



Financial Regulation Innovation Lab

Supporting the Innovation and
Competitiveness of UK Financial Services



In partnership with



University
of Glasgow



University of
Strathclyde
Glasgow

Executive Summary

by Aleks Tomczyk, Chief Executive

We had a belief. Now we have proof.

Three years ago, there was no blueprint for what the Financial Regulation Innovation Lab (FRIL) set out to do. There was a belief that collaborative innovation, at this scale, on a subject as complex and sensitive as financial regulation, could work. Today, with a six-to-one projected return on investment, we have shown that it does.

The numbers matter. But what they represent matters more: large financial institutions, fintechs, professional services firms and the regulator working together, openly tackling problems that none could solve alone.

Innovation in financial regulation is not easy. It is complex for large institutions managing risk, for regulators with a legal duty to act, and for smaller firms that rely on engagement from the system around them. But the case for getting it right is clear. Regulation underpins trust in our financial system and the stability of our economy. When compliance is costly and complex, it is ultimately the consumer who carries that burden. FRIL begins to change that equation.

What we have also demonstrated is that this model of innovation works, and works beyond this programme. It is a model that is already being applied in other areas of financial services, with potential to go further. The ambition is wider still: to see Glasgow and Scotland recognised nationally and internationally as a centre of excellence in fintech and financial services innovation. FRIL is evidence that this is not only possible, but already happening.

We have proven what can be achieved, as the pages of this report will show. The opportunity now is to build on that momentum and go further.

“FRIL is an important strategic initiative, but more than that, it shows how Scotland is delivering real leadership in fintech innovation.”

Supporting the adoption of frontier technologies in financial services:

- > Responsible and applied AI
- > Open finance
- > Quantum Readiness
- > Cloud security
- > Cyber Security
- > Smarter data analytics
- > Space data

Why FRIL Matters Now

Financial services is navigating unprecedented change with rapid technological advances: the challenges are pressing, the opportunities significant, and neither will wait.

AI is transforming how risk is assessed, how operations are organised and how advice is delivered. ESG is redefining accountability. Consumer protection standards are rising, cyber risks remain and operational resilience is under pressure from every direction. These are not future questions, they are challenges we are facing now.

No single regulator, institution or innovator can develop effective responses to these alone. The evidence, market context and foresight required for good policy depend on all three working together.

Addressing these challenges in isolation stretches resources, creates gaps and risks duplication. Recognising a shared goal creates something more powerful: a space to share evidence, test ideas and learn from real-world application. Collaboration is the cornerstone of innovation, reducing and sharing risk of new technologies, shaping a financial services sector that is safer, more inclusive and more resilient.

“We’re an insight-led team. FRIL gives us visibility across disruptive technologies and emerging sectors. We know we can’t build everything internally and that this is a two-way exchange.”

Nicole Alston, Programmes and Community Engagement Manager, Natwest

This model of collaboration at the heart of FRIL is already delivering measurable results, bringing together industry, academia, government and regulators to translate shared insight into investment, jobs, partnerships and real-world adoption.

FRIL is the ecosystem that creates those results. Now is the time to build on it to deliver a legacy of long-term impacts.

6:1
projected return
on investment*

£28m
total committed
investment

120 fintech
SMEs supported to accelerate
business solutions

168 high-value
jobs projected over
next 3 years

27
fintechs supported with
£50K grants awarded to
SMEs to progress solutions

*Phase 1.

The Case for Innovation in Regulation

Rules designed for what's next

Test. Learn. Future-proof.

Three years ago, putting innovation and regulation in the same sentence was bold. For some, it still is.

And yet today, that thinking is shaping real decisions. Insight from FRIL is helping to inform policy, stress-test rule sets and build the evidence behind decisions still to come. With major regulatory questions now in play - from the Advice Guidance Boundary Review to how new technologies such as open finance and generative AI are applied responsibly in practice - that work has become increasingly urgent.

The model at the core of FRIL has been designed to tackle that urgency. There are four key strands, which drive innovation and impact to get solutions out into industry quickly: Innovation Calls, Actionable Research, Knowledge Exchange and Skills & Education programmes.

Through FRIL, real-world insight grounded in research and collaboration are helping to build a clearer understanding of how markets operate, how firms respond to regulation, and where innovation can improve outcomes. That insight feeds directly into regulatory thinking, helping to prioritise opportunity while identifying and mitigating risk.

The reason is simple: financial regulation matters to everyone. It underpins trust in the system, supports economic stability and enables investment and growth. But delivering against it is not straightforward.

For large financial institutions, innovation in a regulated environment carries risk. For regulators, there is a duty to act carefully and proportionately. And for smaller firms, innovation depends on engagement from larger players who may be cautious to move.

As Aleks Tomczyk reflects: "it is not easy to do innovation in regulation", but getting it right creates value across the entire system.

At the same time, the cost and complexity of compliance continue to grow. Meeting regulatory requirements is essential, but it is resource-intensive. Improving how firms implement regulatory requirements in practice.

This is the challenge FRIL was designed to address. And the role of the fintechs in all of this? They are where many of the solutions begin: bringing new ideas, technologies and approaches that, through FRIL, can be tested, refined and adopted at scale.

FinTech Scotland's Strategic Innovation Director, Clare Reid explains: "FRIL creates the conditions for large institutions and fintechs to come together to find, test and de-risk new solutions to regulatory challenges.

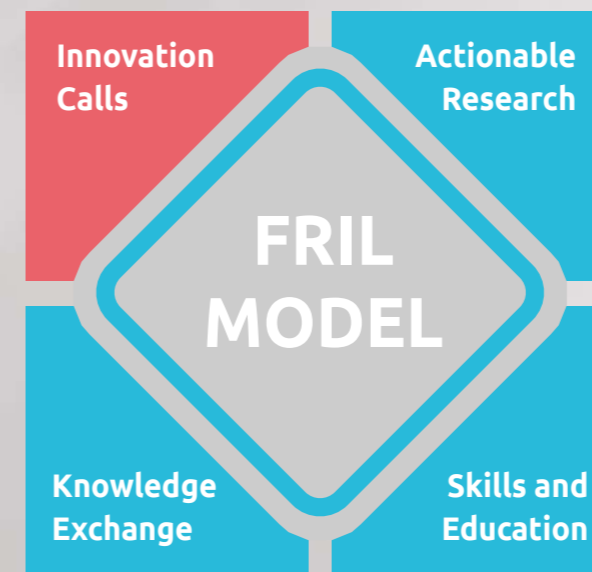
"It provides a shared environment where industry, academia and regulators can work collaboratively on problems that no single organisation could solve alone."

That collaboration is already delivering results. Through FRIL's innovation calls, firms are able to experiment safely - testing ideas, understanding what works and identifying where improvements are needed, all while reducing the risk of non-compliance. The result is a growing body of practical, technology-enabled solutions that are helping to reduce cost and improve outcomes.

At the same time, FRIL's model brings a valuable diversity of perspective. It provides a real lens into firms, behaviours and innovation across the financial services sector in the UK strengthening decision-making and ensuring that regulation reflects the realities of the market.

The result is a model of responsible innovation: one that starts with real industry challenges and ensures that solutions are developed with a clear path to adoption. It is not innovation for its own sake, but innovation grounded in need, evidence and impact.

And it is already shaping what comes next: a financial services market where consumers can access the support they need, when they need it, at a cost they can afford and where regulation enables progress.



FRIL Delivery Framework

Phase 1/ Phase 2



"FRIL creates a safe environment where firms can experiment, test what works and what doesn't, and learn - all while reducing the risk of non-compliance. It allows us to stress-test rule sets in advance of finalising them: to get the design right, and to future-proof those rules for further innovations to come."

Kate Blatchford-Hick, Head of Consumer Investments Policy and Market Analysis, FCA

"We're constantly looking at way to be a smarter regulator. A data-driven regulator, one that really knows how to intervene, when to intervene, and how to do so in a proportionate way. The innovations that we're seeing give us a lot of hope for the positivity that will come... FRIL matters because it's regional, it's diverse. It gives us a real lens into what's happening in Scotland, a unique lens into firms, and it really brings that diversity of thought."

Jessica Rusu, Chief Data, Information and Intelligence Officer, FCA



Ambition to Impact

Financial services are being transformed by frontier technologies:
AI, smarter data, open finance.

FRIL's role is to accelerate that transformation responsibly, removing the barriers to slow adoption, working with complex global issues without forgetting about local context and everyday implications.

Behind every milestone is an industry challenge, behind every challenge an outcome. This is our journey so far:

PHASE 1

Dec 2023

Launch of FRIL

Feb 2024

Innovation Call 1:

Simplifying Compliance

Sep 2024

Micro-credentials courses launched

Aug 2024

First White paper published

Using AI and Automation to combat money laundering

Jun 2024

Innovation Call 2:

Environmental, Social and Governance (ESG)

Oct 2024

Innovation Call 3:

Consumer Duty

Nov 2024

Innovation Call 4:

Financial Crime*

*no grant funding

Feb 2025

First Commercial Agreement between fintech and Partner

Oct 2025

Innovation Call 2:

The Future of Wealth Guidance

Oct 2025

Won the RegTech Innovation 2025 Award at the Scottish Financial Technology Awards

Jul 2025

Innovation Call 1:

Operational Resilience

PHASE 2

Priority themes

Our six themes share one common factor: they matter to every one of us. Whether it's protecting savings, managing risk or holding companies to their environmental commitments, FRIL focusses where the challenge, and the opportunity, is greatest.

Six challenges, one collaborative response.

Future of wealth guidance

The right guidance at the right moment can transform financial lives and long-term financial wellbeing. As the FCA finalises the rules around the Advice Guidance Boundary Review, there is a significant opportunity for fintechs opportunity to pull through frontier technologies including AI to make tailored financial support more widely accessible by putting informed decisions within reach for every consumer, whatever their budget.



"There's a real advice gap in the industry, and a big void in the middle where people don't know what to do next – how to save, how to prepare for retirement, or how to make better decisions. We see innovation and new solutions as a way to bridge that gap."

Kate Murray, Scottish Widows, Lloyds Banking Group

Operational resilience

The sector has learned that resilience is a competitive advantage. As digital disruption, complex supply chains, and rising regulatory expectations converge, FRIL brought industry together to turn shared risk into shared solutions the sector can build on.

"It's about getting ahead of the game. The big thing about operational resilience is that it asks organisations to think beyond what they've experienced before and try to design for how they might respond to scenarios that they haven't already planned for."

Rob Mossop, COO, Sword Group



6:1

Projected return on investment delivered across the FRIL programme. Proof that collaborative innovation in financial regulation works and works well.

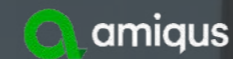
(Phase 1)

AI to simplify regulation

Regulatory compliance costs UK financial services over £33.9 billion a year, and costs are rising. FRIL asked a different question: what if AI could turn that burden into an opportunity? The ambition, which is well within reach, is confident compliance delivered at a fraction of the cost.

"Our involvement in the FRIL innovation programme dramatically accelerated relationships with large-scale banks, built trust in our capability to deliver at scale, and directly led to us securing a new ongoing client partnership."

Callum Murray, CEO, Amiqus



Preventing Financial Crime

UK institutions spend in excess of £38.3 billion a year fighting financial crime, and the threat is evolving faster than any single firm can track alone. FRIL brought the industry together to share intelligence, harness emerging technology and build defences that no institution could construct in isolation.

"The ability to leverage innovative and emerging applications of technology plays a crucial role in the identification and disruption of financial crime."

Robert McKechnie, Director, Credit Products and Strategic Alliances at Equifax UK



Optimising Consumer Outcomes

Every consumer deserves products they understand, services that meet their needs, and support when they need it most. The FCA's Consumer Duty raised the bar of financial inclusion - FRIL's response was practical, helping firms use data and technology to genuinely, demonstrably put people first.

"It brought together the companies we were trying to approach and sell our product to, but in a very honest environment. They shared their challenges, and these were senior people in those companies. Outside of FRIL, when you're trying to make initial sales calls, it can be hard to get those conversations."

Rachel Haworth, Founder, Inicio AI

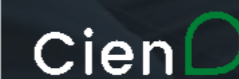


ESG

Environmental and social commitments mean nothing without the data to back them up. Working with some of the world's leading financial institutions, FRIL challenged the sector to find new sources and technology-enabled approaches that make ESG obligations real, measurable, and transformative.

"As a result of the products we created through FRIL, we've moved into a revenue generating stage of the business, and have customers across Europe."

Julia Salmond, CEO and co-founder, CienDos



Stories

Innovation supporting growth in priority financial services sector.

FRIL works because everyone shows up with ambition and openness: financial institutions with pressing challenges, fintechs with ideas and solutions, and universities with actionable research that bridges and supports both.

From pilot to game-changing partnership

Context: Modernising onboarding was the focus of Virgin Money, because verifying new customers can be slow, manual and compliance-heavy. This caused friction for businesses while contributing to regulatory risk for the bank. The challenge? Use AI to strengthen quality control across digital and manual onboarding, without sacrificing accuracy or customer experience.

Action: Through FRIL, Virgin Money connected with Edinburgh-based Amicus, whose AI compliance platform uses real-time data automation to run Know Your Business (KYB) checks. Over a 12-week pilot, Amicus integrated directly into Virgin Money's systems, processing company filings, shareholder information and structured data extraction via a purpose-built API.

Result: KYB check turnaround dropped to under two minutes and regulatory assurance improved. The pilot converted into a three-year commercial agreement between Virgin Money and Amicus. This is just one of nine commercial deals FRIL has delivered, demonstrating a proven model for responsible AI adoption in regulated onboarding, as well as turning ideas into action.



"Thanks to the FRIL programme... we've been able to demonstrate both the capability and scalability of the Amicus platform from initial pilot into live production with Virgin Money. I expect it's the start of a long-running relationship where we're able to move at pace, creating positive outcomes for both their clients and internal compliance teams."

Callum Murray,
CEO and Founder, Amicus



Closing the advice gap with AI

Context: The scale of the challenge is significant: just 9% of UK adults took financial advice in the year to 2022, while 64% hadn't done so in five years, leaving an estimated 12 million people identified as having need but receiving none. The FCA's Advice Guidance Boundary Review was established to tackle that issue through a regulatory shift that opens new possibilities for how people access financial support. For Lloyds, this was a strategic opportunity to move faster than a large organisation could achieve alone.

Action: Through FRIL's dedicated AGR Innovation Call, financial institutions, such as Lloyds Banking Group engaged with fintech founders and academic partners developing AI-driven tools to deliver personalised financial guidance at scale, to respond to the regulatory shift and the needs of customers.

Result: Access to innovative thinking and demonstration of frontier technologies to accelerate product development, from tools supporting younger customers planning for their financial future to solutions addressing the gender pension gap. The collaboration is building capability for financial services to design and deploy new AI-powered guidance experiences, helping people who previously felt lost between the full advice and self-service to finally find their next step towards a more secure financial future.

"We focus on creating experiences that aren't built around products, but around people. It's about understanding what they need, where the gaps are, and how to help them close them."

Maria Herrero Bullich,
Chief Customer and Digital Officer,
Insurance, Pensions & Investments,
Lloyds Banking Group



"There's hardly an organisation you can talk to that isn't interested in artificial intelligence and cybersecurity, the opportunities created and the challenges they might face. As researchers, it's really important that we use our expertise to explore those challenges with our external partners and find solutions. That's how we drive impact."

Professor Eleanor Shaw OBE,
Associate Principal External Engagement
and Partnerships,
University of Strathclyde



Actionable research that builds resilience

Context: Threats financial services face are dynamic and extensive, from cyber risk to systemic supply chain failure. As operational resilience moved to the top of the regulatory agenda, the sector needed research that was directly applicable to the reality of their challenges: useful, meaningful and fast-moving enough to keep pace with the technology reshaping the risk landscape.

Action: Through FRIL's Operational Resilience Innovation Call, our academic partners, the Universities of Strathclyde and Glasgow brought applied AI and advanced analytics research into direct collaboration with industry, fintechs and regulators. Academic expertise shaped innovation call briefs, informed fintech pitches and fed directly into white papers designed for immediate industry use.

Result: The research shapes how institutions protect their customers and themselves, as well as informing regulatory thinking, accelerating the adoption of AI-driven security solutions, and building a new generation of capabilities across the sector.

Actionable Research

Research to real-world application

Three years in, FRIL's research model is delivering something distinctive: academic rigour working at the pace of industry.

FRIL's actionable research white papers are published openly for the sector to benefit. Innovation Calls translate live industry challenges into structured research. Regulatory engagement ensures that insight feeds directly into how risk is understood. Students embedded directly in the work, contribute dissertations and live projects that feed straight back into the product and strategy thinking.

The scope is ambitious: explainable AI, multi-modal generative AI, earth intelligence from satellite data and agentic systems. Every theme is tied to regulatory need and consumer outcomes. At its heart are challenges FRIL has taken seriously from the start: consumer outcomes and strengthening the financial services sector through a flourishing fintech ecosystem.

The urgency of this work is recognised and unlikely to diminish. "There's hardly an organisation you can talk to that isn't interested in artificial intelligence and cyber security," says Professor Eleanor Shaw OBE, Associate Principal External Engagement and Partnerships at the University of Strathclyde. "As researchers, it's really important that we use our expertise to explore those challenges with our external partners and find solutions. That's how we drive impact."

And that impact is designed to land in specific places. Research is being applied to identify potential discrimination in financial decision-making, to democratise financial guidance and bring it to the many rather than the few, and to build voice-led digital interfaces. "Vulnerability isn't always permanent," explains John Finch, Professor of Marketing at the University of Glasgow and a Lead Investigator for FRIL. "It can be linked to life stage and personal circumstances. Insights from firms who see this day to day often reshape how and where we focus our research."

For technology partners, the value lies in merging academic quality with market speed. "We take hypotheses from industry challenges and shape them into structured research with academic partners," explains John Donoghue, Chief Technology Officer at Sopra Steria. "This helps us stay at the front edge of the industry, working on challenges alongside, or ahead of, our clients." Students are part of that pipeline: findings move from research directly into product and strategy thinking.

For the regulator, the value lies in anticipation. "FRIL's research helps deepen the evidence base around how emerging technologies are shaping consumer decision-making, both now and in the future," says Kate Blatchford-Hick, Head of Consumer Investments Policy and Market Analysis at the FCA. "That strengthens our ability to anticipate market behaviours, risks and innovation, and helps us prioritise policy work that responds to both the opportunities and the potential risks."

What makes FRIL's approach distinctive is the environment, and the culture, it is building.

"Our research, skills and education activities are all built on relationships," says Mark Cummins, Professor of Financial Technology and another Lead Investigator at the University of Strathclyde. "FRIL gives us a unique environment to build those and to translate research into real use."

"Actionable research is crucial," adds Kal Bukovski, Head of Academia and Research at Sopra Steria. "We bring together regulators, firms and technical practitioners so everyone takes something practical away. It's about answering the what, why and how, not just describing the problem."

The ambition is specific, the purpose is clear, and the results are building a solid case for the next phase.

To access FRIL's research [click here](#)

"If all the banks were doing this, it would be a game changer. And it's the customers who would win at the end of the day."

Derek Harris,
Director of Business
Development, Skyrora
Skills Academy Learner

FRIL recognises that the financial services sector's ability to adapt, innovate and grow depends on skills, and places skills development at the heart of its model.

Following three years of successful programme delivery, the FRIL Skills Academy launched in January 2026. Developed in partnership with the University of Strathclyde and the University of Glasgow, it brings together microcredentials, short courses and executive education focused on the real challenges facing financial services. The emphasis is practical: enabling people to understand, adopt and apply new technologies responsibly and effectively.

The curriculum is shaped by sector demand, spanning digital transformation, AI literacy (from beginner to executive level), ESG, and financial crime prevention.

The urgency is clear. Generative AI, data governance and regulatory complexity are accelerating change, widening the gap between current capability and future need. As Christine Sinclair, Programme Director for FRIL, puts it: "The biggest risk is to do nothing."

The Academy's response is demand-led, built from listening to firms, fintechs and regulators. It is flexible enough for those balancing learning with a career, while offering structured pathways towards postgraduate qualifications. Increasingly, its relevance extends beyond financial services, with learners joining from sectors including energy, health and space.

The results are human in scale. A first-generation university student progressed from the Digital Transformation programme into a graduate apprenticeship degree. A managing director developed a technology roadmap - and a first product - credited to their experience with FRIL. A compliance professional gained the confidence to move into board advisory work. These are the outcomes the Academy is designed to deliver.

[Visit Skills Academy here](#)

"We're not just producing journal outputs, but creating real industry impact and addressing real consumer needs, right here and right now."

Mark Cummins,
Professor of Financial Technology,
University of Strathclyde

"As a result, I felt empowered to grow my scope within the fintech community, which inspired me to develop my role as a board advisor to start-ups."

Joanne Seagrave, founder of
Norwood Risk and Compliance
Skills Academy Learner

Skills

The academy the sector asked for

Place

Scotland is reshaping the game

Innovation happens where people, expertise and opportunity come together, and where connections are actively built.

That is why FRIL was established, and continues to grow, in Glasgow.

Three years brings strong evidence. Glasgow, ranked the 32nd financial centre in the world, is home to a cluster that FRIL has helped activate. Our ambition is to be a global centre of excellence, creating jobs for the future, and already we have 168 high-value jobs projected for Scotland from our work. When financial institutions visit the city to explore investment opportunities, they are routinely shown what FRIL has made possible. The message lands: this is where new financial technologies are being developed, tested and deployed.

That story sits within a bigger one. From Scotland's National Strategy for Economic Transformation to the UK's Financial Services Growth and Competitiveness Plan to the Regional Innovation Action Plans for both Glasgow and Edinburgh.

A cluster worth watching.

"The great thing about working with FinTech Scotland is that we both have clear roadmaps and shared goals about what we're trying to achieve, and how different regions can lead and contribute to advancing financial services across the UK.

Through the work of FRIL, we're already seeing Scottish firms partnering with firms in the West Midlands. So yes, it's about Glasgow and Scotland, but it's also about spreading that impact beyond borders."

Hilary Smyth-Allen, Chief Executive, SuperTech West Midlands

FRIL is where those ambitions meet action, bringing together the Universities of Glasgow and Strathclyde's expertise in AI and financial regulation with real industry challenges, and connecting that work to regulators whose global standing opens international doors for companies coming through the programme. As Aleks Tomczyk, Chief Executive of FinTech Scotland, puts it: *"FRIL is a UK innovation asset, and an international one."*

Looking ahead, the opportunity continues to grow. AI, quantum and open finance will reshape the sector, and the cluster Scotland has built, spanning Glasgow, Edinburgh and beyond, is well placed to contribute to that future. The ambition is clear: to strengthen Scotland's position in fintech innovation, building on the foundations already in place.

This is only the beginning...

Over the past three years, FRIL has moved from ambition to action. Six innovation calls, nine commercial agreements and £28 million in committed investment. We have built a collaborative model that is delivering real outcomes for industry, fintechs and consumers.

But the achievements of FRIL are only part of the story. What matters most is what they enable us to do next.

We are all consumers of financial products in some way, whether as individuals or businesses. Our aim is to support fairer financial futures. That means helping more people access financial advice and planning, supporting those facing debt difficulties, helping businesses understand their climate impact, and enabling financial institutions to become more competitive and resilient.

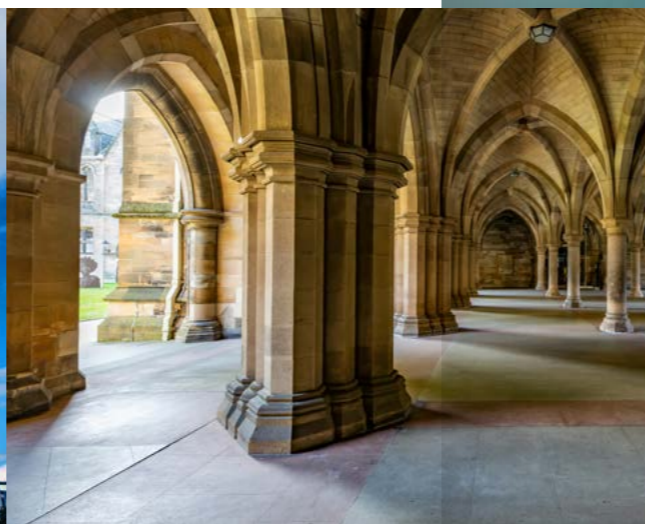
What excites me most is seeing what technology can make possible. Artificial intelligence is and will play an increasing role in the years ahead, bringing significant benefits but also critical responsibilities around transparency, security, fairness and trust. At the same time, open finance is happening, payments are increasingly digitised, tokenised financial assets are expanding and quantum cryptography is bringing new and significant security challenges. Together these shifts are challenges but also create huge opportunities to make financial products and services more accessible, better understood and more effective for everyone.

Looking ahead, our ambition is clear: to build on the momentum we've created, solve more industry challenges through the adoption of frontier technologies, support more fintech companies to invest and scale in Scotland, and more financial institutions become more resilient and productive.

This is what we have achieved in the last three years - just imagine what we can achieve together in the next chapter.

Clare Reid, Strategic Innovation Director, FinTech Scotland

"And we would love the next big business success story here in Scotland to be a fintech that has invested and grown their business here."



Financial Innovation Regulation Lab strategic outcomes in numbers

Industry-led innovation accelerating technology adoption in financial regulation to deliver economic growth and positive outcomes for citizens and businesses.

	PHASE 1 Dec 2023 – March 2025	PHASE 2 April 2025 – March 2026
Financial institutions driving an industry led agenda	32	19
Number of high value jobs projected in Glasgow and Scotland's economy in next 3 years	119	49
Industry challenge statements addressed	29	13
Fintech SMEs applications from across the world	161	69
Research white papers enabling future industry development	23	8
Fintech SMEs supported through the programme	72	34
Commercial agreements	11	3
Projected return on investment	6:1	5:1

Numbers accurate on as of March 2026.

"FRIL has demonstrated the strategic value of financial innovation to the economy as well as showing how Scotland's fintech cluster delivers positive economic impact and growth."

Stephen Ingledeew, Chair, Fintech Scotland



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Linkedin: [fintech-scotland](https://www.linkedin.com/company/fintech-scotland)
www.fintechscotland.com

The project is part of the Glasgow City Region Innovation Accelerator programme, funded through Innovate UK on behalf of UK Research and Innovation. The Innovation Accelerator programme is investing £130 million in 26 transformative R&D projects to accelerate the growth of three high-potential innovation clusters, including the Glasgow City Region.