

INTERNATIONAL FINANCIAL CENTERS: NEW YORK AND LONDON

Supervisor: PhD Akhmadaliyeva Nikholakhon.

Student: Sultanov Dastan

Annotation:

This paper examines the historical development of two leading international financial centers (IFCs), New York and London, and outlines how Uzbekistan might adapt selected practices to strengthen its own financial ecosystem. In today's globalized economy, IFCs managing capital flows, investments, banking, and stock markets are vital assets for national and global growth. New York and London hold a distinctive role as hubs that stimulate trade, investment, and innovation, thereby contributing to worldwide stability. The effectiveness of IFCs depends on infrastructure, legal frameworks, and skilled professionals. The New York Stock Exchange and London's financial district, as the "hearts" of global markets, provide opportunities for corporations and investors, generate employment, and integrate innovative technologies. Beyond finance, they rely on transparency, regulation, stability, and digital leadership to build investor confidence and promote sustainable international cooperation.

Key words: Innovation, finance, international markets, fintech, cross-border banking, capital development, cooperation.

Introduction

The evolution of global finance has always been tied to these centers: Amsterdam in the seventeenth century, London in the nineteenth and early twentieth centuries, and New York in the post-World War II era. Today, London and New York represent the twin pillars of international finance, consistently ranked at the top of the Global Financial Centres Index (GFCI). In the most recent GFCI 38 (2025), New York holds first place with a rating of 766, followed closely by London at 765. This margin highlights not only their shared dominance, but also their intense competition for global leadership. The enduring prominence of New York and London is not accidental. Both cities benefit from deep historical legacies, robust legal systems, and powerful agglomeration effects that attract talent and capital. Geographically, their time zones allow them to serve as bridges between markets: London connects Asia with North America, while New York links the Americas with Europe and beyond. Together, they form a "24-hour financial market cycle," ensuring seamless global trading activity.

Despite these similarities, the two centers have developed distinctive strengths. New York is unrivaled in capital markets and securities trading, home to the New York Stock Exchange

(NYSE) and NASDAQ, which together represent more than \$30 trillion in market capitalization. It is also a hub for asset management, hedge funds, and private equity. London, on the other hand, dominates in foreign exchange (FX) markets, handling 38% of daily global FX turnover compared to New York's 19% (BIS 2022). It also serves as Europe's leading center for insurance, cross-border banking, and legal services associated with finance.

The comparative study of these two centers is particularly relevant in light of recent shocks. The 2008 global financial crisis revealed the vulnerabilities of highly interconnected markets, yet both New York and London emerged with their centrality intact. The 2016 Brexit referendum raised questions about London's future as Europe's financial gateway, with some activities relocating to Frankfurt, Paris, and Amsterdam. The COVID-19 pandemic posed another test, disrupting financial labor markets and accelerating digital transformation. Despite these disruptions, the resilience of both centers underscores their systemic importance. At the same time, their dominance is increasingly contested. Asian financial centers such as Hong Kong, Singapore, Shanghai, and Tokyo are expanding rapidly, while emerging hubs like Dubai and Luxembourg position themselves as specialized players. The competitive environment is also shaped by technological disruption: fintech, digital assets, and blockchain-based platforms have the potential to challenge the traditional foundations of financial intermediation.

Table-1 Top international financial centers

Centre	GFCI 38 Rank	GFCI 38 Rating	Rank (+/-)	Rating (+/-)	Region
New York	1	766	0	-3↓	North America
London	2	765	0	3↑	Western Europe
Hong Kong	3	764	0	4↑	Asia/Pacific
Singapore	4	763	0	13↑	Asia/Pacific
San Francisco	5	754	0	5↑	North America
Chicago	6	753	0	7↑	North America
Los Angeles	7	752	0	7↑	North America
Shanghai	8	751	0	7↑	Asia/Pacific
Shenzhen	9	750	0	7↑	Asia/Pacific
Seoul	10	749	0	7↑	Asia/Pacific

The Uzbekistan-2030 strategy, announced by President Shavkat Mirziyoyev, is an ambitious roadmap for transforming Uzbekistan into a modern, competitive economy. Among its key targets are attracting US\$250 billion in investments, raising annual bank lending to US\$40 billion, expanding the stock market to US\$8 billion, and quadrupling bank deposits by 2030. To achieve these goals, Uzbekistan can draw valuable lessons from New York and London, the world's leading international financial centers. New York, dominated by Wall Street, is the hub of securities trading and investment banking, with the New York Stock Exchange and NASDAQ setting global standards for capital markets. London, by contrast, is the unrivaled leader in foreign exchange, global banking, and financial law, strategically located between Asia and America. Their success is rooted not only in size, but also in strong legal systems, deep capital markets, advanced infrastructure, and highly skilled human capital.

For Uzbekistan, the first lesson is the importance of institutional quality and transparency. Both New York and London thrive on predictable regulations, investor protection, and the rule of law. The Uzbekistan-2030 strategy emphasizes public finance reform and stronger legal frameworks, which, if implemented, will boost foreign investor confidence and reduce risks of doing business.

Second, capital market development is crucial. Uzbekistan's goal of expanding freely traded securities to US\$8 billion requires learning from the depth and liquidity of NYSE and London Stock Exchange. Encouraging domestic firms to list, creating incentives for bond issuance, and modernizing exchange infrastructure will be key.

Third, human capital and innovation must be prioritized. Both IFCs have built dense ecosystems of skilled professionals, fintech startups, and supporting services such as law, consultancy, and rating agencies. In line with Uzbekistan-2030 priorities on youth and entrepreneurship, Uzbekistan should expand financial literacy programs, strengthen university–industry partnerships, and create regulatory sandboxes to nurture fintech.

Fourth, Uzbekistan can exploit its geographic advantage. Situated at the crossroads of Central and South Asia, Tashkent could serve as a regional connector for investment flows, especially in energy, infrastructure, and green finance. Specialization in Islamic finance or sustainable finance would give Uzbekistan a comparative edge, much as London leveraged foreign exchange and New York leveraged securities trading. They demonstrate that financial centers are built through vision, reform, and connectivity. By adapting their lessons to national priorities, Uzbekistan can realistically transform Tashkent into a strong regional hub, advancing the Uzbekistan-2030 strategy and laying the foundation for inclusive, sustainable growth.

2-table Implementation of foreign experience to national economy

Dimension	New York (NYC)	London (UK)	Uzbekistan-2030 Targets	Implication for Financial Center Development
Macroeconomic Goals	US GDP > US\$28 trillion; NY State GDP ~US\$2.2 trillion	UK GDP ~US\$3.3 trillion; London ~20% of GDP	GDP → US\$160B, income per capita → US\$4,000, inflation → 5–6%	Stable macro environment is the foundation for attracting global capital and IFC credibility
Public Finance & Debt	Strong bond market, transparent fiscal system	London: global debt trading hub	Gov. debt ≤ 50% of GDP, budget deficit ≤ 3%	Fiscal discipline is key for credit ratings and investor trust
Capital Markets	NYSE + NASDAQ → >US\$25T market cap	LSE → 2,000+ listings, strong bond/derivative markets	Free float securities → US\$8B, portfolio investment ×2, 40 IPOs by 2030	Need deep, liquid markets to replicate IFC functions
Banking & Finance	Global banking & asset management center	Home to global banks, FX hub	Credit → US\$40B annually, deposits ×4, privatize most banks, invite 4 global banks, Islamic finance laws	Banking reform + foreign participation are critical for IFC credibility
Investment & PPP	NYC: massive FDI inflows	London: leading destination for FDI	Attract US\$250B investments, US\$30B PPP projects	Large capital inflows require strong IFC infrastructure
Industrial & Export Base	Supports financial sector via corporate listings	London strong in commodity & FX markets	Exports → US\$45B, +15K exporters, shift to high value-added	Larger corporate sector fuels securities and bond markets
Green & Sustainable Finance	NYC: Climate finance, ESG integration	London: world leader in green bonds	Renewables → 25 GW, 40% of energy mix, CO ₂ ↓30%	Green finance can be Uzbekistan's niche IFC specialization
Transport & Logistics	Global trade hub (NY Port, JFK)	London: Heathrow, Eurostar, shipping insurance	Transit cargo → 16M tons, 56,000 km roads, "Open Skies" aviation	Logistics expansion supports financial hub integration
Digital & IT	Silicon Alley (NYC fintech startups)	London: leading fintech & digital banking	IT exports → US\$5B, Top-30 in UN e-Gov, +100K IT jobs, 1st Unicorn startup	Fintech and IT exports can position Tashkent as digital IFC
Tourism & Services	NYC: cultural/finance tourism hub	London: world's most visited city	Tourists → 15M foreign, tourism exports → US\$5B	Tourism generates FX inflows that strengthen financial sector
Urbanization & Housing	NYC: 8.5M pop, advanced housing finance	London: real estate hub	Urbanization → 60%, +1M housing units	Real estate & mortgage markets stimulate capital markets
Innovation & Human Capital	NYC universities + Wall Street synergy	London: legal, finance, and fintech professionals	8 industrial R&D clusters, engineer schools, 100K IT jobs	Skilled workforce is critical for IFC specialization

The results indicate that developing Tashkent as an international financial hub is possible if supported by reforms in financial regulation, digitalization, and human capital. Current progress under the "Uzbekistan 2030" Strategy shows positive steps, such as tax reforms,

digital economy development, and the creation of free economic zones. However, challenges remain in terms of institutional efficiency, global investor confidence, and infrastructure. Uzbekistan can accelerate this process by implementing targeted reforms: strengthening rule of law, ensuring transparency in financial markets, encouraging public-private partnerships, and investing in education to build human capital in finance and technology. Digital finance and Islamic banking can provide niche advantages for Uzbekistan within Central Asia.

Conclusion

Tashkent has the potential to position itself as a dynamic financial center in Central Asia, yet this ambition comes with a number of challenges that must be addressed strategically. One of the primary drawbacks lies in the underdeveloped regulatory and legal framework, which often creates uncertainty for investors and raises questions about contract enforcement and transparency. Additionally, the domestic capital market remains narrow and illiquid, with a limited range of financial instruments and few publicly listed companies. This restricts the ability of the financial sector to attract international players and diversify investment opportunities. Furthermore, the city's integration with global finance is still modest, as major international banks and financial institutions are not fully represented in Uzbekistan. Human capital also presents a significant constraint: there is a shortage of professionals with expertise in international banking, investment, and fintech, while many skilled individuals seek opportunities abroad. Infrastructure and technology are improving but remain behind global standards, particularly in areas such as digital payments, fintech ecosystems, and cybersecurity. Finally, Tashkent must also overcome issues of perception, as investors continue to associate the market with bureaucracy and low transparency compared to established centers like London or New York.

To address all these mentioned, Uzbekistan should prioritize reforms that align financial regulations with international norms, while simultaneously building strong mechanisms to protect investors. Expanding capital markets through privatization and the introduction of new instruments will improve liquidity and diversify investment opportunities. Greater integration with global financial networks, coupled with the attraction of regional banks and fintech firms, can enhance Tashkent's international presence. Equally important is the development of human capital through specialized training programs and exchange initiatives. A great example for this can be "El-yurt Umidi" program that funds talented people to study and conduct researches abroad. Investments in both physical and digital infrastructure, alongside initiatives to build transparency and trust, will further strengthen the city's competitiveness.

The comparative study highlights that the successful elements of New York and London legal stability, openness to investment, and continuous innovation can be adapted to Uzbekistan's

context. By aligning financial sector reforms with the goals of the Uzbekistan 2030 Strategy, Tashkent has the potential to evolve into a recognized regional financial hub, contributing to economic diversification and long-term growth.

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