



DATA GARDENER
Manage Risk. Grow Faster.

June 2022

What's happening in the UK

Our Perspective



Key Events of the Month

Since entering May, the cost-of-living crisis wracking the nation has only increased in scope. Worry has set in amongst professionals and citizens alike. This intense financial pressure coupled with rising inflation seems to have reduced the short-term confidence in the UK economy.

Compared to April and March, companies formed in the UK have increased - **67,306** companies formed this month.

New Companies incorporated in May-2022 compared to Apr-2022

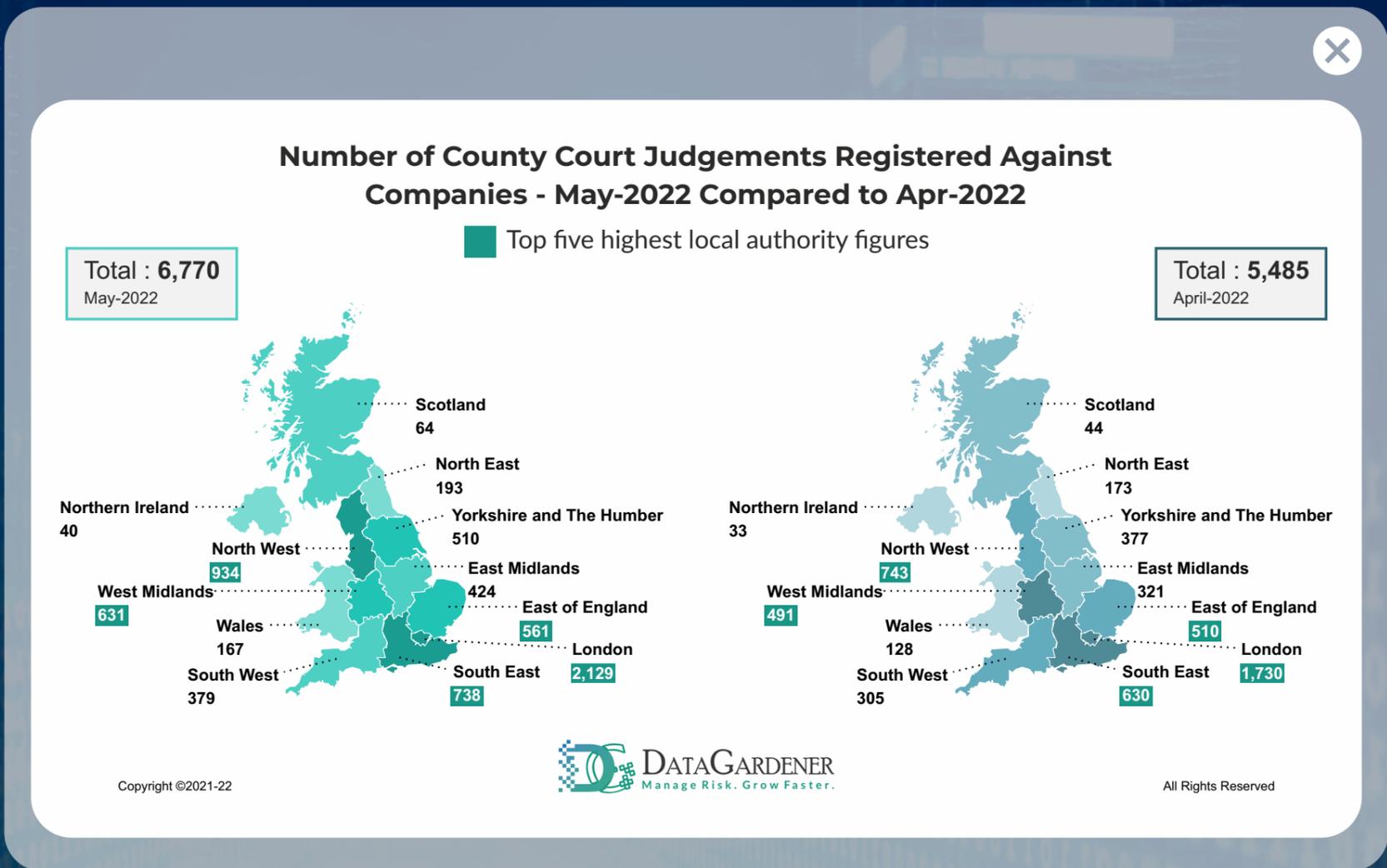


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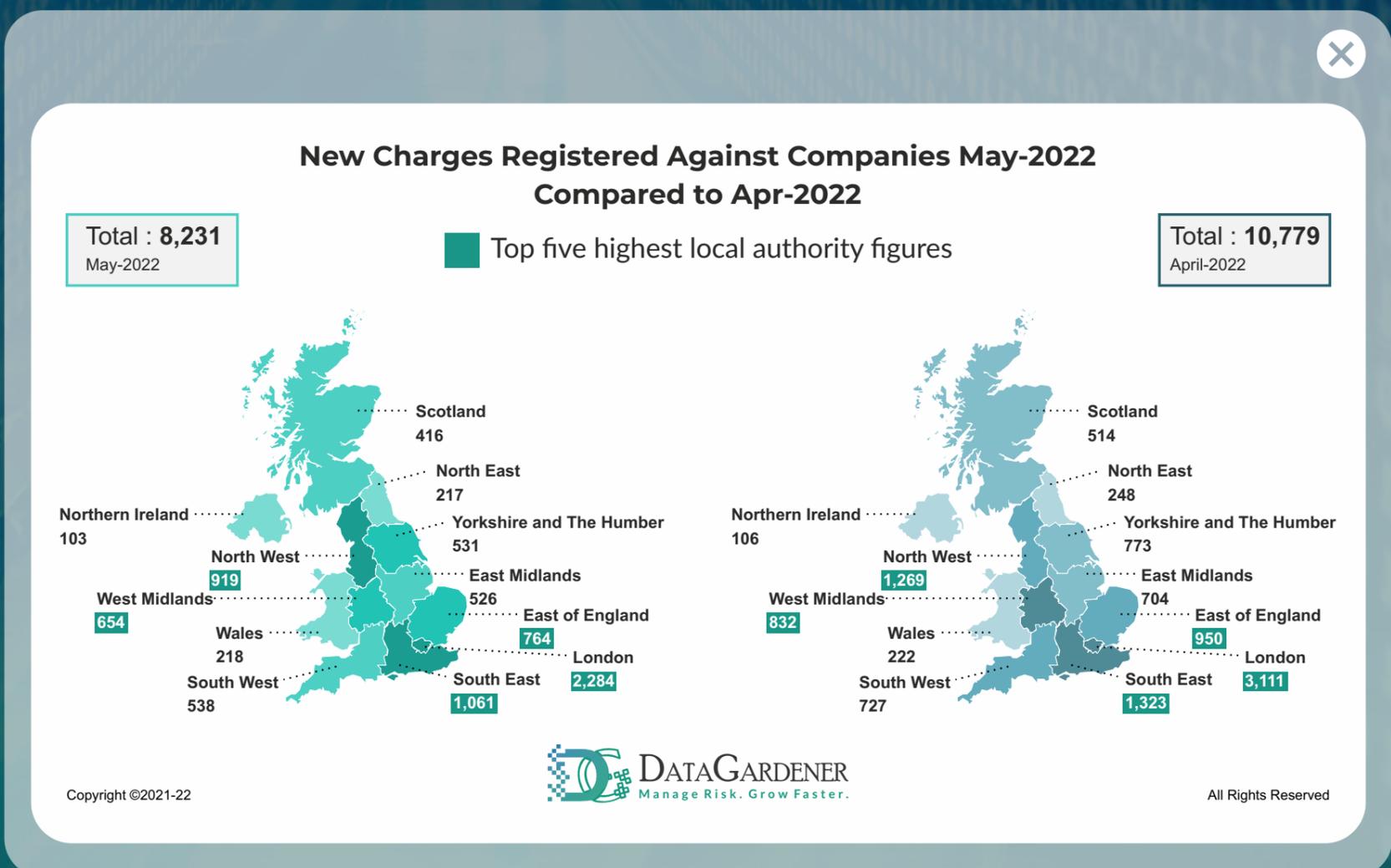
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CCJs filed have also increased throughout May to around 6,770, though this is only a slight increase over April's 5,485.



Finally, the charges registered have decreased significantly from 10,779 to 8,231.



Despite these numbers, UK investment in the Fintech industry in particular, has done nothing but increase. The government's commitment to the net carbon-zero target of 2050 remains as strong as ever. Although criticism is growing as to whether more needs to be done to tackle the cost-of-living crisis rather than far-off environmental goals.

FinTech and Finance News

UK-based start-up Merge recently announced it had raised around \$9.5 million in seed funding. This Fintech company, founded by former PayPal executive Kebbie Sebastian, aims to revolutionise methods of banking, payments, and risk management for web3 companies. Purportedly, it will do this via a specifically designed API – a bridge allowing web3 businesses to simply access each other's systems. Merge will focus on providing services to crypto exchanges, wallets and DeFi gateways. These are companies who, traditionally, find it difficult to do business with traditional banks.

However, there may be a good reason why traditional banks are wary to do business with these sorts of companies. Like any new technology which few people truly understand, exploitation seems to be rampant. In a market with a sore need of regulation, providing financial services may seem to be unwise. For example, the recent rise in cryptocurrency 'pump and dump' schemes has caused significant worry for even those who were previously optimistic about the widespread use of web3 technology.

One coin in particular, the 'Save the Kids' coin promoted back in 2021 by various UK YouTubers and influencers, saw internet personalities (whose main audience is children) promoting a cryptocurrency designed to 'redistribute wealth'. Once the coin launched, the founding members dumped their stock and the price fell from \$0.0029 to \$0.0012 in under a week, never to recover. Additionally, fraudulent companies and coins such as the fabled 'Bitconnect' which told consumers it was an open-source cryptocurrency turned out to be nothing more than Ponzi schemes designed to profit its early investors.

All these cases and more may explain why providing financial services to these web3 companies is such a risky niche to enter. Only time will tell as to whether this new venture by Merger will pay off.

How to achieve net-zero emissions?

In other news, the UK government continues to push forward its net-zero goals with the Environmental Audit Committee (EAC) launching a new inquiry into the UK financial sector and net-zero transition.

The recent COP26 summit held in the UK brought to light how financial institutions could play a role in decarbonising the economy. This has been demonstrated by the Glasgow Financial Alliance for Net Zero (GFANZ). Since its inception in 2021, GFANZ has gained over 450 member firms in 45 countries, responsible for a total of \$130 trillion (40% of global private financial assets). The group provides a place for firms with adjacent ideas to accelerate the alignment of financial activities with net-zero goals.

Additionally, major construction businesses have also committed to achieving net-zero emissions, with banks providing specialist ESG loans to companies that meet the criteria for sustainability. These new loans are essentially the response of banks to shareholders' desire for financial institutions to begin promoting positive climate change, but the term 'ESG' is poorly regulated.

What determines whether a company is ESG compliant or not is a fraught process. The data on qualitative assessment such as 'impact on the environment' is currently poor and under-utilized. This grey area has also seen practices such as ESG investing come under fire recently since 'greenwashing' at the highest levels is rampant as companies struggle to attain ESG compliant status.

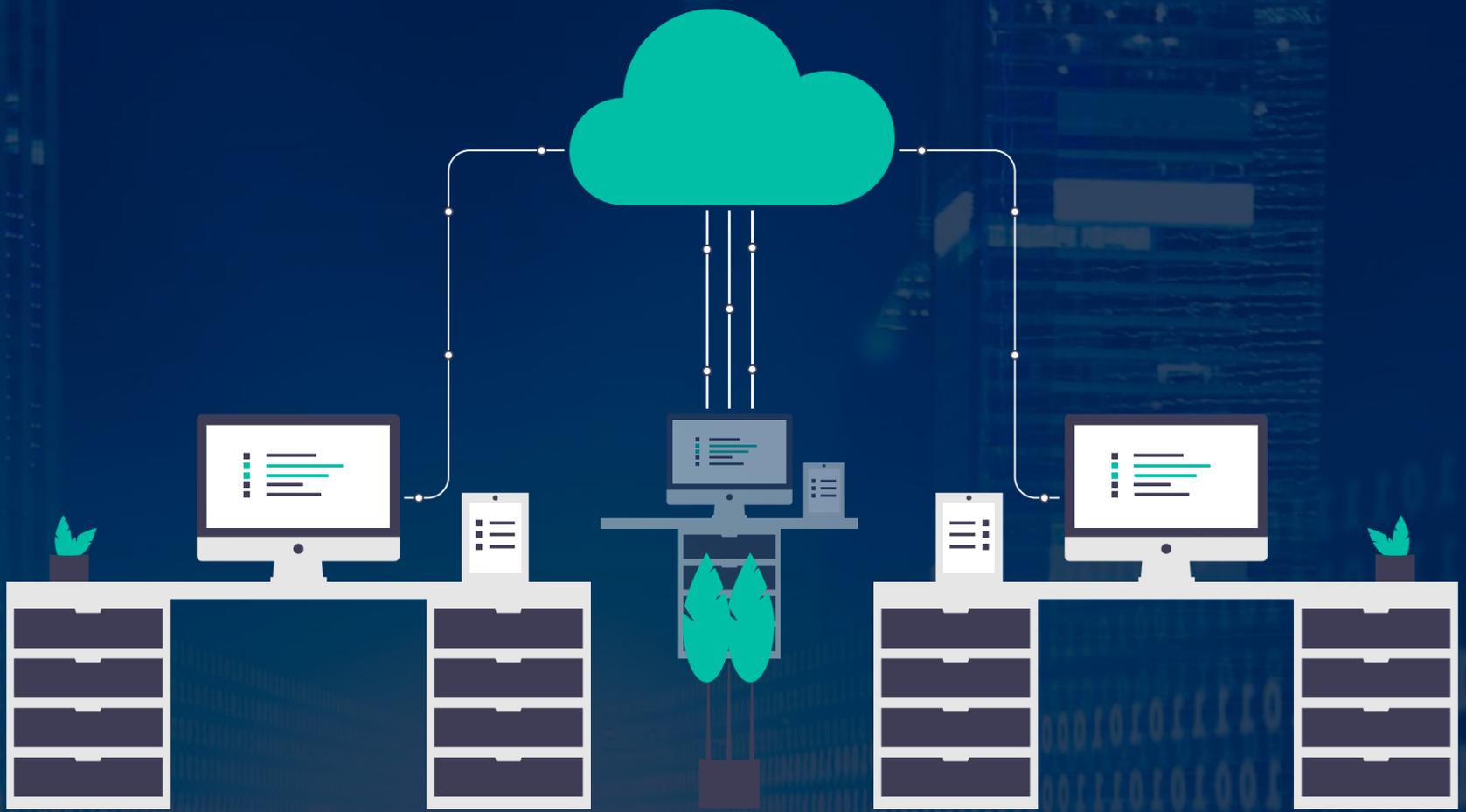
This greenwashing allows companies to become included in this 'catch-all' term and be eligible for all the benefits without creating much meaningful change. These include construction companies that pledged to net-zero emissions. An extreme example of this was IKEA who, in 2020, was caught making beechwood chairs out of illegally sourced wood from the forests of Ukraine's Carpathian region. What made this so shocking was the source of the wood. It had been previously accredited by the Forest Stewardship Council (FSC) as being legal and ethically sourced. In fact, IKEA has a gold standard certification from the company for its sustainability credentials. This raises serious concerns about the behaviour of some of these environmental boards.

What's happening at DataGardener?

In more uplifting news, DataGardener members will be present at this year's NACFB! Co-founders Robert Holland and Tarun Kumar will be present at the show being held at Birmingham's NEC alongside commercial director Mark Bennett.

We know it's not easy working in commercial finance, which is why we'll be attending the event in-person to help prospective lenders and borrowers stay ahead of the competition. Robert Holland – Co-Founder of DataGardener, and Mark Bennett, our Commercial Director worked in that space for a very long time (Mark for over 25 years!).

If you're planning to attend and would like to meet for a quick coffee or to learn more about DataGardener or any of our new ESG tools, grab some time on any of our calendars 📅 <https://datagardener.com/demo>.



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