

SPEECH BY AMANDA HARVIE, CHIEF EXECUTIVE OF SCOTTISH FINANCIAL ENTERPRISE AT LAUNCH OF THE FINANCIAL SERVICES ADVISORY BOARD'S SECOND ANNUAL REPORT ON DELIVERY OF THE STRATEGY FOR THE FINANCIAL SERVICES INDUSTRY IN SCOTLAND ON 30 MARCH 2007

1. Good morning and welcome to this business breakfast event that Scottish Financial Enterprise (SFE) is delighted to be hosting on behalf of FiSAB, the Financial Services Advisory Board.
2. It is great to have you all with us. And a particular welcome to First Minister Jack McConnell, who is here in his capacity as Chairman of FiSAB, and John Campbell, Chairman of SFE, Senior Managing Director of State Street Corporation and FiSAB's Deputy Industry Chair. My special thanks go to David Squires and his team from Accenture who are very kindly sponsoring our event today.
3. Four years ago, as we stood on the cusp of the second term of the new Scottish Parliament, who would have thought that we would see the First Minister and a financial services industry leader sharing the same platform and the same agenda, not once but for two years in a row.
4. Today is not about electioneering or beating up government, it is about celebrating the success of our unique partnership that has brought government, the financial services industry and trade unions together in Scotland to ensure the continuing success of Scotland's great financial services industry.
5. For those of you who are unfamiliar with the history of this initiative, four years ago SFE called on the Scottish Executive to focus on the financial services industry and work with us at top level to deliver a win-win proposition: A better environment in Scotland for the financial services industry, both to meet the needs of the companies based here, enabling you to compete more effectively around the world from Scotland; and to ensure the continuation and growth of the vital contribution that our industry makes to Scotland's life and economy. Jack McConnell and his colleagues met the challenge, and in November 2003 the Financial Services Strategy Group met for the first time, bringing together 19 senior representatives from the industry and the public sector under the chairmanship of the then deputy first minister, Jim Wallace.
6. In March 2005, the group concluded its work and published the Strategy for the Financial Services Industry in Scotland. To take the Strategy forward our partnership was formed comprising FiSAB, the custodian and advocate of the Strategy, and its sister group, the Financial Services Implementation Group, which is responsible for delivery.
7. The core partners are the Scottish Executive and its agencies, Scottish Enterprise and Scottish Development International; SFE and the trade unions. A small number of senior individuals from the main sectors of the industry are also members.

8. (SLIDE) All of these organisations and people are working together in partnership to deliver our shared vision, which is of an innovative, competitive and thriving international financial service industry in Scotland, underpinned by world-class infrastructure and universally recognised as a leader on the global stage.

9. Last year – our first, we reported strong progress in delivering against the three priority areas of the Strategy: People and infrastructure: strengthening the world-class workforce and improving the business infrastructure in Scotland; Profile: building the profile of the industry in Scotland and beyond; and Innovation: creating the right environment to enable the financial services industry in Scotland to exploit market opportunities through innovative products and services.

10. Today we are announcing a second year of strong progress which is detailed in the FiSAB annual report you have in front of you. But before I give the floor to our key speakers, it is my pleasure, on behalf of FiSAB, to summarise some of the highlights for you.

11. (SLIDE) In the last year, 10 separate initiatives were delivered to expand and develop the skills base available to the industry in Scotland. These involved a wide range of stakeholders from careers advisors to school and university students, existing employees in the industry, career changers, our professional institutions and many financial services companies from across Scotland.

12. The Financial Services Sector Skills Council has now agreed that in Scotland it will deliver its remit under the umbrella of our Strategy and in partnership with FiSAB – which is vitally important in making sure that all skills agencies are fully aligned and their resources utilised effectively.

13. (SLIDE) In addition, the Fresh Talent initiative, which has attracted 3,300 international graduates to Scotland to gain work experience, has expanded the international emerging talent pool available to the industry. And the Talent Scotland financial services microsite launched this year now has 1,500 registered users across 80 countries.

14. (SLIDE) To build a more financially capable population in Scotland, we have worked with the Scottish Centre for Financial Education to develop a framework to build on the excellent financial education work being done by the public sector and the industry in Scotland, with the aim of taking this forward this year to ensure all Scottish schools are able to provide financial education.

15. Scottish expertise is giving leadership to the UK's financial capability agenda with FiSAB member, Otto Thoresen leading a new Treasury financial capability Taskforce.

16. (SLIDE) To ensure continual improvement to the business infrastructure in Scotland for the industry, FiSAB partners worked together to influence various initiatives affecting the quality of our transport and communication connectivity, including the National Transport Strategy. This, I am pleased to say, has “growing the economy” as its top priority and recognises the potential value of high speed capability.

17. During the year the Scottish Executive's Route Development Fund was instrumental in increasing the number of direct flight connections from Scotland to other priority financial destinations, particularly Boston, Zurich, Madrid, Munich, Brussels and Milan.

18. And Royal Assent was given for delivery of the Glasgow Airport Rail Link, with the Edinburgh Airport Rail Link winning approval of the Scottish Parliament earlier this month. Both are priorities for the financial services industry.

19. (SLIDE) In the last twelve months, the joined up work between the public and private sectors has resulted in securing a massive 3,500 financial services jobs for Scotland through inward investment and expansion of indigenous firms. This makes Scotland the best performing region of the UK against this measure.

20. To promote Scotland's agenda, the FiSAB partners have worked successfully to have Scotland's interests encompassed within the Chancellor's new high level financial services group. Martin Gilbert, Sandy Crombie and Sir Fred Goodwin are now members of the group and FiSAB partner organisations are engaged in various initiatives to ensure our priorities are addressed, also with support from the Secretary of State for Scotland.

21. (SLIDE) To raise awareness of Scotland's expertise around the world and to explore global opportunities for our industry and its suppliers based in Scotland, high profile financial services forums were held in Shanghai, Hong Kong and Tokyo. Personally, I particularly enjoyed flying the flag for Scotland in China with Tom McCabe, Scotland's Finance Minister, and promoting our interests at a major event at the UK embassy in Paris. You had to be there to understand the huge support for Scotland that was generated and the enormous respect for our financial services capabilities that exists – all of which FiSAB partners are now building on to Scotland's advantage.

22. Commissioner Charlie McCreevy chose to give his keynote speech on the launch of the European Commission's White Paper on Enhancing the Single Market Framework for Investment Funds from Scotland, putting the spotlight on Scotland's particular strength in fund management. And the industry's skills agenda was promoted at the Microsoft Government Leaders Forum in Europe – held in the Scottish Parliament in January this year – another coup for Scotland.

23. (SLIDE) Scotland's financial services industry continues to be at the forefront of innovation. To promote thought leadership, best practice and collaboration we developed several new initiatives and prompted greater collaboration and understanding between the industry and its supply base, including our universities. These initiatives are already benefiting the industry and its suppliers and will be driven forward this year.

24. (SLIDE) By all accounts FiSAB has delivered a strong second year. So too has the industry. The FiSAB annual report contains a raft of statistical information to give you greater insight into Scotland's benchmarking and the financial services industry's development.

25. Wherever possible we try to look at long term performance and trends rather than at year on year comparisons (which can become distorted by short term fluctuations).

26. Including other effects, the financial services industry accounts for around one in ten Scottish jobs. Direct employment in Scotland's financial services industry stood at just over 108,000 in 2005 (the latest available data), indicating a small decline on the previous year when it stood at 113,000, mostly due to the life assurance and pensions sector's restructuring to become more competitive. Banking, investment management and asset servicing sectors all increased their headcount in the period. In total, over the same period, employment in the UK financial services industry also decreased. Importantly, when looking at trends rather than comparing year on year performance, Scotland's share of financial services employment in Great Britain since 2000 has risen from 8.8% to over 10%.

27. The contribution made by the financial services industry in Scotland to Scottish GDP is now around £7 billion (7%). Since the beginning of 2000, the financial services industry in Scotland has grown by 55% while the overall Scottish economy grew by 13% and the UK financial services industry grew by 44% in the same period.

28. Scotland's financial services industry's position when measured against international comparators has improved against all but one indicator (average earnings) and when compared to the other UK regions, it has improved against all indicators. In addition, Scotland's general business environment has improved when measured against a number of international comparator locations including major economies such as the USA, Japan and Germany.

29. (SLIDE) And now to the future. The Strategy for the Financial Services Industry in Scotland is about continual improvement for the long term. To reflect that, we are putting the focus on the priority areas of People, Profile and Infrastructure, with an innovative approach underpinning all three, rather than as a stand alone pillar. Short, medium and long-term goals and plans are being established to ensure continual and sustained improvement.

30. FiSAB's Year Three priorities are delivering a new collaboration between Scotland's financial services industry and universities to increase the supply of work-ready graduates, promote Scotland's financial services educational capabilities internationally, and lever Scottish academic research. The FiSAB partnership will also implement a high profile communications campaign that we have fine-tuned in our second year to raise awareness of Scotland's financial services expertise and interests in the UK and key global markets.

31. A strong second year and a very exciting future! Now please join me in welcoming Jack McConnell Chairman of FiSAB and First Minister of Scotland.

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