

## Financial Services Sector Community Panel Notes

**MEETING:** UK Financial Services Sector Community Panel meeting

**LOCATION:** MS Teams call

**DATE:** 2 December 2024 12:00 – 13:30

**ATTENDED:** Kyle Tyrrell (chair), Jessica Bailey, Jessica Coutts, Jason A'Court, Shazzette Brown, Louise Morriss, John Rimmer, Anu Deshmukh, Laura Reay (staff), Melanie Venes (staff), Gemma Gathercole (staff)

**APOLOGIES:** Nicola Todd, Becky Glover, Chris Wilson, Victoria Gillespie, Burhan Awan, Noah Davis, Brian Abrey, Hardeep Attwal, Emily Song, Sunday Bode, Lucia Okafor, Chetan Champaneri

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### Introduction

Panel were informed that Sarah Lucas has stepped down as representative for the Northeast and that she has been in touch with Bridget Foley regarding other advocacy opportunities.

### Panel overview and updates

Laura advised that Victoria has been involved in Global roundtables with ACCA and contributed to the new ACCA report [Principles of Good Corporate Reporting](#) – panel were encouraged to read and share this.

Panel were advised that ACCA are speaking with Hannah Munro of [CFO 4.0 podcast](#) about opportunities to be involved/featured next year, and panel were encouraged to come forward if they are interested in this.

Panel were provided with an update on how the Finance Futures Conference went in Cardiff in November and advised that there are plans to make this an annual event moving around the UK. Melanie confirmed that no discussions have taken place about whether the Volunteers Day will continue, however, when she has considered this, she will let people know.

Kyle also mentioned that panels would like to meet up, but we need to manage that expectation due to low attendance numbers at things such as Volunteers Day. [Link Ups](#) were highlighted again as a vehicle for members to connect locally.

### Overview of the sector

Panel members were provided with the relevant statistics regarding membership working in the Financial Services sector within the UK. Positive feedback received regarding increase overall within FS membership. Jessica raised a query around IoM data which will be picked up with Tim in the Business Development Team.

## Sector trends and insights

Each panel member shared an update on the insights and trends within their roles, based on PESTLE analysis model.

### Political

#### **Economic and political landscape:**

- Downturn in inward investment into the UK due to uncertainty around the US election.
- Optimism for increased investment in Q1 and Q2 of 2025 with Trump's election confirmed.
- The UK budget's focus shift, including national insurance changes.
- Tax squeezes on solvent liquidations anticipated over the next few years.

#### **Legal and regulatory developments:**

- Significant legal ruling on motor finance commissions involving Close Brothers, disrupting car financing availability.
- Courts ruled against "secret commissions," escalating the issue to FCA and treasury levels.
- Potential need for redress payments and changes in motor finance practices, with impacts on share prices and scrutiny of the sector.

### Economic

#### **National insurance changes:**

- Substantial impact, even on successful businesses, with cascading effects across industries.
- Businesses withholding pay rises or offering minimal increases.
- Large corporations (e.g., Tesco) reporting significant tax bill increases.
- Consequences: higher prices, increased inflation, prolonged high-interest rates, and more expensive debt for businesses.

#### **Offshore services and tax planning:**

- Increased inquiries from non-dom UK individuals relocating.
- Isle of Man initiatives to grow its population.
- Capital Gains Tax (CGT) concerns eased by less severe rate increases.

#### **Fund administration and corporate services trends:**

- Financing is beginning to return to the market.
- Institutional investors are under pressure to see returns before deploying capital.
- Shift toward retailisation of alternative assets.
- High-net-worth individuals seeking access to traditionally institutional investments.
- Noted business relocations to onshore locations in Europe (e.g., Luxembourg).

### Social

#### **Recruitment and staffing challenges:**

- Business recovery and insolvency sector struggling to recruit trainees and experienced candidates due to its niche position between accountancy and law.

#### **Isle of Man experiencing:**

- Very low unemployment rates.
- More job openings than available workers.
- Employers considering overseas recruitment to address shortages.

## **Technological**

### **Artificial intelligence and technology:**

- AI in Banking and Workforce Integration:
  - o Opportunities and challenges in embedding AI in operations and customer-facing products.
  - o ECSA could help members develop AI skills and tools.
- Applications and limitations of AI:
  - o Custom GPTs tailored to company-specific data.
  - o AI chatbots for customer interaction.
  - o Personal uses like holiday planning and gift suggestions.
  - o AI for meeting transcription, reducing minute-taking time by ~50%.
  - o Implementation of Workiva for financial statement automation.
  - o Limitations in AI-generated imagery (text accuracy and spelling).
- Future trends in AI:
  - o Generative AI entering the “trough of disillusionment” in Gartner’s hype cycle.
  - o Focus on AI agents for complex tasks and integrations.
  - o Gradual integration of AI into processes over time.

### **Financial technology advancements:**

- Admiral Group’s implementation of Workiva for financial statements and automation.
- Jersey Finance released a paper focusing on real-world assets and blockchain.
- Regulators addressing digital assets and passporting requirements.

## **Legal**

### **Insurance sector updates:**

- Ogden rate confirmed at 0.25%, reducing claim payouts and uncertainty around financial statement timetables.

### **Regulatory changes impacting fund administration and corporate services:**

- UK consumer protection laws from last year are affecting the industry.
- Other jurisdictions adopting similar regulatory adjustments.

## **Environmental**

There were no direct comments regarding this.

### **Sub-group updates and review**

Laura reported successful AI and talent webinars and advised that Victoria is exploring a collaborative webinar with Corporate Sector in Feb’25 around sustainability. The panel discussed leveraging product vendors as speakers and exploring quarterly event/content production frequencies. Some future topic areas for webinars/articles/case studies/podcast involvement etc were:

- Exploring how AI can be combined with the production of financial statements
- AI agents - anticipating it to be highly relevant in the coming year
- Case study on Admirals use of Workiva (AI)

## AOB

Melanie updated on the panel transition, including the work being done on finalising terms of reference and upcoming changes to panel membership. Kyle raised request for circular feedback.

A new Non-Executive Director (NED) initiative is being officially launched on 3 December, aiming to enhance the ACCA NED community.

Gemma Gathercole highlighted external policy developments, including the UK government's industrial strategy consultation and HM Treasury's call for evidence on financial services growth and competitiveness strategy, inviting panel input on these matters.

## 2025 meeting dates

Proposed meeting dates were shared with panel and encouraged to accept/deny as early as possible to allow for any changes in advance. These have been scheduled to take place before MAC meetings.

### Resources shared:

- [Principles of Good Corporate Reporting](#) (also linked above)
- [CFO 4.0 podcast](#) (also linked above)
- [Link Ups](#) (also linked above)
- [Workiva](#) (also linked above)
- [ACCAs AI monitor series](#)
- [Accounting for the Future Conference](#)
- [Talking FS – AI: Risk vs Reward recording](#)
- [How AI will or will not impact Hollywood](#) - shared by Jason
- [ACCA // CAANZ event: Lead the way in sustainable transactions](#) – F2F event, Victoria is a speaker
- [ACCAs NED Space hub](#) – partnering with NEDonBoard
- [Consultation: Invest 2036: The UKs Modern Industrial Strategy](#)
- [FS Growth and Competitiveness Strategy](#) – closes 11:59pm on 12 December 2024

### Actions:

- Laura to introduce Jason and Shazzette to other Channel Island reps on sector panels – has made initial intro to Practice Sector manager for follow-up and awaiting feedback from Corporate Sector manager.
- Laura to share panel meeting diary invites – now done
- Panel to share ideas with Laura, Kyle and Victoria on topics we should be focusing on next year, by end of Jan to allow for planning – this is for ALL activity, not just webinars
- Laura and Jessica to catch up to discuss case study for Admiral/Workiva – planned for May
- Jason to reach out to Laura with more thoughts on AI agents suggestion
- Shazzette to review Link Up information and look at submitting an application

**Next Financial Services panel meeting – 26 February 2025**

