



Bocconi Students Fintech Society

2024 Fintech M&A Trends Update

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Summary

- Global Outlook
- Regional Trends
- Sector Breakdown
- Top 3 Acquisitions



Global Outlook



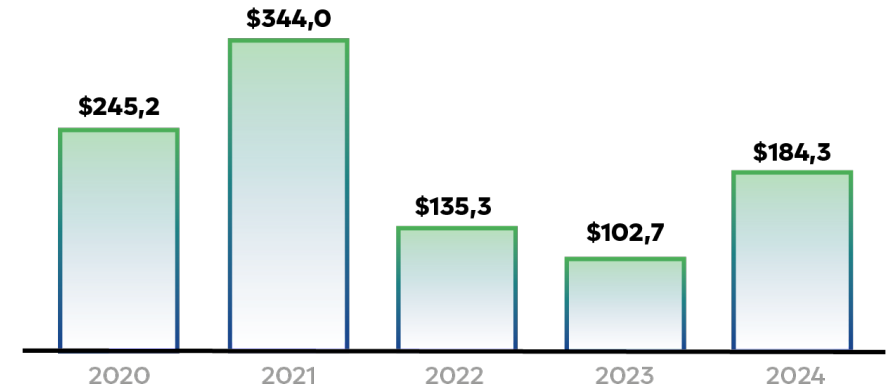
Key numbers

- Volume : \$184,3 billion
- Number of deals : 664
→ 6% growth YoY
- \$1 billion + deals : 35
- Median deal value : \$150 million

Comparison *Global M&A*

- Volume : \$2 280 billion
- Number of deals : 37 820
→ 1% growth YoY

Global fintech M&A volume :



Sources : FT Partners



Largest deal

Capital One acquires Discover
For **\$35 billion**

Global Outlook



The sector managed to **grow its deal count by 25%** and announced dollar volume by **80% in 2024** compared to the previous year despite facing difficult macroeconomic conditions.

The market values of Fintech acquisitions worldwide demonstrated robustness through 2024 as investors paid an average of **5.3x EV/Revenue** and **12.7x EV/EBITDA** indicating significant market confidence.

Rebound factors

- **Macroeconomic Stabilization** – Falling interest rates and inflation eased borrowing costs, making acquisitions more attractive, particularly for private equity and strategic buyers.
- **Public Market Recovery** – The fintech sector rebounded in public markets, reopening the IPO window and enabling firms to use stock for acquisitions.
- **Strategic Consolidation** – Through merger activities that target operational efficiency and scale as Capital One pursues a \$35.3 billion acquisition of Discover Financial Services.
- **AI & Digital Payments Boom** – Deals targeting AI-driven fintechs grew 55.3%, reflecting the demand for AI in fraud detection, risk management, and automation. Payments M&A also surged as incumbents sought market consolidation.
- **Regulatory Clarity** – More stable regulations in the U.S., Europe, and China reduced uncertainty, facilitating dealmaking, especially in digital banking, BNPL, and insurtech.

Regional Trends



Americas

\$26.8 billion with **130** deals in H1'24, with median size of **\$139.6 million**.

Dominance of the US, mainly **\$12.5 billion** acquisition of Worldpay by GTCR and **\$4 billion** buyout of B2B customer engagement platform EngageSmart by Vista Equity Partners.

Canada reached **record high** over 6-month period.

Given challenging market environment, there were many take-private deals involving companies which went public during 2021 and 2022, notably Nuvei taken private by Advent International for **\$6.3 billion**.

Trends to watch:

- Regulatory focus on data protection and privacy
- B2B focus of Wealthtech
- AI focus (e.g. Insurtech for risk assessment)

Regional Trends



EMEA

\$5.6B with **102** deals in H1'24, with median size of **\$43 million**.

The UK has been the most active country, seeing the **\$4 billion buyout** of financial software company IRIS Software Group by Leonard Green. UK mature fintechs have focused on international growth but have been forced to switch to other growth strategies given the unique differences in banking practices at country level: for instance, Starling Bank and Oak North have switched to selling their technology as banking SaaS.

The market has been challenged **by high interest rates** and **geopolitical uncertainty**, leading to muted M&A activity.

Trends to watch:

- **Regulation:** to be monitored especially in the EU, where the AI Act was approved in March 2024, applicable from 2026. MiCA (Market in Crypto Assets) regulation came into play in June
- **AI scaling**
- Growing crypto and blockchain attention, also coming from more **regulatory confidence**
- Increasing **focus on open finance** in the UK

Regional Trends



APAC

\$0.3 billion with **31** deals in H1'24, with median size of **\$16.5 million**.

Investments have **been weak**, with M&A accounting for only **\$300 million in value**. However, a big effort has been undertaken by the Chinese government, which has made financial services a top priority, with special focus on technology, green, inclusive, pension and digital finance. Many fintechs have invested heavily **in AI**. At the same time, attention of investors to business model sustainability.

Trends to watch:

- **AI innovation** focused to financial services sector
- More scrutiny on **data security and privacy**
- Shift to consolidation within specific sectors, such as **payments**

Sector Breakdown



Payments continued to lead the Fintech M&A market in 2024, accounting for 25.5% of total fintech M&A deals.

- Growing demand for **integrated payment solutions** has driven consolidation, with **AI** playing a key role in optimizing payment integration.
- Payment sector **valuation multiples** have remained elevated, reflecting continued investor confidence. In 2024¹, the average EV/EBITDA and EV/Revenue purchase multiples were 18.6x and 5.3x, respectively.
- **Notable Deal:** Roper Technologies' CBORD Group acquired Transact Campus (Aug 2024) for an enterprise value of \$1.6 billion, enhancing its university management system with contactless payment solutions.

Payments

¹Relative to the twelve months ended October 25, 2024.

Sector Breakdown



Capital Markets & WealthTech: Strong Growth in AI-Driven Solutions.

- M&A volume increased 10.5% YOY, totaling 179 deals YTD¹, driven by rising demand for **portfolio management** and **data analytics software**. The Capital Markets & WealthTech subsector accounted for 20.8% of the total fintech dealmaking.
- M&A **valuations** remained aligned with public trading multiples, supported by strong competition among strategic buyers. (Average deal multiples: EV/EBITDA of 22.0x and EV/Revenue of 4.8x).
- **Notable Deal:** Bain Capital acquired Envestnet (July 2024) for \$4.3B EV (equivalent to 3.3x EV/LTM Revenue, 24.8x EV/LTM EBITDA).

WealthTech

¹Relative to the twelve months ended October 25, 2024.

Sector Breakdown



■ Insurtech: Lower M&A Activity Amid High Interest Rates.

- Insurtech M&A deal volume declined from 60 to 44 transactions in 2024¹, impacted by rising interest rates.
- Despite the decline, Insurtech **valuation multiples** remained resilient, with average M&A purchase multiples of 17.4x (EV/EBITDA) and 3.9x (EV/Revenue).
- **Notable Deal:** Applied Systems (backed by Hellman & Friedman) acquired Planck Resolution (July 2024). Planck's AI-driven platform enhances risk assessment and customized policy creation. The terms of the transaction were undisclosed.

InsurTech

¹Relative to the twelve months ended October 25, 2024.

Top 3 Acquisitions



- 1 Capital One Financial Corp. acquiring Discover Financial Services**
- 2 KKR acquiring 50% stake in Cotiviti from Veritas Capital**
- 3 TowerBrook & CD&R acquisition of R1 RCM**

Top 3 Acquisitions



Capital One Financial Corp. acquiring Discover Financial Services

	<i>Acquirer : Capital One Financial Corp.</i>	<i>Target : Discover Financial Services</i>
Overview	A leading U.S. bank specializing in credit cards, auto loans, and banking services	A major digital banking and payments company, known for its credit card network
Market Position	One of the largest credit card issuers in the U.S., with a strong digital banking presence	Operates one of the four major U.S. credit card networks alongside Visa, Mastercard, and American Express
Key Strengths	Broad deposit base, strong brand recognition, and advanced data analytics capabilities	Proprietary payments network, loyal customer base, and strong credit underwriting expertise
Key Players & Advisors	CenterviewPartners (Financial), Wachtell Lipton (Legal)	PJT Partners (Financial), Sullivan & Cromwell (Legal)

Transaction Overview

- **Deal Value:** \$35.3 billion (all-stock transaction)
- **Premium:** 26.59% over Discover's share price before announcement
- **Expected Closing:** Early 2025 (pending regulatory and shareholder approval)

Strategic Rationale

- **Industry Positioning:** Creates the largest U.S. credit card issuer
- **Synergies:** Expands customer base, enhances payment network capabilities, and strengthens digital banking presence
- **Growth Potential:** More competitive in global payments, better economies of scale

Financial Impact

- **Valuation Multiples:**
EV / Revenue: 2.73x
EV / EBITDA: 9.23x
- **Share Exchange Ratio:** ~257.34 million new shares issued at \$137.23 per share

Challenges & Risks

- **Regulatory Scrutiny:** approval required from U.S. regulators
- **Integration Challenges:** cultural fit, IT systems alignment, operational synergies
- **Market Reaction:** stock price fluctuations post-announcement

Top 3 Acquisitions



KKR acquiring 50% stake in Cotiviti from Veritas Capital

	<i>Acquirer : KKR & Co Inc.</i>	<i>Target : Cotiviti Holdings Inc.</i>
Overview	A leading global investment firm with expertise in private equity, infrastructure, and credit	Provides advanced data analytics and payment accuracy solutions to healthcare payers
Market Position	One of the largest global private equity firms investing across multiple industries	Works with 180+ healthcare payers, including all top 25 U.S. health plans
Key Strengths	Extensive investment expertise, deep industry relationships, and strong capital deployment capabilities	Leading AI-driven analytics platform optimizing healthcare payments and reducing costs
Key Players & Advisors	Barclays, Evercore (Financial), Allens (Legal)	Goldman Sachs, UBS (Financial), Skadden Arps (Legal)

Transaction Overview

- **Deal Value:** \$10 billion (KKR's 50% stake valued at \$5 billion)
- **PE trend:** One of the largest PE-backed healthcare deals in 2024
- **Closing Date:** May 2024

Strategic Rationale

- **Healthcare Expansion:** Strengthens KKR's position in healthcare analytics & tech-enabled services
- **Synergies:** Veritas retains 50%, ensuring strategic continuity & operational growth
- **Growth:** Enhances Cotiviti's market reach, supporting digital transformation in healthcare

Financial Impact

- **Ownership Structure:** Veritas & KKR now co-own Cotiviti (50% each)
- **Funding Structure:** Private loan financing (PIK structure)

Challenges & Risks

- **Debt Structure:** Leveraged financing may pose interest rate risks
- **Market Uncertainty:** Potential IPO or future exit remains unclear

Top 3 Acquisitions



TowerBrook & CD&R acquisition of R1 RCM

	Acquirer : Towerbrook	Acquirer : CD&R	Target : R1 RCM
Overview	US- and Europe-based PE firm	Global PE firm	Software and medical technology company specializing in healthcare revenue cycle management (RCM) services with strong partnerships in the US healthcare system
Key Strengths	Strong track record and expertise in healthcare and technology	Proven ability to drive long-term value creation through strategic partnerships	Advanced AI-driven automation and data analytics capabilities for optimizing billing and collections
Key Players & Advisors	CenterviewPartners, Deutsche Bank, RBC Capital Markets (Financial), Paul Hastings, WLRK (Legal)	Debevoise & Plimpton (Legal)	Qatalyst Partners, Barclays (Financial), Covington & Burling, Kirkland & Ellis (Legal)

Transaction Overview

- **Deal Value:** \$8.9 billion (all-cash transaction)
- **Premium:** 11.02% over R1's share price before announcement
- **Closing Date:** Nov 2024

Strategic Rationale

- The deal represents a strategic move to **accelerate R1's automation capabilities** without public market pressures
- **Joe Flanagan's return as CEO** suggests a focus on operational continuity and technology advancement

Financial Impact

- **Valuation Multiples:**
EV / Revenue: 4.03x
EV / EBITDA: 17.31x
- **Ownership Structure:**
TowerBrook, which previously owned 36% of the company's common stock, partnered with CD&R to acquire all the remaining shares for \$14.30 per share

Challenges & Risks

- **Delisting** from Nasdaq reduces liquidity for remaining shareholders

Team

Project Leader



**Alberto
Martini**



Junior Analysts



**Lorenzo
De Sensi**



**Lorenzo
Ferrante**



**Matthieu
Oullion**



**Dimitrie
Radu**





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as.bsfintechsociety@studbocconi.it



www.bsfintechsociety.com

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