

Reshaping finance sector a marathon, not a sprint



CITY COMMENT
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AS A KEEN long-distance runner, having completed sixteen marathons, I feel in my bones that attempts to restore public confidence in the financial services industry during my year in office will be a marathon, not a sprint.

That is not to say that we will be slow to address past failings.

Far from it. Policymakers must deal with current concerns while simultaneously looking at the big picture; what London as a financial centre needs to be in 2020.

To move forward, however, we need to learn the lessons of the past.

A year ago, world leaders from the G20 countries gathered in Washington and agreed five common principles for financial market reform: strengthening transparency

and accountability, improving regulation, promoting market integrity, reinforcing cooperation and reforming international institutions.

These guiding principles should not be forgotten now that we are out of the depths of the crisis.

The UK financial services industry accepts the need for better regulation, but not more or wildly punitive regulation – just for the sake of appearance.

The financial and professional services industry is one of the UK's world leading sectors. We can not afford to damage the competitiveness of an industry that contributes eight per cent of our national output and 14 per cent of total tax revenues.

Of course, headline-grabbing proposals such as "Tobin taxes" or caps on bonuses appeal to a public still angry about individual and collective lapses during the crisis. Mistakes were made and must not be repeated.

Yet any reforms need to be proportionate, practical and coordinated on a global basis. For example, taxes on financial transactions will ultimately create an uneven playing field skewed in favour of those countries who do not sign up to such legislation.

The industry needs certainty, clari-

ty and consistency when it comes to regulation – not arbitrage between different markets. To achieve these outcomes we must continue to work closely with policymakers in Whitehall, Brussels and beyond – not only the US but with new global players such as China and India.

ENGAGE WITH THE EU

The "European project" provokes strong opinions across the City but now more than ever it is important to engage with the EU, especially in light of the contentious Alternative Investment Fund Managers (AIFM) draft directive. We need to participate in these debates and highlight the important contribution London makes as Europe's financial capital.

Protectionist and anti-competitive regulation damages not only London but Europe as a whole. The financial services sector is an international industry and firms will move operations outside of the EU if they feel burdened by an overly restrictive regime. Institutions would rapidly be followed by skilled staff – leaving the City and Europe to face an increasingly problematic talent shortage.

We can not afford to be complacent in the face of rapidly-developing cen-



City Accountant Nick Anstee led the Lord Mayor's show on Saturday after taking office at Guildhall to become the 682nd Lord Mayor.
Pictures: GETTY, PA

tres in Asia and Latin America. This is equally valid for capital investment projects such as Crossrail. Improved infrastructure, and regulation, will reap dividends in the long-term as we move closer to recovery – not just for

London but for the UK as a whole.

In other words, we must run now to ensure we do not stand still or even go backwards in the years to come.

Nick Anstee is Lord Mayor of the City of London