

Long Finance Evidence Of Worth 2022



March 2023

Contents

The Long Finance Programme	2
Programme - Financial Centre Futures.....	4
Programme - Meta-Commerce.....	5
Programme - Sustainable Futures	6
The Long Finance Community	7
Events.....	10

The Long Finance Programme

Long Finance is a community that explores the ways the financial services system can interact more positively with society and the environment over the long-term. We are transparent, operate openly, encourage discourse and debate, and follow the principle of 'Nullius in verba' (take nobody's word).

The climate crisis, political instability, conflict and economic uncertainty cast long shadows over 2022 and the dark clouds have still not parted. We hope that Long Finance provided a beacon for our community as they chart a course to a more sustainable future and continue to challenge the accepted paradigms of risk and reward.

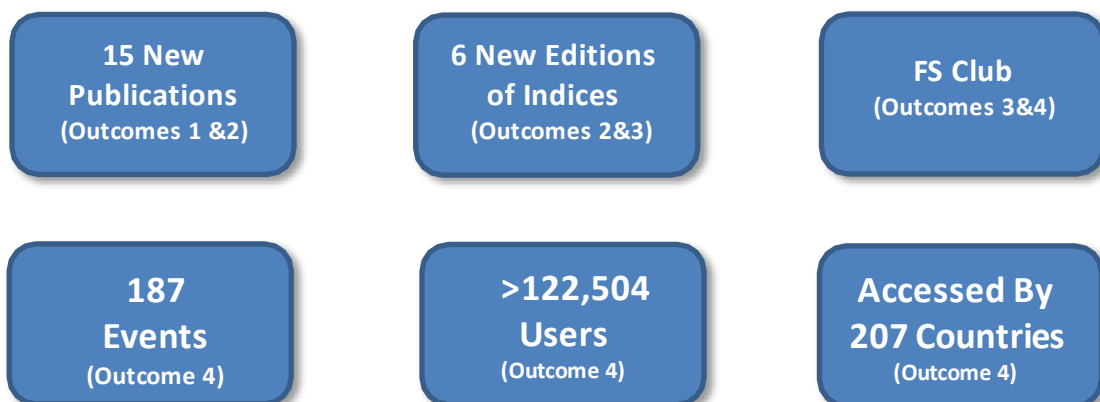
In order to maximise its impact Long Finance is free to join and its resources are free to access, but organisations can support our work by commissioning research and by joining FS Club and the Vantage programme.

Programmes such as Long Finance which operate on a not-for-profit basis, need to set practical and achievable objectives as there is strong pressure to maximise the impact of limited resources. In order to satisfy individuals and organisations who donate their time and money to supporting them, they must record and measure results to prove that they are meeting the objectives they have set¹.

Z/Yen has worked extensively with not-for-profit clients to implement practical approaches to measuring the impact of their work. For the last eight years, we have published an "**evidence of worth report**" for our Long Finance programme. This document reviews the achievements of the Long Finance Programme over 2022. We assess the value of the Long Finance programme across the four following 'evidence of worth' outcomes:

1. expanding frontiers to mitigate needs;
2. changing systems to remove or release needs;
3. service delivery to meet needs;
4. communitarian to address needs for or through communal activity.

2022 In Summary



¹ Harris I, Mainelli M and O'Callaghan M (2001), "Evidence Of Worth In Not-For-Profit Sector Organisations", Journal of Strategic Change, Volume 11, Number 8, John Wiley & Sons, pages 399-410.

<https://www.longfinance.net/publications/professional-articles/evidence-of-worth-in-not-for-profit-sector-organisations/>

Programme - Financial Centre Futures

This programme explores the changing landscape of global finance, seeking to explore how finance might work in the future. There are currently two projects in this programme:

- ◆ [The Global Financial Centres Index](#)
- ◆ [The Smart Centres Index](#)



[The Global Financial Centres Index](#) is published twice per year, has a global audience and receives extensive press coverage including the Financial Times, Wall Street Journal, Financial Express, New York Times, Reuters, Bloomberg, China Daily, Al Jazeera, South China Morning Post, Korea JoonAng Daily, Khaleej Times, CNBC, Irish Times, and The Washington Post.

The thirty first and thirty second editions of the Global Financial Centres Index were published in March and September respectively. 128 financial centres were researched for GFCI 32 of which 119 were listed in the main index. The GFCI is compiled using 151 instrumental factors combined with 66,121 assessments from 11,038 respondents to our online questionnaire.

China Development Institute (CDI) in Shenzhen and Z/Yen Partners in London collaborate in producing the GFCI.



[The Smart Centres Index](#) The sixth edition of the Smart Centres Index was published on 22 November 2022. SCI 6 rates the innovation and technology offerings of leading commercial centres, tracking their ability to create, develop, and deploy technology.

131 commercial and financial centres were researched for SCI 5 of which 75 are included in the index. SCI 6 was compiled using 138 instrumental factors. These quantitative measures are provided by third parties including the World Bank, The Economist Intelligence Unit, the OECD, and the United Nations.

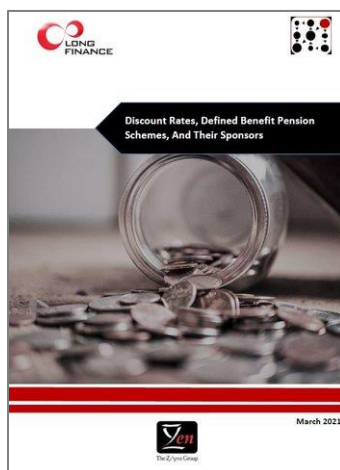
The instrumental factors are combined with financial centre assessments provided by respondents to the SCI online questionnaire. SCI 6 uses 1,725 assessments provided by 269 respondents.

Programme - Meta-Commerce

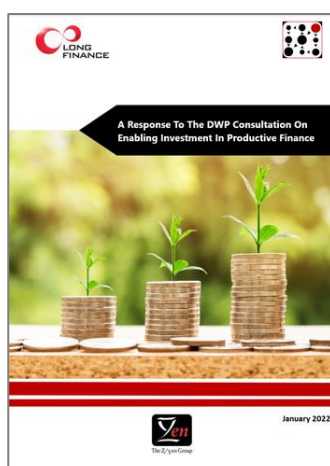
Meta-Commerce aims to identify and structure the critical questions underlying the long-term viability of the financial system. Inspired by David Hilbert's [23 questions project](#) of 1900, the Meta-Commerce programme brings together financial experts across a range of disciplines, with a view to producing a framework of questions in order to prioritise future research and direct action.

By helping to identify a set of core questions that link economics, finance and society, and that need solving in order to have a working financial system, Meta-Commerce maps the road to Long Finance and contributes to its overarching goals – to ***expand frontiers, change systems, deliver services and build communities.***

2021 saw the publication of four reports:



[Discount Rates, Defined Benefit Pension Schemes, And Their Sponsors](#): This paper examines the way that discount rates are used for the evaluation and management of pension schemes. The authors describe the role and function of a discount rate, and critique the methods presently in use for calculating discount rate determination, including those contained in the Occupational Pension Schemes (Scheme Funding) Regulations 2005 (OPS (SF) 2005). They then go on to propose a method of discount rate determination which could be used for establishing the accrued value of the liabilities of the sponsoring employer (the Contractual Accrual Rate (CAR)) which has particular merits for the management of Collective Defined Contribution schemes.

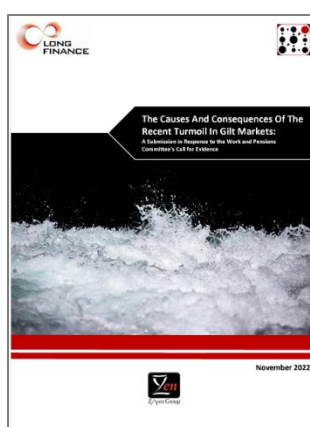


[A Response To The DWP Consultation On Enabling Investment In Productive Finance](#): This hard hitting response to the UK Government consultation on Enabling Investment In Productive Finance comes just a few months after the modification of the charge cap, and concerns a proposal to exempt certain classes of illiquid private investments from the DC charge cap. In this response the investment merits of illiquid securities and their potential use in DC pension arrangements are considered, although several other important public policy aspects, such as consideration of the tax cost of these partnership arrangements and the economic consequences of material increases in the indebtedness of the corporate sector are not covered in this response as they are out of scope.



Liability Driven Investment: In this paper the authors examine the focus, driven by a combination of the accounting standards applicable to employer accounts, financial economic theory and Pensions Regulator pro-active engagement, on the short-term solvency of schemes at each triennial or interim valuation. This has resulted in an excessive focus on variations or changes in scheme surpluses and deficits due to valuations; from this, and the emergence of liability-driven investment (LDI) to manage these perceived “risks”.

Given these potential risks, the principal elements of these strategies are examined and the paper illustrates how these risks could arise and crystallise.



The Causes And Consequences Of The Recent Turmoil In Gilt Markets: This paper was written in direct response to the Work and Pensions Committee’s call for evidence in the wake of the Truss administrations disastrous ‘mini-budget’. The paper provides a commentary on the history of Liability Driven Investment (LDI) from the root causes of the emergence of LDI, to its evolution into leveraged LDI and its subsequent growth, and a detailed analysis of the recent market impacts. This includes a discussion of the legal aspects of LDI and leveraged LDI and raises some of the serious legal issues these strategies pose. The final part of the paper directly responds to each topic raised in the Work and Pensions Committee’s call for evidence.

Programme – Distributed Futures

Distributed Futures is dedicated to exploring new technologies. The programme has ranged widely over smart ledgers, quantum computing, space, machine-learning (AI), materials science, healthcare, and other places where technology & economics intersect.

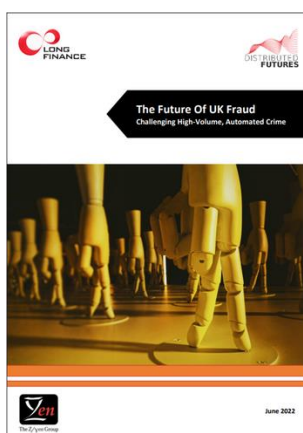
Our research is Directed at four outcomes:

- Expanding frontiers
- Changing systems
- Delivering services
- Building communities

2021 saw the publication of two major reports in this workstream :



[The Metaverse & Insurance - Pixel Perfect?](#) This report examines the of potential impact of a new technology – the metaverse on insurers, and through that lens society as a whole. ‘Metaverse’ describes interlinked, persistent, shared, artificial reality spaces. The portmanteau of ‘meta’, beyond, and uni-‘verse’ implies an alternate space for social commerce. Insurers may feel that their products and services lie outside this domain, but commerce is already expanding within this new frontier. This report explains the Metaverse, examines potential applications for insurers, and explores the business implications of widespread adoption of the Metaverse. This report proves extremely popular, garnering over 5000 unique downloads from long finance as well as becoming one of the most popular papers on the ResearchGate website.



[The Future Of UK Fraud - Challenging High-Volume, Automated Crime](#) This study focuses primarily on fraud as it affects individuals and consumers, i.e., large-scale, high-volume, automated fraud, where technology can make a difference. The time horizon is roughly a decade ahead. The output of this study provides four scenarios for readers taking a considered, forward-looking perspective on threats and opportunities.

The report has proven highly influential and has informed the fraud strategies of a number of national institutions which will guide the fraud agenda over the next decade.

Programme - Sustainable Futures

Sustainable Futures focuses on ways in which the financial system supports the transition to a sustainable economic model, addressing green finance, and environmental, social and governance systems. There are currently two active projects in this programme:

- ◆ [The Global Green Finance Index](#)
- ◆ [The London Accord](#)



[The Global Green Finance Index](#) seeks to measure perceptions of the quality and depth of green financial products across the world's financial centres and to chart the progress of financial centres towards a financial system that delivers sustainable development, and values people and the planet as much as profit. The index is updated and published twice a year. The ninth and tenth editions of the were published in April and October respectively. The tenth edition of the Global Green Finance Index (GGFI 10) was published on 27 October 2022. GGFI 10 provides evaluations of the green finance offerings of 84 major financial centres around the world. The GGFI serves as a valuable reference into the development of green finance for policy and investment decision-makers and is sponsored by Abu Dhabi Global Market.



[The London Accord](#) is the world's largest open-access library of environmental, social, and governance analytics reports. The reports have been donated by a global community of businesses, academic institutes, governments, think-tanks and NGOs. All reports on this site are available to download in full, for free, under our terms of use.

The London Accord aims to encourage better policy creation by enhancing policy-makers' and academics' access to reports which highlight the role that the financial services industry can play in assisting society on the road to sustainable development.

Table 1 - London Accord Downloads

Of note, is that the long-term value of the London Accord is apparent from the range of publication dates for the top ten downloads:

Table 1 The Most Popular London Accord Papers

Organisations	Title	Categories	Year	Downloads
Société Générale;	Green New Deal	Environment	2009	7,812
Z/Yen	A Portfolio Approach To Climate Change Investment & Policy	Environment	2007	7,144
Kepler Cheuvreux	Utilities vs. Carbon: Phase II	Environment	2007	5,965
MSCI	Volkswagen Downgraded To CCC	Governance	2015	5,467
Deutsche Bank	The Logistics of Supply Chain Alpha	Other	2015	5,247
Credit Suisse	The Inconvenient Math: The Implications Of Costed Carbon	Environment	2007	5,082
Z/Yen	WarmGame: A Game For All Seasons	Environment	2007	4,598
UniCredit Group	The Halo's Creed	Responsible Investing	2010	4,596
Credit Suisse	More Inconvenient Math	Environment	2008	4,491
Sustainalytics	The Future Of Fish In Asia	Responsible Investing	2011	4,461











The Long Finance Community

Long Finance seeks to engage our community of financial services professionals, policy makers, academics, and interested lay-people in debate, discussion and interaction. We are proud to have provided a strong online channel to allow individuals and organisations to discuss, analyse and debate society’s challenges and the paths to an equitable and sustainable future.

The Long Finance website use has increased substantially, from just under 100,000 in 2021 to over 120,000 in 2022. This traffic has been driven by the quality of the research available, as well as innovations such as an AI-generated newsfeed focusing on the UN Sustainable Development Goals.

The past year has seen a significant rise in traffic from the UK, the USA, and Asian countries. Details of the country of origin of Long Finance users is contained in Table 2.

Table 2 - The Top 10 Countries Accessing The Long Finance Website 2022

Top 10 Countries		Users	Percentage Of Total 2021
	United States	18,035	14.73%
	United Kingdom	13,555	11.07%
	China	12,397	10.13%%
	Hong Kong	8,460	6.91%
	India	5,573	4.55%
	South Korea	4,887	3.99%
	Germany	4,380	3.58%
	Singapore	4,031	3.29%
	Japan	3,895	3.18%
	Netherlands	3,539	2.89%

The Long Finance blog [The Pamphleteers](#) attracted significant attention in 2022. Table 3 shows the top 10 most popular articles submitted by our community members

Table 3 - The Most Popular Pamphleteers Articles

Title	Date	Author	Downloads
The Myths And Folklore Of Gold - Ancient And Modern	02 Jun 2015	Robert McDowall	29,969
The London Token Fundraising Manifesto	24 Oct 2017	Michael Mainelli	14,393
EC Consultation On Long-Term Investment - EFFAS Draft Responses	22 May 2013	Con Keating	13,929
The Hemline Index	05 Mar 2015	Robert McDowall	11,178
On The Morality Of Lending And Debt	03 Apr 2013	Mike Young	9,450
De-dollarisation: An Emerging Coalition - Or A Sensible Long-Term Strategy?	07 Feb 2022	Bob McDowall	8,794
ESG Integration - A Demonstration Of Its Effectiveness And Resistance To Its Adoption	17 Jun 2014	Robert Schwarz	8,161
Jains, Wealth, And Ethics - Lessons For A Godless Capitalism	01 Apr 2019	Sam Whimster	8,117
Can Democratic Money With Environmental Values Reduce Market Failures?	26 Feb 2013	Shann Turnbull	7,716
Smoke In The City - Investment Outlook & Oil	17 Sep 2010	Anonymous	6,699

Long Finance runs two separate Twitter feeds to deliver news and connect to the more than 74,000 individuals in our communities of interest. Table 4 illustrates their themes.

Table 4 - Long Finance Twitter Feeds

Twitter Handle	Theme	Followers
<u>@ZYen_LF</u>	Social, technical, economic, and political news from around the world on making technology and finance work to social benefit	797
<u>@ZYen_DF</u>	The commercial 'Think-Do' Tank that runs the Global Financial Centres Index, Global Green Finance Index, Long Finance, & FS Club	461

Events

FS Club members have continued to offer their online webinar programme for free to anyone who wishes to attend. In 2022 this included 187 events covering topics as diverse as high salinity agriculture and artificial intelligence All of these were free, and attracted a formidable line up of speakers. All our webinars are archived, and can be [viewed here](#).

Table 5 - Top 10 Events By Views 2022

Topic	Date	Views
Shattering Pixels – The Metaverse & Insurance	20 January 2022	2,788
Liability Driven Investment: Creating Liabilities	21 July 2022	1,926
Quantum Computing In 20 Minutes	6 December 2022	1,504
The Four Ages of American Foreign Policy: Weak Power, Great Power, Superpower, Hyperpower	13 October 2022	1,437
Nature As The Next Wave	26 April 2022	1,393
Cash Is Not The ‘Horse Cart’ Of Payments. It’s The Public Bicycle	14 December 2022	1,336
2021 Report On The Development Of Chinese Enterprises In The UK	19 January 2022	1,334
The EU AI Act: State Of Play	8 November 2022	1,315
The Evolution Of The Modern Data Platform	14 September 2022	1,307
Chile Issues World's First Sovereign Sustainability-Linked Policy Performance Bond	14 November 2022,	1,304

Thanking Our Partners

We would like to express our gratitude to the FS Club Members, The China Development Institute, Abu Dhabi Global Market, and Z/Yen Group for their long-standing support.

We would like to thank all the London Accord contributors for sharing research, and members of the Long Finance Advisory Board for their wise guidance. Finally, we would like to thank those in our community who contribute their thoughts and time to the Long Finance events and blogs.



“When would we know our financial system is working?” is the question underlying

Long Finance’s goal to improve society’s understanding and use of finance over the long term. In contrast to the short-termism that characterises today’s economic views, the Long Finance timeframe is roughly 100 years.

Long Finance aims to:

- ◆ expand frontiers - developing methodologies to solve financial system problems;
- ◆ change systems - provide evidence-based examples of how financing methods work and don’t work;
- ◆ deliver services - including conferences and training using collaborative tools;
- ◆ build communities - through meetings, networking and events.

Long Finance runs programmes exploring four major themes:

1. **London Accord** – looking at environmental, social, and governance investment research issues;
2. **Financial Centre Futures** – seeking to explore how finance might work in the future;
3. **Meta-Commerce** – aiming to identify and structure the critical questions underlying the long-term viability of the financial system;
4. **Eternal Coin** – encouraging a global discussion on the nature of money and the concept of value.

www.longfinance.net