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GLOBAL
CITY**

Providing financial services to the world



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Foreword



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The UK is the world's first choice supplier of financial and professional services, helping businesses around the world prosper. New figures from the ONS show that the UK exported £82bn worth of financial services in 2018, up from £78bn in 2017.

The UK still has the world's largest trade surplus of financial services – £63bn, up from £61bn in 2017. And these figures also show that financial services is a major driver of the UK economy – this is by far the largest trade surplus of any other UK service industry.

The sector's trade with the European Union rose from £30bn in 2017 to £32.6bn in 2018, with the share of financial services and insurance exports going to this market also climbing from 39% to 40%.

Beyond the EU, exports to key markets increased, including the US

(up from £20.7bn in 2017 to £21.7bn in 2018), Japan (£4bn to £4.4bn) and Canada (£1.8bn to £2bn). Overall trade with non-EU countries actually rose from £47.6bn to £49.6bn, providing the finance and services needed by our international partners.

The success of UK financial services and insurance firms in exporting across the globe is key in balancing our trade deficit and helps to support jobs around the country. In fact, regional hubs up and down the country play a crucial role in driving financial services exports. In Edinburgh, financial services exports accounted for almost half of all its services exports in 2017, while in cities like Birmingham and Leeds this amounted to close to 40% of all their services exports.

The UK's innovative financial services sector also plays a key role in attracting international investors –

in 2017 it had the highest stock of foreign direct investment compared to other sectors and accounted for close to a third of all foreign direct investment stock. Global investment boosts job creation, capital investment, innovation and productivity. As a global leader in attracting investment, the UK benefits from and contributes to the success of international investors locating their operations here.

Despite headline grabbing trade disputes and erection of borders, the facts speak for themselves – London is one of the few truly global cities, and our success depends on remaining open to trade and investment from around the world. Through sharing and developing our financial services expertise, the UK can continue to build and strengthen trade and investment links across the world.

Global connections: UK's financial services exports

£82bn

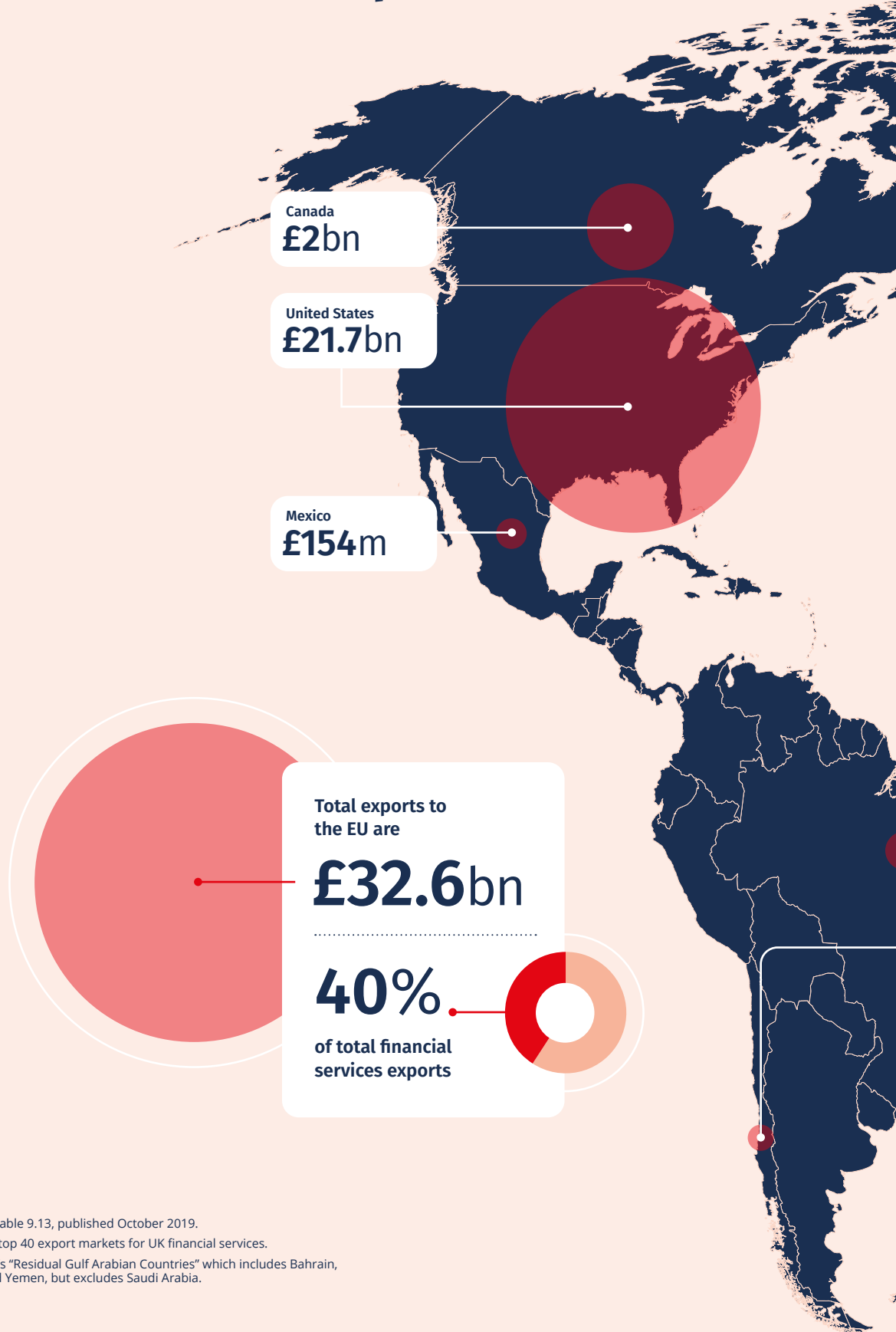
total financial
services exports
in 2018

28%

of all service
exports

13%

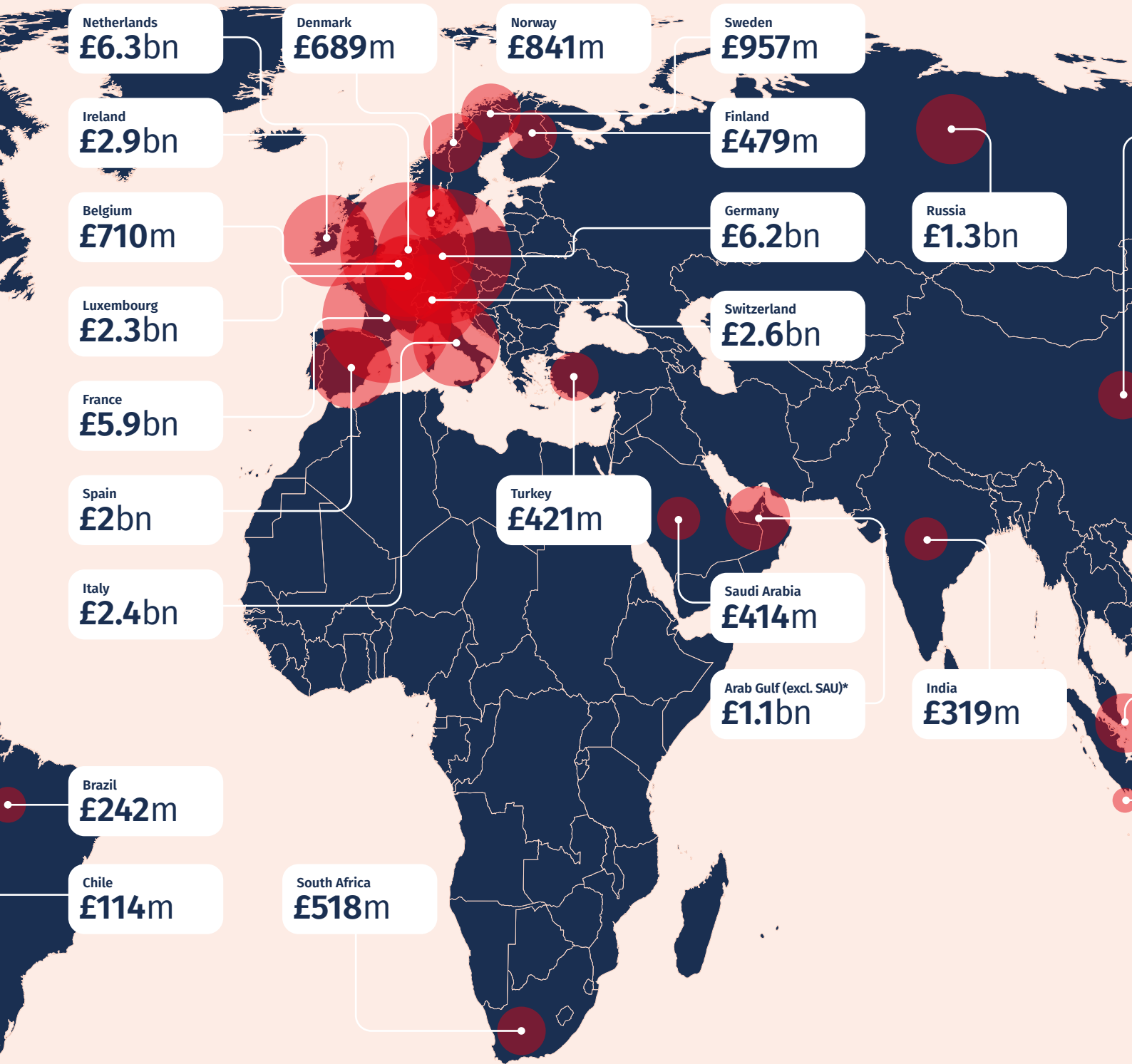
of all exports

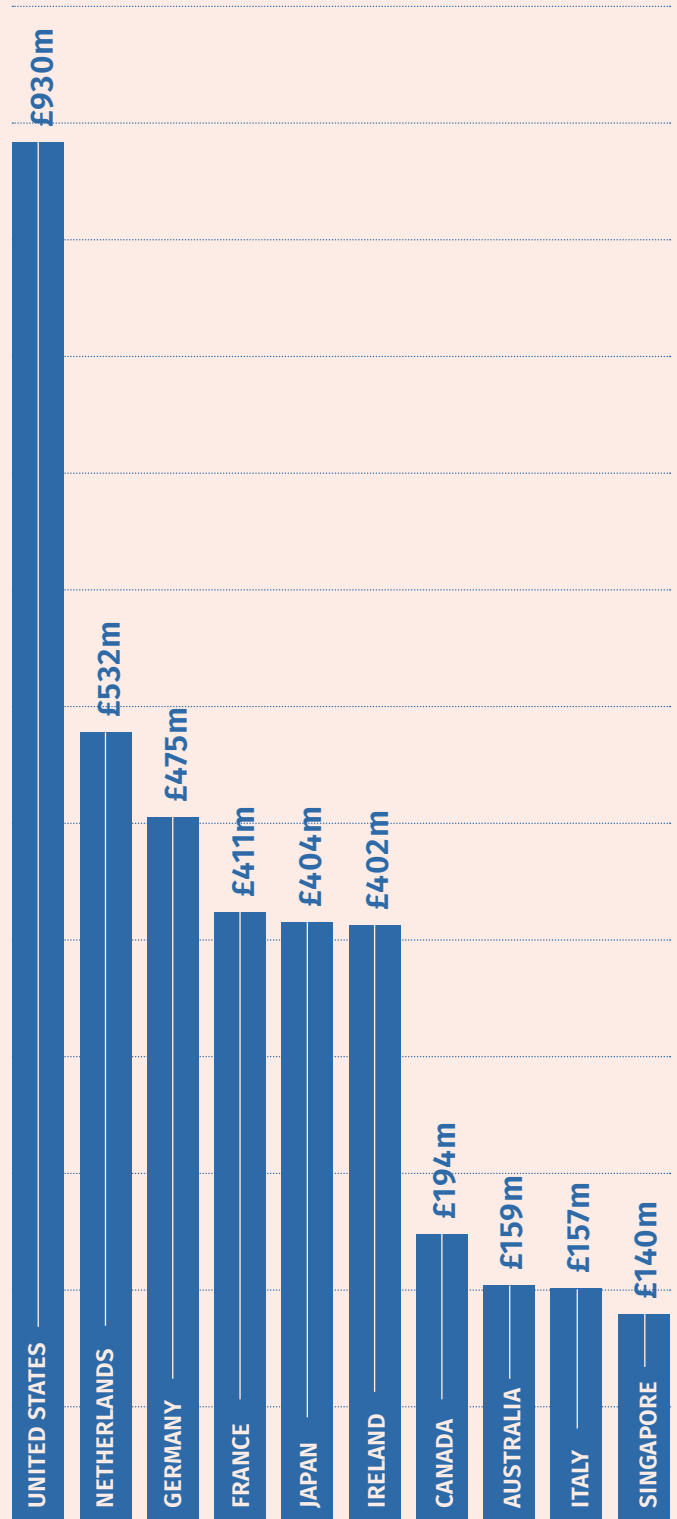
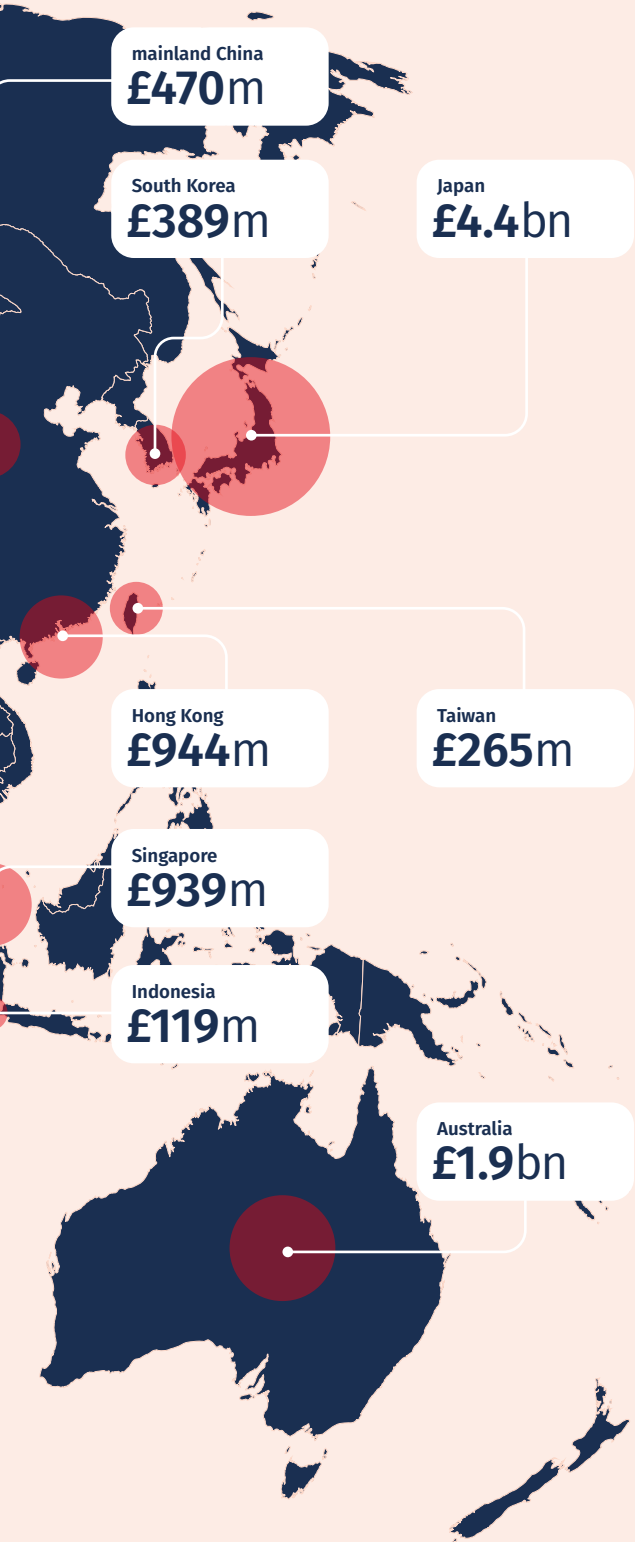


Source: ONS PinkBook 2018, Chapter 9, table 9.13, published October 2019.

Note: This map covers a selection of the top 40 export markets for UK financial services.

* The Arab Gulf region refers to the ONS's "Residual Gulf Arabian Countries" which includes Bahrain, Iraq, Kuwait, Oman, Qatar, the UAE and Yemen, but excludes Saudi Arabia.

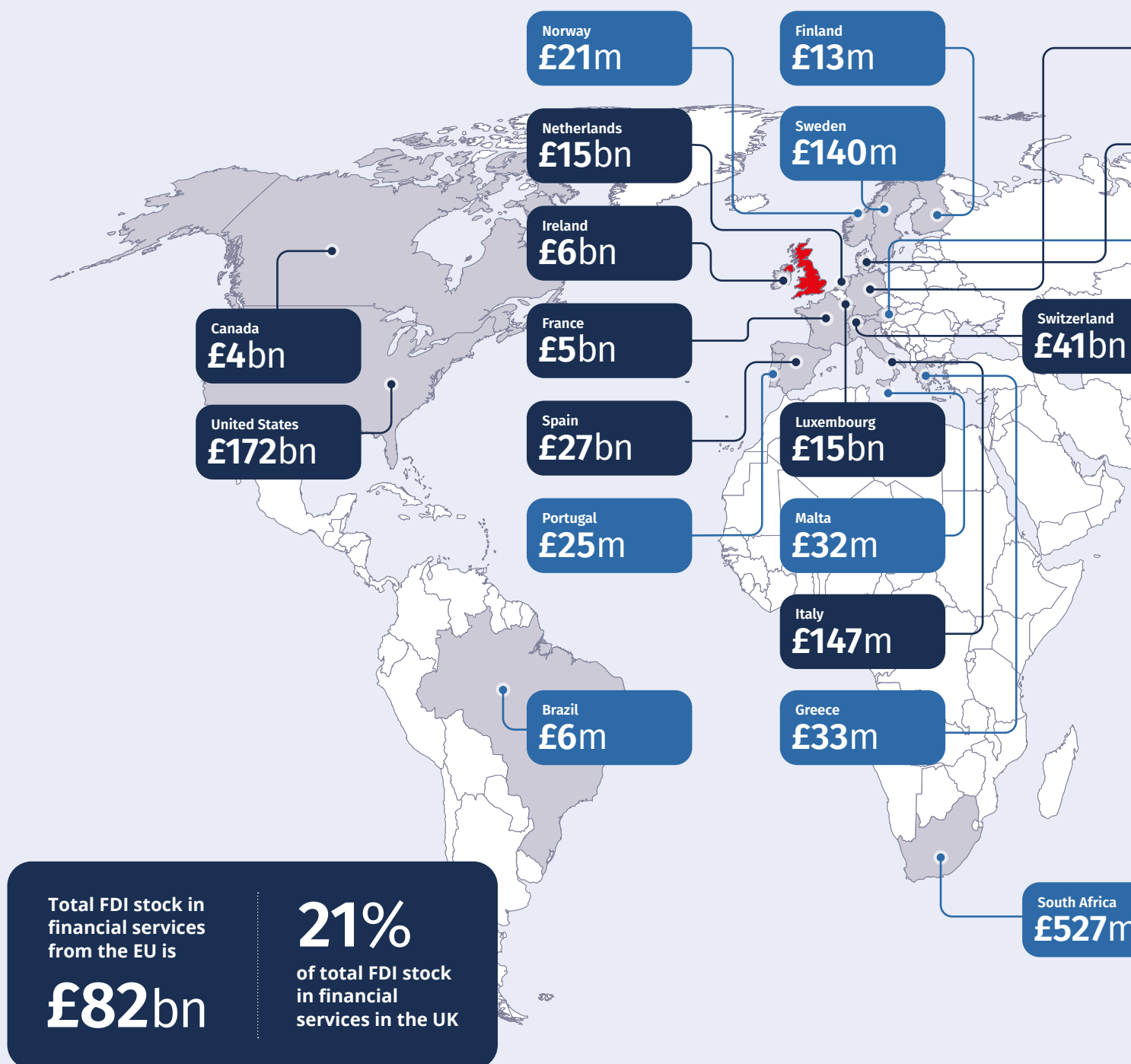




**Top 10 highest growth export markets
for UK financial services exports**

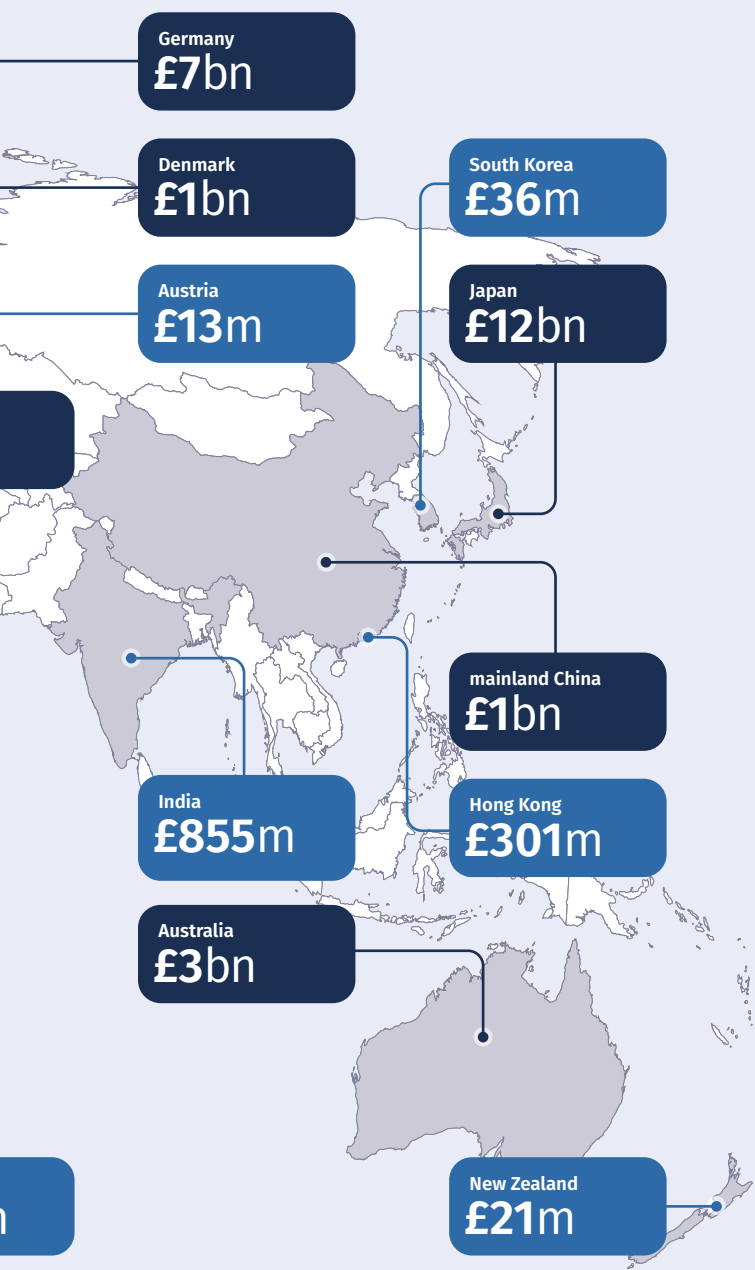
(absolute change, 2017-2018)

Global connections: Foreign direct investment in UK's financial services (Stock)



Source: ONS, Inward Foreign Direct Investment (FDI) Involving UK Companies, 2017, published on 4th December 2018.

Notes: Foreign Direct Investment (FDI) stocks refer to the total value of FDI accumulated over the long term, measured at the end of the year (assets held in the UK by non-resident enterprises). The map covers all 27 countries with available data for 2017.



£385bn

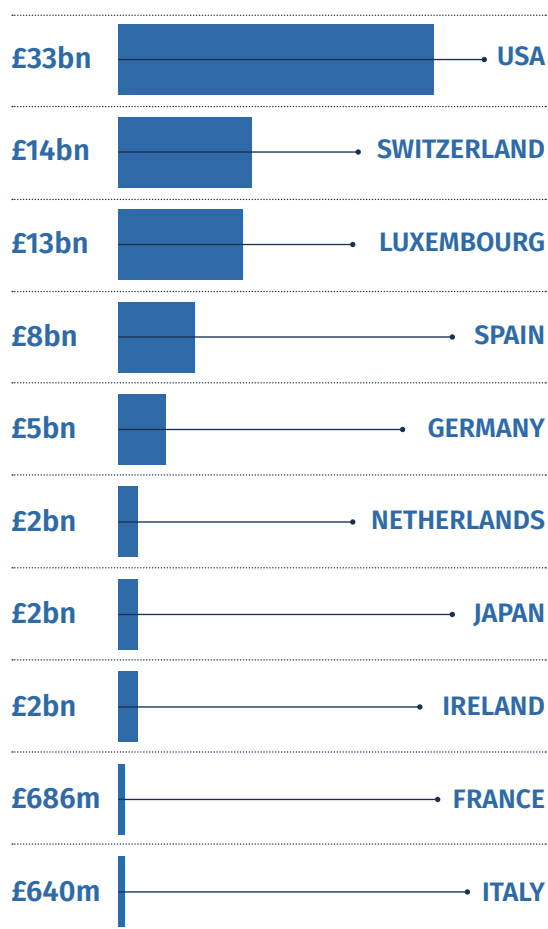
total foreign investment
(FDI) stocks in financial
services in 2017

29%

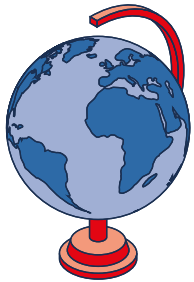
of all FDI stock
in the UK

**Top 10 countries by highest growth
in UK financial services investment**

(absolute change in FDI stock, 2014-2017)



Facts and figures: The UK financial services exports



The UK's financial services exports to the world have **increased 6%** between 2017 and 2018, from £78bn to

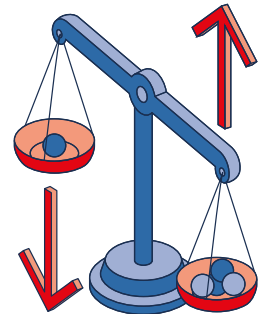
£82bn

showing strong demand for these services from abroad.

The UK exported more than

4 times

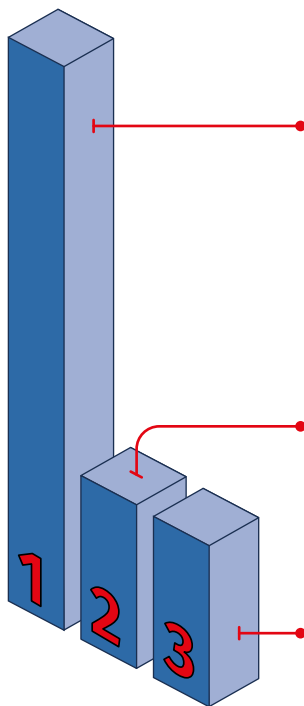
the worth of financial and insurance services that it imported.



The resulting **trade surplus** is the largest of any UK service sector at

£63bn

up from £61bn in 2018. It helps to balance the UK's trade in goods deficit.



The **United States** is by far the UK's **largest export market**, purchasing

£21.7bn

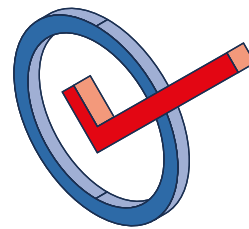
worth in financial and insurance services in 2018.

The **Netherlands** is the second largest export market purchasing

£6.3bn

followed by **Germany**, with annual exports of

£6.2bn

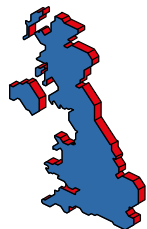
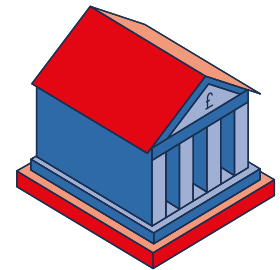


In 2018, financial service **exports to the EU** rose from £30bn in 2017 to

£32.6bn

and the share of financial services going to the EU climbed from 39% to

40%



Outside London, financial services exports made up at **least a third of all services sector** exports across the UK regional financial services hubs such as

Edinburgh

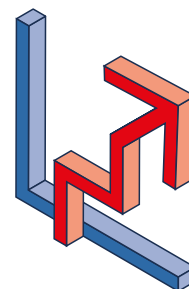
49%

Leeds

39%

Birmingham

39%



Last year, trade with non-EU countries rose from £47.6bn in 2017 to

£49.6bn

Exports to emerging markets grew from £6.7bn to £6.9bn – driven in part by an increase in **exports to the Gulf region**.