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# Opportunities In Busan As A Global Financial Hub

London

21 July 2021

Busan



Financial Centre Futures





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# A Word From Today's Chairman



Mike Wardle  
Director & Head Of Indices  
Z/Yen Group



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# Programme



Busan Local Time		PROGRAMME	London Local Time
17:00	Opening	Busan Financial Hub	09:00
17:05	Presentation	“Busan As A Global Financial Center” Professor Michael Mainelli, Executive Chairman, Z/Yen Group	09:05
<b>Session: Opportunities in Busan as a Global Financial Hub</b>			
17:15	Presentation	“Navigating Towards a Better Future” Park Sung-hoon, Special Advisor for Economy, Busan Metropolitan Government, ROK	09:15
17:25	Presentation	“Global Financial Hub of Asia” Yang Ji-young, Head of Financial Hub Support Team, International Affairs Department, Financial Supervisory Service, ROK	09:25
<b>Panel Q&amp;A</b>			
17:35	Q&A	Q&A Panel between City officials, FSS, Busan Finance Center, and Major Financial Institutions	09:35
		Close	



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# Today's Speakers



Park Sung-hoon

Special Advisor for Economy  
Busan Metropolitan Government  
ROK



Yang Ji-young

Head of Financial Hub Support Team  
International Affairs Department  
Financial Supervisory Service  
ROK



Professor Michael Mainelli  
Executive Chairman  
Z/Yen Group



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# Busan As A Global Financial Centre



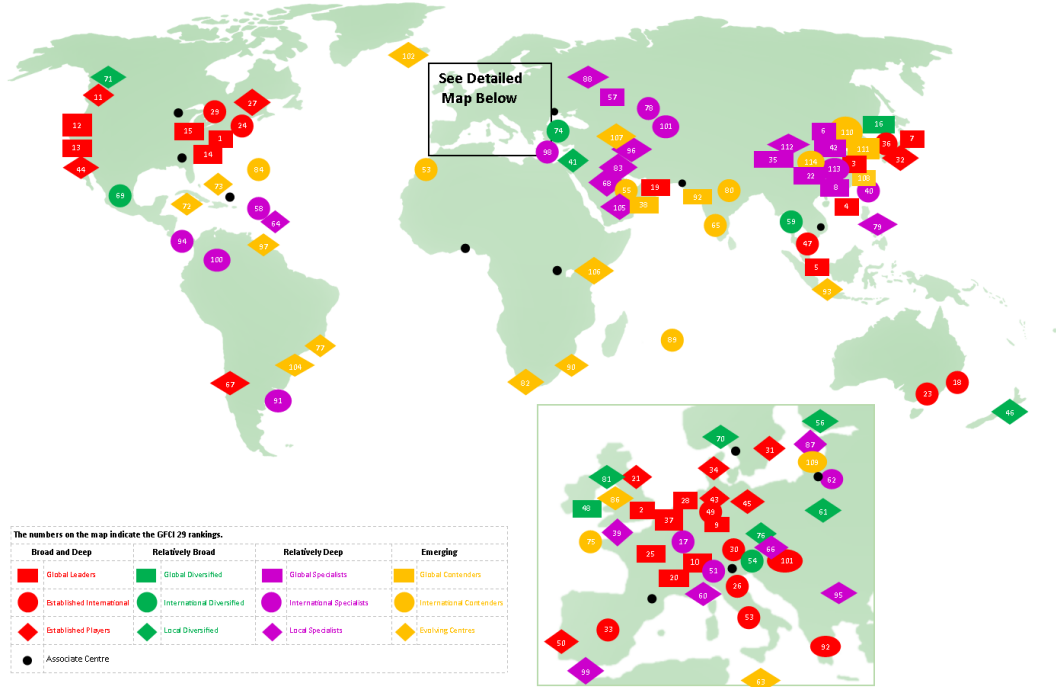
**Professor Michael Mainelli**

Executive Chairman

Z/Yen Group

# The GFCI World

## 114 Centres In GFCI 29 plus 12 Associate Centres



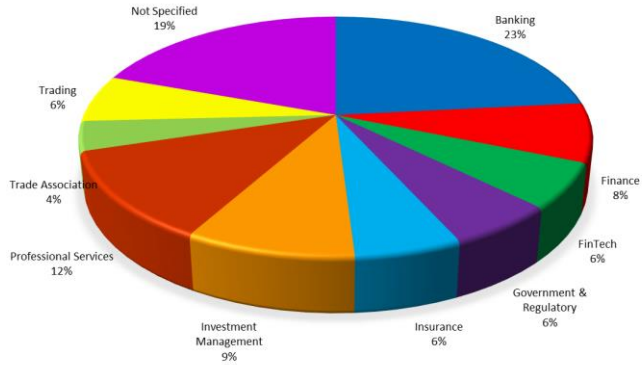


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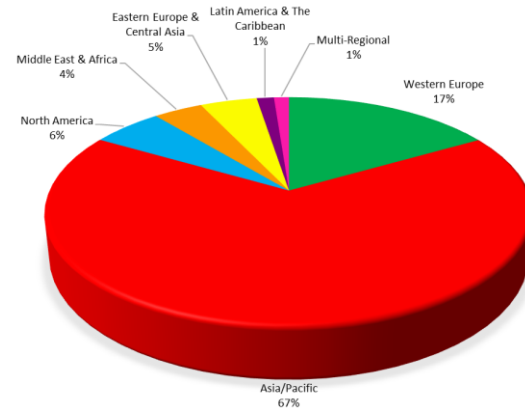
# GFCI 29 Respondents



## Respondents By Sector



## Respondents By Region





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# Top 20 Centres

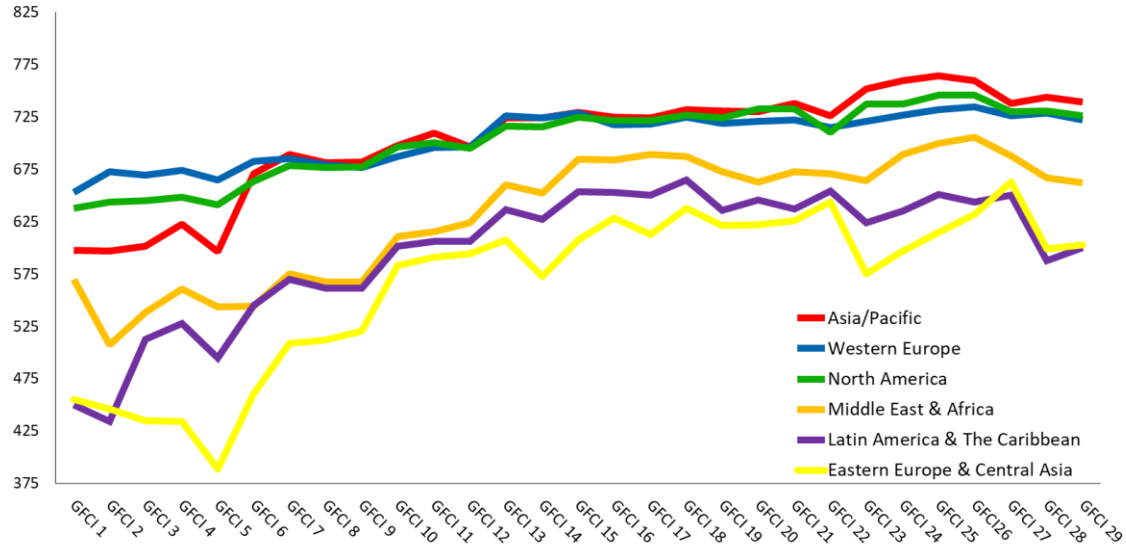


Centre	GFCI 29		GFCI 28	
	Rank	Rating	Rank	Rating
New York	1	764	1	770
London	2	743	2	766
Shanghai	3	742	3	748
Hong Kong	4	741	5	743
Singapore	5	740	6	742
Beijing	6	737	7	741
Tokyo	7	736	4	747
Shenzhen	8	731	9	732
Frankfurt	9	727	16	715
Zurich	10	720	10	724
Vancouver	11	719	24	698
San Francisco	12	718	8	738
Los Angeles	13	716	11	720
Washington DC	14	715	19	712
Chicago	15	714	20	711
Seoul	16	713	25	695
Luxembourg	17	712	12	719
Sydney	18	711	32	682
Dubai	19	710	17	714
Geneva	20	709	14	717
Busan	36	677	40	664



# Regional Performance Over Time

## Average GFCI Rating Of The Top Five Centres In Each Region



- ◆ Leading regions fell back in the ratings slightly
- ◆ Asia/Pacific has led for some time



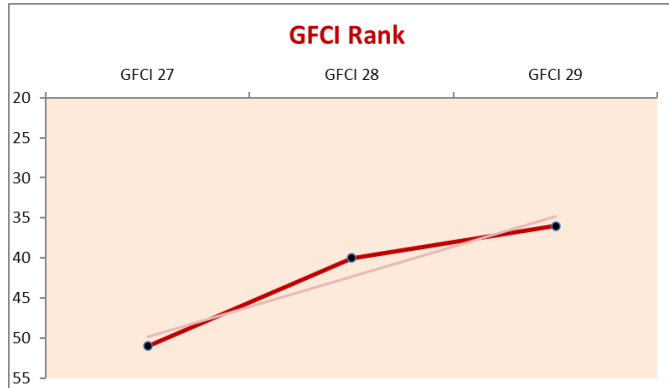
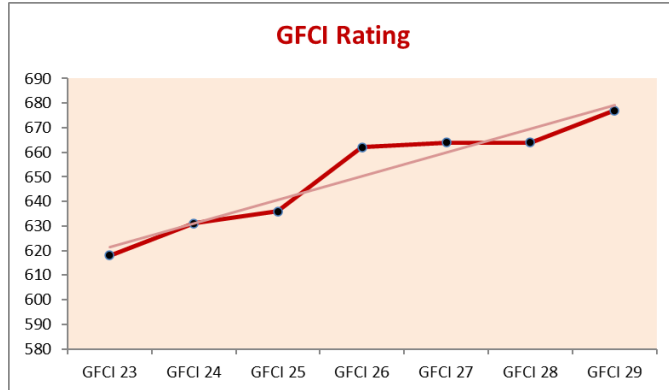
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# Asia/Pacific – Leading Centres



Centre	GFCI 29		GFCI 28		Change in	
	Rank	Rating	Rank	Rating	Rank	Rating
Shanghai	3	742	3	748	0	▼ 6
Hong Kong	4	741	5	743	▲ 1	▼ 2
Singapore	5	740	6	742	▲ 1	▼ 2
Beijing	6	737	7	741	▲ 1	▼ 4
Tokyo	7	736	4	747	▼ 3	▼ 11
Shenzhen	8	731	9	732	▲ 1	▼ 1
Seoul	16	713	25	695	▲ 9	▲ 18
Sydney	18	711	32	682	▲ 14	▲ 29
Guangzhou	22	706	21	710	▼ 1	▼ 4
Melbourne	23	705	27	693	▲ 4	▲ 12
Osaka	32	684	39	665	▲ 7	▲ 19
Chengdu	35	678	43	659	▲ 8	▲ 19
Busan	36	677	40	664	▲ 4	▲ 13

# Busan's Recent Performance In The GFCI



- ◆ Rapid improvement in GFCI Rating over last five years
- ◆ Global rank in the GFCI has risen to 36<sup>th</sup> in GFCI 29
- ◆ Strong in business environment and financial sector development factors





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# GFCI 29 FinTech Ranking



Centre	GFCI 29		GFCI 28		Change In Rank	Change in Rating
	FinTech Rank	FinTech Rating	FinTech Rank	FinTech Rating		
New York	1	731	1	735	0	▼ 4
Shanghai	2	722	3	719	▲ 1	▲ 3
Beijing	3	719	2	725	▼ 1	▼ 6
Shenzhen	4	716	5	713	▲ 1	▲ 3
London	5	712	4	716	▼ 1	▼ 4
Hong Kong	6	711	6	707	0	▲ 4
Singapore	7	710	9	698	▲ 2	▲ 12
Los Angeles	8	692	12	693	▲ 4	▼ 1
San Francisco	9	691	7	706	▼ 2	▼ 15
Tel Aviv	10	688	New	New	New	New
Guangzhou	11	684	8	701	▼ 3	▼ 17
Washington DC	12	681	10	696	▼ 2	▼ 15
Seoul	13	679	18	661	▲ 5	▲ 18
Vancouver	14	678	20	659	▲ 6	▲ 19
Sydney	15	677	21	655	▲ 6	▲ 22
Tokyo	16	676	14	677	▼ 2	▼ 1
Paris	17	675	15	674	▼ 2	▲ 1
Boston	18	674	11	694	▼ 7	▼ 20
Chicago	19	670	13	685	▼ 6	▼ 15
Frankfurt	20	669	19	660	▼ 1	▲ 9
<b>Busan</b>	27	662	37	636	▲ 10	▲ 26

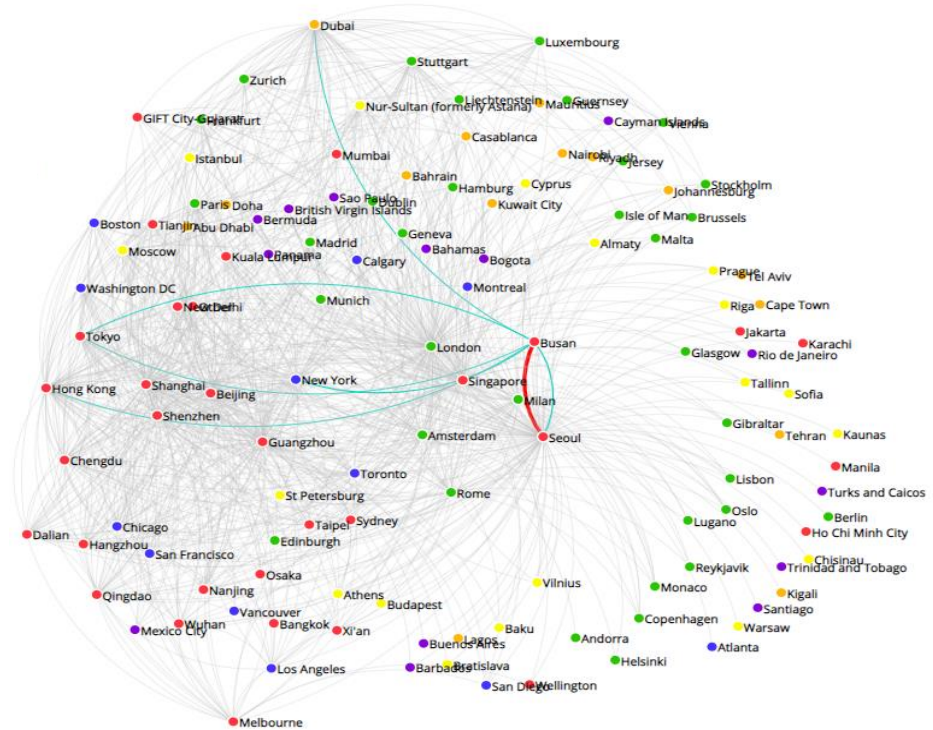


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# Busan Connectivity



- ◆ Well connected to Seoul, Tokyo, and Hong Kong in Asia
- ◆ Good connections to New York and Dubai





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# Navigating Towards A Better Future



Park Sung-hoon  
Special Advisor for Economy  
Busan Metropolitan Government  
ROK

# Navigating towards a Better Future

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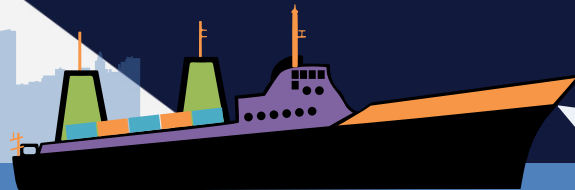
# Contents

**1. Securing Growth Engine for Sustainable Development**

**2. Response to Climate Change**

**3. Response to Technology Changes**

**4. Conclusion**





# Developing as Global Logistics Hub

## Tri-port to connect Airport-Port-Railway

- Activate aviation logistics by constructing new airport (2030)
- Establish well-organized logistics complex with back-end roads/tunnels through redevelopment of North Port, extension of New Port
- Construct railway network to expand to Eurasia

## High demands for Infrastructure financing

- Opportunities for banks and asset management companies to invest through Public-Private Partnership (PPP)



# Maritime/Ship-building Sectors & Shipping Financing

EEDI (Energy Efficiency Design Index)

EEXI (Energy Efficiency eXisting ship Index)

CII (Carbon Intensity Indicator)

Regulations on Design & Construction of New Ships

Regulations on Existing Ships

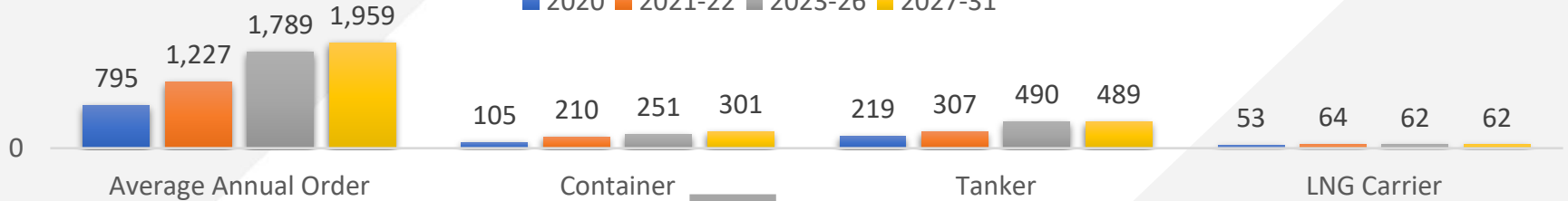
Regulations on Sailing

5000

Demands for eco-friendly new ships to rise for CO2 reduction

(Source: Clarkson Research Forecast Club, Apr. 2021)

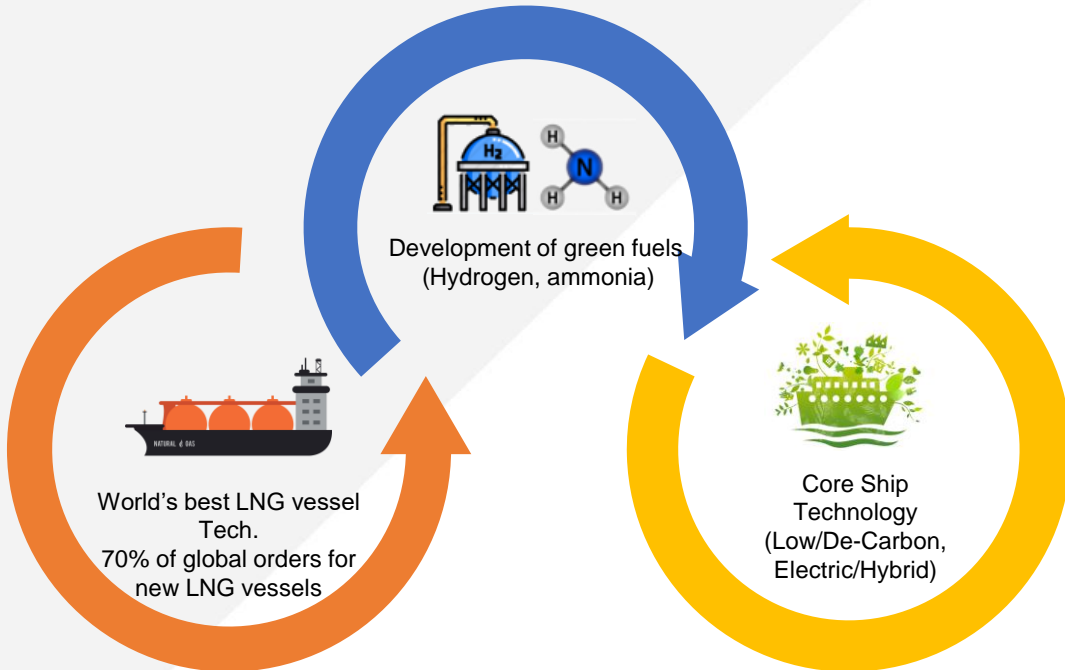
■ 2020 ■ 2021-22 ■ 2023-26 ■ 2027-31



Opportunities for Shipping Financing

# Maritime/Ship-building Sectors & Shipping Financing

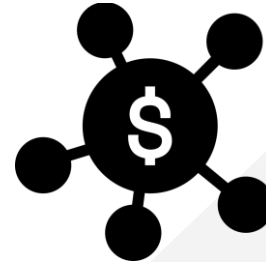
## Development of Eco-friendly Ships & Fuels



## Shipping Financing in Korea



**Over 90% of new ship orders financed by policy financing institutions**



**More investment opportunities for financial institutions**

# Our Financial Blueprint

## Digital Finance

- Designated as blockchain regulation-free zone
- Currently conducting 6 pilot projects

(Smart logistics, smart tourism, public safety, finance, real estate, medical)

▶ Opportunities for foreign FinTech companies to expand pilot projects to other areas

- Potentials of Security Token Offering (STO)

STO can be applied to specialized digital finance

(Shipping finance, Carbon Emissions Reductions (CERs))

for sustainable infrastructure



Logistics



Tourism



Public Safety



Finance



Real Estate



Medical Data



Sustainable Infrastructure



Shipping Financing



Carbon Emission Reductions (CERs)

## Security Token Offering



Digital Exchange

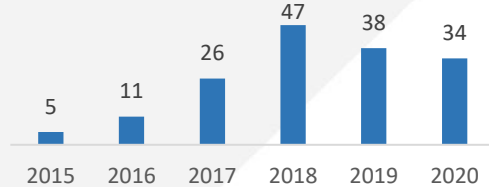


# Our Financial Blueprint

## ☐ Sustainable Finance



Total transactions: 163 Mil. tons



- **World's 2<sup>nd</sup> largest Emissions Trading System launched by Korea Exchange (KRX)**
  - Access limited to companies allocated with allowance
  - > Plan to open to private/financial intermediaries

## ☐ Investment in Environmental, Social, and Governance (ESG)

**Increase in issuance of foreign currency denominated ESG bonds by public financial institutions & local bank in Busan**  
(Korea Housing Finance Corporation, Korea Asset Management Corporation, BNK Busan Bank)

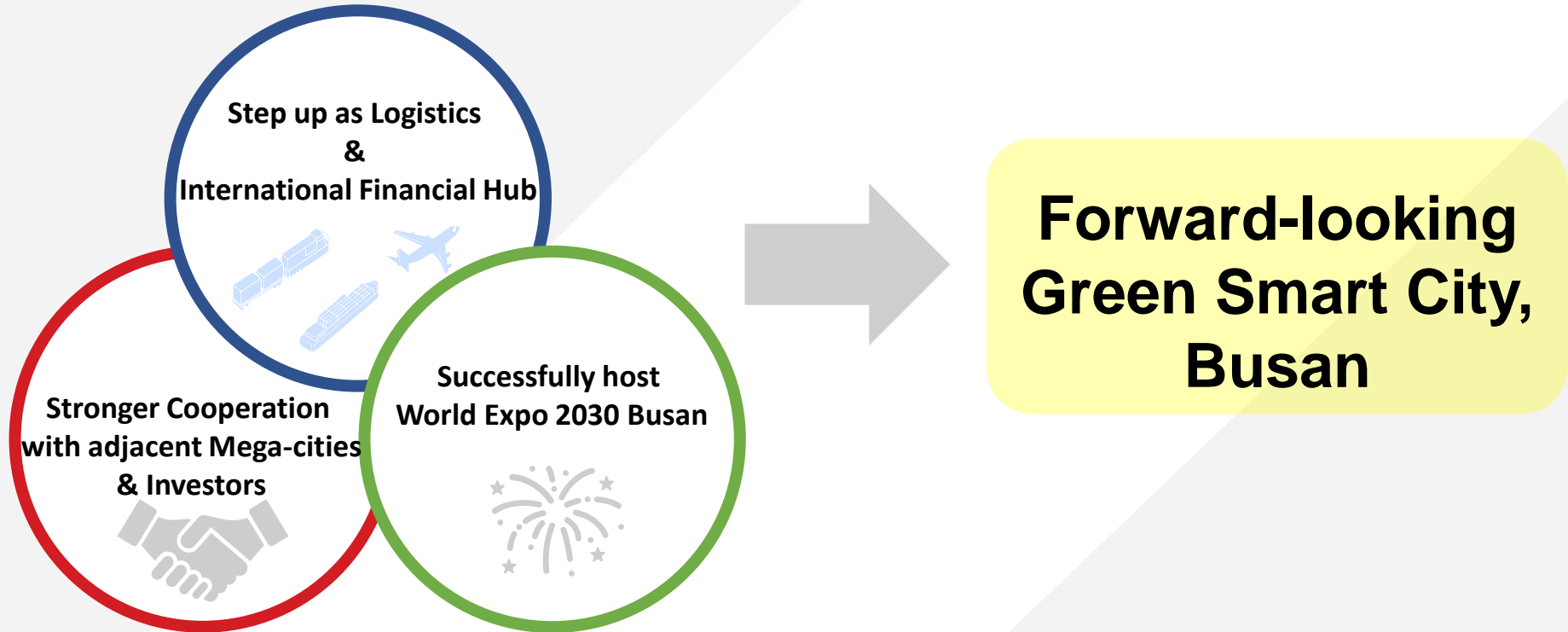
**Total issuance: \$50 Bil.**



**Low-credit risk with country premium**  
**Purchase high-yield foreign currency denominated bonds**

**Investment opportunities for foreign ESG bond issuers**

# Busan, the Future-driven Green Smart City





**Thank you**



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# Global Financial Hub Of Asia



Yang Ji-young  
Head of Financial Hub Support Team  
International Affairs Department  
Financial Supervisory Service  
ROK



# Global Financial Hub of Asia

July 21, 2021



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I . Korean Economy & Financial Market

II . Korea's Competitiveness as a Financial Hub

III . Financial Hub Korea

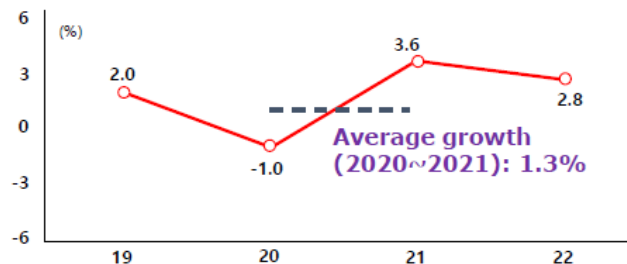
# 1. Overview of the Korean Economy and Financial Market

- ▶ 12<sup>th</sup> largest economy in the world & home to prestigious global brands(Samsung, LG)
- ▶ One of the 3 advanced economies whose GDP is expected to recover to its pre-COVID-19 within 2021

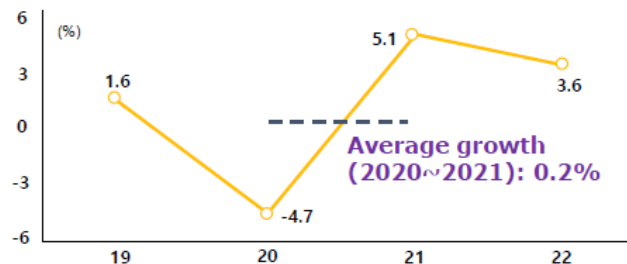
GDP		Korea	U.S.	U.K.	Japan	China	Singapore
GDP in 2020 (bn\$)		1,630 (10 <sup>th</sup> )	20,930 (1 <sup>st</sup> )	2,710 (6 <sup>th</sup> )	5,050 (3 <sup>rd</sup> )	14,720 (2 <sup>nd</sup> )	340 (39 <sup>th</sup> )
Growth Rate (%)	2020(A)	-1.0	-3.5	-9.9	-4.8	2.3	-5.4
	2021(B, tentative)	3.6	6.4	5.3	3.3	8.4	5.2
	(A+B)	<b>2.6</b>	<b>2.9</b>	-4.6	-1.5	<b>10.7</b>	-0.2

Average growth rate for 2020 and 2021 far exceeding that of the developed countries, not including the economic contraction from the pandemic

Growth Rate of Korea (Small V-shape)



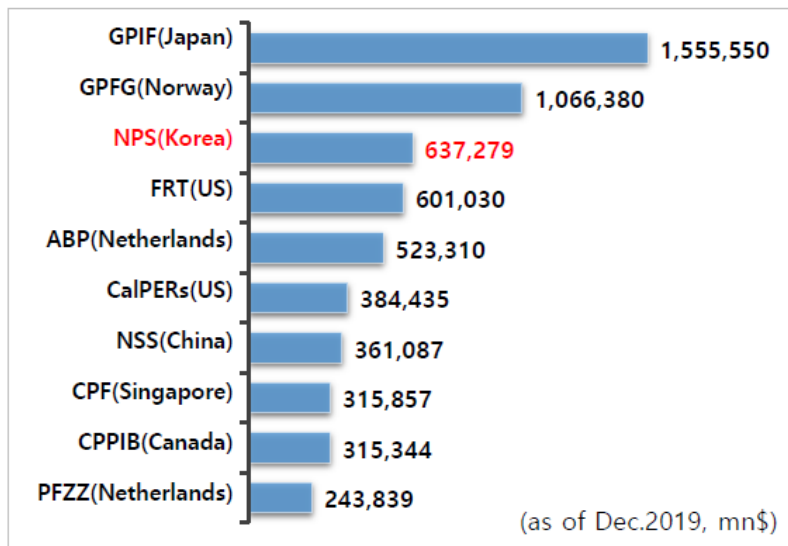
Growth Rate of Developed Countries (Big V-shape)



# 1. Overview of the Korean Economy and Financial Market

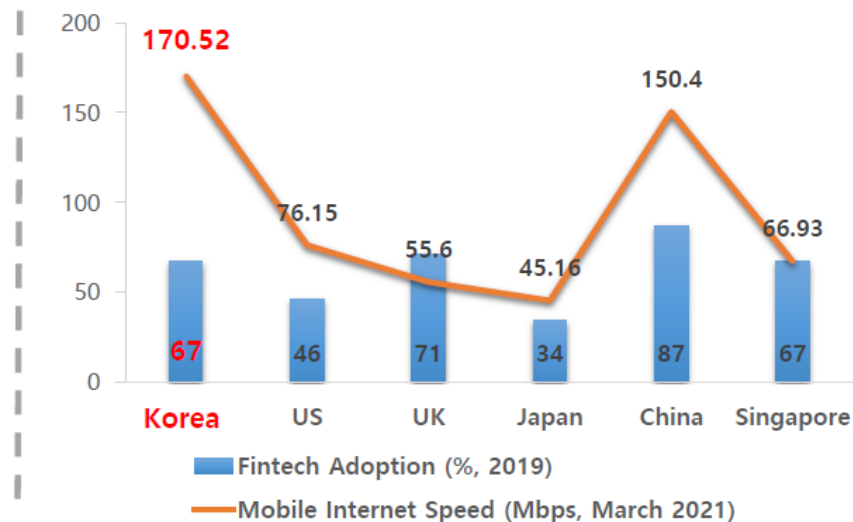
- ▶ Strong capital market with total market cap of KRX at \$2,180 billion (2020)
- ▶ Prosperous economy with Asia's 3<sup>rd</sup> largest banking and 7<sup>th</sup> largest insurance market
- ▶ Plenty of opportunity provided by world's 3<sup>rd</sup> largest pension fund
- ▶ Active financial innovation based on its outstanding IT infrastructure

### Pension Fund of the Major Economies



(Source : Thinking Ahead Institute)

### Internet Speed & Fintech Adoption of Major Economies



(Source : Speedtest Intelligence, E&Y)

## 2. Korea's Competitiveness as a Financial Hub

### A. Strong Capital Market

- ▶ Korea's capital market grew both in quality and size since 2007 thanks to various efforts\*

\* Enactment of the Financial Investment Services and Capital Markets Act (Aug 2007),  
Designation of investment banks (Oct 2013), Nurturing of mega-IBs (Aug 2016)

Market Capitalization(2019)

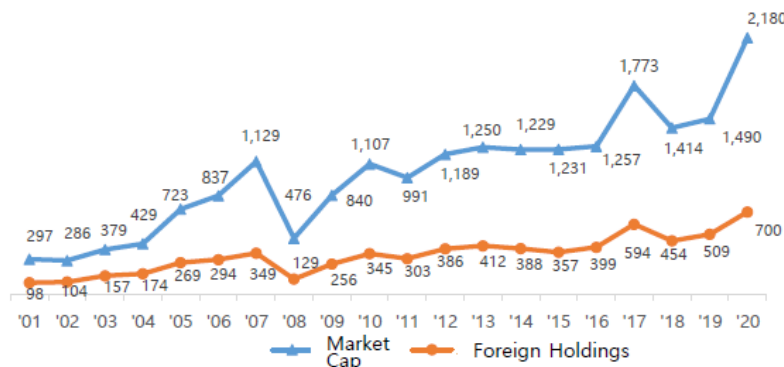
Rank	Country	Market cap (trillion dollars)
1	US	36.3
2	China	8.5
3	Japan	6.2
4	Hong Kong	4.9
5	India	4.3
...	.....	
12	Korea	1.5

No. of Listed Companies(2019)

Rank	Country	No. of listed companies
1	India	7,474
2	US	5,283
3	China	3,777
4	Japan	3,708
5	Canada	3,413
...	.....	
8	Korea*	2,283

\* 2,437 as of Mar 2021

Market Cap of Listed Shares & Foreign Holdings (billion USD, end-Dec)



## 2. Korea's Competitiveness as a Financial Hub

### A. Strong Capital Market

- ▶ Korea has world's 13th largest fund market, which is expected to grow further with the implementation of Asia Region Funds Passport (ARFP) in May 2020

Net Asset Value by Region (end-Q3 2019, billion \$)

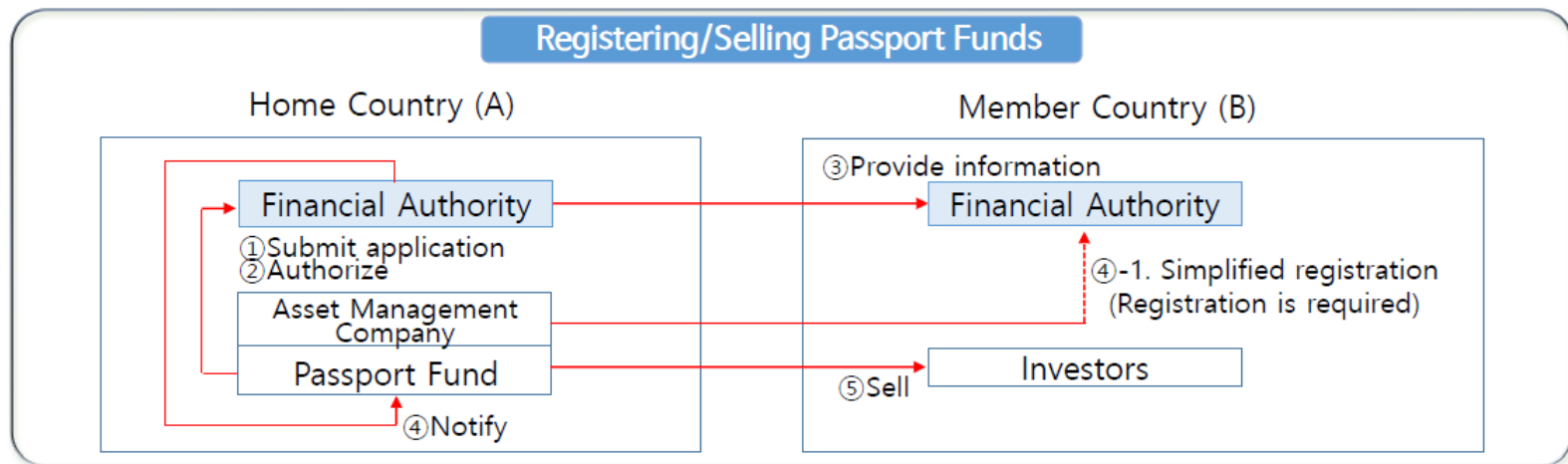
Rank	Country	Net Asset	Rank	Country	Net Asset
1	US	20,135.5	8	Canada	1,196.1
2	Luxembourg	4,122.6	9	Netherlands	922.5
3	Australia	2,087.1	10	Brazil	735.5
4	France	2,071.7	11	Japan	705.9
5	Ireland	1,890.2	12	Switzerland	602.4
6	US	1,722.9	<b>13</b>	<b>Korea</b>	<b>466.7</b>
7	China	1,657.4	14	Germany	382.6

## [Note] Asia Region Funds Passport

► Under the ARFP, funds registered as 'passport funds' in a member country\* can enjoy simplified registration in other member countries

\* Republic of Korea, Australia, New Zealand, Japan, Thailand

- (Funds subject to ARFP) Funds publicly offered in the home country
- (Home country) Register a fund product as a 'passport fund' after examining necessary requirements on asset management and relevant regulatory compliance
- (Member country) Register a fund product as a 'passport fund' so that it can be sold in the market after examining its compliance with regulations on investor protection and sales practice



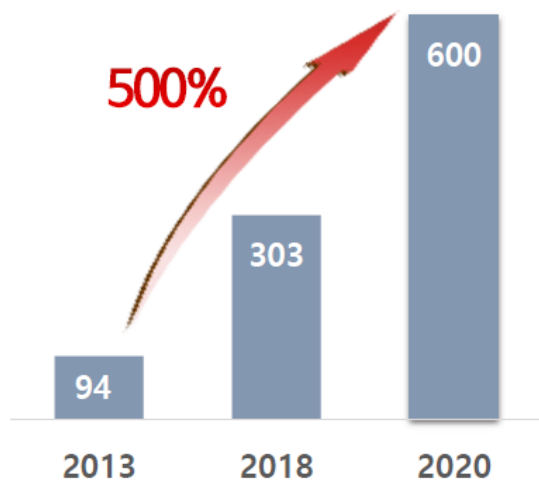


## 2. Korea's Competitiveness as a Financial Hub

### B. Financial Innovation

- ▶ Number of Fintech firms soaring with the rise of innovative technologies
- ▶ Active policy efforts to nurture the Fintech industry

Number of Fintech Firms



Policy Efforts

Regulatory  
Sandbox

- Innovative Financial Service

Providing  
Infrastructure  
for  
Fintech

- Open Banking Service
- MyData Business
- MyPayment Business



## 2. Korea's Competitiveness as a Financial Hub

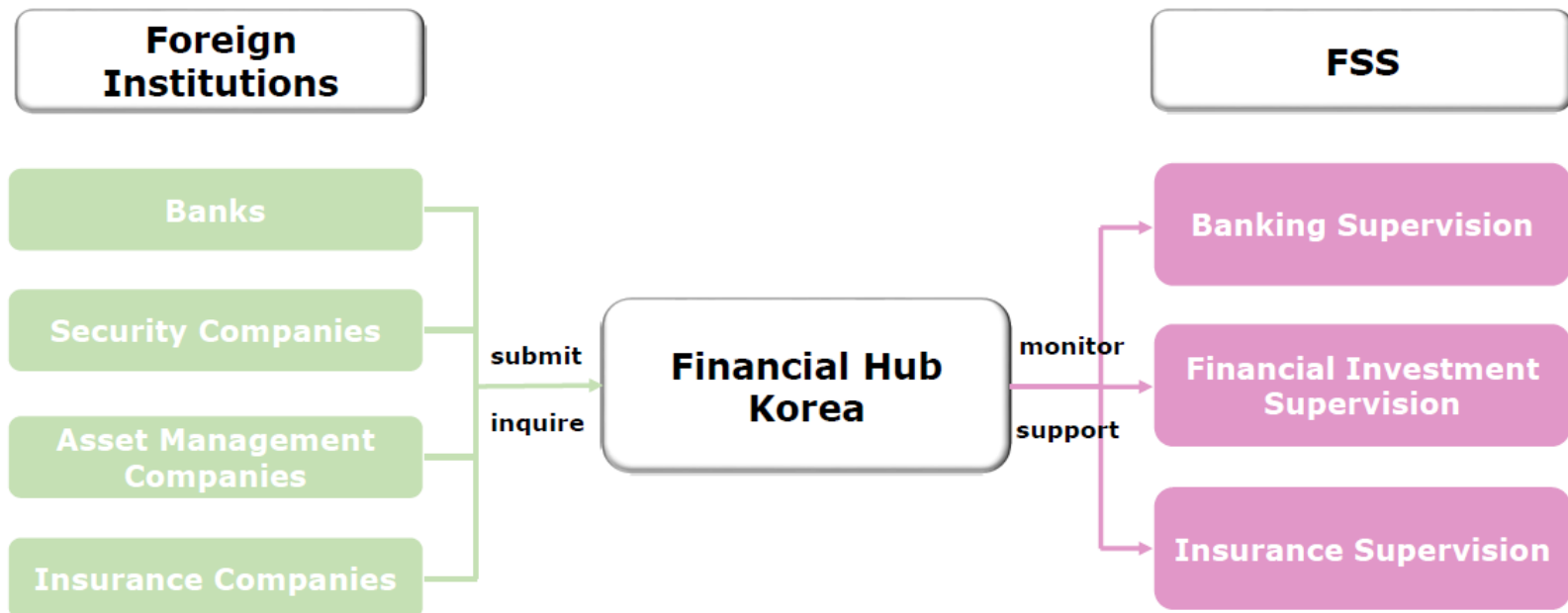
### C. Financial System in line with Global Standards

- ▶ Nurture a trusted financial hub by adopting global standards
  - (Globalizing financial supervision) Introduce global standards set by global standards setters like the Financial Stability Board, Strengthen anti-money laundering prevention\*
  - \* Impose anti-money laundering prevention duties to virtual assets and P2P businesses by establishing/revising relevant legislations (2021)

Gather information on suspicious transactions with a more advanced computing system (Mar 2021)
  - (Active Communication) Regular communication\* with foreign financial companies to seek ways to improve the regulatory system
    - \* Discuss major financial issues. Present the annual supervisory/examination plans of the FSS (FSS Speaks)

### 3. Financial Hub Korea : One-stop Licensing Service

- ▶ One-stop service to help foreign financial companies undergo licensing procedures



## 4. Financial Hub Korea : Website

▶ [https://www.fnhubkorea.kr/fhk\\_eng/main.jsp](https://www.fnhubkorea.kr/fhk_eng/main.jsp)

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Financial Business In Korea

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Overview Licensing Handbook Foreign Financial Institutions In Korea

**FINANCIAL HUB KOREA**  
**YOUR GATEWAY TO THE KOREAN FINANCIAL MARKET**  
OUR GOAL IS TO CONTRIBUTE TO A NEW MARKET ENVIRONMENT WHERE DOMESTIC AND FOREIGN FINANCIAL COMPANIES CAN COMPETE FREELY AND THRIVE TOGETHER.

Business Setup In Korea Foreign Financial Institutions In Korea Laws & Regulations News Letter

ANNOUNCEMENTS RECENT DATA NEWS & MEDIA

- Presentation Slides of 2021 FSS SPEAKS (04.22)
- Financial Hub brochure (02.09)
- Seoul Financial Hub Brochure (02.03)
- 2020 Busan Financial Hub Convention on International Marine ... (11.27)
- Busan International Finance Center(BIFC) Brochure (02.03)

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Financial Hub Korea Brochure



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# Questions, Comments, & Answers







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# Opportunities In Busan As A Global Financial Hub

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