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.

News story: European Commission consultation on short-term export credit rules

The European Commission is inviting relevant stakeholders to participate in a consultation on the short-term export-credit insurance Communication that is expiring at the end of 2020.

The consultation is a backward-looking evaluation, to identify whether those rules should be prolonged in their current form or possibly updated.

The deadline to submit contributions is 24 May 2019.

Respond to the survey.

Read the Commission communication to member states.

Press release: Court winds up Store First and related companies

The trial to wind-up Store First Limited, Store First Blackburn Ltd, Store First St Helens Ltd, Store First Midlands Ltd and SFM Services Ltd started on 15 April 2019 at the Manchester District Registry of the High Court and was presided over by HHJ Hodge QC.

On 30 April 2019 the court made an order shutting down Store First and three of the related companies by consent between those four companies and the Secretary of State. The Official Receiver has been appointed as liquidator.

The petition to wind up Store First Midlands Ltd was dismissed, also by consent between the parties.

The court heard that Store First commenced trading in May 2011, acquiring and developing purpose-built self-storage buildings on 15 sites around the UK. 12 of the sites were owned by Store First Limited, while the remaining sites were laterally owned by Store First Blackburn and Store First St Helens.

Storage units on the 15 sites were divided up into different sized ‘store pods’ before being offered as investment products. Target investors included members of the public, pension providers on behalf of their clients as part of a self-invested personal pension (SIPPs) and small self-administered schemes (SSASs), as well as three occupational pension schemes.

Between March 2011 and August 2016 the company sold approximately 22,600 store pods, securing just over £209 million worth of investments. Nearly a quarter of the investors are based outside the UK.

Investors were then given the option to grant an immediate sublease back to either Store First or SFM Services. In-return, the investor obtained the benefit of the sub-lease and secured income from customers who rented the store pod.

The fourth company wound up, SFM Services, began trading in late 2011 and was responsible for managing the 15 sites. The company also acted as a letting agent on behalf of investors, charging them a management fee, while collecting ground rents and other charges due from investors, as well as selling packaging materials to users of the store pods.

However, complaints were received by the Insolvency Service, which triggered a confidential investigation into the activities of the companies using statutory Companies Act powers.

Investigators established that investors were provided with misleading information – supported by customer testimonials – about the value of the store pods, levels of returns and the ability to exit from their investments. Customers were also mis-sold unauthorised insurance that covered the contents of the pods.

Scott Crighton, Chief Investigator for the Insolvency Service, said:

“These four companies unscrupulously secured millions of pounds worth of investments using a variety of methods that misled investors, particularly those with pension savings.

“The court rightly recognised the sheer scale of the problem caused by Store First’s sales of a flawed business model, based on misrepresentation and misleading information and has shut down these companies in recognition of the damage done to investors retirement plans.”

All public enquiries concerning the affairs of the company should be made to: The Official Receiver, Public Interest Unit, 2nd Floor, 3 Piccadilly Place, London Road, Manchester, M1 3BN. Email: PIU.North_StoreFirst@insolvency.gov.uk.

The 15 storage centres were located in Blackburn, Burnley, Rochdale, Barnsley, Liverpool, Cheshire Oaks, Wakefield, Glasgow, Preston, Derby, Leeds, St Helens, Manchester, Northampton and Nottingham.

The companies wound-up by the court were:

- Store First Limited, company registration number 07463355
- Store First Blackburn Limited, company registration number 07951785
- Store First St Helens Limited, company registration number 09664578
- SFM Services Limited, company registration number 07160642

The petitions were presented on 11 May 2017 under s124A of the Insolvency Act

1986. The Official Receiver was appointed as liquidator of the companies on 30 April 2019 by HHJ Hodge QC, a Judge of the High Court.

Company Investigations, part of the Insolvency Service, uses powers under the Companies Act 1985 to conduct confidential fact-finding investigations into the activities of live limited companies in the UK on behalf of the Secretary of State for Business, Energy & Industrial Strategy (BEIS). Further information about live company investigations is available.

Further information about the work of the Insolvency Service, and how to complain about financial misconduct, is also available.

You can also follow the Insolvency Service on:

Press release: Class privilege remains entrenched as social mobility stagnates

Inequality is now entrenched in Britain from birth to work, and the government needs to take urgent action to help close the privilege gap, the Social Mobility Commission says today (Tuesday 30 April).

The commission's sixth comprehensive State of the Nation report looking at early childhood, schools, universities, further education and work reveals that social mobility has been stagnant for the last 4 years.

Extensive analysis of new Office for National Statistics (ONS) data shows the wide gap in school attainment and income between the rich and the poor has barely shifted. Being born privileged still means you usually remain privileged.

The better off are nearly 80% more likely to end up in professional jobs than those from a working-class background.

Even when people from disadvantaged backgrounds land a professional job, they earn 17% less than their privileged colleagues.

Dame Martina Milburn, chair of the commission, says:

> Our research suggests that being able to move regions is a key factor in being able to access professional jobs. Clearly moving out is too often necessary to move up. At a time when our country needs to be highly productive and able to carve out a new role in a shifting political and economic landscape, we must find a way to maximise the talent of all our citizens, especially those that

> start the furthest behind.

To help address this inequality, the commission calls on the government to:

- extend eligibility and uptake of the 30 hour childcare offer to those only working 8 hours a week, as a first step to make it available to more low-income families
- raise per pupil funding by a significant amount for those aged 16 to 19, and introduce a new pupil premium for disadvantaged students in that age group
- become an accredited voluntary living wage employer so that government departments pay the voluntary living wage to civil servants and all contracted workers including cleaning and catering staff

Dame Martina says:

> It is vital that young people have more choice to shape their own lives. This means not only ensuring that they get better qualifications, but making sure they have an informed choice to take up an apprenticeship rather than taking a degree, to find a job which is fulfilling and the choice to stay where they grew up rather than moving away.

Early years (chapter 2)

The research shows that the most disadvantaged families are least likely to be aware of or benefit from the offer of 30 hours free childcare.

At present the offer is only given for 3 and 4 year olds when one parent works for 16 hours or more a week, but the middle classes benefit most.

The commission calls on the government to extend the offer to all those parents working 8 hours per week as a first step to giving it to more low income families.

The research also reveals that much of the childcare workforce is poorly paid and underskilled. A shocking 45% of child care workers are on benefits or tax credits.

Farrah Storr, commissioner and editor-in-chief of Elle magazine, says:

> Extending the current 30 hours of free childcare to those who earn the equivalent of 8 hours rather than 16 hours per week will help those who need it most.

Schools, further education and universities (chapters 3, 4 and 5)

Disadvantaged pupils start school years behind their peers in terms of attainment, but they can catch up with good schooling.

However, the latest figures show a 14 percentage point gap at aged 11, rising to a 22.5 percentage point gap at 19.

Twice the number of disadvantaged 16 to 18 year olds are in further education than in school sixth forms, but funding has fallen by 12% since 2011 to 2012.

The commission calls for a significant increase in funding for all 16 to 19 year olds, and a special student premium for the disadvantaged.

Increasing numbers of students from disadvantaged families are entering university, but they are more likely to drop out before they graduate.

Five years after graduating, students who were eligible for free school meals were paid 11.5% less than their peers.

Alastair da Costa, commissioner and chair of Capital City Group, says:

> Further education provides alternative life chances for all 16 plus age groups. Consistent budget cuts have made it more difficult to provide opportunities for everyone. But as 75% of disadvantaged 16 to 19 year olds choose vocational education, the cuts represent a class-based segregation of the school system.

Skills and living wage (chapter 6)

49% of the poorest adults have received no training since leaving school, compared to 20% of the richest.

Automation is also predicted to disproportionately impact low-skilled workers, whose jobs are most at risk of being automated.

People from working class backgrounds are more likely to be paid below the voluntary living wage than those from more advantaged backgrounds (27% versus 17%).

We recommend that government departments should become accredited voluntary living wage employers to include contracted staff.

Katherine Chapman, director of the Living Wage Foundation, says:

> We know there is cross-party and widespread public support for the real (voluntary) living wage, but there are still cleaners, caterers and security staff, working in vital public sector jobs, who are struggling to get by. It’s time for our major public institutions to lead by example.

Other key findings

- social mobility has remained virtually stagnant since 2014. Four years ago, 59% of those from professional backgrounds were in professional jobs, rising to 60% last year
- in 2014 only 32% of those from working class backgrounds got professional jobs, rising marginally to 34% last year
- those from working class backgrounds earn 24% less a year than those from professional backgrounds, even if they get a professional job they earn 17% less than more privileged peers
- by age 6 there is a 14% gap in phonics attainment between children entitled to free school meals and those more advantaged
- by age 7 the gap has widened to 18% in reading, 20% in writing and 18% in mathematics
- only 16% of pupils on free school meals attain at least 2 A levels by age 19, compared to 39% of all other pupils
- twice the number of disadvantaged 16 to 18 year olds are at further education colleges compared to sixth-forms, and this segregation within the education system has risen by 1.2% since 2013
- student funding for 16 to 19 year olds has fallen 12% since 2011 to 2012, and is now 8% lower than for secondary schools (11 to 15 year olds), leading to cuts to the curriculum and student support services that harm disadvantaged students
- graduates who were on free school meals earn 11.5% less than others 5 years after graduating

Key recommendations

- the government should extend the eligibility of the 30 hour childcare offer by lowering the lower income limit of eligibility to those earning the equivalent of 8 hours per week, as a first step towards making it available to more parents
- the government should consider whether pupil premium funding is effectively targeted at supporting disadvantaged students, and whether differential levels of funding might benefit those with long-term disadvantage
- the government should increase per student spending in the 16 to 19 education budget by a significant amount within the upcoming spending review
- the government should introduce a student premium for disadvantaged students aged 16 to 19 that models the pupil premium in schools, with a goal of targeting funding and focus on raising attainment for disadvantaged students
- the Universities and Colleges Admissions Service (UCAS), working closely with the Office for Students (OfS), universities and others, should develop a system which displays all financial support (bursaries, scholarships and ad-hoc funds) available to undergraduates alongside their eligibility criteria
- universities should only make pre-qualification unconditional offers where it is clearly in the interests of the individual students to do so. In terms of widening access, universities should make more use of

contextualised offers
- government departments should lead the way by becoming accredited voluntary living wage employers.

Notes to editors

The Social Mobility Commission is an advisory, non-departmental public body established under the Life Chances Act 2010, as modified by the Welfare Reform and Work Act 2016.

It has a duty to assess progress in improving social mobility in the UK and to promote social mobility in England.

The Commission board includes:

- Dame Martina Milburn, Chair
- Alastair da Costa, Chair of Capital City College Group
- Farrah Storr, Editor-in-chief, Elle
- Harvey Matthewson, Aviation Activity Officer, Aerobility
- Jessica Oghenegweke, Project co-ordinator at the Diana Award
- Jody Walker, Senior Vice President at TJX Europe (TK Maxx and Home Sense in the UK)
- Liz Williams, Group Director of Digital Society at BT
- Pippa Dunn, Founder of Broody, helping entrepreneurs and start ups
- Saeed Atcha, Founder and Chief Executive Officer of Xplode magazine
- Sam Friedman, Associate Professor in Sociology at London School of Economics
- Sammy Wright, Vice Principal of Southmoor Academy, Sunderland
- Sandra Wallace, Joint Managing Director Europe at DLA Piper
- Steven Cooper, Chief Executive Officer C.Hoare & Co

The functions of the commission include:

- monitoring progress on improving social mobility
- providing published advice to ministers on matters relating to social mobility
- undertaking social mobility advocacy

News story: Infected blood scandal: increased financial support for victims confirmed

The Prime Minister has announced that the government will increase the financial support for those infected and affected by the infected blood scandal ahead of the start of the public hearings today.

Regular annual payments for some of those infected will increase from a total of £46 million to £75 million.

Recipients, including bereaved spouses and partners, could also be eligible for further financial support through means-tested discretionary top-up payments.

Infected blood support schemes were established in 2017, following the publication of the Penrose Inquiry in 2015. Country-specific schemes were set up in Scotland, Wales, England and Northern Ireland. Today’s funding is also a recognition of the disparities that have existed across the schemes.

The England Infected Blood Support Scheme supports people historically infected with hepatitis C or HIV from NHS blood or blood products. It also provides help to families, spouses and civil or long-term partners after the death of someone infected.

Since it began, the scheme has provided enhanced support to those infected and affected by infected blood, with an annual budget of £46.3 million.

In January, Health Minister Jackie Doyle Price and Chancellor of the Duchy of Lancaster, David Lidington, met with the Infected Blood Inquiry team and 12 infected and affected representatives to discuss the need for improved financial support and the desire for equal support across the 4 UK nations.

The Prime Minister said:

> The contaminated blood scandal was a tragedy that should never have happened and has caused unimaginable pain and hurt for victims and their families for decades.
>
> The start of the inquiry today is a significant moment for those who have suffered so much for so long, as well as for those who campaigned and fought so hard to make it happen.
>
> I know this will be a difficult time for victims and their families – but today will begin a journey which will be dedicated to getting to the truth of what happened and in delivering justice to everyone involved.
>
> I am pleased that today we are also confirming increased financial support for beneficiaries of the infected blood support scheme in England, from £46 million to £75 million, and making changes so more bereaved beneficiaries will be eligible for additional support.
>
> We have made these changes in response to those who asked us to look again at the support we give to those affected, and as Prime Minister I am determined that the government will continue to listen and to co-operate fully with the Inquiry.

Health Minister Jackie Doyle-Price said:

> We’ve always been clear that all those who have been affected by this tragedy should be supported by a fair and transparent support scheme that focuses on their welfare and long-term independence.
>
> We have continued to follow the Infected Blood Inquiry closely and have considered the issues raised at the initial hearings, and now we are demonstrating that we have listened by committing up to a further £30 million to the scheme.
>
> We have also listened to the call for parity of support across the UK and we are planning to start discussions with our counterparts in the devolved administrations to see how this could be achieved.