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Cultivating the Advantages of the City of London as an International Financial Centre Under Cluster Effects and Implications for the Greater Bay Area

Mengqing Pan

School of Finance, City University of Macau, Macau 999078, China

ABSTRACT

As a globally leading international financial centre, the City of London has developed formidable industrial cluster effects through its profound historical heritage, highly concentrated financial enterprises and professional service institutions, open and inclusive talent recruitment policies, and sustained financial technology innovation. This paper systematically analyses the City of London's success across four dimensions: talent structure, enterprise clustering, business interoperability, and policy support. Drawing on the current state of financial cooperation within the Guangdong-Hong Kong-Macao Greater Bay Area, it proposes pathways to advance coordinated financial development and enhance international competitiveness in the region. The study concludes that the Greater Bay Area should draw upon the City of London's experience in institutional innovation, talent recruitment, technology-enabled services, and cross-border finance to accelerate the establishment of a globally influential financial hub.

KEYWORDS

City of London; International financial centre; Cluster effect; Guangdong-Hong Kong-Macao Greater Bay Area; Financial cooperation

1. INTRODUCTION

AIn this paper, the City of London refers specifically to the historic district within Greater London, not the wider city. Spanning one square mile, it lies on the north bank of the River Thames between Blackfriars Bridge and Tower Bridge. Since 2006, the City of London Corporatioqn—formally and legally known as the Lord Mayor, Corporation and Burgesses of the City of London—has served as its governing body. Unlike other boroughs within Greater London, the City of London enjoys greater autonomy, including independent policing powers, the corporatisation of public administration costs (funded by the City of London Corporation), market management (such as Smithfield and Billingsgate), recreational land, and the maintenance of four bridges across the River Thames. However, its primary function remains the preservation and enhancement of the UK financial sector's international competitive standing. The Lord Mayor also serves as an international ambassador for Britain's financial and professional services sectors, representing, supporting and promoting the City's industries and residents [2].

With a history stretching back centuries, the City of London dominates the UK's financial services sector and has long been the most brilliant jewel in the crown of international finance. Originally established in AD 43 during the Roman Empire, the City has endured through Anglo-Saxon, medieval, early Tudor and Stuart, late Stuart and Hanoverian, nineteenth and twentieth centuries, maintaining its status as Britain's political and economic heart for nearly two millennia. Particularly noteworthy is the rapid expansion of its international financial operations in the early nineteenth century, propelled by the Industrial Revolution. As early as 1830, the City commenced handling the acceptance and discounting of overseas bills of exchange. By the latter half of the nineteenth century, overseas bills had become the primary business of the bills market (domestic bills being supplanted by cheques), establishing London as the global centre for short-term financing and international payment settlement. Concurrently, London's commercial banks accepted overseas deposits, honoured foreign bills of exchange, conducted foreign exchange operations, and extended international loans. British banks established branches throughout the Empire and abroad, while overseas banks set up subsidiaries in London. The British Empire, hailed as the "workshop of the world," saw international trade spurring international settlements and foreign exchange operations, while also driving the flourishing development of insurance services. Although the two world wars and the post-war Cold War between the two major blocs temporarily set back London's international business, the collapse of the Bretton Woods system in the early 1970s presented the City with fresh opportunities. Its international financial operations have consistently maintained a leading position globally [10].

Though a mere speck on the map, the City of London's contribution to the British economy is undeniable. In terms of employment, 522,000 people worked in the City in 2018, accounting for 10% of London's total workforce. Financial services employees in the City represented 49% of London's total financial services workforce, while the neighbouring Canary Wharf area accounted for 18%. In 2018, the UK's financial services sector generated total value added of £135 billion, accounting for 7% of the nation's total value added. The City of London alone contributed £69 billion in value added, representing 4% of UK national income and 15% of London's total output. This demonstrates that while the UK's financial services industry is concentrated across multiple regions including London, Edinburgh and Birmingham, the City of London remains the most pivotal. Finance and insurance constitute 60% of the UK's services trade surplus, representing the single largest contributor. In 2018, UK exports of financial and insurance services amounted to £82 billion, generating a surplus of £63 billion. The City of London's contribution to international financial activities is undeniably pivotal. Furthermore, the City exerts a powerful radiating and driving influence on other cities within the UK. Between 15% and 22% of financial services employment in most major UK cities is linked to London. Among these, Reading, Cambridge, and Edinburgh maintain relatively close ties with London, offering predominantly high-skilled positions, whereas Sunderland, Middlesbrough, and Northampton exhibit stronger connections but provide more low-skilled roles [6].

The City of London's enduring international competitiveness stems from its unique operational expertise – a business model that international competitors have consistently emulated yet never surpassed. By leveraging the cluster advantages of its financial services sector, the City continually strengthens and consolidates its position as an international financial centre, using cluster effects to expand and enhance its core operations. An industrial cluster, or competitive cluster, may be defined as the regional concentration of interconnected enterprises, specialised suppliers, service providers, businesses in related industries, and associated institutions. As Michael Porter observes, industrial clusters may influence competition in three ways: by enhancing the output efficiency of cluster firms; by fostering innovation within the sector; and by stimulating the emergence of new enterprises within the field. The City of London excels in professional services, encompassing international banking, maritime services, Islamic finance, legal services, education, and infrastructure financing and delivery [13].

China is an economic powerhouse but not a financial one. It urgently needs to learn from advanced international concepts and practices, vigorously developing its financial services sector in line with specific national conditions to lay a solid foundation for sustainable and healthy economic and social development. With the implementation of the first phase of the China-US trade agreement, China's financial services sector is undergoing comprehensive opening-up. The successful experience of the City of London warrants careful study and reference. However, domestic research on this subject remains scarce, often confounding the Greater London area with the City of London itself [4]. This paper aims to focus specifically on the City of Londons industrial clustering effects and competitive advantages, seeking to contribute to relevant research and stimulate discussion on financial cooperation within the Guangdong-Hong Kong-Macao Greater Bay Area. Taking industrial clustering as its entry point, this study examines the City of London's talent structure, business clusters, and characteristics of business interconnectivity. Building upon this foundation, it explores pathways and concrete approaches for financial cooperation within the Greater Bay Area. Accordingly, the core content of this paper is organised as follows: Part One serves as the introduction; Part Two analyses the talent structure and recruitment policies of the City of London; Part Three discusses the agglomeration characteristics of the City's financial services sector; Part Four employs empirical data to analyse the relationship between industrial clusters and business connectivity; Part Five summarises the lessons from the City of London's experience and their implications for financial cooperation within the Greater Bay Area.

2. THE CITY OF LONDON'S TALENT RESOURCE ADVANTAGES AND RECRUITMENT POLICIES

Talent constitutes the foremost element of productivity; without it, all endeavours remain mere rhetoric or extravagant claims. The City of London Corporation profoundly recognises this importance. Despite the City's longstanding status as the world's premier international financial centre, it has never rested on its laurels. Instead, it maintains close vigilance over developments in other global financial hubs, actively seeking to identify and address its own developmental shortcomings to sustain and reinforce its competitive position as an international financial centre. To this end, the City of London Corporation regularly commissions third-party management consultancies to conduct objective assessments of its strengths, weaknesses, and overall and sector-specific rankings. In November 2005, Z/Yen (a globally renowned management consultancy) collaborated with the City of London Corporation to publish a research report titled "The Competitive Position of London as an International Financial Centre," which garnered significant industry attention [16]. The study identified fourteen competitive factors and invited financial practitioners from global international financial centres to score them. The final results, ranked by importance, were: talent pool; regulatory environment; international financial market connectivity; commercial infrastructure; client base; fair and equitable operating environment; government efficiency; corporation tax; operating costs; access to professional service providers; quality of life; cultural and linguistic environment; quality and quantity of commercial property; and personal income tax. The top four indicators scored above 5 points, with talent pool achieving the highest score (5.37), confirming its status as the most critical factor.

Undoubtedly, the technical talent pool stands as the paramount factor among all considerations. The City of London embodies the vital principle that talent constitutes the foremost element in financial sector development. City leadership firmly believes that in the knowledge economy, human capital is pivotal to corporate decision-making and competitiveness. The City's true strength in financial services lies in its professional excellence across banking, insurance, fund management, securities, derivatives, and foreign exchange. Industry boundaries are increasingly blurred, with technology and international trade reshaping the world. Both traditional financial services firms and innovative start-ups require technology and creative thinking to drive innovation. The clustering effect of outstanding talent, through interaction and teamwork, rapidly generates new ideas, products, and services. Attracting and retaining top talent is a crucial factor in the City of London's success. In terms of leading talent origins, the City of London stands as the most international hub. Its volume of top-tier knowledge-based employment opportunities and specialised domains position it as the global capital for high-calibre professionals. In 2018, FTI Consulting surveyed 101 institutional investors on "Which European city possesses the finest financial services talent pool?" Results indicated that 89% of institutions selected London, with 5% choosing Frankfurt, 3% opting for Amsterdam, and 2% favouring Dublin. In 2019, 70% of City of London employees held highly skilled roles, compared to

60% across London and 47% nationally. Whilst the wage costs for such talent are higher, their productivity yields the lowest average transaction costs.

London is a diverse and inclusive region, attracting top global talent. In 2018, employment in the City of London reached 522,000 – a historic high at the time – comprising 60,000 banking professionals, 45,000 legal staff, 27,000 computer programmers and consultants, and 15,000 insurance practitioners. Financial services employment stood at 179,000, with securities and commodities futures brokers and investment trust professionals showing rapid growth while banking numbers declined; related professional services employment reached 79,000. As financial services and technology employment declined across Greater London, the City of London's corresponding sectors provided the most new jobs.In 2018, the Greater London financial services workforce stood at 1.031 million, while the City of London's financial services sector employed 368,000 individuals, accounting for 35.69% of the total. Moreover, employment within the City of London attracts global talent, resulting in a more international workforce composition. In recent years, the proportion of overseas employees within the City has remained relatively stable, reaching 40% in 2017. Of these, 25% originated from outside the European Economic Area (EEA), while 15% came from within the EEA. The City's senior executives exhibit greater diversity in origin, hailing from 95 countries or regions worldwide. By nationality, the largest contingents originate from France, Ireland, India, Australia, South Africa, and the United States. Regarding employer size, 43% work for small enterprises, while 36% are employed by medium and large firms. When analysed by place of birth (using British birth as the benchmark), sectoral variations in the City's international workforce composition become pronounced. Within the financial services sector, 38% of employees were foreign-born, compared to just 16% in insurance. Among professional services, management consultancy demonstrated greater internationalisation than legal services, with 49% and 29% foreign-born staff respectively. The UK faces shortages in numerous technical roles, including data scientists, cybersecurity specialists, senior software developers, and computer animation experts, with 28% of these professionals originating from the EEA and 12% from elsewhere globally. Within management consultancy and support services, 17% of personnel hailed from the EEA, with 34% originating from the wider world. In hospitality and catering services, 40% were EEA nationals, alongside 32% from elsewhere globally. The construction sector saw 40% of workers from the EEA, complemented by 15% from the rest of the world [15].

The UK government has promptly revised overseas talent visa procedures to support London's fintech development. Tech City UK, established in 2011, has attracted numerous technology companies, launching a multitude of emerging tech industries via internet platforms. It holds advantages in remittances, currency exchange, data management and analytics, mobile payments, cloud services, artificial intelligence, and online lending, thereby establishing a distinctive British innovation ecosystem. The City of London maintains world-leading positions in blockchain, digital banking, API development, online lending, and payments. To attract substantial technical talent, the UK government has introduced multiple fast-track services centred on technology visas (including the Exceptional Talent Visa, Startup Visa, and Innovator Visa). The UK government further supports the financial sector's sustained development through tax incentives, regulatory reforms (including IPO provisions), and other innovation-friendly policies. This continues to draw top global talent, endowing London with unparalleled innovative capacity [14].

In recent years, following Brexit, the UK has further refined its talent recruitment policies by introducing the High Potential Individual Visa and the Global Business Mobility Visa to attract global top-tier talent. By 2022, overseas professionals constituted over 45% of London's fintech workforce, with notable growth in highly skilled talent from Asia and North America. Furthermore, City of London firms have partnered with multiple universities to establish fintech master's programmes, fostering deep industry-academia-research integration and further cementing its talent advantage.

3. THE CITY OF LONDON'S ENTERPRISE DENSITY AND CLUSTER EFFECTS

The City of London, a hub for diverse talent, has attracted numerous domestic and international enterprises to establish operations here. Cluster effects have already exerted significant and far-reaching impacts on the City's business activities. Theoretically, the rapid evolution of fintech and global integration enables seamless communication between any company and its clients or financial markets at any time and location through modern technology. Nevertheless, most enterprises still choose to operate in proximity to their clients and financial markets, demonstrating that virtual space cannot yet replace physical presence. The location chosen for establishing a business determines the calibre of talent it can recruit, the individuals it engages with, and the enterprises from which it learns, collaborates, and transacts. In essence, a company's city of residence enables it to hire required talent, cultivate robust business relationships, and benefit from the city's vibrant atmosphere. The City of London fosters an environment conducive to interaction among top-tier international teams within relevant industries (a principle also espoused by the financially troubled WeWork), while businesses can capitalise on the City's prestige and vibrancy. This perfectly illustrates the findings of FTI Consulting's survey, where 58% of international investment institutions deemed the City of London the premier European location. The primary reasons cited were proximity to clients, suppliers, and business networks, alongside the irreplaceable value of face-to-face client engagement. In the knowledge economy, innovation is indispensable. As innovation can be shared and replicated, new ideas, products, and services must rapidly reach global markets. The City of London thus assists businesses in establishing and strengthening client relationships. Innovation springs from face-to-face client conversations – exchanging complex ideas and product concepts, understanding actual client needs and expectations, and ultimately earning trust and loyalty. London provides precisely this platform: venues for client meetings and deal-making. With approximately two-thirds of businesses conducting mutual trade, it fosters intellectual exchange and drives the continuous renewal of products and services. Take insurance operations as an example: insurance brokers (180 of whom hold Lloyd's accreditation and possess business seats) must be located within five minutes' reach of Lloyd's trading floor in London. This proximity enables them to utilise Lloyd's exclusive proprietary trading matching system [8].

London remains an economic powerhouse, with the City of London continuing to host a diverse array of businesses at the highest density among global financial centres [11]. In 2019, the City hosted 23,890 enterprises, 99% of which were SMEs (employing fewer than 250 staff), with 80% employing fewer than 10 people. Yet 280 large corporations provided over half of all jobs. Large corporations act as the gravitational centre of the City, with SMEs scattered throughout surrounding areas. Beyond the Bank of England (the UK's central bank) and the London Stock Exchange, five of the world's top 100 banks have their headquarters in London. Additionally, banking institutions comprising other UK banks and approximately 250 foreign banks conduct international banking operations within the City of London. Insurance giants including Lloyd's of London, Allianz, Hannover Re, and Chubb Group conduct insurance and reinsurance operations here. Within the financial services sector, large enterprises account for 70% of employment. Certain service industries exhibit high concentration in specific City districts: law firms typically cluster in the City's West End, while insurance companies are located in the East End. Moreover, numerous start-ups establish themselves in the City annually; approximately one thousand emerged in 2019 alone. Among these, 47% were involved in finance, professional services, and related business services, while 11% were technology enterprises. The concentration of businesses in the City inevitably results in high enterprise density. Jointly funded by the City of London Corporation (predecessor to the City of London Corporation) and the Social and Economic Research Council, in 2003, several professors from Loughborough University and Manchester Business School investigated sector-specific business density in the City (defined as ten peer companies within 100 metres of a firm's office). They found densities of 0.574 for insurance, 0.559 for recruitment, 0.554 for banking, 0.534 for business services, and 0.443 for legal services. At that time, the number of financial services and related enterprises stood at 23,000, a figure remarkably similar to that of 2019, rendering these findings still relevant today [7].

The full backing of the UK government stands as another pivotal factor in the City of London's corporate concentration. Both the UK government and City firms proactively seek to strengthen economic and trade ties with other nations, drawing international business to London. The UK government has successively introduced the Taxation (Cross-Border Trade) Act and the Trade Bill to offer preferential trade terms to developing nations, striving to minimise the negative impact of Brexit on the UK. In 2018, the UK signed a new Economic Partnership Agreement with Africa, increasing British investment in the continent. Additionally, the UK and Singapore concluded three agreements to deepen financial ties and strengthen international green finance cooperation. Recognising the global economic centre's eastward shift, the UK and Chinese governments have signed multiple memoranda of understanding on economic matters over the years, yielding initial results. As early as 2012, the bilateral governments launched the "(London) People's Business Centre Initiative", issuing renminbi-denominated government bonds in London and establishing the London Offshore Renminbi Trading Centre. Under the Belt and Road Initiative, cooperation expanded further with the signing of the Memorandum of Understanding on Regulatory Cooperation for Non-Bank Payment Services. In June 2019, the China Securities Regulatory Commission and the Financial Conduct Authority formally launched the Shanghai-London Stock Connect (recently postponed), with both parties establishing a £1 billion cooperation fund to participate in cross-border renminbi business, aiming to deepen bilateral connectivity in financial services. According to the January 2020 edition of the London RMB Business Quarterly, the total market value of dim sum bonds listed on the London Stock Exchange reached RMB 34.9 billion as of November 2019. The City of London has become the largest offshore RMB business centre outside the Hong Kong Special Administrative Region. By 2022, the number of registered enterprises in the City of London had exceeded 25,000, including over 2,000 fintech firms – representing an increase of approximately 40% since 2019.The City continues to lead global development in green finance, blockchain and digital assets, having become Europe's largest green bond issuance centre and digital asset trading hub. The UK government's 2021 Fintech Development Action Plan further advances the City's innovative practices in regulatory sandboxes, data sharing and cross-border testing mechanisms.

Traditional embroidery art still has wide application value in contemporary fashion design. For modern fashion design, it still has a very strong sound. First of all, we need to break the integrity of the design. Traditional embroidery art is often lack of abstractness, and the pattern image is very complete, but it has the characteristics of rigidity. It is not conducive to the long-term promotion of traditional ideas, and modern fashion design in the process of integration must break through the limitations of traditional embroidery, the integrity of the continuous to be broken, in order to innovate. For fashion designers, we can divide the patterns properly and pick up the relevant composition methods to make them more in line with modern people's clothing aesthetics. For example, when designing a dress, you can combine embroidery art to form a hollow way, so as to decorate the waist line and make the design effect of the whole curve more prominent. The second is to strengthen the aesthetic level of clothes and make them more in line with people's understanding of beauty. Traditional embroidery art is rooted in traditional culture, so the pattern is very exquisite and meticulous, which makes embroidery art unique and coquettish. It can enhance the aesthetic feeling of modern fashion design, so as to optimize contemporary fashion design. At present, many designers will actively try embroidery techniques in the process of design, so as to enhance the artistic value of clothing design, and even properly use embroidery techniques in foreign high-definition clothing, so as to further improve the quality of clothing.

4. ANALYSIS OF THE CITY OF LONDON'S HUB FUNCTION AS AN INTERNATIONAL FINANCIAL CENTRE

The City of London has amassed exceptional human and corporate resources, yet fintech has consistently served as the catalyst for enhancing financial service efficiency. Through sustained, long-term endeavours, London has cultivated the specialised knowledge reserves and international networks essential to a knowledge-based economy. It has established a hub-and-spoke (flattened) relationship with other financial centres, positioning itself (alongside New York) as a veritable global financial powerhouse. This is achieved by maintaining close operational ties with other financial cities through financial technology.The City of London's enduring competitive position as a global financial centre stems from its consistent emphasis on technology's transformative power. As previously noted, to attract major financial or technology giants, unicorn companies, or start-ups, London offers them favourable conditions.Indeed, the City of London has consistently led in fintech adoption. Taking foreign exchange trading technology as an example, telephones, telegrams, and telexes (from the 1950s onwards) were the primary communication methods: telephones for executing trades, telegrams and telexes for trade confirmations and payment instructions. The 1977 launch of SWIFT (Society for Worldwide Interbank Financial Telecommunication) entirely replaced telegram and telex functions, providing member banks with a secure, stable computer network for payment information.In 1981, Reuters introduced its Money Dealing service, revolutionising global traders' information exchange. Since 1992, an increasing volume of foreign exchange transactions has migrated to electronic trading platforms, fundamentally transforming trading practices [1].

The burgeoning application of fintech has further propelled the City of London's development, enhancing transactional efficiency between London and other financial hubs. Its trading venues have evolved from guildhalls and coffee houses into the world's largest interbank financial market and today's foremost electronic trading platform, delivering an impressive performance record.London stands as the world's largest foreign exchange market, commanding a 43.12% share in 2019 – significantly ahead of New York's 26.6% in second place. It also leads as the global centre for interest rate derivatives, achieving a record market share of 50.11% in 2019.It also stands as the world's largest international bond issuance market, maintaining its lead since surpassing the United States in the second quarter of 2006. By the end of the second quarter of 2019, the market value of bonds issued stood at US$3.15 trillion, compared to US$2.32 trillion in New York. Within the insurance sector, London handles 60% of global aviation insurance, 50% of all global energy insurance, and 33% of all global transport insurance.The City of London insurance market stands as Europe's largest and the world's third-largest, having long established itself as the global trading hub for major industrial risks and reinsurance. London's international financial operations leave competitors trailing in its wake. Beyond this, the City's status as an international centre is further underpinned by its high-calibre legal services. The efficient resolution of commercial disputes fosters a favourable business environment, enhancing mutual trust and cooperation among enterprises [3].

Here, this article must mention the development of London's foreign exchange market, particularly the evolution of its traded currency structure, to illustrate the market's openness and inclusive growth. While the foreign exchange market does not constitute the entirety of London's global financial centre operations, its development effectively demonstrates the marketing capabilities and market expansion prowess of City firms. Market openness is one of the prerequisites for the development of an international financial centre. Among the 28 primary market-making banks in London's foreign exchange market, only five are UK-based institutions; Barclays, HSBC, Lloyds Banking Group, Standard Chartered, and NAWEST (Royal Bank of Scotland). Consequently, the primary trading entities in London's foreign exchange market are predominantly foreign banks, notably the seven major American banks (Bank of America Merrill Lynch, Bank of New York Mellon, Citibank, Goldman Sachs, JPMorgan Chase, Morgan Stanley, and State Street Bank), which command the highest market share. In 2019, the top ten US banks collectively held a 32.31% share, while the UK's

HSBC ranked eighth with only 4.93%. Were it not for the robust participation of foreign banks in speculative, arbitrage, and hedging transactions, the London foreign exchange market would lack sufficient liquidity and could not have attained its current international competitive standing.

The evolving currency trading structure reflects the City of London's distinctive insight into foreign exchange market dynamics, driving expansion through both policy and technological innovation. As noted, the City keenly recognised China's robust economic rise and Asia's heightened economic significance, proactively strengthening financial cooperation with China to secure a pivotal role in renminbi internationalisation and the Belt and Road Initiative. The Bank of England and the People's Bank of China have signed a currency swap agreement to support the development of London as an offshore renminbi centre. Concurrently, City firms maintain consistent close cooperation with India to meet the rapidly growing demand for international financial services, including foreign exchange trading in the Indian rupee. Benefiting from continuously improving trading technologies, the range of currencies traded in the London foreign exchange market has steadily expanded, gradually breaking the market monopoly of Western developed nations' currencies and providing an efficient platform for emerging market currencies.

During the 1980s and 1990s, the G-4 currencies (US dollar, West German mark, Japanese yen and British pound) dominated the London foreign exchange market. Following the introduction of the euro, the international foreign exchange market landscape shifted. In April 2001, G-4 currency trading reached its peak at 165% (calculated as 200%). Subsequent surveys revealed a gradual annual decline in G-4 (US dollar, euro, Japanese yen, and British pound) trading shares, which stood at 162%, 155%, 156%, 155%, and 154% in 2004, 2007, 2010,2013, 2016, and 2016, the market shares stood at 162%, 155%, 156%, 155%, and 154% respectively, exhibiting a gradual decline. Currencies from other emerging market economies, including the Renminbi, have gained a certain share of the market. Taking the BRICS currencies as an example: in October 2019, the Brazilian real, Russian rouble, Indian rupee, renminbi and South African rand accounted for 0.77%, 1.03%, 0.73%, 3.42% and 1.49% respectively of London foreign exchange market trading volumes; In April 2010, the shares of the Brazilian real, Indian rupee, renminbi, and South African rand stood at 0.30%, 0.28%, 0.37%, and 0.64% respectively (data for the Russian rouble was unavailable). Evidently, the City of London's firms have finally reaped the anticipated returns. Presently, the benchmark for a currency's internationalisation is whether its London foreign exchange market transactions constitute 40% of its total global foreign exchange dealings – signifying a London-centric hub radiating to other cities.

According to the Bank for International Settlements (BIS) 2022 survey, London retains its position as the world's largest foreign exchange trading centre, with an average daily turnover of US$2.8 trillion, accounting for 38.1% of the global share.The scale of renminbi trading continues to expand, with London's daily average renminbi turnover exceeding 90 billion yuan in 2022, establishing it as the largest offshore renminbi market outside Asia. Furthermore, London holds a global leadership position in areas such as carbon trading, sustainable finance, and digital payments, further cementing its dual role as a global hub for fintech and green finance.

5. SUMMARY AND IMPLICATIONS

5.1. Revisiting the City of London's Experience: Consolidating Financial Leadership in an Era of Uncertainty

The City of London's continued dominance as a global financial centre amid the economic "fog" of 2025 hinges on its dynamic, resilient, open and collaborative financial ecosystem. This core strength has become particularly evident against the complex backdrop of global economic "fragility and resilience coexisting" in recent years [12].

5.1.1. Continuous Evolution of Talent Strategy

Facing new talent competition post-Brexit, the City of London avoided complacency. Instead, it introduced more targeted policies such as the "High Potential Individual Visa" and "Global Business Mobility Visa" to sustain attraction of top-tier global tech and finance talent. The internationalisation of its talent pool (with overseas employees consistently above 40% of the workforce) and its skill density serve as core buffers against local labour market volatility.

5.1.2. Agile Regulatory Framework and Policy Innovation

London's leadership recognises that "excessive risk aversion stifles growth" and actively promotes the "Regulating for Growth" philosophy. The 2025 Financial Services Concierge initiative provides international firms with clear regulatory guidance and lowers market entry barriers, exemplifying tangible business environment improvements.

5.1.3. Deep Integration of Technology and Finance

London remains not only a hub for traditional financial services but also a global leader in applying fintech, green finance, and artificial intelligence within the financial sector. Boasting Europe's largest technology ecosystem, its technological advantages in blockchain, digital banking, and payments directly translate into market leadership in emerging fields such as cross-border finance and digital currency trading (e.g., maintaining its position as the world's largest foreign exchange trading centre with a 38.1% market share in 2025) [5].

5.1.4. Deepening International Cooperation Amidst Globalisation Headwinds

Despite challenges posed by rising trade protectionism, the City of London has proactively expanded ties with non-Western economies, particularly strengthening cooperation with Asian markets. This includes consolidating its position as the world's largest offshore renminbi trading centre, demonstrating strategic foresight in seeking new opportunities amidst the reshaping of the global economic landscape.

5.2. Implications for the Guangdong-Hong Kong-Macao Greater Bay Area: Strategic Pathways Towards Becoming a "Global Economic Growth Pole"

The Guangdong-Hong Kong-Macao Greater Bay Area stands at a pivotal juncture in its evolution from a "regional cooperation pilot zone" to a "global economic growth pole". Drawing lessons from the City of London's experience, and considering the emerging global economic landscape of "fragility and resilience coexisting" by 2025 alongside the Greater Bay Area's new dynamic of "high-tech leadership coupled with synergistic consumption and tourism", the following four key insights for deepening development are proposed:

5.2.1. Building a Resilient Talent Network to Address Global Uncertainty

The Greater Bay Area should transcend mere talent recruitment and focus on establishing a regionally integrated talent network that is resilient to fluctuations, highly attractive, and efficient. Specifically:

(1) Implement a "Greater Bay Area Talent Green Card": Building upon existing policies, explore unified residency, property ownership, taxation, and children's education policies covering the nine cities of the Pearl River Delta alongside Hong Kong and Macao. This would enable high-end talent to enjoy "seamless mobility with a single card".

(2) Focusing Disciplines on Future Industries: Addressing skills shortages in critical areas such as artificial intelligence, cybersecurity, and data science highlighted in the City of London report, promote collaborative development of curricula and laboratories between Bay Area universities and enterprises to achieve "targeted talent cultivation".

(3) Leverage Hong Kong's "High Potential Individual Visa" policy: Encourage Mainland cities within the Bay Area to collaborate with Hong Kong in talent recruitment, utilising Hong Kong's international platform to attract talent while retaining them through the Bay Area's extensive industrial ecosystems.

5.2.2. Foster cross-border regulatory sandbox collaboration to catalyse financial technology innovation

London's "concierge service" demonstrates that reducing regulatory uncertainty is vital for innovation. The Greater Bay Area can build upon this foundation:

(1) Pilot a "Greater Bay Area Cross-Border Regulatory Sandbox" in cooperation zones such as Qianhai, Hetao, and Hengqin, permitting eligible fintech enterprises to test products across the entire Bay Area market under a unified regulatory framework.

(2) Drawing on the UK's experience in promoting regulatory technology (RegTech) to reduce compliance costs, support Bay Area technology companies in developing compliance tools for cross-border finance, transforming compliance challenges into opportunities for industrial development.

5.2.3. Strengthen the "technology-finance-industry" closed loop to empower the Bay Area's real economy

In the first half of 2025, the robust momentum of the Greater Bay Area's high-tech manufacturing sector (with rapid growth in Shenzhen's drones, Guangzhou's integrated circuits, and Foshan's industrial robots) provided fertile ground for the financial industry. The Greater Bay Area should:

(1) Develop "supply chain finance + industrial internet" platforms, leveraging the region's robust manufacturing base to provide targeted financing services for SMEs across the industrial chain.

(2) Encourage venture capital and private equity to focus on the region's strengths in green technology, artificial intelligence, and new energy, replicating the success of London's "Tech City" to establish several world-class technology industry clusters.

(3) Leverage Hong Kong's financing capabilities alongside Shenzhen's R&D and industrialisation strengths to jointly establish a global hub for green technology and green finance, benchmarking London's leadership in sustainable finance.

5.2.4. Deepen institutional opening-up to serve as a stabiliser amid global economic uncertainty

(1) In response to the deteriorating global economic outlook and trade policy uncertainties highlighted in the UN report, the Greater Bay Area should leverage the unique advantages of "one country, two systems" to become a "bridge of trust" for the global economy.

(2) Accelerate pilot initiatives for renminbi internationalisation within the Greater Bay Area, drawing on London's offshore renminbi market experience to explore digital currency applications in cross-border trade and payments.

(3) Promote breakthroughs in cross-border data flow regulations among Guangdong, Hong Kong and Macao, establishing secure and efficient international data channels to lay foundations for digital trade development.

(4) Within the Belt and Road framework, Greater Bay Area cities could form consortiums to offer integrated solutions spanning project financing, engineering construction and risk management. This would combine London's expertise in infrastructure financing and delivery with the region's manufacturing and construction capabilities.

6. CONCLUSION

Looking ahead, the global economy stands at a crossroads between short-term policy stimulus and long-term structural transformation. The Guangdong-Hong Kong-Macao Greater Bay Area need not replicate London's path step by step, but should absorb its essence of being "people-centred, technology-driven, open and collaborative". It should transform internal institutional differences into drivers of innovation and convert external global uncertainties into opportunities to enhance its own resilience. Only thus can the Greater Bay Area successfully evolve from a world-class manufacturing powerhouse into a future-leading global financial and innovation hub.

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