



2020 Prediction: Fintech is the most confident sector in 2020

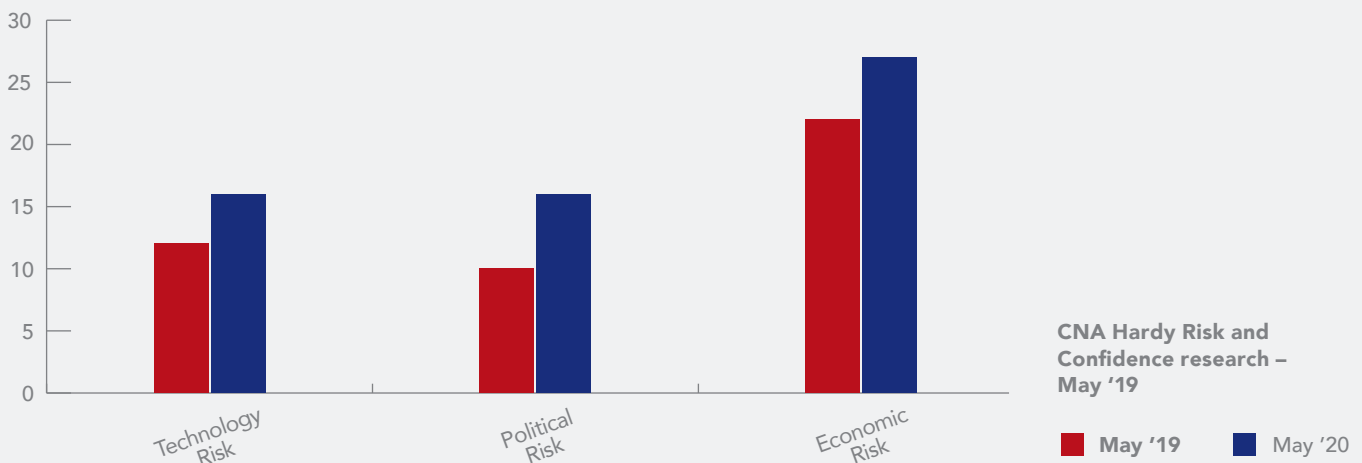
Fintech firms in the UK are more confident in their ability to grow and prosper than those in any other sector according to our Risk and Confidence research undertaken in May '19. In fact the Fintech sector sits a full five percentage points ahead of any other UK sector in terms of business confidence.

This confidence reflects the fact that fintech is an enormously growing field. The Financial Times reports that \$2.2bn was pumped into insurtech investment alone in the first half of 2019², demonstrating how each area of financial services has its own momentum within the overall boom.

How do fintech firms expect to spend that investment? According to our research the top two investment priorities will be equipment and hiring permanent staff in 2020.

But while firms have the confidence to invest in both infrastructure and people in the coming year, there is a darker side to fintech's seismic industry changes. This is highlighted in the PWC Fintech report for 2020, *Embracing disruption*³. The report comments that "the accelerating pace of technological change is the most creative force – and also the most destructive one – in the financial services ecosystem today." In fact, as they look ahead to May 2020, fintech firms rank technology as their joint second most significant risk behind economic risk, and equal to political risk. If the business leaders of fintech firms get technology choices wrong, they know the consequences will be significant.

UK fintech firms' top predicted risks





2020 Prediction: Fintech will be most confident sector in 2020

For fintech firms, 2020 is likely to bring further opportunities for growth but the price will be disruption, challenges and the need to innovate to remain competitive. Confidence in this sector comes with matching risks, and insurers and broking partners will need to be ready to respond fast and flexibly in line with the sector's changing needs.

¹CNA Hardy Risk and Confidence research was undertaken between February and March '19, via an online survey of 1,500 business leaders of multinational firms with operations in Europe. Qualitative research was undertaken in May '19. In the UK 450 business leaders from 9 different business sectors, with a turnover ranging from £5m to £1bn+ were surveyed.

²FT.com

³PWC - <https://www.pwc.com/gx/en/industries/financial-services/publications/financial-services-technology-2020-and-beyond-embracing-disruption.html>

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