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Race for the money: international financial centres in Asia

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Asia's emergence as a key player in the global economy is witnessing intense competition within the region to become Asia's next great international financial centre (IFC). Hong Kong, Singapore and Shanghai, among others, are vying for primacy, attempting to attract dense clusters of financial services firms and reap the lucrative rewards associated with this. This paper explores this emerging competition. It does so from the perspective of attempting to map the parameters necessary to become an IFC, particularly the institutional, political and spatial contexts that facilitate the concentration of international financial services. Why and how financial clustering occurs and the factors that determine the location of financial centres is an important public policy concern, both for established centres eager to maintain their competitive position as well as emerging economies keen to identify the policy levers necessary to support financial sector growth. To that end, the paper explores the experiences and strategies of three of Asia's current contenders: Hong Kong, Shanghai and Singapore. It analyses the policy architecture, financial sector strategies, institutional mechanisms and spatial geographies undergirding financial sector growth, and the constraints, obstacles and challenges each face in developing and or consolidating their IFC.
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Introduction

'Money makes the world go around' according the popular cliché of the 1968 film classic *Cabaret*. Perhaps more to the point, of course, is that money going around the world makes money, indeed great fortunes for those international financial centres (IFCs) able to interdict the vast sums of fast-moving money. For the winners, the pickings are lucrative and getting larger. By one estimate, for example, the value of the stock of wealth held offshore now stands at 41 trillion USD, up from 6 trillion USD a decade earlier and continuing to grow (Hampton and Christensen 2002: 1657; Bailly 2008). Similarly, the volume of cross-border capital flows has expanded on average at 14.2 per cent annually since 1980, up from 500 billion USD to 8.231 trillion USD in 2006–2007 — an eightfold increase since 1990 alone. And total cross-border investments now stand at a massive 74.5 trillion USD (Farrell *et al.* 2008: 13–5). All this, however, is dwarfed by the daily turnover in traditional foreign exchange markets which currently stands at 3.21 trillion USD, or 3,254 trillion USD annually (BIS 2007: 1). Indeed, if the daily turnover of non-traditional derivative products is added to the mix (2.1 trillion USD), then total daily turnover in foreign exchange markets now runs at a staggering 5.31 trillion USD (BIS 2007: 4).

Little wonder that there is a race on, a race for the money to become what Jesse Poon (2003) describes as one of the 'control centers of global financial flows': an IFC. In Asia the race is wide open, with the region currently lacking 'a single dominant financial hub' (Farrell *et al.* 2008: 15). While Tokyo and Hong Kong have traditionally been the dominant players, the rise of China, flux in the institutional architecture of Tokyo's financial apparatus, consolidation in Singapore, and the addition of several other contenders from South Korea to Labuan, have added to the mix and made competition intense.

This paper explores the dynamics of this competition. It does so from the perspective of attempting to map the parameters necessary to become an IFC, particularly the institutional, political and spatial contexts that facilitate the concentration of international financial services. Why and how financial clustering occurs and the factors that determine the location of financial centres is an important public policy concern, both for established centres eager to maintain their competitive position and for emerging economies keen to identify the policy levers necessary to support financial sector growth. To that end, the paper explores the experiences and strategies of three of Asia's current contenders: Hong Kong, Shanghai and Singapore. It analyses the policy architecture, financial sector strategies, institutional mechanisms and spatial geographies undergirding financial sector growth, and the constraints, obstacles and challenges each city faces in developing and or consolidating its IFC.

The paper is organised into three sections. The first surveys the theoretical literature examining the clustering, location and spatial distribution of IFCs. The point here is not simply to describe the literature but to set in place a series of discrete explanatory models which might then be 'tested' against empirical findings generated through the case studies. The second section then develops the three case studies, addressing financial sector composition and the policy and institutional mechanisms that provide the broader architecture for each of the IFCs. Critical to the analysis in this section have been the perspectives gathered through fieldwork and interviews conducted with regulators and financial services firms. These reveal the various factors that weigh in the location and establishment decisions of financial services firms and how those firms prioritise attributes associated with specific financial centres. The section also reveals the limitations and constraints that operate on public sector officials and affirms some of the theoretical explanations surveyed. Finally, the paper attempts to identify a nominal set of criteria for assessing the likely outcomes of the competition between Asia's financial centres, not by way of 'picking a winner' but as a means of understanding the broader structural forces acting on the competitors and their likely implications.

I: Explaining IFCs: location, distribution and size

Financial centres can be traced back as far as ancient times. One of the oldest cities in the world, Samerkand, for example, functioned as a major commercial centre servicing the Silk Road between China and Europe (Mainelli 2006), providing brokerage, credit and allied services to the trade caravans that plied its route. Marrakech, Babylon, Timbuktu and Constantinople too have each functioned as major financial centres at various points in time. In the 18th and 19th centuries, larger financial centres emerged to service regional and international markets as the volume of economic exchanges and their complexity increased. Cities such as Berlin, Frankfurt, Amsterdam, Florence, Hamburg, London, Milan, Paris, New York, Rome, Philadelphia, Turin, Venice, Genoa, Shanghai and Zurich, all emerged as leading centres of finance and commerce (Kaufman 2000; Fratianni 2007).

The emergence of financial centres is commonly explained in relation to their role in financial intermediation. As Reed observes, financial centres emerge because of their ability to 'balance through time the savings and investments of individual entrepreneurs and to transfer financial capital from savers to investors' (Reed 1980: 20). Financial centres thus 'perform a medium of exchange function and an interspatial store-of-value function' (*ibid.*). Some of these centres eventually evolve into IFCs that possess 'highly specialized functions of lending abroad and serving as a clearinghouse for payments among countries' — in other words, they evolve an ability to 'effect payments and to transfer savings between places' (Kindleberger 1974; Reed 1980: 20). At base, IFCs might thus be understood as central places for financial capital and currency to be 'collected, switched, disbursed and exchanged' (Tschoegl 2000: 3). This latter point explains why financial centres have historically been major *cities* as opposed to nation-states, reflecting the role of cities as mediums of habitation that concentrate population and commercial, industrial, legal and administrative activity (Mainelli 2006). Common definitions of financial centres thus normally highlight their role as places of *intense* exchange relations which exhibit a dense clustering of a wide variety of financial businesses in one centralised location (*ibid.*).

Place theory

While the role and functionality of IFCs is relatively uncontested in the literature, less so are the explanatory models explaining their location and the determining variables responsible for their size and spatial distribution. Here the literature is split between four separate but related schools of thought. The first reflects a long tradition of spatial analysis and explanatory variables such as hinterland proximity, geographic clustering and scale economies to explain the size, distribution and services composition of IFCs. Much of this literature has a distinctly geographic-theoretical lens, where the geography of space explains the bespoke configuration of financial centres, their size, distribution and their relationship to the economic hinterlands they service (Bertaud 2004). Place theory, famously developed by Walter Christaller (1966), for example, explains urban hierarchies as a function of their spatial inequalities. These result as a consequence of the differing efficiencies to which goods can be supplied to markets relative to the distance that consumers need to travel to acquire them. In Christaller's thesis, goods have differing 'thresholds': the higher the value of the good, the higher the 'range' or maximum distance consumers are prepared to travel to acquire the good. This inverse relationship between the 'threshold' of goods and the 'range' tolerance for purchasing them thus produces a spatial configuration of urban centres that disperses them hierarchically relative to the value order of the services and goods they produce. In Christaller's thesis, this produces distinctive spatial patterns with a relatively small number of large urban centres producing high-order goods and services separated by wide distances while numerous smaller urban centres producing lower-order goods and services are separated by smaller distances (Neal 2008). Likewise, as the size of an urban centre grows and the volume of high-order goods and services it produces intensifies, the economic thresholds of the urban centre increases, in the process changing the absolute size of the economic hinterland it services and the spatial dynamics of adjacent urban centres.

World cities

Strands of place theory can also be observed in more recent literatures that attempt to explain the formation, spatial and hierarchal distribution of financial centres. The 'world cities literature', as Jess Poon (2003) notes, sees

> a global urban landscape … dominated by a small number of cities that are distinguished by their higher order functions of control and coordination of global economic flows. These cities are pivotally arranged in a hierarchical network of trade, investment, financial, and even government transactions,

> and are responsible for creating value up and down the global economic chain. (Poon 2003:136–7)

In the case of the world cities literature, the hierarchical distribution of IFCs is differentiated between 'world cities' and 'global cities', the latter creating a super-hierarchy (London, New York and Tokyo) which produce super-high order services that have a global financial hinterland. As Saskia Sassen (1999) notes, the transformation of global capital markets is shrinking 'nationally based financial operations' and causing clustering up the value chain, which, in turn, is creating a series of dominant global players. The spate of deregulation of national financial markets since the 1970s, coupled with the effects of deepening globalisation, has ironically produced an asymmetrical process that sees the emergence of yet more IFCs and 'world cities' but where the acute agglomeration of financial activities clusters around fewer mega-financial centres or 'global cities'. As Sassen observes, by the end of the last century, just

> 23 cities controlled 83 % of the world's equities under institutional management and accounted for roughly half of global market capitalization (around $20.9 trillion). Six or seven cities head the league; London, New York, and Tokyo combined hold a third of the world's institutionally managed equities and account for 58 per cent of the global foreign exchange market. (Sassen 1999: 77)

Scale economies

Allied approaches explain IFCs and financial clustering as a function of scale economies. Clustering arises from the efficiency gains and reduction in costs associated with financial agglomeration, where the density of financial services firms not only reduces barriers to transaction facilitation but creates information symmetries and knowledge economies that reduce operating and transaction costs. Clustering, for example, produces allied markets and agglomerates skills capacity in financial management, engineering, legal and settlement systems which reduces collective industry costs and allows competition in the provision of services because of market size and specialisation. It also provides employment pools of highly skilled labour that would otherwise require large upfront sunk costs for training and skills development. Further, scale economies and clustering allow for the emergence of trust relationships and of transactional norms that become institutionalised. Issuers of securities, project financiers, underwriters and insurers of structured financial products, for example, are able to orchestrate pools of capital, mediate transactions and secure outcomes with relatively low transaction costs in expedited timeframes. Similarly, scale economies allow for the commoditisation of risk and for risk to be spread and on-sold between multiple agents who operate in specialised markets, further reducing transaction barriers.

The effects of scale economies combined with functional specialisation are also used to explain the contrasting sizes, distribution and capacities of IFCs. London's and New York's scale advantages in foreign exchange, international bonds and capital markets dwarf the capacities of other European (Paris, Frankfurt) or North American (Toronto, Chicago) financial centres, producing self-reinforcing comparative advantages that deepen specialisation and centralisation and further enhance the cities' capacities and spatial reach over a global financial hinterland. Size, in other words, rather than distance is what matters and what orders the spatial distribution and hierarchy of London and New York as dominant actors in global capital markets (Poon *et al*. 2004: 414).

The pull of centralisation through scale economies and specialisation obviously has explanatory limitations, however. By this logic, there should be fewer but larger global financial centres with the tendency for regional, smaller financial centres to be made redundant. As Sassen (1999), Tschoegl (2000), Taylor *et al*. (2002) and others observe, however, two counterpoising trends are evident: centralisation and the emergence of a small number of dominant 'global' financial centres (London, New York, Tokyo — the 'global three'), but concomitantly the emergence of an increasing number of smaller regional financial centres. In the Asia-Pacific region, Sydney, Singapore and Hong Kong have each prospered and grown despite the scale economies enjoyed by the global three — an apparent anomaly. What explains this?

Theorists like Parr (1978) emphasise the role of decentralisation *and* fragmentation in financial globalisation that results in the emergence of bespoke relationships between similarly sized regional financial centres. Regional financial centres thus become important and prosper precisely because they deepen financial intermediation, connecting regional hinterlands into a global financial value chain. Others like Poon *et al*. (2004) highlight a combination of developments in communications technologies and the outsourcing of lower value-adding services, which fosters decentralisation and spurs the development of regional financial services centres. These centres enjoy their own knowledge economies, providing niche specialisations that address the needs of localised markets, and broker financial relationships between regional hinterlands and the global three. Singapore and Hong Kong, for example, have specialised knowledge economies that serve Chinese business in both mainland China and the sizable Chinese diaspora throughout Southeast Asia. Sydney, by contrast, has specialised knowledge economies in local swap markets (Poon *et al*. 2004: 414–5).

Finally, decentralisation literatures point to the rapid modernisation of developing economies over the last several decades and the emergence of localised demand for financial intermediation and specialist financial services.

Dubai, Qatar, Beijing, Mumbai, Shanghai, Shenzhen and São Paulo, among others, display nascent economic developments in their immediate hinterlands and the deepening requirements for economic and financial complexity — not least the need to develop intermediating centres to tap into global financial networks and access and distribute capital (Poon *et al.* 2004: 414–5; Farrell *et al.* 2008: 63–8).

Beyond space: endowed capacities

Spatially bounded theoretical literatures have held a dominant sway in explaining the location, size and distribution of financial centres. More recent literatures, however, question their validity. As the *Financial Times* noted, 'Banking is rapidly becoming indifferent to the constraints of time, place and currency' (quoted in Harvey 1990: 161), largely as a result of advances in communications technologies and the emergence of dependable instantaneous real-time telecommunications networks. For many theorists, such developments represent the 'obliteration of space' (Harvey 1990; Lash and Urry 1994) as a determining variable in the location, distribution and size of financial centres (Krstic 2004: 127). A nascent fourth literature has thus emerged which addresses the endowed capacities necessary to support the emergence and development of a financial centre. This literature speaks to the physical, institutional, policy and knowledge environments that support the location decisions and thus clustering of financial services firms and multinational corporations more generally (Zhao *et al.* 2005). Sagaram and Wickramanayake (2005), for example, identify five key factors that influence the location decisions of financial services firms, including (1) a favourable regulatory regime, (2) competitive taxation structure, (3) the presence of various socio-cultural factors like the quality of the living environment for attracting and retaining talent pools, (4) the presence of financial variables, including critical market depth and sufficient turn-over volume, and (5) the existence of sufficient levels of economic activity as a means of undergirding a viable commercial banking sector. Tschoegl (2000) also includes variables like access to quality infrastructure such as telecommunications and aviation networks and the role of politics both in terms of political stability but also policy stability and domestic institutional adaptability (Tschoegl 2000: 9–15). Other theorists like Wang *et al.* (2007) and Porteous (1995) extend the notion of knowledge economies and highlight the role of soft-institutional structures and social networks that intermediate knowledge transfer and information flows and, in combination with the formal regulatory and institutional structures, create information economies that broker the orderly dissemination of information and create information transparencies necessary to the functioning and efficient operation of financial markets.

Competing literatures

These four literatures represent related but competing explanations of the location, size and distribution of IFCs. They also imply very different roles, capacities and strategies for governments eager to develop and/or consolidate their financial centres. The endowed capacities literature, for example, implies the possibility of deliberative public policy creating the institutional and infrastructural environment able to evolve an IFC. The place theory, world cities and scales economies literatures, on the other hand, suggest a more marginal role for government, constrained by spatial processes associated with the presence of trade routes, various historical antecedents and the importance of first-mover advantage. The following sections attempt to disentangle these issues by exploring the historical and institutional contexts associated with the evolution and operation of three IFCs: Hong Kong, Shanghai and Singapore.

II: Hong Kong, Shanghai and Singapore: financial sector composition, institutional and policy contexts

Hong Kong

Hong Kong has emerged as one of the world's leading financial centres. It is currently Asia's second largest stock market (after Japan), the world's sixth largest foreign exchange market, has one of the world's four largest gold markets, is the second largest funds management centre in Asia and ranks as the 12th largest international banking centre in external assets (Dong *et al.* 2006: 22; HKMA 2008a, b). Beyond its formal banking sector, Hong Kong has also emerged as one of the region's foremost money and debt markets, derivatives (futures) markets, silver and gold markets, asset management centres and operates as one of the most open insurance centres in the world (HKMA 2008a).[1]

Established in the 19th century as a British colony and a trading *entrepôt* to service the lucrative market between the West and China, Hong Kong's fortunes have always been reliant on international trade and finance and on its relationship to China more generally (Schenk 2002: 232).[2] While Shanghai dominated international finance in the Far East in the early 20th century, civil war and economic chaos in China throughout the 1930s and 1940s witnessed the emergence of Hong Kong as the region's foremost financial enclave. As Catherine Schenk observes, 'the local traditional banking sector in Hong Kong thrived on the chaos in China', benefiting from an influx of Chinese political and economic émigrés, the relocation of Western business headquarters out of Shanghai, and massive capital in-flight as a result of Chinese hyper-inflation between 1947 and 1949. Shanghai's losses were Hong Kong's gains, with the colony enjoying the swelling talents of mainland émigrés who bought with them social and business networks that made the colony an intensely networked banking community — or what Meyer describes as the 'pivotal intermediary hub' of Asia's 'social networks of capital' (Meyer 2000: 242; Schenk 2002: 323–5, 2000: 746–51; Li 2004:1).

In the post-war period, Hong Kong's rapid industrial development coupled with its *entrepôt* status witnessed huge increases in demand for banking services and expansion of the financial services sector (Jao 1974: 18; Schenk 2002: 340). By 1954, for example, Hong Kong had 94 licensed banks and hosted some 19 foreign banks, and between 1954 and 1972 witnessed massive expansion in the deposit base of its commercial banks, growing from 1,068 HKD to 24,613 million HKD (Jao 1974: 23). Yet by far the single most important source of Hong Kong's advantage as a financial centre from the 1940s through to early 1970s was its free exchange market (Liu 1997: 583−8; Schenk 2002: 332). While the international system operated mostly under the Bretton Woods set of agreements with limited currency convertibility and a fixed peg exchange rate system, as a British colony Hong Kong enjoyed full access to the 'sterling area' comprised of commonwealth countries (except Canada) who pegged their currencies against sterling (Jao 1974: 17; Schenk 2002: 332). The arbitrage to be had from servicing this market, coupled with the rapid increase in demand for foreign exchange to satisfy other trading requirements, created a parallel exchange market for Hong Kong dollars (HKD) and, in turn, their exchange into sterling and US dollars (Ghose 1987: 22−9; Schenk 2002: 332).[3] Hong Kong became 'a lucuna in the otherwise closely controlled Bretton Woods system'; cementing its reputation as a 'money city' where deals, finance, exchange and trade made for the lifeblood of the colony (Schenk 2002: 333).

More recently, Hong Kong's fortunes have again rested largely on developments in China, particularly the mainland's opening to the West and the marketisation of its economy. A combination of deepening demand for debt raising, equitisation and IPOs, the privatisation of state-owned enterprise (SOEs), rapidly expanding China-West trade and accelerating demand for mainland banking services, has witnessed an allied expansion of Hong Kong's financial services sector. Hong Kong thus now boasts some 202 licensed banks, restricted licensed banks and deposit-taking companies and a total of 145 fully licensed foreign banks. Of the top 100 banks in the world, 69 have an operational presence in Hong Kong and 82 foreign banks have representative offices. Hong Kong's banking sector thus now reveals a diverse and matured set of commercial activities ranging from traditional retail deposit taking, wholesale banking, securities brokering, trade finance, treasury activities and precious metal trading (HKMA 2008a). Indeed, the importance of financial services to Hong Kong has seen it designated a 'pillar' industry in recognition of its role as a key driver of employment and economic growth, with financial services contributing 23 per cent of revenue from corporate income tax and fully 12 per cent of Hong Kong's economic output (Dong *et al.* 2006: 22; Cheung and Yeung 2007: 5–7).

Institutional and regulatory contexts

While Hong Kong's fortunes clearly reflect its legacy as an *entrepôt* trade hub and its relationship to China, no less important to its success as a financial centre has been the institutional and regulatory architecture supporting business, transaction facilitation, clearing and settlement systems, and the system of regulatory oversight. Indeed, despite its reputation as a 'free city' and what Owen described as 'unique in its correspondence to the classical economists [*sic*] dream world which existed in the golden age before 1914' of laissez-faire, Hong Kong's policy architecture more accurately reflects a position of 'positive non-interventionism … [as] a deliberate policy choice rather than merely an absence of policy' (as quoted in Schenk 2002: 322). The difference is a subtle one and underscores a policy culture that prides itself on a 'light touch' approach to regulatory oversight but is set amid a firm belief in the value and necessity of strong institutions as the guardians of market functionality. Hong Kong's financial services sector has thus witnessed an evolution in its institutional forms and regulatory approaches, with several significant reforms since the 1960s (Huat *et al.* 2004: 19). These culminated in the adoption of a prudential supervisory system based on risk management in support of bank safety and soundness with oversight authority vested in the Hong Kong Monetary Authority (HKMA), established in 1993.

As the peak institution responsible for financial sector oversight, the HKMA is charged with maintaining monetary and banking stability, continuity, bank safety, the stability of the Hong Kong dollar, and is responsible for 'developing Hong Kong's financial infrastructure to enable money to flow smoothly, freely and without obstruction' (HKMA 2008a). Clearly, its role is more than that of a simple regulator, as is revealed in its charter objectives: 'to enhance the efficiency, integrity and development of the financial system, particularly payment and settlement arrangements' (HKMA 2008a). As one senior supervisor in the Banking Supervision division of the HKMA commented, 'our role [the HKMA] is part supervision, part oversight, part audit, but essentially we are here to help grow the financial sector in Hong Kong and make it attractive as a center to conduct business … What we do is make sure that things work and try and anticipate problems that might cause things to go wrong so that we protect our [Hong Kong's] reputation as a place of business' (personal interview by the author, October 2007).[4]

Similar supervision-*cum*-market-promotion institutional arrangements are in place for Hong Kong's securities, futures and equities markets. The Securities and Futures Commission (SFC), for example, has oversight responsibilities for securities trading, leveraged foreign exchange trading, futures products and contracts, various investment products offered to the public, asset management, financial services licensing, as well as regulatory oversight of 'Hong Kong Exchanges and Clearing Limited (HKEx)' and the listing regulations for the HKEx (Securities and Futures Commission 2007). At the same time, its lead mandate is 'to ensure Hong Kong's continued success and development as an international financial centre', in part through ensuring efficiency and innovation in the support infrastructure offered through clearing, settlement and payments systems and regulatory efficiency generally. Similar regulatory and institutional structures are in place for the insurance and precious metals markets (for an overview of financial services sector and regulatory architecture in Hong Kong, see HKMA 2008b).

Apart from the formal institutional regulatory bodies Hong Kong has also evolved what Cheung and Yeung (2007: 26) describe as 'soft infrastructure': a complex web of informal and semi-formal norms, procedures and practices (many of them ensconced in professional bodies/societies) that operate around corporate governance standards, insolvency procedures, securities regulation, accounting and audit bodies, disclosure and transparency practices — among others — and which broker the flow and orderly distribution of information necessary to the functioning of high capacity markets and the regulatory and institutional practices that support them. Arner and Norton (2000: 310) identify these as the tapestry of 'cultural traits' unique to Hong Kong and in large measure responsible for its innovative business environment and the competitive advantage it has enjoyed historically. Hong Kong's social and professional networks are what makes its financial markets work. Complex professional and social relationships disseminate, mediate and transact information and create information symmetries beyond formal organisational boundaries or institutionalised market rules (Dubini and Aldrich 1991). In turn, such networks enhance regulatory efficiency, creating networked forms of governance that evolve implicit standards, norms and practices that serve to increase regulatory and market transparency, lower transactions costs and thus increase the intensity of financial transactions. As Karreman and van der Knaap (2007: 5–7) note, financial activity and financial services firms tend to concentrate around environments with high information symmetries, an attribute that has historically made Hong Kong a primary destination for financial services firms establishing in Asia. Indeed, Hong Kong's highly evolved networks were alluded to in various conversations with finance professionals. A senior executive responsible for identifying market opportunities and business development with a large British bank, for example, noted that 'in Hong Kong when you plug into the right people it's amazing … word gets out and whatever you need people suddenly get back to you to close it …

Its the easiest place I have ever worked in terms of information and contacts' (personal interview by the author, June 2008). Similar sentiments were expressed by a senior banker with an American financial institution who noted that 'in Hong Kong your networks are everything … because then it happens … you get to know what is going on and they know about you … Just a few phone calls and the word is out and what I need I can get quickly …' (personal interview by the author, June 2008). The head of corporate strategy of a large west European bank confirmed these observations, noting that Hong Kong is 'unique, it's networked to everywhere in China and back again!' (personal interview by the author, June 2008).

Shanghai

Shanghai's institutional and regulatory contexts, by contrast, belie a very different history. In 1949 Shanghai was Asia's leading financial centre, hosting 24 state banks, some 200 private lending, trust companies and financial institutions, and home to the world's third largest stock market behind New York and London (Laurenceson and Tang 2005: 147). For more than a century, Shanghai had been the 'modern crucible of China' and played a prestigious role as one of China's five 'open cities' stemming from the Treaty of Nanjing in 1842 (Lai 2006: 3). Its historical success and reputation, however, became its liability under communist rule, with Shanghai inextricably associated with capitalist excesses and a humiliating semi-colonial past.

When Shanghai re-emerged in the late 1970s it was a mere shadow of its former self, no longer a financial hub but transformed into what Wu describes as the 'locomotive of state-led industrialization' — the industrial cash cow of Beijing (Wu 1999 as quoted in Lai 2006: 3). Apart from the obliteration of the formal regulatory apparatus and institutions responsible for oversight of free market transactions, Shanghai's general support infrastructure was abysmal. As Jao (Jao 1974: 29, 32) notes, 'when foreign banks and business firms were again welcomed back in the early 1980s, they found that even basic facilities, such as office buildings and telephones, were lacking'. In a word, conditions were 'harsh' with Shanghai lacking 'decent housing … supermarkets, international schools, social clubs, cultural centres, [and] concert halls'; all the soft goods necessary to attract and retain pools of highly skilled human capital.[5]

Shanghai's changing fortunes began in the 1980s, spurred by a combination of political calculation and economic ambition. An emerging consensus in Beijing recognised the changing nature of the global economy and of China's need to integrate itself into the international commercial system, with Shanghai 'deemed strategically important for China to succeed on the international stage' (Lai 2006: 4). Shanghai would again be China's window to the world. Subsequently, the city was nominated as one of 14 open coastal cities in 1984, partly reflecting its strategic location on the Yangtze river delta and its role as a transportation gateway to central and northern China. Not until 1991, however, was Shanghai's status cemented. Deng Xiaoping observation that 'Shanghai was a financial center in the past and was the place where currency was convertible' and that 'in the future Shanghai should still be the same' (as quoted in Xu, 2007: 1), henceforth ear marked the city for special treatment and semi-autonomous political and economic rule. Shanghai's fortunes were now inextricably linked to Beijing's vision for China's rapid transformation. At the 14th Congress the city's central role in this vision was announced: to open 'Shanghai Pudong, and to build Shanghai as the dragon head and one of international economic, finance, and trade centers, so as to drive the growth of the [Yangtze] River Delta and in turn the take-off of the whole economic region' (as quoted in Lai 2006: 4; Xu 2007: 1).

The 11th Five Year Plan laid down the blueprint for Shanghai's redevelopment: a three-phase strategy designed to grow Shanghai as a hub of trade, finance, tertiary services and transportation. In the first phase, Shanghai would establish and consolidate its role as a national financial hub and transportation gateway to central and northern China, a hinterland of some 800 million people. To achieve this, Shanghai would be insulated from intra-national competition and provided with national resources for the development of its physical infrastructure, most of which would be concentrated on the development of the 'Pudong New Area'. Within Pudong, four new zones would be developed, the most important being the Lujiazui finance and trade zone immediately opposite the Bund — the old city centre and former financial sector (Meyer 2000: 234–5; Lai 2006: 7).[6] Allied with this, national authorities would roll out regulatory, institutional and liberalisation measures to undergird domestic financial intermediation and financial sector development (Meyer 2000: 234). Second, authorities would consolidate Shanghai's position as a regional financial hub through attracting ever greater numbers of financial services firms and multinational enterprise. As Wu notes, Shanghai was designed to become China's Wall Street, an 'international landing strip to attract foreign finance capital' (Wu 1999 quoted in Lai 2006: 7). And third, authorities would champion Shanghai's emergence as an IFC through the progressive consolidation of the sector.

Institutional and regulatory contexts of Shanghai's emergence as a financial centre

Unlike Hong Kong, Shanghai's financial sector development has been a process of institutional, regulatory and market design from the ground up. Strict comparisons between the two cities are thus made difficult because of the low base from which Shanghai is emerging and because of the rapid change and innovation evident at all levels of the institutional-regulatory spectrum. Indeed, attempting to map the regulatory environment or the strategy and drivers undergirding Shanghai's financial centre proves a challenging task. Much of this is explained by the fact that Shanghai's financial sector development is not its own but reflects a national development strategy substantially controlled by Beijing. As Lai notes, this makes for a 'complex relationship between state and market imperatives in the urban and economic transformation of the city' with the state playing a 'key role in determining the timing, pace and economic and spatial configuration of Shanghai's development' but where market requirements and the practicalities of financial sector governance create tensions between national objectives and local needs. Adding to this mix is the 'rescaling of governance as greater financial and political power is transferred from the central state to the local municipal government' but in a process that is not always contiguous, consistent or predictable (Lai 2006: 2).

Despite this, the broad construction of market institutions and on-going financial innovation has been an obvious feature of Shanghai's rapid financial sector development. This commenced in 1990 with the establishment of the Shanghai Securities Exchange (at that time one of only two in China, the other located in Shenzhen) but under tightly controlled listing, trading and access rules that favoured SOEs. Market participation was restrictive, and onerous trading rules made for thin volumes with little scope for significant capital raising. Beijing responded by creating an 'A' and 'B' share registry in 1991, allowing SOEs and large Chinese enterprise to tap foreign investor capital by issuing 'B' shares (to a maximum of 49 per cent of total issued capital) while preserving Chinese majority ownership and managerial control. These initial efforts, however, did not produce the kind of rapid financial sector development Shanghai municipal elites had hoped for. Beijing's historical xenophobia, concerns about a domestic political backlash and vested interests in the Chinese banking system made for an often cumbersome and incremental approach to marketisation that left in place numerous obstacles to foreign participation in the sector (Meyer 2000). By the end of the decade, Shanghai's appeal as a financial hub thus displayed only modest success, with the city managing to attract 41 major international banks and 119 financial services firms — a mere 30 per cent of the foreign banks then operating in China (Wei 1999; Wu 1999: 207; Meyer 2000; Lai 2006: 9).

After 2001 the pace of reform accelerated. China's entry into the World Trade Organization and an agreed timetable for financial sector liberalisation combined with rapid growth in demand for more financially complex instruments and trading platforms witnessed accelerated liberalisation and market innovation. In quick succession, Beijing rolled out a series of market institutions such as the establishment of a foreign exchange trading centre, an RMB bonds trading centre, an inter-bank loans centre, as well as gold and futures exchanges. As a result, the city's market density was rapidly transformed, with Shanghai enjoying one of the most concentrated periods of growth and new business arrivals in its history. By 2007, for example, the number of financial institutions in the city had swelled to 563, including 105 major foreign banks, while the number of registered firms with foreign capital increased to over 25,000 — up from 3,635 in 1992. Shanghai's contribution to China's national economy also grew, with the city now generating 5 per cent of China's GDP, 8 per cent of the nation's industrial output, and handling 26 per cent of the nation's exports through its ports, while attracting 10 per cent of all foreign direct investment (FDI) into the country (Laurenceson and Tang 2005: 153).[7]

While market density is an obvious feature of Shanghai's financial sector development, the regulatory and institutional environment supporting its maturation is more confused. Regulatory obfuscation and a lack of regulatory transparency and continuity are marked features of the financial sector environment. As Jonathan Anderson, UBS's Chief Asia economist notes, 'we can't think of a single topic that raises more questions, misconceptions and debate than the state of the Chinese banking system' (Anderson 2007). Much of this arises from the rapid rate of development of regulatory systems, where emerging mandates or juridical responsibilities have created institutional stresses, regulatory confusion or, in some instances, regulatory competition. Since 1995, for example, the Central Bank Law has progressively transformed the People's Bank of China (PBOC) from one of three banks in the country's pre-1979 mono-banking system into its central bank. As a result, PBOC has been forced to shed its lending functions other than to commercial banks, restrict its commercial practices to trade in government bonds, and is no longer permitted to issue guarantees other than through directives issued by the State Council. PBOC's new mandate involves oversight of bank capital adequacy ratios, audit and compliance functions, oversight of payment, settlement and clearing systems, as well as determining interest rate policy. At the same time, however, PBOC enjoys only limited autonomy in the discharge of its regulatory mandate compared to its international counterparts. Despite its central bank status, PBOC continues to be directly accountable to the State Council, where regulatory decision making and monetary policy is ultimately determined (Wei 1999: 38). Such a radical re-designation of the bank's role, functions and responsibilities, as well its circumscribed independence, have placed serious stresses on the bank's internal culture and capacities, creating political anomalies in the discharge of its mandate and raised questions about its regulatory effectiveness.

Further regulatory confusion has also arisen with the creation of the China Banking Regulatory Commission (CBRC) established in 2003 (Barth *et al.* 2007). The CBRC is charged with approval authority over new banking institutions, auditing of financial services firms, the formulation of prudential rules and regulations, the development of early warning systems and the detection of risk in the banking sector. The juridical edges where PBOC's mandate ends and CRBC's begins is blurred, creating what one senior executive with an American bank described as 'regulatory black boxes' where 'no one knows what the heck is going on and no one wants to make a decision because they don't know if they have the jurisdiction' (personal interview by author, June 2007). Further, CBRC displays a 'command and control' approach in its regulatory style, where black letter laws are issued regularly, much to the confusion of market participants. In the first three years from its inception in 2003, for example, the CBRC issued no less than 150 rules (Ping 2006), or about one per week, leading one senior executive of a British bank to note that 'it's orchestrated chaos' (personal interview by author, June 2007). Indeed, a recent survey by Price Waterhouse Coopers (Metcalfe 2007: 23) of foreign banks operating in China 'ranked regulatory risk as the greatest threat' they face. As the PWC's report noted, of all the risks ranked, regulatory risk 'almost received the maximum possible score' (Metcalfe 2007: 20).

Much of this regulatory uncertainty reflects competing political interests. Shanghai's elites, for example, generally reflect a modernising impulse and are keen to use liberalisation and greater foreign bank participation as a tool to rapidly transform China's banking system. While similar political forces can be found in Beijing, protectionist sentiments and fears about a loss of control and influence has created a regulatory culture that at times appears antithetical to the sponsorship of Shanghai as a financial centre. In 2006, for example, in revising upwards its foreign equity ceiling on domestic bank ownership to 25 per cent (a maximum of 20 per cent for a single foreign institution), the CBRC simultaneously introduced restrictive foreign incorporation rules, prohibiting non-domestically incorporated banks from taking individual deposits of less than 1 million RMB — effectively cutting them out of the domestic retail banking sector (Garcia-Herrero and Santabarbara 2008: 2, 23). Such developments have reinforced a four-tier banking system that discriminates between domestic banking institutions, locally incorporated wholly owned foreign banks (WOFB), joint venture banks and foreign bank branches. While WOFBs enjoy full domestic access and operate on a similar footing to domestic banks, in practice their branch and ATM networks are restricted by CBRC approvals processes, limiting their commercial discretion. Consequently, as late as 2006 there were only four WOFBs (HSBC, Citibank, Standard Chartered and Hong Kong Bank of East Asia), indicative of the still-restrictive regulatory environment operating in China (Barth *et al.* 2007: 2; Johnston and Parker 2007: 31–3).

Many of these same anomalies are also apparent in the development of the soft-institutional structures, professional and technical networks, clearing and settlement systems as well as the information symmetries emerging around Shanghai's financial sector. Central planning and the introduction of a uniform accounting system adopted from the Soviet model in the 1950s disestablished professional bodies such as accountants, lawyers and actuaries, among others. Consequently, only as recently as 1988 was the Chinese Institute of Certified Public Accounts (CICPA) established; not until 1991 were CPAs certified through a merit-based examination process; and not until 1997 did the 'General Standard on Professional Ethics' for CPAs come into effect (Narayan and Reid 2000: 41–9, 51).[8] However, the degree to which these professional bodies are emerging independently or developing organic capacity is problematic. The CICPA, while ostensibly an independent body, falls under the direct supervision of the Ministry of Finance (MOF) and all its policies must be approved by the MOF. These same strictures are in place for professional bodies in the legal, paralegal and actuarial domains with certification, standards and accreditation systems still overseen by state agencies.

These 'centralising' tendencies cast a long shadow over the emergence and possible growth trajectories of the city's soft-institutional capacities, creating information asymmetries at odds with Shanghai's ambitions to become a global financial centre. Even the flow of financial data and information — the life blood of a financial centre and critical to market functionality — has remained a closely protected commodity, with authorities exerting monopoly control and vetting approval over content. The Xinhau News Agency, for example, the official news agency of the Community Party, has been the sanctioned agency carrying financial data and information into banks, brokerages and other financial intermediaries. External or competitor agencies like Dow Jones, Thompson Reuters and Bloomberg have been frozen out through anti-competitive practices that saw Xinhau act as both regulator over the sector and a commercial actor in the sector (see also Wang *et al.* 2007: 110–2).[9] With the backing of Beijing, Xinhau has used onerous disclosure and compliance standards and various regulatory hurdles to effectively gate foreign operators out of the market, in the process advantaging Xinhau and allowing it to become a price-setter of domestic financial data but, as a consequence, increasing transaction costs for financial sector participants. While such practices are being redressed, they betray a bifurcated rationality that, on the one hand, sees Beijing promote Shanghai as an emerging financial centre but, on the other, belies a continuing legacy to centralise control in ways that are at odds with the emergence of soft-institutional capacities and information symmetries that reduce transaction costs or provide the ability for an intensely networked financial community to emerge.

Singapore

Singapore and Hong Kong enjoy an historical rivalry that can be traced back to their days as *entrepôt* trade hubs and their British colonial status. In many senses, their experiences betray a common history but played out in different geographic and political contexts (Tan and Lim 2004: 1). While Hong Kong's future has reverted back to the PRC via an interim political agreement designed to ensure the former colony some level of autonomy from Beijing, Singapore's fortunes have been entirely its own since its independence in 1965.[10] As Bryant (1985) notes, the fact of Singapore's independence singularly explains its subsequent efforts to generate a financial services sector and propel its growth through financial activity. As a small city state of some 239 square miles, Singapore enjoys none of the natural resources, agricultural capacities, energy or food security of its immediate neighbours. Its economy was and remains entirely dependent on its capacity to generate services and attract capital and investment. Singapore's development has thus been defined by these vulnerabilities.

In the late 1960s the government responded to these vulnerabilities by initiating a series of aggressive development policies, one important component of which concerned the development of financial services as a growth driver in its own right (Bryant 1985: 8). The intent was not simply to grow the domestic banking capacity of the city-state but to 'orient financial institutions in an outward direction, encouraging them to see their role as servicing an international rather than solely a domestic clientele' (*ibid.*). In the late 1960s, Singapore was advantageously placed to do this. A widening war in Vietnam and increased US dollar expenditures made for tight credit conditions and widening spreads between interest rates in the Euro-dollar market and the US dollar. It thus became lucrative for banks to tap existing dollar reserves in the Asia-Pacific region, creating a natural inducement for foreign (especially US) banks to establish in Asia. Under the advice of the then senior Dutch policy advisor to the Singaporean government, A. Wiinsemius, plans were drawn up to tap this trend and host an Asian Dollar Market (ADM). While Hong Kong was viewed as an attractive destination for such a market, the imposition of a 15 per cent withholding tax on interest income from foreign currency deposits and the unwillingness of Hong Kong authorities to remove this created an opportunistic niche for Singapore. Subsequently, Singapore began a process of liberalisation, opening up its financial sector to allow the entry and establishment of foreign banks, the progressive liberalisation of the exchange rate control (fully liberalised in 1978), as well as the establishment of a series of favourable tax incentives designed to pull-in foreign banks and financial service firms (Ng 1998: 1).

Central to these initiatives was the roll out of Singapore's first financial legislation in 1967 and then a full-fledged Banking Act (1970) which set in place the primary architecture on which Singapore's banking system would evolve. This was followed soon afterwards with the enactment of further legislation establishing the Monetary Authority of Singapore (MAS), in essence

Singapore's central bank. Most significant among the first initiatives taken by the Singaporean authorities, however, was the authorisation of separate departments within banks to administer specified international transactions, assets and liabilities. These were denominated as an 'Asian Currency Unit' (ACU), with ACUs permitted to book certain transactions that enjoyed favourable tax and regulatory conditions. Under MAS guidelines, ACUs could deal in any currency denomination except Singapore dollars and could nominate ACU accounting on any transactions stipulated by the MAS, including: flotation, underwriting, buying/selling of shares, bond issues, securities, investment portfolio management, advisory services on mergers and acquisitions, structured finance, lending, discounting of negotiable securities, and issue promissory notes — among other activities (MAS 2009).[11]

The authorisation of ACUs initiated Singapore's offshore banking facility, creating separate accounting entities that discriminated between ACUs and domestic banking units (DBUs) within banks. For Singapore, this had unique advantages, preserving the regulatory and prudential apparatus over domestic banking activities and thus the efficacy of national fiscal and monetary policy while creating facilities that would promote and capture an ADM (Bryant 1985: 10–1; Ng 1998: 4; Khee-Giap *et al.* 2001: 2). More immediately, the adoption of a two-tier banking system allowed Singapore to protect its then nascent banking industry from larger and more sophisticated international competitors, all the time encouraging their location in the city state and the development of its financial centre (Hew 2002: 3).

The first ACU was setup by the Bank of America in 1968 and proved so lucrative that by 1971 half of the existing banks in Singapore had set up ACUs. Indeed, the attraction of the ACU facilities led to an influx of foreign banks in the early 1970s, generating fears that Singapore's domestic economy would soon be 'over banked'. In response, the government and MAS created a new 'restricted bank' license, with operators allowed to engage in the full gambit of banking activities but prohibited from accepting domestic deposits of less than S$250,000 and restricted to one location with no sub-branching rights (Bryant 1985: 14; 1989: 345). The first six restricted bank licenses were issued in 1971, with licensees opening ACU facilities that dominated their balance sheets. The popularity of restricted license banks saw their number double in the space of two years, prompting Singaporean authorities to introduce a third category banking license to cope with the influx of foreign banks. The 'offshore license' enabled licensees to participate in the full gamut of activities approved for ACU activities but with its DBU activities greatly constrained by MAS guidelines. By the mid-1980s Singapore had issued 72 offshore licenses.

As an offshore financial centre, Singapore quickly established an unsurpassed reputation in the region for its efficiency and business friendly environment, attracting European and North American banks in ever greater numbers.

In line with foreign bank arrivals, ACUs expanded rapidly with a total of 160 licenses issued by 1984. More importantly, asset volumes under ACUs enjoyed rapid expansion, growing on average by 22 per cent during the 1980s and accounting for 66.2 per cent of all assets of Singapore's banks by the early 1990s (Hew 2002: 4). As an indicator of the success of Singapore's financial centre, the relative ratio of ACU to DBU assets also expanded, growing from 28 per cent in 1970 to a peak of 596 per cent in 1987, with ACU assets reaching 11 times Singapore's GDP. By the mid-1990s, Singapore had established itself as one of the leading financial centres in Asia, attracting 185 foreign banks and operating the fourth largest foreign exchange market in the world behind London, New York and Tokyo, propelled largely off the back of a highly successful ADM. Policy initiatives in 1983 introducing tax incentives for the establishment of offshore funds management also witnessed Singapore emerge as one of the largest regional centres for wealth management, while allied initiatives to nurture increased financial depth witnessed Singapore emerge as the fifth largest derivatives market and the world's fourth largest currency derivatives financial centre. By the 1990s, rapid economic growth throughout Southeast Asia uniquely situated Singapore, making it a financial platform for European and North American investment into Southeast Asia and, in the process, attracting 5,000 multinational enterprises operating regional treasury and financing operations in the city state (Hew 2002: 5; Tan and Lim 2007). By the turn of the century, the financial services sector was generating fully 13 per cent of Singapore's nominal GDP (up from 6 per cent in 1970), provided the largest value-add of any sector in the economy and was responsible for the largest source of tax revenue (Financial Services Working Group 2002: ii).

Institutional and regulatory contexts of Singapore's development as a financial centre

Bryant (1985, 1989) long ago made the observation of Singapore that it was unlike other countries in terms of its approach to financial sector management and development. The MAS, for example, while the central bank of Singapore and responsible for the conduct of monetary policy, issuance of currency, oversight of payment systems and acting as banker and financial agent for the Government, functions more as an arm of government than a standalone statutory entity. As Bryant (1985: 11) observes, 'monetary and financial policies in Singapore are jointly formulated and coordinated with government budgetary policies and overall strategy for the development of the Singapore economy'. As the peak regulator, MAS is 'effectively controlled by the key political figures in the Singapore government' (Bryant 1985: 11). The MAS board, for example, is drawn heavily from the ranks of cabinet ministers and currently chaired by Senior Minister Goh Chok Tong (former Prime Minister of Singapore), creating direct linkages between cabinet, government policy agendas and the management and operations of MAS.[12] This is in marked contrast to regulatory models developed in other financial centres and reflects Singapore's singular approach to policy development, implementation and coordination; a model that might more appropriately be characterised as 'Singapore Inc.'. Mapping the regulatory and institutional apparatus responsible for financial sector oversight as distinctive organs independent of government is thus inappropriate in the Singapore context; regulatory politics is a whole of government concern and intimately associated with Singapore's image and attractiveness as an investment destination. More obviously, the central importance of Singapore's financial centre to the city state's economic future makes it of central concern to all stratums of government economic planning (see also Tan, Kok Hai (2001)).

The result is a highly technocratic approach to financial sector management and oversight but one that is not always transparent. As one senior banker with a European bank observed, 'when I first came here I could not work it out … they seemed to make decisions behind closed doors and announce outcomes without consultation …. now I understand that they do consult but through soundings … not directly. It's very indirect here unlike in Europe' (personal interview by author, June 2008). Another senior executive with a different European financial institution opined that in Singapore it is 'not about transparency it's about not speaking and making a statement that might not be government policy … so you tend to get a lot of deferment up the chain … they are really concerned not to send out conflicting signals' (personal interview by author, May 2008). This has created a singular unity between government policy and the objectives of the regulator, with one Swiss banking executive observing that it is simple here 'because there is no confusion between what the regulator wants and what politicians want… it's a very efficient system' (personal interview by author, May 2008).

This same 'singular unity' infuses into the institutional fabric of commercial practices and norms supporting Singapore's financial centre. While an extensive series of professional networks has emerged in Singapore, the sense in which they work independently of government or at variance to government is a moot point. The boundaries that divide government from civil society are blurred, given the historical importance of the state to Singapore's economic development. Professional bodies and networks in the financial services sector thus tend to look to government for indicative referents by which to inform their practices and commercial norms. This creates a kind of formalism or culture of legalism that frames commercial practices in the financial services sector. Interviews with foreign bank executives in Singapore, for example, commonly highlighted a propensity to administrative formalism compared to a more intensely networked atmosphere in Hong Kong that draws upon trust relationships among professional networks. As one executive with a European Bank observed, 'when I worked in Hong Kong the atmosphere was more intense … here [in Singapore] it's more cliquish and not easy to connect with information … here [in Singapore] the government drives things but … in Hong Kong the place is driven by the commercial guys … (personal interview by author, May 2008).

III: Race for the money: contest and competition among Asia's financial centres

The changing nature of Asia's economic landscape is perhaps most dramatically felt in the flows of fast-moving money sweeping among Asian capitals. From the mid-1960s through the early 1990s, Japan dominated Asia's financial landscape, controlling upwards of 23 per cent of global financial assets — the second largest in the world behind the United States. In more recent years, however, Japan's importance has diminished. While remaining the third largest financial market in the world after the United States and the Eurozone economies, its relative importance in Asia is in virtual free-fall. By 2007, for example, Japan's share of global financial assets had declined to just 12 per cent, while its financial market assets of 19.5 trillion USD are now almost equalled in the rest of Asia at 18.8 trillion USD (Farrell *et al.* 2008: 13, 21).[13] Similarly, between 1990 and 2006 the intensity and depth of Japan's financial connections to the region and the rest of the world stagnated while the rest of Asia enjoyed deepening financial linkages. Singapore, Hong Kong and Taiwan, for example, 'now have larger cross-border investments with China and other emerging economies than does Japan', and where Tokyo managed to attract just four overseas listings on its stock exchange between 2004 and 2007, Singapore by contrast attracted 40 (Tucker 2007; Farrell *et al.* 2008: 62). As Farrell observes, while Asia has enjoyed increasing financial linkages, Japan has essentially been 'shut out of Asia's financial integration — in part reflecting the fact that Tokyo's financial might is almost entirely domestically focused; its debt markets driven by government securities and its equity markets semi-protected by onerous regulatory measures' (Farrell *et al.* 2008; see also Kawai 2008).

The erosion of Japan's regional financial hegemony signals an intensifying race to become Asia's next great financial centre. More obviously, it also underscores a series of competitive parameters that both validate much of the existing theoretical literature while also highlighting its limitations. Place and space, for example, continue to cast a long shadow as mechanisms that engender financial clustering and determine its spatial distribution. Shanghai's re-emergence as China's preeminent trade hub, for instance, has been one of the primary catalysts driving growth in the city's financial services sector. Not only does Shanghai benefit from its strategic position on the Yangtze River Delta, but since the early 1990s it has been the chief beneficiary of State Council initiatives to integrate the region economically and promote the greater Yangtze Delta as the primary growth driver of the Chinese economy. The Yangtze regional economic integration plan commenced in 2004, for example, is designed to create a 16-city metropolis centred around Shanghai, integrating the eight cities towards the northwest of Shanghai in Jiangsu Province (Nanjing, Suzhou, Wuxim Chanhzhou, Zhenjiang, Yangzhou, Taizhou, and Nantong) and the seven cities to the south in Zhejiang Province (Hangzhou, Ningbo, Jiaxing, Huzhou, Shaoxing, Taizhou and Zhoushan) through the eradication of trade barriers and the development of an integrated transportation network (Xinzhen 2009b: 34). By 2012, a high-speed expressway, inter-city bus and train network will provide a 'three-hour metropolitan circle with Shanghai as the core city', effectively turning Shanghai into the transportation epicentre of a region servicing over 80 million people, generating 19 per cent of the country's GDP, 25 per cent of the nation's fiscal revenue and 37 per cent of the nation's total exports (Xinzhen 2009a: 32).

Clearly, Shanghai's re-emergence as a regional trade and transportation hub is a major impetus to financial clustering, with growth in the financial services sector strongly aligned with growth in trade volumes, manufacturing and related commercial activities in the Yangtze River Delta region. While other countries have tried to launch their own financial centres (Labuan in Malaysia; Bangkok International Finance Faculty, Thailand) the evidence of success in the absence of being located on or at the intersection of a major trade route, provides a telling lesson.[14] All three financial centres analysed here, for example, occupy a geographically strategic niche at the cross-roads of major trade routes; each services a large economic hinterland and each acts as a bespoke transportation hub to the region and beyond. The clustering of financial services around such hubs, from maritime and logistical services, insurance, brokerage firms, clearing and settlement houses, banks, foreign currency exchange, accounting and other merchant support services, is thus intimately related to growth in trade, exports and manufacturing activity. It is thus no coincidence that as global trade has increased and East-West and intra-Asian trade deepened over the last 30 years or so, the region's major trade hubs — Hong Kong, Singapore and Shanghai — have likewise also emerged as leading financial centres.

Yet it would be inappropriate to dismiss the emergence of these centres as purely an accident of economic geography. Place and space might be necessary conditions but by themselves they are not sufficient for the emergence or retention of financial clustering. Despite the continuing legacy of Japan's trade hub status and its financial size, its declining status as an IFC relates as much to the nature of its policy environment and the institutional architecture facilitating external linkages and commercial practices as it does the rise of competitor centres and a transforming regional economic geography. It is interesting to observe, for example, the high correlation identified in the 'World City Relational Data' and the distribution of Asia's IFCs.[15] In virtually each of the indices (Global Network Services Connectivity; The Relative Centrality of Cities Based upon Air Passenger Travel (1977–1997); World Cities and Global Firms; International Tourism Arrivals (2007); among others), the distribution, size and changing relative hierarchies between Tokyo, Singapore, Hong Kong and Shanghai display a common unity — indicative of the changing depth of regional and global linkages of all types that these cities display. In other words, as the degree of external linkages has increased and various restrictive measures limiting engagement have been eased, the hierarchal distribution of Singapore, Hong Kong and Shanghai as IFCs has been positively impacted. The lesson is obvious: financial sector, trade and commercial liberalisation and deliberative policy that deepens regional–global economic linkages is highly positively correlated to financial sector development and financial clustering. Geography thus remains important, but absent a policy framework that encourages cross-border financial transactions, the opportunities for intermediation of regional and global capital flows are ultimately diminished.

Blunter data suggesting a similar conclusion can also be inferred from global indices measuring, for example, globalisation. The 'A.T. Kearny/ Foreign Policy Globalization Index' (2006) analyses 16 separate measures indicative of external linkages and the degree of openness to FDI, trade, technological engagement and economic integration. Again, perhaps not surprisingly, Singapore ranks first, Japan 28th and China 51st. While Hong Kong SAR is not ranked independently, similar indices measuring openness such as the 'Index of Economic Freedom', ranks Hong Kong first and Singapore second, while Japan is ranked 19th and China 132nd (Heritage Foundation 2009). Likewise, indices produced by the World Bank analysing the ease of doing business such as start-up business and compliance requirements, credit availability, trade barriers and employment restrictions, similarly rank Hong Kong and Singapore in the top ten best-performing countries while Japan and China perform less well.[16]

The point, of course, is not to highlight the merits of such indices or the rankings produced, but to suggest that the metrics used focus on important enabling policies, capacities, institutional and regulatory arrangements that are central to financial clustering and increasing financial density. More generally, it speaks to a convergence in those attributes and characteristics identified in the world cities and endowed capacities literatures; specifically, the panoply of environmental factors from infrastructure (telecommunications, air links and transportation, etc.), the regulatory environment, availability and sophistication of human resources, depth of information symmetries, intensity of professional, social and financial networks, and the role of market and commercial norms in reducing transaction costs, as critical attributes for the success of financial centres. Further, it highlights an obvious correlation: those places that display the greatest depth and sophistication of soft-institutional attributes and capacities also tend to be the most open, interconnected and globally-regionally networked cities.

In Asia, where greater flux, rapidly changing economic geographies and where financial and commercial linkages are not as historically ingrained, this probably suggests a greater sensitivity in the region's financial centres to competitive changes in these endowed capacities. Indeed, this conclusion seems to be born out in interviews with various executives in financial services firms in Hong Kong, Singapore and Shanghai. Interview questions that asked participants about what they perceived to be the advantages of locating financial services firms in their current domiciles were frequently answered by reference to endowed capacities, including air transport links (Hong Kong, Singapore), language and communication issues (Singapore and Hong Kong), quality of infrastructure (Singapore and Hong Kong), rule of law and political stability (Hong Kong and Singapore), as well as instrumental factors like financial capacity and depth of financial markets (Hong Kong and Singapore). As one UBS commodities trader noted on moving UBS regional headquarters to Singapore from Hong Kong, 'transparent laws, geographical location, efficiency in shipping and its global view give Singapore an edge over countries such as Japan, which can be rather introspective' (as quoted in Huiwen 2008). By contrast, interview respondents in Shanghai frequently made reference to the absence of many of these endowed capacities, noting instead the growth potential of Shanghai as a regional financial hub, emerging capacities, improving infrastructure and increasing financial depth. Such responses confirm previous studies (see Tschoegl 2000: 12–4) and the implicit role such factors play in the location decisions of financial services firms, finance professionals and thus the prospects for financial clustering (see also Beaverstock 2002).

These are important observations since they suggest that the contours of the current competition to become Asia's next great financial centre will rest predominantly in changes to the endowed capacities each of these centres display — and the degree to which they are able to sustain dynamic and innovative renewal of these capacities. These observations also suggest the magnitude of the difficulties involved in fostering the development of such capacities and the dexterity required through policy coordination to sustain them. Despite its methodical state-based policy and planning apparatus, for example, Japan's policy elite have stumbled, seriously compromising the future of Tokyo's financial status. In South Korea, where the role of the state in directing development has historically enjoyed high rates of success, attempts to nurture openness and develop Seoul into a regional financial hub have stalled. And in Thailand, the experiments of the Bangkok International Financial Facility in the 1990s demonstrate the dangers of poorly sequenced and poorly managed policy in an impaired policy environment.[17] For Hong Kong, Singapore and Shanghai, this points to a first mover advantage and increasing barriers of entry for prospective new participants to the contest. Yet it in no way guarantees the continuing success of these centres or marks an end to the contest. As Sagaram and Wickramanayake (2005) note:

> The importance of financial centers in the Asia-Pacific is likely to continue … However, it is not easy to predict which specific factors will emerge as crucial for each center, nor indeed which specific center will emerge in a leading position. This will depend not only on the static comparative advantage of the different cities but also the dynamic competitive advantages created by their policies and strategies. Incumbents (such as Australia, Hong Kong, Japan and Singapore) will always have their own comparative advantage, but no lead is totally unassailable, as London found to its dismay in 1998 when — in the space of just a few months — Frankfurt snatched away the trade of German Bund futures. (Sagaram and Wickramanayake 2005: 21)

Likely trajectories: Shanghai, Hong Kong and Singapore

These observations provide a means of assessing the likely outcomes of the competition between Shanghai, Hong Kong and Singapore to become Asia's next great financial centre. If policy dexterity, innovativeness, adeptness and the ability to respond quickly and with whole of government approaches are leading measures for financial centre growth, then Shanghai will likely prove the laggard. Ironically, this will be through no fault of Shanghai or the municipal leadership but through the inability of Shanghai to control its own destiny. Beijing remains a major obstacle to Shanghai's desire to liberalise its financial services sector and implement policies aimed at speeding up the process of financial clustering and increasing financial density. Much of this derives from a cumbersome, opaque and inherently slow policy-making process in Beijing, where a historically cautious and conservative culture among the senior party leadership and State Council make it difficult to get clear policy signals and directives on which to base policy development or set policy agendas. In the absence of definitive policy directives, Shanghai's municipal government can only wait, watch and anticipate when next Beijing will announce new initiatives, all the time scrambling to measure the consequences of these for its financial services sector.

Perhaps of more concern for Shanghai, however, is the fact that Beijing may not have made up its mind about what to do with Shanghai. To be sure, many of the signals that emanate from Beijing send assurances that Shanghai is the chosen city to become China's window to the world. As Liu Tienan, Vice Minister of the powerful National Development and Reform Commission (NDRC — China's preeminent policy planning apparatus with direct input into State Council) noted recently, 'Shanghai is the most qualified metropolitan city on the Chinese mainland to pursue the ambition of building international shipping and financial centres' (as quoted in Xinzhen 2009a: 32). But the debate is not settled. Beijing itself has ambitions to develop its already extensive financial sector, leveraging off the presence of leading national and international banks as well as a sizeable number of multinational enterprises. Guo Jinlong, Beijing's all powerful mayor, for example, has at various times promoted Beijing as China's natural financial capital, going so far in November 2008 as to participate and host a general assembly on energy and finance convened in Beijing that spoke of developing Beijing into an IFC.[18] Importantly, as Mayor of Beijing, Guo Jinlong occupies a strategic position which, along with Beijing's Municipal Committee Secretary, exerts considerable influence in China's all powerful elite ruling body, the Politburo. It might thus be premature to assume that support for Shanghai to develop its financial centre will always be contiguous and forthcoming, or that Beijing will adjure to a 'single city' national plan centred on Shanghai as China's primary financial capital — Beijing could change its mind or simply vacillate, leaving Shanghai in the unenviable position of being a financial vicariate of Beijing.

Indeed, there are reasons to suppose this conclusion might gain poignancy. Immediately to the southeast of Beijing, for example, Tianjin has also been promoted by Beijing as a future financial centre. Like Shanghai, Tianjin is the only other municipality to have been afforded preferential treatment and favourable funding policies, indicative of Beijing's support to see the municipality develop its financial services sector. The Binhai District of Tianjin, for example, was the first to be granted dispensation by the State Administration of Foreign Exchange to engage in direct investment in overseas securities. Similarly, the China Insurance Regulatory Commission has allowed the district to engage in self-directed insurance reform and liberalisation while State Council approved Tianjin's Port as China's largest free port (China Stakes 2008).

All this points to a vexed and contradictory series of policy signals that could seriously hinder Shanghai's latitude to develop those capacities necessary for its financial sector. While Hong Kong and Singapore enjoy autonomous governance and can engineer whole of government responses to position their financial centres competitively, Shanghai struggles for autonomy and remains far from the seat of government and decision making. Where Hong Kong and

Singapore can rely on the HKMA and the MAS, who act as both regulatory bodies and protectors of their respective financial centres, Shanghai is forced to rely on the planning, oversight and regulatory capacity of the PBOC and the CBRC, who operate outside of Shanghai's political orbit and maintain only regional offices in the city and who are charged with national regulatory and financial sector oversight, compliance and enforcement and not, as such, with the promotion of Shanghai's financial services sector. As Wang *et al*. (2007: 116) notes, while observers bemoan the problems that Beijing creates through intervention in China's financial system, 'ironically, it is exactly the intervention itself that solidifies Beijing's financial competence' and provides the city with a highly competitive edge over Shanghai. Beijing's agential power over all facets of China's financial system thus makes the city structurally important, pulling in national and international financial services firms whose location in Beijing reflects their attempts to manage and reduce asymmetrical information barriers by locating at the epicentre of decision making — with Beijing hosting the largest share of representative offices of foreign financial institutions in China (44 per cent) while Shanghai accounts for only 25 per cent (Wang *et al*. 2007: 114). Ironically, then, it is foreigners who probably have greater confidence in the assumption that Shanghai will be China's next IFC than do the Chinese or residents of Shanghai themselves.

As always, however, the signals out of Beijing continue to make for a complex environment. The announcement by Beijing on 12 May, 2009, for example, that it would allow foreign companies to list on the Shanghai stock exchange reaffirms Beijing's support for Shanghai and raises the spectre of Shanghai commencing international listings and IPOs (initial public offerings) in direct competition with Hong Kong.[19] For Hong Kong, this points to a longer term danger that threatens its viability as one of Asia's premier IFCs. Hong Kong currently acts as the Mainland's preferred bourse for listing large numbers of Mainland enterprises (H shares). Indeed, Hong Kong has become increasingly reliant on its H share listings, in part reflecting its declining role in cross-border banking intermediation between Asia and the rest of the world and its increasingly role as an intermediator of FDI and portfolio investment into Mainland China. The HKEx, for example, now hosts some 141 H listings compared to only eight international (non-Mainland) listings (Cheung and Yeung 2007: 28; Leung and Unteroberdoerster 2008: 9).

Hong Kong's current competitive advantage, however, is inversely related to the immaturity, lack of depth of debt markets, perceived political instability and the political risk associated with Beijing's interventionism into the financial markets in the Mainland. If, as has been announced, Beijing moves to aggressively promote international listings on the Mainland in the Shanghai Stock Exchange, the arbitrage Hong Kong has traditionally enjoyed will begin to erode. The longer term fear for Hong Kong thus resides in it losing its current status as China's financial window to the world, as investors engage directly with Mainland financial centres. Indeed, it is these fears that likely prompted Hong Kong's recently announced transparency initiatives that aim to increase the frequency of reporting and disclosure practices of listed companies on the HKSx. These aim to align more closely the regulatory practices of Hong Kong with major bourses in the United States and Europe, creating regulatory synergies designed to facilitate increased overseas listings on the HKSE and, at the same time, lessen its reliance on H share listings (Global Financial Centers Index 5 2009:17).

The extent to which Hong Kong's fears will be realised in the short term, however, are problematic. Hong Kong's financial depth, intensive social and professional networks and the sheer depth of its soft-institutional structures, creates comparative advantages that will likely linger for another generation. Despite rapidly developing institutions and regulatory systems and vast improvements in the capacity of agencies like the PBOC and CRBC in recent years, Shanghai lags well behind its southern counterpart. This may have been one of the reasons behind Beijing indicating its preference for Hong Kong to develop its offshore yuan business — the only place outside of the Mainland permitted to do so (Huang 2009). Whatever its intentions towards Shanghai, Beijing is equally aware of its limited albeit growing capacities. Hong Kong will thus continue to benefit from this for the foreseeable future; indeed it will likely prosper because of its financial capacity to aid China's immersion into global financial networks. As in the past, Hong Kong's continued fortunes will thus lie inextricably with the Mainland's, but only insofar as Hong Kong manages to steer a fine line between servicing the financial needs of the Mainland while preserving its ability to define its own policy environment and pursue discretionary policies that competitively advantage its financial services sector.

Singapore, by contrast, faces a series of more diffuse issues. Historically, its role as a 'safety box' centre for capital in Southeast Asia has provided the city state with its comparative advantage and its engine of growth. For Singapore the trick lies in maintaining this but in an environment where 'safe box' banking will come under increasing scrutiny. At the G20 Summit in London in 2009, for example, the OECD placed Singapore on its 'grey list' of states that 'are committed to the international OECD standard on sharing information on taxes but not yet substantially implementing it' (OECD 2009; see also Vlcek 2009). The move prompted Singapore to announce in May 2009 its intention to amend laws relating to its financial centre in order to meet OECD transparency and disclosure standards. Yet, in doing so, the regulatory arbitrage Singapore has enjoyed in its push to become the 'little Switzerland of Asia' and a centre of wealth management, will likely erode. Singapore will thus have to look elsewhere to sustain growth drivers in its financial services sector and in a sub-region where growth is robust but otherwise dwarfed by the intensity of financial activity occurring in Northeast Asia. All this points to a series of larger systemic problems facing Singapore and how to intermediate capital that increasingly will be drawn not to Southeast Asia but to China.

While the 'safety box' appeal of Singapore will of course remain in a region that still faces political uncertainties (especially for its Chinese diaspora in Indonesia, Malaysia and Thailand), sustained growth in its financial services sector will need to come from alternative specialisations. Rather, the city state's role in debt raising, insurance, attracting overseas listings to its stock exchange, and banking intermediation between Asia and the rest of the world, will need to be deepened but in ways that go beyond relying on organic growth in the global economy. The problem for Singapore lies in how to do this, especially in an environment which, as Maurice Tse notes, lacks a 'traditional free market culture' unlike Hong Kong and thus reduces 'the scope for financial and economic innovation in Singapore' (Tse 2006: 1). While Singapore's debt markets have grown impressively, for example, less impressive has been its ability to develop and innovate financial products and to originate financial instruments (Farrell *et al.* 2008: 66). Yet, it is precisely in this domain where growth in Singapore's financial centre will need to come if its longer term viability and relevance to a fast changing region is to remain. For Singapore, as for Hong Kong, adroit policy that nurtures such an environment will prove critical in the race to dominate Asia's financial landscape.

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Notes

1 As a general disclaimer, it is worth quoting a recent IMF working paper by Leung and Unteroberdoerster (2008) regarding the metrics for ranking international financial centres. Leung and Unteroberdoerster observe, 'There does not appear to be a universally accepted definition of the term "international financial centre". Nor is there a unique framework of quantitative measures that would document their activities and relative performance' (Leung and Unteroberdoerster 2008: 3).

2 Evidence of how lucrative East-West trade was for Hong Kong is revealed by the fact that from 1879 to 1884, the number of large Chinese trading businesses grew from slightly fewer than 200 to more than 400 while the number of small trading firms grew from fewer than 300 to 2,400 (Johnson 2000: 140-1).

3 As Catherine Schenk notes, the free exchange market offered by Hong Kong in an otherwise controlled international exchange rate regime allowed Hong Kong to generate tremendous wealth through foreign exchange arbitrage. 'Residents of Europe and North America used Hong

Kong to buy Sterling cheaply at discounted rates to that of the officially pegged rates and thus settle their debts to UK residents' (Schenk, 2002: 333). Likewise, foreigners managed to 'convert their currency into HK$' and then to convert 'HK$ to Sterling or USD on the free market'. The people's Republic of China (PRC) also used the free exchange market in Hong Kong as a means of satisfying its exchange needs for Sterling and its limited trading exchange relations (Ghose 1987: 22–31).

4 Interviews were conducted in-field in Hong Kong in October 2007 and between 18 June and 26 June, 2008 and by phone with regulatory officials and private sector financial services firms in Hong Kong and Shanghai at various times between June 2007 to October 2008. Interviews with financial service firms in Singapore were conducted over the course of 2007 and between 15 April and 25 July, 2008. A total of 14 interviews were conducted. Where the identities of interviewees are not revealed, this is at the request of the interviewees. Interviewees generally requested their identities to be concealed along with the identity of their organization. Most nominated concerns about 'offending' regulators, 'breaching confidences', or upsetting 'trusted relationships' with regulators and or contacts in regulatory agencies as the reason for concealing their identity. Many were also concerned that should interviews not be 'off the record' they would be unable to talk without gaining permission from their legal affairs department. Their requests have been respected.

5 By contrast as Karen Lai observes, 'In its pre-1949 glory days, Shanghai boasted the most sophisticated urban amenities and cosmopolitan reputation outside of Tokyo' (Lai 2006: 3).

6 The three other zones of the Pudong New Area consist of the Jinqiao Export Processing Zone; Waigaoqiao Free Trade Zone and the Zhangjiang High Tech Park.

7 See Shanghai Statistical Yearbook (2007) available at http://www.stats-sh.gov.cn/2004shtj/tjnj/tjnj2007e.htm (15 January, 2009); Shanghai Statistics available at http://www.stats-sh.gov.cn (12 February, 2009).

8 Prior to 1991, accounts were certified via peer evaluation based upon work experience and other localised practices that varied greatly from region to region (Narayan and Reid 2000: 41–9).

9 Until May 2009, all foreign financial data firms were required to work through a Chinese agent and disclose commercial information to Chinese authorities, in practice the Xinhua News Agency who acted as the regulator of news and information services in China. Under pressure from the WTO and complaints lodged by the United States, the European Union and Canada, Beijing agreed in February 2009 to establish an independent regulator (the State Council Information Office, or SCIO). Under the new guidelines, foreign commercial providers of financial information will be required to apply to the SCIO for permission to operate. The SCIO have discretionary authority in the issuance of licenses and their cancellation. No guidelines have been issued concerning the requirements for licensees, cancellation, or rights of appeal. See *South China Morning Post* (2009).

10 Singapore achieved independence from Britain in 1963 and merged with Malaya, Sabah and Sarawak to form Malaysia. Within two years, however, Singapore seceded from the federation and became an independent republic on 9 August, 1965.

11 DBUs deal predominantly in loans and deposits denominated in Singapore dollars. They are subject to more stringent guidelines, including strict liquidity and reserve requirements and higher rates of tax compared to ACUs. While ACUs are regulated by the MAS and subject to MAS oversight, they are exempted from several provisions of the Banking Act (1970), including reserve and liquidity requirements. ACUs also enjoy a concessional tax rate on transactions (Hew 2002: 4).

12 The current composition of MAS's management board, for example, is comprised of Mr. Goh Chok Tong (Chairman), Senior Minister; Mr. Lim Hng Kiang (Deputy Chairman), Minister for Trade and Industry; Mr. Heng Swee Keat, Managing Director, MAS; Professor Walter Woon, Attorney-General, Attorney-General's Chambers; Mr. Koh Yong Guan, Chairman, Central

Provident Fund Board; Mr. Tharman Shanmugaratnam, Minister for Finance; Mr. Teo Ming Kian, Permanent Secretary, Ministry of Finance; Mr. Lucien Wong Yuen Kuai, Managing Partner, Allen and Gledhill; Mr. Lim Chee Onn Executive Chairman, Keppel Corporation Limited (MAS web page).

13 The most recent 'Global Financial Centers Index 5' (2009) had Tokyo's position as an international financial centre falling by eight positions to rank 15th in the world. The indices measure attributes such as the business environment, human resource availability and capacity, regulatory and compliance requirements, market access, infrastructure provision and competitiveness (Global Financial Centers Index 5 2009).

14 Labuan (Labuan International Business and Financial Center) was established in 1996 and originally championed by the Malaysian authorities as an international financial centre. In recent years, however, it has emerged as a 'booking centre' (see Tschoegl 2000:5) for a wide range of financial products including investment banking services, funds management, investment holding, insurance, fund management, trustee holdings, Islamic finance and company management. Despite the intentions of the Malaysian authorities, Labuan has not been able to emerge beyond its 'booking centre' status and grow into a fully functional international financial centre (see Jarvis 2004). Indeed, this may reflect Labuan's increasing reliance on booking business as the mainstay of its revenues — an outcome that has not escaped examination by international agencies because of the transparency and probity of the business booked through Labuan. Recent assessments by the IMF, for example, have highlighted needs for Labuan and the Labuan Offshore Financial Services Authority (LOSA) to increase transparency, corporate governance standards, as well as revise standards associated with its supervisory practices (IMF 2004: 18−21).

15 See World City Relational Data (1997-2001), available at http://www.lboro.ac.uk/gawc/data.html (2 April, 2008).

16 See World Bank, Doing Business (2009), available at http://www.doingbusiness.org (23 March, 2009). Other indices of openness produced by the World Economic Forum also place Singapore and Hong Kong in the top performing ranks for competitiveness, with Japan and China placing lower. See the World Economic Forum (2009). Rankings produced specifically on the competitiveness, stability and openness of international financial centres, such as the Global Financial Centers Index 5 (2009), rank Singapore third and Hong Kong fourth behind London (first) and New York (second). See also the discussion in Richard Common (2001).

17 States as diverse as Thailand, Malaysia, Korea (ROK), Australia, Taiwan and Indonesia, for example, have all set their sights on becoming a leading financial centre in the Asia Pacific. See, for example, 'Taiwan Sets Sights to Become Financial Centre', *The China Post*, May 20, 2008, available at http://www.chinapost.com.tw/business/asia/%20taiwan/2008/05/20/157258/Taiwan-sets.htm; or 'Indonesia to Become Major Shariah Financial Centre: President', *Europe News*, March 2, 2009, available at http://europenews.dk/en/node/20497.

18 See http://tipcare.cn/_d269216179.htm.

19 BBC World News, May 12, 2009. The timing and precise details about the instigation of overseas listings on the Shanghai Stock Exchange have not been clarified at the time of writing.

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