



Climate Fintech

beyond the Hype – 2nd Edition

29/06/2023



Welcome

Introduction

Over the past few years, Climate Fintech has rapidly grown and continues to evolve, comprising hundreds of start-ups and numerous supportive initiatives globally. Two years ago, Tenity inaugurated the first program dedicated to Climate Fintechs within our core incubator in Zurich. In the meantime, we've expanded our engagement and ran the world's first dedicated Climate Fintech Incubation program in the Nordics & Baltics, with more to come.

We are amazed by the innovative power of these purpose-driven founders and are seeing continued and rising interest both from our corporate partners and investors. This growth is aligned with the expanding recognition of sustainable finance's significance within our society.

Climate Fintech solutions encompass digital advancements, applications, and platforms that allow institutions and individuals to save, spend, and invest while prioritizing the planet. The array of applications is broad, encompassing carbon footprint-tracking credit cards, to climate risk data providers that aid insurers in better climate risk underwriting.

After thoroughly researching and analyzing a database of more than 600 Climate Fintechs, categorized under the Green FinTech Classification by the Green Digital Finance Alliance, we have discovered some fascinating insights and developments since last year. We've also taken an in-depth look at four pivotal markets: Switzerland, Sweden, Singapore, and the UK.

Did you know that both Switzerland and Singapore possibly hold the highest per capita number of Climate Fintechs - with Singapore catching up significantly?

Did you know that UK is the leading climate fintech movement in Europe based both on funding volume and number of startups?

Did you know that Estonia shows the highest number of Climate Fintechs with at least one female co-founder or CEO?

A huge thank you to everyone who contributed to this report. We hope you find it enlightening and enjoyable.



Andreas Iten

Co-Founder & CEO

andreas.iten@tenity.com

Introduction

Welcome to the second edition of Climate Fintech – beyond the hype

All about growth

While 2022 saw a general slowdown of funding activity, the Climate Fintech sector has not followed the same trend.

With this growth, our database has also grown – by an incredible 50%. And even so, we’ve only just scratched the surface.

Disclaimer

The database of ~600 Climate FinTech companies used in this analysis does not represent a complete list of all Climate Fintech globally. Not all companies have funding data available. Therefore, funding analysis is based on a reduced sub-set of companies in the database. All information is based on publicly available information, though Tenity and its partners do not guarantee their accuracy. The application of the Green Fintech Classification is subjective and may be subject to changes. There are some instances where significant outliers were removed to maintain consistency of data. Feedback is welcomed, and the database will continue to evolve over time alongside changing taxonomies and the ever-increasing number of Climate Fintech companies.

Overview



50%

Increase in no. of startups analysed



607

Startups included from all over the world



\$1,83b

Funding raised by startups in our database in 2022 with disclosed funding data.



27,1%

2022 share of funding compared to total funding attracted by the startups included in our database with disclosed funding data.

Applying the Green Digital Finance Alliance Green Fintech Classification



About this taxonomy

While there are many ways to slice and dice and define this opportunity set, we have decided to again apply the established Green Fintech Classification, created by the [Green Digital Finance Alliance](#). This has two main reasons:

1 – We ensure that we can compare the data to last year’s result

2 – The Green Fintech Classification is a peer-reviewed nomenclature that can encompass a wide array of use cases.

1 Green digital payment and account solutions	2 Green digital investment solutions	3 Digital ESG data and analytics solutions	4 Green digital crowdfunding and syndication platforms	5 Green digital risk analysis and insurtech	6 Green digital deposit and lending solutions	7 Green digital asset solutions	8 Green regtech solutions
<p>Payment and account solutions integrating green features into the payment experience.</p> <p>Use cases:</p> <ul style="list-style-type: none"> Automated carbon, plastic or water footprint accounting, based on transaction data. Automated offsetting of green externalities. 	<p>Digital platforms that provide automated solutions, algorithm-driven green financial planning and investment services with little to no human supervision.</p> <p>Use cases:</p> <ul style="list-style-type: none"> Retail algorithmic trading with a focus on green assets. Automated green investment advice. Automated green portfolio allocation. Risk assessment according to environmental criteria. 	<p>Solutions for automated green data collection and analytics for finance, including automated green asset rating and indexing.</p> <p>Use cases:</p> <ul style="list-style-type: none"> Credit scoring algorithms that integrate green data in the credit decision. Automated ESG rating of companies & funds. Digital green indexing. 	<p>Digital platforms for capital raising from a large number of individuals or from institutional investors to finance new green business ventures or projects.</p> <p>Use cases:</p> <ul style="list-style-type: none"> Green equity crowdfunding. Green loan crowdfunding. Green donation crowdfunding. 	<p>Solutions that help optimize green insurance products and services as well as solutions to minimize physical climate and nature-related risks.</p> <p>Use cases:</p> <ul style="list-style-type: none"> Automated risk evaluation and monitoring tools Digital green insurance Dynamic pricing and underwriting of green assets IoT for green asset insurance e.g., real-estate, electric vehicles etc. Smart contracts for green claims handling. 	<p>Digital savings solutions used to finance environmentally beneficial projects. Digital loans to finance projects or loans linked to green behaviors.</p> <p>Use cases:</p> <ul style="list-style-type: none"> Green digital loans. Green linked or transition loans with automated monitoring. Green digital mortgages. 	<p>Tokens and crypto currencies with green properties and blockchain capital market infrastructure built for green use cases.</p> <p>Use cases:</p> <ul style="list-style-type: none"> Green utility tokens as a reward for lowering carbon emissions. Green asset tokens, e.g. a tokenized carbon credit or biodiversity offset. Green cryptocurrencies designed to be spent on green products only. Green Security Token Offering (STO) issuance platforms, designed to enable green proof of impact reporting, with a green STO framework for the issuance process. 	<p>Applications of technology-enabled innovation for regulatory, compliance and reporting requirements implemented by a regulated institution or a financial supervisory authority.</p> <p>Use cases:</p> <ul style="list-style-type: none"> Using digital technology to analyse disclosed green and financial data to automatically calculate a green taxonomy alignment percentage of a financial product e.g. a fund. Levering Natural Language Processing capabilities of AI to automatically monitor the quality of green banking disclosures.



Key Insights

1 - EMEA overtakes NORAM in 2022 funding

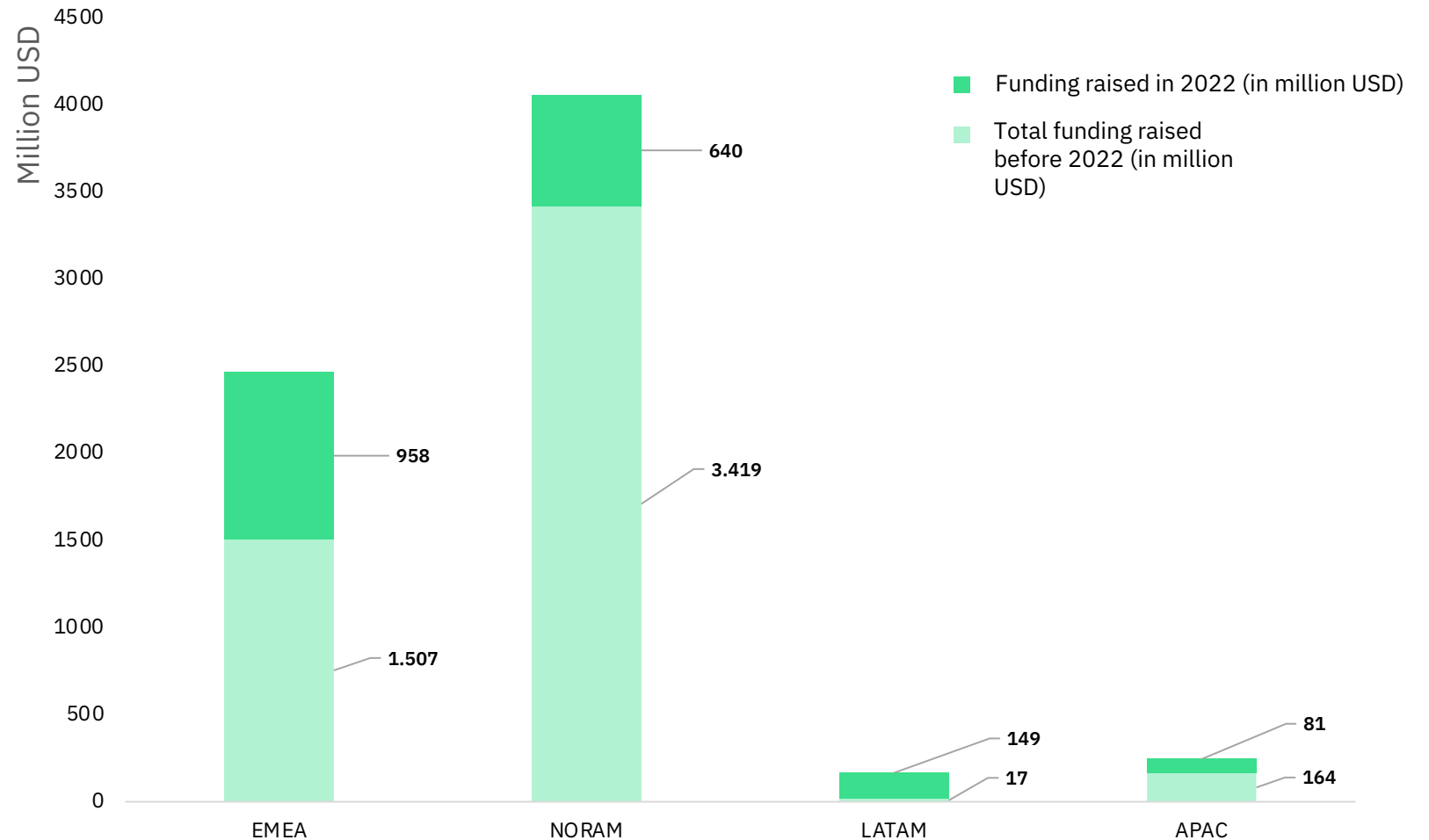
Funding raised before and in 2022

Europe takes the lead in 2022 funding

Our database mirrors the findings from Commerce Ventures, in that EMEA significantly overtook funding levels in North America.

While the number of startups identified in LATAM and APAC are substantially lower, funding activity has accelerated there, too.

The chart shows funding raised previous to 2022, as well as the 2022 funding volumes for the startups included in our database with publicly available funding information.



2 - EMEA leads in number of Climate Fintechs

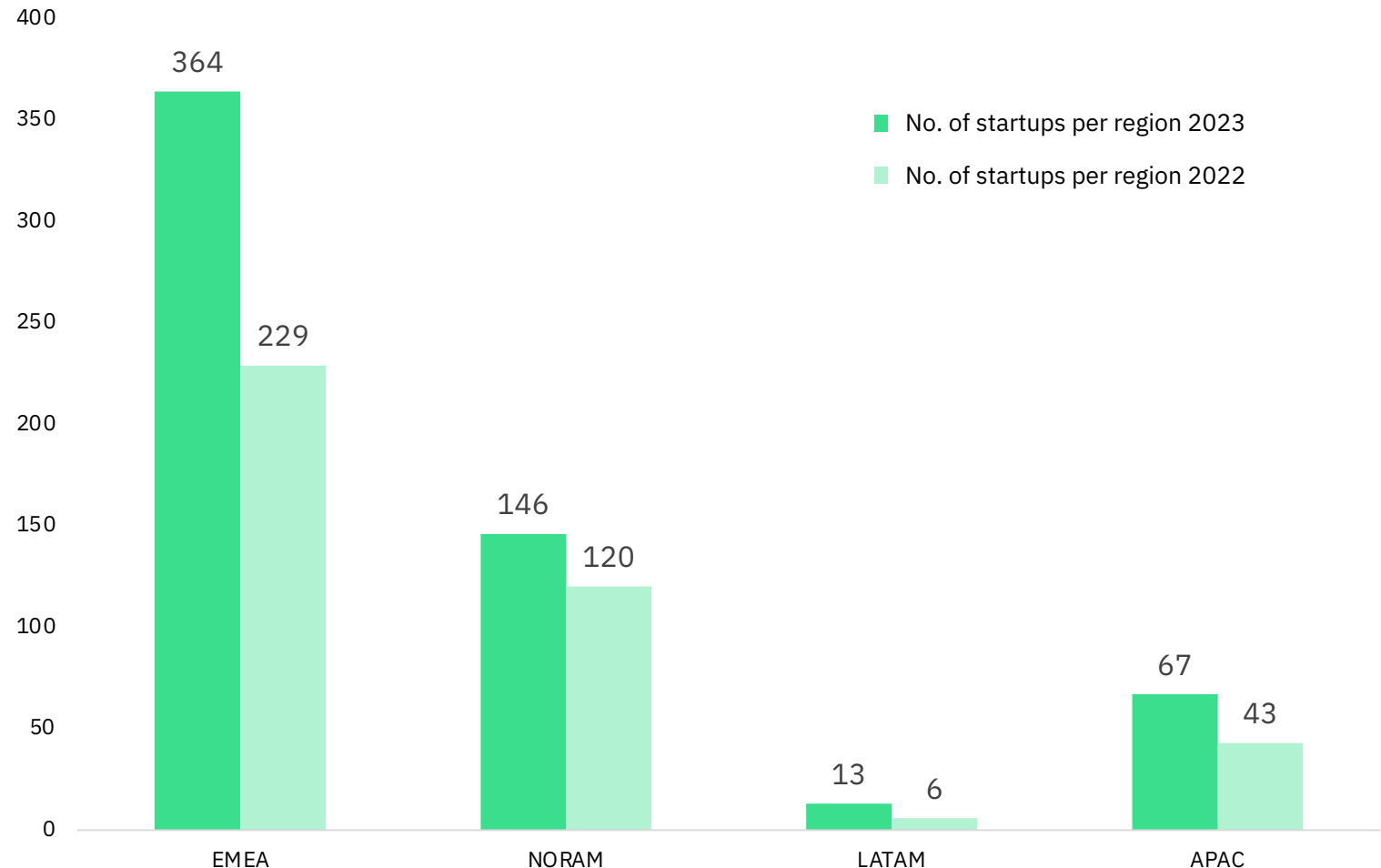
No. of startups per region

Strong growth in Climate Fintechs in EMEA

We've identified 59% more Climate Fintechs in Europe this year – compared to a 22% increase in North America, a 117% increase in Latin America and 56% increase in Asia Pacific.

The increase in Europe is significant. A few of the probable drivers include increasing regulatory pressure, increased funding and emerging support ecosystems, as well as the general societal trend and increased public awareness for urgent change.

*EMEA includes Africa (9) and Middle East (5).



3 - USA remains the country with most Climate Fintechs

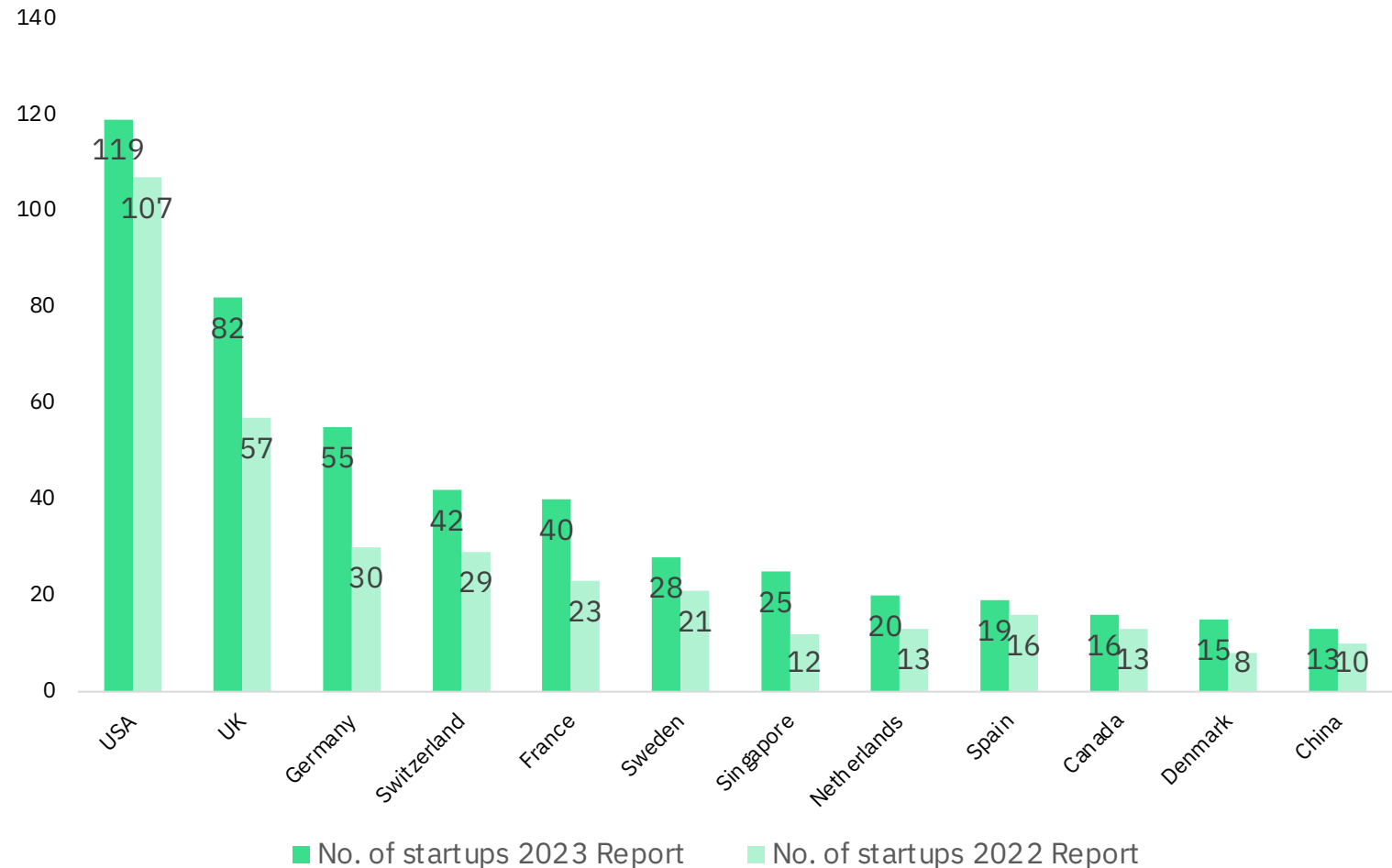
No. of startups included per country

USA remains the country with most Climate Fintechs, followed by the UK and Germany.

Although the total numbers of startups have increased across all countries included in this Top 12 List, there have been no significant changes in the top positions.

It is notable though, that the gap between number of startups included from the USA and the rest of the Top 12 list has decreased.

The country with the most notable increase was Singapore, jumping from 12 to 25 Climate Fintechs included in the report.



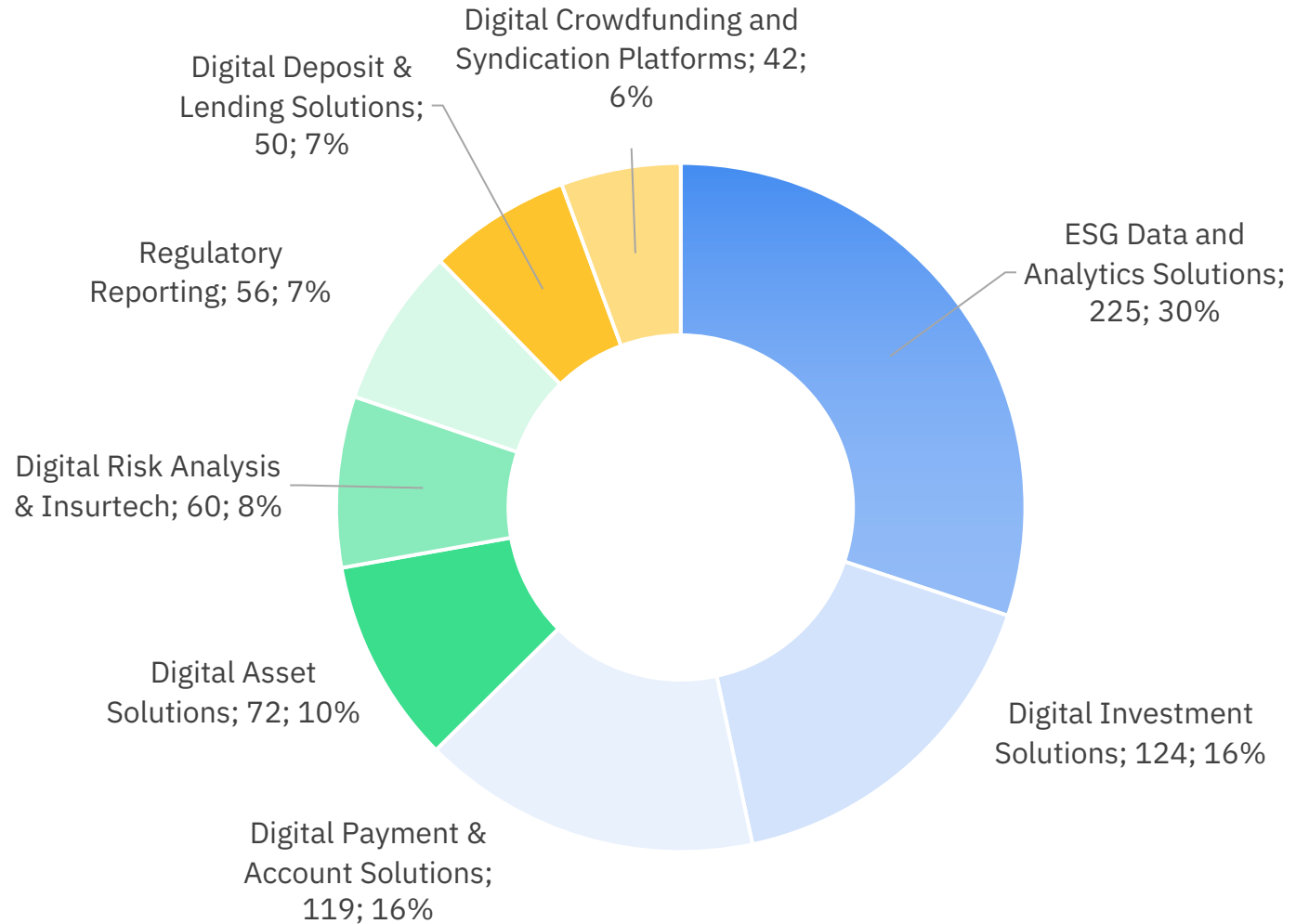
4 - ESG Data and Analytics Solutions remain a top priority

No. of startups per category

The number of ESG Data & Analytics startups included have increased from 88 to 225

ESG Data and Analytics Solutions remains the category with most Climate Fintechs. This is driven strongly by regulatory changes – most visible in the EU, where almost 70% of startups in this category are located.

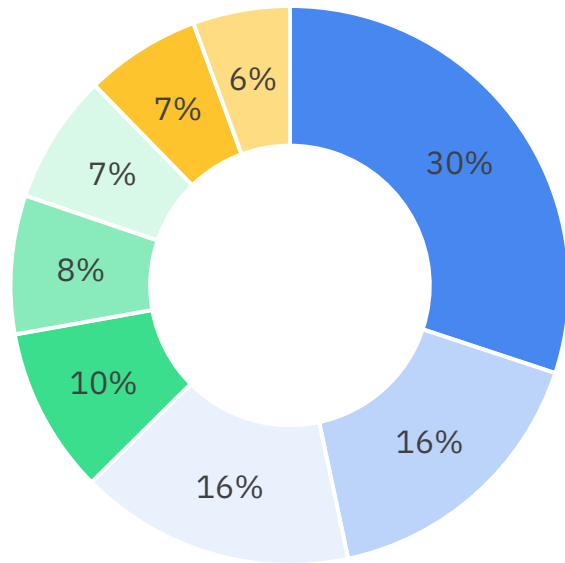
This year’s report takes into account that some Climate Fintechs can fall into more than one category. While last year, we only identified 5 startups in the regulatory reporting space as their primary activity, this year we’ve identified 56.



Regional Trends

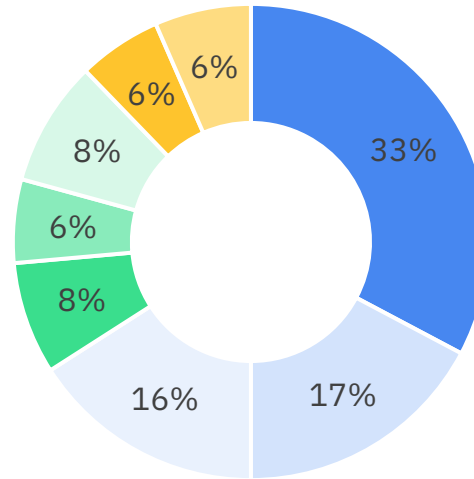
% of startups per category

Overall

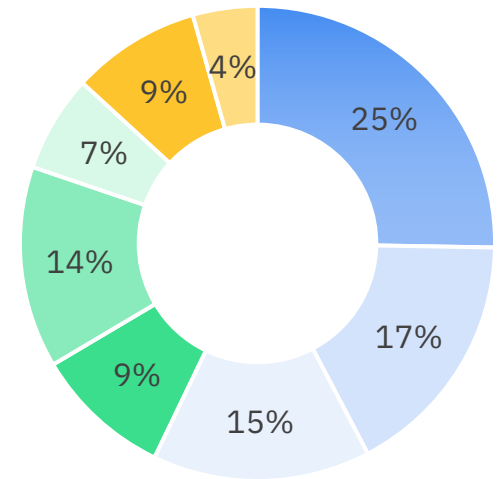


- ESG Data and Analytics Solutions
- Digital Investment Solutions
- Digital Payment & Account Solutions
- Digital Asset Solutions
- Digital Risk Analysis & Insurtech
- Regulatory Reporting
- Digital Deposit & Lending Solutions
- Digital Crowdfunding and Syndication Platforms

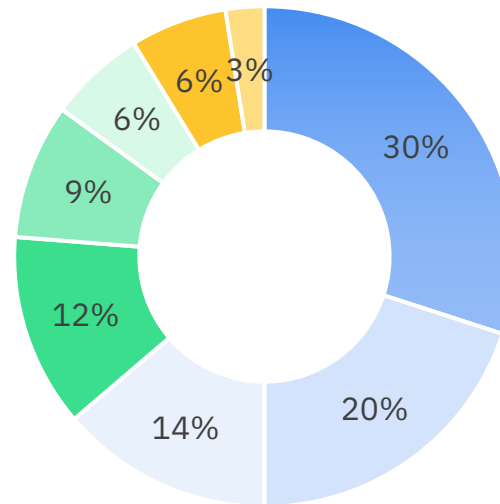
EMEA



North America



APAC



Regional Trends

Unsurprisingly, **EMEA** has the largest share of ESG Data & Analytics Solutions startups.

North America leads the share for the Digital Risk Analysis & Insurtech space.

APAC shows the highest share of Digital Investment solutions startups.

5 - Digital Payment & Account Solutions attracted most funding

No. of startups per category

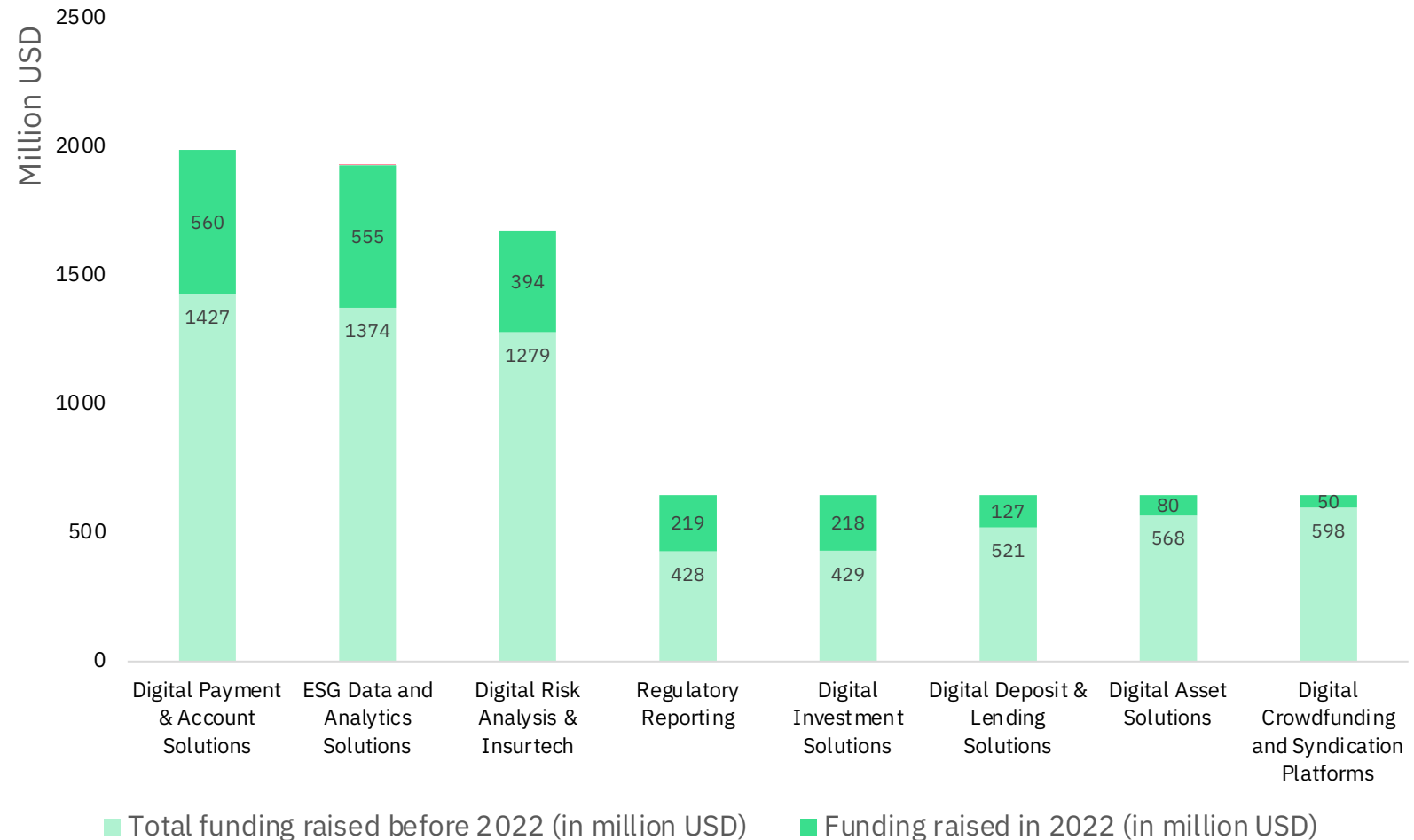
Digital Payment & Account Solutions has attracted most funding in 2022

Very closely followed by ESG Data and Analytics Solutions as well as Digital Risk Analysis & Insurtech.

Compared with the number startups included in each category, Digital Risk Analysis & Insurtech stands out as the highest funded category.

In terms of 2022 funding volume, Digital Crowdfunding & Syndication Platforms as well as Digital Asset Solutions have seen the least amount of funding.

We expect Digital Asset Solutions funding volume to increase significantly over the next few years.



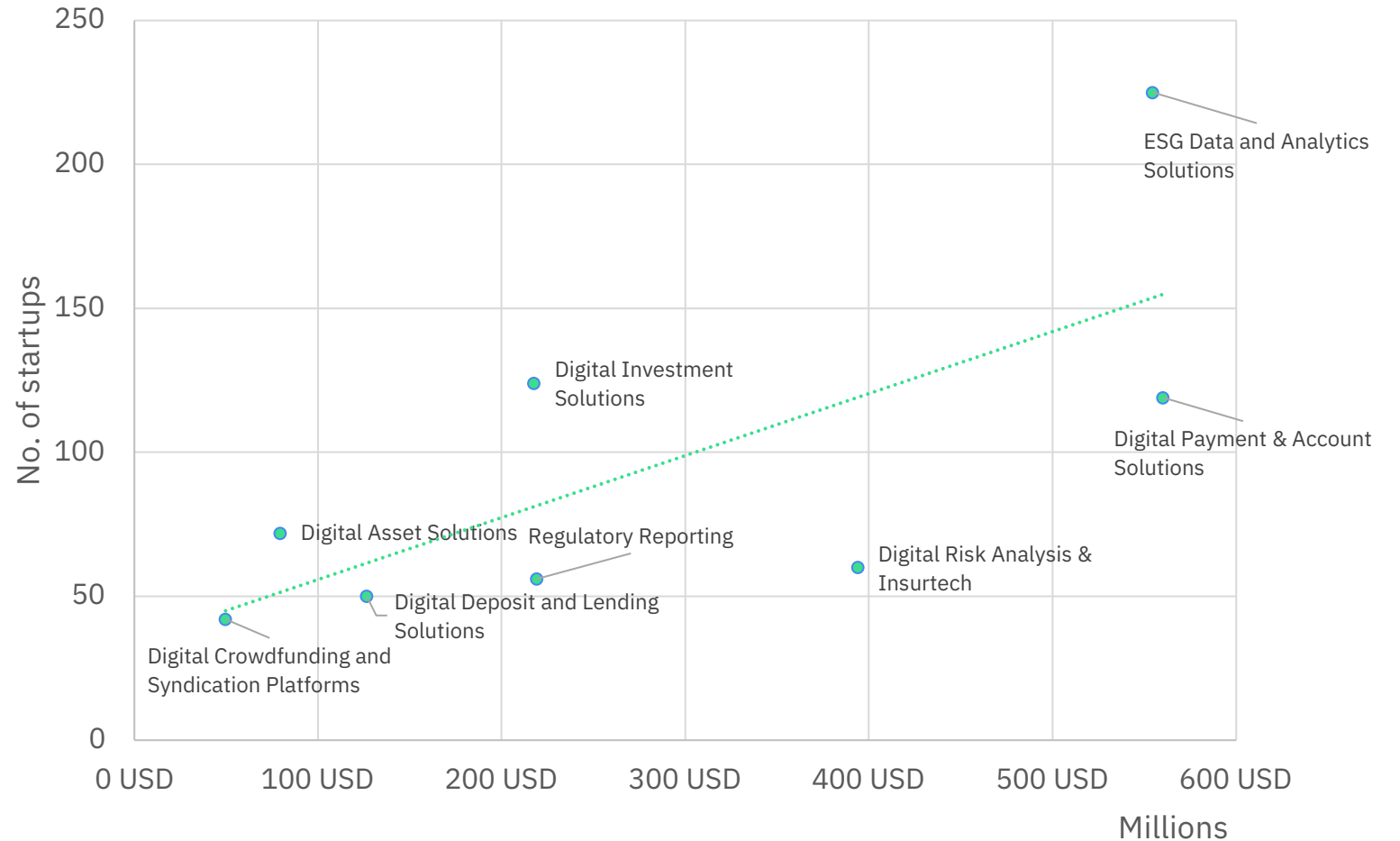
6 - Digital Risk Analysis & Insurtech with highest funding

Total funding x Number of startups

Digital Risk Analysis & Insurtech has attracted most funding to date measured by the number of startups classified

While Digital Risk Analysis & Insurtech has attracted most funding per startup (6,6M USD per startup), ESG Data and Analytics solutions can be found on the other extreme (2,5m USD per startup). While ESG Data & Analytics Solutions attracted significantly more funding, the number of startups within the category is substantially higher.

The chart shows the number of startups included in each category, as well as the total funding volume for each category.



7 - Later stage rounds are picking up steam

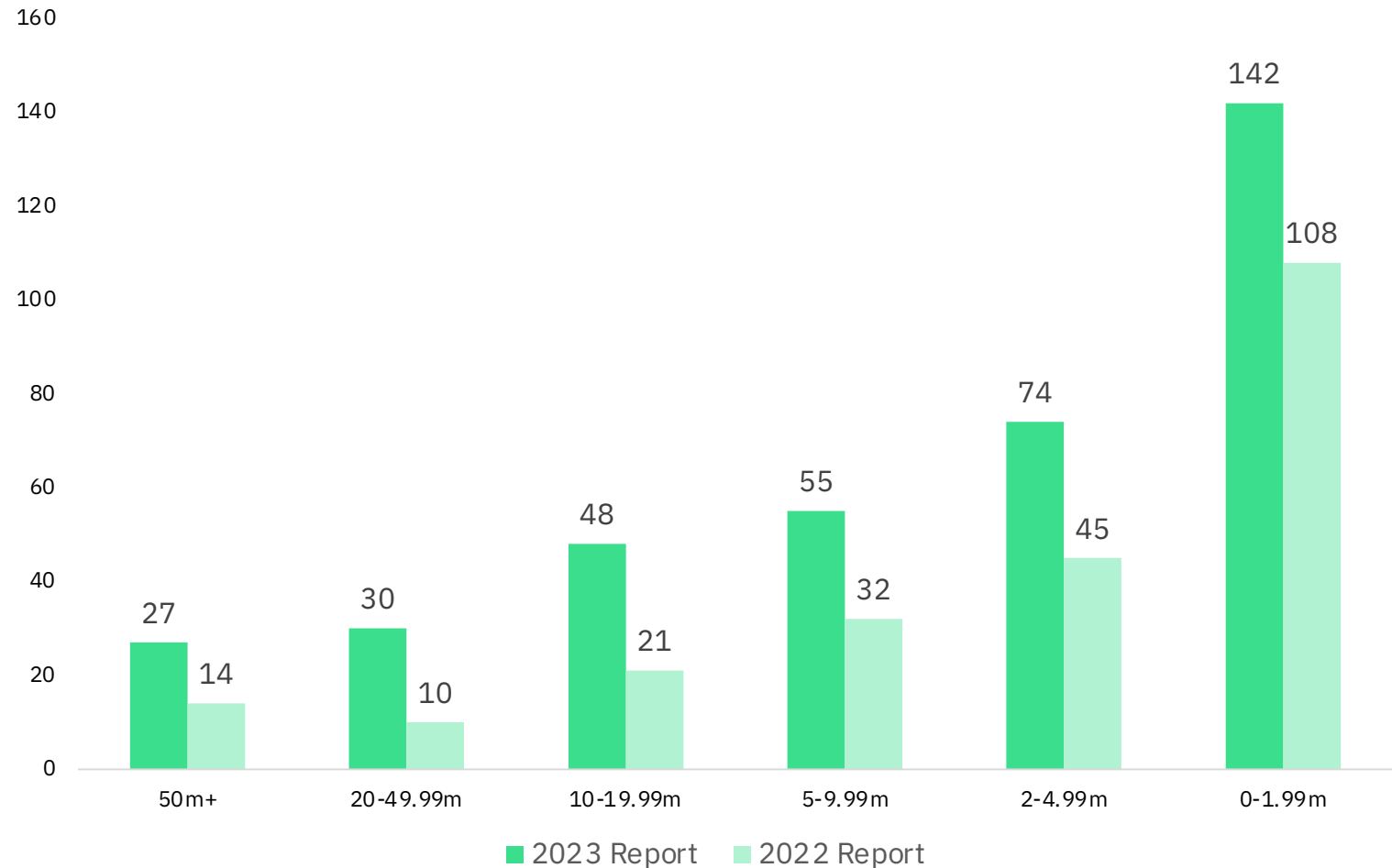
No. of startups in funding buckets

An increased share of higher total funding raised

For the 376 startups with disclosed funding information, we are seeing an increasing share of larger funding rounds.

While early-stage funding still makes up the largest share, in last year's report this share was 47% of the startups included, whereas in this year's report, the share has decreased to 38%.

Startups that have raised more than 10m USD are increasing rapidly – with the number of startups falling into higher funding buckets doubling or even tripling.



8 - Climate Fintech is increasingly female

% of Climate Fintechs in our report with at least one female co-founder or CEO

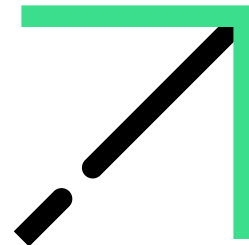
More than a third of all Climate Fintechs have a female CEO or Co-Founder

In this year's report we've done a more in-depth study of the co-founders and CEOs of the companies included and have found that the share of female founders or CEOs is significantly higher than estimated in last year's report.

For the 607 startups included in the report, 37% count at least one female co-founder or have a female CEO.

The country with highest presence of female CEOs or co-founders is Estonia, with an astounding 67%.

For startups founded between 2019 and 2022 this rate is at 39% vs. startups founded the three years previous with 35% (2016-2018).



37%

Startups with at least one Female Co-Founder or CEO



Switzerland

Tenity Climate Fintech Report 2023

Snapshot of Switzerland

2022 funding raised*

 USD 32m+

*for the startups included in our database with disclosed funding data.

Total funding raised to date*

 USD 72m+

*for the startups included in our database with disclosed funding data.

No. of startups included

 41

Startups included from Switzerland

Female Founders

 34%

Startups with female Co-Founders or CEOs in Switzerland.

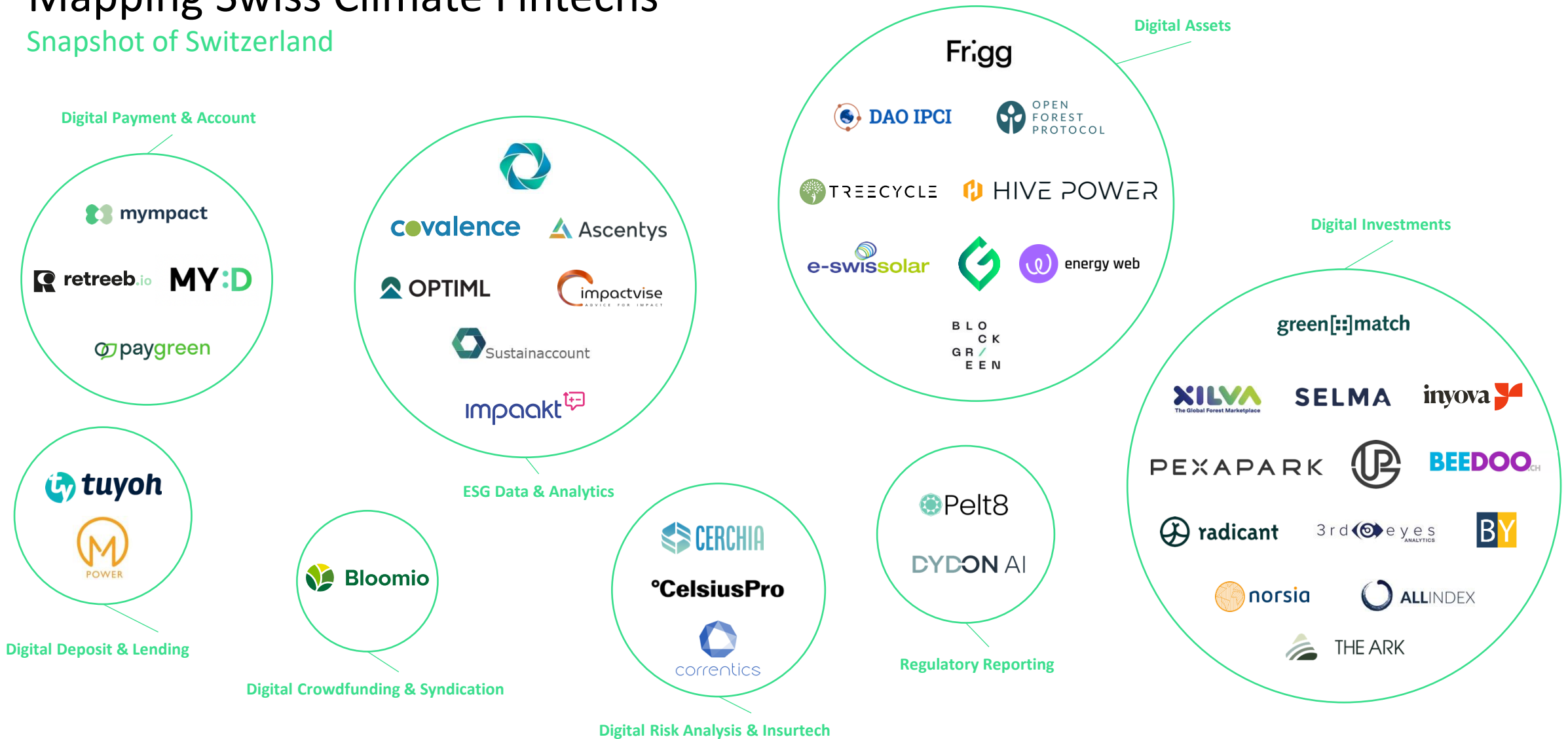
Counting only the startups with funding data, the average total funding per startup amounts to USD 1.7m. For the 10 startups that raised in 2022, **average ticket sizes is ca. USD 3.2m** which shows that the Swiss Climate Fintech ecosystem is still very early-stage, but on good track.

On a global level we've identified **36%** of Climate Fintechs with at least one female founder, which means Switzerland is slightly below average.

Switzerland counts **4,7 Climate Fintechs per million inhabitants** (compared to 3,5 in last year's report).

Mapping Swiss Climate Fintechs

Snapshot of Switzerland





Singapore

Tenity Climate Fintech Report 2023

Snapshot of Singapore

2022 funding raised*

USD 37m+

*for the startups included in our database with disclosed funding data.

Total funding raised to date*

USD 110m+

*for the startups included in our database with disclosed funding data.

No. of startups included

25

Startups included from Singapore

Female Founders

34,6%

Startups with female Co-Founders or CEOs in Singapore.

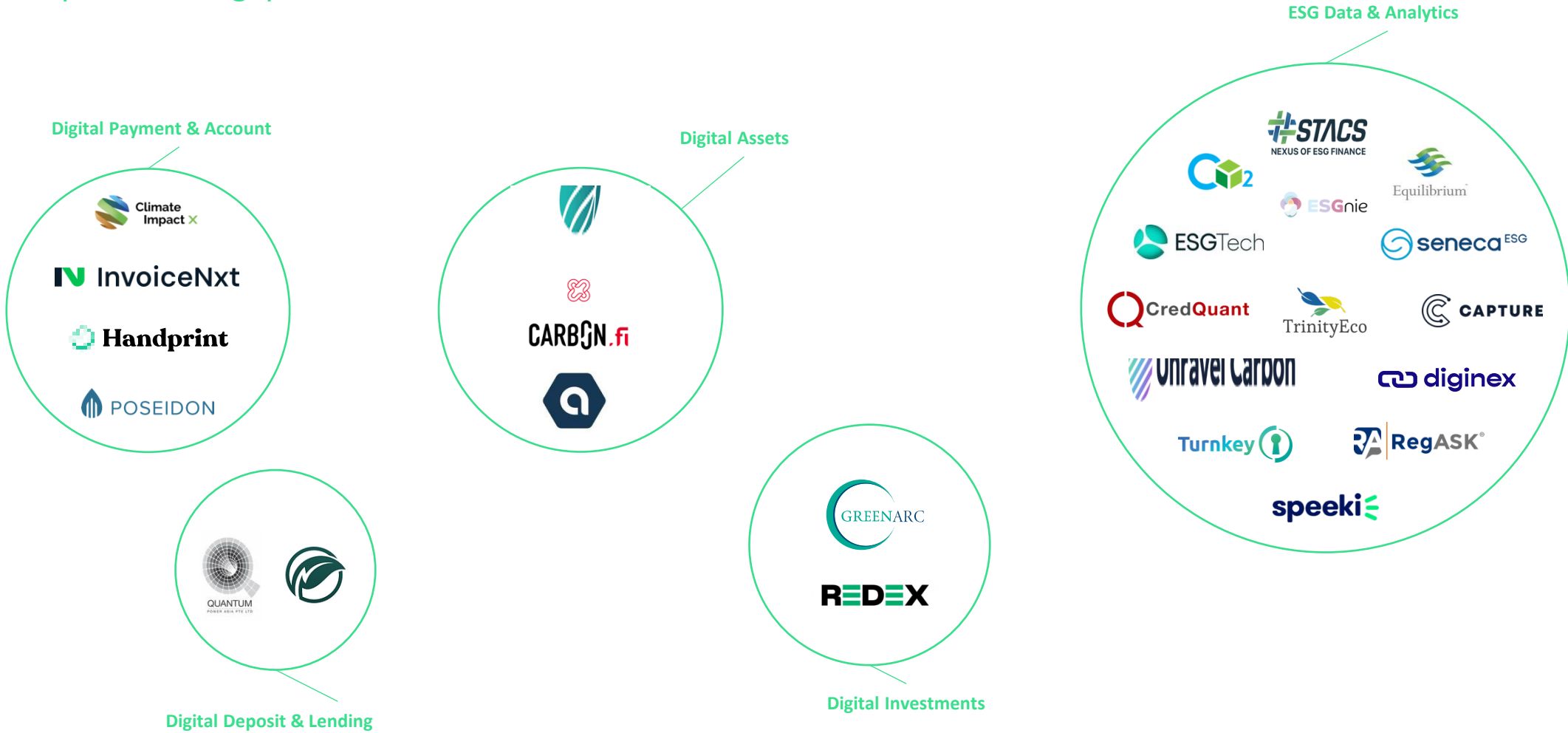
Counting only the startups with funding data, the average total funding per startup is at USD 4.2m. For the 6 startups that raised in 2022, **average ticket sizes is at USD 6.15m** which shows that maturity and funding levels in Singapore are rising.

On a global level we've identified **36%** of Climate Fintechs with at least one female founder. Singapore is slightly below average.

Singapore counts ca. **4,6 Climate Fintechs per million inhabitants**, (compared to 2,3 in last year's report) which puts it slightly behind Switzerland.

Mapping Singapore Climate Fintechs

Snapshot of Singapore





Sweden

Tenity Climate Fintech Report 2023

Snapshot of Sweden

2022 funding raised*

 USD 46m+

*for the startups included in our database with disclosed funding data.

Total funding raised to date*

 USD 129m+

*for the startups included in our database with disclosed funding data.

No. of startups included

 28

Startups included from Sweden.

Female Founders

 39,3%

Startups with female Co-Founders or CEOs in Sweden.

Counting only the startups with funding data, the average total funding per startup is USD 4.6m. For the 6 startups that raised in 2022, **average ticket sizes amounts to USD 7.7m** which shows that maturity and funding levels in Sweden are rising.

On a global level we've identified **36%** of Climate Fintechs with at least one female founder – which puts Sweden ahead of the global average.

Sweden counts ca. **2,7 Climate Fintechs per million inhabitants** – slightly higher than last year.

Mapping Swedish Climate Fintechs

Snapshot of Sweden





UK

Tenity Climate Fintech Report 2023

Snapshot of the UK

2022 funding raised*

USD 286m+

*for the startups included in our database with disclosed funding data.

Total funding raised to date*

USD 753m+

*for the startups included in our database with disclosed funding data.

No. of startups included

82

Startups included from the UK

Female Founders

41%

Startups with female Co-Founders or CEOs in the UK.

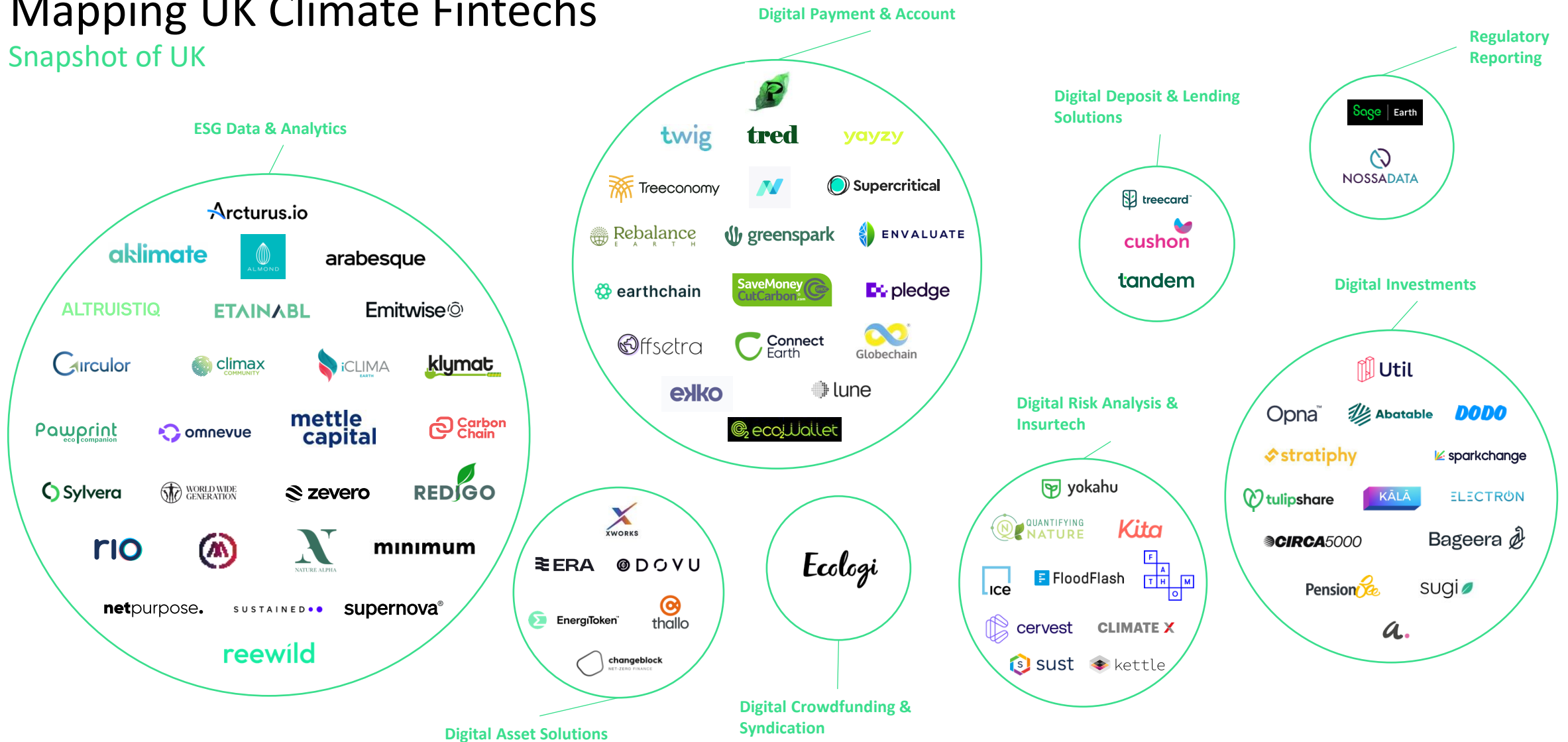
Counting only the startups with funding data, the average total funding per startup is at USD 9,2m. For the 21 startups that raised in 2022, **average ticket sizes is at USD 13,6m** which shows growing maturity and later-stage deals.

On a global level we've identified **36%** of Climate Fintechs with at least one female founder, with the UK coming in 5% higher.

The UK counts ca. **1,3 Climate Fintechs per million inhabitants.**

Mapping UK Climate Fintechs

Snapshot of UK





What's next

What's next

Our predictions for the future of Climate Fintech

Consolidation incoming

Especially in the area of ESG Analytics & Reporting, we believe that we'll start to see more M&A activity. This will come from corporates looking to integrate innovative technology, solutions, and talent, but also well-funded Climate Fintech scale-ups that start looking into acquiring early-stage companies with complimentary or competing solutions.

Funding will further accelerate

We've only just seen the tip of the iceberg of the fintech solutions that will shape the financial industry's shift towards decarbonization.

We believe Climate Fintech will continue to resist difficult market conditions, as awareness grows, and regulations become stricter.

Embedded Climate Fintech

We'll see a rise of embedded Climate Fintech. Carbon offsetting in the travel and ecommerce industry was only the beginning. We believe Climate Fintech solutions and technology will be embedded in a wider range of products & services across all industries.



Ready to collaborate with Climate Fintechs?

[Join us](#)

