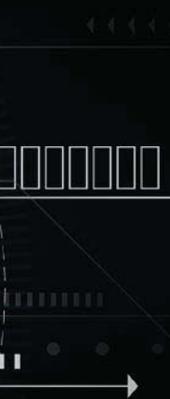




***A perspective from Anders La Cour,  
Speaker at the Annual Deloitte Horizon conference***

Anders La Cour is co-founder of Saxo Payments Banking circle, designed to provide FinTech businesses and banks with the crucial “utility” needed to deliver core-banking services to their clients efficiently and cost-effectively.

Anders is not just a figurehead: he is a hands-on leader for the Saxo Payments business. Over the last 22 months, the business has grown at a tremendous pace, achieving US\$50 billion volume growth. Under his leadership, Saxo Payments Banking Circle has received industry wide recognition, winning five awards in 2016 and four awards in 2017.



# LUXEMBOURG AND THE BANKING INDUSTRY OF TOMORROW

We sat down with Anders La Cour, CEO of Saxo Payments Banking Circle, to discuss what banking looks like now and how that could change in the future. We also asked him why he chose to bring the company to Luxembourg and whether he would recommend it for other players. Read on for more.

**Deloitte: In today's age, digital technologies are fundamentally disrupting the banking business. What are the main impacts on the value chain and profitability?**

**Anders La Cour:** Traditionally the banking industry has owned both the client relationship and the corresponding banking network. In industries, which face a deregulation, a separation of the value chain is often observed and the banking industry is no different. As it faces deregulation, the value chain is split into different parts, with the upper part creating value for clients and being supported by what we may call the "pipes and plumbing".

For banks, this has a significant impact on profitability. FinTechs will battle for consumers alongside "relationship banks", which will likely have third-party handling, non-core functions in the future. They will strive to maintain the client relationship with the aim of retaining a position on top. Only very few very large banks will be able to continue serving the whole value chain. Particularly smaller banks with legacy systems will need to consider focusing on the upper part of the value chain, whilst letting someone else handle the "pipes and plumbing". ➡

**D: In a time where many actors may be doubting the future of banking as we know it, why did the banking circle decide to apply for a banking license?**

**ALC:** In ten years, banks will still exist, but in a different way than we know today. They will differentiate themselves to the consumer. With this shift, many of them will no longer focus on providing what we can describe as utility services, as scale is essential.

As a result, providing utilities only to their own customers on legacy systems will become costly for these banks placing them in an unfavorable position. As with the right scale and no legacy systems, providing utilities can be a profitable business, this can create a win-win situation for the provider and banks. These banks require stability from their partners and by having a banking license, they can assure our clients this stability.

**D: You chose Luxembourg as a location for your bank. Could you explain why?**

**ALC:** At the beginning, we were mainly focused on the United Kingdom and Denmark, given that we had already established offices in both London and Copenhagen. With the result of the referendum in the UK in 2016, we started exploring other options given the uncertainty.

As a global company, we wanted internationality and stability, so the pool of shortlisted countries included the Netherlands, Ireland and Luxembourg. Luxembourg was then our final choice. This was due to a number of elements, including its membership of the European Union, high innovation performance and support from an innovation-friendly government with a stable regulator.

Furthermore, its location, but also its family-friendly environment with high quality education and multi-cultural and multi-lingual environment were important. Especially the availability of a Danish track in the European School was an attractive factor for Luxembourg.

**D: There has been much discussion around Brexit over past few months. How can Luxembourg improve its value proposition to be an interesting location for financial services players looking for a home?**

**ALC:** Luxembourg is special, and it is not the same as London or New York, so Luxembourg must find its own positioning. Today Luxembourg is not very diversified, but very specialized and may need to broaden the access to different financial services. I see three key dimensions on which Luxembourg could work in order to develop the financial place further:

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**01 Embracing access to funding** is a major part of the ecosystem (e.g. VC funding), but today in Luxembourg there is a lack of access to this type of funding. I myself co-founded two companies and while Luxembourg was an appropriate choice for Saxo Payments Banking circle, I would ask myself more questions before moving my other company to Luxembourg, as the limited access to VC funding may be prohibitive.

**02 Investing in universities and developing the overall attractiveness** of Luxembourg to attract highly-skilled workers. For some types of companies, and especially startups it is important to have very specific skills available. In Luxembourg, I feel that there is a shortage of engineers at a reasonable price, which may again represent a barrier for some startups.

**03 Supporting early stage startups** in order to create the right environment will also be important. In other cities, such as London and Berlin, I see many schemes to support early-stage startups and I think Luxembourg could benefit from similar schemes. For example, Luxembourg could provide financial incentives or tax advantages for startups hiring local staff. ●

