

Venture Capital Fintech Startup Investors Report

USA Investors and Middle Eastern Startups

December 2021

Middle Eastern fintech companies have experienced a boom in capital market activity since the start of 2021 and the reopening of the global economy. The fintech industry is rapidly developing and disrupting traditional banking and financial institutions. Fintech startups in the United Arab Emirates, Egypt, and Saudi Arabia have conducted significant capital market activity since the start of 2020. Notably, groups in the segment have attracted investments from USA-based venture capital sources.

This report explores the investments made by USA investors into Middle Eastern fintech startups since 2020. Only announced deals are analyzed. This report will outline the type, volume, and industry of deals conducted by USA investors into Middle Eastern companies.

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USA Investors and Middle Eastern Fintech Venture Capital Deals

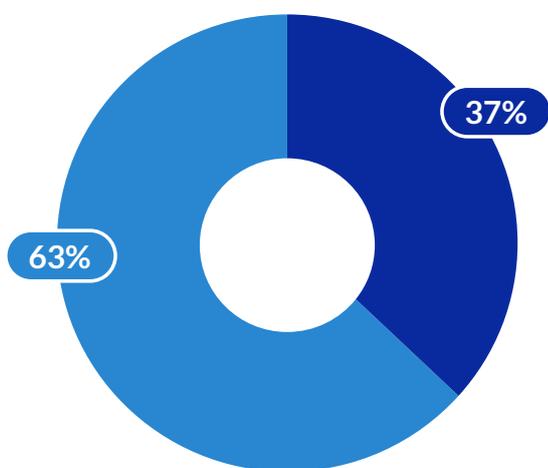
CAPITAL INVESTED



- USA investor activity in the Middle East slowed down in 2020, as it did for most other cross-border investments. After the normalization of the global capital markets, fintech startups in the Middle East capitalized on the USA investor appetite. Transactions grew steadily in 2021, leading to over 20 investments in four quarters, from Q3 of 2020 to Q3 of 2021.
- In Q4 of 2021, the average capital invested per deal more than doubled. Due to this, the overall capital deployed increased by 1,750% in 2021 compared to 2020.

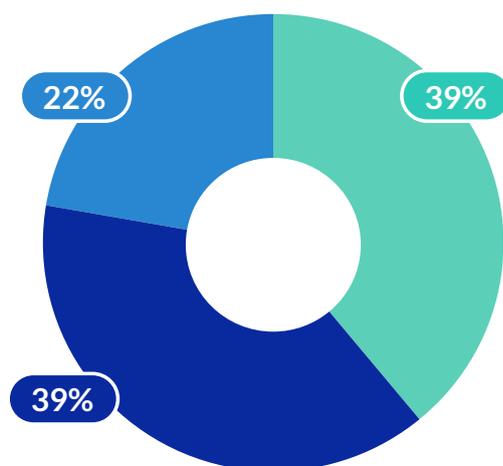
Cross-Border Fintech Venture Capital Investments: USA Investors and Middle Eastern Companies

Sector Analysis by Capital Deployed



- Significant deal count (37%) and capital deployment (39%) by USA-based investors into Middle Eastern fintech startups occurred within seed-stage investments. This shows the development of new companies designed to serve an underserved market and the strong potential for growth in the space.
- Incubator funding made up 39% of the total sector deal count but less than 1% of capital raised. This suggests that most deals in the incubation phase were conducted without capital being injected into the business.
- Early-stage venture capital accounted for 22% of deal count and 69% of capital deployment.

Sector Analysis by Deal Count



The growth and funding of Middle Eastern fintech startups will lead to a boom in the sector as traditional banking and financial institutions are disrupted.

DEAL SPOTLIGHT: TARABUT GATEWAY



TOTAL CAPITAL RAISED TO DATE	ROUND	PRE-SERIES A	DATE	
\$25 M	CAPITAL RAISED	\$12 MILLION	LEAD INVESTOR	NOV 2, 2021 TIGER GLOBAL MANAGEMENT

THE COMPANY

Tarabut Gateway is a financial technology and software development company that has created a platform to regulate the banking sector. The platform is designed to connect a regional network of banks and other fintech companies through a universal applications programming interface (API). Tarabut's platform utilizes the API to assist in the transfer of data and to create a greater level of integration within the finance sector in the region.

RECENT FUNDRAISING

- Tarabut Gateway completed a pre-Series A round of \$12 million on November 2, 2021, at an undisclosed valuation.
- Tiger Global Management led the round with Dubai International Finance Center and other undisclosed investors participating.
- Tarabut Gateway had previously raised \$13 million through seed funding in February 2021, which was also led by Tiger Global Management.

The fintech sector is rapidly developing in the Middle East, and early-stage companies will drive transformation within the banking and financial sectors. International investors should be mindful of the growth potential of the sector and the opportunities that well-funded startups can capitalize on. J&A forecasts the continued expansion of capital market activity between USA-based venture capital funds and Middle Eastern fintech startups.