



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



April 2022

A hub for financial and professional services FDI in Europe and the world

The UK is an international financial and professional services (FPS) hub that is open to businesses from across the world. It has a strong track record in attracting foreign direct investment (FDI) – it is the world’s second most popular FPS FDI destination and is considered the most attractive place to invest in Europe.¹

In 2021 the UK attracted:

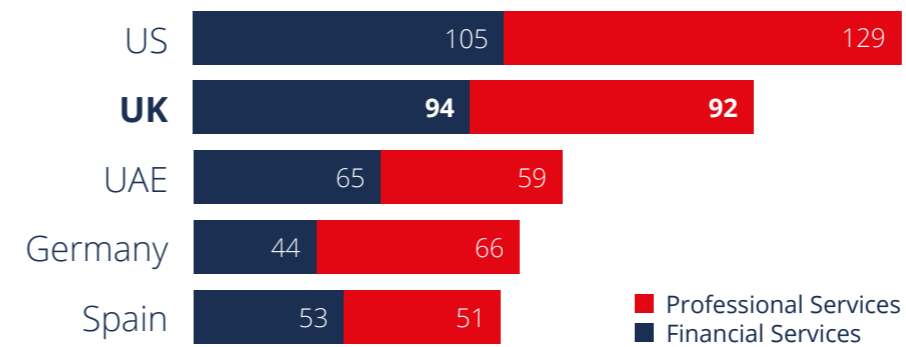
186 projects involving **169 foreign companies** valued at **£1.1bn**

The UK’s world-class business environment continues to attract global investors, as it offers:

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



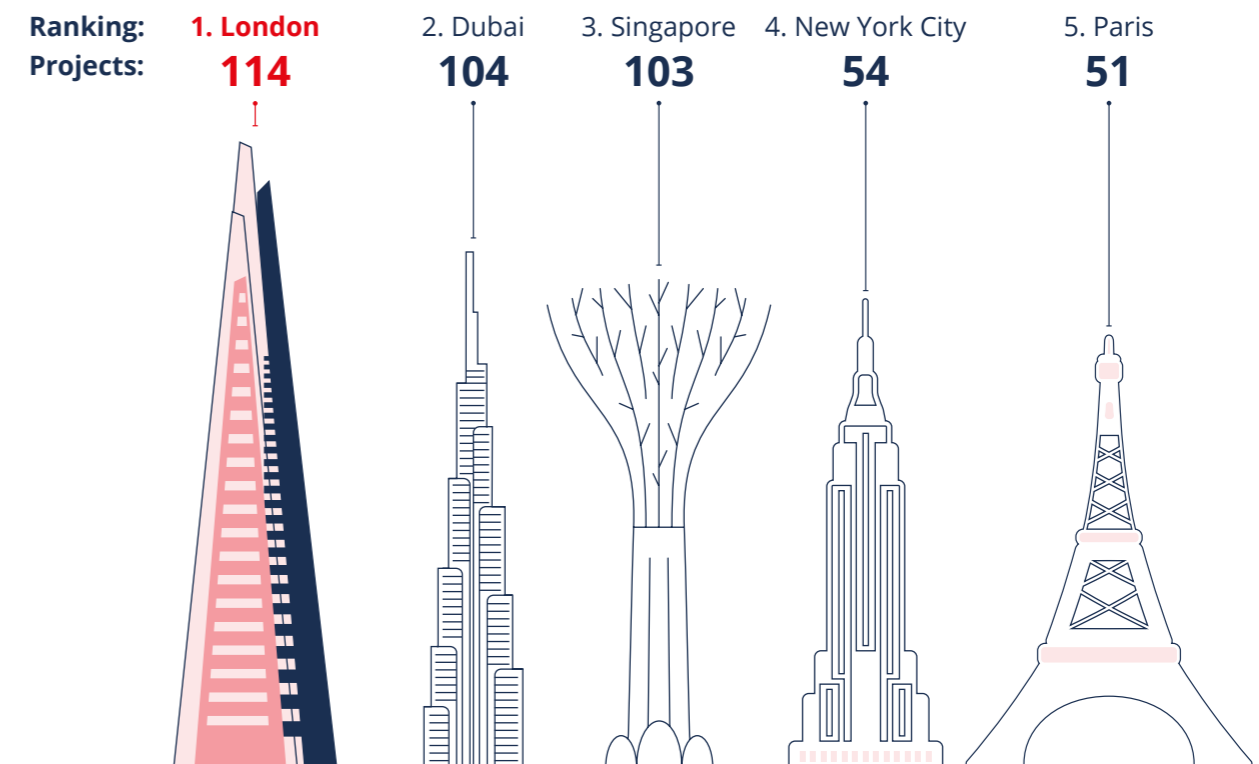
Top FPS Investment destinations by number of projects in 2021



The UK attracted the **largest number of FPS FDI projects in Europe**, and second only to the US.

London continues to be the world’s **#1 destination city** for financial and professional services investment.

In 2021 London attracted **114 projects** involving close to **£600m investment**



Source

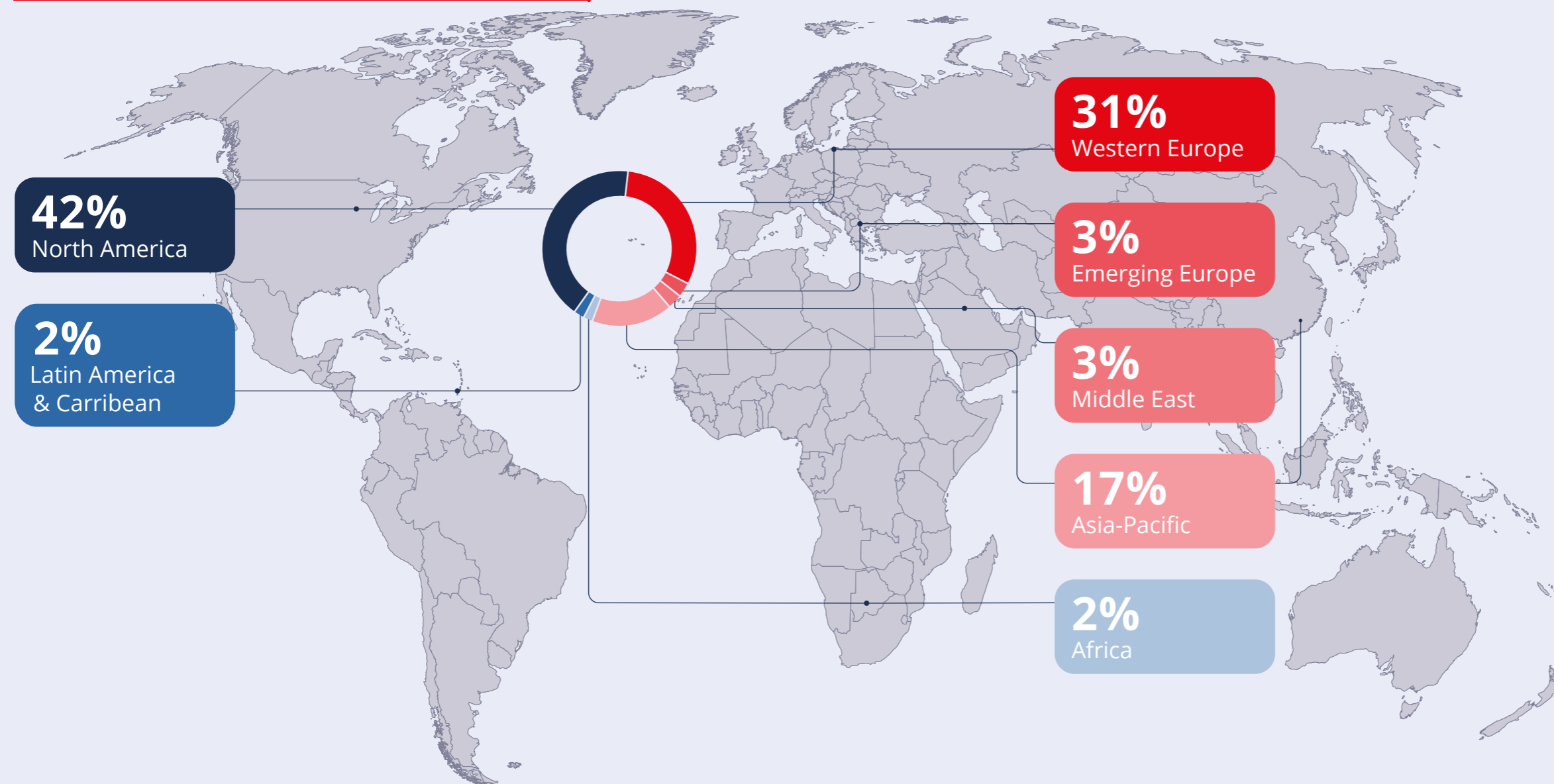
¹ EY, 2021

A centre for global businesses

FPS investment activities in the UK are truly global, reflecting the UK's international outlook and connections. Between 2017 and 2021, the UK attracted investment from **64 countries** over the world, the highest among all financial services centres.

North America and Western Europe are the UK's largest sources of FPS investment. Yet smaller shares from other parts of the world do not necessarily mean they are less important. For example, **4 out of the 10 largest investing companies** in 2021 were from Asia-Pacific, Latin America and the Middle East.

Source regions of FPS FDI projects 2017-2021



Top 10 investing jurisdictions in UK FPS (2017-2021)

- 1 **United States**
- 2 **Switzerland**
- 3 **Australia**
- 4 **France**
- 5 **Germany**
- 6 **Ireland**
- 7 **Netherlands**
- 8 **India**
- 9 **Canada**
- 10 **Hong Kong**

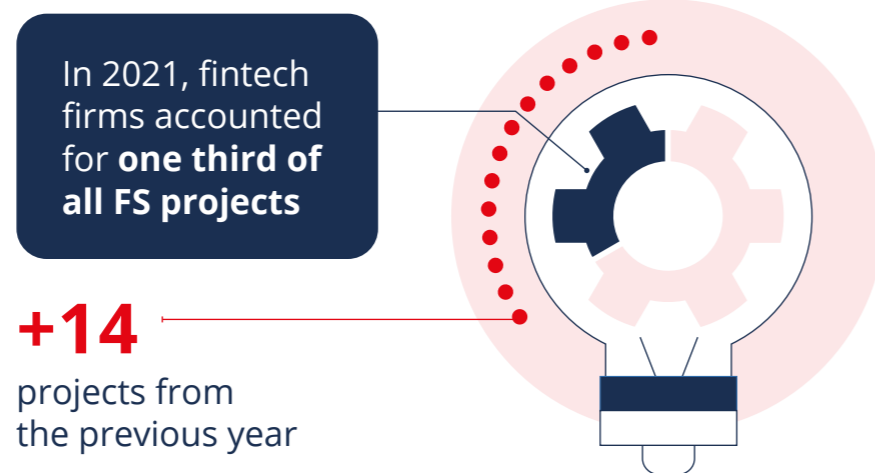
These 10 jurisdictions accounted for around **75% of the projects** and **70% of the investment** in UK FPS across this period.

Fintech powering investment in financial services

Innovation has been at the heart of UK financial and professional services. FDI activities in fintech and in tech firms supporting financial services demonstrate the UK's appeal in this area.

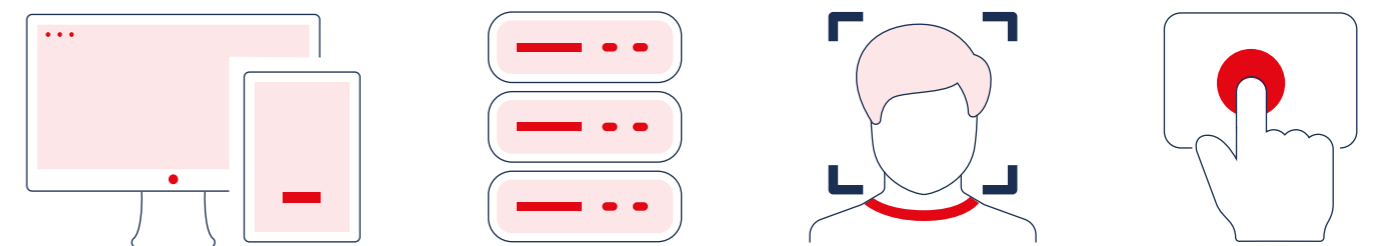
As a world leading financial innovation hub, the UK attracts an increasing number of fintech firms.

Fintech firms have become the **largest source of financial services (FS) FDI projects** in the UK.

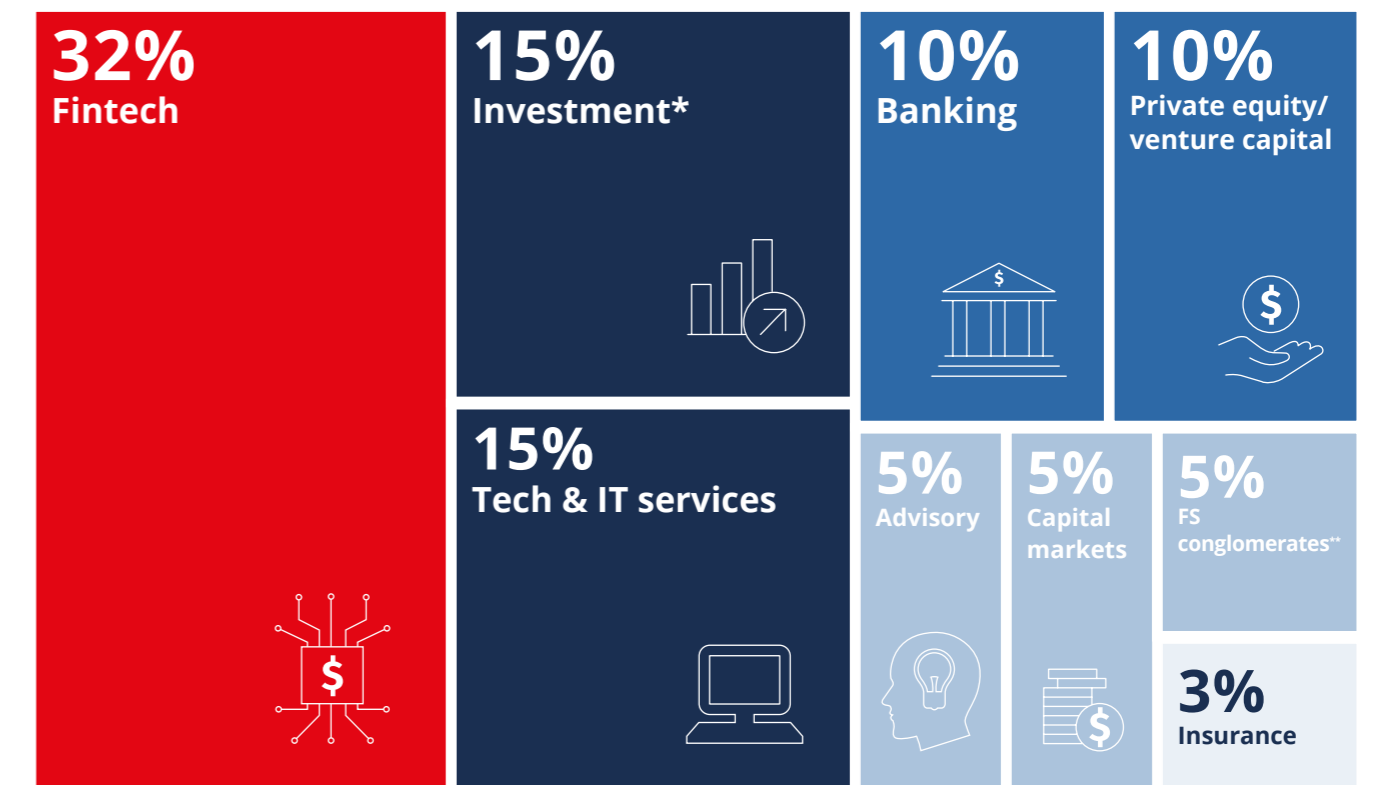


The UK also attracted FDI from a cluster of tech companies that provide dedicated solutions to financial services, such as firms that provide trading infrastructure.

Together with FDI from fintech firms, this showcases the positive synergies between financial services and tech in the UK.

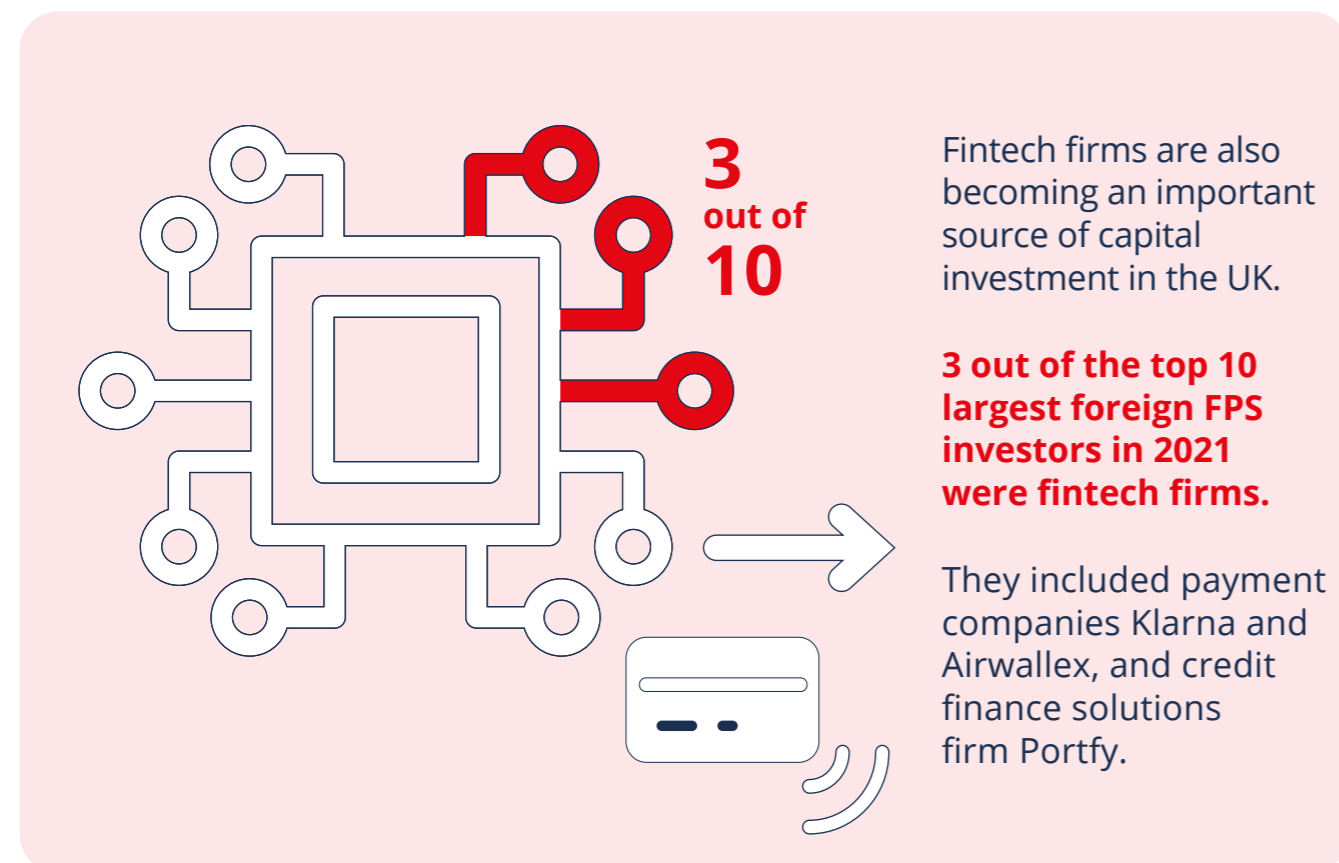


Types of firms investing in the UK (share in all FS projects) in 2021



*They refer to investment-related firms e.g. investment consultants, investment managers and asset managers.

** 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.

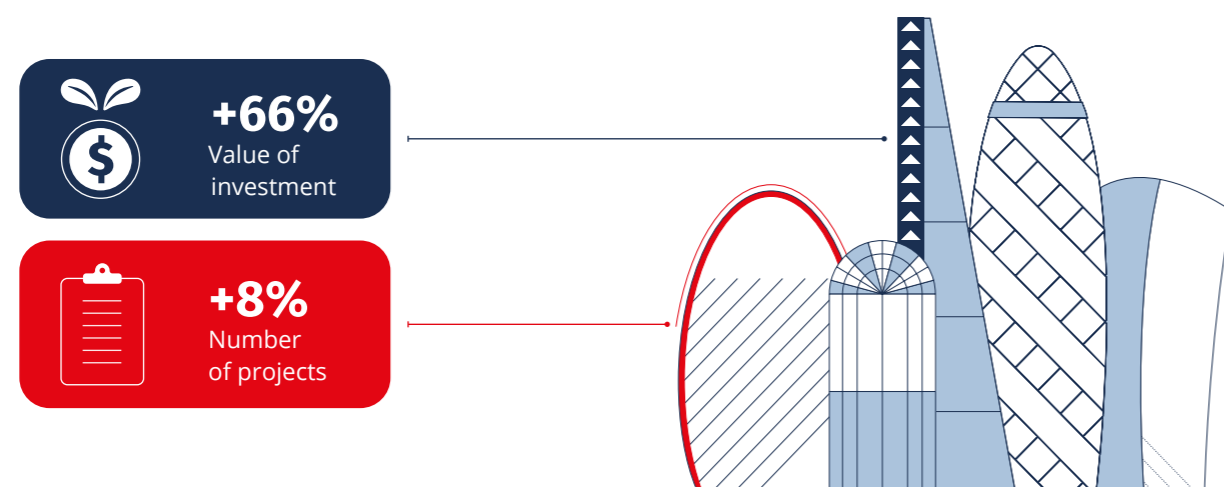


Steady recovery from challenging times

Unsurprisingly, the Covid-19 pandemic caused the number of greenfield FDI projects in finance and insurance to drop by 30% between 2019 and 2020 globally.² The UK was inevitably affected by the pandemic but saw steady recovery in 2021.

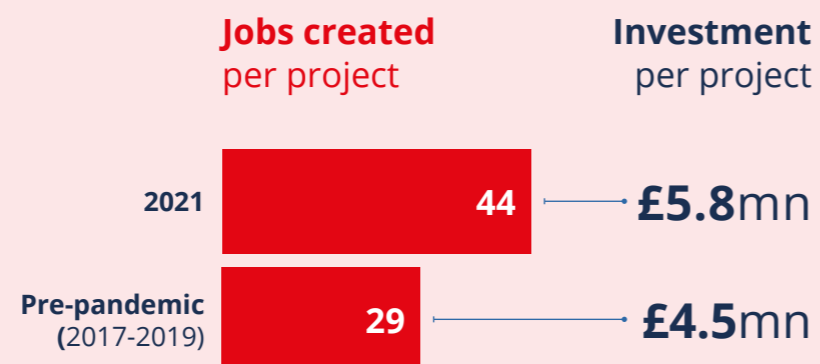
In fact, in 2021 FPS investors engaged in more expansion projects and made more jobs and capital investment on average than before the pandemic. This reflects the resilience of the sector, amid challenging times.

2021 saw steady recovery compared to 2020



FDI investments started to make a healthy comeback in 2021.

While the number of projects remained below pre-pandemic level, **average jobs created and capital investment per project hit a new high.**



Source

² UNCTAD, 2021.

Contributing to the wider economy

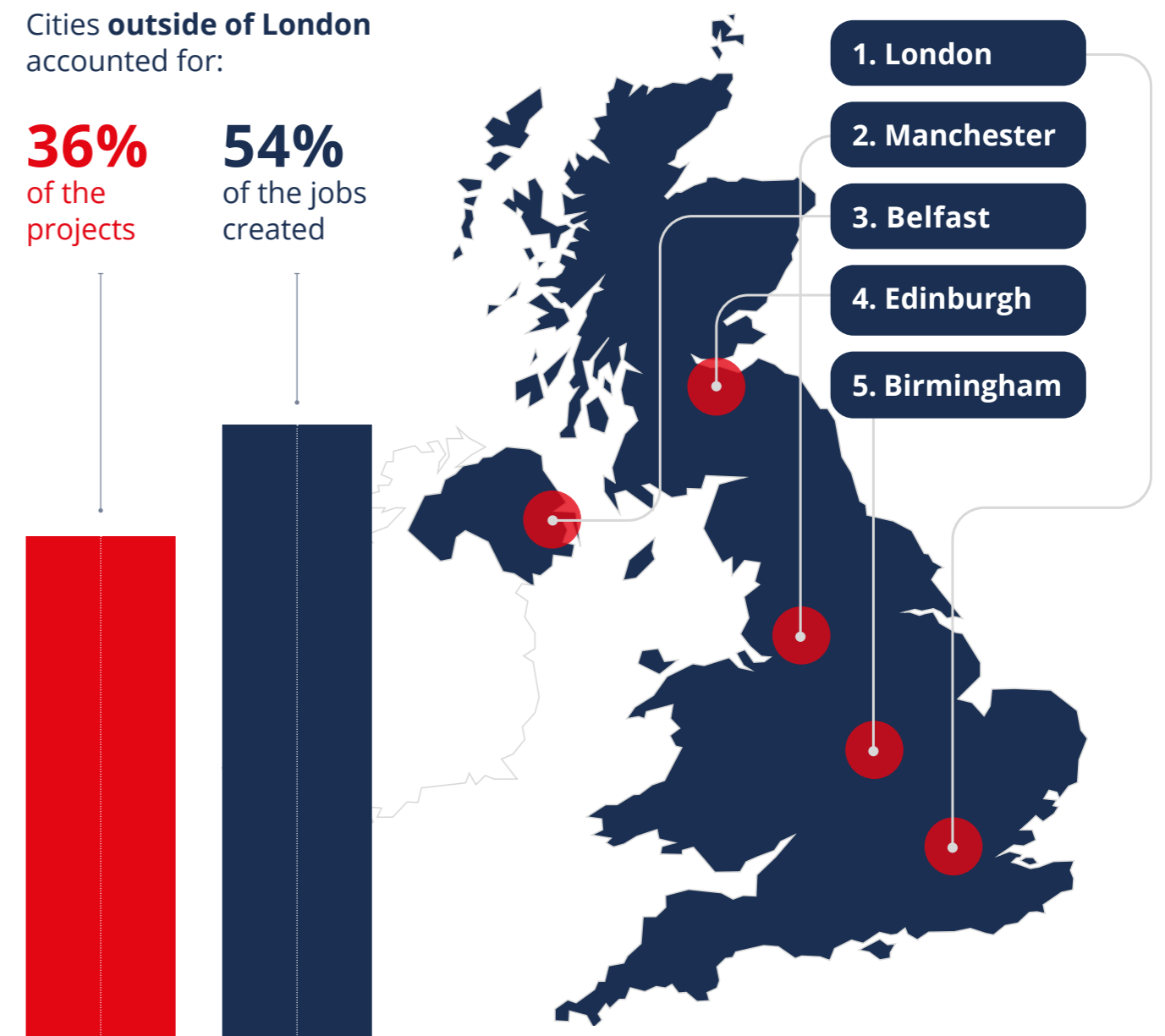
FPS FDI brings capital and employment to the whole country. Even though London attracted more projects, FPS FDI projects outside London collectively created more jobs.

Top 5 UK FPS FDI hubs in 2021

Cities **outside of London** accounted for:

36%
of the projects

54%
of the jobs created



Methodology

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 2022.

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 the City of London Corporation take no responsibility for the accuracy of the jobs and investment data.
- All values in British Pounds converted from US Dollars.

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.

theglobalcity.uk

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.

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