

Accelerating FinTech for Investment Management



The Investment Association (IA) supports over 270 UK-based investment managers to create an environment in which the industry, and therefore the savers who rely on it, can thrive. This means creating the right conditions for UK FinTech to flourish. To help achieve this, in 2018 the IA established our FinTech hub and accelerator, **Engine** (formerly known as Velocity).

Engine is boosting our industry's adoption of new technologies and helping investment managers to identify new opportunities, work more efficiently and cut costs, ultimately benefiting our customers.

Over the last 3 years we have worked with over 200 FinTechs and have worked with 25 firms through our successful Innovator programme.

Our accelerator brings together FinTech firms with products tailored to investment management and wider buy-side sectors, and with the potential to transform the industry.

“With the UK being a world leader in investment management, it's fantastic to see the significant role Engine is playing in developing innovative FinTech solutions. The pandemic triggered an acceleration in new consumer focused tech which has supported the welcome growth in popularity of responsible investment funds. It is great to also see Engine continuing to build new partnerships with growing international markets providing the UK with exposure to some of the world's best tech, ultimately benefiting consumers and promoting trade.

**Lord Mayor of the City of London (2019-2021),
William Russell**



The Engine Innovator Programme works with technology solution providers that are chosen by the Engine Advisory Panel. The Panel is led by our acting chair, John Macpherson, and is comprised of senior industry leaders and digital technology specialists.

Participants benefit from valuable exposure to the IA's members via speaking slots at key Engine events and participation in a range of targeted initiatives. Participants also benefit from 1-2-1 meetings with the Engine Advisory Panel members.

Since the launch of the Engine Innovator Programme back in October 2018 four cohorts have successfully completed the programme and we are currently working with our fifth cohort of innovators, which includes the following firms:

Gretel: Centralises, simplifies, and digitises customer reconnection across the entire financial services industry, helping individuals stay connected to their money while rediscovering lost investments.

Kore Labs: Deliver digital regulatory oversight and provide a SAAS solution for end-to-end financial product management and product lifecycle governance.

NayaOne: Connects Financial Services firms and Fintechs to enable the creation of new products and services. It is a secure environment in which to test and validate third-party solutions using synthetic datasets.

Saphyre: Provides a cloud hosted client reference database, covering client data and related workflows. Investment managers use this to keep synchronised and in doing so reduce post-trade queries.

SESAMm: Analyse billions of web articles and build indicators such as sentiment, emotions, and ESG risk factors on more than 5 million public and private companies.

Several FinTech firms from the first four cohorts have secured funding for future growth, trialed their solutions with our members, and successfully secured new clients.

We are now expanding our search for talented FinTechs across the UK and internationally. In 2019 we opened our first regional FinTech hub, **Engine Birmingham**, and since then have also launched a **Global Partners Programme** which has seen us sign MOUs and collaborate with more than 10 FinTech hubs in regions across the globe.

For our latest news & developments on Engine, follow us on Twitter @IAEngine or visit www.theiaengine.com

The Investment Association (IA) supports UK investment management, supporting British savers, investors and businesses. Our 270 members manage £9.4 trillion, £4.2 trillion of which is managed for overseas investors – providing the UK with an important economic contribution in the form of export earnings, tax paid, and jobs created.

March 2022

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The UK retains its position as a global leader in financial services and financial technology, and is now home to over 2,500 FinTechs. Investment into FinTechs within London has continued to accelerate from previous years, growing by 2.5 times from USD 4.7Bn to USD 11.7Bn. Overall London ranks fourth globally for investment raised in technology start-ups.

Some of the main areas of FinTech that are currently shaping the industry include:

1. Distributed Ledger Technology (DLT):

Investment managers are exploring the use of DLT, such as blockchain, for real-time client reporting, as well as for peer-to-peer trading and settlement networks (to process payments). DLT in conjunction with tokenisation could automate many transaction processes carried out by investment managers' intermediaries, saving significant costs for consumers.

2. Big Data:

Data analytics has the potential to bring superior insights into the investment management sector, including automated data analysis to spot investment opportunities as well as assess specialist areas such as ESG (Environmental, Social and Governance) criteria.

3. Artificial Intelligence (AI):

AI is increasingly allowing firms to build tailored portfolios to cater to individuals' requirements and preferences.

4. Cloud-based Infrastructure:

A growing number of firms are now adopting cloud-based solutions. This is helping to reduce the costs of upgrades to new software, as well as ongoing maintenance updates.

5. Social & Mobile Technologies:

Savers will increasingly look to our industry to deliver on mobile applications. This will help firms more effectively communicate with individuals and ensure they are more actively engaged with their savings.

6. Robotics & automation:

Robotics is helping investment managers perform repetitive tasks, such as automating aspects of trade processing. Robotics' best known-application is robo-advice, which provides automated, convenient solutions for customers.



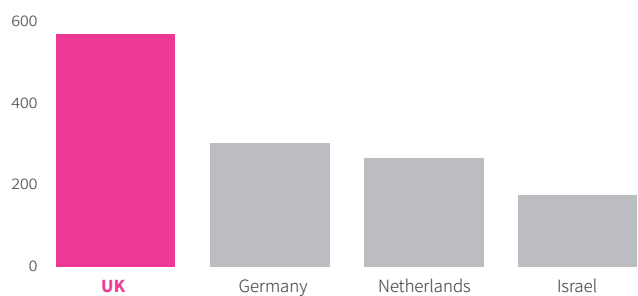
85%

of investment management firms view a digital approach as a way to positively boost engagement with consumers (Alpha FMC)

Startup & Scaleup Ecosystem Values

As of 2020 (\$bn)

Source: Tech Nation



Investment managers are increasingly adopting FinTech solutions. We are committed to the UK having a strong pool of FinTech firms going forward to ensure our industry remains globally competitive.

IA FinTech membership

The IA created a FinTech membership category to support FinTech firms operating in our industry and we now represent over 150 innovative firms. We hope this will help us further contribute to the UK's world leading pool of talented FinTech firms.

