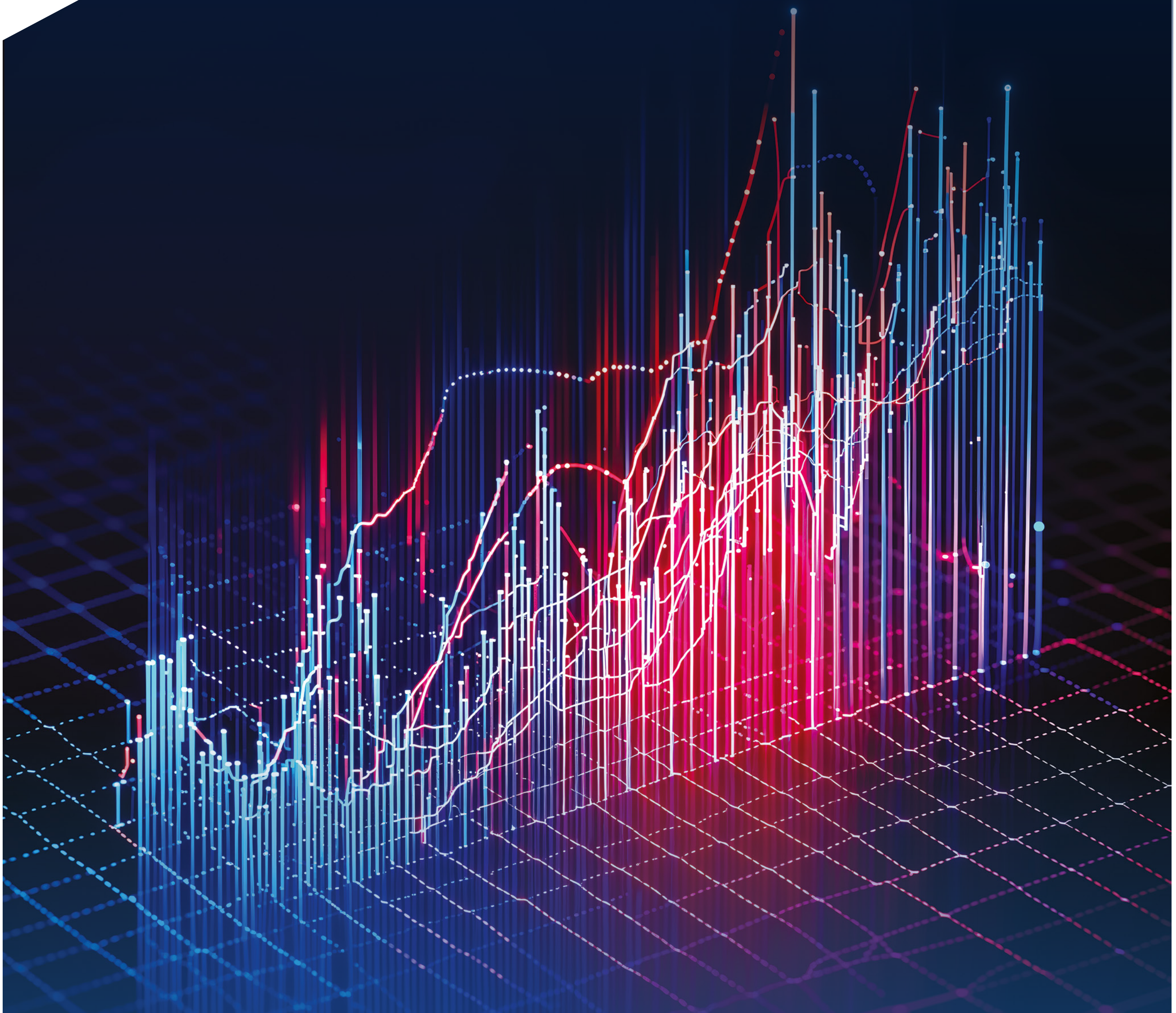
UK Government

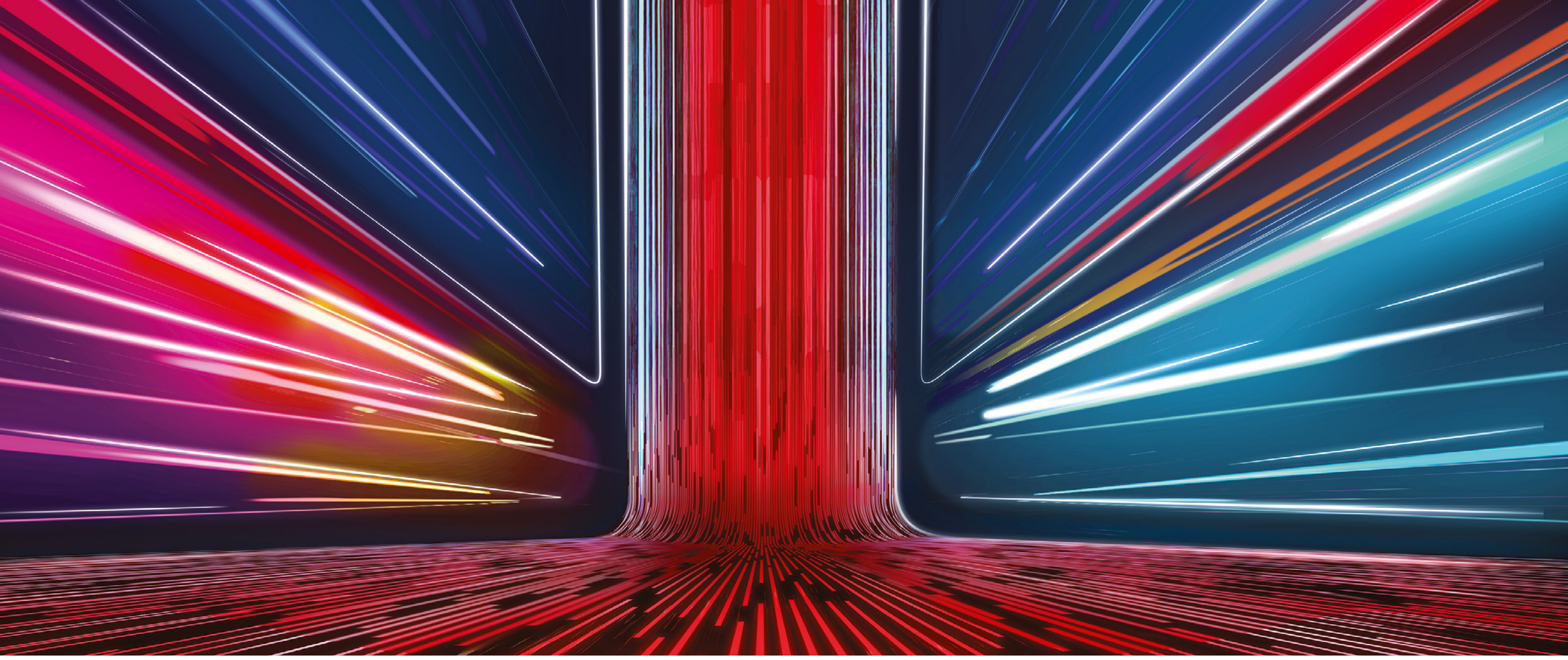
THE UK'S MODERN
INDUSTRIAL STRATEGY



FINANCIAL SERVICES

Growth and Competitiveness Strategy

Contents



Ministerial Foreword

Rt Hon Rachel Reeves MP
Chancellor of the Exchequer

Emma Reynolds MP
Economic Secretary to the Treasury

Since coming into office, we have been working hard to deliver security for businesses and for working people, alongside restoring Britain's reputation as a beacon of stability in a changing world. As the global economy changes, the job of a responsible government is to step up and work in partnership with businesses – to innovate and to adapt, providing the conditions for our economy to grow in order to deliver higher living standards across the country.

The financial services sector has a central role to play in delivering a decade of national renewal. It is one of the largest and most productive sectors of the economy – accounting for around 9% of UK economic output, and providing 1.2 million jobs in every part of the UK. From the global powerhouse of London, to our world leading asset management hub in Edinburgh, to the rapidly growing Fintechs in Glasgow, Leeds and Manchester, the sector provides jobs and prosperity across the country.

When the sector is growing and thriving, it is working people that feel the benefits. These benefits include good jobs and a bigger and better range of services that everyone relies on – from current accounts to payments services, and in-person banking, including through more than 150 innovative new banking hubs already delivered. We have already taken steps to ensure the sector delivers the investment our economy needs, including through the landmark Pensions Investment Review, where we are legislating to deliver changes that will enable more productive investment in the UK economy and increase saver returns.

Britain is a world-leading financial centre and one of the best places in the world to do business. The UK has world-class listings regime, deep and liquid capital markets, and is home to the most international stock exchange in the world.

The government's Industrial Strategy marks a new approach to backing our world-leading sectors, where an active, entrepreneurial government steps up to work in partnership with business, to drive innovation and growth right across the economy. This Financial Services Growth and Competitiveness Strategy sets out a bold new vision for kickstarting growth in the financial services sector over the next ten years. It puts a laser focus on making the UK the global location of choice for domestic and international financial services firms to invest, innovate, grow, and sell their services throughout the UK and to the world.

By leaning into our comparative advantage, a more competitive UK financial services sector can enable growth across the rest of the economy – investing in businesses, creating jobs and supporting consumers.

We are clear that change is needed to deliver this vision – the UK must now regulate not just for risk, but for growth. The package of reforms set out in this Strategy delivers just that – maintaining our commitment to international standards, whilst rolling back regulation that had gone too far in seeking to eliminate risk, particularly where it places a higher burden on firms than our international counterparts. These changes will make it quicker, easier and cheaper to do business in Britain.

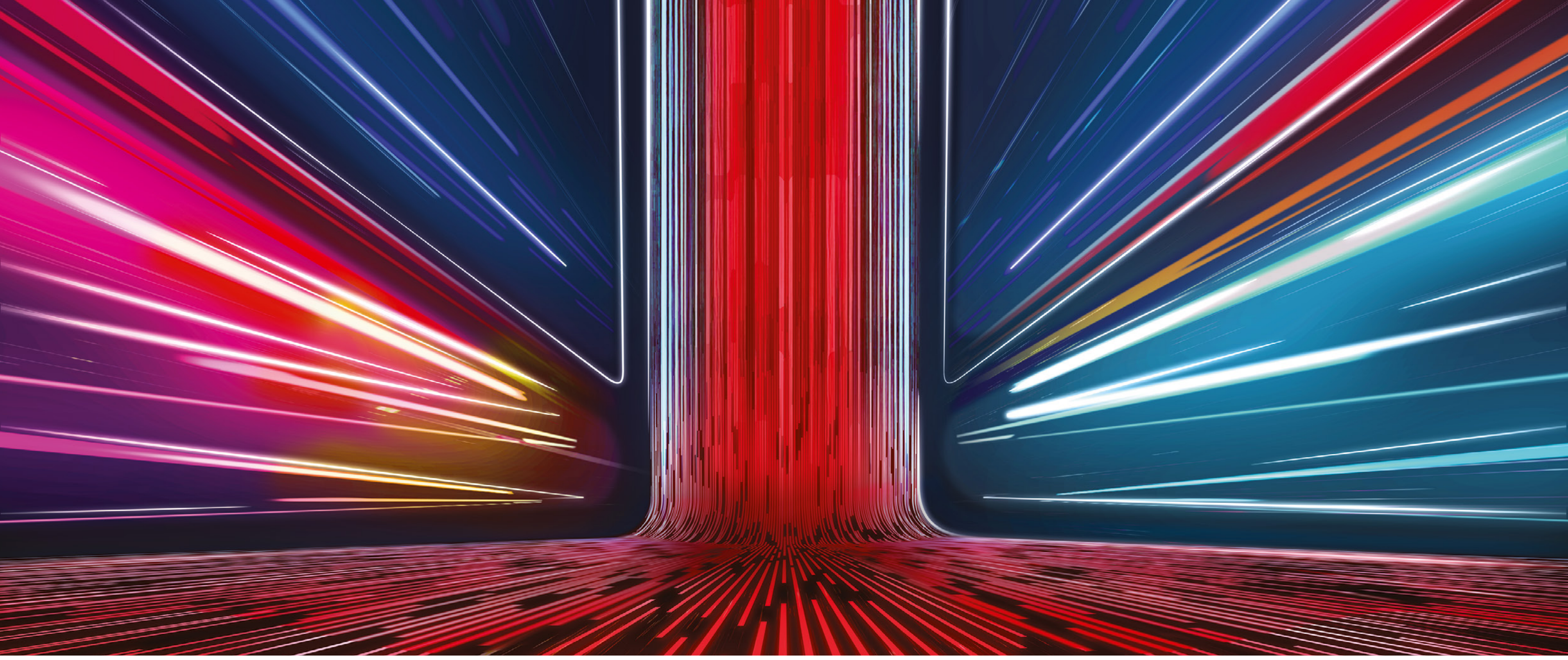
That includes delivering the most significant reform of the Financial Ombudsman Service since its inception, slashing timelines for approvals and authorisations, streamlining the Senior Managers and Certification Regime, and driving meaningful reform of the ring-fencing regime as part of our plans to tailor UK capital requirements to focus on growth and release capital for productive investment in the UK. These changes will unlock the power of UK financial services, allowing them to go further and faster to innovate and to grow.

Alongside this, we will back the UK as the world's most innovative global financial centre – boosting the Fintechs that will drive the UK's future success through a new Scale-Up Unit, focussing R&D and British Business Bank funding on Industrial Strategy sectors, including financial services, and modernising the payments landscape.

And this Strategy will unlock retail investment so British citizens can benefit from the increased returns that investment brings. The delivery of targeted support, the biggest reform of the financial advice and guidance landscape in a decade, will mean game-changing support for consumers in their saving and investment decisions. We will also ensure our markets support investment in UK businesses and enhance their competitiveness through driving forward digitalisation.

Financial services is at the heart of this government's mission for economic growth. Britain is a world-leading financial centre, but to remain competitive in a changing world, we must innovate and adapt. The plans set out in this Strategy have been developed through a deep partnership with business, and we are grateful to firms across the sector for their input, from the very largest multinationals to mutuals serving their local communities to Fintech businesses that are just starting out. We are proud to have co-created it with industry and confident of the transformation that it will bring, not just to our financial services sector, but to the whole economy.

We do not stop here. Each year we will set out our progress on delivering the objectives of this Strategy, as well as our plans to go further. And we look forward to a decade of working in partnership with the UK's financial services sector to drive growth and improve the lives of working people around the country.



Executive Summary

Financial services is one of the UK's greatest success stories. The UK is one of only two truly global financial centres, with a reach, depth and breadth of activity that makes it a unique and dynamic place to do business. The UK's global leadership includes areas from asset management and wholesale services, to capital markets and sustainable finance, in which the UK is ranked first in the world.[1]

The future success of financial services is pivotal to shaping a prosperous future for the UK – and that is why it was identified as one of the eight growth-driving sectors (the IS-8) in the UK's Modern Industrial Strategy.

Financial services is one of the largest sectors in the UK economy, accounting for 9% of total UK economic output (Gross Value Added)[2], and providing 1.2 million jobs across the country.[3] It is also one of the UK's most international sectors: the UK is the world's largest net exporter of financial services[4] and the sector accounts for more than half of the UK's surplus in services exports.[5] While the sector remains a big success story of the British economy, recent years have seen the emergence and growth of competitor financial centres across the globe, and the UK's financial services sector as a whole has not grown in real terms since 2010.[6]

A more competitive UK financial services sector can invest more in the real economy, support consumers in getting better returns on their savings and build on existing specialisms in thriving clusters across every nation of the UK.

This Strategy, therefore, places boosting the competitiveness of the UK's financial services sector at the heart of the government's plan to grow the economy and put more money in people's pockets.

By 2035, the UK will once again be the global location of choice for financial services firms to invest, innovate, grow, and sell their services throughout the UK and to the world.

This ambition will anchor the government's approach to financial services policy over the next decade, beginning with the proposals set out in this Strategy, across five areas of focus:

1. Delivering a competitive regulatory environment.
2. Harnessing the UK's global leadership in financial services.
3. Embracing innovation and leveraging the UK's Fintech leadership.
4. Building a retail investment culture and delivering prosperity through UK capital markets.
5. Setting the UK's financial services sector up with the skills and talent it needs.

The UK's financial services ecosystem is unique. Financial services clusters across the country have specialisms in growing global markets, from Fintech and sustainable finance, to major established international strengths, including asset management and wholesale services, capital markets, and insurance and reinsurance markets. By focusing on these priority growth opportunities, the government's Strategy will deliver prosperity right across the UK.

The steps set out in this Strategy are just the beginning. The government will continue to work in deep partnership with industry and draw on economic evidence to deliver the growth and competitiveness of the UK's world-leading financial services sector over the decade to come.

Endnotes

1 Z/Yen, Global Green Finance Index 15

2 Office for National Statistics, 2025, GDP output approach – low-level aggregates

3 Office for National Statistics, 2024, Workforce jobs by industry

4 HM Treasury Calculations based on United Nations Trade and Development (UNCTAD), 2025, International Trade Statistics for Services (BPM6): Exports and imports by service-category, trade-partner World, annual

5 Office for National Statistics, 2025, UK trade: goods and services publication tables. The Financial Services Sector is defined as covering both “Insurance and Pension Services” and “Financial Services”.

6 Office for National Statistics, 2025, GDP output approach – low-level aggregates

1. Delivering a competitive regulatory environment

The government has heard through extensive engagement with industry that the regulatory environment is one of the most important determinants of UK competitiveness. Around 60% of industry respondents to a Call for Evidence on the Strategy[1] viewed the regulatory environment as the most important policy pillar the government asked about – both for firms' day-to-day and long-term investment decisions.

Respondents to the Call for Evidence were clear that the UK's reputation for predictable, stable regulation was crucial to competitiveness and recognised that the Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA) are performing well in many respects. Respondents also highlighted the importance of stability and the government's and regulators' work to develop coherent standards on the global stage as key elements of the UK's attractiveness. The government also received positive feedback on the impact of the FCA's and PRA's secondary growth and competitiveness objectives.

However, a clear theme emerged that the cumulative burden and complexity of the UK regulatory environment is detracting from the UK's overall attractiveness, and respondents set out the case for the UK to make various targeted changes to the UK's domestic regime to improve competitiveness.

Specific responses highlighted the need to:

- **Ensure a stable and predictable environment**, including by ensuring the regulators have a long-term strategy for regulation which is clearly communicated and consistent with the government's growth mission, by reducing the overall burden of compliance without sacrificing regulatory standards, and by reviewing the UK's system of financial services redress.
- **Reform the regulatory system in targeted areas, particularly where the UK is an international outlier**, including to reflect different types of risk appropriately and to address the perceived 'gold-plating' of some legislation following the global financial crisis, which firms felt had put the UK's approach out of line with international competitors.
- **'Future proof' the UK's regulatory environment**, to support innovation and the development of new products and services, as firms noted the perception of needing regulator 'permission' to explore new technologies or products, and difficulties gaining authorisation. The government's plans in this area are set out later in this Strategy in *Embracing innovation and leveraging the UK's Fintech leadership*, see page 31.

Approach

Financial stability is a pre-requisite to economic growth. The UK will uphold its commitment to international standards which underpin the resilience of the global financial system and support international trade. The government remains committed to using all available tools to tackle corruption, illicit finance, and organised crime to protect the UK public and economy, and to support sustainable economic growth. Trust in markets is an essential underpinning to the sector's growth, ensuring it does not come at the expense of consumer protection. The government is committed to upholding these principles in implementing the policy package outlined in this Strategy.

However, the overall calibration of the UK's regulatory framework requires careful balancing in an increasingly competitive global landscape. That is why the government is committed to ensuring the overall system supports growth, is targeted and proportionate, and is transparent and predictable, as set out in the government's Regulation Action Plan.[2]

Over the 10-year timeframe of the Strategy, **the government's vision is for the UK's financial services regulatory environment to be proportionate, predictable and internationally competitive**. The interventions set out below to deliver this vision will set the backdrop to make the UK the location of choice for financial services firms to direct resources to innovating and growing their businesses in the UK.

Interventions

Reducing regulatory burdens and supporting growth and competitiveness through regulation

Improving the stability and predictability of the UK's regulatory framework is of central importance to improving the UK's overall attractiveness.

Since 2010, the UK has introduced a range of regulations to reduce risks and address the weaknesses that led to the global financial crisis – ranging from ensuring firms have sufficient capital to revising conduct standards. Those changes were necessary, and the government remains fully committed to high standards. These are key to both the sustainable growth of the UK's financial sector and to the effective allocation of capital and risk across the economy.

However, the government recognises that in recent years the UK has been good at regulating for risk but not for growth, and as a result there are some areas where the UK's approach places a higher burden on firms when compared to the approach of our international counterparts.

The government is therefore taking forward reforms in the areas that it has heard will make a significant difference to firms. In particular, the government will:

- **Set new, shorter deadlines for determining regulatory applications, to make it quicker and easier to do business in the UK.** The government will shorten the statutory deadlines the FCA and PRA must meet for new firm authorisations, variations of permission, and the approval of senior managers. The deadlines for new firm authorisations and variations of permission will be cut by two months – moving from six months to four months for complete applications, and 12 months to 10 months for incomplete applications. Deadlines for the appointment of senior managers will be cut by a month, moving from three months to two months. In addition to these new statutory deadlines, HM Treasury has also agreed more ambitious targets with the regulators, where they will seek to go faster than the statutory deadlines where possible, and to report against these in advance of the legislation being updated.
- **Strip away duplicative processes to enable the regulators to become more agile and responsive.** Currently, the financial services regulators must have regard to a large number of issues as they take decisions, alongside considering their statutory objectives. This complicates and slows down decision making. The government will substantially reduce the compliance burden associated with the regulators' "have regards" while maintaining accountability and transparency. It will also look to rationalise the reporting requirements on the regulators, in order to minimise bureaucracy while supporting accountability.
- **Require the regulators to take a strategic approach to regulation and supervision**, by requiring them to set out long-term strategies that explain how they will further their objectives. The regulators will be required to have regard to the government's remit letter when setting these long-term strategies.

- **Deliver the most significant reform of the Financial Ombudsman Service (FOS) since its inception, ending its present position as a quasi-regulator.** The government has published the outcomes of its review of the FOS and is consulting on its plans to address the issues identified through the Review. This includes proposals to adapt the "fair and reasonable" test, introduce a mechanism for the FOS to seek the FCA's views on the interpretation of its rules in confirming whether these rules have been complied with, introduce an absolute time limit for bringing complaints to the FOS, and make it easier for the FCA to intervene quickly on mass redress events. These changes will ensure that the FOS can return to its purpose as a simple, impartial dispute resolution service, and will improve predictability and consistency of outcomes for consumers and firms. The FCA and the FOS are consulting in parallel on proposals in response to their joint Call for Input, including a new FOS case process to operationalise the government's reforms. In addition to this, the FOS is introducing a new standard interest rate for compensation awards, which better reflects market conditions.
- **Radically streamline the Senior Managers and Certification Regime, with the ambition – together with regulators – to reduce the overall burdens on firms by 50%.** Alongside the shorter deadlines for applications mentioned above, the government is consulting on legislative changes that will provide the regulators with flexibility to make the regime more proportionate. These include removing the Certification Regime from legislation and making changes to the Senior Managers Regime that will allow a significant reduction – of around 40% on average for banks and insurers – in the number of roles that are subject to regulator pre-approval. These measures will enable the FCA and the PRA to go much further than the initial measures set out in their consultations published today, which can be progressed more quickly as they do not require legislative change.
- **Address concerns about the application of the Consumer Duty to provide more certainty on its scope and application to wholesale firms:** Responses to the Call for Evidence showed a consistent feeling that the FCA applied an approach to regulation that was too one-size-fits-all. This was felt, in particular, by asset managers and other wholesale firms. Within this, the scope and application of the Consumer Duty was raised as a notable case of consumer protection extending to firms who do not serve retail consumers or sell products directly to them. As a result, the Chancellor has asked the FCA to report back to her, by the end of September, on how it plans to address concerns about the application of the Consumer Duty for firms primarily engaged in wholesale activity. The FCA will set out, in its report, how it plans to deal with concerns about the way the Consumer Duty is working for wholesale firms engaged in distribution chains which impact retail consumers and provide certainty on the categorisation of professional clients. It will test its plans with market participants, industry and consumer groups before reporting back.
- **Support faster, more efficient authorisation for new firms:** Slow authorisation timelines can make the UK less attractive to international firms and, working with the regulators, the government will support a new streamlined authorisation regime for innovative start-ups (sometimes referred to as giving provisional licences or "L-Plates"). This will allow relevant firms to conduct limited regulated activities with streamlined conditions.

The government is carefully considering how such a regime could support growth and competitiveness while maintaining the right standards for firms wishing to provide regulated financial services. The government intends to consult on this proposal in the Autumn.

Many of these changes require primary legislation to deliver. The government recognises the importance of these reforms and, following consultation, will legislate when Parliamentary time allows.

Capital framework for banks

Capital requirements, including those agreed internationally following the financial crisis, have a key role to play in upholding the stability of the UK's financial system – from ensuring customers can reliably access key services like opening bank accounts and borrowing money to managing the failure of large banks in an orderly way.

It is also vital to get the balance right to enable UK banks to compete internationally and provide the lending and investment needed to drive growth in the real economy.

The Government, the Bank of England and the PRA are therefore taking significant steps to tailor the capital framework to focus on growth by:

- **Ensuring that minimum requirements for own funds and eligible liabilities (MREL) are proportionate** to remove barriers to expansion. The Bank of England will raise the assets threshold for MREL requirements to £25-40 billion, provide greater clarity and flexibility on when a transfer or bail-in resolution strategy is required, set MREL requirements no higher than minimum capital requirements for firms with a transfer resolution strategy, and from 2028 update the threshold every three years to take account of economic growth. The government has today laid legislation to enable these changes.
- **Implementing Basel 3.1 in a way which gives certainty and reduces complexity.** The UK will introduce Basel 3.1's new requirements for lending and trading activities on 1 January 2027 with the exception of modelling requirements for market risk which will be implemented on 1 January 2028. This gives banks the certainty they need to plan and invest in the UK while minimising operational complexity for internationally active banks. This builds on existing PRA action to introduce lower capital requirements for high-quality infrastructure lending and support for SMEs' access to finance.

- **Taking forward meaningful reform of the ring-fencing regime.** The government is committed to upholding the ring-fencing regime to protect financial stability and safeguard depositors. However, the government also intends to take forward meaningful reforms to the regime to support its growth agenda. HM Treasury will undertake a short review of the ring-fencing regime, working with the Bank of England and reporting into the Economic Secretary to the Treasury. The review will report by early 2026. This review will look at both the legislation and PRA rules, including how they interact, and assess options for:
  - Allowing ring-fenced banks to provide more products and services to UK businesses.
  - Addressing inefficiencies in how ring-fencing is applied to banking groups.
  - Examining the case for allowing banks to share resources and services more flexibly across the ring-fence.

The government stands ready to legislate to take these reforms forward when Parliamentary time allows.

- **Developing a more responsive and agile approach to banks using internal models for credit risk.** For firms with existing models, the PRA will enhance its pre-application engagement with firms to help ensure firms' readiness and identify difficult issues before formal submission of applications, give firms dedicated submission slots, complete documentation quality checks in four weeks, and review complete applications within six months (where no further information is required). For first-time applicants, the PRA will provide dedicated support including named account managers. The PRA also commits to a target of taking final decisions in eighteen months. And the PRA intends to publish a discussion paper later this month to explore ways to address the barriers to model approval that mid-sized firms may face, without compromising safety and soundness.

Alongside this significant programme of reform, the government is also focussed on the broader question of ensuring that the UK's post-financial crisis reforms and the level of capital in the banking system support sustainable economic growth. To promote this, the Chancellor issued growth-focused remit letters to the financial authorities, including the Financial Policy Committee (FPC), at Mansion House 2024. The government therefore welcomes the FPC's recent announcement that it will review its assessment of the levels of capital needed to support UK financial stability. The FPC intends to provide an update on this in its Q4 Financial Stability Report. The FPC's review will inform the government's and the Bank of England's ongoing work to ensure the different parts of the prudential framework, and their interactions, strike the optimal balance to deliver resilience, growth and competitiveness.

Other reforms set out in the Strategy will also support banks in the UK to compete internationally and invest in the real economy. These include a consultation on overseas recognition regimes for UK banks' international activities (see page 27) and the PRA and FCA launching a Scale-Up Unit to support the growth of innovative firms (see page 33).

Focusing on priority growth opportunities

The government is delivering regulatory change that will benefit the whole sector.

However, some parts of the sector present particular opportunities for the growth of the UK's financial services centre. For example, the UK's bond and foreign exchange markets are globally significant, and their presence in the UK attracts other industries. Other areas of the sector also have the potential to capture high value-add international activity.

The government will therefore focus further regulatory change in areas that particularly improve UK growth and competitiveness for the five priority growth opportunities – asset management and wholesale services, insurance and reinsurance markets, sustainable finance, Fintech, and capital markets including retail investment – set out in the Call for Evidence.

Asset Management and Wholesale Services

The UK's success in asset management and wholesale services is a core part of the UK's global appeal, with the UK standing proudly as the world's second largest asset management centre[3] and a global leader in many wholesale services, from underwriting to foreign exchange hedging.

Building on these strengths and the wider regulatory, innovation and market changes set out in the rest of the document, **the government aims to make the UK the most attractive place to manage investments globally.**

The government will therefore pursue three core objectives:

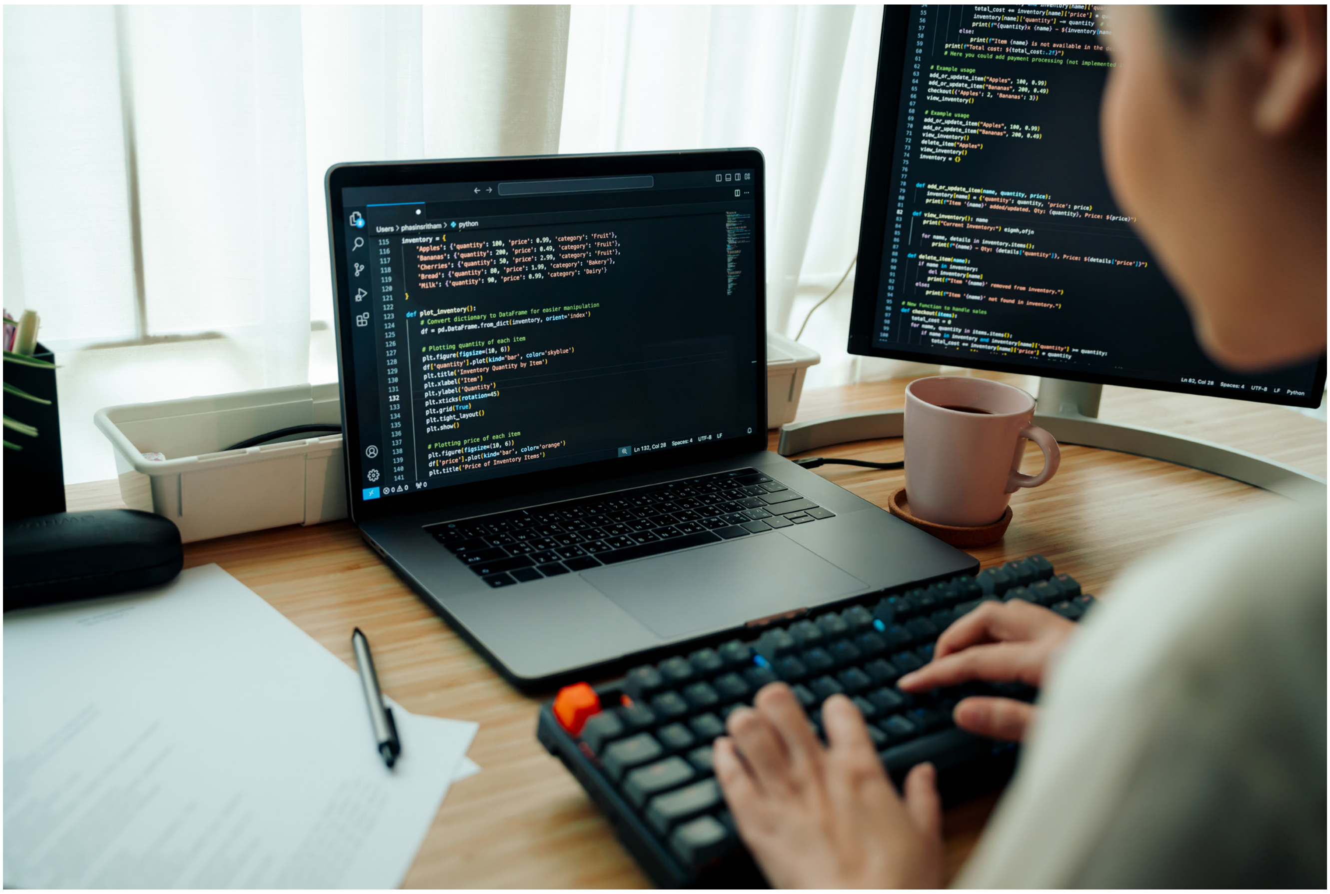
- **Place portfolio management at the heart of policymaking**, in recognition of the critical role this activity plays in driving the UK's success as an asset management and wider financial services centre. The government will continue to proactively review areas where regulation puts the UK at a competitive disadvantage compared to other jurisdictions. The government will also pursue strong cross-border relationships to ensure existing offshore delegation models continue to work effectively.
- **Make the UK a world leader for managing private markets assets**, leveraging the UK's position as a leading global venture capital, private equity and private debt centre, as well as the distinctive advantages of our homegrown investment companies sector. This will include work to streamline the Alternative Investment Fund Managers Regulations[4], bringing forward the next phase of this work in early 2026, and pursuing an ambitious package of reforms for venture capital fund managers to ensure the rules are properly calibrated to the activity these firms undertake.
- **Deliver a future-proofed regulatory regime for asset management and champion innovation** to stay ahead of the rapid changes impacting the sector, including the development of tokenisation, artificial intelligence (AI), changing demographics and shifting consumer demands. This includes through the FCA's consultation on the direct-to-fund model, and by maximising consistency between the relevant areas of regulation applying to this sector.

As set out on page 40, as part of the government's plans to build a retail investment culture, the government will move Long-Term Asset Funds from the Innovative Finance Individual Savings Account (ISA) to the Stocks & Shares ISA from April 2026. The government expects this to enable more people to access longer-term investment options, and provide another avenue for private firms to raise the capital they need to grow, thereby increasing demand for products offered by UK-based asset managers.

For wholesale services, **the government aims to ensure that firms operating in the UK can intermediate between businesses and wholesale markets globally in the most efficient way possible**.

The reforms set out in this Strategy will support firms in the UK to compete internationally and invest in the real economy. These reforms include:

- **Asking the FCA to report on the application of the Consumer Duty to firms primarily engaged in wholesale activity,** see page 13.
- **Taking significant steps to tailor the capital framework to focus on growth,** see page 14.
- **Setting a vision for digitalising UK wholesale markets**, publishing a Wholesale Financial Markets Digital Strategy (WFMDS), see page 42.
- **Continuing to tailor the UK's regulatory approach in areas that will have the greatest impact on UK market competitiveness**, including the Benchmarks Regulation, the Markets in Financial Instruments Directive, and the European Market Infrastructure Regulation, see page 41.



Insurance and Reinsurance Markets

The government's objective is to make the UK the location of choice for insurance and reinsurance, specifically complex and speciality insurance – in which the UK is a world leader.

The London Market, including Lloyd's of London, is a global leader and the premier destination to cover risks that can be difficult to insure in other markets – like marine, aviation, energy, innovative climate technology, and large infrastructure – and benefits from a deep pool of related expertise including brokers, lawyers, actuaries, and other professionals. However, the UK faces strong competition from other jurisdictions which currently have quicker or more agile approaches to regulation.

The attraction of the UK is also underpinned by the UK's vibrant professional business services sector, including legal services. For example, English and Welsh law governs the majority of the £80 billion of gross written premium in the London Market.[5] Its position as a global standard affords the financial services sector a competitive advantage and enhances the UK's global attractiveness as a place to do business.

The government will therefore double down on the UK's strengths in insurance by streamlining the regulatory burden insurers face. As well as wider reforms set out in this strategy, the government supports the action the regulators are taking to reduce friction and costs in insurance-specific regulation and ensure regulation is proportionate for large risks and innovative lines, including by:

- **Streamlining the product governance and fair value requirements for insurance firms.**
- **Reforming conduct requirements for commercial and bespoke insurance business**, supporting the FCA to remove unnecessary consumer protections when insurers serve large or specialist customers.
- **Introducing a streamlined regulatory approval process for Lloyd's of London managing agents**, working with the Society of Lloyd's, to reduce the timeframe for authorisation.

The changing global context over the next decade also presents particular opportunities for the UK's insurance sector as the global market for larger, emerging and specialised risks grows. The UK is a true world leader in these markets, and the government wants to support the sector in taking advantage of the trends of the next decade.

The government will therefore enhance the UK's global leadership in insurance for larger, emerging and specialised risks by:

- **Consulting on a more flexible risk transformation regime[6]:** including reforming the UK's Insurance Linked Securities (ILS) offer to ensure that insurance for evolving risk – such as climate and cyber risks – can access funding through capital markets.

- **Delivering a new, tailored framework for captive insurance:** making this method of self-insurance and risk management easier and more attractive to do in the UK, including through protected cell companies.
- **Championing the industry:** the government, alongside Lloyd's of London, will deliver an international event that showcases the London Market's strength and expertise in complex risks, alongside promoting the growth and export potential of innovative insurance and reinsurance markets.

Sustainable finance

The transition to a net zero, climate resilient and nature positive economy represents a significant growth opportunity and will require the significant mobilisation of private capital, as demand for sustainable finance products increases globally. The UK is the leading centre for sustainable finance, ranked first in the world for an eighth consecutive time in the Global Green Finance Index.[7] There is increasing demand for sustainable finance products globally, and this represents an opportunity to build on the UK's existing leadership.

The government is committed to maintaining the UK's position as a global leader in sustainable finance. This will support the government's wider growth and clean energy missions, facilitate better allocation of capital and build confidence across the market. The sustainable finance agenda also links to the government's action to mobilise private finance including through the creation of the National Wealth Fund and Great British Energy.

This Strategy sets out the government's plans to stabilise a streamlined regulatory framework for sustainable finance, prioritising efforts on policies that will have the greatest impact and enhancing the UK's position as the sustainable finance capital of the world so that the UK can lead the clean energy transition at home and abroad. This is supported by world leading initiatives to deliver a skilled workforce, such as the Sustainable Finance Education Charter.[8] This will allow the UK's sustainable finance sector to adapt and continue to develop the innovative products which have propelled the UK's sustainable finance leadership. The government is therefore:

- **Consulting on proposed next steps on the UK Sustainability Reporting Standards, the assurance of sustainability reporting, and how best to take forward the manifesto commitment on the development and implementation of transition plans that align with the 1.5°C goal of the Paris Agreement.** These are the core of the UK's sustainable finance framework and will enhance transparency and comparability and support the efficient allocation of capital to sustainable activities to drive the global transition to net zero. Further publications will follow, including from the FCA which intends to consult on how listed companies will adopt these standards, promoting international alignment and growth. The government is also mindful of the impact on SMEs. The Net Zero Council, the government's main advisory function supporting us in accelerating to net zero, is taking forward work to support SMEs to decarbonise while growing their businesses.

- **Building UK companies' capacity on nature through the UK Consultation Group of the Taskforce on Nature-Related Financial Disclosures.**
- **Ensuring that the Financial Policy Committee and Prudential Regulation Committee under the Bank of England support the government's approach to the net zero transition.** Alongside this, the government has already taken steps to ensure these Committees, as well as the FCA, continue to support the UK to lead the world in sustainable finance. The PRA is currently consulting on enhancing banks' and insurers' approach to managing climate-related risks.
- **Supporting the growth and integrity of the transition finance market and voluntary carbon and nature markets.** The government will respond later this year to the consultation on how to harness the opportunity presented by voluntary carbon and nature markets, and develop the existing UK ecosystem.
- **Regulating Environmental, Social, and Governance (ESG) ratings providers** to improve transparency and solve conflicts of interest. The government will bring forward legislation later this year.
- **Not proceeding with the development of a UK Green Taxonomy.** The consultation[9] on the value case for a UK Green Taxonomy showed that other policies were of higher priority to accelerate investment into the transition to net zero and limit greenwashing. Instead, the government will consider how it can best align the government's ambitious policies under our clean energy and growth missions to support investors to make investment decisions.

Endnotes

1 HM Treasury (2024), Financial Services Growth & Competitiveness Strategy, Call for Evidence
2 HM Treasury (2025), A new approach to ensure regulators and regulation support growth
3 The Investment Association (IA) (2024), Investment Management in the UK 2023-2024
4 HM Treasury, (2025), Alternative Investment Fund Managers Regulations Consultation
5 International Underwriting Association
6 HM Treasury (2025), Changes to the Risk Transformation Regulations
7 The Global Green Finance Index
8 Green Finance Institute, Sustainable Finance Education Charter
9 HM Treasury (2024), UK Green Taxonomy

2. Harnessing the UK's global leadership in financial services

The UK's historic strengths in global financial markets are built upon the UK's international openness and reach.

The government is committed to deepening trade, investment and partnerships between nations with shared interests. Action has already been taken by:

- The UK and EU agreeing to strengthen our relationship through the new UK-EU Strategic Partnership[1] and, in financial services, the government is committed to working together with the EU to mutual benefit.
- Progressing the UK-US Economic Prosperity Deal[2] which includes commitments that aim to increase digital trade, including in financial services.
- Through the UK's trade deal with India which will provide businesses with security and confidence to trade with the fastest growing economy in the G20.[3]

The world is changing rapidly, and the UK's global leadership in financial services has an important role to play in the stable and effective management of global economic transitions over the next decade. These range from the opening up of new markets as global demographics shift, to the transition to net zero which may present an opportunity of up to £200 billion for the UK's financial services sector by 2030.[4]

The government is therefore committed to retaining an open and connected financial services sector, and to working with the sector to seize the opportunities and to address risks as the world changes. The government will work closely with international partners and seek to attract international businesses to develop the financial products of the future that support the wider economy.

During the co-design process for this Strategy, industry noted that reinforcing the UK's position as an open financial services centre was central to being able to take advantage of future opportunities. Respondents highlighted that enhancing international partnerships and trade with other jurisdictions was vital to future competitiveness. Respondents also noted the importance of the government's broader Trade Strategy[5] adequately prioritising financial services, including in areas of growing importance such as cross-border data access and regulatory interoperability.

Approach

To seize these opportunities, the government will:

- **Enhance cross-border financial flows and access to global markets.** The government will achieve this by remaining an open, globally connected financial centre, underpinned by strong international partnerships, bilateral and multilateral cooperation.
- **Encourage overseas firms to invest in the UK economy.** The government will achieve this by prioritising financial services as part of its Trade Strategy and establishing policy that facilitates greater collaboration and safe market access.
- **Strengthen and champion the UK's international financial centre as a global good, and the location of choice from which to seize the opportunities of the future.** The government will achieve this by working with industry to advance the attractiveness of the UK on the issues of the future from cyber to climate, advance major new investment opportunities in sustainable infrastructure, and mobilise capital towards emerging markets and developing economies.
- **Uphold and shape international financial regulatory norms and standards.** The UK will continue to play a leading role internationally, including through international organisations and standard setting bodies, such as the Financial Stability Board. The government will be steadfast in upholding commitments to international regulatory standards, shaping any future reforms, and promoting interoperability between the UK and other countries where our regulatory frameworks deliver similar outcomes.

Interventions

Enhancing cross-border financial flows and UK access to global markets

From strong foundations, the government will double down on the UK's attractiveness as a globally open and connected financial services centre.

The government's Trade Strategy sets out how the UK will seek to strengthen its relationships across trading partnerships and enable UK firms to sell into rapidly growing markets, taking advantage of the UK's position as a services superpower. In the Trade Strategy the government has outlined its plans to maximise two-way trade in services, including by extending services market access, consulting with governments and businesses on expanding the UK's Economic Partnership Agreements to include services, and publicising the preferential service market access available to Least Developed Countries.

Through this Strategy, the government is taking steps to grow international partnerships in financial services and boost financial services trade by:

- **Maintaining strong relationships with advanced markets to encourage economic growth and innovation.** These relationships are underpinned by significant business ties, notably with the USA and EU – with whom the UK has £49 billion and £50 billion of annual financial and insurance trade respectively.[6] A further £62 billion is traded with a wide range of other markets.[7]

- **Deepening ties with emerging markets.** The government will invest in relationships with emerging markets, facilitating greater market access for UK firms and supporting the UK's position as an open, dynamic, and reliable financial services centre. HM Treasury is enhancing its relationships with China and India through ministerial-level Economic and Financial Dialogues, with the Gulf through deeper bilateral engagement, and complementing the government's trade negotiations with India and the Gulf Cooperation Council. These engagements are focused on liberalising measures and cooperation in areas such as capital markets, pensions, insurance, and sustainable finance. The government is also dedicated to unlocking long-term investment across emerging markets and developing economies, supported by the industry-led Emerging Markets and Developing Economies (EMDE) Investor Taskforce.[8]

- **Facilitating greater market access**, through negotiating legally binding Free Trade Agreements, with tailored financial services provisions, and more innovative, bespoke treaties like the Berne Financial Services Agreement.[9] The government will also use tools like Overseas Recognition Regimes to support the openness of the UK's financial services sector and facilitate cross-border financial services. The government will continue to work with industry to identify further opportunities to enhance market access and optimise mutual benefits with other jurisdictions.

The Berne Financial Services Agreement

The UK and Switzerland have a strong and long-standing relationship in financial services underpinned by a shared commitment to international standards and open, resilient markets.

The Berne Financial Services Agreement is a landmark approach and a symbol of what can be achieved through maintaining a strong financial relationship with our partners. The government hopes it will provide a blueprint for future mutual recognition agreements.

The Agreement uses outcomes-based mutual recognition, allowing financial services firms to provide certain services cross-border to wholesale and sophisticated clients, based on the high quality of each country's regulation. Firms only need to comply with their home country's regulation when operating cross-border, reducing duplicative requirements. While some existing market access arrangements are in place, the Agreement establishes a new model for regulatory and supervisory cooperation, enhancing stability and certainty.

The Agreement was signed in December 2023. The government is committed to implementing the Agreement by the end of 2025 and will lay the legislation needed to fulfil the UK's commitments this month.

Upholding and shaping international financial regulatory norms and standards

Building on its long history of leadership in the international financial system and commitment to fostering global economic cooperation, the UK will be steadfast in upholding its commitment to international regulatory standards and norms in the global financial system. This is a matter of good business – these rules provide the stability central to the functioning of the global economy and cross-border trade.

The UK recognises the important role of international bodies, such as the IMF, G7, G20 and standard setters, in upholding global financial stability. Agreement to create the Financial Stability Board at the London Summit in 2009 remains one of the G20's clearest successes. The government will continue working with the regulators and our international partners to play a leading role in these bodies and in doing so will continue to shape international financial regulatory standards to support global financial stability, reduce regulatory arbitrage and provide a cohesive global regulatory landscape. This will contribute to ensuring that standards in the UK and beyond are proportionate and promote economic growth. The Financial Stability Board has appointed the Bank of England's Governor, Andrew Bailey, as its Chair – demonstrating the leading role the UK plays in these forums.

The UK will also continue to play a leading role in multilateral forums and groupings, such as the World Trade Organisation and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.

Encourage overseas firms to invest and trade in the UK economy

The core objective of this Strategy is for the UK to be the global location of choice for financial services firms to invest, innovate, grow, and sell their services throughout the UK and to the world.

That is why the government is taking forward specific policies in response to the barriers and opportunities identified through the Call for Evidence to facilitate greater collaboration and market access. Specifically, the government is:

- **Establishing the Office for Investment: Financial Services:** a new, dedicated concierge service to guide and support international investors looking to establish or grow a presence in the UK's financial services sector. The Office for Investment: Financial Services will support firms by making it easier for them to navigate the UK regulatory landscape and broader barriers to entry, with a focus on firms in the five priority growth opportunities, while remaining open to high-value opportunities across the sector.
- **Announcing the implementation of Overseas Recognition Regimes (ORRs).** The government has published a guidance document alongside this Strategy setting out the detail on a new, harmonised approach to the UK's regulatory recognition of overseas jurisdictions. The government will continue to explore future opportunities to support the openness of the UK's financial services sector and facilitate cross-border services through the implementation of ORRs.

In Depth – Office for Investment: Financial Services

The government will launch a new, dedicated concierge service to guide and support international investors looking to establish or grow a presence in the UK's financial services sector. This unique service will be a true public-private partnership between HM Treasury, the Office for Investment, the FCA, the PRA, and the City of London Corporation.

The service, which will sit within the Office for Investment, will act as a single front door to attract international financial services firms to the UK, providing regulatory and wider business support.

The regulatory support function will include secondees from both the FCA and PRA to guide firms in navigating and understanding the UK's financial services regulatory processes. The service will also include secondees from the City of London Corporation and industry, working alongside civil servants, to provide wider business support. This will include navigating broader barriers associated with establishing and operating in the UK, including support with visas, skills, tax and planning.

Formally launching by October, the service will proactively promote all UK nations and regions as investment destinations and target the world's most innovative, fast-growing and highest quality financial institutions. To achieve this, it will have a physical presence in Whitehall, the City of London, and UK regions.

Champion the UK's international financial centre as a global public good, to seize the financial services opportunities of the future

To remain a world-leading financial centre, the government must look ahead, in partnership with industry, to the global challenges and opportunities of the future where financial services can play a vital role.

Conflicts overseas have the potential to undermine the security and prosperity of the UK. The strength and depth of the UK as a financial centre provides a unique opportunity to work with the industry to shape and strengthen international security and industrial collaboration with the UK's allies and partners. Financial institutions are already major investors in defence companies. However, to further crowd-in finance, the government will work with the new Defence Investors' Advisory Group[10] to look at the entire spectrum of defence companies, from start-ups through to primes. The Group will provide recommendations to the Defence Secretary on how barriers to defence financing can be removed while making the sector more attractive for private investment.

The global transition to net zero also presents a significant opportunity, where the UK financial services sector can support countries and industries around the world to invest.

The government will use its international networks to support the UK's position as a global sustainable finance hub, attract business and mobilise capital towards emerging markets and developing economies. The government is committed to further bilateral and multilateral engagement, and to supporting capacity building.

The government will also build on the UK's global leadership in sustainable finance, where the UK drew together over forty jurisdictions and organisations to support the creation of the International Sustainability Standards Board at COP26 in Glasgow in October – November 2021. This work includes initiatives which bring together private sector stakeholders and government such as the EMDE Investor Taskforce which is exploring actions to address the barriers to greater investment for climate transition in EMDEs, and the London Coalition on Sustainable Sovereign Debt, which will promote more resilient sovereign debt structures that support long-term investment in developing economies.

The UK government is prioritising the growth of the transition finance market to seize the opportunities for UK financial services firms, and support decarbonisation. Building on the Transition Finance Market Review (TFMR)[11], actions the government is taking to support this include:

- **Working closely with the Transition Finance Council to drive momentum to expand the transition finance market.** The Council has launched working groups on credibility, governance, and scaling finance, and will consult on industry-led guidelines for credible transition finance ahead of COP30.
- **Supporting the FCA, in partnership with the PRA and the Green Finance Institute (GFI), to spearhead a transition finance pilot** – an innovative way to engage with the market on practical matters relating to scaling transition finance.
- **Reforms to unlock DC pension investment in transition assets**, including following the Pensions Investment Review.[12]

- **Through the Coalition to Grow Carbon Markets, launched at London Climate Action Week in June 2025,**[13] **the government is supporting the growth of voluntary nature and carbon markets to drive forward investment in net zero.**

A key recommendation of the TFMR was for the government to establish a Transition Finance Lab to design, develop and test innovative financial structures to accelerate sector-specific decarbonisation. The government has taken several steps to address this, including through:

- **The GFI advancing work aligned with a Transition Finance Lab**, with workstreams driving innovation, often in close collaboration with the government.
- **Launching the National Wealth Fund with additional capital, risk appetite, and resources** to proactively explore blended finance solutions. **The government also increased the British Business Bank's (BBB) financial capacity to £25.6 billion, enabling a two-thirds increase in investments.** As a result, the BBB will commit an additional £4 billion of capital to support investment and growth in the IS-8.
- **HM Treasury's Strategic Public Investment Forum** to ensure public financial institutions coordinate effectively to deliver investment in key areas. Public financial institutions will continue to engage with the Transition Finance Council.
- **The government's Net Zero Blended Finance Project, based in the Department for Energy Security and Net Zero, has built capacity to explore innovative blended finance for net zero,** working with public finance institutions and UK Government Investments (UKGI), and collaborating on approaches to ensure more private sector involvement in the design of catalytic finance interventions. It will now work proactively with GFI and others in the private sectors on innovative financial structures for the clean energy mission.
- **UKGI supporting departments in identifying, designing, and implementing innovative financial solutions to policy problems** via the Corporate Finance function and the expanded Financial Instruments and Transactions Advisory Group (FInTAG). This will boost the ability of government and public finance institutions to design flexible, catalytic financing interventions to leverage private investment.

Endnotes

1 UK-EU Strategic Partnership

2 UK-US Economic Prosperity Deal (EPD)

3 Department for Business & Trade (2025), UK-India trade deal: conclusion summary

4 McKinsey Sustainability, Opportunities for UK businesses in the net-zero transition

5 Department for Business & Trade (2025), The UK's Trade Strategy

6 ONS, UK trade in services: service type by partner country, non-seasonally adjusted

7 ONS, UK trade in services: service type by partner country, non-seasonally adjusted

8 The Institutional Investors Group on Climate Change, EMDE Investor Taskforce

9 HM Treasury (2023), The Berne Financial Services Agreement

10 Ministry of Defence (2025) The Strategic Defence Review 2025

11 Department for Energy Security & Net Zero and HM Treasury (2023), Transition Finance Market Review

12 HM Treasury (2025), Pensions Investment Review: Final Report

13 Voluntary Carbon Markets Integrity Initiative

3. Embracing innovation and leveraging the UK's Fintech leadership

The UK has a long history as a powerhouse of financial services innovation. In recent decades, advances in digital technology have had a transformative effect on how consumers and businesses in the UK interact with the financial services sector. This has included developments like pioneering the world's first Open Banking initiative which put choice at consumers' fingertips, and establishing a near-instant digital payments system (Faster Payments). This culture of innovation, combined with traditional strengths in financial services, has made the UK one of the most attractive locations globally to establish Fintechs. The UK Fintech sector attracted $3.6 billion in investment in 2024 – second only to the US.[1]

In response to the Call for Evidence, firms welcomed the dynamism of the UK as a place to do business, but noted that as global competition has intensified, the UK needs to do more to enhance its offering as a place to innovate. Respondents noted specific opportunities and challenges in financial services, including those arising from the sector increasingly becoming a digital services industry over the next decade, and the need for government and regulators to provide certainty in the regulatory approach to new technology alongside a rounded vision to support the sector innovating.

Approach

The government's vision is for the UK to be the world's most technologically advanced global financial centre, remaining a leading jurisdiction for Fintech firms to start up, scale and list. The government will therefore deliver the environment necessary for firms to invest and innovate with confidence so they can develop, scale and sell the financial services products of the future, by:

- Prioritising the IS-8 sectors, including financial services, in cross-government support for innovation.
- Removing financial services-specific barriers that hold back innovation across the sector, working closely with the regulators to ensure regulatory regimes support the emergence of disruptors, and to incentivise technology adoption right across the sector.
- Acting with industry on areas where specific interventions are needed to address clear market failures – for example, to remove barriers to entry for innovators or to plug gaps in access to scale-up finance.

Interventions

Economy-wide support for innovation

As set out in the Industrial Strategy, the UK's advantages as an innovation powerhouse are clear. However, more can be done to use the strategic power of the state to foster innovation and make the UK an attractive place to do business.

The government is tilting cross-economy support for innovation towards sectors across the Industrial Strategy by:

- **Focusing UK Research and Innovation (UKRI) Research & Development (R&D) funding on priority areas, including financial services.** UKRI will focus support on the IS-8, by pivoting its programmes and budgets towards research and innovation priorities, including in financial services. This will support financial services firms to use cutting-edge research to innovate and provide new services.
- **Making the UK the best place in the world to invest in AI**, to harness its transformative power for the economy. The government is creating an AI-ready economy, through better AI infrastructure, access to data, pro-innovation regulation and the development and attraction of elite AI talent. To help position the UK as a global leader in AI adoption and innovation in financial services, the government will also work with industry, UKRI and Innovate UK to identify the best opportunities to increase AI R&D funding into financial services.

- **Delivering a step change in government-backed access to finance** to make the UK the best place to scale a business. The government has announced £4 billion of additional capital lending to Industrial Strategy sectors by the British Business Bank (BBB), providing finance for start-ups and scale-ups to grow and provide innovative products that help consumers.
- **Investing in Data Sharing Infrastructure Initiatives**, learning from international practices, where up to £12 million will be invested in UK Data Sharing Infrastructure Initiatives from April 2026. Financial services businesses will be able to adopt these approaches and receive guidance, lowering costs and improving their ability to harness data from different sectors.

Enabling financial services firms to innovate in the UK

The government will also take a proactive approach to removing the barriers to investment that financial services firms face in the UK and recognises there are areas where support for innovators and founders can improve UK competitiveness.

The government will convene industry and regulators to support the UK's world-leading Fintech firms to scale-up. This will include:

- **Welcoming the City of London Corporation and the British Business Bank facilitating greater access to finance and commercial opportunities for fast-growing Fintech firms.**[2] They will work closely with industry groups across the UK to bring together Fintech firms, investors and stakeholders from across the broader ecosystem, domestically and internationally, to enable innovative Fintech firms to access the investment and network of commercial opportunities they need to scale-up.
- **The FCA and PRA launching a Scale-Up Unit to enhance engagement with fast-growing, innovative regulated firms.** This will build on the FCA's and PRA's work to support early-stage innovative firms, including through the joint FCA and PRA New Bank and Insurer Start-up Units, as well as the FCA's Innovation Pathways and Early & High Growth Oversight function. The regulators will also support firms to build their understanding of regulatory requirements as they scale and ensure clear points of contact to facilitate timely responses to queries and access to relevant technical or specialist support, including as firms apply for new regulatory approvals, such as internal models for credit risk (see page 15).

The government is also taking further action to enable innovation, by:

- **Working with the regulators to make it quicker and easier for new firms to achieve regulatory authorisation**, allowing them to conduct limited regulated activities with streamlined conditions. (see page 13).
- **Accelerating progress on Open Finance and Smart Data.** The FCA will launch a Smart Data Accelerator, which will facilitate the testing of use cases, encourage the development of solutions, and help shape regulatory policy for Open Finance. The accelerator will drive progress on the Smart Data initiative, which the Centre for Finance, Innovation and Technology (CFIT) has shown to have significant potential in improving access to finance for SMEs.[2] The government will work closely with the FCA to

set out their Open Finance roadmap by March 2026. This will complement measures to support access to finance set out in the forthcoming Small Business Strategy, being delivered by the Department for Business and Trade.

- **Modernising payments assimilated law.** The government will take forward work to modernise and future-proof the legislative framework for the regulation of payment services and e-money, delivering a more agile and responsive regulatory environment that promotes innovation in the UK payments sector. This includes responding to developments like tokenised payments instruments (such as stablecoin).
- **Enable the widespread adoption of digital identity to reduce the costs of fraud and compliance.** Trusted and secure digital verification services for individuals (personal digital ID) is expected to boost the economy by £4.3 billion by 2034, with the financial sector likely to be one of the biggest beneficiaries. The government, led by the Office for Digital Identities and Attributes (OfDIA), will continue to work closely with regulators to help industry realise these benefits. For example, the Data (Use and Access) Act established a statutory footing for personal digital ID, and the forthcoming response to HMT's consultation on improving the effectiveness of the Money Laundering Regulations (MLRs) will seek to inform and reassure financial institutions seeking to use personal digital ID for Anti-Money Laundering (AML) checks.
- **Appointing an AI Champion in financial services.** The Champion will be a catalyst for the adoption and innovation of AI in financial services, with a focus on asset management and wholesale services, insurance and re-insurance, and capital markets including retail investment – three of the priority growth opportunities in this Strategy. The champion will be focussed on how AI can drive growth in financial services, including by improving consumer outcomes.
- **Creating a digital library of regulatory guidance.** The Regulatory Innovation Office (RIO), working with the Digital Regulation Cooperation Forum, will help firms, including AI innovators better navigate digital regulation by developing a new one-stop shop to access all the guidance they need in one place.[3]

The government understands the remaining importance of face-to-face banking for communities, businesses, and high streets, as well as embracing the opportunities that innovation brings. This is why the government remains committed to working closely with industry to roll out 350 banking hubs across the UK. The UK banking sector has committed to deliver these hubs by the end of this Parliament.

Payments

Through the National Payments Vision, the government set out its ambitions for the UK's world-leading payments sector. The government is taking steps to support the growth of the sector – strengthening the foundations to support industry innovation and enable the UK to seize the transformative benefits of next generation technologies.

The government wants a secure, innovative and competitive payments and settlement landscape, supporting interoperability between existing and emerging forms of digital money. To deliver this, the government and UK authorities are taking a multifaceted approach – with actions to create a more agile regulatory environment, enhance the retail payments ecosystem, and support the digitalisation of wholesale financial markets. This includes:

- **Consolidating the Payment Systems Regulator (PSR) within the FCA** – the government will consult on integrating the PSR's objectives and functions within the FCA to streamline the regulatory landscape and reduce duplication.
- **Modernising and future-proofing the legislative framework for the regulation of payment services and e-money**, including responding to developments in tokenised payment instruments.
- **Establishing – via the Payments Vision Delivery Committee – an innovative new model to design and deliver the next generation of retail payments infrastructure.** Through this model, the authorities will set the overall strategy for the infrastructure and empower industry to deliver it.
- **Continuing exploration of a digital pound**, the UK's potential retail central bank digital currency, supporting innovation and competition in payments.
- **Creating a regulatory framework for stablecoins** in recognition of their potential to transform retail and cross-border payments, as well as wholesale settlement.
- **Enabling Distributed Ledger Technology (DLT) based settlement in central bank money on private platforms today** through the use of innovative Bank of England omnibus accounts.
- **Adding new functionalities to the Real Time Gross Settlement service** – including the ability to settle near 24/7 and a synchronisation functionality that will facilitate interaction with external ledgers, including those on DLT.
- **Advancing work on tokenised settlement instruments**, including through exploring the use of stablecoins for settlement in the Digital Securities Sandbox and by seeking to provide greater clarity on tokenised deposits.
- **Cooperating with international partners** to support cross-border activity and secure global leadership – including engaging with the US to support the use and responsible growth of digital assets cross-border, as well as supporting the G20 cross-border payments roadmap and engaging internationally through experiments like Project Agorá.[4]

The National Payments Vision committed to bring forward a Payments Forward Plan by the end of this year. This will set out a sequenced plan of initiatives across the payments ecosystem including initiatives in both retail and wholesale payments, and the role of digital assets.

Endnotes

1 Innovate Finance (2025)

2 City of London Corporation (July 2025)

3 Regulatory Innovation Office (July 2025)

4 Bank for International Settlements (2024), Private sector partners join Project Agorá

4. Building a retail investment culture and delivering prosperity through UK capital markets

The UK's deep capital markets are a huge strength of the UK's financial services sector and a major asset to the UK economy.

The UK is home to the world's largest international bonds, foreign exchange, and over-the-counter derivatives markets.[1] Despite global headwinds, London continues to have the largest and deepest equity capital market in Europe, with a truly global and diverse issuer and investor base. Alongside that, the UK continues to be a hub for growth capital, with UK growth markets providing funding opportunities for thousands of small and mid-size companies.

The continued and future successes of the UK's capital markets are critical to attracting other high value financial services activity to the UK and to delivering the government's headline vision in this Strategy. **The government is therefore committed to defending and boosting the competitiveness of the UK's capital markets over the next decade.**

The UK's capital markets support businesses across the economy to raise the capital they need to drive innovation and growth, attracting British businesses to start, scale, and list in the UK. They also ensure companies can conduct their businesses effectively and efficiently, and hedge risk. The government particularly wants our capital markets to support our ambitions for the IS-8.

Finally, UK markets benefit everyone by allowing people to share in the success of UK companies through investment. The government recognises, however, that the UK currently has the lowest rate of retail investment in the G7[2] and wants to address this to raise living standards and to ensure everyone is empowered to make the choices that work for them in how they hold their money.

Approach

The government has already made great strides to deliver on these areas.

To bolster the competitiveness of UK markets, the government, together with the regulators, have undertaken a significant programme of regulatory change, widely supported by industry over the past few years, including:

- **An ambitious modernisation of the UK's listing rules** to bring the UK into line with international best practice.
- **Improving liquidity for UK listed companies** by removing protectionist and restrictive rules on how and where trading could happen.
- **Lowering costs and cutting bureaucracy** for listed companies going through secondary fundraisings.
- **Improving the quality and quantity of investment research** in the UK by abolishing the much-criticised unbundling rules.
- **Allowing assets to be priced and traded efficiently and effectively**, while maintaining high standards, through an ongoing and radical overhaul of our capital markets rules in the Wholesale Market Review.
- **Responding to business concerns by making the UK Corporate Governance Code** more streamlined, proportionate, and fit for purpose, and lifting accounting and reporting rules for the smallest companies.

Taken together, these changes have made the UK's regulatory regime for listings as competitive as any other leading jurisdiction. More broadly, our capital markets remain world leading and on a par with New York.

Alongside this, the Advice Guidance Boundary Review will deliver the biggest changes to the financial advice and guidance marketplace in a generation.

However, further change is needed.

Following consideration of feedback from the Call for Evidence, and working in close partnership with industry, the government has identified three key issues:

- First, many consumers hold excess cash[3] which, if sensibly invested, could offer them greater returns in the long-term. Missing out on these returns is detrimental to people as well as the wider economy. Greater retail investment would also in turn support UK capital markets and the firms listed on them.
- Second, there is much to do to improve access to growth capital and scale-up finance in the UK.
- Finally, over the course of the next decade, new technologies and digitalisation will transform global markets, and offer new opportunities to improve market efficiency and resilience.

The government's priorities are therefore to:

- Address long-standing risk aversion to retail investment, to the benefit of UK citizens, UK capital markets and therefore the wider economy.
- Ensure our capital markets support British businesses to raise the capital they need to grow and invest, including by increasing liquidity.
- Position ourselves for the future and retain the strength of UK capital markets, including by driving forward the digitalisation of UK markets.

Interventions

Address risk aversion to retail investment, to the benefit of our citizens, markets and wider economy

The government recognises that driving the creation of a vibrant investment culture can benefit consumers, no matter how big or small their savings pot. Investing should not be the preserve of the wealthy.

For too long, lengthy risk warnings and a tangled system of financial advice have made it too hard for consumers to even begin to decipher their options. This has resulted in consumers choosing to save by cash as a default rather than an active choice.

The biggest change the government can make to support retail investment is to enable consumers to access the support they need to take advantage of the opportunities provided by investing – whether in the UK or elsewhere.

The government will therefore:

- **Work with the FCA to roll out targeted support for consumers by ISA season 2026.** This represents the biggest reform of the financial advice and guidance landscape in more than a decade and will represent a step change in the support that consumers receive to invest.

- **Support an industry-led campaign promoting the benefits of retail investment to consumers**, including the value of investing to the economy we all live in. This multi-year, multi-channel campaign will ensure the value of targeted support can be fully realised by retail investors.
- **Move Long-Term Asset Funds from the Innovative Finance ISA to the Stocks & Shares ISA from April 2026**, so that more people can access longer-term investment options. This reflects the government's aim to ensure that those who have the ability to put away money for the long-term have access to a range of products that enable them to do so.

To ensure consumers get better balanced information on investing, the government and the FCA will **support industry-led action to move towards informing, rather than warning, consumers about the benefits and risks of investing**.

Ensure UK capital markets support British businesses to grow and invest

The government will prioritise policy changes that support businesses to start, scale, list, and stay in the UK, with capital markets playing a vital role. This builds on the ambitious pension reforms government is delivering to encourage investment in UK private assets, and improve the scale-up ecosystem.

The government has set out its wider approach to supporting investment in innovative firms in the Industrial Strategy, delivering more than £4 billion of new funding to the IS-8 to fund innovation in our priority sectors. UK capital markets provide a vital channel for firms to raise the capital they need to support their growth ambitions.

The government is committed to ensuring that our markets continue to deliver for firms and investors, supporting firms across their growth journeys between private and public markets. This complements wider work led by the Department for Business and Trade across the access to finance agenda.

The government, together with the FCA, has already undertaken significant reforms to ensure UK capital markets deliver for British businesses, and there are improvements still to come. Together, the government and regulators are delivering:

- **Final rules overhauling the UK's Prospectus Regime, with the new regime going live from early 2026, significantly simplifying the listing and capital raising process for firms of all sizes.** The government strongly supports the FCA's final rules, which will ensure firms can efficiently list and raise the capital they need to grow, and provide investors with better, more relevant information.
- **An ongoing programme to implement reforms to wholesale markets**, with an update published by the FCA today ensuring UK markets are best placed to support businesses not only to raise capital, but to use markets to manage risk and conduct their businesses effectively and efficiently.
- **The Private Intermittent Securities and Capital Exchange System (PISCES), a new stock exchange for private company shares**, which will support private companies to scale, list and grow. The FCA opened applications for new PISCES operators in June 2025.

- **A tailor made regulatory approach for the UK in areas that will have the greatest impact on the competitiveness of UK capital markets**, where there are clear opportunities to improve regulation, reduce costs on business and eliminate unnecessary red tape. The government will do this by continuing to review and reform the Markets in Financial Instruments Directive framework, in partnership with the FCA, and reforming the Benchmarks Regulation to reduce the burden on UK firms. The government will also prioritise reforms to over-the-counter derivatives in the European Market Infrastructure Regulation, to support healthy and robust UK markets. These reforms will follow on from the publication of draft reforms to the UK's regulatory regime for central counterparties which are being published this week. The FCA will also publish an engagement paper on potential reforms to the market risk framework for the Investment Firms' Prudential Regime (IFPR) by the end of the year and launch a consultation in 2026.

The government will also establish a **Listings Taskforce** to support businesses to list and grow in the UK. HM Treasury will work in partnership with the Office for Investment, and industry, to ensure the UK attracts the best and brightest businesses from around the world, and right here in the UK, to list on UK markets.

In addition, the government expects the change set out above to move Long-Term Asset Funds from the Innovative Finance ISA to the Stocks & Shares ISA will provide another avenue for private firms to raise the capital they need to grow.

Pensions Investment Review

UK pensions providers manage over £2 trillion in assets, with workplace defined contribution (DC) schemes and the Local Government Pension Scheme (LGPS) set to grow in the years to come. The Pensions Investment Review, which has now concluded, committed to take forward reforms enabling greater productive investment and improving saver returns. These included:

- Minimum scale and investment sophistication requirements for DC schemes, and requirements for LGPS assets to be consolidated into pools. This will improve investment capabilities and free up more capital for investment in business and infrastructure.
- Greater asset allocation transparency for DC Schemes. The value for money framework will require extensive public disclosures. Ahead of its introduction, the Pensions Regulator and the FCA have decided to launch a joint data collection exercise.
- A time-limited reserve investment power to set asset allocation targets for DC schemes. This will address the collective action issue holding back private investment, and support the ambitions of the Mansion House Accord.

These reforms are being implemented through the Pension Schemes Bill.[4]

Position ourselves for the future, including by driving forward the digitalisation of UK markets

Finally, the government wants to ensure it is focused on the future and that the UK is harnessing the potential of new technologies to drive change. Supporting the digitalisation of UK markets is critical to ensuring their future competitiveness.

The government is therefore:

- **Publishing a Wholesale Financial Markets Digital Strategy (WFMDS)**[5], which sets a vision for digitalising UK wholesale markets. Through the WFMDS, the government, working with industry, will use technology to optimise and transform our markets, reducing inefficiencies and allowing markets to better serve the real economy. The WFMDS will enable a step change in efficiency, and also support a fundamental reimagining of the way financial markets operate, supporting new forms of asset issuance, transfer and ownership. The WFMDS sets out how the UK intends to make progressive improvements to drive efficiency and remove frictions in our wholesale markets, such as by removing paper, automating processes and using data better. It outlines how the UK will apply technologies to fundamentally reimagine and transform wholesale markets, in particular by adopting blockchain/distributed ledger technology and other technologies such as AI. Finally, the government will appoint a Digital Markets Champion to deliver digitalisation, and to work with industry leads from other jurisdictions to develop a global approach.

- **Publishing and responding to the final report of the Digitisation Taskforce**, which sets out a staged approach to removing paper share certificates and modernising the UK's shareholding framework. The government has accepted the recommendations in the report, which will deliver a more coherent shareholding system and reduce costs for firms while ensuring that shareholders can exercise their rights effectively and efficiently.
- **Issuing the first remit letter from the Chancellor to the Financial Market Infrastructure Committee of the Bank of England.**[6] This new remit letter confirms that the Bank of England should have a strong focus on facilitating innovation as it regulates financial market infrastructure firms, helping to create a more dynamic, efficient, and increasingly digitalised UK financial services sector that can support UK economic growth.

Endnotes

1 State of the sector: Annual review of UK financial services 2024
2 Aberdeen (2025), Tell Sid and tell him again
3 FCA (2024), Financial Lives Survey
4 Pensions Schemes Bill
5 HM Treasury (2025), Wholesale Financial Markets Digital Strategy
6 HM Treasury (2025), Recommendations for the Financial Market Infrastructure Committee

5. Set the UK's financial services sector up with the skills and talent it needs

The UK's financial centre has long attracted the brightest and best global talent. Continuing to attract the right talent and develop the right skills over the coming decade will be fundamental to the government's aim to ensure the UK is once again the global location of choice for financial services firms to invest, innovate, grow, and sell their services throughout the UK and to the world.

The government's co-design process with industry reinforced that the UK's depth of talent and culture of innovation are a draw for global firms. Employers cited the quality and diversity of the UK workforce as a historic and sustained source of global advantage that delivers wide-ranging benefits to the broader economy.

Reflecting the long-term focus of this Strategy, respondents' central message was the vital importance of the UK's talent base keeping pace with rapidly evolving business models. The global skills economy is competitive, and firms noted that financial services and the wider business environment in the UK must continue to attract and retain highly mobile talent, both domestic and international, and ensure a greater supply of digital and technology skills, including through upskilling and reskilling.

Approach

The government will always ensure that financial services firms choosing to locate in the UK have access to the highly skilled top talent they need to thrive.

Partnership between the sector and government will be critical to achieving a skills and talent base that underpins the ongoing innovation, global leadership and competitiveness of the UK financial services sector. Employer spending on training across the economy has fallen in recent years[1] and, through a wide range of initiatives, the government intends to reverse this trend and support increased levels of employer investment in skills in financial services. The government's approach will be driven by data and insights from employers, public authorities, the education and training sector, and trade unions to deliver a more cohesive skills system at national, regional and local levels. Skills England will play a critical role in addressing systemic issues by bringing coherence, simplifying the landscape, and mobilising employers and other partners to co-create solutions to meet national, regional and local skills needs.

Interventions

Attracting the best global talent

Across the Industrial Strategy, the government is taking a coordinated approach to skills and talent – aligning the skills system, employment support, and migration policy to deliver for the IS-8. As education policy is devolved, the government will partner with the devolved governments to align approaches on shared skills priorities in the financial services sector.

In financial services, the government recognises the importance of attracting the very brightest and best and is doubling down to attract top international talent.

To ensure financial services firms locating in the UK have access to the best talent from across the world, the government will:

- **Widen access to the visa routes that enable high skilled talent to work in the UK.** The government will simplify and improve the Global Talent visa, making it easier for exceptional individuals to access and bring their skills and ideas to the UK. The government will expand the eligibility of the High Potential Individual visa and explore reform of the Innovator Founder visa to support the access of entrepreneurial talent.

- **Support business by streamlining the visa process and doubling the number of workers allowed under the Expansion visa.** The government remains committed to working closely with industry to refine short-term business mobility pathways, while also increasing the domestic talent pipeline through targeted investment in upskilling and reskilling.
- **Establish the Labour Market Evidence Group.** In the Immigration System White Paper[2], the government committed to establish this Group, which will bring together evidence to support an integrated, analytical approach to labour market policies, including on immigration and skills strategy across the economy. It will comprise the Migration Advisory Committee, the Industrial Strategy Advisory Council, Skills England, the Devolved Governments, and the Department for Work and Pensions.
- **Set up a new Global Talent Taskforce.** This will provide a concierge service for top talent, using the UK's international network and diaspora to connect with elite individuals, facilitate a smooth transition into the UK and identify improvements to the government's offer to make the UK a natural destination for talented individuals, including entrepreneurs, investors and top tier managers. The government committed to setting up this Taskforce in the Industrial Strategy.

The measures to streamline the Senior Managers and Certification Regime, set out on page 13, will also enhance the UK's attractiveness to top global talent, making it quicker and easier to bring in talent from overseas while maintaining high standards.

Alongside these reforms, the FCA will review whether its remuneration rules for asset managers and many investment firms remain appropriate, and the PRA plans to finalise its new remuneration framework this year so it can be used in future bonus rounds.

Working in partnership with the sector to deliver skills for the future

The government will develop the skills system to ensure the workforce is equipped to lead the way in innovation and to adopt technologies effectively as roles digitise.

To strengthen investment in skills and to improve the performance of the skills system, the government will:

- **Support the development of a sector skills compact for financial services[3].** The Financial Services Skills Commission (FSSC), working with TheCityUK and the City of London Corporation, will develop a sector-led compact that will accelerate progress and ensure a financial services sector that has the skills to thrive in the future. The compact will be targeted, meaningful and ambitious, and will set out specific actions for signatories to address skills gaps. The challenges the sector faces must be addressed by industry and government working together, and the long-term support of government will be a key enabler to achieving the intent of the compact.

- **Commission the FSSC to produce a report on AI skills needs, training and innovation in financial services.** This will involve substantial research, working with Skills England, to analyse and recommend how the skills system can drive growth and productivity by supporting the adoption and innovation of AI and other disruptive technologies in financial services.
- **Build on the findings of the Technology Adoption Review**[4], and work to keep financial services skills fit for the future and help to unlock the benefits that growth-driving technologies present – including by working with the FSSC and supporting collaboration amongst universities, other post-16 education and training institutions, and industry.
- **Deliver more flexibility to employers and learners.** This is a crucial issue for recruitment, upskilling and reskilling. The government will work with Skills England and industry to develop its growth and skills offer, including new flexibilities from August 2025, including shorter duration apprenticeships and short courses in priority areas from April 2026.
- **Improve growth by enabling young people to build skills and increase their income.** The government is supporting young people into priority sectors through new foundation apprenticeships and £1.2 billion of additional investment per year in skills by 2028-29.[5] This includes funding every year for up to 1.3 million 16-19 year olds and 65,000 additional learners to access high quality education and training. The government will publish plans for skills system reform as part of its Post-16 Education and Skills Strategy.

The government will also support employers to draw on the national network of Jobcentres, which provide employment support to millions of customers across the UK, many of whom hold degree level qualifications. It will do this alongside delivering the reforms set out in the Get Britain Working White Paper,[6] including creating a new jobs and careers service that will enable everyone to access support to find good, meaningful work.

Diversity and inclusion in the financial services sector

Workforce diversity is critical for supporting the growth of the financial services sector, and the government welcomes evidence-based initiatives in the sector to remove barriers to inclusive recruitment, retention, and progression. This includes effective action to support diversity and inclusion in the sector, including offering flexible working options. Further inclusive practices will include continued support for initiatives by UK Government-appointed Disability and Access Ambassadors.

Additionally, HM Treasury's Women in Finance Charter seeks to improve the representation of women in senior positions in UK financial services, thereby improving the sector's productivity, competitiveness, innovation, and ultimately driving economic growth. Nearly 450 financial services firms are signed up to the commitments of the Charter, together employing 1.3 million people.

Charter signatories have increased their female representation in senior leadership to 36% on average in 2024, up from 27% in 2016. This is an average annual increase of 1%. At this pace, the sector will not reach an average of parity until 2045. The government's objective is for the Charter to see average annual increases of more than 1%, to deliver faster progress on achieving gender parity in UK financial services.[7]

Endnotes

1 IFS, Investment in training and skills: Green Budget 2023

2 Home Office (2025), Restoring control over the immigration system: white paper

3 HM Treasury (2025), Financial Services Skills Compact

4 Department for Business & Trade, Department for Science, Innovation & Technology, HM Treasury (2025), Technology Adoption Review

5 Universal Credit statistics, 29 April 2013 to 10 April 2025 – GOV.UK

6 Department for Work & Pensions (2024), Get Britain Working White Paper

7 HM Treasury (2016), Women in Finance Charter

6. Realising the economic potential of financial services clusters

Unleashing the full potential of the UK's cities and regions is a core objective of the government's Industrial Strategy. The financial services sector has a central role to play in delivering this objective: it provides 1.2 million jobs, many of whom work within financial services clusters across the country, from growing Fintech clusters in Leeds and Manchester to the long-established asset management hub in Edinburgh.

The government is committed to ensuring that the UK's highly productive financial services sector supports growth right across the UK. By concentrating in clusters, financial services firms can more easily access talent, including specialist skills, draw on networks, 'knowhow' and infrastructure, and contribute to local economies through investment. Clusters provide the scale and differentiation across the UK to maximise these benefits to local economies, bolster the UK's comparative advantage and strengths as a financial centre, and improve the overall resilience of the economy.

Industry responses to the government's Call for Evidence set out the importance of factors such as access to a skilled workforce, transport networks, and availability and cost of office space and housing in determining where in the UK to set up and operate.

During the co-design process, the government worked closely with the Mayoral Strategic Authorities (MSAs) that have identified financial services as a local growth priority sector, and with the devolved governments, to identify opportunities for financial services growth across the UK. Stakeholders were clear that capitalising on existing regional strengths and financial services clusters is key to maximising the benefits to regional economies of growth in the financial services sector.

How the government is supporting financial services clusters

The Industrial Strategy sets out how the government is concentrating efforts to support city regions across the UK – the engines of the modern economy, particularly in knowledge-intensive sectors like financial services. In doing so, the government aims to build on the financial services strengths of London, which sits at the centre of our world-leading financial services ecosystem, and leverage this national strength and synergies with financial services clusters right across the UK to support inclusive growth throughout city regions across the UK which have enormous potential but face barriers to growth.

In response to the Call for Evidence, industry was clear that improved infrastructure was essential for growing financial services clusters across the UK. The Industrial Strategy set out how government will deliver this – through changes to the National Planning Policy Framework to accelerate infrastructure delivery and house-building, and through investment in major transport projects. This includes improving rail connectivity across the North of England through the TransPennine Route Upgrade, investing £445 million to enhance rail networks in Wales, and delivering HS2 to provide faster, more frequent and more reliable rail services between London and Birmingham. The government is further investing £15.6 billion in Transport for City Regions settlements, which will improve transport connectivity, including in city regions with significant financial services clusters. In Greater Manchester, £2.5 billion of funding will support Metrolink extension and the Bee Network. In the West Midlands, £2.4 billion will extend the metro and, in West Yorkshire, £2.1 billion of funding will start building a mass transit system.

The government is also taking action to boost investment across the UK to ensure local leaders and economies have the capital to grow through initiatives such as the Office for Investment's enhanced support to identify, shape and deliver investment opportunities across the UK, the BBB's new Cluster Champions programme, and the £500 million Mayoral Recyclable Growth Fund for Mayors in the North and Midlands with an integrated settlement to provide patient capital for projects such as major city-centre developments.

The benefits of the financial services industry stretch far beyond its immediate impacts, with financial services facilitating economic growth across the UK. The government is committed to ensuring the IS-8 and wider economy benefit from the UK's world-leading financial services sector including through access to finance to start, scale and grow British businesses.

The map below sets out 11 financial services clusters – areas with a particular concentration of financial services activity. These clusters have been identified working with the MSAs and devolved governments.

1 Edinburgh City Region

Asset Management, Banking, Insurance, Fintech, Sustainable Finance

- Edinburgh is a historic global financial centre. Firms such as Aberdeen Group, Baillie Gifford, BlackRock, and State Street operate there.
- Top-ranking global universities and research institutions supply its large talent pool.[1]
- The city offers high living standards, excellent amenities, strong transport links, and an international airport.

2 Glasgow City Region

Banking, Insurance, Fintech

- Glasgow's thriving International Financial Services District hosts companies such as J.P. Morgan and Barclays.
- The city is known for its technology services and has recently seen significant urban regeneration and infrastructure investments.[2]
- Prestigious universities bolster its sizeable talent pool, and quality transport infrastructure provides an attractive offer to firms.

3 Belfast City Region

Banking, Insurance

- Belfast is an important financial services cluster with international investors such as Chicago based CME Group and Citi Group both establishing significant operations in the city.[3]
- Quality universities provide finance and tech graduates, and the city offers a cost-effective business friendly environment.
- Other firms operating in the region include Danske Bank, FinTrU and TP ICAP.

4 West Yorkshire

Asset Management, Wholesale Services, Fintech

- Leeds has a thriving financial services sector in its fast-growing 'Northern Square Mile', with a skilled workforce and excellent universities.
- The Bank of England and the FCA have established operations in Leeds. Firms such as HSBC UK, Lloyds Banking Group, and Fidelity International, operate there.
- Leeds has a growing Fintech sector with over 100 firms in the city.[4]

5 Greater Manchester

Banking, Insurance, Sustainable Finance, Asset Management, Fintech

- Manchester has a strong and growing financial services sector with high-quality universities and a large talent pool.
- The city hosts large international firms such as BNY, Vanguard, and Klarna.
- Manchester has a strong Fintech sector, with over 250 firms employing 10,000 people in the city, across both international and homegrown firms.[5]

6 Cheshire

Banking, Insurance

- Cheshire is a growing financial cluster. Its strategic location and good connectivity to major cities such as Manchester and Liverpool make it an attractive location for financial services businesses.
- With lower cost of operating than many larger cities, Cheshire has firms such as Bank of America, MBNA, West Cheshire Credit Union, and Moneytree operating in the region.

7 Norwich and East Norfolk

Banking, Insurance

- The region is in a strategic location, with easy access to London and other major cities. The region hosts good transport infrastructure and a strong local professional services sector.
- Quality local universities offer a stream of graduates, bolstering the local talent pool.
- Firms operating there include Aviva, Lloyds Banking Group, Nationwide Building Society, Virgin Money, and Equiniti.

8 West Midlands

Banking, Insurance, Fintech

- Birmingham is a historic financial centre, with a deep and diverse talent pool. It is the location of choice for global firms such as Goldman Sachs, HSBC UK, and BNP Paribas.
- Birmingham has a recognised and growing Fintech sector, employing over 11,000 people.[6]
- The city is well connected through its international airport. Its central location makes 90% of UK reachable within four hours.

9 Greater London

Asset Management, Capital Markets, Insurance, Banking, Fintech, Sustainable Finance

- London is one of the world's top two financial centres, underpinned by world-class universities, excellent transport infrastructure, and deep talent pools.[7]
- It hosts the headquarters of many leading financial institutions.
- London is a leader in Fintech and sustainable finance, serving as a key hub for green investment and Fintech.[8]

10 Cardiff City Region

Fintech, Insurance

- Cardiff has a thriving financial sector with firms such as Starling Bank, Legal & General, and Admiral operating in the city.
- The city has strong local universities ensuring a flourishing local talent pool.
- Cardiff hosts an established professional services ecosystem and is a beneficiary of Fintech Wales's accelerator programme, the Foundry, supporting its growing Fintech and Insurtech sector.[9]

11 South of England (Swindon, Brighton, Bournemouth, East Surrey)

Banking, Insurance, Asset Management

- The South of England benefits from proximity and connectivity to the capital and major international airports.
- The region has a high-quality professional business ecosystem.
- Firms such as J.P. Morgan, Barclays, NatWest Group, Nationwide Building Society, Close Brothers, Allianz, Zurich, and Legal & General operate in the region.

The interventions already set out in this Strategy will break down the barriers to growth in financial services clusters throughout UK.

Several policies and initiatives in this Strategy will also have a specific regional focus, to ensure the whole of the UK feels the benefit of the growth of financial services:

- **The Office for Investment: Financial Services**, see page 27, will promote all UK nations and regions as locations for financial services business, building on existing regional strengths and skills. The service will have tailored investment promotion and marketing materials that pitch the UK internationally with consistent messaging, drawn from this Strategy, and additional resources developed in partnership with the OFI, regulators, the City of London Corporation, and the devolved governments and regions. The service will support international firms in establishing and growing their financial services presence across the UK. All UK nations and regions will be promoted by the service as attractive locations for financial services investment, building on existing regional sub-sectoral strengths, and working with partners like Skills England to create better skills and better jobs.
- **The FCA's and PRA's new Scale-Up Unit**, and other measures covered in *Embracing Innovation and leveraging the UK's Fintech leadership,* see page 33, will support the growth of Fintech firms across the UK and drive regional innovation in collaboration with place-based industry groups.
- The government's £187 million **TechFirst programme** will support the development of financial services clusters across the UK. TechFirst will unlock opportunities for young people, graduates and researchers, accelerating innovation and adoption throughout the sector. This programme will strengthen the UK's leadership pipeline and drive growth across strategic technology sectors, including AI and cyber security. The TechExpert strand will encourage at least 50 domestic PhD students to engage and align their research with key players in financial services across the country.

The **FCA's Sprint programme** brings together participants from across and outside of financial services to address industry or regulatory challenges, helping to develop technology-based or policy ideas and proofs of concepts to address those challenges. The government is supportive of the FCA initiative and the potential that it has to support the development of regional clusters – particularly in areas driven by innovation, where strong links with universities can support the development of cutting-edge solutions. After a successful Sprint in Glasgow in 2024 the FCA will be holding a Sprint in Leeds later this year.

Mutual financial institutions - building societies, credit unions, mutual insurers, and friendly societies – also have a key role to play supporting the growth of regional economies. In recognition of the role mutuals play, particularly in regional access to finance, **the government has committed to doubling the size of the sector and is delivering changes to create a more supportive legislative environment**, alongside assessing key issues for the sector to facilitate growth.

Case Study: Glasgow's International Financial Services District

The government is keen to build on the financial services sector's existing regional growth successes. One of the UK's most successful financial services clusters can be seen in Glasgow, with several firms – including J.P. Morgan and Barclays – operating in the Glasgow's International Financial Services District (IFSD).

The IFSD launched in 2001, is a government-backed regeneration project, aimed at attracting financial and professional services firms to the city centre. Supported by Scottish Enterprise and Glasgow City Council, it has helped transform the area along the River Clyde into a modern business hub, creating thousands of jobs and boosting Glasgow's status as a major UK financial centre outside London. The district offers modern infrastructure, excellent transport links, and a collaborative business environment, all of which have contributed to the city's ability to attract and retain major international firms.

Today, the IFSD is a major hub for financial services, with many of the 30,000 people employed in the sector in Glasgow working out of the district. The initiative has attracted significant investment from major financial services firms who operate in the IFSD.

Barclays has a strong and growing presence in Glasgow, with over 6,000 staff now based there. In 2021, it opened one of the largest inward investments made by a financial services firm in the city—a state-of-the-art global campus focused on technology and innovation. Supporting operations worldwide, and the firm's growth in the UK, the campus builds on decades of Barclays' presence in Glasgow, drawn by the city's exceptional skills and talent. The firm has developed strong partnerships across all the universities in Glasgow to create a pipeline of high-paid, high-skilled graduate and apprenticeship roles.

Since the late 1990s, J.P. Morgan has maintained a significant presence in Glasgow and, in 2021, announced the development of a new, purpose-built office in the IFSD. The firm's Glasgow Technology Centre is now one of its largest technology hubs outside the United States, employing 2600 staff in software engineering, operations, and support functions. J.P. Morgan's partnerships with local universities – such as its Software Development apprenticeship programme with the University of Strathclyde – have helped develop talent pipelines, ensuring the sector's long-term sustainability.

Other financial services firms operating in the IFSD include Aon, Arthur J Gallagher, AXA Business Insurance, Bank of Scotland, Lloyds Banking Group, BNP Paribas, Morgan Stanley, Clydesdale Bank, HSBC, Hymans Robertson, NFU Mutual, RBS, Santander, and Tesco Bank.

How the government is working with devolved and regional leaders

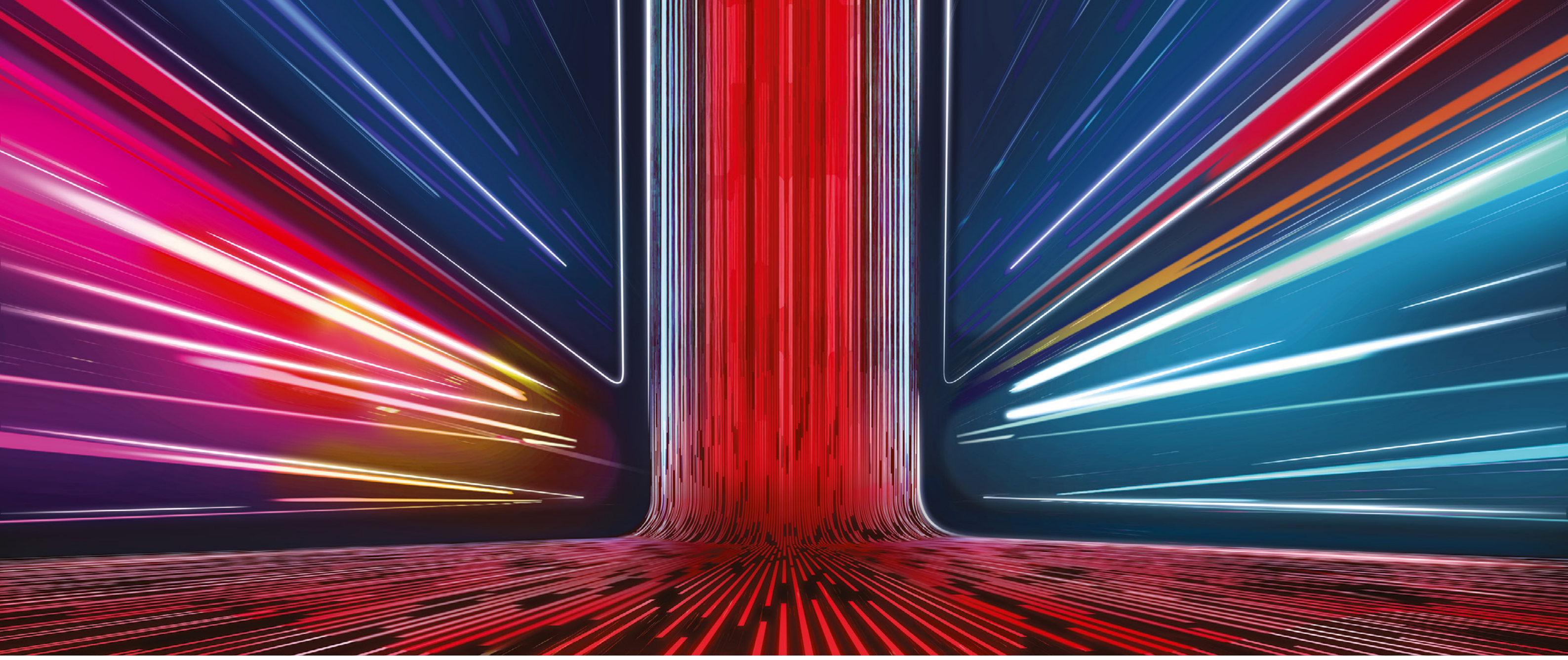
The government is working with the devolved governments to ensure the growth of the financial services sector is felt across the clusters. We will continue dialogue at all levels to ensure that relevant devolved government initiatives synergise with the Strategy set out here for financial services, as well as maintaining important set piece engagements such as the Scottish-London Financial Services forum.

The financial services sector is at the centre of several ambitious 10-year Local Growth Plans being developed by MSAs in England. The government will have an active dialogue with these MSAs to ensure that synergies between local and national plans are capitalised on and promoted to the financial services sector.

Endnotes

Map References

1. QS University World Rankings (2025)
2. Glasgow City Council (2024) – The Glasgow City Region City Deal
3. Invest Northern Ireland (2025) – Fintech FDI Brochure
4 Fintech North (2025) – West Yorkshire
5. Manchester's Inward Investment Agency (2025) – Financial, Professional and Business Services
6. West Midlands Growth Company (2025) – Fintech
7. The City of London Corporation (2024) – State of the Sector Report
8. Global Financial Centres Index (2025) – Report 37
9. Trade and Invest Wales (2025) – Fintech



Implementation

The government's ongoing partnership with industry

Delivering the government's vision for UK financial services—making the UK the global location of choice for financial services firms to invest, innovate, grow, and sell their services throughout the UK and to the world—requires a deep, cohesive, and ongoing partnership with businesses.

That is why, in developing this Strategy, the government consulted with a wide range of stakeholders on the opportunities and barriers to growth in the UK's financial services sector. In November 2024, the Chancellor published the Financial Services Growth & Competitiveness Strategy Call for Evidence. Following the publication of the Call for Evidence, the Chancellor, Economic Secretary to the Treasury, and officials undertook an extensive programme of engagement.

A range of key themes from respondents' submissions can be found in this Strategy. Respondents also raised the issue of competition in the sector and the need for government to take into account the diversity of financial services business models. Some responses also noted concern about an overreliance of the UK economy on financial services.

A significant proportion of industry respondents to the government's Call for Evidence also raised the importance of tax to the growth and competitiveness of the financial services sector. Comments included the importance of tax for the competitiveness of the UK relative to other jurisdictions, the parts of the sector that have bespoke tax regimes, the importance of a predictable and stable tax regime, and the link between the personal tax regime and attracting top talent. There were representations on a range of taxes affecting the financial services sector, including Stamp Taxes on Shares, bank-specific taxes, VAT treatment for fund managers and insurance premium tax, as well as various tax reliefs. Proposals included setting out plans on the path of future tax rates, phasing out specific taxes, and implementing rate or scope changes.

The government welcomes industry feedback on these points. Clear, sound fiscal policy is key to economic stability, investment and growth, and excellent public services can only be delivered by a tax system that raises revenue in a fair and sustainable way. At the same time, the government recognises that the tax system has a vital role to play in supporting the government's growth mission. The government will therefore continue to keep tax regimes that affect the financial services sector under review.

The government commits to an enduring partnership with industry and the regulators across each of the five areas of focus identified in this Strategy and looks forward to continuing to engage with business and other stakeholders, including the devolved governments, to deliver change across the five areas of focus.

How the government will monitor implementation

The success of this Strategy hinges on strong execution. The Industrial Strategy Advisory Council will monitor progress across the Industrial Strategy. Alongside drawing on industry feedback, the government will monitor and report on indicators that measure the success of the plan across areas including economic output measured by Gross Value Add (GVA), exports, productivity, benefits to the real economy, and regional growth. These metrics deliberately adopt a long-time horizon, and the government recognises that these indicators can only move positively if progress is steered by all actors across industry, government and regulators. The technical annex sets out a baseline assessment across these outcomes and metrics.

The government will report annually on progress on delivering the Strategy and set out the next policy steps on the five areas of focus.

As part of this monitoring, the government is setting an ambitious growth target for UK financial services. **Over the next decade, the government aims to double the average annual growth rate of net exports in financial services seen in the past decade[1]. The UK is a world leader in finance, and through this target the government aims to maintain the UK's position as the world's largest net exporter of financial services.**

There is no perfect way to measure the outcomes from this Strategy. In order to best capture both the performance of the sector and the impact of policy the government has selected eight key metrics focused on delivering sustainable, inclusive medium-term growth of the UK's financial services sector. The combination of metrics also ensures that monitoring of the strategy does not rely upon a single data source. For example, whilst trends in Gross Value Added within the financial services sector are particularly complex and difficult to capture, the decline in real output since 2010 is largely reflected within employment and export trends, supporting the validity of the trend set out in the Technical Annex.

The metrics the government will use to monitor progress are:

A thriving sector rooted in solid foundations

- By 2035 the government wants to have a financial services sector[2] that is making a positive total contribution to UK output growth, supporting the UK economy.
- This will be assessed by tracking **real output from the financial services sector**, measured by the Gross Value Added by the sector.

Building on the UK's strong export base to embrace global opportunities

By 2035 the government wants to have built on the UK's position as a global financial services superpower, enabling UK-based firms to export financial services across the globe.

- This will be assessed by tracking:
  1. **Growth in the UK's net exports of financial services**, measured by the real change in the value of the UK's net exports of financial services.
  2. **Maintaining the UK's share of global financial services exports**, measured by change in the UK's share of global financial services exports.

A productive workforce, working in high-quality jobs

By 2035 the government wants to have underpinned the sector's access to a highly skilled workforce, supporting high-quality jobs across the UK.

- This will be assessed by:
  1. **Productivity within the financial services sector**, measured by change in real output per hour worked for the sector.
  2. **The provision of high-quality jobs, with real wage growth across the country,** measured by real wage growth in financial services jobs across regions.

Ensuring benefits from the sector feed through into the real economy

By 2035 the government wants to have helped to foster a more investment-focused culture within the UK, enabling firms to grow and households to benefit.

- This will be assessed by tracking:
  1. **Firms' access to investment to support growth**, measured by the net value of business finance raised.
  2. **Households engagement with investment opportunities**, measured by the proportion of household wealth held in financial assets other than cash.

Develop regional clusters able to compete in international markets

By 2035 the government wants to have nurtured regional financial services clusters throughout the country.

- This will be assessed by tracking:
  1. **Growth in the output of regional financial services clusters**, measured by real GVA output within regional clusters (see Technical Annex).

Endnotes

1 The compound annual growth rate (CAGR) of financial services net exports between 2014 and 2024 was 1.37% per year. HM Treasury Calculations based on Office for National Statistics, 2025, UK trade: goods and services publication tables

2 Financial services is defined as ONS SOC Category K – Financial and insurance activities. This includes SIC codes 64, 65 and 66.

PLAN THROUGH TO 2035

2025

- **10 June:** PISCES Sandbox open for applications from prospective operators
- **4 July:** Secondary legislation laid to reform organisational requirements applying to investment firms
- **15 July:** Bank of England publishes updated MREL Statement of Policy
- **15 July:** Publish proposals on cross-cutting reforms to the regulatory environment, including changes to speed up regulator authorisations
- **15 July:** Publish proposed changes to the legislative framework establishing the Financial Ombudsman Service to provide certainty and predictability for consumers, firms and investors
- **15 July:** The Financial Ombudsman Service confirms its new standard interest rate applied to compensation awards
- **15 July:** Publication of Wholesale Financial Markets Digital Strategy
- **15 July:** Publish consultation on changes to Risk Transformation Regulations
- **15 July:** Publish response to consultation on captive insurance, confirming that the government will work closely with the financial regulators to introduce a new UK framework for captive insurance companies
- **15 July:** Update on work of the Payments Vision Delivery Committee
- **15 July:** Publication of remit letter to the Financial Market Infrastructure Committee of the Bank of England
- **15 July:** Publish Overseas Recognition Regimes Guidance
- **15 July:** Publish consultation on draft statutory instrument enabling targeted support
- **15 July:** Publish proposed reforms to the Senior Managers & Certification Regime for consultation
- **15 July:** FCA and PRA publish consultation papers on non-legislative changes to the Senior Managers & Certification Regime
- **15 July:** Publish Policy Update outlining next steps on Basel 3.1 implementation and consult on HMT's proposed approach to applying the FSMA model of regulation to the remainder of the Capital Requirements Regulation, with draft legislation
- **15 July:** PRA consults on Basel 3.1 proposals for firms' investment banking activities
- **15 July:** Lay secondary legislation to enhance transparency in commodity derivative markets
- **15 July:** Publish draft legislation on reforming the regulatory regime for central counterparties
- **15 July:** FCA and PRA publish consultation papers on non-legislative changes to the Senior Managers & Certification Regime
- **15 July:** FCA publish final rules for the Public Offers and Admissions to Trading Regulations
- **From July:** City of London and British Business Bank will convene roundtables with investors and fast-growing Fintechs as part of efforts to support innovative firms to scale up
- **30 July:** PRA consultation 'CP10/25 – Enhancing banks' and insurers' approach to managing climate-related risks closes
- **31 July:** PRA publishes a Discussion Paper seeking industry views on supporting challenger banks to use their own risk models
- **By end July:** Lay secondary legislation implementing UK commitments under the Berne Financial Services Agreement
- **September:** Publish consultation on the consolidation of the PSR within the FCA
- **15 September:** Transition Finance Council Progress Report on scaling a high-integrity transition finance market
- **October:** Publish Carbon Budget and Growth Delivery plan
- **October:** Launch the Office for Investment: Financial Services
- **Autumn:** FCA TechSprint in Leeds
- **Autumn:** The FCA and PRA will announce further details of a Scale-up Unit to support the growth of innovative firms.
- **By the end of 2025:** The UK government will introduce secondary legislation to bring ESG ratings providers within the FCA's regulatory perimeter. The FCA will then consult on and finalise the regulator regime
- **By end of 2025:** Publish consultation on Non-Financial Reporting, exploring how reporting requirements can be streamlined and simplified to support integration of UK Sustainability Reporting Standards
- **By end of 2025:** FCA will produce an engagement paper on potential reforms to the market risk framework for small and medium-sized investment firms
- **By end of 2025:** Publish final versions of UK Sustainability Reporting Standards for voluntary use
- **By end of 2025:** FCA will consult on updating its TCFD-aligned listing rules to refer to UK Sustainability Reporting Standards
- **By end of 2025:** FCA will update on its review of the remuneration framework for asset managers and investment firms
- **By end of 2025:** FCA will produce an engagement paper on potential reforms to the market risk framework for small and medium-sized investment firms
- **By end of 2025:** FCA will publish a policy statement on simplifying the insurance rules
- **By end of 2025:** An international event that showcases the London Market's strength and expertise in complex risks and the growth and export potential of innovative insurance and reinsurance markets
- **By end of 2025:** HMT expect to publish a draft SI on making permanent certain intragroup exemptions for over-the-counter derivatives contracts from clearing and margin requirements
- **By end of 2025:** FCA will launch the Smart Data Accelerator
- **By end of 2025:** The Financial Policy Committee will provide an update on refreshing its assessment of UK capital requirements for banks in its Q4 Financial Stability Report
- **By end of 2025:** the PRA will finalise its revised remuneration framework so that it can be used in future bonus rounds

2026

- **1 Jan 2026:** Firms can register to use the Berne Financial Services Agreement
- **19 January 2026:** Public Offers and Admissions to Trading Regulations, alongside FCA rules goes live.
- **By early 2026:** commence revocations of Basel 3.1 elements of the UK CRR
- FCA will consult on potential reforms to the market risk framework for small and medium-sized investment firms
- **Early 2026:** FCA and PRA will begin reporting on voluntary targets for authorisations and other applications
- **Early 2026:** HMT's report on review of the ringfencing regime
- **Spring 2026:** Publish draft legislation on the Alternative Investment Fund Management Regulations, alongside a FCA consultation
- **Spring 2026:** Targeted Support Regime goes live (parliamentary time allowing)
- **April 2026:** Reform the Individual Savings Account treatment of Long-Term Asset Funds
- **Summer 2026:** PRA will consult on new rules for captive insurance. The FCA's proposals will be developed and consulted on in parallel
- **Summer 2026:** Launch the Financial Services Skills Compact
- Review regulation for venture capital funds
- **April 2026/27:** TechFirst's TechLocal stream begins
- **September 2026/27:** TechFirst's TechYouth, TechGrad, and TechExpert streams begin

2027

- **1 January:** UK Implementation of Basel 3.1 and transitional measures for market risk come into effect until end of year
- **1 January:** Overseas Prudential Requirements Regimes for Credit Institutions and Designated Investment Firms' Prudential Requirements will be in place, replacing the existing equivalence regimes in the CRR
- **Early to mid-2027:** Report from the Financial Services Skills Commission on skills needs, training and innovation for AI and other disruptive technologies
- **Mid 2027:** Target date for implementation of the new UK captive insurance framework
- **11 October:** UK moves to T+1 settlement of securities trades
- **By end of 2027:** Create digitised share registers to replace paper share certificates

Technical Annex

The financial services sector is one of the UK's largest and most successful industries, with a significant global footprint. In the most recent data, the financial services sector accounted for 9% of the UK's economic output[1] and 15% of total UK exports.[2]

This contribution has remained broadly consistent over the last forty years and is a key area of UK comparative advantage, with the sector accounting for the highest proportion of output for any G7 country over the past two decades.[3]

Chart 1[4] illustrates this revealed comparative advantage, with the UK's proportion of world exports in financial services (14.7%) over four times higher than the UK's proportion in the world economy as a whole (3.5%)[5], the highest ratio in the G7[6]. As a result, the UK is the world's largest net exporter of financial services[7], and financial services exports accounted for over 50% of the UK's services trade surplus in 2024.[8]

Chart 1: Financial Services Revealed Comparative Advantage (2023)

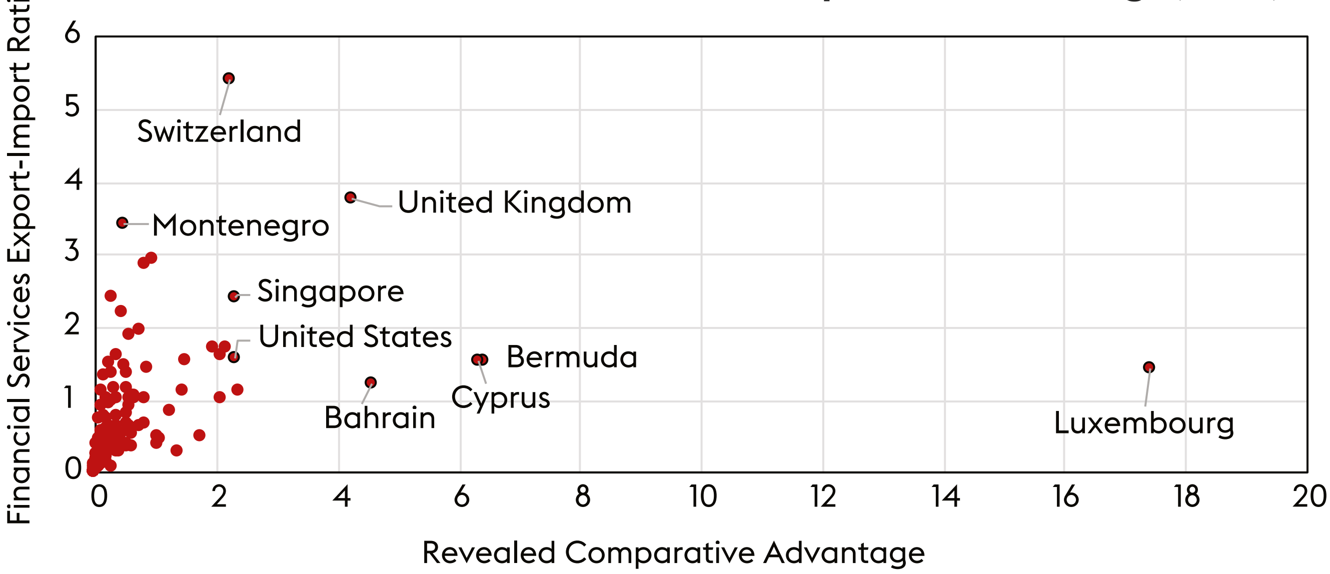


Chart 1 shows an international comparison of revealed comparative advantage (RCA) in financial services exports compared to the ratio of a country's financial services exports to imports. Countries towards the top right have both an RCA in the sector and export several times more financial services than they import.

The continued growth and prosperity of the UK's financial services sector is vital for connecting firms and households across the country, and for the wider economy. The sector enables households to both save their earnings and borrow to make large purchases, with over 7.1 million households owning a house with a mortgage or loan in England and Wales in 2021.[9]

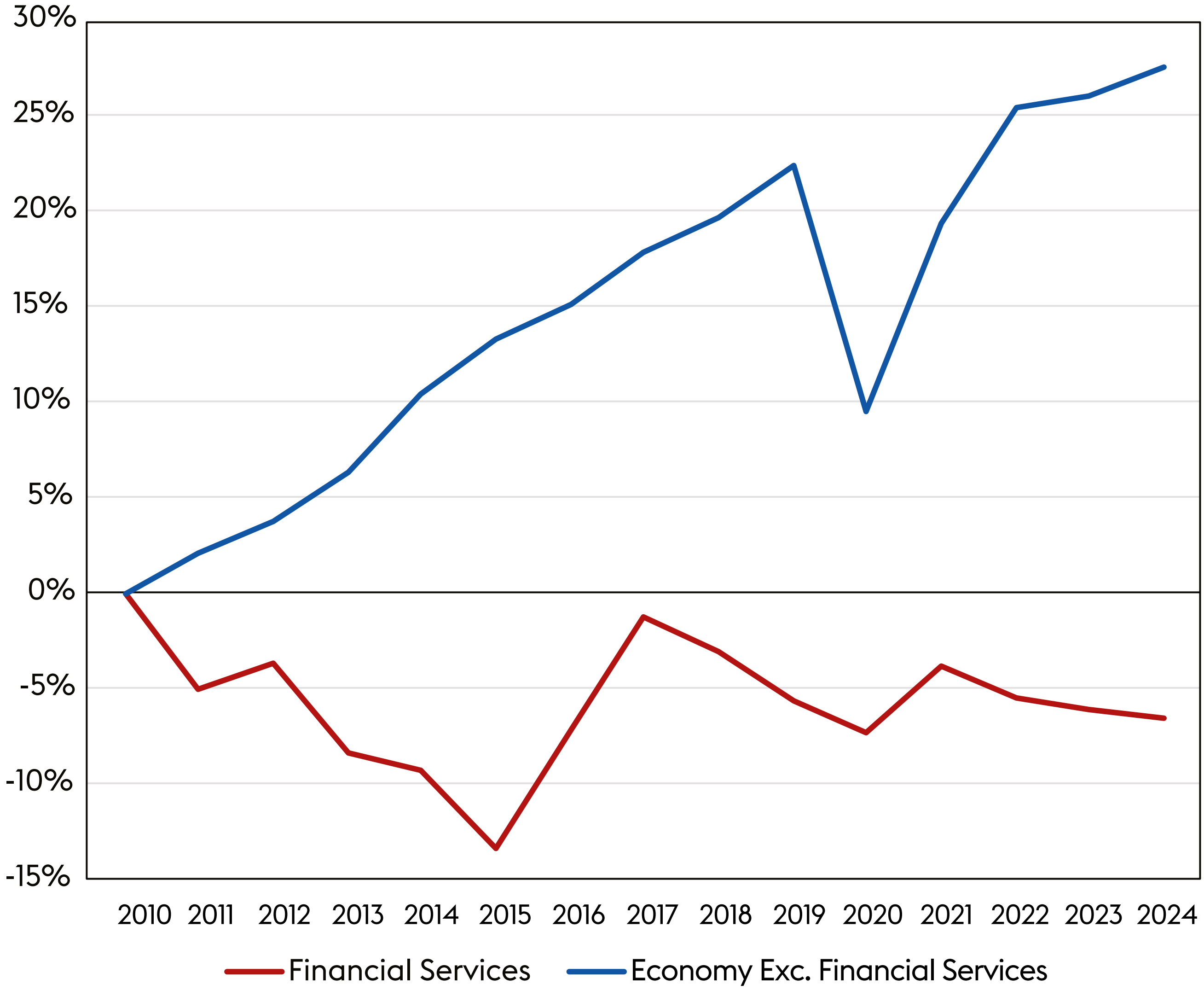
The sector also helps to increase the economy's productive capacity, facilitating transactions, business investment through our capital markets and business lending. This includes lending to smaller firms, with gross bank lending to small and medium sized enterprises (SMEs) rising by 4.9% to £62.1 billion in 2024, with challenger and specialist banks accounting for 60% of this.[10]

The UK also has some of the largest and deepest capital markets in the world, with the fourth most equity capital raised on its markets in 2024.[11] The sector's role in diversifying risk through insurance also facilitates companies to export into untested markets or households to protect themselves against the unexpected. The UK's insurance sector has performed well since 2010[12], with real output growing by 23%, and the UK has the highest insurance exports of any country.[13]

However, output from the financial services sector has not kept pace with the rest of the UK economy in the last 15 years. The sector was 7% smaller in real terms in 2024 than it was in 2010, with real output falling in six of the past seven years[14] and productivity also below 2010 levels.[15] UK financial services exports fell as a proportion of the global total from over 21% in 2010 to 15% in 2023,[16] driven by a fall in real exports between 2010 and 2019.[17] Despite exports doubling in nominal terms between 2010 and 2024, real exports only increased by 14% (a compound annual growth rate of less than 1% per year on average).[18]

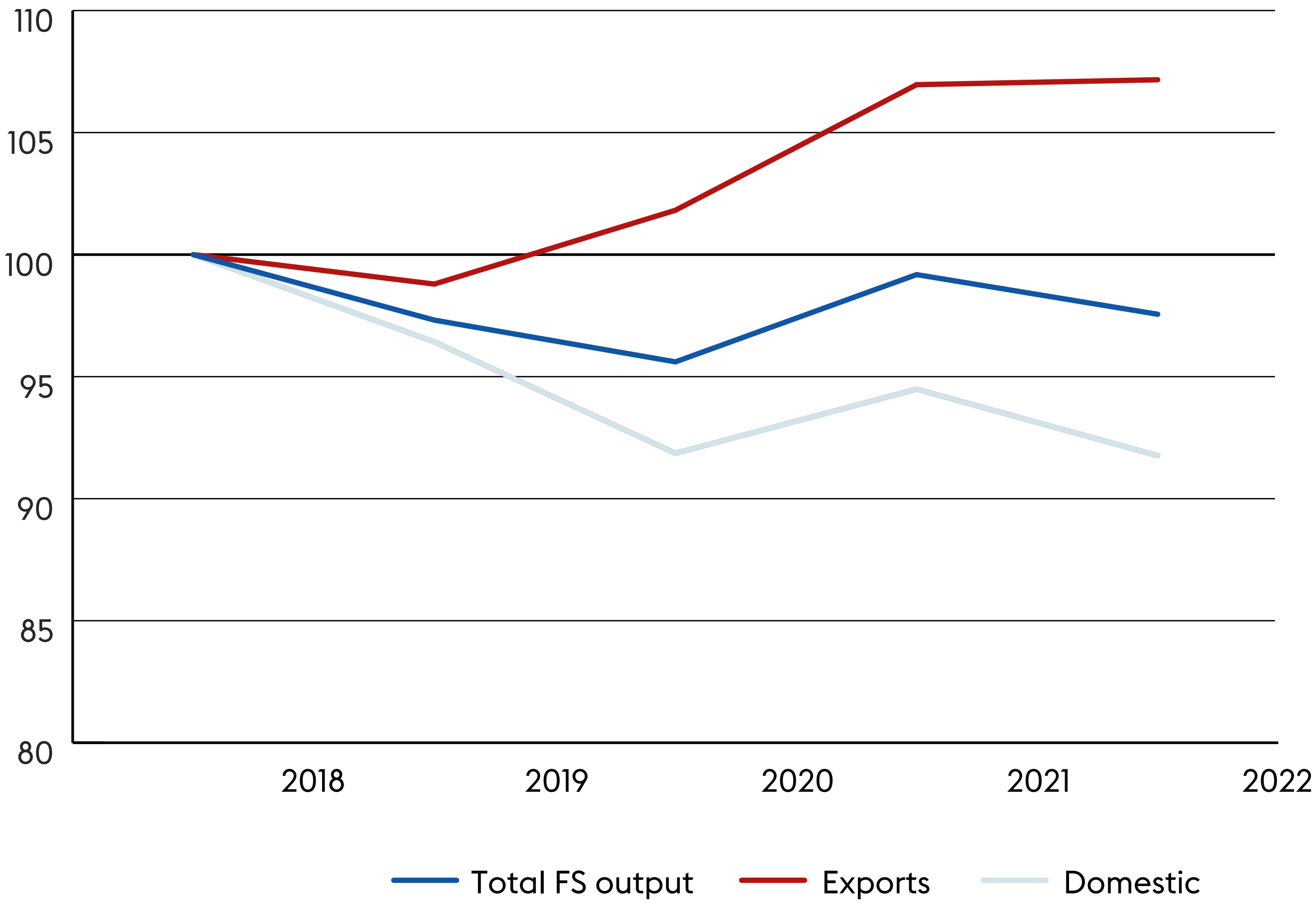
As Chart 2[19] shows, financial services performance has been considerably below that of the rest of the economy since 2010, with the rest of the economy growing 28% by 2024.[20] The Strategy addresses this slowdown by boosting the sector's international competitiveness, driving export-led economic growth through the sector.

Chart 2: Cumulative Real Output Growth Since 2010



Financial services exports have grown in recent years. Between 2018 and 2022 (the latest data available) real GVA from financial services exports rose by 7%[21], as is shown on Chart 3.[22] This has been supported by growth across the country, with Edinburgh and Glasgow rising considerably in international financial services competitiveness league tables in recent years. Exports accounted for over 40% of total output from the sector in 2022[23], and international trends suggest this could continue to grow.

Chart 3: Financial Services Real Output Index (Base 2018=100)



Growing global markets provide an opportunity for UK financial services growth, with the UK's major export partners showing significant demand for financial services. Between 2010 and 2024 the nine largest importers[24] of UK financial services exports saw an average growth rate of 17% in real financial services output[25], with an 83% increase in import demand[26] in nominal terms between 2010 and 2023. These partners accounted for over 60% of UK financial services exports in 2024[27], suggesting significant potential for further exports into these established markets.

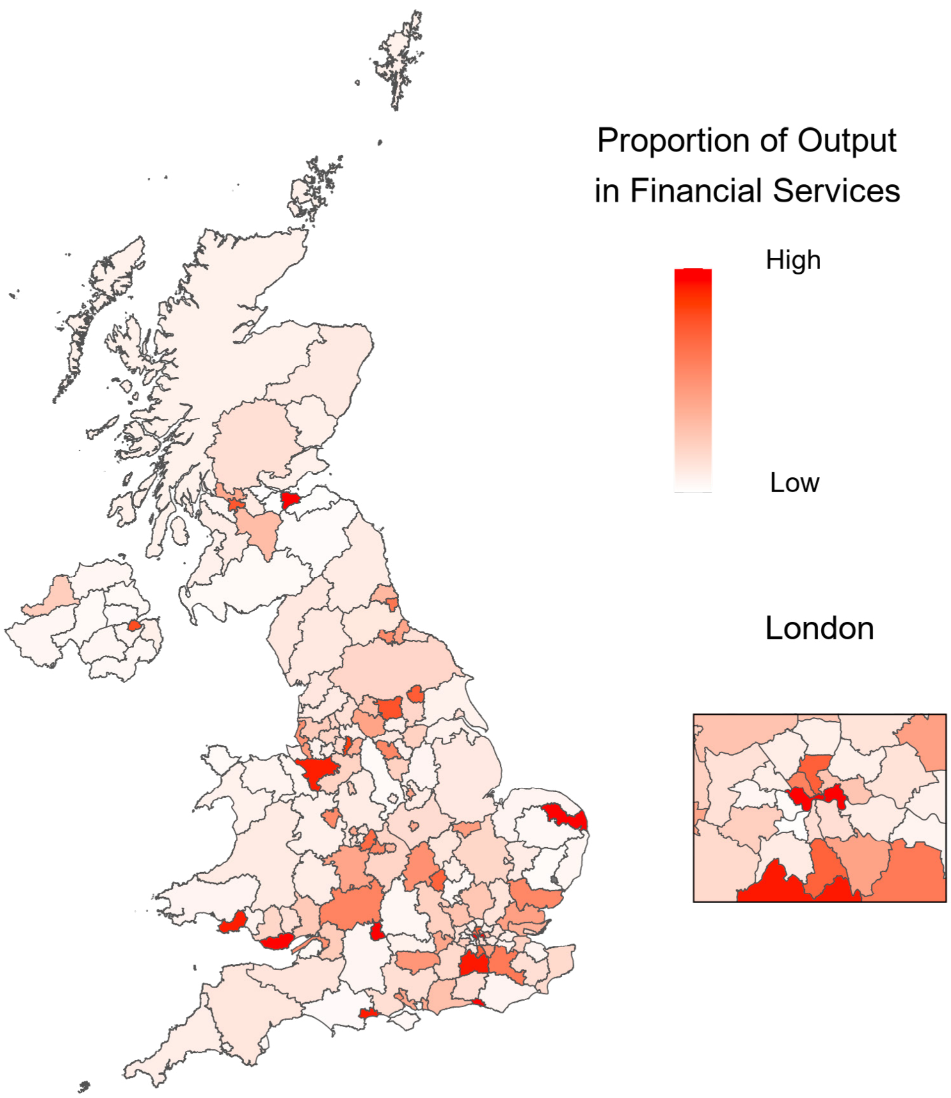
Enhancing the growth and competitiveness of the financial services sector could have a significant impact on wider UK economic output. Between 2018 and 2022 the compound annual growth rate (CAGR) of financial services exports (in real terms) was 1.74%.[28]

As an illustration of the sector's contribution to the UK economy, all else being equal, were this growth rate to remain stable for the next decade, financial services exports would contribute 21% more to economic output by 2035 than they did in 2024.[29] This growth in exports alone would increase the size of the sector by 9%. Were this growth to come from greater productivity, it would grow the whole economy by almost 1% in real terms, providing jobs, prosperity and tax revenue for the UK.[30]

Growing regional clusters

The Strategy focuses on building on existing clusters of financial services activity across the UK to support growth in a highly competitive sector. Policy within this Strategy has focused on both boosting exports by domestic firms and encouraging international firms to set up in the UK. In order to capitalise on the UK's comparative advantage, key regional clusters need to be both specialised and sufficiently large in order to compete. To assess this, HM Treasury has used GVA data to compare how focused UK regions are upon financial services, and which regions have a sufficiently large output to compete internationally. HM Treasury has then layered on qualitative analysis, focusing upon the specialisms of individual regions and how those interact with the priority growth opportunities in order to construct a list of the UK regions best suited to internationally led growth. As the map (Chart 4)[31] shows, these clusters are located right across the UK.

Chart 4: Financial Services GVA Ratio by ITL3 Regions (2023)



Baseline assessment – Implementation Outcomes and Metrics

The table below sets out recent trends in relation to the metrics set out in the implementation section of the Strategy. This provides a baseline for future monitoring of the Strategy.

Metric	Trend
Target: Over the next decade, the government aims double the average growth rate of net exports in financial services seen in the past decade.	• The Compound Annual Growth Rate (CAGR) of financial services net exports between 2014 and 2024 was 1.37%.[32] • The government aims to double this to 2.7% between 2025 and 2035.
Real output from the financial services sector, measured by the Gross Value Added by the sector.	• Real output in financial services fell by 6.7% between 2010 and 2024, and has fallen in six of the past seven years.[33] **Baseline:** Real output from the financial services sector was £197.7 billion in 2024.[34]
Growth in the UK's net exports of financial services, measured by the real change in the value UK's net exports of financial services.	• UK financial services real net exports rose by 1.2% between 2010 and 2024, driven by growth in three of the past four years.[35] **Baseline:** UK Net exports of financial services were £130 billion in 2024.[36]
Maintaining the UK's share of global financial services exports, measured by change in the UK's share of global financial services exports.	• The UK's proportion of world financial services exports fell from 21% in 2010 to 15% in 2023, but has remained stable since 2019.[37] **Baseline:** 2024 value to be released, the UK accounted for 14.7% of world financial services exports in 2023.[38]
Productivity within the financial services sector, measured by change in real output per hour worked for the sector.	• Productivity within the sector has fallen by 11% since 2010 in real terms, driven by a 9% fall since 2017. However, productivity remains considerably above that in the rest of the economy in nominal terms.[39] **Baseline:** 95.3 for 2024 financial services real output per hour chained volume measure index (2022=100).[40]

Metric	Trend
The provision of high-quality jobs, with real wage growth across the country, measured by real wage growth in financial services jobs across regions.	• The median[41] real wage growth within the sector has been positive since 2010, growing by 3.5% between 2010 and 2024. Since 2010 real wages in the sector have grown in all regions aside from London, the South East and the South West.[42] **Baseline:** The 2024 median annual pay – Gross (£) – For full-time employee – £52,247.[43]
Increase firms' access to investment to support growth, measured by the net value of business finance raised.	• Total business finance raised[44] was considerably higher in 2023 than it had been in 2010. The total value increased from – £19 billion in 2010 following the global financial crisis before stabilising at around £30 billion per year between 2015 and 2019. This then rose sharply due to the pandemic in 2020 and unwound in following the years, returning to net borrowing in 2024 for the first time since 2020.[45] **Baseline:** Net total business finance raised in 2024 was £16 billion.[46]
Encourage households to engage with investment opportunities, measured by the proportion of household savings (comprised of holdings of cash, shares and equities) held in financial assets other than cash.	• The proportion of non-pension household financial savings[47] which is in shares and equities has fallen from 38% in 2010 to 32% by 2023.[48] **Baseline:** 2024 value not released, 32% of non-pension financial assets were in shares and equities.[49]
Growth in the output of financial services regional clusters, measured by real GVA output within regional clusters.	• Financial services GVA growth in most regional clusters has outperformed the UK as a whole since 2010. Financial services output within these clusters grew by 2% between 2010 and 2024, compared to a 23% decline in the rest of the country.[50] **Baseline:** 2024 values not released, 2023 values show regional clusters combined for £141 billion financial services gross value-added output (70% of total UK financial services output).[51]

Endnotes

1 Office for National Statistics, 2025, GDP output approach – low-level aggregates

2 Office for National Statistics, 2025, UK trade: goods and services publication tables. The financial services sector is defined as covering both "insurance and pension services" and "financial services".

3 Organisation for Economic Co-operation and Development Value (OECD), 2024 Value added by activity

4 HM Treasury Calculations based on United Nations Trade and Development (UNCTAD), 2025, International Trade Statistics for both Goods (Merchandise: Total trade and share, annual) and Services (Services (BPM6): Exports and imports by service-category, trade-partner World, annual) trade

5 The UK accounted for 3.5% of global exports in 2023, but 14.7% of financial services exports, meaning it accounted for 4.2 times the proportion of financial services exports than for total exports in the World economy. This calculation was used to estimate the UK's revealed comparative advantage within the sector.

6 HM Treasury Calculations based on United Nations Trade and Development (UNCTAD), 2025, International Trade Statistics for both Goods (Merchandise: Total trade and share, annual) and Services (Services (BPM6): Exports and imports by service-category, trade-partner World, annual) trade.

7 HM Treasury Calculations based on United Nations Trade and Development (UNCTAD), 2025, International Trade Statistics for both Goods (Merchandise: Total trade and share, annual) and Services (Services (BPM6): Exports and imports by service-category, trade-partner World, annual) trade.

8 Office for National Statistics, 2025, UK trade: goods and services publication tables

9 Office for National Statistics, 2023, Household characteristics by tenure, England and Wales: Census 2021

10 British Business Bank, 2025, Small Business Finance Markets 2024/25

11 London Stock Exchange, 2025, End of Year Review 2024

12 Office for National Statistics, 2025, GDP output approach – low-level aggregates, SIC 65.1-2 Insurance and reinsurance, except compulsory social security

13 HM Treasury Calculations based on United Nations Trade and Development (UNCTAD), 2025, Services (BPM6): Exports and imports by service-category, trade-partner World, annual

14 Office for National Statistics, 2025, GDP output approach – low-level aggregates

15 Office for National Statistics, 2025, Output per hour worked, UK

16 HM Treasury Calculations based on United Nations Trade and Development (UNCTAD), 2025, Services (BPM6): Exports and imports by service-category, trade-partner World, annual

17 HM Treasury calculations based on Office for National Statistics, 2025, UK trade: goods and services publication tables

18 HM Treasury calculations based on Office for National Statistics, 2025, UK trade: goods and services publication tables

19 HM Treasury Calculations based on Office for National Statistics, 2025, GDP output approach – low-level aggregates

20 HM Treasury Calculations based on Office for National Statistics, 2025, GDP output approach – low-level aggregates

21 HM Treasury Calculations based on Office for National Statistics, 2025, UK input-output analytical tables: product by product

22 HM Treasury calculations based on Office for National Statistics, 2025, UK input-output analytical tables: product by product

23 Office for National Statistics, 2025, UK input-output analytical tables: product by product

24 HM Treasury calculations based on Office for National Statistics, 2025, UK trade in services: service type by partner country, non-seasonally adjusted. The weighted average is calculated by weighting the growth rates of each country based upon the UK's financial services exports to each country.

25 HM Treasury calculations based upon data taken from government statistical services:
United States Bureau of Economic Analysis, 2025, Real Value Added by Industry
Eurostat, 2025, Gross value added and income by main industry
Australian Bureau of Statistics, 2025, National Income and Expenditure
Japanese Cabinet Office, 2025, Value Added by Economic Activity (Real, Seasonally Adjusted)

26 HM Treasury Calculations, based on United Nations Trade And Development Services, 2025, Services (BPM6): Trade and growth by main service-category, quarterly, excludes Netherlands due to data issues.

27 Office for National Statistics, 2025, UK trade in services: service type by partner country, non-seasonally adjusted

28 HM Treasury calculations based on Office for National Statistics, 2025, UK input-output analytical tables: product by product

29 HM Treasury calculations based on Office for National Statistics, 2025, UK input-output analytical tables: product by product

30 HM Treasury calculations based on Office for National Statistics, 2025, UK input-output analytical tables: product by product and Office for National Statistics, 2025, GDP output approach – low-level aggregates

31 HM Treasury calculations based on Office for National Statistics, 2025, Regional gross value added (balanced) by industry: all ITL regions

32 HM Treasury Calculations based on Office for National Statistics, 2025, UK trade: goods and services publication tables

33 Office for National Statistics, 2025, GDP output approach – low-level aggregates

34 Office for National Statistics, 2025, GDP output approach – low-level aggregates

35 HM Treasury calculations based on Office for National Statistics, 2025, UK trade: goods and services publication tables

36 Office for National Statistics, 2025, UK trade in services: service type by partner country, non-seasonally adjusted

37 United Nations Trade and Development Services, 2025, Services (BPM6): Exports and imports by service-category and by trade-partner, annual

38 United Nations Trade and Development Services, 2025, Services (BPM6): Exports and imports by service-category and by trade-partner, annual

39 Office for National Statistics, 2025, Output per hour worked, UK

40 Office for National Statistics, 2025, Output per hour worked, UK

41 Median here refers to median Full-time employees

42 HMT calculations based on Office for National Statistics, 2025, Earnings and hours worked, UK region by industry by two-digit SIC: ASHE Table 5 and Office for National Statistics, 2025, CPI ANNUAL RATE 00: ALL ITEMS 2015=100

43 Office for National Statistics, 2025, Earnings and hours worked, UK region by industry by two-digit SIC: ASHE Table 5

44 Composing of Sterling and all foreign currency loans, All currency shares, Sterling and all foreign currency issues of bonds and commercial paper, all for private non-financial corporations.

45 HM Treasury calculations based on Bank of England, 2025, Businesses' finance raised

46 Bank of England, 2025, Businesses' finance raised

47 Defined as "Equity and investment fund shares/units" and "Currency and deposits"

48 HM Treasury Calculations based on Office for National Statistics, 2025, The UK national balance sheet estimates

49 HM Treasury Calculations based on Office for National Statistics, 2025, The UK national balance sheet estimates

50 HM Treasury calculations based on Office for National Statistics, 2025, Regional gross value added (balanced) by industry: all ITL regions

51 HM Treasury calculations based on Office for National Statistics, 2025, Regional gross value added (balanced) by industry: all ITL regions

UK Government