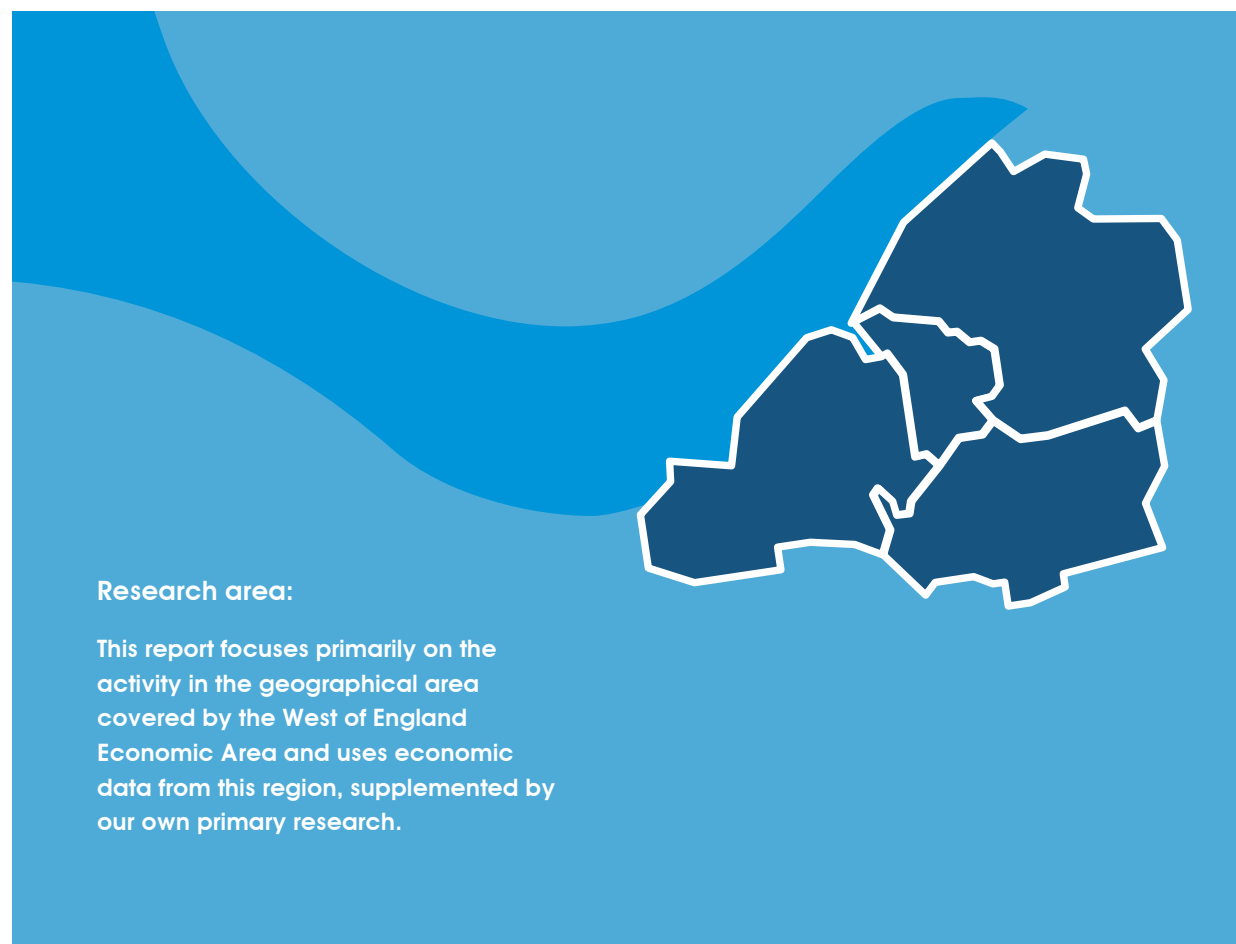


Bristol & Bath FinTech ECOSYSTEM REPORT 2019-2020



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Thank you to the organisations who have supported and co-funded this research:



BRISTOL & BATH FINTECH ECOSYSTEM - SUMMARY

Bristol & Bath FinTech Ecosystem summary

Bristol & Bath region

1,100,000
population

632,500
workforce

61,000
people working
in FS or Tech

4,340
FS & Tech firms

75,000
students

4
Universities

£33.5bn
GVA

2.1%
of UK GVA

FinTech sector

107 firms

40% established FS/
FinTech firms

34% Tech
firms

26% startups &
scaleups

89%
people working
in established
organisations

3,402
estimated FinTech
related roles

£192.1m
GVA (estimated)

2.9%
of UK FinTech GVA

FinTech startups & scaleups

28 firms,
employing
356 people

86% B2B
57% B2C

43yrs
average age
of founders

3 yrs
average age
of firms

93%
have main office
in the region

79%
are startups

FinTech in Bristol & Bath

1. **Higher density of FinTech startups** and scaleups than any other region researched outside London¹.
2. **Youngest average age of FinTech startups** and scaleups (3 years old) of all regions researched outside London.
3. The South West has had **more representatives in the FCA Sandbox** than any other UK region outside London (5).
4. Bristol is one of the few UK cities to have a **dedicated FinTech accelerator**.
5. The region has 14% **female FinTech founders** – higher than all other areas researched outside London.
6. University of the West of England (**UWE**) **has launched a FinTech MSc**, developed in consultation with the regional FinTech community.
7. **Curve**, voted the second most innovative FinTech in the UK in 2019, has **recently set up an operation in Bristol**, its first outside of London.

Bristol & Bath region highlights

1. Home to the **largest digital cluster** outside London².
2. **Two tech unicorns are based in Bristol** - Graphcore and OVO Energy.
3. **Second highest density of financial services employment** in England.
4. Bristol has the **highest productivity** of all large UK cities.
5. Amongst the British core cities, Bristol has the **second highest number of business startups**³.
6. Home to **Hargreaves Lansdown**, a FTSE 100 listed FinTech with £102bn assets under management.
7. More than 70% of the 500+ companies to have gone through the highly acclaimed **SETsquared accelerator programme** to date have been based in Bristol or Bath.

¹To date Whitecap has also conducted FinTech ecosystem research in North East, Leeds City Region, Greater Manchester, West Midlands. ²Tech Nation. ³State of Bristol - Key Facts October 2019

Bristol & Bath FinTech & Support Ecosystem



FOREWORDS



Whitecap Consulting



**Richard Coates, Managing Director
Whitecap Consulting**

We are pleased to present our inaugural assessment of the Bristol & Bath FinTech Ecosystem. Although the smallest economic region researched by Whitecap to date, Bristol & Bath shows a higher density of FinTech startups and scaleups than any other region we have reviewed and in real terms has more of these firms (28) than considerably larger areas including Leeds City Region, the North East, and the West Midlands.

In our role as a regionally focused strategy consultancy, we are exposed to many high growth sectors across the UK and have been actively involved in FinTech since we founded the company in 2012. Since that time, we have worked with established financial services organisations, tech providers, FinTech startups and scaleups, universities, PE and Corporate Finance firms, the public sector and inward investment organisations on a range of FinTech related projects.

FinTech provides a material economic growth opportunity for the UK and for the Bristol & Bath region. On a national level, the sector is expected to create approximately 30,000 more jobs and over 1,600 new businesses by 2030.⁴ According to Dealroom⁵, since 2013, European FinTech companies have created over 2x more value than any tech sector in Europe. Additionally, the annual report from Tech Nation⁶ in 2019 confirmed the UK remains global leader for scaleup investment into FinTech firms, generating £4.5bn in funding between 2015 and 2018.

London is a major centre of the sector on both a national and an international basis, with an emphasis on startup and business funding. However, the dynamic is quite different in other parts of the UK, including the Bristol & Bath region, which is home to some long-established financial services and tech businesses, as well as a growing startup community.

Our analysis across all regions shows that the focus tends to be less on startups, the supply side, and more focused on the demand side, driven by established financial service organisations seeking innovation and collaboration. This has been driven by increasing competition, new technology, increased customer expectations and legacy IT systems; reflecting the shift to a digital economy. In this region, however, we have observed a volume of FinTech startups and scaleups that is proportionally larger than we have seen in other regions.

For established financial service organisations who have evolved their systems and processes over time, it is increasingly difficult to operate efficiently and effectively in a digital world. In contrast, the newer entrants have more of a flexible strategy, ideally suited to an ecosystem-based approach and are well placed to exploit specific opportunities including developments such as Open Banking.

The issue of legacy technology in the financial sector is not a new one, but the major change now is a move towards openness and the adoption of different operating models with multiple supplier relationships. The challenge of adapting to this new digitally orientated operating model is something that is a common theme in our work with established organisations in the financial services and technology sectors.

FinTech has evolved from disintermediation to collaboration, and within a few years it will be the way financial services is delivered. Also, the technology and data competences that underpin FinTech are highly transferable to other industry sectors; a key factor in regional economic development.

We would like to take this opportunity to thank all stakeholders in the region who have helped us produce this report, which hopefully will contribute to future growth in this exciting and rapidly developing sector across the region.

⁴ UK FinTech – State of the Nation 2019, Department for International Trade

⁵The State of European FinTech 2019, Finch Capital & Dealroom, October 2019

⁶UK Tech on the Global Stage - Tech Nation Report 2019

West of England Combined Authority



**Tim Bowles,
West of England Mayor**

The West of England is a vibrant and dynamic hub for innovation in professional services, FinTech brings together our region's talents to revolutionise the way that the sector operates and I'm very pleased to see this report setting out practical recommendations that can make the cluster here even more competitive.

The West of England's growing FinTech sector is a great demonstration of the region's national and international importance as a centre of innovation.

Cross-sectoral innovation is one of our Local Industrial Strategy's core priorities, and the benefits of this are evident in our region's thriving FinTech ecosystem. The West of England is home to the largest tech cluster outside of London, as well as a well-established professional services sector, which employs 58,000 people – that's 9.6% of total employment in the region. Building on sectors of this scale and drawing on this deep pool of talent, it is no wonder our FinTech businesses are thriving.

Another factor supporting FinTech businesses to flourish is that our region nurtures high-productivity businesses. Firstly, we are home to a network of Enterprise Zones and Areas which attract businesses and create jobs, as well as a number of business incubators and accelerators. These innovation spaces provide employment space and support to growing businesses - such as EngineShed and SETsquared, which is the global number 1 university accelerator. These spaces offer a great platform for start-ups and scale-ups to collaborate, innovate and grow.

The region hosts an exceptionally strong network of innovation assets. Our region's exceptionally collaborative and creative approach has resulted in ideal conditions for FinTech start-ups and scale-ups. Many of these businesses are scaling up to drive change at an industry level, both nationally and internationally.

A stream of highly skilled graduates from universities in both Bristol and Bath have played a key role in supporting the rapid growth of the region as a FinTech hotbed. Research and teaching in Computer Sciences, Banking and Finance, Business Management and Law, as well as digital-creative subjects, fuels the ability of our region to sustain that growth.

The West of England Combined Authority plays an integral role in supporting the regional business ecosystem, by facilitating innovation and furthering sector development. In addition to this, we offer extensive, tailored support to businesses interested in relocating and growing in our region through Invest Bristol & Bath, the inward investment arm of the West of England Combined Authority. For businesses already located here, our West of England Growth Hub supports SMEs to innovate, scale-up and thrive by connecting them to the support they need.

As Mayor of the West of England, I am proud of the contribution we make, together with our community, to the continued success story of our region's FinTech sector, and I look forward to a bright future ahead.



ENGINE SHED

ENTRANCE

ENGINE SHED

ENGINE SHED

Innovate Finance



**Charlotte Crosswell, Chief Executive,
Innovate Finance**

It is my pleasure to contribute to this inaugural report on FinTech in the Bristol & Bath region. We have watched with interest as the FinTech sector in the region has become increasingly prominent over recent years.

We count a number of Bristol based FinTechs amongst our membership and have been delighted to be invited to speak at seminars hosted by FinTech West, an organisation we also now work with as part of the FinTech National Network.

Innovate Finance is the independent industry body that represents and advances the global FinTech community in the UK. Our mission is to accelerate the UK's leading role in the financial services sector by directly supporting the next generation of technology-led innovators.

The UK is the global leader in Fintech and over the past decade, the country's position as a trailblazing force in the sector has been growing from strength to strength. Building on our long-standing financial services pedigree, and injecting it with innovation and transformative technology, the results have transformed all areas of financial services.

The numbers speak for themselves. The innovation in financial services has resulted in over 100,000 new jobs across the UK, and the sector continues to attract record amounts of investment. In 2019 the UK FinTech sector retained its role as the top-ranking investment destination in Europe, with venture capital and private equity investment growing 38% year on year to a new record of \$4.9bn, despite a year of political challenges and uncertainty.

As a nation, we have embraced FinTech with open arms. Our progressive regulation has encouraged innovation and a large part of our success is down to just this. Innovators and entrepreneurs need a framework that allows them

to thrive, so it is vital that we continue to develop and adapt regulation in ways that create the right conditions for FinTech to prosper. To date, the UK is the best place to start and scale a business – and we need to make sure that remains the same for years to come.

Talent will accelerate growth across the FinTech sector, so we need to ensure we continue to blend the skills of finance, engineering and computer science that have propelled UK FinTech to the top. This is of immense importance as we enter the global race for talent and access to the brightest minds in the space.

Whilst London is acknowledged as the global epicentre in the world of FinTech, other regions of the country play an important role in building a diverse and robust national FinTech ecosystem - from Northern Ireland and Scotland, to the West and North of England. We need to ensure we shine a spotlight on these regions to showcase their success and contribution, to in turn drive further growth and attract investment across all areas.

At Innovate Finance, we have recognised this potential and the FinTech National Network has been established with some key partners to foster collaboration between national hubs and encourage innovators up and down the country. If we can combine this network with local and central government support, as well as access to patient capital to scale companies, the future of UK FinTech will be even brighter.

By connecting FinTech hubs across the UK, different regions will be able to support each other and in turn encourage national growth. This will form the basis to engage with international markets as a united front, ensuring our great reputation as a FinTech nation, and enabling us to continue setting the pace for the industry on an increasingly competitive international stage.



Stephen Noakes
City Chair for Bristol, TheCityUK
Transformation Director, Retail & Community Banking
Lloyds Banking Group

Bristol unites a heritage in financial and related professional services with a diverse and creative emerging technology cluster. These credentials have not only established the city as a major hub for living, working, and investing, but have also laid the foundations for a burgeoning FinTech community, which this report has estimated currently employs almost 3500 people and includes a growing set of startups and scaleups.

Work-ready graduates and apprentices, local talent and entrepreneurs, and specialists relocated from other major cities, all fuel the growth of FinTech in Bristol. This healthy skills pipeline has been strengthened by the availability and design of the courses on offer at universities in the city and across the wider south west region. The University of the West of England's MSc in Financial Technology offering is a case in point.

Our working environment also fuels innovation and technology disruption. Local FinTechs and high-growth companies have benefited from shared and low-cost workspace offered in incubators and accelerators. Engine Shed and Runway East, among others, have provided this kind of infrastructure, ensuring micro firms can scaleup quickly. Large corporates also deliver critical infrastructure. Oracle, for example, provides a specialist space in the city for entrepreneurs working with cloud technology.

Collectively these assets – together with an excellent quality of life offering – strengthen the FinTech ecosystem in Bristol and make the city an attractive investment proposition. Growing awareness of our strengths mean that Bristol is one of the fastest-growing city regions in the UK, with the highest density and most productive tech cluster.

The increasing recognition of Bristol's industry hub is reflected by the firms it has attracted, and those it has nurtured. The investment solutions firm Parmenion moved here in 2013, drawn by the access to local expertise in technology and finance. The community currency platform, Bristol Pound, on the other hand, has grown locally, using the Engine Shed as its base. We also have large, established players like Hargreaves Lansdown based in the city, where it frequently collaborates with local firms to develop solutions.

As TheCityUK's City Chair for Bristol, my role is to promote the strength and opportunity of our industry cluster, and the wider contribution of financial and related professional services across the UK's regions and nations. With local members I have been identifying priorities to take forward with policymakers, regulators and stakeholders.

To strengthen Bristol's burgeoning FinTech community, we need to ensure firms can scaleup and expand rapidly. The key to this is ensuring that we build deep talent pipelines, ensure capital is readily available and make sure our business infrastructure is flexible and affordable.

TheCityUK collaborates with industry members and partners such as FinTech West to advance this agenda. There is widespread support among civic leaders, educationalists and the industry itself to develop this ecosystem and I look forward to Bristol further building its reputation as a major national and international FinTech hub.

Hargreaves Lansdown



**Chris Hill, Chief Executive,
Hargreaves Lansdown**

Hargreaves Lansdown is pleased to support this research by Whitecap Consulting into the Bristol & Bath regional FinTech Ecosystem, and we have also been delighted to support FinTech West's programme of events over recent months.

As a business, Hargreaves Lansdown is a success story, having reached the heights of the FTSE Top 50. But like so many other FinTech start-ups, we come from very humble beginnings and when our business started in Clifton back in 1981, the investment industry was completely different from what we see today.

Developing and growing an idea is one of the hardest parts of managing a business and single decisions can have long lasting impacts that steer your company's future. One of Hargreaves Lansdown's biggest enablers for our ongoing success and ability to continue to provide the exceptional client service that we pride ourselves on is our technology. Today we have over 350 colleagues working to maintain, develop and innovate our technology, and it is the security, resilience, change, and continuous improvement that they deliver that underpins our success.

For all FinTech businesses, the challenge that comes with success is scalability, specifically how to grow operations and processes in a controlled way that doesn't compromise the ability to provide outstanding client service or introduce unwarranted risk into the business. Historically Hargreaves Lansdown has retained ownership of its IT systems where other platforms have outsourced, or in some cases sought to replatform, in order to ensure that scale and operational efficiency are optimised. Hargreaves Lansdown's retention of its IT infrastructure has provided a significant competitive advantage in allowing us to prioritise the business changes that we want to make, and how we want to make them, allowing us to react faster than the competition when opportunities arise. As IT ages and systems become more complex, it is a constant challenge to retain that agility.

And now of course we need to balance the advantages of proprietary technology with the increasing need to work with other companies. As we grow, we are learning that we cannot be the best at absolutely everything and we are exploring opportunities to work with other organisations. We need increased capability to allow us to connect with the outside world and provide additional ability to pivot towards market opportunities as they arise.

We see the increasing trend towards connectivity and ecosystems as a necessary evolution – or revolution – in the business models of many financial services organisations. Being part of the Bristol FinTech scene enables us to build networks and work with exciting technology partners that help us to stay at the forefront of our industry. We can learn from other Bristol businesses and they can learn from us – that we really value.

One of our key values is to 'Do it better' and we feel this is reflected well by the city that we are based in. Bristol is a collaborative and innovative city that is always looking to take the next step forward. The "Bristol: One City Approach" is an initiative to develop a shared vision for Bristol to 2050, bringing together participants from business, the public sector, voluntary organisations and communities. Its objective is to give a longer term, joined-up approach which better involves local people and businesses. We participated in the development of the initial plan, which was published in January 2019 and will continue to support this moving forward. Hargreaves Lansdown is firmly rooted in the Bristol community and is keen to add its voice and participation into the future vision for this great city.

If you are a startup, or you have an idea that you are trying to develop that you think might be relevant to Hargreaves Lansdown, then please contact David Henderson, our Head of Transformation.



UWE Bristol



Tracey John, Director of Research Business and Innovation, UWE Bristol

The University of the West of England (UWE Bristol) is delighted to be supporting this important research from Whitecap Consulting which demonstrates the great things happening around FinTech in the West of England and the potential our region has to become a global leader in digital innovation.

Through our education, research and enterprise, UWE Bristol creates jobs and opportunities, positively impacting our region and empowering people from all backgrounds to fulfil their potential. Our wide-ranging network of stakeholders and partners – across high growth companies, multi-nationals, public service providers and third-sector bodies – offers our students and staff unique opportunities to help shape the future. With over half of our graduates each year going on to work in and shape the region, we are truly powering the future workforce, building sustainable and engaged communities and boosting the region's standing on a national and global stage.

The Bristol & Bath region is a major focus for next-generation, tech-enabled financial, legal and business services. The vision to establish Bristol & Bath Professional Services as global leaders for digital innovation and inclusive growth by connecting, scaling and investing in our research & innovation, technology and industry strengths is powerful and achievable. That is why UWE Bristol is working in partnership with the West of England Combined Authority (WECA) to establish Bristol+Bath Digital Innovation in Professional Services (DIPS).

DIPS is an ambitious programme of work that will connect the region's Professional Services industry with research excellence in digital technology and effective leadership & management practices, harnessing connectivity between the creative, engineering and technology sectors, which are so unique to our region.

Bristol+Bath DIPS brings together one of the UK's largest clusters of banking, finance and law, outside of London, with a hub of emerging FinTech/LegalTech businesses to generate a critical mass of activity that will sustain productivity and growth.

Our DIPS programme will lead delivery of WECA's Local Industrial Strategy's focus on FinTech/LegalTech, which represents one of four innovative sectors that will create a West of England Global Centre of Innovation Excellence. Together, we are building a powerful consortium that includes large and mid-tier law and accountancy firms, global banks, the region's universities and emerging technology businesses.

FinTech West is an incredibly important member of the DIPS consortium and we are grateful for all their commitment and support. We are thrilled to be working with such a strong and committed group of partners on DIPS to address the barriers to productivity and inclusive growth facing the region, and to put Bristol+Bath on the map as a global leader for digital innovation in Professional Services.

ECOSYSTEM
RESEARCH
2019



Bristol & Bath Ecosystem Research 2019

Over the course of recent months, we have conducted an analysis of the FinTech activity in the region, which has included interviews, focus groups, an online survey, desk research, and insight gathered across various events, meetings and the course of our ongoing consulting engagements in FinTech across the UK.

Via a combination of interviews, discussion groups, events and an online survey we have engaged with around 200 people over recent months to ensure we are able to put forward a considered, well informed and data rich report which can serve as a building block for the evolution of the FinTech sector in the Bristol & Bath region.

We are grateful to everyone who has contributed, and in particular to our sponsors and partners who have made this work possible when it was not centrally funded or commissioned:



Definitions and methodology

FinTech can be defined as the application of technology to improve financial products and services.

This makes it a very broad category, in which it is acknowledged to be extremely challenging to categorise companies and jobs, especially in the absence of standard measures such as SIC codes.

In this report we have differentiated between three different types of companies directly operating within the FinTech sector:

- **FinTech startups and scaleups** - pure FinTech business models, often with a focus on disrupting the sectors they work in.
- **Established Financial/FinTech** - established entities, offering financial products or services.
- **Tech firms** - businesses operating in multiple markets (must include serving financial services or FinTech).

Categorising jobs within FinTech is also challenging, as it is not the case that everyone working in

established financial services or tech is working in FinTech. We have conducted primary research to establish the number of jobs within FinTech startups and scaleups and have adopted a proxy methodology to estimate overall FinTech sector roles within the three categories listed above.

To calculate the FinTech workforce and GVA we have adopted the following methodology:

- Estimated FinTech workforce = 5% of combined FS workforce (derived from TheCityUK data) and tech workforce (derived from Tech Nation data) in the research area + all identified workers within FinTech startup & scaleup firms (Whitecap primary research).
- Estimated regional FinTech GVA = estimated FinTech workforce X GVA contribution per worker (using UK average).

In the absence of any current publicly available estimate, the 5% estimate is based on a broadening of a previous EY estimate from 2015 which suggested 5% of the FS sector is categorised as 'FinTech'.

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Overview

The Bristol & Bath region is a vibrant and close-knit region where FinTech is being enthusiastically welcomed and embraced. It shows a higher density of FinTech startups and scaleups than any other region we have reviewed, with more of these firms (28) than regions with two or three times its population.

The city of Bristol is not only easily accessible from London (as little as 70 minutes by train), there is a sense it is also more culturally aligned to the capital than other regional cities, particularly for the tech and FinTech sectors. Being known as a forward-thinking tech-focused location, it has been found to be the only non-capital city in the UK more productive than expected for its size and potential⁷.

The region offers many lifestyle advantages, including being within good reach of the South West and Wales. Compared to other UK cities Bristol & Bath are not part of a major conurbation but this brings advantages including a close knit and collaborative community across the cities and wider region.

As is the case for other regions of the UK, it is important the Bristol & Bath region develops its FinTech proposition to be shared nationally and internationally, and to help drive economic growth and prosperity from what is now the strongest sub-sector in the UK's technology industry⁸.

As at the end of December 2019, there were 666 active high growth businesses in the region, with the top three 'buzzwords' they are associated with being Artificial Intelligence, Internet of Things, and FinTech⁹.

⁷Queen's Speech November 2019

⁸UK Tech on the Global Stage, Tech Nation Report 2019

⁹Beauhurst

Current status

The region has core strengths in the financial services sector, including retail banking, insurance, share dealing, asset management and ethical finance.

Creative arts and media are core sectors in the cities of Bristol & Bath with South Gloucestershire being recognised for advanced engineering, aerospace and microelectronics.

On a national level, the region is often considered a location where tech thrives, evident throughout the research process that supports this report, both in terms of the narrative and sentiment of the people we interviewed, and the analysis we conducted.

There is certainly a close-knit tech community with a strong focus on inclusion and diversity, which reflects on the FinTech ecosystem. 14% of FinTech founders/leaders in the region are female, which is higher than any other region we have researched to date, although it should be noted that the EY UK FinTech Census 2019 found that 25% of FinTechs have at least one female co-founder.

According to Whitecap's analysis of media coverage over the last 3 years, Tech is the word most commonly associated with FinTech in Bristol. Although this was true of all five regions we researched, Bristol was 20% higher than the overall UK average, highlighting that Bristol's Tech strength shines through in FinTech.

Taking into account its core strengths in tech and financial services, it is perhaps no surprise that FinTech is an emerging area of focus in the region. What is clear from our research, however, is that the FinTech sector in the region is currently emerging primarily from the entrepreneurial startup community rather than the established financial sector.

Future potential

The proximity to London makes the region a strong candidate for established FinTech firms expanding regionally from London, a development which is becoming increasingly common as the sector matures. Curve, voted the second most innovative FinTech in the UK in 2019, has recently created over 30 jobs in Bristol.

The region would benefit from more involvement from the universities and the large financial services organisations. Unlocking the FinTech potential in the major financial organisations in the region is an area of opportunity which could lead to economic growth in the form of new jobs and new businesses, not to mention providing a new career option for the thousands of financial services employees in the region.

The financial services industry continues to undergo a period of significant digital transformation, which is redefining some of the requirements of its workforce. The region has strengths in banking, investment and insurance, each of which could be sources of innovation and digital change which could position the region as a hotspot of innovation.

The FCA has said it is keen to stimulate developments that respond to the challenges of climate change and vulnerable customers, an area the region seems to be well aligned to become even more heavily involved in, both in terms of its FinTech involvement and also the broader cultural environment in the city and region.

Bristol & Bath is not currently specifically represented by a HM Treasury FinTech Envoy. Whilst there is no evidence to suggest this is holding back the region's progress, it represents a missing link to the London FinTech scene and a missed opportunity to connect with the UK-wide network of Envoys. As with other regions, there are challenges with the supply of appropriately skilled talent at the current time but high growth sectors will always have resource shortages so this should not be classed as a weakness of the region – more of a growing pain.

Attitude towards FinTech

There is a positive and enthusiastic attitude towards FinTech in the region, and the sector seems to have drawn confidence from its proximity to London. Many of the FinTech entrepreneurs in the region have lived or worked in London and have good connections into the ecosystems via their links to organisations such as Innovate Finance.

The stakeholders we interviewed had a positive view of the impact FinTech can make on the region and we found the Bristol & Bath region to be extremely strong in FinTech vs other regions, particularly in terms of the size and strength of the startup and scaleup community, despite a commonly held view that Bristol is behind other regional cities.

The first Bristol Technology Festival was held in November 2019, when 42 events across 22 venues attracted around 4,000 attendees. It was an impressive achievement for the first year, which emphasises Bristol's collaborative spirit and ability to come together to work towards common goals that promote the region.

Hargreaves Lansdown is regularly quoted as the best example of a large organisation actively engaging with the FinTech and tech community, and has been visible at events and in helping drive forward initiatives such as the Bristol Technology Festival. If every significant financial services organisation had someone in an external facing role with a focus on FinTech, it could potentially make a significant difference.

Stakeholder quotes - key growth opportunities

"Bristol has some of the best people I've ever worked with. I've been in Bristol for the last 20 years and the creativity, attitude, and technical skills are superb."

Gareth Williams, Founder & CEO, YellowDog

"It's more of a regional thing than a FinTech thing but the success of the first Bristol Tech Week shows what can be achieved when people come together, so we need more of that generally and FinTech West will obviously play a key part."

Jack Thompson, Founder, Ginkgo Business Development

"We're really positive about the region, and it has the benefit of being close to London. People seem to have time for you here whereas in London you feel like a tiny fish in a big pond."

Georgia Stewart, Co-Founder, Tumelo

"As a region we 'punch above our weight', so just need to expand on what we do already. FinTech West has been instrumental in making it happen."

Nate Stott, Co-Founder, Sixty

"We need a healthy balance of a number of regional champions, the Ultraleap and Graphcore of FinTech. Satellite offices of financial services businesses need to be influencers and not just outsource operational tasks."

Marty Reid, Head of Engine Shed

"It's all about commercial traction and gaining critical mass."

Nicky Cotter / Florian Depner – ICON Corporate Finance

"Being a unique place with brilliant universities and excellent research lends itself to great opportunity. We are well poised to achieve good success at this moment in time. There seems to be the will to make it happen and continued support from WECA."

Tracey John, Director of Business, Research & Innovation, UWE

"The FinTech scene in Bristol is an accelerating and thriving community of like-minded individuals with an enthusiasm to collaborate and share but is in the early stages of forming into a tangible market. I don't get the sense there are large numbers for FinTech firms forming – really we need to encourage and support more FinTech innovators in Bristol."

**Martin Palmer, Marketing & Business Development Director,
Clarke Willmott**

"We should aim to become a national and global recognised centre for FinTech but it won't be easy. As a region we still need to crack our elevator pitch and make our voice heard further afield. FinTech West and activities such as Bristol Tech Festival are great examples of Bristol's collaborative approach and we need to continue to build on these to raise the profile of the city."

David Henderson, Head of Transformation, Hargreaves Lansdown

"There is more we can do to promote the amazing things happening in the South West. From a FinTech angle, FinTech West has helped put our regional strength in FinTech, on the map. We need to attract more companies into the funnel and it will be good to see what can be achieved with a stronger FinTech focus in the region."

**Vicky Hunter, Entrepreneur Engagement Manager,
Tech Nation**

"We expect momentum to build as institutions seek to grow and broaden their exposure. The UWE FinTech MSc is early evidence of the building of experience and accumulation of relevant skills."

Alan Platt, Partner, DAC Beachcroft

"The West of England is the best place for innovation and creative collaboration across sectors and communities. The West of England Combined Authority made it its strategic priority to support regional FinTech's cross-sectoral innovation capability. The sector finds open networks, a supportive innovation ecosystem and a full range of financial services providers keen to collaborate, all set in a thriving and well connected future facing region recognised globally for its innovation excellence."

**Dagmar Steffens, Head of Sector Development & Innovation,
West of England Combined Authority**

Areas requiring the most attention over the next 2-3 years

"I believe the enabling infrastructure in the West needs to make some choices if it wants the West to be a world class hub for innovation. London has the luxury of size to accommodate many different innovation areas at scale, but the West does not."

Patrick Vandesteen, Founder, Zodus

"We don't get out of the region and promote it enough. There are some small projects but we need more. If we really want to flex our muscles nationally or internationally then we need a co-ordinated brief and plan."

Jack Thompson, Founder, Ginkgo Business Development

"To put FinTech on the map, we really need a super star company in the region (like Parmenion for WealthTech and Immersive Labs for cybersecurity) and foster ties with the City of London more broadly."

Nicky Cotter / Florian Depner – ICON Corporate Finance

"Bristol organisations need to be able to compete against London. There's an opportunity for Bristol to sell the benefits of growing outside of London, but I'm not sure Bristol has yet articulated what it has to offer that is unique or different. The Bristol story needs to be stronger."

Martin Palmer, Marketing & Business Development Director, Clarke Willmott

"The region needs to be renowned for innovation, talent development, access to funding and ease of business development; a collaborative environment which allows synergies between sectors and generate innovation through cross disciplinary applications."

Debbie Sturge, Bristol Business School, UWE

"Collaboration is in Bristol's DNA and, and as it's a small city, people know each other and talk – it doesn't feel like there's much competition. However, there's always more we can do and I'd love to see more between the city, the tech and high growth business sectors and the more deprived parts of the city."

Gareth Williams, Founder & CEO, YellowDog

Biggest obstacles to growth of FinTech in the region

"We need more clarity and support around high value tech areas including paid internships and apprenticeships. To join up experience and training better. Help startups and scaleups really succeed rather than just end up bought by the big guys."

Marty Reid, Head of Engine Shed

"The West and the rest of the UK need to try and break the mindset that London is the centre of all things Fintech. Success stories and attracting investment will help, but also the national bodies need to do more to promote and engage across the UK."

Gareth Williams, Founder & CEO, YellowDog

"Operations such as FinTech West would benefit from being supported properly through regional funding and support. We have all the infrastructure here we need in order to compete with any region in the UK or globally."

Paul Jones, Senior Manager, UK Network Team, British Business Bank

"In professional services, as in financial services (and more widely), we are thinking hard about skills. We will be looking to get our people trained in data and tech as well as commercial and legal skills. Professional and financial services will always involve people but what may change is what will they be doing."

Alan Platt, Partner, DAC Beachcroft



Findings and recommendations

	Key findings	Recommendations	Key stakeholders
Talent	- Strong pool of financial services and tech talent, as well as creative skills. - Bristol & Bath benefits from an inflow of talent from people relocating from London. - Shortage of certain tech skills, particularly developers.	- Encourage established organisations in financial services/FinTech/tech to be more accepting of placement/apprenticeships to make graduates (and non graduates) more relevant. - Promote the region's FinTech jobs/skills opportunities to skilled workers in other regions, especially London.	- Public sector - Major employers - Universities and colleges
Established financial sector	- The sector is dominated by large firms across insurance, banking and wealth management. - Most of the large firms are not visibly involved in FinTech activity within the region.	Established organisations should take a more external facing position in the regional FinTech community, which could include speaker slots at events or running competitions or initiatives involving collaboration with regionally based FinTechs / entrepreneurs.	- Major financial services firms - Regional tech/FinTech community - Inward investment organisations
Tech sector	- Very strong tech sector across multiple disciplines, with Bristol & Bath particularly recognised for digital and creative. - Regionally strong sectors also include aerospace, robotics, "deep tech."	- Continue to use the tech strength of the region to build the FinTech story, as it is tech skills which help build the businesses that FinTech entrepreneurs see the market opportunities for. - Position the region as a tech hub for FinTech.	- Major tech employers - Regional tech bodies/ clusters
FinTech startups/scaleups	- The FinTech startup and scaleup sector has flourished in the last 2-3 years, becoming disproportionately large when compared to other regions. - The south west has had more representatives in the FCA sandbox than any other region outside London (5 to date).	- Increased promotion of the benefits of the region as an expansion base for established FinTechs looking to create additional offices outside London. - Increased FCA/expert involvement in the FinTech sector so innovation can focus on benefit to the customers whilst having an awareness of regulatory restraints.	- Public sector - Regional tech bodies/ clusters - Operators of physical hubs/ co-working spaces
Relationship between financial sector and FinTechs	- The majority of the established financial services firms are not actively engaged with the FinTechs in the region. - FinTech firms would like to understand how to engage with the large financial services organisations.	- Encourage established firms to have more involvement and conversations with the startups, including giving them guidance on how to engage with them effectively. - Consider 'reverse pitch' style events where established firms share their challenges and startups/scaleups pitch their potential solutions.	- Major tech employers - Regional tech bodies/ clusters - Tech/FinTech communities

	Key findings	Recommendations	Key stakeholders
Funding for FinTech	• Early stage funding is available in the region but can be hard to find. • FinTechs who have raised funding tend to focus their efforts on London.	• Enhance the links between funders and FinTech innovators, by providing more clarity around the FinTech funding options available in the region and how they can be accessed. • Provide support and guidance to FinTechs who do decide to look to London for funding.	• Funding community • Public sector • Tech/FinTech communities
Physical spaces/hubs	• Bristol is one of the few UK cities with a dedicated FinTech accelerator. • There are numerous shared spaces for startups across all sectors, with a strong tech focus.	• More hub spaces in the region could take on a FinTech angle, to differentiate from the co-working / serviced offices. • Potential opportunity for an operator of such a hub to expand from London to Bristol.	• Universities • Major financial and tech organisations • Current & potential hub operators
Interaction between key players	• FinTech has been embraced by the startup and scaleup community, with FinTech West events providing a focal point. • Interaction with the major financial services organisations is not currently commonplace	• Continue to find angles via which to embed FinTech into the broader tech sector. • Ensure a strong FinTech presence in Bristol Technology Festival 2020.	• Regional tech bodies/clusters • Tech/FinTech communities
Role of the universities	• Good intent and taking action to improve engagement with business but considered by many to be challenging to engage with. • Business engagement is currently geared towards larger corporates.	• Take steps to bring startups and academia together to explore how they can meaningfully collaborate and support each other. • Embrace the FinTech courses available in the region, raising awareness with students and across firms of all sizes in and outside the region.	• Universities • Major tech employers • Regional tech bodies/clusters • Tech/FinTech communities

Availability of talent

Strong pool of financial services and tech talent, as well as creative skills



Bristol & Bath benefits from an inflow of talent from people relocating from London

Shortage of certain tech skills, particularly developers

Our research shows there is a strong pool of raw entrepreneurial and tech talent that is gradually finding problems to solve in the FinTech space.

The large financial services organisations in the region are major employers and acts as a strong training ground for inexperienced employees. This is an important part of the ecosystem and can become an increasingly rich source of FinTech workers, as well as FinTech entrepreneurs, although it appears to have little impact with regard to FinTech talent currently.

For startup businesses, hiring is not a significant issue in the early days of operation as the businesses tend to draw primarily on the founding team. Skills become more of an issue once these organisations receive seed funding and need to start hiring. At this point, the startups have to compete with established employers who can offer more attractive monetary packages while the startups may need to focus on a wider range of elements such as share options, working for a purpose and generally being a “cooler” place to be. Of course, the “type” of person attracted or suited to a startup may not be the same as a person happy to work for a corporate.

As with the other regions, the talent pool in Bristol & Bath tends to be domestically focused, whereas in London there is a more internationally diverse talent base. It is estimated that 42% of FinTech workers in the UK are from overseas¹⁰, illustrating the current strength of London in this sector.

Organisations expanding into the region and seeking to rapidly hire skilled staff can burden the ecosystem although it is a necessary unintended consequence to succeed in attracting businesses to establish themselves in the region. Several organisations are looking to shape academies to

help support FinTechs and other emerging technologies by accelerating technical and business learning and cross training existing staff.

Outside of technical and entrepreneurial skills, there doesn't seem to be an abundance of talent in the compliance field. This is not required for most of the FinTechs at this stage but will become so as they grow. This compliance skillset is also not easily accessible via consultancy other than through legal practices in the region (as compared to the consultancies that exist as part of the compliance scene in London).

The regional universities produce large numbers of potentially relevant part-time students and graduates through courses such as computer science, yet they are often overlooked, particularly by more established businesses. There is currently a lag in specific FinTech programmes at postgrad level however this is changing rapidly with considerable growth expected in this area over the next two years.

Further talent streams could be developed through new undergraduate programmes. Colleges such as Weston are also active in this area and some growth in apprenticeships should also support further talent development. But, further collaborative work across education sectors is required to develop the right skill set for digital careers.

Although the region prides itself on a very positive attitude and approach to diversity and equality, and does well compared to other regions, there is still the need to address these issues, including work with deprived areas to fully utilise the potential FinTech workforce.

¹⁰UK FinTech – State of the Nation 2019, Department for International Trade

Stakeholder quotes

"There are many technical and back office skills in the region but how many are entrepreneurs? Similarly, there are plenty of people employed in financial services but are they the ones that are innovating? Of course, many of the companies are competing for technical skills, you would expect that, but different roles will appeal to different people. There will be more cross fertilisation as the sectors mature, e.g., data science and FinTech."

Marty Reid, Head of Engine Shed

"We have built an amazing, pretty diverse team, in terms of gender, age and life experience at least. It is a lot of work to find the right people and to get them on board, but generally speaking it has not been a problem for us. People do seem to be more expensive if they move from London though."

Georgia Stewart, Co-Founder, Tumelo

"It's about being attractive as an employer - you have to make yourself appealing. As a consultancy we have an exciting proposition with the opportunity to work with a lot of different tech for some of the world's best-known clients, on engagements that are really transformative."

Stuart Bullock, Managing Director, BJSS

"Larger companies can dominate resource, especially new entrants to the market initially. At HL we have offshored some development as there can be great skills readily available (e.g. Warsaw). When recruiting you need to be considerate of the market and availability."

David Henderson, Head of Transformation, Hargreaves Lansdown

"Access to talent and funding are repeatedly quoted as the biggest challenges to businesses across the country. We need to look at new ways of finding and nurturing junior talent, to bridge the gap and ensure there is high quality, better representative, senior talent for the future."

Vicky Hunter, Entrepreneur Engagement Manager, Tech Nation

"There is a lot of good talent and interesting places to work. FinTech is making financial services a cooler place to be and a more interesting place to work. There are good senior people but perhaps a lack of 1 or 2 year experienced people, although plenty are emerging from university."

Alex Cosgrove, Principal Consultant, Data, Insight & Analytics, ADLIB

"My impression is of lots of growth with new financial services companies moving into the region and existing companies building new provision in this field, but all fishing in the same talent pool may cause some blockages."

Debbie Sturge, Bristol Business School, UWE

"Our conversations with industry reveal the gaps and the work needed to be done around inclusivity, equality and diversity. There are enough people but perhaps not enough specific skills available and the whole talent supply chain needs to be considered. We are lucky to have Fintech West as a key contact and networking point."

Tracey John, Director of Business, Research & Innovation, UWE

"What's challenging in Bristol is the competition for great people. More and more quality companies are setting up here which is meaning that attracting the best people to your business means you have to be clear on what your value proposition to those employees needs to be."

Gareth Williams, Founder & CEO, YellowDog

"There's good talent in the region and you can easily hire but you have to put thought into it, engage with the community and have a good package as a total, can't just rely on money. There are also some good coding academies and there's plenty that come out of the universities. The startup scene is perhaps less relevant for graduates but when you reach 10 staff you should have a junior talent pipeline. We've now got 12 people in Bristol plus equivalent in London and a team in Beijing."

Adam Jones, CTO & MD of Technology, Redington



Strength of the overall Financial sector

The sector is dominated by a number of large firms



Insurance, banking and wealth management are strong in Bristol & Bath

Most of the large firms are not visibly involved in FinTech activity within the region

The financial services sector is the most significant of the West of England's priority sectors in terms of employment, with the core strengths of the region predominantly in insurance and banking.

The financial services sector in the region is dominated by a number of large firms including Lloyds Banking Group, NatWest/RBS, Axa, Hargreaves Lansdown, Aviva, Cornhill Direct, Computershare, LV=, DAS UK Group, Bank of Ireland, and Triodos Bank. There is a sense that the sector is big but currently quiet, with the larger organisations generally uncollaborative with one another.

There are some organisations championing the FinTech sector however they are not seen as significantly exposed to the regional FinTech scene. In particular, found the existence of, and strength of, the existing financial services sector has had little impact on the foundation and growth of the FinTech scene in the region. This is a missing opportunity as contact and collaboration with established financial services businesses is of interest to most FinTechs.

Some of the notable activity in the region includes:

- **Lloyds Banking Group** - one of the region's top five employers within excess of 3500 employees.
- **Hargreaves Lansdown** - a significant financial services organisation that is centred in Bristol. Having been founded in Bristol 28 years ago, it now has 1.2m customers and over £100bn of assets under management.
- **Computershare** - operates the largest share registration business in the UK from its Bristol base, and there are also significant administration functions in the region for the investment and insurance sectors.

- **LV=** - one of the UK's largest personal insurers has a base in the region and has established a partnership with University of Bristol including an office at the university which is intended to house 20 staff.
- **NatWest/RBS** - has 100+ technology development staff in Bristol.

There has always been a strong financial services sector with a lot of jobs, but the large organisations have moved slowly. Therefore, the region has not been seen as a natural centre of financial services innovation. One of the factors behind this has been that the decision-makers have tended to be in London while many of the roles in the region are "back office", although this has been of great benefit for employment in the region.

In general, there now seems to be a growing interest in FinTech companies, technologies and jobs outside of London, and clearly with its strength in technology and financial services and close proximity to London with a high quality of life, the region stands to benefit.

One example is ClearBank. Launched 3 years ago, ClearBank is the UK's fifth clearing bank and works with FinTechs and others to help them offer payment mechanisms via its Banking-as-a-service proposition. It is the only bank that is 100% cloud based. ClearBank is growing outside London, with all customer service now run from Bristol.

Stakeholder quotes

"As far as the sector, clearly in banking London is on a different level but there are some strong existing insurance and investment management players in the region benefitting from a strong local talent pool. There is a young population who don't want to access traditional financial services which helps FinTechs. Traditional banking is irrelevant for the younger generation."

Nicky Cotter / Florian Depner – ICON Corporate Finance

"Established organisations are beginning to look at how they can engage in innovation but in a protected environment like a sandbox so as to protect against reputational, commercial and operational risks. Developments such as Open Banking have been a catalyst to this approach, requiring larger banks to take a more participative approach to the sharing of data and the creation of joint technical standards. It has also given them comfort on a regulatory level that there are controls and baseline requirements for FinTechs to align to within the sandbox environment created by the Open Banking implementation organisation before they go live."

Dan Read, Partner, TLT LLP

"Established companies should consider how their senior leaders get more exposure to some of the FinTechs and new ideas (reverse mentoring). This could be through hosting and sponsoring more events or running, if they are not already, regular 'FinTech showcase' to their senior leadership teams that look at new technologies, ways of working, partnerships and help challenge the incumbent ways of working"

**David Henderson, Head of Transformation,
Hargreaves Lansdown**

"We recognise that Fintech increases competition and provokes and challenges banks to review the way they work and the process of designing products and services for customers. We have been working closely with the Fintech community and participating in the Fintech ecosystem for many years through our innovation hubs, a number of proofs of concept and partnerships."

**Stephen Noakes, Transformation Director, Retail & Community
Banking, Lloyds Banking Group**

"The region has a credible financial services sector which is growing in confidence and collaborating more with the help of organisations such as Fintech West and the DIPS programme."

Tracey John, Director of Business, Research & Innovation, UWE

"Away from the regionally headquartered businesses the decision makers in financial services still tend to be in London which means your teams have to be prepared to travel as face to face is important. Most of the big institutions have a presence in the South West but it tends to be specific departments - we don't see a lot of the innovation and transformation teams here, who tend to be the drivers for adoption and change."

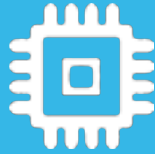
Gareth Williams, Founder & CEO, YellowDog

"The financial sector has been irreversibly changed by technology and as we move forward those businesses that keep pace with the rate of development will be the success stories. I think that now is a truly exciting time to be in business. Our challenge and our opportunity is that the rate of change of consumer demand is now matched by the rate and change of technology advancement. Align that with the rapid acceleration in knowledge as a result of the internet and availability of data and that creates a moment that has only happened a few times in history."

Chris Hill, CEO, Hargreaves Lansdown

Strength of the overall Tech sector

Very strong tech sector across multiple disciplines



Bristol & Bath is particularly recognised for digital and creative

Regionally strong sectors also include aerospace, robotics, “deep tech”

It will be of no surprise to anyone who has spent some time in the region that the tech sector is strong yet diverse. Anecdotally, we have found it appears to be getting increasingly stronger with greater numbers of businesses both growing and expanding here.

In 2018, Bristol was named by CBRE as one of the top 10 cities for technology in Europe, the Middle East and Africa. The annual Tech Nation reports over the last two years have highlighted the region as one of the most productive tech clusters in the UK.

George Windsor, head of insights at Tech Nation, was quoted as saying:

“In recent years, Bristol has asserted itself as one of the UK’s leading tech hubs”.

We have also seen a growth in the number of businesses moving some of their operations to the region to take advantage of the skills, knowledge and infrastructure available.

The influence of the tech strength on the growth of FinTech in the region should not be underestimated, as it has been a critical factor. Coupled with the entrepreneurial spirit of the FinTech founders and the explosion of high-tech hubs, it has created an ideal melting pot. The development of new technology that is fit for purpose in a regulated industry is a specific challenge, but Bristol & Bath has a core strength in financial services and life sciences, which are two heavily regulated sectors. So, although the financial services sector and regulation hasn’t yet featured to any significant degree in the region’s FinTech growth, it can be expected to over time.

One of the challenges in labelling businesses within a particular sector such as FinTech is that they can often

straddle several sectors. The breadth of tech skills and knowledge in the region is a factor that helps that to happen and possibly enable businesses to offer the solutions they do.

The region has a diverse tech capability, especially when you include Bristol, Bath and South Gloucestershire. Although Bristol & Bath are often cited as creative and digital hubs, they have their own unique aspects. South Gloucestershire has traditionally been more associated with industrial and hardware tech such as aerospace, microelectronics, robotics and composites. More recently there has been a growth across the region in AI, cybersecurity, blockchain, science based “deep tech” including life sciences and new areas such as quantum/photronics.

There are many good stories to be told which are regionally well known such as the two unicorns in Graphcore and Ovo, and many more who, although not unicorns yet, figure highly in the region’s noteworthy successes such as Ultraleap, Yellow Dog, Immersive Labs and Open Bionics. However, there are less widely known examples of often significant success such as IMDB, Just Eat, Brightpearl, Mubaloo and BJSS which might be a surprise to some.

BJSS, for example, has its origins in financial services, the company has enjoyed significant year on year growth spanning multiple sectors and regions. BJSS has revenue of around £140m and employs close to 1300 people, over 150 of whom are based in Bristol. Revenues and staff numbers have more than doubled in the last three years - a notable achievement given the scale of the business. At one point in 2019, it welcomed 130 new starters within two months. In Bristol, the firm has grown so quickly it has already had to move office twice.

Stakeholder quotes

"Bristol is HOT right now. We have unicorns, businesses disrupting all sorts of sectors. It's great to be a part of it."

Gareth Williams, Founder & CEO, YellowDog

"The region is excellent in so many tech sectors it can be difficult to say where Bristol uniquely excels. Regardless of the type of technology, Bristol has gained a reputation for being innovative and you can certainly have a diverse career in technology in the region"

David Henderson, Head of Transformation, Hargreaves Lansdown

"The strength of the tech sector in Bristol is one of the reasons why FinTech will be successful and likely to continue that way. The universities are also spinning out good people and many students stay in the region, we have really good retention rates."

**Paul Jones, Senior Manager,
UK Network Team, British Business Bank**

"Tech is the stronger part of Fin & Tech in the region, and potentially provides the edge for the genuine innovation the financial services sector needs."

Patrick Vandestein, Founder, Zodus

"There's a long heritage of financial services and associated technology services in Bristol, which shows in the FinTechs established here. Other regions have historic strengths as well (mutual retail banking in Yorkshire/North), but Fintech West, Setsquared and other communities do a good job making FinTech visible in the region."

Alan Pratt, Partner, DAC Beachcroft

"The core tech strength in Bristol is complementary because many founders will encounter the same sort of problems in their growth journey, regardless of their vertical such as how to scale, funding, internationalisation, etc."

Nicky Cotter / Florian Depner – ICON Corporate Finance

"There are a lot of good people who want to collaborate across the South West region and the challenge is keeping those people and places engaged and connected. Tech South West is a brilliant example of cross regional collaboration that is unmatched - to the best of my knowledge - in the UK."

Vicky Hunter, Entrepreneur Engagement Manager, Tech Nation

"Tech is absolutely one of the West's strengths largely based around the universities in Exeter, Bath, Bristol and Cardiff as well as GCHQ in Cheltenham and the MET Office in Exeter. Being Bristol-based, I obviously have to mention the great work at Future Space, NatWest Accelerator, Engine Shed, Watershed and Unit DXI"

Adrian Shedden, Co-Founder, Lumio

"The combination of universities, engineering and startup support is the perfect storm. Plenty of people have relocated to the region."

Alex Cosgrove, Principal Consultant, Data, Insight & Analytics, ADLIB

"To support our ambitious goals, we recognise that specialist skills, technology platforms and agents for transformational change will be needed. Our ambition is to make the most of emerging technologies, modern engineering techniques and use of data to transform customer experience. We are building relationships with a number of strategic partners from a range of backgrounds and with varied scalability and ability to support different models."

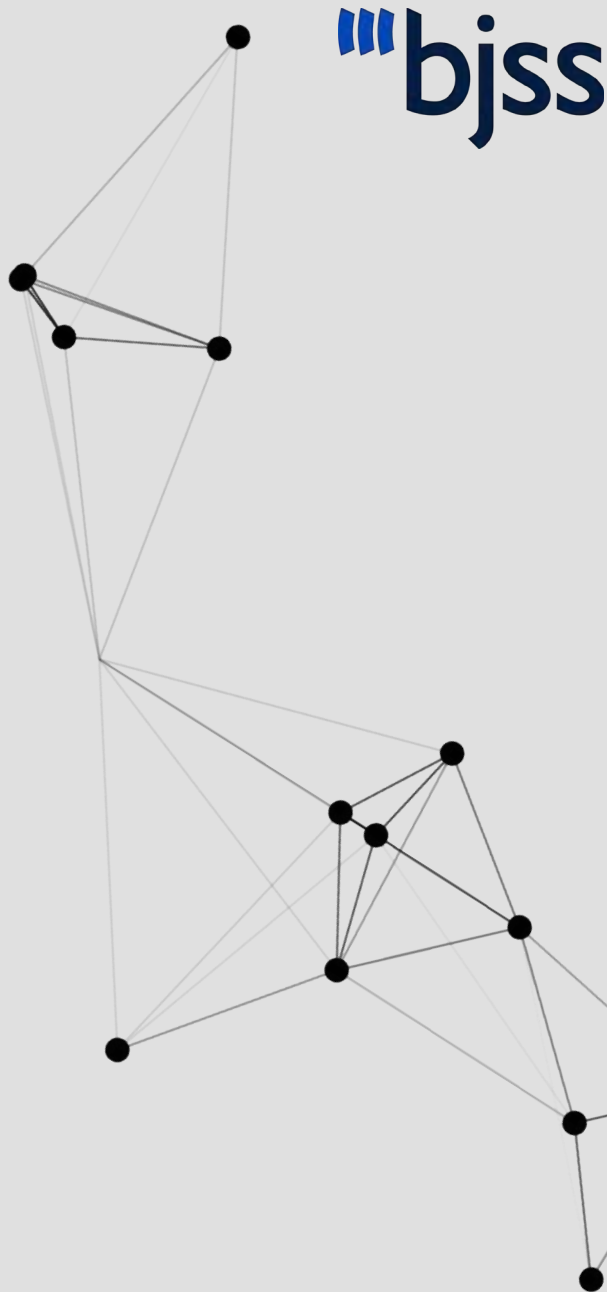
Stephen Noakes, Transformation Director, Retail & Community Banking, Lloyds Banking Group

"We have a highly collaborative tech sector, from those growing out of our world leading incubators to larger corporates who have chosen the region for our great R&D strengths and innovative cluster."

Talent is a major driver when a company is choosing to locate in the region; tech talent in the UK is in major demand, we're lucky as a region that we not only have four world-leading universities, a high number of tech and training academies but also a high a number of top talent choosing to relocate to Bristol and Bath from London (81 per week ONS)."

Tim Bowles, West of England Mayor

CASE STUDY: Shaping FinTech innovation for over 25 years



Established in Leeds in 1993, BJSS has grown organically to become the UK's leading privately-owned IT and business consultancy.

Operating from ten locations across the UK (Leeds, London, Manchester, Sheffield, Birmingham, Nottingham, Bristol, Cardiff, Edinburgh and Glasgow) and two in the US (New York and Houston), the company employs 1300 consultants and last year had annual revenue of £140m.

Most people in the UK will have made use of at least one of the award-winning solutions BJSS has delivered. From booking a flight to booking a hospital appointment, online shopping to online banking, BJSS has helped clients transform their business.

BJSS is a strategic delivery partner for leading retail and investment banks, financial institutions and FinTechs, and has achieved a number of 'firsts' in the sector. From an initial engagement to re-engineer back office systems for a European stock exchange, the company went on to transform the systems supporting 60% of the global interbank Foreign Exchange transactions. In retail banking, BJSS ensured its client was the first in the UK to support Apple Pay.

In 2005 BJSS delivered the world's first P2P lending platform for its start-up client and has since supported many more new entrants to transform online banking, mortgage applications, payments and wealth management.

A reputation for excellence earned in the financial services sector has enabled BJSS to expand into other industries including retail, healthcare and central government. Recent engagements have included replacing nationally significant technology infrastructure working with NHS Digital, transformed the operation of several government departments and delivering the award-winning transformation of a retail membership programme.

BJSS has always worked to enable its clients to take advantage of advances in technology to deliver more value, more quickly. Last year, the company was awarded a Queen's Award for Innovation in recognition of its successful software delivery approach that ensures high quality solutions to complex business problems across a range of industries.

Growth has exceeded industry norms for the past five years, and this trend looks set to continue. BJSS' success has contributed to establishing the region as a tech centre, creating jobs and attracting talented people to the area. With exciting growth plans across the UK and beyond, the company continues to recruit and retain the best skills from a diverse talent pool by offering the chance to work in a unique culture and the opportunity to contribute to some of the most rewarding client engagements.



Strength of the FinTech startup/scaleup community

FinTech startup sector has flourished in the last 2-3 years and is disproportionately large when compared to other regions



The South West has had more representatives in the FCA sandbox than any other region outside London (5 to date)

Increasing level of interest of scaleup London FinTechs in having a base in the region (e.g. Curve, ClearBank)

The FinTech startup and scaleup sector is the beating heart of the Bristol & Bath scene, with a higher density of these firms than any other region we have researched. The community is active and joined up, and many of these firms have a high awareness of each other. The early stage sector is more connected than we have observed in other regions. Most of the founders of FinTech startups have a link to the region, either originating from here or having been to university in the region.

There's a breadth of FinTech solutions, reflecting that the region has strong financial, tech and creative tech sectors. 'Tech for good' is prominent and represents a common ethos to business within the region which is something that can be built upon when promoting the region externally.

The startup and scaleup sector has grown from a relatively low base 2-3 years ago and is now building some real momentum. The average age of FinTech firm in the region is 3 years old, the youngest of any region we have analysed to date.

More than half of the FinTech startups and scaleups in the region have a B2C element to their proposition, making the FinTech in Bristol & Bath more B2C focused than almost all the other regions we have analysed.

The region is responsible for 5 of the 19 regionally based FCA Sandbox participants to date. It is also the only region in the UK outside of London to have had a representative in all of the five cohorts to date. At the annual NatWest FinTech Accelerator Demo day in 2019, Bristol was the only city outside of London to have more than one representative amongst the thirteen FinTechs who were pitching.

The FinTechs in the region include:

- **Moneyhub** is a personal financial management app which enables users to view aggregated data and initiate payments from a single site.
- **Tumelo** allows consumers to identify all the underlying companies within investment funds, and enables any investor to have an impact with their money through campaigns, voting and shareholder perks.
- **Payaca** is a platform that enables consumers to connect to multiple lenders to find the best loans, with a focus on the tradesman sector.
- **LOQBOX** helps consumers get access to the financial system by enabling them to build their credit score so they can obtain credit in future.
- **Sixty** is a recently launched app-based proposition for self-employed people, which uses Open Banking APIs and Machine Learning to save 1-10% of its customers' income each month into a pension.
- **Lumio**'s app helps consumer switch to the best savings and investment accounts in the market. They can aggregate and manage their finances in line with their personal ethics.
- **Bunk** is a marketplace where pre verified landlords and tenants are connected via a secure platform, including enabling instant bank to bank transfers with no third parties.
- **The Bristol Pound** which has been established since 2012 and is now seeking to utilise modern technology to help drive the use of the community currency into new areas in order to assist the local community. Likewise, the region has been one of the first to initiate the formation of the new series of community savings banks in the form of **Avon Mutual Bank**.

Stakeholder quotes

"There are more FinTechs in the region than perhaps most people know exist. And if that's the case for within the region, it will be harder for those outside looking in. We must do more to raise our profile. The FinTech West events have been a great way to pull investors, corporates and start-ups together. Since HL hosted the first FinTech West event over a year ago we have been approached by a number of great FinTechs looking to work with us in the future and we need to understand the best way of supporting these companies going forward."

David Henderson, Head of Transformation, Hargreaves Lansdown

"There are a number of great companies emerging here such as Tumelo plus some established a little longer such as Moneyhub and Parmenion with unique and attractive products, who think globally."

Nicky Cotter / Florian Depner – ICON Corporate Finance

"There is huge activity with start up support incubators and increasing focus on scaleups. We are doing well in this area to support new entrepreneurs to get started but still more to do to support the scaleups."

Debbie Sturge, Bristol Business School, UWE

"There are a growing group of companies such as Tumelo, LOQBOX, Flexys and movers here such as Curve. Perhaps it's not quite the coherent community as in other tech sectors yet although they and it can scale up quickly."

Marty Reid, Head of Engine Shed

"The perception that Bristol's reputation as a financial services centre encourages tech start-ups in the sector is an interesting one. The reality is that more interaction between large enterprises and start-up/scale-up entrepreneurs would benefit the region by encouraging the further evolution of FinTech. Communities such as FinTech West can help facilitate this."

Sarah Hopton, Senior Associate, DAC Beachcroft

"There are some great ideas and businesses here but they need help to get to the right places. You need to be savvy. The region "punches above its weight" but this is exactly why we opened an office here."

Lauren Couch, Principal, BOOST&Co

"The ecosystem is growing fast, it's healthy and bubbly with some really good companies."

Alex Cosgrove, Principal Consultant, Data, Insight & Analytics, ADLIB

"I have made some great contacts via the NatWest Accelerator. There seems to be lots of cool things happening and I'm really excited about the Bristol scene."

Rich Nicolson, Co-Founder, Xavier Analytics

"The sector feels small but growing. The advantage of Bristol is the strong tech scene and quality of life."

Matt Franklin, CEO & Founder, Payaca

"As there tends to be a barrier to entry with regulation, perhaps FinTech startups act a little different from other tech start-ups, not interacting with established businesses as much as those in the tech sector. Perhaps there is a need for a more innovate approach from organisations such as the FCA by having regional representatives or consultants in order to improve the flow of FinTech regulation."

Tracey John, Director of Business, Research & Innovation, UWE

"One research source we use is tracking 29 Fintech businesses across the whole of the South West, most of which are at the seed stage. We are aware of new businesses not included in this figure and others are emerging continually. We expect more over time given the region's strengths in both the Financial Services and Digital sectors, and the weight of investment the sector has seen in the last few years."

Jon Gill, Partner, TLT LLP

"There is an increasing number of FinTechs which is great. We need to build a community of companies working together, building momentum and self-fuelling success, which will create critical mass and organic growth. A key question for many people in the industry is How can we encourage more FinTechs to start here or move here?"

Adam Jones, CTO & MD of Technology, Redington

Relationship between startups/scaleups & established Financial Sector

The majority of established financial services firms are not actively engaged with the FinTechs in the region



Desire from all parties for more collaboration and to leverage some of the experienced business leaders in the region to help the startups

Collaboration has become the buzz word of FinTech over recent years, but our research has found that the FinTechs in Bristol & Bath have had little to no engagement with established financial services organisations with two notable exceptions of Hargreaves Lansdown and the NatWest Accelerator.

Beyond this, it is apparent that the rise of FinTech in the region has come out of the strength of creative technology, not the presence of financial services. This clearly has to be a missed opportunity as this is an area where startups would like to see more collaboration, to know what they can do to work with these brands, what problems they can help solve and how to work together for the good of the region.

It has been estimated that over 30% of jobs in Financial Services in the UK are at risk from automation¹¹. Whether this is a threat or an opportunity for the established financial services sector can be debated, but it clearly indicates that these large firms need to find innovative and efficient new ways to run their businesses. It has also been claimed that 56% of incumbent financial institutions have disruption at the centre of their strategy¹².

Where organisations have engaged with the FinTechs in the region, the sense is that this has been driven by the attitudes of individuals rather than by a conscious corporate decision. There is a common view that these organisations need someone who has an externally focused remit and will give up time to talk to and network with startups. Within the tech sector there is a very strong sense of collaboration which does also permeate professional services but has not yet worked its way through to financial services generally.

Engaging with smaller firms is seen as considerably easier, and Tech Nation was regularly cited as being extremely useful for meeting businesses at similar or other stages.

There are some examples of engagement by large organisations. For example, Hargreaves Lansdown works with a number of local businesses including: ForgeRock, cxpartners, Immersive Labs, Modux and Red Goat Cyber Security.

An influencing factor may be that most of the decision makers in larger financial services are not based in the region, but there is an opportunity to build on this for the future. It would seem that the financial services sector could also significantly benefit from direct involvement from the FinTechs including learning how the fast moving market is evolving and how Millennials and Generations Y and Z are using technology and possibly not viewing the existing banking sector as anything that is relevant to them.

It was often stated that although a collaborative attitude exists, it can be a burden to many active “connectors” to continually introduce contacts to one another. This may be an area which operations such as FinTech West, BrisTech and various other meetup organisers can assist with either by acting as networking hubs and/or delivering a workable solution.

In addition, there may be a role for suitably connected and willing professional services organisations to act as the conduit to help make this happen. The region has the right attitude towards collaboration to make this happen, the key is to do so effectively and efficiently.

¹¹PwC: Will robots really steal our jobs? 2018

¹²UK FinTech State of the Nation 2019

Stakeholder quotes

"With the rise of FinTech in the consumer facing market, traditional FS organisations are concerned they will be left behind, losing the customer interaction aspect of their offering and becoming "factories" for financial products and services. Without direct customer interaction they could be left with all the regulatory and governance burden but without the benefit of delivering brand orientated products and retaining customer loyalty. Large firms do have scale and large existing customer bases however so I think we will see an increase in firms innovating themselves or looking to partner with FinTechs in order to retain their market position."

Dan Read, Partner, TLT LLP

"We are committed to supporting the Fintech ecosystem and we work with a range of organisations including Innovate Finance. Collaboration is fundamental as we share valuable insights across the Fintech landscape. These external partnerships further complement the wide range of internal initiatives including various innovation labs we run across our Group Transformation division."

Stephen Noakes, Transformation Director, Retail & Community Banking, Lloyds Banking Group

"I have generally been disappointed by the engagement between established financial services organisations and FinTechs. I'm not sure the FinTechs know how to navigate the large companies nor do the established firms have a model for engagement with FinTechs."

Martin Palmer, Marketing & Business Development Director, Clarke Willmott

"We need to get people with a deep and fundamental understanding of financial services to drive the real innovation users and regulators crave. And create places where knowledge, money and infrastructure can meet informally and easily."

Patrick Vandestein, Founder, Zodus

"Building your business around the problems banks are trying to solve is crucial, big investments are being made in the AI space to improve efficiency, seek out new opportunities and improve customer experience, also helping FSIs accelerate their change programmes to deliver the returns faster is very attractive."

Gareth Williams, Founder & CEO, YellowDog

"We need to increase collaboration, involving all the key players such as larger corporates and academia. It would be good to know where the pain-points are for large corporates as the startups can bring the innovation and are nimble. Working with them shouldn't just be about acquisition for the corporates."

Rich Nicolson, Co-Founder, Xavier Analytics

"There is a strong financial services sector which could be relevant but isn't at the moment. How do you create meaningful connections with them? There doesn't seem to be much communication with financial services corporates in the region."

Matt Franklin, CEO & Founder, Payaca

"Within financial services and FinTech there was a problem, there were pillars of the ecosystem and no community, However with Bristol Fintech and now FinTech West it is way better."

Jack Thompson, Founder, Ginkgo Business Development

"We need to connect people better and more efficiently. FinTechs are often unsure how to connect to established financial services. There is an element of trust needed and more events/networking. We need to ensure people focus on the bigger picture and grow a bigger pie where their piece of the pie will automatically get bigger."

Paul Jones, Senior Manager, UK Network Team, British Business Bank

"Our business is keen to support the growing FinTech sector in the region and help ensure that the technology talent and businesses being developed are coming to the South West. Last year we hosted the first FinTech West event in our offices and we continue to support the growing network of FinTech ecosystems across the country."

Chris Hill, CEO, Hargreaves Lansdown

Funding for FinTech

Early stage funding is available in the region but can be hard to find



FinTechs who have raised funding have tended to focus their efforts on London

Investment in FinTech in the UK is strongly focused on London, with figures from Innovate Finance showing around 90%+ of all FinTech investment is made via the capital. For Bristol and Bath, this is less of a disadvantage than for some other regions that are further from London, but there is some frustration that local funding is not more easily accessible.

There is a sense that it is hard for founders to find funding in the region, and that access to funding should be made easier and more varied. Even if it is available, a great deal of effort is required to gain the funding with it being a significant distraction from growing the business. Often, in early stages, founders find it hard to gain access to working capital and are left to spend time seeking interested angel investors or early stage VCs.

We also found a widespread lack of awareness of the non-equity options that are available. The expectation of the FinTech startup is often that equity dilution is the only option, but there may be alternative working capital routes via debt and/or support from government bodies, local or otherwise.

A general theme from our interviews was that the investor community is increasingly active in FinTech, and that the VCs will on occasion come to the region but getting in front of them can be difficult. This is seen by the FinTech entrepreneurs as an inconvenience rather than a deterrent or something that makes them consider whether to be based in Bristol.

There are a growing number of events where FinTechs can present their solutions to seek investment, but these only take place at certain times and locations which might not fit the desired level of urgency or indeed exposure of the FinTech. Increasing the visibility of the region in London, the formation of "clubs" where capital and ideas can come together and making the process more efficient are all examples where

it can help. FinTech conferences, Bristol Tech Week and similar activities can help build on the regional profile and encourage London VC engagement.

With the launch of the Investment Activator Programme (IAP) and related initiatives such as Invest West, the region is starting to make moves to enable easier access to local investment. Although these are not specifically FinTech, or indeed even technology led, they will clearly benefit high growth business and investors in the region.

Firms in the region have accessed funding in different ways, including:

- Xavier Analytics got Innovate UK funding following a specific call around Accounting and Big Data, and were very positive about their experience.
- Tumelo's backing has come from both Bristol and London. The founders told us that SetSquared has been very influential in helping the business get going and connecting with investors.
- Moneyhub and Bunk have both been invested in by NBS Ventures, Nationwide's FinTech investment arm which has a £50m fund.

Despite the many areas for improvement covered above, there are publicly available statistics that show Bristol is performing well when compared to larger UK cities. For example, a report by Tech Nation and Dealroom.co for the Digital Economy Council in 2019 found that Bristol has received the third-most investment of all UK cities since the start of the year, with only Manchester and London raising more since the start of the year.

Also, in June 2019, Sifted used Pitchbook data to rank non-capital cities across Europe by the number and value of angel, seed and early stage VC deals closed between 2013-18. Bristol was ranked 9th, and 10 of the top 20 were UK cities. Oxford, Cambridge, Manchester and Edinburgh were the only UK cities to rank higher.

Stakeholder quotes

"People don't always know how to find and ask for funding. Even if they have a great idea they can often go about it in the wrong way which can start to make the whole process feel tortuous for them – especially early on. There's a gap in the debt side so everyone ends up giving away equity when all they really need is working capital."

**Paul Jones, Senior Manager, UK Network Team,
British Business Bank**

"Hearsay is that if you need money you go to London and especially for Series A. There are local options, perhaps some that haven't been explored enough such as venturetech e.g. Simpleweb/Rocketmakers/CookiesHQ. There are some local forums and angels – if you are an active angel you can find them."

Jack Thompson, Founder, Ginkgo Business Development

"It can be tough but the right companies will always be able to get funding. London will remain the leading global industry hub and most FinTechs will need to invest in very close links to the City to get funded."

Nicky Cotter / Florian Depner – ICON Corporate Finance

"Many startups still need to go to London for funding. The region must do more to encourage funding from within to create self-sufficient, supportive and sustainable ecosystem."

David Henderson, Head of Transformation, Hargreaves Lansdown

"There seems to be a lot of high net worth individuals in the South West, however too much of that capital is lost to investment outside of the region."

Vicky Hunter, Entrepreneur Engagement Manager, Tech Nation

"If you're an established business you can find funding anywhere. There's a problem finding seed investors in this region and it makes for a massive gap between startup and £1m. I'm not sure the angel investor community is big enough here, but you can get funding if you go through the right routes and are in the right circles."

Lauren Couch, Principal, BOOST&Co

"I think there's plenty of funding here but it's hard to access. Perhaps people struggle to understand FinTech and hence many of them still have to go to London."

**Alex Cosgrove, Principal Consultant,
Data, Insight & Analytics, ADLIB**

"Emerging ecosystems need to have different types and levels of support with multiple avenues to investors and public sector support. The region does not yet have a joined up solution but the collaboration gives the opportunity to make this happen."

**Tracey John, Director of Business,
Research & Innovation, UWE**

"The angel community has been rejuvenated in Bristol over the last three years: BPEC especially. However, for anything bigger than that you need to go to London to the VC community there, despite many of them living in the South West. There is lots of cash and they recognise Bristol is hot right now."

**Gareth Williams,
Founder & CEO, YellowDog**

"There is some VC activity but it ends up in lots of London visits. I would prefer it came from the region."

Matt Franklin, CEO & Founder, Payaca

CASE STUDY: Bristol & Bath - a collaborative cluster for tech-driven financial innovation



The West of England is a fast-growing FinTech hub, with access to highly-skilled talent and an innovative business environment, attracting an increasing number of employers and entrepreneurs to set up in the region.

Whilst our region has always been known for its attractive lifestyle and culture of innovation, it is increasingly being recognised for cutting-edge and well-established tech and finance clusters, which are attracting significant international and UK investment.

We are home to the largest digital tech cluster outside of London, employing 36,000 people (TechNation) and with a turnover of £8.1bn. Financial institutions based here are harnessing this deep pool of technology and digital talent, collaborating to successfully develop and implement innovative financial services models. The West of England is renowned for 'shaking things up'.

"In the last couple of years, the Bristol and Bath tech ecosystem has really come into its own. The combination of long-established engineering businesses, internationally recognised universities generating new research, and talent, mixing in a place small enough for everyone to have only two degrees of separation, has built something really special. The results of this are becoming clear, whether it's as the city region with the most meetups per head, the 10x increase in venture capital investment in the last five years or the creation of two new unicorn companies (Graphcore and OVO) in 2019 alone." **Ben Shorrock, MD of TechSPARK**

The region is welcoming a growing FinTech community, drawn here by the available tech talent, financial ecosystem, lower operating costs and collaborative networks - LOQBOX, Redington, Moneyhub, Curve and others have taken advantage of the opportunities most recently. The larger financial institutions based here (such as Hargreaves Lansdown, RBS, and Lloyds) are undertaking innovative technology-driven projects, such as Natwest's Digital Studio and RBS' FinTech accelerator programme.

"Since head-quartering our business in Bristol from London we have expanded from a Bristol-based team of three to 18 people, in under 18 months. We're now in our third office and are being supported by the great SETsquared programme. Since basing the business in Bristol, our local team has helped grow our user base considerably, expand our business internationally and build partnerships and relationships with some of the leading UK brands and financial institutions."

"The region itself is a draw to some people looking for a better quality of life or a change of pace, but is close enough to London to be there for a full day at short notice when needed – links to airports and rail mean we are always close to where we need to be. Bristol's focus on addressing inclusivity - alongside the large financial and tech sectors - make it a perfect fit for LOQBOX."

Tom Eyre, CEO and co-founder of LOQBOX – a multi-award winning financial inclusion FinTech supported by both HM Treasury and Tech Nation as a leading UK FinTech business HQ'd in Bristol

Bristol is a primary alternative to London:

- New business start-ups in Bristol have the best chance of surviving beyond the five-year mark, new research has revealed.(ONS, Dec 2019)
- Bristol received the third most investment of all UK cities in 2019 (TechNation 2018/19)
- 81 people per week relocate to Bristol from London (ONS 2018)

"Our [digital] studio not only shows our commitment to having a leading digital proposition for our commercial and corporate customers but also reiterates the bank's investment in the South West alongside our leading FinTech Accelerator Programme. This area has one of the lowest unemployment rates of all UK regions and Bristol has seen an astonishing 10% growth in jobs over the last three years. This is a dynamic city with a strong talent-base in the digital sector."

Matt Hatcher, NatWest's Director of Corporate and Commercial Banking for Bristol

Invest Bristol & Bath, the inward investment arm of the West of England Combined Authority, is supporting an ever-growing number of FinTech companies choosing to locate in the area. It offers tailored support and can help your company explore the opportunities available in our region, through bespoke research, property solutions, talent and relocation support. Invest Bristol & Bath help businesses from anywhere in the world tap into the West of England's expertise, knowledge and talent, to help your business thrive.



Photo credit: Martyna Bober

Physical space / hubs

From a low base there is now lots of choice for where you can start, and then grow a business. The vast majority of the spaces and hubs in the region have opened in the last 2-3 years. This is widely considered to be largely down to the success of the broader tech, startup and scaleup sector.

Bristol is one of the few UK cities with a dedicated FinTech accelerator



There are numerous shared spaces for startups across all sectors, with a strong tech focus

Over 70% of the 500+ firms to have gone through the highly acclaimed SETsquared programme to date have been based in Bristol or Bath

SETsquared is cited by many as a jewel in the crown of the South West startup scene. It focuses on nurturing technology-based businesses throughout their lifecycle from idea through to investment and scaleup. Via its university partners, it operates five Business Acceleration Centres.

The initiative is not sector specific, but a notable FinTech case study is Crowdcube, based in Exeter, who made use of the programme to support them with office space, networking, events, investor readiness training, mentoring and graduate placements. More than 70% of the 500+ companies to have gone through the programme to date have been based in Bristol or Bath.

NatWest operates a specialist FinTech accelerator programme, and its Bristol Entrepreneurial Hub is one of only four FinTech hubs operated by NatWest across the UK (the others are in London, Manchester and Edinburgh). Since the accelerators launched in 2018, over 180 FinTechs have been supported across the UK. The bank itself has run 8 Proof of Concept trials and signed contracts with four of the firms.

Other hubs have shown an increasing interest in FinTech, for example Engine Shed, Desklodge and Runway East have FinTech residents, and Future Space (UWE), aspires to have more focus on FinTech and is the home of FinTech West.

The impact of incubators and accelerators

The value to startups of attending incubator and accelerator programmes is now better understood and recognised (across multiple tech sectors not just FinTech), but the challenges of operating FinTech programmes outside of London remain.

A BEIS survey of 428 startups¹³ that have participated in an incubator or accelerator found that most considered the programme to have been significant or vital to their success. The startups perceived direct funding to be the most useful support they received as part of the programme. This was followed by access to office space, lab space and technical equipment.

The report also found the launch of an accelerator is associated with a significant increase in the number and value of investments made by VCs into non-accelerated seed and high-tech companies, relative to non-accelerated seed but non-high-tech firms. More than half of UK accelerators are based in London. The scarcity of specialist FinTech incubators and accelerators outside London is more acute and 85% of the accelerators attended by UK FinTech firms are in London.

The challenges of operating a FinTech accelerator outside of London are primarily linked to the supply of relevant firms. BEIS found that the average size of an accelerator cohort was 16 businesses and the average length of a programme was just over 6 months. Incubator programmes run for longer, usually two years.

Given the relatively small number of early stage FinTech companies across the regional cities, it is understandable that most of the FinTech accelerators are based in London.

Whether a 'build it and they will come' approach to creating a regional FinTech accelerator would be successful is a source of regular debate in all the cities we have researched, it is notable that Bristol has had a FinTech accelerator for two years and also a disproportionately large FinTech startup and scaleup sector.

¹³ The Impact of Business Accelerators and Incubators in the UK, BEIS Research Paper Number 2019/009

Stakeholder quotes

"5 years ago there wasn't really anywhere and companies had to commit to long term office rental. Now it feels like the complete opposite. Good places such as NatWest also offering free space, but there's plenty of options like SetSquared and Runway East with perhaps good London connections."

Jack Thompson, Founder, Ginkgo Business Development

"It would be great to see a FinTech focused programme, with physical office space, to really accelerate the number of startup and scaleup companies in the region, build the network and draw further attention to the strengthening industry."

Vicky Hunter, Entrepreneur Engagement Manager, Tech Nation

"There is more than people think for small startups, but it gets a bit more difficult for scaleups. There is plenty of development going on in Bristol notably around Temple Quay, as well as Cardiff."

Adrian Shedden, Co-Founder, Lumio

"There are plenty of spaces and collaboration is a real strength of Bristol. There's a community vibe and people really want to help."

Alex Cosgrove, Principal Consultant, Data, Insight & Analytics, ADLIB

"Flexible and affordable space is a key requirement; we have plenty for startups but not enough infrastructure for scaleups. With up and coming sectors such as data science we need to ask what infrastructure there is and even if there's enough processing power."

Marty Reid, Head of Engine Shed

"The incubator model is strong. The region is missing space for scale-ups which needs addressing. Also missing is the 'wrap around' support for startups evolving to scaleups although UWE is contributing with the expansion of the University Enterprise Park."

Tracey John, Director of Business, Research & Innovation, UWE

"The quality of incubator operators is really high, although some are more about office space than helping the business. They can be a key factor to success though. We are a part of SetSquared where the quality of mentoring is high and they really challenge your thinking. We've had quite senior people on the BRP (Business Review Panels) who have been amazing."

Rich Nicolson, Co-Founder, Xavier Analytics

"Engine Shed has done a fantastic job for Bristol – more of this quality focussed on FinTech innovators would be fantastic."

**Martin Palmer, Marketing & Business Development Director,
Clarke Willmott**

"There are plenty of events for FinTechs but you don't need a FinTech specific hub or scheme to be a successful FinTech. It's useful for firms to know each other, and share experiences, but they don't need to be co-located. It feels like we're just about getting it right within the region."

Adam Jones, CTO & MD of Technology, Redington

"As recently as 2 years ago I would have said it's really poor but now the whole scene has changed and we're perhaps 70% of where we need to be. There are great recent examples such as Runway East and then the new Engine Shed coming."

Paul Jones, Senior Manager, UK Network Team, British Business Bank

"As home to the world's number 1 university business incubator we are spoilt when it comes to incubators and workspace. Since the end of 2018 we have seen over 10 new shared workspaces open including Runway East who chose Bristol as their first hub outside of London. As well as a thriving coworking market we also have more and more new developments coming out the ground with over 200,000 sqft set to open Q4 2021."

Tim Bowles, West of England Mayor

Interaction and communication between key players

Given the close-knit and collaborative community in the region, there is a great deal of informal interaction and networking that takes place across the region. However, for those founders and businesses that don't undertake this activity, they will find themselves outside of that community, often unaware of the discussions taking place. Joining up some of this could be beneficial for all.

FinTech has been embraced by the startup and scaleup community, with FinTech West events providing a focal point

Interaction with the major financial services organisations is not currently commonplace

Interaction in the broader tech sector is strong, as illustrated by the success of the inaugural Bristol Technology Festival in 2019

venues and up to 4,000 attendees. It was an impressive achievement for the first year, which emphasises the collaborative spirit and approach that Bristol has, and its ability to come together to work towards common goals that promote the region.

Our research feedback has highlighted that FinTech West has become recognised as being at the centre of the FinTech community, becoming the de facto representative body and helping forge collaboration through events and helping make connections within the region.

There are other notable activities too within the region which can be of significant benefit to the FinTech sector such as the Bristol Technology Festival, BrisTech plus many of the events taking place around the city and further afield including the highly regarded Bath Digital Festival.

Bristol Technology Festival was supported by many of the region's organisations with 42 events, across 22

FinTech West

FinTech West was launched in 2019 and is an evolution of an organisation previously known as Bristol FinTech which had operated events in the city since 2016.

Bristol FinTech was originally founded by a group of businesses operating in the city including Barclays, PwC, Deepridge Capital, Hargreaves Lansdown and Clarke Willmott.

In 2019, FinTech West held four quarterly events each of which were attended by around 100 people. Speakers have included corporates, startups, advisors and universities from the region, as well as HM Treasury, Innovate Finance, FinTech Alliance, and FinTech Wales.

In November 2019, a FinTech West seminar was hosted at TLT's offices as part of the inaugural Bristol Technology Festival. Guest speakers included Chris Hill, Chief Executive of Hargreaves Lansdown, and a showcase of regional FinTechs including Payaca, Sixty, LOQBOX, and YellowDog.

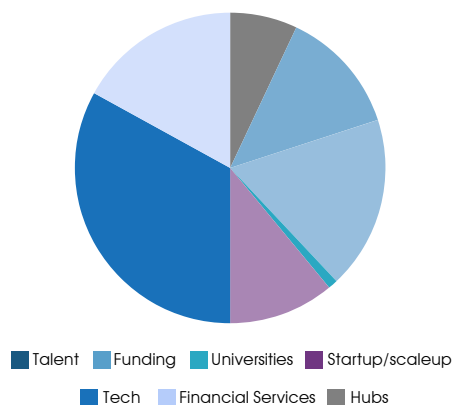
In December 2019, FinTech West was able to facilitate two regional FinTechs (Lumio and Sixty) having the opportunity to pitch at Innovate Finance's 'National Pitch Day' at Level39, which was created in partnership with the FinTech National Network to showcase regional FinTechs to London investors. Demand to take part in this event was strong and it is hoped it will become a regular event.

In 2020, FinTech West intends to expand its events programme to include other locations in the South West and smaller workshops focused on topics more for the FinTechs themselves. It is planning to host its first full day conference during Bristol Technology Festival later in the year.

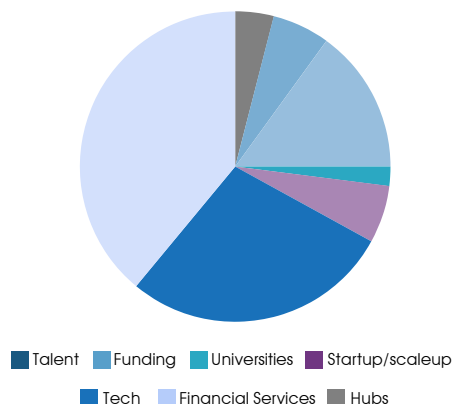


Press and media

Topics covered as a proportion of FinTech news articles in the Bristol & Bath region



Topics covered as a proportion of FinTech news articles in the United Kingdom 2017-2019



Throughout our research, we appraised the press and social media mentions relating to FinTech in the Bristol & Bath to measure the awareness and pertinence of comparable FinTech themes to assess the regional focus. We used data from Meltwater¹⁴ to conduct this analysis.

Press coverage

Since 2017 there have been over 1,700 press articles mentioning FinTech in association with the region, equivalent to around 2% of the articles associated with the UK as a whole.

FinTech mentions in articles relating to 'Startups' or 'Scaleups' were proportionally far higher than any other region, making up 11% of the total FinTech articles about the Bristol & Bath region, compared to the 6% average across the UK; reflective of the region's entrepreneurial culture.

However, the region maintains a lower proportion of startups and scaleups within the FinTech sector than say, Greater Manchester, whose FinTech articles related to startups or scaleups just 6% of the time. This suggests, despite a strong entrepreneurial culture and presence of startups, FinTech in the region is still in its infancy stage.

This is supported by the fact the region has youngest average FinTech startup and scaleup age of 3 years, compared to the 6 year average of all regions we have researched.

Social media

In 2018, more FinTech posts related to the Bristol & Bath region than the other regions we have researched, whilst in 2019, Leeds and Manchester became more prevalent. In other regions, we have found a direct correlation between FinTech events and social media mentions, with peaks in mentions coinciding with the dates of the events. Whilst social media mentions are not a measure of economic success, it is helpful to understand what drives them.

¹⁴Figures available via Meltwater include Twitter and Facebook, but not LinkedIn.

Stakeholder quotes

"Larger companies are starting to work together more to help promote the region. The work that WECA are doing to pull together funding for innovation talent that all sectors can access will be great for the region and we full support this initiative. Whether it's labelled FinTech, RegTech or LegalTech many of the skills and technology applied will be transferable."

David Henderson, Head of Transformation, Hargreaves Lansdown

"We are trying to be more visible and accessible. We encourage our team to get involved in the local community in all our regions, and we give them access to budget to support this."

Stuart Bullock, Managing Director, BJSS

"We need to get FinTechs talking to other FinTechs."

Matt Franklin, CEO & Founder, Payaca

"The collaborative attitude and approach in the region are very beneficial and Fintech West is key to success in FinTech for the region."

Marty Reid, Head of Engine Shed

"Trust can a barrier to entry for challenger brands but Open Banking is creating easier access to the market for some of these business and particularly younger consumers are more willing to engage with new entrants. A lot of our larger corporate clients are becoming concerned the threat these new organisations can pose to them."

Dan Read, Partner, TLT LLP

"Having the large companies here could be an advantage, at the stage of the economic cycle where they are looking to engage externally with innovators."

Martin Palmer, Marketing & Business Development Director, Clarke Willmott

"We need to go back to basics and provide every single start-up with access to the information and services they need – including hubs, investors etc."

Lauren Couch, Principal, BOOST&Co

"It is improving notably in Bristol through FinTech West, TechSpark and Scaleup Enabler / Quarterly Investor Briefing organiser Briony Phillips, as well as Bath Digital Festival. Though more could be done, especially on celebrating FinTech across the West as a whole."

Adrian Shedden, Co-Founder, Lumio

"Communication is improving for various reasons including FinTech West, UWE and Business West."

Alex Cosgrove, Principal Consultant, Data, Insight & Analytics, ADLIB

"There are some strong initiatives here such as FinTech West and the Strength in Places bid. We are making progress in building strong collaborative alliances, but there are still competitive barriers to full and open collaboration to break down. Lots of goodwill is evident."

Debbie Sturge, Bristol Business School, UWE

"It would be useful to collaborate with companies at a similar stage to help each other with questions such as "how do I find a CTO?". TechNation has created this network nationally but it would be great to have a South West focused group."

Georgia Stewart, Co-Founder, Tumelo

"Not all aspects of FS have had the regulatory push that Open Banking has enjoyed, but there are many other opportunities for established organisations to engage with smaller firms."

Jon Gill, Partner, TLT LLP

The role of universities

UWE has developed and launched a FinTech MSc, in consultation with the regional FinTech community



Good intent and taking action to improve engagement with business but considered by many to be challenging to engage with

Business engagement is primarily geared towards larger corporates at the moment

We have observed a strong interest in FinTech from the higher education institutions in the region, especially UWE and University of Bristol. As is the case in other regions, much of the FinTech related activity is currently at a relatively early stage and is still forming.

UWE was widely praised throughout our research, and is acknowledged by many people we spoke to for engaging well with startups, professional services and commercial organisations. The joint UWE and WECA initiative around the DIPs programme: demonstrates good intent and is widely anticipated and supported by professional services organisations.

UWE has also engaged with FinTech West and other organisations when designing its MSc. The university's active interest in FinTech is a strong fit with its finance, law, legal and computer science departments. Overall, however, the current business engagement activity by the universities in the region is seen to be primarily geared towards larger corporates.

It is widely accepted that strengthening links between universities and businesses has great potential to enhance economic growth via skills, research and innovation. The Local Industrial Strategy state the region will contribute to achieving the national goal of R&D spending at 2.4% of GDP.

University of Bristol, outside of SETsquared, is often viewed as more of an academic led institution but has been active in financial services and has been helping insurer LV= build a team. University of Bath is involved in SETsquared and its management school offers courses in banking and finance, but nothing specific to FinTech at present.

SETsquared Partnership

One of the success stories of the South West is the SETsquared Partnership, which is a business incubation and startup growth acceleration network based on collaboration between five research-intensive universities: Bath, Bristol, Exeter, Southampton and Surrey.

The aims of the SETsquared Partnership are:

- **Accelerate** the growth of high-tech startup companies through the five business incubation centres
- **Develop** the entrepreneurial talents of the students at the five partner Universities
- **Help** academic researchers realise the commercial impact of their work

As mentioned previously in this report, the Bristol & Bath region has been responsible for the majority of the participants in the programme to date.

Stakeholder quotes

"As one of the biggest companies in the Bristol area, we recognise the importance of demonstrating support for and helping to promote the region. We are lucky to have two fantastic Universities in the city, UWE and the University of Bristol, and we work closely with them both looking at their strategies to develop the future workforce, and ensuring that students have the skills modern businesses need. We also look to build better connections with the students so that they see Bristol as a place of opportunity where they can build successful careers."

Chris Hill, CEO, Hargreaves Lansdown

"Our universities are a major part of the ecosystem with the highest retention rates in the country. UoB and UWE are both encouraging innovation which leads to entrepreneurs."

Jack Thompson, Founder, Ginkgo Business Development

"The situation with universities and business is as good as you'd find in other regions but there is room for improvement. Infrastructure, people and programmes need to be put in place – we've not nailed it yet. Perhaps the universities are more appropriate for corporates and scale-ups than start-ups at the moment."

Marty Reid, Head of Engine Shed

"Previously dealing with the Universities has been tricky but there is great collaborative work now being done by both UWE and the University of Bristol. From an employer's view point this is key to help identify and develop the skills of the future that business really needs and to ensure more talent stays in the region."

David Henderson, Head of Transformation, Hargreaves Lansdown

"UWE is working hard to ensure that skills are available with the MSc in FinTech being a good example along with the work being done in AI, autonomous vehicles, deep tech and the new engineering school."

Tracey John, Director of Business, Research & Innovation, UWE

"Companies and academia are increasingly working closely together, eg through Knowledge Transfer Partnerships, Industry Advisory Boards and business and innovation incubators. Post-graduate programmes in particular are integrating industry collaborations and programme sponsorships, with shared industry driven projects and collaborative applied research opportunities."

Debbie Sturge, Bristol Business School, UWE

"We did attempt a project with a university but it didn't work. Working with universities seems like too much of a time sink and not efficient use of time for a startup. We have to do things fast and they don't seem able to move quickly."

FinTech entrepreneur, Bristol

"UWE's Fintech MSc is really good as they've engaged with industry and the community in its design. They have also delivered a wide, multi-discipline syllabus. It reflects the need of local employers quite closely with a weighting towards more established firms who need a range of talent, as opposed to FinTechs which are specifically seeking entrepreneurs."

Adam Jones, CTO & MD of Technology, Redington

"Engagement with universities is predominantly driven by manufacturing and engineering collaborations. It would be great to see more activity like the recent UWE / tech business collaboration."

Adrian Shedden, Co-Founder, Lumio

Participating organisations

ADLIB Recruitment

Alternative Business Funding

Altus Ltd

BJSS

BOOST&CO

Bristech

Bristol Technology Showcase

British Business Bank

Bunk

Cashcalc

Church Lane Consulting

Clarion Bond

Clarke Willmott LLP

Curve

cxpartners

DAC Beachcroft

Engine Shed

Financial Conduct Authority (FCA)

Future Space

GapCap

Ginkgo Business Development

Hargreaves Lansdown

HM Treasury

ICON Corporate Finance

iHorizon

Innovate Finance

Invest Bristol & Bath

Ixport

Jones

Leansquad Limited

LOQBOX

Lumio

Nationwide Building Society

Nationwide Ventures

Oak North

Payaca

Precise Prediction

Principle Point

PwC

Redington

Runway East

saintnicks

SETsquared

Shaw LLP

Sixty

SR2

Tech Nation

Technolink UK

TechSPARK

TheCityUK

TLT LLP

True Digital

Tumelo

University of the West of England (UWE)

West of England Combined Authority (WECA)

Whitecap Consulting

Xavier Analytics

YellowDog

Zodus

Whitecap and FinTech West

Whitecap Consulting

Established in 2012, Whitecap Consulting is a regional strategy consultancy headquartered in Leeds, with offices in Manchester, Milton Keynes, Bristol, Newcastle and Birmingham.

Whitecap typically works with boards, executives and investors of predominantly mid-sized organisations with a turnover of c£10m-£300m, helping clients analyse, develop and implement growth strategies.

The firm works with clients across a range of sectors including Financial Services, Technology, Outsourcing, Consumer and Retail, Property, Healthcare, Higher Education, Manufacturing and Professional Services, including Corporate Finance and PE.

Over recent years, Whitecap has become increasingly recognised as a specialist in the FinTech market with a range of public and private sector assignments including organising FinTech trade missions for The Department for International Trade into the Northern Powerhouse, working closely with the inward development agencies.



www.whitecapconsulting.co.uk

FinTech West

Since late in 2018, Whitecap has been part of FinTech West, which is an event-based entity to help promote the growing FinTech activity across the North of England.

FinTech West aspires to provide a focal point for communication, engagement and collaboration between numerous regional, national and international stakeholders.

Operating on a not for profit basis, FinTech West has hosted four events to date, all held in Bristol. These events attract speakers and attendees across a range of disciplines and interests including policy making, funding, innovation hubs, startups and scaleups through to corporate organisations.

FinTech West evolved from what was originally known as Bristol FinTech, was founded in 2016 by a group of businesses operating in the city including Barclays, PwC, Deepridge Capital, Hargreaves Lansdown and Clarke Wilmott.

In 2019, FinTech West joined the FinTech National Network, which was founded in the same year by Innovate Finance, FinTech North and FinTech Scotland. The Network also includes FinTech Wales and FinTech Northern Ireland.



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The information contained in this report is of a general nature in relation to the FinTech sector in the Bristol & Bath Region and is not intended to address the circumstances of any particular individual or entity. Appropriate professional advice should be sought before taking action relating to the contents of the report. Whitecap Consulting has endeavoured to provide accurate and timely information but cannot guarantee the accuracy of such information at the date of publishing or in future.