

Press Release

Majority of the German financial industry is behind the planned merger between London Stock Exchange and Deutsche Börse

FRANKFURT, 26 April 2016. According to a recent survey of financial institutions and service providers by the Center for Financial Studies, 63% of the companies surveyed are fundamentally in favor of the planned merger between London Stock Exchange (LSE) and Deutsche Börse. However, 35% of respondents would only support the merger in case of a Brexit if the holding's headquarters were to remain in Frankfurt and therefore in the euro area. 18% of respondents only view the merger positively provided that Britain does not leave the EU. Just 9% support the planned merger unreservedly. By comparison, 25% of the respondents are against a merger in any case.

Financial industry expects the stock exchange merger to negatively impact the Financial Centre Frankfurt if the holding is based in London

A majority of the financial industry agrees that a combined stock exchange holding with its headquarters in London would negatively impact the Financial Centre Frankfurt. The consequences are rated as negative by 64% in case of a Brexit, and by 57% in case Britain remains in the EU.

"The financial industry is convinced by the industrial logic of the merger, although negative impacts on the Financial Centre Frankfurt are foreseen if the holding is based in London," Professor Volker Brühl, Managing Director of the Center for Financial Studies, interprets the results.

The Financial Centre Frankfurt would benefit from a Brexit, despite negative expectations for the EU and UK economies

In case the majority of the British public votes to exit the EU on 23 June, the impacts on economic growth are expected to be negative in all affected countries. A large majority of the respondents (82%) believe the British will be hit hard. By comparison, only half (48%) anticipate negative consequences for the EU. By contrast, 69% of respondents expect the Financial Centre Frankfurt to emerge as a major winner from a Brexit scenario.

According to polls carried out in the UK, the outcome of the referendum remains entirely open. In Germany the majority of survey participants (62%) expect the British public to vote to remain in the EU.

The possibility of a Brexit leading to other countries exiting the EU is regarded as unlikely by just over half the respondents (51%), while 41% would expect other countries to follow suit.

"Of course we are not in favor of a Brexit. It would not only be detrimental for Great Britain, but also Germany and Europe as a whole. But should it come to pass, it would clearly be an opportunity for Frankfurt as a Financial Centre, as confirmed in the survey," explains Hubertus Väth, Managing Director of Frankfurt Main Finance e.V.

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The results are based on a quarterly management survey of around 400 companies in the German financial sector.

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.

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