



Scotland's new vision for financial services

A sector growth strategy using our global
technological and ecosystem advantage

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Foreword

Scotland has a long and proud history in financial and professional services, stretching back over 300 years to the creation of Britain's first commercial bank, Bank of Scotland, in 1696.

Our sector has led and influenced the development of financial services across the world and has left a strong and enduring legacy that is recognised, trusted and respected globally. In UK terms, we are the largest financial and professional services sector outside London and consistently attract substantial amounts of foreign direct investment.

Yet to build a financial sector that's fit for coming decades, we must adapt, leveraging our strengths to boldly embrace a new future in which global competition for financial flows, human capital and technology has never been more intense.

New financial hubs are emerging in rapidly maturing economies in Asia, such as Busan in South Korea, while others are developing in established US centres such as Boston and Atlanta. Closer to home, Brexit has altered the competitive landscape in Europe with Amsterdam and Paris benefiting from a re-alignment of people and capital from London. Competition from contenders including Luxembourg, Munich and Dublin remains strong.

Most of all however, technology is transforming our sector – led by the explosive growth and untapped potential of data, artificial intelligence (AI) and other emerging technologies. This promises to drive new ways to deliver and grow financial services, while reinventing society's relationship with finance in ways that are sustainable and inclusive.

It is therefore vital that we not only respond to but lead that change. We believe not only that we can, but that our existing strengths put us in pole position to leverage this opportunity.

We already have an incredible foundation of core expertise across sub-sectors including banking, wealth management, life assurance and pension services, but we also have unique capability in data, AI and emerging technologies centred around some of Scotland's top universities and private sector firms. We believe this combination of long-

established expertise and forward-looking innovation can be a key driver of a vibrant ecosystem based on growing three existing capabilities that offer the greatest opportunity internationally— asset management, green and sustainable finance, and fintech — thereby building a globally-competitive regional hub.

Over the last 18 months we have conducted research involving many conversations with member firms and other stakeholders, as well as benchmarking. This has helped us craft a new growth strategy for how we will grow, innovate and continue to play a central role in both the UK and global financial services industry. It also recognises our vital role in society at large and the increased contribution we will make.

Our ambition is clear. Scotland will become one of the most innovative financial services centres anywhere in the world.

We recognise that there are various audiences for this report, including our sector, government and investors, and each will take away different perspectives. We also recognise that we need many other key stakeholders to support us in implementing this ambitious strategy. We are therefore delighted to have received strong support for the strategy's aims and objectives from the following:

- UK Government, in particular the Treasury, Scotland Office and Department for Business and Trade
- Scottish Government
- Investment Association
- Association of British Insurers

We look forward to working with all our partners over the coming years to realise the enormous potential that our sector possesses and as a result, further increase our contribution to both Scotland and the UK.

I hope you will take a close look at Scotland's new growth strategy for financial services and invite you to join us on this exciting journey.

John McGuigan - Chair
Scottish Financial Enterprise

Key facts about Scotland's financial services industry

- Largest financial hub outside London, worth **£14.3 bn** GVA to Scottish and UK economy
- **Over £500bn in assets** managed in Scotland
- Scottish financial exports have nearly doubled since 2011*
- Scotland outpaced both the UK and Europe on inward foreign investment in financial services in 2022 for the second year in a row
- **82,000 people** employed in Scotland's digital tech workforce
- Edinburgh University ranked among world's **top 15 universities for data science****
- 15 of Scotland's 19 universities offer finance-related degrees
- Home to the oldest bankers' organisation in the world, Chartered Banker (founded as the Institute of Bankers in Scotland in 1875)
- First savings bank in the world founded in Dumfriesshire in 1810
- Invention in Scotland of the ATM (automated teller machine) and pin number system in 1966

*Source: The CityUK

** Source: QS World University Rankings, 2023

Executive Summary

- Scotland's global reputation in financial services is well known. We have a long track record of leadership, innovation and influence stretching back over 300 years. Being part of a world-leading UK financial and professional services sector is undoubtedly a key asset.
- The contribution we make to the Scottish economy is significant. We are responsible for about 9.6% of gross value added (GVA), directly employ around 136,000 people, and pay about a third more than the average wage in Scotland.
- Yet we face some key broad macro challenges as well as increasing global competition from emerging financial centres. First, the global environment is clearly increasingly unpredictable, with volatility driven by geopolitical risks, persistently high inflation and risk of recession. Second, the climate challenge remains urgent and requires mobilisation and investment on a global scale to reach the emissions reduction targets needed.
- At the same time, our sector faces three structural trends: the emergence of digital ecosystems that are transforming how financial and professional services firms compete; Green and sustainable finance, which is a key global driver of how financial centres are approaching their competitive offer; and the emergence of regional financial hubs based around cost efficiency, operational effectiveness and access to talent.
- Based on our research, benchmarking, sector and wider stakeholder engagement, we see a compelling future as we develop our well-established, regional ecosystem and we harness the opportunities that stem from asset management, green and sustainable finance, and fintech, to build a globally-competitive regional hub.
- At the core of this ecosystem will be data, AI and emerging technologies, leveraging Scotland's rapidly growing, and globally recognised capabilities, clustered around our world-class universities and private firms.
- This will be supported by three underpinning strengths that draw on our heritage in financial services: exceptional human capital; our well-connected ecosystem centred around Edinburgh and Glasgow; and our relationship with London, the world's second largest financial centre.
- Our aim is to double assets under management in Scotland to £1 trillion by 2030, from £500 billion now.
- We aim to achieve gross value add (GVA) of £17bn-21bn within five years, up from £14.3bn in 2021. We also want to propel Scotland into the premier league of financial centres globally, as measured by the Global Financial Centres Index (GFCI), with Edinburgh in the top 20 and Glasgow in the top 30.
- Scotland's financial sector will strengthen and further develop existing strategic partnerships with key universities and colleges to enhance our existing global leadership position in data, AI and emerging technologies. We will also collaborate with the Investment Association to develop a plan that would aim to grow asset management in Scotland as part of the wider UK strategy.
- We will act as an incubator for innovative product ideas in green finance for example establishing a net zero investment fund, and look at options for long-dated green infrastructure bonds, and we will develop our emerging ecosystem for financing a just transition.
- We will establish an annual global "Green and Sustainable Finance Davos", to be held in Scotland, which will build on the success of COP26.
- We aim to increase the sector's economic contribution to, and wider impact on, society in Scotland, while creating initiatives to forge greater financial participation and inclusion.
- We will work with Financial Inclusion for Scotland (FIFS), third sector organisations and other relevant agencies to deliver against the financial inclusion objectives of FIFS. This will start with a coordinated campaign in 2024 to significantly reduce the number of unbanked people in Scotland through the provision of a basic bank account

Sandy Begbie CBE FRSE

Chief Executive, Scottish Financial Enterprise

Scotland's current strengths

Scotland's global reputation in financial and professional services is well known. Stretching back over 300 years, we have a long track record of leadership, innovation and influence. Being part of a world-leading UK financial and professional services sector is undoubtedly a key asset.

On top of this, the contribution our sector makes to the Scottish economy is already significant. We are responsible for about 9.6% of gross value added (GVA), we directly employ around 136,000 people, with many thousands more in the supply chain, and pay about a third more than the average wage in Scotland.

We are the second largest exporter from Scotland, involving £7.8 billion worth of services in 2021, according to the Office for National Statistics. Outside London, we attract the highest level of foreign direct investment into financial services, and have the largest fintech cluster (and one of the largest in Europe, attracting over £300 million in investment in 2022).

In Edinburgh and Glasgow, we have two financial centres that are rated within the top 50 globally by the Global Financial Centres Index (GFCI). Edinburgh has a strong position in green and sustainable finance, ranking 14 out of 86 in the Global Green Finance Index (GGFI). Over recent years we have also witnessed an expansion of global firms establishing significant regional hubs here in Scotland. Examples include Barclays, Blackrock and JP Morgan. In addition, our relationship with London is strong and is a uniquely valuable asset in the development of our sector, which is overseen by a UK regulatory regime that is one of the best in the world.

Our strengths in technology and innovation are globally recognised, and were underscored as recently as September, 2023 when the British Business Bank named Edinburgh, Fife and Midlothian region as the UK's top innovation cluster (by number of deals) outside the "golden triangle" of London, Oxford and Cambridge. In addition, Fintech Scotland has achieved Silver Cluster status as accredited by the European Secretariat for Cluster Analysis (ESCA).

We also act as a key funder and investor in the Scottish economy and support millions of households and businesses in meeting their financial needs. We helped the economy manage through Covid and the recovery and of course, most recently, we are supporting businesses and people through the cost-of-living crisis. We are central to the journey to net zero and will increasingly be supporting and investing across Scotland to ensure this is a just transition.

Our sector fully supports the ambition of growing a sustainable economy that has fair and secure work at its core, offering high skilled, well remunerated jobs. Our strength as a sector also allows us to support the wider wellbeing economy ambitions of the Scottish government. In addition, we contribute significantly to society through partnerships with third sector organisations, or our own foundations and our financial education and inclusion programmes.

Finally, Scotland is home to high quality schools and world-class universities and boasts a high quality of living that continues to attract people and their families. Edinburgh and Glasgow were ranked in the top three cities in the UK in a "quality of living index" published in May, 2023 by TotalJobs, an online jobs platform. International air links are strong, with Edinburgh Airport offering direct connections to the US, Europe, the Gulf and, since 2023, Beijing.



Global context: challenges and opportunities

Our sector is not alone in having experienced significant change over recent years, having responded to the lessons and impact of the 2008 financial crisis, navigated through Brexit, the pandemic and the current volatile economic environment. Adaptability and resilience will continue to be needed if we want to continue to grow and contribute to Scotland and the UK.

Against this backdrop our sector faces two broad macro challenges:

First, the global environment is clearly increasingly unpredictable, with volatility driven by geopolitical risks, persistently high inflation and interest rates, combined with the associated risk of recession and the resulting impact on businesses and individuals. Economic growth in the West is fairly anaemic, while other economies, particularly in Asia look set for more robust growth over the long term.

Second, the climate challenge remains urgent and requires mobilisation and investment on a global scale to reach the emissions reduction targets needed to avoid the worst effects of global warming. The COP26 UN Climate Conference, held in Glasgow in 2021, highlighted the key role our sector is playing and will continue to play, but also the opportunity Scotland has to be a leader in this area.

We start from a position of strength with an excellent reputation in green and sustainable finance. However, we are aware that most financial centres around the world have an ambition to lead in this area and it is vital that we seize this opportunity in a way that is strategic and engages the wider economy.

At the same time, our sector faces three evolving structural and market trends that are affecting financial services everywhere. These present both challenges and opportunities for financial centres willing to act nimbly to seize the opportunities that arise.

1. New digital ecosystems

The accelerated adoption of digital channels and emerging technologies during the pandemic has given rise to new digital ecosystems that are transforming how financial and professional services firms compete. Such platform-based

ecosystems offer products and services that are created and distributed in partnership with others, according to consulting firm BCG in a recent report, allowing businesses to "enter new markets, create new services, and acquire new customers faster and more affordably than with traditional product development and go-to-market models". Data, AI and other emerging technologies are central to this trend. By 2030, digital ecosystems could account for a significant share of the banking revenue pool, BCG predicts.

Firms operating in this environment are required to adapt their operational structures and reinforce their expertise in new technologies through both skilled talent and external partnerships. This is especially true for asset management, where data-centred strategies and AI are already key differentiators for top performing firms, which have the potential to improve operational performance and efficiency (by as much as much as 30% while accelerating the launch of new products to one fifth of the current time to market, according to a recent report by McKinsey). Ecosystems can deliver significant financial benefits by reducing operational costs and improving incremental revenue growth. However, as BCG found, only 27% of top banks had engaged in ecosystems "to a significant extent".

2. Green and sustainable finance

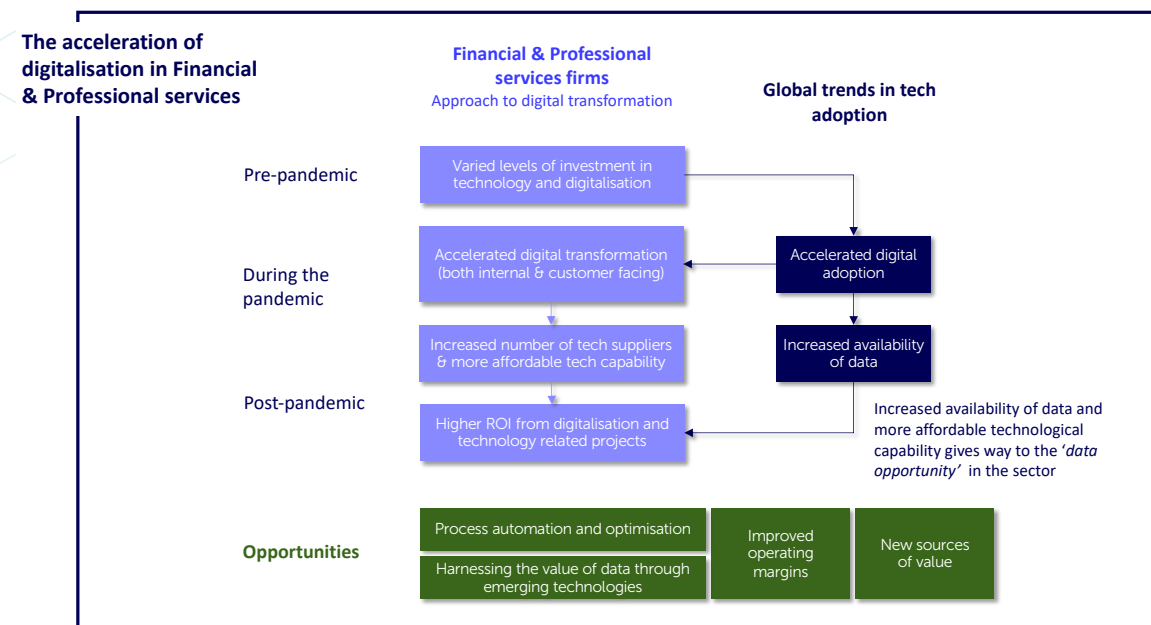
While green and sustainable finance faces some challenges — notably in the US, where environmental, social and governance (ESG) approaches face some political headwinds — the concept is firmly embedded in investing strategies and remains a key global driver of how financial centres are approaching their competitive offer. For the first time, according to data compiled by Bloomberg, companies and governments are raising more money in the debt markets for environmentally friendly projects than they are for fossil fuels, with almost \$350 billion raised from green bond sales and loan arrangements in the first half of this year, compared with less than \$235 billion of fossil fuel-related financing. According to a recent report by TheCityUK and BNP Paribas, the green finance market grew from \$5.2bn to \$540.6bn between 2012 and 2021 and demand for impact investing is expected to continue to grow despite margin pressures. Countries that are leading the journey to net zero will naturally attract investment, jobs and create long term sustainable economic growth to better fund their public services — and it follows that their financial centres will benefit too if properly aligned.

3. Regional hubs

Finally, we are seeing a focus on building regional hubs based around cost efficiency, operational effectiveness, maximising revenues, and access to talent. For example, financial hubs in the US such as Boston, Chicago and Seattle are attracting investment into regional models based on availability of technical capability, talent and the strength of the universities. Meanwhile, the trend of outsourcing in low-cost regions is reversing, particularly for critical back-and middle-office functions where operational coherence and deep expertise are necessary to adapt effectively to the changing regulatory environment and reduce operational risk. In Scotland,

financial services are increasingly defined by the scale and depth of presence in such functions, exemplified by the significant investments that have been made in recent years by some of our members — notably BlackRock, Barclays, BNP Paribas, State Street, Morgan Stanley and JP Morgan Chase — in key technology centres in Edinburgh and Glasgow.

The diagram represents how recent years led to the acceleration of digitalisation in our sector, and some of the opportunities that emerge from the increased availability of data.

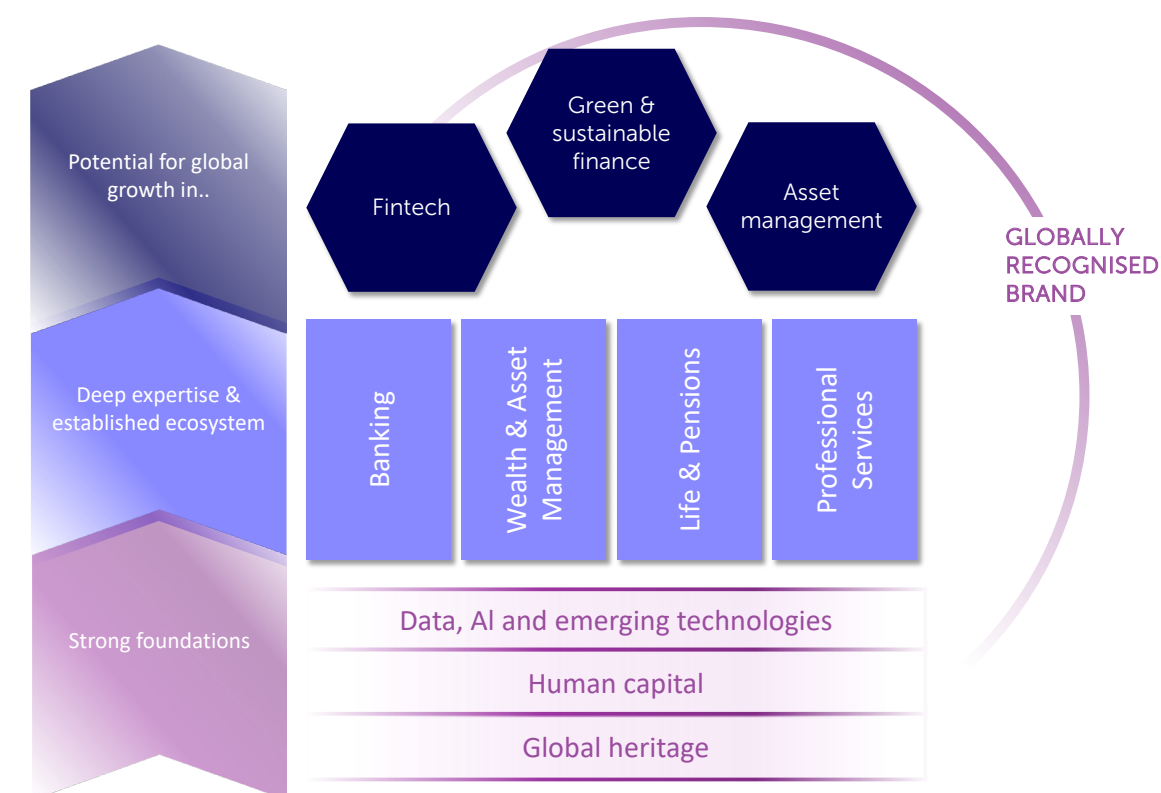


Scotland's ambition: the new strategy

Given this context, and based on our research, benchmarking, sector engagement and wider stakeholder engagement with key stakeholders, a clear picture has emerged of where the opportunity lies for financial services in Scotland.

We see a compelling future based on developing a vibrant ecosystem based on our three existing global capabilities — asset management, green and sustainable finance, and fintech — and using this to build a globally-competitive regional hub, combined with our core expertise in banking, wealth management, life and pensions, and professional services. This provides a strong proposition to grow our sector.

Ecosystem value remains an untapped opportunity for our sector. At the core of this ecosystem will be data and AI, as well as other emerging technologies. Competing as a financial centre, either globally or domestically, will require us to have world leading capability in this area and we aim to achieve this by leveraging Scotland's rapidly growing, and globally recognised technology capabilities, clustered around our world-class universities and at key member firms (for more, see Data, AI and emerging technologies: The Heart of our Future Ecosystem, below.)



This will be supported by underpinning strengths in three areas that draw on our long heritage in financial services: exceptional human capital; our already well-connected regional hub, centred around Edinburgh and Glasgow; and our relationship with London, the world's second largest financial centre.

All of this will continue to support our very strong position in the wider UK financial and professional service sectors, while helping to drive and grow our three legacy strengths, thus building a lasting global brand for Scotland.

Our growth strategy, laid out in this report, shows how we will use our core expertise and underpinning strengths to grow, innovate and continue to play a central role in both the UK and global financial services sector. It also recognises our vital role in the wider society and the increased contribution we will make.

The strategy aims to use the strengths described above to deliver the following ambitious goals, to:

- grow our GVA from £14.3bn to £17-21bn in five years
- double assets under management in Scotland's financial services sector to £1 trillion by 2030, from £500 billion now
- propel Scotland to the top regional financial centres globally, as measured by the GFCI
- ensure that Edinburgh reaches a position of being among the top 20 global financial centres, with Glasgow in the top 30
- increase the sector's economic contribution to, and wider impact on, society in Scotland

"City brand is a valuable asset that improves the competitive advantage of the city in the era of globalisation. Relying on uniqueness and using various methods, cities endeavour to promote their reputation by attracting capital and human resources."

Quote from the recent Global Financial Centres Index (GFCI) 33 report

Data, AI and emerging technologies: heart of our future ecosystem

Through our research, workshops and benchmarking, it has become clear that a critical component of the future of our sector will be the vital role of data, AI and emerging technologies, which is growing rapidly in its application to financial services.

The globally competitive financial hubs of the future will need to have strong capability in these areas, backed up by excellent universities and education. Atlanta is a great example of a city that has focused relentlessly on being the US leading centre for payments and has built an ecosystem around that strategic vision, including working with Atlanta's universities to align around talent requirements. As a result, it has attracted over 210 fintech businesses and is home to six out of 10 of the largest US payments processing firms. The city has clearly understood its strategic differentiation, has invested in it, and Atlanta is now a leader in payments enabled by the necessary technological capability.

Fortunately, Scotland is starting from a position of strength. Data is increasingly part of our economy's DNA, and we have world-class data, AI and emerging technology capabilities centred around our universities — constantly being supported through government funding, private sector initiatives, and public-private collaboration.

Edinburgh boasts world-class researchers, data scientists and supercomputing facilities and is home to leading edge institutions, many created as part of the UK government-funded Data-Driven Innovation initiative. This has helped establish six hubs at the University of Edinburgh and Heriot-Watt University — creating a regional powerhouse for collaboration with industry partners. The hubs house expertise and facilities to help 10 industrial sectors become more innovative through data.

These include The Edinburgh Futures Institute, a new centre focused on bringing academic and industry expertise together to develop data-driven innovation capacity to create sustainable and ethical solutions for business and society.

Edinburgh University's Business School is home to The Edinburgh Centre for Financial Innovations, which collaborates with external stakeholders to exploit the big data and computational evolution in financial services for societal benefit. Edinburgh University is already working with NatWest Group on climate change and sustainability education, with asset managers abdn on investing innovation, including environmental and social governance, and with insurer Aegon on financial wellbeing.

The city is also home to the Smart Data Foundry, a unique independent collaboration that brings together the University of Edinburgh, the Financial Data and Technology Association, and Fintech Scotland to harness financial data for societal and economic benefit.

Recently, Edinburgh University was chosen by the UK government to host a next-generation computer system, known as "exascale" that is one of the fastest in the world, with the potential to revolutionise breakthroughs in AI, medicine, and clean low-carbon energy.

And in September 2023, Glasgow University — already a leader in the field of data science and AI — opened a new Centre for Data Science and AI, dedicated to cutting-edge research on data science and artificial intelligence across a wide range of applications. In addition, we are also starting to see increased investment and growth in fintech in Dundee.

Scotland possesses a world class fintech cluster, driven by FinTech Scotland, which brings together fintech enterprises, the financial and professional services sector, many leading universities including University of Strathclyde, Glasgow University and Edinburgh Napier University, the Scottish government, Scottish Enterprise and UK policy makers. This collective contribution is working to drive innovation in finance using technology and data. This has resulted in the convening of a Fintech cluster made up of over 220 fintech firms that are working closely with universities and financial institutions, and increased partnerships, enabling and an increased focus on research and innovation.

This cluster model is internationally recognised as a benchmark for other locations around the world, and is actively shaping our sector for the future. Driven by market demand the fintech Scotland cluster is enabling change through emerging technologies and data, focused on four key sector priorities: climate finance; open finance data; payments and transactions; and financial regulation.

In March 2022, FinTech Scotland published a strategic FinTech Research and Innovation Roadmap, identifying industry priorities for the UK to accelerate its fintech ambition through research and development (R&D) and targeted innovation. Since publication of the roadmap, there has been 19% increase in fintech enterprises in Scotland developing payment solutions, while there has been a 13% increase in fintech enterprises specialising in financial regulation innovation.

Data, AI and emerging technologies form the engine driving our success in fintech innovation. We believe we can replicate this success to harness the opportunities presented by asset management, green and sustainable finance, and fintech, to compete with other financial centres around the world.

The future success and growth of these areas in Scotland will rely heavily on Scotland continuing to have world class data, AI and overall technological capability. As "Vision for Economic Growth", a recent report by the City of London, highlighted, the need for the UK to be internationally competitive in data and AI is vital for the UK's future economic growth and growth of our sector. We believe that Scotland can play a key role for the UK in this area. Having this strength will also assist in attracting more investment to allow existing firms to grow their footprints and attract firms to come and establish a presence here in Scotland.

We also see a significant opportunity, to drive "financial data for social good". This is a key mission of the Smart Data Foundry in Edinburgh, and we see an opportunity for Scotland to play a leading role in this area in the UK and globally in order to allow us to make a significantly greater and more targeted impact on those most vulnerable in our society.

Data, AI and emerging technologies will therefore be at the centre of our financial services ecosystem in the future. Where firms choose to have regional centres with responsibility for driving their digitalisation strategies to maximise commercial returns, will also be the locations with increased number of senior decision-making roles.



Underpinning strengths

Our research and analysis have consistently identified the following three core underpinning strengths:

1. Human capital

The GFCI identifies this as a key strength for Scotland. With five of the UK's leading universities together with a strong global reputation in education, Scotland produces thousands of graduates every year in areas that are relevant to sector's needs today and in future. Increasingly, many firms have also developed apprenticeship and direct school leaver programmes to access a wider talent pool and increase inclusion.

This is in addition to an already exceptional talent base which covers every area of financial and professional services — much of this is as a result of our strong heritage in banking, wealth management, life and pensions and professional services. While these sectors have changed enormously over the past decade, we continue to retain the highly skilled workforce, including in the associated supply chain, such as technology. This talent base is increasingly refocusing on leading the future shape of our sector not only here in Scotland but also internationally.

Human capital is consistently identified by firms as one of the main reasons for them choosing to either establish a base in Scotland or increase their presence. Our existing talent base has also provided the expertise to support the development of our world leading fintech cluster. The flexibility of this skill base is a real asset.

We cannot however be complacent. Cities round the world are also looking to build and grow their reputation for human capital. For example, in early 2022, Edinburgh was rated fifth in the world for human capital in the GFCI; it is now 16th. We must continue to engage, collaborate and invest in the future pipeline of talent so this area remains a global strength for Scotland.

A number of reviews have been undertaken by the Scottish Government into skills and education and we welcome the direction that is being discussed. We do however need to move faster to implement the recommendations and, thereby, ensure the financial and professional services sector has the talent in needs to succeed and to grow the wider economy. It is also important that we do all we can to retain our own domestic talent here in Scotland, as well as attracting talent from elsewhere in the world, and would like to engage the Scottish and UK governments on how best that can be achieved.



Case Study

As a world-leading research-intensive University, the University of Edinburgh is at the forefront of addressing tomorrow's greatest challenges.

Our Edinburgh Centre for Financial Innovations brings together academic expertise across a variety of disciplines to support the sector by collaborating on research and development projects, training the next generation of talent for the sector, and helping upskill professionals in the sector via executive education on such topics as fintech, quantum computing, data ethics and climate change & sustainability.

Sir Peter Mathieson Principal,
University of Edinburgh

2. Well-established ecosystem

There is clear evidence of a strategic trend in our sector around the establishment of strong regional hubs as part of their organisational strategies, based on well-connected ecosystems. We believe this is something on which Scotland can capitalise, involving firms with both an international and domestic focus. This trend is being driven by a number of factors, including firms reviewing their location strategies as they look for value and cost efficiency, often with the impact of the Covid-19 pandemic on working patterns as part of the mix. Not only are employees seeking greater flexibility on where and how they work, but the pandemic has also seen firms looking to diversify location risk, with near- and on-shoring also factors.

Scotland and other parts of the UK outside London appear to be benefiting from such reviews. Scotland is also proving attractive based on our talent base, quality of life and strength of the wider ecosystem together with a "wage benefit" of around 30% when compared with London and lower commercial real estate costs.

Finally, while the UK has other important and growing financial centres, Scotland (Edinburgh and Glasgow) remains the most important regional hub outside of London and the south east. This is due to the collective strength of our assets, which are more mature than other centres. This is reflected in the GFCI rankings, which place Edinburgh and Glasgow in the top 50 centres globally, as well as Scotland's position in the annual EY UK Attractiveness Survey which shows us consistently being the top performer for attracting foreign direct investment (FDI) projects outside of London.

In addition, the compact geographical size of our ecosystem, combining the proximity of Edinburgh and Glasgow with concentration of government, legal, professional services and private sector offices, means we can convene people and ideas quickly.

Based on these strengths, we have been successful in building an ecosystem in Scotland and had some notable successes in attracting global financial and professional services firms, many of which are currently expanding their presence. The result is a vibrant regional hub, made up of Edinburgh and Glasgow. Member firm investments include a new Barclays campus in Glasgow, expansion in Edinburgh for BlackRock, and ongoing commitment from firms like abrdn, Baillie Gifford, M&G, Aviva, Lloyds Banking Group and NatWest. We have also seen announcements of strategic partnerships between Edinburgh University and abrdn, and between Nat West and the Smart Data Foundry in data projects.



"I'm looking forward to progressing the ambition and opportunity we have across Scotland and the UK to continue to lead the future of the financial services sector. FinTech Scotland, was created to enable strategic

collaboration across the industry, academia, universities and fintech enterprises, connecting our key strengths in a strategy that aims to further enable, influence and shape the future of finance through the new application of emerging technologies. Scotland's strengths in fintech is a testament to the commitment across the industry to embrace research and change."

Nicola Anderson
FinTech Scotland



Case Study

BlackRock's roots in Edinburgh stretch back to 1998, when the firm made its first international foray – acquiring a small equity fund house based in the city. Over the following 25 years, the Edinburgh office has gone from strength to strength, building transformational and forward-looking products and solutions that shape the financial markets. The secret to this success is simple: relentless innovation. Within a few years, BlackRock plans to house approximately 1400 employees in our new iHub premises on Brandon Street, making it the fourth largest office.

Scott Walker,
Managing Director, BlackRock UK

3. Relationship with London

Scotland is the UK's largest financial services centre outside London. Our relationship with the rest of the sector across the UK – but especially with London – is therefore vital to our success. We very much view our relationship with London as an under-leveraged asset involving complementarity rather than competition.

In the GFCI, London is second to New York in terms of global importance and in the GFCI Green Finance Centre, London ranks top. This, coupled with our existing strengths in green and sustainable finance, points to why our relationship with London is a real asset for Scotland and should be leveraged as part of this strategy. It's worth noting that other financial centres of similar size to Edinburgh and Glasgow and which are close to a major financial centre, really understand and nurture that relationship. They leverage the strength of the large centre while also understanding exactly what their contribution is to the entire sector.

We believe that, on top of the strengths we already possess and which obviously contribute to the UK sector, the main areas we need to leverage more with London are:

London's world class financial markets ecosystem of banks and investors allows companies of all sizes to address any type of financing needs. Its geopolitical position puts it at the heart of global markets. There are also clear synergies between London and Edinburgh in private equity and other funding areas, with Edinburgh an increasingly active ecosystem for growth capital.

The UK's regulatory framework is globally respected and offers an opportunity for synergy between Scotland and London, given Scotland's equally well-respected legal and professional services sectors, making up a valuable ecosystem that is worth leveraging. While the Financial Conduct Authority (FCA) has a large hub in Edinburgh, it is important that we enhance our relationship with relevant bodies in London.

Finally, understanding Scotland's strengths and our contribution to the wider sector in the UK should allow us to be more supportive and engaged with promoting the UK as an attractive global financial centre. Firms choosing the UK to invest will have different reasons and requirements which may result in them looking at different locations across the country. The reasons for coming to Scotland are likely to be different than choosing London for example. It is therefore important we connect our messages so we are promoting the very best of UK financial services industry overseas. As the City of London Corporation recommended recently in their Vision for Economic Growth, we need to 'showcase the UK's financial and professional services sector on the international stage like never before'. Scotland has a large and important role to play in delivering against that goal however it is important we have a regional brand and marketing campaign that compliments the rest of the UK.



The Opportunity

Given Scotland's established financial and professional services ecosystem, and growing reputation as a global regional hub, we see three key opportunities to be more internationally competitive in the future.

1. Asset management

Scotland's heritage and reputation for asset and wealth management is clear from our research. The GFCI regularly highlights Edinburgh as a respected global centre for asset management. While it is recognised that over the last 10 years there has been a downward trend in assets under management and number of asset management firms, the fundamentals remain strong. There is a clear opportunity to reverse this trend, in particular by leveraging Scotland's data, AI and emerging technology assets.

Similar to other cities known for asset management, for example Boston, we have many of the key fundamental attributes of an attractive global location. These include:

- Strong talent base in asset management
- Competitive operating costs
- Well developed education system, including high quality private education
- Globally leading capabilities in data, AI and emerging technologies

There are significant key opportunities for Scotland in asset management. After a decade of strong performance there is pressure on asset managers to reduce costs, diversify revenues and increase personalisation of services. These can only be achieved through the application of data, and AI and emerging technologies, meaning that the sector stands on the threshold of far-reaching transformation in coming few years, heavily driven by the application of technology.

Areas where asset managers can leverage data, AI and emerging technologies include digitalisation and how this will affect relationships with clients, improve risk management, and achieve better performance insights from "internal and external data sets", as consulting firm EY pointed out in a recent report. In effect, this is all about being much more client-focused, using technology, as well as using data to re-imagine middle - and back-office functions as revenue maximising opportunities.

We also believe there is an opportunity to subsequently attract

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front-office roles to Edinburgh from elsewhere in the UK and the world, given the underpinning strengths we have to support the growth of our asset management industry.

We also see the opportunity to establish a strong base for start-up asset managers and fintech firms focused on this sector. There will be an ongoing place for smaller, boutique type asset managers, of which Edinburgh already has a number, to grow and flourish. The search for yield will undoubtedly leave a space for high quality, targeted small active asset managers and we should aim to attract these firms to Scotland and/or support the start-up of new asset managers.

At the core of this strategy, is Scotland being a global leader in data, AI and emerging technologies. The UK asset management industry has set an ambitious goal of doubling asset under management by 2030. Scotland is well placed to contribute to this goal by also aiming, to at least double assets under management, in the same timescale.

We will work with the rest of the asset management industry in the UK to develop a clear plan to achieve this goal that maximises Scotland's strengths.



Case Study

As a global investment business, abrdn operates in more than 30 countries and competes in global markets which are constantly evolving and creating new opportunities. After nearly 200

years, our base in Scotland remains integral to our ambitions and purpose with more than 2,000 employees based in Scotland - nearly half the global workforce.

Scotland's proposition encompasses a deep talent pool, a competitive cost base, international connectivity, world class universities, a great place to live and work and, critically as the industry transforms, access to technology. This includes a rapidly expanding and innovative fintech cluster as well as expertise in areas such as AI, digitisation of assets and blockchain, all of which contribute to Scotland's attractiveness for domestic and international financial services businesses.

Stephen Bird
Chief Executive, ABRDN



Case Study

Edinburgh has been home to Baillie Gifford since the firm's foundation in 1908. An investment management partnership with a deeply international outlook, the firm is proud of its roots in Scotland's capital.

Over the decades, a base in one of Europe's top financial centres – and one of the UK's most attractive cities – has helped us recruit and retain the best and brightest talent in an increasingly competitive global market.

Andrew Telfer Managing Partner
Baillie Gifford

2. Green and sustainable finance

Scotland has many of the underlying fundamentals needed to be a global leader in this area. Edinburgh is ranked 14th in the latest Global Green Finance Index, having moved up eight places since the previous edition, while London comes top globally. Take the two cities together, and we arguably have a commanding lead over many rivals.

Moreover, Edinburgh's growing green finance credentials have been underpinned by the work of the Scottish Taskforce on Green and Sustainable Finance, a partnership between the Scottish government, the Edinburgh-based Global Ethical Finance Initiative and Scottish Financial Enterprise that aims to demonstrate global leadership in implementing the Glasgow Financial Alliance for Net Zero (GFANZ) roadmaps. Undoubtedly, COP26 helped to raise Scotland's profile on, and strengthen our credentials in, green and sustainable finance.

Yet, we also know that our rivals are not sitting still, and many financial centres globally have ambitions to lead in this area. What these other centres don't have is Scotland's history of a culture of enquiry, a legacy of innovation in finance and a world-leading energy renewables sector. We are at the forefront of engineering innovation in offshore wind, hydrogen and tidal energy. Scotland's world class universities

are also playing a leading role in the climate change agenda and the global reach of the Chartered Banker and its role in green and sustainable finance education are real assets.

When combined with the other strengths of our sector, in particular our ambition to have a globally competitive advantage in data, AI and emerging technologies, our competitive potential becomes clear.

In an environment as dynamic as the global marketplace, we recognise that, because of our size and scale in comparison with other global financial centres, we must focus on a small number of key areas where we genuinely believe we can lead and compete. These are:

- **Green and sustainable asset management**
- **Acting as an incubator for innovation in funding (for example, in long term green bonds, similar to what we see operating in the US, or the creation of a "net zero fund" in Scotland);**
- **Research and development in hydrogen, offshore wind and tidal and associated financing structures and products**
- **Biodiversity and nature renewal and the associated financing**

We are particularly well positioned to service the financing and professional advisory needs that are rapidly arising from the renewable infrastructure revolution in the UK, and in Scotland in particular. In offshore wind, private sector consortia in the large ScotWind project planned in the North Sea are in the process of establishing project offices in Edinburgh and Glasgow, tapping into an end-to-end ecosystem of financing, legal and other advisory expertise that can support a growing pipeline of investable projects through to project completion.

In parallel, Scotland's net zero targets are being delivered through the significant work undertaken by the Scottish National Investment Bank, headquartered in Edinburgh. Established in 2020 as the development bank for Scotland, the organisation not only invests public capital towards projects and communities to deliver environmental, financial and social returns, but also encourages private capital to invest alongside it.

Equally, our sector has a role in engaging with governments and agencies to influence, for example the homes and buildings heating transition. We can also use our convening power, to play a global leadership role. Building on Scotland's experience hosting COP26, our ambition is for Scotland to host an annual "Green and Sustainable Finance Davos" global summit. This would build on the COP26 legacy and the GFANZ commitments, placing Scotland at the centre of the debate.



Case Study

Scottish National Investment Bank is a mission led, impact investor. All of our investments must meet the aims of at least one of our three key missions – to support Scotland on its journey to net

zero, to improve places and communities, or to harness innovation.

Our insight and expertise in green and sustainable finance is quickly becoming established within Scotland's thriving financial ecosystem and we're excited by the opportunities we see.

A key part of the way we work is to attract additional, private capital to invest

Al Denholm, Chief Executive
Scottish National Investment Bank

Since its establishment in 2018, FinTech Scotland has been a strategic enabler in supporting the economic opportunity that fintech presents, forming a cluster that's supported by strategic partners across the financial services, technology domain, professional services, academia, regulators and government. This support enables collaboration and impactful initiatives that are advancing fintech innovation and business development.

This approach is shaping a new paradigm in finance, and to enable and maintain this strategic direction Scotland has a focused fintech strategy driven by the FinTech Research and Innovation Roadmap, produced in 2022.

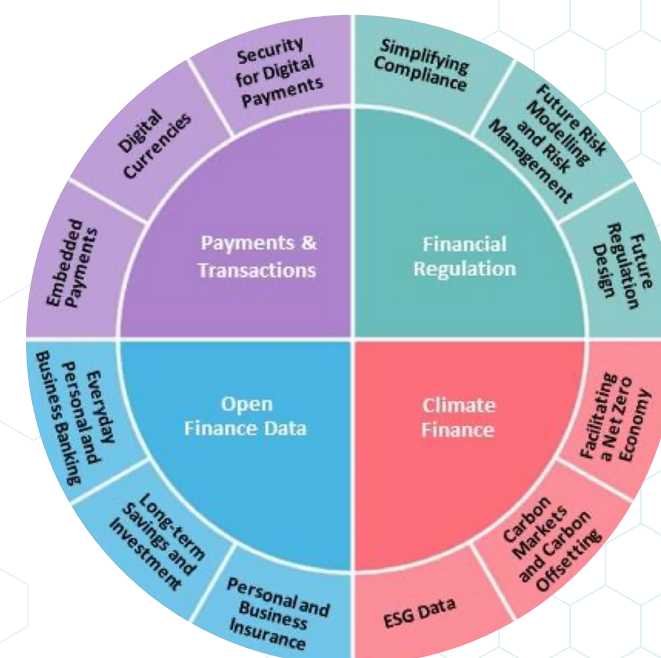
The roadmap is an industry-led, action-focused plan to increase the positive impact of innovation across Scotland and UK's financial services sector. It has created a framework and an environment for driving greater collaboration that will enable responsible innovation for the future of finance. It builds on the FinTech Scotland cluster and sets out the cross-sectoral strategic priorities that, through collaborative action, will shape the future of finance, while improving the lives of people in Scotland by helping to tackle financial inclusion and wellbeing.

Scotland undoubtedly has the potential to play a leading role globally in fintech however, in order to realise that opportunity, as a whole sector, we need to come together and increase collaboration. Part of the success of Scotland's fintech cluster will be the ability to collaborate, build partnerships and commercial relationships and maintain an ability to realise the imperative contribution required through research and innovation.

3. Fintech

Fintech is a significant positive disruptive force in financial services and will help to shape the future of the digital economy. It has the potential to radically change the way people and businesses engage with money and contribute to a financial system that is more efficient and inclusive.

Scotland is home to over 220 fintech enterprises, making it the largest hub outside London and a globally recognised Silver Cluster of Excellence as benchmarked by European Secretariat for Cluster Analysis (ESCA). Notably, 37 international fintechs have made Scotland their base, including Eedenbull, a Norwegian digital expense management platform launched in 2018. We have five universities delivering fintech programmes of various kinds.



Case Study

FinTech innovation has a significant role to play in driving financial inclusion and enabling better outcomes for consumers and citizens. Inbest is enabling a different outcome for people, helping them maximise income through entitled access to relevant benefits. It focuses on the continued fact that in the UK there are over 8 million households missing approx £19bn in benefits, the common reason being this missed opportunity is simply lack of awareness.

Inbest uses data, including open banking data, and AI to help people identify the benefits they could be entitled to and enable the individual to maximise income as opposed to potentially become more indebted. Inbest works in collaboration with the banks and lenders, supporting their customers when needed.

Inbest



Case Study

FinTech plays an increasingly important role in helping to address climate change. Snugg helps homeowners to make their home more energy efficient. It uses tech and data to assess the energy efficiency of a home, and draws on further data to help the homeowner develop a financial plan to support the changes needed to make their home more energy efficient.

The capability enables home owners to build a deeper understanding of the steps they can take to improve the carbon footprint of their home and the cost of each step. The tech also has the capability of identifying relevant grants and explaining the next steps. This type of capability is vital if we're to address the current issue that over 20% of the UK's carbon emissions comes through our existing housing stock. More support is needed to help homeowners make the changes they need to to help address the issue.

Snugg



Our domestic business

It is also vitally important we retain and grow our strong domestic financial and professional services sector here in Scotland. We continue to be a key location for our UK focused banks, general insurance, life and pensions businesses and wealth management. They all provide significant employment to thousands of people, generating considerable value and tax for the economy, and they are an integral part of realising our global ambition.

The strategic focus on having a global strength in data, AI and emerging technologies, will allow us to continue to attract more investment and jobs to Scotland from our domestic businesses. Recent examples include TSB, Lloyds Banking Group and Phoenix/Standard Life together with a significant presence from NatWest, which is headquartered in Edinburgh.

The underpinning strengths of our eco-system and human capital coupled with the trend of near-shoring, places Scotland in a very strong position to attract more investment and jobs.



Our contribution to society in Scotland

This strategic growth plan has the potential to increase our economic contribution (outlined under **Scotland's current strengths**, above) and help fund the public services we all want for Scotland.

Our role as the "engine room" of the wider Scottish economy, supports thousands of businesses and consumers with financial needs. This support allows businesses to invest, create jobs, innovate and grow. For the consumer, we provide support with mortgages, savings, credit, pensions, insurance and investments. In other words, we support businesses and people through the various stages of their life.

We also recognise we have a much bigger responsibility to wider society in Scotland. As a sector, we already support many third sector organisations and programmes and also through many innovative initiatives support the more vulnerable people in our community.

While we are proud of what we currently do there remains more to be done, particularly in the area of ensuring every citizen in Scotland is connected to the financial system, by enabling access to a basic bank account, which in turn helps unlock opportunity to secure employment and, in turn, better financial stability. There are too many "unbanked" people across the UK: 1.1 million and about 100,000 in Scotland.

Established in November 2022, Financial Inclusion for Scotland (FIFS), is a partnership between government, Scottish Financial Enterprise, the third sector and private firms to help address the continuing challenges faced by many citizens. FIFS has four main objectives, namely:

- Access for all to basic banking services
- Improve money advice and financial literacy
- Access to affordable credit
- Use of data and insights to support the most vulnerable in society

The sector, together with the relevant fintech businesses, will examine opportunities to support in delivering against these four objectives. In partnership with relevant third sector organisations, the FCA and other agencies, we will offer basic banking services to all those who want such services. This will also include financial education and literacy materials as required. This is an important first step in, ultimately, being able to support the delivery of all the objectives.



Case Studies

Having a bank account can make it easier to claim benefits, receive wages and pay rent. Traditionally, banks require photo identification such as a passport

or drivers' licence as well as proof of address, which could be a council tax or energy bill - documents which many people experiencing homelessness may not have or can find difficult to keep safe without a fixed address.

Our No Fixed Address service continues to be an important tool in breaking the vicious cycle of homelessness, helping people access the financial services they need. The service is available in over 160 participating HSBC UK branches, and has helped over 5000 customers open bank accounts since its launch in December 2019.

Maxine Pritchard,
Head of Financial Inclusion & Vulnerability
HSBC UK



Economic abuse is involved in 95% of domestic abuse cases – leaving victims with coerced debt and low financial knowledge and confidence. That's why, in December 2022, we established an Emergency Flee Fund to help victim-survivors – regardless of gender, ethnicity or sexuality – with the cost of essentials like food, travel and clothing.

Carol Anderson, Director of Branch Banking
TSB

Key actions

The key actions to implement our strategy are as follows. As part of activation, we will strengthen existing relationships with other key trade bodies and agencies to develop and activation plan for the strategy that enables the growth of our sector over the next few years.

Over the first five years of implementation of this strategy, we will regularly measure progress under key metrics, as laid out in the dashboard in the appendix. This is divided into two sections: one, covering strategic metrics that will assess progress over the long term, and another looking at operational metrics used for regular review.

Data and AI and emerging technologies

Our sector will strengthen and further develop existing strategic partnerships with key universities and colleges to maintain and enhance our existing global leadership position in this area. We have already identified 10 universities and colleges that want to work with us in supporting the growth of the sector in coming years.

One of the key outcomes of this partnership will be a comprehensive plan that is owned by our sector, universities, colleges, governments, and other key bodies. We will use our existing relationships with universities, colleges and education to increase the pipeline of talent into this key area for our sector.

Asset Management

We will collaborate with the Investment Association to develop a plan that would aim to grow asset management in Scotland as part of the wider UK strategy.

Through our brand and marketing campaign we will target attracting front-office roles from other UK and global financial centres by leveraging our underlying strengths in asset management.

Green and sustainable finance

We will act as an incubator for innovative product ideas in green finance. This will include establishing a net zero investment fund and looking at options for long-dated green infrastructure bonds.

We will establish an annual global "Green and Sustainable Finance Davos" to be held in Scotland, which will build on the success of COP26 and the GFANZ commitments.

Fintech

We will continue to research emerging technologies and their potential application in the future of financial services, using the FinTech Research and Innovation Roadmap described above, and new industry-led innovation assets such as the Smart Data Foundry and the Financial Regulation Innovation Lab. This is a ground-breaking collaborative laboratory in the process of being set up by FinTech Scotland in collaboration with the universities of Glasgow and Strathclyde, after receiving UK government funding in March, 2023. It will focus on leveraging new technologies to accelerate efficiencies, revolutionise risk management and shape future regulatory developments, accelerating the UK's ability to seize competitive advantage in the future of financial regulation and fintech innovation.

We will focus on driving investment in fintech innovation, working in collaboration across the sector to address the current gaps in the investment landscape, including working with InnovateUK etc.

We will build on Scotland's reputation as a cluster of excellence for fintech innovation through sector support to grow strategic partner participation across the cluster.

Human Capital

By the end of Q1 2024, we will have refreshed our Skills and Inclusion Action Plan with a five-year outlook.

We will also work with our 10 identified universities and colleges collaboratively to help ensure our human capital is further strengthened and our sector requirements are met in response to the action plan. This strategic approach will help reinforce our globally leading position.

Relationship with London

We will further strengthen our existing relationships with:

- City of London Corporation
- TheCityUK
- Association of British Insurers
- Investment Association

to develop strategic partnerships aimed at fully realising the value of our relationship with London.

We will continue to engage and influence regulators to deliver on their secondary objective focused on competition and also to deliver at pace the Edinburgh Reforms and on the Chancellor’s Mansion House speech.

We will explore joint missions with City UK and City of London Corporation.

Promotion and communication

During our research, we identified the opportunity for Scotland to do much more in comparison with other financial centres to market ourselves as a global financial centre.

One of the first actions we will take under this strategy will be to work with key stakeholders to develop a compelling brand and marketing campaign similar to Luxembourg for Finance. Specifically, by the end of 2023 we will have developed a sector brand and marketing campaign based around the strategy and the International Prospectus that we launched in September, 2023. Together with an activation plan supported by key stakeholders, this will be the basis of our 2024 International Growth Plan.

We will also look to sign memorandum of understanding with similar and appropriate global financial centres who have complimentary strategies so we can share best practice.

Contribution to Scotland

SFE and our members will work with Financial Inclusion for Scotland (FIFS), third sector organisations and other relevant agencies, for example the FCA, to deliver against the financial inclusion objectives of FIFS. This will start with a coordinated campaign in 2024 to significantly reduce the number of unbanked people in Scotland through the provision of a basic bank account.

Key risks

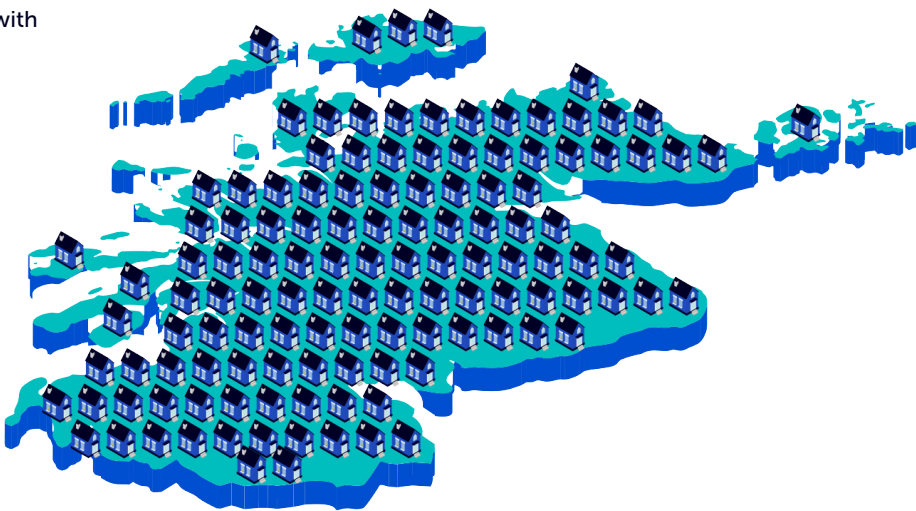
The key risk to this growth strategy is complacency – that we assume our strengths will continue to be globally competitive, but we don’t invest the necessary resources, energy and time into their development.

The business environment is also a risk. In the most recent GFCI report, “business environment” was the lowest rated criterion for Edinburgh and second lowest for Glasgow, with respondents citing a changing tax environment and infrastructure among other factors.

While recognised as a strength, human capital also faces some challenges and we will continue to work with universities, colleges and the wider education sector to ensure our future needs are supported.

Since the financial crisis, understandably, regulators have become more risk averse. They now have the secondary objective around ‘competition’ and we would like to see them be more accepting of increased appropriate risk to support economic growth.

We will constructively engage with both Scottish and UK governments about what policy steps should be considered to mitigate the risks to our strategy.



“ Since we started work on this sector growth strategy, I have been struck by the commitment and passion for our sector here in Scotland from many different firms and different stakeholders. There is real pride in what we do and, more importantly, a strong recognition of the significant opportunities for growth we have in our sector. Working with our partner organisations, I believe, we have developed a strong and ambitious strategy that will not only deliver for the economy of Scotland but also for the wider society. I am now excited to be moving into implementation and start to see the increased impact we can deliver. ”

Sandy Begbie CBE FRSE
Chief Executive
Scottish Financial Enterprise



“ We are proud to work alongside SFE to promote Scotland’s success as a centre for financial and related professional services. TheCityUK’s latest research highlighted the vital contribution the industry makes to Scotland – employing 136,000 people and contributing £14.3 billion to the Scottish economy in 2020. SFE’s new Growth Strategy sets out a detailed and ambitious plan for the future of the industry in Scotland and we look forward to working with them to deliver this in collaboration with government and other partners. ”

Emma Reynolds
Managing Director for Public Affairs,
Policy & Research
TheCityUK



“ From Adam Smith and the Enlightenment to being amongst the first nations to integrate the UN SDGs into its National Delivery Plan, Scotland’s culture of enquiry is alive and contemporary. Local financial and academic expertise coupled with the ability to convene global stakeholders has successfully created the ideal location to challenge ESG orthodoxy, advance thinking and capture opportunities in the \$40trn+ global responsible finance market. Scotland’s global outlook and reflective landscape makes it the natural home for green and sustainable finance! ”

Omar Shaikh
Global Ethical Finance Initiative



“ Scotland is a key hub for the UK’s insurance and long-term savings industry with a fantastic history and an exciting future. We see great examples of innovation using technology and these are boosted by Scotland’s financial services ecosystem which helps to drive effective collaboration between different partners. The Association of British Insurers is committed to working with Scottish Financial Enterprise and its partners to build on this to continue growing our industry in Scotland, securing the futures of our customers and growing the economy. ”

Hannah Gurga
Director General
Association of British Insurers



“ I’m looking forward to progressing the ambition and opportunity we have across Scotland and the UK to continue to lead the future of the financial services sector. FinTech Scotland, was created to enable strategic collaboration across the industry, academia, universities and fintech enterprises, connecting our key strengths in a strategy that aims to further enable, influence and shape the future of finance through the new application of emerging technologies. Scotland’s strengths in fintech is a testament to the commitment across the industry to embrace research and change. ”

Nicola Anderson
FinTech Scotland



“ Scotland’s financial and professional services sector is a huge competitive advantage. This report – to which we’ve been pleased to contribute – sets out an ambitious plan for unlocking its potency even further. We know the economic and social challenges we all share: revitalising growth, increasing access to capital, promoting innovation and establishing the UK as a leader in sustainable finance. Our sector can and must play a leading role in delivering real solutions to these issues. This report, and our own Vision for Economic Growth, align in many of these key areas. We look forward to working with colleagues in Scotland to make them a reality; and, as the report proposes, to further deepen the ties between Scotland’s human, physical and economic capital, and the City of London’s networks and expertise. ”

Chris Hayward
Policy Chair
City of London Corporation



“ I am delighted that EY has been able to input to this important sector growth strategy – a strategy that will help us articulate and deliver our shared future vision for Scotland’s financial services sector. The ambition builds on Scotland’s deep financial services heritage, leveraging existing strengths in collaboration, innovation and skills to identify where and how we can further differentiate ourselves in a globally competitive market. Its success will not only benefit our sector but also our clients, customers and the communities where we operate. I am excited to see the positive impact this will have on all areas of the business sector and look forward to contributing to its ongoing success. ”

Sue Dawe
Managing Partner for Financial Services
EY Scotland



Measurement dashboard

Level 1 – Strategic metrics

Level 1 – Strategic metrics				
#	Metric	Baseline		Target
1	The Global Financial Centres Index (GCFI)	GCFI 34 - 2023 Edinburgh is placed 34 (Change in rank is -7) Glasgow is placed 51 (change in rank -6)		GCFI Top 20 for Edinburgh Top 30 for Glasgow
1.1	Reputation	Latest data as of GCFI 33 – 2022	Edinburgh 26 Glasgow 39	As per headline targets: Top 20 for Edinburgh Top 30 for Glasgow
1.2	Business Environment		Edinburgh 28 Glasgow 38	
1.3	Human Capital		Edinburgh 16 Glasgow 56	
2	GVA per employee	Data as of 2021: £14.3bn / 136k employees = £105.3k GVA per employee		Productivity £125k-155k GVA per employee* 4-7% annual growth: GVA £17-21bn *Assumes number of employees remains at current levels
3	Financial services FDI (Foreign Direct Investment projects)	Data as of 2022: - Scotland has the highest number of FS projects outside London - Scotland's FDI as a proportion of UK wide FDI: 10.5% - Number of FS projects: • Scotland: 8 • London: 46 • UK overall: 76 While this measure focuses on FDI for financial services projects, we will also monitor other relevant sectors such as Digital Technology and Electronics & IT in order to better understand the attractiveness of the wider ecosystem given the supply chain dependencies across sectors.		- narrow the gap with London & maintain strong second position for FDI - improve the proportion of FDI for Scotland (currently at 10.5% of the total FDI for the UK for FS projects)
4	The Global Green Finance Index (GGFI)	GGFI 11 - 2023 Edinburgh 14 Glasgow 46		GGFI Edinburgh maintain or improve current position Glasgow in Top 30
5	The Global Financial Centres Index (GCFI) – Fintech ranks	GCFI 34 - 2023 Fintech: Edinburgh is placed 42 (Change in rank -6)		GCFI Edinburgh in Top 30

Level 2 – operational metrics (ongoing review and assessment)

Level 2 – operational metrics			
#	Metric	Baseline	Target
Human Capital			
6.1	Graduate retention in FS & Professional Services in Scotland	Data as of 2021: - 17.5k graduates studied and worked in Scotland (80%) - 4.2k studied in Scotland but worked elsewhere (20%) Total of 21.7k who studied in Scotland 2k studied elsewhere and chose to work in Scotland	- Maintain or increase graduate retention in Scotland - Attract more graduates from the rest of the UK
6.2	Socioeconomic diversity in the workforce	Data as of 2022 - Representation in senior roles - 60% of employees come from <u>higher</u> socioeconomic (SEB) background - Overall representation - 50% of workforce come from <u>higher</u> socio-economic backgrounds Further research required to establish a baseline specifically for Scotland	In the absence of a full baseline for Scotland, our target is (as a minimum) to achieve higher levels than those captured in the existing research
FinTech			
7.1	Fintech investment overall	£305m invested in 2022	YoY growth
7.2	Fintech firm growth (start-up to scale-up transition)	Baseline to be established	YoY improvement of fintech start-up enterprises growing to scale up / larger firms
Asset Management			
8.1	AUM for Scotland	2022-2023 data: UK £8.8 trillion Scotland £500 billion	£800bn-£1.2 trillion in line with UK growth
Social Impact			
9.1	Access for all (unbanked population)	100k unbanked today in Scotland	- 100% access – implement measures to ensure at least one type of account is offered to customers that don't meet the 'traditional' account opening criteria (i.e. lack of permanent address) - reduction of the total number of unbanked customers



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