DataGardener
Manage Risk. Grow Faster.

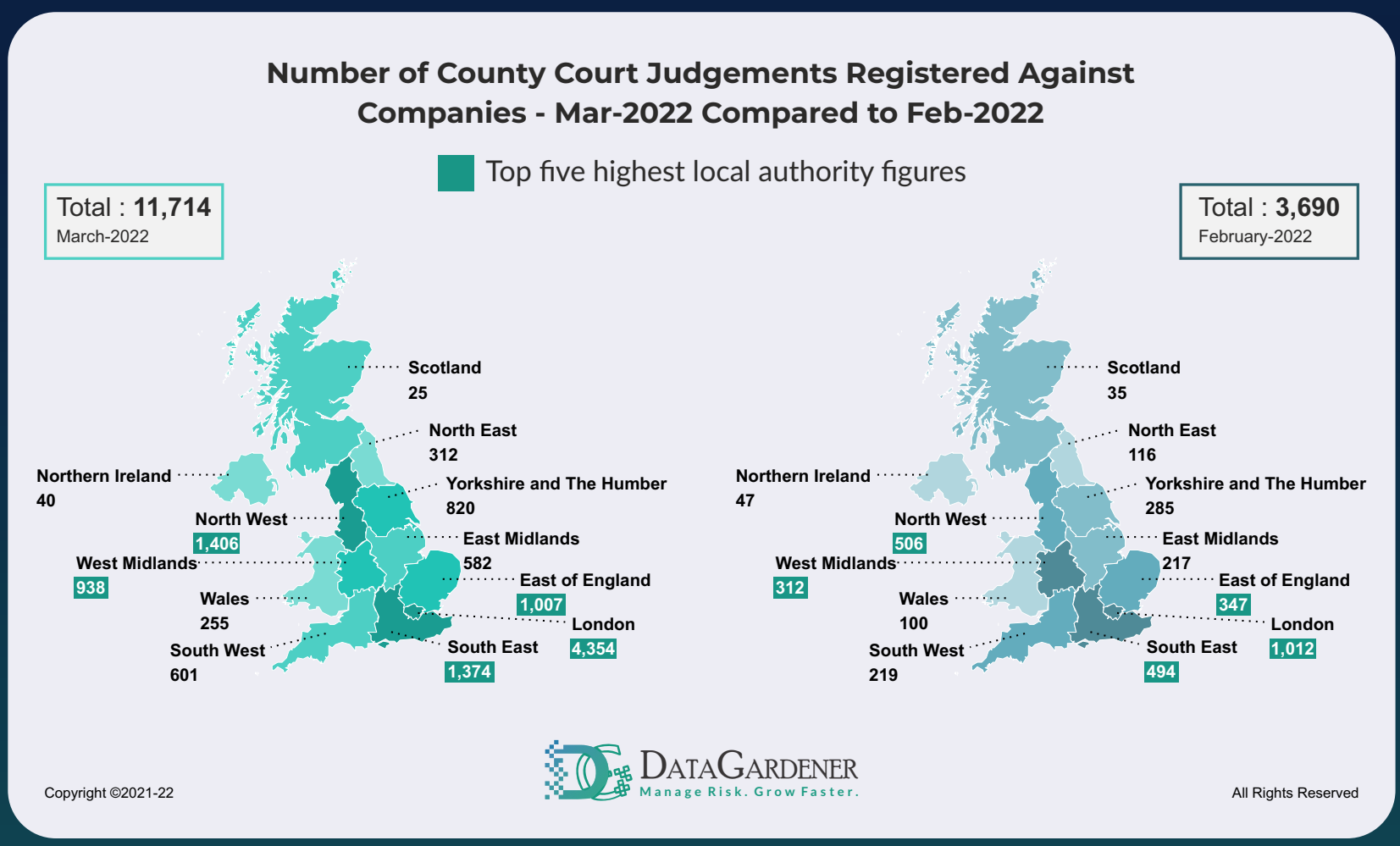
April 2022

What's happening in the UK

Our Perspective

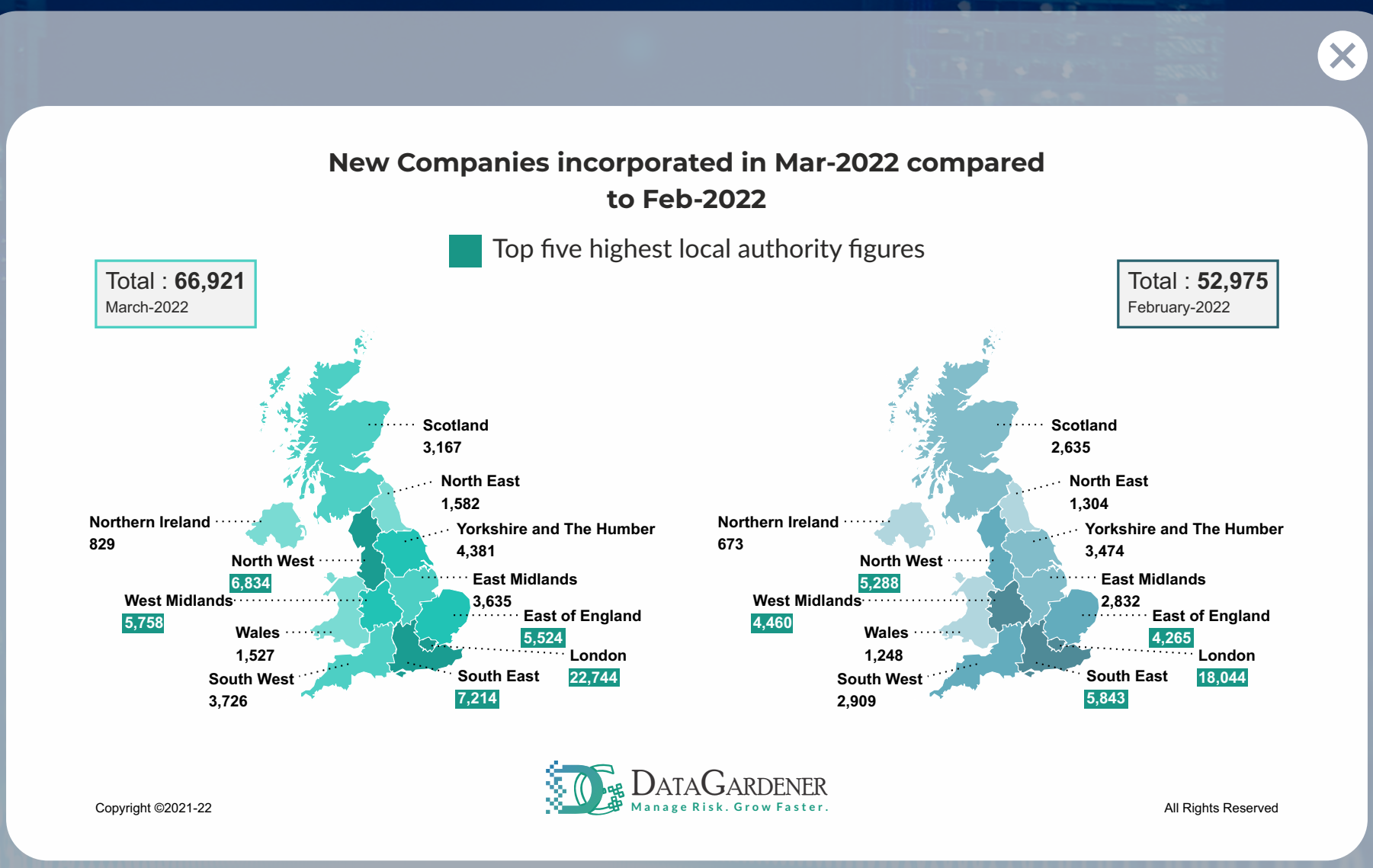
Key Events of the Month

Since the beginning of March, Europe has been going through one of the worst global crises in the last 20 years. Unsurprisingly, although early on into the conflict, this upheaval has already affected the UK economy. Although it's not immediately clear why CCJs filed against companies in the UK have soared from **3,690** in February to nearly **12,000** in March.



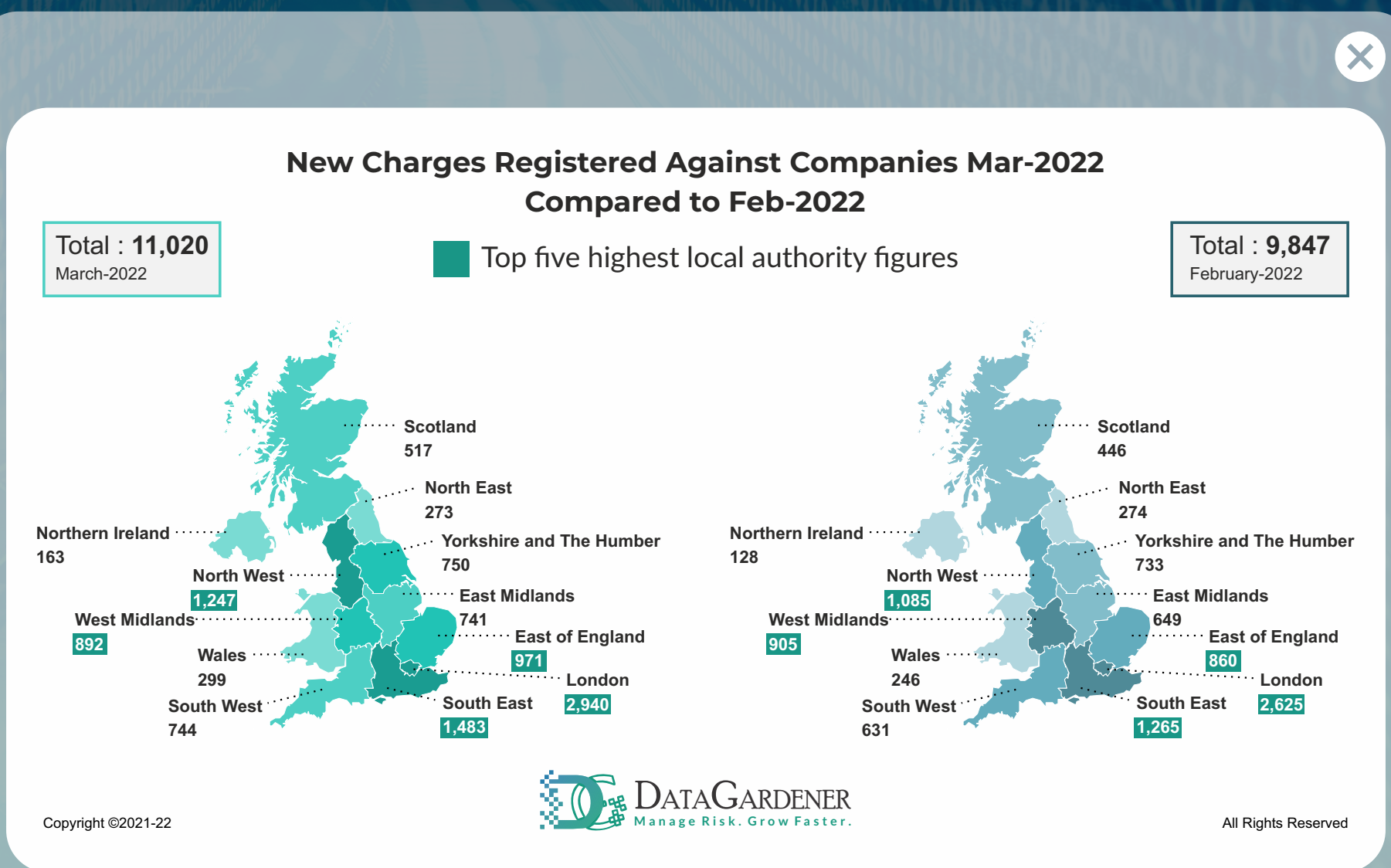
CCJs Filed February – March 2022

Despite this, companies registered have also seen a considerable increase to approximately **66,921 companies registered** in March alone.



Companies Incorporated February – March 2022

The other metric which has seen a slight increase over the past months has been the charges filed, with **11,020 charges registered** against companies this month. The trends for these broad numbers are equally accurate across most UK sectors for the month.



Charges Registered February – March 2022

March - Volatile market conditions, inflation, growth?

One of the most heavily invested current sectors within the UK is the financial technology sector. KPMG estimates that in 2021 alone, UK fintech investment breached over $37 billion – an increase of around seven times the investment seen in 2020. This may be no surprise to some, especially considering the city of London's status as the former financial capital of the EU. However, the post-Brexit reality of the situation meant that transferring this title to potential EU-member cities such as Dublin, Frankfurt, or Paris has many worried. This is especially true since Brexit necessitates the transfer of financial roles to other EU cities. By being able to compete in the fintech market, the UK may be able to retain its position as an essential financial capital working with the EU.

Currently, there are around 2,500 fintech companies in Britain. Some of these are incredibly successful, such as Revolut, Monzo and OakNorth Bank – all of which are London-based. However, the British government has plans to allow fintech start-ups outside of London and the South East to thrive. Since fintech companies tend to emerge in 'clusters', national connectivity and collaboration of these areas could be essential to boost post-Brexit investment and accelerate the area's growth.

This includes a plan by FinTech Scotland to focus on bringing growth, jobs and economic recovery to this region of the UK through increased investment in fintech research and innovation (R&I). This could bring around 30,000 extra jobs to Scotland whilst increasing the revenue of the Scottish fintech sector to over £2 billion.

According to a research, employment growth in the UK returned to pre-pandemic levels in March, but the jobs boom appears to be short-lived due to growing living costs and the impact of the Ukraine war.

According to the business consulting firm BDO, UK companies reported the greatest rise in the labour market since February 2020.

However, the promise of all this increased investment raises an obvious yet difficult question – where exactly is this money going to come from? Many seem to agree that banks are already over-extended on their lending, especially with the previous COVID business loan scheme and widespread loan fraud. This is exacerbated by the issue that the UK government plans to make the COVID business loan scheme permanent.

UK government officials are currently in talks with banks in the UK to build replacement schemes and programmes that could continue to support small to medium-sized enterprises (SMEs). Although this may be good news to many traditional SMEs, it may mean there is less money available to the fintech sector and start-ups.

Unfortunately, this is combined with the current issue of surges in inflation and falling real wages, as well as the growing question surrounding the suitability of Chancellor Rishi Sunak, who has been embroiled in scandal as of late. The perceived lack of credibility within the treasury cannot be good for the economy, especially with increasing energy prices which have hit the poorest in the UK the hardest. Since national banks are intrinsically tied to these events, especially the Bank of England, there have been calls for an increase in the availability of non-bank SME lending.

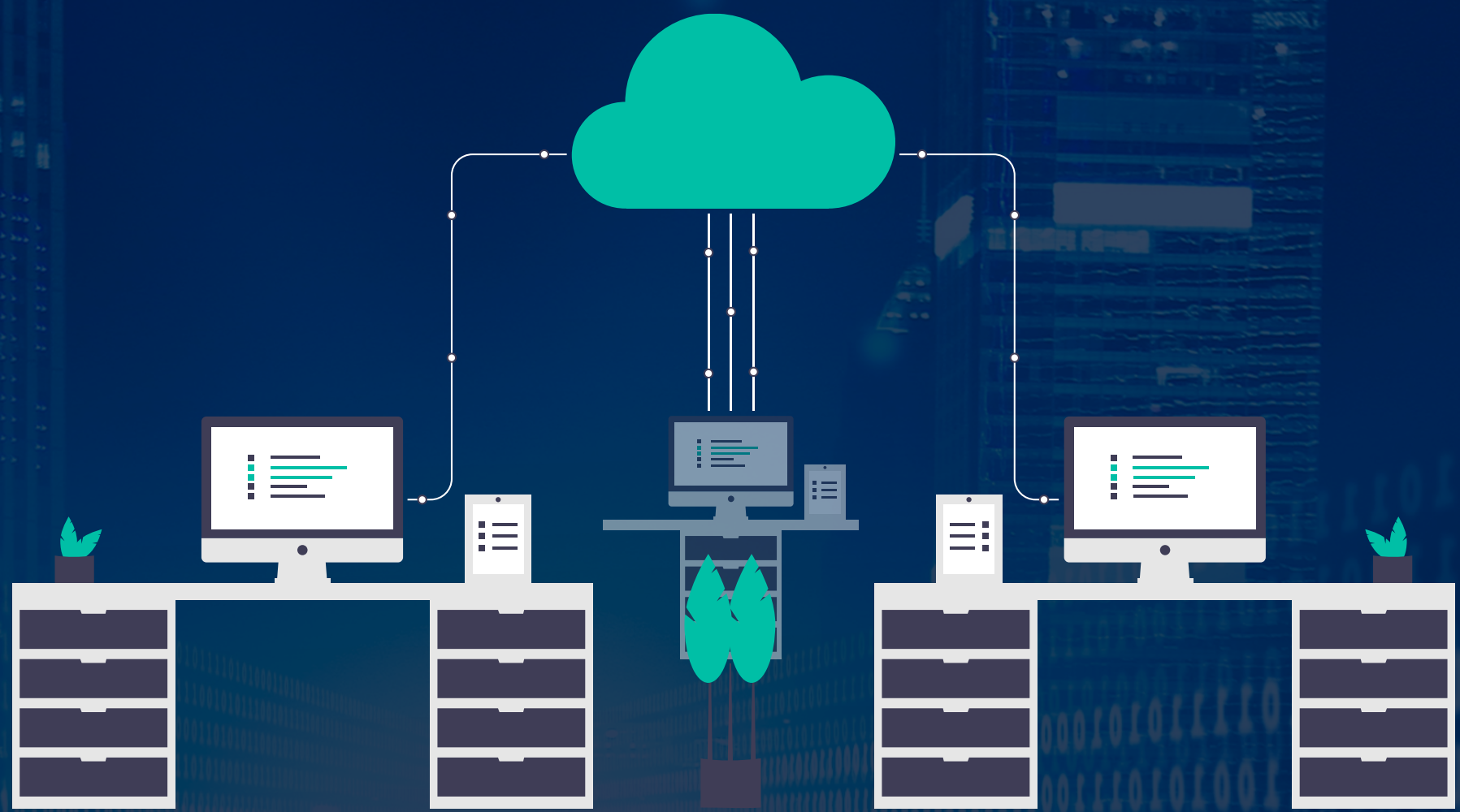
Commercial lending is certainly not something new, but with the increasing inaccessibility of lending through banks, it has been seeing growing demand as of late. This is compounded by the worry that large banks have too much dominance over SME lending, which stifles innovation within the fintech sector. Although government lending schemes have previously helped the area, this help is likely to recede over time – meaning alternatives to bank lending must be explored. In fact, there have already been well-documented successes of non-bank commercial lenders. Belfast Commercial Funding (BFC) is a business located in Ireland that provides non-bank funding for businesses. To date, they have made loans totalling around £28 million. The money for these loans came from the sale of Merchant Square in Belfast to PwC, which are now the largest of their offices outside of London.

Founder of BFC, Gareth Graham, explains that when his company sought to fund the development of Merchant Square, they were unable to gain any loans from more local banks and instead were only able to secure funding from London and New York. Their company now has plenty of capital which it is using to finance loans to businesses that are 'already making a positive impact on the wider economy. By providing 48-hour turnaround times for loans, BFC is shaking up non-bank commercial lending and commercial finance in Ireland.

What's happening at DataGardener?

At DataGardener, we recognise this growing need to connect potential lenders and borrowers. Features such as our lending intelligence tool are specifically designed to aid in this process - pushing innovation and investment across the UK. We are also excited to announce that we have been featured in the Founder Institute Regional EMEA F150 report as one of the fastest-growing companies over the past year across the UK, Europe, the Middle East and Africa!

Our team is always hard at work providing the best service we possibly can, and achievements such as this only motivate us further to be the number one UK provider of business and financial information.



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