

The UK grants Fiinu a banking license—but political upheaval could delay fintech advancements

Article

The news: The UK [granted](#) fintech firm **Fiinu** a banking license—the second such license it’s given out in the past few months to a fintech. But an administrative shakeup means the future of UK fintech suddenly looks uncertain.

Fiinu gets a license: [Fiinu](#) is a UK-based fintech that is set to offer a first-of-its-kind plug-in overdraft feature, which gives customers access to overdrafts without their needing to switch banks or current accounts.

- The feature will be available via open banking and will sit alongside customers’ existing bank accounts.
- Fiinu approaches overdrafts through a unique underwriting model, which allows it to bring overdraft features to customers who wouldn’t normally be able to access them.

Fiinu has been working with the **Financial Conduct Authority (FCA)** and the **Prudential Regulatory Authority (PRA)** for five years to obtain its banking license. Once it’s official, Fiinu plans to bring its overdraft plug-in to market quickly to assist customers with the increasing cost of living.

- In addition to the banking license, Fiinu underwent a [reverse takeover](#) by Immediate Acquisition Plc. The new company will be named **Fiinu Plc**.
- The company is now listed on the **London Stock Exchange (LSE)** and is valued at £53 million (\$72.9 million).

UK banking license rollout: Obtaining a banking license in the UK isn’t easy. The government demands that financial institutions (FIs) demonstrate they have robust systems and that they employ strict compliance and risk management processes. It’s also very critical of FIs that wish to offer crypto-related products.

- **Revolut** is [still fighting](#) for a UK banking license, after applying more than a year ago. Regulators are concerned the neobank’s dealings in cryptocurrency could leave it susceptible to fraud and anti-money laundering.

But Fiinu’s banking license is the second the UK government has issued in the past month.

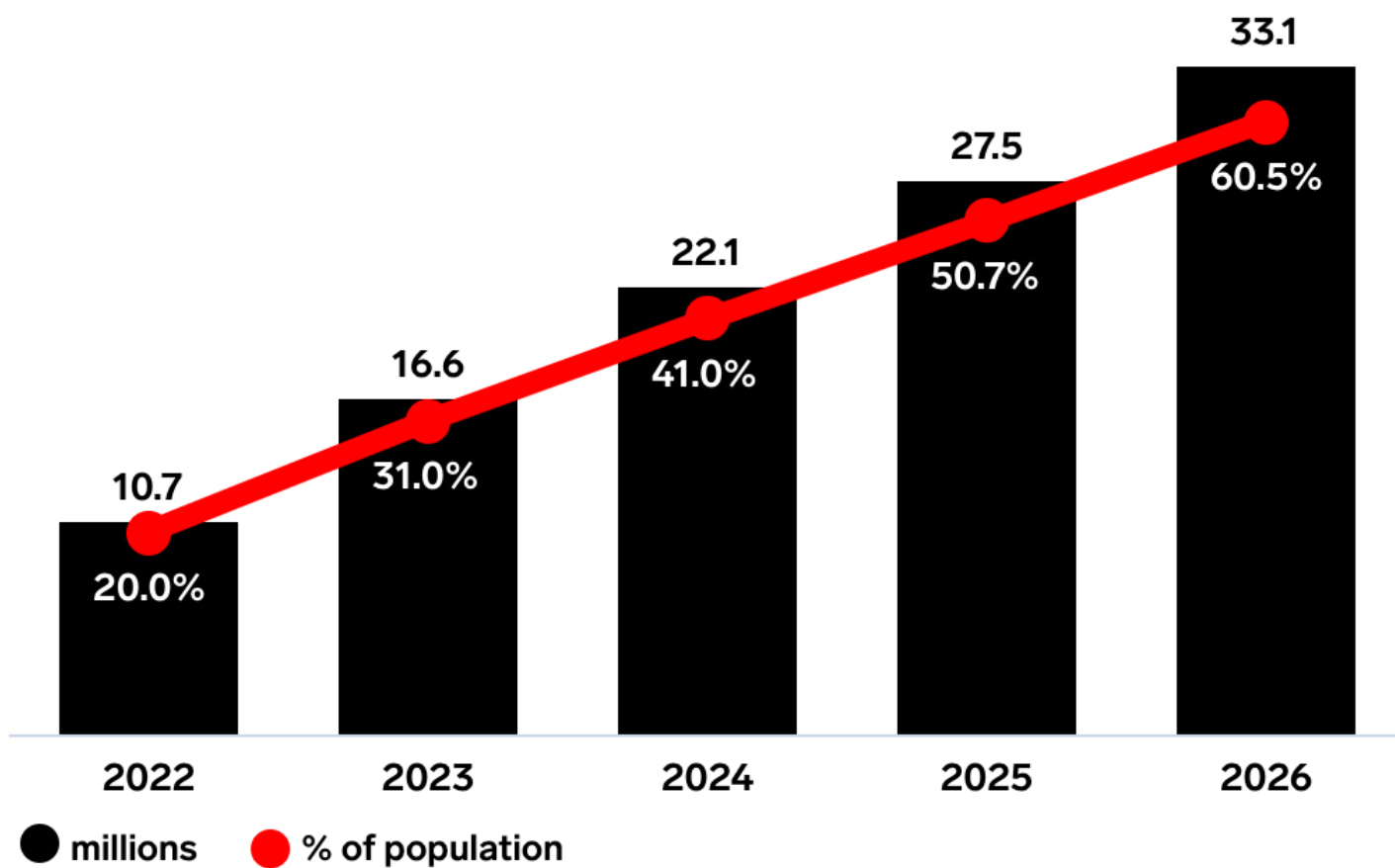
- Late last month, digital bank **Kroo** was [granted a license](#) based on an application it began in July 2020.

Future fintech uncertainty: The UK has prioritized financial technology in an effort to become a global fintech powerhouse. That's why Fiinu chose to list on the LSE: The firm applauded the UK's support of fintech. But Prime Minister Boris Johnson's planned resignation leaves the future of UK fintech in question. A few big initiatives are in progress at the FCA:

- **Open banking regulation:** The UK is still refining open banking, including replacing the **Open Banking Implementation Entity (OBIE)** with a new regulator and gathering feedback from stakeholders.
- **Crypto regulation:** Earlier this year, Economic Secretary to the Treasury John Glen vowed the UK will also become a crypto powerhouse and said it would allow companies to innovate using digital currencies in a sandbox environment. The country has also promised to become a hub for digital assets.

Open Banking Users

UK, 2022-2026



Source: eMarketer, March 2022

InsiderIntelligence.com

The big takeaway: The UK has put in a lot of work to get to its current, advanced technological state. Banks are eager to earn a UK banking license to jump in on the innovation, and UK regulators seem ready to heavily promote [stablecoins](#) and other digital currencies. But the political turmoil currently unfolding in the country could lead to delays and scrapped plans in the fintech sector.