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BI PRIME

22 fintechs that VCs and big investors say are on the brink of becoming household names

By Dan DeFrancesco and Shannen Balogh

- We asked some of the top fintech investors to recommend up-and-coming fintechs going direct to the consumer.
- Investors could nominate their own portfolio companies, as well as fintechs they haven't backed, with the caveat that nominees couldn't have raised beyond a Series B round of funding.
- Investors' picks varied, but a central theme was personal finance, be it through automated saving, investing, or debt management.
- Here are the 22 up-and-coming consumer fintechs investors are watching.

Early stage investing is a risky market, especially when it comes to the startups going direct to the consumer, where customer acquisition is everything.

But for all the risks the market poses, the rewards are high, too. Some of the biggest winners in the wake of the coronavirus have been fintechs addressing people's needs. Robinhood, which has seen massive growth as market volatility continues, is now valued at \$8.3 billion after its most recent funding round in May. Meanwhile, other personal finance apps like Chime and Stash have also seen record sign-up numbers recently.

In an effort to keep track of the next big consumer fintech, Business Insider asked 27 fintech investors to pitch us on up-and-coming startups.

While investors could nominate both their own portfolio companies and those they haven't backed, we set a fundraising limit of companies who had not raised more than a Series B.



LANDED; PROPEL; CATCH; TRADING VIEW; YUQING LIU/BUSINESS INSIDER

Investors pitched us on the hottest fintechs that cater directly to consumers.

While responses were wide-ranging, a major theme was a tech-forward spin on personal finance, be it through automated saving, investing, or paying down debt.

To be sure, Americans are paying more attention to their own finances, and are saving more amid the coronavirus pandemic. Though experts are unsure whether these new habits will stick.

Here are the 22 up-and-coming fintechs going direct to consumers.

Mission Lane

Cited by: QED Investors (investor)

Total raised: \$200 million

What it does: Mission Lane is a credit card company that caters to customers trying to rebuild their credit, serving them via advanced data and analytics. Formerly a division of LendUp, it spun off as a standalone company in December 2018.

Why it's hot in 2020: "Mission Lane is a company we are extremely excited about. Near and subprime customers need to make the

same decisions that prime customers need to make, but with fewer, more expensive options. Mission Lane serves this segment incredibly well with best-in-class, transparent products, with clear pricing and no hidden fees. The team is incredibly mission driven and the TAM is huge, propelling Mission Lane forward to be a leader in the space." QED's Morris said.

Albert

Cited by: QED Investors (investor)

Total raised: \$72 million

What it does: This California startup aims to be customers "smart friend," answering any money questions they may have. Albert has a team of "Geniuses" on hand, many of whom have various certifications, to answer questions about saving, investing, and borrowing.

Why it's hot in 2020: "Albert gives consumers insight into what is happening with their money including overdraft fees, recurring charges, budgeting, spending, and allows them automatic savings and offerings

to optimize their financial situation. Albert has the wind at its back as it continues to expand offerings to become a staple in consumers lives,” said Nigel Morris, QED Investors’ cofounder and managing partner.

BlockFi

Cited by: Jump Capital, QED Investors

Total raised: \$108.7 million

What it does: The New Jersey-based startup offers USD loans backed by crypto, allowing customers to borrow against their portfolio of cryptocurrencies. BlockFi also has crypto-based interest accounts, and crypto trading.

Why it’s hot in 2020: “In a zero interest rate world, investors have flocked to BlockFi’s offerings of up to 8.6% interest rates on stablecoin and crypto holdings. After reporting 20x growth in 2019, BlockFi has continued on a tear in 2020, launching commission free trading, and planning to launch a credit card with crypto-back rewards,” said Peter Johnson, principal at Jump Capital.

“The company is scaling rapidly as the crypto space matures and individuals and institutions look to new technology and digital currencies to push the boundaries of traditional financial services. There is incredible white space for BlockFi to fill and we look forward to seeing their progress,” QED Investors’ Morris said.

Brigit

Cited by: DCM (investor)

Total raised: More than \$20 million

What it does: Brigit is a subscription-based personal financial management app that offers budgeting tools, cash advances, and overdraft alerts.

Why it’s hot in 2020: “The large banks generated over \$11 billion in overdraft fee revenues last year, with 84% of those fees generated from just 9% of account holders. Many of the workers impacted by COVID-19 or essential hourly workers are particularly vulnerable. Brigit’s platform utilizes machine learning and predictive analytics to prevent customers from overdrafting, and advance exactly the right funds to the customer with no interest or hidden fees. Subscribers don’t need to worry about overdrafting again,” said DCM’s Kyle Lui.

Catch

Cited by: DRW Venture Capital

Total raised: \$8.1 million

What it does: This Boston-based startup caters to independent workers, helping them manage tax withholdings, health insurance and retirement savings. Users are able to



MISSION LANE

Shane Holdaway, Mission Lane CEO.

customize benefits, with the necessary money automatically saved from any payment source.

Why it’s hot in 2020: “Managing benefits, withholdings and payroll can become a costly distraction for these individuals as they are forced to utilize complex systems outside and away from the traditional employer model. Catch targets this set of entrepreneurs with a personalized, straightforward platform to help manage taxes, retirement, time off, insurance, and loan refinancing, all in one free app,” said Kim Trautmann, head of DRW Venture Capital.

Clara

Cited by: Two Sigma Ventures (investor)

Total raised: \$5.5 million

What it does: Clara offers supplemental insurance that delivers quick cash payments for up to 76% of problems that might require immediate medical attention. The startup uses natural language processing and machine learning to analyze documents quickly to process claims efficiently.

Why it’s hot in 2020: “Too many Americans, even those with healthcare, are one hospital visit or injury away from personal bankruptcy. There’s now more than ever a need for a simple and clear supplemental insurance product that addresses this big financial risk that many American families face. Clara is building just that. Through modern actuarial science and robust data, Clara aims to provide employees and their families with fast financial compensation to help defray medical costs for

up to 93% of the issues that could send them to the emergency room - at price points that make sense for a wide variety of families,” said Colin Beirne, partner at Two Sigma Ventures.

Current

Cited by: QED Investors (investor)

Total raised: Over \$50 million

What it does: A New York-based challenger bank that looks to “meet the needs of people with unique lives who have been overlooked by the traditional banking industry.” Features include no overdraft fees or minimum balance requirements and two-day advance on direct deposit paychecks.

Why it’s hot in 2020: “Current rose to the challenge during the early days of the COVID crisis by giving members access to their stimulus checks up to two days sooner than traditional banks, stepping up when consumers needed it the most. They continue to serve this segment well with features including free overdrafts up to \$100, access to 55,000 free ATMs worldwide as well as 24/7 member support 365 days a year. Plus, customers love them!” said QED Investors’ Morris.

DoNotPay

Cited by: Activant Capital

Total raised: \$16.6 million

What it does: DoNotPay is an app-based robot lawyer that helps users with everything

from disputing parking tickets to cancelling subscriptions.

Why it's hot in 2020: "While currently sitting in the legal-tech space, we see huge potential for companies like DoNotPay to expand into financial services by building out bill pay, savings, and credit functionality as they have a unique value proposition to the customer acting as a robot lawyer to save consumers money on bills and claims. Consumer fintech companies live and die on product and [customer acquisition cost], and by saving their customers money and a lot of time and hassle they have the ability to build trust with the consumer (something Honey's \$4 billion acquisition by PayPal last year highlighted)," said Steve Sarracino, founder and partner at Activant Capital.

Fund That Flip

Cited by: Edison Partners (investor)

Total raised: \$13 million

What it does: This New York startup offers funding for real-estate investors looking for capital for their next project. Fund That Flip streamlined the application process, with a 24-hour turnaround time.

Why it's hot in 2020: "We led their Series A last year and the naming is misleading because even at the time of investment, they were much, much further along than a typical Series A company. Speaks volumes about their capital efficiency, unit economics, and profitability profile," said Jennifer Lee, principal at Edison Partners.

"Obviously real estate as a whole is going through some interesting shifts this year with COVID-19, but there are different impacts in commercial vs. residential, and to differing degrees in various markets in US," she added.

Fast

Cited by: Index Partners (investor)

Total raised: \$22.5 million

What it does: Fast is a one-click login and checkout startup. It stores users' payments credentials and integrates into e-commerce checkout windows, eliminating the need for guest checkout.

Why it's hot in 2020: "Amazon has shown us the power of a seamless checkout experience, but for millions of merchants the experience is still painful. Fast is building a universal one-click login and payments experience to fix this," said Mark Goldberg, partner at Index Ventures.

HMBradley

Cited by: Commerce Ventures

Total raised: \$3.5 million

What it does: This California-based

challenger bank offers a variable interest rate based on how much the consumer saves. Customers who save 20% or more of their deposits during a quarter will be eligible for a 3% interest rate.

Why it's hot in 2020: "Many of today's at-scale neobank challengers are pursuing underserved consumers, where churn is often quite high and deposits and spend is modest. These customers are not typically the core target for top retail banks (hence why they are underserved). HMBradley is delivering a strong value proposition (both deposit and credit card) for mass market and mass affluent consumers – the customers retail banks covet most. As a result, HMBradley will be fundamentally more strategic to potential acquirers now and in the future," said Dan Rosen, general partner at Commerce Ventures.

Landed

Cited by: Kleiner Perkins

Total raised: Over \$22 million in venture capital; over \$50 million in private equity real-estate capital

What it does: Landed helps educators buy homes in the communities they work. The California-based startup helps customers make a down payment via an equity investment in the house.

Why it's hot in 2020: "Teachers tend to be excellent homeowners. As a key participant in the community, they are often embedded in theirs for years. Landed noticed that teachers had unique underwriting characteristics and works to get them lower interest rates, and thus more accessibility to homeownership," said Monica Desai Weiss, an investor at Kleiner Perkins.

M1 Finance

Cited by: Clocktower Ventures (investor)

Total raised: \$53 million

What it does: The Chicago-based startup offers investing, saving and lending products. Customers can choose to invest in one of over 80 portfolios or create their own.

Why it's hot in 2020: "Quarantine has shown us how powerful fully-digital financial services are. M1 pulls the best features from a number of already proven challengers in banking and brokerage and is building what we think will be the next great financial platform for self-directed mass affluent investors who want to take control of their own financial lives holistically. And it's also a beautiful product that goes with you everywhere on your phone," said Adriana Saman, associate at Clocktower Ventures.

Mos

Cited by: Financial Venture Studio

Total raised: \$17 million

What it does: Mos streamlines the process of applying for financial aid for college, enabling customers to apply for \$135 billion in government aid via one form. To date, Mos has helped customers receive over \$200 million in aid.

Why it's hot in 2020: "Mos takes the information from the FAFSA process and helps consumers apply for thousands of other scholarships and sources of financial aid. It's a product that helps people begin to build their future while providing them the resources they deserve," said Ryan Falvey, managing partner at Financial Venture Studio.

Papaya

Cited by: Financial Venture Studio and Bessemer Venture Partners

Total raised: \$25 million

What it does: This Los Angeles-based startup allow customers to pay any bill via their mobile phone. Users only need to take a picture of the bill.

Why it's hot in 2020: "It's a world class team that's been plugging away under the radar in LA, but we don't expect them to stay quiet for long," Financial Venture Studio's Falvey said. "It's a pretty magical customer experience, and they have quietly built one of the most exciting new consumer fintech products in awhile and have a clever business model to boot," said Charles Birnbaum, partner at Bessemer Venture Partners.

Point

Cited by: Index Ventures and Financial Venture Studio (investor)

Total raised: \$12.7 million

What it does: A neobank with a debit card that earns points like a credit card. Point also has zero travel fees when used at Mastercard locations.

Why it's hot in 2020: "Point is breaking through the crowded field of neobanks with a product built for millennials – a debit card that acts like a credit card. As the name would suggest, they offer generous reward points towards useful services like Uber, Airbnb and Starbucks," Index Ventures' Goldberg said.

"There has been very little innovation in the core consumer checking account and, in turn, debit cards – even though they are one of the fastest-growing means of payment in the U.S.," Financial Venture Studio's Falvey said. "In Point, we saw a founding team that had a deep understanding of their target market, a mastery of design and product development,

and a mission to help younger Americans spend smarter. The impact of COVID has only accelerated these trends, and as some of the team's earliest supporters, we can't wait to see what's next for this company."

Propel

Cited by: Kleiner Perkins (investor)

Total raised: \$18 million

What it does: The New York startup helps customers better manage food stamps. In addition to overseeing one's EBT balance, users can clip coupons and explore job posts.

Why it's hot in 2020: "Propel started out deeply addressing the need of checking your food stamp balance, and has since focused on serving more needs of the underserved financial services user. Often, their users were previously cut off from the traditional financial ecosystem, so the company emphasizes education. Their recent initiative with GiveDirectly, #Project100, has been an incredible effort to take care of those underserved by our financial systems during recent turbulent times," Kleiner Perkins' Desai Weiss said.

TaxProper

Cited by: Clocktower Ventures (investor)

Total raised: \$2.15 million

What it does: TaxProper allows homeowners to appeal property tax assessments using cutting-edge tech that result in more accurate valuations.

Why it's hot in 2020: "Who's going to do a better job of assessing your property – the underfunded government entity or a tech-first, data-driven company? Proper helps everybody by more accurately valuing homes in a metro area, resolving inequity and building a great relationship with its customers," Clocktower Ventures' Saman said.

Public

Cited by: DCM

Total raised: \$30 million

What it does: Public, formerly named Matador, is an investing app with a social media spin.

Why it's hot in 2020: "Think 'Venmo meets Robinhood.' Trading has never truly been a social activity, just like P2P payments was not 'social' until Venmo. Public has great social features for investors of all kinds able to share ideas, post trades, and follow influencer-investors on the app," DCM's Kyle Lui said.

TradingView

Cited by: Jump Capital (investor), DRW Ventures (investor)

Total raised: \$40.8 million

What it does: TradingView is an active trading community that includes charts, analysis, and discussion. The startup has created over 25 million charts and includes an audience of nearly 10 million.

Why it's hot in 2020: "With the surge in retail trading, Tradingview's popularity has exploded, rocketing TradingView.com to be the 150th most popular website on the entire internet – significantly more popular than household names including CNBC.com and ESPN.com. With new brokerage integrations that allow trading directly on TradingView, their site is increasingly both the front page of the financial internet, and the execution dashboard for trading strategies," Jump Capital's Johnson said.

"Designed for retail investors, it's sophisticated enough that it's value-add for institutional investors, too and provides an exceptional user experience. This can be especially valuable to users across the spectrum in periods of high volatility when

information is changing rapidly. When Yahoo Finance falls short, TradingView is a delight to discover," DRW's Trautmann said.

Worthy Financial

Cited by: Edison Partners

Total raised: \$1.6 million

What it does: Worthy Financial allows customers to invest in a socially responsible way. Worthy Bonds can be acquired for as low as \$10 and earn a fixed 5% interest with the proceeds going to a secured loan for a US business.

Why it's hot in 2020: "Similar idea as Yieldstreet playing in the massive blue ocean of digital wealth management, but the idea is more for supporting 'worthy causes and ideas,' allowing people to invest in SMBs in the US. Investing in these SEC-qualified, asset-backed bonds provide individual investors with a good rate of return in investing in each other, their community, and underserved areas," Edison Partners' Lee said.

Yieldstreet

Cited by: Edison Partners (investor)

Total raised: \$178.5 million

What it does: Yieldstreet offers access to alternative investments such as real estate and art. To date, \$1 billion has been invested via the startup.

Why it's hot in 2020: "The team at Yieldstreet has built something here that continues to attract people and provide significant value even during these uncertain, volatile times, providing opportunities for diversification and smarter wealth management. And even with where they are now at a sizable scale, so much more ahead that they can achieve beyond this year, with a world-class team that will continue to build a strong, big business with a massive TAM," Edison Partners' Lee said.