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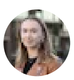
VENTURE CAPITAL *Published 1 minute ago*

Fintech Venture Capital’s Undoing



By
Kate Clark

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Fintech startups, the technology services trying to disrupt the antiquated financial services industry, raised over $100 billion in venture capital funding in 2021, a record for the sector, according to PitchBook.

That party is long over. And now many of the venture capitalists that led those deals are also moving on.

Vetamer Capital Management, an investment firm that focused on fintech, is shutting down its hedge fund, Cory **reported** this week. The firm didn’t say in its letter to limited partners whether it would cease private market deals, but it’s already parted ways with two of its managing directors, Matt Heiman and Ruth Bryson.

“It will take more time for the cycle to play out so fintech can deliver consistent performance,” the firm wrote to its LPs.

Partners are also quietly exiting large firms. Michael Gilroy, a **Coatue Management** general partner who focused on fintech, is leaving the New York investment firm, Axios was first to report. Gilroy’s investments included credit card startup Mercury; a banking app for teenagers, Step; and bill pay service Melio Payments. It's not clear what he plans to do next.

Before him, it was Mark Goldberg departing. He worked at **Index Ventures** for eight years, specializing in fintech. "I thought this was a good time to do something new," Goldberg told The Information last month. He plans to raise his own fund. Goldberg's investments included Plaid and accounting startup Pilot.

At **Menlo Ventures**, partner Tyler Sosin and venture partner Aunkur Arya are stepping back from their roles focused on fintech investing. At **Greycroft Partners**, fintech lead Will Szczerbiak left the firm last year. And at **Sequoia Capital**, two junior partners who worked on crypto investments, Daniel Chen and Michelle Fradin, have both moved on to new companies.

Behind these exits is a private sector that's deeply depressed, despite a recent rebound in public stocks. Many of the companies that raised money during fintech's heyday have failed to garner momentum or generate sufficient revenue. It doesn't help that many were vulnerable to **fraud** in addition to dealing with rising interest rates.

Plastiq, a payments startup that raised $75 million in a 2020 round, went bankrupt last year, for instance, and of course the fall of FTX dampened investor appetite for fintech's cousin, cryptocurrency. Even Stripe, regarded as the sector's crown jewels, agreed to a 47% haircut to its valuation. Altogether, global funding by fintech startups sank over 50% in 2023.

There's a clear pattern, and certainly more exits like these are to come. Reach out if you have thoughts on VC's churn.

*Kate Clark is deputy bureau chief responsible for venture capital coverage at The Information. She's the author of Dealmaker, a weekly column on VC. She is based in New York and can be found on Twitter at **@KateClarkTweets**. You can reach her via Signal at +1 (415)-409-9095.*

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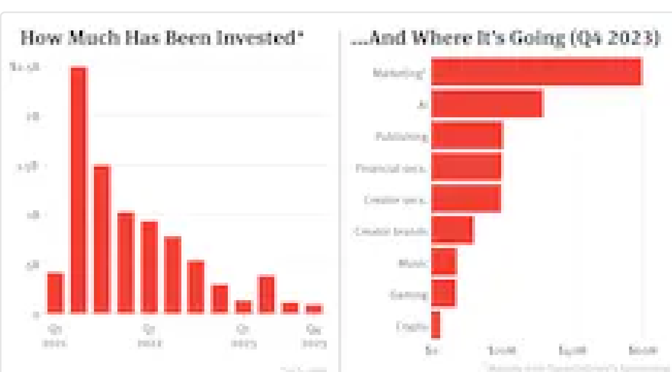

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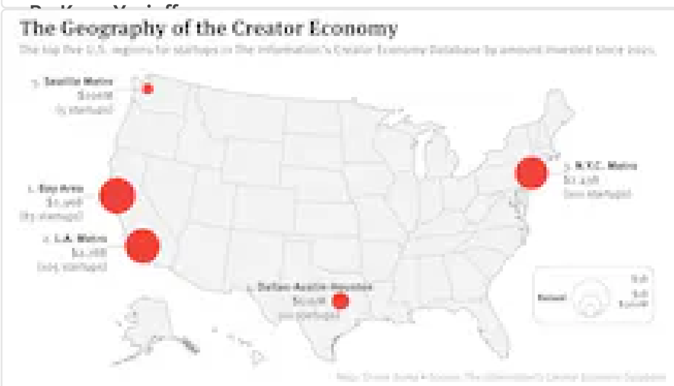

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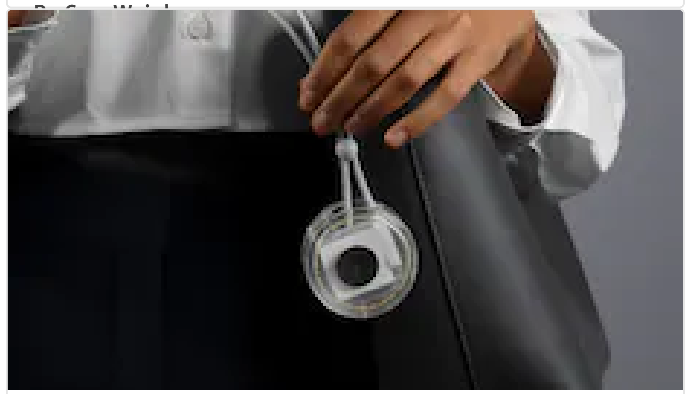

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