

No major intentional shifts by UK financial services firms since Brexit - EY

The intentions of UK based financial services firms when it comes to staff relocations and the establishment of new offices in the EU have not changed all that much since the UK officially departed the bloc last January.

This is according to professional services firm EY.

Data from its latest Financial Services Brexit Tracker points to a rather muted response from firms since the end of the Brexit transition period.

While the number of financial firms that have publicly stated they have moved, or that they intend to move operations, has increased marginally in the last two years, big banks have revised downwards the number of jobs that they anticipate will move out of the UK.

Between January 2020 and December 2021, the number of financial services firms that publicly stated they have moved or plan to move some UK operations or staff, or both, to Europe rose just three percentage points from 41% to 44% (from 92 to 97 out of 222 companies).

Following the declaration of the referendum result in mid-2016, announcements rose steadily from 18% of financial services firms in December 2016 to 41% in January 2020 (39 to 92 companies out of 222).

And some of the largest UK investment banks have revised down the number of roles they will relocate to the continent to serve the needs of clients.

The total number of Brexit-related job relocations from the UK to Europe has fallen from 7,600 in December 2020 to under 7,400 now.

Dublin remains the top choice for operational moves, but Paris has been the biggest beneficiary from staff relocations.

36 financial services firms have announced their intention to relocate UK

operations to Dublin, with Luxembourg attracting 29 companies and Frankfurt on 23.

Although Paris was fourth on the list with 21 companies moving operations, 2,800 staff moved from the UK to the French capital. That was followed by Frankfurt with 1,800 jobs relocated and Dublin with 1,200.

“While the majority of operational moves were made well ahead of the 2020 Brexit deadline – and before the pandemic – travel restrictions over the last two years have challenged the practicalities of relocation,” Fidelma Clarke, EY Ireland Financial Services Brexit Lead, pointed out.

“Depending on the trajectory of the Omicron variant and its impact on international travel in the short term, moves that were delayed should pick up over the coming year not least due to regulatory requirements to have senior financial services employees in situ in the firms they lead,” she added.

Simon MacAllister, Partner and Brexit Lead at EY Ireland, said the competing pull of the UK trying to retain its position as a leading global financial hub versus several EU centres trying to build their domestic capital markets would be a feature of the financial services landscape for the foreseeable future.

“This competitive dynamic between markets will play out for many years to come and will ultimately drive better outcomes and a more transparent European financial services market,” he predicted.

“For the EU and the UK to maintain their individual competitive standings on the global financial stage, they must continue to work together, while acknowledging evolving regulatory divergence. As we look to 2022, both markets will continue to navigate the challenges of the pandemic, but their long-term strategic priorities will increasingly differ,” he added.

Source:

<https://www.rte.ie/news/business/2021/1220/1267670-no-major-moves-by-uk-financial-firms-since-brexit-ey/>

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