



SIFI Report

Fintech mini summit

Dublin Business School

28 March 2019

Introduction

Our day began with an introduction from the two Andrews (Conlon–Trant and Quinn) on the Dublin Business School's commitment to fintech and the importance of including academia in this process, and a short introduction from SIFI policy director David Clarke, who underlined the positive role cooperation can play in a developing industry such as fintech.

Stephen Ingledew, CEO FinTech Scotland

Stephen's presentation was a philosophical outline of the principles underlying Scotland's desire to become a top five global fintech power within five years – this is not a land grab nor an aggressive competition with others, but purely a target to focus Scotland's efforts to building its growing fintech sector.

Everything that FinTech Scotland does seems to be about cooperation and collaboration, and an inclusive approach to developing the sector. While technological development and financial innovation are important, in the end it must be about solving real customer problems. As a result of this approach FinTech Scotland has built up a community of more than a hundred companies centred around eight fintech hubs. The collaborative element has brought a wide range of stakeholders into the process such as RBS and the country's financial trade group Scottish Financial Enterprise. More importantly, the organisation extends to the widest reaches of civic

society who want to bring a more holistic approach to building a new finance industry, such as Scotland's Ethical Finance Hub.

All in all, the main lesson that Ireland can learn is that in order to continue building the industry, it needs to reach out and bring in a wide range of stakeholders to inform any policy decisions. Another key lesson is the government input – FinTech Scotland is not a fee-paying membership organisation but is funded by government to develop this important public policy imperative.

Panel Session

We took a different approach with the panel discussion on Building Fintech Ecosystems compared to most conference panels, that tend to feature a handful of people all agreeing with each other. In doing so, we matched up six fintech ecosystem stakeholders against each other to see who rose to the challenge as the most critical part of the community. One of the key takeaways from the debate, which featured the views of startups, investors, corporate buyers, industry associations, academia, and governments was that all of the ecosystem stakeholders are critical. Related to this is the opportunity for smaller fintech ecosystems to cross national borders, as a surplus of corporates in financial services in a neighboring country can help fill the gaps, as can a larger investor community.

We also learned that everybody loves an underdog, with our audience in general voting (clapping loudly!) in favour of the smaller companies rather taking the sides of our embattled, but spirited, representatives of larger corporate buyers. Paul Nunan argued deftly about the risks a large company faces when dealing with small start-up firms, while others on the panel felt

that large businesses should be more proactive in supporting smaller firms. Overall, with perspectives shared by Paul from Link Asset Services, Johann Moran from ConsenSys, Serena de Stacpoole from Circit, Brian McDonald from Caudax Consulting, Daniel Broby from the University of Strathclyde and Michael Concannon from the Fintech & Payments Association of Ireland, we had a diverse mix of views and a lively debate.

Pete Townsend

Our compere for the day gave us an inside look at the difference between sustaining fintech ('making things better') and disruptive fintech ('making better things'). To drive the point home, Pete gave us a snapshot of six fintechs from Scotland and Ireland, including PiPiT Global, Circit, Money Dashboard, Trade in Space and QPQ. We also heard from Pete on how the stakeholders' roles in any fintech ecosystem can vary depending on the balance of disruptive and sustaining fintech. We finished with a look at four of the key stakeholders – startups, investors, regulators and corporate buyers – and the considerations when fintechs are making things cheaper, faster and better compared to those fintechs solving new problems and creating new markets.

Hesus Inoma

During an interview with Hesus, an Associate Director of Fintech for Grant Thornton, we learned how a corporate can be a buyer as well as a connector. As most corporates in financial services are regulated firms, any fintech partnerships they pursue are done with regulatory impacts in mind. Even the most technical value proposition from a fintech can spark interest from a regulator with their lens on outsourcing, substance and organisational effectiveness. So, by default, corporates in financial services play the role of connector when it comes to two of their fintech ecosystem partners in regulators and startups. When regulators perform their reviews of the firms they regulate, they learn more about the fintech startups engaged by the financial services industry, and things come full circle.

Summary

- The similarities between Scotland and Ireland are marked. We are both cohesive societies that embrace the idea of bringing in the widest range of voices to help develop the fintech industry. By reaching across the sea and learning from each other we can extend the range of options from which we can learn and improve.
- It helps being a small nation – the fact that we can gather such a wide and representative group of people shows the strength of Ireland's and Scotland's almost localist approach to fintech. This helps in developing products and strategy and is a compelling alternative to the less cohesive centres such as London.
- There needs to be an enlightened self-interest approach on the part of large finance companies when it comes to procurement discussions with small fintechs. It's worth remembering that smaller companies are not asking for charity, and their larger potential partners need to ensure they're considering the full spectrum of options as this process will ultimately benefit them and their clients. If they're too conservative they may miss out on some fruitful business relationships with a growing list of agile and technologically adept firms.
- You can never have enough cohesion or cooperation – when growing a sector you need all the positive input that you can find. By working together, we help