

Fintech Figures

Charlotte Crosswell, CEO of Innovate Finance, January 21st, 2021.

Hello, welcome to fintech figures, I'm Chris Holmes, delighted to be joined by Chief Executive of Innovate Finance, Charlotte Crosswell.

1. Charlotte, 2020: good year for Fintech?

2020 was a great year for Fintech. I feel slightly selfish saying that considering how other sectors have suffered so badly but obviously a lot of those sectors turned to technology and financial services more than ever; so we saw about 6 million people download their banking app for the first time, in the first month of the crisis. We saw a lot of banks went to remote call centres and consumers wanted to interface with financial services online. Obviously the fintech sector responded to that. So that was either in lending to SMEs through the CBILS (Coronavirus Business Interruption Loans Scheme) and the Bounce Back Loan Schemes or powering the regulatory technology that allowed people to interact digitally with their bank. But also, just giving them more transparency over their accounts and their savings. So, what we saw was that every fintech, suddenly became in huge demand and investors responded to that with significant investment figures for 2020 as well. All in all, a challenging year for everyone as we all adapted, but a good year for fintech.

2. We are about to see the launch of one of the biggest reviews into the financial technology sector the Fintech Strategic Review, what are your hopes for the Review?

I just want to say thank you to Ron Kalifa who has done so much work. Three hundred people inputted into that review and I really have high hopes that it will be pushing our sector forward. The sector, as I said, is strong but we can't be complacent, and every fintech is fighting for talent, it's fighting for capital. Fintechs outside of London are looking at how they can integrate better with the fintech eco system and global hubs and we have to look at the regulatory and policy framework as well - and that's been something that has had most demand and questions into it. Overall, where is our space in the world, post-Brexit, post-Covid? So, looking at the international competitiveness and attractiveness. So, is this what I call the phase 2 of fintech? We saw 2008 and that crisis started it, this year post-Covid is really saying how do we move that forward. And that is really where Ron Kalifa has focussed and where we have seen an incredible amount of member input coming into that. How do we now scale, how do we export our products and services and how do we continue to show that UK is the most attractive place to start, to grow and scale a business?

3. Financial inclusion is one of the most pernicious force that continues to dog our society. What role can fintech play in eradicating financial exclusion?

That is a great question. As we know there are so many people financially excluded or underserved, underbanked or completely unbanked. So, while the review, a lot of it, has focussed on what fintech needs it also looks at what fintech does at the moment and what's the art of the possible. Obviously, we are already seeing credit scores being adjusted using fintech. Banks turning to fintech to see how they can use that technology to assess new customers or new businesses and some of the govt guarantee schemes have been shown to point themselves towards the fintechs because they've been able to adapt and assess much more quickly. But we have to get better, we still have several million who are without a bank account. We had 12 million people before the crisis who had less

than a hundred pounds in their account and therefore that was working against them when they were looking for new tax and financial products. Fintech has the possibility of pushing that forward and we'll have to turn now to the technology sector to make sure that we are democratising access to financial services.

4. What more would you like to hear from Govt on fintech?

As you will know we've had tremendous support from across government on fintech, whether that's from the Treasury, where fintech officially sits. But also, in how it interacts with the tech sector and we are already seeing fintech to tech deals being done. Or with DIT (Department for International Trade) on their international outreach. So, that support is there. It isn't easy when you have every government department, it touches on every part of it and I think what we have to ensure is that whatever government department is looking for fintech solutions – that they are aware now of what the sector can do. And we saw that during Covid, so many people said I'd like to talk to HMRC because I have a fintech solution that can help them assess self-employment etc. So now is our opportunity with this review to reset; to look it, to look at that coordination and really display the best of fintech and then really challenge the fintech sector in helping find those solutions, maybe govt tech as well, and financial services going forward.

5. In conclusion, looking forward, 2021: a good year for Fintech?

I seriously hope so. Certainly, in the first couple of weeks of January we've seen investment hit 20% of what was invested in fintech in 2020. 20% in the first two weeks! So that will show you the scaling and opportunities, that will also show you some of the job creation. Fintech was hiring quite significantly last year, they were responding to the demand and what Covid has proven, as we have said, is the fact that fintech has the solutions there. So, banks, asset managers, insurers all of them are putting digital transformation at the top of their agenda. We are seeing outreach from hubs across emerging markets and across developed markets around the world, looking to learn from fintech thought leadership in the UK. If we can get some of the review implemented, if we can get alignment from industry, government and regulators and be bringing those founders in at all times of the process this should be a great year for fintech – and as I said, I think the beginning of the next phase.

Charlotte Crosswell, Chief Executive, Innovate Finance, Thank you.