

Key facts

about the UK as an international financial centre 2024



About TheCityUK

TheCityUK is the industry-led body representing UK-based financial and related professional services. We champion and support the success of the ecosystem, and thereby our members, promoting policies in the UK and internationally that drive competitiveness, support job creation and enable long-term economic growth. The industry contributes 12% of the UK's total economic output and employs over 2.4 million people – with two thirds of these jobs outside London across the country's regions and nations. It pays more corporation tax than any other sector and is the largest net exporting industry. The industry plays an important role in enabling the transition to net zero and driving economic growth across the wider economy through its provision of capital, investment, professional advice and insurance. It also makes a real difference to people in their daily lives, helping them save for the future, buy a home, invest in a business and manage risk.

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Key facts about the UK as an international financial centre

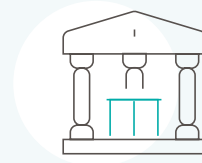


The UK's trade surplus in financial and related professional services is

£100.7BN



The UK has **38%** of the global total of foreign-exchange turnover



London hosts more than **170** foreign banks or branches



The UK has **14.6%** of the global total of crossborder lending



The UK's equity market capitalisation was **70.4%** of its GDP at the end of 2023



Over **488** active sustainable bonds were listed on the London Stock Exchange (LSE) from over **125** issuers in 2023, which have raised around

£218BN



Around **TWICE** as many US dollars are traded in the UK than in the US



The UK accounts for **5.2%** of global insurance premiums



The UK is home to around **200** foreign law firms from around 40 jurisdictions



UK FinTech investment reached **£4.1BN** in 2023



The UK had **£2.6TRN** of pension assets under management in 2023



UK private equity funds invested **£29.4BN**, the largest amount in Europe, in 2023



UK-based Islamic banks' assets represent more than **90%** of Islamic banking assets in Europe (excluding Turkey)

Foreword

As we reflect on the economic and financial landscape of 2024 and look ahead to what the new year has in store, economic and geopolitical challenges unfortunately show no signs of abating. Issues such as unsustainable fiscal positions, continued inflationary pressures, and security and trade tensions continue to weigh on global growth prospects.

The UK's financial and related professional services industry must continue to navigate through these obstacles while continuing to support the broader economy through the provision of capital, risk-mitigation and professional advice. Indeed, the industry's own strength translates into stronger economic prospects for the UK as well as for other countries: its provision of trade finance, for example, helps to oil the wheels of global commerce, which in turn is strongly positively correlated with economic growth. Moreover, the industry's commitment to innovation is another asset; the continued focus on green and sustainable finance and the transition to net zero, for example, is significant.

In this context it is encouraging to see that the UK maintains its position as one of the world's leading international financial and related professional services hubs. This latest edition of our annual 'Key facts about the UK as an international financial centre' notes, for example, that the UK-based insurance sector remains the largest in Europe and the third largest in the world, with \$375bn in premiums in 2023. The UK attracted the second-largest amount of FinTech investment globally in that year, behind only the US. These and many other achievements and metrics outlined in this research underscore the UK's competitiveness and its ability to attract significant levels of inward investment. I am pleased to share these data and insights as a way to inform policymakers about the multifaceted contribution the UK-based industry makes to internationally-oriented business; and to demonstrate more widely the UK's position in key markets and sectors relative to its peers.

Anjalika Bardalai

Chief Economist and Director, Economic Research, TheCityUK



Executive summary

- The UK is one of the world's leading international financial and related professional services hubs, with London central to this position. This report uses the latest available data to highlight a number of measures and markets that demonstrate the UK's role as an international financial centre.
- TheCityUK estimates the UK's trade surplus in financial and related professional services to have been \$125.3bn (£100.7bn) in 2023. The magnitude of exports relative to imports indicates that the industry is highly competitive globally.
- The UK maintains a globally leading share of a number of financial markets; for example, it has 14.6% of the global total of cross-border bank lending. London is a centre for foreign banks, with around 170 foreign banks or branches in the city.
- Around twice as many US dollars are traded on the foreign exchange market in the UK than in the US. Overall, the UK has 38% of the global total of foreign-exchange turnover, and a 45.5% share of trading in over the counter (OTC) interest-rate derivatives.
- The UK insurance sector is the biggest in Europe and third largest in the world. According to data from the London Market (a separate part of the sector focusing on high-exposure risk), London has a 43% share of the global market for specialty risk classes (e.g., marine and energy).
- The UK is the largest source of pension funds in Europe, with \$3.2trn (equivalent to £2.6trn) in assets under management in 2023.
- London's importance as a centre for global equity trading is illustrated by the 271 foreign companies listed on the London Stock Exchange (LSE) as of September 2024 – putting London in the top three exchanges globally by this metric.
- The UK plays a leading role in a number of specialist areas of financial services. For example, Islamic finance and maritime financial services are sectors where the UK has been at the forefront of development.
- Green finance is a specialist area of particular prominence for UK-based financial and related professional services. For example, London is a global hub for green funds, and the LSE was the first exchange to use a public market framework to help funding into climate mitigation projects that generate carbon credits.
- The UK is the world's second largest destination for FinTech investment, after the US, and continues to be the most attractive destination for FinTech in Europe. In 2023, the UK attracted \$5.1bn (equivalent to £4.1bn) across 409 FinTech deals.
- The UK is the largest legal services market in Europe and is second only to the US globally. It is home to a wide range of international law firms, with more than 200 foreign law firms from around 40 jurisdictions operating in the country.
- Turnover generated by management consultancy services in the UK increased by 171% from £50.8bn in 2014 to £86.8bn in 2023. The sector is highly varied, providing both general business and domain-specific and process-specific services.
- A range of UK-based organisations provides education and training in financial and related professional services internationally. Three UK universities are part of the global top 10 higher-level institutions specialised in accounting and finance courses.

The UK's role as a leading international financial centre

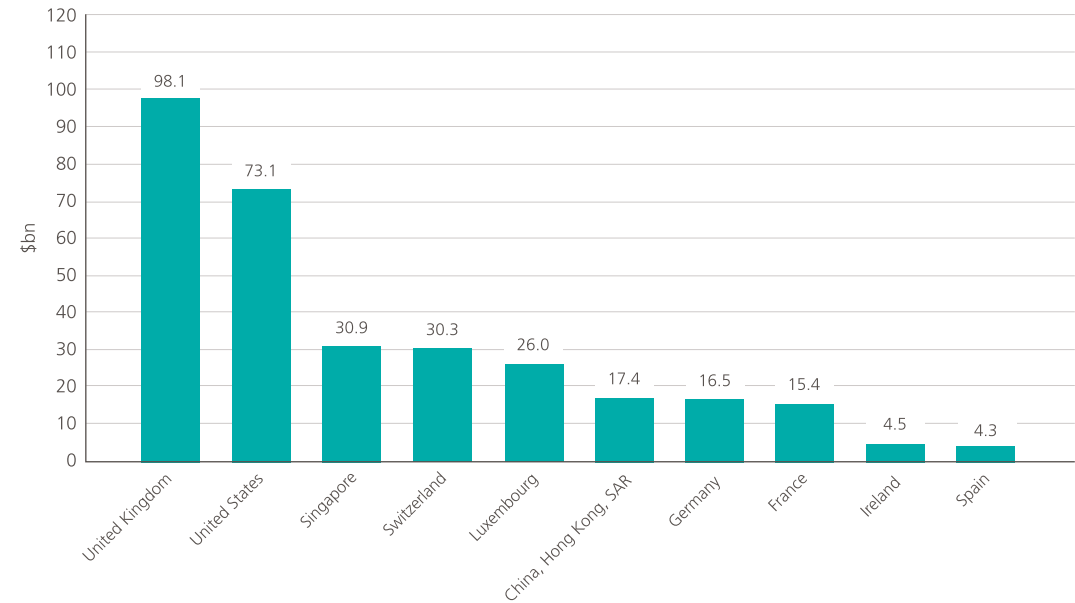
The UK is one of the world's leading international financial centres. It is a major global hub for international wholesale finance, and the financial and related professional services industry is a strategic national asset for the UK. The UK's financial and related professional services industry employs over 2.4m people across the country, two thirds outside London; generates large tax revenues; and contributes to a substantial trade surplus in services. It has also secured significant levels of inward investment to the UK, helping to fund businesses across the country, and positioned the UK as a key hub for strategic, forward-looking industries like technology and life sciences.¹

The leading net exporter of financial services

The UK's financial services trade surplus totalled \$98.1bn (equivalent to £78.9bn)² in 2023 – higher than that of the US (\$73.1bn, or £58.8bn)³; for more information see Figure 1. When the estimated trade surplus for related professional services – legal, accounting and management consulting services – is also taken into account, the total financial and related professional services figure climbs to around \$125.3bn (equivalent to £100.7bn).⁴

Figure 1: Largest global net exporters of financial services, \$bn, 2023

Source: TheCityUK calculations based on UNCTAD data



In 2023, the UK was the world's second-largest exporter of financial services, after the US and ahead of Luxembourg, Germany and Singapore. The UK's financial services exports totalled \$133.3bn (equivalent to £107.2bn) – compared with the US's financial services exports which were \$200.4bn (equivalent to £161.1bn)⁵; for more information see Figure 2.

¹ TheCityUK, 'Making the UK the leading global financial centre: An international strategy for the UK-based financial and related professional services industry', (September 2021), p.10, available at: <https://www.thecityuk.com/media/q0mewp0i/making-the-uk-the-leading-global-financial-centre.pdf>

² All currency conversions for data referring to years prior to 2024 have been made using the average annual exchange rate for the relevant year.

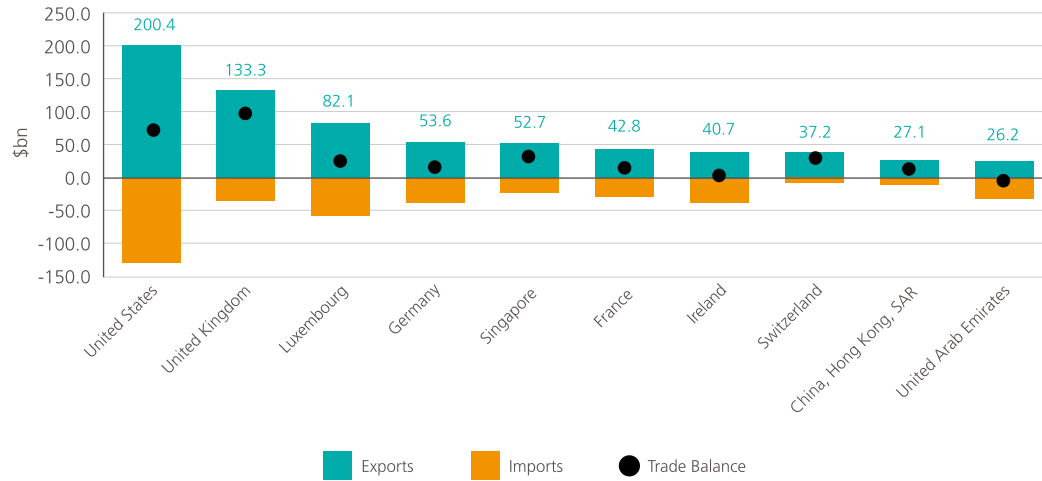
³ TheCityUK calculations based on UNCTAD data, 'Data Centre', (July 2024), available at: <https://unctadstat.unctad.org/datacentre/dataviewer/US.TradeServCatTotal>

⁴ TheCityUK calculations based on Office for National Statistics (ONS) data, '03 Trade in services, the Pink Book', (31 October 2024), available at: <https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/datasets/3tradeinservices.thepinkbook2016>

⁵ TheCityUK calculations based on UNCTAD data, 'Data Centre', (July 2024), available at: <https://unctadstat.unctad.org/datacentre/dataviewer/US.TradeServCatTotal>

Figure 2: Trade balance of largest global exporters of financial services, \$bn, 2023

Source: TheCityUK calculations based on UNCTAD data

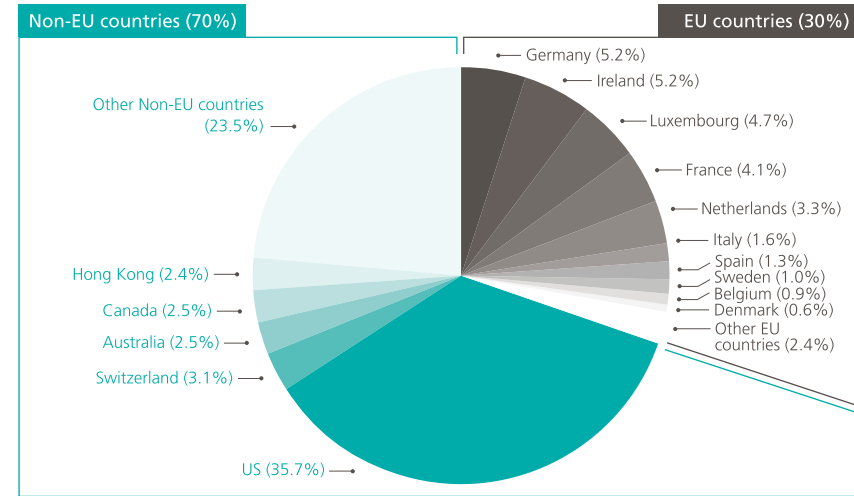


The main destinations for the UK’s financial and related professional services exports are the US (35.7% of total UK financial and related professional services exports) and the EU (30%). For more detail, see Figure 3.⁶

⁶ TheCityUK estimates based on ONS data, ‘UK trade in services: service type by partner country, non-seasonally adjusted’, (25 October 2024), available at: <https://www.ons.gov.uk/businessindustryandtrade/internationaltrade/datasets/uktradeinservicesservicetypebypartnercountrynonseasonallyadjusted>

Figure 3: UK financial and related professional services exports by major countries, % of total, 2023

Source: TheCityUK estimates based on ONS data

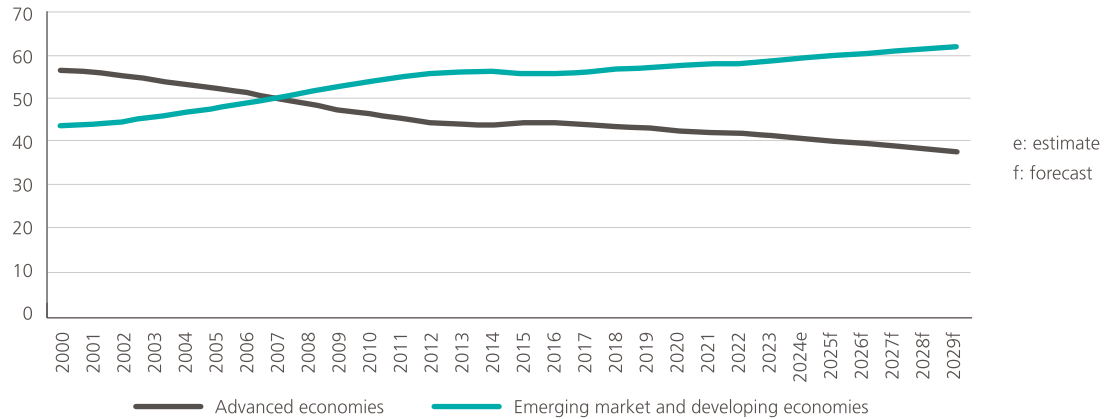


Since the majority of the UK’s trade in financial and related professional services is with other advanced economies, the UK has a strong record in undertaking and managing international business in the industry from developed economies. However, the weight of the world economy has gradually shifted from advanced economies to the emerging economies (Figure 4)⁷; the UK, as an international financial centre, can also help emerging economies by facilitating access to global capital markets, providing financial services expertise, and supporting sustainable development initiatives (e.g., promoting and financing green projects).

⁷ International Monetary Fund (IMF), ‘World Economic Outlook Databases’, (October 2024), available at: <https://www.imf.org/external/datamapper/datasets/WEO>

Figure 4: World GDP (based on purchasing power parity) %

Source: TheCityUK calculations based on International Monetary Fund data



One of the top-ranked global financial centres

London is generally considered one of only two full-service—that is, offering the full range of financial services—international financial services hubs globally (the other being New York). For example, according to Z/Yen’s Global Financial Centres Index, a widely accepted source for ranking financial centres globally, London currently ranks second as an international financial services centre, after New York.⁸ Meanwhile, according to research from the City of London Corporation which examines what makes international financial centres competitive, in 2023 London ranked first as leading financial centre globally followed by New York.⁹ London’s role as a hub is based in large part on the co-location of banking, insurance, fund management, securities, derivatives, foreign exchange expertise, and skilled labour, along with its developed market infrastructure and clusters of related professional services (legal, accounting and management consulting) excellence.

The number of financial centres conducting international business is growing. According to Z/Yen’s research, financial centres can be grouped into various sub-categories; for example, those with both depth and breadth (e.g., Washington

D.C., Paris, Los Angeles, and Tokyo); those that are broad (e.g., Singapore, Seoul, Kuala Lumpur, and Brussels); and those with particular specialities (e.g., Dubai, Abu Dhabi, Casablanca, and Mauritius). A well-targeted specialist or regional offering can bring success for emerging international financial centres as they seek to develop niches or provide a particular set of products.

Regional and specialist international financial centres have challenged larger ones to be more innovative and to respond to competitive dynamics. Part of the constant challenge to remain competitive comes from a re-definition of the basis of competitive advantage. While factors such as language, rule of law and culture are important components of a competitive offering, they do not tell the full story. Regulatory and supervisory coherence, tax policy, deep pools of talent, sustainable finance policy commitment, and political recognition and support are also part of the mix and may create a differentiated momentum over time. As global trade and investment grows in new directions, international financial centres will adapt to reflect new needs and opportunities.

Working with other financial centres has helped develop the international networks of UK-based firms, allowing them to expand their international business. In return, the UK has provided access to its markets and expertise for overseas companies, and has acted as a template for many developing centres. This is helping to build a stronger and more prosperous global economy.

The World Alliance of International Financial Centres

TheCityUK is a member of the World Alliance of International Financial Centres (WAIFC), a grouping of international financial centres from both developed and developing countries. WAIFC provides an important forum through which different international financial centres can exchange insights and best practices, pursue cooperation and explore how international financial centres can best support economic growth.

WAIFC members include international financial centres from Europe, North America, Eurasia, Asia Pacific, the Middle East and Africa. Together, members have worked on a series of projects which explored how international financial centres are facilitating the development of FinTech solutions, green investment and infrastructure projects, funding for SMEs and the role of financial centres in financing the economy.

WAIFC provides an important opportunity to draw together the diverse expertise and capabilities located within IFCs worldwide to promote broader economic development objectives.

⁸ Z/Yen, ‘The Global Financial Centres Index 36’, (September 2024), available at: https://www.longfinance.net/media/documents/GFCI_36_Report_2024.09.24_v1.1.pdf

⁹ City of London Corporation, ‘Our global offer to business: London and the UK’s competitive strengths in support of growth’, (February 2024), available at: <https://www.cityoflondon.gov.uk/supporting-businesses/economic-research/research-publications/our-global-offer-to-business>

International financial markets in London and the UK

The UK's leading position in various financial-market metrics is a testament to its continued dominance as a global international financial centre. For example, the UK is the world's leading centre for cross-border banking, and the third-largest centre for insurance premiums (after the US and China). For more information see Figure 5 and Figure 6.

Figure 5: Financial centre indicators, share by country (%)

Source: TheCityUK calculations based on data from the Bank for International Settlements and Swiss Re Institute

	UK	US	Canada	France	Germany	Switzerland	Singapore	Japan	China	Hong Kong	Others
Cross-border bank lending (Q2 2024)	14.6%	9.6%	3.8%	13.3%	9.1%	2.4%	2.0%	11.6%	3.9%	4.9%	24.8%
Foreign exchange turnover* (Apr 2022)	38.1%	19.4%	1.7%	2.2%	1.9%	3.6%	9.4%	4.4%	1.6%	7.0%	10.7%
Interest rates OTC derivatives turnover* (Apr 2022)	45.5%	29.3%	1.2%	3.5%	4.7%	0.3%	2.7%	0.9%	0.2%	5.6%	6.1%
Insurance premiums (end-2023)	5.2%	44.9%	2.4%	3.9%	3.4%	0.9%	0.6%	5.0%	10.1%	0.9%	22.7%
International debt securities outstanding (Q1 2024)	12.0%	8.4%	4.5%	4.6%	4.6%	0.5%	0.9%	1.8%	0.8%	1.1%	60.8%

*Figures for foreign-exchange turnover and interest rate derivatives turnover are for April 2022 because the Bank for International Settlements' survey from where the data are sourced is triennial.

Figure 6: UK share of financial markets (%)

Source: TheCityUK calculations based on data from Bank for International Settlements, WTW, Investment Company Institute, Insurance Europe, The General Insurance Association of Japan, The Life Insurance Association of Japan, Insurance Information Institute and International Monetary Fund

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024*
Cross-border bank lending	18%	17%	16%	17%	17%	16%	15%	16%	15%	14%	15%
Foreign exchange turnover	--	--	37%	--	--	43%	--	--	38%	--	--
Interest rates OTC derivatives turnover	--	--	39%	--	--	46%	--	--	46%	--	--
Conventional fund management	7%	7%	7%	6%	6%	5%	--	--	--	--	--

*Cross-border bank lending for Q2-2024

Banking

Size of the industry

UK banking sector assets totalled \$12.4trn (£9.4trn) at the end of the third quarter of 2024, the fourth largest in the world and the second largest in Europe, behind France (\$13.4trn or £10.8trn), and ahead of Germany (\$11.5trn or £9.2trn), and Italy (\$4.2trn or £3.4trn); for more information, see Figure 7.¹⁰ Around 48% of UK banks' assets are denominated in sterling; the remainder are foreign currency based.¹¹

¹⁰ All values in 2024 were converted to US dollars using the average exchange rate of the relevant period of 2024, available at: <https://fred.stlouisfed.org/categories/95>

¹¹ TheCityUK calculations based on Bank of England, 'B1.4 monetary financial institutions' (excluding central bank) balance sheets', (November 2024), available at: <https://www.bankofengland.co.uk/statistics/tables>

Figure 7: Largest banking centres' assets, \$bn, Q3 2024

Source: National Central Banks

Country	Largest banking centres' assets, \$bn, Q3 2024
China*	66,268
US	23,469
France	13,409
UK	12,422
Germany	11,522
Japan*	10,674
Italy	4,283

*Measured as of Q2 2024

Cross-border banking

The UK is the world's largest centre for cross-border banking. It had 14.6% of the outstanding value of international bank lending in the second quarter of 2024, the highest in the world. It was also the second-largest centre for cross-border borrowing (15.8%) just behind France (16%); for more information see Figure 8.¹² London is a centre for foreign banks, with more than 170 foreign banks or branches in the city.¹³

¹² TheCityUK calculations based on Bank for International Settlements (BIS) data, 'A2: Cross-border positions, by location of reporting bank and sector of counterparty', (November 2024), available at: https://data.bis.org/topics/LBS/tables-and-dashboards/BIS_LBS_A2_1.0

¹³ TheCityUK estimates based on Association of Foreign Banks data, (November 2024), available at: <http://www.foreignbanks.org.uk/>

Figure 8: International bank lending and borrowing, % share Q2 2024

Source: TheCityUK calculations based on Bank for International Settlements data

Country	Lending	Borrowing
UK	14.6%	15.8%
France	13.3%	16.0%
Japan	11.6%	4.2%
US	9.6%	13.4%
Germany	9.1%	9.3%
Hong Kong SAR	4.9%	3.7%
China	3.9%	4.2%
Canada	3.8%	3.3%
Netherlands	3.6%	3.0%
Switzerland	2.4%	2.8%
Spain	2.4%	1.4%
Singapore	2.0%	2.0%
Italy	1.9%	1.8%
Luxembourg	1.8%	1.4%
Chinese Taipei	1.4%	0.7%
Others	13.6%	17.2%

Private and investment banking

London is one of the most important centres for private and investment banking. Many international banks have their private and investment banking business in the UK, including Bank of America, Goldman Sachs, J.P. Morgan, Morgan Stanley, RBC Capital Markets and UBS.

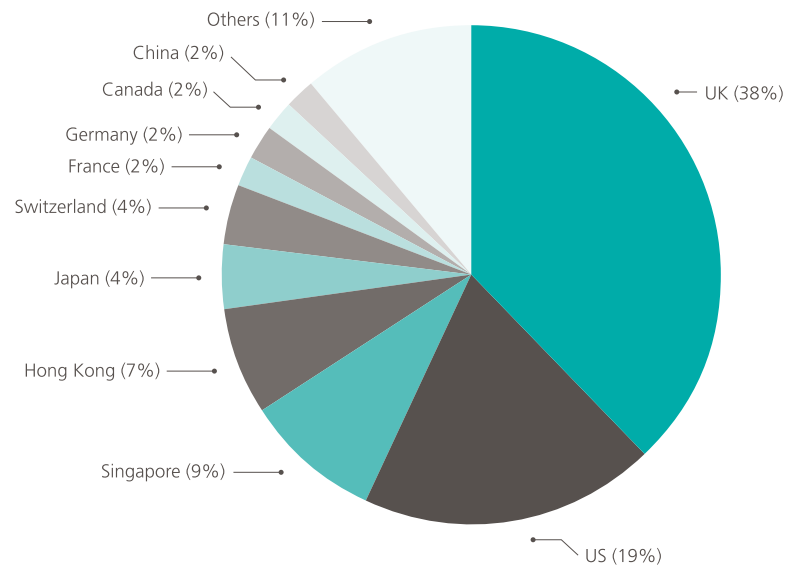
According to the latest available data from the Bank for International Settlements (BIS), the UK accounted for 38% of global foreign exchange trading in April 2022, well ahead of the US (19%), Singapore (9%), Hong Kong (7%) and Japan (4%); for more information see Figure 9. The bulk of the UK's daily turnover averaging \$3.8trn (equivalent to £2.9trn) in April 2022 was transacted in London. Around twice as many US dollars are traded on the foreign exchange market in the UK than in the US.¹⁴

¹⁴ TheCityUK calculations based on BIS data, 'Triennial central bank survey of foreign exchange and over-the-counter (OTC) derivatives markets in 2022: Foreign exchange turnover: D11.2 by country, 1986-2022', (27 October 2022), available at: <https://www.bis.org/statistics/rpfx22.htm>

London is also a global leader in offshore renminbi trading, and remains the biggest renminbi foreign exchange centre and the second largest payments centre outside of Greater China. London accounted for 37.3% of total offshore renminbi transactions in December 2023, down 0.83% from December 2022.¹⁵

Figure 9: Foreign exchange trading, % share, April 2022

Source: TheCityUK calculations based on Bank for International Settlements data



¹⁵ City of London Corporation and People's Bank of China, 'London RMB Business Quarterly: Issue 17', (May 2024), p.5, available at: <https://www.cityoflondon.gov.uk/assets/Business/london-rmb-biannual-may-2024.pdf>

Insurance

The UK insurance sector is the largest in Europe and third largest in the world, with \$375bn (equivalent to £301bn) in premiums in 2023 (Figure 10).¹⁶

The UK insurance market's strong international position is indicated by the fact that:

- The UK is the largest source of pension funds in Europe, with \$3.2trn (equivalent to £2.6trn) in assets under management in 2023.¹⁷
- In 2023, the UK insurance and long-term savings industry was the largest in Europe and played an essential part in the UK's economic strength, with members of the Association of British Insurers (ABI) managing investments of £1.4trn, equivalent to \$1.7trn.¹⁸
- UK companies feature prominently in rankings of the world's largest insurance companies.
- The UK accounted for 5.2% of global premiums and almost one-quarter of premiums in advanced EMEA economies in 2023.¹⁹

¹⁶ Swiss Re Institute, 'SIGMA No 3/2024-World insurance: strengthening global resilience with a new lease of life', (16 July 2024), p.36, available at: <https://www.swissre.com/dam/jcr:2d26776f-20e4-4228-8ee0-97cec2ddb3c4/sri-sigma3-2024-world-insurance.pdf>

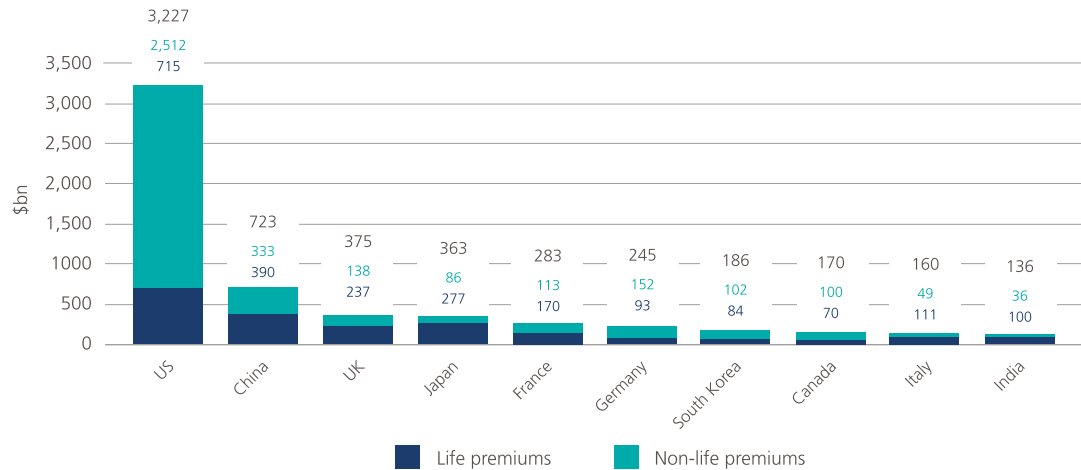
¹⁷ Willis Towers Watson, 'Global Pension Assets Study 2024', (2024), p.8, available at: <https://www.thinkingaheadinstitute.org/research-papers/global-pension-assets-study-2024/>

¹⁸ Association of British Insurers, 'About us', (2024), available at: <https://www.abi.org.uk/about-the-abi/about-us/>

¹⁹ Swiss Re Institute, 'SIGMA No 3/2024-World insurance: strengthening global resilience with a new lease of life', (16 July 2024), p.36&41, available at: <https://www.swissre.com/dam/jcr:2d26776f-20e4-4228-8ee0-97cec2ddb3c4/sri-sigma3-2024-world-insurance.pdf>

Figure 10: Largest insurance markets, \$bn, 2023

Source: Swiss Re Institute 2023



The UK’s commercial reinsurance and insurance markets lead the world in providing specialty commercial insurance, taking on the most difficult and sophisticated risks. Moreover, London’s historic dominance in specialty reinsurance and insurance, and its ecosystem of risk-transfer expertise, means that it attracts capital from around the globe: over 80% of the sector is foreign owned. The UK-based sector is multifaceted, comprising not only commercial firms (including the London Market) but also the Lloyd’s Market, intermediaries, and various support professions and services.

The London Market is a separate part of the UK insurance and reinsurance sector, based in central London. It consists mostly of general insurance and reinsurance and predominantly involves high-exposure risks. The London Market is the largest global hub for commercial and specialty risk, with 350 insurance businesses employing nearly 60,000 people across the UK.²⁰ According to the latest data published by this market-wide body, London remains the largest insurance and reinsurance hub globally, accounting for \$159bn (equivalent to £128.8bn) of global gross written premiums in 2022—equivalent to 12.2% of total global gross written premiums. The London Market accounted for 32% of the GDP of the City of London, contributing £49bn (equivalent to \$60.5bn) to the UK economy in 2022. In addition, London is the global centre for complex risks (e.g., marine, aviation and energy), with a 43% market share of specialty risk classes. In 2022, 68% of the London Market’s business came from companies outside the UK and Ireland, based on

20 London Market Group, ‘A Plan for the Future’, (2024), p.2, available at: <https://img.london/wp-content/uploads/2024/05/A-Plan-For-The-Future-2024.pdf>

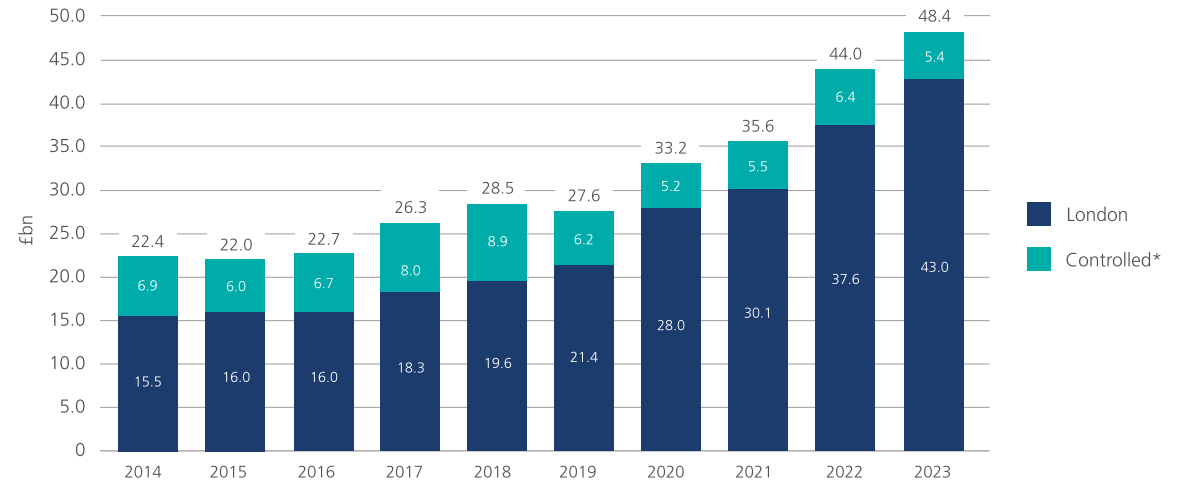
gross premiums by insured location.²¹

Research by the City of London Corporation notes that the London Market excels in insuring a diverse range of both established and emerging risks. In addition to climate-related risks, with which it has long experience, it has expanded its offerings to include risks related to AI, cybersecurity, geopolitical events and supply-chain management. The London Market controlled 8% of the total global (re)insurance market in 2022, making it the largest underwriting centre in the world. London is also the only place where every global top 20 insurance and reinsurance firm has a presence.²²

According to data from the International Underwriting Association of London (IUA, the representative body for insurance and reinsurance firms in London), the London company market—which comprises non-Lloyd’s international and wholesale insurance and reinsurance companies operating in London—saw average annual premium growth of 9.3% over 2014-23, reaching around £48.4bn (equivalent to \$60.2bn) in 2023 (Figure 11).²³

Figure 11: London company market premiums, £bn

Source: International Underwriting Association of London



*‘Controlled’ refers to premiums generated outside London, but for London-based insurance companies (i.e. London company market).

21 London Market Group, ‘London Matters 2024’, (2024), p.2,7&10, available at: <https://img.london/wp-content/uploads/2024/05/London-Matters-2024-Data-Pack.pdf>

22 City of London Corporation, ‘The world’s marketplace for risk transfer’, available at: <https://www.theglobalcity.uk/insurance>

23 International Underwriting Association of London, ‘London company market statistics report 2024’, (September 2024), p.6, available at: https://www.iua.co.uk/IUANew/NewsPages/London_Company_Market_Statistics_Report.aspx

Lloyd's of London is a corporate body and marketplace for insurance and reinsurance business in London. Lloyd's gross written premium income reached £52.1bn (equivalent to \$64.8bn) in 2023. Average annual growth of Lloyd's gross premiums has been 10% over the past five years.²⁴

Equity and bond markets

Equity markets

London's importance as a centre for global equity trading is illustrated by:

- The 271 foreign companies listed on the LSE (main market) as of September 2024. This made the LSE the third-ranked stock exchange globally by this metric, behind only the two major New York-based exchanges;^{25,26} for more information see Figure 12.
- In the first 11 months of 2024, companies raised capital through new issues and IPOs equivalent to £697m (equivalent to \$892m) in the main market.²⁷
- Its 2.4% share of global equity market capitalisation as of September 2024.^{28,29}
- The UK having one of the highest equity market capitalisations in relation to GDP of the largest countries – 70.4% at the end of 2023.³⁰

24 Lloyd's of London, 'Lloyd's annual report 2023', (2024), p.12, available at: <https://www.lloyds.com/about-lloyds/investor-relations/financial-performance/financial-results/full-year-results-2023>

25 World Federation of Exchanges, 'Market statistics – Nov 2024', (November 2024), available at: <https://focus.world-exchanges.org/issue/november-2024/market-statistics>

26 London Stock Exchange, 'Issuers list 2024', (November 2024), available at: <https://www.londonstockexchange.com/reports?tab=issuers>

27 London Stock Exchange, 'New issues and IPOs', (November 2024), available at: <https://www.londonstockexchange.com/reports?tab=new-issues-and-ipos>

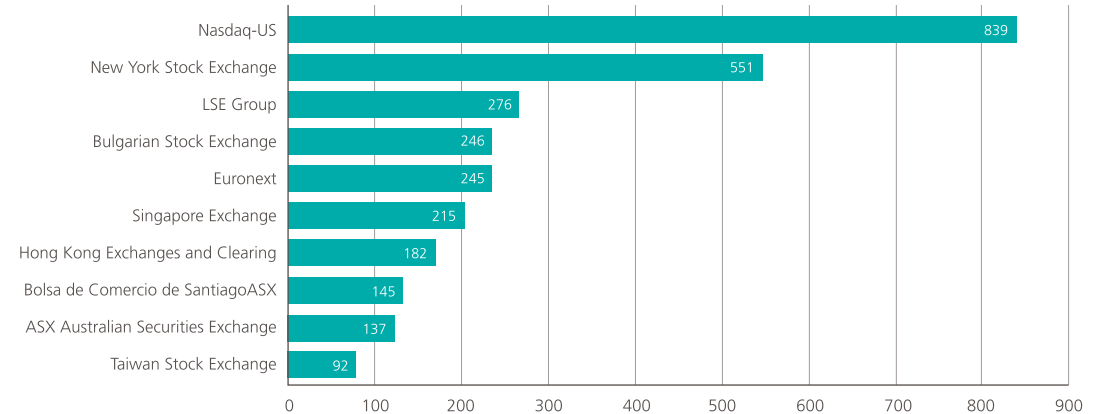
28 World Federation of Exchanges, 'Market statistics – November 2024', (November 2024), available at: <https://focus.world-exchanges.org/issue/november-2024/market-statistics>

29 CEIC data, 'United Kingdom Market Capitalization (USD mn)', (November 2024), available at: <https://www.ceicdata.com/en/indicator/united-kingdom/market-capitalization>

30 CEIC data, 'United Kingdom Market Capitalization: % of GDP', (November 2024), available at: <https://www.ceicdata.com/en/indicator/united-kingdom/market-capitalization--nominal-gdp>. Data are for domestically-listed companies only.

Figure 12: Top 10 stock exchanges by number of foreign companies listed, Sep 2024

Source: World Federation of Exchanges and London Stock Exchange



London also hosts several smaller stock exchanges, including the Alternative Investment Market (AIM) and the AQUIS Stock Exchange (AQSE), which provide platforms for smaller companies to raise capital. The AIM, a sub-market of the LSE, supports smaller growth firms to raise capital through the equity market. Since 1995, over 4,000 companies have been listed on the AIM; since 2015 17% of the new admissions to AIM were international companies, according to the latest data available from the AIM (although the number of international companies listed on AIM decreased over the decade to 2023, from 226 in 2012 to 101 in 2023.³¹ Moreover, in 2023, AIM companies contributed £35.7bn to UK GDP and supported more than 410,000 jobs.³² AQSE provides primary and secondary markets for equity and debt products to growth enterprises. In 2023, there were 85 companies quoted on the AQSE that raised around £93m through new and further issues.³³

31 London Stock Exchange, 'AIM Factsheet October 2024', (October 2024), available at: <https://www.londonstockexchange.com/reports?tab=aim>

32 Grant Thornton, 'Economic impact of AIM', (2024), available at: <https://docs.londonstockexchange.com/sites/default/files/documents/aim-economic-impact-report.pdf>

33 AQSE, 'AQSE Market Statistics and Trading Data', available at: <https://www.aquis.eu/stock-exchange/statistics>

Bond markets

The UK's substantial domestic market in bonds is complemented by London's continuing role as a major centre for issuance and trading of international bonds. The UK's outstanding value of international bonds was the largest in the world at the end of the second quarter of 2024, totalling around \$3.5trn (equivalent to £2.7trn), equivalent to 12% of the global total.³⁴ Eurobonds accounted for 22.7% of this.³⁵

Fund management

UK assets under management (AuM) totalled a record £10.9trn (equivalent to \$13.6trn) in 2023, 5.8% more than the previous year; the Investment Association (IA) members account for 83% of total UK AuM.

The UK is one of the largest markets in the world for fund management. The UK has the largest market share of European AuM, at 36%. The sector has a strong international orientation, reflected in the institutional presence of a broad mix of UK and foreign firms. For instance, 49% of total AuM managed by members of the Investment Association (IA) in the UK was on behalf of overseas clients; 78% of shares managed in the UK are invested in overseas markets for domestic and overseas clients; and companies headquartered outside the UK are responsible for 63% of total assets managed in the UK.³⁶ Other the key indicators of the UK's international position include:

- **Pension fund assets:** UK pension assets accounted for 5.8% of global pension assets in 2023, which was well ahead of other European countries. At 96.2%, the UK's pension assets-to-GDP ratio was among the highest in the world in that year.³⁷
- **Mutual funds:** in the second quarter of 2024, \$2.1trn (£1.6trn) was managed by UK mutual funds,³⁸ one of the highest amounts globally, and the fifth highest in Europe after Luxembourg, Ireland, Germany and France.
- **Insurance funds:** in 2022 (latest available data), the UK insurance industry had the third largest funds under management, after the US and Japan.

34 BIS, 'C1: Summary of debt securities outstanding', (2024), available at: https://data.bis.org/topics/IDS/tables-and-dashboards/BIS_SEC_C1_1.0

35 TheCityUK calculations based on BIS data, 'United Kingdom: Debt securities issues and amounts outstanding', (2024), available at: https://data.bis.org/topics/IDS/tables-and-dashboards/BIS_SEC_C3_1.0?time_period=2024-Q2&dimensions=ISSUER_RES%3AGB

36 The Investment Association, 'Asset Management in the UK 2023-2024, The Investment Association Annual Survey', (October 2024), p.8,14 & 21, available at: <https://www.theia.org/sites/default/files/2024-10/Investment%20Management%20in%20the%20UK%202023-2024.pdf>

37 WTW, 'Global Pension Assets Study 2024', (2024), p.15, available at: <https://www.thinkingaheadinstitute.org/research-papers/global-pension-assets-study-2024/>

38 Investment Company Institute, 'Historical Supplement: Worldwide Public Table, Second Quarter 2024, Data in US Dollar (xls)', (8 September 2024), available at: <https://www.ici.org/research/stats/worldwide>

Figure 13: Conventional investment management assets, \$bn

Source: Thinking Ahead Institute, OECD, International Association of Insurance Supervisors, Investment Company Institute

	Pension funds (2023)	Insurance assets (2022)	Mutual funds (Q2 2024)
US	35,600	8,698	36,229
Japan	3,385	3,290	2,232
UK	3,206	3,152	2,112
France	155	2,932	2,578
Canada	3,105	NA	1,877
Others	10,237	NA	25,176
Total*	55,688	40,000	70,204

*While data on total insurance assets worldwide in 2022 is available, no specific information is available for Canada and, consequently, assets for 'Others' cannot be calculated.

Hedge funds

London is the world's second-largest centre for hedge fund management, after New York. The UK had around £370bn (\$460bn)³⁹ in assets under management (around 9% of global assets)⁴⁰ in the hedge fund sector in 2023. The UK remains by far the largest centre for hedge funds in Europe. The UK is also the leading centre for hedge fund services such as administration, prime brokerage, custody and auditing.

Private equity

The UK private equity market is the most developed in the world outside the US, the world leader, whose private equity sector invested \$645.3bn (equivalent to around £518.8bn) in 2023.⁴¹ UK private equity funds invested \$36.6bn (equivalent to £29.4bn), the largest amount in Europe, in 2023.⁴² The UK private equity industry invested \$180.4bn

39 The Investment Association, 'Asset Management in the UK 2023-2024, The Investment Association Annual Survey', (October 2024), p.19, available at: <https://www.theia.org/sites/default/files/2024-10/Investment%20Management%20in%20the%20UK%202023-2024.pdf>

40 TheCityUK calculations based on Barclay Hedge data, 'Hedge fund industry – Historical assets under management', (November 2024), available at: <https://www.barclayhedge.com/solutions/assets-under-management/hedge-fund-assets-under-management/hedge-fund-industry>

41 PitchBook, 'Annual - US PE Breakdown', (January 2024), available at: https://files.pitchbook.com/website/files/pdf/2023_Annual_US_PE_Breakdown.pdf

42 TheCityUK calculations based on Invest Europe data, 'Investing in Europe: private equity activity 2023 data', (May 2024), p.51, available at: https://www.investeurope.eu/media/4zpjz1m/20240507_invest-europe_pe-activity-data-2023-report.pdf

(equivalent to £138bn) in 8,887 firms worldwide between 2020 and 2023, investing in 1,839 firms in 2023 alone.⁴³

Target companies based in the UK received \$25.4bn (equivalent to £20.4bn) in 2023 (Figure 14).⁴⁴ London is the largest European centre for the management of private equity investments and funds.

Figure 14: Private equity investments, top 10 European countries, \$bn, 2023

Source: TheCityUK calculations based on Invest Europe data

	Investments (location of the private equity firm)	Investments (location of the portfolio firm)
UK	36.6	25.4
France	26.2	22.6
Germany	11.5	14.0
Netherlands	6.0	7.6
Spain	5.2	7.4
Sweden	3.7	4.8
Switzerland	3.2	4.7
Denmark	2.2	3.1
Finland	0.9	2.5
Luxembourg	0.3	0.2

Venture capital

The UK is a hub for venture capital (VC). It contributed nearly 40% of the total VC investment in Europe during Q2 2024 and was responsible for half of the region's top ten largest deals.⁴⁵ In the first quarter of 2024, UK businesses raised only \$3bn (equivalent to £2.3bn) in VC funding (the lowest amount in 22 quarters); however, the situation improved significantly in Q2 2024 with \$6.9bn (equivalent to £5.4bn) raised. This marked a year-on-year increase from the \$4.7bn (equivalent to £3.8bn) raised in Q2 2023 as investor sentiment began to turn more positive.

⁴³ TheCityUK calculations based on British Private Equity & Venture Capital Association, 'BVCA Report on Investment Activity 2023', (May 2024), p.24, available at: <https://www.bvca.co.uk/Portals/0/Documents/Research/Industry%20Activity/BVCA-Report-on-Investment-Activity-2023.pdf>

⁴⁴ TheCityUK calculations based on Invest Europe data, 'Investing in Europe: private equity activity 2023 data', (May 2024), p.55, available at: https://www.investeurope.eu/media/4zpjz1m/20240507_invest-europe_pe-activity-data-2023-report.pdf

⁴⁵ KPMG, 'Q2 2024 Venture Pulse Report – UK', (2024), available at: <https://kpmg.com/uk/en/home/insights/2024/07/venture-pulse-report.html>

Derivatives trading

A derivative is a contract whose value and method of payment and delivery are agreed by two or more parties, and whose value is based on that of an underlying asset. The underlying assets of a derivative include stocks, bonds, commodities and currencies, among others.

The UK is one of the world's leading derivatives centres. For example, the latest data available from the Bank for International Settlements (BIS) indicate that the UK had a 45.5% share of trading in over the counter (OTC) interest-rate derivatives in April 2022 (latest available information; the BIS survey is triennial). The US is the only other major location for OTC interest-rate derivatives trading, with 29.3% of trading (Figure 15).⁴⁶

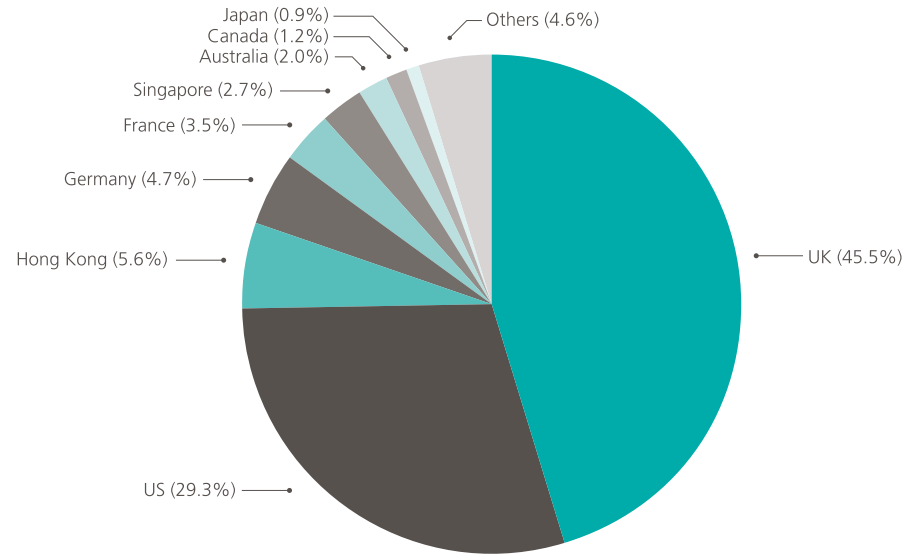
There are a number of derivatives exchanges operating in the UK. For example:

- NYSE Liffe, the leading exchange for trading in short-term euro interest rates contracts. Liffe is part of the Intercontinental Exchange group.
- ICE Futures Europe, the largest regulated energy futures exchange in Europe, and the second largest in the world. ICE Futures Europe is part of the Intercontinental Exchange group.
- Several derivatives markets hosted by the London Stock Exchange Group, including, for example, for interest-rate futures.

⁴⁶ TheCityUK calculations based on BIS data, 'OTC interest rate derivatives turnover, D12.2 by country, 1995-2022', (2022), available at: <https://data.bis.org/topics/DER/tables-and-dashboards>

Figure 15: Location of OTC interest rate derivatives daily average turnover, % share, April 2022

Source: TheCityUK calculations based on Bank for International Settlements data



Commodities trading

The UK is home to a number of international commodity organisations such as the International Coffee Organization, the Grain and Feed Trade Association and International Sugar Organisation. As one of the world's leading international financial centres, London benefits from being the preferred location for many international firms trading in commodities as well as investment banks and other financial institutions that trade in commodities derivatives.

Bullion markets

A large proportion of trading in precious metals takes place on the OTC market in London. The average daily volume of gold cleared at the London Bullion Market Association in 2023 was 18m ounces (worth \$35.2bn, equivalent to £28.3bn). The average daily volume of silver cleared was 246 million ounces (\$5.8bn, equivalent to £4.7bn). London is also a leading centre for energy brokers operating in energy and carbon markets (see the next section on Green finance for more detail on carbon markets).⁴⁷

Moreover, the London Metal Exchange is an important commodities market, acting as the world's primary market for industrial metals. It handles the vast majority of all futures trading in non-ferrous metals, and offers futures and options contracts for a wide range of metals (ferrous and non-ferrous), ensuring liquidity and transparency in the market. In 2023, 149 million lots were exchanged, translating to a value of \$15trn (equivalent to £12trn) and 3.5 billion tonnes in notional terms.⁴⁸

⁴⁷ TheCityUK calculations based on London Bullion Market Association data, 'Clearing Statistics', (2024), available at: <https://www.lbma.org.uk/prices-and-data/clearing-data>

⁴⁸ London Metal Exchange, 'About LME', available at: https://www.lme.com/en/about?sc_camp=8B7AEB5E26784CA4F20FFDEC42BF35C

The UK's role in specialist financial services

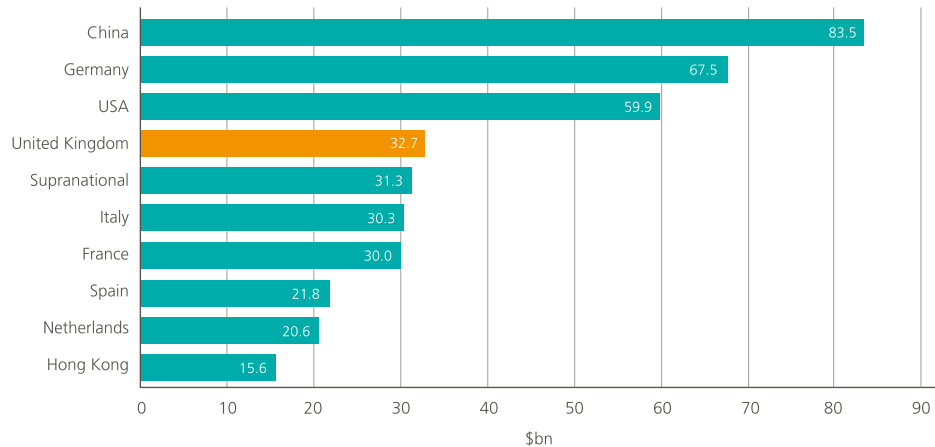
Green finance

Green finance matches sources of funding to new capital and operating expenditures that generate measurable progress towards the achievement of a well-recognised environmental goal.⁴⁹ It involves more than just green bonds or funds; however, comprehensive data covering the full spectrum of green finance are not available.

According to data from Climate Bonds Initiative, UK issuance of green bonds—by far the largest segment of green finance—grew from \$3.8bn (equivalent to £2.9bn) in 2018 to \$32.7bn (equivalent to £26.3bn) in 2023.⁵⁰ In 2023 the UK was the world's fourth-largest green bond issuer; see Figure 16 for more detail.⁵¹

Figure 16: Top 10 green bond issuers, \$bn, 2023

Source: Climate Bonds Initiative



The LSE's dedicated Sustainable Bond Market (SBM) replaced its Green Bond Segment in 2019. It is the first major exchange to launch a dedicated segment for green bonds. The SBM includes green, sustainability and social bonds. There were 488 active sustainable bonds listed on the LSE from over 125 issuers by the end of 2023, which have raised

49 TheCityUK and Imperial College Business School, 'Growing green finance', (September 2017), p.7, available at: <https://www.thecityuk.com/assets/2017/Reports-PDF/21ef6f5fef/Growing-Green-Finance.pdf>

50 Climate Bonds Initiative, available at: <https://www.climatebonds.net/market/data/>

51 Ibid.

around \$271bn (equivalent to £218bn).⁵² The LSE launched the Sustainable Bond Market Advisory Group (SBMAG) in 2020. The SBMAG is an advisory forum that encourages development of the LSE's Sustainable Bond Market.

London is a global hub for 'green funds' – investment funds that provide exposure to technologies and projects across wind, solar, energy storage and efficiency, and other renewable infrastructure assets. The LSE's Green Economy Mark cohort involves companies and funds on the Main Market and AIM which provide green products and services which achieve net-positive environmental objectives. This group has been the third-largest in terms of capital raising since 2021, making up 6% of all London-listed companies and having a market capitalisation of £172.8bn (equivalent to \$221.2bn) as of June 2024, an increase of 42% over the past five years. Finance, industrials, and energy have persistently been the dominant sectors, making up two thirds of the group (65% in 2024). There is a total of 31 Green Economy Mark issuers from the financial sector, with 28 of these being green funds.⁵³

Carbon markets are trading systems where individuals, companies or government can buy and sell units of greenhouse gas (GHG) emissions aiming to limit global carbon emissions and to help to constrain the long-term rise of global temperatures. Within the compliance carbon markets (regulated by an authority), there are popular mechanisms named Emissions Trading Systems (ETs) which are cost-effective pricing policies where a government (or other authority) sets a maximum level of carbon emissions produced by some industries, and then issues an annual amount of carbon emissions permits - for each tonne of GHG emitted. These units can be sold by auction and then be traded in a secondary market. In 2023, the UK ETS Authority initially issued around 36 million UK Allowances (UKAs) through free allocation and around 79 million UKAs via auction, raising £4.2bn (equivalent to \$5.2bn). As set out in the auction calendar, around 69 million UKAs will be sold in 2024.^{54,55}

Moreover, following one of the UK's government's priorities related to net-zero carbon emissions, the London Stock Exchange Group launched its voluntary carbon market in 2022, aiming to develop a new market to support publicly traded carbon funds focused on investing in climate mitigation projects by increasing the supply of quality carbon credits worldwide and increasing the flow of financing into projects that will directly reduce the amount of GHGs in the atmosphere.⁵⁶

The LSE became the first exchange to use a public market framework to help funding into climate mitigation projects

52 London Stock Exchange Group, 'Quarterly debt capital markets update: Q4-2023', (2024) p.17, available at: <https://docs.londonstockexchange.com/sites/default/files/documents/q4-2023-debt-capital-markets-update.pdf>

53 London Stock Exchange, 'Green Economy Report 2024', (2024), p.9-10, available at: <https://docs.londonstockexchange.com/sites/default/files/documents/lse-green-economy-report-2024.pdf>

54 International Carbon Action Partnership, 'United Kingdom', (2024), available at: <https://icapcarbonaction.com/en/ets/united-kingdom>

55 UK Government, 'Report on the Functioning of the UK Carbon Market for 2023', (November 2024), available at: <https://assets.publishing.service.gov.uk/media/673b8ccffc572967fe66a9ca/functioning-of-uk-carbon-market-report-2023.pdf>

56 TheCityUK, 'Global carbon pricing mechanisms and their interaction with carbon markets', (2023), available at: <https://www.thecityuk.com/our-work/global-carbon-pricing-mechanisms-and-their-interaction-with-carbon-markets/>

that generate carbon credits. In December of that year, the LSE issued its first voluntary carbon market designation to Foresight Sustainable Forestry (FSF) Company. FSF provides direct and liquid access to UK forestry and afforestation projects, offering carbon credits for emission offsetting.⁵⁷

Islamic finance

The UK's profile as the leading Western centre for Islamic finance has continued to grow in recent years. Institutions in London and other UK cities have now been providing Islamic finance and related professional services for around 40 years. Moreover, the UK is a Western leader in supporting infrastructure and environment for Islamic finance. Services in the UK are offered by financial intermediaries, asset managers, insurance providers and international law, accountancy, and consultancy firms.

Refinitiv's Islamic finance development indicator (IFDI) is a composite weighted index that measures the overall development and health of the Islamic finance industry in 136 countries, considering five broad areas including financial performance, knowledge, governance, sustainability and awareness. In 2023, the UK ranked 29th globally in this index—but second in Europe, after Turkey, with a score of 13.2.⁵⁸

In 2023, UK-based Islamic banks' assets were \$8.3bn (equivalent to £6.7bn). The UK made up just 0.2% of global Islamic banking assets, but 11% of European Islamic banking assets—and more than 90% of European assets if Turkey, with Europe's largest Muslim population by a significant margin, is excluded. It is the only non-Muslim-majority country in Europe to have a significant share of Islamic banking assets.⁵⁹

All UK Islamic banks have Gulf Co-operation Council (GCC) shareholders which support government initiatives in attracting foreign direct investment. Most Islamic banks provide wealth-management and real estate financing solutions to GCC clients, while some conventional banks have stopped offering Islamic products.

Domestic sukuk (Islamic bond) issuance remains very low, but LSE is the third-largest listing venue for US dollar sukuk globally, with a 35% global share and around \$80bn (equivalent to £62.5bn) outstanding at end of the first half of 2024.⁶⁰ A significant operation occurred in September 2024, when QIIB, a leading Islamic bank in Qatar, listed a \$300m (equivalent to £234.4m) capital sukuk on the LSE. Subscriptions exceeded \$2.5bn (equivalent to £2bn) from 115 global investors.⁶¹ UK-based conventional banks are key arrangers of international sukuk. Moreover, the London

⁵⁷ LSE, 'London Stock Exchange welcomes Foresight Sustainable Forestry Company Plc, the first fund to use the Exchange's Voluntary Carbon Market (VCM) Framework', (5 December 2022), available at: <https://www.londonstockexchange.com/discover/news-and-insights/foresight-sustainable-forestry-first-fund-to-use-lse-vc-m-framework>

⁵⁸ Data retrieved from Refinitiv platform.

⁵⁹ Ibid.

⁶⁰ Fitch Ratings, 'UK a Western hub for Islamic finance; domestic niche', (August 2024), available at: <https://www.fitchratings.com/research/islamic-finance/uk-western-hub-for-islamic-finance-domestic-niche-27-08-2024>

⁶¹ London Stock Exchange, 'London Stock Exchange Celebrates Qatar International Islamic Bank Issuance of Perpetual Sukuk', (September 2024), available at: <https://www.londonstockexchange.com/discover/news-and-insights/london-stock-exchange-celebrates-qatar-international-islamic-bank-issuance-perpetual-sukuk>

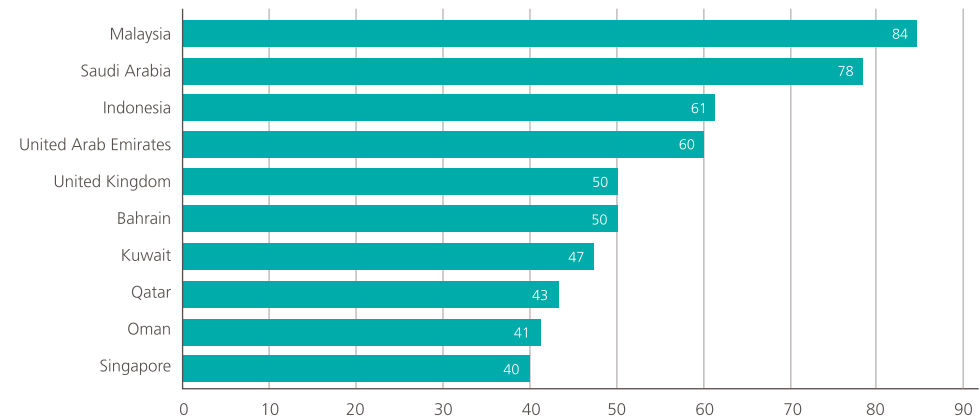
Metal Exchange is often accessed by Islamic banks in many countries to facilitate cash financing to customers through tawarruq contracts (agreements to sell something on deferred payment, and then buy it back in cash, albeit at a lower price than the deferred price).

Furthermore, the UK is one of the largest markets in the world for fund management. This has been one of the key reasons why many Islamic finance institutions have chosen the UK as their base of operations and are searching for market prospects. UK-domiciled public Islamic funds increased 115% year-on-year to \$1.8bn (equivalent to £1.4bn) in AuM by the end of 2023; around 95% of Islamic funds' AuM were in equity funds.⁶²

Moreover, in 2023 the UK was ranked fifth in the Global Islamic FinTech (GIFT) index, with a score of 50.⁶³ It is the first Western country to have created an ecosystem supportive of Islamic FinTech. By the end of 2023 there were 64 Islamic FinTechs in Europe, and 43 of these were headquartered in the UK.⁶⁴ For more information see Figure 17.

Figure 17: Top 10 countries by GIFT Index scores 2023

Source: Global Islamic FinTech Report 2023/24



⁶² Fitch Ratings, 'UK a Western hub for Islamic finance; domestic niche', (August 2024), available at: <https://www.fitchratings.com/research/islamic-finance/uk-western-hub-for-islamic-finance-domestic-niche-27-08-2024>

⁶³ DinarStandard & Elipses, 'Global Islamic FinTech Report 2023/24', (2024), p.12, available at: <https://salaamgateway.com/specialcoverage/islamic-fintech-2023>

⁶⁴ DinarStandard & Elipses, 'Global Islamic FinTech Report 2023/24', (2024), p.33-43, available at: <https://salaamgateway.com/specialcoverage/islamic-fintech-2023>

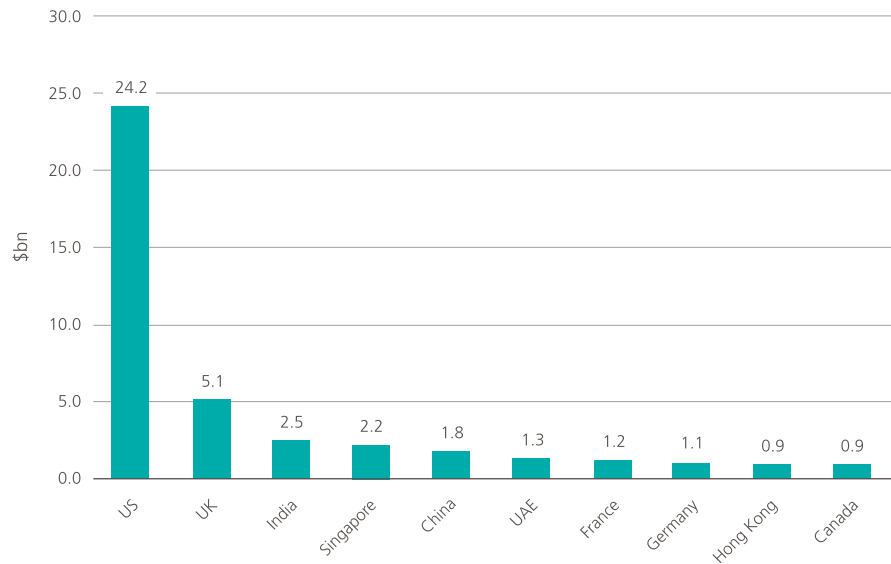
FinTech

In 2023, the UK attracted \$5.1bn (equivalent to £4.1bn) across 409 FinTech deals, a decline from \$14.6bn (equivalent to £11.8bn) in 2022. Nevertheless, it ranked second globally, after the US which attracted \$24.2bn (equivalent to £19.5bn) in FinTech investment across 1,530 deals. The UK is a leading European FinTech centre, with investment well ahead of France and Germany in 2023 (see Figure 18 for more detail).⁶⁵

This investment, combined with a wealth of talent and expertise in London plus a network of FinTech centres throughout the rest of the country, a strong venture capital base, tax breaks for start-ups, and hubs such as Tech City, has helped boost the UK's global position as a global FinTech leader. According to Innovate Finance, the UK FinTech sector comprises 1,600 companies and employs 76,000 people.⁶⁶

Figure 18: Top 10 countries by FinTech investment value, 2023

Source: Innovate Finance



65 Innovate Finance, 'FinTech Investment landscape 2023', (2024), available at: <https://www.innovatefinance.com/capital/fintech-investment-landscape-2023/>

66 Innovate Finance, 'Talent and Skills Programme', available at: <https://www.innovatefinance.com/talent/>

Moreover, in the same period, the UK had £1.6bn (equivalent to \$2bn) in FinTech VC investment, behind the US (£5.7bn or \$7.3bn), and ahead of India (£653m or \$836m). The UK's FinTech VC investment was more than the combined such investment of all other European countries.⁶⁷

Maritime business services

The UK maritime business services sector provides services to the international shipping industry which, through the movement of cargoes, is vital in enabling the world economy to function. London is the world's leading centre for the supply of a wide range of financial and related professional services to the international shipping industry including: banking, insurance, shipbroking, legal services, accounting services, ship classification, education and publishing.

The latest available research from Menon Economics, a consultancy, ranks London as the third leading maritime capital in the world by five measurements: shipping, finance and law, maritime technology, ports and logistics, and attractiveness and competitiveness (Figure 19). Notably, London is first ranked in the 'finance and law' and third in 'attractiveness and competitiveness' metrics, a testament to its particular strength in financial and related professional services.⁶⁸

Figure 19: Leading maritime capitals, 2024

Source: Menon Economics

	Overall rank	Shipping	Finance and law	Maritime technology	Ports and logistics	Attractiveness and competitiveness
1	Singapore	Singapore	London	Busan	Singapore	Singapore
2	Rotterdam	Athens	New York	Singapore	Shanghai	Rotterdam
3	London	Tokyo	Oslo	Oslo	Rotterdam	London
4	Shanghai	Shanghai	Singapore	Shanghai	Ningbo	Copenhagen
5	Oslo	Hamburg	Tokyo	London	Hamburg	Hamburg

67 Innovate Finance, 'H1 2024 FinTech investment landscape', (July 2024), available at: <https://www.innovatefinance.com/capital-and-investment/h1-2024-fintech-investment-landscape/>

68 Menon Economics, 'The Leading Maritime Capitals of the World 2024', (2024), p.5, available at: <https://www.dnv.com/maritime/publications/the-leading-maritime-cities-in-the-world-in-2024/publications/leading-maritime-cities-of-the-world-2022.html#:~:text=Singapore%20retains%20its%20number%201,5th%20to%203rd%20position%20overall>

Shipbrokers in the UK operate at the centre of the international shipping business, bringing together ship owners, charterers and other related parties. Shipbrokers are represented by the Baltic Exchange, the world's only independent source of maritime market information for the trading and settlement of physical and derivatives contracts. Baltic members are also involved in the sale and purchase of over half the world's new and second-hand tonnage.

The role of London and the UK as a global provider of professional services

Legal services

The UK is the largest legal services market in Europe (valued at £47.1bn in 2023, equivalent to \$58.6bn) and is second only to the US globally. The UK is home to a wide range of international law firms with more than 200 foreign law firms from over 40 jurisdictions operating in the country; all of the world's top 50 law firms by revenue have an office in London. Eight of the 20 largest law firms, based on number of lawyers in 2021/22, have their main base of operations in the UK, and seven of the top 20 revenue generating law firms are based in the UK. The largest international law firms in London have 42% of their lawyers abroad. Net exports of UK legal services stood at £7.6bn (equivalent to \$9.5bn) in 2023. Moreover, the UK has become a global hub for LawTech and is home to 44% of all LawTech start-ups in Europe.⁶⁹

The UK's position in legal services is helped by the international prestige of English common law, which forms the basis of the legal systems for some 27% of the world's 320 jurisdictions. Meanwhile, the UK's reputation as the leading centre for international dispute resolution is a strong driver for commercial parties to frequently opt for their contracts to be governed by English law.⁷⁰

Accounting services

The UK occupies a key position in the delivery of accounting services worldwide, with many of the largest global firms headquartered here. For example, all of the 'Big Four' accounting firms—Deloitte, EY, KPMG and PwC—have offices and businesses in the UK. Net exports from UK accounting services totalled £1.8bn (equivalent to \$2.2bn) in 2023.⁷¹

Management consultancy

Management consulting has been one of the fastest-growing industries in the UK in recent years. Turnover generated by management consultancy services in the UK has trended strongly upwards in the past decade, increasing by 171% from £50.8bn in 2014 to £86.8bn in 2023.⁷²

69 TheCityUK, 'UK legal services 2024: Legal excellence, internationally renowned', p.7, 12 & 13, (10 December 2024), available at: <https://www.thecityuk.com/our-work/uk-legal-services-2024/>

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71 ONS, '03 Trade in Services: The Pink Book', (31 October 2024), available at: <https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/datasets/3tradeinservicesthepinkbook2016>

72 Office for National Statistics, 'Monthly Business Survey turnover of services industries', (November 2024) available at: <https://www.ons.gov.uk/economy/economicoutputandproductivity/output/datasets/monthlybusinessurveyturnoverofservicesindustries>

Moreover, according to the Management Consultancies Association (MCA), cluster effects help international businesses in the UK access top-quality professional services in one place. The sector includes many different types of firms; some only undertake management consulting, while others are part of larger companies that also undertake IT systems development, outsourcing, and other activities.⁷³

The UK is a significant exporter of management consulting services. According to the Office for National Statistics, which uses a wider sector definition than TheCityUK does, business management and management consulting net exports totalled £24.8bn (equivalent to \$30.8bn) in 2023.⁷⁴

Financial services education and training

A range of UK-based organisations provides education and training in financial and related professional services internationally.

Universities and business schools have a key role in attracting foreign students to the UK. Indeed, in 2022/23 there were 758,855 non-UK students in UK universities, representing 26% of the total student population in that year.⁷⁵ In relation to the QS ranking 2023⁷⁶, three UK universities are part of the global top 10 higher-level institutions specialised in accounting and finance courses. Seven UK universities lead the top 10 higher-level institutions with a great reputation in accounting and finance courses in Europe.⁷⁷

Specialised training services are offered by a variety of providers including exchanges, specialist training firms and industry associations. For example, the LSE offers its training and academy to support market participants.⁷⁸ UK Finance delivers an extensive programme of digital training throughout the year on various topics, such as compliance, risk management and presentation skills for practitioners. Its learning hub offers a range of award-winning eLearning content, and hosts its in-depth IF/ABL certification programme. In addition, they have partnered with a comprehensive, on-demand video-delivered learning platform built specifically for finance professionals, as well as the leading professional body for the global regulatory and financial crime compliance community.⁷⁹ The Chartered Institute for

Securities and Investment (CISI) offers a certification in Islamic finance that provides an understanding of the influence of Shariah in a business context and prepares candidates to hold key positions in the Islamic finance and takaful (Islamic insurance) industries.⁸⁰

A number of sustainable finance-related initiatives have also been launched in recent years. The Green Finance Institute runs a Green Finance Education Charter that aims to equip finance professionals with the knowledge, skills and attitudes needed to accurately assess climate-related risk and opportunities; it also aims to help incorporate sustainable finance principles and practices in the financial and professional services sector.⁸¹ The Chartered Banker Institute also offers a Certificate in Green and Sustainable Finance that aims to increase the learner's knowledge of climate change and its impact, climate risk, the evolution of green products and services in different sectors, and the role of the financial sector in supporting the transition to a low-carbon world.⁸²

The Financial Services Skills Commission is the independent, non-partisan, member-led body, representing the UK financial services sector on skills. With over 40 members, employing over 300,000 of the 1 million financial services employees, the Commission works to increase the supply of skills in the sector.⁸³

Meanwhile, UK-based professional institutions play a key role in the development of accounting skills throughout the world. For example, according to data from the Financial Reporting Council, there are nearly 405,000 members in seven main accountancy bodies in the UK and the Republic of Ireland, up by 1.9% year on year. These qualifications represent a global standard, as well as providing a training ground for the next generation of business leaders.⁸⁴

73 Management Consultancies Association, 'The UK consultancy industry', available at: <https://www.mca.org.uk/value-of-consulting/the-consulting-industry>

74 Ibid.

75 House of Commons Library, 'International students in UK higher education', (September 2024), available at: <https://commonslibrary.parliament.uk/research-briefings/cbp-7976/>

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83 Financial Services Skills Commissions, available at: <https://financialservicesskills.org/about-us/>

84 Financial Reporting Council, 'Key Facts and Trends in the Accountancy Profession', (September 2024), p.5, available at: https://media.frc.org.uk/documents/Key_Facts_and_Trends_in_the_Accountancy_Profession_2024.pdf

Conclusion

Despite continuing challenge from other countries, the UK remains one of the world's leading financial and related professional services hubs. The UK-based industry continues to dominate various international markets, including foreign exchange trading and cross-border bank lending, among many others. Financial, legal, accounting, and management consultancy services also remain significant sources of UK export revenue. The industry's international competitiveness is largely due to the UK's long-standing financial and related professional services expertise, and the industry's ability to innovate and adapt to the demands of emerging and specialised markets such as green finance, FinTech, and Islamic finance.

TheCityUK's international programme

TheCityUK's international strategy has the objective of making the UK the world's leading international financial centre within five years of its launch in September 2021. Achieving this objective requires industry, government and regulators in the UK to work together to strengthen the UK's international competitiveness and seek to:

Make the UK's international financial centre more open and competitive by:

- Boosting inward investment by shaping a new dynamic investment strategy, supported across central and local government, and ensuring that the process for screening investments into and out of the UK is efficient, transparent and well-targeted on policy goals.
- Attracting global talent through streamlining business visa processes.
- Adopting a dynamic, agile approach to regulation to drive innovation and support FinTech.

Grow the UK's share of key global financial and related professional services opportunities by:

- Prioritising effort where liberalising trade with developed and emerging markets will have maximum commercial impact.
- Utilising the full range of trade policy tools available and concluding regulatory agreements, such as digital economy agreements, which support services trade.
- Securing recognition overseas for UK qualifications and improving labour mobility.

Build new global markets around future demand, so making the UK:

- A global hub for financial and professional services data.
- A world-leader in sustainable finance.
- The leading gateway for global companies seeking to raise capital for their international growth.
- A global centre for risk management and risk advisory services.

The strategy sets out several policy recommendations that can help the UK become the world's leading international financial centre, and TheCityUK is monitoring industry's success in delivering on those objectives via a tracker and set of metrics. The strategy is being delivered across all areas of the industry's international engagement, which covers the following:

Multilateral trade and investment policy: TheCityUK works with a range of intergovernmental organisations, overseas businesses and partner alliances, including at bodies such as the WTO and OECD, to shape more integrated global services markets.

Bilateral trade and investment policy: TheCityUK's country and region-specific Market Advisory Groups and the India-UK Financial Partnership, build financial and related professional services ties between the UK and its key trading partners in the developed and developing world. TheCityUK's groups provide a platform for industry to advocate for policies that will boost trade and investment with the US, Europe, Japan, China, India, ASEAN, Eurasia, Middle East and Africa. They also provide a forum for the UK-based industry to deepen cooperation with its key international business partners, including on key forward-looking issues such as sustainable finance and digital governance. We also work closely with HM Treasury to foster closer regulatory cooperation with key counterparts, including serving as industry partners in key bilateral milestones such as the UK-Switzerland Mutual Recognition Agreement for Financial Services, the EU-UK Financial Regulatory Forum, the Economic and Financial Dialogues with China and India, and the Financial Dialogues with Japan and Singapore.

Regulatory coherence: Some of the biggest trade barriers affecting financial and related professional services businesses are regulatory in nature. The International Regulatory Strategy Group - a joint venture between TheCityUK and the City of London Corporation - and TheCityUK's international workstreams, aim to foster global regulatory coherence through financial services deference agreements, mutual recognition of professional qualifications, and more globally consistent rules around green finance disclosure standards. TheCityUK is currently conducting policy work to explore how the UK might deepen international regulatory coherence via a more extensive use of bilateral agreements structured around mutual trust in and recognition of respective regulatory regimes.

Sector specific advocacy: TheCityUK's Sector Advisory Groups – including TheCityUK's Legal Services Group and Islamic Finance Group, focus on ensuring the continued international competitiveness of the UK's offering in these sectors and promoting UK expertise.

International development: TheCityUK, in collaboration with its members, industry partners and trade associations, supports UK development projects that help governments in emerging markets to improve their country's financial and related professional services and business environments to international legal and statutory standards, and best practice. As a leading international financial centre, the UK's financial and related professional services industry can offer partner countries access to targeted subject matter expertise on how to develop their own financial and related professional services ecosystems – ecosystems which, in turn, enable broad-based sustainable and inclusive economic growth throughout the host country and regional economy. TheCityUK's recent initiatives include projects in Vietnam, Nigeria, Kenya and Ukraine.

Sources of information

Note: this report reflects data available as of 23 December 2024.

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