



All Party Parliamentary Group
FinTech

APPG on FinTech AGM 2016

Secretariat
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APPG on FinTech AGM 2016

Location: Room U, Portcullis House, Westminster

Date: Tuesday 11th October 2016

Time: 5.00-7.00 PM

Attendees:

- Adam Afriyie MP, MP for Windsor, Chair APPG on FinTech
- Will Archdeacon, Parliamentary Researcher for Adam Afriyie MP
- Victoria Borwick MP, MP for Kensington, APPG on FinTech member
- Peter Cunnane, Policy and Innovation Adviser, City of London
- Rt. Hon Mark Field MP, MP for Cities of London and Westminster, Secretary APPG on FinTech
- Sameer Gulati, Policy and Research Adviser, Innovate Finance
- Freddy Kelly, Co-founder / CEO, Credit Kudos
- Alan Mak MP, MP for Havant, APPG FinTech member
- Daniel Morgan, Head of Policy and Regulation, Innovate Finance
- Peter Smith, Head of Policy Strategy Development, TISA
- Anna Wallace, Head of Innovation Hub, FCA
- Tom Woolf, Founder, EdAid
- Hanxin Zhang, Strategic Coordinator, Policy Connect
- Chi Onwurah MP, MP for Newcastle Upon Tyne Central, Vice-Chair APPG on FinTech
- Yatin Mahandru, AVP New Markets, Cognizant

Agenda

1. Welcome (Adam Afriyie MP)
2. Apologies
3. Election of Officers
4. Approval of Income and Expenditure Statement
5. Overview of APPG work one year on (Daniel Morgan, Innovate Finance)
6. "Stepping Forward for FinTech" report (Daniel Morgan, Innovate Finance)
7. The Growth of FinTech Overview (Sameer Gulati, Innovate Finance)
8. Roundtable discussion
 - Feedback from participants on key areas / topics the group may wish to focus upon over the next year
 - Key asks from the FinTech community re: Autumn Statement and how the group may facilitate further discussion moving forward.
9. Next Steps

Welcome: Adam Afriyie MP

- The All Party Parliamentary Group on Financial Technology has looked to support the continued growth of the UK FinTech sector, addressing a number of key topics over the past year, from: financial inclusion, to alternative finance and payments amongst others.

Today's AGM will look to (re)-elect officers where appropriate, approve an income and expenditure statement for the group and discuss which areas the group may wish to focus upon for the coming year.

Apologies

- Gavin Robinson MP, MP for Belfast East, Vice-Chair APPG on FinTech
- Lord Holmes of Richmond, Vice-Chair APPG on FinTech
- Barry Sheerman MP, MP for Huddersfield, APPG on FinTech member
- Lawrence Wintermeyer, CEO, Innovate Finance

Election of Officers

Re-elected:

- Chair: Adam Afriyie MP (Cons)
- Vice-Chair: Lord Holmes of Richmond (Cons)
- Vice-Chair: Chi Onwurah MP (Lab)
- Vice-Chair: Gavin Robinson MP (DUP)
- Secretary: Rt. Hon. Mark Field MP (Cons)

Newly elected:

- Officer: Alan Mak MP (Cons)
- Officer: Barry Sheerman MP (Lab)

Income and Expenditure Statement

- Please see the approved income and expenditure statement on the APPG on FinTech website, under the "APPG on FinTech Annual General Meeting" tab.

Overview of APPG Work One Year On: Daniel Morgan

- Some activities from the past year through the APPG on FinTech include:
 1. Inaugural AGM
 - 7th July 2015. Where it was suggested the group may wish to look into areas including: Blockchain, P2P lending, financial inclusion and payments.
 - It was suggested financial inclusion should be the focus for the first meeting.
 2. Financial Inclusion Meeting
 - 26th October 2015.
 - Speakers from: Squirrel, MasterCard, Funding Circle, Lloyds Banking Group and GLI Finance. One area of discussion was the ability for AltFi to unlock £20billion to the UK economy by 2020.
 3. The Innovate Finance Global Summit Roundtable
 - 11th April 2016.
 - This Summit attracted 1800 people, over 200 FinTech companies, and profiled 7 global FinTech hubs.
 - The RT discussed the framework for the group's first report, looking at the disruptive impact of payments, Robo-advice, credit scoring and RegTech.
 4. APPG on FinTech Summer Reception 2016
 - 5th July 2016
 - Brought together 200 stakeholders from across the FinTech industry to launch the groups "Stepping Forward for FinTech" report (more details below).
- Note the APPG on Financial Technology also launched it's website - detailing key reports on the sector; members, a Twitter feed ([@APPGFinTech](#)), meetings, and relevant news. The website can be accessed via: www.appgfintech.org.uk

"Stepping Forward for FinTech" report: Daniel Morgan

- Stepping Forward for FinTech is the group's first report, and can be accessed [here](#).
- In line with the APPG on FinTech's focus on the social impacts of financial technology and financial inclusion, the report focussed on 3 key areas:
 1. Fairness and Choice
 - The report welcomed the CMAs recommendations around open banking APIs and the PSRs reviews into improving access to payments systems and infrastructure.
 - The key here is to ensure there is competition and transparency at the heart of financial services.
 2. Access and Inclusion
 - 13 million people do not have enough savings to support them if their income were to drop by a quarter for the month.
 - The report therefore sought to bring attention to the role of challenger banks; robo-advisers; and the rise of AltFi, empowering consumers with a smarter way to save, invest and borrow their money.

3. Security & Integrity

- This section sought to look at how FinTech might help to keep our data and identities secure online, and how it can improve the prevention and detection of financial crime, fraud and money laundering.
- This is especially important given that 1 in 3 SMEs suffer a cyber attack each year.

The Growth of FinTech Overview: Sameer Gulati

- Some key investment data on the growth of FinTech includes:
 - A significant increase in the level of VC investment globally since 2012, doubling from 2013 (approx. \$6.5bn) to 2014 (approx.\$12.1bn), and seeing investment rise to \$15.5bn in 2015 (If we take into account institutional investment this figure is approx. \$23bn).
 - 2015 also saw the UK attract \$1.1bn in FinTech VC investment which 3rd only to China and the United States.
 - H1 2016 investment figures show that global deal volume in comparison to this time last year has increased 148%. However, unusually contrary to the global trend, over the same period the UK has seen a 33% decline in investment.

Roundtable Discussion

- It was suggested that areas of focus for forthcoming meetings might include:
 - The CMAs final report on retail banking – in particular on open banking APIs
 - The FCA Regulatory Sandbox
 - RegTech: the FCA is running ‘techsprints’ and the PRA and Bank of England are also actively looking into the area
 - Brexit: what is the impact on FinTech? – Looking into GDPR / access to the Single Market, skills and talent.
- Alan Mak MP: interested in financial inclusion and startups, as well as developing links between the APPG on FinTech and the Entrepreneurship APPG.
- Adam Afriyie MP:
 - Interested in the role FinTech could play in helping businesses with trade overseas, and in the work of the Department for International Trade (DIT).
 - This approach could be built on, and alongside, the work being done through HM Treasury and the FCA on “FinTech Bridges”.
 - Is there an opportunity especially on financial inclusion that could include the work of DfID? How can FinTech be part of the process?
 - Re: Brexit, the messaging should be one of continuing to be open to the world and supportive of entrepreneurship. Where FinTech could be positioned as a facilitator for trade and intrinsic to the creation of new markets.
- Peter Smith, TISA:
 - Key areas alongside the group’s suggested focus on the CMA and Sandboxes could be a focus on education of those not engaged in FS / financial awareness.

- Anna Wallace, FCA:
 - One area of continued focus might be the role of FinTech in providing the systemic / underlying infrastructure that sits beneath the consumer-facing end of financial services. This also touches on areas such as PSD2 and the impact of open banking.
 - It is also important to continue to build the dialogue between incumbents and their work with FinTechs.

- Daniel Morgan, Innovate Finance:
 - Key asks from the FinTech community re: Autumn Statement:
 1. Investment
Continue to incentivise risk capital into the FinTech space. For example the better use of SEIS, EIS and VCTs and an improved role for the British Business Bank to step into any potential vacuum in funding for SMEs.
 2. Talent & Skills
Develop local and attract global. Ensure that Visa's are fit for purpose, and that the UK continues to attract tech & high skilled jobs which underpin the growth of the FinTech sector. Up-skilling our own domestic labour force is also key.
 3. Single Market & Passporting
FinTech community looking to maintain full access to the Single Market. In its absence, transitional arrangements would be welcome. Ensuring UK & EU law are compatible through equivalence (e.g. GDPR) is also important.
 4. Supporting Productivity and Competitiveness
FinTech can address these wider policy goals. For example ensuring Open Bank APIs are delivered on time, that there is sufficient usage and awareness of AltFi; and encouraging RegTech to help transform regulatory infrastructure.

- All participants:

"Industrial Strategy"

- An Industrial Strategy w/r to FinTech could include combining a financial inclusion focus together with the devolution agenda.
- To ensure an industrial strategy is fit for the digital age this may also focus on the role of FinTech in providing some of the infrastructure or railing beneath financial services, from: blockchain, to payments systems, digital identity/KYC and RegTech.
- An industrial strategy may also look to encompass:

1. National focus

- It was mentioned that hubs outside London continue to provide an opportunity for the regional growth of FinTech. From areas such as Newcastle to Birmingham, however barriers to entry for relocating must continue to be brought down.
- The growth of FinTech nationally is also being supported by HM Treasury – who are looking into the potential appointment of National FinTech Ambassadors.
- When looking at other regional hubs, there could be an emphasis on focussing on specific sub-sectors – for example Manchester's expertise in AI and machine learning, to Edinburgh's focus on Asset Management and Robo-advice, and Birmingham as hub for Islamic Finance.

- This also taps into some of key feedback regarding the Autumn Statement, namely the continued need provide access to investment for FinTech across the UK.
- As some mentioned it takes a long time to develop a 'FinTech hub' and rhetoric must be matched by what is practically achievable. One way to address the regional disparity within the sector might be to look at behavioural aspects behind why firms choose not to (re) locate nationally, and how this might be solved.

2. Skills

- Some participants mentioned the continued need for firms to find digitally skilled labour in the UK, with HMRC indicating a 25% shortfall in such skills.
- An emphasis on coding and investment from companies to both build and find skills locally is key, as is the need to continue to develop a diverse STEM talent base.
- Developing local talent should also be supplemented with opening up the UK to talent from around the world.

Next Steps

- Key themes for the group's work over the coming year to include:
 - CMA final report into retail banking
 - FCA Regulatory Sandbox
 - RegTech – Open Banking APIs / PSR
 - Brexit – GDPR, PSD2, Single Market / Passporting
 - What could an Industrial Strategy fit for the digital age look like?
 - Regional FinTech- skills in clusters across the UK
 - Driving partnerships between incumbents and FinTechs



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