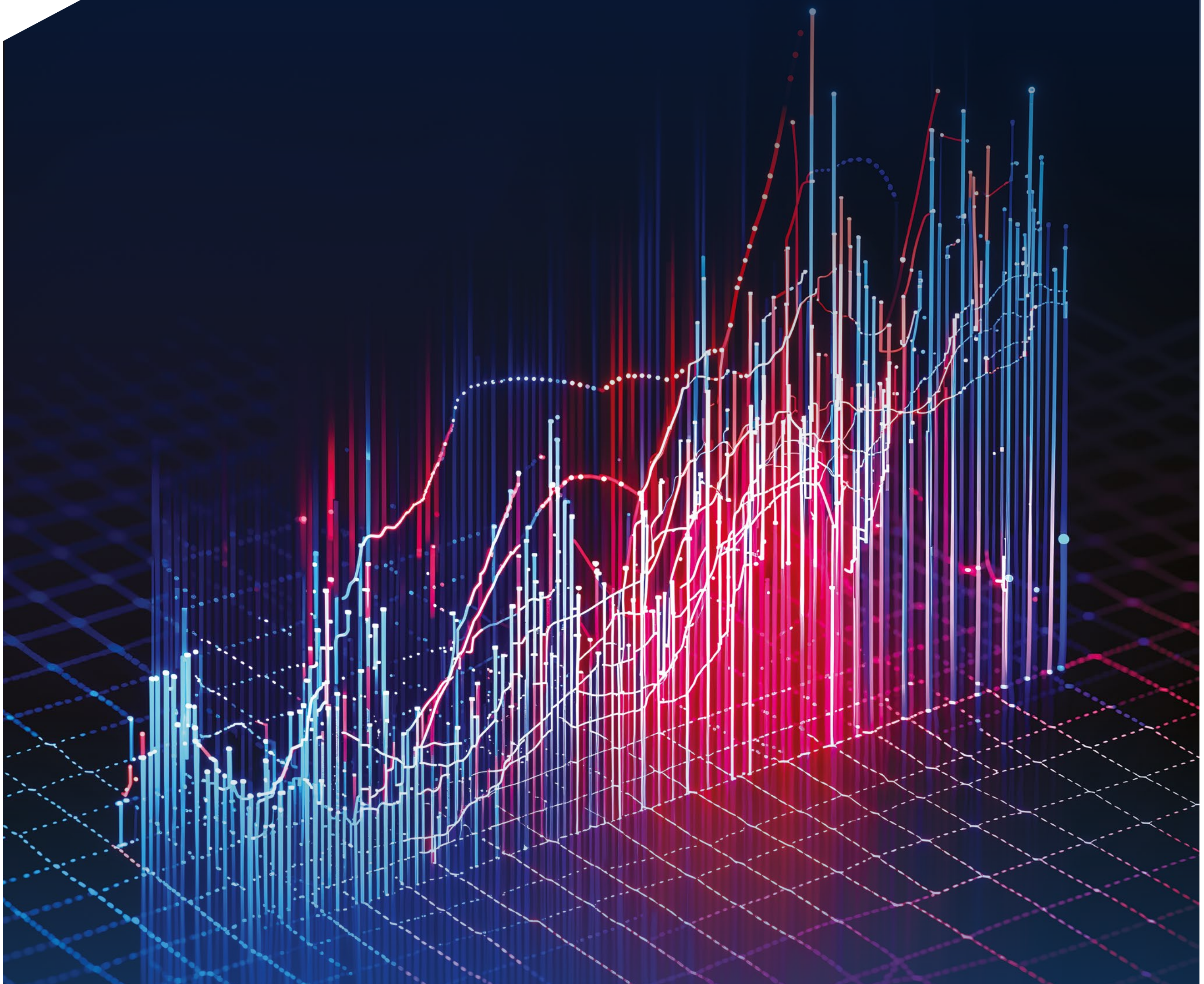
UK Government

THE UK'S MODERN
INDUSTRIAL STRATEGY



FINANCIAL SERVICES

One Year On: Delivering the Financial Services Growth and Competitiveness Strategy

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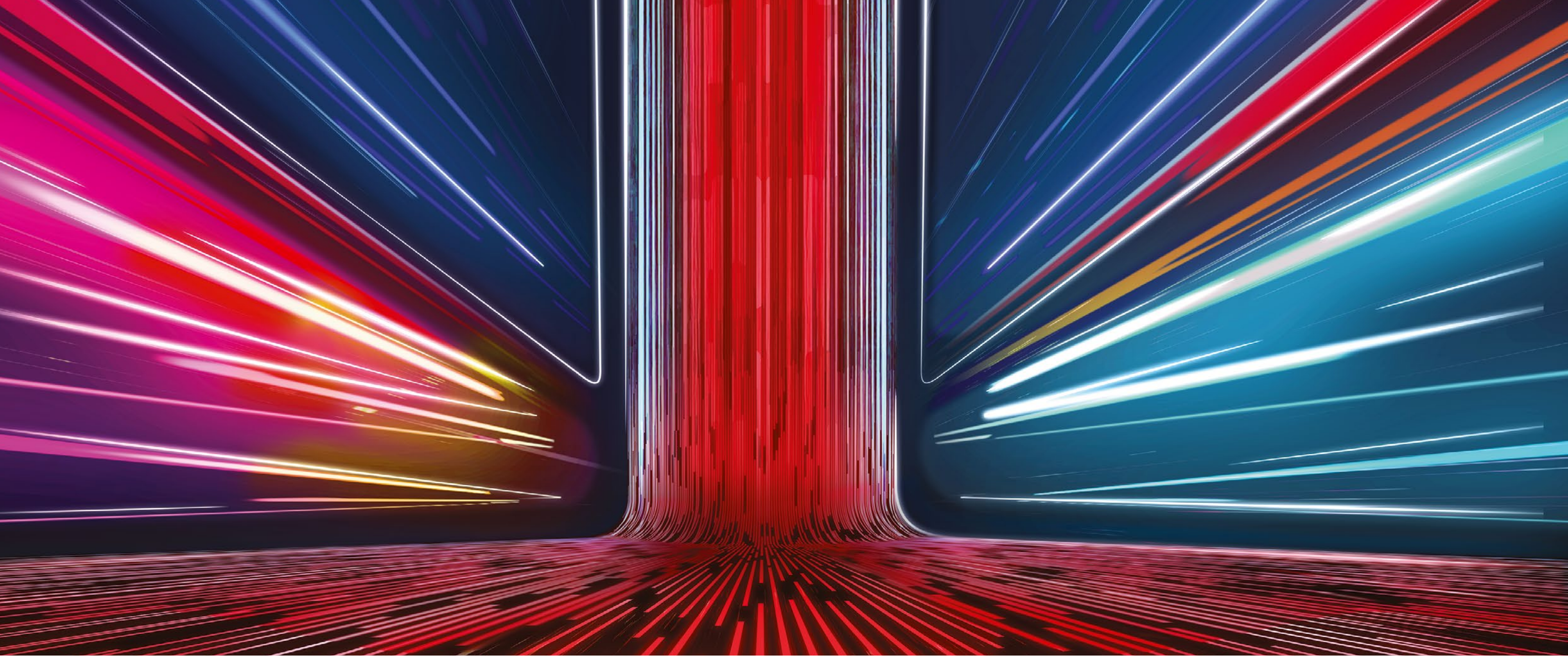


Ministerial Foreword

Rt Hon Rachel Reeves MP
Chancellor of the Exchequer

Rachel Blake MP
Economic Secretary to the Treasury

Since entering government in July 2024, we have been focused on unlocking the UK's economic potential: building a secure, resilient economy that can weather the challenges of the future, driving growth, improving productivity, and delivering prosperity for people and businesses across the country. The government's economic strategy has put the UK on a stronger footing: growth has returned, government borrowing is falling, living standards are beginning to recover, and the UK is the second fastest-growing G7 economy over the period since this government took office. We said we would make financial services the engine of growth, and we are delivering.

Through the Industrial Strategy, the government backed the UK's eight sectors with the highest growth potential over the next decade – the IS-8 – including our financial services sector. The government's economic plan directly relies on partnership with the UK's financial services sector to mobilise capital, manage risk, and support economic resilience. It is one of the UK's most productive sectors, a major source of jobs and UK exports, and a vital enabler of investment across the economy.

The Financial Services Growth and Competitiveness Strategy (FS Strategy), published in July 2025, set out a ten-year plan for the UK to be the world's centre of choice for financial services investment now and in 2035. It placed the competitiveness of the UK's financial services sector at the heart of the government's plan for growth, because a stronger financial services sector helps to mobilise capital, support productive investment and turn the UK's strengths in finance into higher productivity across the wider economy.

This matters for people and businesses in every part of the country. A competitive financial services sector enables firms to start, scale and stay; helps families to access secure savings, affordable credit, and better returns on pensions and investments, and gives communities greater choice of, and access to, everyday services, including through banking hubs and an expanded mutuals sector.

The FS Strategy set out five areas of focus, following extensive stakeholder engagement:

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.

Across this work, the FS Strategy committed to realising the economic potential of financial services clusters. Financial services growth must be felt across the UK, not concentrated in one place.

Ahead of Mansion House 2026, the government undertook a targeted industry feedback exercise to inform this publication and the next steps we are taking forward to deliver on the FS Strategy. Industry's message has been consistent: the FS Strategy set the right direction, but its credibility depends on delivery. That's why, over the last year, HM Treasury and regulators have worked closely with industry to deliver meaningful progress. In particular, we have:

- Introduced the Financial Services and Markets Bill to streamline the regulatory framework, reduce duplication and make regulation more proportionate.
- Deepened international partnerships and launched the Office for Investment: Financial Services to attract international investment to all parts of the UK.
- Introduced a new regulatory framework for cryptoassets, and accelerated work to digitalise wholesale markets.

- Delivered ambitious reforms to pensions, retail investment and capital markets, to make listing and fundraising in the UK easier and ensure that ordinary people can benefit from the UK's success.
- Worked with the Financial Services Skills Commission to ensure industry has access to talent with the skills of the future.
- Supported our financial services clusters across the UK through infrastructure investment and promotion of their existing strengths.

The government committed to reporting annually on progress on delivering the FS Strategy. This document sets out our major achievements in this first year, as we take the next steps to ensure that the UK remains the world's centre of choice for financial services investment – supporting the real economy, raising living standards and improving outcomes for consumers and small businesses across the UK.

Delivering for the FS Sector, consumers, and businesses

Progress to make the UK, by 2035, once again the global location of choice for financial services firms to invest, innovate, grow and sell their services

Delivering a competitive regulatory environment

Unlocking £1.6 billion in net benefits to the UK economy, firms, and consumers through reforms in the Financial Services and Markets Bill.

New Growth Allowance in ring-fencing reforms which could be used to unlock up to £80 billion of new financing for UK businesses.

Harnessing the UK's global leadership in financial services

Launched the Transatlantic Taskforce for Markets of the Future with the to advance UK-US financial services collaboration.

The Office for Investment: Financial Services has engaged with over 150 firms, since its launch, providing support to establish or scale their UK presence.

Realising the economic potential of financial service clusters

Investment in clusters across the UK, including:

Up to 1,000 jobs in Belfast from Bank of America.

£300-350 million from JP Morgan in Bournemouth.

£4 million and 200 jobs from S&P Global Manchester.

Embracing innovation and leveraging the UK's FinTech leadership

First six firms working with the FCA/PRA Scale-Up Unit, with second cohort to be announced later in 2026.

Legislated for a comprehensive regulatory framework for cryptoassets, coming into force on 25 October 2027.

Consulted on creating a single, streamlined framework for traditional and tokenised payments.

Setting the UK's financial services sector up with the skills and talent it needs

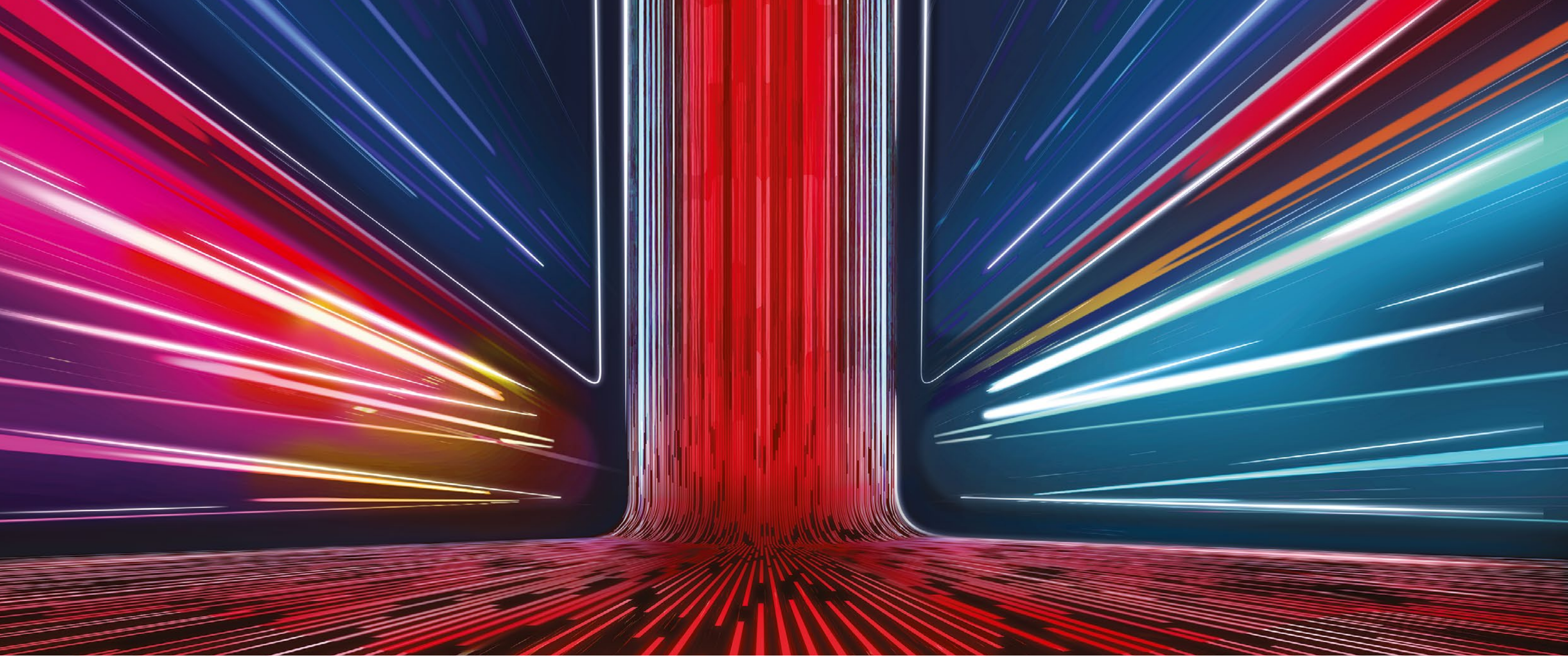
Over 20 of firms have already signedup to Financial Services Skills Compact, covering over 250,000 UK employees.

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

8 firms authorised to provide targeted support, with around 18 million consumers expected to benefit from targeted support over the next decade.

£25.8 billion of equity capital raised in London since the start of 2025.

Pension Schemes Act 2026 passed, enabling an expected additional £29,000 in pension savings over the lifetime of an average career earner.



Delivering a competitive regulatory environment

The Financial Services Growth and Competitiveness Strategy (FS Strategy) sets out the government's plan to ensure the UK has a proportionate, predictable, and internationally competitive regulatory environment, and one that regulates not just for risk, but for growth. The first year has focused on making the UK regulatory system faster, clearer and more proportionate, while maintaining the protections that underpin confidence in UK markets.

The government has introduced a Financial Services and Markets (FSM) Bill to Parliament that is estimated to deliver a net positive impact to society of £1.6 billion over the next decade, including £1 billion in administrative savings to firms. The legislation:

- Returns the Financial Ombudsman Service (FOS) to its original role as a simple, impartial dispute resolution service, giving FOS users greater certainty.
- Consolidates the Payment Systems Regulator into the FCA, streamlining the regulatory landscape and reducing complexity for businesses.
- Reforms the Senior Managers & Certification Regime to reduce its burdens by 50%, while maintaining its strong and effective framework of individual accountability.
- Sets new, more ambitious authorisation deadlines for the FCA and the PRA, which the regulators are already reporting against. Improvements to Senior Manager approvals are expected to deliver savings of up to £48 million per year.

To reduce unnecessary administrative burdens while preserving effective oversight:

- The FCA has increased its use of the 'minded to approve' designation for authorisations, allowing firms to seek investment with confidence. It made 382 'minded to approve' indications in 2025/26.
- The government has consulted on replacing the Benchmarks Regulation and substantially reducing the scope of its successor.
- The FCA and PRA have proposed or implemented streamlining of reporting requirements for firms – each regulator delivering savings of £100m per year for firms.

To free up capacity for lending while maintaining financial stability:

- Ring-fencing reforms will introduce a 'New Growth Allowance' that could unlock up to £80 billion of new financing for UK businesses.
- The Bank of England's Financial Policy Committee (FPC) announced a package of reforms to make the bank capital framework more effective, proportionate and supportive of lending to the real economy.
- The Bank of England raised the asset threshold for the Minimum Requirement for Own Funds and Eligible Liabilities (MREL) to £25-40 billion from 1 January 2026 and committed to update the threshold every three years to take account of growth – supporting smaller banks and their ability to lend to SMEs.
- The PRA introduced its 'Strong and Simple' capital framework, simplifying the regime for smaller, UK-focused lenders.
- The PRA published a discussion paper on mid-sized banks' use of internal ratings-based models and set new response timelines for reviewing model applications.
- The UK will implement most of Basel 3.1 from 1 January 2027, with rules on complex trading coming in from 1 January 2028.

Feedback on the FS Strategy was clear on the central role the capital framework plays in lending and investment decisions and the government expects these changes will boost firms' support for the economy, including lending to households and businesses.

The government has also focused on tailoring regulation where the UK's financial services sector has particular strengths, so that risk is managed in ways that support innovation and growth. To make these frameworks more effective:

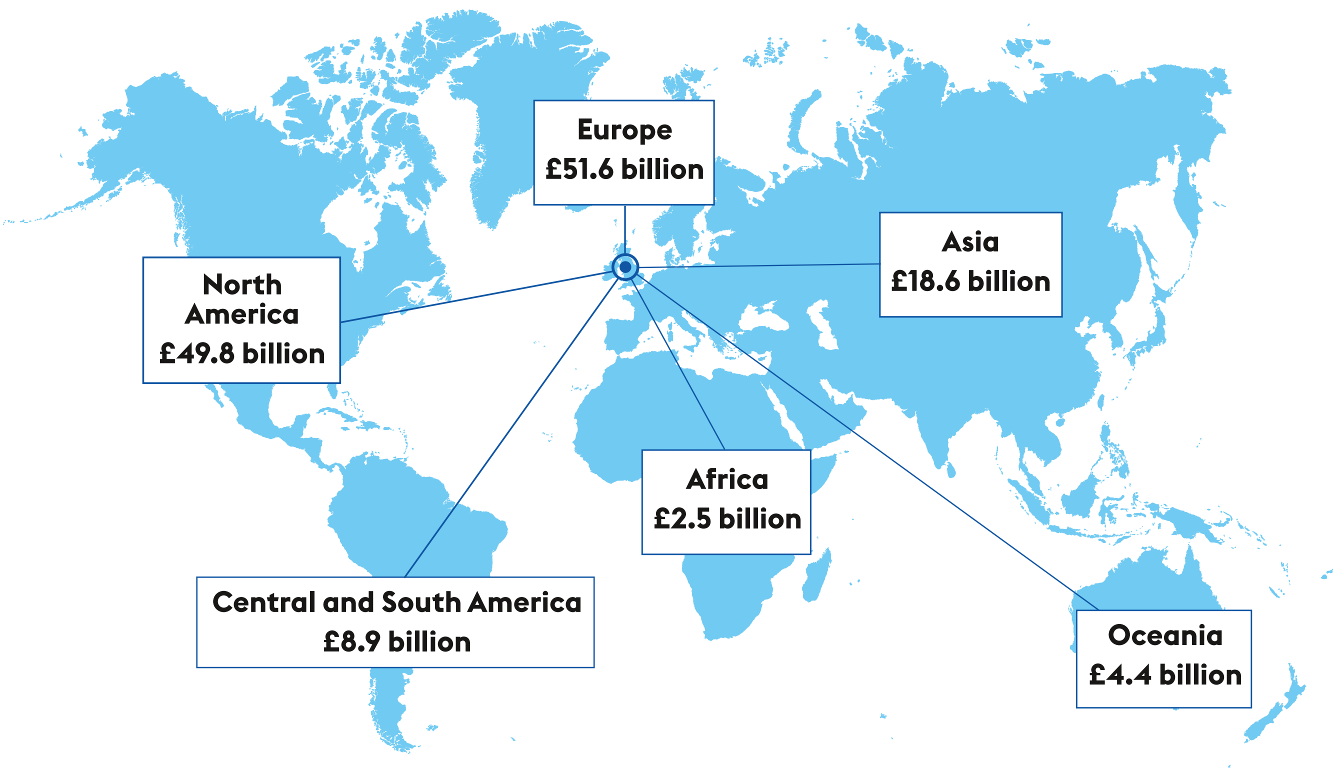
- At Mansion House 2025, the Chancellor asked the FCA to review the Consumer Duty's impact on wholesale firms. On 29 June 2026, the FCA proposed changes to its scope and application and to make its requirements more proportionate for wholesale business.
- The PRA and FCA launched consultations on a new, tailored captive insurance framework on 14 July 2026, to make self-insurance and risk management easier in the UK.
- The government has taken the next step to create a more proportionate and streamlined regime for Alternative Investment Fund Managers by publishing draft legislation on 14 July 2026, accompanied by FCA consultations on draft rules for the new regime.
- The FCA has consulted on remuneration reforms to make the UK investment firm framework more competitive and flexible, building on reforms introduced by the PRA for banks.
- The government and regulators have streamlined the sustainable finance regulatory framework. Over the last year, the government and regulators have:
  - Delivered UK Sustainability Reporting Standards, now finalised for voluntary use. The FCA will be publishing its final approach for listed company disclosures later in 2026.
  - Taken forward regulation of ESG ratings to improve market integrity, following legislation in December 2025 and an FCA consultation on regulation and authorisation.
  - Made progress on making the UK a global hub for transition finance, including through the Transition Finance Council's guidelines and implementation handbook.
  - Taken a pragmatic supervisory approach to climate-related risks, including via the PRA's December 2025 guidance supporting consistent integration of climate considerations across regulated banks and insurers.

Together these reforms will make the UK's regulatory environment work better for firms, consumers and the wider economy. This will deliver a clearer, faster and more proportionate system that supports confidence, unlocks investment and enables the financial services sector to drive growth across the UK.

Harnessing the UK's global leadership in financial services

We are building on the UK's global strength through deeper partnerships, improved market access and a clearer offer to firms choosing where to invest. The UK is the world's largest net exporter of financial services and the sector accounts for more than half of the UK's surplus in services exports. In 2025, the UK exported £136 billion of financial services across the globe, including to key markets such as the US and EU.

UK Financial Services Exports, 2025



Converting the UK's global strength into growth starts with open markets and practical regulatory cooperation. To deliver that, the government has:

- Launched the Transatlantic Taskforce for Markets of the Future with the US, to advance UK-US financial services collaboration, focusing on digital assets and capital markets. UK-US Financial Regulatory Working Group took place on 8 July.
- Taken forward regulatory cooperation with the EU, with a renewed focus on two areas: first, to discuss together new ways to improve oversight and reduce burdens for firms in areas such as transaction reporting, and second, to work together on emerging challenges such as the green and digital transitions, through technical discussions between officials leading up to the biannual Joint EU-UK Financial Regulatory Forum. This is consistent with the terms of the existing UK-EU Memorandum on Financial Services Cooperation and builds on existing cooperation on T+1 settlement and efforts to enhance the resilience of our respective Money Market Fund sectors. The fifth meeting of the Forum took place on 11 March 2026.
- Brought the Berne Financial Services Agreement (BFSA) into force from 1 January 2026, providing new cross-border market access for insurance between the UK and Switzerland. As of 2026, 11 UK insurers, including Aviva, and 21 Swiss firms have registered to use the BFSA. On 13 July 2026, the government also announced a new Free Trade Agreement (FTA) with Switzerland, which covers trade in financial services.
- Convened the fourth Japan-UK Financial Regulatory Forum in Tokyo, to discuss developments in financial markets and promote cooperation in key areas.
- Held the inaugural UK-China Financial Working Group in January 2026, to support discussions on shared challenges and develop joint initiatives to address market access barriers.
- Agreed an upgraded FTA with South Korea, which could increase UK services exports by £400 million annually. The second joint Economic and Financial Dialogue was held in March 2026.
- Implemented our FTA with India, which comes into force on 15 July 2026, with commitments to provide long-term certainty over access to the Indian financial services market for UK companies.
- Concluded FTA negotiations with the Gulf Cooperation Council, including commitments facilitating the free flow of financial data to make cross-border trade in financial services easier.

It also requires proactively attracting investment into the UK, encouraging international financial services firms to choose the UK as base for international business. To support that, the government has made the UK easier to navigate for firms seeking to establish, expand or invest in the UK, by:

- Legislating to deliver a clear framework to enable the creation of Overseas Recognition Regimes, designed to support the openness of the UK's financial services sector and facilitate cross-border financial services.
- Establishing The Office for Investment: Financial Services (OfI:FS), a ground-breaking public-private partnership between Treasury, the Office for Investment, the FCA, the PRA, and the City of London Corporation. Launched in October 2025, it is streamlining the experience for firms wanting to set up or expand their presence in the UK. It has engaged over 150 firms since its launch and is undertaking substantive projects with more than 35.

Case Studies: Office for Investment: Financial Services

Example 1: BBVA is Spain's second-largest banking group by assets, with a longstanding presence in the UK through its Corporate & Investment Banking business. OfI:FS helped the firm with strengthening its presence in the UK; alongside assistance with key regulatory processes, the team facilitated introductions to organisations including Great British Energy and the National Wealth Fund, enabling the firm to deepen its engagement with stakeholders across the financial and institutional ecosystem and ultimately supporting its growth ambitions in the UK.

Example 2: OfI:FS support was critical in helping Ramp, a US-based fintech, navigate the complexities of entering a new market. With this support, Ramp is growing its UK presence and deepening its footprint in the market.

Example 3: Rogo, a fast-growing AI operating company for global finance, based in the US, recently announced London as its first international office. OfI:FS engagement began in summer 2025 and helped resolve a visa issue for a co-founder shortly after the expansion announcement. Rogo has built an initial London team of 20, with plans to scale to approximately 50 by the end of 2026.

The government's international programme is converting the UK's global financial services strengths into new opportunities for firms, investors and the wider economy. This will deliver a more open, connected and competitive UK offer that attracts investment, expands exports and reinforces the UK's position as the world's global financial centre of choice.

Embracing innovation and leveraging the UK's FinTech leadership

To maintain our global competitiveness, it is imperative that the UK is at the forefront of worldwide digital transformation and makes the most of cutting-edge technologies. That is why the government's vision is for the UK to be the world's most technologically advanced global financial centre.

The major strategic challenge is how to move the UK's financial sector from experimentation to safe, widespread adoption of new technologies. AI and the digitalisation of markets go hand in hand: technology-first infrastructure is what enables firms to realise productivity benefits from new use cases and allows consumers to benefit from faster, cheaper, and more effective services. The government is tackling both areas head on in collaboration with industry and the regulators.

This starts with digital assets, where industry has been clear there is a major opportunity to modernise markets, payments, and financial infrastructure. The graphic below sets out how the government, regulators, and industry are progressing this agenda, including through the work of the Wholesale Digital Markets Champion, Chris Woolard CBE.

A comprehensive programme to ensure the UK is a world leader in digital assets

Facilitating the development of UK cryptoasset markets by bringing them into financial services regulation

New Cryptoasset Regime:

New legislation creates a regulatory regime that gives firms clearer rules, strengthens consumer protection and supports UK crypto investment and innovation. Final FCA rules for cryptoassets were published on 30 June 2026.

Updated Bank proposals on systemic regulation of stablecoins, published on 22 June 2026.

New tax rules announced for stablecoins and cryptoasset loans / liquidity pools, which will treat stablecoins more like money and certain loans and liquidity pools disposals as 'no gain, no loss'.

FCA/Bank of England consultation to the approach to joint regulation of stablecoin issuers published on 30 June 2026.

Digitalising the UK's wholesale financial markets, by enabling the sector to deploy tokenisation and ensuring there is cross-industry coordination

Wholesale Financial Markets Digital (WFMD) Strategy:

Published in July 2025, the strategy sets out a roadmap for digitalising wholesale markets, including T+1 settlement on 11 October 2027 and the removal of paper share certificates by end-2027.

Chris Woolard CBE, Wholesale Digital Markets Champion, was appointed to help coordinate industry action and accelerate adoption of digital market infrastructure and standards. He published his first report on 13 July 2026.

Digital Gilt Instrument (DIGIT):

Platform provider confirmed (HSBC), and first issuance set for no later than Q1 2027, with an intention to prepare for potential further issuances, subject to the success of the first transaction.

Digital Securities Sandbox (DSS):

The sandbox is active, allowing firms to test digital securities safely while protecting stability and market integrity. The Bank of England has approved the first firm to conduct live activity, and announced on 30 June that certain stablecoins can be used for settlement in the DSS.

Making the UK a global leader in next-generation payments to deliver real market momentum

Consultation on modernising UK payments:

The consultation sets out the government's intention tocreate a single regulatory regime for tokenised and traditional payments,creating a streamlined regulatory framework.

Retail Payments Infrastructure Renewal:
Under the Payments Vision Delivery Committee (PVDC), work is underway to deliver next generation retail payments infrastructure, supporting innovation in – and interoperability between– new forms of digital money. On 25 June 2026, the Retail Payments Infrastructure Board (RPIB) published a consultation on the design of the infrastructure, and on 2 July 2026, PVDC published an update on roles and responsibilities in the future retail payments ecosystem.

Updates to Real-Time Gross Settlement (RTGS) for wholesale settlement:
These will strengthen resilience and enable improved settlement for high-value payments that support the wider economy.

UK banks launched a collaborative industry initiative to deliver tokenised sterling deposits via The Great British Tokenised Deposits (GBTD) project, which has completed its live transaction undera pilot aimed at making remortgages safer, cheaper, and more efficient. GBTD is working with the RPIB to support coherence with RPIB's work on next generation retail payments infrastructure.

What's next:	What's next:	What's next:
• Cryptoasset regime in force 25 October 2027. • Legislation on tax rules for stablecoins and cryptoassets will be introduced in Finance Bill 2026-27.	• T+1 settlement by October 2027 and the removal of paper share certificates by end-2027. • First Digit Issuance in 2027. • Further work with industry and regulators over the next 12 months, to understand the tax issues raised by tokenisation and ensure the system can respond appropriately as the market develops.	• Further GBTD pilots later in 2026, with the full platform expected to go live in 2027. • Consultation on modernising payment services to close on 6 October 2026. • Consultation on the design of future retail payments infrastructure to close on11 September 2026.

The UK is committed to being the fastest adopter of AI in the G7, recognising its potential to transform the economy. To support this in financial services, the government has:

- Appointed Harriet Rees and Dr Rohit Dhawan as Financial Services AI Champions and accepted the recommendations for the government within their AI Adoption Plan, which is focused on next steps for the government, regulators, and industry to accelerate safe AI adoption and innovation in the financial services sector.
- Welcomed the range of initiatives regulators have taken forward to support the safe adoption of AI. This includes the FCA's Supercharged Sandbox and AI Live Testing programmes, which allow firms to experiment with and test AI applications across the life cycle, and the establishment of the Bank of England's and FCA's AI Consortium as a key platform for public-private engagement on the use of AI in UK financial services.

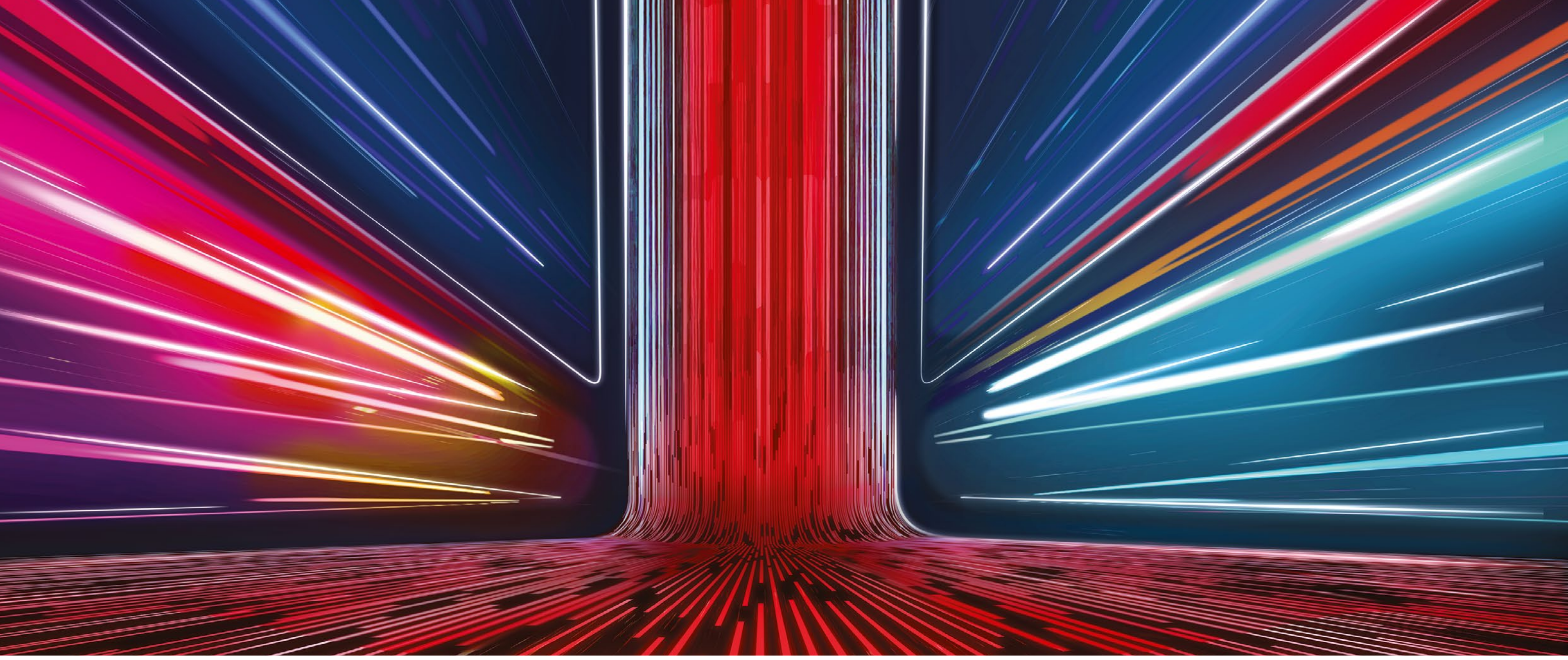
Maintaining the UK's advantage in innovative finance, particularly in key areas of strength like FinTech, also means helping innovative firms to start, scale, and stay in the UK. Responses to the 2024 Call for Evidence to inform the development of the FS Strategy identified the challenges of scaling up as a clear barrier to growth. To encourage innovative firms to start, scale, and stay in the UK:

- The FSM Bill will support the introduction of a provisional licenses authorisation regime, allowing the FCA to grant time-limited permissions so that firms can start undertaking some regulated activity whilst working towards full authorisation.
- The joint FCA and PRA Scale-up Unit launched in October 2025, with a first dual-regulated cohort announced in February 2026 and FCA support for solo-regulated firms to follow.
- The government has increased the Venture Capital Trust (VCT) and Enterprise Investment Scheme (EIS) limits, which is forecast to lead to around £100 million per year of extra investment into the most successful scaling companies.
- The government has significantly increased Enterprise Management Incentives eligibility limits, supporting around 1,800 high-growth scale-ups and 70,000 employees over five years.

The government announced a package of measures on 14 July 2026 to increase access to finance for growing businesses. This includes:

- An expansion of the British Business Bank's (BBB's) Growth Guarantee Scheme to facilitate an additional £2 billion of SME lending by 2028-29, bringing the total lending supported under the scheme to £3.35 billion per year by the end of the Parliament. Changes to the scheme will also mean some facilities can be provided with a new maximum term length of 10 years and companies with a turnover of up to £54 million per year will now be eligible for the scheme.
- Allocating up to £500 million within the BBB's ENABLE guarantee programme to unlock lending to innovative intellectual property-rich SMEs and scaling firms.
- A new UK Export Finance guarantee product delivered in partnership with the BBB, supporting SMEs looking to begin exporting.
- Backing community finance, with a roadmap due early next year and talks opening for the second phase of the BBB programme later this year, aiming to crowd in private capital and grow it to at least £500 million over time.
- In 2027 the government will consult on a regulatory framework for Open Finance, with a focus on SME lending, supporting innovation, competition and better outcomes for consumers and businesses.

This innovation agenda will make new technologies work better for firms, consumers and markets. The aim is a financial services sector that leads the world on the safe adoption of new technologies.



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

The UK's capital markets are a national asset: they fund the companies that create jobs, drive innovation, and deliver growth across every region of the UK. The FS Strategy committed to defending and boosting the competitiveness of the UK's capital markets over the next decade, including ensuring that more people could benefit from investing in our capital markets' success.

Connecting capital markets to household prosperity starts with changing the fact that the UK currently has the lowest rate of retail investment in the G7, which has contributed to worse outcomes for savers and reduced the pool of capital available to growing firms. To build a retail investment culture and unlock private investment, the government and regulators have:

- Launched targeted support, with eight firms now authorised to provide it, enabling them to help customers decide if investing is right for them and help them get started.
- Passed the Pension Schemes Act 2026, reforming the UK pensions system, which is expected to deliver an additional £29,000 in pension savings over an average career.
- Secured commitments from 17 major pension providers to invest 10% of default funds in private markets, with at least 5% in the UK by 2030, through the Mansion House Accord. In 2025, analysis drawing on market data estimates that large multiemployer defined contribution pension schemes' default fund private market investment increased by around £10 billion.

Case Study: Targeted Support

Monzo has recently launched a targeted support journey, nudging customers holding significant cash savings to consider investing. While still in the early stages, initial results indicate customers who receive an investment recommendation are 33% more likely to open an investment account than comparable customers who do not. Monzo has delivered around 2,000 recommendations of ready-made funds so far. As Monzo learns more and sees how customers respond, it will firm up plans and evaluate responsible extensions within the targeted support framework – such as broadening eligibility thresholds, testing different nudge timings and messaging, and expanding the range of ready-made fund options and educational guidance, to improve suitability and outcomes.

Case Study: Pensions Investment

Nest is one of the signatories of the Mansion House Accord. On 8 July, it announced an expansion of its investment in high-growth private companies through a dedicated venture capital sleeve, managed by Schroders, with an initial £200 million. Nest expects this allocation could reach around £1 billion by 2030, with a strong focus on UK-based unlisted companies.

Other examples of work by signatories include L&G's Lifetime Advantage Fund, which reached £25 billion in assets under management and passed 10% private markets allocation in May, and Standard Life's launch of Future Opportunities in April, a workplace pension default strategy targeting c.25% private markets long term.

- Incentivised investment by maintaining the £20,000 stocks and shares ISA limit, whilst reducing the cash ISA limit to £12,000 from April 2027.
- Supported an industry-led retail investment campaign that was seen 20 million times in its first six weeks, ahead of a nationwide TV campaign from October 2026.
- Supported industry-led action to move towards informing, rather than warning, consumers about the benefits and risks of investing, by endorsing the report and recommendations of a review chaired by the Investment Association.

Industry feedback highlighted that moving from private to public markets is a key challenge that can determine whether growing firms scale in the UK or look elsewhere. To provide companies with a stepping stone to capital markets and champion the UK as a listing destination, the government has:

- Launched PISCES, a new exchange for private companies, helping firms scale, access liquidity and move towards public listing. Three trading events have already been held – for QPLAY, TPE, and Wayve Technologies.
- Engaged founders, investors and advisors through the UK Listing Taskforce in support of UK listings, with companies such as Shawbrook, The Beauty Tech Group, and Princes Group choosing to list and raise capital in the UK.

A stronger public market also requires the process of listing to be easier and more proportionate. To make Initial Public Offerings (IPO) in the UK easier, the government and regulators have:

- Significantly cut the paperwork a firm needs to IPO in the UK, while providing better, more relevant information to investors, through the overhaul of the prospectus regime.
- Introduced UK Listing Relief – such that for the first three years after a company lists on the UK market, its shares are exempt from Stamp Duty Reserve Tax. At Budget 2026 the government also confirmed it will continue to evaluate Stamp Taxes on Shares, in order to ensure the UK is well positioned for the future and supporting the competitiveness of the UK's world-leading markets. Regular industry engagement is taking place.

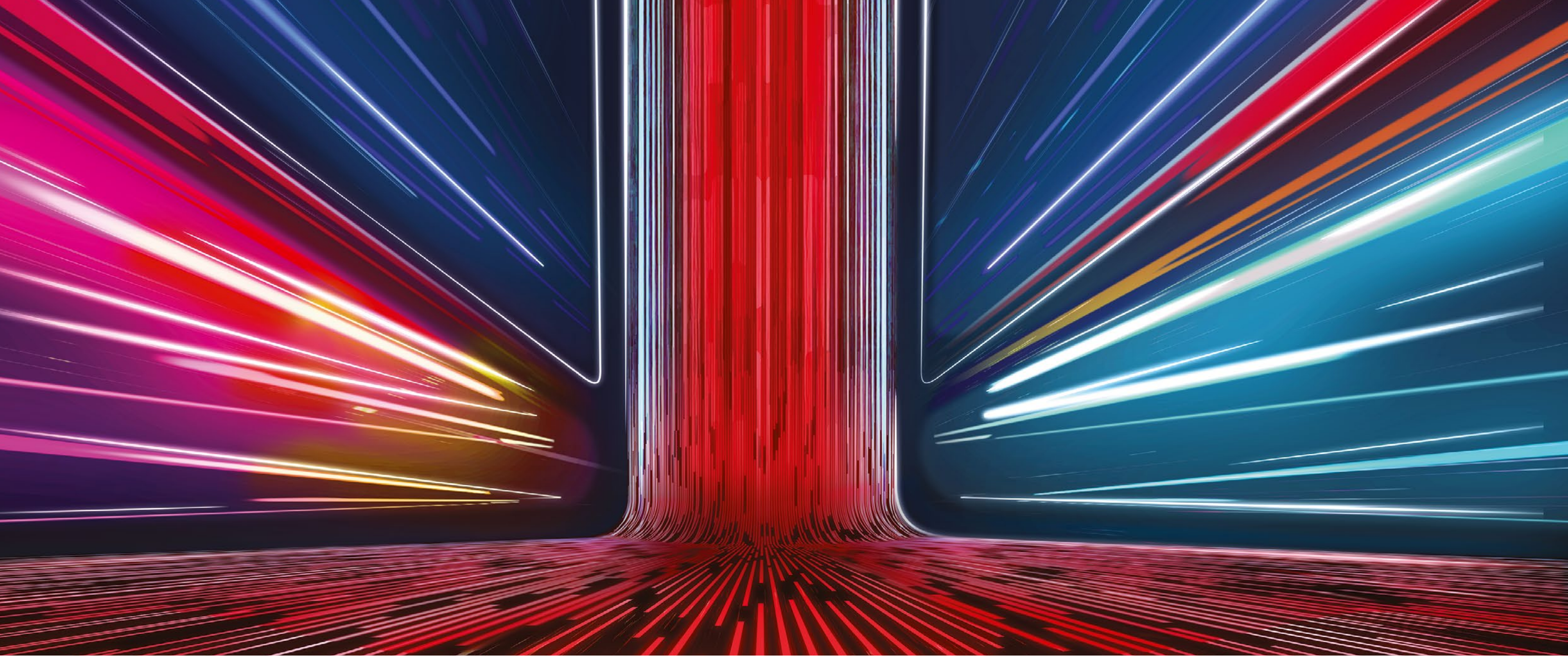
The UK's capital markets are already seeing results. Since 2025, £25.8 billion of equity capital has been raised in London through 538 transactions, 508 follow-ons and 30 IPOs as of 22 June 2026, with the best year for IPOs since 2021. London remains a world-class venue for raising follow-on capital, as demonstrated by Rosebank's £1.9 billion equity raise on AIM.

London markets have returned strong returns for UK savers over the last year, reaching record highs in 2026; £386.5 billion has been raised on London's bond markets so far this year, an increase on the same period last year and London has ranked as the most active exchange in Europe by capital raised every single year for the past two decades. The London Stock Exchange recorded the fourth all-time highest trading day across all mechanisms on 20 March 2026, with £17.6 billion in value.

Once listed, firms need to be able to keep using markets efficiently to raise capital and grow. To make it easier for UK listed firms to grow, the government and regulators have:

- Removed barriers to secondary fundraisings, lowering costs and cutting bureaucracy for listed companies raising further capital.
- Improved price transparency and liquidity through the launch of the consolidated tape for bonds in June 2026 and the proposed tape for equities in 2027.

These reforms will create a deeper market ecosystem from start-up to scale-up to public markets, and make UK capital markets work better for savers, firms and the wider economy.



Setting the UK's financial services sector up with the skills and talent it needs

The financial services sector's future competitiveness depends on firms being able to build, attract and retain the skills needed for technological change, new business models and long-term growth.

Building the skills base firms need requires sustained partnership with the sector. To deliver on its commitment to develop jobs plans for priority sectors and strengthen the labour market, the government has worked with the financial services sector to support the creation of a Financial Services Skills Compact, with the Financial Services Skills Commission (FSSC) leading development.

The Financial Services Skills Compact unlocks an unprecedented increase in the sector's investment in skills and the future of the labour force. It launched in July 2026 with over 20 firms already signed up, covering over 250,000 UK workers. The signatories have demonstrated leadership by investing in their people and preparing for the demands of the future by agreeing to:

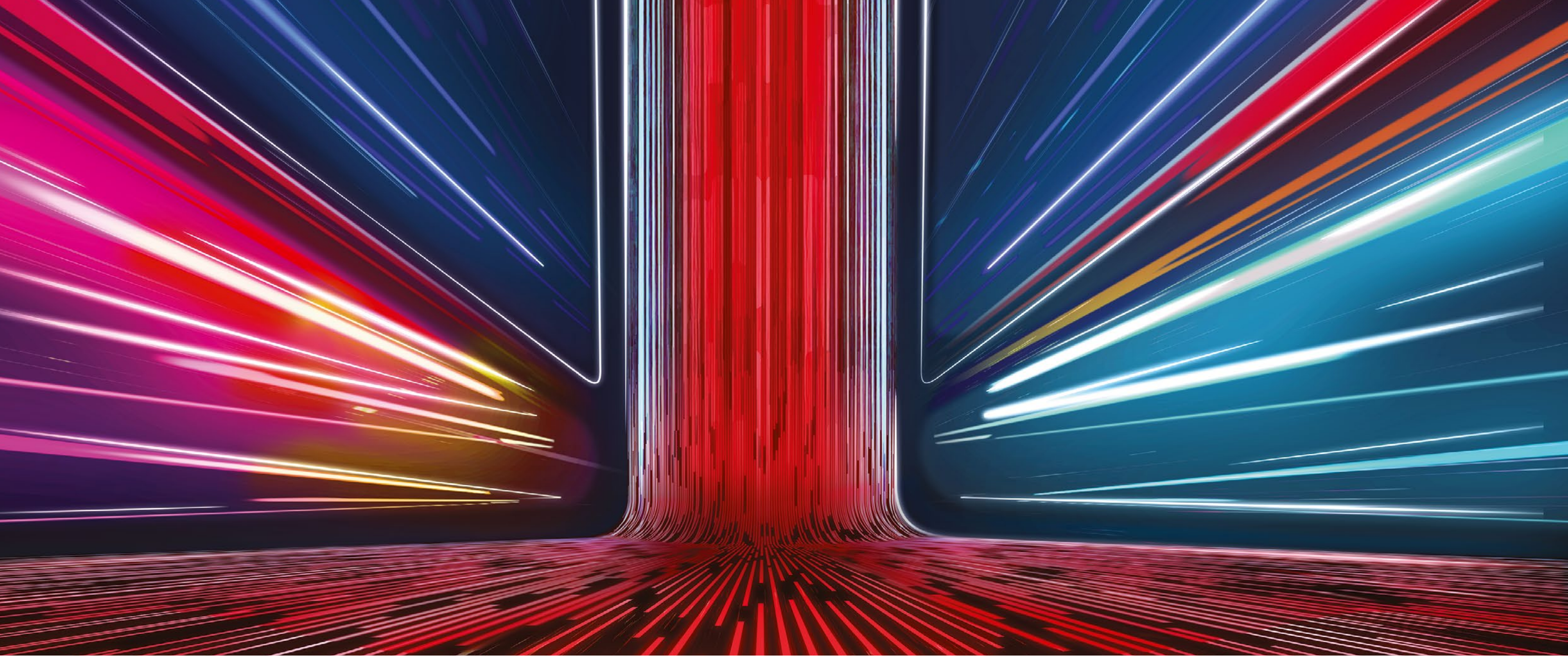
- Ensuring their UK workforce is future-ready by upskilling them in AI and other critical skills over a rolling three-year period.
- Maintaining and/or growing structured routes into their organisation for new talent.
- Assigning one member of their senior executive team as responsible for closing skills gaps, reflecting the seriousness of the challenge and their commitment to tackling it.
- Publishing annual updates on progress against these commitments, which are measurable and specific so that the sector can demonstrate its success and be held to account.

Understanding how technology is likely to affect the workforce is also critical to ensuring the sector has the skills it needs for future growth. The government therefore also commissioned the FSSC to produce a report on disruptive technologies, focusing primarily on AI. Phase 1 – *A Workforce Transformed* – launched in May 2026 and analyses how AI is expected to reshape business operations over the next 5-10 years. The second and final phase, expected in early 2027, will recommend actions needed over the next decade, including through regional clusters and the education and training sector, to support effective adoption and workforce transformation.

The government is also stepping up its work with the sector:

- Skills England's June 2026 assessment for financial services indicates that demand for highly skilled and technical occupations is projected to continue growing and is particularly strong for technology-related skills.
- Through the Post-16 Education and Skills White Paper, the government is committed to maintaining an ongoing and structured dialogue with the financial services sector to develop a robust understanding of how the skills system can best meet the sector's needs.

This skills agenda will help the financial services workforce evolve as quickly as the market. The aim is a stronger talent pipeline and a more adaptable workforce, so that firms, workers, young people, and communities across the UK can benefit from technological change and maintain long-term competitiveness.



Realising the economic potential of financial services clusters

Financial services growth must be felt across the UK, not concentrated in one place. The government is committed to realising the potential of each of the 11 financial services clusters identified in the FS Strategy, to support growth right across the UK.

To make regional clusters more attractive, the government is:

- Investing over £150 million through the Industrial Strategy cluster programme across five areas in the North and North East of England, backing growth sectors through the British Business Bank, which will supercharge sectors to grow cutting-edge firms and good local jobs.
- Working with local partners to densify the city centre and unlock office space in the Northern Square Mile in Leeds through the Leeds South Bank project.

Promoting the 11 clusters is also part of ensuring the UK's financial services offer is visible beyond London. The government is promoting our FS clusters via the OfI:FS, including through bespoke and targeted proposition decks that set out the benefits of regional clusters, such as Manchester and Edinburgh.

Financial services – investment across the UK

A number of major financial services firms have opened or expanded operations within the FS clusters outlined in the FS Strategy since it was launched one year ago

Glasgow

Broadridge - opening new office.

Belfast

Bank of America - creating up to 1,000 jobs: first operation in Northern Ireland.

Manchester

S&P Global - investing over £4 million into Manchester offices

BNY Mellon - opening new office in Manchester.

West Midlands

Goldman Sachs - investing £1.5 million to support apprenticeships in the West Midlands Combined Authority.

Edinburgh

BlackRock - opened new Edinburgh office, enabling workforce growth from 800 to 1,400; Two of BlackRock's largest offices outside the US will be in the UK.

Newcastle

Atom Bank - opened new headquarters, bringing 600 jobs including almost 30 new roles.

Leeds

GoCardless - choosing Leeds for new Northern office, bringing 50 high-quality jobs with plans to scale rapidly.

UK-wide

BlackRock - committing up to £500 million to next-generation enterprise data centres across the UK.

Bournemouth

JPMorganChase - investing £300-350 million to modernise and expand Bournemouth campus, new building and upgraded facilities for 5,300+ employees.

Mutuals & Co-operatives

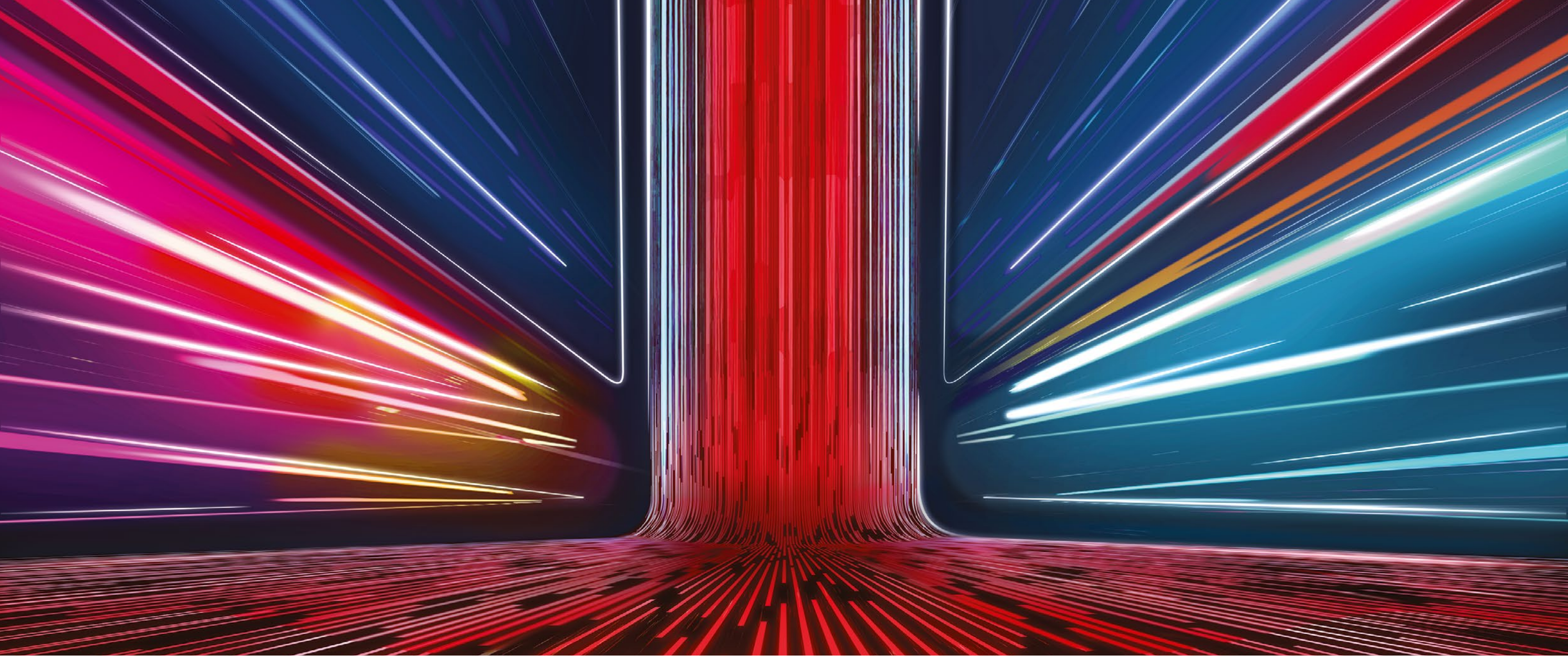
Mutuals and co-operatives – including building societies, credit unions, co-operatives, community benefit societies, mutual insurers, and friendly societies – have a key role to play in supporting the growth of regional economies. This is why the government aims to double the size of the UK's co-operative and mutuals sector.

In June 2026, the Government announced its intention to appoint a Mutuals Champion to raise the profile of the sector, represent its interests, and strengthen dialogue between the sector and the government. The Champion will work with the sector to identify barriers to growth and ensure these are reflected in policymaking, contributing to delivering the government's commitment to double the size of the sector.

The government is delivering credit union common bond reform as part of, and alongside, the FSM Bill. This will allow credit unions in Great Britain to grow and reach more members, expanding access to low-cost borrowing and secure savings for households. The government estimates that the combined package of changes could lead to an increase in membership of about 700,000 across all credit unions over 10 years and increase Assets Under Management by 7.2%. The Financial Inclusion Strategy, published in November 2025, also announced a £30 million transformation fund for credit unions in England to support the growth of the credit union sector.

The government has also recently laid legislation to support and modernise the building society sector, granting building societies additional flexibilities for raising funds.

Last year the PRA and the FCA published the Mutuals Landscape Report looking at the regulatory regime for mutuals and identifying barriers to growth. Building on that, the PRA has announced the withdrawal of the Building Societies Sourcebook, the FCA has launched the Mutual Societies Development Unit, and both regulators will work together on a review of credit union regulation.



Technical Annex: Economic Metrics

Financial services are a cornerstone of the UK economy, generating 8% of output, half of the UK's services trade surplus, and over 1 million jobs.

The government set out a series of metrics in the FS Strategy to transparently and consistently assess performance over time. As no single indicator captures the sector comprehensively, this includes a range of metrics covering: real output and productivity, exports and net exports, wage growth, firms' access to investment, and household participation in financial markets. Time lags in realising the impact of policy changes on these macroeconomic variables mean the full effects of recent changes and the 10-year FS Strategy may not be evident until data for subsequent years becomes available.

The table below sets out performance against these metrics in year one. Overall, they key metrics show positive momentum, with export growth particularly strong last year, whilst government policies are assisting progress where further improvement is needed. Performance against individual metrics is set out in more detail in the table below. Alongside this headline assessment, the government continues to assess the impact of policy reforms, including through the FSM Bill's impact assessment, which sets out an estimated £1.6 billion in net benefits over 10 years. This sits alongside wider ongoing monitoring of financial stability and resilience, including through the FPC's reports, the most recent of which was published on 7 July 2026.

10-Year Measure	Monitored Outcome After Year 1	
Real change in value of UK net FS exports	+7.3%	Financial services remain a key export strength. FS net exports saw their fastest growth since 2008, reaching £103 billion in 2025, whilst the UK's proportion of global FS exports rose to 17.4%, its highest since 2015.
UK share of global FS exports	+ 1.1ppt	
Real Output	+ 0.022%	Despite global uncertainty, FS real output showed resilience in 2025. While ONS data suggests a slight fall in output per hour, productivity estimates remain uncertain. Productivity remains 2.6 times the UK average, and the sector is well placed to benefit from future AI-driven productivity gains.
Real output per hour worked	-1.5%	
Real wage growth across regions	+8.3%	In 2025 real wages in FS rose in eight regions, falling slightly in three, with no data for the North East or Northern Ireland.
Net value of business finance raised	+£11.1 billion (3.1%)	Real SME lending grew by 6% in real terms in 2025, with challenger banks, specialist lenders and non-banks accounting for 68% of lending. Broader measures of gross finance raised grew in nominal terms, but fell marginally as a proportion of GDP.
Household wealth in financial assets	Nominal Value: +1.2% Proportion of non-pension wealth: -0.8ppts	The value of household non-pension savings in equities and funds rose slightly between 2023 and 2024, but its share of total non-pension financial assets fell to 31% (down from 38% in 2014). The government is implementing a number of measures to encourage retail investment, including working with the FCA to roll out targeted support, changes to the ISA regime, and supporting reform of risk warnings.
Regional clusters Real GVA output within regional clusters	-	ONS data Data updates for 2024 have not yet been released.
Net Export Target (2025-2035):	+ 7.3%	Net exports of FS grew by 7.3% in 2025. This puts us on track to deliver the long-term target set in the FS Strategy – to, over the next decade, double the average annual growth rate of net exports in FS seen in the past decade.

Sources: ONS, Bank of England & UNCTAD, detailed in the FS Growth and Competitiveness Strategy.

UK Government