

Speech: Rt Hon Mark Field MP speech at Global FinTech Investor Forum

Thank you Nikhil and thanks to your team here at the London Stock Exchange for the opportunity to address so many Fintech pioneers.

FinTech sits at a crossroads of my professional responsibilities and my personal interests:

As Foreign and Commonwealth Office Minister, I have responsibility not only for nurturing our relationships with the countries of the Asia-Pacific region, but also for international economic diplomacy, including the financial services sector. As MP for the constituency of the Cities of London and Westminster for the last 17 years, I know better than most just how important the City is for this country's economy, and just how important innovation is to maintaining the UK's global prominence in financial services.

And as a politician and father, I am very conscious that the success and prosperity of our children's generation will in large part be determined by how we seize the opportunities that new technologies offer, and how we adapt to the disruption they cause.

The current generation of Fintech entrepreneurs in the UK has risen to the challenge; continuing a long-standing tradition of financial innovation in this country. They have come a long way in a very short time. The dynamism and growth of the sector is envied by much of the world.

I would like to think that this Government, through being responsive to the needs of the sector, and by creating the conditions in which the sector can thrive, has also played its part in this success story.

So today I want unashamedly to make the case for London and the UK as a pre-eminent global hub for financial services in this fast evolving digital age; and I want to demonstrate how this Government is backing UK Fintech all the way.

Emergence of Fintech

New technologies are transforming lives in ways that could not have been imagined even a decade ago. They are connecting people who used to be isolated; they are democratising information, education and opportunity; and they are creating jobs and industries that didn't previously exist.

Innovation has been a big part of the success of the UK's financial services industry, ever since it was unleashed by the reforms of Margaret Thatcher's government in the 1980s. Its pioneering of Islamic and Green Finance is a case in point. In 2013, London was the first capital of a non-Muslim majority country to host the World Islamic Economic Forum. Soon after that we became

the first Western nation to issue a sovereign sukuk – or Sharia-compliant bond.

Today, this place, the London Stock Exchange, is seen as the global hub for these bonds, with 65 issues to date – worth over \$48 billion dollars. In 2017, the Financial Conduct Authority authorised the first Sharia-compliant FinTech company – Yielders – and more are expected to follow. The City of London is also a natural hub for Green Finance, offering access to unrivalled liquidity and professional services with expertise in the sector.

The falling cost of renewable energy, in part driven by the competitive investment environment, and demand for ethical investments in centres like London, is driving the global shift to a low carbon economy at a faster pace than many had imagined.

That same foresight which made London an early adopter of sukuk and green finance also meant it was quick to identify how new technologies could be used to deliver new financial services, and refine old ones. We have rapidly emerged and grown into a Fintech superpower.

I could not put it better than Deloitte, who last year ranked London as the world's best FinTech hub, and said – I quote:

London has the world's largest financial services sector, supported by a booming tech sector. The ecosystem has the "Fin" of New York, the "Tech" of the US West Coast and the policymakers of Washington, all within a 15 minute journey on public transport. These factors make London one of the greatest connected global cities in the world, with the key ingredients for digital success: capital, talent, regulatory and government support and demographic diversity.

You will have heard my ministerial colleague Robert Jenrick talk about some of these ingredients for success this morning. I am going to focus on two more: first, the regulatory environment, and secondly, what this Government is doing to support UK Fintech thrive beyond these shores.

Regulatory environment

The success of the UK's FinTech industry has been enabled and supported by a policy and regulatory environment which has innovated in almost equal measure to the industry itself.

In the Financial Conduct Authority, we have the first regulator in the world to introduce a regulatory "sandbox" in which businesses can test products and ideas in a live environment. Such was its success that it has been widely replicated elsewhere.

Alongside this inspired regulation, HM Treasury have been on the front foot in promoting an environment here in the UK in which innovative businesses can apply technology to deliver efficiencies and benefits to both business and consumers. The roll-out of the world-leading Open Banking-standard enables

the sharing of data making it easier for consumers to use third parties to access their accounts to improve financial information and payment services, allowing greater competition and security.

HMG promotion of UK Fintech

To maintain the UK's position as a world-leader in FinTech, the Government has entered into bespoke agreements with some of the key Fintech early adopters and markets. These agreements will reduce barriers to trade and link companies in both nations with opportunities for international trade and investment. We call these agreements 'FinTech Bridges'.

We began by building bridges eastward, to some of the most dynamic economies on my patch as Minister for Asia and the Pacific. We already have FinTech Bridge agreements in place with Singapore, Hong Kong, China and Republic of Korea. These are soon to be joined by a fifth – with Australia.

Each Bridge is governed by an agreement signed by the Financial Conduct Authority and establishes links between government, regulators and the private sector, with the aim of attracting international capital investment into the UK's FinTech sector and foreign direct investment as international firms choose the UK.

The UK's comparative advantage for investing in FinTech is not just about regulation. As I am sure you know, this country boasts one of the most competitive business environments in the world, and consistently ranks in the top 10 for ease of doing business.

We are a low taxation economy with corporation tax that is the lowest in the G20 at 20% and will be reduced to 17% by 2020. The UK also offers tax incentives for R&D, low social taxation, a competitive location for holding companies and the most flexible labour regulations in Europe.

Conclusion

To conclude ladies and gentlemen, it is not surprising that the FinTech sector is thriving here in the City of London. It has all the right ingredients:

Not only is it a financial capital of the world, the largest exporter of financial services, and an unparalleled centre of excellence, offering stability, predictability, ingenuity and integrity. It also boasts talented software developers, supportive regulators and a reliable supply of investment finance.

That is why we in Government never miss an opportunity to promote the qualities of the City, and the UK's financial services sector more broadly – including its particular FinTech strengths – both at home and overseas.

And that is why I would strongly encourage potential investors here today to come on board. I am confident that the growth we have seen in the sector so far is just the start. London is leading the way: come and join us.