

## Fintech Figures

Simon Taylor, Co-Founder, 11:FS & co-host of Fintech Insider & Blockchain Insider podcasts.

*Hello and welcome to fintech figures in five. I'm delighted to be joined by Simon Taylor who says he's been in fintech since he's been in work. Founder of 11:FS and podcast aficionado.*

### **1. Simon, 2020: a good year for fintech?**

A phenomenal year for fintech. The macro trends of everybody being at home shunted digital forward at least a decade. The number - of downloads, of mobile banking, of applications - the use of video conferencing everyday - made digital normal for everybody.

And hopefully it made digital more accessible to everybody in financial services, especially older generations that may have been on the fence, or people who may have been unsure and closer to their branches. I think it's been a phenomenal year for accelerating trends that were already there but also bringing them closer to people that needed them.

The funding initially dried up for a lot of fintech firms but now it seems we've powered out and almost come the opposite way as people realize the importance of digital. So yeah, phenomenal year.

### **2. We've seen the Chancellor's high-level response to the Kalifa review this morning. Great speech, what, for you, is the most important recommendation from the Fintech Strategic Review?**

There was a lot in there and a lot to like, frankly. I really like the piece around, obviously, central bank digital currencies and the task force, but actually HM Treasury and the Bank of England are working on a sandbox for themselves - which is also launching a Bank of England omnibus account to allow access to innovative financial market infrastructure providers that can deliver faster, cheaper 24 hour wholesale payment or settlement using central bank money.

Now that is a word salad (!) but the importance that can have to GDP, the importance that can have to the whole economy, could be really, really significant. This is a major change of who gets to access the plumbing, the deep infrastructure of banking. That could be really, really significant for fintech, for the whole market and for innovators. So, I'm excited by that one.

### **3. Financial exclusion has dogged our nation for decades. What role can fintech play in eradicating financial exclusion?**

I think just questioning the norms and the assumptions of what a bank customer looks like. The business model of banking was predicated on branches and distribution, and knowing my customer, and simple things like having a passport or having lived at an address for two years were really, really important to managing risk. And what fintech and digital businesses have done is turn that on their

head and said maybe there's another way to look at risk. Maybe you don't have to have lived in a country for two years to get a prepaid card. And maybe once you have a prepaid card for two years, then you could start to move up and have a bank account. So, there are all kinds of bits of innovation, not just around the distribution. The fact that I'm looking at a mobile app screen, or I'm using a touch screen, or doing something digital is not the point. It's changing the risk parameters that I think has been the real breakthrough for fintech. That's really key.

The second thing that I also think key is changing the cost model. When I build something entirely digital and I don't have to deal with branch infrastructure my cost of serving the customer is lower, therefore the ability to make a profit on them comes much, much, easier. Therefore, I get an opportunity to address a wider market segment. So, I think that cost piece and the risk piece are actually the things we don't talk nearly enough about going in terms of fintech and inclusion.

#### ***4. From a fintech perspective, what more would you like to see from government?***

That's a really good question. I think, honestly, it's done a good job historically, especially in the early days of fintech in the UK in creating an environment around policy. There's definitely good momentum and movement forward on policy in this recent announcement, but I think if we could see just a real sort of clarity in that policy. We see lots of task forces, which is good. But then getting those implemented, getting those to delivery, that would be #1. So, deliver on what's been talked about.

And #2 would be, I think it's time to learn from other markets. Markets like the US have done a phenomenal job in terms of actually having a market-led approach to certain things that have been really, really, powerful. Markets like Singapore, markets like Abu Dhabi have done really interesting things with digital sandboxes where they create technology and they really create tool sets for their markets.

So, what are the things that can come more from government? Should government be more ambitious in terms of how it invests and convenes the market? And what are the things that we can learn from the market itself and from market-led innovation and the combination of those two, I think it would be really, really important. Every market is now trying to do fintech. There are other markets really stealing a march, I think, on the UK. So, learn from them and adapt.

#### ***5. So, in light of all that, 2021: a good year for fintech?***

A better year for fintech. I think the best is yet to come. And yeah it's going to only continue. Fintech is arguably the hottest thing in technology right now and it's really going deeper. It's going beyond the UI (user interface) in the user experience and neobanks, into every part of financial services. And I think that's exciting for the market, it's exciting for customers and it's exciting for society.

***Simon Taylor, co-founder 11:FS, fintech aficionado, thank you very much. This is fintech figures in five will see you next time.***