

# Plan to Make Toronto a Top Financial Centre Focuses on Creation of World-Leading Hubs of Expertise

**Report by The Boston Consulting Group for The Toronto Financial Services Working Group Outlines Strategy for Generating an Additional 25,000-40,000 Jobs and \$4-5 Billion in Annual GDP over Five Years**

TORONTO, November 18, 2009 – The Toronto Region has the potential to become one of the world’s top 10 financial centers, but to get there it needs to increase its global competitiveness overall and in several specific areas, according to a new report released today by The Boston Consulting Group (BCG).

BCG developed the strategy and recommendations on behalf of the Toronto Financial Services Working Group, co-chaired by Janet Ecker, president of the Toronto Financial Services Alliance and Don Drummond, Chief Economist, TD Bank Financial Group. The project was funded through the Working Group – a coalition of Toronto’s major financial institutions, industry associations and federal, provincial and civic governments – and by BCG itself through a pro-bono investment.

“Our goal is quite simply to become one of the two leading financial clusters in North America and one of the top five to seven global centres,” says Janet Ecker. “With a focused strategy and disciplined execution, this goal is well within reach.”

The relatively strong performance of the Canadian financial system during the global financial crisis of the past year has spotlighted the region’s strengths, and industry officials want to seize the momentum before the attention fades, Ecker said.

The report identifies four priority opportunities that have the potential to drive a projected incremental 25,000-40,000 jobs and \$4-5 billion in annual GDP over a five-year time horizon. A common theme is building world-class hubs of expertise or activity. The priorities are:

- 1. Establish a global institute for risk management.** To strengthen international collaboration among government regulators, risk experts and industry practitioners, the focus would be to provide integrative research and education across multiple risk management disciplines.
- 2. Entrench Canada’s position as the leading global hub for mining, metals, and energy financing and trading.** By proactively promoting its world-leading expertise in financing these sectors, the region would target a 70 percent market share of all energy, mining and metals listings by 2015, up from 43 percent (energy) and 55 percent (mining) today.
- 3. Become a global leader in retirement financing solutions.** Building on Canada’s and the Toronto Region’s concentration of important players and thought leaders in this area, create a hub of expertise to address the questions of how best to optimize use, efficiency and effectiveness of registered private pension plans and personal savings.
- 4. Grow skilled financial services activity clusters.** Broaden the base of FS operations by promoting the region’s access to skilled talent, high quality of life, diversity of languages,

proximity to U.S. markets, ease of international access and strong supporting technology and communications sectors.

Nan DasGupta, a partner in BCG's Toronto office, explained that establishing world-class hubs of expertise has been fundamental to the strategy of financial services centres that have raised their global competitiveness. "Hubs attract activity, investment and talent to the region, which in turn foster enhanced productivity and innovation. These in turn reinforce and strengthen the hub."

Growing the highest-potential hubs, however, will require "focused strategies and proactive, coordinated efforts of both government and industry," DasGupta added.

In addition to recommending the creation of four hubs, the report outlines five other initiatives aimed at aligning the efforts of governments and industry leaders and fortifying competitive foundations to enhance the region's competitiveness.

To implement the strategy, the report calls for the creation of a new governance structure. It proposes the creation of a Leadership Council, which would be comprised of top Toronto-based financial services CEOs as well as senior elected officials from each of the three orders of governments. The Council would oversee implementation and commit resources. In addition, the creation of a secretariat is recommended to drive the agenda and coordinate the overall work effort.

The research included a global benchmarking of leading international financial centres and their key success factors; a competitive assessment of Toronto's relative strengths and weaknesses; and an extensive consultation process with over 130 industry executives, experts and government officials. Follow-up industry and government consultations were conducted to enlist support for executing the recommendations.

The Toronto Region is the heart of Canada's financial services industry, housing 29 percent of financial services employees, a high concentration of financial company headquarters and operations, and the world's seventh-largest financial exchange. Last year, the sector contributed over 12 percent of employment in the Region and over 20 percent of GDP, including indirect effects.

This contribution to the regional economy has increased significantly in importance over the past five years, as the growth of financial services has more than offset the loss of GDP attributable to the decline in the manufacturing sector. Financial services job growth in the region generated an incremental \$6.2 billion in GDP from 2003 to 2008, more than compensating for the \$3.8 billion lost from manufacturing.

### **About The Boston Consulting Group**

The Boston Consulting Group (BCG) is a global management consulting firm and the world's leading advisor on business strategy. We partner with clients in all sectors and regions to identify their highest-value opportunities, address their most critical challenges, and transform their businesses. Our customized approach combines deep insight into the dynamics of companies and markets with close collaboration at all levels of the client organization. This ensures that our

clients achieve sustainable competitive advantage, build more capable organizations, and secure lasting results. Founded in 1963, BCG is a private company with 66 offices in 38 countries.

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