



# THE GLOBAL CITY

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

Trends in 2022

April 2023





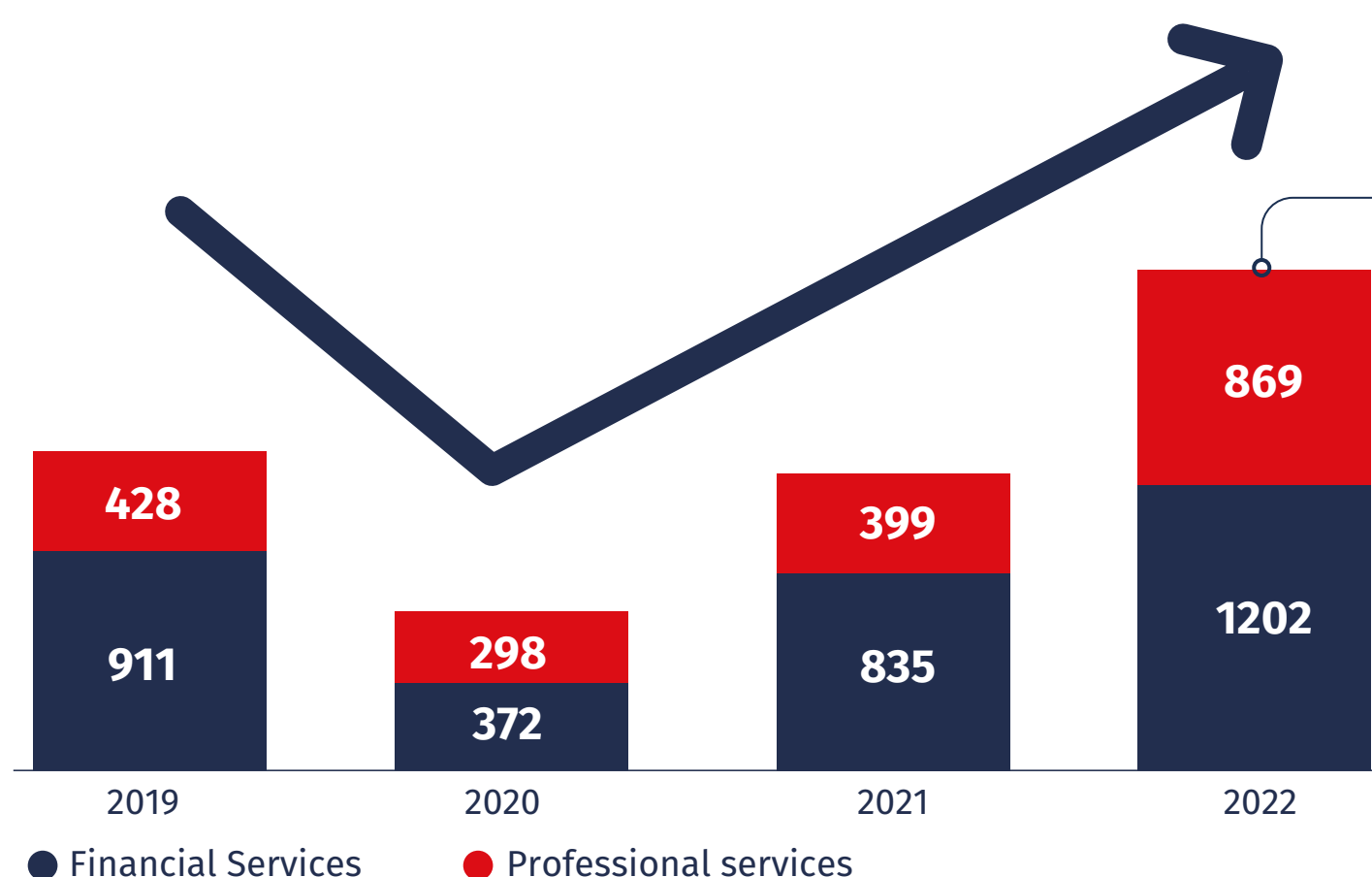
## Financial and professional services FDI in the UK made a strong recovery in 2022

Global foreign direct investment (FDI) flows were heavily hit by the Covid-19 pandemic in 2020. Headwinds for global businesses persisted with turbulent geopolitics and an inflationary economic environment in 2022. Nevertheless, financial and professional services (FPS) FDI in the UK made a strong recovery.

### 2022 saw the highest FPS FDI in recent years

In 2022, the UK attracted 263 projects involving 228 foreign companies valued at £2bn.

FPS investment into the UK, £million



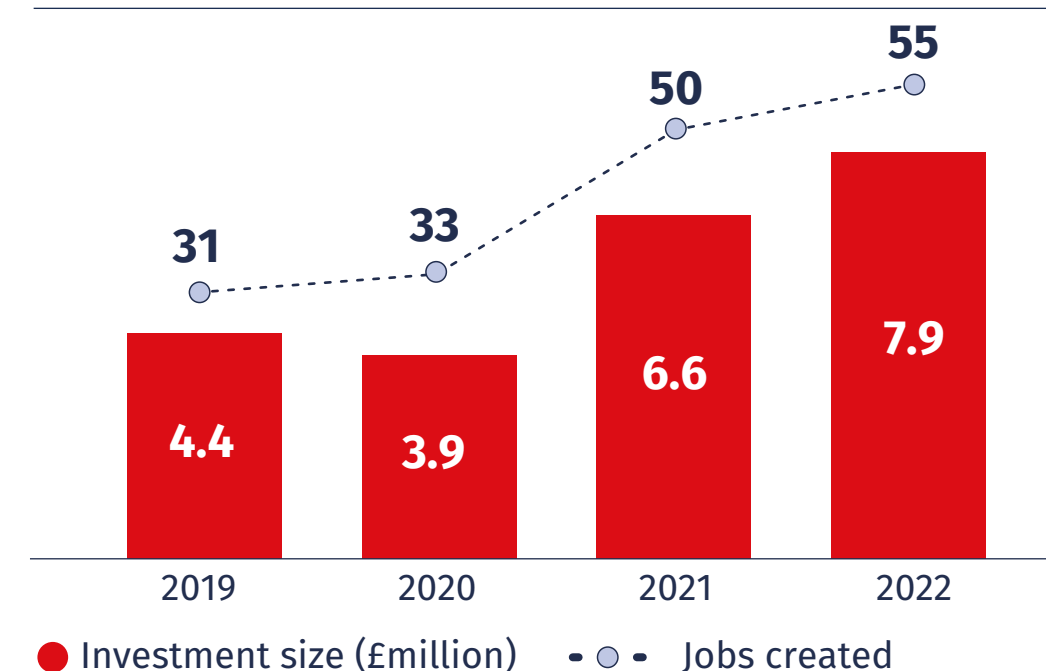
**Strong recovery from 2021:**

**+68%**  
value of investment

**+39%**  
number of projects

### The scale of FPS FDI continued to grow

Average jobs and investment brought by FPS FDI



Foreign investors have given the UK's FPS sector a strong vote of confidence.

The projects in 2022 were larger in scale than those in the previous 3 years. **They created more jobs and involved larger amounts of capital investment per project.**

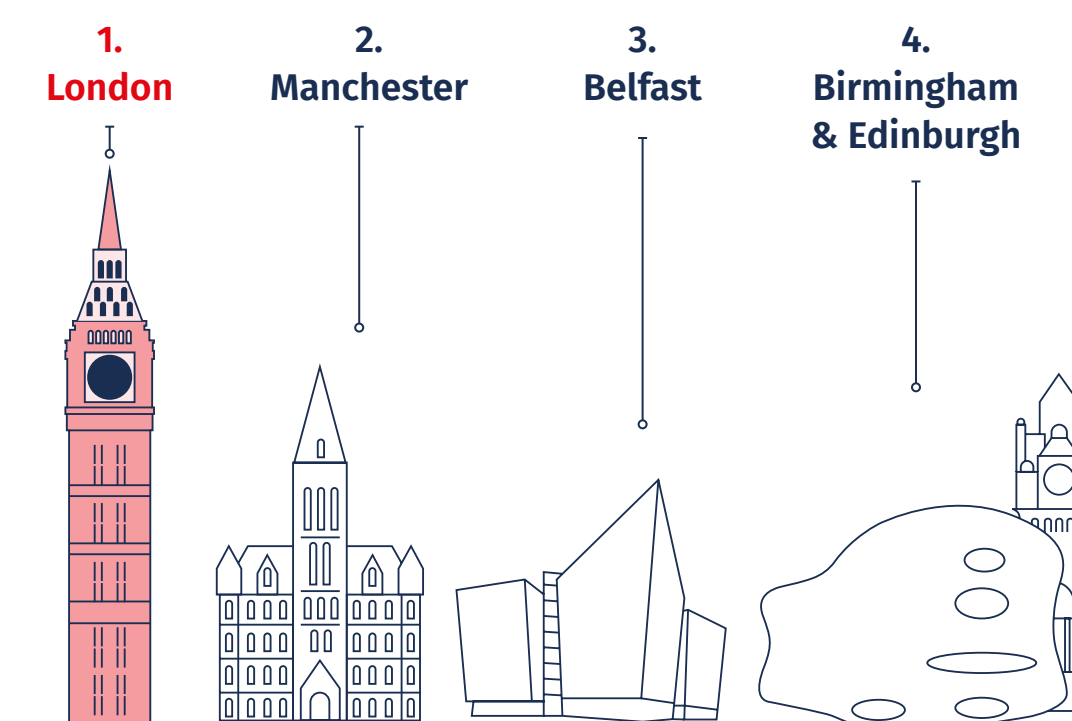
### Contributing to the wider UK economy

Cities outside of London accounted for

**38%** of the projects      **56%** of the jobs created

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.

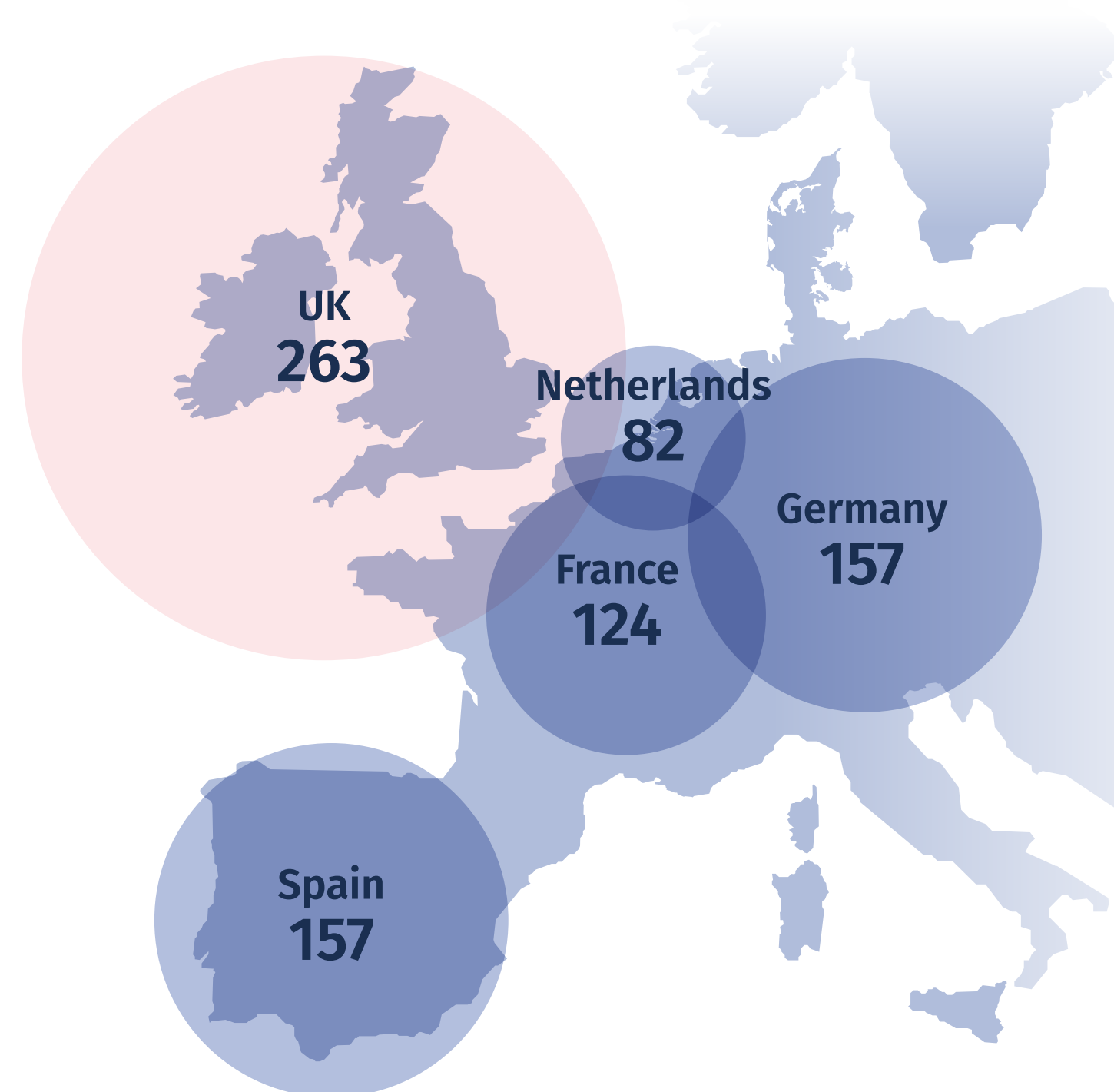
Top FPS FDI hubs in 2022



## The UK is Europe's most popular destination for FPS FDI

The UK is an international FPS hub that is open to businesses from across the world with a strong track record in attracting 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, 2022

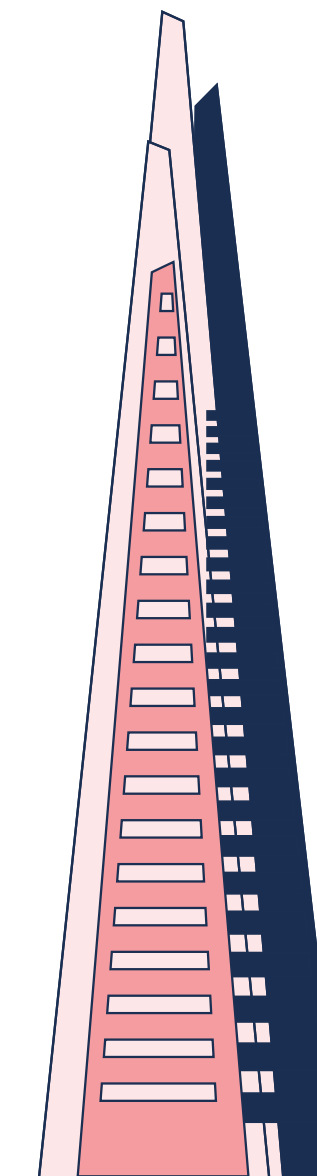


The UK's world-class business environment does not only attract firms who are **expanding to serve the UK market**. It also attracts **global investors who are looking for a hub to manage their international business or to scale internationally**.

London has continued to be the world's **#1 destination city** for financial services investment in the past 5 years.

### The UK offers:

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

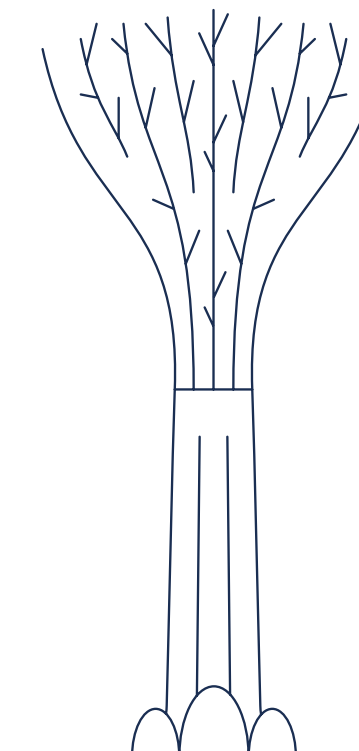


Ranking:  
Projects:  
(2018-2022)

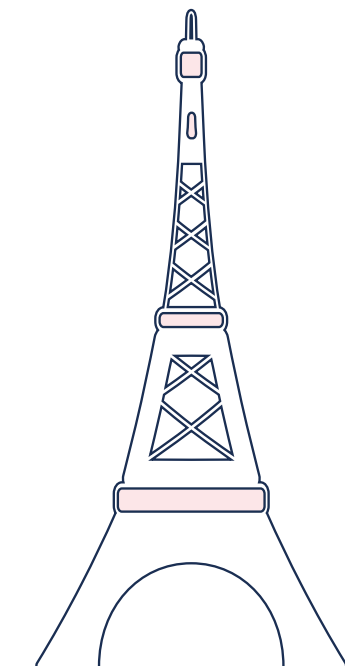
**1. London**  
**779**



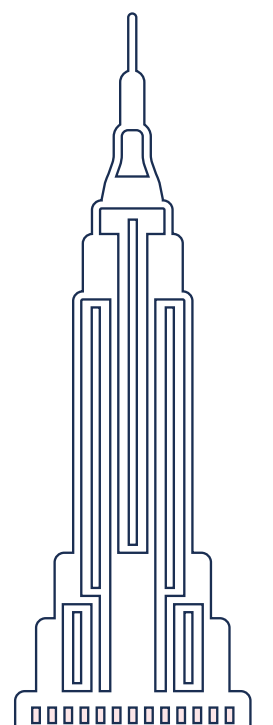
2. Dubai  
**592**



3. Singapore  
**586**



4. Paris  
**424**



5. New York City  
**332**

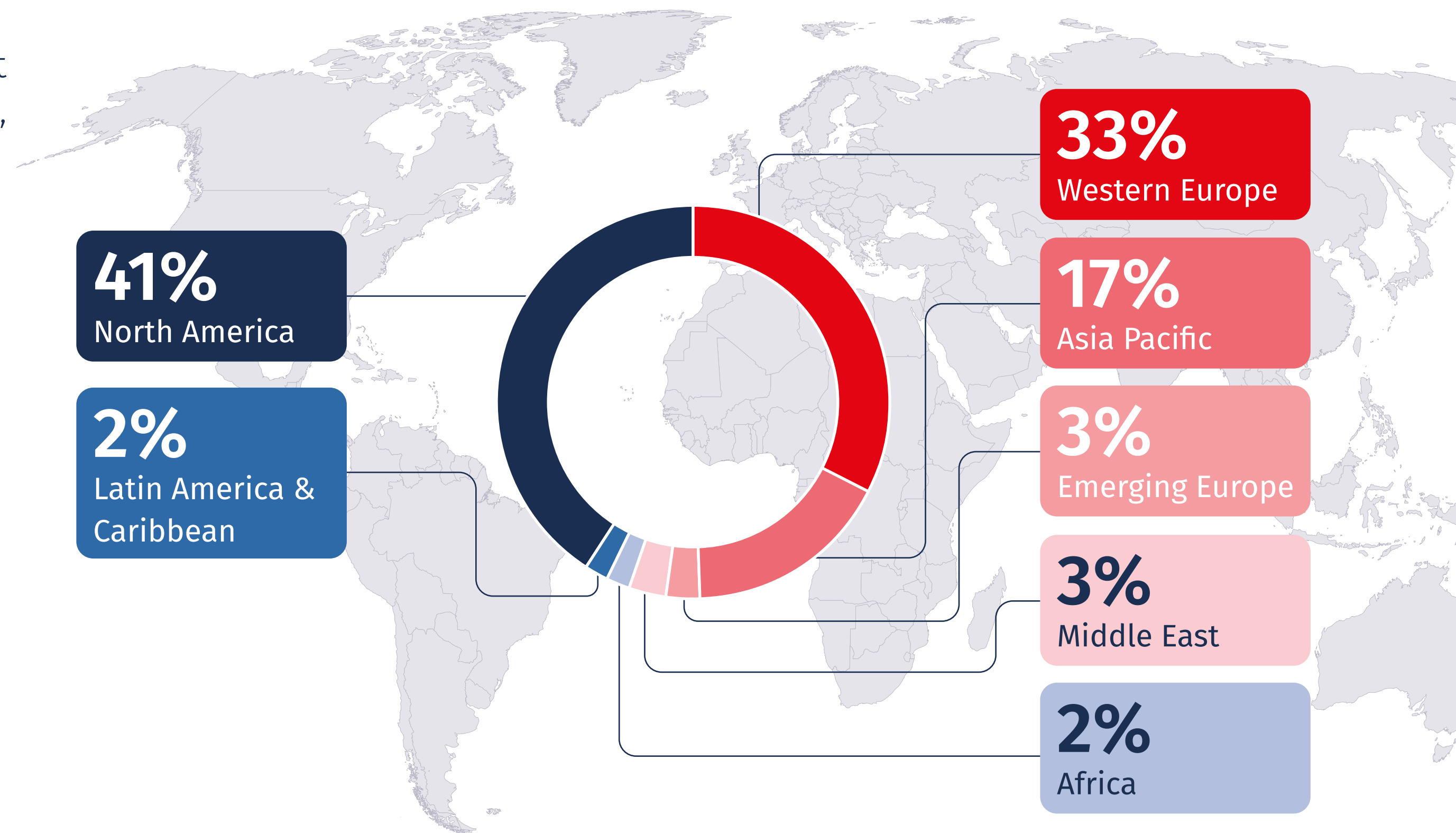
## The UK attracts investment from around the world

FPS investment activities in the UK are truly global, reflecting the UK's international outlook and connections. Between 2018 and 2022, the UK attracted investment from **65 countries** over the world, the highest among all financial services centres.

**North America and Western Europe were the UK's largest sources of FPS investment.** In 2022, we saw an increase in FPS FDI projects from all regions, except Africa.

**Europe stood out with a strong rebound.** European firms were involved in 115 projects, up 54% from the previous year and above the pre-pandemic level (102 projects between 2017-2019 on average). The UK and Europe remain close partners in FPS business.

### Source regions of FPS FDI projects 2018-2022



### Top 10 investing countries in UK FPS (2018-2022)

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

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

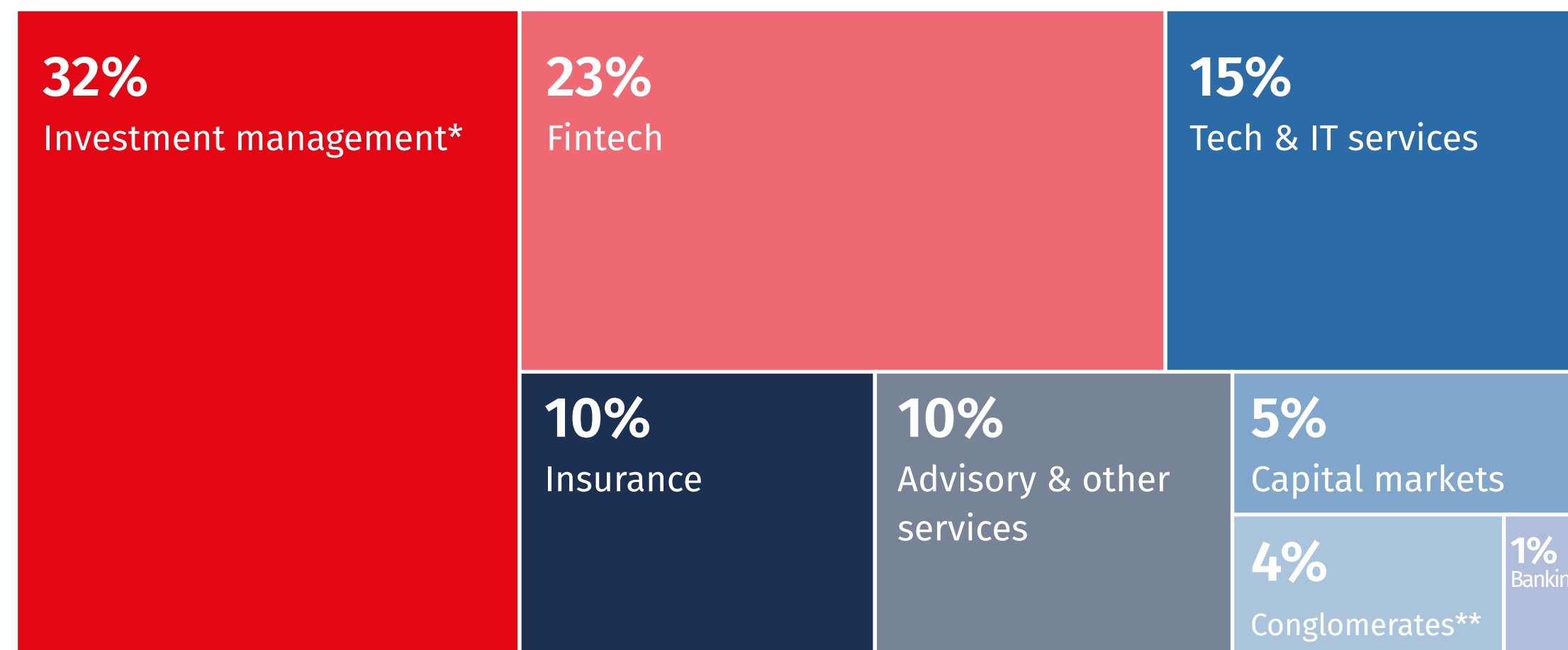


## Asset management firms were the largest source of investment

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** – 46% of UK assets are managed on behalf of overseas clients.<sup>1</sup> The UK is a gateway to global investment opportunities.

**Investment management firms were the largest source of financial services (FS) FDI projects in 2022**

Types of firms investing in the UK (share in all FS projects) in 2022



<sup>1</sup> The Investment Association, 2022.

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

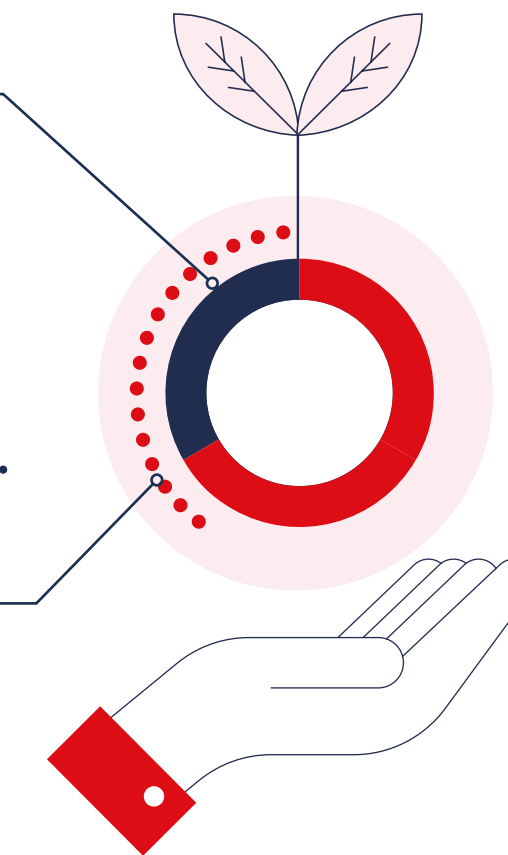
\*\* They refer to holding companies or conglomerates that engage in a range of financial services activities. For example, Citigroup has businesses in retail banking, investment banking, capital markets advisory, securities services and treasury and trade solutions.

**1/3**

of all FS FDI projects were investment management firms.

**+16**

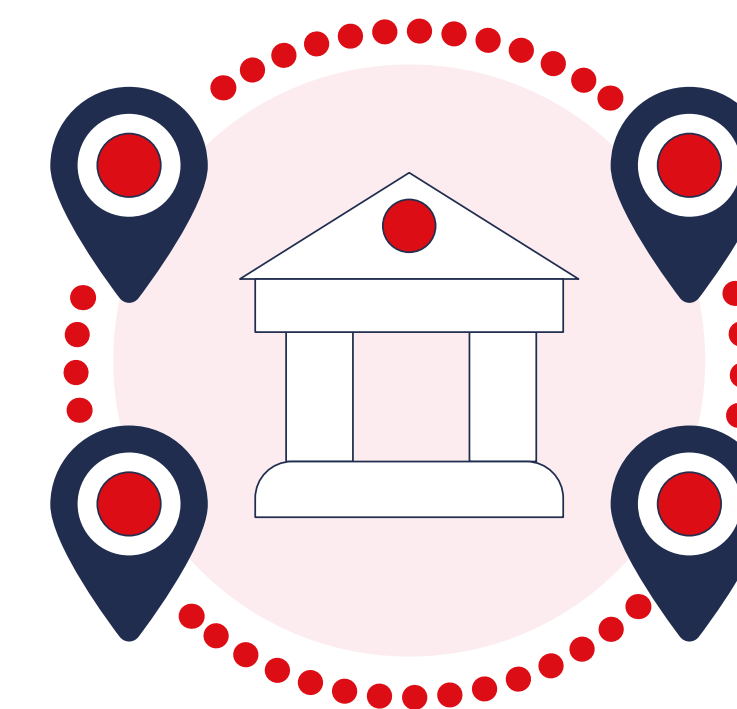
projects from the previous year.



FDI projects from 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, **Australian Super** expanded its London office. The **Public Investment Fund** of Saudi Arabia established a new subsidiary office in London.

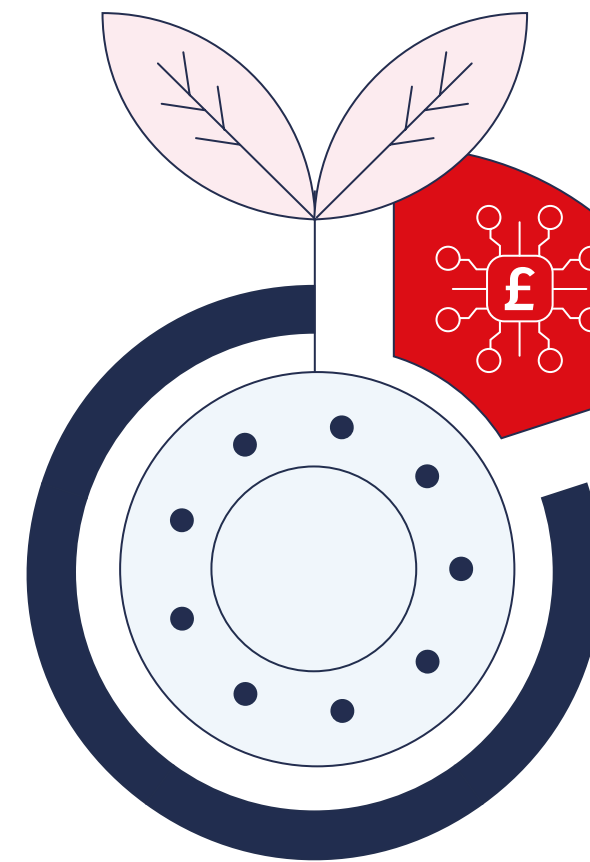
## The UK is a world-leading financial innovation hub

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

**Fintech firms have become a key source of financial services FDI projects in the UK.**

Fintech is financial innovation enabled by technology. As a world leading financial innovation hub, the **UK attracts an increasing number of fintech firms, especially those who aspire to expand internationally.**

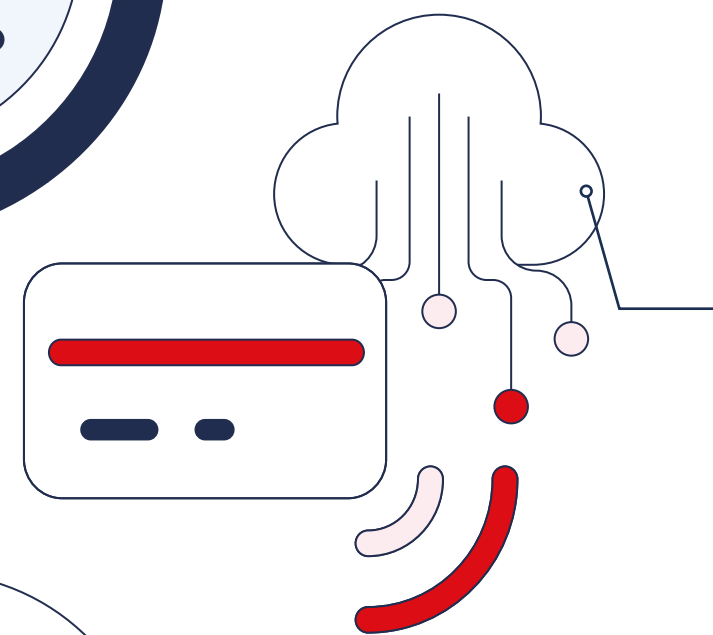
It provides the environment for fintech firms to thrive – access to funding, a collaborative FPS ecosystem and availability of global talent.



In 2022, fintech firms accounted for

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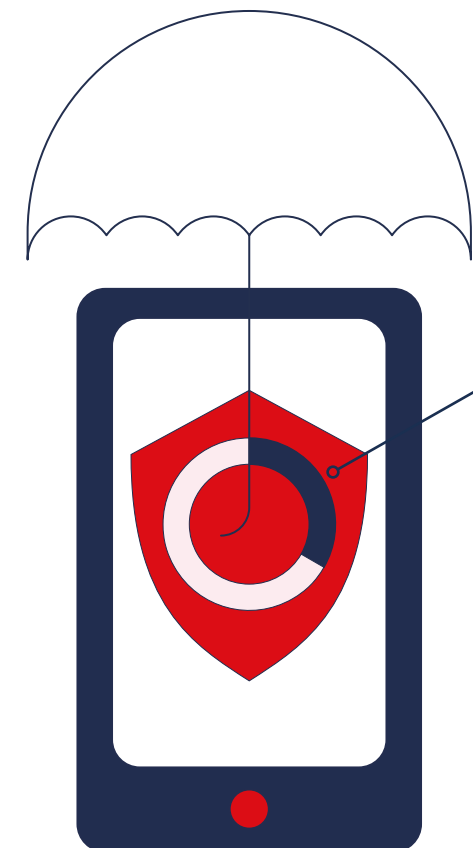
of the FS projects



Around

**40%**

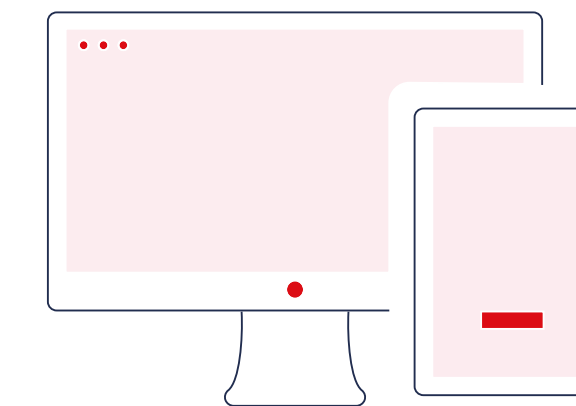
of these projects were payment related fintech



**1/3**

of the insurance projects were in insurtech

Besides traditional FS firms and fintech firms, **tech firms are becoming an important backbone of the UK's FS ecosystem.** Most provide tailored technology solutions to FS firms, such as trading technologies and enterprise systems.



Tech firms are the

**3rd**

largest source of FS FDI

The majority of the tech firms were from **the US**. The UK also attracted firms from other tech centres such as **Israel, Estonia and Singapore.**



**Together with fintech firms this showcases the positive synergies between financial services and technology industries 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 2023.

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



**THE  
GLOBAL  
CITY**



### 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.cityoflondon.gov.uk](http://www.cityoflondon.gov.uk)

### 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](http://www.theglobalcity.uk)