



THE GLOBAL CITY

The UK: a top destination for financial and professional services investment

Trends in 2023

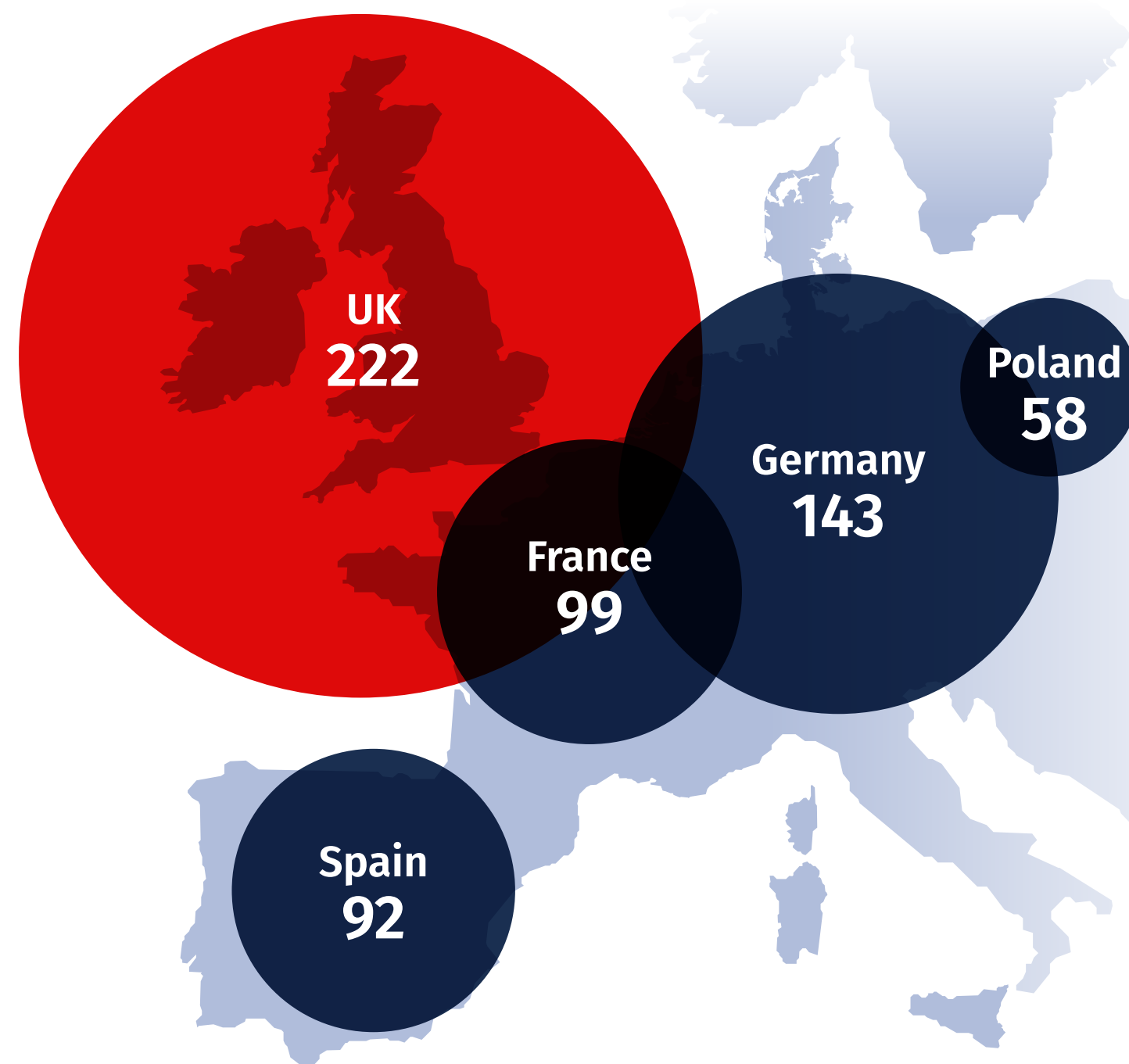
April 2024



The UK is Europe's most popular destination for financial and professional services FDI

The UK is an international financial and professional services (FPS) hub that is open to businesses from across the world. As such, it has a strong track record of attracting foreign direct investment (FDI). It is **Europe's most popular destination for FPS FDI** and the third most popular globally.

Top FPS investment destinations in Europe by number of projects, 2023*



The UK's world-class business environment attracts both firms who are expanding to serve the UK market and global investors. **The UK acts as a hub for global investors to manage their international business or to scale internationally.**

Across the past 5 years, London has been the world's **#1 global financial centre** for FPS projects and #3 for FPS investment value.

The UK offers:

- access to global markets
- deep, liquid pools of capital for growth
- research & innovation capability
- a highly skilled & international workforce
- a stable and supportive regulatory regime



Ranking:
Total projects
(2019-2023)**

1. London
697

2. Singapore
590

3. Paris
420

4. New York City
321

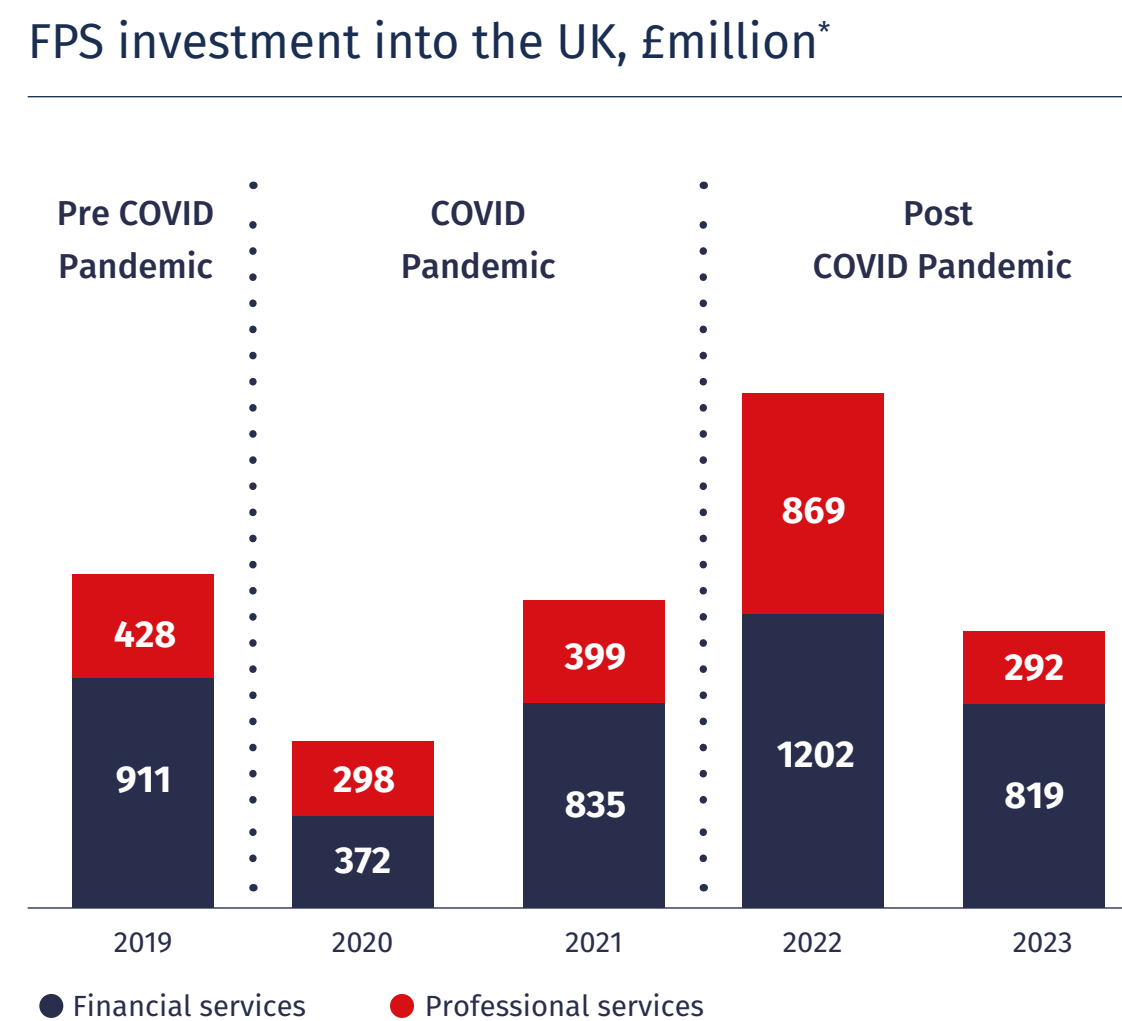
5. Hong Kong
258

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The UK's financial and professional services sectors continue to draw international investors

FPS FDI to the UK exhibited a strong post-COVID recovery in 2022, resulting in a remarkable year-on-year increase in FDI flows of 68%. This was partly driven by a small number of sizeable projects. While the absolute value of capital invested in FPS projects in 2023 is down from 2022, this is unsurprising given the challenging global macroeconomic environment and in line with global trends. It is also important to highlight that investment levels were due to normalise after 2022's bumper year, which saw the highest FPS FDI value in the last ten years.

In 2023, the UK attracted 222 FPS projects involving 177 foreign companies valued at £1.1bn. Boosting FDI will continue to be a key economic driver for the UK. The City of London Corporation is working closely with partners across the ecosystem -including industry and policy leaders to keep the UK competitive and attractive to investors.¹



¹ <https://www.theglobalcity.uk/vision-for-economic-growth>.
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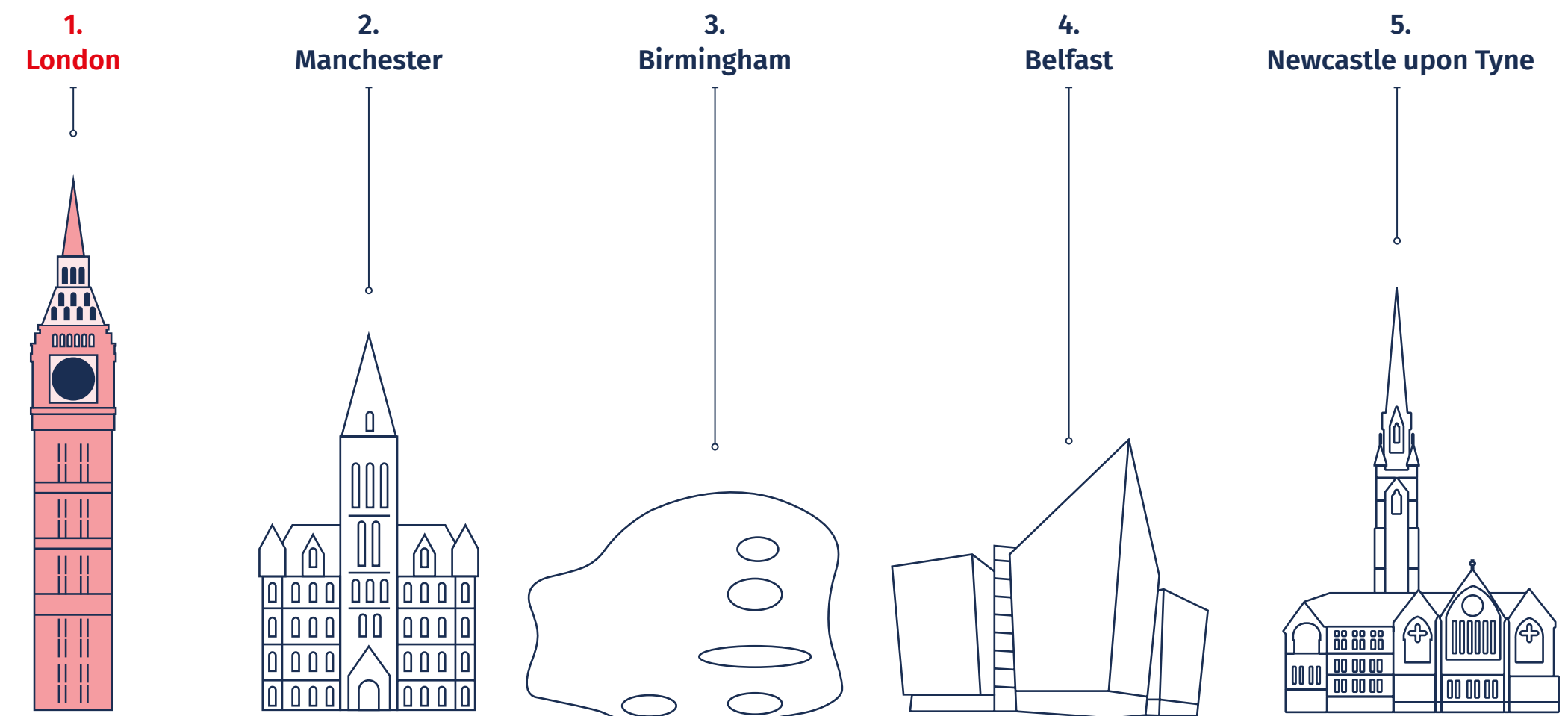
FPS FDI contributes to the wider UK economy

FPS FDI brings capital and employment to the whole country. In 2023, London attracted the largest number of FPS FDI projects and these created the largest number of jobs. However, FPS FDI was attracted to regions across the UK, with projects announced in all four UK nations.

Cities outside of London accounted for

39% of the projects	34% of the jobs created
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Top 5 FPS FDI hubs in 2023 (by number of projects attracted)**



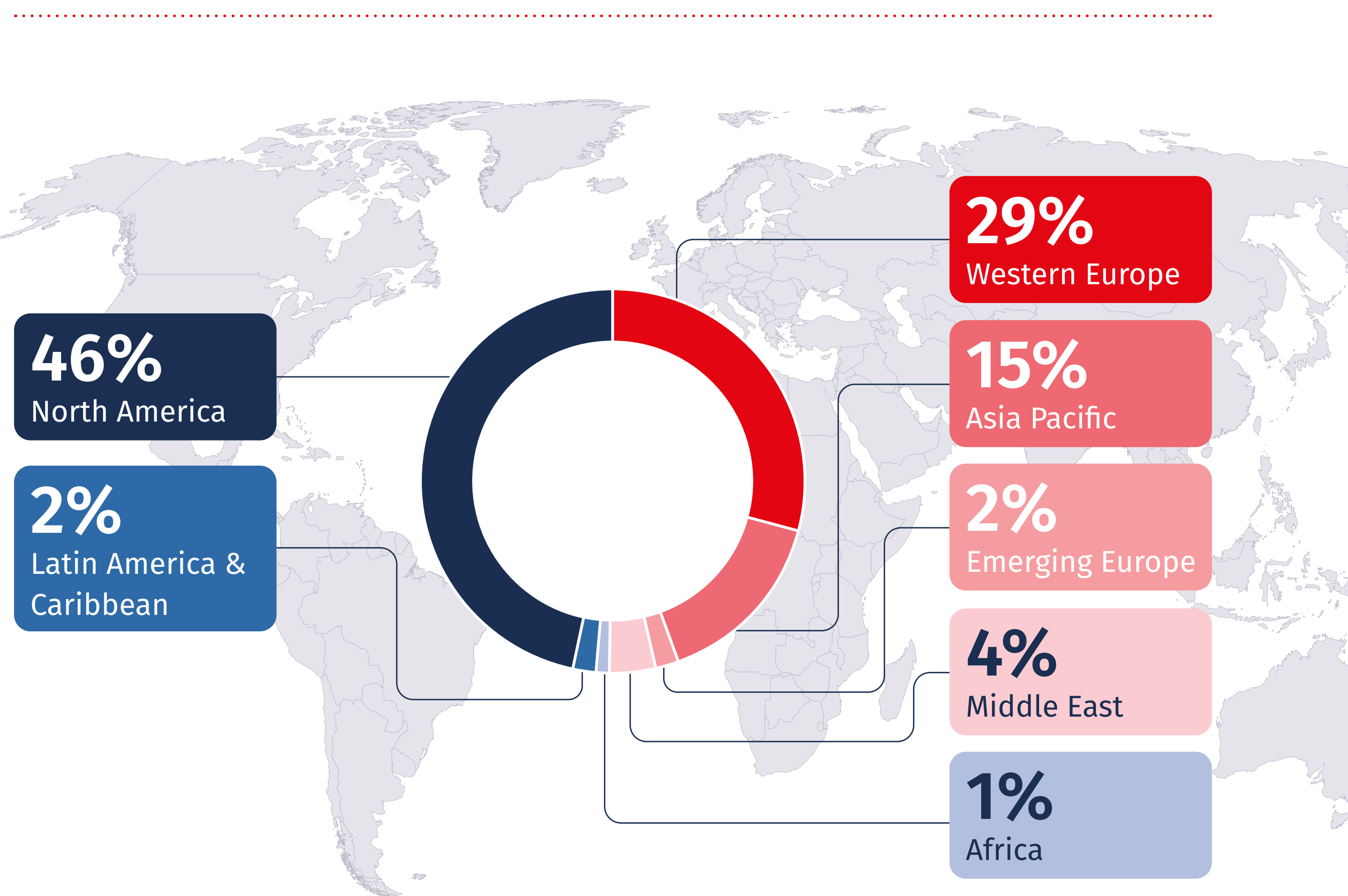
The UK attracts investment from around the world

FPS investment activities in the UK are truly global, reflecting the UK's international outlook and connections. Between 2019 and 2023, the UK attracted investment from **60 countries** around the world, underscoring its global pull.

North America and Western Europe are the UK's largest sources of FPS investment.

The US accounted for over 40% of FPS FDI into the UK over the last five years, highlighting the UK's continued attractiveness to US investors and firms. Rounding out the top five source countries are the Netherlands, Canada, France and Germany.

Source regions of FPS FDI 2019-2023 (share of investment value)*



Top 10 investing countries in UK FPS (2019-2023)

1. United States
2. Netherlands
3. Canada
4. France
5. Germany
6. Switzerland
7. Singapore
8. India
9. Australia
10. Spain

These 10 jurisdictions accounted for around **75% of the projects and investment** in UK FPS across this period.

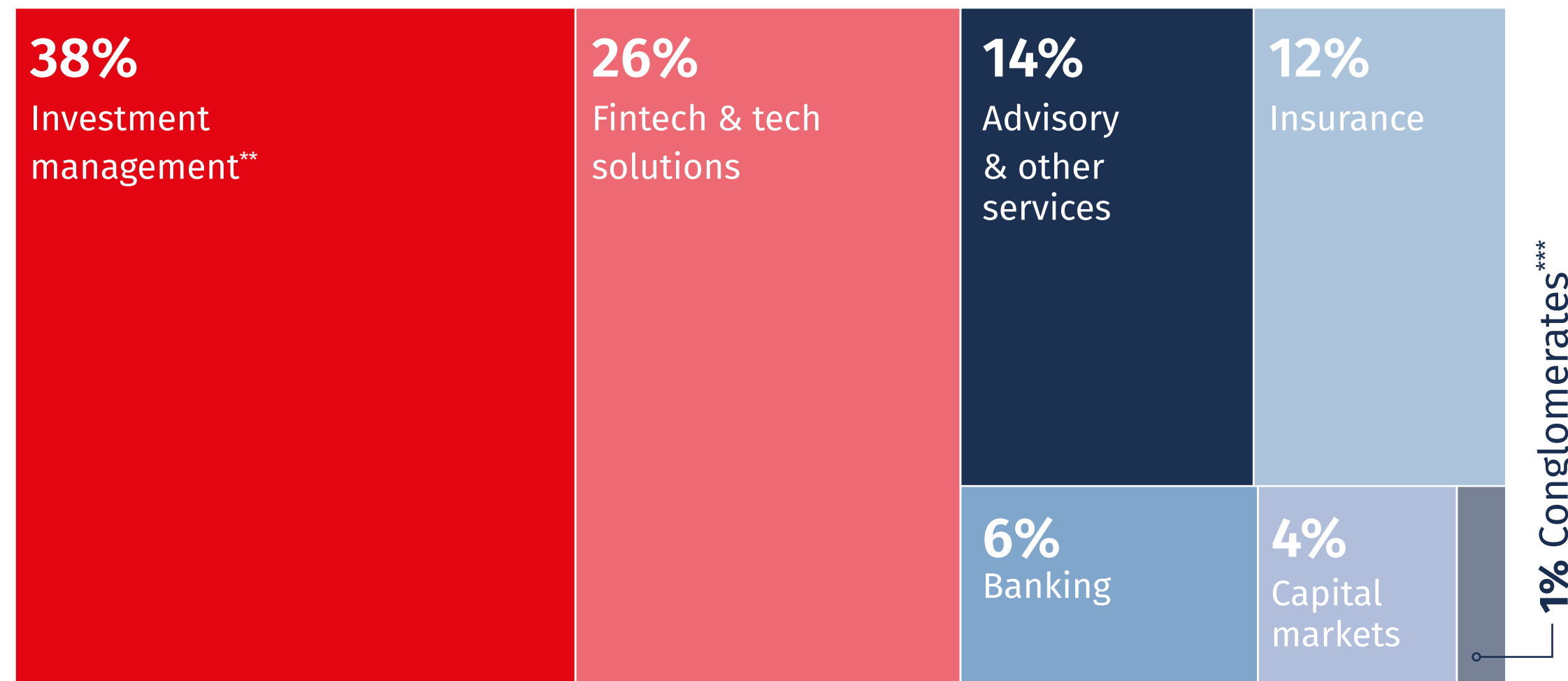
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Asset management firms were the largest source of financial services investment

The UK is one of the largest and most diverse investment management centres in the world. It is a **hotspot for global managers to operate in** – over half of the UK’s assets are managed by firms with overseas headquarters. And it **serves clients all over the world** – 48% of UK assets are managed on behalf of overseas clients.² The UK is a gateway to global investment opportunities.

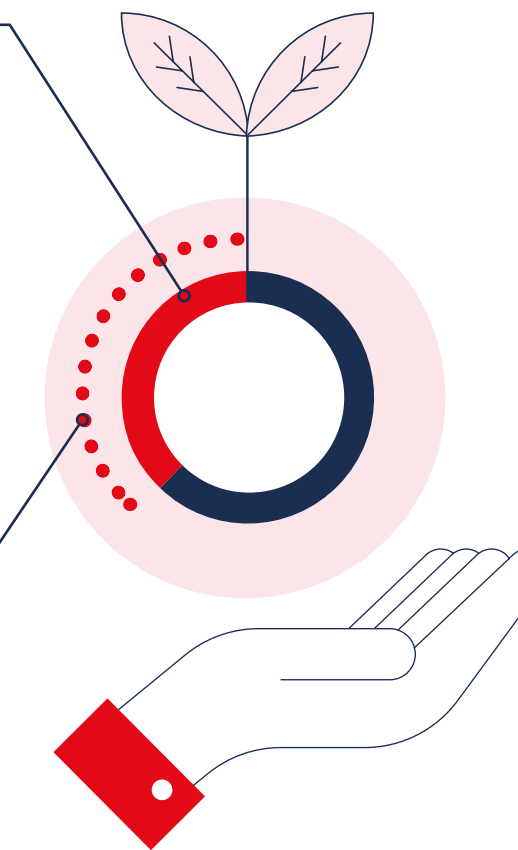
Investment management firms were the largest source of financial services (FS) FDI projects in the UK in 2023*

Types of firms investing in the UK (share in all FS projects) in 2023

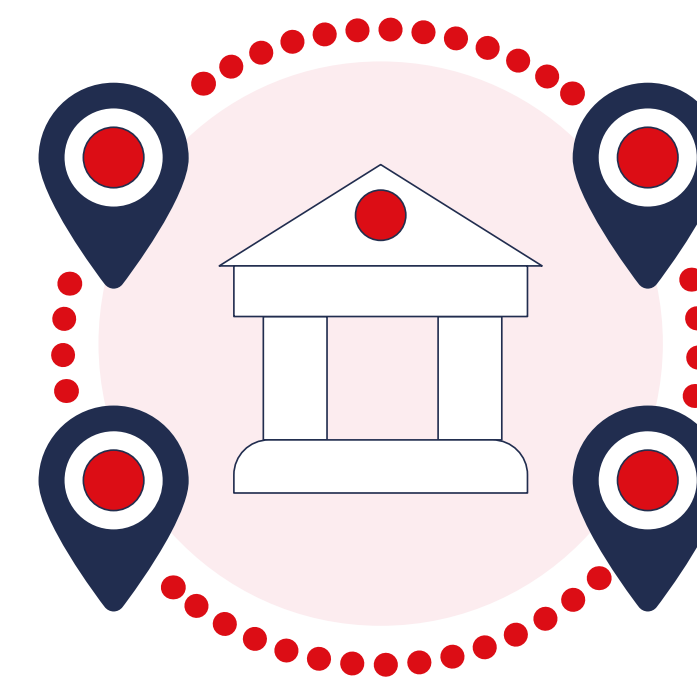


38% of all FS FDI projects were in investment management, compared to 32% the previous year.

£277m The value of FDI into investment management rose to £277m, up 4% from the previous year.



FDI projects by investment management firms are from a **diverse geography**. They cover the Americas, Europe, the Middle East and Asia-Pacific, affirming the UK’s role as a global investment hub.



The UK offers unrivalled access to global deal opportunities, capital and talent. **Many global asset owners set up their overseas investment management base in the UK.** For example, the **Healthcare of Ontario Pension Plan** and **Australian Retirement Trust** opened new offices in London in 2023.

² The Investment Association, 2023.

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** They include all investment-related firms, including investment consultants, investment managers, asset managers, private equities, venture capital, and asset owners (e.g. pension funds).

*** They refer to holding companies or conglomerates that engage in a range of financial services activities. For example, Citigroup has businesses in retail banking, investment banking, capital markets advisory, securities services and treasury and trade solutions.

The UK is a recognised leader in innovation and technology

The UK is an established leader in the technology-enabled revolution in finance and professional services. It is home to some of the most innovative, trailblazing subsectors that are powering this global shift.

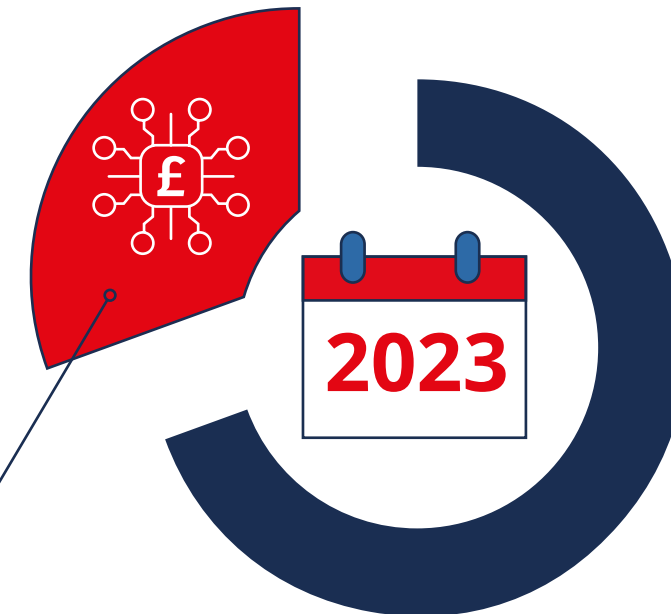
This innovative ecosystem supports firms from around the world, especially those that **aspire to expand internationally**.

The UK provides the environment for tech firms to thrive – access to funding, availability of global talent, and innovation-friendly regulators that support innovation of new technology solutions from concept to development and beyond.

In 2023, fintech and technology solutions attracted more than a

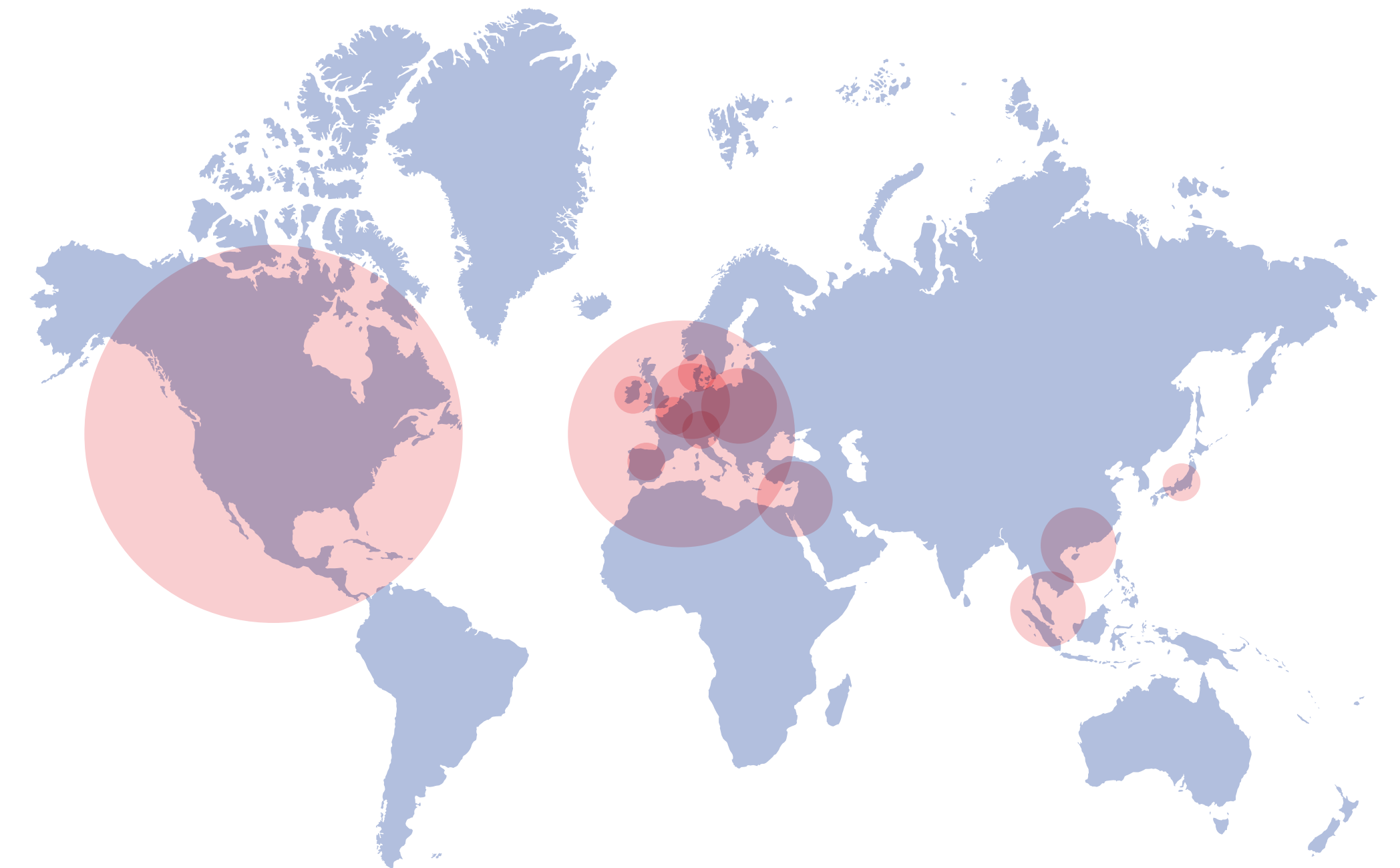
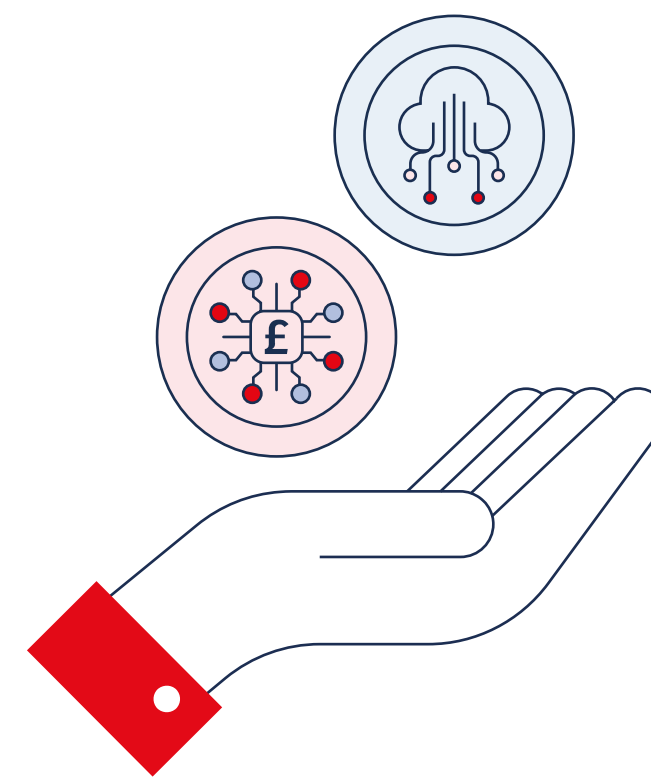
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of all FS projects.



£94m

Even as the global tech market cools after the pandemic boom, the UK's offering continues to attract significant investment. Among the top ten projects by investment value in 2023, fintech and technology solutions were the second largest in terms of size - **£94 million**.



The **United States**, home to the largest tech sector in the world, remains the largest investor in UK fintech and technology solutions. However, investors come from around the world to invest in the UK, including **Asia, Europe, and the Middle East**. The diversity of investors in the UK's fintech and technology industries speaks to the variety and quality of opportunities in the UK.

Methodological note

This publication was produced by The City of London Corporation using data provided by fDi Markets, a service from The Financial Times Limited, accessed in February 2024.

Foreign direct investment activities refer to cross-border investments from one country to another either through setting up a new entity or expanding the operations in the investment destination. In this publication franchises and M&A activities are excluded.

Further notes to various data points in this publication:

- Definitions for financial services and professional services drawn from FDI Markets own categorisation, unless specified.
- Jobs data and capital investment data include estimates based on company announcements. The data provider and City of London Corporation takes no responsibility for the accuracy of the jobs and investment data.
- All values in British Pounds converted from US Dollars.
- Subsectoral categorisation of firms investing in the UK based on the City of London Corporation's own analysis.



About the City of London Corporation:

The City of London Corporation is the governing body of the Square Mile dedicated to a vibrant and thriving City, supporting a diverse and sustainable London within a globally successful UK.

We aim to:

- Contribute to a flourishing society
- Support a thriving economy
- Shape outstanding environments

By strengthening the connections, capacity and character of the City, London and the UK for the benefit of people who live, work and visit here.

www.cityofondon.gov.uk



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About the Global City campaign:

The Global City campaign is the City of London Corporation's overarching initiative to promote the UK as a world-leading international financial centre. It showcases the UK as a great place for financial and professional services firms to invest, locate and grow.

www.theglobalcity.uk