

IVCA

Irish Venture Capital &
Private Equity Association

Celebrating 40 years | 1985 - 2025

Submission to the Ireland for Finance Strategy 2026 - 2030 Consultation

The Irish Venture Capital Association (IVCA), representing the venture capital and private equity industry in Ireland, welcomes the opportunity to contribute to the Ireland for Finance consultation.

Equity funding plays a critical role in fostering innovation, driving job creation, and positioning Ireland as a hub for high-growth, knowledge-intensive enterprises. To realise Ireland's ambition in international financial services, it is vital that Government policy supports a vibrant fintech ecosystem, improves scaling opportunities for indigenous firms, and closes persistent funding gaps.

This submission highlights:

- The key ingredients for a thriving fintech ecosystem.
- Ireland's strengths and structural challenges.
- Lessons from international comparators and past Irish interventions.
- Funding Gaps
- Practical recommendations to ensure Irish innovation translates into global leadership.

Key Requirements for a Vibrant Ecosystem

A successful fintech ecosystem is underpinned by four interlocking elements:

1. Self-reinforcing cycle among founders, incumbents, and regulators – enabling entrepreneurs to test and scale products with constructive engagement from incumbents and proportionate regulation.
2. Internal and cross-border connectivity – very few fintechs achieve critical mass in their home market alone, this is particularly true of a market the size of Ireland. Structured links to EU and US markets are essential.
3. Diversity of funding sources – a robust pipeline of capital across all stages of growth, including the critical late seed and Series A stages.
4. Accountability through an action plan – governance and measurable objectives to ensure collaboration translates into tangible results.

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Ireland's Current Position

Ireland has several strong starting points:

- A deep bench of financial services players, including leading global financial institutions and major technology firms, which can provide a steady base of talent and expertise.
- A history of early-stage support, through Enterprise Ireland and seed funds, which has nurtured a pipeline of promising fintech start-ups.
- An engaged regulator, leaning into innovation with measures like the Innovation Sandbox Programme designed to support the development and testing of innovative financial services

However, challenges remain:

- While Ireland has a significant international financial services industry, the operational functions typically housed in Ireland do not make decisions on innovation. This combined with the absence of a strong domestic financial services base limits anchor customers and access to domestic opportunities.
- The gap in innovation functions within financial services firms located in Ireland makes building international partnerships difficult for early-stage Irish companies. In addition, the decision making process and purchasing cycles in the domestic financial services sector is often cited as slow and cumbersome.
- While the regulator has established some engagement initiatives, more can be done.
- There are too few accountability and measurable targets for fintech ecosystem development, such as number of pilot projects, cross-border partnerships, and scaling outcome.
- A persistent funding gap at late seed and Series A undermines scaling momentum.

International Best Practice

Other jurisdictions have demonstrated the value of structured fintech hubs. The Luxembourg House of Fintech (LHoFT), for example, provides a dedicated space for collaboration between entrepreneurs, incumbents, investors, and regulators.



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Ireland has considered similar initiatives, but progress has been limited. A national fintech hub should be a cornerstone of the new strategy. A national fintech hub can function as a central point for collaboration, connecting start-ups, incumbents, investors, and regulators while fostering international partnerships to scale Irish innovation globally. The government's role could be as a convener, coordinating resources and visibility. The presence in Ireland major institutions can be leveraged in a hub, creating meaningful touchpoints that enable sustained engagement, knowledge exchange, and practical collaboration across the ecosystem.

Irish Best Practice In Other Sectors

The Innovators' Initiative is Enterprise Ireland's structured way of deliberate eco system development, generating a pipeline of deep-tech start-ups by taking talented people, putting them through a needs-driven innovation process, and supporting them to commercialise solutions with global market potential. Multidisciplinary teams of innovators — typically with backgrounds in engineering, business, science, or medicine — go through a structured process to identify unmet market needs, develop solutions, and validate commercial opportunities.

The original innovators initiative, the BioInnovate Ireland programme, based at the University of Galway, has been a cornerstone of Ireland's MedTech innovation ecosystem since its establishment in 2011. Modelled on Stanford University's Biodesign programme, the initiative has been highly successful in generating new start-ups, intellectual property, and spinouts in the medical device sector, with participants going on to secure significant venture funding and international partnerships. To date 33 companies have raised over €300m in total. Its alumni include several high-growth indigenous companies that are now scaling internationally, contributing to Ireland's reputation as a global MedTech hub. BioInnovate exemplifies how targeted, structured innovation programmes can translate into commercial success, employment creation, and export-led growth.

A similar initiative 'FinInnovate Ireland' could develop a needs-led fellowship for fintech innovation. By recruiting multidisciplinary fellows (finance, tech, law, design, entrepreneurship), embedding them in banks, credit unions, insurers, payment providers, regulators, and user communities to surface real problems. The initiative could also promote incumbent engagement with incentives for pilot projects and procurement opportunities between fintechs and established institutions.

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Regulation: Enhancing Central Bank Engagement with Fintech Startups

The IVCA strongly supports a more structured and collaborative engagement model between the Central Bank of Ireland (CBI) and fintech startups. We welcome the progress the CBI has already made in engaging with innovation, and we believe there is now an opportunity to build on this foundation by adopting international best practices:

The CBI could develop a dedicated fintech liaison office to serve as a single point of contact, and establish a fintech-regulator forum to engage via hackathons, challenges, and regular roundtables. The CBI should Create a single “innovation front door”. Firms want one identifiable contact and a predictable pathway for queries and sandbox applications.

International experience demonstrates that when regulators provide clear pathways for innovation, both financial stability and entrepreneurial activity are strengthened. For example The FCA’s Innovation Hub offers support to fintech firms to understand regulation and find the right way to bring their ideas to market. Innovation Pathways help firms navigate regulatory obligations specific to their proposition.

Structured regulatory engagement both protects consumers and accelerates fintech growth. The CBI could also provide practical, guidance and self-assessment tools. Publishing clear roadmaps, licensing decision trees, and case studies so startups know what to expect would be helpful. A decision making framework could be developed with clear timebound stages, and accountabilities. A big challenge for all start ups is their cash burn rate, quick and predictable response times will help companies plan and resource their activities.

Proportional Licensing with fast-track or tiered authorisations, as used in Singapore, reduce unnecessary barriers for smaller or low-risk fintechs while maintaining oversight. This would encourage greater experimentation and investment in Ireland.

“Doubling Down” on Strategic Sectors

Several countries have demonstrated the benefits of doubling down on strategic sectors, with France’s recent focus on artificial intelligence a leading example. Through major public investment, targeted incentives, and the creation of dedicated AI research institutes, France has positioned itself as a European leader in the global AI race. This concentrated effort has not only attracted international talent and capital but also accelerated the development of domestic champions.

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Spain launched its first Quantum Technologies Strategy with an investment of €800 million, aiming to strengthen the national quantum ecosystem and prepare society for the changes these technologies represent.

Germany's government has laid out plans in its National Action Plan for Quantum Technologies: to invest about €3 billion by 2026 to advance quantum computing.

Ireland has an opportunity to double down on its investment in fintech, building on its strengths as a global centre for financial services and technology. By prioritising targeted supports for startups, expanding access to capital, and creating an enabling regulatory environment, Ireland can accelerate the growth of homegrown fintech firms while attracting international innovators. With global competition intensifying, a bold commitment to fintech will not only strengthen Ireland's position in payments, regtech, and digital finance, but also ensure that the sector contributes to wider economic resilience, job creation, and Ireland's reputation as a forward-looking hub for financial innovation.

Funding the Growth of Indigenous Firms, Start-ups & Scale-ups

IVCA members have invested billions of euro in hundreds of indigenous companies, driving exports, R&D, and high-value job creation. Yet Ireland still faces structural barriers to scaling.

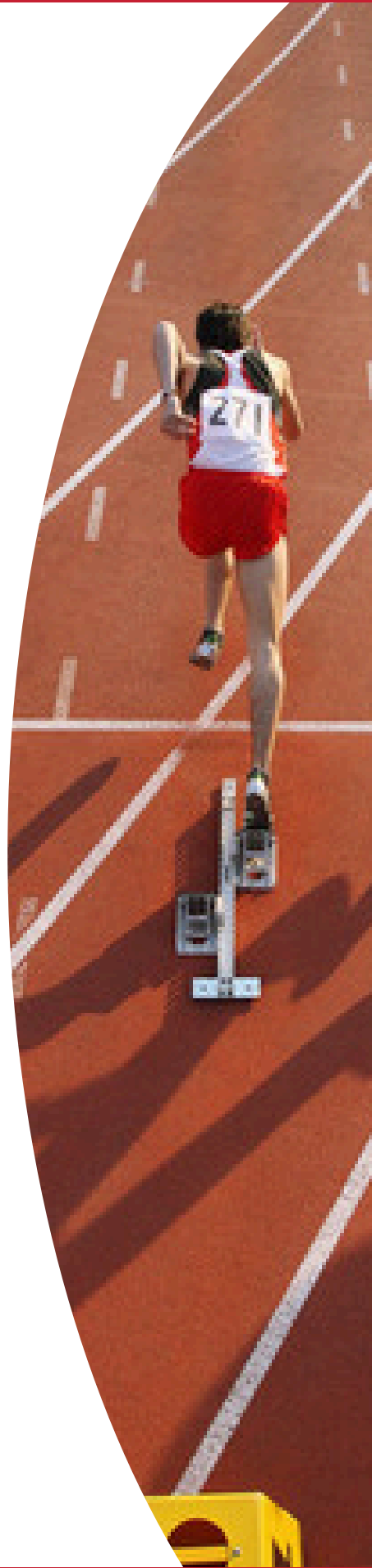
- Indigenous firms underperform in scaling relative to peers, due in part to insufficient growth capital and difficulty attracting specialist talent.
- Domestic institutional investors, particularly pension funds, remain under-allocated to venture capital compared to EU averages.
- Supports such as EIIS and KEEP, while welcome, are overly complex and under-utilised.

Lessons from the Post-Crisis Seed Funds

Ireland has seen the impact of well-designed interventions. After the financial crisis, Enterprise Ireland partnered with AIB and Bank of Ireland to establish seed funds that sustained start-up financing when private capital collapsed. These funds demonstrate how targeted public-private co-investment can catalyse long-term outcomes.

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The companies funded via these seed funds illustrated that:

- Early financial interventions can bridge critical market gaps.
- Modest seed investments unlock significant international capital and exits.
- Public-private co-investment provides resilience in downturns and fuels the next generation of global players.

Access to funding remains a critical driver of growth for fintechs in Ireland, particularly at the early and scaling stages where capital requirements intensify. While Ireland benefits from a strong venture capital ecosystem and supportive agencies such as Enterprise Ireland and ISIF, there is a recognised gap in private capital here.

Numerous official reports including the White Paper on Enterprise have highlighted the challenges facing Irish scaling companies in accessing funding and the need for them to seek investment outside of Ireland and in many cases outside of the European Union. This brings with it, it says, the increased risk 'of exceptional ventures, technologies, knowledge and jobs relocating elsewhere'. So we all want to keep our founders and scaling companies here in Ireland.

In addition a 2023 report by SQW consultants (for the Department of Enterprise) showed that growth in VC investment in Ireland and Europe were broadly matched from the early 2010s to 2016. However, since then the gap in total investment between Ireland and the European average has widened. Most worryingly, this gap is occurring across seed, early and later stages. The report also found that deal size is an issue here even when compared to other small economies. To put this in context, in 2022 Ireland had the lowest average VC deal size compared to Finland, Denmark, Sweden and Scotland.

Looking at the big picture over the last decade to 2024, in terms of GDP, Ireland's investment in venture capital at just 0.2% of GDP lags behind 12 European neighbours including Estonia, Sweden, the UK, Finland, France and Denmark. This is according to Atomico's State of European Tech report.

In terms of specific challenges, the White Paper notes a critical €3-10 million funding gap. More recently, the Department of Enterprise published a report by independent consultants estimating the scaling finance gap in Ireland will be approximately €1.1 billion over the next three to five years. It says this is broadly in line with the views of several fund managers and could be 'perhaps on the conservative side given the growing uncertainty in the supply of capital'.

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To remain competitive with jurisdictions like the UK and Singapore, Ireland needs to strengthen its funding pipeline through larger seed and growth-stage funds, this will only be achieved by policies to encourage greater institutional investment in indigenous firms by facilitating pension fund allocations to venture capital.

We welcome the inclusion in the recent Action Plan on Competitiveness and Productivity of a commitment to explore policies aimed at mobilising pension fund investment into scaling equity funds. Specifically, the plan outlines the creation of a scaling-up fund for SMEs that combines public and private capital, including contributions from pension funds and national savings.

Additionally, it mentions the adaptation of tax incentives such as the KEEP (Key Employee Engagement Programme) and Entrepreneur Relief to help retain teams and support domestic growth. These measures are part of a broader strategy to address Ireland's scaling funding gap and will be central to efforts to adequately fund fintechs in Ireland. By ensuring fintechs can access the right blend of venture, institutional, and strategic investment, Ireland can unlock the sector's potential as a key contributor to innovation, exports, and employment.

Conclusion

Ireland has the opportunity to position itself as a leading European hub for fintech and innovation. By learning from past interventions, closing today's structural funding gaps, and embedding collaboration between start-ups, incumbents, and regulators, Ireland can ensure its entrepreneurs scale into global leaders headquartered here. The IVCA stands ready to work with Government and stakeholders to deliver on this ambition.

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About the IVCA

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