



PRESS RELEASE

UK FINANCIAL FIRMS INCREASE FINTECH PARTNERSHIPS TO BOOST CAPABILITY

- *More than two fifths (46%) of UK financial institutions will grow investment in their fintech capability.*
- *Three quarters (77%) of UK financial institutions cite technology investment as a top strategic priority.*
- *Three quarters of (77%) senior leaders within UK financial institutions also said technology, automation and digital investment is a top strategic priority for the year ahead.*

More UK financial institutions are targeting acquisitions and partnerships with fintech firms to boost their position in a growing market, according to a report from Lloyds Bank.

More than two fifths (46%) of financial services firms plan to grow investment in their fintech capability through acquisition and partnering in the next year, compared with a third (32%) in 2020.

Developing new products and services (66%) was the biggest driver of firms' fintech plans, followed by improving client experiences (53%) and driving growth (49%).

The findings are included in Lloyds Bank's sixth annual Financial Institutions Sentiment Survey, which gathers views from major banks, asset and wealth management firms, insurers and intermediaries, both in London and across the UK. The research is particularly pertinent during the week of Sibos – the annual conference that brings together financial services experts including from the banking and technology sector.

According to industry body Tech Nation, UK fintech firms received \$4.6 billion of venture capital investment in 2020, making the UK the top fintech market in Europe and the second top globally.

Steve Everett, Head of Payments and Receivables, Client Products at Lloyds Bank Commercial Banking, added: "The UK has one of the most vibrant fintech communities in the world. They are at the forefront of innovation within financial services and, by partnering with them, the UK's largest firms are showing they are committed to developing new products and services to meet changing client needs through collaboration."

Technology investment top strategic priority

Three quarters of (77%) senior leaders within UK financial institutions also said technology, automation and digital investment is a top strategic priority for the year ahead.

More firms expect to grow investment in their technology systems and core platforms over the next 12 months (77%) compared to last year (62%), with the aim of improving client experience (71%), driving growth (60%) and boosting productivity (59%).



Firms said their top technology investment priorities are the cloud (83%), APIs (77%) and data science, including machine learning and artificial intelligence (69%).

More than a third (37%) of firms are also prioritising investment in blockchain, up from a quarter (27%) in 2020, suggesting more institutions are considering the applications of emerging technology after pausing plans at the height of the pandemic.

Adrian Walkling, head of financial services at Lloyds Bank Commercial Banking, said: “UK financial services firms did not pause technology investment last year when the sector was navigating a significant period of disruption. They still, however, had to allocate significant resource to ensure all of their employees could continue delivering for clients at home.

“The pandemic is not over, but firms are now in a position to focus the lion’s share of their investment on growth and supporting clients, and it’s great to see they plan to do so using both established and emerging technologies. Innovation is the bedrock of UK financial services and will help the sector continue to lead the pack.”

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Notes to editors:

The Financial Institutions Sentiment Survey interviewed 111 senior leaders between June 15th and July 19th. [Read the full interactive report](#)