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TECH THE MICKY



Micky's Money20/20 Vision: PREDICTIONS FOR 2024 & THE LATEST FROM MONEYPOT

Welcome to 'Tech The Micky' - a bi-weekly exploration of the key ideas and trends shaping the future of money. From the latest disruptive technologies to regulatory shake-ups, we're here to unpack the complex, demystify the intricate, and bring you the crisp, cutting-edge insights you need to stay informed, inspired, and a step ahead of the game.

In this week's post:

- My predictions for 2024
- Don't Miss This MoneyPot Episode
- Fintech meme of the week

The year of the 'almost IPO'

As we look to the year ahead, there's great expectation for a surge in fintech IPOs. A dearth of public filings means 2024 will likely easily surpass last year but I remain skeptical it will turn into a significant trend.

Certainly, some companies like Stripe and Klarna may hit the public markets, in part because it's the only course of action they'll likely have, rather than it being the best. Take Stripe's \$6.5 billion raise last year at a \$50 billion valuation - the fifth largest private venture round in history (if I have my research right). There's no more room once you're there. Ergo, time to go public.

That others haven't gone public also further reinforces this for me. Databricks was hotly anticipated to go public in 2023, but instead raised \$500 million at a \$40 billion plus valuation. It makes sense that a leading company in such a hot area like AI would think twice about going public now when there is so much interest, and therefore investor cash, to be had.

So some will be forced to go public. But many will not do so because it is attractive, making me expect a much more cautious outlook for fintech IPOs. This restraint stems from two key reasons: the public markets' notorious volatility and skepticism, and the uncertainty about whether the high valuations seen in private markets will translate to public market success. Consider that valuation Stripe got against its \$14 billion estimated revenue for 2023, and compare this to PayPal's \$60 billion valuation with roughly \$24 billion in revenue. While these companies are at different stages, it casts doubt on whether the market will pay a premium for Stripe's potential in the same way it has in private funding rounds.

Meme Corner:

Last year in a Meme



Banks Will Kill BNPL

Go bold or go home, they said. So here is my bold prediction: Banks Will Kill BNPL in 2024.

I love BNPL because it's brilliant in its simplicity. Literally, buy it now and repay it later in easy to understand installments and often without a fee. Equally though I find BNPL perplexing. As a BNPL provider what is your moat? That is what is your secret sauce so someone doesn't come and copy and paste your business?

I have yet to see any convincing arguments to this. And I think 2024 is likely the year when this is going to start becoming too big to ignore. In the UK NatWest and Monzo (an incumbent and a disrupter) both offer BNPL. Taking customers from banks is not particularly easy. And when they start copying your products that task is going to be significantly harder.

For standalone BNPL providers, this is a nightmare. To stay competitive they'll need to rapidly innovate, identify new niches, tap into new partnerships, and deliver unique experiences while still figuring out their own business models. I lack the faith.

MoneyPot: Inside the Marqeta Acquisition: A Heart-to-Heart with Power's Co-founder, Randy Fernando

This is truly an unmissable episode with Randy Fernando, a serial entrepreneur and one of my nicest people in the fintech ecosystem period! In this episode Randy walks us through his experience of building Power and the subsequent acquisition of the company by Marqeta for \$275 million. You'll also hear from Randy on the direct role attending Money20/20 played in the future trajectory of Power.