

# Greater Manchester FinTech ECOSYSTEM REPORT 2020

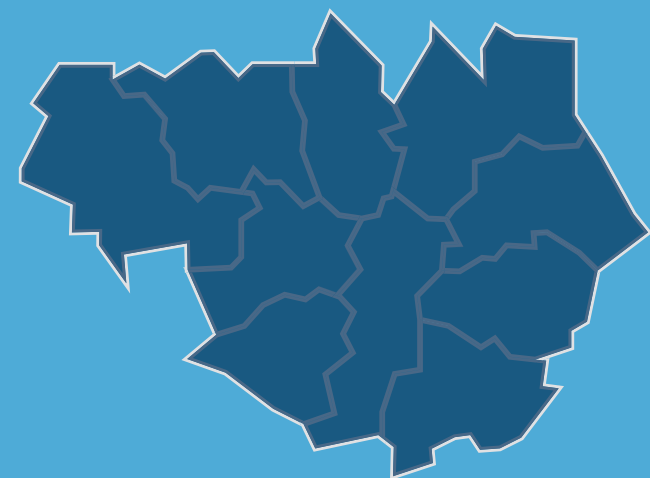


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## Research area:

This report focuses primarily on the activity in the geographical area covered by the Greater Manchester Combined Authority. Where firms are based outside the official boundaries but are active in the FinTech ecosystem, they have been included in the report.



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



# GREATER MANCHESTER FINTECH ECOSYSTEM - SUMMARY

# Greater Manchester FinTech Ecosystem summary 2020

## Greater Manchester

**2,812,600**  
population

**1,393,200**  
workforce

**174,000**  
people working  
in FS or Tech

**9,910**  
FS & Tech firms

**102,000**  
students

**5**  
Universities

**£65.5bn**  
GVA

**4.2%**  
of UK GVA

## FinTech sector

**109** firms

**40%** established FS/  
FinTech firms

**24%** Tech  
firms

**36%** startups &  
scaleups

**90%**  
people working  
in established  
organisations

**9,685**  
estimated FinTech  
related roles

**£540.6m**  
GVA (estimated)

**8.2%**  
of UK FinTech GVA

## FinTech startups & scaleups

**39** firms,  
employing  
**985** people

**61%** B2B  
**61%** B2C

**44yrs**  
average age  
of founders

**6 yrs**  
average age  
of firms

**79%**  
have main office  
in the region

**51%**  
are startups

## Greater Manchester FinTech highlights:

1. **More FinTech startups and scaleups** than any other UK region researched<sup>1</sup>.
2. **Well known FinTech brands** with a presence in the region include Adyen, Crowdcube, Funding Circle, Greensill, Klarna, MoneySuperMarket, OakNorth, Raisin.
3. A number of **established FinTech firms** have chosen Manchester as their second UK office outside London.
4. **More people employed in FinTech startups** and scaleups than any other region outside London.
5. **Highest percentage of B2C** FinTech firms of any region researched.
6. There are **numerous organisations supporting the FinTech community** via events-based activity.
7. A **dedicated FinTech Committee** was launched by MIDAS and pro-manchester in 2019.

## Why Greater Manchester is different:

1. Manchester was the fastest-growing tech city in Europe in 2019 and more than doubled its investment to £181m<sup>2</sup>.
2. One of **Europe's leading** digital and technology **clusters**.
3. Manchester has been recognised as **Europe's fifth best large city for business**, ranking first for business friendliness and third for Foreign Direct Investment<sup>3</sup>.
4. Home to **Europe's largest concentration of private equity firms** outside London.
5. Manchester has **more E-commerce unicorns** than any other city in Europe (5).
6. The **UK's largest regional airport** serving over 200 destinations worldwide, including many major financial hubs.
7. Manchester has the **largest travel-to-work catchment area** of any regional city in the UK.

<sup>1</sup>Other regions researched by Whitecap to date are: North East, Bristol & Bath, Leeds City Region, West Midlands. <sup>2</sup>Tech Nation Report 2020.

<sup>3</sup>Financial Times FDI European Cities and Regions of the Future 2020/21 (published February 2020).



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# FOREWORDS



# Whitecap Consulting



**Richard Coates, Managing Director  
Whitecap Consulting**

**We are pleased to present our inaugural assessment of the Greater Manchester FinTech Ecosystem. This report paints a positive picture of a region with strong financial and digital sectors, as well as a higher volume of FinTech startups and scaleups than any other region outside London that we have researched to date<sup>4</sup>.**

In our role as a regionally focused strategy consultancy, we are exposed to many high growth sectors across the UK and 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.

FinTech provides a material economic growth opportunity for the UK, the North, and for the Greater Manchester Region. On a national level, the sector is expected to create approximately 30,000 more jobs and over 1,600 new businesses by 2030<sup>5</sup>. According to Dealroom<sup>6</sup>, since 2013 European FinTech companies have created over 2x more value than any tech sector in Europe. Additionally, the annual report from Tech Nation<sup>7</sup> in 2019 confirmed the UK remains the global leader for scaleup investment into FinTech firms, generating £4.5bn in funding between 2015 and 2018.

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 the Greater Manchester Region, which is home to some long-established financial services and tech businesses, as well as a growing startup community.

Our analysis across all regions shows that the focus tends to be less on startups - the supply side, and more focused on the demand side, driven by established financial service 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. In Manchester, however, we have observed a startup and scaleup sector that is proportionally larger than we have seen in other regions.

For established financial service 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.

FinTech has evolved from disintermediation to collaboration, and within a few years it will be the way financial services are delivered. Also, the technology and data competencies that underpin FinTech are highly transferable to other industry sectors; a key factor in regional economic development.

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

<sup>4</sup> The other regions studied by Whitecap to date are Bristol & Bath, Leeds City Region, North East, West Midlands.

<sup>5</sup> UK FinTech – State of the Nation 2019, Department for International Trade.

<sup>6</sup> The State of European FinTech 2019, Finch Capital & Dealroom, October 2019  
UK Tech on the Global Stage - Tech Nation Report 2019.

# The University of Manchester



**Professor Markos Zachariadis  
Greensill Professor in Financial  
Technology (FinTech) & Information  
Systems, Alliance Manchester  
Business School, The University of Manchester**

*Professor Markos Zachariadis is a faculty member at Alliance Manchester Business School, The University of Manchester where he holds the Greensill Chair in Financial Technology (FinTech) & Information Systems. He is also a member of the World Economic Forum's Global Future Council on Financial and Monetary Systems as well as a FinTech Research Fellow at Cambridge University (CDI).*

**The year is 2020 and financial technology has come a long way in the last couple of decades from being a niche subject amongst computer geeks and 'IT crowd'-style techies in banks, to a matter of strategic importance that will influence the future of many financial institutions and also the finance industry as a whole.**

The UK has been at the forefront of FinTech developments with substantial investments across the board making it a global leader and a hub for innovation in digital finance. While the majority of the activities are London-led, Manchester, and the greater area around it, claim a significant part of the day-to-day operations and IT development for some of the country's top FinTech brands.

Mapping the entire FinTech ecosystem is an important exercise in order to get a better understanding of the variety and size of the FinTech sector in and around Manchester and to identify the needs and potential for further growth and investment. Being part of the city's vibrant innovation and R&D cluster, Alliance Manchester Business School (AMBS) and The University of Manchester are pleased to be supporting Whitecap Consulting for this important research.

At Alliance Manchester Business School we're on a mission to 1) develop cutting-edge research in order to support the industry with the knowledge and tools to respond to the FinTech and digital revolution in financial services, and 2) to educate the next generation of analysts, managers, stakeholders, regulators, investors, and entrepreneurs who will shape the future of finance. Both of these objectives will have an impact on the local and national economy

and help us establish The University of Manchester as a FinTech research and teaching powerhouse internationally.

In this we're not alone and we are in close collaboration with our diverse network of stakeholders, partners, and alumni locally and globally to leverage access to resources and knowledge. The most recent example of this has been the generous support of AMBS alumnus Lex Greensill who provided £2.5m to the University in order to "spearhead the understanding and sharing of FinTech expertise across business communities locally, nationally and globally".

The donation which led to the establishment of the Greensill Chair in Financial Technology (FinTech) at the School will also allow the newly created AMBS faculty to expand their research and teaching portfolio and attract even more research scholars and students at the University. Our aim is to offer a continuous supply of FinTech talent to the thriving local industry but also to export FinTech expertise internationally increasing the University and city's recognition as an innovation and research centre.

We look forward to welcoming you to one of our many FinTech events and activities in due course and are excited to be working with FinTech startups and established financial services firms in the region and nationally in order to push the boundaries of the FinTech industry globally.

For more information on future events, our FinTech recruitment efforts, and details around FinTech research and teaching at Alliance Manchester Business School and The University of Manchester, please follow the link: [www.ambs.ac.uk/fintech](http://www.ambs.ac.uk/fintech)







# FinTech North



**Chris Sier, HM Treasury FinTech Envoy  
& Chairman, FinTech North**

**It is a pleasure to contribute to this report into the Greater Manchester FinTech ecosystem. I have visited the city many times over recent years and the interest and engagement in FinTech has always been evident. Manchester is well represented on a national and international basis, particularly by MIDAS who are consistently present at the major FinTech events and conferences. The city has a strong reputation as a growing FinTech hub.**

From a FinTech North perspective, we were delighted to host seven events in Manchester in 2019, including a major conference with 300 sign ups. We also worked with the Department for International Trade and Whitecap to host two international FinTech trade missions. This year, we will once again host a major full day conference in partnership with The University of Manchester, at the iconic Whitworth Hall.

Our conferences in 2019 attracted over 1000 delegate registrations, and we have 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, and they are also a great source of PR profile for the regions where they are hosted.

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 regions of Leeds, Greater Manchester, Liverpool and the North East were aiming to collaborate in the FinTech Connect conference and exhibition in London in December last year.

The fact this was done under the FinTech North brand demonstrates that we are delivering on our promise to bring the north's FinTech community together.

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. The recent announcement by the Chancellor that there is to be a review of UK FinTech, led by Ron Kalifa, looks set to have a national focus and will hopefully benefit the regional FinTech ecosystems across the UK.

Finally, I would like to highlight that FinTech North is not a membership organisation and it receives no central funding. FinTech North functions 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. Without your help, we would not have been able to make the progress we have.

# Innovate Finance



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

**It is my pleasure to contribute to this inaugural report on FinTech in Greater Manchester. We have been frequent visitors to Manchester, to speak at events and to meet with key stakeholders in the region. We have observed the increasing focus on the northern economy, and we hope that the FinTech sector in Greater Manchester and the wider north will be a beneficiary.**

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.

The recent Budget announcement only served to strengthen the importance of FinTech to the UK economy, and we welcomed the focus on R&D, tech and life sciences as well as the subsequent inclusion of an independent major REVIEW of UK FinTech. We have long been advocating for an in-depth look at the sector and we are confident that this important review will underpin the future growth and prosperity of the sector across the whole of the UK.

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. By investing and laying the groundwork for the next generation of innovators and entrepreneurs,

we are creating opportunities for the FinTech leaders of the future, who will become ambassadors for the UK's global growth.

There is a clear opportunity for the government to set the parameters for UK FinTech to remain competitive on the global stage. By better understanding the needs and key focus areas for the sector, we can boost the industry and in turn support the economy as a whole. This will bring benefits not just in London and the South East, but to those vibrant FinTech hubs across the UK.

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.

# MIDAS



Tim Newns, CEO of MIDAS

**Being home to the UK's largest regional banking and financial services industry, as well as one of Europe's largest digital and technology clusters, Greater Manchester has developed a strong reputation as the FinTech capital of the North; and on behalf of Greater Manchester, MIDAS is delighted to support this pioneering research into the city region's FinTech industry.**

A world-first AI study recently identified Manchester as the UK's Top Digital Tech City but it is not the first time it has been recognised for being progressive. Due to the city region's history of innovation, banks and financial services firms have been innovating in Greater Manchester for more than 40 years – but it's only throughout the last 10 years that the FinTech industry has really come into its own.

Within that decade, the scale and pace of change has been (and continues to be) unprecedented, so in-depth research projects like this play a significant role in mapping

the rapidly evolving sector and identifying opportunities to further develop the city region's FinTech proposition.

Greater Manchester's evolution into a leading UK FinTech hub is underpinned by a vast and highly skilled workforce, world-leading universities as well as a collaborative ecosystem with innovation at its core. The city region is truly unique in that it has breadth and strength across a range of industries from banking and cyber security to retail tech and service design, making it the perfect proving ground for innovative FinTech companies.

Greater Manchester is a melting pot of relevant expertise that enables FinTechs to thrive. As well as being able to access the wealth of knowledge and expertise held within Greater Manchester's financial services firms, FinTechs can easily engage with specialists in payments, online security and service design as well as software development and data analytics to develop and strengthen consumer-focused products and services.

The depth and diversity of Greater Manchester's economy also provides FinTech companies with extensive market opportunities, from the wealth of banks and financial services firms to the burgeoning eCommerce and cyber security industries.

There are significant numbers of banking technology departments based in the city region all with C-suite representatives that control large budgets, providing an opportunity to be part of their supply chain. Greater Manchester is also home to many high-growth eCommerce companies, including five homegrown eCommerce unicorns, as well as the greatest concentration of retail tech start-ups than anywhere else in the UK; it also has

the fastest-growing cyber ecosystem nationally, providing additional opportunities for FinTechs to sell into.

Collaboration is rife in Greater Manchester and the city region is also home to a wealth of Fintech-focused and broader innovation hubs that deliver programmes designed to help both start-ups and SMEs scale while helping partner with pioneering smaller companies to address challenges. In these hubs, start-ups, SMEs and global players converge, collaborate and drive industry innovation.

This combination of expertise and enthusiasm has led more than 80 FinTech-related operations to be run out of Greater Manchester, including archetypal FinTech firms as well technology companies offering financial, legal or insurance-focused services and solutions; a figure that we expect to grow significantly in coming years as our ecosystem continues to evolve.

MIDAS has helped many of them become established within Greater Manchester's FinTech scene by providing a range of extensive free, confidential and bespoke business support services – but it is just one company that sits beneath The Growth Company, a not-for-profit that plays an integral role in supporting companies already located here to scale and thrive locally, nationally and internationally.

Thank you to Whitecap Consulting for leading on this important piece of research, which demonstrates there is huge growth potential for the FinTech industry across the UK. Off the back of this project, MIDAS and The Growth Company is primed to reinforce Greater Manchester's FinTech standing both nationally and internationally.





ECOSYSTEM  
RESEARCH  
2020



# Greater Manchester Ecosystem Research 2020

Over the course of recent months, we have conducted an analysis 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.

We have engaged with over 100 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 Greater Manchester Region. This has included over 40 individual stakeholder interviews, the vast majority of which were conducted face to face.

We are grateful to everyone who has contributed, and in particular, to our sponsors and partners who have made this work possible when it was not centrally funded or commissioned:



FINTECHNORTH

INFINITYWORKS

bjss

INNOVATE/FINANCE

C/M/S/  
Law . Tax



## 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 obviously 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'.

## Report authors:



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## Overview

**Greater Manchester's FinTech scene is established and growing, and there is a feeling within the region that the foundations necessary for the sector to flourish in five years time have been laid.**

The region has a cluster of 39 FinTech startups and scaleups, which is more than we have found in any other region. An ever-growing number of co-working spaces are facilitating connection and collaboration between startups, scaleups, established organisations and other stakeholders.

The digital and wider tech sectors are also acknowledged to be strong. With more E-commerce unicorns (5) than any other city in Europe, year on year the region continues to see global companies set up offices in the region. Recent high-profile additions to the region include Klarna and Amazon Web Services.

There are sufficient support networks in place to ensure prospective FinTech entrepreneurs consider Manchester as a serious contender to set up their business. Manchester has a number of independent bodies working to promote, represent, better connect and address the issues faced by the FinTech sector, including Manchester-focused entities such as MIDAS, pro-manchester, and Manchester Digital, as well as FinTech North, which operates across the north. Momentum seems to be building and the recent formation of a FinTech Committee (coordinated by MIDAS and pro-manchester) illustrates there is a desire to collaborate and communicate across the region.

There are multiple examples of firms achieving growth and receiving considerable media attention, which is helping to paint the region in a positive light nationally and internationally, and is creating valuable case studies.

<sup>8</sup>FinTech in the UK, City of London Corporation 2018.

## Current status

**We estimate that almost 10,000 people in Greater Manchester work in FinTech related roles. In London this number has been estimated at 44,000<sup>8</sup>, which illustrates the dominance of the nation's capital in this sector.**

A number of key FinTech names have a meaningful presence in the region. This includes the likes of AccessPay, Crowdcube, Klarna, MoneySuperMarket, Adyen, Greensill, OakNorth, Raisin and Mojo Mortgages. A significant number of these organisations have selected Manchester as their second location outside of London. In other regions the FinTech community is mainly made up of regionally based organisations.

As has already been noted, there are more FinTech startups and scaleups in the region than any other region we have researched. Recent high profile additions have included SMS banks Revverbank and B-North. The latter is a startup led by an experienced team, which has selected Manchester its base. Its latest funding round raised over £2.8m, and it expects to raise a further £20m later this year.

Greater Manchester has had 3 of the 19 regionally based participants in the FCA Sandbox to date. This is the same number as Leeds City Region and Scotland. Only the South West has had more (5).

There is a sense within the local business community that the Fintech sector is growing and changing rapidly, but it is not currently well enough connected or communicated.



## Future potential

It was unanimously agreed amongst the interviewees of this report that Greater Manchester's FinTech scene has huge potential. Because of the City centre's compact geographical nature, the primary players are relatively familiar with each other. MIDAS plays a particularly active role in connecting the key actors; tech-focused independent bodies, globally renowned universities and really strong businesses across financial services, FinTech and the broader tech sector.

The region has the necessary components in place for the FinTech sector to thrive, although there is a sense that these component parts would benefit from a catalyst to inject pace and energy. This would enable the key stakeholders to put in and get out the most they possibly can in order for the FinTech sector to flourish; namely the startups and scaleups, established financial sector, universities, professional services sector, investors, local authorities and representative bodies.

The key question is what does that catalyst look like? What is needed to kick-start Greater Manchester's FinTech scene, for which all the key components already exist? This report makes several recommendations that could help, but at this stage in the report we reflect on the views of the people we interviewed, which can be split into different schools of thought.

There are those who argue it's down to the time frame; that the FinTech sector will pick up pace as the region's education, transport and business support systems develop. For others, the solution lies in facilitated co-operation between the established financial sector and smaller players. There are also those who feel the answer lies in more outcome-focused events and quality promotion.

Many feel the creation of a local FinTech unicorn would be the most effective catalyst; a beacon for attracting early-stage businesses and an antidote to selling out. It could equally be argued that the creation of such a business could be a result of a stronger FinTech sector, rather than the catalyst to create one.







## Attitude towards FinTech

**There is a lot of positive sentiment around FinTech and its potential within the region, as well as on a national and international basis.**

We found attitudes towards FinTech in the region to generally sit in three camps:

- Early stage entrepreneurs often feel that there isn't enough access to resources such as fund-raising support, investment, potential buyers, or quality events to make connections. Startups are highly aware that time is precious and as a result cost-value their days; meaning expensive trips to London and networking afternoons have to be prioritised alongside outcome-guaranteed tasks.
- Scaleups feel Manchester offers them everything they need to grow and thrive – that travelling, and networking are an accepted given and investment is not hard to come by if your product is right. Some are caught between being unable to afford top talent but equally unable to spare the time to invest in developing their own talent, but generally have found a compromise between the two. These firms are not necessarily interested in making FinTech-specific connections because their own journey exists within a sector vertical.
- Professional services and the established financial sector feel they have a lot to offer FinTechs, including both startups and scaleups. However, they are often disconnected from the daily realities of running a small business – the fast depletion of cash, pressure on survival-determining decisions, and the precious allocation of time.

All are equally passionate about the growth of the sector in Greater Manchester but are (understandably) focused on the pursuit of their own commercial goals. There is an opportunity to facilitate more communication and engagement in order to move forward as a sector.



# Stakeholder quotes - key growth opportunities

"We have an unbelievable culture as a city, a work ethic and drive. We are an unbelievable work horse of a city, with great universities which are a phenomenal learning ground for science led degrees."

**Richard Hayes, Co-Founder & CEO, Mojo Mortgages**

"Manchester has the companies to be a successful tech city, it's about getting those components together and harnessing it and having realistic expectations as to what Manchester wants to achieve."

**Anthony Morrow, CEO, OpenMoney**

"We need to recreate the trade shows they have down in London, visibility wise. FinTech North is growing, but there needs to be the opportunity to find people who will buy your product, distribute or build on top of your product – or introduce you to someone who will."

**Lee Stretton, Managing Director, Raisin UK**

"Manchester has the opportunity to carve out a niche. We are strong in the payments area, cyber security, ethical hacking and data protection. There are opportunities to create mini hubs out of these sub-sectors."

**Damian McGann, Corporate Development Director, Praetura**

"Manchester does seem to work well thinking as a city region rather than as individual companies and sectors. Its size means people can work together and talk to each other regularly. There is an opportunity for them to help provide support and networks. Law firms in Manchester run their own tech schemes, as they've noted the importance of tapping in. How can professional services generally, or large accountants and banks structure their business development and give something back to the tech community in their space in the process? How can they access start-ups in the eco-system in order to innovate themselves? And how can they ensure they open themselves up to being pitched to for business?"

**Jess Jackson, Investment Director, GC Business Angels**

"The North West of England has a huge amount to offer, as demonstrated by recent decisions of diverse organisations such as GCHQ and Amazon to create sizeable number of jobs here. That becomes even stronger when the whole of the North of England comes together to work as one, with a unified voice to promote those positive attributes and encourage further investment."

**Nick Edgar, Senior Director, Virgin Money UK**

"All the functions you would need are in Manchester. Although the likes of Revolut, Monzo or Curve may not have not set up their head office in Manchester, we need to emphasise to the market that the tools are there to provide FinTechs everything they need to attract the next wave of them."

**Richard Jones, Partner, Eversheds-Sutherland**

"The reputation of Manchester as a FinTech centre and ecosystem has taken massive strides forward. The reputation of the area is certainly attracting attention from London, European and US investment houses which is a huge positive for the area which we must capitalise on. I'm a great believer that if the North grows the right quality of businesses – as we do now – there are enough quality advisers and networks around to access substantial capital with the effective multiplier effect."

**Damian McGann, Corporate Development Director, Praetura**

"Manchester has to be noisier - get to London, show there's prospects here, promote the benefits of being in Manchester. That drum needs to be banged."

**Luke Stubbs, Partner, DLA Piper**

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

*"Something more could always be done to get the wheels turning more quickly or fully, whether that's by regional or local government. There's been an element of reliance on the private sector to do the work on a voluntary basis."*

**Luke Stubbs, Partner, DLA Piper**

*"We could do with a dedicated FinTech hub. I think a membership body in the model of Innovate Finance would be more valuable than more co-working space. Someone who's only focused on FinTechs to take ownership of activities. Whether that's providing access to the regulator, funding, or banks and other FinTechs. It needs to be driven really by the FinTechs. We need a mechanism to feed in what they want."*

**Rachel Eyre, Business Development Manager, FS, MIDAS**

*"Ideally we would have an environment where the senior people at these businesses were more vocal. One of the challenges is that a lot of FinTechs in Manchester are branches – the C Suite aren't here, the decision makers aren't here. I'd find it good to be able to interact with more owner managers at events."*

**Anthony Morrow, CEO, OpenMoney**

*"There are accelerator programs for the retail and water industry, where they'll go and find 20 startups, partner them with a large utility company, take real world problems and ask them to solve it, and it might lead to a commercial agreement and investment."*

**Jeremy Thompson, Investment Director, Maven**

## Biggest obstacles to growth of FinTech in the region

*"It's hard to know where these challenger banks are going – all have done well building brand acquiring customer, but they are struggling to monetize the customer."*

**Jeremy Thompson, Investment Director, Maven**

*"Common areas that startups need support with are investment readiness, building a strong pitch deck and knowing when and how to raise funding. We could always do with more practical how-to advice and education."*

**Mo Aldalou, Entrepreneur Engagement Manager, Tech Nation**

*"We need to learn from other sectors who are doing more to challenge the skills gap. We need to make sure newer FinTechs aren't making the same mistakes."*

**Ilona Alcock, Sector Group Manager, pro-manchester**

*"You could be based next door, it's still going to take you a year to get in to that business - it's hard to access funding in certain brackets, that's true UK wide, hard to raise early seed rounds."*

**Aine McTiernan, Programme Lead, PWC Scale**

*"In the past founders have developed their business for three years and then exited, and the business leaves Manchester. We haven't made a unicorn. We need to give founders the incentive to see the dream through, because otherwise Manchester is just going to have call centres for FinTech businesses."*

**Damian McGann, Corporate Development Director, Praetura**



# Findings and recommendations

	Key findings	Recommendations	Key stakeholders
<b>Talent</b>	<ul style="list-style-type: none"> <li>As is the case across the rest of the UK, senior tech talent is not always readily available and can be expensive to secure.</li> <li>Manchester is investing in graduate and entry level talent which will combat the shortage in years to come.</li> <li>Graduates are keen to stay in the region but a more pro-active link between businesses and the universities could increase retention rate.</li> </ul>	<ul style="list-style-type: none"> <li>It would be beneficial for more career paths in FinTech related roles to be articulated more clearly.</li> <li>Organisations should continue to invest in the development of graduate and apprenticeship talent, considering their own academies and development schemes and working.</li> <li>A more proactive link between businesses and the universities could increase the graduate retention in the region.</li> </ul>	<ul style="list-style-type: none"> <li>Public sector</li> <li>Major employers</li> <li>Universities and colleges</li> </ul>
<b>Established financial sector</b>	<ul style="list-style-type: none"> <li>There is a significant presence of major financial organisations, with over 230,000 employed in the financial and professional sector.</li> <li>Some large banks have actively engaged with the local business community via physical spaces and accelerator schemes.</li> </ul>	<ul style="list-style-type: none"> <li>Encourage the established organisations in the region to have a more open external dialogue on FinTech and tech.</li> <li>Create opportunities (events or otherwise) for senior executives of financial services organisations to spend time in the region.</li> <li>Facilitators and support organisations can help ensure FinTech startup propositions cater to the requirement of bigger players.</li> </ul>	<ul style="list-style-type: none"> <li>Large financial services employers</li> <li>Professional services firms</li> <li>FinTech and tech bodies, including event organisers</li> </ul>
<b>Tech sector</b>	<ul style="list-style-type: none"> <li>There is a large and growing tech presence in Manchester, with the presence of global brands such as Google and Amazon and adding to the region's credibility as a tech hub.</li> <li>Manchester is home to five ecommerce tech unicorns, more than any other European city.</li> <li>There are a number of regional bodies working independently to further the interest of tech in Manchester.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to promote Manchester as a key player and tech leader in the North.</li> <li>Encourage key tech players to give back to the eco-system and education system through events and appearances.</li> </ul>	<ul style="list-style-type: none"> <li>Major financial services and tech employers</li> </ul>
<b>FinTech startups/scaleups</b>	<ul style="list-style-type: none"> <li>Greater Manchester has more FinTech startups and scaleups than any other region in England outside London.</li> <li>The FinTech startup and scaleup sector is made up of an eclectic mix of FinTech brands operating across a range of markets and disciplines.</li> <li>There is a feeling within the region that the sector can become considerably stronger over the coming years.</li> </ul>	<ul style="list-style-type: none"> <li>Establish support groups for specific sectors within FinTech (payments, savings, investment) and, despite low numbers, build from the ground up.</li> <li>Provide more focused support via initiatives such as Access to Finance.</li> <li>Identify ways to provide more support at scaleup level.</li> </ul>	<ul style="list-style-type: none"> <li>Funding experts / advisers</li> <li>FinTech and tech bodies, including event organisers</li> <li>Operators of physical hubs/ co-working spaces</li> <li>FinTech and tech bodies, including event organisers</li> </ul>

	Key findings	Recommendations	Key stakeholders
Relationship between financial sector and FinTechs	<ul style="list-style-type: none"> <li>The established financial and professional services sectors are supportive of the growing FinTech community.</li> <li>Opportunities for engagement and relationship building are primarily event focused.</li> <li>FinTechs may find it more viable to target medium-sized financial sector organisations.</li> </ul>	<ul style="list-style-type: none"> <li>Increase collaboration between startups, scaleups and bigger players (facilitated by intermediaries) who can work to establish how one can serve the other; i.e. days facilitated to solve a particular business problem and FinTechs invited to attend.</li> <li>Structured process for FinTechs to submit their business solutions to bigger players.</li> </ul>	<ul style="list-style-type: none"> <li>Major employers in financial and tech sectors</li> <li>Professional services firms</li> <li>FinTech and tech bodies, including event organisers</li> </ul>
Funding for FinTech	<ul style="list-style-type: none"> <li>Manchester has a significant cluster of private equity firms and is the highest ranking northern city for investment activity.</li> <li>There is a shortage of early stage funding for FinTech startups and this is partly as a result of a reluctance of investors to provide funding into sectors they are not familiar with.</li> <li>There is an opportunity to better align investors and entrepreneurs.</li> </ul>	<ul style="list-style-type: none"> <li>Provide education for investors and entrepreneurs, detailing how to successfully invest in a promising FinTech business, and how best to tailor your proposition and pitch deck to maximise chances of investment.</li> <li>Investor events where FinTechs have the opportunity to present.</li> <li>Workshops addressing the tech angel investor gap and developing solutions to solve it.</li> </ul>	<ul style="list-style-type: none"> <li>Investors</li> <li>Funding experts / advisers</li> <li>FinTech and tech bodies, including event organisers</li> </ul>
Physical spaces/hubs	<ul style="list-style-type: none"> <li>Manchester is home to a growing number of co-working and collaborative workspaces, including structured accelerators.</li> <li>There is a dedicated FinTech accelerator in the city, within NatWest's Accelerator Hub.</li> </ul>	<ul style="list-style-type: none"> <li>Focus FinTech specific support around existing tech hubs and co-working spaces to attract a cluster.</li> <li>Promotion of co-working spaces in conjunction with FinTechs that sit in them.</li> </ul>	<ul style="list-style-type: none"> <li>Operators of physical hubs/ co-working spaces</li> <li>FinTech and tech bodies, including event organisers</li> </ul>
Interaction between key players	<ul style="list-style-type: none"> <li>There is an established and growing FinTech community within Greater Manchester, with networking events and seminars acting as a focal point.</li> <li>Many of the key players are well known to each other, which helps with connectivity introductions within the region.</li> <li>A Manchester FinTech Committee has been set up by pro-manchester and MIDAS, with representatives from across the ecosystem.</li> </ul>	<ul style="list-style-type: none"> <li>Manchester FinTech Committee and others creating outcome-focused events with pre-agreed take-aways to encourage a higher FinTech turnout.</li> <li>A set of promotional initiatives with comms profiling Manchester's up-and-coming FinTech talent.</li> <li>Intermediaries to facilitate structured connections between professional services, scaleups and startups to ensure all parties can get what they need.</li> </ul>	<ul style="list-style-type: none"> <li>Major employers in financial and tech sectors</li> <li>Professional services firms</li> <li>FinTech and tech bodies, including event organisers</li> </ul>
Role of the universities	<ul style="list-style-type: none"> <li>Each of Manchester's three biggest universities either has FinTech courses or an employee responsible for facilitating collaboration between FinTech businesses and university research.</li> <li>The University of Manchester has received a £2.5million donation from Greensill to boost the region's capacity and capability in FinTech.</li> </ul>	<ul style="list-style-type: none"> <li>University-led infrastructure and initiatives to better facilitate FinTechs working with universities on research projects outside KPIs.</li> <li>University FinTech courses / academics could create direct strategic links with FinTech companies in order to better facilitate graduate recruitment and experience.</li> </ul>	<ul style="list-style-type: none"> <li>Universities</li> <li>Major employers in financial and tech sectors</li> </ul>

# Availability of talent

**As is the case across the rest of the UK, senior tech talent is not always readily available and can be expensive to secure**



**Manchester is investing in graduate and entry level talent which will combat the shortage in years to come**

**Graduates are keen to stay in the region but a more pro-active link between businesses and the universities could increase retention rate**

**Much like the rest of the UK, senior developer talent is not consistently readily available in Manchester. A wide range of organisations we interviewed reported long-standing vacancies, including large established firms and early stage businesses.**

Like most other cities, Manchester's talent network is cyclical, with the large tech firms providing a training ground which subsequently acts as a feeder of skilled individuals into the wider business sector. Major organisations such as Amazon, GCHQ, UK Fast, and Autotrader were regularly mentioned, amongst others.

There are cases where startups need senior talent quickly for a short period of time, and this isn't always serviceable. One startup CEO reported investing three months of financially focused training in a developer who then left for a much larger organisation. Similarly, a number of CEOs feel the pressure to engage and stimulate developers with consistently business-focused and technically challenging roles.

Manchester businesses have taken a proactive approach to the skills shortage. Many are willing to invest in graduate and coding-school talent, providing on the job training in order to drive retention and company loyalty. OpenMoney, a FinTech, runs apprenticeship schemes across every area of the business, providing structured career progression. Although startups themselves can't offer a structured career development path, they can provide exposure to senior leaders and the opportunity for responsibility. For example, at Collectiv, a graduate employee works alongside the CTO, an opportunity that would not be available in a larger organisation.

Large financial companies have been seen to invest in tech talent to suit their requirements at a specific time. For example, several years ago when BNY Mellon struggled to recruit a niche type of financial role, it developed a banking qualification in partnership with Manchester Metropolitan University. This created roles and expertise that hadn't previously existed in Manchester and helped encourage other large banks to move similar roles and functions here.

To use a more recent example, Accesspay works closely with The University of Manchester, helping to develop Masters courses by presenting business problems to students who work on projects to solve them.

The supply of graduate talent in FinTech subjects is increasing. Manchester Metropolitan University's FinTech Masters course has grown by over 50% since its 2018 inception, from 11 to 17 students. The University of Manchester currently has no dedicated FinTech teaching programme but this year launched its first optional module for students of Accounting & Finance and is developing further teaching modules to be available in future academic years. It also has an active interest in this field amongst the wider student population from maths & computer science to social sciences. It filled its allocated 50 spaces for London's FinTech4Life event in just a few days and generated a huge waiting list.

Talent is a broader issue than the graduate pool. Freshly trained tech talent is being supplied by the likes of Northcoders and Code Nation. Code Nation provides three-month apprenticeships financed through the apprenticeship levy (and therefore free to sponsoring businesses); their cohort is growing year on year. Code Nation told us FinTech is the fastest-growing sector in terms of engagement. Code Nation works with over 200 businesses recruiting for tech talent across the UK and has campuses in the city centre and at Trafford College where their over-subscribed bootcamps take place, training 20 candidates per classroom per quarter.

For Manchester, a large part of the answer to the shortage of tech roles may simply come with time; the ecosystem is undergoing a period of growth and in five years the strength and depth of the tech talent pool will be stronger. In the meantime, continuing to focus on the training and retention of the region's graduates, which exceed 36,000 in number each year and the development of a pool of non-graduate tech talent are clearly areas of priority, along with enhancing the levels of engagement between the business community and universities.

# Stakeholder quotes

"We have seen lots of great people for sales, account management, and technical roles, but we do not always find that magic ingredient first time."

**Colin Neil, SVP Business Development, Adyen**

"I'd like to have a pool of ten really good salespeople; I think finding good salespeople for any business is difficult."

**Jeremy Thompson, Investment Director, Maven**

"I still don't think the education system is doing enough to produce this type of talent. I was at a school in north Manchester on behalf of Innovate Finance, and there was a distinct lack of understanding of what a software engineer even was – it's unbelievable."

**Richard Hayes, Co-Founder & CEO, Mojo Mortgages**

"It's a cyclical process – when On The Beach received funding, every Ruby on Rails developer went there because they paid more – two years later, those developers fed back into the talent pool with an increase in talent and skill."

**Rupert Wingate-Saul, Investment Director, FWS Advisory**

"We do apprenticeships for school leavers, with a proper salary, role, and solid experience across the business. We are also developing a relationship with the universities."

**Anthony Morrow, CEO, OpenMoney**

"I found recruiting talent super difficult. I needed a developer who knew financial accountancy and tax, not vanilla developers, and there is a serious lack of these. I had to invest and train my developer to build the product for a finite period of time."

**Shoayb Patel, CEO, RD Vault**

"With increasing automation there is a growing demand for people with technical skills, such as machine learning and coding, yet organisations still need human interfaces, both internally and externally. That leaves a gap in the market for people with a combination of technical knowledge and so-called 'soft' skills... that's the gap in the market we're trying to fill – to create people that are the conduit between 'techies' and the decision makers."

**Niels Pedersen, MMU**

"I know a Tech entrepreneur in Manchester. He would love to hire someone from North Coders, but they need people who can get on with it straight away."

**Anonymous**

"We hired staff from cities such as London and Exeter who relocated to work at Nivo's office in Manchester. We didn't have any issue attracting talent here."

**Mat Elliott, Co-Founder, Nivo**

"I previously worked in Sheffield with an office in Manchester. For every tech applicant in Sheffield, we had 7 in Manchester and 5 in Leeds."

**Amy Whitell, CEO and Co-Founder, Collectiv**

"We attract FinTech companies to Manchester and would like to develop the ecosystem of support for when companies have landed. We don't want the FinTech sector to become overheated and for roles to become more contract led, rather than permanent work."

**Rachel Eyre, Business Development Manager, FS, MIDAS**

"There needs to be more promotion of Apprenticeships, the Levy and the Matchmaking service - they can essentially provide training for free and businesses are missing out. We also need to change the stereotype and rebrand Apprenticeships as a whole."

**Charlie Lord, Digital and Content, Code Nation**



# Strength of the established Financial sector

There is a significant presence of major financial organisations, with over 230,000 people employed in the sector



Some large banks have actively engaged with the local business community via physical spaces and accelerator schemes

**The presence of the financial sector is strong in the region, and many major banks and financial institutions have offices in Manchester.**

Between June 2018 and 2019, there were 40,357 people working for banks and building societies in Greater Manchester; and 230,700 working in the wider financial, business and professional services category, making up 17.5% of the total Greater Manchester workforce. There are 4,300 financial services firms in Greater Manchester, 5.7% of the total UK firms.

Traditionally, Manchester's financial sector has been viewed as largely back office and operations focused. In our interviews, we heard a common view that having operational functions of established financial institutions in Greater Manchester rather than thought leaders risks fewer spin-outs or ex-employees branching out to start their own initiatives.

In terms of head office and meaningful management presence in Manchester, most decision makers are still based in London, making it harder for FinTech entrepreneurs in Manchester to network efficiently. Consequently, they consider they are less likely to meet people who can affect change for their business at an event or through a contact. There are senior executives in Manchester, but often FinTechs selling into or partnering with established financial players will have to travel to London to do so.

This isn't always seen as a negative; having a global financial hub just two hours away is regarded by many as a real asset and selling point for Manchester. However, entrepreneurs as a result become reliant on meeting-filled trips to London (chances reduced if meetings are cancelled) and less able to flexibly exploit a local network.

In the last 10-15 years Manchester has seen the arrival of RBS' payments team as well as a number of Cyber Security firms, while the core strength of the region in ecommerce contributes a strong presence of companies in fields such as payments, consumer lending, and debt management.

Key players include:

- **AJ Bell**
- **Bank of America Merrill Lynch**
- **Barclays**
- **BNY Mellon**
- **Co-op Bank**
- **HSBC**
- **RBS / NatWest**

Manchester has a number of strong medium-sized players in the financial services market including Together, Think Money, Freedom Finance and Ocean Finance.

Some of the large banking brands have actively engaged with the local business community in Barclays Eagle Labs and NatWest run accelerator programmes from their hubs in Manchester, while Virgin Money operates a 'store' in central Manchester (previously known as B Works) which provides open access workspace and is a popular events venue.

NatWest operates a specialist national FinTech accelerator programme, and its Manchester Entrepreneurial Hub is one of only four FinTech hubs run by the bank across the UK (the others are in London, Bristol and Edinburgh). Since the accelerators launched in 2018, over 180 FinTechs have been supported across the UK. The bank itself has run 8 Proof of Concept trials and signed contracts with 4 of the firms.

# Stakeholder quotes



Photo credit: Francesca Limb

"The perception is that there's lots of jobs in Manchester, but I'm not sure there's that much in the way of senior management team and decision-making control."

**Dave Broadbent, CFO and Founder, B-North**

"Bigger giants are more likely to build Manchester into a higher paced and more aspirational environment. You want huge aspiration, which isn't necessarily there at the moment. Manchester FinTechs aren't going deep enough or thinking new."

"Accelerators aren't necessarily the answer. I'm happy that we're past accelerator stage, it gives you money (sometimes) and space but often takes equity, meaning that often companies find they have cap table issues afterwards."

**Tim Dempsey, CEO, Epiphany Capital**

"We're missing a Regulator and access to banking – as a FinTech sector, not having the FCA on our doorstep makes it more challenging, it means a day in London for us. The Regulator could do more to get involved with businesses outside of London."

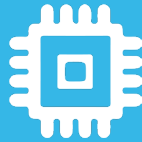
**Richard Hayes, CEO and Co-Founder, Mojo**

"An obvious way in, is to sell into the big tech companies and unicorns; think about who is here and how you can serve them."

**Luke Stubbs, Partner, DLA Piper**

# Strength of the overall Tech sector

There is a large and growing tech presence in Manchester, with the presence of global brands such as Google and Amazon and adding to the region's credibility as a tech hub



Manchester is home to five ecommerce tech unicorns, more than any other city in Europe

There are a number of regional bodies working independently to further the interest of tech in Manchester

**Manchester has a thriving tech scene, with a strong mix of tech companies, tech centres of international and national institutions, as well as Manchester born companies expanding their tech capability. There are 5,520 tech firms in the Greater Manchester Region and the annual revenue from the tech sector is £4.98 billion. Greater Manchester's annual revenue from the tech sector is £4.98 billion.**

MIDAS has conducted a LinkedIn data analysis, finding 88,000 people have Manchester on their profile and work for a company in the tech industry. This figure is likely to be higher in reality as it doesn't include people who don't use LinkedIn or those who may have another location on their profile but work in Manchester.

The region's tech sector is being recognised on a national level. The Grand Final of this year's Tech Nation's Rising Stars programme features three companies from Greater Manchester; Tootoot, UrbanChain and Culture Shift. No other region has more representatives, with London the only other location to have three participants. It was announced at the end of January that two Manchester scaleups, Arctic Shores and Pimberly, have been selected to be part of Tech Nation's Upscale programme, joining a cohort of 30 companies.

Tech Nation also runs an annual growth programme to give pre-Series A FinTech companies the support and tools they need to scale. Their FinTech 2.0 programme attracted more than 10 applications from companies across the North West and the cohort includes Manchester-based Goodbox.

There are a number of representative bodies supporting the tech sector in the region. MIDAS works nationally and internationally to bring tech firms and jobs to the region, while Tech Nation supports the growth of the tech sector nationally and regionally and has an Entrepreneur Engagement Manager covering the North West. There are many more supporting organisations active in the region, Manchester Digital is a membership body that exists to represent and promote the interests of tech companies in Manchester; Tech Manchester connects players in the tech community, furthering engagement and collaboration and raising the city's profile on an international scale; the Manchester Tech Trust promotes and supports tech enterprise in Greater Manchester; Techcelerate supports tech

entrepreneurs with their investment and funding. The first ever The Digital City Festival took place in Manchester in March 2020 for 5 days, organised by Don't Panic and Prolific North in partnership with Capita.

In the last 18 months, tech roles have been created in the region by major brands including Jaguar Landover, Hewlett Packard, GCHQ, Amazon and TalkTalk. Manchester has 5 ecommerce tech unicorns; The Hut Group, Boohoo, AO.com, Autotrader and Onthebeach.com, reflecting its position as a global e-commerce hub. Amazon alone will create 600 tech roles over the next couple of years.

The stories of tech expansion are plentiful: The Hut Group is building a one million sq ft business campus at Airport City; GCHQ will locate its new cutting-edge intelligence facility in the region; Moonpig will open a new tech hub in the city centre; Amazon has opened offices across six floors of Manchester's Hanover building; Aviva is investing £300m to support Allied London's Enterprise City development on the site of the former Granada television studios, while most recently Huawei announced the opening of their first North West office, sitting upwards of 20 roles in MediaCity UK's Blue Tower, to be doubled by 2022.

There is also strong growth in the tech consulting space. BJSS is a tech consultancy with its origins in financial services, and announced in December 2019 it is to take on new offices and recruit 50 additional staff in Manchester as part of a seven-figure investment. Infinity Works is another prominent tech consultancy. Headquartered in Leeds with further offices in London, Manchester & Edinburgh it currently employs 450 staff and expects to hire 60-70 more people in 2020. The Manchester division has enjoyed accelerated growth. Slalom, a global tech and data focused consultancy, opened a Manchester office in April 2019, with an aspiration to create 200 jobs by 2025.



# Stakeholder quotes



*"It's great that Manchester is seen as a second city after London in tech expertise and strength. There are lower rates of attrition in the north, and great possibilities with working Knowledge Transfer Partnerships. Not everyone knows about these."*

**Jo Sheerin, Head of Deal Origination M&A, KPMG**

*"The tech community is reasonably close knit. There's a fairly substantial amount of press in terms of digital and tech capability. It's discussed a lot – government are taking it quite seriously."*

**Katie Gallagher, Managing Director, Manchester Digital**

*"Manchester's tech sector continues to go from strength to strength."*

**Damian McGann, Corporate Development Director, Praetura**

*"Manchester's tech sector is really thriving and the wheels of the ecosystem are in motion! Most of the events I attend are sector agnostic but the city's Fintech sector is now strong enough to warrant more and more dedicated events and meetups - it's a great way to bring the community together."*

**Mo Aldalou, Entrepreneur Engagement Manager, Tech Nation**

*"It's changed in the 15 years since I've been in Manchester. High tech businesses - Disney, Booking.com and The Hut Group have arrived. There is a strong tech community with lots of meet ups and conferences. Tech is definitely a strong suit of Manchester, so we can and should support more tech businesses."*

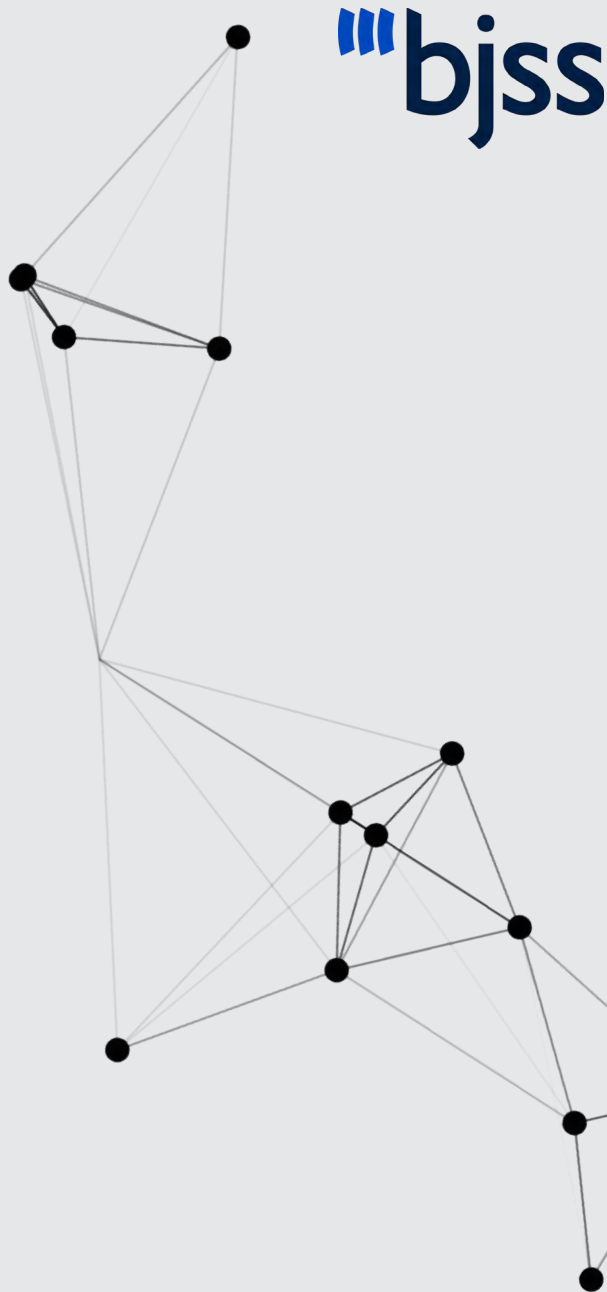
**Aleksa Vukotic, CTO, thestartupfactory.tech**

*"If you look globally, in terms of number of businesses and contribution to the economy, the tech sector in Manchester is buoyant and thriving. People want to harness that to create the best opportunities for businesses in that sector. There's a drive and dynamism to promote Tech and particularly Fintech in Manchester. From the universities and the professional community, to key bodies like MIDAS and pro-manchester, to businesses themselves, there is a real feeling of dynamism, collegiality, ambition and collective purpose."*

**Matthew Davies, Partner, CMS**



# 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 1300 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. In 2018, 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.

# Strength of the FinTech startup/scaleup community

Greater Manchester has more FinTech startups and scaleups than any other region in England outside London.



The FinTech startup and scaleup sector is made up of an eclectic mix of FinTech brands operating across a range of markets and disciplines.

There is a feeling within the region that the sector can become considerably stronger over the coming years.

**Greater Manchester has a wide range of successful startups and scale ups. Our research identified 39 firms, which is considerably higher than any of the other regions researched to date. The next highest was Bristol & Bath, with 28 firms.**

Prominent brands include Accesspay, ACE Money Transfer, ArroMoney, Auden, Bankifi, B-North, Fluent Money, HelloSoda, Nivo, and Sheildpay, all of which have head offices in Manchester. Macclesfield-based Mojo is an increasingly high profile mortgage FinTech which is highly engaged in the Manchester FinTech scene.

Whilst we have found there to be a comparatively large number of early stage FinTechs in the region, there was a feeling amongst those we interviewed that there is a lack of strength and depth, and the sector can become much stronger and larger in scale. However, many view the size of Manchester's startup and scale up FinTech community as an advantage; it means that new players become bigger names in a smaller pool more quickly and therefore get more attention.

Manchester's bigger FinTech names are leading the way in establishing the city's FinTech reputation. Manchester is yet to have a homegrown FinTech unicorn although it does have offices of several FinTech unicorns including OakNorth, which in 2019 was feted as being Europe's most valuable FinTech with a valuation of \$2.8 billion Klarna, OakNorth, Flywire, Radius Payment Solutions all have a base in region, and Greensill has a presence in Warrington but is actively involved in the Manchester ecosystem.

There is a desire within the region to see more promotion and profile to put greater momentum behind the growth of the Manchester FinTech scene, attracting press, partner and investor attention. With or without home grown unicorns, there is common consensus that having case studies and success stories around FinTechs who have grown in the region can play a central role in raising the profile of the FinTech offer in the region. This can pave the way for earlier stage businesses to prosper and can attract more firms to the region.

As FinTech firms often have their focus on a specific sector, it is not always the case that they find it valuable to engage regularly with other FinTechs with different areas of focus. Furthermore, Manchester has talent and expertise concentrated in certain areas that overlap with FinTech (i.e. Cyber-Security), so FinTech can be one of a number of sectors that are relevant to an organisation.

The scaleup support on offer in the region is seen to be relatively strong. Tech Nation, the Business Growth Hub and PwC's Scale programmes are all aimed at companies making the jump from 50 to 200 staff and helping them tackle the associated growth challenges.

In common with the view we have heard in other regions, the FinTechs we spoke to felt they would benefit from a more regular (or permanent) presence of the regulator in the region. In a heavily regulated industry like Financial Services, proximity to the Financial Conduct Authority would be seen as a key enabler to the development of FinTechs in Manchester.



## Northern start-ups get boost with equiP North

Starting and building a successful business takes a good idea, energy and determination. Many tech startups push legal advice to the bottom of the priority list. However, for a business to scale successfully, especially when investors are involved, having the right foundations is imperative.

CMS, one of the world's largest law firms, has created equiP North, a specially tailored program to support intellectual property rich startups across the North of England. equiP North offers:

- Heavily discounted legal fees
- Fixed fee services, designed specifically for start-ups, including health checks for IP, employment, GDPR and corporate issues
- Introductions to relevant industry players and key investor markets
- Exclusive training and mentoring opportunities.

More information about CMS's equiP North initiative, which is free to join, can be [found here](#), or by contacting [Matthew Davies, Partner and Head of equiP North](#)

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# Stakeholder quotes



Photo credit: Francesac Limb

"In 5 years' time I'd like Manchester to be home to 2 or 3 new FinTech unicorns and we absolutely have the ability to make that happen. We have all the raw ingredients – talented workforce, infrastructure and financial services firms that are world class – as such I feel very confident about the future."

**Damian McGann, Corporate Development Director, Praetura**

"There isn't the seniority of talent in Manchester. There are lots of companies selling tech to financial services firms, but that's probably not scalable. Currently, I think Manchester is full of me-too FinTechs who are late to the game and trying to compete with well-funded players. Deep FinTech –i.e. integrating systems to shave time off a transaction or innovating around infrastructure – we don't see so much of."

**Tim Dempsey, CEO, Epiphany Capital**

"Manchester is great for outsourcing a high calibre individual. Setting up in Manchester has significantly lower costs in terms of getting off the ground. However, even Mojo are considering a presence in London because of the frequency of our trips there."

**Richard Hayes, CEO and Co-Founder, Mojo**

"Maybe it comes down to money. You hear a lot of rhetoric from the government, but are we seeing as much investment? Local government can only do so much with their funding. The importance of companies like MIDAS is huge, but there is only so much they can realistically do."

**Richard Jones, Partner, Eversheds- Sutherland**

"Not a huge proportion of our FinTech clients are Manchester based, but perhaps they don't know our value add. There needs to be an education piece around what FinTechs need from their insurance. The main issues my FinTech clients have is regulation. In Gibraltar, regulators are much easier to deal with – they're open to working with FinTechs and businesses."

**Mark Robinson, Client Director, Verlingue UK**

"Small startups can be over ambitious - getting in front of someone like RBS before they're ready. There's not much support for them getting where they want to be."

**Rachel Eyre, Business Development Manager, FS, MIDAS**

"There's no shortage of new and exciting tech startups in Manchester but it's crucial that there is enough support to help those companies scale.

There's a lack of support for scaleups – people think that once you have scaled, that's it, you don't need help. But to get from Accesspay to a JustEat, from 50 to 200 staff, you make huge company changes."

**Mo Aldalou, Entrepreneur Engagement Manager, Tech Nation**

"There is a space for something more sophisticated in terms of credit referencing. The banks remain under pressure to lend but their approach often focuses on a long track record. This makes it much more difficult for companies that are scaling quickly but have limited historical information. How companies are credit scored goes to how they access finance. That's a massive opportunity."

**Rupert Wingate-Saul, Investment Director, FWS Advisory**

# Relationship between startups/scaleups & established Financial Sector

The established financial and professional services sectors are supportive of the growing FinTech community



Opportunities for engagement and relationship building are primarily event focused

FinTechs may find it more viable to target medium-sized financial sector organisations

**The established financial and professional services sectors in Manchester support the FinTech community in a number of ways, including providing work and event spaces, actively participating in events and other initiatives, and investing time in supporting inwards investment activity to bring more firms into the region.**

NatWest, Barclays and Virgin Money all provide physical spaces for entrepreneurs and businesses, with the NatWest Entrepreneurial Hub and Barclays Eagle Labs programmes also including formal support structures for startups. NatWest runs an annual payments hackathon from its Spinningfields offices. Law firm CMS operates equiP North, a programme to support startups looking to scale up in the North of England, providing them with legal support, introductions and other added value.

Opportunities to connect and collaborate are mainly found in an event context. FinTech North, pro-manchester, Manchester Digital and Business Cloud are amongst the organisations who have run FinTech events in the city, which are typically attended by established organisations and early stage firms. One FinTech founder told us she was approached by a mainstream bank at a FinTech North event and had also met major financial and FinTech brands via their involvement in WeWork Labs.

FinTechs across the region had mixed experiences of the relative ease of establishing links with larger financial players. Having initial meetings in Manchester was commonly reported, but many said they then had to travel to London to meet decision makers. The city would benefit from a facilitator creating opportunities for mutual value discovery – opening lines of communication so that FinTechs can work to tailor their offering to the pain points of larger incumbents.

While some cite the lack of proximity to decision makers as a blocker to selling their FinTech solution in to a bigger player, others believe this forces a hard networking approach which is good training when starting a business, and that where you're

based shouldn't matter. Nevertheless, developing products that solve specific problems for banks' internal structures and are therefore more marketable requires insider understanding. The ability to tailor a proposition is inevitably made easier by regular opportunities to speak to internal stakeholders.

A number of people interviewed believed there to be a fundamental misfit between the size and operating processes of the established financial sector and smaller FinTechs. The decision-making timespan of a national bank can be many months – eating up valuable time and cost for early stage FinTechs. There can also be a tension between startups' desire for advice and connections and protecting their individuality and product roadmap. Some suggest that the answer to collaboration is individual ownership; one innovation-driven role in a bank with the responsibility of navigating compliance, risk and other hurdles on behalf of the FinTech.

FinTechs may find it more viable to target medium-sized players rather than the large multi-nationals as the sales cycle is likely to be shorter and less complicated. This would enable FinTechs to refine product / sales processes and demonstrate traction more easily. Relatively new financial services providers may also prove to be sources of opportunity, as newer entrants can be more open to innovation and are less constrained by legacy systems.

Nivo found success by working with Manchester's medium-sized players at an early stage of the company's development, working with Freedom Finance to prove the value of its technology. This led to better insight around how to improve the product, referenceable case studies, and advocacy, all of which have been key to Nivo's growth in that market.

# Stakeholder quotes

"I feel very strongly that both sides could benefit from being connected. Startups may lack in-depth regulatory and compliance knowledge, while established players can lack closeness to the consumer, and the freedom to pivot and innovate. The difficulty is that I'd be hesitant to bring my company close to the big corporates, because your USP is that you're not like those guys. We can listen and respond to our customers, making instant changes to our product."

**Amy Whittell, CEO and Co-Founder, Collectiv**

"We haven't seen a big explosion in collaboration; banks can still be relatively cautious because there are significant compliance and risk considerations. Banks can take 6-12 months to make a decision, that's a lifetime to a small FinTech. There's an interesting dynamic there."

**Luke Stubbs, Partner, DLA Piper**

"FinTechs have the opportunity to become a tech solution for the banks, and white label what they do and get paid for it. Conversations are easily facilitated in Manchester – the problems is the difference in size of organisation. Big Financial Services often don't have an R&D team, but they do subcontract to smaller organisations. However, startups are concerned about corporate investment because of control over the roadmap."

**Jeremy Thompson, Investment Director, Maven**

"It's a cultural problem. A bank will kick a project three months down the line just like that. A FinTech can drop off the agenda in a meeting and be rescheduled for 9 months' time."

**Rupert Wingate-Saul, Investment Director, FWS Advisory**

"The big organisations need someone who will own the process and have a team to drive it forward. Someone in the bank who has responsibility for that pocket of money, and decision-making power. A Head of Innovation, or Partnerships. Even still, deals fall down all the time when procurement, legal and risk get involved."

**Aine McTiernan, Programme Lead, PwC Scale**

"If mutual collaboration is to work, they need to work out what they can do for each other. If we have FinTechs in the north with tech that can help the banks, they need to have the opportunity to communicate that."

**Richard Jones, Partner, Eversheds-Sutherland**

"Big companies say they want to work with FinTechs. People are enthusiastic and make promises, but in reality, they have to-do lists and bosses. Instead of innovation departments which waste so much money, Monzo and Revolut buy in solutions. The Challenger banks have an application process that actually gives startups the means to discuss and partner."

**Sam Patchitt, CEO, Finstant**

"The main obstacle for the scaleups and startups we work with is access – access to the right advice, people, funding opportunities and those other elements that allow them to grow and successfully move to the next stage of their evolution. The key for the collective success of Tech and Fintech in Manchester and the North West is about embedding and developing the strong foundations and interconnectivity of the ecosystem in terms of support infrastructure and making it more readily available to those businesses looking to scale-up and grow."

**Matthew Davies, Partner, CMS**

"I don't think that startups should count on big banks to be their first foundational client base. We're engaged with most of the high street banks. They bring exciting revenue potential, of course, but it's not smart to count on them landing because those deals are very volatile with uncertain timescales and complex governance. We designed our service to deliver value to organisations of any size, all to top bank governance standards. This allows us to balance higher value higher risk deals and lower value lower risk deals."

**Mat Elliott, Co-Founder, Nivo**

"Ownership of that relationship needs industry bodies. pro-manchester and Manchester Digital have relationships with both big and small and have that mechanism to support that. What is there is working, we just need to make FinTechs more aware of what's out there."

**Rachel Eyre, Business Development Manager, FS, MIDAS**



# Funding for FinTech

**Manchester has a significant cluster of private equity firms and is the highest ranking northern city for investment activity**



**There is a shortage of early stage funding for FinTech startups and this is partly as a result of a reluctance of investors to provide funding into sectors they are not familiar with**

**There is an opportunity to better align investors and entrepreneurs**

**Manchester has the second highest number of private equity firms in Europe, behind London, and there is a wealth of private equity investors in the city; Mercia, Maven, YFM, Praetura, GC Angels, and many more.**

In June 2019, Sifted used Pitchbook data to rank non-capital cities across Europe by the number and value of angel, seed and early stage VC deals closed between 2013-18. Manchester was ranked 8th, making it the highest-ranking northern city. The north is also performing well, with KPMG recently reporting that venture capital investments in the north grew by 37% in 2019. This surpassed 22% growth in the UK nationally, finding the value of northern venture capital deals reached £343.5 million. On a national basis, FinTech was highlighted as a key sector, along with HealthTech.

However, there are no FinTech or tech-specific funds in the city; and disproportionately less for seed and angel stage funding. There is a commonly held view that funding up to £250k is harder to source in Manchester and there is less access to early stage venture capital in the region. FinTech funding in general is viewed as hard to obtain locally, although it should be noted there have been a number of north west FinTech firms successfully raise funding via locally based investors over the last year or so, including Mojo (Maven/ NVM), Nivo (GP Bullhound), and AccessPay (Beringea).

There is an argument that cash is available for investable FinTechs, and in a global industry location is irrelevant. Others argue that 'investable' looks different dependent on the investor, making fund-raising a numbers game that benefits those closest to a higher concentration of high net worth individuals. AccessPay's most recent funding round came from four different sources, only one of which was local.

We found a widely acknowledged need for education amongst investors and startups looking to fundraise. For every reluctant investor group, there is a cohort of FinTechs or tech startups with complicated products attempting to raise funding. It appears that sometimes this fundraising may be premature, which can damage confidence for all involved. During the course of the research, we noted that GC Business Angels runs events for pre-pitch readiness, with applicants who request for funding receiving 12 hours of free support through Access to Finance.

Some of the interviewees believe there is a lack of understanding amongst the traditional portfolio angels who would rather invest money in businesses with a tangible product and standard route to profitability. SaaS products, and particularly B2B FinTech products, can often be a harder sell to a set of investors who would rather bet on what they know, and are not comfortable with the need for pre-revenue injections of cash.

There is a view that the difficulty of raising is a good thing – that the more pitching and challenge an entrepreneur engages in, the better their business becomes. However, there is an argument that investors already active in the space need to contribute with thought leadership to help demonstrate what an informed and successful investment choice looks like. Similarly, successful tech entrepreneurs in the region can consider becoming angels and investing back into the community, as well as providing mentoring and guidance to early stage entrepreneurs.

<sup>9</sup>KPMG Q4 2019 global and UK venture funding analysis (published January 2020) .

# Stakeholder quotes

"If I am a FinTech looking for funding, it's still fairly difficult, you have to know the right people. FinTech North helps, but we need anything to get the wheels turning on angel investment. We need a stable government and British business-backed funder that matches private funding. When you're at that early stage, you can be relying on relationships rather than institutional investment. The type of people / investors you can pick up the phone to in Silicon Valley, you need to be able to go locally to in Manchester."

**Luke Stubbs, Partner, DLA Piper**

"Historically there has been a lack of early stage funding available with some of our most exciting Fintech companies looking to London and overseas for earlier investment rounds. However, this has improved significantly in recent years as Manchester becomes recognised as one of the most exciting hubs for growing tech businesses in the UK."

**Nick Wyatt, Director, RSM**

"If you're starting a FinTech and not in the eco-system, you're not going to understand how VCs work and you're not going to position yourself to suit their business model. If you've got a good product with a good team, it won't go anywhere unless you've got a direct customer with a problem."

**Tim Dempsey, CEO, Epiphany Capital**

"We need to encourage successful tech entrepreneurs who've exited businesses to become angel investors and put money and time back into the ecosystem."

**Mo Aldalou, Entrepreneur Engagement Manager, Tech Nation**

"The earlier in the funding journey, the more it's based on relationships with individuals. One meeting in London, from an Investor perspective, is one single data point on that company. They have to believe that the people sat in front of them have the credibility and the skillset; it's hard for a young growing company to try and form a relationship with someone who is two hours away by train."

**Rupert Wingate-Saul, Investment Director, FWS Advisory**

"There is a silent reliance, in the early stages, on friends and family for that initial injection of cash. Not many people have that. Investors want a certain style of pitch deck. Unless you hit those talking points, it's really hard to get through the front door. I see entrepreneurs with great ideas, but their pitch deck is written wrong."

**Aine McTiernan, Programme Lead, PwC Scale**

"At this moment in time we deploy about two thirds of our funds in the north and we see that trend continuing as we are working with many great businesses in the area."

**Damian McGann, Corporate Development Director, Praetura**

"There is access to capital – if you've got a good business and you're showing positive economics and growth, you're going to get investment."

**Richard Hayes, CEO and Co-Founder, Mojo**

"It feels like the marketing is around the fundraise rather than the product. Looking at how many FinTechs succeed, investors are right to be wary. There's plenty of private equity, it's part of the reality. You need to graft for that."

**Anthony Morrow, CEO, OpenMoney**

"We are proud of the close relationships we developed with our Manchester based investors. We also got introduced to a broker in London through whom we quickly held five investor meetings in a day. There is obviously a concentration of wealth in London and Manchester businesses are able to access that if they have the right help."

**Mat Elliott, Co-Founder, Nivo**

"A VC approached me after doing Prolific North. They're based in London, but they are external facing; London based investors may not be willing to re-locate, but they are looking here."

**Sam Patchitt, CEO, Finstant**

# Physical space / hubs

Manchester is home to a growing number of coworking and collaborative workspaces, including structured accelerators



There is a dedicated FinTech accelerator in the city, within NatWest's Entrepreneurial Hub

**There are numerous modern collaborative workspaces in Manchester and there is no shortage of co-working spaces in the city centre, ranging from hotdesking to fully supported office provision. OpenMoney, a FinTech firm, occupies 50+ desks at one of the WeWork locations.**

Many of the research interviews included a discussion about the potential for a Level39 style hub with a focus on investment readiness, regulator access, and networking. However, such a hub is considered by most to be a nice to have, with an acknowledgment that the level of demand may not currently make it viable.

Barclays Rise, the bank's FinTech workspace brand, previously had a space in central Manchester and Allied London initially intended part of its XYZ building, The Vault, to be FinTech specific. Both spaces were popular, but neither housed a significant proportion of FinTech firms amongst their residents.

Today, Barclays Eagle Labs provides a tech-focused coworking space and is a popular venue for events. There are now 26 Eagle Labs in UK, eight of which are in the north. Virgin Money's popular store on Market Street (previously known as B works) offers entrepreneurs free workspace in the centre of the city. NatWest operates a specialist FinTech accelerator programme, and its Manchester Entrepreneurial Hub is one of only four FinTech hubs it operates across the UK (the others are in London, Bristol and Edinburgh). Since the accelerators launched in 2018, over 180 FinTechs have been supported across the UK.

Looking beyond the financial sector, the Oxford Road Corridor specialises in Life Science and Materials and is home to Manchester's first tech incubator, based out of the Manchester Technology centre, as well as CityLabs. What is currently UoM's North Campus (previously UMIST), is to be re-developed into an Innovation District.

Allied London's Enterprise City development is being positioned as a destination for tech businesses in the North. In April 2020, one of the buildings within Enterprise City - Bonded Warehouse (already home to payments firms Auden, Adyen and Klarna) - will launch Exchange, backed by Manchester City Council with support from Tech Nation. Exchange will grant 200 memberships to startups with the opportunity to work from Bonded for free.





## 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 survey<sup>10</sup> 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.

<sup>10</sup>The Impact of Business Accelerators and Incubators in the UK, BEIS Research Paper Number 2019/009

# Stakeholder quotes

"There's no one central place, FinTech companies are spread everywhere. This is fine, but it means it's not as visible, unlike sectors like Healthtech based at City Labs, with City Labs 2 on the way, on the Oxford Road Corridor. We'll start to see more big players sat alongside smaller companies – for example KPMG sat on the tech incubator on Oxford Road, and Bruntwood Neo Building."

**Ilona Alcock, Sector Group Manager, pro-manchester**

"We could do with better spaces with short tenancies. There's little benefit in cross fertilisation for startups, it's just distraction. But it is less lonely for entrepreneurs."

**Tim Dempsey, CEO, Epiphany Capital**

"What could a Fintech hub look like? Well - what specifically do Fintechs need? Access to the corporate customer, access to regulatory expertise & understanding and access to smart money & talent, both executive and non-executive. By centring things around a Fintech hub, the region could attract all of these with the benefit of critical mass and national profile."

**Nick Edgar, Senior Director, Virgin Money**

"The Landing at Media City is a really good model, there needs to be more of those. The aim is that places like Manchester Tech Centre on Oxford Road next to Circle Square will become a key hub for FinTechs."

**Rachel Eyre, Business Development Manager, FS, MIDAS**

"I don't think the north west needs a fintech-only communal workspace. Across the city there is already an array of technology hubs and co-working spaces that provide a great environment for start-ups and SMEs across all sub-sectors of technology to collaborate."

**Nick Wyatt, Director, RSM**

"A FinTech space would be a very nice to have – a real luxury, but there's no desperate need."

**Anthony Morrow, CEO, OpenMoney**

"If someone were to create a specific hub for FinTechs it would have to be really special to make it overly attractive from what they've got at the moment. A FinTech specific hub could work well but would need to be based on rigorous selection and support."

**Damian McGann, Corporate Development Director, Praetura**

"Accelerators need to achieve a certain quality of cohort to become sustainable. We've had five or six come and go, either they were the wrong model, or we need to do something differently. Perhaps it's about roll on roll off innovation – helping companies as and when they come up."

**Katie Gallagher, Managing Director, Manchester Digital**

"You get out what you put in to the Natwest Accelerator. If you don't ask for anything, it's not much more than a co-working space. Because I've got a product with overlaps in the bank, I can talk to people in the bank quite easily. The workshops are too broad for me. But they're good if you've never started a business before; easy to access and the most visible of all the support networks in Manchester."

**Sam Patchitt, CEO, Finstant**



# Interaction and communication between key players

There is an established and growing FinTech community within Greater Manchester, with networking events and seminars acting as a focal point

Many of the key players are well known to each other, which helps with connectivity and introductions within the region

A Manchester FinTech Committee has been set up by pro-manchester and MIDAS, with representatives from across the ecosystem

**The region is well connected and demonstrates a strong amount of interaction and communication relative to other locations we have researched.**

**Many interviewees commented on how the key players are in frequent contact with one another, with MIDAS and the universities regularly mentioned by the businesses operating in and around the FinTech sector.**

In contrast to other regions, there are a number of organisations in the region who are active in organising FinTech-related events: pro-manchester has an increasingly active programme of Manchester-focused FinTech events, tech media firm Business Cloud has hosted several FinTech events; FinTech North has a focus across the wider northern region and runs breakfast seminars and an annual conference; whilst MIDAS has hosted events for national and international FinTech firms visiting Manchester.

The city has also welcomed major international FinTech missions involving FinTechs from across Europe. These 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.

The effectiveness of events for generating contacts and meaningful relationships was a topic discussed with interviewees. People make a time investment judgement on events, and many felt there is a need for more results-focused, outcome-driven events, with clear objectives stated upfront.

Suggestions included a move away from broad discussion events and towards a tighter focus; answers to specific business problems, access to specific investors, booked slots with targeted connections, and interaction with the regulator.

In October 2019, pro-manchester launched a new Manchester FinTech Committee in partnership with MIDAS. While the committee is in its earliest stages, it has the opportunity to bring together a disparate but well populated FinTech community and deliver services that are truly valuable: access to investors, decision makers and the regulator; advice on when to raise, how best to raise and who to target. Last year, Manchester Digital ran a number of round tables for FinTechs to identify where there was need for support.





## FinTech North

FinTech North is an event-based initiative which aims 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.

Established in 2016, 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, Leeds, and Newcastle. The 2019 Manchester conference attracted in excess of 350 registrations. PR for this event was handled by Manchester-based Galiber PR, which supports FinTech North across all its major events in the north.

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 FTN events include banks, building societies, insurers, and other financial institutions, technology providers, policy makers, advisers and suppliers to the FS and tech sectors, FinTech entrepreneurs, academics, funders, and investors.

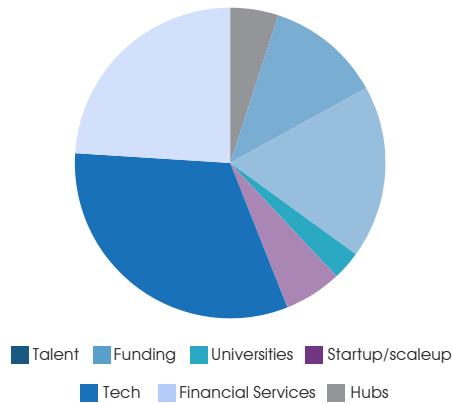
Events to date have catered for a broad spectrum of UK and international speakers and attendees ranging from those with an early interest in FinTech through to sector specialists whose sole focus is FinTech. FinTech North has actively supported a number of national and international initiatives working with organisations including Innovate Finance, FCA, Tech Nation, DIT and Nesta. The organisation is chaired by Chris Sier, FinTech Envoy to the Northern Powerhouse and a strong supporter of regional FinTech.

**FINTECHNORTH**

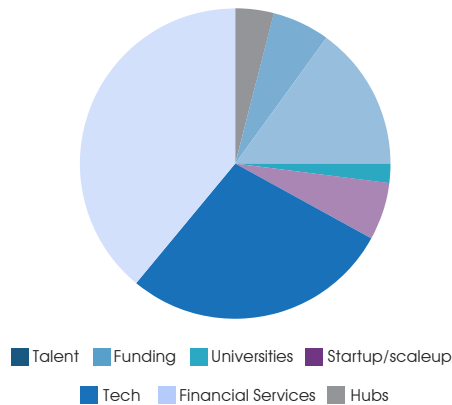


# Press and social media

Topics covered as a proportion of FinTech news articles in the Greater Manchester 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 Greater Manchester to measure the relevance of comparable FinTech themes to assess the region's focus. We used data from Meltwater to conduct this analysis.

## Press coverage

Since 2017, there have been over 3,200 press articles mentioning FinTech in association with Greater Manchester, equivalent to 3.7% of the articles associated with the UK as a whole, nearly 40% more than any other regions we analysed.

In terms of topics covered in relation to FinTech in the media, Greater Manchester broadly follows the overall UK trends. The two exceptions were that talent was more commonly mentioned, and financial services received a lower proportion of mentions than the UK average.

Although just 3%, Greater Manchester had the largest proportion of articles relating to universities, possibly reflective of their involvement in the FinTech sector through FinTech themed courses.

## Social media

Greater Manchester had the largest quantity of FinTech related articles, and second largest quantity of FinTech related social media<sup>11</sup> posts.

We have observed a direct correlation between FinTech events and social media mentions, with peaks in mentions coinciding with the dates of the events. Whilst social media mentions are not a measure of economic success, it is helpful to understand what drives them.

<sup>11</sup> Figures available via Meltwater include Twitter and Facebook, but not LinkedIn.

# Stakeholder quotes

"We encourage our people to get involved in their local community in all our regions. We are trying to be more visible and accessible. 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**

"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, Senior Director, Virgin Money UK**

"We're working hard to make sure what we do works for startups and scaleups. We don't do enough. We don't want to scare people as the big scary lawyer, we are here to help and are not really expensive. If we can help people make connections we will, and we've got some great links we can help connect people up to. We're definitely keen to help as many as we can in the sector."

**Luke Stubbs, Partner, DLA Piper**

"It's good to have lots going on. I hope that groups with different ambitions and objectives can complement each other."

**Rachel Eyre, Business Development Manager, FS, MIDAS**

"2 years ago, I moved to Manchester to grow the brand in the north. The ecosystem is still a little immature in the North West making it difficult to tap into and use connections to grow - but it is starting to change and we are forging some great partnerships."

**Colin Neil, SVP Business Development, Adyen**

"I literally do an ROI on events. I've been at events where no one captures that action and executes it or makes it happen. Points of view and ideas are great, but then it becomes a so what – what's next?"

**Amy Whitell, CEO and Co-Founder, Collectiv**

"We ran our first FinTech forum in September 2019 to find out what FinTechs wanted from us through to 2021. We focused on banking regulation, talent and skills. We're currently lobbying the FCA in the hope of trying to make them easier to work with. Support could and can come from Manchester Digital. It needs to be industry access to build that network of people who have been there and done it."

**Katie Gallagher, Managing Director, Manchester Digital**

"For one of our early anchor deals – the first conversation was with someone I met at a FinTech North event. We exchanged cards in the lift and that led to a partnership which is still creating value today, and which led to further introductions into our current client base, all of which I can trace back."

**Mat Elliott, Co-Founder, Nivo**

"80% of FinTech insurance products are not fit for purpose, because the broker doesn't understand the business, and the FinTechs don't know what they're looking for. We need a way to communicate this to them."

**Mark Robinson, Client Director, Verlingue UK**

"The new FinTech Committee should try and replicate something like FinTech Connect, a FinTech event for all of the UK."

**Lee Stretton, Managing Director, Raisin UK**

"Communication between key players is strong. We've had GMCA, Praetura and University support. We've had a positive experience being put in touch with people, it's been easy for doors to open, everyone has been supportive. Half our founding team were from Yorkshire and half were from the North West. Manchester is a bigger economy and more commercially minded."

**Dave Broadbent, CFO and Founder, B-North**



# The role of universities

Each of Manchester's three biggest Universities either has FinTech courses or an employee responsible for facilitating collaboration between FinTech businesses and University research



The University of Manchester has received a £2.5million donation from Greensill to boost the region's capacity and capability in FinTech

**Greater Manchester is home to five major universities with over 100,000 students, over 40,000 of whom are international, producing more than 36,000 graduates per year including 15,565 in STEM subjects<sup>12</sup>.**

There are numerous examples of collaboration between universities and businesses. The University of Manchester is already collaborating with a number of FinTechs, including AccessPay and Together Money. Manchester Met worked with TLT to deliver a two-day FinTech course for key staff. A number of Manchester FinTechs have worked with UoM MBA and MSc candidates on consultancy projects, paying them expenses – often leading to employment post-graduation.

In the past, the difference in scale between the universities and FinTech startups and has made collaboration difficult; the universities can take months to make research-related decisions, looking for years-long research projects, while FinTech needs are often on a much shorter time scale. There is also a tension between a FinTech's need for tech skills at a cheap price and the universities' reluctance to become a source of free labour.

Manchester Met has a FinTech masters course intended to bridge the gap between vanilla 'developers' and financially literate product leads. The FinTech course cohort has grown 50% year on year, from 11 to 17. The university has constantly sought to engage with the FinTech community, including hosting events run by FinTech North and pro-manchester, and actively engaging with locally based organisations.

Salford University's FinTech masters is a new programme which will be launched in September 2020. The curriculum was developed with Propel Finance (formerly Henry Howard Finance) and SkyParlour (FinTech PR and Strategy). The course intends to address the knowledge gap created by the pace of technological transformation, designed to meet the latest employment needs in the FinTech industry. Over recent months the university has been increasingly visible in the region, attending numerous FinTech events.

At the end of 2019, The University of Manchester received a £2.5million donation to boost the region's capacity and capability in FinTech. The donation was made by Greensill, a leading British FinTech company founded by Lex Greensill, who is also an Alliance Manchester Business School MBA alumnus. The funding will enable the collaboration of academics from across the University to promote multidisciplinary research and support student entrepreneurship in FinTech and related fields and has also enabled the University to progress its FinTech agenda with a new Chair in FinTech, as well as other key academic posts and PhD scholarships over the next five years.

The new Chair, Markos Zachariadis, will be the first academic lead for FinTech. The university currently has a business liaison officer for FinTech, responsible for facilitating collaboration between FinTechs and university research expertise.

<sup>12</sup>STEM Graduates (HESA (2018-19)).

# Stakeholder quotes



Photo credit: Jane Beadnell

"We need businesses to tell us where the gaps are and we can help address this through research and new teaching, both done in collaboration with practitioners. A key question to be addressed is how research is funded, often the research councils that provide the bulk of research funding do not have calls open to financial companies as it's considered a wealthy sector that could fund its own R&D, there needs to be willingness from businesses & investors to commit resource to R&D which should include university collaborations. Resource commitment for research collaborations isn't just about cash to fund research tie though, access to data & knowledge are most important, in order for useful research partnerships to thrive."

**Rachel Kenyon, The University of Manchester**

"We are very much industry relevant, we are developing nascent partnerships with a mix of established firms and startups. It takes time, but we are also exploring Knowledge Transfer Partnerships with a few players in the FinTech space."

**Niels Pedersen, Manchester Metropolitan University**

"I think it's working really well. The University of Manchester have a dedicated person on business in FinTechs collaboration, they've got global reach with FinTechs, making it as straight forward as possible for companies to engage. They have innovation labs working to see how they can support FinTechs in the region."

**Rachel Eyre, Business Development Manager, FS, MIDAS**

"I've seen some good stuff, Together have been doing loads of work with the universities and their own data science team. I've been approached by the university - there is access there."

**Richard Hayes, Co-Founder & CEO, Mojo Mortgages**

"It's about managing expectation. We're not looking at the university for a quick fix, it's part of a long-term view for us. If you're a 4- or 5-man band, is that the right place for you to be going?"

**Anthony Morrow, CEO, OpenMoney**

"The key is finding the right company for the right partnership. You have to have a meeting of two, or more, minds. The FinTech has to have an issue to research or a problem to solve; you have to match that up with the right academic."

**Niels Pedersen, Manchester Metropolitan University**

"Academic research is thorough and therefore can be slow compared to the business, especially start-up, environment; however there is significant value from rigorous applied research to test new ideas, investigate challenge areas, or evidence need for policy and new products. Large organisations are used to working with academia, they've got time to make these decisions, they don't have to move at the pace of startups. The best route for startups might be to partner and then work with the University, but it is always worth speaking to universities about or challenges to see if they have expertise and collaboration mechanisms available that could fit."

**Rachel Kenyon, The University of Manchester**

# CASE STUDY: Innovation Labs facilitating academic-led solutions to business challenges



**The University of Manchester has developed a robust, effective means of engaging with companies, as a mechanism to co-develop research projects that address a business need. The Manchester Innovation Labs comprises a half day workshop, designed and facilitated by creative consultancy FutureEverything, where businesses work in small groups with a team of multidisciplinary academics to develop a research project and pitch proposals for seed corn funding to a panel of experts.**

## Objectives:

- 'Hot house' academic-business relationships to develop actionable ideas for collaborative research projects on the day.
- Encourage the formation of multidisciplinary academic teams to work with businesses to address business challenges.

- Generate pitch proposals for University seed corn funding (with an expectation of matched funding from the businesses).
- Promote follow on funding opportunities for projects to support the longer-term development of the relationship.

## How does it work?

- Each lab hosts 3-5 industry partners, working in teams of 4-6, with cross-discipline academic groups.
- Groups work through the following dynamic, creative process: >define the problem/question > Facilitated creative thinking activity> Generate solutions > Feasibility matrix >Identify optimal solution >Pitch project idea to expert panel for seed corn funding.

FinTech has been an annual theme in the Innovation Lab series given the range of opportunities in this fast-growing sector. The 2019 FinTech Lab brought an interesting problem from online investment platform Equiniti, which led to a collaboration led by an academic in the School of Social Sciences, giving a great example of how academic expertise can offer insight in the FinTech space beyond the obvious disciplines of computer science and finance.

If you are interested in participating or finding out more about future Innovation Labs contact:

[rachel.kenyon@manchester.ac.uk](mailto:rachel.kenyon@manchester.ac.uk)

## 2019 FinTech Lab

### Problem Statement:

Despite the successes of the Government's automatic enrolment initiative, the level of consumer engagement with long-term savings remains very low. The majority of consumers have no active participation in their pensions, and the level of understanding of long-term saving products is poor; leaving many British people at risk of poverty in later life. Equiniti is a leading provider of pension solutions to pension schemes and is seeking new ways to engage consumers of all ages in order to support their customers. What tools, techniques or approaches might encourage a typical consumer to really take an interest in their long-term savings to achieve the best possible outcomes for later life?

### Project description:

Understanding saving and investing behaviours is complex, especially since people have different levels of engagement across different products. This portfolio approach to personal finance has not been fully recognised in industry or research, which tends to focus on different products as separate silos. Recent research on pension decision-making has shown the importance of understanding pension practices in the context of the broader portfolio, as this can significantly affect the way in which they consider and engage with their pension. For example, people may choose to engage with multiple products for long-term saving, either instead of or alongside a pension.

The proposed approach is to understand this by targeting individuals who are active savers and investors but are less engaged with pensions. Recent research suggests that a significant minority of people use other financial products for saving and investing, such as savings accounts, ISAs, share save scheme, yet are not engaged with pension saving. The University believes that exploring this inconsistency may help to identify key drivers and barriers to engagement, permitting the design of interactive tools to alleviate these barriers and promote engagement. These tools may also be used to benefit individuals who are less engaged with financial products altogether. In the long-term, there may be scope to use AI techniques to segment individuals, predict behaviours based on these drivers and barriers, and deliver interactive interventions to people who would benefit from them the most.



# Participating organisations

AccessPay

Adyen

Allied London

B-North

BJSS

Bruin Financial

CMS

Code Nation

Collectiv

Department for International Trade (DIT)

DLA Piper

Equiniti

Eversheds-Sutherland

Financial Conduct Authority (FCA)

Finch Insurance

Finstant

FinTech North

FWS

Galibier PR

GC Business Angels

HM Treasury

Infinity Works

Innovate Finance

JustUs

KPMG

Krome Technologies

Manchester Digital

Manchester Metropolitan University

Maven Capital

MIDAS

Mojo Mortgages

NCC Group

Nivo

OpenMoney

Praetura

pro-manchester

PwC

Raisin

RD Vault

Revverbank

RSM

Sky Parlour

Start Up Hub

Tech Nation

Together

The University of Manchester

University of Salford

Virgin Money

Whitecap Consulting

YFM Equity Partners

# 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](http://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 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.

**FINTECHNORTH**

[www.fintechnorth.uk](http://www.fintechnorth.uk)

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Leeds | Manchester | Milton Keynes | Bristol | Newcastle | Birmingham

The information contained in this report is of a general nature in relation to the FinTech sector in the Greater Manchester Region and is not intended to address the circumstances of any particular individual or entity. Appropriate professional advice should be sought before taking action relating to the contents of the report. Whitecap Consulting has endeavoured to provide accurate and timely information but cannot guarantee the accuracy of such information at the date of publishing or in future.