



Exclusive Interview
with
Nicolas Mackel CEO
Luxembourg for Finance

1. **Amcham's Exclusive Interview with Nicolas Mackel, CEO of Luxembourg for Finance**

Amcham: Please give us an S.W.O.T. overview of the current situation of the Luxembourg financial sector?

Nicolas Mackel: Luxembourg's key strength remains the expertise that we have built over the last 30 to 40 years. This expertise, in areas such as investment funds, banking, capital markets, insurance, FinTech, and sustainable finance, among others, has created an ecosystem or toolbox that cannot be found in a single location in the rest of Europe. Further, Luxembourg provides financial institutions with a stable political environment, that has maintained its AAA rating from key ratings agencies, and continues to build on the regulatory certainty that it has established. Certainly, this has also been a draw to the diverse and multilingual workforce that is key to the expertise we have built. Further, Luxembourg has established a sense of cooperation among players in the market, meaning that the industry is not working against each other but rather together in order to establish best practices.

When we look at the weaknesses, one of the key points that tends to arise is the fact that Luxembourg remains fairly expensive. Further, the availability of talent remains a key issue that financial centres globally, including Luxembourg, face. In the Grand Duchy, this lack of talent is a consequence of our quantitative and qualitative growth. As we move further up the value chain, we must both train and attract individuals with new skill sets. In the same vein, the Grand Duchy remains largely back and middle office oriented. Given that these roles are the most likely to be automated in the medium term, there has been an increased drive from both the government and private sector to upskill staff and drive a more qualitative enhancement towards front-office roles.

Key opportunities for Luxembourg lie in a number of spaces, including the rapid rise of sustainable finance and alternatives, where the Grand Duchy is a leading player. Further, the overall regulatory developments at an EU level, via work done on the Capital Markets Union and the Pan-European Personal Pension Plan, are key opportunities for Luxembourg to serve the broader European market given our cross-border expertise.

Threats to our financial centre include further fragmentation or rising protectionism across Europe that could play against our aforementioned expertise. Moreover, as companies look to reduce costs, the rise of outsourcing to other jurisdictions, while not a key issue yet, could become one in the coming years. Given this, the previously mentioned upskilling becomes all the more important.

Amcham: Has Brexit caused UK based companies to migrate jobs and assets to Luxembourg and what is the likelihood that additional UK based financial sector companies will follow over the coming 2 years?

Nicolas Mackel: We have seen a number of companies choose to continue serving the European market out of Luxembourg. Since the Brexit referendum, more than 60

companies have chosen to establish themselves in the Grand Duchy explicitly mentioning Brexit as the cause.

In the coming years, we don't expect many direct relocations as those who needed immediate EU market access have already made the move. We do, however, expect staff to grow considerably in the firms that only established contingency plan offices, but that will now need to be fully staffed in the coming years. In the future, US and Asian firms that expand to Europe will look at the map differently, not choosing London but one of the EU financial centres.

Amcham: What employee professional credentials, experience and skill sets are in critical demand within the Luxembourg financial sector?

Nicolas Mackel: We still see strong demand in our key focus areas, including legal and compliance, accounting, risk management, private banking and wealth management. We are also seeing growing demand for IT skills as more companies shift focus into automation of certain functions, as well as a growing demand for quantitative skills for front-office roles that are becoming more in demand in Luxembourg.

Amcham: Are Financial sector assets under custody, stable shrinking or growing?

Nicolas Mackel: Our financial sector growth remains strong, both in terms of fund assets and private banking assets. Despite the pandemic, Luxembourg funds remained attractive and we will probably reach the €5 trillion threshold in early 2021. In the private banking space, assets have more than doubled in the last 11 years, reaching €466 billion at the end of 2019.

Amcham: Recently Luxembourg has been again accused in French and German Newspapers as facilitating improper tax avoidance by criminal elements. Please explain what this is all about and is this a set-back for the LFS?

Nicolas Mackel: Much of this stems from an inability of our neighbours to comprehend why Luxembourg would be a location of choice for financial services, hence the need to immediately jump to tax and the "black box" of finance to explain this to themselves. The allegations made stem from a blatant misunderstanding of European law, not Luxembourg law, as well as misunderstanding of why international investments are structured through the creation of holdings companies.

Luxembourg has correctly applied the European regulatory frameworks for taxation and transparency, and in some cases is more transparent than many other countries within the EU. The Luxembourg government attempted to explain our position to the journalists when questioned, however it seems that many of these explanations were conveniently ignored in order to damage the reputation of the Luxembourg financial centre. It is unfortunate that Luxembourg is once again being labelled a tax haven when we are steadfast in our application of all relevant EU directives and willingly share all required information with the tax authorities in other countries.

Amcham: Compared to our competitor locations, can you give us an idea of the relative positioning of Luxembourg on the road of digital transformation? Are we

ahead, behind or even with our competitors and what do we urgently need to do to stay competitive in this process?

Nicolas Mackel: This is largely a matter of perspective. In my opinion, we are ahead in some areas and most likely behind in others. In terms of our core competences, we are advanced in the digitalisation of the fund industry, in payments and in RegTech development.

Further, the establishment of the Luxembourg House of Financial Technology has gone a long way to fostering the growth of Luxembourg's FinTech ecosystem.

Amcham: To save costs and because of the high relative salaries in Luxembourg, many companies are outsourcing lower and mid-level financial sector jobs to other locations. Does this outsourcing constitute a long-range threat to the prosperity of the Luxembourg financial sector and, if so, what can we do to face and overcome this challenge?

Nicolas Mackel: As mentioned in your first question, this is a definite threat we are facing. Often, tasks perceived as repetitive or of low value are often moved out of Luxembourg to cheaper business locations. However, we are also seeing more high-level positions being created in Luxembourg. In most group structures, the control, supervision and management of tasks remains centralised in Luxembourg.

As noted earlier, it is important for us to counter this by moving up the value chain and attracting more front-office roles to Luxembourg. This is a long process, but it is happening slowly but surely, thanks in part to Brexit, European regulations and the realisation among players that Luxembourg has more to offer than just expertise in back and middle office roles.

Amcham: How can the LFS use the ongoing digital transformation to reduce the cost of risk/audit and compliance related activity?

Nicolas Mackel: This is already happening, one only need look at the explosive growth of RegTech, FundTech and other tech solutions being developed in Luxembourg. Some of the players that grew out of the Grand Duchy are globally leading players in their areas. It is critical that we continue to foster the development of the FinTech ecosystem to ensure that new and innovation solution providers can thrive.

Amcham: What advice would you give regarding skills and competencies attainment by newcomers trying to enter the financial sector job market... what knowledge and skills are needed and how best to acquire them?

Nicolas Mackel: This is fairly difficult to answer as the continuous evolution of financial services globally means that the skills and competencies that are required are always shifting. Clearly, as technology becomes more embedded in the financial system, we've seen a growing need for individuals who can rapidly understand and incorporate technology into their daily work. Further, the ability to adapt and understand new topics is also crucial. As finance evolves, the way we work within it evolves and one cannot remain static.

Amcham: Financial services has a key role to play in sustainable development. Where does Luxembourg's finance centre stand in this?

Nicolas Mackel: Luxembourg has always been a leading proponent of sustainable finance, from the listing of the EIB's first green bond on the LuxSE in 2007, the establishment of the Luxembourg Green Exchange in 2016 – which has become the world's leading platform for sustainable securities listings, to the creation of the Luxembourg Sustainable Finance Roadmap in 2019 and the Luxembourg Sustainable Finance Initiative in 2020.

The government and the private sector in Luxembourg have worked together to ensure that Luxembourg is a leading financial centre in this space, and we will continue to do so through the various initiatives that we have in place.

2. **Luxembourg News- Minister Lex Delles** advises us that Start-Ups launched at the beginning of 2020 can also benefit from state aid until December 31, 2020 inclusive. Read his full statement here: <https://www.amcham.lu/expansion-and-strengthening-of-support-measures-for-businesses-affected-by-the-covid-19-pandemic/>

ALLEN & OVERY

3. **Our Corporate Member Allen & Overy** did a very interesting Webinar on the 11th February, 2020 - **Managing your workforce throughout the pandemic – can you require employees to have the vaccine before they return to the workplace? Watch the recording here:** <https://www.allenoverly.com/en-gb/global/news-and-insights/publications/covid-19-coronavirus-and-global-employment-law-managing-your-workforce-throughout-the-pandemic-can-you-require-employees-to-have-the-vaccine-before-they-return-to-the-workplace>



Luxdates
Find your soulmate



4. **Single during Covid Times? how would you find a partner? This is the question I asked one of our Members, Claudia Neumeister founder at LuxDates.**

Finding Love in Exceptional Times

When the Pandemic forced the World to be “socially distant” in the spring of 2020, personal matchmaking seemed to be a business model doomed for failure.

As it turned out, the opposite was the case.

When I started [Luxdates](#) in 2017, I designed my service to be the “Anti-Tinder”. I meet all my clients in person, handle their quest for a partner with discretion, and offer to introduce prospective couples personally. That’s a lot of face-to-face time!

During the first lockdown, I collaborated with a startup called Chefpassport and offered online cooking classes for singles, as a community building activity. I had also finalized my ICF coaching training and was able to add dating and relationship coaching to my portfolio. I also started doing videos on dating topics, which gave me a wider audience and a digital platform.

Once the restrictions eased – and eventually ended – I had an increased demand for my service. During lockdown, singles as well as couples had re-evaluated their relationship status and wanted to change.

What I discovered in the many discussions I have had since, is that people looking for a life partner were a lot more holistic in their approach. Shared values, shared meaning, and life goals have become more prominent aspects in their quest. These are elements that cannot be determined by an algorithm.

The pandemic has forced entrepreneurs to be re-evaluate and be innovative. As a society, it has offered us the opportunity to decelerate a little and reflect more.

Deceleration and reflection are my recommendations for everybody looking for a partner.

One of the reasons people end up in unhappy relationships is that they rush the dating phase. Their urge not to be alone, and taking a new relationship too far, too soon, clouds their judgment, and they end up with a partner who is not a great fit.

Taking it slowly is the chance the pandemic (and the continued lockdown) offers to us. Not being able to meet in bars may be a blessing in disguise.

I recommend to my clients to talk on the phone for a couple of times. Of course, there is also the option of video-calling, but I recommend talking on the phone first. There’s a different quality to first hearing the other one’s voice only.

I strongly discourage texting – for many reasons. The nuances of the spoken word are lost in texting and it’s a recipe for misunderstandings. You may wonder why the other person

doesn't respond right away, and this leaves room for speculations, which turn into frustration and accusations. If you want to connect with your new flame, call him (or her).

Once you do decide to meet in person, go for a walk. Walking – especially in the forest – increases our heartbeat and energy, boosts our mood, and relaxes us. You will be more “yourself” during a walk in the fresh air than sitting in a bar or a café over a cappuccino. In December, I sent four prospective couples for a walk in the woods, and three of them ended up falling in love.

I also recommend meeting more than once. Give yourself and the other person a fair chance. Take the opportunity to reflect – not only on the other person, but on yourself. “Who am I when I am with this person?” “Do I like myself when I am with this person?” And – thanks to the pandemic: “Would I want to spend the next lockdown with this person?”

Spending a lockdown together has become the ultimate relationship test. Choosing your partner wisely is the best investment you can make.

If you are interested in finding out more, contact me under claudia@luxdates.lu www.luxdates.lu



5. Joint Statement of Paul Schonenberg, CEO of AMCHAM and former United States Ambassador to the Grand Duchy of Luxembourg J. Randolph Evans

Paul Schonenberg, CEO of AMCHAM, announced today that former United States Ambassador J. Randolph Evans will serve as AMCHAM's Washington, D.C. Representative. In making the announcement, Mr. Schonenberg noted that: “During Ambassador Evans tenure here in Luxembourg, he demonstrated repeatedly his reach throughout Washington, D.C. and among American thought leaders.”

Mr. Schonenberg noted that multiple Congressional Delegations came to Luxembourg during Ambassador Evans' tenure including current United States House of Representatives Speaker Nancy Pelosi and the Democratic Leadership including Majority Leader Steny Hoyer and Majority Whip Jim Clyburn.

In addition, multiple United States Cabinet Secretaries came, including Secretary of Commerce Wilbur Ross to sign a landmark Memorandum of Understanding with the Grand Duchy regarding space and Secretary of Defence Mark Esper to lead a Presidential Delegation to the 75th Anniversary

of the Battle of the Bulge. At the latter event, heads of state and world leaders attended the event at the Luxembourg-American Military Cemetery in Hamm.

Ambassador Evans also hosted along with the Luxembourg government and the European Court of Justice a gathering of sixteen (16) United States Ambassadors serving throughout Europe. And, when Luxembourg leaders including Deputy Prime Minister Francois Bausch and Minister Henri Kox went to Washington, D.C., Ambassador Evans organized meetings with a large bipartisan group of United States Senators as well as high ranking officials at the Pentagon.

Mr. Schonenberg commented that “with access like this, and a working knowledge of Luxembourg having served as the United States Ambassador here, our members will benefit enormously from Ambassador Evans’ insights and observations. He knows Washington, D.C. and he knows Luxembourg making for a perfect combination for our organization and our members.”

Ambassador Evans stated that “I look forward to staying in touch with so many wonderful companies and talented people with whom I worked while there. I appreciate the opportunity that AMCHAM has offered and look forward to working with it and its members.”



6.

Healthy Lemon Chicken

A luscious, tangy stir-fry that makes two generous portions for very few calories. Serves 2

Ingredients

- 1 tsp cornflour
- 1 tsp dark soy sauce
- Finely grated zest & juice 1/2 small lemon
- 2 tsp coconut or canola oil
- 1 skinless chicken breast fillet (around 150g), cut into 1.5cm slices
- 1 capsicum, any colour, deseeded and sliced
- 1 medium carrot (around 80g), trimmed and thinly sliced
- 100g broccoli, cut into small florets
- 150ml chicken stock (made with 1/2 stock cube)
- 4 spring onions, trimmed and thickly sliced

Method

- 1.Mix the cornflour with the soy sauce and lemon juice in a small bowl.
 - 2.Heat the oil in a large frying pan or wok over a high heat, add the chicken, capsicum, carrot and broccoli and stir-fry for 2–3 minutes, or until the chicken is lightly browned and the vegetables are beginning to soften.
 - 3.Pour the lemon and soy mixture into the pan, add the chicken stock and spring onions and bring to a simmer. Reduce the heat and cook for 2 minutes, or until the sauce is slightly thickened and the chicken is cooked through, stirring regularly.
 - 4.Sprinkle with grated lemon zest and serve with rice.
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AMCHAM offers to each of you and your families our best wishes for your health and happiness. Be strong. Stay connected with your families and friends by phone and email. Use this time wisely and productively so you come out of this crisis stronger than when you started. For all those who don't know AMCHAM yet, please find our website here: <https://www.amcham.lu> and particularly our mission statement here: <https://www.amcham.lu/about-us/mission-statement/> and how you can join AMCHAM here: <https://www.amcham.lu/membership/> If you need us, we are here and will do all we can do to help. Feel free to pass on our newsletter to your colleagues and friends.

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