

Leeds City Region FinTech ECOSYSTEM REPORT 2019-2020



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Thank you to the organisations who have supported and co-funded this research:



LEEDS CITY REGION FINTECH ECOSYSTEM - SUMMARY

Leeds City Region FinTech Ecosystem summary

Leeds City region

3,081,800
population

1,400,000
workforce

120,000
people working
in FS or Tech

8,850
FS & Tech firms

116,000
students

9
Universities

£69bn
GVA

4.4%
of UK GVA

FinTech sector

98 firms

44% established FS/
FinTech firms

32% Tech
firms

24% startups &
scaleups

95%
people working
in established
organisations

6,332
estimated FinTech
related roles

£353.5m
GVA (estimated)

5.4%
of UK FinTech GVA

FinTech startups & scaleups

24 firms,
employing
300+ people

84% B2B
34% B2C

42yrs
average age
of founders

7 yrs
average age
of firms

71%
have main office
in the region

58%
are startups

Leeds City Region FinTech highlights

1. **Strong financial sector** including more than 40 established financial services organisations - increasingly receptive to FinTech and digital transformation.
2. More than **9 out of 10 people** working in **FinTech roles** work for **established firms**.
3. Leeds has a **significant strength in financial technology** consulting, with Leeds headquartered firms serving all the major UK banks and numerous other organisations outside the region.
4. The **Centre for Financial Technology & Innovation** was launched at University of Leeds in 2019.
5. Leeds has been named as one of the top 20 **fastest growing global FinTech hubs** to watch in 2020¹.
6. Leeds City Region has had 3 of the 19 regionally based participants in the **FCA sandbox** to date.
7. Key FinTech locations: Leeds, York, Bradford, Halifax, Ilkley, Harrogate.

Why Leeds City Region is different

1. **3 of the top 5 building societies** are based in Leeds City Region.
2. Leeds is the **only city outside London** where each of the 3 major credit reference agencies has a main office.
3. 7% of the UK's financial services workers and 4% of firms are based in the region.
4. Leeds produces and retains **more STEM graduates than any other city** outside of London.
5. Leeds has **more scaleups** (96) than any other Local Authority outside London².
6. **Core tech strength** from other sectors - 22% of digital health jobs in England are located in the Leeds city region³.
7. **Yorkshire has seen 48% growth in digital sector employment** in the last 3 years, with employment rising from 58,000 to 86,000. This is higher than any other region in the UK including London, with 66% of the roles based in the Leeds City Region⁴.
8. **Leeds is** the first English city outside of London to be included in the **prestigious MIT REAP programme**.

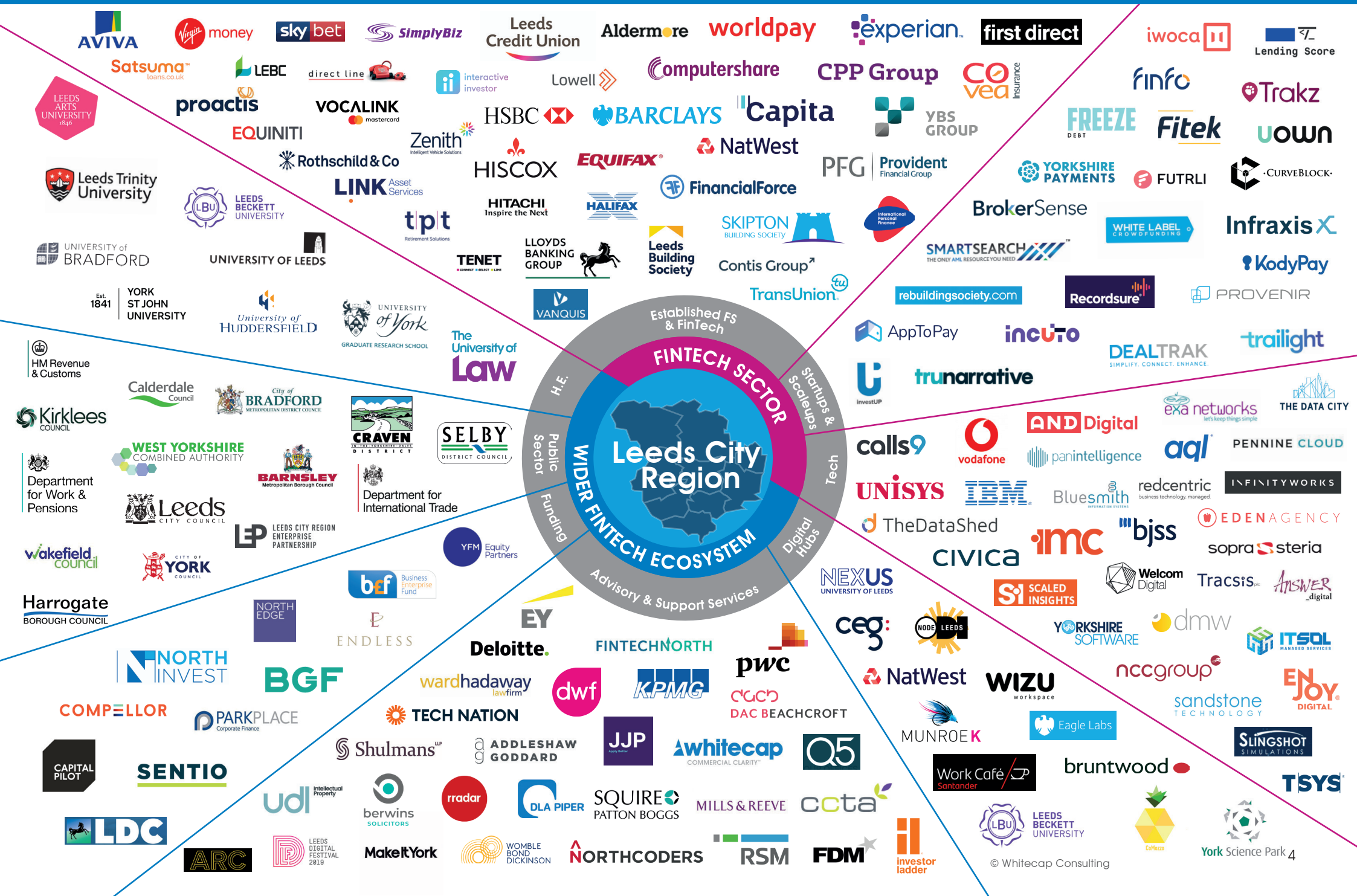
¹Indexable Global FinTech Index 2020

²The Scaleup Index 2019

³Leeds City Council (2018) – Leeds inclusive Growth Strategy 2018–2023

⁴Leeds City Region Enterprise Partnership, February 2020

Leeds City Region FinTech & Support Ecosystem



FOREWORDS



Whitecap Consulting



**Richard Coates, Managing Director
Whitecap Consulting**

We are pleased to publish our second analysis of the Leeds City Region FinTech Ecosystem, following our initial report in November 2018. Leeds has a strong heritage in the retail banking sector and today it is a key location for more than 40 established financial sector organisations. FinTech is a key area of interest in the region and one with strong potential for growth.

In our role as a regionally focused strategy consultancy, we are exposed to many high growth sectors across the UK and we have been actively involved in FinTech since we founded the company in 2012. Since that time, we have worked with established financial services organisations, tech providers, FinTech startups and scaleups, universities, PE and Corporate Finance firms, the public sector and inward investment organisations on a range of FinTech related projects.

In 2016, we co-created FinTech North as an events-based programme for the Northern FinTech community. Since then, we have co-ordinated and delivered more than 50 events including major conferences and seminars, attracting over 6000 attendees, and covering a range of related topics and issues.

FinTech provides a material economic growth opportunity for the UK, the North, and for the Leeds City Region. On a national level, the sector is expected to create approximately 30,000 more jobs and over 1,600 new businesses by 2030⁵. According to Dealroom⁶, since 2013 European FinTech companies have created more than twice the value of any other tech sector in Europe.

London is a major centre of the sector on both a national and an international basis, with an emphasis on startup and business funding. However, the dynamic is quite different in other parts of the UK, including Leeds, which has a long-established reputation as a financial centre.

Our analysis indicates that in Leeds the focus tends to be less on startups - the supply side, and more focused on the demand side, driven by established financial services organisations seeking innovation and collaboration. This has been driven by increasing competition, new technology, increased customer expectations and legacy IT systems; reflecting the shift to a digital economy.

For established financial services organisations who have evolved their systems and processes over time, it is increasingly difficult to operate efficiently and effectively in a digital world. In contrast, the newer entrants have more of a flexible strategy, ideally suited to an ecosystem-based approach and are well placed to exploit specific opportunities including developments such as Open Banking.

The issue of legacy technology in the financial sector is not a new one, but the major change now is a move towards openness and the adoption of different operating models with multiple supplier relationships. The challenge of adapting to this new digitally orientated operating model is something that is a common theme in our work with established organisations in the financial services and technology sectors.

We would like to take this opportunity to thank all stakeholders and sponsors from the Leeds City Region who have helped us produce this report, which we hope will contribute to future growth across the region in this exciting and rapidly developing sector.

⁵UK FinTech – State of the Nation 2019, Department for International Trade

⁶The State of European FinTech 2019, Finch Capital & Dealroom, October 2019

Leeds City Council



**Tom Riordan, Chief Executive,
Leeds City Council**

Leeds' ambition is to be the best, most compassionate place in Britain for people to live, work, study, invest, stay and thrive. Our economy is exciting, modern, mixed and balanced. We still manufacture in Leeds and we are home to some of the world's best professional services firms in law, finance, accounting and consulting. Our versatile technology sector is one of our great strengths. That's why Leeds City Council are pleased to be supporting this update on the Fintech ecosystem research in the Leeds City Region.

Leeds is an exciting place to be. An explosion of co-working and collaborative spaces across the city in the past year including the University of Leeds' innovation hub at NEXUS, Avenue HQ, co>space north and the Convention House at East Street Arts alongside the established ODILeeds, Platform and Duke Studios that have all enhanced the environment for digital and innovative businesses.

The arrival of Channel 4 has also had a ripple effect with confidence levels high across creative and media companies. Networks such as Fintech North have continued to play a major part in bringing together and promoting the excellent businesses we have here in Leeds and across the region.

Whitecap's refresh of the Fintech ecosystem research highlights the ongoing momentum in the depth of the sector, with growing innovation, opportunities and employment, and it also provides further insight into the strengths of the city and beyond as a place to start up and grow your business in a supportive and collaborative environment with access to a wealth of leading banks and financial services institutions.

Our achievements and ambition for collaboration and innovation have been recognised by our selection to participate in the Massachusetts Institute of Technology (MIT) Regional Entrepreneurship Accelerator Programme (REAP). This, along with our plans to double the size of the city centre, will help us develop an innovation ecosystem to match the best offered to entrepreneurs anywhere in the world.

As we continue to deliver the Leeds Inclusive Growth Strategy, the financial and professional services sector is well positioned to continue developing an inclusive and diverse talent pool so that everyone can benefit from economic growth and where innovators and entrepreneur's ambition can be realised through a supportive culture and community.

The Fintech story in the region is a one we should be proud of and this research provides a strong evidence base that we should promote nationally and internationally with confidence.

Innovate Finance



**Charlotte Crosswell, Chief Executive,
Innovate Finance**

I am delighted to contribute to this report from Whitecap Consulting which provides an update on the development of FinTech in the Leeds City Region. Via our relationship with FinTech North and others we have had first-hand exposure to the enthusiasm of the region towards this sector.

Innovate Finance is the independent industry body that represents and advances the global FinTech community in the UK. Our mission is to accelerate the UK's leading role in the financial services sector by directly supporting the next generation of technology-led innovators.

The UK is the global leader in Fintech and over the past decade, the country's position as a trailblazing force in the sector has been growing from strength to strength. Building on our long-standing financial services pedigree, and injecting it with innovation and transformative technology, the results have transformed all areas of financial services.

The numbers speak for themselves. The innovation in financial services has resulted in over 100,000 new jobs across the UK, and the sector continues to attract record amounts of investment. In 2019 the UK FinTech sector retained its role as the top-ranking investment destination in Europe, with venture capital and private equity investment growing 38% year on year to a new record of \$4.9bn, despite a year of political challenges and uncertainty.

As a nation, we have embraced FinTech with open arms. Our progressive regulation has encouraged innovation and a large part of our success is down to just this. Innovators and entrepreneurs need a framework that allows them to thrive, so it is vital that we continue to develop and adapt regulation in ways that create the right conditions for FinTech to prosper. To date, the UK is the best place to

start and scale a business – and we need to make sure that remains the same for years to come.

Talent will accelerate growth across the FinTech sector, so we need to ensure we continue to blend the skills of finance, engineering and computer science that has propelled UK FinTech to the top. This is of immense importance as we enter the global race for talent and access to the brightest minds in the space.

Whilst London is acknowledged as the global epicentre in the world of FinTech, other regions of the country play an important role in building a diverse and robust national FinTech ecosystem - from Northern Ireland and Scotland, to the West and North of England. We need to ensure we shine a spotlight on these regions to showcase their success and contribution, to in turn drive further growth and attract investment across all areas.

At Innovate Finance, we have recognised this potential and the FinTech National Network has been established with some key partners to foster collaboration between national hubs and encourage innovators up and down the country. If we can combine this network with local and central government support, as well as access to patient capital to scale companies, the future of UK FinTech will be even brighter.

By connecting FinTech hubs across the UK, different regions will be able to support each other and in turn encourage national growth. This will form the basis to engage with international markets as a united front, ensuring our great reputation as a FinTech nation, and enabling us to continue setting the pace for the industry on an increasingly competitive international stage.

FinTech North



**Chris Sier, HM Treasury FinTech Envoy,
Chairman, FinTech North & Visiting Professor
of Financial Technology,
University of Leeds**

2019 was another remarkable year for FinTech North. The launch event for this report in December was the 51st event since FinTech North hosted its inaugural event in Leeds in 2016, and last year alone we hosted 24 events.

Leeds remains the home of FinTech North, but in 2019 we had an objective to broaden and strengthen our FinTech community across the north, and we delivered on this by hosting major conferences in Manchester, Leeds, Newcastle, and Liverpool.

These conferences attracted over 1,000 delegate registrations, and we also hosted seminars covering topics including Open Banking, FraudTech, Mortgages, Lending, Diversity, Skills, Blockchain, and RegTech.

The impact of hosting these events in building the northern FinTech community cannot be underestimated, but they are also a great source of PR profile. As part of their research for this report, Whitecap studied the press and social media that mentioned FinTech in the region, and the peak day for Leeds was 23rd May, which was the day of FinTech North conference in the city.

Looking beyond Leeds, I get immense satisfaction from seeing the different regional ecosystems around the UK coming together. A collaborative and open approach is the route to success and the national FinTech sector will be stronger.

I was delighted to hear that the four major northern regions of Leeds, Manchester, Liverpool and the North East were aiming to collaborate on the FinTech Connect conference and exhibition in London in December. The fact this was done under the FinTech North brand demonstrates that we are making progress on our mission to bring the north's FinTech community together for the benefit of all involved.

On a national level, 2019 saw the creation of the FinTech National Network in April. Created by Innovate Finance, FinTech North and FinTech Scotland, it has since been expanded to include FinTech Wales, FinTech Northern Ireland and FinTech West. I fully expect more regional ecosystems to be formed and become part of this group, which is providing a vital forum to bring together the national ecosystem.

Finally, I would like to highlight that FinTech North is not a membership organisation and receives no central funding. FinTech North functions based on a combination of sponsorship and goodwill from numerous organisations across the north, supported by the hard work of the FinTech North team.

I would therefore like to take this opportunity to say thank you to everyone who has supported FinTech North to date, whether that has been financial or otherwise. Without your help, we would not have been able to make the progress we have.

ECOSYSTEM RESEARCH



Leeds City Region Ecosystem Research

Welcome to the second report produced by Whitecap Consulting analysing the Leeds City Region FinTech Ecosystem.

Over the course of recent months we have conducted an review of the FinTech activity in the region, which has included interviews, focus groups, an online survey, desk research, and insight gathered across various events, meetings and the course of our ongoing consulting engagements in FinTech across the UK.

Via a combination of interviews, discussion groups, events and an online survey, we have engaged with over 200 people to ensure we are able to put forward a considered, well informed and data rich report which can serve as a building block in the evolution of the FinTech sector in the Leeds City Region.

We are grateful to everyone who has contributed, and in particular to our sponsors and partners who have made this work possible:



Definitions and methodology

FinTech can be defined as the application of technology to improve financial products and services. This makes it a very broad category, in which it is acknowledged to be extremely challenging to categorise companies and jobs, especially in the absence of standard measures such as SIC codes.

In this report we have differentiated between three different types of companies directly operating within the FinTech sector:

- **FinTech startups and scaleups** - pure FinTech business models, often with a focus on disrupting the sectors they work in.
- **Established Financial/FinTech** - established entities, offering financial products or services.
- **Tech firms** - businesses operating in multiple markets (must include serving financial services or FinTech).

Categorising jobs within FinTech is also challenging, as it is not the case that everyone working in established financial services or Tech is working in FinTech.

We have conducted primary research to establish the number of jobs within FinTech startups and scaleups, and have adopted a proxy methodology to estimate overall FinTech sector roles within the three categories listed above.

To calculate the FinTech workforce and GVA we have adopted the following methodology:

- Estimated FinTech workforce = 5% of combined FS workforce (derived from TheCityUK data) and Tech workforce (derived from Tech Nation data) in the research area + all identified workers within FinTech startup & scaleup firms (Whitecap primary research).
- Estimated regional FinTech GVA = estimated FinTech workforce X GVA contribution per worker (using UK average).

In the absence of any current publicly available estimate, the 5% estimate is based on a broadening of a previous EY estimate from 2015 (this remains the only estimate published to date) which suggested 5% of the FS sector is categorised as 'FinTech'.

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Overview and changes since 2018 report⁷

The FinTech sector in the region continues to benefit from having a large financial services sector and a strong presence of nationally successful technology consultancies, with 8 out of 10 people in FinTech estimated to be working in established organisations.

It also has an evolving and varied group of FinTech startups and scaleups, which this year we are able to report as nearly twice the size identified in 2018. This is due to a combination of new startups, new entrants to the region, and existing firms becoming more visible. These firms now have a greater choice of co-working / collaborative spaces where they can base themselves, with Nexus, Barclays Eagle Labs and Santander Work Café (all Leeds), and Phase One (York) amongst the new additions in the region.

The FinTech sector in UK has continued to mature and there is increasing evidence of established FinTechs expanding their operations regionally. In December 2019, Leeds was announced by London-based SME lender Iwoca, one of the UK and Europe's most prominent FinTechs, as the location for its second UK operational hub.

The region has also continued to build its reputation as a thriving digital hub and has an increasingly high profile nationally and internationally. The recent decision by Channel 4 to select Leeds as its new head office location was a significant boost to the city and wider region, illustrating how a major new entrant can be a catalyst for activity.

Since the last report, Leeds has welcomed three major international FinTech missions involving approximately 50 FinTechs from across Europe. The missions were brought to the region by the Department for International trade as part of a wider Northern Powerhouse programme which has now included four missions overall.

⁷Leeds City Region FinTech Ecosystem Report 2018 (Whitecap Consulting)

⁸Fintech in the UK, City of London Corporation 2018

Current status

Leeds City Region has a disproportionately high presence of established financial services organisations with their headquarters or a major operational presence in the region. This includes banks, building societies, insurers and financial data companies, not to mention several universities who are keen to work in this area.

The combined financial, legal and professional services sectors contribute £20bn in gross value added (GVA) to the region's economy and employ 300,000 people. In terms of GVA, these sectors account for more than one third of the region's output.

Retail banking is particularly strong in the region, with operational centres well represented in Leeds. Lending is a core strength of the region, with the mortgage, personal loans and business finance sectors all being well represented.

Sectors such as capital markets and wealth management are not currently as prevalent, although opportunities may open up for the region as devolution from London continues to take shape across the UK. Leeds has a strong base of financial sector skills and experience which it can offer to organisations considering new locations.

We estimate that 6,332 people in the Leeds City Region work in FinTech related roles. In London this number has been estimated at 44,000⁸, which illustrates the dominance of the nation's capital in this sector.

Leeds has a strength in tech consulting relative to other regions we have researched. The space these firms operate in is the practical connection of their clients' strategy and the delivery of it over time, with a strong focus on digital transformation. They provide advisory work and practical implementation support and seem to have strong opportunities in financial services as established brands don't find it easy to navigate on their own.

Key to the ability of these consulting firms to operate effectively in the financial services / FinTech space is their experience operating in heavily regulated markets, and specifically their knowledge and understanding of FCA regulations and compliance.

Future potential

Leeds City Region is home to the second highest concentration of scaleups (across all sectors) outside of the South East, and Leeds itself is also the highest-ranking city outside of London for scaleups⁹. Clearly the region has strong credentials as a good place to grow an established business.

The recent news about Iwoca moving to the region highlights the opportunity available from the maturing FinTech sector, and Leeds can aspire to benefit as more of the scaled up FinTechs start to build their operational capability outside London.

Leeds has enjoyed a strong PR profile as a FinTech centre over recent years, being regularly cited in roll calls of significant FinTech centres outside London. This has helped to put it on the map. The hope moving forward is that the sector can continue to evolve and build economic value, creating jobs and opportunity within the region.

Leeds is undoubtedly the primary FinTech hub of the region, but other locations have a strong pull too, which may prosper as the sector expands. Our research has identified 24 FinTech startups and scaleups, of which 17 are headquartered in the region, 10 of which are based in Leeds with the others spread across locations including York, Ilkley, Brighouse, and Cleckheaton. In the modern age, proximity to market is perhaps not as critical as it used to be, and businesses can choose their location with more emphasis on availability of talent and lifestyle.

Harrogate has long been a popular residential choice for many of the region's senior executives and has several established organisations including MasterCard and Worldpay. There are now 6 direct trains to London each day (increased from one per day in 2019), and four trains an hour to Leeds (previously two per hour). This has created improved connectivity and travel efficiency between these three locations.

⁹Scaleup Index Report 2019, Beauhurst

Attitude towards FinTech

There is a lot of positivity around FinTech within the region. The FinTech North events have helped build a community of people and organisations with an active interest in the sector, and the relationships that have been formed have led to many follow up discussions and meetings to explore opportunities and share knowledge.

The sector also enjoys strong support from the public sector. Leeds City Council and the Leeds City Region LEP are actively involved in FinTech initiatives and played a key role in attracting Iwoca to the region, also engaging the help and support of firms within the ecosystem. FinTech has also been cited as a key sector within the work taking place as part of the Massachusetts Institute of Technology Regional Entrepreneur Acceleration Programme (MIT REAP).

The MIT REAP programme admits up to 8 regions annually to participate in the two-year learning engagement with MIT. Leeds is the first English city outside of London to be included. The programme helps regions foster economic growth and social progress using an evidence based, practical approach to strengthening innovation driven entrepreneurial ecosystems. In January 2020 Leeds hosted the other regions within the cohort, including a tour made up of a series of FinTech discussions involving key stakeholders from the regional ecosystem.

There is a vibrant events scene in the Leeds City Region, particularly in Leeds which has been the venue for most of FinTech North's events in the region. Leeds Digital Festival is about to enter its fifth year and has become the focal point for the digital sector calendar, with the 2019 festival including 25,000 attendees across 240 events with 750 speakers in 96 venues.

Funding for FinTech remains a topic which generates considerable debate. The challenge with early stage FinTech (and tech) is that it can require a change in the mindset of investors, because these businesses are often not profitable and are burning through cash. There is no guarantee they will turn a profit, so the investors need to be willing to work with this, investing so called 'patient capital'. Within the region there is an acceptance that lessons can be learned from the London and international investor community, but it is unclear how this can be achieved, and how these investors can be encouraged to look more regionally.

Stakeholder quotes

Key growth opportunities

"Just over 12 months on from the last report there's more energy and activity. The FinTech North conference in May in Leeds was standing room only which illustrates this."

Dr Iain Clacher, Pro Dean, International, Leeds University Business School

"There is an opportunity for companies to make a statement by moving to other large towns in the region. Halifax for example is approximately a 30-minute commute to Leeds. People are commuting that length of journey for jobs in Leeds, so why could it not be done in reverse?"

Tony Corby, Sector Manager, Creative and Digital Industries, Leeds City Region LEP

"There is a core strength in lending, digital, tech and analytics in the Leeds City Region."

Julian Graham-Rack

Areas requiring the most attention over the next 2-3 years

"We're getting better at articulating Leeds' strengths, which is important. Unless we are sharing what's going on to those outside of the region we can't expect people to appreciate the innovative, exciting things we are doing. The work the inward investment team did to ensure Channel 4's arrival in Leeds has really put us on the map in the creative sector. It was great to hear the news about lwoca in December and hopefully this can have a similarly positive impact on the financial and FinTech sector."

Deb Hetherington, Business Engagement Manager, Leeds Beckett University

"Sometimes we make claims to be strong in certain areas. We need strong case studies to back these claims up but we don't always have them. We have lots of stats but we don't have the breadth of case studies we need to bring things to life for people outside the region. We also need to make this easily accessible."

Stuart Clarke, Leeds Digital Festival and Paceline PR

"There is a funding gap relative to my experience in London. In this region the trend is to ask for what people need rather than to aim higher, which is good business acumen but different to how other regions such as London work."

Chelsea Boothroyd, Engagement Manager, Nexus

Biggest obstacles to growth of FinTech in the region

"We would benefit from some funding for FinTech initiatives in the region. Organisations like FinTech North have to operate with no funding support, which puts them at a disadvantage vs some other regions of the UK."

Michael Peeters, Partner, DAC Beachcroft

"The biggest barrier I have come up against is that Leeds doesn't have a big enough brand for tech. It's very difficult if you have to sell where you're from as well as your business."

Zandra Moore, CEO, Panintelligence

"There's a lot of FinTech work done here but it's behind the scenes via tech consultancies. Unless one of them starts to focus on FinTech then the focus will be on people like banks, building societies and credit reference agencies, but this is not where we will see major growth. Leeds could become more of a tech hub than a FinTech hub."








Richard Carter, Managing Director, Equiniti Credit Services

Findings and recommendations

	Key findings	Recommendations	Key stakeholders
Talent	<ul style="list-style-type: none"> Shortage of experienced tech talent. Strong supply of STEM graduates. Tech consultancy sector is creating significant jobs. 	<ul style="list-style-type: none"> Developing a larger and stronger talent pool is linked to the tech sector more broadly, so the financial sector should engage with the tech talent initiatives already in place in the region. Aim to position FinTech as a challenging, exciting, open and diverse sector that can offer strong career opportunity for young people. 	<ul style="list-style-type: none"> Public sector Inward investment organisations Major employers Universities and colleges
Established financial sector	<ul style="list-style-type: none"> Over 40 financial institutions based in the region. Strengths in retail banking, consumer and business lending, insurance and credit referencing. Major centres include Leeds, Bradford, York, Halifax, Harrogate. 	<ul style="list-style-type: none"> Continue to promote the fact the region is home to such a strong group of established financial services organisations. Encourage the established organisations in the region to have a more open external dialogue on FinTech and tech. 	<ul style="list-style-type: none"> Public sector Inward investment organisations Large financial services employers
Tech sector	<ul style="list-style-type: none"> Digital sector is performing strongly. Tech consulting firms working in financial sector are prominent in Leeds. Data and analytics are core strengths. 	<ul style="list-style-type: none"> Develop case studies about the work of the tech sector in the financial services sector. This can help amplify the strong body of work being delivered by these firms. 	<ul style="list-style-type: none"> Major financial services and tech employers Inward investment organisations
FinTech startups/scaleups	<ul style="list-style-type: none"> Growing via a combination of new startups and firms expanding into the region. There is a diverse and regionally fragmented community of FinTechs. The region has had 3 of the 19 regionally based participants in the FCA Sandbox to date. 	<ul style="list-style-type: none"> Continue to showcase the entrepreneurs in the region, giving them a platform to share their ideas and vision and a means via which to obtain feedback and support. Promote the availability and benefits of the scaleup programmes available within the region, including asking previous cohorts to share their experience. 	<ul style="list-style-type: none"> Public sector Operators of physical hubs/ co-working spaces FinTech and tech bodies, including event organisers
Relationship between Financial sector and FinTechs	<ul style="list-style-type: none"> The majority of FinTech relationships the large financial services companies have are with firms outside the region. A small but growing number of examples of regional FinTechs and established firms working together. Professional services firms are forming good relationships with FinTechs. 	<ul style="list-style-type: none"> Aim to create increasing opportunities for the regional FinTechs to engage with the established financial sector, via events activity and also consider collective problem solving. The tech consulting and professional services community could play a central role in bringing these groups together, as can organisations like FinTech North. There is an opportunity for a regionally focused competition to help create collaborative opportunities. This could be Leeds-based or across the north more broadly. 	<ul style="list-style-type: none"> Major employers in financial and tech sectors Professional services firms Tech/FinTech community / ecosystem organisations

	Key findings	Recommendations	Key stakeholders
Funding for FinTech	<ul style="list-style-type: none"> Funding available in the region is generic rather than FinTech specific. Perceived lack of funding in the £500k - £1m range. There continues to be a need for the funding landscape to be easier to navigate. 	<ul style="list-style-type: none"> Raise awareness and understanding of funding options available to FinTech (and tech) firms across equity, debt and grants. Aim to attract new investors to the region, to create more funding options for FinTech / tech firms. 	<ul style="list-style-type: none"> Inward investment organisations Investor community Public sector
Physical spaces/hubs	<ul style="list-style-type: none"> An increased number of hubs are available across the region, including private sector and university operated spaces. There is no FinTech-specific hub in the region at present although several projects have been considered. 	<ul style="list-style-type: none"> Encourage the use of hub spaces by the wider business community. Continue to seek the 'right' opportunity to create a FinTech hub in the region. 	<ul style="list-style-type: none"> Universities Major financial and tech organisations Current & potential hub operators
Interaction between key players	<ul style="list-style-type: none"> FinTech North events are the primary public forum where FinTech-focused interaction takes place, but there are substantial numbers of digital and tech events across the region. There appears to be improved connectivity and networking taking place within the region, via relationships that have been developed at FinTech, tech and digital and business events. There is a lack of diversity of leaders in FinTech leaders in the region. 	<ul style="list-style-type: none"> Continue to build the strong events-based networking community that has developed in the region. Encourage more cross-sector events which engage organisations from across multiple tech-centric sectors. Events organisers should continue to seek to improve diversity of speakers, audience and content for events, in line with the inclusive growth strategy and ethos in the region. 	<ul style="list-style-type: none"> Tech/FinTech community / ecosystem organisations
Role of the universities	<ul style="list-style-type: none"> The major universities in the region are actively engaged with the business community. Several universities in the region offer business incubators / accelerators. University of Leeds has launched a Centre for Financial Technology & Innovation in 2019 and has announced a FinTech Masters degree course. 	<ul style="list-style-type: none"> Build on the recent progress made by the universities in the region, by involving them in business issues and encouraging businesses to engage with universities in research and project work, in addition to graduate recruitment. Build practical links between universities and businesses in FinTech related areas, considering specific initiatives such as industrial placements, sponsored courses, and work experience. 	<ul style="list-style-type: none"> Universities Major employers Tech/FinTech community / ecosystem organisations

Review of progress against 2018

2018 recommendations - summary points	Progress since 2018	Status
Develop a regional FinTech strategy that supports the key stakeholders ranging from startups to corporates. Enhance leadership and communication by creating a regional executive board and developing a FinTech engagement and communications strategy.	<ul style="list-style-type: none"> The primary focus has been on the overall Digital sector, with the key sub-sectors including FinTech, HealthTech, Smart Cities and Legal Tech and Innovation. Research, analysis and marketing activity have taken place across each of these areas and a new Leeds Digital group is being formed by Leeds City Council. 	
Develop the ecosystem of startups and scaleups, working with key stakeholders to develop programmes, competitions and providing access to critical resources such as sandboxes.	<ul style="list-style-type: none"> The number of startups and scaleups has increased since the last report but is undersize compared to other regions. There are currently no dedicated FinTech programmes in the region so it remains unclear what the impact of such an initiative could be. FinTech North provides a key focal point for the FinTech community. 	
Create more physical space(s) for FinTech collaboration within the region.	<ul style="list-style-type: none"> Several new spaces have opened since the last report, including Nexus, Santander Work Café, and Barclays Eagle Labs. None has a specific FinTech focus but they are widely agreed to have enhanced the digital scene. 	
Enhance the links between funders and FinTech innovators, by providing more clarity around the FinTech funding options available and how they can be accessed, and by considering a specific FinTech fund.	<ul style="list-style-type: none"> Since last year's report there has been some progress. NorthInvest has seen a strong increase in FinTech applications, and Compellor has launched, which is an investment advisor which only charges fees to entrepreneurs upon successful completion of a funding deal. The discussion around a FinTech fund has not, to our knowledge, progressed, with the focus instead being on making best use of the existing funds available to tech-focused firms. 	
Develop the links between business and universities, aiming to build key strengths via collaboration.	<ul style="list-style-type: none"> The most visible change has been the impact made by Nexus, which has created not only a new focal point for the University of Leeds to engage with the tech and broader business community, but also a popular hub for meetings, events and networking. 	
Leverage the region's existing and emerging strengths in adjacent Tech sectors including AI, HealthTech, Data Analytics and Smart Cities.	<ul style="list-style-type: none"> As detailed in the open point above, the broader digital sector is being brought together via central initiatives. There are some good case studies of tech firms operating across multiple sectors, including some who are expanding into financial services and others who are branching out of this sector. This remains an area of substantial untapped potential. 	
Identify unifying priorities across the Northern Powerhouse, helping drive and develop initiatives in collaboration with other regions.	<ul style="list-style-type: none"> There has been some collaboration, mainly via FinTech North which has expanded its events activity into a broader northern programme. In December, FinTech North coordinated an exhibition presence at FinTech Connect in London, which was jointly funded, branded and staffed by the four main northern regions: Liverpool City Region, Greater Manchester, Leeds City Region and the North East. 	



Availability of talent

Strong supply of STEM graduates



Shortage of experienced tech talent

Tech consultancy sector is creating significant jobs

Companies are coming to the Leeds City Region and creating jobs which require tech skills, and the companies already based in the region also continue to recruit heavily. This shows the sector is growing, although the demand for appropriately skilled tech talent continues to be greater than the supply. This is not a new issue and it is also not unique to Leeds. An undersupply of skilled workers is a characteristic of high growth sectors, especially in tech.

Many organisations are adopting a 'grow your own' approach, with in house academies to train inexperienced workers up. Apprenticeships appear to be more widely talked about, and can enable employers to cost-effectively develop the specialist skills needed to drive the performance of their business.

Leeds produces and retains more STEM graduates than any other city outside of London, and is also a net importer of these graduates¹⁰. Leeds produces 15,000 STEM graduates per year¹¹. Despite this, there is a shortage of tech talent in specific areas such as data science and data analysts. Interestingly, Tech Nation reported in 2019 that Leeds is the best place in the UK to work as a data scientist. It also found that across the UK, roles as data scientist, data engineer, analyst and full stack engineer were in higher demand over the last year in comparison to 2015-2017¹².

A common theme of our interviews with large employers was that they are finding it harder to find the people they require, but that the reasons for this vary with the capability of applicants. With experienced candidates, they are hard to find and can be very expensive. With junior candidates, they don't necessarily feel drawn to the brand when compared to some of the digital sector alternatives that are available.

Related to this point, we have observed that tech consulting brands such as BJSS, Infinity Works, Answer Digital and more

recently AND Digital and others are scaling up faster than other sectors we have observed. In many ways this sector is the headline story of the research this year, as it appears to be so prosperous.

The rise of the tech consultancies does however create challenges facing the established brands in the region. Working for an established financial services business which is focused on modernising its systems may not be as exciting a prospect as working for a consultancy which uses the latest tools. This can have a knock on effect of the established brands needing to engage consultancies in order to access the resources they need, albeit there are many other benefits these firms can bring to their clients.

Some of the many skills initiatives in place across the region:

- Northcoders was founded by Chris Hill, formerly of SkyBet, and offers a 12 week bootcamp programme to help people learn tech skills. 96% of its graduates are now working as software developers. On average graduates secure roles within one month of graduation, with average starting salaries of £24-25k. In November 2019, Northcoders celebrated its 500th graduate.
- BJSS runs its graduate and apprentice academy from Leeds as it is easier to do at scale. It takes in 40 people each year, who all come to Leeds and then they go back to their original office or another location.
- Infinity Works has an annual academy intake of 20 people a year, and is moving towards an academy intake of 3 x per year in groups of approx. 10. This includes graduates and others, and the cohort members learn their trade and then get deployed into the business.
- Sandstone Technology, based in Leeds, has an informal graduate programme with Leeds Beckett University for up to 20 hours per week during term time. The business has worked with 8 graduates and nearly all have subsequently been offered full time jobs.

¹⁰According to the Eurostat definition of Knowledge Intensive Business Services

¹¹HESA data, 2016-17 (published 2018)

¹²A Bright Tech Future – Tech Nation 2019

Stakeholder quotes

"The market for tech talent is very competitive and quite difficult. We are offshoring to secure talent from eastern Europe. I think it will improve over time as there will be more and more startups and spin outs from other businesses. More people will get drawn in, and the universities are putting more focus on the sector."

Richard Carter, Managing Director, Equiniti Credit Services

"There seems to be an increasing amount of evidence that more and more people are returning to the north as a whole, especially having gone to London/the South East. People can see there is more going on in the north now with numerous big businesses relocating or setting up Northern offices, and this increased visibility is encouraging people to come back."

Stuart Brown, Investment & Partnerships Director, North Invest & Director, Evolution8 Talent

"The employment market has certainly become more competitive in the past year but we have a wide range of challenging engagements with great customers. This allows staff to stretch themselves and get a real sense of accomplishment from the work they do. We've consistently grown month on month and tend to hire based on attitude and then help new staff to skill up via cross-training bootcamps, mentoring and a strong focus on owning your own career."

Neil Dunlop, Technical Director of Leeds, Infinity Works

"People are more drawn to work for the tech providers than the larger brands. It's seen as more exciting to work for a cool brand in a nice environment."

Stuart Clarke, Leeds Digital Festival and Paceline PR

"It's a more competitive region for jobs but we are finding staff and there's a good contractor base too. It's about being attractive as an employer - you have to make yourself appealing. As a consultancy we have an exciting proposition with the opportunity to work with a lot of different tech for some of the world's best-known clients, on engagements that are really transformative. We run our undergraduate, graduate and apprentice academy from Leeds as it is easier to do at scale and many other benefits of a merged intake. We took in 40 people this year and its growing, they all come to Leeds and then return to their home office locations."

Stuart Bullock, Managing Director, BJSS

"We're looking to hire from within academia and being located at Nexus means that we can use controlled internships to identify highly skilled people who are looking to do a post-doc research type."

Barry Singleton, Client Relationship Officer, Scaled Insights

"We have a good experience with graduates but we are running at 100 miles an hour and it's hard to put a graduate programme in place."

Richard Carter, Managing Director, Equiniti Credit Services

"Leeds has a strong heritage in financial services and banking, but we wanted to play a major role in the city's Fintech evolution. We looked at several cities and Leeds stood out as a natural second home from where we could support even more small businesses across the UK. We were particularly impressed with the size and quality of Leeds' talent pool, its strong and improving infrastructure, as well as the city's own distinctive culture and soul. But, we remain at the start of our journey – our aim is to fund one million small businesses so we need smart, hands-on people to help us reach this goal."

Seema Desai, COO, Iwoca

Strength of the overall Financial sector

Over 40 financial institutions based in the region



Strengths in retail banking, consumer and business lending, insurance and credit referencing

Major centres include Leeds, Bradford, York, Halifax, Harrogate

Leeds City Region has a disproportionately high presence of established financial services organisations with their headquarters or a major operational presence in the region. This includes banks, building societies, insurers and financial data companies, not to mention several universities who are keen to develop their research and business engagement activity in this area.

In addition to Leeds itself, locations such as York, Bradford, Halifax and Skipton are long established hubs for significant financial sector employment. There are 28,500 people working for banks and building societies in the Leeds City Region, before other major sector such as insurance, business process outsourcing and financial data are taken into account.

Leeds boasts a roll call of major brands including Capita, Equifax, Experian, First Direct, HSBC, Lowell Group, Lloyds Banking Group, TransUnion, Virgin Money, Yorkshire Building Society, and many more. Since last year there have been new arrivals, including Australian share registry and financial services provider Link Market Services, which has taken four floors covering 70,000 sq ft at Central Square in Leeds city centre. This is a relocation within the region.

York is home to major insurance brands Aviva and Hiscox, and consequently the sector contributes 4.5% to the city's GVA, which is four times the national average. Benenden, TSYS and CPP are amongst the other major employers.

Bradford is home to Yorkshire Building Society and Provident, while Computershare has major offices in Skipton and close to Bradford.

Halifax is home to the banking brand of the same name (now part of Lloyds Banking Group), which has long been a major employer. Covea and RSA both have operations based in the town.

Covea, which has its head office in Halifax, has been pulling people into the region with support from the LEP and now employs 700 people. Its presence has directly influenced the creation of 80 jobs in the city via its work with AND Digital, which has located one of its ten national 'Clubs' in the city. Two of AND Digital's five non-London offices are in the Leeds City Region.

Leeds is home to significant offices of all three of the UK's credit referencing agencies (Experian, TransUnion, Equifax), the only UK city to be able to claim this.

In last year's report we highlighted that Call Credit had achieved 'unicorn' status via its sale to US-based TransUnion. The business has since been through an integration process but Leeds remains its primary UK office with around 700 employees with London a secondary location housing an average of 30 people.

Iwoca is the newest significant entrant to the financial sector in the region, as a scaled up FinTech. Since launching in 2012, Iwoca has funded more than 30,000 customers and made finance available for over 50,000 businesses of all shapes and sizes. In 2019, it was awarded £10m from the Capability and Innovation Fund, issued by Banking Competition Remedies Ltd (BCR). Iwoca employs over 300 people across the UK and Germany and will be building an operational hub in Leeds including a collections team. It reached profitability in 2018.

Stakeholder quotes

"We're expanding our digital footprint in Leeds across first direct and HSBC. There is recognition that Leeds and the surrounding area is a sustainable hub; there's a great diversity and depth of workforce, and an established top to bottom ecosystem ranging from data through to design, development and deployment. On top of this, Leeds is digitally strong in other areas such as Health, which helps with the supply of skills."

John James, Head of Digital Product, First Direct

"In the credit reference agency sector, Leeds has our head office and also now also hosts Experian and Equifax offices. Many of the new businesses, including the credit reference agencies, heavily rely on a range of skills such as development and data analytics, Leeds is a strong base for these skillsets."

David Firth, Head of Product Management, TransUnion

"I don't think there's a lot missing from Leeds that you would need, other than a regulatory presence perhaps. The regulator should look to have some regional focus, after all two thirds of financial services jobs are outside London. Perhaps there could be a lending focus in Leeds, either via events or a permanent / semi-permanent presence."

Andy Thompson, General Manager, Europe, Sandstone Technology

"The technology supporting lending is a niche area and there are quite a number of domain specialists based in Leeds. For people working in the lending vertical, its generally more attractive to stay in a specialist role or organisation rather than go into a consulting firm where the remit will be more general, particularly for certain skillsets."

Tom Martin, CTO, Everyday Loans

"I think there is huge potential in Leeds. We have a lot of well established, fairly traditional banks and financial services companies who have a huge opportunity to embrace digital and build on their already successful business models."

Neil Dunlop, Technical Director of Leeds, Infinity Works

"The composition of Fintech will vary in each region. The reason Leeds has Equifax, Experian and Transunion is because we are the engine room for financial services- we understand the processing and operational side of things and therefore it makes sense that our FinTech activity mirrors our expertise as a region."

Chelsea Boothroyd, Engagement Manager, Nexus

"It's great to see the UK is performing so well in financial services and FinTech. Leeds is strong in financial services but for me there is a question as to whether the best way forward is to partner across the northern powerhouse or with London."

Mark Davison, NED & Investor

CASE STUDY: How the Leeds City Region became the home of Lendtech



According to Ofcom, 72% of UK smartphone users pay for their devices via a monthly service contract¹³. As the market for handset finance evolves to enable device ownership over the contract term, it's interesting to note that foundations for this model were being laid here in Leeds over 30 years ago.

In 1988, long before Apple 'reinvented' the phone, and Steve Jobs was busy with the release of the NeXT computer, loan administration software company, Pancredit, was established. Fast forward to today and, following an acquisition by national-brand, Equiniti, and a merger with Harrogate-based, Nostrum, Equiniti Credit Services (EQCS) has become the UK's leading loans management and credit technology company, currently managing more than £20bn in credit assets.

This includes contracts with the telecommunications sector, where EQCS has recently secured its fourth major win, and now collectively represents the majority of the consumer and commercial handset finance market. Put another way, most of us now have a connection with the firm.

In fact, anyone with a personal loan or consumer credit agreement for a car, store card, new kitchen or household furnishings and appliances is likely to have had their application - and potentially the whole life cycle of the loan process - managed by Equiniti Credit Services. Its loans management technology is integrated into the systems and infrastructure of a wide range of major lenders, and used by many household-name banks (challengers and mainstream

alike), independent lenders, brokers and brands in the consumer lending markets.

The ease and simplicity by which consumers are able to access digital borrowing services, together with the capacity for lenders to deliver on-demand loan decision making, is thanks to the tech developed by Equiniti Credit Services. In telecoms, EQCS' clever technology provides live data and scalability capabilities to enable the continuous management of credit applications, especially important during peak periods, like new handset release dates.

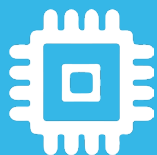
The rise of Equiniti Credit Services has contributed significantly to Leeds' position as the Northern centre for FinTech and, more specifically, Lendtech. Acting as a visible symbol of Leeds' FinTech and Lendtech profile is the opening of the Equiniti Northern Tech Hub in April 2018. The company invested in a 14,000 sq ft premises in Lawnswood to establish a dedicated centre of excellence. In line with this vision, over the past year the business has significantly increased its headcount across software development, finance, compliance and helpdesk support functions.

It continues to invest, too. Recruitment continues, particularly in platform development where the Yorkshire skills economy, whilst buoyant, is proving increasingly competitive due to the new presence of major tech players attracted to the region. From its Northern Tech Hub, the company is progressing its strategy to develop products and technology solutions for larger scale projects and to expand into new markets and sectors. This will continue to create economic value and jobs growth for Yorkshire and help to drive digital FinTech innovation and expertise across the North.

¹³<https://www.ofcom.org.uk/research-and-data/multi-sector-research/cmr/cmr-2019>

Strength of the overall Tech sector

Digital sector is performing strongly



Tech consulting firms working in financial sector are prominent in Leeds

Data and analytics are core strengths

According to SIC code based data, there were 5,000 more programmer jobs in Leeds in 2019 than there were the year before, totalling almost 14,000. Creative sector jobs increased to 12,000 from 9,000. There are hot spots for digital in Leeds, York, and to a lesser degree, Harrogate, while the region has also been trying to push/promote Bradford more.

The tech sector is buoyant in this region, and there are strengths in tech-driven capabilities which can be applied across multiple sectors. For example, a lot of tech businesses work in HealthTech and FinTech but don't identify themselves as operating in FinTech. Often in the Leeds City Region this relates to deep areas of tech not just front end digital capability.

Leeds has a significant strength in financial technology consulting, with Leeds headquartered firms serving all the major UK banks and numerous other organisations outside the region. One of the major success stories is BJSS, the Leeds-based tech and business consultancy. From origins in financial services, BJSS has enjoyed significant year-on-year growth spanning multiple sectors and regions. It now employs 1300 staff and has annual revenues of around £140m.

Infinity Works is another prominent tech consultancy headquartered in Leeds. It employs 450 staff and expects to hire 60-70 more people in 2020. Financial services is its dominant client sector, with clients including Sainsbury's Bank, Tesco Bank, Yorkshire Building Society, Hitachi Capital, Virgin Group, Think Money, and Starling Bank. The work with Starling is handled via its London office, but some of the original project team are now based in Leeds.

AND Digital opened a Leeds office in 2019. The organisation was only founded in 2014 but now has 10 UK offices, two of which are in the Leeds City Region. In 2019, it hired more than 300 people, taking its overall headcount to over 500. It ranked as the 5th highest technical agency in the UK in 2019, with Answer Digital not far behind in 13th. Answer Digital was also named 13th in a list of the top 25 fastest growing tech businesses in Leeds in 2019¹⁴.

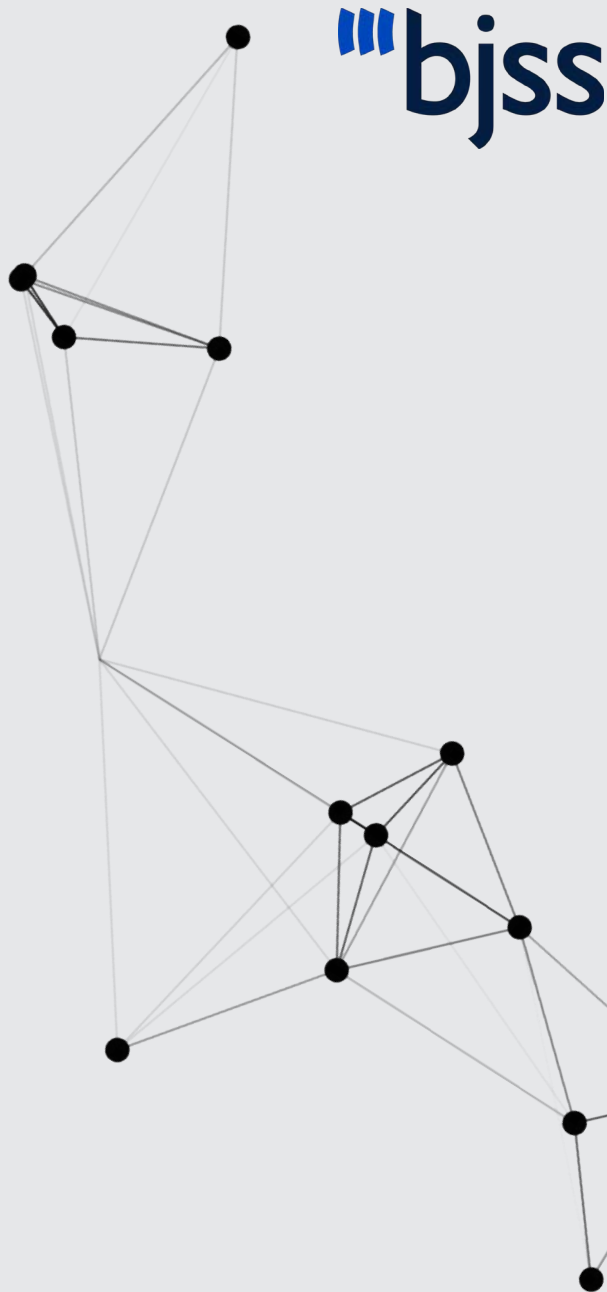
The role of tech companies in FinTech should not be underestimated. Panintelligence is a data visualisation, reporting, and analytics software developer. It was established in 2014 and now employs 40 staff at its Leeds head office. Originally developed in the credit and banking sectors, it now operates across multiple sectors. In 2019 it expanded into the US by opening a Boston office, and it also raised £4.5m of funding in November via YFM Equity Partners and Comhar Capital.

Scaled Insights has developed a custom behavioural Artificial Intelligence tool that allows organisations to gain greater customer insights by combining person-centred insights with Big Data at scale. This has applications in the financial sector, where there is an ever increasing focus on the need for financial services organisations to do much more to improve the experience of their customers.

In October 2019, Yorkshire Building Society announced it is using a low code platform from OutSystems to replace its outmoded e-commerce systems, rebuilding a platform that serves multiple use cases while significantly reducing the load on its branches and call centres. The new platform aims to reduce the number of customer calls by at least 40% through the automation of many operational account servicing processes. It will also save the Society £600,000 per year by digitising the issuance of annual reports.

¹⁴Leeds City Region Enterprise Partnership

CASE STUDY: Shaping FinTech innovation for over 25 years



Established in Leeds in 1993, BJSS has grown organically to become the UK's leading privately-owned IT and business consultancy.

Operating from ten locations across the UK (Leeds, London, Manchester, Sheffield, Birmingham, Nottingham, Bristol, Cardiff, Edinburgh and Glasgow) and two in the US (New York and Houston), the company employs 1,300 consultants and last year had annual revenue of £140m.

Most people in the UK will have made use of at least one of the award-winning solutions BJSS has delivered. From booking a flight to booking a hospital appointment, online shopping to online banking, BJSS has helped clients transform their business.

BJSS is a strategic delivery partner for leading retail and investment banks, financial institutions and FinTechs, and has achieved a number of 'firsts' in the sector. From an initial engagement to re-engineer back office systems for a European stock exchange, the company went on to transform the systems supporting 60% of the global interbank Foreign Exchange transactions.

In retail banking, BJSS ensured its client was the first in the UK to support Apple Pay. In 2005 BJSS delivered the world's first P2P lending platform for its start-up client and has since supported many more new entrants to transform online banking, mortgage applications, payments and wealth management.

A reputation for excellence earned in the financial services sector has enabled BJSS to expand into other industries including retail, healthcare and central government. Recent engagements have included replacing nationally significant technology infrastructure working with NHS Digital, transformed the operation of several government departments and delivering the award-winning transformation of a retail membership programme.

BJSS has always worked to enable its clients to take advantage of advances in technology to deliver more value, more quickly. Last year, the company was awarded a Queen's Award for Innovation in recognition of its successful software delivery approach that ensures high quality solutions to complex business problems across a range of industries.

Growth has exceeded industry norms for the past five years, and this trend looks set to continue. BJSS' success has contributed to establishing the region as a tech centre, creating jobs and attracting talented people to the area. With exciting growth plans across the UK and beyond, the company continues to recruit and retain the best skills from a diverse talent pool by offering the chance to work in a unique culture and the opportunity to contribute to some of the most rewarding client engagements.

An imminent move to a new 30,000 sq ft flagship headquarters in the heart of Leeds underscores BJSS' commitment to the city and its confidence in the future of Leeds as a leading digital technology centre.

Stakeholder quotes

"Entry level AI is now commonplace in the legal work we do. Data protection aspects of big data analytics are an ongoing headache, as is GDPR generally. We only occasionally see blockchain. Cyber security is massive."

Michael Peeters, Partner, DAC Beachcroft

"What we are good at in Leeds is tackling really complex tech challenges that cut across sectors."

Eve Roodhouse, Chief Officer, Economic Development, Leeds City Council

"We've had major IPOs, we have great universities, Bradford has one of the most untapped young populations in the country. Nearly a third of our team lives in Bradford. People like Emis and TPP have hundreds of developers. There's a huge talent pool. It astounds me that the major London-based tech funds don't understand the strength of our tech and talent ecosystem."

Zandra Moore, CEO, Panintelligence

"AI is a strength in the Leeds City Region, and the universities are driving innovation in partnership with SMEs like ours."

Barry Singleton, Client Relationship Officer, Scaled Insights

"There are many projects being done in Leeds that are not necessarily associated with the city. Sometimes these projects are confidential which makes it harder to talk about them."

Stuart Clarke, Leeds Digital Festival and Paceline PR

"The tech people I meet at FinTech events are so much more dynamic and enthusiastic than the people we have within our business. They are not bogged down with the internal challenges and competing priorities in a large corporate."

Anon, large financial services corporate

"Leeds is an engineering centre for tech. Whilst cities like Bristol have strength in digital and creative, Leeds excels in platforms & systems engineering. Technology consultancies can offer a lot of variety and some invest heavily in the staff experience, so they can be an attractive place to work, particularly those who lack domain or specific sector experience. Generally however you can only gain the ownership factor and experience when working directly in and for an organisation, where you're more likely to be able to contribute to and influence technology direction over the longer term and connect with your users or customers in a more meaningful way."

Tom Martin, CTO, Everyday Loans

"With very sought-after skills like cloud platform engineering we tend to train and hire in the regions. As one of Microsoft and AWS's biggest partners, we recruit and upskill a lot of people outside of London, including people from different backgrounds, for example ex-military personnel."

Stuart Bullock, Managing Director, BJSS

Strength of the FinTech startup/scaleup community

Growing via new startups and firms expanding into the region



There is a diverse and regionally fragmented community of FinTechs

The region has had 3 of the 19 regionally based participants in the FCA Sandbox to date

Our primary research has identified 24 FinTech startups and scaleups in the Leeds City Region, with 58% being startups. 84% of these firms have a B2B element to their proposition, with 34% having a B2C proposition. During the course of our research we also met entrepreneurs working on new FinTech concepts to be based in the region, including some with significant plans to scale quickly.

Leeds City Region has had 3 of the 19 regionally based participants in the FCA Sandbox to date. This is the same number as Greater Manchester and Scotland, and only Bristol & Bath has had more (5).

We looked at various economic and sector based stats, making some assumptions about the average FinTech penetration of the workforce and financial services workforce in the region. Using these numbers we found one could expect to find anywhere between 60-110 FinTechs in the region. That there are actually far fewer is reflective of dominance of London skewing the regional estimates, but it also highlights that many of the building blocks are in place for FinTechs to grow in places like Leeds, subject to the ecosystem evolving to better support them.

Some of the FinTechs based in the region include:

- Ilkley-based **Smart Search** was named 3rd in a list of the top 25 fastest growing tech businesses in Leeds in 2019¹⁵. The firm provides anti-money laundering (AML) software to 4,000 client firms and 40,000 users, and is used by 40% of the top 100 accountancy firms, 25% of the top 200 law firms, banks, mortgage intermediaries and estate agents.
- **TruNarrative** is just four years old but has been one of the standout success stories in the region, with its financial crime and compliance platform gaining traction across multiple sectors. It is one of the most commonly mentioned FinTech solutions across all the regions we have researched.
- **Incuto**, based in Ilkley, builds technology platforms for financial organisations including credit unions. It was successful in winning a place on the prestigious Tech Nation FinTech Programme for 2019.
- **CurveBlock** is a platform that uses blockchain technology to enable people to invest in property development projects in return for a share of the profit. It lays claim to be the UK's first ever FinTech/Distributed Ledger Technology construction company to be mentored & accelerated by a traditional bank (NatWest FinTech Accelerator).
- Leeds-based FinTech entrepreneur **Dan Rajkumar** leads three FinTech firms based in the region, all in the P2P sector: **rebuildingsociety.com**, **White Label Crowdfunding**, and P2P aggregator **InvestUp**.
- **Futrl**, a Brighton-based cashflow forecasting software provider, has an office space at Wizoo in Leeds and is planning on scaling up its employee base in the city. In October 2018 it completed a £4m Series A fundraise and is chaired by Henry Lane-Fox.
- **BrokerSense**, founded in 2018 by mortgage brokers Stuart Phillips and developer Mark Spilsbury, now has 300 users and has developed its API capability. It has hired a graduate as a developer and is currently planning to grow organically from its base in Wizoo, with no external funding.
- **Uown** is a property crowdfunding platform which is about to embark on its Series A funding round.
- **Yorkshire Payments** processed more than £480.5m in card transactions through its systems between November 2018 and November 2019. In October 2019, it relocated its headquarters in Brighouse as part of a six-figure investment that the company says will create up to 80 new jobs in the next 36 months.
- **FreezeDebt** is a relatively new entrant but is scaling fast with demand for its debt management app reaching 500-600 downloads per day. It is based in the Barclays Eagle Lab in Leeds.

¹⁵Leeds City Region Enterprise Partnership

Stakeholder quotes

"If I look at the types of enquiries we get, we're getting more from startups. These firms are harder to deal with as they tend to be dealing with small niche problems. Often they are looking to talk to an academic to progress their thinking and know that they have access as their problems become more defined and need more resource."

**Dr Iain Clacher, Pro Dean, International,
Leeds University Business School**

"SMEs could provide a £23bn boost to the North of England's economy if the environment is created to boost productivity levels to the national average (IPPR North: 2019). At the heart of this is creating an ecosystem that encourages both more start-ups but crucially facilitates the ability for more of these businesses to scale and grow."

Nick Edgar, Virgin Money UK

"It's fairly easy to generate PR around a startup or new idea, but to get to scaleup is really hard. You get less PR, you have to work really hard, you need to deliver on all the promises you made as a start up. We laud entrepreneurs who start things, but these companies don't employ enough people so supporting and promoting the scaleup community is really important."

Richard Carter, Managing Director, Equiniti Credit Services

"I think Leeds has developed a reputation outside the region as a centre for FinTech, this has certainly accelerated in the last couple of years and is a very positive thing for Leeds."

David Firth, Head of Product Management, TransUnion

"There is still a huge opportunity for white label financial services. The unbundling of services is gaining lots of traction and that is only going to increase in the future. Banking-as-a-Service and related platforms allow companies to focus on what they are good at while evolving their digital offerings quickly."

Neil Dunlop, Technical Director of Leeds, Infinity Works

"I think the mapping exercise carried out for this report last year helped us have greater exposure for startups and scaleups outside the region. We have seen interest from FinTechs coming into the city."

**Eve Roodhouse, Chief Officer, Economic Development,
Leeds City Council**

"There are pockets of activity in specific verticals, (e.g. crowdfunding and credit) but generally we see strong underlying technology platforms (data analytics, cybersecurity) that have use cases across Financial Services."

Chelsea Boothroyd, Engagement Manager, Nexus

"I think a lot of companies work across more than one area of the digital space, so it's hard to pigeonhole them as FinTech as they are in many other sectors."

Stuart Clarke, Leeds Digital Festival and Paceline PR

"I've only really got more involved in the last year or so and I'm really impressed with what I'm seeing. The FinTech North conferences, the quality of some of the companies, the support from the public sector and investors, and the pitches I've seen are all fantastic. I think there's now more of a self belief in the region, and things like the FinTech North events have helped convince people they don't need to go to London all the time."

Mark Davison, NED & Investor

"London remains a natural 'launch pad' for many start-ups, particularly those from overseas. Whilst in an ideal world most of these companies would launch from and be headquartered in Leeds, there is an opportunity to attract regional offices/ hubs with Leeds being an ideal place to enhance their UK presence. Success stories breed success stories and we need more case studies in the region. Take Monzo in Cardiff, and Starling in Southampton as examples. Aside the obvious cost benefits, other selling points include local talent and building a differentiated workforce and culture."

Tom Bowie, Associate, Squire Patton Boggs

Relationship between startup/scaleups & established Financial Sector

The majority of FinTech relationships the large financial services companies have are with firms outside the region



A small but growing number of examples of regional FinTechs and established firms working together

Professional services firms are developing good relationships with FinTech firms

There is unanimous agreement that putting the FinTechs and the established financial services organisations together should generate collaborative opportunities, but making this happen seems to be tougher ask. We found evidence that these conversations do happen, but there is a lack of structured engagement and most of the FinTech relationships held by the major financial organisations appear to be with firms who are outside the region.

The more established firms often talk about having strong relationships with the startup sector via sandboxes etc, but there doesn't seem to be regional evidence of this happening so either activity needs to be increased or if it does exist, then it would benefit from being publicised.

In contrast to the experience of the FinTech startups, there appears to be more dialogue and opportunity for the tech firms to work with the banks, building societies and other established organisations. For example, BJSS works with the tier one banks in the region, and Infinity Works has supported Yorkshire Building Society on a mobile application for its savings customers as well as working with Hitachi Capital on its front end consumer lending capability.

These relationships appear to be supplier engagements rather than the kind of FinTech partnerships that are seen in some of the platform businesses and marketplace offerings that have become commonplace in FinTech.

FinTech North has run several 'reverse pitch' style events, which give regional, national and internal startups and scaleups the opportunity to pitch to large corporates at events where the corporates are also invited to pitch their challenges to these firms. This format has now become standard for the international FinTech missions organised by DIT and Whitecap Consulting.

Incuto is working with a consortium of Greater Manchester-based community-based credit unions (Credit Unions for Greater Manchester [CUfGM]) which wants to challenge payday lenders by offering a simple, affordable, and ethical alternative to payday loans via a new web-based portal. They will make decisions immediately, based on Credit Bureau and Open Banking, with automated payouts for completed loans. In November, this partnership was announced as one of six finalists in the Nesta Affordable Credit Challenge.

We heard an encouraging narrative from the startup and scaleup community when we spoke to them about their engagement with the professional services sector in the region. In the legal sector, firms including Squire Paton Boggs and DAC Beachcroft have openly expressed a desire to support the FinTech community. Addelshaw Goddard runs a national FinTech programme to support cohorts of FinTech firms with legal and regulatory expertise.

KPMG has deployed a Senior Growth Manager into the community, based primarily in Nexus and with a brief to support early stage businesses. As is discussed in the Hubs section of the report, Deloitte has enabled the creation of The Walk in partnership with Market Gravity, while both EY and PwC are operating scaleup support programmes in the region.

Stakeholder quotes

"We're working on things internally via HSBC. We've also been successfully collaborating with a third party startup – originally from Harrogate – for the past few years. However, we're always open to building more relationships with FinTechs in the region to augment our offering on a B2B and B2C basis."

John James, Head of Digital Product, First Direct

"There are a huge number of banks, building societies and associated industries. FinTech North has helped us have conversations with these organisations and their people, when most of our business is outside the region. Increasingly we have people coming to us for meetings rather than going to them – people like coming to Leeds."

Andy Thompson, General Manager, Europe, Sandstone Technology

"We would be interested in helping businesses, taking a stake in them, and helping them get commercial traction, and ultimately acquiring them. Maybe it would be possible to offer established businesses some sort of tax or rates break as an incentive, or perhaps there's an angle for CSR activity to be aligned with supporting early stage tech businesses?"

Richard Carter, Managing Director, Equiniti Credit Services

"What we find is service providers request introductions in to established players within the region, often saying if the introductions are made that produces a market opportunity then they will move to the area. It makes sense as it is easier to open an office if you have a pre-existing client relationship. What may aid growth in the sector is the creation of a brokerage environment so that these type of conversations can occur between FinTech startups / scale ups and key players. It would be almost like a match making or tender process and would need to be managed in such a way that decision makers are not bombarded."

Tony Corby, Sector Manager, Creative and Digital Industries, Leeds City Region LEP

"FinTech North has helped us have a relationship touchpoint with FinTechs, and to better understand what other organisations are doing, which has helped us progress conversations internally."

Stephen Grimwade, Enterprise Design Lead – Strategy & Digital, Yorkshire Building Society

"I hope that we'll see more challengers and startups emerge that can help financial services companies streamline their existing processes, evolve their services and bring new developments to market more quickly. The creative thinking, energy and focus that startups bring to the industry is great for everyone and something we really encourage."

Neil Dunlop, Technical Director of Leeds, Infinity Works

"To help support our mortgage clients achieve their objectives, we have the choice of building a solution ourselves or forming partnerships. One challenge of building ourselves is the time it takes to deliver, so we will consider collaborating with FinTechs, including Northern FinTech startups. Through FinTech North events, we've developed relationships with a number of northern based FinTechs some of which could develop into partnerships."

Tim Newman, Head of Mortgage Marketing, Computershare Loan Services

"At a time where barriers to entry are so low, collaboration is the key to market advantage. It's about co-creation, whether that be business to business or businesses partnering with academics to move frontiers by combining knowledge"

Chelsea Boothroyd, Engagement Manager, Nexus

"We are the only city with all three credit reference agencies based here and there is a lack of communication between them and the early stage businesses. The biggest blocker for early stage FinTechs is their route to market, and the credit bureaus are the ideal conduit into this market. But none of these partnership conversations are taking place. Sometimes the companies don't see the opportunity, and in other cases I think their approaches are being ignored or treated as standard supplier requests."

Mark Davison, NED & Investor

Funding for FinTech

Funding available in the region is generic rather than FinTech specific



Perceived lack of funding in the £500k - £1m range

There continues to be a need for the funding landscape to be easier to navigate

Last year we reported the creation of two Leeds-based unicorns in SkyBet and Call Credit (now TransUnion), but noted that early stage FinTech funding in the north was at a low level. This was primarily due to a disconnect between the expectations of the investor community and the state of investment readiness of the entrepreneurs seeking funding.

There have been signs of progress in developing the level of understanding, but the overriding view from those who understand the funding landscape is that there are not enough options available.

The feedback received included:

- There is a lack of funding availability in the £500- £1m space. Additionally, if businesses are looking to raise about £1m, the options are limited.
- For startups, the best place to start may be the universities. They offer funding, support and access to student consulting project work.
- A lot of the funding available in the region is linked to job creation numbers. All the EDRF funding is dependent on jobs. For companies new to the region, the Leeds City Region Digital Investment Fund enables them to obtain up to £50k if they are creating more than 5 jobs.
- Probably the most active fund for FinTech investment in the north over the last year has been the Northern Powerhouse Investment Fund. In Leeds the fund is managed by Mercia, but has not reported any FinTech deals to date.

- The FinTech funding journey in Leeds is generic rather than being sector specific.

Helen Oldham, Founding Board Director of NorthInvest, told us:

“We were pleased to see an 80% rise in FinTech startups come to NorthInvest for investor readiness support compared to the previous year. With 18 applications, this represented 7% of the total startup community seen by Northinvest, compared to 20% for MedTech, which was the largest sector. Whilst it’s encouraging there is still more to do if we are cement the region as the landing place for FinTech entrepreneurs.”

BGF, which has an office in Leeds, continues to be the top investor into visible scaleups (across all sectors) in the UK over the last three years and has made 85 investments into visible scaleups since 2011¹⁷.

Despite the slightly negative picture being painted around the funding landscape, there have been some notable deals announced, including:

- In October 2019, **SmartSearch**, the anti-money laundering platform developer based in Ilkley, announced it has secured investment from Marlin Equity Partners, a California-based investment firm with more than \$6.7bn of capital under management. This deal also involved several regionally-based advisors, including Rothschild & Co (corporate finance), KPMG (accounting), and Squire Patton Boggs (legal).
- **Panintelligence**, a multi-sector tech firm operating in the data analytics and business intelligence space, announced £4.5 of funding, via YFM Equity Partners and Comhar Capital. Panintelligence was spun out of a FinTech firm, Pancredit, which has since been acquired by Equiniti.

¹⁷The Scale Up Report 2019 – Beauhurst & The Scale Up Institute

Stakeholder quotes

"Without PE backing, it is generally a longer harder journey. With PE from an earlier stage the business can be more focused. There is an opportunity for a public sector backed fund which helps people scale up, even if this is by giving them subsidised rent or similar."

Richard Carter, Managing Director, Equiniti Credit Services

"Some investors struggle to fund businesses that hold client money. This is something that many FinTech businesses need to do. Open Banking mitigates a lot of the risks of holding client money, so hopefully this will filter through to investor attitudes and criteria."

Dan Rajkumar, Founder, rebuildingociety.com & White Label Crowdfunding

"I think for FinTech investment to grow in the north, there needs to be more access for companies to funders beyond the regions. This will not only drive competition amongst funders, but it will also bring in specialists who are experienced in, and have the desire to invest in FinTech opportunities."

Mick Morris, Director, Compellor

"When you are raising funding, you have to reinvent the wheel at every stage of your growth. Friends and family, angel, a more advanced seed, series A... at each stage you need different advisers and funders at every step."

Stuart Brown, Investment & Partnerships Director, North Invest & Director, Evolution8 Talent

"The investors in the north courted us a lot harder, they asked more questions and spent more time with us. London firms were more concerned that we were in the north than what we do, and their questions related to travel times from London to Leeds, and how easy it would be for us to hire talent in Leeds. I wondered if they had even read the IM. The funds who had spent time in the regions or have a base here were the ones who had a stronger awareness. The pure London funds wanted us to go there, and it felt very much like a transaction."

Anon

"The availability of funding has definitely improved over the last year. I've seen more London-based and international investors in Leeds than ever before. I think we're telling a better story about the city and investors are being drawn by this and the fact they can get better value deals than in other places."

Stuart Clarke, Leeds Digital Festival and Paceline PR

"There is a lot of noise about lack of funding in the region. Good ideas with a solid plan will attract investment. The focus needs to be on ensuring that businesses in our region are supported in getting investment ready?"

Chelsea Boothroyd, Engagement Manager, Nexus

"Learning the language of the finance community has been a challenge."

Zandra Moore, CEO, Panintelligence

"With some businesses I've looked at investing in, the investor story was not strong enough or supported by evidence. If you can't give an investor your projected return and clearly articulate the vision and risks then many investors will not progress."

Mark Davison, NED & Investor

"Lack of awareness is an issue – both in terms of awareness of the funding available locally to FinTechs, and also how (often young) founders bolster their chances of successfully securing funding. This has been a common theme in the discussions we have had on this point."

Tom Bowie, Associate, Squire Patton Boggs

"Leeds Beckett offers a range of business support and associated funding, some of that funding is linked to job creation numbers. In particular, the EDRF funding is dependent on job creation for the region, and the great thing is that innovative businesses looking to grow can take advantage of that. Other funding like the Leeds City Region Digital Investment Fund enables firms moving into the region to obtain up to £50k if they are creating more than 5 jobs."

Deb Hetherington, Business Engagement Manager, Leeds Beckett University



Physical space / hubs

An increased number of hubs are available across the region, including private sector and university operated spaces



There is no FinTech-specific hub in the region at present although several projects have been considered

Compared to most other regions we have researched, Leeds is well supplied with hubs and collaborative workspaces in the city itself.

In last year's report, we placed considerable focus on the forthcoming opening of Nexus, the new innovation initiative from University of Leeds, which has since opened. Nexus has since opened. To date it has engaged with over 400 businesses and over 4,000 people have visited to attend industry and community led events. 12 student placements have been fulfilled, and three graduates have secured roles with Nexus residents.

Most of the businesses in Nexus are data and analytics driven, and several have a FinTech angle. This variety is seen as one of the strengths of Nexus and it is a multi-sector hub than a specialist.

There is regular debate in the region around the case for and against having a dedicated FinTech hub. We are aware of at least two projects to deliver such a hub, but neither has materialised yet. In the meantime a number of new digital spaces have opened around the region.

Although they service a broader business community than financial services and FinTech, the arrival of Barclays Eagle Labs and Santander Work Café in 2019 were positive developments for the financial sector and have provided focal points for events and meeting places.

Barclays Eagle Labs is predominantly utilised by tech companies. There are now 26 Eagle Labs in UK. Eight of these are in the north, three are in Yorkshire, and one is in the Leeds City Region. The Leeds location at AvenueHQ houses about 50/50 tech and non-tech firms, including one FinTech startup (Freezedebt). Eagle Labs members get access to Codebase, who send a mentor to Leeds who will spend one-to-one times with individual businesses and then maintain this remotely ongoing.

NatWest's Entrepreneur Hub has supported several FinTech entrepreneurs, including Uown and CurveBlock.

The Walk, based in City Exchange, is operated by Market Gravity, an innovation consultancy which is part of Deloitte. The Walk is a space for startup and scaleup businesses focusing on technology innovation in retail, and has been devised to use data, insight and experimentation to shape innovation and create new shopper experiences. It is based on the ethos that high street brands to succeed, they must shape the in-store experience around the needs of the customer.

There are also established hub spaces, such as ODI Leeds, which is a regional node of Open Data Institute. Since it was founded in 2013, ODI Leeds has hosted more than 800 events attended by more than 12,000 people, including FinTech North events.

Platform continues to provide a high quality serviced office and co-working space adjacent to Leeds train station. It's tech hub is used by a variety of firms at different stages of development. Whilst it has not developed into a FinTech hub, it is a popular location for meetings and networking. It is home to Provenir, a successful US FinTech which has a growing team in Leeds.

Beyond Leeds, there are fewer prominent collaborative / co-working hubs, but we expect to see more activity due to the increasing popularity of such workspaces across the UK.

The new Phase One hub launched by University of York in 2019 has been well received and its presence helped us identify a new FinTech startup in the region, KodyPay, which is led by an undergraduate at the university. Meanwhile, in Harrogate, more office space is being created aimed at digital and creative businesses.

Stakeholder quotes

"We've seen some positive and dynamic additions to the city in the past 12 months including NEXUS at the University of Leeds, Avenue HQ, Barclays Eagle Labs and Santander Work Café. This serves to strengthen the existing offering including the Tech Hub at Platform, ODI Leeds and Nexus. We're delighted to see the public and private sector acting together to enhance the ecosystem."

**Eve Roodhouse, Chief Officer, Economic Development,
Leeds City Council**

"Having a physical hub focused on FinTech would be fantastic for Leeds, but equally if not more impactful would be to have a structured programme of support that was available to FinTech companies in the region, irrespective of where they choose to base themselves."

**Dan Rajkumar, Founder of rebuildingociety.com
& White Label Crowdfunding**

"Something like Level 39 would be great but takes a lot of funding. But a more dedicated physical hub would help bring people together in the same place. Some kind of office for the local university that combined with an environment for emerging FinTechs. The Leeds region HealthTech ecosystem benefits from the centralised funding of projects and FinTech could benefit likewise."

Michael Peeters, Partner, DAC Beachcroft

"If there was a financial services-focused hub we would use it for meetings or a change of environment. Also, a dedicated FinTech hub could help us navigate the large banks. It can be hard to find the right person and we could be missing out on opportunities by not knowing the right people or information. The banks might also be missing opportunities by not being aware of options available in the region."

Andy Thompson, General Manager, Europe, Sandstone Technology

"The city just seems to get better and better, there are lots of great spaces in the city centre for collaborative working. The events bring people together and help create the community."

**Tim Newman, Head of Mortgage Marketing,
Computershare Loan Services**

"Tech hubs seem to be popping up everywhere, I think it's great. We need to be careful not to fragment the ecosystem, there is an argument for them to be closer together geographically. They have been independently created which is good but the city has not curated it. The idea of an innovation district is something that can be very powerful."

Zandra Moore, CEO, Panintelligence

"There are serendipitous meetings that simply wouldn't take place if we weren't based in a shared workspace like Nexus. People in the building regularly facilitate introductions."

Barry Singleton, Client Relationship Officer, Scaled Insights

"We don't have any low cost startup space in Leeds. Most of the current places are £200-300 per month which is not much but is not what people with early stage ideas need. We also still need more open-minded workspaces which are open and collaborative by nature. The old FutureLabs site was serving a purpose like this."

Stuart Clarke, Leeds Digital Festival and Paceline PR

"Big businesses are increasingly turning to technology companies for innovation. But often start-up businesses – those with the real-world solutions – are unsure of how to navigate and grow relationships with renowned organisations. The Walk aims to make it easier to bring new technology to market, to quickly reshape retail and offer customers more human experiences. Retail financial services businesses face the same challenges and we can help. It would be great to meet start-up businesses in the FinTech sector to come and work with us and together see where we can make a difference."

Matt Ward, Principal for North of England, Market Gravity

The impact of incubators and accelerators

The value to startups of attending incubator and accelerator programmes is now better understood and recognised (across multiple tech sectors not just FinTech), but the challenges of operating FinTech programmes outside of London remain.

A BEIS survey¹⁸ of 428 startups that have participated in an incubator or accelerator found that most considered the programme to have been significant or vital to their success. The startups perceived direct funding to be the most useful support they received as part of the programme. This was followed by access to office space, lab space and technical equipment.

The report also found the launch of an accelerator is associated with a significant increase in the number and value of investments made by VCs into non-accelerated seed and high-tech companies, relative to non-accelerated seed but non-high-tech firms. More than half of UK accelerators are based in London. The scarcity of specialist FinTech incubators and accelerators outside London is more acute and 85% of the accelerators attended by UK FinTech firms are in London.

The challenges of operating a FinTech accelerator outside of London are primarily linked to the supply of relevant firms. BEIS found that the average size of an accelerator cohort was 16 businesses and the average length of a programme was just over 6 months. Incubator programmes run for longer, usually two years. Given the relatively small number of early stage FinTech companies across the regional cities, it is understandable that most of the FinTech accelerators are based in London.

Whether a 'build it and they will come' approach to creating a regional FinTech accelerator would be successful is a source of regular debate in all the cities we have researched.

Case Study: CEG

CEG is a national award-winning investment and development company with a focus on great placemaking. We make space for businesses to develop, neighbourhoods to grow and lives to flourish. With a UK commercial property portfolio of over 5m sq ft and potential for a further 10m sq ft of development, we house more than 500 thriving businesses.

30 years of experience has taught us that understanding how people want to work and live is critical in being able to provide workspace that supports health, wellbeing and productivity.

Number One Kirkstall Forge is a multi-award-winning office, leading the way through flexible ways of working, technology, wellbeing, sustainability and resilience. It was the first WiredScore Platinum rated building in Yorkshire.

CEG is now delivering exciting new workspace at Kirkstall Forge and within Temple, which is a new district in Leeds City Centre. Construction of Globe Point will commence in Q1 2020. This is the first office building within the £350m Temple district. Comprising 38,000 sq ft, Globe Point will be the only announced speculative new building office completing in Leeds City Centre in 2021.



¹⁸The Impact of Business Accelerators and Incubators in the UK, BEIS Research Paper Number 2019/009



Number One, Kirkstall Forge



Interaction and communication between key players

FinTech North events are the primary public forum where FinTech-focused interaction takes place, but there are substantial numbers of digital and tech events across the region

There appears to be improved connectivity and networking taking place within the region, via relationships that have been developed at FinTech, tech and digital and business events

There is a lack of diversity of leaders in FinTech leaders in the region

When we asked people about this topic in the interviews, the majority of responses focused on events and networking, with FinTech North featuring heavily. The region prides itself as being inclusive and welcoming, and this is reflected in the vibrant events scene referred to earlier in this report. This is particularly the case in Leeds which has been the venue for most of FinTech North's events in the region.

FinTech North was initially created as a one day event during the inaugural Leeds Digital Festival in 2016. Since then FinTech North has gone on to host over 50 events across the north. The growth of Leeds Digital Festival over the same period has been hugely impressive,

and it now lays claim to being UK's largest tech event. In 2020 it aims to continue to grow and attract over 25,000 people to a programme of events that will be held across the Leeds City Region and further afield.

Halifax also now has a digital festival. In September 2019, AND Digital, Covea, Lloyds Banking Group and Calderdale College collaborated to create the inaugural digital festival in Halifax. Topics included digital know how, code clubs, women in tech, digital careers and interactive workshops.

There is a noticeable increased focus on diversity in the events in the region, which is reflective of the prominent national profile this topic. In 2019, Women in Leeds Digital (WiLD) was created and hosted a sell out full day event at Nexus during Leeds Digital Festival. As is the case with other regions we have researched, Leeds has work to do to drive more diversity in FinTech.

Just two of the 24 FinTech firms we identified in our research have female founders or leaders. NorthInvest told us that all of the 18 FinTech funding applications they received across the north last year were from firms with male founders. This included five applications from the Leeds City Region.

An active events programme helps signpost the city to international visitors, and Leeds saw several international delegations visit for the Digital Festival last year. International speakers have also been a regular feature at FinTech North events, with 23 different nationalities having having spoken at an event. Fitek is an Estonian company first came to Leeds with DIT to take part in a FinTech mission that included FinTech North events. It now has its UK headquarters in the city.

FinTech North

FinTech North is an event-based initiative to help build the FinTech community across the Northern Powerhouse. It sets out to achieve this via an inclusive and collaborative approach, regularly partnering with other organisations.

Created in 2016 in Leeds, FinTech North is unique due not only to its regional focus but also the fact that it is not aligned to a particular city and operates across the north having hosted conferences and seminars in locations including Liverpool, Manchester, Bradford, Harrogate, and Newcastle.

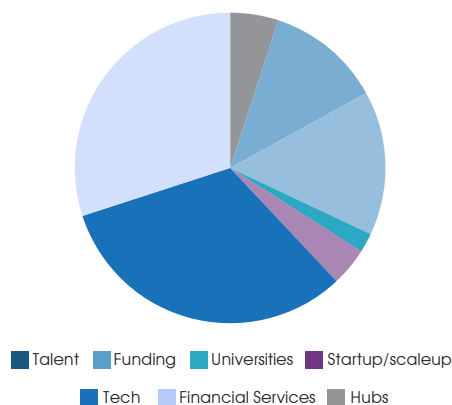
Over the last four years FinTech North has hosted more than 50 events, attracting over 6000 delegates, speakers, sponsors and advocates from across the FinTech industry. Speakers and attendees at FinTech North events include banks, building societies, insurers, and other financial institutions, technology providers, policy makers, advisers and suppliers to the Financial Services and tech sectors, FinTech entrepreneurs, academics, funders, and investors. Events to date have catered for a broad spectrum of UK and international speakers and attendees ranging from those with an early interest in FinTech through to sector specialists whose sole focus is FinTech.

FinTech North has actively supported a number of national and international initiatives working with organisations including DIT, FCA, FinTech National Network, HM Treasury, Innovate Finance, Nesta, Northern Powerhouse Partnership, and Tech National.. The organisation is chaired by Chris Sier, FinTech Envoy to the Northern Powerhouse and a strong supporter of regional FinTech.

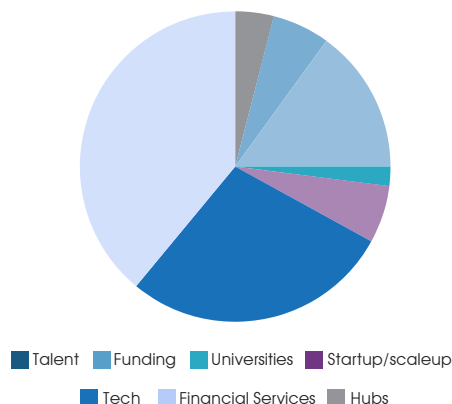
FINTECHNORTH

Press and media

Topics covered as a proportion of FinTech news articles in the Leeds City Region



Topics covered as a proportion of FinTech news articles in the United Kingdom 2017-2019



Throughout our research, we appraised the press and social media mentions relating to FinTech in the Leeds City Region to measure the awareness and pertinence of comparable FinTech themes; gauging the regional focus. We used data from Meltwater to conduct this analysis.

Press coverage

Since 2017 there have been over 2,000 press articles mentioning FinTech in association with the Leeds City Region, equivalent to 2% of the articles associated with the UK as a whole.

FinTech mentions in articles relating to 'Talent' and 'Tech' were proportionally higher than the UK as a whole and therefore can be seen as the regional focus in the FinTech sector. FinTech articles relating to 'Financial Services' held a larger proportion than any other region researched, which aligns with the strength in established financial services highlighted this report.

Leeds City Region has the lowest proportion of FinTech articles relating to 'Funding' of researched regions, at 15%. The region has fewer organisations that provide funding into the ecosystem when compared to the other regions we researched, but it also has a relatively low number of FinTech startups and scaleups who could be recipients of funding.

This is supported by the fact the region has youngest average FinTech startup and scaleup age of 4 years, compared to the 7 year average of all regions we have researched.

Social media

Over the 12 months prior to the publication of this report, Leeds City Region had 16% more FinTech related social media posts than any other region we have researched¹⁹. A concentration of this activity occurs in the week commencing 20th May, with the peak being 23rd May, the date of the annual FinTech North conference in Leeds.

¹⁹Figures available via Meltwater include Twitter and Facebook, but not LinkedIn.

Stakeholder quotes

"Part of my role is to be active in the local ecosystem and to encourage our people to get involved in their local community in all our regions. Being more visible and accessible is an important part of establishing a presence in the communities in which we operate. We've set aside budget to support these initiatives and this is already bearing fruit."

Stuart Bullock, Managing Director, BJSS

"The success of FinTech North has been the way it has involved so many different people and continues to run successful events four years after the first event. It's not a flash in the pan, it's genuinely valuable which is why people continue to attend in growing numbers. It's a vibrant part of the Fintech ecosystem and community, and it's a different attendee mix than attends other events in the region."

Dr Iain Clacher, Pro Dean, International, Leeds University Business School

"I feel engaged and FinTech North has been a fantastic anchor. Without FinTech North I'd answer the question very differently. It helps me understand the market, keep up to date and I've made a lot of good contacts at the events who are now in my network."

Paul Grace, ex Head of Customer Banking, Leeds City Region

"We need to have some sort of accelerator process for the established financial services brands to help them engage with the FinTechs, and vice versa. It is too hard for the FinTechs to figure out whether there is an opportunity for them"

Stephen Grimwade, Enterprise Design Lead – Strategy & Digital, Yorkshire Building Society

"FinTech North has been the biggest catalyst of moving things forward and has made a huge positive contribution towards shaping the attractiveness of the north in Financial Services. Without FinTech North it would have been really hard to achieve this."

Jeremy Coupland, Financial Services Specialist, Department for International Trade

"Without FinTech North we might not have had the opportunity to meet with the team at Nationwide, which was the catalyst for the relationship. The ability to network with people and businesses in aligned fields is vitally important. We're now looking to partner with the other Nationwide investments."

Barry Singleton, Client Relationship Officer, Scaled Insights

"Leadership of the overall digital sector in Leeds is challenging due to the wide range of sectors that are represented. The city needs to find the best way to keep these sectors and the key players on the same page, without creating an unwieldy committee structure."

Stuart Clarke, Leeds Digital Festival and Paceline PR

"I think FinTech North has been a great way for us to reach out to the FinTech industry and find potential partners and suppliers who we would never have come into contact with, some of which could bear fruit as relationships in the future."

Tim Newman, Head of Mortgage Marketing, Computershare Loan Services

"Having organisations and events such as FinTech North makes me as a FinTech start-up founder based in a fringe market town in Yorkshire feel part of the wider FinTech community and not so alone on this journey. Attending the FinTech North events you put on always provides useful content, inspiring stories and heaps of motivation."

James Jones, Founder, AppToPay

The role of universities

The major universities in the region are actively engaged with the business community



Several universities in the region offer business incubators / accelerators

University of Leeds has launched a Centre for Financial Technology & Innovation in 2019 and has announced a FinTech Masters degree course

The levels of business engagement in the region are widely agreed to be increasing, which can be classed as encouraging progress in an area that is acknowledged to have strong potential to create mutual value for the academic institutions and businesses alike.

University of Leeds has announced the creation of the Centre for Financial Technology & Innovation. This is a university level research centre that draws expertise from across the university including business, law, data and analytics. It works closely with Nexus and combines academic impact with real work impact. The university is one of a growing number of institutions in the UK to have announced the launch of a FinTech Masters course.

A major area of research is going to be analytics in the asset management sector, collaborating with industry partners including ClearGlass, a FinTech startup, to understand the impact of costs, fees, service, and culture on performance in asset management. The university has agreed to fund the recruitment of a university academic fellow in AI in financial services, across the school of computing and business school. The first projects will be announced in 2020.

University of York has enhanced its offering to entrepreneurs and businesses via York Science Park's latest initiative. Phase One is an entrepreneurial start up space and programme supporting research spinouts, digital, creative, tech and science innovators to turn their ideas into sustainable businesses.

Leeds Beckett University has operated a network of Digital Hubs in the region for a number of years, which

have housed various FinTech businesses. It has also been engaged in some pan-European FinTech research work in partnership with a number of international universities. In 2020, it has launched a new Professional Doctorate (DBA) programme and some of the work the first cohort will be focusing on FinTech. It continues to have a strong programme of engagement with the financial community, including its popular annual economic lecture with the Bank of England.

Leeds Beckett also operates a number of business support services for startups. It considers startups as firms 1-3 years old. They need to have a revenue stream and a desire to grow. It puts a cohort of 10 businesses through a 6 month programme, after which it signposts them to other routes including Nexus.

Established in 2014, with major investments from the UK Research Councils and the University of Leeds, LIDA has developed state of the art physical and IT infrastructures and is home to 36 research centres, programmes and projects while supporting more than £50 million of research across the university.

University of Leeds joined the Alan Turing Institute in 2018, and is one of just thirteen universities to be members. The Turing is the national institute for data science and artificial intelligence, operating as an independent private entity on a not for profit basis. Its research is channelled around a number of ambitious challenges which represent areas in which AI and data science can have a game-changing impact for science, society, and the economy. It includes a finance and economics programme, funded by HSBC.

Stakeholder quotes

"Our leading regional universities need to be tapping into the local community more. The Leeds Digital Festival can help facilitate this."

Michael Peeters, Partner, DAC Beachcroft

"We've spoken to universities but it's not got off the ground – mainly down to us. Universities need to engage but businesses also need to be prepared to engage with the universities. There needs to be someone in between – a bit like a recruitment contact or broker."

Richard Carter, Managing Director, Equiniti Credit Services

"We are seeing quite significant enquiries from banks, building societies and other organisations with a suite of problems they are interested in getting help solving. This seems to be driven by a recognition of the need to transform their business. A lot of this activity is driven by and filtered through Nexus. We're dealing with large organisations within the region and also further afield."

Dr Iain Clacher, Pro Dean, International, Leeds University Business School

"There is still a flight of talent towards London and we need to retain as many of these people as we can. The university has a good track record and launching FinTech courses will only help retain relevant talent moving forward."

Paul Grace, ex-Head of Customer Banking, Leeds City Region

"I think what we're seeing now is the universities starting to build momentum and engagement with commercial opportunities and business than I've seen before. There are now more non-academic people who can talk commercial language and are easier to connect with. These are very positive steps but they are still well behind where the American universities are."

Jeremy Coupland, Financial Services Specialist, Department for International Trade

"We need to find ways to work more closely with the universities. The graduates we have usually find us, but we need to find them too."

Zandra Moore, CEO, Panintelligence

"Being based in a university building has brought us closer to the academics as we have contacts who we can ask about who to talk to. We're joining the dots of the business issues we're tackling, and the work of the academics. For example we're working with the university to help better understand human decision making around financial products, for example savings, attitudes towards overdraft, debt and more."

Barry Singleton, Client Relationship Officer, Scaled Insights

Participating organisations

AND Digital	first direct	rebuildingsociety.com
Answer Digital	Freezedebt	Recordsure
AppToPay	Futrli	Revelfree
Barclays	GunnerCooke LLP	Sandstone
Berwins	Harrogate Borough Council	Scaled Insights
BJSS	Hitachi Capital	Squire Patton Boggs
BrokerSense	HM Treasury	Tech Nation
Business Enterprise Fund	HSBC	TheCityUK
CEG	IMC	TPT Retirement Solutions
Compellor	Infinity Works	TransUnion
Computershare	Innovate Finance	TruNarrative
CurveBlock	InTACC	UDL Intellectual Property
DAC Beachcroft	Iwoca	University of Leeds
Deloitte	Leeds Beckett University	Uown
Department of International Trade (DIT)	Leeds City Council	Virgin Money
DLA Piper	Leeds Digital Festival	Welcom Digital
Equiniti	LendingScore	West Yorkshire Combined Authority
Everyday Loans	Market Gravity	White Label Crowdfunding
Evolution8	Nexus	Whitecap Consulting
Financial Conducy Authority (FCA)	North Invest	YBSG
finfo	Paceline PR	York Science Park
FinTech North	Panintelligence	Yorkshire Building Society

Whitecap and FinTech North

Whitecap Consulting

Established in 2012, Whitecap Consulting is a regional strategy consultancy headquartered in Leeds, with offices in Manchester, Milton Keynes, Bristol, Newcastle and Birmingham.

Whitecap typically works with boards, executives and investors of predominantly mid-sized organisations with a turnover of c£10m-£300m, helping clients analyse, develop and implement growth strategies.

The firm works with clients across a range of sectors including Financial services, Technology, Outsourcing, Consumer and Retail, Property, Healthcare, Higher Education and Professional Services, including Corporate Finance and PE.

Over recent years, Whitecap has become increasingly recognised as a specialist in the FinTech market with a range of public and private sector assignments including organising FinTech trade missions for The Department for International Trade into the Northern Powerhouse, working closely with the inward development agencies.



www.whitecapconsulting.co.uk

FinTech North

In 2016, Whitecap co-founded FinTech North as an event-based entity to help promote the growing FinTech activity across the North of England.

Today FinTech North provides a focal point for communication, engagement and collaboration between numerous regional, national and international stakeholders.

Operating on a not for profit basis, FinTech North has become firmly established, hosting regular events in multiple northern cities including Leeds, Manchester, Liverpool and Newcastle. These events attract speakers and attendees across a range of disciplines and interests including policy making, funding, innovation hubs, startups and scaleups through to corporate organisations.

In 2019, FinTech North co-founded the FinTech National Network in collaboration with Innovate Finance and FinTech Scotland. The Network now also includes FinTech Wales, FinTech Northern Ireland, and FinTech West, which Whitecap also helps operate.



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