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New Geographies of European Financial Competition? Frankfurt, Paris and the Political Economy of Brexit

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Abstract:

The UK's exit from the EU is unlikely to challenge the City of London's position as Europe's leading international financial centre (IFC). However, Brexit does create opportunities for alternative financial centres located inside the remaining EU member states. In this article, we assess the strategic positioning of private and public actors within two European IFCs - Frankfurt and Paris - in the period following the Brexit vote. Agents within these centres are seeking to differentially benefit from Brexit in two distinct ways: by mobilising to attract 'low hanging fruit' – vulnerable financial sub-sectors – away from the City and by utilising Brexit as a 'bargaining chip' to leverage domestic and European regulatory reforms. In light of these findings we argue that existing approaches to financial centre relations - in particular 'Globalisation and World Cities' research - should engage with the ways in which political actors shape European financial relations. Whilst private actors inside financial 'networks' may agitate for continued 'cooperation' and regulatory convergence after Brexit, new competitive orientations are also in evidence as political actors seek to privilege their territories relative to rival spaces.

Highlights

- Brexit creates strategic opportunities for alternative EU financial centres
- Private and public actors in Frankfurt and Paris intend to ‘capitalise’ on Brexit
- New competitive orientations are in evidence post-Brexit
- Agents attempt to secure vulnerable sub-sectors from the City
- Brexit is being used as a ‘bargaining chip’ to leverage regulatory reforms

New Geographies of European Financial Competition? Frankfurt, Paris and the Political Economy of Brexit

Abstract

The UK's exit from the EU is unlikely to challenge the City of London's position as Europe's leading international financial centre (IFC). However, Brexit does create opportunities for alternative financial centres located inside the remaining EU member states. In this article, we assess the strategic positioning of private and public actors within two European IFCs - Frankfurt and Paris - in the period following the Brexit vote. Agents within these centres are seeking to differentially benefit from Brexit in two distinct ways: by mobilising to attract 'low hanging fruit' – vulnerable financial sub-sectors – away from the City and by utilising Brexit as a 'bargaining chip' to leverage domestic and European regulatory reforms. In light of these findings we argue that existing approaches to financial centre relations - in particular 'Globalisation and World Cities' research - should engage with the ways in which political actors shape European financial relations. Whilst private actors inside financial 'networks' may agitate for continued 'cooperation' and regulatory convergence after Brexit, new competitive orientations are also in evidence as political actors seek to privilege their territories relative to rival spaces.

Introduction

Brexit is likely to produce a marked reconfiguration in relations between the City of London and the EU (Dhingra et al., 2016; Moloney, 2016). Whilst the City's loss of 'passporting' rights will restrict its access to the European Single Market, alternative international financial centres (IFCs) within EU member states are potentially well-positioned to benefit from Brexit. By May 2017, a quarter of financial services firms in the UK – including international banks such as HSBC, Standard Chartered and JP Morgan – were in the process of moving thousands of workers out of the City and into EU member states (EY, 2017a). In contrast, voices from within Frankfurt, Paris and Dublin positioned themselves as 'natural beneficiaries' of Brexit, actively seeking to attract large international banks and asset management firms (Lavery et al., 2017). A reconfiguration of European financial centre relations is taking place in the aftermath of the Brexit vote.

Within economic geography, the principal attempt to conceptualise and empirically ‘map’ financial centre relations has come from scholars working within the ‘Globalisation and World Cities’ (GaWC) research network. GaWC researchers argue that globalisation generates new forms of connectivity, complementarity and collaboration between IFCs (Beaverstock et al, 2000; Taylor at al, 2002; Taylor, 2000; 2004). In the 2000s, a number of GaWC researchers applied this framework in order to analyse relations between the City of London and Frankfurt under the new European single currency (Beaverstock et al., 2001; 2005; Faulconbridge, 2004). Their central argument was that relations between Frankfurt and the City could not be reduced to a ‘zero sum’ game. Functional specialisation and intra-firm coordination generated a complementarity between Frankfurt and the City of London. *Cooperative* rather than *competitive* relations prevailed.

There is much to commend in GaWC research. It has outlined in extensive empirical detail how cities, firms and IFCs become increasingly co-dependent under conditions of globalisation. That said, we argue that GaWC research is also marked by three blind spots which lead it to understate the *competitive* relations which exist between European IFCs. These include its *firm-centric* methodological approach and its consequent neglect of political agency; its tendency to conceive of *regulatory harmonisation* as a functional-economic as opposed to inherently political process; and its empirical focus on relations between the City of London and European IFCs rather than on the relations *between continental European financial centres* themselves.

The article makes two principal contributions to the existing literature. Empirically, we advance an analysis of the strategic positioning of private and public sector agents within two leading European IFCs - Frankfurt and Paris - in the aftermath of the Brexit vote. Drawing on research where we translated, coded and analysed over 300 French and German language policy documents, we argue that private and public agents within Frankfurt and Paris are seeking to ‘capitalise’ on Brexit in two key respects. First, they are seeking to capture ‘low hanging fruit’ – vulnerable financial sub-sectors –

away from the City of London and into their own respective jurisdictions. Second, some financial and political agents are seeking to deploy Brexit as a 'bargaining chip', leveraging Brexit in order to secure pro-business regulatory reform at both the national and European levels. Conceptually, we argue that Brexit and the emerging geographies of competition between European IFCs calls for a re-assessment of GaWC research and its focus on 'cooperative' relations. Brexit involves a 'decoupling' of the UK from the Single Market which generates new regulatory barriers. A renewed focus on the ways in which political actors within European IFCs seek to 'capitalise' on this disruption should form a central component of future empirical enquiry.

The article is structured as follows. The first section argues that whilst GaWC research generated numerous valuable insights into financial centre relations and globalisation, it is also limited by three blind spots. The second section outlines how Brexit unsettles the regulatory status quo and problematises GaWC's emphasis on 'cooperation' over 'competition'. The third and fourth sections then review the strategic positioning of private and public actors within Frankfurt and Paris since the Brexit vote, emphasising how political agents within these centres have sought to secure 'low hanging fruit' from the City and have attempted to deploy Brexit as a 'bargaining chip' in order to secure domestic and European regulatory reform. The final section outlines the implications of the analysis for the broader economic geography literature on financial centre relations, globalisation and the political economy of European finance in the post-crisis conjuncture.

1. World Cities, globalisation and European financial centres: cooperative or competitive relations?

Contrary to the expectations of 'hyper-globalisation' theorists (Ohmae, 1999), increased transnational integration from the 1980s onwards did not facilitate an equitable diffusion of economic activity across advanced capitalist societies. Instead, globalisation generated new patterns of spatial concentration and geographical unevenness. 'World cities' emerged as key nodal points within this liberalising global order (Friedmann, 1986; Sassen, 2011). International banks and specialised corporate legal and accounting services firms clustered within and drove the expansion of urban centres within the advanced capitalist world (Bassens & Van Meeteren, 2015, p. 757; Sassen, 2011). Crucially, the rapid expansion of this 'advanced producer service complex' provoked the question of whether globalisation was producing a reconfiguration of power relations between urban centres (Allen, 2010; Friedmann, 1986). For early 'world cities' research, associated in particular with John Friedmann and Saskia Sassen, global cities embedded within the 'core' of the world economy embodied 'command and control' centres within a hierarchy of urban spaces (Smith, 2014, p. 102). 'Dominant' world cities enjoyed access to important resources which could be deployed in order to entrench their own advantage and to restrict the economic capabilities of rival urban spaces (Allen, 2010).

In contrast, GaWC research – associated with Peter Taylor, the GaWC research centre at Loughborough University and a range of affiliated scholars working with a 'relational' conception of global cities – argued that this early focus on 'dominance' and 'competition' between global cities and IFCs was misplaced (Derudder, 2008; GaWC, 2017; Parnreiter, 2014; Taylor, 2004). GaWC research instead emphasised the connections and flows *between* world cities and the ways in which these sustained transnational urban 'networks' of collaboration between private sector agents (Taylor, 2004). Endorsing an emphasis on transnational 'network' formation, following in particular the work of Manuel Castells (Castells, 1996; see, for example: Taylor et al., 2002, p. 2377; 2014, p. 281), GaWC research mapped in extensive empirical detail the emergent geography of financial centre complementarity and cohesion in an era of globalisation.

Between 2000 and 2005, a group of GaWC researchers assessed the emerging relation between the City of London and Frankfurt after the creation of the European Economic and Monetary Union (EMU) (Beaverstock et al., 2000; Beaverstock et al., 2001; Beaverstock et al., 2005; Faulconbridge, 2004; Taylor et al., 2003). There had in this period been a widespread expectation that the introduction of the euro would strengthen the position of Frankfurt relative to London, insofar as the former enjoyed close proximity to the newly formed European Central Bank (ECB) and was embedded within a powerful eurozone state (Cassis, 2006, p. 271). However, the creation of the euro did not lead to the 'rise' of Frankfurt and the relative 'decline' of the City within the circuits of

European financial capitalism. Instead, as GaWC scholars demonstrated, relations between these two European financial centres exemplified the *cooperative* rather than *competitive* character of relations between IFCs (Beaverstock et al., 2001; Faulconbridge, 2004).

A number of mechanisms underpinned these intra-European complementarities and co-dependencies. Despite the UK sitting outside the single currency, the City developed extensive trading systems in euros (Faulconbridge, 2004). This meant that the City could benefit from the emergence of the monetary union whilst providing liquidity to ‘complementary’ European financial centres such as Frankfurt. The City’s global ‘connectivity’ and its position as a site of specialised financial knowledge production also meant that it continued to draw in highly skilled international workers and global capital flows despite its position outside the euro bloc. The ‘internationalised’ nature of the City allowed Frankfurt to import services and capital from the City whilst simultaneously acting as a pivotal European link for UK-based financial services, producing a ‘mutual dependence’ between the two IFCs (Beaverstock et al., 2001, p. 32). This deepened a functional differentiation between the City and Frankfurt, with the former specialising in ‘international’ financial activities such as foreign exchange and bond trading and the latter focussing on supplying credit to localised and regional European markets (Faulconbridge, 2004, p. 242; see also: Wójcik, 2013). In addition, the UK’s membership of the EU meant that the City had “access to the political networks of the EU and [could] thus ensure the euro trading regulations [were] moulded in a way that does not disadvantage the City” (Faulconbridge, 2004, p. 241; see also: Buller & Lindstrom, 2013; Quaglia, 2016). As a result of these complementarities, GaWC scholars concluded that the euro had had “no wholesale effects on changing business relations between the two cities, [that] Frankfurt’s position in Europe is strengthening, but not at the expense of London” (Beaverstock et al., 2001).

In the end, GaWC research on Frankfurt-London relations after the establishment of EMU robustly countered the idea that these financial centres were involved in a remorseless, zero-sum competition with one another. Functional specialisation and organisational coordination within firms gave rise to complex cooperative ‘networks’ between agents within these IFCs. These case studies were also emblematic of the paradigm shift which GaWC research sought to advance. This was that ‘global cities' should not be understood purely in terms of their 'attributes' or 'size', but rather should be thought of in *relational* terms; that is in terms of the connectivity which cities enjoy relative to other urban spaces.

The GaWC literature has, of course, grown considerably since this earlier period (Derudder & Parnreiter, 2014; Taylor et al, 2014; Bassens and Meeteren, 2015; Pan et al., 2016; Hanssens et al., 2013; Wójcik, 2013; Coe et al, 2014). However – and despite its achievements in advancing a relational account of world cities – GaWC research exhibited then and in our view continues to exhibit today a number of blind spots which limit its explanatory potential.[1]

The first blind spot of GaWC research stems from its explicitly *firm-centric* ontology and methodology. At its core, the 'world city network' is shaped by "an amalgam of the offices of global service firms and the flows they generate" (Taylor et al., 2002, p. 233). This 'network' of advanced producer services offices is not sustained or organised primarily by states or by cities. Instead, firms themselves are the 'prime actors' which sustain the world city network. As Taylor puts it, the implication is that "the social relations of this world city network are *economic*" in nature (Taylor, 2001, p. 182). Subsequent iterations of GaWC research continue to analytically privilege firm relations methodologically in this way. For example, Christof Parnreiter in a recent paper notes that "inter-firm relations are critical to the conceptualisation of global cities". This, he argues, justifies an empirical focus on the "clustering of producer services in global cities" (Parnreiter, 2014, p. 400). Similarly, Taylor and Derudder note that the 'interlocking network model' – the prevailing method of network analysis used in GaWC research to map the connectivity between world cities - is based on the global network of offices of advanced producer service firms (Derudder & Taylor, 2016, p. 626). In a recent appraisal, researchers associated with GaWC concede that the approach has been largely "preoccupied with particular economic indicators and sectors (e.g. corporate headquarters and producer services)" (van Meeteren et al., 2016, p. 250; Taylor et al, 2014, p. 275).

The implication is that GaWC research analytically separates 'economic' relations between private sector firms within IFCs from the broader *political* contexts within which these relations are embedded. As Sarah Hall notes, the bulk of extant IFC research in economic geography, including 'relational' approaches associated with GaWC research, have "emphasised the networked properties of the socio-spatial practices of advanced producer service firms (including finance and law firms in particular)", which leads to a consequent neglect of the role which political agents play "in creating the conditions under which these financial networks can develop and thrive" (Hall, 2017, p. 490) The firm-centrism of GaWC research does illuminate the deep connections which link together advanced producer service firms across 'global cities'. But it also risks neglecting the ways in which the production of IFCs rests upon a *combination* of both private 'networks' *and* political power.[2]

Political agents at the urban, national and trans-national scales play a critical role in shaping the conditions in which IFCs and their associated networks develop. Urban policymakers have an incentive to facilitate financial centre development within their own territories in order to increase high value economic activities, employment and tax revenues. Similarly, political agents within national states play a key role in inducing financial activity into their territories, whether through endorsing deregulatory reforms or through adopting monetary policies which are accommodative to the needs of global finance (Green & Lavery, 2017; Hall, 2017). In line with growing calls from within economic geography (Dörry, 2017; Hall, 2017; Wójcik, 2013), we submit that GaWC research and other 'relational' approaches should more explicitly ground their analyses in terms of the *inter-relation* between transnational 'networks' on the one hand and political power on the other.

Second, GaWC research has tended to overlook the ways in which *regulatory harmonisation* between national states is an inherently political process. The increasing convergence of transnational regulation was viewed by GaWC researchers as a central element of globalisation. This process eroded the significance of national boundaries in the locational strategies of advanced service firms. For example, Falconbridge wrote that national regulatory differences play a "diminishing role" in determining financial sector investment since "supra-national agreements on regulation and financial standards mean the advantages of any one city have diminished" (Faulconbridge, 2004, p. 237). The erosion of divergent national regulatory standards directly relates to the increased importance of 'networks' and 'connectivity' which is so central to GaWC research. As transnational regulatory space becomes increasingly homogenised, the ability to form 'networks' becomes a key source of comparative advantage for advanced service firms. This premise profoundly shaped empirical work conducted by GaWC researchers. For example, in the Frankfurt-London case study outlined above, Beaverstock and his collaborators note that:

> In a networked society, flows take precedence over borders…boundaries are becoming more blurred and less relevant, suggesting that the processes driving future relations between London and Frankfurt will be less defined. Increasingly national borders are seen as less significant to business flows than inter-city connections.

(Beaverstock et al., 2001, p. 38)

As this suggests, GaWC research points to the expansion of the European Single Market as a leading example of regulatory convergence. This process underpins attempts by agents within IFCs to create complementary transnational 'networks'. But EU regulatory harmonisation was never simply the outcome of underlying 'economic' processes. It has always been advanced by political actors (Macartney, 2011). For example, EU directives initiated as part of the Lamfalussy process aimed at deepening the Single Market in financial services elicited different responses from financial interests depending on whether they were embedded within the French, German or British national economies (Macartney, 2009). More recently, the drive towards 'Capital Markets Union' – a programme designed to both deepen and diversify forms of credit provision in the European Single Market – has been embraced differentially by member states depending on whether they host predominantly 'bank-based' or 'non-bank based' credit systems (Quaglia et al., 2016). Divergent political preferences between domestic governments, rival fractions of finance capital and supranational actors such as the Commission, the Council and the European Parliament have combined to produce contemporary patterns of European financial integration (Bulmer & Joseph, 2016). In the relative economic stability of the 1990s and 2000s, the political underpinnings of regulatory convergence remained somewhat submerged. It is understandable, therefore, why GaWC research did not interrogate the political drivers of regulatory convergence in this period. However, as shall be argued below, Brexit reveals the political reversibility of these regulatory forms and generates the potential for enhanced competition between European IFCs.

A third and final limitation of GaWC research to date relates to its empirical scope. In analysing European IFCs, GaWC research has restricted its analyses to relations between the EU's pre-eminent IFC – the City of London – and other, subordinate, hubs of European finance, such as Frankfurt. The 'cooperative' relations GaWC research identified were therefore in large part an outcome of the City's overwhelming comparative advantage over alternative European financial centres. What GaWC researchers did not explicitly interrogate was the relation between IFCs on the European continent itself. For example, no comparative study of relations between Amsterdam, Frankfurt, Luxembourg and Paris has been conducted by GaWC researchers. The prospect of immanent competition between these European financial sites was therefore overlooked. In what follows, we shall outline how these three 'blind spots' of GaWC research – its firm-centrism and corresponding neglect of the political embeddedness of IFCs; its tendency to overlook the ways in which regulatory convergence is constructed politically; and its omission of relations between European continental financial centres – have been increasingly problematised by the emerging political economy of Brexit.

2. The political economy of Brexit and the new geographies of European financial centre competition

Since the 2008 financial crisis, advanced capitalist economies have experienced prolonged deflation, low rates of economic growth, a proliferation of precarious work and intensified inequality (Hay & Hunt, 2017). Together, these dysfunctions threaten the legitimacy of the global liberal order. Brexit embodies one localised 'moment' in this broader process of post-crisis capitalist dysfunction. Domestically, Brexit was delivered partly as a result of the protectionist promise to curtail the reach of the market, in particular in relation to the free movement of labour (Hopkin, 2017). Internationally, the implications of Brexit are far-reaching. As noted by numerous analysts, 'globalisation' in practice has meant the deep integration of spatially proximate *regional* economies (Hirst et al., 2015). In the case of the EU, globalisation generated patterns of 'Europeanisation' as product and labour markets became increasingly integrated within the regulatory space of the Single Market (Hay, 2004). As GaWC researchers have extensively shown, the City developed a specialised function as a distribution hub of financial products into the European Single Market (Taylor et al., 2014, p. 283; see also: Wójcik 2013). The disintegrative tendencies unleashed by Brexit threaten to undermine this dynamic. As such, Brexit compels a re-assessment of the assumptions of GaWC research and an engagement with the possibility of patterns of competition emerging between rival financial centres. In particular, the emerging political economy of Brexit generates two challenges to the GaWC School's emphasis on financial centre 'cooperation'.

First, Brexit starkly reveals the *political* character of European financial integration. This sits uneasily with GaWC researchers' implicit assumption that 'globalisation' produces an inexorable, if incremental, process of regulatory harmonisation across national borders. The issue of the euro clearing trade post-Brexit exposes the extent to which the 'complementarity' between the City and other European IFCs was only ever a provisional arrangement underpinned by a set of specific historical conditions (Dörry, 2017). At present, 75 per cent of euro-denominated derivatives are cleared within the City of London and this activity is associated with 83,000 jobs in the Square Mile (Lavery et al., 2017, p. 2). As argued by Faulconbridge and his collaborators, the City's position as a euro-clearing centre demonstrated that the City could complement the business models of alternative European IFCs under monetary integration (Faulconbridge, 2004). However, the regulatory environment which underpinned this arrangement was always in principle reversible. In 2012, the ECB and powerful member states within the EU sought to 'relocate' the clearing of euro-denominated derivatives to inside the eurozone (Howarth & Quaglia, 2013: 115). This was vociferously opposed by the UK government and was ultimately struck down by the European Court of Justice (ECJ). The regulatory and legal context which afforded the City pre-eminence in euro-clearing was therefore always *politically contingent* upon the UK's EU membership and on the legal status which this conferred on City-based financial services firms. The UK's loss of its EU membership ensures that the euro clearing trade is now more vulnerable to relocation. In August 2017, a bloc of MEPs outlined plans to tighten-up the rules around euro-denominated clearing, threatening the City's future capacity to benefit from this lucrative activity (Brunsden, 2017). The regulatory 'decoupling' of the UK from the EU therefore creates a space within which rival political interests within European IFCs can seek to 'capitalise' on Brexit.

Second, Brexit raises questions regarding the tendency of GaWC research to analytically privilege firm relations. It is true, as we note below, that a principal objective of global financial institutions is to minimise the disruption caused by Brexit. In that regard, GaWC research still has great potential to outline how powerful transnational 'networks' of finance organise to minimise disruptive regulatory divergence. Financial institutions, however, do not operate within a political vacuum. Political actors at the international, national and urban scales play a pivotal role in shaping the historical development and reproduction of IFCs (Dörry, 2017; Hall, 2017; Wójcik, 2013). As Hall has noted, "foregrounding the role of the state in the (re)production of IFCs demands a shift in the geographical imagination used to study financial centres from its current emphasis on networks and relationality to one more sensitive to the territorial qualities of financial centres" (Hall, 2017, p. 2). Foregrounding the 'territorial' qualities of urban spaces and national states is particularly important if we are to analyse the strategic orientation of political actors in response to the political economy of Brexit. Political actors in rival IFCS face quite distinctive incentive structures from the priorities of the private banks and financial institutions which they host. As we outline below, the Hesse state government, the Frankfurt City authorities, regional marketing agencies and local *Landesbanken* with business models deeply integrated into the surrounding region, have collectively viewed Brexit as an opportunity to increase the size of Frankfurt's financial sector and its regional tax take. 'Cooperative' intra-firm relations therefore co-exist with *competitive orientations* on the part of territorially-rooted state officials and business interests. The prospective 'decoupling' of the UK from the EU's financial architecture creates opportunities for these agents to 'capitalise' on Brexit.

In the remainder of this article, we analyse the post-Brexit strategic positioning of agents within two alternative European IFCs: Frankfurt and Paris. These IFCs were chosen as case studies for a number of reasons. Historically, both Frankfurt and Paris have been located in the 'second tier' of IFCs after the dominant global triad of New York, London and Tokyo (Cassis, 2006). Frankfurt has been ranked as the second most competitive EU financial centre after the City whilst Paris plays host to the largest financial workforce in the eurozone (Lavery et al., 2017). Furthermore, both Frankfurt and Paris are embedded within the EU's two most powerful member states. Each city also plays host to key EU regulatory and supervisory authorities – such as the ECB and EIOPA in Frankfurt and the European Securities and Markets Authority (ESMA) and European Banking Authority (EBA) in Paris.

For the research, we translated, coded and analysed over 300 documents published between the vote for 'Brexit' in June 2016 and the 'Article 50' trigger in March 2017. The construction of our methodological approach is directly informed by our conceptual critique of GaWC research set out above. First, our methodology seeks to overcome the *firm-centric* methodological focus of GaWC by considering the strategic positioning of public *as well as* private actors within Frankfurt and Paris. In the case of Frankfurt, we analyse strategy documents, marketing statements and policy reports by the Hesse state government and its associated marketing agencies, such as Frankfurt Main Finance and Frankfurt-Rhein-Main. This is complemented by empirical analysis of reports and public statements by numerous private financial actors, including Deutsche Bank and Helaba. In the case of Paris, we reviewed material from various French municipal officials and national politicians, as well as material from private financial institutions such as BNP Paribas, HSBC and Société Générale and associated financial lobby groups. Second, our empirical material seeks to build upon the proposition that Brexit exposes the *political underpinnings* of European financial integration and regulation. As such, our document analysis aims to identify inductively instances where the prospective regulatory 'decoupling' of the UK from the EU creates opportunities for political agents within Frankfurt and Paris to 'capitalise' on Brexit, for example in relation to euro-denominated clearing. Third, our analysis primarily interrogates relations *between* continental European financial centres, overcoming the tendency of GaWC research to focus exclusively on relations between European IFCs and the City of London.

There are, of course, limitations to the way in which this analysis is constructed. It could be suggested that the discourse and actions of political elites are epiphenomenal to how firms operate, and thus how financial geographies work in practice. In contrast, and in line with Hall (2017), we argue that firms do not operate in a political vacuum. The investment decisions of powerful financial actors are shaped, if not determined, by the political context of the IFCs within which they are rooted. Our research is also delimited by the reality that at the time of writing the UK had not yet left the EU. Nevertheless, our analysis of the period between the June 2016 referendum vote and the March 2017 Article 50 'trigger' captures the early strategic positioning of actors within two prominent European IFCs in the immediate aftermath of the Brexit vote. Further empirical research into the evolving competition between European IFCs will be necessary as the new UK-EU settlement comes to be established.

3. Cooperation or Competition? Frankfurt and Paris in the Brexit Conjuncture

a. Cooperation

In line with GaWC's focus on complementarity and collaboration between financial centres, our documentary analysis suggests that actors within both Frankfurt and Paris widely accept that the City of London will remain Europe's dominant financial hub. There is no real expectation amongst actors in either city that aggressive competitive manoeuvres could alter this fact. This is due to the overwhelming competitive advantage of the City, its position as an open hub within global markets as well as its long-standing structural advantages over other centres. Furthermore, Frankfurt and Paris continue to display a dependence on the City for access to liquidity, clearing, investment funds and wholesale banking services.

Paris Mayor Anne Hidalgo, for example, has spoken of the need to facilitate the joint domiciliation of companies between the Frankfurt and the City for those firms concerned about the regulatory implications of Brexit (Mairie de Paris, 2016). Financial services firms and trade associations have also taken a pragmatic stance towards the implications of Brexit for the City. Stéphane Boujnah, chief executive of the Euronext stock exchange, has noted that, "the City will not disappear with Brexit" (Bayart 2016a), whilst Gérard Mestrallet, Chairman of the Board of Directors at Paris EUROPLACE, accepts that London, "is and will remain a major centre" (Chaperon, 2017). The chief executive of HSBC, which plans to move up to 1,000 staff from the City to Paris, has downplayed the significance of this move, suggesting that, "within one to two years, the City of London will have completely replaced the jobs that will have moved", and that, "the City will still be the dominant financial centre in this timezone" (Shotter et al., 2017). Banking executives in Frankfurt and the Association of German Banks (*Bundesverband deutscher Banken,* BdB) have repeatedly commented that the Hessian city is in no position to challenge London's role as the leading global IFC (BdB, 2017b). For instance, Michael Kemmer from the BdB stated shortly after the Brexit vote that, "German banks will continue to be closely connected with London as a financial location" and warned that "a war of the Roses would benefit no-one" (BdB, 2016). The research arm of the bank Helaba stated in November 2016 that, "in our basic-scenario […] London remains the most important financial location in Europe" (Helaba, 2016a; 2016b: 8). The Frankfurter Allgemeine Zeitung (FAZ) concluded, in its March 2017 assessment of the changes brought by Brexit, that "everything remains as it was, there is no trace of a Brexit-exodus. Germany should not delude itself that it can become in a short time the new financial centre of Europe" (Hock, 2017).

b. *Competition*

While the prevailing attitude towards the City of London in Paris and Frankfurt continues to acknowledge the importance of 'complementarity', the relation *between* the two continental European financial centres is one of increasing competition. Prior to Brexit, Frankfurt and Paris had been involved in a contest over which location would establish itself as the predominant IFC on the continent and the main 'bridge from London to the Eurozone' (FMF, 2017, p. 8). After Brexit, this competitive dynamic has accelerated substantially. This is well captured by a Helaba report from June 2016 which concludes that "there continues to be intense competition between the two major financial sector locations [of Paris and Frankfurt]. The decisive factor here is the relative position of the German and French financial centres to each other" (Helaba, 2016b: 34). As a result of the UK's decoupling from the EU and the likely emergence of new regulatory barriers, there is an expectation in Paris and Frankfurt that a significant number of global banks will seek to relocate part of their operations to the Eurozone. Frankfurt, Paris as well as the other European cities now see themselves as engaged in a veritable 'race' over which city will be able to attract the largest portion of firms and jobs leaving the City. The prevailing pattern of competition that is emerging, therefore, is not one that opposes Frankfurt and Paris with London, but one that pits European IFCs against one another in a contest over which can position itself as the best alternative to the City and - as the head of Frankfurt Main Finance put it - the most appealing “place of refuge for those looking to flee London” (FMF, 2017, p. 9).

Mastrellet, the head of Paris EUROPLACE, has suggested for example that “we will not encourage institutions to leave the City, but if they decide to relocate a part of their activities elsewhere, then our message is clear: choose Paris, the only world-city in Europe outside of London’ (Mastrellet cited in Chaperon, 2017). Marie-Célie Guillaume, Executive Director of Defacto, the public organisation in charge of promoting Paris’ business and finance district, notes that “Paris la Défense intends to take the lead in within the European competition and position itself as the only real alternative to the City” (Chaperon, 2016a). Similarly, the chief economist of Helaba Gertrud Traud has concluded that “London enjoyed an undisputed position as Europe’s leading financial hub, while Frankfurt and Paris both vied for the leadership position in Continental Europe” (Traud, interviewed in FMF, 2017, p. 42).

Actors in Frankfurt and Paris have engaged in a measuring contest of each other’s positional advantages and disadvantages. This has involved both the promotion of one’s own location and the denigration of other, rival IFCs. For instance, Valérie Pécresse, President of the Île-de-France Regional Council which includes Paris, has argued that Frankfurt remains an undesirable place to live, asking bankers in London, “when was the last time you took your partner off for a weekend in Frankfurt?” (cited in Martin, 2017). Promoters for Frankfurt have, on the other hand, consistently emphasise the proximity to European regulators as well as its advantages over Paris in terms of infrastructure, labour regulations and property costs (FMF, 2017: 9; Hessischer Ministerium der Finanzen, 2017a). According to the president of BdB, these strengths mean that “[Frankfurt] is virtually predestined for the role of continental partner for British financial institutions” (BdB, 2017a). There is a remarkable similarity in the kind of discourse that is being articulated in the two financial locations. A report by EUROPLACE in November 2016, for instance, concluded its assessment of

Paris' position *vis-a-vis* its European rivals by stating that the French capital was in "pole position" to attract financial activity leaving the City (Paris EUROPLACE, 2016a). The head of Frankfurt Main Finance Hubertus Väth predicted a few months later that "all of these places [Paris, Luxembourg, etc.] will profit from Brexit in some way", but that Frankfurt is clearly "in pole-position" in the race to attract most of those benefits (efinancialcareers, 2017).

4. Strategy and agency: Frankfurt and Paris

In this emergent geography of European financial centre competition, distinct and complex patterns of behaviour are in evidence in the positioning of private and public actors in Frankfurt and Paris that reflect their distinct strategic calculations. These patterns of behaviour are not visible when adopting a firm-centric analysis. Instead, it is necessary to take account of the agency of political actors and lobby groups operating at the urban and national levels. In both cities, initiatives like Paris EUROPLACE and Frankfurt Main Finance have played a prominent role in advocating their respective territories. These are public-private organisations that bring together local government, regulators and firms. They have functioned as coordinative lobbying hubs for each financial centre as well as marketing, research and networking entities. These examples of convergence between firm and political interests have however coexisted with examples of divergent behaviour, such that no coherent picture of unified action emerges. In turn, this is evidence of the different strategic calculations made by firms and political actors. Political actors - which comprise national, regional and local government - are mainly concerned to attract firms and jobs in order to increase the taxation base, while firms' calculations are based on protecting their existing business and ensuring minimal disruption. This has been most notable in the case of France. There, President Macron and the previous Socialist administration under President Hollande have aggressively promoted French interests by seeking to attract banks away from the City, while the country's four major banks have shown little interest in Paris as a particular destination for any activities they might seek to relocate post-Brexit. In Frankfurt, the divergence has been less stark. The Hesse state government and mayoralty have clearly adopted a leading role as advocates of Frankfurt, while global as well as national banks have taken a more subordinate position in the promotion of each IFC.

In order to categorise the strategic positioning of financial and political agents within Frankfurt and Paris, we introduce two concepts as organising frames for the analysis: ‘low hanging fruit’ and Brexit as a ‘bargaining chip’. These we use as heuristic devices which help us to group together similar behaviours within these IFCs. The concept of ‘low hanging fruit’ refers to the attempts by local actors to identify and attract financial sub-sectors and business activities that have become vulnerable to relocation as a consequence of Brexit. This has two elements, relating to how authorities are seeking to actively attract vulnerable financial sub-sectors and how they are attempting to respond to the potential for regulatory arbitrage in the post-Brexit environment. The use of Brexit as a ‘bargaining chip’, on the other hand, refers to those actions taken by local actors to leverage the UK’s exit in order to secure pro-business regulatory reform at both the national and European levels.

a. *‘Low hanging fruit’: vulnerable sub-sectors*

Actors in both Frankfurt and Paris estimate that the UK’s political decoupling from the EU and the emergence of new regulatory barriers after Brexit will cause a number of global firms to reconsider the location of their European operations. As a result of this moves are being made in both European cities to attract as many jobs and businesses as possible. The thinking, as one report from Deutsche Bank Research (2016, p. 5-6) puts it, is that “the difference in size between the two cities is such that even minor outflows from London could be of major importance for Frankfurt”. The report continues, “in light of the differences between the size of London and Frankfurt…London's crumbs could become Frankfurt's pie” (*Ibidem*). This sentiment is clearly reflected in Paris, with Mestrallet suggesting that whilst EUROPLACE would not encourage City firms to leave London, the message for those with plans to do so is clear: ‘Choose Paris’. The first, generalisable type of behaviour which can be observed, then, is that of actors mobilising in order to ‘pick’ the ‘low hanging fruit’ generated by Brexit.

In both Frankfurt and Paris, efforts led by national and local level political actors, operating both directly and as part of joint public-private initiatives, have also centred on promoting the two cities as desirable locations for financial activity leaving the City. In Frankfurt, local government has been particularly active. Ministers from the state government of Hesse have travelled repeatedly to the UK heading delegations of state officials as well as business leaders to showcase the advantages of Frankfurt (FMF, 2017). The mayoralty of Frankfurt has also organised a 'roadshow' in the UK to attract companies to Germany (Helaba, 2016b), while the German regulator BaFin has organised meetings and workshops with representatives of global firms to clarify the procedure to establish branches and subsidiaries in Frankfurt (BaFin, 2017). In Paris, there has been marked unity between actors from national and local government. In a report for France's Senate on Paris' post-Brexit strategy, the *rapporteur général* notes the positive "joint mobilization of all public authorities and the private sector", which he argues has been perceived positively internationally (de Montgolfier, 2017, p. 71). Pécresse has also been particularly active in this period, vaunting the merits of Paris as an alternative IFC in a letter to 4,000 potential investors in London just days after the Brexit vote. There has, moreover, been overlap with those groups representing French financial firms, with numerous forums and international trips organised through Paris EUROPLACE attended and supported by leading government figures, including then-Prime Minister Manuel Valls and President Macron.

The efforts of these political actors in both Frankfurt and Paris have centred around four sub-sectors which are perceived to be particularly liable to relocation after Brexit. The first of these is the lucrative business of clearing euro-denominated derivatives, which is concentrated in the hands of a small number of counterparty clearing houses. As mentioned before, the future ability of the City of London to clear these financial products has been thrown into question by Brexit and is currently being reconsidered by the European Commission and the ECB. For this reason, clearing is identified both in France and Germany as a key area where jobs and trade could move to the continent (Deutsche Bank Research, 2016, p. 4). France has been particularly active on this front, with the national government taking a particularly strong position. In December 2016, French government officials pushed for restrictions on euro-clearing in the City to be included in legislative proposals scheduled to take place in mid-2017 (see Barker & Brunsden, 2016). President Hollande and the governor of the *Banque de France*, François Villeroy de Galhau, have also been vocal on the fact that London should no longer be allowed to host euro-clearing activities (Malhère, 2016a).

Asset management forms the second key sector seen as potential 'low hanging fruit'. Paris is already well-placed as Europe's second-largest asset management centre after the City, and Paris EUROPLACE (2016b) has made clear that it is, "one of the priority sectors for which *Place de Paris* has a strong attraction for international companies" and that the group "intends to consolidate its position". Similarly, Yves Perrier, President of the French Association of Financial Management (AFG) stated that although he regrets the Brexit vote, it "can and should be an opportunity" for Paris' asset management industry to capitalise (Gestion de Fortune 2016). Although it is disadvantaged due to its traditionally risk-adverse and already highly consolidated domestic market, Frankfurt is also expecting to make some gains (IMF, 2016; FMF, 2017). Already the third largest market in the EU for asset management, the city is estimating, according to the head of FMF, that this will form one of the great 'waves' of transfers coming to Frankfurt (efinancecareers, 2017).

Thirdly, there has been activity from within both IFCs to position themselves as the ideal location for the new seat of the European Banking Authority (EBA) (Deutsche Bank Research, 2016). Frankfurt emphasised the presence of its existing regulatory authorities and highlighted the benefits of concentrating these institutions in one place. The chief economist at Helaba, for instance, has declared that "in its capacity as a city of regulatory bodies, Frankfurt is predestined as the location of the EBA, which will be unable to remain in London post-Brexit. Increasing the concentration of Europe's regulators in a single place such as Frankfurt could result in considerable improvements in efficiency" (Traud, quoted in FMF, 2017, p. 44). Paris, on the other hand, emphasised the need to ensure a more balanced distribution of EU financial regulatory institutions. When launching Paris' ultimately successful bid to host the relocated EBA, Hollande argued in direct reference to Frankfurt, that such a move would ensure "an equilibrium between the setup of regulators within the principal places of European finance, as there is no EU banking institution in Paris" (Hollande cited in Smith-Meyer, 2017).

Finally, FinTech has emerged as a key sector that actors within both IFCs are keen to attract post-Brexit. In Paris, FinTech is seen as a key growth industry from which the city can benefit significantly, with both Paris EUROPLACE (2016a) and the Senate report (de Montgolfier, 2017) highlighting the sector as a key target. In January 2017, then-Secretary of State for Digital Affairs, Axelle Lemaire, argued that France is well-positioned to attract FinTech firms for a number of reasons, including the loosening of regulatory administration under schemes such as AGiLITY and the existence of several financial service 'incubator' centres, including the 30,000-square meter Station F in Paris (Cook, 2017; BI Intelligence, 2017). Although Frankfurt has to deal with internal competition from Berlin, significant effort is being put into making Frankfurt the "new European FinTech centre" by attracting and supporting technology start-ups through incubators, accelerators and specific tax benefits (FMF, 2017, p. 22-23). In November 2016, the Ministry of the Economy for the state of Hesse inaugurated the TechQuartier - a new business centre for FinTech start-ups - and proclaimed that "Frankfurt's fintech dream is coming true" (*Ibidem*). A recent report from EY (2017b, p. 73) confirms that "owing to its continuously and rapidly developing FinTech ecosystem, Germany has thus rightly become Europe's second largest FinTech hub over the past three years, trailing only the United Kingdom."

b. 'Low hanging fruit': regulatory arbitrage

Brexit also creates the possibility of competitive *regulatory arbitrage* between rival financial centres. Regulatory arbitrage refers to attempts by financial and political authorities to induce external investment through undercutting rival jurisdictions' regulatory standards. The majority of EU capital market activity presently takes place within the UK under the supervision of the UK's Prudential Regulation Authority (PRA). Since Brexit is likely to lead to the loss of UK 'passporting rights', there is a high probability that large investment banks, private equity firms and venture capital funds will relocate some of their business activities to inside the Single Market. However, this creates an opportunity for supervisory authorities - located at the member state level - to laxly enforce EU regulation in order to induce external investment. For example, in March 2017 the Irish finance minister Eoghan Murphy lodged a complaint with the Commission against Luxembourg on the grounds that it had engaged in regulatory arbitrage in order to secure post-Brexit investment from the insurer AIG (Boland et al., 2017). Taking advantage of divergent supervisory standards therefore represents one area where agents within EU financial centres can seek to secure a competitive advantage over their rivals.

Actors within Frankfurt and Paris have been sensitive to this emerging competitive threat. The Association of German Banks, for instance, has called for a 'level playing field' in financial regulation to be maintained in the EU after Brexit, and has put pressure on the Federal government to "avoid [the creation of] one-sided competitive advantages" within rival jurisdictions (BdB, 2017b). In particular, they have highlighted Dutch plans to soften the limits on bonuses for bankers (Smolka et al., 2017), Theresa May's threat to engage in corporate tax cuts and deregulations, and President Trump's intention to review the Dodd-Frank act, as indicators of a global deregulatory race which Germany must seek to minimise. The BdB has warned that "we possibly stand before an epoch in which individual countries return to national regulations. This is dangerous" (BdB, 2017c).

Similarly, actors in Paris have sought to initiate a series of supervisory reforms, which can be seen as a defensive move aimed at limiting the capacity of other financial centres to engage in regulatory arbitrage. Parisian authorities view arbitrage both as a potential threat to the stability of the European regulatory regime and to Paris' attractiveness as a financial centre given the France's more stringent regulatory environment. In his report to the Senate, Albéric de Montgolfier notes that Brexit has created the risk that companies, particularly in the field of asset management, might circumvent the UK's loss of a financial passport by setting up 'letterbox entities' in countries with laxer regulatory regimes, citing Luxembourg specifically (de Montgolfier, 2017, p. 148). Benoît de Juvigny, Secretary General of France's financial market regulator, the *Autorité des Marchés Financiers* (AMF), has backed calls to give more powers to ESMA and has proposed more integrated European supervision (cited in Chaperon, 2017; Mooney & Thompson, 2017). Paris' position has been viewed by some as a 'land-grab' insofar as a toughened up European regulatory regime would limit the ability of competitor financial centres to undercut Paris' offer through applying lax supervisory standards (see Mooney & Thompson, 2017). Alongside their active attempts to attract 'low hanging fruit', public authorities in Paris are therefore simultaneously utilising a defensive strategy to ensure Paris' competitive position vis-à-vis other financial centres by seeking to bolster the strength of EU regulation and supervisory enforcement.

c. *Brexit as a 'bargaining chip'*

Our analysis also reveals how some actors have sought to utilise Brexit as a 'bargaining chip' in order to advance pro-business reforms. This can be seen in attempts to strengthen the 'competitiveness' of each respective IFC's regulatory environment and through programmes designed to lower taxation and soften labour market regulation. In the first instance, we see a defensive baseline position taken by actors in Frankfurt and Paris with regards to the European financial regulatory environment, aimed at minimising the establishment of any further competitive *dis*advantages. In Frankfurt, for instance, the Ministry of Finance for the state of Hesse has called in April 2017 for the domestic financial sector "not to be thrown any stones in the form of unnecessary over-regulations" (Hessischer Ministerium der Finanzen, 2017a). This defensive positioning has been integrated in a select number of instances by calls for the loosening of domestic regulations. In the most prominent of these cases, the BdB and the state government of Hesse have mounted a concerted effort on the federal government, pressuring it to weaken labour regulations on firing high-earning staff (Smolka et al., 2017; Hessischer Ministerium der Finanzen, 2017b).

In Paris, private actors have sought to utilise the coincidental timing of the Brexit vote and France's 2017 elections to put pressure on the outgoing Socialist government and the new presidential candidates, with Mestrallet calling the occasion "an historic opportunity" to adopt measures designed to reinforce the city's attractiveness to finance. Indeed, Mestrallet invited France's presidential candidates to adopt a position of 'financial diplomacy' by promoting a "competitiveness and attractiveness shock" to the French economy, including cutting corporate and income tax rate cuts, ending France's financial transaction tax (FTT), and liberalising the country's labour laws (see Bodescot, 2016). At a hearing in front the Senate Finance Committee, representatives of the financial industry sent a clear message that the cost and flexibility of labour would be the only determinants of relocation decisions between Paris and rival financial centres (see Couet, 2017). In a high-profile interview in Le Figaro newspaper, Jean-Laurent Bonnafé, Director and CEO of BNP Paribas, suggested that Paris could take advantage of Brexit, but that this “presupposes that decisions are taken on the taxation of banking activities, corporate tax and personal taxation” beyond what the government had already announced (Bayart, 2016b). Société Générale’s CEO, Frédéric Oudéa (2016), suggested that before making any decisions over where to relocate, his organisation was “awaiting a clear message on banking and tax regulations”. In particular, he has made it clear that France’s FTT is not “suitable” for a climate of investment in Paris (Malhère, 2016b). Indeed, this pressure to bring about liberalising reform was felt at the top level of government, with the then-Finance Minister Michel Sapin admitting that “financiers are coming to me to ask for tax cuts” (cited in Chaperon, 2016b).

Conclusion

Since the 2008 financial crisis, there has been a marked reconfiguration within the global political economy. New forms of anti-systemic politics have also emerged in this conjuncture, threatening the institutions and organisational principles of the global liberal order. Brexit embodies one localised ‘moment’ in this broader process of global restructuring. Brexit effectively involves the ‘decoupling’ of the UK from the EU’s regulatory order. But this process does not impact upon all agents equitably. Some actors can ‘capitalise’ on the disruptive effects of Brexit. This article has traced the ways in which agents within two important European financial centres - Frankfurt and Paris - have adopted new competitive orientations designed to privilege their territories in the aftermath of the UK’s referendum to leave the EU.

GaWC research represents the landmark attempt within economic geography to empirically ‘map’ relations between European financial centres in the period prior to the 2008 crisis. GaWC research correctly identified numerous instances of intra-firm ‘complementarity’ within financial ‘networks’. The series of GaWC case studies of Frankfurt-London relations undertaken in the early 2000s are particularly instructive in outlining how ‘cooperative’ relations prevailed under conditions of European monetary integration. Despite these strengths, we have argued that GaWC research contains a number of blind spots which limit its explanatory potential in the present conjuncture. GaWC research tends to adopt a firm-centric approach and thereby neglects the 'political' embeddedness of rival IFCs. It overlooks the ways in which transnational regulatory harmonisation is underpinned by politics and therefore is ill-suited to charting the ways in which regulatory divergence creates political opportunities for actors within IFCs. GaWC research has not to date investigated empirically relations between continental European financial centres and so misses the immanent potential for competition between these sites. In order to adequately account for emergent patterns of competition between European IFCs, we have argued that the strategic positioning of political actors should be placed at the heart of 'relational' financial centre analysis.

As our empirical material demonstrates, Brexit generates new *competitive orientations* between Frankfurt and Paris. The City of London's position as a centre of euro clearing was always dependent upon the UK's EU membership. The possibility of post-Brexit 'regulatory arbitrage' creates an opportunity for agents within European IFCs to take advantage of divergent supervisory arrangements at the member state level in order to induce international investment into their territories. Competitive re-orientations - codified through law, regulation and domestic politics - are therefore in evidence in the post-Brexit context. In this uncertain and fractious terrain, sensitivity to the strategic orientation of *political agents* within IFCs is crucial.

Our case studies of Frankfurt and Paris demonstrate that the City of London is unlikely to lose its position as Europe's pre-eminent financial hub. 'Complementarities' between IFCs, as predicted by GaWC research, remain powerful. Nonetheless, this should not obscure important reconfigurations within rival European IFCs. Political agents within Frankfurt and Paris have adopted a competitive footing in relation to one another as they seek to 'capitalise' on the UK's regulatory decoupling from the EU. Our analysis inductively identifies two broad strategic reorientations of agents within Frankfurt and Paris after the Brexit vote. First, agents within these IFCs are seeking to secure 'low hanging fruit' from the City of London. Clearing, asset management, EU regulatory bodies and Fintech have all been identified as vulnerable sub-sectors which political agents within Frankfurt and Paris now seek to attract. The prospect of 'regulatory arbitrage' has also emerged as rival centres threaten to laxly enforce supervisory regimes in order to induce external investment. Second, 'hybrid' constellations of private sector lobbyists and public agencies – such as Paris Europlace and Frankfurt Main Finance – seek to deploy Brexit as a 'bargaining chip', leveraging the UK's exit in order to secure pro-finance reforms both domestically and at the EU level. In isolation, a firm-centric methodology can lead us to miss these important political reconfigurations. Private financial institutions and their associated 'networks' co-exist with political agents – most notably politicians at the urban, national and European scales – who respond to quite distinct incentive structures and political pressures. Whilst private EU banking institutions may agitate for 'complementarity' with the City in order to sustain their business models, political actors are often driven to augment their financial sector employment and tax base. As the political economy of Brexit unfolds and the 'decoupling' of UK finance from the Single Market intensifies, future research should chart the ways in which the disintegrative Brexit process generates new geographies of European financial competition and power.

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[1] We recognise, moreover, that the study of world cities in the GaWC research network has developed in many different directions. Some scholars, such as Taylor, Derudder and their collaborators, have focused their efforts on constructing models of quantitative analysis through which to map the networks between world cities. Others, such as Watson & Beaverstock (2014), emphasise instead the need for more qualitative and case study-based scholarship. While we cannot do justice to the wealth of contributions and debates that are taking place in the GaWC research area, we wish here to direct the discussion to a broader set of assumptions and blind spots that characterise and constrain GaWC research as a whole. We believe that giving proper consideration to these unseen areas is crucial if GaWC is to retain the ability to explain the present global conjuncture.

[2] Indeed, contemporary GaWC researchers have themselves noted that GaWC research, "largely [brackets off] the role of the state in the construction and reproduction of world cities in contemporary financialized globalization", which implies that, "a better understanding of the role of state actors as enablers is crucial to carry world city research further" (Bassens & Van Meeteren, 2015, p. 767). In this paper we seek to engage constructively with this call.

Highlights

- Brexit creates strategic opportunities for alternative EU financial centres
- Private and public actors in Frankfurt and Paris intend to ‘capitalise’ on Brexit
- New ‘competitive’ orientations are in evidence post-Brexit
- Agents attempt to secure vulnerable sub-sectors from the City
- Brexit is being used as a ‘bargaining chip’ to leverage regulatory reforms

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