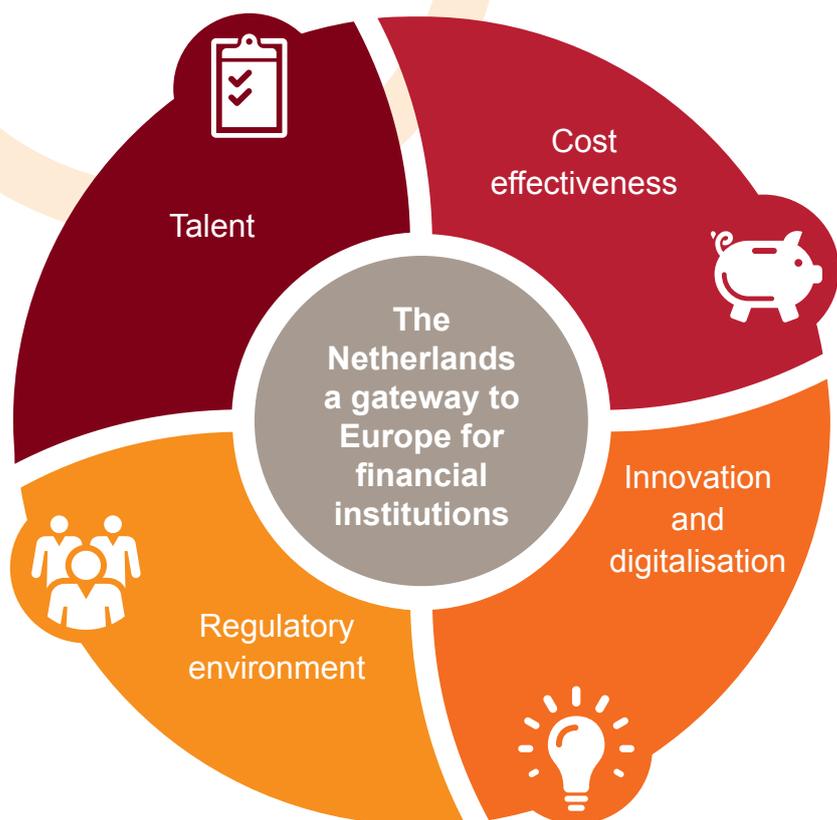


5-Minute Insight

The attractiveness of the Netherlands as a gateway to Europe

Considering how to retain access to the European market for your financial services business?



Given the significant economic and political turmoil in the financial services sector, many financial services organisations are (re) considering the location of their headquarters or parts of their business. Where access to the European market is required, the availability of talent, cost effectiveness, and the ability to innovate as well as the place of registration and filing the applicable licenses are important elements in making the decision on the best location. These elements are relevant for all types of institutions (e.g. retail banks, asset and wealth management, investment management, insurance and fintech start-ups) although the weighting may differ.

Based on the four areas of consideration as displayed in graphic, we have looked into the attractiveness of the Netherlands as a gateway to Europe for financial institutions.



Talent

The Netherlands has a relatively stable economic climate in which financial institutions have access to a diverse, high-quality, multilingual talent pool. Seven Dutch universities are ranked in the top 30 of Europe, including 3 technical universities offering a wide pool of digital talent. More than 90% of the Dutch population has English as a second language. Many talents also speak a third language, such as German or French. The high level and quality of education allow talent to be productive. The labour productivity rates in the Netherlands are among the highest in the world. The Netherlands also has a very good infrastructure that includes international travelling facilities. Schiphol is the second-best hub airport in the world. In short, the distinguishing factors for talent in the Netherlands are high quality, productivity and mobility infrastructure.



Cost effectiveness

The Netherlands has an attractive tax and business climate, which consist of several elements. First of all, the Dutch taxation system contains many incentives that stimulate entrepreneurship, foreign investment in the Netherlands and immigration of foreign employees. These include no withholding tax on interest and royalties, and vertical loss absorption. The Dutch tax wedge is amongst the lowest of the OECD countries and transactions between a company's head office and its branches are outside the scope of VAT.

Second, the cost of living is favourable in comparison with other European cities, which makes it easier to relocate and attract talent. Finally, the international business climate for financial services organisations is attractive. In the Netherlands, knowledge, expertise, connections and business culture all come together to create a link between the Eurozone and other financial centres in Europe and beyond. The Dutch financial sector is well-positioned in Europe.



Innovation and digitalisation

The Netherlands has one of the most competitive internet markets in the world, focusses on cyber security and has excellent online connectivity. Thus, the Netherlands can offer high-quality digital and technological facilities. In addition, due to the international business climate, the strategic location, superior infrastructure, competitive fiscal climate, multilingual workforce, creative environment and the high quality of life, the Netherlands is one of the largest start-up ecosystems of Europe. A lot of fast-growing tech companies such as Netflix and Uber have an EU hub in the Netherlands.

The presence of these companies in combination with the stimulation of initiatives in which financial services organisations and start-ups work together are proof of the innovative and technology oriented landscape in the Netherlands.



Regulatory environment

We asked financial services companies about their views with respect to the regulatory landscape in the Netherlands. One of the most striking conclusions drawn is that the regulatory environment in the Netherlands is not considered very restrictive, especially when compared to other European countries regarding some forms of regulation. The responses reveal that the 20% bonus cap for all employees working for financial institutions in the Netherlands is the main topic of debate. However, the applicable law allows various exemptions and new remuneration alternatives have emerged in practice – things are never quite as bad as they seem. In practice, the regulatory environment offers sufficient flexibility and relationships with the Dutch regulators are generally constructive.

For an in-depth discussion about the above or for more information on any of the areas addressed, please contact:

Janet Visbeen

Partner | People and Organisation
m: +31(0) 6 5464 2625
e: janet.visbeen@nl.pwc.com

Robert Charlier

Partner | People and Organisation
m: +31(0)6 2336 1756
e: robert.charlier@nl.pwc.com

Jessica Molina

Senior Manager | People and Organisation
m: +31(0)6 2023 7566
e: jessica.molina@nl.pwc.com