

Open Forum 2015



UK as a financial centre

The UK is the leading international financial centre, hosting the world's third largest insurance industry, second largest investment industry and more than 250 foreign banks. More international banking activity is booked in London than anywhere else.

Contribution of the financial sector to the UK:



Employs 1 million people across the UK, 350,000 in London alone



£70 billion of UK exports equal to a fifth of world financial services exports



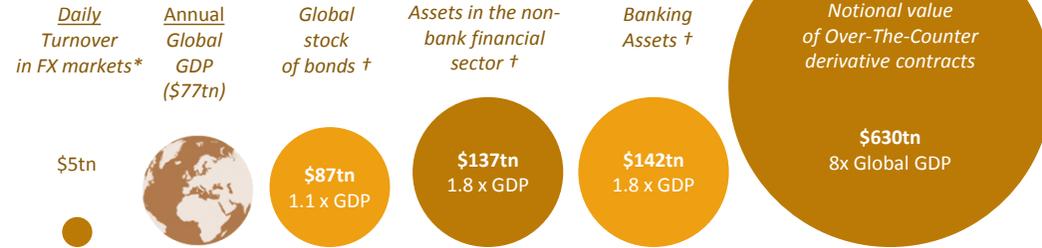
Contributes 8% to UK national income (£127bn)

More global trading activity is conducted in the UK than anywhere else:



The role of financial markets

Financial markets are global in scope and size. Their scale and complexity can seem remote, but they affect us all. They help determine the borrowing costs of households, companies and governments, set countries' exchange rates, influence the cost of food and raw materials, and enable companies to manage the financial risks they incur through investment, production and trade.



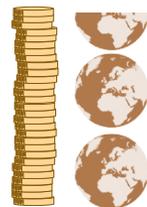
A more resilient banking system...

Costs of the crisis

Failings in the crisis had enormous economic consequences. Markets seized up. Borrowing costs rose. Credit was restricted. Companies held back productive investments. Jobs were lost.

Cost of the crisis in present value terms
(assuming output losses are permanent)

\$60tn - \$200tn
(Up to 2.5x Global GDP)



WORLD

£1.8tn - £7.4tn
(Up to 4x UK GDP)



UK

x10 Increase in regulatory capital requirements since the crisis

↓30% Fall in major UK bank trading assets since 2008

↓60% Fall in intra-financial sector borrowing by major UK banks

Misconduct by banks and other participants has been widespread and costly. Manifest unfairness and lack of accountability has undermined trust that markets were operating in society's interest, threatening their ability to operate, innovate and grow.

\$150bn Fines issued by US authorities since 2007

£30bn Fines and redress costs paid by UK banks since 2009

Developments since the crisis

...complemented by market-based finance

Virtually all net growth in finance since the crisis has been market-based. Assets in the non-bank financial sector are now on a par with those in the banking system, each worth 180% of global GDP.

Bond issuance by UK non-financial firms

(Annual average figures)

- Value of issuance
- Total number of firms issuing bonds
- Number of firms issuing bonds for the first time

