

ACTIVITY REPORT 2021

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MESSAGE FROM THE CHAIRMAN



Pierre Gramegna,
Luxembourg Minister of Finance

01

Dear readers,

When I wrote the foreword for the annual report 2020, the first vaccines were being rolled out and there was ground for optimism as the world was finally seeing light at the end of the tunnel after a difficult year marked by lockdowns and a global economic downturn.

As I am writing these lines at the end of 2021, the optimism of last year was certainly warranted. The IMF expects that the world economy will have grown by nearly 6 percent in 2021 and foresees growth of around 5% for next year. With a downturn of -1.8% in 2020 and growth of around 6% this year, Luxembourg already reached pre-crisis levels in early 2021, also thanks to the financial centre.

As many of you know, I am someone who prefers to see the glass half-full. While the spread of the Omicron variant in Europe and elsewhere remains an element of uncertainty for the global economy, we should neither under- nor overestimate the current developments. Despite uncertainties around the new variant and an urgent need to increase the supply of vaccines to developing and emerging

countries, the global economic recovery is ongoing, as governments have become better equipped to deal with the pandemic and new outbreaks, but also thanks to the availability of booster shots.

Having undergone a fast-track digital transformation, the financial sector in particular has weathered the pandemic well. In the case of Luxembourg, the financial centre has proven particularly resistant. The Luxembourg fund industry keeps breaking new records, having reached 5.9 trillion euros in assets under management in December. Assets in the private banking sector continue to grow at an average rate of 10% a year. Moreover, thanks to decisive support to the economy by the government during the pandemic, the high level of provisions that banks in Luxembourg had foreseen for 2021 will not be needed. The insurance sector, which saw a 17% drop in premium income in the life insurance segment in 2020, will most likely end the year 2021 with a result close to 2019, which was an excellent year. Indeed, over the first three quarters of 2021 life insurance premium income grew by more than 40%

MESSAGE FROM THE CHAIRMAN

compared to the same period 2020, thus more than recovering the negative growth of 2020. Despite the ongoing pandemic, the number of Fintech firms hosted in the LHoFT has grown by 11% last year to reach 85 firms. Luxembourg also continues to see strong growth in the alternative fund sector, which is bringing new players to Luxembourg, from management companies to depositary banks, which are following their clients who insist on having their funds and service providers in Luxembourg.

After more than 18 months of limited international travel, I started to travel again abroad to meet with financial institutions in October this year, together with Luxembourg for Finance. The meetings I had in New York and London with the leaders of some of the main banks and asset managers confirmed that Luxembourg remains a key competence centre in Europe for these groups, with strong growth potential both in the area of alternative funds as well as sustainable investment. Moreover, the digital transformation of their business models, but also new opportunities in emerging areas such as digital assets, are priorities for their future development.

2021 has in fact confirmed a trend we already saw emerging in 2020 during the lockdowns: the pandemic has spurred the twin digital and green transition. I would go one step further and add a third transition: the finance transition.

Indeed, in order to address what I call the “tricky triangle” of greenwashing, stranded assets and social stranding, we need finance itself to transition towards increased sustainability and a gradual greening of portfolios. With regulatory initiatives such as the Taxonomy, the green bond standard and the sustainable finance disclosure regulation, the EU has taken on a leadership role in this area.

As a currency, the euro currently represents more than 50% of green bond issuance in the world, while Europe has a market share of around 80% of ESG funds globally. 1 in 2 euros invested in European funds last year, were invested in sustainable funds. Having issued 90 billion euros worth of social bonds as well as the world’s largest green bond – under Luxembourg law and listed on the Luxembourg Stock Exchange – the EU has become the largest issuer of sustainable bonds in the world.

Luxembourg continues to play a leading role in this context, representing more than 20% of ESG fund assets in the world and listing half the world’s green bonds. The government has put in place several initiatives over the past years to help accelerate private sector investment in climate projects. Let me mention one project of which I am particularly fond, namely the joint climate finance platform Luxembourg set up with the European Investment Bank to de-risk investments and thus encourage private

sector investments in climate mitigation and adaptation. Thanks to a first-loss investment from Luxembourg of 40 million euros so far and additional top-up investments from the EIB of 288 million, the platform has to date raised more than 18 billion euros in project investments. This incredible leverage effect speaks for itself.

Luxembourg has been a pioneer in this area, but it is encouraging to see that in Glasgow blended finance was a central topic of discussion for the first time at a COP. More generally, one of the most positive outcomes of COP26 has been the clear commitment from the private sector, and specifically from the financial industry, to support the transition towards a global net-zero economy.

As I am stepping down as Finance Minister in January, this will also be my last foreword for an LFF annual report.

I look back on these past 8 years with fond memories and a sense that much has been achieved, thanks to the excellent cooperation with the different stakeholders and partners of the financial centre. The financial centre has seen a

great deal of transformation during this period: from the shift towards global tax transparency to the opening up of China's capital markets and the emergence of crypto-assets, and from Brexit to the global pandemic. Luxembourg for Finance has worked hand in hand with the Ministry of Finance and myself to accompany the financial centre, which has continued to grow and develop, throughout this transformative period.

I want to take this opportunity to thank Nicolas Mackel and his excellent team at LFF. Whether it be the creation of the LHoFT nearly 5 years ago, the fact that Luxembourg has been able to attract more than 90 firms in the wake of Brexit or the improved image of the country and its financial centre abroad: LFF has been a trusted partner at every step of the journey.

LFF will now write the next chapter of the financial centre success story with my successor, Yuriko Backes, who will also take over as Chairwoman of LFF shortly. I can assure you that both LFF and the financial centre are in safe hands.

I wish you fair winds and following seas.

FOREWORD FROM THE CEO



Nicolas Mackel,
CEO,
Luxembourg for Finance

01

In 2021, the pandemic has continued to dominate our lives. As I write this message it is still unclear how much of our previously normal working lives will return to us once the COVID pandemic has abated and how much of the current operating environment is actually now ‘the new normal.’

We have however also learned from the pandemic. As we had switched our events to a purely digital format, we have seen that this allows us to reach a much larger audience, a more international audience, a more senior audience, at a fraction of the original cost. We have thus decided that for LFF, with a few exceptions, events will remain digital beyond the pandemic.

We will nevertheless ensure networking opportunities for our stakeholders both in Luxembourg and during our missions abroad.

Even our business development activities had to be switched to digital channels as LFF met with over 80 financial institutions worldwide, particularly in China, the USA and UK. Most of our media relations work has also been switched to digital meetings. In total, only a fraction of the usual European and overseas trips could take place, probably not a bad thing for the environment even if as of 2020 we are offsetting our travel emissions.

Our events and our communication have spanned many different topics ranging from digitalization to sustainable finance as well as Brexit, the CMU, alternative investments and many more. We take great pride in the reports we have issued last year with partner institutions on issues like the impact sustainable finance, the evolution of investment flows between the EU and China or the future of Luxembourg’s financial industry.

FOREWORD FROM THE CEO

Where normally our target audience is abroad, we have additionally in 2021 continued to develop and roll out our campaign Eis Finanzplatz in Luxembourg to explain the activities of our financial industry and its role in the economy.

One important element of this campaign pertains to talents. Attracting and retaining the right skills is becoming a challenge for financial centers around the world. In Luxembourg, more activities and more sophisticated activities are making the issue felt by every employer. To help address this, LFF developed a new MovetoLux talent campaign which highlights the benefits of working and living in Luxembourg.

In a year already well supplied with surprises, another was waiting for us in November, when Minister of Finance, Pierre Gramegna, announced he would step down from his post at the end of 2021, for personal reasons. Please allow me

to reiterate here my words of gratitude to our outgoing Chairman for 8 years of excellent cooperation and my best wishes to him for the future. The entire team and myself look forward working with our new Minister of Finance, Yuriko Backes to position Luxembourg's financial services sector.

Last but certainly not least, I would like to thank my entire team for the wonderful work they have done in another year of upheaval. While remote work certainly brings some advantages, it also adds distance between colleagues and thus makes many things more complicated. Our work has however not suffered as our output seems to indicate. I let you, our stakeholders be the judge of that and would encourage you to provide us with your feed-back and suggestions to help us improve our work in the future.

Stay safe!

2021 FINANCIAL CENTRE

02



2021 FINANCIAL CENTRE TIMELINE

02

› JANUARY

- › Luxembourg's ESG performance rated AAA by Moody's.
- › Luxembourg legal framework amended to recognise the use of DLT for issuing and settling dematerialised securities.

› FEBRUARY

- › LFF board offers Nicolas Mackel to serve third term as LFF CEO.
- › Luxembourg launches sustainable finance strategy.
- › LGX expands to welcome climate-aligned issuers.
- › The Environmental Performance Index 2020 (Yale University) gives Luxembourg a score of 82.3 out of 100, placing the Grand Duchy as the 2nd greenest country in the world.

› MARCH

- › Luxembourg investment funds AuM reaches €5 trillion.
- › The European Commission lists its 5th social bond issued under the SURE programme on the Luxembourg Stock Exchange.
- › LuxSE and ORIGIN complete first fully digital listing.

› APRIL

- › The GGFI 7 ranks the Grand Duchy, once again, as a leading global green financial centre, placing it second highest in the EU and sixth globally.
- › LuxSE reports solid operational results as Julie Becker takes the reins.
- › €4 bn green bond: KfW chooses the Luxembourg Stock Exchange to list the largest green bond ever issued by a non-sovereign.

› MAY

- › LFF Survey: 50% of the c-suite executives and senior managers polled believe the global financial services industry to be resilient in the medium term. This represents an increase of 7% compared to October 2020.
- › LGX hits 1,000 sustainable bonds mark.

› JUNE

- › New Financial Index: Luxembourg among the top 3 financial centres in the EU.
- › Luxembourg Stock Exchange lists the first NextGenerationEU bond.
- › Report by the Emerging Payments Association EU, commissioned by Luxembourg for Finance: EU payments landscape boosted by product innovation and consolidation.
- › SEBI and CSSF enter a memorandum of understanding.

› JULY

- › Azimut becomes first ManCo authorised to manage crypto assets.

› AUGUST

- › Rating Agency Fitch confirms AAA rating for Luxembourg.
- › Luxembourg ranks as the largest domicile of UCITS and AIFS in Europe.
- › LuxSE releases SPAC listing guidelines.
- › ABBL 2021 Retail and Private Banking surveys: Luxembourg banks proved resilient during crisis.

› SEPTEMBER

- › Luxembourg overtakes UK as most popular domicile for PE and VC funds.
- › Luxhub gains AISP & PISP licences.

› OCTOBER

- › GGFI 8: Luxembourg placed second greenest in the EU and fifth globally.
- › The first NextGenerationEU Green Bond is listed on the Luxembourg Stock Exchange. The €12 bn bond is the largest green bond ever issued.
- › Luxembourg for Finance and New Financial publish a report Benchmarking ESG. The report provides an analysis of the size, growth and penetration of sustainable finance worldwide.
- › Luxembourg Green Exchange celebrates five years.

› NOVEMBER

- › Luxembourg's Minister of Finance, Pierre Gramegna, announces resignation.
- › EU Financial centres establish Roundtable.
- › Kneip announces exclusive partnership agreement with NASDAQ fund network.
- › Luxembourg regulator issues new guidance and FAQ on virtual assets.

› DECEMBER

- › Yuriko Backes named as Luxembourg's new Finance Minister.

FINANCIAL CENTRE STATISTICS

(AS OF DECEMBER 31ST 2021)

BANKING



+124 banks form 26 countries
(CSSF)



Balance sheet of banks in Luxembourg: **€967.469 bn**
(BCL, November 2021)



Private banking AuM: **€508 bn**, up 9% on the previous year
(ABB, December 2020)

ASSET MANAGEMENT



Second largest investment fund centre in the world, **first in Europe**



Global leader in cross-border investment fund domicile, 56.5% of cross-border funds are Luxembourg funds

18/20

18 out of the world's top 20 Private Equity firms have operations in Luxembourg



€5.9 trillion AuM
(CSSF, 2021)



69.6% of asset management giants have chosen Luxembourg as the first domicile to set up their funds
(PWC GFD 2021)



AuM of Regulated **Real Estate Investment Funds** (REIFs) increased by 14.83% during the last 12 months, which sees AuM soar to **€104.4 bn**
(CSSF September 2021)



AuM of private debt funds increased by 40.6% in 2021 to **a total of €181.7 bn**
(Alfi, December 2021)

FINANCIAL CENTRE STATISTICS

02

INSURANCE



42.7% YoY Premium growth for **life insurance companies** (in the first three quarters)



11.9% YoY Premium growth for **non-life insurance companies** (in the first three quarters)

CAPITAL MARKETS

€640 bn Total volume of **sustainable bonds listed on the LGX**

560 **sustainable bonds added to the LGX**

37,000 **Over 37,000 listed securities**, from issuers of over 100 countries, and in 60+ currencies

8 **More than €8 trillion** of assets held in custody by major post-trade service providers

RANKINGS

top **3** **financial centre in the EU**
(New Financial, 2021)

top **5** **green financial centre worldwide**
(Z/yen GGFI 8)

1st **most economically resilient country worldwide**
(FM Global: Global Resilience Index 2021)

3rd **best country worldwide for talent attraction**
(IMD World Talent Ranking 2021)

4th **globally for political and operational stability**
(INSEAD, Global Innovation Index 2021)

2nd **in the world in digital readiness**
(Cisco Global Digital Readiness Index)

1st **worldwide for household income and financial wealth**
(OECD Better Life Index 2020)

top **3** **most attractive city worldwide**
(AIRINC – Global 150 city Index 2021)

02



EVENTS

03



EVENTS

GOING FULLY DIGITAL

Organising tailored events for financial professionals is a LFF core activity.

In 2020, Luxembourg for Finance pivoted swiftly from physical events to digital streaming and virtual conferences.

The ongoing COVID pandemic obliged LFF to maintain its purely digital format for events in 2021.

17 livestreams of the FOCUS ON series were produced and broadcast, reaching a total of 15,000 views.

Our flagship events the *China Finance Forum* and the *Sustainable Finance Forum* were also hosted in digital format with two consecutive livestream days per event. Both events have over the years attracted high level expert speakers and audiences from around the globe and have become a standing item in the LFF events agenda.

Last but not least, targeted social media campaigns helped us market our digital events to a wider audience. More than 3,000 new contacts signed up for our events in 2021.

LFF also participated in numerous third-party events via speaking slots, by partnering up with, most notably, the Financial Times and Responsible Investor.

03

EVENT CALENDAR



CITY



LFF EVENT



EXHIBITOR



PHYGITAL



CITY DIGITAL



SPEAKER



VIRTUAL BOOTH



PHYSICAL



DIGITAL



14.01 FOCUS ON PRIVATE EQUITY



23.03 FOCUS ON CAPITAL MARKETS UNION



18-19.01 ASIAN FINANCIAL FORUM



23.03 STOCK EXCHANGE DAY



26.01 FOCUS ON THE NORDICS



08.04 FOCUS ON INDIA



11.02 FOCUS ON TOKENISATION



22.04 FOCUS ON PENSIONS



16.02 FINANCIAL CENTRES OF THE WORLD 2021: FOCUS ON LUXEMBOURG



04-06.05 FT GLOBAL BOARD ROOM 'THE FUTURE OF EUROPE: FINDING A NEW FRAMEWORK FOR GROWTH'



23.02 FOCUS ON LIFE AFTER BREXIT



11-12.05 CHINA FINANCE FORUM



10.03 15TH EUROPEAN FUNDS TROPHY



20.05 FOCUS ON USA



18.03 EUROPEAN FINANCE SUMMIT



09.06 FOCUS ON AMAZONISATION



14-18.06 RESPONSIBLE INVESTORS EUROPE 2021

03

 
22.06 FOCUS ON IBERIA

 
08.07 FOCUS ON GOVERNANCE

 
16.09 FOCUS ON INVESTMENT
STRUCTURING

 
21.09 FT LIVE ON "FUTURE OF
EUROPE: STRENGTHENING
EUROPE'S FINANCIAL SECTOR"

 
27.09 FOCUS ON ITALY

 
29-30.09 SPI SYMPOSIUM -
"REVOLUTIONISING FINANCE
FOR NET ZERO"

 
12.10 FOCUS ON SOUTH EAST ASIA

 
26-27.10 SUSTAINABLE FINANCE FORUM 2021

 LONDON  
04-05.11 EUROPEAN FINANCIAL
FORUM CUMBERLAND LODGE
CONFERENCE 2021

 SINGAPORE 
08-12.11 SINGAPORE FINTECH FESTIVAL

 LUXEMBOURG  
09-10.11 EUROPEAN FINANCIAL
ROUNDTABLE

 LUXEMBOURG 
09-10.11 EUROPEAN CAPTIVE FORUM

 
11.11 FOCUS ON JAPAN

 LUXEMBOURG
12-14.11 LUXEMBOURG ART WEEK

 
24.11 FOCUS ON MIDDLE EAST

 LUXEMBOURG  
25.11 ACA INSURANCE DAY

 
07-09.12 RESPONSIBLE INVESTORS
USA 2021

 
07-09.12 FT GLOBAL BOARD ROOM
BUILDING SUSTAINABLE
GROWTH

 
15.12 FOCUS ON 2022

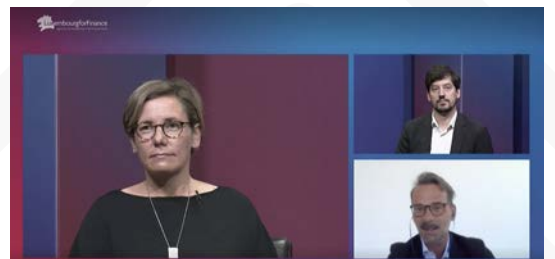
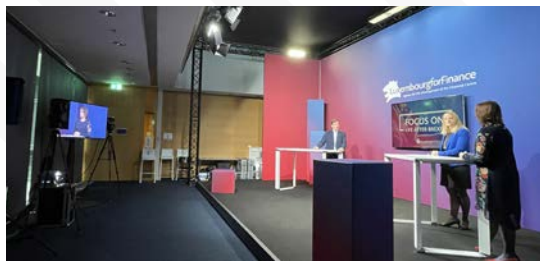
LFF EVENTS IN PICTURES



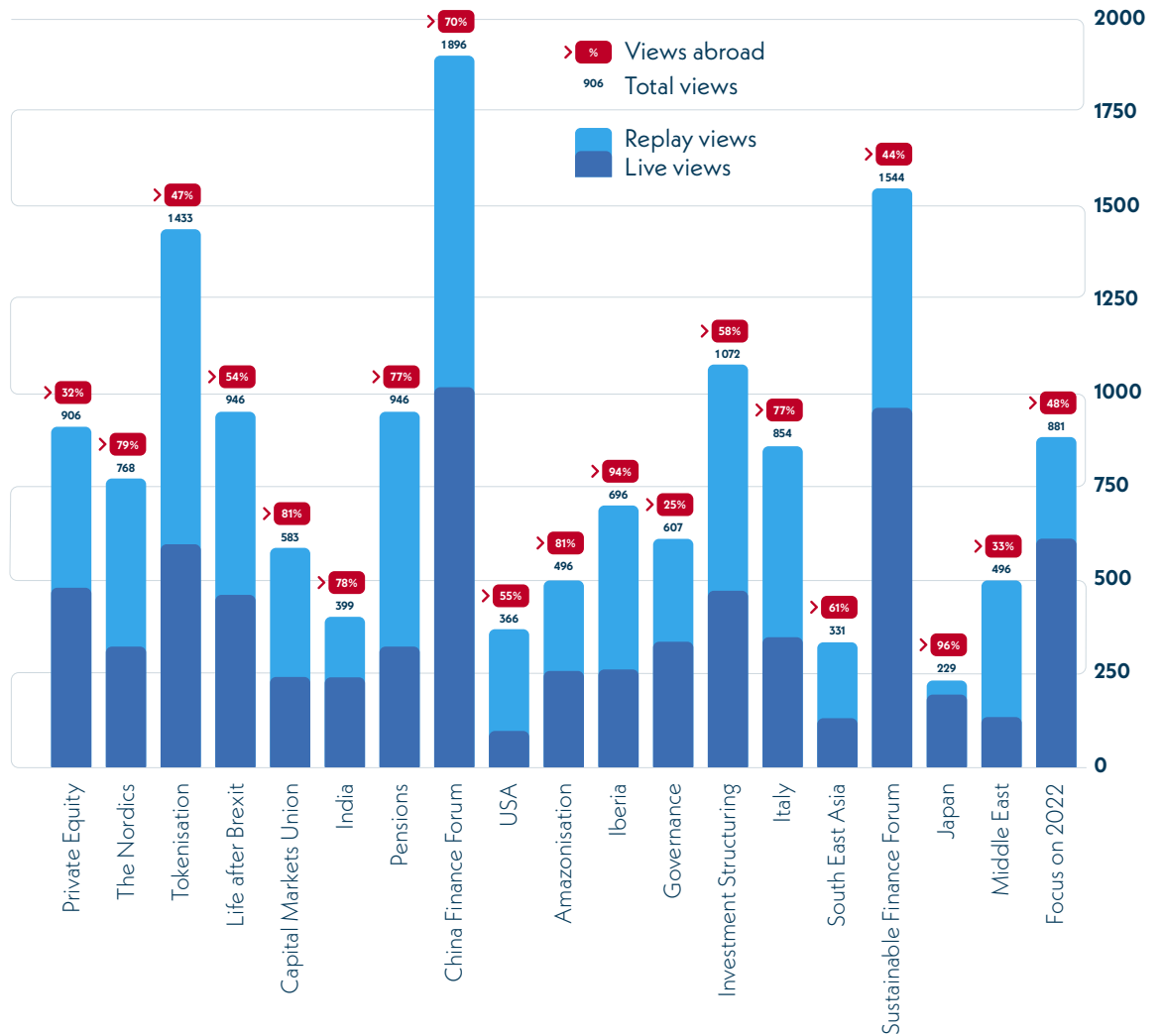
Mairead McGuinness
European Commission



03



THEMATIC AND COUNTRY-FOCUSED DIGITAL EVENTS



Total views **15,447**
 Total replay views: **7,978**
 Total live views: **7,469**

BUSINESS DEVELOPMENT

04

BUSINESS DEVELOPMENT

The LFF business development team works to identify and attract financial services activity to Luxembourg. In 2021, the team organised a number of small scale physical missions within Europe, MENA and the USA.

However, in the context of the ongoing Covid-19 pandemic, the majority of business development activity in 2021 took place virtually, resulting in meetings with over 80 financial institutions worldwide, particularly in China, the USA and UK.

As the pandemic rumbled on, LFF's BD team continued to develop its digital tools for lead discovery and tracking, as well as market intelligence monitoring. It has also worked on developing additional narrative substance, managing the production of a number of reports and thought leadership pieces covering investment trends in China, green finance penetration, and the future development of the Luxembourg financial centre.

The business development team also continues to ensure content and substance depth in the ongoing LFF "Focus on" events series, as well as participating in external webinars in Luxembourg and internationally.

NETWORKS

As in previous years, the business development arm of LFF also continued to maintain solid relationships with other major financial centres, around the globe.

LFF is a board member of the World Alliance of International Financial Centers (WAIFC), whose ultimate goal is to share knowledge and best practices, working for a more collaborative future in global finance. As mentioned above, LFF attended the World Alliance of International Financial Centres annual general meeting in Dubai, in October 2021.

LFF is also a founding member of the UN's Financial Centres for Sustainability (FC4S), a collective of financial centres, which grew to 39 members in 2021. The network aims to accelerate the shift to sustainable finance by providing the tools and insights needed to engage local institutions, inform and influence policy, and ultimately, catalyze market transformation. In the beginning of the year, the membership has been transferred to the Luxembourg Sustainable Finance Initiative, in charge of the development of Sustainable Finance in Luxembourg.

04



EU FINANCIAL CENTRES ROUNDTABLE

On 9 November, 11 organisations representing EU financial centres and federations from eight EU member countries signed a Memorandum of Understanding: Berlin Finance Initiative, Febelfin, FinanceEstonia, FinanceMalta, Finanzplatz Hamburg, Frankfurt Main Finance, Italian Banking, Insurance and Finance Federation (FeBAF), Luxembourg for Finance, Paris Europlace, Stichting Capital Amsterdam, and Stuttgart Financial.

The Roundtable will promote the creation of a common EU financial market as well as strengthening cooperation and exchange regarding financial services between EU member states.

During its inaugural meeting in Luxembourg, the EU Roundtable met with representatives from both the European Investment Bank and the European Stability Mechanism, in order to discuss how to strengthen the competitiveness of the EU financial market in the post-pandemic recovery. The members have, on this occasion, elected Nicolas Mackel as the first speaker of the Roundtable.

The EU Roundtable serves as a Regional Chapter of the [World Alliance of International Financial Centers](#) (“WAIFC”). Other EU financial centers may also join the EU Roundtable by signing the MOU, subject to the approval of an absolute majority of existing EU Roundtable members.

COMMUNICATION ACTIVITIES

05



COMMUNICATION ACTIVITIES

This year has seen a continuation of the shift to a fully digital communication strategy by LFF, with social media and the LFF website being key channels.

PRESS

The relaxation of Covid-19 restrictions allowed us to return to some in-person press meetings this year in London, Paris, Frankfurt and Brussels. However, digitally conducted interviews remained the key manner of engaging with media outlets and journalists.

Sustainability, one of Luxembourg's key strengths, has become a significant talking point for journalists. Brexit also remains an important topic for LFF, with a number of requests relating to the future of the EU-UK relationship and how these financial powerhouses may develop independently from each other going forward.

Op-eds have also become a key means for us to engage with the larger financial community, allowing us to highlight the expertise that exists within Luxembourg. Op-eds by Nicolas Mackel were published in Private Equity News, Börse Online, Springer Professional, Börsen-Zeitung, and City AM.

Our communication activities resulted in coverage among international media.

CAMPAIGNS

AMBITIONS 2025: FINANCING A SUSTAINABLE FUTURE

Following its launch in 2020, the Ambitions 2025 advertising campaign continued to target core markets across the globe in 2021. In the second half of the year, additional space was secured in leading media outlets in France and Germany, to boost visibility.

Adverts were also displayed at London City Airport and Luxembourg Airport.

LFF secured a media partnership with the Financial Times as well, sponsoring and participating as a speaker at the FT Global Boardroom and the FT Future of Europe.

05

EIS FINANZPLAZ

The year saw the continuation of the EIS Finanzplaz campaign, which aims to explain to the general public in Luxembourg, in an easily understandable manner, the importance of the financial centre and how it contributes to the country and the economy.

Key elements of the campaign included explanatory animations detailing the individual financial sectors within Luxembourg, local media outreach, and advertising across key media outlets, as well as in-situ at bus stops and on trams.

The website continues to act as a repository of knowledge for the campaign with key

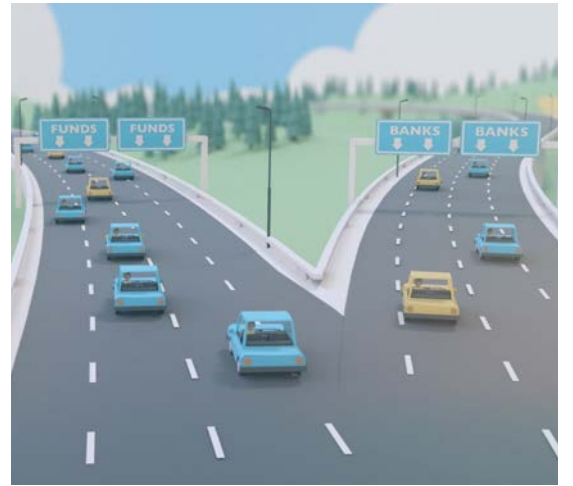
facts and figures, alongside 'one pagers' relating to specific topics and financial activities.

Eis Finanzplaz Animations

For the *Eis Finanzplaz* campaign, LFF produced a series of 2.5D animations, explaining financial topics in an accessible and understandable way to individuals without financial knowledge. The videos are available in Luxembourgish and English and have subtitles in French, German, English and Luxembourgish.

Topics that were covered in the animations: Investment Funds, Insurance, Capital Markets, Sustainable Finance, Banking, Investment Hub and Fintech.





PUBLICATIONS

The Portfolio

This year saw us replacing our LEO Magazine with The Portfolio, a digital-only publication, released quarterly on specific topics. For 2021, LFF focused on Private Equity, Life After Brexit, Investment Structuring, and Sustainable Finance.

Sustainable Finance articles

LFF publishes a quarterly article for our Financing a Sustainable Future series. These articles feature stories of how a particular financial product helps to secure a sustainable future. Each article focusses on a different aspect of ESG. All funds that we feature are Luxembourg based.

Updated LFF brochures

In 2021, LFF updated its key brochures and produced mini-websites for the following:

- › **Insurance:** Luxembourg is a leading European insurance and reinsurance hub. This brochure details the evolution of the industry, the benefits of making use of Luxembourg insurance products, and takes a look at some future challenges.
- › **Corporate Finance:** This brochure delves into Luxembourg's well developed corporate finance ecosystem and surveys the various types of players financing their European and global activities through the Grand Duchy.

- › **China Business:** This brochure highlights the long-standing financial relationship between Luxembourg and China, the ties that exist across multiple sectors in finance, and Luxembourg's role as a hub for Chinese businesses looking to establish themselves in the EU.

Key Players in the European Payments Landscape

Digitalisation affects all sectors of the European economy. This includes the payments sector, as more and more Europeans are turning to digital technology to handle their payments.

In this report, we provide insights into the diverse payments landscape in Europe. Firstly, we compare EU and international payment environments, then we detail the actors operating at a regional level. The report concludes with an in-depth examination of domestic payments players for each EU country.



Benchmarking ESG in Banking and Finance

ESG activity across financial services has picked up tremendously, however there is still a significant amount of noise around the topic. Our report cuts through this noise, using more than 60 metrics to analyse the size, growth and penetration of ESG in different sectors of financial services around the world.

We highlight the level of public commitment to the industry, the significant lead held by Europe across 90% of the metrics analysed, and the challenges faced in translating commitments into action and results.

The Future of the Financial Industry in Luxembourg

Recognised as a leading global financial centre, Luxembourg will continue to strengthen its position through an increased focus on consumer perspectives. This will be achieved via four critical themes: internationalisation, innovation, sustainability, and talent.

This report delves into these four key drivers of growth, determining the ideal path for each as enablers of Luxembourg's stability and resilience, but also as a means to help grow the nation's competitive positioning.



Beyond the Challenges: The Strength of Sino-European Ties

The EU and China have consistently strengthened their relationship across the financial services sector since the global financial crisis. However, these ties have not been without recent strain, with political headwinds seeing a slowdown in diplomacy.

This report aims to move beyond the immediate challenges, examining the extent to which the financial sectors of both economic giants are entwined. It argues that, despite the increasingly challenging diplomatic backdrop, the route to a more productive and stable relationship could be built around shared goals and underpinned by free-flowing global capital.



LFF SURVEYS

In 2021, LFF conducted two surveys analysing the resilience and business confidence of the Luxembourg financial services sector.

Nearly 350 senior, or c-suite executives, from international financial services firms participated in both polls. Major banks, asset managers, insurers, and private equity firms were represented.

In the spring survey, 50% of the respondents believed the global financial services industry to be resilient in the medium term. This represented an increase of 7% compared to October 2020. Only 24% still saw the market environment becoming more volatile and 23% expected major risks and disruptions ahead.

Other highlights included:

- Climate change, geopolitical tensions and economic uncertainty are the top three global risks.
- Financial leaders are confident in adapting to EU sustainable finance rules.
- Access to talent is a top operational challenge.
- General concern about the consequences of digital disruption.

In the fall survey, the results revealed that business confidence is significantly up compared to the previous 12 months :

- Asset bubbles and inflation are the leading macroeconomic causes of concern.
- Financial leaders are concerned regarding the loss of competitiveness of EU financial actors on the global stage and the single market growing fragmentation.
- Lack of talent remains a key cause of operational concern for leaders, however an overwhelming majority are confident about their ability to handle the cybersecurity challenge.
- Financial leaders are confident about their organisations' ability to handle the challenges stemming from sustainable finance.

TALENT INITIATIVE

Talent remains a perennial challenge financial services firms and centers across the globe are faced with. New types of financial products and related processes, increasingly digital operations, and moving up the value chain has made it increasingly difficult for international finance firms to find certain talent.

In order to support the financial community, in 2021, LFF prepared a new talent campaign to highlight the benefits of working and living in Luxembourg. The campaign is targeted towards key university and alumni groups across Europe and will continue and be ramped up in 2022.

VIDEOS

Working & Living in Luxembourg

The Move to Luxembourg campaign featured three individuals working and living in Luxembourg. Each professional shares their story and take us on a journey to their favourite place in Luxembourg. We also dive deeper into their personal lives and learn more of why they enjoy living here and why they think Luxembourg is the right place to grow a career in finance.

LFF featured individuals from Iceland, Italy and Canada. The focus in this year's series was more on 'up and coming' jobs within the financial industry such as Sustainable Finance, Cybersecurity and Portfolio Management.

Flagship video, Building a Better Tomorrow

LFF's flagship video highlights the impact of the pandemic, the importance of globalisation, and the key role that international financial centre like Luxembourg can play in building a better, more sustainable tomorrow.

Videoblog

LFF created a new more structured video section on the LFF website.



PODCAST SHAPING FINANCE

Hosted by Nicolas Mackel, LFF produced a series of podcast interviews with influential figures from international finance and beyond. The following individuals sat down to talk with Nicolas, sharing their views on a range of diverse finance-related topics:

- › **Jean-Claude Juncker** / Former President of the European Commission and former Prime Minister of Luxembourg
- › **Cynthia Tobiano** / Deputy CEO Edmond de Rothschild
- › **Julie Becker** / CEO Luxembourg Stock Exchange
- › **Claude Marx** / Director General CSSF
- › **Karine Szenberg** / Head of Europe Schrodgers
- › **Michael Cole-Fontayn** / Chairman AFME
- › **Rolf Strauch** / Chief Economist ESM
- › **Marie Dzanis** / Head of Northern Trust
- › **William Wright** / Founder and Managing Director New Financial
- › **Lisette van Doorn** / Chief Executive ULI
- › **Tonika Hirdman** / Director General Fondation de Luxembourg
- › **Tanguy van de Werve** / Director General EFAMA
- › **Pierre Gramegna** / Minister of Finance

DIGITILISATION

Digital marketing has been instrumental in the targeting of international finance professionals through sponsored campaigns promoting LFF's key projects.

Remarketing actions, allowing us to follow our audience as they move around the web, have also been key in delivering personalised content and in optimising lead development.

An increased focus has been placed on the promotion of our livestreams, to broaden international reach, while ensuring a qualitative granular targeting through LinkedIn Sales Navigator.

The digital activities put in place throughout the year have allowed LFF to continue its steady increase in the number of international followers on key social media platforms:

 **LinkedIn:**
37,075 followers
(+14% year on year increase)

 **Twitter:**
9,360 followers
(+6% year on year increase)

Website

The LFF website has been reworked to better reflect the new visual identity, created as part of the agency's current re-branding exercise. From January 2022, this new branding will be seen across the entire website, including the digital brochures produced in 2020.

In addition, LFF has revamped the structure of its video blog to make it more user-friendly and easily accessible.

Further optimisation of the website has continued throughout the year in order to ensure a better User Experience, as well as better Search Engine Optimisation.

Wechat

Since its launch in 2019, WeChat has become a key channel to promote Luxembourg's financial expertise to a Chinese audience. As of 31 December 2021, more than 1927 financial professionals follow LFF's account (+308 since last year).

This year, once again, the platform was the main channel to promote our China Finance Forum 2021 and facilitate subscriptions from China.

In the context of the China Finance Forum, LFF partnered with the Chinese newspaper 21st Century in which we published an article dedicated to Luxembourg's role as China's bridge to Europe and the world. In addition, posts in Chinese were published on the paper's dedicated WeChat account.

A NEW CORPORATE IDENTITY

14 years after the creation of LFF, we decided to update the agency's corporate identity.

The new logo uses graphic elements of the Luxembourg signature "Luxembourg, let's make it happen", in combination with a new X symbol, unique to LFF.

The new brand will be visible in all our communications from 1 January 2022.



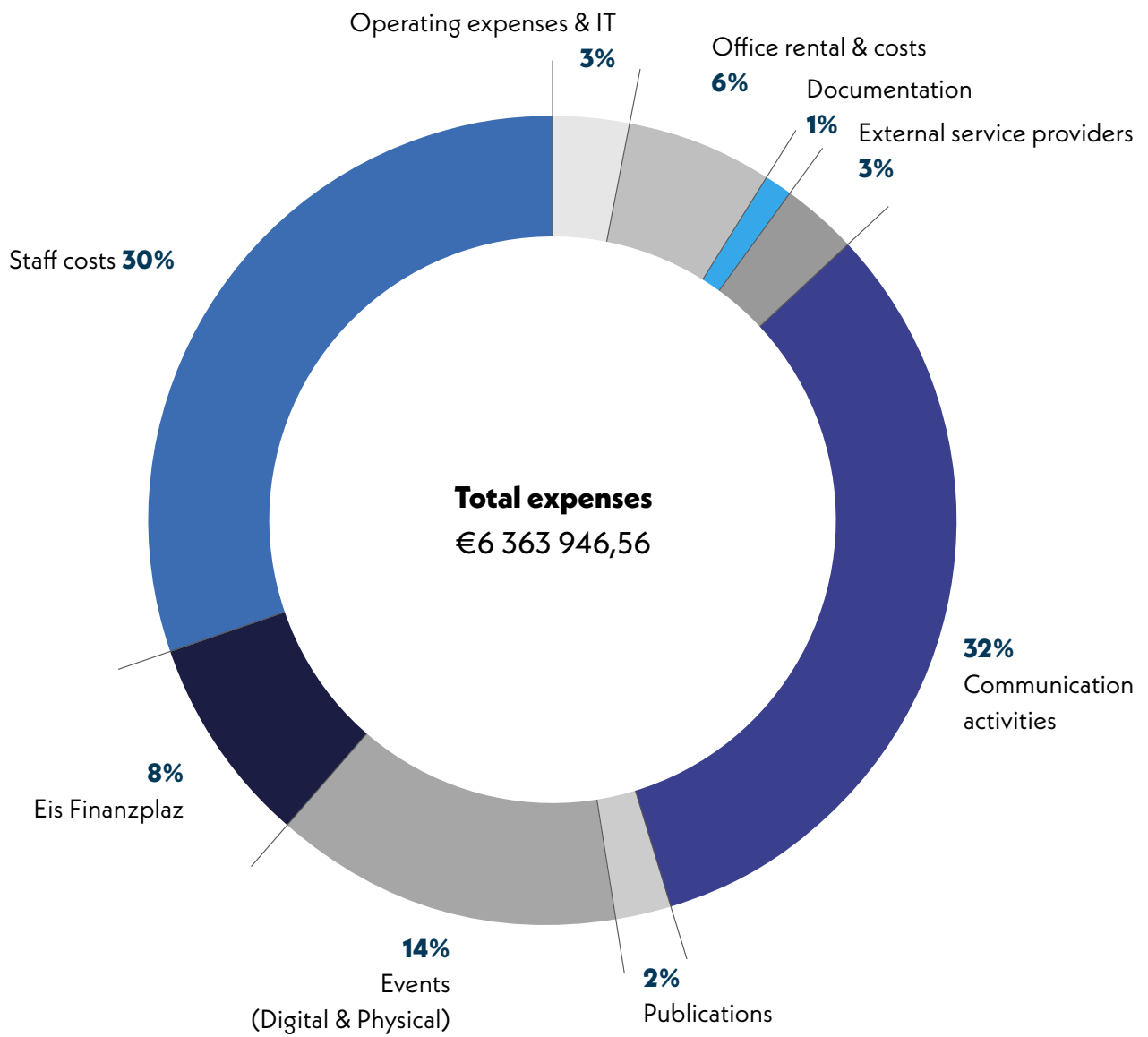
LUXEMBOURG FOR FINANCE

ORGANISATION

06

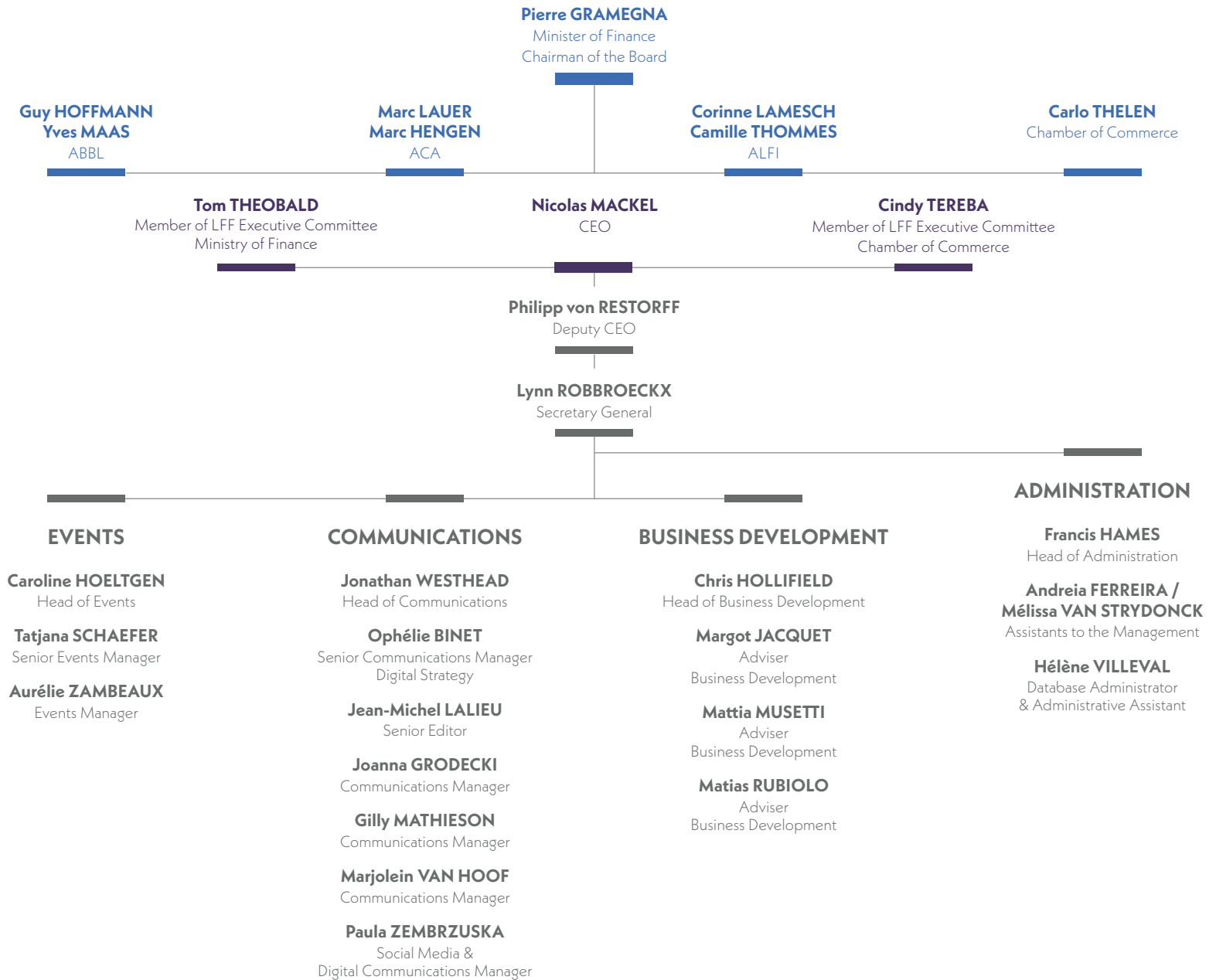


BUDGET BREAKDOWN



ORGANISATION CHART

(31.12.2021)



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Luxembourg for Finance is a public-private partnership between the Luxembourg government and the Luxembourg Financial Industry Federation (PROFIL), under the Presidency of the Minister of Finance. The agency is jointly financed by these two bodies.

PROFIL's members are:

- › The Luxembourg Bankers' Association (ABBL)
- › Association of the Luxembourg Fund Industry (ALFI)
- › Luxembourg Association of Insurance and Reinsurance Companies (ACA)
- › Luxembourg Alternative Administrators Association (L3A)
- › Luxembourg Private Equity and Venture Capital Association (LPEA)
- › Chamber of Commerce Luxembourg
- › Institut des réviseurs d'entreprises (IRE)
- › Ordre des experts-comptables (OEC)
- › Luxembourg Stock Exchange
- › SIX Payment Services (Europe) S.A.
- › Clearstream International S.A.

LUXEMBOURG

LET'S MAKE IT HAPPEN