

China's Financial Center Index (CDI CFCI 10)

Shenzhen, China

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Chapter I Introduction

CDI China's financial center index (CDI CFCI) is a multi-factor comprehensive evaluation system^① to measure the competitiveness of China's financial centers. It aims to evaluate the advantages and disadvantages of the development of China's financial centers through a series of objective indicators, thus laying a foundation for further proposing effective measures to enhance the competitiveness of financial centers.

In CDI CFCI 10, we comprehensively evaluated the competitiveness of 31 financial centers in China by adopting 91 objective indicators based on four grades of competitiveness evaluation, including the evaluations of comprehensive competitiveness, financial industry performance, financial institution strength, financial market scale and financial ecological environment. Since it was first launched in 2009, CDI CFCI has been updated annually. This is the 10th issue of CDI China's Financial Center Index, 2018 (shown in table 1.1.1).

Compared with the previous index, the indicator system of CDI CFCI10 has been improved with optimization and adjustments, including adding the indicators such as private equity fund management and regional equity market, and deleting those indicators such as factor trading market and others which are difficult to be calculated accurately. Therefore the total number of overall indicators has been increased by three in order that the CDI CFCI evaluation system reflects the competitiveness of China's financial center more scientifically and comprehensively.

In addition, the cities selected in CDI CFCI cover all important financial centers in China. By analyzing the important financial reform and innovation measures taken by each financial center in the previous year, the index report provides a new “window” for in-depth observation of China's financial reform and development of innovation.

Table 1.1.1 Scores of CDI CFCI 10

No.	Financial Center	Comprehensive Competitiveness	Financial Industry Performance	Financial Institution Strength	Financial Market Scale	Financial Ecological Environment
1	Shanghai	234.40	166.27	249.19	363.66	147.25
2	Beijing	183.41	191.38	319.27	23.12	173.44
3	Shenzhen	122.43	112.76	162.78	81.93	124.86
4	Guangzhou	73.03	84.25	78.27	6.80	126.97
5	Hangzhou	58.02	77.06	58.28	7.45	92.59
6	Chengdu	55.69	83.72	53.70	2.65	86.04
7	Tianjin	55.65	75.02	58.53	2.19	89.59
8	Nanjing	55.57	85.08	48.67	1.90	91.41
9	Chongqing	50.24	68.05	50.72	0.93	84.45
10	Wuhan	47.04	60.88	38.08	6.50	88.32
11	Suzhou	45.14	59.40	44.10	0.46	80.17
12	Zhengzhou	44.52	74.89	30.22	11.81	65.96

13	Xi'an	43.56	75.61	28.91	1.63	73.81
14	Dalian	41.35	61.33	25.92	20.46	62.67
15	Jinan	40.21	71.12	27.51	4.24	62.55
16	Fuzhou	37.76	71.83	31.60	0.00	50.03
17	Qingdao	37.71	48.98	30.42	1.93	74.39
18	Xiamen	36.65	66.07	21.85	2.46	61.42
19	Changsha	36.40	52.14	25.74	3.42	69.47
20	Shenyang	34.73	54.88	23.69	2.40	62.73
21	Wuxi	33.99	52.80	23.87	0.00	64.07
22	Ningbo	32.63	42.45	26.51	1.81	63.89
23	Kunming	32.39	55.68	22.04	0.00	56.09
24	Hefei	32.22	53.02	21.79	2.37	55.96
25	Harbin	31.02	49.98	19.63	0.91	58.35
26	Shijiazhuang	30.19	52.89	22.76	1.63	46.50
27	Urumqi	29.96	65.65	11.60	1.17	46.56
28	Nanchang	29.85	50.60	14.97	6.51	52.30
29	Changchun	28.45	40.17	15.72	0.75	62.82
30	Nanning	27.21	53.36	12.81	3.69	43.28
31	Wenzhou	22.98	41.13	13.41	0.00	40.93

The main conclusions of CDI CFCI 10 came as follows:

● The result of comprehensive competitiveness ranking were Shanghai, Beijing, Shenzhen, Guangzhou, Hangzhou, Chengdu, Tianjin, Nanjing, Suzhou, Chongqing, Wuhan, Zhengzhou, Xi'an, Dalian, Jinan, Fuzhou, Shenyang, Qingdao, Xiamen, Changsha, Wuxi, Ningbo, Kunming, Hefei, Harbin, Urumqi, Nanchang, Shijiazhuang, Changchun, Nanning and Wenzhou.

● In terms of the comprehensive competitiveness scores, all of the 31 financial center cities have achieved a positive growth, among which the five cities with the biggest increase in scores were Shenzhen (up by 18.81 points), Shanghai (up by 11.52 points), Hangzhou (up by 10.22 points), Guangzhou (up by 9.25 points) and Nanjing (up by 9.05 points), while the five cities with the smallest increase were Shenyang (up by 1.40 points), Dalian (up by 2.03 points), Changchun (up by 2.23 points), Wenzhou (up by 2.40 points) and Qingdao (up by 3.02 points).

● From the ranking of comprehensive competitiveness, the 31 financial center cities had entered a relatively stable state of competition. Only 15 cities of them changed their ranking in this issue, with only 7 cities changing more than two places—they were Fuzhou (rising four places), Hangzhou and Shijiazhuang (rising two places), Shenyang and Changchun (falling three places) and Tianjin and Dalian (falling two places).

● The competitiveness of financial centers presented a distinct “hierarchical” structure. As the three national financial centers on the top, Shanghai, Beijing and Shenzhen unshakably took the first group; Guangzhou had obvious advantages in the regional financial centers, but there was a big gap with the three national financial centers; as the top regional financial centers, Hangzhou, Chengdu, Tianjin, Nanjing, Chongqing, Wuhan, Suzhou, Zhengzhou and Xi’an were relatively close in terms of strength, increasing in scores significantly higher than that of other regional financial centers, thus further expanded their leading advantages .

● The top 10 cities in financial industry performance were Beijing, Shanghai, Shenzhen, Nanjing, Guangzhou, Chengdu, Tianjin, Hangzhou, Xi’an and Zhengzhou. The three major national financial centers had obvious advantages in terms of sub-item competitiveness, whose financial development scales led far ahead those of the other regional financial centers. The financial industrial performance of Nanjing rose to the 4th place from the 9th place of the last issue. It was the first time that Zhengzhou entered the top ten of financial industrial performance.

● Top 10 financial centers in financial institution strength were Beijing, Shanghai, Shenzhen, Guangzhou, Tianjin, Hangzhou, Chengdu, Chongqing, Nanjing and Suzhou. The financial institution resources and comprehensive strength of Beijing, Shanghai, Shenzhen and Guangzhou exceed those of other regional financial centers combined, with the total strength score (810 points) more than that(803 points) of the other 27 financial centers together. Hangzhou had a significantly increase in the financial institution strength, moving up to the 6th from the 8th of the previous ranking.

● Top 10 financial centers in financial market scale were Shanghai, Shenzhen, Beijing, Dalian, Zhengzhou, Hangzhou, Guangzhou, Jinan, Wuhan and Nanchang. The five financial centers of Shanghai, Shenzhen, Beijing, Dalian and Zhengzhou possessed the national financial markets, while Hangzhou, Guangzhou, Nanchang, Wuhan and Jinan led other regional financial centers through their competitive advantages in the regional equity market.

● Top 10 financial centers in financial ecological environment were Beijing, Shanghai, Guangzhou, Shenzhen, Hangzhou, Nanjing, Tianjin, Wuhan, Chengdu and Chongqing. Financial ecological environment can explain how well a role that a financial center plays to achieve its comprehensive competitiveness, so that tells why the top 10 cities in financial ecological environment were exactly the top 10 cities in comprehensive competitiveness. Compared with the index of the previous issue, the financial ecological environment in Guangzhou exceeded that in Shenzhen, with the ranks switched, ranking the 3rd and the 4th, respectively. The financial ecological environment in Hangzhou, Nanjing and Chengdu had improved a great deal, both of them up one place in the ranking compared with the previous issue.

Chapter II Evaluation of the financial center competitiveness in China

2.1 Evaluation method of CDI CFCI 10

2.1.1 Sample Cities

Similar to indexes of CDI CFCI 9, the sample cities chosen in CDI CFCI 10 were 31 in total, as the layout shown below:

There are three national financial centers: Shanghai, Beijing and Shenzhen;

- The northeast of China consists of Liaoning province, Jilin Province and Heilongjiang province, from which four sample cities were chosen: Dalian, Shenyang, Changchun and Harbin;

- The northern coastal areas consist of Beijing, Tianjin, Hubei Province and Shandong Province, from which four sample cities were chosen: **Tianjin, Shijiazhuang, Jinan and Qingdao;**

- The eastern coastal areas consist of Shanghai, Jiangsu Province and Zhejiang Provinces, from which six sample cities were chosen: **Hangzhou, Nanjing, Suzhou, Ningbo, Wuxi and Wenzhou;**

- The southern coastal areas consist of Fujian Province, Guangdong Province and Hainan Province, from which three sample cities were chosen: **Guangzhou, Xiamen and Fuzhou;**

- The central region, which mainly covers the middle reaches of the Yellow River and the middle reaches of the Yangtze river, consists of Shanxi Province, Henan Province, Inner Mongolia, Hubei Province, Hunan Province, Jiangxi Province and Anhui Province, from which five sample cities were chosen: **Wuhan, Changsha, Zhengzhou, Hefei and Nanchang;**

- The western region consists of Yunnan Province, Guizhou Province, Sichuan Province, Chongqing, Guangxi, Gansu Province, Qinghai Province, Ningxia, Shaanxi Province, Tibet and Xingjian, from which six sample cities were chosen: **Chengdu, Chongqing, Xi'an, Kunming, Nanning and Urumqi.**

2.1.2 Indicator System

Financial centers are actually places where financial resources are relatively concentrated. Financial resources include financial capital, financial institutions, financial markets, financial talents, financial information and other aspects. Therefore, the construction mechanism of a financial center is largely a mechanism of clustering financial resources.

As for clustering mechanism of financial resources, we put forward the “theory of clustering money and talents” in the index report of the third issue: in essence, the formation and development of financial centers can be attributed to the clustering of “money and talents”. “Money” refers to financial capital, and “talent” refers to persons with financial capability.

Clustering “money and talents” can comprehensively reflect the clustering various financial resources. “Money and talent” themselves are the most important types of financial resources. Other resources such as financial institutions, financial markets, financial information and financial products are all a combination of money and talents.

The financial center’s “theory of clustering money and talents” can well explain the objective law of the formation and development of a financial center.

“Money” indicates the direction of clustering financial capital, and the nature of capital is to chase profit, therefore it always flows to a place where capital is highly

profitable.

While “talents” indicates the direction of clustering persons with financial capability, that is, talents always rush to a place where high income and high quality of life are available.

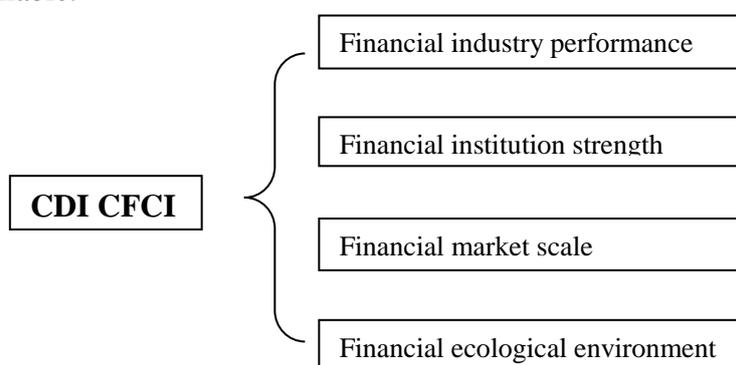


Chart 2.1.2 CFCI indicator framework

It is on the “theory of clustering money and talents” that we have established the evaluation system of financial center competitiveness. There are four items in Level—I index system of CDI CFCI: financial industry performance, financial institution strength, financial market scale and financial ecological environment.

“Financial industry performance” is the direct result that reflects how well a financial industry develops, and also reflects the benefits brought to the development of a city by the construction of a financial center;

“Financial institutions strength” shows how well a financial market develops and how well its financial business goes;

“Financial market scale” indicates the status of a financial center in national or a regional centralized trading market.

“Financial ecological environment” reflects the foundation and potential development of a financial center. Among the four indexes of Level-I, “financial industry performance”, “strength of financial institutions” and “scale of financial market” are the targets of “clustering money and talents”, while “financial ecological environment” is the requirement, with comprehensively reflect a city’s development level and trend of financial industry .

(1) Financial industry performance. The financial industry has an important impetus to the social and economic development of a city. According to the multiplier theory of industrial economy, the magnitude of force depends on the direct output of the financial industry and the financial resources controlled by the financial industry as well. Financial industry performance is a direct and comprehensive reflection of financial competitiveness, including the value added of the financial industry, the financial employees, the financial depth and width.

(2) Strength of financial institutions. Financial institutions include banks, insurance and securities, which form the main body of an urban financial industry. The clustering of influential financial institutions plays a supporting role of promoting financial innovation and the development of an urban financial industry since the comprehensive strength of a financial institution in a city largely reflects an urban financial competitiveness. In addition, the strength of financial institutions also reflects the amount of the financial business in a city, such as RMB deposits, loans and so on.

(3) Financial market scale. Financial market is a place where financial instruments are traded. It is also an important place for financial innovation, mainly

including monetary market, stock market, bond market, gold market, foreign exchange market, derivative market and property rights trading market. The financial market scale and the trading activity of a financial market are important factors to attract and gather financial traders, financial institutions and financial talents, which play a crucial role in enhancing the radiation power of an urban finance.

(4) Financial ecological environment. The development of an urban financial industry depends not only on the financial industry itself, but also on all aspects that are closely linked with an urban social and economic development. The external environment of an urban financial development is called financial ecological environment, which is the explanatory factor of an urban financial competitiveness. In this issue the research team divided the financial ecological environment into two categories, namely talent environment and business environment. The talent environment was subdivided into eight aspects, such as education, culture, health care and so on. Meanwhile the business environment was subdivided into five aspects, such as infrastructure, professional services, social security and so on, in order that the financial ecological environment could be reflected comprehensively and accurately as well.

Compared with the previous index, the indicator system of CDI CFCI10 had been improved with optimization and adjustments, including adding the indicators such as private equity fund management and regional equity market, and deleting the indicators which were difficult to be calculated accurately such as factor trading market and others, with the total indicators increased by 3. At present, there were 91, indicators in all and they were divided into four levels, as shown in table 2.1.1.

Table 2.1.1 CDI CFCI indicator system

Level-1	Level-2	Level-3 (Level-4)
Financial Industry Performance	Added value of financial industry	The added value of financial industry and the average growth rate in the recent three years, and the proportion of added value of financial industry to local GDP
	Financial industry employees	The number of financial industry employees and the average growth rate in the recent three years, and the proportion of employees to permanent population
	Financial depth	Ratio of deposit balance to GDP, ratio of local securities trading volume to GDP, and insurance depth
	Financial width	Ratio of loan balance to GDP, ratio of domestic stock market cumulative financing to GDP, and insurance density
Financial Institution Strength	Banking institutions	Local legal person commercial banking institutions (number of local legal person banks of the major commercial banks, total assets of local legal person banks of the major commercial banks), local market business volume (total deposits, total loans), other credit institutions (legal person trust companies, legal person financial companies)
	Securities institutions	Securities companies (number of local legal entities, assets size, number of securities businesses), fund management companies (number of local legal entities, assets management scale), futures companies (number of local legal entities, assets size)
	Insurance institutions	Local legal entities (number of local legal entities, assets size), local market business volume (premium income, compensation expenses)
	Quasi-financial institutions	Number of private fund managers, number of financial leasing institutions, number of financing guarantee institutions, number of third-party payment institutions

	Internationalization of organizations	Banking (the number of the branches set up by foreign banks and number of foreign banking institutions) of commercial institutions, securities (number of legal person joint venture securities, number of offices set up by foreign securities companies and number of legal person joint venture fund management companies), insurance (number of branches set up by foreign insurance companies, number of legal person joint venture insurance company and number of offices set up by foreign insurance companies)
Financial Market Scale	Monetary market	Interbank lending market (transaction amount), repurchase market (transaction amount), bill market (total discount)
	Stock market	Market scale (number of listed companies, total market value of listed companies, transaction amount), market financing capacity (share issue amount)
	Bond market	Interbank bond market (cash transaction volume), exchange bond market (cash transaction volume)
	Gold market	Gold market (gold turnover)
	Foreign exchange market	Market scale (daily turnover)
	Derivatives market	The futures market (futures turnover)
	Regional equity market	Number of registered enterprises and scale of total registered capital of listed enterprises
Financial Ecological Environment	Talents environment	Education environment (number of students in institutions of higher learning, number of institutions of higher learning in “211 project”, number of students borne by the full-time teachers of each ordinary middle school and number of students covered by the full-time teachers in each primary school), culture and entertainment (number of screens per million, income of box office per million and total stock of library books per 10,000 people), medical and health care (number of Grade-III Class-A hospitals, number of hospital beds per 10,000 people and number of registered doctors per 10,000 people), urban greening (urban greening coverage rate and public green space area per capita), urban traffic (road area per capita and number of daily flights of urban rail transit per 10,000 people), environmental conditions (rate of urban sewage treatment rate and rate of air quality), cost of living (average wage of employees and ratio of housing price to income) and tourist attraction (number of inbound tourists and domestic tourists)
	Business environment	Economic foundation (regional GDP, regional GDP per capita, added value of tertiary industry and number of local listed companies), professional services (number of practicing lawyers, number of certified public accountants and number of professional insurance intermediaries), social security (coverage of basic endowment insurance , basic medical insurance and unemployment insurance), economic extroversion (actual use of total FDI in that year, total import and export in that year and international tourism income in that year)

3. Data and its processing

After determining the index system, we collected city data through multiple channels, then standardized the data and weighted the indicators and finally calculated

the CDI CFCI index.

(1) **Data sources** The objective data adopted in CDI CFCI was based on the statistical yearbook data released by various cities, combining the statistical data of financial regulators and financial institutions.

(2) **Data standardization** A fiducial value for each indicator was CDI CFCI “anchored” in CDI CFCI, and the standardized score of each city depended on the proportional relation between the original value of urban indicator and anchored fiducial value. That was, for the positive index (i.e. the higher the value, the better the index), standardized score = index original value/anchored fiducial value; for the inverse index (i.e. the lower the value, the better the index), standardized score = anchored fiducial value/indicator raw value.

(3) **Indicator empowerment** The contribution weight of each index to the superior index was determined by experts. The experts to empower CDI CFCI indicators included people from government financial offices, financial regulators, financial institutions, well-known experts in the financial industry, and members of the CDI research group.

(4) **Index calculation** The CDI CFCI index was obtained by multiplying and adding up the standardized score and index weight of each city, including comprehensive competitiveness index and sub-competitiveness index.

(5) **Index update** On the basis of the overall stability of the econometric analysis model, CDI CFCI research optimized and adjusted the statistical methods and weights of relevant evaluation indicators in each phase to maintain the scientific, continuous and consistent evaluation results, with the principle of objectivity and impartiality as well as the concept of sustainability and inclusiveness.

2.2 Evaluation results in CDI CFCI 10

2.2.1 Comprehensive competitiveness

The comprehensive competitiveness ranking of CDICFC10 came out: Shanghai, Beijing, Shenzhen, Guangzhou, Hangzhou, Chengdu, Tianjin, Nanjing, Suzhou, Chongqing, Wuhan, Zhengzhou, Xi'an, Dalian, Jinan, Fuzhou, Shenyang, Qingdao, Xiamen, Changsha, Wuxi, Ningbo, Kunming, Hefei, Harbin, Urumqi, Nanchang, Shijiazhuang, Changchun, Nanning and Wenzhou.

- The leading position held by the first group which consisted of the national three major financial centers was still unbreakable, while there was still a big gap between Shenzhen and Shanghai.

- Guangzhou had a prominent competitive edge among the 28 regional financial centers, but the gap between it and the national three major financial centers was also obvious.

- Hangzhou, Chengdu, Tianjin and Nanjing were well-matched in strength, and their comprehensive competitiveness scores were very close. Chongqing kept the same level of them in the previous issues, but now it was likely lagged far behind of them.

- The scores of other regional financial centers showed a gentle gradient transition state, and the slight fluctuations and errors of the scores among regional financial centers could easily lead to a change of the ranking.

Table 2.2.1 Ranking and score of comprehensive competitiveness in CDI CFCI 10

City	Ranking			Score		
	CFCI 10	CFCI 9	Change	CFCI 10	CFCI 9	Change
Shanghai	1	1	0	234.40	222.88	▲11.52
Beijing	2	2	0	183.41	178.38	▲5.03
Shenzhen	3	3	0	122.43	103.62	▲18.81
Guangzhou	4	4	0	73.03	63.78	▲9.25
Hangzhou	5	7	▲2	58.02	47.80	▲10.22
Chengdu	6	6	0	55.69	49.64	▲6.05
Tianjin	7	5	▼2	55.65	51.12	▲4.53
Nanjing	8	9	▲1	55.57	46.52	▲9.05
Chongqing	9	8	▼1	50.24	46.84	▲3.4
Wuhan	10	11	▲1	47.04	40.03	▲7.01
Suzhou	11	10	▼1	45.14	40.35	▲4.79
Zhengzhou	12	13	▲1	44.52	39.11	▲5.41
Xi'an	13	14	▲1	43.56	38.28	▲5.28
Dalian	14	12	▼2	41.35	39.32	▲2.03
Jinan	15	15	0	40.21	34.97	▲5.24
Fuzhou	16	20	▲4	37.76	31.93	▲5.83
Qingdao	17	16	▼1	37.71	34.69	▲3.02
Xiamen	18	18	0	36.65	32.53	▲4.12
Changsha	19	19	0	36.40	32.20	▲4.2
Shenyang	20	17	▼3	34.73	33.33	▲1.4
Wuxi	21	21	0	33.99	30.16	▲3.83
Ningbo	22	22	0	32.63	29.43	▲3.2
Kunming	23	23	0	32.39	29.31	▲3.08
Hefei	24	24	0	32.22	27.16	▲5.06
Harbin	25	25	0	31.02	26.95	▲4.07
Shijiazhuang	26	28	▲2	30.19	25.51	▲4.68
Urumqi	27	27	0	29.96	25.55	▲4.41
Nanchang	28	29	▲1	29.85	25.31	▲4.54
Changchun	29	26	▼3	28.45	26.22	▲2.23
Nanning	30	30	0	27.21	24.12	▲3.09
Wenzhou	31	31	0	22.98	20.58	▲2.4

● Among the 31 financial center cities, eight enjoyed a rise in the ranking, while seven had a slide, and the rest sixteen remained unchanged.

● Among the cities with a big change in the ranking, Fuzhou rose by 4 places, while Shenyang and Changchun fell by 3 places, and the other cities changed by no more than 2 places.

● In the current issue, all the 31 financial center cities had achieved a positive growth. Among them five boasted the biggest increase in score. They were Shenzhen (18.81points up), Shanghai (11.52 points up), Hangzhou (10.22 points up),

Guangzhou (9.25 points up) and Nanjing (9.05 points up), while the cities with the smallest rise in score were Shenyang (1.40 points up), Dalian (2.03 points up), Changchun (2.23 points up), Wenzhou (2.40 points up) and Qingdao (3.02 points up).

2.2.2 Financial Industry Performance

- The top 10 financial centers of financial institution strength in the current issue were Beijing, Shanghai, Shenzhen, Guangzhou, Tianjin, Hangzhou, Chengdu, Chongqing, Nanjing and Suzhou.

- In this issue, only 7 of the 31 financial centers had a decline in financial institution strength, while the other 24 enjoyed a positive growth in different ranges.

- In the current issue, we optimized the sub-item and introduced in the evaluation of local quasi-financial institutions, including private funds, financial leasing, financing guarantee and third-party payment. As a result, the scores of Shenzhen, Hangzhou and other cities in with local quasi-financial institutions were active had improved significantly. There into, the score of Shenzhen had a sharp rise in score, up by 25.5 points, so did Hangzhou, up by 11.6 points.

- In the current issue, the sub-item score of Beijing dropped by 8.05 points from the previous issue.

- Among the regional financial centers, Guangzhou was obvious to win out in financial institution strength except for the national three major financial centers.

- The Matthew effect was obvious here that “the strong will always be strong.” The resources of financial institutions controlled by the four first-tier cities, namely Beijing, Shanghai, Shenzhen and Guangzhou, were more than those controlled by the other regional financial centers combined, that was, the comprehensive strength score (810 points) achieved by the four was more than the total score (803 points) achieved by the rest 27 financial centers together.

Table 2.2.2 Changes in score and ranking with the strength of financial institutions in CDI CFCI 10

City	Ranking			Score		
	CFCI 10	CFCI 9	Change	CFCI 10	CFCI 9	Change
Beijing	1	1	0	319.27	327.32	▼8.05
Shanghai	2	2	0	249.19	240.16	▲9.03
Shenzhen	3	3	0	162.78	137.29	▲25.49
Guangzhou	4	4	0	78.27	73.00	▲5.27
Tianjin	5	5	0	58.53	54.44	▲4.09
Hangzhou	6	8	▲2	58.28	46.70	▲11.58
Chengdu	7	6	▼1	53.70	51.50	▲2.20
Chongqing	8	7	▼1	50.72	46.74	▲3.98
Nanjing	9	9	0	48.67	46.44	▲2.23
Suzhou	10	10	0	44.10	37.43	▲6.67
Wuhan	11	12	▲1	38.08	32.13	▲5.95
Fuzhou	12	11	▼1	31.60	32.27	▼0.67
Qingdao	13	14	▲1	30.42	27.56	▲2.86
Zhengzhou	14	15	▲1	30.22	27.35	▲2.87
Xi'an	15	13	▼2	28.91	27.89	▲1.02

City	Ranking			Score		
	CFCI 10	CFCI 9	Change	CFCI 10	CFCI 9	Change
Jinan	16	16	0	27.51	26.19	▲1.32
Ningbo	17	20	▲3	26.51	23.60	▲2.91
Dalian	18	19	▲1	25.92	24.35	▲1.57
Changsha	19	18	▼1	25.74	24.49	▲1.25
Wuxi	20	23	▲3	23.87	19.87	▲4.00
Shenyang	21	17	▼4	23.69	24.97	▼1.28
Shijiazhuang	22	25	▲3	22.76	18.87	▲3.89
Kunming	23	24	▲1	22.04	18.89	▲3.15
Xiamen	24	21	▼3	21.85	20.28	▲1.57
Hefei	25	22	▼3	21.79	20.27	▲1.52
Harbin	26	26	0	19.63	18.75	▲0.88
Changchun	27	27	0	15.72	18.02	▼2.30
Nanchang	28	28	0	14.97	14.91	▲0.06
Wenzhou	29	29	0	13.41	14.37	▼0.96
Nanning	30	30	0	12.81	13.84	▼1.03
Urumqi	31	31	0	11.60	11.73	▼0.13

2.2.3 Financial Institution Strength

● The top 10 financial centers of financial institution strength in the current issue were Beijing, Shanghai, Shenzhen, Guangzhou, Tianjin, Hangzhou, Chengdu, Chongqing, Nanjing and Suzhou.

● In this issue, only 7 of the 31 financial centers had a decline in financial institution strength, while the other 24 enjoyed a positive growth in different ranges.

● In the current issue, we optimized the sub-item and introduced in the evaluation of local quasi-financial institutions, including private funds, financial leasing, financing guarantee and third-party payment. As a result, the scores of Shenzhen, Hangzhou and other cities in with local quasi-financial institutions were active had improved significantly. There into, the score of Shenzhen had a sharp rise in score, up by 25.5 points, so did Hangzhou, up by 11.6 points.

● In the current issue, the sub-item score of Beijing dropped by 8.05 points from the previous issue.

● Among the regional financial centers, Guangzhou was obvious to win out in financial institution strength except for the national three major financial centers.

● The Matthew effect was obvious here that “the strong will always be strong.” The resources of financial institutions controlled by the four first-tier cities, namely Beijing, Shanghai, Shenzhen and Guangzhou, were more than those controlled by the other regional financial centers combined, that was, the comprehensive strength score (810 points) achieved by the four was more than the total score (803 points) achieved by the rest 27 financial centers together.

Table 2.2.3 Changes in score and ranking with the strength of financial institutions in CDI CFCI 10

City	Ranking			Score		
	CFCI 10	CFCI 9	Change	CFCI 10	CFCI 9	Change
Beijing	1	1	0	319.27	327.32	▼8.05
Shanghai	2	2	0	249.19	240.16	▲9.03
Shenzhen	3	3	0	162.78	137.29	▲25.49
Guangzhou	4	4	0	78.27	73.00	▲5.27
Tianjin	5	5	0	58.53	54.44	▲4.09
Hangzhou	6	8	▲2	58.28	46.70	▲11.58
Chengdu	7	6	▼1	53.70	51.50	▲2.20
Chongqing	8	7	▼1	50.72	46.74	▲3.98
Nanjing	9	9	0	48.67	46.44	▲2.23
Suzhou	10	10	0	44.10	37.43	▲6.67
Wuhan	11	12	▲1	38.08	32.13	▲5.95
Fuzhou	12	11	▼1	31.60	32.27	▼0.67
Qingdao	13	14	▲1	30.42	27.56	▲2.86
Zhengzhou	14	15	▲1	30.22	27.35	▲2.87
Xi'an	15	13	▼2	28.91	27.89	▲1.02
Jinan	16	16	0	27.51	26.19	▲1.32
Ningbo	17	20	▲3	26.51	23.60	▲2.91
Dalian	18	19	▲1	25.92	24.35	▲1.57
Changsha	19	18	▼1	25.74	24.49	▲1.25
Wuxi	20	23	▲3	23.87	19.87	▲4.00
Shenyang	21	17	▼4	23.69	24.97	▼1.28
Shijiazhuang	22	25	▲3	22.76	18.87	▲3.89
Kunming	23	24	▲1	22.04	18.89	▲3.15
Xiamen	24	21	▼3	21.85	20.28	▲1.57
Hefei	25	22	▼3	21.79	20.27	▲1.52
Harbin	26	26	0	19.63	18.75	▲0.88
Changchun	27	27	0	15.72	18.02	▼2.30
Nanchang	28	28	0	14.97	14.91	▲0.06
Wenzhou	29	29	0	13.41	14.37	▼0.96
Nanning	30	30	0	12.81	13.84	▼1.03
Urumqi	31	31	0	11.60	11.73	▼0.13

2.2.4 Financial market scale

In recent years, there was no breakthrough in the scale of regional factor trading markets in various regions, so it was difficult for them to keep up with the development speed of capital market. Although “property rights trading market” as an index had been added to the sub-item of the financial market scale since CDI CFCI 3, ranking of the overall strength of financial market scale did not change much. With the data tests in several issues, we believe that regional equity trading market was relatively active and mature in the system construction of local exchange market. In

combination with characteristics of its data procurability, we made further optimization in the evaluation index system in the CFCI index of this issue, which focused on examining how well each financial center performed to develop their regional equity trading market.

Nevertheless, in terms of nationwide financial market share, Shanghai, Shenzhen, Beijing, Dalian and Zhengzhou scored far higher than other financial centers.

- That nearly all of China's financial markets were concentrated in Shanghai made Shanghai's financial market unique, scoring far higher than other cities. However, due to the impact of the stock market, Shanghai's score in the current issue slightly dropped by 6.4 points from the previous issue.

- Shenzhen maintained the second place after Shanghai with the advantage in multilevel capital market, with the relatively active performance of SME board and ChiNext, and with the advantage in regional equity market scale. The score gap between Shenzhen and Shanghai was narrowed in the current issue.

- After the national SME share transfer system ("New third board") had settled down in Beijing, relying on its function of the national financial transaction market, Beijing steadily took the third place in financial market scale, and began to catch up with Shenzhen.

- Relying on the national futures market, Dalian and Zhengzhou take the fourth and fifth in the ranking. Compared with the previous year, however, both Dalian and Zhengzhou suffered from a shrink of the trading volume of their commodity futures in the current issue due to the volatility of trading in the commodity futures markets in 2017.

In term of the regional equity market assessment which was newly introduced into the current issue, beside the national three major financial centers, Guangzhou, Hangzhou, Wuhan and Nanchang were relatively good in the regional equity trading markets. By the end of 2017, the number of registered companies in the stock exchange centers of the four cities broke through 4,000, which provided them a strong advantage in market scale and a nice atmosphere for keeping the market alive, and meanwhile made them stand out among the regional financial centers in the development of regional equity markets.

2.2.5 Financial ecological environment

- The top 10 financial centers in financial ecological environment in the current issue of CDI CFCI were Beijing, Shanghai, Guangzhou, Shenzhen, Hangzhou, Nanjing, Tianjin, Wuhan, Chengdu and Chongqing.

- There is a high correlation between the itemized competitiveness of financial ecological environment and the degree of urban development. The four first-tier cities of Beijing, Shanghai, Shenzhen and Guangzhou fully showed their excellent ecological environment as a whole, with their scores far ahead of those with other cities.

- In the current issue, Guangzhou for the first time surpassed Shenzhen in financial ecological environment, ranking among the top three in China.

- By virtue of economic foundation and city reputation and of a better comparative strength, the regional financial centers of Hangzhou, Nanjing, Tianjin, Wuhan, Chengdu, Chongqing and Suzhou stood out in the ranking of financial

ecological environment.

Table 2.2.4 Ranking and Change of Financial Ecological Environment Score in CDI CFCI 10

City	Ranking			Scores		
	CFCI 10	CFCI 9	Change	CFCI 10	CFCI 9	Change
Beijing	1	1	0	173.44	153.65	▲19.79
Shanghai	2	2	0	147.25	132.66	▲14.59
Guangzhou	3	4	▲1	126.97	115.07	▲11.90
Shenzhen	4	3	▼1	124.86	117.07	▲7.79
Hangzhou	5	6	▲1	92.59	85.63	▲6.96
Nanjing	6	7	▲1	91.41	81.49	▲9.92
Tianjin	7	5	▼2	89.59	86.79	▲2.80
Wuhan	8	9	▲1	88.32	79.69	▲8.63
Chengdu	9	10	▲1	86.04	77.81	▲8.23
Chongqing	10	8	▼2	84.45	81.38	▲3.07
Suzhou	11	11	0	80.17	76.58	▲3.59
Qingdao	12	12	0	74.39	68.3	▲6.09
Xi'an	13	13	0	73.81	66.27	▲7.54
Changsha	14	15	▲1	69.47	65.16	▲4.31
Zhengzhou	15	14	▼1	65.96	66.21	▼0.25
Wuxi	16	17	▲1	64.07	64.62	▼0.55
Ningbo	17	19	▲2	63.89	62.51	▲1.38
Changchun	18	23	▲5	62.82	55.87	▲6.95
Shenyang	19	16	▼3	62.73	64.75	▼2.02
Dalian	20	18	▼2	62.67	64.43	▼1.76
Jinan	21	20	▼1	62.55	61.31	▲1.24
Xiamen	22	21	▼1	61.42	59.31	▲2.11
Harbin	23	25	▲2	58.35	51.67	▲6.68
Kunming	24	22	▼2	56.09	56.27	▼0.18
Hefei	25	24	▼1	55.96	54.91	▲1.05
Nanchang	26	27	▲1	52.30	49.42	▲2.88
Fuzhou	27	28	▲1	50.03	49.39	▲0.64
Urumqi	28	26	▼2	46.56	50.87	▼4.31
Shijiazhuang	29	29	0	46.50	45.31	▲1.19
Nanning	30	30	0	43.28	41.97	▲1.31
Wenzhou	31	31	0	40.93	40.54	▲0.39

● The ecological environment of financial centers in the country was on the whole making a positive improvement. In the current issue, 25 financial centers achieved positive growth in score of financial ecological environment, with only 6 centers slightly down in score.

In this study, the sub-competitiveness index of financial ecological environment

was divided into financial talent environment and business environment, which was used to measure the attractiveness and agglomeration potential of financial resources such as financial talents and financial institutions in various cities.

- The top 10 financial centers in financial talent environment were Beijing, Shanghai, Guangzhou, Nanjing, Wuhan, Chongqing, Shenzhen, Xi'an, Hangzhou and Chengdu.

- Among the national financial centers, Beijing continued to be unique in terms of the financial talent environment, while Shenzhen ranked only the 7th in financial talent environment, without matching the position of its own financial center.

- Of the 28 regional financial centers, Guangzhou was the best in financial talent environment, almost on par with Shanghai.

- Nanjing and Wuhan continued to rise strongly, with a continuous increase of attraction to financial talents and support to talents.

- The top ten financial centers in financial business environment of this issue were Beijing, Shanghai, Shenzhen, Guangzhou, Tianjin, Hangzhou, Suzhou, Chengdu, Qingdao and Nanjing.

- There is a high correlation between the business environment and the economic foundation of a city. The first-tier cities of Beijing, Shanghai, Shenzhen and Guangzhou were obvious to have the advantages in economic foundation.

- In current issue, the itemized score of Hangzhou surpassed that of Suzhou, up by one place, ranking the 6th in the country.

- Qingdao had entered the top 10 for the first time, ranking 9th in the country.

Chapter III Evaluation of the National Financial Centers

3.1 Overall Evaluation

According to the evaluation results of CDI CFCI 10, the national financial centers of Shanghai, Beijing and Shenzhen were far ahead of the other regional financial centers in comprehensive competitiveness. They not only ranked the top three among the 31 financial centers in China, but had nation-wide influence and radiation as well.

- Compared with the average level of the 28 regional financial centers, the three national financial centers of Shanghai, Beijing and Shenzhen still absolutely led ahead of the regional financial centers. Their comprehensive competitive advantages were not only very obvious, but were also in a trend of gradual widening.

- In the past two years, influenced by the fluctuations of China's stock market, the financial market scale in Shanghai and Shenzhen shrank considerably and the growth of their scores was still slow in the current issue.

- The gap in competitiveness scores between the financial centers of Beijing and Shanghai was further narrowing. Though Shenzhen financial center was one of the national three major financial centers, it was relatively weak among them due to its small size and volume. In recent years, the competitiveness of Shenzhen financial center had not been improved as much to an extraordinary scale, thus made it slower to catch up with the financial centers of Shanghai and Beijing, so that there was a tendency to widen its gap with them.

- In terms of financial industry performance, the current issue showed that the scores of Beijing, Shanghai and Shenzhen had increased, but the score of Beijing was higher than that of Shanghai and Shenzhen, thus further widened the gap with them.

- In terms of the strength of financial institutions, the current issue showed that Beijing had a decline in score, and that Shanghai had a slightly rise in score, while that Shenzhen achieved an increase of score at a higher rate, thus narrowed its gap with Beijing and Shanghai.

- In terms of the financial ecological environment, in the current issue, it was basically the same as it was in the previous issue: Beijing, Shanghai and Shenzhen maintained the top three, with a higher growth rate than the previous issue.

3.2. An evaluation of Shanghai Financial Center

Shanghai is a national central city, a super city, and the core city of the Hu-hang-yong Bay Area. As one of the first coastal open cities, Shanghai has now become an international center of economy, finance, trade, shipping and scientific and technological innovation. Lying at the mouth of the Yangtze River, Shanghai is the leading city of the Yangtze River economic belt and the core city of G60 scientific and technological innovation corridor. As the important birthplace of modern financial industry in China, Shanghai was given a significant mission of "building an international financial center" by the Chinese government in 2009.

Since it first appeared on the evaluation list of CDI CFCI, the comprehensive competitive strength of Shanghai financial center had been the 1st in the ranking in the country. The evaluation result of CDI CFCI10 showed that the comprehensive competitiveness score of Shanghai financial center was 234.4, up by 1.3 times during



the decade, at a rate as high as 133%.

In 2017, the added value of Shanghai's financial industry reached CNY 533.054 billion, up by 11.8% year-on-year, accounting for 17.69 % of the regional GDP; the balance of Chinese and foreign currency loans with its financial institutions reached CNY 11.2462 trillion, up by 17.65 % year-on-year; the annual premium income was CNY 158.71 billion, and the compensation expense was CNY 54.89 billion. At the end of the year, the insurance depth reached 5.27%; the insurance density reached CNY 6,563 per capita (refer to permanent residents).

Table 3.2.1 Evaluation result of Shanghai in CDI CFCI 10

	Score	Year-on-year	Score increase	Ranking	Ranking Change
Financial industry performance	166.27	34.19	25.89%	2	0
Financial institution strength	249.19	9.03	3.76%	2	0
Financial market scale	363.66	-6.40	-1.72%	1	0
Financial ecological environment	147.24	14.58	10.99%	2	0
Financial talents environment	118.68	14.64	14.07%	2	0
Financial business environment	178.35	16.85	10.43%	2	0

In the sub-item evaluation of Level-I in CDI CFCI10, the financial industry performance of Shanghai enjoyed the most significant increase, up by 25.89%. However its score of financial institution strength rose only 3.76 % and the scale of the financial market declined 1.72% due the stock market fluctuations. Except for the first in financial market scale, all the indexes of Shanghai remained the second, which were unchanged compared with the previous period.

Financial industry performance: Shanghai had a strong advantage in financial scale among the national financial centers.

- In 2016, the added value of Shanghai's financial industry reached CNY 476.583 billion, higher than that of Shenzhen (CNY 195.5 billion) and Beijing (CNY 49.5 billion) in the same period, with an average growth rate of 16.7% in three years, also higher than that of Shenzhen and Beijing.

- Influenced by the stock market downturn, the stock trading volume in Shanghai shrank in 2017, leading to a certain decline in its financial depth score compared with the previous issue.

- The financial width of Shanghai was lower than the average level of the national financial centers, so was the insurance density, which was only CNY 6,563 per capita in 2017, much lower than those of Beijing and Shenzhen.

Financial institution strength: the situation was sharply “polarised” in Shanghai.

- Shanghai had a strong comparative advantage in securities institutions, with its local legal entity securities institutions, fund management companies and futures companies substantially outnumbering those in Beijing and Shenzhen.

- The strength of Shanghai's banking and insurance lagged behind the average

level, mainly because Beijing concentrated the headquarters of most banking and insurance institutions across the country, including the headquarters of the four big banks and Dah Sing Insurance, which made Beijing get far ahead of Shanghai both in number and scale.

- Shanghai boasted the obvious advantage of the internationalization of financial institutions. The number of financial institutions in Shanghai, such as foreign banks, cooperative fund management companies, representative offices of foreign securities companies and branches of foreign insurance companies, was almost the sum of institutions in Beijing and Shenzhen.

- Financial market scale: Shanghai had an absolute advantage because the domestic trading markets were largely concentrated in Shanghai.

- Shanghai had a decrease in this sub-item in the current issue, mainly due to that the trading scale of the stock market suffered a decline to some extent.

Financial ecological environment: though it ranked the 2nd in financial ecological environment in the country, Shanghai boasted significant advantages in the financial talents environment and the financial business environment.

- Shanghai had obvious advantages in the financial talents environment such as urban transportation, medical care and tourism attraction, with the mileage of its urban rail transit reaching 666 kilometers, namely 292.5 kilometers per million people, and the number of visitors to city reaching 296 million in 2017.

- The biggest disadvantage of Shanghai in the environment of financial talents was the cost of living. The average wage of employees in Shanghai was lower than that in Beijing and Shenzhen, but the ratio of housing price to income was higher than that in Beijing.

- Shanghai was also weak in urban greening with its per capita green space of park much lower than that in Beijing and Shenzhen.

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- Shanghai was also weak in urban greening with its per capita green space of park much lower than that in Beijing and Shenzhen.

- Shanghai's economic externality was obviously higher than the average level of the national financial centers. In 2016, the total import and export amount reached USD 433.805 billion, and the actual utilization of foreign capital reached USD 18.514 billion, both ranking the 1st in the country.

- Shanghai was relatively inferior in professional services and social security. The number of its certified public accountants (CPA) and the number of professional insurance intermediaries were only about half that of Beijing. Also, there was a certain gap between Shanghai and Beijing as far as the coverage of basic endowment insurance, medical insurance and career insurance were concerned.

3.3 An evaluation of Beijing Financial Center

Beijing is the capital of China. It is also China's regulatory decision-making



center of finance, the gathering place of China's financial regulators and the headquarters of the big four banks. As financial industry is one of the most important supporting industries in Beijing, the government proposed to "have a global vision and aim to build Beijing into an international financial center city" during the 13th five-year plan period. With Visa, MasterCard and other leading international financial institutions as well as the first batch of domestic market-oriented debt-to-equity financial assets companies such as ABC investment, CCB investment, and BOC setting up in Beijing, Beijing accelerated to open up its financial industry. Beijing ranked first in the number of domestic and overseas listed companies, in the total equity and in the total market value.

Since it first appeared on the evaluation list of CDI CFCI, Beijing financial center had ranked second only to that of Shanghai financial center in overall competitiveness. The evaluation result of CDI CFCI10 showed that the comprehensive competitiveness score of Beijing financial center was 183.41, with a growth rate of 106%, up by 1.1 times during the decade.

In 2017, the added value of Beijing's financial industry reached CNY 463.45 billion, accounting for 16.6% of the regional GDP and 17.6% of the economic growth. At the end of the year, the balance of local and foreign currency deposits of financial institutions reached CNY 14.4086 trillion, up by 4.1% year on year; the annual premium income was CNY 197.32 billion; the compensation expense was CNY 57.77 billion; the insurance depth reached 7.05%; the insurance density reached CNY 9,090 yuan per capita (refer to permanent residents).

Table 3.3.1 Evaluation result of Beijing in CFCI 10

	Score	Year-on-year	Scores increase	Ranking	Ranking change
Financial industry performance	191.38	48.53	33.97%	1	0
Financial institution strength	319.27	-8.05	-2.46%	1	0
Financial market scale	23.12	-31.05	-57.32%	3	0
Financial ecological environment	173.44	19.79	12.88%	1	0
Financial talents environment	142.51	17.02	13.56%	1	0
Financial business environment	207.10	25.08	13.78%	1	0

According to the sub-item evaluation of Level-I in CDI CFCI 10, Beijing had the most significant growth in financial industry performance, with an increase of 33.97% in score. As for the strength of financial institutions, its score went down by 2.46%. The sharpest decline was the score in financial market scale, down by 57.32% from the previous period, mainly due to that the "new third board" was lack of market vitality. Its score in the financial ecological environment maintained an increase of more than 10%. All its ranking remained unchanged from the previous issue, that is, all the scores of its indicators ranked the first except the 3rd in the financial market scale.

In terms of financial industry performance, Beijing had strong advantages in financial employees, financial width and others among the national financial centers.



● In 2016, the added value of Beijing's financial industry reached CNY 427.08 billion, second only to Shanghai, with the average growth rate of 13.3% in three years, higher than that of Shenzhen.

● In 2017, the insurance density and insurance depth in Beijing reached CNY 9,090 per capita and 7.05%, respectively, far ahead of those in Shanghai and in Shenzhen.

● In 2017, the cumulative amount of capital raised in the domestic stock market in Beijing reached 60.7% of GDP, much higher than that in Shanghai and Shenzhen, ranking the first in the country.

● The number of financial employees in Beijing was the largest of the country in 2016, reaching 538,000, four times of that in Shenzhen.

Financial institution strength: Beijing had the prominent advantages in all indicators.

● With the advantage in the gathering place of the headquarters of the four major state-owned banks, the assets of local legal person banking institutions in Beijing exceeded CNY 12.5 billion in 2017, accounting for more than 70 % of the total legal person commercial banks in the 31 financial centers, much higher than that in Shanghai and Shenzhen.

● The outstanding advantages in insurance institutions of Beijing were also obvious, with the China's most of the local legal person insurance companies in the city. In 2017, the asset scale of local legal person insurance companies in Beijing exceeded CNY 7.4 trillion, much higher than that in Shanghai and Shenzhen.

● The strength of securities institutions had always been a weakness of Beijing in the development of its financial industry. It reflected mainly in the gap of the number of legal entities, the number of business departments and various business data with Shanghai and Shenzhen, but in recent years the gap was gradually narrowing.

● Beijing's quasi-financial institution strength needed enhancing as there were only 185 finance leasing companies registered in 2017, whereas there were 2,034 and 2,408 in Shanghai and in Shenzhen, respectively, in the same period.

Financial market scale: by relying on the national markets of the New Third Board Market, the equity transfer market and the market of the regional financial elements, etc., Beijing effectively made up for its deficiency in the financial market scale, and it continued to maintain the 3rd place in the country in the current issue.

● In 2017, the New Third Board Market maintained steady growth, with the number of listed companies reaching 11,630, the total market value of enterprises reaching CNY 4.94 trillion, and the annual turnover of transaction reaching CNY 227.2 billion.

● However, both the number of listed companies on the "new third board" and the activity of market trading had dropped, and the market appeared to be insufficient in a sustained growth momentum.

As for the financial ecological environment, Beijing ranked the first in the country, with prominent advantages in both the financial talent environment and the financial business environment.

● Beijing had absolutely advantages in education environment and health care among the national financial centers. It took the leading position in the number of ordinary universities, the number of university students, the number of Grade-III



Class-A hospitals and the number of registered doctors in the country.

● Beijing also had a comparative advantage in cost of living among the three national financial centers. In 2017, the ratio of housing price to income of the working staff in Beijing was 7.74. It was higher than that in other large and medium-sized cities in China, but lower than that in Shanghai and Shenzhen.

● The weakness of Beijing financial center was in talent environment, mainly in urban transportation and environmental conditions. In 2017, the average road area of vehicles in Beijing was only 17.96 square meters, and the annual air quality rate was only 54.1%, far lower than that in Shanghai and Shenzhen.

● Financial business environment: Beijing had an obvious advantage in professional services, which mainly reflected in the number of practicing lawyers and certified accountants. In 2016, there were 26,953 practicing lawyers in Beijing, ranking the 1st in China. The number of registered accountants reached 13,536 in 2017, more than the aggregate of that in Shanghai and Shenzhen. And the number of professional insurance intermediaries was also far higher than that in Shanghai and Shenzhen.

● The social security and economic externality of Beijing was slightly lower than the average level of the national financial centers. Its coverage rate of pension, medical and unemployment insurance in 2017 was evidently lower than that of Shenzhen. Its total import and export volume was also lower than that of Shanghai and Shenzhen.

3.4 Evaluation of Shenzhen Financial Center

In 2018, the 40th year of reform and opening-up, Shenzhen has developed into a national financial center side by side with Shanghai and Beijing. Financial industry has already become Shenzhen's pillar industry. The number of companies listed on Shenzhen stock exchange reached 2,089 in 2017, with a total market value of CNY 23.58 trillion. At present, Shenzhen is attracting high-quality financial resources, promoting sustainable and balanced development of its financial industry, and speeding up the construction of an international financial innovation center through further accelerating financial cooperation with Hong Kong.

Since it first appeared on the evaluation list of CDI CFCI, the comprehensive competitiveness of Shenzhen financial center had been improved rapidly. It was continually getting ahead of other regional financial centers, but still had a big gap with the financial centers of Shanghai and Beijing in terms of comprehensive competitiveness. According to the evaluation result of CDI CFCI 10, the comprehensive competitiveness score of Shenzhen financial center was 122.4, ranking the 3rd in the country. During the decade, Shenzhen's comprehensive competitiveness score doubled, with a cumulative growth rate of 97%, which made it steadily rank the 3rd in the country for a long term.

In 2017, the added value of Shenzhen's financial industry reached CNY 305.998 billion, up by 5.7% year-on-year, accounting for 13.6% of its GDP. At the end of the year, the balance of deposits in Chinese and foreign currencies of financial institutions reached CNY 6.9668 trillion, up by 20.55 % year-on-year; the annual premium income was CNY 102.975 billion; the compensation expenses were CNY 25.713 billion; the insurance depth reached 4.59%; the insurance density was CNY 8,219 per capita (refer to permanent residents).

Table 3.4.1 Evaluation result of Shenzhen in CDI CFCI 10

	Score	Year-on-year	Score increase	Ranking	Ranking change
Financial industry performance	112.76	25.87	29.77%	3	0
Financial institution strength	162.78	25.49	18.57%	3	0
Financial market scale	81.93	14.25	21.05%	2	0
Financial ecological environment	124.86	7.80	6.66%	4	-1
Financial talents environment	85.51	5.07	6.30%	7	2
Financial business environment	167.71	13.74	8.19%	3	0

In the sub-item evaluation of Level-I of in CDI CFCI 10, the financial industry performance of Shenzhen had a significant increased, up by 29.77%; its score of financial institution strength rose 18.57 %; its score of the financial market scale increased 21.05 %; its score of the financial ecological environment grew slowly, up only by 6.66%; its score of the financial ecological environment ranked the 4th in the country, with one place down from the previous period; its score of the financial talent environment went up by two places, ranking the 7th in the country.

Financial industrial performance: all indicators in Shenzhen did not have comparative advantages, among which its biggest weakness was in the financial employees.

- In 2016, the added value of Shenzhen’s financial industry reached CNY 281.073 billion, obviously lower than that of Shanghai and Beijing, ranking the 3rd in the country.

- In 2017, the insurance density and insurance depth in Shenzhen reached CNY 8,219 per capita and 4.59 % respectively. Its insurance density was second only to Beijing, and its insurance depth was lower than that of Shanghai and Beijing.

- The number of financial employees in Shenzhen in 2016 was only 122,400. It was not only lower than that of the national financial centers of Shanghai and Beijing, but also lower than that of the regional financial centers such as Tianjin and Chongqing.

Financial institution strength: Shenzhen had only a slight advantage in quasi-financial institutions and securities financial institutions, while its other aspects were far behind Shanghai and Beijing.

- The quasi-financial institutions in Shenzhen were developing well, with 4,593 private equity investment institutions in 2017, ranking second only to Shanghai in the country; the number of financial leasing and financing guarantee institutions was higher than that of Shanghai and Beijing, ranking the 1st in the country; there were 18 local legal person securities companies in Shenzhen and their total assets scale reached CNY 1.61 trillion.

- Shenzhen boasted traditional advantages in developing securities institutions. There were 18 local legal entity securities companies in Shenzhen, with total assets of CNY 1.6 trillion in 2017, which was basically equal to that in Shanghai and higher than that in Beijing. Although there were only 30 local corporate fund

companies in Shenzhen, the asset management scale reached CNY 2.8 trillion.

- Compared with Beijing and Shanghai, Shenzhen lagged far behind in banking institutions, which was mainly manifested by the small number of local corporate commercial banks (9), only CNY 9.55 trillion in assets, and far fewer commercial bank network sites than Shanghai and Beijing.

- As for insurance institutions, there were only 20 local legal person insurance companies in Shenzhen, and the premium income was much lower than that in Beijing and Shanghai.

- Internationalization of financial institution was the weakness of Shenzhen in the development of financial institutions. Till 2017, there were only 28 branches of foreign banks, 2 joint securities companies and 2 joint insurance companies in Shenzhen.

- Financial market scale: Shenzhen relied on the Shenzhen Stock Exchange to accelerate the development of multi-level capital market system, including the main board, small and medium-sized boards and growth enterprise board (GEM). In this aspect, Shenzhen was second only to Shanghai and maintained the second largest in the country.

- In 2017, the market financing capacity in Shenzhen still remained strong, despite the volatility in the capital market and the decline in the market value and turnover of listed companies on the Shenzhen stock exchange market to some extent.

Financial ecological environment: though ranking the 4th in China, and possessing some comparative advantages in the financial and business environment, the financial talent environment of Shenzhen still needed to be strengthened.

- Among the national financial centers, Shenzhen enjoyed comparative advantages in urban greening, environmental conditions and culture and entertainment. In 2017, the green coverage rate of urban built-up area in Shenzhen reached 45%, higher than the 38.8 % of Shanghai. The air quality rate in Shenzhen reached 96.99%, ranking the 1st in the China.

- The biggest weaknesses of Shenzhen are in education environment, health care and urban transportation. In 2017, there were only 12 regular universities in Shenzhen, and the number of teachers in primary and middle schools was also much lower than that in Shanghai and Beijing. The number of the Grade-III Class-A hospitals was only 6, with only 24.6 physicians per 10,000 people. The urban traffic was insufficient: the mileage of urban rail transit was less than that of Shanghai and Beijing; the daily flights were also far less than that in Shanghai and Beijing.

- Business environment: in social security, Shenzhen ranked the top among the national financial centers, with the three major insurance coverage rates far higher than those of Beijing and of Shanghai. Its GDP per capita was the highest among the three major national financial centers, reaching CNY 179,102 per capita. Its number of local listed companies also kept pace with that of Shanghai and Beijing, which made it take full use of the advantage in its developed capital market environment.

Nevertheless the professional services and economic extroversion were Shenzhen's disadvantages which could not to be disregarded. In 2017, the number of practicing lawyers and registered accountants in Shenzhen was only about half that of Shanghai, and the number of professional insurance intermediaries was only 391. The actual utilization of foreign capital was USD 6.732 billion, far lower than that of Shanghai and Beijing.



Chapter IV Evaluation of Regional Financial Centers in the Northeast of China

4.1 Overall Evaluation

The Northeast of China refers to the three northeastern provinces: Heilongjiang, Liaoning and Jilin, boasting a total area of 790,000 square kilometers. It is adjacent to North Korea, South Korea and Russia, where cross-border trade is frequent and international exchanges are unobstructed. The three provinces of the northeast are the important industrial and agricultural areas after China's reform and opening up, known as the "big granary". In the process of economic market development, the Northeast of China began to consider the financial industry as a supporting role in the real economy, is actively pushing it forward, and is striving to build itself into a regional financial center.

- Viewing from the analysis of the changes in the comprehensive competitiveness scores of the financial centers in the Northeast of China, Dalian led relatively ahead of the four financial centers in financial center construction, with its scores above the average of the 28 regional financial centers over the past years.

- There was a gap between the comprehensive competitiveness score of Shenyang and the average of the 28 regional financial centers, but its scores left slightly behind in the current issue. Changchun and Harbin were basically at the same level.

- According to the evaluation of the current index, Dalian ranked the 14th, down by 2 places compared with the previous issue ; Shenyang ranked the 20th, down by 3 places; Harbin ranked the 20th, remaining unchanged; Changchun ranked the 29th, also down by 3 places.

- In the current evaluation of the financial industry performance, all regional financial centers in the Northeast of China enjoyed an increase in score, among which Dalian boasted the largest increase. It surpassed Shenyang, ranking the 1st in the region again. Harbin also had a significant increase in score, apparently stopping the declining tendency of last year.

- Financial institution strength: the scores of the four central cities in the region were all lower than the national average. Dalian and Harbin had a slight increase in financial institution strength score, while Shenyang and Changchun faced a downward trend in score.

- Dalian surpassed Shenyang in financial institutions once again and achieved a small margin lead, changing their evenly matched situation in the past issues. Meanwhile the gap in financial institution strength between Harbin and Changchun was widening.

- There was a small number of local legal persons financial institutions in four cities of the Northeast of China, which led to the lower scores. There were only 19 commercial bank legal entities, 6 securities companies and 8 insurance companies in total. There were no local public fund legal entities, and was no obvious progress in the international development of financial institutions, either.

- In the current issue, the financial ecological environment scores of Dalian and Shenyang continued the downward trend of Issue 9, which was already lower than the national average, mainly because of the brain drain and the decrease in the number of listed companies, etc.

- The scores of Harbin and Changchun were lower than the national average all the year round, but they appeared in a rising trend in evaluations of the recent three issues, among which Changchun caught up with Shenyang in score in the current

issue.

4.2 Evaluation of Dalian Financial Center

Dalian is a sub-provincial city of Liaoning Province and also a city specially designated in the state plan. Located at the southern tip of Liaodong Peninsula, on the shore of the Yellow Sea and the Bohai Sea, against the hinterland of the Northeast of China, across the sea from the Shandong Peninsula, Dalian is also an important city of economy, trade, port, industry and tourism along the eastern coast of China. In 2009, it was proposed in “A plan for Dalian’s construction of regional financial center (2009-2030)” made by the Dalian Municipal Government that Dalian should be built into a regional financial center.

Viewing from the scores and rankings in the past issues, the comprehensive competitiveness scores of Dalian financial center deviated from its rankings, especially in recent issues—its scores kept rising, while its rankings kept going down. The reason was that the growth of financial industry in Dalian was slower than those of other regional financial centers in recent years. Over the past decade, comprehensive competitiveness score of Dalian had not changed much, with an increase of about 6 points. In the current issue, its score of the comprehensive competitiveness was 41.4 points.

In 2017, the added value of Dalian’s financial industry reached CNY 68.22 billion, up by 2.1% , accounting for 9.3 % of the local GDP; the taxes was CNY 4.65 billion, accounting for 13.4 % of the city’s tax revenue; the amount of direct financing reached CNY 60,718 billion; the balance of local and foreign currency deposits reached CNY 1.4143 trillion; the balance of local and foreign currency loans reached CNY 1.1955 trillion; the annual premium income was CNY 32.97 billion; the compensation expense was CNY 9.56 billion; the insurance depth was 4.48%; the insurance density was CNY 4,718 per capita (refer to permanent residents).

Table 4.2.1 Evaluation result of Dalian in CDI CFCI 10

	Score	Year-on-year	Score increase	Ranking	Ranking change
Financial industry performance	61.33	15.44	33.66%	16	2
Financial institution strength	25.92	1.57	6.45%	18	1
Financial ecological environment	62.67	-1.76	-2.73%	20	-2
Financial Talents environment	67.95	-3.77	-5.26%	15	2
Financial business environment	56.93	-0.16	-0.29%	21	-5

According to the evaluation of CFCI and risk index in the current issue, Dalian achieved a growth both in the scores of financial industrial performance and financial institution strength, with the former increasing by 33.66%, ranking the 2nd in this single item. The score in of financial institution strength ranked the 1st, but in financial ecological environment it went down by two places.

Financial industry performance: Dalian had a strong advantage in financial scale among the regional financial centers in the Northeast of China. In 2017, Dalian’s



deposit balance and loan balance ranked second in the region, second only to Shenyang.

- Dalian made a great progress in direct financing, with the domestic stock market totaling CNY127 billion in 2017, more than twice the value of other cities in the region in the same period.

- Dalian also ranked the 1st in insurance density in the region, with CNY 4,718 per capita.

Strength of financial institutions: in the Northeast of China, Dalian was far ahead of the regional average level in internationalization of institutions and quasi-financial institutions.

- There were four local corporate insurances in Dalian, two to four times those of other cities in the region.

- The quasi-financial institutions in Dalian were relatively active in the market, and the number of their parent fund managers, the number of financial leasing companies, the number of financing guarantee and third-party payment institutions were all on the top in the region. Among them, there were 116 financing guarantee institutions, more than twice those of Changchun in the same period, about five times those of Shenyang.

- There were 2 joint-venture insurance companies of local legal persons in Dalian and 8 foreign insurance companies set up branches in total.

Financial ecological environment: Dalian ranked 20th among 31 cities and the 2nd in the Northeast of China, with advantages in urban transportation, economic foundation, economic externality and social security.

- Dalian boasted 166.9 kilometers of urban rail transit, ranking the 1st in the region. Its annual aircraft taking off and landing flights were also ranking the 1st in the region.

- In 2016, the inbound tourists to Dalian reached 1.044 million, at least twice as many as other cities in the region in the same period; the domestic tourists reached 7.634 million, also ranking the 1st in the region.

- In 2016, the public library collection in Dalian reached 10.47 million books, and total of box office sold CNY 480 million.

- By the end of 2017, there were 26 listed companies in Dalian.

- Dalian was slightly weak in professional services, and it lagged behind in the number of certified public accountants and in the number of professional insurance intermediaries in the region.

- As a seaport city, with a total import and export volume of US D 51.47 billion and international tourism (foreign exchange) revenue of US D540 million in 2016, Dalian remained a leading position in the region.

- Social security participation went well in Dalian, and its basic medical insurance and the number of unemployment insurance participants ranked the 1st in the region.

4.3 Evaluation of Shenyang Financial Center

Shenyang is the capital of Liaoning Province, a sub-provincial city and the core city of Shenyang metropolitan circle. It is also one of the important central cities in the Northeast of China, and a manufacturing base with advanced equipment, and the innovation center of science and technology approved by the State Council of China,



therefore it has a strong capacity of financial radiation over the whole province and even the nearby regions. In 2016, the Shenyang municipal government put forward the idea of building Shenyang into the regional financial center according to “An announcement of several policies and measures for developing Shenyang’s financial industry and accelerating the construction of the regional financial center in the Northeast of China”, “Several opinions of the Central Committee of the Communist Party of China and the State Council of China about the comprehensive revitalization of the Northeast China and other old industrial bases” and “Several opinions of the People’s Government of Liaoning Province for the development of Shenyang’s financial industry”. Meanwhile the Shenyang municipal government also introduced “A Three-year-plan of assault fortified position for the construction and development of Shenyang economic zone(2018-2020)” and “Reply of the State Council of China about the plan of systemically promoting the pilot program of innovation for the comprehensive reform” as the assist measures to follow up the construction of Shenyang regional financial center.

In the index evaluation of the past ten issues, the comprehensive competitiveness score of Shenyang all the way went up, but its overall ranking was in a downward trend. In the first issue, Shenyang ranked the 10th, while in the 10th issue its ranking dropped to the 20th. The reasons for the deviation between the scores and the rankings were similar to those in Dalian. Although the financial industry in Shenyang was developing and progressing continuously, the increase was smaller than that in the other cities of the same level.

In 2016, the added value of financial industry in Shenyang reached CNY 42,608 billion, accounting for 7.68% of that year’s GDP, up by 4.1% year on year. By the end of 2017, the balance of local and foreign currency deposits of financial institutions in Shenyang reached CNY 1.57529 trillion , an increase of 9.0% over the beginning of the year; the balance of local and foreign currency loans was CNY1.31606 trillion , up by 2.8% over the beginning of the year; securities trading volume reached CNY 4.0238 trillion, up by 10.9 % over the previous year.

Table 4.3.1 Evaluation result of Shenyang in CDI CFCI 10

	Score	Year-on-Year	Score Increase	Ranking	Ranking Change
Financial industry Performance	54.88	6.46	13.34%	20	-4
Financial Institution Strength	23.69	-1.28	-5.12%	21	-4
Financial Ecological Environment	62.73	-2.03	-3.13%	19	-3
Financial Talents Environment	68.32	-8.81	-11.43%	14	-1
Financial Business Environment	56.64	4.36	8.34%	22	-3

In the sub-item index evaluation of level-I in CDI CFCI 10, the performance score of Shenyang’s financial industry increased by more than 10%, but its ranking fell by four places. The ranking of other first-level sub-item index and the growth of its score also declined.

Financial industry performance: Shenyang’s financial depth exceeded the



regional average.

- In 2017, the deposit balance of Shenyang reached CNY 1.5753 trillion; the local securities trading volume reached CNY 1.2952 trillion; the insurance depth was 6.33%, both ranking the 1st in the region.

- The added value and financial width of Shenyang's financial industry was equivalent to the regional average. In 2017, its loan balance reached CNY 1.3161 trillion, ranking the 1st in the region; its accumulated financing amount in the domestic stock market was CNY 47.3 billion yuan; its insurance density was CNY 4,473 per capita.

- The number of financial employees in Shenyang lags behind, with 60,500 employees in 2016, ranking only the 3rd in the region.

In the strength of financial institutions, Shenyang enjoyed an absolute advantage in the internationalization of institutions, but it was slightly weak in quasi-financial institutions.

- There were 16 foreign capital insurance organizations that set up branches in Shenyang. So Shenyang was a city with the most insurance companies of the kind in the region. Besides, there 11 foreign capital banks opened branches in Shenyang, which made Shenyang the 2nd in the number of foreign capital banks in the region.

- The number of quasi-financial institutions in Shenyang was small , with 48 private funds and 28 financing guarantee institutions, ranking the lowest in the region.

- The number of banking institutions, securities institutions and insurance institutions in Shenyang was not large, but the business volume was relatively good. The total assets of commercial Banks reached R.M.B. 950.7 billion yuan; the total assets of securities companies reached R.M.B.10.8 billion yuan; the brokerage scale was R.M.B.467.9 billion yuan; the premium income was R.M.B.37.1 billion yuan.

The financial ecological environment: Shenyang ranked 19th among the 31 cities and 2nd in the Northeast of China. As for the financial talent environment, in particular, Shenyang enjoyed an absolute advantage, ranking first in this region.

- Shenyang boasted a green coverage rate of 36.4% in the city proper, with about 93.699,600 square meters of the park area, the largest in the region.

- There were 0.51 movie screens per 10,000 people in Shenyang area, with a total box office sales of CNY 520 million and a collection of 142.59 million books in public libraries, all of which ranking the 1st in the region.

- There were 9 Grade-III Class-A hospitals in Shenyang, with 58,860 beds and 26,504 licensed physicians, which were superior to the other cities in the region.

- The degree of social security in Shenyang was higher than that of the regional average, and the number of the three type insurance participants was top-notch in the region.

- By the end of 2017, there were 24 listed companies in Shenyang, representing a decrease of 3 over the previous issue.

- Shenyang was inferior in economic externality, with the actual use of foreign capital only USD 816 million, less than the 30 % that of the similar cities in the region.

- In Shenyang area, there were 1,270 certified public accountants, 3,460 practicing lawyers and 432 professional insurance intermediaries, all of which were above the regional average.



4.4 Evaluation of Changchun Financial Center

Changchun is the capital of Jilin Province, a sub-provincial city, and the central city of Northeast Asia Economic Circle. It is also one of the central cities in the Northeast of China confirmed by the State Council of China, and an important industrial base and comprehensive transportation hub in China. In 2015, the Jilin provincial government and the Changchun municipal government put forward for the first time that Changchun should be built into a regional financial service center in the Northeast Asia. In “The 13th five-year plan for financial development of Jilin Province”, the Jilin provincial government proposed to increase support and assistance to Changchun in the construction of regional financial service center in Northeast Asia.

As an old heavy industry city of China, Changchun had been developing slowly in financial construction in recent years. Although the score of Changchun’s comprehensive competitiveness was on the rise in the past decade, it was hovering around the 24th in the overall ranking. In the current evaluation, Changchun even dropped to the 29th .

From the data of the previous years, the added value of the financial industry in Changchun was the lowest in the region, and its development of the financial industry was still dominated by three traditional financial industries: banking, securities and insurance. In 2016, the added value of the financial industry in Changchun was CNY 26.059 billion, accounting for 4.35% of the GDP in that year. By the end of 2017, the deposits in Chinese and foreign currencies of the financial institutions in Changchun reached CNY 1.15409 trillion, an increase of 3.8 percent over the beginning of the year; household deposits of CNY was 462.28 billion, an increase of 8.1 % over the beginning of the year; the balance of loans in Chinese and foreign currencies of financial institutions was CNY 1.03757 billion, up by 4.1% over the beginning of the year; the transaction amount of stock transactions was CNY 753.55 billion; the premium income was CNY 24.07 billion.

Table 4.4.1 Evaluation result of Changchun in CDI CFCI 10

	Score	Year-on-Year	Score Increase	Ranking	Ranking Change
Financial Industry Performance	40.17	6.81	20.42%	31	-1
Financial Institution Strength	15.72	-2.31	-12.79%	27	0
Financial Ecological Environment	62.82	6.95	12.44%	18	5
Financial Talents Environment	65.42	-4.52	-6.46%	17	1
Financial Business Environment	59.99	18.30	43.88%	20	3

In the sub-item index evaluation of level-I in CDI CFCI 10, the performance score of Changchun’s financial industry increased 20.42%, but its ranking fell by one place, ranking the 31st. As for the ranking of the other two items, one remained unchanged and the other rose by 5 places.

Financial industry performance: the scores of various indicators in Changchun were lower than the regional average.

- In 2017, the cumulative amount of capital raised by the domestic stock market in Changchun reached CNY 50.5 billion, ranking the 3rd in the region, while the insurance density was CNY 3,197 per capita, ranking the last in the region.

- In 2017, the trading volume of local securities in Changchun was CNY 574.2 billion, and the insurance depth was 3.69%, both lower than the regional average level.

- There were 47,200 financial employees in Changchun in 2016, only 1,000 more than in 2015.

Strength of financial institutions: the scores of banking institutions and securities institutions in Changchun were higher than the regional average level.

- By the end of 2017, there were 8 local commercial banking institutions in Changchun, the largest in the region, with only 1,049 commercial bank branches, the least in the region.

- There were two securities companies in Changchun, with total assets of CNY 60.4 billion, underwriting amount of CNY 30.7 billion and brokerage amount of CNY 2.0849 trillion, all of which ranking the first in the region.

- In 2017, there were two local legal person insurance companies in Changchun, with CNY 24.07 billion of premium income and CNY 7.44 billion of compensation expenses.

- Changchun was inferior in institutional internationalization. Only two foreign banks set up branches in the area. There were no branches set up by foreign securities companies or insurance companies in the area.

Changchun was not so good in financial ecological environment, while it was absolutely superior in the economic externality compared with the regional average.

- By the end of 2017, the urban rail transit mileage in Changchun was 66kms, and the road area was 771,267 square meters, ranking the first in the region.

- There were 12 Grade-III Class-A hospitals in Changchun, ranking the 1st in the region, but ranking only the 3rd in number of hospital beds (43,871) and number of professional doctors (21,251).

- Changchun was slightly deficient in cultural and entertainment industries, with its score lower than the regional average; there were only 254 movie screens; box office sales was only CNY 420 million; the public books were 490.6 million. All of the above scores ranked the last of the region.

- The utilization level of foreign capital in Changchun was relatively high. In 2016, the actual utilization of foreign capital was CNY 6.498 billion, ranking first in the region.

- There was a larger number of professionals in Changchun, with 1180 certified public accountants and 499 professional insurance intermediaries, ranking the 3rd and the 2nd in the region.

- The participation of social security in Changchun was lower than the average level in the region, with the participants of only 1.6153 million in medical insurance, less 50% than that of the other cities in the region.

- There were 24 listed companies in Changchun in 2017, with one more in number than in 2016.

4.5 Evaluation of Harbin Financial Center

As an important manufacturing and agricultural base in China and the starting



point of the “Harbin-Dalian-Qiqihar Industrial Corridor”, Harbin is an important international commercial and financial city within the region and a trading port to Russia. In 2017, its regional GDP reached CNY 635.5 billion, and the permanent population reached 10.929 million, which is the most populous city in the Northeast of China. In 2017, a new round of “13th five-year-plan for financial development” was officially put forward by the Harbin municipal government in order to build Harbin into a financial center in Northeast Asia, and a financial service center which is oriented to Russia and northeast Asia as well.

In the evaluation of CDI CFCI 10, the score of Harbin’s comprehensive competitiveness showed an upward trend, reaching 31.0 points in the current issue, with an increase of nearly 80% compared with that in the first issue. However, its overall ranking had been hovering around the 25th, and it ranked the 25th in both the current and the last issues.

In 2016, the added value of financial industry in Harbin was CNY 38.22 billion, a year-on-year increase of 2.3%. In 2017, the balance of CNY deposits of financial institutions in the jurisdiction was 1.05126 trillion, an increase of 7.2% over the previous year. The balance of CNY loans of financial institutions was 996.83 billion, up by 10.2%. The turnover of stock transactions was CNY 1.02031 trillion, down by 24.6%. The premium income was 38.05 billion yuan, up by 31.8% over the previous year.

Table 4.5.1 Evaluation result of Harbin in CDI CFCI 10

	Score	Year-on-Year	Score Increase	Ranking	Ranking Change
Financial Industry Performance	49.98	11.26	29.09%	27	0
Financial Institution Strength	19.63	0.88	4.72%	26	0
Financial Ecological Environment	58.35	6.68	12.94%	23	2
Financial Talents Environment	61.18	-6.39	-9.45%	22	-1
Financial Business Environment	55.27	19.62	55.04%	23	3

In the sub-item index evaluation of Level-1 in CDI CFCI 10, Harbin achieved a positive growth in all indicators except the financial talent environment, among which the financial business environment scores increased by 55.4%, up by 3 places. The score of the financial industry performance rose 29.09%, but the ranking remained unchanged. The overall score of financial ecological environment increased 12.94% with the ranking up by 2 places.

Financial industry performance: the score of Harbin’s financial employees was higher than the regional average.

- There were 74,900 financial industry employees in Harbin in 2016, ranking the 1st in the region, up by 9.5 % year-on-year.
- In 2017, the insurance depth in Harbin was 5.99%, ranking the 2nd in the region, and the insurance density was CNY 3,482 per capita, ranking the 3rd in the region.

- In 2017, the cumulative amount of capital raised in the domestic stock market in Harbin reached CNY 59.7 billion, ranking the 2nd in the region. The local securities trading volume was CNY 871.1 billion, ranking the 3rd in the region.

Strength of financial institutions: the scores that Harbin achieved were equal to the regional average level except the internationalization of the institutions which was lower than the average.

- By the end of 2017, there were 61 private funds in Harbin, 2 financial leasing institutions, 72 financing guarantee institutions and 7 third-party payment institutions. They were small in number but complete in variety, thus helped Harbin to get slightly higher scores of quasi-financial institutions than the regional average.

- There were 6 local legal entity banking institutions and one securities legal entity in Harbin, with the brokerage scale of local legal entity Securities Company reaching CNY 656.9 billion, ranking the 2nd in the region.

- There was only one local legal person insurance company in Harbin, but its premium income reached CNY 38.05 billion, ranking the 1st in the region; its compensation expense reached CNY 8.7 billion, ranking the 3rd in the region.

- Internationalization of institutions: Harbin's score was below the regional average, because there were seven foreign banks to set up branches in Harbin, but quiet few of them were commercial institutions, and that there were only five foreign insurance in the area, ranking the 3rd in the region.

Financial ecological environment: Harbin was unique in education environment, whose score was much higher than those of other items, and the score of professional service was also higher than the regional average level, it was relatively weak in urban transportation.

- By the end of 2016, there were 636,200 students in regular institutions of higher learning in Harbin, ranking the 1st in the region; there were 51 regular institutions of higher learning and 4 "211" institutions, ranking the 1st in the region.

- By 2017, there were only 23 kilometers of urban rail transit in Harbin, the lowest in the region.

- In urban greening, Harbin lagged behind of the average level; the total park area was 44.18 million square meters, ranking the 3rd in the region; the greening coverage rate of urban built-up area was only 33.6%, ranking the last in the region.

- As for the cost of living, the average salary of the on-job staff in Harbin was CNY 62,583, ranking the 4th in the region; the residential sales area reached 8,944,900 square meters, ranking the 2nd in the region.

- In terms of tourist attraction, Harbin was favored by domestic tourists. In 2016, the domestic tourists reached 70.4 million, ranking 2nd in the region. However, it was slightly less attractive to overseas tourists, with only 217,600 inbound tourists in that year, ranking the 4th in the region.

- By the end of 2017, there were 1,710 certified public accountants and 520 professional insurance intermediaries in Harbin, the largest in the region.

- As the number of inbound tourists was the smallest in the region, the international tourism (foreign exchange) income in Harbin was only USD 126 million, ranking the last in the region. The foreign capital actually utilized was USD 32.07 billion, the second largest in the region. The import and export volume was only CNY 3.975 billion, far lower than the regional average of the same period.

- There are 26 listed companies in Harbin, ranking the 1st in the region with Dalian.



- The score of Harbin's social security project was lower than the regional average, because the number of participants in unemployment insurance was small, with only 970,000, ranking the 2nd in the region.



Chapter V Evaluation of the Regional Financial Centers in Northern Coastal Areas

5.1 Overall Evaluation

The northern coastal areas include Beijing, Tianjin, Hebei Province, Shandong Province, the Beijing-Tianjin-Hebei Economic Circle and the Shandong Peninsula Economic Circle. At present, four cities of Tianjin, Jinan, Qingdao and Shijiazhuang in the areas have clearly put forward the idea of building themselves into regional financial centers. They have achieved some success in the development of the financial industry.

According to the evaluation results of cities in the northern coastal areas, Tianjin had continued to stand out among the four financial center cities in the northern coastal areas; its scores of previous issues were higher than the average of 28 regional financial centers in the country; its leading advantages expanding. Qingdao and Jinan almost kept pace with each other in recent years, with their scores were close to the average level of 28 regional financial centers in the country. The comprehensive score of Shijiazhuang was slowly increasing, and the gap with other centers in the areas was still large.

The following were the key points about the evaluation of the regional financial center in the northern coastal region in the current issue:

- Benefiting from the strong pull of Tianjin in the areas, the average score of comprehensive competitiveness of northern coastal areas was 40.94, slightly higher than that of 28 regional financial centers in the country.
- The overall competitiveness of the four cities--Tianjin, Jinan, Qingdao and Shijiazhuang ranked the 7th, the 15th, the 17th and the 26th respectively.
- The comprehensive competitiveness of Tianjin financial center continued to maintain its leading position in the northern coastal areas, with huge competitive advantages. Jinan and Qingdao were basically at the same level. Relatively speaking, Shijiazhuang was the weakest in competitive strength.
- Tianjin had a decline in its financial industry performance, ranking the 9th in the country.
- The financial industry performance of Jinan kept increasing in the recent issues, narrowing the gap with Tianjin, ranking the 12th in the current issue.
- The financial industry performance of Qingdao and Shijiazhuang returned to the path of steady growth after a period of downturn, ranking the 22nd and the 26th respectively in current issue.
- In financial institutions strength, Tianjin stood out in the areas with a strong upward momentum, ranking the 5th in the country. Its financial institution strength maintained a rapid growth, which was far higher than the national average.
- Qingdao and Jinan were basically at the same level in financial institution strength, ranking the 13th and the 16th respectively.
- Comparatively speaking, the financial institution strength of Shijiazhuang was the weakest, ranking the 22nd in the country in the current issue.
- Vertically, the change trend of financial ecological environment in the past issues was basically consistent with the comprehensive competitiveness, but only Tianjin was above the national average level and ranked the 7th of the country in this item.
- From a horizontal view, in the financial talents competitiveness under the

item of environmental competitiveness in the current issue, the northern coastal areas had certain strength in education environment of education, culture and entertainment and medical and health care, while they were obviously weak in urban greening, urban transportation and tourism attraction.

Financial business environment: the average level of professional services and economic externality in the northern coastal areas was higher than the average of the 28 regional financial centers in the country.

5.2 Evaluation of Tianjin Financial Center

Located in the Bohai Economic Circle and the center of Northeast Asia International Cooperation Zone, Tianjin is a famous port city, the important foreign trade port of north China and the largest cargo transfer hub for the Northeast of China. As a national major trading city, Tianjin has effectively driven the pooling of capital flow, the formation of capital center and the boom of financial industry as well. In June 2015, it was proposed in “A plan for coordinated development of Beijing-Tianjin- Hebei” issued by the CPC Central Committee and the State Council of China that Tianjin should be built into a “financial innovation operation demonstration zone”.

Since it first appeared on evaluation list of CDI CFCI, the comprehensive competitiveness of Tianjin financial center had been improving in fluctuations. According to the evaluation of CDI CFDI10, the comprehensive competitiveness score of Tianjin financial center was 55.6, ranking the 7th in the country and the 1st in the northern coastal areas. Over the past decade, its comprehensive competitiveness score had nearly doubled, with a cumulative increase by 84%, steadily ranking among the top 10 of the country.

In 2017, the added value of Tianjin’s financial industry reached CNY 195.175 billion, up by 8.0% year-on-year, accounting for 10.5% of the regional GDP. At the end of the year, the balance of deposits in Chinese and foreign currencies reached CNY 3.0941 trillion, up by 2.9% year-on-year; the balance of Chinese and foreign currency loans of financial institutions reached CNY 3.1603 trillion, up 9.9% year-on-year; the annual premium income was CNY 56.5 billion; the compensation expense was CNY 15.53 billion; the insurance depth was 3.04%; the insurance density was CNY 3,629 per capita (refer to permanent residents).

Table 5.2.1 Evaluation result of Tianjin in CDI CFCI 10

	Score	Year-on-year	Score increase	Ranking	Ranking Change
Financial Industry Performance	75.02	13.17	21.30%	9	-3
Financial Institution Strength	58.53	4.09	7.50%	5	0
Financial Ecological Environment	89.59	2.80	3.23%	7	-2
Financial Talents Environment	74.60	-4.59	-5.80%	11	0
Financial Business Environment	105.91	11.46	12.14%	5	0

In the sub-item evaluation of level-I, the score of Tianjin’s financial industry



performance improved, but its ranking dropped by 3 places. Its financial institution strength remained unchanged in the ranking, while its financial ecological environment went down by 2 places.

Financial industrial performance: under the rapid catch-up by the other regional financial centers, the financial industrial performance of Tianjin had declined in the ranking, but its advantage in scale was still significant, as it was well reflected in financial added value and financial employees.

- In 2016, Tianjin's financial industry ranked the 6th of the country in added value, about twice the average of northern coastal areas.

- There were 216,300 employees in Tianjin, ranking the 3rd of the country only after Beijing and Shanghai.

- Compared with the average of the northern coastal areas, Tianjin had significant advantages in financial institution strength, especially in banking institutions, securities institutions and insurance institutions.

- There were 8 local legal person commercial banks in Tianjin, with the total assets of CNY 1.97 trillion, far higher than the average of the northern coastal areas, ranking the 8th of the country.

- There was a legal fund management company in Tianjin, the only one in the northern coastal areas-Tianhong Fund Management Co., Ltd.. With its scale advantage, it ranked second only to the national three major financial centers.

- Among the quasi-financial institutions, the number of private equity funds and financial leasing institutions in Tianjin was 468 and 1580 respectively, ranking the 1st of the areas in 2017. And its number of financial leasing institutions was second only to Shenzhen and Shanghai, ranking the 3rd of the country.

- However, the legal person securities companies in Tianjin appeared ordinary in strength. There was only one legal person Securities Company in Tianjin in 2016, with the assets of CNY 53.2 billion.

Financial ecological environment: Tianjin ranked the 7th among the 31 cities and the 1st in the northern coastal areas, with strong advantages in both financial talents environment and financial business environment.

- There were 55 regular institutions of higher learning in Tianjin, four of which were "211" universities, with 514,000 students, ranking among the tops of the country.

- There were 17 Grade-III Class-A hospitals in Tianjin, ranking the 4th of the country after Beijing, Shanghai and Guangzhou.

- Meanwhile, the foundation education resources in Tianjin were superior to those in the other centers of the areas. The number of students that the full-time teachers shouldered as the average burden in primary and secondary schools in Tianjin was the smallest in the areas. In 2019, each full-time teacher of ordinary middle school was responsible for 9.77 students and each full-time teacher of primary school was responsible for 15.19 students, while the average level of the areas was 11.46 students and 16.32 students respectively.

- In 2016, box office revenues in Tianjin reached CNY 650 million, ranking the 1st of the areas.

- Tianjin was the first city that boasted an urban rail transit system center in the northern coastal areas. It was developed and convenient, with the mileage of 10.75 kilometers per million people.

- Tianjin was a city of strong attraction to tourists. In 2016, the number of



domestic and foreign tourists reached 180 million , about twice that of the regional average.

Financial business environment: Tianjin was far more competitive than the other cities in the areas in terms of economic basis and economic externality, but it was slightly lower than the regional average in professional services.

- In 2017, Tianjin's GDP, per capita GDP and the added value of the tertiary industry respectively reached CNY 1.8595 trillion, CNY 119,400 and CNY 1.0787 trillion, ranking the 1st of the northern coastal areas.

- Economic externality: Tianjin's total import and export volume in 2016 was USD 102.651 billion, ranking the 7th of the country; international tourism (foreign exchange) income was USD 2.575 billion, ranking the 5th of the country, which was several times or even dozens of times more than the other centers of the areas. In professional services, however, Tianjin was slightly inadequate in number of professional insurance intermediary agencies, the smallest in number among the four centers in the areas.

5.3 Evaluation of Jinan Financial Centers

Jinan is also known as the “Quancheng”, meaning the “City of Spring”. It is the center of politics, culture, education, economy, transportation and technology of Shandong Province, one of China's historic and cultural cities and one of China's excellent tourist cities. Connecting the capital economic circle to the north, the Yangtze River Delta economic circle to the south, with Shandong Peninsula to the east and Central China to the west, Jinan is an important intersection of circum-Bohai sea economic zone and Beijing-Shanghai economic axis. In August, 2013, it was officially proposed in the “Several opinions on speeding up the province's financial reform and development” issued by the Shandong provincial government that Jinan should be built into a regional financial center .

Since it first appeared on the evaluation list of CDI CFCI, the overall competitiveness of Jinan financial center had been improved. According the evaluation of CDI CFCI 10, the comprehensive competitiveness score of Jinan financial center was 40.2, ranking the 15th of the country and the 2nd of the northern coastal areas. During the decade, Jinan's comprehensive competitiveness score increased 63.4 % , ranking in the middle of the country.

In 2017, the added value of the financial industry in Jinan reached CNY 77.601 billion, up by 4.7% year-on-year, accounting for 10.8% of the regional GDP. At the end of the year, the balance of deposits in Chinese and foreign currencies of financial institutions reached CNY 1.65606 trillion, up by 6.6 percent year-on-year; the balance of Chinese and foreign currency loans of financial institutions reached CNY 1.43503 trillion, up by 9.6 % year-on-year; the annual premium income was CNY 38.11 billion; the compensation expenses were CNY 8.87 billion; the insurance depth was 5.29%; the insurance density was CNY 5,205.43 per capita (refer to permanent residents).



Table 5.3.1 Evaluation result of Jinan in CFCI 10

	Score	Year-on-year	Scores increase	Ranking	Ranking Change
Financial Industry Performance	71.12	17.15	31.78%	12	1
Financial Institution Strength	27.51	1.32	5.04%	16	0
Financial Ecological Environment	62.55	1.25	2.03%	21	-1
Financial Talents environment	62.54	-11.90	-15.99%	20	-4
Financial Business Environment	62.57	14.59	30.15%	18	3

In the sub-index evaluation of Level-1 in CDI CFCI 10, the financial industry performance score of Jinan had increased 31.78%, one place up in the ranking, two places up in financial institution strength, and remaining unchanged in financial ecological environment.

Financial industrial performance: Jinan was superior in financial depth and financial width.

- In 2016, the financial industry scale of Jinan ranked the 1st in the northern coastal areas and the 7th in the country. Its added value of the financial industry continued to maintain a rapid growth in the past three years, with an average growth rate of 16.43%.

- In 2017, the ratio of deposit balance, loan balance and local securities trading volume to GDP in Jinan was 229.9%, 199.3% and 141.4% respectively, far higher than those of the other three centers in the areas. The average of the three indicators in the same period was 178.6%, 159.4% and 104.1% respectively.

- Jinan's insurance density was CNY 5,205.43 in 2017, ranking the 1st of the areas.

Strength of financial institutions: all indicators of Jinan were lower than the average of the areas.

- Jinan was relatively strong in securities institution strength. Although there was only one local legal entity Securities Company in Jinan, its total assets reached CNY 132.2 billion in 2017, much higher than that of the other financial centers in the areas, while the regional average was only CNY 58 billion in the same period.

- Internationalization of institutions: Jinan had certain advantages in number and type of foreign-funded financial institutions. In 2007, there were 5 foreign-funded commercial banks, 22 foreign-funded insurance companies, one joint-venture insurance company of legal person, and one representative office set up by a foreign-funded insurance company in Jinan.

Financial ecological environment: Jinan had comparative advantages in certain aspects of financial talent environment and financial business environment, ranking the 20th among the 31 cities and the 3rd of the northern coastal areas.

- There were 42 regular institutions of higher learning in Jinan, with 551,000 students, ranking the 1st in the areas.

- In 2016, there were 17,800 public books per 10,000 people in Jinan, the



highest in the areas.

- The number of hospital beds and the number of medical practitioners per capita in Jinan were the highest in the northern coastal areas, reaching 61.56 and 47.54 per 10,000 people respectively in 2016, far more than those of the other centers in the areas.

- Relatively, in terms of tourist attraction, Jinan was evidently weaker than the regional average, ranking the lowest in number of both domestic and foreign tourists received in 2016.

- It was worthwhile to note, however, that the housing price to income ratio in Jinan was only 3.75 in 2016, the lowest in the areas. In the cost of living, Jinan was more competitive than the centers in the other regions.

- Jinan was slightly higher than the regional average in terms of social security, but it was weak in economic foundation and economic external orientation to some extent.

In terms of financial business environment, the biggest weakness of Jinan was its economic externality. In 2016, the total amount of the actual use of foreign capital, the total import and export and the foreign exchange earnings of international tourism was USD 1.716 billion, USD 10.863 billion and USD 193 million respectively, much smaller than those of Tianjin and those of Qingdao, among which the total import and export and international tourism income was only about Qingdao's one-fortieth and one-fifth.

5.4 Evaluation of Qingdao Financial Center

Located in the southeast coast of Shandong peninsula, Qingdao is an important coastal city, an international port city, a major node city and a strategic fulcrum of the new Eurasian continental bridge economic corridor in "One Belt And One Road". In February, 2014, it was officially put forward that Qingdao should be built into China's comprehensive financial reform pilot zone themed on wealth management, according to "A general plan of finance comprehensive reform pilot zone for Qingdao wealth management" formally approved by the State Council of China, which strongly promoted the construction process of Qingdao as a regional financial center.

Since it first appeared on the evaluation list of CDI CFCI, the comprehensive competitiveness of Qingdao financial center had been enhanced rapidly. According to the evaluation in CDI CFCI 10, the comprehensive competitiveness score of Qingdao financial center was 37.7, ranking the 17th of the country and the 3rd of the northern coastal areas, with a growth by 61.1% during the decade.

In 2017, the added value of Qingdao's financial industry reached CNY 75.098 billion, up by 8.1 % year-on-year, accounting for 6.8 % of the regional GDP. At the end of the year, the balance of deposits in Chinese and foreign currencies of financial institutions was CNY 1.5129 trillion and the balance of loans in Chinese and foreign currencies was CNY 1.43884 trillion; the annual premium income reached CNY 39.67 billion, up by 18.1 % year-on-year; the insurance depth reached 5.24%; the insurance density reached CNY7,775 per capita (refer to permanent residents).

Table 5.4.1 Evaluation result of Qingdao in CDI CFCI 10

	Score	Year-on-year	Score increase	Ranking	Ranking Change
Financial Industry Performance	48.98	6.23	14.58%	28	-6
Financial Institution Strength	30.42	2.86	10.38%	13	-1
Financial Ecological Environment	74.39	6.09	8.92%	12	0
Financial Talent Environment	59.99	-7.25	-10.78%	23	-1
Financial Business Environment	90.06	20.70	29.85%	9	2

In sub-index evaluation of Level-1 in CDICFCI 10, the overall ranking of Qingdao in the current issue did not change much, but some of its specific sub- item indicators had declined. Among them, the financial industry performance decreased by 6 places, the financial institution strength decreased by 1 place, and the financial ecological environment ranking remained unchanged.

Financial industry performance: all indicators in Qingdao were inferior as the following analysis.

- Compared with the average of the areas, the financial scale of Qingdao was small, accounting for 6.68% of GDP, the smallest in the areas.
- Although the total number of financial employees in Qingdao was only 64,000, ranking the 3rd in the areas, the average growth rate in the past three years reached 16.0%, ranking the 2nd in the growth rate of the areas.
- In 2017, the cumulative amount of capital raised in the domestic stock market in Qingdao accounted for only 3.4% of GDP, far lower than the other regional centers.

Financial institution strength: the strength of various financial institutions in Qingdao was not as good as the average of the area, but it was superior in the internationalization of institutions.

- There were only two legal commercial banks in Qingdao, with the smallest in number in the areas, but the assets of legal commercial banks reached CNY 483.8 billion, much larger than that of Jinan and Shijiazhuang.
- There was only one legal person Securities Company in Qingdao, with a scale of CNY 21.8 billion. There were no legal person fund management companies or legal person futures companies in Qingdao, which made it the weakest in securities institutions in the areas.
- In terms of quasi-financial institutions, the number of private fund managers in Qingdao was 235 in 2017, ranking the 2nd in the northern coastal areas.
- Although inferior in the number and size of financial institutions, Qingdao was far higher than the average of the areas in internationalization of institutions. At present, there were 17 branches of foreign banks, 51 business institutions of foreign banks, 15 branches of foreign insurance and 3 representative offices of foreign insurance in Qingdao.

Financial ecological environment: Qingdao ranked the 12th among the 31 cities and the 2nd of the northern coastal areas. It had certain advantages in both financial

talent environment and financial business environment.

- In 2016, the box office revenues in Qingdao reached CNY 407 million, with 0.42 screens per 10,000 people, ranking the 2nd and the 1st in the areas respectively.

- As far as financial talent environment was concerned, the biggest advantage of Qingdao was its excellent environment, with an annual air quality rate of 81.70%, much higher than that in Jinan, Shijiazhuang and Tianjin.

- In 2016, there were 460 daily flights in Qingdao, ranking the 1st in the areas.

- There were 26 regular institutions of higher learning and 341,000 students in Qingdao, and the number of ordinary universities and students was the smallest in the northern coastal areas.

- There were 541 professional insurance intermediaries in Qingdao, the largest number in the areas, twice as many as in Tianjin in the current issue.

Social security went well in Qingdao, with the largest urban medical and unemployment insurance coverage in the northern coastal areas, which reached 36.04% and 21.11% respectively in 2016.

5.5 Evaluation of Shijiazhuang Financial Center

Shijiazhuang is located in the central and southern Hebei Province and surrounded by the Bohai Bay Economic Zone. It was selected as one of the civilized cities in China in 2017. In 2014, the Shijiazhuang municipal government officially proposed in the “Implementation opinions on accelerating the development of modern service industry in the provincial capital (2014-2017)” that Shijiazhuang should be built into a regional financial center.

Since it first appeared on the evaluation list of CDI CFCI, the overall comprehensive competitiveness of Shijiazhuang financial center had been declined. According to the evaluation in CDI CFCI 10, the comprehensive competitiveness score of Shijiazhuang financial center was 30.2, ranking the 26th of the country and the 4th in the northern coastal areas, with a growth by about 50% during the decade.

In 2017, the added value of the financial industry in Shijiazhuang reached CNY 49.74 billion, up by 17.7 % year-on-year, accounting for 7.7 % of the regional GDP. At the end of the year, the balance of Chinese and foreign currency deposits of financial institutions reached CNY 1.17003 billion, up by 5.6% year-on-year; the balance of Chinese and foreign currency loans of financial institutions reached CNY 892.05 billion, up by 34.37% year on year; the annual premium income reached CNY 39.55 billion, up by 14.6 % over the previous year; the insurance depth was 6.12%; the insurance density was CNY 3,635 per capita (refer to permanent residents).

Table 4.4.1 Evaluation result of Shijiazhuang in CDI CFCI 10

	Score	Year-on-year	Score increase	Ranking	Ranking change
Financial Industry Performance	52.89	13.59	34.58%	23	3
Financial Institution Strength	22.76	3.89	20.62%	22	3
Financial Ecological Environment	46.50	1.44	3.20%	29	0
Financial Talents Environment	52.33	-4.41	-6.94%	30	0



Financial Business Environment	40.15	6.36	18.81%	27	1
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In the sub-index evaluation of level-1 in CDI CFCI10, the performance score of Shijiazhuang's financial industry increased 34.58%, with the ranking up by 3 places, so was the strength score of financial institution. The ranking of financial ecological environment remained unchanged.

Shijiazhuang was obviously inferior in financial industry performance, but it had a comparative advantage in financial width and depth.

- Both scale and volume of Shijiazhuang's financial industry were the smallest in northern coastal areas, but its value added of industry continue to maintain a rapid growth in nearly three years, with an average rate of 16.53%, the fastest in the areas.

- In 2016, there were 54,900 financial employees in Shijiazhuang, the smallest number in the areas.

- The cumulative amount of domestic stock financing in Shijiazhuang reached 12.4% of GDP, ranking the 1st in the areas.

- The insurance depth in Shijiazhuang reached 6.12 % in 2017, the highest in the region.

Shijiazhuang was inferior in financial institutions strength on the whole, but its quasi-financial institutions were better than the average level of the areas.

- The local financial institutions of Shijiazhuang were not strong enough. Currently, there were no insurance companies in Shijiazhuang. There was only one branch of foreign bank and six branches of foreign insurance in Shijiazhuang.

- In 2017, there were 178 financing guarantee institutions in Shijiazhuang, ranking the 1st in the areas.

Financial ecological environment: Shijiazhuang ranked the 29th of the country and the 4th in northern coastal areas. In terms of financial talent environment and business environment it was basically lower than the average level of the areas .

- In 2016, the number of students shouldered by full-time teachers in each primary school in Shijiazhuang was 18.03, the biggest in number in the areas.

- The overall environment conditions in Shijiazhuang were not so good, with an annual excellent air quality rate of only 51.64%, ranking the third-to-last among the 31 financial centers.

- In 2016, the ratio of housing price to income in Shijiazhuang reached 3.91, second only to Tianjin among the four financial centers in the northern coastal areas .

- The economic foundation and social security of Shijiazhuang were relatively weak in the areas, with both of its regional GDP and GDP per capita ranking the last.

- There were 310 professional insurance intermediaries in Shijiazhuang, ranking the 30rd in the northern coastal areas, slightly bigger than that in Tianjin.

- Shijiazhuang was seriously short of attraction for international tourists, with its international tourism revenue of only USD 68 million in 2016, ranking the last in the country.

Chapter VI Evaluation of the Regional Financial Centers in the Eastern Coastal Areas

6.1 Overall Evaluation

Eastern coastal areas consist of Zhejiang and Jiangsu provinces, with a land area of 210,000 square kilometers. Located in the eastern coastal areas of China, Zhejiang and Jiangsu take the core parts of the Yangtze River Delta region, which is one of the most prosperous regions in China, together with Shanghai called “Jiangsu-Zhejiang-Shanghai” economic circle. So far, six cities in the areas had clearly proposed the idea of building themselves into a regional financial center. They are Hangzhou, Wenzhou and Ningbo in Zhejiang Province, and Nanjing, Suzhou and Wuxi in Jiangsu Province. Now they have achieved certain results in the development of the financial industry.

The analysis on comprehensive competitiveness of the regional financial centers in the eastern coastal areas as follows.

- Of the six financial centers in the eastern coastal areas in the current issue, Hangzhou raised two places from the previous issue and Nanjing raised one place from the previous issue, while Suzhou dropped one place from the previous issue.

- The overall ranking of Wuxi, Ningbo and Wenzhou remain unchanged. The six cities ranked the 5th, the 8th, the 11th, the 21st, the 22nd and the 31st respectively in the current issue.

- Viewing from the comprehensive competitiveness score of the regional financial centers of the eastern coastal region as a whole, Hangzhou, Nanjing and Suzhou were superior to the average score of the other 28 cities, while Ningbo, Wuxi and Wenzhou were below it.

- Hangzhou was still leading ahead of the eastern coastal areas in CDI CFCI10. Although Nanjing’s comprehensive competitiveness score was lower than that of Hangzhou, its financial development could not be underestimated.

- Ranking the 3rd in the eastern coastal areas, the development of Suzhou was slight decline and its gap with that of Hangzhou and Nanjing was widening. Nevertheless, Suzhou’s overall competitiveness in the financial industry was stronger than the average of the other 28 regional financial centers.

- Ningbo and Wuxi were very close in terms of the comprehensive competitiveness score. Both were at the same level in the areas and both were lower than the average of the other 28 regional financial centers. By contrast, Wenzhou’s overall competitiveness was slightly weak in competitive strength, but it was on the way of a rise.

- Financial industry performance: in the current issue, Ningbo and Wenzhou achieved an upward rise, reversing the sliding trend of the previous issue.

- Hangzhou and Nanjing had a sharp rise in score instead of a mild rise they used to have.

- Wuxi continued the increasing momentum.

Changes of the financial institutions strength scores of the regional financial centers in the eastern coastal areas in different issues

- Financial institution strength: Hangzhou, Nanjing and Suzhou were above the average of the 28 regional financial centers, while Ningbo, Wuxi and Wenzhou were below it .

● Hangzhou achieved a significant growth in the current issue and maintained its leading position. It got rid of Nanjing that was keeping pace with it, thus continued to consolidate its edge.

● Suzhou, Ningbo and Wuxi continued their upward momentum.

● Wenzhou had a decline in financial institution strength, still ranking at the bottom in the eastern coastal areas.

● Financial ecological environment: Hangzhou, Nanjing and Suzhou were still above the average of the 28 regional financial centers.

● Ningbo, Wuxi and Wenzhou continued to be below the average of the 28 regional financial centers. Nanjing achieved a dramatic increase in the current issue, which was particularly eye-catching.

● The score under this sub item that Nanjing achieved was close to that of Hangzhou that held the leading position, and once again appeared the scene that they were equally-matched.

● Suzhou, Ningbo and Wenzhou were in a steady upward momentum.

● Wuxi was slightly worse than the previous issue under this item and it ended up neck-on-neck with Ningbo.

6.2 Evaluation of Hangzhou Financial Center

Located on the southeast coast of China and in the north of Zhejiang Province, Hangzhou has a history of more than 2,200 years since the Qin dynasty set up the county government. Now, Hangzhou is the capital of Zhejiang Province, integrating politics, culture, education, transportation and financial center. In 2009, the Zhejiang provincial government issued the “Implementation of the guidance of the State Council on further promoting the reform and opening-up of the Yangtze River Delta region and the economic and social development”, in which Hangzhou, Ningbo and Wenzhou were explicitly listed as the three major central cities of the financial agglomeration area of Zhejiang Province. Subsequently, the National Development And Reform Commission also issued the “Development plan for the Yangtze River Delta city cluster”, which defined the orientation of Hangzhou to build a regional financial center.

Since it first appeared on the evaluation list of CDI CFCI, the comprehensive competitiveness of Hangzhou financial center had been steadily increasing. According to the evaluation of CDICFDI 10, the comprehensive competitiveness score of Hangzhou financial center was 58.5, ranking the 5th in the country and the first in the eastern coastal areas. In the current issue, Hangzhou’s comprehensive competitiveness performance was pretty good, reversing its downward trend, with the ranking up from the 7th to the 5th. During the decade, Hangzhou’s cumulative growth of comprehensive competitiveness reached 66.86%, ranking the 2nd in the eastern coastal areas. Although its ranking was in a decline form the sixth issue to the ninth issue, Hangzhou had remained the 5th place of the country for quite a period of time, only next to Beijing, Shanghai, Shenzhen and Guangzhou.

In 2017, the added value of Hangzhou’s financial industry was CNY 105.5 billion, up by 6.8% year-on-year, accounting for 8.4% of the regional GDP. At the end of the year, the balance of Chinese and foreign currency deposits of financial institutions reached CNY 3.648324 trillion, up by 9.3 % year-on-year; the balance of Chinese and foreign currency loans of financial institutions reached CNY 2.927094 trillion, up by 11.9% year-on-year; the annual premium income was CNY 63.37 billion yuan; the compensation expenses reached CNY 16.96 billion; the insurance

depth was 5.05%;the insurance density was CNY 6,693 per capita (refer to permanent residents).

Table 6.2.1 Evaluation result of Hangzhou in CDI CFCI 10

	Score	Year-on-year	Score increase	Ranking	Ranking Change
Financial Industry Performance	77.06	16.08	26.36%	7	0
Financial Institution Strength	58.28	11.58	24.79%	6	2
Financial Ecological Environment	92.59	6.96	8.13%	5	1
Financial Talents Environment	81.37	-0.39	-0.48%	9	-1
Financial Business Environment	104.81	15.29	17.08%	6	1

In the sub-item evaluation of level-I in CDI CFCI10, the score of Hangzhou's financial talent environment declined slightly in the current issue, while the scores under the rest of the sub-index rose sharply. Among them, the score of financial industry performance and the score of financial institution strength increased the most significantly, up by 26.36% and 24.79% respectively; the ranking of financial institution score also moved two places up to the 6th; the ranking of financial industry performance score remained unchanged; the scores of financial ecological environment and financial business environment increased 8.13% and 17.98% respectively, with the score under this sub-item ranking up by one place; the score in the financial talents environment in the current issue was slightly inferior, down by 0.39%, or up by -0.48%, with the ranking down by one place.

The financial industry performance: the financial scale of Hangzhou enjoyed absolute advantages in the eastern coastal areas.

- The financial market scale of Hangzhou in 2017 ranked the 7th of the country, which was 1.5 times that of Ningbo, 3.6 times that of Wenzhou, 3.9 times that of Suzhou, 6.8 times that of Nanjing and 11 times that of Wuxi in the same period.
- The added value of the financial industry in Hangzhou ranked the 1st in the eastern coastal areas, reaching CNY 98.2 billion. But its average annual growth rate was merely 5.43%, better than that of Ningbo only.
- Hangzhou's insurance depth and insurance density reached 5.05% and CNY 6,693.07 respectively, ranking the 14th and the 15th, behind that of Nanjing in the country.

The financial institution strength: Hangzhou had a prominent advantage in the eastern coastal areas.

- Hangzhou was far ahead of the regional average in terms of banking institutions, securities institutions, insurance institutions and internationalization of institutions.
- Hangzhou had outstanding strength in quasi-financial institutions, with 1,534 private fund managers, 159 financing guarantee institutions and 10 third-party payment institutions, ranking the 4th in the country. However it was slightly embarrassed by finance lease industry , with only 175 institutions, ranking the 7th in

the country.

● Hangzhou was also superior in securities institutions, ranking the 4th in the number of fund management companies and the 8th in the fund assets scale. In 2016, the number of futures institutions and the scale of futures asset management of Hangzhou ranked the fourth in the country in the current issue.

● Hangzhou enjoyed a high degree of internationalization of financial institutions, with 32 local branches of foreign banks and 23 foreign insurance branches.

Financial ecological environment: Hangzhou ranked the 5th among the 31 cities and the 1st in the eastern coastal areas. It had a significant comparative advantage in terms of the financial and business environment, ranking the 6th in the country and the 1st in the eastern coastal areas. As for financial talents environment, it ranked the 9th in the country, behind Nanjing.

● Hangzhou boasted its well-developed medical and health care, with 13 Grade-III Class-A hospitals, ranking the 7th in China; there were 70 hospital beds per 10,000 people, ranking the 5th in the country; there were about 42 physicians per 10,000 people, ranking the 3rd in the country.

● Hangzhou was more attractive than the rest in eastern coastal areas, with 3.63 million inbound tourists and 136.96 million domestic tourists, ranking the 5th and the 8th in the country respectively in the current issue.

● Hangzhou also witnessed a rapid growth in culture and entertainment, with 0.92 screens per 10,000 people, ranking the 2nd in the country. Its annual box office income reached CNY 1.077 billion, ranking the 8th in the country.

● Hangzhou had obvious advantages in economic externality and professional services, ranking the 1st in the eastern coastal areas. In economic foundation and social security, it was slightly above the average of the areas.

● In terms of economic externality, the actual use of FDI in Hangzhou reached USD13.029 billion and international tourism income reached USD 5.07 billion, both ranking the 6th in the country. As for the strength of professional service, there were 6,343 practicing lawyers in Hangzhou, ranking the 7th in the country and the number of certified public accountants was 3,443, ranking the 5th in the country.

● At the end of 2017, the number of local listed companies in Hangzhou reached 308, ranking the 4th in the country

● In social security, the coverage rate of endowment insurance and unemployment insurance in Hangzhou reached 67.15% and 51.43% respectively, both ranking the 5th in the country.

6.3 Evaluation of Nanjing Financial Center

Located in the eastern part of China and the Yangtze River downstream, Nanjing is the capital of Jiangsu Province, a sub-provincial city, the core city of Nanjing metropolitan circle, and one of the gateway cities that radiate and drive the development of the central and western regions which submit to the Yangtze River Delta. It is also a city of important financial center in eastern areas, one of the national major scientific research and education bases and the comprehensive transportation hub approved by the State Council of China. In 2013, the State Council approved the “A plan of implementation for modernization demonstration zone in South Jiangsu”, in which the strategic position of Nanjing was determined as a “regional financial and business center”.



Since it first appeared on the evaluation list of CDI CFCI, the comprehensive competitiveness of Nanjing financial center had been ranking between the sixth and ninth of China for a long time. After the decline in several issues (ranking the 9th of the country in three consecutive issues), it had a slight upward trend in the current issue. According to the evaluation of CDI CFDI10, the comprehensive competitiveness score of Nanjing financial center was 55.6, ranking the 8th in the country and the 2nd in the eastern coastal areas. During the decade, however, Nanjing achieved a growth of 82 % in comprehensive competitiveness score, ranking the 1st in the areas.

In 2017, the added value of Nanjing's financial industry was CNY 135.505 billion, up by 7.5% over the previous year, accounting for 11.6% of its GDP. At the end of the year, the balance of deposits in Chinese and foreign currencies of financial institutions reached CNY 3.076463 trillion, an increase of CNY 240.874 billion over the beginning of the year and an increase of 8.5% over the end of the previous year; the balance of Chinese and foreign currency loans of financial institutions reached CNY 2.515948 trillion, increasing CNY 289.054 billion over the beginning of the year, up by 13.0% over the end of last year; the annual premium income was CNY 69.795 million; the compensation expenses were CNY 16.3 billion; the insurance depth was 5.96%; the insurance density was CNY 8,374 per capita (refer to permanent residents).

Table 6.3.1 Evaluation result of Nanjing in CFCI 10

	Score	Year-on-year	Scores increase	Ranking	Ranking change
Financial Industry Performance	85.08	25.01	41.63%	4	5
Financial Institution Strength	48.67	2.23	4.81%	9	0
Financial Ecological Environment	91.41	9.93	12.18%	6	1
Financial Talents Environment	97.84	5.79	6.29%	4	2
Financial Business Environment	84.42	13.58	19.16%	10	-1

In the sub-item evaluation of level-I in CDICFCI10, all the scores of Nanjing in the current issue presented an upward trend. Among them, the score of financial industry performance increased the most significantly, with a sharp rise of 41.63% in the current issue; the strength score of financial institutions increased 4.81%, with the ranking remaining unchanged. The growth rate of the whole financial ecological environment was 12.18%, up by one place to the 6th in the country. Among them, the score of financial talents environment increased 6.29%, up by two places to the 4th in the country. The score of financial business environment increased 19.16%, but down by one place to the 10th in the country.

Financial industrial performance: Nanjing had significant competitiveness in financial added value, financial width and financial depth, and its disadvantage was in financial employees.

● In 2016, the added value of Nanjing's financial industry was CNY 124.176 billion, with an average growth rate of 14.40% in three years, accounting for 11.82%



of the local GDP, ranking the 9th, the 15th and the 4th respectively in the country.

- In terms of financial depth, the ratio of loan balance in Nanjing to GDP and the ratio of local securities trading volume to GDP ranked among the top 10 of the country.

- The insurance depth and insurance density of Nanjing were 5.96% and CNY 8373 per capita respectively, ranking the 8th and the 2nd in the country respectively. With so excellent insurance depth, Nanjing ranked the 1st in the eastern coastal areas.

- The ratio of total capital raised to GDP in the domestic stock market of Nanjing was 23%, ranking the 1st in the eastern coastal areas.

In terms of the financial institutions strength, Nanjing had a prominent advantage in the eastern coastal areas.

- Nanjing was substantially ahead of the average of the eastern coastal areas in securities institutions, and slightly ahead of the average in other aspects.

- Among securities institutions, the local legal person securities co., ltd. In Nanjing had a total assets of CNY 404.984 billion, ranking the 5th in the country and the 1st in the eastern coastal areas.

- Nanjing's insurance industry was well developed, with 3 local legal person insurance companies, together with Hangzhou, ranking the 8th in the country and the 1st of the eastern coastal areas; its insurance premiums reached CNY 69.795 billion, ranking the 7th in the country and the 1st in the eastern coastal areas.

- The strength of Nanjing's banking institutions was prominent: its total assets of local commercial banks stood out with a total of CNY 2.820596 trillion, ranking the 6th in the country and the 1st in the eastern coastal areas; other banking institution scores under this sub-items closely followed Hangzhou, most of which ranking the 2nd in the eastern coastal areas.

Financial ecological environment: Nanjing ranked the 6th among the 31 cities and the 2nd in the eastern coastal areas. Its financial talent environment enjoyed significant advantages, ranking the 4th in the country and the 1st in the eastern coastal areas. Nanjing was slightly inadequate in the financial business environment, ranking only the 10th in the country behind Hangzhou and Suzhou.

- In terms of the financial talents environment, Nanjing had strong competitiveness in education environment and urban traffic, better than the average of the areas.

- There were 827,800 students, 53 universities and 8 universities attached to the "project 211" in Nanjing, all of which ranked the 1st in areas.

- As for urban transportation in Nanjing, the average road area was 66.08 square meters per vehicle, the urban rail transit mileage was 41.63 kilometers per million people and the daily flights were 514, ranking the 2nd, the 1st and the 10th in the country respectively, and the 1st in the eastern coastal areas.

- Nanjing was also excellent in urban greening, with a greening coverage rate of 44.75% in the built-up areas and 11.64 square meters of park green space per capita, ranking the 5th and 4th in the country and the 1st in the eastern coastal areas.

- Financial business environment: Nanjing was obviously competitive in the field of professional services, roughly the same as the average of the areas in terms of economic foundation and social security and slightly lower than the average of the areas in terms of economic externality.



● Professional services: there were 395 professional insurance intermediaries in Nanjing, ranking the 11th in the country and the 1st in the eastern coastal areas. The number of practicing lawyers reached 3,591, and the number of certified public accountants (CPA) reached 1,844, ranking the 2nd in the areas.

● Economic basis: Nanjing’s regional GDP reached CNY 1.1715 trillion; per capita regional GDP reached CNY 140,553; the added value of the tertiary industry reached CNY 699.7 billion; there were 77 local listed companies, slightly higher than the average of the areas.

6.4 Evaluation of Suzhou Financial Center

Located in the southeast of Jiangsu Province and in the middle of the Yangtze River Delta, Suzhou is a national historic and cultural city with a history of nearly 2,500 years, and one of the first 24 national historic and cultural cities in China as well. Suzhou is not only a national scenic tourist city, but also a national high-tech industrial base and one of the central cities of G60 science and technology innovation corridor. It was made clear in “A regional plan of the Yangtze river delta region”, which was approved by the State Council of China, that Suzhou was positioned as one of the core cities of Suzhou-Wuxi-Changzhou metropolitan circle, and that Suzhou would be built into a regional financial center.

Since it first appeared on the evaluation list of CDI CFCI, the comprehensive competitiveness of Suzhou financial center had increased in a steady way. Its ranking had been hovering around the 10th and 11th of the country since CDI CFCI 4. According to the evaluation in CDI CFCI10, the comprehensive competitiveness score of Suzhou financial center was 45.1, ranking the 11th in the country and the 3rd in the eastern coastal areas. During the past nine years, the score of Suzhou’s comprehensive competitiveness increased 57.7%, with the cumulative growth ranking the third of the eastern coastal areas.

In 2016, the added value of Suzhou’s financial industry reached CNY 133.377 billion, up by 13.60 % year-on-year, accounting for 8.62 % of the regional GDP. At the end of 2017, the balance of Chinese and foreign currency deposits of financial institutions reached CNY 2.586426 trillion, 220.516 billion more than that at the beginning of the year, an increase of 9.3% over the beginning of the year. The balance of Chinese and foreign currency loans of financial institutions reached CNY 2.192444 trillion, 272.434 billion more than that at the beginning of the year, an increase of 14.2% over the beginning of the year. In 2017, the premium income was CNY 64.8 billion, and the compensation expenses were CNY 16.36 billion. At the end of the year, the insurance depth reached 3.74%, and the insurance density reached CNY 6015 per capita (refer to permanent residents).

Table 6.4.1 Evaluation result of Hangzhou in CDI CFCI 10

	Score	Year-on-year	Score increase	Ranking	Ranking change
Financial Industry Performance	59.40	8.57	16.86%	18	-4
Financial Institution Strength	44.10	6.67	17.80%	10	0
Financial Ecological Environment	80.17	3.58	4.68%	11	0



Financial Talents Environment	62.80	0.032	-0.05%	19	6
Financial Business Environment	99.07	8.63	9.55%	7	-1

According to the sub-index evaluation of Level-1 in CDIC FCI10, Suzhou achieved an increase in every indicator. Among them, its financial industry performance increased by 16.86%, while the ranking went down by 4 places. As for the scores under the rest items, the score of financial institution strength and the score of financial ecological environment increased 17.80% and 4.68% respectively, with the ranking remaining unchanged from the previous issue.

Financial industry performance: Suzhou was at the average of the areas, ranking the 3rd in this sub-item in the eastern coastal areas, behind Nanjing and Hangzhou.

- Suzhou ranked the 21st in the country in terms of market scale, which was equivalent to 25.8% that of Hangzhou's, 43.39% that of Ningbo's and 92.4% that of Wenzhou's, ranking the 4th in eastern coastal areas.

- In the current issue, Suzhou presented strong competitiveness in its financial industry performance; the added value of the financial industry amounted to CNY 133.377 billion; the three-year average growth rate of the added value of the financial industry reached 13.80% ; and the added value of the financial industry accounted for 8.62% of the local GDP. Among them, the scale of added value of the financial industry ranked the 8th in the country and the 1st in the eastern coastal areas; the three-year average growth rate and the proportion of added value of financial industry in GDP ranked the 3rd in the eastern coastal areas.

- In 2017, Suzhou's insurance depth and insurance density were 3.74 % and CNY 6,065.14 per capita respectively, ranking the 9th of the country in terms of insurance density and the 3rd in the eastern coastal areas.

Suzhou had a prominent comparative advantage in financial institution strength in the eastern coastal region, ranking the 10th in the country and the 2nd in the eastern coastal areas.

- Suzhou boasted a high degree of internationalization of financial institutions. There were 7 branches of foreign banks and 5 local business organizations in Suzhou, ranking the 7th and the 8th respectively in the country and the 1st in the eastern coastal areas.

- There were 20 branches and 5 representative offices which were set up by foreign insurance companies in Suzhou, ranking the 8th and the 5th respectively in the country.

- Suzhou was relatively superior in terms of quasi-financial institutions. Among them there were 401 private fund management agencies, ranking the 8th in the country; there were 82 financial leasing agencies, ranking the 10th in country; there were 166 financing guarantee institutions, ranking the 3rd in the country.

Financial ecological environment: Suzhou ranked 11th among the 31 cities and the 3rd in the eastern coastal areas second to Hangzhou and Nanjing. Comparatively, Suzhou was more competitive in financial business environment than in financial talent environment.

- There were 0.65 screens per 10,000 people in Suzhou, ranking the 5th in the country; the annual box office income reached CNY 895 million and the public book

collection reached 25,749 volumes per 10,000 people, ranking the 9th and the 4th respectively in the country and the 1st in the eastern coastal areas.

- Suzhou received 910,800 inbound tourists and 112.95 million domestic tourists, ranking the 17th and the 10th respectively in the country.

- In terms of urban greening, the greening coverage rate of urban built-up areas in Suzhou reached 42.66% and the park green area per capita was 6.5 square meters, ranking the 3rd in the eastern coastal areas.

- In terms of the economic externality, Suzhou was better than the average of the areas, with the total import and export value reaching USD 273.7 billion and international tourism (foreign exchange) revenue reaching USD 2.156 billion in that year.

- Suzhou boasted a regional GDP of CNY 1.732 trillion, a per capita regional GDP of CNY 162,107, an added value of the tertiary industry of CNY 886.2 billion and a number of listed companies of 60, all of which were superior to the average of the areas. Among them, per capita regional GDP ranked the 2nd in the country, second to Shenzhen.

6.5 Evaluation of Ningbo Financial Center

Located on the southeast coast, Ningbo is the fourth largest port city in the world, the east starting port of the “Maritime Silk Road”, a typical Jiangnan water town and seaport city. In 2011, it was made clear in “The twelfth five-year-plan of Ningbo’s financial development”, promulgated by the Ningbo municipal government in, that Ningbo should soon be built into a regional financial center with regional functions, great influence and wide range of radiation in the south wing of the Yangtze river delta.

Since it first appeared on the evaluation list of CDICFCI, the comprehensive competitiveness of Ningbo financial center had been in a trend of decline. According to the evaluation in CDI CFCI10, the comprehensive competitiveness score of Ningbo financial center was 32.6, ranking the 22nd in the country, and the 5th in the eastern coastal areas. During the decade, the comprehensive competitiveness score of Ningbo was growing slowly, with the cumulative growth rate reaching only 3.5%, and the overall ranking continuing to slide.

In 2016, the added value of Ningbo’s financial industry reached CNY 43.248 billion, a growth of -6.3%, which accounting for 4.98 % of the regional GDP. At the end of 2017, the balance of Chinese and foreign currency deposits of financial institutions reached CNY 1814.91 billion, up by 6.8% over the previous year; the balance of Chinese and foreign currency loans of financial institutions reached CNY 1.77625 trillion, up by 6.9%; the annual premium income was CNY 30.29 billion; the compensation expenses were CNY 11.33 billion; the insurance depth was 3.08%; the insurance density was CNY 3,784 per capita (refer to permanent residents).

Table 6.5.1 Evaluation Result of Ningbo in CDI CFCI 10

	Score	Year-on-year	Score increase	Ranking	Ranking change
Financial Industry Performance	42.45	6.25	17.27%	29	-1
Financial Institution Strength	26.51	2.91	12.31%	17	3
Financial Ecological	63.89	1.39	2.22%	17	2

Environment					
Financial Talents Environment	55.96	4.75	-7.83%	26	0
Financial Business Environment	72.53	8.22	12.78%	13	1

According to the sub-index evaluation in CDICFDI10, Ningbo's financial industry performance increased 17.27%, but its ranking dropped by one place. Its financial institution strength increased significantly, up by 12.31 %, with the ranking up by 3 places to the 7th; the financial ecological environment increased slightly, up by 2.22%, with its ranking up by two places to the 17th.

Financial industrial performance: Ningbo was obviously inferior in all aspects, which made its competitiveness lower than the average level of the areas.

- The financial market scale of Ningbo ranked the 12th in the country and the 2nd in the eastern coastal areas, next only to Hangzhou.
- In terms of the financial depth, Ningbo's competitiveness was equal to the average of the areas. Its loan balance accounted for 180.4% of GDP and the ratio of accumulated financing volume to GDP in domestic stock market was 13.0%, ranking the 3rd in the eastern coastal areas.
- Ningbo was superior in financial employees. Its proportion of permanent resident population was 1.05%, ranking the 7th in the country and the 2nd in the eastern coastal areas.

Strength of financial institutions: the quasi-financial institutions and banking institutions in Ningbo were close to the average of the areas, while its competitiveness under other sub items was inferior.

- In terms of the sub-item of banking institutions, there were 10 legal person local commercial banks in Ningbo, ranking the 3rd in the country (second only to Beijing and Shanghai) and the 1st in the eastern coastal areas.
- Quasi-financial institutions: Ningbo's competitiveness was at the average level of the areas, with 766 private fund managers, 103 financial leasing agencies and 2 third-party payment agencies, ranking the 3rd in the eastern coastal areas.
- Securities institutions: Ningbo became a new force that suddenly rose with an asset management scale of CNY 86,751 billion, ranking the 6th in the country and the 1st in the eastern coastal areas.

Financial ecological environment: Ningbo ranked the 17th among the 31 cities, and the 5th in the eastern coastal areas, of which Ningbo was slightly inferior in financial talents environment, but it was comparatively superior in financial business environment.

- Environmental conditions: Ningbo was slightly better than the average of the areas. Its municipal sewage treatment rate reached 93.76%, ranking the 17th in the country and the 4th in the eastern coastal areas. Its excellent air quality rate was 84.70%, ranking the 8th in the country, and the top in the eastern coastal areas together with Suzhou.
- Ningbo also had strong competitiveness in the cost of living, with the average salary of employees on duty at CNY 81,578, ranking the 6th in the country and the 2nd in the eastern coastal areas.
- The green coverage rate of urban built-up areas in Ningbo reached 39.95%

and the park green area per capita was 6.38 square meters, ranking the 5th and the 4th respectively in the eastern coastal areas, close to the average of the areas.

● Social security: Ningbo was better than the average level of the areas. The coverage rate of endowment insurance reached 68.51%, ranking the 3rd in the country; the coverage rate of medical insurance reached 49.13%, ranking 10th in the country; the coverage rate of unemployment insurance reached 33.33%, ranking 8th in the country. All above rankings were among the top in the country.

● Economic externality: Ningbo was basically in at the average of the areas; the actual utilization of FDI of that year reached USD 4.513 billion, ranking the 14th in the country; the total import and export value of that year reached USD 94.923 billion ranking 8th in the country; the international tourism (foreign exchange) revenue of that year reached USD 917 million, ranking 15th in the country.

6.6 Evaluation of Wuxi Financial Center

Located in the southern part of Jiangsu Province, Wuxi is an important city in the Yangtze river economic belt and the Yangtze river delta city cluster, and also known as the “Pearl of Taihu Lake”. On February 26, 2008, the Wuxi municipal government issued the “Several opinions on comprehensively strengthening the financial work and accelerating the construction of a financially strong city, in which it made clearly that Wuxi should be built into a financially strong city and a regional financial center by focusing on strengthening the functions of regional central city.

Since it first appeared on the evaluation list of CDICFCI, the comprehensive competitiveness of Wuxi financial center had been steadily improving with breakthroughs. According to the evaluation of CDI CFCI10, the comprehensive competitiveness score of Wuxi financial center was 34.0, ranking the 21st in the country and the 4th in the eastern coastal areas. During the decade, Wuxi’s comprehensive competitiveness score increased 31.8%.

In 2016, the added value of financial industry in Wuxi reached CNY 68.676 billion, up by 11.2% year-on-year, accounting for 7.46% of the regional GDP. At the end of 2017, the balance of deposits in Chinese and foreign currencies of financial institutions reached CNY 1.514130 trillion, up by 3.6% over the previous year; the balance of Chinese and foreign currency loans of financial institutions reached CNY 1.123263 trillion, up by 6.8% over the previous year; the annual premium income was CNY 40.74 billion; the compensation expense was CNY 3.27 billion; the insurance depth was 3.88%; the insurance density was CNY 6,217 yuan per capita (refer to permanent residents).

Table 6.6.1 Evaluation result of Wuxi in CDI CFCI 10

	Score	Year-on-year	Scoring Increase	Ranking	Ranking Change
Financial Industry Performance	52.80	12.51	31.03%	24	0
Financial Institution Strength	23.87	4.00	20.13%	20	3
Financial Ecological Environment	64.07	-0.55	-0.86%	16	0
Financial Talents Environment	59.31	-5.31	-8.21%	24	0
Financial Business Environment	69.25	4.62	7.15%	14	-1

In the sub-item evaluation of level-I, Wuxi achieved an increase in financial industry performance score and the strength score of financial institutions in the current current issue, up by 31.03% and 20.13% respectively. Among which the strength of financial institutions went up by three places to the 21th, while the ranking of financial industry performance remained unchanged. The financial ecological environment suffered from a negative growth, only reaching 0.86%, but its ranking remained unchanged.

Financial industry performance: Wuxi ranked the 24th in the country and the 4th in the eastern coastal areas.

- In terms of financial market size, Wuxi was obviously inferior in the eastern coastal areas, ranking 31st in the country and the 6th of the eastern coastal areas. Compared with Hangzhou, the top of eastern coastal areas, the score that Wuxi achieved was less than 10% of the former.

- In 2017, the added value of the financial industry in Wuxi amounted to CNY 68.676 billion, which accounted for 7.46% of the local GDP, ranking the 15th and 24th respectively in the country. Of which the most eye-catching thing about Wuxi was that its three-year average annual growth rate of the value of the financial industry reached 16.20%, ranking the 9th in the country and the 1st in the eastern coastal areas.

- Compared with the average of areas, Wuxi still had certain competitiveness in terms of financial employees. Of which the three-year average growth rate of financial employees in Wuxi was 10.42%, ranking the 11th in the country and the 2nd in the eastern coastal areas.

Financial institution strength: Wuxi ranked the 20th among the 31 financial centers in the country, second only to Hangzhou, Suzhou and Ningbo in the eastern coastal areas.

- Wuxi was uncompetitive in terms of financial market scale, ranking the last among the 31 regional centers in the country, and its score was still far below that of Hangzhou, the first of the eastern coastal areas.

- What were lacked in Wuxi were the local legal person joint-venture insurance companies, securities companies and fund management companies, so were the types and number of foreign financial institutions inadequate.

Financial ecological environment: Wuxi ranked the 16th among the 31 cities and the fourth in the eastern coastal areas, behind Hangzhou, Nanjing and Suzhou. Both the financial talents environment and the financial business environment of Wuxi were slightly lower than the average level of the areas.

- The housing price to income ratio in Wuxi was 3.65, which was the most reasonable in the areas, the minimal constrains for financial talents.

- Educational environment: higher education resources and faculty in Wuxi were slightly inadequate, and comparatively they were far less than those in Hangzhou, Nanjing and Suzhou.

- The economic foundation in Wuxi was comparatively strong. Its per capita GDP reached CNY 160,412, basically at the level of Suzhou, the highest of the region.

- Professional services: the number of professional service personnel in Wuxi was evidently lower than the average of the areas, and the number of practicing

lawyers and professional insurance intermediaries was the smallest in the areas.6.7
Evaluation of Wenzhou financial center

6.6 Evaluation of Wenzhou Financial Center

Situated in Southeastern part of Zhejiang Province and Southern bank of the Oujiang River downstream, Wenzhou is a city of developed private economy which has created a number of national first since the reform and opening up. In 2011, the Wenzhou municipal government made it clear in “The twelfth five-year plan of Wenzhou’s financial development” that “Wenzhou should be built into a regional professional financial center to serve the private economy”, thus forming a provincial-level financial agglomeration zone with complementary advantages and dislocation between the financial centers of Hangzhou and Ningbo.

Since it appeared on the evaluation list of CDI CFCI 2, the comprehensive competitiveness of Wenzhou financial center had been in a trend of decline. According to the evaluation in CDI CFCI 10, the comprehensive competitiveness score of Wenzhou financial center was 23.63, ranking the 31st in China and the 6th in the eastern coastal areas. During the decade, the cumulative increase of Wenzhou’s comprehensive competitiveness score was -11.58%, and it had been maintaining the 31th of the country since CDICFCI 7.

In 2016, the added value of Wenzhou’s financial industry reached CNY 33.272 billion, up by 20.80% year-on-year, accounting for 6.52% of the regional GDP. At the end of 2017, the balance of Chinese and foreign currency deposits of financial institutions reached CNY 1.1218 trillion, up by 5.6% over the end of last year; the loan balance of financial institutions in Chinese and foreign currencies reached CNY 561.8 billion , up by 9.4% year-on-year; the annual premium income was CNY 24.19 billion; the compensation expense was CNY 6.41 billion; the insurance depth reached 4.44%; the insurance density reached CNY 2,625 per capita (refer to permanent residents).

Table 6.7.1 Evaluation result of Wenzhou in CDI CFCI 10

	Score	Year-on-Year	Scoring Increase	Ranking	Ranking Change
Financial Industry Performance	41.13	10.46	34.10%	30	1
Financial Institution Strength	13.41	-0.95	-6.64%	29	0
Financial Ecological Environment	40.93	0.40	0.98%	31	0
Financial Talents Environment	43.59	-7.55	-14.76%	31	0
Financial Business Environment	38.04	8.19	27.42%	29	1

In the sub-item evaluation of level-I of CDICFCI10, Wenzhou achieved an increase in the sub-item scores such as the scores of financial industry performance and financial ecological environment, up by 34.10% and 0.98% respectively. The ranking of financial industry performance went up by one place to the 30th from the previous issue, while the rest of rankings remained unchanged from the previous issue.

Financial industrial performance: the score of Wenzhou was below the average of eastern coastal areas, ranking the 13th in the country and the 6th in the eastern coastal areas.

- Wenzhou ranked the 20th of the country in terms of financial market scale, and the 3rd in the eastern coastal areas, which was only equivalent to 28% of that in Hangzhou, 1.89 times of that in Nanjing and 3.06 times of that in Wuxi in the same period.

- In terms of financial employees, Wenzhou was slightly higher than the average level of the areas, of which there were 60,000 people working in finance industry, with a three-year average growth rate of 12.36%. The three-year average growth rate of financial employees in Wenzhou ranked the 8th in the country, the 1st in the eastern coastal areas. The total number of the rest financial practitioners and the proportion of permanent residents in the country ranked the 20th and the 21st respectively in the country.

- In 2017, the balance of deposits in Wenzhou accounted for 205.7% of the regional GDP, and the ratio of local securities trading volume to GDP was 246.1% and the insurance depth was 4.44%, ranking the 16th, the 8th and the 18th respectively in the country.

Financial institution strength: Wenzhou was still below the average of the eastern coastal areas, ranking the 29th in the country and the 6th in the eastern coastal areas.

- Wenzhou was pretty good in the score of the sub items such as banking institutions, with 10 local corporate commercial banks, ranking the 3rd in the country, and the 1st in the eastern coastal area together with Ningbo.

- What were lacked in Wenzhou were legal person securities companies, fund management companies and legal person insurance companies, and the types and number of foreign financial institutions were relatively insufficient.

Financial ecological environment: Wenzhou ranked the last among the 31 cities and the 6th in the Eastern coastal areas. Among them its financial talents environment and financial business environment was in an inferior position.

- Financial talent environment: Wenzhou ranked the last among the 31 financial centers in the country and the 6th in the eastern coastal areas.

- Higher education resources were very scarce in Wenzhou. Currently, there were only eight ordinary universities and colleges in Wenzhou, with the number students less than 100,000.

- The urban greening of Wenzhou was relatively at a low level. Its greening coverage rate of built-up areas was only 38.25%, ranking the 26th in the country; the per capita green area of the park was 2.84 square meters, ranking the lowest among the 31 regional financial centers of the country

- The environmental condition of Wenzhou was comparatively superior, with an annual air quality rate of 90.98 %, which was far ahead of the other regional centers, ranking the 1st of the eastern coastal area.

- Viewing from the financial environment and business environment, Wenzhou was lower than the average of the areas in four aspects such as economic foundation, professional services, social security and economic extroversion.

- The GDP of Wenzhou was CNY 545.3 billion; the per capita GDP was CNY 59,177; the added value of the tertiary industry was CNY 316 billion. All of the above were at the lowest level in the areas.



● The coverage rate of endowment insurance in Wenzhou was 22.48% and the coverage rate of unemployment insurance was 12.31%—both were the lowest of the Eastern coastal areas.



Chapter VII Evaluation of the Regional Financial Centers In the Southern Coastal Areas

7.1 Overall Evaluation

The Southern coastal areas mainly include the three provinces of Fujian, Guangdong and Hainan, with a land area of 330,000 square kilometers. They have the natural advantages of being close to Hong Kong, Macao and Taiwan, enjoying a higher degree of openness to the outside world. At present, three cities in the areas, namely Guangzhou, Xiamen and Fuzhou, have clearly proposed the idea of building a regional financial center, and have achieved certain results in the development of the financial industry.

- Judging from the changes of the comprehensive competitiveness scores of the financial centers in the southern coastal areas, Guangzhou was unique in maintaining its high growth momentum and continuously expanding its competitive advantages with Xiamen and Fuzhou in the areas.

- The comprehensive competitiveness scores of Xiamen and Fuzhou were very close, slightly lower than the average of the 28 regional financial centers. Currently, the two centers were basically at the same level.

- Among the three financial centers of the Southern coastal areas in the current issue, Guangzhou and Xiamen remained unchanged in the rank, and Fuzhou went up by three places from the previous period. In comprehensive competitiveness, in the current issue, they ranked the 4th, the 17th and the 18th respectively.

- In terms of the financial industry performance, the three cities had changed the falling trend of the previous issue and achieved a substantial increase. Among them, Fuzhou preformed more prominently. It achieved a reverse by surpassing Xiamen.

- Financial institution strength: the “Matthew effect” was well reflected here in the resource agglomeration of financial center. The number and scale of financial institutions in Guangzhou were outstanding, leading far ahead of the Southern coastal areas, with a score more than twice that of Xiamen and Fuzhou. Fuzhou held a consolidated leading position in terms of financial institution strength, which was superior to that of Xiamen and the gap was expanding year by year.

- Judging from the changes of the sub-item scores of the financial ecological environment in the previous issues, the improvement of Guangzhou’s financial ecological environment was more substantial than that of Xiamen and Fuzhou, and maintained a steady progress for a long time.

- Relatively speaking, Xiamen and Fuzhou were almost in sync with each other, with little improvement in the recent issues, basically lingering at the same level.

- Compared with the average of the 28 regional financial centers in the country, the financial centers in the southern coastal areas were higher than the average of the 28 regional financial centers in terms of cultural entertainment, urban greening, economic foundation, professional services, social security and economic extroversion.

7.2 Evaluation of Guangzhou Financial Center

Guangzhou is a famous cultural city with a history of more than 2,000 years. It is located in the northern edge of the Pearl River Delta, close to the mouth of the Pearl

River. It is Guangdong's center of politics, economy, science and technology, education and culture. It is also the largest transportation and communication hub and one of the important foreign trade ports in the south of China, known as the "South Gate" of China. In 2008, it was made clear in the "Plan of the Pearl River Delta Reform and Development (2008-2020)" issued by the State Council clearly that Guangzhou should be helped to built into a regional financial center.

Since it first appeared on the ranking list of CDI CFCI, the comprehensive competitiveness of Guangzhou financial center had been steadily improved. According to the evaluation of CDICFCI10, the comprehensive competitiveness score of Guangzhou financial center was 73.03, ranking the fourth in the country and the first in the southern coastal areas. During the decade, the score of Guangzhou's comprehensive competitiveness doubled, with a cumulative increase of 93%; ranking the fourth in the country for a long time, second only to the three national financial centers.

In 2017, the added value of Guangzhou's financial industry was CNY 199.876 billion, up by 8.6% year-on-year, accounting for 9.3% of regional GDP. At the end of the year, the balance of Chinese and foreign currency deposits of financial institutions reached CNY 5.1369 trillion, up by 8.1% year-on-year; the balance of foreign currency loans of financial institutions reached CNY 3.41371 trillion, an increase of 15.1% year-on-year; annual premium income was CNY 112.73 billion; the compensation expense was CNY 26.97 billion; the insurance depth was 5.24%; insurance density reached CNY 7775 per capita (refer to permanent residents).

Table 7.2.1 Evaluation of Guangzhou in CFCI 10

	Score	Year-on-year	Scoring increase	Ranking	Ranking change
Financial Industry Performance	84.25	17.81	26.81%	5	0
Financial Institution Strength	78.27	5.27	7.22%	4	0
Financial Ecological Environment	126.97	11.90	10.34%	3	1
Financial Talents Environment	114.17	11.96	11.70%	3	0
Financial Business Environment	140.90	12.88	10.06%	4	0

In the Level-I sub item evaluation of Level-I in CDICFDI10, Guangzhou achieved an increase of over 10% in the score under each sub item. Among them, the growth rate of financial industry performance was the most significant, with the score up by 26.81%, still ranking the fifth in the country, while the other rankings remained unchanged.

Financial industry performance: the scale of the Guangzhou financial industry was absolutely superior in the Southern coastal areas.

- In 2016, the scale of Guangzhou's financial industry ranked fourth in the country, 3.6 times that of Fuzhou and 4.4 times that of Xiamen in the same period.

● The added value of the financial industry in Guangzhou continued to maintain rapid growth in the past three years. The average growth rate in the three years reached 16.67%, and the growth rate in the southern coastal areas was the fastest.

● In 2017, Guangzhou's insurance depth and insurance density reached 5.24% and 7775 yuan respectively, and the insurance density ranked fourth in the country.

In terms of the strength of financial institutions, Guangzhou's comparative advantage in the Southern coastal areas is very prominent.

● Guangzhou has led the regional average in four aspects of banking institutions, securities institutions, insurance institutions and institutions in terms of internationalization.

● The financial institutions of Guangzhou have strong financial institutions. The corporate assets of corporate commercial banks, corporate securities companies and corporate insurance companies rank 5th, 4th and 6th respectively in the country.

● In terms of quasi-financial institutions, the number of private equity fund managers in Guangzhou reached 816 in 2017, ranking fifth in the country; 286 financial leasing institutions ranked fourth in the country; and the southern coastal regions ranked first.

● Guangzhou has a high degree of internationalization, and its foreign-funded financial institutions are rich in variety and numerous. There are 78 branches of foreign-funded banks, one legal person joint venture fund management company, 34 foreign-funded insurance branches, and 8 foreign-invested insurance company representative offices.

Regarding to financial ecological environment, Guangzhou ranked 4th among 31 cities and ranked 1st in the Southern coastal areas. It has significant comparative advantages in both the financial talent environment and the financial business environment.

● 82 ordinary colleges and universities, more than 1.05 million college students, ranked first in the southern coast, ranking third and first respectively in the country.

● In 2016, the annual movie box office revenue of Guangzhou was 1.905 billion yuan, and the number of screens per 10,000 people reached 0.62, ranking 3rd and 7th respectively in the country.

● Guangzhou has developed medical and health care. The number of top three hospitals is 20, ranking third in the country; the number of practicing doctors per 10,000 people is 33.3, ranking 9th in the country.

● The per capita park green area of Guangzhou reached 20.99 square meters, ranking first in the country.

● Guangzhou has the most developed rail transit system in the southern coastal areas. In 2017, the number of rail transit per million people reached 25.2 kilometers, ranking the fourth in the country.

● In terms of environmental conditions, it is relatively weak. In 2015, the annual air quality rate was 84.7%, and both Fuzhou and Xiamen were over 98%.

Financial business environment: Guangzhou had obvious advantages in three aspects: economic foundation, professional services and economic externality. In terms of social security, it is slightly higher than the average of the areas.

● In 2017, Guangzhou's GDP and per capita GDP were ranked 4th in the country, far ahead of the other two centers in the areas.



- At the end of 2017, the number of listed companies in Guangzhou reached 97, ranking the 5th in the country.

- In 2017, there were 735 professional insurance intermediaries in Guangzhou, ranking the 2nd in the country.

- In 2016, Guangzhou’s international tourism (foreign exchange) revenue was USD 6.272 billion, ranking the 2nd in the country.

7.3 Evaluation of Xiamen Financial Center

Xiamen is located in the southeast of Fujian, adjacent to Zhangzhou in the west, Quanzhou in the north, and across the sea from Jinmen Island in the south. It is one of the five cities specifically designated in the state plan and one of the first five special economic zones opening to the outside world. The Xiamen Municipal Government made it clear in “The eleventh five-year plan for national economic and social development” which was released in 2006 that Xiamen’s financial industry development should “focus on the construction of regional financial center as the goal.”

According to the evaluation result of CDI CFCI10, the comprehensive competitiveness score of Xiamen Financial Center was 36.6, ranking the 18th in the country and the last in the southern coastal area. During the decade, the cumulative competitiveness score of Xiamen financial center increased by 46.4%; with the ranking swaying in the middle of the country for quite a period of time since it first appeared on the evaluation ranking list of CDI CFCI.

In 2017, the added value of Xiamen’s financial industry reached CNY 49.14 billion, an increase of 8.0% year-on-year, accounting for 11.3% of the regional GDP. At the end of the year, the balance of Chinese and foreign currency deposits of financial institutions reached CNY 1.05983 trillion, an increase of 8.3%; the balance of Chinese and foreign currency loans of financial institutions reached CNY 974.23 billion, an increase of 27.2%; the annual premium income was CNY 20.03 billion; the compensation expense was CNY 7.17 billion; the insurance depth was 4.6%; the insurance density reached CNY 4,996 per capita (refer to permanent residents).

Table 7.3.1 Evaluation Result of Xiamen in CDI CFCI 10

	Score	Year-on-Year	Scoring Increase	Ranking	Ranking Change
Financial Industry Performance	66.07	11.40	20.85%	14	-3
Financial Institution Strength	21.85	1.57	7.75%	24	-3
Financial Ecological Environment	61.42	2.11	3.56%	22	-1
Financial Talents Environment	55.57	-2.57	-4.42%	27	1
Financial Business Environment	67.80	7.31	12.08%	15	0

In the evaluation system of CDI CFCI 10, according to the evaluation of comprehensive competitiveness of Xiamen financial center under the sub items of Level-I, the score of Xiamen’s financial industry performance had a significantly increase, up by 20.85%, but the ranking fell by three places; the strength of financial



institutions and the financial environment achieved a small growth, with the rankings down by three places and one place respectively.

- Although the added value of Xiamen's financial industry was the smallest in the southern coastal areas, the added value of its financial industry accounted for the highest proportion of GDP. In 2016, it reached 10.81%, ranking the 10th in the country, showing that the role the financial industry played as a local pillar industry had become more prominent.

- Because Xiamen's economy was relatively small in volume, and regional financial activities were very active, Xiamen's financial depth and financial width were higher than the average of the areas. The two indicators of deposit balance and loan balance accounting for GDP were the highest in the areas.

- The size of Xiamen financial institutions was relatively small, whether they were traditional licensed financial institutions or local quasi-financial institutions.

- In 2017, the assets of a legal person securities company in Xiamen was CNY 14.7 billion, equivalent to 8% that of Fuzhou and 3% that of Guangzhou in the same period.

- In terms of local quasi-financial institutions, Xiamen had certain regional comparative advantages in the number of private fund managers and the number of financial leasing institutions. In 2017, there were 360 registered private fund management institutions and 225 financial leasing companies in Xiamen.

Financial ecological environment: Xiamen ranked the 22nd among the 31 cities and the 2nd in the southern coastal areas.

- Xiamen enjoyed a very nice urban environment. In 2016, its annual air quality rate reached 98.9%, ranking 1st in the country; per capita park green area was 9.53 square meters, ranking the 7th in the country.

- Relatively speaking, Xiamen was weak in the educational environment, especially weaker than those of the other regional financial centers in terms of the education resources. At the end of 2016, there were sixteen ordinary colleges and universities in Xiamen and the number of students at school was around 140,000, much smaller than that of Fuzhou and Guangzhou.

- It is worth noting that the residential housing price-to-income ratio in Xiamen continued to go up and climbed to 12.16 in 2016, surpassing Shanghai and only behind Shenzhen. The housing price had become an important constraint factor for Xiamen's financial talents environment.

- The social security system in Xiamen was relatively excellent. In 2016, the basic endowment insurance, health care and unemployment insurance coverage of urban employees were close to or exceeded 50%, ranking the 17th, the 9th and the 3rd respectively in the country.

7.4 Evaluation of Fuzhou Financial Center

Fuzhou is the capital of Fujian Province, which located on the eastern coast and the lower reaches of the Minjiang River, facing Taiwan Province across the sea. It is one of the first batch of open coastal port cities in China, the famous hometown of overseas Chinese and the ancestral homeland of the Taiwanese. It is also one of the heavy towns and emerging industrial cities on the west coast of the Straits. The Fujian provincial government made it clear as early as in the "Eleventh five-year plan of Fujian province" that Fuzhou should be build into a financial service center based in Fujian, linked the Yangtze River Delta and the Pearl River Delta and radiated inland



and the surrounding cities, and proposed a series of measures for the construction of the financial center at the same time.

According to the evaluation result of CDI CFCI10, the comprehensive competitiveness score of Fuzhou financial center was 37.8, ranking the 16th in the country, and the 2nd in the southern coastal areas. During the decade, the cumulative competitiveness score of Fuzhou increased 52.4%, which was swaying in the middle or at the lower reaches of the rank in the country since it first appeared on the ranking list of CDI CFCI.

In 2016, the added value of Fuzhou's financial industry reached CNY 50.7 billion, a year-on-year increase of 10.2%, accounting for 8.18% of the regional GDP. At the end of 2017, the balance of Chinese and foreign currency deposits of financial institutions in Fuzhou reached CNY 1.3597 trillion, a year-on-year increase of 9.4%; the balance of domestic and foreign currency loans of financial institutions reached CNY 1.3746 trillion, an increase of 13.8%; the annual premium income was CNY 31.36 billion; the compensation expense was CNY 8.78 billion; the insurance depth was 4.4%; the insurance density was CNY 4,094 per capita (refer to permanent residents).

Table 7.4.1 Evaluation results of Fuzhou in CFCI 10

	Score	Year-on-Year	Scoring increase	Ranking	Ranking Change
Financial Industry Performance	71.83	25.07	53.60%	11	6
Financial Institution Strength	31.60	-0.68	-2.10%	12	-1
Financial Ecological Environment	50.03	0.64	1.29%	27	1
Financial Talents Environment	52.73	-3.92	-6.92%	29	0
Financial Business Environment	47.09	5.01	11.91%	25	-3

In the evaluation system of CDICFDI 10, according to the evaluation of comprehensive competitiveness of Fuzhou financial center under the sub items of Level-I , the score of Fuzhou's financial industry performance had a significantly increase, up by 53.6%, with ranking up by six places; the financial institution strength and the financial environment basically remained unchanged, with the former up by one place and latter down by one place respectively.

- Fuzhou was comparatively superior in financial width, with its ratio of accumulated financing to GDP in domestic stock market reaching 42.3% in 2017, ranking the 2nd in the country.

- In 2016, the number of financial employees in Fuzhou was 33,500, smaller than that of the previous year, with a three-year average growth of only 0.4%, ranking the 30th in the country, about one-third that of Guangzhou in the same period.

- Thanks to the corporate banking institutions such as Industrial Bank, Fuzhou was highly competitive in terms of banking institutions, with the total assets of the six local corporate commercial banks reaching as high as CNY 5.98 trillion in 2017, ranking the 4th in the country, second only to Beijing, Shanghai and Shenzhen.



As for the financial ecological environment, what Fuzhou achieved was far from being ideal, ranking the 27th in the country and the last in the Southern coastal areas. Both financial talents environment and financial business environment of Fuzhou were lower than the average level of the areas.

- The urban environment in Fuzhou was excellent, with the air quality rate reaching 98.6% in 2016, ranking the 3rd in the country.

- Fuzhou was relatively superior in the cost of living in the southern coastal areas, but the housing prices were rising too fast, and the residential housing price-to-income ratio was relatively higher than that of the financial centers in the other regions.

- In terms of economic foundation, professional services, social security and economic extroversion, Fuzhou was lower than the average level of the southern coastal areas, especially the number of practicing lawyers, ranking the 31st in the country.



Chapter VIII Evaluation of the Regional Financial Centers in the Central Region

8.1 Overall Evaluation

The central region includes six provinces of Shanxi, Anhui, Jiangxi, Henan, Hubei, and Hunan, with a land area of 1.03 million square kilometers. At present, five cities in the region have clearly proposed the idea of building a regional financial center, namely Wuhan, Zhengzhou, Changsha, Hefei and Nanchang.

From the evaluation results of cities in the central region in different issues, Wuhan had maintained a high level of overall development among the five financial center cities in the central region, with its scores in each issue higher than the average of the 28 regional financial centers of the country; Zhengzhou had made great progress and achieved an obvious growth momentum in recent years, and had begun to exceed the national average level since CDI CFDI8. The comprehensive competitiveness of the other three cities was also growing, but there was still a gap from the average level of the regional centers.

- Judging from the changes of the comprehensive competitiveness scores, the financial centers in the central region had formed an echelon pattern of successive descending, in the order of Wuhan, Zhengzhou, Changsha, Hefei and Nanchang. Among them, the comprehensive competitiveness of Wuhan and Zhengzhou was higher than the average of the 28 regional financial centers, while that of Changsha, Hefei and Nanchang was below it. As a result, the average score of regional comprehensive competitiveness in the central region was 38.0, lower than the 40.15, the average score of the 28 regional financial centers.

- Of the five cities selected for the evaluation from the central region, Wuhan, Zhengzhou, Changsha, Hefei and Nanchang ranked the 10th, the 12th, the 9th, the 24th and the 28th respectively. The comprehensive competitiveness of Wuhan financial center continued to maintain a leading position in the central region.

- In terms of financial industry performance, all the five cities achieved a rapid growth in 2017, among them Zhengzhou's growth rate was particularly eye catching, which exceeded the average of the 28 regional financial centers.

- The average level of financial industry performance in the central region was lower than that of the 28 regional financial centers, especially in the financial industry scale.

- Financial institution strength: the competitive competitiveness score under the sub item of each financial center in the central region was basically in line with the average growth rate of the regional financial centers across the country. Among which the growth of financial institutions in Nanchang had stagnated since 2017, with its gap of score widened from those of the other four cities.

The average level of financial institution strength in the central region was lower than that of the 28 regional centers in the country, especially in the degree of institution internationalization.

- Viewing from financial ecological environment, the financial centers of the central region made positive improvements in the past four years, and continued a growing momentum. It was worthy of caution, however, that the financial ecological environment in Zhengzhou had a slight deterioration, while Wuhan accelerated optimization of its financial ecological environment, thus widened the gap with the other four cities.

- The central region had certain competitive advantages in the financial talents

environment, especially in the educational environment. Among which, the number of universities in Wuhan and Zhengzhou and the number of students at college played the bigger roles.

8.2. Evaluation of Wuhan Financial Center

Wuhan is the capital of Hubei Province. It is located in the Eastern part of the Jiangnan Plain and in the middle reaches of the Yangtze River, known as the “Nine Provinces Thoroughfares”. It is also the largest water, land and air transportation hub in the interior of China and the shipping center of the middle reaches of the Yangtze River. In 2015, it was made clear in the “Overall Plan for the Construction of Wuhan Regional Financial Center 2014-2030” released by the Wuhan Municipal Government officially that Wuhan should be built into a regional financial center. In December 2016, the National Development and Reform Commission explicitly requested Wuhan to accelerate the construction of a national central city supported by the four functions of National Economic Center, High-level Science and Technology Innovation Center, Trade and Logistics Center and International Exchange Center.

Since it first entered the ranking of CDICFCI, the comprehensive competitiveness of Wuhan financial center had been steadily improved. According to the evaluation results of CDI CFCI 10, the comprehensive competitiveness score of Wuhan financial center was 47.0, ranking the 10th of the country and the 1st in the central region. During the decade, Wuhan’s comprehensive competitiveness score increased significantly, with a cumulative increase of 79.4%; the comprehensive competitiveness ranking stably remained at around the 10th, which made it an important regional financial center in the country.

In 2017, the added value of Wuhan’s financial industry was CNY 109.758 billion, a year-on-year increase of 12.65%, accounting for 8.2% of the regional GDP. At the end of the year, the balance of Chinese and foreign currency deposits of financial institutions reached CNY 2.469941 trillion, and the balance of foreign currency loans of financial institutions reached CNY 2.383368 trillion, with the growth rate of deposits and loans ranking the 1st and the 2nd respectively among the 19 sub-provincial cities; the annual premium income reached CNY 55.403 billion; the compensation expenses reached CNY 12.904 billion; the insurance coverage was 4.13%; the insurance density was CNY 5,806.16 per capita (refer to permanent residents).

Table 8.2.1 Evaluation result of Wuhan in CFCI 10

	Score	Year-on-Year	Scoring Increase	Ranking	Ranking Change
Financial Industry Performance	60.88	10.42	20.66%	17	-2
Financial Institution Strength	38.08	5.95	18.54%	11	1
Financial Ecological Environment	88.32	8.63	10.83%	8	1
Financial Talents Environment	97.51	3.34	3.55%	5	-1
Financial Business Environment	78.32	13.22	20.30%	12	0

In the sub-item evaluation of level-I of CDI CFDI10, Wuhan achieved an increase in every item. Among which the growth of financial industry performance was the most significant. Although it increased more than 20%, the ranking dropped by two places. The rest scores went up by one place.

Financial industry performance: the sub-indicators of Wuhan were balanced,

- The added value of the financial industry in Wuhan continued to maintain a strong regional comparative advantage.

- In 2016, its added value of the financial industry was CNY 97.432 billion, ranking the 1st in the central region and the 11th of the country.

- In 2016, the number of financial employees in Wuhan was 76,700. It was still in a dominant position in the central region, but it had already been overtaken by Zhengzhou.

- Financial institution strength: Wuhan was regionally competitive in the degree of institution internationalization, the strength of insurance institution, the strength of banking institutions and the strength of securities institutions. Of which the strength of quasi-financial institutions was particularly significant.

- There were two local legal person insurance institutions in Wuhan, which had a strong strength. By the end of 2016, the assets of the legal person insurance institutions in Wuhan were CNY 78.9 billion, far higher than those of the other cities in the region, ranking the 8th of the country.

- The emerging financial industry in Wuhan had a momentum of healthy development. The number of private funds and financing guarantee institutions in Wuhan reached 306 and 140 respectively, which was unique in the central region.

Financial ecological environment: Wuhan ranked the 8th among the 31 cities and the 1st in the central region. It was particularly strong in the financial talents environment, ranking continually among the top five.

- Wuhan had a prominent advantage in education environment with 84 colleges and universities. Among them, there were 7 “211 Project” colleges. The number of college students was 948,700, much higher than that of the other cities in the region, ranking the 2nd of the country.

- Wuhan was abundant in medical and health resources. In 2016, the number of Grade-three Class-A hospitals was 17, and the number of hospital beds reached 74,453, ranking the 4th and the 6th respectively in the country.

- Wuhan had a strong attraction to tourists. In 2016, the number of domestic tourists received was 230 million, ranking the 4th in the country.

- Comparatively, the environmental situation was the weakness of Wuhan in terms of the financial talents environment. In 2016, its air quality rate was only 64.75%, ranking the 8th in the country.

- Financial business environment: Wuhan was regionally superior in economic foundation, economic externality, social security and professional services. Among them, the economic externality was especially superior.

- In 2017, Wuhan’s GDP reached CNY 1.341 trillion, much higher than the average level of the central region.

- In 2016, the amount of foreign capital actually utilized in Wuhan reached USD 8.523 billion, ranking the 5th in the country.

- Relatively, the coverage rate of the basic endowment insurance for urban employees in Wuhan was far from being satisfactory, with only 25.53% in 2016, ranking the 24th in the country.

8.3. Evaluation of Zhengzhou Financial Center

Zhengzhou is the capital of Henan Province. It is one of the important birth place of Chinese civilization, an important city in central China, and an important transportation hub of the country and a corn city of the Central Plains Economic Zone. In 2007, it noted clearly in the “A planning outline of constructing Zhengzhou regional financial center” officially released by the Henan Provincial Government that Zhengzhou should be built into a regional financial center.

Since it first appeared on the evaluation list of CDI CFCI, the competitiveness of Zhengzhou financial center had gone through two stages. The first stage was from CFCI 1 to CFCI 6, at which its comprehensive score basically remained unchanged, so did the ranking. The second stage was from CFCI 6 to CFCI 10, at which its comprehensive score almost doubled due to a high speed of development of its financial center. According to the results of CDI CFCI 10, the comprehensive competitiveness score of Zhengzhou financial center was 44.8, ranking the 12th of the country, second only to Wuhan in the central region.

In 2017, the added value of Zhengzhou’s financial industry was CNY 98.61 billion, a year-on-year increase of 7.1%. At the end of the year, the balance of Chinese and foreign currency deposits of financial institutions reached CNY 2.03496 trillion, a year-on-year increase of 7.1%; the balance of domestic and foreign currency loans of financial institutions reached CNY 1.79924 trillion, a year-on-year increase of 16.7%; the annual premium income was CNY 65.57 billion, an increase of 41.5% over the previous year, among which, the property insurance income was CNY 15.86 billion, up by 16.1%; the life insurance income was CNY 49.71 billion, up by 52.2%.

Table 8.3.1 Evaluation result of Zhengzhou in CDI CFCI 10

	Score	Year-on-year	Scoring increase	Ranking	Ranking change
Financial Industry Performance	74.88	20.3	37.31%	10	2
Financial Institution Strength	30.22	2.87	10.47%	14	1
Financial Ecological Environment	65.96	-0.25	-0.38%	15	-1
Financial Talents Environment	69.56	-7.16	-9.87%	13	-1
Financial Business Environment	62.04	6.87	12.46%	19	-1

In the sub-item evaluation of Level-I in CDI CFCI10, the financial industry performance of Zhengzhou increased greatly with a rise of 20.3 points, up by two places. Its financial institution strength went up by one place, while its financial ecological environment fell by one place. So did its financial talents environment and the financial business environment.

Financial industry performance: Zhengzhou made a great progress with a prominent advantage. It was also superior in the added value of the financial industry.

● In 2016, the number of financial employees in Zhengzhou reached 90,600, surpassing the number of 76,700 in Wuhan, ranking the 1st in the central region and the 11th of the country. Its average growth rate of financial employees reached



24.37%, ranking the 1st in the country.

● In 2016, the added value of the financial industry in Zhengzhou reached CNY 88.2 billion, ranking the 2nd in the central region second to Wuhan. The three-year growth rate of the added value of financial industry was 18.77% , ranking the 3rd in the country.

● Zhengzhou further enhanced its advantages in insurance depth and insurance density, with the insurance depth reaching 7.18% and the insurance density reaching CNY 6636 per capita in 2017, the highest among the five centers in the central region, ranking the 1st and the 6th respectively in the country.

Strength of financial institutions: Zhengzhou was superior in insurance institutions, but was inferior in securities institutions.

● There were 8 legal person commercial banks in Zhengzhou in 2017, which were of strong competitiveness, with a total asset size of CNY 799.2 billion, ranking the 2nd in the central region in terms of quantity and scale.

● Zhengzhou was superior in the insurance institutions, but mainly reflected in the business volume of the local market. In 2017, its premium income was CNY 65.57 billion, ranking the 1st in the central region.

● Zhengzhou was weak in the securities institution strength on the whole. At present, there was only one local legal person securities company in Zhengzhou in 2017, with an asset of CNY 40.7 billion, ranking at the bottom of the central region in the same period in terms of both strength and scale.

Financial ecological environment: Zhengzhou had certain advantages in the financial talents environment, ranking the 15th of the country.

● Zhengzhou was abundant in higher education resources. There were 56 colleges and universities in Zhengzhou in 2016, with 889,000 students. The number of schools and students in Zhengzhou ranked the 7th and the 3rd respectively in the country second only to Wuhan in the central region.

● In terms of health care, the number of hospital beds and medical practitioners per 10,000 people in Zhengzhou in 2016 reached 88.44 and 33.94 , ranking the 1st and the 8th respectively in the country.

● In terms of the total amount of public books per 10,000 people, the air quality rate and the average wages of employees, Zhengzhou ranked the last, the second-to-last and the second-to-last respectively in the country, all of which became the prominent weaknesses of Zhengzhou in financial ecological environment.

● Zhengzhou had strong advantages in professional services, with 4995 practicing lawyers, 2772 certified public accountants and 355 professional insurance intermediaries, ranking the 10th, the 8th and the 15th respectively in the country.

● In terms of the economic foundation, there was still a certain gap between Zhengzhou and Wuhan in GDP and per capita GDP.

● It was worthy of attention that the medical insurance coverage rate in Zhengzhou was 20.28%, and the number of local listed companies was 22, ranking the fifth-to-last of the country in 2016.

8.4. Evaluation of Changsha Financial Center

Changsha is the capital of Hunan Province, the national “two-oriented society” (resource-saving and environmental-friendly society) comprehensive supporting



reform pilot zone and one of the national comprehensive transportation hub. It is also one of the first national historical and cultural cities, with its name and site unchanged for three thousand years, known as the “Hometown of Qu Yuan and Jiayi” and the “Xiao Xiang Zhu Si”(a place in Hunan where great scholars assembled). It was noted clearly in “The 13th five-year plan for financial industry development of Hunan Province”, which was released in January 2017, that Changsha should be built into a regional financial center during 2016 to 2020.

The competitiveness of Changsha financial center had gone through two stages since it first entered the ranking of CDI CFCI, The first stage was from CFCI 1 to CFCI 6, at which its comprehensive score stayed around 23 points. The second stage was from CFCI 6 to CFCI 10, at which Changsha financial center had accelerated development, and the ranking also climbed steadily to the 19th of the country. According to the evaluation results of CDI CFCI 10, the comprehensive competitiveness score of Changsha financial center was 36.4, ranking the 19th of the country, which was at the middle level of the central region.

In 2017, the added value of Changsha’s financial industry was CNY 68.806 billion, up by 8.5% year-on-year, accounting for 6.5% of the regional GDP. At the end of the year, the balance of domestic and foreign currency loans of financial institutions reached CNY1.714183 trillion, up by 10.7% year-on-year; the balance of various financial institutions at the end of the year was CNY1.602707 trillion, breaking through 1.6 trillion, with an increase of 15.6% over the previous year; the annual premium income was CNY 33.165 billion, breakthrough CNY 30 billion for the first time, with an increase of 29.6%; the compensation expense was CNY 9.471 billion, with an increase of 14.6%, 3.8% higher than the average level of the province.

Table 8.4.1 Evaluation result of Changsha in CFCI 10

	Score	Year-on-Year	Scoring Increase	Ranking	Ranking Change
Financial Industry Performance	52.14	11.25	27.50%	25	-2
Financial Institution Strength	25.74	1.26	5.12%	19	-1
Financial Ecological Environment	69.47	4.31	6.62%	14	1
Financial Talents Environment	72.78	-2.51	-2.55%	12	3
Financial Business Environment	65.85	10.31	18.56%	16	1

In the sub-item evaluation of the Level-I in CDI CFCI10, Changsha was not so good in financial industry performance and financial institution strength, dropping by two places and one place respectively. Nevertheless, it was not bad in financial ecological environment, with its ranking up by one place. Among them, its ranking went up by three places in financial talent environment.

Financial industry performance: Changsha had certain advantages in financial practitioners, but it was inferior in the added value of financial industry and financial depth.



● In 2016, there were 66,000 financial employees in Changsha, which was above the average of central region.

● In 2016, the added value of the financial industry in Changsha was CNY 56.843 billion, and the three-year average growth rate of the added value of the financial industry reached 15.14%, but it was still not so good as those of Hefei, Nanchang and Zhengzhou which achieved a high-speed growth.

● Financial depth and width: the deposit balance and loan balance in Changsha accounted for a relatively small proportion of GDP, which was 162.7% and 152.1% respectively in 2016, the lowest in the central region, ranking the 28th and the 26th respectively in the country.

● In 2016, the insurance coverage in Changsha was 3.15%, ranking at the bottom of the country.

Financial institution strength: Changsha had significant advantages in banking and securities institutions, but it was insufficient in the degree of institution internationalization.

● By the end of 2017, there were as many as nine corporate commercial banks in Changsha, ranking the 1st in the central region, but most of them were branches of Rural Commercial Bank, and the scale on the whole was not large enough.

● By the end of 2017, there were three legal person securities companies in Changsha, with assets of CNY 199.1 billion, ranking the 1st in number and scale in the central region.

● Relatively, Changsha was modest in the degree of institution internationalization, with a small number of foreign-funded banks, securities and insurance institutions, basically at a low level in the central region.

Financial ecological environment: Changsha ranked the 14th among the 31 cities, second to Wuhan in the central region. Of which Changsha was obviously superior in the financial talents environment.

● Changsha was abundant in medical resources. The number of hospital beds and the number of licensed doctors per 10,000 people in Changsha reached 84.77 and 35.67 respectively in 2016, ranking the 2nd and the 6th respectively in the country.

● In terms of basic education resources per capita, the situation in Changsha was not very satisfactory. In 2016, the number of full-time teachers in each general secondary school was 13.37, and the number of full-time teachers in each primary school was 21.66, ranking the 4th and the 3rd respectively in the country.

● The cost of living in Changsha was a bit too high. In 2017, the residential housing price-to-income ratio reached 2.64, ranking the 1st of the country, which became the weakness of Changsha to absorb the financial talents.

● Financial business environment: Changsha was regionally superior in terms of economic foundation. In 2017, the per capita GDP was CNY 123,000, ranking the 1st in the central region and the 6th in the country.

● The number of certified public accountants in Changsha reached 2,557 in 2016, ranking the 9th of the country.

● There are 53 local listed companies in Changsha, ranking second in the country.



8.5 Evaluation of Hefei financial center

Hefei is the capital of Anhui Province, the sub-center of the Yangtze River Delta urban agglomeration, the comprehensive national science center and the strategic two-node city of the “One Belt and One Road” and the Yangtze River Economic Belt. It was made clear in “The 13th five-year plan for the development of financial industry of Anhui Province”, which was released in February 2017, that Hefei should be supported to build into a regional financial center city.

Since it first appeared on the evaluation list of CDI CFCI 2, the comprehensive competitiveness of Hefei financial center had maintained a steady growth. According to the evaluation result of CDI CFCI 10, the comprehensive competitiveness score of Hefei financial center was 32.2. At the beginning it had even ranked the 10th by strength, and then was back to the ranking around the 25th. Now it ranked the 24th of the country.

In 2017, the added value of financial industry in Hefei was CNY 55.129 billion, up by 8.8% year-on-year, accounting for 6.5% of regional GDP. At the end of the year, the balance of local and foreign currency deposits of financial institutions reached CNY 1.423541 trillion, up by 5.6% year-on-year; the balance of various financial institutions at the end of the year was CNY 1.340122 trillion, an increase of 11.1% year-on-year; the annual premium income was 31.419 billion(exceeding 30 billion mark for the first time), a substantial increase of 47.2% year-on-year; the compensation expenses reached CNY 8,533 billion, up by 17.3% year-on-year.

Table 8.5.1 Evaluation result of Fuzhou in CFCI 10

	Score	Year-on-Year	Scoring Increase	Ranking	Ranking Change
Financial Industry Performance	53.02	16.95	46.96%	22	7
Financial Institution Strength	21.79	1.52	7.50%	25	-3
Financial Ecological Environment	55.96	1.05	1.91%	25	-1
Financial Talents Environment	61.63	-7.82	-11.26%	21	-2
Financial Business Environment	49.78	9.52	23.65%	24	0

In the Level-I sub index evaluation of CDI CFCI 10, the financial industry performance of Hefei achieved a very rapid increase, up by seven places in the rank. Nevertheless, all of its other sub-indicators suffered declines to varying degrees, which indicated the imbalance of development of Hefei financial center.

Financial industry performance: Hefei had certain competitive advantages in financial employees, and in the other respects it ranked lower than the average level of the central region,.

● The three-year average growth rate of Hefei’s financial industry reached 19.33%, the second fastest growth rate of the country, second only to Nanchang in the same region; in terms of the absolute value, its added value of financial industry was CNY 48.3 billion in 2016, ranking the 20th of the country, a position of the downstream, obviously presenting a later financial center’s characteristics of



development.

- In 2016, the number of financial employees in Hefei was 40,000, and the three-year average growth rate was only 3.57%.

- In 2017, the insurance density in Hefei reached CNY 3,953.67 per capita. It was an obvious growth compared with the CNY 2,710 per capita in 2015, but was still in a lower position among the five financial centers in the region.

Strength of financial institutions: the overall competitive strength of Hefei was relatively weak.

- Hefei had certain competitive advantages in the institutional strength of corporate futures. In 2017, there were three legal person futures companies in Hefei, with an asset size of CNY 5.12 billion, ranking the 9th and the 12th respectively in the country.

- Degree of institution Internationalization: what was lack in Hefei was foreign-invested securities institution. There were only 11 foreign-invested insurance branches in Hefei. That was all.

Financial ecological environment: Hefei ranked the 25th among the 31 cities, a lower position of the region. It was also mediocre in financial talents environment and financial business environment.

- The green coverage rate of the built-up area of Hefei city was 46%, ranking the 3rd of the country and the 1st in the central region.

- Medical resources in Hefei were limited, with only four Grade-three Class-A hospitals and 49.96 certified doctors per 10,000 people, ranking the 5th and the 4th respectively in the country.

- In 2017, Hefei's per capita GDP was CNY 90,564, the lowest in the central region.

- In 2017, the endowment insurance coverage rate in Hefei was only 25.43%, also ranking the last in the central region.

8.6. Evaluation of Nanchang Financial Center

Nanchang is the capital of Jiangxi Province, the birth place of new China's aviation industry, one of the important integrated transportation hubs of China. It is also an optoelectronic industry base of China and a world-class photovoltaic industry base. It was made clear in the financial work conference of Jiangxi Province, which was held in 2012, that Nanchang should be supported to build into a modern regional financial center.

Since it first entered the evaluation list of CDICFCI 2, Nanchang financial center had been up and down around the 27th in the ranking in several issues on end, while its comprehensive competitiveness had kept growing. According to the evaluation results of CDI CFCI 10, the comprehensive competitiveness score of Nanchang financial center was 29.9, ranking the 28th in the country, stably as always.

In 2017, the balance of local and foreign currency deposits of financial institutions in Nanchang reached CNY 1.013734 trillion, an increase of 5.3% year-on-year; the balance of loans of financial institutions at the end of the year was CNY 1.020928 trillion, up by 18.6% year-on-year; the annual premium income was CNY 19.127 billion, up by 25% year-on-year; the compensation expenses were CNY



5.037 billion, an increase of 1.8% year-on-year.

Table 8.6.1 Evaluation result of Nanchang in CFCI 10

	Score	Year-on-year	Scoring Increase	Ranking	Ranking Change
Financial Industry Performance	50.59	10.42	25.95%	26	-1
Financial Institution Strength	14.97	0.06	0.41%	28	0
Financial Ecological Environment	52.3	2.88	5.82%	26	1
Financial Talents Environment	63.85	-1.64	-2.49%	18	5
Financial Business Environment	39.73	6.48	19.51%	28	1

In the sub-item evaluation of Level-I in CDICFDI10, Nanchang was prominent in the financial ecological environment. Among which the ranking of the financial talents environment went up significantly by five places, while the financial industry performance and financial institution strength fell by one place and remained unchanged respectively.

Financial industry performance: Nanchang was superior in financial width, but it was inferior in financial employees.

- Nanchang's financial industry grew rapidly. Its average growth rate of the financial industry added value reached 19.46% from 2015 to 2017, ranking the 1st of the country.

- The high growth rate of financial industry in Nanchang indicated that its overall financial industry was relatively small. In 2016, the added value of the financial industry in Nanchang was only CNY 35.44 billion, the smallest in the central region. Compared with the added value of CNY 97.432 billion in Wuhan in the same period, the gap was huge indeed.

- In 2016, there were only 33,800 financial employees in Nanchang, the least in the central region.

Financial institution strength: Nanchang was relatively weak on the whole, with its score of each sub indicator lower than the average level of the central region, especially in the strength of insurance institutions and the degree of institution internationalization.

- Nanchang had certain advantages in the number of banking legal entities, with seven legal person commercial banks in 2017, ranking the 11th in the country.

- The assets of corporate commercial banks in Nanchang were only CNY 394.6 billion, the smallest in the central region.

- The financial institution internationalization in Nanchang was at a low degree, with only four foreign bank branches and three branches of foreign insurance companies.

Financial ecological environment: Nanchang ranked the 26th of the country and the last in the central region. It also had limited advantages in financial talents environment and financial business environment.

● Nanchang had certain advantages in general higher education resources. In 2016, there were 53 general higher education institutions and 612,000 students in Nanchang, both ranking the 10th in the country.

● The per capita basic education resources were relatively insufficient in Nanchang. In 2016, the number of full-time teachers in each primary school was 23.18, ranking the second-to-last in the country in terms of the burden of primary school teachers.

● The cultural and entertainment resources in Nanchang were relatively scarce. In 2016, the annual box office income was CNY 379 million and the total number of public books per 10,000 people was 3,145.73, ranking the 4th-to-last and the second-to-last respectively in the country.

● In 2017, there were 19 listed companies in Nanchang, one less than in 2016, ranking at the bottom of the central region, less than half of that in Wuhan and Changsha.

● The international tourism revenue in Nanchang was only USD 86 million, ranking the second-to-last in the country.



Chapter IX Evaluation of the Regional Financial Centers in the Western Region

9.1 Overall Evaluation

The western region mainly includes the southwestern region and northwestern region of China. It consists of 12 provinces, autonomous regions and municipalities directly under the Central Government. They are Sichuan, Yunnan, Guizhou, Tibet, Chongqing, Shanxi, Gansu, Qinghai, Xinjiang, Ningxia, Inner Mongolia and Guangxi, with a land area about 6.9 million square kilometers, accounting for 71% of the country's land area. As the western region is inland, with vast territory, closed traffic, and sparse population, it is an area where China's economy is underdeveloped and needs to be developed. However, as it connects to the vast hinterland of Asia and Europe, it is the starting point and gateway of the New Silk Road Economic Belt. Rich in natural resources, mineral resources, energy resources and land resources, it has huge development space and potential. At present, six cities of Chengdu, Chongqing, Xi'an, Kunming, Urumqi and Nanning in the region have clearly proposed the idea of building themselves into a regional financial center.

● Judging from the changes of the comprehensive competitiveness scores, the six financial centers in the western region have formed a clear gradient distribution. Chengdu and Chongqing formed the first echelon and continued to consolidate their leading positions in the western region. In particular, Chengdu grew with a healthy momentum and constantly released its leading effect; Xi'an was in the second echelon, and what it achieved in the recent issues was better than the average of regional financial centers of the country; Kunming, Urumqi and Nanning were in the third echelon, ranking lower on the whole, relatively weak in the comprehensive strength, the gap with other regional financial centers widened.

● Among the six financial centers in the western region, Chengdu, Kunming, Nanning and Urumqi remained unchanged in the ranking; Chongqing dropped by one place from the previous issue; Xi'an went up by one place from the previous period. In the current issue, Chengdu, Chongqing, Xi'an, Kunming, Urumqi and Nanning ranked the 6th, the 9th, the 13th, the 23rd, the 27th and the 30th in comprehensive competitiveness respectively in the country.

● Financial industry performance: after experiencing a slowdown in the previous issue, all six financial centers in the western region achieved a substantial growth. Among them, Chengdu, Xi'an, Chongqing and Urumqi scored higher than the national average of regional financial centers, while Kunming and Nanning were still below the average. Urumqi had the most outstanding growth in the current issue, which gave it a big advantage to surpass Kunming and even approach Chongqing, the third place holder in the region.

● Financial institution strength: the six financial centers of the western region continued the growing trend of previous issue, thus came the "Matthew effect" of clustering financial resources. The scores that Chengdu and Chongqing achieved were much higher than the average of the regional financial centers in the country, which made them stay absolutely ahead of the pack; Xi'an was in the middle of the list, slightly weaker than it used to be, the gap with the national average widened; Kunming, Urumqi and Nanning were still in a inferior position. Among them, Kunming's score went up a bit, while Urumqi and Nanning continued their low and slow growing trend as ever.

● Financial ecological environment: the six financial centers in the western region were in different situations. Compared with the average level of regional financial centers in the country, Chengdu, Chongqing and Xi'an had certain comparative advantages, while Kunming, Urumqi and Nanning were relatively inferior. Among which Urumqi's score even slipped in the current issue.

● In recent years, Chengdu had made unremitting efforts maintain a stable and progressive status in terms of culture and entertainment, economic foundation, professional services, social security, and economic externality. Its financial ecological environment had been improved faster than that of the other regional financial centers. Therefore, in the current issue, Chengdu overtook Chongqing and became the best one in the western region.

9.2 Evaluation of Chengdu Financial Center

Chengdu is the capital of Sichuan Province, the only sub-provincial city and an important central city in the western region. It is also one of the important national high-tech industrial bases, a trade logistics center and an integrated transportation hub. In history, Chengdu was called “Yang Yi Yi Er” together with Yangzhou (mening: Yangzhou was the first and Chengdu was the second), which accumulated a deep financial foundation of the prosperous economy, and gave birth to the earliest banknotes in ancient China. After the reform and opening up, Chengdu set up the “Red Temple Market”, and issued “Shudu Building”, the first stock in Chengdu. In 1993, Chengdu was clearly defined as a financial center of the southwest in “The Outline of Regional Plan for Some Provinces in Southwest China and South China” authorized by the State Council of China. In 2010, it was made clear in the “Several opinions on deeply implementing the strategy for the development of the western region”, which was approved by the Central Committee of the Chinese Communist Party and the State Council of China, that Chengdu should be supported to build into a regional financial center. In 2018, in the “Several opinions on further accelerating the construction of the western financial center of the country” the Chengdu municipal government proposed that Chengdu should be built into a western financial center by 2022.

Since it first appeared on the evaluation list of CDI CFCI, Chengdu financial center had maintained a rapid upward trend in its comprehensive competitiveness. According to the evaluation result of CDI CFCI 10, the comprehensive competitiveness score of Chengdu financial center was 55.7, ranking the 6th of the country and 1st in the western region. During the decade, Chengdu's comprehensive competitiveness score doubled, with a cumulative increase of 118%, up by 8 places from the 14th of the first issue, which showed its huge growth momentum and the potential of further growth.

In 2017, the financial industry added value of Chengdu was CNY 160.43 billion, an increase of 8.4% year-on-year, accounting for 11.6% of regional GDP. At the end of the year, the balance of Chinese and foreign currency deposits of financial institutions reached CNY 3.44233 trillion, an increase of 7.6%; the balance of Chinese and foreign currency loans of financial institutions reached CNY 2.83593 trillion, an increase of 12.4%; the annual premium income was CNY 95.22 billion; the compensation expenses were CNY 23.13 billion; the depth of insurance at the end of the year reached 6.86%; the insurance density reached CNY 5,935 per capita (refer to permanent residents).



Table 9.2.1 Evaluation result of Chengdu in CFCI 10

	Score	Year-on-Year	Scoring Increase	Ranking	Ranking Change
Financial Industry Performance	83.72	16.06	23.73%	6	-2
Financial Institution Strength	53.70	2.20	4.27%	6	-1
Financial Ecological Environment	86.04	8.19	10.52%	7	1
Financial Talents Environment	80.59	0.51	0.63%	9	0
Financial Business Environment	91.98	16.37	21.65%	8	0

In the sub-item evaluation of level-I of CDI CFCI 10, Chengdu achieved an increase in scores of all items. In terms of indicator rankings, the scores of its financial industry performance and financial institution strength dropped by two places and one place respectively; the score of its financial ecological environment went up by one place, mainly due to the substantial improvement in the financial business environment.

Financial industry performance: the great advantage of Chengdu in the Western region lay in the scale of financial industry and the scale of financial employees.

- The added value of Chengdu's financial industry was next only to Chongqing in the region, and it maintained a rapid growth, with a three-year average growth rate of 8.70%, accounting for 11.63% of the regional GDP.

- In recent years, there was a strong demand for financial talents in Chengdu, and the related indicators of which had become one of the biggest highlights of the development of Chengdu financial center. In 2016, the number of financial employees in Chengdu reached 122,300, with a three-year average growth rate of as high as 20.38%, ranking the 2nd of the country in terms of the growth rate.

- In 2017, the insurance depth and insurance density of Chengdu were significantly ahead of the other financial centers in the region, ranking the 3rd and the 10th respectively in the country.

- In 2017, the accumulated financing amount of the stock market in Chengdu was CNY 125.3 billion, accounting for only 9.9% of GDP, ranking only the 18th of the country.

Financial institution strength: all sub indicators of Chengdu were higher than the average of the western region.

- Rich in financial institution resources, Chengdu had strong comprehensive strength, especially in securities institutions and insurance institutions in the western region.

- There were three corporate commercial banks in Chengdu, with the total assets of CNY 1.0341 trillion in 2017, second only to Chongqing in the western region, far exceeding that of the other financial centers in the region.

- There were four corporate securities companies in Chengdu, with the total assets of CNY 107.7 billion in 2017, ranking the 1st in the western region.

- There were three legal person insurance companies in Chengdu, with the total assets of CNY 254.3 billion in 2017, ranking the 1st in the western region and

the 5th of the country.

Financial ecological environment: Chengdu ranked the 9th among the 31 cities, the highest in the western region. It boasted significant advantages in both the financial talents environment and the financial business environment.

- Financial talents environment: Chengdu had a big advantage in cultural entertainment. In 2016, the box office income in Chengdu reached CNY 1.466 billion, ranking the 5th of the country, significantly leading ahead of the other financial centers in the western region.

- Chengdu also had comparative advantages in terms of education environment and tourism attraction. In 2016, there were 55 colleges and universities in Chengdu, with 792,000 college students, 197.56 million domestic tourists and 2.681,7 million inbound tourists.

- In comparison, the environmental conditions and urban greening in Chengdu were slightly inferior. In 2016, the green coverage rate of urban built-up areas in Chengdu was 39.90%, and the air quality rate was 58.47%, ranking the 21st and the 28th respectively in the country.

- Due to the high housing prices, the living cost in Chengdu was a little bit too high, with the housing income ratio reaching as high as 4.01, the highest in the western region.

- Financial business environment: Chengdu had obvious advantages in four aspects, namely economic foundation, professional services, social security and economic externality.

- In 2017, Chengdu achieved a regional GDP of CNY 1.3889 trillion, ranking the 8th of the country; the per capita GDP was CNY 86,565, ranking the 1st in the western region, but only the 22nd of the country.

- By the end of 2016, there were 10,025 professional lawyers, 5,116 certified public accountants and 613 professional insurance intermediaries, ranking the 5th, the 3rd and the 3rd of the country.

- In 2016, the endowment insurance and unemployment insurance coverage in Chengdu ranked the 11th in the country; the medical insurance coverage rate ranked the 11th in the country. All the three indicators ranked the 1st in the western region.

9.3 Evaluation of Chongqing Financial Center

Chongqing is the only Municipality directly under the Central Government in China's Central and Western regions. It is a national central city, a mega city, an economic, financial, science and technology, shipping and trade logistics center in the upper reaches of the Yangtze River. It is the largest industrial and commercial city in the Southwest region, an important strategic fulcrum for the development of the Western region, the important link between the Yangtze River Economic Belt, and it is the leading city of inland open up as well. In 2009, the State Council of China emphasized in the "Several Opinions on Promoting of Chongqing's Urban and Rural Reform and Development" that Chongqing should be built into a financial center in the upper reaches of the Yangtze River. In 2017, the strategic goal was confirmed in "The 13th five-year plan for the construction of China's important functional financial centers in Chongqing" that Chongqing should be built into an important functional financial center in the country.

Since it first appeared on the evaluation list of CDI CFCI, the comprehensive competitiveness of Chongqing financial center had steadily enhanced. According to



the evaluation result of CDI CFCI 10, the comprehensive competitiveness score of Chongqing financial center was 50.2, ranking the 9th of the country and the 2nd in the Western region. During the decade, the score of Chongqing's comprehensive competitiveness doubled, with a cumulative increase of 115%, showing a healthy momentum of growth. The comprehensive competitiveness score of Chongqing financial center rose from the 21st of the first issue to the 9th of the current issue, and maintained a position above the middle of the rank for quite a period of time.

In 2017, Chongqing achieved an added value of 181.373 billion yuan in the financial industry, an increase of 8.1% year-on-year, accounting for 9.3% of the regional GDP. At the end of the year, the balance of domestic and foreign currency deposits of financial institutions reached CNY 3.485353 trillion, an increase of 7.7% year-on-year; the balance of local and foreign currency loans of financial institutions reached CNY 2.841746 trillion, an increase of 10.2% year-on-year; annual premium income of CNY 74.475 billion; the compensation expenses reached CNY 25.683 billion; the insurance depth was 3.82%; the insurance density was CNY 2,422 per capita (refer to permanent residents).

Table 9.3.1 Evaluation result of Chongqing in CDI CFCI 10

	Score	Year-on-Year	Scoring Increase	Ranking	Ranking Change
Financial Industry Performance	68.05	8.84	14.93%	13	-3
Financial Institution Strength	50.72	3.98	8.50%	8	-1
Financial Ecological Environment	84.45	3.07	3.78%	10	-2
Financial Talents Environment	87.35	-4.94	-5.36%	6	-1
Financial Business Environment	81.30	10.92	15.51%	11	-1

In the sub-item evaluation of level-I of CDICFDI10, Chongqing achieved an increase in the scores of financial industry performance, financial institution strength and financial ecological environment, but the growth rate was lower than its competitors of the same level, resulting in a slid in the national ranking. In addition, it should be noted that the financial talents environment as a traditional advantage of Chongqing also suffered a decline both in score and ranking in the current issue.

Financial industry performance: compared with the average level in the western region, Chongqing had both advantages and disadvantages.

- The added value of financial industry and financial practitioners in Chongqing had long maintained the first place in the western region. The average growth rate of the added value of Chongqing's financial industry reached 13.46% in the past three years, accounting for 9.35% of the regional GDP; the number of financial employees was 169,100, with the average growth rate of 5.58% in the past three years, showing a weak momentum of growth.

- In 2017, the insurance depth and density, the deposit balance and the loan balance in Chongqing accounted for the lowest proportion of GDP in the western region, which was the weakness in the development of Chongqing financial industry.



● In 2017, the accumulated financing amount of the stock market in Chongqing was CNY 139.2 billion, second only to Xi'an in the western region, but only 7.1% of regional GDP, ranking only the 24th of the country.

Financial institution strength: Chongqing had significant advantages in the internationalization of banking institutions, insurance institutions and institutions.

● In 2017, there were four corporate commercial banks and 2,311 commercial bank branches in Chongqing, with total assets of CNY 135.78 billion. All three indicators ranked the 1st in the western region, and the 18th, the 9th and the 4th respectively in the country.

● In 2017, there were two legal person fund management companies in Chongqing, with an asset management scale of 45.8 billion, ranking the 1st both in number and scale in the region and the 5th and 9th respectively of the country.

● In 2017, there were five corporate insurance companies in Chongqing, ranking the 1st in the western region and the 6th of the country; the assets of corporate insurance companies were CNY 85.294 billion, ranking the 2nd in the western region and the 7th of the country.

● There were a large number of foreign-funded financial institutions in Chongqing. By the end of 2017, there were 15 foreign-funded bank branches, 65 foreign-funded banking business organizations, 12 foreign-invested insurance company branches, one local legal person joint venture insurance company and one foreign-invested insurance company representative in Chongqing.

Financial ecological environment: Chongqing ranked the 10th among the 31 cities, second only to Chengdu in the western region. It was worth mentioning that Chongqing's financial talents environment was excellent, ranking the 6th of the country, obviously leading ahead of the other regional financial centers.

● Financial talent environment: Chongqing had a big advantage in tourism. In 2016, the number of its inbound tourists reached 3.1658 million, ranking the 7th of the country and the 1st in the western region; the number of domestic tourists was 44.77 million, ranking the 1st of the country.

● Chongqing was rich in educational resources. In 2016, there 65 colleges and universities in Chongqing, ranking the 4th of the country; there were 785,000 college students, ranking the 8th of the country.

● In 2016, the residential housing price-to-income ratio in Chongqing was only 2.55, the lowest among the 31 financial centers of the country, so the cost of living was a prominent advantage of Chongqing.

● Financial business environment: Chongqing was superior in economic externality in the western region. Its economic foundation and professional services were slightly higher than the average level in the western region, but it was weak in social security.

● As the only municipality directly under the central government in the western region, Chongqing had obvious advantages in economic aggregates. In 2017, Chongqing achieved a regional GDP of CNY 1.95 trillion, ranking the 5th of the country, absolutely leading ahead in the western region.

● Chongqing had close foreign economic relations. In 2016, the actual use of FDI totaled USD11.432 billion; the total import and export volume was USD 62.771 billion, and the international tourism (foreign exchange) income was USD 1.687 billion, ranking the 4th, the 12th and the 9th respectively of the country, and the 1st, the 1st and the 1st in the western region.



● Due to the large population base, the per capita economic indicators and insurance coverage in Chongqing were low. In 2017, Chongqing's per capita GDP ranked only the 27th of the country; in 2016, Chongqing's endowment insurance, medical and unemployment insurance coverage ranked the 20th, the 28th and the 24th respectively in country.

9.4 Evaluation of Xi'an Financial Center

Xi'an is the capital of Shaanxi Province, a sub-provincial city, and the core city of the Guanzhong plain urban agglomeration. It is the starting point of the Silk Road, the core area of the "One Belt and One Road, an important central city in the western part of China and an important national research, education and industrial base. It is also the "World Famous Historical City" identified by UNESCO, and recognized as one of the four ancient capitals of China. In 2009, it was made clear in the "Plan for the development of Guanzhong-Tianshui Economic Zone", which was approved by the State Council of China, that Xi'an should be built into one of "China's important regional financial centers". In 2018, the "three-step" goal was determined by the Xi'an financial work conference, in which it was proposed that Xi'an should be built into an international Silk Road financial center with international competitiveness.

Since it first appeared on the evaluation list of CDICFCI, the comprehensive competitiveness of Xi'an financial center had maintained an growing trend. According to the evaluation result of CDICFCI10, the comprehensive competitiveness score of Xi'an financial center was 43.6, ranking the 13th of the country and the 3rd in the western region. During the decade, Xi'an achieved an increase in the score of comprehensive competitiveness, with a cumulative increase of 60%, but it still fell behind of the national average, ranking around the 13th in the country.

In 2017, the added value of financial industry in Xi'an reached CNY 81.788 billion, a year-on-year increase of 12.9%, accounting for 10.9% of the regional GDP. At the end of the year, the balance of Chinese and foreign currency deposits of financial institutions reached CNY 2.037811 trillion, a year-on-year increase of 4.6%; the balance of Chinese and foreign currency loans of financial institutions reached CNY 1.715511 trillion, an increase of 10.4%; the annual premium income was CNY 42.073 billion, and the compensation expenditure was CNY 11.871 billion; the insurance coverage at the end of the year was 5.63%; the insurance density was CNY 4,413 per capita (refer to permanent residents).

Table 9.4.1 Evaluation results of Xi'an in CFCI 10

	Score	Year-on-Year	Scoring Increase	Ranking	Ranking Change
Financial Industry Performance	75.61	15.24	25.24%	8	0
Financial Institution Strength	28.91	1.02	3.66%	15	-2
Financial Ecological Environment	73.81	7.54	11.38%	13	0
Financial Talents Environment	81.97	-0.35	-0.43%	8	-1
Financial Business Environment	64.92	14.84	29.62%	17	3

In the sub-item evaluation of level-I in CDICFDI10, Xi'an achieved increases in financial industry performance, financial institution strength and financial ecological environment. Compared with the other 30 financial centers in the country, the rankings of Xi'an's financial industry performance and financial ecological environment remained unchanged, while its financial institution strength went down by two places.

Financial industry performance: the sub-item indicators of Xi'an were relatively balanced, and all of them were higher than the average level in the western region.

- Compared with Chongqing and Chengdu, Xi'an still had a long way to go in terms of the scale of financial industry. However, the average growth rate of Xi'an's financial industry reached 17.64% in the past three years, ranking the 4th in growth rate of the country, far ahead of other financial sectors in the western region.

- Xi'an also maintained a rapid growth in terms of financial employees, with an average growth rate of 9.1% in the past three years, ranking the 3rd in the western region; the proportion of financial employees and permanent residents was 1.14%, ranking the 1st in the western region.

- In 2017, the balance of deposits in Xi'an accounted for 272.8% of the regional GDP, ranking the 7th of the country; the balance of deposits accounted for 229.7% of regional GDP, ranking the 5th of the country; the ratio of accumulated financing to the regional GDP in domestic stock market was 19.0%, ranking the 7th of the country.

Strength of financial institutions: many indicators of Xi'an were lower than the average level in the western region.

- Xi'an was relatively inferior in the strength of banking institutions, insurance institutions and quasi-financial institutions, but it had a relative advantage in the strength of securities institutions. In 2017, there were 4 corporate securities companies and 3 corporate futures companies in Xi'an, ranking the 1st in the western region.

- In addition to securities institutions, there were 3 corporate commercial banks, 3 legal person trust companies, 4 legal person financial companies, 1 legal person insurance company, 6 branches of foreign-funded banks, and 8 branches of foreign-funded insurance companies in Xi'an. In terms of the number and the type of institutions, Xi'an had a good foundation of development, but there was still a big gap between them compared with Chengdu and Chongqing in the same region.

Financial ecological environment: Xi'an ranked the 13th among the 31 financial centers, at the upper middle level of the Western region. Thereinto, the indicators of Xi'an were relatively balanced in the financial talents environment and financial business environment, and most of them were higher than the average level of the western region.

- Financial talent environment: Xi'an had comparative advantages, mainly in the education environment and cultural entertainment. The health care and urban traffic in Xi'an were slightly higher than the regional average, but its environmental conditions and tourism attractiveness were lower than it.

- In 2016, there were 63 colleges and universities in Xi'an, with 831,000 students at college, ranking the 6th and the 5th respectively in the country and leading ahead in the western region.

- The environmental conditions in Xi'an were not ideal. Its annual air quality



rate was only 52.46 in 2016, with a further slid from 2015, the worst of the western region, far behind the excellent cities such as Kunming and Nanning.

- It was worth mentioning that there were 16 Grade-III Class-A hospitals in Xi'an in 2016, ranking the 6th of the country and 1st in the western region, which became the strong point of Xi'an to absorb financial talents.

- Financial business environment: the sub-item indicators of Xi'an were relatively balanced, and all were higher than the average level in the western region except the economic foundation.

- In 2017, Xi'an's GDP was CNY 747 billion, and the added value of the tertiary industry was CNY 459.3 billion. Although it was lower than that of Chengdu and Chongqing, it was far ahead of the other regional financial centers such as Kunming, Urumqi and Nanning.

- Xi'an was inferior in social security in the country, while in the western region it was at the upper-middle level. In 2016, in terms of the coverage of endowment insurance, medical insurance and unemployment insurance, Xi'an ranked respectively the 14th, the 21st and the 19th in the country, and the 2nd, the 3rd and the 3rd in western region.

- Benefiting mainly from the number of professional insurance intermediaries, Xi'an had an advantage in professional ability. There were 479 professional insurance intermediaries in Xi'an in 2016, ranking second only to Chengdu in the western region.

9.5 Evaluation of Kunming Financial Center

Kunming is the capital of Yunnan Province, one of the gateway cities of China that opens to Southeast Asia and South Asia, and one of the important central cities in the western region. As a combination of the geographical advantages in Yunnan, Kunming has been a land hub for economic and trade exchanges among the East Asian continent, the Central South Peninsula and the South Asian subcontinent Since the "Southern Silk Road" of more than 2,000 years ago. In 2011, the State Council of China proposed in the "Opinions on supporting Yunnan Province to accelerate the construction of an important bridgehead for opening to the Southwest" that Kunming should be built into a regional financial center for Southeast Asia and South Asia. The function of Kunming was defined more clearly as a regional international financial center in Kunming in "A general plan for the Comprehensive Financial Reform Zone in the border areas of Zhuang Autonomous Region in Yunnan Province", which was issued in 2013.

Since it first appeared on the evaluation list of CDICFCI, the comprehensive competitiveness of Kunming financial center had been improved. According to the evaluation result of CDICFCI10, the comprehensive competitiveness score of Kunming financial center was 32.4, ranking the 23th in the country and the 4rd in the western region. During the decade, Kunming's comprehensive competitiveness scores was growing at a slow rate, with a cumulative increase of only 38.5%; the gap with the financial centers in the same region was widened; the ranking of the comprehensive competitiveness dropped by 4 places compared with its 19th in the first issue. The evaluation indicated that Kunming's comprehensive competitiveness was yet to be strengthened.

At the end of 2017, the balance of local and foreign currency deposits of financial institutions in Kunming reached CNY 1.346656 trillion, a year-on-year increase of 6.4%; the balance of domestic and foreign currency loans of financial



institutions reached CNY 1.478935 trillion, up by 9.4% year-on-year; the annual premium income was CNY 24.883 billion; the compensation expenses were CNY 8.198 billion; at the end of the year, the insurance depth was 5.12%, and the insurance density was CNY 3,686.44 per capita (refer to permanent residents).

Table 9.5.1 Evaluation result of Kunming in CDI CFCI 10

	Score	Year-on-year	Scoring Increase	Ranking	Ranking change
Financial Industry Performance	55.68	9.87	21.55%	19	0
Financial Institution Strength	22.04	3.15	16.70%	23	1
Financial Ecological Environment	56.09	-0.18	-0.32%	24	-2
Financial Talents Environment	67.52	-8.92	-11.67%	16	-2
Financial Business Environment	43.63	7.70	21.43%	26	-1

According to the sub-item evaluation of Level-1 in CDI CFCI 10, Kunming had an increase in the scores of financial industry performance and financial institution strength, with the former ranking unchanged, the latter ranking the 1st; the score of financial ecological environment slightly decreased, down by two places.

Financial industry performance: Kunming had certain disadvantages in the western region, as shown in figure 9.5.2:

- The scale of the financial industry in Kunming was relatively small. In 2016, the added value of its financial industry was CNY 38.85 billion, ranking the 26th in the country; the number of financial employees was 35,400, ranking the 27th in the country.

- In addition, the financial industry in Kunming also lacked growth momentum. The added value of financial industry and the growth rate of financial employees in the past three years were 11.53% and 1.75%, ranking the 26th and the 27th respectively in the country.

- Kunming had a slight advantage in terms of financial width. In 2017, the loan balance accounted for 304.5% of GDP, ranking the 1st in the country; the ratio of accumulated financing to GDP in the domestic stock market was 15.0%, ranking the 10th in the country.

Strength of financial institutions: Kunming ranked lower than the middle level in the western region.

- Kunming was relatively inferior in the internationalization of banking institutions, securities institutions and insurance institutions. In 2016, there were 3 corporate commercial banks, 1 legal person trust company, 5 legal person finance companies, 2 legal person securities companies, 2 legal person futures companies and 1 legal person insurance company in Kunming, ranking the 22nd and the 17th, 9th, 9th, 14th and 16th respectively in the country.

- In terms of the financial institution strength, Kunming was relatively strong in Quasi-financial institutions, ranking the 2nd in the country, mainly because there were 172 financing guarantee institutions in Kunming.

Financial ecological environment: Kunming ranked the 24th among the 31 cities and the 4th in the western region. Thereinto, Kunming was comparatively superior in financial talents environment, but was obviously inferior in financial business environment.

- Financial talent environment: Kunming was strong in the urban transportation and environmental conditions, but was weak in the education environment and tourism attractiveness.

- As far as the environment conditions were concerned, Kunming was a very livable city. In 2016, the air quality rate in Kunming reached 98.91%, ranking the 1st in the country.

- In 2016, the number of hospital beds and number of practicing physicians per 10,000 people in Kunming reached 66.86 and 38.72, respectively, ranking the 7th and the 5th in the country.

- In 2016, the number of urban rail transit per million people in Kunming was 12.97 kilometers, and the number of daily flights was 891, ranking the 1st in the western region.

- In terms of the financial business environment, four grading indicators of Kunming were lower than the average level in the western region.

- Economic externality was the weakest point of Kunming. In 2017, the total amount of foreign capital and the total amount of import and export in Kunming was only USD 430 million and USD 6.681 billion, ranking the last but one in the country.

- Kunming was relatively strong in professional service. In 2016, the number of practicing lawyers, the number of certified public accountants and the number of professional insurance intermediaries in Kunming ranked the 12th, the 11th and the 18th respectively in the country.

9.6 Evaluation of Urumqi Financial Center

Urumqi is the capital of Xinjiang Uygur Autonomous Region, the political, economic, cultural, scientific, education and transportation center of Xinjiang, and one of the core cities of the New Silk Road economy. Located in the northwest, the hinterland of Asia and Europe and close to the eight countries of Central Asia, Urumqi is China's land transportation hub connecting Central Asia and Europe. In 2008, the Urumqi municipal government proposed the strategic concept of building Urumqi into a "regional financial center for Central Asia". In 2017, it was made clear in "A plan of financial center construction for the core zone of the Silk Road Economic Belt", which was issued by Xinjiang regional government, that a regional financial center should be built with Urumqi as the central district of the "One Core and Two Wings" of the Silk Road economic belt core area.

Since it first appeared on the evaluation list of CDICFCI, the comprehensive competitiveness of Urumqi financial center had been growing slowly. According to the evaluation result of CDICFCI10, the comprehensive competitiveness score of Urumqi financial center was 30, ranking the 27th in the country and the 5th in the western region. During the past seven years, Urumqi's comprehensive competitiveness score increased, with a cumulative increase of 48.5% and its ranking had remained at 27th since CDICFCI8. The evaluation indicated that efforts were needed to push the growth momentum of Urumqi's comprehensive competitiveness.

At the end of 2017, the balance of Chinese and foreign currency deposits of



financial institutions in Urumqi reached CNY 832.071 billion, a year-on-year increase of 12.3%; the balance of Chinese and foreign currency loans of financial institutions reached CNY 623.578 billion, an increase of 17.9%; the annual premium income was CNY 18.217 billion, and the compensation expenses were CNY 5.354 billion; the insurance depth was 6.64%; the insurance density was CNY 4,991.96 per capita (refer to permanent residents).

Table 9.6.1 Evaluation result of Urumqi in CFCI 10

	Score	Year-on-Year	Scoring Increase	Ranking	Ranking Change
Financial Industry Performance	65.65	21.53	8.19%	15	5
Financial Institution Strength	11.60	-0.13	-1.11%	31	0
Financial Ecological Environment	45.56	-4.53	-8.87%	28	-2
Financial Talents Environment	54.96	-13.26	-19.43%	28	-8
Financial Business Environment	37.42	3.58	10.58%	30	-3

In the sub-item evaluation of Level-I in CDICFCI10, the financial industry performance of Urumqi had a rapid increase, up by 5 places in the rank; the score of its financial institution strength decreased slightly, with the ranking unchanged; the financial ecological environment was not satisfactory. Among them the financial talents environment and the financial business environment went down in the ranking.

Financial industry performance: Urumqi was inferior in terms of the added value of financial industry and financial employees, but it was superior in financial width and financial depth.

- In 2016, the added value of financial industry in Urumqi was only CNY 25.972 billion, ranking the 31st in the country, but its average growth rate in the past three years was 15.48%, ranking the 11th in the country.

- In 2016, the number of financial employees in Urumqi was only 23,100, ranking the 31st in the country. Worse still, it was decreasing in the recent three years, with an average growth rate of -3.37%.

- In 2017, the deposit balance and loan balance, the insurance depth and the cumulative amount of domestic stock financing that accounted for the portion of GDP in Urumqi ranked the 4th, the 6th, the 4th and the 4th respectively in the country, at the upper level of the western region, far ahead of the rest financial centers in the region.

Strength of financial institutions: the comparative disadvantages of Urumqi were relatively prominent.

- The number of legal person financial institutions in Urumqi was relatively small, and in this aspect there was still a big gap between Urumqi and other cities in the western region. At the end of 2017, there were only 4 legal person commercial banks, 3 legal person trust companies, 2 legal person securities companies, 2 legal person futures companies and 1 legal person insurance company in Urumqi.

- The overall strength of the quasi-financial institutions in Urumqi was



relatively weak. In 2017, the number of private equity fund managers, financial leasing institutions, financing guarantee institutions and third-party payment institutions in Urumqi ranked the 29th, the 30th, the 26th and 28th respectively in the country.

- The degree of financial institution internationalization was relatively low in Urumqi. There was only 1 branch of foreign-funded banks in Urumqi, and other institutions of the kind remained zero.

Financial ecological environment: Urumqi ranked the 28th among the 31 cities and the last but one in the western region. It was also inferior in both financial talents environment and financial business environment.

- Financial talents environment: Urumqi was higher than the average level of western regions in terms of the two sub indicators of health care and urban greening, but it was inferior in the education environment, cultural entertainment, urban transportation and tourism attractiveness.

- In 2016, the number of hospital beds per 10000 people in Urumqi was 75.08 and the number of certified doctors was per 10,000 people, both ranking the highest in the western region and the 3rd and the 4th respectively in the country.

- In 2016, the per capita park green area in Urumqi reached 10.07 square meters, ranking the 1st in the western region and the 6th in the country.

- The shortage of higher education resources was the weakness of Urumqi. There were only 25 ordinary colleges and universities and only 173,000 students at college in Urumqi in 2016.

- Urumqi was weak in tourist attraction, with small a number of inbound and domestic tourists in 2016, ranking the 28th and the 31st respectively in the country.

- Financial business environment: Urumqi had some advantages in social security, but its economic foundation, economic externality and professional services were far below the average level of the region.

- The economic foundation of Urumqi was rather weak. In 2016, its regional GDP was only CNY 274.382 billion, the smallest of the 31 financial centers; its per capita GDP was CNY 75,173, ranking only the 24th in the country.

- In 2016, the three indicators of actual use of total FDI, total import and export and international tourism (foreign exchange) income in Urumqi were basically at the bottom of the western region.

9.7 Evaluation of Nanning Financial Center

Nanning is the capital of Guangxi Zhuang Autonomous Region, the core city of Beibu Gulf City Group and a city of the inland open economy belt. It is also the southwest sea transportation hub, China's international channel to the 10 ASEAN countries and An important gateway city of the national "One Belt and One Road" connecting the Maritime Silk Road. It was proposed in "An overall plan of the Border Areas Financial Comprehensive Reform Experimental Zone in Guangxi Zhuang Autonomous Region of Yunnan Province", which was promulgated in 2013, that Nanning should be built into a regional international financial center. In 2017, it was further clarified in "The 13th five-year plan for the development of Guangxi financial industry" that Nanning should be built into a regional international financial center which would rely on Guangxi, based in southwest and south China, and serve China-ASEAN Free Trade Area and the interconnection of "One Belt and One Road".

Since it first appeared on the evaluation list of CDI CFCI, the comprehensive



competitiveness of Nanning financial center had been enhanced. According to the evaluation result of CDI CFCI10, the comprehensive competitiveness score of Nanning financial center was 27.2, ranking the 30th in the country and the last in the western region. During the decade, Nanning's comprehensive competitiveness score grew slightly, with a cumulative increase of 45.5%. Due to the low base effect, Nanning's comprehensive competitiveness was lingering between the 29th and the 31st in country, far from being satisfactory.

In 2017, the added value of financial industry in Nanning reached CNY 45.057 billion, a year-on-year increase of 7.7%, accounting for 10.9% of the regional GDP. At the end of the year, the balance of Chinese and foreign currency deposits of financial institutions reached CNY 936.753 billion, an increase of 5.2% year-on-year; the balance of Chinese and foreign currency loans of financial institutions reached CNY 1.047044 trillion, an increase of 11.1% year-on-year; the annual premium income reached CNY 18.166 billion; the compensation expenses reached CNY 5.115 billion; the insurance depth was 4.41%; the insurance density was CNY 2,537.53 per capita (refer to permanent residents)

Table 9.7.1 Evaluation result of Nanning in CFCI 10

	Score	Year-on-Year	Scoring Increase	Ranking	Ranking Change
Financial Industry Performance	53.36	10.34	24.02%	21	0
Financial Institution Strength	12.81	-1.03	-7.41%	30	0
Financial Ecological Environment	43.25	1.32	3.13%	30	0
Financial Talents Environment	56.31	-4.16	-6.87%	25	2
Financial Business Environment	29.10	5.77	24.73%	31	0

In the sub-item evaluation of Level-I in CDICFCI10, some scores under sub items of Nanning increased and some decreased. Thereinto, the score of financial industry performance had increased substantially, while the score of financial institution strength had decreased slightly, and the score of financial ecological environment basically maintained stable. From the ranking of the indicator, the other rankings did not change except that the score of financial talents went up by 2 places.

Financial industry performance: the indicators under various items of Nanning were balanced, but they were all lower than the average in the Western region.

- Nanning's financial industry was small in scale, but it accounted for 10.97% of the regional GDP, ranking the 25th in the country, second only to Chengdu in the region.
- The number of financial employees in Nanning was small, ranking only the 22nd in the country, but its growth rate in the past three years reached 13.32%, ranking the 6th in the country and the 2nd in the western region.
- In 2017, the loan balance in Nanning accounted for 254.2% of the regional GDP, ranking the 2nd in the country, only lower than the 277.2% of Kunming.

Financial institution strength: on the whole, Nanning lagged behind in the



Western region.

- Local corporate financial institutions in Nanning were complete, but they were weak in overall scale. The gap was still big compared with those of the other centers in the region.

- There was only one corporate commercial bank in Nanning, with the total assets of CNY 132.937 billion in 2017, ranking the last and the last but one in the country in terms of the number and the scale.

- There were 2 corporate securities institutions in Nanning, with the total assets of CNY 13.881 billion in 2017, ranking the 27th in the country.

- There was one corporate insurance institution in Nanning, with the total assets of CNY 1.02 billion in 2017, ranking the 28th in the country.

- Financial ecological environment: Nanning ranked the 30th among the 31 centers and the last in the Western region, with many indicators of financial talents environment and financial business environment lower than the average level of the Western region.

- Financial talents environment: the advantages that Nanning had were mainly in the environment conditions, and the other indicators were lower than the average level in the Western region.

- In 2016, the green coverage rate of urban built-up areas in Nanning reached 42.18%, ranking the 12th in the country; the annual air quality rate was 95.08%, ranking the 5th in the country.

- Nanning was inferior in education environment, health care, urban transportation and tourism attraction. In particular, the education resources were seriously inadequate in Nanning, ranking at the bottom of the country in terms of the number of full-time teachers in each secondary school, and ranking the 20th in country in terms of the number of full-time teachers in each primary school.

- Financial business environment: compared with the other financial center cities in the region, Nanning had obvious disadvantages in various sub-indicators.

- The overall scale of Nanning's economy was not large. In terms of the regional GDP and the added value of the tertiary industry, it ranked the last but one in the country.

- The weakest in Nanning was the social security. In terms of the coverage rate of endowment insurance, medical insurance and unemployment insurance, it ranked the lowest of the country in 2016.

- Nanning was obviously inferior in economic externality. In terms of the actual use of FDI, the total income of import and export and international tourism (foreign exchange), it ranked almost the lowest of the region in 2016.

Appendix I: Description of Main Indicators

Financial employees: this indicator system adopts the statistical caliber of the employees of the unit, that is, all the employees who work in state organs, political parties, social organizations, enterprises and institutions at all levels and obtain wages or other forms of labor remuneration. It includes staff on duty, reemployed retirees, private teachers, foreign staff working in various units, personnel from Hong Kong, Macao and Taiwan, part-time staff, borrowed personnel from other units and second professionals. It does not include employees who leave their units and retain their labor relations.

The three-year average growth rate of the added value of the financial industry: this indicator uses the year-on-year growth rate of the added value of the financial industry in the last three years (calculated according to comparable prices) and is calculated according to the arithmetic average method.

The ratio of local securities trading volume to GDP: local securities trading volume refers to the sum of the securities trading volume of all securities business departments in the region.

The ratio of accumulated domestic stocks to GDP: the domestic stock market mainly refers to the Shanghai and Shenzhen A-share markets. The accumulated financing includes the public offering and subsequent issuance. The data sources are from the Shanghai Stock Exchange and the Shenzhen Stock Exchange.

Commercial banks: they include large commercial banks, joint-stock commercial banks, city commercial banks, rural commercial banks and foreign banks.

Number of commercial bank branches: the data comes from the CBRC financial license inquiry system.

Non-performing loan ratio of commercial banks: except for the statistics of municipalities and individual cities, the cities that do not have such statistics are replaced by the provincial data published by the CBRC annual report.

The local business organization of foreign banks: the statistics come from the sum of the number of branches of local foreign banks plus the number of branches.

Local corporate securities company: it refers to the local securities company whose headquarters is registered. The information is from the official website of the Securities Industry Association.

Fund management company asset management scale: it refers to the net asset value of the fund. The data comes from the China Securities Investment Fund Association.

Insurance depth: it refers to the proportion of local premium income to the gross domestic product (GDP) of the region, calculated as,
Insurance depth = premium income / regional GDP

Insurance density: it refers to the per capita insurance premium calculated according to the local population, calculated as,
Insurance density = premium income / resident population

Gold trading amount: it is only the amount of gold trade, excluding platinum and silver.



Ordinary institutions of higher learning: they are based on the data published by the Ministry of Education that year.

Mass Art and Culture Center: the statistics of this index included the number of art galleries, cultural centers and cultural stations.

Cinema Theater: since the indicator is no longer required to be released by the Chinese government, the data in this report comes from public network information - Baidu map application data.

Per capita park green area: the statistics come from the number of local resident population.

Average road area per vehicle: it refers to the average urban road area occupied by each civil vehicle in that year, calculated as:

Average road area = urban road area / total number of civilian vehicles

Residential house price income ratio: the calculation formula is,

Residential house price income ratio = average residential sales price * 100 / (3* average salary for on-job employees)

GDP per capita: it is calculated by the resident population.

Number of local listed companies: it includes the number of listed companies that can be inquired at home and abroad.

Endowment insurance coverage rate: it is calculated by local statistics of number of basic endowment insurance participants published in almanac in that year.

Medical insurance coverage rate: it is calculate by local statistics of number of basic medical insurance participants published in almanac in that year.