

# Key facts

about UK-based financial and related professional services 2025




# About TheCityUK

TheCityUK is the industry-led body representing UK-based financial and related professional services. We champion and support the success of the ecosystem, and thereby our members, promoting policies in the UK and internationally that drive competitiveness, support job creation and enable long-term economic growth. The industry contributes over 12% of the UK’s total economic output and employs almost 2.5 million people – with two thirds of these jobs outside London across the country’s regions and nations. It is a major contributor to the government tax revenue and the largest net exporting industry. The industry plays an important role in enabling the transition to net zero and driving economic growth across the wider economy through its provision of capital, investment, professional advice and insurance. It also makes a real difference to people in their daily lives, helping them save for the future, buy a home, invest in a business and manage risk.

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# Key facts about UK-based financial and related professional services



Almost **2.5 MILLION** people in the UK worked in financial and related professional services in 2023

Financial services had **1.1M** people in employment:

- Banking – **377,000**
- Insurance – **306,000**
- Fund management – **74,000**
- Other financial services – **343,000**

Related professional services had almost **1.4M** people in employment:

- Management consultancy - **532,000**
- Accountancy - **493,000**
- Legal services - **364,000**



UK-based financial and related professional services generated a **trade surplus** of **£114.1BN** in 2023



The **outstanding amount of loans** made available by major banks to UK businesses was **£541BN** as of January 2025, **33.4%** of this was lent to SMEs




Financial and related professional services contributed **£281BN** (12% of the total) to UK real GVA\* in 2024


\*Gross value added



UK fund managers helped to protect and grow around **£10.9TRN** in financial assets in 2023



Financial services sector **productivity** is almost **2.7 times** as high as whole-economy productivity



The UK is home to **44%** of all LawTech start-ups in Europe




Pension annuity contracts soared by **24%** in 2024 to **89,600**



UK and international companies raised **£17.2BN** in issues of shares on the London Stock Exchange in 2024

### ENHANCING CUSTOMER EXPERIENCE THROUGH DIGITAL FINANCIAL SERVICES



Annual transactions made with **contactless payment cards** were up **7.6%** in 2023 to **18.3BN**



- In 2023, the number of payments via the **Faster Payments Services (FPS)** reached **4.9bn**
- **45%** of all **business-to-business payments** were done using **FPS** or another remote banking system

# Foreword

'Key facts about UK-based financial and related professional services 2025', the latest edition of our flagship annual research exploring the important contribution the industry makes to the UK economy, launches as the UK and the world continue to adjust to an apparent re-shaping of the framework for global trade and thus, a potential paradigm shift in global economic growth. Our research therefore serves as an important reminder of the fundamental role that UK-based financial and related professional services play in supporting employment, financing business, and enhancing consumer welfare.

This report explores the contributions of the numerous industry components and sub-components, including banking, insurance, legal services and accounting, to name just a few. The sectors' various activities are quantified, demonstrating their role in areas like mortgage lending, corporate fundraising through equity finance and infrastructure financing. For example, companies listed on the London Stock Exchange's AIM raised £2.1bn through new and further issues of shares by the end of 2024. In addition, our research sets out the macroeconomic contribution the industry makes to the UK, highlighting its role in employment, economic output, tax revenue, trade and foreign investment.

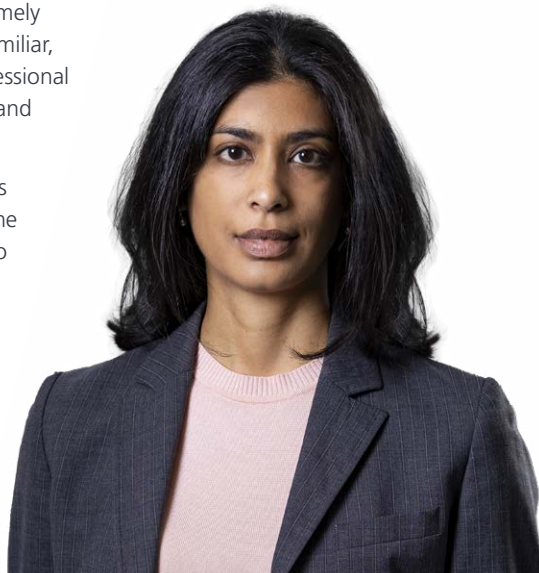
For the first time, this report includes an illustrated example demonstrating how financial and related professional services help people and businesses in important day-to-day transactions.

Although the case study is fictionalised, it describes an extremely common scenario. And although the scenario will be very familiar, the way that different parts of the financial and related professional services ecosystem come together to support both business and individuals may be less so.

Our illustration study therefore complements the statistics in this report by demonstrating the same themes through narrative. The data, meanwhile, offer policymakers and regulators insights into the significant role played by UK-based financial and related professional services. At a time of domestic and international policy upheaval, recognising the industry's wide-ranging contribution is an essential foundation for developing strategies that will safeguard and strengthen its competitiveness, ensuring that it remains a driver of UK prosperity.

## Anjalika Bardalai

Chief Economist and Head of Research, TheCityUK



# Executive summary

- The UK-based financial and related professional services industry makes a crucial economic contribution and supports individuals and businesses in their day-to-day activities through services like saving, mortgage provision, and business lending. This report uses the latest available data to highlight the enabling role of the industry in driving economic growth.
- In 2023, almost 2.5 million people worked across the UK in financial and related professional services, accounting for 7.5% of total UK employment. Two thirds of this employment was based outside London, with Birmingham, Edinburgh and Manchester being some of the leading industry employment centres besides London.
- Financial and related professional services contributed £281bn to UK real gross value added (GVA) in 2024. This represented 12.2% of total UK GVA.
- The industry supports customers with services such as mortgage lending, pension saving, life assurance policies and other investment services. For example, UK fund managers helped to protect and grow around £10.9trn in financial assets in 2023, representing savings through pensions, life assurance policies and other investments.
- In addition, the industry supports businesses in myriad ways, ranging from providing current accounts for day-to-day expenditures to insurance cover for assets to growth capital for investment. For example, the outstanding amount of loans made available by major banks to UK businesses totalled £541bn as of January 2025. Of this total, 33.4% was lent to SMEs.
- In 2023, the UK private equity and venture capital sector managed assets totalling around £490bn. Regionally, London accounted for 47.3% of total amount of capital invested, followed by the South East (17.4%), Yorkshire and the Humber (7.8%), and the East of England (7.0%).
- Small caps from across the UK enjoy access to one of the largest share markets for small companies in Europe, with 685 companies quoted on the AIM by the end of 2024. AIM companies raised £2.1bn through new and further issues of shares.
- The UK has high quality professional services related to financial services (accounting, management consulting and legal services). These three sectors contributed £29.4bn, £16bn and £38bn respectively to UK real output in 2024.
- The financial and related professional services industry is also involved in financial education programmes, social initiatives and alternative finance solutions for businesses and clients.

# Supporting employment and growth across the UK

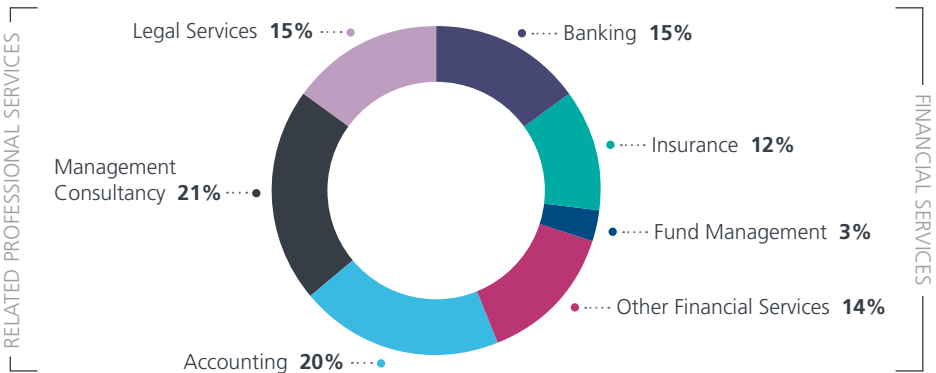
## A leading employer

According to the latest data available from the Office for National Statistics (ONS) and the Northern Ireland Statistics and Research Agency (NISRA), in 2023 almost 2.5 million worked across the UK in financial and related professional services – the latter comprising legal services, accounting services and management consultancy. This accounted for 7.5% of total UK employment, or almost 1 in 13 workers. Compared with 2022, financial and related professional services employment increased by 1.8%.

- Almost two thirds of this employment is based outside London. Birmingham has almost 66,000 people in employment followed by Manchester and Edinburgh, each with around 60,000 and 58,000 people, respectively. Bristol, Leeds and Glasgow each have between 35,000 and 45,000 people in employment. Other centres with over 20,000 people in employment include Cardiff, Liverpool, Belfast, and Warrington.
- Twenty-one towns and cities in the UK each have over 10,000 people in employment in the industry.
- Financial services have 1.1 million people in employment, the majority of whom are in banking (377,000) and other financial services (343,000). Insurance provides employment for a further 306,000 and fund management 74,000.
- Related professional services have almost 1.4 million people in employment divided among management consultancy (532,000), accountancy (493,000) and legal services (364,000); for more information see Figure 1.<sup>1,2</sup>

**FIGURE 1:** Employment by sector in UK financial and related professional services, % of total industry employment, 2023

**Source:** TheCityUK calculations based on data from Nomis and the Northern Ireland Business Register and Employment Survey



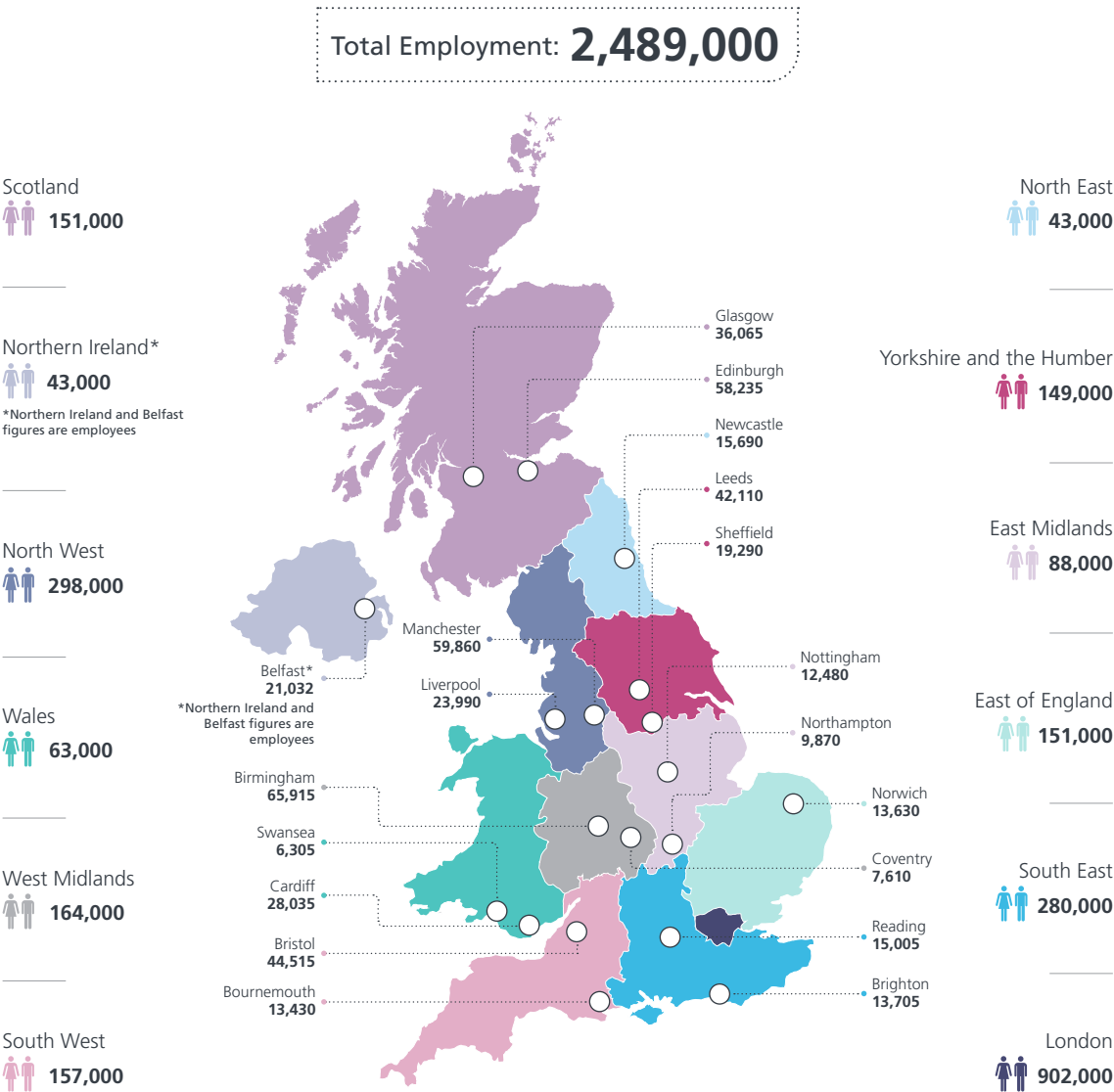
1 TheCityUK calculations based on Nomis, 'Business register and employment survey: open access', (November 2024), available at: <https://www.nomisweb.co.uk/query/select/getdatasetbytheme.asp?opt=3&theme=&subgrp=>

2 TheCityUK estimates based on data from NISRA, 'Business Register and Employment Survey', (26 September 2023 ), available at: <https://www.nisra.gov.uk/statistics/annual-employee-jobs-surveys/business-register-and-employment-survey>



**FIGURE 2:** Employment in UK-based financial and related professional services, 2023

**Source:** TheCityUK calculations based on data from Nomis and the Northern Ireland Business Register and Employment Survey



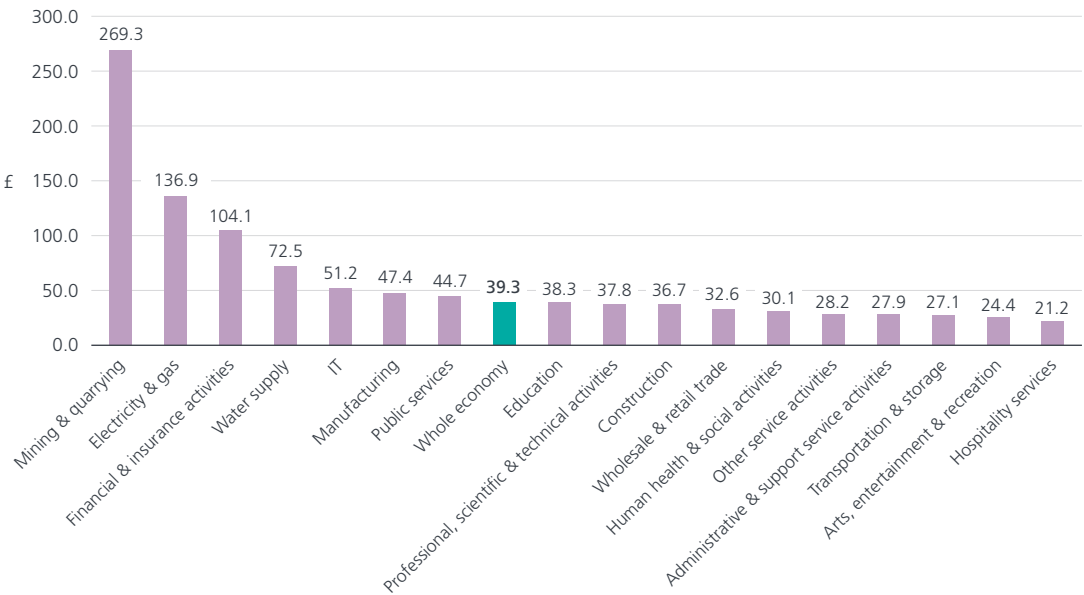
**A significant contributor to UK economic output**

According to the latest available data from the ONS, across their domestic and international activities, financial and related professional services contributed £281bn to UK real (inflation-adjusted) gross value added (GVA) in 2024, representing around £12 of every £100 of economic output. Financial and related professional services is among the UK's largest industries as measured by GVA.<sup>3</sup> Compared with 2023, financial and related professional services GVA decreased by 0.6% in real terms.

Financial services sector productivity is almost 2.7 times as high as whole-economy productivity in terms of nominal output per hour. Output per hour for the financial services sector was £104.1 in 2023, compared with whole-economy productivity of £39.3. On this metric, the sector ranks third, behind mining and quarrying (£269.3), and electricity and gas (£136.9); and ahead of water supply (£72.5), and IT (£51.2); for more information see Figure 3.<sup>4</sup>

**FIGURE 3:** UK nominal output per hour by sector, £, 2023

**Source:** Office for National Statistics



\*The ONS suppressed data for Agriculture forestry and fishing, and Real estate due to volatility and low response rates.

3 TheCityUK estimates based on the Office for National Statistics, 'GDP output approach - low-level aggregates', (28 March 2025), available at: <https://www.ons.gov.uk/economy/grossdomesticproductgdp/datasets/ukgdpolowlevelaggregates>

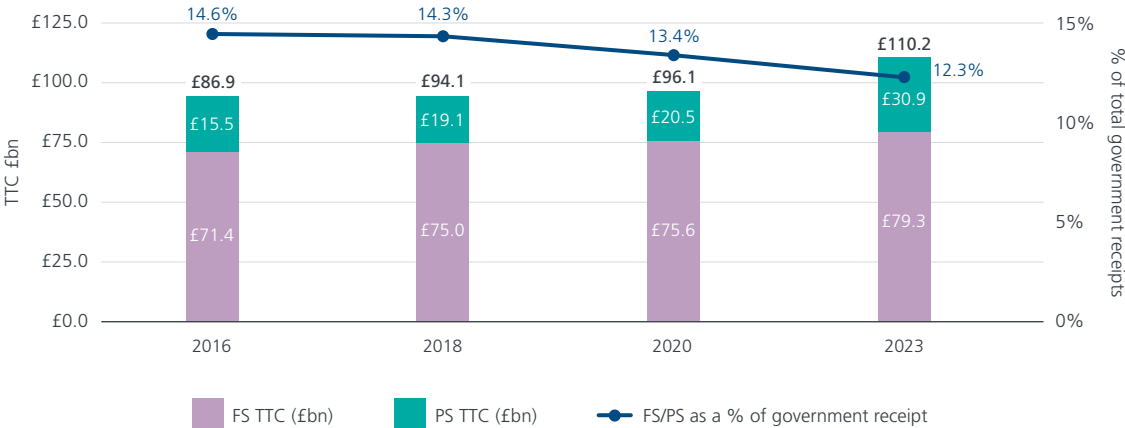
4 Office for National Statistics, 'Output per hour worked, UK', (18 February 2025), available at: <https://www.ons.gov.uk/economy/economicoutputandproductivity/productivitymeasures/datasets/outputperhourworkeduk>

A large generator of tax receipts

The financial and related professional services industry is a major contributor to government tax revenue. The total tax contribution (TTC) of the industry was estimated to be £110.2bn, the highest on record, for the year ending 31 March 2023.<sup>5</sup> The financial services sector made a tax contribution of £79.3bn, and the related professional services sector, £30.9bn; this represents the highest estimated tax contribution on record for both sectors individually. There was an increase in TTC of over a quarter (by £23.3bn) between 2016 and 2023. (Figure 4).<sup>6</sup>

FIGURE 4: Total tax contribution of the UK financial and related professional services industry, 2016 – 2023 (selected years)

Source: PwC analysis of estimated TTC and public OBR data



5 Related professional services broadly refer to companies and firms which undertake commercial activities in the accounting, legal, and management consultancy industries. However, these estimates correspond to extrapolated figures that only include the legal and accounting industries.

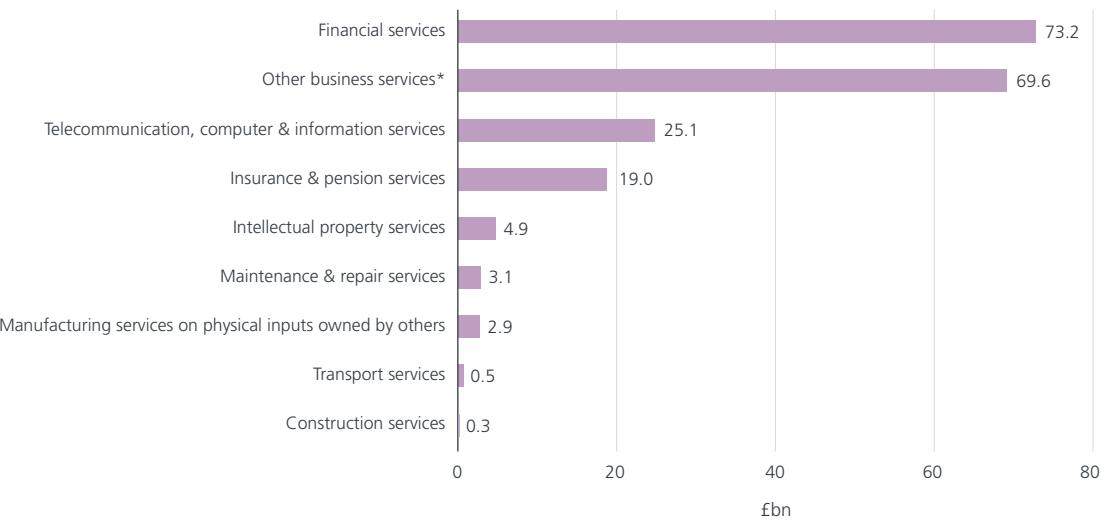
6 PwC study commissioned by the City of London Corporation and TheCityUK, 'The Total Tax Contribution of UK-based Financial and Related Professional Services', (May 2024), p.8-9, available at: <https://www.thecityuk.com/our-work/the-total-tax-contribution-of-uk-based-financial-and-related-professional-services/>

Generating a trade surplus

UK-based financial and related professional services firms are the face of British businesses across the globe, contributing 'soft power' as well as economic and commercial success. UK-based financial and related professional services generated a trade surplus which we estimate to have been £114.1bn in 2023, based on data from the ONS.<sup>7</sup> This was equivalent to 4.2% of GDP.<sup>8</sup> Financial services (financial activities + insurance services) generated the largest trade surplus of any sector in the UK, at £92.2bn in 2023. Among related professional services, legal services generated a trade surplus of £7.6bn; see Figure 5 for details.<sup>9</sup> Financial and related professional services' trade surpluses help to partly offset the UK's trade in-goods deficit of £187.7bn.<sup>10</sup>

FIGURE 5: UK sectors generating trade surplus, £bn, 2023

Source: Office for National Statistics



\*Research and development, professional and management consulting services, and technical, trade-related and other business services

Note: Travel, Personal, cultural and recreational services, Government services, and all goods industries ran a trade deficit in 2023

7 TheCityUK estimates based on the Office for National Statistics, '03 Trade in services, the Pink Book', (31 October 2024), available at: <https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/datasets/3tradeinservicesthepinkbook2016>

8 TheCityUK calculations based on the Office for National Statistics, 'Gross Domestic Product at market prices: current price: seasonally adjusted £m', (28 March 2025), available at: <https://www.ons.gov.uk/economy/grossdomesticproductgdp/timeseries/ybha/qna>

9 TheCityUK calculations based on the Office for National Statistics, '03 Trade in services, the Pink Book', (31 October 2024), available at: <https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/datasets/3tradeinservicesthepinkbook2016>

10 Office for National Statistics, '02 Trade in goods, the Pink Book', (31 October 2024), available at: <https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/datasets/2tradeingoodsthepinkbook2016>

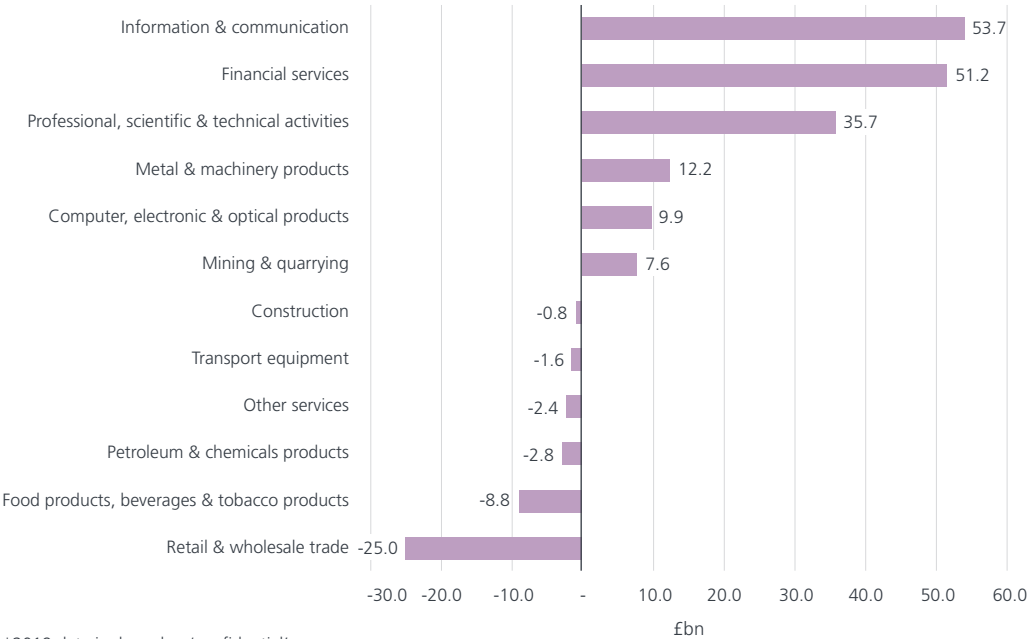
Attracting foreign direct investment to the UK

The UK is key destination for financial and related professional services investment. The standard measure of such investment, inward foreign direct investment (FDI), is a volatile indicator that can show significant changes from year to year - for example, in any given year the figure may be distorted by a particularly large deal(s). In 2023, the financial services sector attracted £513m in FDI inflows; the professional, scientific and technical services sector that includes TheCityUK’s defined related professional services registered negative FDI inflow of £44.4bn in 2023 (in other words, net disinvestment in this sector).

Over the past four years (2020-2023), cumulative inflows of financial services FDI totalled £51.2bn, equivalent to 50% of overall FDI, constituting the sector that’s most attracted FDI. For a comparison of cumulative inward FDI flows by sector, see Figure 6.<sup>11</sup>

FIGURE 6: Cumulative inward FDI flow by top sector, £bn, 2020-2023\*

Source: Office for National Statistics



\*2019 data is classed as ‘confidential’

**Note:** A negative sign indicates a net disinvestment in the UK which means that direct investment interests were sold, and/or reinvested earnings were negative

11 TheCityUK calculations based on Office for National Statistics, ‘Foreign direct investment flows into the United Kingdom by area, main country and industrial activity of UK affiliates, 2020 to 2023’, (14 January 2025), available at: <https://www.ons.gov.uk/businessindustryandtrade/business/businessinnovation/datasets/foreigndirectinvestmentinvolvingukcompanies2013inwardtables/current>

Making a positive difference to people’s lives

Enhancing consumer welfare and convenience by advancing digital financial services

Financial services firms have continued to make substantial multi-billion pound investments, enhancing their digital banking capabilities and integrating advanced payment systems to better serve their customers’ evolving needs.

- Contactless payments have become the most used payment method in recent years, especially since the Covid-19 pandemic. According to data from UK Finance, the number of annual transactions made with contactless payment cards reached 18.3bn in 2023, up 7.6% from a year earlier.<sup>12</sup>
- At the end of 2023, there were 149m contactless cards in circulation. Ninety-three percent of debit cards had this system, as well as 94% of credit cards.<sup>13</sup>
- Nevertheless, cash remains the second-most-used payment method, representing 12% of all payments. In 2023, cash payments in the UK fell by 6% to 6bn payments.<sup>14</sup>
- The number of cheque payments continues declining. In 2023 cheque payments declined to 110m, down from 109m a decade earlier.<sup>15</sup>
- Eighty-seven percent of the population used at least one form of remote banking during 2023; 62% used online banking and 60% used mobile banking.<sup>16</sup>
- During 2023, the number of payments via the Faster Payments Services (FPS) reached 4.9bn, up 15% from 2022. Forty-five percent of all payments made by businesses were done using FPS or other remote banking system.<sup>17</sup>
- Traditional banks have embraced online and mobile banking, but globally, six top challenger banks are each valued more than \$1bn - five of which (Monese, CashPlus, Atom, Starling Bank, Monzo Bank and Revolut) are based in the UK.

12 UK Finance, ‘UK payment markets summary 2024’, (July 2024), p.10, available at: <https://www.ukfinance.org.uk/system/files/2024-07/Summary%20UK%20Payment%20Markets%202024.pdf>

13 Ibid.

14 UK Finance, ‘UK payment markets summary 2024’, (July 2024), p.12, available at: <https://www.ukfinance.org.uk/system/files/2024-07/Summary%20UK%20Payment%20Markets%202024.pdf>

15 UK Finance, ‘UK payment markets summary 2024’, (July 2024), p.15, available at: <https://www.ukfinance.org.uk/system/files/2024-07/Summary%20UK%20Payment%20Markets%202024.pdf>

16 UK Finance, ‘UK payment markets summary 2024’, (July 2024), p.5, available at: <https://www.ukfinance.org.uk/system/files/2024-07/Summary%20UK%20Payment%20Markets%202024.pdf>

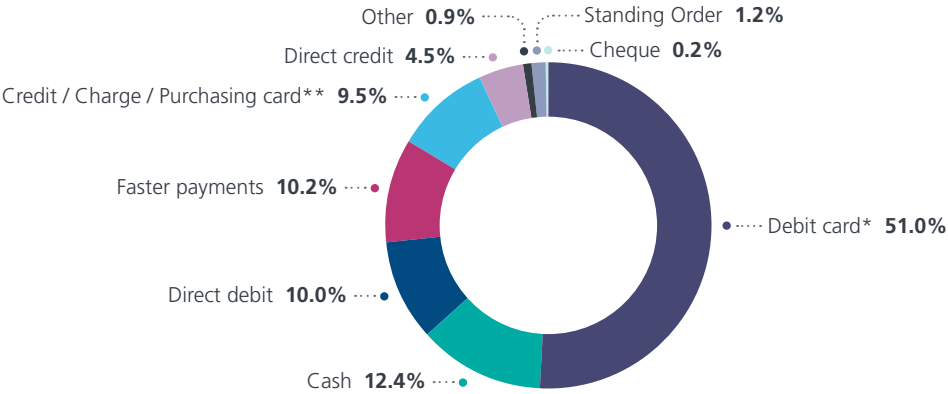
17 UK Finance, ‘UK payment markets summary 2024’, (July 2024), p.14, available at: <https://www.ukfinance.org.uk/system/files/2024-07/Summary%20UK%20Payment%20Markets%202024.pdf>



For more information about the methods of payment in the UK in 2023, see Figure 7.<sup>18</sup>

**FIGURE 7: Methods of payments in the UK, % share, 2023**

Source: UK Finance



\*Contactless payments made by debit card were 33% out of the total payments

\*\*Contactless payments made by credit card were 5% out of the total payments

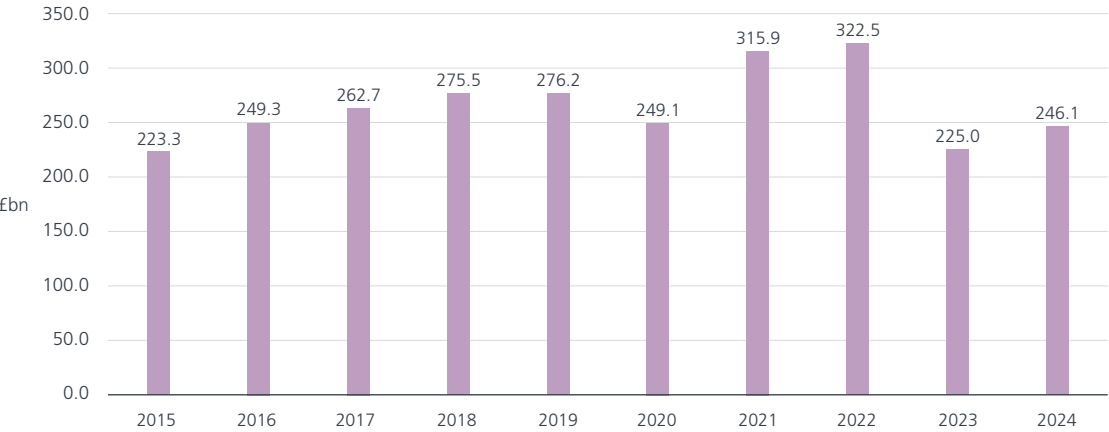
Providing mortgage finance

In 2023-24, 30% of homeowners in England enjoyed the security of home ownership thanks to mortgages.<sup>19</sup> In 2024, the UK mortgage market showed signs of resilience and gradual recovery, with the value of gross mortgage lending growing by 9.4% to £246.1bn. This recovery was supported by the Bank of England’s decision in August 2024 to cut interest rates for the first time since 2021. In contrast, 2023 saw a decline in the mortgage market, hitting £225bn, which was a 30.25% less than in 2022. This decrease in 2023 –after a period of growth-- was almost certainly because of high interest rates, underscoring the impact of fluctuating interest rates on the mortgage market’s overall performance (Figure 8).<sup>20</sup>

18 UK Finance, ‘UK payment markets summary 2024’, (July 2024), p.17, available at: <https://www.ukfinance.org.uk/system/files/2024-07/Summary%20UK%20Payment%20Markets%202024.pdf>  
19 Ministry of Housing, Communities and Local Government, ‘English housing survey 2023 to 2024: headline report’, (28 November 2024), p.11, available at: [https://assets.publishing.service.gov.uk/media/6746f3242cdbaed4c527f5f/Annex\\_A\\_-\\_2023-24\\_EHS\\_Headline\\_Report\\_on\\_household\\_demographics\\_and\\_resilience.pdf](https://assets.publishing.service.gov.uk/media/6746f3242cdbaed4c527f5f/Annex_A_-_2023-24_EHS_Headline_Report_on_household_demographics_and_resilience.pdf)  
20 Financial Conduct Authority, ‘Mortgage lending statistics – Q4 2024’, (11 March 2025), available at: <https://www.fca.org.uk/data/commentary-mortgage-lending-statistics-q4-2024>

**FIGURE 8: UK gross mortgage lending, £bn, 2015-2024**

Source: FCA and Bank of England



Safeguarding savings and managing investments for the future

UK fund managers helped to protect and grow around £10.9trn in financial assets in 2023, down 5.8% from 2022, representing savings through pensions, life assurance policies and other investments.<sup>21</sup> Pension providers have a key role in delivering cost effective and accessible pensions in the future, which for most people in the private sector are defined contribution (DC). Under DC schemes, pension payments are derived from the total value of contributions to pension pots made by individuals and their employers, with the value of the fund determined by the performance of investments.

Pension participation has been increased, partly because of automatic enrolment that was introduced in 2012; DC pension participation rates have risen from 22% to 70% over the last decade.<sup>22</sup> According to the latest available personal pension statistics published by HM Revenue & Customs in July 2024, contributions to personal pension pots totalled £12.8bn in 2022/23, up 0.8% from 2021/22.<sup>23</sup> Personal pensions help savers to achieve their aspirations for financially independent retirement years. Personal pensions supplement state and occupational pension schemes.

21 The Investment Association, ‘Investment management in the UK 2023-2024: The Investment Association annual survey’, (October 2024), p.19, available at: <https://www.theia.org/sites/default/files/2024-10/Investment%20Management%20in%20the%20UK%202023-2024.pdf>  
22 The Investment Association, ‘Investment management in the UK 2023-2024: The Investment Association annual survey’, (October 2024), p.61, available at: <https://www.theia.org/sites/default/files/2024-10/Investment%20Management%20in%20the%20UK%202023-2024.pdf>  
23 HM Revenue & Customs, ‘Private pension statistics commentary: July 2024’, (31 July 2024), available at: <https://www.gov.uk/government/statistics/personal-and-stakeholder-pensions-statistics/private-pension-statistics-commentary>

Annuities have often been used to provide a guaranteed income in retirement. Annuity sales declined considerably from 2015, when the requirement to buy an annuity was abolished, until 2021. However, as high interest rates and economic uncertainty drive individuals towards products with guaranteed income streams, and more people seek reliable retirement income for life, annuities have increased in popularity in recent years. According to the ABI, sales of pension annuity contracts soared by 24% in 2024 to 89,600, which not only surpasses last year’s total but also marks a new ten-year high. Total annuity sales reached £7bn in 2024, reflecting a 34% increase compared to 2023.<sup>24</sup>

In addition, according to the latest available data published by the ABI, an estimated £16bn was withdrawn from pension pots through drawdown payments, cash withdrawals and pension commencement lump sums in 2023/24. For the general insurance sector, motor and property insurance processed around 9,510 claims per day in 2022; travel insurers paid out £511m in claims; and protection insurers paid out a record £7.34bn in 2023.<sup>25</sup>

**Broadening access to related professional services**

Like the financial services sector, related professional services have also made increasing use of technology in recent years in order to become more accessible to individuals.

Legal services, for example, is making greater use of artificial intelligence, which has the potential to lower costs over the medium to long term. Additionally, the internet facilitates the provision of very basic legal services at low cost, bringing such services within the reach of individuals who may not otherwise be able to afford them. LawTech, the sector that uses new technologies to provide legal services, is now worth at least \$30bn globally. The UK has become a global LawTech hub, with more than 350 companies attracting more than £5.5bn of investment in 2023, and 44% of all LawTech start-ups in Europe.<sup>26</sup>

The UK benefits from a highly developed legal market, a technology talent pipeline, a competitive tax system, and a liberal regulatory regime. Whereas most jurisdictions continue to bar nonlawyers from involvement in legal services firms, the UK’s Legal Services Act 2007 permitted Alternative Business Structures (ABS), business models that allow investment, ownership and management by non-lawyers. A 2025 study published by Thomson Reuters found that around one-third of law firms use Alternative Legal Service Providers (ALSPs), mostly large firms (54%) due to their scale and resources. Moreover, law firms and corporate law departments are increasingly appreciating ALSPs for their specialised knowledge, cost-effectiveness, and capacity to handle large volumes of work.<sup>27</sup>

24 Association of British Insurers, ‘Another post-pension freedoms record for annuity sales’, (12 February 2025), available at: <https://www.abi.org.uk/news/news-articles/2025/2/another-post-pension-freedoms-record-for-annuity-sales/#:~:text=As%20more%20people%20look%20to,a%20new%20ten%20year%20high.>

25 Association of British Insurers, ‘Annual Review 2024: Building Resilience in a Change World’, (2024),p.39 available at: <https://www.abi.org.uk/globalassets/files/publications/public/abi/abi-annual-report-2024.pdf>

26 TheCityUK, “Legal excellence, internationally renowned 2024”, (10 December 2024), p.7,31, available at: <https://www.thecityuk.com/our-work/uk-legal-services-2024/>

27 Thomson Reuters, ‘Alternative legal services providers 2025’, (2025), p.3,17. available at: <https://www.thomsonreuters.com/en-us/posts/wp-content/uploads/sites/20/2025/01/ALSP-Report-2025.pdf>

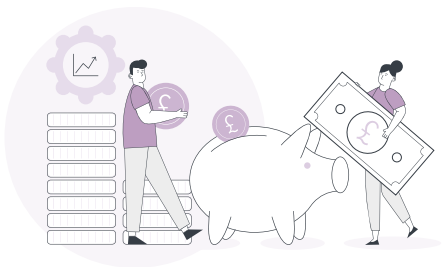
# An example of how financial and related professional services help people and businesses in important day-to-day transactions

In this illustrative case study, we demonstrate how the financial and related professional services industry enabled the Green Meadows\* development to be built, and helped Anita and David successfully purchase their new home.

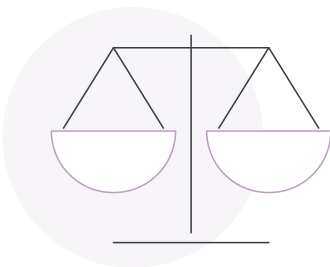
Anita and David saved for their new home through a mix of **cash ISAs**, **investment ISAs** and **savings accounts**



The Housing Development Company planning and building the Green Meadows development called on a range of experts from across the **financial and related professional services** industry to initiate the project, including:



**Insurance** played a critical role in safeguarding the Green Meadows project from unforeseen events. Comprehensive insurance policies were secured to cover various risks, including construction delays, damage to property, and liability claims.



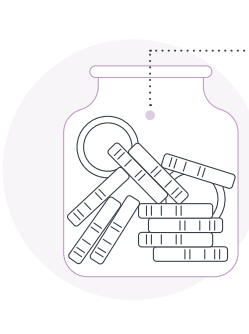
A **legal team** helped with everything from understanding planning laws and acquiring land to making sure all contracts were airtight.



**Accountants** advised on the financial plan created by the development's director. The plan considered the cost of the land and the construction borrowing requirements, and projected the return on that investment to ensure the plan was financially viable.



With legal and financial plans in place, the next step was to **gather the money needed to develop** the Green Meadows site



Anita's parents, Alice and Sam, had contributed over their working years to **pension savings**. Their savings became part of a wider pool of money managed by a **pension fund**. The pension fund invested some of its pool of funds in the Housing Development Company by buying its **shares listed on the stock exchange**.

In this way, Alice and Sam's savings **helped provide financing for the Green Meadows development**—indirectly through the pension fund's investment in the development company.



Another portion of the financing was provided by a **bank**, through a **development finance loan**.



- Accessed **mortgage financing** from their banking provider.
- Engaged **legal services** for conveyancing and agreeing contracts (or similar).
- Secured **insurance** for their home.

\*Case Study for illustrative purposes only. The names of individuals and institutions, as well as the scenario, are not real.

# Supporting businesses

Most businesses would not be able to operate without the financial and related professional services industry. It supports businesses in myriad ways, ranging from providing current accounts for day-to-day expenditures, insurance cover for assets to growth capital for investment, to providing specialist services (legal, accounting and management consultancy services) necessary to run businesses.

The funds businesses need can come from a number of sources. The most common options for companies looking to raise money include bank finance, bonds, equities on stock markets and private equity. Other forms of finance include asset finance, business angel investment, insurance company and pension fund lending, crowdfunding, and private placements. Provision of finance enables companies to invest in creating jobs, training and developing people, and developing their products and services.

## Bank lending

The outstanding amount of loans made available by major banks to UK businesses totalled £541bn as of January 2025, 2.7% more than in January 2024. Of this total, 33.4% was lent to SMEs.<sup>28</sup>

## Equity financing

**Public equity:** UK and international companies raised £17.2bn in issues of shares on the London Stock Exchange in 2024: £16.7bn in issuance of shares on UK markets (main market plus AIM); and £404m in international main market (Figures 9 and 10).<sup>29</sup>

FIGURE 9: Issues of shares on the London Stock Exchange, £bn, 2024

Source: London Stock Exchange

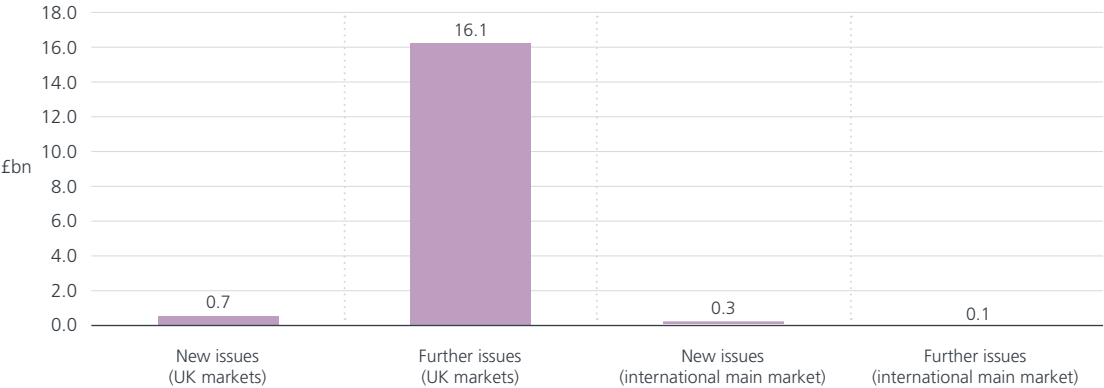
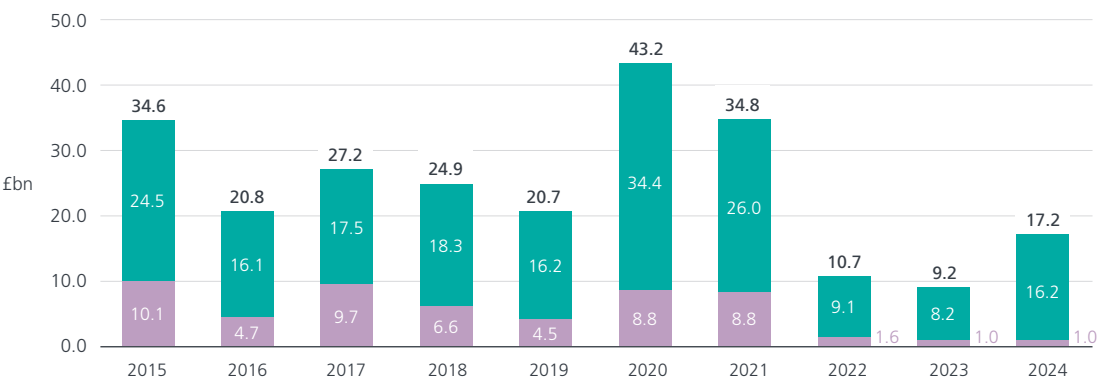


FIGURE 10: Equity issuance on the London Stock Exchange, £bn, 2015-2024

Source: London Stock Exchange



28 Bank of England, 'Monetary financial institutions' loan to UK non-financial business, by size of business (March 2025)', (2025), available at: <https://www.bankofengland.co.uk/boeapps/database/index.asp?first=yes&SectionRequired=A&HideNums=-1&ExtralInfo=false&Travel=NlxSTx>

29 London Stock Exchange, 'New and further issues', (28 February 2025), available at: <https://www.londonstockexchange.com/reports?tab=further-issues>

Small caps from across the UK enjoy access to one of the largest share markets for small companies in Europe, with 685 companies quoted on the AIM in 2024. AIM companies raised £2.1bn through new and further issues of shares.<sup>30</sup>

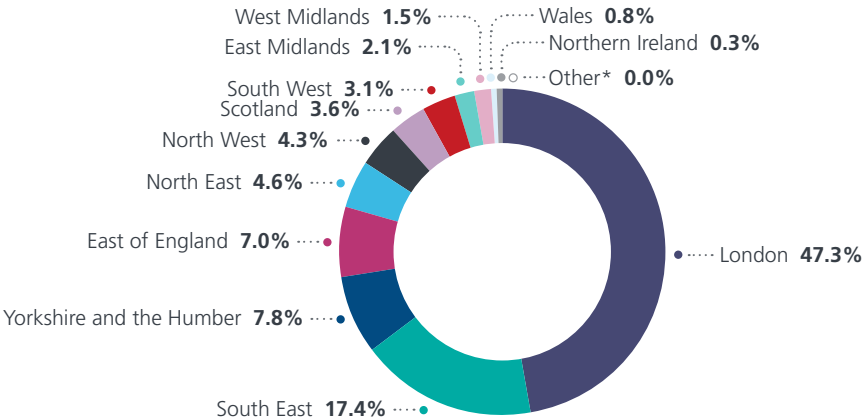
Aquis Stock Exchange (AQSE) is another important UK-based stock market providing primary and secondary markets for equity and debt products. In 2024, there were 146 companies quoted on the AQSE that raised around £118m through new and further issues.<sup>31</sup>

**Private equity:** The UK private equity and venture capital sector managed assets totalling around £490bn in 2023.<sup>32</sup> UK company investments decreased by 32% year on year to £20.1bn, and the number of companies backed fell by 14%. Regionally, London accounted for 47.3% of total amount of capital invested, followed by the South East (17.4%), Yorkshire and the Humber (7.8%), and the East of England (7.0%); for more information see Figure 13.<sup>33</sup>

The UK is a hub for venture capital (VC), and indeed the largest VC market in Europe. According to Dealroom.co data, total VC invested in the UK grew by 164% over the decade to 2024, reaching \$16.1bn in 2024, although this was 11.5% less than in 2023.<sup>34</sup>

**FIGURE 11: UK private equity investments, % of amounts invested, 2023**

**Source:** British Private Equity & Venture Capital Association



\*This value includes investment in unkonwn territories, Channel Islands, Isle of Man, Gibraltar, Bermuda and British Virgin Islands

30 London Stock Exchange, 'AIM statistics', (February 2025), available at: <https://www.londonstockexchange.com/reports?tab=aim>

31 AQSE, 'AQSE Market Statistics and Trading Data-Primary Statistics', (December 2024), available at: <https://www.aquis.eu/stock-exchange/statistics>

32 The Investment Association, 'Investment management in the UK 2023-2024: The Investment Association annual survey', (October 2024), p.19, available at: <https://www.theia.org/sites/default/files/2024-10/Investment%20Management%20in%20the%20UK%202023-2024.pdf>

33 British Private Equity & Venture Capital Association, 'BVCA report on investment activity 2023', (July 2023), p.5 & 74, available at: <https://www.bvca.co.uk/static/35e102d1-6c31-4eb4-8cd700057596cb86/BVCA-Report-on-Investment-Activity-2023.pdf>

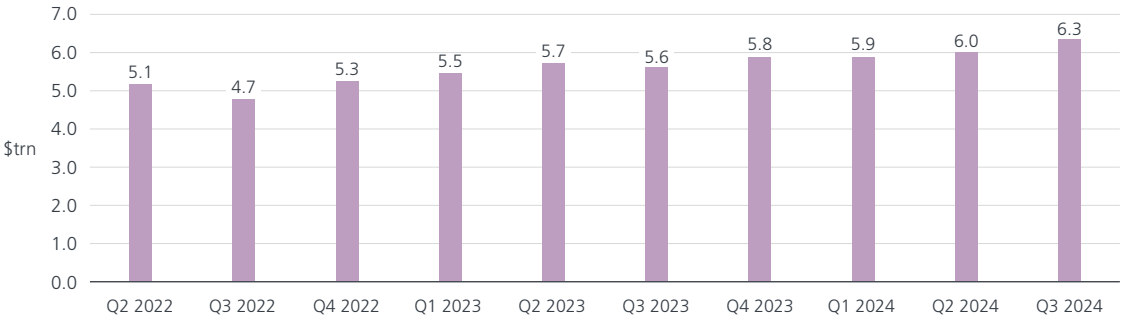
34 Dealroom.co, 'United Kingdom-Venture Capital', available at: <https://dealroom.co/guides/united-kingdom>

## Bond financing

London continues to be a major global centre for the issuance and trading of bonds. According to data from the Bank for International Settlements, the amount of debt securities outstanding in the UK was \$6.3trn in the third quarter of 2024, up 6% from the previous quarter, and up 13% from the year-earlier period; for more information see Figure 12.<sup>35</sup>

**FIGURE 12: UK debt securities outstanding, \$trn, Q2 2022 - Q3 2024**

**Source:** Bank for International Settlements



## Alternative finance

Alternative finance refers to financial channels and instruments that have emerged outside the traditional banking system, such as crowdfunding, peer-to-peer lending, and cryptocurrency. These methods provide innovative ways for individuals and businesses to raise capital, often using technology and complementing traditional methods such as equity and bond financing by offering additional sources of capital and diversifying financial strategies.

There are also a number of promising opportunities in alternative finance to complement bank lending, such as the development of private placement markets, the re-opening of SME loan securitisation markets as a mechanism to increase (especially longer term) funding to SMEs, the establishment of an institutional market in untranchd whole loan conduits, the encouragement of credit rating services for mid-market companies, and the provision of a credit information exchange for SMEs and mid-market companies.

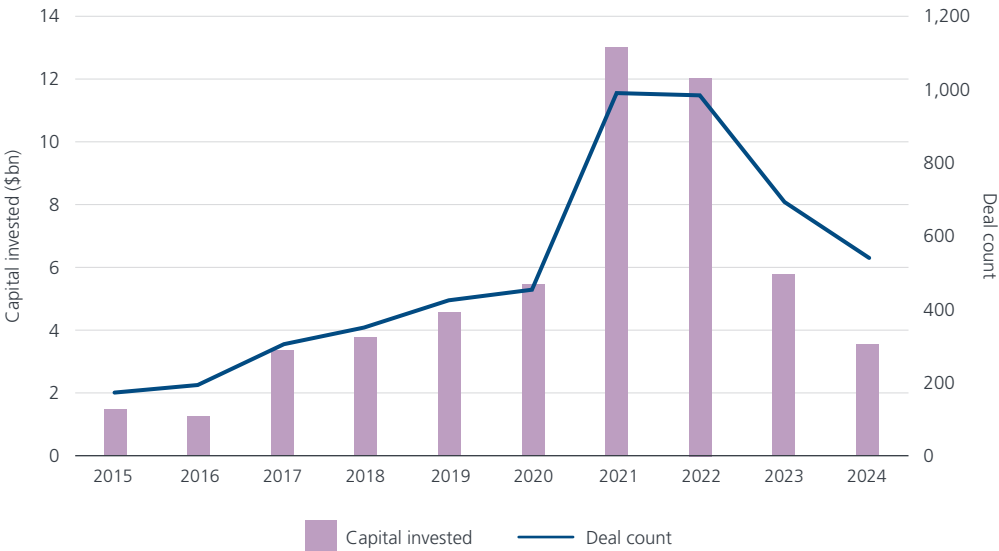
The UK is considered one of the world's leading FinTech markets. According to Innovate Finance, over the past decade, the UK's FinTech sector has grown significantly; between 2015 and 2021 the market showed an increasing

35 Bank for International Settlements, 'C1 Summary of debt securities outstanding-Q3-2024', (March 2025), available at: [https://data.bis.org/topics/IDS/tables-and-dashboards/BIS\\_SEC\\_C1\\_1.0?time\\_period=2023-Q3](https://data.bis.org/topics/IDS/tables-and-dashboards/BIS_SEC_C1_1.0?time_period=2023-Q3)

trend in both deal count and capital invested. However, although in 2022 deal activity remained strong it was less than the previous year; in 2023 and 2024, deal volumes dropped to 694 and 576 respectively, and capital invested declined to \$5.8bn in 2023 and \$3.6bn in 2024 due to rising interest rates, geopolitical instability, and reduced venture capital (VC) funding (Figure 13).<sup>36</sup>

**FIGURE 13: Total FinTech activity in the UK by deal count and capital invested, 2015-2024**

Source: Innovate Finance



### Investing in infrastructure

The financial and related professional services industry supports infrastructure investment through various mechanisms such as project financing, public-private partnerships, and investment funds. According to the Investment Association's estimates, as of December 2023, UK asset managers invested an estimated £45bn in UK infrastructure projects related to renewable energy, utilities, transport and telecommunications, public health, education and building, and construction and maintenance. Investment Association members have increased their investment in social infrastructure projects, such as funding schools in Lancashire and London.<sup>37</sup>

In October 2024, the new UK government rebranded the UK Infrastructure Bank (UKIB), (established in 2021) as the National Wealth Fund (NWF). The new NWF has a total capitalisation of £27.8bn, with £5.8bn in new capital being added to the £22bn it inherited from UKIB. It is part of the UK government's new Industrial Strategy, aiming to leverage over £70bn of private-sector investment in sectors designated by the Strategy as priorities: "green hydrogen, carbon capture, ports, gigafactories and green steel" that could also strengthen the defence sector. The objective is to obtain approximately £3 of private funding for every £1 of government funding. The NWF will work in collaboration with public financial institutions like the British Business Bank. According to HM Treasury, the new strategy will help direct investment to the industries that defence sector relies on (advanced manufacturing, and digital and dual-use technologies).<sup>38,39</sup> The financial and related professional services sector can contribute in various ways, including offering ways to invest, making transactions easier, and giving financial advice. For example, in October 2024, the NWF announced financial guarantees enabling Barclays UK Corporate Bank and Lloyds Banking Group to provide £1bn for retrofitting social housing in the UK, supporting both short and mid-to-long duration loans.<sup>40</sup>

<sup>36</sup> Innovate Finance, 'FinTech Investment Landscape 2024', (January 2025), available at: <https://www.innovatefinance.com/capital/fintech-investment-landscape-2024/>

<sup>37</sup> The Investment Association, 'Investment management in the UK 2023-2024: The Investment Association annual survey', (October 2024), p.50, available at: <https://www.theia.org/sites/default/files/2024-10/Investment%20Management%20in%20the%20UK%202023-2024.pdf>  
<sup>38</sup> HM Government, 'National Wealth Fund: mobilising private investment' (October 2024), available at: [https://assets.publishing.service.gov.uk/media/670d0d873b919067bb4830df/NWF\\_IIS\\_Publication.pdf](https://assets.publishing.service.gov.uk/media/670d0d873b919067bb4830df/NWF_IIS_Publication.pdf)  
<sup>39</sup> HM Treasury, 'Chancellor's National Wealth Fund to deliver growth and boost security', (19 March 2025), available at: <https://www.gov.uk/government/news/chancellors-national-wealth-fund-to-deliver-growth-and-boost-security>  
<sup>40</sup> National Wealth Fund, 'National Wealth Fund, Barclays UK Corporate Bank and Lloyds Banking Group join forces to unleash £1bn to retrofit social housing', (October 17, 2024), available at: <https://www.ukib.org.uk/news/national-wealth-fund-barclays-uk-corporate-bank-and-lloydsbanking-group-join-forces-unleash>



# Providing professional services, supporting services, and wider social benefit

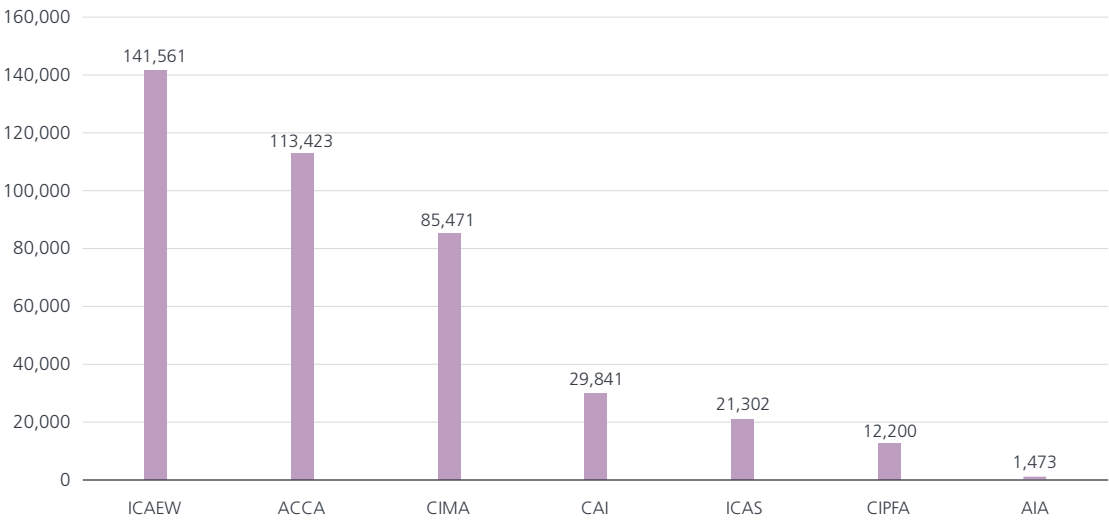
## Professional support services

The UK has high quality professional and support services; it has the largest and most developed market in Europe for professional services related to financial services (accounting, management consulting and legal services). These three sectors contributed £29.4bn, £16bn and £38bn respectively to UK real output in 2024.<sup>41</sup>

According to data from the Financial Reporting Council, there were 405,271 members and students in seven main accountancy bodies (which are structured as membership organisations) in the UK and the Republic of Ireland in 2023, up 1.9% from previous year; in addition, the number of members and students has increased constantly at a compound annual rate of 2% from 2019. The ICAEW was the largest of these, with 141,561 members and students, followed by the ACCA (113,423); for more information see Figure 14.<sup>42</sup>

FIGURE 14: Members and students in the UK and Ireland, 2023

Source: Financial Reporting Council



41 TheCityUK estimates based on the Office for National Statistics, ‘GDP output approach - low-level aggregates’, (28 March 2025), available at: <https://www.ons.gov.uk/economy/grossdomesticproductgdp/datasets/ukgdpolowlevelaggregates>

42 Financial Reporting Council, ‘Key Facts and Trends in the Accountancy Profession’, (September 2024), p.7, available at: [https://media.frc.org.uk/documents/Key\\_Facts\\_and\\_Trends\\_in\\_the\\_Accountancy\\_Profession\\_2024.pdf](https://media.frc.org.uk/documents/Key_Facts_and_Trends_in_the_Accountancy_Profession_2024.pdf)

The Policy & Reputation Group (PRG) is a cross-firm industry group made up of representatives from the seven largest UK accountancy firms: EY, KPMG, Deloitte, PwC, Grant Thornton, BDO and Mazars. The PRG seeks to develop an understanding of evolving public interest issues and how these might be addressed to help maintain confidence in the profession to support the UK economy, and to participate constructively in shaping public policy. In 2024, these seven firms employed over 80,000 people across the UK and had around 160 offices in the UK.<sup>43</sup>

## Financial education

In keeping with its role as a facilitator of wider economic growth, the financial and related professional services industry also plays a role in relevant social initiatives such as financial education. Examples include:

- The Centre for Financial Capability (TCFC) is a coalition of savings and investment firms that provides support to financial education in children by funding financial education lessons in primary schools via its kickstart money programme. The purpose of the kickstart money programme is to set positive money habits and mindsets in children from an early age. Schools can access free lessons led by experts from financial charity MyBnk, as well as resources for teachers and carers. In 2024, TCFC announced new partnerships with additional schools and introduced interactive digital resources to enhance learning experiences. These updates aim to increase engagement and retention of financial concepts, ensuring a broader impact on the next generation’s financial wellbeing.<sup>44</sup>
- Money Heroes platform from Young Money, supported by HSBC, is a free programme aimed at improving financial capability skills, knowledge and confidence in decision making about money, for children aged 3 to 11. The platform enables teachers and parents to collaborate, to deliver joint home and school learning, and allows both parties to track progression of children on the platform. During its first three years, Money Heroes has reached 465,136 young people, by working with over 2,500 schools and organisations, and supporting over 3,100 educators and 9,000 parents.<sup>45</sup>
- LifeSkills is a programme by Barclays aimed at helping individuals, particularly young people, develop essential skills for the workplace and life. It provides resources, workshops, and training on topics such as financial management, employability skills, and digital literacy. This scheme was created with content for educators, parents and young people and has helped around 13 million people.<sup>46</sup>
- Lloyds Bank created a series of resources to support young people aged 3-16 and 16+ in learning how to stay in control of their financial wellbeing. These resources are inclusive for a range of learning needs, with options for British Sign Language, subtitles and screen settings. Young people can find session packs that could include one-to-one, group, or virtual sessions.<sup>47</sup>

43 Figures compiled based on firms’ 2024 and/or most recent Transparency reports

44 Centre for Financial Capability, available at: <https://www.tcfc.org.uk/about-the-centre>

45 Money Heroes, ‘2023 Impact Report’, (2024), available at: [https://issuu.com/young-enterprise/docs/ye\\_moneyheroes\\_impact\\_report\\_2023\\_april23\\_sgls](https://issuu.com/young-enterprise/docs/ye_moneyheroes_impact_report_2023_april23_sgls)

46 Barclays, ‘Learn about LifeSkills’, (2024), available: <https://www.barclays.co.uk/digital-confidence/lifeskills/>

47 Lloyds Bank Academy, ‘Financial skills’, (2024), available at: <https://www.lloydsbankacademy.co.uk/financial-skills>

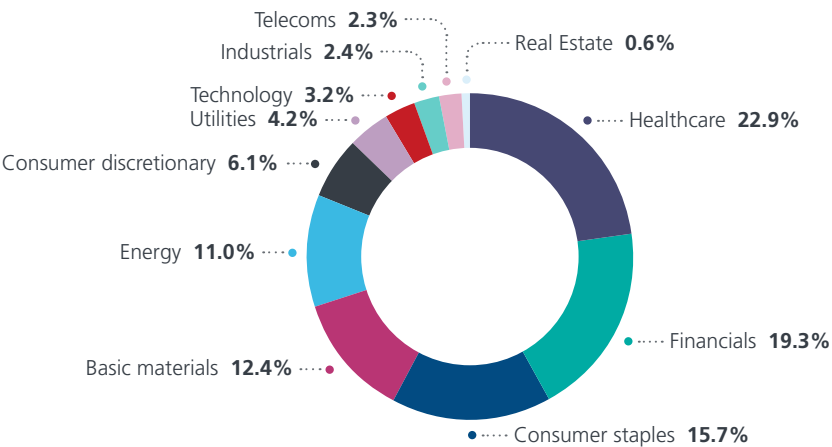
NatWest Group has been offering complimentary financial education resources to schools since 1994, with the MoneySense program reaching an additional 1 million young individuals in 2023. This initiative aims to assist young people up to the age of 18 in preparing for the shift from school to independent living. “Time is Money” is an engaging escape room activity that converts classrooms into a digital environment, allowing students to examine the social and economic consequences of financial choices and apply these insights in the future.<sup>48,49</sup>

Philanthropic activity

The financial services sector is also an important source of philanthropic activity. In 2023, among FTSE 100 companies, the sector was the second largest source of charitable donations, accounting for 19.3% of the total, after the healthcare sector (22.9%), and ahead of the consumer staples sector (15.7%); see Figure 15 for detail.<sup>50</sup>

FIGURE 15: FTSE 100 charitable donations, 2023

Source: TheCityUK calculations based on Charities Aid Foundation



Conclusion

The financial and related professional services industry has continued to demonstrate its resilience during the past several tumultuous years. It continues to play an enabling role in driving economic growth, and supporting businesses and individuals through banking, insurance, fund management, accounting, management consulting and legal services, among others. The industry makes a strong contribution to employment across the UK, in major cities as well as smaller towns.

The industry’s traditional service models are also evolving. Through technology development, consumers benefit from digital financial services such as online banking, banking apps and contactless payments. Businesses are supported through bank lending, equity and bond financing, alternative finance and private equity, as well as accounting, management consulting and legal services.

48 NatWest Group, ‘MoneySense’, (2024), available at: <https://natwest.mymoneysense.com/home/>  
49 UK Finance, ‘Financial education report’, (2024), p.20, available at: <https://www.ukfinance.org.uk/system/files/2024-09/Financial%20Education%20Report%202024.pdf>  
50 TheCityUK calculations based on Charities Aid Foundation data, ‘Corporate Giving 2024- The FTSE 100 and beyond’, available at: <https://www.cafonline.org/docs/default-source/corporate-giving-reports-ftse-reports/caf-corporate-giving-2024---the-ftse-100-and-beyond.pdf>

# List of sources

<a href="#">Aquis Exchange</a>	<a href="#">Investment Association</a>
<a href="#">Association of British Insurers</a>	<a href="#">Innovate Finance</a>
<a href="#">Bank for International Settlements</a>	<a href="#">London Stock Exchange</a>
<a href="#">Bank of England</a>	<a href="#">Lloyds Bank Academy</a>
<a href="#">Barclays</a>	<a href="#">Money Heroes</a>
<a href="#">British Private Equity &amp; Venture Capital Association</a>	<a href="#">Ministry of Housing, Communities &amp; Local Government</a>
<a href="#">Charities Aid Foundation</a>	<a href="#">National Wealth Fund</a>
<a href="#">Centre for Financial Capability</a>	<a href="#">NatWest</a>
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<a href="#">Dealroom.co</a>	<a href="#">Nomis</a>
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**TheCityUK Research:**

For content enquiries, further information about our work or to comment on our programme/reports, please contact:

**Anjalika Bardalai**  
Chief Economist and Director, Economic Research

**[anjalika.bardalai@thecityuk.com](mailto:anjalika.bardalai@thecityuk.com)**  
**+44 (0)20 3696 0111**

.....

**Carolina Quinaucho**  
Economic Research Analyst

**[carolina.quinaucho@thecityuk.com](mailto:carolina.quinaucho@thecityuk.com)**  
**+44 (0)20 3696 0126**

**TheCityUK**

TheCityUK, Fitzwilliam House, 10 St Mary Axe, London, EC3A 8BF  
**[www.thecityuk.com](http://www.thecityuk.com)**

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