Newcomers'Conference 2026

« Introduction to Luxembourg Financial Law »



BANKING LAW

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Luxembourg Banking Regulatory Outlook

- **1. Preamble**

1.1 Some general figures at 31 December 2025

*** Number and origin of banks authorised in Luxembourg**

	2021	2025
EU BANKS	70	34
EUROPE (NON EU)	19	17
REST OF THE WORLD	35	65
TOTAL	124	116

1.1 Some general figures at 31 December 2025

* Total Balance Sheet (source CSSF)

	2021	2025
	€ 951 bn	€ 956 bn

* Employment within Banking Sector (source CSSF)

	2021	2025
	25.966 FTE	26.284 FTE

1.2 Luxembourg's Banking Ecosystem

Today Luxembourg can show up a collaborative and diversified Ecosystem marked by :

Retail Banking	Private Banking	Corporate/ Institutionel Banking	Depositary/ Custodian Banking	E-Money/ Payment Institutions
Vital role in supporting the economy and the needs of the residents	Serving local and international HNWI clientele	Supporting complex financial needs of corporations	Serving world's second largest fund industry in Luxembourg	Establishing a hub for payment and electronic money
Total volume of € 9,03 billion	42 Banks active in Private Banking	70 % of corporate lending is focused on the international market	Banks underpin the safety and operational integrity of investment funds	End of 2025 counted 18 payment institutions and 13 Electronic Money Institutions
18.566 mortgage loans granted in 2025 (+ 18% compared to 2024)	N°1 Private Banking centre in the Eurozone with € 756 bn Assets under Management		Volume of € 7,54 trillion Assets under Deposit + 3,95 trillion under Custody	

2. Key milestones in the regulatory developments (*before subprime crisis) (1)*

- **Loi d'établissement du 2 juin 1962 + Arrêté grand-ducal du 19 juin 1965 concernant les opérations de banque et de crédit.**
- **Emergence into the international market of EURO-DOLLARS and later EURO-DMARKS, EURO-YEN, etc (mainly caused by the US Interest Equalisation Tax Decret of July 18, 1963**
- **Arrêté grand-ducal du 22 décembre 1972 en matière de fonds d'investissement**
- **Loi du 23 avril 1981 portant application de la première directive européenne en matière de coordination bancaire.**
  This text is remarkable by marking the very first step toward creating a unified single market for banking BUT in Luxembourg it represents also the first legislative move toward granting the foundations for banking secrecy !

2. Key Milestones in the regulatory developments (*before subprime crisis) (2)*

- **Loi du 5 avril 1993 relative au secteur financier** forms the fundamental legal framework governing credit institutions, investment firms and professionals of the financial sector (PSF) in Luxembourg. It's caracterised by the following five pillars :

❖ Market Access and Authorisation

❖ Prudential Supervision by the Commission de Surveillance du Secteur Financier (CSSF)

❖ Professional Conduct & Obligations (Governance and AML duties a.o.)

❖ Restructuring and Winding-Up

❖ Investor Protection

2. Key Milestones in the regulatory developments (*before subprime crisis)(3)*

- **Loi du 5 août 2005 sur les contrats de garantie financière,** which transposed the so-called *Collateral Directive 2002/47/EC*

  This law went famous for being one of the most creditor-friendly and flexible implementations of the EU Directive on collateral (a.o. by streamling public auctions via bailiffs and by adding direct fund redemption options for fund shares and by attachment or bankruptcy proceedings'watertightness).

- **Loi du 13 juillet 2007 relative aux marchés d'instruments financiers, transposing the first Markets in Financial Instruments Directive (MiFID) 2004/39/EC.** It's caracterised by the following four pillars :

❖ Clients categorisation in distinct groups to determine the appropriate level of investor protection duties that apply to them

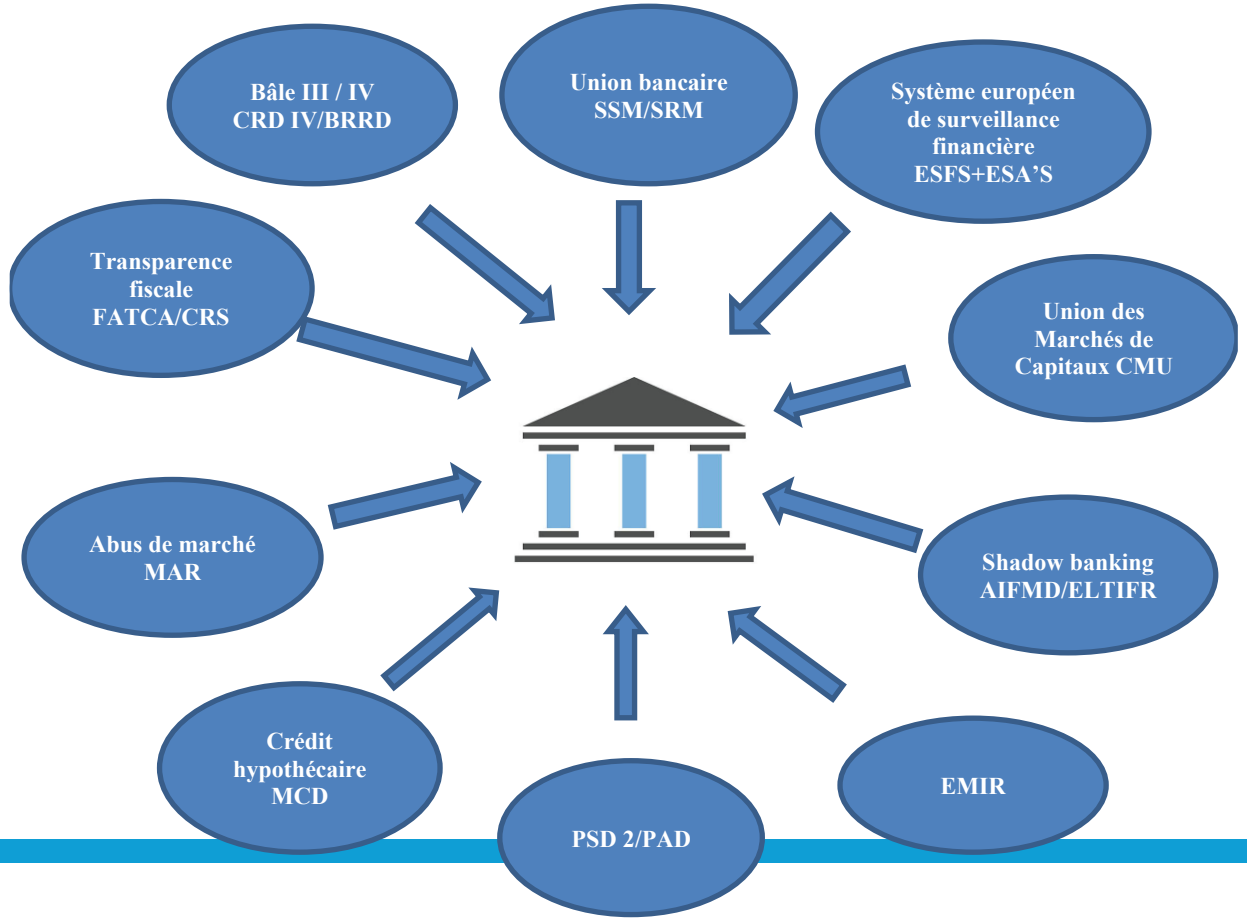
❖ Collecting data about markets knowledge, risk awareness and risk appetite

❖ Establishing investment objectives in line with the risk profile

❖ Fairness of all information addressed to clients

3. Integrated international & EU dimension of rule-making and supervision (*after subprime crisis)*

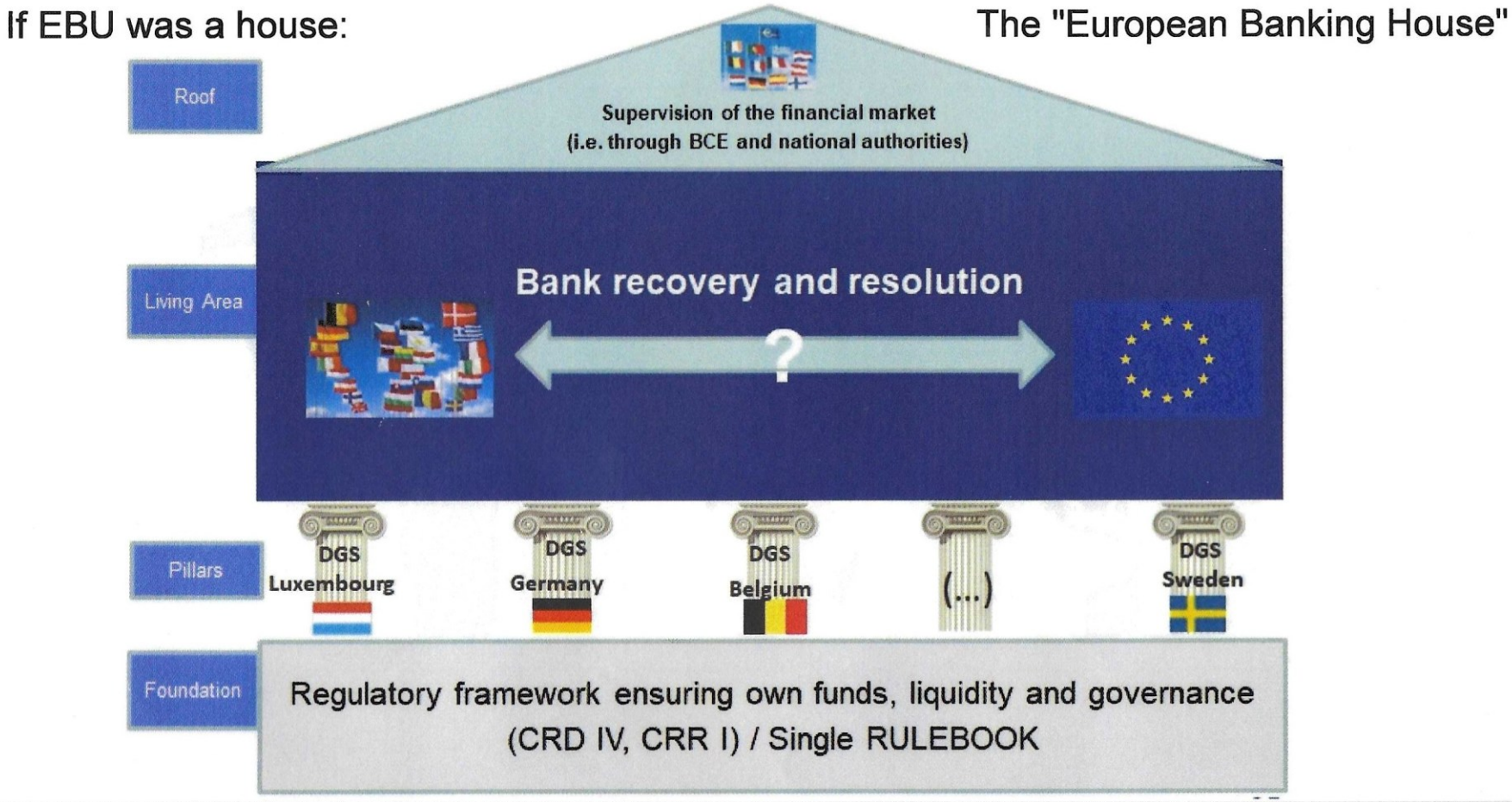
3.1. Building blocks of the « third generation » of regulatory developments for the EU banking sector launched in 2010



3.2. Reconstruction of the « European Banking House » in the perspective of a solid « Banking Union »

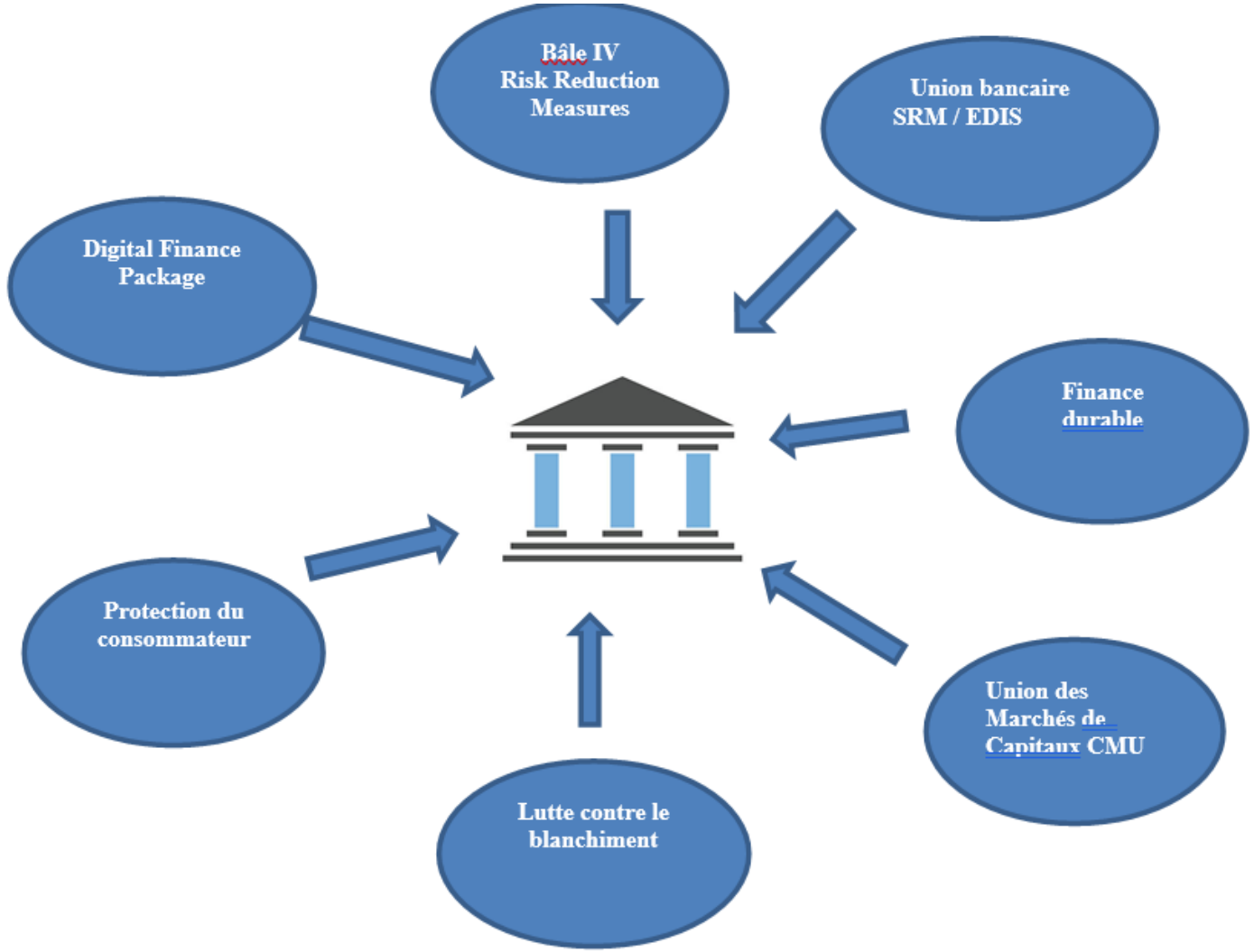
Since inception in June 2012, the Banking Union can be considered as a genuine Economic and Monetary Union strengthened by a single banking supervision mechanism for the euro area.

The following sketch illustrates this change :



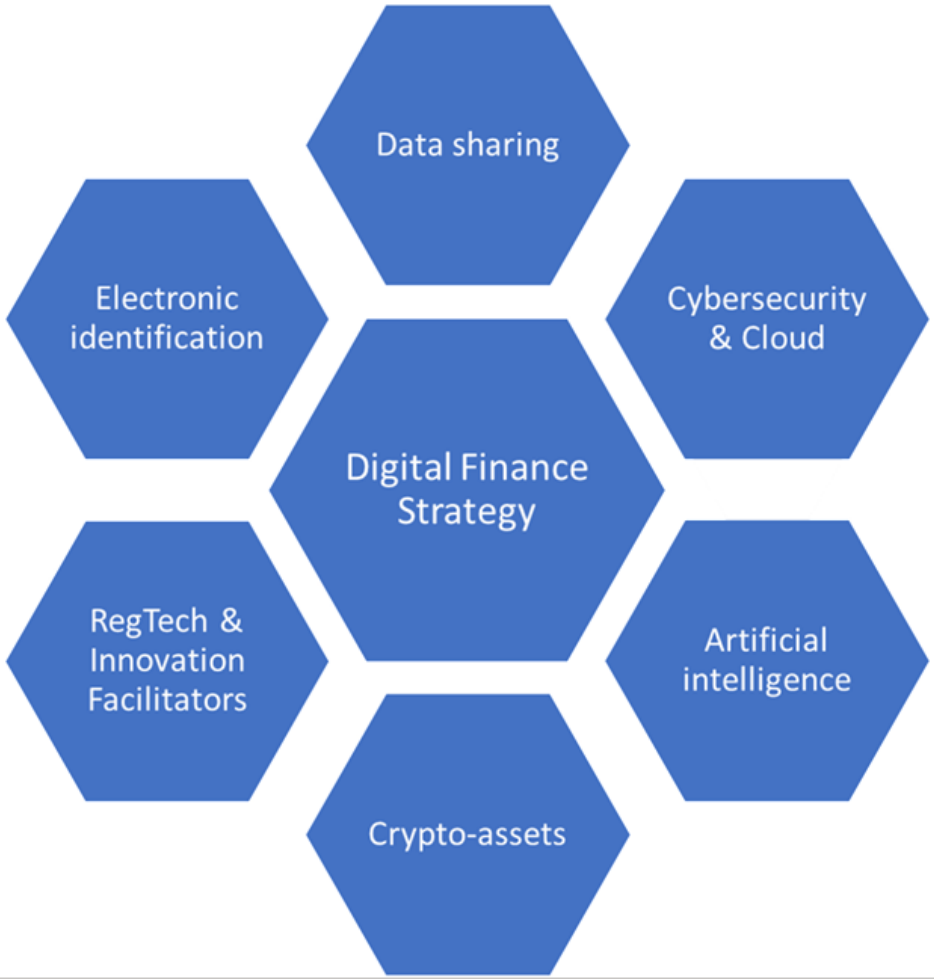
3.3. Selected pieces of areas needing improvement in the banking sector following to the EU Commission

Thereupon in 2019, the Van der Leyen Commission presented the following objectives in order to improve both competitiveness and safety of the banking sector :



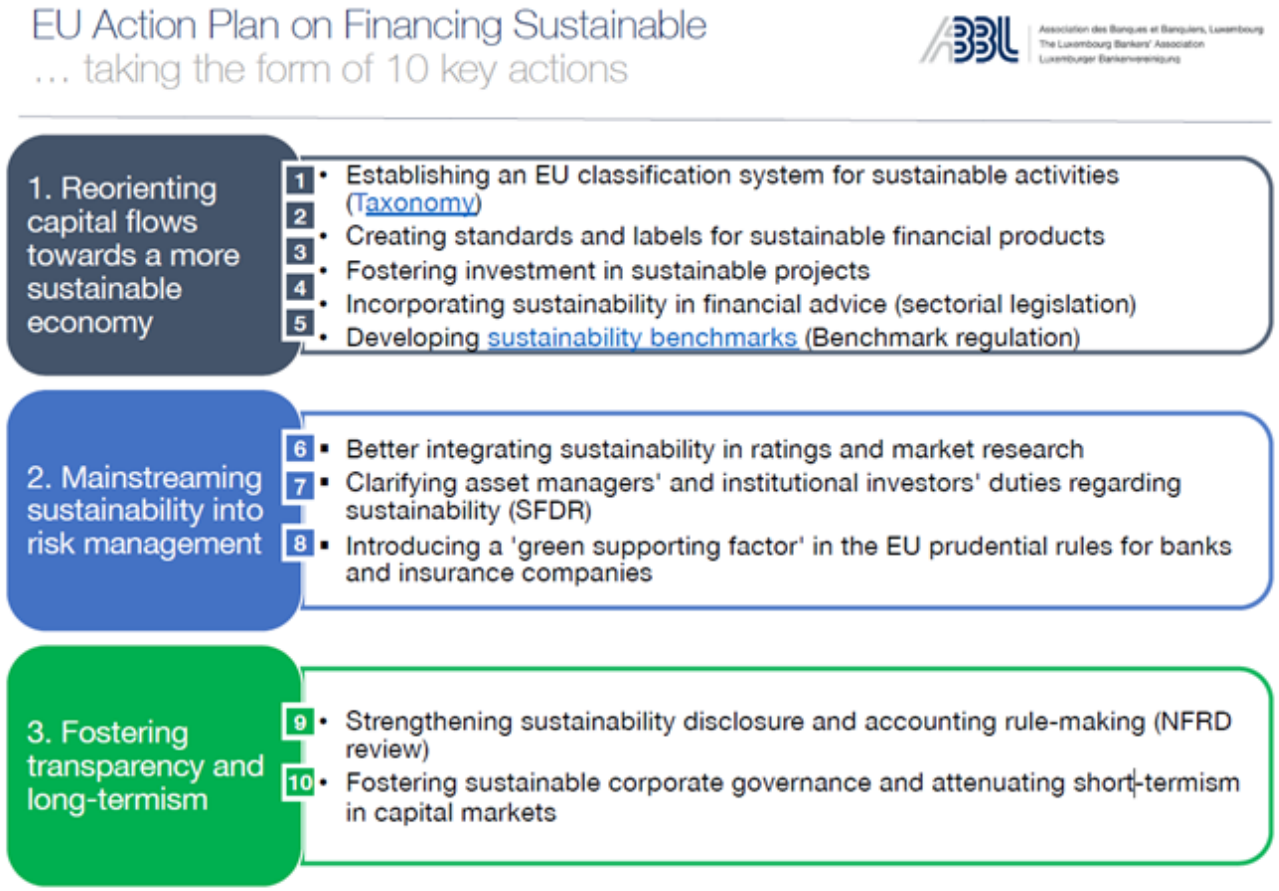
3.4. Digital Finance Strategy for the EU

On September 24, 2020 the EU Commission presented its digital finance strategy tabling on the six areas needing improvement :



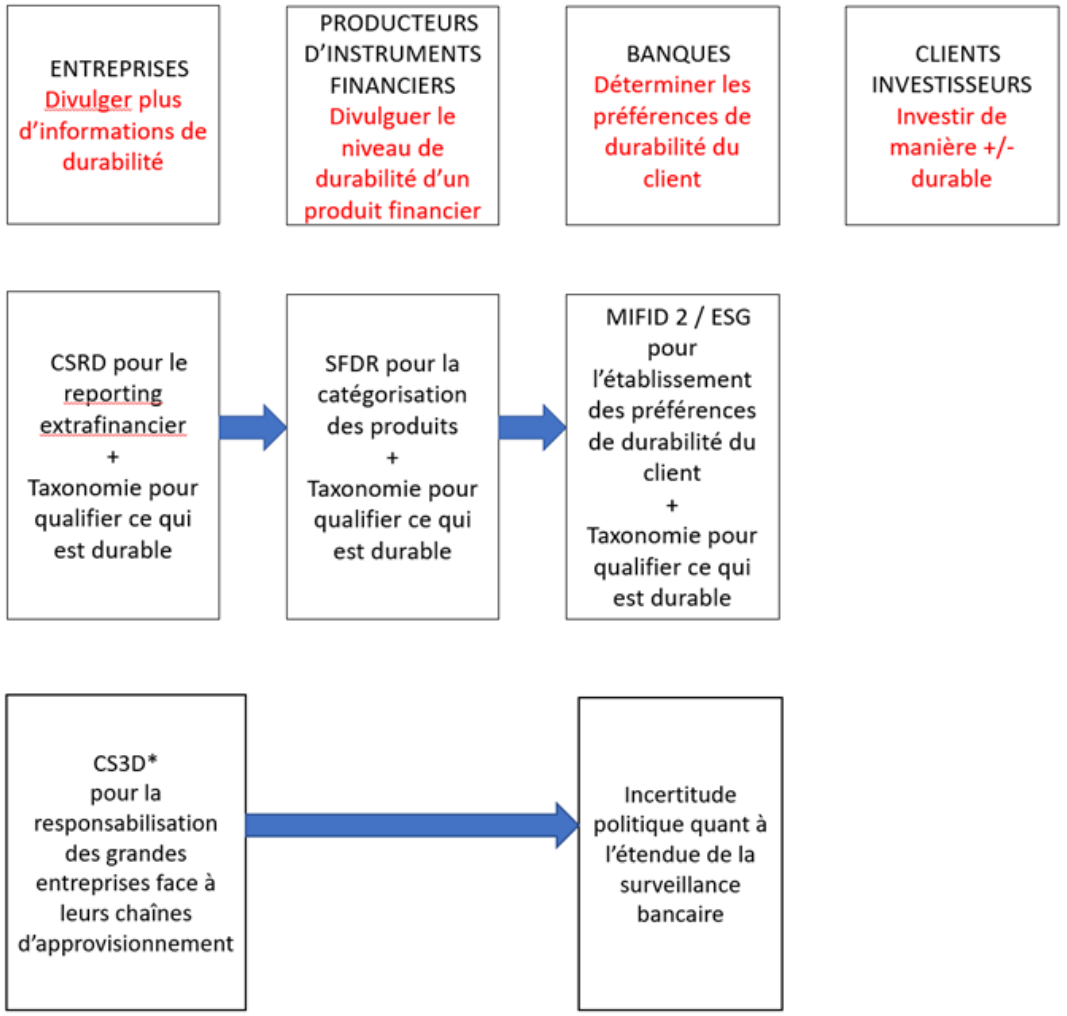
3.5. EU Action Plan on Sustainable Finance (1)

Whereas the initial « Action Plan on Financing Sustainable Growth » dates back to March 2018 we must actually conclude that the topic remains politically charged (cfr. The key changes to the CSRD introduced by the Omnibus 1 Directive (Dir. (EU) 2026/470) in significantly simplifying and delaying reporting and due diligence requirements under the Corporate Sustainability Reporting Directive and the Corporate Sustainability Due Diligence Directive (CS3D)



3.5. EU Action Plan on Sustainable Finance (2)

The following **Responsibility Assignment Matrix** can nevertheless be considered when addressing key roles, legal tools and responsibilities of Corporations/Financial Instruments Manufacturers/Banks/Investors :





thank you!

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