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## **Better Together: Building On The Strengths Of Canada's Four Global Financial Centres**

Ottawa, July 12, 2016 –Canada has four main global financial centres—Montréal, Toronto, Calgary and Vancouver—each with its own unique strengths. A new Conference Board of Canada [report](#) suggests that the cities complement each other, allowing Canada’s financial services sector to have a depth and breadth beyond what any one financial centre would be able to provide.

“Canada’s financial system is recognized as one of the best and most sound in the world and has been a key driver of economic growth over the past decade,” said Michael Burt, Director, Industrial Trends, The Conference Board of Canada. “This growing international prominence has been largely driven by four key financial centres—Montréal, Toronto, Calgary and Vancouver.”

### **HIGHLIGHTS**

- Toronto is Canada’s largest global financial centre, but Canada has three others—Montréal, Calgary and Vancouver.
- These four cities comprise the majority of financial services activity in Canada.
- Financial services activity in each of the four cities is different, resulting in different areas of expertise that mirror their respective regional economies.
- Canada’s financial services sector could improve its position on the global stage if its main financial centres joined efforts to better market their strengths.

The financial services sector is one of the most important to the Canadian economy, directly accounting for over 790,000 jobs and 7 per cent of GDP in Canada in 2015. Together, Toronto, Vancouver, Montreal and Calgary make up the majority of the activity in the sector nationally. One in every 14 private sector jobs in these four cities is in financial services and the sector accounts for an even larger share of GDP in each metro area.

Due to the composition of each regional economy, financial services activity in each of the four cities is different and each excels in different areas. The report, [\*Stronger Together: The Strengths of Canada's Four Global Financial Centres\*](#), identifies key strengths for each of Canada's four financial centres.

### **Montréal**

Montréal's key strengths include pensions, personal and commercial banking, credit unions, derivatives, and private equity. Montréal is home to some of Canada's (and the world's) largest pension funds, including the Caisse de Dépôt Placement du Québec and the Government and Public Employees Pension Plan, making it a hub of portfolio management activity. There is also a strong link between Montréal's pension funds and the high level of private equity activity that takes place in the province, as both of these funds undertake significant private equity investments. Montréal's strength in retail banking is driven by the presence of the headquarters of the National Bank of Canada and Laurentian Bank, and the presence of Canada's main derivatives exchange is a core factor driving the city's strength in this market segment. Finally, Montréal's strength in credit unions is in part driven by the local preference for conducting personal banking services with these institutions.

### **Toronto**

Core strengths in Toronto include personal and corporate banking, investment banking, wealth management, fund management, life and health insurance, FinTech, and back-office activities. The presence of the headquarters of Canada's five largest banks in

Toronto, all of which are large multinational businesses that offer a breadth of domestic services, is part of these varied strengths. Similarly, Sun Life Financial and Manulife Financial, two of the largest insurance companies in the world, drive Toronto's strength in their core business of life and health insurance, but they too offer a breadth of other services, such as fund and wealth management.

Other multinational institutions that drive Toronto's core strengths include that it is the location for some of the largest pension funds in the world—such as the Canada Pension Plan Investment Board, the Ontario Teachers' Pension Plan, and the Ontario Municipal Employees Retirement System. Fund management activity and investment banking activity in Toronto are also supported by the presence of the Toronto Stock Exchange, one of the largest equity exchanges in the world. Finally, although the FinTech industry is still in the early stages of development in Canada, Toronto has the strongest presence in the industry. The city benefits from a close proximity to the University of Waterloo and the University of Toronto, and a variety of incubators.

### **Calgary**

Calgary's strengths include investment banking (particularly mergers and acquisitions), facilitating foreign direct investment, private equity, wealth management, and corporate banking. For example, Calgary is home to prominent private equity firms such as ARC Financial, TriWest Capital, and Mosaic. These strengths are generally linked to the unusually large number of firms headquartered in the city, as well as its high level of income and wealth. In particular, the size and importance of Calgary's oil and gas sector is a major driver of the financial activity that takes place in the city, but many other large firms, such as Canadian Pacific Railway, WestJet Airlines, Agrium, and Shaw Communications are headquartered in Calgary.

### **Vancouver**

Key strengths in Vancouver's financial sector include wealth management, facilitating foreign direct investment, trade finance and settlement, credit unions, mortgage brokers, and venture capital. Some of these are tied to the increasing interconnectedness

between Canada and Asia, as evidenced by rising trade and investment between Canada and China specifically. In other situations, Vancouver's strengths are based on the institutions that are found there. For example, Vancouver is home to the headquarters of several of the largest credit unions in Canada, including VanCity, Coast Capital Savings, and First West Credit Union. As well, Vancouver is home to the headquarters for several of the largest mortgage brokers in Canada, including Dominion Lending Services, and Verico.

The report, [\*Stronger Together: The Strengths of Canada's Four Global Financial Centres\*](#), was funded by Advantage BC, Finance Montréal, Toronto Financial Services Alliance, and Calgary Economic Development. It is available from The Conference Board of Canada's e-Library.

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#### **FOR MORE INFORMATION**

Yvonne Squires, Media Relations  
The Conference Board of Canada  
Tel.: 613- 526-3090 ext. 221  
E-mail: [corpcomm@conferenceboard.ca](mailto:corpcomm@conferenceboard.ca)

or

Juline Ranger, Director of Communications  
The Conference Board of Canada  
Tel.: 613- 526-3090 ext. 431  
E-mail: [corpcomm@conferenceboard.ca](mailto:corpcomm@conferenceboard.ca)

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