

UK financial services' (FS) leading position for attracting foreign direct investment (FDI) in Europe is under pressure, as our latest Attractiveness Survey shows COVID-19 has caused investor priorities to shift

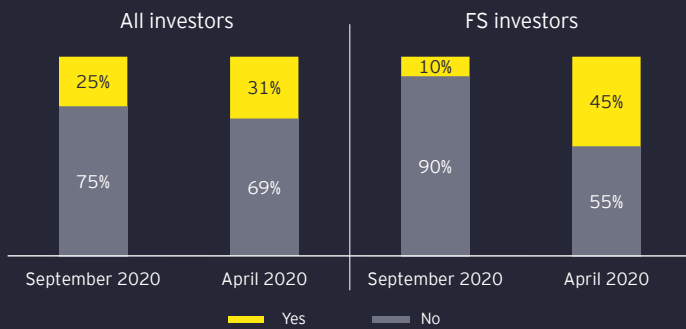


Minds made for empowering financial services

Whilst the UK has secured the highest number of financial services FDI projects across Europe over the past 20 years, and has the continent's most established financial services ecosystem, FS investor sentiment has dipped since April. As an important indicator of future FDI, the latest results from our Attractiveness Survey highlight the need for a collaborative response across Government, regulators, policymakers and the industry.

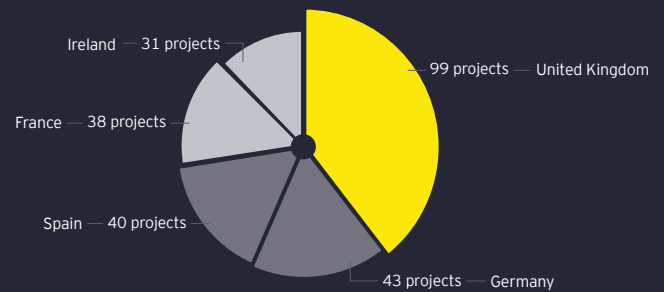
Overall, investor sentiment on short-term investment plans into the UK has fallen over the course of this year

Plans to establish or expand operations over the coming year in the UK



Source: EY's UK Attractiveness Survey, September 2020 and April 2020

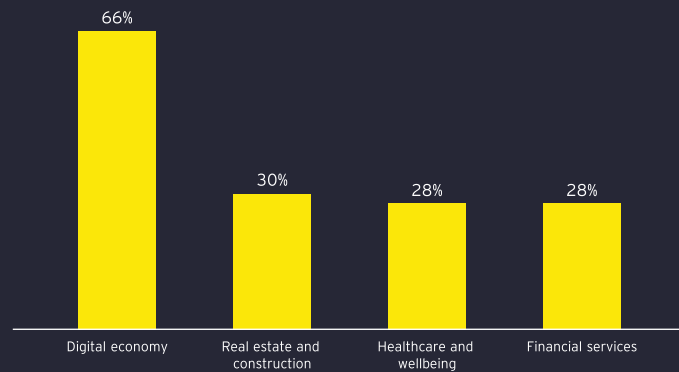
The latest FDI data (2019) shows that the UK retained its top spot for financial services investment in Europe, attracting the most overseas investment for a single country – a position it has held for the last 20 years



The top five European destinations for attracting FS projects in 2019 are shown

Source: EY European Investment Monitor (EIM), 2020

FS investors named digital as the top sector they believe will drive UK growth in the coming years



Source: EY's UK Attractiveness Survey, September 2020

Despite the dip in short-term sentiment compared to April, investors believe the UK's attractiveness over the next three years will continue to improve

In the next three years, FS investors believe the UK will be:



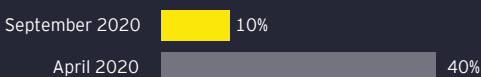
Source: EY's UK Attractiveness Survey, September 2020, April 2020, 2019-2018

FS investor priorities when looking at future locations have shifted in the wake of the pandemic

The quality of Government support that can be accessed if needed has become a top priority:



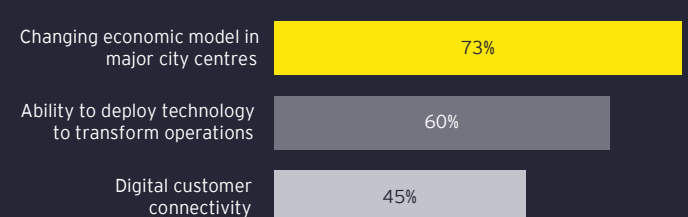
Whilst the importance of liquidity of capital markets and the availability of capital has seen a decline:



Source: EY's UK Attractiveness Survey, September 2020 and April 2020

The COVID-19 pandemic is set to have significant, long-lasting impacts on business strategies going forward

Financial services companies say the most important themes in their future investment strategies are:



Source: EY's UK Attractiveness Survey, September 2020