

KEY FACTS

ABOUT THE UK AS AN INTERNATIONAL FINANCIAL CENTRE 2019



About TheCityUK

TheCityUK is the industry-led body representing UK-based financial and related professional services. In the UK, across Europe and internationally, we promote policies that drive competitiveness, support job creation and ensure long-term economic growth. The industry contributes over 10% of the UK's total economic output and employs more than 2.3 million people, with two thirds of these jobs outside London. It is the largest tax payer, the biggest exporting industry and generates a trade surplus almost equivalent to all other net exporting industries combined.

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KEY FACTS ABOUT THE UK AS AN INTERNATIONAL FINANCIAL CENTRE

TRADE SURPLUS

UK-BASED
FINANCIAL SERVICES

\$82.7BN



UK-BASED FINANCIAL AND RELATED
PROFESSIONAL SERVICES

AROUND

\$110.6BN

UK BANKING SECTOR ASSETS
ARE THE **LARGEST IN EUROPE**

UK **\$10.7TRN**

FRANCE **\$10.4TRN**

GERMANY **\$9.2TRN**

ITALY **\$4.3TRN**

THE UK IS THE **LEADING GLOBAL NET EXPORTER**
OF FINANCIAL SERVICES

UK  **\$82.7BN**

US  **\$63.2BN**

SWITZERLAND  **\$23.4BN**

THE UK IS THE **LEADING**
FOREIGN EXCHANGE MARKET



AROUND **2.5 TIMES AS MANY US DOLLARS**
ARE TRADED IN THE UK AS IN THE US



VALUE OF
INTERNATIONAL BONDS
IN THE UK =

\$3.1TRN
LARGEST IN THE WORLD



418 FOREIGN COMPANIES ARE LISTED ON THE **LSE**
= **11.5%** OF THE GLOBAL TOTAL
OF FOREIGN-LISTED COMPANIES

OTC INTEREST-RATE DERIVATIVES
TRADING WORLDWIDE

UK = **50%**

US = **32%**

AVERAGE DAILY VOLUME CLEARED AT THE LONDON BULLION MARKET ASSOCIATION



19.7 MILLION OUNCES OF GOLD = \$25BN

229.2 MILLION OUNCES OF SILVER = \$3.6BN

UK GREEN BOND MARKET

MORE THAN 200 GREEN BONDS
LISTED ON THE LSE AS OF
OCTOBER 2019

= OVER \$44BN



THE ISLAMIC FINANCE COUNTRY
INDEX 2018 RANKS THE UK

TOP IN
EUROPE

AND 1ST AMONG NON-MUSLIM-
MAJORITY NATIONS



19.6%

OF UK TERTIARY-LEVEL
STUDENTS ARE
FROM OUTSIDE THE UK



LONDON IS RANKED AS THE
5TH LEADING MARITIME CAPITAL
IN THE WORLD

FOREWORD

As 2019 draws to a close, the UK continues to consider its economic and geopolitical priorities in a rapidly rebalancing world. Uncertainty abounds. But in international business, one thing has remained unchanged: the UK is one of the world's leading international financial and related professional services centres. The UK's financial services trade surplus totalled \$82.7bn (equivalent to £61.9bn) in 2018, making it the world's largest net exporter of such services. Moreover, the UK has the leading share of trading in many international financial markets, such as foreign exchange trading, cross border bank lending and international insurance premium income.

Metrics such as these are a testament to the UK's global competitive advantage in financial services, and this report demonstrates the country's role as the world's most internationally-oriented, full-scale hub for such services. The UK's strength in this area is derived not only from the high volume and value of transactions, but also the breadth of services and expertise available—the 'ecosystem' effect. This ranges from green finance to Islamic finance to maritime business services, and is supported by an extensive network of professional services related to financial services: legal, accounting and consulting. Financial education and training, too, features prominently among the UK's offerings in this area, emphasising not only the importance of talent to the industry's competitiveness, but also the industry's own role in continuing to foster and develop that talent. This research is intended to highlight not only the industry's scale—as demonstrated by key data points—but also provide a sense of this scope.

Anjalika Bardalai

Chief Economist & Head of Research, TheCityUK



EXECUTIVE SUMMARY

- The UK remains one of the world's leading international financial and related professional services hubs, with London central to this position. This report highlights a number of measures and markets that demonstrate the UK's role as an international centre.
- The UK's trade surplus in financial and related professional services is estimated to be \$110.6bn (£82.8bn). The magnitude of exports relative to imports indicates that the industry is highly competitive globally.
- Financial services trade is conducted primarily with other advanced economies. The US is the largest single contributor to the UK's net export position, accounting for 26.6% of total financial services net exports. As a bloc, other EU member states accounted for 40.5% of total sector net exports.
- The UK maintains a globally leading share of a number of financial markets. For example, it has 16% of the global total of cross-border bank lending. London is a centre for foreign banks, with around 250 foreign banks or branches in the city.
- Around 2.5 times as many dollars are traded in the UK as in the US. Overall, the UK has 43% of the global total of foreign-exchange turnover.
- The UK legal services sector is the largest in Europe and second largest globally. At £35.1bn, UK legal services revenue accounted for 5% of the global total in 2018.
- The UK insurance sector is the biggest in Europe and fourth largest in the world. UK insurance premiums represented 22.5% of European premiums and 6.5% of global premiums.
- London's importance as a centre for global equity trading is illustrated by the 418 foreign companies listed on the London Stock Exchange (LSE) at the end of 2018, accounting for 11.5% of total global foreign listings. The LSE had a 4.9% share of global equity market capitalisation and 2.6% of global equity trading by value. The UK's equity market capitalisation-to-GDP ratio is one of the highest among G7 countries, at 129%.
- The UK is one of the largest markets in the world for fund management, behind only the US. UK assets under management totalled a record \$12.1trn (£9.1trn) in 2018, and the sector has a strong international orientation.
- The UK plays a leading role in a number of specialist areas of financial services. Green finance, Islamic finance and maritime financial services are all sectors where the UK has been at the forefront of development.
- London's role as the world's leading international financial hub and the presence of a strong and fast-growing technology sector have helped boost the UK's position as a global FinTech leader. The UK FinTech market is now worth £7bn to the UK economy and employs 60,000 people. The average amount of capital UK FinTechs received from investors was £20.1m in 2019, up from £15m in 2017.
- The UK is a major centre for the professional services that support financial services, such as legal, accounting and management consulting. Together, these sectors comprise the financial and related professional services ecosystem that is integral to the UK's global competitiveness.

CENTRAL ROLE OF UK FINANCIAL AND RELATED PROFESSIONAL SERVICES

The UK is a major global hub for international wholesale finance. Within the UK, the importance of London is core to its international position, but other cities such as Edinburgh and Glasgow in Scotland; Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle and Sheffield in England; Cardiff in Wales; and Belfast in Northern Ireland are also important financial centres.

A strong London is good for the economies across the UK, but it is very much a symbiotic relationship. Strong regional and national centres increase the global appeal of London by widening the talent pool and offering growth opportunities for financial and related professional services firms.

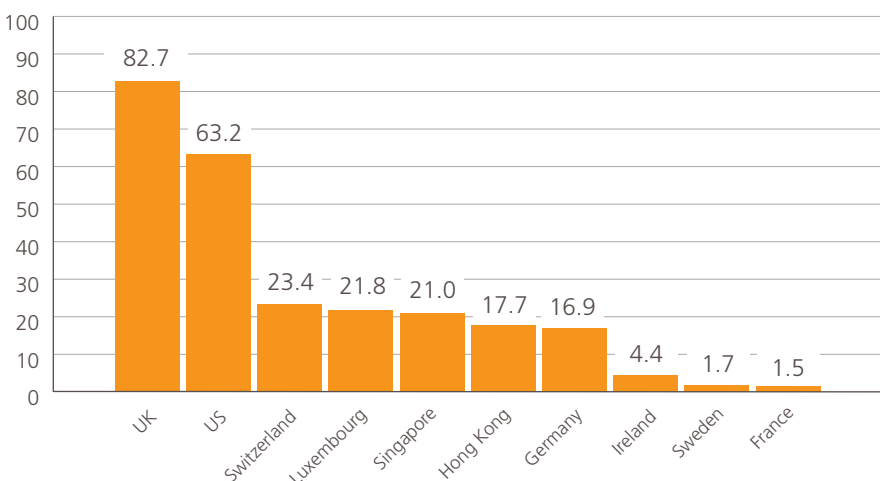


The UK – the leading exporter of financial services across the world

The UK’s financial services trade surplus of \$82.7bn (equivalent to £61.9bn)¹ in 2018 was nearly the same as the combined surpluses of the next two leading countries (the US and Switzerland); for more information see Figure 1.² When the estimated trade surplus for related professional services – legal services, accountancy and management consultancy – is also taken into account, this figure climbs to around \$110.6bn (equivalent to £82.8bn).³

Figure 1: Largest global net exporters of financial services, \$bn, 2018

Source: TheCityUK calculations based on UNCTAD data

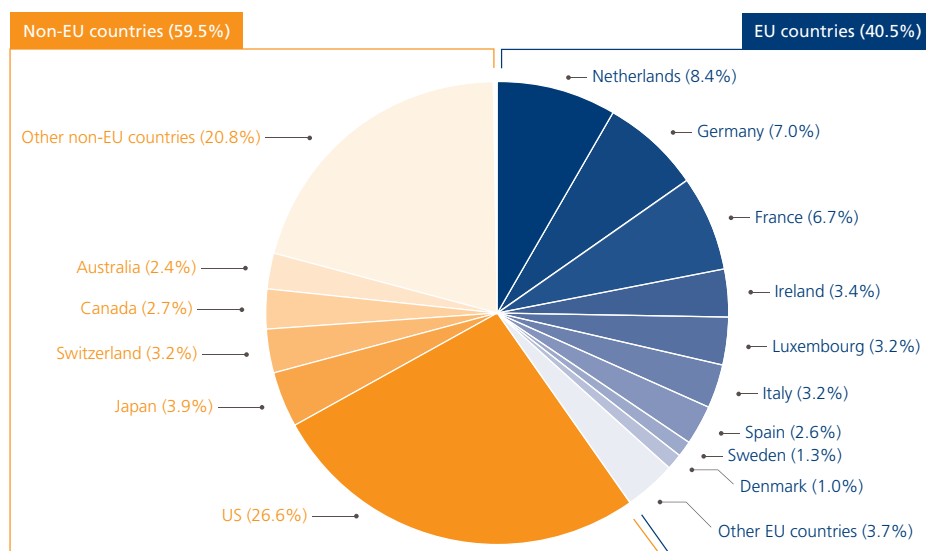


The UK’s largest trading partners are the US and other EU Member States. The US and EU combined account for 67% of the UK’s total financial services net exports (Figure 2).⁴

1 All currency conversions in this report have been made using the average annual exchange rate for the relevant year.
 2 TheCityUK calculations based on UNCTAD, ‘Data Centre’, (October 2019), available at: <http://unctadstat.unctad.org/wds/ReportFolders/reportFolders.aspx>
 3 TheCityUK calculations based on Office for National Statistics, ‘03 Trade in services, the Pink Book’, (31 October 2019), available at: <https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/datasets/3tradeinservicesthepinkbook2016>
 4 TheCityUK calculations based on Office for National Statistics, ‘09 Geographical breakdown of the current account, the Pink Book’, (31 October 2019), available at: <https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/datasets/9geographicalbreakdownofthecurrentaccountthepinkbook2016>

Figure 2: UK financial services net exports by major countries, % of world, 2018

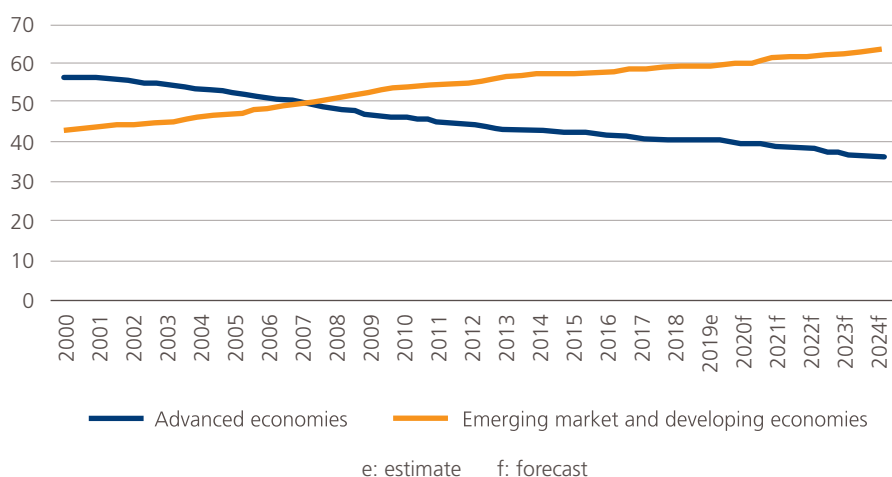
Source: TheCityUK calculations based on ONS data



The UK has a strong record in managing financial and related professional services business from developed economies. Developing economies also require financial services to achieve further progress in industrial development, infrastructure investment, poverty reduction and promotion of financial inclusion. The volume of trade with these countries has significant potential for growth due to the rise in the importance of emerging markets to the global economy (Figure 3).⁵ The UK has been able to support them through its leading role in many international financial markets; this role could potentially be enhanced following the UK's departure from the EU.

Figure 3: World GDP (based on purchasing power parity) %

Source: International Monetary Fund



⁵ International Monetary Fund, 'World Economic and Financial Surveys: World Economic Outlook Database', (October 2019), available at: <https://www.imf.org/external/pubs/ft/weo/2019/02/weodata/index.aspx>

The Financial Services Trade and Investment Board (FSTIB)

FSTIB brings together the UK government with practitioners from across the financial and related professional services industry. It seeks to support the UK's world-leading financial services industry to export abroad and attract overseas investment into the UK.

The FSTIB reports directly to the Chancellor of the Exchequer, is chaired by the City Minister and Economic Secretary to the Treasury. A Minister from the Department for International Trade also sits on the Board, together with officials from both departments, the Foreign and Commonwealth Office and Department for Business, Energy and Industrial Strategy. TheCityUK is a member of the Board and also provides significant delivery capacity and capability.

The Chancellor re-launched the FSTIB with a renewed mandate to boost financial services trade and investment in 2015. Work for the current mandate includes the financial partnership and cooperation between the UK and the US, China and India; investment management, FinTech, insurance and capital markets.

www.fstib.com

Rankings of global financial centres

London is generally considered one of only two full-scale international financial services hubs globally—the other being New York. For example, according to Z/Yen's Global Financial Centres Index⁶, a widely accepted source for ranking financial centres globally, London currently ranks second as an international financial services centre.

The co-location of banking, insurance, fund management, securities, derivatives, foreign exchange expertise and human talent and capacity all combine with market infrastructure to support London.

The number of financial centres seeking international business is growing. While London and New York are long established international financial centres, Asian centres such as Singapore, Hong Kong and Tokyo have evolved into well-developed regional hubs.

At the next level, there are a series of emerging regional hubs, including the likes of Shanghai and Mumbai.

There are also specialist hubs and local centres which have a strong but more limited international footprint, such as Frankfurt, San Francisco, Tel Aviv and Zurich. A well-targeted specialist local or regional offer can bring success for emerging international financial centres as they seek to develop niches or provide a particular set of products. For example, Dublin and Luxembourg have defined their business by successfully pursuing a focused strategy.

Regional and specialist international financial centres have challenged larger ones to be more innovative and to respond to competitive dynamics. Part of the constant challenge to remain competitive comes from a re-definition of the basis of competitive advantage. While factors such as location relative to time zones, language, rule of law and culture are important components of a competitive offering, they no longer tell the full story. Regulatory and supervisory coherence, tax policy, deep pools of talent, and political recognition and support are also part of the mix and may, over time, create a differentiated momentum. As global trade and investment grows in new directions, international financial centres will adapt to reflect new needs and opportunities. TheCityUK set out a proposed path for the UK's adaptation in this regard in its 2017 report 'A vision for a transformed, world-leading industry'.⁷

Working with other financial centres has helped develop the international networks of UK-based firms, allowing them to expand their international business. In return, the UK has provided access to its markets and expertise for overseas companies, and has acted as a template for many developing centres. This is helping to build a stronger and more prosperous global economy.

Factors underpinning London's status as an international financial and related professional services centre

- a 'cluster effect' of a full ecosystem, including the co-location of finance, business, technology and government
- deep pools of capital and liquidity and strong risk management
- deep pools of highly skilled talent
- an attractive lifestyle
- use of English law and language
- high-quality regulators, and a strong regulatory regime.⁸

6 Z/Yen, Long Finance and FS Club, 'The Global Financial Centres Index 26', (19 September 2019), available at: <https://www.longfinance.net/programmes/financial-centre-futures/global-financial-centres-index/gfci-26-explore-data/gfci-26-rank/>

7 TheCityUK and PwC, 'A vision for a transformed world-leading industry: UK-based financial and related professional services', (July 2017), available at: <https://www.thecityuk.com/assets/2017/Reports-PDF/A-vision-for-a-transformed-world-leading-industry.pdf>

8 Ibid.

Figure 4: Financial centre indicators, share by country (%)

Source: TheCityUK calculations based on Bank for International Settlements, Willis Towers Watson, Investment Company Institute, Insurance Europe, The General Insurance Association of Japan, The Life Insurance Association of Japan, Insurance Information Institute, International Monetary Fund, Swiss Re

	UK	US	Japan	France	Germany	Singapore	Hong Kong	Others
Cross-border bank lending (Q3 2019)	16	10	13	10	7	3	5	36
Foreign exchange turnover (Apr 2019)	43	17	5	2	2	8	8	17
Interest rates OTC derivatives turnover (Apr 2019)	50	32	2	2	1	1	6	6
Conventional fund management (end-2018)	6	45	7	4	--	--	--	--
Insurance premium (end-2018)	6	28	8	5	5	1	1	45
International debt securities outstanding (Q1 2019)	13	10	2	6	5	1	1	62

Figure 5: UK share of financial markets (%)

Source: TheCityUK calculations based on Bank for International Settlements, Willis Towers Watson, Investment Company Institute, Insurance Europe, The General Insurance Association of Japan, The Life Insurance Association of Japan, Insurance Information Institute and International Monetary Fund

	2001	2004	2007	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Cross-border bank lending	19	20	18	18	18	18	17	17	17	16	16	16	--
Foreign exchange turnover	31	32	35	37	--	--	41	--	--	37	--	--	43
Interest rates OTC derivatives turnover	35	42	44	46	--	--	49	--	--	39	--	--	50
Conventional Fund management	8	8	9	8	8	8	8	7	7	7	6	6	--

INTERNATIONAL FINANCIAL MARKETS IN LONDON AND THE UK

Banking

Indicators of the UK's strong international position include:

Size of the industry: UK banking sector assets totalled \$10.7trn (equivalent to £9trn) at the end of 2018, the fourth largest in the world and the largest in Europe, followed by France (\$10.4trn), Germany (\$9.2trn) and Italy (\$4.3trn); for more information see Figure 6. Around half of UK banks' assets are dominated in sterling; the remainder are foreign-currency based.⁹

Figure 6: Largest banking centres' assets, \$bn, end-2018

Source: National Central Banks

Banking centre	Assets
China	29,700
US	16,800
Japan	11,500
UK	10,700
France	10,400
Germany	9,200
Italy	4,300

Cross-border banking: the UK is the world's largest centre for cross-border banking, with 16% of the outstanding value of international bank lending in the second quarter of 2019. It was also the largest centre for cross-border borrowing (18%); for more information see Figure 7.¹⁰ London is a centre for foreign banks, with around 250 foreign banks or branches in the city.¹¹

Figure 7: International bank lending and borrowing, % share Q2 2019

Source: Bank for International Settlements

Country	Lending	Borrowing
UK	16	18
Japan	12	5
France	10	12
US	10	12
Germany	7	7
Hong Kong	5	4
China	4	5
Netherlands	4	3
Switzerland	3	3
Singapore	3	3
Canada	3	2
Cayman Islands	2	2
Luxembourg	2	2
Spain	2	2
Italy	2	2
Others	16	18

⁹ TheCityUK calculations based on Bank of England, 'Table B1.4: Monetary financial institutions' (excluding central bank) balance sheet', (October 2019), available at: <https://www.bankofengland.co.uk/statistics/tables>

¹⁰ TheCityUK calculations based on Bank for International settlements, 'A2: Cross-border positions, by location of reporting bank and sector of counterparty', (24 October 2019), available at: https://www.bis.org/statistics/a2_1.pdf

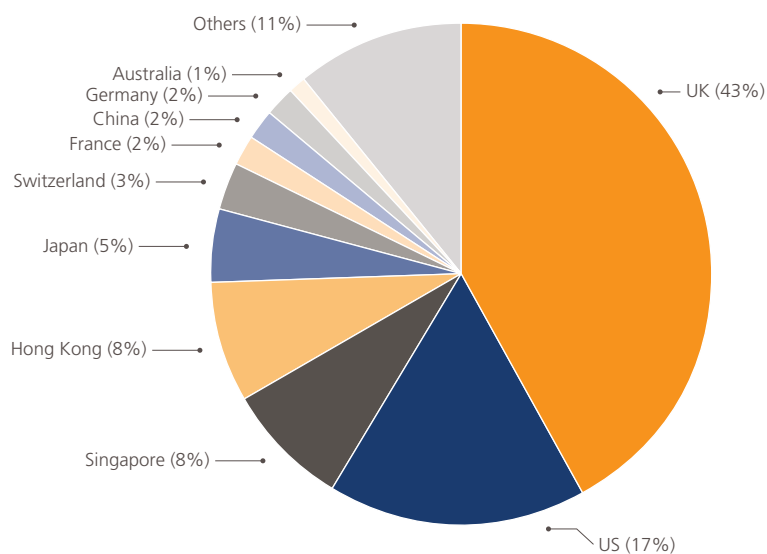
¹¹ TheCityUK calculations based on Association of Foreign Banks, (October 2019), available at: <http://www.foreignbanks.org.uk/>

Private and investment banking: London is one of the most important centres for private and investment banking. Many international banks have their private and investment banking business in the UK, including Bank of America Merrill Lynch, Credit Suisse, Goldman Sachs, J.P. Morgan and RBC Capital Markets.

According to data from the Bank for International Settlements, the UK accounted for 43% of global foreign exchange trading in April 2019, well ahead of the US (17%), Singapore (8%), Hong Kong (8%) and Japan (5%); for more information see Figure 8. The bulk of the UK's daily turnover averaging \$3.6trn (equivalent to £2.7trn) in April 2019 was transacted in London. Around 2.5 times as many US dollars are traded on the foreign exchange market in the UK than in the US.¹² London is also a global leader in offshore renminbi trading. London accounted for 43.9% of total offshore renminbi transactions in the second quarter of 2019, up from 38.6% a year earlier.¹³

Figure 8: Foreign exchange trading, % share, April 2019

Source: Bank for International Settlements



Insurance

The UK insurance industry is the largest in Europe and fourth largest in the world, with \$337bn in premiums in 2018 (Figure 9).¹⁴ It consists of insurance companies (including the specialist London Market); the Lloyd's market; intermediaries; and various specialist support professions and services.

The UK insurance market's strong international position is indicated by the fact that:

- The UK is the largest source of pension funds in Europe, with \$2.9trn (equivalent to £2.1trn) in assets under management.¹⁵ The country is also the second largest source of insurance funds in Europe, with \$2.3trn (equivalent to £1.8trn) in assets under management (France had \$2.7trn (equivalent to £2.1trn)).¹⁶

12 Bank for International Settlements, 'Triennial Central Bank Survey, Global foreign exchange market turnover in 2019: Foreign exchange turnover: D11.2 by country, 1986-2019', (September 2019), available at: <https://www.bis.org/statistics/rpfx19.htm?m=6%7C381%7C677>

13 City of London Corporation and People's Bank of China, 'London RMB Business Quarterly: Issue 5', (October 2019), available at: <https://www.theglobalcity.uk/PositiveWebsite/media/Research-reports/RMB-Report-oct-2019.pdf>

14 Swiss Re Institute, 'SIGMA No 3/2019: World Insurance: the great pivot east continues', (04 July 2019), p.37-41, available at: https://www.swissre.com/dam/jcr:b8010432-3697-4a97-ad8b-6cb6c0aee33/sigma3_2019_en.pdf

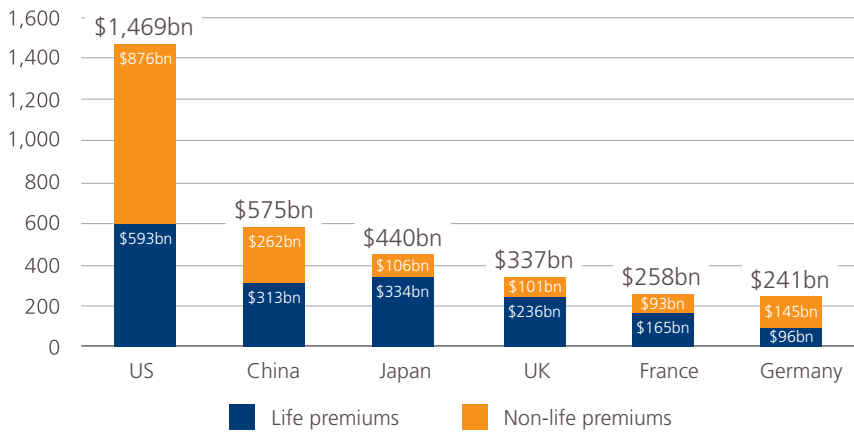
15 Willis Towers Watson, 'Global Pension Assets Study 2019', (10 February 2019), p.11, available at: <https://www.thinkingaheadinstitute.org/en/Library/Public/Research-and-Ideas/2019/02/Global-Pension-Asset-Survey-2019>

16 Insurance Europe, 'Insurance Data', (30 October 2018), available at: <https://www.insuranceurope.eu/insurancedata>

- UK companies feature prominently in rankings of the world's largest insurance companies.
- The UK accounted 6.5% of global and 22.5% of EU insurance premiums in 2018.¹⁷

Figure 9: Largest insurance markets, \$bn, 2018

Source: Swiss Re

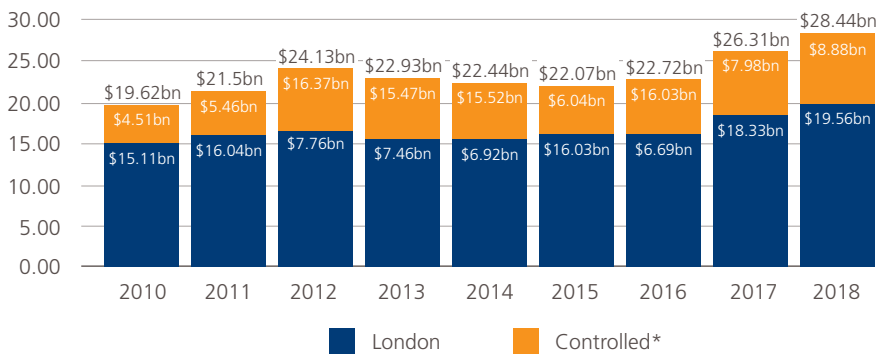


The London Market is a separate part of the UK insurance and reinsurance industry based in central London. The London Market consists mostly of general insurance and reinsurance and predominantly involves high exposure risks.

According to data from the International Underwriting Association of London (IUA), the representative body for insurance and reinsurance firms in London, the London company market—which comprises non-Lloyd’s international and wholesale insurance and reinsurance companies operating in London—saw total premium growth of 5% over 2010-18, reaching £28.4bn in 2018 (Figure 10).¹⁸

Figure 10: London company market premium, £bn

Source: International Underwriting Association of London



*'Controlled' refers to premiums generated outside London, but for London-based insurance companies (i.e. London company market).

Lloyd’s of London is a corporate body and marketplace for insurance and reinsurance business in London. Lloyd’s gross written premium income reached a record high of

17 TheCityUK calculations based on Swiss Re Institute, 'SIGMA No 3/2019: World Insurance: the great pivot east continues', (04 July 2019), p.37-41, available at: https://www.swissre.com/dam/jcr:b8010432-3697-4a97-ad8b-6cb6c0aee33/sigma3_2019_en.pdf

18 International Underwriting Association of London, 'London company market statistics report', (October 2019), p.4, available at: https://www.iaa.co.uk/IUA_Member/Publications/London_Company_Market_Statistics_Report.aspx

£35.8bn (equivalent to \$47.8bn) in 2018. Average annual growth of Lloyd's gross premiums has been 4.4% over the past decade.¹⁹

Equity and bond markets

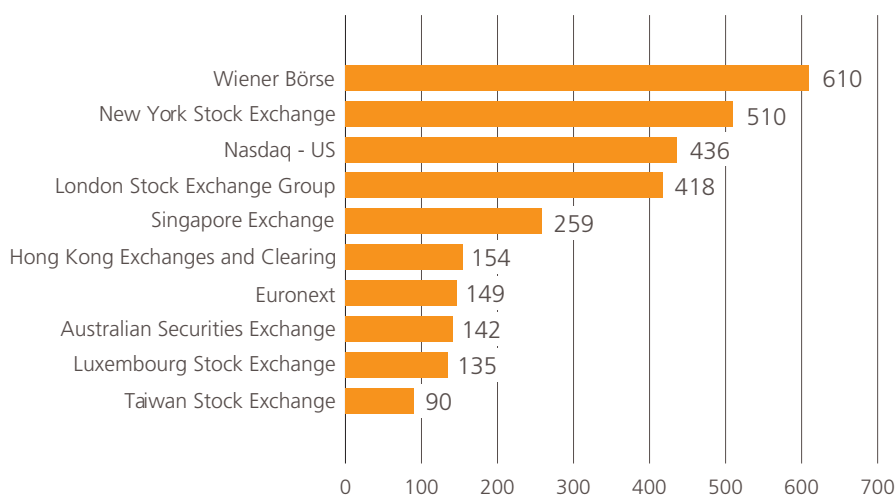
Equity markets

London's importance as a centre for global equity trading is illustrated by:

- The 418 foreign companies listed on the LSE at the end of 2018, accounting for 11.5% of the total global foreign listings, behind the Wiener Börse (610), New York Stock Exchange (NYSE) (510) and Nasdaq (436), and ahead of the Singapore Exchange (259) and the Hong Kong Exchanges and Clearing (154); for more information see Figure 11.
- £6.6bn (equivalent to \$8.9bn) capital raised through new issues and IPOs in 2018.
- Its 4.9% share of global equity market capitalisation and 2.6% of global equity trading by value.
- The UK having one of the highest equity market capitalisation in relation to GDP of the largest countries – 129% at the end of 2018.²⁰

Figure 11: Number of foreign companies listed, end-2018²¹

Source: World Federation of Exchanges



Bond markets

The UK's substantial domestic market in bonds is complemented by London's continuing role as a major centre for issuance and trading of international bonds. The UK's outstanding value of international bonds was the largest in the world at the end of 2018, totalling around \$3.1trn (equivalent to £2.3trn), equivalent to 12.8% of the global total.²² Eurobonds accounted for 64% of this.²³

¹⁹ Lloyd's of London, 'Lloyd's statistics 2019 edition', (November 2019), available at: <https://www.lloyds.com/market-resources/data-and-research/statistics-relating-to-lloyds>

²⁰ London Stock Exchange, 'New and future issues', (October 2019), available at: <https://www.londonstockexchange.com/statistics/new-issues-further-issues/new-issues-further-issues.htm>

²¹ TheCityUK calculations based on World Federation of Exchanges, 'Market statistics – January 2019', (January 2019), available at: <https://focus.world-exchanges.org/issue/january-2019/market-statistics>

²² TheCityUK calculations based on Bank for International Settlements, 'C1: Summary of debt securities outstanding', (22 September 2019), available at: <https://www.bis.org/statistics/secstats.htm?m=6%7C33%7C615>

²³ TheCityUK calculations based on Bank for International Settlements, 'United Kingdom: Debt securities issues and amounts outstanding', (22 September 2019), available at: <https://www.bis.org/statistics/c3-GB.pdf>

Fund management

The UK is one of the largest markets in the world for fund management, behind only the US. UK assets under management totalled a record \$12.1trn (£9.1trn) in 2018. The sector has a strong international orientation reflected in the institutional presence of a broad mix of UK and foreign firms; equity and bond investments of 70% and 49% respectively in overseas markets; and management on behalf of overseas clients of funds totalling \$4.1trn (equivalent to £3.1trn) among The Investment Association (IA) members.²⁴

Some of the key indicators of the UK's international position include:

- **Pension fund assets:** UK pension assets accounted for 7.1% of global pension assets in 2018, which was well ahead of other European countries. At 101.7%, the UK's pension assets-to-GDP ratio was among the highest in the world in that year.²⁵
- **Mutual funds:** \$1.7trn (£1.3trn) is managed by UK mutual funds.²⁶
- **Insurance funds:** the UK insurance industry has the fourth largest funds under management after the US, Japan and France.

Figure 11: Conventional investment management assets, \$bn, end-2018

Sources: Willis Towers Watson, Investment Company Institute, Insurance Europe, The General Insurance Association of Japan, The Life Insurance Association of Japan, Insurance Bureau of Canada, Canadian Life and Health Insurance Association, Insurance Information Institute, International Monetary Fund, PwC

Note: Insurance sector for the UK, France, and the US is based on 2017 data; the sector for Japan and Canada is 2018 data; 2018 data for total is estimated by TheCityUK calculations based on PwC

	Pension funds	Insurance assets	Mutual funds	Total conventional	Share of Total conventional
US	24,711	8,500	21,078	54,289	45%
Japan	3,081	3,711	1,805	8,596	7%
UK	2,856	2,288	1,683	6,827	6%
France	155	2,739	2,075	4,969	4%
Canada	1,630	692	1,163	3,485	3%
Others	7,740	16,190	18,890	42,820	35%
Total	40,173	34,120	46,693	120,986	100%

Hedge funds

London is the world's second-largest centre for hedge fund management, after New York. The UK had \$467bn (£350bn)²⁷ in assets under management (16% of global assets)²⁸ in the hedge fund sector in 2018—an increase of more than 80% over the past five years.²⁹ The UK remains by far the largest centre for hedge funds in Europe. The UK is also the leading centre for hedge fund services such as administration, prime brokerage, custody and auditing.

²⁴ Investment Association, 'Asset Management in the UK 2018-2019, The Investment Association Annual Survey', (September 2019), p.18, 20, 94, available at: <https://www.theia.org/sites/default/files/2019-09/IMS%20full%20report%202019.pdf>

²⁵ Willis Towers Watson, 'Global Pension Assets Study 2019: Thinking Ahead Institute research', (February 2018), p.11, available at: <https://www.thinkingaheadinstitute.org/en/Library/Public/Research-and-Ideas/2019/02/Global-Pension-Asset-Survey-2019>

²⁶ Investment Company Institute, 'Supplement: Worldwide Public Table, Second Quarter 2019, Data in US Dollar (xls)', (25 September 2019), available at: <https://www.ici.org/research/stats/worldwide>

²⁷ Investment Association, 'Asset Management in the UK 2018-2019, The Investment Association Annual Survey', (September 2019), p.18, available at: <https://www.theia.org/sites/default/files/2019-09/IMS%20full%20report%202019.pdf>

²⁸ TheCityUK calculations based on Barclay Hedge, 'Hedge fund industry assets under management', (October 2019), available at: <https://www.barclayhedge.com/solutions/assets-under-management/hedge-fund-assets-under-management/>

²⁹ TheCityUK calculations based on Investment Association, 'Asset Management in the UK 2018-2019, The Investment Association Annual Survey' and 'Asset Management in the UK 2013-2014, The Investment Association Annual Survey'

Private equity

The UK private equity market is the most developed in the world outside the US. UK private equity funds invested \$35.6bn (equivalent to £26.7bn), the largest amount in Europe, in 2018. Target companies based in the UK received \$19.7bn (equivalent to £14.8bn) in that year (Figure 13).³⁰ London is the largest European centre for the management of private equity investments and funds. The UK private equity industry has invested \$108.3bn (£81.1bn) in around 4,300 firms worldwide between 2015 and 2018.³¹

Figure 12: Private equity investments, top 10 European countries, \$bn, 2018

Source: TheCityUK calculations based on data from Invest Europe

	Investments (location of the private equity firm)	Investments (location of the portfolio firm)
UK	35.6	19.7
France	19.5	19.2
Germany	10.5	13.4
Italy	6.5	8.2
Netherlands	4.8	7.1
Sweden	4.2	3.4
Spain	4.2	7.1
Switzerland	1.9	2.6
Denmark	1.9	3.7
Luxembourg	1.5	0.2

Derivatives trading

The UK remains the world's leading derivatives centre, with a 50.2% share of trading OTC interest-rate derivatives in 2019. The US is the only other major location, with 32.2% of trading (Figure 14).³²

There are a number of derivatives exchanges operating in the UK:

- NYSE Liffe, the leading exchange for trading in short-term euro interest rates contracts. Liffe is part of the Intercontinental Exchange group.
- London Metal Exchange, a major non-ferrous metals exchange.
- ICE Futures Europe, the largest regulated energy futures exchange in Europe, and the second largest in the world.
- Turquoise Derivatives London, which offers trading of derivatives based on pan-European and International Order Book equities.

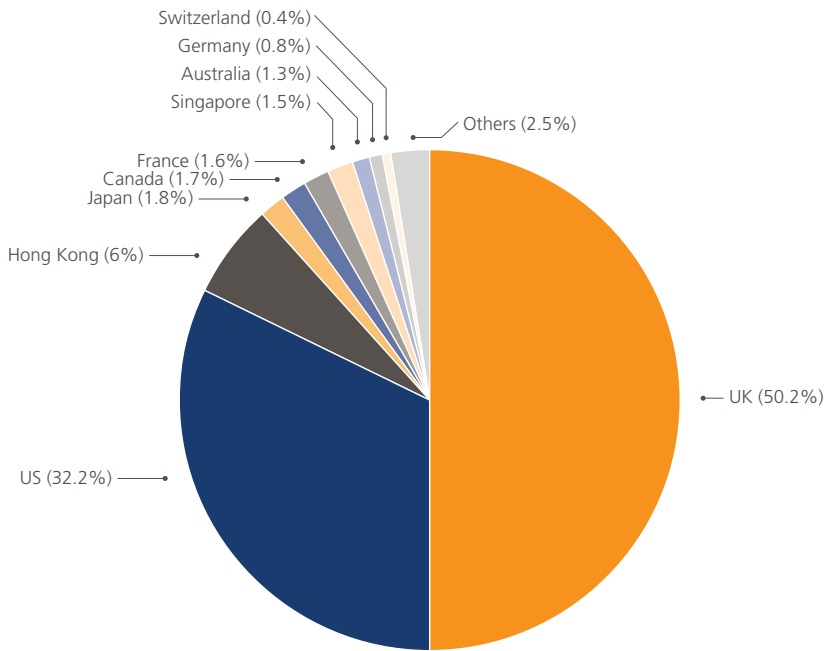
30 TheCityUK calculations based on Invest Europe, 'European Private Equity Activity 2018', (3 May 2019), p.42-49, available at: <https://www.investeurope.eu/research/data-and-insight/>

31 TheCityUK calculations based on British Private Equity & Venture Capital Association, 'BVCA Report on Investment Activity 2018', (October 2019), p.19, available at: <https://www.bvca.co.uk/Portals/0/Documents/Research/Industry%20Activity/BVCA-RIA-2018.pdf>

32 Bank for International Settlements, 'D12.2: OTC interest rate derivatives turnover, by country, 1995-2019', (September 2019), available at: <https://www.bis.org/statistics/rpfx19.htm?m=6%7C381%7C677>

Figure 13: Location of OTC interest rate derivatives daily average turnover, % share, April 2019

Source: Bank for International Settlements



Commodities trading

Major derivatives exchanges located in London are: NYSE Liffe, Europe’s biggest exchange for ‘soft commodities’; London Metal Exchange, a leading global exchange for non-ferrous metals; and ICE Futures Europe, the biggest exchange for energy products in Europe. The UK is also home to a number of international commodity organisations such as the International Coffee Organisation, the Grain and Feed Trade Association and International Sugar Organisation. As one of the world’s leading international financial centres, London benefits from being the preferred location for many international firms trading in commodities as well as investment banks and other financial institutions that trade in commodities derivatives.

Bullion markets

A large proportion of trading in precious metals takes place on the OTC market in London. The average daily volume of gold cleared at the London Bullion Market Association in 2018 was 19.7m ounces (worth \$25bn, equivalent to £18.7bn). The average daily volume of silver cleared was 229.2m ounces (\$3.6bn, equivalent to £2.7bn). London is also a leading centre for energy brokers operating in energy and carbon markets.³³

³³ London Bullion Market Association, ‘Clearing Statistics’, (October 2019), available at: <http://www.lbma.org.uk/clearing-statistics>

THE UK'S ROLE IN SPECIALIST FINANCIAL SERVICES

Green finance

Green finance matches sources of funding to new capital and operating expenditures that generate measurable progress towards the achievement of a well-recognised environmental goal.³⁴

Green bonds represent one of the largest parts of the green finance market. The LSE has been a prominent host to green bonds. There were more than 200 sustainable bonds listed on the LSE as of 11th October 2019, which have raised over \$44bn (equivalent to £33bn).³⁵ In June 2018 the LSE saw its largest-ever green bond listing when the London branch of Industrial and Commercial Bank of China listed a dual-currency (US dollar and euro) green bond worth a total of \$1.6bn equivalent. In addition, according to data from Morningstar, there are more than 20 green bond open-ended investment companies and unit trusts available in the UK; key players include Allianz, iShares, JSS, Mirova, and Parvest.³⁶

Maritime business services

The UK maritime business services sector provides services to the international shipping industry which, through the movement of cargoes, is vital in enabling the world economy to function. London is the world's leading centre for the supply of a wide range of financial and related professional services to the international shipping industry including: banking, insurance, shipbroking, legal services, accounting services, ship classification, education and publishing.

Menon Economics, a consultancy, ranks London as the fifth leading maritime capital in the world by five measurements: shipping, finance and law, maritime technology, ports and logistics, and attractiveness and competitiveness (Figure 15). Notably, London holds the top spot in the 'finance and law' metric, a testament to its particular strength in financial and related professional services.³⁷

Figure 14: Leading maritime capitals of the world, 2019

Source: Menon Economics

	Overall rank	Shipping	Finance and law	Maritime technology	Ports and logistics	Attractiveness and competitiveness
1	Singapore	Singapore	London	Oslo	Singapore	Singapore
2	Hamburg	Athens	New York	London	Rotterdam	Copenhagen
3	Rotterdam	Hamburg	Oslo	Hamburg	Hong Kong	London
4	Hong Kong	Hong Kong	Hong Kong	Busan	Shanghai	Rotterdam
5	London	Shanghai	Singapore	Tokyo	Hamburg	Hamburg

Shipbrokers in the UK operate at the centre of the international shipping business, bringing together ship owners, charterers and other related parties. Shipbrokers are represented by the Baltic Exchange, the world's only independent source of maritime market information for the trading and settlement of physical and derivatives contracts. Baltic members are also involved in the sale and purchase of over half the world's new and second hand tonnage.

³⁴ TheCityUK and Imperial College Business School, 'Growing green finance', (September 2017), p.7, available at: <https://www.thecityuk.com/assets/2017/Reports-PDF/21ef6f5fef/Growing-Green-Finance.pdf>

³⁵ London Stock Exchange, 'Sustainable bond market', (11 October 2019), available at: <https://www.lseg.com/green>

³⁶ TheCityUK and Imperial College Business School, 'Understanding green bonds', (May 2018), p.11 and p.15, available at: <https://www.thecityuk.com/assets/2018/Reports-PDF/bf2095d362/Understanding-Green-Bonds.pdf>

³⁷ Menon Economics, 'The Leading Maritime Capitals of the World 2019', (10 April 2019), p.5, available at: <https://www.menon.no/leading-maritime-capitals-of-the-world-report-2019/?lang=en>

Islamic finance

The UK's profile as the leading Western centre for Islamic finance has continued to grow in recent years. Institutions in London and other UK cities have now been providing Islamic finance and related professional services for nearly 40 years.

The Islamic Finance Country Index, published by Edbiz Consulting, ranks the Islamic banking and finance industry of countries globally. The 2019 Index ranks the UK 17th out of 48 countries. This puts the UK top in Europe, and first among non-Muslim-majority nations.³⁸

The number of institutions located in the UK that offer Islamic finance services is estimated to be nearly double the number located in the US and far ahead of other Western countries. Assets of UK-based institutions that offer Islamic finance services totalled around \$6.6bn (equivalent to £4.9bn) in 2018.³⁹

There are currently five fully Sharia compliant banks licensed in the UK, more than any other Western country. Total Sharia-compliant banking assets in the UK were \$5.5bn (equivalent to £4.1bn) in the first half of 2018. There are also more than 15 conventional banks and institutions that provide Islamic finance services from a UK base.

Net assets of Islamic funds in the UK amount to around \$700m (equivalent to £543m). A total of three Sharia compliant exchange traded funds are listed on the LSE.⁴⁰

Infrastructure investment

The National Infrastructure Plan, which dated from 2010, was superseded in 2016 by the National Infrastructure Delivery Plan (NIDP). The National Infrastructure Commission for long-term planning and the Infrastructure and Projects Authority aim to ensure the right investment decisions are made, and that good quality investments are delivered. The UK government aims to invest over £400bn (\$534bn) in its NIDP, £190bn of which will be invested from 2018/19 to 2020/21. Around half the £190bn will come from a diverse range of private investment sources.⁴¹

Loans received by UK projects were worth \$22.4bn (equivalent to £16.8bn) (20.4% of total EMEA loans) in 2018, the largest in EMEA countries, followed by Italy (15.2%), France (7.5%) and Turkey (7.3%). UK project loan volumes were among the top of the list in EMEA over the past decade, based on the data from the International Financing Review and Thomson Reuters Project Finance International Financial Legal tables.⁴²

38 Global Islamic Finance Report and Cambridge Institute of Islamic Finance, 'Islamic Finance Country Index 2019', (October 2019), p.50-53, available at: <http://www.gifr.net/publications/gifr2019/ffci.pdf>

39 TheCityUK estimate based on Islamic Financial Services Board, 'Islamic Financial Services Industry Stability Report 2019', (July 2019), p.10, available at: <https://www.ifsb.org/>

40 TheCityUK and Trowers & Hamlins, 'Global trends in Islamic finance and the UK market 2019', (April 2019), p.15 & 20, available at: <https://www.thecityuk.com/assets/2019/Report-PDFs/7357b6cb9c/Global-trends-in-Islamic-finance-and-the-UK-market-2019.pdf>

41 Infrastructure and Projects Authority, 'Analysis of the National Infrastructure and Construction Pipeline', (November 2018), p.8 & 14, available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/759222/CCS207_CCS1118987248-001_National_Infrastructure_and_Construction_Pipeline_2018_Accessible.pdf

42 TheCityUK calculations based on Project Finance International, 'League Tables', (January 2019), p.29, available at: <http://www.pfie.com/Journals/2019/01/29/jz/k/PFI-League-Tables-2018.pdf>

ROLE OF LONDON AND THE UK AS THE GLOBAL HUB FOR FINTECH

FinTech represents the intersection of innovative technology and financial services. Although it has strong associations with disruptive business models developed by new organisations, it is much broader and is being adopted and developed by companies of all sizes and stages of development.

Following the financial crisis, lower risk appetites among retail banks limited access to traditional bank-intermediated lending. At the same time, alternative lending platforms, from peer-to-peer lending to crowdfunding, began demonstrating rapid growth. These platforms use alternative adjudication methods and lean automated processes to offer loans to a broader base of businesses.

FinTech companies are generally start-ups founded with the purpose of replacing and challenging traditional financial systems and corporations that are less reliant on software. This includes sectors such as mobile payments, money transfers, loans and fundraising. These firms typically operate with sizeable cost savings compared to their more traditional counterparts. They are far more agile not having the same overheads, and their relative lack of size allows them to innovate and adapt more quickly. Further technological developments such as artificial intelligence (AI) and better data analytics, coupled with changing consumer mindsets, will continue to facilitate innovative finance models. This will create both threats and opportunities for existing banks, insurance companies and other financial services providers in the coming years.

London is the leading international financial hub and offers a wealth of talent and expertise. This, combined with a network of FinTech centres throughout the country, a strong venture capital base, tax breaks for start-ups and hubs such as Tech City, have helped boost the UK's global position as a global FinTech leader.

The UK FinTech market is now worth £7bn to the UK economy and employs 60,000 people.⁴³ According to UK FinTech Census report 2019 from EY, Innovate Finance and HM Treasury, the average amount of capital UK FinTech firms received from investors was £20.1m in 2019, up from £15m in 2017.⁴⁴ The UK attracts a significant amount of FinTech investment. Six out of the top 10 European FinTech deals took place in the UK in the first half of 2019.⁴⁵

While London is positioned as a leading global centre for FinTech, there is increasing competition from emerging FinTech hubs, particularly those in Asia. However, only a few global cities at the moment can compete with London's comprehensive package of FinTech start-up opportunities and support in terms of technology, infrastructure and finance.

Research by TheCityUK and PwC sets out a vision which, if realised, would see the UK-based financial services industry having transformed itself by 2025 to be highly digitised, innovative and customer-centric. It would be a leader in cyber security, using data in a secure and sophisticated way. This would be alongside new technologies that drive forward significant improvements in the way services are delivered.⁴⁶

43 TheCityUK, Odgers Berndtson and Santander, 'Fuelling FinTech: Attracting the UK's future tech talent into financial services', (March 2019), p.9 & 10, available at: <https://www.thecityuk.com/assets/2019/Report-PDFs/dccc29d260/Fuelling-FinTech-attracting-the-UKs-future-tech-talent-into-financial-services.pdf>

44 EY, Innovate Finance and HM Treasury, 'UK FinTech Census 2019: A snapshot: two years on', (November 2019), p.11 & 15, available at: [https://www.ey.com/Publication/vwLUAssets/EY-UK-FinTech-Census-2019/\\$FILE/EY-UK-FinTech-Census-2019.pdf](https://www.ey.com/Publication/vwLUAssets/EY-UK-FinTech-Census-2019/$FILE/EY-UK-FinTech-Census-2019.pdf)

45 KPMG, 'The pulse of FinTech 2019: Biannual global analysis of investment in FinTech', (July 2019), p.49, available at: <https://assets.kpmg/content/dam/kpmg/xx/pdf/2019/07/pulse-of-fintech-h1-2019.pdf>

46 TheCityUK and PwC, 'A vision for a transformed, world-leading industry: UK-based financial and related professional services', (July 2017), available at: <https://www.thecityuk.com/assets/2017/Reports-PDF/A-vision-for-a-transformed-world-leading-industry.pdf>

The UK government and regulators have recognised the significant opportunity provided by FinTech and are committed to supporting the development of the sector across the country. Recent initiatives have included measures to support alternative lenders and the digital currency sector, and an industry-led initiative to give consumers better access to their bank data. In 2014 the Financial Conduct Authority (FCA) launched Project Innovate and subsequently established the Innovation Hub – a support unit for innovative businesses to help them understand the regulatory framework and apply for authorisation. The FCA has now extended Project Innovate to five initiatives, including:

- Regulatory Sandbox: providing support for innovative firms who are ready to test.
- Direct support: providing tailored regulatory support for innovative firms.
- Advice Unit: providing feedback to firms developing automated advice and guidance models.
- RegTech: facilitating collaboration, knowledge sharing and conversations around new technologies that support better regulation.
- Engagement: encouraging FinTech innovation within firms based in the UK and internationally.⁴⁷

Making the UK-based financial and related professional services industry more resilient to a cyber attack

In June 2019, TheCityUK and PwC published new research on operational resilience noting that cyber attack is consistently cited as the single most urgent concern among senior executives in the financial services sector.⁴⁸ One of the challenges firms face in combating cyber risk is that threats come from numerous and diverse sources with varying motivations and objectives. These may be hacktivists looking to make a political point, organised criminals motivated by financial gain, or nation states seeking intelligence or disruption.

‘Governing cyber risk: a guide for company boards’ a report published by TheCityUK in collaboration with Marsh in 2018, made four recommendations for company boards to address cyber risk issues:

1. Boards should benchmark their own governance of cyber risk to establish what actions they can take to improve their cyber security.
2. Boards should confirm that they can answer positively to seven fundamental questions on cyber risk governance:
 - I. Have relevant statutory and regulatory requirements like the general data protection regulation (GDPR) been met?
 - II. Have cyber exposures been quantified and has financial resilience been tested?
 - III. Is an improvement plan in place to bring exposures within agreed risk appetite?
 - IV. Do regular board discussions take place on concise, clear, actionable management information?
 - V. Are breach plans in place which have been recently dry-run exercised, including at board level?
 - VI. Are the roles of key people clear and aligned to the three lines of defence?
 - VII. Is there independent validation and assurance, whether via testing, certification or insurance?
3. TheCityUK will seek to work with government departments, including the Department for Digital, Culture, Media and Sport and the National Cyber Security Centre to develop a forum for education and information-sharing for board members on cyber risk governance.
4. TheCityUK will also seek to work with industry, regulators and government to identify sources of industry concentration risk and how these can be best managed.⁴⁹

⁴⁷ Financial Conduct Authority, ‘FCA Innovate’, (November 2019), available at: <https://www.fca.org.uk/firms/fca-innovate>

⁴⁸ TheCityUK and PwC, ‘Operational resilience in financial services: Time to act’, (June 2019), p.15-17, available at: <https://www.thecityuk.com/assets/2019/Report-PDFs/41290d256a/Operational-resilience-in-financial-services-time-to-act.pdf>

⁴⁹ TheCityUK and Marsh, ‘Governing Cyber risk: a guide for company boards’, (April 2018), p.9, available at: <https://www.thecityuk.com/assets/2018/Reports-PDF/a367529b07/Governing-cyber-risk-report.pdf>

ROLE OF LONDON AND THE UK AS A GLOBAL PROVIDER OF PROFESSIONAL SERVICES

Legal services

The UK is renowned as the leading global centre for international legal services and dispute resolution, and a vital hub for legal training and education.

At £35.1bn, UK legal services revenue accounted for 5% of the global total in 2018. It is clearly the dominant player in European legal services and second only to the US globally. The UK allows virtually unrestricted market access for foreign law firms, and more than 200 foreign law firms from around 40 jurisdictions operate in the UK.

The popularity of English law helps drive the UK's commanding position in legal services. English law is the most widely-used legal system, covering 27% of the world's 320 legal jurisdictions. American common law is by contrast used by around 20% of the world's jurisdictions. English law is by some distance the most widely-used foreign law in fast growing Asian markets. Moreover, businesses structure global commercial contracts under English law so that they can benefit from the UK's outstanding reputation in international dispute resolution, whether for litigation, arbitration or mediation. Many of the world's most successful law firms are headquartered in London. Five of the 15 largest Global 100 law firms, based on number of lawyers in 2018/19, have their main base of operations in the UK. In terms of revenue, UK-based firms held three of the top 15 places.

The largest international law firms in London have between 45% and 65% of their lawyers based outside the UK, and many other London-based firms have between 10% and 20% of lawyers overseas. Around 10,000 practicing solicitors from England and Wales are located abroad, according to the Law Society of England and Wales.⁵⁰

Accounting services

The UK occupies a key position in the delivery of accounting services worldwide, with many of the largest global firms headquartered here. For example, all of the 'Big Four' accounting firms—Deloitte, EY, KPMG and PwC—have offices and businesses in the UK. Net exports from UK accounting services totalled £619m (equivalent to \$826m) in 2018.⁵¹

Management consultancy

Management consulting has been one of the fastest growing industries in the UK in recent years. A key feature of management consultancy in the UK is the concentration of activity among a few large and medium-sized international firms at one end of the scale, and a large number of specialist smaller firms which have specific expertise or skills at the other end.

The UK is a significant exporter of management consulting services. According to the Office for National Statistics, which uses a wider sector definition than TheCityUK does, business management and management consulting net exports totalled £13.7bn (equivalent to \$18.3bn) in 2018.⁵²

⁵⁰ TheCityUK, 'Legal excellence, internationally renowned: UK legal services 2019', (December 2019)

⁵¹ Office for National Statistics, '03 Trade in services, the Pink Book', (31 October 2019), available at: <https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/datasets/3tradeinservicesthepinkbook2016>

⁵² Ibid.

Financial services education and training

A range of UK-based organisations provides education and training in financial and related professional services internationally.

Universities and business schools have a key role in attracting foreign students to the UK. 458,490 non-UK students (or 19.6% of all higher-education students) were studying at the tertiary level in the UK in 2017/18, according to data from Universities UK International.⁵³

Specialised training services are offered by a variety of providers including exchanges, specialist training firms and industry associations. For example, the LSE offers the LSEG Academy to support market participants.⁵⁴ UK Finance also runs its own training workshops on various topics, such as compliance, risk management and presentation skills for practitioners.⁵⁵

UK-based professional institutions play a key role in the development of accounting skills throughout the world. For example, according to data from the Financial Reporting Council, there are over 365,000 members in seven main accountancy bodies in the UK and the Republic of Ireland. These qualifications represent a global standard, as well as providing a training ground for the next generation of business leaders.⁵⁶

53 Universities UK International, 'International facts and figures 2019', (July 2019), p.4, available at: <https://www.universitiesuk.ac.uk/International/Documents/2019/intl-facts-figs-19.pdf>

54 London Stock Exchange, 'Academy training', (October 2019), available at: <https://www.londonstockexchange.com/traders-and-brokers/training-services/training-services.htm>

55 UK Finance, 'Training', (October 2019), available at: <https://www.ukfinance.org.uk/training/>

56 Financial Reporting Council, 'Key Facts and Trends in the Accountancy Profession', (October 2019), p.2, available at: <https://www.frc.org.uk/getattachment/109373d4-abc2-424f-84d0-b80c2cec861a/Key-Facts-and-Trends-2019.pdf>

OUR INTERNATIONAL PROGRAMME

TheCityUK works to maintain and improve international competitiveness for the UK by supporting market opportunities through an extensive programme of work on trade and investment policy.

We engage in inter-governmental initiatives around financial and related professional services and have a strong dialogue with regulators, governments and industry bodies internationally. We have been engaged in framing our industry's input into World Trade Organization negotiations and other trade agreements, and we are a leading contributor to global regulatory coherence initiatives. Our international policy work is split into activity focussed on specific geographies alongside a thematic programme of work.

Thematic focus

Global regulatory coherence: regulatory divergence and non-tariff barriers significantly impact global trade in financial and related professional services. We are actively working to drive regulatory coherence with our international trading partners to address any barriers to trade.

Trade and investment policy: through our Liberalisation of Trade in Services (LOTIS) Committee we work to promote favourable trade and investment policy for the industry. We regularly engage with the most senior policymakers and regulators within the international community. TheCityUK's involvement in the B20, the Global Services Coalition, the European Services Forum Coalition of Services Industries and the WTO's liberalisation of trade in services agenda are all examples of where we have worked closely with US firms and partner organisations to pursue the trade, investment and regulatory coherence agenda.

Islamic finance: through our Islamic Finance Sectoral Advisory Group we provide thought leadership on the direction of policy and activity relating to members' interests in Islamic finance. It also encourages the use of Islamic financial structures for inward investment and project finance, and promotes the expertise of UK practitioners through our programme of international engagement.

Legal services: our Legal Services Sectoral Advisory Group focuses on ensuring the continued competitiveness of the UK legal services sector, and promoting the use of UK legal services and the value of English law on the international stage.

Geographical work

We are undertaking major work on the scope and shape of trade and investment relations post-Brexit for the industry's international markets. We run a range of market advisory groups which help drive this project. These groups focus on improving trade and investment policy, promoting regulatory coherence, highlighting public and private partnerships, identifying investment opportunities, and supporting a programme of international inbound and outbound visits of senior decision makers designed to further our policy objectives and build networks for our members. Specific activity is outlined below:

US: our US Market Advisory Group (MAG) provides thought leadership and the policy framework for our US-related activity. It drives key projects that have the potential to create new and lasting opportunities for developing bilateral dialogue and business. TheCityUK founded, and co-Chairs alongside SIFMA, the UK-US Financial and Professional Services Industry Coalition which brings together 15 membership organisations to present industry views in the context of the government-to-government US-UK Financial Regulatory Working Group and, as they evolve, the trade and investment discussions between the UK and US.

China: we work with policymakers in the UK and China to highlight the UK as a global centre for financial and related professional services, the best place to raise capital and a prime destination for inward investment. Our China MAG helps frame the strategic priorities for our industry and is run jointly with the China-Britain Business Council (CBBC). This group progresses practical initiatives to strengthen engagement with China under a number of thematic work streams, and feeds into a collaborative private-public sector UK approach through the HM Treasury-chaired FSTIB and the annual UK-China Economic and Financial Dialogue (EFD) between the Chancellor of the Exchequer and the Chinese Vice Premier. The China MAG works closely with the Chinese financial sector to provide business support for the EFD. Areas of focus include FinTech, green finance, capital markets, the Belt and Road Initiative, and opportunities for mutual understanding and knowledge sharing in areas such as PPP, risk management and insurance.

India: we work to develop policy to enhance trade and investment ties between the UK and India. We run the UK secretariat for the India-UK Financial Partnership (IUKFP), which was launched by the Chancellor of the Exchequer and the Finance Minister of India in 2014. At the Ministers' request, we and our Indian partner, Kotak Mahindra Bank, have published policy papers with recommendations for action on a number of areas aligned to India's development priorities. These include development of the corporate bond market, pensions, infrastructure funding, insolvency practice, financial inclusion, reinsurance, corporate governance, green finance and internationalisation of the rupee. Recommendations from these papers have been well received by authorities in both countries and a number have already been adopted, including in drafting India's new insolvency laws. Future papers are expected to cover FinTech, the ease of doing business in India, data, cyber security, and the future bilateral trade and investment relationship.

Japan: our Japan MAG works with policymakers and businesses to influence policy and identify opportunities to deepen the trade and investment relationship between the UK and Japan. Our focus areas include data and cyber, asset management, regulatory cooperation and the future bilateral trade and investment relationship. We also support the annual UK-Japan Financial Dialogue through the organisation of a business roundtable alongside the meeting.

Switzerland: the work of our Switzerland MAG provides thought leadership on the direction of TheCityUK's policy and activity relating to the financial and related professional services industry, and on the direction in which the industry would like key areas of policy and activity to progress with regard to Switzerland. The three overarching priorities for the group have been identified as: an ambitious future UK-Swiss financial and related professional services agreement; deepening institutional, regulatory and supervisory cooperation and closer coordination on multilateral engagement and global standards. Recently the Switzerland MAG has been working very closely with Swiss financial and related professional services industry to help both governments to scope out the strong potential for an enhanced future financial and related professional services relationship.

Eurasia and Turkey: the work of our Eurasia and Turkey groups focuses on identifying opportunities for trade and investment with these growing markets. The groups support the development of emerging regional and international financial centres in these markets, notably in Kazakhstan, where we have worked closely with the new Astana International Financial Centre, and in Uzbekistan, where we have helped authorities develop ideas around the formation of an International Financial Centre in Tashkent.

ASEAN: our ASEAN MAG works to set the strategic priorities of UK-based financial and related professional services firms' engagement in the Southeast Asian region. The group has developed policy around infrastructure financing, capital markets development, Islamic finance, and insurance and reinsurance in Southeast Asia. In 2017, the group convened a business roundtable alongside the UK-Singapore Financial Dialogue. In March 2018, TheCityUK launched a policy paper in collaboration with Accenture with recommendations on capital markets development in Southeast Asia. In collaboration with the Islamic Finance Sector Advisory Group, the ASEAN MAG convened a roundtable for a delegation from Capital Markets Malaysia in March 2019.

Middle East and North Africa: our Middle East and North Africa (MENA) MAG works to further our members' interests in trade and investment opportunities in the region. We focus on the Gulf Cooperation Council (GCC) countries and markets including Egypt and Morocco. We are also assessing potential work with Saudi Arabian partners.

Sub-Saharan Africa: our Sub-Saharan Africa MAG works to further trade and investment opportunities for our members in key markets like Kenya, Nigeria and South Africa. The group's work on areas such as capital markets development, governance and infrastructure finance, continues to be of interest to policymakers in the region.

Latin America: our Latin America MAG is a cross-sectoral practitioner group which explores the growing trade and investment opportunities in the region. The potential to increase UK business in Latin America is significant, with governments in Latin America increasingly welcoming of UK expertise and capital. For UK-based financial and related professional services, significant opportunities lie in expanding capital markets and improving infrastructure across the region. Other opportunities include re-insurance, asset management and the growth of professional services, particularly in helping businesses that want to operate under English law.

Other initiatives: For those countries where there is not currently an established market advisory group, we are setting up task-and-finish groups to address specific issues or government consultations on future relations with them. Examples include Australia, New Zealand and Canada.

SOURCES OF INFORMATION

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Bank of England
Barclay Hedge
British Private Equity & Venture Capital Association
Cambridge Institute of Islamic Finance
EY
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HM Treasury
Imperial College Business School
Infrastructure and Projects Authority
Innovate Finance
Insurance Europe
Insurance Information Institute
International Monetary Fund
International Underwriting Association of London
Invest Europe
Investment Association
Investment Company Institute
Islamic Financial Services Board
KPMG
Law Society of England and Wales
Legal Business
Life Insurance Association of Japan
London Bullion Market Association
London Stock Exchange
Long Finance
Marsh
Menon Economics
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Santander
Swiss Re Institute
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