

Fact sheet for the financial and business services sector in Amsterdam

The financial and business services sector is one of the largest economic sectors in the Netherlands, and the Amsterdam Metropolitan Area lies at its heart. In addition to the major Dutch financial institutions such as ABN AMRO, ING and Delta Lloyd, the region houses branches of foreign banks such as ICBC, Deutsche Bank, BNP Paribas, MUFG Bank (formerly known as Bank of Tokyo-Mitsubishi UFJ), Citibank and many others. The area is one of the world's largest market-making centres with firms such as IMC and Optiver. It is also a major asset management centre, home to one of the world's largest pension funds, APG.

The region has many international law and accountancy companies. The global headquarters of accounting firm KPMG is in Amsterdam, as are a host of other professional business services, such as legal affairs, management, pensions and tax consultancy, all of which ensure that businesses are served effectively. In turn, the presence of financial and business service providers has helped accelerate the increase in international head offices and corporate treasuries in the Amsterdam Area.

Amsterdam has a long and illustrious heritage as a financial innovator. It spawned the world's first central bank, was the cradle of the world's first joint stock company, was the site of the world's first stock exchange and provided one of the earliest examples of a company pension scheme.

Facts & figures about the Dutch financial and business services Industry

The Netherlands provides access to:

- 53 banks and 43 branches of credit institutions established in EU countries and four branches of credit institutions established in non-EU countries (Q2 2016)
- 186 life and non-life insurance companies (Q2 2016)
- 298 pension funds (Q2 2016)

Assets under management

- Dutch banks: €2.6 trillion
- Dutch pension fund industry: €1.3 trillion
- Dutch insurance companies: €505 billion
- Dutch investment funds: €767 billion

(Source: Dutch Central Bank)

Facts & figures about the financial and business services industry in the Amsterdam Metropolitan Area

- Largest cluster in the Amsterdam Metropolitan Area
- 25% of the regional economy (gross domestic product of the region)
- 255,000 jobs

- 19% of the employment market

(Source: 2016 Economic Outlook of the Amsterdam Metropolitan Area)

Relevant organisations based in Amsterdam

Dutch Central Bank

The Dutch Central Bank (DNB) is responsible for safeguarding financial stability. The DNB supervises financial institutions such as banks, insurance companies, pension funds and security firms.
www.dnb.nl

Netherlands Authority for Financial Markets

Besides the DNB, there is a second financial supervisor, The Netherlands Authority for Financial Markets (AFM). The AFM supervises the way financial institutions deal with their customers. The AFM supervises the conduct of the entire Dutch financial market sector, including savings, investment, insurance and loans.
www.afm.nl

Dutch Banking Association

The Dutch Banking Association (NVB) consults with the regulatory authorities, the Dutch Government and many social organisations and interest groups to represent the interests of the Dutch banking community. Collective bargaining on behalf of the banking sector is also part of the NVB's portfolio. To represent the banks' interest on a European level, NVB is a member of the European Banking Federation (EBF). Virtually all banks operating in the Netherlands, including foreign bank branches, have a NVB membership.
www.nvb.nl/home-english

Foreign Bankers' Association

The goal of the Foreign Bankers' Association (FBA) is to protect and promote the interests of foreign banks operating in the Netherlands. The Foreign Bankers' Association is part of the Dutch Banking Association.
www.foreignbankers.nl

Dutch Association of Insurers*

The Dutch Association of Insurers represents the interests of private insurance companies operating in the Netherlands. The association is an independent organisation managed and financed by its members.
www.verzekeraars.nl/english
*based in The Hague

Holland FinTech

Holland FinTech strives to create a thriving international market place for FinTech in the Netherlands. It brings together people and organisations that believe that creating a level playing field in the financial ecosystem will drive innovation, and

that connecting established players to innovative startups across borders will accelerate financial innovation so it can reach its full potential.
www.hollandfintech.com

Relevant higher educational institutes in the Amsterdam Area

The Amsterdam Area has a network of top-quality universities, all located within a maximum of one hour of Amsterdam. It's home to two main universities - the University of Amsterdam (UvA) and the Vrije Universiteit (VU) - as well as Nijenrode Business University. These universities offer a wide range of economics, business and legal courses at bachelor, master and postgraduate level. To find more information about the universities, please visit their websites at www.english.uva.nl, www.vu.nl and www.nijenrode.nl.

In addition to the universities, a prominent international finance institute and a leading graduate school are active in the Amsterdam Area:

Amsterdam Institute of Finance

The Amsterdam Institute of Finance (AIF) is specialised in providing high-level executive education for finance professionals from around the globe. AIF selects its teaching staff from internationally renowned business schools such as Berkeley, Cambridge, ESADE, INSEAD, Kellogg and NYU Stern School of Business. In addition to open enrolment and in-company programmes, AIF provides training in partnership with a number of Dutch and international associations including the international CFA Institute, NYU Stern, the Professional Risk Managers' International Association (PRMIA), the Hawkamah Institute for Corporate Governance and the Netherlands Finance Development Company (FMO).
www.aif.nl

Tinbergen

The Tinbergen Institute (TI) is one of Europe's leading graduate schools and research institutes in economics, econometrics and finance. TI is operated jointly by the Schools of Economics of the Erasmus University Rotterdam (EUR), the University of Amsterdam (UvA) and the Vrije Universiteit Amsterdam (VU) in the Netherlands. The institute offers a research master programme in economics, econometrics and finance as well as PhD opportunities under expert supervision by international research fellows.
www.tinbergen.nl

FAQ about legislation on bonuses, capital ratios and bank taxes

Bonus cap

1. The Netherlands has a compensation cap (also known as bonus cap) for the financial industry. What exactly is the bonus cap?

The Netherlands implemented the Act on the Remuneration Policies of Financial Undertakings in February 2015. The Act stipulates several rules concerning remuneration of financial undertakings, such as a ban on guaranteed variable remuneration, a mandatory bonus claw-back clause in some specific cases and a cap of the severance pay for members of the board (capped at a maximum of 100% of the fixed salary). Under the act, a financial undertaking cannot pay a variable remuneration that exceeds 20% of the fixed remuneration on an annual basis (bonus cap). This rule applies to all persons. However, under specific circumstances, exceptions to this rule may apply (see below).

2. To which companies does the Act apply?

The Act applies to financial undertakings that have their formal seat in the Netherlands, and their subsidiaries (including subsidiaries abroad). The definition of 'financial undertaking' includes, amongst others, banks, insurers, investment firms, fund managers, payment services providers, custodians and premium pension institutions (PPIs).

3. To which companies does the Act not apply?

The bonus cap does not apply to branch offices in the Netherlands of banks and investment firms that have their official seat in another European Economic Area state. These branches are subject to legislation from the country where the official seat is located. However, the remaining rules of the Act do apply to these companies.

4. Are there any exceptions to the bonus cap?

There are some exceptions. These include:

- Variable remuneration for non-collective agreement employees. For these employees, the variable remuneration may exceed 20% for a single person, but has to remain 20% for the group on average
- 100% for employees of a Dutch holding company (whose business is mainly international)
- 100% for persons effectively working outside of the Netherlands
- 200% for persons effectively working outside of the EER, provided that the shareholders and the supervisory authorities are informed

Furthermore, the bonus cap does not apply to managers of AIFs and UCITS, nor to proprietary trading investment institutions. However, the remaining rules of the Act do apply to these companies.

For more information, please consult the Act on Remuneration Policies of Financial Undertakings (Wbfo).

Capital ratios

Which capital ratios apply in the Netherlands?

The Dutch authorities apply international and European standards to capital requirements in a transparent and foreseeable manner. Banks with larger balance sheets (>€30 billion) fall under direct supervision of the ECB. As the macroprudential authority, the Dutch Central Bank (DNB) has additional discretionary powers regarding macroprudential buffers. These apply primarily to the largest Dutch banks, due to the large and concentrated nature of the Dutch banking sector. The DNB applies buffers of 1-3% of risk-weighted assets to five systemically important banks. Similarly, there is a gentlemen's agreement with the largest banks to meet a minimum leverage ratio of 4% by 2018. The leverage ratio is expected to be met with Tier 1 capital, and uses the BCBS definition (2014a) of the leverage exposure measure. This measure builds on the consensus in the FSB to impose a leverage ratio higher than 3% on systemically important banks. Because the Dutch authorities decided on this measure and on the macroprudential buffers earlier than their European peers, banks operating in the Netherlands benefit from greater certainty of steady-state capital requirements.

Taxes

Q: Which specific taxes apply for banks?

A: Like in other EU member states, a bank tax is applicable. The rate is 0.044% for short-term debt (maturity less than one year) and 0.022% for longer-term debt.