Infographic: How Financial Services Companies Invest in Startups

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According to Gartner’s financial services startup database, almost 20% of fintechs and insurtechs received funding from incumbent banks and insurance companies. This infographic provides FSI CIOs with a benchmarking overview of the investment priorities of their counterparts in fintechs globally.
Understanding the Investment Patterns of the Financial Services Startup Landscape

It has become increasingly common for business and IT leaders of incumbent financial services providers to accelerate their own digital transformation efforts by investing in startups. This Infographic summarizes the investment patterns of the most active banks and insurers to provide executive leaders with insight from their industry peers into the priorities shaping investments in fintechs and insurtechs.

Who Are the Most Active Investors?

Almost 20% of all the startups listed in Gartner’s startup database received funding from incumbent industry players. One-quarter of these investments can be assigned to 10 banks and insurance companies, with Goldman Sachs being the most active organization.

In Which Segments Do Incumbents Invest the Most?

To better understand the startup investment landscape, business and IT leaders need to know which specific technologies, value chain categories and lines of business are most attractive for their industry peers. The below charts clearly show that there are significant
The below chart clearly show that there are significant differences between these taxonomies.

### Technology Categories
- Analytics: 10%
- Payment Processing: 7%
- Digital Customer Engagement: 6%
- API: 6%
- Online Lending Platform: 4%
- Artificial Intelligence: 4%

### Value Chain Areas
- Assistance and General Services: 16%
- Marketing and Sales: 12%
- Payments: 10%
- Compliance and Risk Management: 10%
- Financing: 6%
- Claims Management and Loss Prevention: 6%

### Financial Services Line of Business
- Property and Casualty Insurance: 19%
- Payments: 14%
- Corporate Banking: 9%
- Retail Banking: 8%
- Securities: 8%
- Cross Financial Services: 8%

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**Are There Any Startup Investment Hot Spots?**

It’s probably no surprise that startups in the United States have received the bulk of funding so far from incumbent industry players (almost 50%). Fintechs and insurtechs from the U.K., Germany, Canada and India follow on ranks two through five and received together 29% of the global funding from incumbents.

**What Investment Stage Are Startups In?**

Eighty percent of startups funded by incumbent industry players are in early investment stages from seed to Series D funding. According to our startup database, the bulk of those startups has been on the market for a little bit longer than six years.
About This Research

For this research, a financial services (FS) startup (fintech or insuretech) operates in one or more of the following three categories (see The Three Types of Fintech and How They Impact Technology and Service Providers):

- Complementor: Works alongside the FS companies to enhance their products and services by acting as ecosystem partners
- Competitor: Competes with incumbent players for their market share
- Catalyst: Is a technology provider that helps FS firms to compete with fintech market entrants

Gartner FS startup database is not an exhaustive representation of the FS startup market, but is a collection of a significant number of companies tracked by us to provide market trends. It also tracks the investments made by incumbent FS players making investments in startups directly or through their own venture capitalist (VC) arms, being referred to as FS VCs in this research. This Infographic provides financial services institution (FSI) CIOs with an overview of the top incumbent players investing in startups and the segments that received the most funding by them:

- Top technologies
- Top value chain areas
- Top lines of business
- Top countries where fintechs are founded
- Top investment stages

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How to Evaluate the Viability and Level of Disruption of Financial Services Startups

Understanding and Assessing Fintech Companies