

## Press Release

### **CFS survey: One year on from the Brexit referendum – Financial industry still sees Frankfurt as the major winner / London to remain one of the top 3 financial centres / CFS warns against euphoria**

FRANKFURT, 21 July 2017. According to a recent survey by the Center for Financial Studies, one year on from the Brexit referendum, a clear majority of the German financial industry (86%) still believe that Frankfurt is the EU location that stands to benefit the most from Brexit. In addition, over two thirds of the companies surveyed (69%) expect London to remain one of the top 3 financial centres worldwide, even 10 years after Brexit. Only 14% of respondents believe one of the rival financial centres will emerge as the major winner. In this respect, the survey participants have more confidence in Paris and Dublin, whereas Luxemburg and Amsterdam are hardly expected to gain any significant location advantage.

“The survey underlines the particularly high expectations placed on Frankfurt to take advantage of Brexit. However, I would warn against getting carried away with the euphoria. Competition is very intense, especially with Paris. Substantial efforts are required on the part of the German and Hessian state governments, not forgetting the city of Frankfurt, to actually realise this potential,” Professor Volker Brühl, Managing Director of the Center for Financial Studies, interprets the results.

The German financial industry is also united in its optimistic view on the specific question of how many extra financial sector jobs are likely to result from Brexit over the next five years in the Financial Centre Frankfurt. Of the survey respondents, 21% expect more than ten thousand additional positions to be created. Frankfurt Main Finance has viewed this as a realistic figure ever since the day of the referendum in the UK and expects a thousand new jobs to already be announced by the end of the current year. However, a larger proportion of respondents (45%) anticipate a figure in the range of five to ten thousand extra jobs. A further 33% predict between one to five thousand new jobs. Just 1% anticipate fewer than one thousand additional positions.

“Even if the Financial Centre Frankfurt has taken the pole position, there are still around one hundred banks in London which are looking for a new home in the Eurozone. Only around twenty have made decisions. There is still a great deal to be done,” comments Hubertus Väth, Managing Director of Frankfurt Main Finance e.V..

Financial institutions in London are preparing to shift parts of their business from London to Continental Europe. When asked which region those institutions likely to shift the most jobs come from, 37% of respondents pointed to North America; 30% believe European firms will relocate the most jobs; 19% named the UK and 14% the Asia-Pacific region (APAC).

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On the same topic, the majority of the financial industry (71%) anticipates a substantial relocation of jobs in the area of securities trading and settlement, followed by corporate finance and corporate banking (49%). In addition, 40% of respondents named the area of risk management and compliance. As for the asset management segment, 30% of respondents believe a substantial shift of jobs is realistic.

“In many quarters the potential relocation of the European Banking Authority (EBA) to Frankfurt is regarded as an important signal. Aside from proximity to the European Central Bank (ECB) being a pull factor in such location choices, the importance of the future home of the EBA is overplayed when it comes to location decisions of financial institutions. Issues of market access and infrastructure play a far more important role here,” said Professor Volker Brühl, Managing Director of the Center for Financial Studies, analysing the survey results.

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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.

**We would like to thank Frankfurt Main Finance e.V. for financially supporting the project.**

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