

FinTech Week 2021

Key themes and further reading

Following our sponsorship of UK FinTech Week, we are pleased to share our views on the key themes coming out of the week of activity, along with links to further materials that you may find useful.

FinTech is at the heart of the new digital ecosystem emerging across financial services.

Even before the COVID-19 pandemic hit, changing customer expectations combined with major macroeconomic forces were challenging both established financial services players and new market entrants to leverage technology in their business models, to get ahead and stay relevant. The pandemic accelerated these trends, putting further pressure on margins and heightening the focus on digital services and solutions – both for customers and for financial services organisations themselves.

Having been proud sponsors of UK FinTech Week 2021, we identified a number of major themes that surfaced throughout the week which bring to life both the challenges and the opportunities that navigating this new reality holds.

Whether you were able to attend any of the events or not, we hope that these insights provide some food for thought as you and your organisation consider your role in the future of the digital financial services ecosystem.

Mark Leaver

Financial Services Technology Lead, PwC UK

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For more information or to contact any of the team named below, [please click here](#).

Theme 1: Financial services' role in society

Crystalising the importance of purpose and a customer-centric vision

The pandemic has demonstrated the important role that financial services has to play in society, both in providing customers with the right services when they are most needed, and in supporting the community through wider initiatives. Organisations have put the customer first, and with ever increasing customer expectations – whether in relation to digital experience, social investing, or tackling the bigger issues in society – building a customer-centric vision for the future is fundamental.

Points of contact

Isabelle Jenkins, Financial Services Lead

Mark Leaver, Financial Services Technology Lead

Further FinTech Week watching

- Panel: [How Financial Services respond to the demands for digital transformation](#)
- Panel: [Going green: the pivotal role of finance](#)
- Fireside chats: with [Anne Boden](#), [Rishi Khosla](#), and [Anand Sambasivan](#)

Recommended reading

- Blog: [Building a future for financial services that is purpose-driven, tech-enabled, and powered by partnerships](#)
- Blog: [The purpose gap](#)
- Insight: [ESG gives financial services a key role in UK's green recovery](#)
- Insight: [ESG and growth: a new way of thinking](#)
- Case study: [Side by side with Starling Bank to reinvent banking](#)

Realising the Government's vision for a more efficient, open, greener industry

In a post-Brexit, post-COVID world, the future success of the UK's financial services industry and the maintenance of our global reputation will be built on the innovation that is taking place today. While the country's foundations in FinTech are strong, we must not be complacent and focus must be on building from our existing strengths to make the most of the opportunities ahead. Engagement across government and industry is critical to ensuring that the efficiencies can be unlocked, access improved, and the needs of the green economy met.

Points of contact

Isabelle Jenkins, Partner, Financial Services Industry Lead

Rachel Taylor, Partner, Government and Health Industries

Recommended FinTech Week watching

- Keynote: [Welcome by RT Hon Rishi Sunak MP, Chancellor of the Exchequer](#)
- Keynote: [Catherine McGuinness, City of London Corporation](#)
- Keynote: [Hon Jane Hume, Australian Minister for Superannuation](#)
- Fireside chats: [John Glen MP, Economic Secretary to the Treasury](#)

Recommended reading:

- Blog: [For UK FinTech to thrive, collaboration with government will be key](#)

Acknowledging the industry's responsibility to improve financial inclusion

The call to the financial services industry to tackle financial exclusion and improve financial health is clear. Enabled by technology innovations, educating customers and ensuring solutions empower all customers equally are growing priorities. With many of the people most impacted by the shift of the industry online being those that exhibit vulnerable characteristics, being able to support these customers into the digital future will be critical. At the same time, the increased access to data raises questions around the industry's role in proactively supporting customers that are making financial decisions that are not in their best interest – encouraging them to save and addressing risks that lie ahead.

Points of contact

Angus Goldie, Partner, Vulnerable Customers

Tom Boydell, Financial Inclusion

Recommended FinTech Week watching

- Keynote: [HM Queen Maxima of the Netherlands, United Nations Secretary-General's Special Advocate for Inclusive Finance for Development \(UNSGSA\)](#)
- Panel: [How Financial Services respond to the demands for digital transformation](#)
- Panel: [How COVID has accelerated the needs for financial wellness solutions](#)

Recommended reading

- Blog: [Vulnerable customers: Stronger imperatives for action in 2021](#)
- Blog: [Vulnerable customers industry research: from final guidance to action](#)

Responding to the growing power of the retail investor

With references to GameStop, crypto and NFTs, the increasing power of the individual investor as a collective was recognised. While increased retail participation was recognised as good for the diversification of the market, the current information disparities between retail and institutional investors, and the increasing 'activism' in personal investments were raised as concerns. Technology is enabling a fast-growing pool of considered and sophisticated retail investors who are willing to build a portfolio over the long term, but there is more to do to arm consumers with the right tools and information to make informed choices, and online firms need to take greater responsibility for the content they produce.

Points of contact

James Howell, Director, WealthTech

Recommended FinTech Week watching

- Panel: [FinTech's Role in Stakeholder Capitalism](#)
- Panel: [Lessons from GameStop: What is 'v2' public market infrastructure](#)
- Panel: [Attracting founder-led businesses: the evolution of public markets](#)
- Fireside chats: [Anand Sambasivan](#)

Theme 2: The future of financial services infrastructure

Finding the right regulatory balance

A supportive regulatory environment has been key to the UK's success in financial innovation to date. As the evolution of the industry continues, further collaboration between Government, regulators and industry will be critical to nurturing progress, promoting both innovation and trust while remaining responsive to new developments. The potential for 'smart divergence' of regulation post Brexit was considered an opportunity to maintain both openness and stability. During the week, the FCA announced: their commitment to the Regulatory Scalebox recommended in the Kalifa Review including a Regulatory Nursery providing enhanced oversight and support for newly authorised firms; year-round applications to the regulatory Sandbox, now replicated in 50 countries worldwide, and the refinement of a digital Sandbox focused on sustainability.

Points of contact

Conor Macmanus, Director, Financial Services Regulatory Insights

Recommended FinTech Week watching

- Panel: Trust vs Innovation: finding the regulatory balance for a strong FinTech sector
- Panel: International competitiveness: the best the UK has to offer
- Panel: The twelfth hour guest: how crypto is shaking the world
- Keynote: Nikhil Rathi, CEO, FCA

Recommended reading

- Blog: UK crypto regulation is maturing
- Blog: How supportive is the UK's regulatory environment for FinTech?
- Insight: UK policymakers redouble focus on FinTech

Preparing for the future digital economy – 'Finance 2.0'

Financial infrastructure is experiencing a quantum leap forward in many ways, with innovations in open banking, payments and crypto accelerating over the last year. Digital currencies are challenging transitional currency, with central banks including the Bank of England exploring CBDC – during FinTech Week, the Bank of England and HM Treasury announced the creation of a joint taskforce to explore the creation of a potential UK CBDC. At the same time, the potential of NFTs and DeFi to revolutionise how wealth is distributed is coming into focus, as are conversations about interoperability, confidence in currency, and appropriate regulation. Digital ID – used within the context of a robust, holistic, harmonised trust framework – is expected to be a vital building block for the digital economy.

Points of contact

Haydn Jones, Crypto lead, Director, Technology and Innovation

Recommended FinTech Week watching

- Panel: The twelfth hour guest: how crypto is shaking the world
- Panel: Perspectives on digital ID: what the future may look like
- Fireside chats: Bank of England, Digital Asset and the MIT Media Lab, Jonathan Quin

Recommended reading

- Paper: PwC's Global CBDC Index
- Insight: How regulation could be the future of Decentralised Finance

Educating consumers to unlock open banking

While the payments industry has seen significant innovation over the last few years, there is lots more to do. Much of this is about education – for instance, while we have established the infrastructure for open banking and have a thriving ecosystem of third parties building on it, only 5% of the UK population is engaged. With open banking seen by some as a stepping stone to open finance, open telco and much more, the whole ecosystem must play a role in increasing engagement by focusing on customer value. Also in focus are the cost of transactions, focus on developing faster and cheaper services, and individuals' and businesses' demands to experience payments in a different way.

Points of contact

Jon Maskery, Partner, Payments and Banking

Recommended FinTech Week watching

- Panel: 3 years into PSD2: paving the way to more successful developments
- Panel: The digital payments boom: playing catch-up with the giants
- Keynote: Sir Dave Ramsden CBE, Deputy Governor for Markets and Banking, Bank of England
- Fireside chats: Alex Rampell, General Partner, Andreessen Horowitz

Recommended reading

- Paper: Future Ready Payments 2030
- Blog: How the UK payments industry can build blockchain into its strategy

Recognising the fundamental role of B2B FinTechs

With the challenges of legacy infrastructure embedded in financial institutions, B2B FinTechs offer a more agile route to enhanced customer experience and operational efficiencies, and allow all parties to work within the scope of their expertise. As the volume of these relationships grow – whether through API, partnership or acquisition – the focus will shift away from just product and the ability to service will be key. At the same time, platforms are beginning to emerge, with the ecosystem converging – through partnership or acquisition – to offer full, seamless service for customers. As incumbent institutions, challengers, and adjacent players converge to service customers, it will be B2B FinTechs that 'win' behind the scenes.

Points of contact

John Lyons, Partner, Digital Banking

Recommended FinTech Week watching

- Panel: B2B FinTech in focus: To Infinity and Beyond
- Panel: Investment Patterns by Vertical: What's Hot and What's Not
- Panel: Reflection on collaboration in FinTech
- Breakout: Accelerating digital transformation through partnerships

Recommended reading

- Insight: TYSL: Next generation digital banks
- Blog: FinTech and APIs are unlocking next generation client onboarding
- Blog: Data and FinTech in the banking sector: the foundation for innovation

Theme 3: The foundations of a customer-centric, tech-enabled future

Addressing the demand for new types of leadership

The mandated requirements for working from home over the last year have seen organisations benefit from a more level playing field, without different floors or office use defining hierarchy. However, this has also created a challenge in how to ensure a sense of inclusion and camaraderie while individuals are home alone. At the same time, leaders have had to strike the right balance between being directive and showing empathy, recognising there is a business to be run whilst acknowledging the significant challenges facing their employees. As organisations now turn to think about the right operating models of tomorrow, industry leadership will need to face the new challenge of hybrid working head on.

Points of contact

Chris Box, Partner, People & Organisation
Victoria Knox, People & Organisation

Recommended FinTech Week watching

- Panel: [How Financial Services respond to the demands for digital transformation](#)
- Panel: [Inclusion in the workplace: what FinTech can do](#)
- Fireside chat: [Harsh Sinha, CTO, Wise](#)

Recommended reading

- Insight: [CEOs must now lead on mental wellbeing](#)
- Podcast: [Business in focus: why you need to rethink mental health risk](#)

Finding the balance of tech-enabled, human service

While the rapid digitisation of services and solutions during the pandemic has been transformative, organisations also needed the right culture and skills to deliver at speed. It was the strength of customer relationships and the real focus on customer service, empowered by technology, that saw customer satisfaction levels go up for a number of panelists. Looking ahead, it is this marriage of technology – offering choice and flexibility – and people – bringing empathy, expertise and advice – that will be the next stage in the evolution of financial services.

Points of contact

Chris Box, Partner, People & Organisation
Alice Payne, People & Organisation

Recommended FinTech Week watching

- Panel: [How Financial Services respond to the demands for digital transformation](#)
- Panel: [3 years into PSD2: paving the way to more successful developments](#)

Recommended reading

- Thought leadership: [Hopes and fears 2021](#)

Embedding alignment at the heart of partnerships

There is widespread agreement that partnerships and collaboration are going to be a fundamental feature of the financial services industry going forward. While previously the focus in partnerships was on delivering proofs of concept often at a distance to the core business, this has now shifted towards success criteria and commercial outcomes with the core business engaged – the confidence in decision making to stop rather than see out a partnership is also growing, as the culture around innovation evolves. With this shift, the need for clear alignment – e.g. of interests, of target outcomes, of approaches to decision making, of learning requirements, of culture – is critical.

Points of contact

Steve Davies, Partner, Digital Banking
Glynn Austen Brown, Partner, InsurTech
James Howell, Director, WealthTech

Recommended FinTech Week watching

- Breakout: [Accelerating digital transformation through partnerships](#)
- Panel: [How Financial Services respond to the demands for digital transformation](#)
- Panel: [Reflection on collaboration in FinTech](#)

Recommended reading

- Event recording and transcript: [Scaling FinTechs for success through partnerships and collaboration](#)



Theme 4: Supporting FinTechs to scale

Addressing the capital challenge for scaling FinTechs

The pandemic has proven the importance of positive economics and diverse sources of capital for FinTechs of all shapes and sizes – those FinTechs without either were restricted in the support available over the last year. While the pool of capital available for entrepreneurs remains significant, the historic focus on growth-stage start-ups has started to shift in recent years. With more entrepreneurs now wanting to grow global businesses, rather than sell out early, this financial support to more established FinTechs is critical to enable the ecosystem to scale. At the same time, the industry needs to ensure fair access to capital, as just £2.3m went to black female founders last year.

Points of contact

Andrew Macnab, FinTech Deals lead

Glen Waters, Raise Ventures lead

Recommended FinTech Week watching

- Breakout: [Creating value in FinTech deals](#)
- Panel: [Looking ahead: the state of fundraising and investment](#)
- Fireside chat: [Rishi Khosla OBE, CEO and co-founder, OakNorth](#)

Recommended reading

- Paper: [Strategy & FinTech Deals in Focus](#)
- Blog: [FinTech Deals landscape and trends](#)

Considering the role of the public market

Entering the public market can offer FinTechs a range of opportunities, including realising a fundamental alignment with a customer-led purpose. Considerations of whether an IPO is part of their future should be an early conversation in the growth of a FinTech. IPOs can be considered the start of the journey, not the end, and can bring real opportunity. With the depth of the private market, more FinTechs are often at a later stage and better capitalised when joining the public market, which is also posing an attractive proposition for investors. The level of expertise needed to get that far also offers reassurance for retail investors considering their involvement. As the recommendations from Lord Hill's listing review are implemented and the FCA's consultation on SPACs progresses, the public market could be made even more attractive for FinTechs.

Points of contact

Jeremy Sweetnam, Director, Corporate Finance

Sarah Connell, Capital Markets and Accounting Advisory

Recommended FinTech Week watching

- Panel: [Global IPO Innovations – Why now?](#)
- Panel: [Attracting founder-led businesses: the evolution of public markets](#)
- Panel: [FinTech's Role in Stakeholder Capitalism](#)

Recommended reading

- Insight: [IPO Watch Europe Q1 2021](#)
- Blog: [Return of the SPAC](#)
- Blog: [Why companies are joining the SPAC boom](#)
- Blog: [You never get a second chance to make a first impression: Why ESG is critical in IPO communications](#)

Thinking nationally and internationally for expansion

As more FinTechs plan for continued growth, it is critical that the wider ecosystem provides support as they scale up, expand internationally and look to access expertise. Across the UK, enhancing connectivity and nurturing of the regional FinTech clusters is key to supporting scale, as a critical foundation for considering international expansion. While incremental domestic growth may feel less risky than going global, focusing on markets with both ease of access and demand offers significant opportunity. Challenges such as the uncertainty of international relationships and the lack of regulatory equivalence exist, but with the government investing in a FinTech Export Academy and FinTech Bridge programme, support is increasingly available to help. When expanding overseas, local knowledge, local presence, and local partnerships are needed to really succeed.

Points of contact

Mark Leaver, Financial Services Technology Lead

Recommended FinTech Week watching

- Panel: [International competitiveness: the best the UK has to offer](#)
- Panel: [Taking FinTech Global](#)
- Panel: [Levelling up: increasing the strength of the FinTech ecosystem across the UK](#)
- Fireside chats: [TS Anil and Ron Kalifa, John Glen MP](#)

Building and accessing a diverse, global talent pool

As an emerging and ever evolving sector, competition for talent is high, in particular in the more developed FinTech hubs around the globe. While the UK already houses significant technology talent and continues to invest in future generations – though apprenticeships, education, retraining and upskilling – accessing the global talent pool remains fundamental. Currently 42% of the UK's FinTech workforce are from overseas, and so global interconnectivity already underpins the industry. In response to the recommendation in the Kalifa report, the government have committed to reforming the visa system to help firms access the best technology talent globally.

Points of contact

Kiran Rashid, People and Organisation

Recommended FinTech Week watching

- Keynote: [RT Hon Rishi Sunak MP, Chancellor of the Exchequer](#)
- Panel: [Taking FinTech Global](#)
- Panel: [Levelling up: increasing the strength of the FinTech ecosystem across the UK](#)
- Fireside chats: [Anne Boden, Harsh Sinha](#)

Recommended reading

- Blog: [Remote working – here to stay? Considerations for FinTechs as we navigate the release from lockdown](#)

Exploring your digital future? How PwC can help

We help clients across the financial services industry to navigate the FinTech ecosystem, deliver on their ambitions and to do so at speed:

Investors

We help investors in FinTech to create and capture value across all stages of the deal lifecycle:

- Market scanning
- Corporate finance advisory
- Deal origination
- Buy and sell-side due diligence
- Value creation beyond the deal
- Corporate strategy

Challengers

We help digitally native challengers as they seek to disrupt the traditional market:

- Concept and business model design
- Market and customer proposition design
- Authorisation and regulatory support
- Profitability and growth strategy
- Tax, legal, finance, risk and treasury support and advice

B2B innovators

We help B2B innovators of all shapes and sizes as they scale and grow:

- Market strategy advisory
- Fundraising
- Scale | FinTech Programme
- Core tax, legal, HR and risk assurance support
- Pathfinders global expansion and immigration support
- Exit strategy, IPO and sell-side M&A support

Incumbents

We help established financial services firms harness the power of FinTech to shape their business for the future:

- Strategy-aligned ideas generation and prioritisation
- Horizon scanning and scouting
- Co-creation hub – test before invest
- Implementation – realise, commercialise, scale
- FinTech-enabled business transformation

Why PwC?

We convene – Our partnerships with key industry bodies and long-standing connections across the financial services ecosystem mean we can bring the right people to the table.

We connect – Our deep knowledge of the industry, functional expertise, and insights into emerging technologies mean we both understand the burning issues and can connect in the right solutions to solve industry problems.

We co-create – Our tools and assets including our innovation sandbox enable co-creation with all parties, while our integrated approach to risk management ensures we find the most effective outcome for all.

We create value – Our strategy-through-execution approach, experience in over 200 FinTech deals, and first hand understanding of what really matters, means we create sustainable value for our clients.

Contact us

For more information or to contact any of the team, [please click here](#) or visit pwc.co.uk/FinTech

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