For Immediate Release

SharesPost Research Report: $110 Trillion Payments Business Faces Next Major Wave of Fintech Disruption

SAN FRANCISCO – Sept. 24, 2018 – The $110 trillion payments business is facing major disruption from the fintech revolution that will likely upend the traditional financial services industry and create new opportunities for venture-backed companies with breakthrough technology, according to a new research report from SharesPost.

"We are witnessing a once-in-a-generation shift in the financial services industry," said Rohit Kulkarni, Managing Director and Head of Research of SharesPost, Inc. "New technology, such as blockchain and peer-to-peer networks, are creating faster, cheaper and better ways to execute both domestic and cross-border payments. Emerging technologies, evolving consumer preferences, and new fintech business models could disintermediate the major banks and credit card companies that have dominated the payments business for decades. Many new unicorns will emerge."

SharesPost's analysis is contained in a 23-page report that can be downloaded here. Among the report's key findings:

Payments is now the single largest recipient of fintech investment. Over the past four years, investors have spent more than $130 billion on fintech, led by blockchain companies. That includes $40 billion on 1,800 deals in 2017 alone. The first half of 2018 saw 800 fintech investments, including $2 billion on just four companies: OneConnect, Credit Karma, Armour and Robinhood. The top 10 venture capital firms accounted for over 8% of the fintech deals since 2014, including 500 startups and Y Combinator. Each participated in over 100 deals, followed by Digital Currency Group and Sequoia. Over 30% of venture capital and seed money went to payment startups.

New business models are changing the face of payments. The industry has moved from traditional checking/savings accounts to seamless "one-click" messenger applications like Alipay, WeChat and PayTM. Payment firms such as Stripe, Adyen and PayTM are disrupting banks, credit card companies and payment processors. Incumbents with dated technology are trying to remain relevant by expanding into adjacent markets, including point-of-sale and peer-to-peer services. Competition will intensify as tech giants such as Apple, Google and Samsung move further into the space.

Blockchain may fundamentally redefine financial services. Distributed ledger technology is already changing the banking industry in ways not seen since the ATM. Blockchain is disruptive because it can bypass financial institutions altogether and allow for direct payments between parties. Blockchain is making cross-border payments and remittances much cheaper because of less paperwork and intermediaries. Transactions can be completed in minutes rather than days and weeks.

The bank monopoly on customer data and relationships is gone. Besides deposits, banks' most valuable asset is customer data and direct-to-consumer relationships. But the European Union PSD2 directive weakens banks' monopoly on consumer data. With permission, the merchants or processing companies can directly access customer account information, thus making payments faster and more efficient. As a result, banks will be challenged in a way they have not experienced to date.

About SharesPost, Inc.

SharesPost is a FINRA-registered broker-dealer, SEC-registered Alternative Trading System (ATS) and Registered Investment Advisor. SharesPost helped launch the secondary market for private tech companies in 2009 and has built the leading platform for secondary transactions and digital securities. SharesPost provides the private tech asset class with a suite of trading and lending solutions to facilitate shareholder and option holder liquidity. With more than $4 billion in secondary market transactions in the shares of more than 200 leading technology companies, SharesPost provides the trading, research and online tools to transact in the private market with confidence. For more information, visit sharespost.com.

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