Growth Sector Briefing - Financial and Business Services

Office of the Chief Economic Adviser

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# Growth Sector Definition

Scotland’s Financial and Business Services industry was identified in Scotland’s Economic Strategy (2015) as one of the growth sectors in which Scotland can build on existing comparative advantage and increase productivity and growth. Scotland is internationally recognised as the most important UK financial centre outside London and the South East, with a breadth of financial services including global custody, asset servicing, banking, investment management, corporate finance, general / life assurance and pensions. Business services is also a crucial sector for Scotland, having grown in recent years to comprise a large and diverse range of professional services.

The Financial and Business Services growth sector is defined by the Standard Industrial Classification (SIC) 2007 codes:

64.1 - Monetary intermediation

64.3 - Trusts, funds and similar financial entities

64.9 - Other financial service activities, except insurance and pension funding

65 - Insurance, reinsurance and pension funding, except compulsory social security

66 - Activities auxiliary to financial services and insurance activities

69.1 - Legal activities

69.2 - Accounting, bookkeeping and auditing activities; tax consultancy

70.2 - Management consultancy activities

71.129 - Other engineering activities (not including engineering design for industrial process and production or engineering related scientific and technical consulting activities)

73.2 - Market research and public opinion polling

74.3 - Translation and interpretation activities

78.109 - Activities of employment placement agencies (other than motion picture, television and other theatrical casting) n.e.c.

78.3 - Other human resources provision

82.1 - Office administrative and support activities

82.2 - Activities of call centres

82.3 - Organisation of conventions and trade shows

82.91 - Activities of collection agencies and credit bureaus

82.99 - Other business support service activities n.e.c.

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# Key Statistics

## Recent trends in GDP (2023 Q4)

*Updated March 2024, next update June 2024*

The latest GDP data[[1]](#footnote-1) show that output in the Financial and Business Services growth sector decreased by 0.3% in the most recent quarter, with output across the economy as a whole decreasing by 0.6%. Compared with the same quarter in the previous year, output in this sector decreased by 0.3%, as it did across the economy as a whole, comparing Q4 2023 to Q4 2022.

## Employment (2022)

*Updated November 2023, next update November 2024*

Employment in the Financial and Business Services growth sector stood at 235,000 in 2022, accounting for 9.0% of employment in Scotland and 6.7% of employment in Financial and Business Services across Great Britain. Employment in this sector increased by 6.8% over the latest year in Scotland.

## Employment across Scotland (2022)

*Updated November 2023, next update November 2024*

In 2022, employment in the Financial and Business Services growth sector was highest in City of Edinburgh (68,000) and Glasgow City (60,000), which comprised 28.9% and 25.5% of employment in this sector respectively.

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## Exports[[2]](#footnote-2) (2021)

*Updated March 2024, next update tbc*

Total exports from the Financial and Business Services growth sector stood at £14.5 billion in 2021, accounting for 18.1% of Scotland’s total exports. Exports from this sector increased by 10.1% over the year.

Exports to the rest of the UK stood at £11.3 billion in 2021 and accounted for 77.7% of total Financial and Business Services exports. International exports to the EU stood at £1.4 billion (9.4%) and international exports to non-EU countries stood at £1.9 billion (12.9%).

## Enterprises (2023)[[3]](#footnote-3)

*Updated December 2023, next update December 2024*

In March 2023, there were 22,895 registered enterprises operating in the Financial and Business Services growth sector, representing 13.2% of all registered business in Scotland. In 2023, 97.1% of Scottish Financial and Business Services registered enterprises were small (0-49 employees), accounting for 31.6% of employment in this sector, whilst large enterprises (250+ employees) accounted for 1.3% of registered enterprises but 57.7% of employment.



The majority of enterprises in the Financial and Business Services sector were UK owned with their registered office address in Scotland (96.4%), accounting for 61.1% of sector employment in 2023. 2.0% of businesses were registered abroad, but they accounted for 20.1% of employment in this sector.

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## Earnings (2023)

*Updated December 2023, next update December 2024*

Median weekly full time earnings across the Financial and Business Services growth sector stood at £771.3 in 2023, which was higher than the Scottish average at £702.8.

## Business Demography (2022)

*Updated March 2024, next update March 2025*

The number of registered business births (VAT/PAYE registrations) in the Financial and Business Services growth sector in Scotland increased by 21.7%, from 2,535 in 2021 to 3,085 in 2022. The business birth rate, which is the number of births as a percentage of active businesses, was 11.3%. In comparison, business births in Financial and Business Services across the UK increased by 4.5% between 2021 and 2022, with a birth rate of 11.3%.

The number of business deaths (VAT/PAYE de-registrations) in the Financial and Business Services growth sector in Scotland decreased by 26.2%, from 4,940 in 2021 to 3,645 in 2022. The business death rate, which is the number of deaths as a percentage of active businesses, was 13.4%. In comparison, business deaths in Financial and Business Services across the UK decreased by 18.2% between 2021 and 2022, with a death rate of 12.8%.

### Sources of information

**GDP** – Scottish Government Quarterly GDP Index.

**Employment** – Business Register and Employment Survey.

**Exports** – Export Statistics Scotland.

**Turnover & GVA** - Scottish Annual Business Statistics.

**Enterprises** – Inter Departmental Business Register.

**Earnings** – Annual Survey of Hours & Earnings.

**Business Demography** - Inter Departmental Business Register and ONS Business Demography.

All data are available from the Growth Sector Statistics Database: <https://www.gov.scot/publications/growth-sector-statistics/>

All percentages and percentage changes over time are calculated based on the rounded figures shown in the Growth Sector Statistics Database.

For more information about the methodology behind the Growth Sector Statistics Database, please see the Methodology Note: <https://www.gov.scot/binaries/content/documents/govscot/publications/statistics/2019/07/growth-sector-statistics/documents/growth-sector-method-note/growth-sector-method-note/govscot%3Adocument/Growth%2BSectors%2BMethodology%2Bdocument.docx>

1. The index represents the volume of GVA created compared to the ‘base’ year (currently 2019). Figures are deflated to remove the effect of price changes over time to produce an estimate of real terms (or constant price) growth. The figures are seasonally adjusted to remove the effects of regular, calendar based cycles in certain industries. [↑](#footnote-ref-1)
2. The figures for the growth sectors are derived by aggregating estimates based at a low Standard Industrial Classification (SIC) level. Export Statistics Scotland is not designed to collect data at this level of accuracy, therefore these results should be treated as indicative. [↑](#footnote-ref-2)
3. Employment statistics referred to here are not directly comparable with Business Register and Employment Survey (BRES) employment data. [↑](#footnote-ref-3)