

Fintech Delivery Panel

Minutes of the meeting of Fintech Delivery Panel held at MarketInvoice, 48-50 Scrutton Street on Tuesday 27th February at 10am.

Attendees:

1. Eileen Burbidge, Partner, Passion Capital (**Chair**)
2. Eamon Jubbawy, COO, Onfido (**Deputy Chair**)
3. Alice Newton-Rex, VP of Product, WorldRemit
4. Anil Stocker, CEO, MarketInvoice
5. Anna Wallace, Innovate Head of Department, FCA
6. Bilal Mahmood, Head of Media Relations, MarketInvoice - *guest*
7. Charlie Bailey, Project Manager, Tech City UK
8. Charlotte Crosswell, CEO, Innovate Finance
9. Chris Pond, Vice Chair, Financial Inclusion Commission
10. Francesca Porter, Legal Counsel, Onfido - *guest*
11. Imran Gulamhuseinwala, Global Head of FinTech, EY; Implementation Trustee, Open Banking - *guest*
12. India Boyer, Associate, Passion Capital - *guest*
13. Kaushalya Somasundaram, Head of Fintech Partnerships & Strategy, HSBC
14. Maria Palmieri, Government Relations Lead, Tech City UK
15. Matt James, Head of Scouting UK & Europe, RBS
16. Nathaniel Jowitt, Project Manager, Tech City UK - *guest*
17. Philip Brown, Head of Policy, LV=
18. Sigga Sigurdardottir, Chief Customer and Innovation Officer, Santander UK
19. Thomas Price, Head of FinTech, Banking and Credit Team, HMT

Apologies:

1. Anne Boden, CEO, Starling Bank
2. Claire Calmejane, Director of Innovation and Digital Centre of Excellence, Lloyds Banking Group
3. Ed Molyneux, CEO, FreeAgent
4. Erez Mathan, CEO, GoCardless
5. Francois Blanc, Head of Customer Experience, Santander
6. Gus Macfarlane, Managing Director Global Innovation, Barclays
7. James Chappell, Digital Shadows
8. James Varga, CEO, The ID Co
9. Martin Cook, General Counsel, Funding Circle
10. MB Christie, COO, Tech City UK
11. Paul Rippon, Deputy CEO, Monzo
12. Richard Thomson, Barclays
13. Serge Taborin, Group Digital Innovation Director, Aviva
14. Taavet Hinrikus, CEO, Transferwise
15. Will Thorne, Innovation Leader, The Channel Syndicate

1. Welcome:

- 1.1. Eileen Burbidge (EB) thanked everyone for attending alongside their challenging roles and diaries and appreciated how valuable attendee input is to support the great work within this industry and sector. Those that have not consistently attended the meetings will be noted and if sessions are not of value to attendees then this should be flagged with the Secretariat (Tech City UK) or herself directly.
- 1.2. EB invited the guests in attendance to stay for the entirety of the session if it was of interest to which no one objected.
- 1.3. From Tech City Laura Coffey, Greg Michel and MB Christie were unable to attend the session so Maria Palmieri (MP) will cover the relevant section with further support from Nathaniel Jowitt and Charlie Bailey.
- 1.4. There have been a few agenda updates from the papers sent earlier which include Martin Cook, dialing in, to provide an update on the Skills and Talent Working Group as Gus Macfarlane could no longer make the session, and MP providing an update on the Tech City Fintech Programme earlier in the agenda.

2. Open Banking Update:

- 2.1. EB introduced Imran Gulamhuseinwala (IG) from EY to provide an update on how the FDP can amplify and support Open Banking. IG provided a broad overview of open banking and outlined it has the potential to change the way consumers manage their money in the UK and the positive impacts that this could have around the world, beyond the UK.
- 2.2. The fundamental principle of open banking is the exchange of data and how regulations like PSD2 and GDPR are designed to ensure that the customer is in control of their data rather than it being controlled by the banks. IG also stressed that no one will be forced to use open banking. Consumers will have the option to 'opt-in' when they will need to give their explicit consent and be able to track exactly what their data is being used for.
- 2.3. The UK's role in implementing open banking has been the centre of attention for countries around the world from Europe to Australia. IG discussed that in the 12 months since taking the role within the Open Banking Implementation Entity (OBIE) that there has been a significant amount of work done and a lot of attention has been placed on the Entity's role in implementing open banking.
- 2.4. On the 13th January the OBIE (Standards and Directory) or the fundamental infrastructure for open banking was turned on and tested. This is the MVP for the beginning of the open banking journey. Banks have agreed to fund this implementation until mid 2019, to meet PSD2. This is one of the many updates which will be made, with the aim of including more companies and broadening the scope of open banking to facilities like foreign exchange, eWallets, credit cards and the full PSD2 product set requirements. Most

banks have managed to meet this deadline with smaller banks or smaller entities of larger banks missing the target by a few months. Chris Pond (CP) asked whether the Post Office was included in this which IG said was not.

- 2.5. IG discussed how it had been hard getting Fintech companies to work with Open Banking due to the FCA regulation requirements but they currently have around 70 companies in the pipeline. EB queried why they have to be a regulated Fintech companies to connect which IG noted was due to the live production environment that testing and work has to be done through. Most banks are unable to stand up their own sandboxes which leads to limited learnings but there are 15 authorised entities (banks) in the testing environment. IG discussed how a lot of fintechs were waiting for other companies to figure out how the infrastructure works. It is also not only fintechs looking to connect to open banking and IG discussed in confidence how there are several major corporations outside of FinTech looking to connect with Open Banking.
- 2.6. EB asked how companies could get involved with open banking, to which IG responded that a big refresh of the open banking website was to be announced at the NESTA conference on the 8th March
- 2.7. IG went on to discuss that Open Banking has the necessary resources and support capabilities through their service desk to help companies to join the open banking initiative with technical, commercial, strategic and FCA related support **ACTION: IG to share updated website with FDP members**. Matt James (MJ) asked if there was a place for developers to find the information then needed, to which IG replied this could all be found through the website (which will be updated continuously for any new bugs or standards).
- 2.8. Anil Stocker (AS) asked if many fintechs were looking to work with intermediary companies who were actively testing open banking solutions and/ or whether he could connect directly to these intermediaries. IG said that overall it's better to be a regulated authorised entity rather than using an "aggregator" solution. Some fintechs are looking to offer open banking as a regulated entity but they will want to include some elements of working with the customer. There won't therefore be a fully white label solution available (currently).
- 2.9. Anne Wallace (AW) asked how Brexit would affect the open banking initiative. IG said that EU countries didn't want UK PLC branding on the initiative, which is a shame for the amount of work that's been done to date with the UK, but felt that this work could be used across Europe. Some work has already been completed on building out API's in Ireland, Spain and Germany but IG felt there was still work to be done to 'Brexit proof' open banking.
- 2.10. EB encouraged the FDP group to look at ways to support this initiative and to encourage companies within their networks to explore how they could work with open banking. IG encouraged any firms interested to get in touch as his team are equipped with the necessary resources to support this.

- 2.11. **ACTION: IG to share details of how companies can get involved with open banking and follow up with any key asks to the FDP members on how to support this initiative.**

3. HMT Update

- 3.1. EB introduced Thomas Price (TP) who provided an update from HMT.

4. Tech City Fintech Programme

- 4.1. EB introduced MP to provide an overview of the upcoming Tech City fintech programme. MP discussed that from a series of discovery interviews with 22 entrepreneurs, investors and partners that Tech City would be putting together a specific fintech programme for 20 UK companies based on best practices from Tech City's other successful programmes, such as Upscale and Future Fifty.
- 4.2. The fintech programme will consist of a 6 month long programme, which will provide selected companies with scale coaches, expertise and access to the Tech City alumni network. The programme will cover a 24 hour induction for entrepreneurs to connect and talk to experts, 8 afternoon sessions on key topics, 6 dinners with key speakers and a trip to the US for companies to showcase their products to investors. The programme will be open for applications in June with a key focus of encouraging as many fintech companies outside of London to apply.
- 4.3. MP asked FDP members to nominate themselves for the judging panel which will have an input in identifying companies to apply, sifting applicants for the programme, building content and generally helping to champion this initiative. She also asked whether anyone could recommend any partners that may be interested in sponsoring the programme
- 4.4. **ACTION: ALL members to email fintech@techcityuk.com if interested in being on the fintech programme judging panel**
- 4.5. **ACTION: ALL members to email caroline.rae@techcityuk.com with any potential partners for fintech programme sponsorship**
- 4.6. EB highlighted some of the other Tech City programmes like Future Fifty and Upscale which have been hugely successful and maintain high NPS ratings from all participants. This would be the first sector specific programme for Tech City with the possibility of moving into other areas.

5. Skills and Talent Working Group:

- 5.1. Apologies were provided for Sameer Gulati (SG) who was unable to attend the session but Charlotte Crosswell (CC) provided the update on the Fintech and the Future Immigration System Research report that Innovate Finance will be publishing.
- 5.2. CC began with a summary of Innovate Finance's recent and extensive quantitative analysis of foreign workers working at fintech companies in the UK as well as the potential effects that Brexit could have on access to foreign

talent. According to this research, it was found 42% of workers in the fintech sector are non UK nationals with 14% of workers coming from non EA countries.

- 5.3. Coding and computer science were cited as a key skill set that UK workers lack which is in need for fintech businesses. Overall CC mentioned that there was a general sense from companies interviewed that people feel less of a desire to work in the UK due to Brexit.
- 5.4. The eventual policy principles of the research will be based on the analysis of high skilled migration issues and what the UK needs to do to fill the existing skill gaps. For example, this is still not properly filtered through schools as only 5% of girls are taking Physics at A-Levels.
- 5.5. Ahead of the paper being released in August 2018 CC foresees that there will be issues with longer term solutions of how we attract people to work in the tech sector. AS asked if the report will be a set of policy recommendations to which CC replied, that instead of framing it as a policy recommendation, the initial report will focus on the key principles of longer and short term solutions for the industry which will need input from the wider industry. Sigga Sigurdardottir (SS) asked CC's opinion on other countries pushing to attract workers and companies to set up there. CC admitted that this had received a lot of coverage and various cities have been working hard to attract companies (Berlin, Paris, Dublin) but wasn't convinced that companies perceived these cities as attractive. She also felt that the more cities attempted to attract companies, the more this would fragment the market and reduce the appeal of these individual cities.
- 5.6. EB stressed the importance of quantitative data which provides valuable input for the panel to help support the industry going forward .
- 5.7. EB mentioned that Michael Harte had moved on from Barclays and that his replacement Gus Macfarlane was unfortunately not able to attend the meeting at the last minute. Martin Cooke was asked to provide an update but due to technical and facility difficulties was unable to provide an update to the group on the Skill and Talent working group.
- 5.8. EB noted that there is continued lot of engagement and interest in particular on the Skills and Talent working group and encouraged other members to input into this working group if interested.
- 5.9. **ACTION: ALL refer any questions, comments or interest in joining the group to Richard Thompson at Barclays**
richard.thompson@barclays.com
- 5.10. **ACTION: CB to consolidate update of Skills and Talent group and provide update in further email/ papers**

- 5.11. EB encouraged all FDP members to use the apprenticeship scheme to hire apprentices into their companies. AW noted that the FCA were looking at bringing on some apprentices to help with their programs.

6. Digital ID

- 6.1. Eamon Jubbawy (EJ) confirmed that the group name was no longer “Verified ID” but “Digital ID” instead. Following on from the last meeting held in December, the group have drafted an initial paper around the key topics and initiatives they will be working on over the next 12 months. The key points raised were how this working group relates to all of the other existing initiatives around identity and its parallels with open banking. It is felt that (1) it is purely industry led (banks and fintechs) and (2) it will be very output focused in what will be achieved. The overall outcome of this group is to build something into a rough and ready pilot with the next meeting scheduled for February 28th.
- 6.2. EJ has asked that if members want to be seriously involved then they will have to sign a memorandum of intention with the aim of generating a pilot scheme by Q4. Half of the members have currently signed this with more expected to soon. Once this is agreed then the group can begin working on timelines and implementation of the pilot. EJ then handed over to Francesca Porter (FP) to provide an update on the topics the working group planned to cover.
- 6.3. FP discussed how focused the group were on delivering a pilot but also wanted to avoid “skimming” over major subject areas. The working group had therefore broken their topics into 4 key areas. (1) International lessons learnt will look at successes and failures of other international models and the pitfalls to avoid. (2) Concept of identity - will look at the definition of identity and what it would look like if commonly accepted by Financial Institutions. (3) Liability - will be covered over two sessions and will look at how liability can be driven through either common standards or a shared insurance pot. (4) Storage - will review how data should be stored and what current technology can be used or how future technology (blockchain and distributed ledgers) can be used. The final goal from this will be a pilot in Q4.
- 6.4. CC wanted to confirm that members of other workstreams such as Innovate Finance had been invited (or had attended the session), to which EJ confirmed but noted the difficulty of including a variety of different attendees from different initiatives. SS asked if the intent of this working group was to get regulatory support for this initiative. EJ thought that it would be best to get something up and running first and then look at what support would be needed, noting that liability will be the biggest stickler. Alice Newton-Rex (AN) asked if this would be open to general consumers which EJ felt would be decided later after mutual goals had been identified and a pilot was underway.

EB thought that by virtue of at least one company using it then it would become a useful tool to others.

6.5. EJ encouraged others in the group to join and/or encourage others to take part in the pilot. IG encouraged the group to maintain conversations with the Open Banking team, given that it works with 85% of the market and would be very supportive of this initiative. EJ confirmed that they were already having conversations with the Open Banking team. EB encouraged the continued work between these two groups. AW confirmed that she had seen a few sandbox trials around a similar initiative and felt the market was starting to develop but hadn't seen huge traction yet.

6.6. ACTION: FP will make papers available to group

7. Fintech Toolkit

7.1. Matt James (MJ) confirmed that the banks have agreed and are happy with the work that has been documented and is inclusive of their policies and processes. BSI will now undergo the formal process of coordinating the broader syndication and take it through their standard PAS process. They have assigned a project manager, Matt Bonnamy, to support the development of this initiative which all of the banks have contributed to.

7.2. The syndicated process has now started with the final document expected to be released in Q4. The next step will be to gather input from cross sector members (fintech companies) with further input from banks before a final version is published. MJ felt that this was another example of banks partnering up outside of initiatives like Open Banking and that this leads the way for good progress beyond the document, such as building a repository to let banks share documents on their use of processes.

7.3. EB noted that Q4 would be a good time for output from the FDP. AS thanked MJ for his input and mentioned that it would be good to open this document up to fintech companies. MJ confirmed this would be done in the follow up process and that the key initial (and more difficult) part of bringing the 4 banks together had been accomplished.

7.4. EB asked whether members of the group could help highlight and signpost, as and when the feedback becomes available to the wider public, and for MJ to share details of any releases.

7.5. ACTION: Any feedback on circulated PAS document to be shared with Matt Bonnamy: Matt.bonnamy@bsigroup.com

8. Insurtech

8.1. Phil Brown (PB) confirmed that the insurtech working group had their second meeting recently, 12th February, where they had discussed the insurtech

vision, onboarding processes and support for insurtechs in the UK. Three separate working groups had been created for each of these areas.

8.2. PB felt there had been a lot of overlapping conversations around onboarding and supporting insurtech firms. He discussed how the regulator has supported insurtech through sandboxes but that many of the insurtech companies involved don't get the opportunity to speak to incumbents before they get sent over to the firm advisor - believing it to be incumbent insurers that can cause the problem. He also felt the PRA can cause challenges when proposed solutions need regulatory capital which can lead to very long and difficult conversations. SS agreed and felt there hadn't been enough communication between parties. AW thought that progress with insurance had been good but if a roundtable would be of interest then she would be happy to offer assistance in arranging this.

8.3. **ACTION: AW to help organise Insurtech round table**

8.4. **ACTION: ALL members interested in helping develop insurtech vision to feedback to CB**

8.5. EB and PB thanked Will Thorne for his work on the board who was unable attend today's meeting. AW discussed how the FCA would have a graduate on rotation in Autumn who would be able to provide input and support to project manage the insurtech board. PB confirmed that funding had been secured for an insurtech project manager for Tech City and that recruitment for this resource was underway.

9. Access to Capital

9.1. India Boyer (IB) discussed progress from the Access to Capital working group which is in the process of organising an open office "speed pitching" event for fintech companies. An invite will go out in the next 2 weeks and will provide 30 fintech companies with the opportunity to meet 3 VC's (out of 10 invited to participate). The event will be held at General Assembly's London office and is open to companies on a first come first serve basis. The final list of investors is currently being finalised and target companies will range from seed to growth stage.

9.2. EB added that this event would be akin to 'speed dating' for fintech startups and investors. There is the potential to look at replicating an event like this for insurtech or financial inclusion and other sub-sectors, but this first event is scheduled for 13th April.

9.3. AS asked what stage the companies needed to be with EB confirming that it could be seed to series B - up to £20M.

9.4. **ACTION: CC to include in newsletter for Innovate Finance**

9.5. **ACTION: IB to notify FDP members when event is announced**

10. International / FSTIB

- 10.1. SS said that a blueprint is being developed of the FinTech skills which will be needed by the Financial and Related Professional Services industry over the next 3-10 years. The blueprint will be based upon interviews with Tech City UK's members as employers of people with fintech skills. The output will be shared with universities, business schools and apprenticeship bodies to help shape future teaching and training with an estimated release date of June.
- 10.2. A white paper is being developed which identifies seven back office functions which could be overhauled by FinTech through the medium of shared platform services. Challenges and risks will be considered, and the paper will focus on those areas where there is no competitive advantage at stake and look at recommendations of what to develop from a policy perspective.

11. AOB

11.1. FCA Global Sandbox

- 11.1.1. AW mentioned that that the FCA had a soft launch event on 14th February around the prospect of developing a global sandbox. There will more discussions on this topic at Fintech Week, beginning 21st March. The aim of this initiative will be to bring together international regulators to voice concerns and identify barriers as well as to provide workshops and pitch events for companies to understand what opportunities this sandbox could create.
- 11.1.2. **ACTION: ALL if interested in participating in the global sandbox event then let AW know**
- 11.1.3. AW noted that it would take a long time to harmonise standards and rules but identified the existing opportunities of new business cases being created, particularly when there are no standards currently in place. This could also be used as a place for regulators to issue a call to market and express the areas in which they need help (i.e anti money laundering solutions). The FCA have already signed a confirmation with the US CFTC. A key highlight of these partnerships is that it will hopefully become easier for UK firms to get regulated in other jurisdictions. EB asked if this initial agreement could help with signing up other US regulators which AW confirmed would be the case, and was one step towards working with the different regulators and shows transatlantic cooperation.
- 11.1.4. EB asked if there were any chances that other countries could develop similar policies, a consideration which AW believed they are conscious of but that the FCA was the furthest ahead in developing this kind of initiative.

11.2. Upcoming Events:

- 11.2.1. CP highlighted an upcoming event the week of 12th March about helping people with autism to be hired into tech roles. On the 14th March a parliamentary group will be coming together to discuss sustainable finance within the SME sector
- 11.3. EB thanked everyone for their input and discussed how the Economic Secretary to the Treasury had been pencilled in for the next meeting in May. Everyone agreed it was good to see how much Treasury was committed to the FDP and prioritised its work and thanked the Treasury for hosting the next meeting. A final thank you was given to AS and BM for hosting the meeting.
- 11.4. Meeting finished at 11:33am.
- 11.5. Next meeting will be on Tuesday 22nd May at 10am at the Treasury.