

# UK-Australia FinTech Bridge

The Government of the United Kingdom (UK) and the Government of Australia,

*Recognising their position* at the global forefront of FinTech development, supported by a regulatory approach to FinTech that is seen globally as the model to emulate – striking the right balance between efficiency and stability, ensuring that innovation is not stifled, while maintaining trust in the financial system;

*Noting* that the UK is a world-leader in FinTech; UK FinTech firms generate £7 billion in revenue annually, employ over 61,000 people, and in 2017 raised £1.3 billion in investment; and that the sector's strength comes from its world-leading talent, a progressive regulator and a government focused on competition in financial services;

*Noting* that Australia is a strong global player in FinTech with Melbourne and Sydney both ranked in the top ten global financial centres. Australia's position as a regional FinTech leader is supported by a rapidly growing FinTech sector; investment in Australian FinTech in 2016 defied the global trend, reaching over US\$656 million with Australia being the second largest alternative finance market in the Asia Pacific. Australia's supportive regulatory settings and high rate of FinTech adoption present an attractive market for the launch and expansion of FinTech products;

*Recognising* the significant growth opportunity offered by FinTech for both the UK and Australian economies through its potential to improve outcomes for consumers, increase access to finance and financial inclusion, and increase competition in financial services;

*Acknowledging* that increased innovation will also impact policy and regulation;

*Recognising* there are significant opportunities for the UK and Australia to share their FinTech policy and regulatory expertise to address emerging issues, and ensure that competition and innovation are not unnecessarily restricted;

*Noting* increased collaboration will also enhance trade and investment flows between their markets and this will in turn contribute to the development of the international FinTech market;

*Recognising* that close collaboration between governments, regulators and the industry will enable informed and proactive policy actions, and better position UK and Australian firms for the challenges of entering a foreign market;

Have come to the following understandings:

## **Section 1**

### **Purpose**

1.1 In order to strengthen cooperation, the UK and Australia have decided to establish a UK-Australia FinTech Bridge ('the FinTech Bridge') building on the existing Co-operation Agreement between the Financial Conduct Authority and Australian Securities and Investments Commission signed on 23 March 2016 (the 'Co-operation Agreement') and the further agreement signed between both parties on 21 March 2018 (the 'Enhanced Agreement').

1.2 This UK-Australia FinTech Bridge, signed by the UK Chancellor of the Exchequer and the Australian Treasurer, establishes a framework for individual arrangements between relevant government and private sector parties from the UK and Australia to support further cooperation on FinTech activities (these are described in this FinTech Bridge as 'Pillars').

1.3 This FinTech Bridge will:

- a) enable closer and stronger collaboration on FinTech between governments, financial regulators and the industry; and
- b) encourage FinTech firms to use the facilities and assistance available in the other jurisdiction to explore new business opportunities and reduce barriers to entry.

1.4 This FinTech Bridge sets out the framework for the ongoing cooperation between the UK and Australia on FinTech issues, covering four inter-related Pillars:

1. Government-to-government
2. Regulator-to-regulator
3. Trade and investment
4. Business-to-business

## **Section 2**

### **Government-to-Government**

2.1 HM Treasury and the Australian Treasury (the Government-to-Government Implementing Authorities) commit to ongoing working level discussions held at least quarterly, attended by policy officials and regulators, to discuss FinTech policy development in each jurisdiction. This will include the timely notification of relevant FinTech-related announcements.

2.2 Exploring perceived challenges faced by UK and Australian FinTech firms looking to scale up in each other's markets will form a key part of these discussions, using data made available to both through stakeholder discussions and statistics from departments of trade.

2.3 The Government-to-Government Implementing Authorities will explore with industry bodies innovative avenues for incorporating the views and experiences of FinTech firms.



2.4 Other relevant agencies from each jurisdiction may be invited to participate in discussions when particular value may be added, with agreement of both the UK and Australia (including financial intelligence agencies, the financial regulators, the UK Department for International Trade and HM Revenue and Customs (HMRC), the Australian Trade and Investment Commission, Australian Tax Office (ATO), and sub-national government agencies).

2.5 Dialogue between governments, regulators and the industry will help to identify emerging FinTech trends and policy issues – initially considering issues such as blockchain, data security and exchange, RegTech and WealthTech – in a timely manner, and enable collaboration on policy responses.

2.6 The Government-to-Government Implementing Authorities will prioritise senior-level dialogue on FinTech and broader financial regulatory policy issues when opportunities arise, for example, at the International Monetary Fund and G20 forums.

2.7 The Government-to-Government Implementing Authorities will investigate options for developing complementarity between respective UK and Australian Open Banking regimes to provide opportunities for mutually beneficial trade.

2.8 The Government-to-Government Implementing Authorities will continue to work together to develop a set of International Standards for Blockchain applications including through the International Organization for Standardization (ISO) technical committee chaired by Australia. The UK and Australia will work together to identify and share best practice in developing applications for blockchain within government, and in managing the policy and regulatory issues presented as this technology becomes more widely adopted in the public and private sectors.

### **Section 3 Regulator-to-Regulator**

3.1 The Financial Conduct Authority (FCA) and the Australian Securities and Investments Commission (ASIC) (the Regulator-to-Regulator Implementing Authorities) committed to cooperate in a range of additional areas by signing the Enhanced Agreement.

3.2 Under the Enhanced Agreement, the Regulator-to-Regulator Implementing Authorities have committed to facilitating the entry of FinTech start-ups from the other jurisdiction into their respective regulatory sandboxes. In this way, the Regulator-to-Regulator Implementing Authorities will facilitate the testing of innovative ideas in multiple jurisdictions, which would provide increased integrity of sandbox test results and improve the efficiency of testing in multiple markets. This builds on the Co-operation Agreement between the Regulator-to-Regulator Implementing Authorities, which centred on enabling a referral mechanism for innovative firms seeking to enter the other's market, together with a commitment to at least quarterly dialogue to share information on emerging market trends and their impact on regulation.

3.3 The Regulator-to-Regulator Implementing Authorities will also explore opportunities to enable quicker processing in terms of licensing innovative businesses already licensed/authorised in the

other jurisdiction, which would reduce the regulatory burden on these businesses looking to expand to the other jurisdiction.

3.4 The Regulator-to-Regulator Implementing Authorities will also consider developing shared approaches towards technologies that require research and testing. Outcomes would be published for the benefit of industry, regulators and consumers.

3.5 Following engagement between the Australian Transaction Reports and Analysis Centre (AUSTRAC) and the Financial Crime Department at the FCA in October 2017, the FCA and AUSTRAC will hold quarterly teleconferences to engage on matters of mutual interest including Anti-Money Laundering/Counter-Terrorism Financing regulation, compliance with the Financial Action Taskforce Standards, FinTech and RegTech.

3.6 Engagement and collaboration between the regulators will also be deepened through a short-term posting of an AUSTRAC officer to the FCA in 2018. This placement is expected to enable coordinated regulatory actions on regulated entities and developing joint projects particularly with regard to identifying direct financial links between Australia and the UK and monitoring new payment technologies.

#### **Section 4**

#### **Trade and Investment**

4.1 Both Governments will work to raise the profile of the FinTech Bridge, as well as its benefits to UK FinTech and Australian firms.

4.2 The Department for International Trade (DIT) and the Australian Trade and Investment Commission (Austrade) (the Trade and Investment Implementing Authorities) also intend to support the success of this FinTech Bridge through:

- i. For DIT, the appointment of a FinTech specialist to provide FinTech Bridge activity, including bespoke strategic advice to Australian FinTech firms establishing operations in the UK. For Austrade, providing bespoke strategic advice to UK FinTech firms establishing operations in Australia.
- ii. Providing a point of contact within the Trade and Investment Implementing Authorities for FinTech firms in each market, to offer assistance on queries and support the identification of opportunities.
- iii. Establishing introductions between the Trade and Investment Implementing Authorities' relevant personnel working in FinTech, such as establishing links between the UK's FinTech emissary to Australia's Senior Trade and Investment Commissioner in the UK, and to Austrade's Senior Executive responsible for Services and Technology in Australia.
- iv. Facilitating matchmaking events, meetings and networking opportunities for UK and Australian companies with potential partnership prospects.



### **Support for FinTech firms entering Australia**

4.3 DIT commits to the promotion of Australian export opportunities to UK FinTech firms. Austrade will provide bespoke support for UK FinTech firms using the FinTech Bridge to support access to opportunities in the Australian market.

4.4 Additionally, the Trade and Investment Implementing Authorities will actively support opportunities for UK FinTech firms to utilise the FinTech Bridge via trade missions into market and key second-party events, including Collab/Collide; Lord Mayor's business delegations to Australia; SIBOS 2018; as well as other high profile events in the Australian FinTech calendar.

4.5 The Trade and Investment Implementing Authorities will support UK FinTech firms to access:

- Australian financial institutions and relevant innovation centres
- Australian incubators/accelerators and innovation programmes
- Investors

4.6 DIT will run one or more bespoke FinTech Trade Missions (subject to companies' interest) in 2018/2019 to promote market opportunities, support business development and encourage overseas investment. Austrade will provide pre-departure briefing sessions for UK delegates on FinTech missions to Australia which are organised by DIT or other government bodies.

### **Support for FinTech firms entering the UK**

4.7 Austrade will seek to introduce Australian FinTech firms to the UK FinTech network and to support Australian FinTech firms accessing opportunities in the UK market. DIT will provide bespoke support for Australian firms using the FinTech Bridge.

4.8 Events promoting FinTech Bridge activities and UK opportunities will be showcased across the key hubs of Australia, led in partnership by the Trade and Investment Implementing Authorities.

4.9 The Trade and Investment Implementing Authorities will provide opportunities for Australian FinTech firms to utilise this FinTech Bridge including promotion of high profile UK FinTech events such as the Innovate Finance Global Summit, London FinTech Week and supporting activities including the Australian British Chamber of Commerce annual trade mission of Australian FinTech firms to the UK to promote market opportunities, support business development and encourage overseas investment.

4.10 In addition, to encourage Australian FinTech firms to explore UK opportunities, DIT will support an annual FinTech competition – whereby competing Australian FinTech firms will have the chance to win a personalised trip to the UK for the purpose of business development and international expansion. The successful firm would benefit from specialist mentorship, membership discounts to key FinTech institutions, first-refusal to DIT's European FinTech events, and a bespoke programme of meetings with potential investors, buyers and suppliers (to be determined by the unique requirements of the 'championship' winner).

### **Support for FinTech firms entering either market**

4.11 Assistance will be provided by the Trade and Investment Implementing Authorities for FinTech firms to set up or expand by:

- Providing a 'one stop shop service' to enable firms to access legal, regulatory and practical advice about setting up between the two markets;
- Providing introductions and networking opportunities within the UK and Australian FinTech entrepreneurship ecosystems, including advice and assistance on placements to established incubators, accelerators and innovation programmes;
- Introductions to the innovation teams at banks and financial institutions looking for FinTech firms to partner with;
- Introductions to investors – assisted by specialist teams;
- Tailored advice and one-to-one mentorship from FinTech specialists.

4.12 Within sixty days of the signing of this FinTech Bridge, the Trade and Investment Implementing Authorities will establish a joint working group ('Working Group'), comprising a senior representative of each of Austrade London Post, Austrade in Australia, DIT in London and DIT Post in Australia.

4.13 The Working Group will determine the joint events and activities to be conducted and promoted by DIT and Austrade to enable expansion of two-way trade and investment in FinTech between Australia and the UK and to promote this FinTech Bridge.

4.14 Those events and activities will include those mentioned above, and others determined by the Working Group.

## **Section 5 Business-to-Business**

5.1 Both Governments will support active engagement between FinTech industry bodies, such as Innovate Finance (UK) and FinTech Australia (FinTech Industry Bodies) and welcome their intent to curate and lead regular business-to-business summit discussions involving industry representative groups, co-chaired for the UK by the Prime Minister's envoy for FinTech and a FinTech Australia nominee.

5.2 Both Governments endorse the FinTech Industry Bodies' intent that one of the first topics for these discussions will be to explore collaboration around blockchain technology – for example in areas such as supply-chain finance, digital assets and the use of blockchain in government applications such as welfare; and that over time, discussions may also consider collaborations in mutually relevant areas, such as financial technology applications in wealth/pensions, data exchange and RegTech.

5.3 Both Governments welcome these forums as an opportunity for the FinTech Industry Bodies to make recommendations ahead of government-to-government talks, and discuss challenges to



entering the other market, other FinTech policy issues and trade and performance statistics provided by the Trade and Investment Implementing Authorities.

5.4 Both Governments congratulate the FinTech Industry Bodies for their preparedness to consider the introduction of a fixed-term reciprocal membership agreement for UK and Australian FinTech firms establishing in each market.

### **Section 6 Amendment**

Both Governments recognise that this FinTech Bridge will be reviewed regularly to ensure its maximum impact and efficiency in a fast-paced industry and commit to the discussion of additional proposed amendments in good faith. This FinTech Bridge may be amended at any time as mutually determined by the Governments in writing.

### **Section 7 Termination**

Either Government may terminate this FinTech Bridge by giving the other Government at least six months' notice in writing.

### **Section 8 Signature**

This UK-Australia FinTech Bridge comes into effect on the day of its signing.

Signed in duplicate in London on the twenty second day of March in the year Two Thousand and Eighteen.

SIGNED for and on behalf of the Government  
of the UK:



The Rt Hon Philip Hammond MP  
Chancellor of the Exchequer

SIGNED for and on behalf of the Government  
of Australia:



The Hon Scott Morrison MP  
Treasurer