

Mansion House Speech 2021 – Rishi Sunak

Lord Mayor, Governor, Ladies and Gentlemen – it is a privilege to finally address you here at the Mansion House.

I want to speak today about the future of financial services in this country and around the world. Given my subject, I'm delighted to see so many young leaders here today.

I know that your talent, energy and imagination matter more for this industry's success than any government policy.

And we need this industry to succeed.

You contribute £76 billion in tax a year – enough to pay for our entire police force and our entire state schools' system.

You employ 2.3 million people – with two thirds of those jobs outside London, in places like Glasgow, Belfast, Bournemouth and Leeds.

And you've been a lifeline through the pandemic, providing millions of mortgage holidays...

...billions of pounds of business loans...

...and with frontline staff keeping thousands of branches open in the most difficult of circumstances.

And financial services don't just generate prosperity here at home.

They give us the economic power to project our values on the global stage.

But in recent decades financial services has become emblematic of a broader loss of faith in internationalism.

In the past, it was taken as given that international cooperation created a fairer, and more just world.

Support for that view has fragmented.

Now, international cooperation too often seems to be just warm words;

The benefits of being a global services economy are perceived to flow too narrowly.

This is not irreversible.

International cooperation should move and inspire people;

The benefits it brings should be seen everywhere;

And we should be proud that people around the world look to this country for leadership.

Those of us who believe in international collaboration must do more to explain why it matters and the benefits it brings.

To do that, we must, first, be transparent about the principles we use to guide us in our economic diplomacy.

Second, we must be clear about how we apply those principles in our economic relationships with other countries and jurisdictions.

And third, we need a plan for our most global industry – financial services – which sharpens our competitive advantage while acting in the interests of our citizens and communities.

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Back in March, the Prime Minister and Foreign Secretary published the conclusions of our Integrated Review...

...the most far-reaching foreign policy document a British government has published in decades.

As we apply the review's conclusions to our economic and financial diplomacy, we will follow five principles:

First, openness: We believe in open societies and free economies founded on democratic values. Only the creativity, ingenuity and dynamism of free individuals can deliver lasting economic growth.

Second, a rules-based international order: Openness and freedom must be protected by rules that are followed and enforced.

We will pursue high quality regulation because it leads to better markets and will strongly resist its politicisation.

Third, a sovereign approach: The UK will use our new freedoms to follow a distinctive approach founded on UK law, protected by independent UK regulators, designed to strengthen UK markets.

Fourth, multilateral engagement: We will engage and lead in multilateral settings, helping to solve the world's most challenging problems.

Finally, we will pursue real change: Engagement alone isn't enough; our international actions must make a tangible difference to people's lives.

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So what do those principles mean in practice?

As we pursue an independent path outside the European Union, they will guide our economic relationships with other countries and jurisdictions.

That begins with our closest neighbours in Europe.

The UK has an abiding interest in a prosperous and productive Europe.

We have deep shared values and a long history of cooperation. And we will strengthen those ties.

At the same time, as I said in Parliament in November, our ambition had been to reach a comprehensive set of mutual decisions on financial services equivalence.

That has not happened.

Now, we are moving forward, continuing to cooperate on questions of global finance, but each as a sovereign jurisdiction with our own priorities.

We now have the freedom to do things differently and better, and we intend to use it fully.

But I can equally reassure you: the EU will never have cause to deny the UK access because of poor regulatory standards.

Take firms like clearing houses, which are fundamental to the open, free markets that we advocate.

The UK already has one of the world's most robust regulatory regimes for central counterparties.

And our plan is not to weaken but strengthen that regime, because we believe in high-quality regulation.

It is also entirely within international norms for like-minded jurisdictions to use each other's market infrastructure.

So I see no reason of substance why the UK cannot or should not continue to provide clearing services for countries in the EU and around the world.

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Our principles and values will also underpin our relationship with the United States – our most important bilateral partner.

The US is already our biggest market, with the UK exporting \$28bn of financial services every year.

Our ambition is to deepen regulatory cooperation even further, with our closest ally.

* And our principles will also guide our relationship with China.

Too often, the debate on China lacks nuance.

Some people on both sides argue either that we should sever all ties or focus solely on commercial opportunities at the expense of our values.

Neither position adequately reflects the reality of our relationship with a vast, complex country, with a long history.

The truth is, China is both one of the most important economies in the world and a state with fundamentally different values to ours.

We need a mature and balanced relationship.

That means being eyes wide open about their increasing international influence and continuing to take a principled stand on issues we judge to contravene our values.

After all, principles only matter if they extend beyond our convenience.

But it also means recognising the links between our people and businesses;

Cooperating on global issues like health, aging, climate and biodiversity;

And realising the potential of a fast-growing financial services market with total assets worth £40 trillion...

...as we harness the UK's financial innovation and expertise to meet those global challenges.

And it is precisely because we're taking steps to protect our domestic economic resilience...

...that we can pursue with confidence an economic relationship with China in a safe, mutually beneficial way without compromising our values or security.

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Now, just as our principles inform our economic relationships the EU, US and China, so must they apply to our most global industry: financial services.

Over the next few years, we will implement a sweeping set of reforms:

Sharpening our competitive advantage in financial services;

Continuing to deliver for our communities and citizens;

And working internationally in fora like the G7, G20 and Financial Stability Board, to set higher global standards.

I am publishing today a document setting out our vision in detail, across four themes.

First, we must be open, seeking closer links with advanced and emerging financial centres around the world.

Just yesterday, I signed an ambitious financial services partnership with Singapore – a practical demonstration of our commitment to the Indo-Pacific tilt.

We're negotiating a ground-breaking deal with Switzerland – the most ambitious financial services agreement ever attempted.

And I will always defend the global norms of open markets, such as delegation of portfolio management. Second, we'll boost our competitiveness across both regulation and tax.

To do that, we're consulting on reforms to the regulation of wholesale capital markets...

...implementing the recommendations in Lord Hill's listings review, including a fundamental review of our prospectus regime...

...and reforming the prudential regulation of the insurance sector.

All while taking targeted action to reform high skilled visas to attract the best global talent.

And I announced at Budget that we'd review the Bank Surcharge.

Our ongoing conversations have only reinforced my view that the combined tax rate on UK banking profits should not increase significantly from its current level.

I intend to conclude the review as planned later this year.

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Now, just as the UK pioneered paper banknotes in the 17th century, the first regulated stock exchange in the 19th, and the first ATM in the 20th...

...the third part of our vision puts the UK at the forefront of technology and innovation in the 21st century.

To promote the adoption of cutting-edge technologies we're taking forward recommendations in Ron Kalifa's review of UK Fintech...

...exploring the case for a central bank digital currency with the Bank of England...

...consulting on pioneering reforms to support the safe adoption of cryptoassets and stablecoins...

...and watching closely the key debates in finance and tech, like the opportunities of distributed ledger technology in capital markets.

But while I believe in the power of new technology, we also need to manage its impact on our economy and society.

We've led the way on an international agreement on digital taxation at the G7;

A perfect example of our principles of economic diplomacy in action, which I'll continue to push for at the G20 next week.

And we're protecting access to cash, consulting on new laws to make sure people only need to travel a reasonable distance to pay in or take out cash.

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And we will reaffirm the UK's position as the best place in the world for green finance – the final part of our vision.

We're giving the public the opportunity to invest in the Government's green initiatives through NS&I's world-first Green Savings Bonds.

We're issuing the UK's debut sovereign green bond in September, with the framework published yesterday committing us to the most ambitious approach of any major sovereign.

We're launching new requirements for businesses and financial products to disclose sustainability information...

And creating a global market for high quality voluntary carbon offsets, with thanks to Dame Clara Furse's leadership.

And, on the international stage, as we push for global action ahead of COP26...

...we've persuaded all G7 economies to move towards making climate disclosures mandatory:

A clear demonstration of international cooperation delivering tangible solutions to pressing global problems.

So, more open, more competitive, more technologically advanced, and more sustainable – that is our vision for financial services.

The Roadmap we are publishing today sets out a detailed plan for the next few years – and I look forward to delivering it, together.

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Lord Mayor, as the baton passes to a new generation of leaders in finance, many of whom are in this room, I feel optimistic about our future.

Ambitious at home.

Confident internationally.

With a plan to make this country the world's most exciting financial services hub for decades to come, creating prosperity at home and projecting our values abroad.

And, as we lead through action, not rhetoric...

...guided by our principles...

...we will show that economic cooperation can help to make a fairer and more just world.

Thank you.