



Singapore FinTechs off to a flying start in 2021

Raising over half a billion dollars in equity funding following a record year in 2020 and the approval of four digital bank licenses.

By Jason Han, Guglielmo De Stefano, Ian Loh and Pauline Wray

“We’re happy to see that Singapore Fintechs continue to attract increasing amounts of funding and we see this trend continuing even stronger in the future. The fertile ground created by the progressive Singapore regulators, as well as the network effect and collaborative ecosystem offers a unique environment for visionaries and entrepreneurs to build and grow their Fintech businesses out of Singapore, and SFA is working to provide even more support in the journey.”

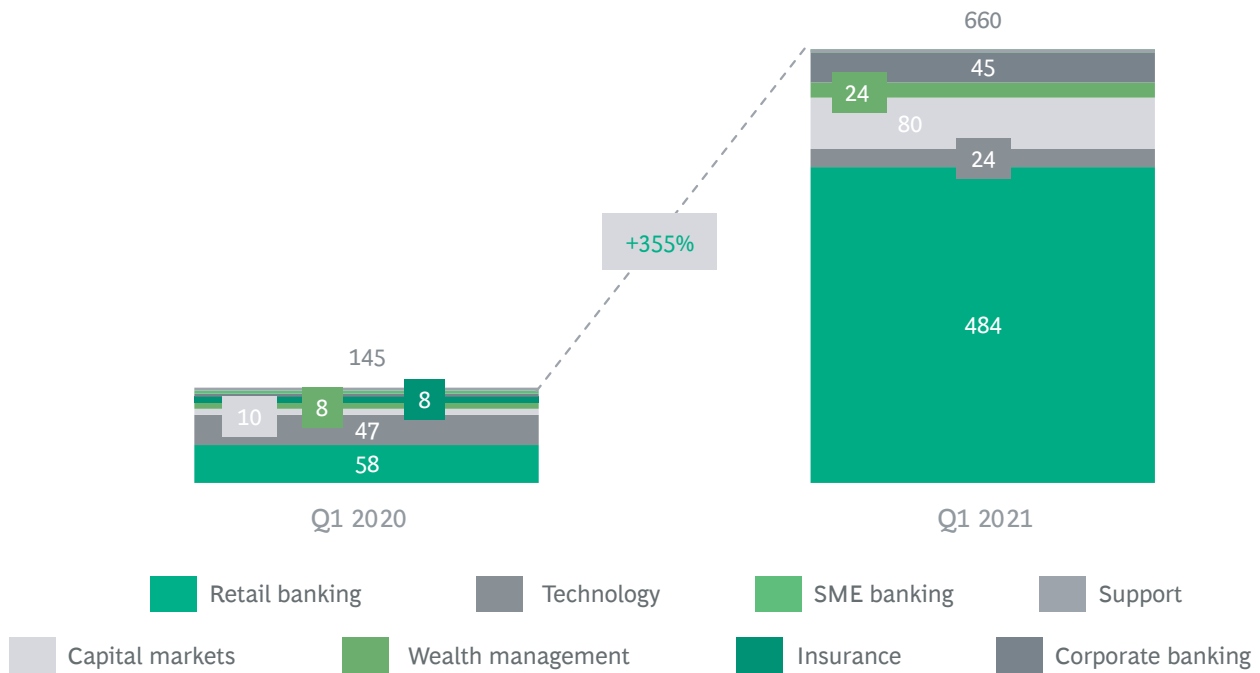
**— Shadab Taiyabi, President of the
Singapore Fintech Association**

2020 marked the fifth anniversary of Singapore’s bold move to create the world’s leading FinTech Festival. Today, Singapore is recognised as one of the world’s leading FinTech hubs.

Funding data shows homegrown FinTechs raised ~\$656M in equity funding in Q1 this year. This is 355% higher compared to Q1 of last year, and already amounts to ~46% of total funding raised in 2020. This large figure is in part driven by Grab Financial Group’s Series A round of over SG\$417 million in January to continue building its Digital Financial Services.

Other large rounds include S\$41 million Series B rounds in Xfers, a payment processing gateway designed to offer credit card processing and internet banking transfers, as well as imToken, a DLT-powered, decentralized digital wallet and exchange, and a S\$23 million Series A round in Endowus, an MAS-licensed platform allowing users to invest their CPF and Supplementary Retirement Scheme (SRS) money as well as cash. *Overall* FinTechs operating in the business lines of Retail Banking, Capital Markets and Technology have gained the strongest funding traction in 2021 so far. ([see Exhibit 1](#))

Exhibit 1 - Equity funding amounts Q1 2020 vs Q1 2021, S\$ million

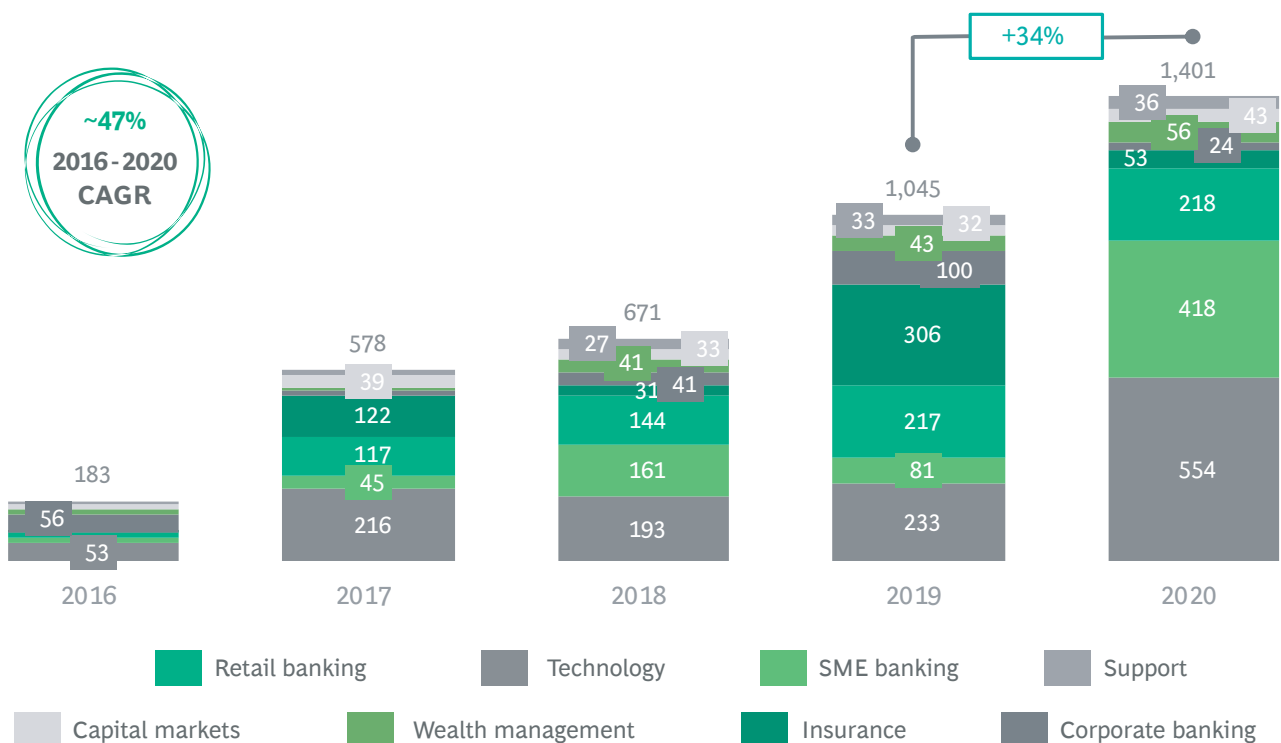


Source: BCG FinTech Control Tower

This stellar start to 2021 comes on the back of a record-breaking year for FinTechs in Singapore. In 2020 (see Exhibit 2), FinTechs raised a resounding ~\$1.4 billion in equity funding, representing the highest annual amount

ever despite the outbreak of COVID-19. More impressively, this comes after 5 years of accelerated growth in equity funding for the local FinTech ecosystem, with a CAGR of 47% observed between 2016 and 2020.

Exhibit 2 - Equity funding amounts by business line, S\$ million



Source: BCG FinTech Control Tower

The largest three rounds of 2020 (see Exhibit 3) include a S\$396 million round in AMTD Digital, a Singapore subsidiary of investment banking firm AMTD Group which aims to connect a variety of Asian markets and create a one-stop digital solutions platform, an undisclosed Series C round in digital cross-border money transfer platform NIUM and a S\$41.7 million Series C round in peer-to-peer lending platform Funding Societies.

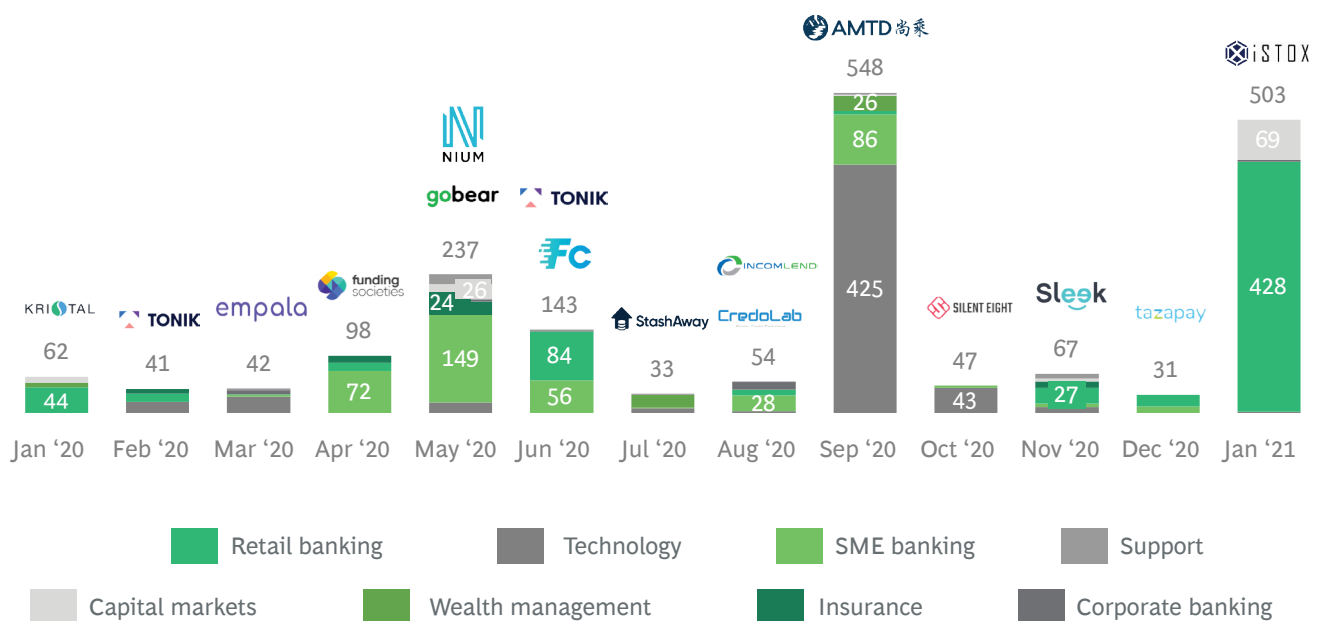
“What we’ve seen in 2020 is the acceleration of existing trends in FinTech, which has been bolstered by significant increases in investment and capital available in the region in recent years. We were likely going to get to this point in FinTech adoption eventually, but necessity has forced change almost overnight in some areas. For example, in terms of how people purchase goods, lockdowns have forced the adoption of cashless payment options.

FinTechs were able to pivot and adapt quickly to deliver specialized services that customers needed. As a result, investor interest has continued to be strong in FinTech companies.” – Amra Naidoo, co-founder and general partner of Accelerating Asia

In a strong sign that Singapore’s FinTech ecosystem is gradually maturing, five Series C rounds were raised in 2020. This included for NIUM, Funding Societies, AI-powered fraud prevention platform Advance.ai, digital wealth management platform StashAway and core banking platform MatchMove. Hailing from a range of business lines, this demonstrates the rich diversity of FinTechs which are flourishing in Singapore.

Mr Sopnendu Mohanty, Chief FinTech Officer of the Monetary Authority of Singapore, said, “The record investment in the FinTech sector in 2020 demonstrates the depth and growing maturity of Singapore’s FinTech ecosystem. Despite the challenges brought about by COVID-19, the FinTech sector, with the support from various resiliency programs, leveraged the fast-growing digital shift of the Asian economy to anchor itself on a sustainable path of growth.”

Exhibit 3 - Equity funding amounts by business line in 2020-2021¹, S\$ million



Source: BCG FinTech Control Tower

Note: The logos represent selected examples of FinTechs with large fundraising rounds in the relevant month.

¹As of Jan 31st, 2021.

In addition, 2020 registered a number of FinTech M&A deals, such as:

- AMTD Digital's three strategic acquisitions of blockchain-powered price comparison app PolicyPal in March 2020, QR-powered digital payment service provider FomoPay in July 2020 and blockchain-powered primary issuance platform CapBridge in June 2020;
- Grab's acquisition of Bento, a B2B robo-advisor and digital wealth technology provider, bringing retail wealth management and investment solutions to its ecosystem of users; and
- Full stack digital life insurer Singlife's acquisition of ~75% of Aviva Singapore; by joining forces, the two companies aim to build a strong brand, combining Singlife's technology with Aviva's industry experience.

"2020 has proven that Singapore has succeeded in being recognized by investors as well as entrepreneurs as a global FinTech hub with a vibrant sustainable ecosystem." – Melissa Guzy, Co-Founder and Managing Partner of Arbor Ventures

The FinTech scene in Singapore is set to grow from strength to strength, as it welcomes a new era of digital banking. Singapore recently became the first country in Southeast Asia to issue digital banking licenses, with the aim of harnessing new technologies to improve financial inclusion, drive innovation and encourage competition.

The announcement attracted strong interest in these licenses, with 21 applications submitted featuring consortiums of established firms from across financial services, telecommunications, e-commerce, and other industries. Four license winners were announced at the end of 2020:

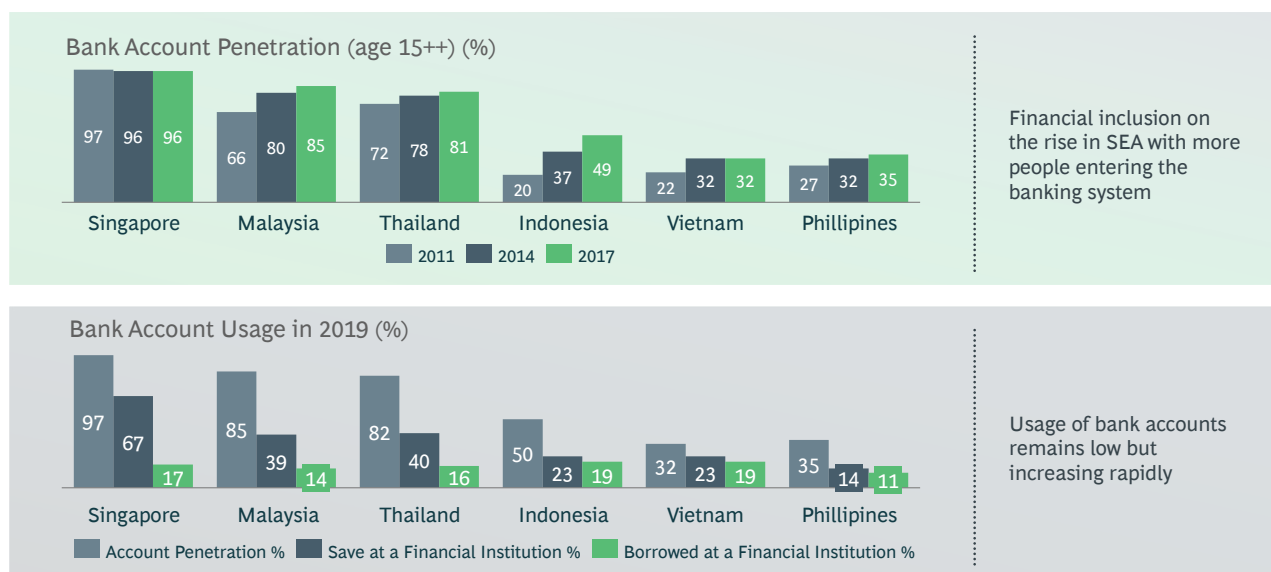
- Two Digital Full Bank licenses to a Grab-Singtel tie-up and consumer internet company Sea
- Two Digital Wholesale bank licenses to China's Ant Group and a consortium comprising Greenland Financial Holdings, Linklogis Hong Kong, and Beijing Co-operative Equity Investment Fund Management

All eyes will be on these players as they set their sights on capturing the large share of unbanked digital savvy customers in the wider region. (see Exhibit 4)

"International players view Singapore as a strategic gateway to the region due to the availability of capital, favorable business environment, strong technology and banking talent pool, and a robust licensing application and vetting process which provides successful applicants with a credibility "brand premium".

While the Singapore market alone is relatively small, the large underbanked and unbanked population in the region is a huge opportunity. With an emerging middle class and a young and digitally engaged demographic, neighboring countries are attractive markets for digital services." – Pauline Wray from BCG FinTech Control Tower

Exhibit 4 - Tremendous opportunity to serve the unbanked and underbanked across the Southeast Asia region



Source: IMF, BCG Analysis, BCG FinTech Control Tower, Singapore FinTech Association

“For a business like Tyme that is focused on digital banking in South East Asia, Singapore is the perfect home base. In our recent fundraise of US\$110m, we were delighted to see the enthusiasm for Singapore from all of our investors. The regulatory environment and many benefits the Singapore government offers to FinTechs is creating an ecosystem of players here in Singapore that drew us to the city.” – Coen Jonker, Executive Chairman of Tyme

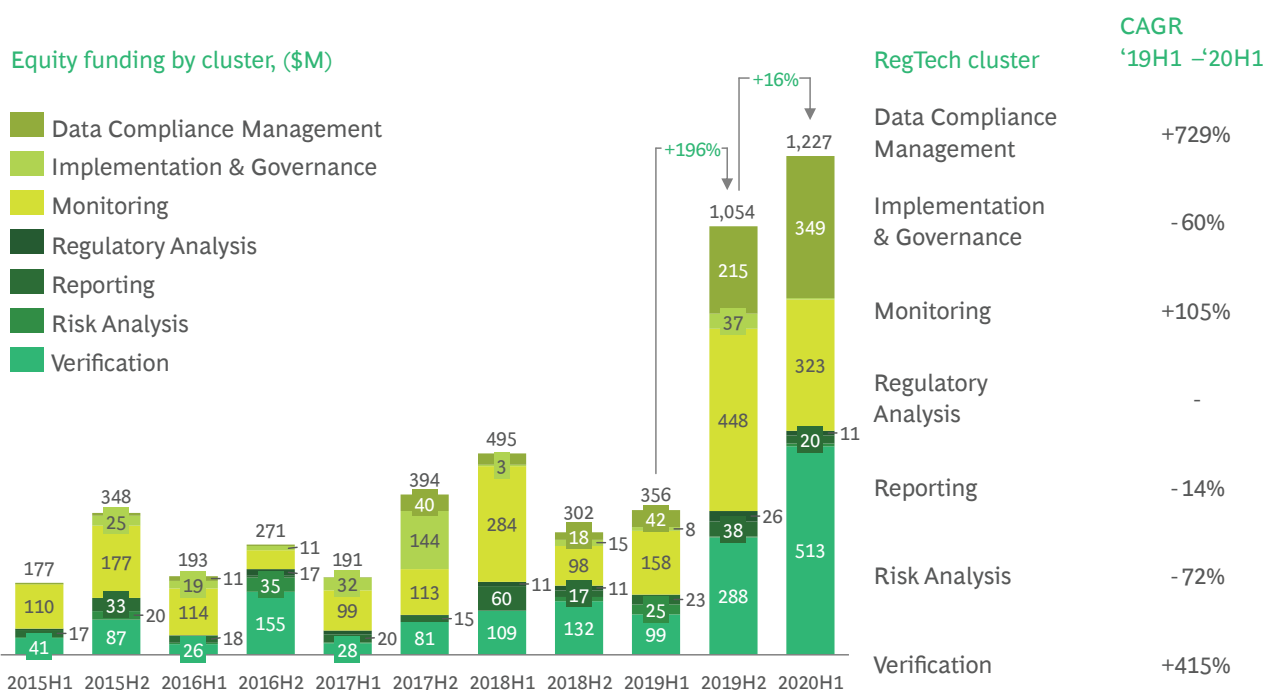
Adding to this momentum is the MAS announcement* on 30 April 2021 committing S\$42 million towards a RegTech grant scheme, while enhancing the Digital Acceleration Grant Scheme (DAG).

- A two track RegTech grant scheme:
 - Under the *pilot track*, FIs can seek funding to pilot potential RegTech solutions before embarking on full-scale integration of the product into its operating environment. Funding for this track will be capped at S\$75,000
 - Under the *production level project track*, FIs can seek funding to develop larger scale customised projects that can be fully integrated into the FI’s systems. Funding for such projects will be capped at S\$300,000”

- An additional funding of \$30 million for the existing Digital Acceleration Grant scheme (DAG), to encourage the industry to adopt digital solutions that enhance productivity, cyber security, and operational efficiency

“The RegTech grant scheme will ensure a thriving RegTech ecosystem not just from a supply side but also from the demand side. Despite COVID-19, RegTechs have had significant success with fundraising and are achieving scale. A virtuous cycle of mutual enablement is happening across an ecosystem of RegTechs, Banks, Insurers, FinTechs and Supervisors. The explosion of data, continued digitalization and the rising complexity of regulation and cost of compliance are amongst the key drivers for organizations using RegTechs to more efficiently and effectively carry out Risk, Compliance and even Supervisory duties. Singapore rises firmly to the challenges of the digital age by supporting the proliferation of such start-ups.” – Pauline Wray, Co-Head BCG FinTech Control Tower

Exhibit 5 - Despite COVID19 uncertainty, '20H1 investments grew by a further 16% on top of record funding in '19H2



<https://www.mas.gov.sg/news/media-releases/2021/mas-commits-42m-to-spur-adoption-of-technology-solutions>



Methodology

BCG FinTech Control Tower worked closely with the Monetary Authority of Singapore to analyse Fintech equity funding data from Crunchbase, Dealroom, Venture Capital Insights and interviews with FinTechs and VCs. FinTech companies are defined as those that offer financial services directly or provide enabling technologies to financial institutions, facilitating the provisioning of financial services.

About the Authors

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BCG FinTech Control Tower (FCT) is a research-focused unit developed jointly by the Boston Consulting Group (BCG) and Expand Research. The FCT identifies initiatives, technologies, and companies that matter most in today's FinTech ecosystem and assesses their impact. We engage directly with financial institutions, regulators, industry stakeholders and innovators via bespoke consulting services, deep-dive industry reports as well as a self-service FinTech intelligence platform which will launch shortly. Through gathering data on FinTechs via data providers and primary interviews, we map players based on a proprietary taxonomy based on their businesses, product offerings and more. For more information, visit us at www.fintechcontroltower.bcg.com

** Note: An exchange rate of \$1.39 USD/ SGD has been applied for all numbers presented in this article.*

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