



## **KEY FACTS**

ABOUT EU FINANCIAL AND  
RELATED PROFESSIONAL SERVICES

SEPTEMBER 2015

# CONTENTS

<b>1. SUPPORTING JOBS AND GROWTH ACROSS THE EU</b>	<b>6</b>
<b>2. FACILITATING PEOPLE'S EVERYDAY LIVES</b>	<b>12</b>
<b>3. SUPPORTING BUSINESS INVESTMENT AND FINANCING GOVERNMENT</b>	<b>15</b>
Appendix 1. Sample country overviews	
France	18
Germany	19
Italy	20
The Netherlands	21
Spain	22
UK	23

## TheCityUK

---

TheCityUK champions the international competitiveness of the financial and professional services industry. Created in 2010, we support the whole of the sector, promoting UK financial and professional services at home and overseas and playing an active role in the regulatory and trade policy debate.

TheCityUK has a global export focus with a commitment to help UK based firms grow their business in other parts of the world. The financial and related professional services industry accounts for around 12% of UK GDP. Financial services employs over one million people, more than two-thirds of whom work outside London, and underpins the businesses that drive jobs and growth. Added together with around one million employed in professional services, it is easy to see the importance of a sector that employs 7% of the working population.

TheCityUK provides constructive advice and is the practitioner voice on trade policy and all aspects of taxation, regulation, and other legislative matters that affect the competitiveness of the sector. We conduct extensive research and run a national and international events programme to inform the debate. Our senior team regularly engages with regulators and policymakers at home and overseas, ensuring the sector's views are represented at the highest levels. We are tasked with creating a new vision for the financial services sector. We are focused on supporting policymakers and business to deliver the new policy ideas which will help deliver growth.

# FOREWORD

## FROM CHRIS CUMMINGS CHIEF EXECUTIVE, THECITYUK

EU financial and related professional services play an important role in supporting business investment and growth, offering people secure access to their money, protecting against risks and providing stability for households and corporations. This report brings together facts and statistics on the sector. It seeks to highlight that financial and related professional services are a crucial part of the European economy.

The sector provides more than 11 million jobs in the EU and accounts for €681 billion of economic value. The EU is a leading exporter of financial services worldwide with extra EU-exports of €78 billion accounting for about a quarter of global financial services exports.

The links between financial markets in the UK and EU are extensive, and are fundamental to the prosperity of the whole region. London is Europe's financial centre. In the same way that the US draws strength from having New York at its financial heart, so the Member States across the EU are stronger by having London, one of only a handful of truly global cities, as the hub and entry point for companies based outside Europe wanting to access the Single Market. The access to a global capital market within the EU's borders also helps to reduce the cost of financial services for EU firms. The Single Market on the other hand gives UK businesses access to the world's largest economic bloc.

We firmly believe that the EU can work more efficiently to better serve the interests of its 500 million people. The UK is not alone in calling for its reform; other Member States have also put forward ambitious proposals. However, to achieve the goals, real progress and commitments to reform need to be made by all players involved from across the private and public sectors. Creating a regulatory and policy environment in Europe that encourages growth, and allows the finance sector to play its part, must now take priority.

One of the central roles of TheCityUK is to provide policymakers in Brussels, London and other European capitals with the evidence and data to inform their decisions. This publication is part of that on-going dialogue about how the financial and related professional services industry can work best for Europe's people and businesses. We look forward to a deeper dialogue in the years ahead.



## KEY FACTS

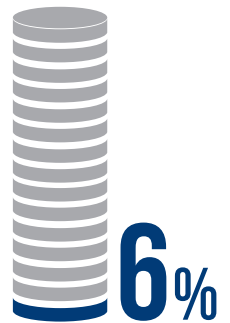
### ► SUPPORTING JOBS AND GROWTH ACROSS THE EU

# 11 MILLION



FINANCIAL AND RELATED PROFESSIONAL SERVICES FIRMS EMPLOY OVER 11 MILLION PEOPLE ACROSS THE EU.

THE EU FINANCIAL SERVICES SECTOR ACCOUNTED FOR €681BN OF GROSS VALUE ADDED IN 2014, AROUND 6% OF TOTAL EU ECONOMIC OUTPUT. TAKING PROFESSIONAL SERVICES INTO ACCOUNT, THIS RISES TO AROUND 10%.



### ► FACILITATING PEOPLE'S EVERYDAY LIVES

# €952 BILLION



COMPANIES IN EUROPE'S INSURANCE INDUSTRY, THE LARGEST IN THE WORLD, MADE PAYMENTS TO THEIR CUSTOMERS WORTH €952 BILLION IN 2013 – EQUIVALENT TO PAYING OUT NEARLY €4,500 TO EVERY HOUSEHOLD IN THE EU.

EUROPEAN INVESTORS HAVE BUILT UP SAVINGS OF NEARLY €21 TRILLION WITH FIRMS IN THE EUROPEAN ASSET MANAGEMENT INDUSTRY, EQUIVALENT TO OVER €95,000 PER HOUSEHOLD AND REPRESENTING NEARLY 30% OF ALL SUCH INVESTMENTS WORLDWIDE.



### ► SUPPORTING BUSINESS INVESTMENT AND FINANCING GOVERNMENT

# €16 TRILLION

THE TOTAL VALUE OF FINANCE PROVIDED TO EU COMPANIES TOTALLED NEARLY €16 TRILLION AT THE END OF 2014.



EUROPEAN NON-FINANCIAL COMPANIES HAD LOANS OUTSTANDING OF AROUND €5,000 BILLION FROM EUROPEAN BANKS AT THE END OF 2014.

# 9,500



OVER 9,500 COMPANIES ARE LISTED ON STOCK EXCHANGES OF EU MEMBER STATES, DOUBLE THE NUMBER IN THE US. COMPANIES RAISED €134 BILLION IN EQUITY ISSUES ON STOCK MARKETS OF EU MEMBER STATES IN 2014.



€78<sub>BN</sub>

THE EU IS THE LEADING EXPORTER OF FINANCIAL SERVICES WORLDWIDE, WITH EXTRA-EU EXPORTS OF €78 BILLION ACCOUNTING FOR ABOUT A QUARTER OF GLOBAL FINANCIAL SERVICES EXPORTS.

BANKS IN EU MEMBER STATES HOLD AROUND 45% OF GLOBAL BANK ASSETS. EU MEMBER STATES ACCOUNT FOR 54% OF FOREIGN EXCHANGE TRADING, 53% OF INTERNATIONAL BANK LENDING, 65% OF INTEREST RATE OTC DERIVATIVES TRADING AND 32% OF GLOBAL INSURANCE PREMIUMS.

45%



€8  
TRILLION

EU CITIZENS HOLD AROUND €8 TRILLION IN CURRENT AND SAVINGS ACCOUNTS WITH BANKS, EQUIVALENT TO OVER €15,800 FOR EVERY EU CITIZEN.

BANKS IN THE EU OPERATE 210,000 BRANCHES AND 430,000 CASH DISPENSERS FOR CUSTOMERS TO ACCESS AND MANAGE THEIR MONEY. CUSTOMERS ACROSS THE EU UNDERTOOK AROUND 23,700 CASH WITHDRAWALS PER MINUTE FROM CASH DISPENSERS DURING 2013.

210,000



PERSONAL LOANS THROUGH MORTGAGES AND OTHER FORMS OF CREDIT IN THE EU ARE WORTH AROUND €6,700 BILLION – SUPPORTING OVER A THIRD OF HOME OWNERS ACROSS THE EU.

99%

SMEs ACCOUNT FOR 99% OF COMPANIES ACROSS THE EU AND 66% OF THE EUROPEAN WORKFORCE, MAKING THEM KEY DRIVERS OF EUROPEAN RECOVERY. BANKS CURRENTLY PROVIDE AROUND 70% OF FINANCE TO EU SMEs, WHILE THERE IS A GROWING MARKET IN OTHER SOURCES OF FINANCE.

BOND MARKETS PLAYED A MAJOR ROLE IN FINANCING GOVERNMENT DEFICIT OF €402 BILLION IN 2014, HELPING GOVERNMENTS TO FINANCE SPENDING IN PUBLIC SERVICES DEFICITS.

€402<sub>BN</sub>

# 1. SUPPORTING JOBS AND GROWTH ACROSS THE EU

## A leading employer throughout the EU

- Financial services firms employ 6.4 million people across the EU and related professional services firms employ 5.1 million people, in total over 11 million people, representing 5.4% of the EU workforce.
- There are over 2 million employees of financial and related professional services firms in both Germany and the UK.
- In each of 13 Member States, more than 5% of the working population is employed in financial and related professional services. The industry is a pan-European employment asset.

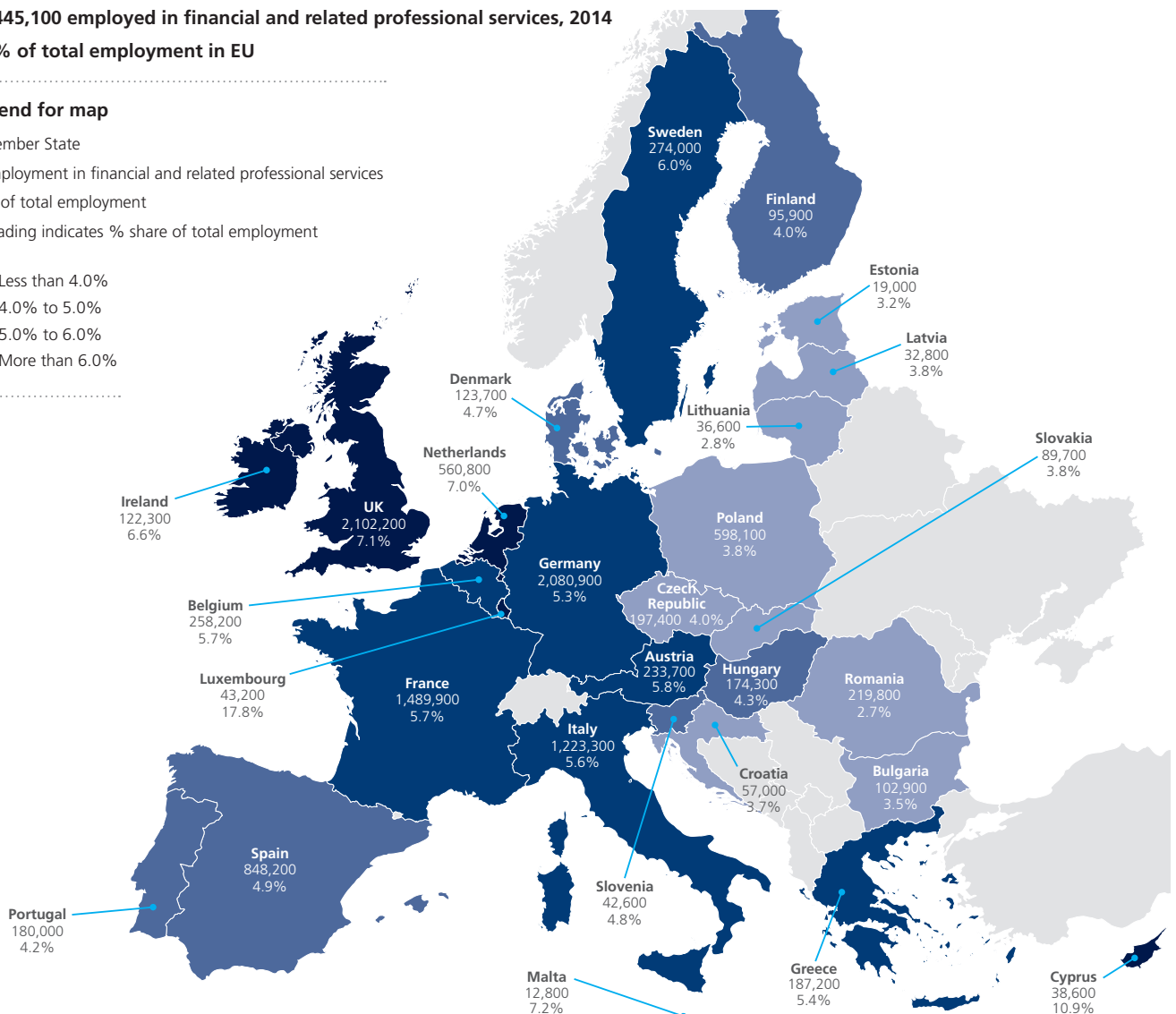
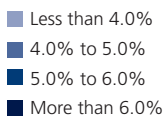
## EMPLOYMENT IN FINANCIAL AND RELATED PROFESSIONAL SERVICES IN EU MEMBER STATES

11,445,100 employed in financial and related professional services, 2014

5.4% of total employment in EU

### Legend for map

- Member State
- Employment in financial and related professional services
- % of total employment
- Shading indicates % share of total employment

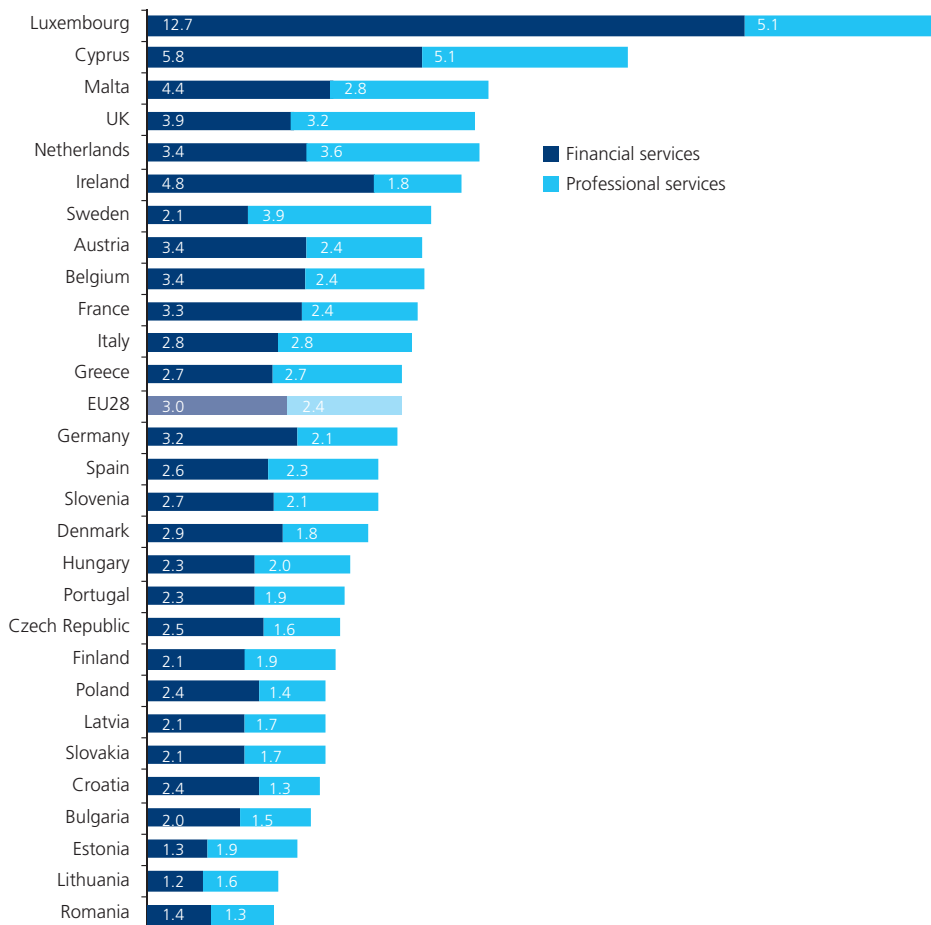


Germany, the UK, France and Italy, each with over 1.2 million staff, account for 60% of EU employment in financial and related professional services. As a share of national employment financial and related professional services are most prominent in Luxembourg, with an 18% share, and Cyprus 11%. In the UK, financial and related professional services account for over 7% of national employment and for nearly 7% in Ireland and the Netherlands.

Financial and related professional services firms often 'cluster' in European cities so are particularly important for urban employment. Employment in financial services in some of the main centres includes 345,000 in London, 270,000 in Paris, 76,000 in Frankfurt, 54,000 in Amsterdam, 48,000 in Luxembourg and 20,000 in Dublin.

## EMPLOYMENT IN FINANCIAL AND RELATED PROFESSIONAL SERVICES

% share of employment in each country, 2014



Source: Eurostat

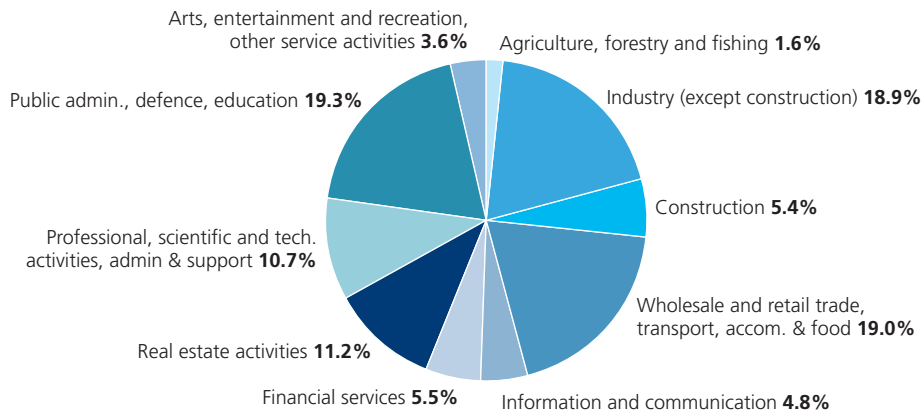
# 18%

Financial and related professional services are most prominent in Luxembourg with an 18% share of employment.

**Significant contributor to economic output** The EU financial services sector accounts for €681bn of gross value added, around 6% of total EU economic output. Taking related professional services into account probably raises the total to around 10%.

### SHARE OF EU GDP BY SECTOR

% of GDP, 2014



Source: Eurostat

Financial services' share of GDP is highest in Luxembourg at 28%, and Ireland and Cyprus, at around 10%, reflecting the extent of financial services exports from these member states.

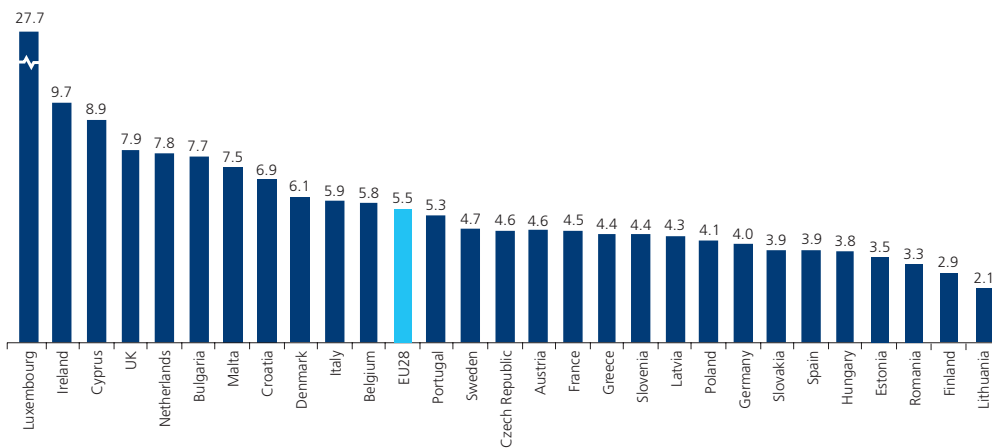
# €681bn

The EU financial services sector accounts for €681bn of gross value added, around 6% of total EU economic output.



### FINANCIAL SERVICES SHARE OF GDP

% share of GDP by country, 2014

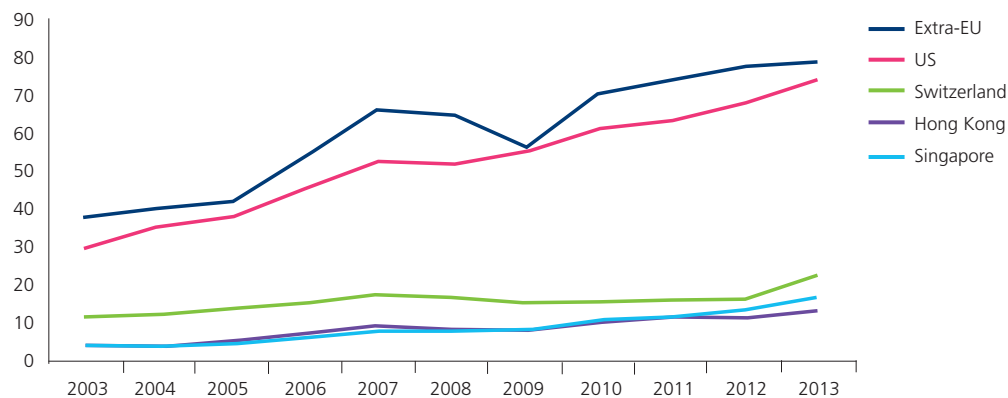


Source: Eurostat

**Leader in global trade in financial services** The EU is the leading exporter of financial services, with extra-EU exports of €78 billion accounting for about a quarter of financial services exports worldwide. Exports of financial services within the EU, representing cross-border trade between member states, are even larger at €81 billion.

### EXPORTS OF FINANCIAL SERVICES

€ billion



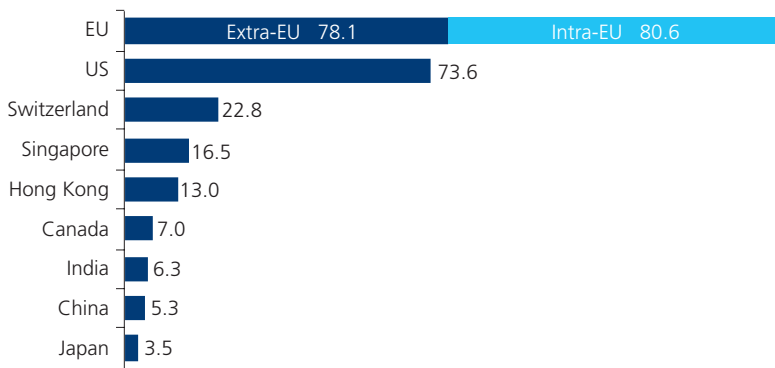
Sources: Eurostat, UNCTAD

**€78bn**

The EU is the leading exporter of financial services with extra-EU exports of €78 billion.

## GLOBAL EXPORTS OF FINANCIAL SERVICES

€ billion, 2013

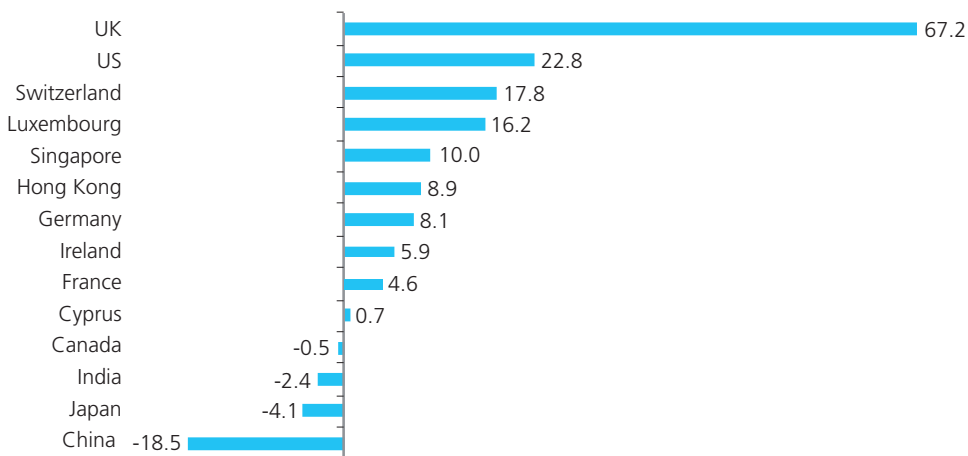


Source: Eurostat, UNCTAD

EU Member States generate some of the largest trade surpluses in financial services worldwide. As well as the UK and Luxembourg which are world leaders, Germany, Ireland, France and Cyprus also run a trade surplus in financial services. Emerging economies, such as India and China, have seen growth in their export of financial services, but overall tend to be net importers of financial services.

## FINANCIAL SERVICES TRADE BALANCE

€ billion, 2013



Sources: Eurostat, UNCTAD

# 9,500

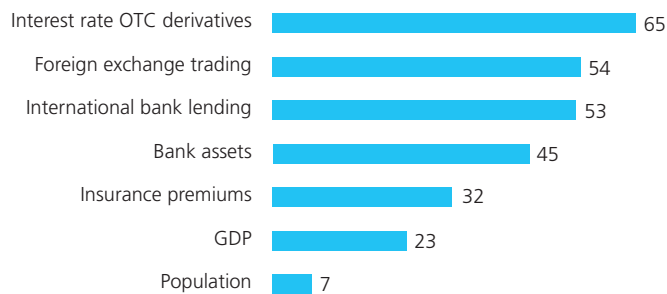
Around 9,500 companies are listed on stock exchanges in EU Member States, double the number in the US.

### Leader in global financial markets

Over 9,500 companies are listed on stock exchanges in EU Member States, double the number in the US. Banks in EU Member States hold around 45% of global bank assets. Over half of cross border international bank lending, a total of over €15 trillion, originates from banks in the EU. The EU accounts for 32% of the global insurance market.

### EU SHARE OF GLOBAL FINANCIAL MARKETS

% share



Sources: Bank for International Settlements, The Banker, Swiss Re, Eurostat, World Bank, United Nations

The EU is the home to some of the world's leading financial centres. Nine of the top 50 ranked global financial centres in the March 2015 Global Financial Centres Index are in the EU, with London ranked as the leading European financial centre.

# 9

9 of the top 50 ranked global financial centres in the March 2015 Global Financial Centres Index are in the EU

## 2. FACILITATING PEOPLE'S EVERYDAY LIVES

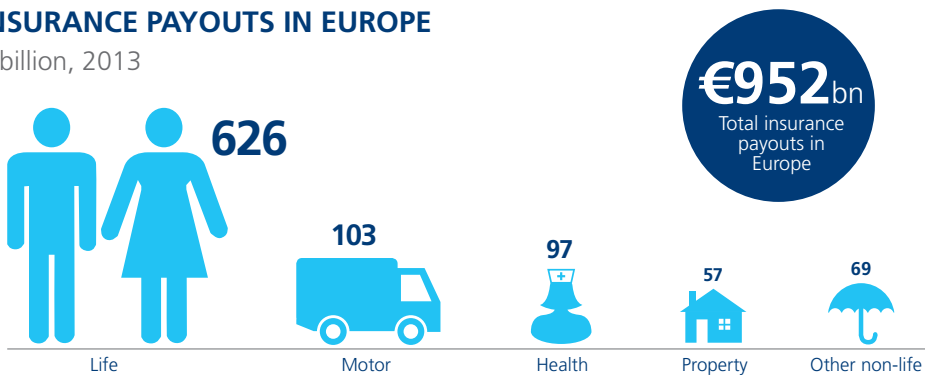
### Protecting against risks and providing stability for households and corporations

Companies in Europe's insurance industry, the largest in the world, made payments to their customers worth €952 billion in 2013 – equivalent to paying out nearly €4,500 to every household in the EU:

- Life insurers paid benefits of around €1,700 million per day to European consumers in 2013, providing beneficiaries with pension income and life assurance.
- Insurers paid general insurance claims for motor, property and other losses worth around €830 million per day in 2013. The European motor insurance market is one of the largest in the world, with €280 million per day in claims paid out in 2013, equivalent to around €460 to each household during the year.

### INSURANCE PAYOUTS IN EUROPE

€ billion, 2013

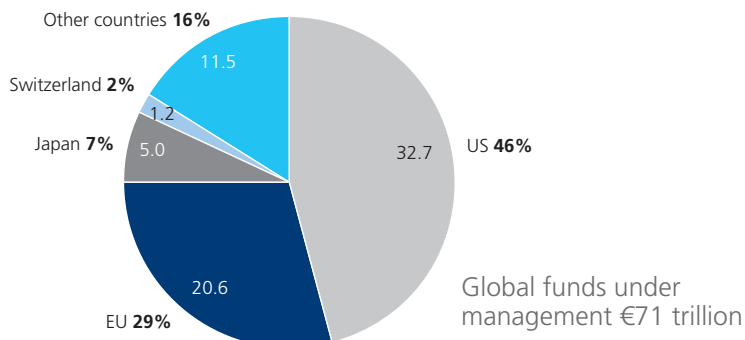


Source: Insurance Europe

**Managing investments for the future** European investors have built up savings of €20,600 billion with firms in the European asset management industry, equivalent to over €95,000 per household and representing nearly 30% of all such investments worldwide.

### GLOBAL FUNDS UNDER MANAGEMENT

€ trillion, 2013



Sources: TheCityUK Fund Management 2014 report

# €952bn

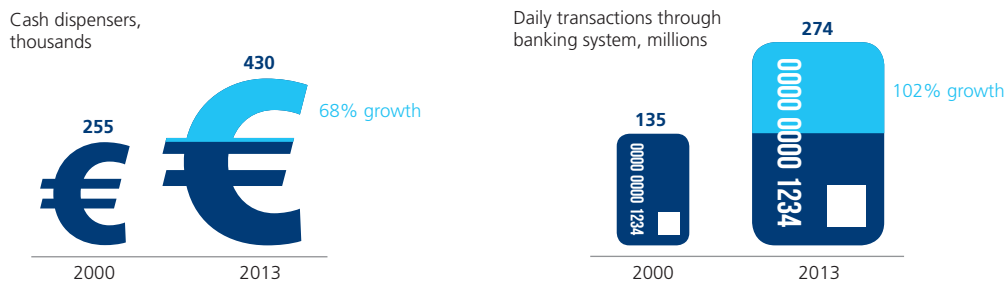
Companies in Europe's insurance industry, the largest in the world, made payments to their customers worth €952 billion in 2013

**Safeguarding savings** EU citizens hold around €8 trillion in current and savings accounts with banks, equivalent to over €15,800 for every EU citizen.

### Improving access to financial services

- Banks in the EU operate over 210,000 branches and 430,000 cash dispensers for customers to access and manage their money. The total number of cash dispensers in the EU has increased by around 70% since 2000, giving savers greater access to their money.
- Customers across the EU undertook around 23,700 cash withdrawals per minute from cash dispensers during 2013.
- European consumers and companies undertook over 274 million transactions through the EU banking system every day in 2013. This is an increase of 102% since 2000, enabled by new technology. This meant that there was an average of over 190 transactions for each person in the EU during 2013. Advances, such as online banking, have made it more straightforward for customers to manage their finances. The extent of banking take-up varies considerably across the EU (see chart on pg 14).

## GROWTH OF BANKING TRANSACTIONS AND CASH DISPENSERS



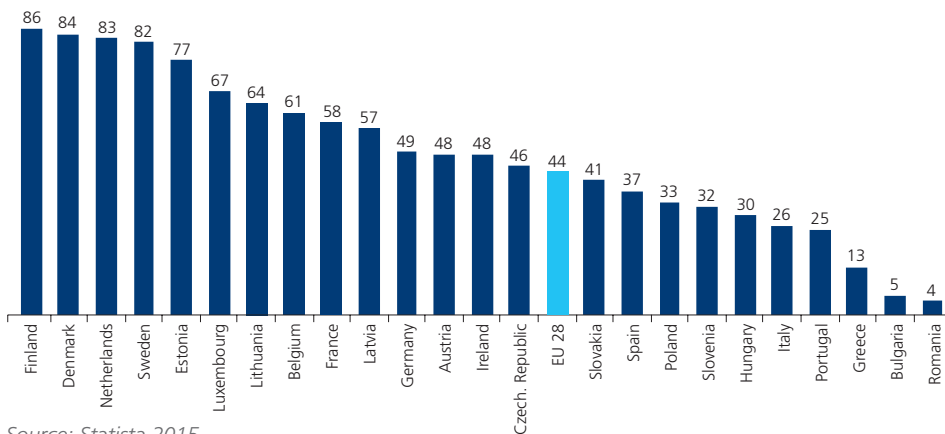
Source: European Central Bank, TheCityUK estimates

# 274 million

European consumers and companies undertook around 274 million transactions through the EU banking system every day in 2013.

## ONLINE BANKING

Adoption of online banking, % of population, selected countries, 2014



Source: Statista 2015

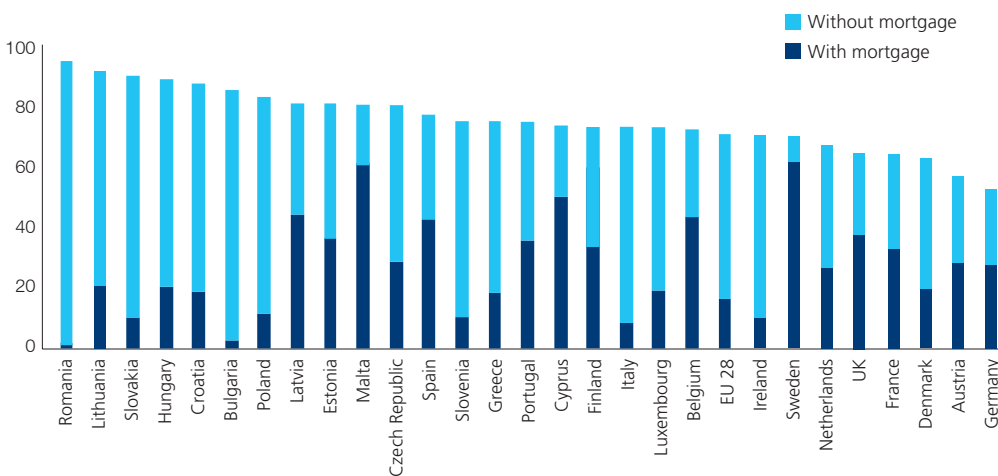
# €6,700 billion

Personal loans through mortgages and other forms of credit are worth around €6,700 billion.

**Providing finance for homes** Banks and other financial firms use deposits and markets to fund loans to their personal and business customers. Personal loans through mortgages and other forms of credit are worth around €6,700 billion – supporting over a third of home owners across the EU.

## OWNER OCCUPATION OF HOMES IN THE EU

Member States, 2013



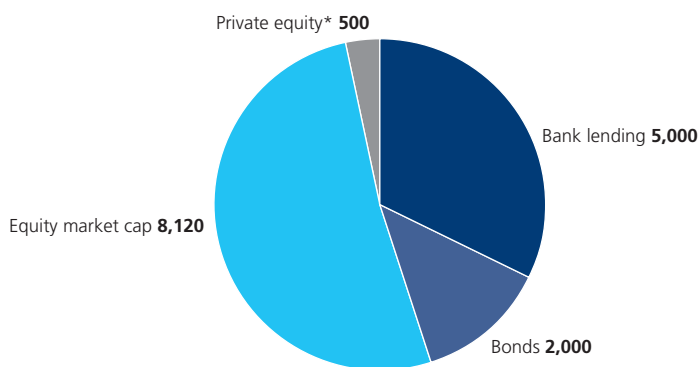
Source: Eurostat

## 3. SUPPORTING BUSINESS INVESTMENT AND FINANCING GOVERNMENT

**Financing companies** The total value of finance provided to EU companies totalled nearly €16 trillion at the end of 2014. This funding is mainly based on equity capital raised on stock exchanges and bank lending, although private equity and domestic and international bonds also play a key role. This funding enables companies to invest in the creation of jobs, development of skills and powering of growth in the EU economy.

### FINANCING FOR EU COMPANIES

€ billion, amounts outstanding, end-2014



\*Estimate

Sources: Bank for International Settlements, World Federation of Exchanges, European Central Bank, TheCityUK estimates

#### Bank lending:

- European non-financial companies had loans outstanding of around €5 trillion from European banks at the end of 2014.

#### Share issuance:

- Over 9,500 companies are listed on stock exchanges of EU Member States, nearly double the number in the US.
- Companies raised €134 billion in new and further equity issues on stock markets of EU member states in 2014.
- Equity issues in 2014 included €31 billion raised by companies carrying out an Initial Public Offerings (IPOs) on stock exchanges in the EU. This represents an important step in the growth of these companies.
- The European private equity and venture capital industry made investments of €42 billion in over 5,500 European companies in 2014.

#### Debt capital market financing:

- Net bond issuance by EU companies totalled €50 billion in 2014.

# €134<sub>bn</sub>

Companies raised €134 billion in equity issues on stock markets of EU member states in 2014.

### The distribution of wholesale financial services across the EU

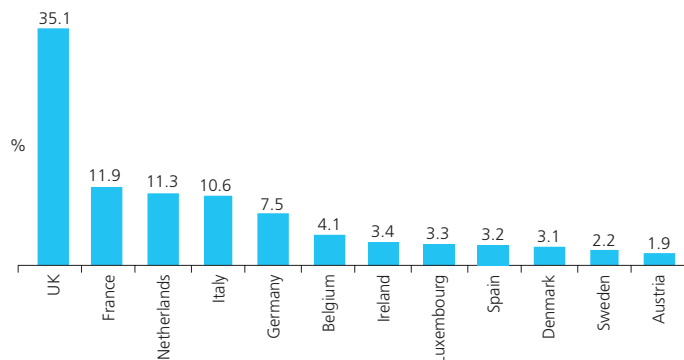
Wholesale financial services entail the provision of services by financial institutions to corporate clients, investors, institutions and public sector bodies, as well as to other financial institutions.

Prior to the recent economic downturn, between 2001 and 2007, wholesale financial services grew at an annual average rate of 8.8%. This was more than double the rate of EU28 GDP growth (4.2%). During the post-crisis period, the GVA of wholesale financial services grew at 1.3% on average annually, whereas GDP growth was 1%, demonstrating the effects of the economic downturn over the period.

EU wholesale financial services are heavily concentrated geographically, with the UK, France, Netherlands, Italy and Germany accounting for over three-quarters of total EU28 wholesale financial services GVA. The UK had the largest share in 2013 (35%), followed by France, Netherlands and Italy with around 10% each.

### SHARE OF WHOLESALE FINANCIAL SERVICES

Wholesale financial services GVA by EU28 Member State, as a % of total EU28 wholesale financial services GVA, 2013



\* share of other EU countries is below 1% each.

Source: London Economics based on data from Eurostat; City of London Corporation

### Providing growth capital for SMEs:

In 2013, the stock of outstanding financing for SMEs in the EU stood at €2trn, compared to €1.2trn in the US, and the flow of new financing in that year was €926bn in the EU compared to €571bn in the US. Similarly, infrastructure spending in the EU stood at €419bn in 2013, compared to €297bn in the US. Nevertheless, there is a concern that funding in Europe is too reliant on bank financing, relative to other options.

SMEs account for 99% of companies across the EU and 66% of the European workforce. So, SMEs are key drivers of European growth:

- Traditional bank finance – term loans and overdrafts – is the dominant form of funding, accounting for over 70% of SME finance.

# 99%

SMEs account for 99% of companies across the EU and 66% of the European workforce.



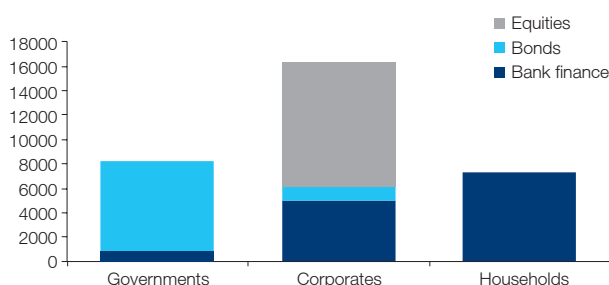
- Alternative sources of finance for SMEs consist of financial institutions including insurance companies, pension funds and asset managers and, potentially, emerging new players such as peer-to-peer (P2P) networks. The main types of alternative finance include:
  - Loans to companies by institutional investors such as insurance companies, pension funds and asset managers as private placements. Private placement markets are expanding rapidly in a number of EU countries, such as France and Germany. The private placement markets in these countries are also attracting foreign companies in significant numbers, showing that there is strong international demand for this type of financing.
  - The purchase by institutional investors of bundles of loans from the banks that originated them through a securitisation process.
  - Equity/corporate bond issues, including lending to companies by private individuals via retail bonds or P2P platforms.
  - Leasing and invoice discounting/factoring.
  - Venture capital or private equity. Around €42bn was invested in European companies in 2014, up 14% on the previous year. The number of private equity backed companies increased by 8% during this period to over 5,500.

**Financing EU governments** Bond markets played a major role in financing government deficit of €402 billion in 2014, equivalent to 4.0% of EU GDP, helping governments to finance spending in public services.

Bringing together finance to have been supplied to households, businesses and governments in the EU, financial support totalled €32 trillion at end-2013: over €8 trillion to finance government borrowing; €16 trillion to finance businesses; and over €7 trillion for households.

### TOTAL FINANCE PROVIDED TO GOVERNMENTS, BUSINESSES AND HOUSEHOLDS IN THE EU

€ billion, amounts outstanding, end-2013



Sources: European Banking Federation, Bank for International Settlements, World Federation of Exchanges, TheCityUK estimates, European Central Bank

### SIZES AND SOURCES OF FINANCING FOR SMEs IN EUROPE

	Stock 2013 (€ bn)	Flow 2013 (€ bn)
<b>Banks</b>		
Loans	1425	712
Securitized Loans	118	36
<b>Non-banks</b>		
Mutual funds	88	7
Segregated Mandates	10	0
Private Equity funds	32	9
Venture Capital funds	22	5
Family and friends	168	84
Crowdfunding	1	1
Angel Investing	11	6
<b>Government</b>		
Government guarantees and sponsored loans	132	66
<b>TOTAL</b>	<b>2007</b>	<b>926</b>

Source: AFME/BCG – Bridging the Growth Gap

# €402<sub>bn</sub>

Bond markets played a major role in financing EU government deficits of €402 billion in 2014.

# APPENDIX 1.

## SAMPLE COUNTRY OVERVIEWS

### FRANCE

Financial services in France accounted for 4.5% of GDP in 2014. Employment in financial services totalled 859,200 people: combined with the 630,700 people working in related professional services produces a total of 1,489,900 people. Paris is by far the largest centre for financial services, employing some 270,000 people, second only to London in Europe. The French banking and financial system has a very wide international exposure. Foreign investors hold around 40% of the French listed companies and around 60% of French Government bonds.

**Banking** Assets of French banks amounted to €6.5 trillion at the end of 2013. The French banking sector accounts for 8% of international bank lending, the 5th largest originator of such lending worldwide. There is a large number of foreign-owned institutions in France and French-owned credit institutions in other countries. The sector is dominated by five vertically integrated universal banks and their subsidiaries: BNP Paribas, Société Générale, Crédit Agricole, BPCE and Crédit Mutuel. Three of the five are organised on a mutual basis. Two large financial institutions, La Poste and the Caisse des Dépôts et Consignations (CDC), remain in government ownership.

Some 70% of the 656 credit institutions doing business in France are under French ownership and 30% are foreign-owned. Of the latter, most were from the European Union. In the European Economic Area, more than 160 French bank branches operate under the European Passport. Around 400 French credit institutions operate outside the European Economic Area.

The French banking system contributes nearly 4% to GDP, and serves 48 million customers. The sector includes 6.8 million current accounts and 157 million savings accounts; 39,000 bank branches (including 12,700 Banque Postale branches) and 64 million bank cards.

**Insurance** premiums in France totalled €192bn in 2013, the 5th highest in the world. Insurance premiums average over €2,700 per person.



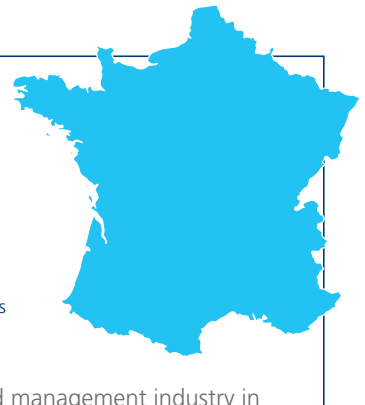
**1,489,900**

employed in financial and related professional services



**4.5% of GDP**

accounted for by financial services



**Fund management** The fund management industry in France managed assets totalling €1,840bn at the end of 2013, the fourth largest in the world. These largely consist of mutual funds' assets of €1,120bn, with the balance made up by €570bn of insurance assets and the remainder in pension funds. France has the second most developed mutual funds industry in the world. Over 590 asset management companies operate in the country, with over 150 new asset management companies created over the last five years. Four French asset management groups are amongst the top 20 global fund management firms.

**Bond markets** France has one of the most developed bond markets in the world. The outstanding value of French domestic bonds totals around €2.8 trillion. France has the second highest outstanding value of bonds issued by financial institutions and is one of the leading countries in Europe for corporate bonds. It also had the fourth highest outstanding value of international bonds, at €1.3 trillion in December 2014.

**Equity markets** Euronext Paris is France's securities market, formerly known as the Paris Bourse, which merged with the Amsterdam, Lisbon and Brussels exchanges in September 2000 to form Euronext NV, the second largest exchange in Europe. The exchange operates the MATIF futures exchange, which trades futures and options on interest rate products and commodities, and MONEP, equity and index futures and options.

**Private equity** New private equity investments totalling €8.9bn were invested in France in 2014, representing 22% of private equity investments in Europe. New funds raised by private equity firms totalled €7.2bn, equivalent to 16% of the European total in 2013.

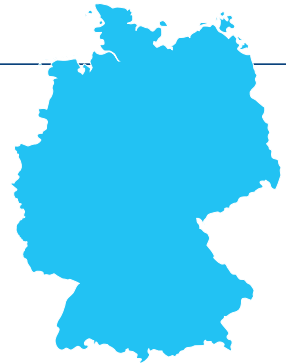
**Maritime business services** Insurers in France provided over €900 million, or some 4%, of net marine premiums worldwide in 2013.

**Legal services** FIDAL is the single French law firm listed in the Legal Business Global 100.

# GERMANY

 **2,080,900**  
employed in financial and  
related professional services

 **4.0% of GDP**  
accounted for by financial services



Financial services in Germany accounted for 4.0% of GDP and for 3.2% of employment in 2014. The sector generated a trade surplus of €8.1bn in 2013, a value exceeded only by the UK and Luxembourg in the EU. Employment in financial services in Germany totals 1.3 million people; adding the 823,000 in related professional services produces a total of 2.1 million, second only to the UK in the EU. Germany has a number of financial centres, led by Frankfurt, where employment in the sector totals around 76,000. Munich is respected for its asset management.

**Banking** Assets of the banking sector in Germany totalled over €7 trillion at the end of 2013. A significant proportion of this came from foreign banks operating in Germany. The country accounts for 8% of cross-border international bank lending, the fifth largest originator of such lending worldwide.

The banking sector in Germany comprises approximately 2,000 separate banks with more than 45,000 branches and over 700,000 employees. Frankfurt attracts a large proportion of foreign banks. Over 60 national and 150 international banks have a registered office in Frankfurt, as well as 40 representative offices of international banks. Frankfurt is also home to the European Central Bank. Frankfurt's international community comprises around a quarter of its population.

The German banking system consists of:

- Privately-owned commercial banks, accounting for 36% of total banking system assets, and dominated by three large banking groups: Deutsche Bank (which also owns Postbank, another large German bank), Commerzbank, and Hypovereinsbank (owned by UniCredit Group);
- Public sector banks, including local Sparkassen (savings banks) and regional Landesbanken, accounting for 31% of assets;
- Cooperative banks, which account for more than half of institutions by number and 11% of assets;
- Other specialised banks (for example mortgage), building and loan associations, accounting for the remaining 22% of assets.

In addition to owning commercial banks, the public sector is also involved in banking through development banks. The development bank at the Federal level (KfW) is supplemented by the development banks at the Länder level.

The number of banks in Germany has dropped sharply in recent years, and by 46% since 1995. Consolidation to achieve economies of scale has taken place mostly in the savings bank and cooperative sectors.

**Insurance** premiums in Germany totalled €186bn in 2013, averaging nearly €3,000 per person and equivalent to nearly 7% of GDP. Germany is the largest non-life insurance market in Europe and the second largest in the world.

**Fund management** The fund management industry in Germany managed assets totalling €1,650bn at the end of 2013, the fifth highest in the world. These largely consist of long term assets of €1.2 trillion held by the insurance industry. Pension assets total just €180bn as most pension funds are managed on a pay as you go rather than a funded basis. Mutual fund assets totalled €280bn.

**Bond markets** The outstanding value of domestic bonds issued by German organisations totalled over €2.0 trillion. Germany has the most developed corporate bond market in Europe. Some €1.3 trillion in international bonds were outstanding in Germany at the end of 2014.

**Equity markets** Some 670 domestic and foreign companies are listed on Deutsche Boerse, with a market value of around €1.4 trillion, about 2% of the total value of listed shares worldwide.

**Private equity** New private equity investments totalling €5.7bn were invested in Germany in 2014, representing 14% of private equity investments in Europe. New funds raised by private equity firms totalled €1.8bn, equivalent to 4% of the European total in 2014.

**Maritime business services** Germany is an important centre for maritime services with German banks in aggregate being the largest lenders in Europe to the global shipping industry and insurers in Germany providing 4% of net marine premiums worldwide in 2013.

# ITALY

 **1,223,000**  
employed in financial and  
related professional services

 **5.9% of GDP**  
accounted for by financial services



Financial services in Italy account for 5.9% of GDP. Employment in financial services totals 604,000 people: combined with the 619,300 people working in related professional services puts total employment in the wider sector at 1,223,000 people.

**Banking** Assets of banks from Italy totalled €4 trillion at the end of 2013. Italy is home to the fourth largest banking sector in Europe, accounting for approximately 9% of total European banks' assets. The country also accounts for 2% of cross-border international bank lending, or around €514bn.

The Italian banking sector is totally private and is highly diversified in terms of bank size and legal form. At the end of 2013 the Italian banking sector comprised 77 banking groups – of which two were of a size on par with the leading European banks – and 524 banks not belonging to a group. In particular, these banks comprised 51 limited liability banks, 375 mutual banks (*banche di credito cooperativo*), 19 cooperative banks (*banche popolari*) and 79 branches of foreign banks. A significant proportion of non-bank financial intermediaries also belonged to banking groups.

**Insurance** Italy has a well developed insurance industry. Assicurazioni Generali, established in 1831, is the second largest insurance company in the world in terms of net premiums written.

Premiums in Italy totalled €127bn in 2013, the 7th highest in the world. Insurance premiums average over €2,600 per person. The Italian insurance industry has grown by 7% annually since 1991, especially supported by growth in the life segment, which represents over two-thirds of the total market, up from 27% in 1991. Italy's insurance market consists of 239 locally present players, 142 of which are domiciled in Italy, and 97 which are registered branch offices of foreign insurers.

**Fund management** The fund management industry in Italy managed assets totalling around €750bn at end-2013. These largely consisted of over €500bn held in insurance assets, €140bn in mutual funds and the remainder in pension funds.

**Bond markets** Italy has a well developed bond market. The outstanding value of domestic bonds totals around €2.3 trillion. Italy has the second highest outstanding value of bonds issued by financial institutions and is also the second leading country in Europe for corporate bonds. The outstanding value of international bonds in Italy totalled €860bn at the end of 2014.

**Equity markets** The Borsa Italiana, based in Milan, is Italy's main stock exchange. It was privatised in 1997 and has been a part of the London Stock Exchange Group plc since 2007. Borsa Italiana organises and manages the Italian stock market with the participation of nearly 130 domestic and international brokers that operate in Italy or from abroad through remote membership, using a completely electronic trading system for the real-time execution of trades. It is the primary market for derivatives traded in Italy, as well as for Italian government bonds and eurobonds. It also trades in other fixed income investments.

**Private equity** New private equity investments totalling €720 million were invested in Italy in 2014, representing 2% of private equity investments in Europe. New funds raised by private equity firms totalled €640 million in 2014.

**Maritime business services** Insurers in Italy provided €930 million, or some 3%, of net marine premiums worldwide in 2013.

# THE NETHERLANDS



**560,800**

employed in financial and related professional services



**7.8% of GDP**

accounted for by financial services



Financial services in the Netherlands account for 7.8% of GDP, only exceeded in the EU by Luxembourg, Ireland, Cyprus and the UK. Employment in financial services totals 273,600 people: combined with the 287,200 people working in related professional services – legal services, accounting services and management consultancy – produces a total of 560,800 people. Key centres of employment include Amsterdam, employing around 54,000 in financial services, as well as Rotterdam and The Hague.

The Netherlands has always been a financial centre with an international character. Financial services in the Netherlands has typically run a small trade deficit of between €375 million and €775 million in recent years.

**Banking** The Dutch banking sector is characterised by its relatively large size, high level of concentration and international orientation. Assets of banks from the Netherlands totalled around €2.5 trillion at end-2013. The largest three banks – ING Bank, Rabobank Group and ABN Amro Group account for the bulk the total. The banking industry in the Netherlands has a long tradition in the efficient processing of transactions, and consequently a substantial portion of all global e-commerce transactions are processed by banks based in the Netherlands.

Over three-quarters of people have adopted online banking in the country. About 95% of Dutch consumers have their savings in deposits at one of the four largest banks. These banks have a similar share in the mortgage market.

The Netherlands, banking sector accounts for 4% of cross-border international bank lending, the 8th largest originator of such lending worldwide.

**Insurance** premiums in the Netherlands totalled nearly €76bn in 2013, the 10th highest in the world. Insurance premiums average over €6,000 per person.

**Fund management** The fund management industry in the Netherlands managed assets totalling €1.2 trillion in 2013, the sixth largest in the world. These largely consist of long term assets of €950bn held in pension funds, with the balance made up by €250bn of insurance assets and the remainder in mutual funds. The Netherlands has well-developed pension administration, asset liability management, fiduciary management and other areas concerning an aging population.

**Bond markets** The outstanding value of domestic bonds issued in the Netherlands amounts to some €800bn. The outstanding value of international bonds issued in Netherlands totalled nearly €1.7 trillion at the end of 2014.

**Equity markets** Established four centuries ago, the Amsterdam stock exchange is regarded as the oldest in the world. Following mergers with the Brussels Stock Exchange and the Paris Stock Exchange in 2000, and the NYSE Group in 2007, it is now known as Euronext Amsterdam.

**Private equity** European private equity firms invested €1.8bn in firms located in the Netherlands during 2014, or some 5% of overall private equity investments in Europe. Private equity firms in Netherlands raised €2.6bn in new funds during 2014.

**Maritime business services** The Netherlands is a leading maritime nation, operating Europe's largest inland shipping fleet. The Port of Rotterdam is Europe's largest port by far and Amsterdam is Europe's fourth-largest. Insurers in the Netherlands provided close to €550 million, or some 2%, of net marine premiums worldwide in 2013.

**Legal services** Loyens & Loeff is the single Dutch law firm listed in the Legal Business Global 100.

# SPAIN



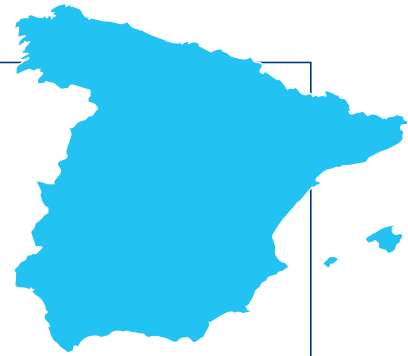
## 848,200

employed in financial and related professional services



## 3.9% of GDP

accounted for by financial services



Financial services in Spain account for 3.9% of GDP. Employment in financial services totals 451,600 people: combined with the 396,600 people working in related professional services produces a total of nearly 848,200 people.

**Banking** Assets of banks from Spain amount to €3.5 trillion. This is equivalent to around 320% of GDP taking into account international activities of banks, with the largest five banks accounting for more than 70% of total assets. Loans extended to the private sector in Spain account for 166% of GDP. The outstanding value of Spanish cross-border international bank lending totalled €481bn in September 2014.

Spanish banks are required to have high capital provisions and demand various guarantees and securities from intending borrowers. The Banco de España is Spain's central bank and the supervisor of its banking sector. It has contributed to establishing a range of measures since 2007 to increase the resilience of the sector in response to the global financial crisis. This has involved an important reform of the savings banks' legal framework together with financial support from the state-owned recapitalisation vehicle Fondo de Reestructuración Ordenada Bancaria (FROB).

**Insurance** premiums in Spain totalled €55bn in 2013, the 14th highest in the world. In life insurance Spain was ranked 17th globally. In non-life it held 12th place. Insurance premiums averaged over €1,500 per person in 2013. There are some 280 insurance companies in Spain, of which 188 are public limited companies, 34 mutual insurers, and 55 mutual provident societies.

**Fund management** The fund management industry in Spain managed assets totalling around €500bn in 2013. These consisted of €140bn held in pension funds, €145bn in mutual funds and the remainder in insurance assets.

**Bond markets** The outstanding value of domestic bonds issued in Spain totalled amounts to around €1.0 trillion. The outstanding value of international bonds issued in Spain totals some €600bn.

**Equity markets** Over 3,400 domestic companies are listed on the Spanish Exchanges, with a market value of around €1 trillion. The Madrid Stock Exchange is the largest and most international of Spain's four regional stock exchanges (the others are located in Barcelona, Valencia, and Bilbao) that trade shares and convertible bonds and fixed income securities, and both government and private-sector debt.

**Private equity** New private equity investments totalling €1.0bn were invested in Spain in 2014, representing 2% of private equity investments in Europe. New funds raised by private equity firms totalled €1.5bn in 2014.

**Maritime business services** Insurers in Spain provided over €500 million, or some 8%, of net marine premiums worldwide in 2013.

**Legal services** Garrigues is the single Spanish law firm listed in the Legal Business Global 100.



# UK

 **2,102,200**  
employed in financial and  
related professional services

 **7.9% of GDP**  
accounted for by financial services



The UK is a major global hub for international wholesale finance. Within the UK, the importance of London is core to its international position but other cities such as Edinburgh and Glasgow in Scotland; Birmingham, Bristol, Leeds, Liverpool and Manchester in England; Cardiff in Wales; and Belfast in Northern Ireland are also important financial centres. Over 2 million people work across the UK in financial and related professional services. Industry output at around 12% of GDP (of which financial services accounts for 7.9%), is above the 7% contribution to UK employment, indicating that productivity levels are well above the average for the UK economy overall. The UK's financial services trade surplus of €67bn in 2013 was more than the combined surpluses of the next three leading countries (US, Switzerland and Luxembourg).

**Banking** UK banking sector assets are the fourth largest in the world. International banks hold nearly half of this. The UK is the largest centre for cross-border banking with 17% of the outstanding value of international bank lending. London has over 250 foreign banks. This is higher than nearest rivals New York, Paris or Frankfurt. The UK is one of the most important centres for private and investment banking.

The UK accounted for 41% of global foreign exchange trading in April 2013, well ahead of the US (19%), Japan (6%) and Singapore (6%). Twice as many US dollars are traded on the foreign exchange market in the UK than in the US, and more than twice as many euros are traded in the UK than in all the euro-area countries combined.

London's profile as the leading Western centre for Islamic finance has grown in recent years, although institutions in the UK have been providing Islamic financial services for 30 years.

**Insurance** The UK Insurance industry is the largest in Europe and third largest in the world. It consists of insurance companies, the Lloyd's market, intermediaries, and various specialist support professions and services. The London Market is the world's leading market for internationally traded insurance and reinsurance. It is the only place where all of the world's twenty largest international insurance and reinsurance companies are active.

**Fund management** The UK is one of the largest markets in the world for fund management. UK assets under management totalled over €7.5 trillion in 2013. The UK fund management sector has a strong international orientation reflected in: the institutional presence of a broad mix of UK and foreign firms; the investment of over a quarter of institutional clients' portfolios in overseas securities and; management on behalf of overseas clients of funds totalling around €2.3 trillion. The UK remains by far the largest centre

for hedge funds in Europe. Around 800 funds located in the UK in 2014 managed some 85% of European based hedge fund' assets.

**Bond markets** The UK's substantial domestic market in bonds is complemented by London's continuing role as a major centre for issuance and the trading of international bonds. The outstanding value of international bonds in the UK totals €2.5 trillion. Eurobonds account for around three-quarters of this. London is also the leading centre for international bond trading with an estimated 70% of secondary market turnover.

**Equity markets** London's importance as a centre for global equity trading is illustrated by: the 532 foreign companies listed there accounting for a fifth of the global number of foreign listings; its 8% share of IPOs by value in 2014; and its 7% share of the global equity market capitalization and 5% of turnover. The UK remains the leading derivatives centre worldwide with a 49% share in 2013 of trading interest rates OTC derivatives.

**Private equity** The UK private equity market is the most developed outside the US. Private equity funds based in the UK accounted for 13% of global investments and 8% of funds raised in 2013. London is the largest European centre for the management of private equity investments and funds. Over the past two decades, the UK private equity industry has invested over €250bn in around 30,000 firms worldwide.

**Maritime business services** The UK is the leading centre in the supply of a broad range of professional and business services to the global maritime community, that are largely concentrated in London. The 26% marine insurance premiums transacted on the London Market in 2013 is higher than in any other country.

**Legal services, accounting and management consultancy** London is a major centre in the marketplace for international legal services, with the globalisation of business and capital markets having strengthened its position in recent years. The UK is the largest market in Europe for legal services generating around a fifth of its fee income. Three of the largest five Global 100 firms, based on headcount in 2013/14 were headquartered in the UK. In terms of gross fee revenue, UK firms held four of the top ten places. With over 24,000 international arbitration and mediation disputes resolved per year, the global leader in commercial dispute resolution is London. The UK also occupies a key position in the delivery of accounting services worldwide with many of the largest global firms headquartered there.

---

## KEY FACTS ABOUT EU FINANCIAL AND RELATED PROFESSIONAL SERVICES

The information in this report is drawn from a wide range of statistical sources and reports, compiled and published by TheCityUK. The research provides a comprehensive overview of trends and issues in financial and related professional services. In particular TheCityUK research seeks to highlight the important contribution of financial and professional services to the EU economy and to raise awareness of the role of the EU in international financial markets.

---

## SIGN UP FOR NEW REPORTS

If you would like to receive immediate notification by email of new TheCityUK reports on the day of release please send your email address to [signup@thecityuk.com](mailto:signup@thecityuk.com)

### THECITYUK RESEARCH:

For content enquiries, further information about our work or to comment on our programme/reports, please contact:

Anjalika Bardalai, Deputy Chief Economist  
[anjalika.bardalai@thecityuk.com](mailto:anjalika.bardalai@thecityuk.com)  
**+44 (0)20 3696 0111**

Marko Maslakovic, Senior Manager Economic Research  
[marko.maslakovic@thecityuk.com](mailto:marko.maslakovic@thecityuk.com)  
**+44 (0)20 3696 0112**

TheCityUK, Salisbury House, Finsbury Circus, London, EC2M 5QQ

[www.TheCityUK.com](http://www.TheCityUK.com)

© Copyright September 2015, TheCityUK

---

## POLICY AND PUBLIC AFFAIRS

For further information about our policy and public affairs work please contact:

Nicky Edwards, Director of Policy and Public Affairs  
[nicky.edwards@thecityuk.com](mailto:nicky.edwards@thecityuk.com), **+44 (0)20 3696 0105**

### MEMBERSHIP

To find out more about TheCityUK and the benefits of membership visit [www.thecityuk.com](http://www.thecityuk.com) or email us at [membership@thecityuk.com](mailto:membership@thecityuk.com)

This report is based upon material in TheCityUK's possession or supplied to us from reputable sources, which we believe to be reliable. Whilst every effort has been made to ensure its accuracy, we cannot offer any guarantee that factual errors may not have occurred. Neither TheCityUK nor any officer or employee thereof accepts any liability or responsibility for any direct or indirect damage, consequential or other loss suffered by reason of inaccuracy or incorrectness. This publication is provided to you for information purposes and is not intended as an offer or solicitation for the purchase or sale of any financial instrument, or as the provision of financial advice.

Copyright protection exists in this publication and it may not be produced or published in any other format by any person, for any purpose without the prior permission of the original data owner/publisher and/or TheCityUK. © Copyright September 2015

---