



Faculty of Law,
Economics
and Finance

The Luxembourg Financial Sector

navigating between the EU and national interests

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Birth of the Lux. Financial sector

1963 : U.S. introduces interest equalisation tax

- ▶ Birth of the Eurobond market

1965 : Germany introduces withholding tax on interest

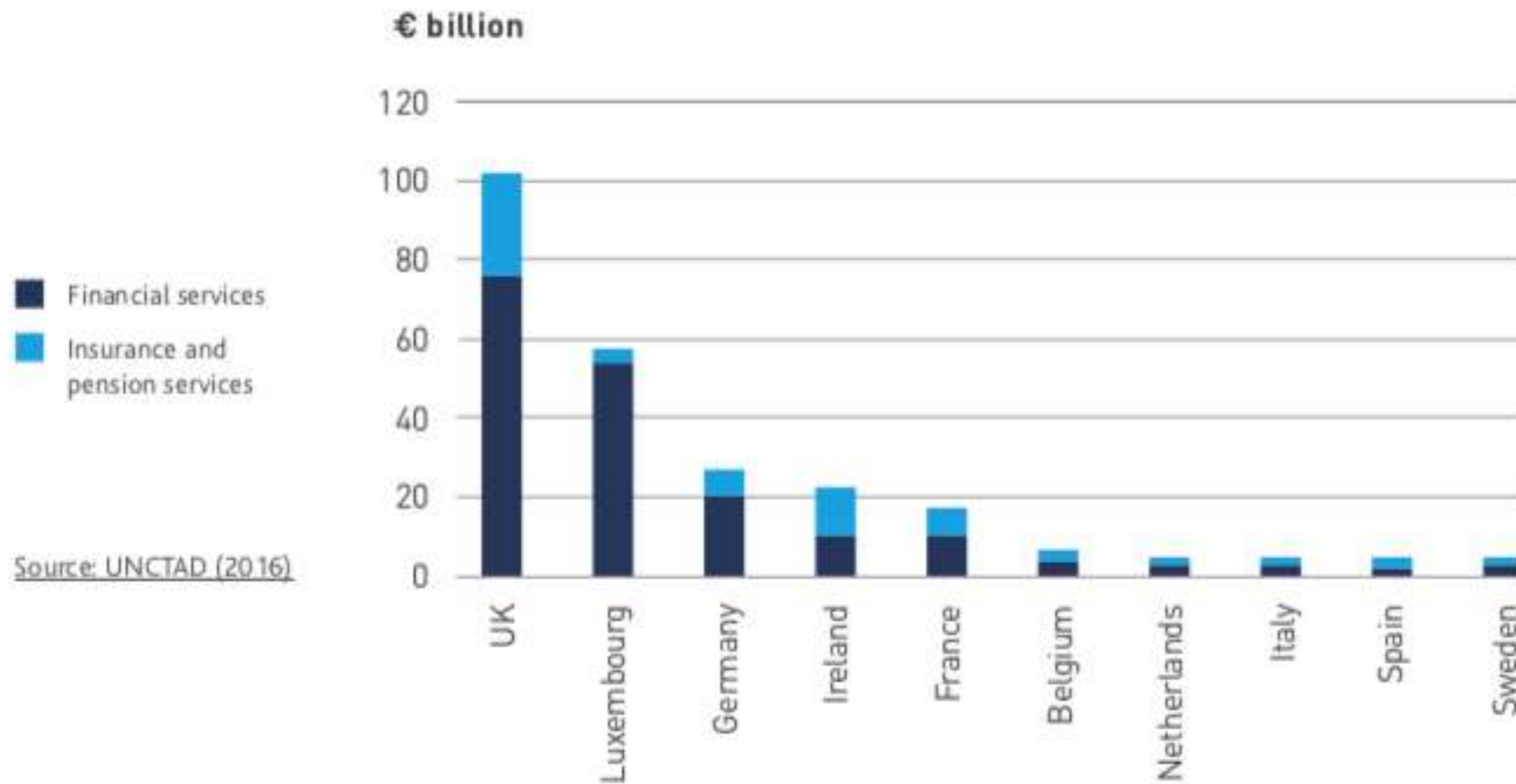
1968-1974 : Deutsche Bundesbank increases minimum reserves

- ▶ establishment of German branches and subsidiaries



Boosted by the European Union

Largest financial services exporter in the Eurozone



THE
EUROPEAN
SINGLE
MARKET



500
MILLION
CUSTOMER
S

WITH FREE
MOVEMENT OF



GOODS



CAPITAL



SERVICES



PEOPLE



**INVESTMENT BANKING
FUNDS**



INSURANCE



**CAPITAL
MARKET
OPERATIONS**



**MAIN FINANCIAL CENTRE
ACTIVITIES**



**SUSTAINABLE
FINANCE**



**RENMINBI
BUSINESS**



FINTECH



**ISLAMIC
FINANCE**

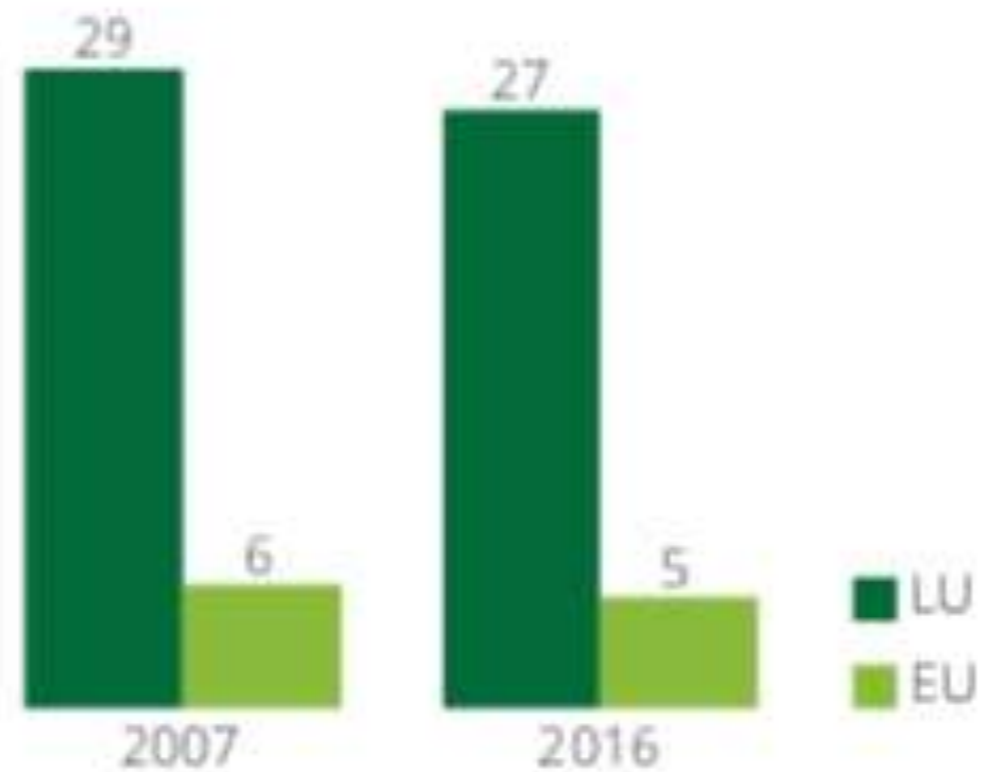


OTHER ACTIVITIES



The Luxembourg financial sector remains an important contributor to total GVA compared to the EU

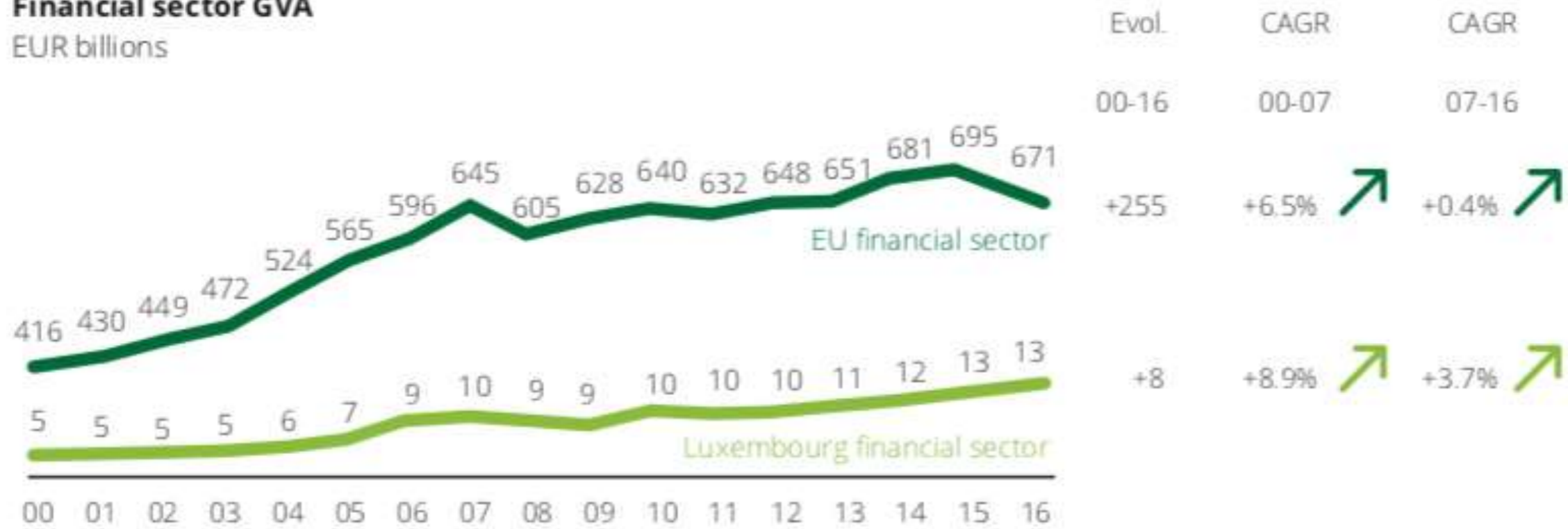
Financial sector GVA as a percent of total GVA



Source: Eurostat.

Financial sector GVA

EUR billions



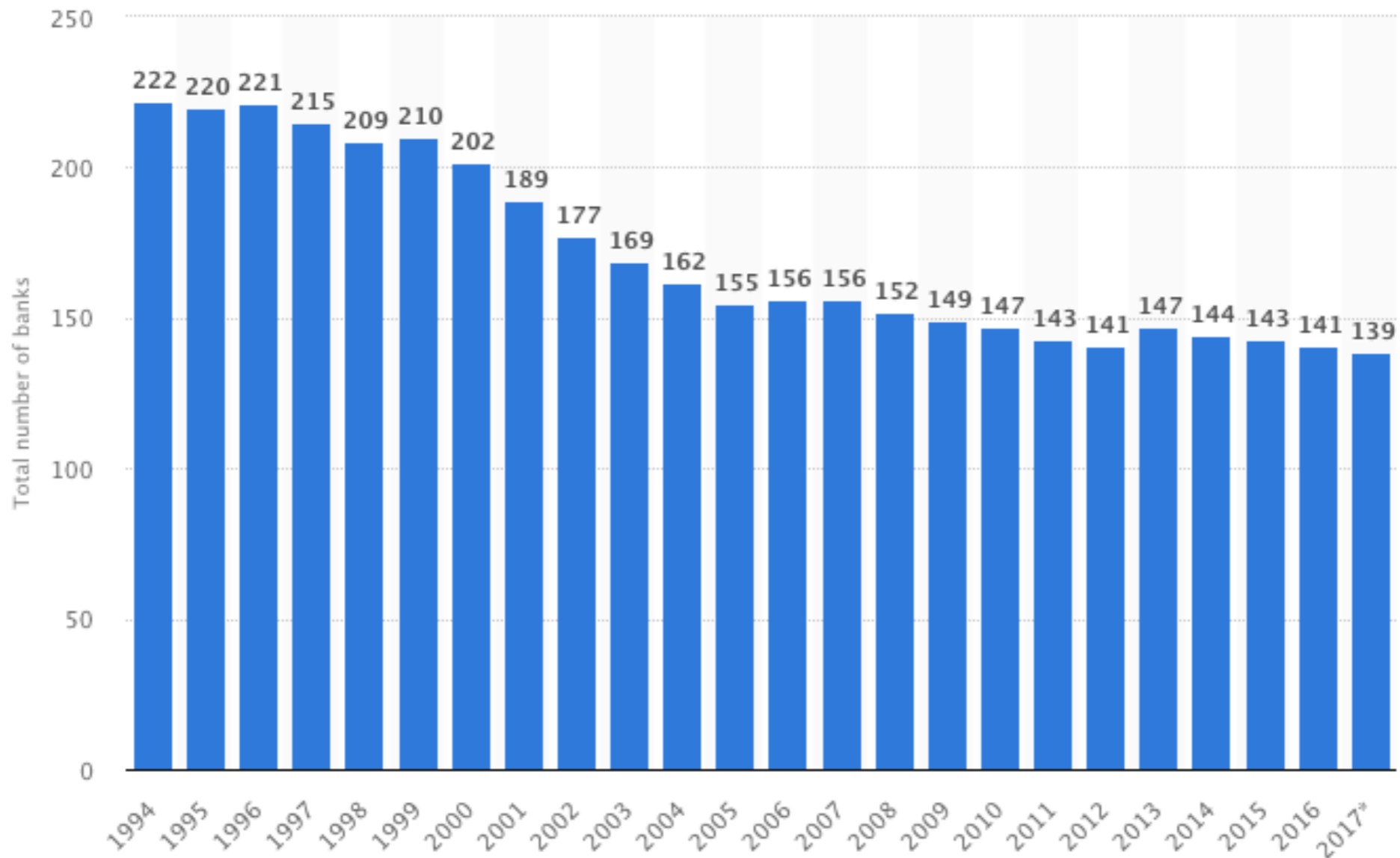
Notes:

- Gross Value Added (GVA): As calculated by Eurostat (output less intermediate consumption; GVA is calculated before consumption of fixed capital.)
- Financial Sector (FS): Includes section K (Financial and insurance activities) as per NACE Rev 2 classification of economic activities in the European Community.
- "EU" represents 28 countries.

Source: Eurostat.



Total number of banks 1994-2017

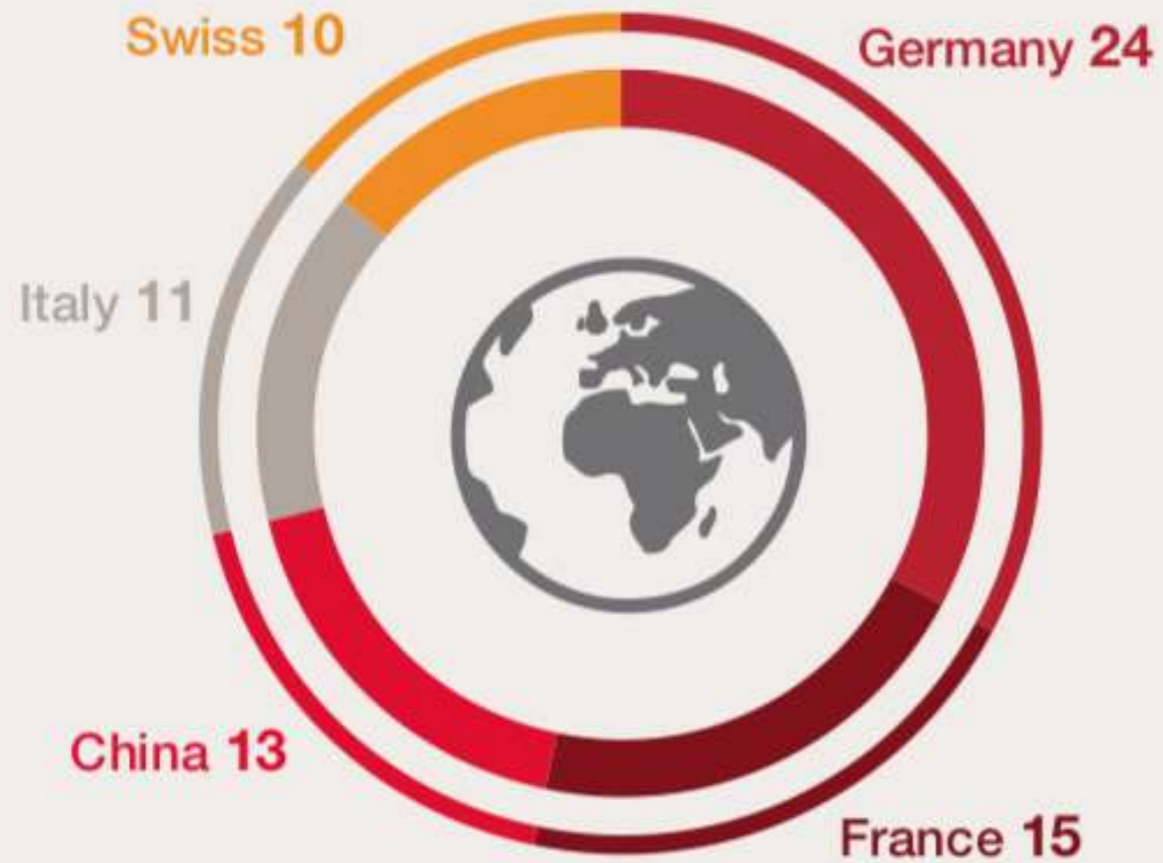


Data visualized by  + a b | e a u

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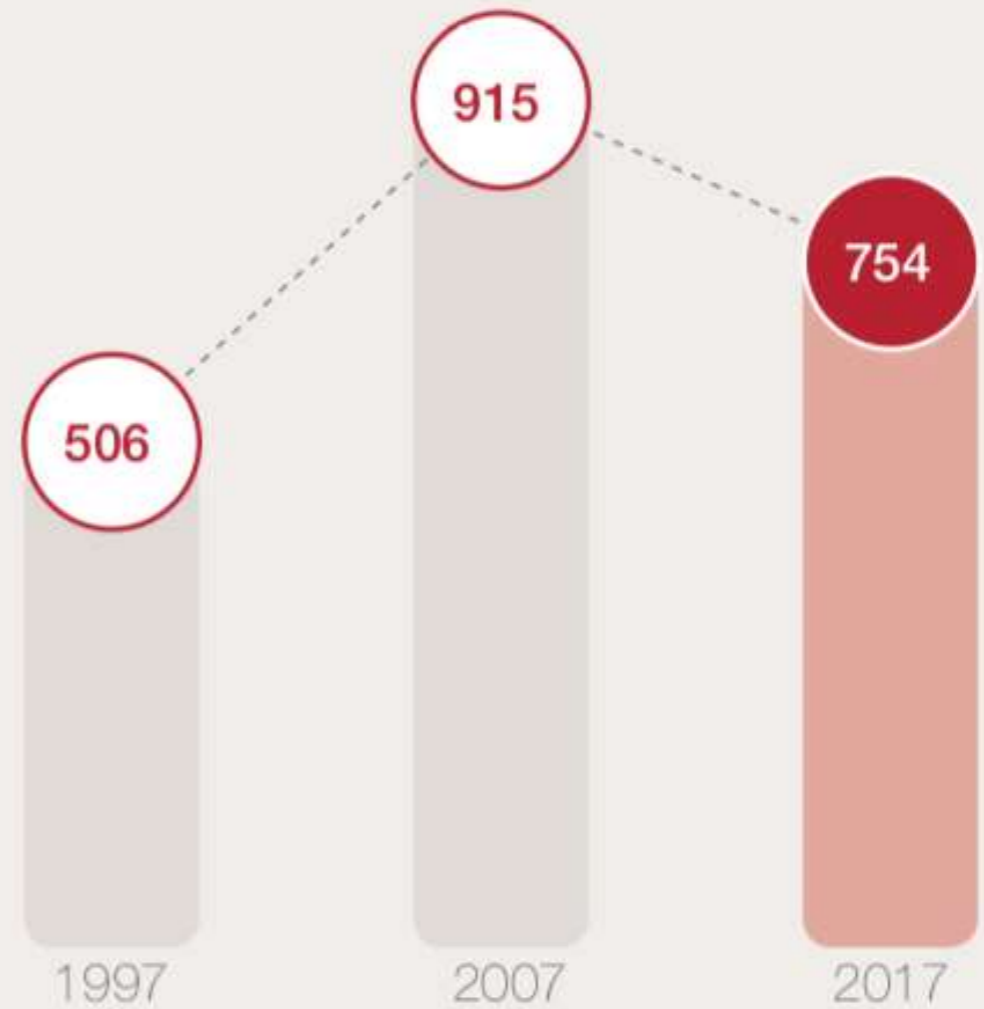


Figure 3: Top 5 by country of origin



Source: CSSF, situation at 31 December 2017

Figure 4: Evolution in the total balance sheet of credit institutions (in EUR bn)⁵



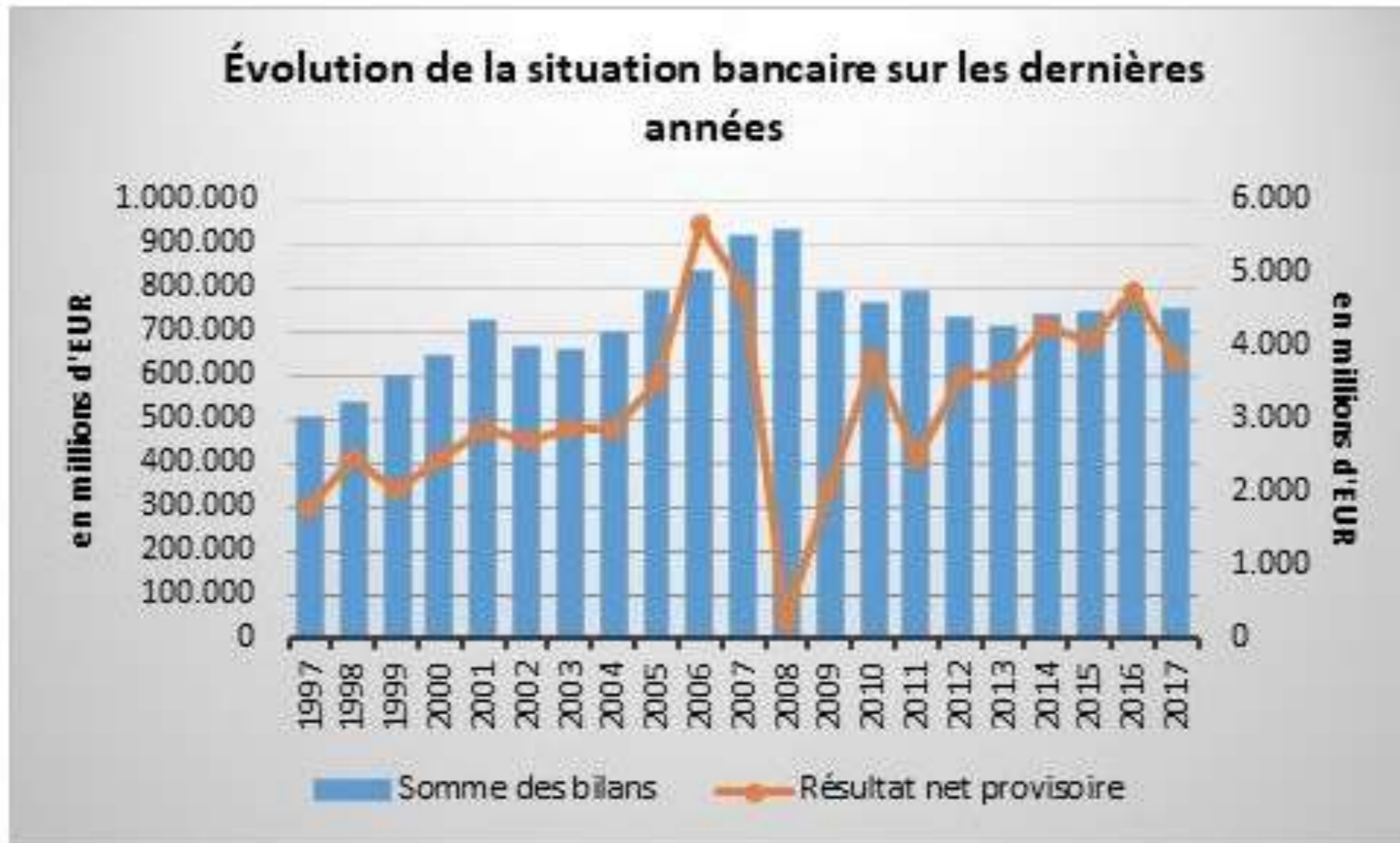
Source: CSSF, situation at the end of September 2017



Évolution de la situation bancaire sur les dernières années

Date de publication : 11.07.2018

Situation au 31.12.2017



source CSSF



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Évolution du ratio de solvabilité

Situation au 31.12.2017

Année	Ratio de fonds propres total	Fonds propres (en mio EUR)	Ratio de fonds propres de catégorie 1 (ratio Tier 1)	Fonds propres de base (en mio EUR)	Ratio de fonds propres de base de catégorie 1 (ratio CET1)	Fonds propres de base de catégorie 1 (en mio EUR)
2014	19,6%	46.296,6	18,5%	43.695,39	18,4%	43.537,26
2015	20,7%	47.600,8	20,0%	45.893,7	19,9%	45.736,2
2016	24,8%	50.120,4	24,1%	48.693,1	24,0%	48.533,8
2017	25,9%	51.542,9	25,1%	49.990,5	24,5%	48.831,9

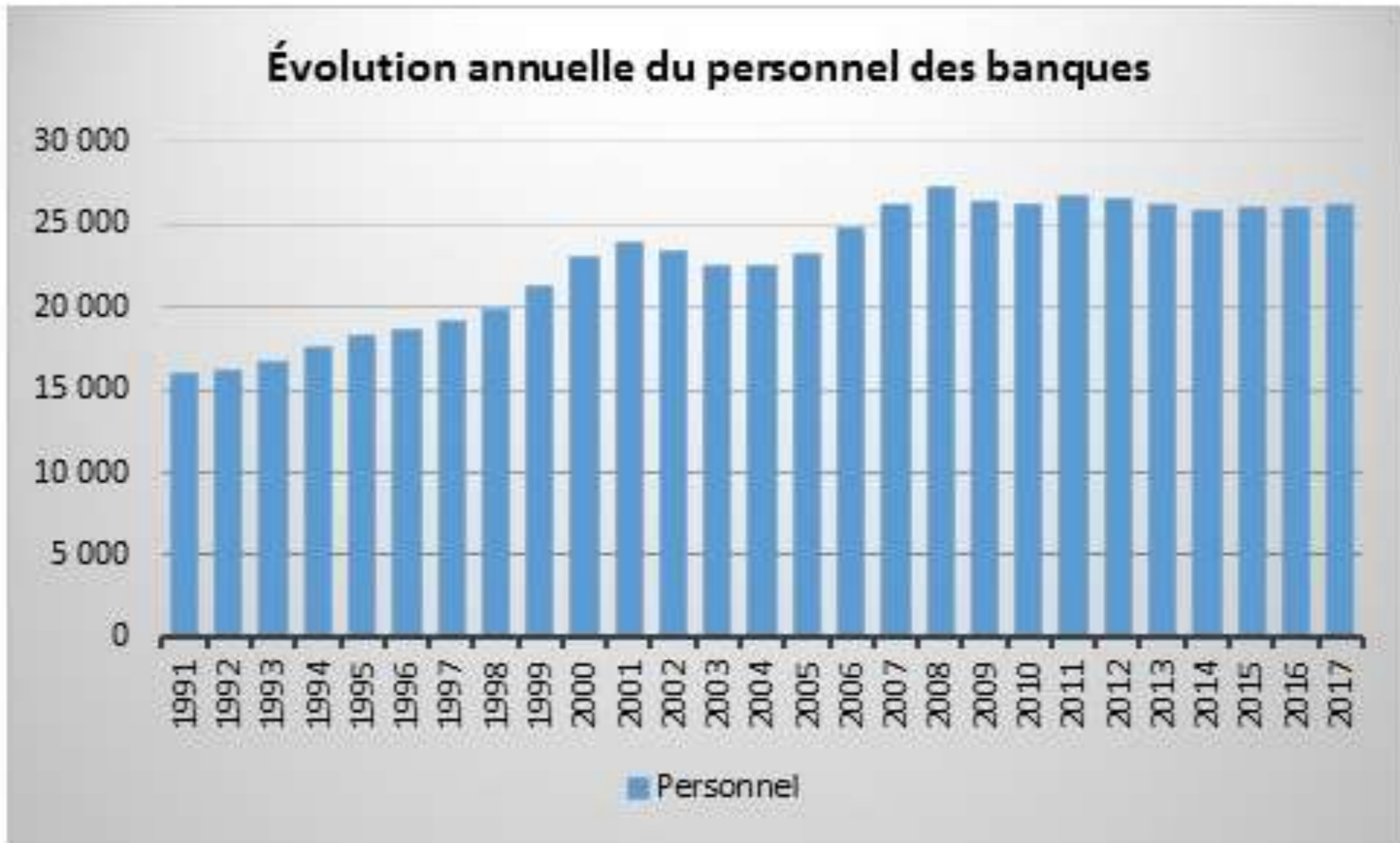
source CSSF



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Évolution annuelle de l'emploi dans les banques

Situation au 31.12.2017



source CSSF



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Legal framework - key dates

- 1928: creation of Luxembourg Stock Exchange
- 1945: “Commissionner of Banking Supervision”
- 1981: implementation of 1st Banking law directive
- 1983: creation of Luxembourg Monetary Institute
- 1983: Investment funds law
- 1988: first implementation of EU UCITS’s directive
- 1990: new law for stock exchange
- 1993: implementation of European passport



current legal framework

- 1993: framework law on the financial sector 5 April 1993:
- 1998: creation of Luxembourg Central Bank
- 1998: creation of “Commission de surveillance du secteur financier”
- 2004 law on securitization
- 2007 law on specialised investment funds
- 2007 law on markets of financial instruments
- 2010 law on collective investment funds



EU integration / scope for national sovereignty

European System of Central Banks

European Regulatory Agencies (Single Rule Book)

European Banking Union

Single Supervisory Mechanism

Single Resolution Board



