



## Chamber study: Hub (of finance) no more?

By [Jay Fitzgerald](#)

Boston Herald General Economics Reporter

Wednesday, March 28, 2007

Boston is losing its edge as a financial center amid growing competition from around the country and the world, a report to be released today concludes.

The report, prepared by McKinsey & Co. for the Greater Boston Chamber of Commerce and Mass Insight Corp., urges Massachusetts to improve its community colleges and perhaps build a new research center to attract future employees.

Globalization has fundamentally changed the way things are done," said Paul Guzzi, chief executive of the chamber, adding Massachusetts and other states have never faced such tenacious competition for jobs.

Boston, the report says, is still a strong financial center with enormous advantages, including top-notch universities and financial firms. About 180,000 people are employed within the sector, the report noted.

But like New York, which McKinsey examined in a previous study, Boston's financial sector faces global challenges as firms eye markets and expansions in other areas of the world, such as China and India, or other areas of the country.

"We need a strategy to compete for these jobs," said William Guenther, president of **Mass Insight Corporation**, an economic research firm.

Guenther said firms such as Fidelity Investments have expanded in nearby states, such as New Hampshire and Rhode Island, and have set up operations in India.

Massachusetts could do better capturing those jobs, as well as other middle-income positions, by emphasizing a "statewide strategy" that encourages firms to expand in such lower-cost cities as Springfield.

The McKinsey report, which was done pro bono for the business groups, recommends improving the state's community and state college systems, as well as lessening regulatory burdens on corporations. It also advised building a financial services "research center" that could attract students and executives, though it didn't offer specifics.

-----  
Link to the report: "Securing Massachusetts' Leadership Position in Financial Services"  
<http://www.massinsight.com/gm/SecuringMAFinancialServicesLeadership.pdf>