



FINANCIAL TECHNOLOGY ENABLERS & BARRIERS

As the UK strives to become the leading financial technology (FinTech) centre in the world, the Prime Minister recently embarked on a trade mission to south-east Asia, taking with him FinTech specialists from across the UK. It is clear this government wants the UK to be the leading FinTech centre in the world, which is why at the Summer Budget they appointed Eileen Burbridge as the UK's FinTech 'special envoy' for this fast growing sector. The UK FinTech sector generated £20 billion in revenue last year, which demonstrates that this is a market with real opportunity for growth. In order to try and ensure the UK is a world leader in the development of financial services technologies as well as appointing a special envoy the government has also announced that it will undertake a FinTech benchmarking exercise in the autumn to help identify barriers to the development of the sector in the UK.

The FCA's recently launched **Project Innovate**, aimed at helping established businesses and start-ups to navigate the regulatory system and bring innovative financial products and services to market is another clear demonstration of regulatory support for the governments' intentions. The FCA have also issued a 'Call for Input' into any regulatory barriers to innovation in digital and mobile solutions to get views about specific rules and policies that are either restricting innovation, or that should be introduced to facilitate innovation. TISA is engaged through our Technology Innovation Policy Council (TIPC) with the FCA's Innovation Hub and we have been presenting our thoughts. If you would like to provide input direct to the FCA, the deadline for responses is September 7, 2015.

In addition there are also policy discussions arising from the Government Office for Science's **review** into the FinTech sector which has looked at enablers and barriers for starting, growing and retaining innovative financial

technology businesses. This will include emerging trends and expectations across FinTech markets including peer-to-peer platforms, online payments, cognitive computing, analytics and data-dependent intelligence, together with the need for common open standards across data and data transfer. This requirement is mirrored in the EU Single Digital Market Strategy paper and sections of MiFID II regulation emanating from ESMA in Brussels. Further ammunition is added when looking at alternative financial services models which are assessing the potential of digital currencies and distributed systems for developing new mechanisms for the storage and exchange of value, in light of HM Treasury's **Call for Information on Digital Currencies**.

These are key areas that the TIPC will be looking at on behalf of the industry, consumers and its members. This is supported by The Savings & Investments Policy project (TSIP) which has elements focussing on the social and economic impact of financial inclusion and education, and priorities ahead for increasing financial advice capabilities through advances in cognitive computing, improving data science research infrastructure and collaboration, and the next steps in order to develop an effective framework of taxation and regulation.

The TIPC is also assisting the Digital Passport Project and will be considering the development of technological innovation and its usage across the financial services spectrum. The council will collaborate closely with regulators both in the UK and Europe, together with a number of government agencies and technology facilitators. The key here is to support the development and delivery of more effective guidance and education so that we start to change consumer behaviours, drive up their engagement with financial services and by doing so help to increase the levels of personal savings in the UK.

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