

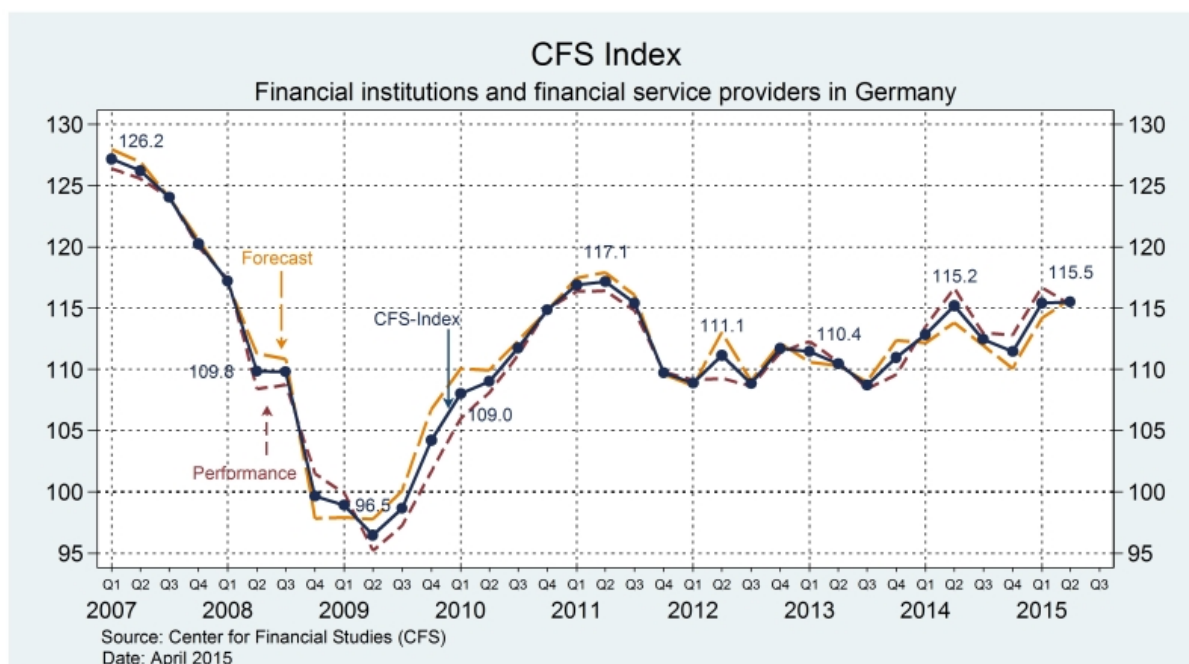
Press release

CFS Index remains strong

Development of financial institutions was better than expected but growth of earnings slowed down considerably

FRANKFURT, 27 April 2015. The business situation in the financial sector has been evaluated positively during the first quarter of 2015 – similar to the previous quarter. Reaching 115.5 points, the CFS Index, which measures the condition of the German financial sector on a quarterly basis, remained almost at the same high level as in the previous quarter (115.4 points). During the first quarter of 2015, revenues of the surveyed financial institutions and service providers were developing positively as at the end of last year.

“In view of the ongoing loose monetary policy and the regulatory burdens for the financial sector, it is not surprising that the financial industry is only cautiously optimistic, despite the overall positive economic development,” Professor Jan Pieter Krahen, Director of the Center for Financial Studies and Academic Head of the survey, comments.



Business volume stays at a high level

During the first quarter of 2015, **revenues**/business volume of the surveyed financial institutions and service providers were developing positively, as it was already the case in the previous quarter. Among financial institutions, the sub-index rose by 0.4 points to 118.1 points. Service providers reported a slight decrease of revenue growth by 2.1 points. However, the sub-index remained with 122.9 points at a high level with a positive outlook for the second quarter of 2015.

After a very high increase in the growth rate of **earnings** in the previous quarter, growth of earnings slowed down during the first quarter of 2015 among all surveyed companies. For financial institutions, the corresponding sub-index declined considerably by 8.6 points to 107.9 points with modest expectations for the current quarter. Among the surveyed service providers, the sub-index went down by 4.3 points but remained with 120.5 points at a high level.

Investment volume remains unchanged

Contrary to the modest expectations reported in the previous quarter, the growth in **investments** in product and process innovations remained almost unchanged among all surveyed companies during the first quarter of 2015. The corresponding sub-index slightly decreased for financial institutions by 0.5 points to 109.9 points, while service providers reported an increase by 0.8 points to 116.5 points.

During the first quarter of 2015, both financial institutions and service providers were recruiting less **new employees** compared to the previous quarter. Among financial institutions, the corresponding sub-index lost 3.3 points and reached a value 101 points. Service providers reported a decline by 2 points to 112.5 points. While financial institutions have more pessimistic expectations for the current quarter, service providers expect a considerable increase in hiring during the second quarter of 2015.

Importance of the financial sector rises

The **international importance of Germany as a financial center** has been rated increasingly positive by the survey participants. The corresponding value gained 0.6 points and reached a level of 125.5 points.

About the Center for Financial Studies

The Center for Financial Studies (CFS) conducts independent and internationally-oriented research in important areas of Financial and Monetary Economics, ranging from Monetary Policy and Financial Stability, Household Finance and Retail Banking to Corporate Finance and Financial Markets. CFS is also a contributor to policy debates and policy analyses, building upon relevant findings in its research areas. In providing a platform for research and policy advice, CFS relies on its international network among academics, the financial industry and central banks in Europe and beyond.

About the CFS Index

The CFS Index is compiled from a comprehensive quarterly survey among 400 decision makers in the German financial sector (return about 50% on average). The survey contains four questions about the participant's view on different business parameters (business volume, earnings, employment level and investment volume in product and process innovations). The answers to the questions may be given as "positive", "neutral", or "negative" and a response is requested for the previous and the current quarter. Due to construction, the maximum index value is 150, the minimum index value is 50; a value of 100 signalizes a neutral business sentiment. The survey-panel consists of enterprises and institutions of the financial industry and selected companies that profit from the financial sector.

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For further information, please contact:

Sebastian Frontczak

Center for Financial Studies
House of Finance
Goethe University Frankfurt
60629 Frankfurt am Main
Germany
email: frontczak@ifk-cfs.de
phone: +49 69 798-30043
www.ifk-cfs.de/cfs-index