

HOW TO MAKE A FINANCIAL CENTER THRIVE

Lessons learned from successful financial centers

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What is a financial center?

A financial center is a physical cluster of the financial industry, usually located in the center of major cities. It combines a number of different actors: financial institutions, central banks, regulatory authorities, startups, professional services, universities and research institutes, associations, and many more.

The role of a financial center is to finance the national economy and to provide high-quality financial services to its corporations and citizens. By doing so, financial centers contribute significantly to national economic development.

Furthermore, international financial centers serve as engines of economic connectivity, ensuring the seamless movement of capital and financial services across borders. As global hubs of financial knowledge, these centers act as vital nodes in a network that empowers businesses, governments, and individuals to grow and shape the future.¹

How do financial centers differentiate?

The oldest extant financial centers were city-based, such as northern Italian city-states, Amsterdam, London, or Frankfurt. They arose in response to the development of commerce and trade, which required capital, insurance, and the movement of money across borders. As nation-states developed, financial centers flourished in their capitals, such as Paris or Madrid, supporting the economic needs of the country in which they were based. As the British Empire spread, London became the preeminent international financial center of the 19th and 20th centuries. As the US economy grew, New York City developed as a major financial center; and in the 20th and early 21st century, London and New York have been pre-eminent among financial centers.²

With the emergence of Asia as economic power, Hong Kong, Singapore, Shanghai, Beijing, and Tokyo have joined the list of leading international financial centers.

In this century, we have seen the proliferation of greenfield financial centers, deliberately designed and implemented as government projects. Some of them are [Special Economic Zones](#) (SEZ). While located within a country, SEZ often offers alternative rules and regulations, designed to attract financial institutions and investments. Some examples

are the [Dubai International Financial Centre](#) (DIFC), [Abu Dhabi Global Market](#) (ADGM) – both in the UAE, the [Qatar Financial Centre](#) (QFC), or the [Astana International Financial Centre](#) (AIFC) in Kazakhstan.

Most recently, we have witnessed new breeds of financial centers. Built on a strong foundation of ecommerce which requires advanced services in payment and lending, FinTech hotspots like Berlin or Hangzhou are transforming themselves into new kinds of financial centers.³

What are the major challenges for financial centers?

The financial industry is facing transformational changes.

First of all, the [Fourth Industrial Revolution](#) has had a strong impact on the financial industry, similar to many other industries. [Financial technology](#) has enabled new players to roll out their services digitally, offering more user-centric, cost-effective, and faster solutions than traditional players. Artificial Intelligence (AI), particularly the next generation of [Agentic AI](#), will further accelerate this trend.

As we strive to combat climate change, sustainability and the transition to [Net-zero](#) are key priorities in most parts of the globe. Financial centers play a crucial role in organizing carbon emission markets, facilitating mandatory corporate sustainability reporting, and issuing green bonds, among other initiatives. In addition, investments in Circularity or the Blue economy are necessary to protect our planet's limited resources.

At the same time, geopolitics has become more challenging. We have witnessed a significant impact on supply chains and global trade due to a new wave of tariffs and other trade barriers.

Furthermore, aging societies are a long-term issue in several countries, placing stress on pension and healthcare systems at times when public budgets are strained by infrastructure, energy transition, and defense spending.

How are financial centers preparing for the current challenges?

The financial centers of the future will be green, smart, innovative, customer-focused, digital, and inclusive, and they will play a critical role in attracting and retaining the best talent by offering a decent quality of life.

In smaller economies, we have successfully witnessed financial centers specializing in wealth or asset management, e.g., Swiss financial centers, Luxembourg, and Ireland in Europe, or Singapore in Asia. Nowadays, there are ample opportunities to specialize in

new and emerging financial services, such as AI, Digital Assets, Sustainable Finance, [Circularity](#), or the [Blue economy](#).

Which areas are important in financial center development?

For building a thriving financial center, sustained political support is critical. As the government can influence key aspects of financial centers, including laws and their enforcement, the business environment, infrastructure, and the development of talent (e.g., at national universities), there should be a clear vision on why a strong financial center is in the national interest, shared among all stakeholders. Constant support from the government will help attract foreign financial institutions and investments and ultimately develop a strong brand and sound reputation.

Figure 1 shows a typical ecosystem of a financial center, with traditional and new financial services at the core, surrounded by key enablers like a proper business environment, a sound physical and digital infrastructure, and highly qualified talent.

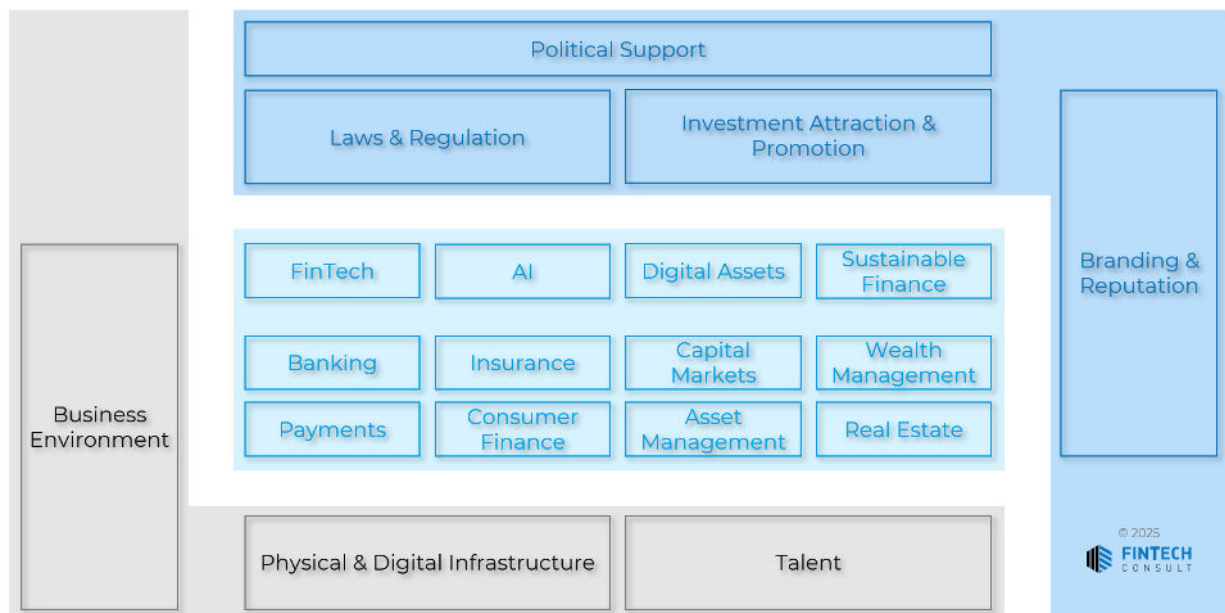


Figure 1: Financial Center Ecosystem, FinTech Consult, 2025

The business environment comprises regulatory authorities, courts and arbitration centers, taxation, company registration, competition, trade and investment policies, data, intellectual property rights and investment protection, and much more.

Physical and digital Infrastructure relies not only on buildings, but also on public transportation, data centers, and telecommunication networks, which should be secure and resilient.

Finally, to develop, attract, and retain local and international talent, strong national universities and research institutes are essential, as well as bespoke expat services and a high quality of life. Diversity matters, too.³

Lessons learned from successful financial centers

Besides strong political support and alignment, international promotion and collaboration are key. Many financial centers have a dedicated promotion agency in place, often together with international offices.

Furthermore, strong ties with other financial centers, as provided by the [World Alliance of International Financial Centers](#), help to be recognized globally. The World Alliance is the leading global platform of international financial centers, acting as a catalyst for bilateral, regional & global collaboration, fostering financial innovation, and cooperating with major international organizations. Its mission is to promote collaboration among international financial centers, establish a robust global network, foster dialogue, facilitate the exchange of best practices, and enhance communication with the broader public.

For incoming financial institutions, a one-stop-shop approach can make a difference, where all necessary services are provided in English language: from business registration to issuing working permits or licensing.

Often overlooked is international connectivity. Direct flights from other leading financial centers can make a difference, together with a welcoming culture at the airport arrival.

Overall, there is no one-size-fits-all, but a number of factors to be considered to thrive as a financial center.

Literature

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4. [Women in Finance: A Compendium of Good Practice](#), World Alliance of International Financial Centers, 2024