



INNOVATE / *FINANCE*

THE FUTURE OF FINANCIAL SERVICES

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LEAD AND FOUNDING SPONSORS



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THE GLOBAL FINTECH MEMBER ASSOCIATION

Who is Innovate Finance?

About Us

Innovate Finance is an independent membership based industry organisation that aims to advance the UK's standing as a leader in financial technology (FinTech) innovation both domestically and abroad.

Members range from the world's leading global corporations to the UK's most promising FinTech startups. Through Innovate Finance membership they receive a single point of access to **policy makers, regulators, investors, customers, educators, talent** and **key commercial partners**.

Our Mission

Innovate Finance's mission is to accelerate the expansion of the financial technology industry to position the UK as the principal global hub for FinTech.

With over 250+ members from across the FinTech ecosystem, Innovate Finance seeks to address some of the key issues affecting the growth of the sector, from attracting greater inward investment to helping shape the development of proportionate and effective regulation, whilst continuing to champion a truly democratic and inclusive financial services industry.



"This government wants the UK to be the leading FinTech centre in the world, that's why, at the Summer Budget, we appointed a Special Envoy for this fast growing sector. I'm pleased that Innovate Finance's manifesto has set such ambitious goals including the creation of 100,000 jobs. This will ensure we are a world leader in the development of financial services technologies."

David Cameron, Prime Minister, UK

THE CHANGING FACE OF FINANCIAL SERVICES

FinTech is one of the fastest growing verticals globally.

Global investment in FinTech-related activity has tripled in the last year from \$4 billion to \$12 billion across more than 730 deals and projections for annual global investment in FinTech is expected to reach \$46 billion in 2020. As such, it is becoming increasingly evident that FinTech and the digital revolution that underpins the expansion of this sector has the potential to fundamentally change the way financial services operate.

According to JP Morgan analysts, marketplace lenders that include

peer-to-peer lenders provided £1.3 billion of new lending to businesses and consumers in 2014, more than double the volume originated in 2013. Although this is less than 0.5% of total system lending balances, as a share of new lending this represented over 1% in both SME and consumer lending. Growth in 2015 has been strong, with 1Q new lending running at +88% year on year with SME volumes tracking ahead of consumer.

The UK plays a definitive role

in the growth of this industry. FinTech is now worth £20 billion in annual revenues to the UK, employs 135,000 people and attracted 42% of all European FinTech investment in 2014.

Continued growth in investment

A key challenge to ensuring the UK remains at the forefront of FinTech innovation and growth will be to incentivise continued investment in the space. To compete on a global scale, Innovate Finance must

continue to shape the conditions necessary to establish an attractive investment environment for UK FinTech. This is important given that \$4.7 trillion in revenue for traditional financial services is potentially at risk of being displaced globally by new technology-enabled entrants.

In this context, Innovate Finance will continue to champion schemes such as SEIS and EIS, which provide much-needed tax relief to encourage investment into small businesses and to provide the funding needed to scale and grow. Greater emphasis will also be required to attract larger volumes of venture capital and to better incentivise institutional investors to participate in the UK FinTech space.

Our vision for 2020 is for the UK to be the most investment-friendly environment for FinTech globally, attracting

\$4 billion of venture investment and \$4 billion of institutional investment in corporate venture funds, accelerators and innovation programmes. This is up from a UK total of \$623 million in 2014.

Enabling startups to become global FinTech leaders

Another key challenge for the UK FinTech industry is to assist more FinTech companies through the startup phase and to provide the right funding environment and community collaboration for them to develop into global FinTech leaders, whether by IPO, global market share or valuation. The UK is currently home to two FinTech 'unicorns' that are valued at over \$1 billion: TransferWise and Funding Circle – both members of Innovate Finance. However, given that globally the number of FinTech unicorns has more than tripled over the last year, from 11 to 36

in 2015, more should be done to encourage the growth of these global leaders domestically.

This will require a dedication to attracting smart capital and investment, continuing to build strong linkages across the diverse financial services ecosystem and increasing the quality and quantity of support institutions, investors, accelerators, incubators, corporates and others to enable FinTech startups to mature into a global leaders.

Our vision for 2020 is for the UK to be the premier location for at least 25 global FinTech leaders, whether by IPO, global market share or by valuation. The success of this target will be supported by proportionate and effective regulation, a proactive policy environment and a commitment to greater financial inclusion.

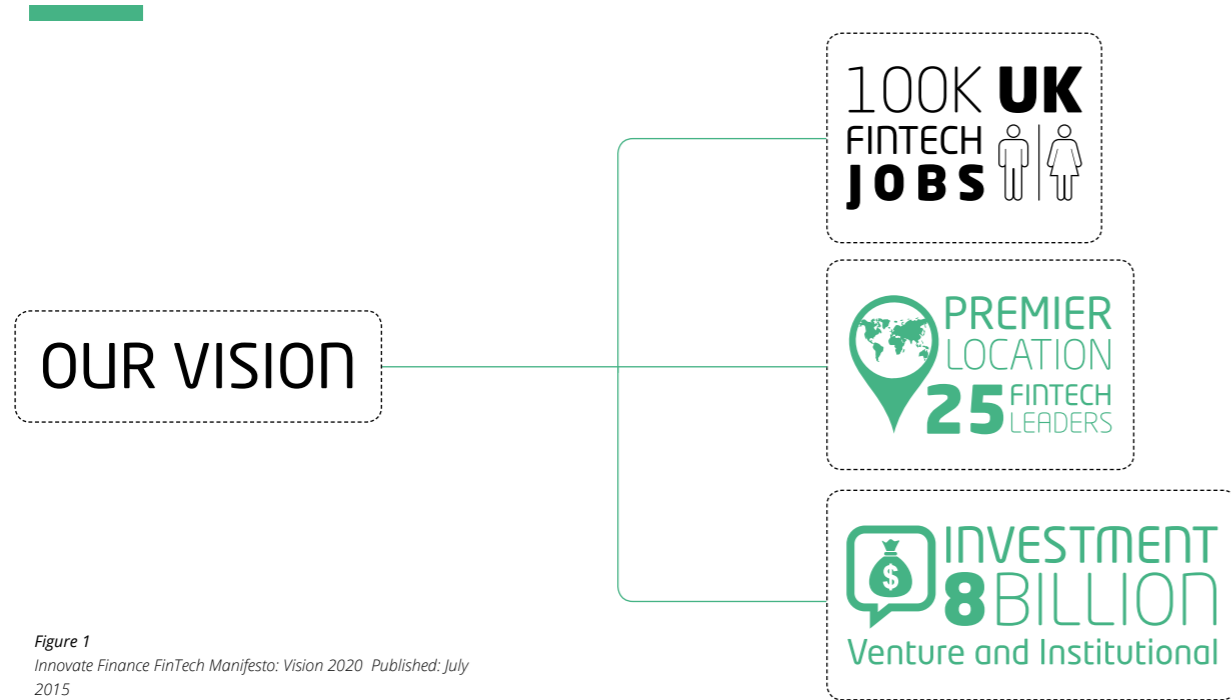


Figure 1
 Innovate Finance FinTech Manifesto: Vision 2020 Published: July 2015

Future talent and skills are fundamental to growth

In order to support the ambitious goals for investment and to support the growth of global leaders we will need the skills required to transform the financial services sector. FinTech

is a growing, highly skilled and diverse sector comprising a number of technical competencies from across tech and finance. The UK already has 135,000 FinTech employees with 2.4 million working in high tech industries, 825 thousand of which are science, technology,

engineering and maths (STEM) roles.

In order to attract the investment we need by 2020, we must produce more STEM graduates and a deep pool of mathematical and scientific expertise. Innovate Finance is responding

to the government's drive to deliver another three million apprenticeships, mobilising the FinTech community and helping develop sector led standards. This includes the creation of the world's first introduction course to FinTech, launched by The Open University and developed in partnership with Innovate Finance.

Increasing investment in UK FinTech and developing an increasing number of global leading companies will help create an additional 100 thousand jobs in UK FinTech - supported by a new cohort of FinTech apprenticeships and degree courses, helping to deliver the skills and jobs needed to make the UK the global centre for FinTech.

The continued transformation of financial services

The Chancellor recently laid

out his ambition to increase competition and foster innovation in retail markets offering customers a better service. This is at the heart of Innovate Finance's vision.

Despite the profile and headline figures, this is only the start of a transformation in financial services. The largest four banks still account for over 85% of business current accounts and 90% of business loans. Although challenger banks are increasing their market share they still constitute approximately 5% of the lending market with one of the barriers to growth being able to efficiently access the UK's payment systems. Accordingly, the new Payments System Regulator (PSR) has been tasked with driving competitive innovation in payments and to regulate the expansive £75 trillion payments market. Innovate Finance members stand ready to support the PSR in driving that competition and innovation.

New firms are disrupting the status quo and big firms are raising their game in response, but there is plenty of disruption and adoption still to come. Figures from Goldman Sachs estimate that \$4.7 trillion of revenue at traditional financial services companies is at risk of disruption by new technology-enabled entrants.

Innovate Finance is committed to achieving this continued transformation in London and across the whole of the UK.

THE INNOVATE FINANCE MEMBERSHIP COMMUNITY



THE BENEFITS OF MEMBERSHIP

Innovate Finance supports our members across three areas:

1. Policy and Research
2. Programmes and Events
3. Communications and Media

Policy and Research

Members receive:

- Participate in Innovate Finance Policy Working Groups, which meet on a regular basis to address and discuss new and changing UK financial regulation. These groups address such themes as RegTech, payments, data, access to finance, financial inclusion and the blockchain and are organized to both 1) inform our members about upcoming policy changes and 2) offer our members a voice in our responses to various government consultations.
- Indirectly influence the UK's parliamentary initiatives via the first All Party Parliamentary Group (APPG) on FinTech, for which Innovate Finance serves as the secretariat.
- Engage on our UK regional strategy, which was endorsed in the 2015 UK Budget and includes events in UK FinTech hubs outside London such as Manchester, Leeds and Edinburgh.
- Engage in the FCA Sandbox Consultation, of which Innovate Finance is the Chair.
- Collaborate with Innovate Finance on our global policy initiatives including our Transatlantic Policy Working Group which meets regularly in Washington DC and New York City.
- Utilise the Regulatory Accelerator for information in relation to becoming an authorised company.

Programmes and Events

Members receive:

- Members gain an all-company access to the full range of Innovate Finance events, such as public panel-based discussions, members-only programmes and high-level roundtables
- These events offer members important showcasing, speaking and networking opportunities
- Members also have the opportunity to showcase at our flagship event, the Innovate Finance Global Summit (IFGS), which welcomes over 1500 thought-leaders and decision-makers from government and industry
- Innovate Finance encourages member collaboration in the development of programmes
- Key event themes going forward include wealth management/RoboAdvice, RegTech, financial inclusion, insurance, cyber security, challenger banks and the blockchain
- Institutional members receive one curated event to help them reach their business goals. This may take the form of a peer-to-peer workshop, private roundtable, knowledge hack or a day long series of one-to-one member introductions.

Communications and Media

Members receive:

- Innovate Finance proactively generates exposure for its members across the major trade, national and international media outlets.
- Innovate Finance's media footprint includes Bloomberg TV, Sky News, Guardian, Voice of America, The Independent, FT, Economist, City AM, L'ECHO, Deutsche Welle, Evening Standard, BBC, Euromoney, Financial Review Australia, Fox, CNBC and American Banker.
- All members are listed on our website and are announced on our social media channels for maximum exposure.
- Regular collaboration with UK Trade and Investment and the Mayor of London on trade missions to international FinTech hubs such as New York, Singapore or Sydney help us raise our members' profile on a global scale.
- Through PR engagements, Innovate Finance celebrates the innovators, highlights the industry trends, and opens up the media partnerships required to support international visibility and growth.
- Innovate Finance helps its members amplify their initiatives around innovation to the wider public, heightening their profile as a leader within the FinTech space.
- Members have the opportunity to contribute content and articles to our Innovate Finance blog.

Through our strong network of global partners, Innovate Finance helps our members connect to FinTech hubs around the world.



HOW TO BECOME AN INNOVATE FINANCE MEMBER

Join Us

Innovate Finance's diverse membership community includes the most promising pre-seed startups, the momentum entrepreneurs, and the innovative global financial institutions. Members represent the full range of verticals including data analytics, peer-to-peer lenders, crowdfunders, cyber security, digital currency, financial inclusion, remittances, insurance, wealth management, capital markets and payments.

Our membership operates on a tiered structure and is based on self-reported capital and revenue figures.

Fees cover one year of Innovate Finance membership and will be reviewed on an annual basis.

FOR FURTHER INFORMATION CONTACT INNOVATE FINANCE

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