



FINANCIAL CENTRES OF THE WORLD 2021: FOCUS ON MOSCOW

Evgeny Dridze, Deputy Head, Department Of Foreign Economic & International Relations For The City Of Moscow

Webinar

18 May 2021, 10:00 BST



THE GOVERNMENT
OF MOSCOW

The Department for External Economic
and International Relations of Moscow



The Z/yen Group

A Word From Today's Chairman



Ian Harris

Director

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Today's Agenda



- 10:00 – 10:05 Chairman's Introduction
- 10:05 – 10:25 Focus On Moscow
- 10:25 – 10:30 An External View
- 10:30 – 10:45 Questions, Answers & Observations

Today's Speaker



Evgeny Dridze

Deputy Head

Department Of Foreign Economic & International Relations For
The City Of Moscow



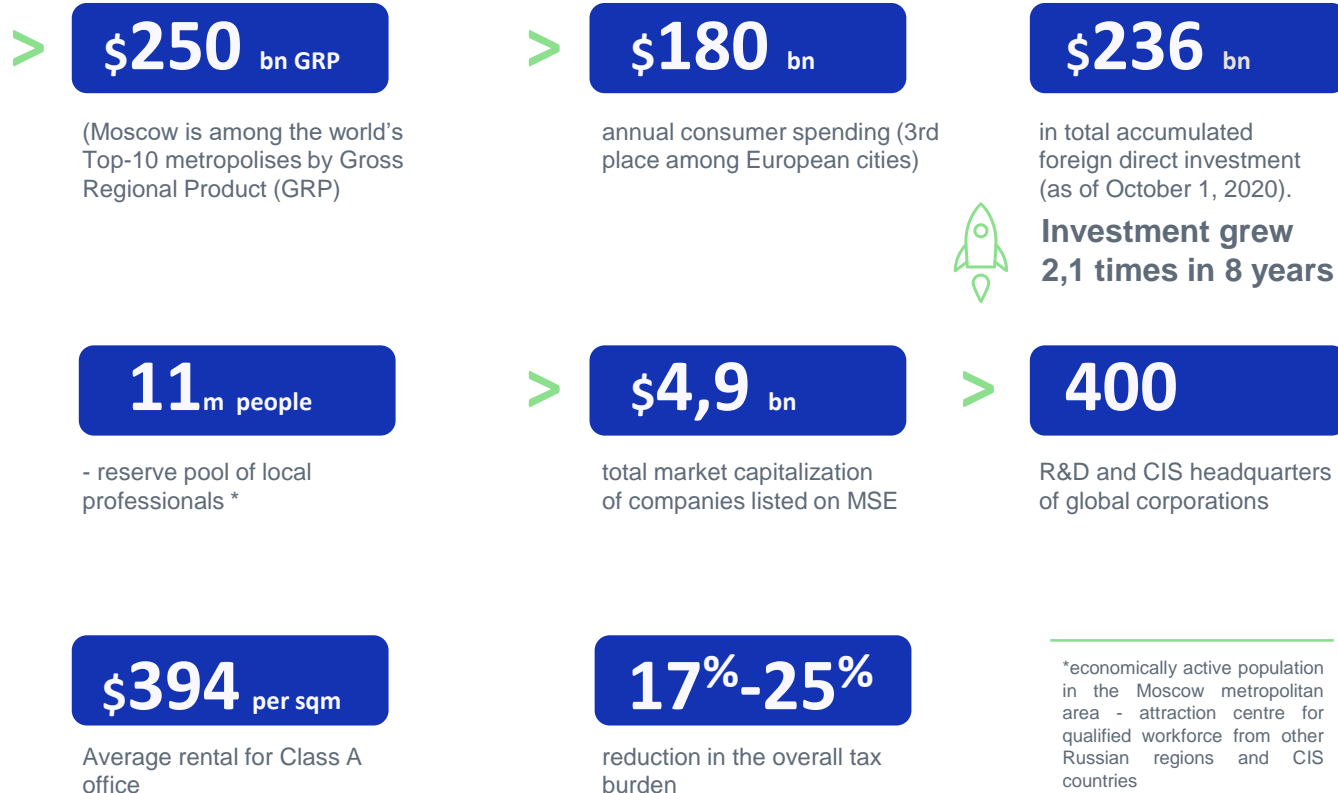
THE
GOVERNMENT
OF MOSCOW

Moscow International Financial Centre

Moscow 2021

MIFC in numbers

Moscow is a gateway to the neighbouring markets with over 280 million consumers.



Stable positions in international rankings



1st place

In United Nations E-Government Survey 2018



6th place

In the European Cities and Regions of the Future ranking: Financial Times / FDI Intelligence

RESONANCE

5th place

In the quality of life ranking: World's Best Cities

ATKearney

18th place

In Global Cities Index AT Kearney

Quality investment and business climate:



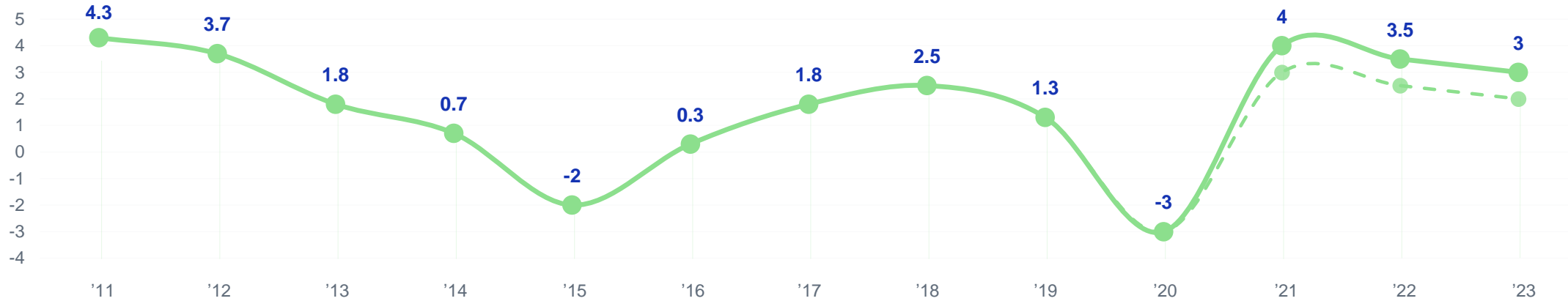
THE WORLD BANK
IBRD • IDA

Doing business

Since 2010, Russia* has gone up 95 places to 28th place in the World Bank's **Doing Business Ranking**.

Russian Economy Rebounding Intensively From Covid Slump

Real GDP growth dynamics (YoY, %)



Public debt. % of GDP

2019
14%

↓ x5 1999
92.1%

International reserves of Russia have increased more than 45 times

2019
\$550 bn

↑ x45 1999
\$12 bn

Total value of assets of Russian banking system has risen 25 times

2019
\$1.498 bn

↑ x25 1999
\$59 bn

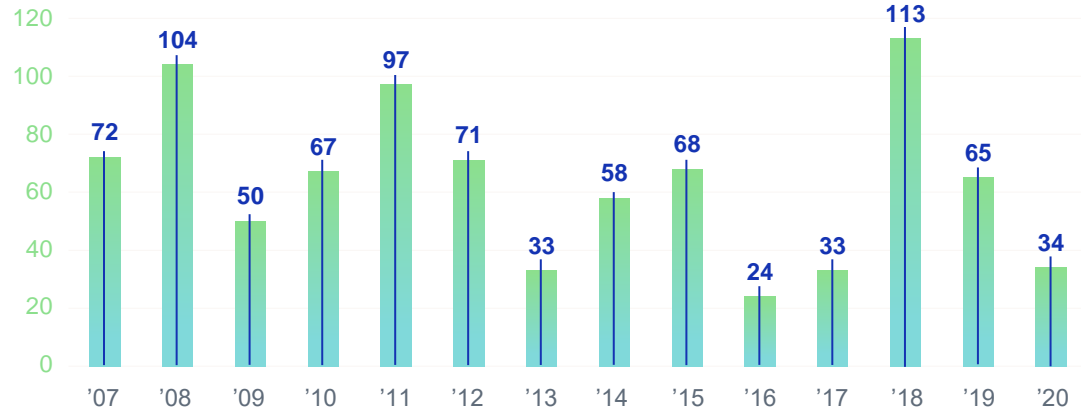
Capitalization of the Russian Stock Market has grown more than 15 times

2019
\$617 bn

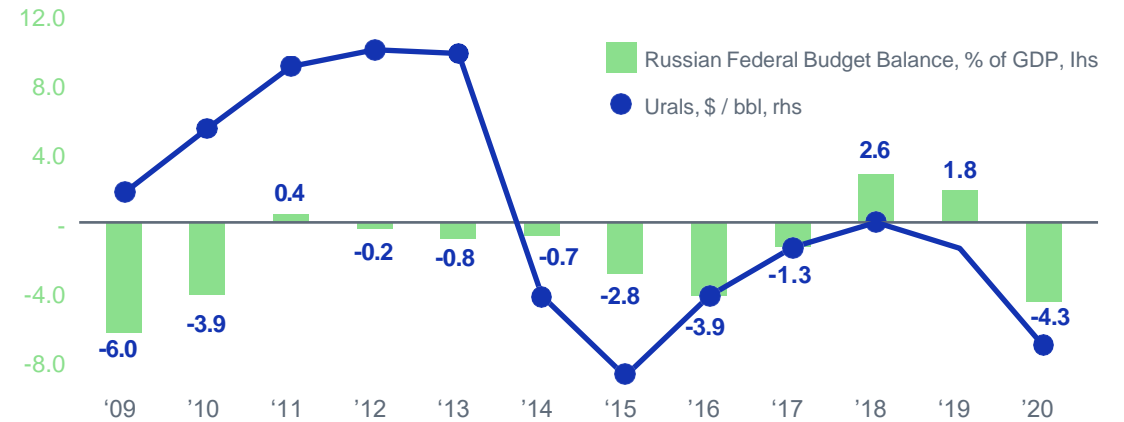
↑ x15 1999
\$40 bn

Macrofinance: solid fiscal and external positions

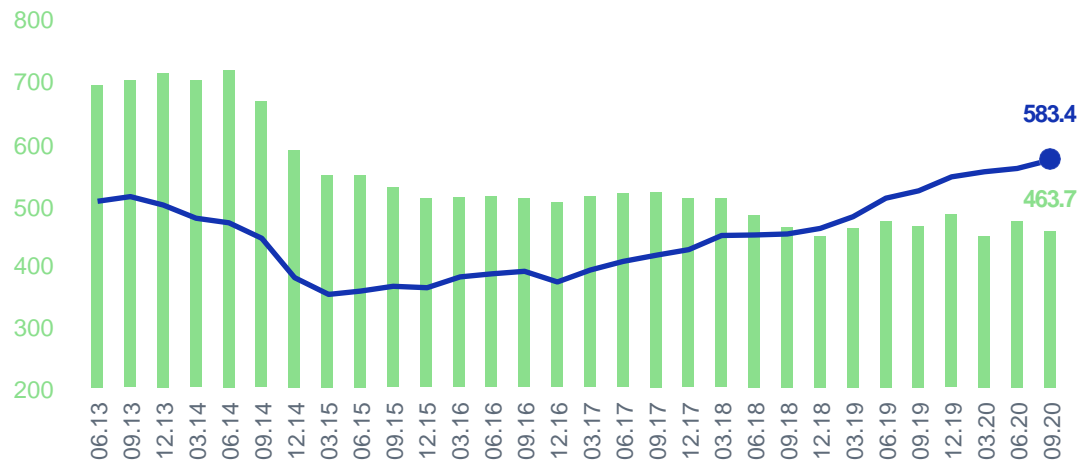
Current account surplus amounted to USD 34 bn in 2020



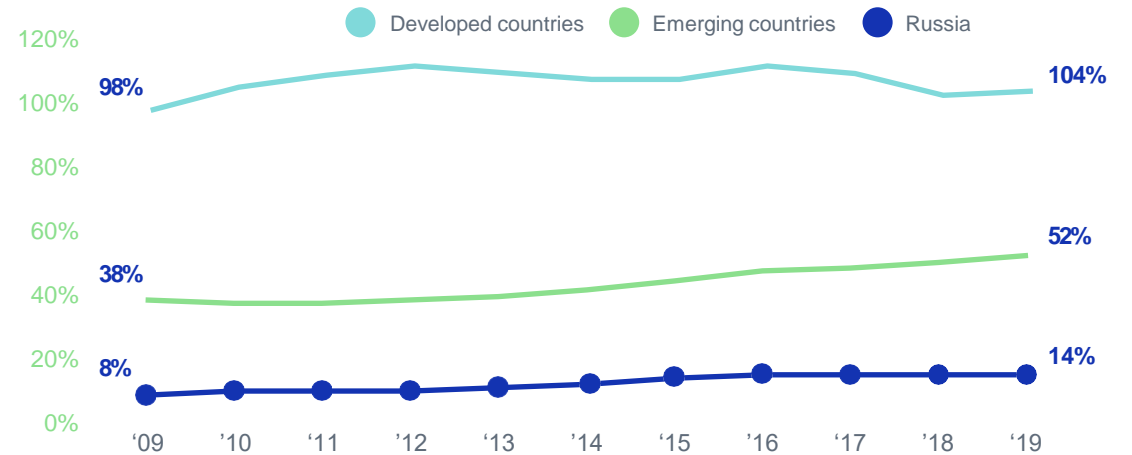
Strong fiscal position: budget consolidation and fiscal rule



Significant international reserves assuring financial stability



Sovereign debt to GDP lowest in both EM and DM spaces



Moscow in rankings: overview



Moscow in rankings

Moscow occupies high positions in more than 30 international rankings in various fields:



Positive trends

In 2020, Moscow improved or retained its high positions in 21 rankings and took a high position in 4 rankings published for the first time, including:



Moscow economic achievements

Moscow's achievements in the field of economic development are confirmed by leading international rankings:

top 3

Most effective transport systems, according to **Kantar**

top 5

Best cities, according to **Resonance Consultancy**

top 10

Startup ecosystems, according to **StartupBlink**

top 10

Cities with mostly developed e-services, according to **the UN**

12 position

Most economically influential cities in the world, according to **CeoWorld Magazine**

top 20

Tech cities of the future, according to **fDi**

6 nominatio

In the **fDi's Global Free Zones of the Year**

+27

From 2017 to 2020, Moscow climbed 27 places in the **Z/Yen Global Financial Centres Index**

+4 positions

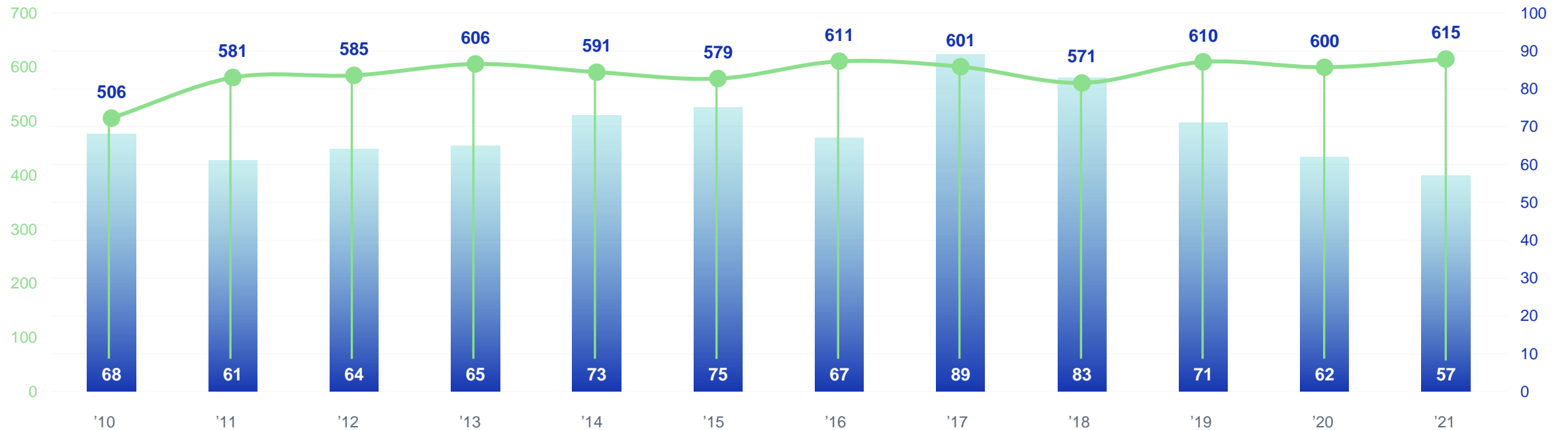
9
In 2019, Moscow climbed 49 positions in the **LaSalle's European Regional Economic Growth Index**

Moscow in GFCI ranking



**Moscow takes the lead in Eastern Europe & Central Asia.
Since 2020 Moscow rose five places in the rankings.**

Moscow is one of the world's largest business and financial centres. It is a global metropolis running a large-scale programme of urban infrastructure development and offering a wide range of opportunities for investors from around the world.



International cooperation



Bank of Russia cooperates with international financial institutions, regulators and associations

Multilateral cooperation



Financial market authorities



Regional financial integration



International cooperation:

World Alliance of International Financial Centers (WAIFC)

In July 2018 the World Alliance of International Financial Centers (WAIFC) was formed under the initiative of Moscow by founding members from **Abu Dhabi, Brussels, Busan, Casablanca, Frankfurt, Luxembourg, Moscow, Muscat, Nur-Sultan, Paris, and Toronto.**



WAIFC is a non-profit association registered in Brussels, Belgium, which represents leading international financial centers and facilitates cooperation and the exchange of best practices. Today there are 19 WAIFC members, including representatives from Doha, Dubai, Hong Kong, Kigali, London, Mauritius, Stuttgart, and Tokyo.

Moscow International Financial Centre

The importance of developing Moscow as an international financial center was formulated in 2008.

2010

The high-level working group was created, with a view to establish an international financial center in the Russian Federation (MIFC Taskforce), which formed an ambitious and comprehensive plan for reforms in the financial market.

The following reforms carried out:



Regulation



**Activating local investors
and protecting investors**



**Market and payment
infrastructure**



Corporate law



Corporate governance



Sustainable finance

The concept of reforms meant improving regulation, infrastructure and tax, legal and other conditions for doing business in the interests of all market participants and, therefore, refusing the construction of “offshore” legal institutions.

Financial Market Development Strategy

The Bank of Russia Guidelines for the Development of the Russian Financial Market in 2019 – 2021 cover the following key areas and activities:



Building reliable financial environment

- Involvement of financial consumer ombudsmen in disputes resolution
- Increase of personal responsibility of management
- Limited employment opportunities in financial sector for malicious (unscrupulous) people
- Development of qualified investor institute
- Increase of responsibility for substandard sale of financial products
- Unified financial transactions register



Improving financial inclusion and availability of capital

- Introduction of individual pension capital accounts Introduction of “green” bonds
- Crowdfunding
- Introduction of new rules for crediting private-public partnerships
- Development of concession projects
- Marketplace project launch
- Introduction of financial services access points map
- Development of remote identification and unified biometric system
- Development of electronic insurance services distribution channels
- Improving insurance services inclusion in Russian regions



Developing market competitiveness

- Implementation of integrated road map for developing competition in various sectors of Russian economy approved by the Government
- Building biometric database
- Credit history bureau reform
- Marketplace project launch
- Faster payment system in force
- Testing of digital identification platform
- “Regulatory sandbox” project development
- Bank of Russia’s withdrawal from the capital of banks undergoing resolution after their financial rehabilitation



Ensuring financial stability

- Control for the population indebtedness and prevention of excessive risk accumulation in the segment
- Risk-based approach to insurance market participants
- Widening the list of financial non-credit institutions subject to stress testing
- Improving the toolkit for macroprudential stress testing



Moscow exchange

44 800

Legal entities

1 460

Professional traders

8 800 000

Individuals

Key projects 2020

Major markets development

- Evening trading session on the stock market
- Trading in foreign shares

Financial platform

- automatic exchange of financial messages
- Financial Transaction Registrar

Balance management

- MOEX Treasury corporate marketplace
- NTPro currency platform

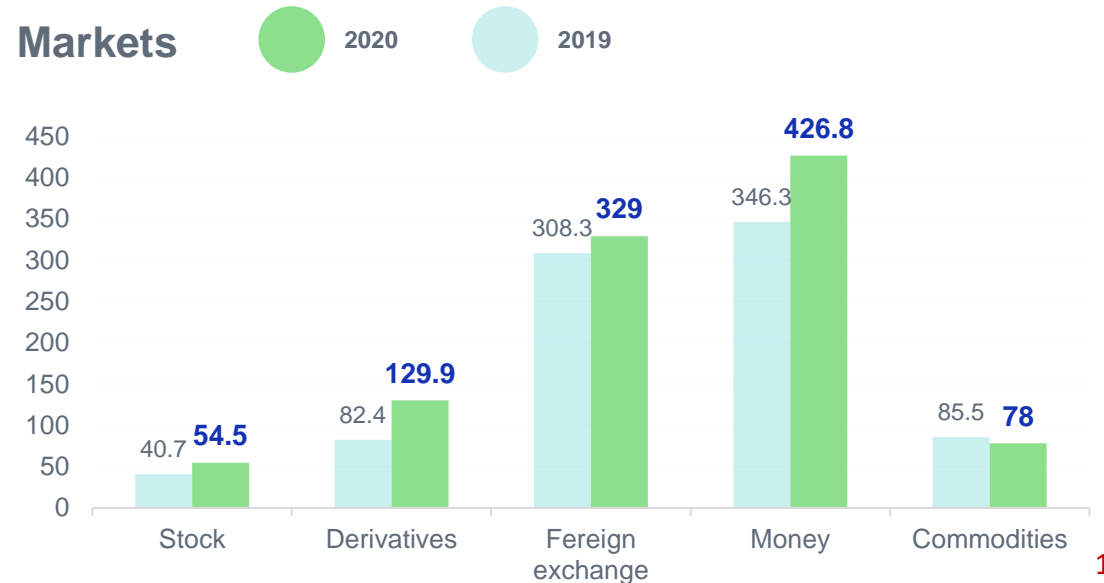
Development goals 2021

- Attracting private investors
- Expanding trading time in foreign exchange market
- MOEX Treasury platform development
- Sustainability
- International cooperation
- OTC-services development

MSE position among world exchanges

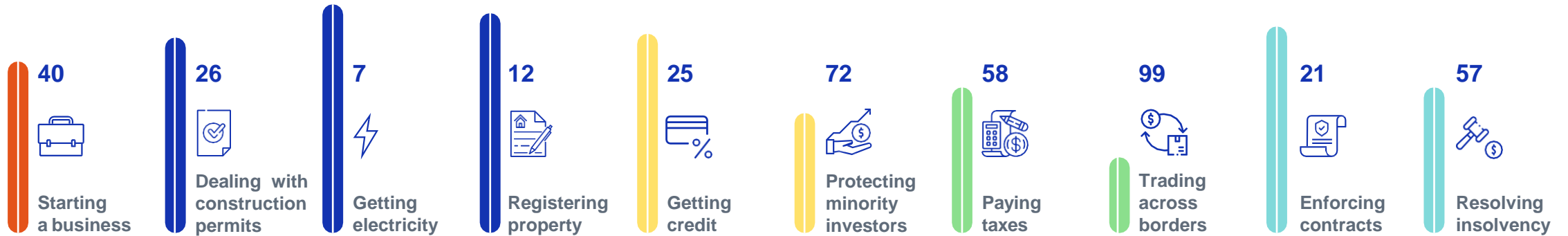
Indicator	Position	Value (bln. USD)	Competitors
Bond trading	02	3 403	BME, Spain Johannesburg SE, South Africa
Derivative exchanges	09	2 120	Korea Exchange, South Korea Shanghai Futures Exchange, China
Capitalization	14	4.9	SGX, Singapore TMX Group, Canada

Markets



Doing Business in Russia

Rankings on Doing Business topics (1-190) – Russian Federation



The Russian Direct Investment Fund (RDIF)

2 TN RUB

Invested in the Russian economy

9 : 1

For each rouble invested it attracted 9 roubles from partners

> 80 PROJECTS

In more than **95%** of Russian regions

\$40 BN

Attracted into joint funds

> 800.000

Employees in RDIF portfolio

90% | **60%**

Of direct investments

Of investments in technology

6% OF GDP

RDIF portfolio companies revenue



investmoscow.ru

Entry point for international investors and businessmen.

- Multi-purpose site for investors running projects or planning to start a business in Moscow
- Access to Moscow's single e-commerce site
- Prompt and personalized communication with the Moscow Government

City Infrastructure: Economy & Investments

Economy

> **17.9** TN RUB

Moscow GRP in 2018
(Rosstat)

+ **11.2%**

Moscow GRP growth
in comparable price
for 8 years (estimated,
Rosstat)

1.4 M RUB

GRP per capita
in 2018 (Rosstat)

TOP **3** EUROPEAN
CITIES

In terms of
consumer spending
in 2019 (Euromonitor
International)

Investments

\$236 bn

in total accumulated foreign
direct investment (as of October
1, 2020).



**INVESTMENT GREW
2,1 TIMES IN 8 YEARS**

MOSCOW CREDIT RATINGS
BBB Stable

FitchRatings

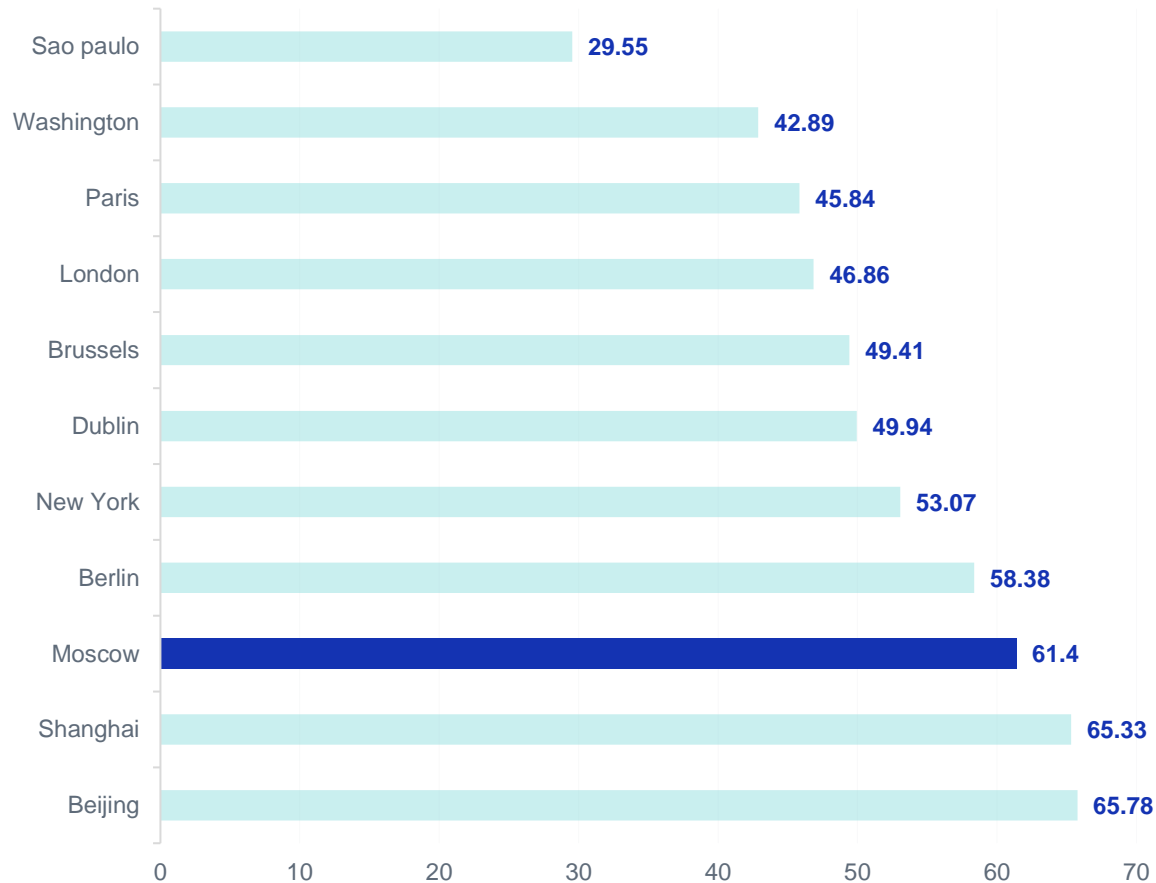
**FINANCIAL
HUB**

City Infrastructure: Life Quality

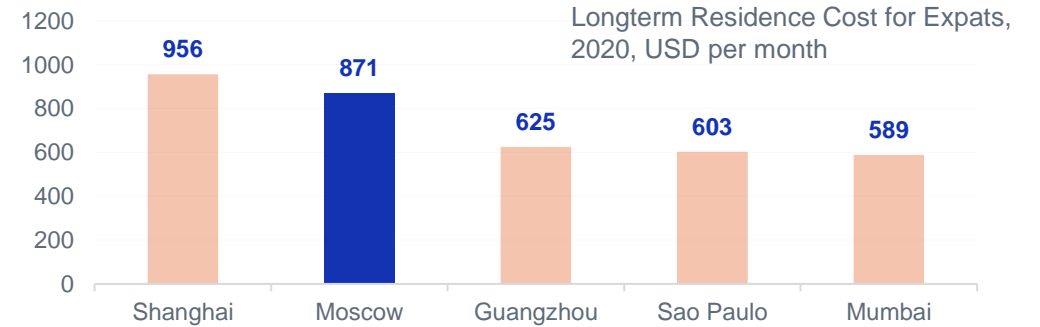


High security level

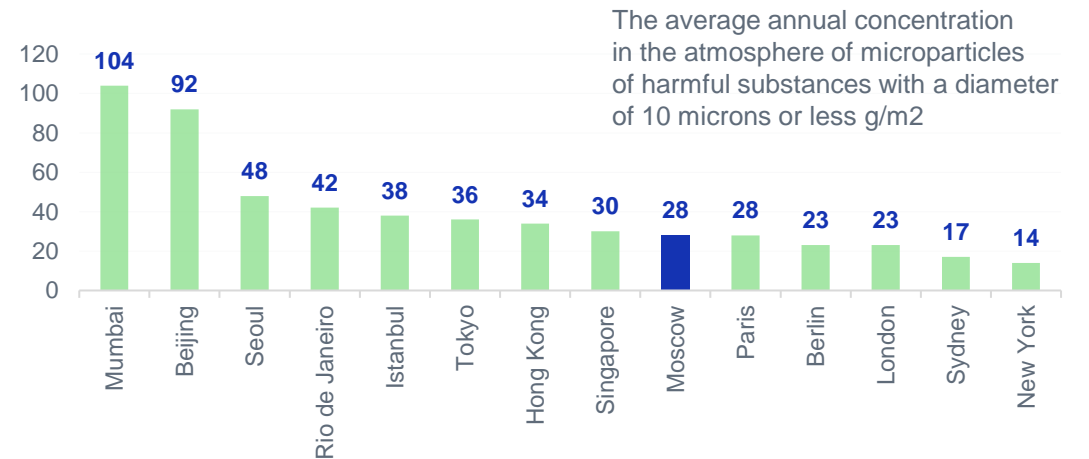
World Urban Safety Index, January 2021



Costs of living



Ecology



Talents: Quality labour force & High scientific potential

11 m people

economically active population in the Moscow metropolitan area



50% of employed people

have a higher education



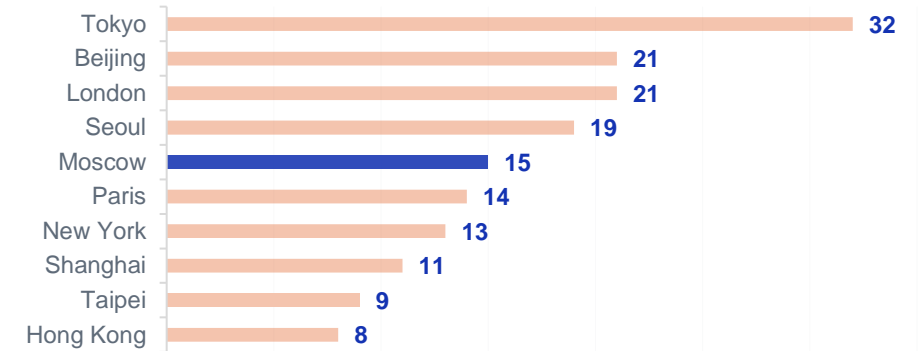
> 180 thousand people

annual number of university graduates



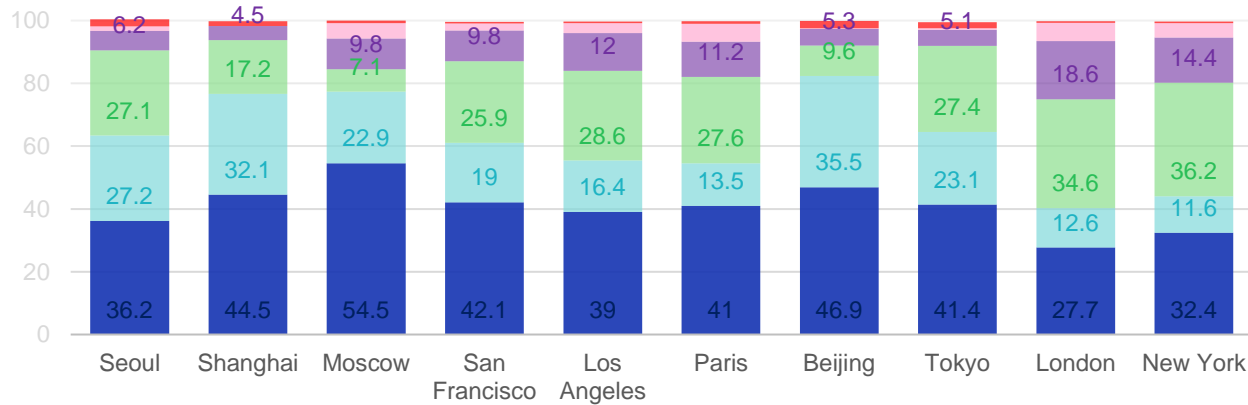
Attraction centre for **qualified workforce** from other Russian regions and CIS countries

↓ **Top 10 cities by universities included in:**
QS, THE, RWU: 2019 – 2020, pcs.

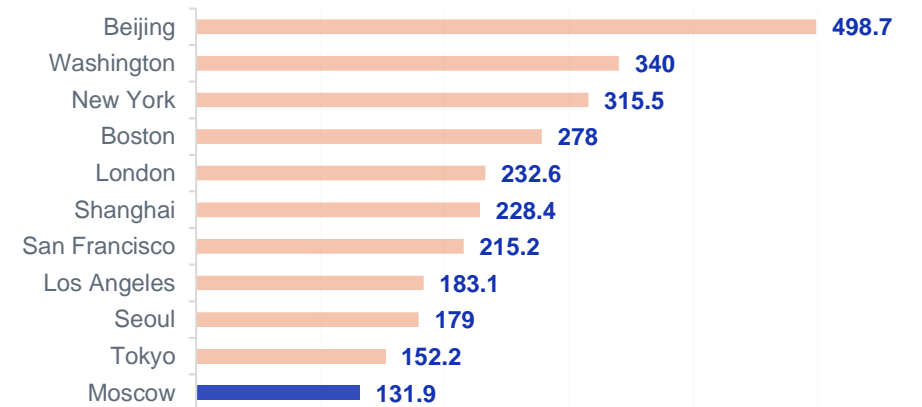


Scientific City Profiles

- Natural and exact sciences
- Engineering sciences
- Medical sciences
- Social sciences
- Linguistic sciences
- Agrarian sciences



↓ **Top 11 cities by scientist articles:**
2014-2018, thousand pcs.



MIFC Technology Agenda

Goals of the Bank of Russia as a high-tech regulator

- ✓ Facilitate the **competition** in the financial market
- ✓ Lower **risks and costs** in the financial market
- ✓ Enhance **accessibility, quality and range** of financial services
- ✓ Advance the level of **competitiveness** of Russian technologies

Key areas of development

1. **Legal regulation** of FinTech, including protection of consumer rights and security of personal data
2. **Development of digital technologies** in the financial market and development of digital infrastructure
3. Transition to **electronic interaction** between the Bank of Russia, government, market participants and their clients
4. **"Regulatory Sandbox"** for experimentation with innovative financial technologies, products and services
5. Cooperation within the **Eurasian Economic Union** and development of single payment area for member states
6. Ensuring **technological safety and sustainability** in FinTech implementation
7. **Development of human resources** in the financial market

Shaping the future of financial services experience in Russia

- New system for online sales of financial products
- Aimed to complement traditional sales channels with websites and smartphone apps which will enable customers to compare multiple financial product offers
- In July 2020 the State Duma adopted the law on financial transactions through a financial platform that enabled launching the Marketplace system
- **Marketplace 2.0 launched for corporate clients**

Moscow Innovation Cluster (MIC)



→ **MIC is a large platform aimed at fostering innovation and enabling cooperation between business, industry, science and city authorities**

DIGITAL

Digital platform i.moscow with innovative services for business

FINANCIAL

Subsidies and grants for cluster members

DEVELOPMENT PROGRAMS

Tech contests and accelerators

INVESTMENT

Preparing startups for pitches, educating future investors



21 419

registered companies



3 126

locations for rent



322

innovation projects



14 866

participants from Moscow



217

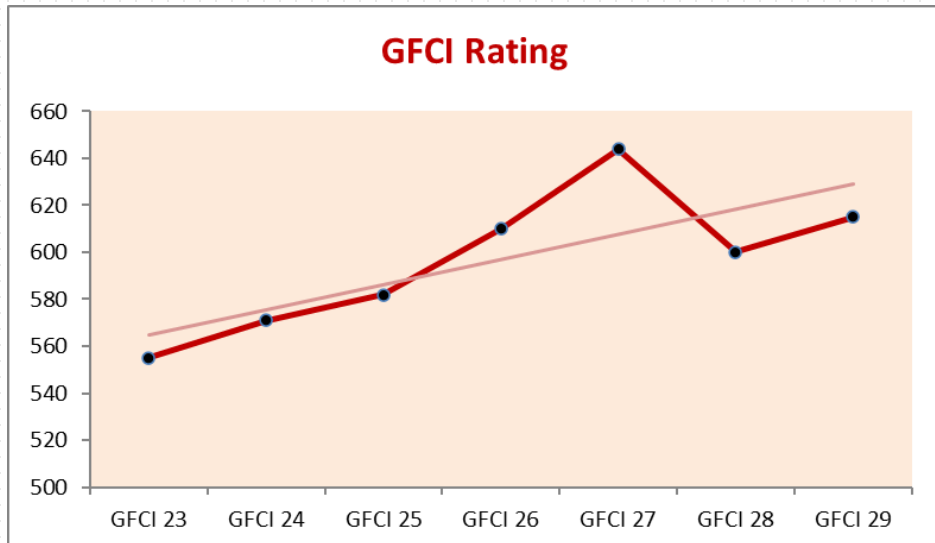
support measures



10

cross-industry clusters

An External View



- The Leading Centre In the Eastern Europe & Central Asia Region in the Global Financial Centres Index
- Rating improving quickly
- Strong in the areas of infrastructure and human capital

Area of Competitiveness

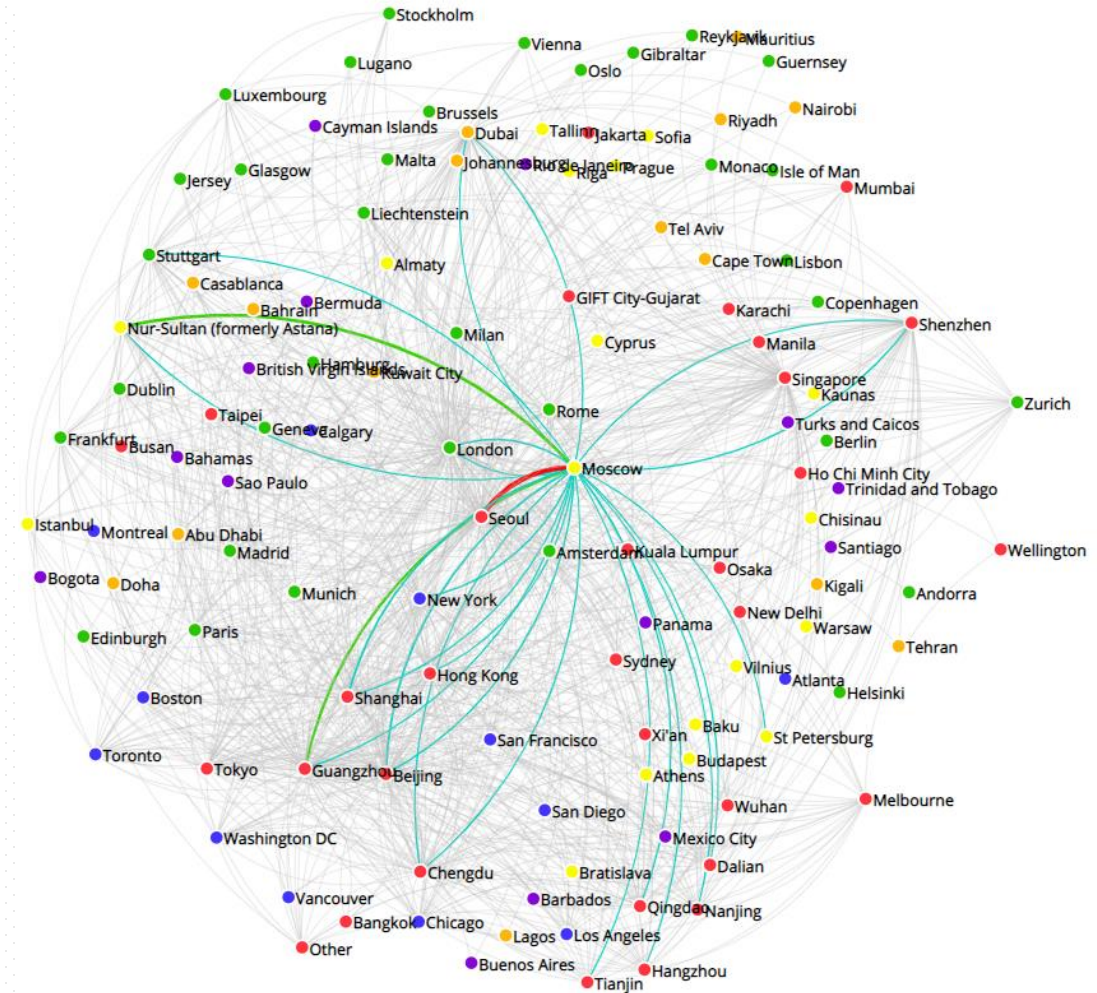
Moscow	Rank
GFCI	57
Business Environment	77
Human Capital	59
Infrastructure	41
Financial Sector Development	70
Reputation	76



Connectivity



- A well-connected centre
- Good connections in New York and London
- Strong links to Dubai
- Very well-connected with China



Questions, Answers & Observations



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Expect Excellence

P2 CONSULTING

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Thank You For Listening



Forthcoming Events

- Wednesday 19 May (15:00) AI made Inventions And AI Created Works In Europe. What Does This Have To Do With My Business?
- Friday 21 May (14:00) On the Shoulders Of Giants: The Digital Exploration Of Newton's Career At The Royal Mint
- Monday 24 May (11:00) Emerging Central & South Asian Tech Hubs: The Indonesian & Malaysian Hubs Of 10 Years Ago?
- Tuesday 25 May (09:00) How Biodiversity underpins Economic Prosperity
- Visit <https://fsclub.zyen.com/events/forthcoming-events/>