

Speech: 'FinTech will transform the way we live and do business', says the Chancellor

This fantastic building has a proud history as an international marketplace.

One-hundred-and-forty years ago, it opened as the new home of Billingsgate fish market ...the largest fish market of its kind in the world.

But Billingsgate's heritage as a place of commerce and free trade goes back even further...

...ever since a 1699 Act of Parliament made it "a free and open market for all sorts of fish whatsoever"...

...with a single exception: the sale of eels...

...which was restricted to Dutch fishermen, in recognition of their help in feeding the people of London during the Great Fire.

An early trade agreement that I am sure Prime Minister Rutte will remember during the upcoming negotiations... Global ambition

Of course when this building opened the world was, once again, embarking on an industrial revolution...

...and, like the first, this second industrial revolution was led by British ingenuity and British design.

And whereas the First was characterised by the mechanisation of textile production in the North of England...

...and the advent of the steam engine, first built in the West Midlands...

...the Second saw steel production in Yorkshire take the place of iron...

...the first modern power station constructed in Deptford...

...the first commercial oil refinery in West Lothian...

...and the first commercial telegraph system, just down the road in Euston.

For the first time, merchants in London could send an order to suppliers in India, China or the United States along our international network of telegraph lines...

...to be shipped in steel-built steamships...

...refrigerated where necessary...

...and then distributed by rail to all corners of our country.

These breakthroughs drove the first major wave of globalisation...

...sustaining our economies until the breakthroughs in computing technology and the creation of the World Wide Web...

...led to what is now referred to as the Third Industrial Revolution.

Today we are on the brink of yet another industrial revolution.

One that has the potential, once again, fundamentally to transform the structure of the global economy, and the way we live our lives.

And once again it is British invention and entrepreneurial spirit that is at the forefront of the technologies...

...such as artificial intelligence, robotics, big data analytics, biotech and FinTech...

...that collectively are the drivers of what has become known as the Fourth Industrial Revolution. FinTech

And here in London, it is the combination of financial innovation with available venture capital...

...and the world's largest international financial services marketplace...

...that has put this city at the forefront of the FinTech revolution, changing the way in which financial services are accessed and delivered.

Just as with the telegraph and telephone in the 1870s...

...the first ATMs in the 1960s...

...and the arrival of online banking in the 1980s...

...FinTech will transform the way we live and do business.

Whether it is cashless transactions between friends...

...sending remittances to family in other countries...

...or apps that automatically invest savings at the best rates...

...FinTech provides consumers with better services, more choice, and lower costs.

And as I found on my recent trip to India...

...it has the potential to transform financial inclusion across the developing world too...

...with more than a billion people now biometrically enrolled in that country

and 220 million new bank accounts opened in the last 18 months alone.

For businesses, it can mean access to new and cheaper credit...

...as digitally enabled disintermediation links savers and businesses directly...

...through peer-to-peer lending, crowdfunding and smart lenders with innovative distribution techniques using technology to power credit approvals for on-line SME lending.

And apps that automate firms' compliance processes – so-called "RegTech"...

...have the potential dramatically to cut costs too.

This market is growing at a tremendous pace...

...and with hundreds of millions of people worldwide entering the digital financial system every year that growth shows no sign of abating.

Over the last few months, I have visited Barclay's FinTech accelerators in Cape Town and in Mumbai, and seen the impressive successes they are achieving.

So, I am delighted to announce today that next month Barclays will open its new flagship, 'London Rise'... ..the largest FinTech accelerator of its kind in Europe, offering over 500 workspaces for start-up innovators.

And, also today, HSBC and Tradeshift have confirmed that their new 'procure-to-pay' product will go live in July...

...allowing businesses to manage their entire supply chain and working capital requirements in one place, from any device...

...a great example of a partnership between a banking giant and a FinTech entrepreneur to develop practical solutions to support everyday businesses.

Today is about the UK as the global FinTech hub.

About bringing 450 investors, drawn from every continent...

...together with 100 of Britain's top FinTech firms...

...from Silicon Roundabout in London, to TechNorth in Manchester and Leeds...

...to demonstrate how our entrepreneurs are applying their ingenuity to deliver the next steps in the FinTech revolution.

We have the time zone, the language, the legal system, and the talent...

...in the world's number one financial centre...

...and the fastest growing tech centre in Europe.

And this government is committed – through the Patient Capital Review, and

the work of Sir Damon Buffini...

...to ensuring that we have the deep pools of long-term capital, too.

Taken together we have a FinTech sector that generated almost £7 billion revenue last year...

...and now employs over 60,000 people.

And you don't just have to take my word for it...

...EY and Deloitte have independently ranked the UK as the best place in the world to succeed as a FinTech firm. government support

This is not by accident...

...of course we have the talent, the entrepreneurs, and the markets...

...but we also have the regulatory and tax environment to support it too.

Because we have given our regulators a clear mandate to do so.

The FCA has led the way internationally with their 'regulatory sandbox'...

...allowing firms to test their products with consumers in a safe environment.

The Bank of England's FinTech Accelerator gives companies the chance to work on innovative central banking solutions...

...while the Bank is broadening access to its settlement accounts and payment systems;

The FCA are hosting a regulator's summit today, to discuss what more regulators can do to support the market's growth.

The government has also played its part.

In the last year we have introduced a new investors' relief, to support investment into firms looking to scale up...

... provided £400 million of new capital to the British Business Bank to leverage £1bn of investment in UK technology businesses...

...and through our proposal for the Royal Bank of Scotland, we will see funding for a series of initiatives, worth around £750 million, to boost competition in the UK business banking market, and to stimulate further investment in FinTech of the future.

But we can do more.

This government is consulting on a modern Industrial Strategy...

...and high-growth, knowledge intensive business will be at its heart.

Our tech sector already contributes a bigger proportion of our GDP than any other country in the G20.

But we cannot rest on our laurels...

...we must constantly move onward to remain the best place in the world to start and grow a tech business.

Our Plan for Britain points the way:

We must invest to overcome the poor productivity performance that has plagued our economy for well over a decade...

...and that is why at Autumn Statement I announced a £23 billion National Productivity and Investment Fund.

We need a skills system that offers clear routes into work...

...and that is why at Spring Budget I announced funding for new 'T-Levels' for 16-19 year olds.

And we must embrace the technological change that has the potential to transform our economy for the better...

...and that is why I also announced an Industrial Strategy Challenge Fund to keep the UK at the forefront of disruptive technology.

We can't remain the number one place for FinTech and the other technologies of the Fourth Industrial Revolution...

...by simply relying on our ingenuity, talent and openness...

...we have to go out and get the business.

Findings from our sponsors, EY, show that British FinTech firms most want to expand into Asia.

I could sense that excitement in the delegation of FinTech firms that I took to Mumbai last week to the first UK-India FinTech Conference...

...where we agreed with the Indian Government to work on a UK-India FinTech Bridge...

...in addition to similar arrangements, we've reached with China, Korea and Singapore...

...building vital links between markets and consumers in Britain and Asia.

Conclusion If the UK is going to make the most of the freedoms it will have after leaving the European Union...

...we have to build trade links with the fast-growing economies of Asia...

...we have to invest in the skills of the future...

...and our economy must remain at the cutting edge:

Not just of Fintech. But of AI, biotech – of every area in which we have the potential to lead the world into this new industrial revolution.

The world does not owe us a living.

We will have to strive and graft and fight to seize opportunities; and make the most of them.

That means growing and strengthening the areas – like Fintech – in which we enjoy a comparative advantage...

...it means maintaining and enhancing the UK's reputation as one of the best and most attractive places in the world to do business...

...and it means ensuring we are producing the people with the skills and the aptitude to become the next wave of innovators, entrepreneurs and investors.

Because while we need to continue to attract the brightest and the best from around the world to these shores...

...we must also do better at nurturing and developing the home-grown talent to drive our economy forward in the future.

Our vision of an outward-looking, Global Britain that will deliver the high-skilled, high-wage economy of the future...

...that will power the higher living standards we all want to see for future generations.

So I urge everyone here today – innovators, investors, regulators – to help us realise that vision.

Help us keep the UK at the forefront of the FinTech revolution.

Help us build a truly world-beating new tech sector.

Let your ideas, your apps, your services, your equity demonstrate what's really possible when government, business and regulators all pull in the same direction.

Working together, to build the world's greatest FinTech hub.