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New Report Defines Opportunities to Advance Massachusetts FinTech Ecosystem

Study Finds More Than 350 FinTech Companies Headquartered in the State; Provides Recommendations to Spur Continued Growth

BOSTON, Mass., October 20, 2020 – New, comprehensive research analyzing Massachusetts’ FinTech ecosystem has determined that more than 350 companies from the sector are headquartered in the Commonwealth. The study conducted by Ernst & Young LLP (EY US), [“Now, Next and Beyond: Analysis of the FinTech Ecosystem in the Commonwealth of Massachusetts,”](#) combines survey data, research and comparisons to other leading FinTech hubs around the world. In addition, the report outlines 16 recommendations to support the sustainability and growth of the FinTech and financial services industries in Massachusetts, as well as recommendations for ways to further position the ecosystem to achieve global leadership.

The EY report was developed for the Massachusetts FinTech Working Group to inform its strategic framework and action agenda for the next three to five years. The 24-member Fintech Working Group, whose mission is to make Massachusetts a leading FinTech hub, is co-chaired by Housing and Economic Development Secretary [Mike Kennealy](#), and Mike Fanning, Head of [MassMutual](#) U.S. The Working Group’s membership also consists of representatives from the Commonwealth’s largest financial institutions, startups, investors, non-profits and academia, including [Citizens Bank](#), [DCU FinTech Innovation Center](#), [FinTech Sandbox](#), [John Hancock](#), [Massachusetts Competitive Partnership](#), [Massachusetts Technology Collaborative](#) (MassTech) and [Vestigo Ventures](#).

The study found that Massachusetts firms make up roughly nine percent of the FinTech startups in the U.S., a segment experiencing exponential growth globally, increasing from \$8 billion in 2010 to \$110 billion in 2019. Compared to competitor FinTech hubs around the world (London, New York, Montreal, San Francisco, Atlanta and Charlotte), the report defines the Commonwealth’s key strengths as its talent, technology and existing R&D landscape for financial institutions. This is inclusive of startups, capital providers, accelerators/incubators, academics, regulators and policymakers.

“EY has long been actively engaged with the FinTech ecosystem in Massachusetts, globally and nationally, and was honored to conduct this research for the Innovation Institute at MassTech,” **said Dan New, Managing Director and the EY New England FinTech Leader.** “It’s exciting to note the growth that the FinTech industry has experienced over the past few years, and EY looks forward to continuing to team with entrepreneurs and the broader FinTech community as the industry continues to evolve and mature.”

The survey portion of EY's research found that early-stage FinTech startups view Massachusetts as a healthy hub for growth, with 60 percent of the respondents believing that the overall Massachusetts FinTech ecosystem is strong. Noting key strengths of the local ecosystem, 73 percent of respondents said access to talent was either "somewhat strong" or "very strong," and 32 percent of respondents saw the development of new technologies as "very strong" or "somewhat strong." The survey also pointed to areas within the ecosystem in need of improvement, with 73 percent of respondents indicating they were "neutral" on the supportiveness of policy and regulations, and 41 percent indicating collaboration across stakeholders was "somewhat weak."

"This report produces two key findings: first, it affirms the strength of our local resources in finance, talented workforce, and R&D; and second, it lays out a roadmap to build on those strengths and make Massachusetts the top FinTech hub in the world," **said Secretary Mike Kennealy**. "The COVID-19 public health crisis has made it clear that digital transformation will continue to drive innovation in financial services, and with leadership from our local institutions along with the Fintech Working Group, we can put the Commonwealth at the forefront of that transition."

"The EY report notes that COVID-19 has created clear challenges for FinTech startups, but through innovation and targeted support, we believe the sector can emerge from this era stronger and more competitive globally," **added Carolyn Kirk, executive director of the Massachusetts Technology Collaborative**, a public economic development agency and Working Group organizer.

Based on the strengths and gaps of the Massachusetts FinTech sector, EY identified the following areas to strengthen the ecosystem statewide:

- **Capital:** Unlock new and varied sources of capital, especially early stage financing;
- **Interconnectivity:** Create a unifying brand around Massachusetts as a destination for FinTech firms;
- **Talent:** Encourage diversity in the ecosystem and retain a higher percentage of the university talent;
- **Policy & Regulation:** Foster dialogue with regulators and policymakers; explore a regulatory sandbox that drives commercial outcomes; and,
- **Infrastructure & Technology:** Establish an inter-university FinTech body.

"In the coming months, our Fintech Working Group will focus on using these learnings to form a strategic plan designed to drive continued success and growth for Massachusetts in the critical FinTech space," **said Mike Fanning, Head of MassMutual U.S.** "We firmly believe that we can change the course of the industry – driving it into the future with Massachusetts at the helm – by partnering and collaborating with financial experts, entrepreneurial thinkers, elected officials and more."

"There is tremendous opportunity in Massachusetts to further promote innovation and entrepreneurship and make Massachusetts one of the leading FinTech hubs in the world," **said Professor Fiona Murray, Associate Dean of Innovation and Inclusion at the MIT Sloan School of Management**. "The Commonwealth attracts global talent to study at top academic institutions across the state, coming up with new ideas to solve real-world challenges. We can retain and support these teams as they focus on major FinTech markets."

The full report is based on interviews with more than 40 key FinTech stakeholders, online survey responses from 25 Massachusetts startups, extensive desk research, and interactions with five Fintech Working Group sub-committees. The report was commissioned by the Innovation Institute at MassTech via a public RFP [launched in November 2019](#). EY conducted the [FinTech Ecosystem Assessment](#) from May to September 2020.