

Business leaders drive levelling up through fintech innovation

By Kevin O'Sullivan

Business leaders gathered in Edinburgh last week for the second annual conference designed to stimulate regional collaboration and growth opportunities for fintech.

The UK Fintech Symposium held at NatWest's Gogarburn headquarters saw leaders from 'cluster organisations' across the UK convene to chart the next steps for the industry.

On the agenda was a new private sector-led body set up following a landmark review of the sector last year, carried out by former Worldpay boss Ron Kalifa.

Charlotte Crosswell, as the newly-appointed chair of the Centre for Finance, Innovation and Technology (CFIT), backed by £5 million in UK Government funding, made her first public appearance in the role.

She said: "It's great to be back in the NatWest building in Gogarburn. I was last here when we did a fintech challenge with NatWest, pre-pandemic, looking at how we use fintech for good. So it's great to continue those types of discussions and see the commitment here."

"But for me, we could be in Scotland, in Bristol or in Manchester, Leeds or anywhere in between. It's really important that we not only shine a spotlight on where we are in fintech, not just in London, but all around the UK and how we put that together into a clear vision for the future of all our regions."

The 'levelling up' theme was reflected in an opening speech from UK government exports minister Andrew Bowie, who added: "More than a million people work in financial services across the United Kingdom and two thirds of them are outside the capital. In all but two British regions, financial services are the largest services exporter, taking the best of British to the world. That's what levelling up looks like in practice."

Mr Bowie shared some recent statistics which showed the value of fintech for

Scotland, and the UK. According to the figures, there are now 8,000 jobs in the sector north of the Border and almost half of Europe's fintech 'unicorns' were created in the UK.

He said: "Last year, the UK racked up more investment than France, Germany and the Netherlands put together and so far this year five of the 10 largest fintech deals across Europe, the Middle East and Africa were closed on our shores."

Nicola Anderson, CEO of FinTech Scotland, reinforced that view. She said the Scottish cluster is now up to 208 "inclusive, collaborative and innovative" fintechs. Investment in the sector has also reached £1.3 billion "with a unicorn in that number this year", she said.

The Scottish Government's business minister, Ivan McKee, also appeared at the conference on Wednesday, with both governments committed to developing the sector.

The regional fintech cluster organisations – the FinTech National Network – were all represented at the conference. Speakers from FinTech Wales, FinTech Northern Ireland, FinTech North, FinTech West, SuperTech (West Midlands) and FinTech Scotland took part in a regional leadership session, showcasing each of their own regions' strengths.

Innovate Finance, the national body representing the sector, and the Financial Conduct Authority, the regulator, were also present alongside some established financial institutions including Dundee's NCR – the company that brought the cash register to the world – and the next generation of fintech startups.

The consensus was that Britain, as a global forerunner of open banking standards, had stolen a march on competition around the world with a positive vision for how regulation and innovation can work together to help the sector grow.

However, some challenges remain. The post-Brexit environment has yet to settle on crucial factors concerning skills



Stephen Ingledeew, chair of FinTech Scotland, addresses delegates at the UK FinTech Symposium at NatWest's Gogarburn campus. Picture: Paul Watt

and workforce planning and financial 'passporting' for British products and services to fit into overseas markets. And companies were cognisant of investment opportunities being affected by the economic downturn.

Janine Hirt, CEO of Innovate Finance, reminded the audience of the positive role that fintech can play in society. She said: "We need to be celebrating the role that fintech plays, having a positive impact on us all, ensuring greater financial inclusion, greater financial wellness, and helping individuals and SMEs to understand, grow and manage their money."

She noted that 65 per cent of all lending is now carried out by fintechs, either

'challenger banks' or alternative lenders, which are "powering the engine of our economy". In terms of investment, the UK is second globally to the US, with \$9.1 billion secured in the first half of this year.

The afternoon session provided a showcase for some of most promising Scottish fintech startups. CienDos, a climate finance focused company, Legado, which helps people manage their personal financial documents, Snugg, an energy efficiency app, Nude, a platform which helps young people save for their first home, and Cybershell, a cybersecurity platform, were all able to highlight their products and services.

Stephen Ingledeew, chair of FinTech

Scotland, said: "This event has been a fantastic opportunity to bring together a vibrant and maturing UK fintech industry. The FinTech National Network has become a diverse and mutually reinforcing entity in its own right, with cluster organisations forging their own paths in quantum, reg-tech, data, or cybersecurity and providing collaboration opportunities between the regions."

"When viewed as a whole it is a really compelling picture for national and regional policy coordination as well as a clear gathering point for local fintechs themselves looking for support to take their products and services to the next level."

Crosswell focuses on coalitions to remove innovation blocks

Finance chief Charlotte Crosswell has been instrumental in bringing open banking to the UK. With six million people and 600,000 SMEs benefiting from greater interoperability between online banking services, she is now charged with overseeing the new Centre for Finance, Innovation and Technology (CFIT) as its first chair.

Crosswell, who led the Open Banking Implementation Entity (OBIE), and is a former president of Nasdaq, said it will be an "exciting" 12 months ahead for the new organisation, which aims to bring growth to the fintech sector.

She said: "We've seen some fantastic innovation through the regional clusters and their memberships, but the next stage is about trying to identify some of the blocks on innovation, and how we can solve them. The important thing is that it will look at the most challenging issues that are out there in financial services, and fintech today, and tries to ad-



Charlotte Crosswell, the new chair of CFIT. Picture: Paul Watt

dress them by bringing people together in what we call a coalition model.

"CFIT will be a partnership, collaborating with and amplifying the voices that don't always get heard as loudly, whether that's to try and solve access to talent and investment, scaling a business or ensuring we don't have regional bias when it comes to setting up a fintech."



Kate McKay, head of legal at Glasgow fintech firm Nude. Picture: Mark Jackson

How Nude is homing in on young people's dreams

Glasgow fintech Nude is on a mission to get young people saving for their first home.

Using innovative technology, the company's app can track spending habits, informing users how to save towards the goal of home ownership.

Kate McKay, head of legal for the startup, which raised £3.54m in a crowdfunder in 2020, said: "We know young people face huge financial pressures, and we saw this huge gap for a banking product that could give them much greater insight into the state of their finances."

"We were seeing that some people would be committed enough to do spreadsheet analysis on their finances but most don't have the time. Our app does all of that for you, allowing you to specify the savings target, and the time it will take to get

there, keeping you up-to-date with regular notifications."

The platform, which works on open banking standards and connects to big banks such as Barclays and Virgin Money, is also addressing a market need.

According to the Institute for Fiscal Studies there has been a substantial fall in home ownership among young adults.

In 2017, 35 per cent of 25 to 34-year-olds were homeowners, down from 55 per cent in 1997.

Nude's app, which started in 2019, works by placing the amount saved each month into high-yield cash or stocks and shares ISAs.

And it's already helping people get on the property ladder. McKay said: "We're seeing some great results come through already, with some really positive overall growth trends."