

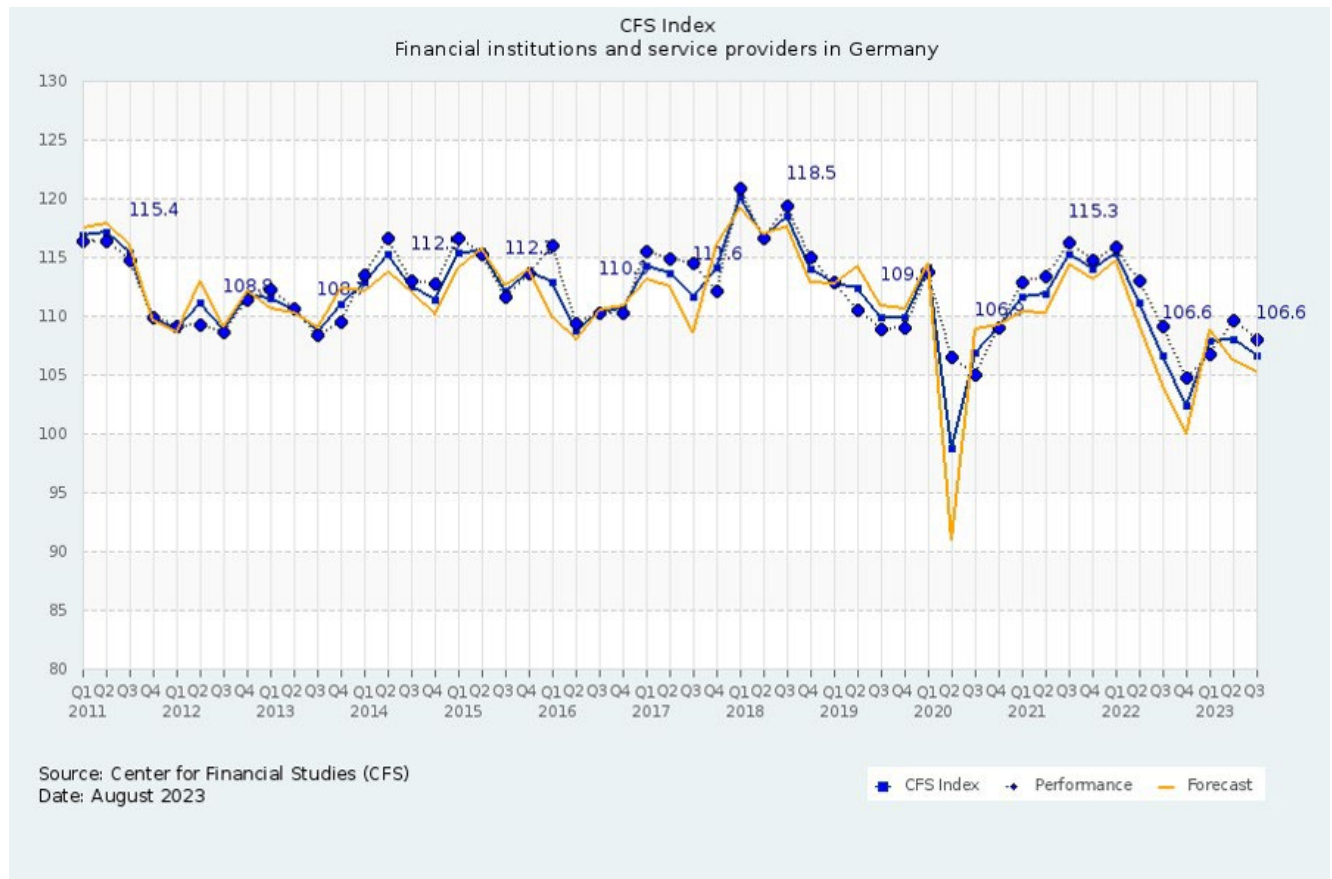
## Press Release

### Pessimistic sentiment among service providers leads to lower CFS Index level

(Survey conducted 7-14 August 2023 for the results of the second quarter 2023)

FRANKFURT, 24 August 2023. The CFS Index, which tracks the sentiment of the German financial sector on a quarterly basis, falls by -1.3 points to the level of 106.6 points. The surveyed service providers report lower growth for the second quarter in terms of revenue, earnings, employee numbers and investment volume. The financial institutions, on the other hand, report a positive trend across all sub-indices. In particular, their growth in revenue and earnings has increased. For the current third quarter, the expectations of the entire financial sector are somewhat more restrained. Only the service providers expect to bring the short-term job cuts of the second quarter to an end.

“The slump in the economy as a whole is increasingly affecting the financial sector; sentiment is currently worse than the actual situation,” comments Professor Rainer Klump, Director of the Center for Financial Studies.



## Press Release

The rating of the **future international importance of the Financial Centre Germany** fell significantly in the second quarter of 2023, based on the assessment of the financial institutions. With a decline of -4.9 points, the index currently stands at 96.2 points, which puts it below the neutral mark of 100 points again after a brief recovery in the previous quarter.

“This development is a wake-up call. The successes of the past, such as the high number of banks that have relocated business to the Main after Brexit or the establishment of the International Sustainability Standards Board (ISSB), offer numerous starting points for further growth. We should make more determined use of these. Frankfurt can do more,” explains Gerhard Wiesheu, President of Frankfurt Main Finance.

### **Contrasting sentiment: financial institutions report rising revenue and earnings growth / Sub-indices down for service providers**

**Revenue** growth among the financial institutions increased by +4.4 points to 114.8 points in the second quarter of 2023. This represents an increase of +4.1 points compared to the previous year. By contrast, the service providers report a significant decline of -6.5 points to 109.3 points. This puts their revenue sub-index -2.5 points below the level of a year ago. For the third quarter, the expectations of the financial sector are more restrained.

The surveyed financial institutions and service providers also report contrasting data regarding **earnings** growth. The corresponding sub-index of the financial institutions rises by +6.2 points to 118.4 points and is now +5.8 points above the level of the previous year. The service providers' sub-index declines by -1.4 points to 105.2 points and is -4.8 points lower than one year ago. For the current quarter, both groups are anticipating a slight decrease.

### **Growth in investment volume among service providers drops significantly and is now at the neutral level of 100 points**

Growth of the **investment volume** in product and process innovations among the financial institutions sees a slight gain of +0.4 points to 104.9 points and is only -3.6 points below the previous year's level. The service providers report a huge drop of -10.9 points to the neutral level of 100 points. This means their sub-index for investment volume is -7.5 points below the level of a year ago. Looking ahead to the current quarter, both groups expect a slight decline.

### **Service providers report job cuts**

In line with the other sub-indices, the financial institutions also record higher growth in **employee numbers**. The sub-index rises by +2.4 points to 107.8 points and is clearly above the previous year's level (+5.2 points). Conversely, the service providers report a decline, which is also consistent with the other indicators. The employee numbers sub-index falls by -3.9 points to 99.4 points, which reflects job cuts among the service providers. At -8.5 points, this sub-index is also significantly below the previous year's level. For the current quarter, the financial institutions expect to recruit fewer employees. The service providers plan to end the job cuts of the second quarter and start hiring again.

## Press Release

---

The results are based on a quarterly management survey in the German financial sector.

The Center for Financial Studies (CFS) conducts independent and internationally-oriented research in important areas of Financial and Monetary Economics, ranging from Monetary Policy and Financial Stability, Household Finance and Retail Banking to Corporate Finance and Financial Markets. The CFS is also a contributor to policy debates and policy analyses, building upon relevant findings in its research areas. In providing a platform for research and policy advice, the CFS relies on its international network among academics, the financial industry and central banks in Europe and beyond.

**We would like to thank Frankfurt Main Finance e.V. for financially supporting the project.**

**In case of further questions, please contact:**

**Prof. Dr. Rainer Klump**

Co-Director | Center for Financial Studies (CFS) GfK e.V.  
Professor of Economics // Vice Dean of International Affairs, Faculty of Economics and Business Administration  
Goethe University Frankfurt

Theodor-W.-Adorno-Platz 4  
60323 Frankfurt am Main

Phone: +49 (0)69/798-34782  
Email: [klump@wiwi.uni-frankfurt.de](mailto:klump@wiwi.uni-frankfurt.de)