



**WORLD ALLIANCE**  
of International Financial Centers

**How global financial  
centers can help  
combat the COVID-19  
pandemic**

> **What Hong Kong  
learned from the SARS  
epidemic in 2003**

> **Why the Bank of Japan  
favours quick responses  
on COVID-19**

> **WAIFC member  
statements on how to  
master crisis**

## Imprint

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Representing leading international financial centers	



# A global challenge requires a global response



**Hubertus Vaeth** is the Managing Director of Frankfurt Main Finance, as well as the founder and Managing Director of NewMark Finanzkommunikation.

Rarely has the world faced challenges such as today's. Whatever comparison is drawn, COVID-19 and efforts to curb its spread are poised to inflict strain of historic proportions on the world's economy and financial systems. Within just weeks, economic growth has ground to a halt and gone into reverse. The virus knows no borders, nor can economic actions be seen in splendid isolation. Wouldn't it have been helpful had the world been prepared for such a crisis on this global scale? As this was not the case, responses have been uncoordinated, country-specific, and isolated as can be. Our economies could soon require as much intensive care as the worst affected patients. Where should we look for the right economic medicine under these new and unprecedented circumstances?


**WAIFC IS A GLOBAL ASSOCIATION** comprised of the world's leading financial centers from four continents. We believe it is time to overcome our borders and put competition aside for more cooperation and

exchange of best practices. We are convinced that global challenges require global responses.

We are certainly not experts in handling pandemics, nor do we have an expert understanding of the working of this particular, or for that matter, any virus. But what is strikingly evident is that while the crisis has waged on for some months, we still lack a systematic best practice approach to containing it and learning from those that have dealt with it early on, with medical, economic, or financial responses. Such luxury will be costly at a time of strained resources, once world leaders decide to get their economies back to work.

We can increase our chances of successfully executing such an unprecedented operation if we establish a common framework on how to get back to work. Morally acceptable only when the personal risks are under control. In this assessment, we should also not forget what any lock-down means for the most vulnerable around





« We can increase our chances of successfully executing such an unprecedented operation if we establish a common framework on how to get back to work. »

the globe. That calls for a multilateral framework supported by a financial system able to function as a policy transmission mechanism by providing much-needed liquidity thanks to a combination of central bank action and special fiscal risk absorption mechanisms.

**WE HAVE MUCH TO LEARN** from each other and history. Financial centers like Hong Kong or Tokyo successfully coped with similar challenges in the past. We should draw on these experiences. That is the motivation of our publication. On the following pages, we not only share today's responses and best practices, but we also reflect on historical experiences. It will prove that our financial systems are essential to the solution, and the world can cope with such challenges, given the right response.

**FOR WAIFC TO DEVELOP RECOMMENDATIONS** for such responses is beyond our means and mandate. However, we can and hope to contribute the best fiscal

and financial practices from our members. Sharing them helps to accelerate the development of a response with the best chances for success. We must create a framework to support our economies to recover as fast as possible. Given the consequences, anything less than the best solutions is costly, and failure is not an option. That is what motivates all of us in these challenging times. •

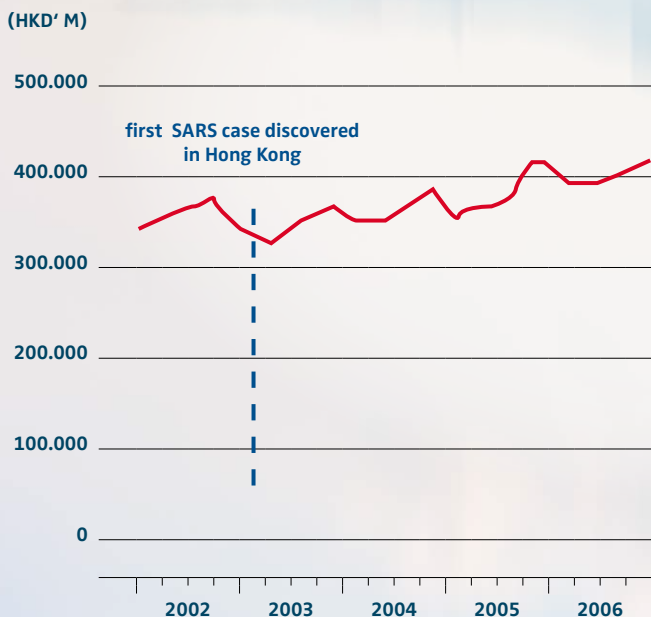


Hubertus Vaeth

# « Our SARS experience has driven us to respond sooner and with adequate caution to COVID-19. »

Christopher Hui, Executive Director of the Hong Kong Financial Services Development Council, explains why Hong Kong was able to recover quickly from SARS crisis 2003.

**Graph 1: Hong Kong GDP**  
(at current market prices)



**Graph 2: Hong Kong Unemployment Rate**  
(not seasonally adjusted)



« The epidemic affected 29 countries & regions and resulted in more than 8000 cases in 2003. »

**Severe Acute Respiratory Syndrome (SARS) is a viral respiratory illness that was recognized as a global threat in March 2003, after first appearing in southern China in November 2002. The epidemic affected 29 countries & regions and resulted in more than 8000 cases in 2003. The SARS outbreak was an unexpected negative shock to Hong Kong's economy. At that time, Hong Kong's consumer price deflation intensified, the fiscal deficit increased, and the Hong Kong dollar was under severe depreciation pressures. Local consumption and the export of services related to tourism and air travel were severely affected in the short run.**

#### HOW LONG DID HONG KONG'S ECONOMY AND CAPITAL MARKET TAKE IN 2003 TO FULLY RECOVER FROM THE SHOCK OF SEVERE ACUTE RESPIRATORY SYNDROME (SARS)?

From graphs 1 and 2 we can see that Hong Kong staged a strong rebound in terms of GDP and performance of Hang Seng Index as well as continuous fall in employment rate soon after the outbreak of Severe Acute Respiratory Syndrome (SARS) in the first half of 2003. Such positive momentum lasted for the next few years after SARS.

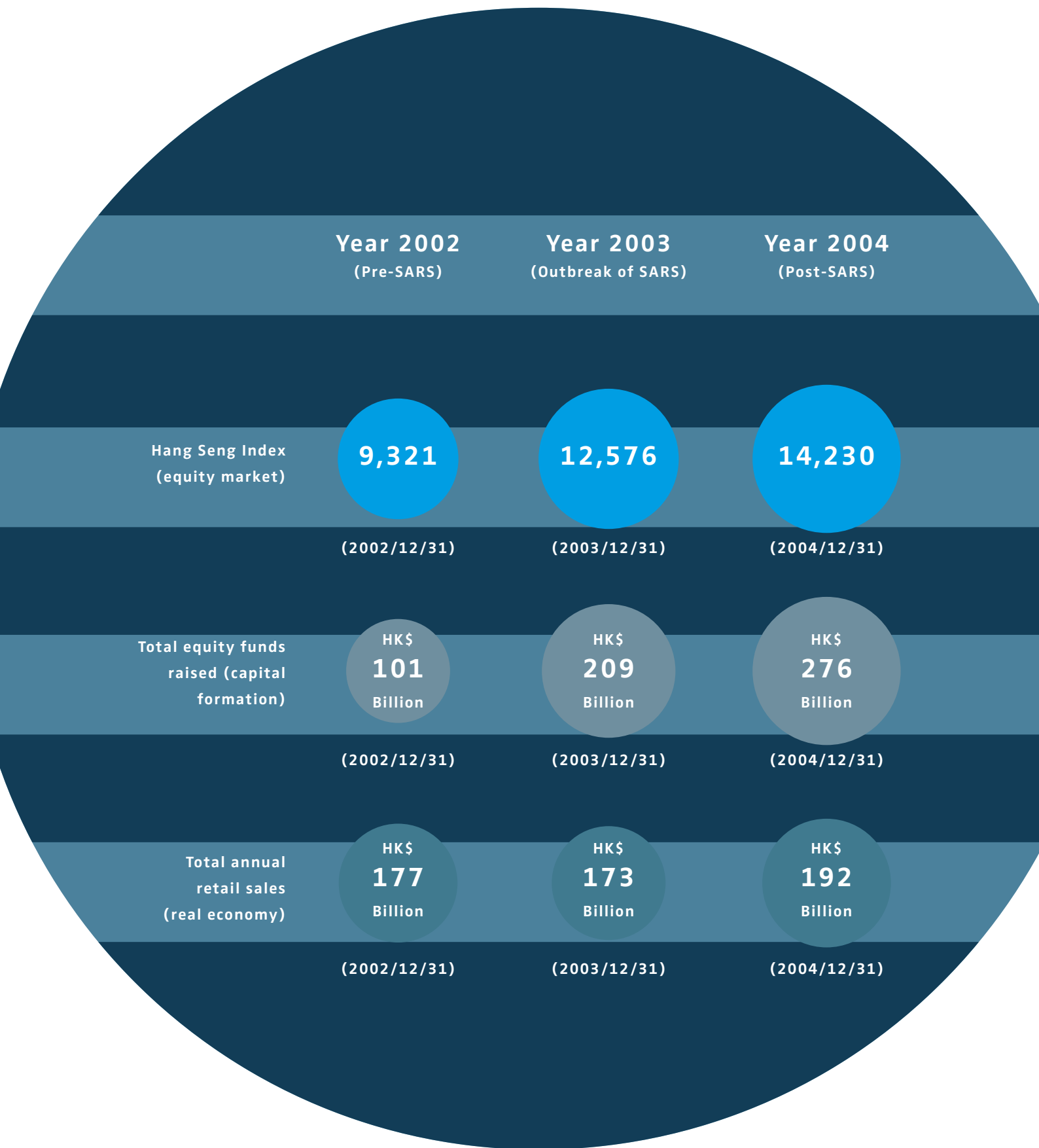
Furthermore, as shown in the table on page 8, Hong Kong's capital market has reached even more milestones than ever before, in terms of equity, capital formation, real economy and other areas. In the subsequent years after SARS, Hong Kong has benefited from the further expansion of the Mainland Chinese economy and gained its crown as of the world's IPO fundraising leader, largest offshore renminbi liquidity hub, amongst others.

#### WHY HONG KONG COULD RECOVER SO FAST AND SO STRONG FROM THE SARS CRISIS? WHAT WAS IN HONG KONG GOVERNMENT'S TOOLBOX TO "FIX" THE NEGATIVE CONSEQUENCE OF THAT CRISIS?

Firstly, to minimize the repercussions of SARS, the Hong Kong government quickly deployed a four-prolonged strategy focusing on (i) early detection, (ii) swift contact tracing, (iii) prompt isolation & quarantine, and (iv) effective containment.

Secondly, Hong Kong government took a package of relief and stimulus measures to contribute to the economic recovery, for example:

In April 2003, the Hong Kong government launched a HK\$11.8 billion package of relief measures to help the community tide over the SARS impact. In June 2003, a HK\$715 million enhanced package of employment initiatives was announced to further alleviate the SARS impact.





« Hong Kong citizens have also demonstrated a high level of alertness by voluntarily wearing masks as they go out. »

Thirdly, Mainland China offered favorable supportive facilitation:

- > In June 2003, the Hong Kong government and the Chinese Central Government signed the Closer Economic Partnership Arrangement (“CEPA”), allowing qualified Hong Kong products, companies and residents to preferentially access to the Mainland market.
- > In July 2003, the Individual Visit Scheme was introduced as a tourism liberalization measure. The Scheme allowed Mainland residents, who could only visit Hong Kong on business visas or on group tours before, to visit Hong Kong on an individual basis.
- > In November 2003, the People’s Bank of China (“PBoC”) agreed to provide clearing arrangements for banks in Hong Kong, which could then conduct personal RMB business on a trial basis.

**HONG KONG IS GETTING MUCH BETTER THROUGH THE COVID-19-CRISIS THAN MOST OTHER FINANCIAL CENTERS, IS IT BECAUSE OF LESSONS LEARNED DURING THE BREAK OUT OF THE SARS VIRUS?**

Our memory of the hard-fought battle against SARS and other crises such as avian flu that we went through in the past decades has driven us to respond sooner and with adequate caution when another pandemic emerges. Led by the Government, a Chief Executive-chaired, cross-departmental task force was formed quickly to

oversee anti-pandemic efforts with clear strategies to minimize unnecessary social contact and permit work-from-home arrangement; respond speedily in light of changing situation, move ahead of the times to prepare for the worst; and operate in an open and transparent manner.

The financial industry and related regulator also drove some initiatives to help the community in just a few weeks after the first confirmed case in town. The Hong Kong Monetary Authority (“HKMA”) established the Banking Sector SME Lending Coordination Mechanism and convened a special teleconference to discuss ways for the industry to extend greater support to SME; reduced the countercyclical capital buffer (“CCyB”) to allow banks to be more supportive to the local economy; and provided banks with additional operational capacity by following the Group of Central Bank Governors and Heads of Supervision to defer the Basel III implementation. In addition, banks extended principal moratorium especially for advances by SMEs; and insurers offered free limited protection to eligible hospital staff and free benefits for mandatory quarantine and hospitalization. Hong Kong citizens have also demonstrated a high level of alertness by voluntarily wearing masks as they go out. They also demonstrate self-discipline by minimising unnecessary social activities. While we might be seen as over-reacting at the beginning of the outbreak, we are glad to see that similar approaches have been adopted by different jurisdictions as we, together, fight this pandemic sensibly and responsibly. •





# Japan's disaster response

Hiroshi Nakaso, Chairman of FinCity.Tokyo, talks about lessons learned from the Tohoku Earthquake.

## HOW DID THE BANK OF JAPAN RESPOND TO TOHOKU EARTHQUAKE TO MAINTAIN LIQUIDITY AND STABILITY?

On March 11 2011, at 2.46 pm, the Tohoku or the north-eastern part of Japan was struck by a major earthquake. It was the largest earthquake recorded in Japan with the magnitude reaching 9. Even though Tokyo was 400 km away from the epicenter, the shake was so violent that people could hardly keep standing. Subsequently, the monstrous tsunami struck the pacific coast stretching over 1,000 km. The height of the tsunami that struck the Tohoku region is said to have reached more than 10m. The coastal towns had a proud history of surviving a number of tsunamis in the past by creating big seawalls, which were often compared to the "Great Wall of China." However this gigantic tsunami easily penetrated the Wall and rushed several kilometers inland. It literally wiped out villages, towns, farms and factories along with the inhabitants.

The Bank of Japan has a long tradition of quickly responding to a crisis as it unfolds. The earthquake was not an exception. The Disaster Management Team, which is the BCP Unit that the BoJ Governor chairs, was set up at 3 pm, 14 minutes after the quake and issued the first statement at 3.29 pm that said "The Bank of Japan is conducting its business operations as usual at its Head Office as well as all of its branches and representative offices, including those located in the Tohoku region." It also reassured the financial community in Japan by confirming that the BoJ-Net is up and running. It is the nation's key financial infrastructure run by the BoJ providing payment and settlement services for the financial intermediaries.

In the meantime, the yen's exchange rate appreciated to an all-time high for the reasons that weren't altogether clear. The Japanese government became increasingly concerned about the higher yen as it would add to the negative impacts on the Japanese economy that had been already undermined



**Hiroshi Nakaso**  
Chairman of FinCity.Tokyo

« The Bank of Japan has a long tradition of quickly responding to a crisis as it unfolds. »

by the quake and tsunami; a move clearly deviating from the fundamentals. The G7 was quick to respond. At 9 am 18 March Japan time, the G7 Finance Ministers and Central Governors issued a joint statement in which it said that they will embark on concerted intervention in exchange markets. The concerted action, which was the first one in more than a decade, was also a symbolic move demonstrating solidarity of the G7 nations.

The BoJ's response was quick, too. There were three broad areas in terms of the central bank's response to the earthquake

- A.** maintenance of financial intermediation function and securing smooth settlement
- B.** ensuring financial market stability; and
- C.** addressing downside risks to economic activity.

For the immediate task of maintaining financial intermediary function and securing smooth fund settlement, the BoJ delivered enough cash banknotes to the quake-struck region to meet the rising demand for cash. People needed to withdraw deposits for cash to buy food, water, and items to keep warm. Banknotes were supplied in an around-the-clock operation. Meanwhile, the BoJ-Net remained fully operational to ensure smooth fund settlement.

For the purpose of ensuring financial stability, the BoJ conducted a series of open market operation to inject a massive amount of liquidity into the money market to meet the Japanese banks' precautionary demand for liquidity, which increased after the quake against the background of heightened uncertainties. The amount of liquidity injection out-scaled the liquidity injection after the fall of Lehman Brothers in September 2008.

With regard to the measures to address downside risks to the economy, the BoJ took further monetary policy actions. In this area, the BoJ doubled the size of the Asset Purchase Program (APP) from JPY5 -10 trillion. The major portion of the increase was assigned to the purchase comprising of corporate bonds, CPs, and ETFs. The intention of this policy was to preempt deterioration in business confidence and to preclude investors' risk aversion. Furthermore, in early April, the BoJ introduced a new facility to support financial institutions in disaster areas. The intended purpose of the new facility was to provide the financial institutions with low cost stable funding sources from the central bank to make sure they meet the borrowing demand as the reconstruction gets on its way in the quake-struck regions.

Overall, thanks to the timely policy responses, Japan's credit intermediary function, financial markets, and financial market infrastructures proved resilient enough to survive the disaster while keeping the economy afloat.

#### WHAT ARE KEY LESSONS LEARNED FROM THE TOHOKU EARTHQUAKE?

A number of lessons can be drawn from the experiences of dealing with the disaster. They are relevant in the current context of addressing the COVID-19. First, the financial community and the authorities must establish effective communication network that enable coordinated actions in times of extreme stress. For example, the BoJ and the market participants in the money, FX, and securities markets had regularly conducted BCP exercises in normal times. This helped the financial industry in Tokyo to coordinate with the authorities in a prompt and efficient manner. The BoJ sent out the message to the financial community that the key financial infrastructure was up and running

immediately after the quake hit to ensure their normal operations. The financial institutions, meanwhile, updated the authorities with the latest developments in the markets. This helped the authorities to devise best set of policy responses.

Second, the financial infrastructure must be so structured as to be resilient enough to withstand natural and physical disasters. Japan is proud of the absolutely high level reliability of payment and settlement systems operated by the central bank and the private sector. For example, the BoJ-Net operated by the central bank has the potential of running for 24 hours overlapping with European and American time zones<sup>1</sup>. These fail-safe payment and settlement systems are taken for granted and seldom visible from outside; however, they serve as key financial infrastructure to underpin Tokyo's function as financial center.

Third, the central bank must be equipped with effective means of liquidity provision. In the aftermath of the earthquake, as was the case with the Global Financial Crisis, there was a large increase in precautionary demand for cash against the backdrop of heightened uncertainties. The central bank must satisfy the demand in order to maintain the financial stability. The BoJ has developed many liquidity injection instruments to serve the purpose, ranging from repo-operations, targeted lending facilities, and asset purchase program to buy government bonds as well as credit instruments.

### **HOW IS JAPANESE GOVERNMENT APPLYING THE LESSONS LEARNED TO THE CORONAVIRUS DISASTER?**

In response to the current novel coronavirus, the Japanese government and local authorities such as Tokyo Metropolitan Government have been encouraging their citizens to wear face masks and wash their hands, preventing them from buying up supplies and sharing information such as the state of infection and government response in order to limit further contagion and anxieties.

Especially for financial services, the government made clear its basic position to maintain and provide business as usual financing functions and financial services such as banking were kept out

of scope of the emergency declaration on April 7. Central government, Tokyo Metropolitan Government, FinCity.Tokyo and several financial institutions worked closely to ensure liquidity in the market and contain impact on volatility which led to this direction.

In addition, the Financial Services Agency is making the following requests to lenders such as banks to "pay special attention to financing of small and medium size businesses".

- A.** visit companies and set up emergency help desks
- B.** accommodate changes in loan terms such as moratorium on loans
- C.** mandatory reporting to FSA on the number of cases where change in loan terms have been made under the Banking Act
- D.** implement emergency loan schemes which do not require collaterals or guarantees
- E.** request special interviews to financial institutions in order to have a grasp of the latest state of client firms

Furthermore, other areas in financial services for example the operation of stock markets are subject to BCP plans which were formulated in response to past large scale earthquakes etc by stock exchanges and are being applied to the current coronavirus outbreak,

In terms of the operation of stock markets, in the event of past market share reaching a set level as a result of reduced participation by market participants, stock exchanges may suspend trading in anticipation of a large impact on price discovery. This rule is published in the website of stock exchanges in order to ensure predictability by market participants.

As indicated in the response to the current COVID-19 outbreak based on past experiences, the critical nature of many financial services and the importance of ensuring their operation must be shared by all of the relevant parties including law makers and regulators. The key financial services comprise providing consumer access to cash, electronic payments and other banking

<sup>1</sup> Currently it is operated until 9 pm although it can be operated 24 hours

and lending services, and market-making to maintain market liquidity. Practices must be in place to ensure minimum number of essential personnel are kept on-site during the severest stress arising from disasters.

Experiences of crisis management must be kept as institutional memories at financial institutions and authorities. There are key elements to be remembered and inherited. The habit of “bad news first” is an example. The experiences tell that the worse the news, the greater the need to share such news fast with those concerned. This makes it possible to make the right initial response at a critical moment and act promptly in the right direction. It is equally important to prepare for the worst and hope for the best. In a crisis situation, we must assume the worst possible outcomes and prepare the best possible countermeasures. The worst is not doing anything and simply hoping for the best.

#### ANY KEY MESSAGES FOR OTHER FINANCIAL CENTERS?

The task of liquidity injection goes beyond providing domestic currency. In the interconnected financial world of today, ensuring enough supply of the US dollar, the key currency, under stressful market conditions has become a primary role for the central banks. This is demonstrated in the Lehman debacle as well as in the Corona Shock. The BoJ, in this regard, has a permanent swap agreement with the FRB, from which it can acquire, theoretically unlimited amount of US dollar liquidity against its own currency, which can then be channeled to the financial institutions operating in Japan. Thus, Tokyo can function as a key backstop ensuring provision of the key currency.

Our experiences of coming through various disasters tell us that provision of financial services is a basic infrastructure to support the social and economic stability that must be kept operational at all times. The critical financial services can be provided only when the entire network of financial services providers, including banks and other types of financial institutions functions properly. The resiliency of the network (financial ecosystem) is an indispensable element for a financial center.

The resiliency is built on the foundation of highly reliable and fail-safe financial infrastructure, such as the

payment system and the stock exchange that can withstand natural and physical disasters. Equally important is the good two-way communication between the financial institutions and the relevant authorities, so that critical information can be shared in a timely manner. Good communication is a prerequisite to devise effective policy responses to problems that threaten the functioning of a financial center.

In this interconnected world in which the financial centers of the world operate, it is critical to learn from each other. In this regard, WAIFC provides an ideal forum to facilitate such information sharing. Currently, the most imminent task for any financial center is to overcome the Coronavirus. This is a novel and unforeseen type of threat to the stability of global financial system. Sharing the experiences of the WAIFC members will prove highly useful.

Our supply chains are much more globally integrated and intertwined compared to when the Tohoku earthquake and Lehman debacle took place. We are also much more exposed to both reliable and unreliable information through social media. As a result, people are much more prone to pandemic of rumors. Therefore, it is far more important for financial services authorities, central banks and financial institutions to coordinate and cooperate in a seamless manner based on the most reliable intelligence without losing holistic perspectives.

**WAIFC is well positioned to encourage all the key stakeholders to align on the macroeconomic priorities and act on our accumulated wisdom when each player is fire fighting with the day-to-day challenges.** •

« Practices must be in place to ensure minimum number of essential personnel are kept on-site during the severest stress arising from disasters. »



## ABU DHABI

## ADGM TAKES IMMEDIATE MEASURES TO MITIGATE THE IMPACT OF COVID-19



**In keeping with Abu Dhabi's robust economic stimulus package to support the economic activity and facilitate business in the Emirate, Abu Dhabi Global Market (ADGM), the International Financial Center in Abu Dhabi, has launched a set of financial and support measures to mitigate the adverse impact of the coronavirus (COVID-19) pandemic on registered entities operating in its financial free zone on Al Maryah Island:**

- > 100% waiver on Commercial Licence renewal fees (with exception of SPVs and foundations licences) until 25 March 2021
- > 100% waiver on Business Activity renewal fees until 25 March 2021
- > 100% waiver on Data Protection renewal fees until 25 March 2021
- > 100% waiver on new Temporary Work Permits issuance, renewal and late application fees until 25 March 2021, etc.

**H.E. Ahmed Ali Al Sayegh, Minister of State (UAE) and Chairman of Abu Dhabi Global Market, said,** "ADGM has prepared a set of support measures to assist our registered entities and the community through this challenging period. These measures will complement the current robust packages from the UAE Authorities and Abu Dhabi Government, and bolster the nation's economic strategy and initiatives to keep our people and country sustainable and safe." •

## ASTANA

## FOCUSING ON CAPITAL MARKETS AND SMES IN KAZAKHSTAN



**As the leading international financial centre for Central Asia, the Astana International Financial Centre (AIFC) works with the Government of Kazakhstan to streamline, transform and, increasingly, to digitalise the access points to financial products, economic business and inward investment.**

The events of the past few months underscore the importance of developing a vibrant local capital market. Issuance of corporate debt has reached record levels as businesses strengthen their balance sheets in the face of a sharp reduction in revenue. And even in smaller developed mar-

kets, businesses have been able to raise equity capital to ensure their business viability. Absent a well-developed local market, these capital raising options do not exist. Governments will therefore be required to support many otherwise viable businesses directly through state support or nationalisation or indirectly through recapitalisation of the banking system. The fundamental building blocks of a vibrant domestic capital market remain unchanged: a simple,

familiar regulatory environment, one pool of liquidity for domestic and offshore investors, strong domestic institutional investors and a vibrant retail investor base.

Volatile and post-crisis markets have historically shown great opportunity for capital gains, but it is small and medium enterprises (SMEs) which are often hit quicker and hit harder. Under the auspices of WAIFC, AIFC is leading the ongoing project for identifying SME best practices. SME initiatives will be a powerful instrument for protecting employment and the re-emergence of global economies, as we begin to move out of the crisis period. •

**« AIFC is leading the ongoing project for identifying SME best practices. »**



## BRUSSELS

## INITIATIVES SHOW SOLIDARITY IN ACTION

**Most countries and organizations have come up with numerous measures to mitigate the harm to the economy.**

An interesting initiative has been proposed by Look&Fin, the largest crowdlending platform in Belgium. Investors have been asked to vote on the possibility for the platform to allow some issuers to suspend the capital reimbursement for a maximum of 6 months. Interest

payments will be maintained, and the platform will assess which issuers need this form of support.

This could prove an attractive solution, alleviating the stress on the treasury of issuers while keeping the return of investors unaffected. Indeed, only the duration is slightly extended. After a few days, 98% of investors voted in favor of the proposal: a nice example of solidarity! •

**« After a few days, 98% of investors voted in favor of the proposal: a nice example of solidarity! »**



**Frederic de Laminne**  
Secretary general,  
Belgian Finance Center

## BUSAN

## CONSISTENT SIGNAL FOR MARKET STABILITY

**Through preemptive and transparent measures, Korea is gradually stabilizing from the spread of COVID-19, and is striving to overcome the economic crisis through active financial policies.**

In particular, Korean government is implementing a drastic expansionary macroeconomic policy and financial stability policy totaling 100 billion dollars (132 trillion won) so that COVID-19 is not

linked to contraction of consumption, investment and industrial activities.

An important point of the Korean government's response is that it is sending a consistent message to the market "unprecedented financial response". The South Korean president defined the current crisis as an emergency economy that is incomparable to that of MERS or SARS, and ordered that

an unprecedented measure be taken.

The government decided to supply loans or guarantees worth 50 billion dollars (58 trillion won) to SMEs through policy lenders. The Bank of Korea also entered into a currency swap agreement with the United States, and provide unlimited liquidity to financial companies by purchasing RPs regardless of the amount for the first time in history. In addition, local governments and financial institutions have decided to cooperate to actively support SMEs and self-employed persons affected by the crisis. •

**« An important point of the Korean government's response is that it is sending a consistent message to the market "unprecedented financial response". »**



## CASABLANCA

## HOW MOROCCO BATTLES THE COVID-19 – EXCEPTIONAL MEASURES, SOLIDARITY AND CALL FOR ACTIVE COOPERATION IN AFRICA



**Morocco was one of the first African countries to implement strict sanitary measures which included immediate quarantine, closing of country borders, banning intercity travel and authorizing a therapeutic protocol based on chloroquine.**

A special fund with an initial \$1 billion was created to collect private and public funding in order to strengthen the health system and finance special allocations and safety nets especially for the underprivileged. Thanks to a national solidarity movement the fund has so far reached \$3Bn.

A high-level economic watch committee is also in place to monitor and manage the economic consequences of the pandemic. It announced the suspension of all legal and regulatory deadlines, of bank loans repayments and leasing as well as social charges for companies until June 30th. The central bank activated additional credit lines to facilitate inter-banking liquidity for SMEs and a new guarantee mechanism will cover 95% of the loans of companies facing difficulties. Even though Africa boasts the youngest population of all continents, the challenges ahead are unprecedented in Africa, as according to

the UN Economic Commission for Africa, a \$100Bn stimulus is required to avoid a recession. Hence the need for a worldwide coordinated response. •

**« The central bank activated additional credit lines to facilitate inter-banking liquidity for SMEs and a new guarantee mechanism will cover 95% of the loans of companies facing difficulties. »**

## FRANKFURT

## GERMAN COMPANIES RECEIVE MASSIVE SUPPORT FROM THE STATE, DEVELOPMENT BANKS AND THE FINANCIAL INDUSTRY



**Waste not, want not – the archetypal German proverb. German fiscal policy has officially said Auf Wiedersehen to the balanced budget and taken measures described as “unprecedented in Germany’s post-war history.”**

The relief package is well in excess of 500 billion Euro. The German national and regional development banks, led by KfW, have been empowered to provide liquidity for small, medium and large businesses struggling with the economic and financial fallout of the current global health crisis. This support comes as grants for SME’s, which

are immediately payable and range from 10,000 to 30,000 Euro, depending on number of employees.

Companies can also apply for and workers can receive what is called Kurzarbeitergeld, more literally: short-time allowance. This allows companies, for a period of up to 12 Month, to reduce working hours for a part or whole of their staff to up to zero. Effected staff receive 60-67% of their pre-crisis pay from the Federal Labour Office (FLO). So far, around 470,000 companies have applied to take advantage of this programme. There is already discussion to potentially extend the 12 Month period.



**Hubertus Vaeth**  
Managing Director,  
Frankfurt Main Finance

Last but not least Germany’s famed Mittelstand began an initiative, with public support, to bring together technologies in order to faster produce more and better protective masks, ventilators, tests and, hopefully soon, vaccines and therapeutic treatments. •



## HONG KONG

## GIVING SMES A HELPING HAND

**A primary role of the financial services industry is to provide liquidity for the real economy to grow and thrive. Currently, small and medium enterprises (SMEs) account for 98% of the total business units and offer some 45% of jobs in private sector in Hong Kong.**

In short, the wellbeing of SMEs is the lifeline of some 1.3 million families or individuals in Hong Kong. During challenging times, nothing is more crucial than liquidity for these firms to stay afloat. Soon after the COVID-19 outbreak, the banking sector introduced 100% Loan Guarantee under the SME Financing Guarantee Scheme to

alleviate burden of paying wages and rents by SMEs.

Insurers also proactively extended free limited coronavirus disease protection to eligible hospital staff and offered free benefits to clients in case of hospitalisation or mandatory quarantine. There is no doubt that our financial services industry stands in solidarity with community in weathering the storm. •

**« In short, the wellbeing of SMEs is the lifeline of some 1.3 million families or individuals. »**



**Christopher Hui**  
Executive Director, Hong Kong Financial Services Development Council

## LUXEMBOURG

## COVID-19: EMBRACING DIGITALISATION IN TIMES OF CRISIS

**The COVID-19 outbreak has impacted mankind faster and more swiftly than anything we have known since WW2.**

We are seeing early signs of a shift in how businesses and financial services companies behave, putting digitalisation at the heart of their strategy, not only to stay ahead of the curve, but to flatten it. Teleworking tools have quickly become part of the mainstream as "working from home" becomes the new normal for financial services companies, allowing them to maintain business continuity. Above all, the pandemic is exposing the importance of inno-

**« Teleworking tools have quickly become part of the mainstream as "working from home" becomes the new normal for financial services companies, allowing them to maintain business continuity. »**

vation for the public good and the increasing role of Artificial Intelligence and Blockchain not only to track and forecast outbreaks but also to help diagnose

the virus. With fears that cash could contribute to spreading the virus, COVID-19 is a catalyst for leveraging cash less transaction solutions, as it might lead to an increasing use of tap-and-go payment channels or other forms of digital transactions. FinTech and new technologies will definitely play a large role in both kick-starting our world and economy again, and making it more resilient for the future. •



## MOSCOW

## WHAT FINANCIAL TECHNOLOGIES CAN DO TO HELP AGAINST THE CORONAVIRUS CRISIS



**Advanced technologies are essential in combating the coronavirus pandemic and its economic impact. In recent years, IFCs have played an important role in fostering innovation by supporting companies engaged in digitalization of financial market.**

MIFC ranks high in global fintech market. In times of "coronacrisis", technology platforms and fintech solutions are at the forefront in fighting against coronavirus, e.g increasing city safety and supporting vulnerable real sector.

Such ideas and projects are collected on the digital platform of the Moscow Innovation Cluster. For example, in the fear of spreading the coronavirus infection, many people refuse to use cash and plastic debit cards. The SWiP fintech-service is active in promoting a contactless payment service that uses a biometric facial recognition system and a QR code. Another fintech-company – ViewApp – offers to use its app to quickly check on the availability of essential goods and medicines. Their app informs customers on the real situation in stores and pharmacies, thus reducing

the number of residents moving around the city and the number social contacts. •

**« MIFC ranks high in global fintech market. In times of "coronacrisis", technology platforms and fintech solutions are at the forefront in fighting against coronavirus, e.g increasing city safety and supporting vulnerable real sector. «**

## MUSCAT

## ENSURING CASH FLOW IN THE MARKET DURING THE CORONAVIRUS CRISIS



**Just like the rest of the world, uncertainty about how severe the effects of the Coronavirus outbreak on the Omani economy has been the case. The duration of this outbreak is still unknown and this is only adding to the uncertainty adding further ambiguity to the severity of the effects.**

To curb these effects the Omani government has taken some measures. Royal orders were given to form a High Committee to deal with the consequences of the outbreak. The Central Bank of Oman (CBO) has come up with a stimulus package to inject OMR 8 billion (USD 20.87 billion) into the economy. This is in addition to

other precautionary procedures issued to banks and FLCs.

As the regulator of the Capital Market and Insurance Industries, the Capital Market Authority (CMA) issued instructions to all SAOGs to postpone their AGMs as a measure to help curb the spread of the coronavirus pandemic. The CMA

also requested all SAOGs to go ahead with distributing dividends for the year ended 31/12/2019 requiring ex-dates to be the same as disclosed earlier in AGMs invitations sent to shareholders. The aim of this move is to have as much as OMR 409 million (USD 1.1billion) re-injected in the market. •

**« The Central Bank of Oman (CBO) has come up with a stimulus package to inject OMR 8 billion (USD 20.87 billion) into the economy. This is in addition to other precautionary procedures issued to banks and FLCs. «**



## PARIS

## 2020 CRISIS, A WAY FORWARD: HOW FINANCIAL CENTERS HELP?



**Two major issues: to manage the economical parenthesis and minimize failures by substituting enterprises 'frozen earnings by public liquidity intermediated by banks, second to leverage this terrible global crisis management time to deeper our societal fragility and challenges that preexisted to the crisis governance, technology, environment.**

Financial centers with their pluridisciplinary components are one of the proper "tools" to address those challenges. The reconstruction phase is urgent and already started. The first lesson is that we are "in the same" boat: to maxi-

mize the chances to win this war we must share and work together. That is the essence of WAIFC.

Actions will be a mix of human resources, processes, financial instruments (capital, credit...) and adapted regulation to disconnect business as usual provisional or prudential rules from this unusual time of frozen economy not kill institutions before the restart times. FC should contribute in better identification and articulation between needs and resources and the international dimension of WAIFC will contribute to cross fertilize actions.



**Arnaud de Bresson**  
Chief Executive Officer,  
Paris EUROPLACE

In France the banking federation, investors association, insurance federation took unprecedented initiatives to leverage first governmental liquidity. •

## QATAR

## QATAR FINANCIAL CENTRE IMPLEMENTS BUSINESS STIMULUS MEASURES IN THE LIGHT OF COVID-19



**In the wake of the COVID-19 pandemic, QFC is providing deadline extensions for tax filings due to the ongoing COVID-19 crisis, in addition to reducing the rate of the charge due on the late payment of tax (late payment charge) to 0% from 1 March 2020 to 31 August 2020.**

The updated rates ensure that any QFC firm who extends their filing due date will not suffer any late payment charges until 31 August 2020, should their tax due also be paid after the payment due date. In addition, the QFC announced the waiver of the Concessionary Rate

Charge due on qualifying QFC entities that elect for the 0% Concessionary Rate under Part 15 of the Tax Regulations if the election is made during the year 2020. QFC is also providing deadline extensions for filing audited annual financial by a period of two months.

Qatar is also witnessing the acceleration of Fintechs to facilitate online payment. QPAY, a leading Fintech provider in Qatar and QFC firm, slashed prices by 50% to help Qatari SMEs accept electronic payments instead of cash which may be contaminated. The Governor of Qatar Central Bank (QCB),



**Yousuf Mohamed Al-Jaida**  
Chief Executive Officer,  
Qatar Financial Centre

His Excellency Sheikh Abdullah bin Saoud Al Thani, recently launched the "Qatar Mobile Payment System" (QMP), which provides a new and safe method for immediate electronic payment. •



STUTT GART

## TRUST IS THE BEGINNING OF EVERYTHING!



**The financial crisis already taught us, how distrust can be the beginning of an end, if you don't act with courage. This is something we did not only learn back in 2009, it is something that has to be considered for any type, including today's COVID-19, crisis.**

Times of crises are always connected with increasing uncertainty, fear, and distrust. People paralyze and fall back into historical stress patterns. Banks stop lending money to each other, consumer decrease their consumption because of distrust towards upcoming events at the market, citizens become increasingly un-

certain about political actions and companies doubt the economic development, and quit further investments.

The most powerful force against today's Corona Virus is and can only be the trust between humans, companies, and the market. This is where financial centers play an important role. Financial centers foster long-lasting relationships and reliable networks on a regional, national, and international level. Especially in situations like today's crisis, reliable networks can be the key to sustainably strengthen the trust between institutions, share best practice experience, and exchange

solutions. One great example is the World Alliance of International Centers. The WAIFC creates transnational relationships and increases the economic and social cohesion and trust. •

**« The most powerful force against today's Corona Virus is and can only be the trust between humans, companies, and the market. »**

TORONTO

## SUPPORTING SMEs THROUGH COVID-19



**Canada's financial sector, governments, and regulators have acted quickly and in a coordinated fashion to ensure access to credit and financial stability for individuals and businesses.**

Supporting SMEs has been a critical focus for Canada given that 99% of businesses in Canada are SMEs. Canada's largest banks swiftly made a commitment to work with Canadians to provide flexible solutions to help them through the crisis. This has included actions such as offering mortgage payment relief to customers via deferred mortgage payments; payment deferrals on existing small business loans, credit cards and credit lines, and

interest free loans supported by the government's Emergency Business Account. Government wage subsidies, a rent assistance program for small businesses, interest rate cuts and reduced stability buffers have also been implemented to send more credit to SMEs.

Financial sector support for SMEs through the crisis is no doubt critical to both the domestic and global economic recovery. •

**« Supporting SMEs has been a critical focus for Canada given that 99% of businesses in Canada are SMEs. »**



**Jennifer Reynolds**  
President & CEO,  
Toronto Finance International

# “Welcome to my home office”

**Nicolas Mackel, Ceo of Luxembourg for Finance**

**During the confinement ordered in most countries, work is continuing. We reproduce here a story originally published by Delano Magazine from Luxembourg featuring Nicolas Mackel, the CEO of Luxembourg for Finance who talks about adapting to this new working habits.**

## **WHEN DID YOU START TELECOMMUTING AS A COVID-19 PRECAUTION?**

We decided last week to implement teleworking, first on Thursday by offering our commuting colleagues, then on Friday all parents of young children, and finally, as of Sunday, everybody, to work from home. For some it is easier than for others. Having very young kids at home can make teleworking illusory. They are grateful for the special holidays granted in this situation. My kids are teenagers and thus have offered a non-aggression pact where they will let me work if I don't interfere too much with their screen abuse ... I have even taken up doing some exercise again on my home trainer.

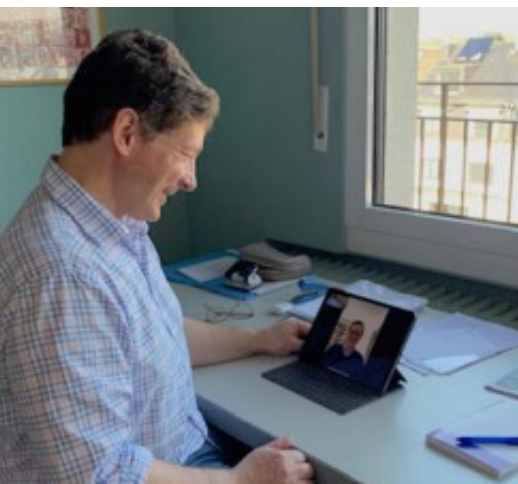
## **WHAT ARE YOUR MOST WIDELY USED TELECOMMUTING TOOLS OR APPLICATIONS?**

Prior to COVID-19, I was used to managing my work as well as staying in touch with my team from a distance because of my extensive travel schedule. However, the

challenge now is that none of the colleagues are in the office and so some tasks are difficult to execute. We have taken to group-chatting via Whatsapp, video-conferencing via Webex meetings and calls via Facetime.

## **HOW DO YOU MAKE TELECOMMUTING WORK FOR YOU?**

Even if the situation is extraordinary, we go about our work. Our communication team is still running our different channels (website, social media, etc), albeit with an obviously adapted content. Our business development colleagues are taking advantage of this time to revise our brochures and to develop new ones. Our events team is managing the consequences of the events we have had to cancel and preparing those we still are confident can take place. Overall, we are following closely the economic and financial fallout of this crisis and starting to think how we need to react to it in terms of positioning Luxembourg's main economic activity for the aftermath. •



« We have taken to group-chatting via Whatsapp, video-conferencing via Webex meetings and calls via Facetime. »



# WAIFC worldwide

WAIFC facilitates cooperation between financial centers, exchange of best practices and communication with the general public. WAIFC members are city governments, associations, and similar institutions developing and promoting their financial centers.



## Directory

CONTINENT	CITY	ORGANISATION	WEBSITE	TWITTER	EMAIL
Europa	Brussels	BFC	<a href="http://www.belfinclub.be/">http://www.belfinclub.be/</a>	@Belgian_Finance	info@belfinclub.be
	Frankfurt	FMF	<a href="https://frankfurt-main-finance.com/en">https://frankfurt-main-finance.com/en</a>	@FMFdigital	info@fmfinance.de
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	Luxembourg	LFF	<a href="http://www.luxembourgforfinance.com/en">http://www.luxembourgforfinance.com/en</a>	@LuxFinance	lff_market_intelligence@lff.lu
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	Paris	Paris Europlace	<a href="http://www.paris-europlace.com/en">http://www.paris-europlace.com/en</a>	@europlace	contact@paris-europlace.com
Asia/Pacific	Nur-Sultan	AIFC	<a href="https://aifc.kz/">https://aifc.kz/</a>	@AIFC_KZ	info@aifc.kz
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	Hong Kong	FSDC	<a href="http://www.fsd.org.hk/en">http://www.fsd.org.hk/en</a>	@FSDCHK	enquiry@fsdc.org.hk
	Tokyo	FinCity.Tokyo	<a href="https://fincity.tokyo/">https://fincity.tokyo/</a>	@FinCityTokyo	contact@fincity.tokyo
Middle East	Abu Dhabi	ADGM	<a href="https://www.adgm.com/">https://www.adgm.com/</a>	@ADGlobalMarket	info@adgm.com
	Muscat	CMA	<a href="https://www.cma.gov.om/">https://www.cma.gov.om/</a>	@cmaoman	info@cma.gov.om
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**MOSCOW**  
international financial centre

**AIFC** Astana  
International  
Financial  
Centre

Busan Economic Promotion Agency  
**BEPA** Busan International Financial City  
Promotion Center

مركز قطر للامال  
Qatar Financial Centre

ABU DHABI GLOBAL MARKET  
سوق أبوظبي العالمي

Capital Market Authority  
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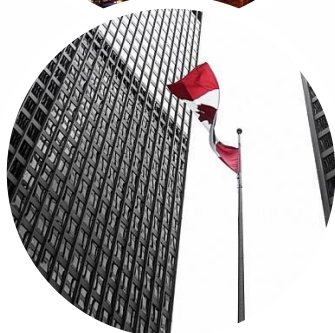
**ECONOMIC  
DEVELOPMENT  
BOARD** MAURITIUS





# WORLD ALLIANCE

of International Financial Centers



## World Alliance of International Financial Centers (WAIFC)

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