

China's Financial Center Index (CDI CFCI 15)

Shenzhen, China

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The 15th China Financial Center Index Report (CFCI 15) Summary

China Financial Center Index (CFCI) has established a competitiveness evaluation system¹ 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 provide a basis for policy optimization for relevant decision-makers, and offer 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 15 maintains the previous four-level structure, comprising a total of 95 indicators in the evaluation system. Focusing on four aspects, i.e., performance of financial industry, capacity of financial institutions, scale of financial market, and ecology of financial sector, it offers a comprehensive and in-depth evaluation of the development status of 36 representative financial centers in China.

The following is a summary of the key points in CFCI 15:

1. Rankings of comprehensive competitiveness

Table 1 TOP 10 “Comprehensive Competitiveness” Rankings in CFCI 15

City	CFCI 15		CFCI 14		Change	
	Rating	Rank	Rating	Rank	Rating	Rank
Shanghai	328.03	1	312.12	1	▲15.91	-
Beijing	285.98	2	277.56	2	▲8.42	-
Shenzhen	194.79	3	182.24	3	▲12.55	-
Guangzhou	88.66	4	88.92	4	▼0.26	-
Hangzhou	77.24	5	76.81	5	▲0.43	-
Chengdu	68.91	6	67.29	6	▲1.62	-
Chongqing	65.26	7	67.07	7	▼1.81	-
Nanjing	65.26	7	66.74	8	▼1.48	▲1
Tianjin	62.59	9	61.73	9	▲0.86	-
Wuhan	57.85	10	59.28	10	▼1.43	-

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

● The primary data collection period for this report is the year 2022, characterized by nearly three years of impact from COVID-19 in China. During this period, various regions were in a transitional phase, adjusting and shifting pandemic prevention and control policies. The persistent aftermath of the pandemic has had a

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

negative impact on certain financial centers. Among the 36 financial centers, 17 have improved their ratings to varying degrees, while 19 centers have seen a slight decline in their overall competitiveness ratings.

- Among the 33 regional financial centers, the top three cities with the fastest rating growth in this period are Suzhou, Chengdu, and Ningbo. They have respectively seen an increase of 2.18 points, 1.62 points, and 1.61 points in their ratings from the previous index, significantly outperforming other regional financial centers in China.

- Wuhan, Suzhou, Zhengzhou, and Xi'an maintain a distinct competitive advantage over other financial centers in their respective regions, continuing to hold their leading positions in this period. However, the comprehensive competitiveness ratings for Wuhan and Suzhou saw a decrease and an increase, respectively, which narrowed the gap between them to less than 1%.

2. Rankings of performance of financial industry

- The financial industry plays a crucial role in propelling the socioeconomic development of a city and serves as a direct and comprehensive reflection of its financial competitiveness. The CFCI report categorizes the assessment of financial industry performance into two evaluation dimensions: the output-driven level and the business development level, based on the multiplier theory of industrial economics.

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

Table 2 TOP 10 “Performance of Financial Industry” Rankings in CFCI 15

City	CFCI 15		CFCI 14		Change	
	Rating	Rank	Rating	Rank	Rating	Rank
Beijing	328.80	1	319.59	2	▲9.21	▲1
Shanghai	319.28	2	320.28	1	▼1.00	▼1
Shenzhen	224.97	3	222.63	3	▲2.34	-
Guangzhou	148.03	4	144.78	4	▲3.25	-
Hangzhou	130.24	5	124.31	5	▲5.93	-
Chengdu	118.00	6	113.11	7	▲4.89	▲1
Nanjing	116.99	7	112.13	8	▲4.86	▲1
Chongqing	113.34	8	114.09	6	▼0.75	▼2
Suzhou	102.97	9	97.35	10	▲5.62	▲1
Tianjin	101.18	10	100.47	9	▲0.71	▼1

- The development of financial industry in various cities continued to show a positive growth trend in this index. 29 out of the 36 cities have achieved positive rating growth, while only 7 cities have experienced a slight decrease in ratings.

- CFCI 15 witnessed significant shifts in the performance rankings of the

financial industry. In terms of sub-item rankings, 15 cities have improved, 11 cities have seen a drop in rankings, while the rankings of 16 cities remain unchanged. Among them, Ningbo, which saw the biggest improvement in sub-item rankings, rose by 4 places to rank 20th in China; Lanzhou saw the biggest drop in rankings, falling by 4 places to rank 31st in China.

- The concentration of the financial industry in domestic financial centers has further intensified. In 2022, the total added value of the financial industry of 36 financial centers was RMB 6.07 trillion, accounting for 62.7% of the added value of the China's financial industry in that year, setting a new historical record.

- The year 2022 marked the culmination of China's three-year journey of balancing pandemic control with socio-economic development. Financial centers have played a robust and supportive role in ensuring stable growth and safeguarding livelihoods in their respective regional economies and societies. In 2022, the added value of the financial industry in all 36 financial centers accounted for over 6% of their GDP, with an average of 10.9%. Simultaneously, only three of these centers had a financial industry growth rate lower than the corresponding GDP growth rate. The rest of the cities witnessed financial industry growth significantly outpacing GDP growth, contributing substantially to the stimulation of local economic development.

3. Rankings of capacity of financial institutions

- Financial institutions are the primary carriers of local financial industry development. The aggregation of influential financial institutions can play a supportive role in promoting financial innovation and the development of urban finance.

- **The TOP 10 cities in terms of capacity of financial institutions in CFCI 15 are Beijing, Shanghai, Shenzhen, Tianjin, Hangzhou, Guangzhou, Chongqing, Chengdu, Nanjing and Wuhan.**

Table 3 TOP 10 “Capacity of Financial Institutions” Ranking in CFCI 15

City	CFCI 15		CFCI 14		Change	
	Rating	Rank	Rating	Rank	Rating	Rank
Beijing	522.47	1	482.23	1	▲40.25	-
Shanghai	325.46	2	309.68	2	▲15.78	-
Shenzhen	259.22	3	236.10	3	▲23.13	-
Tianjin	60.48	4	56.15	6	▲4.34	▲2
Hangzhou	59.78	5	58.81	5	▲0.97	-
Guangzhou	56.96	6	59.47	4	▼2.51	▼2
Chongqing	50.96	7	50.43	7	▲0.53	-
Chengdu	41.46	8	40.09	8	▲1.37	-
Nanjing	39.08	9	36.69	10	▲2.39	▲1
Wuhan	37.88	10	37.36	9	▲0.53	▼1

- Due to temporary pandemic prevention and control, along with financial fee

reductions in 2022, the recovery process of major domestic financial institutions in China slowed down. In this index, 20 cities saw a slight decrease in their ratings of capacity of financial institutions, while 16 cities achieved positive growth in ratings. Regarding the rankings, 9 financial centers experienced a slight rise, 12 a minor decline, and 15 maintained their positions.

- The trend for domestic financial institution resources to increasingly concentrate in leading financial centers became more pronounced. In this index, among the top 18 cities in the sub-item rankings, two-thirds maintained positive rating growth, while only one-fifth of the cities ranked in the latter 18 achieved modest growth. In terms of rating increase, Beijing, Shenzhen, and Shanghai led the pack, with gains of 40.25, 23.13, and 15.78 points, respectively, compared to the previous index. However, the total rating increase in the sub-item of the capacity of financial institutions across all 36 financial centers amounted to just 83.1 points.

- Among the 36 financial centers, the three leading national financial centers are the strongest. In particular, the number of legal person financial institutions in Beijing and Shanghai is the closest, with more than 250 each. Compared with Beijing and Shanghai, there is a large gap in the number and scale of Shenzhen's legal person institutions.

- Apart from Beijing, Shanghai, and Shenzhen, Hangzhou, Guangzhou, and Tianjin have also exhibited relatively prominent performances. They boast the most comprehensive range of licensed financial institutions, with each city lacking only one type of license in the 11 major categories. In 2022, the number of various legal person financial institutions in these cities reached 43, 37, and 34, respectively, placing their overall strength in legal person financial institutions at the leading edge of development.

4. Rankings of scale of financial market

- The scale and trading vibrancy of the financial market are crucial factors in attracting and consolidating financial traders, institutions, and professionals. They play a pivotal role in enhancing the financial influence of a city.

- **The TOP 10 cities in terms of scale of financial market in CFCI 15 are Shanghai, Shenzhen, Beijing, Dalian, Zhengzhou, Guangzhou, Suzhou, Hangzhou, Chengdu and Wuhan.**

Table 4 TOP 10 “Scale of Financial Market” Rankings in CFCI 15

City	CFCI 15		CFCI 14		Change	
	Rating	Rank	Rating	Rank	Rating	Rank
Shanghai	475.13	1	467.42	1	▲7.71	-
Shenzhen	149.09	2	136.18	2	▲12.91	-
Beijing	53.25	3	52.67	3	▲0.59	-
Dalian	40.33	4	46.47	4	▼6.14	-
Zhengzhou	33.87	5	36.54	5	▼2.67	-
Guangzhou	25.03	6	24.48	6	▲0.55	-

City	CFCI 15		CFCI 14		Change	
	Rating	Rank	Rating	Rank	Rating	Rank
Suzhou	18.08	7	17.62	8	▲0.46	▲1
Hangzhou	16.96	8	21.49	7	▼4.53	▼1
Chengdu	14.69	9	12.93	12	▲1.76	▲3
Wuhan	14.29	10	14.63	10	▼0.34	-

● Due to factors such as the slowdown in IPO issuance, most cities in this index have experienced a certain degree of reduction in their capital market utilization ratings. Among them, 13 financial centers have seen improvement in the scale of financial market, while ratings have decreased in 23 cities. The top 3 cities with the highest rating growth in this index are Shenzhen, Shanghai, and Chengdu, with increases of 12.91, 7.71, and 1.76 points, respectively, compared to the previous index.

● Among the 10 cities with the highest “Scale of Financial Market” rankings, the top 6 are among the few domestic cities with national financial markets, and their rankings remained unchanged. Beyond these, cities like Hangzhou, Suzhou, and Wuhan have continued to hold their top 10 status, mainly due to their outstanding performance in capital market utilization and regional equity trading markets. Chengdu has risen 3 places to enter the top 10 in this index, while Nanjing has dropped 2 places, exiting the top 10.

● In 2022, the A-share market in China saw 382 companies making their initial public offerings (IPOs), bringing the total number of listed companies to 5,079 by the end of the year. The total equity financing in the A-share market for the year reached 1,468.3 billion yuan. Among these, the 36 financial centers collectively had 3,363 A-share listed companies, accounting for 66.2% of the national total. Throughout the year, there were 298 new IPOs on the A-share market from these centers, approximately 70.4% of the year’s national total. The total equity financing in the stock market for the year amounted to 944.9 billion yuan, representing about 64.4% of the national total.

● Apart from Beijing, Shanghai, and Shenzhen, Hangzhou and Suzhou stood out among the 33 regional financial centers, showing impressive performance in capital market utilization. In 2022, Hangzhou and Suzhou added 15 and 25 new IPO-listed companies, respectively, bringing their year-end totals to 215 and 197 A-share listed companies. These figures placed them fourth and fifth nationally in these indicators, trailing only the three major national financial centers.

5. Rankings of ecology of financial sector

● The development of urban financial industries does not rely solely on the financial sector itself but is closely connected with various aspects of urban social and economic growth. The external environment for the development of urban finance is collectively termed the financial ecological environment, which serves as an explanatory factor for a city’s financial competitiveness. The City Financial Competitiveness Index (CFCI) evaluation system mainly reflects the excellence of the external environment required for the development of the financial industry through

three dimensions: the financial talent environment, the business environment and the internationalization environment.

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

Table 5 TOP 10 “Ecology of Financial Sector” ranking in CFCI 15

City	CFCI 15		CFCI 14		Change	
	Rating	Rank	Rating	Rank	Rating	Rank
Beijing	185.67	1	185.24	1	▲0.43	-
Shanghai	178.59	2	176.69	2	▲1.90	-
Guangzhou	135.15	3	137.41	3	▼2.27	-
Shenzhen	127.52	4	123.41	4	▲4.12	-
Chengdu	110.76	5	111.90	5	▼1.13	-
Hangzhou	108.40	6	105.40	7	▲2.99	▲1
Nanjing	101.80	7	99.04	9	▲2.76	▲2
Wuhan	99.53	8	110.04	6	▼10.51	▼2
Chongqing	92.72	9	99.91	8	▼7.19	▼1
Qingdao	92.14	10	91.41	11	▲0.73	▲1

● In this index, most cities in China have seen a rebound in their ratings of ecology of financial sector, with 19 financial centers achieving positive growth, and 17 centers experiencing a decrease in ratings. Among them, Kunming, Changsha, and Shijiazhuang have recorded the largest increases, growing by 8.26 points, 5.50 points, and 5.19 points, respectively, compared to the previous index.

● It is noteworthy that indicators directly affected by the pandemic, such as the debt of local government and international tourism earnings, continue to face significant downward pressure on their ratings

● It is worth mentioning that, compared to the previous index which saw significant impacts from the pandemic on local risk control, this index has shown improvement in these indicators across various regions. Out of the 36 cities in this index, only 5 experienced a decrease in their ratings for this sub-item. This indicates that the majority of cities, after undergoing a substantial expansion of local government debt in 2021, entered a smooth transition phase. The increase in indicators such as government debt ratio and debt-to-GDP ratio gradually eases and shows signs of improvement, while the pressure on local financial risk prevention and control is also stabilizing.

6. Competitive landscape of financial centers in different regions

● The three major national financial centers of Shanghai, Beijing, and Shenzhen have continued to demonstrate strong developmental resilience, maintaining a robust growth momentum in their comprehensive ratings. Notably, Shanghai has reclaimed its position as the top scorer nationwide, with an increase of 15.91 points in this index.

Shenzhen and Beijing continue to hold their places among the top three in terms of growth rate nationally.

- In the Northeast region, the comprehensive competitiveness of financial centers has generally fallen behind the national average. Dalian performs relatively well, ranking 1st in the region and 15th nationwide in terms of overall competitiveness in this index.

- In the Northern coastal region, there is a clear divergence in the overall level of financial center competitiveness. Tianjin is at the national forefront, while Jinan and Qingdao meet the national average, and Shijiazhuang falls below it. In this index, Tianjin ranks 1st in the Northern coastal area and 9th nationally.

- Along the Eastern coast, Hangzhou, Nanjing, and Suzhou lead at the national level, while Ningbo, Wenzhou, and Wuxi rank relatively lower. Among them, Hangzhou and Nanjing have both entered the top 10 nationwide, ranking 5th and 7th, respectively.

- In the Southern coastal region, the comprehensive competitiveness of financial centers is generally on par with the average of the 33 regional financial centers in China. Among them, the Guangzhou Financial Center distinguishes itself with comprehensive competitiveness exceeding the national average, while Fuzhou and Xiamen are on par with the national average.

- In the Central region, financial centers have formed an echelon pattern in descending order from Wuhan, Zhengzhou, Changsha, Hefei, and Nanchang. Wuhan and Zhengzhou's overall competitiveness significantly surpasses the average of the 33 regional financial centers, and Changsha's comprehensive competitiveness in the last two indexes has gradually exceeded the average level.

- In the Western region, the Chengdu-Chongqing duo continues to lead, solidifying their top positions in the area. In this index, they rank 6th and 7th nationwide, respectively. Xi'an closely follows, performing better than the average of regional financial centers nationwide since the release of CFCI 6. The third tier, including Kunming, Nanning, and Urumqi, ranks lower overall, with comparatively weaker comprehensive strengths and a significant gap with other regional financial centers.