

July 2021

# Private Banking Survey



# Executive Summary

Assets under management rose by 11% year on year, whilst the number of private banks remained the same. There was some consolidation activity, but an influx of several new banks over the last 2 years (post-Brexit) has led to an overall net increase in assets under management. Employment in the sector remains stable: around 6,000 people, with 1,360 in account manager/client-facing roles. Profitability remains an issue, especially for smaller organisations, who are disproportionately hit by the cost of regulation.



## Assets under management continue to rise

Assets under management in Luxembourg have increased by 130% since 2008. Three reasons: new banks post-Brexit, market performance and net inflows.



## Client type distribution continues to polarise

The number of clients with assets below EUR 1 million continues to decline and now represents only 7% of total assets under management.



## Geographical split follows the trend of recent years

21% of assets under management come from Luxembourg, 17% from neighbouring countries, with a further 47% from other European countries.

# About the survey

Launched for the first time in 2007, the CSSF / ABL Private Banking survey provides ABL members with a better understanding and assessment of the private banking landscape in Luxembourg, with reliable and long-term information on the market. It thus joins the family of ABL surveys, alongside the retail banking survey and the corporate banking and finance survey.

## Scope

- 54 banks are in scope (as in 2020), but with the following changes:
  - 2 new banks (Citibank and Goldman Sachs)
  - ICBC and one other bank are no longer active in the private banking sector
- 4 banks are still missing but their projected AuMs are included in this analysis
- 1 bank did not complete the full survey, but shared information on AuMs with us



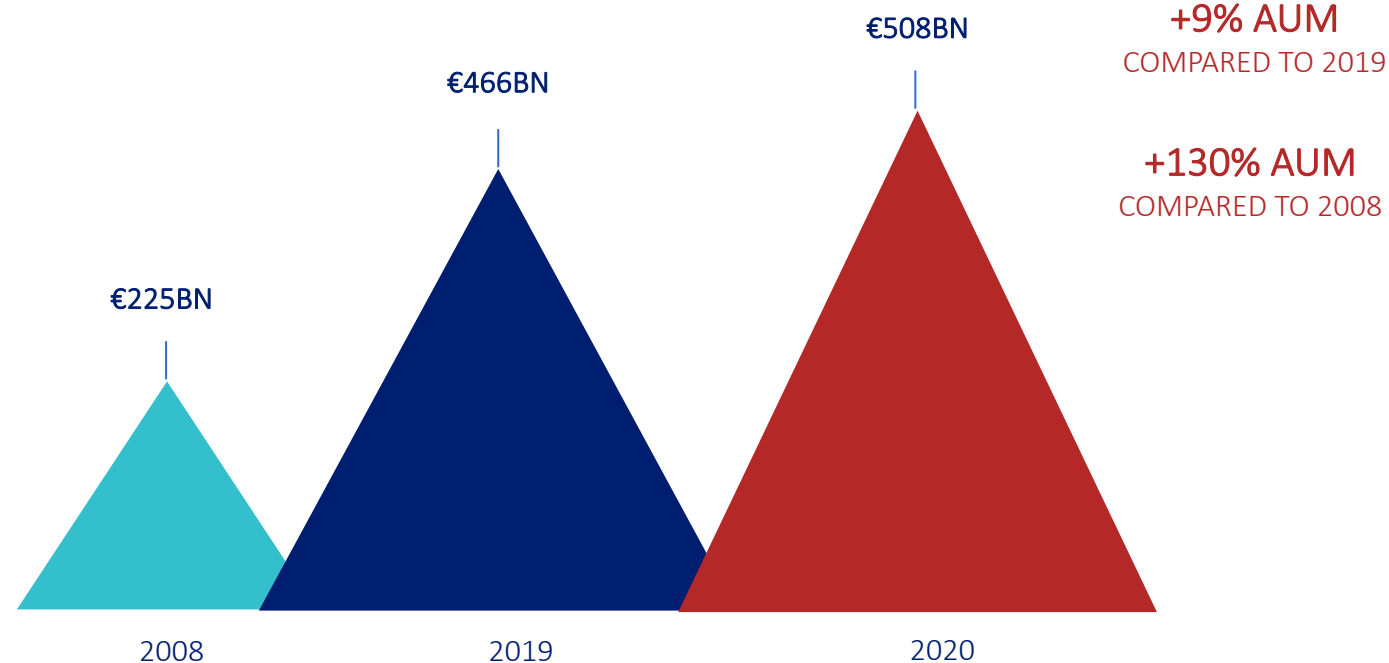
# Assets under management continue to rise

Assets under management in Luxembourg reached a total of €508 BN at the end of 2020. This is a more than doubling of assets since 2008 (€225bn), the result of 12 consecutive years of growth. The main reasons are:

- The assets from the new bank(s) post-Brexit are large, which skews the result slightly
- Market performance. For example, S&P +16%, MSCI Global index +14% in 2020.
- Net inflows, which account for the remainder.

The COVID pandemic had little impact on private banking asset growth. In fact, many private banks experienced increased activity during 2020.

## Assets under management growth



# Client type distribution continues to polarise

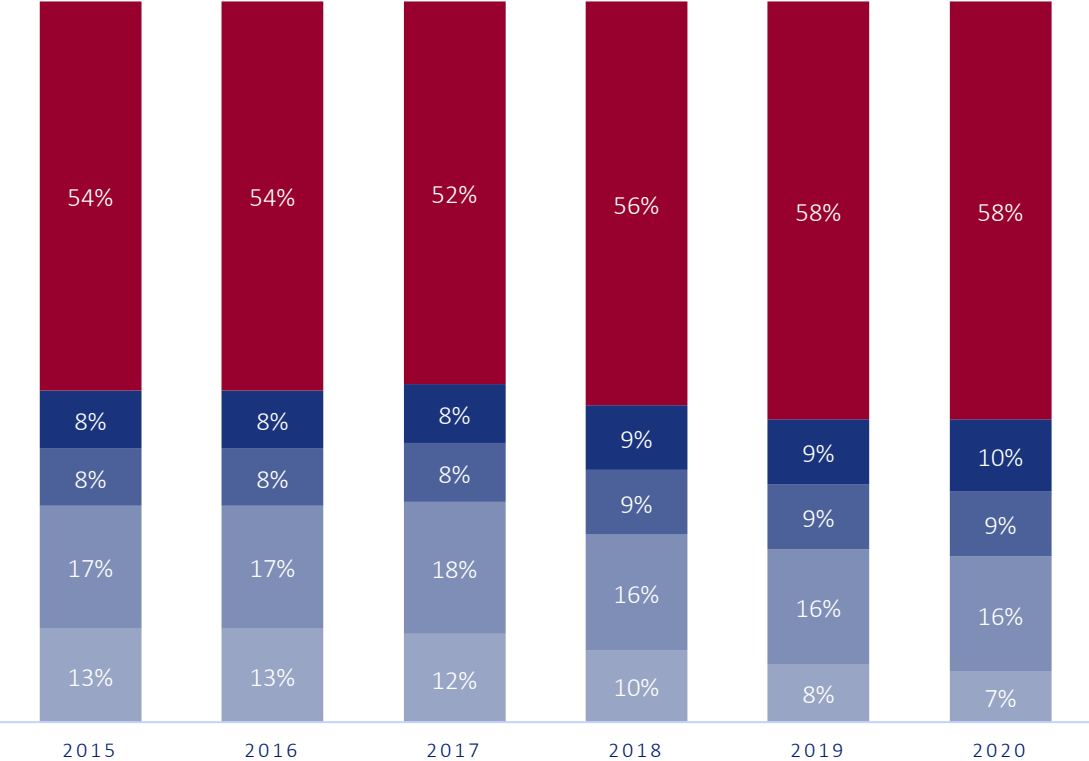
Clients with assets over €20M represented 58% of total assets under management in 2020.

The number of clients with assets of less than €1M continues to decrease: in 2020, the segment represented only 7% of total AUM.

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

## Distribution of wealth bands

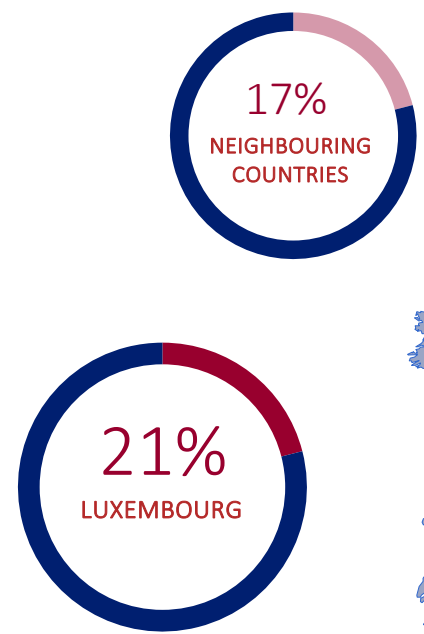
- > €20M
- €10M - €20M
- €5M - €10M
- €1M - €5M
- < €1M



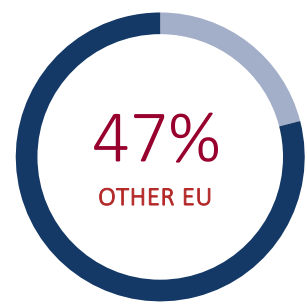
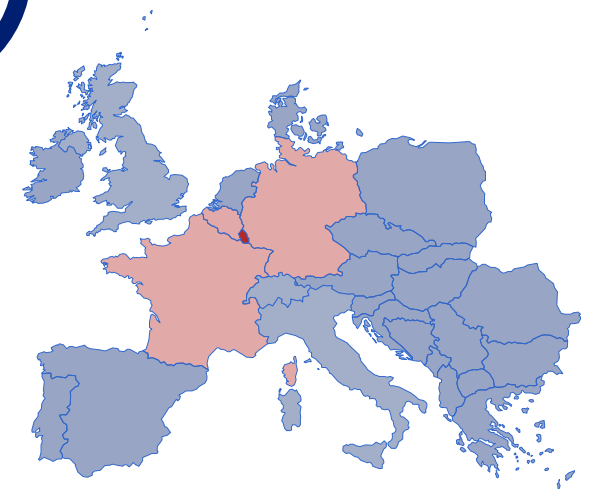
# Origin of client assets

Luxembourg has managed to maintain and develop as an international private banking centre, despite regulatory changes/tax transparency, and is now attractive for different reasons: qualified workforce, cross-border expertise, links to satellite services (family office, lawyers, external asset managers, insurance products etc.), financial ecosystem.

## Countries by client assets



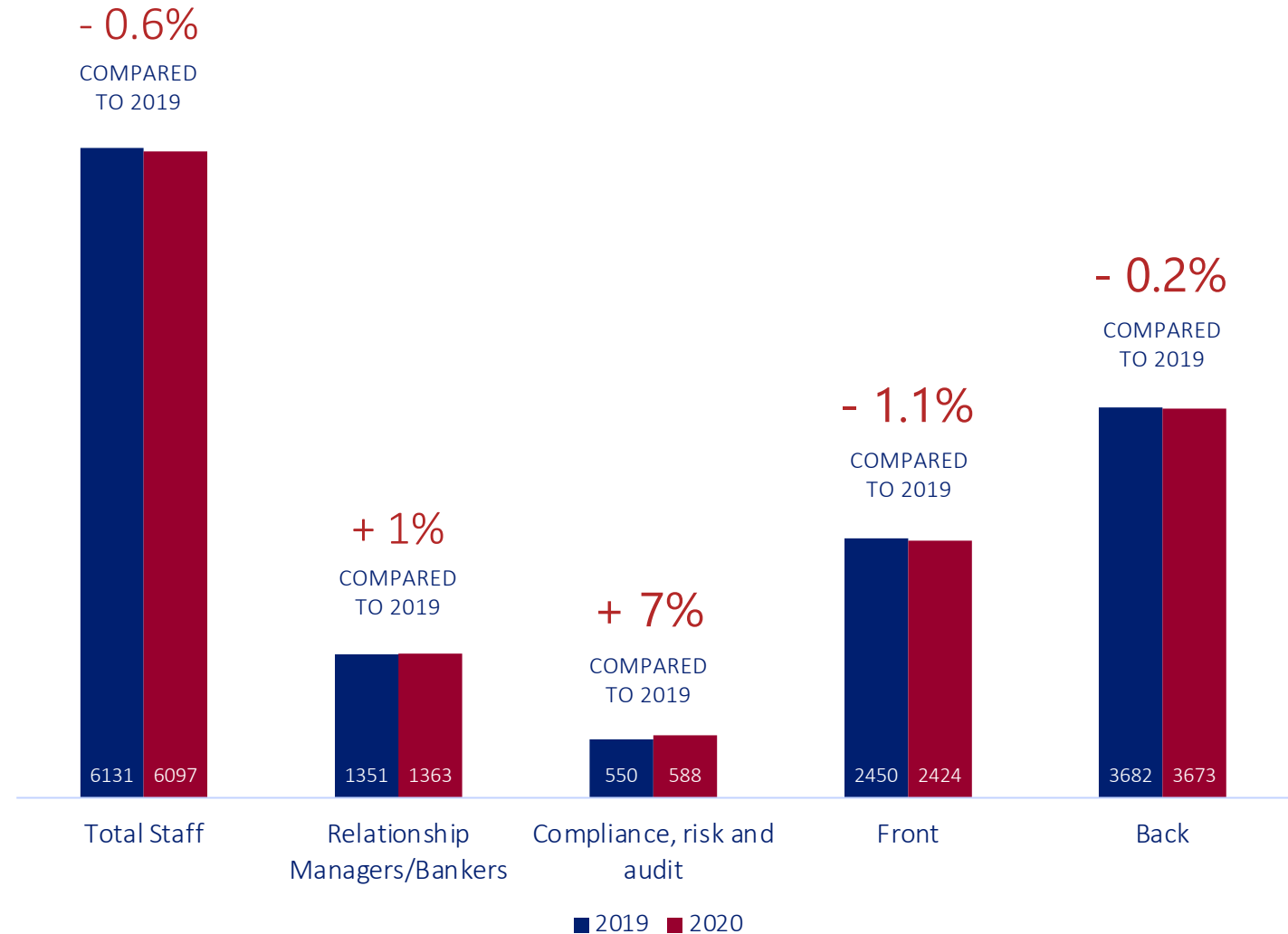
ORIGIN OF CLIENT ASSETS	2020
Luxembourg	21%
Neighbouring countries	17%
Other European countries	47%
Rest of the world	10%
Multi-jurisdictional assets	5%



# Employment

While the total number of employees in the banking sector remained stable at 26,337 in 2019, the private banking sector recorded a very slight decrease in the number of employees.

This slight decrease can be attributed primarily to the reallocation of staff within the same organisation to compliance, risk and audit, and client advisory functions.



# About the ABBL

The ABBL is the largest professional association in the financial sector, representing the majority of financial institutions as well as regulated financial intermediaries and other professionals in Luxembourg, including law firms, consultancies, auditors, market infrastructures, e-money and payment institutions. This makes us truly representative of the diversity of the Luxembourg financial centre, placing us in a unique position, able to give the entire sector a voice at both national and international level.

We provide our members with the intelligence, resources and services they need to operate in a dynamic financial market and in an increasingly complex regulatory environment. We facilitate an open platform to discuss key industry issues and to define common positions for the entire sector.

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