

UK Finance annual dinner: Economic Secretary's speech

It's a pleasure to join you tonight.

My third time speaking in the Guildhall this month.

But I wouldn't have it any other way.

I feel a huge sense of privilege and responsibility.

I'm now the longest serving City Minister since this role was created over a decade ago – 20 months in the role.

I hope my reappointment in this summer's reshuffle is taken as a small sign of the government's continued commitment to our financial services industry.

My aim is to be a steady hand on the tiller as the United Kingdom leaves the European Union on 31 October.

I will continue to listen to voices in the City, and beyond, to ensure your needs are fully understood in Whitehall, and that our transition is as smooth as it possibly can be.

And I'm not alone in that desire.

I was honoured when the Chancellor asked me to represent him here tonight.

Sajid himself is a former City Minister, and before that he spent 18 years working in financial services. He has been a close friend of mine since our days juggling being activists in East Lewisham with careers in the City.

So he's stood where I am – and he's also been in the same position as many of you.

He knows the industry inside out. He understands what makes it tick.

I was pleased that he was able to meet with UK Finance, including representatives of some of your members, so early in his tenure.

Stephen [Jones] and I have had numerous meetings: the latest just this afternoon with senior colleagues in government.

Together the Chancellor and I want to support you to prosper in the years ahead.

Of course, I know the one thing the sector wants more than anything else is clarity on Brexit.

And yet Parliament won't vote for a General Election.

It won't vote for a deal.

In fact, over the past 3 years it has failed to unite around a single positive way forward.

All it has done is kicked the can further down the road.

But more delay, more uncertainty, is the last thing we need. The last thing the businesses that you run need.

The Prime Minister has been clear.

We cannot go on like this.

No more dithering, no more delay.

We must respect the result of the Referendum.

Leave the European Union on 31 October.

And take the country forward in a positive direction.

The financial services industry is well prepared for Brexit; and it will continue to thrive.

Ahead of 31 October, we will continue to do all that we can to ready the sector for all scenarios

To minimise disruption, so that firms can continue trading with our friends and partners on the continent.

But we must also look beyond 31 October, so we are poised and primed to grasp the opportunities that await us post-Brexit.

There are many, and I am determined to ensure the UK is well placed to exploit them.

Last year, the government announced its Global Financial Partnerships Strategy, to deepen the UK's relationships with the most important international financial markets.

A huge amount of work is going on behind the scenes to make this a reality, and I would like to thank industry this evening for its continued support as we work through the detail of those areas country by country.

In May, I was pleased to take part in the Hong Kong-London Financial Services Forum, and the inaugural UK-Hong Kong Financial Dialogue.

And over next four months alone, we will be convening government, regulators and industry to deepen our relationships with Singapore, Switzerland, the

United States and Japan.

We're not looking merely to maintain our existing relationships post-Brexit.

Nor are we looking for a run-of-the mill trade deal.

We want to build even stronger partnerships...

...deeper country-by-country cooperation and dialogue...

...based on equivalence and mutual recognition...

...and complemented by FTAs...

...to reduce the costs of cross-border business...

...and strengthen London's place as the pre-eminent centre for global finance.

But let me be clear. These enhanced relationships will be in addition to a strong and enduring trading relationship with Europe.

Regulation

At the same time, we must use all the levers of government to maximise the UK's competitive advantages.

I'm clear that the government must ensure the right incentives are in place to maintain investment in our FinTech start-ups, especially in all the regions of the UK.

We also need a regulatory environment to match our ambition.

Of course, the need to guard against systemic failure is paramount, and consumers must also be protected.

We have world leading standards of regulation; we should be proud of this and we will continue to maintain it.

But regulation should support, not stifle. Indeed, it should enable the maximum exploitation of our competitive advantages.

The return of decision-making powers from Brussels, gives us an unprecedented opportunity to look again at our regulatory regime.

The details will no longer be subject to horse trading between 27 countries in the European Council, or the whims of 750 MEPs in the European Parliament.

They will rest in our hands, and ours alone.

In some cases, we may choose to pursue the same outcomes.

In other cases, we may decide to do things differently...

...choosing a path that reflects the distinct scale and scope of the UK's

financial services sector...

...and that also means improving regulation which isn't working well for the firms you represent.

The Chancellor and I have heard your representations and will be carefully and urgently considering your suggestions over the coming months.

You've already told us that there is a need for greater "air traffic control" to manage the cumulative impact of regulatory change emanating from different sources.

That's why we launched a Call for Evidence to look at regulatory coordination...something Philip Hammond, who I was privileged to serve alongside, announced in July.

And we will keep listening to you as we take forward the Future Regulatory Framework Review...

...to reflect the UK's position outside the EU.

...to maintain our high standards.

...and to enable the financial services industry to innovate and grow.

And yes Bob [Wigley], I do acknowledge your benchmarking study on tax rates – the Chancellor and I will keep them under close review and examine the real effect they have on business activity.

Skills

Lastly, we must continue to ensure the financial services industry has the skills it needs to thrive in a competitive global market.

Be in no doubt – this is the most important challenge of all.

Our efforts today will determine the success of the financial services sector into the 2020s, 2030s and beyond.

Frankly, we have a lot of work to do.

And not just in London, but in Bristol and Leeds, Cardiff and Edinburgh and all across the sector.

The interim report from the Financial Services Skills Taskforce, published in June, is a wake-up call.

Financial Services are more dependent on high skilled workers than the economy as a whole...and yet it's not even in the top ten career choices for young people.

We need to work with schools and colleges to better align the education system to the needs of the sector.

We've got to open new entry routes...to find people who might not have trodden the usual educational or career paths but have the creative and disruptive approach we need.

Meanwhile, the government has set out a framework for our future immigration system. Work is already in train to streamline our border processes, enhance our offer to entrepreneurs and exempt the most highly skilled migrants from the visa cap.

But listening to you I've realised that it's not just about rules and regulations, important as they are.

The message I hear time and again is our tone matters too.

We need to send a clear message that the UK's financial services industry is open to talented people from around the world – and that they are a valued part of our future.

These individuals are warmly welcome to live, work and enjoy all that our country has to offer.

The sector needs to work much harder to change its image too.

So that young people realise it's not just about money and profit.

A career that offers the opportunity to do some good, be it supporting pensioners or delivering a low carbon future.

The change we need to see doesn't stop with recruitment.

It's about leadership, culture and behaviour – from top to bottom.

A fundamental shift is required across the sector.

To reflect a world that is faster, more digital and better connected, and a society that is more diverse.

I'd like to take this opportunity to thank Mark Hoban for leading the Financial Services Skills Taskforce, and TheCityUK for their important contribution.

I look forward to reading the Final Report later in the year.

And the government stands ready to work with the Taskforce as it develops its recommendations.

Conclusion

In drawing to a close, I'd like to say how much I value the opportunity to work alongside UK Finance as City Minister, and I know the Chancellor does too.

I've highlighted just a couple of areas of focus tonight, but there are others, like our Economic Crime Plan, which Bob also mentioned, where

engagement from UK Finance has been critical in shaping the government's approach.

These are uncertain times, but I believe that we have every reason to be confident.

After the referendum three years ago, many commentators predicted that the UK would lose out to other European financial centres.

And several have indeed tried and failed to steal our crown.

I'm not complacent, and I take nothing for granted – but everything I've seen and heard tells me that firms want to stay in London, and we must work hard to ensure that remains the case.

And the truth is that London is not interchangeable with Amsterdam, Frankfurt, Paris or Dublin.

No European financial centre offers such deep pools of international capital.

No European financial centre boasts so many analysts, consultants, and other experts who truly understand markets.

And no European centre offers such a welcoming pro-business, pro-enterprise environment, with all that demands in terms of regulation, talent and skills.

None of these things can be transplanted across the Channel.

And anyway, London has never been just another European financial centre. It has always been a global centre, with global connectivity and global ambitions.

Twice in the past week, I've attended the opening of the London Stock Exchange.

Once as Chile became the first South American country to issue a sovereign green bond.

And then for the first ever Chinese corporate bond issuance in sterling.

In both cases, it reflects the UK's growing role as a gateway to the markets of the future.

So, I make no apology for being positive.

I believe in our financial services sector, our globally leading market infrastructure, and their enduring strengths at this time of uncertainty.

And we have every opportunity to thrive and succeed.

So long as we continue to remember where our competitive advantages lie, and do all that we can to maximise them, then the future can be one of continued growth and widening opportunity.