

The Financial Centre where East Meets West

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BORDERED BY FIVE LARGE ECONOMIES INCLUDING CHINA AND RUSSIA AND WEIGHING IN AS THE WORLD'S LARGEST LANDLOCKED COUNTRY – LARGER THAN WESTERN EUROPE. THERE ARE FEW NATIONS WITH AS MUCH POTENTIAL AS KAZAKHSTAN. FROM THE BYGONE AGES WHEN A NUMBER OF KEY ROUTES COMPRISING THE ANCIENT SILK ROAD, THE EAST TO WEST TRADE NETWORK, RAN THROUGH KAZAKHSTAN TO TODAY'S IMPECCABLY PERFECT POSITIONING WITH CHINA'S BELT & ROAD INITIATIVE. THE POLITICAL LANDSCAPE HAS ALSO GREATLY IMPROVED, FROM ITS INDEPENDENCE IN 1991 TO THE RECENTLY HOSTED MEETING OF ALL FIVE CENTRAL ASIAN STATES IN ASTANA. IN FACT, ONE RECENT ARTICLE EVEN REFERRED TO KAZAKHSTAN AS THE GENEVA OF CENTRAL ASIA*.

Since the global levelling of the financial services playing field in 2008, we've seen many new financial centres leap forward. None yet catching London and New York, but many watching, learning and evolving from them. With the scene perfectly set, as new technologies, commercial models and regulatory frameworks emerge, Kazakhstan has set its sights on becoming the Central Asian Financial Centre. The overarching driver for this is not prestige or linear economics, but derives from the long-term goal of the modernization of Kazakhstan's economy, and part of its overarching development plan, Strategy 2050. Modernization and economic growth, in turn, require significant structural reform. It was for this reason that Kazakhstan moved the capital city from Almaty to Astana in 1997 and has more recently begun the creation of a centre that supports judicial, arbitration, regulatory and legal services. An example of new measures in the reform include the introduction of English Common Law, an integral and familiar legislation for global investors, and a clear effort to create a truly attractive investment regime in the region.



Kazakhstan has taken many bold decisions, but none bolder than the investment of capital and time in the creation of the new financial centre – an enclave and springboard for domestic and foreign institutions to collaborate and innovate with its neighbours. There is a long list of international learnings and commitments by Kazakhstan to those who wish to reciprocate their goodwill, including tax breaks in place for the next 50 years, the Common law framework, a lean ‘right touch’ regulatory environment and a genuine focus on supporting both organisations and employees. There is also a holistic and country-wide lens through which the opportunity is being viewed and planned, including the construction of a new terminal at the Nursultan Nazarbayev International Airport, growing the annual capacity by over 100% to 7 million passengers and adding new routes.

So, what actually is the Astana International Financial Centre and what has it set out to do? With the main focus being on a broad area of financial services – Asset Management, Capital Markets, FinTech, Green Finance, Islamic Finance and Wealth Management – the primary activities within the financial centre sit under AIFC Authority, Astana Financial Services Authority (AFSA), AIFC Independent Court, the International Arbitration Centre, the Astana International Exchange (AIX), and the Expat Centre. Nevertheless, it is the attention to governance that really stands out in this new model for regional financial services execution, with multiple Management Boards and Advisory Councils. A clear demonstration of the region’s intent to build something of scale and longevity, and underpinning the intent is a set of principles that all units and stakeholders are subscribed to, ensuring that the efforts are output focused::

- Priority 1: Establish a transparent and understandable legal regime based on the best world practices.
- Priority 2: Creation of a regulatory regime corresponding to the recognized world standards.
- Priority 3: The Exchange should correspond to the best world practices for the local capital market development.
- Priority 4: Creation of favorable environment conducive to the recognized professional managers’ arrival on the AIFC site.
- Priority 5: Supporting sustainable economic growth and Green finance development on the AIFC basis.
- Priority 6: AIFC should become a Centre for local expertise and contribute to the growth and development of the country's human capital, creating a favorable environment for attracting leading world experts.

In the same way AIFC has included Green Finance as a specific area of focus, they are looking to the future across the spectrum by leveraging external opportunities – including the Fourth Industrial Revolution, the Belt & Road Initiative and partnerships – and through the creation of many internal initiatives, including the AIFC FinTech Hub. It’s Kazakhstan’s attention to the macro-economic trends that is boosting its GDP, rising 4% last year, and foreign direct investment, standing at almost \$300 billion as the highest in the region. A very tangible example of one of the world’s great financial services organisations supporting Kazakhstan is the 20 year-long partnership between the country and Mastercard. Mastercard, a Motive Partners ecosystem partner, has been partnered with AIFC since 2017 to catalyse the journey towards a cashless society by deploying new solutions through the region. The most significant output of

this partnership so far is the multifunctional Resident Card, combining access to financial and non-financial services. A potential exploration in to Open Banking for region, perhaps.

The AIFC FinTech Hub has been another source of forward-looking innovations and partnerships. It is no secret that much of what AIFC has built was inspired by the Dubai International Financial Centre's success, and there's a close partnership between the two regions. However, there is one key difference – AIFC wants to play a prominent role not only on the local market but also in the whole Central Asia. The local market will benefit from the AIFC FinTech Hub's directive to enable and foster innovation, to accelerate and future-proof the development of the financial services sub-sectors and to enable greater efficiency more broadly. "The idea is actually to focus on what is happening with emerging technologies and to be an attractive place for people and firms who create these technologies, for people who are interested in buying these technologies, and even more broadly to people who are interested in understanding what's going on. So, we want to be a regional hub and we want to attract the best talent in the region to work with us," says the AIFC Governor Mr. Kairat Kelimbetov. The Motive Partners collaboration has been designed on that exact premise – to connect AIFC with other technology leaders and pioneers and to ensure that AIFC's exposure is as strong as its growing reputation.

It is our bet that AIFC's ambitious innovation agenda will only keep growing with time. Their relentless desire to expand and spread their ethos by engaging other countries and individuals to join their mission is only the start of a pioneering journey, remarkably-positioned to succeed and to serve as an example to others with the passion to make a difference and to grow in the world of finance. The progress so far has been remarkable, and Motive Partners' coverage of new AIFC initiatives will continue to update our ecosystem on the milestones as they happen, but one thing is for sure, if you want to learn more you should see it in person.

The Astana Finance Days in July – a showcasing symposium – is a great opportunity to learn more about AIFC, their aspirations and ways to contribute to the exciting path ahead, and of course to join some of the best global financial and technology minds in the celebration of Astana becoming a recognized financial centre. Learn more it about the event [here](#).

* Source: [Global Capital](#), October 2018.

About AIFC

The Astana International Financial Center (AIFC) was created at the initiative of Nursultan Nazarbayev, the First President of the Republic of Kazakhstan. The Constitutional Law on the establishment of AIFC was signed by the First President on December 7, 2015. The mission of AIFC is to create a leading center for international-level financial services. The tasks of AIFC consist in attracting investments in the national economy, creating an investment-friendly environment for financial services, promoting the securities market of the Republic of Kazakhstan, and ensuring its integration with the international securities market.

More information on AIFC can be found at www.aifc.kz

About Motive Partners

Motive Partners is a sector specialist investment firm that is focused on technology enabled companies that power the financial services industry. Based in New York and London and comprised of investors, operators and innovators, Motive Partners brings differentiated expertise, connectivity and capabilities to create long-term value in financial technology companies.

More information on Motive Partners can be found at www.motivepartners.com.

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