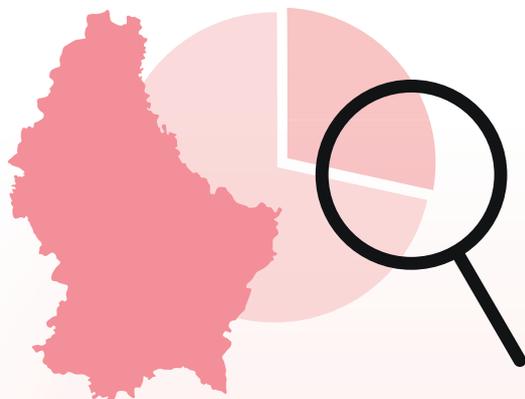


The contribution of our financial centre to the prosperity of Luxembourg.

We have all heard it before: life is good in Luxembourg. It is a relatively wealthy country, safe, family-friendly, with generous benefits, a low public debt and an AAA credit-rating. The country also has a fairly positive outlook on the development of its economy. **But how has our country achieved all this?** And how has the State not only been able to build, but also maintain this high level of quality of life and economic strength that we have become accustomed to? The answer lies mainly in our financial centre. **The financial centre pays up to EUR 4 billion⁽¹⁾ in taxes and duties to the Luxembourg State every year!**

Financial services activities are the largest contributor to the Luxembourg GDP, with 31% of our GDP resulting directly from financial services⁽²⁾. Furthermore, the financial centre contributes significantly to other sectors, such as construction, catering, events and other services, given the spill-over effect. In fact, for each 1€ of value created in financial services, another €0.5 is created in other sectors of the economy⁽³⁾. The financial industry achieves all this with and **only employs 12% of Luxembourg's total workforce⁽⁴⁾** – making it the most effective sector to contribute to the national economy per employee⁽⁵⁾.



- Each year, the financial centre pays taxes and duties of up to €4 billion to the Luxembourg State
- Our financial centre employs a total of around 51,000 people, which corresponds to 12% of Luxembourg's active population
- The financial centre contributes 31% to Luxembourg's economic development, making it the largest single sector of the Luxembourg economy

Financial services are crucial to the economy. They enable organisations to raise money to develop and expand their business, grow in different countries and regions, and remain innovative. Financial services are important for granting loans we need in our daily lives, for our insurance and pension plans, our leasing contracts and much more. They are also instrumental for our government, last but not least in times of the coronavirus pandemic; it makes it easier for the State to raise money on the international market. The financial assistance measures are then financed directly through bonds issued by the State.

In Luxembourg, pure banking accounts for only 50% of the financial centre. The other 50% is composed of investment funds, insurance, asset management, capital markets, Fintech and a range of other services such as consultancy, law firms (lawyers), accountants, IT, etc.⁽⁶⁾. It is thanks to them that our local economy continues to enjoy great success. But the financial centre is not only a local player for Luxembourg. Our financial centre also provides cross-border services to the whole world. Companies benefit from the stable and healthy political environment and economy in order to conduct their international business from here.

- Luxembourg investment funds are sold in 78 countries worldwide⁽⁷⁾
- Luxembourg has 126 banks from 27 different countries⁽⁸⁾
- Over 90% of Luxembourg life insurance policies are sold worldwide⁽⁹⁾
- Luxembourg has a large talent pool (linguistic, legal and cultural) and is therefore able to serve clients from all over the world

(1-6) The State of the Financial Sector in Luxembourg, Luxembourg for Finance, 2018 data

(7) Global Fund Distribution Poster 2020, PWC, Q4 2019 data

(8) Number of banks by country of origin, CSSF, August 2020 data

(9) Banque Central de Luxembourg, Statistical Table 11.6, July 2020 data