



## Brexit and the financial services industry: The story so far

by Mark Boleat  
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The UK's financial services industry looks set to suffer reduced access to the key European Union market after Brexit, putting billions of pounds of revenue and thousands of jobs at risk, but there are a range of tax and policy measures the government can take to mitigate the damage. That's the central conclusion of a new policy brief '[Brexit and the financial services industry: The story so far](#)' by Mark Boleat for the Centre for European Reform think-tank, which argues that time is of the essence – the longer it takes for the UK to define its post-Brexit trading conditions for financial services the more business could be lost to competitors.

The best Brexit outcome for the UK's financial industry would be for Britain to remain in the single market and continue to have a say over the rules that govern the sector, but Prime Minister Theresa May's negotiating red lines suggest Britain is destined to become a 'third country' with little special access to the single market.

Agreement on a status quo transition phase is vital in the short term. The UK government can help the City in the longer term if it moves quickly to set out a clear vision of an economy that is open with a liberal policy on migration. It needs to develop a tax regime that recognises that businesses and people are mobile, and review regulation to give more emphasis to competitiveness while continuing to operate within international norms. The UK should continue to press for an agreement with the EU on mutual acceptance of each other's regulation and supervision as well as a mechanism to settle differences, however difficult such an agreement will be. And it should also massively boost its financial diplomacy with the aim of securing as much access to the EU and other markets as possible.

*"Brexit won't destroy the UK's vital financial services sector – the industry will adapt as it always has done and London will remain a leading international financial centre. But it will lead to a smaller proportion of the total European market being based in the UK. To mitigate against the Brexit damage the government should seek to secure the maximum possible market access to the EU-27 and develop a range of policies that enhances the UK's competitiveness but within agreed international norms",* said the author of the report, Mark Boleat, senior associate fellow at the Centre for European Reform and former Chairman of the City of London Policy and Resources Committee.

### Note for editors:

For further information on the policy brief and to request an interview with Mark Boleat please contact Nick Winning in the CER press office on [pressoffice@cer.eu](mailto:pressoffice@cer.eu) or + 44 (0) 20 7233 1199. Follow us on: [@CER\\_EU](https://twitter.com/CER_EU) and the author on [@markboleat](https://twitter.com/markboleat).