

Fintech Delivery Panel

Minutes for 23.04.2020

Zoom

Attendees:

- (EB) Eileen Burbidge, Partner, Passion (**Chair**)
- (MC) Martin Cook, General Counsel, World Remit
- (CC) Charlotte Crosswell, CEO, Innovate Finance
- (AD) Adam Dickinson, Head of Fintech, Innovation and Partnerships Procurement at HSBC
- (AE) Andy Elphick, Head of Innovation, Barclays
- (CF) Christian Faes, CEO- Lend Invest
- (MJ) Matt James, Head of Innovation, RBS
- (EJ) Eamon Jubbawry, COO - Onfido (**Deputy Chair**)
- (ELK) Ed Leon Klinger, CEO - Flock
- (PN) Paul Novelle, Interim FDP Director, Tech Nation
- (JP) Jemima Pitceathly, FDP programme manager, Tech Nation
- (CP) Chris Pond, Chairman at Lending Standards Board
- (WT) Will Thorne, Head of EMEA, Specialty and Lloyd's Ventures at SCOR Global P&C
- (AW) Anna Wallace, Head of Innovation, FCA

HMT attendees:

- (LM) Laura Mountford, Deputy Director of Payments and Fintech, HM Treasury
- (CN) Carly Nimmo, Head of Fintech team, HM Treasury

Guests of Panel:

- (AR) Antony RuddenKlau, Partner and Global Co-lead Fintech, KPMG

Apologies

- Ahmed Badr, General Counsel, Go Cardless
- Anne Boden, CEO, Starling
- Anil Stocker, CEO, MarketInvoice
- Stephen Dury, Chief Customer and Innovation Officer, Santander UK

Introduction:

- EB opened the meeting and thanked the Panel for attending
 - Noted the importance of thinking about what will come out of the COVID19 situation and how the Panel can help the sector to continue to thrive

Treasury Update:

- LM updated the Panel
 - Expressed the interest of HMT in ensuring that the FDP continue the work that they are doing

- LM updated the Panel on the government's response to COVID19 giving a brief overview of the government support available
 - Noted that HMT are working to implement schemes that have been announced and are welcoming any feedback from the industry that could aid this and welcomed FDP input as appropriate
- EB thanked LM and asked about engagement on HMT COVID-19 initiatives
 - LM indicated that initial response has been to operationalise measures quickly and added that HMT remain open to feedback
- EB asked whether there is current consideration for fintech specific measures
 - LM noted that Future Fund should be capturing fintech as well as wider schemes
 - Noted that the HMG want to receive evidence on whether this is helping fintechs
- CF asked whether HMT were aware of joint paper by UK finance, innovate finance and Leninvest related to non bank lending space
 - LM noted that HMT are aware of this paper and that it is under consideration
- MC asked about the role HMT is having with the FCA to help the regulatory landscape
 - AW answered stating many of the levers to support the industry sit with the bank and HMT from the FCA's perspective looking at the industry
 - AW acknowledged that problems are different for different business models in the sector
 - AW noted importance of Panel updating the FCA highlighting market confidence is beneficial
- AW introduced idea of new digital sandbox in the context of COVID19
 - Suggested that through strategic partnership the Panel and FCA could set challenges and sort problems to prove that fintech may be answer to some problems and invited FDP engagement
- WT asked from an insurtech perspective whether there had been discussion about trade credit backstop and how this could be distributed through insurtech and fintech (France example)
 - LM stated that trade finance discussions are not lead out from team but LM will raise this with trade teams

Onboarding pledge update - Matt James, RBS 13:45

- MJ gave an overview of the progress on the onboarding pledge
 - Onboarding pledge is being discussed with banks to get to a good place in terms of the wording of the pledge and how it can be positioned to ease the implementation. Fintech feedback supports the concept.
 - Next steps are to agree text internally and discuss timings of any potential announcement, noting that COVID-19 responses means this may take longer than normal
- MJ noted that the Panel could provide positive message of future collaboration between banks and fintechs
- EB thanked MJ, and noted that the Panel may have to have a different velocity and approach to get to the next milestone

Insurtech Board update - Ed Leon Klinger, Flock 13:55

- ELK updated the Panel on the insurtech board
 - Noted refreshed purpose and establishment of why the Board exist
 - Insurtech Board have kicked off first workstreams
- Board want to develop formal framework for assessing workstreams and their value add to the community
 - Criteria assessed against:
 - Impact on investment,
 - Partnership in order to create an environment conducive to insurtech
 - Innovation
- ELK added that next steps are to publish guidelines
- Updated the board on the Insurtech Board's COVID19 response in two streams:
 1. Showcase: ensuring the Board showcases the work done by insurtech and technologies to combat dealing with COVID19, the Board has already collected over 30 examples of this
 2. Commitment or pledge: open letter to leaders of insurance incumbents to make a soft pledge to not lost innovation in this sphere
- ELK added what is coming up next
 1. Onboarding process is drastically needed in the insurtech space
 2. Getting insurtech more intentionally represented by Tech Nation itself

Analysis of current situation - Antony Ruddenklau, Global Co-lead & Partner Fintech, KPMG 14:05

- AR discussed market views from KPMG with the Panel and the four stages to the crises they believe there to be:
 1. Crisis management
 2. Building resilience in firms
 3. Recovery
 4. New reality
- Discussed the fintech market and how the reduction of deal volumes has lead to continued downward trend in the number of deals
 - Funders will continue to fund portfolios that they already run
 - Firms have had to digitise more quickly than ever
 - Government will be major stakeholder in terms of equity and involvement in the future
- Noted that there has been positive observations in that there hasn't yet been any major fintech failures
 - Capital liquidity will be important
 - KPMG to release a paper on available burn rate
- Suggested four areas potentially useful for discussion
 1. Talent; need to think about retention in the industry to keep talent within the fintech sector
 2. Financing; more precise levels of investment are needed and cash flows will need to be managed more effectively. Investors will be far more selective going forward

3. Collaboration; the need for fintechs and banks to come to the table together
 4. Innovation/sandbox; enhancing work that the FCA has been doing on the sandbox
- EB thanked AR and opened the floor to questions

Discussion of priorities - All 14:15

- PN asked Panel to focus down on priorities for 3 weeks, 3 months and 300 days
- AB asked whether there is enough visibility with which fintechs and insurtechs are currently recruiting suggesting that the Panel could do 'good news stories' relating to this
 - CF unsure of this approach due to many fintechs furloughing
 - MC agreed noting that this doesn't seem like a true picture
 - EJ noted that at Onfido, although hiring plan has been cut they are still hiring, EJ happy to take lead on positive PR piece
 - CC suggested that most of those hired are engineers and developers
 - PN suggested that there is going to be evolution regarding this so it is about profiling the sector
- CF suggested that a quick win could be achieved by promoting skills development
 - PN noted that Tech Nation have DBA Business Academy
 - ELK highlighted that there is currently a digital recruitment platform and a specially spun up page whereby you could see UK companies confirmed as hiring
- EJ asked about the topic of rent relief from landlords
 - EB stated that there has been lobbying on behalf of co-working spaces and a lot has been done in the retail sector
- PN asked AW whether FCA could commit to a roundtable; demonstrating various offerings that digital sandbox could do, API marketplace and discussion of more agile ways to help partnerships to develop more quickly
 - Noted that this is in order to get groups of customers/banks to look at ideas that fintechs have
 - Potential for problem statement related to this
- CC suggested on capital side, feeding into the future fund and seeing thoughts from fintechs regarding this
 - Added the want to ensure innovation is not lost just because of funding, looking at capital investment side on fintech specifically
- WT suggested creating a soft landing
 - Need to think about the ecosystem response when cash runs out in the three to six month period
- CP added over next few months industry will see increasing vulnerability and exclusion, fintech could help over several aspects
 - Lack of affordable credit
 - How fintech can address exclusion through contribution to help people overcome lack of resilience
 - Vulnerable customers who are increasingly vulnerable

- When thinking about product delivery, the Panel should address these areas of vulnerability
- CC agreed adding that this could be an opportunity to promote the UK ecosystem and looking for solutions in the next 12-24 months

AOB

- EB thanked the Panel for attending and close the meeting

Actions moving forward

| Action | Owner | Timeline |
|---|----------------------------------|------------------|
| Discussion with Treasury trade teams regarding trade credit update | LM | ASAP |
| WT to send information to AW regarding trade credit and insurance backdrop | WT | ASAP |
| Share Redborne Partners Article on process to recovery with wider Panel | JP | ASAP |
| ELK to put PN in touch with founders of digital recruitment platform showing hiring companies | ELK | ASAP |
| Panel to share views with CC regarding capital investment, innovation on the fintech side specifically | Everyone | ASAP |
| PN to share work with ELK on FDP onboarding process for the insurtech board to develop guidelines of their own | ELK/PN | Completed |
| Examples of 'insurtech for good' to AW | ELK | Completed |
| Potential positive PR piece on recruitment in fintech through the crisis | EJ and PN (and those interested) | 30 days/3 months |
| PN to see whether Tech Nation can fast track programmes- potential to develop 10 minute mentoring opportunities to profile those on panel who could pass experience and knowledge onwards | PN | 30/Days3 months |
| Pitch ideas to AW for idea of new digital sandbox | Those interested | 3 months |
| Panel to look at promoting skills development in the sector | Everyone/ PN to coordinate | 3 months |
| Develop problem statement for FCA roundtable regarding sandbox, API market place and partnership | AW, PN | 3 months |

| | | |
|--|---|----------|
| Develop wider ecosystem response to create a soft landing when cash starts to run out in three to six months | WT lead with contribution from everyone | 300 days |
| Develop vulnerability piece and start to look at how fintech can address exclusion to promote the sector | Everyone/ PN to coordinate with CP | 300 days |