



LET'S TALK ABOUT HISTORY

# #BankingHistory

## The internationalization of savings investments: The example of Luxembourg

Prof. Dr. Christopher Kopper, Universität Bielefeld

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Since the 1970s, the economic structure of Luxembourg underwent a fundamental change. The stronghold of iron and steel transformed into Europe's third biggest hub for the Eurocurrency market, just behind London and Paris.

Which were the reasons for this transformation? From its very beginning, the banking hub Luxembourg was characterized by highly attractive institutions. Luxembourg benefited from the growing supply of money and capital seeking investments – and the growing monetary demand of lesser-developed nations. In addition, Luxembourg positioned itself as favorite place for private wealth management. Government decisions during the late 1970s turned Luxembourg into a low tax resort for tax-conscious foreign investors comparable only to Switzerland. Ten years later, Luxembourg banks generated 25% of Luxembourg's tax revenues. Luxembourg's biggest foreign bank passed the steel industry as the biggest corporate tax payer. The liberalization of transnational banking in Europe even enhanced the favorable position of Luxembourg as a European center of banking.

### Let's talk about History

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