The collapse of the global financial industry in 2008 and the subsequent decay of most Western economies into a period of prolonged economic stagnation have represented a springboard for the progressive growth of alternative channels of financial intermediation. The reluctance and inability of mainstream banks in the post-crisis years to provide credit facilities to the real economy, most critically to start-ups and small and medium-sized enterprises, propelled the latest wave of financial innovation, this time under the guise of FinTech. Much has been written about the rise of FinTech in recent years, but there is still insufficient clarity about the benefits that this phenomenon is bringing to the real economy and the potential risks that can arise from its growth. While the UK is one of the booming FinTech markets in the world, its size is still limited compared to other jurisdictions, such as China and the US.

This seminar will map the development of FinTech platforms in the UK and reconceptualises the reasons behind their growth. In doing that, this study focuses on the structure and operation of the main UK platforms, many of which operate under the P2P business model. The emergence of P2P securitisation raises a number of regulatory and policy questions, because longer intermediation chains typical of securitisation may well defy the social and economic purposes under which the idea of FinTech developed. Furthermore, questions of systemic risk inevitably resurface in these types of transactions. Ensuing questions related to the best way to regulate these new channels of financial intermediation lead to a critical evaluation of the initiatives launched by the UK FCA, particularly under the Innovation Hub.

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