

News release

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PSF shows resilience and continued stabilization in Luxembourg

New Deloitte report confirms stabilization of the number of Professionals of the Financial sector (PSF) following a challenging Covid period, while showing path of resilience. The study was presented at Deloitte Luxembourg's annual PSF conference in Cloche d'Or on Tuesday.

Luxembourg, 6 December 2022: On Tuesday, 6 December, Deloitte Luxembourg presented its 13th annual PSF report, demonstrating yet again the sector's continued resilience and recovery since the beginning of the pandemic. The study, "*Outlook and future of a sector seizing opportunities*," provides deep insights into the dynamic field of PSF, highlighting key figures, trends and opportunities.

For the second year in a row, the PSF market shows signs of continued recovery with a consolidated net result that increased by 26% and employee headcounts continuing to grow, surpassing pre-pandemic levels with 17,320 professionals in September 2022, compared to 16,878 by the end of 2019.

"Since the first registration of a PSF in Luxembourg, we have been monitoring the development of the sector and observe its steadfast and robust strength despite adversity. This year's results show a continuation of the trends identified last year with an ongoing concentration in the market with slightly fewer actors but an increase in workforce. It clearly shows the sector still has an important role to play in Luxembourg while constantly – and successfully – adapting to change," says Raphaël Charlier, Partner and PSF leader at Deloitte Luxembourg.

Key findings of the 2022 report include:

- Total number of PSF continued to slightly decline by 1.1% in the course of 2022, with 263 PSF including branches on 31 October 2022 (compared to 266 on 31 December 2021, and 257 excluding branches on 31 October 2022 compared to 260 on 31 December 2021).
- Growth in PSF workforce has been steady over the past year, with a particular increase in the average number of employees per Specialized PSF, from 22 in 2011 to more than 60 in 2021.

- PSF employed 35% of all workers in the financial sector in 2021, underlining its importance for the Luxembourg market.
- PSF enjoyed a provisional net profit of 294 million euros in 2021 compared to 234 million euros in 2020. The provisional net profit amounted to nearly 174 million euros for the first nine months of activities in 2022.
- Net profits by category show positive results for 2021 with a stagnation for Specialized PSFs:
 - o **Investment firms'** net profits heavily increased by 38% to from 94 to 129 million euros in 2021.
 - o **Specialized PSF's** net profits remained stable with 94 million euros in 2021, registering a slight decrease of 2% in 2021.
 - o **Support PSF's** net profits grew by a significant 61% from 44 million euros in 2020 to 70 million euros in 2021.

"Similar forces are at play for the concentration that we have already seen last year. They include digitalization trends, delivery model optimization, costs of new regulations, or increased appetite by private equity investors willing to invest and increase their market footprint. However, it is worth noting that, for the first time in the past five years, the number of PSF has stabilized compared to the previous year," explains Adil Sebbar, Audit Director at Deloitte Luxembourg.

The 2022 report confirms a positive outlook for the sector, with a variety of opportunities to explore but also challenges to overcome. Both range from talent management to sustainability, new ways of working and digitalization. True to tradition, the report sheds light on major trends and regulations forming the PSF market, including ESG, the EU's Digital Operational Resilience Act (DORA) and tax regulations.

The full version of the new PSF report is available at the Deloitte Luxembourg website: www.deloitte.com/lu/psf-outlook.

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