

Address for Chris Cummings for UKSIF AGM

[To be checked against delivery]

Mr Chairman, Ladies and Gentlemen,

Good evening.

As a speaker in the North of England once said: 'before I deliver my address to you tonight I'd like to say a few words'.

First, many thanks to UKSIF for asking me to address you this evening.

It is a happy coincidence that the formation of my own body, TheCityUK, is taking place at the same time as your organisation is refocusing and launching a new strategic plan for 2011-2015, to mark your 20th anniversary next year, about which I will say more later.

I have always strongly supported the work of UKSIF, and was proud to be on the organising committee of the National Ethical Investment Week.

Some of you may recall that I was also a staunch advocate of green mortgage finance and the introduction of energy performance certificates, so home buyers could seek to improve the environmental impact of their properties.

UKSIF, and the members who support it, are living proof that you can succeed in the world of financial services and also care about the environment and sustainability.

You demonstrate, in fact, that you can be competitive but still concerned.

And you have already played a vital and indispensable role in making the UK a global leader for sustainable and responsible finance.

Thanks to you, the UK introduced the world's first responsible investment disclosure regulation, the tenth anniversary of which you marked in June of this year.

Thanks to you too, the world's first Stewardship Code, on responsible asset ownership, has just been launched in the UK.

And in praising UKSIF I would also like to say a few words in tribute to Penny.

Both as your Chief Executive and in her earlier incarnation as Executive Director she has been the driving force in building UKSIF's membership into the formidable, cross sectoral force it is today and in leading that diverse membership to real, practical achievement.

It is not given to many of us to change the world, but you, Penny, have surely done so.

I often reflect how attitudes have changed in government, in business and amongst consumers in the last 20 years since UKSIF came into being.

At one time there was a strong sense in many quarters that sustainability was something for times of prosperity, to be tossed into the 'too difficult' basket when the going got rough.

It was argued that a green economy would actually cost jobs rather than, as a recent NESTA report predicted, “generating one million jobs in the UK and a market size of £46 billion by 2013”.

And as for meeting greenhouse emission targets!

The old attitudes to this used to remind me of a story from the Soviet Union about when Stalin, Krushchev and Brezhnev were in a train which suddenly came to an unscheduled stop.

Their aide de camp brought terrible news: the driver had gone on strike!

‘Have him shot!’ advised Stalin. ‘No’, said Krushchev ‘that way we’ll never move at all. Tell him that the triumph of Communism will happen at the next station!’

Then Leonid Brezhnev said ‘why don’t we just get someone to rock the train and pretend we’re still moving?’

Who would have imagined, a generation later, that 29 of the largest companies in Europe, across a range of sectors, including BNP Paribas, Swiss RE, Credit Agricole and from the UK, Marks and Spencer, Vodafone and Thames Water would sign a declaration which urged EU Ministers to increase the EU’s target for reducing greenhouse emissions by 2020 from 20 per cent to 30 per cent?

I quote from the Declaration: ‘Moving to a 30 per cent emissions reduction target is a win-win for Europe. As well as the numerous economic and social benefits of cutting greenhouse gas emissions, it will spur innovation and investment, thus creating millions of new jobs in a low carbon economy, with the global low-carbon goods and services sector estimated to worth over 3.4 trillion euros and growing rapidly’.

Mr Chairman we have come a long way in 20 years, and as I have said, UKSIF can claim much credit for that.

And much of your success stems from the way you work.

You have a single, straightforward objective: that the UK financial sector leads the world in advancing sustainable development through financial services.

You are not only a voice for sustainable and responsible finance, but a thought leader and influencer and educator of government and business.

Transparency, accountability and effective governance are the leitmotifs of all your work and there is, if I may say so, a message there for the entire financial services sector.

But let us return to our theme which closely matches your primary objective.

How do we ensure that the UK remains a world leader in sustainable and responsible finance?

Because along with every other financial centre, now and in the past, we have to earn and work hard to retain our leadership positions.

We have no prescriptive right to them.

As the latest European Sustainable and Responsible Investment Study showed last week, France has already overtaken us in total share of SRI assets held, even though the UK share had grown by 19 per cent between 2007 and 2009.

A single indicator, perhaps. But a telling one.

I am optimistic, though not complacent, about maintaining our leadership role.

When preparing my address, I was about to follow that statement with 'why do I say that?'

I then remembered the risks that speakers run when asking rhetorical questions as when Harold Wilson once told an election meeting that he was life-long supporter of the Royal Navy.

'Why do I say that?' he asked. 'Because you're in Chatham', came the reply.

But I do say it, and I would like to cite three reasons for doing so.

First of all, business leaders around the country increasingly tell me that they see themselves as neighbours to society.

And few industries are closer neighbours, to a wider public, than financial services.

Whether customers are applying for a mortgage, building up a pension or nest egg or just using a credit or debit card to buy petrol or do the weekly supermarket run, the way financial services serve them has a bigger and more immediate impact on more of our citizens than almost any other type of business.

Like any neighbour it can be good or it can be bad.

And in some areas of the industry the recent scorecard has been, to put it mildly, mixed.

But where things have gone wrong we are striving to correct them. We have already made progress but we know we have a way to go.

TheCityUK has dedicated itself to build on the changing relationship which is already emerging.

By building a new partnership and dialogue with government.

And by reconnecting financial services with the wider public and restoring confidence in the sector.

Second, it is a myth, but a persistent one, that sustainability is somehow incompatible with competitiveness.

It is not and I would like to explain why.

Today's public is more aware, perhaps, than it has ever been of the behaviour of market leaders.

Thanks to the internet, to NGOs, to investigative reporting in the media generally, abuse, wrong doing, or even what we used to call sharp practice can be quickly brought to the surface.

And the evidence suggests that the public will punish behaviour which they regard as unethical and exploitative – and that means loss of market share.

Mark Twain once said: 'To do good is noble, to teach others to do good is nobler and no trouble.'

Today we might add: 'To do good is noble – and also good for business!'

That is why my personal definition of competitiveness includes a commitment to ethical behaviour and sustainability.

That commitment, I can confirm to you tonight, will also be at the heart of TheCityUK's mission to preserve and extend the competitiveness of UK financial services.

And I believe that leadership in sustainable finance will help us to keep the UK as the preferred location to transact financial business for another reason.

Because the UK financial services industry has survived and prospered through its adaptability, ingenuity and willingness and ability to innovate.

Let me touch briefly on two examples on where these qualities have been shown at their very best.

I am sure you are aware that the UK is now the main Western hub for Islamic Finance.

It was not preordained that that should be so. It happened because UK financial entrepreneurs saw the opportunities it presented and seized them.

It also happened because London and the key regional financial centres throughout the UK, as well as having practitioners who are skilled and experienced in sophisticated financial transactions, also has the infrastructure of legal and accountancy firms near at hand to support those transactions.

And, for all its faults, most of those engaged in Islamic Finance find the UK a more congenial place to do business than its competitors.

And then there is the leading role that London has established for itself in carbon trading.

First in the field with our voluntary UK Emissions Trading Scheme in 2002 which gave us invaluable early experience of carbon trading.

Building up a critical mass of sector expertise amongst investors, advisers and analysts.

So that by 2009, the vast bulk of permits traded on the EU emissions trading scheme were traded in London.

Between 2000 and 2008, 78 clean tech companies had joined the London Stock Exchange AIM market

And over half the carbon funds launched and managed in Europe by 2009 had the UK as leader.

What is special about sustainable and responsible investment however is that lenders and entrepreneurs generally do best when they are in it for the long haul.

There is no doubt that some in our sector have been more attracted in the past to achieving faster returns.

Nothing wrong in that, perhaps. As long as the sector has the capacity to support and sustain those small and medium sized enterprises which are, I am convinced, going to be the drivers of growth in a sustainable, green economy in the future.

That is why I am excited as I know you are, by the proposals for the new Green Investment Bank which have, happily, survived the recent change of government unscathed.

Bob Wigley, in his report on the Bank calculated that putting the UK economy on a low carbon footing would cost £220billion.

Against that, the £2billion fund which the GIB will initially have to deploy seems miniscule.

That is why the other work stream in your new strategy, that of raising awareness and improving support for sustainable investment through the National Ethical Investment week, your Sustainable Pensions project and other initiatives will be even more essential in the future.

You have achieved much in 20 years. The challenge of the next 20 will be just as great.

I personally have always enjoyed a challenge. That is why, in my new role as Chief Executive of TheCityUK, I am now looking forward to working with TheCityUK's members and representing the UK financial sector, at a time when I judge that the sector is more unpopular, and more misunderstood, than at any time in its modern history.

And as you have kindly asked me to do, I would like to say a few words to you about the TheCityUK and its plans for the future.

Our vision is ambitious. It is to help make the UK the best place in the world to set up or grow a financial or professional services business.

To achieve that goal we seek nothing less than a completely new relationship with government, parliament and the general public. This will in time restore the reputation of our sector both at home and abroad.

One other message about TheCityUK which I wish to stress this evening is that we are a national organisation.

So we should be.

Of the more than one million people working in financial services in the UK today, some two thirds are employed outside London.

That is why developing a network of contacts throughout the country to support a National Strategy for TheCityUK has been an early and urgent priority.

It will not surprise you to know that at TheCityUK we predict that the financial services industry and its associated professions will be a key driver of the UK's economic recovery.

But our recovery from our current difficulties will be a sustainable recovery or it will be nothing.

So I am pleased to commit TheCityUK tonight to working closely with UKSIF to advance sustainable development and a sustainable economic recovery.

We will work in partnership with you in persuading government, influencers and the industry itself, that capital flow and long term commitment are essential to allow sustainable businesses, and especially SMEs to grow and prosper.

To strengthen TheCityUK's voice in the debate, we will continue and extend our current research and analysis of carbon markets and will shortly be establishing a working group drawn from our membership which will develop strategies for maintaining the UK as the centre of choice for carbon trading.

But if we are to succeed, sustainability must inform everything we do, from using the recycling bins in our offices to running conferences to define the next generation of green financial products.

Reading your 2011-2014 strategy I was especially struck by its final point:

'Our members are our primary stakeholders but we also recognise our responsibilities to civil society, the environment and future generations.'

So should we all. Long may you be there to show us the way.

Thankyou.