

FCA seeks to encourage FinTech innovation beyond London

The Financial Conduct Authority is expanding regulatory advice to tech innovators.



Christopher Woolard, FCA

11 May 2017: Looking to promote FinTech innovation outside the London metropolis, the Financial Conduct Authority (FCA) is supporting the development of FinTech Hubs around the UK. Addressing the Leeds Digital Festival in late April, Christopher Woolard, Executive Director of Strategy and Competition at the FCA, said the regulator also plans to expand its focus internationally, having recently signed cooperation agreements with peers in China, Japan, Canada and Hong Kong.

Within the UK, Woolard identified the Edinburgh-Glasgow corridor and the Leeds-Manchester area as particularly promising for innovation initiatives. “Historically, we have seen most of the emergence of FinTech predominantly within London. Globally, it has some huge advantages of finance, technology, government and regulation coming together in one place,” said Woolard. He stressed, however, that the FCA sees real potential beyond London for a further wave of innovative firms. “We’re especially interested in areas...that have both strong financial centres and a technology presence, often backed by strong relationships with local universities,” he said.

In the case of Manchester, alongside the strong financial sector and growth in digital activity, he noted the opening of facilities such as Barclays Rise, a curated community for technology innovation, and the Vault co-work hub. As an example of innovation from the area, Woolard cited DISC Holdings, a start-up working with the Department for Work and Pensions and using blockchain technology to enable benefit recipients to conduct both financial planning and payments through a mobile app. “From a financial access point of view, this is a potentially beneficial development as it enables a section of society for whom traditional bank accounts may be unsuitable for access to a payment system. This could benefit a great number of people,” said Woolard.

To support the emergence of more innovation and competition in the markets it regulates, the FCA launched ‘Project Innovate’ in 2014, helping firms tackle regulatory barriers to innovation. As part of the project, it created a ‘Regulatory Sandbox’, the first of its kind in the world, to allow businesses to test innovative products, services, business models and delivery mechanisms in a live environment. DISC Holdings was one of the firms in the first Sandbox cohort.

Woolard said that 77 applications had been received for the second cohort, of which 31 have been accepted. The FCA also has an existing regional programme of events involving positive compliance sessions as well as surgery sessions for smaller financial services firms.