

International Financial Services Centre (IFSC)

| Sample Answer

Examine the development of one of the following with reference to a developed economy that you have studied (Footloose industries/ Financial Services/Mass tourist (2014 Q8.c))

For this answer I will discuss the development of the International Financial services Centre (IFSC) in Dublin with reference to the economy in Ireland.

The IFSC was first promoted in 1980 in order to bring some more life to Dublin and attract in Foreign Direct Investment. The IFSC is now the 7th largest financial services centre in Europe.

Ireland is known as the birthplace of aircraft leasing now with a global market of 104billion e. 6/10 of the largest aircraft leasing companies operate out of the IFSC.

The IFSC holds great importance for the national economy as it employs over 28,000 people and accounts for 7.4% of the Irish GDP with another 10,000 people being indirectly employed in support services.

The IFSC accounts for 10% of the MNC employment in Ireland. With the selling of services accounting for two-billion-euro worth of tax each year.

The Irish corporation tax figure is the lowest in Europe at 12.5%. Comparing this to the EU average of 24% it is low with tax from the IFSC making up 36% of the Corporation Tax.

Companies will be attracted here due to the location of Dublin. As Ireland's nodal point, all trains and roads lead here. Dublin airport also receives 90% of flights which land on the Island.

1987 saw the dockland area being regenerated which put life back into the area. The docklands are now gentrified with 11,000 housing units and a population of 40,000.

Geographical position of Ireland is also attractive as it is at +0GMT it can operate in both markets the DOW and the NASDAQ.

Ireland's friendly tax policies attract companies and apart from the 12.5% corporation tax they also operate a double taxation agreement with 48 other nations meaning a company or person only pays tax in one country.

The young Irish workforce is very attractive with a third of the population under 25. And the average working age here is 36 compared to the German 46 years old. Most of these workers are highly skilled with 80% having a degree level qualification. Dublin offers a high standard of third level education e.g. Trinity and UCD. Trinity recently ranked just outside the top 100 universities in the world.

In 2018 Dublin ranked 31st in the world for financial services as measured by the Global Financial Centres Index.

The language skills in Ireland are a great positive with English being the first language of most workers while 17% of these also have another native language.

Being a member of the European Union grants Ireland access to other nations. The four freedoms of the EU come into play being People Services, Goods and capital.

There is also a large EU market of over 510 people. Brexit poses a great opportunity for the IFSC as many finance companies may wish to move from London.

So, clearly the International Financial services Centre (IFSC) in Dublin has been a successful development.