

Brexit

Observatory of Brexit-related international investment
in Paris Region



Paris is one of the big winners of Brexit. It is now on a par with its global competitors. Based on the new OFEX (Open Financial Ecosystem index) measurement tool, the Louis Bachelier Institute and the Center for Financial Studies affiliated to Frankfurt's Goethe University have confirmed that, in November 2023, the Paris stock exchange was ranked first in the European Union (and 5th worldwide, behind New York, Chicago, London and Tokyo, but ahead of Frankfurt and Zurich).

For the first time in 2022, Paris Region took the lead in the ranking of European regions that attract foreign investment, ahead of Greater London which, before the Brexit, dominated this ranking of major cities.

Following the June 23, 2016 referendum, the Brexit officially took place on January 1, 2021 after a long transition period. Companies have resumed job transfers or creations in Paris Region after the COVID period.

Four years after the UK's exit from the European Union, Paris has become the leading post-Brexit continental location in terms of jobs. The market capitalization of Paris surpassed that of London in November 2022. The gap between Paris and London had even widened in the 1st half of 2023: the CAC 40 index rose by +14% over this period, while the British Fointsie index fell by 1%. Since then, Paris has been neck-and-neck with London on several indicators.

Since 2017, the Paris marketplace has attracted nearly 6,000 banking and finance jobs, and the majority of the major Anglo-Saxon banks have chosen to base their eurozone market activities in Paris. The first consequence is a reinforcement of France's status as a net exporter of financial services, with a financial surplus of nearly 5 billion euros in 2023, almost doubling its 2019 level. Since the Brexit, American banks have seen Paris as an ideal location for their trading, private banking and wealth management activities. Morgan Stanley, Citi and Goldman Sachs continue to centralize their market forces in Paris, which has become their main risk management platform for the euro zone.

However, this Brexit-related flow is not over in 2024. The Olympic and Paralympic Games in Paris in July-August 2024 are also becoming a new element of attraction and dynamism for Paris Region. The concentration of international financial functions in Paris in recent years is also a magnet in its own right. The relocation of teams and companies to Paris and Paris Region is continuing, particularly in the financial sector.

There is a real geographical diversification, with more than 31 countries choosing to locate in Paris Region in the wake of the Brexit. These projects come mainly from North America, Europe, the Middle East and English-speaking Africa, as well as the UK, Australia and Japan. In 2023, "Paris became the bridgehead for the First Abu Dhabi Bank on the European continent. This is a real opportunity. The consolidation of European banks in Paris also contributed to the decision in favor of the French capital," explained Christophe Bourland, head of the bank's French operations.

International hedge funds, such as Centiva Capital and Chenavari, are interested in Paris for its talent pool and the need for a local office for trading on European markets as a consequence of Brexit.

As of December 31, 2023, 235 projects had been secured for Paris Region in connection with the Brexit, representing 7,814 jobs; the main sectors concerned are finance (62% of projects and 77% of jobs) and service and consulting activities (11% of projects and 12% of jobs).

In 2023, 15 new investment projects identified represented almost 700 confirmed new jobs in companies from 10 countries, as a direct result of Brexit. Over 70% of jobs were in financial services, which continued to show strong growth, particularly in the banking sector. Once again this year, a bank is building a new trading room in Paris, with a view to almost doubling its workforce to 600 in Paris within the next two years. Another British bank is moving to the Etoile district of Paris with a view to hiring 200 new traders, making Paris the bank's first continental European location. These banks are complying with the ECB's policy of concentrating euro-denominated risk-taking in the euro zone.

This feeling among banks is confirmed by comments made by employees of major American banks: "Starting an international career in finance in Paris is now as promising as doing so in New York, London, Hong Kong or Singapore," said a banker in charge of market activities for continental Europe. This was not the case a few years ago. "

Hoping to amplify the momentum France has enjoyed since the UK's exit from the EU, the government is working on a Financial Attractiveness Bill to defend the interests of the Paris marketplace in a future European Capital Markets Union.

Choose Paris Region is continuing to prospect and support projects in the fields of digital and tech, brokerage, corporate and investment banking, fintechs and asset management in conjunction with its partners, notably Paris Europlace. It liaises with all the foreign accounts already established in France to continue helping these companies solve the problems they may face, and drive the growing international ecosystem in Paris and Paris Region.

Focus on Brexit 2023



15
investment
projects



675
confirmed
jobs

*Setting up, investment or relocation projects for foreign company teams in connection with Brexit since the June 23, 2016 referendum, whose decision for Paris Region has been taken.

Main sectors



Finance
(71% of jobs)



Consulting
(17% of jobs)



ICT
(7% of jobs)

Main source countries



USA
(67% of jobs)



India
(7% of jobs)



**United Arab
Emirates**
(7% of jobs)

Investment location



Brexit-related international investments



235
investment
projects



7814
confirmed
jobs

*Setting up, investment or relocation projects for foreign company teams in connection with Brexit since the June 23, 2016 referendum, whose decision for Paris Region has been taken.

Main sectors



Finance
(77% of jobs)



Consulting
(13% of jobs)



ICT
(3% of jobs)

Main source countries



USA
(53% of jobs)



United Kingdom
(24% of jobs)



**Japan, China,
Singapore**
(7% of jobs)

Focus on Finance



5,997
jobs gained



3,788
job opportunities
in banking

Job opportunities

Bank	3788
Asset management	928
Fintech	406
Brokerage	266
Insurance	217
European regulator	150
Other	127
Financial consulting	115

Brexit brought 235 projects and 7,814 jobs to Paris Region

Projects in a broad range of sectors

Of the 235 projects approved for Paris Region, the main sectors concerned are:

Breakdown by sector of the 235 projects approved for Paris Region

Sectors	Projects	Jobs	Percentage of projects	Percentage of jobs
Financial services	146	5,997	62%	77%
Other service activities	25	923	11%	12%
Digital Services and Content	14	242	6%	3%
Health and Biotechnology	8	77	4%	1%
Creative industries	7	65	3%	1%
Software and IT services	7	136	3%	2%
Consulting, engineering and operational services for companies	6	110	3%	2%
Agri-food	3	84	1%	1%
Eco-activities and sustainable cities	3	11	1%	0%
Automotive and Mobility	2	17	1%	0%
Automotive manufacturers and equipment suppliers	2	17	1%	0%
Textiles, industrial textiles, clothing and accessories	2	30	1%	0%
Transportation, storage	2	9	1%	0%
Retail Trade	2	35	1%	0%
Construction, building materials	1	5	0%	0%
Electronic Components	1	15	0%	0%
Energy, recycling, other concession services	1	4	0%	0%
Electrical, electronic and computer equipment	1	12	0%	0%
Hotels, Tourism, Restaurants	1	10	0%	0%
Glass, ceramics, minerals, wood, paper	1	10	0%	0%
Grand total	235	7,814	100%	100%

- finance (62% of projects and 77% of jobs);
- other services and consulting (11% of projects and 12% of jobs);
- digital services and content (6% of projects and 3% of jobs).

Of the 235 projects approved for Paris Region, the main countries concerned (parent company of the company relocating an activity) are:

- the UK (45% of projects and 24% of jobs);
- the United States (25% of projects and 53% of jobs);
- Japan, China and Singapore (9% of projects and 7% of jobs between them);
- Switzerland (4% of jobs).

A particularly strong momentum in the financial sector

In Paris Region, 146 financial services projects were approved, which led to the creation of 5,997 jobs.

Financial sectors by specialization	Projects	Jobs	Percentage of projects	Percentage of jobs
Bank	46	3,788	32%	63%
Asset management	41	928	28%	15%
Fintech	22	406	15%	7%
Brokerage	10	266	7%	4%
Insurance	9	217	6%	4%
Other	9	127	6%	2%
Financial consulting	8	115	5%	2%
European regulator	1	150	1%	3%
Grand total	146	5,997	100%	100%

This illustrates Paris' versatility in accommodating projects with a wide range of functions. Paris becomes the only global stock exchange in Europe, with a very broad spectrum: trading, auditing, legal and tax firms, M&A firms, financial analysis firms, fintechs, brokerage firms, rating agencies, factoring and debt collection, financial analysis firms, fintechs, brokerage firms.

Paris Region boasts decisive advantages

The assets of Paris and its stock exchange that are most often highlighted are:

- A critical mass of talent: Paris Region is the European Union's largest financial services employment area
- The world-renowned quality of engineering programs such as Polytechnique, French management schools and masters in finance (HEC, the best Masters degree in management in 2023 in the Financial Times rankings) and the significant and effective training capacity in professions that are directly or indirectly involved in finance, such as technology, mathematics and engineering.
- The sophistication, fluidity and quality of our dialogue with financial regulators, notably the Prudential Control and Resolution Authority (ACPR) and the Financial Markets Authority (AMF);
- A dense financial ecosystem, characterized by the presence of major French banks in market activities;
- Tax regime for impatriates;
- International schools in Paris Region (120 international programs, 181 international sections in 17 languages and 23,000 places in international or binational programs).
- The quality of life in Paris Region.

Taken together, these factors guarantee a lasting appeal. Thanks to these assets, the Paris stock exchange has acquired the influence of a world-class financial capital.

Labor law and taxation seen as less of a barrier

Reforms to French labor law and taxation have been a major factor:

- Impatriate tax regime: designed to encourage employees and managers who live abroad to come and work in France. It provides for various income tax exemptions for up to 8 years following their arrival in France;
- The reduction of the corporate income tax rate to 25% - bringing France back into line with the European average;
- The 30% flat tax on financial income: this considerably reduces the tax burden on wealthy investors;
- The suppression of wealth tax on securities and financial investments;
- The amount of damages awarded by the judge in the event of dismissal without any real and serious cause is subject to a maximum ceiling beyond which judges are not allowed to go;
- Exemption from affiliation and payment of pension contributions (opt-out for impatriate employees): Employees who are called to work in France from abroad are affiliated to the French social security system. By way of derogation, they may ask not to be affiliated to the compulsory French Social Security schemes for basic and supplementary old-age insurance, and to be exempt from contributions to these schemes.

Appendix: Methodology of the Choose Paris Region Brexit Observatory

The types of projects selected from foreign companies are as follows:

- **Supported** : project supported by Choose Paris Region ;
- **Approved** : the decision to set up, invest or relocate has been taken firmly; the manager has chosen Paris Region, the project has been completed or is underway;
- **Active** : the project has been identified but no firm decision has been taken by the manager. The project is still in competition with other sites;
- **Lost, abandoned or closed** : the project has been abandoned by the company, or another region has been chosen instead of Paris Region, or the company has ceased operations.

In this press release, only projects that have been approved are presented.

Here are the main reasons often mentioned by managers in the supported projects and identified as Brexit-related:

- The loss of the European passport in financial services;
- The company is concerned about visa procedures and the free movement of its employees;
- One of the directors is French;
- The company expresses concern about rising customs duties;
- The company is concerned about logistics;
- The company wishes to continue to benefit from European aid.

The figures in this study may be understated, since the Brexit context may lead to Paris Region being favored over London for new hires, without necessarily being the subject of press announcements; moreover, since the Brexit has led to an appreciation of Paris's attractiveness compared to other capitals, and London in particular, some projects may choose Paris in the post-Brexit context when they would not have done so previously, without us having identified in this study that this is a Brexit-related project.



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