

OpenVoiceNews U.K.

Transparent. Unbiased. Yours.

Britain Needs a Strong Finance Sector to Compete Globally, Reeves Tells City Leaders

July 16, 2025

– Categories: Economics



Download IPFS

Britain's economic ambitions depend on a robust and confident financial services sector, Chancellor Rachel Reeves has warned, as she pressed regulators to avoid stifling the City with what she described as "excessive caution".

In her Mansion House speech delivered to City executives, Ms Reeves claimed that sweeping changes were needed to keep the U.K. competitive in an increasingly uncertain

global marketplace. “Today, I have placed financial services at the heart of the Government’s growth mission,” she said, “recognising that Britain cannot succeed and meet its growth ambitions without a financial services sector that is fighting fit and thriving.”

Her comments come as the Treasury unveiled a series of reforms intended to draw more investment into the U.K. economy, as well as into the hands of individual consumers. Among the proposals are plans to scale back regulations that many argue have burdened the City unnecessarily, hindering growth and innovation.

One of the key measures targets the ring-fencing rules that compel banks to separate their retail operations from riskier investment banking activities, a policy which has long been criticised for leaving Britain at a disadvantage compared with global competitors. The Chancellor argued that “rolling back regulation that has gone too far in seeking to eliminate risk” was essential to stimulate activity and strengthen the City’s standing on the world stage.

The reforms, branded the “Leeds reforms” after being announced in West Yorkshire, are claimed by ministers to be the most significant shake-up of the financial sector in more than a decade. However, critics have questioned whether further deregulation will deliver the promised benefits or simply shift risk onto ordinary savers.

In her remarks, Ms Reeves also lamented what she called the negative portrayal of retail investment. “Too often, the language around risk warnings discourages people, particularly women, from engaging with investment products that could help them build wealth,” she said. As part of the reforms, the Government is exploring changes to how risk is communicated to consumers, although no final decisions have been announced.

A further plank of the proposals centres on pension funds, which Ms Reeves said could be encouraged if necessary, compelled to invest more heavily in British assets. She insisted this was about delivering “higher returns for savers and more investment for the economy,” but sought to downplay the prospect of mandating such moves. “I am confident that I will not need to use that power,” she added, “because firms see the urgency and importance of this as clearly as I do.”

While the Chancellor portrayed the package as an ambitious push for growth, some observers remain sceptical that deregulation alone will revive the U.K.’s fortunes. In the concluding moments of her speech, Ms Reeves argued that regulators across sectors still

risk choking enterprise. “In too many areas, regulation still acts as a boot on the neck of businesses, stifling the innovation that is the lifeblood of growth,” she said.

Her remarks underline a clear message: Britain’s competitiveness relies on a financial services sector free from bureaucratic overreach and confident enough to take measured risks. Whether these reforms achieve that aim remains to be seen.