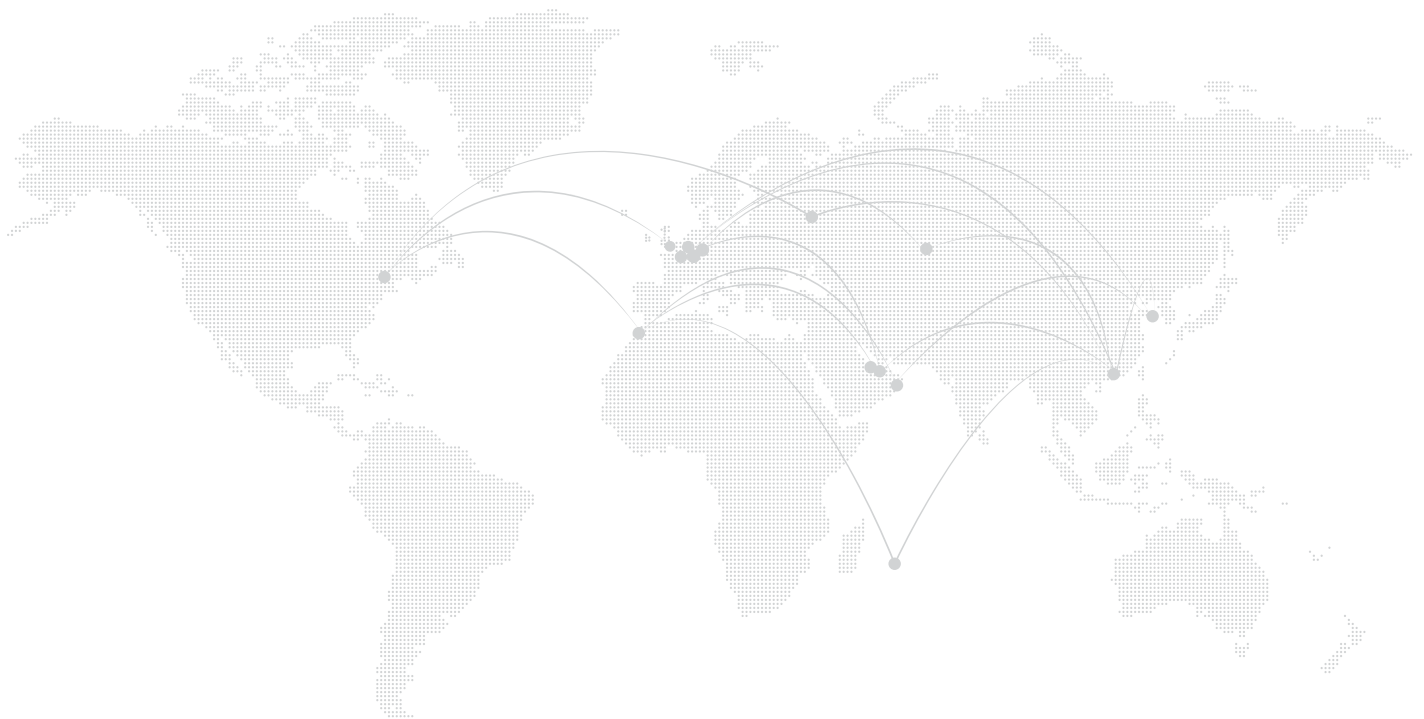




# The role of financial centres in driving economic growth



**WORLD ALLIANCE**  
of International Financial Centers



**CASABLANCA FINANCE CITY**  
القطب المالي للدار البيضاء

## The role of financial centres in driving economic growth



Arnaud de Bresson, Chairman, WAIFC

**T**he funding needs of the world economy are greater than ever. They chiefly concern long-term financing in both developed and emerging countries. These pressing requirements particularly relate to technological disruptions, the energy transition and the fight against climate change, demographic change and social issues. According to the Global Infrastructure Hub, the financing gap for infrastructure alone amounts to \$1.5 trillion per year. This is why blended finance must accompany public funding. As such, international financial centres – as networks of global and national players that contribute to the effective functioning of financial markets – are essential to meet the needs of the real economy and economic growth. Their commitment to supporting global economic transformation, fostering the combination of public and private funding, and contributing to meeting sustainable development goals, is crucial.

In this context, the World Alliance of International Financial Centres (WAIFC) was created to encourage collaboration between international financial centres and to build up a global network. It aims to facilitate the exchange of best practices and develop communication with the general public. Indeed, interaction between financial centres leverages collective and individual strengths and thus increases competition and efficiency, which in turn helps to meet the growing funding needs of the global economy. We believe that finance should not be self-centred and should instead serve the wider global economy. The ultimate aim of WAIFC is clear: we strive to assess and reorientate the role of financial centres in order to meet their long-term needs and support sustainable growth.

This is why our main objectives concern environmental finance, technological innovation, infrastructure development, and social and territorial financing. Indeed, in recent years the financial sector has been completely transformed. International financial centres have become more reliant on technology and our members have been driving innovation in the financial industry by supporting the adoption of new technologies, from cloud computing and blockchain to artificial intelligence and big data. In addition, our members are increasingly promoting all segments of sustainable finance and strive to ensure that environmental and social considerations are adequately taken into account and integrated in the financial sector. WAIFC, which brings together financial centres from Asia, Europe, the Middle East and North America, hopes to develop stronger cooperation at an international level and to draw up concrete strategies in these fields. The diversity of WAIFC members is a significant strength and a vital part of achieving our goals.



Jochen Biedermann, Managing Director, WAIFC

**I**n July 2018 financial services leaders from around the globe assembled in Paris to announce a new strategic initiative: the World Alliance of International Financial Centres (WAIFC). WAIFC is an international non-profit association registered in Brussels, Belgium, which represents leading global financial centres and facilitates cooperation and the exchange of best practices. WAIFC members are city governments, national associations and similar institutions developing and promoting their financial centres. Several new representatives – Doha, Hong Kong, the UK, Mauritius and Tokyo – have joined since the alliance was formed in 2018 by founding members from Abu Dhabi, Brussels, Busan, Casablanca, Frankfurt, Luxembourg, Moscow, Muscat, Nur-Sultan, Paris and Toronto. Other financial centres have also indicated their interest in joining in the near term. WAIFC is project-driven. As of 2019 we had run projects covering a range of areas, including financial technology, green investment and infrastructure, the creation of a financial centre database, funding for small and medium-sized enterprises and the role of financial centres in financing the economy. Financial centres are vital to sustaining economic growth. They provide the infrastructure for investment that drives entrepreneurial endeavours and economic growth across industries and communities, and increasingly contribute to sustainable development and financial literacy.

As the Managing Director of WAIFC, it is my great pleasure to work with representatives from four continents across many time zones to facilitate collaboration among our members. I am convinced that financial centres can learn so much from each other and together can do a much better job in financing the economy, explaining finance and improving financial literacy. The financial industry is in a process of structural change. First, digitalisation and new technologies such as artificial intelligence and blockchain are transforming the way we use financial services. We can move large amounts of funds in real time just by pressing a button on a mobile phone – a process that required a significant quantity of paperwork and several days not long ago. Soon, algorithms or smart contracts will take over the last manual steps of financial processing, making decisions on our behalf after learning our preferences. Second, climate change has forced us to think in new categories. We need to decide what is green, and activate new funding sources for the fight against climate change.

Financial centres need to manage these changes to their ecosystems. On the one hand, they need to provide fertile ground for start-ups with new ideas and innovative business models. On the other hand, it is important to educate people by bridging the gap between old and new processes – making sure that no one is left behind. I am optimistic that WAIFC can contribute to better managing these changes.

# INTRODUCTION

**T**he financial sector has been completely transformed in recent years. Globalisation and the increasingly transnational nature of financial services are developing at an accelerated pace, with emerging markets proving to be some of the most dynamic and rewarding locations for investment and growth. New developments are taking place to increase access to market financing, financial innovation and sustainable finance, underscoring the growing importance of open and competitive markets. Together, this brings about new opportunities for financial players to achieve economic growth while meeting societal needs.

International financial centres are at the heart of this transformation, with numerous opportunities for growth and regional development in a changing pattern of global trade and finance. International financial centres provide the infrastructure for investment and the resources needed to drive entrepreneurship and economic growth across industries and communities. They embrace innovation in finance and actively contribute to developments in the sector. International financial centres serve as clusters of excellence and expertise in economic and financial services, and strive to deliver inclusive and sustainable development as part of an integrated network. They also provide multicultural and interdisciplinary teams to facilitate large domestic and cross-border transactions through efficient and integrated systems, and contribute more and more to sustainable development and improvements in financial inclusion and human capital to the benefit of the wider public.

It is precisely the concentration – or cluster – effect and cooperation among financial centres that has made it possible to drive the development agenda of the world's more established and emerging markets. Multiple centres in emerging markets have made a concerted effort to improve their financial services offering, launching international financial centres and signing cross-border agreements to improve banking and regulatory regimes. This has helped attract banks, companies, foreign investors and law firms from around the world.

International financial centres have similarly become more reliant on technology, impacting how these services are accessed and perceived by customers, as well as how they are provided by institutions. This has shifted their focus towards high-tech, dynamic locations, and has opened up multiple opportunities, particularly for emerging markets. At the same time, new modes of distribution of financial and banking products have emerged. New players, from financial technology (fintech) companies to start-ups, as well as new technol-

ogies such as blockchain and artificial intelligence, are growing and profoundly transforming the architecture and nature of financial market infrastructure. In particular, they have triggered the fast growth of fintech companies, which integrate new technologies in their financial activities.

Financial centres have been driving this growth by encouraging key actors to adopt innovative technologies, from cloud computing and blockchain, to artificial intelligence and biometric data. This was made possible by building the enabling conditions for the creation and development of fintech products, such as modern networks and infrastructure, flexible yet sound regulation and the ability to attract foreign investors. At the same time, innovation – especially in the fintech segment – is increasingly a cross-border activity, with new businesses and start-ups establishing their presence wherever their operations can flourish.

In parallel, financial centres have been leading the development of a broader financial ecosystem that meets international standards, with specialised centres to conduct cross-border transactions with diverse financial products. Growing partnerships between the public and private sectors have similarly allowed financial centres to improve in areas including customer service, financial risk management and investment consulting, while facilitating the diversification and flexibility of services offered. Government authorities and agencies have also supported financial integration and innovation that promotes the stability, integrity, diversity and efficiency of the financial system, including the principles of transparency, accountability and inclusivity.

The recent growth in green financial products has been remarkable, and capital markets have seen double-digit growth in the volume of green bonds. Financial centres are also increasingly promoting all segments of sustainable finance, and strive to ensure that environmental and social considerations are adequately taken into account and integrated in the financial sector moving forward.

Financial centres, therefore, are – and will continue to be – a key driver of global economic growth. By leveraging their expertise in traditional and emerging financial services, bringing together a large pool of actors including financial institutions, start-up firms, technology service providers and investors, and leading the transition towards sustainable and green finance, financial centres stand ready to play a crucial role in building tomorrow's economy and contributing to broader development objectives to improve people's lives.





## ABU DHABI GLOBAL MARKET

**A**bu Dhabi Global Market (ADGM) is an award-winning international financial centre, consisting of three independent authorities: the Registration Authority; the Financial Services Regulatory Authority; and ADGM Courts. Comprised of the three independent authorities where Common English Law is directly applicable, ADGM plays an essential role in the diversification of the economy. It is committed to providing a comprehensive business ecosystem operating with the highest standards of integrity and being renowned for its ease of doing business.

“ADGM is a key pillar of Abu Dhabi’s economic vision, acting as a catalyst for the growth of a dynamic financial services sector within the UAE,” Ahmed Ali Al Sayegh, Chairman of ADGM, said.

Since the launch in October 2015, ADGM has joined the international regulatory community, becoming a member of the bodies responsible for setting the world’s financial services standards, such as the International Organisation of Securities Commissions, the International Association of

Insurance Supervisors, the Basel Committee on Banking Supervision and the Islamic Financial Services Board. It is also a member of groups such as the World Alliance of International Financial Centres, the International Network of Financial Centres for Sustainability, the Sustainable Banking Network, the Global Privacy Enforcement Network, and the International Conference of Data Protection and Privacy Commissioners. In addition, ADGM has 115 memoranda of understanding with local and international entities in areas such as supervision, enforcement and market development in place.

ADGM is the first jurisdiction in the region to directly apply English Common Law to its legislation applicable on civil and commercial matters, providing registered entities with the familiarity, certainty and predictability of their legal framework. This allows ADGM to offer its member institutions the same level of sophistication, stability and flexibility provided by world-class international centres such as London, Hong Kong and Singapore. To date, ADGM has registered more than 2400 entities out of which 130 are approved financial services firms.

Petroleum traditionally accounts for much of Abu Dhabi’s growth and dynamism. The Emirate of Abu Dhabi is home to 9% of global proven oil reserves and 5% of global proven natural gas reserves. Currently, the Emirate of Abu Dhabi accounts for two-thirds of the UAE’s economy. Given this concentration of assets, ADGM plays an essential role in diversifying the economy, nurturing local talent and contributing to economic sustainability.

ADGM leads the global business landscape in business efficiency, professionalism and knowledge development. ADGM is pursuing a range of policies aimed at supporting the diversification of the UAE economy. Chief among these are initiatives pertained to financial technology (fintech), along with sustainable development and sustainable finance objectives and in making great strides towards evolving as a regional hub catering to the Belt and Road Initiative.

As leading fintech hub in the MENA region, ADGM is actively championing the development of a vibrant fintech ecosystem, establishing the region’s first fintech regulatory regime and launching the ADGM RegLab. It is the first jurisdiction in the world to introduce a comprehensive and bespoke regulatory framework for spot crypto-asset activities, including exchanges, brokers, custodians, asset managers and other intermediaries.

In 2019, ADGM launched a new framework to regulate operators of private financing platforms, which can facilitate equity investments, as well





as debt and trade receivables financing. Moreover, they will help serve the funding needs of start-ups, private enterprises and small businesses. Furthermore, in November 2019, Intercontinental Exchange – a leading operator of global exchanges and clearing houses – announced the launch of ICE Futures Abu Dhabi, a new exchange to host the world's first futures contract based on Abu Dhabi National Oil Company's Murban crude oil.

ADGM also offers many bespoke programmes and courses in banking and finance, digital and fintech, personal and professional development, entrepreneurship, national development and much more.

In 2019, ADGM spearheaded the launch of the Abu Dhabi Sustainable Finance Declaration, which saw its inaugural round of signatories in 2019 during the Abu Dhabi Sustainable Finance Forum and a second round of signatories in 2020, including leading UAE authorities and entities such as the Ministry of Climate Change and Environment, the Central Bank of the UAE and the Abu Dhabi Securities Exchange. The Declaration sits at the centre of the UAE Sustainable Finance Guiding Principles, a first-of-its-kind initiative based on the UN's Agenda for Sustainable Development and aimed at advancing the country's sustainability priorities that form the backbone economic development agenda. Under the terms of the declaration, the signatories have committed to identifying and implementing innovative measures and encouraging educational opportunities in the field of sustainable finance.

ADGM is committed to pioneering a vibrant and thriving sustainable finance hub that supports capital raising and deploying in line with Abu Dhabi Economic Vision 2030 and UAE Agenda 2020. With an internationally recognised regulatory regime, direct application of English common law and proximity to some of the world's largest sovereign wealth funds, institutional investors and private wealth, ADGM is ideally placed to develop a sustainable finance ecosystem catering to the needs of local and international investors while ensuring that other environmental, social and corporate governance objectives, such as gender equality and good governance, are met as well.

**“ ADGM launched two initiatives aimed at developing a sustainable financial industry in line with climate change goals ”**

One of ADGM's current commitments is to work with the relevant authorities in China and Abu Dhabi to support the development of the renminbi internationalisation strategy. ADGM established its first international representative office in Beijing in 2018, entering new collaborations with both public and private partners in China, including a partnership with the Shanghai Stock Exchange to establish the first Belt and Road exchange in the region. Since its inception in the vibrant UAE capital, ADGM has been globally recognised as an innovative, efficient, well-regulated and trusted business hub and commercial centre that provides a comprehensive and innovative suite of financial and non-financial services for businesses to grow locally and internationally.

**“ ADGM established the region's first financial technology regulatory regime to support innovation ”**







## ASTANA INTERNATIONAL FINANCIAL CENTRE

**T**he Astana International Financial Centre (AIFC) is a new addition to Central Asia's most vibrant and dynamic economy. AIFC is located in the capital of Kazakhstan, Nur-Sultan, giving it access to partnerships across the region, from Central Asia, the Caucasus, western China and Mongolia, to the Middle East and Europe.

This new financial centre grew out of the vision of Nursultan Nazarbayev, Kazakhstan's first president. President Nazarbayev had long sought to diversify Kazakhstan away from an over-reliance on hydrocarbons exports to help achieve dynamic growth for the nation and its 18 million citizens.

"The AIFC initiative was announced for the first time in 2015," HE Kairat Kelimbetov, Governor of the AIFC, said. "It is part of an extensive package of reforms taking place in the country that constitute the Kazakhstan 2030 strategy. While it is well known for being an oil-rich country, diversification of the economy has always been a key point of economic policy."

The AIFC began operating in 2018, and has continued to focus its attention on innovation since then. The AIFC's staff includes some 400 employ-



ees, 70 of whom are expatriates. They represent the interests of over 350 companies that are members of the AIFC. While the majority of these enterprises are from Kazakhstan, it also includes representatives from 35 foreign countries, including Russia, the UK and Switzerland.

The AIFC follows standards similar to other financial centres around the world as its staff conducts business in English, applies common law and benefits from a special tax regime. It is also the first centre to operate according to international standards in Central Asia, giving it a first-mover advantage for opportunities in the region. The AIFC strives to combine local sensitivity to the conditions of a diverse region with global practices.

Central Asia, the Commonwealth of Independent States and the Eurasian Economic Union (EAEU) host about 300 million people. Yet some 60% of the Eurasian population does not use banking institutions in any capacity.

This untapped market for banking and financial services presents an opportunity for the AIFC and financial institutions in the region. The AIFC's unique geographic position allows it to act as a gateway to opportunities in the EAEU. It also enables it to operate as a financial services centre as part of China's Belt and Road Initiative.

Although the AIFC is one of the world's youngest major financial centres, its members offer a full range of financial services and new opportunities in capital markets, asset management, banking, Islamic finance, insurance and financial technology (fintech). The AIFC has proven itself to be a pioneer in fintech, having launched a unique regulatory framework to allow new fintech ventures to be tested without being immediately subject to the full set of regulatory requirements. This fintech laboratory, often called a sandbox, is the first of its kind in Central Asia.

Since the creation of the sandbox in 2019, 25 fintech firms have been admitted to the programme. These companies are testing an array of new products, including money services, digital banking and crowdfunding, as well as new methods for dealing with digital assets, such as e-money and cryptocurrencies. The opportunities provided by the AIFC have attracted companies both internationally and locally.

In another historic first for the region, the Astana Financial Services Authority (AFSA) was the first to provide a regulatory framework for virtual currency businesses and cryptocurrency exchanges. AFSA offers a venue for initial coin offerings by offering tokenised securities, and several leading blockchain companies plan to open server farms for the mining of blockchain currencies in Kazakhstan.





The AIFC is committed to developing an environment where new fintech start-ups can succeed in Nur-Sultan. Its fintech hub has launched a Fintech Stars Acceleration Programme to help fintech entrepreneurs as well as a Visa Everywhere Initiative, both of which are firsts for the region.

Crowdfunding can also play a role in the development of fintech small and medium-sized enterprises (SMEs). In 2019 the AIFC adopted a framework allowing alternative fundraising by SMEs. The project was launched with the support of the European Bank for Reconstruction and Development.

The AIFC's pace for innovation and reputation as a pipeline for entrepreneurs can only be maintained if there are individuals with the skills to take advantage of these opportunities. The AIFC has, therefore, embraced education and training programmes for professionals in Nur-Sultan. In 2016, the Bureau for Continuing Professional Development (BCPD), a subsidiary of the AIFC Authority, was launched.

BCPD strives to develop human capital by creating the conditions for lifelong learning. It has a priority of capacity-building of local professionals of international standards through certification and soft skills development programmes. By focusing on the development of 16 core professional competencies, it plans to retrain over 50,000 specialists that will meet the needs of Kazakhstan's growing financial industry.

In three years of considerable activity, the BCPD has focused on launching and scaling up international certification programmes, establishing cooperation with local and international stakeholders, as well as building a strong community of professionals.

Going forward, the BCPD will master new occupations and support specialists in professional development through its Digital academy. Responding to the challenges of the fourth industrial revolution, the BCPD intends to actively develop the education technology (edtech) industry and create the conditions for the prosperity of the edtech professionals. In doing so, it aims to become a nerve centre for human resources in Kazakhstan and the wider region.

**“ The AIFC became the first centre in Central Asia to adopt a framework for alternative fundraising by small businesses ”**

Sustained financial innovation and human capital development will continue to drive the growth of the financial centre. Starting in 2020, it will introduce additional frameworks for mobile banking, e-money and payments, venture capital financing, e-commerce and intellectual property, while offering a range of training and educational programmes.

Thanks to its position in the region and to the support of finance networks worldwide, the AIFC has been able to initiate a forward-thinking strategy focused on innovation that will benefit broader economic targets, and allow its influence in Central Asia to keep growing for the foreseeable future.

**“ The AIFC is committed to developing an environment where new financial technology start-ups can succeed ”**



## BELGIAN FINANCE CENTRE

Located in the heart of Europe, Belgium has built a strong narrative around the topics of digital development and financial innovation that has grabbed the attention of foreign investors. Launched in 2009 the Belgian Finance Centre (BFC) is a non-profit organisation in charge of promoting and developing the Brussels-based financial marketplace.

The financial centre's history has been shaped by its role as a facilitator for the dissemination of financial research, innovation and technology within Europe, bringing remarkable opportunities for both the city and companies operating there. Despite its relatively small size, Belgium is a trading nation and one of the world's largest trade exporters: 80% of Europe's purchasing power and more than 500 million consumers lie within 800 kilometres of Brussels. According to the 2018 KOF Globalisation Index, which measures the openness of a country by assessing the economic and political dimensions of globalisation, Belgium leads the way as the most globalised country in the world.

Brussels incorporates a number of the principles and standards that international investors have come to expect from a leading financial hub: access to technology and capital pools, a sound regulatory regime and quality infrastructure connectivity. Together these provide a solid foundation for companies to raise funds and the basis on



which international investors can operate with confidence. The BFC brings together a wide range of actors in the finance industry, including investors, bond issuers, banks, financial intermediaries, insurance companies, lawyers, accountants, auditors and international organisations. As a founding member of the EU, Belgium has always played a decisive international role. Brussels hosts the EU and NATO headquarters, as well as the head offices of numerous multinational firms and major global companies.

Within this setting, Brussels provides a unique platform for firms based in Europe and beyond to invest, raise money and sell products in Belgium. This international presence, combined with Brussels' leading accessibility, makes it the top European conference location when it comes to discussing new legislation and policies related to financial innovation, financial technology (fintech) and digital development.

More than 2000 multinationals, notably from the financial services, pharmaceuticals and media industries, have established their European head office or branch in Belgium. Firms located here enjoy a range of advantages for their business: quick procedures for setting up a new company, an entrepreneur-friendly environment, and excellent transport and telecommunications infrastructure. The logistics system is similarly supported by world-class internet infrastructure. Numerous distribution centres are already established in Belgium, taking advantage of low costs and short distance to Europe's major markets.

At the same time, the Belgian workforce has one of the highest productivity levels in the EU thanks to its education system and the ability of its labour pool to speak multiple languages. In addition, seven universities based in Belgium were listed in the 2018 Shanghai Academic Ranking of World Universities. These factors have led a large number of international fintech experts to relocate to Belgium.

Since 2014 several Belgian start-ups have risen to prominence. In 2018 Brussels-based data specialist Collibra became Belgium's first unicorn after raising \$100 million, and web hoster Combell became the country's second unicorn in June 2019 after its merger with Dutch company TransIP. Software firm Showpad followed suit when it raised \$70 million the same year. Moreover, it should be noted that Belgian biotechs listed on Euronext have a larger market capitalisation than that of all the Dutch and French listed biotech firms put together.

Belgium offers a number of tax incentives, including for research, development and innovation, and investment in capital goods. A patent





income deduction is also available, and foreign executives who relocate to Belgium can apply to temporarily benefit from a special expatriate regime. A simple tax system for start-ups was also recently introduced, with private investors who inject capital in start-ups able to reduce their tax bill by 30-45% of their investment. Thanks to these measures, the de facto corporate tax rate can be significantly lower than the nominal rate and lower than in many other countries.

The capital has strengthened its role as a financial centre since the Brussels Stock Exchange co-founded Euronext in 2000 with actors in Paris and Amsterdam. Today, Euronext Brussels houses AB InBev, the largest brewery business in the world and the company with the second-largest market capitalisation in the eurozone. Thanks to support from the National Bank and cooperation with multiple industry stakeholders, the Belgian financial system has been at the forefront of innovation, creating multinational giants such as the depositary house Euroclear and the financial messaging company SWIFT.

This journey has been primarily supported by the state agenda, whereby the Belgian government has introduced a set of priorities aimed at boosting the digital economy, and promoting job opportunities and economic growth. The objective of the strategy is to develop state-of-the-art network infrastructure capable of unleashing the full potential of internet-of-things applications and big data. This includes providing ultra-fast internet connections and promoting dynamic telecommunications markets. Key measures under the Digital Agenda include digital-friendly legislation that enables businesses to operate in a stable legal environment; an e-commerce platform; electronic invoicing for suppliers; and an e-signature function to ensure confidential online transactions.

“Sometimes technological innovation can spread beyond the financial sector to benefit the wider public. For instance, the identification app ITSME was initially developed to ease access to bank accounts. It was aimed at reducing the digital divide by allowing users to access online systems in a secure and user-friendly manner, and today all Belgian citizens can use it to access their files stored in several government agencies,” Bruno Colmant, Chairman of the BFC, said.

**“ Sometimes technological innovation can spread beyond the financial services sector to benefit the wider public ”**

As a centre of excellence, the BFC has unparalleled expertise at the intersection of professional associations, financial institutions and innovation. Furthermore, the BFC recently established new partnerships with Fintech Belgium and local authorities in Brussels in order to promote such development through the organising of conferences on topics such as financial innovation – particularly fintech – alongside hosting international events in Belgium and undertaking economic missions in countries including China and South Korea.

**“ The BFC has built-in expertise and a favourable tax regime to provide comfort to international investors ”**





## BUSAN INTERNATIONAL FINANCE CENTRE

**T**he Busan International Finance Centre (BIFC) is South Korea's premier financial and trade centre. The BIFC is located in the tallest tower in Busan, the second-largest city in South Korea.

Busan, along with Seoul, was designated as one of two national centres of finance by the government in 2009. In part, this move was in recognition of the fact that the port city's industrial and technological initiatives play a critical role within the economy and wider region. Today, the BIFC counts some 30 financial institutions as members, with more eager to join.

The BIFC and its 10 employees play a central role in bringing together these financial talents from across Korea and elsewhere to Busan. This effort consists of both public and private institutions, which together have nearly 4000 employees working under the auspices of the BIFC. Together, these firms oversee total assets worth \$130 billion.

Given the city's status as an industrial cluster and logistics hub, it is only natural that the BIFC has come to focus on the financial needs of the maritime industry as one of its core specialities. The financing of maritime projects is a difficult game. It involves the backing of



ventures, which are expected to take significantly longer than many other forms of corporate finance. These projects are also usually substantially larger in scale, introducing more volatility.

Success in marine finance requires a keen awareness of international economics as well as highly specialised knowledge of related industries. Given the longer timeframes for projects in the maritime sector, significant commercial banks often lose interest in the industry during times of recession. Such aversion can have a dramatic impact on small and medium-sized enterprises.

This, in turn, affects households in Busan and elsewhere. To prevent these negative repercussions, many maritime businesses take precautionary measures. An increasing number of businesses have also turned to the relatively new Marine Finance Centre (MFC) – a distinct entity within the larger BIFC.

Since its founding in 2014 the MFC has overseen accumulated loans worth approximately \$29 billion and guarantees worth \$28 billion. The location of this centre inside the BIFC has made it easier for financial institutions to fund maritime projects.

In the past, when a maritime company needed to purchase a new vessel or a piece of offshore equipment they would have to contact separate financial institutions. Conversely, banking institutions would often have to make inquiries among themselves for large or complicated transactions that required cooperation.

The establishment of the MFC has made the process more straightforward for both parties, as the teams responsible for such decisions are now co-located.

This allows for greater efficiency in marine finance, not just for ship-building, but also for offshore projects, marine service and marine equipment. While some involve the financing of projects of the world's largest shipping firms, others involve entrepreneurs with small enterprises.

The development of the MFC is part of a larger effort to transform Busan into an important centre for maritime finance.

Global trade volumes are expected to remain unchanged or continue to grow in the next few years. Focusing on maritime finance offers the BIFC an opportunity to play a larger role in the global market.





This initiative has the full support of Busan's municipal government and of the wider Korean government. The BIFC's efforts in this regard are supported by the Korean government, which has sought to aid the maritime transport industry by supporting the management of the BIFC, and providing financial aids such as loans and guarantees.

Three particular institutions worked together on the BIFC and on the development of its specialised maritime unit: Korea Development Bank; Export-Import Bank of Korea; and Korea Trade Insurance Corporation.

The BIFC and its maritime finance wing also conduct joint research projects with local institutions and Korean universities on several critical issues related to finance. This research supports the development and growth of the BIFC as it relates to the future of finance for industrial plants, maritime ports, logistics system and infrastructure. It also allows for the further fostering of specialised financial talents within the greater Busan area.

In early 2019 South Korea declared Busan to be a special regulatory zone that will allow blockchain technologies to be used in a variety of commercial applications. In addition to opening up new opportunities for the financial sector in the long term, in the short term this will spur a new generation of technological growth in the maritime industry, where a number of opportunities exist to incorporate software applications and artificial intelligence (AI) in a global industry.

Beginning next year the International Maritime Organisation (IMO) will be implementing new emissions regulations for the shipping industry and financing eco-friendly commercial vessels – an essential opportunity in maritime finance that the BIFC is keen to capitalise on. “I believe 2020 will become a turning point for the BIFC. A platform for maritime finance risk management will be developed and implemented based on AI technology,” Young Ho Park, Head of the BIFC's Promotion Centre, said. “Also, we will witness growth in sustainable finance due to the implementation of IMO 2020, and this will be reinforced by the production of eco-friendly vessels and hydrogen vehicles. The BIFC will continue to attract and nurture talents, create and share knowledge, and increase and secure the budget.”

Busan's geographic location has long made it a vital port for the region and one of East Asia's most dynamic economies. Just as the Port of Busan has linked different nodes in the global economy, the BIFC can connect new and old technologies, such as blockchain technology with maritime shipping, as well as link local opportunities with global expertise.

**“ The BIFC connects new and old technologies, such as blockchain technology with maritime shipping ”**

**“ The location of the Marine Finance Centre in the BIFC has made it easier for financial institutions to fund maritime projects ”**





## CASABLANCA FINANCE CITY

Located at the crossroads between Europe and Africa, Casablanca Finance City (CFC) has positioned itself as a leading African economic and financial centre. Launched in 2010 CFC was conceived by the kingdom of Morocco as a public-private partnership, with the purpose of creating a privileged framework to develop Morocco's strategic assets while helping channel investments to Africa. The innovative and business-friendly one-stop-shop platform has the overall goals of increasing foreign investment, creating an attractive business environment and ensuring integration with global financial markets. To achieve these goals, CFC has built an integrated community of financial firms, service providers, holding companies and regional headquarters of multinationals, and is committed to promoting strong business partnerships and collaboration throughout its network.

CFC is well positioned to take advantage of any economic developments arising in Morocco and Africa. Since its inception, CFC has established itself as a significant platform for international investment, as well as a major player in forging strong and stable international connections geared at accelerating economic growth.



Notable achievements include the formation of a community of 200 companies covering 48 countries in Africa and the establishment of the city as the first green financial centre in Africa and the Middle East. "By leveraging Morocco's sound governing principles, solid support infrastructure, and political and macroeconomic stability, CFC can offer its members an attractive value proposition to support wider development objectives in Africa," Said Ibrahim, CEO of CFC, said.

The country's economy has been steadily growing for the past few decades, with foreign direct investment (FDI) increasing at an accelerated rate. Moroccan banks and insurance firms, as well as telecoms, mining and construction firms have established a significant presence in African countries, making the kingdom a vital source of investment. This trend can also be observed at the regional level, with FDI in Africa rising to \$46 billion in 2018, up 11% compared to 2017. As of 2019, six out of the 15 fastest-growing economies in the world were in Africa. More importantly, the signing of the African Continental Free Trade Area agreement in March 2018 holds significant promise to bolster regional cooperation.

These elements – along with upbeat growth prospects – augur well for economic development in the continent, making Casablanca's geographic and economic connectivity a key advantage for those looking to take advantage of opportunities in the region.

The city already benefits from political stability, high levels of financial inclusion, and solid diplomatic and economic ties with African countries, and efforts are well under way to further develop its reputation as a financial centre. Rapid progress is being made in areas like regulatory standards, infrastructure and human capital.

In this regard, African and international investors see enormous potential in the Moroccan financial sector, driven by a solid economic and legal framework, macroeconomic stability, competitiveness and financial soundness. Capitalising on these many assets, the African Development Bank chose Casablanca to headquarter its Africa50 Fund. First conceived in 2012, Africa50 is an infrastructure investment platform with the mandate to implement innovative financial solutions to accelerate infrastructure delivery in Africa in sectors ranging from energy and transport to ICT and water. Its Casablanca headquarters were inaugurated in 2018.

In line with the Moroccan government's agenda of boosting economic growth and financial inclusion, CFC has been developing a financial ecosystem to enable the creation of efficient capital markets, as well as a financial platform to connect important players in the financial industry.





This validates CFC's promise to channel private and public sector financing and leapfrog investments across all sectors of the economy, including transport, energy and infrastructure.

In order to achieve Africa's full economic potential, stakeholders will need to bridge the infrastructure gap on the continent, which is currently estimated at \$108 billion per year. Several large-scale infrastructure projects are already under way, looking to connect African countries to a African market, with Morocco as a potential transit country.

These projects will all need financing – which is where CFC comes in. While financial aspects are at the core of CFC development, increasing attention is being paid to projects related to transport and digital infrastructure, telecoms, connectivity and energy.

CFC has also been focused on fostering financial and technological growth and innovation by serving as a platform for regional and global start-ups to widen the application of cutting-edge technologies among financial actors. This is being accompanied by the city's transformation into a technologically savvy environment to deliver and promote an efficient and innovative ecosystem.

Recently, significant progress has been made at both the national and regional level to boost investment in ICT and digital support infrastructure as a result of the higher mobile and smartphone adoption rates, increased financial literacy and inclusion, and the rising accessibility and affordability of technology.

Lastly, the region's young, well-educated population is another reason for investors to look to CFC for future gains. It is estimated that by 2063 Africa will be home to over 2 billion people. This rapid population growth, combined with the higher purchasing power of a growing middle class, is presenting new opportunities for global investors who are looking to expand their base of operations.

**“CFC is ready to further contribute to a broader social development agenda and unleash Africa's full economic potential ”**

Providing greater access to financial services, ensuring inclusive and sustainable development, and enabling a world-class business and financial environment will ultimately drive economic growth in Africa. There is no doubt that CFC will serve as a focal point for attracting investment and securing Morocco's status as a valued member of the global financial community. The ground has been laid for Casablanca to become Africa's leading financial centre, with good governance, political stability and strong support infrastructure serving as the cornerstone of regional expansion. Driven by the kingdom's commitment to meet the needs of local communities, CFC is ready to support regional economic growth, further contribute to a broader social development agenda and unleash Africa's full economic potential.

**“CFC can offer its members an attractive value proposition to support wider development objectives in Africa ”**





## FRANKFURT MAIN FINANCE

**A**s Germany's financial capital, Frankfurt is a modern cosmopolitan metropolis, with one of Europe's largest international airports, and a multicultural and diverse population. As a global centre for trading, lending and investing, Frankfurt has been leading the development of financial services in Germany through a careful interplay between capital, talent, market access and progressive regulations. Its reputation as a global finance centre has been reinforced by decades of financial dynamism, facilitated by the world's top companies and professionals doing business in the country. The city provides companies from overseas with a combination of strategic location, quality infrastructure, financial expertise, sound legal system and local talent that jointly creates a unique, multicultural ecosystem.

By serving as a platform for dialogue with academia, government, politics and society, Frankfurt Main Finance (FMF) actively contributes to shaping the development of financial services, working hard to promote Frankfurt as a premier international financial centre. This includes effective, close communication and cooperation with local regulatory bodies (primarily

the Federal Financial Supervisory Authority and the Bundesbank), along with European and international regulators headquartered in Frankfurt, such as the European Central Bank.

"To date, FMF has gained 69 members, including the State of Hesse, the Cities of Frankfurt and Eschborn, and numerous other financial players with links to the centre, including banks, stock exchanges, brokerages, as well as consulting and law firms, and transaction services providers," Hubertus Vöth, Managing Director of FMF, said.

The City of Frankfurt has also been encouraging financial technology (fintech) companies to establish or partner up with research institutions and open innovation platforms. Financial authorities can also help attract more capital to support the application and innovation of cutting-edge financial technology.

Among others, 360T, the leading global provider of web-based trading technology, is headquartered in Frankfurt. Established in 2000 as a small tech start-up, 360T has since evolved into a leading financial actor, becoming one of the largest electronic foreign exchange (FX) trading venues in the world. 360T serves some 2000 customers in over 75 countries and executes an FX transaction volume of €70 billion per day. All software development activities are performed in Frankfurt, and the team combines expertise from a diverse group of people that includes 29 nationalities.

"Frankfurt has been developing tremendously since the creation of 360T," Carlo Kölzer, CEO of 360T Group, said. "Frankfurt's entire financial ecosystem started to emerge in the last 10 years, and there's more to come. Not only is the city more cosmopolitan than ever, but it has also developed a culture and landscape that is more conducive to developing innovative solutions in the field of financial services."

As an international financial centre, Frankfurt offers a highly qualified pool of expertise, proximity to regulators and coworking spaces in a wide range of locations to promote knowledge sharing.

Supported by public policy, Frankfurt has long been encouraging banks and start-ups to use new technology such as blockchain, and to establish service platforms for supply chain finance, which can provide efficient financing services for new and smaller enterprises.

Within this system, Frankfurt has gradually evolved into a vibrant scene for fintech start-ups. The city has played a key role in promoting the growth of the fintech industry and continues to do so under the thesis





that advanced nations need advanced financial centres at the forefront of innovation. Technology is used pervasively in this search to drive efficiency gains and better manage risk.

In Frankfurt industry players have found an ideal platform to promote fintech-related activities and explore innovative solutions to identify talent and opportunities for collaboration. Key to all these aspects is a sound regulatory regime that encourages experimentation while ensuring that financial risk-management safeguards are in place.

The importance of fintech has been recognised by the authorities, which have played an active role in developing the enabling conditions to create a vibrant fintech ecosystem in the city. "The active participation of the main political institutions, and in particular the state of Hesse and the city of Frankfurt, is something that has characterised the fintech landscape in Frankfurt since its beginning, and that has, in turn, shaped the image of the city as the capital of fintech in the country," Markus Frank, Vice-Mayor of Frankfurt and Head of the city's Economic Department, said.

This process has involved various partners including financial institutions, end-users, start-up firms, technology service providers, investors and regulators. These partnerships have enabled progress in driving innovation, enhancing customer experience and facilitating financial inclusion, with the ultimate goal of advancing technical innovation in financial services.

The City of Frankfurt enjoys a long-standing reputation for welcoming business and talent. Over the last decade, Germany has been investing in its employees to prepare them for the digital transformation of the traditional banking sector. Germany's tertiary institutions, research capabilities, robust intellectual property protection regime and free flow of information also facilitate Frankfurt to better serve institutions willing to operate in the innovation and technology centre of Germany and Europe alike.

**“ Frankfurt is active in shaping the development of financial services through the application of new technology ”**

**“ Industry players have found FMF an ideal platform to promote financial technology-related activities ”**

Frankfurt has a strong foundation to build upon. Its global reputation for connectivity and financial services is conducive to shaping tomorrow's economy and pioneering fresh approaches to finance. Moreover, by leveraging its expertise in innovation and technology in the context of banking regulation, regional connectivity and digital transformation, FMF has the potential to cement its regional leadership and play an integral role in enabling technological disruption in the field of financial services.

FMF's future position in the regional market will be bolstered by the city's fintech ecosystem, as well as the centre's expertise in innovative financing and its international partnerships with financial institutions and scientific technology innovation centres.





# HONG KONG FINANCIAL SERVICES DEVELOPMENT COUNCIL

**S**upported by its dynamic financial services industry, free market environment, sound legal system, simple tax regime, deep pool of professionals and transparent regulatory system, Hong Kong is well placed to serve global investors with a myriad of advantages. Among others, the strategic geographical location of Hong Kong makes it integral to flows of trade in goods and services between China and the rest of the world. Around 22 years after the resumption of sovereignty by China, the Hong Kong Special Administrative Region (HKSAR) continues to move ahead under the arrangement of One Country, Two Systems with a high degree of autonomy.

The Financial Services Development Council (FSDC) was established in 2013 as a high-level, cross-sectoral advisory body to advise the HKSAR government. By engaging the industry in formulating proposals, the FSDC promotes further development of Hong Kong's financial services industry and maps out the strategic direction for development.

Hong Kong is located at the centre of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA), an expansive and competitive economic cluster that the Chinese central government has accorded the status of key



strategic planning in the country's development blueprint. The GBA is made up of Hong Kong and Macao, with mainland China's nine wealthy and economically advanced municipalities along the Pearl River Delta. As the main international financial centre in the GBA, Hong Kong fuels economic growth and financial activities by matching the supply of and demand for capital, while leveraging its position as the world's largest equity fundraising and offshore renminbi centre.

The city has a long-standing reputation for welcoming business and talent. In 2019 this was reflected in its position as the world's freest economy for the 25th consecutive year. It was also the leading centre for raising initial public offering funds six times in the decade up to 2020. It was only in 2017 that Hong Kong's GDP stood at HK\$1.6 trillion while the volume of its asset and wealth management sector in 2018 was close to US\$3.1 trillion, of which 62% came from international investors.

Businesses from all over the world, including top international financial institutions, have been drawn to open offices within the city. Some 8700 overseas and mainland Chinese companies – many of which have established their regional headquarters in Hong Kong – have chosen to base their offices in the city.

While Hong Kong's key outputs have evolved over time from primarily manufactured products in the 1980s to services these days, the city's role as a facilitator and connecting centre has remained unchanged. This role allows it to develop itself into an international financial centre and nurture a reputation for providing world-class financial services. Hong Kong's strengths as a leading financial centre lie in the concentration of financial institutions and institutional investors, including mutual funds and private equity funds, that have entered the Chinese market over the years, as well as the strengths of its stock exchange, which is one of the largest in the world. Those doing business in the city know that they are in an enabling environment driven by economic efficiency, healthy competition, an innovative financial services industry and a forward-thinking, entrepreneurial culture. The city's infrastructure, location, legal system and local talent make it a unique financial centre.

A cornerstone of Hong Kong's status as a renowned financial centre is the city's respect for the rule of law, which ensures companies that they can operate in and be protected by a sound legal system. Hong Kong's legal system is highly ranked internationally, and is appreciated for its well-established common law heritage. The city's commitment to the rule of law, and its adherence to the values of transparency, trust and



fairness, have been integral to the growth of the centre. In addition, Hong Kong has implemented a system of streamlined legal procedures for registering companies and setting up businesses, which have been an important factor for fostering the start-up community and innovation, as well as incentivising larger, multinational companies to incorporate in the city. The centre has encouraged financial institutions to innovate and adapt to the trend of intelligent development in various fields, particularly in financial technology (fintech) products and services, smart networks, cybersecurity, intelligent customer services and applications of artificial intelligence to financial risk management.

**“FSDC seeks to enhance Hong Kong’s role as a leading regional hub for mainland Chinese and international firms”**

“FSDC seeks to further enhance Hong Kong’s role as a leading regional hub for mainland Chinese and international firms in banking, asset management, insurance, professional services and other industries,” Laurence Li Lu-jen, Chairman of FSDC, said. More recently, Hong Kong has laid the foundations for further improvement in its fintech ecosystem under the aegis of the government, with digital business parks in Hong Kong housing a growing number of tech firms and accelerators. The availability of skilled human capital in the city is also unparalleled, and has contributed to the strengthening of its innovation and technology capabilities at the centre of the GBA. Over 263,000 people were employed in the industry in 2018, representing 6.8% of the total workforce. To support the development of relevant industries, the government has rolled out a number of policies, such as tax reliefs in various areas, to drive the nurturing of talent and further investment in research-related activities. Combining the long-established métiers and new policies, Hong Kong is well positioned to create value for both mainland Chinese and international firms looking to participate in commercial activities in the GBA.

While the GBA is already home to some of the world’s leading high tech companies, such as Tencent, ZTE and DJI, it is also home to many budding and emerging companies that Hong Kong has helped nurture by fulfilling their financing needs. According to the Hurun Greater China Unicorn Index, the number of unicorns in the GBA reached 33 in the third quarter of 2019, providing investment opportunities for institutional and high-net-worth investors.

**“Hong Kong has implemented a system of streamlined legal procedures for registering companies and setting up businesses”**

This is where Hong Kong can offer vertically integrated services to different parties, from identifying the potential sources of financing for start-ups, to evaluating subsequent deals for investors. With the new listing regime in place since April 2018, the increased flexibility and quicker approval process of listing will be attractive to high-growth, innovative and biotech companies to list shares on the Hong Kong Stock Exchange. While nurturing new industries and reorganising existing ones, Hong Kong will continue to serve as an important platform and the leading hub in the region, with expertise in new business services, including fintech, sustainable finance and financial risk management.





## LUXEMBOURG FOR FINANCE

**L**uxembourg has long been one of the leading financial centres in Europe, serving investors in the EU's single market and beyond.

Financial services have the fundamental purpose of financing economic growth and creating jobs. The Luxembourg financial centre is specialised in cross-border expertise in banking, insurance, capital markets and asset management. In this respect, the cluster of diverse activities in financial centres like Luxembourg, benefit the European and global economy as a whole. In the case of Luxembourg, the assets under management of the local fund industry (€ 4.7 trillion as of November 2019) are invested in equities and bonds of firms across Europe and the world, supporting their expansion and job creation. A significant share of these assets is also invested in government debt, helping finance all types of projects such as roads, bridges, hospitals, schools and welfare systems.



With its international footprint and unparalleled expertise in multi-jurisdictional legislation, Luxembourg houses the largest investment fund market in Europe and is second only to the US globally, thanks to more than 500 fund promoters setting up Luxembourg funds, which are sold in over 70 jurisdictions worldwide. To date, 98 of the 100 largest European fund managers have Luxembourg operations.

Many of the 130 international banks present in Luxembourg service this industry by offering custodian and fund servicing activities. Other banks in turn are active in wealth management and private banking for international clients, while others offer corporate banking, capital markets services, trade finance and retail banking.

Luxembourg wealth management activities include life insurance products for global clients, while in the non-life insurance sector Luxembourg has evolved into a leading cross-border hub, with a dedicated regulator supervising over 300 insurance companies.

More recently, Luxembourg has been able to create a true payments cluster in Europe through the presences of giants like Paypal, AmazonPay, Alipay and Airbnb, who have all chosen the country for their European headquarters.

A connecting thread emerges across these activities which shows that Luxembourg's true value for financial institutions lies primarily in the multi-jurisdictional expertise available. Through its history of economic openness and its multilingual and multicultural population, Luxembourg is uniquely positioned to offer firms talent that can help them serve clients in multiple markets. In this sense, Luxembourg's complementarity to other European financial centres also helps financial institutions from those countries in their growth strategies by offering them this unique ecosystem.

The Sustainable Development Goals, the COP 21 Paris Climate Agreement, and relevant national and regional frameworks marked a turning point in the scaling of finance that has a positive impact on the world. Even if responsible finance remains a small part of the





overall financial services market, the growth in such financial products has been remarkable. For instance, capital markets have seen volumes of green bonds grow by double digits. Global issuance of bonds aiming to raise capital for climate-related projects has gone from \$85 billion in 2016 to \$170 billion at the end of 2018, and was estimated to reach \$180 billion by the end of 2019.

“It is crucial that all financial centres look at sustainable finance not in competitive terms, but as a cooperative task which should aim at pushing the financial industry towards financing a more sustainable world,” Nicolas Mackel, CEO of Luxembourg for Finance (LFF), said. “The shift towards green and sustainable investment is a global movement, and we are proud to play a part in it.”

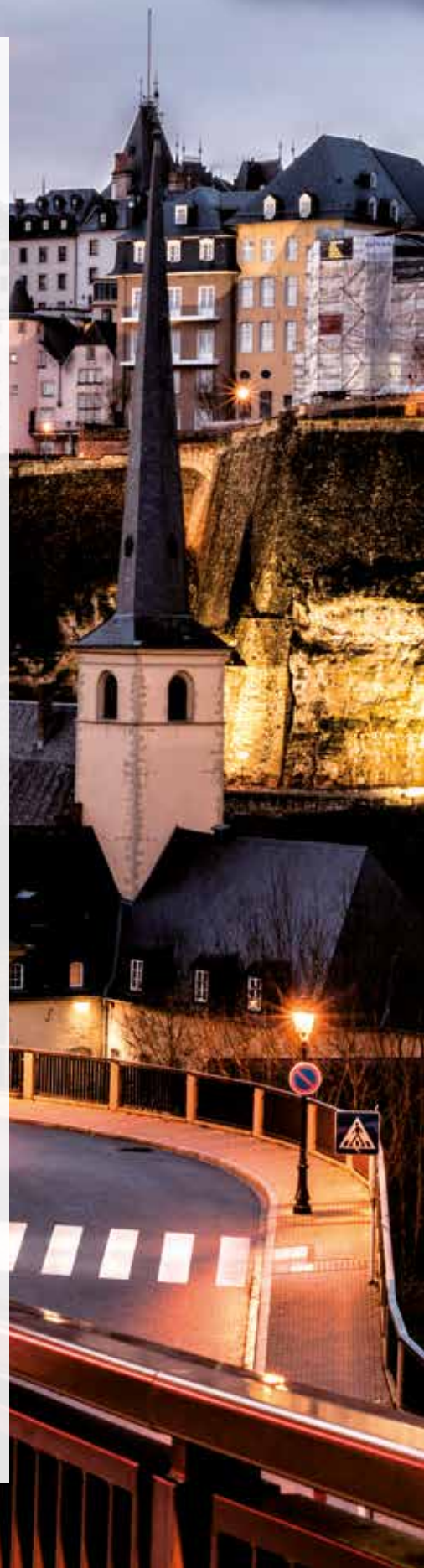
Although Luxembourg accounts for only a marginal fraction of global emissions, the country aims to use its financial centre to drive sustainable economic growth forward internationally. Luxembourg has been at the forefront of this development, listing the world’s first green bond in 2007 by the European Investment Bank (EIB). Today the Luxembourg Stock Exchange lists around half of the world’s sustainability bonds. The expertise acquired by its separate listing platform, the Luxembourg Green Exchange, has earned it the trust of international finance leaders such as the EIB and the World Bank, in addition to major corporate issuers. The credibility of its criteria and process for listing have also been tapped by the European Commission to help advise it on its Sustainable Finance Action Plan, as well as the legislation drafted on that basis.

Looking ahead, the global financial industry must become more efficient, more sustainable and more stable, in order to have a continuously positive impact on the people and our planet.

**“ The Luxembourg Stock Exchange lists around half of the world’s sustainability bonds ”**

We all need to work together to achieve this. With this spirit at the forefront, Luxembourg is keen to help drive the international finance industry forward. LFF is interested in collaborating with other financial centres to ensure that we can achieve such a future and therefore we support the World Alliance of Finance Centres. We need to support one another and learn from each other’s strengths and experiences, to ensure finance is one of the main drivers pushing this paradigm shift towards long-term sustainable economies.

**“ More than 500 fund promoters have set up Luxembourg funds, which are sold in over 70 jurisdictions worldwide ”**





## PARIS EUROPLACE

**P**aris EUROPLACE, the voice of the Paris Financial Centre, is a leading financial hub offering a rich platform at the heart of Europe on which to build and grow activities. Supported by one of the strongest economies in the EU 27, the Paris Financial Centre has developed unique expertise and know-how, particularly in financial technology (fintech) and innovation, sustainable finance and infrastructure financing.

“The Paris Financial Centre aims at developing a financial industry that serves society by contributing to employment and the development of a sustainable real economy. In this context, the objective of Paris EUROPLACE is three-fold: to promote financial innovation, to support the transition to sustainable development – including the fight against global warming – and to boost infrastructure financing, while serving the growing financial needs of the French and the European economy,” Arnaud de Bresson, CEO of Paris EUROPLACE, said.

France benefits from an ecosystem attuned to digital disruption, with



a wealth of fast-growing tech start-ups, committed private and public investors, world-famous incubators and research and development (R&D) centres, as well as a flexible regulatory framework.

Around 500 French fintech companies are pushing the boundaries of innovation in financial services. They are active in areas such as payments, risk management, sustainable finance, big data, artificial intelligence (AI), machine learning and blockchain. Over half of these firms are present on the international scene and three rank among the global top 100.

The country is committed to attracting investment into the French tech ecosystem and has undertaken a number of different initiatives, including the creation – by leading institutional investors – of a €6-billion fund and the introduction of the Next40 stock index to support fast-growing companies. The Paris Region has the highest R&D expenditure and the widest R&D talent pool in the EU 27, and hosts some 150 incubators that support the growing start-up community, including Station F.

The French regulators – Autorité des marchés financiers (AMF) and the Autorité de contrôle prudentiel et de résolution (ACPR)- Banque de France – are also committed to supporting fintech, innovation and competitiveness. They maintain an active, on-going dialogue with all stakeholders about the future direction of fintech. Furthermore, France has recently introduced an innovative regulatory regime for blockchain and crypto-assets, which establishes a simple, attractive and protective framework for issuing virtual tokens and providing services for digital assets.

Paris ranks among the premier venues for green financial services. As of late 2019, responsible investment had increased by 40%, bringing the assets under French management to €1.83 trillion, representing almost half of the total assets under management. France is currently the third-largest green bond issuer in the world and a pioneer in biodiversity protection.

Finance for Tomorrow, part of Paris EUROPLACE, was launched in June 2017 to make green and sustainable finance a driving force in the development of the Paris Financial Centre and to position it as a centre of excellence worldwide. It brings together private, public and institutional contributors to support efforts to find ways of ensuring that environmental and social responsibility goes hand-in-hand with strong financial performance.





Given the growing awareness around sustainability issues and climate risk, Paris EUROPLACE aims to make Paris the meeting point for sustainable finance professionals through the organisation of its flagship event, the Climate Finance Day, which has been organised on an annual basis since COP 21. The ultimate objective is to mobilise the broader financial sector to make firm commitments to tackle climate change, while presenting innovative solutions that combine public and private sector actors to meet the objectives of the Paris Agreement.

Key topics addressed by EUROPLACE are green finance and clean technology, green projects and bonds, and broader development objectives and commitments to address climate risks.

Infrastructure financing is another area where French leadership is recognised worldwide. Paris houses some large international corporations specialising in the energy, transportation and telecommunications sectors, which have provided the basis on which France has been able to create a fully developed infrastructure financing ecosystem. The Greater Paris project, which seeks to transform the Paris metropolitan area into a global 21st century city, is the largest infrastructure financing project in Europe to date. In 2018 capital under management to finance infrastructure projects reached €57 billion.

Under its 2030 strategic action plan, the Paris Financial Centre has adopted a three-pronged approach. It aims to reinforce its attractiveness among investors and consolidate its position in sectors such as investment banking, insurance, asset management and corporate finance. In particular, the plan aims to continue the work to improve France's regulatory and fiscal framework, in line with the first major reforms that have been implemented since the election of President Emmanuel Macron. It also strives to accelerate industrial initiatives in its three sectors of excellence – fintech and innovation, sustainable and environmental finance, and infrastructure finance.

Lastly, it seeks to increase its contribution to the work and principles of European and international bodies.

Paris intends to contribute to the construction of a competitive financial Europe in today's global world.

The Paris Financial Centre is embarking on a new strategy to cement its position as one of the most dynamic and innovative financial centres: one which is embracing the transformative opportunities being thrown up by disruptive technologies, approaches and applications, and one which serves the real economy and encourages sustainable growth for the benefit of society as a whole.

**“ Paris is currently the third-largest green bond issuer in the world and a pioneer in biodiversity protection ”**

**“ Paris EUROPLACE strives to foster financial innovation and technology, and boost infrastructure financing ”**



## TheCityUK

**T**heCityUK is the industry-led body representing one of the world's leading international financial centres. This London-based organisation promotes policies across the UK, Europe and internationally that drive competitiveness, support job creation and ensure long-term economic growth.

The UK's international financial centre has a unique ecosystem of financial and related professional services that has developed organically over the course of several centuries. It is also Europe's premier financial centre and maintains a leading share globally of a number of financial markets. Supported by both the international prestige of English common law and the strength of the judicial institutions that underpin the legal system, English common law in financial arbitration cases is rapidly becoming the global standard.

The financial and related professional services industry contributes 10% of the UK's total economic output. It is the country's largest taxpayer and the biggest exporting industry, generating a trade surplus almost equivalent to all other net exporting industries combined.

TheCityUK was founded by industry leaders in 2010 following the recommendation of two separate reports from the Mayor of London



and the then Chancellor of the Exchequer calling for the creation of an independent body to represent the broad spectrum of sectors across the financial and related professional services industry to sustain London's reputation as a global capital of finance. Since then, TheCityUK has become an influential voice of business on key international issues affecting the industry.

It is a well acknowledged fact that the UK-based industry extends far beyond the City of London or the "square mile", which was historically recognised as being the country's financial district. As such, TheCityUK represents the industry right across the UK, reflecting the fact that of the 2.3 million people employed in financial and related professional services, two thirds live and work outside London.

There are a number of key financial centres across the nation, with some 30,000 people working in financial and related professional services in cities such as Birmingham, Bristol, Edinburgh, Glasgow, Leeds and Manchester. A further 22 communities across the UK each employ some 10,000 people in the finance sector.

To help advocate for the important role the industry plays outside London and within these different cities, regions and nations of the UK, TheCityUK has a network of City Chairs across the country's critical financial centres to lead local engagement, represent members, and promote the industry with local stakeholders and policymakers.

TheCityUK focuses broadly on three main areas: promoting the value and contribution of the industry to the UK economy and society; sustaining the UK's position as Europe's financial centre; and maintaining and improving the industry's global competitiveness. Its activity – particularly in international contexts – often sees it working closely with both the UK government and national regulators around the world to help develop effective trade and economic policies that foster open and liberal markets.

Given its scope and expertise, TheCityUK is often engaged to take on an advisory role with new financial centres in various global markets, helping to establish frameworks and infrastructure, and identifying opportunities for two-way trade and investment. Most recently, TheCityUK signed a memorandum of understanding to support the development of Uzbekistan as an international financial centre.

TheCityUK's experience suggests that for new and emerging financial centres, high-level political and government commitment is es-





sential. Governments have a key role to play in supporting the construction of both hard infrastructure, like buildings, and soft infrastructure, like developing prudential regulation, transparency and a credible framework of commercial law backed up by a suitably qualified, independent judiciary. Through its partnership arrangements, TheCityUK has advised on the legal and regulatory infrastructure required for a number of emerging financial centres to flourish.

TheCityUK has strong credentials in working with a range of global players. Through its members and international partners, TheCityUK seeks to share expertise across a range of areas where the UK has experience to offer, including

insurance, reinsurance, risk management, project finance, Belt and Road Initiative projects, the law, alternative dispute resolution, corporate governance, equities and listings, derivatives, education and training, financial technology (fintech) and Islamic finance. The benefits to both the UK and partners overseas that have arisen from this cooperation have been considerable and TheCityUK hopes to continue to help others to develop their financial ecosystems and access global markets.

In many emerging economies, government officials hope to build strong equities markets. These developing countries seek to attract full listings and initial public offerings as well as to encourage secondary market trading. Thanks to its deep pools of capital, the UK's financial centre has become an essential partner for many countries as they look to access international markets.

Through bilateral agreements, TheCityUK has advised partners in financial centres around the world, including Astana, Istanbul and Moscow. It has also worked in developed markets such as the US, Switzerland and Japan.

One such emerging opportunity can be seen in fintech, a market that is worth £7 billion to the UK economy and employs some 60,000 financial workers and specialists.

**“TheCityUK is often engaged to take on an advisory role in supporting the development of new financial centres around the world”**

“The UK is a world-leading international financial centre, with strengths built up over centuries, aided by time zone, language and the rule of law,” Miles Celic, CEO of TheCityUK, said. “Its continued success is in large part due to its ability to respond to big challenges, to renew and to adapt. Against a backdrop of major demographic, geopolitical and technological change, the UK is once again showing innovation and nimbleness. UK-based firms are attracting and developing talent, seizing the opportunities of technological change, and making strides in both long-established markets and exciting new ones.

**“TheCityUK is an independent body founded to represent financial and related professional services”**







## TORONTO FINANCE INTERNATIONAL

**T**oronto Finance International is a public-private partnership between Canada's largest financial services institutions and the government to promote the Toronto Financial Centre.

Toronto ranked 8th among global financial centres, according to The Banker's 2019 index, and is the second-largest centre in North America. It acts as a gateway to North American financial markets and is one of the most innovative financial centres in the world.

The growth of the financial services sector has helped propel the city on the shores of Lake Ontario to become an essential hub in the global financial services industry and a crucial business centre for Canada, while also being the fourth-largest city in North America.

From 2012 to 2017 Toronto had the third-fastest growth rate for employment in the financial services industry worldwide, and in 2017 it ranked second globally for the proportion of employment within the financial services sector. Financial services are the largest contributor to Toronto's GDP and the second-largest contributor to Canada's GDP. Overall, half of Canada's outward foreign direct investment emanates from the financial services sector, while exports by the sector have more than doubled since 2010, making it the fastest-growing source of services exports for Canada in recent years.



Canada's five-largest banks are among the world's 40 largest – with three in the top 25 – and three Canadian life and health insurance companies rank among the top 15 of the world's largest insurers. Canadian pension funds by assets are ranked third globally, and are highly regarded international investors.

The growth of the financial services sector is increasingly linked with that of technology and the growing variety of financial technology (fintech) firms. Toronto's technology labour market is ranked third in North America, and from 2013 to 2018 Toronto was the fastest-growing technology market in North America, boasting a 54% increase in jobs in the sector.

The Greater Toronto Area also continues to be among the fastest-growing fintech hubs in the world, with one of the highest growth rates globally for fintech equity financing with a compound annual growth rate of 118% from 2010 to 2018, and home to almost 200 fintech firms and over 20 incubators.

Toronto has the highest concentration of artificial intelligence (AI) start-ups in the world, with many of these firms also operating within the fintech space. The area's AI talent is also attracting some of the largest global technology and financial services companies, resulting in a cluster of AI innovation hubs in the city.

Fostering an innovative ecosystem requires entrepreneurs, and small and medium-sized businesses to be supported. Ensuring that these businesses have access to capital is a key element of a well-functioning financial system. Many mid-market companies around the world identify growth as their primary objective, but the availability of long-term, patient capital to support their expansion plans can at times pose challenges. Without the right kind of growth capital, businesses face difficulties when it comes to expanding.

In terms of options for financing growth, debt financing remains an available option – though it has its limits – in part due to the fact that many entrepreneurs have an aversion to high leverage. There are also many private equity buyout firms to which entrepreneurs can sell, but ultimately many of them are not ready to sell or to develop their business on behalf of a controlling shareholder.

In response to this challenge Canada's leading banks and insurance companies came together to pool resources and form the Canadian Business Growth Fund (CBGF) in June 2018. The CBGF provides Cana-





da with an independent, private sector fund that is focused exclusively on financing the growth capital gap that some of the country's rapidly growing, newer companies face. The CBGF's vision is to become the Canada's leading capital investor growth vehicle and partner of choice for ambitious mid-market entrepreneurs, supporting them to reach their full potential by providing them with investments ranging between \$3 million and \$20 million.

In addition to funding, the CBGF provides entrepreneurs with access to its talent network, which is designed to connect entrepreneurs with seasoned executives. The executives bring relevant experience and connections, including access to expertise in day-to-day operations, strong customer relationships and top talent from the industry that is required in order to scale up a business. This guidance can take the form of mentors, board members, advisors, board chairs and consultants. This network helps to promote companies backed by the CBGF.

Toronto Finance International supports a number of initiatives in the business community and within Canada's higher learning educational institutions to ensure the sector and broader economy is developing the skills and capabilities to meet the challenges and opportunities that a quickly evolving technological landscape presents.

Much of Toronto's current and future success relies on its openness, diversity and high quality of life. A recent international survey showed Canadians have the most favourable opinion of immigrants among the world's top-migrant destination countries. Meanwhile, The Economist ranked Toronto as the seventh-most-liveable city in the world in September 2019, with more than half of the population foreign born and with approximately 200 languages spoken in the city.

For Toronto Finance International, maintaining a global vision means developing partnerships with financial centres around the world, such as the one it has with the World Alliance of International Financial Centres (WAIFC).

**“ From 2013 to 2018 Toronto was the fastest-growing tech market in North America, boasting a 54% increase in jobs in the sector ”**

**“ Toronto ranks 8th among financial centres in the world and is the second largest in North America ”**

“Financial centres play a fundamental role in every country by facilitating the flow of capital, financing the growth of the economy and the financial well-being of citizens,” Jennifer Reynolds, CEO of Toronto Finance International, said. “WAIFC's goal is to ensure the global financial sector is successful in underpinning robust economies. Its members believe collaboration allows us all to better face the new challenges the sector presents, from technological change and evolving skills and human capital requirements, to transitioning to lower-carbon economies.”







Said Ibrahim, CEO, Casablanca Finance City

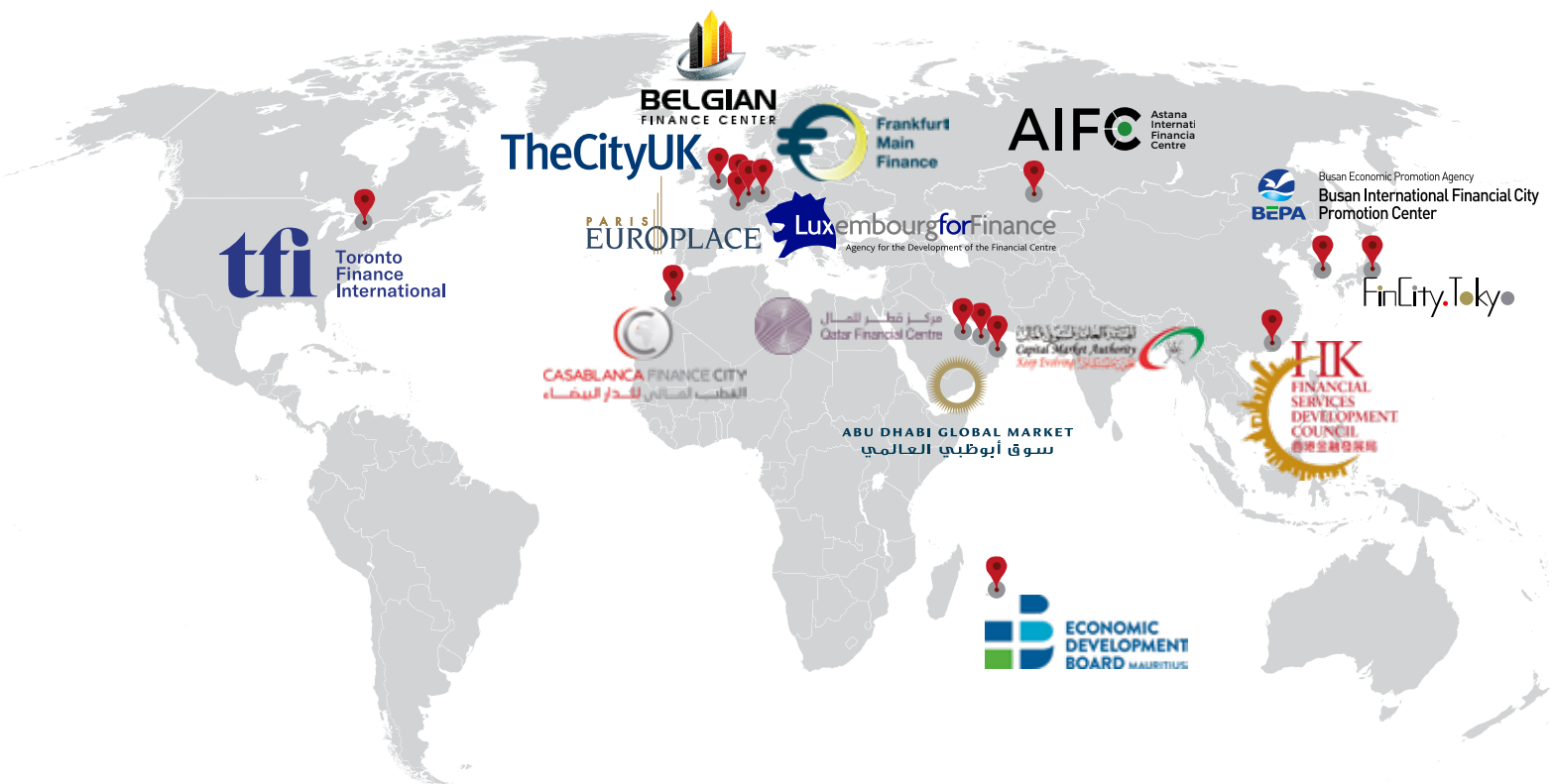
# CLOSING REMARKS

This report was initiated by Casablanca Finance City (CFC) in cooperation with Oxford Business Group to shed light on the crucial enabling role financial centres can play in financing the economy and furthering social equity. It elaborates on important contemporary themes for global financial markets, from financial technology and literacy, to green investment and funding for small businesses.

As a founding member of the World Alliance of International Financial Centres (WAIFC), as well as the first financial centre in Africa to join the alliance, CFC is proud to contribute an African perspective that showcases the level of international cooperation and its dedication to the socio-economic development of the continent. We strongly believe in Africa's potential, and the pivotal role financial centres play in driving economic and social growth, and we aspire through this report to make these benefits known beyond the world of finance.



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Produced in collaboration with Oxford Business Group



**WORLD ALLIANCE**  
of International Financial Centers

The central section of the image contains the logo for the World Alliance of International Financial Centers. The logo consists of three stylized, overlapping circles in shades of blue. Below the logo, the text 'WORLD ALLIANCE' is written in a large, bold, blue font, and 'of International Financial Centers' is written in a smaller, grey font below it.