China's Financial Center Index

(CDI CFCI 14)

Shenzhen, China

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The 14th China Financial Center Index Report (CFCI 14)
Summary

China Financial Center Index (CFCI) has established a system [1] for competitiveness evaluation adapted to the development characteristics of Chinese financial centers. The system aims to track and study the development status of Chinese financial centers, in a bid to inform policy optimization by relevant decision-makers, and provide a watchtower for the society to observe the development of Chinese financial centers. The first CFCI was released in 2009 and has been updated annually since then.

CFCI 14 employs a four-level structure with a total of 95 indicators covering four aspects, i.e., performance of financial industry, capacity of financial institutions, scale of financial market, and ecology of financial sector, for a comprehensive and in-depth evaluation of the development status of 36 representative financial centers in China. There are 5 newly added sample cities in CFCI 14, i.e., Haikou, Taiyuan, Hohhot, Guiyang and Lanzhou.

The following is a summary of the highlights of CFCI 14:

1. Rankings of comprehensive competitiveness

● **The TOP 10 financial centers in terms of comprehensive competitiveness are** Shanghai, Beijing, Shenzhen, Guangzhou, Hangzhou, Chengdu, Chongqing, Nanjing, Tianjin, and Wuhan.

Table 1 TOP 10 Comprehensive Competitiveness ranking in CFCI 14

City	CFCI 14		CFCI 13		Change	
	Rating	Rank	Rating	Rank	Rating	Rank
Shanghai	312.12	1	305.35	1	▲6.77	-
Beijing	277.56	2	262.08	2	▲15.48	-
Shenzhen	182.24	3	175.35	3	▲6.89	-
Guangzhou	88.92	4	85.48	4	▲3.44	-
Hangzhou	76.81	5	70.96	5	▲5.86	-
Chengdu	67.29	6	63.66	6	▲3.63	-
Chongqing	67.07	7	62.35	7	▲4.72	-
Nanjing	66.74	8	61.82	8	▲4.92	-
Tianjin	61.73	9	61.62	9	▲0.11	-
Wuhan	59.28	10	53.68	10	▲5.61	-

● As the situation of COVID-19 pandemic prevention and control stabilizes and improves, Chinese financial centers have generally maintained a strong growth momentum in CFCI 14. Among the 36 financial centers, 28 have improved in their

[1] For detailed information, please see the attached “CFCI Evaluation Methods”

ratings to varying degrees, with only 3 centers showing a slight decrease in their ratings of comprehensive competitiveness.

- Beijing, Shanghai and Shenzhen continue to occupy the leading position in rating gain, albeit with obviously slower growth rate than in CFCI 13. Among them, Beijing's rating gain is back in the first place in the country with 15.48 points in this index; Shanghai and Shenzhen's rating gain have maintained their places among the three fastest growing financial centers despite having lower growth rates. The rating growth of Shanghai and Shenzhen in CFCI 14 is 4.76 points and 15.96 points less than that in CFCI 13, respectively.

- Among the 33 regional financial centers, Guangzhou continues to lead. Hangzhou, Chengdu, Chongqing, Nanjing, Wuhan and Suzhou are closing in with a good momentum of growth. The rating gap between these cities and Guangzhou in this index is narrowed to varying degrees.

2. Rankings of performance of financial industry

- **The TOP 10 financial centers in terms of performance of financial industry are Beijing, Shanghai, Shenzhen, Guangzhou, Hangzhou, Nanjing, Chongqing, Chengdu, Tianjin and Suzhou.**

Table 2 TOP 10 Performance of Financial Industry ranking in CFCI 14

City	CFCI 14		CFCI 13		Change	
	Rating	Rank	Rating	Rank	Rating	Rank
Beijing	343.16	1	317.40	1	▲25.77	-
Shanghai	282.27	2	297.23	2	▼14.97	-
Shenzhen	217.71	3	215.61	3	▲2.10	-
Guangzhou	144.62	4	134.03	4	▲10.59	-
Hangzhou	127.81	5	119.59	5	▲8.21	-
Nanjing	123.27	6	117.85	6	▲5.42	-
Chongqing	115.46	7	111.56	7	▲3.90	-
Chengdu	113.73	8	110.07	8	▲3.67	-
Tianjin	100.99	9	108.80	9	▼7.81	-
Suzhou	97.33	10	88.01	12	▲9.32	▲2

- In terms of sub-item rankings, 7 cities have improved, 13 cities have seen a drop in rankings, while the rankings of 16 cities remain unchanged. Among them, Hefei, which has seen the biggest improvement in sub-item rankings, has risen by 10 places to rank 19th in China; Shenyang has seen the biggest drop in rankings, dropping by 14 places to rank 34th in China.

- 21 out of the 36 cities have achieved positive rating growth in this index, while only 10 cities have experienced a slight decrease in ratings. Among them, the three cities with the most significant rating increase in this index are Beijing, Hefei and Xiamen, up by 25.77 points, 15.01 points and 13.39 points respectively over the previous index. Shanghai, Shenyang and Zhengzhou are the three cities with the most significant decrease in ratings, down by 14.97 points, 12.50 points and 9.56 points respectively over the previous index.

- With China's continuous success in coordinating pandemic prevention and control efforts and economic and social development, the recovery of the financial industry in different regions has been further accelerated in this index, further highlighting its role in serving and supporting a steady local economy and society. In 2021, the total added value of the financial industry of 36 financial centers was RMB 5.69 trillion, accounting for 62.4% of the added value of the China's financial industry in that year. With an increase of 5.6 percentage points on the level five years ago, the total added value of the financial industry in 2021 remained at a historically high level.

3. Rankings of capacity of financial institutions

- **The TOP 10 cities with the strongest financial institutions are Beijing, Shanghai, Shenzhen, Guangzhou, Hangzhou, Tianjin, Chongqing, Chengdu, Wuhan and Nanjing.**

Table 3 TOP 10 Capacity of Financial Institutions ranking in CFCI 14

City	CFCI 14		CFCI 13		Change	
	Rating	Rank	Rating	Rank	Rating	Rank
Beijing	482.23	1	451.91	1	▲30.31	-
Shanghai	309.68	2	288.01	2	▲21.67	-
Shenzhen	236.10	3	234.90	3	▲1.19	-
Guangzhou	59.47	4	57.03	4	▲2.44	-
Hangzhou	58.81	5	55.80	5	▲3.00	-
Tianjin	56.15	6	54.28	6	▲1.87	-
Chongqing	50.43	7	49.70	7	▲0.73	-
Chengdu	40.09	8	36.44	8	▲3.65	-
Wuhan	37.36	9	35.22	10	▲2.14	▲1
Nanjing	36.69	10	35.93	9	▲0.76	▼1

- The development of major domestic financial institutions recovered in 2021, as the impact of the pandemic weakened and the market revived. In this index, only five cities see a slight decrease in their ratings of capacity of financial institutions, and the other cities have all achieved positive growth in ratings.

- Beijing, Shanghai and Chengdu are the three cities with the biggest rating growth in this index, with an increase of 30.31 points, 21.67 points and 3.65 points respectively. Among them, Beijing and Shanghai lead by an even wider margin, which indicates that the resources of Chinese financial institutions have continued to gravitate towards national financial centers.

- The overwhelming bulk of the resources of Chinese financial institutions is concentrated in the 36 financial centers. By the end of 2021, the total assets of financial institutions in the 36 financial centers accounted for more than three quarters of the national total. Among them, the total assets of banking institutions, insurance institutions, securities companies and the scale of assets under management of public offering of funds accounted for about 76%, 94%, 97% and 85% of the national total respectively.

4. Rankings of scale of financial market

- **The TOP 10 cities in terms of scale of financial market are Shanghai, Shenzhen, Beijing, Dalian, Zhengzhou, Guangzhou, Hangzhou, Suzhou, Nanjing and Wuhan.**

Table 4 TOP 10 Scale of Financial Market ranking in CFCI 14

City	CFCI 14		CFCI 13		Change	
	Rating	Rank	Rating	Rank	Rating	Rank
Shanghai	467.42	1	450.33	1	▲17.09	-
Shenzhen	136.18	2	118.04	2	▲18.14	-
Beijing	52.67	3	55.77	3	▼3.11	-
Dalian	46.47	4	35.70	4	▲10.78	-
Zhengzhou	36.54	5	22.19	6	▲14.35	▲1
Guangzhou	24.48	6	24.98	5	▼0.50	▼1
Hangzhou	21.49	7	15.72	7	▲5.77	-
Suzhou	17.62	8	14.78	8	▲2.85	-
Nanjing	16.84	9	10.12	13	▲6.72	▲4
Wuhan	14.63	10	14.61	9	▲0.02	▼1

- Thanks to accelerated efforts of registration-based IPO system reform and the implementation of new delisting regulations, as well as the establishment of Beijing Stock Exchange among other capital market reform initiatives, most cities in this index have seen great improvements in the ratings of capital market utilization levels. Among them, 25 financial centers register improvement in the scale of financial market, with only 6 cities experiencing a decrease in ratings.

- In 2021, 36 financial centers housed a total of 3,089 listed companies in the A-share market, accounting for 66% of the national total. There were 350 newly listed companies in the A-share market throughout the year, accounting for 73% of the national total. The total financing volume of the stock market in the whole year reached RMB 1,146.5 billion, accounting for 68% of the national total.

- Shenzhen, Shanghai and Zhengzhou are the three cities with the largest increase in ratings in this index, up by 18.14 points, 17.09 points and 14.35 points respectively. In 2021, the merger of the Main Board and SME Board of Shenzhen Stock Exchange was officially implemented, forming a complementary development pattern between the Main Board and the Growth Enterprise Market. Shanghai houses almost all national financial markets, among which the total market value and fund-raising volume of listed companies in the Shanghai stock market ranked third and second in the world respectively in 2021. The annual turnover of Zhengzhou

Commodity Exchange reached RMB 107.95 trillion, up by 80% over the previous index.

- Among the 33 regional financial centers, Hangzhou and Suzhou stood out in capital market utilization. In 2021, the number of newly listed companies in Hangzhou and Suzhou reached 38 and 32 respectively, and the number of A-share listed companies reached 199 and 175 respectively at the end of the year, ranking 4th and 5th respectively in China, second only to the three national financial centers.

5. Rankings of ecology of financial sector

- **The TOP 10 cities in terms of ecology of financial sector are Beijing, Shanghai, Guangzhou, Shenzhen, Chengdu, Wuhan, Hangzhou, Chongqing, Nanjing and Suzhou.**

Table 5 TOP 10 Ecology of Financial Sector ranking in CFCI 14

City	CFCI 14		CFCI 13		Change	
	Rating	Rank	Rating	Rank	Rating	Rank
Beijing	185.24	1	180.01	1	▲5.23	-
Shanghai	176.69	2	176.93	2	▼0.24	-
Guangzhou	137.41	3	136.16	3	▲1.25	-
Shenzhen	123.41	4	116.20	4	▲7.20	-
Chengdu	111.90	5	105.16	5	▲6.74	-
Wuhan	110.04	6	94.26	7	▲15.78	▲1
Hangzhou	105.40	7	98.30	6	▲7.10	▼1
Chongqing	99.91	8	83.93	12	▲15.99	▲4
Nanjing	99.04	9	91.20	8	▲7.84	▼1
Suzhou	93.22	10	86.78	9	▲6.45	▼1

- In this index, most cities in China see significant improvements in their ratings of ecology of financial sector, and only 2 of the 36 financial centers have decreased ratings. The three cities with the largest increase in ratings are Chongqing, Wuhan and Nanjing, up by 15.99 points, 15.78 points and 7.84 points respectively. Only Changsha and Shanghai show a slight decrease in ratings.

- In this index, the rebound of the ratings of ecology of financial sector among 36 financial centers shows that the impact of the COVID-19 pandemic on the environment for financial talent and business is weakening; in particular, factors contributing to rating declines as a result of the previous decrease in overall macroeconomic indicators and the slowdown of growth have been reversed. In CFCI 14, the average GDP growth rate of 36 financial centers in 2021 reached 7.6%, which was 4.5 percentage points higher year-on-year, with the GDP growth index of 35 cities being significantly higher than that of the same period of last year.

- Indicators such as local government debt and international tourism income, which are directly affected by the pandemic, still face great downward pressure on ratings. In 2021, the scale of local government debt in 36 cities reached RMB 35.9

trillion, with the total amount up by 16% above previous-year levels, while the average debt ratio of local governments reached 106%, 13 percentage points above previous-year levels.

6. Competitive landscape of financial centers in different regions

- The growth rates of comprehensive competitiveness of Shanghai, Beijing and Shenzhen are obviously above the average level of regional centers, with a competitive edge expanding year by year. Among them, the difference between Shanghai and Beijing is gradually narrowing, while the gap between Shenzhen and the above two cities is gradually widening.

- The financial centers in Northeast China lag behind the national average in their comprehensive competitiveness, except Dalian. In CFCI 14, the ratings of comprehensive competitiveness of Changchun, Shenyang and Harbin are all below the average level of the 33 regional financial centers, and with a gradually widening gap.

- There are obvious differences in the overall comprehensive competitiveness of financial centers in the northern coastal region. Tianjin is in a leading position in the country, Jinan and Qingdao are at the national average level, while Shijiazhuang lags behind. In recent years, Shijiazhuang has narrowed its gap with Tianjin, Jinan and Qingdao, with significantly higher rankings in comprehensive competitiveness.

- There are obvious differences in the overall comprehensive competitiveness of financial centers in the eastern coastal region. Hangzhou, Nanjing and Suzhou are in a leading position in the country, while Ningbo, Wenzhou and Wuxi have relatively low rankings. Hangzhou, Nanjing and Suzhou have experienced faster growth in comprehensive competitiveness than Ningbo, Wenzhou and Wuxi, with a widening gap.

- Guangzhou, the financial center in the southern coastal region, stands out and ranks fourth in China. The comprehensive competitiveness of Fuzhou, Xiamen and Haikou is below the average of the 33 regional financial centers.

- The overall level of the financial centers in Central China is on a par with that of the 33 regional financial centers. Wuhan and Zhengzhou are neck-and-neck in development, with their comprehensive competitiveness significantly higher than that of Changsha, Hefei and Nanchang. In this index, Wuhan ranks 10th in China and 1st in Central China, while Zhengzhou ranks 12th in China and 2nd in Central China.

- Chengdu and Chongqing lead the way in West China, ranking 6th and 7th respectively in their comprehensive competitiveness in the country. Xi'an is close behind, ranking 13th in the country and 3rd in West China in comprehensive competitiveness. Kunming, Nanning, Urumqi, Guiyang and Lanzhou are relatively weak in comprehensive strength, and with a fairly large gap existing between them and the former three.