

Open for business

Diversity, critical mass, creativity and a deep talent pool are helping Scotland's capital city continue to punch above its weight as a world-leading financial centre, writes Vicky Masterton for Destination Edinburgh Marketing Alliance

FOR A SMALL EUROPEAN CITY REGION with 1.2m people, Edinburgh has established remarkable strength and leadership as a financial services centre and inward investment location. Named Europe's Top Small City in the 2008 Financial Times fDi magazine awards, Scotland's capital city is also Britain's second – and Europe's fourth – largest financial centre, and ranks 20th in the world, ahead of Dubai, Amsterdam and Washington, in the March 2009 Global Financial Centres Index.

Key protagonists across Edinburgh's financial community attribute this status to a depth and breadth of expertise that brings tremendous resilience in challenging economic times.

"One of the points I always make is that the industry in Edinburgh is diverse and very varied," says Owen Kelly, Chief Executive of Scottish Financial Enterprise, the representative body for Scotland's financial services industry.

"We have investment managers, insurance, life and pensions, asset servicing and a large professional services and broking community as well as banking, so it's deep, very strong, and internationally very significant. Taken together, we should be cautiously optimistic about Edinburgh's ability to come through this period of change and renewal and to continue to grow and develop."

Kelly points out that, in investment management alone, Edinburgh ranks 11th in the world, with firms including Baillie Gifford, Martin Currie, Artemis, Franklin Templeton, First State Investments and F&C Asset Management.

Headquartered at Edinburgh's Calton Square, Baillie Gifford is one of the UK's leading privately owned investment firms and now generates more than half its revenues internationally. Partner Edward Hocknell believes Edinburgh's talent pool – 43.6 percent are qualified to degree level or hold a professional qualification – has been a huge asset to the firm. Quality of life in the 'Inspiring Capital' and seat of the Scottish Parliament – where MORI has polled resident satisfaction rates at over 90 percent – is also a big bonus.

"There's a very large pool of really good, well-educated, dedicated and honest people," Hocknell explains. "I think the success of Baillie Gifford over the years is because we have hundreds of really excellent products of the good local education system. The other advantage is Edinburgh's quality of life. It's a great place to live and we don't find it difficult to attract the best graduates from anywhere in the world."

Standing strong

Although investment management globally has been hit by falling stock market valuations and a loss in investor confidence, Martin Currie, based at Saltire Court in the shadow of Edinburgh Castle, believes Scotland remains competitive in terms of service quality and international

reputation. Chief Executive Willie Watt also pays tribute to Edinburgh's workforce, adding: "There are other attractions around the long-term brand and association of the city with financial services, the quality of life, the attraction of the city as a location and its connectivity around the world."

More than 40 airlines are currently providing over 100 direct flight routes to Edinburgh Airport, now Scotland's premier gateway. Local transport infrastructure is also enjoying major investment, including a new \$880m tram system for Edinburgh. In the life and pensions sector, renowned brands headquartered in Edinburgh include Standard Life, Scottish Widows and Aegon UK.

Standard Life, based on Lothian Road in the city's financial Exchange district, has \$228bn of assets under administration and over 6.5m customers in three continents.

"We've been seen as a company about which investors don't have to worry at all, because we pursue our business in a manner we call 'capital light' and keep a tight focus on cash management," explains Chief Executive Sir Sandy Crombie, who was knighted this year for services to the insurance industry.

"I think what Edinburgh has got going for it is the breadth of different businesses and all the support disciplines that go with that."

In the banking sector, the newly enlarged Lloyds Banking Group is moving its Scottish headquarters to the historic Mound, where Bank of Scotland, Britain's first joint stock clearing bank, was established in 1695.

"We have a huge responsibility, because we're now banking close to one of every two people in Scotland and have huge reach," explains Susan Rice, Lloyds Banking Group Managing Director Scotland. "We need to take that very seriously and make sure we always stay on our customer's agenda. We are also now one of the most well-capitalised banks in the world. We've never stopped lending and we're certainly open for business."

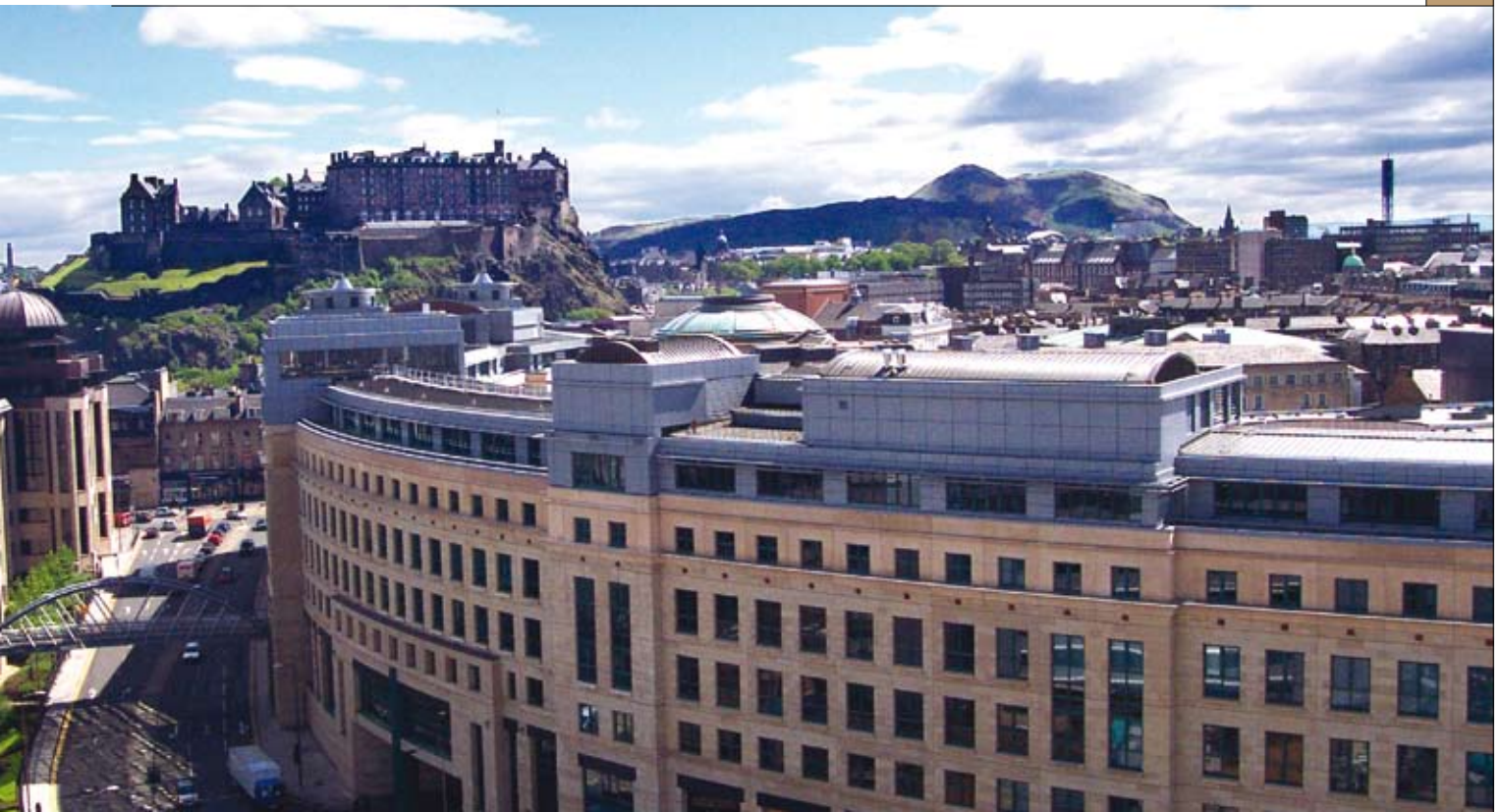
Rice points out that recent high-profile events in the banking sector have affected every country in the world, not just Scotland.

New arrivals

One major coup for Edinburgh was the announcement in March that Tesco Personal Finance was establishing a new headquarters in Edinburgh's Haymarket area, creating more than 200 new jobs. The business has nearly 6m customer accounts and markets its products in countries including Ireland, Hungary and Poland as well as the UK.

"Edinburgh is the ideal place from which to move what is already a successful business into the next stage of its development," says Chief Executive Benny Higgins. "There





is a real enthusiasm among our staff for being based in Edinburgh.”

Earlier this year the Co-operative Bank also opened a new Corporate Banking Centre as part of an £18m expansion, while the Clydesdale Bank, owned by National Australia Bank, has seen an influx of corporate re-banking business in the last three months to its Edinburgh Financial Solutions Centre.

Lloyds Banking Group and Royal Bank of Scotland have both had a busy first quarter, advising on major listed company financings including revolving credit facilities for John Wood Group and Aggreko. In asset servicing, Edinburgh is home to major players including Bank of New York Mellon, State Street Corporation and Citi. JP Morgan Europe, which holds around \$14trn of assets in custody for more than 1,250 clients, employs 300 people at its Worldwide Securities Services Fund Administration operation and European Asset Pricing hub at Edinburgh Park.

Sandy Brodie, Executive Director, says: “Over the last 18 months we’ve seen a significant inflow of new business from existing clients and are delighted to have picked up new mandates locally as well as from London and further afield.”

“The timezone, availability of quality staff, reasonable location costs and transport links make Edinburgh a very attractive place for doing business.

“From JP Morgan’s perspective, we’ve been here since 1992, and given the strength of our balance sheet and quality of our products, we hope to be doing this type of business here for a number of years to come.”

State Street employs around 750 people in Edinburgh across its core performance measurement, custody, fund accounting and trustee operations. Barry Muir, Senior Vice President and Managing Director State Street Scotland, reports ‘real demand’ for the firm’s services, fuelled by growth in administration outsourcing as asset managers increase their focus on investment performance.

“Edinburgh’s reputation as a very strong financial services centre isn’t just going to be washed away with the recent

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financial crisis,” Muir suggests. “I think the market still sees Scotland in general as a place where the financial services talent pool is very strong. Organisations like ourselves are still looking to position a lot of our business growth in Edinburgh and our peers are saying the same thing.”

Supporting this diverse financial services hub is a large and respected community of professional advisors providing a broad range of vital services. These include lawyers, accountants, corporate financiers, brokers, risk managers, IT specialists, human resources and marketing professionals.

Edinburgh’s wider economy is itself diversified. Tourism, for example, attracts four million visitors a year. As a world-leading science and technology destination, Edinburgh city region has internationally recognised strengths in disciplines including life sciences, enabling technologies, optoelectronics and informatics.

“For example, the School of Informatics at The University of Edinburgh is ranked as a top-three centre of excellence globally,” explains Norman Springford, Chair of the Destination Edinburgh Marketing Alliance, formed to promote Edinburgh as a world-class location for investors, visitors, students and new residents.

“The work done here has wide-reaching applications across multiple sectors – including financial services, where it promotes competitiveness by improving the customer experience.”

At Scottish Development International, the national inward investment agency, Sales & Marketing Director Stewart Laing believes Scotland remains an attractive and highly competitive location for both indigenous and international businesses.

He concludes: “Taken together, the depth and spread of Scotland’s financial services industry provide an excellent platform for stability through these turbulent times and will ensure we’re in the best position to take advantage of the recovery when it comes.”

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