



LE GOUVERNEMENT  
DU GRAND-DUCHÉ DE LUXEMBOURG

# LUXEMBOURG

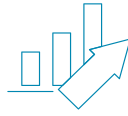
**THE NATURAL CHOICE TO HOST THE  
EUROPEAN BANKING  
AUTHORITY**

# EUROPEAN BY NATURE



The European Union has a number of financial centers. They all fulfill one common function, which is to help finance the economy. However, these financial centers are different in focus.

Over recent decades, the **Luxembourg financial centre** has specialised in **cross-border services** by building an ecosystem that supports the multijurisdictional activities of banks, asset managers and insurers. Indeed, whether



## BANKING



## EUROPEAN CAPITAL



## CONNECTIVITY



## QUALITY OF LIFE

they are active in the fund industry, in wealth management or the capital markets, financial institutions have chosen Luxembourg from which to develop business across several European markets and beyond.

Luxembourg also plays a crucial role in **Europe's capital markets infrastructure** through the Luxembourg Stock Exchange. It is Europe's leading centre for international securities listings and is home to Clearstream Banking Luxembourg, one of the two largest International Central Securities Depositories in the world and which connects more than 2500 financial institutions in 110 markets.

Many financial institutions have created a **Luxembourg platform** in order to pool their group expertise in a particular sector, serving international jurisdictions from one hub.

In this spirit, Luxembourg is **highly complementary** to its European peers, acting as a valued partner when it comes to facilitating cross-border business.

This fact contributes to its consistent 2<sup>nd</sup> Place ranking among EU financial centers in the Global Financial Center Index.

# 2<sup>nd</sup>

**EU Financial Center**  
Global Financial Centres Index

# THE EUROPEAN BANKING HUB



## A PAN-EUROPEAN BANKING CENTRE WITH A GLOBAL REACH

Luxembourg's **banking industry** is very diversified and covers the entire range of services, including corporate & investment banking, private banking, custody, trustee, fund services and post-trading services. The country is a **European hub** for a number of key international banks. These banks use the **European Passport** to serve their



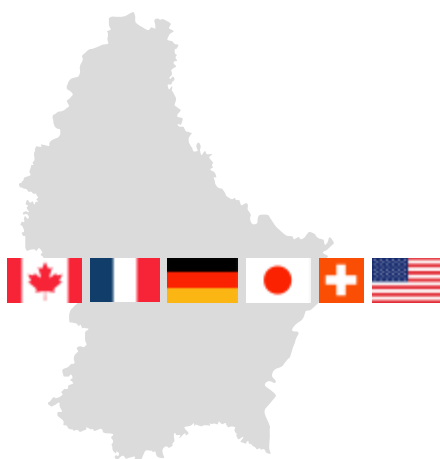
clientele from Luxembourg, making Luxembourg an important control centre for foreign institutions' activities in the European Union.

Moreover the scope of Luxembourg's influence stretches beyond Europe: it has been chosen as the **global hub** for certain business lines by **national champions** of other European countries, enhancing its legitimacy as a global and **pan-European financial** centre. Not only does Luxembourg serve as a **gateway to the EU market**, but also as an **international platform** for European banks with global reach.

Banking is directly connected to the other segments of the financial sector. Supported by a highly developed and comprehensive **ecosystem** of service providers, global banks have developed important custody, fiduciary and post-trading capabilities to support the growth of the **investment fund industry**. Fully incorporated **subsidiaries of American, Canadian, Swiss, German, French and Japanese banks**, amongst many others, use the Grand Duchy as their primary European and Global hub for their fund servicing business.

Luxembourg banks also operate as distributors and provide third party management to global asset managers. The **insurance industry**, especially the life assurance sector, leverages Luxembourg's **private banking** industry to sell its services throughout Europe as an important wealth management tool, complementing the available products on offer in each market. Banks in Luxembourg also play an important role in **capital markets**, since they act as intermediaries in the listing process, continuously enlarging the stock exchange's pool of clients.

**FinTech** companies have also grown up alongside the banking industry, taking advantage of easy physical access to partnerships and a sophisticated testing ground for their products and services.





Finally, Luxembourg's generously capitalised banks act as important **liquidity providers** to their respective groups; liquidity that is, in turn, made available as loans to businesses and households across Europe.

## STABILITY FACTORS

Banks based in Luxembourg have an average **Tier 1 ratio** of 23.1% in comparison to the European average of 13.4% in 2016 (EBA stress test 2016). 68% of banks in Luxembourg have a balance sheet larger than €10 billion with an average **CET1** of 20.8% (Basel III: 7% by 2019). The Grand Duchy also has the **smallest non-performing loans ratio** in the Eurozone (1.15%) and a national solvency ratio average of 19.9% (EBA Dashboard Q3 2016).

Luxembourg is one of only twelve countries worldwide with a **AAA rating** by all major rating agencies. It has one of the **lowest debt/GDP ratios** in the EU (21.4%) and the only country in the Eurozone to consistently have **respected the Maastricht criteria**.

## A MULTILINGUAL TALENT POOL

The financial sector benefits from a **truly European workforce**, particularly due to the fact that about half of the residents are foreigners, of which over 42% originate from the EU. However, Luxembourg's highly skilled talent pool goes well beyond its national borders, drawing many commuters from France, Germany and Belgium (around 5 million people live within a 1-hour commute of Luxembourg). Luxembourg is ranked the **most multi-lingual country in Europe with an average of 3.6 languages spoken by residents** and 84% speaking at least 2 languages.<sup>1</sup> It also ranks as the **7<sup>th</sup> most proficient English-speaking country in the world**, according to EF English proficiency Index 2016.

Luxembourg  
residents speak  
on average

**3.6**  
languages

<sup>1</sup> Eurobarometer





## THE EUROPEAN CAPITAL

Luxembourg plays another vital role within the European Union. As a **host to European institutions**. A founding member of the European Union, it is **one of the three capitals of the EU and home to key EU institutions**: the European Court of Justice, a number of European Commission services, the secretariat of the European Parliament, the European Court of Auditors, the European Investment Bank, the European Investment Fund and the European Stability Mechanism.

As the **EIB** and the **ESM** engage with the EBA in multiple initiatives and working groups, their proximity will be a substantial benefit, especially considering the recent introduction of the Capital Markets Union.

Furthermore, relocating the EBA to Luxembourg will position it right at the centre of the "**Joint Committee of the European Supervisory Authorities**", composed of EIOPA, in Frankfurt, ESMA, in Paris, and the EBA. Luxembourg is within a 2 hour travel distance from both.

European institutions engage very positively with the local financial ecosystem and government. The EIB lists most of its securities on the Luxembourg Stock Exchange and is currently engaged in a pioneering climate finance initiative by setting up a joint platform with the Luxembourg government. In 2015, the EIF launched a fund to invest in innovative companies in partnership with the Luxembourg Government's Société Nationale de Crédit et d'Investissement (SNCI).

Luxembourg is the seat of

**European Court of Justice**  
**European Court of Auditors**  
**European Investment Bank**  
**European Investment Fund**  
**European Stability Mechanism**  
**European Commission services**  
**Secretariat of the European Parliament**



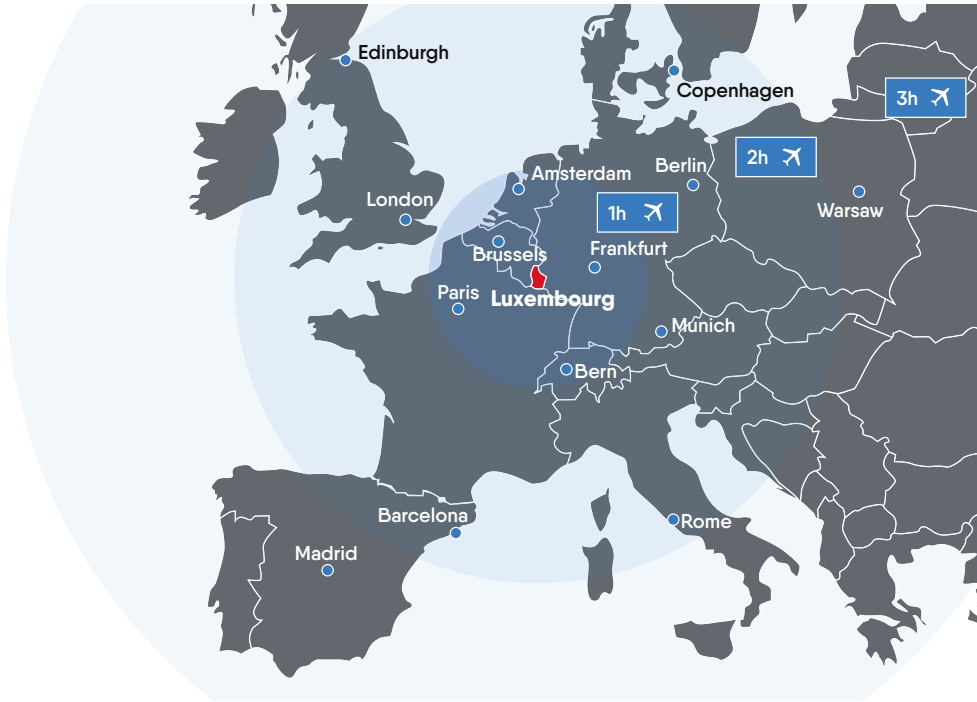


European Convention Centre

## THE STRATEGIC CONNECTION POINT

### TRANSPORT INFRASTRUCTURE

Located at the heart of Europe, Luxembourg is **within an hour's reach of major European cities** and financial centres such as London, Berlin, Frankfurt, Paris, Milan, Amsterdam and Zurich. The boutique **airport** combines the destination choices of a large international airport with the tranquility of a small regional one. It is only a 15-minute drive from the city centre and offers direct flights to more than 70 destinations.



Luxembourg is also served by a **high-speed train connection** to Paris, allowing financial professionals to have meetings with clients in Paris all day and be back home in time for supper with the family.

Brussels is a two hour drive from Luxembourg and trains to the Belgian Capital run every hour. Frankfurt is served through several daily flights.

## CONFERENCE AND MEETING INFRASTRUCTURE

More than 100 **event and conference venues** of different sizes with the latest communication facilities are available all over the Grand Duchy, ready to host groups of up to 1,500 persons. Venues range from high-tech modern conference venues such as the **European Convention Centre**, the meeting venue of the EU Council, or the Luxembourg Expo, to alternative sites such as concert halls, castles, galleries and

wineries. Many venues are modular and can be personalised. Given the size of the country, they are easily accessible, allowing for a flexible use of space and efficient time management.

A broad choice of third-party service providers is available, from event management agencies to interpretation, security services, catering or audio video equipment.

Luxembourg's **hotel infrastructure** provides for more than 6,000 rooms, ranging from 5 star-luxury hotels to business and boutique hotels.

## IT INFRASTRUCTURE

Connectivity, whether it is about transport or financial services, is a key asset of Luxembourg. The country is also at the forefront of **Internet connectivity**. Luxembourg has the most modern data centre parks in Europe and features ultra-low latency connections to all major European Internet hubs. Located in the centre of the **Golden Ring**, it is connected with the main European data traffic exchange hubs through 28 different fiber routes. By year-end 2020, the government is committed to delivering ultra high-speed broadband nationwide. Not surprisingly, Luxembourg ranks 1<sup>st</sup> in the world for technological readiness<sup>2</sup>.

## OFFICE SPACE

As far as office infrastructure is concerned, an influx of additional staff can easily be accommodated in the short-term: 208'000 sq meters of **prime office space** are available immediately, representing office space for 17'000 persons. More office space is under construction and further spaces are available for the future.

**Ultra-low**  
latency connections  
to all major  
European Internet hubs

**208'000**  
sq meters of **prime office space**

<sup>2</sup> World Economic Forum

Philharmonie

Luxembourg is an attractive place to live in many ways and offers an **excellent work-life balance**. Short commutes make it possible to maintain a healthy well-balanced family and social life outside of work.

International culture and multilingualism are two important features. **47% of the Luxembourg population are foreign nationals representing 170 nationalities.**<sup>3</sup> To meet the needs of this multilingual

<sup>3</sup> Statec





**96%**  
of residents are **highly**  
**satisfied** with life in  
Luxembourg City

**11**   
Michelin-starred restaurants

society, the majority of administrative documents are available in three languages: French, German and English.

As you would expect in the multinational environment of Luxembourg, the **cultural events on offer** are incredibly diverse and of a very high quality. The state-of-the-art Philharmonie offers world-class concerts. For those more inclined towards rock and pop, many other venues such as the Rockhal and the Atelier, offer an attractive program. The I. M. Pei designed Modern Art Museum, as well as other museums in Luxembourg, complete this cultural offer.

The Old City, a medieval fortress at the centre of the capital, is a **Unesco world heritage site**, and the capital as a whole is regularly ranked as the **safest city in the world**.<sup>4</sup> This may be connected to the fact that, with **11 Michelin-starred restaurants**, Luxembourg City boasts the most stars per capita of any city in the world. Our gastronomical culture is also well reflected in the numerous trendy restaurants available in and around Luxembourg City. To get rid of extra pounds, multiple **sporting facilities** are available, earning Luxembourg **1<sup>st</sup>** place in the EU in terms of the quality on offer.<sup>5</sup> 96% of residents declare themselves highly satisfied with life in the city of Luxembourg.<sup>6</sup>

All of this is available at a relatively low cost, compared to other European capitals. Indeed, Luxembourg ranks at 66<sup>th</sup> position globally in terms of the **cost of living**, making it attractive in comparison to other major financial centres.<sup>7</sup>

<sup>4</sup> Mercer Quality of Living Survey 2016

<sup>5</sup> European Commission Flash Eurobarometer 419

<sup>6</sup> Flagship publication Urban Europe, Eurostat, 2016

<sup>7</sup> Economist Intelligence Unit



## EUROPEAN AND INTERNATIONAL SCHOOLS

As one of the three EU-capitals, Luxembourg has the choice of **European schools alongside the local school system, the International School and other national schools where the** International, European, English, or French Baccalaureate, British A-levels or the German Abitur can be obtained. The school sector is currently being enlarged to welcome even more international pupils.

The two European schools in Luxembourg have three cycles: nursery, primary and secondary. Also, both schools have an Anglophone, Francophone and German speaking section and teach Irish. All the pupils of the following mother tongues and sections are automatically enrolled in the ESL1: Bulgarian, Dutch, Estonian, Finnish, Latvian, Lithuanian, Polish, Portuguese, Spanish, and Swedish. All pupils of the following mother tongues and sections are automatically enrolled in the ESL2: Czech, Danish, Greek, Hungarian, Italian, Maltese, Romanian, Slovenian, Slovakian and Croatian.

The City of Luxembourg counts for just 2% of the surface of the country and half of that is comprised of parks and green areas. The rest of the country offers beautiful, varied landscapes with 35% covered by woodland. 900km of well-marked cycle paths and 500km of mountain bike tracks are available for **outdoor** lovers. Luxembourg's location in the heart of Europe make it the ideal starting point to visit its neighboring countries Germany, France and Belgium.

**Best  
country**  
globally to work abroad

All these factors make Luxembourg the **best country globally to work abroad**.<sup>8</sup> The country has continuously developed and improved its living conditions alongside an impressive population growth of 13% since 2010.<sup>9</sup>

<sup>8</sup> *Expat Insider 2016*

<sup>9</sup> *Statec*

For further information on the Luxembourg financial centre,  
visit [www.luxembourgforfinance.com](http://www.luxembourgforfinance.com)

