



The **Vancouver Economic Development Commission**, an agency of the City of Vancouver, works to strengthen the city's economic future by helping existing businesses, attracting investment, researching the business environment and making policy recommendations.

## Media Backgrounder

### FINANCIAL SERVICES AND VENTURE CAPITAL

#### 1.0 Industry Snapshot

##### **Overview**

Metro Vancouver has a diversified economy, growing business ties with Asia, and increasingly favourable tax policies ideal for financial services firms to thrive. Financial service firms employ more than 55,000 people in the region, making Vancouver 2<sup>nd</sup> only to Toronto in terms of financial services' share of the region's economy.

##### **Sub-Sectors**

Metro Vancouver performs particularly well in four financial services sub-sectors: banking, credit unions, international financial transactions, and venture capital investments. Through the Province's International Financial Activity Act (IFAA), Metro Vancouver is developing a niche in international treasury and financial functions, including factoring, import/export financing, foreign exchange, and back-office support.

##### **Top Industry Performers**

All five of Canada's largest banks have significant operations in Metro Vancouver. Several international banks also have offices in the city, including the Canadian headquarters of London's HSBC – one of the world's largest banks.

##### **Growth and Trends**

Starting in April 2008, the corporate capital tax has been phased out, and In April 2010, it will be eliminated. The provincial corporate tax rate, reduced to 10.5% in January 2010, will be further reduced to 10% in 2011. Strong credit unions will continue to thrive as they offer unique products and services that differentiate them from traditional banks. Venture capital investors in Vancouver and B.C. are expanding syndication activities with the U.S. and other international partners and deals in Vancouver rank among the largest in North America.

## 2.0 Sector Incentives

The International Financial Activity Act (IFAA) allows corporations carrying out specified international financial activities in B.C., where one part of the transaction is with a non resident, to recoup up to 100 per cent of provincial income taxes.

Tax credits of 30 per cent are available to investors who provide venture capital to small businesses conducting R&D on proprietary technologies and developing interactive digital media products. Investments must be made through a venture capital corporation or directly to an eligible business corporation. Early-stage ventures are also eligible for support from the \$90 million B.C. Renaissance Capital Fund.

## 3.0 Resource Organizations

### → **Angel Forum**

The oldest and largest angel group in Canada. It introduces emerging companies to private equity investors, with more than \$26 million invested since 1997.

[www.angelforum.org](http://www.angelforum.org)

### → **Canadian Financing Forum**

Vancouver-based organizations that hosts one of the largest venture capital gatherings in Western Canada, matching North American corporate and venture capital investors with technology entrepreneurs

[www.financingforum.com](http://www.financingforum.com)

### → **International Finance Centre**

Non-profit society that promotes B.C. as a centre for international financial activity

[www.ifcbc.com](http://www.ifcbc.com)

### → **New Ventures B.C.**

Province-wide competition of technology business ideas, designed to help early-stage entrepreneurs develop the business skills needed to bring new technologies to market

[www.newventuresbc.com](http://www.newventuresbc.com)

### → **Vancouver Enterprise Forum**

Forum to advance technology entrepreneurship through monthly education and networking meetings

[www.vef.org](http://www.vef.org)

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