

Fragmented Voices: The City of London and Post-Brexit Negotiations

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Research Puzzle

- The UK financial sector is critical to the UK economy: 12 % GDP, 2.4 million jobs, 12 % tax receipts. London is a global financial center.
- City of London: historic ties with the UK government, but also a key provider of financial services to the EU before Brexit.
- Yet, financial services were excluded from the (post-Brexit) EU–UK Trade and Cooperation Agreement.
- Puzzle: Why did the City of London lose *passporting* rights, despite its intensive lobbying activity?
 - Passporting rights allowed UK-based financial firms to sell services across the EU using a single regulatory license.

This draft maps lobbying intensity and fragmentation.

Literature

- Lobbying theory
 - Exchange of political resources (campaign contributions or revolving-door opportunities) for policy favors. Access & resources matter: larger firms, more lobbying power (Stigler 1971; Peltzman 1976; De Figueiredo & Richter 2014; Bombardini & Trebbi 2020; Garlick, Junk & Brown 2025)
 - EU lobbying, primarily informational (Bernhagen & Hüttemann; De Bruycker & Beyers 2019; Coen & Vannoni M. 2016)
- Firm heterogeneity
 - Intra-industry disagreements over trade politics (Osgood 2017; Kim 2017)
 - Financial sector portrayed as unified; internal fragmentation rarely documented (Ban & You 2019; Igan, Mishra & Tressel 2012; James & Quaglia 2023)
- Political economy of trade agreements
 - “Protection for sale” (Grossman & Helpman)
 - Trade policy lobbying led by firms, associations less influential (Kim & Osgood 2019; Bombardini & Trebbi 2012)
 - EU institutions prefer industry associations; a unified voice (Klüver 2013; Chalmers 2020)

Argument

- Fragmentation across subsectors & geography over regulatory preferences (equivalence vs. deregulation) weakens the collective lobbying power of the financial sector
 - Internal fragmentation within the financial sector (banks, insurers, asset managers, digital finance, etc.)
 - Banks & insurers: preferred continued EU access (passporting rights)
 - Investment intermediaries & digital finance: preferred deregulation (“light touch”) regulation
 - Global systemically important banks (G-SIBs): ambiguous
 - Geographic rivalry (UK vs. EU-based financial firms)
 - Institutional constraint: EU preference for a “unified industry voice”
- Timing misalignment: Lobbying at the UK government driven by domestic political crises vs. lobbying at the European Commission aligned with the negotiation timetable.

Data

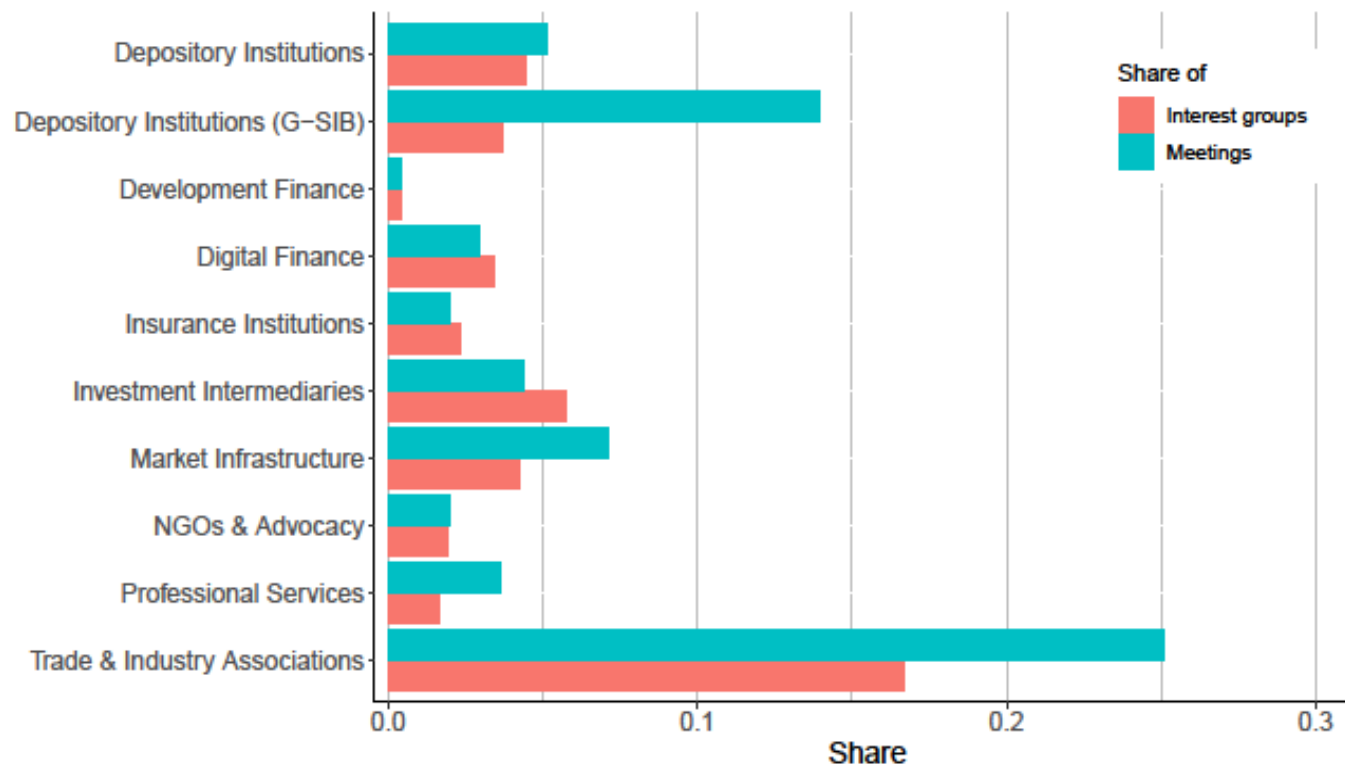
- Novel dataset of documented lobbying meetings from December 2015 to December 2023
- Two arenas of decision-making:
 - **EU Commission** (EU Executive) (meetings with Commissioners, Directors General, etc.): 1,917 meeting–organization pairs, 1,616 meetings, 678 interest groups
 - Source: European Commission
 - **UK Government** (e.g., HM Treasury): 4,248 meetings
 - Source: Transparency International UK
- Coding: Financial subsectors, geography (headquarters), trade & industry associations vs. financial firms

Data

- Filtering for *Brexit* and *financial sector* topics:
 - For meetings with the **European Commission**: The subject must contain at least one Brexit-related keyword (“brexit”, “united kingdom”, “uk”, or “article 50”), or one financial regulation-related keyword (“financial service”, “capital market”, “cmu”, “bank”, “securities”, “insurance”, “fintech”, or “payment”).
 - For meetings with the **UK government**: The subject must contain at least one Brexit-related keyword (“brexit”, “European union”, “EU”, or “article 50”) or one financial regulation-related keyword (“financial service”, “capital market”, “cmu”, “bank”, “securities”, “insurance”, “fintech”, or “payment”).

Commission Meetings: Financial Sector Fragmentation

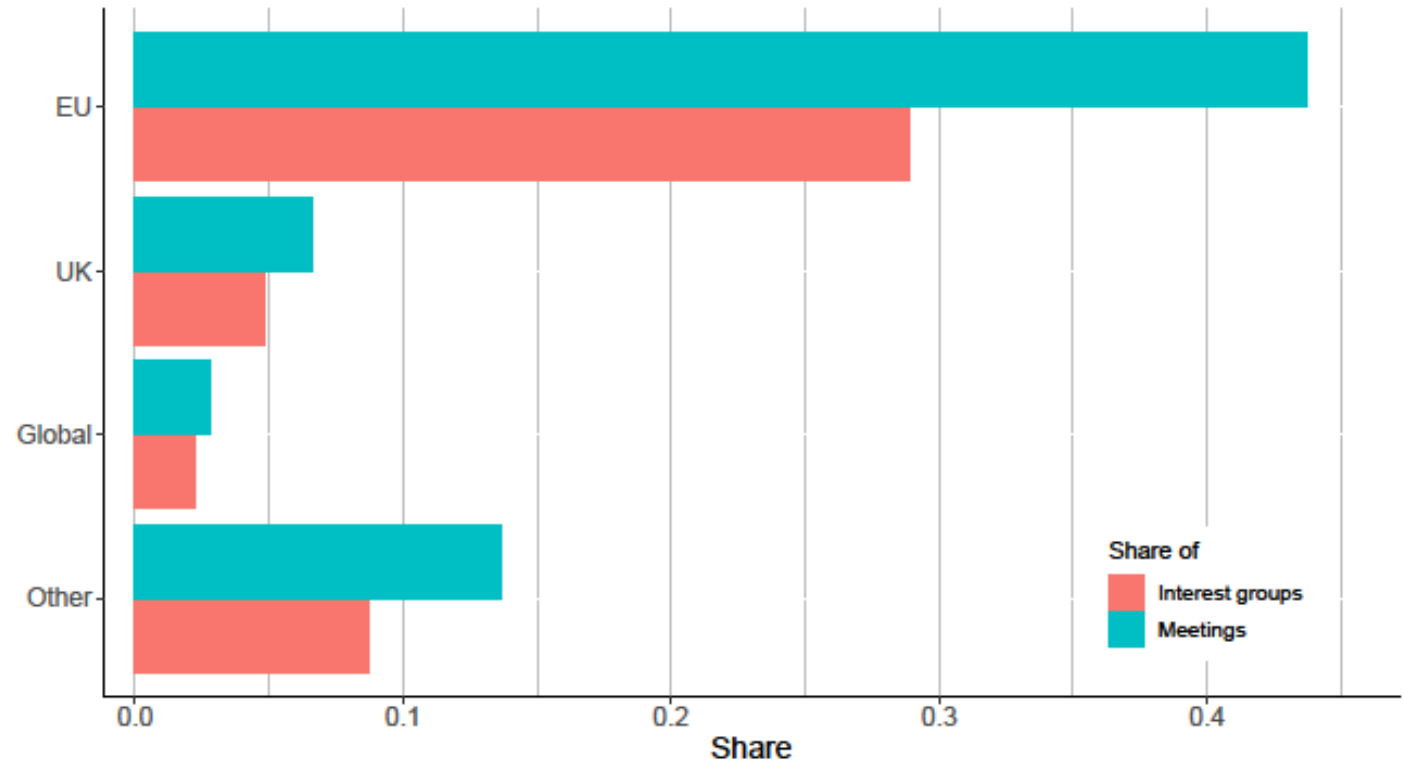
- Financial institutions constituted 55% of the interest groups present in meetings (they accounted for 33 % of the meetings).
- Global systemically important banks (G-SIBs) attended meetings repeatedly: only 3.7 % of interest groups, but they appeared in 14 % of all meetings.
- Trade & Industry associations disproportionately represented.



Pro-access/equivalence demands (banks/insurers) were undercut by the pro-regulatory autonomy demands (investment intermediaries, digital finance, and market infrastructure firms). G-SIBs hedge bets by opening EU offices.

Commission Meetings: Geographic Rivalry

- EU-level institutions dominate: represent 29% of all interest groups but account for 44% of all meeting appearances.
- UK-based institutions make up *only* 4.9% of interest groups and 6.6% of meetings.
- EU financial institutions wanted to capture London's market share.
- Paris and Frankfurt competed for the financial center primacy.



Commission Meetings: "Superstar" Banks

- EU G-SIBs dominate lobbying efforts: Deutsche Bank (Germany) leads with 35 meetings, Banco Santander (Spain) and BNP Paribas (France) are next, with 24 and 19 meetings, respectively.
- US banks such as Citigroup and Goldman Sachs match European peers with 19 meetings each; JPMorgan Chase and Bank of America attended 15 and 13 meetings, respectively.
- UK banks Barclays (12), HSBC Holdings (7), and Standard Chartered (4) trail behind EU and US G-SIBs.

G-SIB	Meetings
1 Deutsche Bank (Germany)	35
2 Banco Santander (Spain)	24
3 BNP Paribas (France)	19
4 Citigroup (US)	19
5 The Goldman Sachs Group (US)	19
6 Société Générale (France)	17
7 JPMorgan Chase (US)	15
8 Bank of America (US)	13
9 Commerzbank (Germany)	13
10 Barclays (UK)	12
11 Unicredit (Italy)	11
12 Mizuho Financial Group (Japan)	10
13 ING (Netherlands)	8
14 Crédit Agricole (France)	7
15 HSBC Holdings (UK)	7
16 Nordea Bank (Finland)	7
17 The Bank of New York Mellon (US)	7
18 Morgan Stanley (US)	5
19 UBS Group (Switzerland)	5
20 Credit Suisse Group (Switzerland)	4
21 Standard Chartered (UK)	4
22 Swedbank (Sweden)	3
23 Sumitomo Mitsui Financial Group (Japan)	2
24 Mitsubishi UFJ Financial Group Bank (Japan)	2

Commission Meetings: Other Depository Institutions

- UK's NatWest Group is the sole top-10 bank (4 meetings), behind European peers Intesa Sanpaolo (14) and BBVA (12).
- Proactive EU institutions versus limited UK bank involvement given Brexit stakes.

Table 4: Top 10 Depository Institutions in Brexit or financial meetings

	Depository Institutions	Meetings
1	Intesa Sanpaolo (Italy)	14
2	Banco Bilbao Vizcaya Argentaria (Spain)	12
3	Raiffeisen Bank International (Austria)	9
4	BPCE Group (France)	8
5	ABN AMRO Bank (Belgium)	7
6	CaixaBank (Spain)	5
7	Erste Group Bank (Austria)	4
8	NatWest Group (UK)	4
9	Svenska Handelsbanken (Sweden)	4
10	Caisse des dépôts et consignations (France)	3

Commission Meetings: Trade & Industry Associations

- Strong presence of Trade & Industry Associations
 - 16.7% of all interest groups attending meetings; they account for 25.1% of meeting appearances.
- EU-level associations are numerous and active
 - 12.4% of all groups are EU-level associations; they account for 19% of meetings.
- Limited UK representation
 - UK associations are just 1% of groups and 1.8% of meetings.

Type	Share	
	Interest Groups	Brexit/Financial Meetings
Trade & Industry Associations	0.1667	0.2509
Per Level of Interest:		
EU	0.1239	0.1904
UK	0.0103	0.0183
Global	0.0192	0.0271
Other	0.0118	0.0146

Commission Meetings: Trade & Industry Associations

- Pan-EU associations were leading in lobbying (measured by meetings): Fédération Bancaire Française (24), Insurance Europe (24), German Banking Federation (23).
- UK associations far less engaged: TheCityUK (15), UK Finance (7), BBA (4).

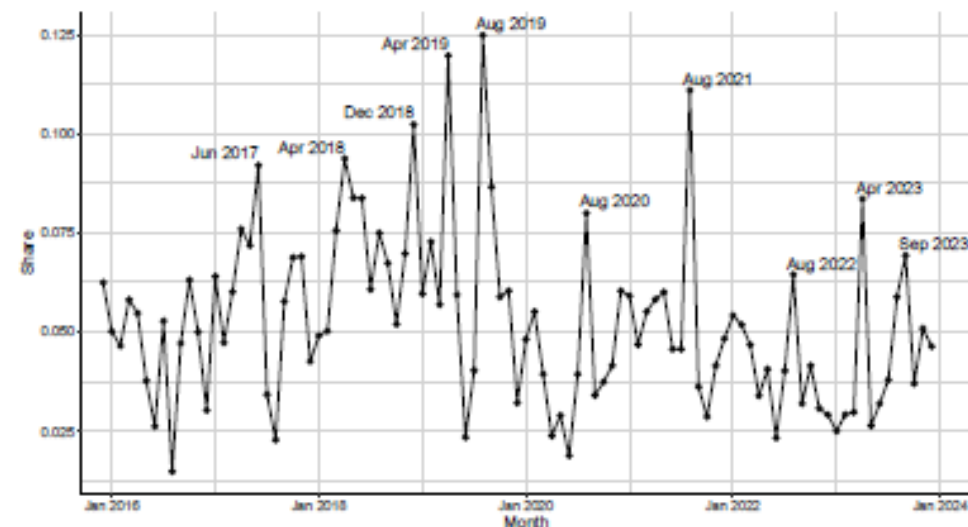
Table 8: Top 20 Organizations

	Organization	Type — Level of Interest	Meetings
1	Deutsche Bank	G-SIB — EU	35
2	Banco Santander, s.a.	G-SIB — EU	24
3	FTI Consulting Belgium	Professional Services — EU	24
4	Fédération Bancaire Française	Trade & Industry Associations — EU	24
5	Insurance Europe	Trade & Industry Associations — EU	24
6	Bundesverband Deutscher Banken e. V.	Trade & Industry Associations — EU	23
7	Association for Financial Markets in Europe	Trade & Industry Associations — EU	21
8	BNP Paribas	G-SIB — EU	19
9	Citigroup Inc.	G-SIB — Other	19
10	The Goldman Sachs Group, Inc.	G-SIB — Other	19
11	Associazione Bancaria Italiana	Trade & Industry Associations — EU	17
12	London Stock Exchange Group	Market Infrastructure — UK	17
13	Société Générale	G-SIB — EU	17
14	Deutsche Börse AG	Market Infrastructure — EU	16
15	Deutscher Sparkassen und Giroverband	Trade & Industry Associations — EU	16
16	BlackRock	Investment Intermediaries — Other	15
17	Federation of European Securities Exchanges	Trade & Industry Associations — EU	15
18	JPMorgan Chase & Co.	G-SIB — Other	15
19	TheCityUK	Trade & Industry Associations — UK	15
20	Banking & Payments Federation Ireland	Trade & Industry Associations — EU	14

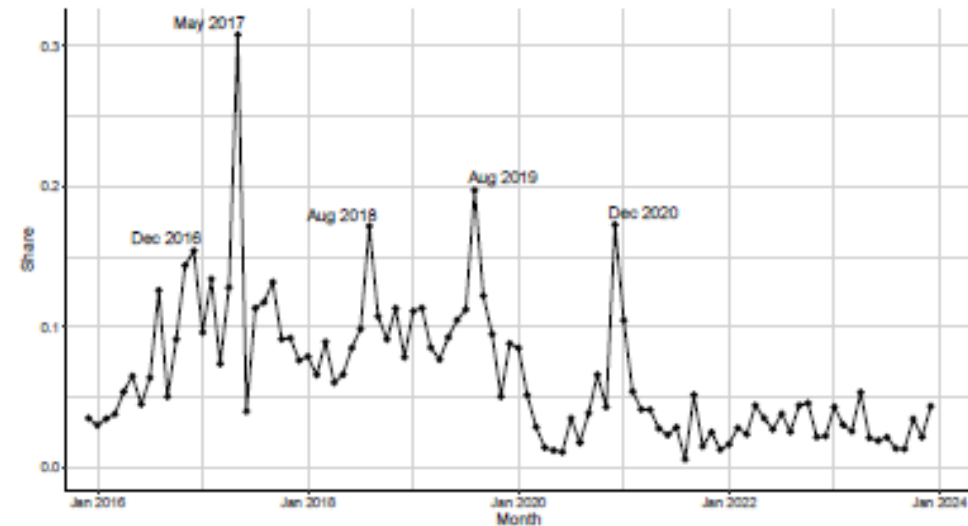
Asymmetry in Timing of Lobbying

- UK government lobbying responded to domestic political crises: 2016 referendum, Article 50 invocation, Johnson government appointment.
- European Commission lobbying peaked around negotiation milestones (negotiation rounds, implementation phases).

(a) European Commission



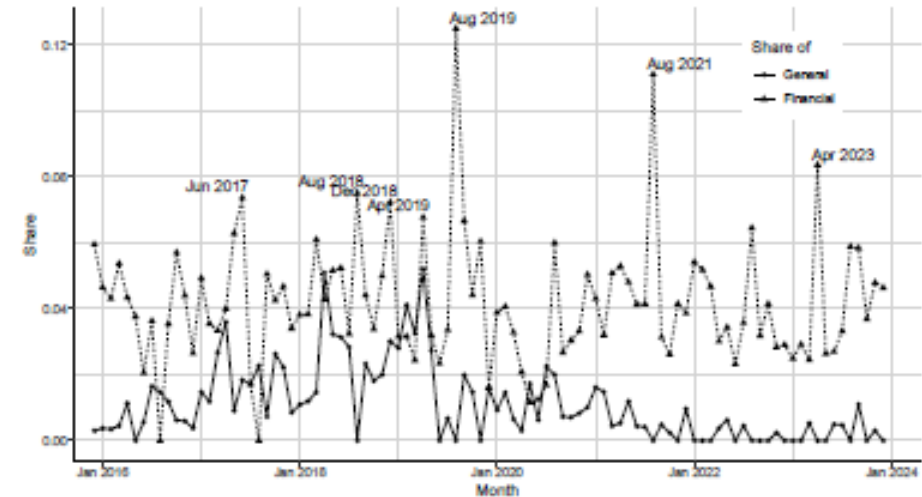
(b) UK government



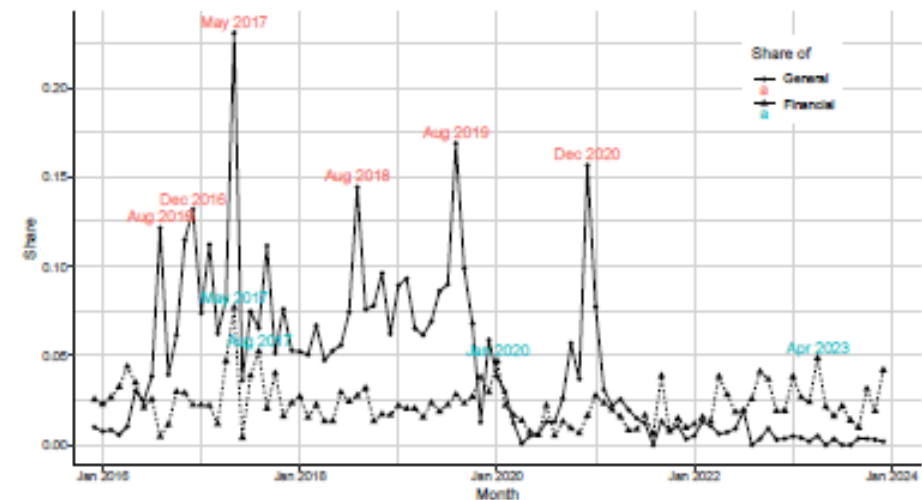
Technocratic vs. Political Timing Asymmetry

- Meetings on Brexit (general) versus Financial topics
 - UK Government lobbying dominated by general Brexit politics.
 - European Commission lobbying focused on financial topics.
- Technocratic vs. political timing mismatch.

(a) European Commission



(b) UK government



Summary of Findings

- Fragmentation weakened the financial sector's influence.
- EU favored unified trade & industry associations.
- Timelines of lobbying at the UK government and the EU Commission diverged.
- Politicization of Brexit undermined technocratic leverage.

Conclusion

- Revises assumptions about the financial sector
 - City of London represents fragmented voices, instead of a homogenous sector.
- Unity and coalition-building matter as much as resources.
- Institutional context conditions influence.
- Issue salience matters.
- Lesson: financial sector power is contingent, not automatic.

Future Work

- Explore the strength of lobbying coalitions by looking at coordination in meetings, analyzing networks of association memberships (Sabatier 1988).
- Collect firm-level controls, e.g., annual revenues, assets, and membership in major associations (e.g., CityUK), and estimate a multivariate model to isolate the effect of size and fragmentation.
- Construct a fragmentation index of meeting shares by financial industry subsectors.
- Other suggestions?

Thank You

Commission Meetings: Market Infrastructure

Table 5: Top 10 Organizations in Market Infrastructure in Brexit or financial meetings

- Market infrastructure: Stock and commodity exchanges, payment systems, clearing houses: operate trading platforms for securities and commodities.
- London Stock Exchange (17 meetings) vs Deutsche Börse (16 meetings).
- Illustrates zero-sum relocation competition.

	Market Infrastructure	Meetings
1	London Stock Exchange (UK)	17
2	Deutsche Börse (Germany)	16
3	Nasdaq (US)	13
4	Mastercard Europe (Belgium)	12
5	Visa Europe (Belgium)	11
6	Euronext (Netherlands)	9
7	Paypal Limited (Belgium)	7
8	Depository Trust & Clearing Corporation (US)	6
9	Euroclear (Belgium)	5
10	Intercontinental Exchange (US)	5

Commission Meetings: Investment Intermediaries

Table 6: Top 10 Investment Intermediaries in Brexit or financial meetings

	Investment Intermediaries	Meetings
1	BlackRock (US)	15
2	Aberdeen Group (UK)	5
3	Investor AB (Sweden)	5
4	Schroders Investment Management (UK)	5
5	APG Groep (Netherlands)	4
6	Vanguard Asset Management Limited (UK)	4
7	Bank Julius Baer & Co. (Switzerland)	3
8	Citadel (US)	3
9	Franklin Resources (US)	3
10	Amundi AM (France)	2

Notes. For each organization, the column “Meetings” represents the number of meetings it held with the European Commission between December 2015 and December 2023 on Brexit or financial regulation topics. Only the first 10 organizations are displayed here.

Commission Meetings: Digital Finance

Table 7: Top 10 Digital Finance Institutions in Brexit or financial meetings

	Digital Finance	Meetings
1	Stripe (Ireland)	9
2	Wise (UK)	8
3	Alipay Europe (Luxembourg)	6
4	Klarna Group (Sweedden)	6
5	Satispay Europe (Luxembourg)	5
6	Fiserv (US)	3
7	Klarna Bank (Sweden)	3
8	Ripple Labs (US)	2
9	ACI Worldwide (US)	1
10	Aircash (Slovakia)	1

Notes. For each organization, the column “Meetings” represents the number of meetings it held with the European Commission between December 2015 and December 2023 on Brexit or financial regulation topics. Only the first 10 organizations are displayed here.

Financial Institutions Taxonomy

Category	Subcategory	Examples	Core Activity
Depository Institutions	Commercial Banks (G-SIBs, national retail banks, credit unions)	Deutsche Bank, BNP Paribas, JP Morgan Chase, Barclays, Morgan Stanley, Raiffeisen Bank	Accept deposits and provide business and personal loans. G-SIBs are systemically important under Basel III.
Investment Intermediaries	Specialized Investors (investment banks, hedge funds, private equity, venture capital, brokerage firms)	Citadel, Mediobanca	Provide investment banking services, including IPOs and M&A advisory.
	Asset Managers (asset management companies, pension funds)	BlackRock, Vanguard Asset Management, Amundi	Manage pooled investments such as mutual funds and retirement assets.
Insurance Institutions	Life Insurers, Property & Casualty, Health Insurance	Prudential, MetLife, Lloyd’s of London, Allianz	Provide life and health insurance products, auto insurance, property and casualty insurance.
	Reinsurers	Swiss Re, Munich Re	Provide insurance coverage to other insurance companies.
Market Infrastructure	Stock and Commodity Exchanges	London Stock Exchange, Deutsche Börse, Euronext	Operate trading platforms for securities and commodities.
	Payment Systems and Clearing Houses	Mastercard, Euroclear	Operate payment processing and clearing systems.
Development Finance	Multilateral Banks	World Bank, Asian Development Bank	Finance large-scale, cross-border infrastructure projects.
	Public Development Banks, microfinance institutions, and export credit agencies	KfW Bankengruppe, Bpifrance Assurance Export	Provide development financing, microloans, and export credit.
Regulatory Bodies	Financial Regulators	Securities and Exchange Commission, Financial Conduct Authority	Oversee financial markets and enforce regulatory compliance.
Digital Finance	Fintech Companies	Revolut, Stripe, Multitude	Provide digital-only banking and financial services, enable cryptocurrency trading and blockchain-based transactions.
Trade and Industry Associations	Sectoral and Functional Groups	Fédération Bancaire Française, Bundesverband Deutscher Banken, Insurance Europe, Capital Market Association	Represent and coordinate industry interests. Promote and support capital market development and standards.
Non-Governmental & Advocacy	Policy NGOs	Finance Watch	Advocate for financial standards and counterbalance the influence of lobby groups.
Professional Services	Advisory Firms (accounting associations, financial advisory firms)	FTI Consulting Belgium	Provide professional expertise in finance and regulatory compliance.
	Rating Agencies, Credit Bureaus	S&P Global	Provide credit ratings and financial information services.

Notes. This typology aligns with: Financial Stability Board systemic institution classifications, IMF Financial Sector Assessment Program categories, and Basel Committee on Banking Supervision Basel III banking typology.