

## Financing Growth: Labour's plan for financial services

To ensure the financial services sector is the engine of growth in the UK economy, Labour intends to implement the policy and regulatory environment it needs to compete globally and increase investment in the UK economy. This includes:

- Promoting the financial services sector as one of the UK's competitive advantages.
- Balancing consumer protection, competitiveness, and financial stability.
- Supporting the independence of the UK's financial institutions.
- Maintaining its commitment to fiscal responsibility.

The report notes that its vision for the sector is based on six policy priorities:

1. **Deliver inclusive growth of the UK's financial services sector** by scaling regional financial centres alongside established hubs in London and Edinburgh.
  - a. Smaller and mid-tier firms have set up operations outside of London to access a wider talent pool and lower costs. Bigger firms are also establishing additional regional offices to take advantage of these benefits.
  - b. Labour will explore setting additional KPIs for the British Business Bank (BBB) regional funds to ensure they provide access to SME financing across all regions.
2. **Enhance the international competitiveness of the UK's financial services sector** by pursuing a more joined up and innovation-centred approach to regulation and supervision, streamlining the regulatory rulebook in line with the Consumer Duty, strengthening the UK's international engagement in financial services, and building a more collaborative relationship with the EU.
  - a. A future Labour government will identify gaps in regulation across bodies including the PRA, FCA, Competition and Markets Authority, The Pensions Regulator, and Payment Systems Regulator (PSR).
  - b. Labour will set up a new Regulatory Innovation Office to improve accountability and promote innovation in regulation across sectors.
  - c. A Labour government will seek to build on the UK-EU Financial Services MoU which established the regulatory dialogue to deepen cooperation in emerging areas of financial services.
3. **Reinforce consumer protection and financial inclusion** by exploring alternative models for increasing financial resilience including longer-term fixed rate mortgages, adopting a coordinated cross-sectoral approach to fraud prevention, creating a national financial inclusion strategy, and regulating the Buy Now Pay Later sector.
  - a. Labour plans to accelerate the roll out of at least 350 'banking hubs'.
  - b. They will work with regulators and industry to support FS firms to leverage data and emerging technologies like AI to produce widely accessible and affordable financial guidance tools.

4. **Lead the world in sustainable finance** by making the UK a global hub for green finance activity, delivering a world-leading green finance regulatory framework, and partnering with the financial services sector to support the decarbonisation of UK homes.
  - a. A Labour government plans to make the UK an international leader on the net zero agenda through the UK's role in the G7, G20, International Platform on Sustainable Finance (IPSF).
  - b. They will implement a leading green finance regulatory framework requiring financial institutions and FTSE 100 companies to publish their carbon footprint and adopt credible 1.5-C aligned transition plans.
5. **Embrace innovation and fintech as the future of financial services** by making the UK a global standard-setter for the use of AI in FS, delivering the next phase of Open Banking, defining a roadmap for Open Finance, embracing securities tokenisation and a central bank digital currency, and establishing a regulatory sandbox for financial products to reach underserved communities.
  - a. Labour is currently developing its AI strategy to set out how it will establish clear standards for AI safety, and adopt an agile approach to regulation.
6. **Reinvigorate the UK's capital markets** by reviewing the pensions savings landscape, enabling greater consolidation of all schemes, empowering the British Business Bank to invest more in growth capital, establishing a British 'Tibi' scheme to increase institutional investment in venture capital and small cap growth equity.
  - a. The UK's capital markets are key to driving innovation and investment in the economy. Despite having one of the deepest savings pools and the most developed capital markets, Labour recognises that there has been a sustained reduction in investment in UK markets.
  - b. This has resulted in undervalued stocks and a lack of liquidity driving companies to de-list from London and many newer companies to list abroad.
  - c. Labour is assessing additional policies required to increase investment by institutional and individual investors in UK capital markets.
  - d. Modelled on the French 'Tibi' scheme, Labour will set up an opt-in scheme for DC funds to invest a proportion of their assets into UK growth assets – split between venture capital, small cap growth equity, and infrastructure investment. Labour will set up an oversight committee to manage the scheme comprised of private investors who will be responsible for drawing up an accredited list of venture capital funds and UK small cap funds.
  - e. Labour intends to deliver a modern 'Tell Sid' Campaign for retail ownership to emphasise the value of British people supporting British businesses. They plan to simplify ISAs to make it easier for people to benefit from saving and investing their money, including through increased utilisation of stocks and shares ISAs.

To view Labour's report in full, click [here](#).