

Ladies and Gentleman

Thank you for joining us at the BBA's annual conference.

And thank you Prime Minister for giving the opening address

Today we want to fast forward to the future of banking

And to respond to Mr Cameron's call to make ambition the watchword of the day

To think about what banks might look like in twenty years' time

How changes to global regulation will shape the banks of the future

How new products will improve the lives of customers

And what the culture of our banks will be like

In many ways the future for banks in this country is enormously exciting.

But it also brings with it many challenges

Banks are safer than they were before the crisis

They hold three times more capital than they did

They are less highly leveraged and less risky businesses

But we need to make sure that in this push for greater safety we do not undermine the core purpose of banks

To provide the finance businesses need to fuel economic growth

To help people fulfil their dreams of buying a new home

Yes, too many risks were taken in the past

But we must be more ambitious than just seeking to achieve

In the Chancellor's words

The stability of the graveyard

So what do we want to see in the future?

If we are to really be the sum of our parts

And are to help drive economic growth in the developing world

As well as the developed

We need to move to a more consistent global regulatory framework

We might never achieve one global handbook

But if the industry and international regulators worked hand in hand to agree globally observed principles

It would be a huge step forward

Making the cost for businesses looking to raise funds in Lagos the same as the costs for businesses in London

Giving an investor in Mumbai the same regulatory protections as someone in Manchester

Providing entrepreneurs with the finance they need to trade across the globe

So it is with great interest that I will be listening to today's panels of international regulators and bankers

To see if they share the vision I have just outlined

And how far down the road to reform they think we have come

## PAUSE

A big part of our future agenda is also how we make new technologies work best for customers –

Something our digital panel will look at this afternoon

We are seeing huge changes in the way we bank now

£1 billion is moved online and through apps every day

The number of downloads of mobile banking apps is doubling every year

Contactless payments are growing exponentially

And plastic has overtaken cash as the preferred method of payment for the first time this year

Fast forward twenty years and it is not hard to imagine customers finding physical cash is almost redundant

Where payments are made with biometric recognition technology

Paying in money, arranging a loan or making payments abroad

Will be possible from the palm of your hand

Everyone will have their very own bank branch in their pocket

This means banking will be easier than ever for all of us

But it will also present huge challenges for the banks we work for

As big global brands such as Apple, Google and Amazon shake up and disrupt the market in unpredictable but exciting ways

The way that banks interact with their customers in the future will change hugely

But we also need to change how bank staff work today– by changing the culture of banking

Because true change can only come from within

This is essential if we are to win back the trust and confidence of our customers

One man who is determined to do that is RBS Chief Executive Ross McEwan

So I'm delighted that he has found time today to share with us his vision of how to build a bank that earns customer trust.

We share this ambition for our industry and it is something we are working hard to implement now

If we fast forward twenty years – I am sure that we will look back at today's efforts

And recognize that the renewed banking culture that we are working so hard to implement

Has become an essential part of London's offering to the rest of the world.

With London again a by-word for fair dealing and integrity.

And good practice seen as a competitive advantage

Attracting companies from across the globe to raise finance here in the UK

This is an ambition that I am sure is shared by all our speakers on our culture change panel this afternoon

If we are to get to those sunny uplands

It will require a huge amount of work on our part, much of which I know is already underway

And I will be fascinated to learn more from our distinguished guests about what that change might entail

This competitive advantage will be crucial in the coming years

There will be opportunities to exploit

But there will also be threats

One that is particularly topical that we have today called the \$100 billion question – is the level of fines coming out of the US

So I am looking forward to the discussions of the impact those huge fines are having on banks' behavior

As they try to 'de-risk' their businesses

Ending services that could expose them to balance sheet altering penalties

This causes problems not just for people in our industry

But for the exporters who are struggling to get finance in fast developing countries

For the families who are no longer able to send money home to Sub-Saharan Africa

For charities who find it difficult to get aid money into war-torn regions

Because banks cannot be absolutely certain that this money will not make its way into the hands of terrorists or drug traffickers.

PAUSE

Much of the action taken since the crisis has been good

But some of it has had unwelcome unintended consequences

Such as the fragmentation of the global banking system

The balkanization of capital and liquidity

And the differing, sometimes conflicting regulatory regimes across the world

This matters – if we are to maintain London's place as a global financial centre

Creating jobs, growth and prosperity across the UK

There are already signs that we are starting to slip down the world rankings

The US recently overtook the UK to become the largest exporter of financial services in the world

So I am particularly keen to hear the visions for our industry from the two main political parties

To hear their views of what banks should look like in five years' time

And how they will help to maintain London's globally competitive position

What will they want to change if elected

And what impact will it have

Not just on those of us who work in the City

But also the hundreds of thousands of bank workers across the country

Now before I hand over to Daisy McAndrew - our Chair for the day - I'd like to thank our sponsors KPMG for their continuing support

And to all the other exhibitors who have joined us downstairs today whom I would encourage you to go and speak to.

We live in a fast changing world

I have no crystal ball

But I am sure of this

The banking sector we work in now

Will look very different to the banking sector in which we will work in twenty years time

We have a lot of work to do to get it where we want it to be

But we have to be ambitious because the prizes and opportunities are great

And I am sure that we are up to the challenge

I hope you enjoy the conference

Thank you very much