

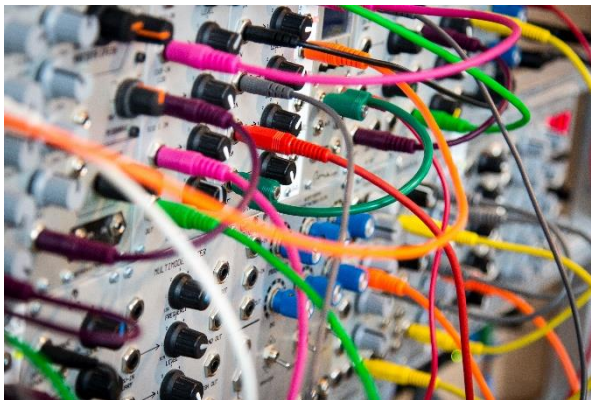


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Smart Centres Index 1 Launch

14 July 2020



Financial Centre Futures

 @Zyen_LF



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Smart Centres Index 1

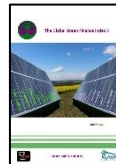
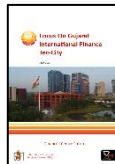
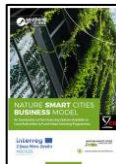
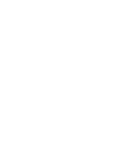
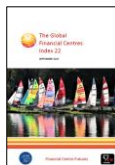
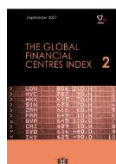
Mike Wardle
Head Of Indices
Z/Yen Group





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Z/Yen Research





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Factor Assessment Index

- ◆ Combine perception data with hard data using advanced statistical modelling
- ◆ Individual assessments of financial centres are associated with the quantitative data for that centre
- ◆ We can then predict how the individual would rate other financial centres based on their profile



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Smart Centres Index - Overview

- ◆ The Smart Centres Index is designed to track the development of technology and financial centres across the world in their support for and readiness for new technology applications
- ◆ Aims to help investors, governments, and regulators view the attractiveness of technology centres for new technologies and products by measuring how attuned centres and their regulatory systems are to attracting innovation and growth in innovation and technology



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SCI Dimensions



- ◆ The SCI measures three equally weighted dimensions:
 - Innovation Support – the approach taken to regulation and support for the innovation and technology industry provided by the commercial ecosystem.
 - Creative Intensity - the extent to which technology and innovative industries are embedded in the economy of the centre.
 - Delivery Capability - the quality of the work being undertaken in the field in the centre.



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SCI 1 Headlines

- ◆ London takes first place in the index, with New York second, and Singapore in third place
- ◆ Five of the top ten places in the ranking are taken by US centres
- ◆ The leading centres are strong across all three of the SCI dimensions
- ◆ Chinese centres do not feature as strongly as we might have expected, and score on average lower for Innovation Support than their overall rating
- ◆ The great majority of centres featured in SCI 1 are located in North America, Asia/Pacific, and Western Europe

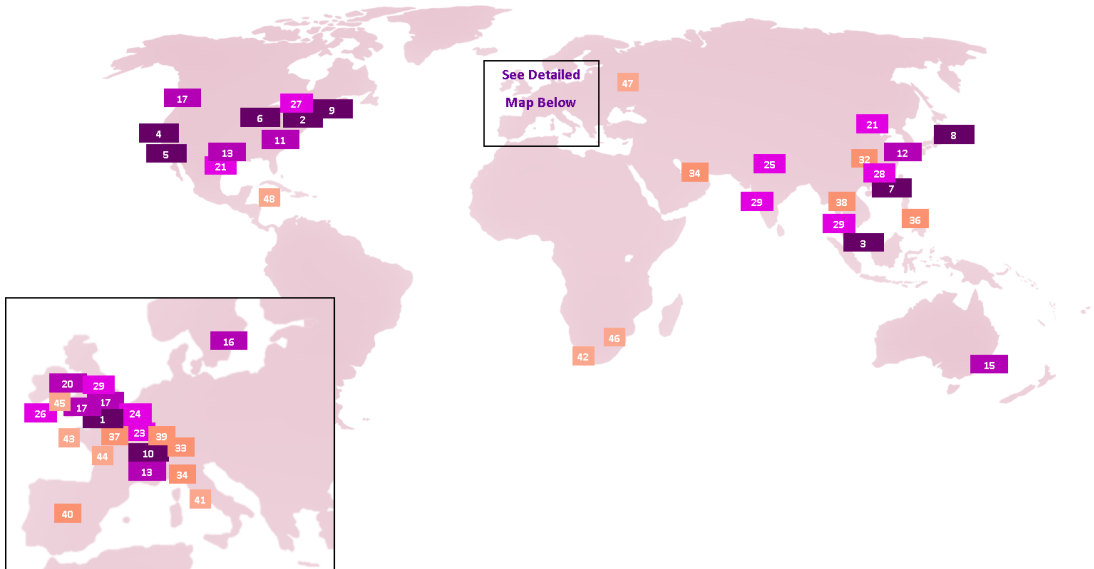


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The SCI World

48 Centres In SCI 1



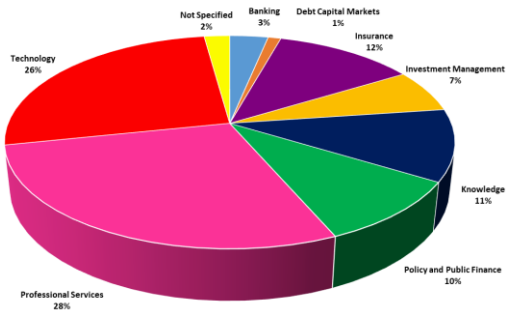


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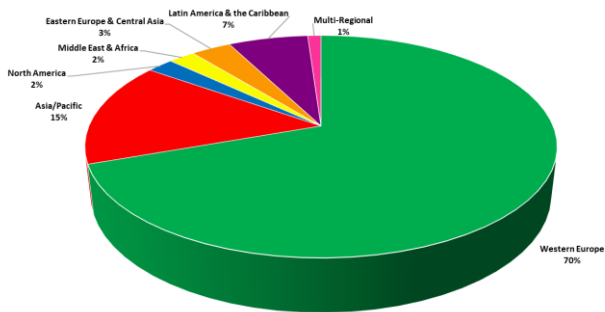
SCI 1 Respondents



Respondents By Sector



Respondents By Region





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SCI 1 - Top 20 Centres



Centre	SCI 1	
	Rank	Rating
London	1	760
New York	2	754
Singapore	3	736
San Francisco	4	717
Los Angeles	5	714
Chicago	6	713
Hong Kong	7	713
Tokyo	8	708
Boston	9	704
Zurich	10	698
Washington DC	11	693
Shanghai	12	693
Geneva	13=	692
Dallas / Fort Worth	13=	692
Sydney	15	691
Stockholm	16	690
Vancouver	17=	689
Oxford, UK	17=	689
Cambridge, UK	17=	689
Glasgow	20	688

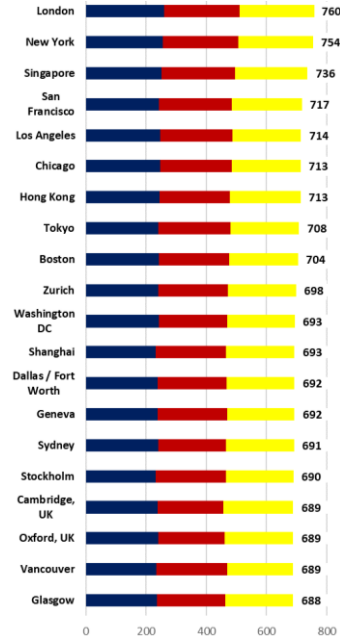


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SCI 1 - Top 20 Centres



- ◆ The SCI dimensions:
 - Innovation Support
 - Creative Intensity
 - Delivery Capability





Western Europe – Top 10

Centre	SCI 1		Innovation Support		Creative Intensity		Delivery Capability	
	Rank	Rating	Rank	Rating	Rank	Rating	Rank	Rating
London	1	760	1	260	1	252	1	248
Zurich	10	698	10	241	14	231	15	225
Geneva	13	692	15	238	15	231	21	223
Stockholm	16	690	27	232	8	234	20	224
Oxford, UK	17	689	12	240	33	221	7	228
Cambridge, UK	17	689	14	238	36	219	6	232
Glasgow	20	688	17	236	22	227	16	225
Luxembourg	23	683	20	235	18	229	30	219
Amsterdam	24	682	26	232	17	229	24	221
Dublin	26	681	24	234	26	226	26	221

- ◆ The majority of Western European centres score higher for innovation support, including regulation, than their overall rank.
- ◆ Stockholm scores significantly higher than its overall rating in creative intensity, while Oxford and Cambridge in the UK score significantly higher for delivery capability.

Asia/Pacific – Top 10



Centre	SCI 1		Innovation Support		Creative Intensity		Delivery Capability	
	Rank	Rating	Rank	Rating	Rank	Rating	Rank	Rating
Singapore	3	736	3	250	3	246	3	240
Hong Kong	7	713	6	244	11	233	4	235
Tokyo	8	708	11	240	6	240	8	228
Shanghai	12	693	27	232	11	233	8	228
Sydney	15	691	13	239	24	227	16	225
Beijing	21	685	44	224	9	234	12	227
New Delhi	25	682	27	232	19	228	22	222
Shenzhen	28	679	34	228	27	226	14	226
Mumbai	29	676	31	229	20	228	32	219
Kuala Lumpur	29	676	17	236	29	223	36	217

- ◆ The majority of Asia/Pacific centres scored lower for innovation support, including regulation, than their overall ranking in the SCI.
- ◆ Chinese centres such as Shenzhen, which have strong technology ecosystems, do not feature as highly in the index as we might have expected.



North America

Centre	SCI 1		Innovation Support		Creative Intensity		Delivery Capability	
	Rank	Rating	Rank	Rating	Rank	Rating	Rank	Rating
New York	2	754	2	256	2	251	2	248
San Francisco	4	717	7	243	4	241	5	233
Los Angeles	5	714	5	247	5	241	13	227
Chicago	6	713	4	247	7	238	8	228
Boston	9	704	7	243	13	233	8	228
Washington DC	11	693	9	242	23	227	18	225
Dallas/Fort Worth	13	692	16	237	16	231	19	224
Vancouver	17	689	23	235	9	234	28	220
Austin	21	685	22	235	20	228	22	222
Toronto	27	681	20	235	28	225	26	221

- ◆ Along with ranking second overall, New York also ranks second in each of the three dimensions which make up the SCI.
- ◆ Vancouver scores high in creative intensity, ranking 9th against its overall SCI ranking of 17th.

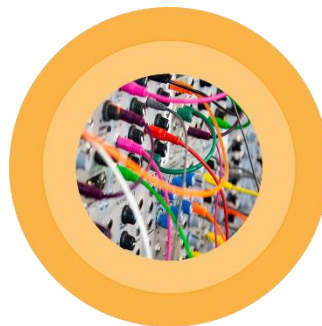


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Other Regions



Centre	SCI 1		Innovation Support		Creative Intensity		Delivery Capability	
	Rank	Rating	Rank	Rating	Rank	Rating	Rank	Rating
Dubai	34	666	42	226	24	227	41	214
Cape Town	42	653	34	228	46	212	44	213
Johannesburg	46	646	40	226	47	210	46	209
Moscow	47	644	48	215	41	216	43	213
Cayman Islands	48	624	36	227	48	195	48	202





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SCI Taxonomy



Areas of Competitiveness





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Areas Of Competitiveness



Rank	Technology	Financial Services	Reputational	Business Environment	Human Capital	Infrastructure
1	New York	New York	London	New York	New York	London
2	London	London	New York	London	London	New York
3	Singapore	Los Angeles	Singapore	Singapore	Singapore	Singapore
4	San Francisco	San Francisco	San Francisco	San Francisco	Chicago	Hong Kong
5	Chicago	Singapore	Chicago	Chicago	Los Angeles	San Francisco
6	Boston	Chicago	Hong Kong	Hong Kong	San Francisco	Chicago
7	Los Angeles	Boston	Los Angeles	Boston	Tokyo	Boston
8	Tokyo	Hong Kong	Stockholm	Los Angeles	Boston	Los Angeles
9	Hong Kong	Washington DC	Tokyo	Sydney	Kuala Lumpur	Tokyo
10	Zurich	Sydney	Boston	Toronto	Shanghai	Zurich
11	Geneva	Dallas/Fort Worth	Sydney	Vancouver	Hong Kong	Shanghai
12	Shanghai	Shenzhen	Toronto	Tokyo	Washington DC	Geneva
13	Washington DC	Tokyo	Zurich	Washington DC	Zurich	Washington DC
14	Toronto	Zurich	Shanghai	Dallas/Fort Worth	Oxford, UK	Dallas/Fort Worth
15	Sydney	Austin	Vancouver	Zurich	Cambridge, UK	Oxford, UK



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Reputational 'Advantage'



Centre	Weighted Average Assessment	SCI 1 Rating	Reputational Advantage
Singapore	824	736	88
San Francisco	802	717	85
Tokyo	791	708	83
New York	816	754	62
Shenzhen	741	679	62
Los Angeles	775	714	61
Boston	759	704	55
London	814	760	54
Chicago	764	713	51
Shanghai	744	693	51
Sydney	733	691	42
Stockholm	729	690	39
Hong Kong	746	713	33
Geneva	722	692	30
New Delhi	711	682	29



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Reputational 'Dis-Advantage'



Centre	Weighted Average Assessment	SCI 1 Rating	Reputational Advantage
Frankfurt	638	658	-20
Paris	606	651	-45
Milan	620	666	-46
Rome	608	655	-47
Guangzhou	622	670	-48
Cape Town	604	653	-49
Madrid	604	657	-53
Isle of Man	584	647	-63
Moscow	579	644	-65
Guernsey	578	652	-74
Austin	610	685	-75
Bangkok	585	663	-78
Brussels	586	664	-78
Cayman Islands	542	624	-82
Johannesburg	553	646	-93



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Observations

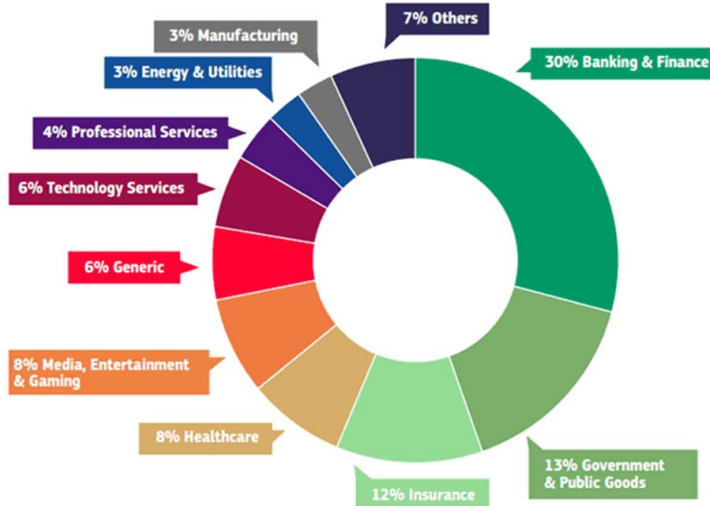
Professor Michael Mainelli
Executive Chairman
Z/Yen Group





Technology Affects All Of Us

Sectors currently using blockchain



Source: www.jbs.cam.ac.uk/faculty-research/centres/alternative-finance/publications/global-blockchain/#.Wms8ZrPtypo



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Focus On Cities

- ◆ Commercial and financial centres focused on the fourth industrial revolution – the digital economy
- ◆ Looking for competitive advantage
- ◆ Exploring how best to exploit new technology
- ◆ Looking at how to promote and regulate growth



Regulatory Approaches



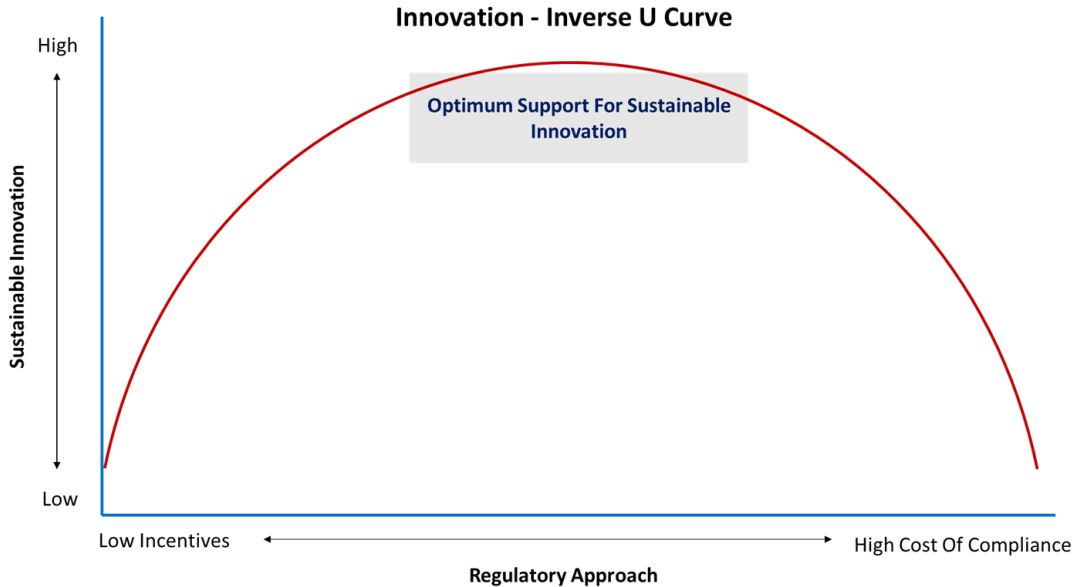
Potential Positive Effect On Innovation	Type Of Regulation	Potential Negative Effect On Innovation
<ul style="list-style-type: none">• Increased incentives for innovation• Allows efficient competition and takeovers• Provides incentives to improve productivity	Economic Regulation <ul style="list-style-type: none">• Price & competition• Market Entry• Mergers & acquisitions• Monopolies & antitrust	<ul style="list-style-type: none">• Reduced incentives for R&D spend and co-operation• Restrictions on market entry• Reduced competitive pressure to innovate
<ul style="list-style-type: none">• Promotes eco-friendly alternatives• Improves salaries• Increases acceptance of new products	Social Regulation <ul style="list-style-type: none">• Environmental• Health & Safety• Product & Consumer safety	<ul style="list-style-type: none">• Restricts innovation• Increased compliance cost
<ul style="list-style-type: none">• Job security• Promotes investment in innovation and R&D	Institutional Regulation <ul style="list-style-type: none">• Liability• Employment Protection• Bankruptcy• Intellectual Property	<ul style="list-style-type: none">• Reduced incentive to innovate• High adjustment costs• Restricted availability of finance



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Regulatory Goals





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Comments, Questions & Answers





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Take the SCI survey at:
www.smartcentresindex.net/survey/

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