Agenda

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{ REGULATION }

OVERHAUL OF DODD-FRANK A "PRIORITY" FOR 2017

A campaign promise to overhaul Dodd-Frank, the regulations designed to counter systemic risk in the financial sector, has been given early attention in Donald Trump's presidency.

The president has ordered a review of the act, while chair of the US Financial Services Committee Jeb Hensarling has said he will reintroduce legislation he tabled last year giving banks the choice between complying with Dodd-Frank and holding more capital.

Last month, the president signed an executive action aimed at significantly scaling back the scope of the Dodd-Frank Act rules. Gary Cohn, director of the National

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Economic Council, said the move is designed to lift restrictions on lending and lighten the regulatory burden on the financial sector. "All banks have been shackled," he said. "We need to get banks back in the lending business."

The Dodd-Frank Act, the detailed rules of which have yet to be fully implemented, gives the US Financial Stability Oversight Council (FSOC) scope to label financial institutions as 'systemically important' and subject to federal constraints.

As well as giving authority to FSOC, the act includes the Volcker Rule, which restricts banks that hold taxpayer-based deposits from making 'proprietary' trades, or ones based on their own discretion.

Hensarling signalled that reforming or dismantling Dodd-Frank was a "this-year priority" for the president.

{ CONTEXT OF TREASURY }

UK faces workforce shortages due to Brexit and ageing population

Without greater investment in automation and productivity gains, UK business and industry will face a widening workforce gap, according to a study from consultancy Mercer. Falling levels of migration due to Brexit will worsen the issue, Mercer's researchers argue.

The Mercer Workforce Monitor mapped the size of the UK's workforce from 2015 to 2030 based on possible changes to current levels of migration. Under all four of the scenarios that researchers modelled, the UK workforce shrinks even as the overall population grows.

Workforce size is a key economic issue, the study says. Since shortly after World War I, both the UK population and the workforce size have grown. A reduction in workforce growth, particularly when set against the backdrop of an ageing population, has major implications for economic growth.

Using workforce and population data from the Organisation for Economic Co-operation and Development, the UK Office for National Statistics, the Bank of England and other sources, Mercer modelled four possible scenarios: no change; a net migration limit of 100,000 per year (in line with stated government policy); a net migration limit of 40,000 per year; and a scenario in which the UK experiences a net outflow of EU-born and UK-born workers. Here, the working population would shrink by 700,000 to 32.6 million, while the overall population would grow to 70.2 million.

Gary Simmons, partner at Mercer, said: "Both the government and businesses have a Herculean task ahead of them in determining how we respond to the changing shape of our society. If they do not act now, they could find they do not have their share of the people and skills they need in future."

"There is nothing sacrosanct about achieving a surplus."

Economist Vicky Pryce comments on the Chancellor of the Exchequer's deficit reduction plans.

SOURCE: *THE EVENING STANDARD*, 8 FEBRUARY

"I do not advocate that we talk thoughtlessly about withdrawing the regulation we have created globally as a lesson from the financial and banking crisis. We have a number of volatilities – not just because of geopolitical risks to global economic development – that we can't take seriously enough."

Wolfgang Schäuble, Germany's federal minister of finance (pictured above), comments on US government plans to begin easing regulations developed after the financial crisis and intended to prevent a repeat.

SOURCE: BLOOMBERG, 17 FEBRUARY

SHUTTERSTOCK

{ KEY FINDINGS FROM THE BRITISH BANKERS' ASSOCIATION AND WEALTH MANAGEMENT ASSOCIATION'S *WEALTH OF OPPORTUNITIES* REPORT }

£825bn assets under management within the UK's private banking and wealth management sector

40% comparable value of those assets in terms of UK GDP

57% the growth of the sector since 2011

£6bn turnover generated by the sector

£146bn investments made in 2016

{ REGULATION }

NEW-GENERATION UK PAYMENT FIRMS RELIANT ON PASSPORTING

More than three in four payment companies authorised in the UK since 2009 have taken advantage of EU passporting arrangements to export their services to continental Europe.

That's according to findings by e-money and regulatory specialist Neopay.

The consultancy, which obtained the information via a Freedom of Information (FOI) request, found that 336 UK payment firms have made use of the arrangements since 2009. Over that period, 137 overseas payment firms have used passporting to import their services into the UK.

With UK members of parliament giving the government the green light to trigger Article 50 and make preparations to leave the EU, and with City lobbying group TheCityUK abandoning its campaign for the retention of passporting as a central plank in Brexit negotiations, the basis on which these firms will operate across borders is uncertain.

"Despite what the FOI has revealed, [TheCityUK] has dropped demands to maintain the EU passport regime and instead wants equivalence, or more bespoke agreements to mirror the existing regime. What is decided next in Brussels will be crucial in determining the future of the UK's financial services industry in Brexit Britain," said Craig James, Neopay's CEO.

{ CORRECTION }

In our coverage of *The Treasurer*'s Deals of the Year Awards in the February issue, we referred to the Hargreaves Services treasury team as a team of four people. We are happy to make it clear that the team is made up of two people.

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"If the economy remains solid and the pick-up in the nominal data continues, this could soon suggest an increase."

Bank of England monetary policy committee member Kristin Forbes on possible interest rate rises ahead.

SOURCE: *THE i NEWSPAPER*, 9 FEBRUARY

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$60 the price oil would need to reach per barrel in order for BP to break even this year

179% the level of Greek government debt against GDP, an unsustainable level, according to the International Monetary Fund

€1bn the price tag mooted for cosmetic retailer The Body Shop being considered by L'Oréal

2% the rate of inflation the German economy is predicted to reach, according to research by Bundesbank forecasts

5.6% the year-on-year increase in retail sales for January in the US, in figures released by the US Commerce Department

74.6% the rate of employment in the UK at the end of 2016, the highest level since records began