SCALING UK REGIONAL FINTECH

A new report from Whitecap Consulting, Streets Consulting and Innovate Finance

How 250 regionally based FinTech firms have successfully scaled, and what we need to do to create more firms like them.

STREETS CONSULTING

INNOVATE FINANCE

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The organisations behind this report are actively engaged with key regional FinTech groups that are playing a vital role in the development of regional FinTech across the UK:

This report is the result of a collaborative project across three organisations that are deeply embedded in the UK's FinTech ecosystem, with a strong interest in leveraging regional FinTech to support the UK's global competitive advantage in this sector:

Innovate Finance

Innovate Finance is the independent industry body and voice of UK FinTech. 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 to create a more inclusive, more democratic and more effective financial services sector that works better for everyone.

www.innovatefinance.com

Streets Consulting

Streets Consulting is a strategic business development, marketing and communications consultancy supporting financial services and technology clients across the UK and around the world. Our clients include scaleups, startups, global organisations, key industry associations, cluster bodies and technology incubators.

www.streetsconsulting.com

Whitecap Consulting

Whitecap is a regional strategy consultancy helping predominately mid-sized organisations analyse, develop and implement growth strategies. Since 2016, Whitecap has been involved in the FinTech market, working with clients and analysing regional ecosystems in market reports.

www.whitecapconsulting.co.uk

PREFACE
& FOREWORDS

Preface

How do we enable more FinTech firms to successfuly scale up in the UK?

This is the simple question we set out to answer when we commenced the project that has culminated in this report, and from the outset we have sought to understand three critical components of the experiences of regional FinTech scaleups:

- **People –** the talent that makes up their teams
- **Money –** their experiences accessing finance and investment
- **Market –** how they have found and grown their customer base

We decided from the outset of this project is that we would not aim to benchmark the different regions of the UK, or to provide any sort of ranking or competitive narrative. This report simply seeks to provide positive, supportive and actionable insight for FinTechs across the UK, wherever they may be based.

The findings make for interesting reading, and while some of your potential preconceptions may be validated by this report, it is also highly likely that you will get some surprises.

Over recent years Whitecap Consulting has published 14 reports on the UK's regional FinTech ecosystems, analysing hundreds of FinTech firms, mainly located outside London. For this report, the Whitecap team collated and updated its data held on 250 regionally based FinTech firms that have successfully scaled their businesses and has analysed what we can learn from these firms.

Additionally, over the last 3 months, one-to-one interviews have been conducted with 10 FinTech entrepreneurs from the UK's main FinTech regions, to give an even deeper insight into the stories and their experiences that sit behind some of the highest growth FinTech firms.

We hope you enjoy the findings of this work. It has been a fascinating project to undertake in collaboration with our partners at Streets Consulting and Innovate Finance, and we hope it can play a part in paving the way for future success for FinTech firms across the UK.

Defining scaleups

This report focuses on firms that have successfully scaled up, so it's important to be clear on how we have identified the 250 FinTech firms our data is derived from.

The ScaleUp Institute uses the definition provided by the Organisation for Economic Co-operation and Development (OECD), which considers a scaleup to be a company that has been growing over three consecutive financial years at an annual rate above 20% in terms of turnover or number of employees.

Our research has used a broader definition when identifying 250 regionally based FinTech firms for the data analysis component of this work. In line with Whitecap's established regional Fintech analysis methodology, we have focused on firms that have reported revenues above £632,000 (and less than £25m), using Companies House data. This is the primary measure from which we have distinguished these firms from the startup community in our analysis.

Aligning the methodology behind this report to the definition previously used by Whitecap has enabled us to access an extensive bank of research and data, which in turn has been used to create previously unpublished datapoints.

A full methodology can be found later in the report.

Whitecap project team:

Julian Wells
Director & FinTech lead,
Whitecap Consulting

Josh Dracup
Junior Consultant,
Whitecap Consulting

Foreword: **Innovate Finance**

Janine Hirt,
CEO, Innovate Finance

The UK FinTech sector is a success story of which we can be proud. Today, the UK attracts more FinTech investment than the rest of Europe combined and is second only to the United States.

Our community of leading UK FinTechs is transforming the financial industry by prioritising consumers, promoting inclusivity and efficiency, but we must not become complacent about our international leadership. We must continuously strive to create an environment in the UK that encourages our most promising FinTech companies to scale up, prosper, and stay in the UK when they IPO.

As in so many democracies, 2024 is going to be a pivotal year for the UK with the General Election looming. Whoever forms the next government will have important work to do in safeguarding the UK's position as a leader in global FinTech, a busy hive of innovation and an attractive place to build and scale businesses.

That's why we recently launched our General Election Fintech Manifesto, outlining three ambitions as we call on the next government to deliver a 'FinTech first' approach to addressing some of the biggest challenges facing the UK today.

Firstly, we want to build the world's first smart data economy, right here in the UK, giving consumers greater control of their own data and where it is used. The UK is a global leader in developing early elements of the smart data economy, such as Open Banking and we want to hasten the move to Open Finance.

Secondly, we call on the new government to make the UK the most secure place in the world for consumers and businesses to use digital finance. Dealing more effectively with rising fraud is vital to consumer and business confidence in the sector.

Thirdly, we want the UK to be the world leader in adopting new technology in finance, by encouraging a favourable regulatory environment for FinTechs to grow, secure funding, and find digitally proficient consumers.

Many FinTech companies are striving to grow and are hungry for investment to help them realise their ambitions, all whilst working hard to deliver the innovations the UK needs to stay competitive in FinTech.

The 'Scaling UK Regional FinTech' research shows a dedicated community of innovators based outside of the South East. It has been enlightening to work with Whitecap Consulting and Streets Consulting to study these scaleups and identify advice to help them grow and thrive.

Foreword: **Streets Consulting**

Julia Streets,
Founder and CEO, Streets Consulting

The UK's entrepreneurial spirit, determination and ingenuity is represented nowhere better than within its vibrant FinTech industry. Its success is driven by innovative vision and delivered by courageous, focused, hard-working people right across the nation.

This 'Scaling UK Regional FinTech' research not only looks at scaleups based outside London and the South East, it focuses precisely on this human element and we have been proud to collaborate with Innovate Finance and Whitecap Consulting on this project.

FinTech is vital to the UK economy creating jobs and contributing to GDP. It supports the ongoing success and improvement of our Financial Services industries, and in the world of open finance impacts many other adjacent sectors.

With the march of decentralised finance, web3 and open banking, as well as many, many other potential future innovations, FinTech has a unique power to make Financial Services more accessible, more useful and ultimately safer for every UK citizen.

As we face arguably our greatest global challenge, climate change, UK FinTech is once again stepping-up, pioneering sustainable investing, helping companies to report on their ESG progress and giving consumers and investors the chance to back greener companies. FinTech also empowers the adoption of regulations such as the Consumer Duty rules setting higher and clearer standards of consumer protection.

At Streets Consulting, for more than 16 years we have been proud to be part of UK FinTech and have always championed regional potential, proudly representing regional clusters and FinTech initiatives across the nation.

We have worked with hundreds of startups, scaleups, global organisations and industry bodies, helping them on their road to success.

It was my privilege to chair the launch event of the Kalifa Review - a commitment from the Government to UK FinTech and a blueprint for its growth and success. It codified much of what we had learned from the FinTech community at home and our international work shows us that FinTech is a key export. It has a great power to attract inward investment in the UK and draw some of the best minds in the world to our shores, thanks to the UK's profile as a wonderful place to build FinTech businesses.

FinTechs tell us that right now their watchwords are 'growth' and 'transformation' and we support them with our '3 Cs' of service: campaigns, to build brand and fill sales funnels; content, to fuel effective campaigns; and coaching, of C-level founders and their rising stars, helping executives and leadership teams to drive strong and highly effective cultures.

As Britain navigates the challenges of the modern global economy and in a year when we head to the polls, FinTech is a shining example of how innovation, ingenuity, policy, technology, leadership, collaboration and talent can make a meaningful, sustainable impact regionally, nationally and on an international scale.

Stakeholder quotes

"Northern Ireland's position as a centre of excellence for fintech is growing ever stronger, with continued inward investment and emerging high-growth clusters in areas such as regtech, compliance and cybersecurity. The potential of fintech isn't unique to Northern Ireland. It is hugely encouraging to read in this report just how vast the opportunity is for fintech right across the UK." - **Chris Jessup, Chair, FinTech NI**

"Building a successful scale-up is certainly no mean feat and the UK under-appreciates this at its peril; this report highlights that such efforts are a national endeavour and that cracking FinTech businesses can be found across the nation. We're proud to have many fantastic scaleups in the West Midlands and, along with our colleagues in other regions, we aspire to help create many more in future."- **Hilary Smyth-Allen, Executive Director, SuperTech WM**

"FinTech is a nationally significant sector and has been for many years. The role of regional activity in the UK's global FinTech success to date should not be underestimated, and it is critical that we work collaboratively. I've always been very proud of what we have achieved at FinTech North, but what I would love to see above all else is the regions of the UK working together for the good of the nation." - **Chris Sier, Chairman, FinTech North**

"Fintech entrepreneurship continues to drive financial innovation and positive economic outcomes across all corners of the country and this insightful report demonstrates the significant contribution being made by fintech SMEs throughout our regions and cities. All the fintech centres across the UK have an opportunity to build on this to support many more business success stories in our regional communities and benefit the UK economic growth ambitions."- **Stephen Ingledew OBE, Chair, FinTech Scotland**

"As demonstrated in this report, the achievements of the UK's fintech industry are a UK-wide story, and we're immensely proud of the essential part Welsh fintechs play in this success. To ensure this continues, we must continue to collaborate to ensure fintechs throughout the UK can thrive, and demonstrate the innovation and talent we have here, all over the world." **- Sarah Kocianski, CEO, FinTech Wales**

"It is good to see further evidence in the form of this report that you are more likely to be successful incorporating diversity within a multi-discipline founding team. Growing a FinTech, or any high-tech business for that matter, requires collaboration and cooperation across a symbiotic ecosystem and that's what we've always tried to bring to the party as FinTech West." **- Stuart Harrison, Director, FinTech West**

Stakeholder quotes

"The report's importance and insight cannot be underestimated. Having led the Fintech National Network's secretariat since 2019, and working closely with many of those who have championed Fintech in their respective regions during this time, I have seen how collective engagement between all these local ecosystems has hugely benefited the strength and depth of our global UK FinTech sector. Fintech is truly a national success story, and I couldn't be prouder to part of it." - **Peter Cunnane, Director of International & National Initiatives, Innovate Finance**

"Tech East is passionate about developing opportunities for all tech companies across our region. This report addresses an important topic, not only for FinTech but for tech more broadly. We are in the process of formalising a new regional FinTech cluster body for the East of England, and one of our objectives will be to help develop more FinTech firms within the region. We look forward to collaborating with other regions to achieve this." - **Lisa Perkins, Chair, Tech East**

"CFIT continues to work with its regional partners and the FinTechs that they represent, creating coalitions that will deliver financial innovation across the UK regions. The aim here is to encourage regional FinTech development through the adoption of open finance principles and inspiring programmes that support SME growth and assist financial services consumers." - **Ezechi Britton MBE, CEO, Centre for Finance, Innovation & Technology (CFIT)**

"Communities like ours, alongside our partners at FinTech North, FinTech Scotland, FinTech Wales and the other regional hubs, are the driving force behind innovation in the UK's FinTech ecosystem, fostering collaboration, sharing insights, and igniting opportunities. Together, through programmes such as the FinTech Alliance Investment Series, we look forward to continuing to support the future of finance, accelerating growth, inclusivity and resilience across the UK FinTech market." - **Alastair Lukies CBE, Chairman, FinTech Alliance**

"As financial services firms continue to increase their adoption of, and collaboration with, FinTechs,we expect to see technology spending in financial services grow to $761 billion by 2025 and revenues of FinTechs grow to $324 billion by 2026. These factors help drive the opportunity for many more growth stage firms across the UK, and FinTech Growth Fund is looking forward to playing an active role in supporting those businesses as they grow." - **Phil Vidler, Managing Partner, FinTech Growth Fund.**

SCALING FINTECH ACROSS THE UK

Executive Summary
People
Money
Market

Executive summary

What did we find from our analysis of 250 regional FinTech firms?

Our analysis of Fintech firms highlighted some interesting facts across our key themes of people, money and market:

People

- More than half of FinTechs had more than one founder, and the more founders, the higher their revenue growth rate
- Firms with female founders achieved annual turnover growth of 30%+ vs those with male only founders, but only 16% of firms had a female founder
- The average age of founders at inception was 38 years old

Money

- Raising investment correlates to higher employee and revenue growth, but revenue grows at a proportionally lower rate
- 9 out of 10 firms that attended an accelerator went on to raise funding
- Firms in payments and WealthTech account for the largest number of scaleups, but PropTech firms are most likely to successfully raise funding

Market

- 87% of FinTechs analysed have a B2B element to their go to market strategy, compared to 30% B2C (16% have both)
- On average, B2C firms that obtain funding achieved double the revenue and employee growth of B2B only firms
- Firms in Lending, Banking, InsurTech, Money Management and WealthTech enjoy the strongest revenue growth

What did the entrepreneurs tell us?

In our interviews with FinTech founders and leaders, we heard 6 common themes:

1. **They found a problem they understood** and were motivated to solve
2. **It took longer than expected** to grow their business
3. **They found the right people**, eventually, and fought to keep them
4. They wish they had found a way to **generate revenue earlier**
5. They took a **sensible approach to fundraising**
6. **Technology was not their USP**

These themes were not all true for all the FinTechs we interviewed, but a majority hold true for each of them.

What needs to happen?

Based on our analysis and interviews, the evidence suggests the following actions would help create more FinTech scaleups across the UK:

For entrepreneurs:

1. **Vocation, not location**. What you do and how you do it will define your success, not your location.
2. **Don't go it alone**. FinTech firms with multiple founders are more likely to successfully scale.
3. **Ensure gender diversity**. Firms with one or more female founders outperform male only founder teams.
4. **Join an accelerator.** Companies which were part of an accelerator raised investment more successfully; the coaching, guidance and contacts within accelerator cohorts can provide assistance as organisations scale.

For investors, policymakers and wider FinTech sector:

5. **Think nationally**. Our analysis shows that location doesn't matter, although being in a city has a positive impact on growth.
6. **Reduce risk for entrepreneurs.** More support is required in terms of tax relief schemes and access to funding.
7. **Encourage diversity in FinTech leadership**. More initiatives are required, building on the new government taskforce to create dedicated funding for female-founded businesses and to provide support for other challenges faced by female entrepreneurs.

Data insights:

What our analysis of 250 regional FinTech firms revealed.

People

Firms with **female founders** achieved annual turnover **growth of 30%+** vs those with male only founders, but only 16% of firms had a female founder

More than half of FinTechs had **more than one founder,** and the more founders, the higher their revenue growth rate

The **average age** of founders at inception was **38 years old**

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Interview insights:
Six charateristics of successful FinTech scaleups

Our interviews with successful FinTech entrepreneurs gave us insights that go beyond our data. These conversations identified some common themes which serve as key pointers for aspiring FinTechs. These themes were not all true for all the FinTechs we interviewed, but the majority hold true for each of them.

1. They found a problem they understood and were motivated to solve

The founders got their original motivation from a problem they experienced and they felt they knew how to solve. They combined this knowledge with their personal motivation and experience, and set out to solve this problem.

2. It took longer than expected to grow the business

Growth took longer than anticipated, due to business plans being overly ambitious. Many entrepreneurs had had to pivot from their original idea.

3. They found the right people, eventually, and fought to keep them

Every entrepreneur made significant points about the importance of having the right people and looking after them. Firms often started with experienced hires but subsequently hired talented people with less industry knowledge who could grow with the business, incentivised by employee share schemes to boost retention.

4. They wish they had found a way to generate revenue earlier

The entrepreneurs we interviewed advise FinTechs to find a way to generate revenue quickly, even if this is not from their fully developed target suite of products / services. They also told us that branding and marketing are a key function for gaining trust of larger firms when attempting to scale B2B businesses.

5. They took a sensible approach to fundraising

Raising investment wasn't seen as a badge of honour. It was acknowledged that external funding can drive accelerated growth, but the entrepreneurs urged caution about chasing large valuations, taking too much funding, and losing control of the business.

6. Technology was not their USP

Perhaps surprisingly, most of the FinTechs did not consider their technology to be unique. What characterised them was a strong in-house technological architecture which allows agility and adaptability in respect of embracing dynamic new technologies.

FinTech entrepreneur insights

Throughout the report, quotes from the FinTech entrepreneur interviews serve to support the research and give insights into the vision, breadth, depth and detail of their experiences.

People

"Having a diverse range of voices in our business is incredibly important to the team and me in our quest to build a product that works for everyone. We have implemented a number of inclusion policies that support this culture and give the team space to innovate and collaborate." – **Samantha Seaton, CEO, MoneyHub**

"You have to force the behaviour you want, and the culture will follow. You only get ahead by working hard and being really focused. Manage what you measure." – **Lucy Cohen, Co-founder and CEO, Mazuma**

"My advice would be to have people with experience in your founding team. It depends on what your idea is, but it would be very hard to come into InsurTech for people without experience. Building the tech is in many ways the easy part - being able to underwrite profitable policies is incredibly hard." - **Louise Birritteri, Founder & CEO, Pikl**

"Having a very flat culture where everyone's approachable is the best way to foster a strong team morale and culture." – **Chris Gregg, Founder and CEO, Lightyear**

Money

"You should always raise at a multiple you feel you can exit at. People forget that valuations and multiples are supposed to reflect future cashflow, not some made up multiple of your revenue. The best time to raise money is when you don't need it. If you can get to profitability and generate cash, then you're in a great place to raise money." – **Anish Kapoor, Founder and CEO, AccessPay**

"You need a huge amount of resilience to raise funding. For us, it took 9 months from starting the pitch process to getting funding. The due diligence process was 5 months and simultaneously you're having to execute your strategy in a way that balances the possibility that you're not going to get any funding, whilst also laying the foundations when the money does land. It's really hard as you must line things up like new hires, but you can't progress until the funding is in place." – **Lucy Cohen, CEO and Co Founder, Mazuma**

"During Covid I was relived not to have investors and a high valuation. For me, the benefit has been that we can make the right decisions based on our people and our customers. We could take short term pressure off to satisfy the board and build the business in the right way. It also allows you to make rapid decisions." – **Chris Gregg, Founder and CEO, Lightyear**

"We have always been very careful in our decision making and very aggressive with our growth strategy. We often work from breakeven to drive our growth. This is where we have to be very targeted when we're innovating and hiring." – **Adam Sharpe, CEO, Cardstream**

Market

"Partnering with large, established and recognisable brands can unlock opportunities you would otherwise not have access to, so don't forget to prioritise partnerships, not just direct sales." - **Aaron Holmes, Founder & CEO, Kani**

"Working with large brands B2B can be challenging - it takes time acquiring them as clients, meeting their security and operational standards, building solutions, and piloting them, and they can still decide not to proceed – but it's worth it if you can secure them as a long-term client." – **Tony Vail, Co-founder & Chief Strategy Officer, WealthWizards**

"We haven't changed our strategy, but we have pivoted our actions a lot such as messaging. We originally sold to larger FS firms as speeding up the mortgage process but we found that what they really care about is the cost reduction." – **Stuart Cheetham, Co-founder & CEO, MQube and MPowered Mortgages**

"It costs more money to build a B2C business, but B2B revenues can be very lumpy and slow to convert. If we didn't have B2C our revenues would be really variable."- **Louise Birritteri, Founder & CEO, Pikl**

"The pace of growth of the payments industry has been staggering and it's not slowing down. Innovation, compliance, and security are all moving at pace. Despite all of that, whilst we've evolved from being a payment gateway into a full payment solution provider, our fundamental business model and 'partner first' approach hasn't changed." – **Adam Sharpe, CEO, Cardstream**

Overview of research sample

250 scaleup firms analysed

146 58%
based in a city

104 42%
not city based

176 70.4% B2B only

33 13.2% B2C only

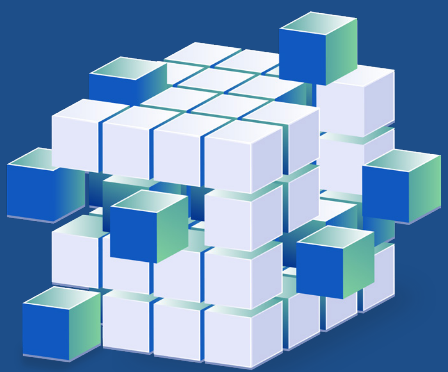
41 16.4% B2B & B2C

14yrs
average age of firm

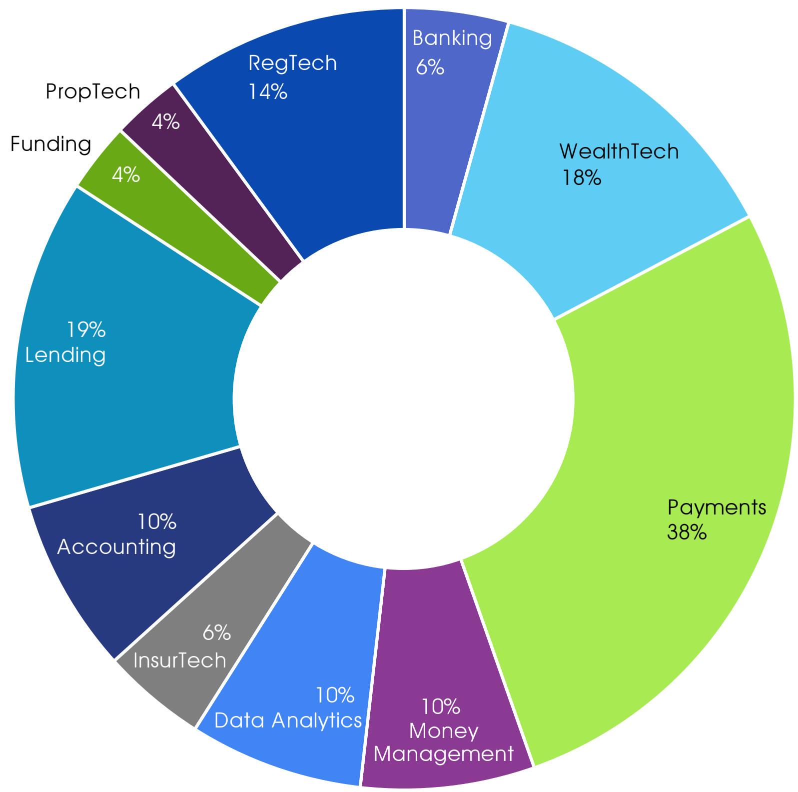
41
average number of employees

51yrs
average age of founder

38yrs
average age when incorporated



Sub-sectors



Note: some firms operate in more than one sub-sector

People

According to our analysis, FinTech firms with multiple founders are more likely to successfully scale their revenues, to raise funding, and to enjoy higher growth in employee numbers. But firms with only one founder are the most common, accounting for 44% of the firms analysed.

The women-led high-growth enterprise taskforce report, published by the government's Equality Hub in March 2024, stated that 18% of high-growth enterprises include one or more women on the founding team – while all-male founding teams make up 82% of high-growth enterprises.

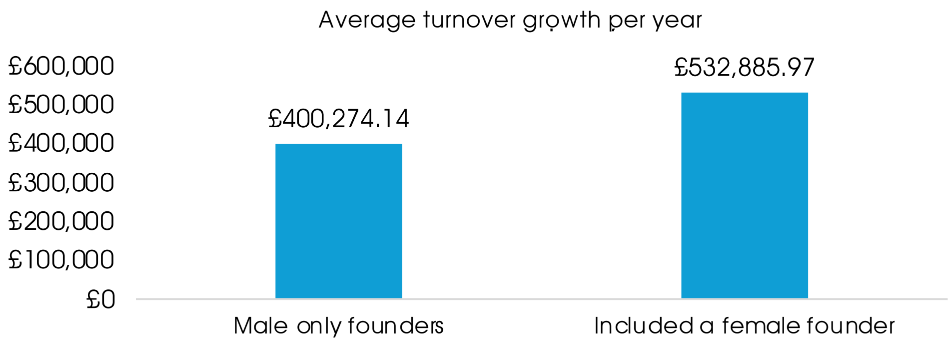
Our analysis aligns closely, finding 16% of FinTech firms to have a female founder, and 84% to be all male. It has been well documented that female-led startups have been held back due to a lack of finance.

According to Pitchbook, the proportion of equity capital investment going to all-female founder teams across UK and Europe was just 1.8% in 2023, a number that has remained relatively static over the last decade. Our research finds that 59% of firms with a female founder have successfully raised funding, which is comparable with those led by male-only founder teams (62%).

We also find that 59% of these firms have successfully raised funding, which is comparable with those led by male-only founder teams (62%). However, our analysis also shows that firms with a female founder enjoy 33% higher turnover growth year-on-year.

In March this year the government announced that its new taskforce would create a dedicated funding pot for female-founded businesses through private capital and to provide support for other challenges faced by female entrepreneurs.

Diversity drives growth



People

Number of founders	Count	Raised funding	Average turnover growth	Average employee growth
1	**76**	44.74%	£361,460.72	2.70
2	67	64.18%	£356,196.45	3.93
3	19	68.42%	£513,463.74	4.01
4	10	**80.00%**	**£670,103.45**	**5.71**

Age of founders	Average employee growth	Average turnover growth	Sum of total fundraising	Average total fundraising
Under 30	3.16	£366,867.42	£239,168,200.00	£7,715,103.23
30-40	3.00	£340,223.60	£419,989,600.00	**£12,352,635.29**
40-50	**4.42**	**£545,016.27**	**£540,782,200.00**	£12,290,504.55
Over 50	3.21	£392,703.05	£77,545,000.00	£6,462,083.33

Founder diversity & funding

84% firms have male only founders

62% raised funding

16% firms are female founded

59% raised funding

FinTech entrepreneur insights: **People**

Importance of having the right people to establish culture

"I believe that the people side of the business is the most important for any startup business. It's the people who will drive your business forward. If you don't communicate your strategy with your team, they won't be clear on what the company aims to achieve." – **Biswajit Kundu Roy, Founder & CEO, Coastr**

"It was hard when we were growing fast in our first peak as we didn't have enough senior leadership. Bringing in senior hires have come with experience from other scaleups and businesses. They also came with the leadership we needed, to ensure that we were ready for the next spike." – **Chris Gregg, Founder and CEO, Lightyear**

"When we started, we needed both tech and mortgage people to get into the industry but creating the cultural blend is not easy. As we became more technology focused, we've decided to entrust younger people and let them run it in a different way. We needed people to be quicker and less risk averse." – **Stuart Cheetham, Co-founder, and CEO, MQube and MPowered Mortgages**

"The team is going to evolve and be ready for it. Expect that things won't always go smoothly. People may have their own objectives in life – try to work with them rather than fighting against them moving on. When the first person left, I started questioning myself but instead you should support them." – **Adam Sharpe, CEO, Cardstream**

"Some of the first people we hired were compromises on cost versus value. On reflection, this was a mistake. You need your initial hires to be very talented and help set the culture you want to create. They aren't easy to find but when you do, you should compensate them well and incentivise them strongly." – **Tony Vail, Co-founder & Chief Strategy Officer, WealthWizards**

"We are always fighting the battle between the nice parts of culture versus expecting people to work hard. Being a growth company, it's a training ground for them to be efficient but it's hard work. When we have finance people coming from accountancy firms, they're inclined to over engineer things, they don't trust technology." – **Lucy Cohen, Co-founder and CEO, Mazuma**

"My advice would be to have people with experience in your founding team. It depends on what your idea is, but it would be very hard to come into InsurTech for people without experience. Building the tech is in many ways the easy part - being able to underwrite profitable policies is incredibly hard." - **Louise Birritteri, Founder & CEO, Pikl**

Key areas/strategies for retention

"Remain present and available. Your people are your business and your biggest asset, and people that feel valued, trusted, and heard maintain their passion and ambition for what they do." – **Samantha Seaton, CEO, MoneyHub**

"There's two side of retention, not everyone who got you where you are can get you to where you want to go, but equally retention and momentum are super important. We focus on that such as doing knowledge sharing so that momentum continues in the business. You need to have trust in your running partners because you will need them." – **Adam Sharpe, CEO, Cardstream**

"Our approach is to genuinely reward high performance. We've retained them by paying them well, giving them shares, but most importantly giving them genuine engagement in what we are doing. We tap into their intellectual capabilities and curiosities and the ones that really take it; we promote." – **Stuart Cheetham, Co-founder, and CEO, MQube and MPowered Mortgages**

"Hire a brilliant team, give them the tools they need and then get out of their way!"- **Aaron Holmes, Founder & CEO, Kani**

"15-20 people was a bit of a tipping point, as it was harder for everyone to be involved in everything.This meant we had to rethink some of the early team & Founders roles so that we could best use their skill set in the context of the next stage of the business growth, this led to some of our founding team moving into consulting roles and we took the step of hiring full time experienced C suite people. We needed people who could grow other people."– **Louise Birritteri, Founder & CEO, Pikl**

Getting advice from others / having mentors

"Seek out mentors from the industry and be collaborative with colleagues and peers. These will be the instances that keep you going, and you also come up with your best ideas for development." – **Samantha Seaton, CEO, MoneyHub**

"My tip is to find great mentors, advisers and get a personal coach. I've been involved in lots of businesses as an adviser and an investor. The thing that kills businesses is the CEO in terms of their psyche and function, so it's very important to have the right people around you to advise you. If you push back, you'll fail. It's hard to take on that advice, the 2014 version of myself would not have." – **Anish Kapoor, Founder and CEO, AccessPay**

"We didn't have a pure technology co-founder, so it was a priority to have a good hire in this space. You need a tech expert in the founding team, or a highly incentivised early hire."– **Tony Vail, Co-founder & Chief Strategy Officer, WealthWizards**

Money

Raising funding can enable businesses to accelerate the development of their product, hire more employees and increase their marketing. Our analysis shows that, on average, FinTech scaleups that have been able to secure funding have been able to accelerate their growth in terms of turnover and employee count.

Our data also shows that the impact is proportionally higher on employee growth than turnover, and we observed a 46% year-on-year increase of turnover compared to a 61% increase of employee growth. When breaking this down by amount of funding raised, the impact of funding is only seen as advantageous to turnover growth when the amount reaches £5-10 million. Employee growth however saw a large increase when overall funding reached £2.5-5 million. Our data shows a limited impact on turnover when companies have raised less than £2.5 million.

From our interviews with founders, many were wary about the process of raising of funding, especially equity fundraising. The concerns were particularly about losing equity and control over the business to investors who are more revenue driven and less patient. Despite the concerns, many of the businesses we have interviewed have raised funding.

Interestingly, our analysis of 250 scaleups showed that 90.32% of the 41 firms who attended an accelerator went on to raise funding at an average of £13.3m.

Being in a city also helps, with 40% of those in a city raising funding at an average of £13.1m compared to 16% of those not in a city at an average of £4.2m.

The highest number of firms raising funding was in payments (52) and WealthTech (28), but in relative terms PropTech was the clear leader with all the 9 firms analysed having raised funding. Lending was the least likely sector to raise funding (43%), which possibly reflects the challenges that FinTech lending firms are widely known to face not only in terms of fundraising, but also in obtaining banking facilities.

9 out of 10
firms attending an accelerator went on to raise funding

Raising investment
correlates to higher employee & revenue growth (revenue grown at proportionally lower rate)

Payments & WealthTech
account for largest number of scaleups

PropTech firms are most likely to successfully raise funding

Money

Sub Sector	Count	Percentage	Sum	Average
Banking	7	50.0%	£60,703,000.00	£8,671,857.14
WealthTech	28	62.2%	£248,031,000.00	£8,858,250.00
Payments	**52**	54.2%	**£509,218,600.00**	£9,792,665.38
Money Management	16	66.7%	£233,208,000.00	£14,575,500.00
Data Analytics	16	61.5%	£157,575,200.00	£9,848,450.00
InsurTech	8	53.3%	£133,352,200.00	£16,669,025.00
Accounting	15	62.5%	£45,176,000.00	£3,011,733.33
Lending	22	45.8%	£446,623,000.00	**£20,301,045.45**
Funding	8	72.7%	£88,860,000.00	£11,107,500.00
PropTech	9	**100.0%**	£70,313,200.00	£7,812,577.78
RegTech	23	63.9%	£305,520,000.00	£13,283,478.26

Amount of funding raised (£)	Count	Turnover Growth	Employee Growth
No funding	**109**	£324,947.98	2.55
Less than 1m funding	27	£326,926.26	2.91
1m-2.5m funding	24	£316,503.67	2.40
2.5m-5m funding	18	£265,598.90	4.59
5m-10m funding	25	£521,634.41	3.62
10m-20m funding	18	£568,221.06	3.45
20m+ funding	20	**£902,959.88**	**7.05**

FinTech entrepreneur insights: **Funding**

Why getting VC funding isn't always the best way to go

"We haven't used any institutional investors and not given away large shareholdings. This has enabled us to retain control over our business, rather than being dictated to by investors on our board. This was especially important in the early days." – **Biswajit Kundu Roy, Founder & CEO, Coastr**

"Don't raise too much. The structure of deals can mean you make very little upon exit. Don't judge your success by the capital you raise – judge it by revenue and profit. Raising less is a good thing but in this market, we glorify people who have raised large sums of money." – **Anish Kapoor, Founder and CEO, AccessPay**

"We've had an R&D grant from InvestNI and an InnovateUK grant. That was great because of the help with early costs but also with networking. It gave us the fuel to not go out to external funding and enabled us to give good share options to key employees." – **Chris Gregg, Founder and CEO, Lightyear**

"Don't sell out – it can be tempting when investors are dangling cash in front of you! But you need the right, supportive investors that truly understand what you are trying to achieve and are fully supportive of your ambition. We've seen too many, what could have been great businesses, grow too fast, with too much cash and the wrong investors, burnout." – **Samantha Seaton, CEO Moneyhub**

Routes to more effective investing

"The stats around gender dynamics in investment are shocking. With just 2% of VC funding in the UK going to female-led businesses, significant work must be done to achieve equality. As a woman who has grown a business in a male-dominated space, we need the next generation of female entrepreneurs to go further and faster than I've been able to." – **Lucy Cohen, Co-founder and CEO, Mazuma**

"The investor community in the UK needs to become more startup friendly, which could be incentivised by government or pension funds. If I had a pound for every time I get told I'd be 10x over-funded in the US if I was there." – **Stuart Cheetham, Co-founder and CEO, MQube and MPowered Mortgages**

"The flow of money is key. The EIS and SEIS schemes are positive for early stage investing. Encouraging corporates to invest strategically is important too. Allowing the big corporates to have mechanisms and pathways to work with startups and scaleups."
– **Tony Vail, Co-founder & Chief Strategy Officer, WealthWizards**

"Over time as we've grown, the stakes get higher of bringing someone else in. It can make the decision-making process slower and hinders the ability of wanting to pivot the business strategy. It's not the money, it's the people that would be involved who are the key consideration."
– **Adam Sharpe, CEO, Cardstream**

"I'm not sure we would have survived being VC funded, as we didn't grow quickly enough initially. Perhaps we would have been pushed harder, so it's hard to say for sure what would have happened. Being funded by strategic investors has probably been the right thing for us, and it combined getting funding with having B2B clients." – **Tony Vail, Co-founder & Chief Strategy Officer, WealthWizards**

Why investment helps acceleration

"We could not have grown our business without funding. As an InsurTech, our costs are nearly double a standard tech business since we have an insurance business and a tech business. We also had to build a new platform and we needed it in place before we went live." - **Louise Birritteri, Founder & CEO, Pikl**

"The key focus of investment has been to support the investment in our technology. Every pound spent on tech is a pound spent on creating value. The reason why companies come to us is because of the strength in our tech and that's our USP. We have always been quite successful raising money, but the current environment to raise money is very hard. You're balancing the investment levels, valuation levels and making sure the KPIs are being hit to keep that valuation stable to eventually raise more capital." – **Stuart Cheetham, Co-founder and CEO, MQube and MPowered Mortgages**

Funding tips

"You need to treat funding like a sales process. Ultimately, you're only looking for one person or fund to say yes. You'll more than likely need to talk to a lot of people. Sometimes businesses get lucky, but for most it's a tough process to navigate."
– **Anish Kapoor, Founder and CEO, AccessPay**

"If you need money within the next 12 months and you haven't started the process, you're starting too late. Whilst you want to move quickly, larger investors move at their own pace." – **Lucy Cohen, Co-founder & CEO, Mazuma**

"Getting ready for investment takes a significant amount of time and effort, often by the CEO and other key people in the business, taking those key people out of the business for material amounts of time. If you are going for investment, be aware of the time commitment it requires and have a plan for keeping the business growing while your attention is divided between working in the business and working on securing investment."
Aaron Holmes, Founder & CEO, Kani

Market

Finding and retaining customers is the lifeblood of any business, and in the highly competitive FinTech sector this is no different. The regional FinTech scaleups we have analysed adopt a range of routes to market, with 87% having a B2B channel, 30% adopting a B2C approach, and 16% incorporating both channels.

The vast majority of FinTech firms have a B2B channel within their go-to-market model, which can enable them to target customer acquisition at scale and opens up the opportunity of one sale opening access to portfolios of customers.

Despite this dominance of a B2B approach, in our interviews we heard of the complex, lengthy and costly experiences of FinTech firms that were involved in procurement processes with large financial services organisations.

By contrast, the B2C firms that have successfully scaled up have enjoyed higher employee and revenue growth. Anecdotal evidence in the investor market at present suggests that B2C business models are harder to fund than those with a B2B angle, but the evidence from this report suggests that these businesses have strong growth potential.

When considering which markets firms operate in, the most prominent sectors were payments (38%), lending (19%, WealthTech (18%), and RegTech (14%), with the least represented sectors being PropTech (4%) and funding (4%).

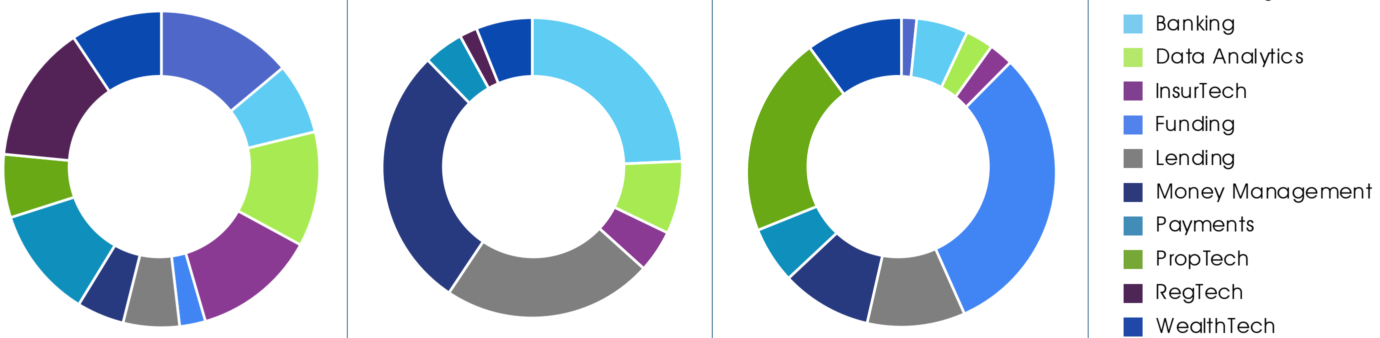
Firms operating in lending displayed the highest rate of revenue growth, followed by banking, InsurTech, money management and WealthTech. Accounting and RegTech saw the lowest growth in turnover.

87%
of FInTechs analysed have a B2B element to their go-to-market strategy, compared to 30% B2C. 16% have both.

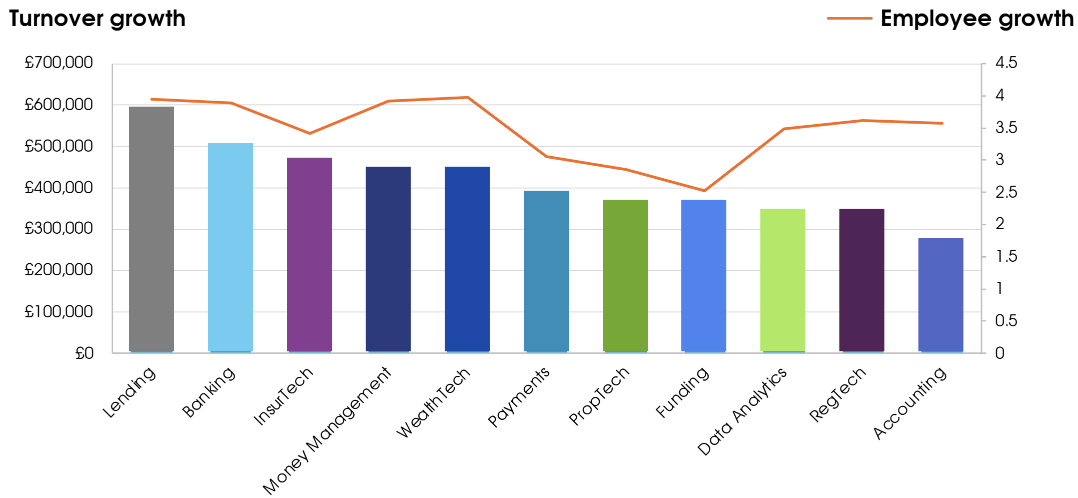
x2 revenue & growth
B2C firms that obtained funding averaged double the revenue and employee growth, compared to B2B only firms

Strongest revenue growth
Lending, Banking, InsurTech, Money management & WealthTech

Market



B2B only	B2C only	B2B & B2C	
54.60%	**57.60%**	**63.40%**	**Percentage achieved funding**
£7,207,824	£18,241,500	£16,786,000	**Average amount of funding**
£347,960.23	£674,435.77	£461,437.45	**Average annual turnover growth**
3.3	3.95	3.55	**Average annual employee Growth**



FinTech entrepreneur insights: **Market**

Not growing as quickly as expected

"We grew slower than we originally had planned. Sales was a core competence that took time to get right. I've learned that it takes time to build a go to market machine but once you get it right it enables you to understand how to scale. You must deliver consistent incremental growth, rather than aiming for rapid unsustainable growth." – **Anish Kapoor, Founder and CEO, AccessPay**

"There's no easy route to customer acquisition. B2C can be very expensive cost per acquisition. My learning about enterprise B2B is it can take a long time to make a sale, in an extreme case 5 years from first meeting to close in our experience. You've got to take this into account." – **Tony Vail, Co-founder & Chief Strategy Officer, Wealth Wizards**

"As an entrepreneur you always want the business to grow faster. We've strongly grown year-on-year, and we take confidence from this. But we've also built the right foundations; we haven't taken short cuts to growth, and I think this has been critical." – **Biswajit Kundu Roy, Founder & CEO, Coastr**

"If you're just starting out, spend lots of time validating your hypothesis and that there's a substantial target addressable market that will pay for it. If you go into the wrong segment, it won't matter how well you execute the technology, it won't sell." – **Chris Gregg, Founder and CEO, Lightyear**

"We grew faster than expected due to signing bigger clients earlier than we had expected in our journey." - **Aaron Holmes, Founder & CEO, Kani.**

Selling to large FS firms

"I think there is a lot of hesitation for larger firms to deal with a startup, which is why branding is so important. Sometimes you can have a better product, but you lose contracts bids because of risk appetite. Once you have live clients, the conversations become a lot easier." – **Biswajit Kundu Roy, Founder & CEO, Coastr**

"We participated in the NatWest Accelerator Programme (UK), TechNation FinTech 2.0 Program (UK), Mastercard Start Path (International) and FIS Accelerator Program (US / International). All 4 offered something quite different but were really useful." - **Aaron Holmes, Founder & CEO, Kani**

"Their procurement and compliance processes can be quite rigid, and at odds with our agile way of doing things." – **Samantha Seaton, CEO, MoneyHub**

Tips on growth

"The most important thing is to make sure you're hitting revenue fast. We could have sold our tech quicker, and in simpler buckets, which would have enabled us to hit revenue faster." – **Stuart Cheetham, Co-founder & CEO, MQube and MPowered Mortgages**

"Be open, truthful, and honest with your partners. You might lose some deals for it being too early, but you'll find organisations that want to come on the journey with you and you'll build strong bonds." – **Anish Kapoor, Founder and CEO, AccessPay**

"Trust is important, and buyers don't necessarily want to deal with a startup. We invested in organic and inorganic SEO to get the brand out there and focused on customer reviews which helped with advocacy. Having ISO accreditation helps with risk and compliance." – **Chris Gregg, Founder and CEO, Lightyear**

Evolving Propositions / keeping up with competitors

"You always must be very lean and nimble. You should have a north star in terms of what you want to do, but how you get there can change over the course of your journey and evolution. Keep an eye on market trends and pivot your plans accordingly." – **Biswajit Kundu Roy, Founder and CEO, Coastr**

"We were the first to do a subscription model in accounting which made it hard for us to explain what we do. We ended up having to change the branding to a monthly fixed fee to make sure people understood what we were doing." – **Lucy Cohen, Co-founder and CEO, Mazuma**

"We wanted to become a bank but decided to go down a different route due to regulatory flow requirements. We decided to build our own mortgage lender and use this as the proof that our technology works, to help us license it to other lenders. Being an operator also gives us a better understanding of the problems we need to fix." – **Stuart Cheetham, Co-founder & CEO, MQube and MPowered Mortgages**

"Our brand is about getting you out of a pickle. People think younger / FinTech brands are more likely to protect them and do the right thing, whereas they are more wary of larger legacy brands. We know we need to step up our brand and marketing to make more of this." - **Louise Birritteri, Founder & CEO, Pikl**

FinTech entrepreneur insights: **Technology & Information Security**

Tech enabled

"Our tech is all built inhouse by our team which is means we have a fast and agile approach. I wanted to ensure that our technology is built for the future and our tech is all built for mobile." — **Biswajit Kundu Roy, Founder and CEO, Coastr**

"We've built everything ourselves. Technology is constantly evolving and because of that we're constantly iterating on our technology platform and improving it. At the outset it is important to think about the architecture of what you're doing, because once you start, you may grow quickly, and it will be very hard to go back and make big technological changes." – **Anish Kapoor, Founder and CEO, AccessPay**

"We built our own tech. We were influenced by what was sensible in terms of being able to find people who could programme for it; and what a sensible choice of stack was. It's an open-source-minded approach, which is in line with our ethos as a business. And we don't have to pay vast fees for licences."– **Adam Sharpe, CEO, Cardstream**

"We build on AWS and leverage a lot of their infrastructure. It's all our own code but building on AWS has been great in terms of speed and reliability. Our customers get confidence when hearing AWS and gives us access to a lot of security services." – **Chris Gregg, Founder and CEO, Lightyear**

"As we grew, things like onboarding became more important. We essentially had to do a complete redesign. We did an MVP with an external company and then moved to another for the next phase. Now we're looking to bring everything in house with our team because its more cost effective." – **Lucy Cohen, Co-founder and CEO, Mazuma**

"Our USP is our insurance products. The delivery of those products wouldn't be possible without the tech behind them, even though it's not visible. Product and distribution are key – we filled a gap in cover so price was not a USP. Our distribution is quite unique." - **Louise Birritteri, Founder & CEO, Pikl**

"Regulation helps us as a more regulated environment drives further need for our product. There has been increased focus by regulators on ensuring that customer money is effectively safeguarded, and reconciliation processes must be robust to ensure a firm has a clear understanding of all of its money flows. This is exactly what our product delivers and there is a clear need for it in the market." - **Aaron Holmes, Founder & CEO, Kani**

"Choose your tech architecture carefully. Look at your local skills landscape and what other companies are using which languages. Try to pick tech that you can find talent for." – **Lucy Cohen, Co-founder and CEO, Mazuma**

The importance of cybersecurity

"We take cybersecurity seriously and are ISO certified and have regular pen-testing. Being an enterprise business, you need to put extra effort into cyber. We're spending more, but that's because we're growing. It's proportional." – **Biswajit Kundu Roy, Founder and CEO, Coastr**

"We put a lot of work into cybersecurity. Because of what we do, security is extremely important, and we worked closely with our clients to find out what is best in class. We are increasing our investment, and proportionally we probably invest more than other businesses – as we should be because of what we do."– **Anish Kapoor, Founder and CEO, AccessPay**

"We've invested a lot in cybersecurity, but it hasn't proportionally changed with growth. We must do this for what we do and the due diligence we go through." **– Stuart Cheetham, Co-founder & CEO, MQube and MPowered Mortgages**

"Security, especially data security is critical in our business, and we are continually investing to ensure we maintain the safety of our customers' data. Their peace of mind is vital, and we have a proven track record of keeping users' information safe and secure." – **Samantha Seaton, CEO, MoneyHub**

Managing change

"We've had to change the way we think about our future development, as we've had to slow down our releases since we went into the SaaS world. We can do up to 3 new releases a day but that's too quick for our clients." **– Stuart Cheetham, Co-founder & CEO, MQube and MPowered Mortgages**

"Never underestimate the power of technology and never stop imagining new and innovative ways it can improve outcomes for people, businesses and communities." – **Samantha Seaton, CEO, MoneyHub**

"As a technology firm, the criticality of your CTO/CIO cannot be understated – it sounds really obvious, but make sure you find a brilliant CTO with both vision for the product and technical capability (we have one of those in our CTO, Steven)" - **Aaron Holmes, Founder & CEO, Kani**

FURTHER INFORMATION

Methodology & definitions
Interviewees

Methodology & definitions

The ScaleUp Institute uses the definition provided by the Organisation for Economic Co-operation and Development (OECD), which considers a scaleup to be a company that has been growing over three consecutive financial years at an annual rate above 20% in terms of turnover or number of employees.

This piece of research has used a broader definition when pooling 250 regionally based FinTech firms for the data analysis component of this work, focusing on FinTech firms that have reported revenues in excess of £632,000 as scaleups. This is the primary measure via which we have distinguished these firms from startups in our analysis. Because firms with revenues below £10,200 are not currently obliged to publicise turnover figures, it is difficult to measure if they're growing 20% year on year.

This definition enables accurate segmentation based on Companies House data, and is aligned to the approach taken in Whitecap's regional FinTech analysis reports. Whitecap has analysed more than 1,000 individual FinTech firms across the UK over the last 18 months, categorising them as startup, scaleup or established organisations.

Aligning the methodology behind this report to the definition previously used by Whitecap's has enabled us to access an extensive bank of research and data, which in turn has been used to create previously unpublished datapoints.

For the interviews with FinTech entrepreneurs, we have sought to speak with founders / leaders of firms that have either achieved £ multi-million revenues and have built teams of more than 40 people, or are on the cusp of these things. In many cases the interviewees have successfully navigated multiple funding rounds, but as we have found, not all FinTechs need external investment to succeed.

Firms that have been trading for more than 10 years, and have more than £25m in annual revenues, and have more than 100 employees, were excluded from the analysis. In Whitecap's regional FinTech reports these organisations are classed as 'established' and to have gone beyond scaleup status.

Calculations used:

Turnover growth:

Current estimated turnover
÷
age of the business

Employee growth:

Current estimated number of employees
÷
age of the business

External sources of data used in Whitecap's analysis include third party databases and services which Whitecap subscribes to, as well as publicly available data sources.

Interviewees

We are very grateful to the FinTech founders and CEOs from across the UK who gave their time to contribute to this report via 1-1 interviews:

Anish Kapoor
Founder & CEO
AccessPay
Manchester

Adam Sharpe
CEO
Cardstream
Taunton

Biswajit Kundu Roy
Founder & CEO
Coastr
Edinburgh

Aaron Holmes
Founder & CEO
Kani
Newcastle Upon Tyne

Chris Gregg
Co-founder & CEO
Lightyear
Belfast

Lucy Cohen
Co-founder & CEO
Mazuma
Bridgend, Wales

Samantha Seaton
CEO
Moneyhub
Bristol

Stuart Cheetham
Co-founder & CEO
MQube & MPowered Mortgages
Guildford & Leeds

Louise Birritteri
Founder & CEO
Pikl Insurance
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Tony Vail
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