

BRITISH CHAMBERS OF COMMERCE  
EU REFERENDUM BRIEFINGS

# FINANCIAL SERVICES & THE CITY OF LONDON

Relative to its size, the UK has a large, sophisticated, and internationally-oriented financial services sector. In its own right it is important as a source of economic growth, taxation, export revenue and employment. Whether linked into the supply chains of this industry or not, all firms are affected by the availability and prices of the products and services it provides. In focus groups held across the UK over Q4 2015 – Q1 2016, businesspeople wanted more clarity on how either referendum outcome would impact on financial services – especially the future regulatory and market-access implications for the sector in either case.

 Vote Leave



Financial services are an important sector of the UK economy. Many of the world's largest financial companies are based here. It employs around 4% of the UK workforce; produces 8% of UK economic output; contributes about 12% of UK taxes and in Q1 2016 generated a surplus of exports over imports of around £10bn.





## \*The official Leave campaign says:

“After we leave the EU the City of London will remain the financial capital of Europe.

EU regulation of the City is harming the financial sector. The Solvency II Directive, for example, has been estimated to have a €34bn cost for the insurance industry.

There is no realistic prospect of EU countries impeding the free movement of capital or payments between the UK and the EU after a vote to leave. Article 63 of TFEU provides that: ‘all restrictions on the movement of capital between Member States and between Member States and third countries shall be abolished... all restrictions on payments between Member States and third countries shall be prohibited’.

It will be in the interests of EU negotiators for the UK to retain ‘passporting’ rights, as key European firms ‘passport’ their services into London. EU negotiators would be unlikely to jeopardise the access of financial firms based in the EU to the City of London.”

## \*The official Remain campaign says:

“Our financial services are a vital part of our economy, and benefit greatly from the ability to ‘passport’ services to other single market countries. This would be under threat if Britain left. There is no arrangement for the UK outside the EU which would provide ‘passporting’ rights for UK financial services. Consider that Switzerland, which is outside the EU, pays in to the EU budget and accepts free movement, does not have passporting rights. The future of the City of London would be under threat from competitors since firms would be forced to set up offices in other EU countries if they want to continue to access that market. Ultimately some firms could choose to relocate their head offices from the UK.

Were we to remain in the EU, our financial services would continue to enjoy the benefits of passporting, as well as benefitting from the new safeguards secured in the Prime Minister’s renegotiation to protect our financial services.”

For more information on the official Remain and Leave campaign positions on this and other issues please visit:

Vote Leave: [www.voteleavetakecontrol.org](http://www.voteleavetakecontrol.org)

Britain Stronger in Europe: [www.strongerin.co.uk](http://www.strongerin.co.uk)