



Association des Banques et Banquiers, Luxembourg  
The Luxembourg Bankers' Association  
Luxemburger Bankenvereinigung



# LUXEMBOURG PRIVATE BANKING SURVEY 2020

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**PRESS**

# PRESENTATION AGENDA

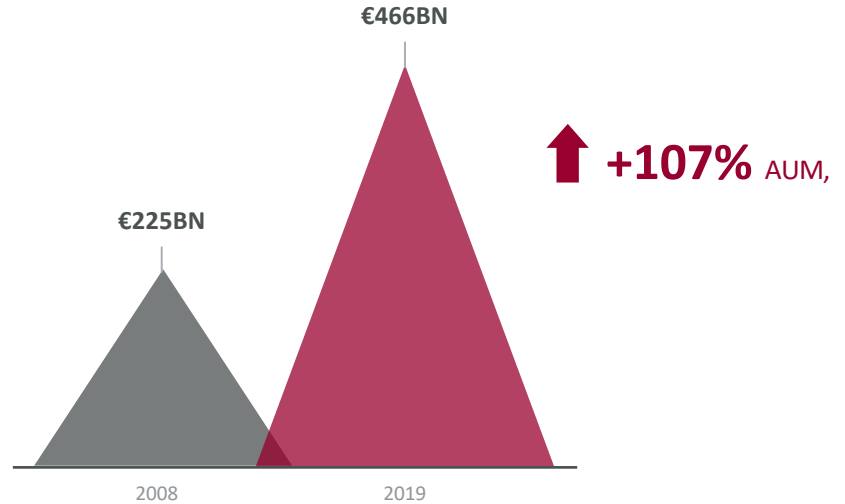
- 01 Assets under management in Luxembourg
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- 04 Employment in the sector
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# ASSETS UNDER MANAGEMENT IN LUXEMBOURG

## GROWTH ANALYSIS

Assets under management in Luxembourg reached a total of €466BN by the end of 2019. This is a 107% increase since 2008 (€225BN); a doubling of assets, the result of 11 consecutive years of growth.

ASSETS UNDER MANAGEMENT GROWTH



# WEALTH BANDS & NUMBER OF ACCOUNTS

## EVOLUTION ANALYSIS

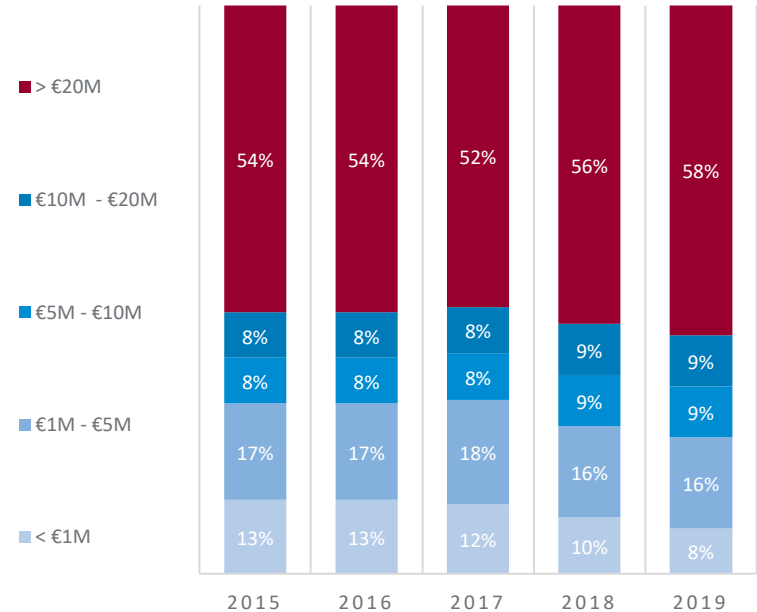
Clients with assets over €20M represented 58% of total assets under management at year end 2019.

The number of clients with assets of less than €1M continues to decrease, to the point where in 2019, the segment represented only 8% of total AUM.

Simultaneously, Luxembourg has attracted a number of new UHNW clients, significantly increasing AUM from private banking activity.

Luxembourg continues to attract internationally active, mobile, sophisticated and demanding clients, requiring a wide range of products and services, and enhanced and immediate access to reliable and transparent financial information.

DISTRIBUTION OF WEALTH BANDS  
2015 – 2019 (%)



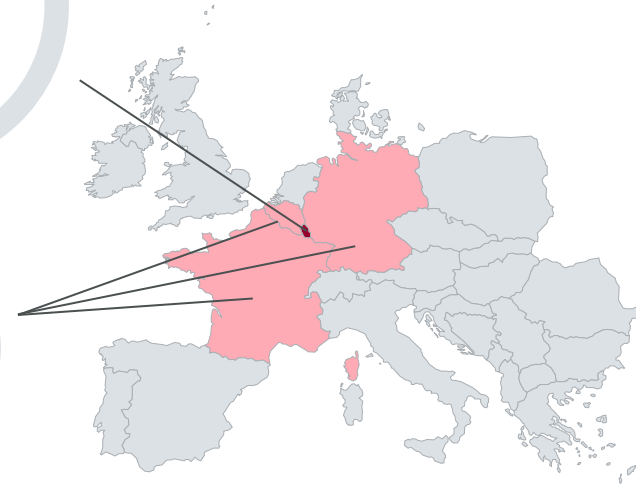
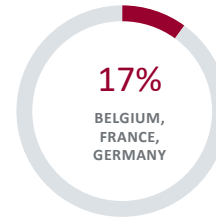
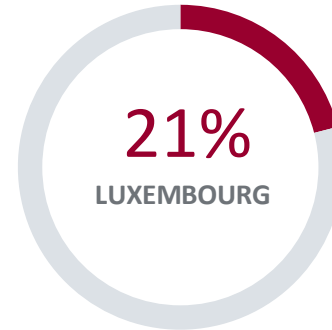
# ORIGIN OF CLIENT ASSETS

## GEOGRAPHIC ANALYSIS

In terms of geographic origin of assets, **Europe remains the core market**, with 85% of total AUM.

ORIGIN	2019
Luxembourg	21%
Belgium, France, Germany	17%
Rest of Europe	47%
Rest of the world	10%
Multi-jurisdictional assets	5%

## TOP 5 COUNTRIES BY CLIENT ASSETS



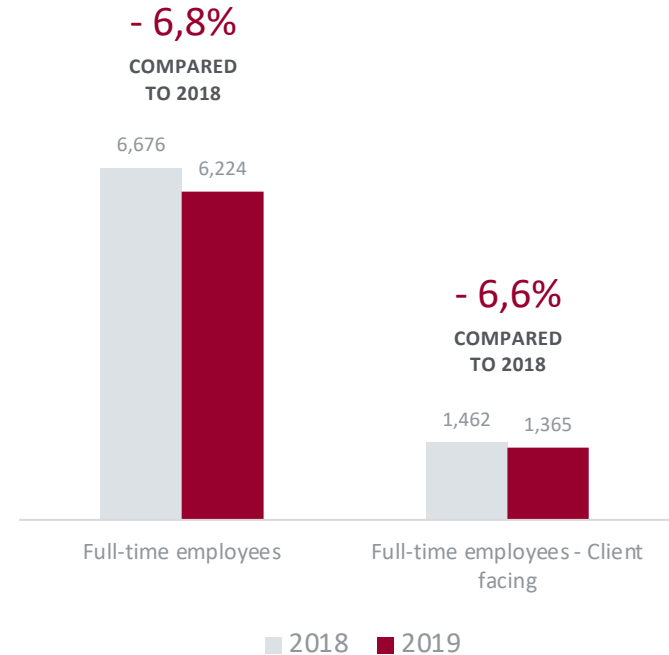
# EMPLOYMENT IN THE SECTOR

## VARIATION ANALYSIS

While the total headcount in the banking sector remains stable, with 26,337 employees in 2019, the private banking sector registered a slight decrease in the number of staff employed. The total number of full-time employees was 6,224 at the end of 2019, of which 1,365 are client facing employees.

This decrease is to be largely attributed to staff reallocation, such as transfers to different functions within the same institution, new job opportunities within other institutions or retirement.

VARIATION BETWEEN 2018 AND 2019



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# LOOKING AHEAD

## OPPORTUNITIES

### COVID-19

There will be meaningful opportunities for wealth management firms to fully leverage modern communication technologies and client management and reporting systems.

### BREXIT

The attraction of the Luxembourg financial centre for private banking activities was further confirmed by the move made by a number of UK-based institutions to Luxembourg to mitigate the risk of potential Brexit-related disruption to business ensuring that clients could benefit from seamless intra-EU servicing out of Luxembourg.

### WEALTH MANAGEMENT ECOSYSTEM

Clients with a complex international situation find a full range of services (bankers, consultants, lawyers, insurers) needed to obtain a globally adapted asset management and structuration solution.

### EUROPEAN HUB

International private banks have in recent years reinforced their European footprint in Luxembourg (by way of so-called “hubs”) to expand and essentially to cover the European market via the EU passport (freedom to provide services) and/or via a branch/sales office network.

## CHALLENGES

### COVID-19

Faced with a situation so far unknown, private banks had to take urgent measures to manage crisis and maintain profitability, in particular in accelerating changes in the expectations of clients and employees:

- an acceleration in client demand for digitally enabled remote engagement;
- and a shift toward remote working, made possible with the support of measures taken by the CSSF.

### PROFITABILITY

Given the continuing pressure on costs due to regulatory compliance requirements, negative interest rate environment, investments in operational systems and new products and services, we expect profitability of private banks in Luxembourg will remain under pressure in the months to come.

### MARKET CONSOLIDATION

Since the beginning of 2018, there has been sustained M&A activity in the Luxembourg private banking market, with some consolidation through acquisitions or exits as financial institutions continue to adjust their strategies.