The Lord Mayor Alastair King's Gresham College lecture
Guildhall, Monday 14th April 2025

The world is in crisis.

How many times have we heard that statement over the last five years?

A half decade coloured by disease...conflict...climate disasters...political turmoil...trade wars and economic shocks.

The Chinese word for crisis is "*Wei Ji*".

"Wei" means "danger".

And, while "*Ji"* has often been interpreted by the Western world to mean "opportunity", the more accurate interpretation is "change point".

Most of the dangers we are facing are obvious.

But, at this "change point", there is another, hidden danger that we need to acknowledge. The danger of the status quo.

Seneca said that *"it is not because things are difficult that we dare not venture...it is because we dare not venture that they are difficult."*

Over the centuries, international maritime trade via the Port of London *transformed* London into the global hub for commerce and finance we know today.

Those journeys were fraught with uncertainty…

Would the ship arrive safely at its destination?

Would it be taken over by pirates?

Or would it and its cargo end up at the bottom of the ocean?

Marine insurance developed to mitigate those risks, but there was an understanding on all sides that they could never be eliminated completely.

The only way of achieving that would be for the ship to stay in the dock.

In 2025, there are too many ships in our proverbial dock.

A combination of over-regulation and under-confidence has left us immobile.

We dare not venture. And so we do not reap the rewards.

Today, I want to talk to you about my mayoral theme, *Growth Unleashed*, which seeks to reset the City's appetite for risk so we can compete in this changing world.

The UK remains the number one financial centre in the world.

We are the world's largest insurance centre.

And we account for 43% of global foreign exchange turnover.

The City now has 678,000 workers; 25% more than before the pandemic.

And last year alone saw a record 331 office leasing deals, welcoming the likes of HSBC and Clifford Chance back to the City.

We have rich expertise in areas like green finance and asset management…deep capital markets…and a strong talent pool.

Where else in the world can you get high single figure or low double figure IRR returns on a sustainable basis, with good rule of law in a safe political environment?

We have so much to shout about and so much to look forward to.

Yet, we cannot ignore the wider global picture.

From the rise of protectionism to the rapid development of emerging technologies, the geopolitical landscape is changing at *breakneck* speed.

Research from PwC predicts that emerging markets are set to grow twice as fast as advanced economies over the next 25 years...with China, India and Indonesia predicted to be in first, second and fourth place in the world economy, respectively, by 2050.

The old order has passed away.

In this new world, I strongly believe that the defining capability that will separate leading financial centres like London from their competitors is not their size...or their reputation... but their *ability to manage risk.*

What do I mean by that?

Well, firstly, the obvious...it is the ability to identify and respond to emerging threats.

But, secondly, and far more importantly in this context, it is the ability to seize the opportunities presented by our changing world...

Whether that's embracing the white heat of new technology, like AI and cyber.

Forging relationships with new partners in emerging markets.

Or acting as a safe harbour for international investment.

London is very good - too good, I would argue - at the first part of the equation, protecting itself against threats.

The cautious attitude we adopted in the years following the global financial crisis has developed into a full-blown allergy to risk.

The UK gave the world antibiotics and the World Wide Web. But, in recent years, we have - inadvertently - created a culture that stifles innovation and growth.

Take our fintech sector, for example. The UK is a leading global hub for fintech, with a vibrant ecosystem of companies like Revolut and Monzo, a highly-skilled workforce, excellent universities and more besides.

We have the human capital. But these innovative firms are struggling to obtain the *actual capital* they need to scale-up and reach their full potential.

Increasingly, they have to seek that actual capital from overseas.

Indeed, the UK has experienced the largest drop in capital raised by financial services and tech companies of any of the world's major financial centres...

From £45 billion in 2021. To £27 billion in 2022. To just £20 billion in 2023.

The steady gallop of Unicorns created in the UK in years gone by has slowed to a listless trot...

From 36 in 2021.To just six in 2023.

And, while London remains home to the second-largest equity capital market in any free-market economy, 88 companies delisted from the London Stock Exchange in 2024, with just 18 newcomers arriving to take their place.

Though, it should be noted that the pipeline is now much fuller due to the listing rule reforms enacted by LSEG.

I must also stress that this decline is not unique to the UK.

In the US, JP Morgan Chase boss Jamie Dimon noted that the number of public companies there has dropped by 45% since 1996 - a greater percentage decline than that experienced in the UK.

So, we are not alone...but there is no denying that UK investors have a tendency to be less ambitious and more risk-averse than their counterparts in places like the US.

Comparing earnings releases from the 50 largest corporations in the S&P 500 and the 50 largest corporations in the FTSE 100, McKinsey found American businesses had twice as many references to “ambition” and 1.2 times as many mentions of “innovation”.

The report also highlights a skew in UK investor returns toward dividends, which suggests a strong pressure to operate profitably at an earlier stage than US counterparts.

In the US, past failures may be viewed as a rite of passage, McKinsey notes, whereas, in the UK, they generate a concern among investors about their ability to protect against significant downside.

The CEO of a multinational financial services company that has both UK-based and Asia-based directors recently told me that if she gave me an anonymised transcript of a board meeting with the names of the directors redacted, I would be able to tell with 100% accuracy which were the comments of the UK-based directors and which were the comments of the Asia-based directors.

UK-based directors’ contributions would be suffused with ideas of governance and process.

The Asia-based directors’ comments would be suffused with eating other people’s lunches.

While there is absolutely a place for governance and process, there's also a place for eating other people's lunches.

I would suggest there is more of a place for eating other people's lunches than currently exists.

At a time when technology has never been more important...impacting almost every area of our lives...the UK is in real danger of becoming an incubator economy...

...a place where start-ups develop transformative products and services before selling out or moving abroad far too early in their development because of a dearth of domestic capital investment -- with other countries cashing in on our success.

To help to combat this, I am hosting a series of scale-up capital events with the Worshipful Company of Information Technologists, which brings the best British technology businesses seeking to raise between £5 and £30 million together with British investors.

These events have been hugely popular, so there is hope…

But we need a more holistic approach.

If we do not take a leap and back innovative British businesses there will be no progress...no new jobs and opportunities...and - most importantly - no growth.

After the OBR halved its growth forecast for the year ahead to just 1%, we need new growth more than ever before.

As Winston Churchill famously opined, private enterprise is not a *"predatory tiger to be shot"* or a *"cow to be milked"*, it is the *"healthy horse"* pulling the *"sturdy wagon"* - our economy - along.

Private enterprise is *the* most powerful engine for wealth creation.

The longer we take to recognise this...the longer we withhold the support that *"healthy horse"* so desperately needs...the more likely it is that the wheels are going to come off the wagon.

We must transform our attitude to risk to support our growth-creating firms.

It is all well and good for me to make that statement. But how do we move from a culture of safetyism to a culture of responsible risk-taking?

This year, I have been encouraging business leaders to jump on planes...bang on doors...adopt new tech...and put in the hours and effort needed to succeed: in the office, not from home.

But they need to feel empowered to do that. They need to know that, if they go and make these connections, international partners will be able to invest in their business without facing undue complexity or cost.

If we want investors and businesses to take more risks, the government and the regulators need to set the direction.

First, by providing economic stability...which is the Chancellor's primary goal right now.

The overhaul of the UK's capital market rules, the Financial Conduct Authority's new listing rules, the corporate tax roadmap, the modern industrial strategy and forthcoming Financial Services Growth and Competitiveness Strategy, the new National Wealth Fund and the revamped Office for Investment are all positive developments.

But, second, we need to be regulating *for* growth, not just *against* risk.

Regulators' actions have real world impacts in terms of banks lending to SMEs, asset managers investing in infrastructure, and consumers saving enough for retirement.

As the Chancellor said in her Mansion House speech in November, it was right that successive governments made regulatory changes after the global financial crisis...

...but that has gone too far.

Excessive layers of regulation have increased the complexity and cost of doing business in the UK. Indeed, the FCA estimates that the total one-off direct costs firms may incur to comply with the Consumer Duty could be up to £2.4bn.

Incentives on politicians and regulators to avoid criticism when regulation fails to mitigate risks fully has encouraged excessive risk aversion in the system.

Meanwhile, rules-based frameworks can limit regulator discretion, making it difficult to strike the right balance between risk and growth.

Our regulators are globally respected, but we need a smarter regulatory system that not only protects consumers and supports competition, but also encourages new investment, innovation, and growth.

Building on the secondary competitiveness and growth objective for the Prudential Regulation Authority and FCA, as contained in the Financial Services and Markets Act 2023, the government's new Action Plan for regulators is a step in the right direction.

The Plan will streamline financial services regulators' legal duties so they can better focus on driving growth and investment.

We at the City of London Corporation are excited to partner with the regulators, His Majesty's Treasury and the Office for Investment to establish an investment hub that will make it easier for firms to navigate the UK regulatory landscape and broader barriers to entry.

The UK is already a top destination for foreign direct investment, and, as we do more to generate domestic capital, this new service will only enhance our attractiveness to international partners.

I was also pleased to see the FCA acknowledge the need for change by making a bold commitment to rebalance risk in its strategy for the next five years.

These are all welcome steps.

But, there is no time to waste, and we must go further and faster to reignite our appetite for risk and support growth.

As part of *Growth Unleashed*, I am working with senior practitioners to develop innovative ideas aimed at improving risk culture and regulation to support growth.

There must be clear lines of distinction between “good” risks, “bad” risks, and “risks for risks’ sake”. This work will help us get clarity on what risks are worth taking and why.

We look forward to sharing our proposals in the summer.

In addition, on 21st May, we are bringing the Chief Risk Officers - or CROs, as they are often known - senior leaders, policymakers and industry experts together for the inaugural Chief Risk Officers Summit here at Guildhall.

As I mentioned earlier, the rapidly evolving geopolitical landscape demands that we develop stronger agility and foresight.

For global businesses, CROs will be at the heart of that work.

Recent research work with City St George’s, which I had the honour to commission in the run up to becoming Lord Mayor, found that the role of the CRO has evolved over the years.

Once seen as the “no team" enforcing strict compliance, CROs are now strategic partners in the boardroom - guiding organisations through complex risk landscapes while fostering innovation, creating value and driving growth.

The summit will allow the CRO community to make new relationships and enhance strategic risk thinking within the boardroom…as well as showcasing London’s offer as a centre for responsible financial leadership.

CROs are one part of the puzzle.

For our plan to work, all parts of society must come together to embrace positive risk. And that includes your average saver.

Like my predecessor, the 694th Lord Mayor of London, Sir Nick Lyons, I believe our pension system could play a vital role in supporting our most innovative businesses.

Some of the major Canadian pension funds and Australian superannuation funds - the most successful pension schemes over the last 30 years - invest between 14% and 34% in private equity and infrastructure. In the UK, the figure is just 5%.

These sectors are missing out on investment and savers are missing out on better returns.

So, this year, I will be building on the ambitions of the Mansion House Compact...

...a landmark agreement whereby 11 of the UK’s largest Defined Contribution pension providers committed to allocate 5% of their default funds to unlisted equities by 2030 to support high-growth companies and boost pensioners’ retirement pots.

Conversations are gathering pace, and we will unveil our plans very soon.

Alongside pensions, we need to mobilise the £430 billion of "possible investments" that are being held as cash deposits and not generating the returns they could for savers.

In the UK, only 39% of adults are active investors, compared to 61% in the US.

Research from Barclays shows a quarter of savers think investing is too complicated, and nearly half think it is too risky.

We need to simplify the investment process and help consumers understand the rewards - and risks - of investing so that they can have a stake in the future of our economy.

The government and FCA's Advice Guidance Boundary Review presents a good opportunity to improve savers' access to information.

Finally, I have also been using my platform to highlight the iniquity of stamp duty on shares, which is stifling investment in UK-listed firms.

It cannot be right that investors are taxed when buying a UK-listed Aston Martin share, but not when buying a German-listed Porsche share. That has got to change.

Over the centuries, the City has survived disease, fire, schism, attack and economic shocks thanks to our ability to evolve. We must now evolve again.

The world is changing, and, amidst all this uncertainty, it is clear that the worst possible course of action would be a "business as usual" approach.

We can be wary of the *“Wei”*, the danger, and, at the same time, make the most of the *“Ji”*, the change point.

As the Chancellor said in her Spring Statement, the UK has strengths that mean we can act quickly and decisively in a more uncertain world...

We are one of the world’s largest economies...

An ally to trading partners across the globe...

And a hub for global innovation...

To paraphrase Standard Chartered chair José Viñals, London can be a winner as a neutral financial hub…

…something that was reinforced to me during a trip to Canada around the time of the announcement of American tariffs on foreign imports.

But, while the UK can act as a safe harbour for international investment, at the same time, we must stop playing it safe.

We must embrace new risks to unleash the power of the private sector and secure desperately needed economic growth.

So, let us raise our sails...

And dare to venture.

Thank you.