



Recalibrating global growth



The British Virgin Islands has steadily increased its role in the global financial system. Elise Donovan discusses how the BVI will aid the post-COVID recovery



With the second anniversary of COVID-19 now behind us, there are many reasons to be optimistic about a resurgence in global investment, growth and productivity. Emerging and developing economies are displaying impressive resilience and, with the help of global finance and investment, are making strides in the areas of financial technology, digital infrastructure, and green energy.

The British Virgin Islands (BVI) is set to play a crucial part of this recovery. Over the last three decades, the BVI has steadily increased its role in the global financial system, responsible for mediating the equivalent of six percent of all sectors total cross-border liabilities, contributing tens of billions in tax to national revenues, and supporting millions of jobs worldwide (Source: Capital Economics).

We are now in a great position to help in the post-COVID economic recovery, facilitating collaboration across borders and enabling growing economies and markets to access the finance and investment they need to thrive.

Asian Tigers rising

According to Morgan Stanley, as the pandemic eases Asia will post the largest increase in GDP over the next two years. Asia's GDP is expected to expand in nominal terms from \$33 trillion in 2021 to \$39 trillion in 2023.

This presents a growth opportunity for the BVI which has built an enviable reputation in the region. The 'BVI Company' has become the premium choice for investors, business and entrepreneurs that combined, have driven the Asian Tiger economic model and led to decades of growth, jobs and prosperity.

Our longstanding relationship with Asia, particularly Mainland China and Hong Kong, therefore remains, as BVI structures have proven successful for Asian corporates, high-net-worth individuals, and investors over the last three decades.

With approximately 75 percent of companies listed on the Hang Seng Index having BVI companies incorporated into their structures, our support for Asian businesses is evident and is always evolving (Source: Capital Economics).

The recent recognition by the BVI Financial Services Commission of the Fusang Exchange, Asia's leading fully regulated end-to-end digital security exchange, is another example of this. The first of its kind to be recognised by the BVI FSC, the move will pave the way for Asian-based BVI companies to benefit from the efficiencies of listing their shares digitally via equity token.

A vibrant global economy requires international collaboration [... the BVI's] role in facilitating cross-border business and providing pathways for investment to flow into developing and emerging markets has never been so crucial

Staying on track with global financial trends is a top priority for us and this move will allow us to enable Asian-based companies to embrace the opportunities in the new digital financial ecosystem.

In South Asia, Singapore, India and Indonesia are also showing impressive growth and the development of financial technology and digital infrastructure for their vast populations. This is creating strong opportunities for global investment to have a long-term impact that we are well positioned to strengthen our relationships across the region and contribute to this economic growth.

Africa: the next frontier

With its young population, abundance of natural resources, and growing focus on digital innovation in the finance and energy space, countries across the African continent are emerging as the next frontiers for global growth.

The post-pandemic restart of the Africa Continental Free Trade Agreement (AfCFTA), the revival of tourism and a rebound in commodities prices provide a positive outlook. The success of the next decade will now rely on policy makers recognising the importance of international investment, diversifying their economies and focusing on job creation.

The BVI specialises in creating neutral platforms to facilitate cross-border trade, investment and finance and can play an integral role in the development of AfCFTA and the continent. By creating effective vehicles for joint ventures, the BVI brings parties together to participate and invest in economic opportunities.

Africa is also making major inroads in the fintech space. According to Briter Bridges, [investment into African tech](#) has grown at a rapid pace, rising from \$2.4 billion in 2020 to \$4.9 billion in 2021, with fintech leading the way.

The BVI is perfectly placed to harness this opportunity. In 2020, the BVI introduced the Regulatory Sandbox for Fintech Innovation, creating an ecosystem where tech start-ups and traditional financial institutions alike can innovate and create new solutions for financial services without outdated regulatory burdens.

The rise in popularity in cryptocurrencies and other digital assets such as Non-Fungible Tokens (NFTs) has been phenomenal in recent years, and although jurisdictions and traditional financial institutions across the world are still figuring out how best to regulate and integrate them, staying ahead of the trends and exploring ways to best harness the opportunities will be vital.

Looking ahead at Africa, climate change and the transition to green energy will be a major focal point across the continent, with 'green finance' taking a particularly important role. The opportunities for global investment in this area will be significant and will be essential for empowering communities across Africa to make real progress on these urgent issues.

A global view

The BVI is unique for its fully global view and commitment to international finance. For example, around 20 percent of our BVI Businesses Companies are based in Latin America and Caribbean, and we expect this relationship to grow further as our estate planning products and world-class trust legislation gain increased interest in the region (Source: Capital Economics).

We also see further growth opportunities in the Middle East – particularly building on the BVI's growing reputation in trust and estate planning. We know that family businesses are the foundations of the economy across many Middle Eastern states and PwC has estimated that over \$1 trillion of assets will pass from one generation to the next in a decade in the region.

As businesses become more intricate and multi-jurisdictional, there has been a rise in demand for UHNW family offices to manage global portfolios of assets. Many families are using offshore structures within or on top of local structures, allowing them to organise and better manage international assets, such as foreign-based properties.

Holding relatively illiquid assets, such as foreign property within a BVI structure makes them easier to sell as part of the succession process.

BVI structures enable these businesses to be managed in a tried-and-tested jurisdiction that operates under English common law and with robust internationally recognised regulatory standards to thwart financial crime globally.

As a conduit for global trade and investment, the BVI contributes towards the creation of millions of jobs worldwide with a fifth of these being in Europe (Capital Economics). BVI companies are also used by major international financial institutions such as, the International Finance Corporation and the European Bank for Reconstruction and Development to help fund projects around the world, and this collaborative approach will be increasingly essential during the global post-COVID recovery.

Meeting the challenges of tomorrow

From Africa to Asia and the Middle East to Latin America, our optimism for the future of global growth remains as strong as ever.

A vibrant global economy requires international collaboration – that is one lesson we have learnt over the last two years – and as the world embarks on the road to recovery, our role in facilitating cross-border business and providing pathways for investment to flow into developing and emerging markets has never been so crucial.

Over the next decade our global economy will continue to evolve as we rise to meet the challenges that lie ahead; from combatting climate change and tackling inequality, to incorporating new digital assets and currencies into our global financial structures. The BVI will remain steadfast in our commitment to recalibrating global growth and remaining at the forefront of these developing trends. ■

Elise Donovan is CEO of BVI Finance



Elise Donovan is the Chief Executive Officer of BVI Finance and brings to the role wide-ranging work experience in Asia, North America, the Caribbean and Africa. Elise has played a major role in expanding and deepening the BVI's financial services footprint in cities around the world, specifically in the Asia Pacific region, through strategic relationship building, conducting forums and seminars on the BVI's financial services business, including at major financial institutions.