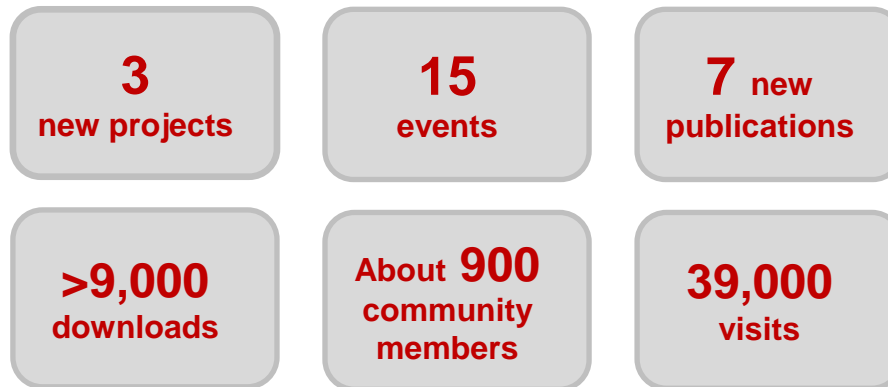


Long Finance seeks to expand frontiers, change systems and deliver services to foster a long-term approach to finance through its community's programmes, research, publications, and events. This document presents 'Evidence of Worth' by reviewing Long Finance achievements during 2014.

LONG FINANCE IN 2014



In 2014, Long Finance...

... launched three new projects:

- ◆ **Finance Toolkit for Sustainable Cities** – a project created in collaboration with WWF to review financing instruments commonly used in infrastructure and to assess their potential to finance the transition towards sustainable infrastructure with a focus on energy efficiency and renewable energy projects at city level;
- ◆ **How Blockchain Technology Might Transform Personal Insurance** – a research project which explored how distributed ledgers, such as blockchain technology, might transform personal insurance and in particular interactions between individuals and insurance companies over time;
- ◆ **Opportunities for Standards Development in Selected Sectors of Finance** – following the publication of “Backing Market Forces: How to Make Voluntary Standards Markets work for Financial Services Regulation” in 2013, this project aimed to identify opportunities for voluntary standards development in selected sectors of financial services, starting with insurance and investment & asset management.

... released seven new publications, totalling 33 Long Finance research publications available to download:

- ◆ **“Chain Of A Lifetime: How Blockchain Technology Might Transform Personal Insurance”** by Michael Mainelli and Chiara von Gunten, Z/Yen Group, Long Finance (December 2014), 51 pages;
- ◆ **“Maritime Financial Centres”** by Mark Yeandle, Z/Yen Group for Long Finance’s Financial Centre Futures programme and Busan Metropolitan City (November 2014), 18 pages;
- ◆ **“Financing Tomorrow’s Cities: Meta-Analysis”** by Chiara von Gunten, Z/Yen Group for the City of London Corporation and Long Finance (July 2014), 15 pages;

- ◆ “**Opportunities for Standards in Insurance**” and “**Opportunities for Standards in Investment & Asset Management**” by Chiara von Gunten, Michael Mainelli and Therese Kieve, Z/Yen Group for BSI and Long Finance (October 2014), 20 pages;
- ◆ “**Global Financial Centres Index (GFCI) 15**” and “**Global Financial Centres Index (GFCI) 16**” by Mark Yeandle, Z/Yen Group and Qatar Financial Centre, (March and September 2014), 56 pages each.

...organised 15 events in London, UK and participated in over 30 other events in the UK and globally.

**EXPANDING FRONTIERS AND CHANGING SYSTEMS**

**The London Accord**

*Over 60 contributors are now sharing over 480 freely accessible reports on finance, cities, environmental, social & governance (ESG) issues.*

481 reports were available on the London Accord at the end of 2014, representing a 15% increase from 2013. Out of 69 reports considered, Lloyd’s won the 2013/14 Farsight Award for their report titled “Feast or Famine: Business and Insurance Implications of Food Safety and Security”. The Farsight Award, an award category of the Sustainable City Awards organized by the City of London since 2009, rewards the best individual piece of analysis done by an investment research institution that integrates traditional financial analysis with longer-term ESG issues. The Long Finance judges found Lloyd’s report provided “a valuable introduction to how insurers assess food safety and security issues. The report identifies new areas of concern such as supply shocks and agroterrorism and provides a roadmap of possible responses by the insurance industry. This work should be valuable to all members of the financial services community – from equity analysts to risk managers.” Bank of America Merrill Lynch and Kepler Cheuvreux were highly commended for the excellence of their research. Chart 1 below gives an indication of the research areas that were most explored in relation to finance by our contributors.

*Chart 1 –London Accord Most Popular Research Areas in 2014*

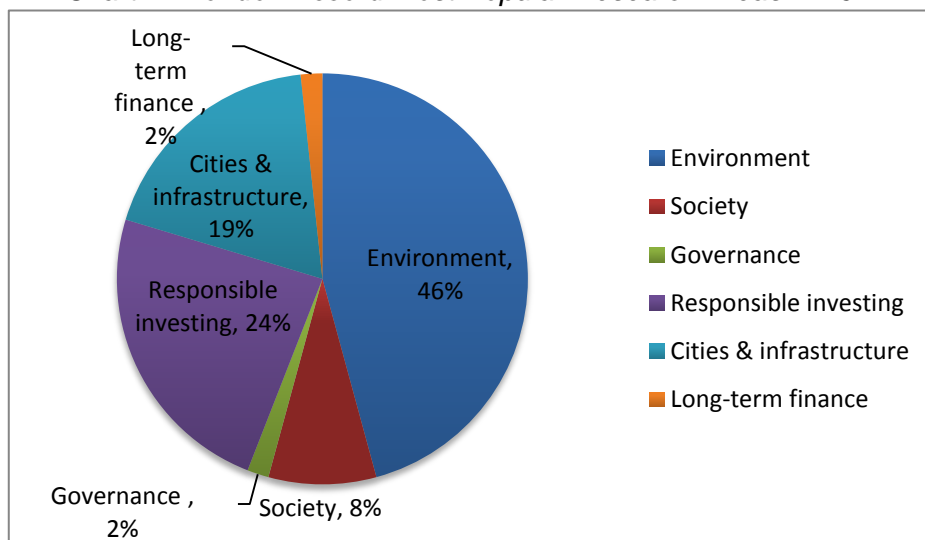


Table 1 below shows the most popular reports downloaded from the London Accord in 2014.

*Table 1 – Most popular London Accord reports in terms of downloads in 2014*

Contributor	Report	Year
Kepler Cheuvreux	Toil for Oil Spells Danger for Majors	2014
Lloyd's	Feast or Famine: Business and Insurance Implications of Food Safety and Security	2013
Bank of America Merrill Lynch	No Time to Waste – Global Waste Primer	2013
Bank of America Merrill Lynch	Globesity Primer - the Global Fight Against Obesity	2013
Credit Suisse	Conservation Finance: Moving beyond donor funding toward an investor-driven approach	2014
Deutsche Bank	LT Asset Return Study: A Journey into the Unknown	2012
Credit Suisse & WWF	Transition to a Low Carbon Economy: the Role of Banks	2011
Kepler Cheuvreux	Luxury Goods - Sustainability Sector Profile	2012
Deutsche Bank	Environmental, social, and governance (ESG) data: Can it enhance returns and reduce risks?	2013
Kepler Cheuvreux	Stranded Assets, Fossilised Revenues	2014

Three new contributors, including Arabesque, Green Alliance, and Notenstein joined the London Accord in 2014, totalling 63 contributors who kindly share financial research on cities, environmental, social & governance issues on the London Accord.

### Financial Centres Futures

*The 15<sup>th</sup> and 16<sup>h</sup> edition of the GFCI were released. GFCI now researches 97 financial centres.*



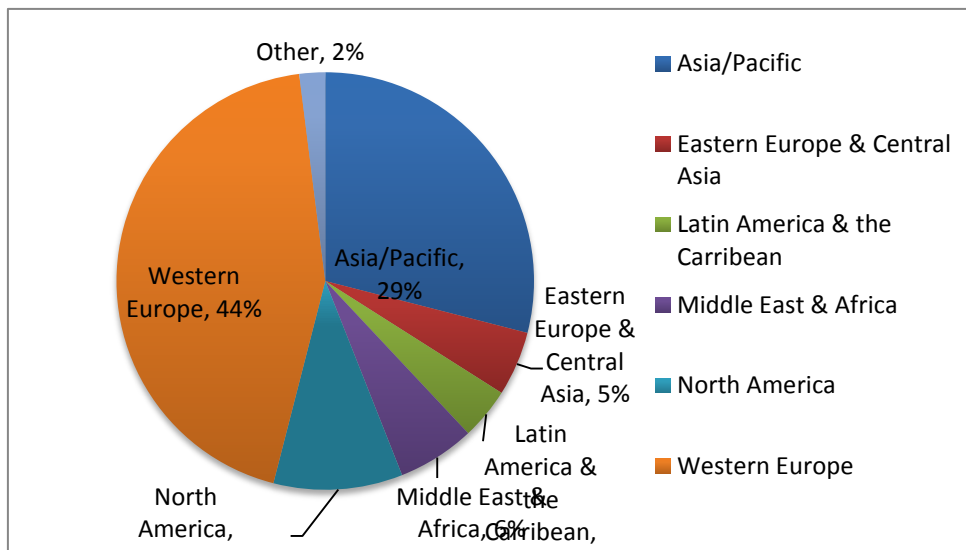
The **Global Financial Centres Index**, which provides profiles, ratings and rankings for 83 financial centres, continues to reach a global audience online, through events including in the UK, Canada, Morocco and South Korea and through global media press outlets including the Financial Times, City AM and the Daily Telegraph and the Washington Post. The widespread media attention to GFCI in 2014 confirmed that it is one of the most widely respected and used indicators of financial centres' competitiveness.

Sponsored by the Qatar Financial Centre, the Financial Centre Futures programme is always looking to expand, develop and learn from the index.

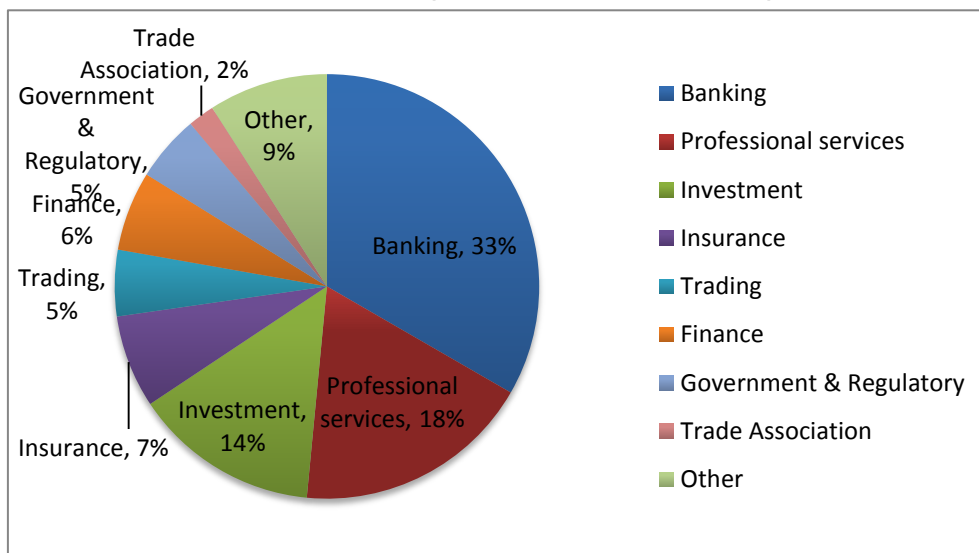
2014 saw three new cities added to the GFCI – Almaty, Busan and Casablanca. In addition, 15 financial centres are waiting to acquire the 200 assessments necessary to be included in the GFCI, of which Trinidad and Tobago, and Kuwait City were added in 2014.

In 2014, the GFCI used 103 instrumental factors (third party measures and indices), alongside over 12,300 financial centre assessments from 1,508 respondents, about 20% more than in 2013. The charts below give an indication of the respondents' location and sector of activity.

*Chart 2 – GFCI Respondents 2014 – Location*



*Chart 3 – GFCI Respondents 2014 – Sector split*



The full GFCI is published every six months (in March and September) since 2007, with interim versions produced in June and December. The progress of each financial centre can be tracked online using the [GFCI Over Time tool](#).

**DELIVERING SERVICES AND SHARING KNOWLEDGE**

**Research & Publications**

*33 publications on finance and the long term are freely available to download and more is to come building on the Long Finance research agenda.*

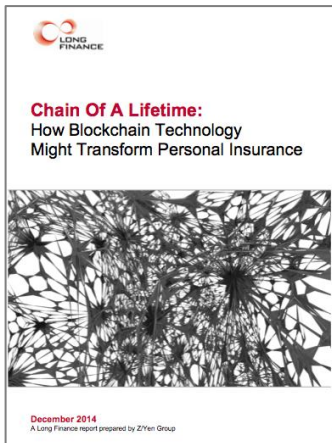
Long Finance takes a collaborative approach to research by working with financial services professionals, universities and governments to advance innovative thinking on a wide range of subjects taking a long-term view and to influence policy-making that accelerates change. In 2014, Long Finance continued its efforts to strengthen key Long Finance research areas as illustrated by the **Long Finance research agenda** below.

*Table 2 – Long Finance research agenda*

Theme	Research areas
Measurement	<ul style="list-style-type: none"> <li>◆ Confidence Accounting**</li> <li>◆ Long-Term Performance Measurement</li> <li>◆ Uses and Abuses of Discount Rates*</li> </ul>
Financial System	<ul style="list-style-type: none"> <li>◆ Insured Utility Banking*</li> <li>◆ Futures of Finance</li> <li>◆ Clustering*</li> <li>◆ Asset Management*</li> <li>◆ Global Financial Centres**</li> <li>◆ Emerging Markets*</li> <li>◆ Sell-Side Research</li> </ul>
Monetary Systems	<ul style="list-style-type: none"> <li>◆ Common Tenders*</li> <li>◆ Eternal Coin*</li> <li>◆ Cryptocurrencies (aka Alt Coins) and Blockchains*</li> </ul>
Regulation	<ul style="list-style-type: none"> <li>◆ Mortgages*</li> <li>◆ Voluntary Standards Markets*</li> <li>◆ Compliance Architectures</li> </ul>
Governance	<ul style="list-style-type: none"> <li>◆ Ethics</li> <li>◆ Ethical Banking*</li> </ul>
Structure	<ul style="list-style-type: none"> <li>◆ Pensions Indemnity Assurance and Internal Growth Rate Measures for Pensions**</li> <li>◆ Cyber Reinsurance*</li> </ul>
Behaviour	<ul style="list-style-type: none"> <li>◆ Concept of ‘Fairness’</li> </ul>
Sustainability	<ul style="list-style-type: none"> <li>◆ London Accord 2007** (24 integrated reports) &amp; London Accord*</li> <li>◆ Burn It All?!</li> <li>◆ Policy Performance Bonds* (Index-Linked Carbon Bonds and Index-Linked Forestry Bonds)</li> </ul>
Cities	<ul style="list-style-type: none"> <li>◆ Finance Toolkit for Sustainable Cities*</li> <li>◆ Financing Tomorrow’s Cities** (shared research on finance and cities)</li> </ul>

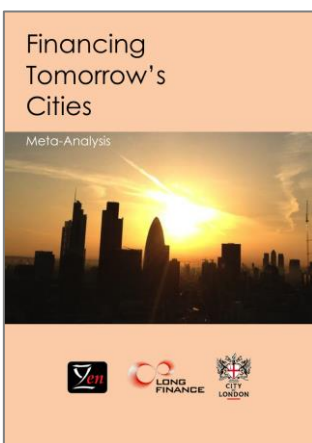
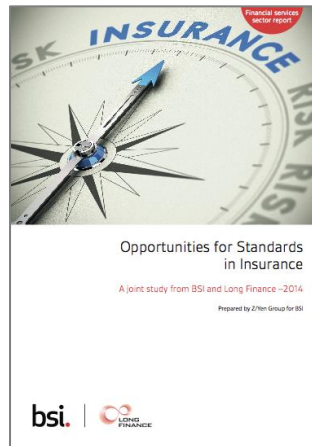
(\*) indicates research at an active stage / (\*\*) indicates research at an advanced stage





In December 2014, Long Finance published “**Chain Of A Lifetime: How Blockchain Technology Might Transform Personal Insurance**”. The report concludes that blockchain technology could transform the way people manage identities and personal information; blur even further the divide between global and local; influence consumer perception of time; drive honesty and transparency; and, influence consumer perceptions of risk that could change the way insurers support mutualisation. The report highlights how, at the time of writing, most insurance companies do not yet seem ready to experiment with blockchain technology.

Following the publication of “Backing Market Forces: How to Make Voluntary Standards Markets work for Financial Services Regulation” in 2013, Long Finance and BSI published two industry studies – “**Opportunities for Standards in Investment & Asset Management**” and “**Opportunities for Standards in Insurance**”. The studies analyse the needs, gaps and opportunities for voluntary standards markets in selected sectors of finance.



Long Finance and the City of London Corporation published “**Financing Tomorrow’s Cities: A Meta-Analysis**” in July 2014. The Meta-Analysis reviews the key topics and issues that emerged throughout the ‘Financing Tomorrow’s Cities’ project carried out between 2013 and 2014 in support of the City of London 2013/14 Mayorality. The project sought to engage experts, organisations and initiatives from a wide range of sectors including financial and professional services, risk management, construction, engineering, transportation, energy, waste, and education in discussion on financing instruments, risk management products and engineering solutions for tomorrow’s cities.

33 Long Finance publications were available to download for free online at the end of 2014. Table 3 gives an indication of the most popular in 2014 in terms of downloads.

*Table 3 – Top 10 most popular downloads in 2014 (Long Finance publications)*

Publication Title	Year
GFCI 15	2014
GFCI 16	2014
GFCI 14	2013
Backing Market Forces: How to Make Voluntary Standards Markets Work for Financial Services Regulation	2013
Financing Tomorrow's Cities: Meta-Analysis	2014
GFCI 7	2010
In Safe Hands? The Future of Financial Services	2011
Confidence Accounting: A Proposal	2012
GFCI 9	2011
Chain Of A Lifetime: How Blockchain Technology Might Transform Personal Insurance	2014

Long Finance blog [the Pamphleteers](#) also attracted significant attention in 2014. Table 4 shows a selection of popular articles released in 2014.

*Table 4 – Popular Pamphleteers' blog articles from 2014*

Author	Article	Date
Tim Connell	The Great Biscuit Hierarchy	December 2014
David Shirreff	Breaking Up The One-Stop-Shop Universal Bank Is A Matter Of Urgency	November 2014
Chris Yapp	Too Big To Manage	November 2014
Ian Angell	In Praise Of The Short Term	October 2014
Christopher Hall	Hard Performance Targets – The Abuse Of Management Information	September 2014
Simon Zadek	Sustainable Competitiveness of Financial Centres	August 2014
Michael Mainelli	New Garden City Economics & Mechanisms	June 2014
Ron Bird	The Size of the Financial Sector and its Contribution to Economic Growth and Productivity	June 2014
Con Keating	Some Misconceptions, Speculations and Inconvenient Truths	May 2014
Chris Yapp	Climate Change and Insurance	April 2014

**Events**

*In 2014, Long Finance organised 15 events in the UK and participated in over 30 more events in the UK and internationally.*

Long Finance events bring together professionals from a wide range of disciplines and sectors relevant to finance.

The Long Finance Conference provides a forum for professionals to discuss topics that will be significantly influential over the long term. The 2014 Conference titled “**Steady As She Goes: Long-term Performance Measurement in Finance**” was kindly hosted by Bank of America Merrill Lynch on 26 March 2014. The conference explored suggestions for reforms of long term measures in finance with Lady Susan Rice CBE (Lloyd’s Banking Group), Anthony Hene (GMO), Professor Paul Woolley (LSE), Kelly Clark (Marmanie) and Professor Michael Mainelli (Z/Yen Group).

Long Finance organised a further 14 events throughout 2014, of which a selection is presented below.

*Table 5 – Selected Long Finance Events held in 2014*

Event title	Attendance
What Is Stewardship? And Why Does It Matter? With Edward O. Wilson	240
How Blockchain Technology Might Transform Personal insurance	35
There Is An Alternative – National Economic Strategies in A Crowded World	20
Bridging the Gaps between Investment and Global Resources Trends	20
Opportunities for Standards in Investment & Asset Management	20
The Future of Employment: How Susceptible are Jobs to Computerisation	42
Long Finance Spring Conference 2014 “Steady As She Goes: Long-term Performance Measurement in Finance”	200
What Might Blockchain Technology Mean For Traditional Financial Services?	58
Roundtable: Financing Infrastructure	20
Long Finance Symposium: Measuring Up Cities	120
Evolution or Revolution? Democratising Money	34

**BUILDING COMMUNITIES**

27,000 people visited the Long Finance website in 2014, an increase of 80% compared to 2013. 146 new members joined the Long Finance online community totalling 870 members from about 50 countries. The online community allows like-minded individuals to cooperate, share ideas, participate in discussions and network. In addition, Long Finance’s wider network grew from 3,500 people to 4,000 people globally.



### THANKING OUR PARTNERS

Long Finance would not be able to continue to fulfil its mandate without the generous support of our sponsors and contributors. We would like to express our gratitude to Qatar Financial Centre Authority, the City of London Corporation, Gresham College, BSI, and Z/Yen Group for their long-standing support.

We are very grateful to Bank of America Merrill Lynch for hosting our Long Finance Conference 2014.

We would like to thank also all the London Accord contributors for sharing research and thus continuing to support the London Accord as an open resource where people can access the latest investment research on cities and ESG issues.

We take this opportunity to thank the members of the Long Finance Advisory Board for their wise guidance. Finally, we would like to thank those in our community who contribute their thoughts and time to the Long Finance events, blogs, and discussions on the online community.

---

<sup>i</sup> Ian Harris, Michael Mainelli and Mary O'Callaghan, "Evidence of Worth in Not-for-Profit Sector Organisations", *Journal of Strategic Change*, Volume 11, Number 8, John Wiley & Sons (December 2002), pages 399-410 - [http://www.zyen.com/index.php?option=com\\_content&view=article&id=135&Itemid=359](http://www.zyen.com/index.php?option=com_content&view=article&id=135&Itemid=359)