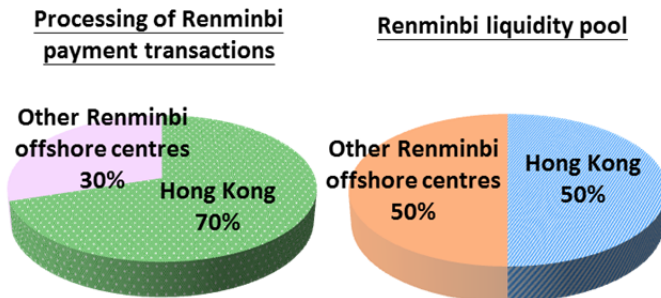


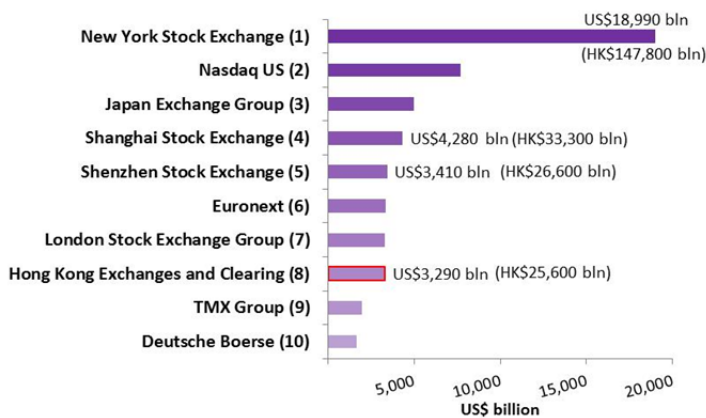


## Hong Kong as an international financial centre

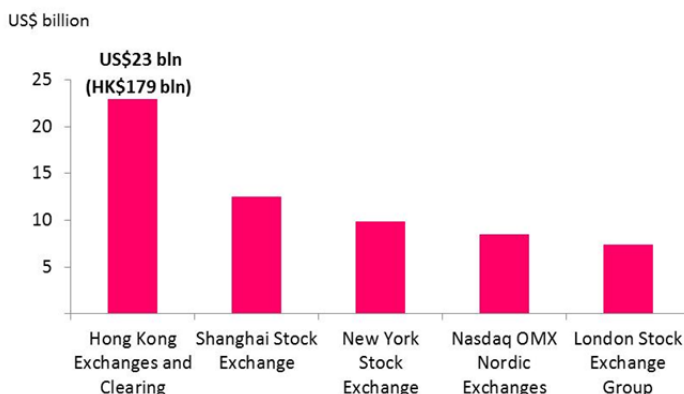
**Figure 1 – Global share of Hong Kong in offshore Renminbi business**



**Figure 2 – Market capitalization of shares listed on the world's top exchanges (as at end-November 2016)**



**Figure 3 – Funds raised through initial public offering in 2016 (January to November)**

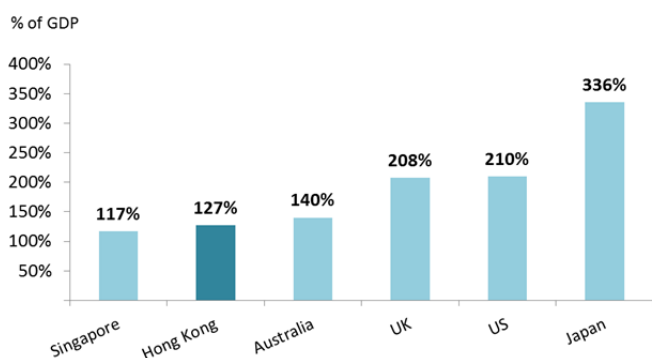


## Highlights

- Hong Kong is the fourth leading global financial centre in the world after London, New York and Singapore featuring a strong banking sector and active equity capital market.
- In the banking sector, Hong Kong has one of the highest concentrations of banking institutions in the world. They come from 36 countries and include about 74 out of the world's largest 100 banks.
- Hong Kong has also established itself as a global hub for offshore Renminbi ("Rmb") business, processing some 70% of the world's Rmb payment transactions in the first three quarters of 2016 (**Figure 1**). It also had the world's largest offshore Rmb liquidity pool which amounted to Rmb 824 billion (HK\$977 billion) as at end-May 2016, representing about 50% of global offshore Rmb liquidity pool.
- As to the equity capital market, Hong Kong has a large stock market with its market capitalization being about 10 times higher than Gross Domestic Product ("GDP"). The market size was the eighth largest in the world as at end-November 2016 (**Figure 2**). Yet, Hong Kong has been outcompeted by Shanghai and Shenzhen in recent years to become the fourth largest stock market in Asia.
- Nevertheless, Hong Kong remains the world's most active market for raising initial public offering funds. In the first 11 months of 2016, it raised a total of HK\$179 billion which was visibly higher than that of other competing financial centres (**Figure 3**).

## Hong Kong as an international financial centre (cont'd)

**Figure 4 – Outstanding amount of domestic and international debt securities as % of GDP\***



\* Based on the outstanding amount of debt securities as at the second quarter of 2016 and GDP in 2015.

**Figure 5 – BIS<sup>#</sup>'s triennial global survey on global ranking in foreign exchange<sup>^</sup>**

	2001	2004	2007	2010	2013	2016
1	UK (31.8%)	UK (32.0%)	UK (34.6%)	UK (36.8%)	UK (40.8%)	UK (37.1%)
2	US (16.0%)	US (19.1%)	US (17.4%)	US (17.9%)	US (18.9%)	US (19.4%)
3	Japan (9.0%)	Japan (8.0%)	CH (5.9%)	Japan (6.2%)	SG (5.7%)	SG (7.9%)
4	SG (6.1%)	SG (5.1%)	Japan (5.8%)	SG (5.3%)	Japan (5.6%)	<b>HK (6.7%)</b>
5	Germany (5.4%)	Germany (4.6%)	SG (5.6%)	CH (4.9%)	<b>HK (4.1%)</b>	Japan (6.1%)
6	CH (4.5%)	AU (4.1%) <b>HK (4.1%)</b>	<b>HK (4.2%)</b>	<b>HK (4.7%)</b>	CH (3.2%)	CH (2.4%)

<sup>#</sup> BIS = Bank for International Settlement

<sup>^</sup> % in the bracket refers to the global share of average daily turnover.

\* AU stands for Australia, CH for Switzerland, and SG for Singapore.

**Figure 6 – Employment in financial services sector**



### Highlights

- Hong Kong's debt market is smaller than that in other places like the United States ("US"), the United Kingdom ("UK") and Japan, as reflected by its relatively lower debt securities to GDP ratio (**Figure 4**). This slower development reflects, among others, Hong Kong's sound fiscal position and the lack of the need to finance the public expenditures by issuing government bonds. Also contributing is enterprises' tendency to seek financing from banks or equity market. Yet, having a healthy and mature bond market is important to strengthening Hong Kong's position as an international financial centre. Its development will complement the equity market and banking system as an alternative financing channel for enterprises.
- On foreign exchange, Hong Kong has advanced one place from the fifth in 2013 to the fourth largest in 2016 (**Figure 5**). However, Singapore still fared better than Hong Kong and remained the largest foreign exchange hub in Asia in 2016. However, the differences between the two have narrowed in recent years.
- At present, financial services sector is still the second largest pillar industry in Hong Kong, contributing almost 17% to GDP in 2014. However, the sector has exhibited signs of slowdown in recent years, with its real growth moderating from a high of 134% in 2001-2007 to 17% in 2008-2014.
- To maintain its role as an international financial centre, it is important for Hong Kong to further nourish human capital in the financial services sector. Its counterpart Singapore has been gradually catching up with Hong Kong with some 200 000 people employed in the financial services sector (**Figure 6**). To stay competitive, Hong Kong will need to make more efforts to strengthen and retain the talent pool in the financial services sector.

Data sources: Latest figures from the Hong Kong Exchanges and Clearing, Hong Kong Monetary Authority, Census and Statistics Department, World Federation of Exchanges, World Bank, Bank for International Settlements, and Ministry of Manpower, Singapore.

Research Office  
Information Services Division  
Legislative Council Secretariat  
23 December 2016  
Tel: 2871 2122

Statistical Highlights are compiled for Members and Committees of the Legislative Council. They are not legal or other professional advice and shall not be relied on as such. Statistical Highlights are subject to copyright owned by The Legislative Council Commission (The Commission). The Commission permits accurate reproduction of Statistical Highlights for non-commercial use in a manner not adversely affecting the Legislative Council, provided that acknowledgement is made stating the Research Office of the Legislative Council Secretariat as the source and one copy of the reproduction is sent to the Legislative Council Library. The paper number of this issue of Statistical Highlights is ISSH18/16-17.