

# Speech: International FinTech Conference: Philip Hammond Speech

Thank you, Charlotte, for that introduction.

It's great to be here, and let me congratulate you and Innovate Finance on this fantastic Global Summit.

I want to apologise for my "no show" yesterday. It's perhaps fitting, as I was required in Brexit talks with the opposition, that I had to negotiate a short extension with Charlotte and her team.

Unfortunately that's something we in government have had plenty of experience with recently.

And I'm grateful that Innovate Finance, at least, had kept a backstop speaking slot today.

It might seem a little strange to be talking about the FinTech revolution in such an ancient building.

But I think it's an appropriate reminder that this city, and this industry, have never stood still.

The competitive engine of the City of London – governed for centuries from this very hall – has always driven innovation and change.

From the first ever banknote, issued by the Bank of England in 1695...

...to the world's first ATMs in 1967... ...and the arrival of online banking in the 1980s...

...Britain has long been at the forefront of the linked worlds of technology and finance.

I want to say a few words this afternoon about why that remains the case today...

...and how we are committed to ensuring it remains so in future;

About why the UK is the perfect location for FinTech to thrive, even as we leave the European Union;

About the unique environment that we offer to both start-up and scale-up entrepreneurs and investors;

And about how we can go even further in reinforcing the UK's position as the global home of the FinTech revolution.

Let me start by reflecting on how far we've come since I first spoke to you about FinTech three years ago.

The UK is now a FinTech powerhouse.

Last year, fundraising for UK FinTech reached a record £15 billion – representing one in every six pounds invested in FinTech around the world.

The UK remains the top destination in Europe for venture capital investment, with almost double the funding of Germany, the next-largest destination.

Only the US and China have invested more – and they both have a few more people than we do!

The sector in the UK now employs over 76,000 people in the UK;

Is worth nearly £7bn to the UK economy;

And provides financial services to nearly 50% of the population, compared to a global average of just 33%.

Now that's not an accident – it's because of the ingenuity, hard work and imagination of the brilliant entrepreneurs, engineers and investors who have driven the industry.

But while there is much to be proud of...

...there is no room for complacency.

International competition is growing.

In Shanghai and San Francisco, gifted engineers and entrepreneurs are determined to preserve their city's rankings... ..in Mumbai, Tel Aviv, Berlin and Paris, talented innovators are building significant challengers.

So the question for us is: how to maintain our advantage in FinTech, in an increasingly competitive and globalised world?

Of course, I recognise that the immediate key to doing so is to ensure that we ratify the Brexit deal with the European Union – and do it soon!

I know that, nearly three years on from the referendum, the ongoing uncertainty is bad for business...

...and that every one of you in this room would have wanted us to have resolved this issue many months ago.

But democracy is a messy business – as Churchill noted, the worst form of government, except for every other form that has even been tried.

And no one yet seems to have invented the perfect Brexit algorithm yet!

But we are making progress.

The Withdrawal Agreement with the EU is finalised. Some changes may be negotiable to the Political Declaration about the future relationship...

...but essentially it is time for Parliament to make up its mind.

We are reaching out across the House to try and build the majority we need.

Which is the right way – indeed the only way – to proceed in a Parliamentary democracy.

I'm confident of the good faith of both sides in those discussions...

...and that we will, one way or another, reach a resolution, that will enable the deal to get through Parliament...

...so we can stop talking about Brexit...

...and get on with the business of business.

And when we do, all the pieces are in place for the FinTech sector to thrive in the UK.

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

Our world-class universities have pioneered many of history's breakthrough inventions and discoveries...

...and with just 4% of the world's researchers, we manage 15% of the world's most-cited articles...

...and more Nobel Prizes than any country apart from the US.

And they are still doing so – driving today's digital revolution.

That "critical mass" of financial services and technology is a crucial advantage. As Charlotte said yesterday, it increasingly doesn't make sense to talk about FinTech and financial services as separate ideas;

In just a few short years' time, the innovative approaches of today's FinTech disruptors will simply be the way the financial services industry operates:

Either traditional financial services businesses will have adopted them wholesale...

...or they will have been displaced by the FinTech disruptors.

And here again the UK's combined ecosystem gives us a distinct advantage:

Our economic geography means that our tech and financial centres are both clustered around the same places, creating a "critical mass" of financial services and technology businesses in the same place.

No wonder that London is predicted to overtake San Francisco as the city housing the most FinTech unicorns as early as this year.

So my message to you today is simple: Britain already has some deep and enduring advantages in the global FinTech competition.

And we are committed to building on those strengths as we develop our future offer to attract FinTech entrepreneurs from around the world...

...to launch their ideas, grow their businesses, and make their futures here in the UK. I just want to set out some of the ways we're doing that.

First, I know that one of the biggest issues for many of you in this room is access to skills and talent – and many, understandably, question what will happen as we leave the European Union.

So let me reassure you:

Even as free movement ends, Britain will remain open to talent from around the world.

From this Autumn we will completely exempt PhD-level roles from visa caps, alongside the new Startup and Innovator Visas we launched earlier this year. The Government has set out a framework for a future immigration system in the Immigration White Paper...

...focussed on attracting those with the skills we need in the UK economy – no matter where they come from.

So we will still draw talent from across the EU – but from beyond it as well. Making London and the UK a global magnet for tech skills.

Crucially, and very unusually, we have committed to consulting with business over an unheard-of 12-month period.

We've done that because we want to ensure that the regime we put in place works for business...

...supporting the recruitment of skilled and talented people, and ensure that it happens without excessive bureaucracy.

And I urge you to use that consultation period to let us know clearly, exactly what business needs.

Migrants have played a crucial role in the development of this industry. But we also have a fantastic pipeline of home-grown talent. And we are investing in strengthening it for the future.

I'd like to commend the brilliant work of Innovate Finance in supporting our domestic talent pool... including the recently launched "FinTech for Schools" programme, and the fantastic new FinTech Jobs Board.

Global leadership on FinTech

The second pillar of our approach is to make London a truly global hub for FinTech.

We've already established FinTech Bridges with Hong Kong, Australia, Singapore, South Korea and China... committing governments and regulators to

collaborate in supporting growth and investment in FinTech across markets.

And we're already seeing the benefits as FinTech firms use the UK as a base to access markets around the world.

In February, we held the first UK-India FinTech dialogue, and the Prime Minister has announced the first ever UK-Africa FinTech partnership.

That partnership includes a dedicated challenge fund to support Nigerian innovators to turn their ideas into reality – and I'm delighted to welcome the six winners here to this conference.

A regulatory environment fit for the FinTech companies of the future

Thirdly, we are committed to building the most pro-growth and pro-innovation regulatory environment in the financial services world.

After all, there's no point innovators pushing the cutting edge if regulators can't keep up – there's no point us having the digital equivalent of requiring a man with a red flag to walk in front of a new-fangled horseless carriage.

Our Regulatory Sandbox led the way – and has been copied in dozens of other jurisdictions; Our Open Banking initiative is already dramatically changing the way consumers and small businesses engage with banking...

...we've set up a Regulators' Pioneer Fund to innovate in other areas of regulation... ...and the FinTech strategy that I launched last year set out actions to make the UK the best place to start and grow a FinTech business, including ensuring access to long-term capital for scale-ups.

I'm pleased to say that one year on, all the actions in that strategy have now been implemented.

And it is already leading to results – take the example of OakNorth, who raised \$440m of new capital at the beginning of this year...

...or UK challenger bank Starling, who raised £75m to invest in new products and will launch in Europe later this year.

But as well as a regulatory environment that's open to innovation...

...we boast one of the most cyber-secure jurisdictions in the world.

We are determined to make a competitive advantage out of being one of the safest places to do digital business on the planet.

So we are leveraging the unique capabilities of the state and our world-class signals intelligence communities...

...through resources like the National Cyber Security Centre...

...harnessing the techniques of GCHQ...

...to keep businesses safe in Britain's cyber space.

But all these individual steps need joining up...

...and we need to make sure that new businesses know where to go to tap into the enormous potential of the UK's ecosystem.

So I'm delighted to welcome the launch today of the new FinTech Alliance – bringing together the UK's fintech network in one easily accessible “digital marketplace”, which will provide access to people, firms and information, including connections to investors, policy and regulatory updates, and the ability to attract and hire candidates.

When I first spoke at a FinTech Conference three years ago, I set out our ambition for the UK to become the best place in the world for FinTech. Last year, we launched a comprehensive strategy to put rocket-boosters behind that ambition – and we are delivering.

Today, I look around this ancient hall and see not the past, but the future: an industry that is buzzing with ideas, energy and optimism.

All of us – government, investors and entrepreneurs – should feel proud of what we have achieved.

But we cannot rest on our laurels.

The task ahead of us now is to show, through the success of the FinTech sector, that we truly are a Global Britain.

That the unique advantages we have here in the UK position us perfectly to drive the next stage of the FinTech revolution.

And that we are committed to supplementing our own strengths with the energy and vibrancy of our partners around the world.

And as we do so, there are no limits...

To the new products we can design...

The businesses we can build...

The jobs we create.

Quite literally, the sky is the limit.

And I look forward to working with all of you to ensure we reach it.

Thank you.