



Financial Technology: The Buzz is Real

 @pitdesi

500 [FinTech]

How I got into FinTech

Nonprofit > Financial Institutions > Startups > VC



Sheel Mohnot

GENERAL PARTNER



- We are the most active early stage FinTech investor
- Running a FinTech accelerator in SF (20-25 companies per year)
- 500 FinTech fund “Financial Services for the rest of us”

Most Active Early-Stage Fin Tech Investors since 2012			
Rank	Investor	Rank	Investor
1	500 Startups	11	Index Ventures
2	Google Ventures	14	Kima Ventures
3	SV Angel	14	Collaborative Fund
4	Andreessen Horowitz	14	Boost.vc
5	First Round Capital	14	Atlas Venture
6	Spark Capital	18	Rothenberg Ventures
6	Bitcoin Opportunity Corp.	18	New Enterprise Associates
8	RRE Ventures	18	Lerer Hippeau Ventures
8	CrunchFund	18	Felicis Ventures
8	Accel Partners	18	General Catalyst Partners
11	Lightspeed Venture Partners	18	BoxGroup
11	Khosla Ventures	18	Data Collective

CB INSIGHTS

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We invest across many verticals & in many geographies

Lending



Blockchain



Crowdfunding



Insurance



Wealth/Investing



Financial Management



Payments/Transfers



Red outline > \$1B in value - Blue outline \$100m-\$1B in value

The background of the slide features a collage of US and Japanese banknotes. On the left, there are several US one hundred dollar bills, with the portrait of Benjamin Franklin visible. On the right, there are several Japanese ten thousand yen bills, with the portrait of Emperor Meiji visible. The text is overlaid on this background in a white, sans-serif font.

What is FinTech?

Using technology to make financial services more efficient

We invest in Startups:

Disrupting incumbent financial systems and corporations that rely less on software

OR

Enabling incumbents to better serve customers and/or reduce costs

EVERYWHERE

The image displays a central screenshot of the HSBC website, surrounded by a dense collection of logos for various fintech and financial services. The logos include: Saving Global, ffrees, osper, CENTRALWAY, SQUIRREL, nutmeg, wikifolio, eToro, borro, Bondora, HSBC, tink, CAPITAL, Zopa, LENDING WORKS, prêt d'union, Lendico, fruitful, LANDBAY, LendInvest, auxmoney, lendstar, TransferWise, CurrencyFair, Klarna, adyen, sum up, iZettle, BILLPAY, GOCARDLESS, PAYMILL, Property Partner, wonga, Spotcap, Funding Circle, FINEXKAP, fleximize, iwoca, capiota, Trade River, Ebury, Lydia, jusp, ensygnio, payleven, HOLVI, Money Dashboard, moni, transferGo, worldremit, and azimo. The central HSBC website screenshot shows navigation menus for Personal and Business banking, a search bar, and a main banner for international money transfer. Below the banner, there are sections for 'Discover products and services for your banking needs' and 'Get in touch' with contact information. The overall theme is the widespread availability of these services, as indicated by the word 'EVERYWHERE' at the top left.

Source: CB Insights

www.cbinsights.com @pitdesi

EVERYWHERE
1.2 billion people in Asia are unbanked



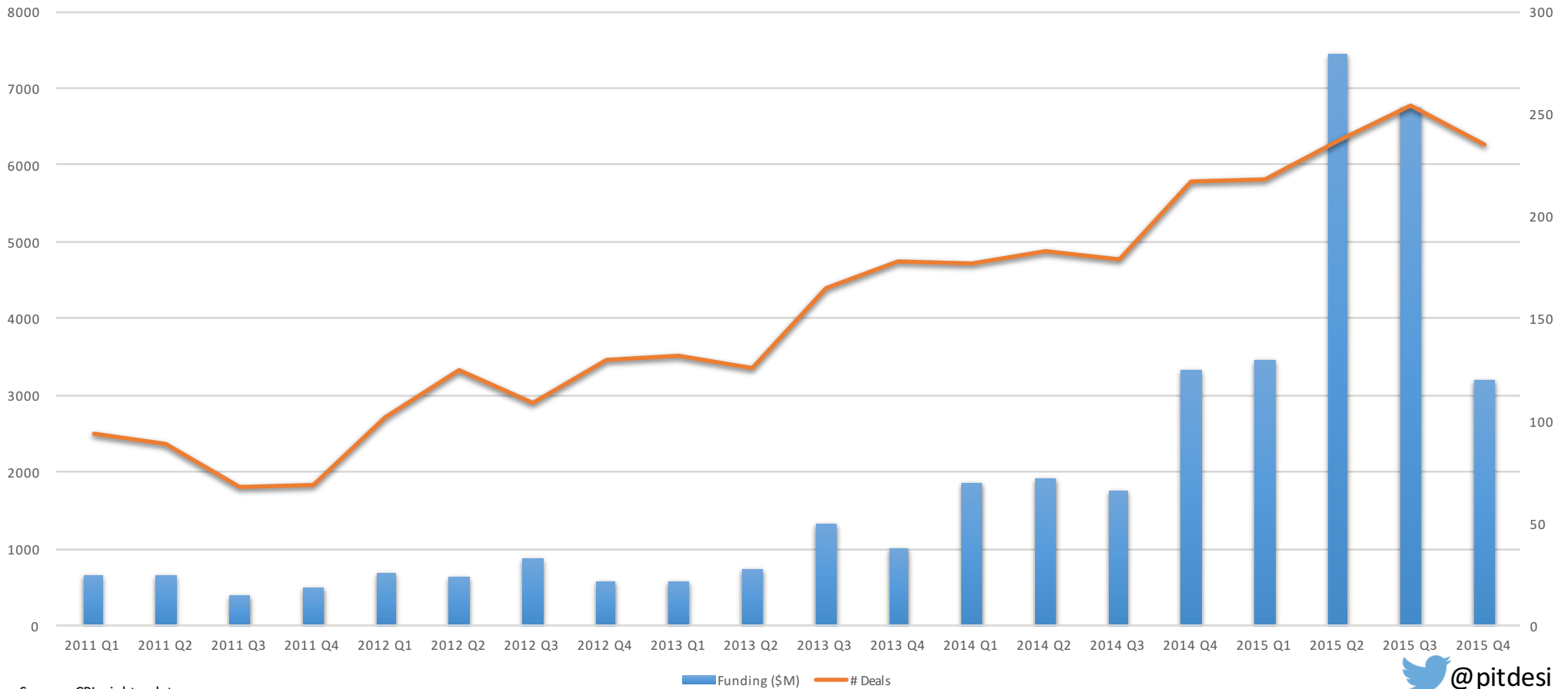
Source: LetsTalkPayments

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The Buzz is Real: Us VC's can't get enough of it

2015: \$21B in funding to nearly 1,000 FinTech startups, ½ in US

FinTech VC Activity: 2011-2015

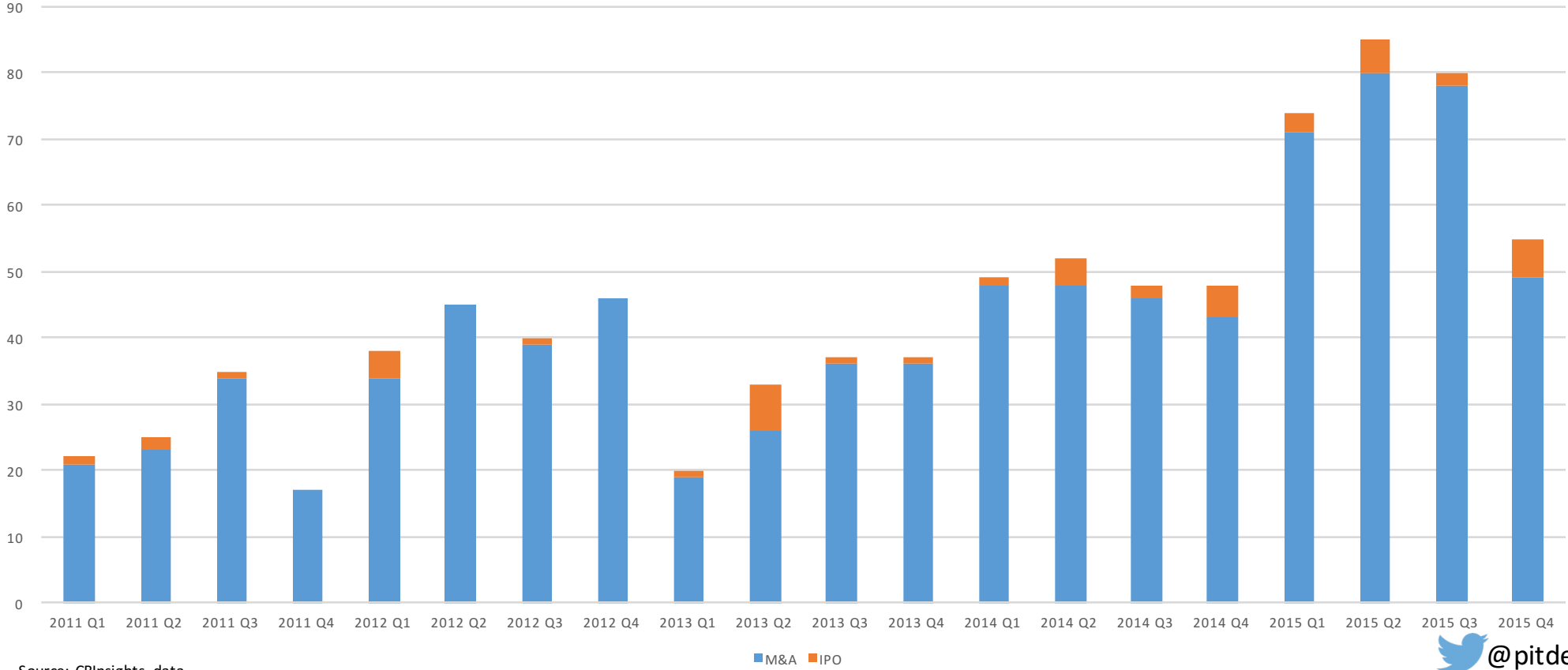


Source: CBInsights data



The Buzz is Real: Exits in the space are climbing 300 exits in 2015 vs 100 in 2011

FinTech M&A Activity: 2011-2015



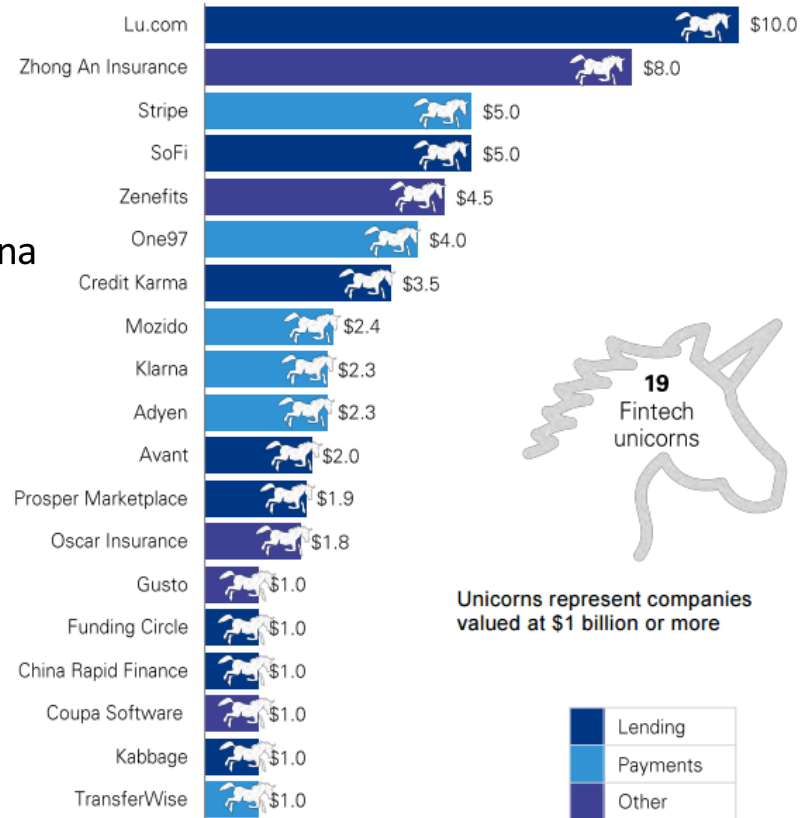
Source: CBInsights data

■ M&A ■ IPO



19 FinTech unicorns worth \$58B

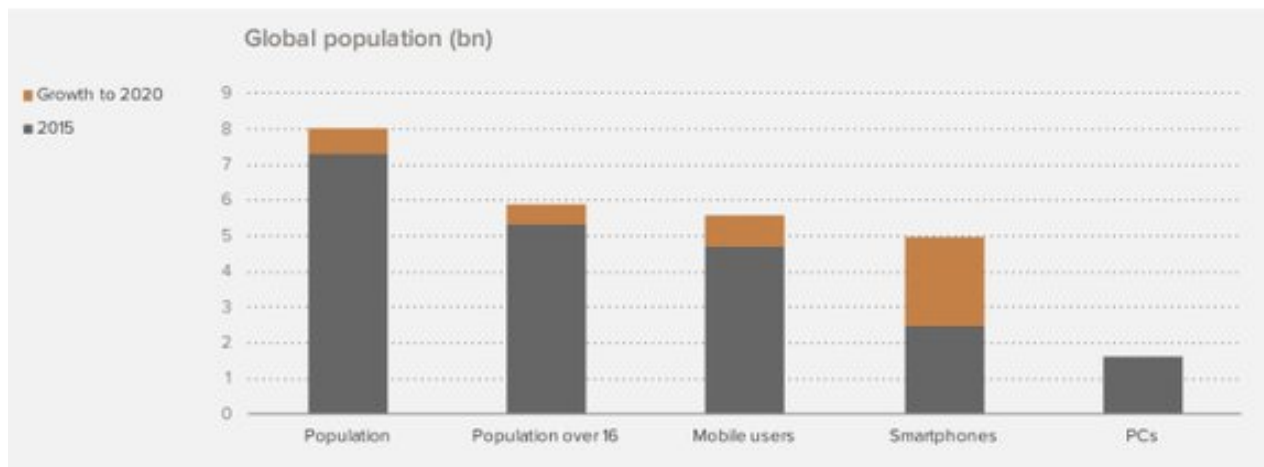
8 Lenders, 6 Payments companies
11 companies from the US, 4 Europe, 3 from China



Source: CBInsights data

So... The buzz is real –
Why is it?

- Financial services represent 17% of global GDP – or \$13T
- Less than 1% of loans are originated online
- Only 2.2 billion people have smartphones (5B in 2020)



Banks need to evolve to fit customer needs;
Some of them simply won't be able to

Global Financial Crisis changed many things

**30-40% of banking will be done by
tech companies in 10 years**

- Skype processes ~40% of the long distance minutes in the world right now
- Mobile carriers are just pipes – same can be true of banks: they are “just” deposit taking institutions

So how do you win in Financial Services?

- Utilization of emerging technologies
- Democratization
- Customer Experience
- Disaggregation



Don't get fooled – building FinTech isn't easy...

- FinTech businesses don't scale quickly
- Customer acquisition is hard to hack
- The sales cycles are very long
- Regulation is often difficult to overcome
 - Breaking the law=going to jail

Where we play in FinTech “Financial Services For The Rest Of Us”

- In developed markets startups are increasingly encroaching on traditional banking – especially with millennials & minorities
- In developing markets, they are leapfrogging traditional banking altogether
 - Falling cost of technology
 - Smartphone penetration going from 2.2B today to 5B in 4 years!
 - 1.2B unbanked customers in Asia alone

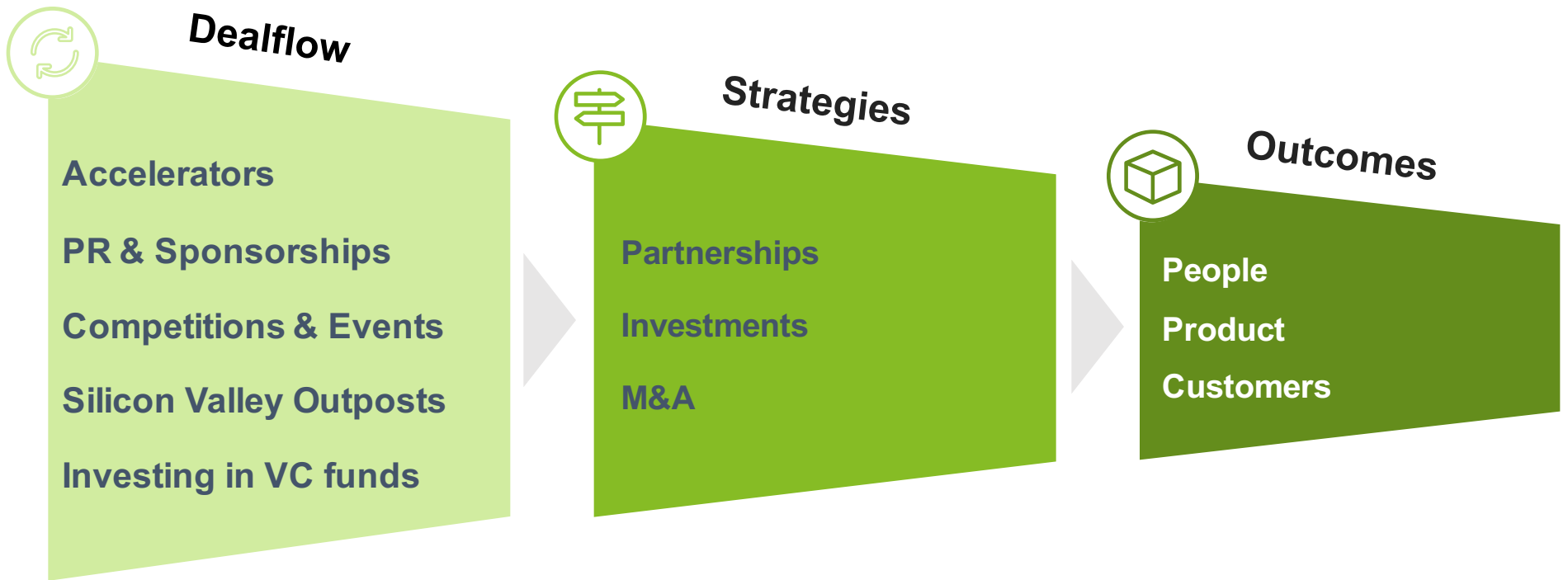
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- “Silicon Valley is coming. There are hundreds of start-ups with a lot of brains and money working on various alternatives to traditional banking.”
- Jamie Dimon
- CEO
- April 2015

Corporate innovation funnel

500



Questions? Comments? Want to know more? Find me



<http://500.co>

<http://500.co/announcing-500-fintech/>

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