

# **5 GROWTH OPPORTUNITIES** FACING UK FINTECHS IN 2020







# LOW BARRIERS TO ENTRY FOR INNOVATORS OPPORTUNITY

## OPPORTUNITY

FinTech may be a relatively new sector, but it is lightyears ahead of many better-established industries when it comes to removing barriers to entry. Much of this is down to the Financial Conduct Authority's (FCA's) Project Innovate, which aims to mitigate the regulatory barriers that may otherwise stifle creativity and innovation. Launched in 2014, the initiative has so far supported 686 companies. Startups involved in the programme's first cohort received a total of ***£135 million in equity funding*** and around four-fifths are still in operation.

Such is the success of Project Innovate that many analysts have called for it to be scaled up, allowing the scheme to support a larger number of domestic and foreign FinTech startups – and also, potentially, more established tech businesses.

## RECOMMENDATION

Project Innovate may not be new, but it remains a fantastic proposition for FST businesses of all sizes.

For startups, the opportunity is clear: sign up to Project Innovate and receive unparalleled support in navigating the regulatory landscape.

Perhaps more surprisingly, established players are also in a position to reap significant benefits from the scheme. Samantha Emery, the FCA's Innovate head of department, ***explains:*** "They may be partnering with FinTechs, or opening up their own innovation labs or programmes. But they're starting to mimic the behaviour [of startups]. They're starting to engage with the FinTechs and that will be seen as positive because it means the whole industry is moving forward."

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# CONSUMER DEMAND FOR ROBO-ADVISERS OPPORTUNITY

## OPPORTUNITY

Despite its relative lack of maturity, the FinTech market has already spawned a wide range of subsections.

From a growth perspective, one of the most significant subsections is WealthTech, which combines an array of solutions – such as digital brokerage services and robo-advisers – to provide wealth management support to high-net-wealth individuals (HNWIs).

Robo-advisers are a particularly interesting opportunity for FinTechs operating in European markets. Awareness of the technology is higher here than in either Asia-Pacific or North America, the two other major WealthTech markets. Some **23% of HNWIs in Europe use robo-advisors**, versus a global average of 14%.

Going forward, adoption of robo-advisers looks set to increase significantly. One in three non-users who have heard of robo-advice services say they would consider using them in the future. This proportion rises to almost half (47%) among HNWIs under the age of 45.

## RECOMMENDATION

Europe is leading the way on robo-advice adoption. But there is still a vast, untapped market available for new and existing players to access, and the rewards are out there for any FinTech that succeeds in delivering an effective WealthTech solution that effectively leverages robo-advisers. As ever, innovation is key, but is likely to be stifled without access to key data and analytics skill sets.



