

MoFo Guides SoftBank In \$250M Banking Technology Bet

By Elise Hansen

Law360 (May 24, 2021, 3:37 PM EDT) -- U.K. banking technology company Zeta said Monday it had raised \$250 million from Morrison & Foerster-guided SoftBank, a fundraise touted as one of the largest single investments in the sector to date.

London-based Zeta Services Inc. said the funds give it a \$1.45 billion valuation. Zeta touts a platform that allows banks to use a single vendor for many of their technology needs. It handles credit and debit card processing; buy-now, pay-later and personal loans; deposit-taking; and a mobile app, according to its website.

"Most banks are using decades-old software," CEO Bhavin Turakhia said in a statement. "They have been slow to innovate and provide poor user experiences. With Zeta, banks can leverage a modern, cloud-native platform and improve speed to market, agility, cost-to-income ratio and user experience."

Zeta's customers include more than 10 banks and 25 financial technology companies, and Zeta has a presence in the U.K., North America, Latin America, Europe and Asia, the announcement said.

Proceeds from the latest round will go toward growing its presence in the U.S. and Europe and expanding its team to handle more customers, the announcement said.

The Series C funds came from SoftBank's Vision Fund 2, which has invested in companies such as privacy technology startup OneTrust, retail tech business Trax and automated checkout company Standard Cognition. The fund has yet to reach its final close and is currently investing thanks to capital contributions from SoftBank Group Corp., according to the announcement.

Munish Varma, a managing partner at SoftBank Investment Advisers, called banking software a \$300 billion industry and sorely in need of modern technology.

"Most banks still employ technology which is significantly older than their customers," Varma said in a statement. Zeta's offerings "will drive banking software upgrades catering to the digital consumer and innovations in financial services globally," Varma said.

Sodexo, an employee benefits company and Zeta customer, also contributed as a minority investor, the announcement said.

While Zeta touted one of the largest single rounds in the banking tech industry, it's far from the only such startup to nab significant funds in recent months. Amount, which offers technology to help banks compete with up-and-coming fintechs, said earlier this month it raised nearly \$100 million, and banking software company Personetics in February said it had raised \$75 million.

In January, Germany-based Mambu said that an investor group agreed to inject €110 million (about \$134 million at the time) into its cloud-based banking platform.

Representatives for Zeta did not immediately respond to a request for further comment on Monday.

Counsel information for Zeta was not immediately available. Avendus Capital acted as exclusive financial adviser.

SoftBank Vision Fund II is represented by a Morrison & Foerster LLP team led by corporate partner Amit Kataria with associates Sunandini Das, Ramya Mahidhara and Patrick Barrett.

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