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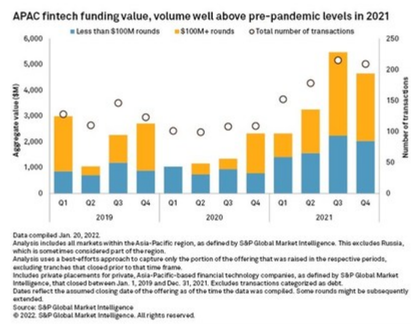
Robust M&A and funding outlook for APAC fintechs despite market volatility says S&P Global Market Intelligence's 2022 Asia-Pacific Fintech Market Report

GURUGRAM, India, March 8, 2022 /PRNewswire/ -- Looming interest rate hikes could toughen the venture capital environment, but fintechs with strong market positions will likely have no trouble attracting investors, according to the 2022 Asia Pacific (APAC) Fintech Market Report from S&P Global Market Intelligence.

The newly released report spotlights key trends in fintech investments, digital payments, and market dynamics between technology players and banks in the APAC region.



"The pandemic has strengthened the case for fintechs, and we believe that venture capitalists are likely to remain invested even as a market pullback clouds the outlook for IPO or blank-check exits," says **Celeste Goh, Fintech Research Analyst at S&P Global Market Intelligence.** "The uncertain market conditions ahead, however, may nudge investors toward mature fintechs that have demonstrated financial discipline and B2B companies, which tend to have better unit economics than their consumer-facing counterparts. As established fintechs have exhibited a propensity to acquire for growth when flush with liquidity, we expect a robust M&A outlook as these mature firms continue to draw in private capital."

Key highlights from the report include:

- **Venture capital investments in APAC-based fintechs surged to a record high of $15.69 billion in 2021, more than double the prior year's figure of $5.87 billion**. While this growth followed subdued funding activity in 2020, the 2021 figure also represented a 74% jump from 2019's pre-pandemic levels.
- **Payment companies ranked in the largest amount of funding, reflecting investors' bullishness in the sector as the region noted a huge surge in digital payments amid the pandemic.** In APAC, the uptake in cashless payments has largely come from non-card payment methods with fintech arms of large digital conglomerates increasingly taking market share.
- **Consumers' shift to mobile payments has adversely impacted banks, which have historically focused on growing their lucrative credit card businesses.** In 2020, we estimated that Southeast Asian banks lost $778 million in interchange revenue in Singapore, Malaysia, Thailand, and Indonesia as credit card activity took a hit, while Indian banks lost $524 million in fiscal 2021 ending March 31, 2021.
- **In response to the potential threat of banks being disintermediated in the payment value chain, central banks across several countries in the region have launched interbank systems for retail payments to help incumbents stay relevant.** While real-time payment systems may help lenders wrestle back market share in payments, the low transaction charges and waiving of fees in these payment schemes limit revenue opportunity.
- **While fintechs may be encroaching on banks' turf, incumbents seem to have recognized that maintaining a collaborative relationship with the technology players may be their best bet at staying competitive**. Over the years, large APAC banks have been increasing their investments in fintech companies in hopes of tapping new customer segments and revenue streams.

To request a copy of the 2022 APAC Fintech Market Report, please contact pressinquiries.mi@spglobal.com.

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