

Financial & Professional Services dinner

Egyptian Hall, Mansion House
Thursday 14th November 2024
The Rt Hon The Lord Mayor of London
Alderman Alastair King

Chancellor, Governor, Your Excellency, My Lords, Fellow Aldermen, Sheriffs, Mr Recorder, Chief Commoner, Ladies and Gentlemen...

Introduction

Good evening and a very warm welcome to Mansion House.

Chancellor, we all look forward to hearing your first Mansion House Speech.

As I was only sworn in as Lord Mayor at the weekend, this is almost my first speech at the Mansion House as well.

The Governor, by contrast, is by now a veteran of these occasions.

Chancellor, we are all eager to hear your plans to achieve the government's number one mission – economic growth.

Because that is our number one mission as well.

It's what the City does.

Which is why this mayoralty is motivated by ***Growth Unleashed*** – my theme for the year - helping the financial and professional services sector to help the country on the path back to growth.

We will work with you, Chancellor, and you Governor, to pull every lever to raise investment, so we see growth unleashed in every community, every city, and every corner of the United Kingdom.

And we will continue to track the progress we make, as you will see in the *State of the Sector* report we have launched today – which underlines the United Kingdom's strengths as the world's leading financial centre.

It is undeniable that we face very tough and rapidly growing competition.

Reasons to be Cheerful

Despite the tough competitive environment, we have very many reasons to be cheerful.

Eleanor Roosevelt once said, “argue your limitations, and sure enough they’re yours”.

For years, commentators have argued about the United Kingdom’s limitations.

But the world has changed.

It’s time to argue the United Kingdom’s potential.

First, there has been a massive overhaul of United Kingdom capital market rules.

Our new rules - on listings, on governance, on research – are responsive, and internationally competitive.

Next, the corporate tax roadmap will ensure we maintain the coherent, stable, predictable and internationally-competitive tax regime we need.

Changes to planning will make investment in critical infrastructure - including transport, energy, housing – much more attractive.

The National Wealth Fund and enhancements to the British Business Bank will boost growth capital.

SolvencyUK provides the opportunity – as long as we go further - to support greater investment into infrastructure.

The financial and professional services industry has long called for an Industrial Strategy, which was a key recommendation of the City Corporation’s *Vision For Economic Growth*, launched by Policy Chairman Chris Hayward last year.

Now the Government is providing such a strategy.

We also asked for an Investment Agency, akin to the Irish investment agency, IDA Ireland.

And now we look forward to supporting the newly strengthened Office for Investment, delivering a strong strategy with financial and professional services at its heart.

Under the Policy Chairman's leadership, the City of London Corporation has worked with the Treasury to establish the Centre for Finance, Innovation and Technology, or CFIT, chaired by Charlotte Crosswell.

CFIT led the Open Finance Taskforce and is now convening industry to help prevent economic crime through enhanced verification, benefiting from the expertise of the City of London Police as the national lead force for tackling fraud.

The Policy Chairman is not able to join us today because he is spearheading the United Kingdom's leadership role in sustainable finance at COP29.

We have the real opportunity to become the global hub for transition finance.

We are charting a course through a changed landscape.

But there is much more we can do to unleash growth, and become even more cheerful - much of it at no cost.

Ways to be even more cheerful

We need to reform our attitude to risk.

We need to work with our regulators and rethink our mindset.

We have globally respected regulators.

We are now watching closely as they take forward the vital work of responding creatively to the secondary objective for growth and international competitiveness – we all look forward to seeing the results.

We plan to mark the second anniversary of the secondary objective next year to assess the regulator's progress.

Our *State of the Sector* report shows that a risk-averse culture has been a barrier to growth - especially in high-potential markets like tech and sustainable finance.

The regulatory burden is impacting our international competitiveness.

To sustain the success of the United Kingdom's world-leading financial services sector, firms need to innovate and take responsible risks.

They must be allowed to do so.

Without risk, there is no growth.

Regulators will increasingly be asked to focus not just on preventing failure, but actively encouraging success.

We must act now to convene the industry, for ideas on how to integrate more responsible risk into our approach.

While we have so much to offer the world, there is a crack in our shop window: the London Stock Exchange, where we are losing listings.

We urgently need to unleash greater investment in our public markets.

Our *State of the Sector* report shows that of the major financial centres, the United Kingdom has experienced the largest drop in capital raised by financial services and tech companies.

Last year, capital raised was down to £20 billion, from £27 billion in 2022 and £45 billion in 2021.

The pipeline of institutionally-owned and founder-led companies that plan to go public in the next few years is growing.

Yet many more companies are struggling to secure scale-up capital from British investors and are relying heavily on American funds – resulting in even more of them listing outside the United Kingdom.

The capital is there.

The opportunities are there.

But there is a wall of regulation, over-caution and under-confidence holding them apart.

As Ronald Reagan would have said, we need to “tear down this wall”.

There are some quick wins which are there for the taking, at no additional cost.

Take ISAs:

In the 10 years to April 2023, people have put £436billion into Cash ISAs but only £255billion into Stocks and Shares ISAs

– even though Stocks and Shares ISAs have performed better.

When the forerunner of ISAs was introduced, the deal was simple: in return for favourable tax treatment, investors put their money into United Kingdom equities.

It's time to look at that model once again – not mandating anything, but saying that if you want the full tax break, you need to be investing in the United Kingdom - which would bring us into line with what our competitors do.

Redirecting this money from non-productive to productive assets would help scale up British companies, improve returns for savers, and democratise the market by letting many more people benefit.

It would require a change in the rules, but not a charge to the Exchequer.

And we could do it in short order.

And take pensions:

I will be working with key partners to ensure we achieve the full potential of the Mansion House Compact, launched by my predecessor Sir Nicholas Lyons 18 months ago.

We need to develop additional mechanisms for the United Kingdom pensions industry to invest into pre-IPO and IPO funds – re-energising our capital markets, and combatting the current view among many European businesses that they need to turn to the United States for funding.

It is great to see the work being done on the British Growth Partnership and I call for us to work together to explore what more can be done.

And we need new models for long-term pension funding and long-term investment.

The City of London Corporation is an impartial and honest broker between industry and government.

And we will leave no stone unturned in our quest to unlock investment and unleash growth – as partner, broker, and solution-finder.

In my mayoralty, we are the growth-finders!

As we do more to generate domestic capital, let's remember the importance of international capital.

The opportunity for attracting investment has never been better.

The United Kingdom is the largest tech hub in Europe.

We lead Europe when it comes to AI investments, having the third largest AI market globally.

We are home to a booming cyber industry, with startups worth over £24billion in 2022.

A global hub for fintech investment worth more than Singapore, Hong Kong, Japan, Germany and France combined.

We must take our offer to the world and welcome the world here to the United Kingdom.

Sovereign investors with United Kingdom offices have invested £120billion here over the past decade.

Importantly, sovereign investors with a United Kingdom office have more than doubled their United Kingdom investments in the first five years after setting up here.

When they see what the United Kingdom has to offer, they want to invest more.

This investment uplift was worth £13.4billion in sectors such as infrastructure, tech, and renewable energy over the last decade.

Mindset reform

That is all good news.

But the world doesn't stand still.

We need to be bold; we need urgency.

There is hard work to be done – whether we are regulators, Government or industry.

If we are to see fundamentally higher growth, then we need much broader mindset reform.

Financial and professional services firms themselves need to be brave about taking risks - fuelled by the white heat of new technologies.

We must export to high growth markets around the world.

According to the United Nations body UNCTAD, the United Kingdom is the 4th largest exporter in the world – fuelled by the strength of our exports in services.

We need to keep the courage of our convictions and maintain the positive narrative around what we have already done, what we are doing, and how we are starting to address what still needs to be done.

Cheerleader in Chief

It is my job as Lord Mayor to be “cheerleader-in-chief” for our financial and professional services sector – promoting the City abroad while spurring on City firms at home.

Our thanks to the Governor and the Chancellor; the City will work with you as the indispensable industry which will see growth unleashed across our country - with a new mindset, a new risk appetite, and new flows of investment.

Finally, may I propose a toast...

**PROSPERITY TO THE PUBLIC PURSE AND
THE HEALTH OF THE CHANCELLOR OF THE EXCHEQUER**