



Accelerating FinTech for Asset Management

The Investment Association (IA) supports over 250 UK-based asset management firms to create an environment in which the industry, and therefore the savers who rely on it, can thrive.

This means creating the environment in which UK FinTech can flourish. To do this, the IA last year established an innovation hub and FinTech accelerator, **Velocity**.

Velocity is boosting our industry's adoption of new technologies and helping to further cement the UK's place as a global leader in FinTech.

FinTech is helping asset managers to identify new investment opportunities, work more efficiently and cut costs, benefiting all of our customers.

Based in the IA's offices in London, Velocity brings together FinTech firms with products tailored to asset management and wider buy-side sectors. Over 30 FinTech firms applied to join Velocity's first cohort.

“ *The UK is a world leader in asset management, and by harnessing the power of fintech, we can ensure that it continues to go from strength to strength. I'm sure this first group of innovative firms to benefit from Velocity will help to take the industry even further in the future.*

**Economic Secretary to the Treasury,
John Glen MP**



In October 2018, the chosen firms were unveiled. Five firms were chosen with solutions that have the potential to change asset management for the better:

Util: Uses big data and machine learning to maximise environmental and social returns on investments

ResonanceX: A digital marketplace based on blockchain allowing retail investors to build bespoke portfolios

Essentia Analytics: Combines behavioural data analytics with face-to-face insight to help fund managers improve performance of funds for investors

Hivemind: Specialises in analysing unstructured data, helping companies improve research capabilities

9Fin: AI powered financial data platform for the bond market, allowing finance professionals to easily find information on bonds

To support the application process for FinTech firms, the IA convened an expert Advisory Panel, chaired by Graham Kellen (Chief Digital Officer at Schroders) and comprised of senior industry leaders and digital technology specialists to oversee the identification and selection process.

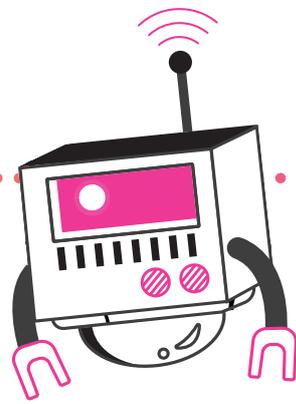
Participants work closely with IA members and the Advisory Panel, collaborating to help ensure firms' proposed solutions are tailored to asset managers' exact needs and are more widely promoted within the sector. The cohort has multiple opportunities to present to potential investors, including at the IA's innovation day at the programme's conclusion.

We look forward to welcoming a second cohort this Spring.

For our latest news & developments on Velocity, follow us on Twitter [@IAVelocity](https://twitter.com/IAVelocity) or visit www.iavelocity.com

The Investment Association (IA) supports UK investment management, supporting British savers, investors and businesses. Our 250 members manage £7.7 trillion, £1.7 trillion of which is on behalf of European clients – providing the UK with an important economic contribution in the form of export earnings, tax paid, and jobs created.

Accelerating FinTech for Asset Management



85%

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

Around 2,500 FinTechs operate in asset management and capital markets in the UK. Since 2010, institutional investors have delivered around \$11bn worth of private investment in FinTech firms operating in the asset management space. (City of London Corporation)

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

1. Distributed Ledger Technology (DLT):

Asset 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 could automate many transaction processes carried out by asset managers' intermediaries, saving significant costs for consumers.

2. Big Data:

Data analytics has the potential to bring superior insights into the asset management sector, including automated data analysis to spot investment opportunities as well as assess specialist areas such as ESG (Environmental, Social and Governance) criteria. It is already helping firms manage compliance issues, including anti-money laundering (AML) checks.

3. Artificial Intelligence (AI):

AI is increasingly allowing firms to build tailored portfolios to cater to individuals' requirements and preferences. This could ultimately be presented in the form of a dashboard for savers.

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 and investors 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:

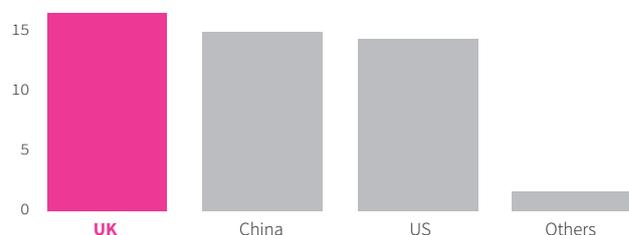
Robotics is helping asset managers perform repetitive tasks, such as automating aspects of trade processing. Robotics' best known application is robo-advice, which provides automated, convenient solutions for customers.

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

FinTech Investment in the UK

Deal value, H1 2018 (\$bn)

Source: KPMG (Includes M&A, private-equity and venture capital deals)



IA FinTech membership

The IA last year created a new FinTech membership category to support FinTech firms operating in our industry and we now represent over 70 innovative firms. We hope this will help us further contribute to the UK's world leading pool of talented FinTech firms.

