Frankfurt Financial Services Cluster
Microeconomics of Competitiveness

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Bochum and its Ruhr University

- With 365,000 inhabitants, Bochum is Germany’s 16th largest city and part of the country’s largest urban agglomeration, the Ruhr (5.1 million inhabitants)
- Opened in 1965, the Ruhr University is Germany’s 6th largest university with 43,000 students and 5,650 staff.
- University Alliance Ruhr with three universities and 115,000 students
- MOC offered as elective module for all graduate students (Masters, PhD)
Team & Process

Process
• **Teams & topics** defined mid-November, 2015
• Workshop **presentation** in January, 2016
• **Submission** in mid-March, 2016

Contest Benefits
• **Motivation**
• **Marketing**

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PhD International Development Studies

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M.Sc. Management and Economics

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M.Sc. Geography

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Cluster Emergence and Evolution

**The Immediate Period after World War II (1945-1958)**
- Housed German central bank since 1948
- Attracted other domestic banks in the 1950s and 1960s
- Played a crucial role in coordinating the disbursement of the European Recovery Program

- Helped in internationalization of German capital market
- Relocation of Deutsche Börse
- Coordinating monetary policy for newly-formed EEC

**The Period of Internationalization (1973-early 2000s)**
- Prospered from the 1970 oil crisis by recycling petrodollars
- Facilitated the overseas expansion of German banks in the 80s
- Hosts ECB headquarters since early-2000s

**Global Financial Crisis**
- Suffered losses in competitiveness and overseas perception
- Facing competition from emerging Asian and American centers
- Rebounded strongly in the post-crisis era
Cluster Emergence and Evolution

The Immediate Period after World War II (1945-1958)
- Housed German central bank since 1948
- Attracted other domestic banks in the 1950s and 1960s
- Played a crucial role in coordinating the disbursement of the European Recovery Program

Beginning Era of National Dominance (1958-1973)
- Helped in internationalization of German capital market
- Relocation of Deutsche Börse
- Coordinating monetary policy for newly-formed EEC

The Period of Internationalization (1973-early 2000s)
- Prospered from the 1970 oil crisis by recycling petrodollars
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Cluster Map

Regulatory and Supervising Authorities

European Central Bank (ECB)

European System of Financial Supervision (ESFS)

ESRB  EIOPA  EBA

German Federal Bank (Deutsche Bundesbank)

Agency for the Stabilization of the Financial Markets (FMSA)

Corporate & Private Banking

- Savings & Deposits
- Financing & Lending Business
- Electronic Banking
- Commercial Banking
- Specialized Banking Services
- Etc.

Financial Institutions

- Financial Institutions (~190)
- Foreign Banks in Frankfurt (~155)
- Investment Companies (~50)

Exchange

- XETRA
- Deutsche Börse
- EUREX
- Etc.

Central Banks

- ECB
- Deutsche Bundesbank

Investment & Related Services

- Investment Banking
- Asset & Fund Management
- Alternative Investments
- Etc.

Other Financial Services

- Fund Administration
- Corporate Finance
- Financial Leasing
- IPOs
- Etc.

IT

Legal

Consulting

Accounting, Auditing & Tax

Rating Firms

Infrastructure

Key Supporting Industries

Input Factors

Education & Training

Frankfurt House of Finance

Frankfurt School of Finance and Management

Institutions of Collaboration

Frankfurt Institute for Risk Management & Regulation

Frankfurt Financial Services Cluster - Case Study - Microeconomics of Competitiveness
Cluster Diamond

Demand Conditions

- Commercial banking dominated by large domestic banks
- Public Bank Sector
- Highly regulated fin. Industry
- No specialization
- Relatively high taxes

Factor Conditions

+ One of the most productive cities in Europe/Germany
+ Admin. & tech infrastructure
+ Education: high quality
+ High rate of domestic savings
- Competition for employees with other financial centers
- Lack of math competencies

Strategy, Structure & Rivalry

+ Proximity to large companies and SMEs with int'l operations
+ High demand for sophisticated financial services
+ Germany as one of worlds leading exporting countries
+ Sophisticated middle-class in Germany
+ Easy access to EU market

Related and Supporting Industries

+ Sophisticated support network of international consulting and law firms
+ One of Europe’s tech capitals (IT and service companies)
+ Internationally competitive trade clusters
Key Policy Recommendations

- Find an optimal degree of regulation to balance resilience and transparency
- Attracting/incentivizing fintech sector and entrepreneurs/start-ups
- Improve skills levels
- Brexit as opportunity