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The Boom in Global Fintech Investment

A new growth opportunity for London

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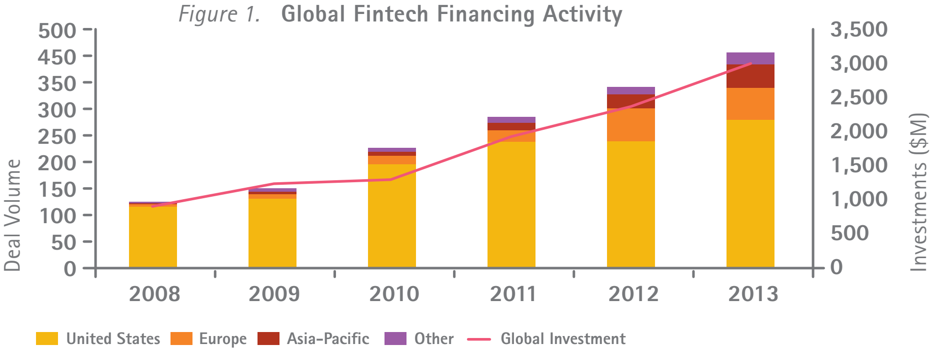
Executive summary

Global investment in financial technology ('fintech') ventures has more than tripled during the last five years – from under $930 million in 2008 to more than $2.97 billion in 2013 (see **Figure 1**). Given the dramatic changes occurring in financial services, driven by new technology, regulations, consumer behaviour, and the need for cost reduction, this global trend is expected to continue for the foreseeable future.

This growth represents a significant opportunity for London. Accenture's analysis of fintech venture investment shows the city has become the fintech capital of Europe. Since 2004, the lion's share of Europe's fintech deals and financing have taken place in the UK with the vast majority occurring in London.[i]

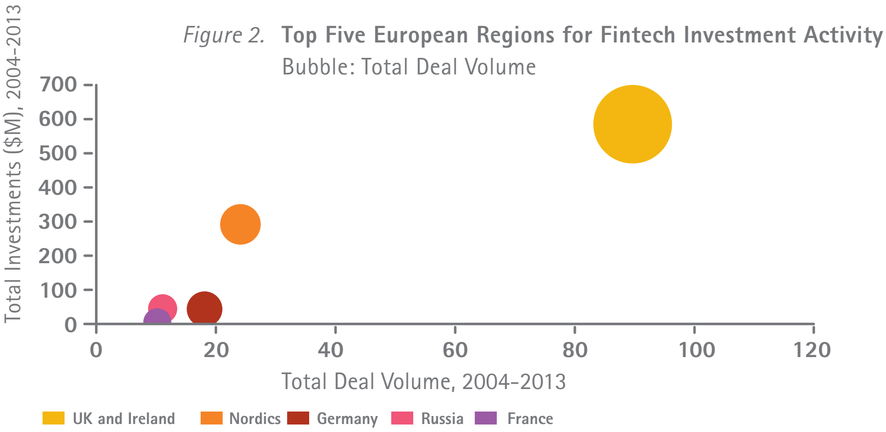
And while Ireland has a developing tech centre of its own, it contributes heavily to London's fintech center incubating fintech companies that often turn to the city for customers, promotion, partnerships and funding (see **Figure 2**). In 2013, UK and Ireland together accounted for more than half of Europe's fintech deals (53 percent) and more than two-thirds of its total financing (69 percent, or $265 million).

Figure 1. **Global Fintech Financing Activity**



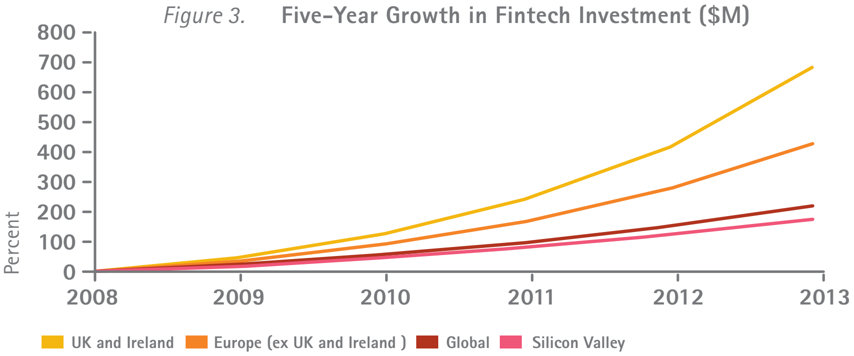
Source: Accenture and CB insights

Figure 2. **Top Five European Regions for Fintech Investment Activity**
Bubble: Total Deal Volume



Source: Accenture and CB insights

Figure 3. **Five-Year Growth in Fintech Investment ($M)**



Source: Accenture and CB insights

Five-Year Compound Annual Growth Rate, Investments and Deals

	UK and Ireland	Europe (ex UK and I)	Global	Silicon Valley
Deal Volume	74%	56%	27%	13%
Investments ($M)	51%	39%	26%	23%

Even though it is the European leader, London's share of the global fintech pie is still relatively small. In 2013, one-third of all global fintech financing (32 percent) and 20 percent of all deals took place in Silicon Valley, while the whole of Europe accounted for 13 percent of fintech financing and 15 percent of global deals.

What is remarkable is the growth rate of fintech activity in London and the region within its orbit. Together, the UK and Ireland have seen the volume of fintech deals triple since 2011. The region's five-year compound growth rate for fintech financing was twice the global average and twice that of Silicon Valley. Growth in the number of deals was three times the global average and more than five times that of Silicon Valley (see **Figure 3**).

Fintech financing in the region has grown at twice the rate of Silicon Valley since 2008

Boosting London's economy and financial sector

London is already experiencing an entrepreneurial renaissance in its tech sector, and has the highest density of startups in the world by some measures. With nearly 135,000 financial-services technology workers in the UK and four of the world's ten biggest banks with global or European headquarters situated in London, the capital city offers great foundations for a thriving fintech cluster.

As the digital revolution drives structural change throughout the financial services sector, London's banks are also realising the benefits of having a fintech cluster close to home.

Of course, London's fintech community still faces critical challenges. Most of its fintech ventures are still in their infancy, most venture capital investments are still first-round, and the availability of funding remains scarce compared to the US. While strong on innovation, entrepreneurs in the region are also less focused than their American counterparts on commercialising new ideas. And although banks and investors are looking for innovative solutions more than ever before, fintech companies often lack the expertise, access, and resources to effectively sell to and collaborate with banks.

Recognising this, Accenture teamed up with a dozen major banks in London in 2012 to launch the first industry wide initiative to help develop the city's fintech ecosystem. Supported by the Mayor of London and several government bodies, it gave rise to the FinTech Innovation Lab London, an elite mentoring programme designed to help engage the brightest fintech entrepreneurs with the city's financial services leaders and to accelerate fintech innovations across Europe and beyond.

Since 2012, London's fintech community has been growing in many directions. Last year, Level39 opened a world-class fintech accelerator space at Canary Wharf and this year two new accelerators will open for business in other parts of the capital. Meanwhile, the UK government is pushing new measures to help develop the fintech sector throughout the country and to preserve London's leadership in financial services.

Over the past three years, global investment in fintech has grown more than four times faster than venture capital investment overall. On its current trajectory, London is likely to consolidate its position as the fintech capital of Europe. But it is the vitality of the ecosystem supporting its fintech cluster – the combination of entrepreneurs, financiers, customers and civic support – that will determine how prominent a role London plays in global fintech in decades to come.

The volume of fintech deals in the region has tripled since 2011 and now accounts for more than half of all European activity

London: Fintech Capital of Europe

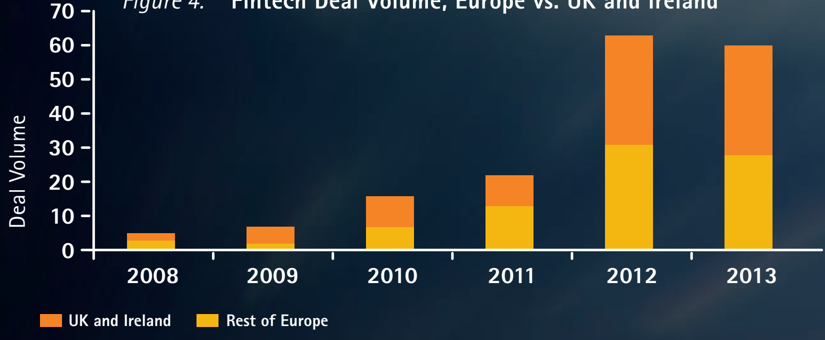
The rapid growth of London's fintech cluster during the last two years is enabling the city to write a new chapter in its development as a global financial centre, while boosting its tech economy.

Europe has already demonstrated its ability to deliver world-class fintech innovation in past decades. The world's first ATM was invented by Scotsman John Shepherd Barron and installed at a Barclays branch in London in 1967. The first 'smart card' embedded with a microchip (now the model for 'chip and pin' cards everywhere) was invented by Roland Moreno in France in 1974. The world's first mobile banking service was launched by Merita Bank of Finland in 1997.

On the broader technology front, the development of the Internet, the most transformative technological innovation of the last 25 years, began when British computer scientist Tim Berners-Lee invented the World Wide Web in 1989.

Today it is the UK and Ireland that capture most of the fintech venture investment occurring in Europe. During the last five years, they were home to 52 percent of all European fintech venture investment deals (see **Figure 4**). The amount of capital they attracted in that time grew 51 percent annually – compared to 39 percent in the rest of Europe – with the vast majority of activity taking place in London.

Figure 4. **Fintech Deal Volume, Europe vs. UK and Ireland**



Source: Accenture and CB insights

London offers fintech companies proximity to one of the largest potential customer bases in the world

There are nearly 135,000 financial services technology workers in the UK

A crossroads in finance and technology

London's dominance in European fintech is rooted in its existing strength in both financial services and technology.

The financial services sector, mainly based in London, is by far the biggest driver of the UK economy: in 2012 it produced a trade surplus four times larger than the next largest industry, according to the Office of National Statistics. As the global and European headquarters for many of the world's biggest banks, London offers fintech companies proximity to one of the largest potential customer bases in the world. And few places have access to a deeper pool of fintech engineering talent: there are nearly 135,000 financial services technology workers in the UK.[ii]

The UK's domestic technology sector is also formidable. Its Internet industry alone creates 8.3 percent of the UK's GDP, according to Cobalt, compared to 4.7 percent in the US and 3.8 percent on average across the European Union.

London's city leaders are acutely aware of the economic importance of fintech to the capital. According to statistics from the Office of the Mayor of London, the financial services and technology sectors in 2013 made up nearly 40 percent of the London workforce, and London's tech sector has seen more than 24,000 tech firms set up shop there, supporting some 48,000 jobs. That is roughly three-times the number of its nearest European rival.

However, London has also seen many of its technology inventions commercialised elsewhere. As a result, policy makers are focused on encouraging fintech companies not just to start, but to remain and grow in London. They understand that the growth of London's fintech cluster will support job creation and spur economic growth by strengthening London's leading export industry, while potentially creating ground-breaking technologies that can be exported across the world (see **Sidebar on Monitise**).

As Mayor of London Boris Johnson noted last year at the opening of the Level 39 fintech accelerator facility where Accenture's FinTech Innovation Lab London was first tenant: "Attracting the brightest entrepreneurial minds is crucial if London is to maintain its position as the world's foremost financial centre."

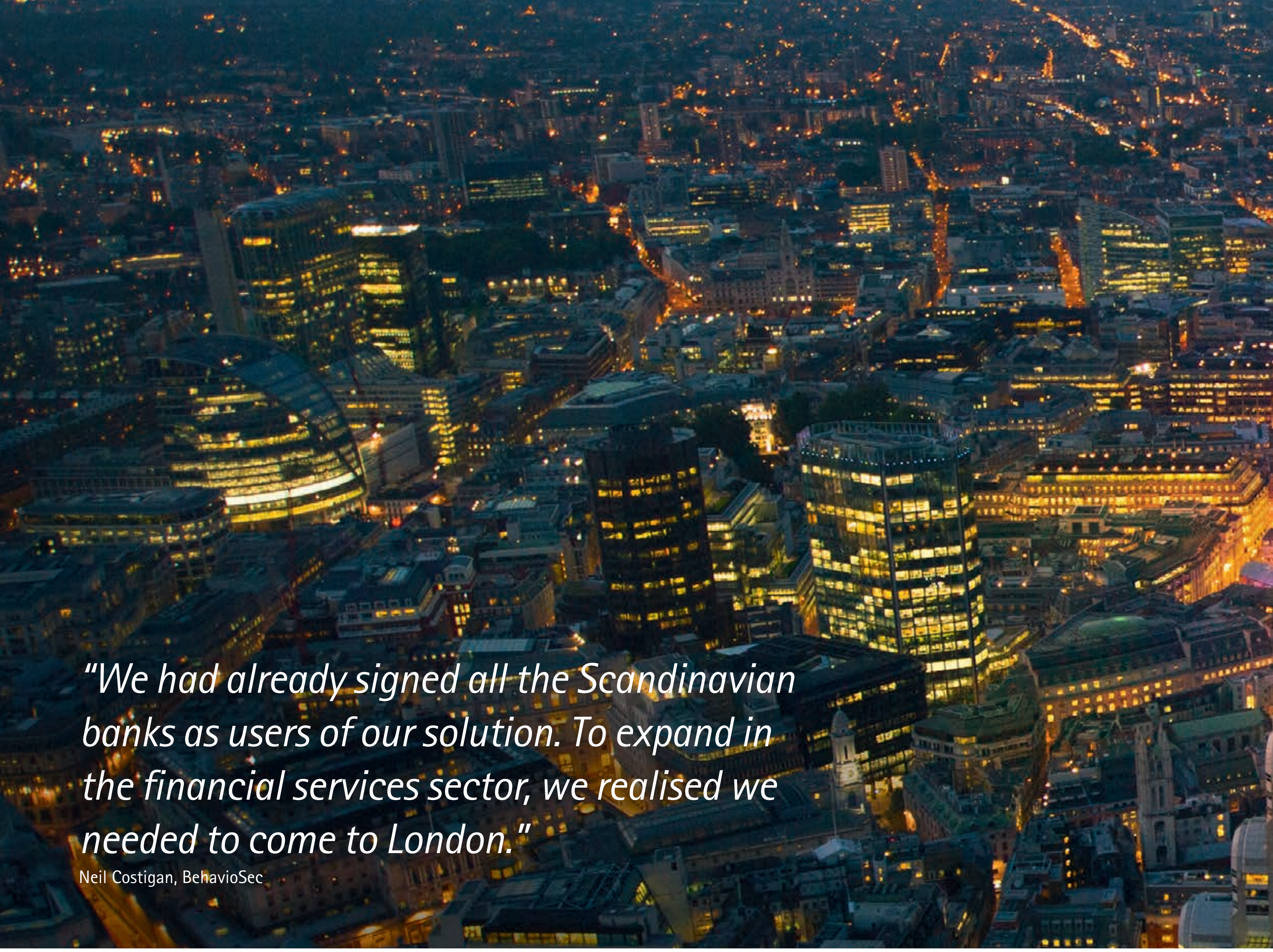
Monitise: a London fintech success

UK company Monitise was founded in 2003 by former rugby star Alastair Lukies who saw that there were six billion mobile phones on the planet, but only two billion bank accounts. So he set out to link banks and mobile operators so that consumers could make payments directly from their phones.

Once a subsidiary of tech company Morse, Monitise demerged and listed on AIM in London in June 2007, where it began trading at 22p a share. It is the UK's one fintech company to have completed an IPO during the last decade.

Although many UK fintech companies are acquired by US companies, Monitise bucked the trend in 2012, when it acquired the US's largest third-party provider of mobile banking solutions at the time. In 2014, it purchased a mobile banking, payments and commerce technology provider to companies in Turkey and the Middle East.

Today Monitise provides mobile banking technology to 350 financial institutions worldwide and has operations in the UK, US, India, Hong Kong and Indonesia. In 2013, it had 24 million customers and over 800 employees. Its annual revenues ending June 2013 rose 102 percent to £72.8 million. The company has a market cap of £1.2 billion.



"We had already signed all the Scandinavian banks as users of our solution. To expand in the financial services sector, we realised we needed to come to London."
Neil Costigan, BehavioSec

Bringing together London's entrepreneurs and investors

The UK has the highest density of startups in the world, according to Startup Genome. London alone has nearly 1,800 startup companies. And while the lifestyle the city offers is a magnet for young talent, it is also home to many experienced entrepreneurs that cut their teeth during the first internet boom.

UK fintech companies have become global and regional leaders in payments, lending, and crowdfunding, with firms like Monitise, Wonga, Zopa and Funding Circle exploding onto the domestic and international stage during the past few years. UK crowdfunding companies alone issued £480 million ($803 million) in loans and bought £28 million in unlisted securities last year – up 150 percent from 2012.[iii]

London's role as a European fintech centre appeals to entrepreneurs from across the continent. Neil Costigan, the Stockholm-based CEO of biometric security company BehavioSec, which participated in the Fintech Innovation Lab London, said, "We had already signed all the Scandinavian banks as users of our solution. To expand in the financial services sector, we realised we needed to come to London."

There are far fewer fintech deals taking place in Europe than in the UK and Ireland but in some countries the deals that occur are very large. For example, the Swedish payments company Klarna secured a $155 million financing round in 2011. Between 2004 and 2013, the Nordics had less than one-third as much fintech deal volume as the UK and Ireland, but more than two-thirds the amount of investment.

A hub for European innovation

Alongside programmes like the FinTech innovation Lab London, the city offers an increasing number of collaborative opportunities, and two new fintech accelerators will run their first programmes for fintech entrepreneurs in 2014. The Barclays Accelerator, in partnership with Techstars, starts its first programme for fintech entrepreneurs in London's Mile End in June, while pan-European accelerator Startupbootcamp, backed by MasterCard, Lloyds Banking Groupand Rabobank, starts in August.

Interest from London's entrepreneurs in fintech has also risen dramatically during the last 18 months. Eddie George, founder of

fintech network NewFinance, says its London membership tripled in 2013, and now includes more than 2,000 entrepreneurs, technologists, investors and other interested professionals in London, New York and San Francisco's Bay Area.

Innovative fintech ideas being developed in the UK and Ireland are increasingly attracting attention from the wider venture capital community.

More than $590 million in venture investment has gone to UK and Irish fintech companies since the beginning of 2011 alone.

More deals, more dollars

Deals are not only coming in greater volume to London, but also in larger sums. In August 2013, the London-based mobile payments and commerce venture, Powa Technologies, raised $76 million in Series A financing. A month later, Calastone, a system allowing buyers and sellers of mutual funds to communicate on different platforms, raised $18 million. Between 2012 and 2013, peer-to-peer lender Funding Circle raised almost $50 million, while iZettle, known as "Europe's Square," raised more than $38 million. In March 2014, London-based WorldRemit, an online money-transfer service, raised $40 million in Series A financing.

Dublin-based fintech firms active in London are also well funded, thanks to growing tech investment in Ireland. SumUp, a point-of-sale payments provider, CurrencyFair, the online currency exchange, and Fenergo, a compliance solution have altogether raised upward of $25 million.

Banking, payments and lending companies are attracting the most interest from investors. NewFinance found that of the fintech companies operating in London in October 2012, the lion's share of investment had gone to so-called challenger banks followed by electronic and mobile payments companies and lending companies.

Booming bank demand for technology innovation

The financial services industry today is more focused on technology innovation than at any other point in its history; and it has serious buying power. Banking and securities institutions will spend $485 billion on information technology in 2014, according to Gartner[iv] – more than any other sector.

As banks embrace digital technologies, their appetite for technology innovation is growing. The progress of the FinTech Innovation Lab itself is a case in point. Before launching in London, the Lab debuted in New York in 2010 – co-founded by Accenture and the Partnership Fund for New York City. Since then, top executives from 20 major financial institutions on both sides of the Atlantic have committed time and resources to collaborating with and advising Lab entrepreneurs.

The chief executives of JPMorgan Chase, American Express, KKR and Barclays have been enthusiastic supporters of the Lab's mission to promote fintech at the heart of the world's financial centres. Nearly 30 CEOs, CTOs and COOs have had a hands-on role in the two Labs, and almost all the participating financial institutions have trialled innovations introduced by Lab participants.

"By bringing entrepreneurs together with senior technology decision makers from major banks in an open discussion about new ideas and opportunities, the FinTech Innovation Lab is helping to support one of London's key technology clusters," said Stephen Mavin, Managing Director and European CIO, Morgan Stanley.

Only a few years ago, many banks were reluctant to engage smaller technology vendors. That has changed materially in recent years. According to a recent global survey by Accenture, more than half of bank executives said that the most successful innovation of the last two years was developed in collaboration with a partner or through acquisition.

"The financial crisis was extremely important in ushering in the current wave of fintech innovation," said Matt Harris of Bain Capital Ventures, a venture capital participant in the FinTech Innovation Lab in New York. "It caused the banks to rethink their capacity to manage the full financial services landscape and made them realise they needed to partner with innovators – due to new capital constraints, higher costs and new regulations. On the one hand the need to innovate was clear; on the other they had far fewer resources to do so themselves. This has really opened up opportunities for entrepreneurs."

New rules in digital revolution

Banks are looking to ensure their competitive strength in a financial marketplace that is being rapidly transformed by digital technology. Customer loyalty and past affiliations count for less and less; instead, technology is becoming the driver of competitive advantage. Because of technology, banks will increasingly compete with nimble digital players and new generations of fintech companies.

The emergence of cloud computing, open software, easier access to computing power and data servers all mean that it is easier for small, innovative technology startups to quickly turn their ideas into marketable products. At the same time, the rapid adoption of Internet and mobile banking is raising sophisticated new cyber security threats, which banks need new technologies to tackle.

By tapping into fintech clusters like London's where a broad range of innovative solutions are being developed, banks can capitalise on the large amount of time and money fintech companies have invested in their products. For banks this can cut their time to market by years.

To date, banks have been more likely to purchase fintech firms than to fund them. UK and Irish fintech firms are five times more likely than US fintech firms to have been acquired by a financial services firm. Such moves can give individual banks unique competitive opportunities. For example, BBVA's recent acquisition of Simple, an online only startup bank, gave the Spanish bank a mobile app with advanced financial management tools to help customers manage day-to-day spending. By acquiring the company, BBVA gained a digital platform where users connect with the bank twice a day on average, supporting closer customer relationships with no costly branch networks.

Since 2012, financial services firms also have begun to open their own accelerators and venture funds to fund fintech companies – a sign that the market is maturing. Sberbank of Russia set up a $100 million fintech venture fund in 2012. In 2013, financial services firms accounted for six percent of venture investments in fintech in the UK and Ireland, up from three percent in 2012. One of those investments went to Dublin-headquartered company SumUp, when American Express and Groupon jointly invested an undisclosed amount into the digital payments firm last year.

Banks have also become more willing to collaborate to implement the right technology solutions. At the beginning of 2014, five UK banks Metro Bank, Santander, Nationwide, First Direct and HSBC announced that they will all add a new mobile payment facility called Zapp to their existing smartphone and tablets apps. Banks are recognising that small fintech companies hold answers to many of the challenges they face.

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Fintech innovation puts consumers in the driving seat

Perhaps the biggest winners of London's growing fintech boom are consumers, both in the UK and further afield.

Technology innovation in financial services has always been a positive for consumers, from the launch of the ATM to the wide variety of mobile finance apps available today, where in some cases, consumer adoption has been dramatic.

In February 2012, Barclays launched its new mobile payment service Pingit, which allows customers to send and receive money person to person using their mobile phone numbers. In the same month, it became the most popular financial app in Apple's UK App store, and during the next 100 days, customers used it to send nearly £10 million. When Barclays announced its full year results for 2013, it noted that the number of customers now using Pingit had doubled to more than one million.

For consumers, the biggest bonus of the new wave of fintech innovation is that it is putting them in the driver's seat. Consumers are demanding mobility, transparency, instant access and competitive products from their financial providers. Instead of banks pushing out products, consumers are increasingly aggregating information online from a range of providers about the service they want, whether that is a personal loan or a new savings account, and selecting the most competitive option.

Fintech development is leading to profound consumer innovations that are increasing financial inclusion around the world. For example, M-Pesa, a service that allows users to transfer, deposit and withdraw money using their mobile phones (an idea originally conceived in London), has revolutionised financial services in Kenya in just seven years' time. While only 40 percent of Kenyans have bank accounts today, more than two-thirds of Kenyans use M-Pesa and an estimated 43 percent of the country's GDP flows through the service.[v]

It remains to be seen whether the banking industry will face the same disruptive transformation as the media and music industries. But there is no doubt that the financial industry will increasingly have to dance to the customer's tune, as the barriers to entry continue to dissolve along with many of the costs. It will mean more choice for consumers and, ultimately, more competitive products.

Challenges for London's fintech cluster

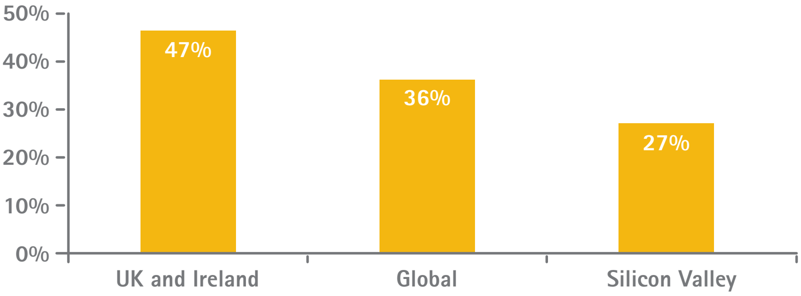
It is still early days for London's fintech community and the market is immature.

For example, 47 percent of all fintech venture investments in the UK and Ireland were first-round in 2013, compared to 27 percent in Silicon Valley (see **Figure 5**). Silicon Valley fintech companies received almost $950 million in venture capital funding in 2013 alone, while the UK and Ireland's companies have netted less than $785 million since 2004.

Moving on from the first-round

Opportunities to obtain first-round financing are increasing, but they are still hard to come by and attracting subsequent rounds of funding is harder still. "London and Europe are becoming more competitive at the early stage – with a number of seed and Series A funds being created," said Harris of Bain Capital Ventures. "But what they are missing is the C, D and E rounds, so we think the opportunity is moving to the expansion stage."

Figure 5. **First-Round Deals**
Percentage of Total by Region



Source: Accenture and CB insights

Another obstacle is that fintech is still a relatively new sector. Although there are some experienced entrepreneurs operating in this space, many are first time entrepreneurs. Some struggle to articulate the value proposition of their idea or have not yet validated their idea with the market.

This may be one reason the failure rate of startups entering the financial services sector is higher than for any other sector in the UK. In an analysis of activity from 2010 to 2011, the Office of National Statistics found that 14 percent of fintech startups did not last their first year, compared to an average failure rate of 7 percent.

Another issue is that, given the relative weakness of the UK's IPO market compared to the US, and the perception that higher valuations are available elsewhere, UK startups do not have as many exit routes.

They are more likely to cash out when their company reaches a certain valuation, rather than to raise cash through an IPO and turn it into a global business.

Between 2004 and 2013, fintech companies in Silicon Valley were four times more likely to go public than those in the UK and Ireland.

One of the reasons for this, particularly among business-to-business fintech firms, is the complex nature of the sector. Often the underlying value and momentum of these companies is more obvious to other firms within the same category. As a result says Steve Gibson, a managing director at Euclid Opportunities, "many high growth fintech firms consolidate long before reaching public markets."

Indeed, many of the successful UK fintech companies are acquired by US companies that have completed an IPO themselves. There has been only one IPO of a fintech company in the UK and Ireland since 2004: the flotation of Monitise on the London Stock Exchange in 2007. By contrast, there have been nearly 60 mergers or acquisitions involving UK or Irish fintech companies in that time.

Some of these weaknesses will be resolved in time as London's fintech entrepreneurs become more experienced. But the aggressive development of a cluster – through training and workshops – could significantly speed up the maturity of London fintech and arm first-time entrepreneurs with the skills that they would otherwise need many years of experience as we've seen in New York, for example. The recent Financial Times Guide to Business Startups found that 20 percent of failed businesses would still be in business after 2.5 years if they had sought advice at the outset.

Banks: open to innovation but complex targets

Banks are more committed to tech innovation than ever before, but they are a complex target for entrepreneurs. They are more regulated than ever; are increasingly security conscious; and have complex legacy systems and vast geographic footprints. Although banks are eager to find new technologies, many fintech companies struggle to do business with them because they are confronted with high barriers to entry, long sales cycles and a limited chance of success.

It is often easier for early-stage fintech companies to set up consumer-facing companies of their own or sell to tech competitors like Google, which are in a position to make faster technology decisions. Since 2004, twice as many fintech ventures in UK and Ireland were acquired by other technology companies than by financial services companies.

On the other hand consumer fintech companies that do partner successfully with banks, gain an instant distribution platform – often across many countries – and access to a huge pool of existing customers. For example, iZettle, the Swedish payments platform launched in 2011 that allows small businesses and individuals to accept credit card payments by using their smartphone or tablet, is now available in nine countries in Europe and Latin America thanks to a series of partnerships forged with banks like Santander.

Fintech companies that are structured to work with banks may also find it easier to navigate the complexities of financial regulation. "Banks will be involved in almost every fintech innovation in some way," said Matt Harris of Bain Capital Ventures. "Regulators feel they are in a far better position to oversee banks than to oversee most new entrants. We tend to back models where fintech entrepreneurs will innovate the consumer or business facing application, while the regulatory-compliant movement of money is still handled by banks."

Enabling fintech growth in London

The FinTech Innovation Lab London was founded by Accenture in 2012 to help address many of these challenges by giving fintech entrepreneurs the access and advice they require to successfully commercialise their innovations and by giving banks new exposure to the technologies they need to stay ahead.

Modelled on a similar programme that Accenture co-founded in New York, the Lab is the first broad industry initiative to promote and support London's fintech sector. The approach is akin to US accelerators such as Y Combinator, where the best and brightest early-stage entrepreneurs gain from months of high-level mentoring and industry access.

Each year Accenture issues a call for applicants, from which the banks' chief technology officers select seven startups to participate in the Lab. All the participants are asked to relocate to workspace provided by Accenture in Canary Wharf's Level39, and from there, the firms go through 12 weeks of senior-level mentoring, workshops, panels and networking with bank, venture capital and tech executives, all culminating with an investor presentation at an iconic London venue.

2014 Lab participants include: Erudine, FinGenius, Logical Glue and PixelPin from the UK, PhotoPay from Croatia, Squirro from Switzerland and uTrade from India. They are developing cutting-edge financial services applications that range from one-tap mobile payment solutions to Artificial Intelligence and real-time Big Data analysis.

Where success breeds success

The participants in the first London Lab–BehavioSec, Calltrunk, Digital Shadows, Growth Intelligence, Kiboo, Open Bank Project and Waratek–have already achieved notable successes. The majority have gone on to sign deals with banks since completing the programme–an incredible result for startups in an industry where sales-cycles are typically two years. Nine months after completing the Lab, participants reported average revenue growth of 140 percent, staff increases of 40 percent and approximately $10 million in new financing.

One of those companies was Digital Shadows, a company that offers a cyber-monitoring service to review companies' digital footprints and help to address potential security vulnerabilities. "We were mentored by four banks, and produced two years' worth of product innovation and feedback in ten weeks," said CEO Alastair Paterson. "Soon afterward, we entered negotiation with a number of banks in the programme and were talking to investors on both sides of the Atlantic."

Senior technology executives participated from a dozen major global and domestic banks, including Barclays, HSBC, Lloyds Banking Group, RBS, Bank of America, Citi, Credit Suisse, Deutsche Bank, Goldman Sachs, JPMorgan, Morgan Stanley and UBS.

According to Alistair Grant, EMEA CIO at Citi, the programme gave him access to fintech innovators that he may never have encountered without it. "It has given us the opportunity to hear great ideas that I probably wouldn't otherwise have heard," he told Banking Technology last year. "This programme has been fantastic for getting me some time with the right people."

The Lab is also supported by The City of London Corporation, Greater London Authority, the UK's Department of Trade & Industry, the Technology Strategy Board, VocaLink, Euclid Opportunities, and UK Business Angels Association. As Mayor Boris Johnson commented on the launch:

"The project has huge potential to help spur jobs and growth and I'm sure will attract some very bright minds whose inventions could help to revolutionise the financial services of this great city."

The London programme is modelled on the FinTech Innovation Lab in New York, which was founded in 2010 and is completing its fourth year of operation. Its 18 alumni companies have raised $47 million in venture financing, and created approximately 150 jobs after participating in the Lab.

"By bringing entrepreneurs together with senior bank IT decision makers to discuss new ideas and opportunities, the Lab is helping support one of London's key technology clusters."

Stephen Mavin, Morgan Stanley

Fintech to continue its rapid growth trajectory

During the past three years, global venture capital activity in the fintech sector has strongly outpaced global venture capital activity overall and in other key sectors. [vi] Given the huge demand for both consumer and enterprise solutions, and the size of the opportunity for the companies and their investors, the fintech sector is likely to continue its rapid growth trajectory for the remainder of this decade.

Harris of Bain Capital Ventures said: "When I started investing in fintech 12 years ago, I thought that if healthcare, another heavily regulated sector with big players holding major market share, could receive 30 percent of venture capital, fintech, which then received just two percent, could definitely attract more. Fintech is now at about 10 percent. It will be interesting to see what fintech looks like if investment rises to the same level that healthcare was at its peak. I certainly think it is possible."

Conclusion: With support, fintech could fuel London's economic future

The scale of technological innovation taking place in financial services is breathtaking. At the centre of this is the fintech sector, now attracting a growing amount of venture capital investment. For London, the dramatic increase in fintech activity is an exciting and important development for its economy, its entrepreneurs, its banks and its consumers. A thriving fintech centre is crucial to both the future of financial services in the UK and Ireland and to securing London's preeminence as a global financial centre.

Methodology

The report is based on Accenture's analysis of fintech investment-data from CB Insights, a global venture finance-data and analytics firm. The analysis included global financing activity from venture capital and private equity firms, corporations and corporate venture-capital divisions, hedge funds, accelerators, and government-backed funds. The research also included global exit activities of fintech companies – including M&A and IPOs – and a number of regional tracking dimensions for Europe, North America, and Asia-Pacific. The data ranges from 2004 to 2013, with a primary focus on the most recent five years of activity. Fintech companies are defined as those that offer technologies for banking and corporate finance, capital markets, financial data analytics, payments and personal financial management.

i Between 2004 and 2013, the United Kingdom had 84 fintech deals and $675 million in investments, according to CB Insights data. Ireland accounted for 12 fintech deals and $106 million in investments. The vast majority of this activity has occurred within the past three years.

ii Accenture analysis of 2012 data from UK Office for National Statistics and Sector Skills Council for Business IT.

iii Thomson Reuters, March 6, 2014.

iv Gartner "Forecast: Enterprise IT Spending for the Banking and Securities Market, Worldwide, 2011-2017, 4Q13 Update"; January 30, 2014 https://www.gartner.com/doc/2659418/forecast-enterprise-it-spending-banking

v Christian Science Monitor, January 6, 2014

vi Between 2010 and 2013 fintech deal-volume grew nearly four times faster than overall VC deal-volume (CAGR of 22 percent and 6 percent, respectively) and investment in fintech grew more than four times faster than overall VC investment (CAGR of 31 percent and 7 percent, respectively). During the same period, biotech deal-volume grew 8 percent and biotech investment grew 10 percent, respectively, according to CB Insights data.

About Accenture

Accenture is a global management consulting, technology services and outsourcing company, with approximately 281,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US$28.6 billion for the fiscal year ended Aug. 31, 2013.

Its home page is www.accenture.com

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