



FinTech
Investment
Banking for the
Americas

Craig Primo
Managing Director

Jack Fecteau
Vice President

Juan Manuel Ramírez
Analyst

WILSON
SONSINI

K2 SECURITIES

MEXICO FINTECH ALMANAC | 2023-2024



K2 FOUNDING PARTNER



CRAIG PRIMO

MANAGING DIRECTOR

Craig Primo has been a successful investment banker and investor for 25 years. He is the founder of K2 Securities. K2 offers sell-side and buy-side M&A services for private technology companies with enterprise values in excess of USD \$25M. They also help clients raise growth capital. With offices in the US and Latin America, the firm leverages its global network to source the right capital provider, acquirer, or target for its clients.

Craig started his career working for the Citigroup Investment Bank (CIB) and splits his time between his homes in CDMX and Park City, UT.



K2 TEAM



JACK FECTEAU

VICE PRESIDENT



JUAN MANUEL RAMÍREZ

ANALYST

K2 OFFICES



K2'S ADVISORY SERVICES


SELL-SIDE M&A


GROWTH CAPITAL


BUY-SIDE M&A

RECENTLY CLOSED TRANSACTIONS



K2 KEY PARTNERSHIP



- Lexis Nexis is the largest alternative data company in the world with over USD \$3B in revenue
- Constantly maintains over six petabytes of content, comprising billions of public and proprietary records
- Fintech and Bank customers in more than 100 countries, seven of the world's top ten banks, 78% of the Fortune 500 companies

WILSON SONSINI

ABOUT OUR PARTNER

Wilson Sonsini Goodrich & Rosati stands as a legal powerhouse synonymous with excellence and innovation. Renowned for its unwavering commitment to serving clients in the technology, life sciences, and growth enterprise sectors, the firm has established itself

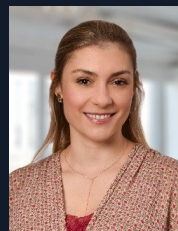
as a trusted advisor at the intersection of law and cutting-edge industries. With a stellar reputation built on a foundation of expertise in technology law, corporate transactions, and emerging company support, Wilson Sonsini Goodrich & Rosati continues to be a trailblazer, guiding clients through complex legal landscapes with unparalleled insight and dedication.

WILSON SONSINI GOODRICH & ROSATI LATAM TEAM



**MATT
SQUIRES**

**PARTNER –
PRACTICE
HEAD**



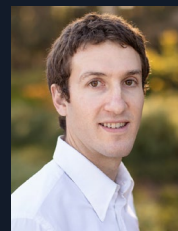
**VANESSA
JACOB
HECK**

OF COUNSEL



**ROBERT
TERENZI**

ASSOCIATE



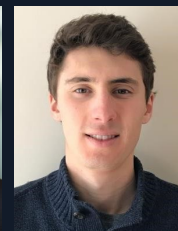
**ZACK
LENOX**

ASSOCIATE



**LUIS
FORTUÑO**

ASSOCIATE



**ESTEFANO
MARTINEZ**

ASSOCIATE

**LANGUAGE
EXPERTISE**

English
Portuguese
Spanish

English
German
Portuguese
Italian

English
Spanish

English
Spanish

English
Spanish
Italian

English
Spanish

FIRM'S FOCUS

- Provide value-added legal services to technology, life sciences, and growth enterprises worldwide, as well as the investors that finance them
- Represent multi-billion dollar global enterprises as well as venture-backed start-up companies
- Serve the principal challenges faced by management and board of directors of business enterprises
- Act as a strategic business partner to a diversified client base
- Exceptional understanding of the financial, regulatory, and industry environments important to our clients

3000+
clients

300+
IPOs

140+
M&A deals

500+
venture rounds

100+
collaborations
per year

70+
patents
per week



SELECT LATAM CLIENTS

WSGR IN LATAM

- Team of professionals who are native or fluent English / Spanish / Portuguese speakers.
- Represent over 160 LatAm companies and LatAm focused companies, from early seed-stage to late stage.
- Deep industry knowledge and extensive transaction expertise in the technology sectors that are most active in LatAm.
- Frequently represent LatAm companies in their fundraising and M&A activities as well as investors funding companies based in LatAm countries.
- Advise, both U.S. and LatAm-based clients in a variety of other cross-border matters, including mergers and acquisitions, branch operations, spin-offs, capital markets, and intellectual property counseling.
- Advise on fund-formation matters for LatAm focused funds

SELECT INTERNATIONAL CLIENTS



Lending



Enterprise Tech for Financial Institutions



PropTech



Enterprise Financial Management



Payments / Remittances



InsurTech



Digital Banks



Financial Wellbeing



Wealth Management



Crypto / Blockchain



Crowdfunding



\$882M (Disclosed)

2023 Financing Volume

59 (Disclosed)

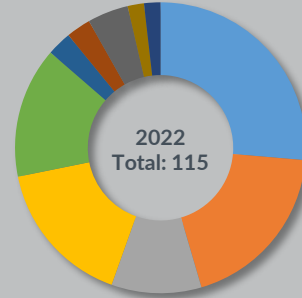
2023 Financing Transactions

7 (Disclosed)

2023 M&A Transactions

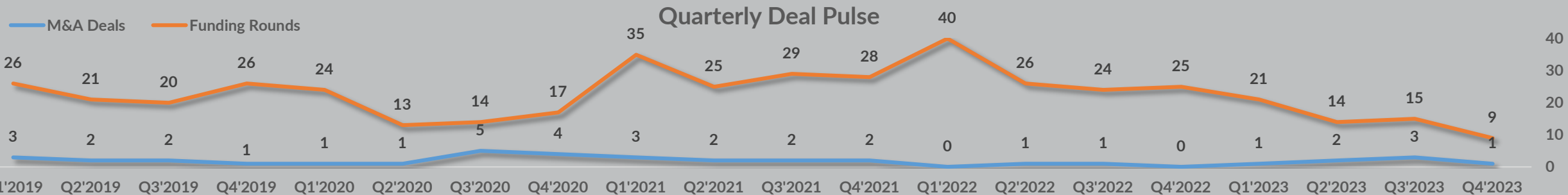
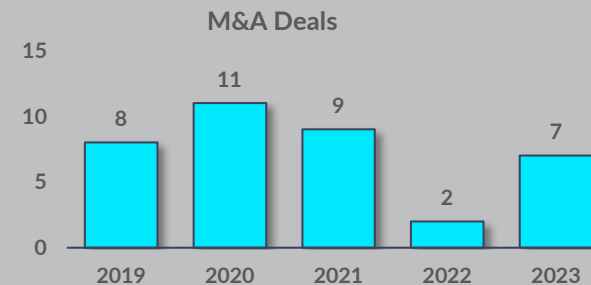
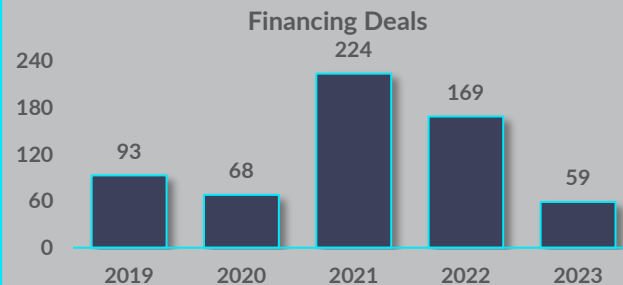
Notable Financing Transactions–2023

Date	Company	Amt. (\$M)
12/15/2023	kapital	\$165
4/28/2023	Fairplay	\$100
8/15/2023	Klar	\$100
8/31/2023	kapital	\$75
9/21/2023	coлектia	\$72
3/6/2023	solvento	\$54
5/31/2023	stori	\$50
9/26/2023	albo	\$40
2/2/2023	minu	\$30
3/2/2023	Konfio	\$27



Notable M&A Transactions–2023

Date	Acquirer	Target	Amt. (\$M)
8/4/2023	Webull	Flink	\$20
11/23/2023	TALA	jefa	-
9/19/2023	albo	delt.ai	-
7/6/2023	puntored	gestopago	-
5/3/2023	AKKR	ekomercio	-
4/4/2023	Walmart	TRAFALGAR	-
3/21/2023	AKKR	INDICIUM SOLUTIONS	-



UNIQUE OPPORTUNITIES FOR FINTECHS AND THEIR CLIENTS



AI can be used to analyze customer data and provide personalized product recommendations, which can attract and retain clients. Additionally, Fintech companies can implement AI-powered chatbots for customer support and engagement, helping clients with inquiries and onboarding 24/7.



Implement Natural Language Processing (NLP) to understand customer sentiments and feedback, enabling proactive service improvements.



Automate routine tasks like data entry, document verification, and compliance checks using AI-driven robotic process automation (RPA).



Analyze historical data to predict market trends, client behavior, and investment opportunities, enabling data-driven decision-making.



Gain insights into emerging market trends and create new AI-powered financial products.



Utilize AI to ensure compliance with evolving regulations by automating reporting and monitoring processes.



Utilize AI algorithms to assess creditworthiness and make faster, more accurate lending decisions.



Employ AI to monitor and protect against cyber threats and data breaches, safeguarding clients' sensitive information.



Build scalable AI infrastructure to handle increased demand and adapt to changing market conditions.



Ensure that AI is used responsibly and ethically, respecting data privacy regulations like GDPR or CCPA to maintain client trust.

Fintech companies can leverage artificial intelligence in various ways to source more clients, cut costs, and drive innovation. Some of the various applications are:



Customer Acquisition and Marketing



Innovation



Scaling Operations



Data Privacy and Ethical Considerations



Customer Experience



Compliance and Regulatory Reporting



Cybersecurity



Operational Efficiency



Risk Assessment and Fraud Detection



Data Analytics and Insights



AI can

evolve its tactics in real-time to evade detection, making traditional security defenses less effective.



AI-generated synthetic media can impersonate executives or other high-profile individuals in videos or voice recordings to commit fraud or manipulate the markets.



Attacks designed to fool machine learning models. For example, small, calculated modifications to input data can trick AI models into incorrect classifications or decisions.



By learning the behavioral patterns of users, AI can mimic genuine user behavior, making it hard for fraud detection systems to identify malicious activities.



AI can craft more convincing phishing emails by analyzing large datasets and tailoring messages to specific individuals or organizations, increasing the chances of a successful scam.



AI can execute high-speed, high-volume fraudulent transactions that are strategically designed to avoid detection by traditional monitoring systems.



AI can assist in large-scale social engineering attacks, tailoring scams to individual users based on their personal information.



AI can execute high-speed, high-volume fraudulent transactions strategically designed to avoid detection by traditional monitoring systems.



AI can automate the process of discovering and exploiting vulnerabilities in software, increasing the speed and efficiency of cyberattacks.

The intersection of Fintech and AI presents a new range of challenges, as AI can be a potential weapon for bad actors. Some of the unique threats posed by malicious AI use against fintech companies are:



Advanced Phishing Attacks



Behavioral Modeling



Deepfakes



Evasion



Transaction Manipulation



Adversarial Attacks



Automated Social Engineering



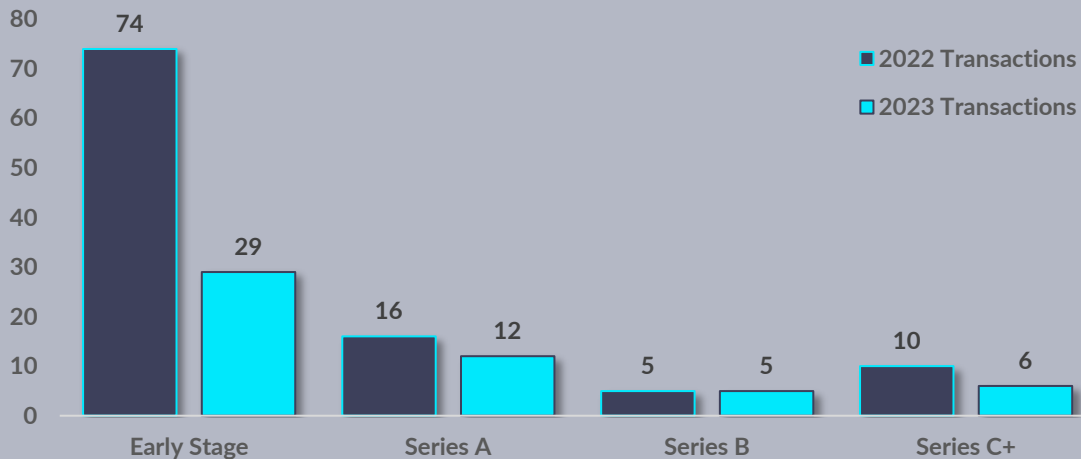
Data Manipulation



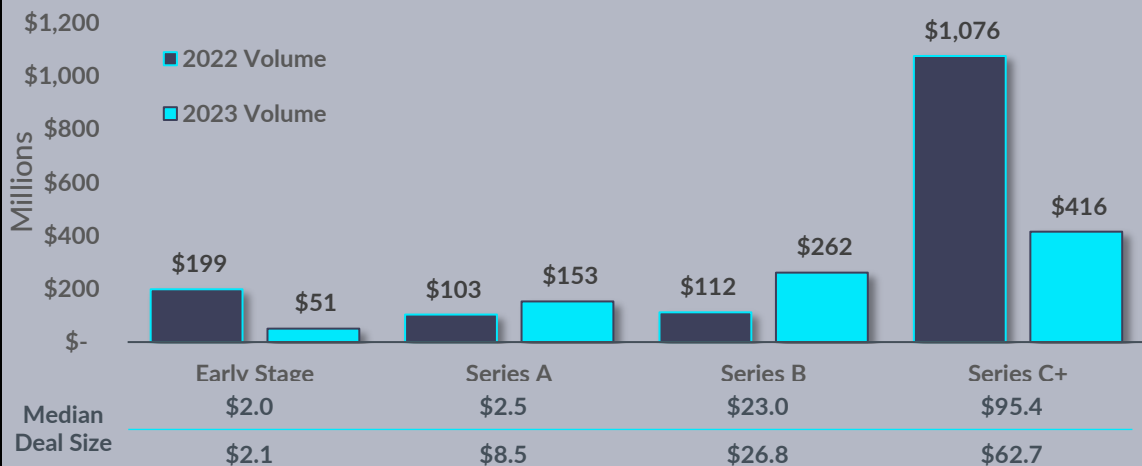
Exploitation of Vulnerabilities

UNIQUE THREATS TO FINTECHS AND THEIR CLIENTS

NUMBER OF TRANSACTIONS BY STAGE



AMOUNT OF CAPITAL RAISED* BY STAGE (\$M)

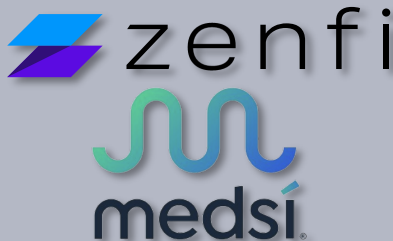


SELECTED COMPANIES BY STAGE

Early Stage



Series A



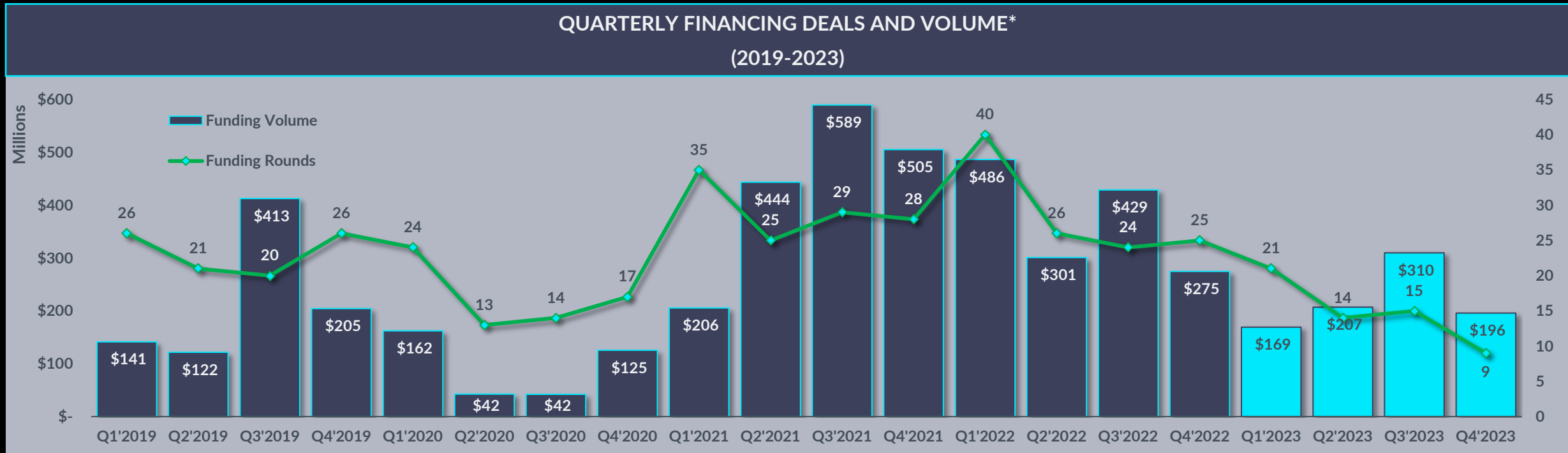
Series B



Series C+



Mexican Fintech companies have raised \$5.6B* across 525 transactions since 2018.



- **\$882M*** was raised across **59** transactions in 2023, third highest amount in the last five years, slightly higher than 2019.
- 2021 financing activity reached record highs by deal volume (**\$1.7B***), almost doubling 2019.
- Over the last eight quarters, **\$2.3B*** has been invested in Mexican Fintech companies.
- **\$882M*** in 2022 was the third highest year in record (after 2021 and 2022), with **\$169M** invested in Q1 2022 (21 deals), **\$207M** invested in Q2 2022 (14 deals), **\$310M** invested in Q3 2022 (15 deals), and **\$196M** invested in Q4 2022 (9 deals).
- Q3 2023 (**\$310M**) and Q2 2023 (**\$207M**) were the two highest quarters of financing activity in the past year; 2023 was highlighted by **3 deals** that raised **\$100M+**, and **7 deals** of **\$50M+**.

Notable Funding Transactions
Date [MM/DD]: \$ Raised / Deal Type

 12/15 : \$165M / Early Stage VC	 4/28 : \$100M / Debt - General	 8/15 : \$100M / Debt - General	 8/31 : \$75M / Early Stage VC	 9/21 : \$72M / Later Stage VC	 3/6 : \$53.5M / Later Stage VC
 5/31 : \$50M / Debt - General	 9/26 : \$40M / Later Stage VC	 2/2 : \$30M / Later Stage VC	 3/2 : \$26.89M / Debt - General	 6/26 : \$20M / Later Stage VC	 6/28 : \$20M / Debt - General
 7/13 : \$19M / Early Stage VC	 4/17 : \$10M / Seed Round	 1/26 : \$10M / Debt - General	 2/27 : \$10M / Debt - General	 10/23 : \$9.7M / Later Stage VC	 1/23 : \$8.5M / Later Stage VC
 3/16 : \$8.48M / Early Stage VC	 10/31 : \$7.5M / Later Stage VC	 11/7 : \$6.25M / Early Stage VC	 4/13 : \$6.2M / Early Stage VC	 1/9 : \$6M / Later Stage VC	 3/17 : \$5M / Seed Round
 1/9 : \$4.64M / Early Stage VC	 10/9 : \$4.6M / Seed Round	 3/29 : \$4M / Seed Round	 9/7 : \$2.3M / Seed Round	 1/31 : \$2.14M / Early Stage VC	 10/31 : \$1.31M / Seed Round

Source: K2 Proprietary Investment & M&A Transaction Database. All Amounts in USD.

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States with the Most Companies**			
Ranking	State		Number of Companies
1	Mexico City		170
2	Nuevo Leon		27
3	Jalisco		22
4	Chihuahua		5
5	Guanajuato		4

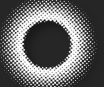
Most Funded Companies			
Founding Year	Company	Latest Transaction Type	Funds Raised (\$M)***
2013	Konfio	Debt - General 5/16/2022	\$808
2019	xepelin	Debt - General 9/07/2022	\$567
2012	clip	Debt - General 9/06/2022	\$485
2020	CLARA	Debt - General 8/08/2022	\$413
2012	kueski	Late Stage VC 10/21/2022	\$365

VC funds and accelerators are instrumental in providing financial support, expertise, and a supportive ecosystem.

CAPITAL INFUSION	VC funds provide essential capital to early-stage and growing Fintech startups. This financial support allows these companies to develop and scale their operations, invest in technology, and expand their market presence.	Fund	Recent Investments	Headquarters
RISK MITIGATION	Fintech startups often face high levels of risk and uncertainty. VC funds are willing to take on this risk, providing the financial backing necessary for Fintech companies to experiment, innovate, and potentially disrupt traditional financial services.	500 500 LATAM	R U U T pacto syscap cometa	
EXPERTISE AND MENTORSHIP	Many VC funds and accelerators offer valuable expertise and mentorship to Fintech entrepreneurs. This guidance can include strategic advice, industry insights, and networking opportunities, helping startups navigate challenges and make informed decisions.	Latitud	Uellbee syntage REWORTH	
MARKET ACCESS	VC funds often have extensive networks and can help Fintech startups access new markets and partnerships. This can be particularly beneficial in the financial industry, where regulatory considerations and established relationships are crucial.	IGNIA	Worky Undostres Konfio PRODUCEPAY	
INNOVATION AND COMPETITION	By supporting Fintech startups, VC funds contribute to increased innovation within the sector. This innovation can drive competition and lead to the development of new and improved financial products and services, benefitting both consumers and the industry.	MC MASSCHALLENGE	baubap vexi erqor TRATO	
ECONOMIC GROWTH	The growth of the Fintech sector, fueled by VC funds and accelerators, contributes to overall economic development. It creates job opportunities, fosters entrepreneurship, and positions Mexico as a competitive player in the global Fintech landscape.	endeavor	NE&U albo CLARA Klar	
TECH ECOSYSTEM DEVELOPMENT	VC funds and accelerators are key players in building and strengthening the broader technology and startup ecosystem. Their involvement attracts talent, fosters collaboration, and establishes a supportive environment for the growth of the Fintech sector.			

Source: K2 Proprietary Investment & M&A Transaction Database.

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Ranking	Investor	# of Primary Investments	Primary Investor Type	Headquarters
1.	 momentum capital	5	Venture Capital	Mexico City
2.	 WOLLEF	4	Venture Capital	Mexico City
3.	 REDWOOD VENTURES	4	Venture Capital	Zapopan, Jalisco
4.	 AngelHub®	2	Venture Capital	San Pedro, Nuevo Leon
5.	 CAPEM GRUPO CAPITAL EMPRESARIAL	2	Venture Capital	Mexico City
6.	 DILA CAPITAL DEVELOPMENT IN LATIN AMERICA	2	Venture Capital	Mexico City
7.	 MELEK CAPITAL	2	Venture Capital	Mexico City
8.	 500 LATAM	1	Accelerator / Incubator	Mexico City
9.	 amplifica CAPITAL	1	Venture Capital	Mexico City
10.	 ILUMINAR	1	Venture Capital	Mexico City



Source: K2 Proprietary Investment & M&A Transaction Database. All amounts in USD.

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Ranking	Investor	# of Primary Investments	Primary Investor Type	Headquarters
1.	techstars	5	Accelerator / Incubator	
2.	500	4	Venture Capital	
3.	 FINTECH COLLECTIVE	3	Venture Capital	
4.	 Mountain Partners	3	Venture Capital	
5.	 LATITUD	3	Venture Capital	
6.	 SPECTRA INVESTMENTS	2	PE / Buyout	
7.	 MAGMA	2	Venture Capital	
8.	 AKKR ACCEL-KKR	2	PE / Buyout	
9.	KASZEK	2	Venture Capital	
10.	 ALTA GLOBAL VENTURES	2	Venture Capital	

Countries by Number of Active Investors



83



30



6



3



3



3



3



3



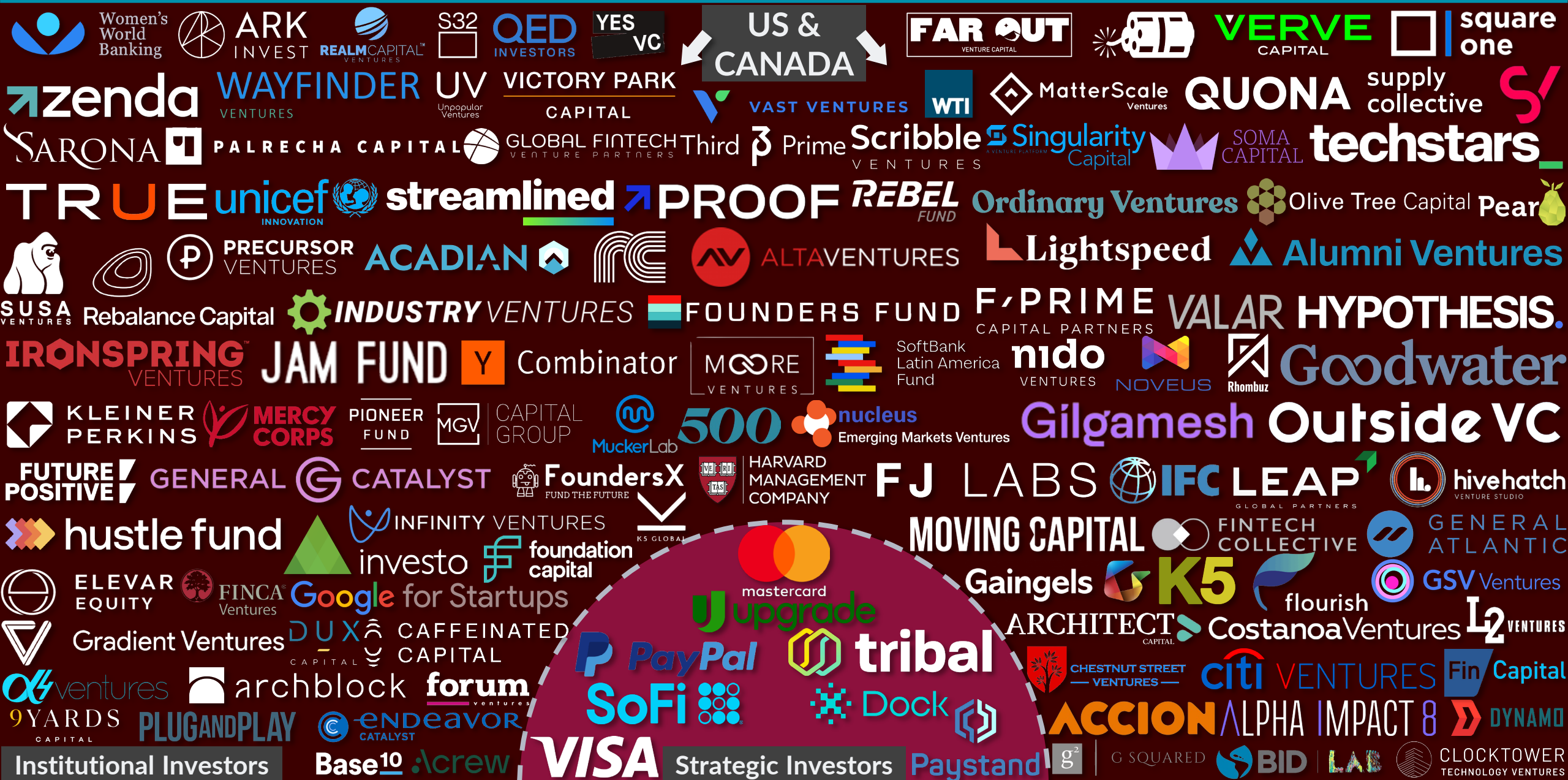
3



2

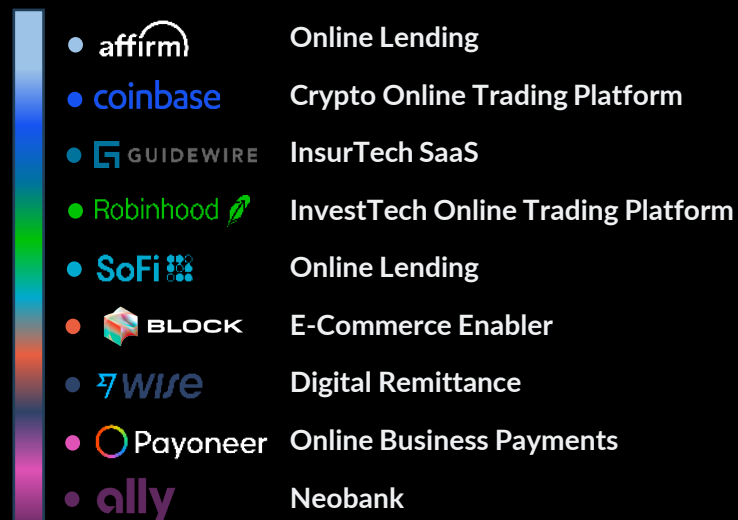
Source: K2 Proprietary Investment & M&A Transaction Database. All amounts in USD.

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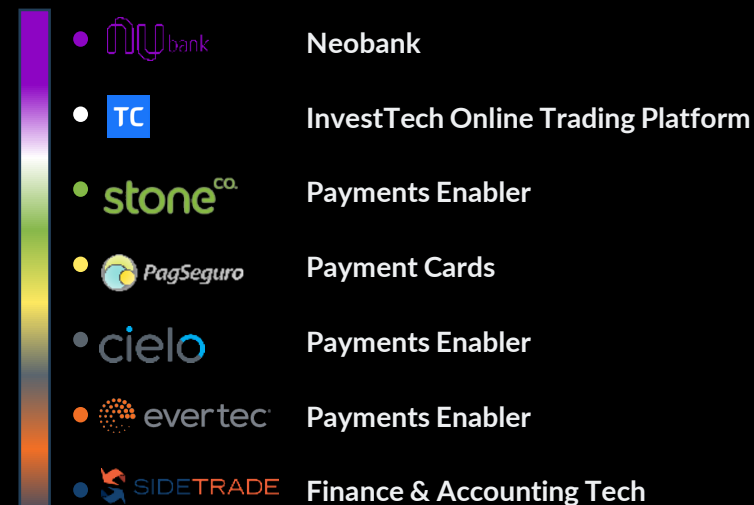




K2 U.S. Fintech Index ("K2USFI")



K2 LatAm Fintech Index ("K2LAFI")



Mkt. Cap. as of
1/1/2023
\$12.9B

140.00%

90.00%

40.00%

-10.00%

-60.00%

Mkt. Cap. as of
12/31/2023
\$30.4B
+133.9%



Mkt. Cap. as of
1/1/2023
\$574M*

Mkt. Cap. as of
12/31/2023
\$243M*
-57.5%



Mkt. Cap. as of
1/1/2023
\$2.5B

Mkt. Cap. as of
12/31/2023
\$5.3B
+112.8%



Mkt. Cap. as of
1/1/2023
\$1.6B

Mkt. Cap. as of
12/31/2023
\$2.5B
+51.3%



Mkt. Cap. as of
1/1/2023
\$12.6B*

Mkt. Cap. as of
12/31/2023
\$12.4B*
-4.6%



Mkt. Cap. as of
1/1/2023
\$2.1B

Mkt. Cap. as of
12/31/2023
\$2.6B
+25.1%



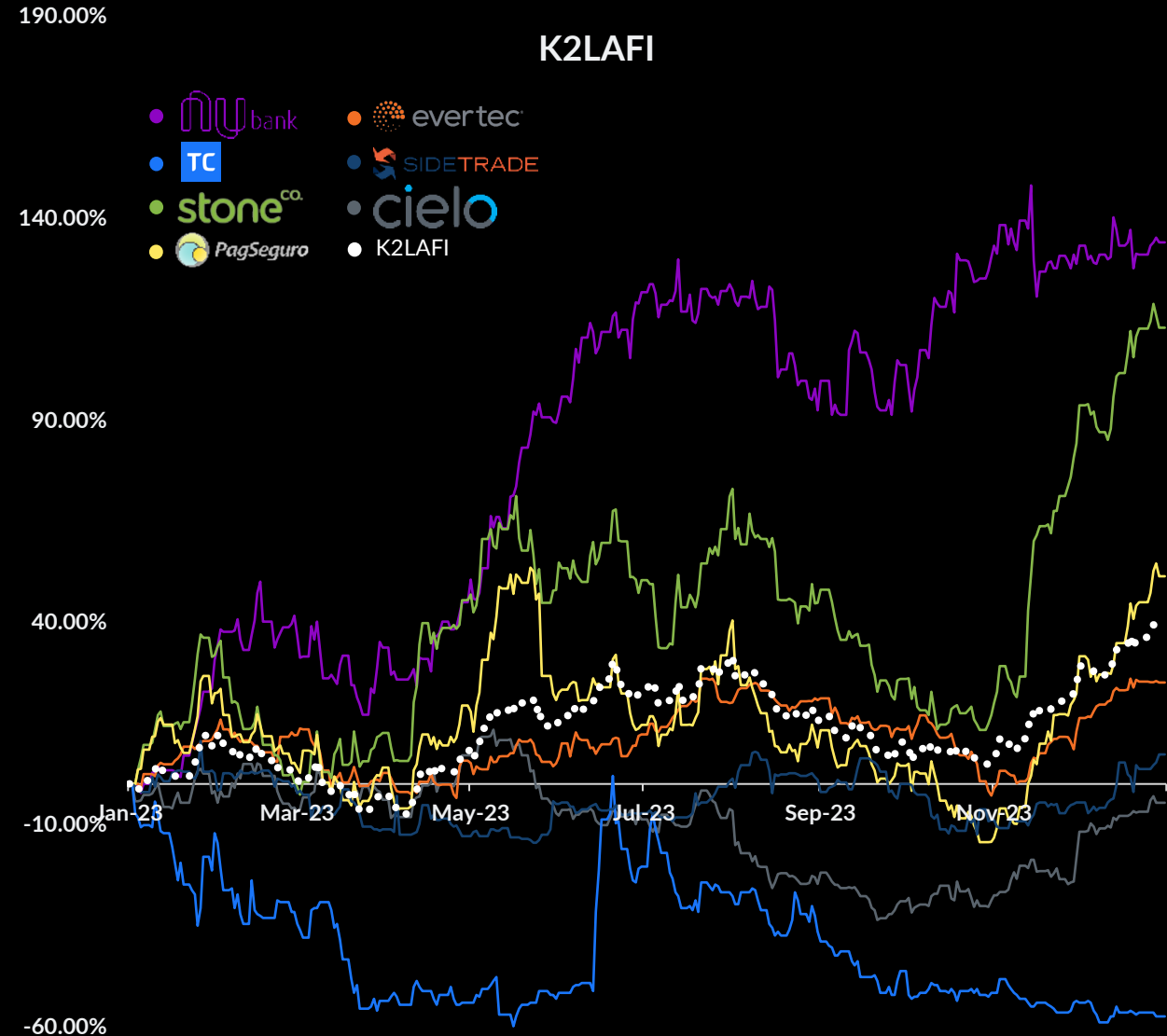
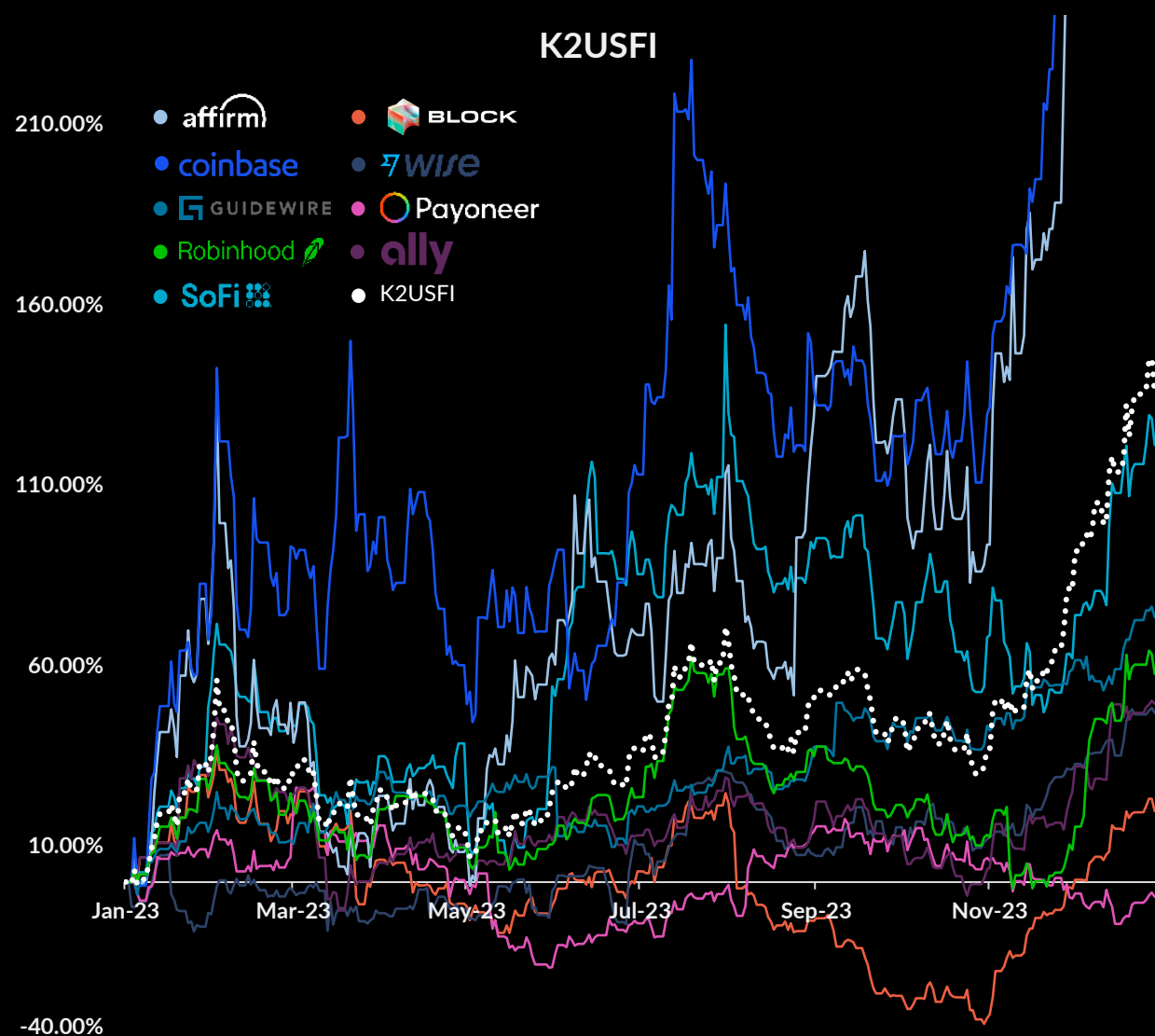
Mkt. Cap. as of
1/1/2023
\$206M**

Mkt. Cap. as of
12/31/2023
\$221M**
7.2%

Source: K2 Proprietary Investment & M&A Transaction Database. *Amounts in BRL **Amounts in EUR. All other amounts in USD.

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LatAm Fintech public companies have increased their market cap an average of 38% in 2023, U.S. referents have gained 135% on average.



Source: K2 Proprietary Investment & M&A Transaction Database. Stock price data above is through 11/15/23.

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Mexico-Based Unicorns*



**K2's Definition of an 'Active Unicorn': a VC-funded, privately-held startup company valued at over \$1B that has not had a change of control transaction (going public, getting acquired, etc.)*

 CLARA Founded: 2020 HQ: Mexico City Amt. Raised: \$413M CEO: Gerry Giacomán Colyer	- Unicorn since December 2021 - Developer of a spend management platform for companies in Latin America. The company's end-to-end solution includes locally-issued corporate cards, bill pay, financing solutions, and a highly-rated software platform, providing digital cards without any annuity or account management fees.	 Founded: 2012 HQ: Mexico City Amt. Raised: \$485M CEO: Adolfo Babatz	- Unicorn since June 2021 - Developer of a digital payment platform that facilitates business growth and increases sales. The company's platform offers an application that lets businesses accept payments with all credit and debit cards, contactless technology, and Samsung Pay, without monthly fees, or minimal sales, enabling customers to pay, and businesses to accept payments easily.
 Konfio Founded: 2013 HQ: Mexico City Amt. Raised: \$781M CEO: David Arana	- Unicorn since September 2021 - Developer of an online lending platform designed to offer micro-business loans. The company's platform complements traditional financial analysis and helps clients achieve economic growth through access to credit solutions with a proprietary algorithm that combines data and technology to measure creditworthiness. - Acquired Sr. Pago in August 2021.	 Founded: 2017 HQ: Mexico City Amt. Raised: \$359M CEO: Marlene Garayzar	- Unicorn since July 2022. - Provider of digital financial payment services intended to help users with credit facilities and other financial services via a credit card. The company's services allows access to consumer financial products such as prepaid and credit cards to underbanked users. - Acquired MasCaja in September 2023.

Fintech Unicorns with Presence in Mexico



- Originally from Mexico, Headquartered in Gibraltar, with offices in Mexico and Brazil.



- Headquartered in London, United Kingdom.
- Formerly known as CashDash.



- Headquartered in London, United Kingdom.
- Formerly known as WorldRemit.



- Headquartered in Orlando, Florida, U.S.A.



- Headquartered in Quito, Ecuador.
- Acquired Billpocket in 2022.



- Headquartered in San Francisco, California, U.S.A.



- Headquartered in San Francisco, California, U.S.A.



- Headquartered in San Francisco, California, U.S.A.
- Launched on July 2023.



- Headquartered in Sao Paulo, Brazil.
- Active acquirer in Brazil.



- Headquartered in San Francisco, California, U.S.A.
- Active investor and acquirer.



FinTech
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SONSINI

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