



Association des Banques et Banquiers, Luxembourg  
The Luxembourg Bankers' Association  
Luxemburger Bankenvereinigung



Depository  
Banking  
Cluster

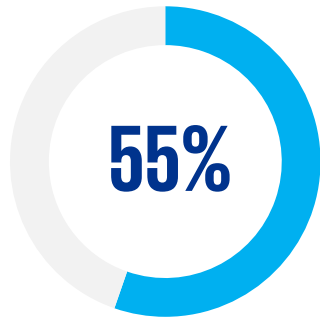


# Depository Banking & Custodian Services Survey 2023

# Executive Summary

## €6.2Tn

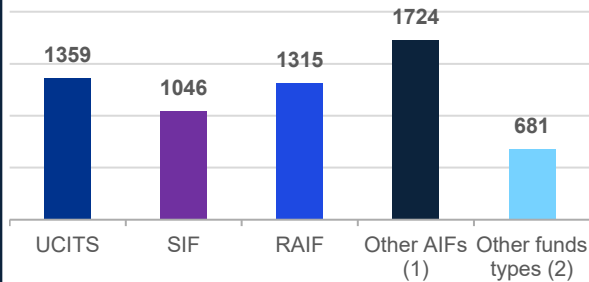
Total Assets under Depository as of 2022



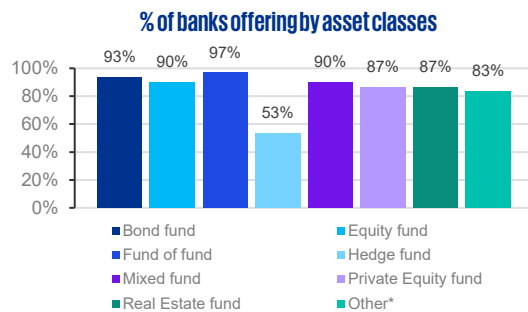
In 2022, depository banks witnessed a notable distribution trend: **UCITS accounted for 55% of the total sub-funds asset classes, equivalent to 9516 sub-funds in the overall portfolio allocation**

## Asset classes distribution for depository banks in 2022

Alternative Investment Funds (AIFs), such as Partnerships, constituted **28%** of the total funds managed by depository banks in 2022.



(1) e.g. Partnerships, etc.  
(2) including SICAR, Pension funds SEP/CAV / ASSEP, UCI Part II, Other Non-AIFs / AIFs

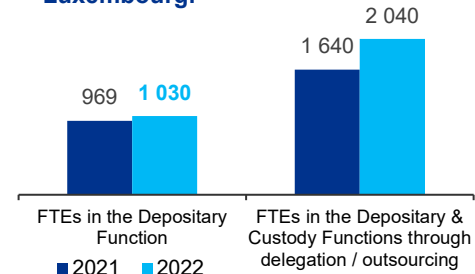


**All investment strategies are equally covered by the Lux financial center**

## €3.1 Tn

Total Assets under Custody as of 2022

- 1 030 FTEs in the Depository function in Luxembourg as of 2022.
- 24% increase in outsourcing and delegated functions outside of Luxembourg.



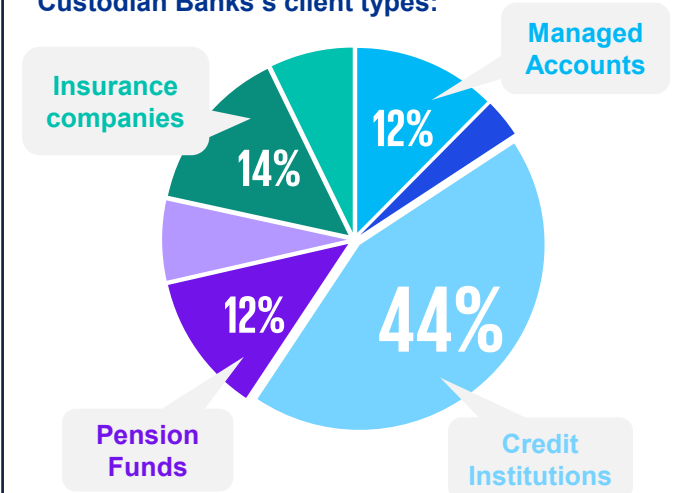
## €3.9Tn

Total reported balance of the TOP 5 Depository Banks in 2022 (over a total of 6.2Tn for 44 banks, i.e. 63% of total assets under Depository as of 2022)



Market Share of the TOP 5 Custodian Banks in 2022

Custodian Banks's client types:





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# About the survey



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# About the Survey...

We will present the results of the 2<sup>nd</sup> edition of the **Depository Banking & Custodian Services Survey** done in cooperation with the CSSF.

## Total of 50 banks participated in the survey



### 44 banks

with reported balance have been considered in the **depository services** survey



### 47 banks

have been considered in the **custody services** survey



## ...and further

We will present additional insights on the Depository sector, extracted from the **Descriptive UCI Depository section of the Long Form Report** submitted to the CSSF on an annual basis.



### 30 banks

members of the **ABBL Depository Cluster** which are subject to the completion of the UCI Depository section

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# Depository banking



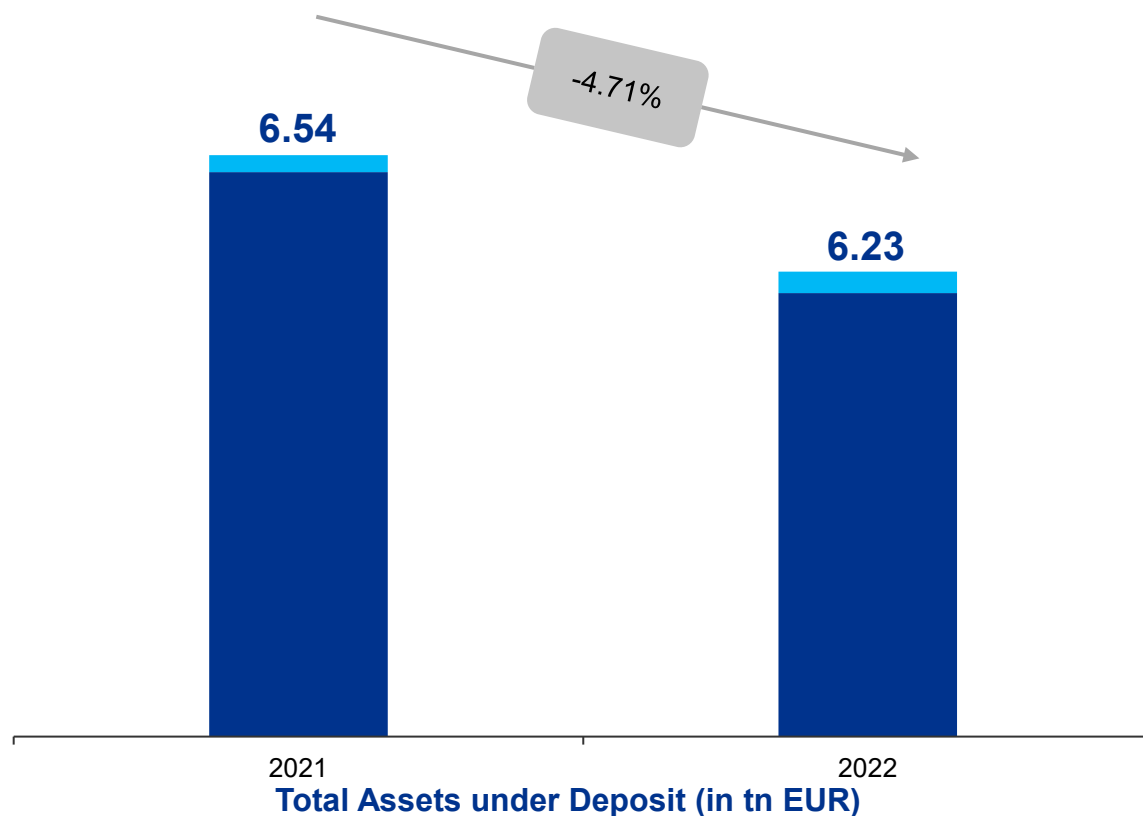
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# Assets Under Deposits

## Depository banking

The trend is driven by a decline in the AuD on the overall UCIs and investment vehicles with depository requirement and a marginal increase in the AuD for non-LU domiciled investment vehicles, resulting in an overall reduction of total assets by 5%



### Assets composition:

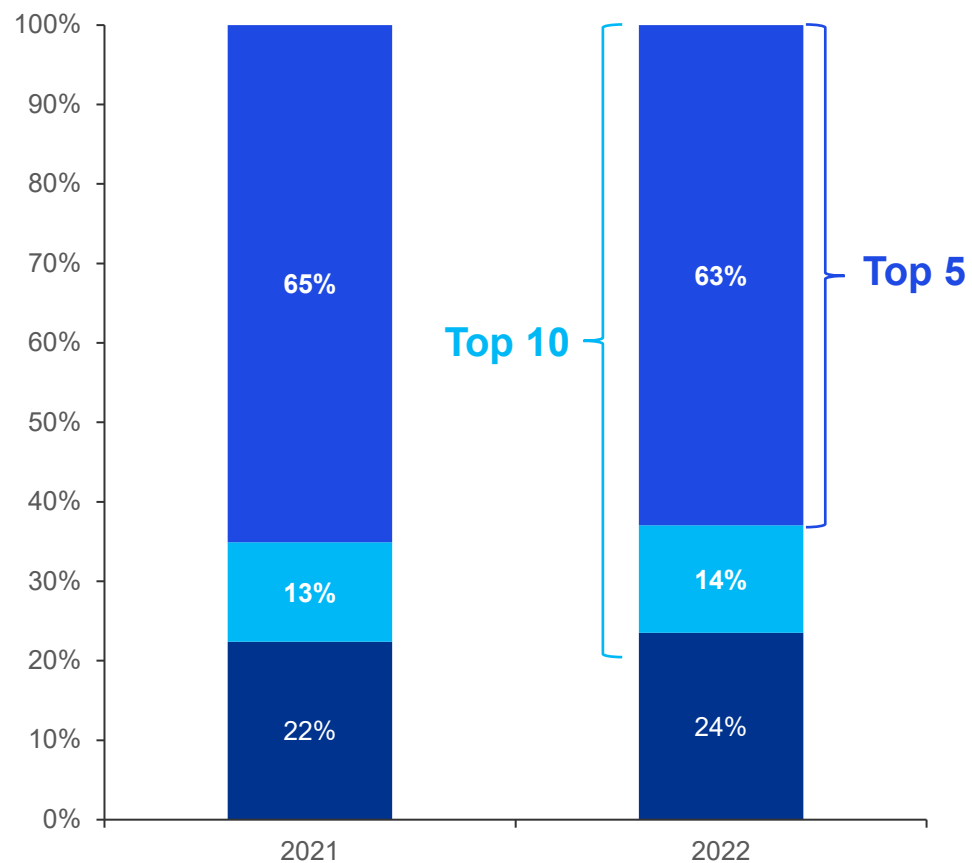
The survey includes the following UCIs and investment vehicles with depository requirements.

#### UCIs/Investment vehicles types

- UCITS
- Part II of the 2010 Law
- SICAR
- SIF
- RAIF
- Unregulated company qualifying as AIF and having appointed a depository
- Non-Luxembourg domiciled investment vehicles with depository requirement as per article 36 of the AIFMD

# Market Concentration

## Depository banking



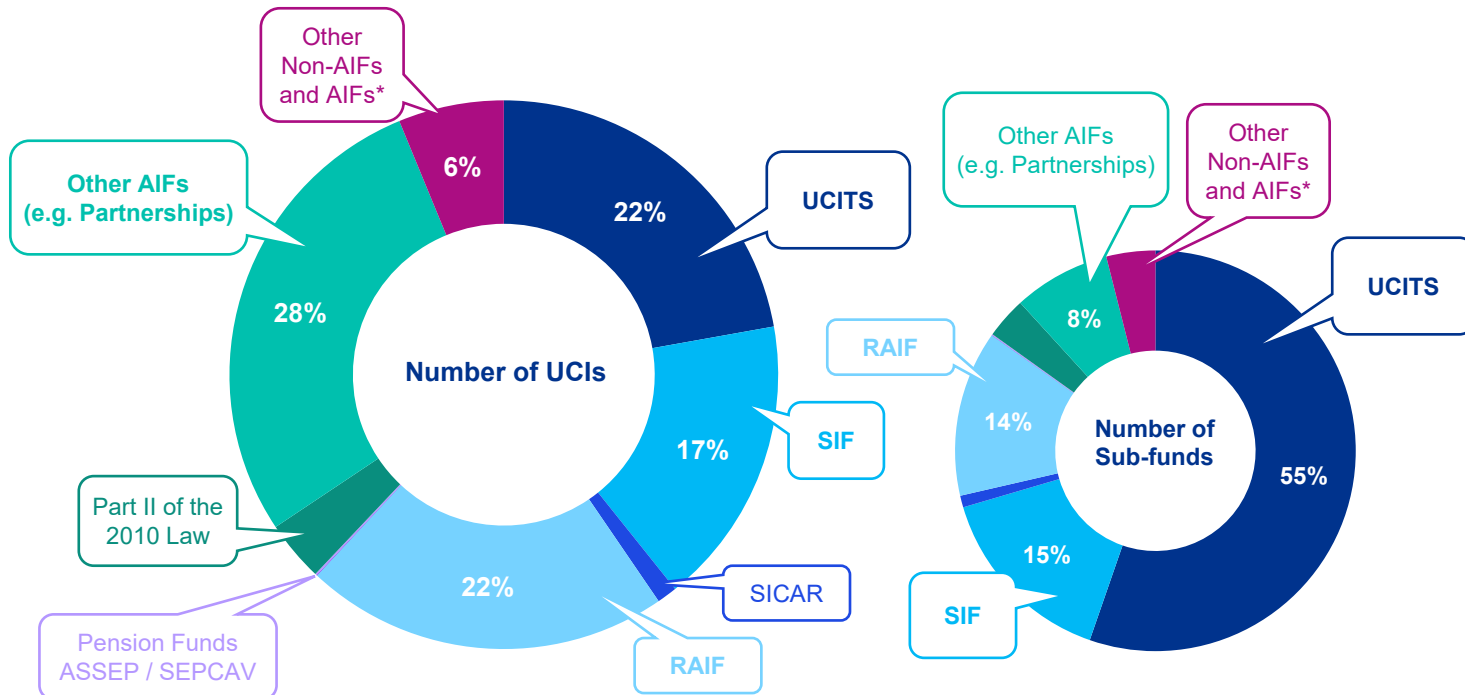
**Total assets under deposit concentration**

The market concentration takes into account the reported balances of 44 banks for both 2021 and 2022.

The top 10 banks in 2022 holds more than 76% of the total AuD (= 4.76 tn EUR), showing that market concentration slightly decreased when compared to 2021 where the top 10 banks held 78% of the AuD (= 5.07 tn EUR).

# SAQ | Number of Funds & Sub-funds

## Depository banking



Percentages of Funds and Sub-funds types as described in LFR for FY2022

The data includes information reported by 30 banks member of the ABBL Depository Cluster in the Long Form Report (LFR) sent to the CSSF for the FY 2022.

Information refers specifically to the “UCI Depository - descriptive part” of the LFR.

The 30 Depository banks in the sample counted 6,125 UCIs, where 88% of these funds are:

- **Other AIFs**, such as Partnerships (28%)
- **UCITS** (22%)
- **RAIF** (21%)
- **SIF** (17%).

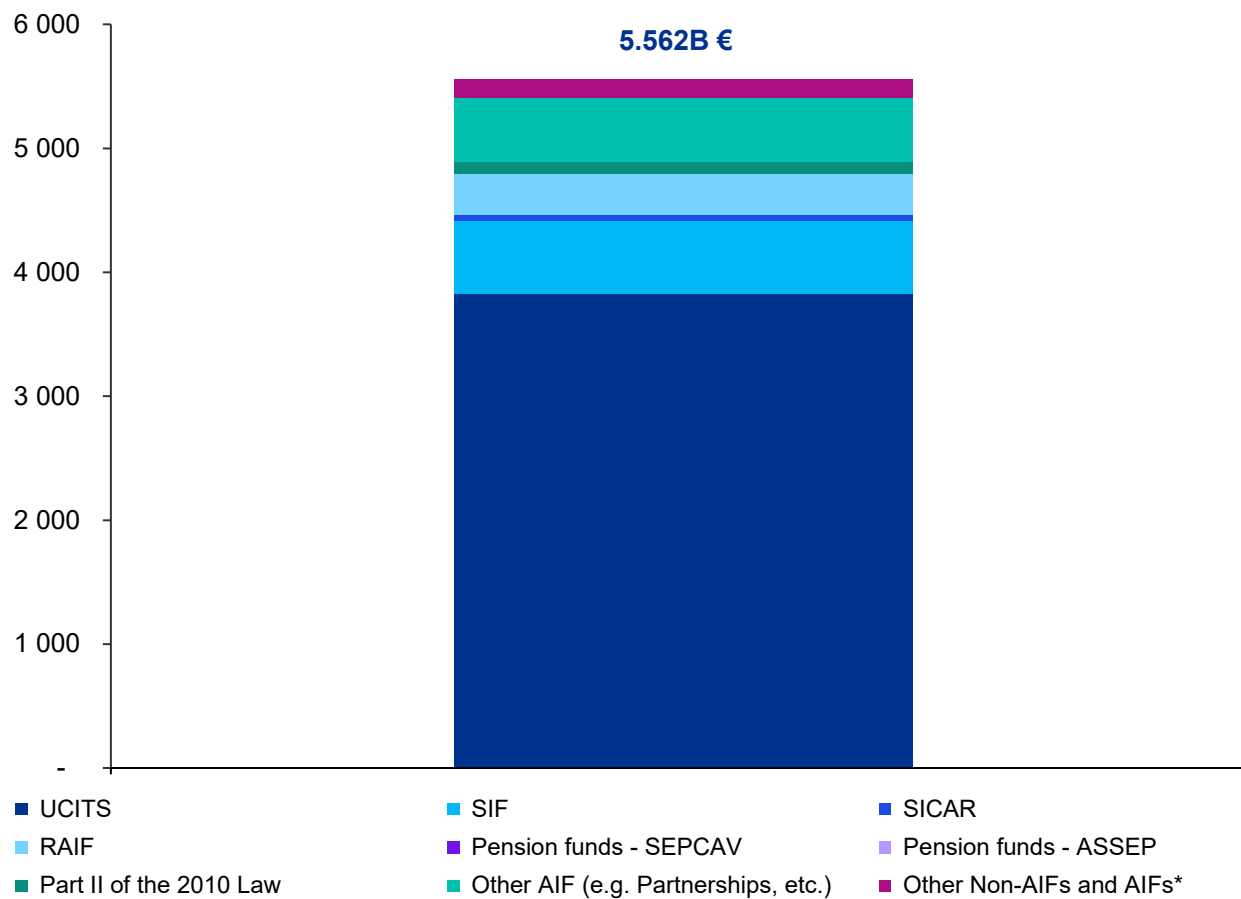
Most of the sub-funds under deposit are **UCITS** (55%).

*N.B. The data included in this slide is extracted from the LFR and therefore is not comparable with the data extracted by the CSSF / ABBL Survey, due to the different sample in scope.*

\*whose manager uses the exemption provided for in Article 3 of the 2013 Law, where the depository is subject to the Chapter 5 of Part I of the CSSF Circular 18/697

# SAQ | AuD per Funds' types

## Depository banking



**AuD per Funds types in EUR B as described in LFR for FY2022**

Following the breakdown in the previous slide, the table below shows an overview of the AuD per type of fund as reported in the LFR:

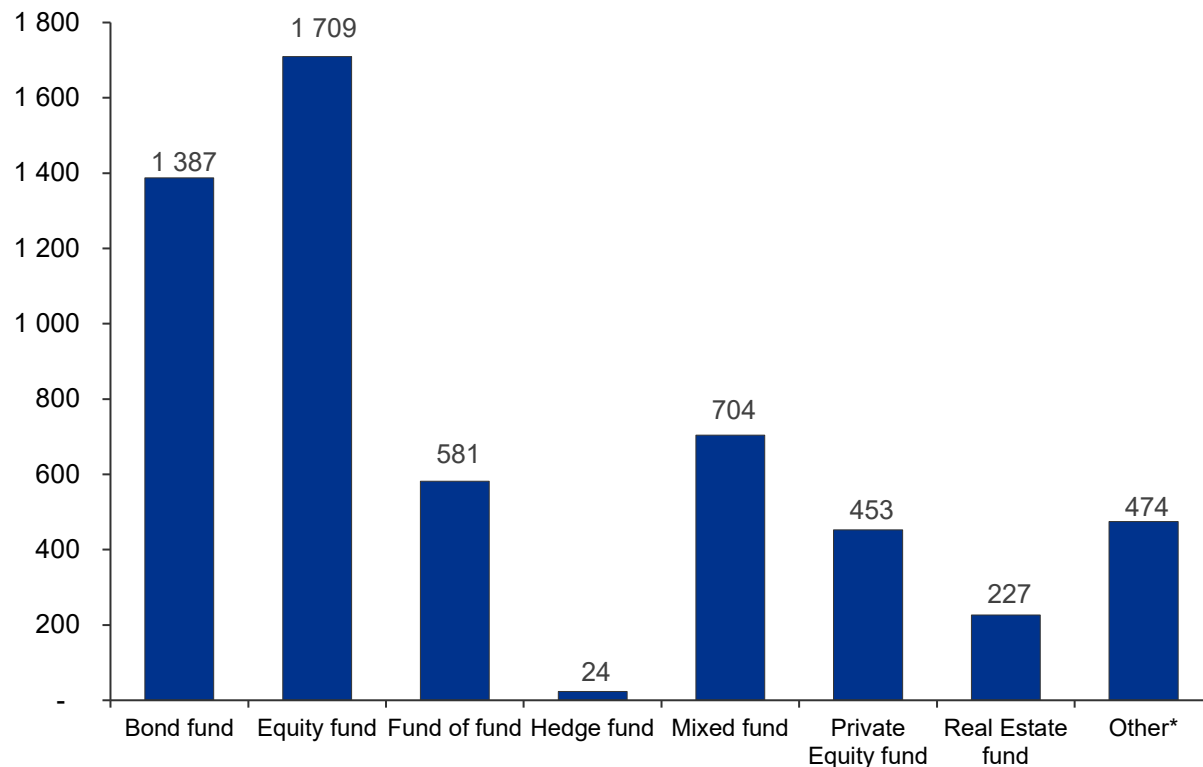
Type of fund	AuD (in EURB)
UCITS	3 825
SIF	596
SICAR	41
RAIF	333
Pension funds - SEPCAV	<0.5
Pension funds - ASSEP	1
Part II of the 2010 Law	96
Other AIF (e.g. Partnerships, etc.)	519
Other Non-AIFs and AIFs*	151

*N.B. The data included in this slide is extracted from the LFR and therefore is not comparable with the data extracted by the CSSF / ABBL Survey, due to the different sample in scope.*

*\*whose manager uses the exemption provided for in Article 3 of the 2013 Law, where the depositary is subject to the Chapter 5 of Part I of the CSSF Circular 18/697*

# SAQ | AuD per Assets Classes

## Depository banking



**Total AuD per assets classes in B EUR as described in LFR for FY2022**

Equity funds and Bond Funds present the highest AuD In the sample, with 1,7B and 1,4B euro respectively.

The table below outlines the banks which offer the respective asset classes, considering the sample of 30 banks:

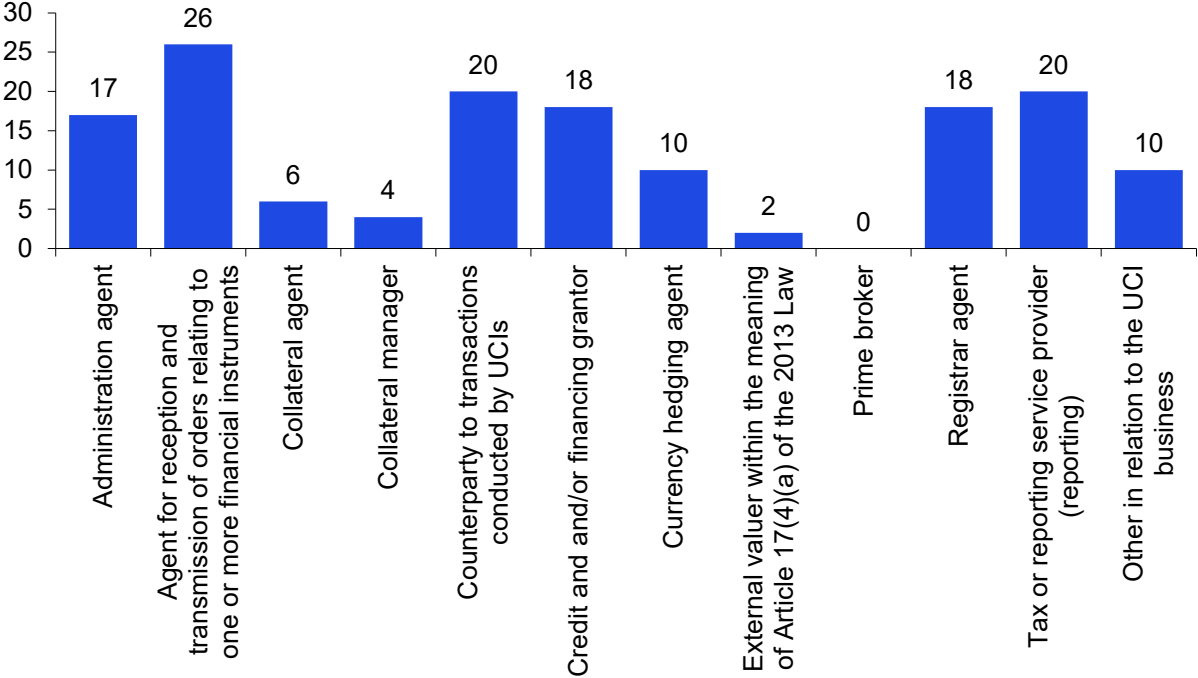
<b>Bond fund</b>	28
<b>Equity fund</b>	27
<b>Fund of fund</b>	29
<b>Hedge fund</b>	16
<b>Mixed fund</b>	27
<b>Private Equity fund</b>	26
<b>Real Estate fund</b>	26
<b>Other*</b>	25

*N.B. The data included in this slide is extracted from the LFR and therefore is not comparable with the data extracted by the CSSF / ABBL Survey, due to the different sample in scope.*

\*e.g. movable property, infrastructure, syndicated loan, timber, cryptoasset etc

# SAQ | Additional services provided

## Depository banking



The totality of participants do not limit themselves to offering Depository services alone, but also offer other services that add value to their clients.

The majority of the banks (26 out of 30) offers services related to the reception/transmission of orders related to other financial instruments.

None of the depository banks in the study offer Prime Broker services.

*N.B. The data included in this slide is extracted from the LFR and therefore is not comparable with the data extracted by the CSSF / ABL Survey, due to the different sample in scope.*

### Other services offered by the Depository Banks as described in LFR for FY2022



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Source: Extract of the "UCI Depository - descriptive part" of the Long Form Report (LFR) requested by the CSSF on an annual basis based on year-end figures.

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# Custodian Services

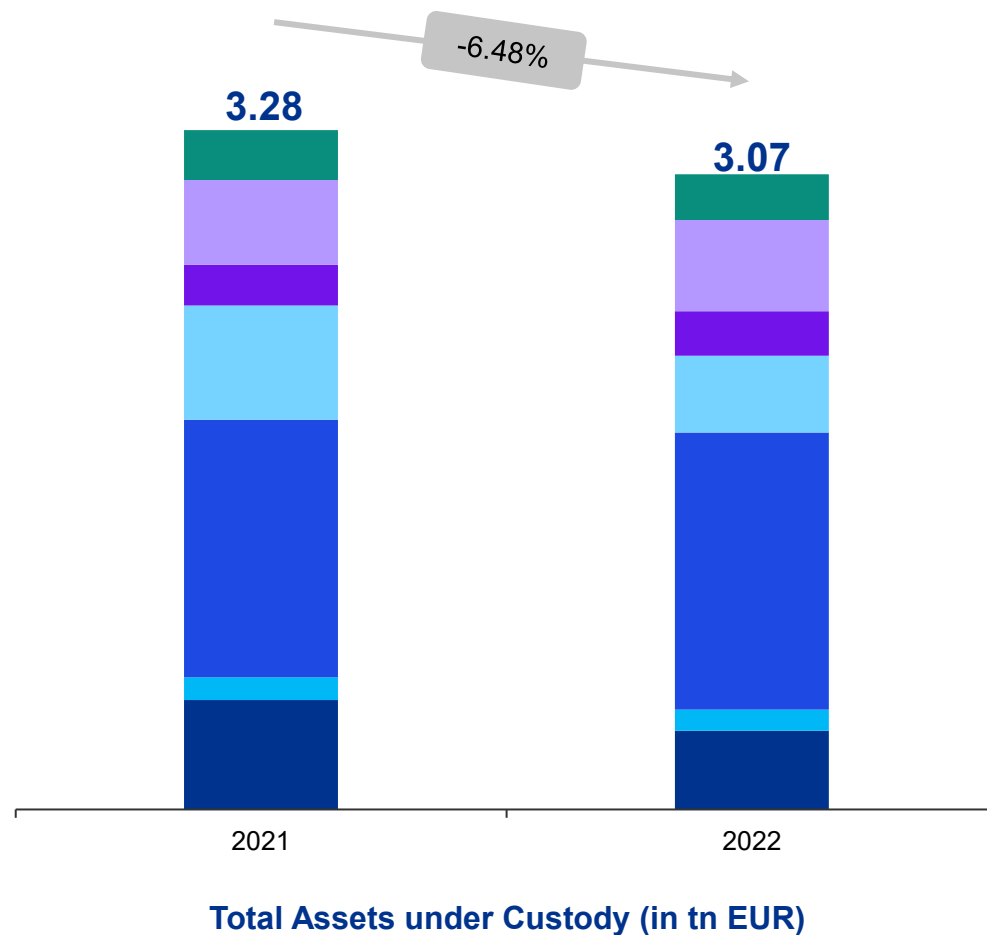


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# Assets Under Custody

## Custodian Services



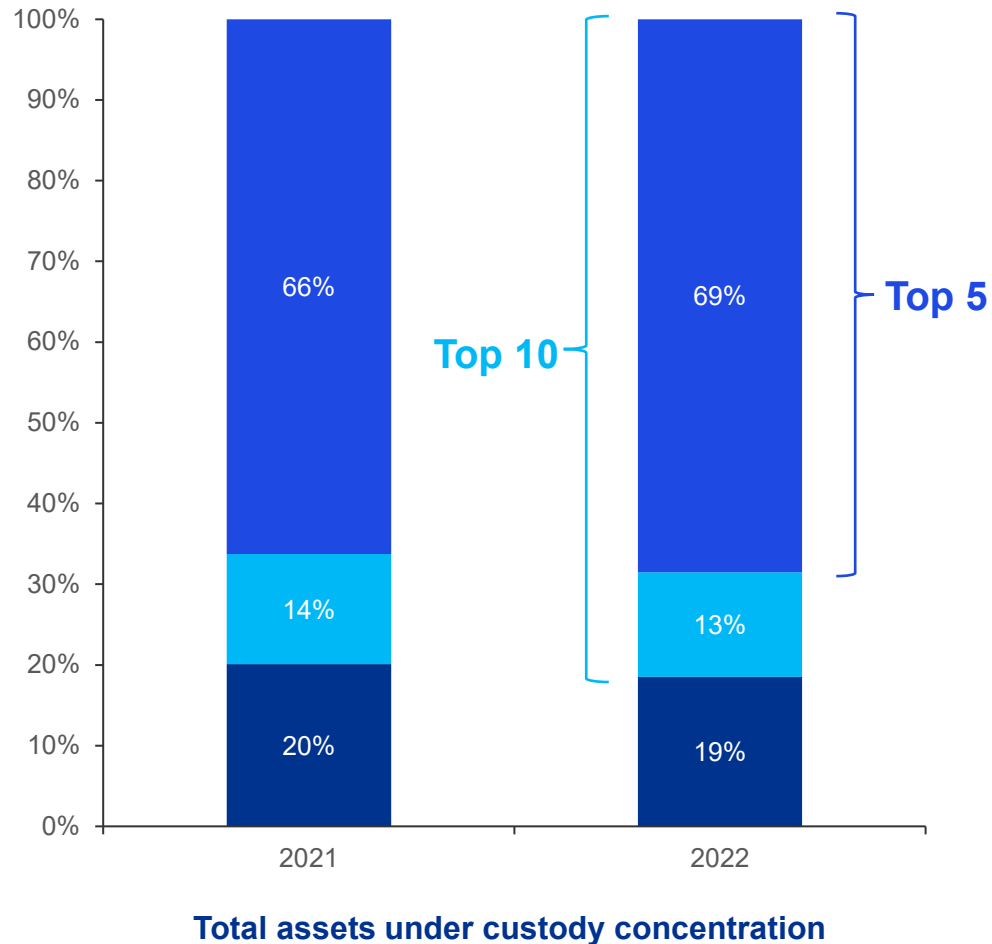
### Assets composition:

The survey includes the cash and assets held in custody from the below clients types:

Client types	AuC share in 2022 (%)	Variation from 2021
Managed accounts (including Investment Firms business)	16%	↓
Clearing or settlement institutions	3%	↓
Credit Institutions	38%	↑
Pension funds	17%	↓
Other Investment Vehicles with no Depository requirement	6%	↑
Insurance Companies	12%	↑
Commercial or Industrial Companies benefiting from professional access to the financial market or international public bodies operating in the financial sector	7%	↓

# Market Concentration

## Custodian Services



The market concentration takes into account the reported balances of 47 banks, where the top 10 banks holds about 81% of the total AuC (= 2.5 tn EUR), showing a slight increase in market concentration for custodian services compared to 2021, where the top 10 banks held 80% (= 2.61 tn EUR).

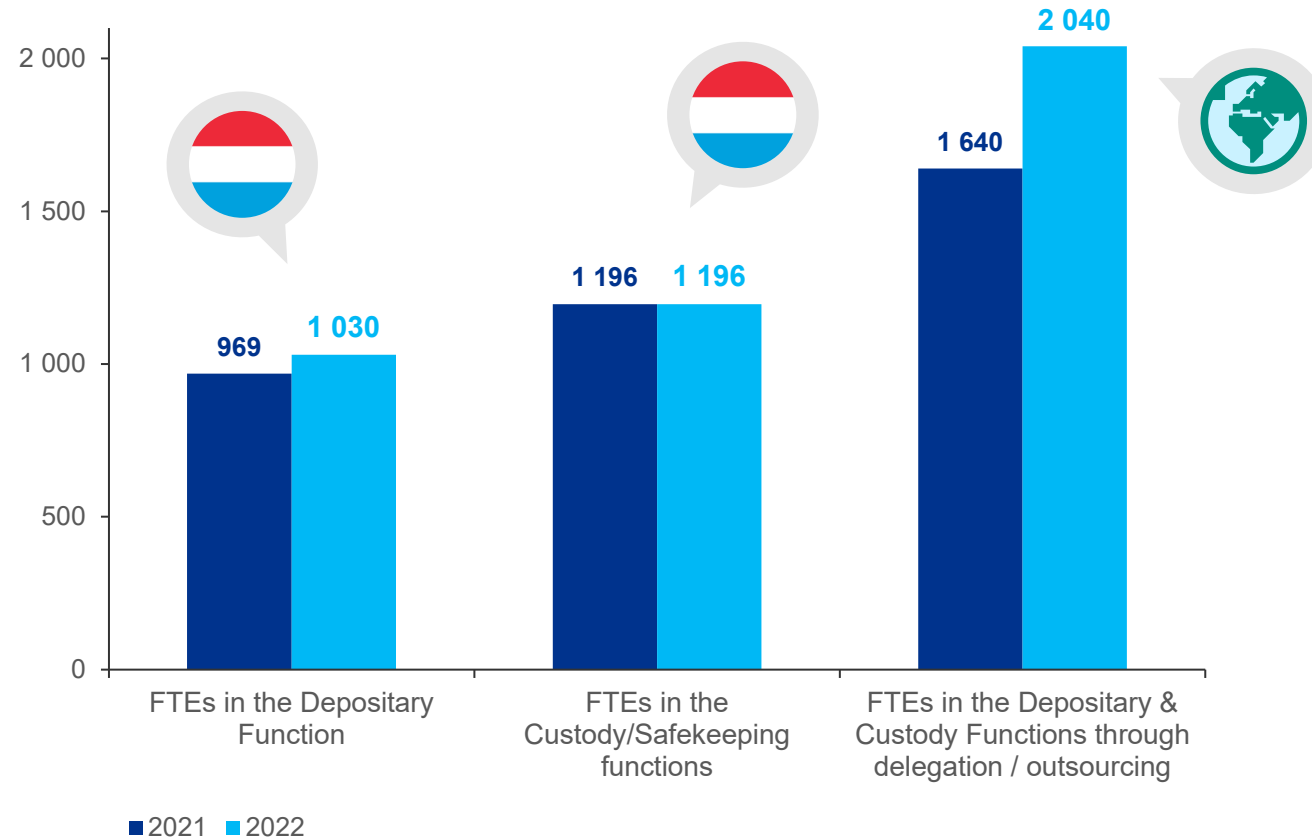
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# Staff in the Custody and Depository Banking sector



# Total Staff (in FTEs)

## Staff in the Custody and Depository Banking sector



### Staff in Luxembourg and abroad for the Depository and Custody sectors

#### Staff composition:

The survey includes the staff involved in the depository supervision and custody safekeeping functions, excluding:

- Corporate and Support functions (IT, HR, legal...)
- Internal Control functions
- Client Service / Client Relationship Management

The data shows a clear evolution towards outsourcing or delegate the depository and custodian function to outside Luxembourg. In fact, compared to 2021 the FTEs abroad increased by 28%, whereas the number of employees based in Luxembourg remained almost unchanged.

FTEs = Full Time Equivalent



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