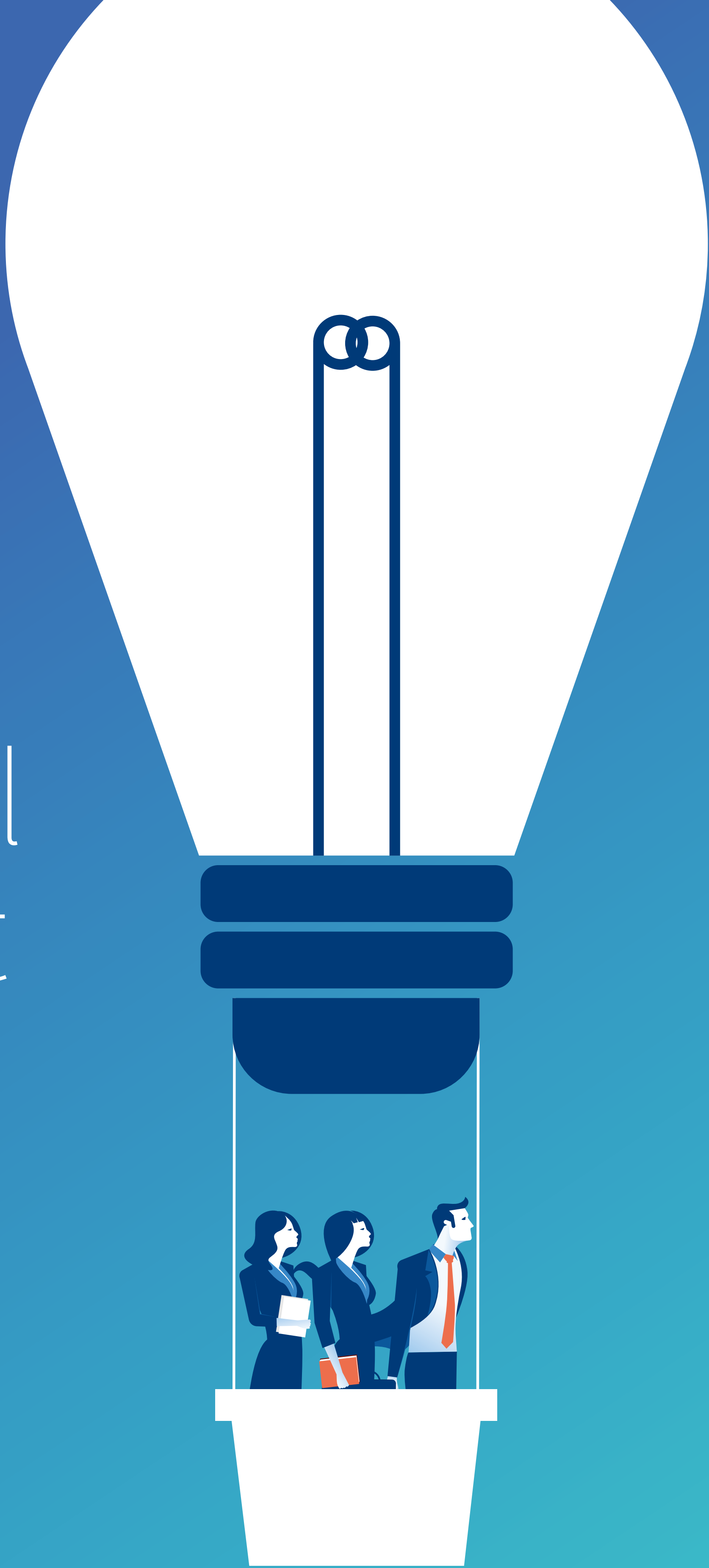
Annual Report 2024



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

Our vision

At the heart of Europe, Luxembourg's dynamic financial centre drives sustainable growth, empowering businesses to compete globally while fostering lasting prosperity for citizens.

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“Investing in skills means investing in the future.”

Yves Stein
Chairman of the ABBL

Dear fellow citizens,

Europe stands at a crossroads. Against a backdrop of escalating geopolitical tensions, mounting pressure on public finances, and profound demographic shifts, the need to strengthen the competitiveness of European economies has never been more urgent. The recent Draghi report underscores the necessity of directing private investment toward the sectors that will drive and accelerate the sustainable and digital transitions our societies so desperately need.

As if these immense challenges—requiring the reallocation of vast financial resources—were not enough, another issue has re-emerged at the forefront of our concerns: Europe's strategic autonomy and the need for strengthening its defence, a subject we had all but set aside since the end of the Cold War.

Luxembourg, as well stands at a crossroads. As in the rest of Europe, demographic trends—such as an aging population and immigration policies—along with economic factors, present important considerations for the future. In times of uncertainty, as reflected in studies on the confidence levels of both entrepreneurs and consumers, adaptability and proactive decision-making play a crucial role in navigating change.

It is particularly striking that, in his analysis of how to tackle these challenges and move forward, the former Italian Prime Minister highlights the central role of the banking sector. **It is no coincidence that at the ABBL, we have reaffirmed our commitment to strengthening Luxembourg's financial centre as a driving force for business competitiveness and citizen prosperity within Europe.** Recent crises have demonstrated the remarkable resilience of the European banking sector, which has firmly established itself as a pillar of stability and sustainable growth. Our banks continue to evolve, adapting their business models, embracing technological advances, and reinforcing their role as intermediaries serving businesses and investors.

We are fully aware that the banking industry can sometimes be met with scepticism. The relationship with money is a complex issue in European societies, and we must acknowledge that at times, our sector has been perceived as distant or overly complicated. We also hear—and, in many cases, share—the concerns of those who find the financial system increasingly difficult to navigate.

In these debates, we must not overlook the fact that governments worldwide have entrusted banks with responsibilities that could be considered regalian. Over time, banks have been tasked with combating tax evasion, leading the fight against money laundering and terrorist financing, and serving as a frontline defense against cybercrime. More recently, the financial sector—rather than companies—has been called upon to spearhead the ecological transition, with legislators initially focusing their efforts on financial products.

This is not to question the vital role banks can play in these areas or the responsibility they must bear. **However, it is undeniable that these additional duties, which extend far beyond the core business of a credit institution, come with significant costs and investment burdens for our members.** A legitimate question they might pose to policymakers is this: You ask us to support you on these critical issues—so isn't it time to help us help you? And additionally: Should one kill the goose with the golden eggs, or rather feed it organic grain?

At the ABBL, we are working to unite our members around a common goal: the promotion of regulated, innovative, and responsible financial services that serve the broadest possible audience. It is encouraging to see that, at the European level, policymakers have taken note of banks' endeavours. In line with the Draghi report, the European Commission has begun exploring ways to unlock the full potential of European banks, enabling them to better support businesses and improve competitiveness. After all, is it not a valid question to ask whether American or European banks will be best positioned to finance the economy of tomorrow? And when it comes to sustainable finance, which financial centres—European, American, or Asian—will emerge as leaders?

In Luxembourg as well, the government recognises the crucial role of the financial sector in addressing these strategic challenges. Several recent decisions have been made to safeguard and strengthen the financial centre while enhancing banks' ability to contribute effectively to societal priorities.

Yet beyond these strategic questions, one fundamental factor will shape our collective future: skills. The skills and talents banks need to cope with the tasks assigned to them. But also the skills and knowledge, you my fellow citizens, need to make informed investment decisions not only for your future and that of your children, but also in the context of the challenges facing Europe.

Let's start with talent. **The reality is that a shortage of talent could become a significant obstacle to our growth.** Attracting, developing, and retaining skilled professionals is critical to ensuring our ability to meet the challenges of tomorrow. With over 1,500 vacancies in Luxembourg's financial sector alone, we must intensify our efforts to build a strong pipeline of expertise. We are determined to ensure that our industry continues to offer promising career opportunities for your children!

The banking sector provides meaningful, dynamic, and intellectually stimulating careers, with global exposure and opportunities that few other industries can match. Analysts widely agree that banks will be among the industries best positioned to harness the power of artificial intelligence. This is why our members are actively engaged in strategic talent development initiatives, from training programmes and university partnerships to internship opportunities and the establishment of a Public Private Partnership for the construction of affordable lodging for young professionals – all this facilitated by the ABBL.

Concerning consumer knowledge. This issue is becoming increasingly important, as everyone will need to plan carefully for their retirement. With demographic shifts accelerating, our current 'pay-as-you-go' pension model is unlikely to remain sustainable for much longer.

We also know that vast amounts of capital are needed to finance the sustainable and digital transition of the European economy, and now also to ensure its defence. Public money will not be enough to cover all this funding. Banks will play a decisive role in meeting these challenges, with over 80% of the financing needs of European businesses being met by banks.

But that will not be enough either. If we are to achieve our sustainability objectives, if we are to strengthen our continent's economic and strategic autonomy, we will need to mobilise more private savings, i.e. your savings, and channel them into forward-looking projects, as is already the case in the United States and Asia, where the economy is financed to a greater extent by the capital markets.

This is where financial savviness comes into play, which I see as a three-stage rocket.

The first stage, **financial literacy**, ensures that everyone can manage their budget wisely—avoiding the pitfalls of over-indebtedness and protecting themselves against financial fraud.

The second stage focuses on **empowering individuals to approach investments with confidence.** It is about understanding the risks and opportunities of various financial products and services, enabling people to make informed investment decisions. Developing these skills in Luxembourg and across Europe is essential to better channel European savings into productive investments.

Finally, the third stage involves training local talent in financial professions. Having the right expertise and skills is crucial to supporting this shift towards a more investment-savvy society. And this brings us back full circle to the broader discussion on talent.

The ABBL is actively engaged on all these fronts—whether through the Fondation ABBL pour l'Education Financière, which focuses on social initiatives, or through our partnerships with the House of Training and the University of Luxembourg.

Investing in skills means investing in the future. By fostering a dynamic financial ecosystem and ensuring the effective transfer of knowledge, we are securing the long-term viability of Luxembourg's financial sector, reinforcing its strategic role within Europe, and building a strong foundation for generations to come.

Yours sincerely,

Yves Stein

“We are evolving into a forward-looking think tank.”

Jerry Grbic
CEO of the ABBL

Dear members,

In an increasingly competitive landscape, the ABBL is strengthening its role as a driving force in Luxembourg’s banking sector – proactively shaping discussions, offering solutions, and anticipating the trends that will define the future.

Today Luxembourg’s banking industry is facing significant challenges. Heightened regulatory requirements – MiFID II, Basel III/IV, and AML directives – continue to add complexity and costs to your operations. Environmental, Social, and Governance (ESG) compliance demands adaptability and innovation, while digital disruption is transforming the industry. Neobanks are reshaping customer expectations, pushing you to accelerate investment in digital banking and operational efficiency.

2024 also served as a stark reminder that Luxembourg is not immune to international financial crime. And there is every chance that rising geopolitical tensions will increase cyber threats, requiring even greater vigilance and resources to mitigate risks.

At the same time, operational costs are rising, and the competition for top talent – especially in compliance, digital banking, and financial innovation – remains fierce. Financial hubs like Dublin, Frankfurt, Paris and Switzerland continue to challenge Luxembourg's position, making differentiation more crucial than ever. Beyond attracting new clients, you also face the ongoing task of demonstrating to your parent companies that the Luxembourg financial centre remains a strategic place to invest and grow.

However, the outlook is far from bleak. **The very strengths that have made Luxembourg a global financial hub remain intact.** We also know the path forward: embracing digital transformation, enhancing compliance efficiency, taking advantage of the Savings and Investments Union (SIU) and leading in sustainable finance. We can turn today's challenges into tomorrow's opportunities.

At the ABBL, **we stand with you in this effort**. Our role extends beyond being a platform for exchanging best practices and fostering a common understanding of industry challenges. **We are evolving into a forward-looking think tank, not just to address today's issues, but to anticipate and prepare for tomorrow's.**

This shift is already underway. We are actively engaged in the relaunched High Committee for the Financial Sector (HCPF) led by the Minister of Finance, playing a key role in shaping the discussion – whether within the banking working group on strengthening Luxembourg's financial toolbox or on broader themes like innovation and competitiveness. We have also been a driving force behind Luxembourg's AI strategy for the financial centre, helping position the country at the forefront of technological transformation in Europe and beyond.

At the European level, our Brussels office – shared with the Association of the Luxembourg Fund Industry (ALFI) and the Luxembourg Insurance and Reinsurance Association (ACA) – keeps us closely connected to European institutions, ensuring we are well-positioned to anticipate, understand and participate to policy discussions. Through our commitment in the European Banking Federation (EBF), we tackle key topics such as regulatory complexity, supervisory mandates, and new topics such as the role of banks in financing Europe's security. Whether speaking with one European voice, forming coalitions, or offering a different take on critical issues, we have already secured sensible outcomes – such as the introduction of new rules under AIFMD enabling Luxembourg depositaries to serve smaller markets – and continue to push for progress, such as the review of EU client categorisation rules under MiFID.

At the local level, we are a trusted partner to the Ministry of Finance, the Commission de Surveillance du Secteur Financier (CSSF), Banque Centrale du Luxembourg (BCL) and many other public authorities, ensuring that industry concerns are heard and addressed. We work closely with the Luxembourg House of Financial Technology (LHoFT) to develop mutualisation opportunities that could ease burdens in areas like Know-your-Customer (KYC) processes and to drive digitalisation bootcamps in specific areas of the Luxembourg's banking sector.

Our commitment to forward-thinking leadership also requires us to evolve internally. Over the past few weeks, we have optimised our organisation, allowing our management team to step back from operational matters and dedicate more time to strategic thinking – ensuring we are present where it counts, when it counts. Additionally, we are reinforcing our corporate culture around four core values: expertise, agility, responsibility, and team spirit – a foundation that will drive our engagement and impact moving forward.

Dear members,

Tackling the issues of tomorrow is one thing, but providing answers to your concerns of today is another. **In 2024, we have continued to actively shape Luxembourg's financial sector through advocacy, innovation, and collaboration. Talent attraction** remained a priority. Our advocacy led to key measures such as a new expatriate tax regime, profit-sharing bonuses, tax incentives for young employees and cross-border workers, and tax relief for investment in digital transformation and sustainability projects.

As early as 2020, we also raised warnings about the **housing crisis**, and many of our proposals to accelerate housing development have now been adopted by the government. Today, we continue to explore innovative financing solutions, including public-private partnerships for housing projects targeted at young professionals. We also supported the SPV Prolog Luxembourg S.A. initiative to deliver new housing units, and engaged in an active collaboration with the Luxembourg Chambre immobilière to foster transparency and trust in the market.

In **fraud prevention**, we facilitated the extension of Worldline's 24/7 Hotline services, the transition to LuxTrust Mobile, and the introduction of IBAN name checks.

A national task force on online fraud, co-founded with the Luxembourg House of Cybersecurity, the CSSF and other stakeholders, will launch a public awareness campaign in 2025.

We tackled **business account opening challenges** by facilitating dialogue between banks and entrepreneurs, publishing guides, and streamlining compliance requirements. The new **collective bargaining agreement** signed in August 2024 enhanced employee benefits and reinforced the banking sector's appeal. **Mutualisation efforts**, including compliance to the EU digital resilience act and exploration of an ESG data initiative, are set to reduce compliance burdens and increase efficiency.

On the regulatory front, we focused our **advocacy initiatives** on the banking package, investor protection rules, and the transition to a T+1 settlement cycle. In **taxation**, we advocated for proportionality in implementing the FASTER Directive and DAC 8 while contributing to shape EU anti-money laundering reforms. Our **sustainability** initiatives have actively supported financial institutions in achieving practical ESG compliance.

We also drove **innovation in payments and digital transformation at large**, supporting a phased PSD3/PSR implementation. Our contributions to Digital Operational Resilience Act (DORA) and Markets in Crypto-Assets (MiCA) Regulation dialogues on policy documents strengthened the cybersecurity posture of our members and provided regulatory clarity for crypto-assets, while Luxembourg's Blockchain Law IV benefited from our advocacy.

And of course, by continuing to coordinate and lead our expert **working groups, forums, and committees**, while maintaining a steady pace of **conferences and meetings** — often enriched by your invaluable contributions and the one of the CSSF — we remained a key platform for exchange. Last year, around 2,500 of you actively participated in our initiatives, and nearly 4,000 attended our events, reinforcing our role as a dynamic hub for collaboration and knowledge-sharing.

These are just a few of the initiatives outlined in this annual activity report, reflecting our continued commitment to strengthening Luxembourg's financial sector and supporting you in facing today's and tomorrow's challenges. Together, we will ensure that Luxembourg remains a dynamic and competitive financial centre.

Yours sincerely,

Jerry Grbic

A Year at a Glance

25
new members

2,500
experts and banking services professionals contributing to our activities

8
new workstreams

41
events organised with more than **4,000** participants

23

responses to EU public consultations

3

ABBL opinions to draft legislation in Luxembourg

8

sectoral surveys conducted

50

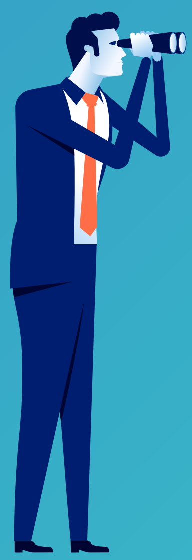
interviews and answers to press requests

3

new guidelines

01

Snapshot of the Luxembourg Banking Sector



The Luxembourg banking sector comprises **115 banks**, along with numerous other financial institutions and organisations that bolster the sector.

Serving as a vital economic engine, the financial sector significantly contributes to the local economy, accounting for nearly **30% of Gross Domestic Product (GDP)** and generating **over 35% of tax receipts**.*

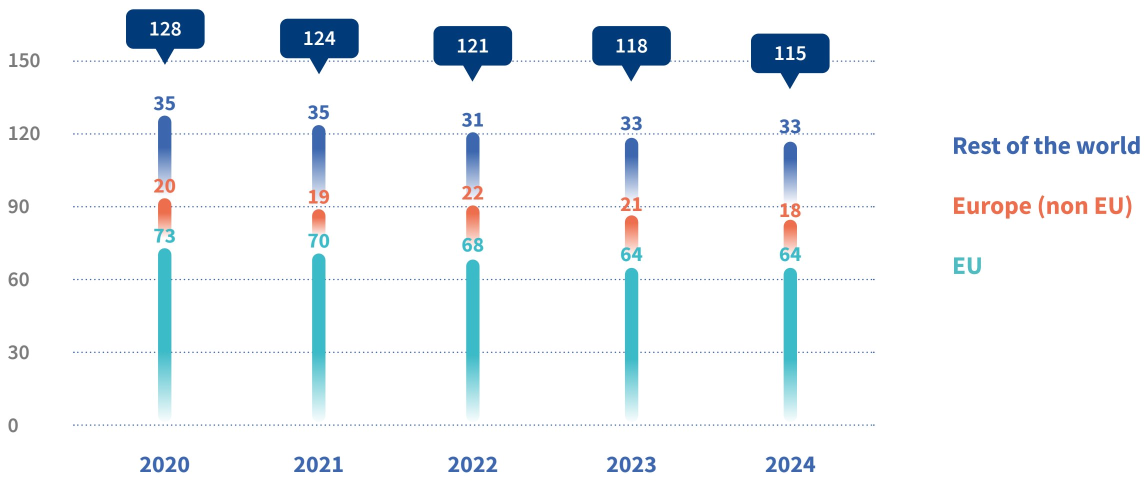
Notably, the banking sector alone employs over **26,000 individuals** directly.

*(Source: Conseil Economique et Social - CES)

General Figures
(31.12.2024)

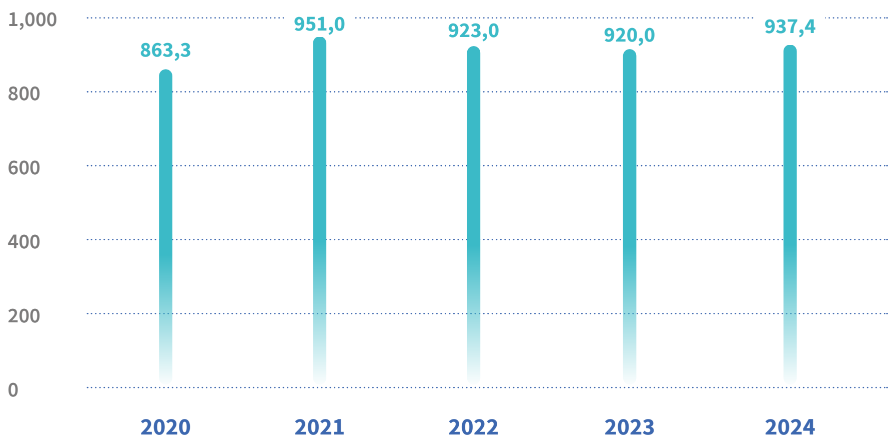
Number of Banks authorised in Luxembourg

(Source: Banque Centrale du Luxembourg - BCL)



Banks’ Total Balance Sheet in bn EUR

(Source: CSSF)



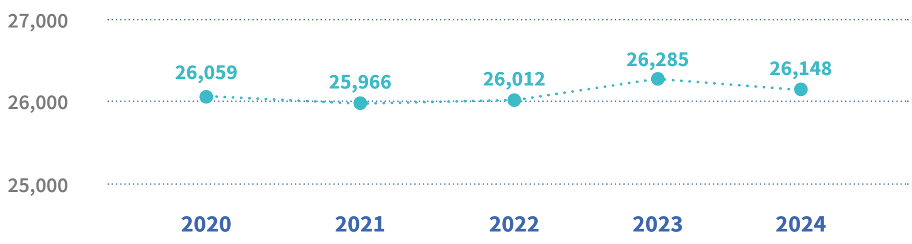
Banks' Profit and Loss

(Source: Commission de Surveillance du Secteur Financier (CSSF)

in million EUR	Jan. – Dec. 2023	Jan. – Dec. 2024	Variation in %
Net interest income	10,301.1	10,754.1	4.4%
Net fee and commission income	5,774.0	6,318.3	9.4%
Other net operating income	1,318.8	1,097.9	-16.8%
Total operating income	**17,393.9**	**18,170.3**	**4.5%**
Staff Expenses	3,581.1	3,575.0	-0.2%
Total other administrative expenses	4,818.5	4,813.0	-0.1%
General expenses	**8,399.6**	**8,388.0**	**-0.1%**
Profit before provisions and taxes	**8,994.3**	**9,782.2**	**8.8%**
Net profit	**6,583.6**	**7,239.1**	**10.0%**

Employment within the Banking Sector

(Source: CSSF)



The Luxembourg Banking Services Centre

Retail Banking

Daily banking services for individual consumers or SMEs, e.g. savings accounts, loans and payment solutions. A very **competitive** market.

Total **loans** granted by banks to households amount to

EUR 76,060 million

of which

EUR 49,035 million

were dedicated to residential real estate.

Source: CSSF
December 2024 figures

Private Banking

Supporting a **wealthy** clientele of Luxembourg or international families and entrepreneurs protect, grow and transmit their assets.

43 banks

active in private banking.

N°1 private banking centre

in the eurozone with 628bn AuM.

85%

of clients domiciled in Europe.

Source: ABBL – KPMG – CSSF Corporate Banking Survey December 2023 figures

Corporate & Institutional Banking

Targeting **national and international corporates** by offering services such as corporate loans, debt structuring, cash management and trade finance.

75%

of corporate lending in Luxembourg is focused on the international market.

Source: ABBL – KPMG – CSSF Corporate Banking Survey December 2022 figures

Depositary & Custodian Banking

Bank services catering to the need of the **fund industry**.

An industry tailored to the leading position occupied by the Luxembourg fund industry, with

6,44tn AuD

and

3,58tn AuC

respectively.

Source: ABBL – KPMG – CSSF Depositary & Custodian Banking Survey December 2023 figures

E-money & Payment institutions

Services meeting the needs of a digital economy, from consumers who increasingly **shop online**, to SMEs eager to expand **cross-border**, to merchants who need real-time **cash flow** visibility, and large corporates focused on **optimising liquidity and operational efficience**.

95%

of payments are made cashless / digital, placing Luxembourg now second highest in Europe.

Source: Survey on the payment attitudes of consumers in the euro area (SPACE), European Central Bank, 2024

+

investment firms, PFSs, consulting firms, law firms, fintechs,…

An increasingly International Financial Centre

Luxembourg is one of the most open banking centres in the world. **Banks from 25 countries** are active in the country, serving a clientele that is mainly European, but also from other continents.

This international dimension has been reinforced by Brexit, with a number of players choosing our country as their European hub.

CEOs of banks representing the different geographical groups within the ABBL talk about the reasons that led their entities to set up in the Grand Duchy, the challenges facing our marketplace as it continues to expand, and the solutions to be adopted.

Testimony Guy Hoffmann

“In an era
of uncertainty,
reliability
is invaluable.”

Guy Hoffmann
Vice-Chairman of the ABBL,
Chairperson of ABBL’s Benelux Group.

Benelux Firms entering Luxembourg gain access to Top-Tier Talent.

Luxembourg has long been a strategic choice for banks, asset managers, and insurance firms for financial institutions across Europe, particularly for those in Belgium and the Netherlands, looking to thrive in an international financial hub.

What draws financial institutions to Luxembourg is its political and economic stability. In an era of uncertainty, this reliability is invaluable. Companies need a foundation they can trust, and Luxembourg delivers with a supportive regulatory framework that balances security with business-friendly policies.

Beyond stability, **Luxembourg's central location within Europe offers the advantage to provide direct access to the European market through European Union passporting rights, facilitating seamless cross-border operations**. Its connectivity to financial powerhouses such as Brussels, Amsterdam, Frankfurt, and Paris ensures that institutions based here remain plugged into the heart of global finance. Moreover, its highly skilled, multilingual workforce—experienced in finance and international business—adds a crucial human dimension to its attractiveness. Firms entering Luxembourg don't just gain access to a market; they gain access to top-tier talent.

Luxembourg is also at the forefront of **digital transformation**. Its dynamic fintech and regtech landscape is fostering innovation, enabling institutions to adapt to a rapidly evolving financial environment. For Belgian and Dutch firms that prioritise digital banking and financial technology, Luxembourg presents an ecosystem where cutting-edge solutions can flourish.

Meanwhile, the country's strong position in sustainable finance and ESG investment solutions places it as a global leader in responsible and forward-thinking financial practices. Firms seeking to make an impact in green finance find Luxembourg a welcoming and progressive environment to develop and implement their strategies. In this context, it is particularly interesting for Luxembourg to strengthen links with financial centres such as Amsterdam who have also carved out a solid reputation in sustainable finance.

However, **no opportunity is without its challenges**. While Luxembourg offers a compelling value proposition, Belgian and Dutch financial institutions already operate in robust domestic markets, reducing the urgency to expand. To further enhance its appeal, Luxembourg must refine its positioning. The country should highlight its unique strengths in private banking, wealth management, and fund servicing—areas that naturally complement Belgian and Dutch financial models. Promoting Luxembourg's expertise in cross-border banking and international corporate finance will reinforce its role as a strategic partner rather than just an alternative market. Encouraging financial institutions to collaborate on cost-sharing initiatives, such as regulatory compliance solutions and operational efficiencies, can help ease the cost burden and enhance overall competitiveness.

Talent acquisition remains a crucial aspect. Luxembourg should actively develop public-private partnerships that attract financial professionals, particularly those from Dutch- and Flemish-speaking regions. Strengthening collaborations with Benelux universities and business schools will help create specialised training programmes that foster a steady pipeline of skilled professionals. Positioning Luxembourg as a hub for digital banking and fintech will also ensure that institutions looking to innovate see it as their natural home. Meanwhile, reinforcing its leadership in ESG and sustainable finance will allow Luxembourg to stand out as the go-to destination for institutions committed to responsible investment.

Belgian and Dutch financial institutions have already experienced the many benefits of Luxembourg's stable and innovative financial environment. By addressing existing challenges while doubling down on its unique strengths, Luxembourg can solidify its reputation as the premier destination for financial institutions in the Benelux region.

Testimony Ying Luo

Luxembourg: A Thriving Financial Gateway between China and Europe.

Bank of China (BoC) has been operating and expanding its business in Luxembourg for 46 years since establishing a presence in 1979.

As one of the world's leading financial centres, **Luxembourg attracts global financial institutions with its highly mature financial market, robust regulatory framework, and stable political and economic environment**. The country's business-friendly atmosphere provides a strong support for financial institutions seeking to deepen their presence in Europe. Furthermore, China-Luxembourg bilateral economic and trade relations are exceptionally close. In 2024, bilateral trade reached USD 749 million with deepening cooperation under the Belt and Road Initiative and the "Air Silk Road". Many leading Chinese enterprises have established operations in Luxembourg, using it as a gateway to Europe and contributing to a dynamic financial landscape with vast growth potential.

Luxembourg also serves as the regional hub for BoC's operations in Europe. Over the past 30 years, **BoC Europe has accumulated invaluable experiences and achieved significant milestones in Luxembourg**. Our collaboration with Luxembourg Airport bridged the long-standing gap between local state-owned enterprises and Chinese banks. Our subsequent invitation to participate in new infrastructure projects further underscored the local market's recognition of our professional expertise. Additionally, Luxembourg's status as the world's largest centre for euro-denominated bonds and green bonds has been a catalyst for our green finance initiatives. BoC Europe has successfully issued multiple high-impact green bonds, consistently achieving breakthroughs in sustainable finance and contributing to Europe's green transition.

Despite these achievements, Luxembourg faces a range of challenges in attracting more international financial institutions, as it is directly affected by global geopolitical dynamics, Europe's macroeconomic environment, and increasingly stringent regulatory requirements. For instance, **under the current "de-risking" strategy, Chinese enterprises face stricter investment reviews in Europe**, impacting investor confidence. Simultaneously, the EU's heightened regulatory scrutiny, which Luxembourg aligns with, brings increased compliance costs in various areas.

To address these challenges, **we recommend that the EU reassess its banking regulations**, streamlining and simplifying redundant regulatory requirements to better stimulate the growth of the banking industry. **Luxembourg could further leverage its unique local advantages by introducing incentive policies to reduce operational costs for incoming financial institutions**. Strengthening local talent attraction through partnerships with major universities and expanding talent pipelines would also enhance the local labour market. The ABBL could act as a strategic bridge, fostering cooperation between local and international institutions. By organising high-level forums and driving product innovation, Luxembourg can attract global financial peers to engage more deeply in its market.

Looking ahead, we will continue to deepen our collaboration with the ABBL in pivotal areas such as green finance, digital transformation, and RMB internationalisation, elevating our partnership to a new strategic height. Together, we are committed to supporting Luxembourg's development as a more resilient and competitive global financial hub, while fostering closer economic and trade ties between China and Europe.

"We are committed to supporting Luxembourg's development as a more resilient and competitive global financial hub."

Ying Luo
General Manager Bank of China (Luxembourg) s.a.,
Chairperson of ABBL's Asian Markets Group.

Testimony Tobias Gansäuer

Bridging Talent and Opportunity: The Future of German Banking in Luxembourg

Deka Group's presence in Luxembourg traces its roots back to February 1971, when Deutsche Girozentrale International S.A., its predecessor, was established. At the time, Luxembourg had already gained a reputation as an attractive banking hub, thanks to its liberal banking laws and sound regulatory environment. The bank sought to strengthen its position in the European banking market by serving global banks and institutional investors through Luxembourg. Over the years, Deka continued to expand its activities in the country. In the 1980s, a fund management company was created to take advantage of Luxembourg's passporting facilities under UCITS. By the early 1990s, the company further diversified its business by servicing wealth management products via Luxembourg—two core activities that remain central to Deka Group's operations in the country today.

Luxembourg has offered numerous positive surprises over the years, from its vibrant international labour market to its favourable political and regulatory landscape, not to mention the country's welcoming and high-quality living environment. Perhaps **the most striking aspect, however, is Luxembourg's ability to continuously adapt and maintain its attractiveness to investors** across a broad range of industries, including banks, fund management companies, private equity firms, fintech businesses, and high-tech enterprises. The country's political culture is characterised by agility, pragmatism, and responsiveness to change, which has contributed to the development of a uniquely diverse and resilient financial ecosystem.

Despite these strengths, Luxembourg faces certain challenges in attracting more institutions from Germany and beyond. The German banking group in the ABBL, once the largest, has undergone significant transformation, particularly in the wake of the 2008 global financial crisis. Today, the sector has largely consolidated, with most remaining banks in Luxembourg holding strong prospects for the future. Collectively, the German group still employs around 3,000 people, but **the biggest challenge now lies in securing a steady supply of skilled professionals**. With an aging workforce and shifting demographics, Luxembourg must reinforce its appeal to talent from across the globe—not only at the executive level but also across all skill sets and job functions.

Addressing this challenge requires a multifaceted approach. Strengthening local financial education is key, beginning with economic education in schools and extending to apprenticeship programmes and specialised master's degrees in banking, finance, and economics. Additionally, further opening the labour market to non-EU specialists would be beneficial, supported by enhanced infrastructure such as affordable housing and international schooling—two areas in which significant progress has already been made.

At a broader level, Luxembourg should remain committed to its strategy of continuous investment in both its financial centre and its overall attractiveness as a place to live and work. Preserving the country's tradition of "short distances" between financial actors, along with maintaining its stable economic, political, and regulatory environment, will be essential in securing its long-term position as a leading European financial hub.

“The country’s political culture is characterised by agility, pragmatism, and responsiveness to change.”

Tobias Gansäuer
Branch Manager, DekaBank, Deutsche Girozentrale,
Niederlassung Luxemburg,
Chairperson of ABBL’s German Group.

Testimony Emanuele Vignoli

"Companies should strike a balance between onshore and offshore activities to optimise costs while maintaining operational excellence."

Diversification is needed

HSBC has a long-standing presence in Luxembourg, and in recent years, the institution has refined and simplified its business model and legal entity structure to align with its ambition of being the preferred international financial partner for its clients. Today, HSBC's operations in Luxembourg are structured across four key areas: Asset Management, Securities Services, Corporate and Institutional Banking, and Private Banking. This setup enables HSBC to support international clients in establishing and expanding their businesses within the European Economic Area (EEA).

Luxembourg's appeal as a financial centre is driven by several key factors. The country boasts a strong AAA credit rating, political stability, and the status of being the world's second-largest fund centre. Its advanced financial ecosystem, including highly competitive legislation on distributed ledger technology (with the fourth blockchain law passed in December 2024), has made it a prime destination for international corporates, banks, and non-bank financial institutions (NBFIs) looking to establish subsidiaries or regional treasury centres. Given this environment, HSBC's presence in Luxembourg is crucial in supporting the needs and ambitions of its global clients. Additionally, HSBC Luxembourg has been recognised as a "Top Employer" for the second consecutive year in 2025, further reinforcing its reputation as an attractive workplace.

Having moved to Luxembourg from London three years ago, where I previously held global and regional management roles at HSBC, I have been able to experience the Luxembourg financial ecosystem firsthand. While I had some professional interactions with the market before, living and working in the Grand Duchy has given me a deeper appreciation of its many strengths. **Luxembourg is an international, dynamic, and sophisticated financial**

hub, home to a diverse range of institutions, from large global and domestic banks to major law and consultancy firms providing advisory services on both local and international regulations. The market also includes local corporations spanning various sectors such as technology, space, and manufacturing, alongside a significant number of international corporates and NBFIs, including insurance firms and private equity entities.

Luxembourg's highly international workforce is another standout feature. At HSBC Luxembourg alone, employees represent 40 different nationalities, reflecting the country's multicultural environment. This setup aligns well with HSBC's global footprint and expertise in managing across different cultural and regulatory landscapes. Furthermore, Luxembourg is a centre for innovation, particularly in the field of digital finance. Thanks to its advanced regulatory framework for blockchain, HSBC was able to launch its Group tokenised digital asset platform, ORION, from Luxembourg.

Beyond the professional advantages, Luxembourg also offers an **excellent quality of life**. Centrally located in Europe, the country is inclusive, culturally rich, and surrounded by stunning landscapes. While the weather could be better, coming from London, I admit that I cannot complain too much.

Despite its many strengths, Luxembourg faces a few challenges in attracting more financial institutions, particularly from the UK and Nordics. **Three key challenges stand out: the cost of doing business, which impacts profitability for many companies; the concentration of financial activities in specific areas, such as funds and private banking; and the need to attract diverse talent with new skill sets**.

To address these challenges, HSBC suggests a multi-pronged approach. First, companies should strike a balance between onshore and offshore activities to optimise costs while maintaining operational excellence. Second, **Luxembourg should diversify its financial sector by expanding into areas like corporate banking, which is increasingly in demand from corporates setting up regional treasury centres**. Additionally, continued investment in digital and innovative solutions will help maintain Luxembourg's competitive edge.

Talent attraction remains a crucial priority. Financial institutions, in partnership with the ABBL and other local associations, should take an active role in promoting Luxembourg's career opportunities to European universities and young professionals. Furthermore, the government has already introduced effective measures to support relocation, such as financial incentives and dedicated housing projects. These initiatives will play a critical role in ensuring Luxembourg remains an attractive destination for top talent and continues to thrive as a leading financial centre.

Emanuele Vignoli
CEO, HSBC Continental Europe, Luxembourg,
Chairperson of ABBL's UK / Nordics Markets Group.

Testimony Didier Delvaux

“The process of setting up operations was clear from the outset.”

Didier Delvaux
Head of Global Fund Services Europe
and Country Head of Luxembourg
U.S. Bank Global Fund Services (Luxembourg) SARL,
Chairman of ABBL’s North American Group.

U.S. Banks Perspectives on Luxembourg: Opportunities and Challenges

U.S. Bank established a presence in Luxembourg in response to specific requests from its existing clients. Having serviced funds in the United States for over 50 years, the bank observed that some of its largest customers were expanding globally, with Luxembourg emerging as the preferred domicile for their non-U.S. business. These clients sought to benefit from U.S. Bank's customer-focused operating model, particularly in the private debt fund sector, where the bank offers a strong service package, including depositary, fund administration, and loan servicing. Based on the assumption that existing clients would entrust the bank with their Luxembourg business, a business plan was developed, and this strategy proved successful. The first two clients onboarded five years ago remain the institution's largest clients today.

Upon establishing its presence in Luxembourg, **U.S. Bank was pleasantly surprised by the welcoming environment and the business-friendly approach of the Luxembourg authorities**. The process of setting up operations was clear from the outset, and the bank benefited from the expertise of local partners, advisers, lawyers, and industry associations. Luxembourg offers a strong infrastructure, a well-defined regulatory framework, and an overall supportive business environment, all of which contributed to a smooth establishment process.

Despite these advantages, my colleagues and I from the ABBL's US banking group believe that Luxembourg faces certain challenges in attracting more institutions from this sector or region. While well-regarded in specific areas of the financial sector, **Luxembourg still lags behind the UK and Ireland in terms of brand recognition as a destination for American companies**. Additionally, compared to the United States, the regulatory burden can be daunting for potential new entrants. The high costs associated with setting up a business, including legal and advisory fees, further complicate decision-making for institutions considering a move to Luxembourg.

Addressing these challenges requires efforts to **simplify and reduce the cost of doing business**, making Luxembourg's financial landscape more aligned with the ease of operation in the United States. A strong commitment from the Luxembourg government, alongside support from the business community and the broader financial ecosystem, would be instrumental in overcoming these obstacles and enhancing Luxembourg's attractiveness as a financial hub.

Testimony Falk Fischer

Connecting Global Ambitions with European Expertise

Julius Baer is present in the Luxembourgish private banking market since many years as a local leading player but also as a reference in Wealth Management in the European Economic Area. In 2016, we had a unique opportunity to acquire a fully-fledged and operative bank with a European banking passport and took the chance. Today, Bank Julius Baer Europe S.A. is **the gateway to the European market for sophisticated private individuals, families, and entrepreneurs with an international background**. It is our key target to constantly enhance and develop this service along the value chain. We chose Luxembourg as it offers an exceptional environment of stability, expertise, international knowledge and innovative spirit, that is hard to find somewhere else in Europe, and we see our choice confirmed.

Luxembourg and Switzerland share similar interests in OECD financial politics due to their comparable economic profiles. Both are financially stable countries with strong banking sectors. On the international stage, they often collaborate to promote common goals such as advocating for fair taxation and ensuring the stability of the global financial system. Their alignment partly extends to the field of Private banking business, and we also feel this cooperative spirit in our daily work.

Luxembourg offers a unique value proposition which allows us to access the European Union market and by that, being closer to our clients. As products and services become more and more commoditised, we believe it is the personal relationship, the trust and physical accessibility that makes the difference in Private Banking today and in the future. This is also why Julius Baer has successfully opened local branches of its Luxembourg-based bank in Ireland, Spain and lately in Italy. Luxembourg offers ideal conditions to serve as a European hub, from which we cater for our colleagues servicing their clients locally. Our clients really appreciate that. The international know-how, workforce and connectedness of all players in the private banking sector here enables us to provide this service.

However, in order to continue to offer our value proposition, we need to attract enough and the right talent. Not only for new institutions, but also for existing ones and especially at the upper end of the value chain. In this regard, the Grand Duchy competes with other attractive financial centres such as London, Frankfurt, Zurich. The Luxembourgish Private Banking ecosystem has developed positively and reached a great level of internationalisation already, but to foster this, it needs to stay attractive – for institutions and employees. And, as we cannot advertise with sandy beaches or ski resorts, we must stay innovative and make sure we promote all the positive aspects that working for a Private Bank in Luxembourg has to offer.

“The Luxembourgish Private Banking ecosystem has developed positively and reached a great level of internationalisation already, but to foster this, it needs to stay attractive – for institutions and employees.”

Falk Fischer
CEO, Bank Julius Baer Europe S.A., Luxembourg,
Chairperson of ABBL’s Swiss Group.

Testimony Massimo Torchiana

"Luxembourg has consistently demonstrated an ability to embrace change and seize new business opportunities."

Massimo Torchiana
Managing Director & CEO,
Intesa Sanpaolo Bank Luxembourg SA,
Chairperson of ABBL's Southern European Group.

The Evolution of Luxembourg as a Global Financial Centre: Adapting to New Realities

ISP Group established its presence in Luxembourg in the mid-seventies, at a time when the country was transitioning from being a global steel industry player to becoming a hub for private banking and wealth management. Over the years, Luxembourg has evolved into a world leader in fund and wealth management, pioneered sustainable finance, and positioned itself as an attractive and competitive destination for FinTech companies. More recently, it has also opened its doors to companies exploring the space sector.

For ISP Group, choosing Luxembourg proved to be a successful and strategic decision. Today, the group maintains a significant presence in the country, operating from its newly established headquarters at Cloche d'Or. In alignment with its broader international strategy, the group has continuously strengthened its position in Luxembourg, leveraging the country's well-developed financial ecosystem, expertise in asset management, corporate and investment banking for international clients, and international wealth management.

Luxembourg's strengths remain consistent over time, maintaining its triple-A credit rating, reliable and stable political continuity, high public investment rates, and a strong capacity to manage its public debt. However, **what continues to make the country particularly attractive is its high degree of international openness**. This is not only a result of its small size and strategic geographical position in Europe but also of its adaptability and forward-thinking approach. Luxembourg has consistently demonstrated an ability to embrace change and seize new business opportunities. This adaptability fosters an ease of dialogue and direct communication channels with decision-makers, an advantage that must be preserved and continuously strengthened. **Maintaining accessibility in key areas such as regulatory stability, innovation, a diverse and multilingual workforce, government and institutional support, and the expansion of FinTech and digital initiatives**—including digital finance, ESG, and alternative investments—is crucial for Luxembourg's continued success.

One of the key challenges Luxembourg faces in attracting more institutions from the banking sector is ensuring the sustainable growth of traditional banks. **While Luxembourg must address tax revenue needs, public finance sustainability, social security, and employment levels, it is equally important to maintain an environment where traditional banks can thrive**. This requires a common agenda that identifies both obstacles and growth opportunities, ensuring that traditional banks are not merely seen as remnants of the past but as active contributors to future challenges. A new paradigm must be established to reinforce the strategic role of these banks in Luxembourg's financial landscape.

In this context, the ABBL, the Luxembourg Bankers' Association, plays a key role in shaping the future of the sector. Like other national banking associations, it must promote dialogue and institutional negotiations on an international scale rather than solely at the national level. This shift necessitates broadening its scope, adjusting strategic perspectives, and adopting a communication approach that resonates with international and institutional stakeholders. **The focus should not only be on modernising the sector but on ensuring a comprehensive transformation that aligns with evolving global financial trends.**

Strengthening Luxembourg's attractiveness as a banking hub largely depends on talent attraction and retention. Beyond private banking and asset management, there is a limited pool of professionals with expertise in emerging business areas critical for the country's economic growth. One example is the evolution of wealth management toward a more institutional-focused approach.

Another pressing issue is infrastructure development. As the financial sector expands, there is a growing need for improvements in transportation, digital infrastructure, and the availability of office space. Addressing these constraints is essential to ensuring that Luxembourg remains a competitive and attractive destination for financial institutions looking to establish or expand their presence.

Testimony Olivier Carcy

Why Luxembourg Stands Out as a Premier Hub for French Banks

With over a century of presence in Luxembourg and a workforce exceeding 3,000 employees, the country has become a central hub for Crédit Agricole's European operations. Our recent acquisitions of RBC IS activities and Banque Degroof Petercam have further strengthened our leadership in asset servicing and wealth management. Luxembourg also plays a crucial role in our life insurance activities, supporting our European networks. Combined with its stable economy and favourable regulatory framework, these factors allow Crédit Agricole to reinforce its long-term position as a trusted partner in global financial services.

One of the most striking aspects of operating in Luxembourg has been the depth of financial expertise and the highly skilled workforce, both of which have greatly supported our expansion. The strong collaboration with local regulators fosters innovation while ensuring financial stability. We have also experienced **a remarkable sense of community and long-term partnerships**, not only with clients but also with local stakeholders. The agility and openness of the market, coupled with Luxembourg's multicultural environment, have enhanced our ability to seamlessly serve international clients. Additionally, the dynamic growth of the life insurance, wealth management, and fund management sectors continues to offer new opportunities for diversification and further strengthens Crédit Agricole's position in the market.

Despite these advantages, Luxembourg faces challenges in attracting more financial institutions. **Competition from other European financial centres such as Dublin, Frankfurt, and Amsterdam remains strong.** Additionally, the high cost of living and limited housing supply pose difficulties in attracting and retaining talent. While Luxembourg maintains a business-friendly environment, navigating regulatory complexities still requires careful attention. Furthermore, evolving global financial regulations and the increasing demand for digital transformation present ongoing challenges for the industry.

To remain competitive, **Luxembourg can continue to enhance its attractiveness by simplifying administrative procedures and providing clear, transparent regulatory guidance**. Investing in infrastructure, particularly in affordable housing and transport, will be essential to attracting and retaining skilled professionals. Strengthening partnerships with universities and promoting specialised education will help build a strong talent pipeline. Finally, fostering innovation through supportive policies in fintech and sustainable finance will position Luxembourg as a preferred destination for forward-looking financial institutions.

“Luxembourg can continue to enhance its attractiveness by simplifying administrative procedures.”

Olivier Carcy
CEO, Indosuez Luxembourg
& SCO Crédit Agricole Luxembourg.

Testimony Alexandre Gartner

"Our experience in Luxembourg has been full of positive surprises."

Alexandre Gartner
Private Bank, Corporate Bank
and Treasury Head - Bradesco Europa.

Nb. Alexandre Gartner is speaking on behalf of Brazilian banks in Luxembourg.

Raising Awareness, Building Bridges: The Path to Greater Brazilian Presence in Luxembourg

Luxembourg's financial solidity, political stability, and regulatory clarity were key factors in our decision to establish and expand our presence in the country. The nation's AAA credit rating underscores its economic strength, while its legal and tax frameworks provide a reliable and predictable environment—crucial for both private and corporate banking.

For private banking clients, Luxembourg offers strong client protection, price transparency, best execution, and tax transparency, all of which align with the high standards expected by our clientele. On the corporate banking side, the country's regulatory stability, solid legal system, and clear tax regulations play an equally significant role in attracting businesses looking for a robust financial hub.

Beyond these structural advantages, our experience in Luxembourg has been full of positive surprises. The country fosters a business-friendly environment, where financial sector players actively collaborate to enhance Luxembourg's global relevance. Authorities are accessible and open to dialogue, ensuring that industry perspectives are heard. On a personal level, Luxembourg's multicultural and international atmosphere makes integration seamless, offering a welcoming environment for expatriates and professionals alike.

However, Luxembourg faces challenges in attracting more institutions from our region, with visibility being the primary hurdle. Time and again, we've seen that when potential clients and stakeholders—from law firms to financial advisors and CFOs—learn about Luxembourg's value proposition, they are positively surprised. Yet, in many cases, it is their first time hearing about the financial centre. Enhancing awareness and engagement between key entities in both countries, including government bodies, regulators, and industry associations, will be crucial in strengthening these ties. Encouragingly, the growing presence of Brazilian players in Luxembourg is creating a positive momentum, an opportunity that Luxembourg should capitalise on.

The good news is that these **challenges are well recognised**, and structured efforts are already underway to address them. Organisations like Luxembourg for Finance are actively working to build bridges, and we are looking forward to a productive visit by HE Gilles Roth to Brazil in April. As Brazilian institutions, we have also increased our involvement within the ABBL, reinforcing our commitment to strengthening the financial ecosystem. Furthermore, regulators are focusing on enhancing their specialisation in Brazil, which will facilitate smoother dialogue between existing and prospective market participants.

With these initiatives, we are confident that the ties between Luxembourg and Brazil will continue to grow, unlocking new opportunities for financial collaboration.

02

Bringing our Mission to Life

The ABBL's mission is to promote the sustainable development of regulated, innovative and responsible banking services.

Simplifying the way we do things is essential to the success of our endeavours.

Today, it is one of the watchwords of the new European Commission.

The members of our Management Committee, each testify on one of the pillars of our mission.

Testimony Ananda Kautz

Simplifying Open Finance: Why FIDA Needs a More Practical Rollout

Enhancing financial services through digital transformation and data-driven business models, fostering transparency, innovation, and competition, while giving customers greater control and improved service offerings—who would not support such ambitions? These are the hopes behind the European Commission's Financial Data Access (FIDA) framework, proposed in June 2023, which is intended to pave the way for Open Finance.

However, a closer examination raises several concerns. **First, it is crucial to assess whether there is genuine costumer demand for such services from all impacted client segments**. Two years into discussions, stakeholders are still struggling to define viable business models, prompting doubts about whether this initiative is being driven forward without a clear path to widespread adoption. A more pragmatic approach would be to limit data categories to those with proven market relevance and prioritise individual customers, ensuring a targeted and demand-driven implementation.

The second major issue is cost. The European Commission estimates that FIDA's implementation will require an initial investment of €2.2 billion to €2.4 billion, with recurring annual expenses between €147 million and €465 million. Financial industry players argue that these estimates fall short of reality. **Costs will vary significantly among institutions, depending on the level of standardisation and digitisation of their customer data.** For those with less digitised systems, the financial burden could be far higher, potentially deepening the divide between large institutions and smaller players. This, in turn, could accelerate market concentration, reducing choice for consumers.

Even for the largest banks, **FIDA presents a dilemma of opportunity costs**. After two years of increased profits driven by the European Central Bank's rate hikes, financial institutions are entering a new phase where profitability pressures will mount. This raises a critical question: where should they allocate their resources? Mandating FIDA could redirect investment away from initiatives with a more immediate impact on customer service, such as AI-driven innovations, potentially slowing down advancements that directly enhance the banking experience.

Moreover, the companies best positioned to benefit from this new framework are likely to be large technology firms—often non-European— that operate with far fewer regulatory constraints than traditional banks. This raises a fundamental question for customers: **who do they trust more to safeguard and manage their sensitive data?**

Our mission is to promote innovative, responsible, and well-regulated banking services. That is why **we advocate for a reassessment of FIDA, ensuring a full evaluation—conducted in collaboration with industry stakeholders—of market demand, associated costs, and expected benefits**. FIDA, if implemented, a gradual and realistic timeframe shall be considered, aligning with the simplification efforts championed by the new European Commission.

“Stakeholders are still struggling to define viable business models.”

Ananda Kautz
Head of Innovation, Payments and Sustainability & Member of the Management Board.

Testimony Camille Seillès

“ABBL is committed to being part of the solution—not just through slogans.”

Camille Seillès
Secretary General & Member of the Management Board.

Europe Needs to Simplify!

This call for simplification does not come from the usual suspects—namely, representatives of the financial sector—but from Roberta Metsola, President of the European Parliament, who made this remark in January 2025 at the 75th anniversary of Deloitte Luxembourg, addressing a gathering of opinion leaders.

At the ABBL, we could not agree more. **European competitiveness is now a central topic, and administrative simplification has been identified as a key enabler**. The path forward seems clear—but we must still navigate it, overcoming the many obstacles in our way.

When it comes to simplification, **the ABBL is committed to being part of the solution—not just through slogans**, but with concrete proposals in key areas such as access to banking services, financing the economy, and financial stability.

The **complexity of opening a bank account** is more than an inconvenience—it is a barrier to financial inclusion, business development, and Luxembourg's appeal as a business hub. This complexity is closely tied to KYC regulations. By the way, while banking practices in Luxembourg have faced criticism in recent months, our industry peers across Europe confirm that this is not just a Luxembourg issue—it is a European one.

Meanwhile, the European Banking Authority (EBA) is working on the draft technical standards (RTS) on customer due diligence under **the new AML/CFT package**. Ongoing consultations may constitute a clear opportunity for simplification of current obligations, notably, just to name an example, as regards subsidiaries of listed companies and public entities. Additionally, we should explore whether public registers are being used to their full potential and whether greater interoperability between public and private data could streamline the process. After all, should **Open Finance not be a two-way street?**

Europe is facing immense challenges on **financing the economy**: the energy and digital transition of businesses and society, and now, the pressing need to strengthen European defense capabilities—a challenge that, incidentally, raises difficult questions about the balance between our collective security and ESG principles.

Against this backdrop, Mario Draghi's report underscores the vital role of cross-border financial flows but also the limits of traditional bank financing. The solution? Greater mobilisation of private capital for forward-looking projects. However, **if the Retail Investor Strategy, just to take this example, is implemented in all its complexity, will it truly facilitate private investor access to financial markets?** Or could it have the opposite effect? Instead of erecting new barriers under the banner of investor protection—which remains a key issue for the ABBL—should we not be easing access to certain investment products?

Finally on the topic of **financial stability**: Financial stability in Europe is shaped by a complex set of prudential rules. The EU has in this context opted for full implementation of Basel III, ensuring that banks maintain sufficient capital and liquidity to absorb shocks. At the ABBL, we fully support these principles. However, other jurisdictions at the side of the EU and beyond have chosen to relax or forgo certain aspects of Basel III, raising questions about fair competition.

Moreover, Europe's latest banking package has assigned nearly 140 mandates to the European Supervisory Authorities (ESAs) for drafting additional Level 2 and 3 rules – which will imply at least 1000 pages of new regulation. Can we really call this "simplification"? **A regulatory pause seems necessary**—not only to assess the evolving financial landscape but also to observe how other financial centres are adapting.

This also raises a broader question: **Should financial regulators—such as the ESAs and national supervisory authorities—factor in competitiveness alongside financial stability?** The UK's Financial Controlling Authority (FCA) has already embraced this approach. It is perhaps time for European policymakers to follow suit.

Europe needs simplification—not just in words, but in action. The time for change is now.

Testimony Jerry Grbic

Simplification Should not Mean Diluting ESG

After multiple years marked by global crises, our industry must now identify new opportunities and navigate uncertainties brought by a rapidly evolving geopolitical landscape. **With regards to the sustainability transition our priority is to ensure banks have the right tools and information they need to finance a growing and greener economy.** The European Commission's Sustainable Finance Action plan of 2018 aimed to do just that. It paved the way for a bold regulatory strategy integrating ESG considerations across a broad range of rules applicable to banks, including MiFID or the CRD.

For this plan to work, however, **a reliable and expanding access to ESG data is an essential prerequisite**. Simplifying the rules must not be a step back in promoting long term sustainability. Costs can be saved, and resources otherwise dedicated to filling reports may be freed to focus on actual sustainable projects. However, this simplification should not come at the expense of accountability, transparency, or the progress that has been made in integrating ESG principles into the core of financial decision-making. Ensuring a regulatory framework, that enables the transition rather than hindering it, is critical.

The European Union's sustainable finance framework has been a cornerstone of its Green Deal ambitions. Last year, certain European Member States implemented the Corporate Sustainability Reporting Directive (CSRD), the first step to harmonise corporate reporting on environmental and social factors in Europe. Similarly, an ambitious new directive on corporate due diligence on climate and human rights, also came to fruition, as well as a milestone regulation creating a European Green bond standard.

However, 2024 also saw the renewal of the European Commission following the European elections in June. After an ambitious regulatory agenda to implement its Green Deal of 2019, the new Commission puts the European economy at the heart of its action. Two landmark reports on European competitiveness and the Single Market published last year stressed the need for simplified and harmonised rules to address market fragmentation and the need for bolstered investment in clean and digital technologies. The emergency to revive the EU's economy stressed by those reports and magnified by a change in the political landscape overseas has kickstarted a new effort to course-correct the EU Single Market

Recent proposals would change the rules on sustainability, aiming to reduce the reporting burden on companies by 25 to 35%. The new rules would also take better account of proportionality according to company size. This simplification effort also involves aligning definitions and assessment criteria, which will reinforce the adoption of sustainable finance in mainstream finance. **If executed correctly, these revisions could make sustainable finance more practical for a broader range of institutions.** However, if done hastily or without proper consideration, they risk undermining the progress already made.

Worse still, the current drive to rationalise obligations goes beyond the regulatory framework. Last year, flagship global net zero networks saw some of their largest signatories leave the initiatives. **While it is important to recognise the flaws of the current sustainable finance framework, we must also underline the remarkable collective efforts of our industry to put the existing rules into practice. Doing away with those rules may not be the most appropriate approach. Instead, we must strive towards a framework that is simpler, with a balanced number of requirements.** But it should also be more effective in redirecting capital towards the sustainable transition of the economy.

A clear political direction is now needed. **Simplification should not mean dilution.** If the EU is serious about maintaining its leadership in sustainable finance, it must ensure that changes to its regulatory framework maintain coherence with long-term climate and social objectives. Simplification should be about improving efficiency—eliminating redundancies and contradictions.

The financial sector has already invested heavily in adapting to the new sustainable finance regulatory environment. Investors and banks have built reporting and risk assessment processes around these rules, and companies have started integrating ESG metrics into their strategic decision-making. A rapid and significant change in regulation could introduce uncertainty and potentially slow the momentum of ongoing sustainability efforts among financial actors. This may lead not only to a fragmented regulatory landscape but also to challenges in maintaining credibility. **To effectively support sustainable investment, banks and businesses need a stable and predictable policy environment.**

The EU has the opportunity to refine its regulatory framework to support a more sustainable and competitive financial sector. However, any changes must be guided by a clear long-term vision, ensuring that sustainability remains central to the future of European finance. Otherwise, we risk taking two steps back just when the momentum for sustainable finance is finally gaining ground.

"To effectively support sustainable investment, banks and businesses need a stable and predictable policy environment."

Jerry Grbic
CEO & Head of the Management Board.

03

Responding to Transversal Challenges

An increasing number of topics relevant to the banking sector are interdisciplinary.

Over the course of the year, ABBL experts collaborated with our members and external stakeholders to address the challenges presented.

Luxembourg's Competitiveness and Attractiveness

Collaboration between the public and private sectors to ensure the sustainability and continued growth of the financial sector is a hallmark of our financial centre and a key driver of its success. Recognising this, the Minister of Finance, upon taking office, sought to enhance the role of the Haut Comité de la Place Financière (HCPF) as a hub for innovation and ideas by reforming its operational framework.

The ABBL fully supports this initiative and is committed to contribute to relevant workstreams at the level of the HCPF.

In particular, the ABBL is bringing forward measures such as the necessary modernisation of credit law in order to consolidate the position of Luxembourg law as a benchmark for international financing, as well as measures aimed at facilitating the creation of companies, improving the tax regime for business transfers and introducing into Luxembourg law a structure dedicated to the governance of transfers and devolutions. On the tax front, discussions are also focusing on the introduction of optional VAT on payment services. The usefulness of extending the regime for sub-funds in UCIs and securitisation vehicles to other investment vehicles was also put forward, among other proposals aimed at completing the Luxembourg toolbox.

Finally, the ABBL has been instrumental in the definition of the IA strategy for the financial centre, which was presented to the Minister in March 2025.

Talent Attraction

Attracting the talent essential for delivering the high-quality service bank customers deserve, driving innovation, combating fraud and organised crime effectively, and ensuring compliance with regulations is one of the banking sector's foremost challenges. In response, the ABBL's Board of Directors has called for intensified efforts in this area. To meet this challenge, we have developed a strategy anchored on **three key pillars: Promotion, Education and Training, and Advocacy**.

Under the banner of **promotion**, we have strengthened our collaboration with Luxembourg for Finance, particularly through our programme of visits to international university campuses. Additionally, a dedicated platform for job and internship opportunities has been launched on the www.abbl.lu website. A comparative study has also been initiated to analyse occupational profiles in Luxembourg in relation to other financial hubs.

In the realm of **education and training**, the ABBL is working closely with the University of Luxembourg and the House of Training to ensure that educational and professional development programmes align with industry needs and the aspirations of emerging talent. We are also expanding these offerings. For example, preparations are underway for the inaugural ABBL Summer Masterclass, set to take place in the summer of 2025. This initiative will provide students specialising in Finance, Economics, and Wealth Management at the University of Luxembourg an opportunity to grow their professional networks within the Luxembourg financial ecosystem. The ABBL is also involved in Luxembourg's efforts to attract renowned international business schools to our country.

Lastly, the ABBL is engaged in **advocacy efforts** aimed at implementing measures to attract and retain talent. These include introducing a new expatriate tax regime, enhancing profit-sharing bonuses, offering a special bonus for young employees, and establishing a new overtime tax credit for cross-border workers. All these proposals have already been adopted by the government. Our current efforts to modernise employment law and the internship regime should also be seen in this context.

Housing Support

Access to affordable housing is a legitimate concern on the part of our fellow citizens. The housing issue is also closely linked to another crucial challenge, that of Luxembourg's ability to attract the talent needed to support our country's economic development. In fact, **the shortage of affordable housing is the main deterrent to young talent and qualified professionals deciding to settle in Luxembourg**. Furthermore, the recent real estate crisis in the country has exacerbated the structural imbalance between high housing demand and limited supply, with a near standstill in new construction worsening market stress. This crisis risks spilling over into the construction sector, threatening hundreds of businesses, thousands of jobs, and the financial system due to potential loan defaults and bankruptcies. Additionally, the potential loss of skilled workers to other countries could leave the sector ill-equipped to meet demand once the crisis subsides, hindering long-term recovery.

As part of its mission and strategic pillars, the **ABBL has been proactively addressing challenges in the residential housing sector well before the current crisis**. Through thought leadership and advocacy, the ABBL engaged with the Systemic Risk Committee and the CSSF as early as 2020 to adapt the regulatory framework for bridging loans, achieving significant improvements in 2023. In October 2023, during legislative elections, the ABBL proposed recommendations to revitalize the housing sector, many of which were adopted and implemented by the government.

The ABBL also facilitates collaboration among stakeholders to drive every actionable solutions aimed at bringing new housing onto the market. It participated in the 2023 national housing meeting, contributing to the government's action plan. The ABBL is coordinating communications for SPV Prolog Luxembourg S.A., a vehicle established by five banks to market under-construction homes, potentially delivering 800 to 1,300 new housing units. Moreover, it collaborates with the Chambre immobilière to promote transparency through the aides.lu website and supports the development of a quality charter for real estate developers.

Additionally, the ABBL supports the American Chamber of Commerce's (AMCHAM) micro-housing project for young professionals, viewing it as an innovative pilot. We have also initiated discussions on our own public-private partnership with the same objective.

Fraud Prevention

Significant progress has been made in the fight against financial fraud, including several key initiatives: the **extension of Worldline's 24/7 Hotline 491010**, which now allows customers of certain banks to block their LuxTrust certificates; the **transition from the LuxTrust token to LuxTrust Mobile**, offering a more secure authentication solution; and the preparation for the implementation of **Verification of Payee** due in October 2025, aligned with the Instant Payments Regulation. Additionally, the forthcoming PSR is expected to enhance information sharing on fraud, further bolstering best practices in combating financial crime.

The ABBL has been instrumental in coordinating and supporting these efforts through various forums, such as the cybersecurity working group and the anti-phishing task force. These groups have played a critical role in guiding the market toward implementing these measures effectively.

In December 2024, the ABBL, its Foundation and the House of Cybersecurity, spearheaded the creation of an ad hoc **national task force** to tackle online fraud. Key stakeholders, including the CSSF, BeeSecure, and the Institut Luxembourgeois de Régulation (ILR), have already joined this initiative. One of the task force's first major achievements is expected to be the launch of a national awareness campaign in 2025, aimed at educating the public and enhancing vigilance against online fraud.

Collective Bargaining Agreement

On 1 August 2024, the ABBL and trade union representatives from ALEBA, OGBL and LCGB reached an agreement on the collective bargaining agreement for the Luxembourg banking sector for the period 2024-2026. The social partners have revised certain provisions of the outgoing agreement in order to create a favourable environment for bank employees to cope with changes in the industry, but also to make the banking sector more attractive and thus contribute to its sustainability and future growth.

The new collective bargaining agreement includes

- An exceptional bonus of EUR 500 for all employees, payable in 2025.
- Increase in the loyalty bonus.
- Discretionary envelopes to be distributed for 2024 (1%), 2025 (0.5 %) and 2026 (1%) to reward employee commitment.
- Increase in starting amounts and thresholds for the 4 groups.
- Increase in the presumption of acquisition of skills.
- Introduction of a minimum budget for outplacement training of EUR 5,000 (with a maximum of EUR 8,000).
- 10% increase in the annual training budget.
- Allocation of an individual training allowance of at least 16 hours per year.

Elisabeth Franssen
Legal Adviser.

Interview Myriam Sibenaler

What were the major challenges when it came to discussing this new collective bargaining agreement?

The evolution of banking services has accelerated in recent years, requiring bankers to acquire new skills to navigate an ever-changing environment. Among the main challenges is the transformation of client expectations, with a growing demand for more accessible and transparent services. At the same time, the integration of digital technologies and artificial intelligence is disrupting traditional practices by automating certain tasks while enhancing service personalisation. Banks must also contend with increasingly stringent regulations, which demand heightened vigilance in compliance and risk management. The competition from fintechs adds further pressure by driving innovation and diversification in banking offerings. Moreover, the growing risks of cyberattacks and online fraud require significant efforts to strengthen security and protect clients. In this context, Luxembourg's banks face a triple challenge: attracting talent, training them effectively, and retaining them in an increasingly competitive market where qualified human resources are becoming scarce. **This environment called for an adaptation of the collective bargaining agreement in order to maintain a competitive position and meet market expectations.**

What does this new agreement focus on?

Training is essential for the employability of employees in the banking sector, as it enables them to acquire the skills they need to adapt to technological and regulatory changes and to new customer expectations, thus ensuring their relevance and competitiveness in the job market. The new collective bargaining agreement provides for a number of advances in this context. For example, **the budget earmarked by the banks for training has been increased by 10% for the 2024-2026 financial years**. In addition, **each employee covered by the agreement will receive an individual training allowance of a minimum of 16 hours per year** (excluding compulsory and reorientation training). Generally speaking, the provisions on employability have been drafted in such a way as to emphasise the joint commitment of the employee and the employer in this area.

It was essential that the new agreement rewards the loyalty and commitment of those on whom the success of each company depends, namely its employees. As a result, the loyalty bonus has been raised, the starting and scale thresholds have been increased, and the budget that banks devote to rewarding their deserving employees has been revised upwards. In addition, a one-off bonus was negotiated when the new agreement was signed. It was paid in January 2025.

Finally, **the balance between private and professional life** was also an important point in the discussions. A new chapter has been created in this respect and each company is encouraged to implement flexible working options tailored to the specific needs of the business and its employees.

Myriam Sibenaler
Head of Human Resources.

Bank Account Opening

The creation of new businesses is essential to the dynamism of Luxembourg's economy and the prosperity of its inhabitants. Some 3,500 businesses are created every year in our country, and ABBL members, through the services they offer, are important partners for entrepreneurs. However, politicians and economic players have recently raised concerns about the difficulties encountered in opening professional bank accounts.

Three major challenges have been identified in this context: regulatory constraints, particularly as regards KYC obligations, the **complexity of certain legal structures** and, finally, the **partial view of the range of banking services available** in Luxembourg.

Together with its members and partners, the ABBL has acted on all three fronts by acting as a facilitator between supply and demand, launching educational initiatives and stepping up training efforts:

- **A list of specialised contact persons** within banks and other banking service providers in Luxembourg which are potentially interested in integrating specific business segments has been drawn up and made available on the ABBL website.
- **Training courses for bankers and compliance officers**, particularly as part of their certification, have been developed or strengthened in cooperationwith the House of Training.

- The ABBL, with the input of the CSSF, has launched the **publication of a series of practical guides.** These guides have been developed in collaboration with the main banking institutions operating in Luxembourg and the CSSF. They define a **market standard** for the documentation and information required by banks, thus providing companies with a reliable resource to prepare themselves effectively. These guides include: step-by-step guidance on meeting the minimum requirements for opening an account; a checklist of necessary documents, such as company identification, shareholder information, and beneficial ownership details; as well as explanations of regulatory requirements, helping business owners understand the reasons behind the information requirements. A first guide targeting commercial businesses was published in December 2024. Others aimed at trusts and private patrimonial foundations, non-profit associations, co-ownership syndicates and investment funds will be issued in 2025.

We also initiated a **constructive dialogue with the CSSF on the application of KYC requirements**. Useful clarifications regarding the onboarding of professional clients and the identification requirements with respect to intermediary companies have been obtained. Another step was the submission of **legislative proposals to enhance reliance on public registers**.

Mutualisation

The ABBL coordinated a group of 7 banks and LuxTrust which launched **a collaborative initiative to streamline compliance towards the Digital Operational Resilience Act (DORA)**. In 2024, the group defined compliance expectations, proposed contractual amendments, and facilitated the development of a common Due Diligence Questionnaire (DDQ). LuxTrust engaged actively, validating expectations and suggesting solutions. The initiative remains open to other financial institutions, with plans to expand to additional ICT service providers, standardise assessments, and explore joint audits, strengthening Luxembourg's financial sector resilience.

Currently, the ABBL is also facilitating a **mutualisation project on sustainable finance**. For transparency and risk management purposes, banks must collect ESG related information from their SME clientele which involves a significant administrative burden for these firms, let alone the banks themselves. In response, our members mandated the ABBL to explore the creation of a mutualised ESG data hub for financial institutions.

In 2024, via a dedicated ESG Data Taskforce composed of 6 member banks, the ABBL coordinated the drafting and the issuance of a Request for Proposal to seek a technical solution to facilitate the collection and sharing of SME data on ESG. The ABBL and its members are now evaluating the proposals received to identify a suitable solution to proceed with the technical project.

04

Advocating our Members' Interests

The ABBL's main mission is to put forward the interests of its members on national, European and international level. Thereby, we contribute to defining a regulatory framework that offers a healthy balance between investor and consumer protection, financial stability, and the fight against financial crime, but also provides the necessary space for banks and other financial institutions to innovate and develop successfully and sustainably.

In this context, we are also committed to foster a level playing field between traditional players and new entrants, as well as between financial centres within and outside the EU.

Dedicated subject-matter experts within our regulatory affairs, digital and innovation, and sustainability units in Luxembourg as well as our team in Brussels are undertaking related advocacy work.

Advocacy at European Level

The European Affairs team, based in Brussels, represents the interests of the ABBL towards the EU institutions and monitors developments at EU level of topics of importance to ABBL members. The representation was set up in 2006 as a shared office with ALFI. Since 2022, the office also represents the interests of the Luxembourg Insurance and Reinsurance Association (ACA). The Brussels Office now includes three professional lobbyists as well as an intern that all work for the ABBL, ALFI and ACA. All three associations are registered with the European Transparency Register.

The Brussels representation office organised several meetings with the Head of the European Stability Mechanism (ESM), representatives of the European Commission, Ministries of Finance of various EU Member States, key Members of European Parliament, representatives of the European Supervisory Authorities as well as with the Luxembourg Ambassador Permanent Representative to the EU.

Moreover, many ad hoc meetings have been held with various EU decision makers and stakeholders on topics such as the Savings and Investment Union, the Retail Investment Strategy, the Digital Euro, Financial Data Access, the Payment Services Directive / Regulation and crisis management and deposit insurance issues.

Our **advocacy activities** contribute to informed decision-making by elected and appointed public officials. In fulfilling this role of our association, we recognise our responsibility to carry out our lobbying missions in an ethical and transparent manner.

Antoine Kremer
Head of European Affairs.

2024 European Elections

Financing sustainable and digital transition, reindustrialisation, strengthening Europe's resilience and competitiveness... at a time when our continent's future and independence are at stake, the financial sector, with the Luxembourg financial centre at its heart, plays a key role in meeting the challenges our continent is facing.

As the vast majority of legislation applicable to the financial sector either comes directly from Brussels or originates there, it is more crucial than ever that the Luxembourg voice is heard on EU level and in the parliamentary committees.

In cooperation with ACA and ALFI we prepared a joint Manifesto in view of the 2024 European elections.

The text highlights issues that could reduce the financial centre's capacity to fully support the development of the European economy, such as protectionism in the Internal Market, limits to the EU's Open Strategic Autonomy, the risks implied by a centralised EU supervisor for investment funds or qualified majority voting in tax matters. It also emphasised the role that the Luxembourg financial industry could play in areas such as the sustainable and digital transformation of Europe's companies.

This joint manifesto was presented to Luxembourg's political parties during the election campaign and meetings were held with elected Luxembourg MEPs, MPs, candidates and party officials.

Legal, Regulatory & Tax Topics

Banking regulation

Capital Requirements Regulation (CRR3) and Directive (CRD6) banking package

The CRR3 / CRD6 banking package, which finalises the EU's implementation of the Basel 3 reform, aims to **enhance financial stability through stricter capital requirements**. It particularly implements a series of new prudential treatments, notably by deploying stricter and more risk-sensitive standardised approaches for credit, market and operational risk, while imposing new restrictions on the use of internal models.

The CRR3, as an EU regulation, is applicable since 1 January 2025, while the CRD6 will follow the usual process of transposition into the national laws of EU Member States, by 10th January 2026 at the latest.

In this context, **the ABBL has responded to five EBA consultations** specifying provisions of the CRR3 on operational risk, the treatment of loans to real estate developers and the prudential recognition of completion guarantees (garanties d'achèvement). Our experts highlighted that this regulation could pose significant organisational challenges for some banks and constrain their ability to lend, thereby impacting critical sectors like real estate development and innovation financing. In particular, CRR3 could raise costs for certain types of credit, create additional strains, as capital reserves would need to be increased and compliance could be complicated through the introduction of an output floor.

Another ABBL success was the **contribution to the effective transposition of the new Third Countries regime**, to be specified and compatible with some business models.

Marilyn Rinck
Senior Adviser - Financial Markets.

Financial markets

Investor protection

The ABBL believes that the existing EU retail investor protection framework provides a solid basis to protect retail investors when investing in capital markets. However, the fragmentation and the complexity of the investor protection rules across a multitude of legal texts as well as the lack of alignment of the rules entails that some of the rules are difficult, if not impossible, to be applied by professionals and understood by consumers. Furthermore, public authorities need to increasingly focus on the improvement of retail investor financial literacy, namely through the promotion of financial education accessible to the general population.

The adoption of the Retail Investment Package, agreed by the Council of the European Union in June 2024, has sparked concerns among industry experts. The ABBL pursued its advocacy efforts towards the adoption of favourable amendments to these texts, notably achieving a review of opt-up conditions for retail investors to be included, the upgrade from retail client to professional investor status to be facilitated and a ban on inducement avoided, all of which would have hindered market efficiency and limited access to investment opportunities for retail investors.

Lombard loans and covered bonds

Lombard loans are frequently used as a financial product in the context of private banking and wealth management activities. They are defined as loans collateralised by securities pledged for the benefit of the lending institution, which may enforce the pledge and sell the collateral in the case of a breach of the terms of the loan agreement by the borrower. Against this background, the ABBL has successfully advocated to **make the specificities of Lombard loans recognised** by the CSSF when implementing the EBA Guidelines on Loans Origination and Monitoring.

The ABBL has also advocated towards the Ministry of Finance for amending the Luxembourg law on covered bonds in a more favourable direction for issuing banks. The modifications provide a series of clarifications and useful details on the calculation of the limit on the volume of covered bonds issued, the alignment of the law with European Directive 2019/162 and the valuation of real estate used as security. The draft bill has been voted end of December 2024.

Shortening Settlement Cycle (T+1)

The European Securities and Markets Authority (ESMA) has proposed a move to a T+1 settlement cycle for EU capital markets, with the transition targeted for the fourth quarter of 2027. **This proposed shift means that securities transactions would be settled one day after the trade, compared with the current two days**. It also should reduce settlement risks, improve liquidity and streamline operations for investors and financial institutions alike. The authority's objective is to promote the overall resilience and efficiency of the European Union's financial infrastructure and more broadly to foster market integration and support the Savings and Investment Union.

During the consultation process, the ABBL together with its members had highlighted that while this transition was essential for Europe to maintain its competitive edge and attractiveness, **a switch to T+1 settlement needs to be orchestrated at European level and applied in the same manner by all European market participants** with the help of regulators and industry participants. The biggest hurdle being not the settlement itself, but rather the need to streamline and automate upstream procedures.

The ESMA has published in November 2024 its recommendation, by **targeting 11 October 2027 as the optimal date for the transition to T+1 in the EU**. To orchestrate this significant change, a new governance structure has been established, including an Industry Committee and a Coordination Committee.

In the coming months, key milestones shall include technology upgrades, stakeholder engagement, and regulatory harmonisation. The ABBL is closely monitoring and actively participating to ensure that Luxembourgish eco-system is duly considered and represented in the ongoing deliberations.

This coordinated effort underscores the commitment of the industry and regulators to ensure a smooth transition to the T+1 settlement cycle by the target date.

Taxation

FASTER

On 10 December 2024, the Council of the European Union formally adopted the Directive for Faster and Safer Relief of Excess Withholding Taxes (“FASTER Directive”).

This directive seeks to streamline withholding tax procedures across the EU, benefiting cross-border investors, national tax authorities, and financial intermediaries alike.

The introduction of more efficient withholding tax procedures on cross-border securities income yielding genuine simplifications both for investors and paying agents is a long-standing priority of the ABBL.

There are broadly three key building blocks to the Directive:

- A common EU digital certificate of tax residence (eTRC).
- Two “fast track” procedures to complement existing standard refund procedure.
- A standardised reporting obligation.

We organised a joint event dedicated to FASTER with ALFI and with the participation of the EC to provide an overview of the FASTER directive to members followed by an exchange of views about the impacts of FASTER for intermediaries in charge of withholding tax procedures and for investment funds.

While this Directive represents a significant step towards more unified withholding tax procedures that should ultimately benefit investors, **there are also challenges for financial intermediaries in meeting their compliance obligations with FASTER**. In this respect, the ABBL is of the opinion that the obligations vesting to financial intermediaries under the Directive at hand and related liabilities must not outweigh the benefits attached to the contemplated “fast track” procedures.

In this context, the ABBL has joined the Large group and one of the working groups set up by the European Commission on FASTER. We also regularly provided comments in the context of the EC’s preparation of guidelines in connection with the FASTER directive either directly or indirectly via the European Banking Federation.

Laetitia Carroz
Senior Adviser - Tax.

VAT

Director Fees

Following the decision of the Court of Justice of the European Union ('CJEU') of 21 December 2023 on the VAT treatment of directors' remuneration, in most cases remuneration paid to directors based in Luxembourg or abroad are no longer subject to Luxembourg VAT.

This decision has important consequences insofar as our members, whose right to deduct is nil or limited, have incurred a non-deductible input value-added tax (VAT) cost on the remuneration paid to their directors.

The ABBL has worked closely with the Luxembourg indirect tax authorities ("AED") to notably (1) clarify the modalities of regularisation of input VAT and self-assessed VAT to be performed by concerned members, (2) to address specific cases such as situations where directors are not able or are unwilling to request a VAT refund and (3) to ensure effective recovery of the VAT unduly collected beyond statutory limitation rules.

The authorities have introduced a simplified recovery procedure and the ABBL is following closely its implementation with its members.

VAT on Financial Services

The European Commission is carrying out a study on the Taxation of the financial sector. The purpose of this study is to evaluate the potential problems arising from the current VAT for financial and insurance services and the uncoordinated national sectoral taxes such as Insurance Premium Taxes, Financial Transaction Taxes and recently introduced 'windfall taxes' on bank profits.

In this context, the ABBL has provided input, directly and indirectly via the EBF, to the consultants mandated by the European Commission for this purpose.

We strongly support the VAT exemption on financial services regime. Meanwhile, current VAT exemptions in the financial sector have to be clarified and modernised and options provided by the Directive have to be removed to ensure harmonisation between Member States.

However, the update and the harmonisation of the definition should not lead to a reduction of the scope of the exemption and business input should be taken into consideration within the elaboration of the related guidelines.

We also support:

- the (re-)introduction of the cost-sharing arrangement for the financial sector;
- an option to tax for payment services (flexible option);
- a VAT group that could be implemented on a cross-border basis.

Sectoral taxes are a distorting factor. Their extension at European and national levels should be avoided, given their impact on banks' ability to absorb losses.

In addition, the introduction of sectoral taxes at EU or at national level will compromise the ability of European banks to compete globally and to finance the European economy.

This could also result in higher costs for the final consumer as the final cost of a new tax may be borne by the customer and third country provider will have thus a competitive advantage in comparison with EU- based banks.

Final report is expected for end of 2025.

Exchange of Information

EC Public Consultation on the Directive on Administrative Cooperation (DAC)

Council Directive 2011/16/EU Directive on Administrative Cooperation in the field of taxation, otherwise known as DAC, lays down the rules and procedures for effective cooperation between Member States' tax authorities in the field of direct taxation.

The Directive establishes a legal framework of instruments for the exchange of tax information upon request and exchanges which occur either spontaneously, systematically, or automatically (AEOI).

Article 27 of the DAC stipulates that the Commission must submit a report on the application of the DAC to the European Parliament and to the Council, every five years. As part of the process of the second evaluation of the DAC, the EC launched a public consultation.

The ABBL has submitted its feedback in response to the European Commission's public consultation on the DAC.

In this context, we recognise the significant steps the European Union has taken to create a comprehensive framework aimed at enhancing tax transparency and fostering international cooperation. However, **we emphasise that the obligations regarding the exchange of information must remain proportionate, coherent, and harmonised**.

The EC published a Factual Summary Report on Public Consultation on 18 December 2024. A final report detailing the conclusions drawn on the second DAC evaluation is due to be published in 2025.

Active Cooperation with the Union des Entreprises Luxembourgeoises (UEL)

As tax issues are often intrinsically cross-cutting for the private sector, the ABBL actively participates in the work of the UEL on issues such as the impatriate regime, the profit-sharing bonus, teleworking, investment tax credits, VAT on company cars, etc.

Anti-Money Laundering / Countering the Financing of Terrorism

EU AML /CFT Package

The long-awaited AML/CFT package was eventually adopted in June 2024 after three years of negotiations. The EU's aim was to **harmonise certain fundamental principles of the current framework, and to address the shortcomings identified in recent years**, notably by strengthening communication and coordination between the private sector and the public authorities.

For the ABBL it is of utmost importance that this new package, especially the draft (EU) AML Regulation, should create a level playing field between all financial actors in the EU in the application of their AML/ CFT obligations. As such, national legislators should not aim to go beyond the future harmonised EU rules by adopting additional specific rules on top of those provided for in the AML Regulation. This would indeed further confuse future EU standards and lead to potential divergences in AML/CFT professional obligations between Member States, as well as undermine the global level playing field and thus put European companies at a disadvantage compared to the rest of the world.

To create and maintain this level playing field, we have sponsored legislative amendments with the European Parliament and continuously liaised with representatives of the Ministry of Finance as well as the European Banking Federation to avoid increased requirements at national level and ensure full alignment with the global standards.

The ABBL is committed to assist members in the implementation of the new EU AML rulebook and is actively engaging into advocacy at EU level in the context of the development of underlying regulatory technical standards.

Public-private partnership with the CSSF and the Luxembourg FIU

In order to further strengthen their collaboration in the fight against money laundering and the financing of terrorism, the ABBL, the CSSF and the Luxembourg FIU have put in place a Public Private Partnership in 2022.

The scope of this partnership has been expanded in 2024 with the **creation of a new workstream between the ABBL and the Luxembourg FIU on standardised suspicious transactions reports. This new workstream aims at establishing a single transaction number with a view to standardise reports in suspicious transactions across the EU.** It also precedes the EU Authority for Anti-Money Laundering and Countering the Financing of Terrorism's (AMLA) work on technical standards specifying the format to be used for the reporting of suspicions and for the provisions of transaction reports on which drafts are expected in summer 2026.

Still in the context of this public-private partnership, **a dedicated workshop was organised with the CSSF to discuss various points of attention identified by members under the EU Instant Payment Regulation (IPR) as regards the interaction of the later with EU sanction screening requirements**. This workshop resulted in the production of a Q&A document with a view to crystalise common practices across the market to ensure consistency in the implementation of new requirements.

The ABBL is committed to address further the operational and regulatory challenges associated with the implementation of IPR with a view to maintain in the longer term a balanced approach that ensures both compliance with IPR and the safety of payment systems.

Jonathan Hug
Head of Legal, Tax and Compliance.

Banking and Financial Law

Modernisation of the Civil Code

The Ministry of Justice, with the support of the University of Luxembourg, has initiated the process of the modernisation the Civil Code. For that purpose, different workstreams and workings groups have been constituted to study the various possible modernising measures of the Civil Code and to prepare draft texts for legislative reforms, accompanied by explanatory statements and comments on the proposed changes.

The ABBL is currently contributing to two working groups:

- The one dealing with **prescription** has issued a draft proposal to the Ministry of Justice which will be used to present a draft law to the Parliament.
- The one dealing with the **reform of contracts** has undertaken significant works in 2024 to modify the relevant Civil Code provisions and it will continue its works in 2025 to issue a draft proposal by the end of the year if the agreed timeline is complied with.

The main points raised by the ABBL in these working groups are that freedom of contracts shall remain a general principle of Civil law and that prescription provisions may remain negotiable to address the parties' specific concerns.

Sustainable Finance

Corporate Sustainability

CSDDD Final Directive 2024/1760

In April 2024, the EU struck a deal on the Corporate Sustainability Due Diligence Directive (CSDDD), a milestone legislation which will require large companies to monitor human rights and environmental standards in their value chains. Banks and financial institutions ended up partially included in the deal. Whether due diligence obligations will apply to financial services will be reviewed by July 2026. Notwithstanding this assessment, banks will have to implement concrete decarbonisation plans and ensure their internal operations comply with social and environmental standards.

EU Member States must transpose the directive into their national laws by July 2026. In the meantime, **the ABBL remains committed to promoting responsible business in our sector**. Our ABBL code of conduct includes a specific commitment for our members to consider environmental and human rights aspects in their business strategy and decisions, and our Corporate Sustainability Working Group is developing specific guidance as part of the ABBL's practical guide on corporate social responsibility.

Thomas Collin
Adviser - Sustainable Finance.

Law Bill 8370 Transposing the CSRD into National Law

In March 2024, law bill 8370 transposing the Corporate Sustainability Reporting Directive was submitted to the Luxembourg Parliament. Earlier in January, the ABBL had provided its comments on the draft version of the bill, calling for **a more precise scope, better coherence** with the Luxembourg accounting legal framework and **further clarity** in the exemption regime, which were reflected in the final version of the bill submitted to the Parliament.

Though the transposition deadline was set on 6 July 2024, Luxembourg was yet to formally adopt the bill of law as of 31 December 2024.

Towards a Simplification Omnibus?

On 26 February 2025, the European Commission adopted a proposal simplifying sustainability-related EU legislation. The proposed changes to the CSRD would limit reporting requirements to large undertakings with more than 1,000 employees, thereby removing 80% of companies of its initial reach. The changes would still allow for voluntary reporting for those firms outside the revised scope. As for the CSDDD, it would see its transposition deadline postponed by one year to July 2027, with the first application phase deferred to 2028. The due diligence obligations would also be simplified with a focus on direct business partners and streamlining stakeholder engagement requirements. **Changes to the EU Taxonomy would reduce the number of data points and introduce a materiality threshold exempting companies with less than 10% eligible economic activities from mandatory reporting.**

ESG Risk Framework

EBA's Consultation on Draft Guidelines on the Management of ESG Risks

On 18 April 2024, the ABBL submitted its response to EBA's consultation on ESG risk management guidelines. **The ABBL welcomed the EBA's efforts and objectives while emphasizing key considerations to ensure the guidelines are effective, practical, and aligned with the needs of banks.**

The EBA guidelines, published in January 2024, focus on identifying, assessing, managing, and monitoring ESG risks, as well as integrating these into prudential transition plans under the Capital Requirements Directive (CRD VI). In our response, **we stressed the importance of a risk-based approach to ensure proportionality and flexibility**. This approach allows banks to set targets, metrics, and risk management tools tailored to their strategies, commitments, and specific profiles.

We also called for greater clarity to avoid misinterpretation of overlapping regulatory expectations. Ensuring consistency across various regulations and publications was highlighted as crucial to help banks navigate their obligations effectively. Additionally, while we appreciate the flexible approach regarding CRD transition plans, we urged further clarification on the articulation between CSRD and CRD plans and their implementation within overall strategies.

Given the evolving methodologies for ESG risk management and the regulatory burden on banks, **we recommended a phased implementation approach**. This would allow institutions sufficient time—at least two years—to adapt to the guidelines' complexity, considering their interdisciplinary nature involving data, IT, strategy, and risk processes. We also requested clearer timelines for the entry into force and application of the guidelines to ensure a smooth transition.

Alexandre Dias
Adviser - Sustainable Finance.

Payments

Payments Package (PSD3/PSR)

In 2007 the Payment Services Directive (PSD) saw the initial **emergence of the protection of consumers' rights in payments**. It also introduced the obligation to disclose all charges on the way from the payer to the beneficiary and the limitation of payment execution times. In 2018-2019, PSD2 paved the legal road for 3rd-party-providers and introduced the implementation of two-factor Strong Customer Authentication (SCA). In June 2023, the EU Commissions proposals on Payment services and financial data access foresaw two distinct legislative acts:

1. A Payment Services Directive (PSD3) containing rules concerning licensing and supervision of payment institutions.
2. An accompanying Payment Services Regulation (PSR) containing rules for payment service providers providing payment and electronic money services.

The texts pursue six main objectives: combat and mitigate payment fraud, improve customer rights, enhance equality between banks and non-banks, upgrade the functioning of open banking, improve the availability of cash in shops and strengthen the harmonisation within the EU.

The ABBL responded to the European Commission's "Have-Your-Say" on the Payments Package proposal and actively contributed to various EBF positions and other countries' non-papers. We also had direct contact with the Finance Ministry to support the view of the Luxembourg community.

While supporting the aim of the Payments Package, we nevertheless gave voice to certain concerns on the applicability of the texts (attention was brought to the implementation period of at least 24 months), uncertainties about demarcation between the Package, evolutions in Open Banking and GDPR. We also covered the topics of user needs and innovation, market, consumer protection, secure payments and the costs and benefits of PSD3/PSR.

While the European Parliament has already adopted its position, the Council still has to finalise its own. **Our advocacy efforts will continue and focus on regulatory efforts on how to integrate platforms and telcos in the fight against payment fraud and the issue of banks' liability concerning certain types of fraud** (a need for clarity regarding the responsibilities of different entities in the financial ecosystem).

The Luxembourg banking community is actively discussing the extent to which co-operation against fraud can be extended to all parties involved. After all, fraud can only be reduced through intensive and timely cooperation between all stakeholders.

Instant Payments

On 26 October 2022, the European Commission proposed a new regulation aimed at making instant payments (IPs) available across the EU. The proposal mandates that all payment service providers (PSPs) offering credit transfers establish systems enabling their customers to send and receive instant payments through all payment initiation channels. Instant payments are defined as credit transfers executed immediately, 24/7, on any day of the year.

The regulation is being rolled out in two phases, beginning with incoming SEPA credit transfers. Since 9 January 2025, PSPs are required to process incoming SEPA credit transfers instantly, around the clock. The second phase, focusing on outgoing instant payments and implementation of Verification of Payee, will follow as of 9 October 2025. These milestones represent a significant stride toward the EU's vision of faster, more efficient payment systems, unlocking opportunities for innovation such as enhanced digital wallets, real-time lending, and seamless cross-border payments.

However, **this transition poses several challenges for banks**, including:

- Upgrading legacy systems to support real-time processing.
- Managing liquidity continuously, especially outside regular business hours.
- Ensuring real-time compliance with AML/ CFT regulations.

These challenges, among others, were highlighted as part of our contributions to the EU Commission's Q&A sessions, various EBF positions, and our response to the EBA's consultation on reporting standards. We also collaborated with the Ministry of Finance to review the draft national law addressing this topic.

The ABBL has actively supported its members in adapting to these new requirements by:

- Hosting workshops and conferences to share expertise and foster collaboration among financial institutions.
- Offering technical guidance and assistance through its Instant Payments Task Force.
- Serving as Luxembourg's National Adherence Support Organisation (NASO) for SEPA schemes, helping PSPs navigate compliance obligations.

Bettina Helling
Adviser - Payments & Digital.

Payment preferences in Luxembourg 2024

Cash

29%

Access to cash has improved slightly in Luxembourg in contrast to the European average! More than a quarter of citizens (29%) finds the option to pay cash in a store very important.

Digital

95%

One can make cashless/digital payments almost everywhere in Luxembourg! 2024: with 95% now second highest in Europe compared to 2022 : 88%.

Peer-to-peer

1⁄3

One in three Luxembourg citizens uses a mobile payment app to pay another person.

Instant payment

72%

Instant payment is on the rise in Luxembourg with 72% of citizens having it available and 57% actively using it. This puts Luxembourg in 2nd place after the Netherlands.

Security

47%

Luxembourgers are security-orientated. 47% prefer to maintain a second authentication method and 25% like to use biometric identification.

Crypto-assets

+33%

12% of Luxembourg citizens own crypto assets, an increase of 33% compared to 2022.

Sources:

Survey on the payment attitudes of consumers in the euro area (SPACE), European Central Bank, 2024

20 EU countries participated in the study

>1,000 respondents in Luxembourg

Digital Euro

Payment preferences are evolving rapidly. The pandemic and the war in Ukraine have accelerated Europe's digital transformation and reinforced its drive for economic independence. Against this backdrop, the European Central Bank (ECB) has been working on the development of a Central Bank Digital Currency (CBDC) – the digital euro – since January 2020.

On 28 June 2023, the European Commission introduced a comprehensive package on the digital euro, comprising two interconnected proposals: one on the legal tender status of euro cash and another establishing the legal framework for a potential digital euro. The objective is to ensure citizens have two central bank-backed payment options: cash and digital currency.

The ABBL actively contributed to this dialogue by responding to various EBF position papers and assessing the feasibility of the digital euro for Luxembourg in terms of technology, costs, liquidity risks, and consumer protection. We also engaged in regular discussions with the Ministry of Finance to represent Luxembourg's perspective.

ABBL members recognise the value a digital euro could bring to individuals and merchants, particularly in specific use cases. As a cash alternative, it would be available at all times, even offline. Furthermore, private actors could leverage regulated digital euro solutions to develop innovations such as automated payments and machine-to-machine transactions.

We strongly advocate for an intermediated model for the digital euro, which minimises disruption to the European financial system. In this model, intermediaries would integrate digital euro accounts into existing user interfaces and payment methods, allowing consumers to access and manage their digital euro balances through familiar applications or platforms. European providers would be preferred for these services, ensuring local oversight and stability. Technologies such as NFC and QR codes could enable offline payments, while intermediaries would also carry out essential AML/CFT checks.

However, **successful implementation of a digital euro hinges on its design and adoption**. Without broad acceptance, the digital euro could face significant challenges. Poorly calibrated measures could negatively impact economic growth, reduce the availability and affordability of credit, and threaten financial stability.

In October 2023, the ECB transitioned to the preparation phase of the digital euro project, expected to last approximately two years. This phase will focus on finalising the rulebook and selecting providers to develop the necessary platform and infrastructure. The ABBL will continue its advocacy at both local and European levels, with particular attention on holding limits and keeping costs at manageable levels for all, customers, merchants and banks.

A low and stable holding limit is critical to maintaining financial stability. Such a limit should allow citizens to meet their daily payment needs without encouraging the digital euro to be used as a store of value. Excessive holdings could significantly impact bank deposits, liquidity positions, and the capacity of banks to lend to the economy, especially during times of market stress. This is the reason why the Luxembourg community has decided in favour of a 'start low, evaluate and adjust later if necessary' approach to holding limits.

Digital and Innovation

Digital Operational Resilience Act (DORA)

The DORA Regulation, applying from 17 January 2025, represents a major milestone in strengthening the European financial sector's cybersecurity and operational resilience. Since its proposal in September 2020, **the ABBL has been engaged in proactive advocacy on the subject and has supported its members in navigating this regulation, ensuring readiness for compliance while fostering a resilient digital environment**.

DORA establishes a unified framework to help financial entities withstand, recover from, and adapt to ICT-related disruptions. Its key objectives include enhancing transparency in ICT risk management, strengthening collaboration among financial institutions, ICT service providers, and supervisory authorities, and safeguarding financial stability and customer confidence. Aligned with broader EU initiatives like the NIS2 Directive, DORA acts as a lex specialis, meaning that it provides a sector-specific framework that minimises regulatory conflicts. The regulation also offers a framework to benefit from strategic advantages in terms of cybersecurity, including strengthened business continuity. DORA is expected to accelerate adoption of trusted ICT services in the financial sector, thanks to its clear vendor management guidelines. Financial entities can confidently engage with compliant ICT third party providers, who are increasingly adapting their services to meet resilience standards.

A dedicated survey conducted by the ABBL in 2024 unveils that despite significant progress, financial institutions face challenges such as delays in finalising EU regulatory and implementing technical standards, the complexity of overhauling processes, and compressed timelines. To address these, institutions are leveraging technology for tasks like incident reporting, though full automation remains difficult.

The ABBL has played a central role in facilitating DORA's implementation. Our efforts include advocating for practical and business-oriented regulations both at national and EU levels, guiding members through tailored resources and workshops, and fostering collaboration between regulators and financial entities. Specifically in 2024, the ABBL took part in ESAs consultations on the second batch of policy documents covering such key areas for banks as subcontracting ICT services supporting critical or important functions, reporting major incidents and significant cybersecurity threats including estimation of aggregated annual costs, threat led penetration tests, and harmonisation of conditions enabling the conduct of the oversight under DORA.

Furthermore, by **initiating mutualisation efforts** among key ICT providers and financial institutions, we aim to streamline compliance and ensure alignment with DORA's requirements.

DORA's focus on resilience has fostered unprecedented collaboration across stakeholders. However, further efforts are required to ensure seamless implementation. With its proactive approach, the ABBL continues to empower its members to embrace operational resilience as a cornerstone of success in a rapidly evolving digital landscape.

Markets in Crypto-Assets Regulation (MiCA)

The MiCA Regulation, applying from 30 December 2024, introduces significant changes to the financial sector by establishing uniform rules for crypto-asset issuers and service providers previously unregulated under other EU financial frameworks.

The ABBL is confident that MiCA will positively impact Luxembourg's crypto-asset sector, presenting opportunities for established financial institutions to innovate. MiCA provides a regulated framework for issuing and distributing new types of assets and offering related services, while addressing investor protection. A key feature is the introduction of a European passport for crypto-asset licenses, enabling streamlined operations across the EU without the need for multiple registrations. This opens doors for banks to offer crypto-asset services and conduct transactions with fully regulated counterparts across the EU.

Since the first publication of the MiCA proposal in September 2020, the ABBL with its Task Force "MiCA and DLT Pilot Regime" and the Working Group on "Distributed Ledger Technology and Crypto-Assets" actively participated in national and European levels advocacy on the subject. In 2024, the ABBL took part in five ESAs consultations on policy documents under MiCA.

Specifically, in response to the draft technical standards and guidelines, we supported ESMA's proposals and provided key clarifications, including custody responsibilities, the distinction between on-chain and off-chain executions, and the definition of "admitted to trading" for crypto-assets. Additionally, we recommended refining the Suspicious Transaction and Order Report (STOR) template to better reflect the specifics of crypto-assets.

On reverse solicitation guidelines, we endorsed ESMA's efforts to prevent circumvention of MiCA authorisation while calling for clearer definitions of terms like solicitation, advertisement, and promotion, and guidance on outsourcing crypto-asset services to third-country entities. Harmonised EU-wide implementation was emphasised by the ABBL to ensure competitive fairness.

Regarding the qualification of crypto-assets as financial instruments, we supported ESMA's flexible approach but highlighted concerns about legal ambiguity and high compliance costs. We urged ESMA to provide illustrative examples, harmonise practices under MiFID II, and clarify the treatment of hybrid tokens to avoid regulatory arbitrage.

The ABBL remains committed to assisting its members with the practical implementation of MiCA, ensuring they are well-prepared to navigate and benefit from the new regulatory framework.

Andrey Martovoy
Senior Adviser - Innovation & Digital.

Financial Data Access Regulation

The Financial Data Access (FIDA) regulation proposal, introduced by the EU Commission on June 28, 2023, **aims to enhance financial services by encouraging digital transformation and data-driven business models**. It requires EU financial institutions (data holders) to provide access to customers financial data upon their consent, to other financial institutions (data users), fostering transparency, innovation, and competition. Customers will benefit from greater control and improved service offerings, while data users gain access to essential data that can drive new financial products.

In 2024, both the EU Parliament and the EU Council suggested amendments to the Commission proposal, leading to upcoming trilogue discussions. The ABBL, together with its members, is actively contributing to discussions alongside the Ministry of Finance and the European Banking Federation.

Financial players have raised a number of concerns regarding key aspects of the proposal. On data scope, they emphasize the need to exclude confidential business information, trade secrets, and inferred data, ensuring that only raw customer data is shared. Regarding customer scope, they argue that FIDA should focus on retail customers and SMEs while excluding large corporations and non-EU entities that already have tailored data access solutions.

Data sharing process is another critical issue, with calls for it to be conducted exclusively through Financial Data Sharing Schemes (FDSS) while maintaining bilateral contractual agreements. Liability provisions must also be clearly defined to prevent misuse of personal and non-personal data. The implementation of permission dashboards, that will be used by customers, requires some level of standardisation to manage costs, particularly for smaller players, and should align with dashboards mentioned in Payment Services Regulation draft.

Concerns around existing customer demand and the lack of a thorough assessment of FIDA's readiness across data categories highlight the need to prioritise the most relevant use cases. The development of data-sharing schemes should follow a phased approach, ensuring a solid compensation framework while leveraging industry experience in payments area.

Financial players also stress the importance of excluding dominant technology firms from the scope of Financial Information Service Providers to prevent excessive market concentration. Lastly, security and fraud prevention measures must be standardised, aligning with regulations such as the Digital Operational Resilience Act to ensure consistency between data holders and users.

Luxembourg Blockchain Law IV

On 19 December 2024, the Luxembourg Parliament adopted the so called "Blockchain Law IV", a significant step toward modernising the financial sector through cutting-edge technologies, particularly Distributed Ledger Technology (DLT). This law creates **a more flexible and digital-friendly environment, aligning with the evolving needs of the financial sector and reinforcing Luxembourg's position as a leader in financial innovation within the EU.**

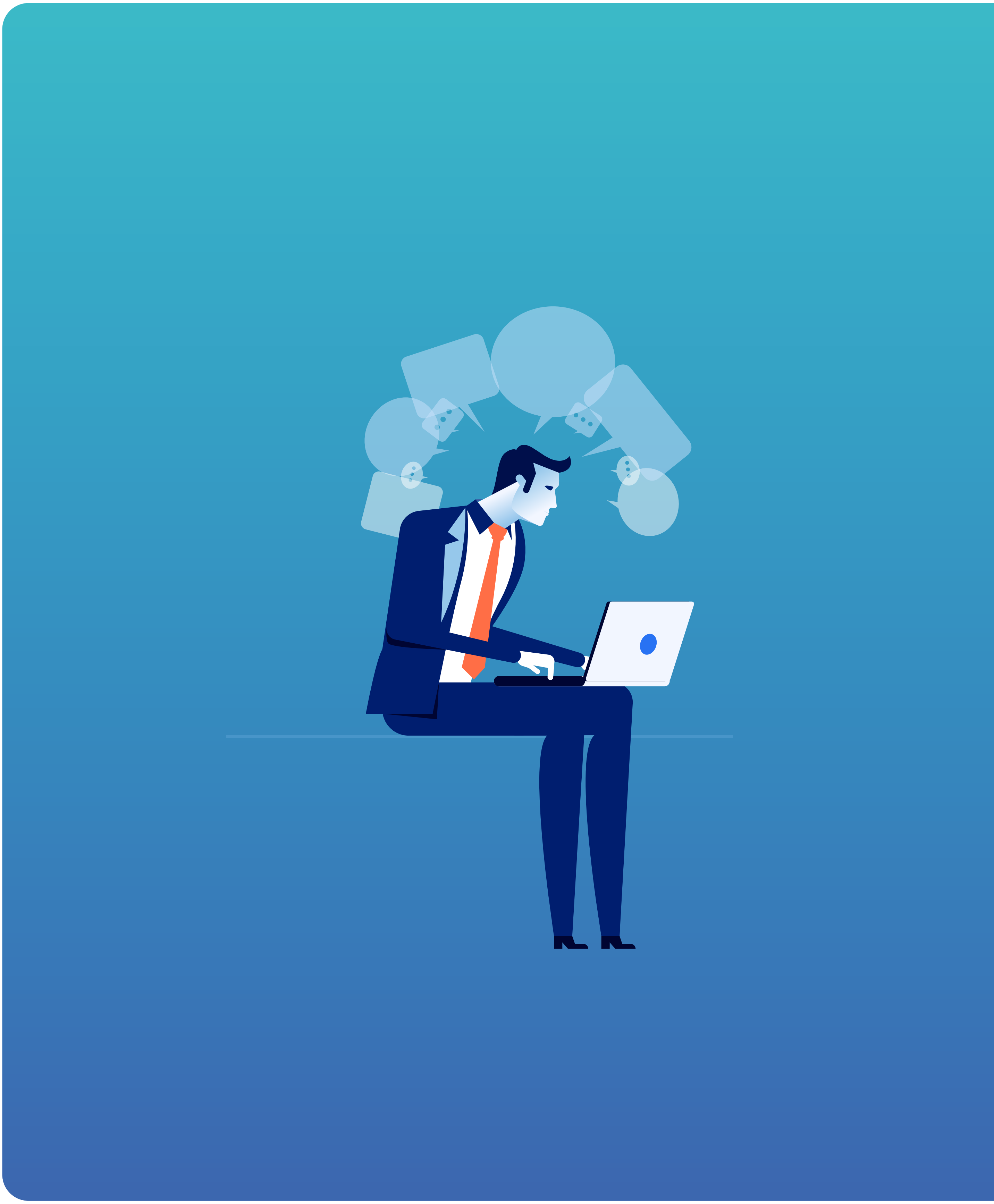
The primary objective of the law is to establish a robust legal framework for the issuance, custody, and transfer of dematerialised securities using DLT. A key innovation is the introduction of the Control Agent, a new role designed to complement existing intermediaries such as Central Account Keepers and Central Securities Depositories.

Recognising the transformative potential of these changes, the ABBL proactively provided suggestions during the legislative process to ensure the law is both comprehensive and practical in its application.
Key recommendations included:

- Clarifying the role of the Control Agent: While supporting its introduction, the ABBL called for further clarification on its responsibilities and interactions with existing market players.
- Aligning definitions with EU regulations: To ensure legal clarity, the ABBL recommended referencing existing DLT-related definitions under EU regulations.
- Providing detailed guidance on notification procedures: The ABBL requested clearer documentation requirements for the Control Agent's notification to the CSSF, as well as confirmation on whether activities can proceed if the CSSF raises no objections within two months.
- Expanding DLT applications to equity securities: The ABBL advocated for extending the DLT framework beyond debt securities to equity securities, broadening the scope of innovation in the financial sector.

Looking ahead, the ABBL will continue working closely with lawmakers, regulators, and industry stakeholders to refine the legal framework for DLT and dematerialised securities, ensuring Luxembourg remains at the forefront of financial technology and regulatory excellence.

Galina Miroshnichenko
Adviser - Payments & Digital.



05

Facilitating Exchanges and Fostering Best Practices

The ABBL plays a pivotal role in a constantly evolving ecosystem. In addition to our mission of shaping and representing the voice of the Luxembourg banking services industry, our teams foster collaborations and exchange of best practices with and amongst members, but also with other economic actors and relevant authorities. We also provide members with industry and regulatory expertise, amongst others through research projects.

New Workstreams

Task Force Green ICT Adoption

Support banks in the adoption and implementation of green ICT practices to lower the carbon footprint of their information and communication technology (ICT) infrastructures.

Task Force KYC and Bank Account Opening

Prepare a standard KYC checklists and guidelines regarding KYC requirements for the onboarding of professional clients.

Working Group Pay Transparency

Identify and discuss practical issues and recommendations relating to the implementation of the EU Pay Transparency Directive.

Working Group Diversity, Equity and Inclusion

Share best practices in the context of increased supervisory expectations in the field of diversity, equity and inclusion.

Working Group on Standardised Suspicious Transactions Reports

Discuss, in cooperation with the Luxembourg FIU in the context of a formal public-private partnership, the definition of new EU standards for transaction reporting to FIUs.

Working Group Market Infrastructure

Exchange regarding transactional reporting requirements (EMIR, MiFIR, etc...).

Task Force on the European Accessibility Act

Coordinate exchanges initiated with the Office de la surveillance de l'accessibilité des produits et services (OSAPS), the CSSF, and the Direction for Consumer Protection on the practical implementation of the Law of 8 March 2023.

Working Group Investment Firms

Share feedback and concerns on the difficulties encountered by Investment Firms with the CSSF on the reform of the Long Form Report (SAQ).

ABBL & SEPA

The ABBL acts as SEPA's National Adherence Support Organisation (NASO) and actively supports the SEPA initiative regarding the introduction of new payment systems or the migration of existing systems to new standards.

As a participant in the decision-making and working bodies of the European Payments Council (EPC), the ABBL influences the respective implementation of the current schemes by providing background information to its members.

For future developments, the ABBL represents members' and non-ABBL members and contributes to the development of standards, rules, guidebooks, best practices, technical and operational recommendations for the SEPA community.

Surveys

Surveys are a unique tool to monitor and measure the long-term development of the banking sector and identify key trends. They serve as benchmarking tool for members.

More information:
https://www.abbl.lu/en/professionals/data-research/surveys

Annual Industry Surveys

For several years, the ABBL has been conducting annual surveys on the Luxembourg private banking, retail banking, depositary and custodian banking and of the corporate banking industries. These surveys elaborated with the support of the CSSF offer comprehensive insights and a keen understanding of our financial landscape. They are a robust tool that has proven valuable for our members, as they provide a panoramic view of the market trends and allow benchmarking with peers.

Thematic surveys

ABBL teams provided research and thought leadership on several topics:

Gen-AI Adoption Survey

The ABBL, in collaboration with Société Générale Luxembourg, conducted a second edition of the survey on Generative AI (GenAI) adoption in Luxembourg's financial sector. While GenAI enhances data analysis and fraud detection, it also raises concerns about biases, security risks, and ethical implications. The survey, targeted at key financial institutions, gathered 54 responses between April 24 and May 28, 2024. It explores topics like internal policies, governance, and AI maturity across different financial players, offering insights into the sector's evolving approach to AI integration, risk management, and regulatory readiness in Luxembourg's banking ecosystem.

DORA Readiness Survey

The ABBL's DORA readiness survey, conducted from March to June 2024, assessed Luxembourg financial institutions' preparedness for the 17 January 2025 compliance deadline. Nearly 80% of credit institutions expressed confidence in meeting the deadline, despite challenges. The survey revealed that 25% of respondents are in the planning stage, another 25% have begun implementation, and most are conducting gap analyses. Key challenges include navigating compliance complexities and finalising necessary adjustments for full regulatory alignment.

MIFID II ESG Survey

The ABBL, in collaboration with Aurexia, conducted a survey on integrating MiFID sustainability rules into investment advice and portfolio management. The survey, based on 17 banks, examined how sustainability preferences are assessed and implemented. While most banks have aligned with the new requirements, challenges remain, including complex regulatory definitions and a limited range of ESG products. Only a third of clients expressed sustainability preferences. Banks expect a gradual adaptation, with improved processes and broader ESG product availability to better meet client expectations and regulatory compliance in the long run.

Digitalisation of Private Banking in Luxembourg

The ABBL and KPMG conducted a study assessing the digital transformation of Luxembourg's private banking sector. While 66% of banks consider digitalisation a priority, gaps remain in resources and governance. Banks aim to enhance the customer experience, automate processes, and meet regulatory needs. Despite increased collaboration with FinTech firms, challenges like data confidentiality and integration persist. Private banks leverage mobile apps, customer relationship management (CRM) systems, and AI, yet only 48% possess in-house digital expertise. Digital transformation remains a continuous journey in the Luxembourg private banking sector, driven by evolving client expectations and technological advancements to ensure competitiveness in an increasingly digital financial landscape.

Guidelines and Standards

The ABBL mission is to promote the sustainable development of regulated, innovative and responsible banking services. This materialises in the association acting as a trusted intermediary between the regulator and regulated entities, but also in defining and spreading best practices to upgrade industry standards.

In 2024, we published three new guidelines:

- Q&As regarding the law of 15 July 2024 regarding the transfer of non performing loans.
- Q&As regarding the interaction between the EU Instant Payments Regulation and sanction screening obligations.
- Archiving of documents by professionals of the financial sector.

Expert Events and Conferences

ABBL events provide the opportunity for knowledge sharing, networking, and upskilling by bringing together professionals with similar interests, expertise, and backgrounds. Many of these conferences are organised in cooperation with or in presence of local authorities.

In 2024, the ABBL member relations team organised 41 events which were attended by more than 4,000 participants.

ABBL experts participated as panelists on more than 46 key conferences and events.

Landmark Expert Events in 2024

January

Bank CEOs & Fintechs speed meeting

with the participation of Mr Gilles Roth, Minister of Finance
> 100 participants.

Instant Payment: Are you ready? Conference

> 130 participants.

February

DORA RTS Batch 2 Conference

In cooperation with CSSF & ALFI
> 300 participants.

Annual AML/CFT Conference

In cooperation with CSSF
> 200 participants.

June

CRR3/CRD6 Webinar

In cooperation with CSSF.
> 1,320 participants.

Banking Universe Summit 2024

In cooperation with The Dots.
> 300 participants.

September

FASTER: opportunities & challenges Conference

With the participation of the European Commission
> 150 participants.

October

Management of seized assets Expert Roundtable

In cooperation with ALJB
and Bureau des Gestions Avoirs.
> 100 participants.

AI for transaction monitoring in banking Conference

In cooperation with the Interdisciplinary Centre
for Security, Reliability and Trust (SnT)
of the University of Luxembourg.
> 70 participants.

ABBL-BDO joint event on FATCA/CRS regulations and Qualified Intermediary regime

> 80 participants.

November

Preventing terrorism-financing Conference

In cooperation with ALFI,
the Luxembourg FIU and CSSF.
> 550 participants.

Demystifying Crypto: A view from the Authorities and Market Participants Conference

In cooperation with BitFlyer, with the participation
of the CSSF and the Luxembourg FIU
> 150 participants.

New Directive on transparency and equal pay for men and women Conference

> 80 participants.

InfraFuse Forum: ABBL x LuxCMA Market Infrastructures Incubator

> 80 participants.

December

ABBL/ALRiM Risk Management Conference

With the participation of Mr Claude Wampach
(Director CSSF).
> 200 participants.

06

How we approach Responsibility

Responsibility in our Code of Conduct

7th Commitment: Responsible Banking

ABBL members make every effort to behave in a socially responsible manner. In a continuously evolving environment, ABBL members commit to be transparent and clear about how their products and services may create value for their clients and investors, and how they impact society.

As the voice of the Luxembourg banking sector, we promote a sustainable financial system that combines the interests of society and the environment with financial prosperity. The ABBL has thus adhered to the United Nations Principles for Responsible Banking (PRBs) since 2019, a commitment through which we promote the PRBs among our members and support them in their implementation. We have formally incorporated the PRBs into our Code of Conduct by adding a 7th commitment, which engages our members to conduct their business in a responsible manner.

Our members

We support our members in their commitment to social responsibility by providing them with the tools and guidance they need, and by promoting the sharing of industry best practices.

Society

By offering reliable and responsible financial services, banks play an essential part in fostering sustainable economic development.

Financial literacy is key to ensuring maximum access to these services. Through the Fondation ABBL, we strive to share knowledge about finance and the world of banking with the public.

Our Governance

Ensuring an efficient, transparent, and accountable governance structure that is free of any conflict of interest is essential for our association to build lasting relationships with its members and its stakeholders.

Our Material Topics

We have engaged with our stakeholders to better understand their expectations regarding the ABBL's contribution to sustainable development. These findings now provide the basis for the information we will prioritise in our transparency and will drive our CSR ambitions for the years to come.*

Rank	Material topic
1	Sound and responsible governance
2	Professional integrity
3	Legal compliance
4	Advocacy and employer representation
5	Financial education
6	Cooperation and coordination with our partners
7	Personnel competence and engagement
8	Diversity, equity and inclusion
9	Responsible employment and recruitment

* Learn more about our methodology and the results of these dialogues in our ABBL Materiality assessment report.

Key Dates of our Sustainability Journey

Our dedication to responsibility has been recognised with the ESR – ENTREPRISE RESPONSABLE label, which we have proudly received for the fifth consecutive time in 2024. This recognition underscores our continuous improvement and unwavering commitment to responsible business conduct.

2007

Creation of the INDR with the ABBL as one of its founding members

2012

The ABBL is awarded the **"Entreprise Socialement Responsable"** label for the first time

Implementation of the **Diversity Charter** for the banking sector

2014

First certification by the **SuperDrecksKëscht**

2015

Creation of an ABBL **internal working group on CSR**

Signature of the **CMCC Mediation Charter**

2016

Creation of a **CSR working group** gathering ABBL members

Creation of the **Fondation ABBL pour l'éducation financière**

2018

The ABBL joins the **VISION ZERO**

2019

The ABBL endorses the **United Nations Principles for Responsible Banking**

The ABBL joins **Equilibre's "My Pledge" initiative**

2020

Signature of the **IMS Diversity Charter**

Creation of the **Sustainability Committee**

2021

The ABBL signs the **United Nations Women Empowerment Principles**

The ABBL joins the **United Nations Net Zero Banking Alliance** as supporting institution

The Fondation ABBL is awarded an **IMS Diversity Award** for the Zuumer Academy

2022

The ABBL signs the National Pact **"Business and Human Rights"**

2023

The ABBL takes a leading role in the launch of the **Women in Finance Charter**

2024

The ABBL is awarded the **ESR – ENTREPRISE RESPONSABLE label** for the 5th time

07

Fondation ABBL pour l’Education Financière

The Fondation ABBL pour l'éducation financière was created in 2016 with the purpose of fostering and promoting financial education and research. In 2021, together with our members and partners, we strengthened our commitment to educate everyone on the basics of personal budget management and finance.

All the Fondation's programmes are carried out through the involvement of volunteers, who are ABBL employees and employees of ABBL member organisations. The Fondation also publishes educational material for the public, including youth, the elderly and financially vulnerable people.

The Fondation ABBL Board of Directors

Jerry GRBIC
CEO, ABBL

Chair

Yves STEIN
Chairman, ABBL

Vice-Chair

Danièle BERNA-OST
Secrétaire Général, CSSF
(Treasurer)

Britta BORNEFF
Director, ALFI

Léon DIEDERICH
Ministry of Research
and Higher Education

Pierre ETIENNE
Independent Director

Marie-Hélène JOBIN
Vice-Rector,
University of Luxembourg

Muriel MORBE
CEO, House of Training

Strategy

In view of the revision of the National Financial Education Strategy, changes in banking regulation, the advent of digitalisation in the financial sector and the low level of financial literacy among Luxembourg residents, **the Fondation drew up a new strategy in 2024 for the 3 upcoming years**. Cornerstones of this strategy are:

1. Raise the level of residents' basic knowledge of financial education, focusing on the youngest.
2. Raise the residents' awareness of sound financial behavior, focus on cybersecurity.
3. Raise the Foundation's visibility.
4. Initiate new and consolidate existing partnerships.
5. Set up KPIs and measurement tools.

In terms of initiatives for young people, the Fondation has received numerous requests which it has successfully addressed. It is therefore well on the way to achieving its main objectives. In fact, through the training courses it provides, it manages to reach both primary school pupils and high school students.

All these school-based activities have been made possible thanks to the support of volunteer trainers employed by ABBL members.

2024 also saw the enhancement of the mobile application Money Odyssey, which was developed by the Fondation.

To add an extra dimension of gamification, a new formula was integrated through the finance challenge. The aim is to challenge young and old alike on their knowledge and behavior in terms of financial literacy.

The Fondation has been able to consolidate existing partnerships and develop new ones. Whether with public authorities or the private sector. In particular, it met with the Minister of Education, Children and Youth to define its scope of action, with the Ministry's support. As a result, 2025 will see greater collaboration on various projects, enabling a greater number of students to benefit from training on the subject.

Thanks to its expertise in the field of sustainable finance, the Fondation has had the opportunity to become involved in school projects focusing on sustainability in the broadest sense of the term.

All activities of the Fondation benefit from the support of the Chamber of Commerce.

Projects

Workshops

1,573 pupils and students attended workshops organised by the Fondation ABBL.

- Woch vun de Suen: 988 pupils.
- Budget Management workshop: 418 students.
- Sustainable finance workshop: 167 students.

Learning Tools

- Money Odyssey: +/- 6,000 downloads.
- Sécher am Internet: 623 single visitors/month.
- E-Banking simulation tool: 342 single visitors/month.
- European Money Quiz: 220 participating students.

08

ABBL Members

Diversity is one of the ABBL's riches, and it strives to cultivate it. The ABBL membership base represents the Luxembourg banking services scene at large showcasing the richness of the financial ecosystem in Luxembourg and fostering a constructive dialogue among all stakeholders.

Members include banks, investment firms, payment and e-money institutions, virtual asset service providers, lawyers, auditors, consultants, and IT service providers.

The ABBL Member Relations team promotes the ABBL to the Luxembourg financial sector's actors and manages the on-boarding of new members, offering them an effective integration into the Luxembourg banking and financial community.

25 new members joined the ABBL in 2024, reaffirming the ABBL stature as the largest employers' association within the financial sector in Luxembourg, with **210 titular members, and 56 related members** as of 31 December 2024.

Breakdown of Members

93
Category A

Category A members are credit institutions (i.e., universal banks, covered bond issuing banks and/or public banks) as provided for in Chapter 1, Part I of the Law of 5 April 1993 on the financial sector, as amended, and financial institutions or operators created by the public authority pursuant to specific laws.

51
Category B

Category B members are other professionals of the financial sector (PFS) and financial professionals.

66
Category C

Category C members are ancillary financial sector activities, i.e., providers of services for the financial sector, regardless of any regulation.

56
Related members

Entities belonging to the same group may be classified as Related members, under the aegis of a Titular member.

43
FinTech Circle associates

Specific grouping created with the objective of bringing together FinTechs with ABBL members.

Directory of Members

(as of 31.12.2024)

Titular members

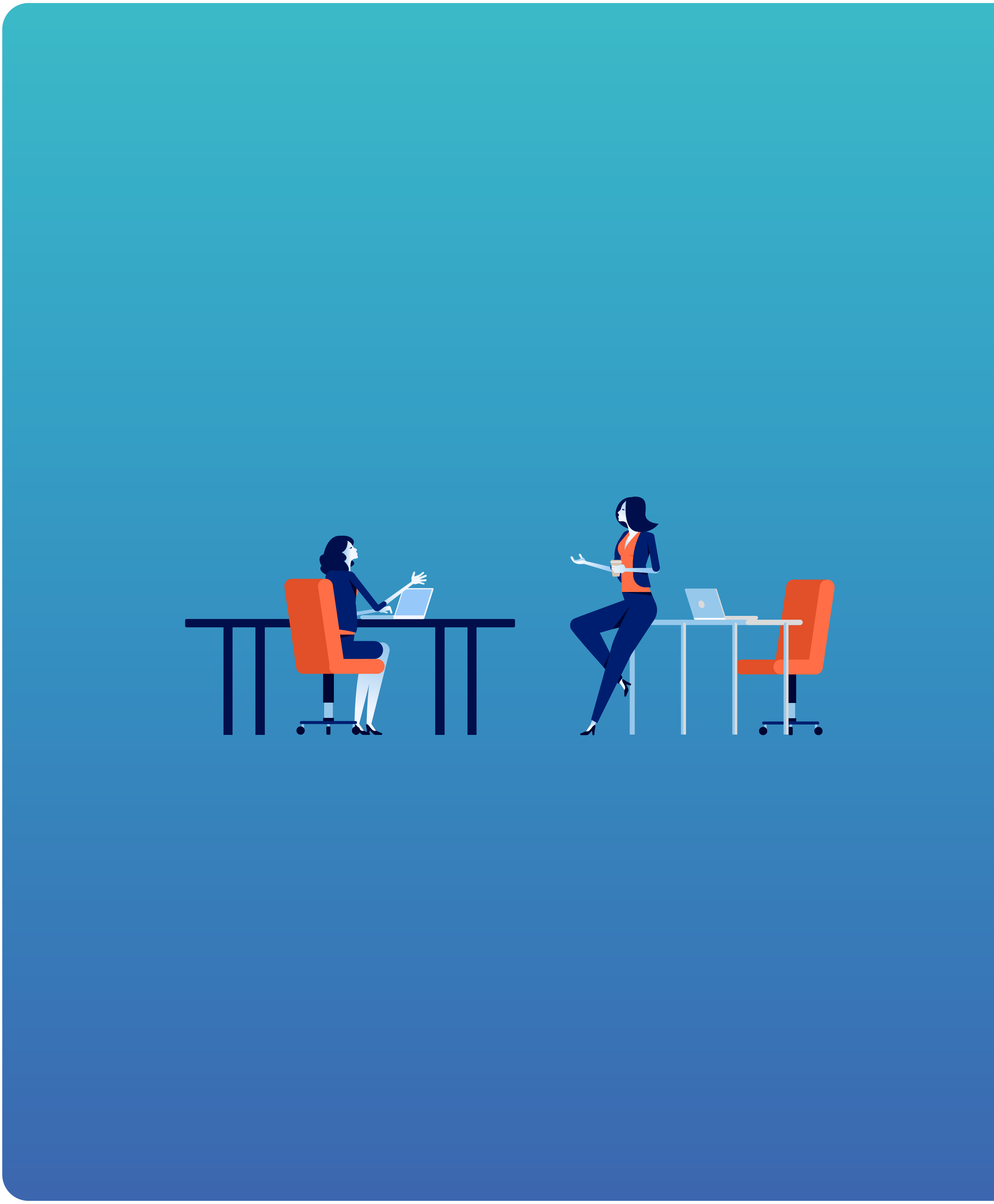
- Advanzia Bank SA
- 1875 Finance (Luxembourg) SA
- 2 PM Europe SA
- 3S Money (Luxembourg) SA
- Agricultural Bank of China (Luxembourg) SA
- AIQU Tax SARL
- Airbnb Payments Luxembourg SA
- Alipay (Europe) Limited S.A
- Allen Overy Shearman Sterling SCS
- Allfunds Bank SAU, Luxembourg Branch
- Alpha Bank SA, Luxembourg Branch
- Alpha FX SA
- Alpha Omega SARL
- Amazon Payments Europe SCA
- AMFIE - Association coopérative financière des fonctionnaires internationaux, SC
- Andbank Luxembourg SA
- Andersen Tax SARL
- Annerton SA
- Arendt & Medernach SA
- Armundia Luxembourg SARL
- ATOZ Tax Advisers SA
- Aurexia Luxembourg SARL
- Avaloq Luxembourg SARL
- Axon Advisory & Consulting SARL
- B2C2 Europe SARL
- Baker & McKenzie Luxembourg
- BakerTilly Luxembourg Advisory SA
- Banca March SA, Luxembourg Branch
- Banco Bradesco Europa SA
- Banco Inversis SA, Luxembourg Branch
- Banco Santander (Brasil) SA, Luxembourg Branch
- Banco Votorantim SA, Luxembourg Branch
- Bank GPB International SA
- Bank Julius Baer Europe SA
- Bank of America Europe DAC, Luxembourg Branch
- Bank of China (Europe) SA
- Bank of Communications (Luxembourg) SA
- Bank Pictet & Cie (Europe) AG, succursale de Luxembourg
- Banking Circle SA
- Bankinter Luxembourg SA
- Banque de Commerce et de Placements SA, succursale de Luxembourg
- Banque de Luxembourg SA
- Banque de Patrimoines Privés SA
- Banque Degroof Petercam Luxembourg SA
- Banque et Caisse d'Epargne de l'Etat, Luxembourg (Spuerkeess)
- Banque Internationale à Luxembourg SA
- Banque J. Safra Sarasin (Luxembourg) SA
- Banque Populaire Alsace Lorraine Champagne SC, succursale du Luxembourg
- Banque Raiffeisen SC
- Banque Transatlantique Luxembourg SA
- Barclays Bank Ireland plc, Luxembourg Branch
- BDO Services Luxembourg SA
- BearingPoint Luxembourg SARL
- Bemo Europe - Banque Privée SA
- BGL BNP Paribas SA
- BitFlyer Europe SA
- Bitstamp Europe SA
- Bonn & Schmitt SARL

- BOS Wealth Management Europe SA
- Bourse de Luxembourg SA
- BPER Bank Luxembourg SA
- Brown Brothers Harriman (Luxembourg) SCA
- Brucher Thieltgen & Partners, Avocats à la Cour
- BTG Pactual Europe SA
- CA Indosuez Wealth (Europe) SA
- CaixaBank Wealth Management Luxembourg SA
- CapitalatWork Foyer Group SA
- Castegnaro SARL
- Chambre de Commerce
- China Construction Bank (Europe) SA
- China Everbright Bank (Europe) SA
- China Merchants Bank Co. LTD, Luxembourg Branch
- CIBC Capital Markets (Europe) SA
- Citco Bank Nederland NV/SA, Luxembourg Branch
- Citibank Europe PLC, Luxembourg Branch
- Clearstream Fund Centre Luxembourg SA
- Clifford Chance SCS
- CMS DeBacker Luxembourg SCS
- Colin & Cie. Luxembourg SA
- Commerzbank Finance & Covered Bond SA
- Coutot Roehrig Luxembourg SARL
- Creditreform Luxembourg SA
- Creutz & Partners The Art of Asset Management SA
- CVC Capital Markets SARL
- DekaBank Deutsche Girozentrale, Succursale de Luxembourg
- Delen Private Bank Luxembourg SA
- Deloitte General Services SARL
- Dentons Luxembourg SCS
- Deutsche Bank Luxembourg SA
- DLA Piper Luxembourg SARL
- DNB Luxembourg SA
- Dock Financial SA
- Dynas Lux SA
- DZ PRIVATBANK SA
- EastNets Europe SA
- eBay SARL
- Ebury Partners Belgium SA, succursale de Luxembourg
- Edmond de Rothschild (Europe) SA
- EFG Bank (Luxembourg) SA
- Elvinger Hoss Prussen SA
- ERI Bancaire Luxembourg SA
- Ernst & Young SA
- Escent Luxembourg SA
- Eurizon Capital SA
- Eurobank Private Bank Luxembourg SA
- European Depositary Bank SA
- Finegan Luxembourg SA
- Finologee SA
- Forethix SARL
- Forvis Mazars Advisory Services SA
- Goldman Sachs Bank Europe SE, Luxembourg Branch
- Grant Thornton Advisory SA
- GSK Stockmann SA
- Hamburg Commercial Bank AG, Luxembourg Branch
- Hauck Aufhäuser Lampe Privatbank AG, Niederlassung Luxemburg
- HSBC Continental Europe, Luxembourg SA
- i-Hub SA
- IF Payroll & HR SA
- Industrial and Commercial Bank of China (Europe) SA
- ING Luxembourg SA
- Intesa Sanpaolo Bank Luxembourg SA
- Intesa Sanpaolo Wealth Management SA
- Itaú BBA Europe SA, Luxembourg Branch
- J.P. Morgan Mobility Payments Solutions SA
- J.P. Morgan SE, Luxembourg Branch
- John Deere Bank SA
- K&L Gates Volckrick SARL
- Kaufhold & Reveillaud, Avocats
- Kleyr Grasso SCS
- KPMG SARL
- Kuylenstierna & Skog SA
- LianLian Europe SA
- Linklaters LLP
- Lombard Odier (Europe) SA
- Loyens & Loeff Luxembourg SARL, Avocats à la Cour
- LTIMindtree PSF SA
- Luther SA
- Lux Nordic Wealth Management SA
- LuxCSD SA
- Luxhub SA
- LuxProvide SA
- LuxTrust SA
- Mangopay SA
- MANZARI Legal
- MAQIT SA
- MCD Team SA
- Mediobanca International (Luxembourg) SA
- Mirabaud & Cie (Europe) SA

- Mitsubishi UFJ Investor Services and Banking (Luxembourg) SA
- Mizuho Trust & Banking (Luxembourg) SA
- Molitor, Avocats à la Cour SARL
- Monex Europe SA
- Natixis Corporate and Investment Banking Luxembourg SA
- NautaDutilh Avocats Luxembourg SARL
- Nomura Bank (Luxembourg) SA
- NORD/LB Luxembourg SA Covered Bond Bank
- Northern Trust Global Services SE
- Norton Rose Fulbright Luxembourg SCS
- Novo Banco SA, Succursale de Luxembourg
- Payconiq International SA
- PayPal (Europe) SARL et Cie, SCA
- PingPong Europe SA
- Pinsent Masons Luxembourg LLP
- POST Luxembourg
- PPRO Payment Services SA
- PricewaterhouseCoopers SC
- Privalux Management SA
- Private Wealth Square SARL
- Qualion Finance SA
- Quintet Private Bank (Europe) SA
- Radices Financial Services SA
- Rakuten Europe Bank SA
- Regnology Luxembourg SARL
- Rothschild & Co Wealth Management (Europe) SA
- Roupakia Law
- Royal Bank of Scotland International LTD, Luxembourg Branch (The)
- Satispay Europe SA
- Schiltz & Schiltz SA
- SIA Partners Luxembourg SARL
- Siliance Capital SA
- Simmons & Simmons Luxembourg LLP
- Skandinaviska Enskilda Banken AB, Luxembourg Branch
- SMBC Nikko Bank (Luxembourg) SA
- Société Générale Luxembourg SA
- Sopra Banking Software Luxembourg SA
- Spirit Asset Management SA
- State Street Bank International GmbH, Zweigniederlassung Luxemburg
- Stibbe Avocats
- Sumitomo Mitsui Trust Bank (Luxembourg) SA
- Svenska Handelsbanken AB (Publ), Luxembourg Branch
- Swissquote Bank Europe SA
- Team Resources SA
- The Bank of New York Mellon SA, Luxembourg Branch
- Thomson Reuters Finance SA
- Thot-IT Solutions SARLS
- UBS Europe SE, Luxembourg Branch
- UniCredit International Bank (Luxembourg) SA
- Union Bancaire Privée (Europe) SA
- Union Investment Luxembourg SA
- Unzer Luxembourg SA
- US Bank Europe Designated Activity Company, Luxembourg Branch
- Vermeg Luxembourg SA
- Victor Buck Services SA
- Victory Asset Management SA
- Vireo SARL
- VP Bank (Luxembourg) SA
- Westrich Gen SA
- Worldline Financial Services (Europe) SA
- Wüstenrot Bausparkasse AG, Niederlassung Luxemburg
- zeb.rolfes.schierenbeck.associates GmbH

Related Members

- Amundi Luxembourg SA
- Andbank Asset Management Luxembourg
- Arendt Regulatory and Consulting
- Banco Safra SA, Luxembourg Branch
- Bank of China LTD, Luxembourg Branch
- Bank of Communications Co., Limited Luxembourg Branch
- Belair House
- Bemo Paris - succursale
- BHW Bausparkasse AG, Niederlassung Luxemburg
- BIL Manage Invest SA
- BLI - Banque de Luxembourg Investments SA
- BNP Paribas Asset Management Luxembourg SA
- BNP Paribas Lease Group Luxembourg SA
- BNP Paribas Leasing Solutions SA
- BNP Paribas SB Ré SA
- BNP Paribas, succursale de Luxembourg
- CA Indosuez Wealth (Asset Management)
- CACEIS Bank Luxembourg Branch
- China Construction Bank Corporation, Luxembourg Branch
- China Everbright Bank Co. Ltd., Luxembourg Branch
- China Merchants Bank (Europe) SA
- Clearstream Banking SA
- Clearstream International SA
- Clearstream Services SA
- Degroof Petercam Asset Services SA
- Degroof Petercam Insurance Broker SA
- Deloitte Audit
- Deloitte LIS SARL
- Deloitte Solutions SARL
- Deloitte Tax & Consulting SARL
- Deutsche Bank AG, succursale de Luxembourg
- Edmond de Rothschild Asset Management (Luxembourg)
- Edmond de Rothschild Assurances et Conseils (Europe)
- EFG Investment (Luxembourg) SA
- EuroInformation International SA
- European Financial Group EFG (Luxembourg) SA
- Fiduciaire Générale de Luxembourg SA
- Fund Channel SA
- Global Funds Management SA
- Global General Partner SA
- HSBC Private Bank (Luxembourg) SA
- ING Lease Luxembourg SA
- ING Solutions Investment Management SA
- KPMG Audit SARL
- KPMG Services SARL
- KPMG Tax and Advisory SARL
- Kredietrust Luxembourg SA
- Lux Gest Asset Management SA
- RBS International Depositary Services SA
- SEB Investment Management AB, Luxembourg Branch
- SG Issuer
- Société Générale Capital Market Finance SA
- Société Générale Financing and Distribution
- Société Générale Life Insurance Broker SA
- Société Générale Private Wealth Management SA
- Société Luxembourgeoise de Leasing BIL-Lease SA



Interview Sarah Odru

What are the main advantages of being part of the ABBL network?

Being a member of the ABBL opens the door to a strong and diverse professional network. Our members can connect with other industry players—banks, fintechs, and financial service providers—to exchange best practices, explore business opportunities, and form strategic partnerships. It's a collaborative environment where knowledge sharing is key. In addition, the ABBL offers exclusive events, conferences and forums, allowing members to stay ahead of the curve by engaging with thought leaders, policymakers and innovators shaping the future of the financial sector.

How does ABBL support its members in staying ahead of industry developments?

We provide our members with access to a wealth of information—from regulatory updates to market trends and strategic insights. This helps them remain competitive and well-informed. Members also benefit from our strong focus on education and training, delivered in partnership with the House of Training, ensuring they stay up to date with the skills and knowledge needed in a fast-evolving sector.

Furthermore, ABBL offers specialized working groups where members can collaborate directly on tackling key industry challenges, providing a platform for continuous development and adaptation.

What impact can members have within the association, and how does it support their long-term growth?

ABBL membership offers a real opportunity to influence the regulatory landscape by contributing to policy discussions that affect the financial sector. Being part of the ABBL also reinforces a company's reputation, showcasing a commitment to high standards and innovation. Whether it is through regulatory advocacy or creating a supportive environment for fintech and digital transformation, we help our members grow and thrive.

ABBL's commitment to fostering collaboration and driving the future of finance empowers members to remain agile, influential and successful in an increasingly competitive marketplace. Additionally, ABBL provides members with direct access to government initiatives aimed at fostering innovation and sustainability in the sector.

Sarah Odru
Head of Member Relations.

Interested in Becoming an ABBL Member?

Contact our Member Relations team:
member-relations@abbl.lu

Our Members Testify

Over the past decade, the ABBL has expanded its membership to represent banking services in all their diversity.

Members representing different sectors of the financial community have shown their interest in participating in the work of the ABBL.

Interview Glenn Meyer

What motivated your institution to join the ABBL?

First and foremost, it was kind of a natural and obvious choice! The forum represents the interests of the law firms that are all key players within the banking community and that wish, at their modest level, to contribute also to the continuous development of a successful financial center. As lawyers we can do this by adding our thoughts as to how best build up an (innovative) Luxembourg legal toolbox and which is vested with the necessary legal certainty (that investors need so dearly).

After all, while the ABBL has long been a driving force within the Luxembourg's banking community, it is here where the founding roots of the Arendt & Medernach law firm lie. Looking at my fellow members in the Law Firms' Forum, I would say that we all developed alongside with the historical success of the banking sector and the financial sector as a whole. Even before the Forum was created, the firm has always been a very active member in a number of ABBL working groups, committees and forums. So, joining this forum felt like a natural continuation of that commitment. Particularly in the wake of the financial crisis of 2008, when banking regulations have developed significantly in terms of volume and complexity.

The forum offered a logical platform thus to also help from that angle: how to best implement these new (rather stringent) legal requirements with a business sensitive touch, which allowed us also to deepen existing ties within the banking community, while also to forge new ones. Ours is, and always will be, a people business. The stronger your relationship with key industry players, the more effectively you can expand your reach and trust within the banking community and thus also help.

What benefits do you gain from its activities?

One of the biggest advantages is the opportunity to gain precious insights directly from the industry: to understand its points of attention but also its main concerns. That insight feeds into the forum's members ability to develop and align on key advocacy priorities - the ones that will support the financial centre and push for meaningful legal (regulatory) change. What's powerful is that each law firm involved becomes an amplifier for these messages, making our collective voice that much stronger.

Another key benefit is the possibility to exchange insights on how new laws or regulations are actually playing out in practice. These shared lessons allow us to draw attention and raise awareness and thus ultimately also to refine the legal framework within which ABBL members operate. It really creates a virtuous circle: we listen, we exchange and we discuss—and then we improve. That continuous feedback loop makes the Law Firms' forum a real engine for innovation. Many of the ideas that emerge here, even make their way to the Haut Comité de la Place Financière.

It is also important to mention a growing trend: the government is increasingly encouraging public-private partnerships. In the banking sector, this is clearly reflected in the ABBL's relationship with the regulator. So from that perspective, being involved with the ABBL is not just beneficial—it is essential.

What have been the key achievements of your forum within the ABBL over the past year?

It is rather difficult to list the key achievements of such a successful forum, as there have been so many. In recent years, I would mention an advocacy initiative that was spearheaded by the forum and which ended up with a more granular and sensitive approach for the location of a MiFID II service under a revised version of the CSSF circular 19/716. This was an important achievement, rendered possible also thanks to a close cooperation with the regulator. More recently, we have been quite active on various advocacy initiatives related to for instance, CRD VI, the AML package and the BGA (the functioning of which had sparked some operational difficulties with our financial collateral law and which needed to be fixed). In all of these initiatives, the forum strives to improve legal certainty but also to enhance the attractiveness of our legal framework and thus of our financial sector as a whole. This is of paramount importance: take the example of our financial collateral law. Today, if an important number of international acquisition projects are structured through Luxembourg vehicles, this is largely due also to the robustness of such law, which guarantees financing banks and other pledgees the effectiveness of their collateral package, even in case of bankruptcy or criminal attachment orders. According to many of our international peers, Luxembourg is the gold standard here. And it is our job to ensure it stays that way.

Glenn Meyer
Partner, Arendt,
Chairman of ABBL's Law Firms Forum.

Interview **Roxane Haas**

What motivated your institution to join the ABBL?

PwC Luxembourg was motivated to join the ABBL due to the opportunity it provides to engage in pertinent discussions regarding the banking industry and the regulatory environment. The forum facilitates an exchange of views on current issues and the future of the banking sector in Luxembourg, aligning with our commitment to thought leadership and industry advancement.

What benefits do you gain from its activities?

Being part of the ABBL affords us a dual advantage. It enables us to take part in insightful discussions, share our views and knowledge and help shape the future of the banking industry. It enhances our visibility through surveys and helps us understand the priorities of the banking players. It also allows us to bring diverse perspectives from our global network, enriching the dialogue within the ABBL. For the ABBL, our participation provides access to a wealth of insights and a broad array of views from our extensive international reach.

What have been the key achievements of your forum within the ABBL over the past year?

One of our significant achievements over the past years includes our collaboration on publications and surveys, which focus on market dimensions and regulatory hot topics. Additionally, the forum initiated a recent endeavour with the ABBL aimed at enhancing the market's attractiveness on an international scale. Further, we actively contribute to several technical committees - Accounting, Banking Supervision, Digital Strategy, Financial Markets, Fiscal Affairs and the Professional Obligations Committee - further cementing our active and contributory role within the ABBL.

Roxane Haas
Partner, PwC Luxembourg,
Chairperson of ABBL's Consultants and Auditors Forum.

Interview Raoul Mülheims

What motivated your institution to join the ABBL?

Finologee joined the ABBL in 2017, shortly after its establishment, initially through the "FinTech Service Pack" and became a regular member in 2019. Joining the ABBL from the outset was a natural decision for us. My co-founders and I have been involved in financial services innovation and the FinTech landscape since 2006, contributing through various ventures. Our goal was to assist both bank and non-bank financial institution clients by contributing to key industry topics and challenges. The ABBL provides an invaluable platform for exchange, allowing us to collaborate with others and share expertise, ultimately advancing the financial sector together.

What benefits do you gain from its activities?

Through its membership with the ABBL, Finologee gains critical regulatory insights and an active role in influencing the evolution of regulations via the ABBL's advisory role with authorities. The ABBL fosters valuable relationships with clients and prospects, enabling us to engage in working groups, regulatory discussions and strategic initiatives. Additionally, the ABBL supports the FinTech community, offering a platform for next-generation companies to showcase their products and form new partnerships. By tapping into ABBL's extensive network, Finologee continues to engage in financial innovation and compliance, collaborating with industry peers to navigate emerging challenges and opportunities.

What have been the key achievements of your forum within the ABBL over the past year?

Over the past year, Finologee has been actively engaged in the ABBL's initiatives. I had the opportunity to contribute to the executive councils of both the Payments Cluster and the FinTech Innovation Forum (FIF). One notable achievement of the FIF was the successful organisation of its annual speed-meeting event, facilitating direct engagement between 30 bank CEOs and executives and 30 FinTech companies. Within the Payments Cluster, a notable achievement was broadening its focus to encompass corporate payments. Finologee values the continuous support and dedication of Ananda Kautz and her team in driving these efforts. The ABBL remains instrumental in fostering collaboration, facilitating dialogue, and advancing the financial sector's development.

Raoul Mülheims
Co-founder and CEO of Finologee,
Member of ABBL's Payments Cluster
and of the FinTech Innovation Forum.

09

About the ABBL

Who we are

The ABBL's vision is to contribute to a Luxembourg financial centre that is at the heart of Europe and makes a lasting contribution to the competitiveness of businesses and the prosperity of its citizens. To achieve this we promote, for and on behalf of our members, the sustainable development of regulated, innovative and responsible banking services.

Building on this mission statement, we focus on the following key actions:

- **Collaborate** with the financial sector and propose initiatives to enhance its attractiveness and competitiveness.
- **Serve** as a trusted source of expertise for our members.
- **Act as a platform** for exchanging best practices, fostering a shared understanding of industry challenges and regulatory frameworks.
- **Represent** our members in sectoral social dialogue within Luxembourg's banking sector.
- **Promote** financial education to empower citizens as informed and responsible financial actors.

Established in 1939, the ABBL is today the oldest and largest professional association in the financial sector, representing most banking institutions as well as regulated financial intermediaries and other professionals in Luxembourg, including law firms, consultancies, auditors, market infrastructures, electronic-money and payment institutions. This makes us truly representative of the diversity of the Luxembourg banking centre, placing us in a unique position, able to give the entire sector a voice at both national and international level and to fulfill our ambition of being a driving force in the financial centre, a think tank and a leader of opinion on today's issues and tomorrow's trends.

We are also part of a much larger ecosystem, and work closely with partner associations in the wider economic environment, as well as national and international bodies and committees, including the Luxembourg Government, the CSSF, the BCL, the UEL, the Conseil Economique et Social (CES), the EBF and the EPC.

To ensure close monitoring of EU regulatory developments, and to support the sectors' EU advocacy efforts, we have a Representative Office in Brussels, where our European Affairs team closely follows regulatory developments, facilitates the interactions with policy makers and represents the interests of ABBL Members in Brussels.

Governance

The ABBL is a non-profit association governed by the Luxembourg legal provisions applicable to non-profit associations and foundations. In 2024, the ABBL's statutes were updated to ensure compliance with the new law of 7 August 2023 on non-profit associations and foundations.

The governance framework of the Association is defined by its statutes, which are approved by the General Meeting. The internal rules define the organisational and operational procedures of the Association.

The members of the Association commit to abide by the Code of Conduct of the Association, as adopted by the General Meeting.

General Meeting

The General Meeting comprises all members. It meets as often as the interests of the Association require. It is presided by the Chairperson of the Association.

The General Meeting elects the members of the Board of Directors, the Chairperson and the Vice-Chairperson of the Association, approves the annual budget, appoints the external auditor, reviews the annual accounts and approves the latter. It ratifies the results of negotiations of collective bargaining agreements.

Each full member has a number of votes proportional to the contributions due for the current year.

Board of Directors

The Board of Directors manages the affairs of the Association and represents it in all judicial and extrajudicial acts.

It is chaired by the Chairman of the Association or, in his absence, by the Vice-Chairman.

The Board of Directors takes its decisions in accordance with the rules laid down in the internal regulations.

Board of Directors Status as of 31 March 2025

Yves STEIN
Edmond de Rothschild (Europe) SA

Guy HOFFMANN
Banque Raiffeisen SC

Françoise THOMA
Banque et Caisse d'Epargne de l'Etat, Luxembourg (Spuerkeess) Etablissement public autonome

Jeffrey DENTZER
Banque Internationale à Luxembourg SA

Béatrice BELORGEY
BGL BNP Paribas SA

Olivier CARCY
CA Indosuez Wealth (Europe) SA

Philippe SEYLL
Clearstream Fund Centre Luxembourg SA

Frédéric SURDON
Société Générale Luxembourg SA

Daniel ZAPF
Deutsche Bank Luxembourg SA

David CLAUS
European Depositary Bank SA

Claire ALEXANDRE
PayPal (Europe) SARL et Cie, SCA

Falk FISCHER
Bank Julius Baer Europe SA

Ying LUO
Bank of China (Europe) SA

Pierre AHLBORN
Banque de Luxembourg SA

Tobias GANSÄUER
DekaBank Deutsche Girozentrale, Succursale de Luxembourg

Emanuele VIGNOLI
HSBC Continental Europe, Luxembourg SA

Massimo TORCHIANA
Intesa Sanpaolo Bank Luxembourg SA

Didier DELVAUX
US Bank Europe Designated Activity Company, Luxembourg Branch

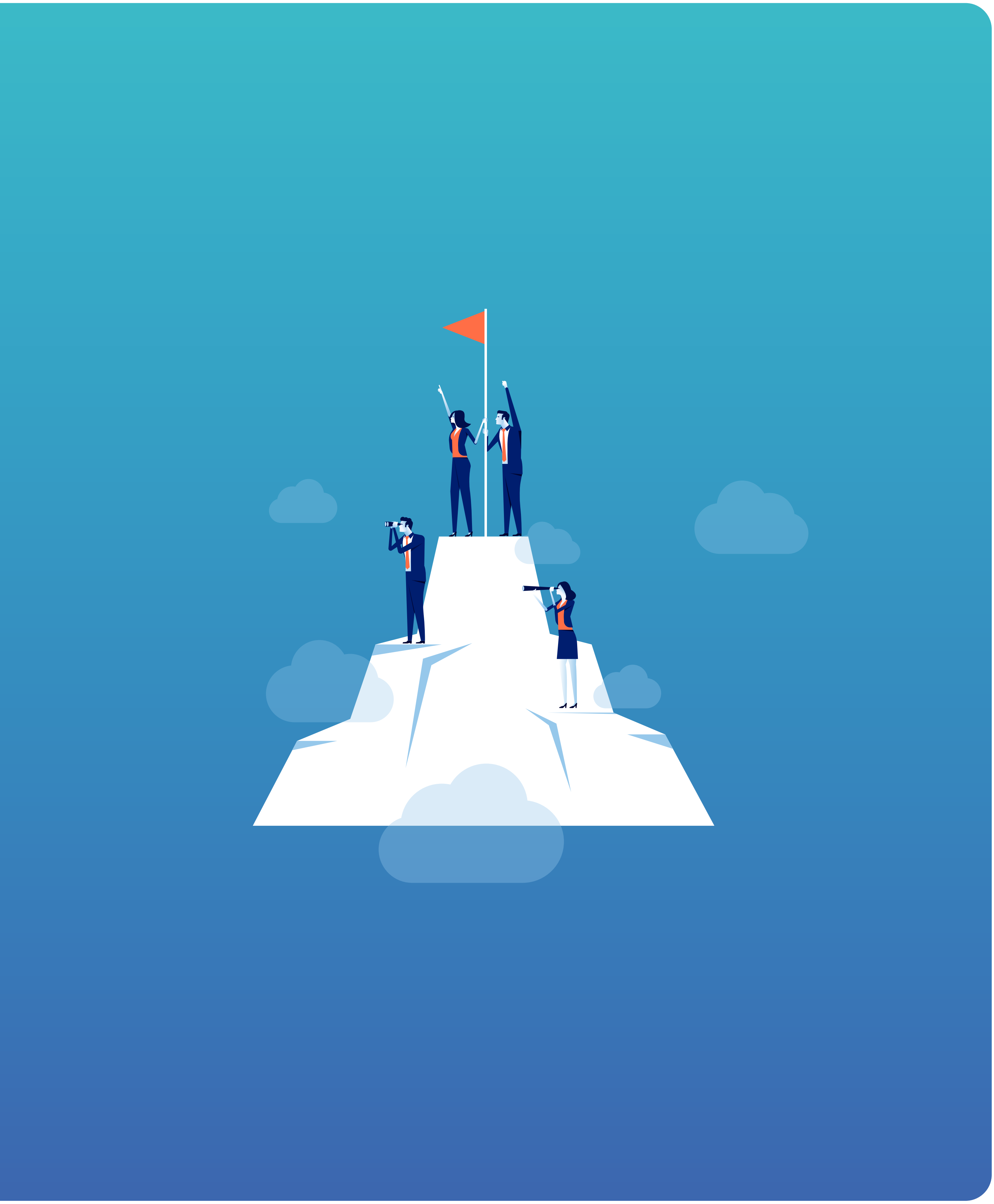
Glenn MEYER
Arendt & Medernach SA

Julie BECKER
Bourse de Luxembourg SA

Roxane HAAS
PricewaterhouseCoopers SC

Marc LAUER
Chambre de Commerce du Grand-Duché de Luxembourg (Etablissement public)

Claude HIRTZIG
Banque et Caisse d'Epargne de l'Etat, Luxembourg (Spuerkeess) Etablissement public autonome (observer)



Management Board

The Management Board is responsible for the internal management of the Association, the preparation of the meetings of the General Meeting and of the Board of Directors, and implements their decisions.

It is presided by the Chief Executive Officer (CEO).

The members of the Management Board are appointed and removed by the Board of Directors pursuant to the provisions of the internal rules of procedure.

In accordance with the internal rules of procedure, the Management Board is responsible for managing the staff employed by the Association, organising internal bodies such as committees, working groups and groups of members, and communicating with members and third parties.

The responsibility of the members of the Management Board in their day-to-day management activities is determined in accordance with the general rules of the mandate. Members of the Management Board do not incur any personal liability in connection with commitments made by them on behalf of the Association.

Management Board (from l. to r.): Camille Seillès, Jerry Grbic, Ananda Kautz.

Organisation

Business Clusters

- Corporate & Investment Banking
- Depositary Banking
- Payments
- Private Banking
- Retail Banking

Technical Committees

- Accounting
- Banking Supervision
- Digital Strategy
- Financial Markets
- Fiscal Affairs
- Legal Affairs
- Professional Obligations
- Social Affairs
- Sustainability

Forums

- Bank Governance
- Chief Financial Officers
- Compliance
- Consultants & Auditors
- FinTech & Innovation
- Law Firms
- Trust and Cybersecurity

Working Groups

Depositary Banking	Depositary Practices UCITS
	Look-through & Control
	Review of CAA Deposit Agreement
	Statistics & Business Intelligence
Depositary Banking	External Asset Managers
	Private Banking Certification
	Investment Firms
	Promotion
	Statistics & Business Intelligence
Retail Banking	AnaCredit Regulation
	Bank Accounts
	Credit Register
	Mortgage & Consumer Credits
	Physical Security
	Real Estate Data
	Statistics & Business Intelligence
	Accessibility requirements for products & services
Corporate Banking	Statistics & Market Intelligence
Banking Supervision	Credit Risk: IRB Approach
	Credit Risk: Standardised Approach
	Large Exposures
	Liquidity Risk Management
	Operational Risk
	Outsourcing Regulation
Digital Strategy	Cloud Computing
	Distributed Ledger Technology & Crypto-Assets
	Financial Data Space
	Trustworthy Artificial Intelligence for Instant Anti-Money Laundering
	Trust and Cybersecurity
Financial Markets & Intermediation	Advisory & Investment Services

	Capital Markets Funding & Securitisation
	Trading
	Market Infrastructures
Fiscal Affairs	Corporate Taxation
	Human Resources Taxation
	Investment Income
	Tax Reporting Standards
	VAT
Legal Affairs	Cooperation Notaries Chamber – ABBL
	Insolvency
	Demand Guarantee
	Working Group on Legal Aspects of Telework
	Fair Consumer Protection Rules
	Inactive Accounts
	Archiving
Professional Obligations	Private Banking
	AML/CFT Handbook
	EU sanctions against Russia
	Bank Accounts Registry (7512)
	Sensibilisation FATF
	Data Protection
	Compliance Expert
Social Affairs	Data Protection & Human Resources
	Diversity, Equity & Inclusion
	Remuneration Policies Requirements
	Study of the Social Situation of the Banking Sector
Sustainability	Corporate Sustainability
	EU Taxonomy and Labels
	Training & Education
Special Working Groups	SEPA

Collaboration and Innovation: The Evolving Role of ABBL's Banking Clusters

Interview Hélène Lange

A large part of the ABBL's activity takes place within business clusters representing different banking sectors. Can you tell us more about them?

The banking industry is structured around four main clusters: retail banking, private banking, corporate and institutional banking, and depositary and custody banking. These clusters serve as collaborative working groups that bring together financial sector players to discuss strategic issues, share expertise, analyse market trends, and formulate recommendations for regulatory and operational developments.

Over time, these clusters have evolved in response to the transformations of the financial centre and the emergence of new business lines. Naturally, some are more mature than others. However, we are currently witnessing strong momentum, particularly within the corporate banking and depositary banking clusters, which are the most recent additions. There is a real sense of catching up in these areas, as they adapt to new challenges and opportunities in the industry.

You joined the ABBL in 2024 to coordinate cluster activities. What direction do you want to take them in?

My first priority is to encourage a more proactive approach to thought leadership. Too often, our industry has been reactive, responding to crises rather than anticipating change. A clear example of this was in the early 2010s when private banking had to redefine its purpose following the introduction of automatic exchange of information. Rather than waiting until we are forced into action, we should be actively identifying the challenges ahead and working on solutions before they become urgent.

Another key objective is to foster greater collaboration, not only within individual clusters but also between them. Many issues are cross-cutting and cannot be tackled in isolation. Financial education is a perfect example. If we want to mobilise more private savings to support the sustainable and digital transition, as well as Europe's strategic autonomy, we need to improve financial literacy. Investors, whether individuals interested in equities and bonds or private banking clients considering private equity investments, need to feel more confident and informed. By breaking down barriers between clusters, we can share best practices and develop more effective strategies to address these broader challenges.

Strengthening partnerships with other financial industry associations is another key focus. Many issues require joint efforts, and there is real value in working together.
For instance, the corporate banking cluster can benefit from collaboration with ATEL's corporate treasurers, while asset servicing topics within the depositary banking cluster would greatly benefit from closer ties with ALFI. Similarly, the retail banking cluster is already working with the Chambre Immobilière on housing challenges, and discussions on private equity could be enhanced by connecting private bankers with the Luxembourg Private Equity & Venture Capital Association. What is particularly encouraging is that these associations share our willingness to collaborate more closely, recognising ABBL's ability to drive progress on these important topics.

Lastly, we need to reassert ourselves in the promotional space. If we do not tell the story of our professions, no one else will do it for us. Our clusters are in the best position to determine where the Luxembourg banking framework needs adjustments or enhancements, and this insight must be shared beyond our immediate network. Strengthening our collaboration with Luxembourg for Finance is a key part of this effort, as it remains the primary channel for promoting Luxembourg's financial industry internationally.

Looking at the strategic priorities you've mentioned, what achievements from the past year are you particularly proud of?

Several initiatives stand out as significant milestones. The past year has seen improved coordination with Luxembourg for Finance, not only in terms of international business development missions but also in efforts to promote talent. A concrete example of this is the work being carried out by the corporate banking cluster with LFF on a pitchbook highlighting Luxembourg's strengths in corporate banking. At the same time, we are working to raise the profile of the depositary banking professions, which, despite their essential role for the asset management industry, are still little-known to talented people who are going into a banking profession. Meanwhile, the private banking cluster has laid the foundations for the launch of an academy for wealth management master's students at the University of Luxembourg, an initiative that could serve as a model for other clusters. Another key development has been the retail banking cluster's collaboration with the Chambre Immobilière on Prolog Luxembourg SA, a vehicle set up by certain Luxembourg banks to support the residential housing sector. These achievements reflect a strong momentum across the clusters and demonstrate the potential for further impactful initiatives. I am also truly pleased with the highly constructive and productive exchanges that have taken place between the clusters and the CSSF. This collaboration has fostered a deeper understanding of key issues and allowed for effective solutions to be developed, ensuring that we continue to move forward in a positive and regulatory-compliant direction.

The annual sector surveys are a key element of cluster activity. Can we expect any changes?

These surveys remain an essential benchmarking and decision-making tool for our members. We work closely with the CSSF, and together with our national competent authority, we are looking at ways to shorten the time-to-market for the publication of results to ensure they remain as relevant as possible.

At the same time, we need to continuously reassess the data we collect. It is important to question whether the current data sets are still relevant and whether we should be gathering additional insights to better anticipate future trends. Equally, we must ask ourselves how we can use data to highlight the value banks bring to the society and the strengths of the Luxembourg banking sector. Another area of focus is introducing regular thematic analyses to ensure the surveys capture the most pressing issues facing the industry. There is a clear need for evolution in this space, and we are committed to making meaningful improvements.

Hélène Lange
Head of Business Coordination.

The ABBL Team

In addition to some 2,500 banking professionals who are involved in the ABBL's committees, clusters, working groups and other forums, we have a highly committed team of **37 employees**.

Our Team in Numbers

At the ABBL, we believe that our talents are the cornerstone of our success. To fulfil the ABBL's mission, knowledge, technical skills and expertise are our most important assets. Therefore, in order to carry out their day-to-day activities, it is essential that our staff feel valued, respected and supported.

37
employees
(as of 31.12.2024)

60%
female employees

43
average age

7
different nationalities

7 years
average seniority

Our Employment Practices

As a co-founder of the Women in Finance Charter, and as a member of IMS, our recruitment policy is based on the principles of diversity, gender equality and inclusion.

Our team members' remuneration is based on the salary grids defined by the banking sector's collective bargaining agreement (CBA) which safeguards equal compensation between genders.

Professional Development

At the ABBL, we attach particular importance to training and skills development. Each year, we allocate a dedicated training budget to our staff based on the needs they have identified with their managers during their annual performance review. Our HR department maintains an age pyramid to anticipate employee retirements and thus facilitate the transfer of knowledge and skills.

Irdelle Lagnide
Senior Assistant - Secretariat.

Simone Kayser
Senior Adviser - Retail Banking.

Perrine Schuler
Assistant - Secretariat.

Elisângela Furtado
Accountant.

Anda Asaftei
Adviser - Banking and Business Intelligence.

Cédric Fonseca
Officer - IT.

Carlo Fonseca
Deputy Head of IT.

Paul Ighodalo
Head of IT.

Paul Wilwertz
Head of Communication.

Chloé Farouault
Head of Accounting & Finance.

Xavier Bové
Adviser - European Affairs.

Chiara Chiodo
Adviser- European Affairs.

Alessia Thompson
Intern - European Affairs.

Missing from photos:

Arnaud Clement
David De Oliveira
Laurence D'Hayere
Fabienne Lang
Gilles Pierre
Sophie Poekes
Annick Rollinger
Sandrine Roux
Piero Ruscitti
Jessica Thyrion

Our Values

Values define the way we interact within the ABBL and with our stakeholders. Values are associated with behaviours that we wish to promote. The repetition of these behaviours results in practices. And the various practices put together define our corporate culture.

In February 2025, we organised a day of collective reflection and teambuilding, during which we selected a set of four values on which we want to build our future:

Expertise

Drawing on our skills and experience, and with a passion for the financial sector, we aim to provide the best possible advice, information and support to our partners, members and colleagues.

Responsibility

Fully committed to our mission, we are proud to be a trusted partner of the financial sector in Luxembourg.

Agility

We are all well aware of the current challenges of our dynamic, constantly changing environment: we listen to everyone's priorities and adapt in a spirit of proactivity.

Team spirit

We are all on board, with the common goal of fulfilling our mission together: each with his or her own strengths, skills and experience, we form a solid, reliable team and cooperate effectively.

Contact

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L-1468 Luxembourg
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mail@abbl.lu