

Nordic Fintech Investment Environment 2024

A report on the early-stage fintech, VC
investment environment in the Nordics

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Introduction



This report explores the early-stage venture capital (VC) fintech ecosystem in the Nordics. By examining the market dynamics, investment trends, and regulatory environment, this report aims to provide a comprehensive overview of the factors fueling the growth of fintech in the Nordic region, offering insights into its future potential and global impact.

In addition, the report will dive into the profiles of the founders behind the funded-fintechs, focusing on previous work experience and education, offering a comprehensive view of the people driving innovation in the fintech space.

The report is written by, and based on data provided by Copenhagen Fintech, EIFO and Signal Analytics.

The partners behind the report



Copenhagen Fintech is a non-profit innovation hub founded in 2016 in Denmark, with the mission to foster innovation within the financial sector, by building a thriving fintech ecosystem.



Export - and Investment Fund of Denmark (EIFO) is the national promotional bank and export credit agency of Denmark combined in one financial institution. Active in over 100 countries, and with a total business volume of more than EUR 20 billion, EIFO provides financial solutions for Danish companies and their global partners, while also investing in startups and funds.



Signal is an intelligence platform for data-driven VC and PE investors focused on identifying, monitoring, and screening high-potential investment opportunities. Powered by state-of-the-art machine learning models, Signal automates the demanding tasks of sourcing and screening, including tracking emerging companies, new founders, new products, and investor interest. With real-time updated insights, Signal ensures that investors always have the most current information at their fingertips.



Market overview



The Nordic fintech sector has experienced varying levels of growth over the years.

The highs and lows of Covid 19

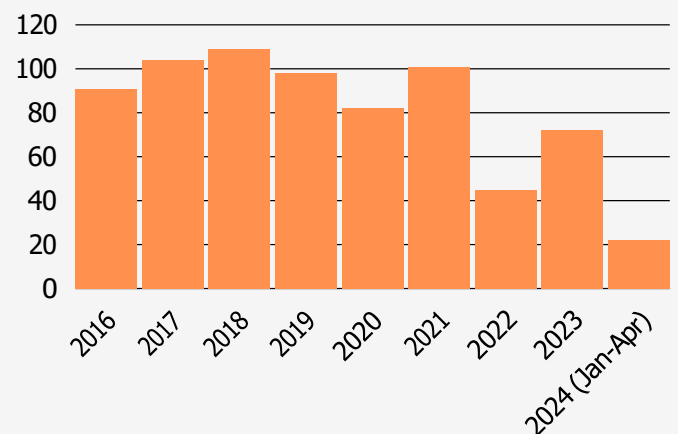
2019 & 2020, the COVID-19 pandemic, and its subsequent economic uncertainty and a more cautious investment climate, caused the number of fintechs to decrease. However, in 2021, the sector saw a significant rebound, driven by accelerated digitisation due to the pandemic, and increased consumer adoption of digital financial services.

Economic uncertainty (and recovery)

In 2022, fintech took a big hit, due to global economic uncertainty and tighter venture capital funding. However, the modest recovery of fintechs founded in 2023 indicates slight improvement and renewed investor interest, reflecting a market correction where only the most promising fintechs are being founded amidst a more cautious investment

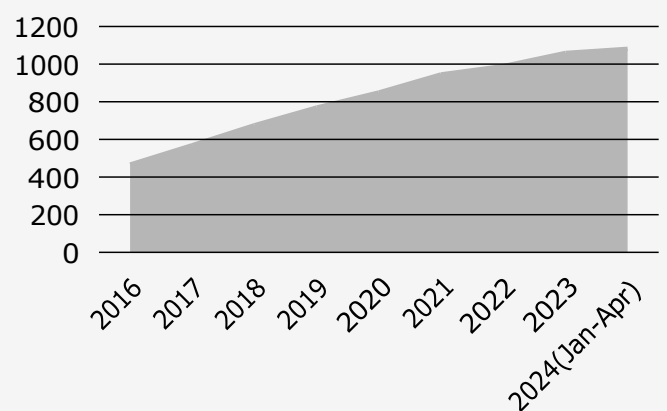
environment. Despite fluctuations in the number of fintechs founded yearly, the overall growth trajectory is positive, indicating a maturing and expanding fintech ecosystem.

Number of fintechs founded each year



Number of fintechs founded each year in the Nordic countries, based on the Nordic Fintech mapping database.

YoY growth of fintechs in the Nordics



Accumulated number of active fintechs each year in the Nordic countries, based on the Nordic Fintech Mapping database.

The Nordic Fundraising Scene

The region for early-stage funding?

Despite a challenging global macroeconomic landscape and a slowdown in private equity since the highs of 2021, the Nordic venture capital (VC) market has shown resilience, with a strong recovery in 2023. In Denmark alone, investment activity (sum and number of investments) had already surpassed that of 2023 by end of Q2 2024. This puts the Nordics ahead of other regions globally, where the curve globally is somewhat flatter.

The trends in fundraising for Nordic fintechs over the past 12 months have shown a significant focus on early-stage investments, with a surge in seed and Series A funding rounds - indicating an interest from investors in backing innovative and disruptive fintech solutions from the start.

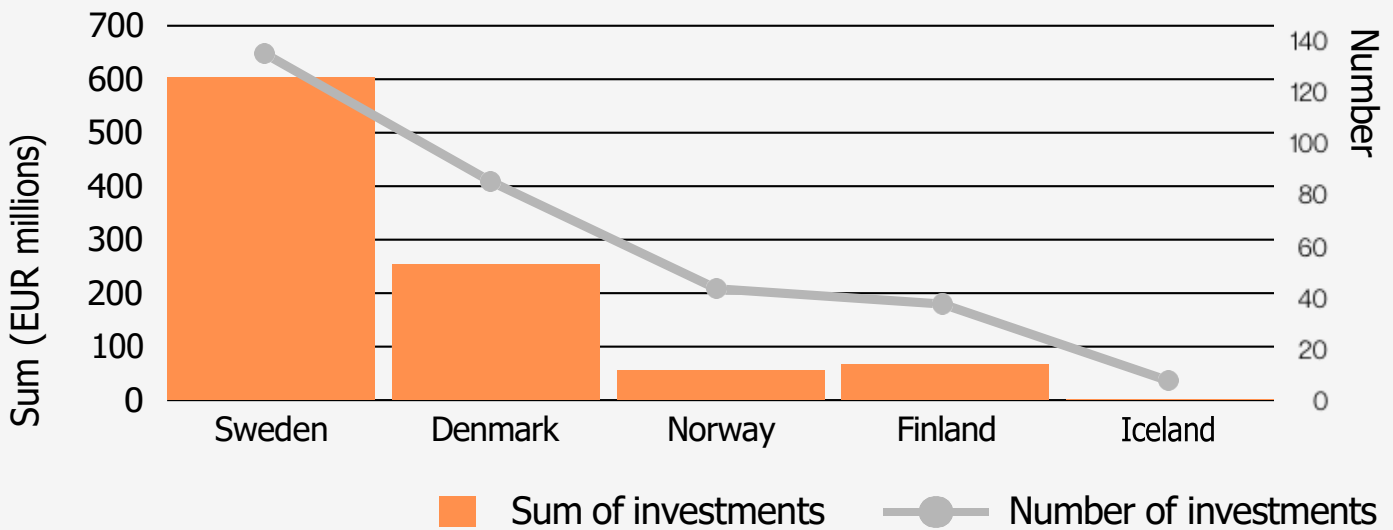
Due to this, **this report will cover fintechs founded between 2019 and until April 2024, who have raised VC funding within the Nordics.**

40%

of Nordic fintechs founded since 2019 have received VC funding

Across the Nordics, 420 fintechs have been founded between 01/01/2019 - 30/04/2024, of which 168 have raised at least one funding round. These numbers suggest that nearly half of fintech startups have gained enough traction to attract investment. This positions the Nordics as a competitive player in the global fintech scene, particularly in fostering early-stage innovation.

Number and sum of investments per country



Number and sum of investments into each Nordic country. Based on data by EIFO and Copenhagen Fintech on Nordic VC-funded fintechs founded 2019+.

Sweden and Denmark stand out in the Nordics in terms of investment activity in early stage fintechs. This can be attributed to the regions' larger domestic markets, creating more opportunities for fintech companies to scale and achieve profitability. Stockholm (Sweden) and Copenhagen (Denmark) are prominent financial hubs, with a dense population of startups and investors. In addition the concentration of VCs, incubators, and accelerators in these cities makes them attractive hubs for early-stage fintechs.

Sum of investments per capita:

Population (millions):

57.3 🇸🇪	10.53
42.5 🇩🇰	5.95
11.8 🇳🇴	5.58
10.1 🇳🇪	5.52
5.12 🇮🇸	0.39

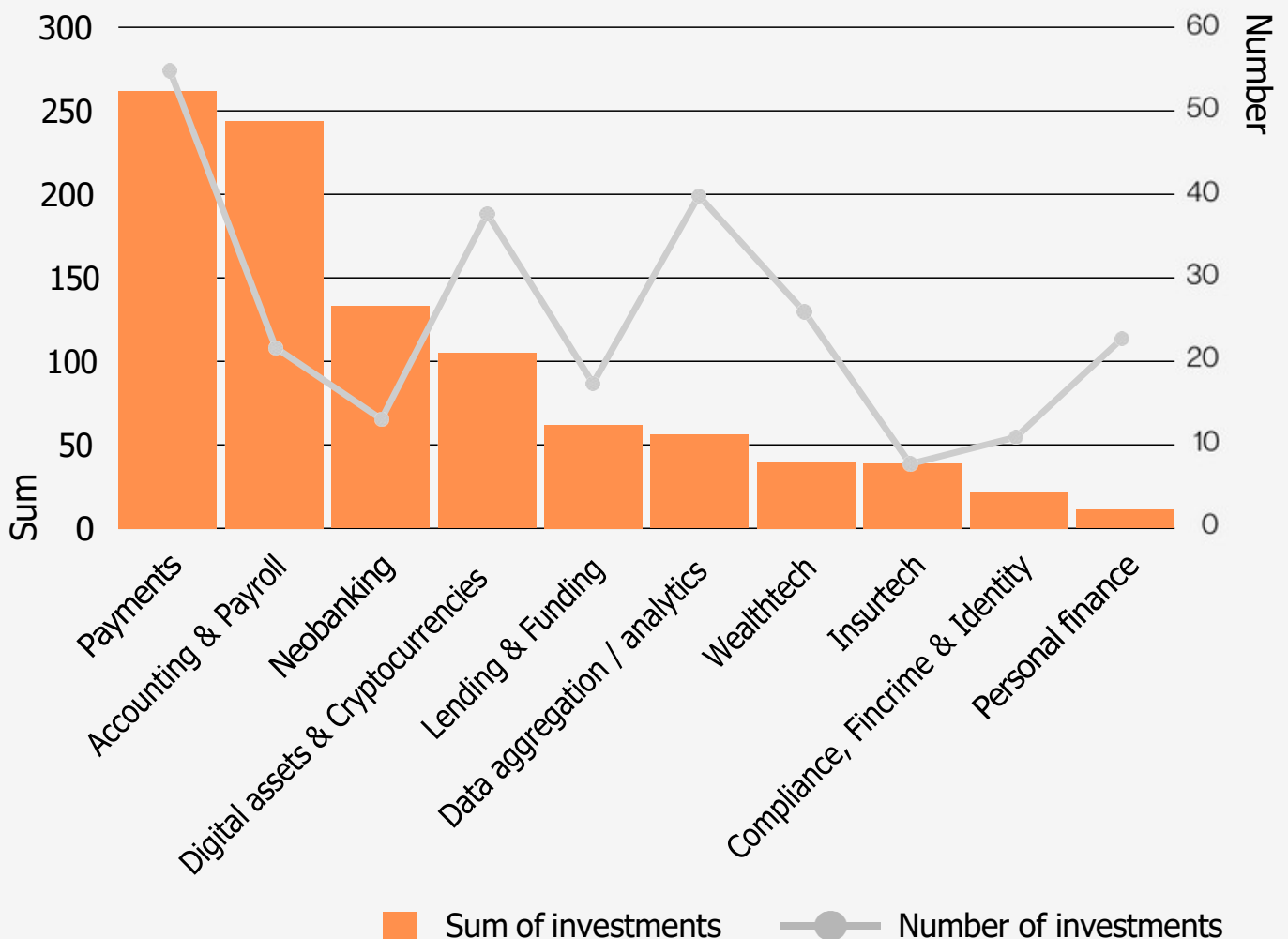
Sum of investments per capita into each Nordic country. Based on data by EIFO and Copenhagen Fintech on Nordic VC-funded fintechs founded 2019+. Population according to World Bank Open Data.

Which trends and technologies are driving fintech investments in the Nordics?

- Payments
- Accounting and payroll
- Neobanking
- Digital assets & cryptocurrencies
- Wealthtech

Over the past 5 years, there have been some clear trends in which fintechs have received more VC funding - with the above 5 categories coming out on top in terms of sum and number of investments.

Number and sum of investments in each fintech category (EUR millions)



Number and sum of investments into fintech categories defined by Copenhagen Fintech. Based on data by EIFO and Copenhagen Fintech on Nordic VC-funded fintechs founded 2019+.

Payments as a leader in early stage fintech investments

A key trend in the Nordic fintech landscape is the growth in the digital payments sector. The region's strong digital infrastructure and high smartphone penetration rates have created an ideal environment for fintechs to introduce innovative payment solutions. As such, the number of payment fintechs entering the scene has accelerated rapidly since 2019, and in turn, so has the number and amount of investments into them - making it the most invested in early-stage fintech category in the Nordics.

Payments currently make up 36% of the top 5 rounds within the scope of this report - with Brite Payments and Flatpay raising on average EUR48.6 million across Series A and B rounds - significantly above the average values for such rounds.

Digital assets & cryptocurrencies

Digital assets, including cryptocurrencies and blockchain technology, have attracted a significant number of investments. The growing interest in decentralized finance (DeFi), non-fungible tokens (NFTs), and other blockchain applications has fuelled a surge in startups in this space. However, the regulatory environment for digital assets is still unclear in the Nordics, making investors cautious about pouring huge amounts into this space until there is more certainty. Therefore, the relatively smaller deal sizes suggest a more cautious and diversified investment approach.

Wealthtech

Wealthtech, which includes robo-advisors, online trading platforms, and investment management tools, has seen a high number of small ticket investments. Customers are seeking more accessible and cost-effective ways to manage their wealth, and therefore the early stage fintech scene is full of such solutions. In addition, wealthtech startups often require less capital to scale compared to other sectors, therefore, many of these companies grow incrementally by adding features and expanding their user base, attracting steady, but not massive, investment rounds as they develop.







Accounting and payroll

Fintechs focused on accounting and payroll solutions have consistently secured significant investment rounds, as these solutions are crucial for businesses of all sizes - automating essential functions that were previously time-consuming and error-prone. Investors consistently see value in these B2B solutions, especially as businesses increasingly move to more digital and automated processes. Accounting and payroll makes up 51% of top 5 rounds within the scope of this report, with Juni raising EUR 90.9 million and EUR 47 million across its Series A and B rounds, respectively.

Neobanking

Behind payments and accounting and payroll solutions, neobanks have received some of the largest funding rounds within the early stage environment. With their digital-first approach, neobanks offer a compelling alternative to traditional banking, especially for younger, tech-savvy customers, and as such are growing in popularity. However, the capital-intensive nature of building a banking infrastructure, acquiring customers, and scaling operations requires substantial investment, which is reflected in the large (but fewer) funding rounds.

Top 10 deals (amount raised, EUR million)

€90.9		Juni
€54.5		Brite Payments
€47.0		Juni
€45.0		Flatpay
€36.0		Moralis
€27.0		Majority
€24.5		Majority
€23.0		Lassie
€20.5		kompasbank
€19.5		Juni

Top 10 deals based on amount raised in one round, as well as corresponding fintech category. Based on data by EIFO and Copenhagen Fintech on Nordic VC-funded fintechs founded 2019+.

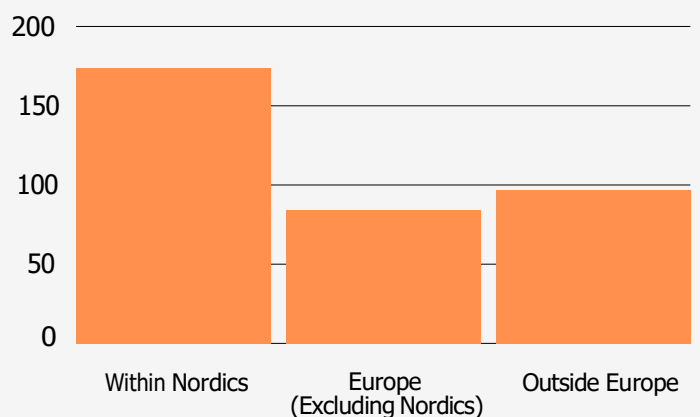
Investor profiles



Nordic investors leading the way

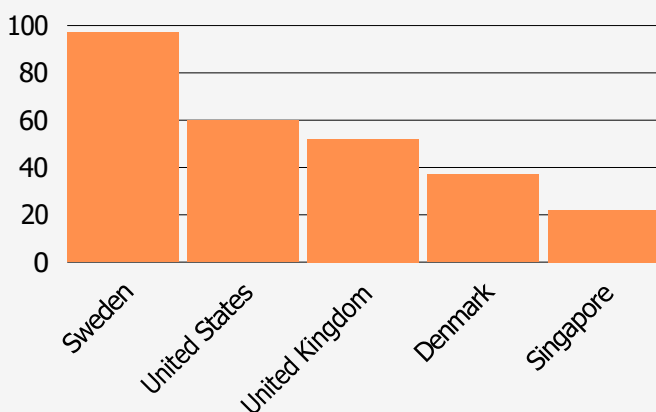
A majority of investments into early-stage Nordic fintechs have come from within the Nordics themselves - suggesting that the Nordic region has a strong foundation to sustain itself in fintech investments. Many Nordic investors have strong connections with local entrepreneurs, industry experts, and other investors, which is one of many reasons behind this trend.

Number of investments from each region



Number of investments from each region. Based on data by EIFO and Copenhagen Fintech on Nordic VC-funded fintechs founded 2019+. Note that multiple investors can contribute to a single round.

Top countries feeding investments to Nordic fintech (number of investments)

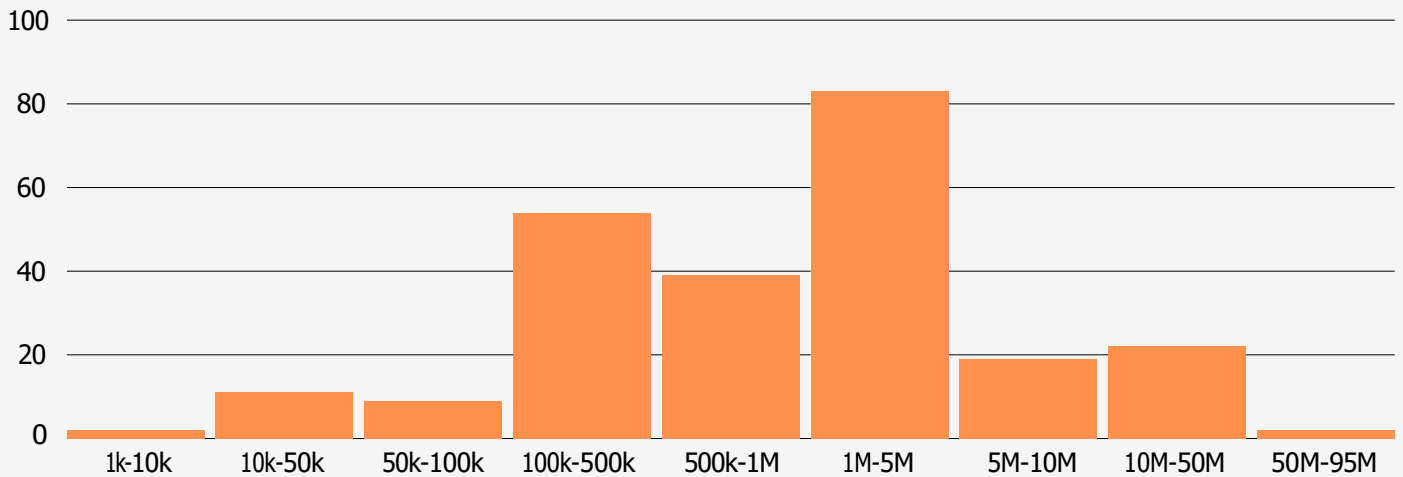


Top 5 countries feeding investments based on number of investments. Based on data by EIFO and Copenhagen Fintech on Nordic VC-funded fintechs founded 2019+.

UK and US interest is high

The high amount of interest from European and even international investors suggests that the Nordic fintech scene is thriving. This solidifies the fact that the region's emphasis on cutting-edge solutions and regulatory advancements presents attractive investment prospects for investors looking for high returns. The majority of out-of-region investors (non-Nordic) come from the US and UK- two regions with high levels of fintech activity themselves.

Distribution of ticket sizes



Number of investments within each ticket size. Based on data by EIFO and Copenhagen Fintech on Nordic VC-funded fintechs founded 2019+. Undisclosed rounds not included..

High volume, small tickets

One key trend in the funding scene is the shift towards a high volume of smaller ticket sizes. This cautious approach reflects a broader trend of risk aversion amid market uncertainties and economic volatility. By investing smaller amounts, investors are spreading their risk across a larger number of ventures, mitigating the impact of potential failures. By focusing on smaller ticket sizes, investors can also maintain a diversified portfolio, which is crucial in a climate marked by unpredictable market conditions and heightened scrutiny on startup valuations. This strategy enables them to stay engaged with promising early-stage companies while managing exposure to potential losses more effectively. This is a trend that has not only been seen in the Nordics, but also globally.

Founder profiles



Of the early stage startups who have received funding, 306 founders have been identified and analysed by Signal Analytics. The study and professional backgrounds of these founders can be seen below. All numbers in this section of the report are based on LinkedIn analytics, and therefore indicative.

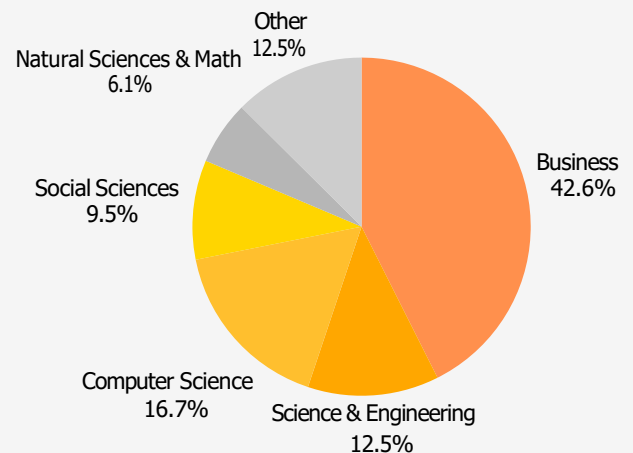
19%

of fintech founders have not attended a university

Dominance of Business Education

The majority of founders have either technical or business-oriented study backgrounds. Copenhagen Business School dominates as the biggest founder-factory knowledge institution, followed by Stockholm School of Economics and Norwegian University of Science and Technology. These institutions are renowned for their strong business programs and extensive networks, which play a role in the success of their alumni in founding fintech startups. In addition, many of the institutions listed to the right offer specialised programs, networks and/or incubators that support entrepreneurship and innovation specifically within fintech.

Study area of founders



Top 7 universities attended by founders

25	Copenhagen Business School
17	Stockholm School of Economics
13	Norwegian University of Science and Technology
12	KTH Royal Institute of Technology
11	University of Copenhagen
9	Technical University of Denmark
9	Aarhus University Denmark

University study areas and top universities attended by founders. Based on data by Signal Analytics on founders of Nordic VC-funded fintechs founded 2019+.

Top feeding companies for founders



Top Nordic companies to have had employees go on to become VC-funded fintech founders (and number of said founders). Based on data by Signal Analytics on founders of Nordic VC-funded fintechs founded 2019+.

From banker, to founder

Within the Nordics, many fintech founders come from traditional banking institutions. These founders often have a high success rate, as they have an almost unmatched knowledge of the industry they are trying to disrupt. In addition, many founders who have previously spent time in the banking industry have established networks and regulatory knowledge.

Success breeds success

Klarna and Tink, two Nordic unicorns, and prominent 'founder factories', emerge amongst the top 8 feeding companies for founders. VC investors often actively seek out the alumni of such 'founder factories' due to the companies' impressive track record of creating successful founders. This can be attributed to these alumni having learnt invaluable lessons when it comes to scaling a startup and partnering with VCs.

The employment backgrounds of these 306 founders was analysed, and it was found that a high percentage come from backgrounds within banking, consultancy, or highly successful fintech companies.

Consultancies as top founder factories

Founders with previous consulting experience are attractive to VCs, especially at the early stage. The extensive networks, exposure to diverse industries, and experience in managing complex projects gained through consulting often equip them with the tools necessary to launch and grow successful businesses.

A word from Signal Analytics



"Founder factories" have become a well-recognized phenomenon in the startup world, with the PayPal Mafia in Silicon Valley perhaps being the most iconic example, having produced a slew of unicorns. However, this dynamic is not limited to the United States. In the Nordics, we have our own share of "mafias" that have given rise to a growing number of high-performing startups.

The most frequently cited Nordic founder factory is Spotify. Its alumni have launched over 100 new venture capital-backed companies, more than any other Nordic company. However, the industry in the Nordics producing the greatest number of Founder Factories by a considerable margin is actually fintech.

In both Denmark and Sweden, fintech dominates. Out of the top five Founder Factories in each country, half are fintech companies. Klarna, Tink, and Zettle are standouts in Sweden, while Tradeshift and Pleo lead the way in Denmark. These companies have not only created successful products, but also cultivated talent that has gone on to build new ventures, often backed by significant VC funding. Even some of the more traditional Nordic financial services companies like Nordea have comparatively many alumni-turned-founder vs other incumbents like Atlas Copco and Novo Nordisk.

There is still a debate around why Founder Factories exists as a concept, but one thing is clear: they benefit significantly from a positive feedback loop, and almost becomes a self-fulfilling prophecy. VCs place immense value on founder origin and founder-market-fit, so when a notable company continues to spawn successful entrepreneurs, it reinforces their reputation as a talent hub. This, in turn, makes it easier for their alumni to raise funding, setting off a virtuous cycle of entrepreneurship and innovation.

A word from EIFO



Despite a challenging global macroeconomic landscape and a slowdown in private equity since the highs of 2021, the Danish venture capital (VC) market has shown resilience, with a strong recovery in 2023 and robust investment activity in H1 2024.

A key trend in recent years is the increased focus on artificial intelligence (AI), with the share of VC capital allocated to Danish AI startups doubling over the last three years. This trend indicates that AI-driven startups may have a fundraising advantage in the current investment environment.

A notable development in the first half of 2024, is the surge in fintech investments, with Danish fintech companies raising EUR 270 million, surpassing 2022 and 2023 totals and accounting for 43% of VC capital across all sectors. Recently, we saw a larger number of fintech companies that incorporate AI at the core of their technology, which could be part of the reason for the increased investment level compared to previous years.

Denmark has a strong history of creating successful fintech companies and this success is largely due to the high level of digitalisation and the progressive regulatory environment in Denmark and broader Nordic region, providing ideal conditions for startups to test and develop new technologies for the financial sector. Additionally, the strong culture for fintech in Denmark is nurtured by Copenhagen Fintech, which supports the ecosystem through partnerships, investment networks and fostering collaborative innovation across the industry.

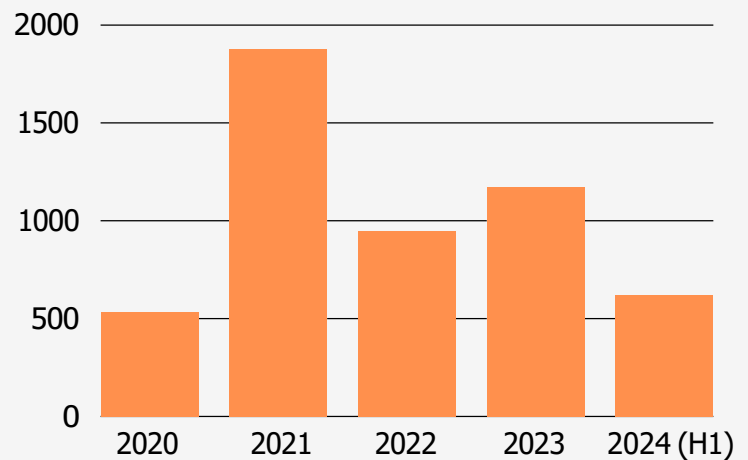
High level developments on the Danish venture capital market and recent trends

Amidst the highs of 2021, Danish venture capital (VC) investments have dropped to a lower level – the same holds true across most European VC markets and in the USA. However, over the recent one and a half years the Danish VC fundraising activity has been showing signs of improvement - from 2022 to 2023 the market grew by 24 pct. in terms of invested capital, and with investments totaling more than EUR 620 million in H1 2024, the year could finish at an even higher level than in 2023 if investments continue at the same rate in H2 2024.

Increased focus on AI

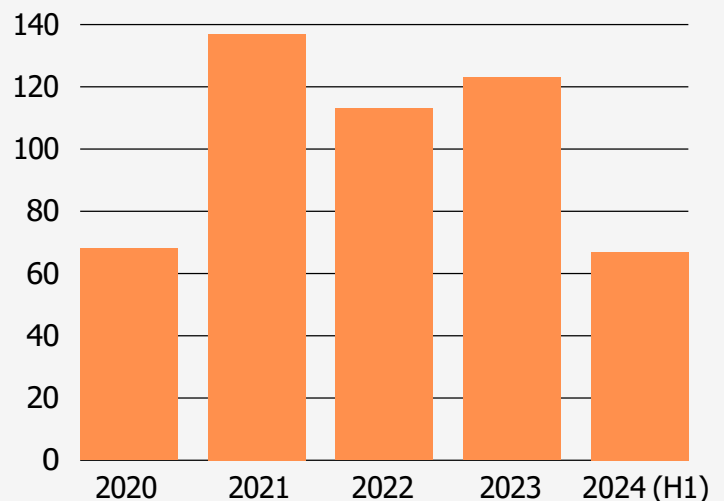
A central development in Danish VC in recent years has been an increased investment focus on AI. Since 2020 the share of Danish VC investments- and the share of venture capital allocated to companies that develop and sell AI-based products or services have been steadily increasing. In H1 2024 the share of VC investments and the share of VC capital allocated into AI-investments rose to all-time highs of 19 pct. and 14 pct. respectively.

VC Investments in Danish Companies (EUR millions)



Sum of VC investments in Danish companies (across all sectors). Based on data by EIFO on all Danish VC-funded companies. .

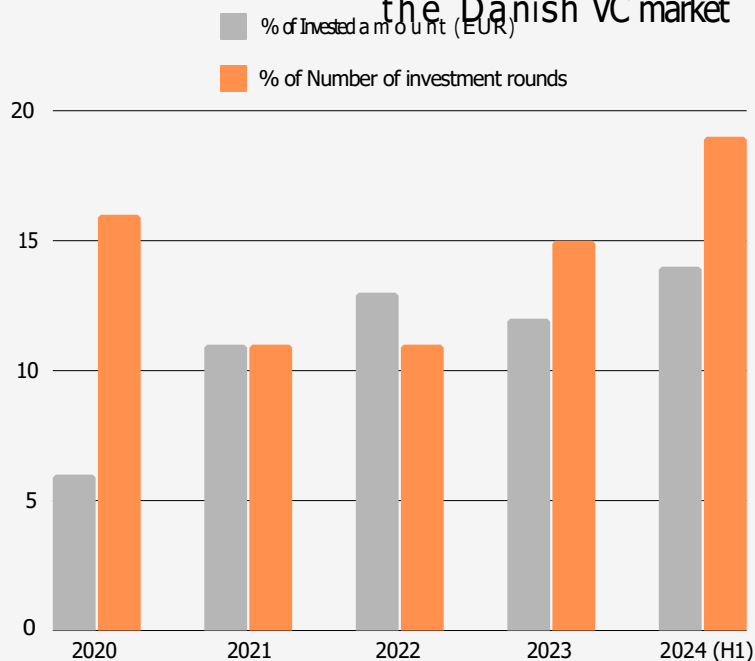
Number of VC Investments in Danish Companies



Number of VC investments in Danish companies (across all sectors). Based on data by EIFO on all Danish VC-funded startups. .

The increased investment focus on AI could mean that startups that leverage the power of AI could have a strategic advantage in terms of obtaining VC funding in the years to come. Although AI-based products and services are being developed by startups that operate across various venture market verticals – including fintech, quantum, healthtech, medtech, etc. – Danish VC investments in AI have particularly been centred around the Software/SaaS verticals, and hence we may expect a growing number of investments in this market segment in particular.

VC Investments in AI as a share of the Danish VC market



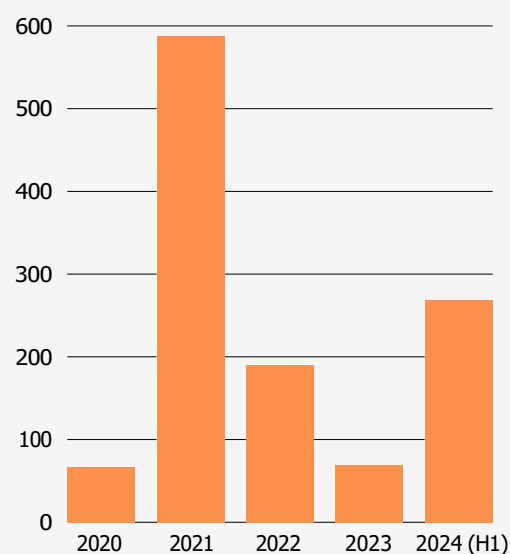
VC investments in AI as a share of the Danish VC market - both number and sum of rounds.. Based on data by EIFO on all Danish VC-funded startups. .

VC investments in Danish Fintech startups and scaleups

Contrary to the development on the collective Danish VC market, investments in fintech slowed from 2022 to 2023, which led to a decrease in the relative share of VC investments- and the share of VC capital allocated to fintech startups and scaleups.

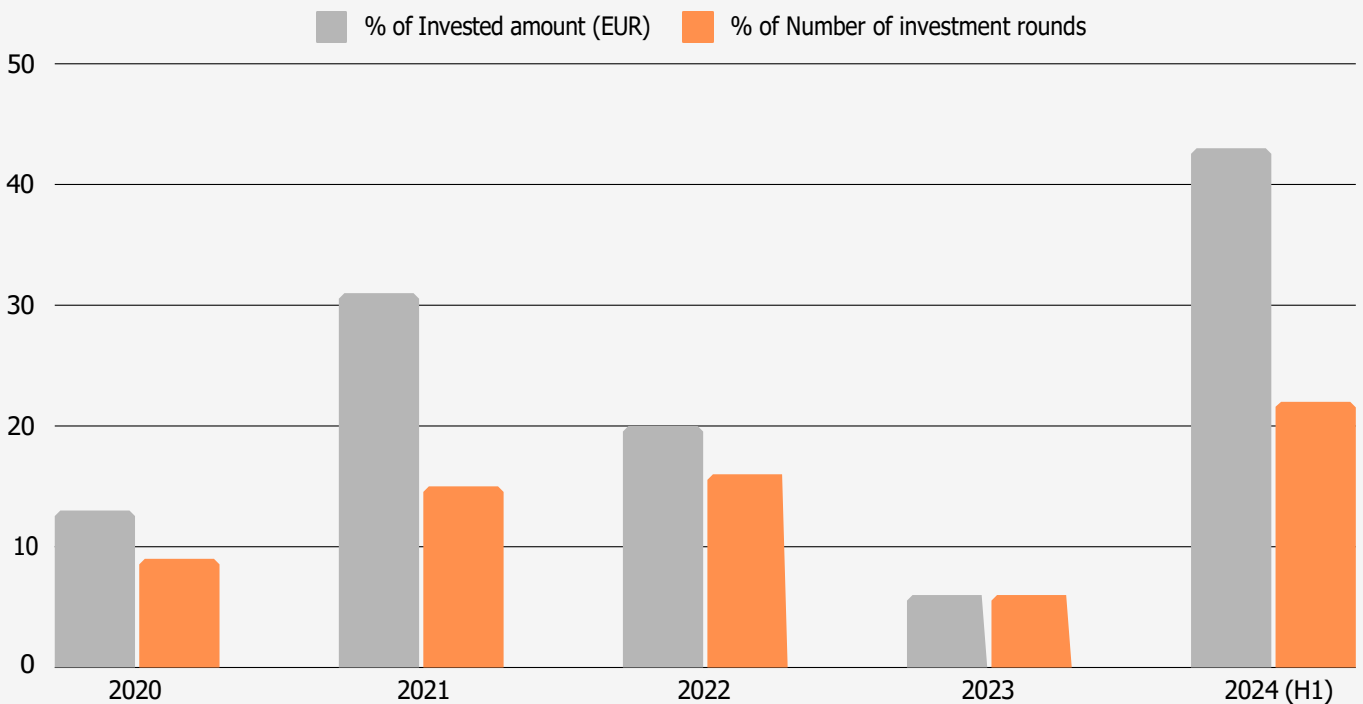
However, there was a surge in fintech investments during the first six months of 2024 – with a total of EUR 270 million raised across 15 funding rounds, fintech investments accounted for a record 43 pct. of VC capital invested and 22 pct. of investment rounds in the first half of 2024. The development is partially due to a number of larger funding rounds by Lunar as well as Ageras, Flatpay, and Anyday.

VC Investments in Danish fintech Companies (EUR millions)



Sum of VC investments in Danish fintech companies. Based on data by EIFO on all Danish VC-funded fintechs..

VC Investments in fintech as a share of the Danish VC market



VC investments in fintech as a share of the Danish VC market - both number and sum of rounds.. Based on data by EIFO on all Danish VC-funded startups. .

Denmark has a strong history of creating successful fintech companies – in addition to the aforementioned companies, Denmark is home to several large fintech scaleups, including Pleo, Tradeshift and Kompasbank.

The strong culture for fintech in Denmark is fostered by the organisation Copenhagen Fintech, which helps Danish fintech companies and entrepreneurs with labs, networks, strategic partnerships, and R&D. In addition to large, successful fintech companies and a supportive environment for fintech, the good opportunities for fintech in Denmark are also driven by the regulatory environment in the Nordic region, and the high degree of digitalization. Well-functioning registers in Denmark and Open Banking (sharing financial data with third parties) create ideal conditions for the development of fintech solutions for the financial sector. The high degree of digitalisation in the Danish IT infrastructure makes it easier for Danish fintech companies to implement and invent various solutions that optimize workflows and everyday interactions with technology and finance.

Startup spotlight:

monthio

Monthio is an example of a very promising Danish fintech startup that contributes to Denmark's strong position and ecosystem within fintech.

Founded in 2018, Monthio has developed a product for the financial sector that automates data collection and analysis in connection with credit assessments. By optimizing a previously highly manual and time-consuming process, Monthio enables significant cost reductions for banks, while also providing new data for managing credit risk. Monthio operates in Denmark, Sweden, Norway, and Finland and has customers such as Nordea, Danske Bank, and Klarna. Monthio recently raised a Series A round of DKK 85 million, which will be used to scale throughout Europe.

Monthio aligns with many current trends in fintech. One of these trends is the high degree of automation of rigid and time-consuming tasks. By utilizing newer data sources and technology, Monthio delivers a more modern and intuitive customer journey than banks that rely on legacy systems and rigid processes. Without Monthio, a bank customer applying for a mortgage might need to manually provide many documents that helps the bank understand the customer's financial situation. For the average customer, this data can take up to several hours to gather. With Monthio, the bank can collect all relevant data digitally from the customer in a few minutes. Additionally, increased regulation and compliance have become much more prominent in recent years, and Monthio helps its clients meet these high regulatory requirements in the financial sector by ensuring a sufficient and accurate data foundation for decision making.

Beyond regulatory requirements, consumers and the market are increasingly demanding more ethical practices, emphasizing financial inclusion. Monthio addresses these needs by providing real-time data based on customers' current financial situation, rather than historical and potentially outdated data. This promotes financial inclusion and ensures fair access to credit for a wider range of individuals.

Startup spotlights



See some of the up and coming early-stage fintechs in the Nordics, based on top VC deals in the region.

JUNI

Transform your financial operations with business banking, spend management, financing and accounting on one powerful platform and app.

Juni is at the forefront of the early stage funding scene, having raised a collective EUR 138 million over its Series A and B rounds, within only 2 years of launching.



All the crypto data you need in one place. Instant access to cross-chain blockchain data with crypto APIs and RPC nodes.

Despite the unstable crypto environment, web3 fintech Moralis secured a valuation of just under EUR 200 million within only 11 months of operating- driven largely by its Series A raise of EUR 36 million in 2022.

MAJORITY

The first financial service dedicated to digital banking services for migrants.

Majority, founded in 2019, saw extreme growth in the last few years, with the company growing its revenue 3x, and its transaction volume 5x in 2023 alone. The success is further solidified by the significant Series A and B rounds raised by the company in 2021 and 2022.

Brite*

Brite Payments leverages open banking technology to process account-to-account (A2A) payments in real time between consumers and online merchants.

Today, Brite is connected to more than 3,800 banks within the EU and its offering is currently available in 27 markets across Europe.

Flatpay

POS system and payment solutions at one flat rate for all payment methods, tailored to small and medium-sized businesses.

Flatpay has had one of the fastest scaling journey's amongst early stage Nordic fintech's - reaching a Series B investment of EUR 42.7 million within 24 months of incubation.

Challenges & opportunities



It is no secret that geopolitical uncertainty and macroeconomic conditions have had an impact on the fundraising landscape - not just for fintech startups in the Nordics, but for startups globally.

Since 2021 - when investments in startups were at an all time high - the funding landscape has changed dramatically. Investors have adopted a more cautious approach to investing, mitigating risk with fewer and smaller investments in only top-tier startups.

Looking at the current interest rate environment, coupled with inflation and indicators of modest economic growth, it is likely that institutional investors will continue to be cautious. Consequently, the market may behave similarly to the past 12-24 months, where the bar for securing venture capital funding has risen compared to 2021-2022. While the top-tier startups, such as those led by strong serial entrepreneurs, may still secure large funding rounds at high valuations due to competition among investors, others will likely face stricter requirements.

The AI opportunity

AI represents an enormous opportunity for nearly every industry and business. This technological paradigm shift is expected to have a radical impact on how we work and live. We expect that in the coming years, as AI solutions mature and user experience (UX/UI) improves, mass adoption will follow.

In addition, investors are starting to implement AI in their everyday processes as well. AI and data availability are improving the scouting process across borders for investors. This presents a significant opportunity for entrepreneurs who can effectively signal their value to investors.

Looking to the Nordics, UK and US for investors

Early-stage startups do not necessarily have to look further than their own borders for investment. The Nordic investor scene is strong, and has a strong foundation to sustain itself in fintech investments. However, other markets present opportunities for startups seeking investment, with the UK and US presenting themselves as having high interest in the Nordic early stage fintech scene.

Serial founders

With the cautious VC landscape, founders with proven track records, for example alumni of so called 'founder factories', can expect to face fewer hurdles in securing capital for their new ventures. This can be attributed to these companies' impressive track record of creating successful founders

Smaller ticket sizes

Another potential strategy for fundraising startups could be to seek smaller ticket sizes to attract a broader range of investors, reducing dependency on a few large backers. This approach also allows for more flexibility in fundraising and helps maintain momentum in uncertain market conditions. Additionally, smaller tickets can lead to quicker funding rounds, enabling startups to scale steadily without overwhelming dilution.

The combination of these above factors could be highly advantageous for startups across all sectors and industries, as it provides an opportunity to differentiate and accelerate business growth faster than the market.

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