

TheCityUK



London
Stock Exchange Group

FINANCE FOR FINTECH



Contents

Introduction	2
Executive Summary	4
Chapter 1 The growth of fintech	9
Chapter 2 The growth ambitions of fintech companies	15
Chapter 3 Challenges and future priorities	25
Chapter 4 Financing fintech growth	33
Chapter 5 Point of view: London Stock Exchange	41
Methodology and sample base	44

Introduction



Dr Robert Barnes
Chartered FCSI
Global Head of Primary
Markets and CEO of
Turquoise, London
Stock Exchange Group



Marcus Scott
COO, TheCityUK

Fintech business is increasingly cross-border

2018 is the year new rules like Open Banking will enable entrepreneurs and companies to deploy and integrate technological innovations within heavily regulated payment systems. This will allow more efficient and resilient wholesale and customer cross-border commercial initiatives.

These innovations follow the G20’s digitalisation agenda of 2017 and the Financial Stability Board (FSB) report, *Financial Stability Implications from FinTech*, analysing financial stability implications for the fintech sector. Under the chairmanship of the Bank of England Governor Mark Carney, the FSB has identified three priority areas for international collaboration: the need to manage operational risk from third-party service providers; mitigating cyber risks; and monitoring macro-financial risks that could emerge as fintech activities increase. The FSB noted clear benefits of greater international cooperation.

This report includes findings from new research undertaken by YouGov for London Stock Exchange Group as part of an ongoing partnership with TheCityUK. The research conducted among more

than 400 fintech companies based in eight countries – and operating in many more – demonstrates the ambitious and international outlook of fintechs and provides pointers for policy makers and regulators. It highlights that fintech businesses already are operating across international borders and have clear appetite for further international expansion. Fintech businesses have set their sights on significant growth, with clear financing needs.

For London Stock Exchange Group, this complements the work that we do with fintech businesses from the UK and around the world, helping them to raise the funds they need to support their expansion. Key insights from this research show that more than a third (35%) of respondents consider raising finance as their top priority, and more than eight in ten (85%) would consider public markets to raise capital.

For TheCityUK, this latest research builds on its 2017 report *Transformation and Innovation: a guide to partnerships between financial services institutions and FinTechs*, prepared with Santander and Shearman & Sterling, which highlights how fintech startups and incumbents could share expertise more effectively and work together more collaboratively to create new, innovative products and services.

London and the wider UK ecosystem sit at the heart of this cross-border sector

In 2016 EY published *UK FinTech – On the cutting edge*, a report which was commissioned by the UK government’s HM Treasury. It highlighted the UK as a global hub for fintech, ranked first according to their benchmarking exercise as having the strongest fintech ecosystem.

Our new research points to the fact that the UK continues to be play an integral role within the fintech sector, with a large proportion of fintechs already



operating here. Others prioritise the UK among the top three countries for further expansion with many citing London as the key destination for them to list equity or debt capital. What’s more, out of the eight surveyed countries, fintechs operating in the UK overwhelmingly see the process of raising money through the public markets as straightforward.

This report, which underlines the international nature of the sector, comes as regulation is becoming more cross-border in its nature. In 2016 the Financial Conduct Authority (FCA) introduced its regulatory sandbox to help fintechs test their innovations with real customers in the live market under controlled conditions. This provides a ‘safe space’ in which businesses can test innovative products, services, business models and delivery mechanisms without immediately incurring all the normal regulatory consequences of pilot activities.

This year, further steps are being taken with this innovative approach. The FCA and the US Commodity Futures Trading Commission (CFTC) have signed an historic Cooperation Arrangement that commits the regulators to collaborate and support innovative firms through each other’s financial technology initiatives – LabCFTC and FCA Innovate.

The FCA now is exploring the potential of creating a global sandbox that could allow firms simultaneously to conduct tests from London into different jurisdictions at the same time and allow regulators to work together and identify and solve common cross-border regulatory problems, through these tests. Under such a model, testing could span two or more jurisdictions.

This means that fintech companies from around the world can come to the UK and test their products to determine if and how they can be expanded internationally. This initiative is to be greatly applauded and further enhances the importance and attractiveness of London as a destination for global fintech companies.

Fintech is transforming financial services and respective business models. These innovations need to be brought to market at pace, having been properly tested and with all due consumer safeguards. Fintech firms need access to the appropriate capital to help them expand their international business. International financial centres have to respond with urgency, clarity and imagination. What emerges from this report is that London is doing precisely that.



Executive Summary

This report includes findings from new research undertaken for London Stock Exchange Group and TheCityUK by YouGov, along with first-hand views from fintech entrepreneurs captured through one-to-one interviews.



More than 400 fintech companies across eight countries – Australia, Germany, Hong Kong, Israel, Singapore, Turkey, the UK and USA – were interviewed about their plans for growth and how that growth would be financed. All companies had raised at least Series A funding rounds; 13% of the sample had raised Series D or beyond. This research therefore provides important new insights about the scale and ambitions for global growth of one of the technology sector’s most dynamic areas.

KEY FINDINGS FROM THE RESEARCH

Fintechs are increasingly cross-border in their growth aspirations

72%

plan to expand into new countries

73%

believe they will need to move into new or develop existing market sectors in order to achieve growth

The US (33%), China (30%) and the UK (24%) are the top three markets for firms looking to expand internationally.

Fintechs have their sights set firmly on significant growth

Companies expect to grow by an average of 80% over the next three years. Those who have reached Series D rounds or above anticipate achieving average growth rates of 320%

When asked ‘What is the long-term plan for your business?’:

46%

plan to build themselves into large privately-owned businesses

33%

plan to float on a public market

73%

believe they will need to develop new technology to drive at least part of their expected growth.

Barriers to expansion

Competition (43%) and wider economic confidence (35%) are seen as the largest growth barriers

66%

pick at least one factor controlled by government (regulation/compliance, access to skilled staff, and cost of business including tax) as a barrier to growth.



Fintechs will continue to raise capital, increasingly via the public markets

35%

say that raising finance is their top priority

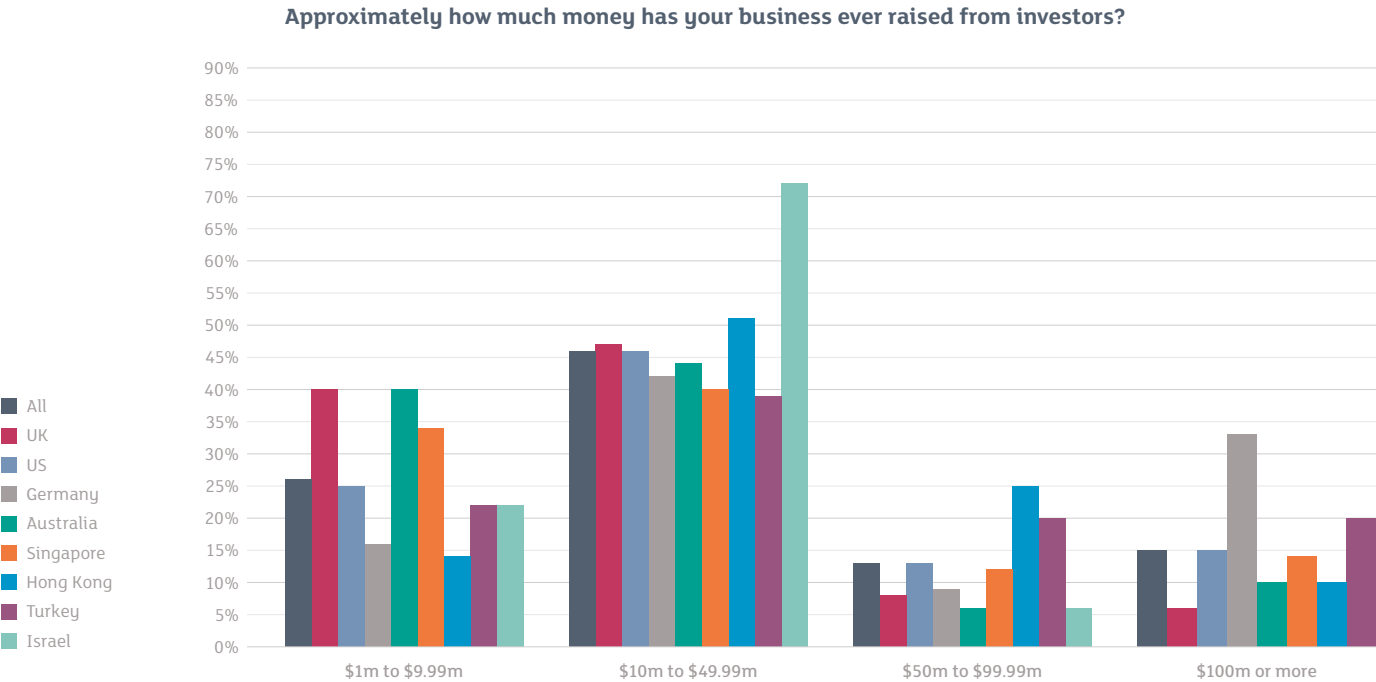
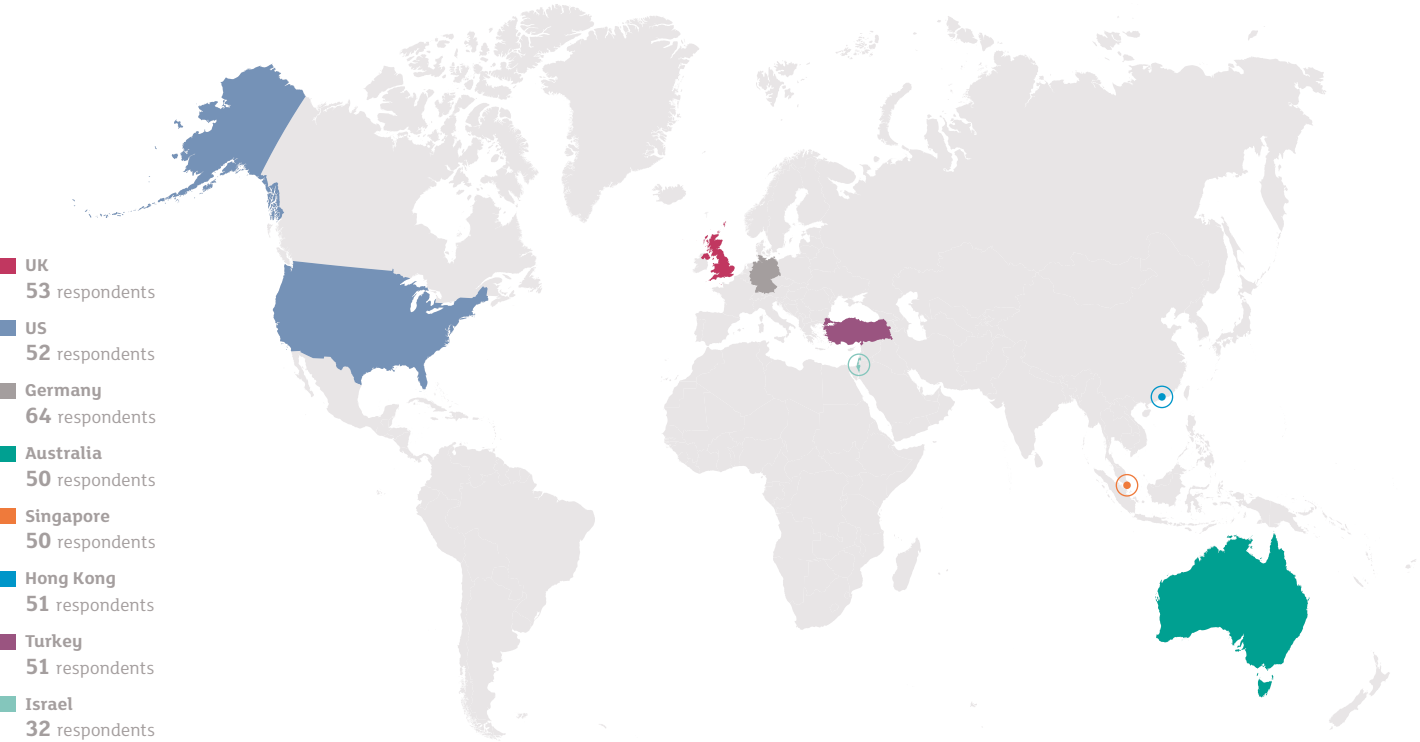
85%

of the total sample say they are very or reasonably likely to raise funds on public markets within the next three years

New York (43%), London (38%) and Hong Kong (32%) are the top three markets on where they would consider listing equity or issuing public debt

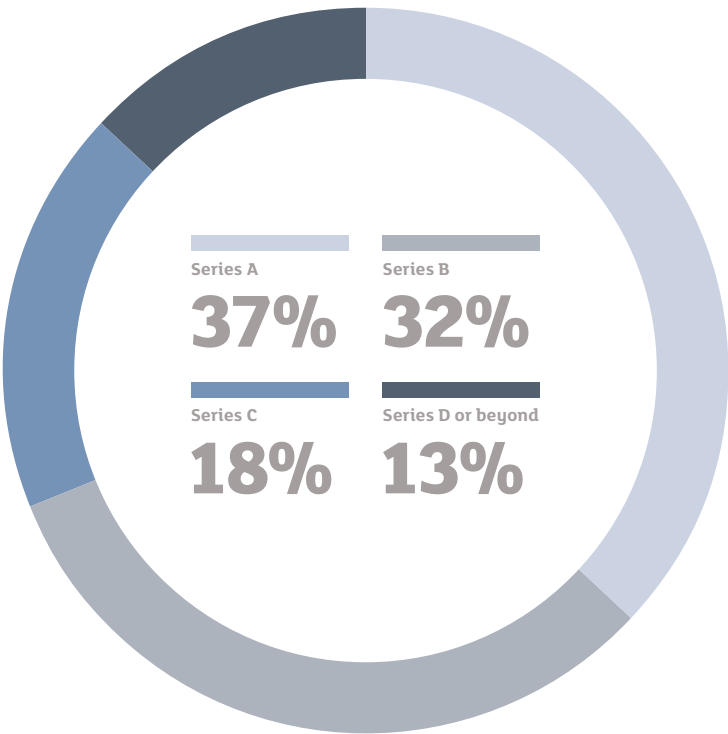
Compared to their peers in other countries fintechs based in the UK see the process of raising money through the public markets as more straightforward and with less barriers

Its attractiveness as a place to list a business and its leadership in building global regulatory alignment make London a great place to start, grow and finance a fintech business.

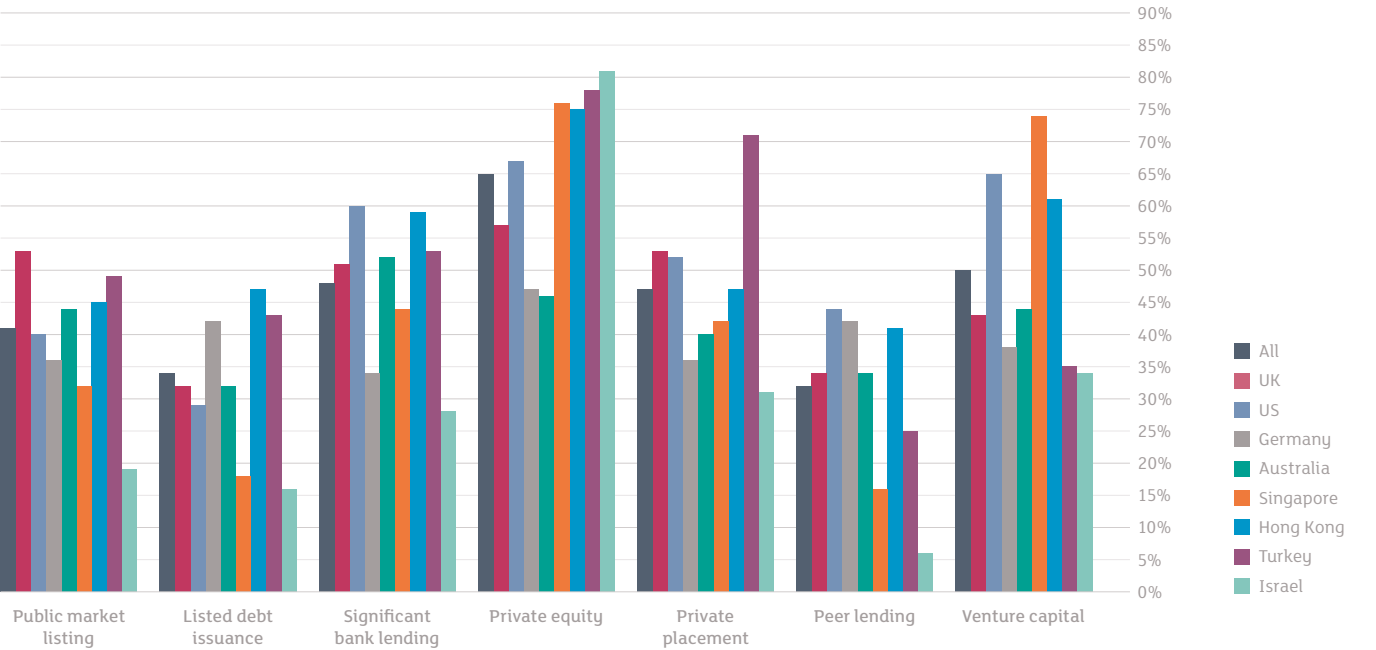


How has your business been funded so far?

	Series A	Series B	Series C	Series D or beyond
UK	38%	32%	19%	11%
USA	35%	29%	23%	13%
GERMANY	17%	38%	19%	27%
AUSTRALIA	56%	24%	6%	14%
SINGAPORE	34%	38%	20%	8%
HONG KONG	33%	29%	22%	16%
TURKEY	59%	20%	18%	4%
ISRAEL	31%	56%	13%	—



Which of the following, if any, has your business used to date?



CHAPTER 1

The growth of fintech

Customer demand, fast-evolving technology and business opportunities continue to drive the growth of fintech. These factors are being accelerated by regulatory change. Simplification of regulatory processes and the removal of structural hurdles are spurring innovation, reducing barriers to entry and enabling newer entrants to gain traction.

¹ Cap Gemini World FinTech Report 2017

² EY FinTech Adoption Index 2017

³ Innovate Finance VC FinTech Investment Landscape 2017

⁴ “Private equity firms surge into fintech” Private Equity News 22 January 2018

The EU’s Payment Services Directive, for example, requires banks to open their payments infrastructure and customer data assets to competitors, who can then develop products and services based on them. This allows digital payment companies to gain market share.

Initiatives such as the regulatory sandbox, pioneered by the Financial Conduct Authority (FCA) and followed by financial centres around the world, enable new concepts to be tested in a safe environment. It has



“Open banking is a good thing for us and we really hope that banks will make access to data as seamless as possible.”

Christoph Rieche
CEO and co-founder, iwoca



“We are growing roughly at 100% and want to more than double again this year.”

Tamaz Georgadze
CEO, Raisin



“encouraged competitive and innovative thrust, and helped to get innovation to consumers,” says Chris Woolard, Executive Director of Strategy & Competition at the FCA. With a statutory objective to promote competition, as well as to protect consumers and financial markets, the FCA has a “unique and important legal bedrock from which to think about the promotion of innovation,” he adds.

Mainstream consumer adoption is another key driver. Highly customised digital experiences now set the baseline for expectations. There are rising customer expectations for more personalised and digital experiences. Customers are embracing these new providers, with more than 50% globally saying they do business with at least one non-traditional firm.¹

There is “considerable consumer appetite for new and innovative financial service products that take advantage of new consumer technologies... Nowhere is that more apparent than in the historically underserved emerging markets.”²

Private capital continues to pour into fintech with a range of funding solutions emerging as the sector evolves and grows. “Fintech propositions require far less operating capital than existing players in their space, which is one reason why they are so interesting,” says Eileen Burbidge, partner at Passion Capital, HM Treasury Special Envoy for Fintech and Chair of the Fintech Delivery Panel and TechCity UK. “They are far more efficient on costs but have similar revenue and value opportunities.”

Globally, 1,842 deals attracted \$14.2 billion of VC investment in 2017.³ In the UK, VC investment into fintech startups reached record highs that year, with \$1.8 billion of capital invested in 224 deals – a 153% increase year-on-year. “Notably, 54% of the 2017 investment into UK fintech came from overseas VC firms,” says Charlotte Crosswell, CEO of Innovate Finance. “This is consistent with previous years and shows that UK fintech continues to attract non-domiciled investment.”

She says this record investment is the result of “an exceptionally strong ecosystem of incumbent institutions and startups; a maturing industry attracting larger, later-stage investment rounds; and a skilled talent base with deep expertise in both financial services and technology. The UK’s progressive regulatory environment has also been a driver of the capital inflows.”

Globally, 1,842 deals attracted \$14.2 billion of VC investment in 2017.³ In the UK, VC investment into fintech startups reached record highs that year, with \$1.8 billion of capital invested in 224 deals – a 153% increase year-on-year.



“Notably, 54% of the 2017 investment into UK fintech came from overseas VC firms. This is consistent with previous years and shows that UK fintech continues to attract non-domiciled investment.”

Charlotte Crosswell
CEO, Innovate Finance





“I believe the next wave is b2b or enterprise fintechs targeting financial institutions as their customers.”

Eileen Burbidge
Partner, Passion Capital



“We have seen tremendous growth particularly in 2017, when year on year revenues grew by more than 300%.”

Yoni Assia
CEO, eToro

Private equity investment into fintech, which is more focused on b2b than b2c, reached peak levels in 2017. A record \$11.73 billion was invested in 14 disclosed deals – the previous high was \$3.74 billion in seven deals in 2014.⁴

This growth in investment looks likely to continue: in several countries in our survey (such as Israel, Turkey and Hong Kong) private equity is seen as being the largest source of finance to fund their future growth.

Evolving technology has driven innovation in financial services and will continue to push it forward at pace. This rapid pace of change of technology will also drive the growth of fintech companies, in areas such as enhanced biometric security and identity management, natural language search, AI, and blockchain. These solutions are “not only focusing on enhancing client service but also on improving efficiency, reducing costs, increasing security, and making processes more agile.”⁵

While there will continue to be increasing growth in services that reduce friction for consumers facilitating financial transactions, notes Passion Capital’s Eileen Burbidge, “I believe the next wave is in b2b or enterprise fintechs targeting financial institutions as their customers.”

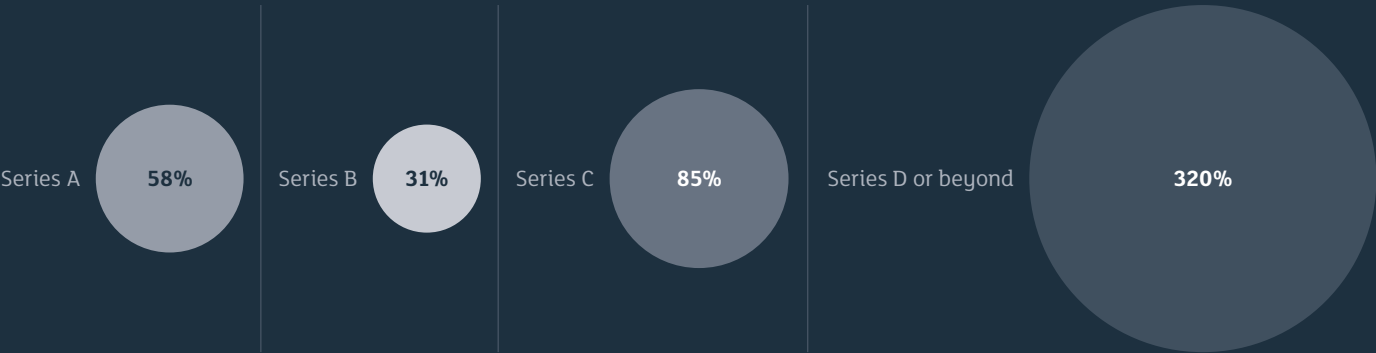
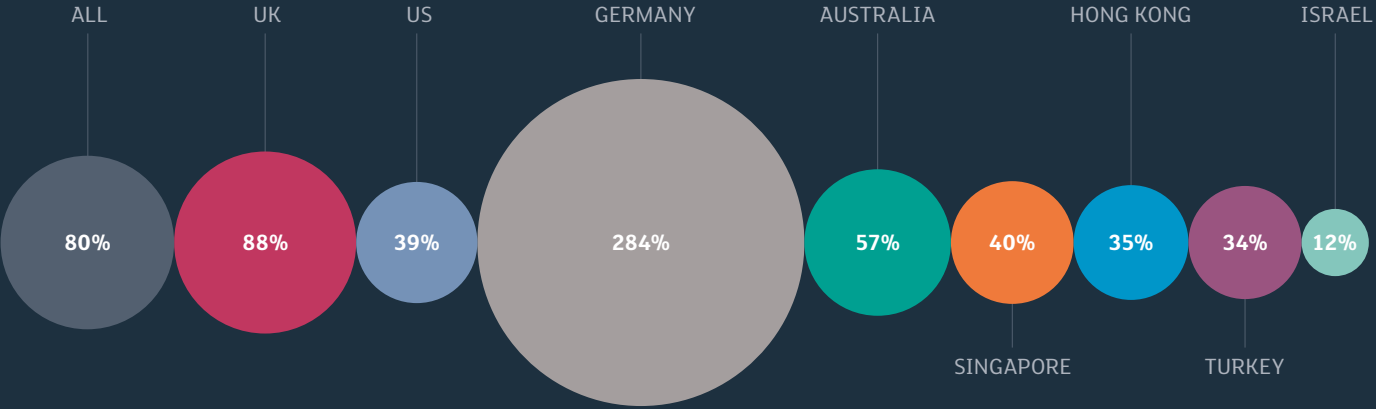
Established financial institutions are investing in fintech innovation, both internally and by partnering with innovative young companies. Many are boosting their own digital capabilities and becoming more active in product development. According to the PwC Global FinTech Report, “financial institutions are putting disruption at the heart of their strategy” and most of them expect to boost their internal innovation efforts over the next three to five years.

Financial institutions have also actively invested in fintech startups across the span of financial services. However, the uptake and development of fintech is not just confined to financial institutions. Giant tech companies are also significant players, particularly in the area of payments. Corporate engagement in fintech is growing, as large consumer-facing businesses adapt to provide or harness digital financial services. As last year’s Financial Stability Board’s FinTech Report noted: “business opportunities may have opened up in areas where traditional financial institutions have scaled back activities, introducing intermediation by non-traditional non-financial participants.”⁶

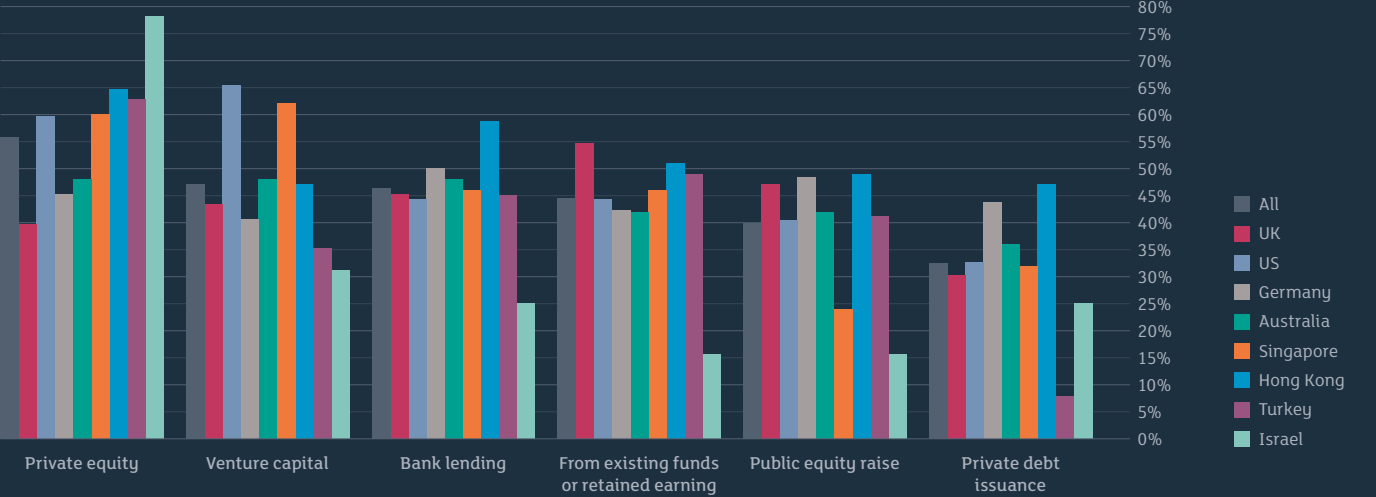
“We are seeing very significant developments particularly when large players begin to add scale,” says the FCA’s Chris Woolard. “We are seeing all sorts of use cases of how technology and innovation improve customers’ experience and the value they get. This is about having a process of competition and innovation that improves things piece by piece, and where the flow of new entrants and large incumbents responding to that – sometimes in partnership – will be increasingly important.”

⁵ PwC Global FinTech Report 2017
⁶ Financial Stability Board Financial Stability Implications from FinTech June 2017

Expected growth over next three years



Important factors leading to expansion (by funding type)



CHAPTER 2

The growth ambitions of fintech companies

Fintech continues to march forward. A growing cohort of fintech businesses is achieving scale and profitability. Across the world, fintech companies expect to grow by an average of 80% over the next three years. Notably, the largest and best-funded of them – those who have reached Series D rounds or above – anticipate achieving startling growth of 320%.



They expect that growth to be funded from a broad range of sources. While private equity is forecast to be the largest source of future finance (56%), all options are firmly ruled in. Practically half (46%) say that their long-term plan is to remain a privately-owned business, while one-third (33%) have a public market listing as their ambition. These proportions remain broadly constant across the spectrum – 32% of younger companies at Series A funding rounds cite flotation on a major stock exchange as their long-term plan, as do 37% of those deeper-pocketed companies who have reached Series D funding rounds and beyond.



“Consumers are lapping it up. They want the change. They expect the change.”

Mattias Ljungman
Partner, Atomico

DRIVERS OF GROWTH

Technology itself is a powerful driver of growth and practically three-quarters (73%) of fintech firms think that they need to develop new technologies to be successful in the long-term. More than four out of ten (41%) believed that future growth will be primarily driven by future technology – a view particularly strongly held in the UK, Germany and Australia – with a further 32% believing it will be driven by both future and existing technology evenly.

The same overall proportion (73%) think that growth will come in part from expansion into new market sectors. Only 27% of the overall sample see their growth being driven solely from existing market sectors.

Likewise, 72% of the overall sample envisage growth coming either from a blend of current and new geographic markets or entirely from new markets.

CURRENT AND FUTURE MARKETS

Fintech may be borderless but companies tend to follow pre-existing, popular commercial ties between nations. Almost as many British companies operate in the US as US companies operate in Canada. France represents the third-biggest market for both the UK and Germany. Nearly half of Singaporean companies (48%) also operate in Hong Kong. More than half of Hong Kong companies (59%) also operate in China.

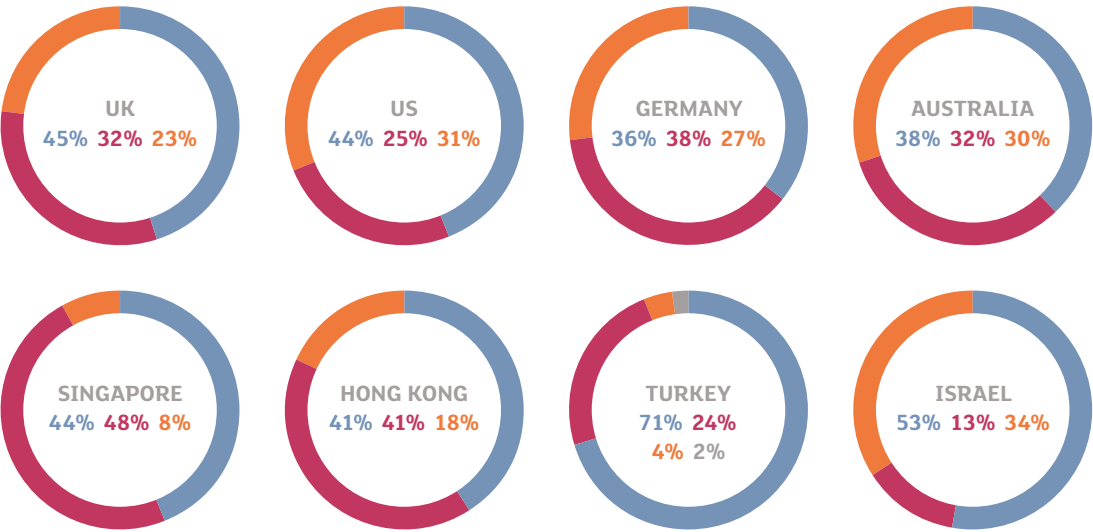
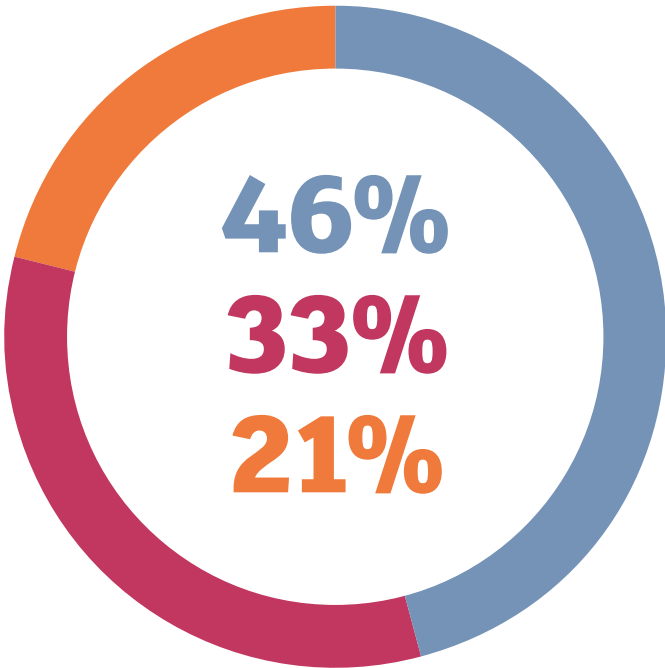
The most popular markets identified as priorities for international expansion were the US (33%), China (30%) and the UK (24%). All of the countries surveyed in this report placed the US in their top three priority markets. The scale and hugely competitive nature of the Chinese market makes it both attractive and challenging yet the barrier appears to be greater to some countries than to others: 41% of German fintech companies identified China as a priority market. Four countries identified China as their top priority – but none of the other four even placed China in their top three.

The transatlantic bond between the UK and the US will continue. UK companies (43%) identified the US as its priority market; US companies identified the UK as its main non-domestic market (35%).



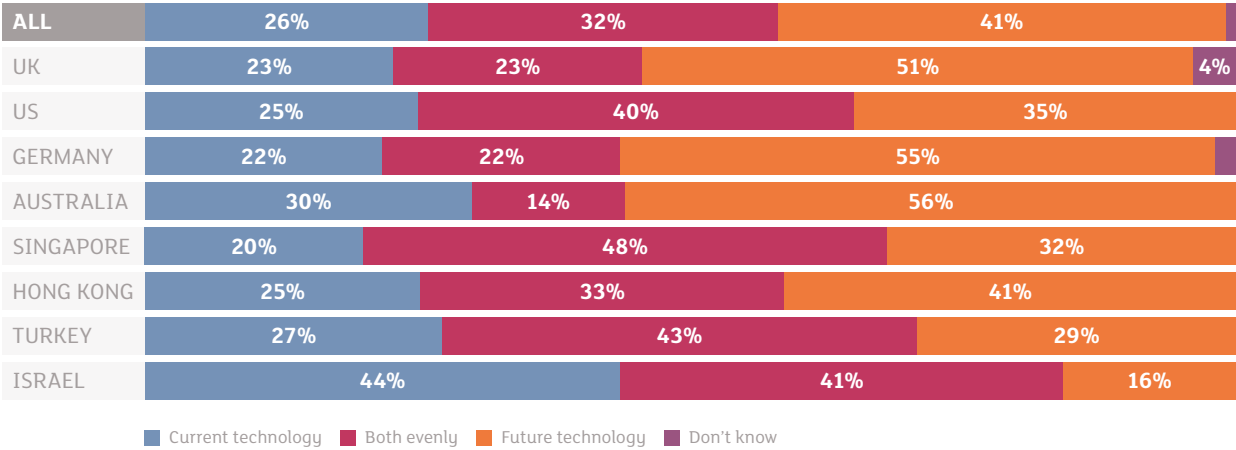
Long-term plan (by country)

- Build a large privately-owned business
- Float on a major public exchange
- Sell business to a major competitor or client
- Other



Nearly half (46%) of respondents want to build a large, privately-owned business. This may reflect the greater availability of private capital, or their stage of growth. This trend is most pronounced in Israel (53%) and Turkey (71%). Singapore and Hong Kong show the least appetite for this route and the greatest preference for flotation (48% and 41% respectively). Only one in five (21%) envisage a trade sale. Along with a desire to build privately-owned businesses, a trade sale is also the most popular route for Israeli companies (34%) compared to others, and emphatically the least popular option in Singapore (8%) and Turkey (4%).

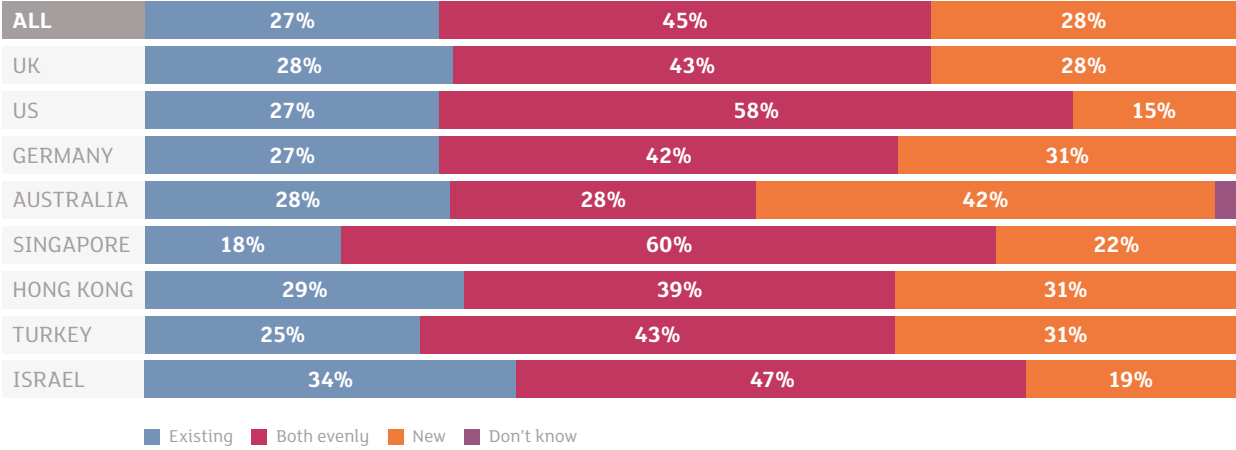
Technology and growth (by country)



Technology itself is a powerful driver of growth and practically three-quarters (73%) of fintechs think their growth will be driven, at least in part, by new technologies to be successful in the long-term. More than four out of ten (41%) believed that future growth will be mainly driven by future technology. This view is particularly firmly held in the UK, Germany and Australia. Israel in particular, but also the US and Turkey think that current technology will play a larger part of their growth stories; this may be reflection of the confidence that these countries feel about their current state of technological development.

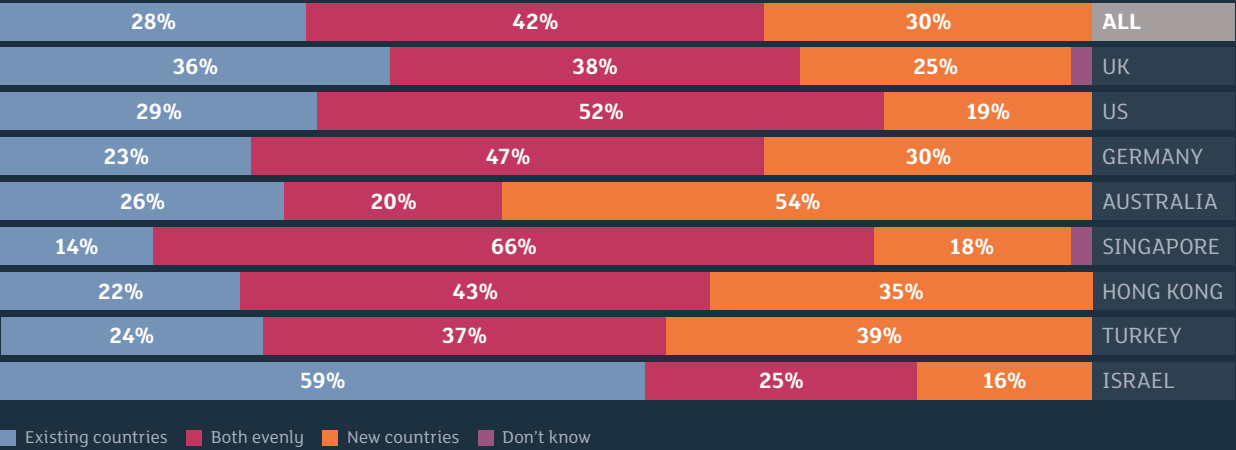
Overall, Series A (50%) and Series D (51%) stage companies are much more likely to believe that future growth will come from future technology than Series B (34%) and Series C (28%) funding stage companies.

Market sectors and growth (by country)



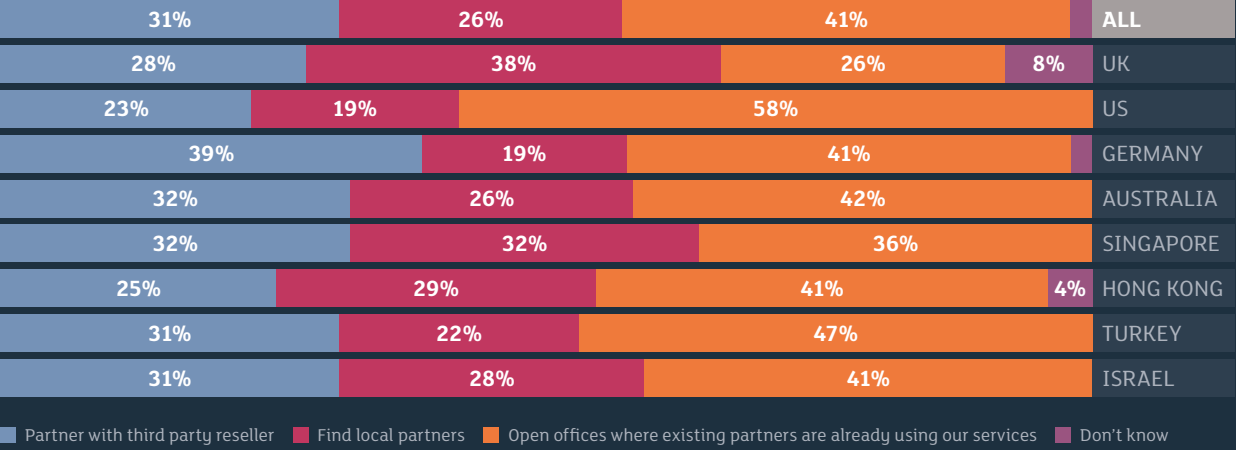
There is a broadly even view across the overall sample – an average figure of 27% – that growth would come from existing market sectors. But there was greater variation between the countries in their view about future growth coming from new market sectors. Australian fintech companies were most likely (42%) to see new market sectors as their source of growth compared to only one in six US companies.

International expansion and growth (by country)



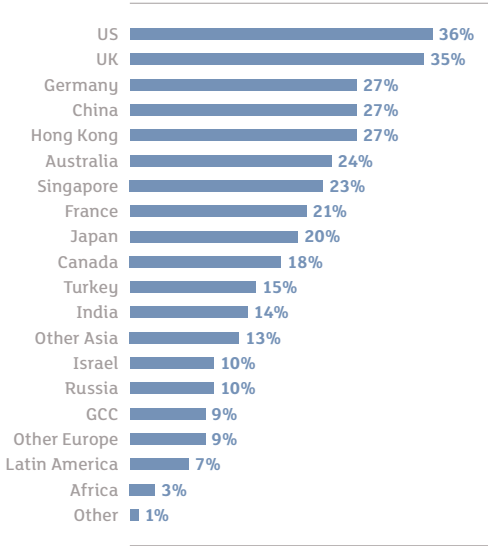
Similarly to the views about existing/new technology and existing/new market sectors, approximately one-quarter of the overall sample (28%) indicated their belief that growth would come from existing territories. The variation between countries is to be found in their views about future new geographic markets. Fewer than one in five companies in the US, Israel and Singapore think that new countries will drive growth, while more than half of Australian fintech companies (54%) saw them as the way forward.

Expanding internationally (by country)



The preferred route for international growth is to follow the customer: 41% of companies say that they will open offices where existing clients are already using their services. US companies (58%) show the strongest propensity for this approach. For UK companies, however, this is markedly the least popular route (26%).

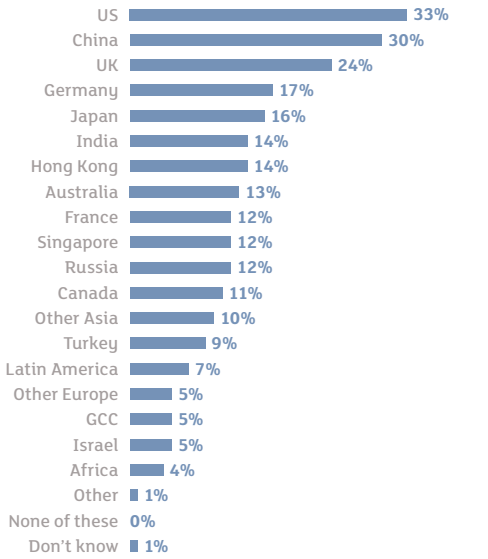
Countries currently operate in



	Top five countries operated in				
	1	2	3	4	5
UK	UK (85%)	US (40%)	France (38%)	Germany (28%)	Canada (21%)
US	US (83%)	Canada (44%)	UK (42%)	China (25%)	France/Japan (19%)
GERMANY	Germany (75%)	UK (39%)	France (39%)	US (38%)	China (27%)
AUSTRALIA	Australia (82%)	US (32%)	UK (30%)	Canada (26%)	China/Japan (22%)
SINGAPORE	Singapore (82%)	Hong Kong (48%)	Other Asia (46%)	China (38%)	Australia (32%)
HONG KONG	Hong Kong (84%)	China (59%)	Japan (33%)	Singapore (31%)	UK (29%)
TURKEY	Turkey (82%)	Germany (43%)	US (33%)	France (29%)	Russia (25%)
ISRAEL	Israel (91%)	Singapore (19%)	Germany (13%)	France (13%)	India (13%)

The US and the UK are by some margin the most popular markets in which the fintechs currently operate. The table reflects the countries in which the survey takes place. While the vast majority operate in the market in which they are based, this is not universal. The most domestically focused fintechs are in Israel; while one-quarter of German fintechs do not operate in their home market.

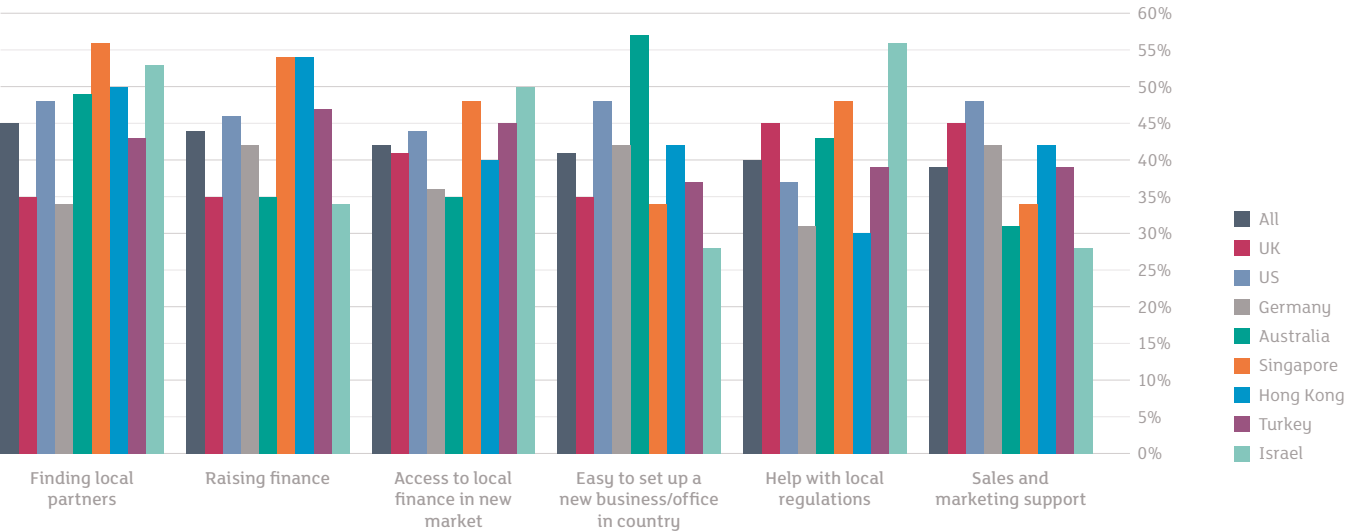
Priority markets for expansion



	Top three countries for priority expansion		
	1	2	3
UK	US (43%)	UK (43%)	France (19%)
US	US (35%)	UK (35%)	Canada / Latin America (23%)
GERMANY	China (41%)	Germany (33%)	US (23%)
AUSTRALIA	China (32%)	US (32%)	Australia (32%)
SINGAPORE	China (40%)	US (38%)	Other Asia (38%)
HONG KONG	China (49%)	Hong Kong (33%)	US (31%)
TURKEY	Turkey (43%)	US (37%)	Russia (33%)
ISRAEL	Israel (38%)	US (25%)	Singapore (22%)

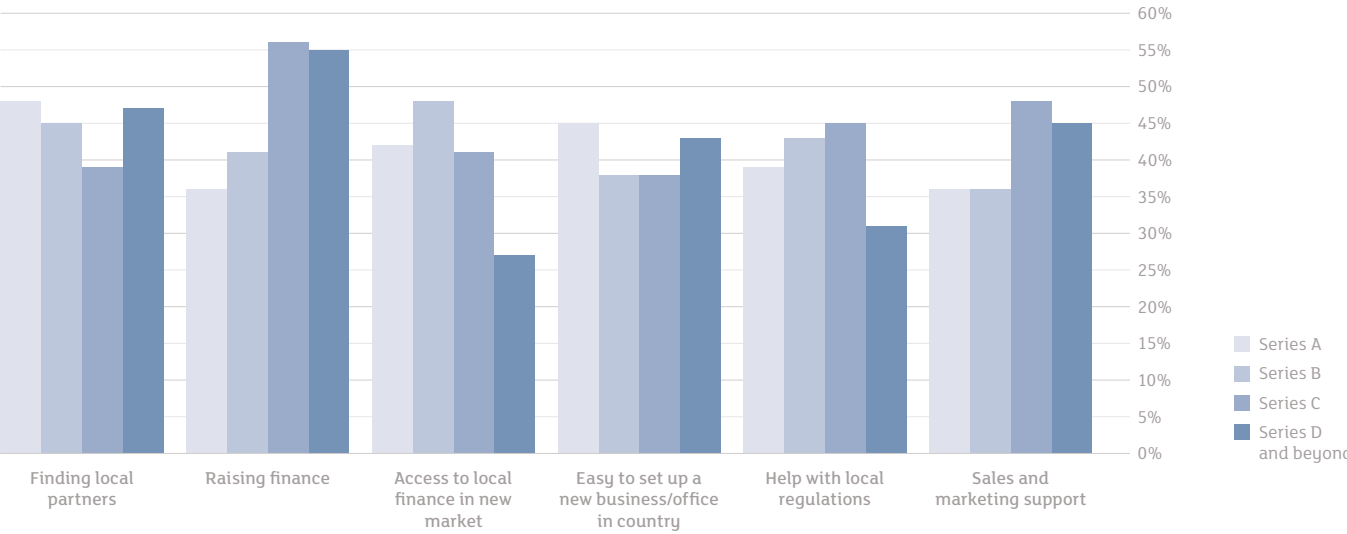
As the world's largest markets, it is unsurprising that the US and China are identified as the top two priorities for future expansion. The UK, notably, is a clear third – well ahead of any other country.

Important factors leading to expansion (by country)



While the overall sample shows no significant single factor, there are several variations by country in companies' views on what that will most help them expand internationally. Finding local partners is important for Israeli companies (53%) and Singaporean companies (56%) but less so for UK (35%) and German (35%) companies. Raising finance is also important for Singapore (54%) and Hong Kong (54%) but less so for UK, Australia and Israel. Australian companies place emphasis on the ease of setting up in a new country (57%). Israeli companies put more store on assistance with local regulations (56%).

Important factors leading to expansion (by funding type)



Companies in their later stages of funding – those at Series C, or Series D and beyond – place considerably more weight on raising finance as an important factor in their international expansion.



Growth strategies: views from fintech entrepreneurs

Fintechs are hungry to grow. Their litmus tests for growth are customer acquisition and the volumes of money flowing through their platforms. Many fintechs – particularly in b2b – operate in one part of the value chain, focusing on doing one thing very well.

Some fintechs have established a global footprint by following their customers. “We operate in 50 countries in every continent, with the most important regions being Asia, Europe and Middle East in that order,” says



“We will only be successful if we offer a product that is ten times better than existing incumbents can offer.”

Matt Briers
CFO, TransferWise

Jon Prideaux, CEO of Boku. “Markets such as Japan, Taiwan, Hong Kong, Thailand, Malaysia are growing in importance as our growth strategy is about taking many of our existing customers into new markets.”

“We have focused on what we are best at – the money transfer problem for consumers and businesses,” says Matt Briers, CFO of TransferWise. Started in 2011, over three million customers use TransferWise and transfer over £2 billion per month through its network.

Many fintechs focus on a small number of markets. The comparative size of the financial services sector means that significant scale can be achieved within them. They are intent on becoming systemically relevant within their chosen – and sizeable – markets.

“In terms of geographic markets, the UK still has great opportunity for growth and to be the leading fintech hub in the world,” says Passion Capital’s Eileen Burbidge. “The US is a large domestic market and therefore always one of tremendous opportunity.

“And I believe south east Asia (Singapore, Malaysia, Indonesia et al) is also interesting because of its large population of English-speaking consumers and enterprises – and its progressive policy makers and regulators who are adopting best practices from UK and US.”

Funding Circle has become the world’s largest small business loans platform by growing primarily within the four markets of UK, USA, Germany and the Netherlands. “We have focused on small business loans and have achieved scale by increasing penetration in our core markets,” says CEO and co-founder Samir Desai.

“Our prime focus is Europe,” says Christoph Rieche, CEO and co-founder of iwoca, which operates in UK, Germany and Poland. “Our strategy for the medium term is to grow within these three key markets. We are in two of the largest economies in the world and we are just scratching the surface.”

For other fintechs, just a single market can provide enough room in which to scale a business. They are expanding their product offering to provide additional consumer services, or building both retail and institutional client bases, or targeting adjacent market sectors.

LendInvest is on target to lend almost £1 billion in mortgage finance in the next financial year while remaining anchored in the UK. “The UK mortgage market is £250 billion annually and last year we did £500 million,” says co-founder and CEO Christian Faes. “So let’s focus on that first. We would love to be an international business but it makes more sense once we have gained a meaningful percentage of the UK market.”

“We want to get to scale in our home market before thinking about anything else,” says RateSetter CEO Rhydian Lewis. The P2P lender currently has 400,000 active users on its platform.

Acquisitions are used occasionally, but rarely, to grow the businesses. Some fintechs, such as TransferWise, have never made any acquisitions. “We have not felt the need to, we’ve rather been focused on building our product and driving word of mouth growth,” says its CFO Matt Briers.

“We have made acquisitions in the past which have been useful,” says Funding Circle CEO Samir Desai,

ETORO

First Europe, then global



Yoni Assia
CEO, eToro

Social trading network eToro, which was founded in 2007, set out to disrupt the world of trading. Its platform, which enables users to see, follow and copy traders around the world, currently has approximately nine million registered users.

“The acceleration in user growth has been led by increased customer awareness and demand,” says CEO Yoni Assia. “That demand has been powered particularly by Generation Y waking up to investing in general and in asset classes that interest them – namely cryptocurrencies and stocks. But we have 18 to 80-year-olds on our platform. We don’t compete directly with traditional investment managers – their customers have different demographics.”

At present, eToro’s growth has primarily been in Europe. “We are regulated in Europe and this has been our focus,” he says. “Our users are mainly in the UK, Germany, France, Italy, Spain, and other northern European countries.” The company is expanding its geographical reach in 2018; it plans to operate in the US this year.

The company has conducted several financing rounds with angel investors, VC firms and most recently with strategic investors from China, Russia and Germany. However, Assia notes there is a value in the public markets as they provide exposure and build consumer trust and comfort.

“but as we now have scale with our people and technology and have transacted billions of pounds of loans, it is now easier to enter markets organically.”

For Raisin, which operates within the eurozone, acquisition provided a route into the UK. “The UK is a different market with a different currency, so acquisition accelerates our presence there,” says Tamaz Georgadze. “Then there is Brexit. In the long term we will need a separate legal entity and operations, so this was another reason to make an acquisition. In general, we prefer to grow organically.”

CHAPTER 3

Challenges and future priorities

Fintech companies are ambitious to disrupt and innovate but they have to make the hard yards. The challenges of scaling a business are well-documented, centring on access to talent and skills and to markets. For fintech companies, these challenges are amplified by the size of the market incumbents and the complex regulatory and compliance frameworks within which they must operate.



Overall, competition (43%) is viewed as the main barrier to growth. Two-thirds of the overall sample point to at least one external factor – regulation and compliance, the cost of business, or access to skilled staff – as a constraint. These are aspects in which governments and policy makers can have an influence.

While competition was cited as the main barrier to growth in six of the countries, it is replaced as the top issue by worries about economic confidence in the UK and by access to skilled staff in Germany.

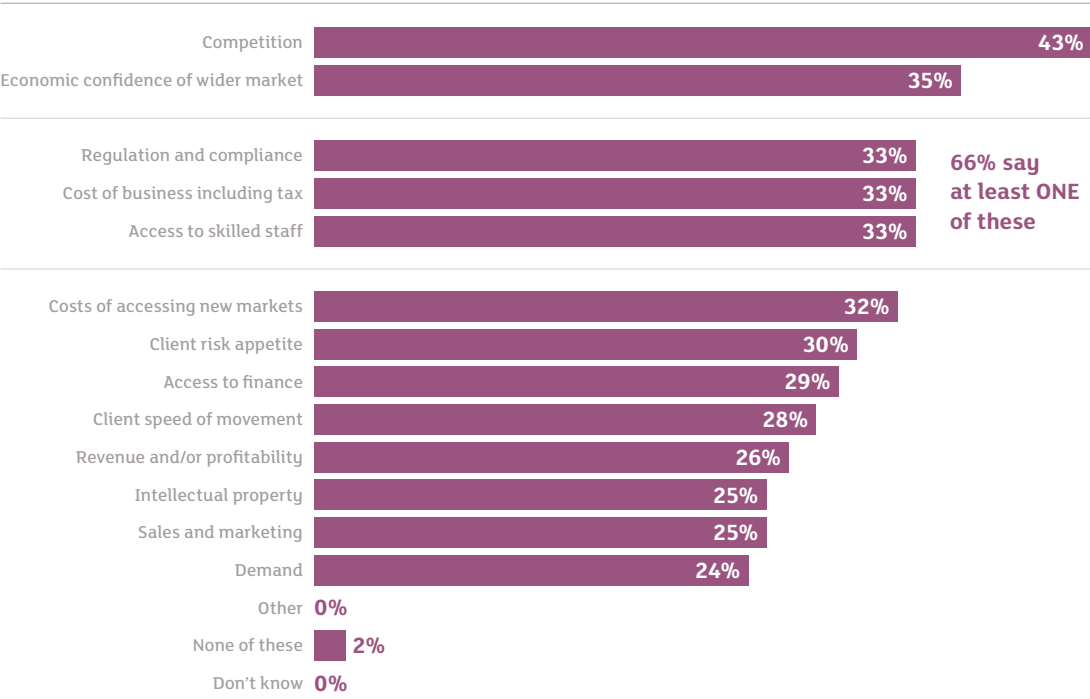
Given the pace of their growth, there are many priorities to address. There is no one burning issue. Pressed to name their top priority, 35% say raising finance and 34% R&D. When combining top and high priorities, just as many cite sales and marketing as a priority issue.

As a new breed of business, fintechs' relationships with established financial institutions are constantly evolving. Generally, they take a positive view of the incumbent institutions. They are more likely to be seen as friend rather than foe.

“We have always operated as a global business. We have offices in San Francisco, Munich, London, Mumbai, Japan, China, Latvia, Milan, Paris and Sao Paolo. Operationally and culturally, we are not confined to people sitting in the same office in the same place. And we are growing really nicely, exactly in the way we said at the IPO.”

Jon Prideaux
CEO, Boku

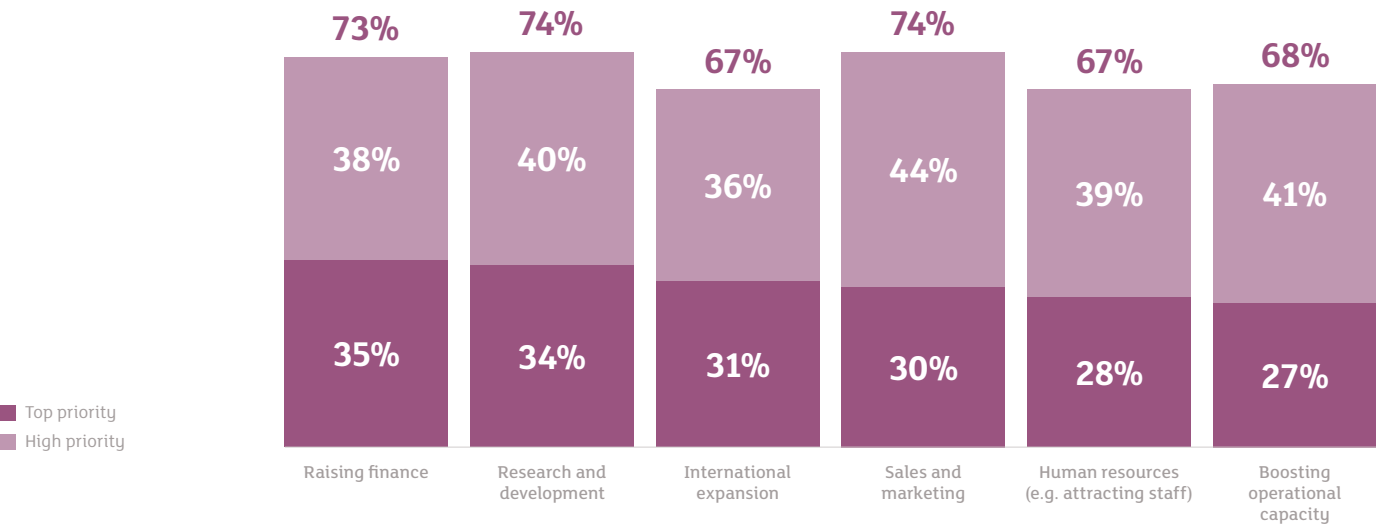
Barriers to growth (by country)



	Top three barriers to growth (by country)		
	1	2	3
UK	Economic confidence (36%)	Competition (34%)	Cost of business / access to new markets (32%)
US	Competition (42%)	Costs of access to new markets (38%)	Revenue and/or profitability (38%)
GERMANY	Access to skilled staff (36%)	Competition (33%)	Sales and marketing (33%)
AUSTRALIA	Competition (36%)	Costs of access to new markets (36%)	Client speed of movement (34%)
SINGAPORE	Competition (50%)	Access to skilled staff (50%)	Cost of business / economic confidence (46%)
HONG KONG	Competition (55%)	Economic confidence (47%)	Access to skilled staff (43%)
TURKEY	Competition (57%)	Cost of business (45%)	Economic confidence (41%)
ISRAEL	Competition (34%)	Costs of access to new markets (34%)	Economic confidence / regulation (31%)

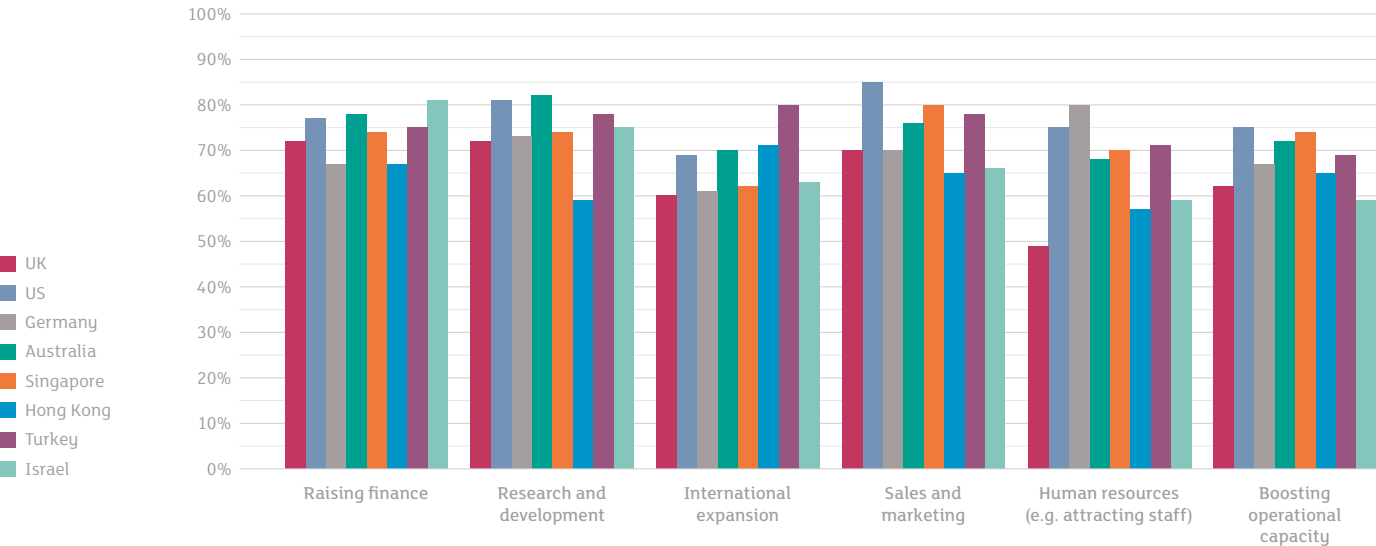
Competition is the principal barrier to growth. It is cited as the top challenge in six countries. Two-thirds of companies point to at least one external factor as a constraint which can be ameliorated by government policy – regulation and compliance, the cost of business or access to skilled staff. These are aspects in which governments and policy makers can have an influence. Economic confidence is seen as the main barrier in the UK (although overall British concern is lower than in Singaporean, Hong Kong or Turkish companies) while access to skilled staff is the main concern of German companies.

Priorities – raising finance and R&D lead the way



Everything is important for fintechs as they grow. While capital raising, R&D and sales and marketing are almost equally ranked, more firms cited raising finance and R&D as their “top priority” while sales and marketing is rated as “high priority” by the greatest number of respondents.

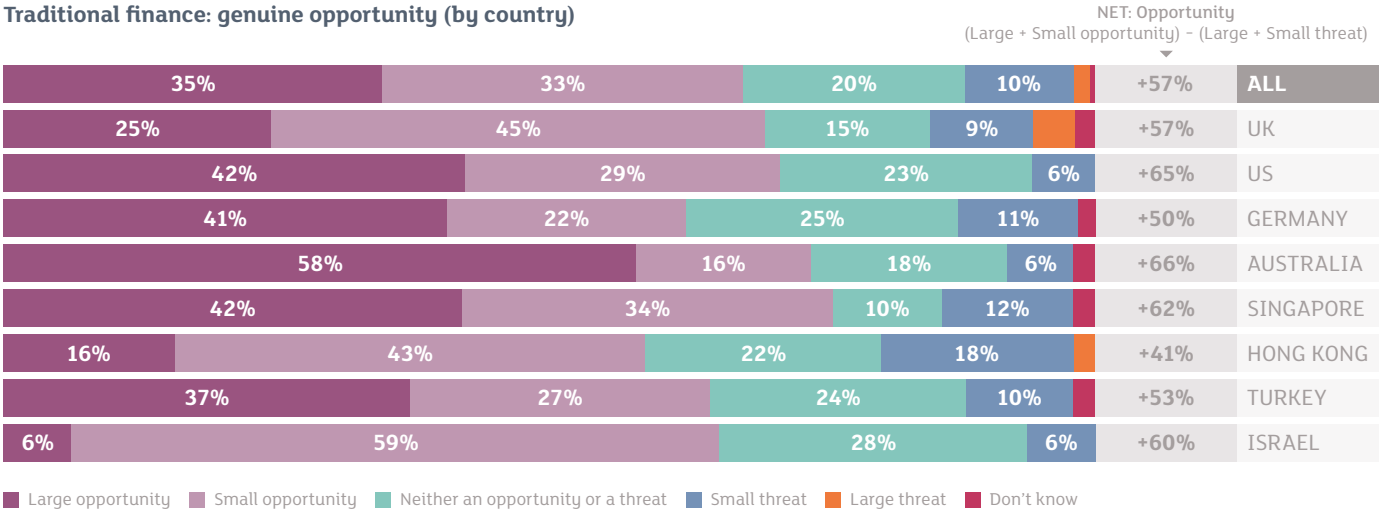
Priorities (by country)



At a country level, there are different emphases. While the UK and Israel are in line with the overall finding – capital raising and R&D lead their list – while US companies identify sales and marketing as their main priority. No surprises in Germany, where attracting talent is a major top priority (80%), given access to skilled staff is considered the main barrier.



Traditional finance: genuine opportunity (by country)



Fintechs generally take a positive view of the incumbent institutions. Overall, they are seen as an opportunity (57% believe them to be a net opportunity). Australian (66%) and US (65%) firms are most likely to see them as opportunity compared to Hong Kong, where nearly one in five (18%) see them as a threat.

Companies at the funding stages of Series A (44%) and Series D and beyond (43%) are more likely to see traditional financial services companies as a large opportunity than those at Series B and C stages.



Priorities and challenges: views from fintech entrepreneurs

For fintechs scaling at pace, organisational responsibilities and structures, as well as technology and capital requirements all evolve very quickly. These challenges have to be addressed while the competitive environment is both fierce and fast-changing.

In some areas, fintech companies are in direct competition with incumbent financial institutions. “We are expanding the market but mostly we are competing head on,” says Funding Circle CEO Samir Desai. “Although we offer a different product, the banks are unequivocally our competition,” says RateSetter CEO Rhyddian Lewis.



“We have a very appealing mission, because we are trying to solve an interesting problem: how to empower customers and make credit accessible.”

Alexander Graubner-Müller
CEO, Kreditech

There are increasing numbers of partnerships between fintechs and traditional financial institutions. “Financial institutions are trying to build up their own learnings and want them as partners,” says Atomico’s Mattias Ljungman. “But this is a new world for them, with different parameters. Sometimes the friction

and conservatism within organisations creates hesitation. It is about doing things differently, which can be seen as high risk. But staying the same can be even more scary.”

Fintechs often use a blend of direct and partner channels to reach their customers, including established financial institutions and other fintechs. “Growth will come from both camps,” says iwoca CEO Christoph Rieche. “The banks are slower in their adoption of technology. Fintech companies are much closer in mindset, and faster. But ultimately the potential lies in both.”

For Raisin’s CEO Tamaz Georgadze, it is the speed and implementation of the Raisin platform among partner banks which can act as an impediment to growth. The company currently has 41 mid-sized partner banks across Europe for its savings deposit marketplace which enables customers to seek out better interest rates across the network. Building this network takes time both in terms of business development and the subsequent technical integration. “There is no standardised way for integrating multiple partners in this product,” he explains. However, it also helps to build Raisin’s defensibility, protecting the company from copycat competitors.

For many fintechs, the talent and R&D issues are overlapping ones. “Finding and retaining talent an absolute priority,” says Alexander Graubner-Müller, CEO of Kreditech. “There is a global war in disciplines such as software engineering, business intelligence and data science.”

Companies such as TransferWise are focused on the long-term building and hiring of talent. “We don’t have many constraints that we are fighting every month but, looking ahead, attracting and onboarding product engineering talent will be one of the most important things for us in the future,” says CFO Matt Briers.

“The challenge across fintechs is to get a good balance of people with proper domain experience from financial services,” says LendInvest’s Christian Faes. “You need people from big banks who know how it works in your business, to be operating at that level. At the same time, we don’t want to be full of ex-bankers because then we could turn into what we don’t want to be.”

“Talent is the predominant challenge,” agrees Passion Capital’s Eileen Burbidge. “A fast-growth digital proposition such as fintech is all about execution and an ability to deliver. That is down to people.”

Given the youth of the sector and the size of the market, raising awareness is a substantial long-term challenge. “The awareness among micro-businesses of alternative lending is still very low,” says Christoph Rieche, CEO of iwoca. “From a customer acquisition perspective, that is still the biggest hurdle that we have to overcome.”

“Customer awareness remains low,” says Rhyddian Lewis, CEO of RateSetter. “But we are only seven years old so that is natural. We are in a slow revolution.”

“Techno innovation – constantly adapting innovation to regulation – is a challenge for all consumer fintech companies,” says Yoni Assia, CEO of eToro. “We have innovative products which enable people to participate in the markets and to invest more widely and smarter. These tools were traditionally not accessible to the consumer market. So we are operating in regulated markets but we are innovators. We need to work together with regulators to help them understand new business models and new asset classes, and help create the right policies.”

Fostering good relationships with regulators plays a central part in TransferWise’s international expansion. “When you expand on the ground, you have to secure a licence, hire engineers and build trust with regulators,” says its CFO Matt Briers.

One thing that cannot scale quickly is the building of trust. In this area, established institutions have

FUNDING CIRCLE

Building data, building trust



Samir Desai
CEO, Funding Circle

Started in 2010, Funding Circle has become the world’s largest small business loans platform. Last year, it originated £1.75 billion in loans. “We are an existing customer business,” says CEO and co-founder Samir Desai, “as 80% of funding for loans

comes from existing lenders, and 30–40% of borrowing comes from existing borrowers.” At its core, he says, it is a classic internet platform. “We only exist because we connect up thousands of investors and borrowers.”

“We still have a long way to go. In the UK, which is our most mature market, we still only have 2–3% market share. The early stages of SME lending are hard. You have to do your R&D and build specific risk models for each market. As we are a data business, the model tends to work better in developed markets. The markets we are in today cover about 35% of global GDP and we have a pretty clear idea of which ones we will enter next.”

He says that Funding Circle has always wanted to be a public company. “We are in the trust business. Eventually, being a public company would make sense and fit with our values of transparency and openness. As we have evolved our business model and been recognised as an exchange, we have seen how that could be enhanced by being a public company. It would bring further trust and credibility.”

an advantage. “Customers favour traditional firms in the areas of trust, quality of service, transparency and security, and favour non-traditional firms in the areas of timely/efficient service and better value for money.”⁷

“You cannot shortcut the building of trust,” says RateSetter’s Rhyddian Lewis. “It takes time – track record and time is the only thing people ultimately trust.”

So for fintechs the public markets can play a vital role not just for providing finance for future growth but also for establishing stronger levels of customer trust.

⁷ Cap Gemini World FinTech Report 2017

CHAPTER 4

Financing fintech growth

It is striking just how many fintech companies anticipate raising funds on the public markets within the next three years – 85% of the total sample considered themselves likely to use this route for future finance, with more than one-third (36%) stating that they were “very likely” to do so.



This outlook is shared across all countries. It is most strongly expressed in the US, Turkey and Australia. Almost half of US firms (48%) said that they were “very likely” and almost four out of ten (39%) expected to raise those funds in 2018. Generally, 2019 is the year in which most fintechs surveyed expect to go to the public markets.

In general, fintechs feel well prepared to raise money and to capitalise on the opportunities that such finance can bring them. US fintechs are particularly confident in their preparation for fund raising in whatever form – particularly for VC, private equity and bank lending.



“The engagement of the London Stock Exchange with fintechs at an early stage has been very healthy for the ecosystem.”

Mattias Ljungman
Partner, Atomico

PERCEIVED BARRIERS

Overall, the time consuming process (37%), cost of issuance (37%) and the difficulty of meeting regulatory requirements (38%) were seen to be the main barriers that prevented a company from raising money on the public markets. At an individual country level, the perceptions of barriers varied greatly.

A notable feature is just how relatively easy the process of accessing the public markets appears to be to UK fintechs. They see far fewer barriers, with no single issue standing out as a cause for concern. And they are positive about the market environment; they even appear to be more confident than their US peers about the pool of investors in their domestic market who understand their business.

The costs and the process are clearly seen as the principal hurdle to an IPO by US fintechs. Although many US fintechs are at a later stage in their growth and are confident in their preparation for fund raising, more than one-third (37%) think that it is still too early in their organisation’s lifecycle to conduct an IPO. So while there is appetite among US fintechs to raise money through the public markets, it would appear that it may be harder for them to do so.

PUBLIC MARKET PREFERENCES

As a young and globally minded sector, fintech takes a broad and inclusive view of the public markets. While there is a clear top trio of most considered markets – New York, London and Hong Kong – there is no one place that is regarded as the destination to list. It is among Hong Kong fintechs (76%) that there is the most pronounced inclination to the domestic stock exchange. So US fintechs lean towards New York (62%) but are also considering Tokyo (40%) and London (38%). German fintechs are evenly split between New York (44%), Frankfurt (41%) and London (39%). Australian fintechs marginally prefer London (46%) to Sydney (40%).

Financing international expansion (by country)

	ALL	UK	USA	GERMANY	AUSTRALIA	SINGAPORE	HONG KONG	TURKEY	ISRAEL
Private equity	51%	42%	58%	42%	44%	48%	59%	57%	63%
Bank lending	42%	34%	54%	39%	30%	50%	61%	41%	25%
Venture capital	42%	32%	58%	38%	34%	62%	43%	41%	25%
From existing funds or retained earning	41%	38%	38%	42%	38%	40%	53%	45%	28%
Public equity raise	36%	30%	42%	39%	44%	30%	33%	45%	19%
Private debt issuance	32%	25%	25%	36%	38%	48%	31%	22%	34%

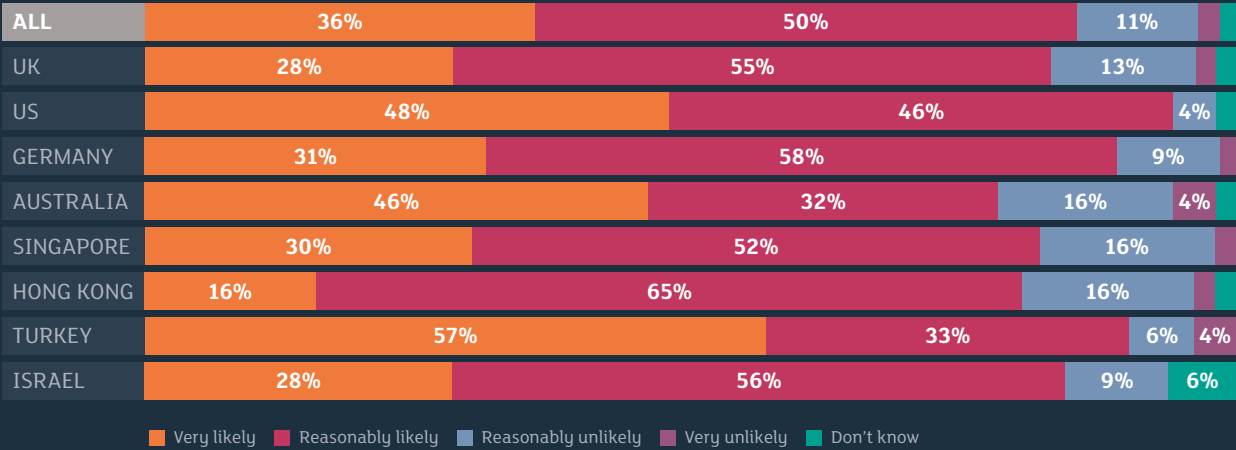
From the overall sample, private equity appears to be the likeliest finance route to fund international expansion. This is particularly strongly articulated in Israel (63%), Hong Kong (59%) and the US (58%). A similar percentage in the US (58%) as well as a clear majority in Singapore (62%) favour venture capital. Generally, about one-third of the total sample considers public equity raising (36%) to finance international expansion, with this route being most popular in Turkey (45%) and Australia (44%). Hong Kong (61%) and Singapore (50%) are most likely to turn to bank lending.

Financing international expansion (by funding type)

	SERIES A	SERIES B	SERIES C	SERIES D AND BEYOND
Private equity	52%	48%	51%	53%
Bank lending	38%	42%	51%	45%
Venture capital	42%	41%	51%	33%
From existing funds or retained earning	39%	40%	48%	39%
Public equity raise	42%	34%	32%	31%
Private debt issuance	32%	35%	30%	31%

The expectations about which will be the main source of finance for international expansion remain steady among companies across all the funding stages. So while half of all companies at all funding stages put private equity as a likely source of finance, equally one-third of all companies at all funding stages put private debt issuance as a likely source.

Likelihood of raising funds on public markets (by country)



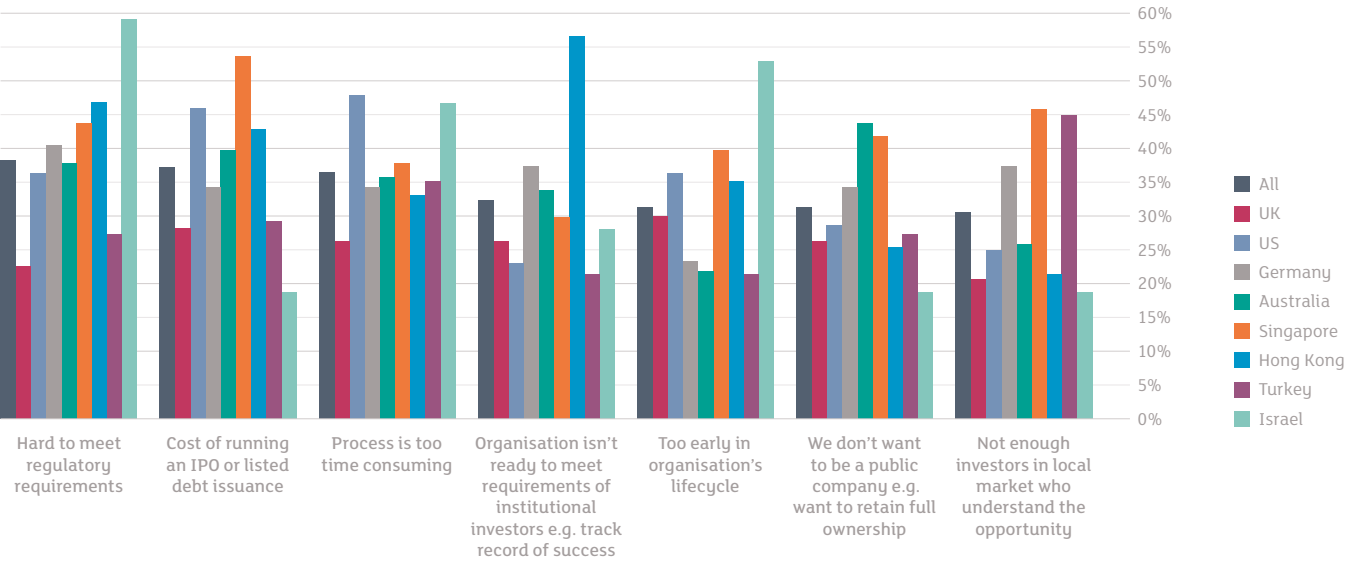
Overall, more than four out of five (85%) companies believe that they are likely to raise funds from the public markets at some point in the next three years. Indeed, more than one-third (36%) believe this to be “very likely”. US companies (94%) express the strongest confidence that they will tap into public markets and there are similar levels of confidence in Turkey (where 57% state that it is “very likely”).

Likely time to raise funds on public markets (by country)

	ALL	UK	USA	GERMANY	AUSTRALIA	SINGAPORE	HONG KONG	TURKEY	ISRAEL
2018	14%	6%	37%	14%	10%	8%	10%	22%	0%
2019	34%	53%	31%	41%	30%	34%	29%	35%	13%
2020	27%	17%	21%	28%	22%	28%	33%	22%	56%
2021	5%	4%	4%	3%	0%	8%	6%	4%	16%
2022 or longer	5%	4%	2%	3%	16%	4%	2%	8%	0%

This represents quite a statement of intent – representing a far greater appetite for the public markets among fintechs than previous research has predicted. In keeping with US companies’ overall confidence in public market fund raising, 37% of them state that such a fundraising will happen in 2018. Germany, the UK and Turkey all show strong levels of confidence that their public fundraising will take place within the next three years.

Barriers preventing raising money via public markets (by country)



Compared to their peers in other countries, UK fintechs see the process of raising money through the public markets as straightforward and with less barriers. They even appear to be more confident than their US peers about the pool of investors in their domestic market who understand their business. All other fintechs perceive there to be evident barriers. Israel (59%) and Germany (41%) rank the meeting of regulatory requirements as their highest concern. Singapore (54%) and the US (46%) are concerned about the cost of the IPO process. US (48%) and Israel (47%) worry that the process is too time consuming.

Most considered markets

If you were to look for a public listing of your business or to issue public debt, which markets would you be most likely to consider?

	Top three considered markets		
	1	2	3
UK	London (49%)	New York (38%)	Tokyo (21%)
USA	New York (62%)	Tokyo (40%)	London (38%)
GERMANY	New York (44%)	Frankfurt (41%)	London (39%)
AUSTRALIA	London (46%)	Sydney (40%)	New York (34%)
SINGAPORE	Singapore (64%)	Hong Kong (52%)	New York (34%)
HONG KONG	Hong Kong (76%)	New York (45%)	London (35%)
TURKEY	Istanbul (63%)	New York (49%)	London (41%)
ISRAEL	New York (38%)	Sydney (38%)	Mumbai (28%)

The public markets: views from fintech entrepreneurs

BOKU

Boku is the world’s leading independent direct carrier billing network. Its platform enables consumers to pay for goods and services by charging it to their mobile phone account. It now has more than eight million monthly active users. Boku’s customers include Apple, Spotify and Microsoft. The company listed on AIM in 2017.

“Coming to the public markets seemed the best way to balance the interests of various stakeholders,” says Boku CEO Jon Prideaux, “but we were not really big enough for a NASDAQ float. We thought we would not get the coverage and would stand out more in London. There was a level of understanding in the London market and appetite from investors.”

He describes the investor roadshow process as “unbelievably efficient. Within two weeks you can see 70 institutions, basically all on foot. That’s absolutely not the case when you are trying to raise private money.”

Half of the money that Boku raised is being used to improve working capital. The other half has been earmarked for growth investment: “this remains on our agenda, so watch this space,” he says.



“Our aspiration for RateSetter is to list. We are building a retail investment brand, offering people the opportunity to earn more on their money and that makes the stock market a natural home for RateSetter. Being listed imposes a healthy discipline on companies and demonstrating consistent earnings capability is fundamental to any sustainable business. We have announced our objective to list and we are working on getting there.”

Rhydian Lewis
CEO, RateSetter

LENDINVEST



LendInvest is an online platform that provides finance to property professionals and enables individuals and institutions to invest in property-backed loans. The company is aiming to lend almost £1 billion through its platform in the next financial year.

LendInvest began in 2008 as an offline short-term mortgage lender. It was not fuelled by VC funding until 2016; this investment was “an acceleration point,” according to CEO and co-founder Christian Faes. “We started in a high margin niche area. This allowed us to self-fund and be able not to have to take [outside equity] capital.”

It is no secret that LendInvest is actively working towards becoming a public listed company. In 2017, it listed a retail bond on London Stock Exchange. “We wanted to allow retail investors to invest in our loans and the bond was a product that intrigued us,” says Faes. “A bond listed on London Stock Exchange conferred a huge amount of credibility. It was a transparent vehicle, supported by a regulatory and compliance infrastructure which gives confidence to retail investors. We issued the first £50 million tranche and we will look to do further tranches in the near future.

“There was a lot of preparation and work to get the business ready to issue it but that work will benefit us when the business is ready to go to the public market. And we are getting close. Ultimately, being public on London Stock Exchange is the ultimate badge of a grown-up business. It should also help us drive down our cost of capital.”

GAINX



GainX is in the process of creating a new market, with its AI and machine learning software which can help financial institutions predict the successes and sticking points of large-scale transformation strategies. Up to this point, the company has been self-funded but, says founder and CEO Angelique Mohring, “we are experiencing explosive growth and will be looking for capital to accelerate it further.

A successful partnership with Microsoft along with other delivery partners, and the sheer pace of development in AI and machine learning, are two key factors driving her projections of rapid growth.

Mohring’s ambition is for GainX to continue to define and evolve a new market space of transformation strategy management. Large institutions are simply unprepared for the pace of change, and says Mohring, “GainX has been designed to help them get to the Next Economy.

“To be the Microsoft or the Salesforce.com in this space will require significant funding and a global presence,” she says. “We need a stronger footprint in the US, will continue further expansion into Europe, and plan to move into Asia Pacific. We will have to do a significant capital raise within the next year.”

GainX joined the London Stock Exchange ELITE programme last November. “We’re truly getting a deeper understanding of what it would take to get a scaleup to the global market,” she says, “and an IPO is certainly a possibility.”

“Companies are seeing the public markets as an opportunity to strengthen their balance sheets and to create a programme for long-term capital raising. It is not simply an exit moment.”

Mattias Ljungman
Partner, Atomico

CHAPTER 5

Point of view: London Stock Exchange

There are several important insights to emerge from this survey. A large number of fast-growing fintechs and their founders have ambitions which stretch across borders and aspire to long-term sustainable growth. There is a marked desire to build international businesses that become the blue chips of tomorrow. Many are already on this growth journey and they need long-term or patient capital and a supportive regulatory environment to support their ambitious growth visions. The UK offers both.

The FCA's regulatory sandbox launched in 2016 is just one initiative that is allowing innovative new products to be tested in a live marketing environment, whilst ensuring protections are in place. Coupled with collaboration across the entire UK financing ecosystem, the UK is in a unique position to support the advancement of global fintech.

Raising finance remains a priority for these fintechs as they develop new technologies, expand into new market sectors and into new geographies. Their ambitions stretch beyond an exit through a trade sale to building a company for the longer term with a stand-alone future. It is exciting that one in three of these innovative, high-growth companies plans to seek a public listing. This is the opportunity for them to access deep and international pools of long-term capital from a sophisticated investor base which understands the fintech story.

An IPO is a milestone in any company's evolution. It is a considered decision that will ultimately transform the future of a business. It brings an unparalleled combination of benefits: access to funding; ability to keep control of the company's destiny; transparency; increased public profile; and a broadened shareholder base among many others. London Stock Exchange works with fintech companies and investors to help them better understand the IPO process and connect management teams with the experts who will support them in their strategic capital raising decisions.



James Clark
Head of Tech & Lifesciences,
Primary Markets, London
Stock Exchange Group

“In the last few years the UK has become a leading player in tech, but in fintech all its strengths come to the fore – financial services experience, a world leading regulator, supportive policymakers and an unrivalled mix of technical expertise and creativity. What this report makes clear is that the final element that London offers – access to capital with a global focus – is very much in demand from the world's fintech companies.

“Despite what received wisdom within the tech community may say, an intention to IPO is high on the list of many fintech companies around the world. Whether it is the Main Market, AIM or the Retail Bond market, London Stock Exchange Group offers these ambitious companies access to a globally minded range of investors with the capital and desire to match their ambition. We look forward to hosting them here in London soon.”

Long-term capital providers are increasingly supporting each other across the equity funding ladder, from angel finance to venture capital and crowdfunding through to the public markets. Capital should flow seamlessly from investor to entrepreneur.

For fintech – an emerging global sector at the intersection of innovative technology and financial services – this survey highlights that the UK is seen as one of the top priority markets for fintechs seeking to expand internationally, to provide a seamless customer experience across borders. The results of this survey shows that, in the opinion of fintech companies from a range of countries, London is one of the top three markets, with the US and China, where the world's fintechs consider listing equity or issuing public debt. What's more, out of the eight surveyed countries, fintechs operating in the UK overwhelmingly see the process of raising money through the public markets as straightforward and less onerous.

This favourable status is testament to London's reputation as a global financial centre and a natural home for fintech. London caters for businesses at every stage of development, offering the richest possible environment in which to start, test, grow and finance a fintech business.

The sentiment evidenced in this report around preferences to float in London demonstrates that fintechs are seeing through the out of date myths – such as US listings delivering higher valuations at IPO – that have sometimes fogged the wider technology sector. Fintech businesses list everywhere and institutional investors are not bound by national borders – they invest globally. Analysts follow important fintech companies wherever they choose to float and have no problem comparing companies listed on different exchanges.

For example, a US incorporated carrier billing company, Boku, chose London's international growth market, AIM, to float in 2017. Boku had venture capital investors such as Andreessen Horowitz, Index Ventures, Khosla Ventures and NEA, who understood the logic of floating on AIM. Boku's market cap is up almost 50% since IPO, at \$244 million and a roster of international institutional investors such as River & Mercantile and Legal & General are investing in its growth.

Similarly, the UK's first b2b platform company, IntegraFin, listed on London's Main Market in February

this year and has seen its market cap rise almost four-fold since IPO, with a valuation to date at over \$1.3 billion. IntegraFin was one of three fintech companies to IPO between mid-February and mid-March this year, joining TruFin and Augmentum Fintech, and together they have a combined market cap of \$1.7 billion.

The decision as to where to list should be based on facts, not sentiment. Likewise perceptions of the markets from five or ten years ago do not match today's reality. We are working with companies and investors to provide the facts they need to decide whether, where, when and how to IPO. The best way to dispel myths is to be open and transparent. No blind assertions, no received wisdom, but concise, relevant, actionable information – such as that which is provided in this report.



Emma Titmus
Business Development
Manager, Primary Markets,
London Stock Exchange Group

“Since 1995, more than 3,800 companies have begun life as a public company on our unique growth market, AIM. It has provided vital growth finance, close to £110 billion, for thousands of ambitious businesses from across the world and across all sectors. AIM has allowed these companies to raise equity growth capital to support them not only at IPO but throughout their growth journeys. We're passionate about ensuring companies are prepared for life as a public company and believe access to long-term equity capital will support them in unlocking their full growth potential.”

To find out more and to find out how we can help you to raise finance visit www2.londonstockexchange.com/Finance-For-Fintech



Methodology and sample base

YouGov completed 403 interviews with senior executives in fintech companies across eight different markets

Fieldwork was conducted between 12 and 27 February 2018

This survey was conducted using an online interview of senior executives in fintech companies based in:

UK	53
US	52
Germany	64
Australia	50
Singapore	50
Hong Kong	51
Turkey	51
Israel	32

UK FinTech – On the cutting edge, published by EY in 2016 and supported by the UK Government, benchmarked the UK, USA (California and New York), Germany, Australia, Singapore and Hong Kong, and also analysed Israel. We have included these countries as the sample countries in this report, and we have added Turkey – reflecting the parallel work of TheCityUK’s UK-Turkey FinTech Working Group. The EY report concluded that the UK’s all-round strength made it a global fintech capital, and recommended new initiatives to maintain that leading role, ultimately to the benefit of customers and entrepreneurs from the UK and beyond.

By making this communication, none of London Stock Exchange Group plc and/or its group undertakings (which shall be construed in accordance with section 1161 of the Companies Act 2006) (“LSEG”) or TheCityUK intend to invite or induce you to engage in any investment activity for the purposes of the UK regulatory regime (other than, where relevant, in respect of the London Stock Exchange plc’s exempt activities of operating UK-regulated investment exchanges and providing clearing services in the UK). This publication does not constitute an offer to buy or sell, or a solicitation of an offer to sell, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorised, or in which the person making such an offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such an offer or solicitation.

Information in this publication may or may not have been prepared by the LSEG or TheCityUK, but is made without any responsibility on their part. All information in this publication is provided ‘as is’ and none of LSEG or TheCityUK make any representations and disclaim to the extent permitted by law all express, implied and statutory warranties of any kind in relation to this publication, including warranties as to accuracy, timeliness, completeness, performance or fitness for a particular purpose. No action should be taken or omitted to be taken in reliance upon information in this publication. Neither LSEG or TheCityUK accept any liability for the results of any action taken or omitted on the basis of the information in this communication. The information in this publication is not offered as advice on any particular matter and must not be treated as a substitute for specific advice. In particular, information in this publication does not constitute legal, tax, regulatory, professional, financial or investment advice. Advice from a suitably qualified professional should always be sought in relation to any particular matter or circumstances.

AIM, London Stock Exchange, the London Stock Exchange coat of arms device are registered trademarks of London Stock Exchange plc. Other logos, organisations and company names referred to may be the trade marks of their respective owners. No part of these trademarks, or any other trademark owned by LSEG can be used, reproduced or transmitted in any form without express written consent by the owner of the trademark.

To find out more visit

www2.londonstockexchange.com/Finance-For-Fintech