

30 May 2016

## Press and Communication

MAIN TOWER · Neue Mainzer Strasse 52-58  
60311 Frankfurt am Main · [www.helaba.de](http://www.helaba.de)  
Tel.: +49 (0) 69 / 9132 – 2192

## Wolfgang Kuss

E-Mail: [wolfgang.kuss@helaba.de](mailto:wolfgang.kuss@helaba.de)

## Ursula-Brita Krück

E-Mail: [ursula-brita.krueck@helaba.de](mailto:ursula-brita.krueck@helaba.de)

---

## Helaba study “Financial Centre of Frankfurt - Making Further Headway”

- **Anniversary: 10 years of Helaba financial centre research**
- **Frankfurt assumes leadership role in Continental Europe**
- **London still the top location in competition between European financial centres**

**Frankfurt am Main** – Frankfurt has assumed the leadership role among the financial centres in Continental Europe. This is the conclusion that Helaba’s economists have come to in their anniversary study “Financial Centre of Frankfurt: Making Further Headway”. Herbert Hans Grüntker, Chief Executive of Helaba, emphasises: “In the continued competition between locations, it is important for the German financial centre to self-confidently use its strengths and to clearly advertise them to the world of finance. After all, Frankfurt has a great deal to offer.”

In their current assessment of the financial centres of Frankfurt, Paris and London, Helaba’s economists applied five core criteria, which they consider indispensable for an international financial centre to position itself successfully in the long term. These are: banks, stock exchanges, finance-related teaching and research, trends in the financial sector as well as location-specific qualities.

London remains the undisputed top financial centre in Europe, but is not a leader in every respect. For the financial centre criterion of **banks**, all three locations were given a midrange assessment. This is because, despite all the efforts made, the situation in the banking sector is generally worse now than it was at the time of the first Helaba financial centre study in 2006. There is continued pressure for consolidation and adjustments in the sector are having a stabilising effect. Although the increased regulatory and supervisory requirements are producing higher costs for banks, they have also led to improved capitalisation and a reduction in balance sheet risks. In comparison to other banking locations, the employment trend in Frankfurt has been fairly robust. For the end of 2017, the analysts project there will be a total of around 62,000 employees in the city’s banks, which would represent a fall of only 1 % from autumn 2015. In this respect, the ECB is turning out to be a guarantee for employment and safeguards the long-term attractiveness of Frankfurt as a banking location.

In respect of the criterion of **stock exchanges**, the creation of a European “super exchange” would raise the bar for the growing competition from overseas. If market capitalisation had been the decisive factor in the planned merger between Deutsche Börse and the London Stock Exchange, in Helaba’s view this would have favoured locating the headquarters in Frankfurt. The assessment of the three stock exchange locations is based on the assumption that the merger will take place as planned with the headquarters being in London (and without a Brexit): “This would then further strengthen London’s position and Frankfurt would become a junior partner, albeit with a stock exchange that would continue to be a major global player,” explains Dr. Gertrud Traud, Chief

30 May 2016

---

Economist and Head of Research. “As part of a multinational exchange, Paris would play a lesser role in relation to the European ‘super exchange’. If the planned merger should happen to fail, Frankfurt will be able to go its own way with its head held high,” adds Dr. Traud.

In terms of **financial sector teaching and research**, Frankfurt has made substantial progress and has gained in international stature, with plenty of room for further improvement. The combination of Frankfurt’s Goethe University and the Frankfurt School of Finance and Management, which complement each other, offers an attractive, top-quality range of teaching and research opportunities. At the same time, the German financial centre does not enjoy the same prestigious tradition of educational institutions as its British and French counterparts. Nevertheless, there is certainly more Frankfurt could do to promote its bustling, visibly more competitive network of intellectual infrastructure in a more self-confident way.

With regard to **trends in the financial sector**, the German financial centre has retained its position in the midfield, while its opposite number in France has slipped back. Today, digitalisation is the dominant issue. Technological change in the banking industry is being primarily driven by fintechs and large internet corporations. In addition to the United Kingdom, which is the leader in this field, Germany cuts a good figure, whereas France is not yet considered a globally promising fintech destination. The pooling of efforts in continuing the expansion of Frankfurt to become the German and Continental European fintech hub is of crucial importance. “For Frankfurt to maintain and develop its position, expanding the city’s status as the German and Continental European fintech hub as well as further strengthening its intellectual infrastructure in respect of a financial centre’s capacity for innovation will be of crucial importance”, Dr. Traud states. A significant milestone in this respect is the rapid establishment of a technology centre.

Frankfurt is not only better positioned than Paris in the trends criterion but also in terms of **location-specific qualities**. Helaba’s analysts view the relatively expensive office rents and high cost of living in the French capital as a disadvantage for its location, which are also unlikely to change in the long run. Frankfurt also scores points in the competition of financial sector locations thanks to its function as a transportation hub, including having the advantage of short distances.

Overall, the financial centre of Frankfurt has successfully held its own in these difficult times for the financial sector. Since 2006, the German financial centre has made further headway in numerous respects and has made up a good deal of ground in relation to the French capital, in particular. Thus, the relative significance of the three big European financial sector locations is now clear: London before Frankfurt and Frankfurt before Paris.

An English version of this study will be published soon.