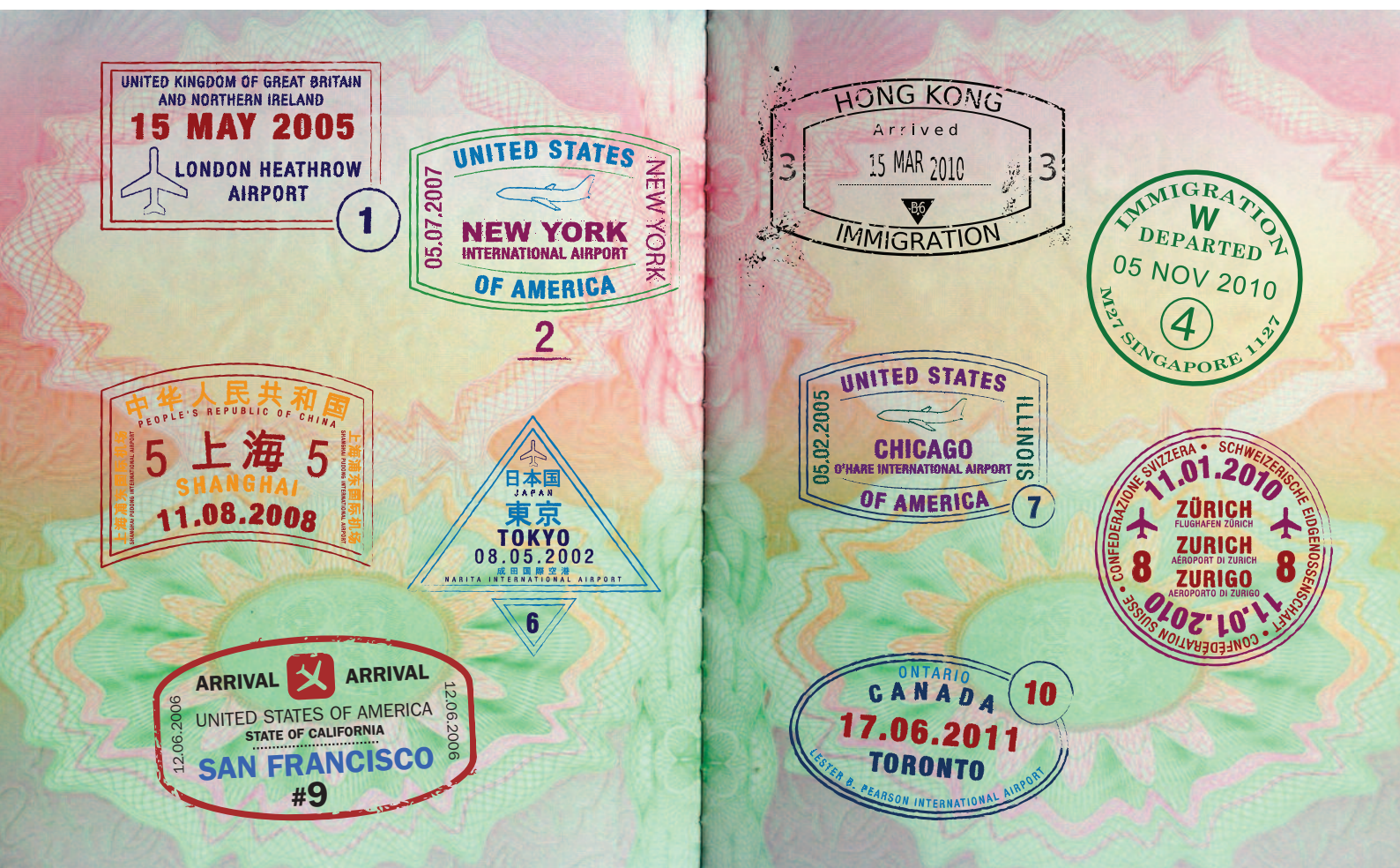




The Global Financial Centres Index 10

SEPTEMBER 2011





The Qatar Financial Centre Authority sponsors Long Finance's 'Financial Centre Futures' programme.

Qatar Financial Centre (QFC) is a financial and business centre established by the government of Qatar in 2005 to attract international financial services and multinational corporations to grow and develop the market for financial services in the region.

QFC consists of a commercial arm, the QFC Authority; and an independent financial regulator, the QFC Regulatory Authority. It also has an independent judiciary which comprises a civil and commercial court and a regulatory tribunal.

QFC aims to help all QFC licensed firms generate new and sustainable revenue streams. It provides access to local and regional investment opportunities. Business can be transacted inside or outside Qatar, in local or foreign currency.

Uniquely, this allows businesses to operate both locally and internationally. Furthermore, QFC allows 100% ownership by foreign companies, and all profits can be remitted outside of Qatar.

The **QFC Authority** is responsible for the organisation's commercial strategy and for developing relationships with the global financial community and other key institutions both within and outside Qatar. One of the most important roles of QFCA is to approve and issue licences to individuals, businesses and other entities that wish to incorporate or establish themselves in Qatar with the Centre.

The **QFC Regulatory Authority** is an independent statutory body and authorises and supervises businesses that conduct financial services activities in, or from, the QFC. It has powers to authorise, supervise and, where necessary, discipline regulated firms and individuals.

Z/Yen Group thanks the City of London Corporation for its cooperation in the development of the GFCI and for the use of the related data still used in the GFCI.

The author of this report, Mark Yeandle, is very grateful to other members of the GFCI team – in particular, Nick Danev, Jeremy Horne and Michael Mainelli.

Foreword

While the World economy remains under immense pressure, the Gulf Cooperation Council (GCC) region stands out for its competitive advantages as a capital and business destination. The GCC's significant long-term natural resources wealth, some 39% of the world's proven oil reserves and 23% of the world's proven gas reserves, has been the main driver for economic growth rates which have significantly outstripped the rest of the world over the last few years. The GCC's combined GDP now ranks among the 20 largest economies in the world. The region's natural resources wealth has been reinvested into broad-based economic and industrial diversification leading to the rapid development of the financial services sector. As a result, we have seen the rising importance of financial centres across the GCC as international firms are increasingly attracted to this dynamic region.

It is no accident that in this latest GFCI Qatar is now the highest ranking financial centre in the GCC. With the world's third largest gas reserves and an estimated US \$16.7trn in monetisable oil and gas reserves, the IMF expects Qatar's real GDP to grow by over 20% this year, exceeding even the strong growth of the wider GCC region. Qatar has successfully established a growing financial services industry which is now a significant contributor to national GDP after hydrocarbons.

The Qatar Financial Centre (QFC) has been a key driver of this growth, offering international and local firms an onshore trading environment with a robust legal structure based on English common law, a world class regulatory structure and one of the friendliest tax regimes in the world. The QFC Authority is differentiated from other financial centres in the region by its specific focus on three hubs, creating a uniquely sustainable platform for regional growth in reinsurance, captive insurance and asset management.

As the balance of the global economy is arguably shifting, I believe we can expect to see emerging market economies continue to emerge as financial centres and that Qatar, with its strong economic fundamentals and world class regulatory structure, is well-placed to be one of the beneficiaries of this rising trend.

Shashank Srivastava

Acting CEO

Qatar Financial Centres Authority

GFCI 10 – Summary and Headlines

The GFCI provides profiles, ratings and rankings for 75 financial centres, drawing on two separate sources of data – instrumental factors (external indices) and responses to an online survey. The GFCI was first published by Z/Yen Group in March 2007 and has subsequently been updated and published every six months. Successive growth in the number of respondents and data has enabled us to highlight the changing priorities and concerns of financial professionals over this time, particularly since financial crises began to unfold in 2007 and 2008. This is the tenth edition of GFCI (GFCI 10).

Instrumental factors: previous research indicates that many factors combine to make a financial centre competitive. These factors can be grouped into five over-arching 'areas of competitiveness: People, Business Environment, Infrastructure, Market Access and General Competitiveness. Evidence of a centre's performance in these areas is drawn from a range of external measures. For example, evidence about a fair and just business environment is drawn from a corruption perception index and an opacity index. 79 factors have been used in GFCI 10, of which 34 have been updated and four are new since GFCI 9 (see page 37 for full details on external measures used in the GFCI 10 model).

Financial centre assessments: GFCI uses responses to an ongoing online questionnaire completed by international financial services professionals. Respondents are asked to rate those centres with which they are familiar and to answer a number of questions relating to their perceptions of competitiveness. Overall, 28,604 financial centre assessments from 1,887 financial services professionals were used to compute GFCI 10, with older assessments discounted according to age.

Full details of the methodology behind GFCI 10 can be found on page 32. The ratings and rankings are calculated using a 'factor

assessment model', which combines the instrumental factors and questionnaire assessments. The full list of the 75 financial centres rated and profiled in GFCI 10 is shown on page 4.

The main headlines of GFCI 10 are:

- The three top centres are now only four points apart (there was a gap of 16 points between first and third in GFCI 9). There is no significant difference between London, New York and Hong Kong in the ratings; many respondents from our questionnaire continue to believe that these centres work together for mutual benefit.
- Confidence amongst financial services professionals has (perhaps surprisingly) risen since GFCI 9, as shown by higher overall ratings for virtually all centres (the average increase across all centres is just over 30 points). This is also demonstrated by a significant reduction in the 'spread' (measured by standard deviation) of assessments. Finance professionals now seem more confident about which centres are becoming more competitive and which centres less so. Chart 1 shows the rise in overall ratings.
- The Nordic and Eastern European centres are now getting very strong support. Centres such as Tallinn (up 118 points in the ratings), Istanbul (up 86 points), Moscow (up 75 points), Helsinki (up 72 points), Copenhagen (up 55 points) and St Petersburg (up 50 points) all demonstrate strong increases in competitiveness.





- The recent crisis in the Euro has affected centres within the Eurozone. The capital cities of the weaker Euro economies are clearly suffering – examples include Madrid down 11 places in the rankings, Dublin down ten places and Milan down nine places. Athens is also down and together with other European centres such as Luxembourg down 14 places and Malta down 11 places these centres exhibit the largest falls in GFCI 10.

- Over the past three years there has been considerable volatility in the ratings of the Asian centres. It seems that the picture is becoming somewhat clearer. The strongest centres are strengthening and consolidating their positions – Hong Kong is up 11 points, Singapore is up 13, Shanghai is up 30 points and Seoul is up 28. Certain Asian centres are now perceived as weaker – Tokyo, Beijing, Taipei and Shenzhen have all fallen in the

ranks. It should be noted that the reduction in standard deviation of assessments has meant that the ratings are more closely grouped. This reduction in standard deviation has the effect of making the ranks more sensitive – for example although Shenzhen has declined ten places in the rankings (from 15th to 25th), it has only fallen 11 points on a scale of 1,000.

- Offshore centres have suffered significant reputational damage in the past three years. GFCI 10 shows that many are now recovering as respondents to the GFCI questionnaire recognise the contribution these centres can make to global finance. Guernsey has risen 28 points, the Isle of Man, Hamilton and the British Virgin Islands have all risen 27 points and Jersey has risen 26. The Cayman Islands and Gibraltar have also risen. Jersey and Guernsey remain the leading offshore centres.

The full set of GFCI 10 ranks and ratings are shown in Table 1 on page 4:

Chart 1 | Three month rolling average assessments of the top 25 centres

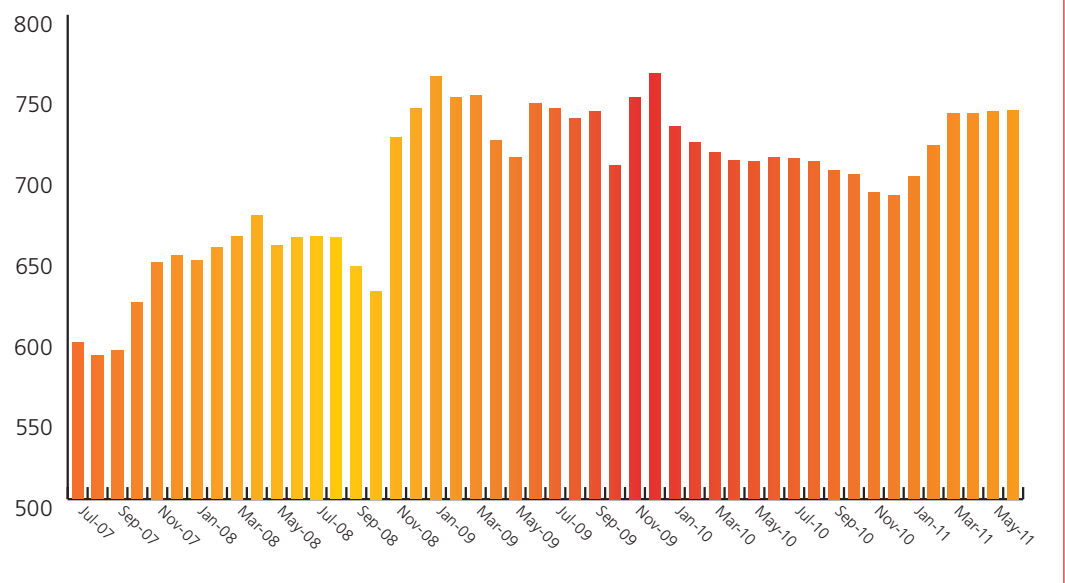


Table 1 | GFCI 10 ranks and ratings

	GFCI 10 rank	GFCI 10 rating	GFCI 9 rank	GFCI 9 rating	Change in rank	Change in rating
London	1	774	1	775	–	▼ 1
New York	2	773	2	769	–	▲ 4
Hong Kong	3	770	3	759	–	▲ 11
Singapore	4	735	4	722	–	▲ 13
Shanghai	5	724	5	694	–	▲ 30
Tokyo	6	695	5	694	▼ 1	▲ 1
Chicago	7	692	7	673	–	▲ 19
Zurich	8	686	8	665	–	▲ 21
San Francisco	9	681	13	655	▲ 4	▲ 26
Toronto	10	680	10	658	–	▲ 22
Seoul	11	679	16	651	▲ 5	▲ 28
Boston	12	678	12	656	–	▲ 22
Geneva	13	672	9	659	▼ 4	▲ 13
Washington DC	14	670	17	650	▲ 3	▲ 20
Sydney	15	669	10	658	▼ 5	▲ 11
Frankfurt	16	667	14	654	▼ 2	▲ 13
Vancouver	17	661	22	626	▲ 5	▲ 35
Melbourne	18	656	24	621	▲ 6	▲ 35
Beijing	19	655	17	650	▼ 2	▲ 5
Montreal	20	652	26	615	▲ 6	▲ 37
Jersey	21	650	23	624	▲ 2	▲ 26
Munich	22	649	25	617	▲ 3	▲ 32
Taipei	23	645	19	639	▼ 4	▲ 6
Paris	24	643	20	637	▼ 4	▲ 6
Shenzhen	25	642	15	653	▼ 10	▼ 11
Osaka	26	641	31	594	▲ 5	▲ 47
Wellington	27	640	38	587	▲ 11	▲ 53
Stockholm	28	638	33	592	▲ 5	▲ 46
Luxembourg	29	637	21	630	▼ 8	▲ 7
Qatar	30	636	30	597	–	▲ 39
Guernsey	31	635	27	607	▼ 4	▲ 28
Edinburgh	32	632	29	600	▼ 3	▲ 32
Glasgow	33	628	46	571	▲ 13	▲ 57
Copenhagen	34	626	46	571	▲ 12	▲ 55
Amsterdam	35	625	32	593	▼ 3	▲ 32
Dubai	36	622	28	605	▼ 8	▲ 17
Oslo	37	621	53	560	▲ 16	▲ 61
Kuala Lumpur	38	619	45	573	▲ 7	▲ 46
Helsinki	39	618	56	546	▲ 17	▲ 72
Isle of Man	40	617	35	590	▼ 5	▲ 27
Hamilton	41	616	36	589	▼ 5	▲ 27
Vienna	42	615	43	576	▲ 1	▲ 39
Dublin	43	614	33	592	▼ 10	▲ 22
Brussels	44	612	41	581	▼ 3	▲ 31
British Virgin Islands	45	611	40	584	▼ 5	▲ 27

	GFCI 10 rank	GFCI 10 rating	GFCI 9 rank	GFCI 9 rating	Change in rank	Change in rating
Cayman Islands	46	610	38	587	▼ 8	▲ 23
Mexico City	47	609	52	561	▲ 5	▲ 48
Madrid	48	608	37	588	▼ 11	▲ 20
Sao Paulo	49	607	44	574	▼ 5	▲ 33
Milan	50	606	41	581	▼ 9	▲ 25
Prague	51	605	55	547	▲ 4	▲ 58
Johannesburg	52	603	54	551	▲ 2	▲ 52
Rio de Janeiro	53	602	50	563	▼ 3	▲ 39
Rome	54	597	48	568	▼ 6	▲ 29
Bahrain	55	596	49	566	▼ 6	▲ 30
Warsaw	56	593	59	538	▲ 3	▲ 55
Bangkok	57	585	61	536	▲ 4	▲ 49
Gibraltar	58	584	56	546	▼ 2	▲ 38
Monaco	59	583	51	562	▼ 8	▲ 21
Lisbon	60	582	64	525	▲ 4	▲ 57
Moscow	61	581	68	506	▲ 7	▲ 75
Istanbul	62	580	71	494	▲ 9	▲ 86
Buenos Aires	63	579	64	525	▲ 1	▲ 54
Mumbai	64	578	58	541	▼ 6	▲ 37
Jakarta	65	577	63	532	▼ 2	▲ 45
Riyadh	66	575	70	500	▲ 4	▲ 75
Tallinn	67	574	74	456	▲ 7	▲ 118
Mauritius	68	571	62	533	▼ 6	▲ 38
Manila	69	570	66	519	▼ 3	▲ 51
Malta	70	568	59	538	▼ 11	▲ 30
St Petersburg	71	554	69	504	▼ 2	▲ 50
Bahamas	72	545	67	517	▼ 5	▲ 28
Budapest	73	543	72	468	▼ 1	▲ 75
Reykjavik	74	491	75	436	▲ 1	▲ 55
Athens	75	477	73	457	▼ 2	▲ 20



Abu Dhabi, Calgary, Panama, Cyprus and Tel Aviv have been added to the GFCI questionnaire recently but have yet to acquire enough assessments to be rated in the main index.

However, London in particular must not rest on its laurels. The Vickers report¹ recommends some fairly fundamental reforms of the banking

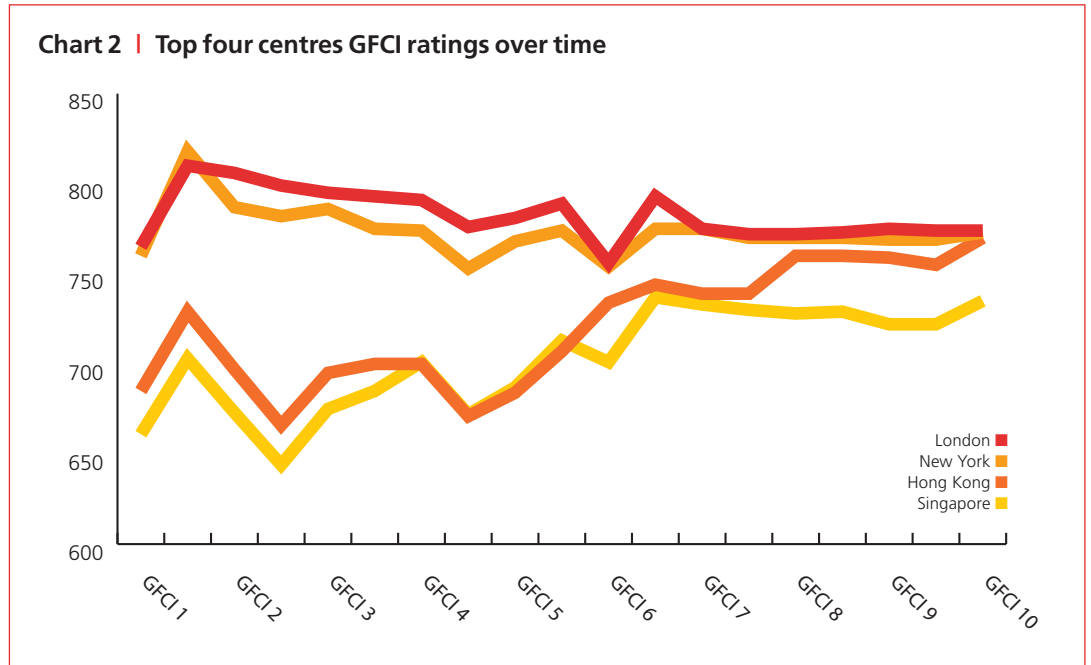


Chart 2 shows the relative stability of the leading centres.

Hong Kong is now just three points behind New York and four points behind London. These three centres control a large proportion of financial transactions (approximately 70% of equity trading) and are likely to remain powerful financial centres for the foreseeable future.

We continue to believe that the relationships between London, New York and Hong Kong are mutually supportive. Whilst many industry professionals still see a great deal of competition, policymakers appear to recognise that working together on certain elements of regulatory reform is likely to enhance the competitiveness of these centres.

industry and many in the sector believe that these might damage the competitiveness of London.

Furthermore, tax levels in the UK are unpopular within the financial services sector. In particular, the 50% personal tax rate for top earners (gross income greater than £150K) is the subject of much conjecture as to how much damage it is doing to the competitiveness of London. Opinions within the UK's coalition government are split as to whether the 50% rate should remain.

London's position is still regarded by many as virtually untouchable.

¹ *The Independent Commission on Banking, Final Report and Recommendations*, Sir John Vickers, September 2011 - bankingcommission.s3.amazonaws.com/wp-content/uploads/2010/07/ICB-Final-Report.pdf

“Location, location, and location matter in the information age – men are successful venture capitalists, hedge fund managers, or investors not because they are smart, but because they are in London.”

Leading Financial Services Academic based in London

The GFCI questionnaire asks which centres are likely to become more significant in the next few years. Asia continues to feature very strongly and is where respondents expect to observe the most significant improvements in performance:

Table 2 | The ten centres likely to become more significant

Centres likely to become more significant	Number of mentions
Seoul	80
Shanghai	65
Singapore	38
Hong Kong	37
Toronto	17
Tel Aviv	16
Beijing	14
Mumbai	14
Moscow	9
Liechtenstein	7

The GFCI questionnaire also asks in which centres the respondents' organisations are most likely to open offices over the next few years:

Table 3 | The ten centres where new offices are likely to be opened

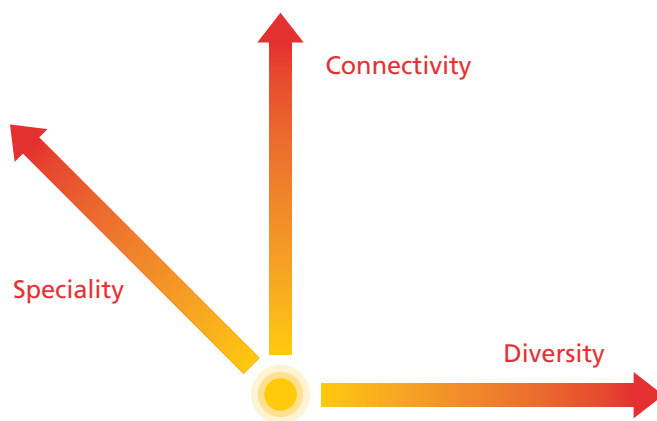
Centres where new offices will be opened	Number of mentions
Singapore	33
Seoul	28
Hong Kong	21
Shanghai	15
New York	14
London	13
Mumbai	12
Beijing	9
Tel Aviv	7
Abu Dhabi	5

In GFCI 9, both Shenzhen and Dubai were in this list. In GFCI 10 they received only two mentions each.



Financial Centre Profiles

Using clustering and correlation we have identified three key measures (axes) that determine a financial centre's profile along different dimensions of competitiveness:



'Connectivity' – the extent to which a centre is well known around the world and how much non-resident professionals believe it is connected to other financial centres. Respondents are asked to assess only those centres with which they are personally familiar. A centre's connectivity is assessed using a combination of 'inbound' assessment locations (the number of locations from which a particular centre receives assessments) and 'outbound' assessment locations (the number of other centres assessed by respondents from a particular centre). If the weighted assessments for a centre are provided by over 60% of other centres, this centre is deemed to be 'Global'. If the ratings are provided by over 45% of other centres, this centre is deemed to be 'Transnational'.

'Diversity' – the breadth of industry sectors that flourish in a financial centre. We consider this 'richness' of the business environment to be measurable in a similar way to that of the natural environment and therefore, use a combination of biodiversity indices (calculated on the instrumental factors) to assess a centre's diversity. A high score means that a centre is well diversified; a low diversity score reflects a less rich business environment.

'Speciality' – the depth within a financial centre of the following industry sectors: asset management, investment banking, insurance, professional services and wealth management. A centre's 'speciality' performance is calculated from the difference between the GFCI rating and the industry sector ratings.

In Table 4, 'Diversity' (Breadth) and 'Speciality' (Depth) are combined on one axis to create a two dimensional table of financial centre profiles. The 75 centres are assigned a profile on the basis of a set of rules for the three measures: how well connected a centre is, how broad its services are and how specialised it is.

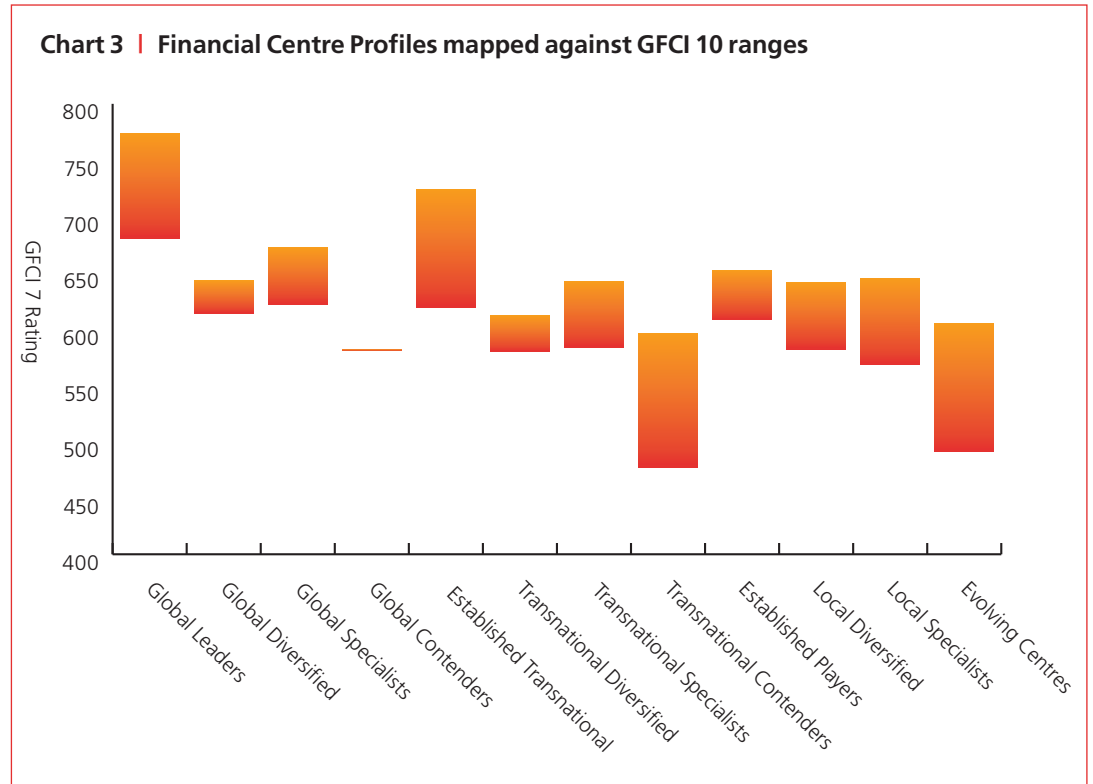
This profile 'map' shows the nine Global Leaders (in the top left of the table) which have both broad and deep financial services activities and are connected with many other financial centres. This list includes London, New York and Hong Kong, the leading global financial centres. Paris, Dublin and Amsterdam are Global Diversified centres as they are equally well connected but do not exhibit the same depth in different sectors to be considered Global Leaders. Similarly, Geneva, Beijing, Jersey, Luxembourg and Dubai are Global Specialists (specialising primarily in Asset Management) but do not have a sufficiently broad range of financial services activities to be Global Leaders. The only Global Contender is Moscow which is assigned a global profile because there is widespread awareness of its activities, but its financial services are not currently sufficiently broad and deep for it to be considered a leader.

Jersey and Luxembourg move up from being Transnational specialists to Global Specialists as a result of more assessments. Several centres including Istanbul and Montreal have move up from being profiles as Local Diversified centres to Transnational Diversified centres.

Table 4 | GFCI 10 Financial Centre Profiles

	Broad & deep	Relatively broad	Relatively deep	Emerging
Global	Global leaders	Global diversified	Global specialists	Global contenders
	Chicago	Amsterdam	Beijing	Moscow
	Frankfurt	Dublin	Dubai	
	Hong Kong	Paris	Geneva	
	London		Jersey	
	New York		Luxembourg	
	Singapore			
	Tokyo			
	Toronto			
	Zurich			
Transnational	Established transnational	Transnational diversified	Transnational specialists	Transnational contenders
	Boston	Brussels	British Virgin Islands	Athens
	Edinburgh	Copenhagen	Cayman Islands	Bahrain
	Kuala Lumpur	Glasgow	Gibraltar	Bangkok
	Seoul	Istanbul	Guernsey	Mumbai
	Shanghai	Madrid	Hamilton	
	Sydney	Montreal	Isle of Man	
	Vancouver	Munich	Qatar	
Washington DC		Shenzhen		
Local	Established players	Local diversified	Local specialists	Evolving centres
	Johannesburg	Helsinki	Buenos Aires	Bahamas
	Melbourne	Lisbon	Malta	Budapest
	Mexico City	Milan	Manila	Jakarta
	San Francisco	Osaka	Mauritius	Prague
	Sao Paulo	Oslo	Monaco	Reykjavik
		Stockholm	Rio de Janeiro	Riyadh
		Vienna	Rome	St Petersburg
		Warsaw	Taipei	Tallinn
		Wellington		

Chart 3 below shows the profiles mapped against the GFCI 10 ranges:



“There is now a well established leader in each time zone, and I don’t think that London, New York and Hong Kong will be usurped any time soon.”

Financial Services Consultant based in London



Main Areas of Competitiveness

The GFCI questionnaire asks about the most important factors for competitiveness. The number of times that each area is mentioned is summarised in Table 5:

Table 5 | Main areas of competitiveness

Area of competitiveness	Number of mentions	Main concerns
Business Environment	77	Stability of regulation, corruption
People	55	Quality of staff
General Economic Conditions	48	Austerity
Taxation	41	Personal and corporate tax
Infrastructure	34	Transport

The GFCI questionnaire asks respondents to name the single regulatory change that would improve a financial centre's competitiveness. Although a large number of possible changes were named, the four mentioned most often are shown in Table 6 below:

Table 6 | Top four single regulatory changes

Regulatory change	Number of mentions	Main issues
Taxation	49	Personal tax
Regulation	41	Fairness and predictability
Level Playing Field	32	Competitiveness with others
Business Freedom / Ease	30	Ease of running a business

The GFCI questionnaire also asks respondents how financial centres can best signal their long-term commitment to financial services. Again there were a large number of 'signals' mentioned but the four most common are shown in Table 7 below:

Table 7 | Best signals of commitment to financial Services

Area of competitiveness	Number of mentions
Stability in Regulation	55
Infrastructure Development	39
Tax Rates	38
Rule of Law / Lack of Corruption	21
Lack of Government Interference	16

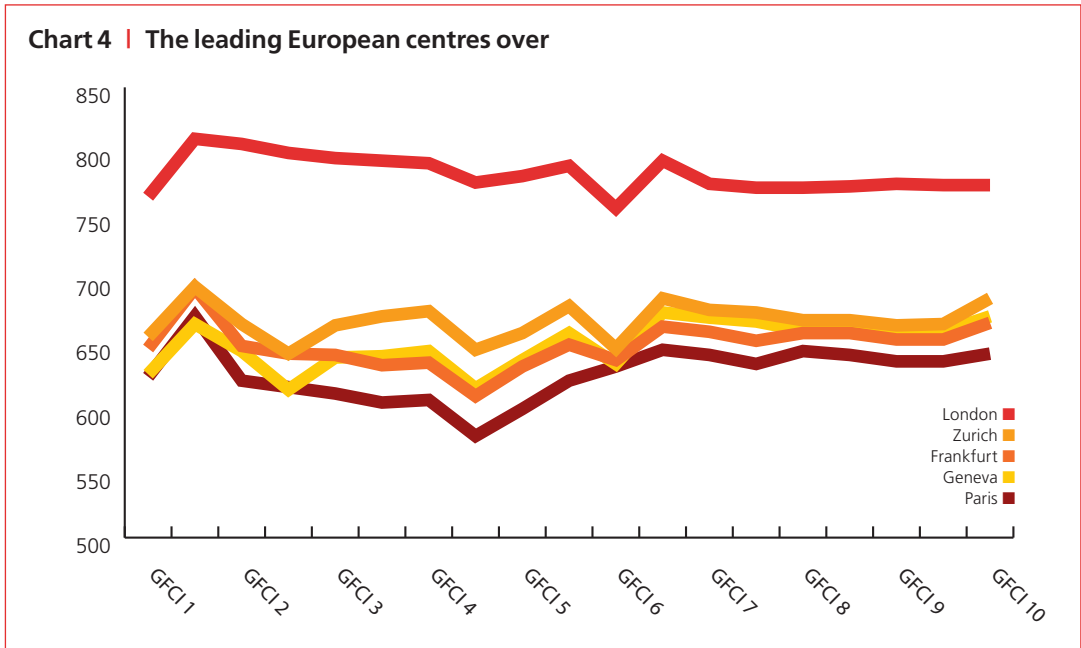
European Centres

Table 8 shows the top 20 European financial centres. Two of the main themes of GFCI 10 are well illustrated here. The Nordic and Eastern European countries see increases in their ratings with Stockholm, Copenhagen, Oslo, Helsinki and Prague all showing considerable rises. The capitals of three countries suffering in the Euro-crisis Dublin, Madrid and Milan, have all declined in the rankings showing below average performance in the ratings:

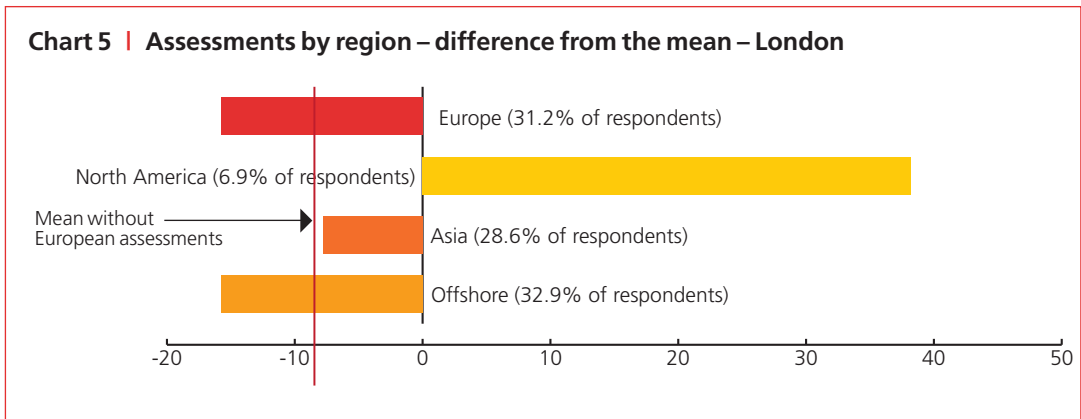
Table 8 | The leading 20 European centres in GFCI 10

	GFCI 10 rank	GFCI 10 rating	GFCI 9 rank	GFCI 9 rating	Change in rank	Change in rating
London	1	774	1	775	–	▼ 1
Zurich	8	686	8	665	–	▲ 21
Geneva	13	672	9	659	▼ 4	▲ 13
Frankfurt	16	667	14	654	▼ 2	▲ 13
Munich	22	649	25	617	▲ 3	▲ 32
Paris	24	643	20	637	▼ 4	▲ 6
Stockholm	28	638	33	592	▲ 5	▲ 46
Luxembourg	29	637	21	630	▼ 8	▲ 7
Edinburgh	32	632	29	600	▼ 3	▲ 32
Glasgow	33	628	46	571	▲ 13	▲ 57
Copenhagen	34	626	46	571	▲ 12	▲ 55
Amsterdam	35	625	32	593	▼ 3	▲ 32
Oslo	37	621	53	560	▲ 16	▲ 61
Helsinki	39	618	56	546	▲ 17	▲ 72
Vienna	42	615	43	576	▲ 1	▲ 39
Dublin	43	614	33	592	▼ 10	▲ 22
Brussels	44	612	41	581	▼ 3	▲ 31
Madrid	48	608	37	588	▼ 11	▲ 20
Milan	50	606	41	581	▼ 9	▲ 25
Prague	51	605	55	547	▲ 4	▲ 58

London maintains its leadership over other leading European centres. Other centres such as Zurich and Frankfurt are closing the gap slightly but it does not appear that London will be overtaken any time soon. Chart 4 illustrates this clearly:

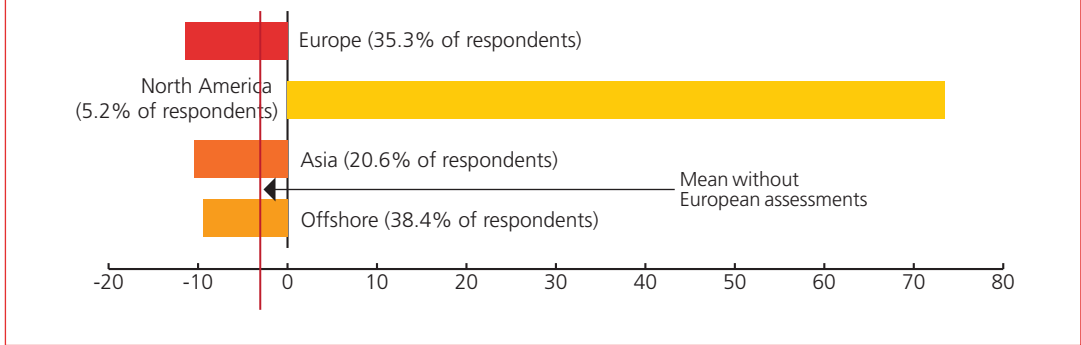


Examining the assessments given to each major centre is a useful means of assessing the relative strength and weakness of their reputations in different regions. It is important to note that assessments given to a centre by people based there are excluded from the GFCI model to eliminate ‘home preference’. The charts below show the difference between overall mean assessments by region. The additional vertical line shows the mean if all assessments from the whole of the home region are removed:



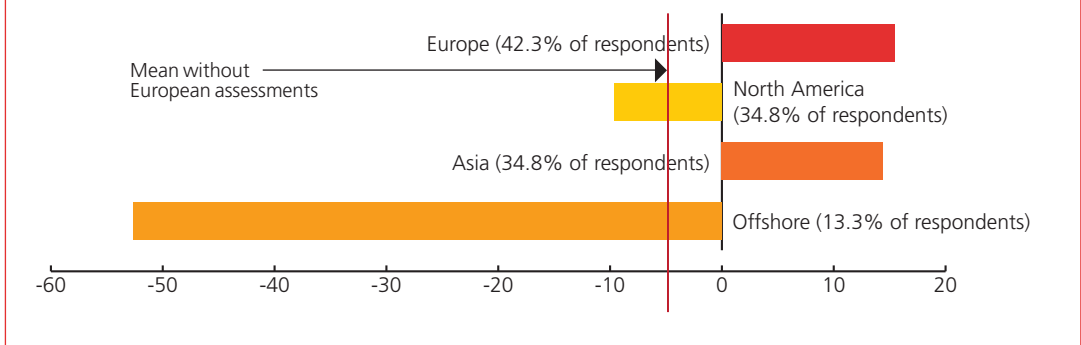
London’s overall average assessment is 800. The chart indicates that London is well regarded in North America but less well rated by offshore and European centres.

Chart 6 | Assessments by region – difference from the mean – Zurich



Zurich’s overall average assessment is 704, slightly down from GFCI 9. North American assessments of Zurich have increased sharply from earlier editions of GFCI with several US based respondents now preferring to deal with Zurich rather than the traditional offshore centres.

Chart 7 | Assessments by region – difference from the mean – Frankfurt



Frankfurt’s overall average assessment is 693. Like London, Frankfurt is given lower assessments by people based in offshore locations than elsewhere.

“We have recently picked up a fair bit of business from USA – investors there are telling me that they now favour Zurich and Canadian centres for asset management.”

Asset Manager based in Zurich

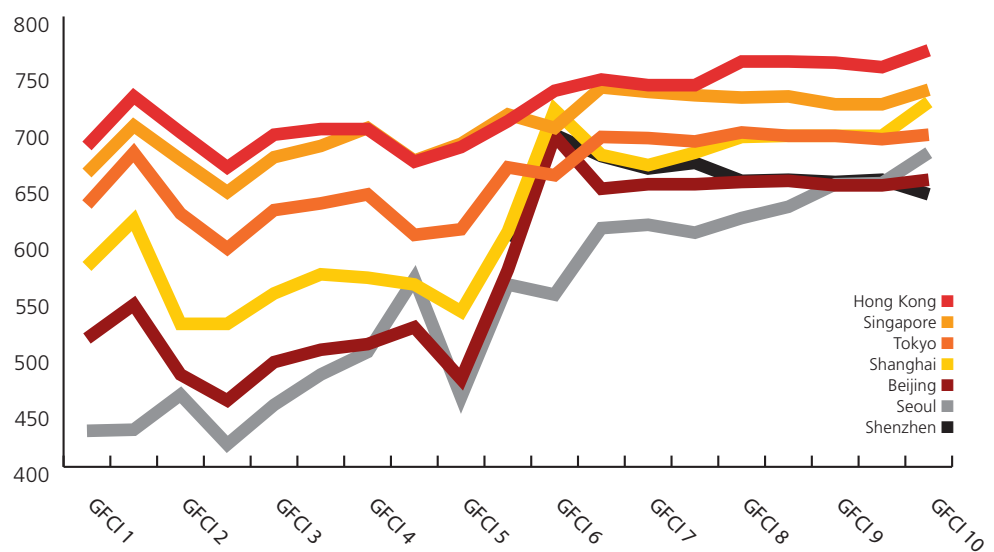
Asian Centres

GFCI 10 ratings have, on average, risen since GFCI 9. Ratings in Asia have been split between those centres that are now perceived as the strongest and those that are seen as vulnerable. The strong centres seem to be consolidating their position – Hong Kong is up 11 points, Singapore is up 13, Shanghai is up 30 points and Seoul is up 28. Several centres are now considered less strong – Tokyo, Beijing, Taipei and Shenzhen have all fallen in the ranks:

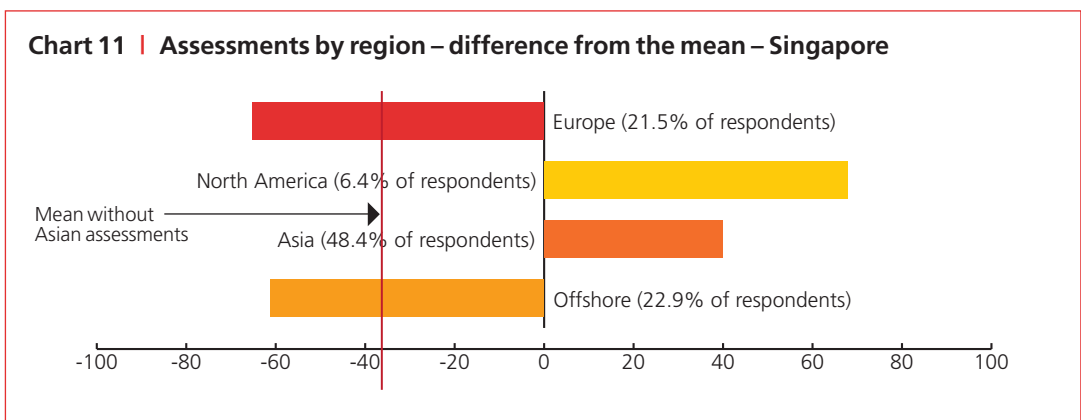
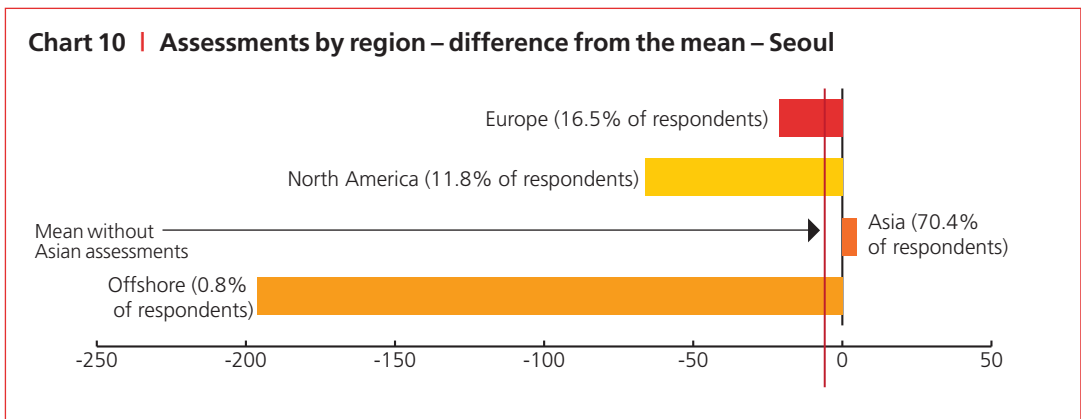
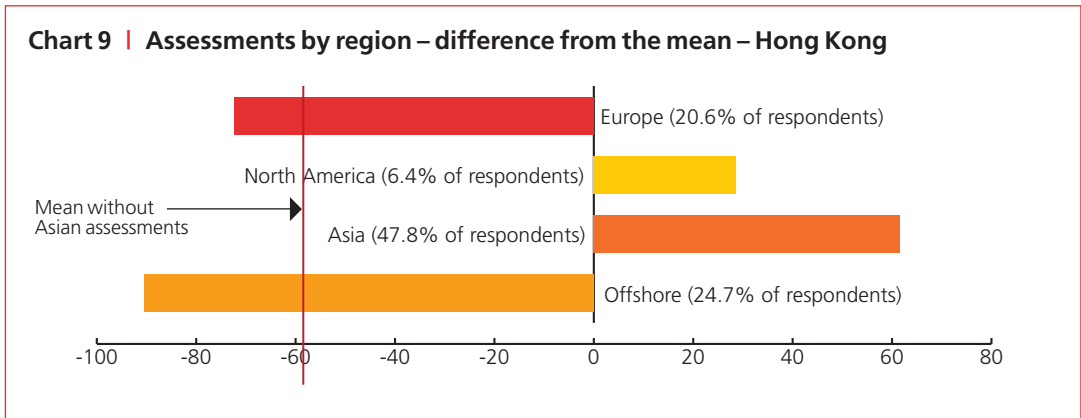
Table 9 | The leading ten Asian centres in GFCI 10

	GFCI 10 rank	GFCI 10 rating	GFCI 9 rank	GFCI 9 rating	Change in rank	Change in rating
Hong Kong	3	770	3	759	–	▲ 11
Singapore	4	735	4	722	–	▲ 13
Shanghai	5	724	5	694	–	▲ 30
Tokyo	6	695	5	694	▼ 1	▲ 1
Seoul	11	679	16	651	▲ 5	▲ 28
Beijing	19	655	17	650	▼ 2	▲ 5
Taipei	23	645	19	639	▼ 4	▲ 6
Shenzhen	25	642	15	653	▼ 10	▼ 11
Osaka	26	641	31	594	▲ 5	▲ 47
Kuala Lumpur	38	619	45	573	▲ 7	▲ 46

Chart 8 | The leading Asian centres over GFCI editions



In general, fellow Asian centres are particularly well-supported by Asian respondents in both the number of assessments and the average assessment given. This is shown in the three charts below.



North American responses are more positive than average about Hong Kong and Singapore but less positive than average about Seoul. The number of assessments given to Asian centres by European based respondents are fairly low, suggesting that Asian centres are less well known and, probably as a consequence, less highly regarded than from within Asia. Respondents from the offshore centres also rate Asian centres less positively than average.

“I’m biased because HK is my home, but I can’t see any mainland centre challenging or overtaking Hong Kong for many years.”

Asset Manager based in Hong Kong

“Hong Kong and Singapore are the two centres where we do a lot of business over there [in Asia] and we are doing more and more in Hong Kong.”

Investment Banker based in Frankfurt



North American Centres

North American centres have shown stability with GFCI 10 ratings very similar to those in GFCI 9:

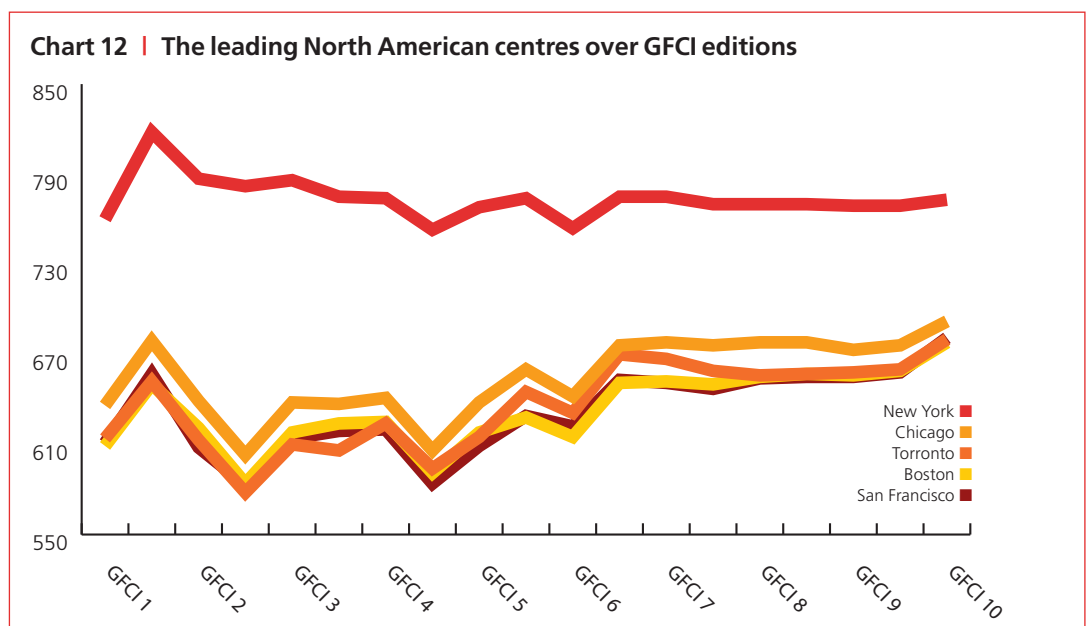
Table 10 | The leading North American centres in GFCI 10

	GFCI 10 rank	GFCI 10 rating	GFCI 9 rank	GFCI 9 rating	Change in rank	Change in rating
New York	2	773	2	769	–	▲ 4
Chicago	7	692	7	673	–	▲ 19
San Francisco	9	681	13	655	▲ 4	▲ 26
Toronto	10	680	10	658	–	▲ 22
Boston	12	678	12	656	–	▲ 22
Washington DC	14	670	17	650	▲ 3	▲ 20
Vancouver	17	661	22	626	▲ 5	▲ 35
Montreal	20	652	26	615	▲ 6	▲ 37

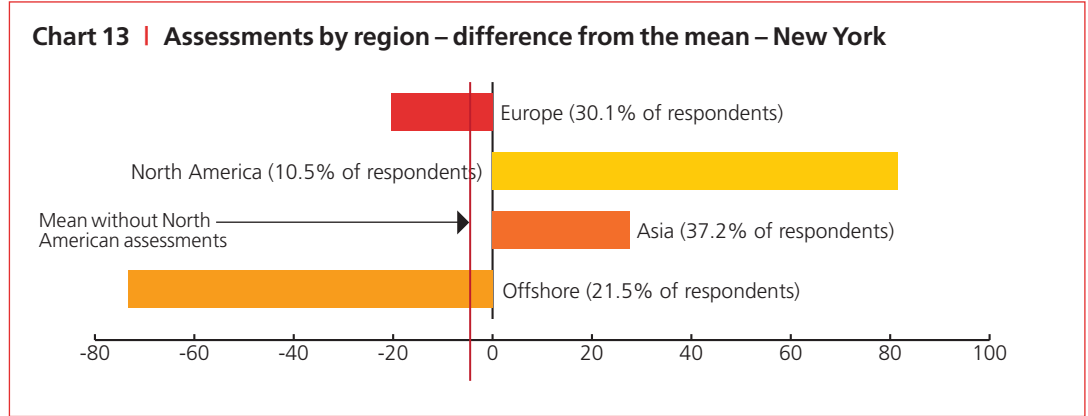
New York and Chicago retain their positions in the GFCI 10 top ten. Toronto remains in the top ten and San Francisco has risen to 9th position. Toronto is now 19 points ahead of Vancouver (having been 32 points ahead in GFCI 9). Calgary was recently added as a new financial centre to our online survey – it will be included in the listings when it has obtained a sufficient number of assessments. Chart 12 below shows New York maintaining its leadership in North America:

“Toronto and Vancouver are both significant players in the wealth management business now.”

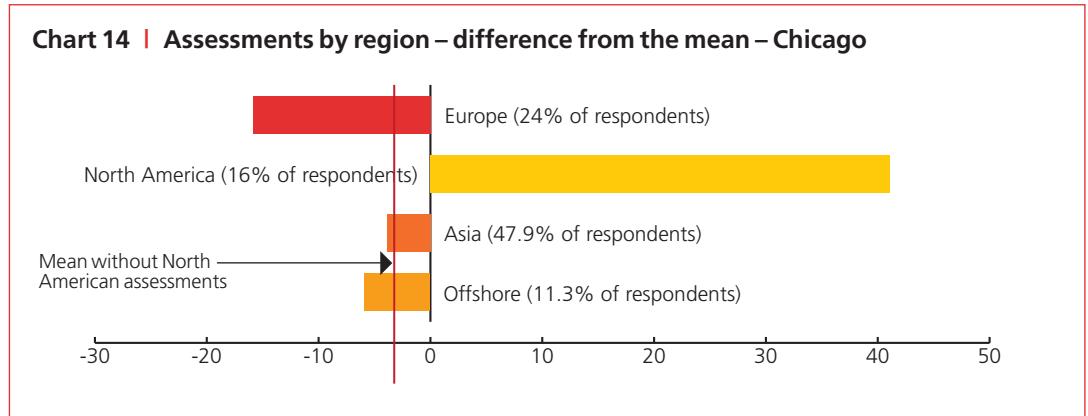
Wealth Manager based in San Francisco



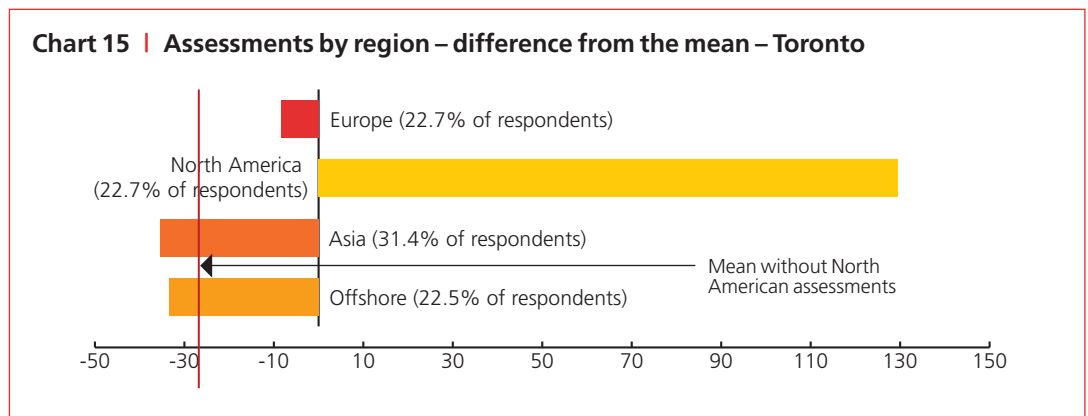
The difference between regional assessments for some of the major North American centres is shown below.



The overall average assessment for New York is 804. New York benefits from strong North American support. Offshore centres assess New York less positively, possibly due to US clampdowns on offshore activities.



Chicago has an overall average assessment of 706 and shows a similar pattern to New York with regard to the offshore and North American assessments – the former being lower than average and the latter higher. Assessments from Asian respondents is just below average whilst for New York it is above average.

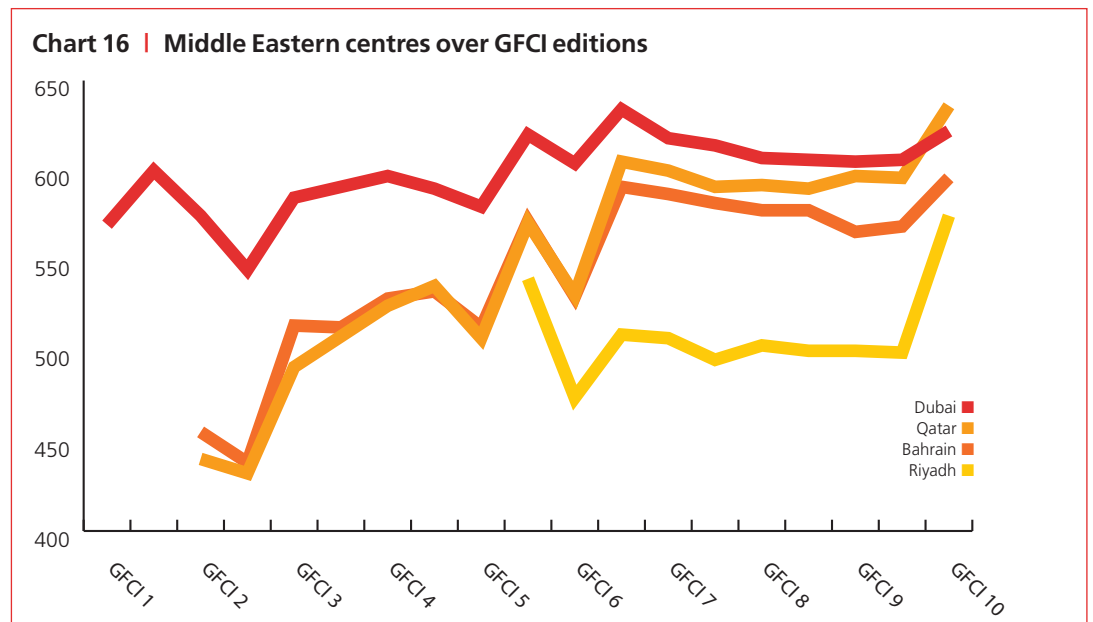


Middle Eastern Centres

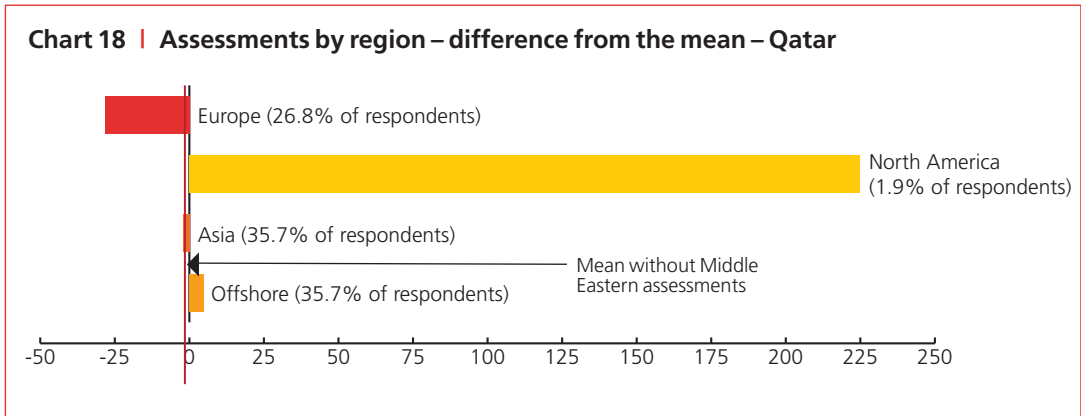
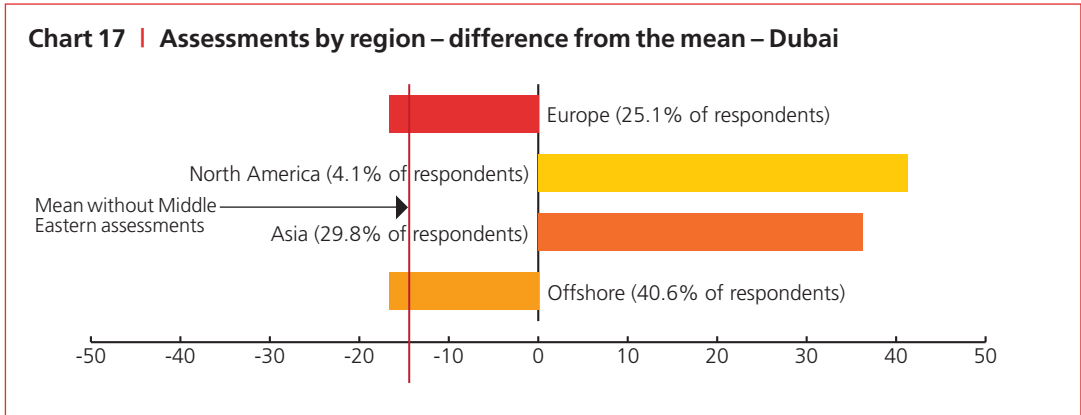
Of the four Middle Eastern centres in the GFCI, Dubai has held the lead since the GFCI began. However, in GFCI 10, Qatar has just overtaken Dubai. Concerns about Dubai have been expressed for at least three years now and Dubai's GFCI rating has been declining since GFCI 6.5. Although Dubai's rating shows a small increase it is now below Qatar by 14 points. Qatar and Dubai are the only Middle Eastern centres with ratings over 600 however Riyadh shows a very significant increase of 75 points and we will watch this centre carefully.

Table 11 | The Middle Eastern centres in GFCI 10

	GFCI 10 rank	GFCI 10 rating	GFCI 9 rank	GFCI 9 rating	Change in rank	Change in rating
Qatar	30	636	30	597	–	▲ 9
Dubai	36	622	28	605	▼ 8	▲ 17
Bahrain	55	596	49	566	▼ 6	▲ 30
Riyadh	66	575	70	500	▲ 4	▲ 75



The pattern of assessments reveals that the Middle Eastern centres, and particularly Qatar, are well supported by North American respondents. Qatar's assessments from both Europe and Asia are below average. Dubai's assessments from Asia are significantly higher than average:



“Dubai has suffered a big attack on its reputation. It has allowed Qatar to establish itself as a credible challenger in the Middle East.”

Private Wealth Manager based in Dubai

Offshore Centres

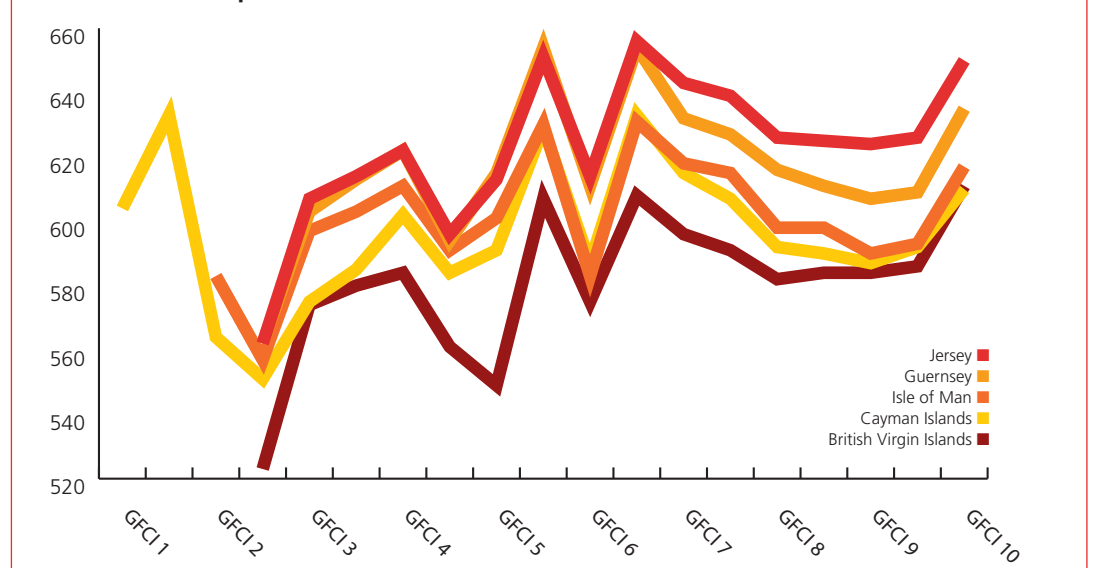
Offshore centres have suffered significant reputational damage in the past three years. GFCI 10 shows that many are now recovering as respondents to the GFCI questionnaire recognise the contribution these centres can make to global finance. Guernsey has risen 28 points, the Isle of Man, Hamilton and the British Virgin Islands have all risen 27 points and Jersey has risen 26. The Cayman Islands and Gibraltar have also risen. Jersey and Guernsey remain the leading offshore centres.:

Both Jersey and Guernsey are working to change perceptions and to 'rise above' the status of offshore specialist centres by being seen as more diversified, although the following charts of average assessment by region suggest that they still have some way to go with changing global perceptions.

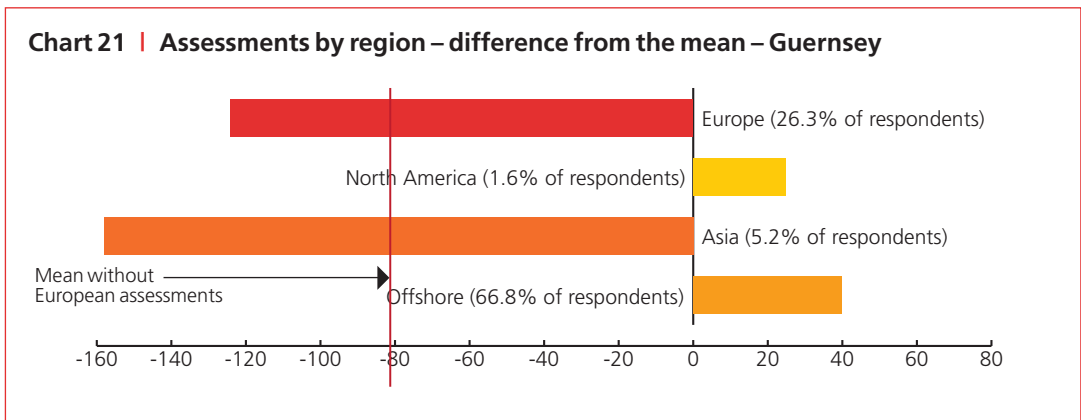
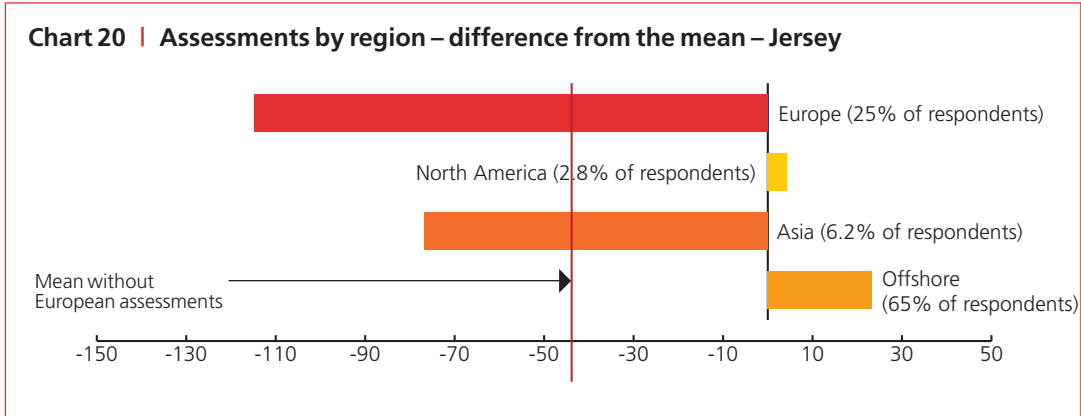
Table 12 | Top ten offshore centres in GFCI 10

	GFCI 10 rank	GFCI 10 rating	GFCI 9 rank	GFCI 9 rating	Change in rank	Change in rating
Jersey	21	650	23	624	▲ 2	▲ 26
Guernsey	31	635	27	607	▼ 4	▲ 28
Isle of Man	40	617	35	590	▼ 5	▼ 27
Hamilton	41	616	36	589	▼ 5	▼ 27
British Virgin Islands	45	611	40	584	▼ 5	▼ 27
Cayman Islands	46	610	38	587	▼ 8	▲ 23
Gibraltar	58	584	56	546	▼ 2	▼ 38
Mauritius	68	571	62	533	▼ 6	▼ 38
Malta	70	568	59	538	▼ 11	▼ 30
Bahamas	72	545	67	517	▼ 5	▼ 28

Chart 19 | The top offshore centres over GFCI editions



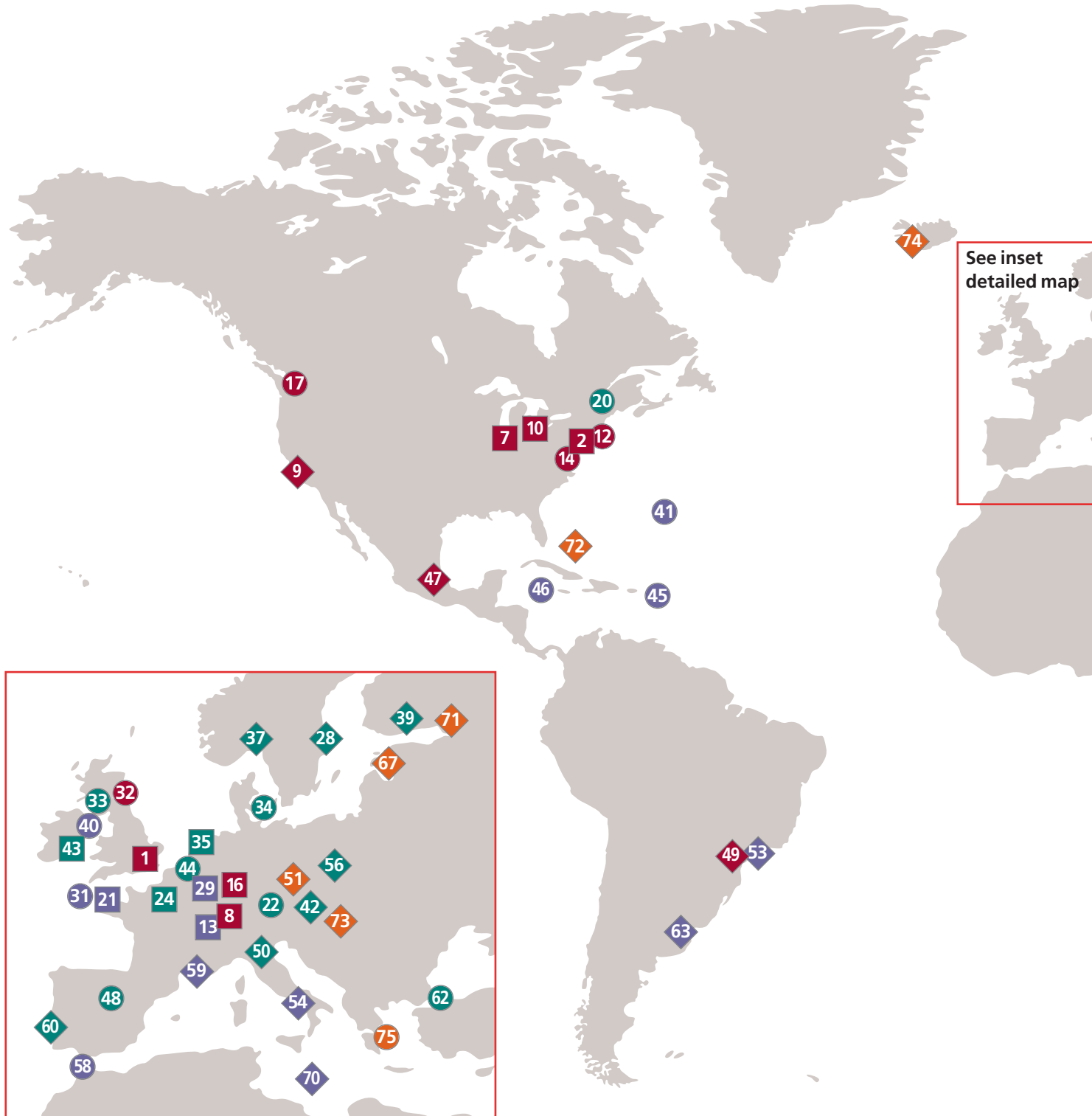
All the leading offshore centres achieve higher than average assessments from other offshore centres and, generally, lower responses from elsewhere, particularly from Asia and Europe. A significant proportion of the assessments of offshore centres are coming from other offshore centres and there are only relatively few assessments from Asia for Jersey and Guernsey.

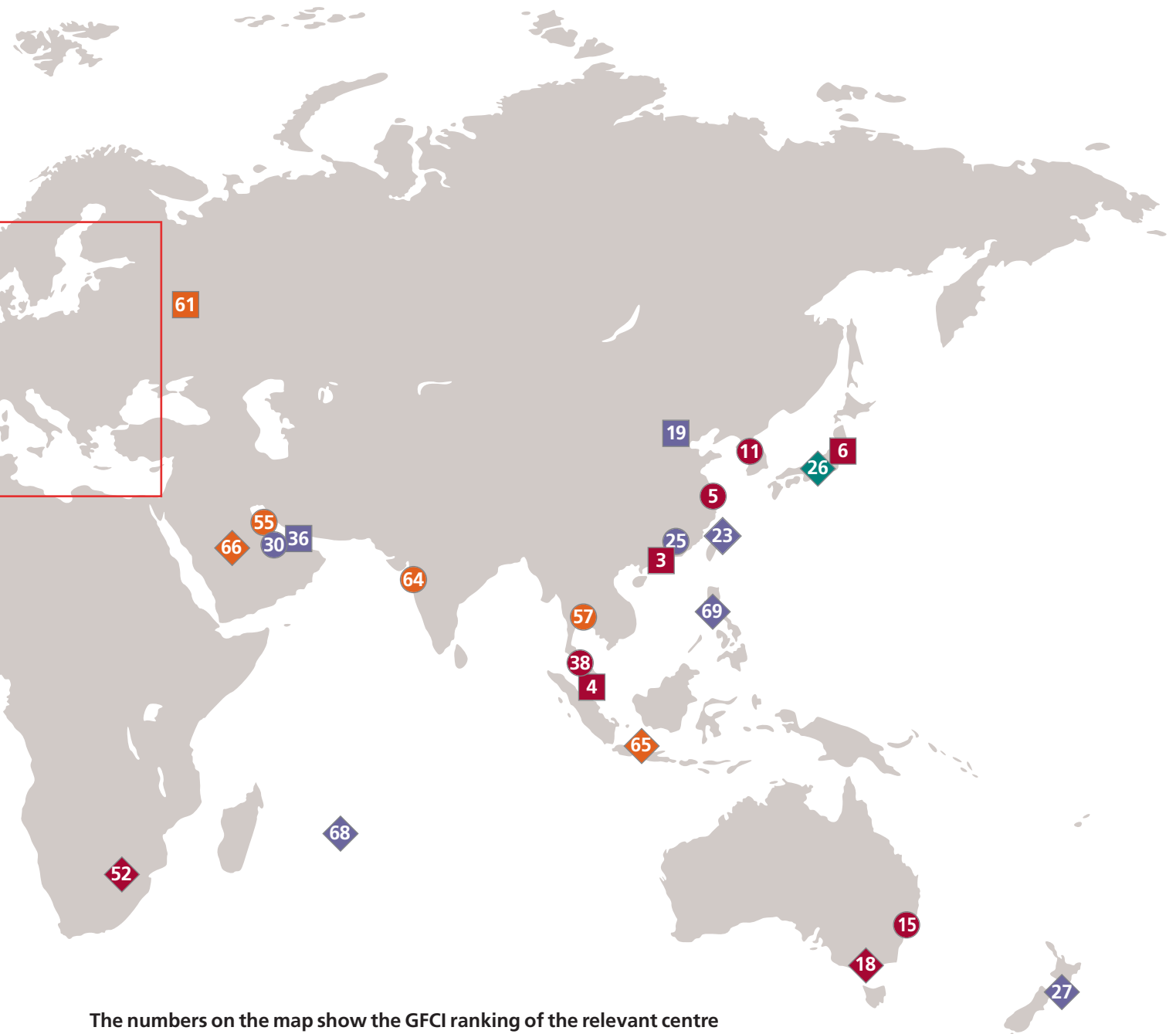


“We are using a few firms in Jersey and Guernsey now – they have very good staff who have generally got experience in London - the Caymans cannot compete with the Channel Islands.”

Trust Fund Manager based in Washington

The GFCI World





- Broad and deep**
 - Global leaders
 - Established transnational
 - ◆ Established players
- Relatively broad**
 - Global diversified
 - Transnational diversified
 - ◆ Local diversified
- Relatively deep**
 - Global specialists
 - Transnational specialists
 - ◆ Local nodes
- Emerging**
 - Global contenders
 - Transnational contenders
 - ◆ Evolving centres

Industry Sectors

Industry sector sub-indices are created by building the GFCI 10 statistical model using only the questionnaire responses from respondents working in the relevant industry sectors. The GFCI 10 dataset has been used to produce separate sub-indices for the Banking, Asset Management, Insurance, Professional Services, Government & Regulatory and Wealth Management & Private Banking sectors.

London appears at the top of four of the six sub-indices. New York tops the Banking sub-index and Hong Kong appears at the top of the Insurance sub-index where London is down in fourth place. Table 10 below shows the top ten ranked financial centres in the industry sector sub-indices:

Table 13 | GFCI 10 industry sector sub-indices top 10

Rank	Asset management	Banking	Government & regulatory	Insurance	Professional services	Wealth management/ private banking
1	London	New York	London	Hong Kong	London	London
2	New York	Hong Kong	New York	Shanghai	New York	Geneva
3	Hong Kong	London	Singapore	New York	Hong Kong	New York
4	Singapore	Seoul	Hong Kong	London	Singapore	Toronto
5	Boston	Singapore	Frankfurt	Singapore	San Francisco	Hong Kong
5	Tokyo	Tokyo	Chicago	Tokyo	Chicago	Zurich
7	Chicago	Shanghai	Paris	Beijing	Boston	Singapore
8	Toronto	Zurich	Tokyo	Chicago	Toronto	Jersey
9	Zurich	Chicago	Munich	Toronto	Geneva	Vancouver
10	San Francisco	Toronto	San Francisco	Boston	Tokyo	Boston

The top four centres in the GFCI 10 overall index are top of the Asset Management, Government & Regulatory and Professional Services sub-indices. In the Banking index, London has dropped to third place behind New York and Hong Kong. In the insurance sub-index the top five positions are unchanged from GFCI 9 with London still in fourth place and Shanghai (perhaps surprisingly) still second. The Asian centres are well placed in the Insurance and Banking sub-indices taking five of the top ten places in both sub-indices.

The Wealth Management sub-index was only introduced in GFCI 8. It is not surprising to see the leading global wealth management centres of Geneva, Toronto, Zurich and Jersey so high up this sub-index.

“The insurance business continues to flourish in Asia – London may have Lloyds but that is no longer enough to rule the world.”

Insurance Broker based in London

The Five Key Areas of Competitiveness

The instrumental factors used in the GFCI 10 model are grouped into five key areas of competitiveness (People, Business Environment, Market Access, Infrastructure and General Competitiveness). The GFCI 10 factor assessment model is run with one set of instrumental factors at a time. Table 14 shows the top ten ranked centres in each sub:

Table 14 | Sub-indices by areas of competitiveness (changes from GFCI 7 in brackets)

Rank	People	Business environment	Market access	Infrastructure	General competitiveness
1	London	London	London	London	London
2	New York	New York	New York	New York	New York
3	Hong Kong	Hong Kong	Hong Kong	Hong Kong	Hong Kong
4	Singapore	Singapore	Singapore	Singapore	Singapore
5	Shanghai	Chicago	Shanghai	Seoul	Seoul
5	Tokyo	Seoul	Tokyo	Tokyo	Shanghai
7	Chicago	Shanghai	Seoul	Shanghai	Tokyo
8	Seoul	Tokyo	Zurich	Chicago	Chicago
9	Toronto	Toronto	Toronto	Sydney	San Francisco
10	Frankfurt	Zurich	Chicago	Zurich	Boston

The top four financial centres in GFCI 10 – London, New York, Hong Kong and Singapore – also share the top four places in each of these sub indices (as they have in the past three editions of GFCI). This confirms their strength in all five areas of competitiveness. It also confirms our belief that a genuinely top global centre is competitive in all areas – successful people like to live and work in successful centres.

Seoul is in fifth place in both the General Competitiveness and Infrastructure sub-indices and within the top eight in all five of these sub-indices. Toronto remains in the top ten in the People, Business Environment and Market Access sub-indices and climbs in both the Infrastructure and General Competitiveness sub-indices.

“I don’t care what our critics say – New York still has a great buzz and is a great city to live in – it would take something extraordinary to make me move to Asia!”

Retail Banker based in New York

Size of Organisation

It is useful to look at how the leading centres are viewed by respondents working for different sizes of organisation.

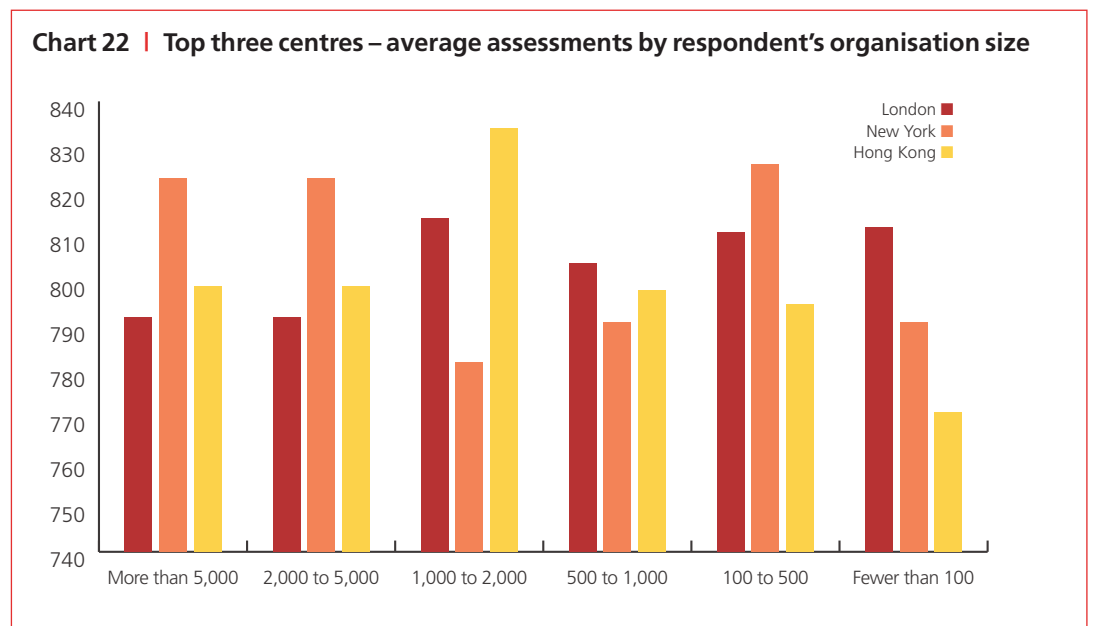


Chart 22 above shows that London is assessed significantly more highly than both New York and Hong Kong by respondents from small organisations (with fewer than 100 employees). At the other end of the scale New York is assessed more highly than both London and Hong Kong by respondents from organisations with over 2,000 employees. In the mid sized organisations (500 to 1,000 employees) the assessments for all three centres are more evenly balanced with London just ahead of Hong Kong.

“London suits us just fine – it is a good base for our international business.”

Director of Small Consulting Business based in London

“If you are one of the big banks you need a presence in New York, London and Hong Kong – you cannot claim to be global otherwise.”

Investment Banker based in Hong Kong

Reputation

The reputation of a financial centre is another indicator of potential success. In the GFCI model, one way to look at this is to examine the difference between the average assessment given to a centre and its overall rating (the average assessment adjusted to reflect the instrumental factors). If a centre has a higher average assessment than the GFCI 10 rating this indicates that respondents' perceptions of a centre are more favourable than the quantitative measures alone would suggest. Table 15 below shows the 20 centres with the greatest difference between average assessment and the GFCI rating:

Overall reputational advantage has remained fairly stable since GFCI 9. It is notable that four of the top five by reputational advantage are Asian. It should be stressed that for these centres a large proportion of favourable assessments came from other Asian centres rather than from non-Asian centres. Their positions help to explain the strong performance of Asia in GFCI 10. North America has five centres in the top 13 by reputational advantage.

Table 15 | Top 20 centres assessments & ratings – reputational advantage

Centre	Average assessment	GFCI 10 rating	Reputational advantage
Seoul	759	679	35
New York	805	773	32
Shanghai	726	724	31
Singapore	757	735	29
Hong Kong	785	770	26
Chicago	711	692	25
Toronto	704	680	25
Frankfurt	694	667	25
London	802	774	23
Zurich	702	686	23
Geneva	693	672	21
Boston	698	678	20
San Francisco	698	681	19
Tokyo	710	695	18
Sydney	686	669	17
Jersey	664	650	14
Melbourne	663	656	8
Vancouver	668	661	7
Stockholm	644	638	7
Wellington	646	640	5

“The position of the Asian centres has a lot to do with reputation. Shanghai, for example, was not in my opinion worthy of fifth in your March 2011 index. The place might have made great strides to develop infrastructure but no centre on mainland China can possibly be a truly global centre – what about capital controls and government interference?”

Banker based in London

Stability

The GFCI 10 model allows for analysis of the financial centres with the most volatile competitiveness. Chart 23 below contrasts the ‘spread’ or variance of the individual assessments given to each of the top 40 centres with the sensitivity to changes in the instrumental actors:

The ‘stable’ centres in the bottom left of the chart, London, Geneva, Hong Kong, New York, Frankfurt, Zurich and Singapore, have a low sensitivity to changes in the instrumental factors and a low variance of assessments. These centres are likely to exhibit the lowest volatility in future GFCI ratings. Looking back at recent

Chart 23 | Variance of assessments versus sensitivity to instrumental factors

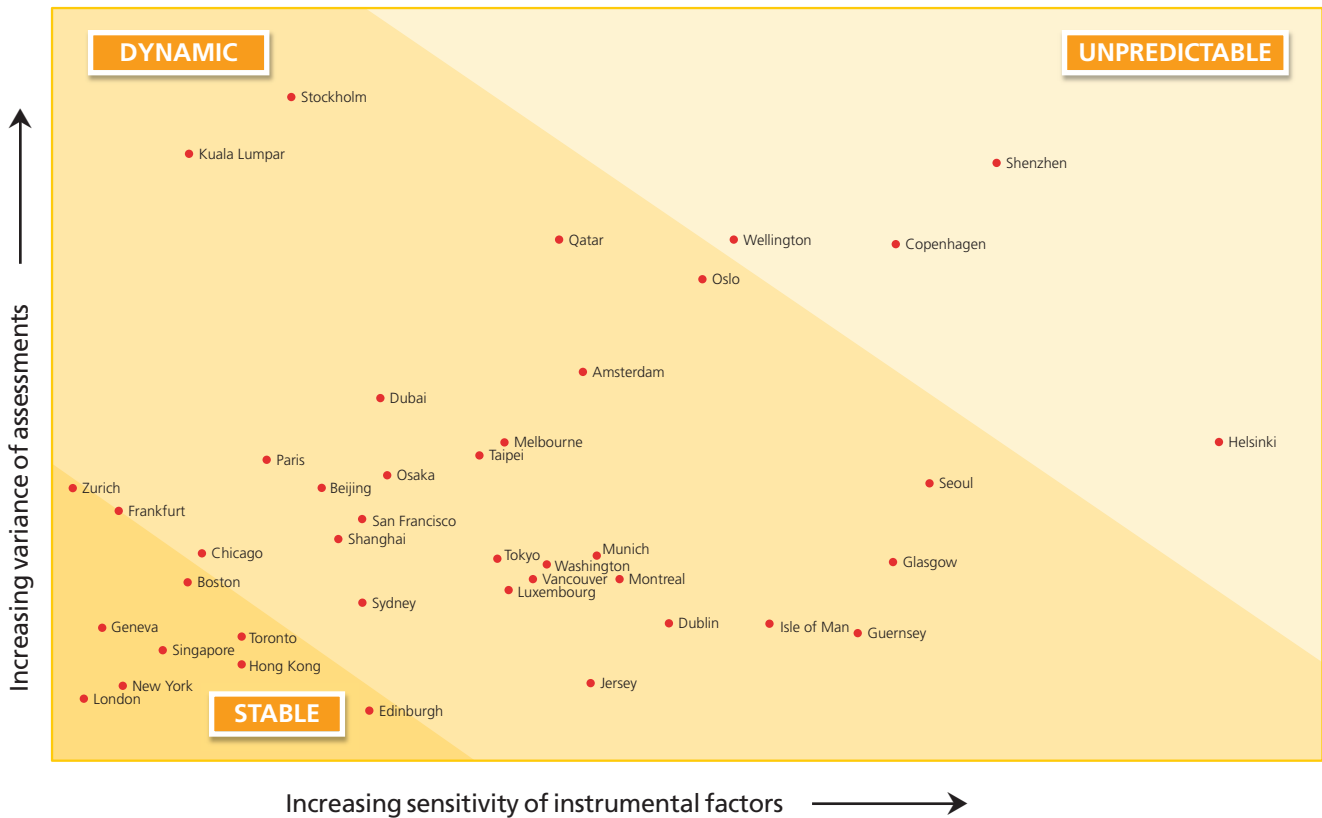


Chart 23 shows three bands of financial centres. The ‘unpredictable’ centres in the top right of the chart, Shenzhen, Wellington, Copenhagen and Helsinki, have a high sensitivity to changes in the instrumental factors and a high variance of assessments. These centres have the highest potential volatility of the top GFCI centres. It is interesting to note that the centres classed as unpredictable in GFCI 8 and GFCI 9 have shown the greatest movements in ratings over the past year. A good example is Stockholm, being classed as unpredictable in GFCI 9 and now established in the dynamic band.

GFCI ratings, these centres are consistently in the top ten and we would not be surprised to see them remaining there for a while yet. It is interesting to see Edinburgh in this band – even though they are in 32nd place in the GFCI 10 they appear to exhibit signs of stability.

The centres in the middle band might be classed as ‘dynamic’ and have the potential to move in either direction.

Appendices

1. Assessment Details

Table 16 | Assessment details

Centre	GFCI 10	Number of assessments	Average assessment	St. Dev of assessments
London	774	1,453	808	1.65
New York	773	1,194	810	1.79
Hong Kong	770	1,225	790	1.88
Singapore	735	925	761	1.82
Shanghai	724	701	733	1.95
Tokyo	695	647	718	2.06
Chicago	692	512	710	1.85
Zurich	686	669	702	1.75
San Francisco	681	354	699	1.96
Toronto	680	440	721	1.88
Seoul	679	473	773	2.33
Boston	678	489	697	1.84
Geneva	672	630	689	1.77
Washington DC	670	416	674	2.10
Sydney	669	418	683	1.96
Frankfurt	667	577	698	1.79
Vancouver	661	260	668	2.08
Melbourne	656	162	669	2.06
Beijing	655	646	664	1.94
Montreal	652	201	633	2.13
Jersey	650	717	688	2.12
Munich	649	221	631	2.12
Taipei	645	319	647	2.04
Paris	643	673	637	1.90
Shenzhen	642	482	758	2.37
Osaka	641	161	635	1.98
Wellington	640	89	648	2.21
Stockholm	638	154	638	1.91
Luxembourg	637	718	638	2.07
Qatar	636	157	575	2.50
Guernsey	635	699	696	2.28
Edinburgh	632	430	620	1.97
Glasgow	628	219	562	2.31
Copenhagen	626	184	582	2.31
Amsterdam	625	459	629	2.11
Dubai	622	638	616	1.98
Oslo	621	111	584	2.19
Kuala Lumpur	619	188	622	1.84

Centre	GFCI 10	Number of assessments	Average assessment	St. Dev of assessments
Helsinki	618	111	561	2.49
Isle of Man	617	647	702	2.23
Hamilton	616	417	608	1.94
Vienna	615	150	566	2.36
Dublin	614	807	654	2.09
Brussels	612	395	586	2.07
British Virgin Islands	611	508	615	2.14
Cayman Islands	610	565	603	2.24
Mexico City	609	136	558	2.26
Madrid	608	219	591	2.00
Sao Paulo	607	140	589	2.14
Milan	606	214	583	2.08
Prague	605	127	573	2.20
Johannesburg	603	205	590	1.86
Rio de Janeiro	602	77	566	2.11
Rome	597	207	554	2.33
Bahrain	596	283	574	1.97
Warsaw	593	95	552	2.43
Bangkok	585	237	542	1.96
Gibraltar	584	449	549	2.16
Monaco	583	267	559	2.06
Lisbon	582	109	508	2.30
Moscow	581	326	487	2.28
Istanbul	580	131	523	2.36
Buenos Aires	579	94	546	2.06
Mumbai	578	236	538	2.03
Jakarta	577	150	543	1.96
Riyadh	575	83	528	2.23
Tallinn	574	58	521	2.77
Mauritius	571	286	537	2.10
Manila	570	125	526	2.14
Malta	568	354	528	1.98
St Petersburg	554	94	514	2.50
Bahamas	545	278	485	2.09
Budapest	543	150	459	2.15
Reykjavik	491	76	449	2.77
Athens	477	175	376	2.13

2. Respondent's Details

Table 17 | Respondents by industry sector

Sector	Total	%
Asset Management	341	17.3%
Banking	482	25.5%
Government & Regulatory	78	4.1%
Insurance	337	17.9%
Professional Services	296	15.7%
Wealth Management	95	5.0%
Other	321	17.0%
Grand Total	1887	

Table 18 | Respondents by size of organisation

Number of employees worldwide	Total	%
Fewer than 100	504	26.7%
100 to 500	293	15.5%
500 to 1,000	197	10.4%
1,000 to 2,000	83	4.4%
2,000 to 5,000	173	9.2%
More than 5,000	607	32.2%
Unspecified	30	1.6%
Grand Total	1887	

Table 19 | Respondents by location

Where based	Total	%
Asia	702	37.2%
Europe	275	14.6%
London	214	11.3%
New York	52	2.8%
Offshore	530	28.1%
Other	114	6.0%
Grand Total	1887	

3. Methodology

The GFCI provides ratings for financial centres calculated by a 'factor assessment model' that uses two distinct sets of input:

- Instrumental factors (external indices that contribute to competitiveness): objective evidence of competitiveness was sought from a wide variety of comparable sources. For example, evidence about the infrastructure competitiveness of a financial centre is drawn from a survey of property and an index of occupancy costs. Evidence about a fair and just business environment is drawn from a corruption perception index and an opacity index. A total of 79 external sources were used in GFCI 10. Not all financial centres are represented in all the external sources, and the statistical model takes account of these gaps.
- Financial centre assessments: by means of an online questionnaire, running continuously since 2007, we use 28,604 financial centre assessments drawn from 1,887 respondents.

The 79 instrumental factors were selected because the features they measure contribute in various ways to the fourteen competitiveness factors identified in previous research². These are shown below.

Table 20 | Competitiveness factors and their relative importance

Competitiveness factors	Rank
The availability of skilled personnel	1
The regulatory environment	2
Access to international financial markets	3
The availability of business infrastructure	4
Access to customers	5
A fair and just business environment	6
Government responsiveness	7
The corporate tax regime	8
Operational costs	9
Access to suppliers of professional services	10
Quality of life	11
Culture & language	12
Quality / availability of commercial property	13
The personal tax regime	14

² 'The Competitive Position of London as a Global Financial Centre', Z/Yen Limited, The Corporation of London, 2005

Financial centres are added to the GFCI model when they receive five or more mentions in the online questionnaire in response to the question: "Are there any financial centres that might become significantly more important over the next 2 to 3 years?" A centre is only given a GFCI rating and ranking if it receives more than 200 assessments from other centres in the online survey.

At the beginning of our work on the GFCI, a number of guidelines were set out. Additional Instrumental Factors are added to the GFCI model when relevant and meaningful ones are discovered:

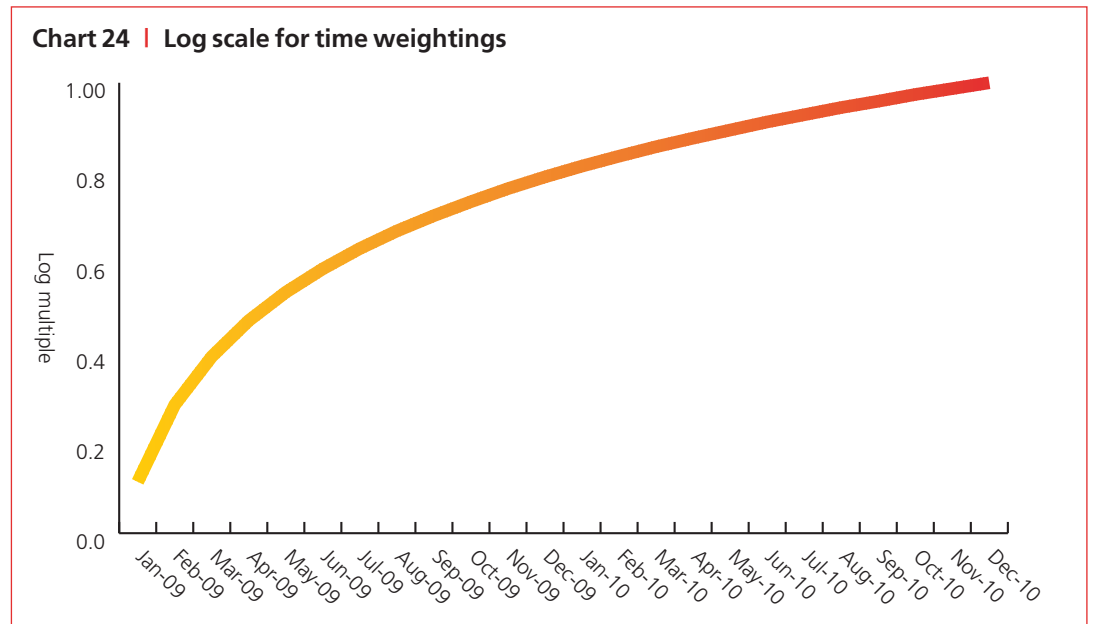
- indices should come from a reputable body and be derived by a sound methodology;
- indices should be readily available (ideally in the public domain) and be regularly updated;
- updates to the indices are collected and collated every six months;
- no weightings are applied to indices;
- indices are entered into the GFCI model as directly as possible, whether this is a rank, a derived score, a value, a distribution around a mean or a distribution around a benchmark;
- if a factor is at a national level, the score will be used for all centres in that country; nation-based factors will be avoided if financial centre (city)-based factors are available;
- if an index has multiple values for a city or nation, the most relevant value is used (and the method for judging relevance is noted);
- if an index is at a regional level, the most relevant allocation of scores to each centre is made (and the method for judging relevance is noted);
- if an index does not contain a value for a particular city, a blank is entered against that centre (no average or mean is used). Only indices which have values for at least one third of the financial centres (currently 25) will be included.

Creating the GFCI does not involve totaling or averaging scores across instrumental factors. An approach involving totaling and averaging would involve a number of difficulties:

- indices are published in a variety of different forms: an average or base point of 100 with scores above and below this; a simple ranking; actual values (e.g. \$ per square foot of occupancy costs); a composite 'score';
- indices would have to be normalised, e.g. in some indices a high score is positive while in others a low score is positive;
- not all centres are included in all indices;
- the indices would have to be weighted.

The guidelines for financial centre assessments by respondents are:

- responses are collected via an online questionnaire which runs continuously. A link to this questionnaire is emailed to the target list of respondents at regular intervals and other interested parties can fill this in by following the link given in the GFCI publications;
- financial centre assessments will be included in the GFCI model for 24 months after they have been received;
- respondents rating fewer than 3 or more than half of the centres are excluded from the model;
- respondents who do not say where they work are excluded;
- financial centre assessments from the month when the GFCI is created are given full weighting and earlier responses are given a reduced weighting on a log scale.



The financial centre assessments and instrumental factors are used to build a predictive model of centre competitiveness using a support vector machine (SVM). The SVM used for the GFCI is PropheZy – Z/Yen’s proprietary system. SVMs are based upon statistical techniques that classify and model complex historic data in order to make predictions of new data. SVMs work well on discrete, categorical data but also handle continuous numerical or time series data. The SVM used for the GFCI provides information about the confidence with which each specific classification is made and the likelihood of other possible classifications.

A factor assessment model is built using the centre assessments from responses to the online questionnaire. Assessments from respondents’ home centres are excluded from the factor assessment model to remove home bias. The model then predicts how respondents would have assessed centres they are not familiar with, by answering questions such as:

If an investment banker gives Singapore and Sydney certain assessments then, based on the relevant data for Singapore, Sydney and Paris, how would that person assess Paris?

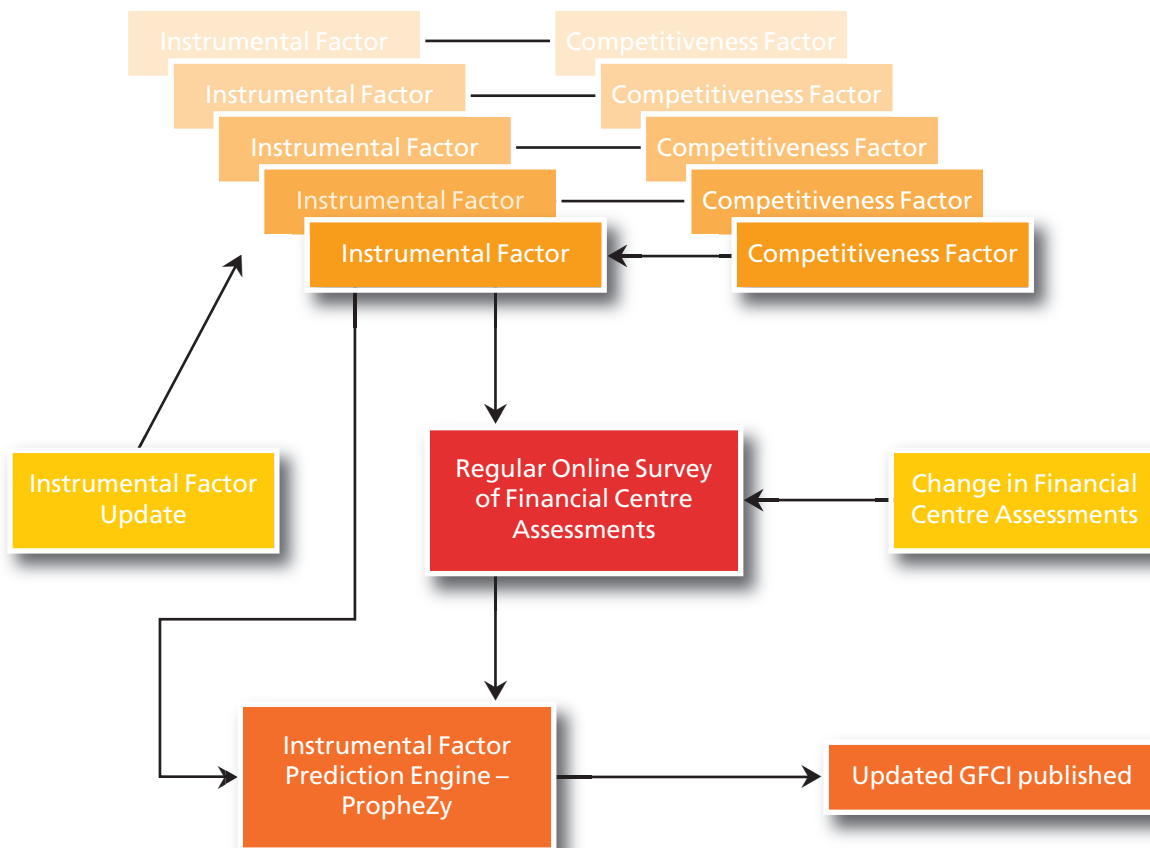
Or

If a pension fund manager gives Edinburgh and Munich a certain assessment then, based on the relevant data for Edinburgh, Munich and Zurich, how would that person assess Zurich?

Financial centre predictions from the SVM are re-combined with actual financial centre assessments (except those from the respondents’ home centres) to produce the GFCI – a set of financial centre ratings. The GFCI is dynamically updated either by updating and adding to the instrumental factors or through new financial centre assessments. These updates permit, for instance, a recently changed index of rental costs to affect the competitiveness rating of the centres.

The process of creating the GFCI is outlined diagrammatically below.

Chart 25 | The GFCI process



It is worth drawing attention to a few consequences of basing the GFCI on instrumental factors and questionnaire responses.

- several indices can be used for each competitive factor;
- a strong international group of ‘raters’ has developed as the GFCI progresses;
- sector-specific ratings are available – using the business sectors represented by questionnaire respondents. This makes it possible to rate London as competitive in Insurance (for instance) while less competitive in Asset Management (for instance);

- the factor assessment model can be queried in a ‘what if’ mode – “how much would London rental costs need to fall in order to increase London’s ranking against New York?”

Part of the process of building the GFCI is extensive sensitivity testing to changes in factors of competitiveness and financial centre assessments. There are over ten million data points in the current model. The accuracy of predictions given by the SVM are regularly tested against actual assessments.

4. Instrumental Factors

Table 21 shows how closely instrumental factor rankings correlate with the GFCI 10 rankings for the top 20 instrumental factors:

Table 21 | Top 20 instrumental factors by correlation with GFCI 10

Instrumental factor	Correlation measured by R ²
MA2 Centres of Commerce Index	0.6266
MA18 Credit Ratings	0.5065
G1 World Competitiveness Scoreboard	0.5015
G12 Global Power City Index	0.4878
G14 Global Cities Index	0.4738
G13 World Cities Survey	0.4568
G2 Global Competitiveness Index	0.4485
I12 Global Air Travel Connectivity	0.3532
MA1 Capital Access Index	0.3294
MA5 Capitalisation of Stock Exchanges	0.3137
BE16 Banking Industry Country Risk Assessments	0.3025
G15 Number of International Fairs and Exhibitions	0.2956
BE1 Business Environment	0.2949
MA3 The Access Opportunities Index	0.2849
G8 The World's Most Innovative Countries	0.2835
G4 Foreign Direct Investment Inflows	0.2706
I2 Office Space Around the World	0.2597
BE18 Political Risk	0.2504
I9 Quality of Roads	0.2504
MA6 Value of Share Trading	0.2491

It is interesting (but perhaps unsurprising) to see that the broader measures of competitiveness seem to act as good indicators for financial centre competitiveness. Six of the top seven most highly correlated instrumental factors are all broad measures of competitiveness rather than being specific to financial services. This indicates that cities that are successful at most things are likely to be very competitive financial centres. A full list of instrumental factors is shown below.



Table 22 | People related instrumental factors

Instrumental factor	Source	Website	Updated since GFCI 9
Graduates in Social Science Business and Law	World Bank	www.worldbank.org/education	
Gross Tertiary Education Ratio	World Bank	www.worldbank.org/education	
Visa Restrictions Index	Henley & Partners	www.henleyglobal.com/citizenship/visa-restrictions	
Human Development Index	UN Development Programme	hdr.undp.org	
Citizens Purchasing Power	City Mayors	www.citymayors.com/economics/usb-purchasing-power.html	
Quality of Living Survey	Mercer HR	www.mercerhr.com	
Happy Planet Index	New Economics Foundation (NEF)	www.happyplanetindex.org/explore/global/index.html	
Number of High Net Worth Individuals	City Bank & Knight Frank	www.knightfrank.com/wealthreport	✓
Personal Safety Index	Mercer HR	www.mercerhr.com	
International Crime Victims Survey	UN Office of Drugs and Crime	rechten.uvt.nl/icvs/news.htm#The_2009_ICVS	
World's Top Tourism Destinations	Euromonitor Archive	www.euromonitor.org	✓
Average Days with Precipitation per Year	Sperling's Best Places	www.bestplaces.net	

Table 23 | Business environment related instrumental factors

Instrumental factor	Source	Website	Updated since GFCI 9
Business Environment	Economist Intelligence Unit	www.eiu.com/	
Ease of Doing Business Index	The World Bank	www.doingbusiness.org/economyrankings	
Operational Risk Rating	EIU		✓
Real Interest Rate	World Bank	data.worldbank.org/indicator/FR.INR.RINR	✓
Projected City Economic Growth	Price Waterhouse Cooper	www.ukmediacentre.pwc.com/content/detail.aspx?releaseid=3421&newsareaid=2	
Global Services Location Index	AT Kearney	www.atkearney.com	✓
Opacity Index	Milken Institute	www.milkeninstitute.org/publications	
Corruption Perceptions Index	Transparency International	www.transparency.org/publications	
Wage Comparison Index	UBS	www.ubs.com	
Corporate Tax Rates	Price Waterhouse Coopers	n/a	
Employee Effective Tax Rates	Price Waterhouse Coopers	n/a	
Personal Tax Rates	OECD	www.oecd.org	
Total Tax Receipts (as % of GDP)	OECD	oberon.sourceoecd.org	
Bilateral Tax Information Exchange Agreements	OECD	www.oecd.org	✓
Economic Freedom of the World	Fraser Institute	www.freetheworld.com/release.html	
Banking Industry Country Risk Assessments	Standard & Poor	www2.standardandpoors.com	
Government Debt as Percentage of GDP	CIA World Fact Book	www.cia.gov/library/publications/the-world-factbook/rankorder/2186rank.html	✓
Political Risk Index	Exclusive Analysis Ltd	www.exclusive-analysis.com/	
Political Instability	Economist Intelligence Unit	viewswire.eiu.com/index.asp?layout=VWArticleVW3&article_id=874361472	NEW
City GDP Rank	Foreign Policy Magazine	www.foreignpolicy.com/node/373401	NEW

Table 24 | Infrastructure related instrumental factors

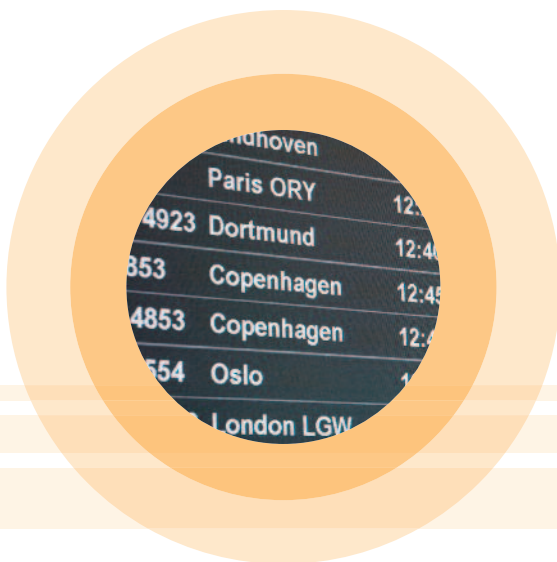
Instrumental factor	Source	Website	Updated since GFCI 8
Office Occupancy Costs	CBRE	www.cbre.com/EN/Research/Global+Reports/	
Office Space Across the World	Cushman & Wakefield	www.cushwake.com/cwglobal	
Global Property Index	Investment Property Databank	www.ipd.com/	
Real Estate Transparency Index	Jones Lang LaSalle	www.joneslanglasalle.co.uk	
E-Readiness Ranking	EIU	www.economist.com/markets/rankings	
Telecommunication Infrastructure Index	United Nations	www.unpan.org/egovkb/global_reports/08report.htm	
City Infrastructure	Mercer HR	www.mercer.com/qualityofliving	
Quality of Ground Transport Network	World Economic Forum	www.weforum.org/en/initiatives/gcp/TravelandTourismReport	
Quality of Roads	World Economic Forum	www.weforum.org/en/initiatives/gcp/TravelandTourismReport	
Roadways per Land Area	CIA World Fact Book	www.cia.gov/library/publications/the-world-factbook/rankorder/2085rank.html	
Railways per Land Area	CIA World Fact Book	www.cia.gov/library/publications/the-world-factbook/rankorder/2121rank.html	
Global Air Travel Connectivity	City Rank	www.cityrank.ch/indicators/14	NEW

Table 25 | Market access related instrumental factors

Instrumental factor	Source	Website	Updated since GFCI 9
Capital Access Index	Milken Institute	www.milkeninstitute.org/research	
Centres of Commerce	Master Card	www.mastercard.com/us/company/en/wcoc/index.html	
Access Opportunities Index	SRI International	www.sri.com/news/releases	
Securitisation	International Financial Services London	www.ifsl.org.uk	✓
Capitalisation of Stock Exchanges	World Federation of Stock Exchanges	www.world-exchanges.org	✓
Value of Share Trading	World Federation of Stock Exchanges	www.world-exchanges.org	✓
Volume of Share Trading	World Federation of Stock Exchanges	www.world-exchanges.org	✓
Broad Stock Index Levels	World Federation of Stock Exchanges	www.world-exchanges.org	✓
Value of Bond Trading	World Federation of Stock Exchanges	www.world-exchanges.org	✓
Volume of Stock Options Trading	World Federation of Stock Exchanges	www.world-exchanges.org	✓
Volume of Stock Futures Trading	World Federation of Stock Exchanges	www.world-exchanges.org	✓
Domestic Credit Provided by Banks (% GDP)	World Bank	data.worldbank.org/indicator/FS.AST.DOMS.GD.ZS	
Percentage of Firms Using Bank Credit to Finance Investment	World Bank	data.worldbank.org/indicator/IC.FRM.BNKS.ZS	
Total Net Assets of Mutual Funds	Investment Company Institute	www.icifactbook.org/	✓
Islamic Finance	International Financial Services London (IFSL)	www.thecityuk.com/what-we-do/the-research-centre/reports.aspx	✓
Net External Position of Banks	Bank for International Settlements	www.bis.org/statistics/bankstats.htm	✓
External Position of Central Banks (as % GDP)	Bank for International Settlements	www.bis.org/statistics/bankstats.htm	✓
Global Credit Rankings	Institutional Investor Magazine	www.iimagazinerankings.com/rankingsRankCCMaGlobal09/globalRanking.asp	✓

Table 26 | General competitiveness related instrumental factors

Instrumental factor	Source	Website	Updated since GFCI 9
World Competitiveness Scoreboard	IMD	www.imd.ch/research	✓
Global Competitiveness Index	World Economic Forum	www.weforum.org	
Global Business Confidence	Grant Thornton	www.grantthorntonibos.com	✓
Foreign Direct Investment Inflows	UNCTAD	www.unctad.org	
FDI Confidence	AT Kearney	www.atkearney.com/images/global/pdf/Investing_in_a_Rebound-FDICI_2010.pdf	
City to Country GDP Ratio	World Bank Price Waterhouse Cooper	www.ukmediacentre.pwc.com/content/detail.aspx?releaseid=3421&newsareaid=2	
GDP per Person Employed	World Bank	data.worldbank.org/indicator/SL.GDP.PCAP.EM.KD	
The World's Most Innovative Countries	Economist Intelligence Unit	www.economist.com/markets/rankings/displaystory.cfm?story_id=13562333	
Global Intellectual Property Index	Taylor Wessing	www.taylorwessing.com/ipindex	✓
Retail Price Index	Economist	www.economist.com/markets/indicators	✓
Cost of Living Survey	Mercer HR	www.mercerhr.com	
Global Power City Index	Institute for Urban Strategies & Mori Memorial Foundation	www.mori-m-foundation.or.jp/english/index.shtml	✓
World Cities Survey	City Bank & Knight Frank	www.knightfrank.com/wealthreport	✓
Global Cities Index	AT Kearney	www.foreignpolicy.com/story/cms.php?story_id=4509	
Number of International Fairs & Exhibitions	World Economic Forum	www.weforum.org/en/initiatives/gcp/TravelandTourismReport	✓
City Population Density	City Mayors Statistics	www.citymayors.com/statistics/largest-cities-density-125.html	
Innovation Cities Global Index	2thinknow Innovation Cities™ Project	www.innovation-cities.com/innovation-cities-global-index-2010-city-rankings	NEW



Notes





The Qatar Financial Centre Authority sponsors Long Finance's 'Financial Centre Futures' programme.

Qatar Financial Centre (QFC) is a financial and business centre established by the government of Qatar in 2005 to attract international financial services and multinational corporations to grow and develop the market for financial services in the region.

QFC consists of a commercial arm, the QFC Authority; and an independent financial regulator, the QFC Regulatory Authority. It also has an independent judiciary which comprises a civil and commercial court and a regulatory tribunal.

QFC aims to help all QFC licensed firms generate new and sustainable revenue streams. It provides access to local and regional investment opportunities. Business can be transacted inside or outside Qatar, in local or foreign currency.

Uniquely, this allows businesses to operate both locally and internationally. Furthermore, QFC allows 100% ownership by foreign companies, and all profits can be remitted outside of Qatar.

The **QFC Authority** is responsible for the organisation's commercial strategy and for developing relationships with the global financial community and other key institutions both within and outside Qatar. One of the most important roles of QFCA is to approve and issue licences to individuals, businesses and other entities that wish to incorporate or establish themselves in Qatar with the Centre.

The **QFC Regulatory Authority** is an independent statutory body and authorises and supervises businesses that conduct financial services activities in, or from, the QFC. It has powers to authorise, supervise and, where necessary, discipline regulated firms and individuals.

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Long Finance

Established in 2007 by Z/Yen Group in conjunction with Gresham College, the Long Finance initiative began with a conundrum – “when would we know our financial system is working?” Long Finance aims to “improve society’s understanding and use of finance over the long-term” in contrast to the short-termism that defines today’s financial and economic views.

Long Finance publishes papers under the Financial Centre Futures series in order to initiate discussion on the changing landscape of global finance. Financial Centre Futures consists of in-depth research as well as the popular Global Financial Centres Index (GFCI). Long Finance has initiated two other publication series: Eternal Brevities and Finance Shorts. Long Finance is a community which can be explored and joined at www.longfinance.net.