



Plan for Growth: From Strategy to Delivery

Nine growth enablers to unlock
finance for UK economic renewal



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Foreword

For most people, the test of a strong economy is personal: being able to afford a home, access finance to start or grow a business, manage their money with confidence, and see investment in their communities delivering jobs and opportunity. Financial services reform matters because it impacts these everyday outcomes, from the cost and availability of mortgages and SME lending to the ability of households and communities to withstand economic shocks.

It also matters for the UK's wider growth ambitions. The Government's priorities – from housing and infrastructure to industrial renewal, regional growth and clean energy – depend on a financial system able to mobilise capital at scale, support risk-taking, and channel investment to where it is most needed. Financial services are not a parallel part of the growth story; they are central to it.

This requires a strong and agile financial system, anchored by a resilient core banking sector and infused with the benefits of the UK's position as a leading international financial centre. Recognising this, the Government has responded ambitiously through its Leeds Reforms, the Financial Services Growth and Competitiveness Strategy, and a wide-ranging programme of reform spanning payments, capital markets, inclusion and housing finance.

UK Finance was proud to shape this agenda through our original **Plan for Growth**. Where reforms have already been implemented, our members have responded enthusiastically: increasing support for first-time buyers following changes to mortgage lending rules last year; and embracing the new Targeted Support framework to improve consumers' financial decision-making.

Now that the reform agenda is established, the focus must turn to implementation. This report, which was developed with extensive input from our members, identifies nine Growth Enablers: the financial services reforms where delivery in 2026 and beyond will do most to support the Government's wider growth strategies and deliver the greatest impact for people, businesses and the UK economy. For each, we set out what needs to be delivered, by whom and when – and where we think moving faster or going further, within the spirit of the existing agenda, would unlock even greater gains.

The sector is ready to play its part. Through Covid, the Ukraine conflict and the cost-of-living pressures since, it has demonstrated what that means in practice: maintaining the flow of lending to households and businesses, supporting customers in financial difficulty through tailored forbearance, and most recently reaffirming its commitment to the Mortgage Charter to help borrowers manage repayments.

In a more uncertain global environment than even a year ago, the capacity to back people, businesses and communities when it matters most is precisely what the growth mission needs. Implemented in full, these enablers will help convert national growth ambitions into practical benefits – unlocking investment in new homes and infrastructure, backing SMEs at greater scale, and providing the capital and infrastructure that UK firms need to lead in AI and the industries of the future.

The policy direction is established. The task now – for Government, regulators and industry in partnership – is to act decisively and deliver the financial services reforms that will help build a better society.

David Postings
CEO, UK Finance



Executive summary



Executive Summary

Unlocking finance for UK economic renewal

Competitive mortgage rates, more businesses backed, new homes built, affordable energy bills and stronger financial resilience for households facing an uncertain world – these are the practical measures by which the Government’s growth agenda will be judged. Delivering them requires a financial system with the capacity, confidence and infrastructure to play its full role.

That is the focus of this report.

The Government has set a clear and ambitious programme of economic renewal and regional growth through its Modern Industrial Strategy and related strategies on infrastructure and clean energy, housing, SME support, trade, financial inclusion, and national security. Behind every one of them is a clear requirement for specific financial services capabilities.

Recognising this, the Government has built an ambitious financial services reform agenda with the Leeds Reforms¹ and Financial Services Growth and Competitiveness Strategy at its heart.² UK Finance’s original Plan for Growth helped shape this agenda, and where reforms have been delivered, our members have responded. For example, mortgage reforms announced by the Financial Policy Committee (FPC) last year³ have helped 391,000 first-time buyers into housing, up from 332,000 in 2024.

This is regulatory change working as intended – and only a foretaste of what fuller delivery could achieve.

In this report, we identify nine Growth Enablers: mutually reinforcing financial services reforms that will do most to support the Government’s wider growth strategies and deliver the greatest economic impact for people, businesses and communities across the UK.

These Growth Enablers do not represent a new direction of travel. Rather, they focus on locking in reforms already committed to by Government and regulators, by turning commitments into durable change; accelerating delivery where pace matters; and in some areas – such as supporting small businesses and tackling fraud – going further to match the ambition the moment demands, with new practical steps that support the Government’s existing objectives.

The nine Growth Enablers are organised around three reform objectives, first set out in our original Plan for Growth and as pressing today as when we published it:



Below, for each Growth Enabler, we set out whether the delivery priority is locking in reform, moving faster or going further; what action is needed, by whom and when; the Government strategies supported; the other Growth Enablers reinforced; and what is at stake economically.

Growth Enabler	Description	Strategies Supported	Other Growth Enablers reinforced	Economic Impact
<p>1. Reducing bank capital requirements</p> <p>Delivery priority Go further</p>	<p>The FPC's decision to revise its Tier 1 capital benchmark is welcome – but it only delivers if translated into reduced capital stacks for individual banks. The Prudential Regulation Authority (PRA) and FPC should now address overlapping capital requirements on domestic lending (which trap capital equating to £250 billion in potential lending capacity) and return the leverage ratio to its intended role as a backstop rather than a binding constraint. The PRA should also commence reviews of the mortgage risk weight framework, internal model approval speeds, and regulatory cliff edges.</p>	<ul style="list-style-type: none"> Housing Infrastructure Industrial SME Plan Trade National Security 	<ul style="list-style-type: none"> 7 (SME lending) 8 (financial inclusion) 9 (housing & mortgages) 	<p>Lower capital requirements would reduce the structural costs of lending – improving mortgage rates and access to credit for households, and strengthening lending flows to SMEs and larger businesses, driving regional growth.</p>
<p>2. Completing reform of redress arrangements</p> <p>Delivery priority Lock in reform & move faster</p>	<p>The Government, Financial Conduct Authority (FCA) and Financial Ombudsman Service (FOS) have committed to the most significant package of FOS reforms since its inception. The priority now is implementation, to address the existing uncertainty that feeds into product costs, constrains access to credit, restricts innovation and causes lengthy redress decisions, while harming investment in UK financial services. The FCA should rapidly finalise changes to its dispute resolution (DISP) rules, and Government should confirm primary legislation in the next King's Speech to place reform on a durable statutory footing.</p>	<ul style="list-style-type: none"> Industrial Housing Financial Inclusion 	<ul style="list-style-type: none"> 7 (SME lending) 8 (financial inclusion) 9 (housing & mortgages) 	<p>A more predictable and efficient redress framework means faster resolution for consumers and greater confidence for firms to invest, innovate and serve a broader range of customers – directly enabling the product and market reforms already in train to deliver their full benefit.</p>
<p>3. Unblocking regulatory, supervisory and tax compliance barriers</p> <p>Delivery priority Lock in reform & move faster</p>	<p>The Government's Regulation Action Plan and decision to merge the Payment Systems Regulator (PSR) into the FCA are welcome steps towards reducing the cumulative regulatory burden that adds costs without proportionate benefit. Primary legislation is needed to lock in the PSR merger, and further reform the Senior Managers and Certification Regime, building on welcome recent steps by the regulators. The FCA should clarify the scope of the Consumer Duty to stop it from extending to wholesale markets, and together with the PRA, it should continue simplifying markets regulation. HM Treasury (HMT) should extend the 25% compliance cost reduction target to cover supervisory and tax administration burdens, and Government should further strengthen UK-EU and UK-US regulatory dialogues.</p>	<ul style="list-style-type: none"> Industrial Trade Infrastructure National Security 	<ul style="list-style-type: none"> 4 (payments) 5 (capital markets) 7 (SME lending) 	<p>Hundreds of millions of pounds per year saved in compliance costs, redirected into growth-driving activities — and stronger international competitiveness and investment flows.</p>

Growth Enabler	Description	Strategies Supported	Other Growth Enablers reinforced	Economic Impact
<p>4. Supporting payments modernisation and innovation</p> <p>Delivery priority Lock in reform & go further</p>	<p>The National Payments Vision set a clear and welcome direction, and the priority now is realising its ambition. This means operationalising the new industry-led Delivery Company (DeliveryCo) to upgrade retail payments infrastructure. It also requires HMT and the regulatory authorities to ensure sufficient regulatory flexibility for the market-led Great British Tokenised Deposits (GBTD) initiative to proceed iteratively, bringing closer the benefits of programmable, tokenised sterling deposits and on-chain settlement to support the UK's digital finance capabilities. In addition, HMT and the FCA should finalise a new commercially sustainable open banking framework, and the Bank of England (BoE) should progress carefully with the framework for regulated stablecoins.</p>	<ul style="list-style-type: none"> Industrial SME Plan Financial Inclusion Trade Fraud National Security 	<ul style="list-style-type: none"> 6 (fraud prevention) 7 (SME productivity) 9 (homebuying reform) 	<p>Modernised retail payments infrastructure could generate around £9bn a year in economic uplift - with additional benefits over time from delivery of GBTD - supporting SMEs productivity, financial inclusion and fraud reduction.</p>
<p>5. Transforming financial and capital markets</p> <p>Delivery priority Go further</p>	<p>The Government's Wholesale Financial Markets Digital Strategy and the appointment of a Wholesale Digital Markets Champion signal real ambition to position the UK at the forefront of tokenised capital markets – Mansion House is the moment to confirm that ambition, building on the strong progress towards launching a digital gilt. HMT, the Department for Work and Pensions (DWP) and regulators should implement pension schemes legislation to unlock long-term productive UK investment, while avoiding mandates that distort markets. FCA and industry should deliver T+1 settlement, share register digitisation and the consolidated tape on schedule, and merger and investment review processes should be streamlined to encourage international investment.</p>	<ul style="list-style-type: none"> Infrastructure Industrial Trade Housing SME Plan National Security 	<ul style="list-style-type: none"> 4 (payments infrastructure) 7 (SME growth) 9 (housing finance) 	<p>Deeper, more efficient capital markets would help to mobilise the investment that the Government's infrastructure and clean energy strategies depend on, while positioning the UK as a global hub for tokenisation would help it capture a share of a market projected to reach \$3 trillion by 2030.</p>
<p>6. Strengthening technology and telecom firms' fraud obligations</p> <p>Delivery priority Move faster & go further</p>	<p>The Government's Fraud Strategy sets the right direction – but the obligations on technology and telecom firms remains insufficient given the scale of fraud originating on their platforms. Ofcom should implement proactive fraud prevention obligations through delivery of fraudulent advertising rules under the Online Safety Act. Government should introduce mandatory seller verification and regulated payment options on online marketplaces, and ensure the Online Crime Centre has the accountability and transparency mechanisms to function as a genuine disruption tool.</p>	<ul style="list-style-type: none"> Fraud Financial Inclusion SME Plan National Security 	<ul style="list-style-type: none"> 4 (digital payments) 7 (SME e-commerce) 8 (consumer confidence) 	<p>Stronger upstream obligations on technology and telecom firms could deliver a material reduction in the £450m annual cost of Authorised Push Payment fraud – and build the consumer confidence in digital payments and online commerce on which the digital economy and many SMEs depend.</p>

Growth Enabler	Description	Strategies Supported	Other Growth Enablers reinforced	Economic Impact
<p>7. Supercharging government-backed SME support services</p> <p>Delivery priority Go further</p>	<p>The Government's SME Plan and the British Business Bank's (BBB) existing infrastructure provide strong foundations, but the scale of government-backed finance support remains three or four times smaller relative to GDP than equivalent schemes in the US, Germany and France. HMT, the Department for Business and Trade (DBT) and the BBB should scale the Growth Guarantee Scheme (GGS) to £5bn of annual lending and establish the Business Growth Service (BGS) as the central SME access-to-finance platform – creating a step-change in the ambition and reach of support for smaller businesses across every region. HMT's Consumer Credit Act (CCA) review should examine how the regime currently constrains business lending, and the case for removing business lending from its scope.</p>	<ul style="list-style-type: none"> SME Plan Industrial Trade Housing 	<ul style="list-style-type: none"> 1 (capital & SME loan costs) 4 (payments & productivity) 	<p>Scaling the GGS could unlock £4bn+ in additional SME lending each year – generating £10bn+ in new SME turnover annually, with benefits felt most strongly in the regions and communities where the Government's growth mission matters most.</p>
<p>8. Broadening financial inclusion for individuals and households</p> <p>Delivery priority Lock in reform</p>	<p>The Government's Financial Inclusion Strategy sets a serious commitment to ensuring financial services work for everyone, and the priority now is converting its commitments into tangible improvements. The sector is already delivering – over 220 Banking Hubs are now open, building on banks' existing in-person presence, and UK Finance has launched the Inclusive Design Challenge, which will identify opportunities for collective industry action to remove barriers to inclusion. Key priorities now are completing the rollout of Targeted Support and maintaining momentum on the wider Advice Guidance Boundary Review, modernising the CCA through the upcoming Financial Services Bill to create a clearer and more flexible framework for consumers and firms, and making economic abuse a cross-cutting policy priority.</p>	<ul style="list-style-type: none"> Financial Inclusion SME Plan Industrial 	<ul style="list-style-type: none"> 2 (faster redress) 5 (retail investment) 9 (housing access) 	<p>A more inclusive financial system means more people contributing to and benefiting from growth – strengthening household resilience, supporting labour market participation, and deepening the UK's capital markets on which sustained growth depends.</p>
<p>9. Mobilising finance to build, retrofit and unlock housing for people</p> <p>Delivery priority Lock in reform & go further</p>	<p>Progress is already visible – 391,000 first-time buyers were helped onto the housing ladder in 2025, almost 18% more than the year before, a direct consequence of mortgage rule reform. The FCA's Mortgage Rule Review should go further, addressing rules calibrated for a different era and supporting borrowers at every stage of life. Government should embed financial services as delivery partners in homebuying and selling reform to address the one-in-three transaction failure rate, and continue collaborating with industry on the Green Home Finance Strategic Partnership to unlock the retrofit finance needed for net zero transition.</p>	<ul style="list-style-type: none"> Housing Infrastructure Industrial 	<ul style="list-style-type: none"> 1 (mortgage costs) 2 (product innovation) 7 (housing access) 	<p>Extending homeownership to tens of thousands more creditworthy buyers annually, cutting the cost and failure rate of home transactions, and unlocking a £10bn per year retrofit opportunity – supporting over 200,000 jobs and reducing household energy bills by £2-3bn per year.</p>

Taken together, delivery of these nine enablers could unlock hundreds of billions of pounds of additional economic activity – extending homeownership, backing businesses and channelling capital into every region of the UK. But they are a package, not a menu: the enablers are mutually reinforcing, and the gains from any one of them depend partly on progress across the others.

How the Growth Enablers reinforce one another: illustrated through housing and SME support

The nine Growth Enablers set out in this report are not a set of independent measures. They are mutually reinforcing, and the gains from any one of them depend partly on progress across the others. Looking at two of the Government's most prominent policy focuses – housing and homeownership, and supporting small and medium-sized enterprises – shows how this interconnection works in practice and why the enablers are best understood as a combined set.



Housing and homeownership

The Government's aims to build more homes, help more people onto the housing ladder, and expand access to affordable accommodation illustrates why joined-up delivery matters.

Lower bank capital requirements

(Growth Enabler 1) reduce the structural cost of mortgage lending, improving affordability for borrowers.

Payments modernisation and tokenisation (Growth Enablers 4 and 5) underpin the digital transaction infrastructure – including UK Finance's GBTD pilot focused on reducing fraud risk and friction in remortgages.

Capital markets transformation

(Growth Enabler 5) supports funding for mortgages and financing new housing supply by enabling mortgage lending to be recycled at scale through securitisation, and institutional capital to be channelled into the projects needed to meet the Government's housebuilding ambitions.

Financial inclusion reforms (Growth Enabler 8) including Targeted Support will help more people navigate complex decisions about homeownership and housing wealth across a lifetime.

Growth Enabler 9 focuses on **aligning mortgage market reform, homebuying and selling reform and retrofit finance** with wider housing ambitions.

No single enabler delivers the housing mission alone. Each addresses a distinct constraint – on affordability, on transaction infrastructure, on access to advice, and on the supply of new and retrofitted homes – and their combined effect is greater than the sum of their parts.



Supporting small and medium-sized enterprises

The SME mission follows the same logic.

Lower bank capital requirements (Growth Enabler 1) reduce the structural cost of lending to smaller firms, supporting more competitive borrowing costs across the market.

Removing regulatory and tax compliance barriers (Growth Enabler 3) reduces the administrative burden on firms serving SMEs, freeing capacity to develop products and reach more customers.

Payments modernisation (Growth Enabler 4) directly benefits SME cashflow – faster settlement, reduced transaction costs and improved business liquidity strengthen smaller firms' ability to manage working capital and grow. For SMEs with online operations, modernised payments infrastructure supports stronger performance in the digital economy, improving customer conversion rates.

Strengthening technology and telecoms firms' fraud obligations (Growth Enabler 6) tackles fraud at source, giving consumers greater confidence to transact online and supporting the growth of e-commerce on which many smaller businesses depend.

Capital markets transformation (Growth Enabler 5) bolsters the financing options available to businesses, supporting access to growth capital for businesses as they scale.

Supercharging government-backed SME support (Growth Enabler 7) creates a step-change in the reach and ambition of public SME support – improving access to finance by scaling the Growth Guarantee Scheme and establishing the Business Growth Service as a joined-up access point for finance, advice and support.

Taken together, these enablers address the full range of constraints that prevent smaller businesses from accessing the finance, infrastructure and support they need to start, grow and scale.

Housing and SMEs are two illustrations of a pattern that runs through this report. The same interconnection is visible in infrastructure finance, in the trade agenda, in financial inclusion and in national security.

In each case, the full benefit depends not on isolated action but on progress across all the Growth Enablers. This is why the enablers are best understood as a package. Partial delivery leaves value on the table. Full delivery is what translates the Government's reform commitments into the economic outcomes they were designed to produce.

The contribution of UK financial services

The sector already reaches every part of the economy and every region of the country. It supports over £1.7 trillion in outstanding mortgages,⁴ provides almost £200 billion in lending and overdrafts to SMEs⁵ – with significant additional funding from asset finance and invoice finance – and processes nearly 49 billion payments each year.⁶ Over 220 Banking Hubs are now open across the UK, keeping communities connected to banking services, with the sector on track to deliver 350 hubs by the end of the Parliament.

Generating around 9% of UK economic output⁷ and contributing over £43 billion in tax annually from banks alone,⁸ the sector's productive capacity underwrites the broader economy. The UK is also the world's largest net exporter of financial services, with £92 billion in exports annually – a position sustained by its regulatory openness, widely-used common law framework, and deep pools of professional expertise that make it a uniquely attractive international financial centre.

But these figures describe what the sector delivers today, under a framework that constrains its productivity, capacity and ability to best serve customers.⁹ The reforms set out in this report would allow it to go further: extending credit to more households or at better prices, backing more businesses at scale, channelling finance into infrastructure, clean energy and national security, and strengthening the financial resilience of people across the UK.

A sector operating at full strength is also the foundation on which the UK's ambition to lead in AI-enabled services and the industries of the future depends – providing not just capital, but the payments, data and digital infrastructure that innovative businesses need to start, scale and compete.

That potential will be amplified by maintaining the UK's position as a globally connected financial centre, built for interoperability with the international systems through which capital moves.

Throughout the chapters that follow, our members' own case studies illustrate both dimensions of this story – the strong contribution the sector is already making to communities, businesses and households across every region of the UK, and the scale of what fuller delivery of the reform agenda would unlock. They are the evidence that the sector is ready, willing and able to go further – and that the reforms set out in this report are the key to releasing that potential.

A clear path to delivery

Realising the gains of reform requires not just commitment but sequenced, accountable action. The reforms set out across the nine Growth Enablers span regulatory rulebooks, primary legislation, and the operational decisions of firms and public institutions. Some can be delivered within months through regulatory action alone. Others depend on the King's Speech and Mansion House speech as the key policy and legislative decision points this year. Several will extend into 2027 and beyond.

Mansion House this year is the critical moment to convert strategic direction into binding commitments – and to establish a clear framework for reporting transparently against delivery milestones, so that firms, investors and consumers can track progress and hold Government and regulators to account. The reform agenda is already producing results. Sustaining that momentum requires accountability as well as ambition.

Chapter 1 demonstrates the dependence of the Government's growth strategies on a strong and agile financial services sector. Chapter 2 sets out a milestone-by-milestone roadmap for delivery.

Chapters 3 to 5 examine each of the Growth Enablers in detail – making clear what needs to happen, who needs to act, and what is at stake if the opportunity is not taken. The reform agenda is working, and the task now is to deliver it in full.

Financial services sector in numbers

Supporting jobs and funding public services

- **473,000** banking jobs across the UK [ONS]
- **52%** of banking roles located outside London and the South East [ONS]
- **£43.3bn** in annual tax contribution by banking sector – ~4.3% of total UK tax receipts [UK Finance]

Supporting households and homeownership

- **£1.7 trillion** in outstanding mortgages supporting UK households [Bank of England]
- **£291 billion** in annual gross mortgage lending in 2025 [Bank of England]
- **8.7 million** households supported to own their home [UK Finance data]
- **1.9 million** privately rented properties financed [UK Finance data]
- **391,000** first-time buyer loans in 2025 [UK Finance data]

Ensuring access and financial inclusion

- **220+** banking hubs open (with a target of 350+ by the end of the Parliament)
- **Approx. 1 million** transactions each month through banking hubs and deposit services [Cash Access UK]
- **Core banking services accessible** through 11,500 Post Office branches, over 40,000 ATMs and over 30,000 shops with PayPoint terminals [Post Office, Link, PayPoint]
- **7 million+** fee-free basic bank accounts opened [HMT]

Financing UK businesses

- **£68 billion** in annual nominal gross bank lending to SMEs (+9% year-on-year) [British Business Bank]
- **£191 billion** in nominal stock of bank lending to SMEs (+12% year-on-year) [British Business Bank]
- The Growth Guarantee Scheme and the Recovery Loan Scheme committed **£1.3 billion** in total support during 2024/25 [British Business Bank]

Payments and innovation

- **48.8 billion** payments made in 2024 in the UK [UK Finance]
- In 2024, card payments accounted for **64%** of all payments in the UK [UK Finance]
- **Almost one in 10 payments** made in cash [UK Finance]
- **75%** of financial services firms were already using AI in 2024 - with a further 10% planning to over the following three years [Bank of England]

Capital markets and global finance

- **£584 billion** raised on average annually through UK capital markets between 2020 and 2024 [UK Finance]
- **£4.9 trillion** market capitalisation on LSE Main Market – 37% international issuers, from 80+ countries [LSEG]
- **£92.6 billion** financial services trade surplus in 2024 – making the UK the world's largest net exporter of financial services [City of London Corporation]
- **£1.6 trillion** assets managed in UK private banking and wealth management [UK Finance]
- **4 million** UK clients supported by wealth and advice firms [UK Finance]

Tackling fraud and financial crime

- **£870 million** of unauthorised fraud prevented by UK Finance members in first half of 2025 [UK Finance]
- **157** serious organised crime disruptions delivered by industry-funded Dedicated Card and Payment Crime Unit in 2025 [DCPCU]

01

Government's
growth strategies
depend on
financial services



Government's growth strategies depend on financial services

UK Finance's Plan for Growth made the case that delivering the Government's economic objectives – from housing and infrastructure investment to industrial renewal and SME growth – depended on a financial services sector operating in a framework calibrated for growth. That argument has been heard, and the Government has responded with an ambitious programme of reform.

The Modern Industrial Strategy identifies financial services as one of eight high-growth sectors critical to economic renewal, not simply because the sector is a national asset, but because it provides the capabilities that every other growth strategy depends on.¹⁰ Building on this, the **Leeds Reforms**¹¹ and the **Financial Services Growth and Competitiveness Strategy** (FSGCS)¹² set an explicit ten-year goal: that by 2035, the UK will once again be the global location of choice for financial services.

The Regulation Action Plan is streamlining financial services regulation and stripping out unnecessary cost.¹³ The National Payments Vision and the creation of a new retail payments Delivery Company have set a clear direction for

payments modernisation.^{14,15} The Wholesale Financial Markets Digital Strategy has laid the foundations for the UK to lead in digital capital markets.¹⁶ And the Financial Inclusion Strategy contains a serious commitment to ensuring financial services work for everyone.¹⁷

The table on the right sets out what each of the Government's wider growth strategies needs from the sector – illustrating why financial services reform is not a sectoral interest but a prerequisite for the Government's broader ambitions to renew the UK economy.

Government strategy	Core ambitions	What it needs from financial services	What is at stake if financial services reform stalls
Modern Industrial Strategy ¹⁸	Raise investment (both retail and institutional), scale innovation, strengthen supply chains, and spread higher-productivity growth across the UK – including near-doubling investment in advanced manufacturing and clean energy	Deep capital markets, an attractive listing and capital raising environment, risk capital, an effective retail investment strategy, modern payments, and banks with headroom to expand their balance sheets to support priority sectors and regional clusters	Growth sectors fail to scale, risk is not transferred to investors with corresponding risk appetites, clusters struggle to attract capital, and the UK misses opportunities in clean energy, advanced manufacturing, life sciences and technology
Infrastructure Strategy ¹⁹	Deliver a strategically managed long-term pipeline of economic and social infrastructure, crowd in private investment and raise productivity – supported by at least £725bn in public infrastructure investment over the next decade	Long-term lending, project finance, institutional capital, securitisation and wholesale markets able to originate, fund and recycle investment across a global investor base at scale	Projects take longer and cost more, clean power and transport initiatives slip, and banks' and finance providers' balance sheets cannot keep pace with a decade-long pipeline
Housing Strategy ^{20,21}	Build 1.5 million homes, expand social and affordable housing through the £39bn Social and Affordable Homes Programme, unlock new towns and warmer, more efficient homes, and crowd in private sector capital through the National Housing Bank	Development finance, SME housebuilder lending, mortgage market depth and innovation, securitisation, and retrofit finance	Homes are not built at pace, affordable supply falls short, regeneration stalls, retrofit slows, and affordability and labour mobility remain constrained
SME Plan ²²	Make the UK the best place to start and grow a business by expanding access to finance, supporting the country's 5.5 million SMEs, and opening new growth opportunities across the everyday economy	Strong SME lending, growth and export finance, modern payments and invoicing, better links to business advice, and a more joined-up business finance ecosystem	Firms under-invest in technology, skills and expansion so productivity slows; scale-ups are lost with valuable UK innovation commercialised and scaled outside of the UK; local growth weakens, and demand for finance goes unmet across communities and supply chains
Trade Strategy ²³	Boost exports, deepen trading partnerships, support firms to grow overseas whilst maintaining openness – building on the UK's position as the world's largest net exporter of financial services	Cross-border payments, trade and export finance, capital markets, FX, invoicing and settlement services, and strong support for firms operating internationally	Export growth is constrained, services trade is harder to scale, smaller firms face higher barriers, and new trade corridors cannot reach full potential
Financial Inclusion Strategy ²⁴	Ensure people can access banking, savings, credit and advice so they can participate fully in the economy and build resilience	Accessible banking and payments, inclusive products, modern consumer credit and savings frameworks, and trusted financial support and guidance, joined up as appropriate with the Government's retail investment strategy	Participation gaps persist, vulnerable consumers remain underserved, financial shocks deepen hardship, and household resilience does not improve
Fraud Strategy ²⁵	Cut fraud, disrupt criminal networks, protect victims, and maintain trust in the digital economy	Real-time data sharing, joint action with tech and telecoms firms, and close public-private coordination	Fraud losses rise, trust in digital payments falls, and economic security is weakened
National Security Strategy ²⁶	Maintain the UK's position as a globally pre-eminent financial centre; support defence financing and infrastructure investment at scale; build economic resilience as part of national security	A strong core banking sector and deep capital markets, supporting the defence industrial base and economic strength on which national security depends	UK's ability to finance defence investment and attract the capital that underpins national economic and security resilience is reduced

As this analysis demonstrates, behind every major Government growth strategy, there is a requirement for financial services capabilities of one kind or another. The reform agenda already underway is designed to meet that requirement – and Chapter 2 sets out what action needs to be taken, when and by whom to deliver it.

02

Delivery roadmap
for financial
services reform



Delivery roadmap for financial services reform

The UK's financial services sector is ready to meet this moment. The Government's Financial Services Growth and Competitiveness Strategy was developed in close collaboration with industry, and that same spirit of partnership is what delivery now requires.

But partnership alone is not enough: in many areas of the reform agenda, meaningful and material choices still need to be made. In some cases, initiatives need to move more quickly, or show even more ambition, to fully capture the benefits for people and businesses.

To make the path to delivery as clear as possible, the roadmap below builds on commitments already made – mapping what needs to happen at each key milestone: King's Speech, Mansion House speech, wider activity in 2026, and delivery in 2027 and beyond. Every action either locks in existing commitments, accelerates delivery, or goes further where the scale of opportunity requires it.

The three chapters that follow set out each Growth Enabler in full – what needs to be delivered, by which organisations, and to what timetable – grouped by the three Plan for Growth objectives they are designed to achieve. The policy direction is set, and the task now is to deliver the financial services reforms on which the Government's wider growth strategies depend.

UK Finance will track progress against this roadmap, feeding into the Government's own annual reporting on delivery of the Financial Services Growth and Competitiveness Strategy – providing the transparency that firms, investors and consumers need to hold Government and regulators to account.

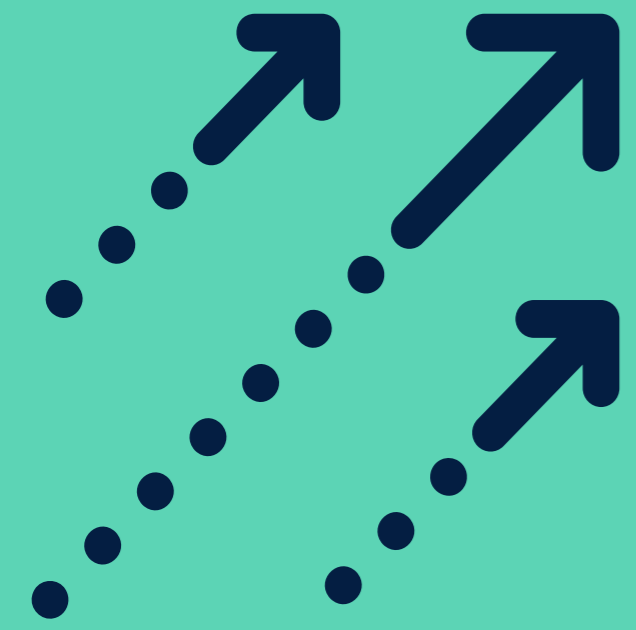


King's Speech	
Legislation for reforms that cannot be delivered through rule changes alone	
Pro-growth operating environment	
<p>GE2 — Redress Reform FOS framework: update the fair and reasonable test, introduce time-limit, establish referral mechanism and strengthen FCA tools for mass redress <i>Via Financial Services Bill (HMT)</i></p> <p>GE3 — Regulatory barriers Abolish the PSR <i>Via Financial Services Bill (HMT)</i></p> <p>GE3 — Regulatory barriers Amend the SMCR by removing the Certification Regime from legislation and empower regulators to reduce the number of Senior Management Functions which require pre-approval <i>Via Financial Services Bill (HMT)</i></p>	
Financial system fit for the future	
<p>GE6 — Fraud Mandate seller verification and secure, traceable payment mechanisms on online platforms <i>Via Government legislation</i></p>	
Unlocking financial services	
<p>GE8 — Inclusion Modernise Consumer Credit Act to enable lenders to innovate and serve customers more effectively <i>Via Financial Services Bill (HMT)</i></p>	

Mansion House Speech	
July 2026 — confirm plans and signal direction of travel	
Pro-growth operating environment	
<p>GE1 — Bank capital Confirm how the PRA / FPC will translate the FPC's revised 13% Tier 1 benchmark into commensurately lower capital requirements <i>FPC / PRA</i></p> <p>GE1 — Bank capital Confirm plans to modernise mortgage risk weights to support more affordable home lending <i>PRA</i></p> <p>GE1 — Bank capital Confirm plans to address regulatory cliff-edges and accelerate IRB approvals to support mid-tier and challenger banks <i>PRA</i></p> <p>GE3 — Regulatory barriers Confirm ring-fencing reform to expand banks' ability to support UK businesses and remove structural inefficiencies <i>HMT / PRA</i></p> <p>GE3 — Regulatory barriers Confirm Consumer Duty does not apply to wholesale firms and set out a regulatory simplification roadmap <i>FCA</i></p> <p>GE3 — Regulatory barriers Extend 25% cost reduction target to supervisory and tax administration burdens <i>FCA / PRA / HMRC</i></p>	
Financial system fit for the future	
<p>GE4 — Payments & markets Confirm a clear roadmap to scale tokenised markets and money in the UK, building on digital gilt, fund tokenisation and GB Tokenised Deposits initiative <i>HMT / FCA / Bank of England</i></p> <p>GE5 — Financial and capital markets Launch UK bond consolidated tape; publish FCA policy statement on equities consolidated tape and commence procurement; address significant increases in cost of wholesale market data <i>FCA</i></p>	
Unlocking financial services	
<p>GE7 — SME support Confirm intention to establish the Business Growth Service as the central SME access-to-finance platform, alongside an expanded Growth Guarantee Scheme <i>HMT / DBT / British Business Bank</i></p>	

Wider implementation in 2026	
Regulatory and policy action deliverable within the year	
Pro-growth operating environment	
<p>GE1 — Bank capital Confirm and begin to implement detailed and ambitious plans to deliver FPC's revised benchmark, and to review approaches to mortgage risk weights and IRB approvals in July Financial Stability Report <i>FPC / PRA</i></p> <p>GE2 — Redress Publish FCA Policy Statement on DISP changes, including fair and reasonable test, dismissal grounds, registration stage and read across rule reforms <i>FCA</i></p> <p>GE3 — Regulatory barriers Implement streamlining of SMCR through rule changes not requiring legislation <i>FCA / PRA</i></p> <p>GE3 — Regulatory barriers Finalise MiFIR transaction reporting, launch working group to harmonise cross-regime reporting requirements, and continue to improve and speed up merger and investment review processes <i>FCA / PRA / CMA / Cabinet Office</i></p>	
Financial system fit for the future	
<p>GE4 — Payments Finalise legislation for open banking long-term regulatory framework, and complete stablecoin regime <i>HMT / FCA / Bank of England</i></p> <p>GE4 — Payments Confirm policy direction and target architecture for next-generation retail payments infrastructure <i>Bank of England / DeliveryCo</i></p> <p>GE4 — Payments & markets Ensure review of assimilated payment services law provides regulatory flexibility for Great British Tokenised Deposit (GBDT) initiative to develop iteratively <i>HMT / FCA</i></p> <p>GE5 — Financial and capital markets Commence implementation of pension schemes legislation to scale long-term productive UK investment <i>HMT / DWP / regulators</i></p> <p>GE5 — Financial and capital markets Progress digital gilt issuance via the Digital Securities Sandbox <i>HMT / DMO / FCA / Bank of England</i></p> <p>GE6 — Fraud Conclude Online Safety Act fraud consultation, operationalise Online Crime Centre, and consult on reducing anonymous telecom access <i>Ofcom / Home Office</i></p>	
Unlocking financial services	
<p>GE7 — SME support Launch national SME finance awareness campaign and promote e-invoicing adoption <i>DBT / British Business Bank / HMRC</i></p> <p>GE8 — Inclusion Confirm next steps following Inclusive Design Challenge, and prioritise tackling economic abuse <i>HMT / industry</i></p> <p>GE8 — Inclusion Continue rollout of Targeted Support framework and publish policy statement on simplifying pension and investment advice rules in Q4 2026 <i>FCA</i></p> <p>GE9 — Mortgage lending and housing Progress FCA Mortgage Rule Review, complete consultation on reform of loan-to-income limit rules, and implement Warm Homes Plan commitments <i>FCA / PRA / DESNZ / MHCLG</i></p>	

Next phase	
Implementation and delivery 2027 and beyond	
Pro-growth operating environment	
<p>GE1 — Bank capital Implement Basel 3.1 and market risk modelling reforms <i>PRA</i></p> <p>GE1 — Bank capital Deliver full impact of capital framework reforms to support lending capacity <i>PRA / FPC</i></p> <p>GE3 — Regulatory barriers Embed financial services dialogue and regulatory cooperation in UK-EU reset <i>HMT / financial services regulators / Cabinet Office</i></p>	
Financial system fit for the future	
<p>GE4 — Payments Finalise Open Banking's long-term regulatory framework interface rules by Q1 2027 <i>FCA / industry</i></p> <p>GE5 — Financial and capital markets Deliver T+1 settlement and digitisation of share registers by end of 2027; equities consolidated tape operational <i>FCA / industry</i></p> <p>GE5 — Financial and capital markets Scale tokenisation and position the UK as a global digital capital markets hub <i>HMT / FCA / Bank of England</i></p> <p>GE6 — Fraud Implement online advertising fraud duties and telecoms verification requirements <i>Ofcom / Home Office</i></p>	
Unlocking financial services	
<p>GE7 — SME support Deliver expansion of Growth Guarantee Scheme, and enhanced Business Growth Service <i>HMT / DBT / British Business Bank</i></p> <p>GE9 — Green homes Deliver Green Home Finance Strategic Partnership recommendations <i>DESNZ / industry</i></p>	



03

Creating a
pro-growth
operating
environment



Creating a pro-growth operating environment

A regulatory and tax framework calibrated for growth is the foundation on which everything else rests. Without sufficient balance sheet capacity, predictable and proportionate prudential and conduct standards and a competitive cost base, the financial system cannot deploy the capital that the Government's strategies require.

Growth enabler 1

Reducing bank capital requirements to unlock additional financing and ensure UK banking remains globally competitive

The Prudential Regulation Authority (PRA) and Financial Policy Committee (FPC) should deliver the FPC's revised capital benchmark through reduced capital requirements for banks at consolidated and operating levels. This would reduce the structural cost of capital across the banking system, improving pricing, increasing risk appetite at the margin, and unlocking additional financing capacity – supporting households, businesses and the wider economy.

Since the financial crisis the UK has built one of the most resilient banking systems in the world, with robust capital requirements a key driver of that achievement. But the evidence suggests the UK has tipped past the inflection point where the marginal benefit of higher buffers is outweighed by the constraints they place on balance sheet capacity and the economics of lending, thereby suppressing lending into the real economy.

Bank lending remains the primary source of finance for mortgages and business lending – the banking system currently holds around £3 trillion of risk-weighted assets (RWAs).²⁷ Small changes to capital requirements can therefore have a very large effect on how much lending banks are able to provide, and crucially on the terms on which they provide it.

As part of the Leeds Reforms, the FPC reviewed the appropriate level of capital banks should hold and concluded that the benchmark for Tier 1 capital should be 13% of RWAs, down from 14%, with Common Equity Tier 1 (CET1) capital at 11%²⁸ – a welcome signal of confidence.

The data illustrates why translating the new benchmark into lower binding requirements matters. Current CET1 ratios of large UK banks stand at 14.6% in aggregate – 4.1 percentage points above the low point of stress tests for the last five years. Even in a very severe stress, capital levels would fall only to around 11%, the level the FPC regards as an appropriate steady state. This ample headroom over the FPC's own benchmark implies significant excess capital in the system beyond what resilience requires.

However, the FPC's revised benchmark does not automatically translate into lower requirements for individual banks: banks cannot easily use management buffers to support additional lending, because investors, rating agencies and counterparties expect them to remain comfortably above their minimum requirements.

To unlock more long-term finance for productive investment – a priority for the Chancellor²⁹ – the PRA and FPC should now act to make the FPC's judgement real, by translating the benchmark into lower effective capital requirements while maintaining the resilience of the system.

Other jurisdictions are not standing still. US regulators have stepped back from original proposals to increase capital requirements under Basel 3.1, with policymakers emphasising the need to balance resilience with the ability of banks to support economic growth – US banks' excess capital, which can now be deployed into the US economy, is estimated at \$320 billion following the US reforms.³⁰ The EU is implementing Basel 3.1 more gradually and with greater flexibility, with EU institutions clear that capital rules should support competitiveness and investment as well as stability. The PRA and FPC must ensure the UK's framework does not place UK-based banks at a structural disadvantage.³¹

International comparison – Bank capital reforms in the United States and European Union

Recent developments underline the importance of maintaining an internationally competitive capital framework:

- **United States:** The Federal Reserve has proposed reforms to the US capital framework that will directly reduce the relative competitiveness of the UK's banking sector.³² The Fed says that together with proposed stress test changes, and including the impact of recently finalised changes to the US's enhanced supplementary leverage ratio, Tier 1 capital requirements of Category I and II firms are projected to decrease by 6.0%.³³
- **European Union:** Whilst the UK and EU's regimes are broadly similar in structure, UK capital requirements are materially higher than the EU, largely due to the Bank of England's more conservative approach to the countercyclical buffer, the globally systemically important institutions (G-SIB) buffer, and the other systemically important institutions (O-SII) buffer, as well as its approach to Pillar 2. The UK also takes a more conservative approach to calculating RWAs, in particular for mortgages.

These developments increase the importance of ensuring the UK framework remains proportionate and does not place UK-based banks at a structural disadvantage.

What needs to be delivered

	Who and when
<p>Lock in reform by announcing plans to translate the revised FPC benchmark into reduced requirements and capital levels – setting out in the July 2026 Financial Stability Report how the revised 13% Tier 1 and 11% CET1 benchmarks will flow through to firms' binding capital requirements</p> <p><i>The FPC's judgement does not automatically reduce requirements for individual banks. Without explicit Bank of England action, the lending capacity and lending cost reduction for customers' with 'any lending capacity gains or improved pricing for customers implied by the benchmark review will remain unrealised.</i></p>	<p>HMT / FPC / PRA</p> <p>Mansion House & July 2026 Financial Stability Report</p>
<p>Go further by committing to returning the leverage ratio to its intended backstop role – reforming UK-specific gold-plated features, both on quality of capital and additional leverage buffers, that have made it a binding ceiling on balance sheet growth for banks with large volumes of low-risk assets.</p> <p><i>The leverage ratio was designed as a backstop, not a constraint on lending, but its current operation actively discourages mortgage and low-risk lending at scale. Seven out of the ten most leverage-constrained banks in the world are UK banks – both globally and domestically focused.³⁴</i></p>	<p>FPC / PRA</p> <p>July 2026 Financial Stability Report</p>
<p>Go further by setting out how overlapping capital requirements will be meaningfully addressed – particularly for domestically-focused banks, including ring-fenced banks (RFBs), where the O-SII buffer, countercyclical buffer and Pillar 2 credit concentration buffer currently, and the additional Basel 3.1 output floor for RFBs in future, are calibrated against the same risks, penalising UK-focused retail and SME lending.</p> <p><i>Creates a structural disadvantage that makes UK-focused lending comparatively less attractive than overseas activity, harming the Government's regional growth objectives. A reduction in duplication could unlock part of the £250 billion in potential lending capacity associated with domestic requirements and improve the pricing of domestic lending to the benefit of customers and growth.³⁵</i></p>	<p>FPC / PRA</p> <p>July 2026 Financial Stability Report</p>
<p>Go further by exploring options to reduce the leverage ratio for broker-dealers and firms not benefitting from central banks exemption – to remove the unintended consequence of leverage being more of a binding constraint than the risk-weighted asset framework.</p> <p><i>Directly supports the Government's housing ambitions by reducing the capital cost of mortgage lending and improving the economics of serving first-time buyers.</i></p>	<p>FPC / PRA</p> <p>July 2026 Financial Stability Report</p>
<p>Go further by making buffers more usable and releasable – by reducing the countercyclical buffer component and dropping restrictive minimum requirements that are within the purview of UK regulators.</p> <p><i>This would create capital capacity and thereby support financing growth.</i></p>	<p>FPC / PRA</p> <p>July 2026 Financial Stability Report</p>
<p>Go further by commencing a review to modernise mortgage risk-weighting – updating assumptions grounded in 1990s macroeconomic conditions to reflect structural improvements in underwriting, product design and regulatory standards.</p> <p><i>Directly supports the Government's housing ambitions by reducing the capital cost of mortgage lending and improving the economics of serving first-time buyers.</i></p>	<p>FPC / PRA</p> <p>July 2026 Financial Stability Report</p>
<p>Go further by accelerating the internal model approval process – streamlining the PRA's process for internal ratings-based (IRB) capital models, which currently takes many years and delays proportionate treatment for scaling banks.</p> <p><i>Supports competition and the extension of credit by avoiding delay to the point at which capital requirements become more proportionate for scaling banks</i></p>	<p>FPC / PRA</p> <p>July 2026 Financial Stability Report</p>
<p>Go further by setting out plans to address regulatory cliff-edges – preventing sharp increases in capital requirements when banks cross size thresholds.</p> <p><i>Avoids putting a break on balance sheet expansion at precisely the point when growing firms are best placed to extend credit into underserved markets.</i></p>	<p>FPC / PRA</p> <p>July 2026 Financial Stability Report</p>

Economic impact



Lower, less overlapping capital requirements would reduce the structural costs of lending, improving pricing, supporting demand and increasing credit supply. For households, this would mean more competitive mortgage rates and improved access to credit, including for first time buyers. For businesses, it means stronger lending flows to SMEs and mid-market firms, and increased capacity to finance the infrastructure and clean energy investment on which the Government's growth strategies depend.

Growth enabler 2

Completing reform of redress arrangements

Delivering the HMT, FCA and FOS reform package at pace and translating commitments into binding rules and legislation are now essential to restore predictability and confidence in the UK's redress framework.

The FOS has an essential role to play in providing resolution for consumers with complaints about their financial services providers. A well-functioning redress framework should resolve disputes quickly, simply and effectively – but the current one too often does the opposite, leaving consumers waiting longer for outcomes that are harder to anticipate.

The unpredictability of the FOS as it operates today acts as a structural dampener on financial services activity – and on the broader economy. Uncertainty about the standards

against which past conduct will be judged gets priced into products, factored into decisions about entering new markets, and reflected in greater caution about extending credit or developing innovative services.

Reform of the FOS is therefore not simply a redress issue. It is foundational to the wider financial services reform agenda and directly relevant to the Financial Inclusion Strategy's ambitions. A more certain framework will allow firms to embrace new market opportunities – such as those being opened up by mortgage rule reforms, and the roll out of Targeted Support – with more confidence.

In March 2026, the Government, FCA and FOS confirmed the most significant package of reforms to the FOS since its inception – restoring it to its original role as a fast, impartial dispute resolution service, strengthening consistency in decision-making, and improving regulatory coherence with the FCA.³⁶ The priority for 2026 is to convert those commitments into implemented rule changes and legislation without delay.

What needs to be delivered

	Who and when
<p>Lock in reform by legislating for key FOS reforms in the King's Speech – including an adapted fair and reasonable test; a statutory referral mechanism for the FOS to seek the FCA's view on rule interpretation; a 10-year absolute time limit for referring complaints; strengthened Chief Ombudsman accountability for consistency of determinations; and enhanced FCA tools to manage Mass Redress Events.</p> <p><i>These reforms require primary legislation and cannot be delivered through rule changes alone. Without statutory underpinning, the predictability firms and consumers depend on cannot be fully restored.</i></p>	<p>HMT</p> <p>King's Speech</p>
<p>Move faster by implementing committed DISP rule changes swiftly – including targeted amendments to the considerations underpinning the fair and reasonable test; a new registration stage to ensure complaints are properly evidenced before investigation; amendment of the read across rules to remove the precedent effect and help prevent unintended consequences; and updated dismissal grounds to filter out frivolous cases.</p> <p><i>Rule changes already announced must now be converted into binding obligations. Delay between announcement and implementation perpetuates the uncertainty firms are currently pricing into products and credit decisions.</i></p>	<p>FCA / FOS</p> <p>Implemented in 2026</p>

Economic impact

More choice & quicker redress for consumers as firms invest in the UK market more confidently

A more predictable redress framework is foundational to wider financial services reform. Consumers will benefit from simple and fast resolution of complaints, and more certain arrangements will mean greater willingness of firms to invest in the UK market, develop innovative products, and serve a broader range of customers – boosting consumer choice.

Growth enabler 3

Unblocking regulatory, supervisory and tax compliance barriers to growth and international competitiveness

Reducing the cumulative burden of regulation and supervision, legislating for the reforms that rule changes alone cannot deliver, and ensuring the UK's financial services sector benefits from a genuinely competitive international environment.

The Government's Regulation Action Plan recognises that the cumulative complexity of regulation has itself become a barrier to growth. The Government and regulators have begun addressing this through measures including reducing low-value reporting, improving authorisation processes, reviewing the Senior Managers and Certification Regime (SMCR), and the plan to abolish the Payment Systems Regulator (PSR). These are welcome steps, but the pace and ambition of delivery must match the scale of the challenge – particularly if the Modern Industrial Strategy's explicit commitment to make the UK the world's leading financial services hub is to be delivered.

Regulatory burdens can be reduced further by giving firms greater clarity and predictability over the timing and sequencing of reform. The Regulatory Initiatives Grid (RIG) is a valuable tool in this regard, but it should evolve beyond a forward-looking list into a more active coordination mechanism. In practice, this means using the RIG as an "air traffic control" system to prioritise – and where necessary sequence or defer – regulatory initiatives across authorities.

Efforts to reduce the domestic regulatory burden on firms come at a time when the EU and, even more significantly, the US are moving to strengthen their own competitiveness.

The EU's wide-ranging simplification agenda aims to reduce regulatory complexity and ease compliance burdens across its Single Market. The US is pursuing an even more ambitious push to deepen capital markets, accelerate innovation and streamline regulation. In this context, the UK cannot afford to let the momentum of its own reform programme stall, including in wholesale banking, which underpins UK capital markets, infrastructure finance and investment flows across the economy.

Nurturing and reinforcing the UK's international financial relationships is equally important. As global financial regulation evolves, maintaining open and competitive markets will require continued engagement with key partners to avoid unintended barriers to cross border activity. This includes monitoring the extraterritorial impact of regulatory initiatives in other jurisdictions and ensuring UK based firms remain able to serve international clients at scale. The UK-EU and UK-US regulatory dialogues are valuable assets for this; ensuring they remain outcome-focused, senior-led and tied to clear objectives on growth and market access will be essential to realising their full potential.

The EU accounts for one-third of all UK financial services exports – £38.2 billion in 2024, second only to the United States.³⁷ Financial services must be placed at the heart of the UK's trade strategy, not treated as an afterthought. Deepening the UK's strategic financial relationship with the US and expanding into fast-growing markets through ambitious free trade agreements (FTAs) are essential to sustaining the UK's position as a globally connected financial centre.

Realising this ambition requires consistency across the full policy framework. Where new legislative or regulatory requirements risk creating barriers for cross-border activity, their design should be assessed holistically, weighing competitive trade-offs carefully and supporting internationally interoperable frameworks that keep the UK open,

competitive and internationally connected. The UK Overseas Recognition Regimes should be deployed actively to remove frictions impacting UK banks operating cross-border, reinforcing the UK's position as an outward-looking financial centre.

What needs to be delivered

	Who and when
<p>Lock in reform by delivering SMCR simplification and PSR consolidation – the Government and regulators' SMCR review should create a simpler framework that reduces compliance burdens; PSR consolidation into the FCA must be delivered in close consultation with industry, delivering a framework that supports commercially sustainable market-led innovation.</p> <p><i>Currently, complexity at the senior accountability and payments oversight level adds cost without proportionate benefit. Genuine simplification – not rebranding – is what firms and investors need to see. Both reforms require a Financial Services Bill as well as regulatory action.</i></p>	<p>HMT / FCA / PRA</p> <p>King's Speech & implemented in 2026</p>
<p>Go further by confirming the Consumer Duty does not extend to wholesale markets – the FCA's review should clarify the scope of the Consumer Duty, explicitly confirming that it applies only to UK retail customers and does not extend to wholesale activities where appropriate protections already exist.</p> <p><i>Uncertainty about the Consumer Duty's wholesale application affects investment activity, so this change will remove a significant source of regulatory risk for wholesale firms.</i></p>	<p>HMT / FCA</p> <p>Mansion House speech</p>
<p>Go further by extending the compliance cost reduction target to cover supervisory and tax administration burdens – the Government's 25% target should apply to reporting requests, information gathering and compliance obligations as well as rule making, assessed through a consistent competitiveness and growth lens.</p> <p><i>The current target captures a subset of the total compliance burden. Extending it would signal clearly that the growth commitment applies across the full cost of regulatory interaction.</i></p>	<p>HMT / HMRC</p> <p>Implemented in 2026</p>
<p>Go further by strengthening coordination and prioritisation of regulatory initiatives – evolve the RIG into a cross-regulator coordination tool that actively sequences and prioritises reforms, with clear forward timetables. This will reduce overlapping demands, support efficient implementation, and free up capacity for growth-driving activities.</p> <p><i>Better sequencing of regulatory change will reduce compliance costs, giving firms more headroom to support growth, innovation and investment.</i></p>	<p>FS Regulatory Initiatives Forum³⁸</p> <p>Implemented in 2026</p>
<p>Move faster by simplifying wholesale and capital markets regulation – reduce reporting duplication via UK MiFIR, EMIR and SFTR reform; remove the 7-day research waiting period on IPOs; review market disclosure rules such as the Disclosure Guidance and Transparency Rules.</p> <p><i>Duplicative reporting requirements impose cost without improving market integrity – simplification supports the competitiveness of UK wholesale markets.</i></p>	<p>FCA</p> <p>Implemented in 2026</p>
<p>Go further by embedding financial services in trade strategy – including the UK-EU reset using the Leaders' Summit process, Trade and Cooperation Agreement Review and Joint EU-UK Financial Regulatory Forum; deepen cooperation with the US via the Financial Regulatory Working Group and Transatlantic Taskforce for Markets of the Future; finalise the UK-Gulf Cooperation Council and Swiss FTAs with a strong financial services chapter; make the Berne Financial Services Agreement a success and use it as a model for future partners; and fully embrace the new Overseas Recognition Regime to unlock even greater cross-border activity.</p> <p><i>The UK is the world's largest net exporter of financial services. Treating market access and regulatory cooperation as central – not peripheral – to trade negotiations is essential to sustaining that position.</i></p>	<p>HMT / regulators / Cabinet Office / DBT</p> <p>Ongoing</p>

Economic impact

£ hundreds of millions savings p/a that can be redirected to growth-driving activity

The FCA estimates its transaction reporting reforms alone could save industry over £100 million per year. Combined with progress on reducing duplication across regulatory frameworks and extending the Government's target to cut compliance costs, this agenda could deliver significantly more savings across the financial services sector – freeing up resources that regulated firms can redirect into growth-driving activities, product development and expanded access to credit.

Ring-fencing: Unlocking further lending capacity through reform of the regime

The ring-fencing regime – which separates banks' retail and investment banking activities – was introduced following the financial crisis to protect essential banking services and insulate consumer deposits from riskier wholesale activity.

While that objective remains valid, the regulatory landscape has changed significantly since the regime was designed.

Reforms to capital requirements, resolution frameworks, liquidity standards and stress testing have substantially strengthened the resilience of the UK banking system, delivering all of the protections that ring-fencing was intended to provide through other means.

In UK Finance's original Plan for Growth, we argued that the ring-fencing regime in its current form creates structural inefficiencies that constrain banks' ability to deploy capital flexibly, support UK businesses and compete internationally.

The regime can trap excess capital and liquidity within ring-fenced entities, limit the range of products and services banks can offer to UK corporate clients, and create operational and governance complexity that adds cost without commensurate financial stability benefit.

The Government recognised this in its 2025 Mansion House package, committing to meaningful reform while still maintaining the overall regime, and launched a review – led by the Economic Secretary to the Treasury and conducted jointly with the BoE – to assess options for:

- permitting ring-fenced banks to provide more products and services to UK businesses;
- addressing inefficiencies in how ring-fencing is applied across banking groups; and
- examining the case for allowing banks to share resources and services more flexibly across the ring-fence.

The review's interim findings are expected shortly. UK Finance welcomes the Government's commitment to meaningful reform and urges the review to move forward at pace.

Done well, reform of the ring-fencing regime could unlock additional lending capacity for businesses and households, giving banks greater flexibility to better serve the full range of UK corporate clients, and strengthen the international competitiveness of UK banking.

Cross-cutting issue – Ensuring UK tax competitiveness

A competitive tax environment is inseparable from a pro-growth regulatory framework. Maintaining international competitiveness will be critical to sustaining the UK's position as a leading global financial centre, and to supporting investment, lending and market activity across the economy.

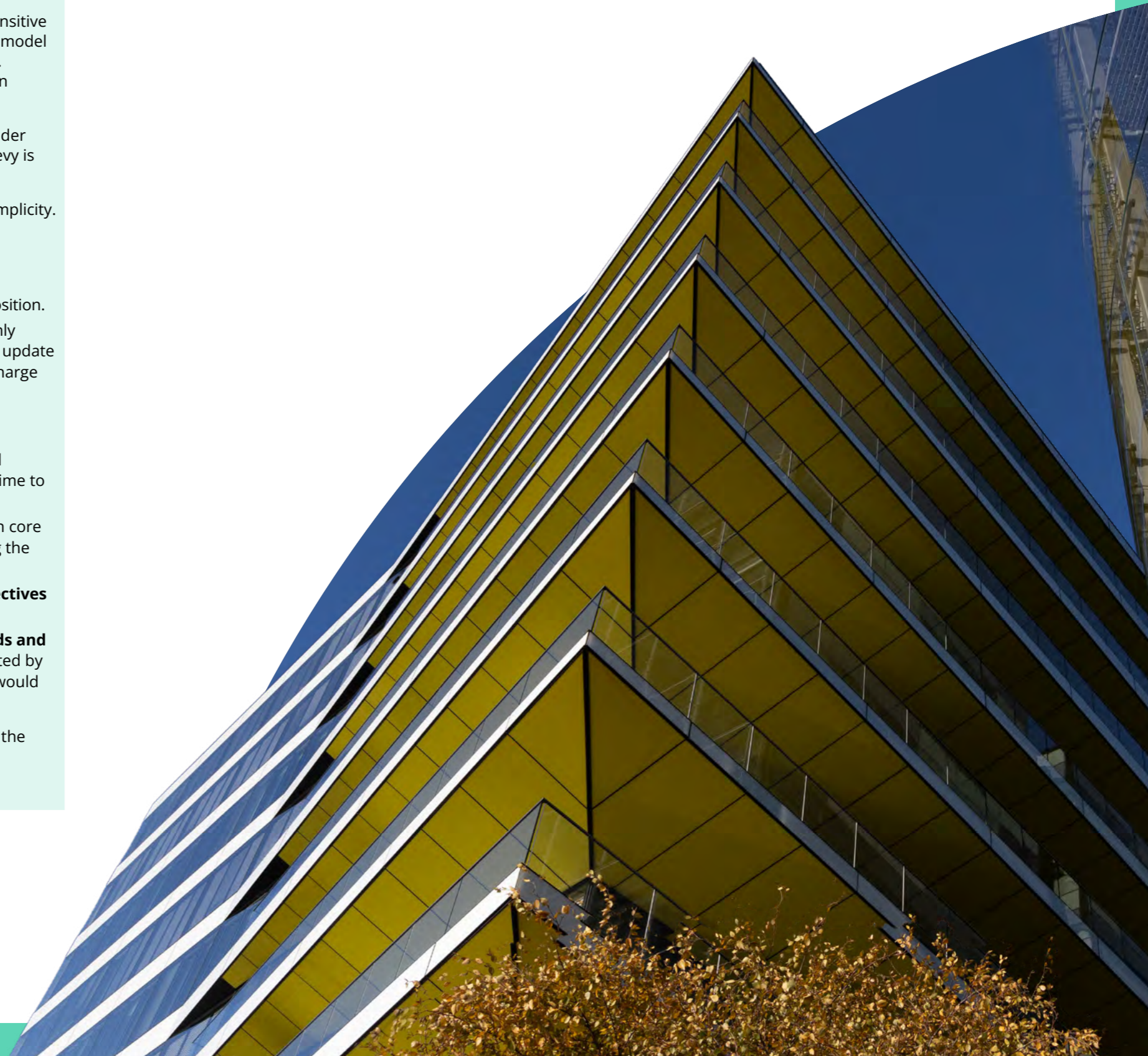
International banks' location decisions for investment banking and asset management are highly sensitive to both headline rates and the overall structure of the tax regime. The UK's total tax rate (TTR) for a model corporate and investment bank is already high compared with major international financial centres. London's TTR at 46.4% continues to remain well above Amsterdam (42.2%), Frankfurt (38.9%), Dublin (28.9%) and New York (27.9%).³⁹

The UK is also unusual in applying both a corporation tax surcharge and a balance sheet levy – broader and more permanent in design than in most peer jurisdictions. Unlike Spain and Canada, the UK's levy is permanent, non-deductible for corporation tax, and applied to a broader base.

Competitiveness depends not just on tax levels, but on predictability, stability and administrative simplicity. With peer jurisdictions simplifying their frameworks, the UK regime must remain clear, stable and proportionate. Against this backdrop, Government should:

- **Avoid further sector-specific tax increases** – in the current geopolitical environment, stable and predictable jurisdictions attract inward investment, and further increases would undermine that position.
- **Commit to phasing out bank-specific taxes when circumstances permit** – the UK is one of only three jurisdictions to apply both a profit surcharge and a balance sheet levy. Government should update the Corporate Tax Roadmap to include a timeline for phasing out the Bank Corporation Tax Surcharge and the Bank Levy, sending a clear signal of stability and confidence to investors.
- **Modernise the VAT framework for financial services** – to end the situation where firms apply outdated legislation to increasingly complex business models while navigating evolving HMRC interpretation. We commend HMRC's current call for evidence on the taxation of stablecoins, and would welcome a similarly pragmatic and forward-thinking approach to modernising the VAT regime to encourage financial and technological innovation.
- **Provide early sight on ISA design choices** – industry stands ready to deliver but needs clarity on core design decisions, which must be proportionate and administratively simple to avoid undermining the Government's aim of boosting retail investment.
- **Ensure reporting requirements are necessary, proportionate and aligned with growth objectives** – clear rules, consistent interpretation and realistic transition periods are essential.
- **Align the tax regime with wider proposals in this document intended to support households and businesses** – for example, the disincentives for SMEs to expand, invest and hire would be alleviated by raising the existing VAT threshold of £90,000 in turnover. A graduated approach such as a taper would support sustainable growth beyond the threshold.

Embedding a stronger competitiveness focus within tax policy and administration will support both the Government's growth strategy and the financial sector's role in funding the economy.





04

Ensuring
the financial
system is fit for
the future



Ensuring the financial system is fit for the future

Maintaining the UK's status as a global financial centre and building the digital infrastructure on which the modern economy depends requires continued modernisation of market and payments infrastructure. The Government has set the direction: its Wholesale Financial Markets Digital Strategy, National Payments Vision and work on fraud reflect a clear ambition to lead in digital finance and build consumer trust in digital commerce. We must keep pace with competitor jurisdictions.

Growth enabler 4

Supporting payments modernisation and innovation

Establishing next-generation retail payments infrastructure and providing the regulatory environment for tokenised money and open banking to reach their potential.

The UK has one of the most sophisticated payments ecosystems in the world – vital economic infrastructure for the country, processing billions of pounds of commerce each year. Within the almost 49 billion payments made annually, there are some interesting trends in payment habits.

Debit cards remain the most popular payment method, with card payments overall accounting for around two-thirds of all payments – some 31 billion annually. They provide consumers and businesses with speed, security, fraud protection and legal recourse, underpinning confidence in the digital economy. Almost four in ten UK payments are now made using contactless methods, with mobile contactless particularly popular. Cash, however, remains in regular use, accounting for almost one in ten payments in 2024, despite falling below 10% for the first time.⁴⁰

Alongside these trends, digital money is evolving rapidly. A key priority is for the UK to ensure interoperability in a future multi-money environment, where innovations such as tokenised deposits, regulated stablecoins and, potentially, a digital pound can operate alongside each other and existing forms of money. A clear and coherent framework that supports innovation while maintaining consistent standards across these different forms will be critical to enabling a productive money and payments ecosystem – and to delivering strong outcomes for consumers and businesses.

The Government's ambitions in its Modern Industrial Strategy and SME Plan both depend in part on payments modernisation as a means of unlocking businesses' productivity. This would, for example, benefit SMEs through reduced transaction costs and improved liquidity – accelerating payment processing across supply chains in ways that strengthen cash flow for smaller firms – while also supporting the creation and growth of digital-first businesses.

The creation of a new Delivery Company – DeliveryCo⁴¹ – to lead the upgrade of core account-to-account (A2A) retail payments infrastructure marks a significant step forward. EY modelling estimates that modernising this infrastructure could generate up to £9 billion in annual GDP benefits over time through lower merchant costs, faster SME settlement, reduced fraud and competitive pressure in payments markets.⁴² Realising that potential depends on DeliveryCo being operationally empowered in 2026, with continuing support from Government and the Bank of England (BoE).

The potential for tokenised deposits to support UK growth and innovation, and to be a world leading development, is vast. Through UK Finance's Great British Tokenised Deposit (GBTD) initiative, we are developing a market-led solution for programmable tokenised sterling deposits, leveraging distributed ledger technology.⁴³ Analysis by UK Finance and EY identified over 40 potential business benefits – spanning fraud reduction, operational efficiency, threat and risk mitigation and macroeconomic benefits – with an estimated total economic benefit of over £3 billion.⁴⁴

GBTD is an industry-led initiative operating within a government-set direction: as the Government and Financial Conduct Authority (FCA) review the UK's payment services regulations – which were on-shored after Brexit – the regulatory framework must provide the flexibility for the initiative to progress. Alongside this, the framework for systemic sterling stablecoins must be progressed carefully – with a focus on key risks in areas such as credit creation – and a clear decision taken on the digital pound, to avoid ongoing uncertainty for industry and investors delivering private sector-led digital money innovation.

Open banking modernisation will generate further benefits, leveraging A2A retail payment rails. But it must be accompanied by a commercially sustainable long-term regulatory framework that provides the certainty firms and investors need to build services at scale across payments, advice and beyond.

What needs to be delivered

	Who and when
<p>Go further by providing regulatory flexibility for the Great British Tokenised Deposit initiative – HMT and FCA’s review of assimilated payment services law should signal support for GBTD and ensure space for this and similar industry-led projects to develop iteratively without undue regulatory impediments.</p> <p><i>GBTD is a market-led solution with significant potential economic benefits. Regulatory uncertainty would risk delaying or displacing an activity the UK is well placed to lead.</i></p>	<p>HMT / FCA During 2026</p>
<p>Lock in reform by empowering DeliveryCo to deliver next-generation payments infrastructure – DeliveryCo must be operationally established and empowered in 2026 to design and procure next-generation core A2A payments infrastructure, with continuing support from HMT and the BoE.</p> <p><i>Clear policy direction and an empowered delivery body is needed to ensure the UK seizes the £9 billion GDP opportunity identified by EY modelling – otherwise the UK risks falling behind in the infrastructure race that underpins digital commerce.</i></p>	<p>HMT / BoE / Industry During 2026</p>
<p>Lock in reform by legislating for a commercially sustainable open banking framework – HMT must deliver the necessary secondary legislation this year to place open banking on a commercially sustainable, long-term regulatory footing, with the FCA finalising interface rules for the long-term regulatory framework by Q1 2027.</p> <p><i>Open banking’s potential in payments and financial inclusion depends on a stable commercial foundation that gives investors confidence to build services at scale</i></p>	<p>HMT / FCA During 2026</p>
<p>Lock in reform by resolving the stablecoins framework – HMT, the BoE and the FCA should progress carefully the framework for regulated stablecoins, ensuring the UK can develop regulated, interoperable (including internationally) forms of digital money that complement the existing monetary system without damaging commercial bank credit creation, particularly in a steady state. A decision on the digital pound should be taken.</p> <p><i>Uncertainty about the architecture of digital money, and whether a central bank digital currency could displace private sector solutions, risks affecting investment decisions.</i></p>	<p>HMT / BoE / FCA During 2026</p>

Economic impact

£9bn a year economic uplift from modernising UK payments infrastructure

A modern, trusted and interoperable payments ecosystem will catalyse growth in the UK’s digital economy, underpinning SME productivity gains, market efficiency, trade flows and financial inclusion outcomes. Modernising retail payments infrastructure could deliver around £9 billion in annual economic uplift, with additional benefits over time from next-generation payments innovation, including the GBTD project.

Case study – Capital One



Leveraging Open Banking to evidence affordability and creditworthiness

Capital One is a wholly owned subsidiary of Capital One Financial Corporation, a major US financial services provider and a Fortune 500 company. With investment from its US parent, it has grown access to affordable credit whilst helping customers understand how to succeed by building a positive credit history and developing financial well-being and resilience. Capital One UK is now one of the largest credit card issuers in the UK.

The company recognises the importance of financial inclusion and is always looking to identify ways that it can open up access to affordable credit to more applicants. Capital One UK launched an initiative to identify and evidence affordability and creditworthiness for consumers who would be declined a credit card based on credit bureau data alone. Customers who would otherwise have been declined at the outset are now given the option to link their Open Banking data to determine if they can be pre-approved on the basis of the additional insight this gives the company.

Its findings show that many customers are willing to share data with positive results for their application. Of the declined population that are offered and take the Open Banking route, a majority are then able to be pre-approved for a product. Capital One’s ability to accept more customers is enabling financial inclusion and ultimately, the growth of its business.

Cross-cutting issue – AI and the financial system

Artificial intelligence is already transforming financial services – improving fraud detection, credit assessment, customer service and operational efficiency in ways that directly benefit consumers. UK Finance’s members are deploying AI carefully and responsibly, leveraging established governance and risk management frameworks.

The sector’s approach is not to resist regulatory updates, but to ensure the framework keeps pace with innovation rather than constraining it unnecessarily. The UK is well placed to lead in AI-enabled finance but realising that potential requires a regulatory environment that enables responsible innovation without creating undue barriers to adoption.

The rise of agentic AI is a transformational shift

The most significant development on the horizon is agentic AI: goal-directed systems that can act autonomously. In particular, AI agents acting on behalf of consumers could in time initiate payments, acquire or dispose of financial products, manage subscriptions and execute complex financial decisions within a customer-defined mandate. Combined with open banking data and real-time payments infrastructure, AI agents could soon give consumers access to genuinely personalised financial intermediaries operating at scale.

This is a transformational shift, not just in how financial services are delivered, but in who delivers them and on what basis. It could bring real benefits – for example, greater access to advice and improved financial inclusion – but also new questions about accountability, authorisation and the regulatory perimeter.

The right framework and the right priorities

The UK’s principles-based, outcomes-focused regulatory approach is well suited to this environment – more adaptable to the pace of technological change than prescriptive AI-specific rules, and more capable of accommodating the diversity of business models that will emerge. Against this backdrop, Government and regulators should:

- **Ensure the regulatory perimeter keeps pace** with the emergence of consumer-facing AI intermediaries, applying the principle of “same risk, same regulation” consistently.
- **Develop formal AI-specific guidance only where necessary** – where there is a clearly articulated gap that existing frameworks cannot address, not as a precautionary default.
- **Build on the FCA’s Mills Review** through ongoing collaboration between regulators and industry – the right mechanism for developing shared best practice and identifying where regulatory evolution is needed

Growth enabler 5

Transforming financial and capital markets

Complete the next phase of market transformation – removing barriers to investment and transactions and strengthening UK markets’ ability to unlock capital, support long-term investment and fuel business growth.

The UK’s financial and capital markets are central to financing investment across the economy – supporting infrastructure, housing, business expansion and the transition to net zero. The Government’s Infrastructure Strategy commits at least £725 billion of public funding and acknowledges that public investment alone is insufficient. Delivering clean power ambitions alone will require an estimated £40 billion per year on average to 2030, with the vast majority needing to come from the private sector.⁴⁵

Deep, efficient and modern capital markets are not optional infrastructure for this agenda – they are a prerequisite.

Well-functioning capital markets are also essential to growing and retaining UK-based companies. Developing a pipeline of companies moving from start-up to scale-up to listing depends on capital markets that work at every part of the growth journey, from early-stage venture and growth capital through to deep and liquid public markets.

Tokenisation represents one of the most significant structural opportunities in a generation, not just to modernise market infrastructure but to attract inward investment at scale. McKinsey projects that tokenised financial assets could reach around \$3 trillion globally by 2030.⁴⁶ The UK has the potential to position itself at the forefront of this shift, attracting issuers, investors and financial activity from around the world.

This year’s Mansion House Speech is the ideal moment to confirm that ambition – building on the recent appointment of Christopher Woolard as Wholesale Digital Markets Champion⁴⁷ to provide clear market leadership and accelerate coordinated delivery of the Wholesale Financial Markets Digital Strategy, alongside the inaugural issuance of a digital gilt (for which HSBC has already been appointed to support delivery).⁴⁸ As tokenisation progresses, regulatory frameworks should support interoperability across different forms of digital money and assets.

International banks are integral to the transformation of UK markets, helping to mobilise global capital, sustain deep and liquid markets, and enable cross-border activity. Securing this role depends on a policy framework that remains open, predictable, internationally competitive and interoperable.

As markets evolve, the regulatory framework must apply consistently across participants performing similar functions. A “same risk, same regulatory outcome” approach should govern how banks and large non-bank liquidity providers (NBLPs) are treated – calibrated to actual market risk and systemic importance, not institutional form. Lower standards for systemically significant NBLPs would put both the stability and growth of UK markets at risk.

Deepening the domestic investor base is equally important to the long-term health of UK capital markets. The Government’s pension schemes legislation creates a significant opportunity to unlock greater long-term productive investment from pension funds – channelling patient capital into the infrastructure and growth assets the economy needs – and the industry-led retail investment awareness campaign, launched as part of the Leeds Reforms, will help to connect more savers with investment markets.

The next phase of reform should also ensure that capital markets operate more efficiently – with modernised post-trade infrastructure,

clearer and less duplicative regulatory frameworks, wider access to capital raising, and transactions that can proceed with clarity and predictability. The merger and investment review processes should be streamlined and sped up to encourage international investment.

As the UK advances this agenda, it should continue to work closely with key jurisdictions to promote robust, interoperable standards that apply consistently across markets –

regardless of the technology that is used – with the UK-US Transatlantic Taskforce for Markets of the Future an important example of where this should be explored.⁴⁹ The Trade Strategy identifies the UK's position as the world's largest net exporter of financial services as a strategic strength to be built upon. Modern, globally competitive capital markets are essential to this.

What needs to be delivered

	Who and when
<p>Go further by confirming an ambition to make the UK a global hub for tokenised capital markets – consistent with the Wholesale Financial Markets Digital Strategy, and building on the appointment of the Wholesale Digital Markets Champion, progress the digital gilt programme and support live issuance through the Digital Securities Sandbox, ensuring it becomes a platform for wider market transformation.</p> <p><i>Committing to go beyond the digital gilt at Mansion House would be a visible signal to international investors that the UK is serious about leading in tokenised markets.</i></p>	<p>HMT / DMO / FCA / BoE</p> <p>Mansion House speech</p>
<p>Lock in reform by implementing pension schemes legislation to unlock long-term productive investment – enable longer-term investment at greater scale while avoiding mandates that distort markets.</p> <p><i>Pension funds represent one of the largest pools of long-term capital in the UK. Enabling them to invest productively in UK infrastructure and growth assets at scale is one of the most direct growth levers available to Government.</i></p>	<p>HMT / DWP</p> <p>During 2026</p>
<p>Go further by streamlining and speeding up merger and investment review processes – build on reforms to the National Security and Investment regime by streamlining mandatory sector requirements, increasing transparency in investment screening processes, introducing exemptions for low-risk investors and descoping internal restructurings.</p> <p><i>Unpredictable and lengthy investment review processes deter inward investment. Streamlining them while maintaining genuine national security protections shows the UK is open for business.</i></p>	<p>Cabinet Office / HMT</p> <p>During 2026</p>
<p>Move faster by delivering wider market modernisation – complete delivery of the UK bond consolidated tape, targeting launch in June 2026, and progress procurement for the equities consolidated tape to ensure it is operational by 2027; address the significant and sustained increases in the cost of wholesale market data; progress digitisation of share registers by the end of 2027, in line with the Government's commitment to eliminate paper share certificates; and deliver T+1 settlement by October 2027.</p> <p><i>A consolidated tape, proportionate data pricing, share register digitisation and T+1 settlement are foundational to modern, competitive UK wholesale markets – progress on all four is needed.</i></p>	<p>FCA / Industry</p> <p>Implemented by end 2027</p>

Economic impact

£ multi-billion growth opportunity from capital markets transformation

Deeper, more efficient capital markets would support the delivery of the infrastructure and clean energy investment on which the Government's growth strategies depend, mobilising the private sector capital that public investment alone cannot provide. Positioning the UK at the forefront of digital and modernised capital markets would attract issuers, investors and financial activity to UK markets, strengthening the UK's role as a global financial centre and generating significant inward investment.

Case study – Lloyds Banking Group



Supporting the UK's clean energy transition through large-scale infrastructure finance

Lloyds Banking Group is supporting delivery of the UK's energy transition by financing new low-carbon infrastructure and enabling upgrades to the electricity network needed to strengthen energy security and support regional growth.

Working closely with the Department for Energy Security and Net Zero (DESNZ) and the National Wealth Fund (NWF), the bank is deploying capital into projects aligned with the Government's Clean Power 2030 Action Plan.

- Lloyds acted as Joint Structuring Bank and provided project finance for the construction of West Wales Hydrogen, the first pure green hydrogen project in the UK to receive project financing. Supported through the Government's Hydrogen Allocation Round 1, the 20MW facility at Milford Haven will produce around 2,000 tonnes of low-carbon hydrogen annually, supporting the decarbonisation of energy-intensive industry while creating skilled jobs in South West Wales.
- Lloyds has also acted as Mandated Lead Arranger on a £125m debt commitment to SSE as part of a £1bn, 12-year green loan facility, backed by an £800m guarantee from the National Wealth Fund. The financing will accelerate four major grid upgrades in Scotland, including the first-ever connection of Orkney to the transmission network.

By structuring finance around long-term, capital-intensive energy investments, Lloyds is helping to unlock infrastructure critical to energy security, clean growth and economic opportunity across the UK's nations and regions.

Growth enabler 6

Strengthening incentives for technology and telecommunications companies to prevent fraud

Building on the Government’s Fraud Strategy, the obligations applied to technology and telecommunication firms must be even more ambitious to stop fraud at source.

Fraud is the most prevalent crime in the UK, accounting for over 45% of all reported offences.⁵⁰ In the first half of 2025 alone, nearly £630 million was stolen by fraudsters. Of this, £258 million was lost to Authorised Push Payment (APP) fraud through more than 110,000 cases of this type of fraud.⁵¹ It destroys lives, erodes trust in the digital economy, funds organised crime and increasingly channels money to those who would do harm to our society and national security.

The financial services sector has stepped up consistently and substantially. UK Finance members prevented £870 million of unauthorised fraud in the first half of 2025 alone, stopping the equivalent of 70p in every £1 of attempted fraud. The industry-funded Dedicated Card and Payment Crime Unit (DCPCU) prevented £275 million from being stolen in 2025 and delivered 157 serious organised crime disruptions.⁵² Through UK Finance’s Take Five to Stop Fraud campaign, millions of people have been equipped with practical advice to recognise and resist fraud attempts.⁵³

But the financial sector cannot be the economy’s sole line of defence. Sixty-six per cent of APP fraud originates online and a further 17% through telecommunications networks.⁵⁴ That is where prevention must happen – at source, on the platforms and networks where fraud begins, not downstream in the banking system where it ends. The Government’s Fraud Strategy 2026-2029 sets out a cross-system response, and the direction of travel is right. But the obligations placed on technology platforms and telecoms networks remain insufficient given the scale of the problem.

A marked improvement requires a genuine shift, from downstream reimbursement to upstream prevention. Technology and telecoms companies should face obligations that match the role their platforms play in enabling fraud to reach victims at scale – and incentivise them to tackle it. This should involve firms in these sectors contributing financially, as well as sharing expertise, intelligence and capability to support proactive fraud prevention.

Stronger fraud prevention is not only a consumer protection issue. It is a core enabler of economic growth, supporting a more secure, efficient and competitive digital economy.

What needs to be delivered

	Who and when
<p>Move faster by concluding the fraudulent advertising consultation and implement strengthened obligations – Ofcom should conclude its consultation on fraudulent advertising by mid-2026 and implement strengthened, proactive fraud prevention obligations on high-risk platforms no later than early 2027 – ideally sooner.</p> <p><i>Voluntary commitments have not delivered sufficient reduction in fraudulent advertising at scale – binding obligations with clear timelines are now necessary.</i></p>	<p>Ofcom</p> <p>During 2026</p>
<p>Go further by requiring mandatory seller verification and secure payment mechanisms on online marketplaces – Government should require verification of marketplace sellers building on Know Your Business principles, and require marketplaces to promote and default to secure, traceable payment mechanisms that prevent redirection to off-platform bank transfers. It should consider using Government legislation to deliver these reforms.</p> <p><i>Mandatory seller verification and secure payment defaults would remove the conditions that currently make marketplace fraud straightforward to execute at scale.</i></p>	<p>HMT / DBT Home Office</p> <p>King’s Speech</p>
<p>Lock in reform by establishing the Online Crime Centre and measure its impact – Cross-sector intelligence exchange must support early intervention and disruption, not just information flow. Impact and effectiveness must be measured transparently with regular reporting to Parliament.</p> <p><i>Without accountability and transparency, the Online Crime Centre risks becoming an information repository, not a disruption tool.</i></p>	<p>Home Office</p> <p>During 2026</p>

Economic impact



Even a 10% reduction in current levels of APP fraud – through mandatory upstream action by technology platforms – would mean around £45 million of fraud losses avoided for consumers and their banks each year. Reducing fraud losses more broadly would deliver wider economic benefits, through lower compliance costs across the system, and – critically – stronger consumer confidence in digital payments and online commerce.

Cross-cutting issue – Cyber security and operational resilience

The UK financial sector faces an increasingly hostile cyber threat landscape. State-sponsored actors, ransomware groups and hacktivists are targeting financial infrastructure with growing sophistication, while the convergence of cyber threats and geopolitical conflict has significantly elevated risk. UK Finance members have responded with sustained investment in cyber defences, resilience testing, and incident response and recovery, working closely with the National Cyber Security Centre, regulators and international partners to raise standards and maintain secure digital environments.

The sector supports effective cyber security regulation, but policies must be proportionate, coordinated and operationally realistic. Poorly designed or duplicative requirements divert resources from defence to compliance, undermining the agility firms need to respond to a fast-moving threat landscape – and with it, the UK's growth agenda.

The right framework and priorities

The UK already has strong foundations: a respected regulatory community, world-class national cyber capability, and a highly engaged financial sector. Government and regulators should now ensure the policy environment enables these strengths to be built upon.

That means deconflicting cyber requirements across government departments and regulators before introduction, with a single coordinating mechanism – spanning the Home Office, the Department for Science, Innovation and Technology (DSIT), security agencies and financial regulators – underpinning any new obligation. It also means embedding structured industry consultation from the outset, so that requirements are tested against operational reality before they take effect.

Policy development should also address:

- **Skills:** Building a robust domestic cyber skills pipeline to support job creation, productivity and growth across the wider economy.
- **Innovation:** Harnessing research, development and innovation to build long-term, sustainable cyber resilience and maintain the UK's comparative advantage.
- **Resilience:** Ensuring targeted investment in cyber capabilities strengthens the UK's ability to withstand economic shocks and rapid technological change.
- **AI governance:** Developing frameworks for how government procures, deploys and governs AI and other emerging technologies to enhance cyber resilience and deliver strategic outcomes.

Case study – The DCPCU



Industry-led action against payment fraud

The Dedicated Card and Payment Crime Unit was established in 2002 as a unique collaboration between UK Finance, the City of London Police and the Metropolitan Police Service. Funded by UK Finance members and operating with a national remit, the DCPCU investigates, targets and prosecutes offenders responsible for fraud affecting the payments, banking and finance industry.

The unit works in close partnership with member institutions and has developed close working relationships with telecoms companies, social media platforms and other key organisations tackling fraud and cybercrime. Its award-winning Protect team educates both the public and the financial services industry – using intelligence from across the partnership to deliver timely, targeted fraud awareness that reduces vulnerability at scale.

In 2025 alone, the DCPCU prevented an estimated £273 million from being stolen, charged 107 individuals and delivered 157 serious organised crime disruptions. Since its inception, the unit has achieved cumulative industry savings of approximately £800 million.

Case study – HSBC



Harnessing the power of AI to strengthen how we prevent, detect and investigate financial crime

HSBC is applying AI and advanced analytics to enhance core financial crime controls so the bank can focus its attention on the activity that matters most. Built through a long-term partnership with Google, this Dynamic Risk Assessment (DRA) capability is now live in 30 markets, covering 95% of all HSBC customers.

The DRA uses AI models to analyse large volumes of customer and transaction data to identify unusual patterns, prioritise alerts by risk, and surface relevant context for investigators. This helps teams spot complex behaviours (including linked activity across accounts) and adapt more quickly as typologies evolve, while keeping human oversight and strong governance in place.

Compared to traditional rules-based monitoring – which can generate high volumes of false positives and may miss sophisticated, networked activity that doesn't breach simple thresholds – AI improves precision and prioritisation, reducing noise, accelerating investigations, and enabling more consistent, risk-focused decisions. This means that resources are directed to higher-risk cases, improving financial crime detection and prevention while ensuring customers experience fewer unnecessary interventions.

Case study – Metro Bank



Utilising AI technology to safeguard banking customers from fraud and scams

In 2025, Metro Bank launched its Metro Bank Scam Checker, becoming the first bank to partner with the award-winning AI tool Ask Silver, to support its efforts to protect customers from fraud.

The Scam Checker uses bespoke AI technology to help retail and business customers assess whether they may be at risk of a scam. Customers can simply take a photo or screenshot of any email, website, letter, or leaflet they find suspicious and send it via WhatsApp or through the Metro Bank website. Metro Bank's Scam Checker utilises AI and analyses the communication to detect potential fraud and provides clear, actionable recommendations within minutes to help customers stay safe.

Metro Bank has rolled this out further by integrating the tool within its banking app for customers and also making it available for free on its website. Over the past year, the tool has offered customers valuable reassurance and continues to play a significant role in helping prevent scams. In its first year alone, the Metro Bank Scam Checker identified thousands of attempted scams, helping users to avoid being scammed, and prevented over £1million of customer funds from being lost to fraud.



05

Unlocking
financial services
for consumers,
businesses and society



Unlocking financial services for consumers, businesses and society

Ensuring that financial services reach the whole economy is essential if the Government's growth strategies are to translate into stronger regional growth, wider participation in economic life and increased home ownership.

Growth enabler 7

Supercharging government-backed SME support services

Building a more integrated and ambitious SME finance architecture around the Business Growth Service – reinforcing reform of capital requirements – to support the flow of credit to growing firms.

Small and medium-sized enterprises are central to UK growth. The 5.5 million SMEs that make up 99.8% of the business population support 60% of private sector employment and generate over £2.8 trillion in annual turnover. The Government estimates that accelerating

SME growth by just one per cent could deliver £320 billion to the UK economy by 2030.⁵⁵

Unlocking that potential depends critically on access to finance – and on a support ecosystem that connects businesses with the capital, advice and tools they need at every stage of their development. UK banks provide close to £200 billion in lending and overdrafts to SMEs,⁵⁶ alongside significant additional funding through asset finance, invoice finance and specialist non-bank lenders. Government interventions – through the British Business Bank (BBB), the Growth Guarantee Scheme (GGS) and the National Wealth Fund (NWF) – play an important role extending the reach of finance to firms that commercial lenders alone cannot fully serve.

But the scale of government-backed support is insufficient relative to both underlying demand and international comparators. The UK's GGS currently supports around £1.2–1.3 billion of lending per year – three to four times smaller relative to GDP than equivalent schemes in the US, Germany, France and Spain. Demand consistently exceeds supply: UK Finance members active in the scheme report that allocated capacity is exceeded by more than 100%. This is not a question of direct public spending – the GGS is a risk-sharing model with Benefit-Cost Ratios consistently above 3:1⁵⁷ and realised losses of around 1–2% of total lending. The case for scaling it is strong.

There is also a structural gap in public finance support between the BBB's maximum ticket size of around £10 million and the NWF's minimum of around £25 million. This gap is particularly acute for climate tech firms, which have high capital requirements at the

growth stage. Guarantee-backed lending is disproportionately used by firms outside London and the South East – meaning that scaling the scheme would directly support the Government's objectives on regional growth and job creation.

Scaling the GGS and better aligning it with the Business Growth Service (BGS) would also directly advance the ambitions of three interlocking Government strategies. The SME Plan commits to expanding access to finance and establishing the BGS as a central platform connecting smaller firms to capital, advice and growth opportunities. The Modern Industrial Strategy commits to expanding the BBB's capacity to support high growth sectors of the economy – many of which are SME-intensive. The Trade Strategy positions the BGS as part of the UK's wider export support architecture. A scaled and aligned GGS and BGS would support all three.

International comparison: SME loan guarantee schemes

Most advanced economies operate government-backed SME loan guarantee schemes at a significantly larger scale than the UK. Research by Allica Bank⁵⁸ comparing the UK's Growth Guarantee Scheme (GGS) against equivalent schemes in major economies shows the UK scheme is currently three to four times smaller relative to GDP than those of its main competitors:

- **United States:** The Small Business Administration's flagship 7(a) programme supports over \$30 billion of SME lending annually through partial government guarantees delivered via private lenders – roughly four times the UK's equivalent when measured against GDP. The programme operates on a largely self-financing basis through fees, with limited net fiscal cost.
- **Germany:** A network of public guarantee banks (Bürgschaftsbanken), alongside programmes from KfW (the state-owned investment and development bank), supports over €50 billion of SME lending annually. This framework combines federal and regional delivery and plays a central role in supporting regional economies and the Mittelstand – the highly-productive SMEs and mid-sized enterprises that form the backbone of the German economy.
- **France:** State-backed guarantees support tens of billions of euros of lending annually as part of a broader public investment strategy, closely aligned with industrial policy priorities including innovation, export growth and regional development.
- **Spain:** Operates a comparable guarantee model at a scale materially above the UK's relative to GDP, with strong take-up among growth-oriented SMEs.

Across these economies, guarantee schemes operate as core instruments of economic policy – used systematically to unlock growth, support investment and deliver regional development objectives.

The UK's GGS currently supports around £1.2–1.3 billion of lending per year. Scaling it to around £5 billion annually would bring the UK into line with international best practice and better reflect underlying demand.

The scale of Government-backed support is not the only constraint on SME credit conditions. The Consumer Credit Act (CCA) – designed over fifty years ago for consumer lending – still applies to business lending in ways that increase compliance costs, constrain product design and limit lenders’ flexibility. HM Treasury’s (HMT) ongoing CCA reform programme may present an opportunity to address this, including by considering whether to remove business lending from the consumer credit regime.⁵⁹

What needs to be delivered

	Who and when
<p>Go further by establishing the Business Growth Service as the central SME finance platform – aligning advisory services and government-backed schemes into a single, coherent offer; replacing the existing Bank Referral Scheme with a modern Access to Finance Hub; and combining guidance, financial readiness assessments and clear signposting to funding options across the business lifecycle.</p> <p><i>SMEs face a fragmented and hard-to-navigate support landscape. A single, well-signposted entry point – genuinely joined up across government and industry – would be a stronger foundation for SME growth.</i></p>	<p>HMT / DBT / BBB</p> <p>Mansion House speech</p>
<p>Go further by scaling the GGS to around £5 billion of annual lending – increasing the maximum loan size from £2 million to £10 million to better support larger SMEs and mid-sized firms; extending maximum loan terms from 6 to 10 years to enable longer-term capital investment; and providing multi-year funding certainty to support lender participation and market development.</p> <p><i>Scaling the GGS to £5 billion annually would bring the UK into line with international best practice and unlock over £4 billion in additional SME lending each year.</i></p>	<p>HMT / DBT / BBB</p> <p>Mansion House speech</p>
<p>Go further by launching a national SME finance awareness and readiness campaign – integrated with the Business Growth Service – to increase SME awareness of available finance options, encourage earlier engagement with lenders and advisers, and improve application success rates.</p> <p><i>Only around 12% of SMEs planned to apply for finance last year and around 40% consider themselves permanent non-borrowers.⁶⁰</i></p>	<p>DBT / BBB</p> <p>During 2026</p>
<p>Go further by driving wider adoption of e-invoicing – setting clear expectations for e-invoicing adoption across public procurement and encouraging take-up across the private sector, including through HMRC communications.</p> <p><i>Scaling e-invoicing would unlock working capital for more SMEs, reduce supply chain friction, and help reduce fraud and address the VAT gap.</i></p>	<p>HMRC / DBT</p> <p>Ongoing</p>

Economic impact

£4bn+
 additional SME lending through the Growth Guarantee Scheme annually

Expanding the Growth Guarantee Scheme to around £5bn of annual lending could unlock over £4bn in additional SME lending each year. Based on British Business Bank evidence, this level of support could generate £10bn+ in additional SME turnover annually, reflecting strong multiplier effects across the SME economy. The benefits would be felt most strongly in the regions and communities where the Government’s growth mission matters most. Combined with the capital recalibration set out in Chapter 2, this is one of the most direct and cost-effective levers available to the Government to support SME growth at scale.

Case study – Barclays



Backing women-led businesses to scale

24 HR Pharmacy is a UK-registered online pharmacy providing safe, accessible and clinically led healthcare services, with a focus on women’s health, weight management and preventative care. It launched in 2023 in response to growing pressure on NHS services and a gap in high-quality, governance-led private pharmacy care.

As a female entrepreneur in a highly regulated and traditionally male-dominated sector, founder Sehar Shadid has combined clinical expertise with entrepreneurial ambition – designing clinical frameworks, building multidisciplinary prescribing teams and scaling digital healthcare services responsibly.

Through its Women in Business and entrepreneurial support programmes, Barclays provided 24 HR Pharmacy with tailored guidance, mentorship, funding conversations and services. These helped strengthen its commercial strategy, refine its business structure, improve financial planning and support its long-term growth ambitions. As the company transitioned from startup to scaleup, Barclays’ support let Sehar focus on sustainable growth – investing in governance, systems and people – while remaining clinically responsible and inspection-ready.

“As a female founder in healthcare, you’re constantly balancing credibility, compliance and growth, often while having to work harder to be taken seriously. Support from organisations like Barclays has been invaluable, not just financially but strategically. Having a bank that genuinely backs women-led businesses gave me the confidence to think bigger, scale responsibly and stay true to my values.” – **Sehar Shahid, founder 24 HR Pharmacy**

Case study – Paragon Bank



Financing the industrial space that growing businesses need

Small businesses need physical space to operate, grow and scale. Demand for small, flexible industrial units is rising sharply, driven by SMEs, trades firms and e-commerce businesses seeking well-located, adaptable space - and new business creation is accelerating alongside it. Without accessible industrial space, businesses cannot expand headcount, improve logistics or bring production closer to their customers. The undersupply of smaller units is a direct constraint on SME growth.

Delivering the space the economy needs requires not just planning and construction but specialist development finance to make projects viable. For developers building units of 5,000 sq ft or less – the scale most relevant to SME occupiers – that finance has historically been harder to access.

Paragon Development Finance, part of the Paragon Banking Group, has launched a specialist light industrial funding product of up to £10 million over terms of up to 24 months, designed to fill precisely that gap. By providing flexible, relationship-driven finance to experienced developers delivering smaller industrial units, Paragon is helping to unlock the supply of space that growing businesses across the UK need – turning rising demand into real economic activity around the country.

Case study – NatWest Group



Boosting entrepreneurial growth through the NatWest Accelerator

NatWest Group is expanding its support for UK entrepreneurs, with ambitions to grow its Accelerator community to 50,000 members this year – a five-fold increase on its 2025 ambition of 10,000. NatWest Group's growing network of Accelerators across the UK provides targeted and practical support to early-stage and high-growth businesses, where access to skills, capability and networks can be as critical as access to finance. In the ten years after the programme was founded in 2015, the Accelerators supported c.10,000 businesses, raising over £684 million in investment and creating over 12,000 jobs.

In November 2025, NatWest Group also announced partnerships with four leading UK universities. The Universities of Manchester, Brighton and York are working with NatWest to support early-stage businesses and turbocharge university spin-outs, while the bank has also joined Equinox, a major economic growth partnership spearheaded by the University of Oxford.

Data from the bank shows that businesses that go through the NatWest Accelerator grow their turnover by an average of 104% a year. By embedding its Accelerators within universities and regional innovation clusters, NatWest Group is empowering entrepreneurs across the nations and regions to scale and succeed.

Growth enabler 8

Broadening financial inclusion for individuals and households

Staying laser-focused on implementing the agreed Financial Inclusion Strategy – widening access to banking, savings, credit and advice, and tackling economic abuse as a priority.

The Government's Financial Inclusion Strategy describes financial inclusion as “a bridge to opportunity and an engine for growth” and identifies the financial services sector as having a unique ability to innovate solutions targeted at the needs of customers.⁶¹ This Growth Enabler focuses on extending the reach of a system that works well for most people so it works equally well for everyone.

The challenge is significant. Around 0.9 million adults were unbanked in 2024, and 10% of adults have no savings whatsoever, leaving them exposed to financial shocks with no buffer to fall back on. The Financial Conduct Authority (FCA) estimates that around 23 million people are currently underserved by the markets for advice and guidance.⁶² Millions of people still face financial coercion and control – forms of abuse where the financial services sector is well placed to play a stronger role in identification, support and prevention.

The sector's approach to access reflects a fundamental shift in how people manage their money. Mobile banking is now the dominant channel by a significant margin: nearly two-thirds of retail customers are active mobile users. But a small and significant group – around 1.7% who rely solely on in-person services, and 5% who use branches regularly – cannot or do not wish to manage their finances digitally. For this group, face-to-face access remains important.

Alongside banks' existing in-person presence, Banking Hubs are a cornerstone of that physical offer, purpose-built for the communities they serve. Over 220 are now open, with the sector firmly on track to reach at least 350 by the end of this Parliament.

A more inclusive financial system is not separate from the growth agenda – it is part of it. Broader participation in savings, credit and investment supports labour market participation, strengthens households' financial resilience and deepens UK capital markets on which sustained growth depends.

There is a less obvious but equally important dimension here. Across financial services, the cumulative effect of overlapping regulatory obligations – and uncertainty created by current redress arrangements – can dampen firms' willingness to launch new products or serve more complex needs where the risk of retrospective liability cannot be reliably priced. Completing Financial Ombudsman Service (FOS) reform will support inclusion, as firms will have more confidence to invest in serving a wider range of customers.

The priority now is converting the Financial Inclusion Strategy's commitments into tangible improvements for the people who stand to benefit most.

What needs to be delivered

	Who and when
<p>Lock in reform by implementing the agreed Financial Inclusion Strategy commitments – the Financial Inclusion Committee should track progress transparently against the Strategy’s commitments. UK Finance is progressing the Inclusive Design Challenge and the bank account access pilot for people without standard ID&V.</p> <p><i>The Strategy’s value depends entirely on whether commitments are converted into tangible improvements – tracked transparently and reported publicly.</i></p>	<p>HMT / FCA / Industry</p> <p>During 2026</p>
<p>Go further by prioritising economic abuse as a cross-cutting theme – priority reforms include mandatory training for frontline staff to identify and respond to indicators of financial coercion; streamlined processes for third-party account access management where financial control is suspected; clearer guidance on joint account operation where one party is at risk; and stronger referral pathways between financial institutions and domestic abuse services.</p> <p><i>Financial coercion and control affect millions of people and the financial services sector is frequently the first point of contact. Embedding clear obligations and processes across the sector would materially improve outcomes for victims.</i></p>	<p>HMT / FCA / Home Office / Industry</p> <p>During 2026</p>
<p>Lock in reform by legislating to modernise the Consumer Credit Act (CCA) – legislation in the next King’s Speech should lay the ground for a clearer, more flexible framework that enables lenders to innovate and serve customers more effectively while maintaining appropriate consumer protections, and the FCA should then move at pace to implement the new regime. This will also support home retrofit, discussed later in this report.</p> <p><i>The CCA creates unnecessary rigidity that can hinder product innovation and make it harder for firms to deliver more flexible, modern consumer credit products while maintaining appropriate protections.</i></p>	<p>HMT</p> <p>King’s Speech</p>
<p>Lock in reform by embedding Targeted Support and advancing simplified advice – following the April 2026 activation of Targeted Support, the FCA should focus on fully embedding this framework while moving forward its work on simplifying the pensions and investment advice rules. Further progress in this area, building on what has already been delivered, will give firms the confidence to offer more accessible, personalised help to those who currently fall into the ‘advice gap’.</p> <p><i>The successful rollout of Targeted Support, alongside the ongoing simplification of the advice-guidance boundary, will help people make better financial decisions. These reforms are critical for improving retirement adequacy, building household financial resilience, and ensuring consumers can access appropriate financial support.</i></p>	<p>FCA</p> <p>During 2026</p>

Economic impact

More financially secure and resilient individuals, households and communities across the UK

A more inclusive financial system means more people contributing to and benefiting from growth. The sector is delivering in practice: over 220 Banking Hubs are open across the UK already, with approximately one million transactions completed through them every month. Nearly nine in ten customers say they would recommend Hub services, with 95% reporting their needs were met on their visit. Broader participation in savings, credit and investment will strengthen household financial resilience, support labour market participation and deepen UK capital markets.

Case study - UK Finance and industry



UK Finance leading industry-wide work to boost financial inclusion

UK Finance is leading two industry initiatives directly in support of the Government’s Financial Inclusion Strategy.

Opening doors: bank accounts for people without standard ID&V

A lack of standard photo identification creates a vicious cycle for some of the most vulnerable people in society, particularly those experiencing homelessness. Without an address, it is harder to open a bank account; without a bank account, it is harder to secure employment or stable housing. To address this challenge, HSBC partnered with Shelter, who coordinate a network of local charities to certify the identity of people they support and, if needed, provide them with an address for the purposes of opening an account.

Building on HSBC’s initiative, UK Finance is supporting an Identity and Verification Working Group – convened by banks in partnership with Shelter – to pilot a cross-sector solution to this challenge. The working group is overseeing the design and implementation of a scheme allowing trusted charitable organisations to support their service users to open accounts, with progress reported to HMT every six months.

Inclusive Design Challenge 2026

Launched in March 2026, the UK Finance Inclusive Design Challenge invites organisations that support underserved consumers to identify where retail banking products, services or customer journeys are not working well – and to propose evidence-based improvements. Eligible submissions will be incorporated into an Inclusive Design Delivery Roadmap to be published in 2026.

The initiative builds on earlier industry-led work including gambling blocks, accessible payment cards, and support for people experiencing homelessness, reflecting the sector’s commitment to making financial services work for everyone.

Case study – Banking Hubs



The sector delivering for communities

Banking Hubs are a practical demonstration of the financial services sector’s commitment to ensuring that no-one is left behind as banking evolves. Owned by Cash Access UK, funded by the major banks, and operated in partnership with the Post Office, each Hub provides face-to-face cash services and access to a community banker from the customer’s own bank. Services cover a comprehensive range of needs, from cash withdrawal and deposit, to fraud support, debt advice, and Powers of Attorney.

The rollout is already well advanced. Over 220 Hubs are now open across England, Scotland, Wales and Northern Ireland. The sector is firmly on track to reach the Government’s commitment of 350 Hubs by the end of this Parliament – with the 250th Hub expected to open later this year.

Case study – Nationwide



Expanding digital and financial access through the National Databank

Nationwide is supporting the Government's economic growth ambitions by scaling access to essential digital connectivity through the National Databank. Through its relationship with the Good Things Foundation, all Virgin Money branches and shared Banking Hubs operate as Databank distribution points, providing free SIM cards to people experiencing data poverty, regardless of who they bank with.

This approach strengthens the UK's digital infrastructure at the community level and helps ensure that individuals facing financial vulnerability can stay connected to the online services that underpin full economic participation, from applying for jobs and accessing training opportunities to attending healthcare appointments and staying in touch with friends and family. Since December 2022, almost 6,000 SIM cards have been distributed to people in need.

This initiative demonstrates how combining branch-based infrastructure with civil society expertise can remove barriers to digital participation at scale. It directly supports Government objectives to reduce digital exclusion, increase access to essential services and enhance personal financial resilience.

Growth enabler 9

Mobilising finance to build, retrofit and unlock housing for people

Aligning the mortgage market, retrofit finance and digital infrastructure with the Government's housing ambitions – making financial services a genuine co-financer of the national housing programme.

Housing is where the growth mission becomes most personal. For millions of people, the ability to buy a home is the most direct measure of whether the economy is working for them – and for many, housing wealth is the foundation of their financial security across a lifetime.

The Government's ambition to expand affordable housing supply, upgrade the existing housing stock and help more people onto and up the housing ladder is among the most financially intensive of its growth strategies. Delivering it requires the financial sector operating across three fronts:

sustaining a deep and liquid mortgage market that works for borrowers at every stage of life; financing new housing supply; and mobilising private sector capital to retrofit the UK's existing homes.

Progress is already visible. The number of first-time buyers helped onto the housing ladder rose to 391,000 in 2025, up from 332,000 the year before – a direct consequence of the Financial Policy Committee's (FPC) decision to reform the loan-to-income cap and the FCA's clarifications on stress testing. This is regulatory change translating directly into homes purchased and lives improved. The next phase is now in active delivery: the FCA's Mortgage Rule Review will consult on responsible lending rules for first-time buyers and underserved consumers.

Increasing housing supply is key to meeting the Government's housing aspirations. The Social and Affordable Homes Programme⁶³ and National Housing Bank⁶⁴ provide the public investment platform around which private development finance can be mobilised. Improving the energy efficiency of existing housing stock is also imperative. Upgrading

homes commensurate with the UK's net zero targets will need around £250 billion over coming decades – roughly £10 billion per year. Private sector investment in this area could support over 200,000 jobs and reduce household energy bills by around £2–3 billion per year.⁶⁵

The Modern Industrial Strategy commits to making the UK a clean energy manufacturing superpower. Mobilising private retrofit finance is an essential input to that ambition, anchoring the domestic demand that sustains clean energy supply chains and green jobs. Modernisation of the Consumer Credit Act (CCA) – discussed under Growth Enablers 7 and 8 – is important here too: a proportionate, affordable consumer protection regime that offers legal certainty would support product innovation and the retrofit finance customers need.⁶⁶

Another dimension is often overlooked: the efficiency of the homebuying and selling process itself. Around one in every three home purchases currently fails after an offer has been accepted, costing buyers and sellers an

estimated £400 million per year in wasted costs, with average transaction times now running to 120 days.

The financial services sector has a direct role to play in the Government's homebuying and selling reform agenda – not just as the provider of mortgages but as an enabler of modernised transaction infrastructure. UK Finance's Great British Tokenised Deposit (GBTD) pilot is demonstrating how digital payment systems and tokenised assets can reduce fraud risk and friction in the remortgaging and conveyancing process.⁶⁷

Delivering across all of these fronts depends on coordinated action across the full range of actors: Government, regulators, lenders, housebuilders, and technology providers. The Government's forthcoming long-term housing strategy is an opportunity to make that coordination explicit, setting out how financial services reform, planning, public investment and regulatory action will work in concert to deliver the housing outcomes the country needs.

What needs to be delivered

	Who and when
<p>Go further by accelerating the FCA's Mortgage Rule Review and focusing on bold reforms – planned 2026 consultations should be ambitious, with priorities including reform of interest-only rules – including part-interest only, widening acceptance of credible repayment strategies and making retirement interest-only more accessible; and supporting a later-life lending market capable of meeting the needs of borrowers at all stages of life, which will be the subject of an FCA market study this year.</p> <p><i>The Mortgage Rule Review will help to extend homeownership to creditworthy borrowers currently locked out by rules calibrated for a different era.</i></p>	<p>FCA During 2026</p>
<p>Lock in reform by finalising the LTI flow limit reforms – the Prudential Regulation Authority (PRA) and FCA should conclude their consultation and finalise proposals to replace the firm-level 15% high LTI limit with the more flexible aggregate framework, giving lenders the freedom to serve creditworthy first-time buyers at higher income multiples while maintaining systemic safeguards.</p> <p><i>First-time buyers account for 54% of all high LTI lending. Replacing a blunt firm-level cap with a flexible aggregate framework directly serves the Government's homeownership ambitions.</i></p>	<p>PRA / FCA During 2026</p>
<p>Go further by embedding financial services as a delivery partner in homebuying and selling reform – the Ministry of Housing, Communities and Local Government (MHCLG) should publish and implement a reform roadmap without delay, with financial services embedded as a delivery partner on digital identity, payment system interoperability and data standards.</p> <p><i>One in three home purchases currently fails after offer acceptance, costing £400 million per year in wasted costs.</i></p>	<p>MHCLG / Industry During 2026</p>
<p>Lock in reform by implementing the green and retrofit finance framework – Government should implement its Warm Homes Plan commitments, including the Warm Homes Agency and Warm Homes Fund. The Green Home Finance Strategic Partnership recommendations, once complete, should be implemented by end-2027.</p> <p><i>Retrofit at the scale required will not happen through public funding alone. A clear policy and financial architecture that makes retrofit investable for private sector capital is the essential precondition for mobilising the market.</i></p>	<p>DESNZ / Industry Ongoing</p>

Economic impact

£10bn p/a retrofit opportunity to upgrade homes in line with UK net zero target

Upgrading the UK's housing stock will require around £250 billion of investment over the transition to net zero – equivalent to around £10 billion per year. Delivered at scale, this would support over 200,000 jobs and deliver around £2-3 billion per year in lower energy bills for households. Full delivery of the FCA's Mortgage Rule Review, the LTI flow limit changes and proportionate capital requirements could extend homeownership to tens of thousands more creditworthy buyers annually, directly supporting the broader economic activity that a healthy housing transaction market generates across every region of the UK.

Case study – Santander



Expanding access to homeownership through high loan-to-value lending for first-time buyers

Santander UK has introduced an innovative mortgage product designed to address one of the most significant barriers to homeownership, the upfront deposit. Its 'My First Mortgage' offering provides up to 98% loan-to-value lending, enabling first-time buyers to enter the housing market with a minimum £10,000 deposit. This targeted intervention supports aspiring homeowners who are otherwise locked out due to high savings requirements, particularly in areas where affordability pressures are most acute.

The bank has focused on supporting creditworthy borrowers through a combination of high-LTV lending, specialist advice, and responsible affordability checks. By offering a five-year fixed rate Santander provides both accessibility and payment certainty, helping households plan with confidence. Additional flexibilities including higher income multiples, support for gifted deposits, and multiple applicants further broaden access.

'My First Mortgage' enables first-time buyers to purchase homes significantly sooner by reducing deposit requirements and supports housing market activity across UK regions. First-time buyers play a critical role in sustaining local housing markets. By responsibly expanding access to mortgage finance, Santander is helping unlock transactions, stimulate local economic activity, and deliver tangible growth in support of the UK's wider growth mission.

Case study – Lloyds Banking Group



Accelerating the green retrofit of social housing through public private partnership finance

Lloyds Banking Group agreed a commitment with the National Wealth Fund to support the green retrofit of social housing across the UK. The £500m funding arrangement is backed by an 80% guarantee from the National Wealth Fund, enabling long term, competitively priced finance to be made available to registered providers of social housing at scale. £340m of this funding was delivered in 2025 alone to several housing associations operating all across the UK, reflecting the pace at which retrofit demand is emerging across the sector. Further funding has been allocated in 2026, meaning over £400m of the funding commitment has been allocated to date.

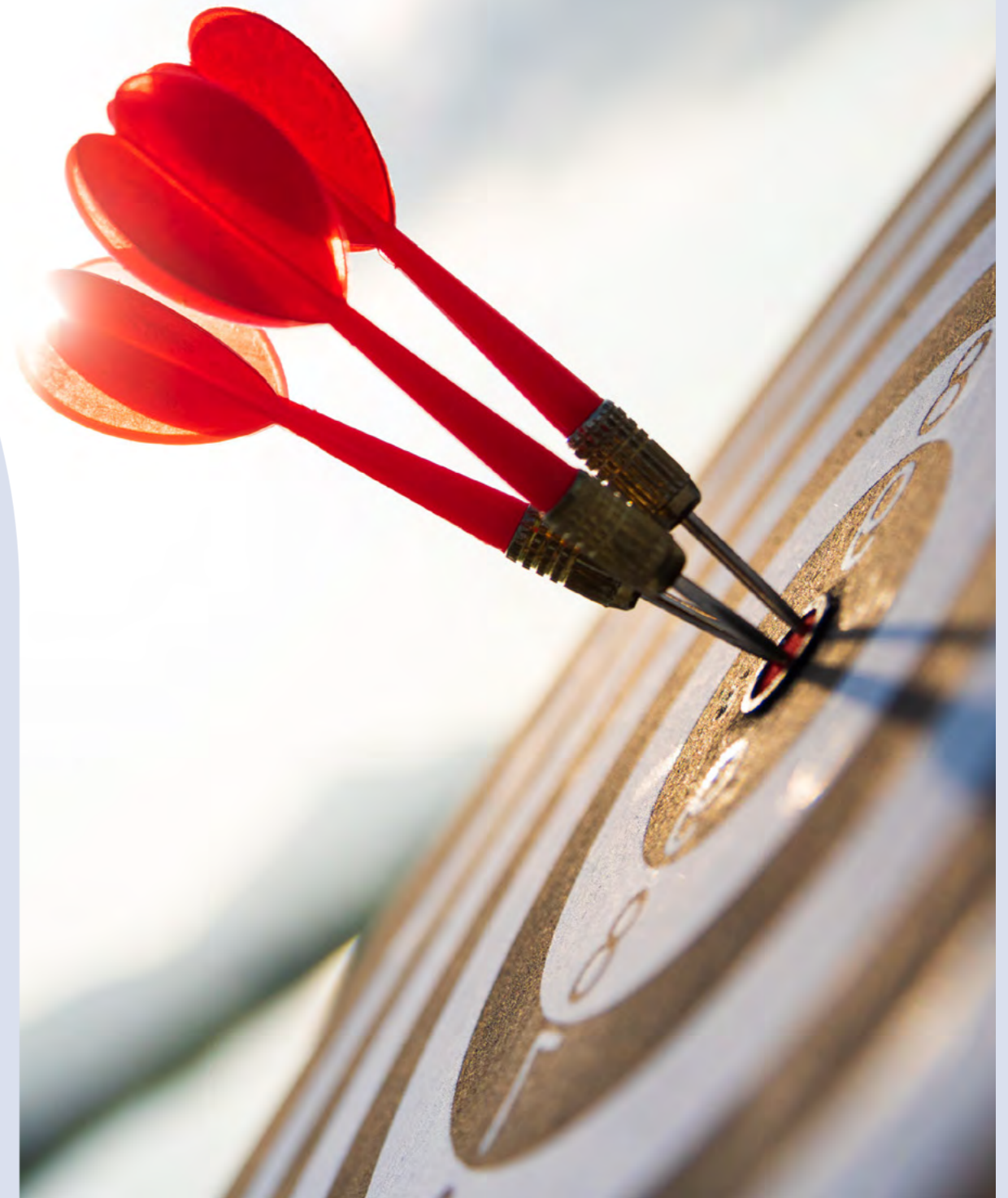
The financing is directed toward energy efficiency upgrades including insulation, low carbon heating and wider building improvements, helping social landlords to progress retrofit programmes that could otherwise be constrained by balance sheet capacity and cost of capital. The structure allows providers of different sizes to access funding on consistent terms, supporting delivery across regions with the highest concentrations of older, energy inefficient housing stock.

The National Wealth Fund has estimated that the total financing commitment could create and support over 4,000 direct skilled jobs in plumbing, insulation and renewable energy installation with tens of thousands of homes across the UK expected to benefit from retrofitting to become more energy efficient.

The programme supports delivery of the Government's Warm Homes Plan by creating warmer, greener homes, reducing energy bills for residents and tackling fuel poverty. At the same time, it generates skilled employment in construction and retrofit supply chains, delivering wider economic benefits to local communities while strengthening energy security and resilience across the UK's housing stock.

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Conclusion

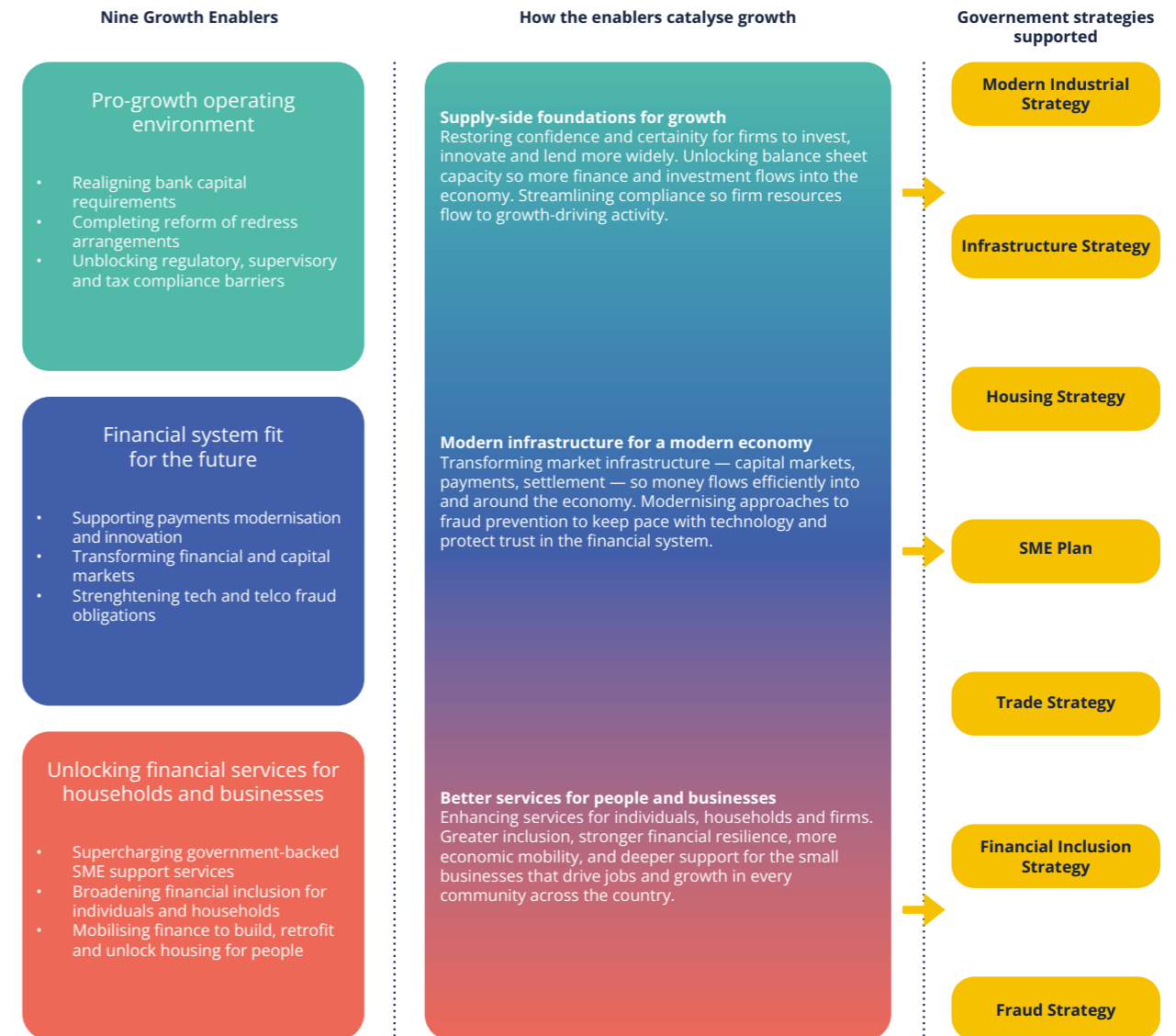


The task now is delivery

The Government's financial services reform agenda is already making progress. The Financial Policy Committee has reviewed bank capital and set a new benchmark, and the most significant package of Financial Ombudsman Service reform since its inception has been committed to. Regulation of the financial services sector is being streamlined and simplified. This work is already producing results. Mortgage rules have been reformed, with 391,000 first time buyers helped onto the housing ladder in 2025 – an increase of almost 18% in a single year.

These are not small steps. They demonstrate that when reform is delivered, the financial sector responds, and people and businesses feel the difference.

Delivering the nine Growth Enablers in full is how this momentum is converted into transformational gains: strengthening the financial system's ability to support investment at scale, expanding access to finance for people and businesses, enabling more homes to be built and upgraded, and improving the services that households and communities rely on. The diagram opposite sets out what this means in practice.



A stronger financial system and a growing economy reinforce each other. Strengthening the former is one of the most direct ways to accelerate the latter – and to ensure that growth is felt across households, businesses and all regions of the UK. That is the opportunity this reform agenda represents.

The UK's financial services sector is already deploying its balance sheet at scale, financing SME expansion and exports, housing development, home ownership and retrofit, clean energy and transport, and digital infrastructure. With the right regulatory and legislative framework in place, it can do substantially more.

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