An Overview on Fintech in UK: Learning Points for The Indian Companies

Sreeanandan, Assistant Professor, Acharya Bangalore B- School, Bangalore
Baranipriya A, Assistant Professor, Department of Commerce, Park's College, Tirupur
Dr. G. Jayanthi, Assistant Professor, Department of Economics, PSG College of Arts & Science, Coimbatore

Abstract: *Internationally Fintech's rise especially in the UK and it aims to improve public access to online financial transactions, raise financial literacy, and achieve financial inclusion. The goal of this research paper is to discover the UK's fintech strategies and how it can be applied to Indian settings. Fintech is required to strike the correct balance between consumer protection and financial stability, while also offering enough incentives for Fintech innovation. Previous studies have attracted regulators and law workers, entrepreneurs, and investors who participated in technology applied in the field of innovative financial services in India. The strategies of UK also help to Indian economy to grow further.*

Keywords: *Fintech, Strategies and Opportunities.*

1.Introduction: In the worldwide the UK has become one of the destination centres for fintech hub, with substantial financial services experience, technological skill, and progressive legislation are made them in the top of the list. With £3 billion in venture capital attracted in 2020, the UK fintech sector is the top-ranked investment destination in Europe. It ranks second in the world only behind the United States, with more deals and capital invested than Germany, Sweden, France, Switzerland, and the Netherlands combined. In order to support fintech innovation, the UK has access to world-class talent as well as a progressive regulatory framework.

2.Review of Literature: Him and Shin (2016) evaluated the Government intervention in the fintech sector and They discovered that the Chinese government employs a techno-globalist approach in the fintech industry to improve its global competitiveness, as well as a techno-nationalist strategy to create "national champions" and safeguard home enterprises from foreign worldwide players.

Begenau et al (2018) were analysed the big data and firm size and They show that data is a storable, sellable, and priced asset, hence data investment should be valued similarly to physical asset investment. Understanding how to value data as an asset might help us better comprehend new economy business values and assess overall economic activity.

Wonglimpiyarat (2018) directions on Policy and the crowd funding system in Thailand is in a the moment, this funding system is in its early stages of development, and as a result, it requires various government supports to assist SMEs. Crowd funding mechanisms must evolve in tandem with the Fintech industry, and the Thai government must collaborate to improve policy coherence in the development of a start-up eco-system for entrepreneurial development.

Nakashima (2018) studied The Internet of Things (IoT) is a crucial commercial activity in modern society for businesses of all sizes. It does not simply mean employing technology, but attaining social creation through technology.

Anshari et al (2019) analysed Agro Pay, the digital marketplace for agriculture, provides vital services for investors to make transactions effectively at any time and from any location. Crowdfunding allows investors to invest in a wide range of agricultural goods using their smartphone.

Jagtiani and Lemieux (2018) Changing the way people think about money and banks LendingClub's consumer lending activities have expanded into places where traditional banks may be underserved, such as highly concentrated markets and locations with fewer bank branches per inhabitant. In locations when the local economy is struggling, the percentage of Lending Club loans increases.

Anagnostopoulos (2018) Banks and regulators Consumer welfare, regulatory and supervisory advantages, and financial services sector reputational gains are all possible results of disruptive innovation. As the financial services business develops, it becomes increasingly more critical.

Drasch et al (2018) our taxonomy can serve as a useful classification of cooperation scenarios and their distinctive characteristics, especially for policymakers. For the purpose of determining legal actions, policymakers might study and build on the suggested cooperation patterns. Case-based research methods, for example, should match and assess legislation for each of the specified qualities e.g. banking licenses, patent law and antitrust legislation).

Acar and Citak (2019) overviewed Fintech integration phases in banks and how they reduce risk and raise fintech understanding in departments. As a result, the majority of departments are able to communicate with Fintech's and see the value of external engagement.

Degerli (2019) When it comes to Fintech regulation, regulators frequently take one of three approaches: ignore, liken, or regulate. Financial services, being one of the most heavily regulated areas of the Turkish economy, are far from being overlooked.

3. Opportunity highlights in UK Payment Technology (Paytech): The evolving payments landscape has aided in the development of a strong paytech industry in the United Kingdom. With investment potential in digital commerce, cross-border payments, mobile POS payments, and more, the UK is at the forefront of the payment technology revolution.

3.1. Wealthtech: The investing and asset management industries are being transformed by wealthtech. Robo-advisors, portfolio management tools, micro-investment and social trading platforms, as well as B2B software solutions, all have a lot of potential.

3.2 Credit and lendingtech: Lendingtech provides technologies that enable lenders to increase the speed with which they handle payments. It provides individualised experiences for loan and mortgage consumers and is anticipated to grow rapidly.

3.3 Digital banking: Deposits, transfers, account administration, and loan management are all available through digital banking, which is available via internet or mobile banking. Almost a quarter of British adults have a digital-only bank account, with 66 percent of banking clients stating that they intend to convert completely to a digital bank in the future.

3.4 Distributed Ledger Tech (DLT) and digital currencies: In 2026, the financial sector's use of block chain technology is predicted to reach a global market size of £16.7 billion. In the near future, the market is projected to be dominated by crypto currency and trading platforms, non-fungible tokens (NFTs), alternative asset trading, and support structures.

4. Commercial maturity: The UK financial technology industry accounts for 11% of the global industry and employs around 2,500 people. Six of the top ten fintech companies in the world are headquartered in London, according to Fintech 50. The fintech industry has been highlighted by the UK government as a key area for future economic growth. It has pledged to implement a number of major recommendations from The Kalifa Review of UK Fintech in order to keep the UK at the forefront of the financial technology revolution.

5. Key UK assets: The United Kingdom is a global financial centre, with over 90,000 financial and professional services firms in London alone. Manchester, Edinburgh, Newcastle, Leeds, Bristol, Belfast, and Cardiff are just a few of the rapidly increasing regional clusters. All of them have a large talent pool, well-established industry specialisations, and local governmental measures that support them.

The UK's banking and technology sectors, as well as a world-class education system, offer a vast pool of fintech talent. The industry employs around 76,500 people in the UK, with that number expected to rise to 105,500 by 2030. The Global Talent Visa for Digital Technology is expected to attract and expedite digital technology talent from all over the world.

The UK fintech industry benefits from a favourable regulatory environment. The Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA) work together to create a business environment that is both competitive and innovative. This can aid organisations in expanding and developing their fintech businesses in the United Kingdom.

Singapore, South Korea, China, Hong Kong, and Australia have all signed fintech bridge agreements with the United Kingdom. By lowering obstacles to international markets, these bespoke agreements provide great prospects for expansion and collaboration.

6. Research & Development capability: The UK technology ecosystem supports successful digital transformation of financial operations and assists organisations in remaining market competitive. Fintech, financial services, big data, computer science, cyber security, data analytics, and artificial intelligence all have centres of excellence around the UK. Almost 3 million individuals work in the UK tech sector, accounting for roughly 9% of the total employment.

Fintech accelerators and incubators like Level 39 and Fintech Innovation Lab London help start-ups develop their fintech solutions. They can offer direction, assistance, and counsel to businesses. The Barclays Accelerator, NatWest Entrepreneur Accelerator, JP Morgan, and Goldman Sachs have all joined the ranks of corporate accelerators.

7. Business and government supports in UK: With key initiatives like the FCA's Regulatory Sandbox, the Global Financial Innovation Network (GFIN), the Open Banking framework, and the AI Sector Deal, the United Kingdom has set the global benchmark for policy-led innovation.

Through its Innovation Hub scheme, the FCA has taken steps to ease the regulatory burden on fintech firms. By establishing efficient and transparent commercial partnerships between banks and fintech firms, the Fintech Pledge shows government and industry commitment to the growth of the UK's fintech sector.

8. Mini Case studies:

Oak North: Oak North is a UK fintech company that uses its next-generation credit platform to reshape lending to small and medium-sized enterprises around the world. With a £2.1 billion valuation in 2019, OakNorth was Europe's most valuable fintech. In the same year, it received a £327 million investment, the largest round of any fintech company in European history [12].

Onfido: Onfido uses AI technology to verify a user's true identity by comparing their photo ID to their facial biometrics. From almost 2,000 companies in Europe, Onfido was named first in the Fintech 50 in 2020 list.

It was recognised for its work in fraud prevention and remote identity verification at the 2021 Cyber Security Breakthrough Awards.

Starling Bank: Starling Bank is a digital challenger bank that offers personal, business, joint, euro, and US dollar current accounts, as well as a children's debit card. Starling Bank presently has over 2 million customer accounts and £5.4 billion in deposits, and is valued at £1.4 billion. For the fourth year in a row, it was crowned 'Best British Bank' in 2021.

Indian Scenario: The Fintech segment in India has seen an exponential rise in funding over the last few years, investments worth more than $8 bn have already been witnessed across various stages of investment in 2021.

While Payments and Alternative Finance segments constituted more than 90 percent of the sector's investment flows in 2015, there has been a major shift towards a more equitable distribution of investment across sectors since to include InsurTechs, WealthTechs, etc. India has over 17 Fintechs which have gained 'Unicorn Status'.

In 2020 September, India saw phenomenal growth in digital payments, with a monthly volume of over 5.7 billion transactions totally $2 trillion (Total Digital Payments). With 25.5 billion real-time online payments transactions in 2020, India will surpass the United States, the United Kingdom, and China combined.

The Fintech revolution in India is the result of years of work building the basis for key enablers through significant projects such as:

Jan Dhan Yojana: The world's largest financial inclusion initiative, "Jan Dhan Yojana," has aided in the enrolment of over 435 million beneficiaries in new bank accounts for direct benefits transfer and access to a variety of financial services applications such as remittances, credit, insurance, and pensions, allowing Fintech companies to develop technology products to reach India's large consumer base.

Financial Literacy: The RBI's Centre for Financial Literacy programme and the establishment of the National Centre for Financial Education are two recent initiatives aimed at boosting financial literacy in India. These steps are intended to encourage financial education for all sectors of the Indian people.

E-RUPI: e-RUPI is a person- and purpose-specific digital payment instrument that enables contactless and cashless payment solutions and is expected to play a key role in making Direct Benefits Transfer easier and more successful. The solution is being used for cashless vaccination payments for Covid-19.

India Stack is a set of APIs that enables governments, corporations, entrepreneurs, and developers to use a unique digital infrastructure to tackle India's hard problems in terms of delivering services without the need for physical presence, paper, or cash. The India Stack has been a major reason behind Fintech's rapid development. It is one of the most significant digital efforts in the world, with the goal of establishing a public digital infrastructure built on open APIs to encourage public and private digital activities, and it has been a catalyst role in India's digital growth.

9. Conclusion: Fintechs are rapidly emerging sector in the world and the Indian government and business enterprises engaged in the Indian economy have not paid enough attention in these areas. In this regard, based on the achievements of the United States, the United Kingdom, and other nations, either the Government of India or the private enterprises need to make a bold decision to climb up and take advantage of the Fintechs. The demographic dividend of India's population will aid the country's ascension to the top of this list.

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