



A close-up photograph of two hands interacting with a digital screen, likely a smartphone or tablet. The hands are in sharp focus against a blurred background of warm, bokeh-style lights in shades of orange and yellow. The screen itself is dark, reflecting the ambient light.

# Human Capital challenges of a fast-growing sector: FinTech

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# A **new** sector emerges: FinTech

The emergence of FinTech is increasingly blurring the lines between the two, previously very distinct, financial services (FS) and technology (Tech), sectors. FinTech brings together the best of both these sectors to disrupt the financial services industry by enhancing customer experience, increasing the speed of service and reducing operating cost through digitisation.

The UK market is bullish on the FinTech sector as Europe's top scaling tech nation and is rapidly increasing its lead in the world with the annual investment doubled since 2017<sup>1</sup> and the workforce set to grow by one-third to over 100,000 by 2030<sup>2</sup>. While this new sector is attracting a healthy VC investment, continued exponential growth and success of these firms must be backed up by the **strength of their talent**.

Designing an **Employee Value Proposition (EVP)** that helps attract, engage, and retain talent will be key, as talented individuals orchestrate the growth story. However, currently, focus on growth often diminishes the priority of investing time and resources in building long-term people strategy.



We're witnessing the ***creative destruction of financial services***, rearranging itself around the Consumer

Arvind Sankaran  
(Venture Capitalist)

<sup>1</sup>KPMG International. Pulse of FinTech H1, 2019. 31 July 2019

<sup>2</sup>UK State of the Nation report 2019

# Is it *people or technology* that drives the FinTech growth?



Attracting the best talent and retaining key individuals is *more than just the 'high salary'*

As FinTechs look to grow, one of their priorities is to attract and retain talent. Since 'hiring' is seen as having a tangible impact on business, other crucial aspects of the employee life cycle, such as nurturing and engaging talent, are often ignored. As a result, CEOs of small-medium size businesses lose a fifth of their working week to HR activities<sup>4</sup>, taking away time from strategic priorities. Key people challenges of fast-growing FinTechs can be clubbed under three headings.

**Attracting and retaining the best talent:** "*Right now, I would say 60% of my time is just spent on hiring*"<sup>7</sup>, says the CEO of a fast-growing FinTech. First Round's<sup>6</sup> start-up report mentioned 'hiring good people' is the number one concern of startup founders, beating both customer acquisition and revenue growth'. Attracting talent proves to be challenging on three counts - **right mindset, right skills, and competitive market**. FinTechs look to attract professionals who are competent, innovative, ready to 'roll up their sleeves', and have the critical skills required in Fintech (software engineering, systems architecture and data analytics), but they are also the most difficult to hire<sup>1</sup>. They will account for 22% of the global FSI workforce by 2022 as opposed to 15% currently<sup>8</sup>. These factors in the context of a rapidly growing sector, increase competition to acquire talent, creating an imbalance in the demand supply ratio. On the other hand, retaining this talent proves challenging due to factors such as limited opportunities for career progression<sup>5</sup>, overall employee experience and evolving culture.

<sup>4</sup>[www.breatheHR.com](http://www.breatheHR.com), Sept 2017

<sup>5</sup> Deloitte report-Growing up, staying young-the challenges of reward and culture in FinTech, 2017

<sup>6</sup> State of Startups report, First Round Capital, 2017

<sup>7</sup>Article in Paymnts.com

<sup>8</sup>Tech Nation report 2020

**Managing the evolving culture:** "*We were historically fluid but we now have more structure with a group board...*". Owing to regulatory requirements, FinTechs are often found balancing the need to establish mature governance practices with a desire to preserve a culture of 'divergence from the corporate norm' which fosters informality and innovation, and attracts talented individuals<sup>5</sup>. Additionally, a more organised workplace results in multi-layered decision-making and structured communication channels restricting free flow of ideas. Often times, FinTechs lose key individuals who were instrumental in the initial growth of the company, as they experience dissonance with the 'new culture'<sup>5</sup>.

**Sub-optimal people processes:** As the FinTech grows, a 'plan-as-you-hire' or 'quick-fix' approach does not support the growing organisation. Over time, 'on-the-go' decisions begin to result in discrepancies and disparities in pay-levels, growth opportunities and all internal policies that are meant to ensure fairness and equality<sup>5</sup>.

So, while technology is driving change and disruption in the market, it is high-quality talent that is fuelling this growth and will continue to keep FinTechs ahead in the marketplace.

***How do FinTechs create a firm that prospective employees want to be a part of? How do they orchestrate an experience that attracts and retain this highly coveted talent pool?***

# Strengthening the organisational asset - people



## People, not systems, drive innovation

While Technology plays an important role in keeping Fintechs ahead of the competition, talent plays an equally important role. With the rapid growth of the FinTech sector in the UK, the HR function will come under increasing pressure to acquire, grow and retain skilled professionals. To deliver on these expectations, FinTechs must build an effective people strategy as they scale.

To provide a strong foundation for success, the following three people strategy pillars will be critical.

**The ‘culture-glue’:** it is not enough to simply talk about the culture and display ‘values’ on the wall. It is important to **identify the culture** that has fuelled your success, identify the individuals who have lived up to your culture, and treat them as your *culture-ambassadors*. These culture ambassadors further propagate the desired behaviours, moreso for geographically dispersed teams. Culture is identified as one of the most influential factors to create a sense of belonging, which in turn drives organisational performance<sup>9</sup>. To continue to grow this culture as the company grows, management must include **cultural-fit as input in hiring decisions** along with technical skills. A strong culture will differentiate your brand by creating the ‘employer brand’ to attract new talent and create an atmosphere where existing talent thrives.

**Employee Value Proposition as the ‘pull-factor’:** attracting and retaining talent is no longer a function of just higher paychecks<sup>9</sup>. Employees want to associate with brands that offer the

opportunity to make an impact on the business, where they can learn new skills and grow their career, as well as where they identify with the culture. FinTechs must design an **Employee Value Proposition (EVP)** that aligns the business goals with its culture and integrates all employee offerings across the employee lifecycle, and finally, is also capable of being personalised to the individual<sup>9</sup>. This maximises employee contribution at work as they derive meaning at work, which in turn greatly enhances business outcomes<sup>9</sup>. It could vary from designing learning programmes centred around learning styles, career programmes around work behaviours, and benefits that fit their lifestyles. As a whole, creating an EVP where every process, programme and structure contributes to the overall employee well-being will act as the ‘**magnet**’ for attracting talent and inspire employee engagement.

**Elevate the role of ‘People-function’:** FinTechs must **invest in HR expertise** as it has the ability to influence the most powerful asset of any organisation: its people. **Automate HR activities** to allow your HR team to design a workforce strategy that flows from business goals and drives tangible and measurable value, and **enhances employee experience** by implementing employee-centric HR processes.

Train people well enough so they can leave. **Treat them well enough** so they don’t want to.

Sir Richard Branson

If you would like to find out more about how we can partner with you to build and strengthen your people function to accelerate your growth, please get in touch with us.



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