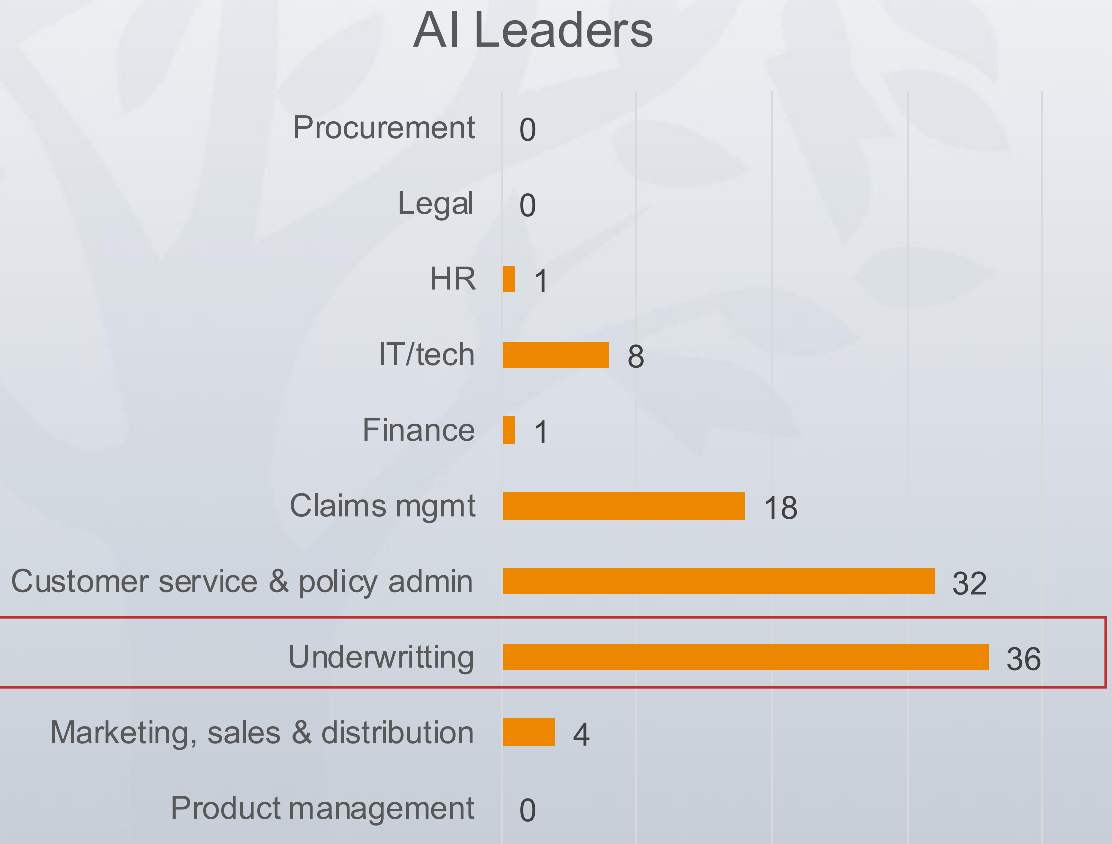
The next B2B payments growth engine: Large enterprise adoption driving virtual card usage

Source: Juniper Research, Mordor Intelligence, American Express.

Underwriting Is Where You Get Bang For Your AI Buck

The Share of AI value (revenue gains & cost reductions across functions %)



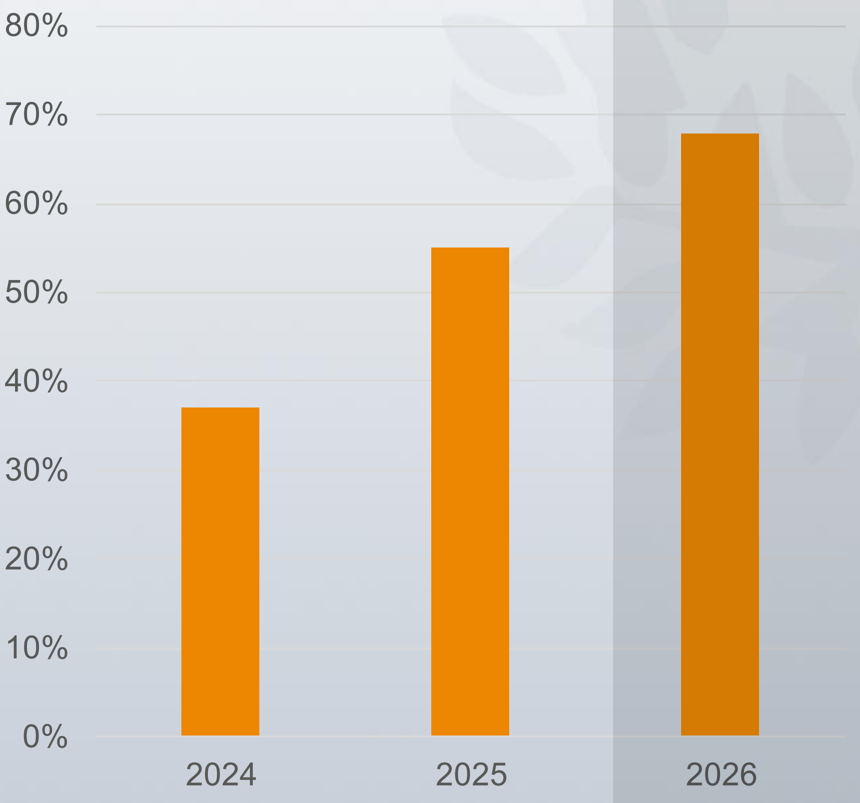


Clear disconnect: The AI leaders are embracing AI in core insurance functions

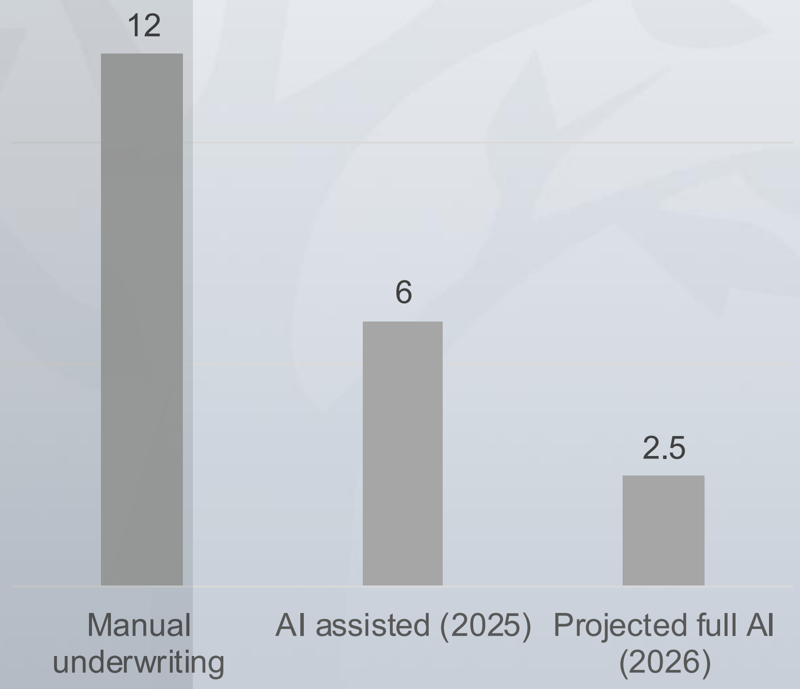
Source: BCG

The New Gatekeepers of Credit

% of lenders piloting or scaling AI



Average loan underwriting cycle (days)



By 2026, AI—not human loan officers—will decide the credit fate of millions

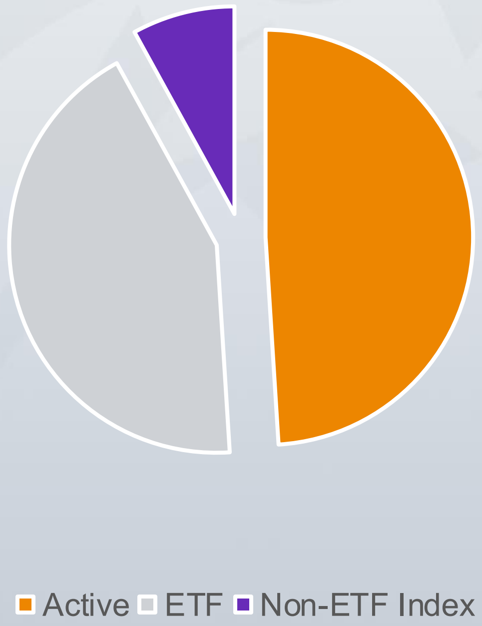
Source: Fannie Mae Survey, Sutherland Global, various case studies, Finch Analysis

FINCH CAPITAL

Infrastructure or Irrelevance: Why Advisors & Managers Must Spend To Survive

Fee compression wiped out nearly all the $58B (12%) gains in the wealth management industry

ETFs now make up nearly 50% of the world's biggest asset managers portfolio (% AUM at Blackrock)



If you're not redeploying ~5–10 bps of AuM annually into data, AI, cyber, and infrastructure, you're subsidizing your lower-cost competitors

Source: BCG Global Asset Management, Blackrock, Finch Capital Analysis

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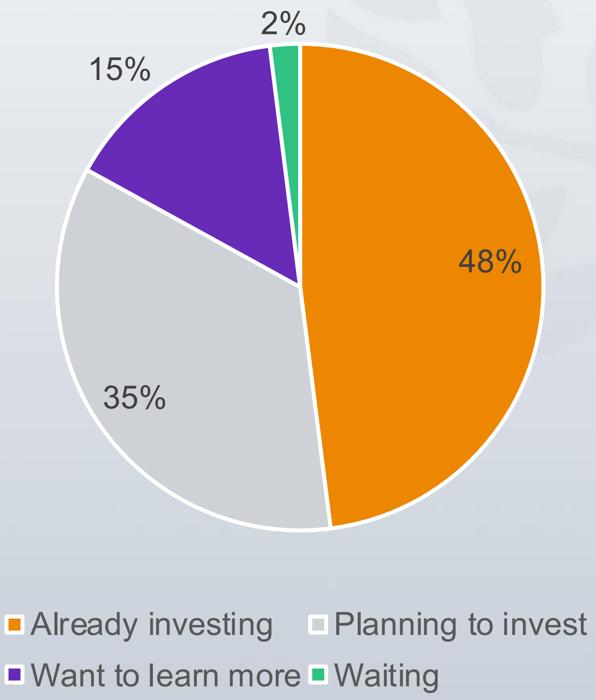
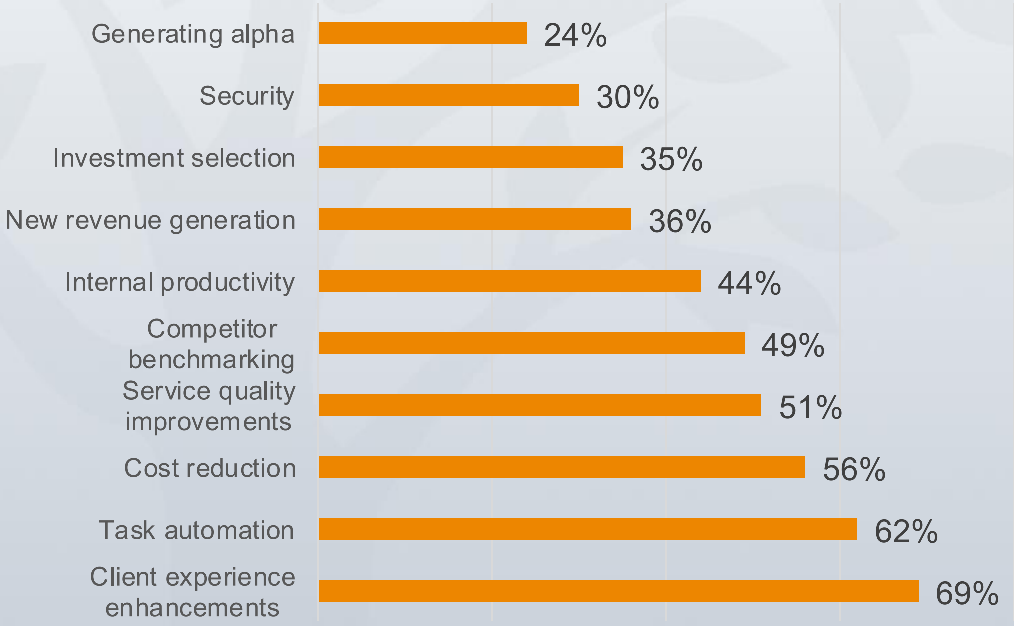
AI Is Managing Your Money…but Not To Generate You Returns

Wealth managers already exploring GenAI



Motivation to use GenAI



Wealth managers gain: Most of GenAI at wealth managers is being used to improve their margins

Source: EY-Parthenon Wealth and Asset Managers Generative AI Survey November 2023 (n=227).

FINCH CAPITAL

How Resilient Are Economic Models Of Challenger Banks For A Less Benign Macro?

Company	Revenue	Growth	Profit before tax		Profit impact	Product impact
Revolut	£3,200	72%	£1,100	1% decline in interest rate	15-20%	Savings product interest paid declines, interchange fee drop
OakNorth	£598	22%	£215		25-30%	SME lending spreads
ZOPA	£303	30%	£34		70-80%	SME lending spreads / unsecured
tandem	£99	9%	£4		80-90%	SME lending spreads / unsecured
Clear.Bank	£111	27%	-£4		15-20%	Yield / margin pressure on spread
Allica Bank	£292	68%	£29		30-40%	SME lending spreads / interchange

Quick to adapt: Challenger banks must move quick to diversify revenue streams as interest rate declines

Source: Finch Capital Analysis

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