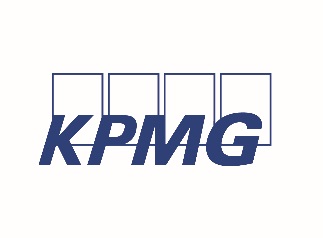
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**Press release  
23/11/2023  
  
Luxembourg private bankers consolidate their lead within EU**

**Cost controls, outsourcing and Brexit effect boost bottom line**

In a challenging global environment characterized by geopolitical instability, high inflation, regulatory change but also rising client expectations, it seems an important time to assess the health and outlook of Luxembourg’s private banking sector.

The story turns out to be one of remarkable resilience; the third edition of the annual survey conducted by KPMG Luxembourg and the Luxembourg Bankers’ Association (ABBL) Private Banking Cluster (PBGL) finds the sector thriving despite undeniably tough economic, market and recruitment conditions.

"Helping our members to better understand the challenges facing their businesses is one of the ABBL's main missions. Our Private Banking Cluster, the PBGL, offers industry leaders a unique platform for critically analysing the evolution of the business models of private banks operating in the Luxembourg market, as well as the priorities for continuing to strengthen Luxembourg as a 'domicile of choice' for wealthy clients. Surveys such as the one we have just conducted with KPMG are extremely valuable decision-making tools in this context", says Fabio Mandorino, PBGL's coordinator.

Here’s a snapshot of some of the key indicators from 2022[[1]](#footnote-1):

* New net money of €31.7bn (compared with €45bn for Swiss private banks).
* All four different models studied – private banks that are part of universal banking groups, boutiques with or without branches across Europe, and specialist wealth management firms – are demonstrating that they can be successful in adverse conditions.
* Luxembourg’s private banks are evolving to keep pace with clients’ demands, illustrated by increased investment opportunities in private equity and private debt.

The headline figures remain positive despite global economic turbulence. Although total assets under management declined by 2.3% in 2022 as a result of falling equity and bond markets, it proved to be a solidly profitable year for Luxembourg’s private banking sector, with net income up by 24%.

“Luxembourg private banks, large and small, are punching above their weight – they continue to demonstrate their resilience, resourcefulness and international appeal,” says Anne-Sophie Minaldo, partner and head of regulatory services at KPMG Luxembourg.

“A multi-year focus on technology, outsourcing and cost control has paid off – for the bottom line, and for clients who want a fully integrated face-to-face and digital service.”

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| **ASSETS UNDER MANAGEMENT**  **Flows positive** | **CONSOLIDATION**  **Booking centers and Brexit** | **COSTS UNDER CONTROL**  **Salaries, data costs rise sharply** |
| **€585 bn**  -2% y-o-y | **88.5%**  Assets booked in Luxembourg | Staff expenses **+8%**  Market data cost **+50%**  Gross operating profit  **+27.9%** |
| Market movements -8%  Net inflows +5% | Brexit effect, M&A and technology driving structural consolidation | Despite rising costs, average cost-income ratio dropped to 70% |

**Consolidating Luxembourg’s lead**

Jerry Grbic, ABBL's CEO stresses: "The European banking sector plays a strategic role in ensuring Europe's competitiveness, growth and independence. In its core, Luxembourg's private banks play a decisive role, protecting and growing the assets of thousands of European families and entrepreneurs and channelling flows of private funds available to finance our economies. To enable our members to play this role to the full, it is vital to maintain a level playing field in terms of both regulation and taxation across the EU. Completing this single capital market and removing all de jure and de facto barriers is therefore at the heart of the ABBL's advocacy work".

Even though 2022 was a successful year for Luxembourg's private banks, there is no room for complacency, with the sector evolving fast. Mergers and acquisitions continue at pace as universal banks streamline their operations and re-book client assets from their European hubs in Luxembourg – an effect that has been amplified by the relocation of business to EU jurisdictions after Brexit.

Meanwhile, all players have benefited from technological advances. Automation and outsourcing have made private banks more efficient, freeing up front-line and other experienced staff to focus on clients rather than administration. As such, hybrid models that combine in-house compliance specialists with third-party providers of other functions will remain a long-term pattern.

**Sustainability has a price**

Another trend is increased regulatory requirements, especially on transparency, and growing client preferences for green and sustainable investments, which will lead to additional costs – especially to collate and report environmental, social impact and governance data.

“Patchy data, concern about greenwashing, and the sheer speed at which new green investments are coming to market will be a major focus for cost, operational and compliance leaders in the years ahead,” notes KPMG’s Anne-Sophie Minaldo.

To get the full picture from our data and insights, you can download the KPMG Luxembourg and ABBL Private Banking Cluster’s report [HERE](https://kpmg.com/lu/en/home/insights/2023/10/private-banking-survey-2023.html).

**- ENDS-**

## About KPMG:

As a member of KPMG International, a network of independent firms operating in 144 countries, KPMG in Luxembourg provides a full range of audit, tax and advisory services to major national and international clients active in the financial, insurance, commercial and industrial sectors.

With more than 1,800 people, KPMG in Luxembourg is one of the country’s leading audit, tax and advisory firms. Our approach to relationships and service delivery is designed to help clients exploit new opportunities, improve performance and manage risk.

We also participate in/or chair various industry groups in Luxembourg, including the “Haut Comité de la Place financière”, the Commission de Surveillance du Secteur Financier (CSSF), the Bankers’ Association (ABBL), the Association of the Luxembourg Fund Industry (Alfi) or the Luxembourg Institute of Directors (ILA).  
  
Press contact: Geneviève Feyt, +352 22 51 51 2903, genevieve.feyt@kpmg.lu

## About the ABBL:

The ABBL's mission is to promote the sustainable development of regulated, innovative, and responsible banking services. The ABBL is the largest and oldest professional association in the financial sector. It represents the banking sector in the broadest sense, i.e. the majority of banks established in Luxembourg, as well as regulated financial intermediaries and others in the sector including law firms, consultancies, auditors, market infrastructures, e-money and payment institutions.

The ABBL provides its members with the information, resources, and services they need to operate in a dynamic financial market and an increasingly complex regulatory environment. It is an open platform for discussing key industry issues and developing common positions across the sector.

Press contact: Paul Wilwertz, +352 46 36 60-322, paul.wilwertz@abbl.lu

1. The figures are based on data provided by the Commission de Surveillance du Secteur Financier Luxembourg (CSSF), supplemented by input from ABBL member banks. Data for 2023 will be available for analysis from spring 2024. [↑](#footnote-ref-1)