

Fintech

German open-banking start-up raises \$100m

Deposit Solutions now valued at more than \$500m as fintech appeal grows

OLAF STORBECK - FRANKFURT

Deposit Solutions, a Hamburg-based open-banking start-up founded in 2011, has raised \$100m in a financing round that values the company at more than \$500m, highlighting investor confidence in Germany's flourishing fintech scene.

The transaction, led by Munich-based private equity group Vitruvian Partners, is the second largest financing round by a German fintech, after the \$160m raised by Berlin-based online lender N26 in March, according to data by the German trade newsletter Finanzszene.de.

According to EY data, German fintechs raised \$1.7bn in 2017, followed by \$325m in the first six months of this year. "We expect that



Deposit Solutions has shown remarkable performance in rolling out a true innovation

Vitruvian Partners

this number will rise significantly over the coming months, as there are quite a few more deals in the pipeline," said Christopher Schmitz, an analyst with EY. "German fintechs are coming of age and increasingly attracting international investors looking for growth stories."

Deposit Solutions operates software that connects retail clients and lenders, and allows banks to collect deposits from retail clients who are not their direct customers across Europe.

It also licenses its software to established retail banks to offer to their own customers. Users include Deutsche Bank, Germany's largest lender, and the country's network of co-operative banks.

"We consider ourselves a piece of infrastructure," Deposit Solutions founder Tim Sievers told the Financial Times, adding that his company's "middleware" connects 70 banks in 16 European countries. The start-up says it has 155,000 customers who used its platform to transmit more than €9bn in deposits since the company was founded.

"Our business has more than doubled over the last 12 months," says Mr Sievers, who in previous financing rounds raised about \$50m.

Deposit Solutions' biggest single investor is e.ventures, the global venture capital fund, which

participated in the latest financing round alongside Sweden's Kinnevik. Peter Thiel, the US venture capitalist, also holds a stake.

Since its last financing round in September 2017, the company has more than doubled its valuation. "Deposit Solutions has shown remarkable performance in rolling out a true innovation," Vitruvian Partners said.

Mr Sievers wants to use the new funds to finance Deposit Solutions' international expansion. It operates websites in Germany, Austria and the Netherlands, and is about to launch one in Switzerland.

"We want to go into further European countries," said Mr Sievers, adding that the company saw "a lot room for growth" in countries such as France, Spain and Italy.