



Presentation of the Financial Centre of Munich/Bavaria  
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**“Munich – an Important Financial Centre in Europe“**

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## I. Welcome Address

On behalf of the Bavarian State Government and the Munich Financial Centre Initiative, I **welcome** you most warmly to the **presentation** of the **financial centre of Munich/Bavaria** here at the **Representation of the Free State of Bavaria** to the EU.

## II. Bavarian Representation

The new **Representation of the Free State of Bavaria** is housed in the **former Pasteur Institute**. The **building complex** – consisting of Institute, villa and stables – was constructed in the years **1903 to 1905** in the style of **historicism**. It was originally **intended** to house an **“antibacterial and bacteriological research institute”**.

The **Belgian doctor Jules Bordet**, who had been appointed to the Paris Institute at the age of 24, was entrusted by the Province of Brabant with the **direction** of the **“Institut Pasteur du Brabant”** (Pasteur Institute of Brabant). In 1919, Jules Bordet received the Nobel Prize in physiology and medicine for his theory on the development of immunity. Together with O. Gengov, he discovered in 1906 the bacterium responsible for causing whooping cough.

The **Free State of Bavaria** has restored the buildings that had lain empty since 1987. They blend in harmoniously with the surrounding Leopold Park. With this building, **Bavaria** pays **reverence to Europe**. Just as **Bavaria** is located at the heart of Europe, so too is the **new Representation** now located in the **heart of Brussels** – close to the nerve centre of European politics. If the **“Bavarian lion”** sometimes **roars** in the direction of Europe, then it is always a call to discuss and **wrangle** for the **best solutions**. We are playing an active part in the further development of the EU to ensure that we achieve good solutions not only for Europe, but also for Bavaria as well. The same applies to **financial Europe**. This is also the objective of today’s visit by a delegation from the financial centre of Munich/Bavaria to Brussels.

## III. Munich Financial Centre Initiative

In order to further consolidate **Bavaria’s position** in the face of **intensified competition between financial centres**, at the end of the year 2000 we launched the **“Munich Financial Centre Initiative”** with the participation of high-ranking representatives of banks, insurance companies, venture capitalists, Munich stock exchange, chambers and trade associations as well as from science and academia.

Since we have already discussed a number of specific topics **today**, for instance with

- the Vice-President of the European Parliament,
- members of the European Parliament,
- Mr. Radwan, the EPP-ED Group spokesman on economic affairs,



# Finanzplatz München Initiative

- Mr. Westphal, Head of the Finance Department of the of Permanent Representation of Germany to the EU as well as with
- Director General Schaub,

we now intend to draw your attention to **the enormous potential offered by Bavaria as a financial centre**. Bavaria's economic and innovative strength and the excellent standard of its research are praised worldwide. That **Bavaria** is also **“top in finance”** is, however, still too little known.

## IV. Bavaria: A Financial Centre

**Bavaria** is one of the **most important financial centres of Europe**, namely in **all financial sectors** – that is traditional banking and insurance as well as asset management, venture capital financing and leasing and factoring.

**We**

- **hold a top position in the world as an insurance location**,
- are one of the **most important banking centres**,
- are a **top-class location for asset management**,
- are the **location in Germany for private equity, venture capital and leasing** and we
- have a very **innovative stock exchange**.

While the **added value** of the **whole Bavarian economy** increased by 29.1 percent from **1991 to 2004** (GDP in real terms: + 24.4 percent), **the value added by the Bavarian financial sector rose by nearly 55 percent**. This makes the financial sector a decisive motor driving growth in Bavaria.

In view of the broad spectrum that **Munich** in particular has to offer in terms of **quantity** and **quality** in the fields of asset management, banking, insurance, leasing, funds and venture capital, **Munich** can today be regarded as **the leading location for the financial sector in Germany alongside Frankfurt**.

## V. Insurance

**Munich** is one of the **world's leading insurance centres**. The Bavarian capital is the headquarters of close on **80 insurance companies**, including

- one of the most important direct insurers in the world, the **Allianz** Group,
- one of the world's largest re-insurers, the **Munich Re**,
- Europe's top legal protection insurer, **D.A.S.**,
- the most important public insurance group in Germany, the **Versicherungskammer Bayern** (Bavarian chamber of insurance), as well as
- the biggest group offering pension plans for professional organisations in Germany, the **Bayerische Versorgungskammer**.



In addition to the insurance groups based in Munich, many other **insurers** from **Germany** and abroad also have **branch offices** here, such as for instance the **Swiss Re**, one of the leading re-insurers worldwide.

Throughout Bavaria, some **65,000 people work** for insurance companies, including a total of over 12,000 at the two other major insurance locations of Nuremberg and Coburg, which are represented today by the CEOs of the Nürnberger Versicherungsgruppe and HUK Coburg.

## VI. Banks

**Bavaria** also plays a key role in the German banking scene and is the **largest banking centre in Germany** in terms of the **number of credit institutions** and their **credit volume**. Altogether about 50 banks have their head office in Munich; they include **two of Germany's biggest banks: BayernLB** and the **Bayerische Hypo- und Vereinsbank AG**. With the merger of HVB with Unicredit in 2005, the first really European credit institution was created.

**126,000 people** are employed in the **Bavarian banking business**. **Bavaria** is the **home market** for around **530 credit institutes**. This means that Bavaria is home to considerably more banks than any other German state, and even has more than the banking country of Switzerland.

## VII. Asset Management/Private Equity/VC/Leasing

**Munich** has developed into the **No. 1 location** in the **asset market** in Germany. Today, the asset management companies owned by Munich firms manage about euro 1,500 billion, which places them at the top of the international league.

**Bavaria** is also the **most important German state** for the **venture capital and private equity sector**. Close on 50 VC and private equity companies have their headquarters in Munich. In 2004, the venture capitalists placed about 28 per cent of their investments (euro 760 million) in Bavaria, which is the highest amount they have ever invested in one of the German states.

**It is also a top address for leasing:** of the roughly 430 “major” leasing companies in Germany, nearly 120 have set up facilities in and around Munich, including 48 that have made Munich their headquarters.

## VIII. Munich Stock Exchange

**Munich stock exchange** is one of Europe's **innovative centres for trading in securities**. This is impressively demonstrated by the Max-One **trading platform** developed by Munich stock exchange itself as a perfect synergy between the human competence of market maker and state-of-the-art technology, as well as by the new **SME segment M: access**.



## IX. Focus of the Munich Financial Centre Initiative

In order to further enhance Bavaria's strong position as a financial centre, the **Munich Financial Centre Initiative** focuses on the following areas in particular:

- **Further development** and **networking** of the economic and financial **infrastructure** in Bavaria as well as stepping up cooperation between science and practice. Tomorrow, on February 2, 2006, the Bavarian State Government is holding a great **Cluster Congress** in Munich, where the **new cluster financial services** will be presented.
- By intensifying **location marketing**, we are underscoring the **advantages** that the **financial centre** can offer for the industry and its executives.
- Access to the centre is made easier by providing **up-to-date information** about the **financial centre** and its members. A key aspect is the **bilingual Internet website** ([www.fpmi.de](http://www.fpmi.de)). The overall image is rounded off by the **brochure** describing the **new financial centre**; it is now available hot from the press.
- And one more point: We intend to **influence** the **legislative process** in the **EU**, so that we can play a part in shaping **financial Europe**. Especially when it comes to Basel II, we have shown particular commitment to the interests of SMEs and the smaller banks and received a great response.

The goal of **shaping** the **EU internal financial market** is a key objective of our **delegation trip** to Brussels.

- What we want are balanced solutions. We are not concerned with particular interests, but with **integration** while **safeguarding national and regional interests**.
- We want to build **Europe** from the **bottom upwards**.
- We want **competition** rather than centralism and exaggerated red tape.

Especially in the context of the **financial market sector** this means:

**Firstly:** We need a **pause in the regulatory process**. The EU is overburdening our financial service providers. They now have to implement **too many directives** and all at the same time. The **volume of regulations** is a **great burden** on our companies and restricts the **international competitiveness** of our financial centre. Rather than regulations, we need to come back to a more practice-oriented approach.

Moreover, EU regulations should be subjected to a **cost-benefit analysis** taking account of the principle of commensurability and follow-up costs.

**Secondly:** we are determined to have an influence on EU projects. **Today**, for example, we have presented the **EU decision-makers** with **our demands** regarding in particular the draft directives submitted by the Commission on **payment services in the internal market** and **consumer credit contracts**, on the **need to harmonise mortgage loans**, on the **implementation** of the Directive on markets for **financial instruments** as well as on the **Solvency II** project and asked



them for their support.

Our **positions** in this respect are described in the **press folder**. We will have a chance to explain our wishes at greater length during dinner.

I now ask Dr. Wolfgang **Sprißler**, Spokesman of the Executive Board of Bayerische Hypo- und Vereinsbank AG, representing the banks, and then Mr. Udo **Martinsohn**, Chairman of the Executive Board of Swiss Re Germany Holding AG, representing the insurance industry in Bavaria, for their statements.