

Insights

UK MODERN INDUSTRIAL STRATEGY: FINANCIAL SERVICES AT THE FOREFRONT OF ECONOMIC TRANSFORMATION

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Last week, the UK Government launched its *Modern Industrial Strategy*, a bold 10-year plan aimed at driving sustainable economic growth, boosting productivity, and positioning the UK as a global leader in innovation. The Strategy marks a shift towards a more proactive and collaborative approach to industrial policy, with a strong emphasis on unlocking private sector investment and fostering long-term competitiveness.

Unsurprisingly, the financial services sector is named as one of the eight priority sectors (the IS-8), namely those that it considers to have the highest potential for growth. The aspiration is clear:

The UK will be the location of choice for Financial Services firms to invest...

Each IS-8 sector will benefit from a bespoke Sector Plan, co-developed with industry stakeholders. The **Financial Services Sector Plan** is scheduled for publication on **15 July 2025** alongside the Chancellor's Mansion House speech, and is expected to provide detailed guidance on regulatory reform, investment incentives, and international competitiveness.

FINANCIAL SERVICES: A STRATEGIC PILLAR

The Strategy affirms the UK government's commitment to maintaining and building on its status as a global financial center:

By 2035, our ambition is for the UK to be the world's most innovative full-service financial centre.

Within Financial Services, the focus is on: FinTech; Insurance and Reinsurance Markets; Sustainable Finance; Capital Markets; and Asset Management and Wholesale Services.

Key elements of the strategy include:

- **Regulatory reform:** Streamlining and modernising rules to support innovation, especially in FinTech, digital assets, and sustainable finance. The so-called "root-and-branch reform" to

reduce regulatory burden is a key element of the government's plan across the sectors.

- **Access to capital:** Enhancing funding pathways for SMEs and scale-ups, including reforms to pension fund investment and capital markets.
- **Skills and talent:** Investing in financial literacy, digital capabilities, and leadership development to future-proof the sector's workforce. There is a strong emphasis on AI skills development. Plans also include utilising the potential of all the economic hubs, not limited to London.
- **Green finance:** Strengthening the UK's role in sustainable finance through clearer transition frameworks and ESG standards.

On a more granular level, much of this echoes the FCA's [five-year strategy](#), published in March 2025. We will no doubt be hearing more from the financial services regulators in the coming weeks in response to the Financial Services Sector Plan.

COMMITMENT TO COLLABORATION WITH INDUSTRY

Across the sectors, the Strategy introduces a more collaborative model with industry, promising strategic certainty, long-term policy stability, and a willingness to support high-growth sectors. For financial services, this could mean greater alignment between regulatory objectives and economic growth. This has been playing out over the last year with the UK financial regulators called to action on delivery of their secondary international competitiveness and growth objective.

The Financial Services Sector Plan has been shaped through direct industry engagement, to ensure it delivers on the reality of opportunities and challenges. But will it deliver? The co-delivery model holds promise.

The priority sectors also include Professional and Business Services, including Legal Services. We view ourselves as a key partner for our financial services clients in delivering on the aspirations of the Strategy and anticipated Sector Plan, and stand ready to collaborate.

WHAT FIRMS SHOULD EXPECT

Financial services firms and the wider industry should stand by for a more dynamic policy environment. We expect to see opportunities emerging in:

- **Regulatory innovation:** The FCA and PRA are committed to more agile approaches, including enhanced sandbox initiatives and faster authorisation processes.
- **Sustainable finance:** New standards and incentives will shape product development and investment strategies.

- **Digital transformation and innovation:** Support for AI, blockchain, and data-driven services will create new competitive advantages for early adopters.

It is an exciting time for the sector, with opportunities aplenty.

LOOKING AHEAD

Put 15 July 2025 in your diary! The **Financial Services Sector Plan** will hopefully provide further clarity on how these ambitions will be realised. It is expected to outline key regulatory priorities, investment mechanisms, and strategies to ensure the UK delivers on its international aspirations.

We will share our key takeaways from the Sector Plan when published. In the meantime, we would be delighted to speak to you about the direction of travel and opportunities.

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