

# MANCHESTER: OPPORTUNITIES IN FINTECH



# M FINTECH GLOBAL LEADERS

The UK is an ideal location for technology applied to financial services – FinTech. This sector includes both traditional FinTech (larger incumbent technology firms supporting the financial services sector), and emergent FinTech (small, innovative firms using new technology to bring financial services directly to consumers, often disrupting existing business models).

Manchester is recognised for its FinTech potential by industry body Innovate Finance. As the UK's second largest economy, Manchester is an economic powerhouse employing almost 324,000 people in the financial, professional and business services. Its reputation as a 'city of innovation' is truer today than ever with Manchester now firmly established as a major technology hub.

Manchester and the wider North has a large number of tech firms providing solutions to the financial services industry and many banks themselves have major technology operations here including The Co-operative Bank, Barclays, HSBC, Bank of America Merrill Lynch and Williams & Glyn. Manchester has a strong and growing pool of tech talent; the city is home to the largest ICT sector outside London with companies such as IBM, HP, Fujitsu, Oracle and Google having a presence here.

The region is home to 70,000 ICT professionals and growth has outstripped anywhere else in the UK (50% over the past decade, five times the national average). The region is the place to go for business.



UK and Ireland



is now the **fastest-growing region** for FinTech investment



42%

of all FinTech European investment

goes to UK and Ireland

74% **growth rate**

of UK FinTech deal volumes since 2008 (compared with 27% globally and 13% in Silicon Valley)

51% **rate at which the**

value of FinTech investment increased per year

between 2008-2013 (twice the global average and twice that of Silicon Valley)

Source: Accenture 2015

## UK FinTech strengths

Large and technologically sophisticated customer base ★

A recognised world-leading financial centre ★

Good availability of business capital ★

A supportive regulatory approach ★

Excellent financial services infrastructure ★

“Manchester is a melting pot of opportunities with world-class universities and a pool of highly talented tech savvy individuals.”

Anish Kapoor, CEO, AccessPay



# M WHY MANCHESTER

As one of the UK's fastest growing regions for FinTech, Manchester provides access to:

## Market Opportunity

For FinTech firms looking to sell into the banks and financial services companies, there are significant numbers of technology departments across the region all with CIOs/CTOs/IT directors that control large budgets and therefore an opportunity to be part of their supply chain.

## Talent

Manchester's four world-class universities produce some of the UK's top software developers. There are 70,000 people employed in digital roles and The University of Manchester's Computer Science Faculty is one of the best in the country, with many graduates going to work in the financial services industry.

## Cost Competiveness

Operating costs in Manchester are typically 30-40% lower than London. This makes it an ideal location to scale a business and relocate R&D/support type functions.

## International Connectivity

Manchester is home to the UK's largest regional airport serving over 200 destinations worldwide including the USA, EMEA and APAC, with excellent connectivity into major financial hubs.

## Proximity to London

London is emerging as the FinTech capital of the world and Manchester is only 2 hours by train. This coupled with lower risk and easy access provide a complementary offer to the capital.

## Research and Innovation

Institutions like The University of Manchester are leading in research such as data analytics, financial engineering, artificial intelligence and market/credit volatilities which have applications in risk management, investment decision making as well as credit and market risk analysis.

## Established and Growing Industry

A number of financial services companies with large technology operations across the North West (Barclays, Lloyds, Bank of America Merrill Lynch, The Co-operative Bank) reside here.

## Support

Manchester has a proven track record in supporting companies wanting to establish and expand operations and there is a very co-ordinated support network across the city.

2016

Europe's most competitive business location.

KPMG Competitive Business Alternatives

60% of UK businesses and 20 million consumers are located within a 2-hour drive of Manchester

# M A THRIVING SECTOR

Manchester has strengths across the FinTech sub-sectors, including:



**Payments:** There are a number of software companies developing innovative payment solutions for the financial services sector. This, coupled with a strong retail/e-commerce industry, means Manchester has the ideal environment to develop and test new products.



**Platforms:** The region is home to peer-to-peer lenders, equity crowdfunding platforms and financial aggregators.



**Software:** There are a number of companies providing software to the financial services sector, covering areas such as cloud computing, accounting tools and mobile applications.



**Data Analytics:** Manchester is committed to making non-personal data freely available and the city's collaborative approach means we're the perfect place to pilot new applications and services. The University of Manchester is currently developing the next generation of data analytics which, along with high performance computing facilities, could be used by firms to develop their offer to clients.



**Cyber Security:** The North West is one of the UK's most prevalent regions with over 120 companies based here in areas such as service provision, products, integration and design.

# M MARKET OPPORTUNITIES

Manchester is positioned in the heart of the North. FinTech firms located here form an integral part of the supply chain to a number of financial services companies, many of which have large technology operations with a significant IT spend.



## Financial services companies with large / growing technology operations

<b>Manchester</b>	The co-operative bank	BNY MELLON	BARCLAYS
	LLOYDS BANK	OakNorth Bank	swinton insurance
			Williams & Glyn
<b>Yorkshire</b>	first direct	HBOS plc	HSBC
	Leeds Building Society	SKIPTON BUILDING SOCIETY	YORKSHIRE BUILDING SOCIETY
			Yorkshire Bank
<b>Cheshire</b>	Bank of America	Merrill Lynch	

# M TALENT

With the largest travel-to-work catchment area of any regional city and a young and growing population, Manchester provides a constant stream of talent enabling companies to scale up their operations within short timescales. From large financial services companies such as Barclays and The Co-operative Bank through to FinTech firms such as AccessPay, Crowdcube and MarketInvoice, Manchester has a proven track record in helping companies build up a labour force. The region also has one of the largest student populations in Europe, allowing investors to tap into an emerging labour force.

324,000

employees in financial, professional and business services



70,000  
tech employees

96,000

undergraduate students



380,000

students within an hour's drive



Home to the **two most applied-to universities** in the UK

**University of Manchester** has the most international students of any UK institution



76%

of University of Manchester students graduate with a first or 2:1



66%

of students stay in the area after graduating



## Degree Courses relevant to FinTech

Course	Greater Manchester Universities	Universities within an hour's drive
Computer Science	Undergraduates 3,505	Undergraduates 12,705
	Graduates 1,080	Graduates 3,795
Engineering	Undergraduates 9,165	Undergraduates 29,065
	Graduates 3,395	Graduates 9,505
Maths	Undergraduates 1,900	Undergraduates 7,100
	Graduates 690	Graduates 2,360

Source: HESA 2015



“The University of Manchester is one of the top universities to go to if you want a career in FinTech.”  
eFinancialCareers survey 2015

# M WORLD-CLASS RESEARCH

The region is home to several universities and institutes who have a proven track record of working closely with industry on R&D related projects. Areas of specialism include:

## **Data Finance Engineering**

The University of Manchester is home to the Decision and Cognitive Sciences Research Centre, a world leader in the areas of Multiple Criteria Decision Analysis and Decision Support Systems. Current FinTech research areas include:

- **Big Data Finance:** Four year research and training project looking at the links between risk management and big data for the banking/financial services.
- **HPC Finance:** This project combines financial engineering and high performance computing to provide robust solutions to managing financial risk and help improve the financial strength of banks, pension funds and insurance companies in Europe.

## **Artificial Intelligence**

Manchester is where Alan Turing developed the Turing Test, which defined the standard for a machine to be called 'intelligent'. Today, Alliance Manchester Business School continues to lead the way in this area and for the past 20 years research has been carried out into multiple

criteria decision analysis using qualitative and qualitative information using a variety of methodologies and tools in AI. Applications in the financial sector include investment management, and risk analysis/management

## **Volatility Research**

Alliance Manchester Business School is internationally renowned for volatility research and more recent work includes derivatives to credit risk, liquidity and quantitative aspects of risk management.

## **Cyber Security**

Lancaster University is recognised by GCHQ as an Academic Centre of Excellence in Cyber Security Research and is one of only four national institutions with a master's degree programme in cyber security accredited by GCHQ. The Computer Security pathway at the University of Manchester is centred around a core security theme that introduces students to fundamental security topics that arise in the design, analysis, and implementation of networked and distributed systems.



Many of the world's leading banks recruit technology talent from here in specialisms such as penetration testing.

## **Blockchain**

In 2015, Innovate Finance, the independent membership association serving the global FinTech sector announced it would establish a blockchain lab in partnership with the Hartree Centre, the high performance computing and data analytics research facility founded by the UK government in collaboration with IBM. The lab (just over 30 mins drive from Manchester) is a response to Innovate Finance blockchain members seeking to come together to collaborate on developing use cases for blockchain in financial services and to help accelerate its adoption as a viable infrastructure to build new applications.



rise

entrepreneurial-spark

# FINTECH HUBS

There is an array of FinTech/digital hubs across the region, from commercial accelerators to co-working spaces. These provide a base where start-ups, SMEs and larger firms can collaborate and flourish. Manchester is constantly investing in its FinTech future and an ever-increasing number of spaces are opening up.

## **The Vault**

The Vault is a new 20,000 sq ft facility within the XYZ building in Spinningfields aimed exclusively at FinTech/cyber security companies. The Vault will provide the infrastructure and environment needed for start-ups to grow and will encourage collaboration and innovation. Its location within Spinningfields will promote and facilitate connections with financial institutions and investors. Businesses located here will get access to pitching sessions to banks/investors, time with the FCA and be able to attend regular FinTech events.

## **Rise Manchester**

Rise is an entrepreneurial hub run by Barclays aimed at inspiring and nurturing tech entrepreneurs and start-ups. Rise offers a state-of-the-art workplace in which to meet clients, collaborate with peers and access skills-based workshops and training, creating the optimum environment for entrepreneurs to thrive. Rise allows companies to trade under their banking license and use its technology platform to help test and deliver new solutions to market. Membership is open to professionals from the finance, FinTech, social enterprise, education, healthcare and gaming industries.

## **eSpark**

NatWest and RBS, together with KPMG, are stepping up their support for entrepreneurs and high-growth businesses with a network of new business accelerator hubs, including one in Manchester. This hub offers free workspace, hands-on mentoring, a start-up 'bootcamp' and a free programme of up to 18-months of advice, support and funding clinics. Entrepreneurs can gain access to the hub in Spinningfields, uniting them with fellow entrepreneurs, specially trained bank staff and experienced business mentors. They also have the opportunity to go on to pitch to potential investors.

# M CASE STUDIES

**VST Enterprises** is a technology solutions company that has developed VCode, a state-of-the-art 2D barcode. This innovative payment gateway solution enables one-click impulsive digital and monetary transactions from any screened media, at long distances, within 170 degrees in virtually any lighting condition. This platform has a range of applications in the financial services sector such as bank cards, loyalty schemes, in-app purchases, consumer goods purchases and top-up payments.



Manchester-based **AccessPay** uses advanced cloud-based technology to offer clients secure, streamlined and efficient solutions for multi-bank and multi-currency cash management, SWIFT, Bacs payments, direct debit management, faster payments and SEPA. Across the UK and throughout the world, accounting and payroll systems fail to directly link up with banks. This means that no matter how high or low the volume or value of the transaction, the process for sending and receiving business payments is manual, error prone and time consuming. AccessPay solves this problem by taking away hours of manual processing time, enabling their customers to make quicker business payments. AccessPay was the first SWIFT partner in the UK allowed to offer cloud-based payment and cash management applications fully integrated with SWIFT.



**MarketInvoice** has developed an award-winning online marketplace allowing companies to sell outstanding invoices confidentially to raise capital. The platform allows SMEs who have outstanding invoices to large corporates to trade these with institutional investors online. The platform offers a new take on invoice finance selling through an online exchange rather than bilaterally to a bank. In 2014, the Greater Manchester Combined Authority struck an innovative deal with MarketInvoice to buy invoices owed to Greater Manchester firms in order to release money, which can then be used to hire new staff, export to new markets and fuel growth.



Headquartered in Manchester, with offices in the USA and Asia with clients across four continents, **Hello Soda** is an international big data and text analytics company. Hello Soda was founded in response to the lack of personalisation across business processes, like underwriting and ID verification, which meant that consumers were no longer being treated as individuals, therefore missing out on services that they deserved. Hello Soda is focused on bridging the gap between businesses and consumers to create more personal relationships and improve automated decisions. The business has recently launched a software platform that predicts a person's creditworthiness based on structured and unstructured data.



“Greater Manchester is a hotbed of business opportunity, and it's great that the city is taking an active role in accelerating the success of the region's businesses. This investment in Greater Manchester businesses, from one of the country's most forward thinking authorities, sits alongside private sector funds representing a great example of public and private sectors working together for the benefit of the economy.”

Anil Stocker, CEO and Co-Founder, MarketInvoice

# HOW MANCHESTER CAN HELP

**Barclays Technology Centre** has a number of technology centres around the world but their main one is located just south of Manchester in Knutsford. This site is home to 4,000 staff who are employed in a variety of technology and infrastructure roles. Barclays have been located on the 35 acre site for over 40 years, with staff carrying out duties supporting the bank's global ICT infrastructure. Knutsford is where Barclays develop mobile applications, such as Pingit, which enables mobile phone users to make free payments to other UK mobile users directly and the Barclays mobile banking app. This division employs 400 people and is growing. There are also an additional 250 people working in informatics and analytics looking at the commercial opportunities in big data.



**Bank of America Merrill Lynch** is located in Chester, 50 minutes from Manchester. The bank has had a presence here for over 20 years and is a key location for the bank's credit card business MBNA, employing over 3,500 people. In 2011, the bank opened a new technology centre that supports its Capital Markets and Wealth Management businesses across EMEA and there are plans to generate 2,000 jobs on this site over the decade. In 2013, BAML created a further 60 jobs in Chester with the launch of its first European Global Command Centre which provides support for its technology infrastructure.



Manchester is a city committed to supporting new investors and helping existing companies to grow.

MIDAS, Manchester's inward investment agency, can signpost businesses towards all the relevant initiatives and provide guidance on funding, to enable growth and develop new products. Other areas of support include angel investment, accelerators, enterprise zones, knowledge transfer partnerships and tax relief.

MIDAS can help you and your business with relocation and expansion plans. MIDAS has a reputation for understanding diverse business needs and helping to remove any barriers for companies looking to locate or expand into Manchester. MIDAS' specialist business development team can assist you with a range of free, bespoke packages of confidential support that will make your journey as smooth and simple as possible.

The services provided by MIDAS, and the sister companies within the Manchester Growth Company, are also available to intermediaries such as location consultants, will save you money, time and effort and enhance your project with the expert knowledge and local intelligence that result in a faster and more successful move.



## MIDAS' Services

Free support includes:


- Research support and business case development
- Introductions to local networks
- Recruitment and training support and advice
- Property solutions
- Relocation advice and assistance
- Post-investment PR support

**Contact MIDAS to see how Manchester can support your future innovation.**

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part of MGC

## Be in good company

FinTech/cyber security companies in the region also include:





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Lambert Smith Hampton City Vitality Index 2016

