**FEBRUARY 27, 2017**

## Blockbuster Deals in China Make Asia-Pacific the Leader in Global Fintech Investments, Accenture Analysis Finds

Fintech financing in Asia-Pacific more than doubled in 2016, to US$11.2 billion, with large deals in China pushing Asia-Pacific past North America and Europe

HONG KONG, LONDON and NEW YORK; Feb. 27, 2017 – Global investment in financial technology (fintech) ventures grew 10 percent in 2016, to US$23.2 billion, driven primarily by a wave of blockbuster deals in China, according to Accenture (NYSE:ACN) analysis of data from CB Insights, a global venture-finance data and analytics firm.

Fintech financing in Asia-Pacific in 2016 eclipsed that of North America for the first time, more than doubling, to US$11.2 billion from US$5.2 billion in 2015. North America attracted US$9.2 billion in fintech financing in 2016, and Europe attracted US$2.4 billion.

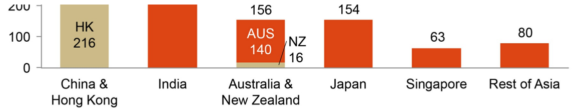
The number of fintech deals rose sharply in all major geographies, to nearly 1,800 from approximately 1,200 in 2015. However, the growth in total value of fintech investments was due mainly to China and Hong Kong, where just 3 percent of the deals accounted for nearly 43 percent of total fintech investment globally.

“Over the last five years, global fintech financing activity has grown by 56 percent per annum,” said Richard Lumb, group chief executive – Financial Services at Accenture. “For many years Silicon Valley, New York and London were the dominant centers of innovation and demand, but now fintech has spread like wildfire around the world, and Asia-Pacific has become the rising star. The swing of investment from west to east is largely driven by the greater opportunity for new entrants to use fintech to define the new fabric of the industry than in the west. As a result, global competition among fintech ventures has never been greater, and financial institutions that are equipped to tap these ventures for innovation are better positioned than ever.”

**China Dominated 2016 Fintech Investment**
China and Hong Kong alone accounted for US$10.2 billion, or 91 percent, of Asia-Pacific’s $11.2 billion in fintech investments in 2016, due to several blockbuster deals. In fact, all of the 10 largest fintech investments in Asia-Pacific last year were in China and Hong Kong; together those 10 deals accounted for 82 percent of all Asia-Pacific fintech investment in 2016.

Leading the deals was Ant Financial Services Group – the financial-services affiliate of e-commerce giant Alibaba Group Holding that operates China’s online-payments platform Alipay – which closed a US$4.5 billion fundraising round in April. Ping An-backed Lufax, which has started using the name Lu.com, completed a US$1.2 billion round of fundraising in January. In that same month, China’s second largest e-commerce company, JD.com, raised US$1 billion in new funding for its consumer finance subsidiary, JD Finance.

“Alibaba and JD.com were two major fintech investors this year, as they focus on providing their customers with end-to-end services including payments and lending,” said *Albert Chan*, managing director financial services China, *Accenture*. “Well aware that they’re facing disruption from outside the industry, many of China’s financial services companies are making investments in fintech companies and exploring cutting-edge solutions such as blockchain technology. The result is robust competition in payments and lending from non-traditional players and established financial institutions working collaboratively with startups to explore fintech solutions in other parts of the business.”




Note: : Investments value referred to only deals with amount reported by CB Insights
Source: Accenture Research analysis on CB Insights data

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**‘A year of uncertainty’**
While the number of fintech deals rose strongly in North America and Europe in 2016, the amount of overall investment declined. According to tracking data from CB Insights, the number of fintech deals outside Asia-Pacific in 2016 increased 48 percent, but the reported amount of dollars invested fell 24 percent. The U.K.’s decision to exit the European Union added to political uncertainty in key fintech markets, and the prospects for regulatory change in the financial sector were particularly pronounced during the 2016 U.S. election cycle.

“For mature fintech markets like Silicon Valley, New York and London, 2016 was a year of uncertainty,” Lumb added. “The build-up of momentum-capital, high valuations and pressure-tests on the business models of major fintechs dampened large investments in traditional fintech hubs. Political events raised questions about market access and opportunities for fintech ventures, and questions lingered about the economy with regard to interest rates and currency valuations. The outlook for fintechs remains bright, but many uncertainties will continue this year. And that will set a higher bar for performance among fintech ventures, particularly in the U.S. and UK. The winners will be those who understand how to tailor their innovations and compress their time-to-market and are able to leverage traditional financial institutions to their advantage.”

**Methodology**
Accenture’s analyzed fintech investment-data from CB Insights, a global venture-finance data and analytics firm. The analysis included global financing activity from venture-capital and private-equity firms, corporations and corporate venture-capital divisions, hedge funds, accelerators, and government-backed funds. The data ranged from 2010 through 2016. Fintech companies are defined as those that offer technologies for banking and corporate finance, capital markets, financial data analytics, insurance, payments and personal financial management.

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