Next Generation Professional & Financial Services Programme

AI for Services 2025 report

Unlocking future innovation opportunities in UK Professional & Financial Services

March 2025

Innovate UK and ESRC

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About this report

In the UK, the Professional & Financial Services (PFS) market contributes over £260bn in GVA (or c12% of the UK economy), employs over 1.7m people, and is home to over 132,000 organisations.

This report explores how digital technologies have shaped and continue to influence the UK's PFS market, mapping key transformations over the past 3-5 years.

More specifically, it shares a deep dive into the innovation and impact of the sector and its investment landscape, as well as a view of its future state and the increasingly diverse regional picture – going beyond London.

This report focuses on three main sectors: Accounting, Financial Services & Insurance, and Legal Services. Each of these sectors plays a crucial role in the impact delivered by and ongoing development of the UK's PFS market.

Key workstreams included group and individual discussions with industry, technology, research, private investors, and cluster/network organisations, 330+ responses to a dedicated online survey, and a programme of desktop research using a combination of publicly available and proprietary data sources.

We would like to thank all the stakeholders we engaged with, both for their openness to share as well as the quality of their insights.

Whitecap Consulting project team:

Julian Wells, Michael Fletcher, Josh Dracup, Purnarka Dutta, Queralt Smith Vila.

Innovate UK and ESRC project team:

Stephen Browning, Astrid Ayel, Winn Faria, Martin Martinoff, Sarah Pagan.

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Foreword

Gary Cutts, Executive Director for Digital & Technologies, Innovate UK

The Professional and Financial Services sectors are truly a cornerstone of the UK economy. By themselves, they contribute about 13% of Gross Value Add (GVA) and employ some 1.7 million people or about 5% of the workforce. However, this is only part of the story.

Commercially, they underpin every economic activity across the country, whether that is trade supported by payment systems, contracts supported by legal services, advising businesses of all sizes through accountancy services or insuring premises and equipment. For individuals, these sectors also offer key support from planning for the future to dealing with unexpected difficulties. The impact of these sectors on the UK cannot be underestimated and while London is a recognised global hub, these sectors also have a strong presence across every nation and region of the UK.

The Industrial Strategy green paper identified both the Professional and Business Services Sector and the Financial Services Sector as well as the Digital and Technologies Sector as pivotal to the country's growth. Combining these, the development and adoption of digital technology, including but not limited to AI, holds enormous potential to reshape Professional and Financial Services as well as enabling them to serve a broader base of customers. In particular, there is an opportunity to address areas of inequality, where some businesses and individuals in society are currently underserved or excluded.

This could be for example, by providing access to credit through different ways of assessing creditworthiness or providing legal advice through digital delivery methods. We also see an important opportunity to connect smaller and start-up business to established industry.

Innovate UK, in partnership with the Economic and Social Research Council, has actively supported the development and adoption of digital technology in the Professional and Financial Services sectors through the Next Generation Professional and Financial Services programme, investing over £26.5 million into the sector in just the past three years. Set up initially as a pioneer programme in 2018, the programme has supported hundreds of business led, academic and collaborative projects. In the last seven years, we have witnessed how technology is transforming the sector. From supporting early adopters and initial research in this area, we are now engaging with a growing number of firms and stakeholders collaborating and implementing novel solutions. As we look ahead, it is more important than ever to inform the sector on this ever-changing landscape, ensuring that the sector feels supported to join its transformation.

This report is the third published by AI for Services, the network underpinning the programme. AI for Services counts more than 1,500 leading businesses, researchers, firms and investors coming together to support the transformation of the UK PFS sector. After reading this insightful report, I hope that you will also join AI for Services and help us drive positive change in the sector benefitting both industry and its customers across society.

We recognise the importance of these sectors and the opportunity presented through the use of advanced digital solutions such as AI. This report highlights those opportunities as well as barriers to be addressed.

I hope you find these insights as compelling as we do. By harnessing the full potential of emerging technologies, we can ensure that these integral sectors of the economy continue to serve as a driving force for inclusive growth and prosperity across the UK.

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EXECUTIVE SUMMARY

Executive summary

Professional & Financial Services (PFS) is a significant, diverse and exciting industry and home to a vibrant and innovative ecosystem. Many opportunities for future transformation exist but existing challenges need to be addressed if we are to improve the competitiveness and impact of the industry, in the UK and globally.

The UK Modern Industrial Strategy green paper, Invest 2035 , published in October 2024, names 8 'growth-driving sectors', three of which are: Financial Services; digital and technologies; and professional and business services.

It is clear that the potential of PFS is strong and the market already contributes over £260bn in GVA (or c13% of the UK economy), employs over 1.7m people, and is home to over 132,000 organisations.

However, the past five years brought a storm of change and an array of technology-enabled developments. PFS organisations continue to actively grapple with challenges relating to innovation, adoption and impact and are proactively seeking to address them.

The ongoing advancements in digital technologies and their adoption will play a significant role in the future development of the PFS market and help drive change as well as greater economic, social and environmental impact going forward. With this in mind, over recent months we have engaged in a programme of research which included an analysis of recent and emerging developments, a review of the investment landscape and trends, and an evaluation of potential future developments. This report summarises the key insights and implications arising from this work.

Headlines

The PFS industry is in a positive state of mind. 80% feel that there will be a substantial acceleration in digital technology adoption and 77% expect accelerated levels of investment over the next five years, while 75% of stakeholders feel adoption of digital technology will be key to ensure that the UK remains a leader in the services sector over the next five years.

Our research suggests that much of the future state of the industry is dependent upon the evolution and diffusion of developments already present today, alongside ongoing focus on investment and development of the industry's regional ecosystems. The existing but evolving developments that many organisations expect to continue to shape the future of the industry include data; AI; cloud computing; cyber security; inclusion, literacy and wellbeing; quantum computing; and blockchain.

82%

of stakeholders feel adoption of digital technology will be key to remaining competitive as a firm in the medium to long term.

Funding is a critical consideration, and following a challenging period, investors are increasingly confident about the future of investment in the PFS industry. Our work highlighted that there are some barriers that are more acutely felt across the regions of the UK excluding London, specifically availability of funding, informed and supportive local government policies, and availability of talent.

London makes up over half of the gross value added (or GVA) generated by the PFS industry, which makes up over a quarter of the capital city's economy. However, over the past five years, PFS has seen significant growth amongst the various regional ecosystems that exist across the UK.

Our findings suggest that a joined up and holistic approach is required to nurture the ongoing growth and innovation of these regions, as well as London; and whilst benefiting the regions, regional growth and cross-regional initiatives can make a positive national impact. This includes an increased presence of accelerators and incubators, and creating more spin-outs in fields relevant to PFS.

Our work highlights some key areas for action which should be addressed to enhance the future competitiveness of PFS organisations, the PFS industry, the UK economy, and its impact on society.

The recommendations of this report indicate areas where action would be beneficial, and will depend upon a diverse range of stakeholders. To accomplish them will require openness and collaboration across a range of future initiatives.

PFS has high growth potential. This can be unlocked by improving the people, skills and processes required to adopt technology and reduce costs, improve decision-making, tailor services and increase transparency

The industry needs better data. Data is the most significant enabler of innovation through digital technology (such as AI) but is also the biggest blocker

There is an opportunity for enhanced social impact. PFS should embrace the social opportunities that digitalisation offers including empowerment and inclusivity

This is a national challenge. Cross-regional and cross-sector collaboration can help enhance the UK PFS industry's competitiveness

Investors are more profit focused. There has been a clear shift towards the need for businesses to be, or clearly on the road to being, profit generating

UK Professional & Financial Services: highlights

Professional & Financial Services:

£260bn+	1.7m+	132,000+
GVA	workforce	organisations

Legal Services

£28bn+	316,000+	32,000+
GVA	workforce	organisations

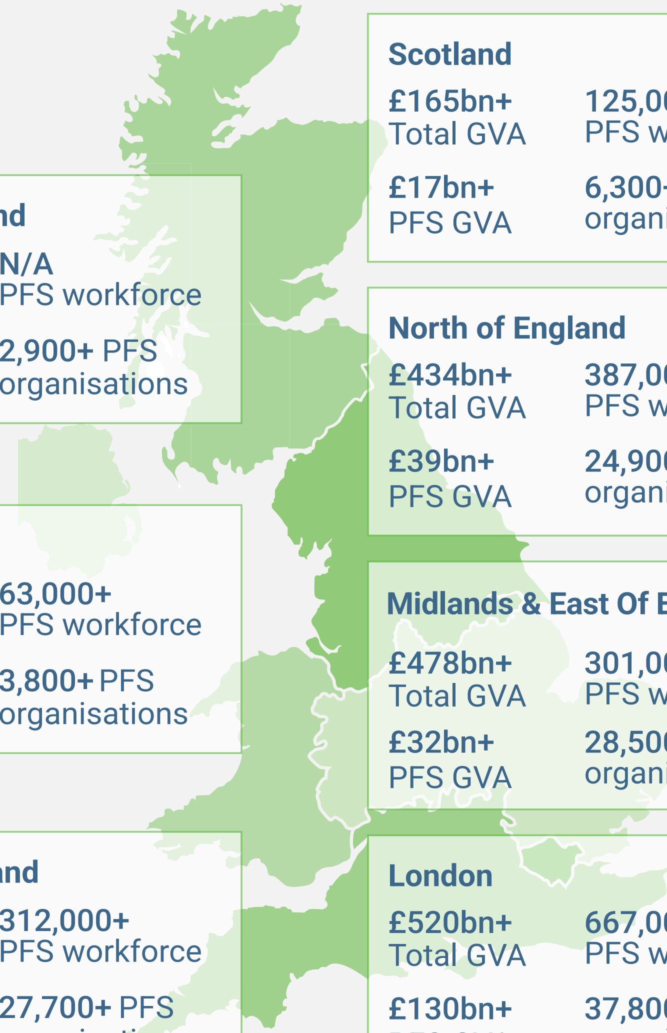
Accounting

£34bn+	451,000+	40,000+
GVA	workforce	organisations

Financial Services & Insurance

£170bn+	1.0m+	59,000+
GVA	workforce	organisations

Regional Headlines



Northern Ireland

£49bn+ Total GVA

N/A PFS workforce

£3bn+ PFS GVA

2,900+ PFS organisations

Wales

£74bn+ Total GVA

63,000+ PFS workforce

£5bn+ PFS GVA

3,800+ PFS organisations

South Of England

£508bn+ Total GVA

312,000+ PFS workforce

£38bn+ PFS GVA

27,700+ PFS organisations

Scotland

£165bn+ Total GVA

125,000+ PFS workforce

£17bn+ PFS GVA

6,300+ PFS organisations

North of England

£434bn+ Total GVA

387,000+ PFS workforce

£39bn+ PFS GVA

24,900+ PFS organisations

Midlands & East Of England

£478bn+ Total GVA

301,000+ PFS workforce

£32bn+ PFS GVA

28,500+ PFS organisations

London

£520bn+ Total GVA

667,000+ PFS workforce

£130bn+ PFS GVA

37,800+ PFS organisations

Year of study: GVA & workforce (2023), organisation (2022). All data adapted from ONS data.

UK Professional & Financial Services: innovation & impact

This report examines the transformation of Professional & Financial Services through a myriad of lenses.

Customer behaviour

Digital journeys
In-person services
Customer trust
Personalisation

SMEs

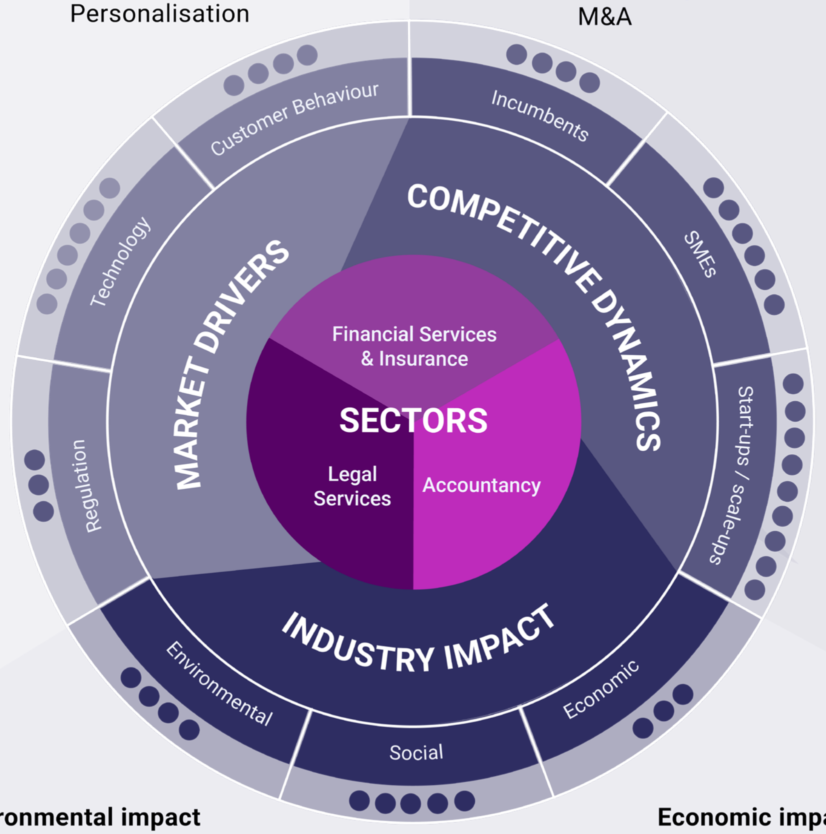
Access to funding & talent
Optimism (technology)
Social impact
M&A

Technology

Driving innovation
AI (Generative & Applied)
Data creation & management
Cloud computing
Legacy systems
Cyber security

Incumbents

Data
Cyber security
Accelerators & incubators
Innovation scanning
Ownership
Spinouts
M&A



Regulation

Driver of innovation
Driven by innovation
Necessary 'speed-check'

Start-ups/scale-ups

Competitive challenges
Accelerators & incubators
Digital-led propositions
Regulatory challenges
SaaS propositions
Niche segments
Spinouts
M&A

Environmental impact

Green products & services
Emissions
Regulation
Net Zero

Social impact

Financial inclusion
Access to justice
Consumer outcomes
SME empowerment
Protection gap

Economic impact

GVA
Workforce
Business count

"The future competitiveness of the UK as a global powerhouse in Financial Services will be powered by innovation and FinTech. We are a global leader but it is clear other markets are catching up and we cannot be complacent. We need bold action and progress on areas like regulatory transformation; delivering the next phase of open banking; implementing a joined up fraud strategy; and building the UK as a leading centre for blockchain and digital assets." — **Janine Hirt, CEO, Innovate Finance**

"Lawtech is a vibrant sector that is expanding across the world's top law firms, technology businesses and entrepreneurs. It is also attracting major investment, including from private equity and institutional investors and government initiatives. Our work at LawtechUK has highlighted that the role of technology and innovation in the legal sector is growing across the UK, and we need to continue to build this capability in order to retain and grow our international competitiveness." — **Beth Fellner, LawtechUK**

"This report highlights some important opportunities for Financial Services and FinTech across the UK, which can have a significant impact on the UK's economic growth. We need to find ways to inject more funding across the public and private sectors as well as universities, and ensure research funding is going into areas where there are problems that need addressing and will deliver on the future industrial strategy." — **Charlotte Crosswell OBE, Chair, Centre for Finance, Innovation & Technology (CFIT)**

"Technologies such as cloud computing, RPA and other types of automation have helped speed up and improve accounting processes and activities and this automation is set to grow as technologies such as AI and Blockchain continue to develop, and the availability and quality of data improves. The role of an accountant will become much broader and more strategic as technology enables many of the time-consuming tasks to be automated. Accountants will need to learn to work alongside technology, meaning they will need to build their technology literacy, and understanding of the businesses they work in and with."
— **Esther Mallowah, Head of Tech Policy, ICAEW**

"The UK's status as a world-class international financial centre relies on its ability to innovate, explore, adopt and shape new technologies. Our industry has long been at the forefront of major technological shifts and is a leader in AI adoption and innovation in the UK. Given the range of technologies transforming the industry, from cloud computing and smart data to digital assets, AI and quantum computing, it will be vital that government considers these in the round rather than in silos to maximise opportunities for growth and boost the UK's competitive advantage." —**Miles Celic OBE, Chief Executive Officer, TheCityUK**

Key findings

Professional & Financial Services (PFS), innovation & digital technology

The PFS industry is widely considered a strength for the UK; a market in which the UK is globally competitive. To bring this to life, the industry contributes over £260bn in GVA (or c13% of the UK economy), employs over 1.7m people, and is home to over 132,000 organisations. Furthermore, in 2022, the industry made up c18% of the UK's net exports (£150bn[1] of a total £848bn[2]) and attracted £2bn[3] in foreign direct investment – the highest in Europe for Financial Services specifically. In no small part, the competitiveness of the industry and its organisations is owed to innovation and, in particular, digital technology; these are considered deeply important by the industry to maintain its competitive strength and for organisations to remain competitive over the medium and long term.

The benefits of technology and innovation are becoming increasingly well understood. Organisations can enhance customer value (for instance, through personalisation) and more effectively adapt to changes in customer demand, as well as reduce costs, drive efficiency and build resilience. The impact of how widely understood these benefits have become has elevated their importance, such that, these themes have become more deeply woven into PFS organisations than ever before - forming an important part of leadership and strategy, products and services, back-end process, and training and investment.

Reflecting the growing importance of these themes, many organisations feel broadly confident in their understanding and competence in deploying innovation and digital technology within their own organisations.However, adopting new ideas, systems and processes is often time consuming, costly and complicated, and demands ample funding, talent, openness to risk and agility.

These requirements are ubiquitous across innovation and digital technology, and a good proportion of the industry finds meeting these requirements challenging. Such that, these challenges hold firms back, hindering the industry's ability to maintain its global competitiveness and improve upon the impact it generates for the UK and beyond.

Future focus of innovation, a common vision for PFS

The future of the industry will be driven by a myriad of trends and digital technologies, as organisations adopt and integrate them to meet customer demand, drive profit and social and environmental impact. Trends and technologies highlighted include augmented and virtual reality (AR & VR), AI, blockchain, cloud computing, cyber security, inclusion, internet of things (IoT), literacy, quantum computing, resilience, and wellbeing. Amongst this web of trends four key themes stood out, which help to distil a consistent future focus for innovation from across the industry.

These include:

- **Data management & access:** offer seamless, secure interactions and faster service, foster trust through tailored recommendations and enhance data security. Boost efficiency and foster innovative collaborations, while cutting costs and ensuring compliance. Utilisation of data analytics drives insights and strategic decisions by investing in technologies like blockchain, AI, IoT, and quantum computing
- **Product & service agility:** accelerate development cycles, provide consumers with quicker access to high-quality products and services and better value through agile pricing. Enable rapid response to market changes, stronger customer relationships and revenue growth through investing in scalable technologies like AI, IoT, and AR & VR for enhanced user experiences

1 City of London, 2024, The City of London Corporation's work in support of financial and professional services: annual review 2023/2024
2 Department for Business & Trade, 2025, UK trade in numbers
3 City of London, 2024, The City of London Corporation's work in support of financial and professional services: annual review 2023/2024

- **Enhancing technology resilience:** provide consumers with stronger protection against cyber threats, fewer service outages, and faster recovery times – boosting confidence. Invest in resilient IT infrastructure, regular stress testing, contingency planning, threat mitigation and comprehensive disaster recovery planning by leveraging technologies like quantum encryption, AI, and secure multi-party computation
- **Acting on inclusion, literacy & wellbeing:** increase access to services for underserved communities, offer personalised products and support and transparent communication. Empower consumers to improve decision-making by investing in access to education and resources, and through technologies like IoT and AI-driven gamification. Unlock new customer opportunities, enhance reputation and loyalty, and improve employee satisfaction.

If organisations continue to act on these themes, through innovation and diffusion, the UK can protect and build upon its competitive strength in Professional & Financial Services. Those who do so will enhance customer trust, drive greater efficiency through data and better ensure resilience and compliance.

These themes represent the components of a shared industry vision, based on opportunities and challenges that many organisations are grappling with today. For many, this signifies transformational change and the potential to drive significant positive impact.

Funding & investment in PFS

Funding is widely considered both as a critical enabler and also a key pain point for organisations within the industry. Whilst both public and private investment into the Professional & Financial sector is key, our work focused specifically on private investment – particularly equity. This included a thorough examination of the journey that investors have been through over the past five years, their appetite to invest in PFS organisations and their perspectives about the future of the industry.

In short, like the experience of many firms within the industry, the past five years have been a time of volatility for investors. After a challenging year brought on by the Covid-19 pandemic, 2021 and 2022 marked a period of inflated valuations spurred on by heightened investor appetite, driving competition over new deals as well as greater confidence to negotiate terms amongst founders, given greater choice and demand.

"The UK needs to invest in its global position. Some countries are more readily adopting digital technology and the UK is at risk of losing out on great talent and its competitiveness. Whilst clearly a risk, this could serve as a catalyst for future innovation." — **Emily Gill, Co-founder & COO, LEVRA**

"I feel there is a clear opportunity to develop and deliver an industry roadmap. Part of this roadmap could aim to foster collaboration across financial and professional services to develop an integrated, over-arching solution. The alternative is that clients need to stitch together a hybrid solution from organisations working in silos." — **Gary Gallen, Founder & CEO, rradar**

Today, the appetite to invest in the industry appears strong. Specific investors have their own view of what constitutes an ideal investment target, typically by stage of growth, deal structure (e.g., minority share versus majority) and the shape of the business plan (e.g., growth focused, versus profit or efficiency focused).

In practice, this includes a wide breadth of criteria that a prospective investment must meet to be attractive, which might include: capital efficiency; path to profitability; reliable annually recurring revenue (ARR); a team with deep sector expertise; the potential for subsequent acquisitions (e.g., Buy & Build); and strategic alignment (particularly for corporate buyers). A growing focus on path to profitability and efficiency was noted amongst the investors we engaged. Most investors are sector agnostic, and those that are more selective are thematically focused e.g., on technology businesses.

Investment volume and value data from the past five years highlights the strong appetite private investors have for technology businesses (e.g., FinTechs, InsurTechs, AccountingTechs and LegalTechs) which make up 74% of the PFS industry's equity investment over that time, where the remaining 26% is made up by Financial Services & Insurance, Accounting and Legal Services organisations.

There is a growing openness to co-invest among early-stage investors, especially corporate investors, VCs, and Angels. This investment format broadens the breadth of knowledge and network the target organisation can access, as well as spreads risk amongst multiple investors. Investor partnerships or syndicates are becoming increasingly common for similar reasons and particularly amongst Angel investors.

Regional growth in PFS

More than half of the UK's PFS GVA originates from London, but over the past five years the industry has seen significant growth amongst the various regional ecosystems that exist across the UK. There are myriad enablers and barriers to regional growth. The key enables and barriers surfaced have been included below, listed in order of perceived importance among PFS organisations.

Enablers of regional growth:

Availability of:

- Coworking/collaborative workspaces
- Talent
- Well-integrated networking organisations
- Office / retail space
- Funding.

Presence of:

- Innovative startups and scaleups
- Innovative research organisations
- Proactive private investors
- Attractive investment prospects
- Established incumbent organisations.

Informed:

- And coordinated sector leadership
- And supportive local government policies.

Barriers to regional growth:

- Availability of funding
- Informed & supportive local government policies
- Availability of talent.

Importance of accelerators & incubators

Accelerators and incubators play an important role in supporting innovation across the PFS industry and enable more informed decision-making by early-stage founders as well as innovation scanning for private and corporate investors. A large volume of accelerators and incubators are sector agnostic, or thematically focused e.g., on technology businesses, social and environmental impact. A few examples, that are relevant to PFS firms include Founders Factory, NatWest's Entrepreneur Accelerator, Bethnal Green Ventures' Tech for Good programme, Tech Nation's Climate and Libra programmes, and Hatch's Launchpad, Incubator and Accelerator programmes.

Whilst PFS organisations can be supported by these programmes, there are a growing number of accelerators and incubators focused specifically on supporting PFS organisations, such as InsurTech Gateway, FinTech Innovation Lab, Barclay's Eagle Labs, MDR Lab, Slaughter & May's Collaborate and A&O Sherman's Fuse. Stakeholders we engaged suggested that these programmes were of significant value for firms and for driving innovation, and that these and similar programmes should be a target for greater support going forward.

Limited spin-outs

The volume of spin-out firms relevant to PFS is low across the UK, with no region registering significant activity, particularly when compared with more R&D intensive markets such as biotech and engineering. There is opportunity for growth in spin out volume in the future through focus on themes such as data and emerging technologies (e.g., AI and blockchain). However, greater collaboration is required between universities and industry, as well as improving access to sector-specific data and expertise.

Knowledge Transfer Partnerships (or KTPs), and Innovate UK's ICURe and CyberASAP programmes are good examples of this type of collaboration happening already. Actioning this may help bridge this gap and foster greater innovation within the PFS industry going forward.

"Incubators and acclerators have a huge role to play in the education of early-stage founders. We have got to be wary of inexperience at that stage, which can lead to the wrong messaging or predatory advisors. If the government wants to take a long-term economic view, we should be funding more quality accelerators and incubators." — **Ben Davies, Marketing Director, Praetura Ventures**

"If you look into the post 92 Universities, spin out performance could be much stronger. There is a lot of potential upside in terms of the opportunity for spin outs." — **David Mellor, Head of Commercialisation, Birmingham City University**

"Broadly speaking, start-up solutions which decrease friction at a specific stage of the value chain are strongly positioned. We have seen the failure, sale or reduction in value of quite a few early-stage InsurTechs , for example, who thought they could win by creating full-stack solutions." — **Ben Luckett, Managing Director, Venture & Strategic Capital, Aviva**

"Organisations are now emerging that are tech-enabled and are pushing boundaries. In Legal Services, lawyers are increasingly wanting to use technology and the firms building technology today have a better idea of how to disrupt the legal market." — **Chris Bull, Principal & ExCo Member, Edge International**

"We've been engaging with users of technology across accounting and law, and looking for areas of overlap. Where these synergies exist, we need to tap into them, especially if they can help smaller firms access the goods and services they need in order to successfully adopt digital capabilities. This is where we see an opportunity for acceleration within professional services." — **Katy Mason, Technology in Professional Services (TiPS) Accelerator, University of Salford**

"Emerging technologies such as AI, and the complexity and uncertainty they have developed, have blindsided many organisations and made it harder to be confident when investing in new technology. Adding to this, there is very little guidance available as to which vendors are reliable or have the best solutions." — **Emma Waddingham, Founder & Editor, Legal News Wales**

"FinTech is a vibrant and attractive sector for angel investors. AI based solutions are too although they do show scepticism for solutions which are primarily repackaging ChatGPT. Firms can address these concerns by making their added value and defensibility clear to investors." — **Stuart Harrison, Director, FinTech West**

"There are changes in society that the Financial Services sector needs to adapt to over the coming years. In particular, we need to look at how we can serve the underserved parts of the population. If you look at the history of the mutual movement, that has always been central to our mission. The movement arose from market failure and a need to meet the needs of a changing society. That sense of innovation and meeting changing needs is as important today as it ever was." — **Andrew Whyte, CEO, Association of Financial Mutuals**

The legal industry is resilient and will find ways to grow and benefit from technology advancements. It is imperative that law firms, in-house legal teams, and the Legal sector in general takes advantage of AI and utilises it in the most efficient way possible." — **Alistair Maiden, Senior Vice President, Consilio LLC**

"Regionally dedicated funds ensure there are funders present and focused on opportunities outside London, which provides a counterweight to the natural centripetal force of the capital, as many of the organisations and people with the most weight naturally tend to congregate there." — **William Schaffer, Investment Director, Mercia Ventures**

"In the UK regions, the financial and professional services sector makes a significant contribution to local economies but this can be overlooked with more emphasis placed on the emerging 'FinTech' sector. In reality, levels of tech adoption within some traditional financial and professional services SMEs remain surprisingly low. In order to unlock greater levels of innovation in the sector a number of interventions should be considered, including more programmes targeted at SME tech adoption and the creation of more courses to help financial and professional services companies upskill themselves."— **Tim Robinson, COO of Tech East & founding member of UK Tech Cluster Group**

Recommendations: innovation & impact

Innovation & impact			
Theme	**Key findings**	**Recommended actions**	**Key stakeholders**
Innovation driven by better data management and sharing	• Improved creation, aggregation and management of data is considered a critically important enabler to digital technology adoption, as well as one of the most significant barriers if done poorly, or not at all.	• Explore how to collaboratively support corporate and SMEs, particularly in Legal Services with accelerated data management and required digital transformation.	• Corporates • SMEs • Start-ups/Scale-ups • Technology providers.
Greater agility, insights and automation via AI	• Artificial intelligence stands to unlock significant value in the future, such as greater agility in product and service pricing and delivery, as well as process automation - perhaps through AI-to-AI interactions.	• Establish a robust framework for AI governance and ethics, to help support transparency, fairness, security, pricing agility, and process automation (to include AI-to-AI interactions).	• Regulators • Policy / lobbying groups • Universities.
Bolstering resilience and security via emerging technologies	• The role the industry plays for the UK is critical, and the risk of 'getting it wrong' is equally so. Cyber security has become increasingly critical to the resilience of organisations and the industry as a whole, and has/is expected to increase its focus, breadth and investment in lockstep with ongoing innovation and adoption of digital technology.	• Explore the potential impact of quantum computing from a cyber security perspective, for organisations of all sizes • Explore and encourage the role of RegTech in supporting greater agility in adoption of new regulations. For example, through an existing or new sandbox type mechanism.	• Corporates • SMEs • Start-ups/Scale-ups • Technology providers • Universities • Regulators.
More vigilant and proactive inclusion, literacy and wellbeing	• Social impact has become increasingly important for much of the industry, including themes such as wellbeing, inclusion and literacy, as has the role digital technology can play in addressing these themes.	• Instigate and / or enhance programmes of support relating to the development of enhanced digital skills and initiatives to help improve the social impact of technology.	• Corporates • Skills & education providers • National & local government.

Recommendations: funding & investment

Funding & investment			
Theme	**Key findings**	**Recommended actions**	**Key stakeholders**
Growing focus on profitability and efficiency	• Currently, there appears to be an anecdotal shift from rapid growth to long term viability and efficiency focused – with investors increasingly seeking a 'path to profit' to be evidenced in the business plan.	• Increased understanding amongst entrepreneurs of the requirements, benefits and implications of external investment • Improved awareness of non-equity options, and enhanced supply of relevant and accessible funding mechanisms.	• Investors • Start-ups/Scale-ups • National & local government • Accelerators & Incubators.
Appetite to co-invest and collaborate	• A clear trend was observed towards collaborative investment strategies, particularly in higher risk early-stage deals to help mitigate risk. Investor partnerships are becoming more common, for example Angel syndicates and networks.	• Encourage / fund the development of more regional investor networks and other similar initiatives.	• Investors • Start-ups/Scale-ups • Technology providers • Accelerators & Incubators.
Holistic regional planning	• There is a myriad of enablers of regional growth, and all of these are expected to be important to the future. Suggesting greater collaboration and a joined up / holistic approach to regional development going forward, leveraging the existing and growing value of regional ecosystems would be valuable.	• Continue to build and promote the 'regional proposition' to organisations and investors in London.	• Cluster groups and networks • National & local government • Accelerators & Incubators • Investors.

Recommendations: regions beyond London

Regions beyond London			
Theme	**Key findings**	**Recommended actions**	**Key stakeholders**
Role of accelerators and incubators	• The UK's incubator and accelerator ecosystem are well-established and continues to expand, supported by significant public funding and a strong focus on technology-driven sectors.	• Review the impact created by Innovate UK / ESRC funded accelerator programmes (e.g., Future Finance and TIPS) and, explore expanding and encouraging similar initiatives - perhaps regionally focused.	• Hubs & Workspaces • Accelerators & Incubators • Investors.
Role of universities	• University stakeholders report less activity in FinTech and PFS compared to R&D-heavy industries like life sciences. Universities focus more on science and technology, limiting spin-outs in PFS • The lack of regulatory expertise and industry experience hampers financial innovation, which often requires large datasets and resources. However, growing interest in AI and stronger industry collaboration could boost spin-out activity in PFS • Enhancing collaboration between universities and financial industry stakeholders, as well as improving access to sector-specific data and expertise, could help bridge this gap and foster greater innovation within the PFS space.	• Further explore the role Universities can play in supporting data architecture through courses, research and KTPs • Explore the role University owned/ facilitated incubators could plan in encouraging Professional & Financial Services as an attractive opportunity for spinouts.	• Universities • Start-ups/Scale-ups • SMEs • Corporates • Accelerators/ Incubators.

INNOVATION & IMPACT

The Innovation & Impact section seeks to explore the driving forces of transformation in the Professional & Financial Services industry, particularly relating to innovation and digital technology.

To accomplish this, it introduces the role and importance of digital technology and innovation to the UK, as well as PFS organisations. It then walks through four key lenses to describe what is a large, broad and complex industry, including:

- Market drivers
- Competitive landscape
- Industry impact
- Sector perspectives.

Finally, this section also includes current perspectives about what the future of the PFS industry might look like. This work aims to describe a broad average from across the industry, appreciating that many sub-sectors and specific organisations will be more or less advanced through the future states identified.

The role of innovation & technology

UK Professional & Financial Services is a globally competitive industry. Innovation is critical to its ongoing competitiveness, and digital technology is critical to driving innovation.

Firms seeking to navigate this increasingly competitive landscape should look to digital technology for inspiration as well as survival, as both digital technology and innovation are considered key for firms to remain competitive in the future.

The advancement and adoption of digital technology stands to enhance customer value and trust, reduce costs through efficiency and build upon resilience whilst remaining compliant.

These benefits are broadly well understood across the industry and has helped to weave digital technology and innovation into all parts of PFS organisations – including leadership and strategy, products and services, back-end process, and training and investment.

75%
feel adoption of digital technology over the next 3-5 years will be key to ensure that the UK remains a leader in the services sector.

80% and 77%
feel that there will be a substantial acceleration in digital technology adoption and investment (respectively) over the next five years.

82%
feel adoption of digital technology over the next 3-5 years will be key to remaining competitive as a firm in the medium to long term.

"There are now a lot of firms using technology and adopting technology, which is essentially for the improvement of internal process to cut costs and increase efficiency. What we need to see more of is a focus on the customer, and enhancing the value they receive." — **Gary Gallen, Founder & CEO, rradar**

"We have been going through a major technology change programme and there is significant and ongoing potential to further automate internal processes, unlocking greater efficiency and streamlining operations." — **James Andrews, Partner & Director of Investment Management, Redmayne Bentley**

Market drivers: customer behaviour

Customers increasingly expect seamless and personalised digital journeys. However, person to person engagement remains important especially for digitally excluded customers. Firms who respond well to these trends will drive customer trust and increase their customer base.

Elevating customer experience through digital journeys

Greater focus on rolling out and improving digital journeys across the PFS industry has 'raised the bar' for digital experience, as well as the user-centric design required to achieve it. For example, digital transformation has enabled faster product and service delivery through more automated customer interactions, improvements in web and app design have improved engagement and an increasing number of providers offer flexible, transparent and personalised pricing. Improving customer experience has been and is expected to remain a key focus of digital transformation.

The ongoing role of in-person services

There is a clear appreciation amongst stakeholders we engaged that for many services and customer segments, in person services and human to human interaction will remain invaluable. For example, in many segments where customer needs and the products and services which serve them are simpler, digital journeys have and will increasingly become the norm. Elsewhere, however, where need and products and services are more complicated, the degree to which digital journeys add value are reduced. In some cases, customers can be frustrated by overly complicated and lengthy online services and would prefer person to person interaction.

In an industry where customer trust is critical, and greater personalisation is being explored through the use of technology, it has been equally critical for organisations to recognise that many customers do not trust technology – they trust people.

"Digitally-led propositions have raised the bar for user-centric designs, which enable a smoother customer experience." — **Andrew Archibald, Industry Consultant**

"There remains a need for face-to-face engagement and branches, because customers like to talk to people in person. At the same time, further innovation in front and back-end processes can help drive a more seamless experience, with future innovations like reusable digital identify having the potential to remove even more friction from digital services." — **Rob Thickett, Building Societies Association (BSA)**

Customer trust as a key competitive advantage and personalisation

In many cases, the product or services offered by PFS firms are important and sensitive, and customers are highly cautious about who they buy from. Trust is, therefore, critical and is often a method through which organisations develop competitive advantage. PFS firms are increasingly leaning on technology to develop a deeper understanding of their customers to tailor (or personalise) their products and services to meet the individual needs of their customers and develop trust more quickly, as well as identify and tailor support to customers who are vulnerable.

However, one of the key challenges to this trend is finding the balance between automation and a ‘personal touch’, as many customers do not trust technology – they trust people. The importance of trust and rising demand for personalisation has created opportunities for new businesses, products and services. For example, organisations like Amplify, Just Access and Wealth Wizards seek to facilitate better consumer outcomes by aligning to these themes.

Business model innovation: driving transparency, personalisation, and efficiency

To meet these trends, new and augmented business models have been implemented. For example, subscription-based services have become mainstream, improving accessibility and user experience, and usage-based pricing is driving scalable and transparent personalisation within these new models.

Back-end innovation such as open architecture and API-led design, enabling seamless collaboration between firms and third-party providers, are fostering more interconnected ecosystems—a foundation for movements like Open Banking. Similarly, accounting and legal firms are integrating new tools into client systems to deliver more efficient, transparent, and tailored services.

“The drive for technology-driven personalisation might mean you get less person to person engagement with customers. Whilst it is important to explore how technology can support this, it is also important to explore how it can be used to assist face to face conversations with customers as well.” — **Mark Munson, Managing Director, Moneyhub**

“To improve consumer experience in professional services we need to expand the value chain, making things more seamless. Developing more connected communities will promote end to end innovation and help create new products that add value for consumers who are using a range of services, whether it is financial, legal, insurance or something else.” — **Jane Lyon, Head of Marketing, rradar**

“As new challenger banks have disrupted the market, Professional & Financial Services has significantly improved for the general public driving industry growth.” — **Mark Haywood, Director, Cloudavian**

Market drivers: technology

Data is the core of Professional & Financial Services. Data creation, aggregation, cleaning, and management were all considered a critically important enabler (if done well) and barrier (if done poorly) to digital technology adoption.

Whilst there has been great focus on data analysis in the past, stakeholders now pay more and more attention on the creation, aggregation and management of data. Data must be accurate, unbiased and in the correct format to deliver reliable and actionable insight. The quality of data, data cleansing, data silos and lack of integration were all highlighted as ongoing challenges faced by organisations.

Developing an efficient process through which data can be created, collected, cleaned, stored and validated is considered critical and is expected to support the adoption of new digital technologies like artificial intelligence.

47%

of PFS organisations suggest data and data analysis had one of the greatest impacts of any trend on innovation over the past five years.

"Any technology solution that is any less than accurate is failing, and accuracy is heavily dependent on the quality of data used. Today, the data most of us have is biased so this is a significant area for improvement." — **Wayne Scott, Regulatory Compliance Solutions Lead, Escode**

"In professional services, understanding, redacting and storing data often involves a lot of unstructured data (like text), often stored in different places and perhaps across different jurisdictions. This creates a significant issue when organisations want to utilise this data for data analysis." — **Rachel Kenyon, Business Engagement Manager, University of Manchester**

"Without better understanding what data they have, where it is, and how they use it, organisations will not be able to leverage new technologies. What I am hoping to see is the importance of data becoming the heart of technology, and the role of data architects becoming clearer." — **Jane Fleming, Business Analysis Manager, FieldFisher**

Artificial Intelligence has received significant focus and investment, and the potential value it can offer is perceived to be significant. However, the impact it has already had on the industry remains comparatively small, as the focus remains largely on experimentation and developing capability.

54%
of PFS organisations suggest AI had one of the greatest impacts of any trend on innovation over the past five years.

The rise of AI

The emergence and ongoing development of artificial intelligence (AI) – particularly Generative AI – was consistently noted as a key trend. It has captured the attention of governments, policymakers, leadership teams, and technology departments and the potential value it can offerin the future is considered to be significant. To help bring this to life, a brief summary of the potential value AI could offer each of the industry's three sectors might include:

- **Financial Services & Insurance:** reduce costs and drive operational efficiency through reduced data entry, automated customer service and transaction, decisioning and policy processing. Analyse greater volumes of data to better detect fraud and financial crime, reducing risk of losses. Improve customer service and trust by personalising advice and service
- **Accounting:** improve accuracy and efficiency by automating data entry, invoice processing and financial forecasting. Reduce risk of fraud and human error by continuously monitoring transactions for anomalies. Develop more informed strategic advice using data analysis, driving revenue growth and service expansion
- **Legal Services:** improve efficiency and productivity through automating document review, legal research and contract analysis – also reduce risk of human error. Provide more personalised services, based on client data, improve client satisfaction and retention.

However, less attention was paid to the value AI is already generating today, and where this was noted, it was much more about experimentation and developing capability. This does not mean AI is not yet generating impact for PFS organisations, rather it reflects that the realised potential of AI is in its early stages.

"We've seen a significant rise in the adoption of tech solutions, particularly in areas like document scraping. Advanced software tools now enable smaller firms to automatically extract, analyse, and process data from invoices to Legal documents. This democratisation of GenAI is empowering smaller firms and allowing them to compete with larger firms on a level playing field." — **Keith Sutton, Sales & Marketing Director, Toca.io**

The role the industry plays for the UK is critical and the risk of 'getting it wrong' is equally so. Cyber security is critical to resilience, and future adoption and investment should be in lockstep with other technology innovations.

The critical importance of cyber security

In short, cyber security, protection and resilience is critical for PFS. The industry is critically important to both the customers it serves and the UK's economy and society, and there are plenty of examples of failures due to breaches or bad practice that have cost each of these groups dearly.

Whilst there have been clear advancements made in technology development and adoption over the past five years, there is a clear sentiment from across the industry that investment in cyber security, protection and data privacy is required in lockstep with technological innovation to manage the risk of breaches, ensure resilience and support the development of customer trust.

Emerging technologies & increased cybersecurity risks

Emerging technologies are creating greater risk as they increase their processing power and sophistication. The more these technologies are adopted the greater target they become for bad actors, and the greater the risk of unintentional internal breaches through a lack of understanding about how they function.

However, whilst these advancements in technology have increased security risk, they also have the potential to mitigate them. For example, tools using AI have the potential to help identify fraudulent behaviour and phishing attacks on businesses, including those which are AI-powered.

74% of PFS organisations suggest cyber security concerns/ constraints were one of the greatest challenges to adoption of digital technology and innovation over the past five years, the most common of any challenge listed.

37% of PFS organisations suggest cyber security had one of the greatest impacts of any trend on innovation over the past five years.

"Institutions must embrace technology, or risk falling behind. However, this does not mean replacing humans, but integrating technology to enhance services; there still needs to be a human in the loop, but technology can be a driving force for change." — **Bartek Ogonowski, Co-founder & CEO, LEVRA**

""Cybercrime and fraud are going to get worse, especially when technology like quantum computing and AI and become more advanced and more able to unlock encrypted data. This will be an increasing area of focus for financial and legal organisations of all sizes, and needs to be an area of focus for research, innovation and regulation." — **Adam Roney, Founder & CEO, Calls9 & Kalisa**

Cloud computing is the birthplace of software as a service (SaaS), in the form we know it today, and has been critical to the growth of the FinTech, InsurTech, AccountingTech and LegalTech sectors. Its adoption among PFS firms has also been one of the greatest challenges in the past five years – particularly navigating legacy technology and digital transformation.

Cloud computing: the foundation of modern saas solutions

The emergence of software-as-a-service (or SaaS), in the form we know it today, as well as other models such as platform-as-a-service (or PaaS) or infrastructure-as-a-service (or IaaS) owes its existence to cloud computing.

More recently, cloud computing has been a significant focal point for change and innovation as well as a challenge for organisations with embedded legacy systems and those without the skills in-house to manage a transition from on-premises to cloud or hybrid models.

Skills required to manage modern cloud infrastructure are very different than those required to manage on-premise legacy systems. The rapid and widespread shift in focus from on-premise legacy systems to cloud services has heightened demand and competition over talent, and is often noted as one of the most common areas for knowledge gaps in the PFS industry.

The drawbacks of legacy systems

There is a great deal of commentary available publicly about the drawbacks of legacy systems. To summarise, they are often considered to be outdated (or at the very least, less swift in updating for new features / technologies) and are inflexible compared to more modern systems. Critically, these systems are perceived to be high cost and risk to replace, which for much of the PFS market makes them a significant challenge to overcome. Given the swift pace of evolution of technology and systems, organisations without agile infrastructure and governance risk falling behind – a particularly difficult challenge for established SMEs and corporates to overcome.

The evolution of cloud services and role of applied AI

It was considered inevitable by stakeholders we engaged that cloud providers will take the lead on offering AI-powered tools. For example, Applied AI is an emerging differentiator for the next wave of cloud solutions. A survey by ICAEW[1] found that finance executives claim cloud computing (80%) and AI (78%) are important for business resilience. In Accounting, cloud-

1 ICAEW, 2024, Finance leaders highlight AI skills shortage

based software that uses AI often integrates with blockchain technologies. The combination ensures data is readily available, in real-time, to track changes and keep key stakeholders informed - making it an invaluable tool for identifying potential fraud patterns. Organisations also recognise that cloud offerings will increasingly involve specialised tools that are tailored to specific use cases, creating new niches for delivery partners in the cloud ecosystem.

Finally, as businesses deepen their reliance on cloud services, there is growing awareness of the risks associated with single provider dependence. Organisations are starting to realise the importance of a multi cloud strategy to mitigate vendor lock in and ensure more resilient, flexible cloud architectures.

44% of PFS organisations suggest cloud computing had one of the greatest impacts of any trend on innovation over the past five years.

"Technology will continue to be an enabler of enhancing how we do business. For example, we have new ways of working when it comes to cloud accounting." — **Gareth Rees, Lead Product Manager, Xeinadin**

"The financial sector needs to deliver valuable products and services to consumers and businesses in a clear and transparent way, that is fair for all involved. This may mean difficult changes for established organisations in terms of practices and behaviours, but the role of digital technology and data will increasingly provide us with the tools that mean there will be no excuse for not delivering this vision." — **Chris Sier, Chair, FinTech North & CEO, ClearGlass**

"Customers want a slick experience, convenience and real time information, and technology can help drive that." — **Lee Stretton, Technology Leader**

"You are restricted without organised data. It is critical that the data is correct and accessible for it to be useful in enabling transformation of how businesses deliver products and services to customers." — **Rob Branch, Head of Proposition, FinTech Labs, EY**

"The impact of banking systems going down, either due to bad actors or fault of the institution, is significant. Thus, technology resilience and protection is essential." — **Tim Osler, Head of UK Marketing, GFT Financial**

"The one size fits all automation results in systems not supporting real life scenarios, for example automated ID checking failures (recent house move will cause a fail), are slowing the improvement of access to products and services for the whole market creating untapped, niche opportunities." — **Stephen Peck, Co-Founder, PH Innovate**

Market drivers: regulation

Regulation: a valuable 'speed check'

This aspect of the relationship is a common talking point and a key challenge for organisations operating in highly regulated sectors, as well as a frustration for those seeking to innovate. Regulation can stifle innovation, either deliberately to provide security as seen with peer-to-peer lending and cryptocurrency, or inadvertently through creating confusion or ambiguity as exemplified by the ongoing review of Consumer Duty. This report details the driving forces of innovation, both now and in the future, emphasising the importance of security, resilience, and protection. Our analysis and stakeholder perspectives highlight the crucial role regulation plays in ensuring the PFS industry innovates in a safe and secure manner.

Regulation can drive innovation and act as a catalyst for change

Regulatory change can act as a catalyst for innovation, new business models and new businesses. Open Banking is a model case, despite its challenges, creating a new market from regulations put in place in 2018 which has now served more than 10 million consumers and small businesses[1], and spurred the creation of numerous FinTech companies specialising in this field. As previously mentioned, regulation, if done correctly, can open doors to new innovations, products, services, business models, and businesses. The ongoing focus on open and smart data may drive similar impacts, fostering optimism about how regulation might drive future innovation.

Challenges and opportunities

For PFS organisations, the relationship between regulation and innovation presents both challenges and opportunities. Firms must carefully navigate their regulatory landscape, ensuring compliance whilst striving to innovate. To accomplish this, staying informed about regulatory changes and investing in compliance expertise as well as supporting systems is required. At the same time, opportunities presented by regulatory change can be captured by aligning innovation strategies to regulatory trends – often embracing an ambiguous direction of travel. By succeeding here, firms can develop a competitive edge and lead, particularly in emerging markets. Ultimately, balancing compliance with innovation is crucial for leveraging regulatory opportunities and driving sustainable growth.

"Advances in technology are now making AI-driven advisory services possible in Financial Services. Regulation can have a positive role in accelerating, the pace of change, and it is incumbent on the sector to work with regulators to achieve this. People also may not trust advice from a robot, and there are complex questions about liability in the case of faulty advice." — **Leon Ifayemi, Director of Coalitions and Research, CFIT**

"When you look at economic data, it shows regulation has an impact on growth. Innovation without regulation is innovating without consequence." — **Wayne Scott, Regulatory Compliance Solutions Lead, Escode**

1 Open Banking, July 2024, Open banking marks major milestone of 10 million users

Competitive dynamics: incumbents

Incumbent organisations are an important driver of innovation and industry impact for the PFS industry, and the degree to which these firms can match innovative and disruptive new entrants was considered key to future success. These organisations were the most optimistic of any organisation type that digital technology adoption will continue to accelerate. Incumbent organisations we engaged suggested data and cyber security are both the most critical opportunities and challenges.

The role of incumbent organisations in driving innovation

Incumbent organisations play a significant role in driving innovation across the PFS industry. In some segments, for example Accounting, Banking and Life Insurance, incumbent organisations hold the majority of market share and generate some of the most significant economic, social and environmental impact. Many stakeholders that we engaged with suggested that increasing incumbents' pace of change to match innovative and disruptive new entrants was of critical importance going forward. There is strong evidence to suggest that established PFS organisations have become much more open to innovation, are in many cases more proactive in scanning for it, as well as being more structured in the approach to consuming it. For example, within the Accounting sector, KPMG announced in 2023 that it would invest $2bn into AI and cloud services and EY has also recently launched EY.ai.[1]. This pace of change, however, is not seen evenly across all Profession & Financial Services sectors. For example, less than half of UK law firms have made use of automation tools and 38% of UK's top law firms have not yet invested into Gen AI, despite 69% state of these firms suggest they expect its integration to stimulate growth.[2]

Key factors driving innovation in incumbent organisations: data, cyber security & ownership

Our survey of PFS organisations highlighted that incumbent organisations were the most likely to suggest that digital technology adoption of leading firms was a key contributor to innovation, as well as the increasing efficiencies of digital technology. It also found that incumbent organisations were the most likely to suggest that data (52% versus an average of 47%) and cyber security (46% versus an average of 37%) were top factors influencing innovation – which aligns strongly to the technology drivers identified more broadly. Incumbent organisations were also the most optimistic that there will be acceleration in digital technology adoption across all types of organisations over the next five years (87% versus an average of 80%). In support of this, incumbent organisations were also most likely to suggest that the existing challenge of a lack of ownership and commitment (58% versus and average of 50%) will ease in the next five years.

However, incumbent organisations are also presented with barriers to adoption and innovation of the greatest scale. The most critical challenges for established PFS organisations include legacy technology, openness and readiness for new technologies and risk averse internal stakeholders.' Additionally, established organisations were the most likely of all organisation types to suggest that cyber security was a critical challenge to digital technology adoption (87% versus an average of 74%), as well as risk averse stakeholders (82% versus and average of 71%). For example, within the Legal sector the top 10 legal firms have created roles including Cyber Security Chiefs to address the cybersecurity concerns that arise from increased technology adoption.[3] In addition, PwC[4] has found that financial organisations claim that the area they are most concerned about being impacted by regulatory changes are data privacy and security (48%) followed by digital identity authentication (31%) security measures.

1 IBIS World, 2024, Accounting & Auditing in the UK
2 PwC, 2023, Annual Law Firms' Survey 2024
3 PwC, 2023, Annual Law Firms' Survey 2024
4 PwC, 2021, Navigating the payments matrix

Competitive dynamics: SMEs

To be a successful SME in Professional & Financial Services can be challenging, given the industry is highly competitive and has a strong regulatory/compliance burden. Despite this, SMEs appear to be the most positive about the impact of digital technology, open to collaborating with technology partners and most invested in themes relating to sustainability than any other type of organisation.

Key challenges faced by SMEs

As incumbent organisations continue to enhance their focus on innovation and disruptive start-ups/scale-ups enter the market, it has become increasingly difficult to be an SME in many segments of the PFS industry.

Access to funds, being able to invest in R&D, upskilling staff and general guidance are all frequently noted as challenges for these organisations. Among the challenges noted, skills are of particular importance.

SMEs that we surveyed were the most likely to suggest that the top contributor to ongoing innovation was meeting changing skills needs. Skills shortages are considered a significant issue in the PFS industry, where the Financial Reporting Council (FRC)[1] claimed that skills shortages in the industry are limiting the rate of growth of small businesses.

However, the SMEs surveyed as part of our work were more positive about the benefits of digital technology than any other type of organisation. Many stakeholders from SMEs that we engaged suggested that there was ample potential to automate internal processes, streamline operations and roll out new products and services through the adoption of digital technology. SMEs were also more likely than any other size of organisation to suggest they most typically source technology developed and configured by a technology supplier (46% versus an average of 42%) or in collaboration with a technology partner (46% versus an average of 28%).

Although SMEs focus on technology adoption has been increasing, many still struggle to compete with established organisations due to the gap in resource capacity they can generate to deploy new technology. For example, in the Accounting sector whereby the large established organisations make up two thirds of the market share, smaller accounting firms have been struggling to compete and, as reported by IBIS World[2], there has been a fall in the number of small accountancy firms in the past 5 years.

This source also suggests that increased technology adoption in large and mid-sized organisations is raising barriers to entry and reducing the competitiveness of smaller players unable to raise investment. In some cases, SMEs are increasingly looking to mergers and acquisitions (M&A) to consolidate market share and consume innovation. In the Legal sector, small law firms have maintained market share and compete with established firms through catering to niche client markets targeted on a geographical basis.[3] However, whilst the Legal sector remains fragmented, the number of small legal firms fallen over the past five years.[4]

Finally, and interestingly, ESG, financial inclusion and fraud were all of above average importance to the SMEs we surveyed.

1 FRC, 2023, Key Facts and Trends in the Accountancy Profession
2 IBIS World, 2024, Accounting & Auditing in the UK
3 IBIS World, 2024, Legal Activities in the UK
4 IBIS World, 2024, Legal Activities in the UK

Competitive dynamics: start-ups/scale-ups

Digitally enabled start-ups and scale-ups have and will continue to disrupt the Professional & Financial Services market. Many of these organisations suggest that SaaS and Big Data have had the greatest impact on UK PFS of any technology trends over recent years. However, competitive and regulatory challenges are felt more acutely among these organisations.

The disruptive potential of start-ups and scale-ups

Often when we talk about the disruptive potential of start-ups/scale-ups, we are really talking about a sample of high performing, high growth organisations – the 'unicorns' of the future, the Monzos, Starlings, Tractables, Xeros and Juros of the world.

The impact these organisations have had on the PFS industry has been steadily increasing over time. For example, new FinTech entrants have disrupted the UK Financial Services & Insurance sectors promoted by technology innovation with a focus on digital banking leveraging Open Banking and APIs.[1]

Challengers have increased their market share by targeting niche segments like SME lending, whereby small organisations make up 59% of share of the Financial Services & Insurance sector. Although revenue growth for the FinTech industry has been growing at a compound annual growth rate of 22% between 2020 and 2024, established banks still maintain a significant share of the market, where the top six banks held c43% market share as of 2024.[2]

In Legal Services, mainly made up of smaller organisations, new entrants with innovative business models are disrupting the sector. For example, there are over 1,000 virtual law firms active in the UK, acting as lower cost, tech-driven decentralised providers.[3]

Much of the support offered to the PFS market is well aligned to the performance and ambition of these organisations, such as funding, accelerators and incubators. Often these highly successful start-ups/scale-ups are digitally enabled and many of those that we surveyed suggested that big data and software as a service (SaaS) were the technology trends which have had the greatest impact on UK PFS over the past five years.

Key Challenges

Start-ups/scale-ups feel challenges relating to competition and regulation most acutely. For example, start-ups/scale-ups were least likely to be optimistic about the UK's strengths in digital technology and innovation. These organisations are also the most likely to purchase technology 'off the shelf' (34% versus an average of 24%) and are least likely to suggest that ownership and commitment to adopt digital technology will improve over the next five years (42% versus an average of 50%).

Additionally, it is much more common for start-ups/scale-ups (particularly those who do not fall into the 'unicorn' category) to target niche segments of the market either via specific customer groups, products / services, and geographies.

1 TheCityUK, 2024, Key facts about UK-based financial and related professional services 2024
2 IBIS World, 2024, Financial Technology in the UK
3 Mitchell Charles Worth, N/A, Staying competitive in the legal market

"Many of the large banks and law firms have big legacy systems, which they have used for many years. Within these organisations there is a clear openness and preparedness for consuming innovation, but there is also a significant cost to making wholesale changes." — **Sabina Davis, Senior Business Development Manager for Financial Services, TLT**

"Many SME businesses share common challenges in relation to technology adoption, partly due to a lack of talent or not having the right roles in place. They also face difficulty in making decisions about allocation of resources and needing to obtain external investment to enable changes." — **Sarah Kocianski, CEO, FinTech Wales**

"We find that most FinTech SMEs wanting to scale have a global-first mindset, but they also need specific use cases upon which to develop their innovative products and services. We are seeing significant value in programmes like the Financial Regulation Innovation Lab, which enables SMEs to get close to customer needs and allows innovation testing to be conducted much more quickly." — **Nicola Anderson, CEO, FinTech Scotland**

"Start-ups and scale-ups can drive faster adoption via ability to trial, given the UK professional services proximity to innovation technology development hubs." — **Wendy Jephson, CEO & Co-founder, Let's Think**

"Enabling customer access, control, and sharing of smart and trustable digital data is rightly at the heart of the government's plans to modernise the home buying and mortgage transaction. At present, so much of the information we, and our customers need, is not readily accessible at the point in time it's needed and it exists in formats we can't authenticate, share or trust. Developments such as smart property data frameworks will create the infrastructure for central government, local authorities, and industry to deliver more effective ways of working, ultimately benefiting the financial and legal sectors, and transforming the experience for consumers." — **Maria Harris, Chair, Open Property Data Association**

"In term of the adoption of AI within the legal sector, I see huge potential, but there is so little education and we must do something about that as AI literacy and engagement are going to be the key that unlocks its potential for our lawyers and our clients"— ***Sarah Blair, Director of Technology & Transformation, Thorntons Law***

"SME law firm trends have been driven primarily by consumer value and socio-economics, and in particular by pricing and affordability for the consumer. Technology changes can be challenging, but we know they can also help us be more efficient and better serve our clients." — **Emma Pearmaine, Managing Partner, Ridley & Hall Solicitors**

"Large organisations must catch up with leading FinTechs and the experience they offer, and some organisations have made great progress in achieving this. For those who have not, software vendors will begin to retire old systems, and force slow adopters on to new systems."— **Andrew Archibald, Industry Consultant**

"The Legal sector is often talked about in overarching terms, but the challenges facing SME law firms are very different from those of larger law firms. Smaller firms don't tend to have the funding, resources or capability to undertake digital transformation programmes, and require guidance and support as they seek to modernise their approach to technology, data, and cybersecurity." — **Chloe Thompson, Consultant, Whitecap Consulting & LegalTech in Leeds**

Industry impact

The Professional & Financial Services industry contributes over £260 billion to the UK economy each year. The majority (63%) of organisations surveyed suggest this industry has increased its economic impact over the past five years.

Over this period, an increasing focus has been given to sustainability, including ESG, and great strides have been made on ESG reporting and 'operationalising' sustainability. Most organisations have either already woven ESG into their provision, or are planning to develop this in the future.

Economic impact and growth of UK Professional & Financial Services

Given the scale of UK PFS it naturally demonstrates material economic impact through GVA, workforce and business counts – all these measures have increased over the past five years. In the UK there are over 132,000 organisations and c1.7 million employees within the Financial and Professional Services sector and over £260 billion in 2023, which forms 13% of the UK economy.[1]

63%
of PFS organisations we surveyed agreed that the industry had improved its economic impact.

These organisations also suggested that the most prominent drivers of improved economic impact included technological advances driving efficiency, innovative new technologies like AI, resilience during economic challenges and expanded global reach boosting competitiveness.Furthermore, growing inclusion particularly in the Financial Services and insurance sector was noted as a positive driver of economic impact over the past five year.

The role of ESG in driving change

ESG is frequently noted as both an opportunity and a challenge. Starting with its definition, many stakeholders described it to mean sustainability, rather than its wider scope. Despite this, there has been great strides made in reporting on and 'operationalising' sustainability over the past five years.

Many stakeholders we engaged reflected positively on action taken on reducing carbon emissions, both internally and through product and service development; as well as enhanced focus and action taken on key social themes such as inclusion and wellbeing. Action taken by regulators was often noted as a key driver of change, particularly relevant to ESG including reporting regulations (both for industry participants and investors) and consumer duty.

For example, PwC has explored innovations in ESG and Green Finance within the Financial and Legal industries. It has claimed that established legal firms are stimulating a competitive advantage by catering to clients increasing interest in sustainability.

All of the top 10 firms have either woven ESG into their provision (50%) or are planning on developing an ESG offering in the future (50%).[2] Additionally, growing customer demands for ESG reporting is stimulating changes in the core offerings within Accounting.[3] However, whilst the above is true, there remains a clear sentiment that significant challenges exist across the industry and ongoing attention, coordination and action is required to address them going forward.

1 Nomis, 2023, Whitecap analysis
2 PwC, 2023, Green Jobs Barometer
3 PwC, 2023, From confusion to clarity: A pragmatic, demand-driven approach to ESG reporting

"ESG and D&I factors have become much more important, and firms are increasingly walking the walk. Key drivers of change are the big societal challenges which will come to bear over the next 20 years, like the increased focus on environmental issues, the challenge of an aging population, and how we deal with things like the pension crisis." — **Keith Benson, Partner, DSW Ventures**

"There is clear a desire for ESG and more inclusive software, and we want to report back to our clients the progress we have made." — **Jane Fleming, Business Analysis Manager, Fieldfisher**

"Financially excluded individuals play a valuable role in the UK economy and there is a much greater focus on creating financial inclusion when compared to 5 years ago – which is a really positive shift." — **Owen Roberts, CEO, Unify Credit Union**

"The importance of ESG is growing, not just in terms of what we do as a firm, but as a priority in how we engage the market in selling our services. It has gone from a nice to have, to being embedded in all the components of how we engage with selling and bidding for work." — **Thomas Madden, Head of Professional Services Sector Consulting, KPMG**

"UK pensioners are often maligned for being the "richest generation in history". But we need to look beyond the media narrative. This generation consists of 14 million people that are at risk of being 'left behind' as the next wave of technology change sweeps through UK Financial Services. Innovation in Financial Services for this generation, delivered at scale, is still relatively nascent. But optically, UK FinTech is heavily skewed towards servicing the younger generations after them. Whilst there are some great firms in this market, it isn't crowded enough." — **Chris Gardner, Founder & CEO, Ninety Two Ventures**

"Actioning sustainability is hard, it requires understanding and getting under the skin of a range of complex topics, like an organisation's carbon footprint and the impact of its supply chain. We're already seeing some hugely exciting innovation in helping firms to understand and take action on this." — **Rob Branch, Head of Proposition - FinTech Labs, EY**

"I am involved in several initiatives to support innovation and change in the Financial Services sector. I see socio-tech issues requiring careful consideration in terms of how we train ML/AI to ensure we avoid automating inequality whereby the solution results in even worse wicked problems in important fields such as financial inclusion." — **Professor Karen Elliott, Chair of Practice in Finance and FinTech, University of Birmingham & Director of UKFin+ Network**

Most PFS organisations (54%) suggest that the industry has improved its social impact over the past five years and that an increase in focus and action has helped to drive this increase. However, calls for more education and support as well as a more proactive approach to misinformation have been called for going forward.

Technology is increasingly being used to support Green products, particularly in Financial Services, which is expected to continue and support the UK's international strength in this area going forward.

Social impact & key drivers of change

Just over half (54%) of PFS organisations surveyed agree that the industry had improved its social impact. Respondents suggested an increased focus and, critically, action on ESG. Diversity and inclusion and socially responsible investing were key drivers for improved social impact over the past five years. Financial inclusion, access to justice, SME empowerment and the 'protection gap' are all key trends that have foster greater action across the PFS industry.

Ultimately, these trends seek to develop a more transparent, accessible and fair services industry. There was broad agreement from stakeholders we engaged that digital technologies, such as AI, can support this aim going forward.

Currently, there are policies which drive the national inclusivity agenda such as the Equality Act, 2010. Legislation is key in making sure adjustments are being made to enable individuals with disabilities to access digital products and services.[1] As an example, KPMG has claimed the pivotal trends within the Financial Services & Insurance sector ranging from sustainability practices and including ESG and reporting, as well as a growing focus on financial inclusion spanning social justice, equality and fairness[2]. However, there are still pressing social challenges that many stakeholders we engaged believe need further action.

Recommendations have been made, across various sources reviewed, for the PFS sector to improve literacy (which includes of both financial and legal matters) through increased education and support, as well as a more proactive approach managing misinformation. Furthermore, recommendations also explore the role digital technologies can play in improving the availability and quality of products and services aimed at niche and underserved customer groups.

Environmental impact and green finance innovation

Prominent forms of innovation include various forms of technology, as well as significant growth in green finance.

The UK surpasses the rest of Europe in terms of both green and conventional finance rankings and is also the largest cluster of FinTech organisations in Europe. Additionally, PwC found that in the Financial Services industry increasing demands from customers is leading to innovation, where the number of jobs (including green finance) have increased to 2.2% between 2022 and 2023 to a total of 16,700, which is a 240% increase from 2020 with only 4,900 existing roles[3].

Top green financial roles include sustainable investment analysis, sustainable investment analysts, climate strategists and ESG analysts, and includes the expansion of existing roles such as portfolio managers and asset managers to involve the analysis of ESG fund trends and climate risk assessments.[4] Innovation in the green finance and ESG space is expected to open up new demand clusters in the future[5].

1 Hogan Lovells, 2024, Digital accessibility in the EU (and UK): Recent developments and the direction of travel
2 KPMG, 2022, The Future of Financial Services
3 PwC, 2023, An emerging green skills gap in the Financial Service sector risks Net Zero goals
4 PwC, 2023, An emerging green skills gap in the Financial Service sector risks Net Zero goals
5 Green Recruitment Company, 2024, How ESG Reporting is Integrating Financial Reporting and Sustainability

Sector perspectives: Financial Services & Insurance

Financial Services & Insurance contributes over 65% of the GVA generated by the Professional & Financial Services market and is home to the industry's most advanced technology markets – FinTech and InsurTech. The emergence and continued growth of these markets has driven investment and collaboration on digital technology.

Sector overview & economic impact

Financial Services & Insurance is the largest of the Professional & Financial industry's three sectors, by GVA, business count and workforce. Organisations in this sector were the most likely of all organisations surveyed to suggest the PFS industry had improved its economic impact over the past five years (75% versus an average of 63%). These organisations were also most likely to agree that the UK will improve the competitiveness of the PFS industry over the next five years (64% versus an average of 58%). Firms in this sector were most likely of all sectors to suggest regulation/compliance was a key challenge to adoption of digital technology (81% versus an average of 66%) and risk aversion was a common challenge noted amongst stakeholders we engaged.

Adoption of digital technology and collaboration

The UK holds the largest cluster of FinTech organisations in the world, only second to the US, with 3,200 firms and 76,000 people in 2022.[1] Many stakeholders suggested that FinTech and InsurTech firms have driven greater urgency to innovate amongst established organisations such that financial and insurance firms were the most likely of all the PFS sectors to suggest that adoption of (87%) and investment in (85%) digital technology to increase in the next five years.

These organisations were also the most likely of any sector to suggest they source new digital technology in collaboration with a technology partner (46% versus and average of 28%). At face value, these findings indicate a strong emphasis on technology in this sector, as well funding and support for innovative start-ups/scale-ups and innovation consumption for SMEs and corporates.

Key innovations that were identified through our engagement included 'Open' initiatives (e.g., Open Banking and Open Finance), as well as data and data analysis, cloud computing and SaaS. For example, a report by McKinsey[2] found that most new propositions driven by Open Banking have been customer facing, and in payments. Open Banking has led to the expansion of payment methods, such as account-to-account (A2A) payments, payment initiation services (PIS) and payment initiation services providers (PISPs) – to name a few.

Furthermore, whilst Open Finance is a more recent and nascent extension to Open Banking, a report this year by CFIT[3] suggests this has begun to enable greater personalisation through enhanced visibility, improve SME lending and support for vulnerable customers.

1 City of London Corporation, 2023, State of the Sector 2023
2 McKinsey, 2021, Financial services unchained: The ongoing rise of open financial data
3 CFIT, 2024, Embracing the UK's Open Finance Opportunity

Sector perspectives: Financial Services & Insurance

In the Financial & Insurance sector inclusion, literacy, wellbeing, financial crime and fraud are key challenges for organisations to tackle – as well as opportunities if actioned appropriately.

Financial inclusion & literacy

Financial inclusion and literacy have been particularly important for the sector. Lexis Nexis[1] identified that 14% of the UK population qualifies as being financially excluded and struggle to access financial products and services. Financially excluded customer segments have become a more frequent target for new entrants, like Monzo and Pockit in the payments segment.[2] Furthermore, a survey involving 2,000 participants tested individuals on 10 financial questions spanning the topics inflation, taxes, pensions and savings.

According to the Centre for Economics and Business Research which classify benchmark for financial literacy to be scoring 6/10 questions correctly, only 5% of UK citizens able to pass this test.[3] Another survey also identified a literacy gap with 27% of people in the UK passing a test on financial topics like ISAs, investing and personal finance.[4] To action these issues, and ensure user-friendliness, it is suggested that organisations build products designed with excluded customers and those with limited financial knowledge in mind. This might include simplified messaging and guidance, as well as links or introductions to education resources. These ideas have been captured by many FinTech organisations, which seek to cater for excluded customer segments – offering budgeting tools, loans with fairer interest rates, and offer products to customers with no credit history or low income.[5]

Democratising investments: greater access and education for all

Growing demand for a broader range of investment opportunities for retail investors has encouraged financial institutions to develop products and services that provide greater breadth and lower barriers of entry. For example, FinTech platforms such as Nutmeg, Moneybox and Freetrade offer access to a range of investments, often with a focus on user-friendly UI, robo-advice models offering lower fees and a smaller minimum investment threshold. Additionally, growth in alternative investment platforms like Property Partner and Syndicator room, as well as crowdfunding platforms like Crowdcube and Seedrs offer greater access to historically niche asset classes for the typical consumer. Greater choice and accessibility have also been supported by the UK Government, for instance with the introduction of Long-Term Asset Funds (LTAFs) in 2021 which offer a different route into a range of asset classes, including private equity. Finally, a widening breadth of options has also driven greater need for education and availability of advice for retail investors. Educational resources and tools to help individuals improve their financial literacy are becoming increasingly common, and there is also a growing uptake of this type of content and tools in banking and investment apps across established challengers and high street providers alike.

Combating financial crime & fraud

Financial crime and fraud detection have also been important drivers of innovation over the past five years. Fraud detection algorithms, biometric authentication and real-time transaction monitoring are key themes for much of the payment and banking segments. Following this, as technology uptake increases within the financial industry, according to PwC[6] Financial Services 2025 data, financial organisations claim that the area they are most concerned about being impacted by regulatory changes are data privacy and security (48%), digital identity authentication (31%).

1 Lexis Nexus, 2021, Financial Inclusion in the UK
2 North Row, 2024, Bridging the gap: How UK firms are addressing financial inclusion
3 FT Adviser, 2023, Three quarters fall below financial literacy benchmark
4 Shepherds Friendly, 2023, Money Literacy Test 2023
5 North Row, 2024, Bridging the gap: How UK firms are addressing financial inclusion
6 PwC, 2021, Navigating the payments matrix

"There are quite a few areas of technology adoption which focus on data in Financial Services, and specifically in insurance. The claims handling and the underwriting process is a good example, because insurance is a data-driven market and involves pricing risk assessments. Consequently, insurers often require plugins to multiple sources of data across different platforms." — **Sarah Kocianski, CEO, FinTech Wales**

"In the insurance industry, there is an overreliance on proprietary systems which organisations can't quite bring themselves to move off. This is driven by the idea that these systems give an organisation a competitive edge in the market, and they do not want to be first to change. Consequently, much of the industry still uses outdated technology and migration to newer platforms is slow." — **Stephen Peck, Director, PH Innovate**

"FinTechs have changed the market and set a different level of standards for organisations across the industry."
— **Andrew Archibald, Industry Consultant**

"The potential to disrupt the wealth management market is significant. People with lower value portfolios are being excluded and there is an opportunity to use technology to ensure more of these customers have access. Inevitably wealth management providers will need to adapt and change to action this, and margins may well be squeezed because of it."
— **Steve Davidson, Chair, FIG (Financial Industry Group)**

"The introduction of Consumer Duty is raising the bar in terms of focusing on outcomes but there's still a gap. There is an opportunity to bring technology to increase financial wellbeing through analysing consumer behaviour to understand how to help people in organising their finances." — **Tony Vail, Co-Founder, Wealth Wizards**

"Digital advancements in the property industry could reduce risk of fraud and improve the transparency and efficiency of home buying and selling. To get there, we need a more secure, transparent approach that reduces consumer risks and increases trust of stakeholders. It makes sense to try and stimulate the front end of the process – it drives economic growth - but we will not see the benefit of such stimulation without also committing to driving investment and innovation in the underlying infrastructure of the property transaction process." — **Joe Pepper, UK CEO, PEXA**

Sector perspectives: Accounting

The Accounting sector is highly competitive and concentrated, which has contributed to consolidation as well as greater diversification into value-add services, such as consultancy. Key drivers of change over the past five years include Making Tax Digital, GDPR and the Covid-19 pandemic.

Understanding of digital technology and cyber security concerns were future issues felt most acutely by accounting organisations.

Technology adoption and innovation drivers

Accounting is one of two key sectors which makes up the Professional Services segment of the PFS market. It is a highly concentrated sector, with the top four firms making up c60%[1] of market share. Increased technology adoption in established organisations has raised barriers to entry and prompted increasing levels of consolidation and further technology adoption – especially amongst mid-sized firms.[2]

Organisations in this sector commonly referenced Making Tax Digital, as well as GDPR and the Covid-19 pandemic more broadly as the most prominent drivers of innovation and adoption of digital technology over the past five years. A report by Medium[3] claims the increasing regulation requirements of the General Data Protection (GDPR) policy may elevate firms focus on investing in cyber security. Moreover, commitments to developing AI amongst incumbent organisations are pronounced in this sector.

Innovation using blockchain and cloud-based accounting software presents the opportunity to leverage real-time access to data, that is streamlined to enable efficiency as changes and updates are tracked across stakeholders. According to a survey conducted by Sage[4], 45% of accounting professionals express an intention to automate repetitive and time-consuming accounting tasks, including data entry. Ongoing adoption of digital technology is putting the more basic accounting services (such as bookkeeping) at risk of being replaced. Kaplan[5] found that 50% of accounting professionals surveyed believe that Generative AI will be integrated into auditing activities. Accounting organisations are also increasingly seeking to diversify their products and services, including expanding into adjacent 'value-add' services e.g., advisory.

Challenges and concerns

Their appeared to be a good degree of confidence among PFS organisations in the use of digital technology, despite evident challenges which exist such as legacy technology and culture. However, accounting organisations were the most likely of any sector to suggest that understanding of digital technology, as well as the benefits they can bring, will decrease over the next five years (27% versus and average of 19%) and were the most likely of all sectors to source new digital technology 'off-the-shelf (34% versus and average of 24%). These organisations were also most likely of all sectors to suggest that cyber security concerns will worsen over the next five years (31% versus and average of 28%). Whilst these trends are not unique to accounting organisations, they help to outline the growing complexity of digital technology and how this can adversely impact confidence, particularly as advanced technologies such as AI emerge and scale.

1 IBIS World, 2024, Accounting & Auditing in the UK
2 Grant Thornton, 2024, Key trends and risks for financial services
3 Medium, 2024, The Future of Accounting in the United Kingdom: Trends and Transformations
4 Ace Cloud Hosting, 2024, 92 Top Accounting Statistics & Facts for 2025
5 Kaplan, 2024, Are accountants in demand in the UK?

Sector perspectives: Legal Services

Legal Services mirrored many of the key trends noted at an industry level, including the importance of client trust, the challenges of legacy technology and an ever increasing appetite to explore better data management and applications of AI.

Legal Services forms an important second half of the Professional Services segment of the PFS market. It is highly fragmented, where the largest organisations hold less than 10%[1] market share.

Focus on client trust and efficiency

As reported by our survey and backed by findings from IBIS World[2] and the Legal Services Board,[3] client trust is critically important for Legal Services firms and explains the degree to which person to person engagement is considered essential for firms. Whilst not exclusively, much of the focus of digital technology amongst Legal Services organisations we engaged was on efficiency, often through the digitisation of documentation and internal processes e.g., case management platforms and contract and document management.

Findings by The Law Society[4] cite that case management and contract and document management platforms are increasingly used to automate compliance checks, access to records and communication streams.

AI adoption in Legal Services

Like other sectors of the PFS market, AI was a topic of real interest and something that is being more actively explored by Legal Services organisations; it was commonly considered a focus area of critical importance.

A survey by PwC[5] in 2023 found that 71% of the Top 100 law firms view technology innovation as essential to revenue growth. Legal firms are also investing in technologies such as GenAI and cloud services.

Challenges to digital technology adoption

Challenges to digital adoption most acutely felt by Legal Services organisations included a lack of access to financing, as well as lack of clear strategies of adoption (71% and 70% versus an average of 67% and 66%, respectively). Legal Services organisations were also the most likely of all sectors to suggest that regulatory barriers and compliance to worsen over the next five years (36% versus an average of 26%). A report by LawTech UK[6] suggests cyber security investment is a key requirement, especially when handling the digitalisation of confidential client data particularly as the threat of high risk breaches increases.

PwC[7] also found that a 85% of law firms surveyed state that cyber security threats are a major concern and barrier to the uptake of technology. Furthermore, a third (33%) of Legal Services organisations surveyed suggested that access to funding was expected to worsen over the next five years and was the sector who was most concerned about access to funding (versus an average of 27%).

1 IBIS World, 2024, Legal Activities in the UK
2 IBIS World, 2024, Legal Activities in the UK
3 Legal Services Board, 2019, Online survey of individuals' handling of legal issues in England and Wales 2019
4 The Law Society, 2023, Five challenges facing the legal sector in 2023
5 PwC, 2023, Annual Law Firms' Survey 2024
6 LawTech UK, 2023, Building an Entrepreneurial Ecosystem to Improve Access to Justice
7 PwC, 2023, Annual Law Firms' Survey 2024

"The impact of Covid has driven some of the most significant changes, including the requirement for full digitisation in the professional services." — **Thomas Madden, Head of Professional Services Sector Consulting, KPMG**

"Accountants were traditionally compliance houses, and the biggest lever of technology adoption is legislation. For example Making Tax Digital and GDPR have led to a requirement for technology and transformation within professional services." — **Gareth Rees, Lead Product Manager, Xeinadin**

"We are likely to see an even bigger push on value-adding advisory services over the coming years as AI becomes integrated into audit and accounting, and processes such as compliance services become increasingly automated." — **Alistair Walshaw, Manager, AAB**

"Audit and assurance are becoming increasingly automated, which for accounting firms is leading to a heightened focus on value adding services, such as advisory work." — **Steve Davidson, Chair, FIG (Financial Industry Group)**

"Digital solutions for things like electronic signature were available before Covid, but the pandemic accelerated their adoption in areas such as real estate transactions. Markets which were reluctant to use these tools had to move fast and suddenly had to improve their digital capabilities." — **Susan Ford, Head of Knowledge, DAC Beachcroft LLP**

"In commercial and general law, a lot of innovation has been seen in contract automation, but there are other trends in other parts of the sector. For example, in family law, we are seeing a lot more self-service. This suggests a future where clients will handle most of the work, and firms need to be prepared for this shift, ensuring they can provide the necessary oversight and expertise when clients pay a smaller fee to a solicitor to sign everything off." — **Keith Sutton, Sales & Marketing Director, Toca.io**

"Whether a legal business invests in technology comes down to trust and having the necessary stakeholders and IT department in house who are able to see a vision of how the business will benefit and use it to its full extent." — **Emma Waddingham, Founder & Editor, Legal News Wales**

Future shaping

This report highlights four key themes that will shape the future of Professional & Financial Services, supported by a range of technology trends.

Enhance customer trust, drive efficiency through data and ensure resilience and compliance.
Build on the UK's competitive strength through innovation and adoption of digital technology.

Data management & access

Benefits:

- **Consumers:** seamless and secure interactions with faster service and greater transparency. Tailored recommendations, quicker issue resolution and enhanced data security – developing greater trust.
- **Organisations:** accelerate efficiency, drive strategic decision-making with analytics, foster innovative collaboration with third parties, cut operational costs and ensure compliance.

Outcomes:

- Streamlined data management processes reducing duplication, re-keying and improving accuracy; for example, blockchain-powered transactions, AI-led contract processing and IoT-driven inventory tracking.
- Seamless access to data across platforms, for both consumers and organisations; for example, blockchain-based ID verification.
- Utilisation of data analytics to drive insights and strategic decision-making; for example, predictive analytics in fraud or short-term investment strategies, IoT driven asset management and using quantum computing for legal queries and research.

Product & service agility

Benefits:

- **Consumers:** accelerated development cycles to provide quicker access to reliable and high quality products and services. Agile pricing strategies drive better value for money.
- **Organisations:** more quickly meet market changes and demand and foster stronger customer relationships. Integrate scalable technologies to test and scale innovation, driving revenue growth. Reduce operational costs through automation.

Outcomes:

- Accelerated development and deployment of new products and services; for example, AI-driven product testing or sales forecasting/modelling using quantum computing.
- Integration of scalable technologies to support growth and innovation; for example, IoT-driven spending alerts, AI-driven bookkeeping, portfolio management using quantum computing.
- Increased availability of personalised products and services, leveraging technology to enhance user experience; for example, AI-driven payments, legal strategy testing or financial planning.

Future shaping

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Enhance customer trust, drive efficiency through data and ensure resilience and compliance.
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Enhancing technology resilience

Benefits:

- **Consumers:** stronger protection against cyber threats, reduction in risk of theft and fraud. Fewer service outages and faster recovery time. Greater confidence in PFS providers
- **Organisations:** enhanced disaster recovery, minimising downtime and losses. Advanced cyber security systems, greater identification, mitigation of threats and damage control. Support more effective regulatory compliance.

Outcomes:

- Investment in resilient IT infrastructure to withstand disruptions; for example, in, quantum encryption, zero knowledge proofs and secure multi-party computation
- Regular stress testing and contingency planning for critical systems; for example, using, AI-driven testing and diagnostics, quantum computing generated contingencies and likelihood
- Proactive measures to identify and mitigate cyber threats. For example, risk assessments driven by quantum computing and using AI-driven test cases and variables
- Comprehensive disaster recovery plans to ensure business continuity.

Acting on inclusion, literacy & wellbeing

Benefits:

- **Consumers:** increased access to services among underserved communities, including personalised products and support. Greater access to education, driving greater decision making. More transparent communication, building consumer trust
- **Organisations:** growth achieved through unlocking new customers. Enhanced reputation and customer loyalty, as well as employee satisfaction. Better address existing and emerging regulation. Foster collaboration through partnerships.

Outcomes:

- Broader access to financial and legal services for underserved communities, reducing economic disparity.
- More transparent communication and ethical practices from financial institutions, building consumer trust; for example, data-driven environmental impact statements using IoT
- Increased access to financial and legal education and resources, empowering consumers to make informed decisions; for example, AI-driven personalised gamification of money management.

Future shaping

The future of Professional & Financial Services will be driven by a myriad of trends and digital technologies, as organisations adopt and integrate them to meet customer demand, drive profit and social and environmental impact.

Amongst this web of trends, four key themes stood out which distil a consistent future focus for innovation from across the industry. These themes include data management and access, product and service agility, enhancing technology resilience, and acting on inclusion, literacy and wellbeing.

If organisations continue to act on these themes, through innovation and diffusion, the UK can protect and build upon its competitive strength in Professional & Financial Services. Those who do will enhance customer trust, drive greater efficiency through data and better ensure resilience and compliance.

Data as the core of the industry

Data is central to PFS and firms will seek to improve the breadth, quality and speed of data analysis in the future. To drive this, firms expect to see stronger data architecture, management and quality in the next five years. They also hope for a reduction in bias, as well as wider integration and data access across sectors.

Greater data access was of particular interest supported by previous successes in Open Banking, upcoming initiatives like Open Finance and Smart Data, as well as the outcomes of the UK Government's Data Protection and Digital Information Bill[1] and the Data (Use and Access) Bill.[2]

These factors present the opportunity for more simplified customer journeys (like authentication) and removing duplication in data processing through creating more connected ecosystems. More connected ecosystems will also enable better identification of vulnerable customers, a more reliable information set to leverage emerging technologies such as AI or IoT.

"Financial Services innovation will have knock on effects elsewhere and put us closer to the smart data vision. There will be less fragmentation between sectors and greater interoperability in the ability to make payments." — **Leon Ifayemi, Director of Coalitions and Research, CFIT**

"Technology and data are the key. Once organisations have their knowledge banks organised, which many large legal firms are already doing, AI will play a crucial role in automating the legal process, making it easier and quicker." — **Paul Wright, Founder, Barrister Link**

1 UK Parliament, 2024, Data Protection and Digital Information Bill
2 UK Parliament, 2024, Data (Use and Access) Bill (HL)

Assuming greater quality and availability of data comes to bare, the future of the industry might expect to see much greater agility in product and service pricing and delivery, as well as process automation achieved through the deployment of emerging formats such as AI-to-AI interactions, Internet of Things (IoT) and Decentralised Finance (DeFi).

The future of the industry might also expect to see much greater organisational and industry resilience, as well as the development and deployment of advanced (perhaps quantum computing based) cyber security systems.

Key drivers of change: AI & analytical power

Technologies and tools used to analyse and act upon data will remain a key focus of innovation in the future. AI is a central example of this, expecting to driving business/industry wide innovation – from optimisation of pricing, personalisation of products and services, digital interactions and AI-to-AI interactions (e.g., in selecting which payment method to use).

However, there are relevant innovations outside of AI driving change. For example, withing the Financial Services& Insurance sector, data led business models and customer and third-party access to data are predicted to become important for differentiation.[3] Other examples of technologies expected to shape the future are explored within Deloitte's revisited 2025 future of finance report which suggests big data, analytics and predictive modelling will be leveraged for higher value use cases such as business modelling and forecasting.[4] Within the Accounting sector, a report by Think Global claims that mobile accounting is a growing trend and leverages personal finance and online banking apps and financial trading.[5] The sector is also expected to undergo a material shift as to new technologies like Big Data enable automated decision making and forecasting (as well as AI, machine learning and natural language processing).

"The need for precision and accuracy in the deployment of AI is critical. Delivering this would be a big breakthrough in the financial sector and a critical stage in the development of AI. However, a sensible and flexible framework of regulatory principles is needed – too rigid and it will inhibit innovation and development." — **Steve Davidson, Chair, FIG (Financial Industry Group)**

"Ongoing innovation may mean accountants will get increasingly involved in helping clients predict how their business will perform {cashflow analysis}, using new tools – meaning accountants are not just preparing books and filing taxes." — **Gareth Rees, Lead Product Manager, Xeinadin**

3 KPMG, 2022, The Future of Financial Services
4 Deloitte, 2021, Crunch time series for CFOs: Finance 2025 revisited
5 Think Global, 2023, The Future Of The Global Accounting Industry

Internet of Things (IoT)

The Internet of Things (IoT) can significantly enhance risk management and customer engagement with a broad range of potential applications across Professional and Financial Services.

In motor insurance, for example, IoT enables personalised risk assessment, reduces claims through auto manufacturer collaborations, and creates usage-based insurance.[6] In banking, IoT could help reduce fraud with cybersecurity firms and introduces real-time credit scoring. Future smart financial ecosystems may offer real-time financial health monitoring, dynamic interest rates, and personalised advice. IoT can also innovate payment methods with wearable tech and biometric identities, potentially leading to implantable payment chips.

In professional services, IoT could improve audits with smart sensors, enhancing accuracy and reducing fraud. It also could enhance contract management with smart contracts that adjust terms based on real-time data, like smart lease agreements. Additionally, IoT can improve evidence collection and case management with real-time data from connected devices, ensuring accurate legal proceedings.

Decentralised Finance (DeFi)

DeFi refers to applications offering Financial Services like loans and exchanges aimed at reducing reliance on centralised intermediaries. Built on Web3 and distributed ledger technologies, they enable borrowing and lending by pooling crypto-assets as collateral.[7]

DeFi loans could enable users to maximise leverage by using loan proceeds as collateral for additional loans, significantly increasing their exposure. Borrowers might seamlessly convert borrowed crypto-assets into fiat for investments in traditional markets. Advanced DeFi platforms may replicate other Financial Services with decentralised exchanges, sophisticated investment tools, and seamless derivative trading.[8]

Payment systems could enable full interoperability across platforms, and insurance solutions might protect against risks like smart contract failures.

Security, privacy, and resilience

Expected escalation in data availability as well as analytical and processing power tends to lead to an important conversation about security, privacy and resilience.

These concepts are relevant at an individual, organisation and industry level and are expected by many to be a materially important trend. Future organisations of the PFS industry might expect to be much more proactive in resilience planning, internally developing and externally consuming innovations in cyber security. These might be developed by and sourced via innovative start-ups/scale-ups, or other industries ahead on cyber security such as defence.

These themes appear especially important within the Legal Services sector, due to the confidential nature of its data, where customer trust is predicted to continue to be a key factor in determining the competitiveness of legal propositions.[9] The same can be said for the Financial Services & Insurance sector, where cyber security will continue to play a key role in shaping the uptake of technology. The UK government has stated it is crucial for firms to prioritise leveraging technology to ensure technology resilience and has recommended that financial firms adopt Privacy Enhancing Technologies (PET) within the next 5 years.[10]

6 McKinsey, 2024, Global Insurance Report 2025: The pursuit of growth
7 Bank of England, 2021, Financial Stability in Focus: Cryptoassets and decentralised finance
8 Bank of England, 2021, Financial Stability in Focus: Cryptoassets and decentralised finance
9 Thomas Reuters, 2021, State of the UK Legal Market 2021
10 Waterstechnology, 2023, UK pushes financial firms to adopt privacy-enhancing technologies

The impact of quantum computing

Quantum computing was frequently noted as likely to accelerate concerns about existing cyber security systems and processes.

The future of the PFS industry might expect a more advanced and available quantum computing based infrastructure to lay more advanced tools onto, including but not limited to cyber security - likely led by established cloud computing providers.

For example, a survey by KPMG found that financial professionals expect there to be more convergence between the Financial Services and technology sectors, including quantum computing, leading to new product propositions within the Financial Services & Insurance sector.

Quantum computing's potential growth within the industry has been expected to be linked to embedded banking and insurance as well as the hyper-personalised offerings.[11] Opportunities also exist throughout the tax lifecycle, such as simplifying compliance, enhancing tax planning, ensuring fairer audit outcomes aligned with similar taxpayers, and improving results for policymakers, among others.[12]

"Some of the technological leaps that will happen over the next 10 years are likely well beyond what we have today. Whilst there is a lot of work happening to predict the world view in Financial Services in 2030, a lot of it is focused on steady, incremental change. The reality may be broader and more ambitious than what we think." — **Kirsty Rutter, Group Strategic Investment Director (Corporate Venture Capital), Lloyds Banking Group**

"AI is set to revolutionise virtually every organisation. It can be a pivotal tool in breaking barriers such as language and knowledge gaps, and has significant potential to fundamentally reconfigure professional and Financial Services. But as with every revolution, it's not without its challenges: building safe and reliable AI is complex and costly, keeping up with changing technology is hard, there is a risk of accidentally leaking sensitive data or accidentally training someone else's AI, and delivering a great user experience remains a tough task." — **Adam Roney, Founder & CEO, Calls9 & Kalisa**

"Technology availability and adoption is a key driver of innovation, for example by leveraging the detection of fraud and protection of consumers as well as giving a good consumer experience." — **Lee Stretton, Technology Leader**

"Prevention has been a key topic across both health and general insurance, focusing on early detection or preventing claim events altogether. This approach could fundamentally transform the insurance model. For instance, in a future with fully autonomous, crash-free cars, the traditional insurance proposition would need to be entirely redefined, as the claims would be significantly altered." — **Ben Luckett, Managing Director – Venture & Strategic Capital, Aviva**

"As seen by initiatives such as the FCA's policy sprints, it is important to test policies in a controlled environment. If industry can encourage the FCA and other regulators to embrace the opportunity to test the regulations in real time perhaps we can prevent instances where getting wrong means having to live with the consequences." — **James Mackenzie, Data Consultant**

11 KPMG, 2022, The Future of Financial Services
12 EY, 2023, Three steps tax teams should take to prepare for quantum computing

Future innovation is expected to lay a solid foundation to be more vigilant, proactive and collaborative in addressing issues such as inclusion, literacy and wellbeing. Becoming more effective at targeting and tailoring support for vulnerable customers as well as more informed pricing strategies.

Harnessing data for social good

By no means should this theme wait until the previous potential futures have come to pass, however the greater availability and processing of data, in a secure manner, are ideal conditions for the industry to become more vigilant, proactive and collaborative in addressing key social issues such as inclusion, literacy and wellbeing.

Initiatives such as Consumer Duty[1] and the FCAs market guidelines[2] for the future of the Financial Services & Insurance sector, has emphasised the need to leverage operational efficacy to access diverse consumer needs and reduce exclusion. Ways data can impact social good could include:

- Leveraging alternative credit scoring methods to help financial institutions provide services to underserved customer segments[3]
- Identifying gaps in legal service delivery, such as underserved customer segments or trends in unmet legal needs
- Tracking the environmental impact of investments, ensuring accountability and maximising environmental benefits.[4]

Virtual & augmented reality

Augmented reality (AR) and virtual reality (VR) technologies, though currently costly and complex to implement, have the potential to create innovative opportunities. Early initiatives, such as Mastercard's 2020 AR experience[5] showcasing financial overviews and Union Bank's virtual branch[6], highlight their potential despite limited consumer traction.

AR and VR could significantly impact financial literacy by transforming complex data into interactive 3D visualisations, as seen in Fidelity's StockCity platform, which simplified stock market concepts for investors.

By making financial management more accessible and engaging, these technologies could drive greater user understanding and adoption in the future.

"The connection between the gaming sector and VR presents an opportunity for the Financial Services industry, although a proper testing environment is not yet available. As an example, some asset managers are already using VR to help individuals experience what it's like to invest money. By reducing emotional attachment to money, VR is influencing behaviour and driving changes in how people manage finances." — **Nicola Anderson, CEO, FinTech Scotland**

"Investment and partnerships are required to generate technology solutions that deliver real consumer benefits. If we get it right, this will allow Consumer Duty to be actioned through support services powered by technology, including personalised services and empowering consumers via greater access to their own financial data." — **Tony Vail, Cofounder, Wealth Wizards**

"It is important for the financial sector to continue to find ways to help people that would not traditionally have been able to secure insurance or obtain Financial Services products. To do this, organisations in the sector need to be able to access and leverage data insights." — **Sarah Kocianski, CEO, FinTech Wales**

1 FCA, N/A, Consumer Duty
2 Bank of England, 2019, The future of finance report
3 Deloitte, 2024, 2024 banking and capital markets outlook
4 Deloitte, 2024, 2024 banking and capital markets outlook
5 Mastercard, 2020, Mastercard Launches Augmented Reality Experience to Bring Card Benefits to Life
6 Union Bank, 2024, Bank From Anywhere with Union Bank Virtual Branch!

INVESTMENT LANDSCAPE

Investment landscape

Financial Services & Insurance

£36.06bn
Total Raised (2019-24)

6,050
Volume of Deals (2019-24)

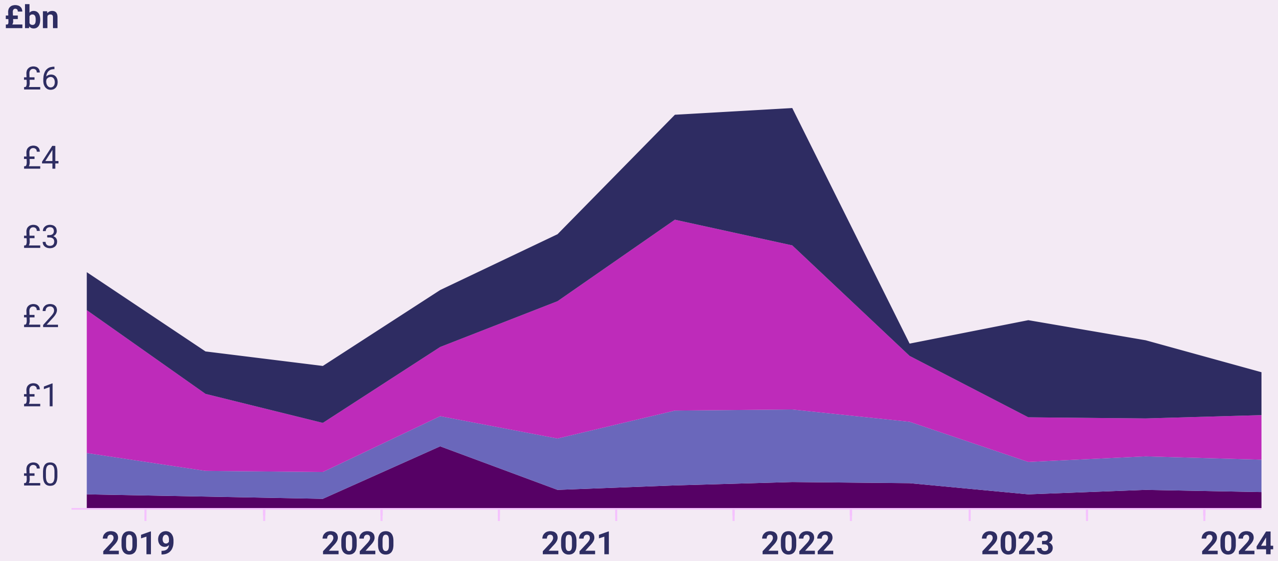
Highest growing industries by deal volume (cagr 2018-23)

- **14%** Private Equity & Venture Capital
- **12%** Budgeting & Financial Management
- **12%** Online Marketplace
- **8%** Data Provision /Analysis
- **8%** Risk & Compliance

Highest growing buzzwords by deal volume (cagr 2018-23)

- **38%** CleanTech
- **9%** Cloud Computing
- **8%** Reg Tech
- **5%** Artificial Intelligence
- **4%** Crypto

Total deal value by company stage of evolution



Largest raises in 2024 by stage of evolution

Seed
£25.5m
FinTech Farm
Range of neobanks, offering alternative financing and credit options to consumers.

Venture
£23.4m
Yonder
Expat credit card with membership based on income & spending instead of credit history.

Growth
£93.0m
Vitesse
Treasury & payments platform for insurance sector, designed to optimise claim management.

Established
£940.0m
Monzo
Neobank where users can budget their money, open a savings account, and access loans.

Source: Beauhurst, 2024

Investment landscape

Legal Services

£1.42bn Total Raised (2019-24)

627 Volume of Deals (2019-24)

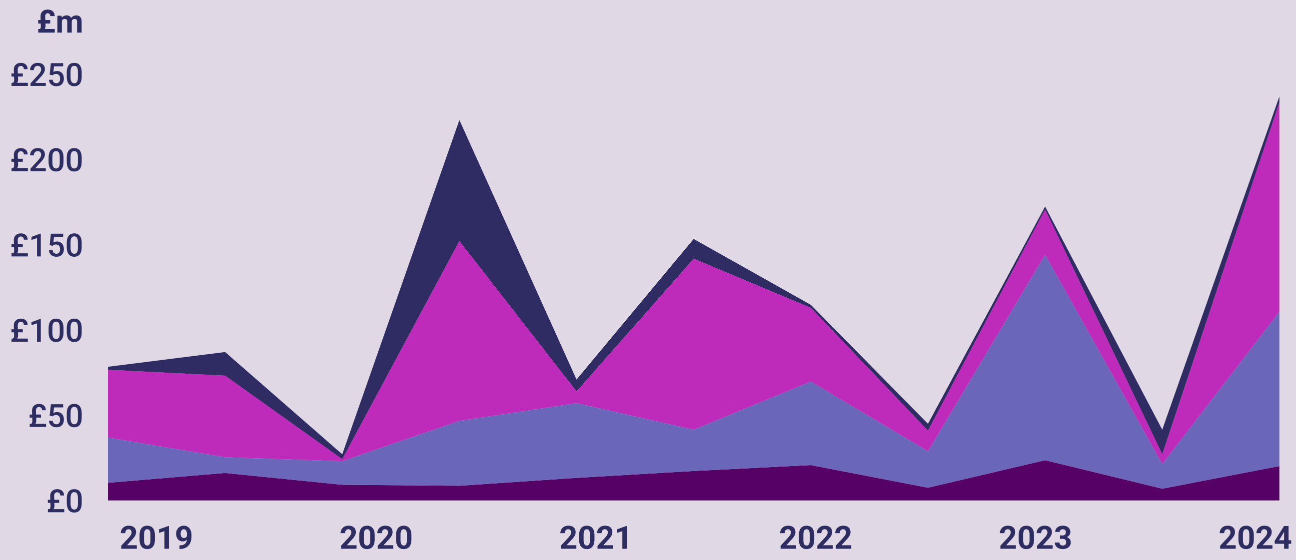
Highest growing industries by deal volume (cagr 2018-23)

28%	Data Management
26%	Assistants, Secretaries & Admin Support
20%	Budgeting & Financial Mgt
14%	Property & Land Asset Management
9%	Risk & Compliance

Highest growing buzzwords by deal volume (cagr 2018-23)

35%	Cloud Computing
14%	PropTech
12%	CollabTech
9%	Blockchain
4%	Digital Security

Total deal value by company stage of evolution



Largest raises in 2024 by stage of evolution

Seed
£4.0m
Wordsmith
Develops an AI-based tool designed to assist law practices with routine legal tasks.

Venture
£30.9m
LawHive
Develops an online platform to allow users to search for Legal Services.

Growth
£40.3m
Robin AI
Develops software which uses AI to provide legal solutions, e.g. drafting & reviewing contracts.

Established
£3.1m
Axitech
Develops accident detection software for motor incidents.

Source: Beauhurst, 2024

Investment landscape

Accounting

£0.85bn Total Raised (2019-24)

389 Volume of Deals (2019-24)

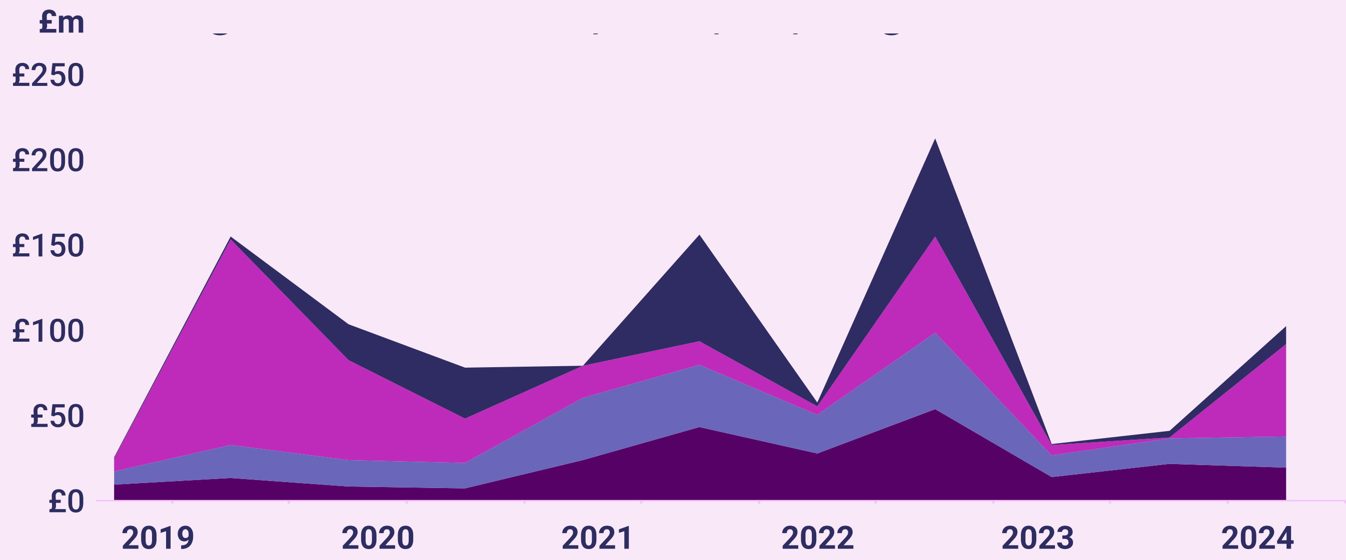
Highest growing industries by deal volume (cagr 2018-23)

14%	Data Provision & Analysis
9%	Wealth, Asset & Investment Mgt.
8%	Budgeting & Financial Mgt.
6%	Data Mgt.
6%	Risk & Compliance

Highest growing buzzwords by deal volume (cagr 2018-23)

12%	PropTech
5%	Subscription
3%	Cloud Computing
3%	Artificial Intelligence

Total deal value by company stage of evolution



Largest raises in 2024 by stage of evolution

Seed
£4.1m
Novabook
Develops an AI-based tool designed to assist law practices with routine legal tasks.

Venture
£7.5m
Grantify
Develops an online platform assisting businesses applying for government funded grants.

Growth
£100m
Finbourne
Data analytics platform aimed at the asset management industry, including a fund accounting solution.

Established
£94.2m
Cloudpay
Develops cloud-based software that enables multinational organisations to manage their payroll.

Source: Beauhurst, 2024

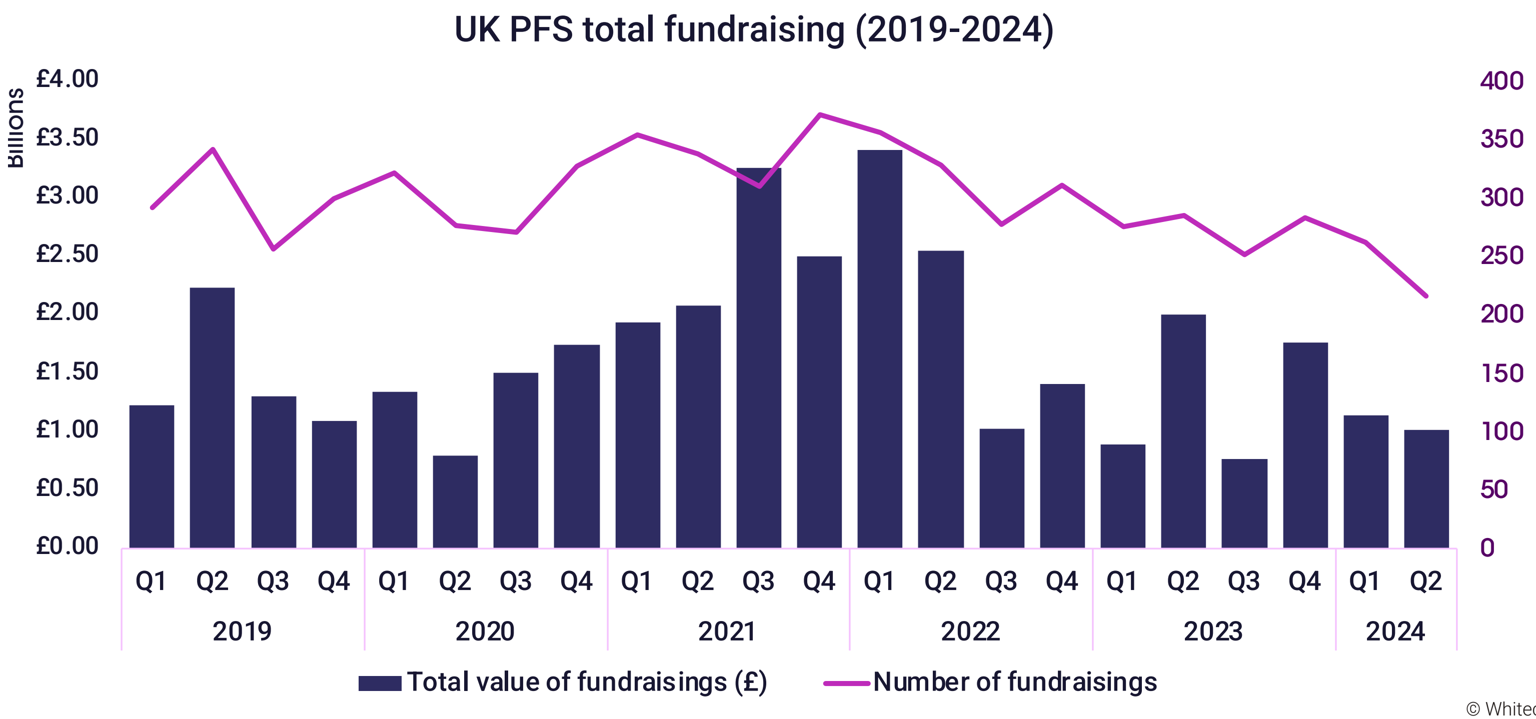
Investment landscape

This section provides an analysis of the investment landscape within the Professional and Financial Services (PFS) industry.

The sections that follow cover:

- **Macroeconomic environment and valuations:** A review of the economic factors influencing the PFS sector, with a focus on how recent economic shifts, such as interest rate changes and liquidity concerns, are affecting valuations and investment strategies
- **Investment appetite and ideal investment targets:** Insight into investor sentiment and the key metrics driving investment decisions, with an emphasis on the rise of FinTech, InsurTech, and other emerging technologies within the sector
- **Co-investment and collaboration:** A discussion about the growing trend of co-investment and collaboration between investors, corporates, and other stakeholders to mitigate risk, increase deal flow, and foster innovation
- **Regional investment:** An exploration of regional differences in PFS investment activity across the UK, including key regional hubs, sector strengths, and emerging opportunities.

Through this analysis, we aim to provide a comprehensive overview of the current state of investment in the PFS sector, offering insights into both the challenges and opportunities facing investors and businesses alike.



Macro-environment and valuations

The UK PFS industry raised c£38 billion from over 6,800 rounds between 2019 and 2024, showing resilience despite economic volatility.

Valuation multiples peaked at 15-20x between 2021 and 2022 and have normalised to 7-10x more recently, due to reduced liquidity and more selective investing.

Late 2022 to 2023 saw growing challenges as founders adjusted to lower valuations, highlighting a return to pre-2020 conditions.

According to data from Beauhurst, the UK PFS industry saw substantial investment activity between 2019 and 2024. During this period, a total of c£38 billion was raised from over 6,800 funding rounds, highlighting strong investor interest despite broader economic fluctuations.

Investor Sentiment & Market Dynamics

In recent years, investor sentiment, particularly at Venture Capitalist (VC) level, can be characterised as cautiously optimistic. Tough economic conditions have made investors more selective, more so than usual, yet there remains a positive outlook as investors concentrate on high quality opportunities and sectors with demonstrated potential.[1] Within Private Equity (PE), the market has become more polarised, with particularly high demand for well-performing businesses in favourable sectors[2]. This helps explain why the UK PFS sector has sustained relatively high funding levels compared to other sectors, with the UK being a leader in attracting foreign and domestic PFS investment.[3]

Key insights from one-to-one investor discussions

1. **Influx of capital in 2021-2022:** The surge in investment activity from 2021 to 2022 was largely driven by pent-up demand and funding pressure following a sluggish 2020. This environment led to a significant influx of capital into the market, increasing competition among investors and PFS valuations. Valuation multiples at this time were high, ranging from 15-20x, especially for high performing early-stage organisations
2. **Impact of high interest rates & inflation:** Between late 2022 and 2023 investors became more conservative, tightening deal flow due to higher interest rates. This caution disrupted the typical investment cycle, drying up exit options and deal origination, making it difficult for fund managers to realise returns. This was said to have a 'trickle-down' effect on early-stage PFS investments, where the extended timelines limit the ability of fund managers to reinvest capital
3. **Founder expectations and investment challenges:** Between 2022 and 2023, it was stated that it took a while for some founders to come to terms with lower multiples, compared to those seen in the previous few years. This mismatch in expectations was noted as a barrier to securing new investment
4. **Market adjustment in valuation multiples:** More recently, average PFS valuation multiples have decreased to a more typical 7-10x. This decrease is attributed to reduced liquidity, which has led to less competition for deals. As a result, funds managers, particularly those on shorter funding cycles, are experiencing challenges in generating returns based on investments made during 2021 and 2022.

1 Osbourne Clark, 2023, Venture capital deal terms trends in the UK
2 Grant Thornton, 2023, Private equity 2023 half-year review
3 EY, 2024, Foreign Direct Investment: UK's project total grows as Europe's falls

Investment appetite and ideal investment targets

Investor Metrics: Mid-market investors prioritise clear exit strategies and management teams with sector expertise, aiming typically for 2x returns within ten years.

Corporate investors seek investments that align with their goals, with an increasing trend in mergers and acquisitions to enhance capabilities and drive innovation.

Mid-market investment strategy and exit requirements

Mid-market investors, typically operating within 3-5 year funding cycles, prioritise investments that present a clear and achievable exit strategy. Given the relatively short timeframe for generating returns, the ability to foresee a successful exit is crucial.

Investors indicated a benchmark of at least 2x the original investment as a necessary target for meeting their return expectations. The focus on visible exit pathways underscores the importance of strategic planning and deal structuring in this segment.

Increased competition and emphasis on management expertise

With intensified competition in the market, investors are placing greater emphasis on the track record and sector expertise of the management team. Investors noted that teams lacking deep industry knowledge currently find it challenging to secure funding. In the current environment, sector familiarity and a history of successful execution have become essential factors in investment decisions, serving as key indicators of the company's potential for growth and resilience.

Strategic priorities of corporate investors

For corporate investors, the decision-making process often extends beyond the pursuit of financial returns, focusing instead on strategic alignment with the company's broader objectives. When evaluating potential investments, corporate investors prioritise targets that offer a clear value proposition and complement their strategic vision. This approach enables corporate investors to leverage their investments as tools for advancing their competitive positioning and accelerating internal growth initiatives, integrating new capabilities, and expanding market access.

Consolidation trends in the investment landscape

An emerging trend in the investment market is the increased movement towards consolidation, particularly through mergers and acquisitions aimed at enhancing operational capabilities and expanding data resources.

This trend is evident in data-intensive sectors such as insurance (especially among brokers) and financial planning, where access to larger data sets is critical for developing advanced AI capabilities. Organisations are pursuing consolidation to streamline operations, integrate new technologies, and stay competitive in a rapidly evolving digital environment. These efforts reflect a broader industry focus on leveraging data and technology to drive efficiency and innovation.

Investors now prioritise profitability and robust ARR, shifting from growth metrics to sustainable business models with financial stability.

In volatile markets, investors favour organisations that use capital efficiently, focusing on sustainable growth without frequent funding rounds.

Different PFS sectors prioritise specific metrics—transaction volume in payments, ARR and retention in Accounting, and LegalTech compliance.

Increased focus on profitability and robust Annual Recurring Revenue (ARR)

Recent discussions with investors revealed a clear shift in priorities towards a pathway to profitability and robust ARR. Following the economic downturn and subsequent market corrections, these metrics have become central to investment decision-making, taking precedence over previous growth-focused indicators.

This change reflects a broader realignment in investor sentiment, favouring sustainable business models that demonstrate a path to profitability. This shift indicates a move towards a more balanced approach that prioritises financial stability and efficient scaling.

Capital efficiency in a volatile market

In the context of heightened market volatility and increased pressure on liquidity, the traditional strategy of raising frequent funding rounds has lost its appeal. Investors have become more discerning, placing greater value on capital efficiency and the ability to maximise returns on smaller investment amounts.

Rather than being impressed by frequent fundraising, investors are now looking for organisations that can optimise capital usage, stretch their resources further, and generate sustainable growth.

This evolving investment approach underscores a preference for businesses that can grow effectively without over-relying on external capital. Organisations are expected to demonstrate efficient use of funds and a focus on generating returns through operational improvements and strategic scaling.

The emphasis on sustainable growth models reflects a recognition of the increased risks associated with volatile market conditions, making it crucial for organisations to showcase resilience and self-sufficiency in their financial strategies.

Variety of business models within PFS

The PFS sector's diverse business models require investors to focus on different metrics depending on the market. In the payments industry, transaction volume is a key indicator of scalability and market adoption. In other markets regulatory compliance, such as being FCA-regulated, is crucial. However, for early-stage investments, the absence of regulatory approval is often less concerning if there's a clear plan for compliance.

Accounting software startups prioritise metrics like ARR and customer retention to demonstrate stability and growth, while LegalTech firms emphasise data security and compliance due to the sensitive nature of their markets. These tailored metrics reflect the unique challenges and opportunities across the PFS sector, helping investors assess risks and potential effectively.

"When benchmarking the current market against 2022 or 2021, the outlook appears less favourable. However, when compared to pre-COVID levels, the market shows relatively little change. Many founders are now adapting to the reality that securing the next round of funding may be more challenging than in recent years.

FinTech models differ from general tech startups. Payment-focused startups rely on volume, which takes time to build, making large early funding rounds difficult. Regulatory hurdles, like licensing, add further challenges unique to FinTech."— **Kevin Chong, Co-Founder & Partner, Outward VC**

"The past 12 to 18 months represent a return to the norm, rather than an anomaly. In fact, the real outlier was the three years preceding this period, not the last two years.

You have got to have a good understanding of your market, vertical or a particular niche. On software solutions, we are really looking for domain expertise before we start to think about investing."

— **Keith Benson, Partner, DSW Ventures**

"Founders need to have a team with a track record, a clear vision and a deep understanding of the sector they are seeking to develop their business in. This gives investors trust and confidence. In professional and Financial Services, we see the primary opportunity to invest relating to tech firms supporting the sector." — **William Schaffer, Investment Director, Mercia Ventures**

"Over the past decade, some founders and investors have conducted minimal due diligence, benefiting from a favourable VC and PE environment. However, the focus is now shifting toward organisations that demonstrate strong capital efficiency which demands rigorous due diligence to test and prove.

"We're seeing a greater volume of complex and difficult deals which often have some atypical terms, perhaps due to more confidence in negotiating among founders. Before the pandemic simpler deals were more frequent."
— **Joe McHale, Investor, Finch Capital**

"We support the aims of the Mansion House Compact to enable Pension Funds to invest in unlisted equities thereby increasing the amount of early stage capital available to tech-intensive financial and professional services startups." — **Tim Robinson, COO of Tech East & founding member of UK Tech Cluster Group**

Market focus areas

Since 2019, Financial Services has driven 95% of deal value and 89% of deal volume, with FinTech leading VC investment in 2024.

Key areas include FinTech (51%), SaaS (35%), and Application Software (71%), focusing on data and efficiency.

Investors focus on technology-driven solutions that enhance data management and efficiency, especially in Financial Services (FS), where technology supports rather than defines the core product.

Deal activity in the Financial Services & Insurance sector

Since 2019, the Financial Services & Insurance sector has dominated investment activity within the broader PFS market, accounting for 95% of total deal value and 89% of deal volume. FinTech has been a key investment focus area over the last decade and remains the leading industry for VC investment.[1]
The UK is also a leading European market for investment into FinTech being 450% larger than the next largest country in 2023.[2]
However, investment into UK InsurTech has seen a shift in H1 2024, which saw no deals surpassing the £100m mark, far below the previous periods.

Focus on data-driven efficiency and technology solutions

Beauhurst identifies the most common terms for PFS organisations raising investment as:

- FinTech (51%)
- Software-as-a-Service (35%)
- Mobile Apps (19%)
- Artificial Intelligence (12%)
- Blockchain (8%).

The most common industries included:

- Application Software (71%)
- Data Provision and Analysis (20%)
- Investment Banking and Corporate Finance (19%)
- Wealth, Asset, and Investment Management (16%)
- Payment Processing (16%).

These figures highlight a strong investor focus on technology-driven solutions, particularly those that address data management and process efficiency within the Financial Services & Insurance sector. Our discussions from investors validated this with them emphasising that back-end, data-heavy solutions that decrease friction have proven appealing to investors.

The majority viewed technologies as an enabler or facilitator that enhances a product or service, rather than seeing it as the core product itself. In this perspective, technology plays a supportive role, improving functionality, efficiency, or user experience, but the primary value still lies in the product or service being delivered.

1 Dealroom & HSBC Innovation Banking, 2024, UK Innovation Update Q2 2024
2 Degrees Capital, 2024, UK FinTech 2024, Startups and Venture Capital

In addition, emerging technologies that have created 'hype' are put through significant scrutiny by investors – due to natural scepticism and a perceived 'expectation bubble' like, for example, 'AI washing' in pitch decks.

Variance in investment maturity across sectors

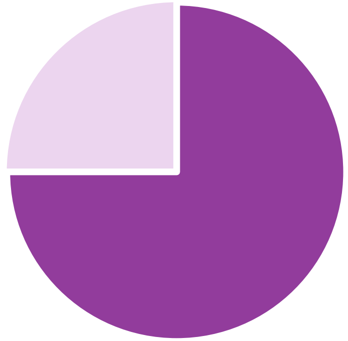
As shown in the following graphics, there is a stark contrast in the levels of investment in Financial Services & Insurance compared to Accounting and Legal Services.

These industries rely heavily on human expertise and client relationships, which has slowed the adoption of tech innovations. Investors show strong interest in technology-driven solutions, but they are less mature in adopting technology therefore making it a tough industry to sell into. As a result, investors are more cautious about backing technology solutions in these fields, preferring to focus on sectors like Financial Services, where technology has clearer potential to improve operational efficiency and drive growth.

Financial Services & Insurance

£36.06bn Total

raised over 6,050 deals



FinTech

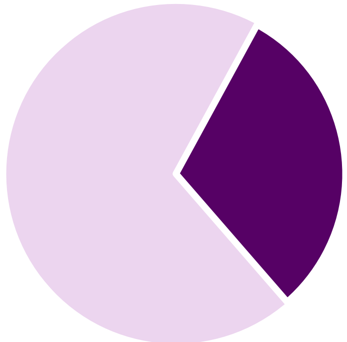
£27.23bn

raised over 4,131 deals

Legal Services

£1.42bn Total

raised over 627 deals



LegalTech

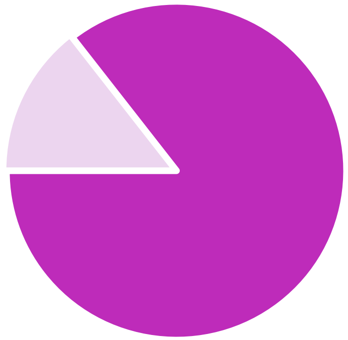
£0.42bn

raised over 254 deals

Accounting

£0.85bn Total

raised over 389 deals



AccountingTech

£0.72bn

raised over 200 deals

Co-investment & collaboration

Co-investment is becoming increasingly common in early-stage investments to spread risk and provide a broader package of support and expertise.

Investors use co-investment to gain local or sector-specific insights when entering unfamiliar regions or markets.

Syndicates pool resources and diversify portfolios, with 79% of UK angel investments made this way, driving regional growth.

Prevalence of co-investment in early-stage deals

Co-investment is becoming an increasingly common strategy in early-stage PFS investments, particularly due to the higher risks associated with investing at this level. This approach enables investors to mitigate potential losses while gaining exposure to emerging opportunities. Co-investment allows for the pooling of resource which can provide early-stage PFS organisations with a more substantial financial backing and expertise to enter, for example, a capital-intensive or highly regulated market.

Co-investment as a tool for regional knowledge gaps

In addition to risk mitigation, co-investment is also used by investors looking to source PFS deals in regions where they have less knowledge or experience. By partnering with local or sector-specific investors, they can gain valuable insights and navigate unfamiliar markets more effectively. This collaboration helps overcome knowledge gaps and strengthens the overall investment strategy, making it a viable option for those seeking to expand into new geographical areas or sectors.

"Seed / pre seed investor needs to be social, have a large network of previous founders and spend a lot of time working with management. It is a hard market to get into." — **Joe McHale, Investor, Finch Capital**

"Having a 'lead' investor is important for a founder, particularly in the early days, but equally important is establishing a community of 'minority' investors. The opportunity to extract value, beyond capital, from this group is huge, and they represent the starting point for follow-on funding. So breadth and diversity of investors can often be good for a founder. More could be done to increase the transparency of, and access to angels and other private investors, because it still feels like a bit of a 'club', accessible mainly from warm introductions and personal relationships." — **Chris Gardner, Founder & CEO, Ninety Two Ventures**

Corporate investors and co-investment opportunities

For corporate investors, co-investment is typically pursued in scenarios where the company wishes to maintain an active role in the broader market. Corporates are more likely to engage in co-investment when the proposition is seen as 'market shaping', meaning it has the potential to influence or redefine industry trends. Organisations that are solely owned by a corporate investor may face challenges, as the perception of a lack of independence can reduce the attractiveness of the business, potentially limiting future investment opportunities or market adoption.

Angel syndicates: a mechanism for collaboration

Angel syndicates are an increasingly important mechanism for pooling resources, expertise, and risk among early-stage PFS investors. They enable participation in larger funding rounds, portfolio diversification, and access to sectors requiring specialist knowledge, with the knock on effect of provide more funding options for early-stage PFS organisations.

According to the British Business Bank, 79% of angel investments in the UK are made through syndicates, underscoring their prominence.[1] Regional variations reveal that 82% of angels outside London and the South East invest through syndicates, compared to 74% within these regions. Scotland exemplifies this trend, with 24 active syndicates contributing significantly to sectors like PFS, demonstrating the importance of syndicates in driving regional economic growth and innovation.[2]

> *"Previously, we co-invested in a company that has the potential to change the home buying experience. To accomplish this change, you need to have a large part of the market supporting it, and we are well placed to help support this with great co-investors. We tend to co-invest with complementary and collaborative VCs and Strategic Corporate Investors, as you'll see from the diversity of our portfolio."* — **Kirsty Rutter, Group Strategic Investment Director (Corporate Venture Capital), Lloyds Banking Group**

1 British Business Bank, 2024, The UK Business Angel Market
2 FinTech Scotland, 2024, Investments in FinTech

Regional funding

London accounts for 65% of deal volume and 70% of PFS deal volume, with 73% of Venture Capitalists and 57% of angel investors based in the capital.

Regional funds like the Northern Powerhouse Investment Fund, as well as UKRI grants supported 129 PFS organisations outside London in 2023, especially in the South East and North West.

Growing interest in regional acquisitions, particularly in sectors like risk management, highlights untapped potential outside London.

London's dominance in the investment landscape

The investment ecosystem in London is widely recognised as more mature compared to the other regions of the UK. London accounts for 65% of deal volume and is home to 73% of the UK's Venture Capitalists, underscoring its status as the primary hub for investment activity. Along with this, Beauhurst data showed that organisations headquartered within London accounted for 70% of the deal volume and 89% of the deal value into PFS organisations in 2023.

When looking at angel investment, London and the South East also dominates. This is evident as over half (57%) of Angels are based in London and the South East. Along with this, 65% of EIS and SEIS invested organisations in 2023 had a registered office in London and the South East.[1]

In terms of proportion of investment by sector, FinTech features less frequently outside of London, with 19% of Angels having a FinTech investment compared to 29% in London.[2] The availability of affluent networks in London gives startups a significant advantage in raising initial capital, facilitating quicker scaling and increasing the likelihood of attracting follow-on investment from venture capital funds. This dynamic creates a robust pipeline of early-stage organisations that are well-positioned for subsequent funding rounds.

The role of regional investment funds

The critical role that regional investment mechanisms play in in addressing funding disparities was often noted, including (but not limited to) the Northern Powerhouse Investment Fund (NPIF), UKRI and Innovate UK grants and the Regional Angels Programme. These funds have made significant contributions to the regional investment landscape, ensuring that businesses outside of London have access to the necessary capital and resources required to drive growth and innovation.

We found that 129 active PFS organisations headquartered outside of London that have secured R&D grants. Organisations in the South East and North West have been the most successful along with those in the FinTech sector, particularly those with a focus on social impact.

1 HMRC, 2024, Enterprise Investment Scheme, Seed Enterprise Investment Scheme and Social Investment Tax Relief statistics: 2024
2 British Business Bank, 2024, The UK Business Angel Market

Opportunities for regional acquisition and investment

Despite London's dominance, there is growing interest in the potential for increased acquisition and investment activity targeting regional organisations.

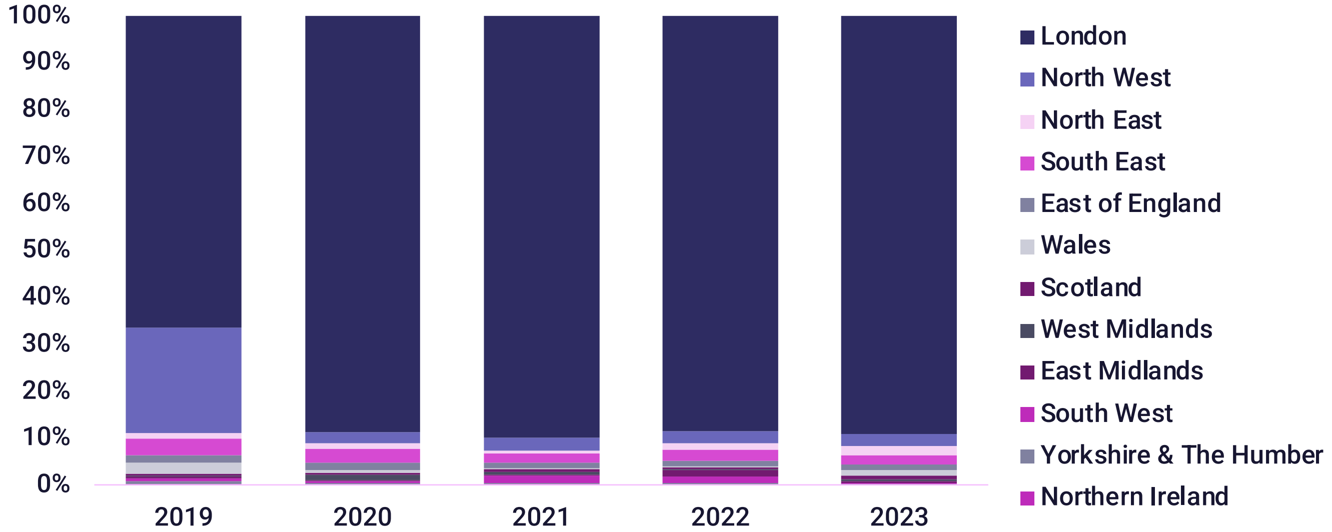
This interest is partly driven by the disparity in data availability across the UK, particularly in emerging sectors and regions where market insights are not as widely available.

Investors noted that regional organisations, especially in risk management, may offer attractive acquisition opportunities due to untapped potential and less competition than in London.

Efforts to boost investment in female founders

Over the past five years, there has been a significant focus on increasing investment in and support for female founders and leaders. Dedicated funds and programmes, like the Invest in Women Task Force, Female Founders Fund, and Barclays' Female Innovators Lab, have raised awareness and provided broader investment opportunities for female-founded PFS organisations. Volume of accelerators, incubators and professional networks have also been growing, such as Eagle Labs Female Founder Accelerator, Bruntwood SciTech's Female Founders Incubator, Innovate Finance's Women in FinTech, Angel Academe, and AccelerateHer.

PFS fundraising by region (value)



"Generally, the main difference between London and regional investment markets is mass and maturity. Also, a 'Friends & Family' round might get you further in London, as there is typically more wealth." — **Ben Davies, Marketing Director, Praetura Ventures**

"Diversity can be a very positive driver for investors. For example, female led businesses generate twice as much revenue per pound invested, but only receive half the investment. In the FinTech arena firms research has found female founders achieved over 30% more turnover growth than those with male only founders – yet only 16% of firms had a female founder. We need to encourage supply and demand in this area; more female leadership, and investment in order to improve the flow of funding to FinTech female founders." — **Helen Oldham, Investor, Lifted Ventures**

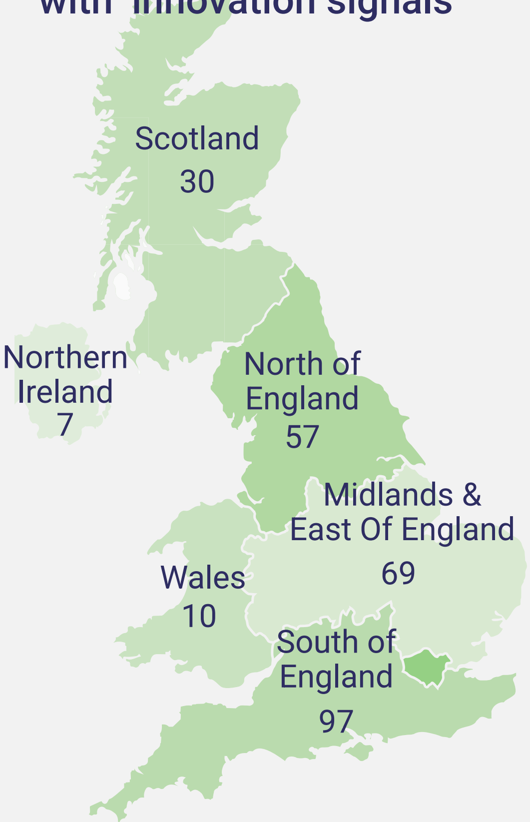
REGIONS BEYOND LONDON

4

Regional strengths & challenges

The UK's Professional & Financial Services market has been and will likely continue to be concentrated in London. However, the regional picture is becoming increasingly positive and diverse over time.

Volume of PFS organisations with 'innovation signals'



Source: Beauhurst

London is the largest PFS cluster in the UK, generating £132bn in GVA per year – over half of the total GVA generated by the PFS industry in the UK. Additionally, a good proportion of London's economy is generated by the PFS market (25% of its overall GVA).

Whilst the various UK regions' economies are less concentrated in the PFS industry (averaging 8% of GVA), key PFS clusters within these regions often portray a key strength for their economies in PFS – for example, Edinburgh (32%), Manchester (22%), Cardiff (21%) and Belfast (20%).

There are 270 active PFS organisations with "innovation signals" (indicated by organisations with R&D grants, patents, and spin-out activity - data sourced from Beauhurst). across the UK except London with a large proportion being in the South and East of England.

Most of the innovation activity comes through patents or R&D grants and is generated by organisations in technology sectors serving the PFS industry, as well as Legal Services and Accounting.

	Total PFS GVA	Total regional economy GVA	PFS share: regional GVA	PFS share: key clusters' GVA
London	£132bn	£520bn	25%	N/A
North of England	£39bn	£434bn	9%	Manchester: 22% Leeds: 16%
South of England	£38bn	£508bn	7%	Bristol: 17%
Midlands & East of England	£32bn	£478bn	7%	Birmingham: 17%
Scotland	£17bn	£166bn	10%	Edinburgh: 32% Glasgow: 18%
Wales	£6bn	£75bn	8%	Cardiff: 21%
Northern Ireland	£4bn	£50bn	8%	Belfast: 20%

"We are starting to see more talent hubs emerging across the UK, which will become increasingly important in the future. InsurTech is multi-disciplinary and, because it is difficult to 'home grow' talent when people are working remotely or in different time zones, InsurTechs naturally form and draw on hubs of diverse talent." — **Stephen Brittain, Co-Founder, Insurtech Gateway**

"Currently, there is a lack of innovation-related funding into independent cluster bodies. If these organisations could access more funding, they would still involve academics but as they start from a position closer to industry they could take more leadership based on existing trust that would leverage more pace, impact and sustainability of innovation initiatives." — **Hilary Smyth-Allen, Executive Director, SuperTech WM**

There are myriad enablers of regional growth, and all of these are expected to be important to the future growth of the UK's regional Professional & Financial Services industry. Funding and talent are consistent barriers to regional growth.

Greater collaboration and a joined up / holistic approach to regional development is crucial going forward, leveraging the existing and growing value of regional ecosystems.

Supportive regional ecosystems

Regional ecosystems were widely praised for the strong support networks they offer to innovative PFS organisations. Public sector bodies and cluster networks play an active role in assisting regional businesses, particularly through networking and consulting channels for key barriers to growth such as raising capital and access to talent. For example, the FinTech and LawTech National Networks foster collaboration between the regional hubs and provides valuable connections to amplify their collective message. The presence of these networks provides a crucial foundation for startups and growth-stage organisations, helping to foster a collaborative environment that encourages business development and investment.

Growing network of regional founders and talent hubs

There is a noticeable increase in the number of regional founder networks, with many experienced entrepreneurs willing to share their knowledge and provide support. This assistance is often facilitated through events, incubator programmes, and accelerator initiatives, which offer valuable resources and mentorship to emerging founders.

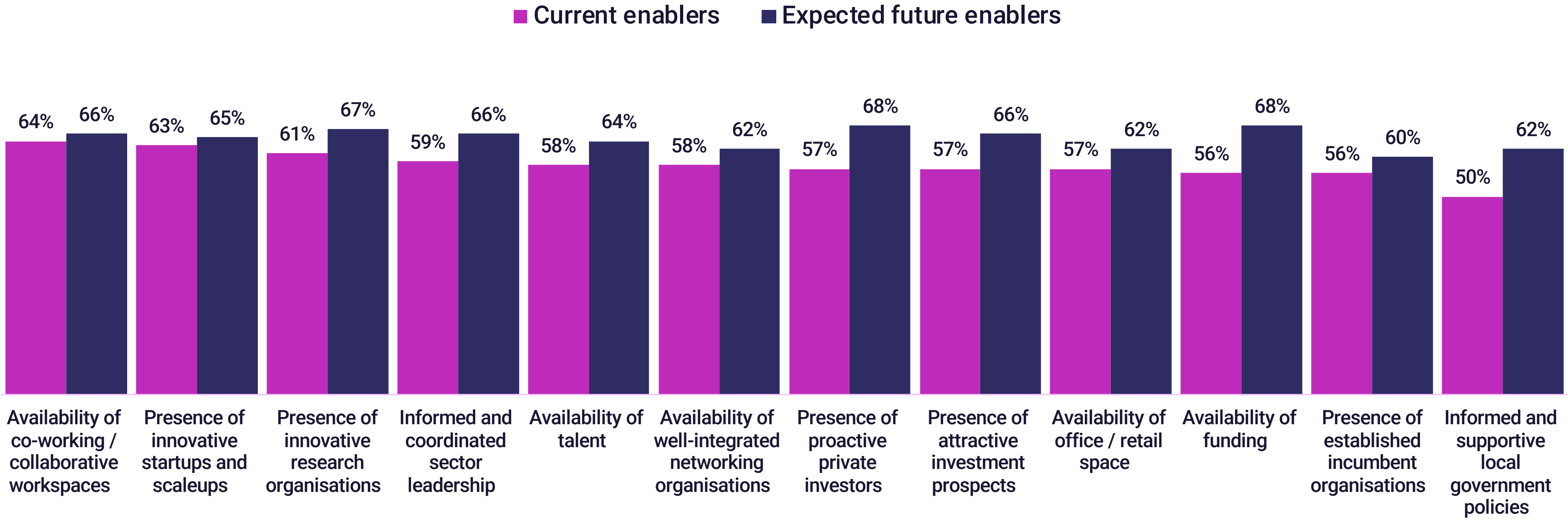
Additionally, the rise of regional talent hubs has been highlighted as a key strength, consolidating skilled professionals and helping to mitigate risks associated with unpredictable market conditions. The concentration of talent in these hubs is seen as vital for sustaining regional growth and innovation.

The emergence of regional PFS innovation clusters

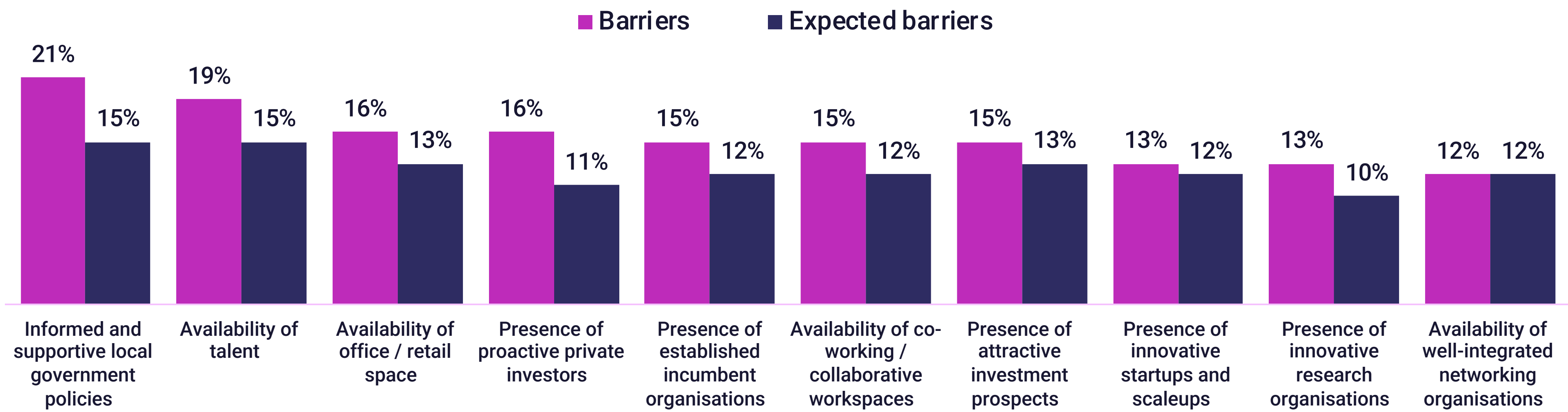
Regional innovation clusters in the PFS industry are driving economic diversification across the UK. While London remains dominant, regions like the North of England, the South, and the Midlands are building strong, specialised ecosystems.

These clusters are bolstered by regional incubators, accelerators, and university partnerships, which provide essential support for early-stage organisations.

Current and future expected enablers of growth in regional PFS ecosystems



Current and future expected barriers of growth in regional PFS ecosystems



Incubators & accelerators

Accelerators in the UK support around 3,660 new businesses annually and drive regional economic growth by providing essential resources.

Regional FinTechs that attend accelerators often see better funding success and employee growth.

Public funding has a key role to play in enabling broader access to incubation and acceleration support.

Accelerators in the UK are estimated to support 3,660 new businesses annually.[1] These programmes, while often sector-agnostic, tend to have specific focuses based on emerging digital trends, such as FinTech, Agritech, Edtech, Cybersecurity, and Smart Cities. Our research revealed that 319 active PFS organisations headquartered outside of London have participated in or are currently part of an accelerator program. Among these, 44% are in FinTech, showing a strong regional focus on financial technology, while only 5% are involved in LegalTech.

This highlights the growing regional specialisation within the accelerator ecosystem, with FinTech continuing to dominate as a key sector.

The top accelerators and incubators that regional PFS organisations attended include:

- NatWest Accelerator
- Entrepreneurial Spark
- Future Fifty
- Tech Nation FinTech
- Angels@Essex Investment Readiness.

Impact of incubators and accelerators

Accelerators and incubators offer a comprehensive suite of financial, physical, and intellectual resources that can significantly enhance the likelihood of success. These programs are crucial components of the UK's broader entrepreneurial ecosystem, contributing to innovation and regional economic development. According to a government survey, key objectives of these initiatives include strategically supporting their parent organisations, stimulating local economic regeneration, and fostering industry-specific innovation.[2]

Further analysis by Whitecap demonstrates that accelerators have a particularly strong impact on regional FinTech scaleups. A notable finding from their study indicates that 90% of these startups successfully raised funding, with accelerated organisations experiencing double the average employee growth compared to their non-accelerated counterparts. This data underscores the critical role accelerators play in fostering business growth and regional innovation, aligning with their broader goals of economic and industrial advancement.

Role of public funding & sector focus

Public funding has played a significant role in the expansion of incubators and accelerators in the UK, with an estimated £20-30 million of UK and EU funds being allocated annually before the pandemic. This financial support has facilitated the development of a wide range of incubation programmes across the country.

1 Department for Business, Energy & Industrial Strategy, 2019, The impact of business accelerators and incubators in the UK
2 Department for Business, Energy & Industrial Strategy, 2019, The impact of business accelerators and incubators in the UK

Universities & spin-outs

University stakeholders report less activity in FinTech and PFS compared to R&D-heavy industries like life sciences. Universities focus more on science and technology over longer periods of engagement, limiting spin-outs in PFS.

Enhancing collaboration between universities and industry stakeholders, as well as improving access to sector-specific data and expertise, could help bridge this gap and foster greater innovation within the PFS space. Additionally, growing interest in AI and stronger industry collaboration could boost spin-out activity in PFS.

Lower activity in PFS compared to R&D-intensive industries

University stakeholders report that there is less activity in the FinTech and Professional Services (PFS) space when compared to industries with a stronger focus on R&D, such as life sciences and manufacturing. One key perspective is that the scope and depth of financial projects are not as extensive as those found in traditional research areas, which often require significant investment and long-term development.

Nonetheless, some universities are observing increased activity around AI and a growing interest in technology-driven projects, although industry experts highlight a lack of sector-specific knowledge within academia. Our analysis found that there are only 16 active PFS organisations that are academic spinouts outside of London highlighting the trend.

Challenges in generating spin-outs in the PFS sector

The production of university spin-outs in the PFS sector is notably lower compared to other industries, a trend that experts attribute to the focus of academic research. Universities in the UK tend to prioritise research in science and technology, which aligns more closely with sectors like biotech and engineering, rather than financial models or services. Additionally, the PFS sector demands industry experience, regulatory expertise, and established client networks, elements that universities may struggle to provide.

Barriers to financial innovation from universities

Industry stakeholders point out that financial innovation often emerges from large firms with access to extensive datasets, resources that universities typically lack. Furthermore, the traditional university spin-out model heavily relies on patentable innovations, which are less relevant in the PFS sector. Unlike fields like biotech or engineering, where patents play a crucial role in commercialisation, the PFS sector relies more on proprietary algorithms, client relationships, and industry-specific insights that are harder to develop within an academic setting.

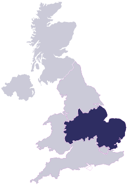
"Given the recent rapid growth in AI, the range of vendors and start-ups popping up is becoming bewildering for SMEs and large firms – it is hard to work out which ones are valuable. The biggest firms have incubators which help navigate this issue, but you can only do that if you are a big firm." — **Chris Bull, Principal & ExCo Member, Edge International**

"Commissioned research projects, which are long and deep, work best for industries such as pharma and engineering which do R&D as part of their business as usual activity, and typically work on longer time scales. The professional and Financial Services industry does not work with academia in this way so we are working to find and promote opportunities for more agile short-term collaborative research and knowledge exchange projects addressing real industry & societal need." — **Rachel Kenyon, Business Engagement Manager, University of Manchester**

"In terms of the research and innovation activity I've been involved in over recent years, sectors like FinTech and LegalTech have been much less prominent compared to fields such as HealthTech in our region. Climate Tech is a strong emerging theme and will only increase in importance." — **Chelsea Boothroyd, Deputy Director for Innovation, Priestley Centre for Climate Futures (University of Leeds)**

"It would be good to see universities demonstrate real experience in commercialising things directly relevant to the Professional & Financial Services sector. Where we have spin out and commercialisation programmes happening at scale in the West Midlands, they are rarely aligned to services industry, and I think the picture is similar in other regions." — **Hilary Smyth-Allen, Executive Director, SuperTech WM**

"Regional cities are home to most of the Russell Group universities, who produce some world leading IP, but very few of them are getting enough spin outs funded. Everyone focuses on London, Oxford and Cambridge. Other investors are not playing enough in the spin out space, they look for opportunities that are a bit more established and a bit less risky. I see this as a clear opportunity." — **Keith Benson, Partner, DSW Ventures**



Midlands and East of England

The Midlands & East of England is a leading region for PFS businesses, with significant concentrations in Mortgage Finance, Insurance, and Financial Administration. It ranks highly for innovation and growth, particularly in Investment Banking, Corporate Finance, and Insurance.

Regional economic overview

The Midlands & East of England is home to 28,750 PFS (Professional and Financial Services) businesses, the highest number among the regions analysed. This substantial presence underscores the region's importance in the national PFS landscape and its role as a key contributor to the UK's Financial Services sector. Within the region, the most prominent PFS hub is the West Midlands, where Birmingham has a high concentration of activity.

Key strengths in PFS sub-sectors

The region excels in several specific PFS sub-sectors, including Mortgage Finance Organisations, Insurance Brokers, and Financial Administrators. These industries are vital to the local economy and reflect the Midlands & East of England's significant role in the wider Financial Services market.

Innovation and growth in PFS

The Midlands & East of England ranks second in the number of PFS organisations exhibiting "innovation signals", with 69 active organisations showing a clear commitment to innovation. Additionally, the region has 444 active PFS organisations displaying "growth" signals, reinforcing its reputation as a hub for business expansion within the sector.

Top innovation clusters, with the highest concentration of PFS organisations with innovation signals, include Cambridge and Birmingham and top growth clusters include Birmingham and Loughborough. The region is also notable for its strength in the Investment Banking and Corporate Finance sector, with a higher-than-average number of organisations demonstrating innovation and growth signals.

With the presence of key universities including the university of Cambridge, Oxford, Birmingham and Warwick, the region has a strong base of research. The Midlands & East of England is home to large financial organisations such as HSBC, Goldman Sachs, Experian, and Aviva, as well as high growth organisations like Wealth Wizards, Pikl, Oakbrook Finance, EPOSNow, and Atlas Commodities, which was named the fastest growing professional services firm in the East Midlands.[1]

The West Midlands has been bringing together its strengths in 'ProfTech' via the SuperTech WM cluster group, which focuses primarily on FinTech, LegalTech, and PropTech. In 2024 SuperTech published a 10 year research and innovation roadmap for PropTech, and has collaborated with FinTech Scotland on the Financial Regulation Innovation Lab (FRIL). In the East of England, a prominent group representing the PFS sector is FIG (Financial Industry Group), based in Norwich. A new FinTech East group for the FinTech sector is also emerging.

Future growth: talent, funding & space

Regional stakeholders identify a range of barriers to PFS growth today including funding, research organisations, attractive investments, office / retail space and co-working spaces – to name a few. However, there appear to be an equally broad range of enablers – particularly research and start-ups and scale-ups.

In the future, talent appears to be particularly critical being both the most significant enabler and barrier, with important roles to play for funding, incumbent organisations, private investors and co-working spaces in driving future PFS growth in the region.

1 Fast Growth Index, 2023, The fastest growing businesses in the Midlands and the East of England in 2023

*Please note: only the three SIC codes where the percentage of businesses indexed the highest compared to the UK average for each sector have been included here.

Midlands and East of England

Birmingham

Norwich

Total economy	PFS sector
GVA: £478.47bn	GVA: £32.40bn (6.8%)
Workforce: 7,669,900	Workforce: 301,350 (3.9%)
Businesses: 670,970	Businesses 28,520 (4.3%)

Financial & Insurance	Legal	Accounting
GVA: £23.86bn (74%)	GVA:£8.53bn (26%)	
Workforce: 169,000 (56%)	Workforce: 54,350 (18%)	Workforce: 78,000 (26%)
Businesses: 13,765 (48%)	Businesses: 4,920 (17%)	Businesses: 9,835 (35%)

Key sub-sectors*		
Other activities auxiliary to Financial Services, except insurance & pension funding (43%)	Barristers at law (20%)	Accounting & auditing services (78%)
Pension funding (14%)	Solicitors (49%)	Bookkeeping activities (18%)
Activities of insurance agents and brokers (8%)	Other legal activities (31%)	Tax consultancy (4%)

Source: ONS

Northern Ireland

Northern Ireland's PFS sector is primarily driven by its strong Legal Services industry, with notable strengths in Credit Unions, legal and accounting services. Despite weaker performance in the financial and insurance sectors compared to the UK average, Northern Ireland demonstrates significant potential for innovation and growth, particularly within the InsurTech sector. Belfast, supported by Queens University Belfast, continues to be a key cluster for innovation and growth, positioning Northern Ireland as an emerging force in the UK's broader PFS ecosystem.

Regional economic overview

Northern Ireland's PFS (Professional and Financial Services) sector is largely driven by a robust Legal Services industry. However, the region's financial and insurance sectors are comparatively weaker when compared to the UK average.

Despite this, Northern Ireland holds a distinct position in the UK's PFS landscape, particularly in areas such as Building Societies, Credit Unions, and Legal Services.

Key strengths in PFS sub-sectors

Northern Ireland has the largest number of Credit Unions of any region analysed. Additionally, Northern Ireland over-indexes in Credit Granting, Barrister, and Accounting businesses when compared to the UK average, reflecting the region's strong performance in these areas. Northern Ireland's strength in Legal Services is enhanced by the presence of a range of national and international law firms including. A&L Goodbody, Arthur Cox, TLT, and Herbert Smith Freehills.

The sector is also strengthened by a growing LegalTech sector, supported by facilities like the Legal Innovation Centre. In Financial Services, Northern Ireland is home to the first European Innovation Lab by PwC and Google. Prominent financial organisations include (but are not limited to) Allstate, Citi, CME Group, FinTrU, IQ-EQ and regionally founded FinTechs Data Intellect, Ff Technologies, Datatics, and Lightyear, which are part of a collaborative ecosystem, represented by netwokrs such as FinTechNI and FinTech Corridor.

Innovation & growth in PFS organisations

Northern Ireland is home to 7 active PFS organisations exhibiting "innovation signals", with several organisations from the Legal Services and Accounting sectors.

This suggests that innovation within Northern Ireland's PFS sector is strongly tied to its traditional industries, such as Legal Services and Accounting. The region also boasts 42 active PFS organisations displaying "growth" signals, with notable strengths in the insurance and InsurTech sectors. This indicates that, while the region's Financial Services & Insurance sectors may be weaker overall, there is considerable growth potential within the InsurTech space, which aligns with broader trends of digital transformation within the Financial Services industry.

Key cluster: Belfast

Belfast is a key hub for the region's PFS sector, with a strong concentration of innovation and growth organisations. The presence of Queens University Belfast, which has produced two spinouts between 2018 and 2023, further underscores Belfast's position as a growing centre for PFS innovation.

Future growth: funding, networking, space & policy

Regional stakeholders suggest a broad range of enablers and barriers to PFS growth today. However, future growth is expected to depend on funding, space, networking organisations and local policy.

*Please note: only the three SIC codes where the percentage of businesses indexed the highest compared to the UK average for each sector have been included here.

Northern Ireland

Total economy	PFS sector
GVA: £49.90bn	GVA: £3.75bn (7.5%)
Workforce: N/A	Workforce: N/A
Businesses: 78,170	Businesses 2,910 (3.7%)

Financial & Insurance	Legal	Accounting
GVA: £2.58bn (69%)	GVA: £1.17bn (31%)	
Workforce: N/A	Workforce: N/A	Workforce: N/A
Businesses: 1,205 (41%)	Businesses: 990 (34%)	Businesses: 715 (25%)

Key sub-sectors*		
Credit granting by non-deposit taking finance houses and other specialist consumer credit grantors (3%)	Barristers at law (39%)	Accounting & auditing services (86%)
Building societies & credit unions (7%)	Solicitors (45%)	Bookkeeping activities (10%)
Other activities auxiliary to Financial Services, except insurance and pension funding (41%)	Other legal activities (15%)	Tax consultancy (4%)

Source: ONS

North of England

The North of England is a powerhouse in the PFS sector, driven by a strong Legal Services sector, a high number of innovative and growing companies, and a leading position in corporate spinouts.

The strategic importance of Manchester and Leeds further consolidates the region's role as a hub for professional and Financial Services, making it a key player in the national and international market.

Regional strengths in PFS sector

The North of England stands out as the largest region for the Professional and Financial Services sector in terms of both Gross Value Added (GVA) and employee count, outperforming other regions in the analysis.

Strong Legal sector

The region is home to a robust Legal Services sector, which includes a significant number of solicitor and barrister firms, makes the North of England a prominent player in the national Legal Services sector, contributing substantially to the overall strength of the PFS industry.

Prominent legal firms operating across multiple locations in the region include (but are not limited to) Addleshaw Goddard, DAC Beachcroft, DWF, DLA Piper, Eversheds, Irwin Mitchell, Weightmans, Ward Hadaway, Womble Bond Dickinson. There is a growing focus on ESG and sustainability as well as focus on AI investment, for example InCase has developed a legal app that digitalises the whole process from documentation and contract arrangements to customer engagement. Challenger law firm rradar focuses on compliance and leverages AI, machine learning and advanced analytics to digitalise customer journeys in the insurance sector.

Innovation and growth in the region

In terms of business activity, the North of England hosts 57 organisations with "innovation" signals and 479 with "growth" signals. A good proportion of these businesses (30%) operate within the Legal Services sector, aligning with the region's established strengths. The strong presence of both growth and innovation-oriented organisations reflects the dynamic and evolving nature of the region's PFS sector.

Corporate spinouts

The North of England also leads in terms of corporate spinouts, with 12 spinouts originating from the region, the highest number among those analysed. This highlights the region's ability to generate new business ventures, especially those with a strong focus on innovation and commercialisation of intellectual property.

Key clusters: Manchester and Leeds

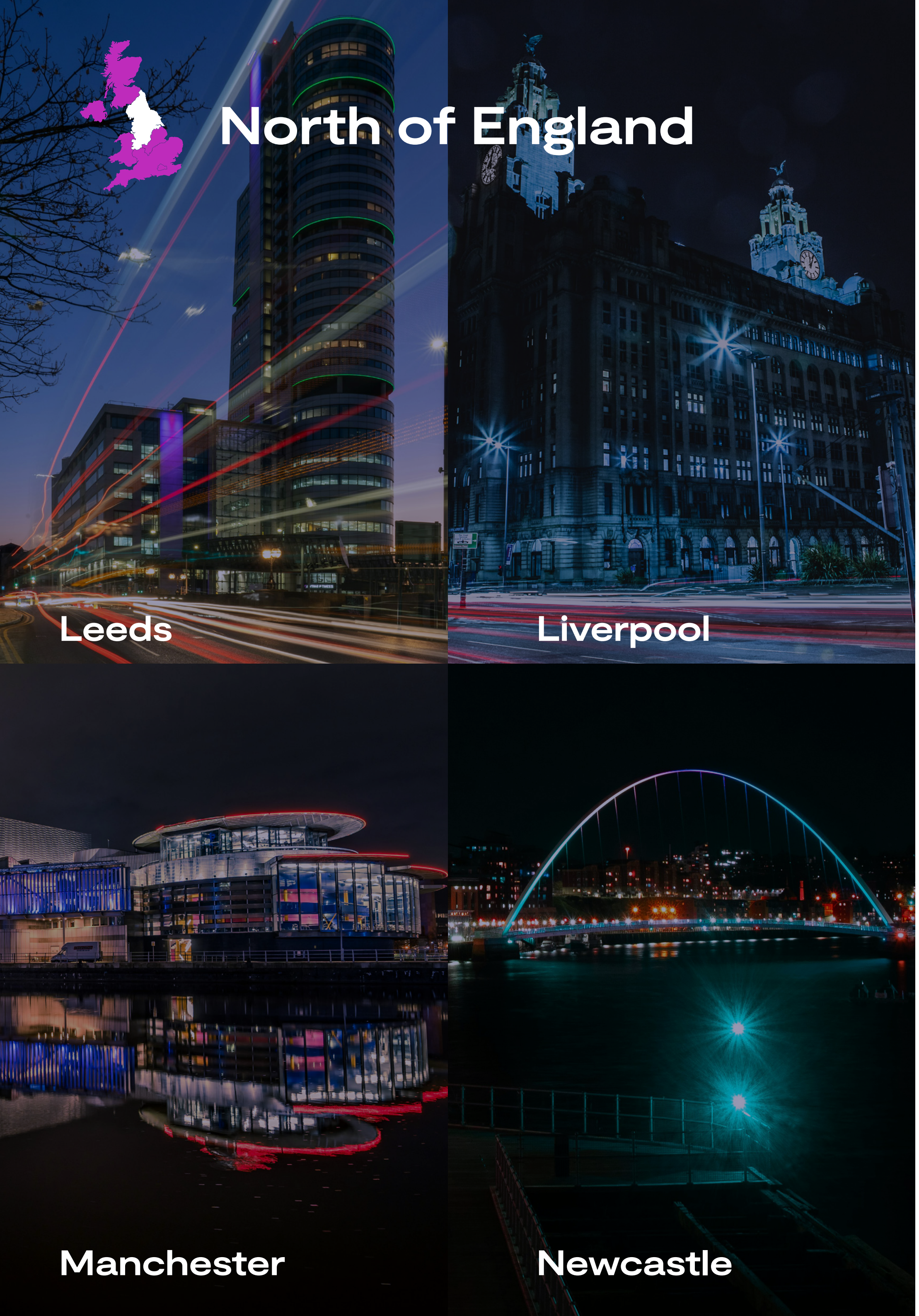
Within the North of England, Manchester and Leeds are recognised as primary clusters for the PFS sector, and these cities are central to the region's business ecosystem, providing a base for many legal, financial, and technology-driven organisations. Their concentration of talent, resources, and infrastructure supports continued growth and innovation within the sector. Recent developments that strengthen this position include the Bank of England, FCA and National Wealth Fund establishing bases in Leeds, and Starling Bank opening a Manchester office. The PFS sector is prominent across the North, and a target growth sector for the key regions, as illustrated by the range of regional PFS-focused cluster groups and networks include FinPact (North East), FinTech North, LCR FinTech Growth Group (Liverpool), pro-manchester, Professional Liverpool, LegalTech in Leeds, and Manchester Law & Technology Initiative.

Future growth

Clearly, factors such as proactive investors, innovative start-ups and scale-ups, and an enhanced supply of talent and funding are all critically important to the future growth of the region's PFS industry, with the availability of funding standing out as both a critical enabler and significant barrier, indicating a need for prioritised action on this point in the future.

*Please note: only the three SIC codes where the percentage of businesses indexed the highest compared to the UK average for each sector have been included here.

North of England



Total economy	PFS sector
GVA: £434.14bn	GVA:£39.48bn (9.1%)
Workforce: 7,021,750	Workforce:387,000 (5.5%)
Businesses: 531,860	Businesses 24,950 (4.7%)

Financial & Insurance	Legal	Accounting
GVA: £26.91bn (68%)	GVA: £12.56bn (32%)	
Workforce: 182,000 (47%)	Workforce: 70,000 (18%)	Workforce: 135,000 (35%)
Businesses: 11,785 (47%)	Businesses: 6,200 (25%)	Businesses: 6,965 (28%)

Key sub-sectors*		
Other activities auxiliary to Financial Services, except insurance and pension funding (42%)	Barristers at law (34%)	Accounting & auditing services (78%)
Pension funding (18%)	Solicitors (44%)	Bookkeeping activities (17%)
Credit granting by non-deposit taking finance houses and other specialist consumer credit grantors (1%)	Other legal activities (22%)	Tax consultancy (4%)

Source: ONS

Scotland

Scotland is a major contributor to the UK's PFS sector, particularly in the Financial Services & Insurance industries. The region excels in FinTech, AI, and Wealth, Asset, and Investment Management, with strong levels of innovation and growth.

While Scotland has weaker Legal Services and Accounting sectors relative to other regions, its growing presence in accelerators and the strong performance of Edinburgh and Glasgow ensure it remains a vital part of the UK's PFS ecosystem.

Regional economic overview

Scotland has the largest PFS (Professional and Financial Services) sector compared to other UK countries outside of England, driven by a strong performance in the Financial Services & Insurance sector. This positions Scotland as a major player in the UK PFS landscape, contributing significantly to the national economy.

Key strengths in PFS sub-sectors

Scotland stands out for its larger proportion of Building Societies, Investment Trusts, and Solicitor businesses compared to other regions. While these sectors contribute heavily to the region's PFS sector, Scotland has a weaker Legal Services and Accounting sector in terms of its contribution to overall PFS GVA compared to other regions. This discrepancy highlights the uneven distribution of PFS strength within Scotland's economy.

Financial Services & Insurance snapshot

Scotland has a strong financial sector, support by regional, national and international organisations including Abrdn, Baillie Gifford, Barclays, Blackrock, Phoenix Group, Morgan Stnaley and Royal London – to name just a few. It is also home to fast growing organisations, for example those listed in high growth lists (for example Deloitte Fast50[1]) like Broker, Car Money and Lending Crowd. There is an established and recognised FinTech cluster, led by FinTech Scotland, with fast growing innovative firms that leverage their expertise in AI, payments, financial regulation and open finance to provide new solutions to PFS.

Innovation and growth in PFS

Scotland is home to 30 active PFS organisations with "innovation" signals and 128 with "growth" signals, demonstrating strong performance in these areas. These growth and innovation activities are particularly notable in FinTech, AI, and Wealth, Asset, and Investment Management, sectors in which Scotland outperforms the UK average Additionally, Scotland has the highest percentage of its PFS organisations attending accelerators of any region studied, indicating a robust pipeline of startups and scale-ups actively seeking support for growth and development through accelerator programmes.

Key clusters: Edinburgh & Glasgow

The primary PFS clusters in Scotland are centred around Edinburgh and Glasgow, which serve as hubs for Financial Services innovation and business growth. These cities play a pivotal role in the continued expansion of Scotland's PFS sector.

Future growth: policy, funding & talent

Regional stakeholders suggest a broad range of enablers and barriers to PFS growth today including, but not limited to, research organisations, space, talent to networking organisations – to name a few. However, important future factors appear much more focused particularly on local government policy, funding and talent.

1 Deloitte, 2024, Deloitte Private: 2024 winners

*Please note: only the three SIC codes where the percentage of businesses indexed the highest compared to the UK average for each sector have been included here.

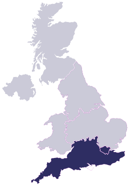
Scotland

Total economy	PFS sector
GVA: £165.71bn	GVA: £17.01bn (10.3%)
Workforce: 2,523,000	Workforce: 125,000 (5.0%)
Businesses: 171,350	Businesses 6,390 (3.7%)

Financial & Insurance	Legal	Accounting
GVA: £14.02bn (82%)	GVA: £2.99bn (18%)	
Workforce: 82,000 (67%)	Workforce: 21,000 (17%)	Workforce: 22,000 (18%)
Businesses: 2,820 (44%)	Businesses: 1,660 (26%)	Businesses: 715 (25%)

Key sub-sectors*		
Building societies & credit unions (3%)	Barristers at law (21%)	Accounting & auditing services (78%)
Activities of investment trusts (3%)	Solicitors (61%)	Bookkeeping activities (17%)
Other activities: auxiliary to insurance and pension funding (4%)	Other legal activities (18%)	Tax consultancy (5%)

Source: ONS



South of England

The South of England, is second largest in PFS GVA and employment, remains a key region in the UK's PFS landscape. It excels in sectors such as Insurance, Investment Management, and Accounting, and leads in the number of organisations displaying innovation and growth signals.

Regional economic overview

The South of England boasts the largest economy in terms of total Gross Value Added (GVA), although it ranks second in PFS (Professional and Financial Services) GVA, business, and employee count among the regions analysed. This positions the South as a significant player in the national PFS landscape, supported by its diverse and thriving economy.

Key strengths in PFS sub-sectors

The South is home to the largest concentration of certain PFS sub-sectors, including Bookkeepers, Investment Trusts, Fund Managers, and Insurance Businesses. These industries contribute substantially to the region's economic output and align with its broader economic strengths, particularly in Financial Services & Insurance.

Innovation and growth in PFS organisations

The South of England leads the regions analysed with 97 active PFS organisations exhibiting "innovation" signals, the highest number of any region. Bath and Surrey are the leading local innovation clusters. Many of these organisations align with the region's established strengths in Insurance and Accountancy, indicating a robust pipeline of innovation in these key areas.

Furthermore, the region is home to 505 active PFS organisations displaying "growth" signals, the largest of any region, showcasing the South's ongoing strength in the Investment, Asset, and Wealth Management sectors. Prominent names in the Financial Services & Insurance sector include Hargreaves Lansdown, Nationwide, JP Morgan, Moneyhub, and Cardstream.

Within the region the most prominent growth clusters include Surrey and Bath with over 70 growth organisations, followed by Brighton and Slough. A few examples of those mentioned in 2024 growth lists (for example, Deloitte Fast50[1]) who are home to the region include TellJo a financial management software business focused on wellbeing and ANNA an AI-powered business app for UK SMEs are two financial organisations identified as high growth and made it onto the list by leveraging application FinTech software.

There are some specific regional PFS communities worthy of note. Bristol+Bath LegalTech is developing an increasingly high profile programme of activity, while the work of FinTech West has expanded from its Bristol base over recent years and now spans the South West and beyond, including collaborating with University of Bristol on the ESRC-funded Future Finance programme.

Future growth: talent, funding & local policy

Regional stakeholders in the South of England highlight a range of enablers and barriers to PFS growth today including co-working spaces, funding, attractive investment prospects, and networking organisations – to name just a few. In the future, local government policies, talent and fund stand out as key enablers to regional growth – where both talent and funding are also some of the most material potential barriers.

1 Deloitte, 2024, Deloitte Private: 2024 winners

*Please note: only the three SIC codes where the percentage of businesses indexed the highest compared to the UK average for each sector have been included here.

South of England

Bristol

Total economy	PFS sector
GVA: £508.48bn	GVA: £38.12bn (7.5%)
Workforce: 6,847,750	Workforce: 312,000 (4.6%)
Businesses: 641,000	Businesses 27,720 (4.3%)

Financial & Insurance	Legal	Accounting
GVA: £28.81bn (76%)	GVA: £9.31bn (24%)	
Workforce: 179,000 (57%)	Workforce: 50,000 (16%)	Workforce: 83,000 (27%)
Businesses: 12,895 (47%)	Businesses: 4,870 (17%)	Businesses: 9,955 (36%)

Key sub-sectors*		
Other activities auxiliary to Financial Services, except insurance & pension funding (43%)	Barristers at law (20%)	Accounting & auditing services (77%)
Pension funding (11%)	Solicitors (48%)	Bookkeeping activities (19%)
Other activities auxiliary to insurance and pension funding (4%)	Other legal activities (32%)	Tax consultancy (4%)

Source: ONS

Wales

Wales' PFS sector is anchored by its strength in the Financial Services & Insurance industries, with Mortgages and Insurance particularly prominent. While the region's Legal Services sector remains comparatively smaller, Wales excels in PFS innovation and growth, especially in the Insurance and Mortgage Finance subsectors. With Cardiff as a key cluster for both innovation and growth, Wales continues to solidify its position as an important player in the UK's broader PFS ecosystem.

Regional economic overview

Wales' PFS (Professional and Financial Services) sector is primarily driven by a strong performance in the Financial Services & Insurance sector. The region has carved out a distinctive role within the UK PFS landscape, particularly in areas such as Mortgage Finance, Insurance, and Accounting.

Key strengths in PFS sub-sectors

Wales has a larger proportion of Mortgage Finance, Insurance Agent, and Accounting businesses compared to the UK average. These sectors are central to the region's PFS sector, underlining the prominence of Financial Services and insurance in Wales' economy. The region's proportionally smaller Legal Services sector, however, limits its overall contribution to PFS GVA when compared to other regions.

Innovation & growth in PFS organisations

Wales is home to 10 active PFS organisations exhibiting "innovation" signals, with 30% of these organisations operating in the insurance sector. This strong connection between innovation and the insurance industry highlights Wales's growing emphasis on technological advancements and the adoption of digital solutions in Financial Services

Organisations including Admiral, confused.com, Go.Compare, Monzo, Tandem Bank and Starling Bank all have bases in Wales and are actively engaged with the work of FinTech Wales.

Wales also boasts 90 active PFS organisations displaying "growth" signals, the largest proportion of any region analysed. This high concentration of growth-oriented organisations is particularly evident within the Mortgage Finance sector, with an over-indexing of growth organisations in the Loans, Debts, and Grants industry. This trend suggests that Wales's PFS sector is increasingly focused on expanding access to financial products and services.

Examples of prominent and fast growing PFS organisations include (but not limited to) Peppercorn AI, Sonovate, Argent Associates, Accountancy Cloud, Mazuma, and TaxAssist Accountants.

Key cluster: Cardiff

Cardiff stands out as a key cluster for both innovation and growth organisations within Wales's PFS sector. The city is a central hub for Financial Services & Insurance innovation, with a growing number of startups and scale-ups driving the region's economic development.

Future growth: funding, talent, space & research

Regional stakeholders suggest that there are a broad range of enablers and barriers to regional PFS growth today, including (but not limited to) start-ups and scale-ups, co-working and office space and networking organisations. Looking to the future, funding and talent appear critical (being both significant enablers and barriers to future growth) as well as research organisations, office space, proactive investors and attractive investment prospects.

*Please note: only the three SIC codes where the percentage of businesses indexed the highest compared to the UK average for each sector have been included here.

Total economy	PFS sector
GVA: £74.55bn	GVA: £5.76bn (7.7%)
Workforce: 1,286,250	Workforce: 63,000 (4.8%)
Businesses: 107,180	Businesses 3,825 (3.7%)

Financial & Insurance	Legal	Accounting
GVA: £4.55bn (79%)	GVA: £1.20bn (21%)	
Workforce: 38,000 (60%)	Workforce: 10,000 (16%)	Workforce: 15,000 (24%)
Businesses: 1,710 (45%)	Businesses: 895 (23%)	Businesses: 1,220 (32%)

Key sub-sectors*		
Pension funding (12%)	Barristers at Law (29%)	Accounting & Auditing Services (81%)
Activities of insurance agents and brokers (8%)	Solicitors (48%)	Bookkeeping activities (15%)
Other activities auxiliary to Financial Services, except insurance & pension funding (48%)	Other legal activities (24%)	Tax consultancy (4%)

Source: ONS

Contributors & methodology

In addition to the 300 surveyed PFS organisations, we would like to thank the following organisations for spending time and sharing their insights with us directly.

AAB / Sagars
Association of Financial Mutuals
Aviva
BarristerLink
Birmingham City University
Bristol+Bath LegalTech
Building Societies Association
Business Durham
Cardstream
Calls9
Centre for Finance Innovation & Technology (CFIT)
ClearGlass
Consillio
DAC Beachcroft
Department for Business & Trade
DSW
Edge International
Eversheds
EY
Fieldfisher
FIG (Financial Industry Group)
Finch Capital
FinTech National Network
FinTech North
FinTech Scotland
FinTech Wales
FinTech West
Future Finance
GFT
ICAEW
Innovate Finance
InsurTech Gateway
Invest Northern Ireland
Kalisa
KPMG
LawTech National Network
LawtechUK
Leeds Building Society
Legal News Wales
LegalTech in Leeds
Levra
Lifted Ventures
Lloyds Banking Group
Manchester Law & Technology Initiative
Mercia
Monevo
Moneyhub
NCC Group
NextGen Planners
Ninety Two Ventures
Open Property Data Association (OPDA)
Outward VC
PEXA
Ph Innovate
Praetura
Redmayne Bentley
Ridley & Hall Solicitors
rradar
Suffolk County Council
SuperTech WM
Target Group
Tech East
Technology in Professional Services (TiPS)
TheCityUK
TLT
UKFin+ Network
University of Birmingham
University of Leeds
University of Manchester
University of Salford
Wealth Wizards
Xeinadin

We believe in open and transparent research methodology. However, due to space requirements in this report we have not included a formal description of our methodology. We would be pleased to share this, upon request. If interested, please reach out for more details to: **info@whitecapconsulting.co.uk**

Innovate UK

Innovate UK, part of UK Research and Innovation, is the UK's innovation agency. It works to create a better future by inspiring, involving and investing in businesses developing life-changing innovations.

Its mission is to help companies to grow through their development and commercialisation of new products, processes and services, supported by an outstanding innovation ecosystem that is agile, inclusive and easy to navigate.

ESRC

Economic and Social Research Council (ESRC)
ESRC is the UK's largest funder of economic, social, behavioural and human data science.

Join AI for Services to stay up to date with all relevant opportunities in Professional and Financial Services Innovation.

Whitecap Consulting

Whitecap is a regionally focused strategy consultancy which works across a wide range of sectors, including Professional & Financial Services and its high growth sub-sectors such as FinTech and LegalTech.

The firm typically works with boards, executives and investors of predominantly mid-sized organisations and helping clients analyse, develop and implement growth strategies.

Email: info@whitecapconsulting.co.uk

Web: whitecapconsulting.co.uk

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