



**THE  
GLOBAL  
CITY**

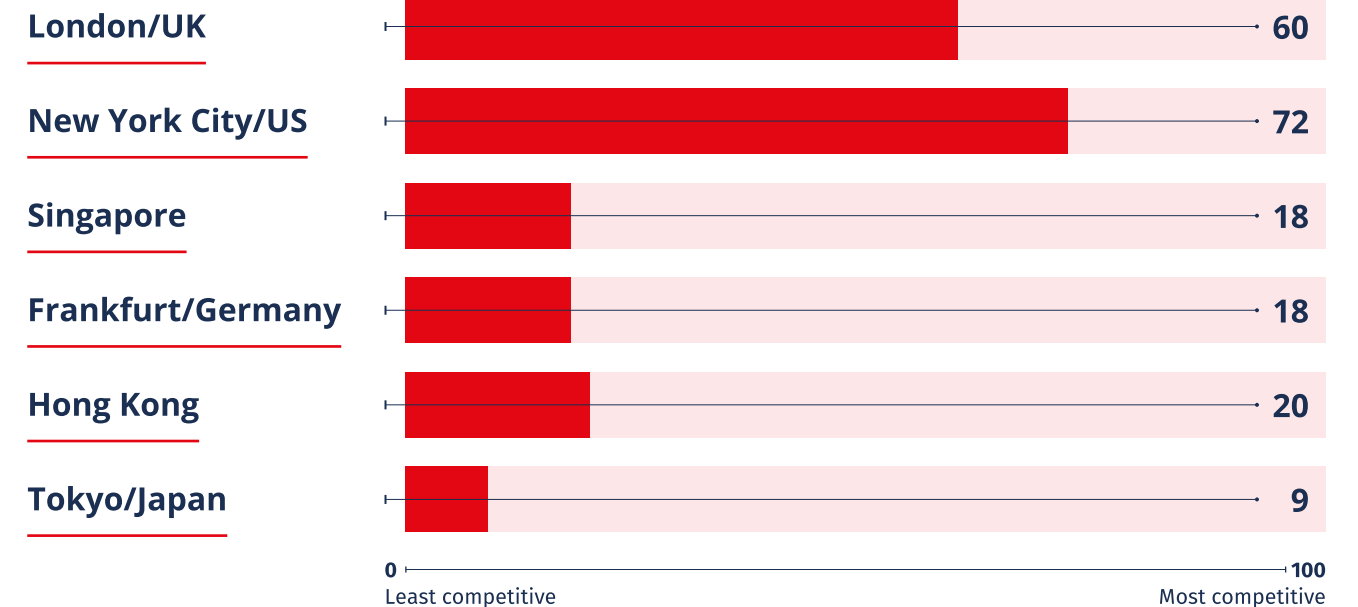
**London and the UK's  
global offer to business:**  
**Reach of financial activity**





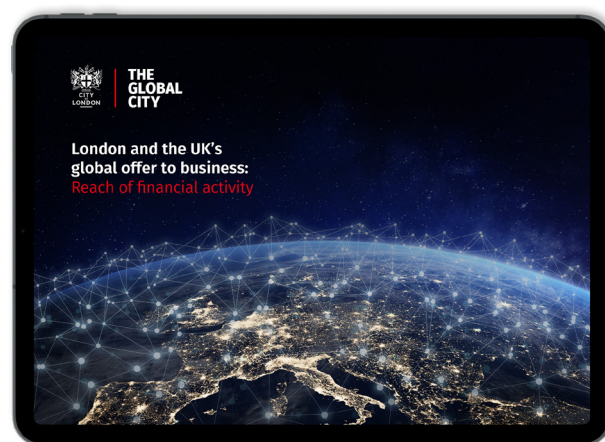
## Reach of financial activity

*The US is the leading financial centre for international financial activity. However, the UK is a strong contender – despite the smaller size of its economy. The UK's banking sector is globally connected, its financial and professional services firms provide services to partners around the world, and it is the world's largest centre for international debt issuance, commercial (re)insurance, and foreign exchange trading. But Hong Kong and Singapore increasingly challenge the UK's position as an attractive market for foreign listings.*



## Metrics

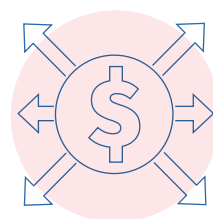
1. Assets under management
2. Investment funds
3. Net financial services exports
4. FDI stock in the financial services industry
5. Number of foreign companies listed
6. Number of IPOs by foreign companies
7. Value of foreign equity trading
8. International debt securities, amount outstanding
9. International debt securities, gross issuance
10. Cross-border bank positions
11. Foreign exchange OTC trading turnover
12. OTC interest rate derivatives trading turnover



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[theglobalcity.uk/competitiveness](http://theglobalcity.uk/competitiveness)

**The UK's international financial reach is unmatched. The country's value of net financial services exports is considerably higher than in other global financial centres.<sup>1</sup>**

London and the UK's international financial reach is unmatched. Financial services firms located in the UK benefit from deep and global connections and export a higher value of products and services than they import. In 2019, the UK's net financial services exports amassed USD 77bn and were higher than the value of Singapore, Hong Kong, and Germany's net financial services exports combined. Whilst this figure was slightly lower than in the years before, it was considerably higher than the US' net financial services exports which stood at USD 60bn in 2019. Japan is the only global financial centre that imported more financial products and services than it exported.



**USD 77bn**

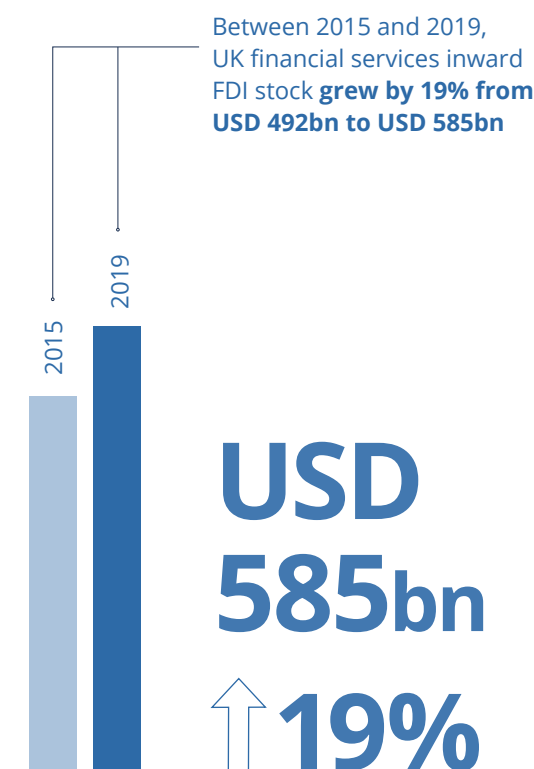
In 2019, **the UK's net financial services exports were higher** than the value of Singapore, Hong Kong, and Germany's combined



City of London

**The London Market remains the largest global commercial (re)insurance hub.<sup>2</sup>**

London and the UK remain the largest global commercial (re)insurance hub. With USD 110bn of gross written premiums in 2018, the London Market is considerably larger than other competing centres such as Singapore with USD 11bn. Large specialty buyers continue to seek out the capacity and expertise London provides. Of the USD 110bn gross written premium in 2018, USD 76bn were written in London, USD 12bn were written overseas but overseen or managed by London, and USD 22bn were written elsewhere but brokered by London brokers. 85% of London Market premium is written by companies domiciled outside the UK – highlighting that the London Market's capital is increasingly global in source.



**London and the UK are Europe's leading destination for investment in financial services.<sup>3</sup>**

The UK is a top destination for financial services foreign direct investment. Between 2015 and 2019, UK financial services inward FDI stock grew by 19% from USD 492bn to USD 585bn, evidencing that the UK remains Europe's top centre for financial services investment. Likewise, London is Europe's top city for financial services FDI: In 2019, the city saw 67 financial services FDI projects, which is more than double the number of projects in Paris, which secured second place. However, on a global scale the UK trails the US and Singapore. Of all global financial centres, the US is the biggest market for financial services investment: In 2019, the US' value of inward FDI stock stood at USD 970bn. This reflects the sheer size of the US economy. Singapore benefitted from high growth: Between 2015 and 2019, Singapore financial services inward FDI stock grew by 62% from USD 425bn to USD 688bn.

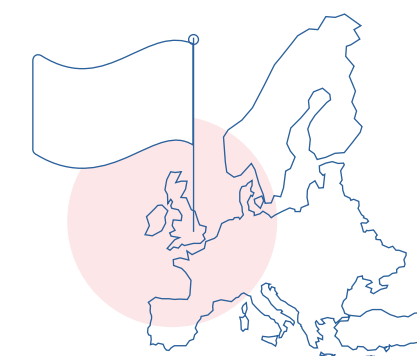


London is globally recognised as one of the world's foremost international financial centres. Its reputation has been earned over hundreds of years, supported by deep pools of talent and expertise, not just in the City, but in regional and national centres right across the UK. Its success is underpinned by important factors such as time zone, language, English Law, an expert and trusted judiciary, and world-class regulators. This unique full-service ecosystem of innovative financial and related professional services firms is not replicated anywhere else and is a national strategic asset for the UK.

**Miles Celic**  
Chief Executive Officer, TheCityUK.

#### Sources

<sup>1</sup> UNCTAD 2020.  
<sup>2</sup> London Matters 2020.  
<sup>3</sup> OECD 2020, National Statistics Agencies 2020, EY 2020.



**The UK remains Europe's top centre for financial services investment**



**London and the UK are behind the US' total number of listed foreign companies and Hong Kong's increasing number of foreign IPOs, challenging the UK's position as an attractive market for foreign companies to raise capital.<sup>4</sup>**

Of all comparator global financial centres, London and the UK are home to the second-most foreign listings. In 2019, 384 foreign companies were listed on London Stock Exchange Group venues. This compares to a combined number of 964 foreign companies that were listed on the New York Stock Exchange and Nasdaq, and 253 foreign companies on Singapore Exchange. The trend for the UK points downward: In 2015, LSEG was home to 518 foreign companies – 2019's figure reflects a decrease of 26%. In the same period, the number of foreign companies listed on the two US venues went up by 7%. Hong Kong saw the biggest increase: Between 2015 and 2019, the number of foreign listed companies on Hong Kong Stock Exchange went up by 84%, from 96 to 177, demonstrating Hong Kong's function as a portal between China and Western markets. The numbers of IPOs by foreign companies reflect these developments: Between 2015 and 2019, 99 foreign companies chose HKEX for their IPO, 79 chose NYSE and Nasdaq, and 59 chose LSEG. HKEX is the only venue that substantially increased the annual number of IPOs by foreign companies in this period. For value of foreign equity trading, no market comes close to the US: In 2018, the value of foreign equity trading in the US totalled USD 3103bn – 16 times higher than runner-up UK with a foreign equity trading value of USD 192bn.

#### Sources

<sup>4</sup> World Federation of Exchanges 2020.

<sup>5</sup> Willis Tower Watson 2019, Investment Company Institute 2020.

**London and the UK are an attractive centre for asset management but cannot compete with the sheer size of the US' market: The value of assets managed from the US is almost 7 times higher than in the UK; the value of investment funds domiciled in the US is 14 times higher.<sup>5</sup>**

The size of assets under management world-wide from the US, and value of investment funds domiciled in the US reflect the size of the American economy and market: In 2018, assets with a total value of USD 47.3tn were managed from the US – up 17% from 2015 – whilst the net asset value of investment funds domiciled in the US stood at USD 25.7tn in 2019 – up 44% from 2015. No other global financial centre comes close to these figures. Assets under management from the UK grew by just 4.5% between 2015 and 2018 – from USD 6.6tn to USD 6.9tn. The value of investment funds domiciled in the UK grew by 19% to USD 1.9tn in 2019. Whilst the UK is a bigger market for asset management than Germany, Japan, Hong Kong, and Singapore, Germany and Japan see a higher value of investment funds domiciled in their markets than the UK.

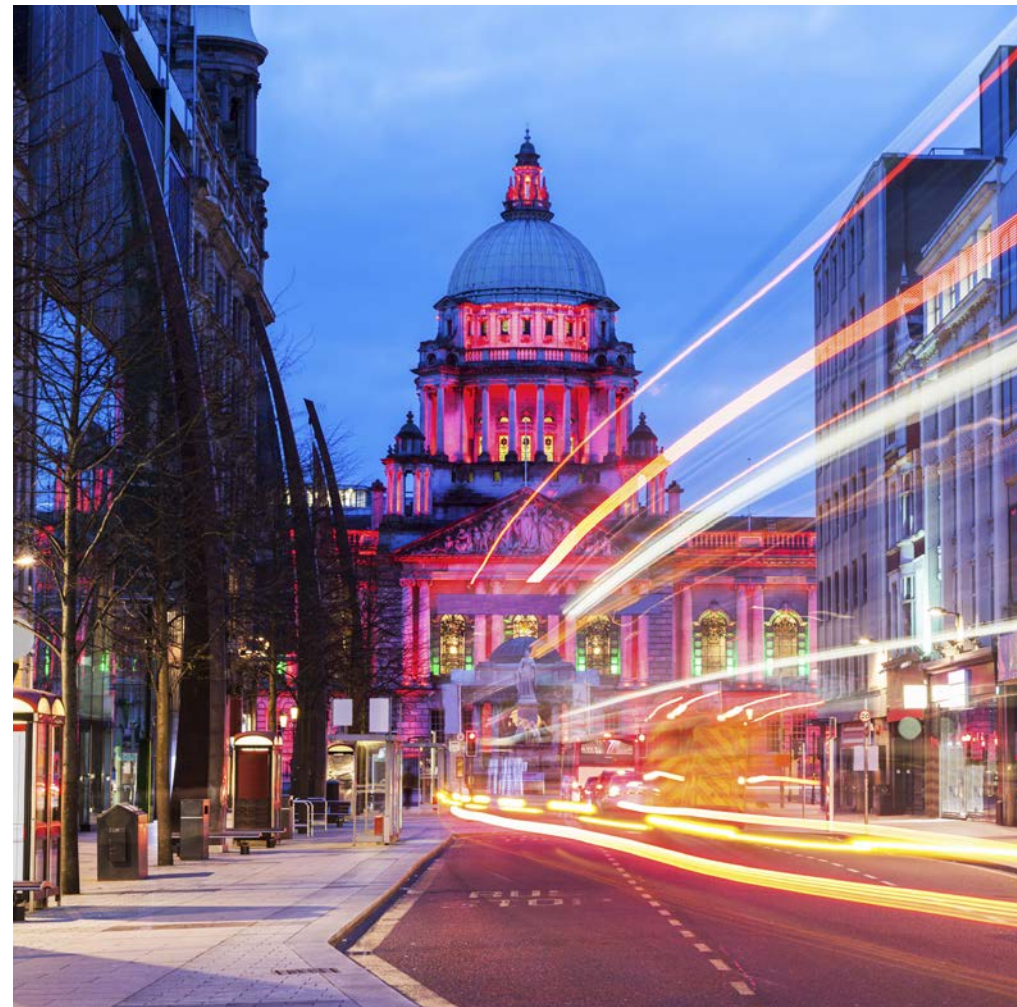


**19%**

The value of investment funds domiciled in the UK grew by 19% to USD 1.9tn in 2019

**The UK's banking sector is the most international and globally connected of all global financial centres.<sup>6</sup>**

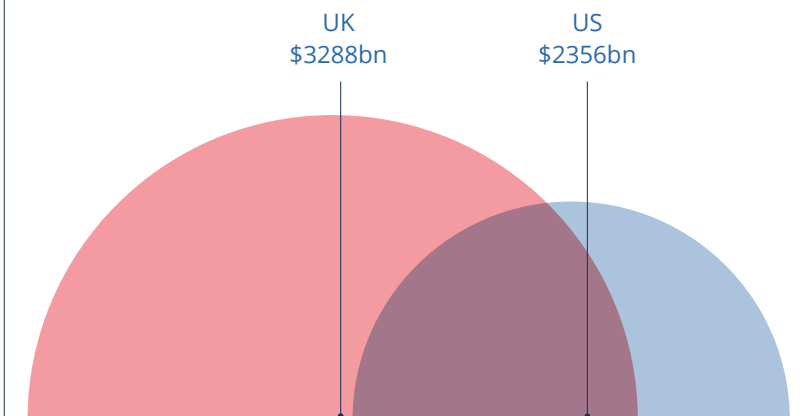
UK-domiciled banks are the most international of all global financial centres: In 2019, their cross-border positions such as claims on or liability to a counterparty located in a different country totalled USD 4879bn. This figure compares to total cross-border positions for Japan-domiciled banks of USD 3911bn and United-States-domiciled banks of USD 3122bn. Whilst cross-border positions went up in every comparator financial centre between 2015 and 2019, the rate of increase varies from +4.8% in Germany and +7.4% in the UK to +26.7% in Hong Kong. These figures reflect the UK banking sector's international reach but also demonstrate that the UK should not be complacent. They are a call to further underline the UK's global ambitions.



Belfast City Hall, Belfast

**USD  
3288bn**

At the end of 2019, the UK's outstanding value of international bonds was the **largest of all global financial centres** and totalled USD 3288bn



**Of all global financial centres, the UK is the most attractive market for international borrowers to raise debt.<sup>7</sup>**

London and the UK continue to be a major centre for issuance and trading of international bonds. At the end of 2019, the UK's outstanding value of international bonds was the largest of all comparator global financial centres and totalled USD 3288bn. Compared to 2015, this value increased by 8.5%. The US, the second largest market for international debt, saw an outstanding value of USD 2356bn at the end of 2019; up by 4% compared to 2015. Figures on the issuance of international debt show an even wider gap between the UK and the US: In 2019, gross issuance of international bonds totalled USD 1011bn in the UK and USD 426bn in the US. Compared to 2015, issuance figures were up in the UK and down in the US. Germany ranks third for outstanding value and second for gross issuance of international bonds. Japan, Hong Kong, and Singapore are trailing their western counterparts.

#### Sources

<sup>6</sup> Bank of International Settlements 2020.

<sup>7</sup> Bank of International Settlements 2020.



**The UK is the largest centre for OTC interest rates derivatives activity in the world, offering a liquid market for multinational financial services firms to mitigate their exposure to interest rate risk.<sup>8</sup>**

Interest rate derivatives are products commonly used to hedge against interest rate risk; a risk that particularly affects multinational banks. The UK is the largest centre for OTC interest rate derivatives activity in the world. Reported average daily turnover more than trebled between 2016 and 2019 and increased from USD 1.2tn to USD 3.7tn. Daily turnover in 2019 in the US stood at USD 2.4tn, up from USD 1.2tn in 2016. Back then, the US was still the largest market for OTC interest rate derivatives activity. Hong Kong ranks third with a daily turnover of USD 436bn in 2019. Whilst some of the increase between 2016 and 2019 can be explained by more comprehensive reporting, the trend is clear: The UK's share of the global OTC interest rate derivatives market increased from 39% in 2016 to 50% in 2019, whilst the US' share fell from 41% to 32%, reflecting the UK's standing as a competitive market for specific international financial products.

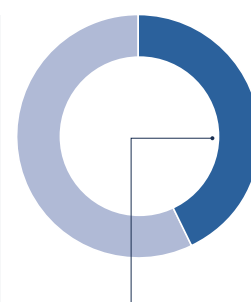


**London and the UK remain the leading international location for foreign exchange trading.<sup>9</sup>**

A deep foreign exchange market provides liquidity and facilitates currency exchange for investments or international trading. Due to its location on the world map, its favourable time zone, and the shift to more electronic trading, London and the UK remain the leading international location for foreign exchange trading. The UK accounts for 43% of global FX turnover, with average daily turnover of FX trades in the UK having increased by 49% from USD 2.4tn in 2016 to USD 3.6tn in 2019. The US rank second with a daily FX trades turnover of USD 1.4tn. Singapore and Hong Kong follow with turnover values of USD 640bn and USD 632bn.

#### Sources

<sup>8</sup> Bank of International Settlements 2020.  
<sup>9</sup> Bank of International Settlements 2020.



**43%**

The UK accounts for **43% of global FX turnover**

**Right:** View from the Leadenhall building, London



**>300%**

The UK more than trebled its OTC interest rate derivatives activity between 2016 and 2019, overtaking the US and increasing its global market share to 50%



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



**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)