

# From finance hub to fintech oasis: Why fintechs are flocking to the UK

*Mixing disruptive finance startups and centuries-old financial institutions, the UK has demonstrated it has fertile ground for fintech innovation*

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As the UK's startup ecosystem has thrived in recent years, one sector in particular has flourished—fintech.

Few countries can stake a claim to as many financial technology successes as the UK—with Monzo, Revolut, Starling, and Funding Circle, to name a few. Building on the foundation of the UK's financial services sector, fintech innovation has found a natural home in the UK over the past decade. Over the past six years, 30% of total VC investment went into fintech—over \$40B in total—and accounts for around a third of the UK's unicorns to date.

On this foundation, a new generation of international fintechs are considering the UK as the perfect place to launch or scale their startup. So why has the UK become such a popular destination for financial innovation?

## Building on strong financial foundations

The UK's eminence in financial services is nothing new—it is home to some of the world's oldest financial institutions, and has become an

established global capital of wealth management, asset management, financial regulation, insurance, and much more.

A world renowned financial services hub, London is the epicentre of innovation in this sector. Home to the Big Four, Global investment banks and hedge funds, it makes sense that London is the leading destination for fintech start ups. And in terms of sheer quantity of fintech startups, *London is second to none* in Europe.

Opportunities in the financial sector are widespread across the UK, from a robust lending, regtech and payments landscape in Manchester to an established wealth tech and asset management sector in Edinburgh, with financial service giants such as Abrdn, Natwest Group and Rathbones establishing offices across Scotland. Cardiff, home to insurance giant Admiral Group, has emerged as a central figure in this sector, whilst investment into Welsh fintechs in general has increased by 300% since 2022. In fact, one-third of all fintechs are based outside of London.

This rich landscape of financial services is a huge pull for fintechs, who often draw upon incumbent financial institutions as a large part of their client base or for partnerships for cracking an industry ripe for disruption.

The opportunity not only to tap into the UK's vast asset management industry, but to transform it, is what attracted Sam Duncan to launch her business *Net Purpose* in the UK. They're helping asset managers to manage and measure their sustainable investments, building a complex data platform to help better inform decisions and accelerate investment into sustainable causes.

When deciding between the long established tech scene in California and the emerging fintech opportunities in the UK, Sam ultimately chose the latter, swayed by the UK's reputation for sustainable investing.

“The UK is the heart of sustainable investing—it's one of the most

advanced in terms of thinking, attitude, and the development of its ecosystem,” Sam says. “And since we’re building a capital markets business, London is one of the biggest financial market hubs in the world.”

In 2022, investors put £5.4B into sustainable funds—against a total asset management industry in the UK of £8.8T. This not only demonstrates the UK’s interest in investing sustainably, but also the potential scale of the opportunity. This is no doubt fuelled by the Sustainable Disclosure Requirements (SDRs), the UK’s “anti-greenwashing regulation” to strengthen rules around sustainability-product requirements and sustainable investing.

It was also market maturity—here, regarding trading and investment—that attracted Shares founder Benjamin Chemla to the UK. His platform combines trading and investment with social media, allowing users to follow their peers and influencers when making investment decisions. Kickstarting their community relied on them targeting a market that was more inclined towards high-risk investments.

“There’s a cultural aspect here—the British are less risk averse. I doubt we would have seen traction this quickly elsewhere,” Benjamin adds.

## Access to institutional capital and talent

One of the great side effects of a well-established financial services industry is the volume of institutional investment being directed towards innovative startups.

Barclays Eagle Labs and Natwest Entrepreneur Accelerator are examples of investment support programmes set up in recent years by incumbent financial institutions. Insurance giant Aviva is another example of corporates investing in innovation, not just through their VC arm Aviva

Ventures but also through their fintech partnership with UK-based accelerator Founders Factory.

Next to this sits one of the most comprehensive venture capital ecosystems for fintech companies. Seedcamp, Anthemis, and Octopus Ventures are just some of hundreds of VCs backing UK fintechs. Net Purpose directly benefited from this, with London-based ETF Partners leading their £10M Series A in 2022.

Fintechs also benefit from the strength of talent who come to the UK, from those with a traditional finance background, to industry specialists inspired to start their own business.

Benjamin from Shares identified access to great talent as one of the pull factors. Led by the former head of Revolut's trading platform, his team has always been based in the UK. “This country has such a strong track record for building consumer fintech products,” he says.

## UK government backing fintech's future

The Open Banking framework in 2015—a regulatory framework which sought to establish the UK as a world leader in the field—is just one example of how public sector initiatives can contribute to fintech innovation and expansion.

The UK government has continued to establish various avenues for sparking innovation, whether that's through securing fintech bridge agreements with other nations, or a number of 'sandbox' schemes to help startups test products. We've also seen the recent creation of the *Unicorn Council*—an independent body of fintech leaders (including CEOs of Zilch, ClearScore, Quantexa, and Monzo, among others) led by Innovate Finance to advise the government on key policy considerations.

Sam from Net Purpose has been thrilled with the support they've received from the public sector. Whether it's through events connecting them to leading asset managers, accompanying them on trade missions to New York, Tokyo, and Abu Dhabi, or even fostering connections with the Embassy in Paris when they were looking to expand abroad.

For Sam, there's no doubt about the UK government's ambitions with regards to the fintech sector. "The UK has really doubled down on fintech and they're putting a lot of weight behind it," she adds.

The Commercial Department of the British Embassy in Paris provides support to French companies wishing to set up in the UK. Click [here](#) to find out more.

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