

TheCityUK: Industry reputation in 2023

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Research approach

Thinks have conducted tracking research for TheCityUK since **2014**.
In **2023** this has been repeated via:

Icons
indicate
which
audience the
findings are
from



Qualitative policy makers depth interviews

- **21 x 30 min. interviews with policy makers**, including:
 - 4 x regulators
 - 17 x parliamentarians
 - 12 x MPs, 5 x Lords
 - 5 x Labour
 - 9 x Conservative
 - 1 x Lib Dem
 - 1 x DUP
 - 1 x Crossbench
 - 1 x City / Metro Mayors
- Scoping perceptions of the FRPS industry among this group.

Quantitative UK public survey

- **Nationally representative sample of 2082** including:
 - 1008 x male, 1054 x female, 4 x Other
 - 224 aged 18-24
 - 335 aged 25-34
 - 329 aged 35-44
 - 360 aged 45-54
 - 316 aged 55-64
 - 484 aged 65+
 - 1141 x ABC1, 926 x C2DE
- 6 questions, including tracking questions from previous waves*

Objectives

Track the reputation of the work of TheCityUK, how this is understood and received and **how well the broader FRPS industry is doing** amongst policy makers and the general public.

Understand policy makers' **expectations of the future role** of the FRPS industry, post-pandemic and post-Brexit.

Explore perceptions of where the industry currently sits when it comes to **policy makers' priorities**.

* Throughout the report we use the term percentage point (p.p.) to indicate amount of changes

**A turbulent and
challenging
context underpins
public and policy
maker views**





Regulatory changes
FSMB & Edinburgh Reforms



Cost of living crisis
Rising inflation & interest rates



Political flux
By-elections and upcoming general elections

Policy makers' views are coloured by a variety of factors
- social, political and financial – here in the UK and internationally



Policy makers

Fast-paced tech innovation
Including AI & cryptocurrency



Climate change
Prolonged heatwaves in Southern Europe and US

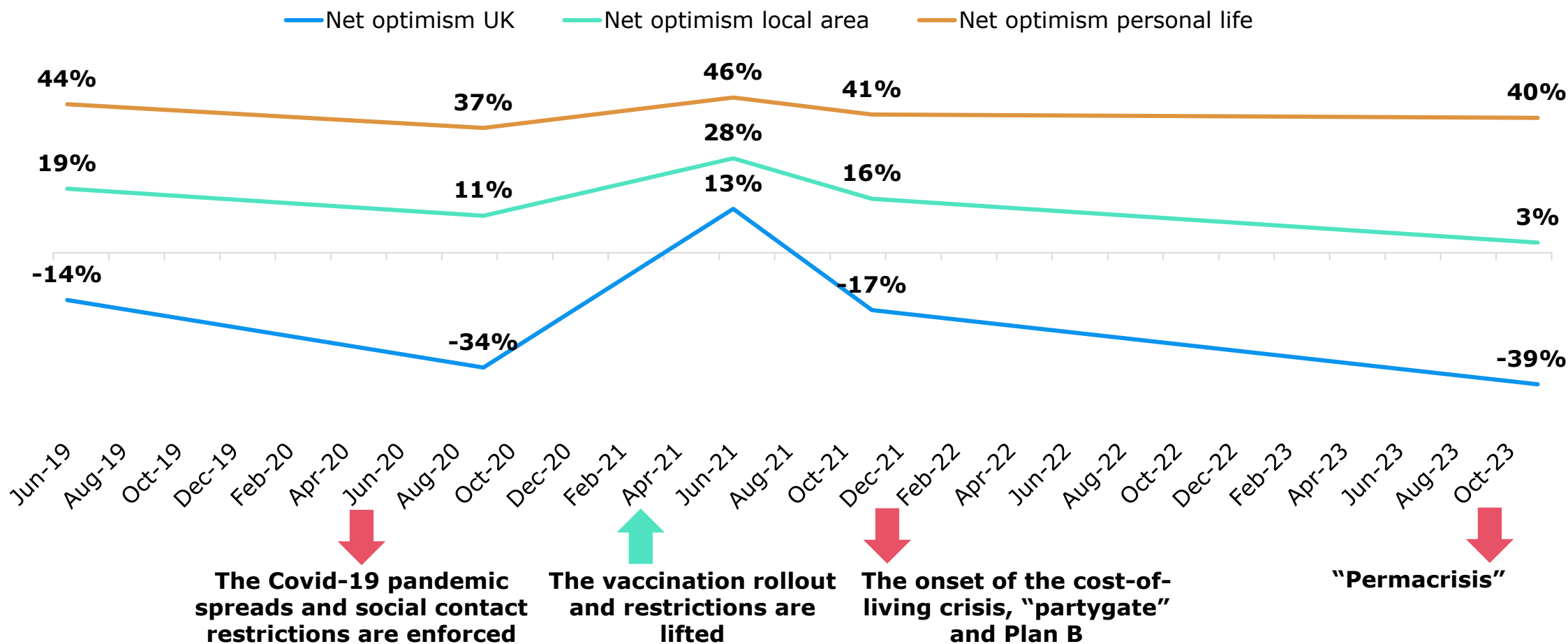


Global conflict continues



For the public, optimism for the UK is lower now than in the depths of the COVID-19 pandemic

NET optimism* over time

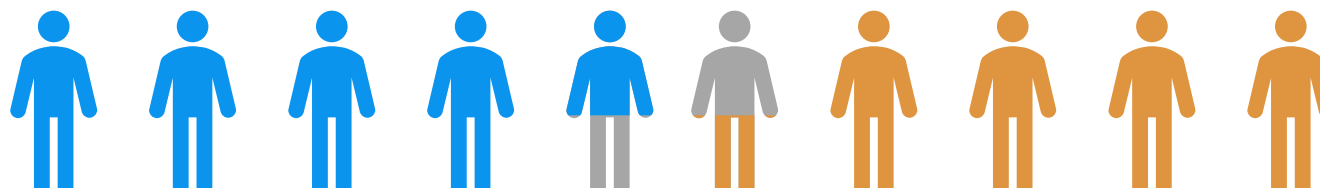




The public are split on whether a change in Government will make a difference

45%

'a change in Government will not make any difference'



46%

'a different Government will change things for the better'

More likely to be selected by:

- Those aged 55+ (56%)
- C2DE (48%)
- Swing voters (53%)

*"I don't think it could get much worse. I hope it doesn't, so I'm going to be optimistic and say I hope it's going to get better. I even feel like if we have a new Government, whoever it may be, **I don't particularly trust any of them at the minute.**"*

18 – 35, Stoke-on-Trent

More likely to be selected by:

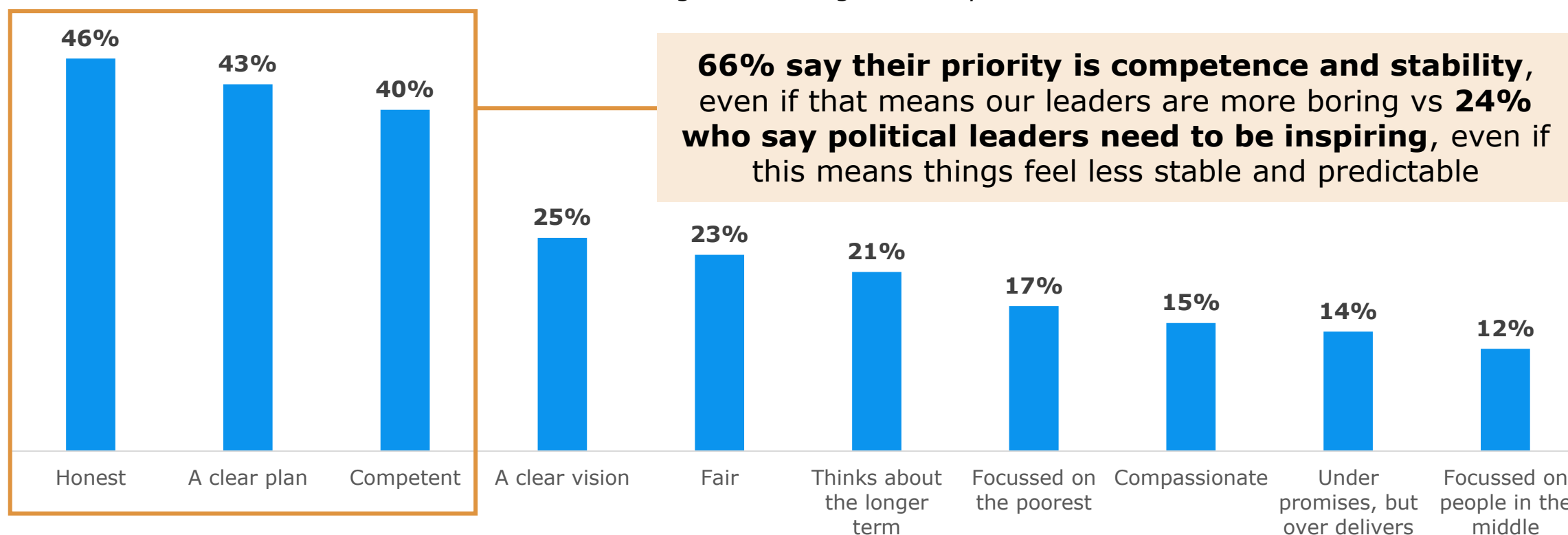
- Those aged 18 – 34 (54%)
- ABC1 (49%)



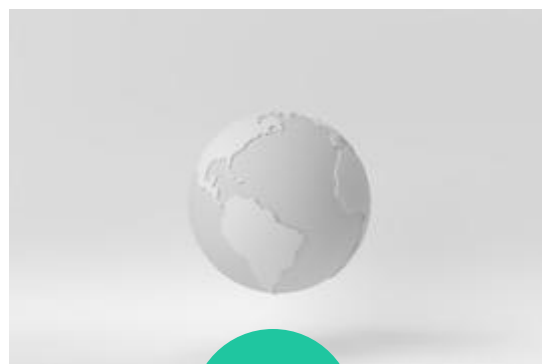
Across all demographics, the public want the next Government to be honest, competent and have a clear plan

Qualities the public would like to see in the next Government

Showing % selecting in the top 3



Key findings relating to the FRPS industry's reputation in 2023



1

Industry **reputation is generally healthy** however there are concerns about **weakening on the global stage.**



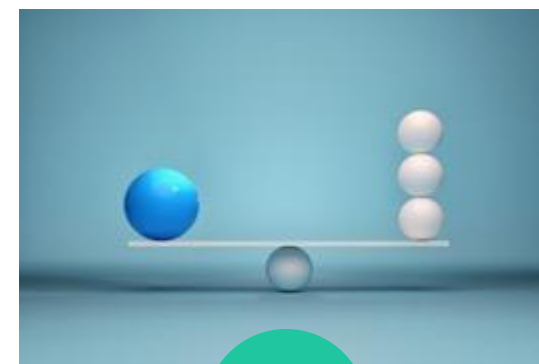
2

The industry is still viewed as a **key driver of the economy, trusted and respected** globally...



3

...But policy makers believe there is a risk these key strengths are **losing momentum.**



4

A focus on **innovation and competitiveness** is key – but policy makers want this to work *with* regulation to maintain trust in our system – a balancing act.



**Industry
reputation is
generally healthy**

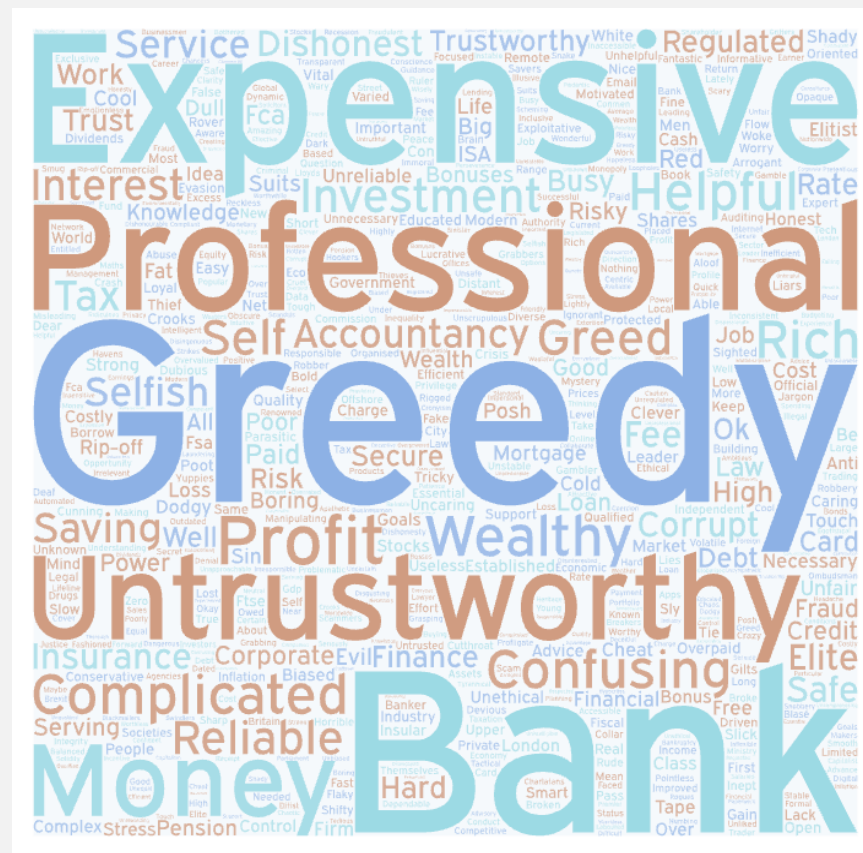
Policy makers continue to see clear benefits of the industry compared to the public – but a key issue is emerging...



Policy makers 2023 (n=20)



General public 2023 (n=2067)





The reputation of the FRPS industry remains positive for policy makers – but a few more concerning issues emerge

DRIVING THE ECONOMY

"We are known as a global financial centre. I don't have the figures, but it's a really **major contributor to the UK economy.**"

Regulator

"The way [the FRPS industry] conducts itself has **a long-term effect on the economic health of the country.**"

Conservative, MP

AND BEING INTERNATIONALLY IMPORTANT

"It's a jewel in the crown of the British economy. It's a **trusted global brand.**"

Conservative, MP

"We absolutely have to have **London as an attractive centre of financial investment.**"

Labour, MP

... HOWEVER, THESE ARE POTENTIALLY WEAKENING

"The FRPS industry is **weakened, and UK is less of a financial hub** than it was before Brexit."

Conservative, MP

"[The industry] **struggles to compete with America in a weakened position.** I think it's important for UK to regain that status but **we won't regain it after Brexit.**"

Labour, MP

Among the public an increase in **favourability** is evident from last year – especially of ‘my own bank’

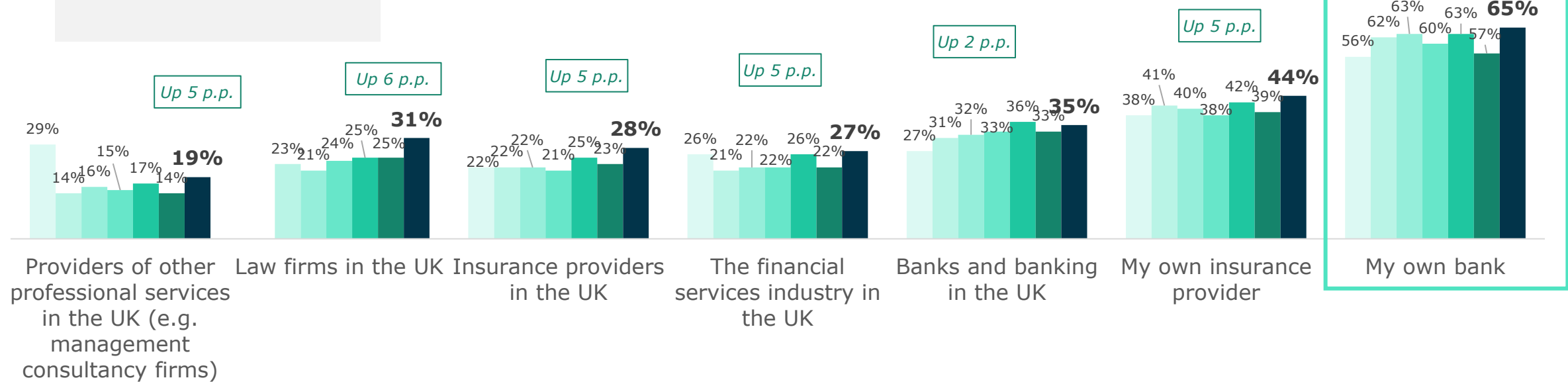


The highest increase in favourability was seen in ‘own banks’

Interesting to see that ‘my own bank’ has had the highest increase, despite recent interest rate rises, individuals seem broadly satisfied with their own providers.

Public favourability towards organisations and institutions
% selecting very or somewhat favourable

2016 2018 2019 2020 2021 2022 2023



Public trust in FRPS organisations has increased as well, though by a small margin

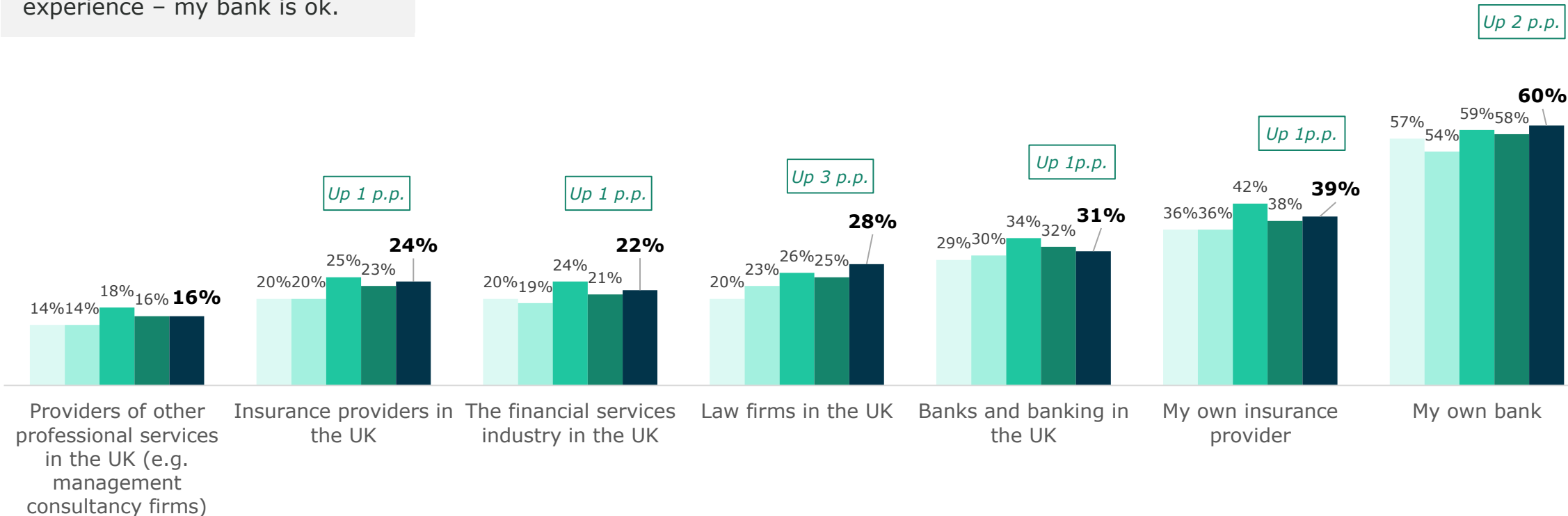


A slight decrease trust in banks and banking in the UK may be a response to rising interest rates but this doesn't seem to have pulled through to personal experience – my bank is ok.

Public trust in organisations and institutions

% selecting 4 or 5 on a 5-point scale

2019 2020 2021 2022 2023

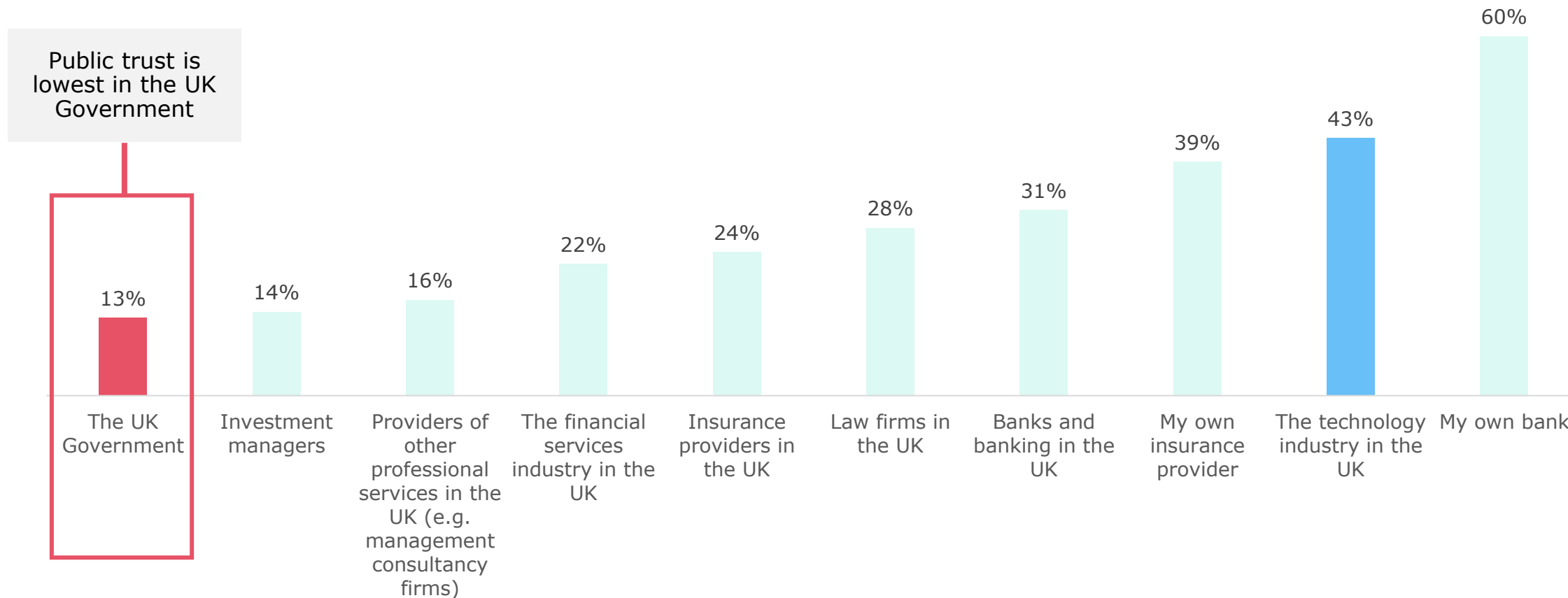


Q.2 To what extent do you trust each of the following groups, organisations and institutions in general? Base: All respondents in 2023 (n=2067), 2022 (n=2082), 2021 (n=2074), 2020 (n=2075), 2019 (n=2091), 2018 (n=2099), 2016 (n=2127). For the first time this year, we also surveyed the public on their favourability and trust towards investment managers. As this cannot be tracked over time yet the figure is not included in the graph this year but may be in future years.

Maybe the public are just feeling benign to anyone who is not the UK Government



2023 Public trust in organisations and institutions
% selecting 4 or 5 on a 5-point scale

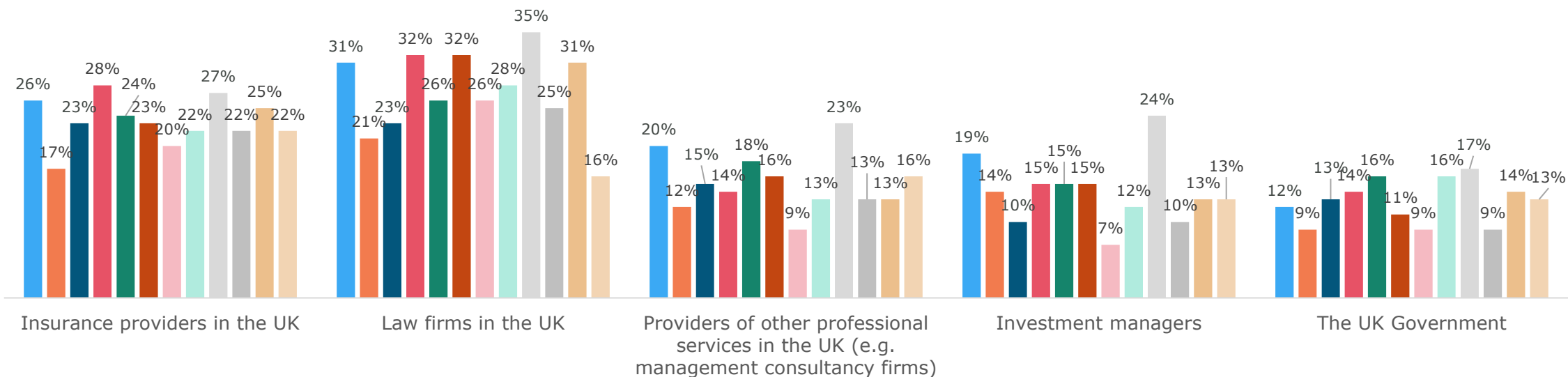
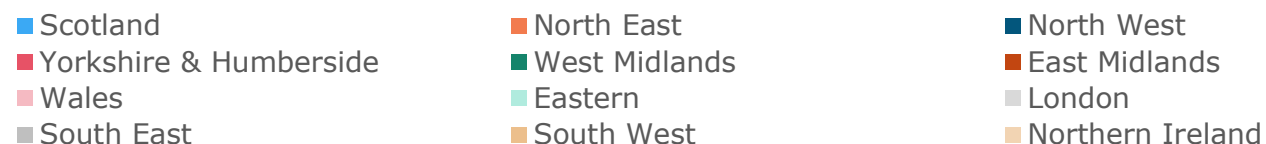




General public

Trust levels are generally highest in London and lowest in Wales, the NE and NI

Public trust in organisations and institutions
% selecting 4 or 5 on a 5-point scale

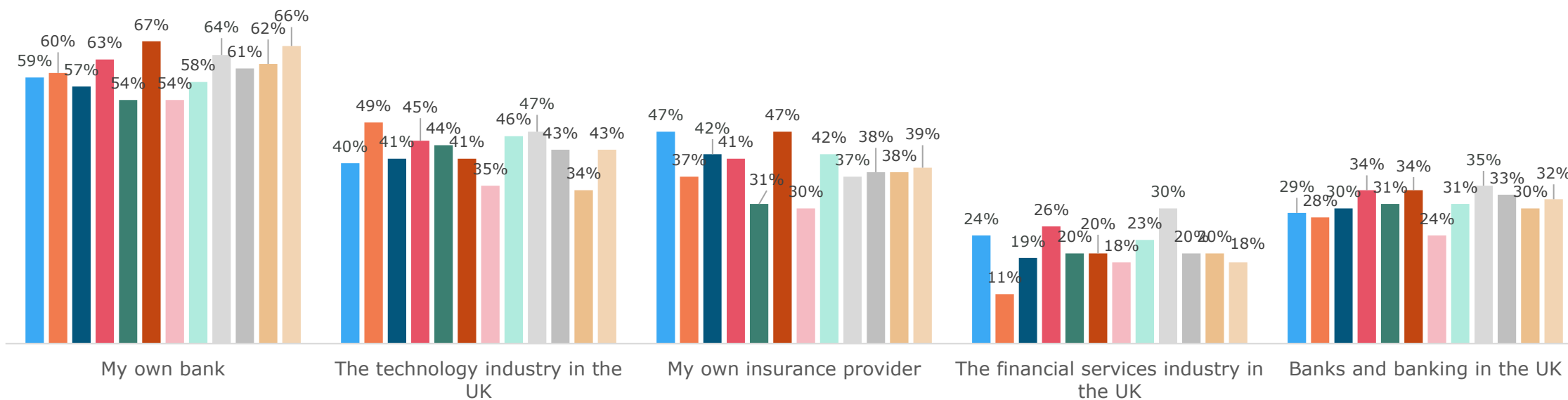
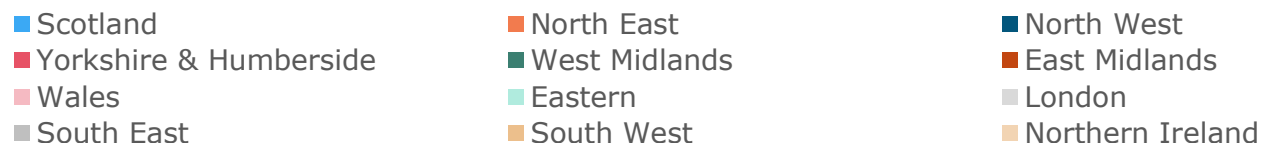




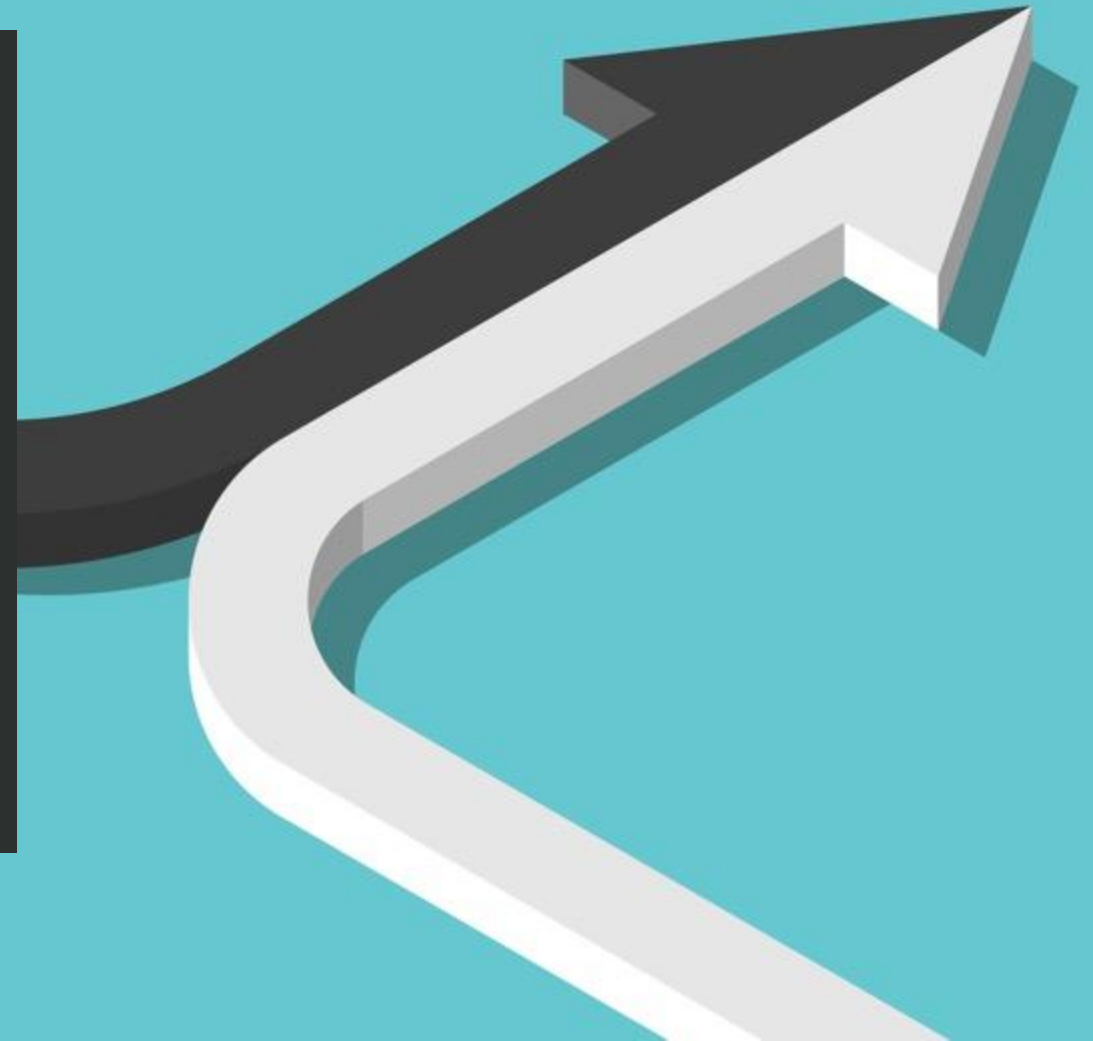
General public

But again, 'my own bank' (and the tech industry) fare better overall, including at regional levels

Public trust in organisations and institutions
% selecting 4 or 5 on a 5-point scale



The industry is still viewed as a key driver of the economy, trusted and respected globally





Policy makers continue to see that the industry has key strengths

GLOBALLY SIGNIFICANT

DRIVER OF THE ECONOMY

WELL FUNCTIONING



1. Strong centre for finance & trade globally

Respected and seen as a strong centre for finance globally, as well as a **leading example** on how to handle **arbitration for international trade**.

Contributing to the economy through the **provision of investment capital and being internationally competitive**.



2. Key contributor to UK economic growth & prosperity

Recognition that the FRPS industry is **one of the most successful industries in the UK**, providing **tax revenue, economic growth and investment** – without it there would be a significant gap.

Note, professional services seem to have a higher profile this year in terms of their contribution to these three benefits.



3. Well organised and a significant employer

Seen as highly **professional, efficient** and successful in continuing to provide **employment and career opportunities in the UK**, and also as driving forward initiatives to modernise and **increase diversity** in the industry.



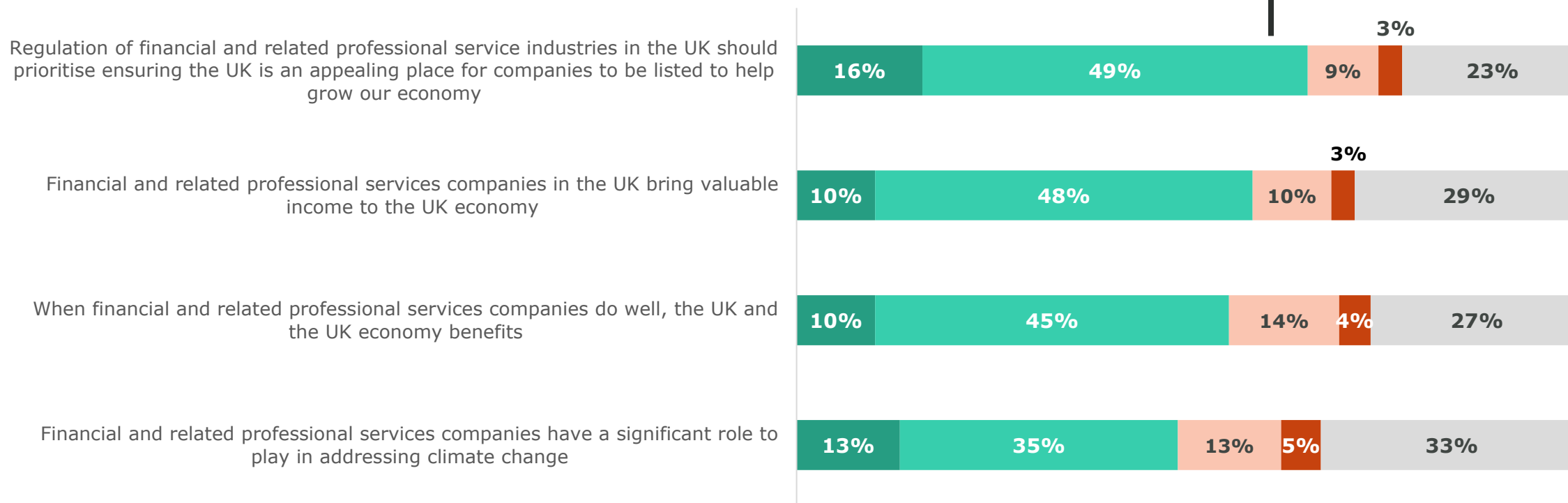
The public also generally agree the FRPS has a positive economic and reputational impact on the UK

Attitudes towards impact of FRPS in the UK

% agreeing/disagreeing with each statement

Strongly agree Agree Disagree Strongly disagree Don't know

With **65%** agreeing that the UK should be an appealing place for companies to be listed to grow our economy



**But policy makers
believe there is a
risk these key
strengths are
losing
momentum...**





What is driving a potential weakening of the industry's key strengths?

1

Post-Brexit & mini-budget, reputational damage

*"There is no doubt **London has lost ground globally** over recent years. Part of that is **due to Brexit**, to a continued deglobalisation of some of the major financial service firms."*

Conservative, MP

2

Losing ground to other jurisdictions

*"We should allow dual listings...if a company has been able to be listed in the US or somewhere similar and not make them **jump through all the hoops again to do it here.**"*

Conservative, MP

With **65% public** agreeing that the UK should be an appealing place for companies to be listed to grow our economy.

3

Not making the most of every opportunity

*"Where I am, we increasingly are seen as a hub for technology as a provider of labour and skills, **but I don't think the finance industry has caught up to that.**"*

Metro Mayor

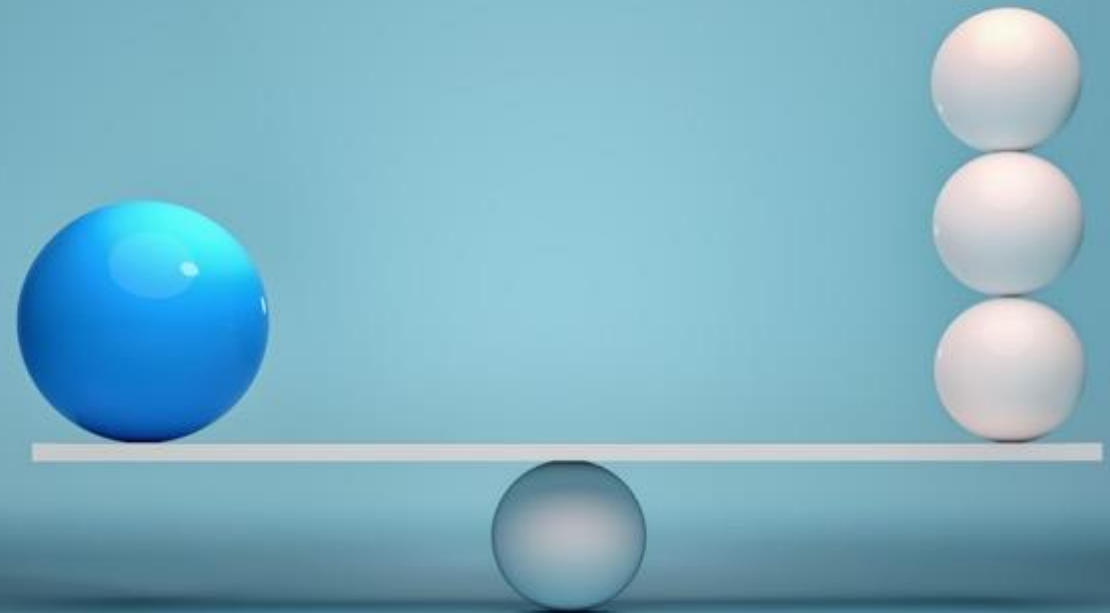
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The challenge of green finance...

*"There is **significant demand** for green finance alternatives, decarbonisation ... it's an area of significant innovation and it's going to take significant investment. The industry needs to be on the front foot."*

Regulator

A focus on openness and competitiveness is key – policy makers want this to work with regulation to maintain trust in our system – a balancing act





There is tension relating to views on the current regulatory context

Some feel there is a need for less government intervention and regulation...

...And there is a need to ensure the UK is a *more* competitive place to do business.

Others call out concerns: the UK currently has a strong reputation for being a fair, stable base for finance...

...And there are emerging risks relating to AI and crypto as well as changing global contexts that need to be responded to to maintain this.

Regulation matters – and the UK isn't felt to have it quite right at the moment, for different reasons (depending on standpoint).

"Britain/UK's position on the world stage is still pretty healthy but it all comes down to competitiveness. If **we want to regain our position, we have to be more competitive**. If we want to see ourselves back at the top of the league, we must lift the dead hand of Government."

Conservative, MP

"The industry should speak out more on the regulation and auditing that's occurring - in terms of perception, **I'd want to tell the story of stability**. There is a lot of new financial products out there like crypto, operational trends like AI...the innovation coming out now, it's hard for companies to keep up. They want to know their assets are safe, but they do want those innovative products and investments as well."

Labour, MP



Policy makers are ultimately seeking regulation that is 'proportionate' and errs toward reward without compromising on risk...

... And want to hear how their constituents and areas are being helped at regional levels.



Implications

The good:

The industry is still held in high regard: and the public are also fairly warm. **Continue to tell this success story.** The strength of related professional services has also come to fore.

The bad:

There are concerns about losing ground internationally. **A warning bell is ringing for the future.**

The balancing act:

Working with Government to create a more open landscape for international competitiveness, vs protecting our well-respected well-functioning industry and reputation for consumer protection.

There could be a strong role for TheCityUK to assist in this transition and communication of what **policy-makers describe as 'proportionate' regulation.**



Thank you

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