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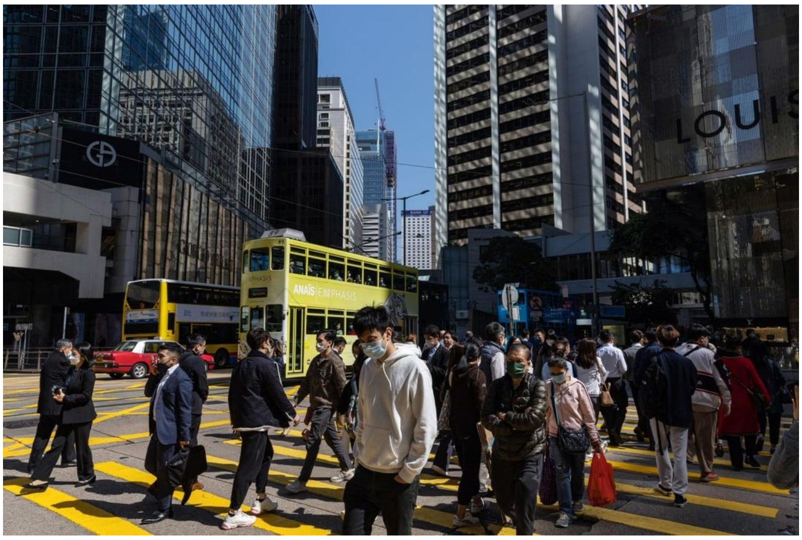
Hong Kong will bounce back 'differently' to regain role as international finance centre, Asian chief of Italian asset manager says

- With Hong Kong lifting its mask mandate last week, the government is pushing ahead with campaigns to attract financiers, professionals and businesses
- Sean Debow is co-author of the book Rise From Crisis, recently published by the CFA Society Hong Kong to celebrate its 30th anniversary

By Peggy Sito



Pedestrians cross an intersection in Hong Kong's Central district on February 22, 2023. Photo: EPA-EFE

Hong Kong's economy will bounce back like it has from other crises in past decades, but this time it will take longer because time is needed for talent to return after three years of Covid-19 travel restrictions, says the Asian chief of Eurizon Capital, a leading asset management firm in Europe.

"If we look at every crisis in the last [few] decades, it's been the people of Hong Kong who have effectively reinvented themselves in financial services each time," said Sean Debow, CEO of Eurizon Capital Asia. "It could have been by creating new regulations [or by] adding new investment products and solutions [or] it could have been by hiring new people."

However, Debow, who has lived in Hong Kong for 29 years, said the city will "bounce back differently" this time, as it will take longer to recruit "many thousands of talented, skilled people from around the globe". There are many skilled people from mainland China who "still want to work in financial services", he added in an interview with the South China Morning Post.

Eurizon is a Milan-based asset management firm with total assets under management of €392 billion (US$416 billion) as of the second quarter of 2022. It is the asset management division of Intesa Sanpaolo, Italy's largest banking group.

Sean Debow, CEO of Eurizon Capital Asia. Photo: Handout

Since being hit by civil unrest starting in 2019 and three years of strict Covid-19 controls, Hong Kong has witnessed a wave of emigration comprising locals and expatriates who were fed up with pandemic travel curbs and concerned over Beijing's National Security Law.

With Hong Kong lifting its mask mandate last week – the city's last major Covid-19 restriction – the government is pushing ahead with campaigns to attract financiers, professionals and businesses in a bid to restore the city's reputation as an international finance hub in Asia.

Besides talent, Debow said Hong Kong has other advantages, including physical location and connectivity to mainland China, that will help it retain its role as a financial hub.

"The fact is that most of the financial services industry can walk to each other's office, and quickly network," he said, adding that at the Rugby Sevens matches every summer, "you pretty much have 50 per cent of the leadership of financial services in Hong Kong in one spot".

"I would challenge you to go to New York or London and find a similar event with so many people in charge, in such a small spot. That kind of networking allows Hong Kong to bounce back from crises faster, because people collaborate with their peers and competitors in a very clever way," he said.

Hong Kong's relationship with mainland China and the global markets are reasons why it can bounce back, said Debow.

Passengers walk through the departure hall of Hong Kong International Airport on January 8, 2023. Photo: Yik Yeung-man

“It is not a coincidence that people in Hong Kong have parents, grandparents, friends, relatives who are living in or have lived in Shanghai, Beijing, etc. And those relationships go deep.

“While many other countries in Asia, most obviously Singapore, have tried to recreate it, it’s different. They are in another location. They’re not family. We are family.

“The connectivity between New York, London and Hong Kong is so deep, that Hong Kong is in that very critical circle,” said Debow, citing the non-stop flights from New York to Hong Kong for roughly 18 years as an example. “There have been limited nonstop flights to Singapore over the years,” he said.

Debow is co-author of the book *Rise From Crisis,* recently published by the CFA Society Hong Kong to celebrate its 30th anniversary. The book comprises articles by 30 professionals in the industry who have witnessed Hong Kong’s rise from successive crises in the last three decades.

Alvin Ho, president of the CFA Society Hong Kong, said the city is also a private equity centre in Asia. Hong Kong had over US$190 billion of capital under management as of June 2022, ranking it second in Asia after mainland China, according to the official data.

Alvin Ho, President of CFA Society Hong Kong. Photo: CFA Society Hong Kong

Hong Kong was also ranked the largest hedge fund hub in Asia as of March this year, and the largest cross-border financial centre in Asia in 2021, Ho said.

Hong Kong financiers can “help mainland institutional investors … We have an outsize role to play”, said Ho, who is also managing director at Allivision Partners.

“As some Chinese firms or companies are looking to expand, not necessarily to Western markets, but in the Asia market, we can help them. The advantage for Hong Kong is that from day one, we will be thinking about the international market, not just Hong Kong or China,” he said.

The planned development of the Guangdong-Hong Kong-Macau Greater Bay Area (GBA) has created an additional need for private investment capital by start-ups in the innovation and technology field, according to Ho.

Ho said that with venture capital still in the early stage in the GBA, and the huge domestic market opportunity on top, “we should move forward to embrace venture and growth investing, having the backing of an international financial centre.