

CFIT Playbook - Summary

Prepared for the Centre for Finance,
Innovation and Technology
(final summary version)

September 2022

The EY logo consists of the letters 'EY' in a bold, white, sans-serif font. A yellow chevron shape is positioned above the 'Y'.

Building a better
working world

1. Background & context

The Centre for Finance, Innovation and Technology (CFIT) was a key recommendation of the UK 2021 Kalifa Review of Fintech

- The Centre for Finance, Innovation and Technology (CFIT) was a key recommendation of the Kalifa Review of UK Fintech in 2021
- The Kalifa Review positioned CFIT as an important component required to scale the UK's fintech industry. As set out in the Review, the ambition for CFIT is to ensure the UK can be a leader not only for fintech start-ups, but also the best place in the world to scale a business and take solutions from IP creation through to widespread adoption. Successful implementation of CFIT has the potential to drive job creation across the UK, global reach, and better financial outcomes for consumers and SMEs
- The Kalifa Review proposed that CFIT should build industry coalitions and in doing so, would:
 - Provide industry context for pre-product development
 - Build partnerships between start-ups and incumbents
 - Facilitate data sharing
 - Enable proof of concepts to be scaled
- HM Treasury (HMT) and the City of London Corporation (COLC) committed a combined £5.5 million (£5m HMT and £500,000 CoLC) seed funding for CFIT in the October Spending Review 2021. This seed funding is for CFIT's first three years only. After that, it is intended that CFIT will be privately funded
- **This playbook is the result of the inputs of many industry participants, guided by the CFIT SteerCo, who have taken the vision in the Kalifa review and put forward a detailed proposition for the successful implementation of CFIT**

HMT's and COLC's seed funding proposal following the Kalifa Review provides the background and preliminary view of CFIT's core purpose and scope

CFIT's core purpose...

- CFIT will bring together **time-limited 'coalitions' of experts from across the finance and technology ecosystem, to address barriers to fintech sector growth**, in line with the priorities identified in the Kalifa Review
- CFIT will support the creation of high-income tech-based employment nationwide, it will enable firms to achieve global scale, and it will improve access to financial services for citizens and small businesses

...driven by

- Research and data generation
- National coordination; by prioritising enhanced connectivity across the nations and regions
- Supporting the pipeline of talent by providing skills development opportunities

A CFIT SteerCo was appointed to develop a credible and effective proposition for CFIT under the guidance of the SteerCo Chair

- The CFIT Steering Committee (SteerCo) was appointed to develop a credible and effective proposition for CFIT. The SteerCo Chair is Sir Ron Kalifa. EY were engaged to support the work of the SteerCo
- SteerCo was conducted through regular meetings between April - September 2022
- **SteerCo will present their non-binding recommendations for CFIT only. Final decisions on CFIT's remit and purpose will be taken by the the permanent CFIT leadership team once they are established**

Membership of the Centre for Finance, Innovation and Technology Steering Committee

Committee Chair:

Ron Kalifa (Chair of the Kalifa Review of UK Fintech)

Committee Members:

Nicola Anderson (CEO, Fintech Scotland)

Maha El Dimachki (representing the FCA)

Gerard Grech (CEO, Tech Nation)

Janine Hirt (CEO, Innovate Finance)

Laura Mountford (representing HMT)

Damian Nussbaum (representing COLC)

Sarah Williams-Gardner (CEO, Fintech Wales)

This playbook has been developed by the appointed CFIT Steering Committee for the CFIT Executive Team and CFIT Board to consider and build upon

- This playbook is an accumulation of the work undertaken by CFIT SteerCo over Spring and Summer 2022
- It represents SteerCo's non-binding recommendations for CFIT, including considerations on CFIT's strategy and business plan as well as initial coalition focus
- It should be considered as a guide for CFIT only. The extent to which the playbook is used and followed will be at the discretion of the CFIT leadership team once appointed

2. Vision & strategy

The vision statement for CFIT builds on the perimeters set by HMT and COLC for the UK to be a global leader for financial innovation

Vision

The UK is the global leader for financial innovation

Mission

To accelerate opportunities and unblock barriers to growth for fintech, by bringing together the best minds from the ecosystem, to drive better outcomes for consumers and SMEs across the UK

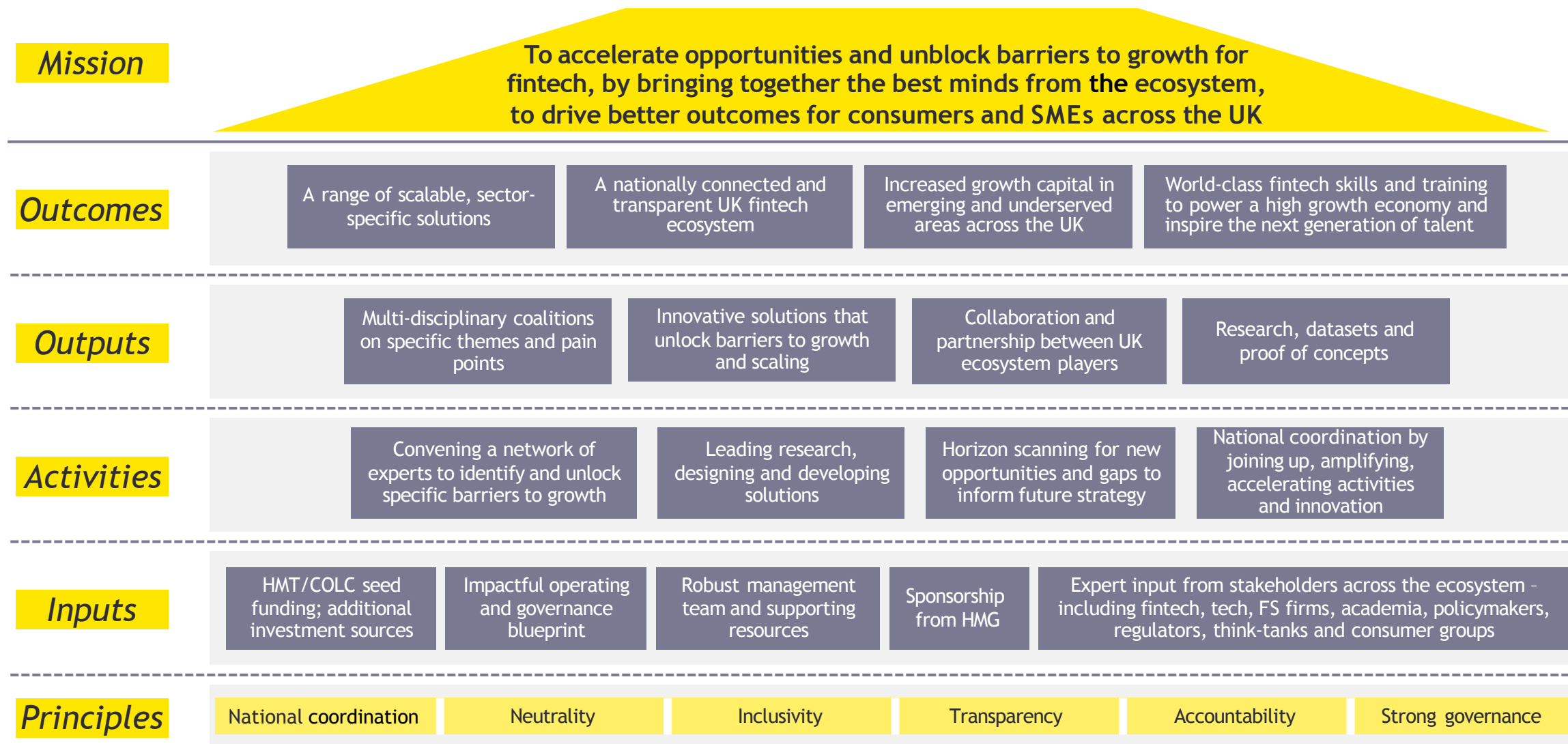
CFIT's core objectives...

- CFIT will bring together time-limited 'coalitions' of experts from across the finance and technology ecosystem, to address barriers to fintech sector growth, in line with the priorities identified in the Kalifa Review
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CFIT's evaluation framework guides its approach to monitoring and assessing the activities that it plans to deliver in a transparent manner



It will be critical for CFIT to be clear on its role and position, harnessing existing activity and promoting greater collaboration across the ecosystem

Example adjacent organisations that CFIT could interact with

	 HMT Sets UK fintech strategy and policy	 COLC Influences UK fintech strategy and policy	 FCA Financial regulatory body in the UK	 FSSC Independent, member-led body, representing UK financial services on skills	   Produce world-leading research into areas of tech innovation in FS
Collaboration opportunities:	<ul style="list-style-type: none"> • Coalitions • Initiatives related to informing FS policy 	<ul style="list-style-type: none"> • Coalitions • Initiatives related to informing FS policy 	<ul style="list-style-type: none"> • Partner / handover point on regulatory and Digital Sandbox testing environments 	<ul style="list-style-type: none"> • Initiatives related to FS and fintech skills, including skills placements 	<ul style="list-style-type: none"> • Coalitions • Initiatives related to FS and fintech skills, including skills placements
	 Tech Nation Publicly and privately funded, fuels the growth of tech scaleups through coaching, content and community	Other HMG depts (i.e. DIT, DCMS, BEIS) Set policy and promote UK fintech domestically and internationally	 Innovate Finance Independent, member-led body, representing UK fintech	 FNN Network connecting UK-wide fintech hubs	 OBIE Body that drives competition, innovation and transparency in UK retail banking
Collaboration opportunities:	<ul style="list-style-type: none"> • Data and research on UK-wide fintech 	<ul style="list-style-type: none"> • Intersectional UK and international work as appropriate e.g. DIT & Innovate Finance's International Fintech Group 	<ul style="list-style-type: none"> • Coalitions • Intersectional work as appropriate e.g. data and research; policy; capital; DIT & IF International Fintech Board 	<ul style="list-style-type: none"> • Coalitions • Identifying and amplifying national and regional strengths and examples • Data and research on UK-wide fintech 	<ul style="list-style-type: none"> • Coalitions (e.g. on Open Banking / Open Finance)

Many of these organisations will have the opportunity to collaborate as coalition members, example coalition members have been documented for the case study coalition featuring later in the Playbook



There are a range of beneficiaries from the work of CFIT across the ecosystem including end customers, industry participants and policymakers

Key stakeholders

Customers (incl. individual consumers and SMEs)	Fintech	Tech and FS firms	National networks	Policy makers and regulators
<ul style="list-style-type: none"> Individual consumers can understand and access appropriate, affordable and timely financial products & services Support SME growth by accelerating access to (and demand for) the right financial products for their needs Demystify the complexity in emerging areas of innovation to help increase end-user adoption 	<ul style="list-style-type: none"> Provide access to research and experimentation at the forefront of innovation in emerging areas through coalitions to help UK fintech to scale up and expand internationally Create student skills placements to grow pipeline of fintech talent and improve skills available in the market 	<ul style="list-style-type: none"> Provide the opportunity to access participants across the FS and tech ecosystems including fintech innovators, tech and BigTech firms, FS incumbents, policymakers and regulators - forming new partnerships and spearheading innovation 	<ul style="list-style-type: none"> Knowing, understanding and amplifying significant activities and research around the whole country Facilitate and lead UK integration into the organisation Join up of initiatives for the benefit of the whole ecosystem and other initiatives 	<ul style="list-style-type: none"> Provide a clear path of access and communication between industry, policymakers and regulators to better understand and unblock critical challenges associated with tech adoption in FS Provide an evidence base (informed by research and data) to guide policy priorities and critical regulatory or other implementation actions

Clear management of CFIT scope will be essential for success

CFIT is not...

- A funding mechanism: the sole purpose of HMT's and COLC's seed funding is for the establishment of CFIT
- A lobbyist and does not promote individual brands: focus is on accelerating scaling and growing the fintech sector
- An implementation body: focus is on identifying complex problems/ barriers and convening coalitions to find solutions

CFIT does not...

- Set UK fintech strategy or policy; strategy and policy work sits with the government, although CFIT may support and inform it
- Duplicate the work of other organisations and initiatives; CFIT's coalition work will be additive to ongoing work by other organisations in the market (i.e., The International Fintech Group, DIT, Innovate Finance)

3. Coalition structure

At the heart of CFIT is its coalition-led operating model

A coalition is...

- Primarily the delivery component of CFIT, designed to identify and solve for complex problems and barriers to UK fintech growth
- Data-driven, policy and research-led. Formed of diverse cross-sectoral industry representatives, who will work collaboratively towards identifying opportunities, ideating and creating innovative solutions positioned for implementation
- Agile, innovative, open and timebound. The outputs they create will have measurable, 'real-world' outcomes and benefits, referenceable to the coalition's work
- Influenced by learnings from the Green Finance Institute (GFI), who also have a coalition-led model

A coalition is not...

- An implementation body. Whereas it will identify an opportunity to address, for which it will ideate, design and develop a solution positioned for market to be implemented, CFIT may need to identify someone to implement the solution it has created
- A think tank - value generated by CFIT's research capabilities may happen outside the formulation of a coalition and operate separately

To maximise its benefits, a coalition must be agile, leverage cross-sector talent and be focussed

Coalition model benefits



Allows CFIT to be agile and responsive to a fast-paced industry



CFIT coalitions will leverage the best talent, skills and tech across the UK, accelerating ideation, design and build



It allows for coalitions to be additive and non-duplicative, with laser-focus on the opportunity they're unlocking

...are dependent on

A pointed, well thought out problem or opportunity statement to address

Committed, diverse, cross-sectoral industry representation based on clear roles and responsibilities and outcomes

Guidance and support navigating legal and regulatory complexities

Underpinned by robust governance and programme management

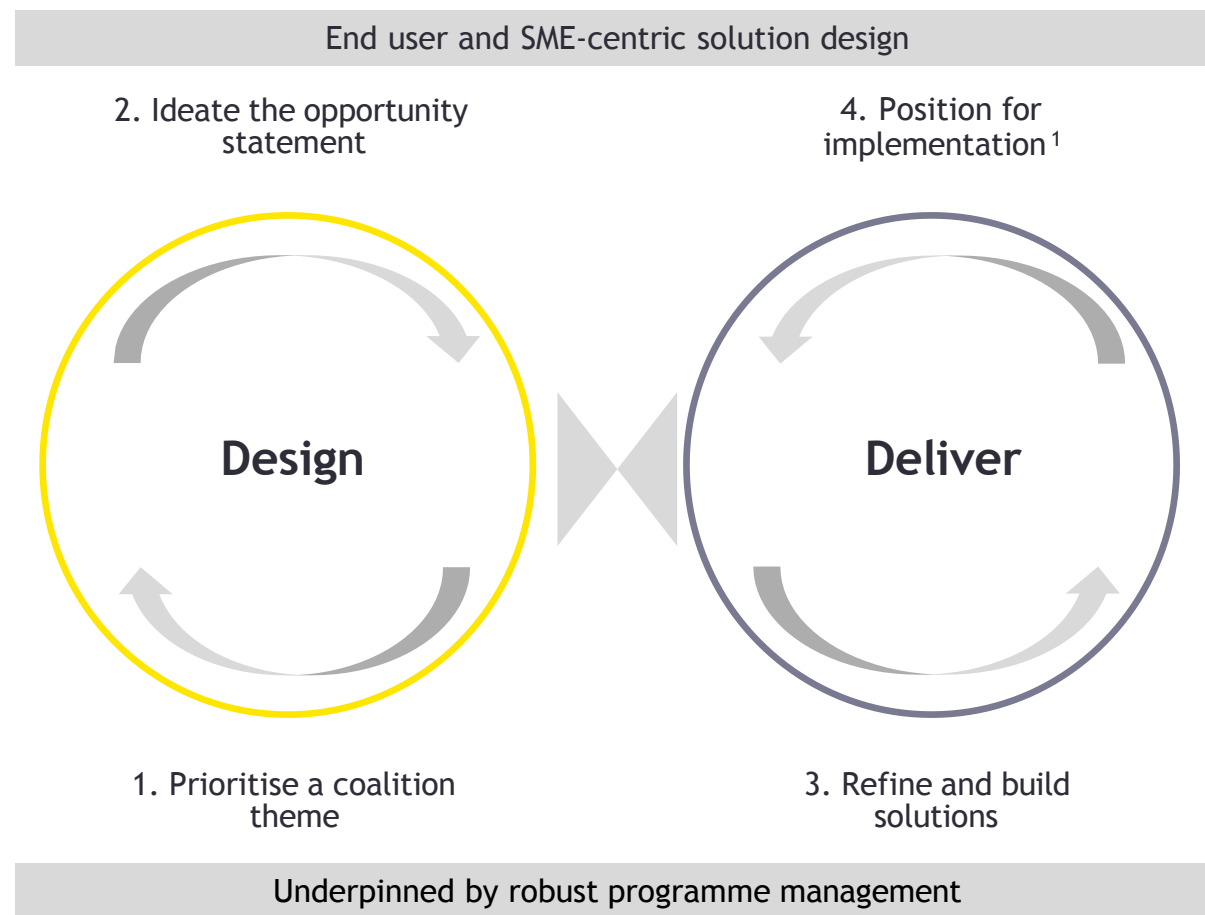
A proposed coalition journey consists of three phases, from research, to design and build, to identifying an implementation candidate

Journey step	Phase 1 - formalise a coalition			Phase 2 - unlock the potential		Phase 3 - position for implementation
	1.1 Research inspires a coalition idea	1.2 Formalise the coalition's opportunity statement	1.3 Announce the coalition	2.1 Mobilise the coalition	2.2 Define possible solutions	2.3 Communicate and promote
Experience flow	<p>CFIT's research capabilities refine their coalition backlog and identify a prioritised potential coalition idea.</p> <p>CFIT team, namely Head of Research, Coalition Programme Manager, Analyst, and Student Placements will leverage existing insights, national expertise, and conduct research to refine and test their coalition idea into a more pointed problem/barrier description and an opportunity where CFIT could be additive - the opportunity statement.</p>	<p>Applying their prioritisation framework / criteria alongside their research activities, CFIT's coalition idea is refined.</p> <p>Cross-sectoral experts are engaged throughout this process, largely by the Programme Manager, via interviews, roundtables and workshops.</p> <p>Director and CEO sign-off the coalition and the definition of the opportunity statement¹</p>	<p>CFIT writes a report outlining its findings, indicating what CFIT will do to address, by means of a coalition.</p> <p>Working closely with Head of Comms, and in line with its marketing and communication strategy, CFIT publishes the report and announces its coalition.</p> <p>CFIT receives a deluge of interest from cross-sectoral players across the fintech ecosystem and captures their interest whilst recording their details.</p>	<p>The coalition Programme Manager reviews interested coalition candidates (mindful of national coverage, diversity, equality, and inclusivity) to sign CFIT's Coalition Terms of Reference document. This confirms their membership of the coalition and binds them to commit toward the coalition objectives within its lifespan.</p> <p>Led by the Programme Manager, coalition members mobilise and begin diagnosing the problem and come up with ideas, solutions and align on what work needs to be done.</p>	<p>Based on the work required, and appropriate scheduling, the Programme Manager designs more targeted 'Focus Groups' involving a subset of coalition members.</p> <p>Focus group members work collaboratively, utilising their resources to ideate and design solutions, managed by robust programme management and governance.</p> <p>Potential solutions are defined via demonstration projects, aligned to develop elements of the opportunity.</p>	<p>CFIT communicates and promotes its solutions to the fintech ecosystem, seeking commitment from an organisation to implement.</p> <p>CFIT is able to demonstrate the solutions' desired outcomes, benefits and track these from implementation to # of years. CFIT is able to attribute the solution's success to the value generated by itself.</p> <p>CFIT markets its 'value add' through its marketing and communications strategy.</p>
	Governance activities	<ul style="list-style-type: none"> CFIT Management draft coalition theme, objectives, funding structure + budget 	<ul style="list-style-type: none"> CFIT Management refine and formalise initial thinking RAIDD management 	<ul style="list-style-type: none"> CFIT Board approves the coalition theme, objectives, funding structure + budget 	<ul style="list-style-type: none"> Coalition delivers on its objectives and monitors its performance against plans 	<ul style="list-style-type: none"> CFIT Management and Board sign off solutions and go-to-market approach
Input	<ul style="list-style-type: none"> Coalition backlog Backlog refinement 	<ul style="list-style-type: none"> High-level opportunity statement Prioritisation criteria Industry expertise 	<ul style="list-style-type: none"> Coalition and identified opportunity statement Report Coalition member interest 	<ul style="list-style-type: none"> Indicative coalition members Terms of Reference Knowledge and insight 	<ul style="list-style-type: none"> Refined solution idea Cross-sectoral working groups 	<ul style="list-style-type: none"> PoCs/MVPs Marketing and advertising Benefit management
Output	<ul style="list-style-type: none"> Prioritised backlog Coalition idea High-level opportunity statement 	<ul style="list-style-type: none"> Coalition and identified opportunity statement Report 	<ul style="list-style-type: none"> Published report Indicative coalition members 	<ul style="list-style-type: none"> Agreed coalition members Solution ideas 	<ul style="list-style-type: none"> Identified solution(s) Proof of Concepts (PoC) /Minimum Viable Products (MVP) 	<ul style="list-style-type: none"> Implementation candidate Library of assets Benefit realisation

CFIT's coalitions must be agile and innovative in both mindset and delivery

A key design principle of the coalition-led operating model is its agile and innovative approach to delivery. The coalition delivery framework below is a methodology framework that facilitates this, underpinned by robust programme management

Phase	Key capabilities
1. Prioritise a coalition theme	<ul style="list-style-type: none"> Backlog refinement and prioritisation Research and discovery Stakeholder interviews and workshops Opportunity statements
2. Ideate the opportunity statement	<ul style="list-style-type: none"> Research / report publication Coalition mobilisation Solution definition and ideation
3. Refine and build solutions	<ul style="list-style-type: none"> Solution design Solution build and refinement
4. Position for implementation	<ul style="list-style-type: none"> Minimal Viable Product (MVP) Product marketing Benefit tracking and management



¹ CFIT is not an implementation body but will position demonstration products in the market to be implemented

4. Operating model, governance framework & future funding options

CFIT's design principles will be critical to its operating model and culture

Inclusive, cross-sectoral thought leaders informed by quality data and research insights



Data-driven, policy and research-led

Organised and published research will inform the priority and pipeline of, problem statements and opportunities



Engage thought leaders

Cross-sectoral thought leaders across the regions and ecosystem will be given the opportunity to inform CFIT's focus areas



Champion diversity

Challenge the status quo with diversity of thought and be exemplary in the diversity of its own teams, including at Board level

CFIT and its cross-sectoral teams will deliver value fast, underpinned by robust programme and benefit management



Agile and time bound

A coalition's existence will be timeboxed and its end date is agreed during its formation



Innovative and open

CFIT and its coalitions will deliver in agile sprints, encouraging increased speed to market and deliver value quicker

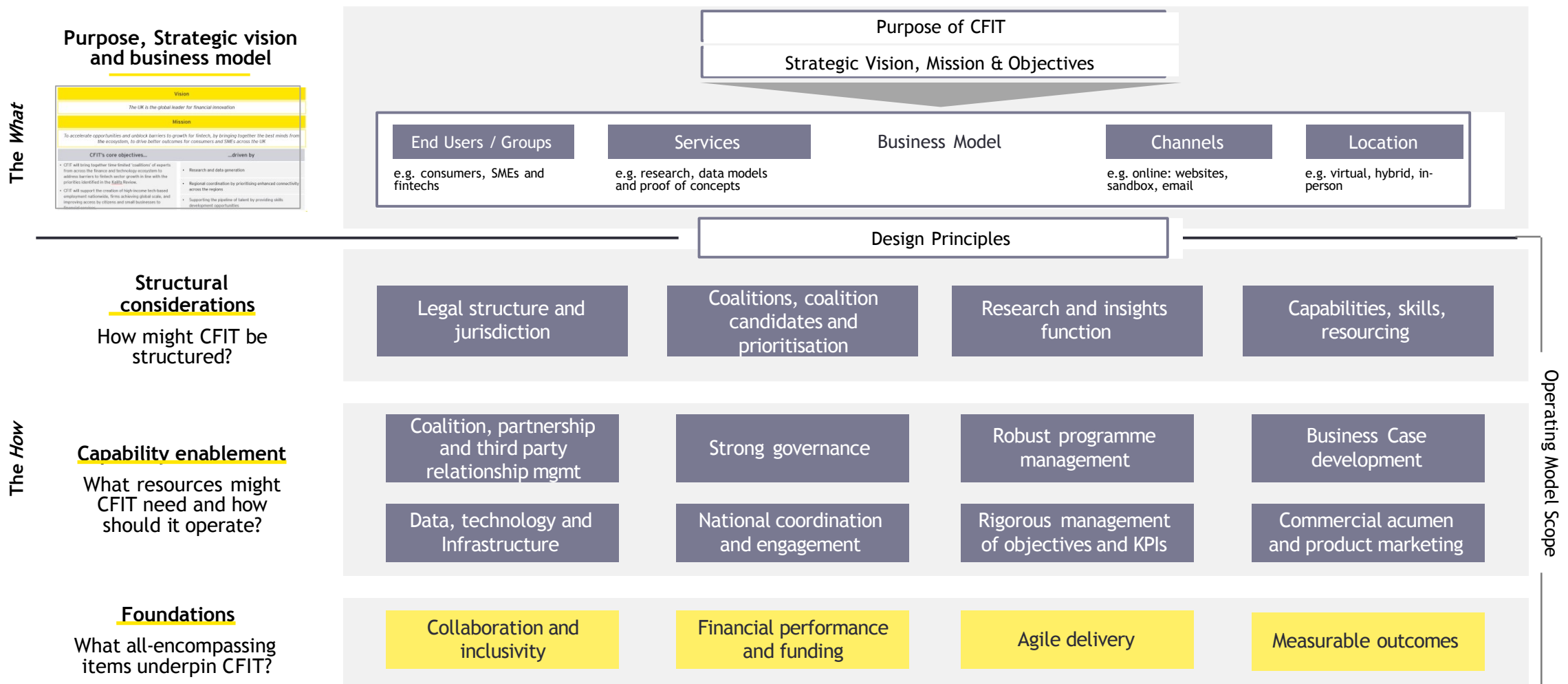


Measurable outcomes and benefits

Transparency of activities and clearly defined, measurable outcomes. Benefits will be tracked and managed robustly

The components of CFIT's operating blueprint and model have been formed through clearly defining these design principles, which provide flexibility and dependability on the quality of CFIT's service and its governance framework

The operating model blueprint comprises the following components



CFIT may base its future funding model on the following principles, dependent on a capable infrastructure, robust controls and influence in the ecosystem

Principles



CFIT is not-for-profit

Future funding will be applied to its intended purpose(s) only and not for commercial profit. Any net profit will be used to fund further activism (rather than being distributed to members)



Transparent finances

CFIT will be open and transparent in regards to how it utilises its funding, underpinned by robust finance management and controls



Traceable to its objectives and outcomes

CFIT will ably demonstrate how its funding is used to deliver on its vision, mission and objectives, to which its Board will be held accountable

Dependencies



A capable infrastructure

CFIT will manage and control its finances capably with appropriate resources, defined processes and technology to enable



Robust controls

Traceability and robust financial controls, including management of subsidy control risks, underpins CFIT's future funding model and running of the organisation



Capture hearts and minds

CFIT will attract the interest of organisations that may wish to be involved and seen to be, too, underpinned by strong marketing and communications strategy

CFIT's future funding model principles are aligned to its vision, operating model design principles and underpinned by its robust governance model