

A Visa for Fintech?

Fintech may be new but the thinking behind the visa proposed in the Kalifa review¹ is age-old. Most sectors, when asked, argue they are ‘special’ and that a bespoke visa is what is required. So little surprise that Kalifa’s proposal is enthusiastically welcomed by those in the industry. Sometimes they are right but there are some key questions that need to be answered before deciding this is the right course of action.

First, a Fintech visa is going to give advantages to that sector over other sectors; is this really what you want to do? Some of the proposals in the Kalifa review – make it easier for workers to change roles within employers, make it easier to change employers – are good ones for all those on skilled worker visas not just those in Fintech. Is Fintech so much more important than other parts of the tech sector or the financial sector? A bespoke visa cannot be justified by the fact that a sector is important, it needs to be more important than other sectors.

Second, the question of potential slippage needs to be addressed and sectors themselves are not very good at doing this effectively. Slippage is when a work visa intended for one type of worker comes to be used by other types of workers; what is in the tin comes to be different from what is on the label. One needs to ask the question ‘who else might try to use this visa?’ and ‘does it matter?’. Many visas in the 2000s were poorly designed because of a failure to address the slippage question.

Slippage becomes a bigger risk when the visa offers substantial advantages over alternatives as that makes it more attractive to enter under that visa. For a Fintech visa the key question is eligibility – what is a Fintech firm and how is this decided? The Kalifa review makes reference to being required to be a “recognised UK fintech scaleup” though is vague on the details. Even it is clear who currently satisfies that criterion, the boundaries will be tested if there is a slippage problem.

Defining eligibility has been a particular problem in entrepreneur/start-up visas not just in the UK but elsewhere and the proposed fintech visa has affinities to these visas. Define eligibility loosely and one often ends up with many using the visa but risks having something like the assessment of the UK’s Tier 1 (Entrepreneur) Visa in a 2015 MAC report that it “has a long tail of low quality projects which contribute little or nothing to UK plc”². But, tighten up access to the visa and numbers become so small that they probably make little difference for good or bad. The replacement of the Tier 1 Entrepreneur visas by the Innovator and Start-Up visas led to numbers falling by over 80%.

The UK has had trouble finding the sweet spot if it exists. But, in fairness, I am not sure other countries have either where these types of visas have been subject to endless tinkering much like the UK.

Reports are that the government is going to accept the proposal for a fintech visa. That would be in line with its apparent penchant for visas with sexy sounding titles like “global talent”, “innovator” or “start-up” or which signal how much they care about something like the “Health and Care Worker Visa”.

¹ <https://www.gov.uk/government/publications/the-kalifa-review-of-uk-fintech>

² <https://www.gov.uk/government/publications/migration-advisory-committee-mac-review-tier-1-entrepreneur-and-graduate-entrepreneur-routes>

The details of the fintech visa are not clear yet and the Kalifa review did not mention one issue that this sector often flags; that they offer remuneration in the form of equity but this does not count towards meeting the salary threshold. The problem here is that allowing equity to count is very vulnerable to a serious slippage problem. It is easy to set up companies in which equity is worthless; most days I have 10 bad business ideas before breakfast and I am willing to give you 50% of the equity.

But it does look like we may be going back to more sector-based schemes in response to demands from employers designed without much thought to any slippage. Perhaps the fintech visa is worth the risk but there needs to be clear monitoring and evaluation to detect any problems quickly which has often been lacking in the past. More generally I worry that the UK, unable to learn from the past, will continue to lurch between an overly open and overly closed work migration policy without ever being able to steer a steady path. This week the level of concern about immigration in the IPSOS-MORI issues index was reported at the lowest level since 1999³ being named by 5% of respondents. True, but there were 15 years from the early 1980s when the reported level of concern was never above 5% and normally below. Tony Blair came to power thinking that attitudes to immigration had changed permanently much as some do today. While I expect the level of concern to remain low for a while I think that it is complacent to imagine concern could never return.

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³ https://www.ipsos.com/sites/default/files/ct/news/documents/2021-02/issues_index_jan21_cati_v1_public.pdf