

## Fintech Delivery Panel

**Minutes of the meeting of Fintech Delivery Panel** held at Funding Circle, 71 Queen Victoria Street on Wednesday 6 December 2017 at 10am.

### Attendees:

1. Eileen Burbidge, Partner, Passion Capital (Chair)
2. Kaushalya Somasundaram, Head of Fintech Partnerships and Strategy, HSBC
3. Charlotte Crosswell, CEO, Innovate Finance
4. Matt James, Head of Scouting UK & Europe, RBS
5. Philip Brown, Head of Policy, LV=
6. Anna Wallace, Innovate Head of Department, FCA
7. Sigga Sigurdardottir, Chief Customer and Innovation Officer, Santander UK
8. Claire Calmejane, Director of Innovation and Digital Centre of Excellence, Lloyds Banking Group
9. James Varga, CEO, The ID Co.
10. Will Thorne, Innovation Leader, The Channel Syndicate
11. Thomas Price, Head of FinTech, Banking and Credit Team, HMT
12. Serge Taborin, Group Digital Innovation Director, Aviva
13. Martin Cook, General Counsel, Funding Circle
14. MB Christie, COO, Tech City UK
15. Laura Coffey, Head of Fintech, Tech City UK
16. Greg Michel, Senior Programme Manager, Fintech, Tech City UK
17. Safa Boga, Project Manager, Tech City UK
18. Francesca Porter, Legal Counsel, Onfido - *guest*
19. Ewan Willars, Director, Retail, UK Finance - *guest*
20. Sameer Gulati, Head of Policy and Regulation, Innovate Finance - *guest*

### Apologies:

1. Anil Stocker, CEO, MarketInvoice
2. Michael Harte, Group Head of Innovation, Barclays
3. Paul Rippon, Deputy CEO, Monzo
4. Eamon Jubbawy, COO, Onfido (Deputy Chair)
5. Chris Pond, Vice-Chair, Financial Inclusion Commission
6. Taavet Hinrikus, CEO, Transferwise
7. David Raw, Head of Banking and Credit Team, HM Treasury
8. Alice Newton-Rex, VP of Product, WorldRemit
9. Anne Boden, CEO, Starling Bank
10. Erez Mathan, CEO, GoCardless
11. Ed Molyneux, CEO, FreeAgent
12. James Chappell, CTO, Digital Shadows

## 1. Preliminary

1.1 It was noted that the meeting had been duly convened.

## 2. Welcome

2.1 EB thanked everyone for attending despite their busy schedules and expressed appreciation for the commitment of the group as well as expressing thanks to Funding circle for hosting and Laura and Greg for sending documents. EB welcomed Tom Price from Treasury and Anna Wallace from the FCA and referenced recent Tech City UK funding which reflects the positive and ongoing support for tech and digital within government.

## 3. Migration Advisory Committee - Fintech response

3.1 CCr introduced SG who presented the early findings of the MAC response. These are early findings so are not set out in much detail here in the minutes. Innovate Finance want to create a baseline for fintech today so that they can then model projections on how this might change in the future given immigration changes and fintech behavioural responses to those changes. Aim today is to socialise the headline findings and sense check them. Data sources include the innovate finance survey of 100 respondents, also data from EY and supplemented with interviews. The number of UK fintechs is 1600 as a broad figure. 63,000 people are employed in the fintech sector. That is the baseline at the moment. Of this, 50% of the 1600 firms are 0 to 10 employees, 95% is from 0 to 250 only 1% is 251 to 350 so smaller SME's dominate the space.

3.2 EB asked when there will be a summary available and what the timescales are. SG said the plan internally at Innovate Finance was to do a draft report on 8th and final report on 18th. **ACTION** - CCr agreed that a generalised draft report will be shared with the FDP after Christmas and SG said the link to the survey would be recirculated to the FDP to push out to their networks.

3.3 SG welcomed input from the group and explained that there is a two-step process - firstly to agree the data and submit that to the MAC and then as a second step to develop policy recommendations. MC suggested adding decision science / data analytics as a key area to consider in analysis.

## 4. Skills and Talent

4.1 MC gave the update and said the data Innovate Finance have created for the MAC report is compelling, and he encouraged this group to push the survey out again.

4.2 On the Barclays Connect With Work Scheme, he noted that progress has been disappointing and the working group would have liked to see more progress on this. The Scheme had really good potential and with Barclays' support it had developed very quickly and with good success outside the fintech space – the challenge was to match the pool of candidates available via the Scheme with the specific requirements of fintechs (which were perhaps different to the historic “sweet spot” of the scheme).

LC reminded the group that the candidates are mostly entry-level, young people who need support and traditionally supported business outside of fintech. There is a lot of keenness to make this work and to champion access to the fintech sector. EB asked how we are engaging fintechs. MC replied that all the fintechs on the FDP have been contacted as the plan was to get some FDP case studies before pushing out to the wider fintech ecosystem. EB suggested that FDP members reach out to friendly companies to promote the scheme. AW asked for clarification on the problem. MC clarified that the sector specialism of fintech was new to the Scheme and that the demand for typical candidate profile through the Scheme may not be high volume at present but would be expected to grow. EB said that fintechs should be encouraged to see it as a development opportunity, and MC noted that those fintech recruitment teams with whom he had discussed it were excited at the possibility of making this Scheme – and what it represented – work effectively. **ACTION** – MC to introduce Connect With Work and Innovate Finance to explore how greater outreach concerning the programme could be realised more quickly.

- 4.3 MC mentioned that he is exploring a graduate training programme offer that could operate across fintechs to train graduates (the issue here not just being about attracting talent and recruitment, but rather about talent retention). AW said that FCA gets c.50 grads a year - some of which get seconded to fintech companies - and would be interested in learning more about this programme to see if they should get involved.
- 4.4 MC updated the group on the immigration package support to help companies hiring on Tier 2 visas. He has spoken to five firms that are immigration experts and with track records in supporting tech and fintech businesses. A number are happy to support an initiative (such as providing useful resources and guides, and perhaps free introductory consultations). This will be developed and shared as it matures.
- 4.5 Finally, MC also mentioned that this working group is small and if others want to join or contribute other talent items for consideration please reach out to any member of the working group.

## 5. Verified ID working group

5.1 EB gave EJ's apologies and introduced FP and EW. EP said that Onfido, Transferwise, UK finance, Santander and Tech City UK had had an initial conversation exploring how to transfer verifiable identity between financial institutions, e.g. sharing costs, reduction in duplication, make it easier to take out new products and services

5.2 EW said that UK Finance has recently ramped up their activity in digital ID. He outlined that there is a lot going on in the space - a lot of crossed wires and duplication. This includes: Verify, the government's own scheme, which doesn't have enough reliant parties but has good standards. TISA have a savings related KYC product but it has a lower level of authentication than what most banks would require. The Payment Strategy Forum have recommended there is a SME KYC transfer ecosystem, how banks can exchange SME KYC data but limited to business data. He wondered how this will work without a personal exchange of data also. EW further outlined research going on in Europe as well as nascent ideas about blockchain solutions in think tanks. It is a complicated marketplace, the risk is a number of non-interoperable solutions. There are clear barriers e.g GDPR, customer consent, legal barriers through money laundering directives that require clear trails for banks to show

they are compliant, there are some AML D5 amendments that would be required. He stressed that the main obstacle was a lack of shared vision about the issue.

5.3 AW commented that she likes the fact that lots of different initiatives are coming to market, there's space to innovate. We need to understand failures in the market. She emphasised that regardless of the technology applied, nothing gets rid of the liability issue so there needed to be an agreement in the market about where this liability lies, referencing the Norwegian model. FP agreed, suggesting the possibility of a liability pool or a solution akin to the Swiss one and said that the barriers are not insurmountable but there is a lot of skimming over the issues. What the working group wants to do is to identify key players, different initiatives, break things down and have different groups do deep dives into each of them. If anyone is interested the next working session will be next week. **ACTION** EB asked her to circulate a time and date for the next meeting

5.4 SG mentioned that Austria use a third party that connects with the regulated entities that has a shared KYC that reduces the cost by 30%. The working group should look at international examples too. EW explained they are considering a summit in January to bring the work together and do some deep dives. JV noted that as someone who is working in the ID space, these conversations have been going on for 10 years and moving from the academic discussions to the practical implication was also the hardest part. Can there be a commercial benefit that pulls the market? FP agreed that in the context of open banking there might be more of a commercial incentive. EW added that the tone and interest have increased over last 6 months. JV said that Identity is the biggest crisis that the world is facing and is being talked about at UN levels. EB said that if this group can't work it out, there was a much bigger problem. She stressed that the group need to be able to figure it out. JV suggested putting together a simple framework and driving momentum. PB agreed and said that it's a shared vision that's critical and missing. This group can contribute to that

## 6. Fintech toolkit working group (standards)

6.1 MJ said that the work to create standards builds on the work of the FSTIB's playbook. It is targeted at aiding communication and understanding so that fintechs know what they are required to do in order to partner with banks. The working group has agreed a two-step process. Step 1 is to create a base document and step 2 is to feed this into the British Standards Institute (BSI) PAS process. There may be an opportunity to share a draft of the base document with the wider ecosystem for input and comment

6.2 The PAS process also has a period of public consultation. The working group will act as the steering group to the BSI PAS process. A skeleton of the base document has been shared with the working group and the next step is to build this out. MJ also offered to publish a non-official status paper mid-year to collect feedback from the wider community. AW suggested feeding in the lessons learned from the Sandbox into the working group. MJ agreed this would be helpful

## 7. Insurtech Working Group (Insurtech Board)

7.1 WT said that the group had met but discussions had been somewhat dominated by early stage funding, which is difficult to solve. The group intends to set out a vision as well as look at knotty problems of incumbents working with insurtech companies like MGA contracts. WT thought the sandbox report would also be useful for this working group. They are also

considering putting together an 'insta workshop' to educate around insurance as there are entrepreneurs who don't fully understand the sector. He reported that the working group was very positive about the FCA but there were issues identified with the PRA.

7.2 WT mentioned that a resource is needed and an FCA grad might be an opportunity. **ACTION** - AW agreed to consider this if a written scope was provided.

7.3 ST reminded the FDP that Germany is emerging and positioning itself as a hot centre for insurtech and London and the UK have ground to make up.

## 8. Financial Inclusion

8.1 LC explained that the financial inclusion deliverable element of the FDP vision is now complete. The Fintech For All competition was delivered and completed. There were 85 applications, 6 finalists. The winners were Pockit and Mespo. On Monday, Tech City UK hosted a roundtable held at No. 10 for the finalists. **ACTION** - a short report on the competition will be published before Christmas and the link circulated to the group.

## 9. Access to Capital

9.1 CCa explained that there is a plan to activate these sessions quickly in Q1 2018 - the key will be to have a good mass of senior investors with 30-40 pre-series A startups pitching for 15 minutes. 2 locations (one outside of London) are in plan.

9.2 MJ suggested the [RBS app](#) might be helpful.

9.3 SG agreed that there is a need to engage more with regional fintechs in Leeds, Bristol, Edinburgh etc. and suggested getting a video conference set up. EB said that circulating the pitch and supporting documents online in advance is important. WT suggested adding non-traditional investors e.g. returns in insurtech are often not large enough for traditional VCs to invest in. CCa said they will pilot with VCs and take it from there in the future. EB suggested that over time these sessions could get a specific theme like payments, reg tech etc. and said it was worth assessing demand based on responses to the call out.

## 10. FSTIB / NAG and International work

10.1 SS explained that the playbook had been published **ACTION** to re-circulate to the FDP members to share with their networks. The FSTIB were now spending time on the talent and skills blue print, working on industry interviews, working with the Russell group to feed it into the universities, to shape the overall education agenda. It would be good to connect it with the MAC survey work.

10.2 FSTIB are also working on ID with Deloitte, focused on KYC/AML. The key challenge there was where the liability sits.

10.3 From an international perspective, FSTIB have workstreams on China and India. China are focusing on industry platforms, India have identified opportunities to work on regulatory issues to help the indian regulators. They are also running roadshows in the US on west coast to attract mature talent to the UK FS sector in Q1 of next year.

10.4 LC mentioned that City of London who run the Network Action Group (NAG) are wanting to work in the insurtech space. She is pointing them in the direction of WT's Insurtech Board working group. They are also putting a group together for a fintech sector deal. CCr said the NAG are looking to wrap it all together, to keep this front of mind, to identify gaps and look at the holistic package. The NAG are in talks with a potential chair, and the bid would be made and then assessed by BEIS. EB questioned this as something the FDP should have done. TP said that he was not convinced that a sector deal is required or the right vehicle. EB said she thought it may be helpful. LC said there is a need to coordinate and have a clear view on who is doing what to avoid duplication of effort. There is a strategic issue around what all these different groups are doing. SG suggested a calendar of events may help. LC agreed but said the first step was to clarify who was doing what in the space.

## 11. Planning for 2018

- 11.1 EB referenced the Terms of Reference that allowed the panel to be refreshed each year. **ACTION** If any member would like to rotate off, after serving for 2017, please let LC know. She asked the group if we were going to start from scratch did we believe we are working on all the things we should be doing? EB opened the discussion to the table and asked TP whether Treasury is happy with what has been achieved, is it the right level of focus. TP replied that the Treasury are content with the progress being made, delivering industry led solutions. EB wondered if the Treasury wanted anything more or different? TP responded that he believes that it is pitched at the right level, there was lots of enthusiasm for Fintech For All competition and the work on the standards.
- 11.2 JV said that as a fintech entrepreneur based in Scotland he finds the regional vs London divide frustrating. EB agreed and said that we can think about having separate work or imbed it in everything we do - comparing this to having separate diversity & inclusion initiatives or building diversity and inclusion into core work. She reminded the Panel that this was discussed 9 months ago and it was concluded that the regions were very important and should be embedded in all the work of the Panel. For example, the Fintech For All competition had specific efforts to build awareness in the regions, especially in Scotland. JV agreed and asked if there are any doors we need to knock on to make it clear that we are inclusive, if we don't get the region at the table, it might just be noise that comes and goes? LC responded that Tech City UK is setting up a fintech programme to include at least two non-London regions. She also suggested there is not sufficient awareness of the FDP and asked JV to champion it in Edinburgh. CCa observed that the regions are frustrated when they get invited to things in London from Londoners. Innovate Finance have spoken with Fintech Scotland. Companies are still being asked when they are moving to London to raise capital. JV said it is frustrating. LC outlined that Tech City UK had got £21M over 4 years to evolve into Tech Nation which will have a specific regional focus to strengthen the ecosystem across 11 key regions
- 11.3 SG wondered if we could have a fintech regional policy group or a board that has people from across the country, where a number of parties come to the table. This would be an opportunity for key ambassadors regionally to feed in. Public policy side, could we get some local parliamentary champions involved and formalise it? JV said that on the practical industry level there's a question of whether people will be willing to spend the time, at the top level there perhaps isn't the pressure to make things happen. There's a tendency for conversations to get blown out of proportion and then

fall flat, there's no top-level pull. Can this forum establish a higher level of engagement? CCr suggested a focus on Manchester and Leeds first.

- 11.4 TP said that in terms of outcomes, one of the areas the group might look at is how to stimulate demand for fintech products amongst regional banks and building societies. SS said it is important to communicate inclusivity. AW highlighted that Edinburgh University are considering setting up a fintech accelerator. CCa said that LBG are developing their regional presence but it's also important to focus on what drives the country which is London. She wondered if the work Tech City UK are doing could be made more visible. MJ said that as someone who works at RBS he obviously has an interest in Scotland. He also pointed out that RBS operated in multiple locations in the country and said that if the Panel comes up with initiatives RBS could provide channels to access the regions without it seeming to come from London. FP wondered if there were initiatives to have accelerator weekends for the smaller and more early stage companies? LC responded that this is on the Tech Nation roadmap and referenced the Northern Stars work that Tech City UK delivers in the North
- 11.5 ST wondered if it might make sense for the FDP to focus more on infrastructure? Open Banking is leading the world. Perhaps the Panel needed more focus on such topics and ID? He said MAS in Singapore were about to launch their own cryptocurrency and challenged the group to think about infrastructure. EB agreed and said that if there are further thoughts please share with LC.
- 11.6 TP suggested that the group might look at the resilience of fintech sector in the face of Brexit, suggesting that this may be an opportunity for the sector to think about what sorts of interventions might be deployed in various scenarios to ensure the UK's continued comparative advantage. EB mentioned a concern that the group was expressly not about lobbying and asked for clarification. MC said that gathering and presenting data or other evidence is not lobbying. TP clarified that if the sector is reporting that firms are considering relocating in light of Brexit, then HMT need to understand the sense of urgency around that. EB said she was wary of a sector deal lead by the City of London Corporation in light of the recent conversation about the regions. AW noted that Brexit can take over everything and she likes that this group has a positive feel about it. There is a risk that by focusing on Brexit we lose what this unique collaboration can bring.
- 11.7 EB clarified that the FPD are happy to be seen as a resource, and underlined that the Panel are happy to help compile whatever data is helpful for policy makers. She noted that the group had always been focused on what it can provide rather than what it needs, but it was good to have that channel opened up.
- 11.8 AW said that there is a space between regulation and emerging technologies, is there a view on what technologies are getting to the point of being a mainstream thing. Is there a space for us to be thought leaders in terms of machine learning etc? Building on this MJ wondered if there is space for thinking about the future of financial services e.g. payments in automated cars etc. This could fundamentally change the way financial services are delivered. Looking at micropayments, IoT. He exhorted the Panel to look at where future opportunities are emerging rather than where the current ones are.

- 11.9 GM reminded the group to please keep talking about the FDP and its work streams as there is not yet enough awareness both in the wider public and in the fintech ecosystem that the group exists and what it does.
- 11.10 ST asked for 2018 dates and EB said she would confirm.
- 11.11 EB closed the meeting, thanked people for coming and wished everyone happy holidays