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### The future of financial services in the UK

The global financial sector is experiencing a period of rapid change. The Covid-19 pandemic has transformed the behaviour of individuals, organisations and economies. The balance between protectionism and free trade is being tested in many major economies, and the European banking sector is under increasing pressure while the US and Asian markets grow. There are also unprecedented challenges and opportunities on the horizon, as the urgency of the climate crisis increases and technology diversifies our financial markets, pushing the boundaries of how our financial institutions operate.

This direction of travel will have unknown consequences on the shape of Europe's future financial landscape. In the face of this uncertainty, the UK continues to advocate for a global financial system that is built on open and competitive markets, which preserves financial stability and market integrity and protects both citizens and investors. In November, the Chancellor outlined the Government's plans to ensure that the UK moves forward as an open, attractive and well-regulated market, that continues to lead the world in pioneering new technologies and shifting finance towards a net zero future.

Central to our strategy is maintaining a predictable and transparent environment for business, backed by high-quality, proportionate regulation. Our key aim of the Future Regulatory Framework Review is to achieve an agile, coherent, and democratically accountable approach to financial services regulation. In parallel, we are undertaking a series of policy reviews to ensure regulation effectively addresses the risks arising in the UK's financial system and enhances its competitiveness. To take just one example, we have announced that we are going to consult on wider capital markets reforms to build on the UK's reputation as a hub for high quality capital markets underpinned by high standards of regulation and market efficiency. We do not plan to significantly overhaul the current regime but rather enhance the effectiveness of our regulation.

Innovation-friendly regulation is also a key component of the UK's sector, to promote the adoption of safe, cutting-edge technologies in financial services, and the growth of the fintech sector itself. We are considering the recommendations of Ron Khalifa's FinTech Review and have announced the introduction of a new unsponsored points-based route and visa process

for UK 'scale ups', that will allow us to attract talent from overseas.

We're pursuing an ambitious agenda in Green Finance, committing to make Task-Force for Climate Related Financial Disclosures fully mandatory across the economy by 2025; implement a green taxonomy; launch our first green gilt; and offer a green retail savings product. Our G7 and COP26 presidencies come at a critical time for us to champion sustainable financial flows and work collaboratively with partners. This is a key area where the UK and EU share ambitions to drive global change.

Maintaining openness is also integral to strengthening our international relationships and has always been a cornerstone of our financial services policy. To foster further collaboration with partners, we are developing ambitious trade and regulatory relationships with several jurisdictions. The proposed UK-Switzerland Mutual Recognition Agreement is a truly exciting opportunity to develop our tool kit for appropriately managing cross-border financial services business between advanced financial centres. I would like to think that a successful agreement might set a new international standard for openness and the benefits that brings when underpinned by global standards and close cooperation.

At the time of writing, we're working towards a Memorandum of Understanding on regulatory cooperation with the EU. Providing certainty and stability for the industry remains at the forefront of our minds, and I'd like to thank the sector and the regulators for their extensive preparation for the end of the Transition Period.

Constructive engagement between industry and the authorities will be essential for the UK/ European financial sector to thrive, pioneering solutions to global challenges and tackling novel challenges as they arise. The UK will continue to build on its vision for financial services in the coming months, to strengthen the role it plays in global financial markets – now and in the future.