

UK Political Manifestos Reveal Broad Support For Fintech

Last week, UK political parties released their manifestos, with both the governing Conservative Party and the leading Labour Party committing to advance fintech issues.

On July 4, a snap general election could transform the UK government.

With a 20-point lead over the Conservatives, Labour is set to form the next government, and this may result in Bim Afolami, the current economic secretary to the Treasury, being replaced by Labour's Tulip Siddiq, who has shadowed him in this role.

According to Daniela Sozzi, strategy and management consultant at DNYC Consulting, Labour have “already spent significant effort courting, and being courted by, the UK fintech and payments industry”.

Sozzi suggested that the UK payments and fintech sector are aligned with other key industries in seeking “more predictability, stability and a comprehensive long-term vision from the new government”.

“The last few years have seen the UK payments and fintech firms deeply damaged by increased regulatory complexities, which is an unavoidable consequence of Brexit, and by conflicting government policies and priorities,” she said, pointing out that frequent changes in government and ministers have made it hard for the sector to find someone in charge to discuss issues with.

“There were instances in which lack of coordination between individual ministers, politicians and regulatory bodies did little to enhance the reputation of the UK sector domestically and abroad.”

Open banking and open finance

Labour's core intentions and priorities are outlined in a document [published](#) in early 2024, highlighting the UK's importance in the European and global framework.

Here, the centre-left party emphasised that financial innovation is key to promoting inclusive growth, a point mentioned in the election [manifesto](#) with Labour saying it “will create the conditions to support innovation and growth in the sector, through supporting new technology, including Open Banking and Open Finance and ensuring a pro-innovation regulatory framework”.

“The contribution that both could make to growth and wealth creation align with Rachel Reeves' securonomics agenda,” said Ben Ruffels, a fintech public policy advisor, referring to Labour's potential finance minister.

“Account information services supported by open banking and finance, for example, hold significant potential to empower consumers, which is an important part of Labour's agenda,” he said, continuing that payment initiation service providers are also driving much-needed competition into markets for payment services, which is good for businesses of all sizes.

Ruffels noted that under a Labour government, smart data provisions in the Data Protection and Digital Information Bill could be incorporated into other legislation, as the original bill contained elements the party found uncomfortable.

“The open banking and finance community will want clarity soon on how these provisions will be resurrected, as many fintech companies need regulatory changes to unlock new opportunities and achieve sustainable long-term growth,” he said. “Any delays are not helpful given the funding runways they, like all start-ups, have to work with.”

The Conservative Party's [manifesto](#) includes open finance as a means to enhance small and medium-sized businesses' access to finance.

Although its document is light on specific policy commitments, the party pledges to expand on the Edinburgh Reforms, aimed at simplifying the post-Brexit regulatory framework.

Crypto

Both the Conservative and Labour manifestos offer little on crypto-assets, signalling potential challenges for the industry.

Despite Prime Minister Rishi Sunak's earlier enthusiasm for crypto, including a failed attempt at launching a non-fungible token during his tenure as finance minister, recent scandals like FTX have tempered policymakers' optimism about the sector's growth potential in the UK.

"Labour faces challenges in addressing cryptocurrency, balancing consumer protection concerns with the innovation, economic growth, and business and consumer benefits that the sector promises," said Ruffels. "The party hasn't yet developed a clear stance on crypto and Web3, though they clearly see potential in tokenisation."

He continued to urge the crypto sector to make Labour comfortable with these technologies and to advance Conservative-initiated reforms.

"There were a range of Conservative advocates for crypto in the last parliament, but there could be a dearth of well-informed champions in the new House of Commons if some of these voices are swept away by the election," he said. "Campaigns like 'I Stand with Crypto' will be crucial in educating the incoming crop of parliamentarians, as will building cross-industry allies to highlight crypto's growth benefits."

A number of parliamentarians on the cross-party parliamentary group for crypto-assets are either in marginal seats or retiring, including Lisa Cameron, a prominent crypto advocate who switched from the Scottish National Party to the Conservative Party last year.

Fraud

To combat fraud, meanwhile, Labour has said that it will collaborate with technology companies to prevent their platforms from being exploited by fraudsters.

There are many ways to do this, including taking a leaf out of EU parliamentarians' book and making big tech firms financially liable, or pushing for a fraud levy for these firms, as the Home Affairs Select Committee recently recommended.

According to Ruffels, calls for big tech to be included in the authorised push payment (APP) fraud reimbursement framework are growing louder in the payments sector.

"This issue is unlikely to dissipate under a Labour government," he said. "One concern within the open banking sector is that policymakers, while doing beneficial work to unlock open banking payment options, may inadvertently disrupt progress through reimbursement rules. This could undermine the substantial progress made thus far by open banking payments companies."

Ruffels speculated that the APP fraud regime might lead payment account providers to de-risk due to the Payment Systems Regulator's incoming rules on liability and reimbursement.

This could result in more blocked account-to-account payments, worsening the consumer experience for users of innovative "pay by bank" options.

"If consumers and merchants are to move away from using cards, there must be compelling reasons to do so," he said. A future Labour government must monitor the impact of these APP rules closely, to ensure the enormous potential and impressive growth of open banking payments isn't knocked off course."

The Conservatives manifesto contains few commitments when it comes to payments and liability, although they have pledged to ban SIM farms and cold calls on financial products to hamper fraudsters attempting to dupe people into buying fake investments.

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