THE UNIVERSITY OF HONG KONG
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&
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"Enhancing Hong Kong's Future as a Leading International Financial Centre"

Public Seminar

Investment banking and financial centres since the global financial crisis

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2:30 - 4:00 pm
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The University of Hong Kong

Investment banks were at the epicentre of the global financial crisis that erupted in 2008. Our analysis reveals that since then the industry has experienced a major and probably irreversible contraction, accompanied by falling institutional and geographical concentration. Large banks have suffered the largest losses, and Asian banks, with Japanese and Chinese banks in the lead, have capitalised on the growth of Asian capital markets. With direct access to the largest market in the world, US banks remain dominant globally, but their shares have declined. This transformation unleashed by the global financial crisis should have positive implications for financial stability, competition, and distribution of power.

New York and London continue to dominate as centres of investment banking, with Tokyo rising to the 3rd position. Zurich and Frankfurt, among top five centres in 2007, have been replaced by Toronto and Paris. Banks seem to conduct their business increasingly out of their headquarters rather than foreign subsidiaries, thus strengthening the relationships between the performance of financial centres and their locally headquartered banks. This might explain the relatively poor performance of Hong Kong and Singapore, lacking headquarters of large banks. Foreign banks, particularly those from continental Europe, have downsized their activities in London, reversing the historical Wimbledon effect. Access to EU customers, however, remains crucial for London-based banks, highlighting the uncertainty over Brexit.

Dariusz Wójcik is Professor of Economic Geography at the School of Geography and the Environment, Oxford University, and Fellow of St. Peter's College Oxford. He is also Visiting Professor at Beijing Normal University and in the past held visiting positions at the National University of Singapore and University of Sydney Business School. His research focuses on economic geography, finance, and corporate governance. His book *The Global Stock Market* (Oxford 2011) explores the role of stock markets in the world economy. His book co-authored with Gordon L. Clark *The Geography of Finance* (Oxford 2007) documents the emerging global market for corporate governance. He has published over 50 academic articles, and serves on the editorial board of *Economic Geography* and *Journal of Economic Geography*. His research has been reported in *The Financial Times*, *The Sunday Times*, *The Financial News*, *Fortune* and the *BBC World Service*. At present he is co-leading a project on *Enhancing Hong Kong's Future as a Leading International Financial Centre* funded by the Research Grants Council Hong Kong, holds a European Research Council Consolidator Grant of EUR1,940,000 for a 5-year project entitled 'Cities in Global Financial Networks: Financial and Business Services and Development in the 21st Century', and an Australian Research Council Discovery Project grant on *Australia in Global Production and Financial Networks*. He is the co-editor of the forthcoming *New Oxford Handbook of Economic Geography*, and Chair of the *Global Network on Financial Geography* (https://www.facebook.com/fingeonet, @fingeonet).