

Fintech used to be the trendy term to describe Financial Technology. Now, it is commonly used and understood around the world.

Digital adoption has taken a quantum leap forward and the global pandemic has reinforced the importance of fintech. In some cases the pandemic has forced businesses that may have been putting off their evolution to digital, to invest more time and money, faster.

There's no question that fintech is the future of financial services but where did it all begin?

The term fintech is said to have been coined in 1993 but did not become a household name until internet banking became mainstream. Fintech in the 1990s simply meant new technology that enhanced financial processes.

Let's look at some key dates that have shaped where we are today;

**1918:** US Federal Reserve Bank launches its 'Fedwire' service to enable funds to be moved electronically

**1958:** Bank of America launches the first BankAmericard, which is regarded as the first ever credit card

**1966:** UK's first credit card (Barclaycard) is issued by Barclays on June 29th

**1967:** First ever ATM is launched at a Barclays bank in Enfield, London

**1971:** Nasdaq launches electronic trading and it becomes possible for companies to sell shares to the public via an Initial Public Offering (IPO)

**1990:** Shoppers can request cashback on debit card transactions

**1995:** Amazon launches its online shopping site, initially only selling books

**1997:** The first UK internet banking service is introduced by the Nationwide Building Society

**1998:** Paypal is launched (originally called Confinity)

**2011:** Google introduces Google wallet

**2015:** The first digital only bank, Atom, launches in the UK

**2017:** LOQBOX launches offering UK consumers the ability to grow their credit score while they save

**2021:** The Government commissioned, Kalifa Review is released setting out a series of proposals for how the UK can build on its existing strengths, create the right framework for continued innovation, and support UK firms to scale.

Financial technology has powered almost every advancement in the banking world and is now regarded as one of the most innovative and exciting sectors to work in with over 40% of workers in London employed in Finance or Technology roles.

According to independent research conducted last year, there are estimated to be over 1,600 fintech firms in the UK and estimates suggest this will more than double by 2030. Of those 1,373 companies that are still active and operating in the private market, 71% are based in London. Most of these 1,139 fintechs are in the seed (45%) and venture (34%) stages of evolution, indicating that this is a burgeoning sector with plenty of room for growth.

The global fintech market was worth \$127.66 billion in 2018, with a predicted annual growth rate of ~25% until 2022, to \$309.98 billion. It is still very small compared to the global financial services market. The largest value of investments happened in the third quarter of 2019, when investment into Fintech companies in the UK reached a value of approximately \$45.13 billion. *These numbers were released as part of the "State of the Fintech Industry" report 2018.*

So what's next? The underlying technology that will drive the next fintech era, namely blockchain and open banking, will continue to drive the innovation of the future. Machine Learning is set to evolve the way we interact with banks and insurance companies, designed to strengthen the customer relationship. By doing this, financial institutions can target individuals with bespoke offers and support that match their behaviour and will create a more relevant experience for them.

This innovation isn't just restricted to the banking sector. Insurance companies are set to turn to Machine Learning to speed-up how they deal with insurance claims. This is already happening in places like China, with an insurer developing a system that automatically settles claims using an algorithm that assesses what type of car is involved and how significant the damage is, before sending over an offer to settle the claim straight away.

The UK has around 10% of the global market of fintech companies worth more than £11 billion a year to the UK economy. There is so much opportunity for the fintech industry to create more highly skilled jobs, boost trade and extend our competitive edge on a global scale.

The next chapter of fintech is nearly upon us and we are very excited to be a part of this story.