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Funding into mental health tech startups takes a hit in 2023

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The quality of mental health, both at the individual and community level, has become a matter of global concern. According to the World Health Organization (WHO), 15% of working-age adults were estimated to have a mental disorder in 2019. It is also estimated that $1 trillion is lost every year due to depression and anxiety among workers.

In this scenario, individuals and corporations across the globe are becoming increasingly aware of the role of mental health in ensuring all-round wellbeing and steady development of society. The pandemic, in particular, has highlighted the need to provide proper mental health care.

The global Mental HealthTech space witnessed a peak in funding of $4.7 billion in 2021. Similar to other healthcare businesses, mental health startups saw a significant rise in demand in 2021 owing to the mental health issues brought on by the pandemic.

The Mental HealthTech space globally witnessed funding worth $713 million in 2023 year-to-date (YTD), a 52.5% decline from $1.5 billion raised in the same period in 2022 and a 79% decline from $3.43 billion in 2021. This plunge in funding is primarily due to the ongoing economic slowdown and other macroeconomic factors affecting the cash flow globally.

Most of the funding this year so far in this sector has come through late-stage investments, which stood at $340 million. Further, a total of 17 acquisitions have been observed in 2023 so far, compared with 17 in the same period in 2022.

In terms of country-wise funding, the US has taken the lead, accounting for 82.6% of the total funding of $13.6 billion till date. Mental HealthTech companies based in the US have raised $11.2 billion till date, followed by those headquartered in the UK ($749 million) and Canada ($238 million). The US has the maximum number of companies in this space (2,360) followed by the UK (662) and India (429).