

Strategy Implications from the Case Study of Ireland's International Financial Services Center

(2025.5.16. written by Seunghyun Cho, translated by Euna Kim)

1 Introduction

When one thinks of Ireland, it might seem remote and hard to relate to—an island on the fringe of Europe, often known more for its literary greats like Samuel Beckett and his absurdist play *Waiting for Godot*, or for Guinness beer, than for financial prowess. At first glance, Ireland and Busan appear to have little in common. But if we take a closer look, particularly at Dublin—home to 1.5 million residents, or roughly one-fourth of Ireland's population, situated on the country's eastern coastline—we begin to see a compelling financial narrative that holds relevance for Busan.

Aspect	Dublin	Busan
Population	1.5 million	3.5 million
Area	117.8km ²	768.4km ²
GFCI Ranking (2025)	14th globally 3rd in Europe	24th globally
Key Industrial Sectors	Aviation finance, insurance, funds	Maritime finance, shipbuilding, tourism

While Busan surpasses Dublin in population and geographic scale, **Dublin ranks 14th on the Global Financial Centres Index (GFCI) by Z/Yen Group**, compared to Busan's 24th place. This 10-rank difference is not just numerical; it reflects substantial strategic choices and development phases that have propelled Dublin as a successful financial hub reflecting years of strategic development and institutional maturity.

The Economist summarized this wild maturity of the Irish economy as follows: In 1988 it was dubbed the “poorest of the rich”, by the 1990s it had transformed itself into the **Celtic Tiger**. After enduring a severe downturn and an IMF bailout in 2010, Ireland has since staged a remarkable recovery—so that now it carries the title: the **Celtic Phoenix**. (*The Economist*, “Getting Boomier”, November 2015)

What can the Celtic Phoenix teach the Asian Tiger? This paper seeks to explore that question, using

the case of Dublin's International Financial Services Centre (IFSC) to derive strategic insights for Busan's journey toward becoming a globally competitive financial hub.

2 Problem Identification

Busan aspires to become a financial hub, yet its ecosystem remains fragmented. Financial firms are scattered, many conducting operations remotely—often in Seoul or abroad—on a project-by-project basis. Few are incentivized to establish a lasting base in Busan. So why aren't financial institutions choosing Busan as their home base? To address this, we turn to Dublin and the successful model of Ireland's International Financial Services Centre (IFSC).

3 Case Study : IFSC in Ireland

□ Background: The Road to IFSC

In the 1980s, Ireland faced economic stagnation. The country lacked a strong industrial base, its agricultural sector was weak, and its geographic isolation compounded the problem. Unemployment soared to over 15%, and growth was sluggish.

In response, Ireland identified the service sector—particularly high-value financial services—as a strategic solution. **In 1987, the Irish Government and the European Union founded the IFSC to leverage the newly forming EU single market.** This was a visionary move during a time when European integration was still taking shape. To attract global finance, Ireland introduced competitive corporate tax rates, streamlined regulations, as well as the preferential corporation tax rate, IFSC companies have availed of Ireland's network of double taxation agreements, as well as other incentives including:

- No withholding tax on interest paid to non-residents
- Tax exemption for collective investment/life assurance funds
- No net asset value tax on funds
- No municipal taxes
- Double rent allowances for certain IFSC tenants
- First year depreciation allowance on certain items of capital expenditure

(Finance Dublin, The IFSC Story)

Also, the country targeted physical development of Dublin's Docklands into a high-density finance

and tech zone. In its beginnings, companies investing into the IFSC needed to locate in the physical space created in Dublin's docklands, and qualified for a concessional tax rate of just 10 per cent. More recently, it has become possible for financial service providers to locate anywhere in Ireland and still be considered part of the IFSC. (Ireland Financial Services Cluster, 2017)

It's crucial to note that a single landmark building doesn't make a financial district; rather, it's the clustering of institutions and services that creates critical mass—something Busan must critically assess when considering its own physical infrastructure.

□ **Industry Focus of the IFSC**

Ireland's approach to industry specialization evolved over time. Before 2000, insurance, leasing, and fund administration dominated the IFSC landscape. **After 2000, however, aviation finance emerged as the core growth engine.** Ireland's strategic nurturing of this sector helped attract not just traditional finance firms but also cutting-edge FinTech and RegTech players. **The IFSC in Ireland has become a prominent hub for aircraft leasing,** with nine of the world's top ten leasing firms operating there as of 2009. These firms engage in a wide range of activities across the value chain, including sales, asset management, and technical services. Beyond aviation finance, the IFSC is also home to major players in the insurance, securitization, payments, and corporate treasury sectors. Notably, the technology and services sector is well represented, with global consultancies like IBM, Oracle, and Accenture, alongside the technology operations of major firms such as Allianz, AXA, and Fidelity, all maintaining a presence. ("The IFSC - the international financial services sector in Ireland", Accenture, 2010)

Busan's industrial base is also heavily service-oriented, with notable growth in shipbuilding. Given shifting geopolitical dynamics—such as policy changes under the Trump administration—shipbuilding could be a future anchor industry. By integrating finance into its existing industrial strengths (as Ireland did with aviation), Busan could replicate IFSC's success.

Ireland supported this strategy with policy infrastructure: a 12.5% corporate tax rate, globally aligned regulations, a flexible labor market, and dedicated institutions like IDA Ireland to drive investment promotion. Also, Following Brexit, Dublin has strategically positioned itself to fill the financial services gap left by London within the EU.

Aviation finance became central for Ireland, not only because of its geography but also as a smart industrial choice for a relatively isolated island nation. Ireland has two competitive advantages in airport leasing: it was one of the first countries to sign and ratify the Cape Town Convention, the international treaty governing moveable property and has a web of 70 double taxation agreements with other countries including Asian countries in which demand for leasing has been on the rise. (The Financial

Times, “Dublin determined to maintain its cutting edge in aircraft leasing” , 2016)

Busan, too, has made similar provisions—but their effectiveness remains questionable, prompting a need for reassessment. Therefore, rather than simply replicating Ireland’s model, Busan should strategically reflect on its own strengths—particularly in logistics and maritime industries—to develop a finance-industrial synergy that is both smart and distinctive.

□ **The Current Standing of the IFSC**

Today, over 500 financial companies are headquartered in Dublin’s financial district—including global giants like Citi, JP Morgan, and State Street. This has generated over 40,000 jobs and solidified Dublin’s position as a major global financial hub.

As of March 2025, Dublin ranks 14th globally and 3rd in Europe in the Global Financial Centres Index. This marks a dramatic rise from its position of 70 out of 83 in 2011, improving to 33rd in 2017, and projected to enter the top 10 within the next few years. For Busan—currently ranked 24th—this story offers both a benchmark and a source of encouragement. If Dublin could do it, why not Busan?

4 Strengths of the IFSC Model

The success of the IFSC can be attributed to four key strengths:

- 1) **Gateway to the EU:** Dublin became a conduit for financial institutions looking to access the EU single market.
- 2) **Regulatory Efficiency:** Its “one-stop, fast-track” approach to licensing and oversight lowered entry barriers.
- 3) **Talent Pipeline:** A young, well-educated workforce supplied by local universities and colleges.
- 4) **Legal and Language Advantage:** Ireland’s English-speaking environment and common law system were attractive, especially as it remains the only English-first country in the EU. This also facilitated a strong Irish-American diaspora network and streamlined US preclearance procedures at Irish airports.

However, the IFSC model is not without its challenges. There are growing concerns about the sustainability of tax incentives, increasing regulatory compliance burdens under stricter EU standards, and rising competition from rival cities such as Frankfurt, Paris, and Amsterdam.

5 Challenges of BIFC

Busan’s recent rise to 24th in the GFCI is commendable, but it masks underlying limitations. Unlike

Dublin, which emphasized the relocation of financial functions, **Busan’s strategy focuses heavily on the physical relocation of organizations.** This difference is critical. Without a compelling reason for financial activity to occur in Busan—be it specialization, talent, or policy advantages—buildings alone will not create a financial hub. Additionally, the Busan cluster remains dominated by public institutions, with limited involvement from the private sector. Brain drain is also a major issue, as talent continues to migrate toward Seoul or overseas. Lastly, Busan’s environment lacks the international—particularly English-speaking—amenities required to support a truly global finance center.

On a personal note, I believe Busan should move away from simply comparing itself to Seoul, whose GFCI ranking remains higher. Rather than framing this as a domestic competition, we should explore opportunities for synergy between the two cities. Seoul may hold advantages in terms of institutional proximity and scale, but Busan can contribute meaningfully through its strengths in **“soft power” - such as cultivating global talent, enhancing quality of life, and developing niche financial expertise.** Instead of maintaining a tense dynamic, a cooperative and complementary approach could help both cities grow reinforcing Korea’s position in the global financial landscape. While Seoul’s slogan is *“I · SEOUL · U”* and Busan’s is *“Busan is Good”* (literally, “It’s good because it’s Busan”), perhaps it’s time to think beyond rivalry as *I Seoul You, We Busan Too.*

6 Strategic Recommendations for BIFC

Dublin’s transformation into a leading financial center offers a compelling model for cities like Busan. However, Busan must not aim to replicate—it must differentiate. To become a globally competitive financial hub, BIFC (Busan International Financial Center) must pivot from symbolic gestures to substantive strategic positioning. That means transitioning from relocation-driven policy to function-oriented development, underpinned by Busan’s unique industrial and geographic strengths.

1) Transition to a Functionally Specialized Financial Cluster

Rather than attempting to replicate the comprehensive ecosystems of Seoul or global mega-hubs, BIFC should adopt a cluster strategy that specializes in sectors where Busan holds natural advantages. These include maritime finance, aviation finance, and ESG-linked finance. By cultivating depth in selected niches, Busan can build globally recognized expertise that complements, rather than competes with, Seoul’s financial dominance.

2) Focus on Attracting Core Functions, Not Just Headquarters

The traditional emphasis on relocating corporate headquarters has proven limited in its impact. Instead, the focus must shift to attracting **core operational functions—such as fund management, ESG**

analysis, trading desks, and project finance teams. Embedding these critical functions in Busan enhances local capability and encourages long-term institutional commitment.

3) Strengthen Incentives to Engage the Private Sector

A robust financial center requires **active participation from the private sector.** To that end, Busan should implement targeted incentives aimed at asset managers, fintech startups, and venture capital firms. These might include: enhanced tax benefits for ESG-aligned or innovation-driven businesses. fast-track licensing and regulatory approval mechanisms and access to subsidized office space and public-private seed funding programs.

4) Align with Global Sustainable Finance through International Strategy

Busan is uniquely positioned to lead in sustainable finance, bridging its industrial base with global ESG investment trends. A proactive international strategy should focus on **integrating green and blue finance into its core value proposition** and actively participating in global sustainable finance networks.

7 Conclusion

The story of Dublin and the IFSC demonstrates that geography and history are not destiny. Strategic vision, institutional clarity, and policy innovation can transform even a seemingly peripheral city into a global finance leader. Busan has many of the foundational elements, but unless it rethinks its approach—emphasizing functional specialization, private sector engagement, and global accessibility—it risks falling short of its ambitions.