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Well, they're not laughing now…

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Bob Monkhouse famously quipped: "They all laughed when I said I'd become a comedian. Well, they're not laughing now." Right about now this kinda chimes for the international standing of London as a financial centre.

The latest Z/Yen Global Financial Centres Index has placed London second to New York City as the world's top financial centre, followed by Hong Kong with Singapore hot on its heels.

And what's more – London's closing the gap on NY as the primary international centre for finance in the think tank's index that ranks 121 financial hubs worldwide.

Who'da seen that coming the best part of a decade ago?

Back then, you could hardly think for the sound of European lenders sucking teeth, anticipating the relocation of expensive London teams to the inexpensive homeland.

In 2016 – when the fateful decision was taken for the UK to exit the European Union – I was not in journalism, spending 3 years plying the trade of a head hunter in the infra/energy space.

It was during this time at One Search that the impact of Brexit – finalised at the end of January 2020 (by which time I'd been back at IJ for the best part of 3 years) – left its strongest impression.

The immediate reaction from the infra lending community in 2016 was that French banks were Paris-bound flicking the Vs on the way out (not getting the irony), German banks were heading back to their respective Länder, Dutch banks were looking forward to slapping regulated bonus caps on infra teams, etc.

It wasn't looking good for a London-based head hunter… though maybe we could turn a coin shifting folk back home. More, it didn't look good for London, point blank.

But then you spoke to people…

The overwhelming response went along the lines of: "I came to London for a reason. I want to live and work here. I don't want to live and work in [insert relevant European regional finance centre as applies]."

Granted, there was a migration of infra specialists to the US – a brain (and cash) drain of Pond Jumpers, most of whom remain happily ensconced in New York (partly why it retains the title… for now).

But most folk stayed… because they wanted to.

One non-British lender at a European bank says: "As contenders, Luxembourg never had a chance – it's just a bit boring –

maybe Paris… but it's in France. Singapore is too small and it's too far away.

"London has the people – who didn't move when asked to do so post Brexit – and the English language dominates, as does English Law."

Another non-British infra professional adds: "The market cares about functionality. London works. It has scale, legal certainty, a neutral time zone and still attracts top talent.

"It has adapted to the post-Brexit world. Other EU centres – despite gaining some headcount – haven't dethroned The City."

Yet another lender, one of UK heritage, gets topical: "On the days when Heathrow is open, it provides London with unparalleled connectivity with the rest of the world which has to be a positive."

As Brexit started to impact, the head hunting community did note that many back-office functions relocated to cheaper climes (not always the homeland), but the originators and executers remained – more – refused to relocate.

Another non-UK national – but not of the European persuasion – points out that "we did not see the sky fall in post Brexit" but warned that for any financial centre to work well "predictability is essential". He adds that the market was most unpredictable under Boris Johnson and that Keir Starmer needs to avoid repeating this mistake.

In fact, what the current administration needs to do, as one source says, is "continue to attract talent – don't kill it with taxes, personal and business – and signal regulatory stability".

Another infra professional says: "X years post Brexit, people have tired working in France and the Netherlands. It hasn't been great for them, has it?" The source adds: "They should change the tax treatment of carried interest. Lots of useless chumps making out like bandits for doing little value add."

One further joins in: "How to stimulate the economy and how to bring down the long-term cost of living? Massive house building programme and getting people off benefits and into work. A strong economy leads to strong financial services."

To nail down London's credentials and, possibly, make it the index leader, one source advises that the current administration should "get above politics and recognise London is the economic heart of UK".

The infra veteran adds that London "generates huge GDP which is redistributed around the UK" and that the "London v Regions" debate should be scrapped in favour of investing in both… "but not at the cost of London".

And the final word: "Stop people using London housing as a safety deposit box to increase rental supply and purchase supply."