

# Inside fundraising in today's climate with Brite payments and Dawn Capital

*Brite Payments recently announced a \$60M raise. Maddyness heard from Dawn Capital's General Partner, Josh Bell and Brite's CEO and founder Lena Hackelöer to learn what really happens in the build-up to a deal of this size and what modern day funding truly looks like.*

Temps de lecture : minute

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Could you both share your perspectives on what makes Brite Payments a standout contender in the open banking and real-time payments market?

[Lena] The shift towards instant payments has been gaining momentum for a while, but I believe that in 2024 it will really start to gain mainstream awareness, buoyed by the growing maturity of open banking. In fact, we see payments emerging as one of the most promising use cases for the open banking framework, and it's what underpins our approach to instant payments. Our Brite Instant Payments Network (Brite IPN) is a proprietary network we've developed that gives businesses a more complete, out-of-the-box solution for open banking payments, as well as facilitating 24/7/365 instant payments processing. This model offers significant advantages over traditional open banking payments (i.e. Payment Initiation Services or PIS) by taking full receipt of incoming funds and settling them rapidly on behalf of merchants across Europe. Such easy-to-

integrate solutions are set to be a feature of the next phase of open banking development.

[Josh] I completely agree with Lena. We are on the cusp of 'open banking 2.0', and it is companies like Brite that are poised to succeed in this next phase. Real-time account-to-account (A2A) payments are starting to become mainstream across Europe, and Brite stands to be a category leader in the space. The company has a stand-out product, and Lena has the strategic vision, leadership skills and deep payments sector knowledge to build another market-leading global fintech out of Europe.

## Lena, how do you envision Brite Payments influencing the future trajectory of open banking, both in Europe and globally?

[Lena] Open banking holds a huge amount of promise, but we haven't yet seen the sort of adoption that many predicted when it started to emerge in Europe around five years ago. In terms of open banking payments, the initial propositions did not fully address merchant pain points, but I believe that providers like Brite have a more compelling proposition with a more out-of-the-box solution. I believe that our approach will help drive more widespread adoption, which of course we hope will positively influence the trajectory of open banking.

At a global level, open banking frameworks are being introduced - in different forms - around the globe, and we are watching those developments closely. That is certainly going to give A2A payments in those markets further impetus. While our current focus is Europe, this all points to a bright future for open banking-based instant payments, such as those provided by Brite.

Josh, reflecting on your experiences with Tink and other fintech ventures, what parallels do you see with Brite Payments, and where did you identify the potential that inspired this significant investment?

[Josh] We believe that Brite is on an equally stellar path to Tink, iZettle and some of Dawn's other recent fintech successes.

We were drawn to invest in Brite by Lena's talent and vision, and by the company's track record to date. Lena is an extremely impressive CEO with first-rate industry knowledge and a superb backstory with Klarna. You only need to look at the talent Lena has managed to attract to Brite, and the brilliant business her team has launched on far fewer resources than competitors, to see the huge potential of this company.

Brite's early business maturity was also a hugely alluring factor. The business is already operating at a profit - a rare feat for a fintech at this stage - and has an efficient platform for growth. The company is already providing its offering in 26 countries across Europe, with connections with 3,800+ banks helping it reach more than 350 million end users. Through deploying a driven, highly strategic bootstrap approach, Brite is powering ahead and putting itself in the best position possible for future success.

Most are in agreement that 2024 will be a critical year for open banking. How do you both perceive the future of this framework?

[Lena] As mentioned, I believe we're now entering a new phase in terms of its development. The regulation that underpins open banking in Europe - the second revision of the Payment Services Directive (PSD2) - set the

scene for the first wave of open banking innovators in Europe. Now, PSD3 is taking shape, with some significant updates as well as the introduction of the Payment Services Regulation (PSR). Although it won't come into effect this year, it's a clear indication of where open banking is heading and we're beginning to see companies responding to the proposed updates. This will only intensify over the next 12 months.

An effective framework for open banking is critically important, as it helps to level the playing field and ensure competition with the sector. Today, some banks have fully embraced open banking as an innovation driver, while others still approach it as a regulatory requirement. As a result, there's a lot of variation in the quality of open banking APIs provided by the banks, so PSD3 and PSR when implemented should provide more quality and consistency in open banking.

[Josh] We've been long-term believers in the power of open banking-based A2A payments, and it is great to see them gaining ever more momentum across Europe. Looking forward, companies like Brite are poised to help many more merchants realise the full potential A2A payments represent for their businesses. Brite enables completely instant A2A payments and a full-suite payouts offering that can be plugged into any checkout - all while eliminating operational hassles such as settlement accounts, reconciliation, and ForEx issues. The product offers users huge benefits and is set to help accelerate A2A payment adoption rates across Europe.

How do chemistry and a shared vision contribute to the foundation of successful relationships between investors and founders? And how do you navigate the

## challenging aspects of the fundraising journey?

[Lena] It is critically important, but unfortunately, it's often overlooked during the process. Without alignment on values and objectives, I believe founders will likely face a difficult path. During the fundraising process, I found that the team at Dawn Capital already had a strong hypothesis on the A2A space and how it is likely to develop, and I really value this - it means that our investors are also excellent sparring partners from a strategic perspective. Seeing eye to eye on the market, and the way we plan to tackle it, has been a deciding factor in partnering with Dawn in this round, and personally, I am very happy to have them with us on this journey.

[Josh] Lena has put it perfectly. I, too, fundamentally believe in the importance of establishing a shared vision and sense of chemistry from the start. For me, developing a bond of trust with a founder begins with recognising that the relationship between a VC and a startup is a collaborative one that needs care and attention. Consistent and transparent communication is essential, and both partners need to feel comfortable exchanging thoughts and ambitions - and any concerns - at every stage of the journey. I'm incredibly happy that we have this type of relationship with Lena and her team at Brite, and am excited to work together long into the future.

## From both a founder's and an investor's viewpoint, how do you balance the risks and opportunities presented by the evolving fintech landscape?

[Lena] Payments - in many ways - are still broken. As a result, there are

huge opportunities for innovation and for fintechs to disrupt the status quo. The challenge for founders is to separate the signal from the noise, and stay true to their long-term vision. That said, they also need to stay ahead of the curve and be responsive to sudden changes in the sector – failure to adapt can be costly.

[Josh] We've been on the ground in this space from the start, making early investments into Swedish fintech leaders iZettle and Tink. Over the years we have seen both the incredible potential of fintechs, and where things can go wrong. It is a competitive, evolving space and not all businesses succeed. However, by channelling energy into building a mature and robust business, the leadership team at Brite has sidestepped many of the challenges faced by early-stage fintechs and has made themselves a very attractive proposition for investors like us.

Lena Hackelöer is the CEO and founder of *Brite Payments* and Josh Bell is a General Partner at *Dawn Capital*.



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