

Securing and sustaining a thriving UK financial and related professional services industry

Speech by Mark Tucker
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Thank you Miles, and good morning ladies and gentlemen.

It is a great privilege to lead TheCityUK at such an important time for financial and related professional services.

I must first pay tribute to John McFarlane for the excellent job he has done piloting TheCityUK through a challenging period – perhaps more challenging than expected given he took over before the EU referendum!

Over the next three years, I will build on John's work to enhance the reputation of the UK and its financial and related professional services, and help us make the most of the great opportunities that lie ahead.

In my remarks today, I will set out how I intend to do so. It comes down to three things.

First, promoting the enormous benefits that financial and related professional services bring to the UK economy, and to the people of the UK in their daily lives.

This is rarely understood – or even accepted – outside our industry.

A better public understanding of the economic and societal benefits we bring is an important part of the work we have to do to restore our reputation following the financial crisis.

Second, focusing on the key issues that will determine our present and future success, foremost among which will be the UK's trading and investment relationships with Europe and major markets in the rest of the world – China, the US, South-East Asia, and many others.

And third, ensuring that we make progress together by presenting a coherent and united front that allows the sector – collectively – to operate as more than the sum of its many parts.

Let me add more colour to each of these three points.

First, promoting the enormous benefits that financial and related professional services bring to the UK economy, and to people in their daily lives.

My working life – in accountancy at PwC; in insurance, asset management and banking at Prudential, HBOS, AIA and HSBC; my non-executive director roles on the Court of the Bank of England and at Goldman Sachs; and the years I have spent working in Asia, America, Africa and the UK – has given me a broad international perspective.

It is clear to me that ours is the UK's largest and most successful industry bar none.

Over centuries, we have developed a unique ecosystem of banks, insurers, brokers, investors, advisors and infrastructure providers.

This vast and unique ecosystem is vital to enabling the British economy – and indeed the wider global economy – to grow and develop. It is the envy of other nations.

Even when the City has faced threats before, it has retained its ascendancy over other financial centres, which suggests that its comparative advantages are very difficult to replicate.

Yet none of this is obvious to the public, the media or politicians – and most Britons still do not trust us.

The banking and financial system is in much better shape today than it was ten years ago.

It is more resilient, more robust and much better prepared to deal with a crisis or downturn.

But the loss of trust in and across our industry is understandable given the mistakes of the past – and we must continue to address this.

As employment in traditional manufacturing industries has waned, employment in financial and related professional services has grown rapidly.

Our industry directly accounts for a total of 2.3 million jobs – with almost 1.1 million people working in financial services and more than 1.2 million in related professional services.

1 person out every 14 in the UK works in our industry.

And indirectly we contribute much, much more.

We are also a national industry.

Two-thirds of these jobs are outside London.

And 426,000 of them are in Scotland, Northern Ireland and the North West.

We attract much needed investment.

We help to bring in around £20 billion of foreign direct investment annually – about 30 per cent of total inward investment – and our industry will have advised on the vast majority of other transactions bringing capital in to the UK.

And we are extremely productive and valuable members of the UK economy.

Financial and related professional services contribute £10 out of every £100 of UK economic output, and our firms and their employees generate a total of more than £90 billion annually in tax revenue – around two thirds of the total national budget for the NHS.

We are also at the forefront of tackling financial crime, and are leading the global transition to a low carbon economy.

And perhaps most important, the 'City', as broadly defined, constantly strives to do what it does very well – innovating, designing, engineering and manufacturing new ways to provide people and firms with the financial products they need.

The blossoming UK fintech sector is built on a centuries-old passion for innovation, and generated over £7 billion of revenues in 2016.

But it is the difference we make to people's lives that is the most tangible – but at times unnoticed – impact we have.

We enable people to buy their home, save for their retirement and plan for the future.

We promote financial inclusion and increase financial literacy by making it possible for people to budget, save even very small amounts, borrow affordably and buy insurance in the manner they choose – increasingly digitally.

We help people to make the payments necessary for life today, at the same time as investing for the future.

We help businesses to raise capital, innovate and grow – and we help protect them all when they need it most.

There is much in which we can take real pride – but past mistakes have created a legacy of mistrust that we must continue to work hard to address.

The future success of our industry depends on renewing the trust of the public, and building long-term relationships with all of our stakeholders.

We need to ensure that there is a better understanding of the economic and societal benefits we bring.

Fundamentally, we must do a much better job of engaging with and listening to the people we serve.

At the same time, we face a period of continuing transformation.

International relationships are changing as a result of Brexit and continued trade tensions between the US and China, and the questioning of international institutions set up after 1945.

Technology is advancing as Big Data, Artificial Intelligence and Open Banking transform the financial services landscape.

Global financial regulation is fragmenting as evidence builds that there is divergence in national implementation of new regulations.

This presents both opportunities and risks for those caught in the middle.

This is not a time for business as usual.

Facing up to the challenges of demonstrating our value – and our values – and adapting to the changing world requires us – collectively – to take greater responsibility and to make our voice heard.

This brings me to the second point, which is focusing on the key issues that will determine our present and future success.

TheCityUK has helped our industry drive forward work on a number of important fronts:

- improving conduct; protection of personal data and cyber risk management;
- developing financial centres and fintech hubs across the UK;
- growing the UK sustainable finance market and funding for green projects;
- increasing diversity and improving skills;
- and investing in digital connectivity and physical infrastructure.

But the foremost issue is the UK's trading and investment relationships with Europe and major markets in the rest of the world – including the US, China and South-East Asia.

This is a pattern of relationships TheCityUK has long championed, and is something I am deeply committed to developing further.

Financial and related professional services generate an annual trade surplus of over £60 billion.

More broadly over the last 40 years, the City has been at the heart of a revolution in global capital markets which has fuelled economic growth and reduced poverty in many parts of the emerging world.

For many, we are the international face of British business and London is the epicentre of the global economy.

We all want the Government to negotiate the best possible access for financial and related professional services within the EU.

Our role is to work in partnership with Government and our friends across Europe to achieve this, and we remain both ready and willing to support negotiations in any way we can.

Irrespective of Brexit, it is more important than ever that the UK engages constructively with its key partners to protect and promote its place in the world.

I spoke earlier about the benefits that financial and related professional services bring to the UK.

I cannot stress enough how important it is that these benefits are protected and developed further.

There hasn't been enough progress made at a global level on services trade generally, nor at a European level on financial services specifically.

But there is an opportunity for the UK to lead fresh initiatives and build new coalitions.

And we can deliver much-needed focus and work with partners to properly reflect the role of services in the modern economy and within a rules-based system.

The US is our largest single trading partner in services.

With uncertainty rife in the global economy, it is particularly important that the UK and US work together to improve regulatory co-ordination and to maintain market confidence in areas such as derivatives trading and securitisation.

The continued development of the relationship between the UK and China is also critical.

Yesterday, I co-chaired the Financial Services Summit that took place alongside the UK-China Economic and Financial Dialogue.

The Summit reviewed developments in financial services between the two countries, and looked forward to how our mutually beneficial relationship could be further strengthened.

I am confident that China will continue to open up and implement reforms to help level the playing field for foreign firms and investors.

The UK is very well placed to capitalise on this.

TheCityUK stands ready to support efforts to build a more strategic, long-term relationship between the UK and China, and all the other key markets identified in the Chancellor's Global Financial Partnerships strategy.

Finally, making progress on all these issues requires us to present a coherent and united front that will enable us – collectively – to operate as more than the sum of our many parts.

Our trade associations and representative bodies are at the forefront of efforts to promote our interests by building and maintaining healthy relationships with government and regulators, and acting as crucial points of contact and expertise for those who set legal and regulatory frameworks.

The trade associations that represent us have important roles and agendas.

But there are a lot of them – and everyone in this room knows that our sector has not always presented itself in the most coherent way.

We – as members of these different associations – have often been in competition with one another.

But areas like the rules governing data ethics, the services trade and tackling financial crime require greater co-operation and information sharing.

With the opportunities and challenges that lie ahead, it is in our shared interest that our trade associations are fully aligned, focused on our priorities and equipped with the right capabilities.

Strong, consistent advocacy – underpinned by the technical expertise in each sub-sectoral body – will be a powerful tool as our industry and our country navigate these times of change.

That is why my first priority will be to listen to your views – and the views of everyone who is involved with TheCityUK – to ensure it represents us as effectively as possible.

This will include views on its governance, its policy and campaigning capabilities, and how it collaborates with trade bodies and the corporations of the UK.

TheCityUK can only succeed by securing and sustaining a thriving UK financial and related professional services industry.

I look forward to your feedback in the coming months.

As Chair of TheCityUK, I am committed to:

- promoting our great financial and related professional services industries;
- explaining as clearly and convincingly as I can to politicians and policy-makers, to journalists and commentators and, above all, to the people of the United Kingdom, our purpose and role;
- and showing the unquestioned value that we bring to the people and the firms we serve, and the communities in which we operate.

Against a backdrop of continued change and healthy scepticism about the benefits we bring to society, it is more important than ever that we pursue our shared agenda with care, with commitment and with compassion.

That requires each of us to play his or her part – industry, government, regulators and strong, well-equipped, influential trade associations who speak for us coherently, and represent us effectively.

I look forward to working with my fellow members and with the team at TheCityUK to rise to the challenges facing us.