

Looking Back, Looking Forward: Hong Kong as an International Financial Centre

Douglas W. Arner
Kerry Holdings Professor in Law
Director, Asian Institute of International Financial Law
University of Hong Kong
douglas.arnier@hku.hk

IFC Evolution, Competitiveness and Development

- [The Competition of International Financial Centres and the Role of Law by Douglas W. Arner :: SSRN](#)
- Governance (including legal, regulatory): confidence and fairness
- Sophistication / human capital / capital / technology: people, place, infrastructure, linkages
- Liberalisation / participation: open and equitable – information, people, business, capital
- Hinterland: connections

Hong Kong's Evolution as an IFC

- HK RGC Theme-based Research Scheme (2012-2017): Enhancing Hong Kong's Future as a Leading International Financial Centre
- [Financial Markets in Hong Kong - Douglas W Arner, Berry Hsu, Say H Goo, Syren Johnstone, Paul Lejot, Maurice Kwok-Sang Tse - Oxford University Press \(oup.com\) \(2016\)](#)

Hong Kong Financial Evolution (1)

- Structural evolution
- 500 BC – 1800: International commercial centres in southern China (PRD) – Guangzhou / Canton, Macau, Hong Kong; YRD similar
- 1840s-1865: StanChart (1859, 1862)
- 1865-1948: HSBC (1865), HKSE (1891)
- 1948-1987: Banking Ord. (1948, 1964, 1986), crisis (1965, 1973), Securities Ord. (1974), HKFE (1976), HKAB (1980), DTC Ord. (1981), crisis (1982), peg (1983), stock market crash (1987) – Hongks, Shanghai industrialists, cowboy markets

(2)

- 1987-2008: Davison Report (1988), SFC (1989), HKMA (1993), AFC (1997), MPFA (1998), HKEx (2000), SFO (2003), IMF FSAP (2003), GFC (2008) – internationalization, property tycoons, China – in, trade / investment / finance – export-driven
- 2008-2019: G20/FSB agenda, FSDC (2013), IMF FSSA (2014), IA (2015), rebalancing, rmb internationalization, China – in / out (2015: information, people, capital), debt / equity / derivatives / forex, Mainland property and tech entrepreneurs

HK IFC 2019

- IPOs: 1
- Market cap: 4 (Mainland + HK: 2)
- OTC derivatives: 3
- Forex: 4
- Mainland international / regional headquarters, international financial institutions, investors, wealth management, wine (1), art (1), furs (1), regulation, legal (3), universities
- But: education / inequality / opportunity / housing / governance, shipping, air travel, innovation / tech

The Future of IFCs post Covid?

- [Digital Finance, COVID-19 and Existential Sustainability Crises: Setting the Agenda for the 2020s by Douglas W. Arner, Ross P. Buckley, Andrew M. Dahdal, Dirk A. Zetsche :: SSRN](#)
- 2020s: technology, sustainability, fragmentation vs globalisation
- Covid19: digitisation
- Do we need IFCs?
- Network vs evolution vs role differentiation / strategy: agglomeration
- Return to multipolarity: Fragmentation?

Hong Kong's Future as a Leading IFC?

- Hinterland: GBA, China, Asia, World?
- China: [Fertility, mortality, migration, and population scenarios for 195 countries and territories from 2017 to 2100: a forecasting analysis for the Global Burden of Disease Study - The Lancet](#)
- Dual circulation / stability / innovation
- Advantages, challenges and strategies
- Governance (performance, regulation, judicial system)
- Liberalization (information, people, capital): covid?
- Participation (open & equitable?)
- Human capital (language, best / brightest?, global / local / domestic)
- Technology (eCNY) / infrastructure (Connects)
- Key indicators: Information, People, Capital, Commercial legal system, Regulation, Tax

Scenarios

- London
- Switzerland / Singapore
- New York
- Frankfurt / Paris / Tokyo
- Chicago
- San Francisco / Toronto
- Florence / Montreal
- Miami
- Monaco
- New Orleans / Venice