# Luxembourg: The emerging powerhouse of corporate banking in Europe

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A new positioning paper published jointly by PwC Luxembourg and the Association des Banques et Banquiers, Luxembourg (ABBL) highlights Luxembourg's rise as one of Europe's most dynamic and resilient corporate banking hubs.

The report, titled "<u>Luxembourg: A Hub for Corporate Banking in the Heart of Europe</u>", provides an in-depth analysis of the Grand Duchy's status quo as a global financial centre driven by stability, innovation, and sustainable growth.

Over the past two decades, Luxembourg has transformed from a small but prosperous economy into a sophisticated, international hub for corporate banking. With a triple-A credit rating, strong public finances, and a highly skilled multilingual workforce, the country offers a uniquely stable yet forward-looking environment for global banking operations.

"Having worked with corporate banks across different markets in Europe and beyond, I've seen how Luxembourg uniquely blends trust and innovation. Our report confirms that Luxembourg's regulatory stability, strong governance and pro-business environment make it a leading destination for corporate banking in Europe" Ryan Davis, PwC Luxembourg Banking Partner.

# Key findings from the report

The report identifies five key enablers underpinning Luxembourg's success in corporate banking:

- 1. **Regulatory stability and governance** A transparent legal and prudential framework ensuring predictability and investor confidence.
- 2. **Proximity to key decision makers** Close access to government and supervisory decision makers fosters collaboration, agility and confidence in day-to-day management.
- 3. **Local expertise and a deep financial ecosystem** A concentration of international banks, advisory firms, and legal specialists facilitating complex transactions.
- 4. **Innovation and digital integration** A thriving fintech and regtech ecosystem, supported by initiatives like the Luxembourg House of Financial Technology (LHoFT).

 Commitment to ESG and sustainable finance – Home to the Luxembourg Green Exchange (LGX) and LuxFLAG, Luxembourg continues to lead Europe's green finance agenda.

#### Corporate banking: a hidden jewel

The report reveals that corporate banking accounts for approximately 35% of total banking revenues in Luxembourg. In 2024 alone, net profits of credit institutions rose to €7.2 billion, reflecting the strength and profitability of the sector. Global institutions such as J.P. Morgan, Deutsche Bank, Bank of China, and Bank of America operate alongside leading domestic players like BCEE, BIL, and Raiffeisen, positioning Luxembourg as a true crossroads for international finance.

### Sustainability and innovation at the core

Luxembourg's leadership in sustainable finance, from issuing the world's first green bond to launching the Luxembourg Sustainable Finance Initiative (LSFI), has established the country as a benchmark for ESG-driven corporate banking. Parallel to this, Luxembourg's FinTech ecosystem, supported by the government's digital innovation agenda and robust cloud regulations, is enabling banks to embrace technologies such as AI, blockchain, and regtech solutions.

## A promising outlook

"This collective work is especially valuable because it clearly demonstrates why Luxembourg stands out as a leading centre in corporate banking, while giving bankers and their clients the opportunity to showcase the unique added value our financial ecosystem provides." Stated <a href="Hélène">Hélène</a> Lange, Head of Business Coordination ABBL.

Looking ahead, the report foresees continued growth driven by European capital markets integration, the rise of sustainable finance, and accelerating digital transformation. The country's combination of prudent regulation, technological readiness, and international connectivity ensures that Luxembourg remains a cornerstone for corporate banking in the EU and beyond. For full details read/download the full report: <a href="Luxembourg: A Hub for Corporate Banking in the Heart of Europe">Luxembourg: A Hub for Corporate Banking in the Heart of Europe</a>.