



**AFB MANSION HOUSE  
LUNCH**

**THURSDAY 3 APRIL 2025**

Lord Mayor Locum Tenens, Sheriff, Ladies and Gentlemen, as Chair of the Association of Foreign Banks, it is my pleasure to welcome you to our annual Mansion House Lunch. This event is a highlight of our year, providing a valuable occasion for networking among AFB members and to hear from our keynote speaker, Sam Woods from the PRA.

First, I would like to extend my sincere thanks to Greg Brandman and his colleagues from Eversheds Sutherland for their generous support in making today's event possible. Our ongoing collaboration with Eversheds is invaluable to our work and we greatly appreciate your contribution.

I would also like to thank Sam Woods, Deputy Governor for Prudential Regulation and CEO of the PRA. Sam, we're delighted you've joined us today and we look forward to hearing your insights on the outlook for prudential regulation and UK competitiveness.

I am also pleased that we are joined by Gwyneth Nurse, Director General, Financial Services at the Treasury. Your engagement with our members is key, and we value the opportunity to work together to ensure the UK is a competitive and attractive location for international banks to invest.

We are also joined by Sarah Pritchard, Executive Director, Markets, and Executive Director, International, of the FCA, and we appreciate you making time to be with us.

The role of non-UK headquartered banks in the UK's financial ecosystem is crucial. Our members are key participants in the UK's financial services. They provide liquidity, facilitate investment, and support businesses of all sizes. Beyond this, they play a vital role in driving economic growth by investing in infrastructure, developing skills, and creating opportunities that contribute to the UK's long-term success.

But international banks face choices – of where to invest capital, or where to conduct business, or where to allocate resources. And these choices do not take place in vacuum. There is increased competition from other jurisdictions. The UK must maintain proportionate regulation and a business-friendly environment to remain internationally competitive.

Against this backdrop, AFB's recent engagement with the PRA has been particularly significant. We have worked together on key issues, including operational resilience ahead of the March 2025 implementation deadline, and on the PRA's approach to branch and subsidiary

supervision, demonstrating the constructive dialogue between AFB members and the regulatory authorities.

These interactions have, we believe, supported the development of proportionate, risk-based regulation that upholds financial stability without stifling growth.

The PRA's priorities for 2025 identify the need to strike the right balance between maintaining high prudential standards and fostering a regulatory environment that supports competition and growth in the UK. Whilst we welcome recent steps taken by the PRA, we believe there is scope for bolder action to reinforce the attractiveness of the UK as a location for non-UK banks. We commend the proposed changes to the remuneration rules, which reflect an understanding of the need for proportionality. It is right that the Certification Regime is replaced with a more proportionate approach, and that the PRA considers additional changes to the Senior Managers Regime to increase flexibility and reduce bureaucracy. The PRA's approach to the bonus cap for smaller firms is a step in the right direction, but there is potential to go further and faster.

We agree with the PRA that strong standards are important in maintaining the attractiveness of the UK as a financial centre. However, we believe that developing appropriate, risk-calibrated standards would serve as a more effective benchmark for improving competition and reducing the regulatory burden, especially for smaller firms.

Reducing regulatory burdens must go beyond remuneration and prudential thresholds. A current example is on the PRA's proposals for the reporting of operational incidents. We support the drive to improve the operational resilience of both firms and the wider financial sector. But the PRA must focus on the most relevant, material risks to ensure that any new requirements do not create additional complexity, lead to overreporting or duplicate existing requirements. We look forward to engaging further with the PRA in other policy areas where the cost of compliance can be made more proportionate to risk. We want to support the PRA in pursuing initiatives to advance the secondary growth and international competitiveness objective, to enable firms to grow and scale up in the UK.

As referenced in Sam's letter to the Prime Minister and Chancellor in January this year, the improvements in operational efficiency at the PRA are commendable.

We have been very encouraged by the PRA's increased engagement with industry ahead of proposed changes. We agree with the PRA's comments in its 'approach to policy' policy statement that it has built closer relationships with industry bodies. This is crucial to ensure policies are considered and proportionate. We think this is the right approach for how industry and regulators can work together.

We were pleased to read the remarks in the PRA's Dear CEO letter to international banks, particularly regarding the PRA's commitment to working with home-state supervisors where these regimes produce similar regulatory outcomes. We urge the PRA to continue pursuing a pragmatic and outcomes-based approach in its international regulatory relationships, and we hope that the recent improvements in the EU-UK relationship will yield positive results for international banks operating cross-border.

AFB is committed, always, to engage constructively and collaboratively with the regulatory authorities, working to our shared ambitions of financial stability and economic growth.

Finally, I would like to take this opportunity to thank Giles and the AFB team, the Board, and all of our members for your continued support. AFB remains committed to providing an outstanding programme of events, training, and advocacy on your behalf throughout 2025 and beyond.

I hope you all enjoy your lunch today.

Thank you.