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FACTORS INFLUENCING EXPORT OF FINANCIAL SERVICES

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Abstract: *Almost all countries in the world are involved in the world trade of financial services. However, whereas for most countries the export of financial services is only a side result of their foreign economic activities, for some countries it composes a constitutive source of income. The purpose of the current research is to determine the factors that influence the export of financial services thereby explaining the differences in geographic allocation of financial services export throughout the world. For achieving this purpose, such research methodology as analysis of selected literature on financial services, an expert survey, as well as mathematical processing of the obtained research data have been used. The result of the research has reflected common factors, which according to the financial experts' opinion have the most significant influence on any country's export of financial services.*

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INTRODUCTION

The export of financial services can be defined as process of providing financial services (according to WTO definition) by financial and payment institutions (banks, broker companies, payment systems, etc.), which are registered in one country, to clients from another country. The total amount of the income received from providing financial services is reflected in the trade balance of the country, raising its positive side (*definition is created by authors*). In recent years, the total export of financial services has substantially increased and attracted the attention of many countries. According to leading financial experts (e.g. Skinner 2007), the potential of financial services export is not only inexhaustible, but it is difficult to estimate limits for its scale. According to World Trade Organization data, the level of financial services exports in 2008 has reached 295 billion USD (World Trade Organization 2010, p. 23), which exceeds more than 100 times the respective level 30 years ago, and 2.6 times the level of year 2000. The specific weight of financial services exports contributes almost 10% to the total worldwide services exports, while in respect to the "other commercial services" – 17% (World Trade Organization 2010, pp.1-23).

Statistics provided by international organizations indicate that all countries in the world export or import financial services, to a greater or lesser extent. For most countries, the export of financial services is not their specialization, their earnings add up to a collateral part of their main economical activities and make up an insignificant share in their overall trade. On the other hand, there is a small group of countries, for which the export of financial services could be not the main, although a rather substantial, source of their income. Due to the development of the sphere of financial services, this group tends to expand over time. More and more countries aspire to secure this niche, realizing "the power of finance" and "an intangible scale of financial market". Moreover, all countries are competing on increasing their export volumes to support their internal economies. As it is known, exports facilitate foreign currency inflow turning balance of payments positive due to increasing the positive side of the trade balance. In other words, a country becomes richer along with increasing its exports. In addition, a country does not require any specific resources to position itself as a financial services exporter. Financial services exports are the result of human intellectual work.

Currently, the leading positions in financial services exports are held by (in brackets is shown information on financial service exports in 2008 according to UNCTAD 2010): Great Britain (68636.7 million USD), USA (60189 million USD), Luxembourg (44585.9 million USD), Swiss

(19248.5 million USD), Ireland (10100.6 million USD), Singapore (6583.31 million USD), Hong-Kong (11817.6 million USD). The volumes of financial services exports for these countries substantially differ from the indicators of other countries (e.g. in comparison to the total exports or total services exports of the respective country).

Thorough analysis of the financial services export structure and development, authors stated hypothesis that there exist specific factors which cause unequal distribution and geographic allocation of financial services exports worldwide. From this hypothesis, the aim of the research was formed– to determine the factors that influence the export of financial services, thereby explaining the differences in geographic allocation of financial services export through the world. For achieving this purpose, such research methodology as analysis of selected literature on financial services, an expert survey, as well as mathematical processing of the obtained research data have been used.

LITERATURE REVIEW

Many authors worldwide recognize the importance of financial sector research. The prominence of finance in contemporary economy has been accentuated by Harvey: "the finance system has reached an unprecedented degree of independence from real production in the history of capitalism" (Harvey 1989), by Clark (2005): "the global finance industry is an essential lens, through which one should study contemporary capitalism from the bottom-up and top-down", while Martin points out that nowadays "geography of money" has become a firmly established sub-discipline (Martin 1999, p. 5). Moreover, according to the contemporary scientist Sokol (2007), the understanding of both the nature and dynamics of the structure of localization of financial services is of great importance for regional economical development and requires a profound study. The growing mass of literature definitely devoted to the geography of financial services (see Lindemane 2010; Laulajainen 2003; Leyshon, Thirft 1997; Martin 1999; Corbridge et all 1994) emphasizes several key themes, including geography of retail banking, global financial centers, as well as financial exclusions („unnecessary" customers). In most of the literature on the established global financial centers, one tried either to form a general spatial agglomeration of financial activity (e.g., Porteous 1999), or describe financial centers in the context of a certain example, for instance – London (e.g., Clark 2005; Taylor et all 2003; Budd 1999; Thrift 1994; Pryke 1991). The reasons for concentration of high-level financial services in a small quantity of large global cities were also researched by Sassen (2001).

However, despite a rather substantial volume of literature on the geography of financial services, up to now this subject has been insufficiently studied from the point of view of the export of financial services. The geographic division of financial centers can differ from the geographic division of exporters of financial services, due to the fact that the former are defined by the total financial activity whereas the latter are defined by their real income gained as a result of the export of financial services. Insufficient research of financial services export can be explained by the fact that it is a relatively new kind of export, the volumes of which have only been fully recorded by international organizations (WTO, OECD, UN) since the beginning of year 2000. Until now, financial services exports have been researched only from such aspects as individual retail bank services exports (Lindemane 2011), information technologies which facilitate global banking (Skinner 2007), as well as legal aspects of international agreements signed within WTO (Byungsik 2010).

The authors did not find any publicly available research on geographical allocation of financial services exports – i.e. one with elaboration on factors or reasons influencing financial services exports increase in some countries and decrease in others. Therefore, the research described in this paper is based on the principles and methods used in researches of worldwide financial centers and overall country development. Such reports are mostly carried out by international organizations. For instance, "Global Financial Centres Index" (GFCI), authored by "City of London" is carrying out the monitoring and rating of financial centre cities every six months beginning with 2007 (City of London 2010). The cities are ranged into global, transnational and local ones and they are assessed at five parameters: business environment (regulation, taxation and ease of doing business), people (quality and availability of staff, labor market flexibility), business infrastructure, general competitiveness and market access (dilution of clustering of professionals and institutions). "Financial Development Report" proves to be a similar regular research of all countries of the world which evaluates an aggregate of such factors as institutional and business environment, financial stability, banking and non-banking financial services, financial markets and financial access (Financial Development Report 2010). To some extent, world finance monitoring is reflected in yearly report "Doing Business", e.g. in sections "getting credit" and "protecting investors" (Doing Business 2010).

Nevertheless, the main source of theoretical reference for this paper's research is an international rating report "Global Competitiveness Report"

(World Economic Forum 2008) and "Index of Economic Freedom" (The Heritage Foundation 2010). Applying the insights from these two reports together with above-mentioned literature on financial services exports, a set of factors was chosen which can potentially influence the increase of financial services exports. The reasoning behind the use of these reports is also based on a fact that it would give an opportunity to compare expert survey on key factors with their respective mathematical estimates, which would indicate the utmost precision in determination of factors influencing financial services exports. Therefore, from the "Global Competitiveness Report" the following estimation parameters were taken, which were used to make a list of factors that can potentially influence the increase of financial services exports (see section "Expert survey"): (1) total tax rate, (2) regulation of securities exchanges, (3) financial market sophistication, (4) restriction on capital flows, (5) soundness of banks, (6) financing through local equity market, (7) institutions, (8) ease of access to loans, (9) foreign market size, (10) local market size, (11) goods market efficiency, (12) business sophistication, (13) infrastructure, (14) ethical behavior of firms, (15) innovation, (16) technological readiness, (17) availability of latest technologies, (18) internet users, (19) higher education and training, (20) quality of math and science education, (21) quality of management schools. However, from the report "Index of Economic Freedom" there were taken the following sections of the country evaluation: (1) fiscal freedom, (2) financial freedom, (3) investment freedom, (4) freedom from corruption, (5) trade freedom, (6) monetary freedom, (7) business freedom, (8) total tax rate – % of profit, (9) property rights.

In order to determine, which of the listed factors have the biggest influence on the development of financial services exports in the country, the authors have used expert evaluation method. From the socio-economic perspective, the expert methods are the research methods mainly used with the aim of drawing out informed opinion and elicitation of knowledge (Linstone, Turloff, 1975). There exist several kinds of expert methods, like the Delphi method, expert panels, brainstorming, road mapping, scenario analysis, SWOT analysis. For this research, a simple surveying of experts was used. The list of experts was compiled, assuming that an expert is "a skillful or experienced person; a person having a skill or experience or peculiar knowledge on certain subjects, or in certain professions; a scientific witness" (Black 1995, p. 466).

EXPERT SURVEY

Expert survey on the factors which influence any country's financial services exports increase was carried out from February to March 2011. 20 experts were approached, with answers obtained from 15 respondents. The list of experts was carefully selected in order to obtain feedback from different perspectives, taking into account the daily duties and professional experience of experts.

The selected experts were:

- executive managers of commercial banks (vice presidents, board members);
- managers of commercial bank customer service departments;
- leading analysts and auditors of commercial banks;
- investment fund managers;
- representatives of the Central State Bank and supervisory board of the banking system in Latvia;
- governmental representatives;
- academic professors of economic sciences.

The experts were asked the following question:

Please evaluate using the following scale, ***how the factors given below influence the increase of finance services exports in any country****:*

+3:	Factor has strongly positive influence on financial services exports increase
+2:	Factor has on average positive influence on financial services exports increase
+1:	Factor has slightly positive influence on financial services exports increase
0:	Factor does not influence financial services exports
-1:	Factor has slightly negative influence on financial services exports increase
-2:	Factor has on average negative influence on financial services exports increase
-3:	Factor has strongly negative influence on financial services exports increase

The experts were asked to evaluate the following factors which may influence the growth of financial services export for any of the exporting countries:

1. Increase of direct and indirect taxes;
2. Decrease of total company tax shield;
3. Decrease of company income tax level;
4. Transparent and efficient supervision and regulation of securities trade;
5. Sophistication of the financial market and its performance according to the international standards;
6. Explicit limitations on capital flows by the financial services exporter country;
7. Existence of stable and trustworthy banks with outstanding reputation in the financial services exporter country;
8. Existence of free competition and minimal intervention by the government in financial sector (through direct regulation, property rights, etc.);
9. Easiness of attracting extra financing through local equity market (IPO, risk capital, etc.);
10. Cancelling of any restrictions on foreign investment into exporting country (through currency exchange, capital transfers, real estate, industries, etc.);
11. Transparent and protected property rights from the government side;
12. Accessibility and trust to state institutions from the society side;
13. Low corruption within government institutions;
14. Accessible credit products and simple procedures for applying and receiving loan;
15. Increase in total export of products and services;
16. Minimization of export and import tariffs and export barriers on product and services exports and imports;
17. Small local market;
18. Developed and active goods market;
19. Price stability and inflation control;
20. Transparent and developed environment of the product manufacturing and services provision;
21. Transparent and accessible infrastructure (communications, roads, real estate for business, ports, airports, railroads);
22. Simplicity of starting and closing new enterprises;
23. Compliance with general norms of business ethics;
24. High innovation level and supportive environment for innovations;
25. High level of technological innovation usage across all industries;
26. Availability and accessibility to the latest technologies and supportive infrastructure;
27. High level of the Internet users;

28. High quality of higher education and executive education;
29. High quality of the maths and scientific education in the financial services exporter country;
30. High quality of business and management schools.

FACTORS WHICH INFLUENCE THE GROWTH OF EXPORT OF FINANCIAL SERVICES

Methodology of 15 expert feedback analyses in respect to factors that influence the growth of export of financial services was carried out using such indicators as (see Table 1):

- total sum of grades and statistical average of grades for each individual factor;
- mode, median, standard deviation of each factor;
- maximum and minimum values, their delta for each factor.

Table 1. Analysis of expert feedback in respect to factors that influence the growth of export of financial services

No.	Factor description	Sum	Mo	Me	Aver.	Std. Dev.	Max	Min	Max – Min
1	Increase of direct and indirect taxes;	-33	-3	-2.5	-2.4	0.84	0	-3	3
2	Decrease of total company tax shield;	31	2	2	2.2	0.70	3	1	2
3	Decrease of company income tax level;	30	3	2	2.1	0.95	3	0	3
4	Transparent and efficient supervision and regulation of securities trade;	32	3	2.5	2.3	0.83	3	1	2
5	Sophistication of the financial market and its performance according to the international standards;	36	3	3	2.6	0.76	3	1	2
6	Explicit limitations on capital flows by the financial services exporter country;	-41	-3	-3	-2.9	0.27	-2	-3	1
7	Existence of stable and trustworthy banks with outstanding reputation in the financial services exporter country;	35	3	3	2.5	0.65	3	1	2
8	Existence of free competition and minimal intervention by the government in financial sector (through direct regulation, property rights, etc.);	32	3	2	2.3	0.73	3	1	2

Table 1 Continued

No.	Factor description	Sum	Mo	Me	Aver.	Std. Dev.	Max	Min	Max – Min
9	Easiness of attracting extra financing through local equity market (IPO, risk capital, etc.);	23	3	2	1.6	1.28	3	0	3
10	Cancelling of any restrictions on foreign investment into exporting country (through currency exchange, capital transfers, real estate, industries, etc.);	38	3	3	2.7	0.47	3	2	1
11	Transparent and protected property rights from the government side;	37	3	3	2.6	0.50	3	2	1
12	Accessibility and trust to state institutions from the society side;	26	2	2	1.9	0.86	3	0	3
13	Low corruption within government institutions;	31	2	2	2.1	0.92	3	0	3
14	Accessible credit products and simple procedures for applying and receiving loan;	28	3	2	2.0	0.88	3	1	2
15	Increase in total export of products and services;	21	2	2	1.5	1.16	3	0	3
16	Minimization of export and import tariffs and export barriers on product and services exports and imports;	26	3	2	1.9	1.10	3	0	3
17	Small local market;	-4	0	-0.5	-0.3	1.49	3	-2	5
18	Developed and active goods market;	19	1	1	1.4	1.01	3	0	3
19	Price stability and inflation control;	20	1	1	1.4	0.76	3	0	3
20	Transparent and developed environment of the product manufacturing and services provision;	26	2	2	1.9	0.77	3	1	2
21	Transparent and accessible infrastructure (communications, roads, real estate for business, ports, airports, railroads);	30	2	2	2.1	0.77	3	1	2
22	Simplicity of starting and closing new enterprises;	21	2	1.5	1.5	0.76	3	0	3
23	Compliance with general norms of business ethics;	26	3	2	1.9	1.03	3	0	3
24	High innovation level and supportive environment for innovations;	27	2	2	1.9	0.92	3	0	3
25	High level of technological innovation usage across all industries;	27	3	2	1.9	1.00	3	0	3
26	Availability and accessibility to the latest technologies and supportive infrastructure;	33	3	3	2.4	0.84	3	1	2
27	High level of the Internet users;	21	1	1	1.5	1.02	3	0	3
28	High quality of higher education and executive education;	30	2	2	2.1	0.77	3	1	2
29	High quality of the scientific education in the financial services exporter country;	21	2	1.5	1.5	1.09	3	0	3
30	High quality of business and management schools.	25	2	2	1.8	0.89	3	0	3

Source: own study, based on expert survey.

The analyses of variances (and standard deviations) are based on the normal distribution and small difference between variances of the representative samples. Therefore, a hypothesis was made concerning the testing on variations. If sample variations do not differ statistically significantly, then sample means and standard deviations can be compared. Authors used Hartli criterion to compare multiple variations.

$$Ho: S_1^2 = S_2^2 = \ldots = S_1^2 = \ldots = S_k^2 .$$

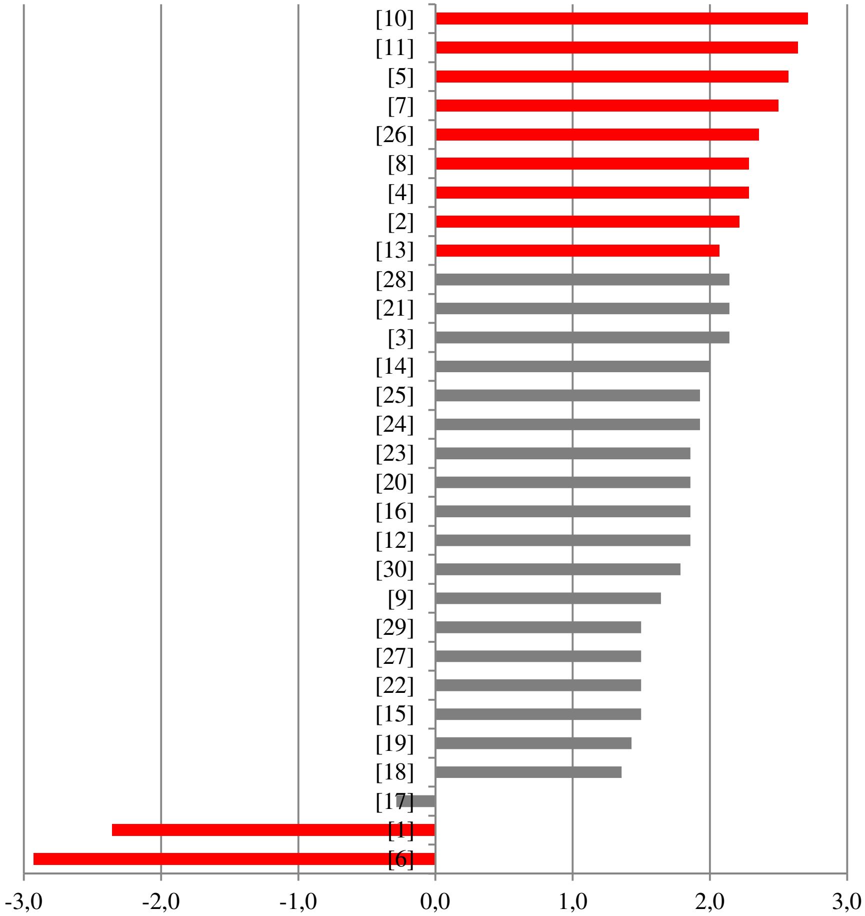
Hartli criterion is a simple criterion to check null hypothesis about difference of multiple variances. This criterion can be applied only in case, if $n_1 = n_2 = \ldots = n_i = \ldots = n_k$. There are calculated individual variations of individual data sets, then selected the smallest and the largest variations. Hypothesis is tested using Hartli statistics:

$$\hat{F} = \frac{S_{\max}^2}{S_{\min}^2} .$$

If $\hat{F} \geq \hat{F}_\alpha$, the hypothesis is rejected and variances do not differ statistically significantly. The critical value $\hat{F}_\alpha$ with $\alpha =$ 0,05 was taken from the table with Hartli statistical values. As a result, $\hat{F}$ = 31,08, but $\hat{F}_\alpha$ = 18,05, thus, $\hat{F} \geq \hat{F}_\alpha$ and it can be concluded that variances do not differ statistically significantly.

The figure below illustrates the extent of relative influence of each factor on increase of financial services exports (Figure 1).

Figure 1. Average evaluation of experts on the influence of each factor on the increase of financial services exports of a country (number in brackets corresponds to the number of factor in Table 1)



Source: own study, based on the expert survey.

Taking into account data from Table 1 and Figure 1 authors have divided the factors in two groups:

- factors, which have *insignificant* influence on the growth of financial services export of a country;
- factors, which have *significantly strong (both, positive or negative)* influence on the growth of financial services export of a country;

Research showed that the following factors, which have *insignificant* influence on the growth of financial services export of a country, belong to the first group (order starting with the very least influence): [17] small local market, [18] developed and active goods market, [19] price stability and inflation control, [15] increase in total export of products and services, [22] simplicity of starting and closing new enterprises, [27] high level of the Internet users, [29] high quality of the scientific education in the financial services exporter country, [9] easiness of attracting extra financing through local equity market (IPO, risk capital, etc.), [30] high quality of business and management schools, [12] accessibility and trust to state institutions from the society side, [16] minimization of export and import tariffs and export barriers on product and services exports and imports, [20] transparent and developed environment of the product manufacturing and services provision, [23] compliance with general norms of business ethics, [24] high innovation level and supportive environment for innovations, [25] high level of technological innovation usage across all industries, [14] accessible credit products and simple procedures for applying and receiving loan, [3] decrease of company income tax level, [21] transparent and accessible infrastructure (communications, roads, real estate for business, ports, airports, railroads), [28] high quality of higher education and executive education. The criteria for attributing these factors to the group of factors with insignificant influence were the following:

- majority of experts applied low grade (close to 0) to the respective factor. For example, total grade up to +/- 30, mode [-1, 0, 1, 2], median [-0.5 ; 2] (Table 1); and
- opinion on the importance of the factor among experts substantially differs: standard deviation [1.49 to 1], large gap and difference between min and max [3 to 5] (Table 1).

However, the factors with significant influence on the growth of financial services exports are the following (in descending order, with description of their effect on the factor):

- *Explicit limitations on capital flows by the financial services exporter country* [6]. The given factor carries the strongest and simultaneously the most negative effect on the financial services exports. Due to the fact that capital flow is an integral part of the financial services exports, any limitations on capital flows from the government side make it impossible to export financial services abroad. For instance, regarding one of the classical financial services – trust fund management: the foreign customer will not be able to withdraw funds from the managed trust if there exist any restrictions on capital flows, resulting in failure of this service provision under the given conditions. However, the vice-versa effect, i.e. total freedom on capital flows, does not guarantee growth of financial services exports because it requires presence of other factors, which would make consumption of financial services attractive in the respective country.

- *Canceling of any restrictions on foreign investment into exporting country (through currency exchange, capital transfers, real estate, industries, etc.)* [10] can substantially increase exports of the financial services for a given country. That can be explained due to the fact that investment financial services are highly demanded among non-resident customers. They usually make investments in both, financial and non-financial objects. The most popular non-financial investment object is the real estate. On the other hand, according to the World Trade Organization data, the largest part of financial services exports consists of revenues from securities deals and customer asset management. These are services which directly depend on the degree of the existing investment barriers in the exporting country. Thus, it can be concluded that the more open the market for any kind of investments, the higher the inflow of foreign investment and the higher are chances for financial institutions to attract them, serve customers, provide services and earn profits, thus forming the financial services exports.
- *Transparent and protected property rights from the government side* [11] is also one of the factors that facilitate the growth of the financial services exports. It is also logical continuation and supplement to both factors described above. In other words, it is not enough that non-resident customer feels free to transfer capital and there are no restrictions on investments into selected investment object. The property rights of the investment object have to be protected in order to assure the investor that in case of government changes his property will not be expropriated. Otherwise, the investment risk level increases and it becomes less attractive. That, in turn, directly leaves impact on the financial intermediaries and financial service providers who charge fees depending on the number of customers and their trade volume.
- *Sophistication of the financial market and its performance according to the international standards* [5]. Financial services market includes securities, derivatives and currency exchange markets. The very fact that country supports the existence of financial market (or at least some of its elements) can be evaluated as major step in facilitation of financial services export development. In turn, the more developed, accessible, available, secure and transparent the market is, the higher are chances to attract investors, including those from abroad. International financial services trade volume has grown geometrically within the last ten years

worldwide, especially in such countries as Great Britain and USA. The trade with financial instruments has become available not only to professionals, but also common citizens. This was immediately reflected in the growth of financial services exports due to the fact that each operation is followed by the intermediary (bank, brokerage company, investment fund, etc.) support. Financial services export grows due to commissions and fees depending on the number of transactions, trust management, account management, and the financial asset management.

– *Existence of stable and trustworthy banks with outstanding reputation in the financial services exporter country* [7]. It is quite obvious that decision on starting to use financial services in a specific country abroad will depend on the stability and reliability of banking system in this country. Commercial banks are the main financial service providers. From the customer's point of view, the choice of bank is the estimation of its credit risk – the risk to lose a part of entire assets in case of bank bankruptcy. Moreover, by choosing to cooperate with foreign bank, this risk doubles because in case of problems, they will have to be solved in foreign country making the entire process more difficult. Therefore, more intensive financial services exports are expected to be observed in countries with more stable and reliable banking systems.
– *Availability and accessibility to the latest technologies and supportive infrastructure* [26]. The latest technologies provide the opportunity to receive financial services distantly. For non-resident clients, this is very important because the availability of latest IT and communications technologies saves their time and money, minimizes operational risks and increases service quality. There is no need to visit a bank abroad physically each time some service is needed, as everything takes place electronically over the Internet and phone connection. Financial institutions, which effectively support distant access, can almost indefinitely increase their clientele base and the volume of provided deals and financial transactions. Meanwhile, it is essential to stress the importance of supportive infrastructure. As the currently existing identification and registration procedure of a new client still requires the physical arrival to the bank at least once, the development level of the existing infrastructure still plays significant role in this stage of financial services provision.
– *Increase of direct and indirect taxes* [1] decreases the level of non-resident activities in the respective country. That, in turn, means that the demand for financial services shrinks in this country. Non-resident customers are looking for lowered tax shields, which is approved by cus-

tomer appreciation of the offshore zone popularity and the wide set of financial services provided by countries that belong there.

- *Existence of free competition and minimal intervention by the government in financial sector (through direct regulation, property rights, etc.)* [8] – is also a factor that to large extent influences growth of financial services exports. The formation of competition among market participants improves financial service quality and facilitates achievement of equilibrium pricing, which in turn attracts not only local, but also foreign customers. Moreover, when the local market is saturated, the competition forces financial service providers themselves to focus on attraction of new customers from the foreign markets, thus simultaneously facilitating exports of the financial services.
- *Transparent and efficient supervision and regulation of securities trade* [4]. In other words, this implies setting clear rules for trading securities and compliance with them by the market participants. This serves for both customers and financial institutions as a warranty/protection mechanism against fraudulent deals. Therefore, it also becomes apparent that non-resident customers are striving towards transparent and orderly securities markets. As a result the concentration of financial services exports tends to those regions, which can provide transparent and understandable environment for trade of securities.
- *Decrease of total company tax shield* [2] unequivocally facilitates increase of financial services exports due to growth of business activity level by non-residents in the respective region. This factor also relates to the factor Nr.1 (increase of direct and indirect taxes), but its effect occurs in the inverse way. However, the highlighting of this factor is not coincidental, because legal entities dominate over individuals as consumers of the financial services, in terms of both the number of customers and the average transaction volume.
- *Low corruption within government institutions* [13]. Decreasing corruption level within government institutions creates positive impact on the business environment in the country, which is aiming to attract foreign capital flows. As a result, the volume of financial activities among countries is growing and the financial services exports increase.

CONCLUSIONS

Despite a rather substantial volume of literature on the geography of financial services, up to now this subject has been insufficiently studied from the point of view of export of financial services. However, the financial services exports research becomes even more essential, taking into account the general globalization trends due to the fact that all countries worldwide are competing on increasing their export volumes, using it as the main source for maintaining their internal economies. In addition, more and more countries aspire to secure this niche realizing "the power of finance" and "an intangible scale of financial markets".

During the expert survey which was carried out as a part of research by the authors of the paper the key-factors which influence growth of the financial services exports in any country with free market have been identified. The disclosure of the basic factors can serve as a basis for explaining shortages in the development of country's financial services exports. The influence of these factors should be taken into account during formation of the general country level strategy by the government regarding financial services exports, if this aligns with the priority and target industries of the respective country.

The research showed that key factors in facilitating growth of financial services exports are the following (in descending order, according to the degree of their influence):

- Explicit limitations on capital flows by the financial services exporter country;
- Canceling of any restrictions on foreign investment into exporting country (through currency exchange, capital transfers, real estate, industries, etc.);
- Transparent and protected property rights from the government side;
- Sophistication of the financial market and its performance according to the international standards;
- Existence of stable and trustworthy banks with outstanding reputation in the financial services exporter country;
- Availability and accessibility to the latest technologies and supportive infrastructure;
- Increase of direct and indirect taxes;
- Existence of free competition and minimal intervention by the government in financial sector (through direct regulation, property rights, etc.);
- Transparent and efficient supervision and regulation of securities trade;
- Decrease of total company tax shield;
- Low corruption within government institutions.

In addition to this, the authors leave a gap for future research which should confirm the findings regarding basic factors using other mathematical and statistical methods. Also, additional research should highlight the most appropriate method to determine the factors facilitating growth of financial services exports and how to estimate the potential of a specific country in the financial services export.

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