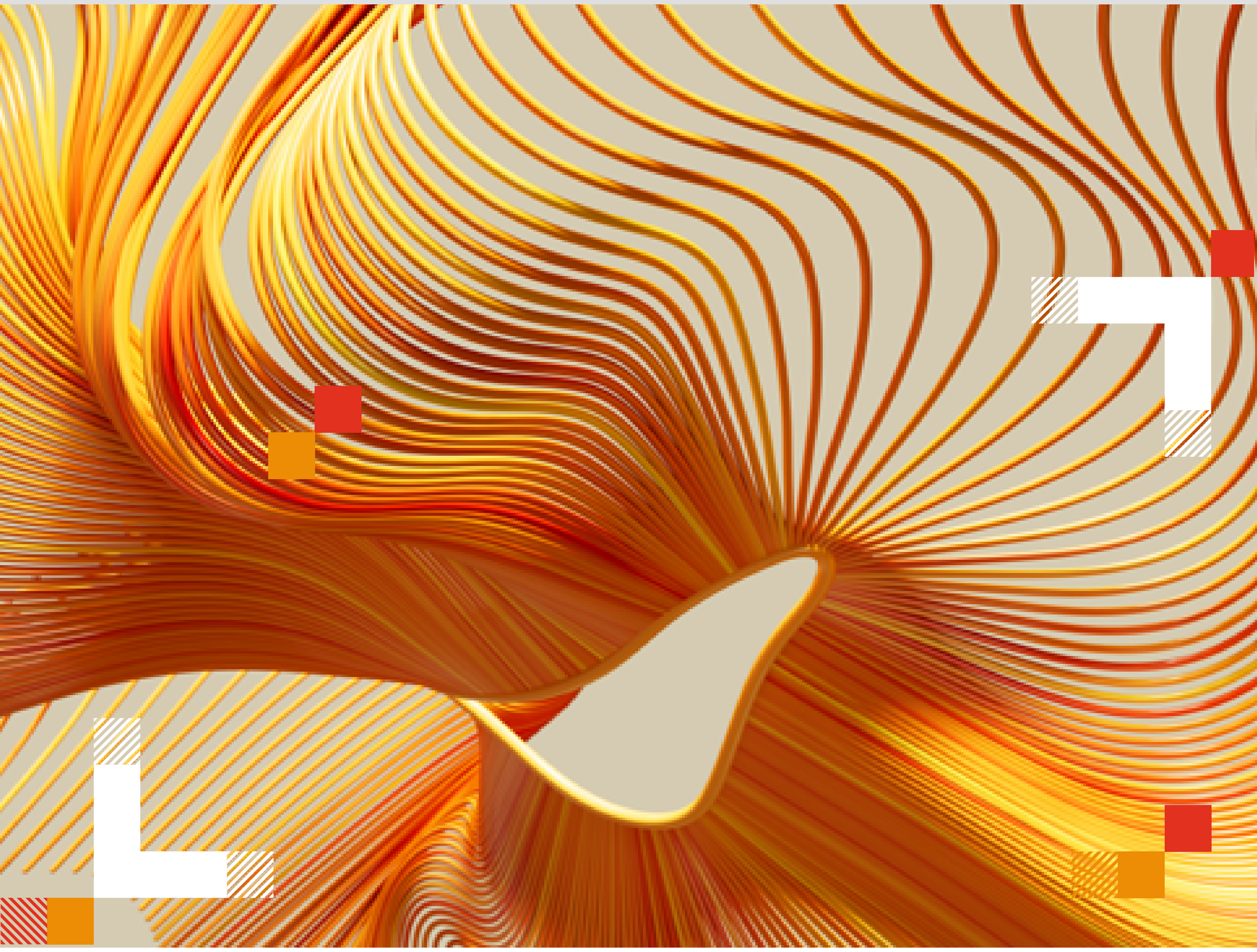
CEO Survey Report 2025
Luxembourg Edition

Striving for Reinvention



www.pwc.lu/ceosurvey

Table of contents

Executive summary

Despite concerns about obsolescence, local subsidiaries in Luxembourg can drive innovation and excellence for parent companies

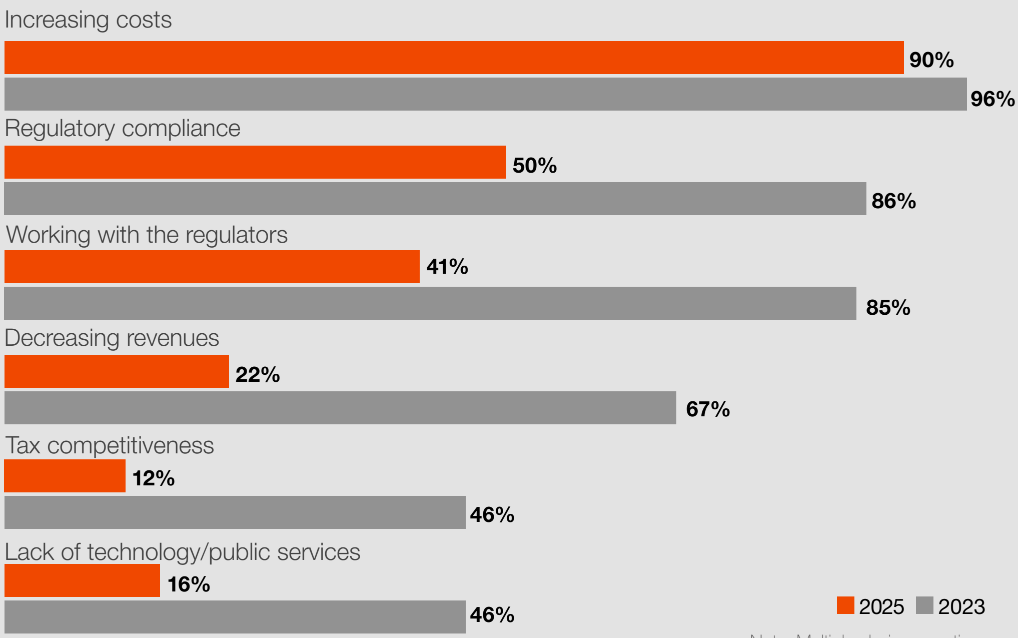
Although 38% of Luxembourg CEOs believe their companies will remain viable for more than ten years, only 29% have expanded into new sectors in the past five years, below the global average of 38%. The FS sector lags further, with only 17% of CEOs entering new industries, compared to 50% of non-FS peers. This highlights a cautious approach to diversification, shaped by Luxembourg's economic reliance on FS and its inherent complexities.

A big reason for this discrepancy is the fact that nearly half (48%) of Luxembourg CEOs run local subsidiaries of larger firms and, to some extent, cannot make large strategic transformations on their own. Globally, only 21% of CEOs are the heads of local subsidiaries, with most financial centres falling below this average, making Luxembourg the exception to the norm. Nevertheless, subsidiary companies have the faculty to positively influence their parent companies, and Luxembourg CEOs can be powerful voices in advocating for change, driving business transformation, and strengthening the country's standing as a leading hub in the financial services sector.

Business conditions in Luxembourg have improved significantly in the last two years

CEOs report that every potential business challenge has eased since 2023 when asked about specific headwinds in the Luxembourg economy. This is especially the case when it comes to challenges related to interacting with the public sector. In 2023, 85% of Luxembourg CEOs said 'working with regulators' was an issue; in 2025 that figure is 41%. The same goes for tax competitiveness: 46% in 2023 vs. 12% in 2025. This is likely thanks to more business-friendly policies adopted by the current government, which took office in December 2023. The new policies that have contributed to this turnaround include the tax relief package aimed at attracting skilled foreign workers and the recent exemption from the 'taxe d'abonnement' for actively-managed ETF funds.

Which of the following challenges, if any, does your organisation currently face in its Luxembourg operations?



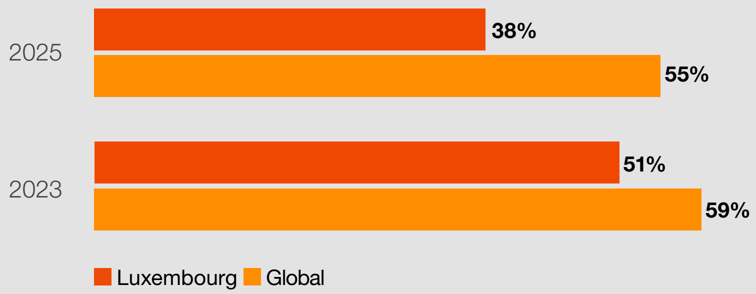
Note: Multiple choice question.

Luxembourg CEOs understand they need to reinvent themselves in the face of macroeconomic and global headwinds

Luxembourg CEOs acknowledge the rising need for business adaptations and transformations amid increased global uncertainty due to geopolitical conflicts, economic instability, and rapid technological advancements. Just 38% of them believe their companies will remain viable for the next ten years if they continue running on their current path, down from 51% in 2023 and compared to 55% globally.

Still, Luxembourg CEOs remain optimistic about short-term revenue prospects. 50% are ‘very’ or ‘extremely’ confident in their companies’ 3-year growth prospects and expect positive GDP growth.

CEOs who say their company will be economically viable for more than 10 years on its current path



There is room for improvement when it comes to climate investments, and government incentives are expected to help bridge the gap

On average, Luxembourg companies make fewer climate-friendly investments than their global peers. Only 76% of Luxembourg companies made such investments in the last five years, while in 2024, 81% of global CEOs’ firms made climate-friendly investments in the last 12 months compared to 72% in Luxembourg.

Furthermore, Luxembourg CEOs have seen a modest 1.9% increase in government incentives for climate investments over the past five years, falling below the global average of 2.4%. However, recent policy initiatives, such as the introduction of the Investment Tax Credit (ITC), are expected to help bridge this gap and drive greater support for climate-focused initiatives moving forward. Irrespective of global political developments and potential simplifications for sustainability reporting in Europe, climate change and its associated risks and opportunities remain key for resilient, cost-efficient and successful businesses. The latest testament to that is the Clean Industrial Deal – the EU’s business plan to accelerate decarbonisation and competitiveness—is incentivising investments in decarbonised products and clean technologies leveraging different drivers such as (i) inclusion of sustainability, resilience and European preference criteria in EU public procurement for strategic sectors, (ii) using product labels indicating carbon intensity allowing businesses to reap a ‘green premium’ or (iii) closing the private-public funding gap through establishing an Industrial Decarbonisation Bank or incentivising private investments through targeted reforms of existing regulation.

The biggest threats come from global trends

Given that the Luxembourg government has helped alleviate executives' concerns since the last survey, it follows that the main threats that Luxembourg CEOs do perceive do not come from policy issues, but rather from global economic, demographic, technological and geopolitical trends. Luxembourg CEOs view the 'lower availability of workers with key skills' as the biggest threat they face; 36% of them highlighted this as a challenge compared to just 23% of global CEOs. The fact that nearly a quarter global CEOs share the same concern as Luxembourg executives still underscores how this threat is not unique to the Grand Duchy. One of the government's new reforms is intended to attract foreign talent by offering favourable tax packages and will contribute to enhancing Luxembourg's tax competitiveness, thereby boosting its international attractiveness as a financial hub and as a workplace.

To stay competitive and overcome the concern about the availability of critical skills, Luxembourg CEOs may consider prioritising equipping their workforce with advanced digital abilities – initiatives like the government's 'Innovative Initiatives' programme can help CEOs tackle the shortage of ICT professionals and strengthen the qualifications of their workforce.

Hesitation in targeting new customers, but progress in new pricing models

Just 19% of Luxembourg CEOs have targeted new customer bases, compared to 32% globally, reflecting a cautious stance on reinvention. FS companies, where only 13% of CEOs have pursued new customers, underscore this trend. However, Luxembourg outperforms major European financial centres like Germany and France in adopting innovative pricing models, for instance by changing products or services into a subscription model, and exploring new market routes, showing adaptability in key areas.

Optimism in workforce expansion

Luxembourg CEOs project a 3.9% rise in headcount over the next year, surpassing the global average of 3.7% and the EU average of 2.6%. With 12% planning upticks in hiring, Luxembourg CEOs' proactive approach contrasts sharply with Germany's anticipated workforce reduction of 2.5% – the largest in the PwC survey. This signals confidence in scaling up operations and investing in growth despite broader uncertainties.

Luxembourg CEOs have clearer plans for AI deployment than the global average

Luxembourg CEOs have a more concrete idea of how they want AI to transform their businesses than most global CEOs, including those in other major financial centres. When asked about the specific business functions where they are likely to implement AI, an average of 55% of Luxembourg CEOs said they had specific areas in mind where they would deploy AI, such as in technology platforms. Only 35% of global CEOs knew which business functions they wanted to integrate AI into.

Nonetheless, when it comes to AI adoption, the interpretation must be made carefully. Despite the growing appetite for AI, these technologies are still in relatively early stages of development, and a gap between ambition and full-scale delivery throughout the value chain might exist.

Government policies are driving business confidence among CEOs

Local business challenges identified in the previous editions of the survey have been significantly improved thanks to better public-private coordination and a determined continuity of actions done by the government to boost competitiveness. Moreover, CEOs report easing operational headwinds and a notable reduction in concerns about inflation, interest rates, and regulatory compliance since 2023. The aforementioned pro-business policies introduced by the new government, such as tax incentives and the 'inpatriate regime', are expected to enhance the Grand Duchy's economic dynamism.

Additionally, the newest fiscal packages, including the exemption of active ETFs from the 'taxe d'abonnement' starting in 2025, will significantly strengthen the competitiveness of the Grand Duchy's financial sector. These reforms are positioning Luxembourg to strategically compete with other financial hubs and unlock opportunities in the flourishing active ETF space.

A message from PwC Luxembourg's Managing Partner, François Mousel

In early 2023, we published the last edition of our biennial Luxembourg-focused CEO Survey. At the time, Europe was undergoing an energy crisis and central banks on both sides of the Atlantic were rapidly hiking interest rates to temper inflation that had spiralled out of control.

Two years later, amid political instability in Europe's major economies and sluggish growth prospects, the future has never felt more unpredictable. All the talk of a new age of 'polycrisis' and 'permacrisis' just a few years ago has become the norm. Business leaders in Luxembourg and across the world continue to grapple with a rapidly shifting global geopolitical and macroeconomic landscape that is redefining the very way everyday business is conducted. Meanwhile, the world does not appear to be on track to meet the goals of the Paris Agreement as climate change continues to worsen every year, severely impacting most sectors and industries while causing untold calamities.

Yet, such a moment of uncertainty should not be cause for despair. As this year's CEO Survey shows, our new government has triggered a very significant positive shift in business sentiment. I can only congratulate them for that and their courage to prioritise a successful business environment as the foundation of our shared prosperity. This positive trend needs to continue, with no room for complacency, and it is now also critical that the positive measures taken are as actively marketed as possible so that investors and stakeholders worldwide are fully aware of them. As the local subsidiaries of multinational groups grapple with outside factors they cannot fully control, close and trusted relationships with headquarters and decision-makers of key business partner countries are more critical than ever.

The general-purpose transformation potential of GenAI still needs to be assessed: is it overhyped or a real game changer? This a question on many decision-makers' minds and a question that was also debated and analysed at this year's Journée de l'Economie.

Finally, since Donald Trump's inauguration as US President, many established norms, specifically regarding climate change and sustainability, seem to have been turned upside down. A clear vision regarding the long-term benefits of a sustainable approach to business is needed more than ever and should guide us through times of turbulence.

At a time when the European economy is poised to experience a period of potentially protracted sluggish growth, Luxembourg – with its internationally renowned financial centre and its strong and robust industrial heritage – can distinguish itself and become a bright mark for prosperity, technological innovation and climate adaptation and resilience.

It is up to you, the CEOs of our Grand Duchy, to seize the opportunities at hand and guide the way forward.

François Mousel
Managing Partner, PwC Luxembourg

1

Introduction

The last few years have seen an increase in uncertainty, both about the future and the present, take hold across the world. Geopolitical conflict and polarisation have become the norm while macroeconomic trends have become more difficult to predict. In early 2023, when the last edition of this survey was published, the world was still emerging from the COVID-19 pandemic. Inflation was rampant across the world, reaching levels not seen since the 1970s, while the Russia-Ukraine war had begun less than a year prior, causing all sorts of macroeconomic shocks.

While a series of rapid interest rate hikes across advanced economies brought down inflation close to central banks’ targets, growth has tempered and the next five or ten years remain just as unpredictable. Donald Trump’s re-election to the White House threatens increased tariffs and costs on European businesses. Trade tensions with China could upend key sectors of the European economy, particularly in the automotive and manufacturing sectors. Meanwhile, climate change has continued its relentless advance, with climate disasters becoming more frequent. 2024 marked the first time the average global temperature surpassed 1.5°C above pre-industrial levels, a key benchmark outlined in the Paris Agreement to mitigate the effects of climate change.[1]

1. Copernicus, Global Climate Highlights 2024, January 2025

Luxembourg CEOs recognise they must adapt to a changing world in order to maintain the viability of their companies. In this 28th edition of PwC's CEO survey, Luxembourg CEOs have expressed considerably more concern over their companies' economic viability over the long-term, especially when compared to global respondents. Two years ago, at the time of the last CEO survey, 51% of Luxembourg CEOs, a slim majority, believed their companies would remain viable for the next ten years compared to 59% of global CEOs. In this edition, only 38% of Luxembourg CEOs say the same, compared to 55% of global CEOs.

Figure 1. If your company continues running on its current path, for how long do you think your business will be economically viable?

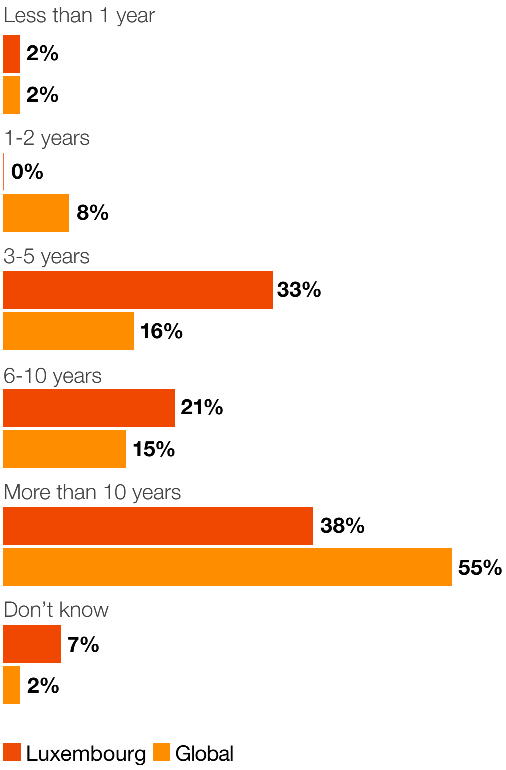
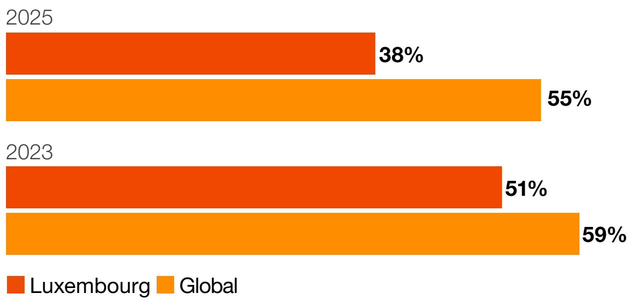
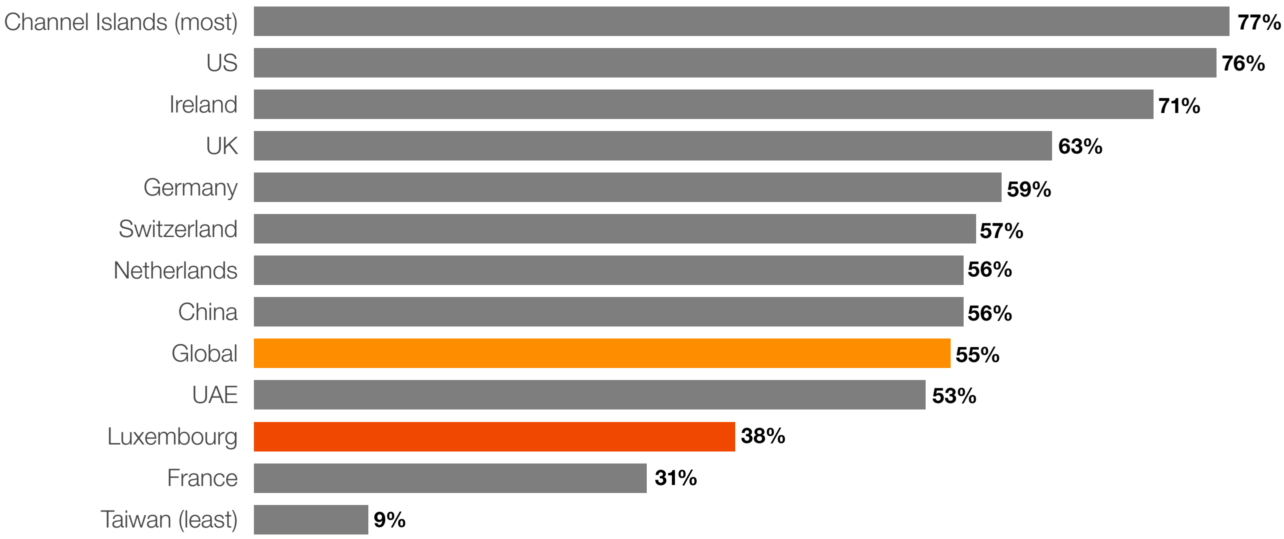


Figure 2. My company will be economically viable for more than 10 years on its current path



Note: The percentage may not add up to 100% due to rounding.
Source: PwC 28th Annual Global CEO Survey; PwC Global AWM & ESG Research Centre

Figure 3. Percentage of CEOs that believe their company will remain economically viable for more than 10 years on its current path



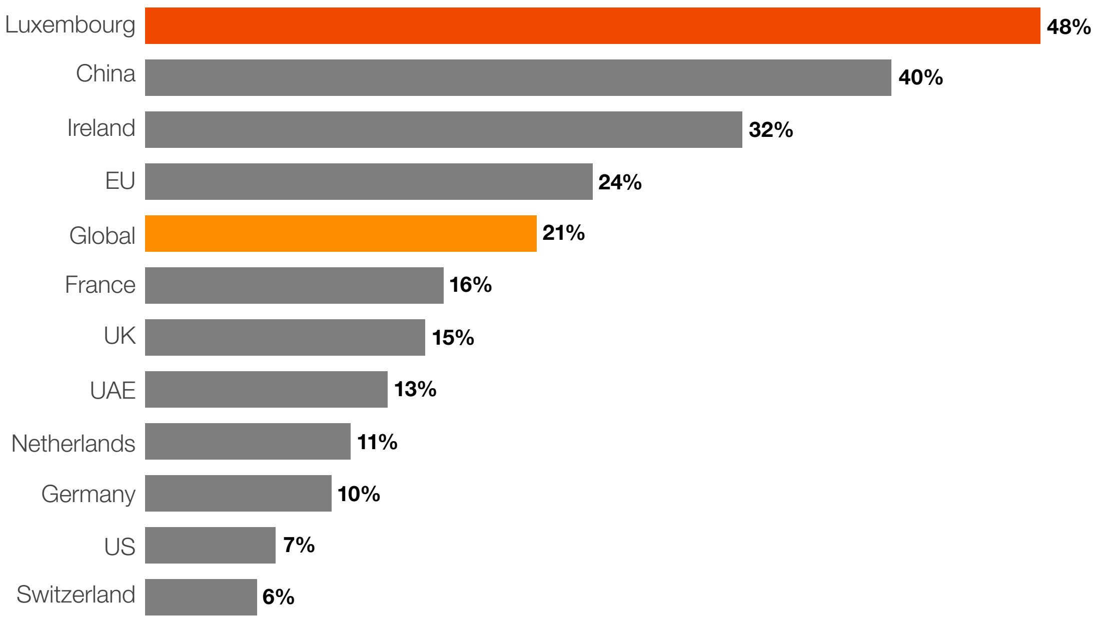
Source: PwC 28th Annual Global CEO Survey; PwC Global AWM & ESG Research Centre

This view also appears to be much more prevalent among Luxembourg CEOs than among their peers in other financial hubs such as Ireland or Switzerland. Indeed, CEOs in financial centres tend to believe their firms will remain viable for over a decade far above the global average.

Our results throughout the report show that responses from CEOs in the financial services sector (FS) generally align with those of non-FS CEOs in this regard. The views they have expressed in this survey are therefore a reflection of their general sentiment and are not limited to a single industry.

With this in mind, our survey shows that Luxembourg CEOs are striving to reinvent themselves, showing great results in AI implementation while also continuing to progress on climate action. Nonetheless, despite the positive results showing high appetite among companies in Luxembourg for AI solutions, we believe this technology to still be in its early and evolving stages, with its full potential yet to be fully realised.

Figure 4. Percent of CEOs who oversee a country subsidiary within a multi-entity parent company



Source: PwC 28th Annual Global CEO Survey; PwC Global AWM & ESG Research Centre

Additionally, the survey finds that CEOs have not been able to transform themselves to the extent that they would like or believe is necessary, largely because Luxembourg CEOs are primarily the heads of a country subsidiary within a multi-entity parent company and must coordinate their policies with their group. Given that global CEOs do not seem to prioritise transformation as much as Luxembourg CEOs', group-level strategies do not always align with local concerns.

Nevertheless, being a subsidiary does not diminish the opportunity to positively influence the wider group. In fact, CEOs in Luxembourg have a significant role to play in shaping business outcomes and, despite the aforementioned challenges, they can be powerful voices in advocating for change and driving business transformation. At PwC Luxembourg, we believe that subsidiaries in the Grand Duchy have the potential to evolve into key value-added delivery centres, and through the development of innovative business models, Luxembourg can consolidate its position as a centre of excellence, demonstrating that local operations can play a crucial part in the broader success of the parent company.

While they are excelling in some areas, Luxembourg CEOs know they must do more to adapt to the threats that they themselves highlight as critical. This includes expanding into new business and customer segments as well as investing in and embracing AI and climate-friendly finance. Only by harnessing the transformational potential of these defining forces of our era will Luxembourg CEOs be able to ensure their firms' competitiveness and long-term viability.

CEOs' outlook on key challenges

Luxembourg and its CEOs will face several challenges in the years to come. The respondents to this survey are well-aware of this, and this reality is informing their general view that companies in Luxembourg will need to adapt to stay viable in the next decade and beyond.

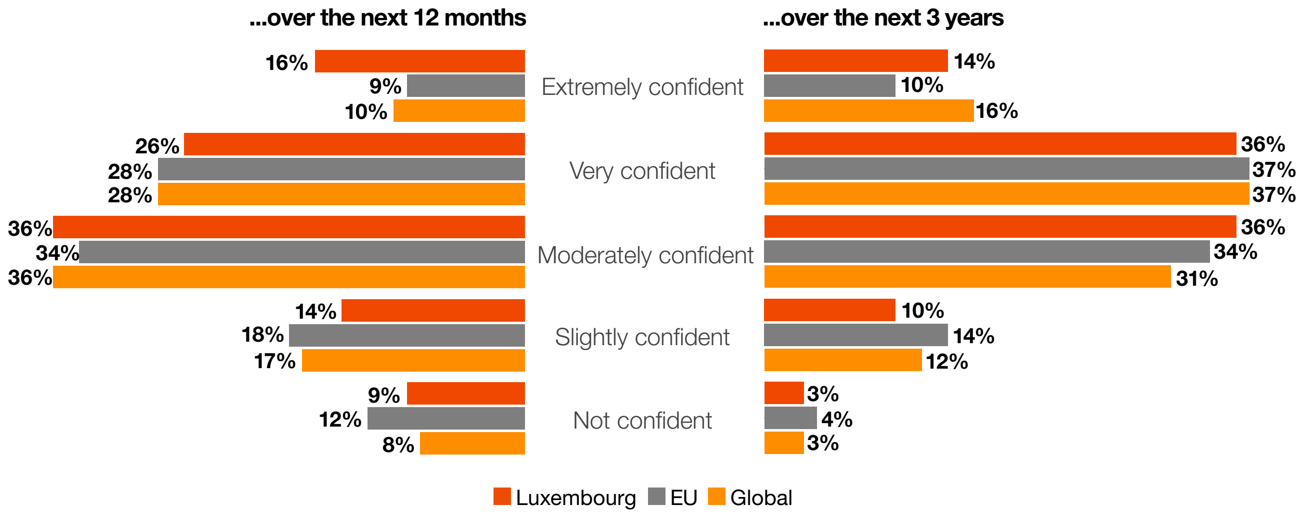
Increasing competition from other financial hubs is forcing the Luxembourg financial centre to evaluate how to increase its competitiveness. Larger macroeconomic headwinds, such as those stemming from general economic downturns in Europe and the continent's ongoing trade tensions with the US and China are also likely weighing on CEOs' minds. In the long-term, Europe's ageing population may also threaten European and Luxembourgish businesses as they struggle to attract workers. Indeed, Luxembourg CEOs cited the lower availability of workers with key skills as the threat that they are most exposed to (Figure 10).

On the other hand, Luxembourg is in a stronger position compared to many other geographies, largely due to the proactive and pro-business orientation of the government. In fact, the government's ongoing support for the financial sector through favourable policies is enabling the Grand Duchy to weather these global challenges and fostering long-term growth expectations.

Cautious optimism when it comes to economic growth

Despite the knowledge that changes are sorely needed and a somewhat dim long-term outlook, Luxembourg CEOs have an optimistic view of their business and their ability to navigate stormy waters in the short term. Half of CEOs in Luxembourg are either very or extremely confident in their company's revenue prospects over the next three years, while 42% say the same over the next 12 months. These figures are an improvement compared to those of 2023, when 38% had this confidence for the next 12 months and 33% for the next 3 years. The increase in optimism indicates that Luxembourg CEOs view the current macroeconomic and business headwinds as somewhat temporary. Global and EU CEOs, like their Luxembourg counterparts, share a similar higher confidence in the next three years compared to the next 12 months reflecting strong shared optimism in the medium term (Figure 5).

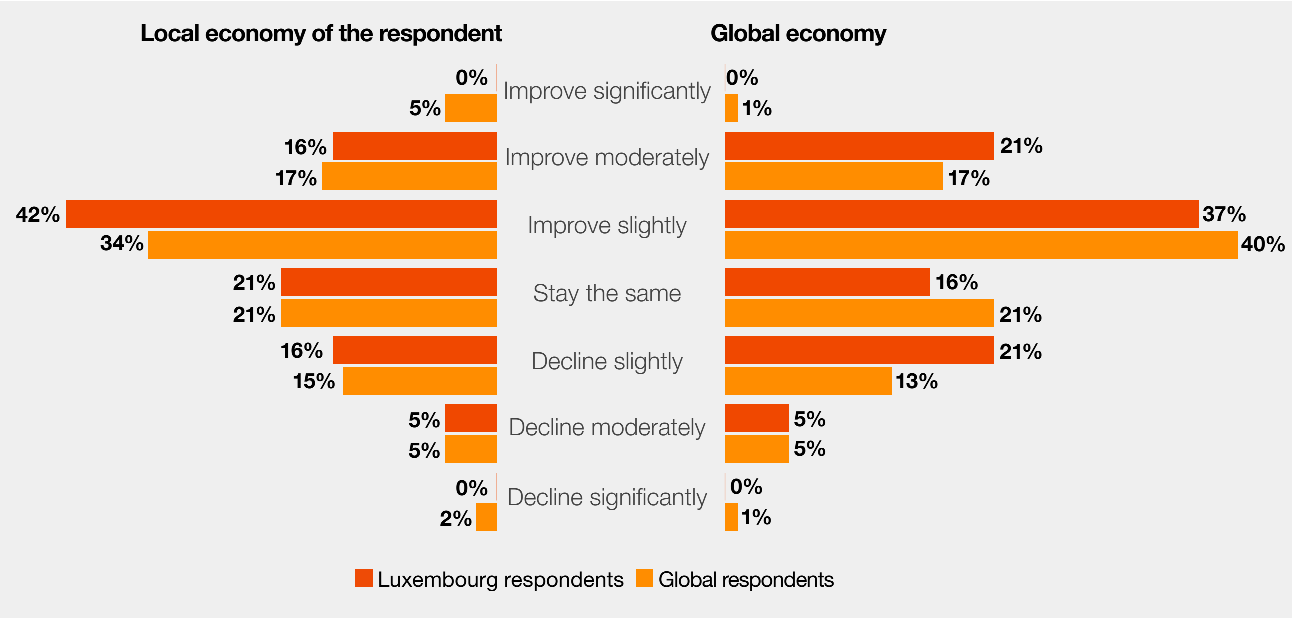
Figure 5. CEOs' confidence in their company's prospects for revenue growth…



Note: The percentage may not add up to 100% due to rounding.
Source: PwC 28th Annual Global CEO Survey; PwC Global AWM & ESG Research Centre

When it comes to GDP growth, Luxembourg CEOs believe GDP will increase moderately both at home and globally over the coming 12 months. These findings are very well aligned with the overall global consensus. In fact, Luxembourg CEOs' views are the closest to the average global consensus on GDP growth in the entire PwC survey (Figure 7), indicating that Luxembourg CEOs have their finger on the general pulse of the global economy, which makes sense given that it is an international cross-border financial hub. The plurality of Luxembourg respondents believe that both global and Luxembourg GDP will 'increase slightly' over the next year. In our survey, this means that it will increase between 0.5% and 2%.

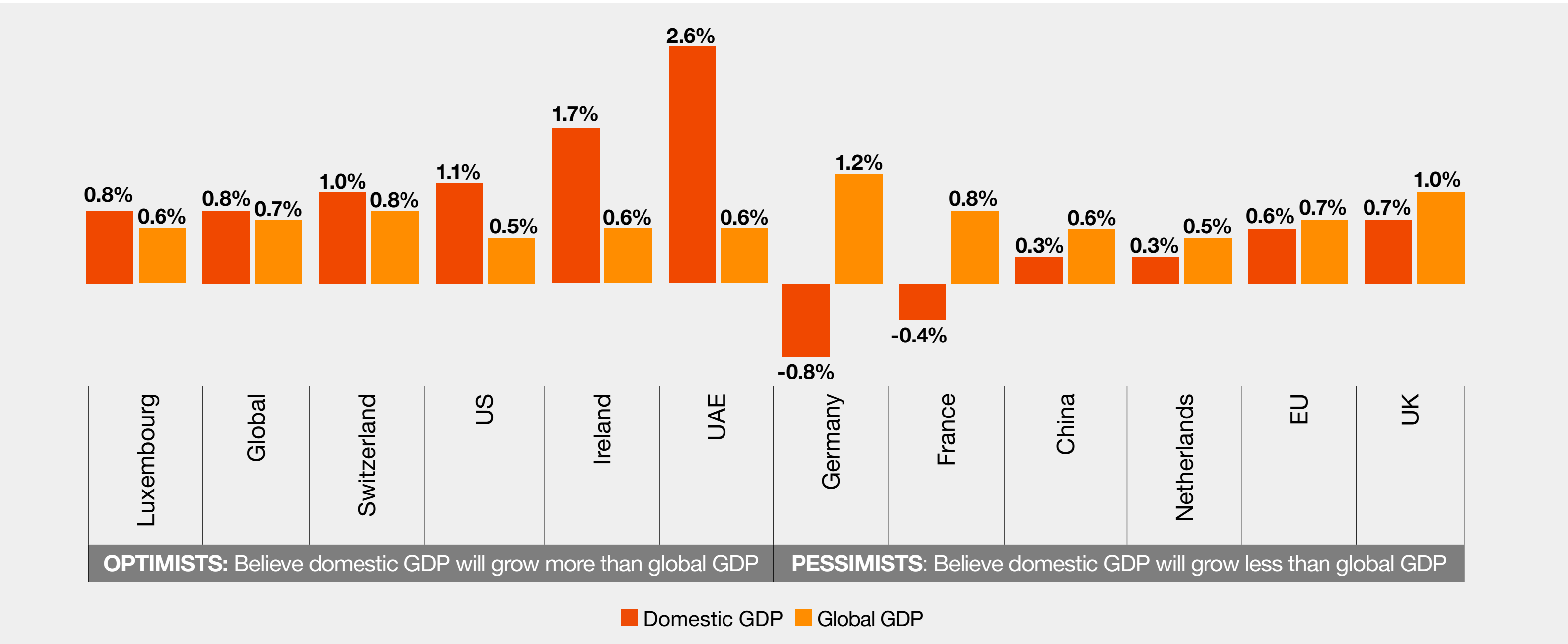
Figure 6. How do you believe GDP will change, if at all, over the next 12 months



Note: The percentage may not add up to 100% due to rounding.
Source: PwC 28th Annual Global CEO Survey; PwC Global AWM & ESG Research Centre

Generally, CEOs in financial hubs such as Ireland, Switzerland, and the UAE, as well as Luxembourg are optimistic about the growth of their domestic GDP compared to global GDP (Figure 7). On the other hand, many CEOs in major economies such as China are more pessimistic about their domestic GDP prospects with respect to global trends. In neighbouring Germany and France, CEOs believe that GDP will decrease domestically while increasing globally, primarily due to these countries' internal political and economic circumstances.

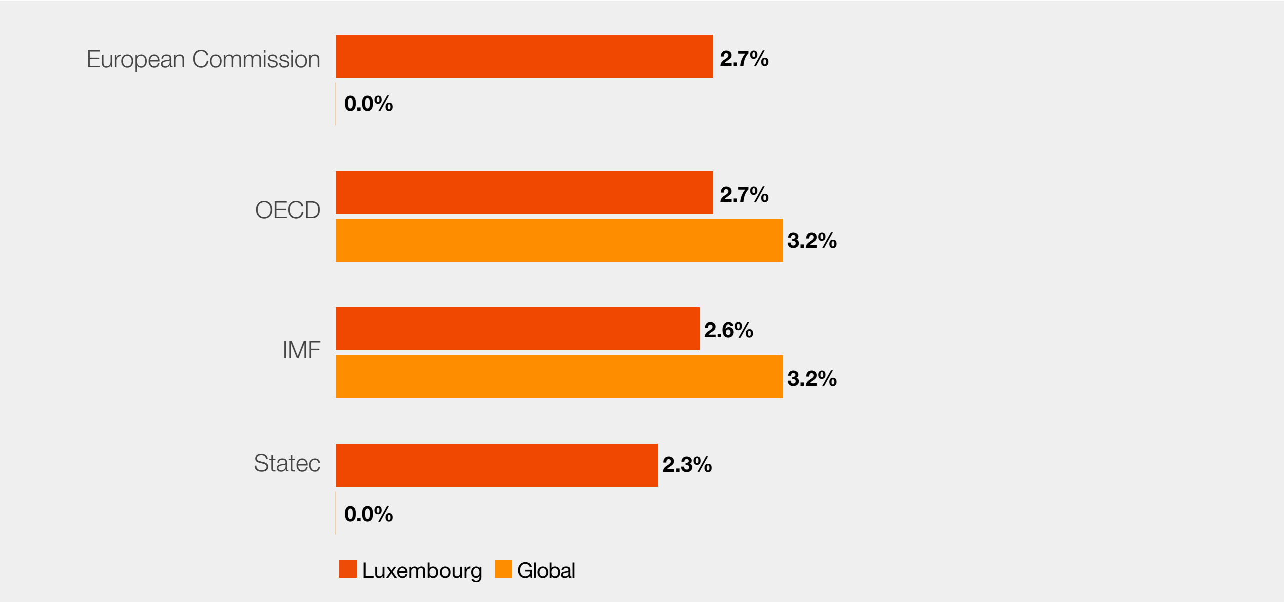
Figure 7. How CEOs expect GDP to change over the next 12 months



Source: PwC 28th Annual Global CEO Survey; PwC Global AWM & ESG Research Centre

Despite Luxembourg CEOs' tepid optimism with regards to economic growth, most independent GDP forecasts for 2025 are far more optimistic than those of both Luxembourg and global CEOs in the survey. Even the relatively conservative estimate for Luxembourg GDP growth in 2025 produced by the Institut National de la Statistique et des Études Économiques du Grand-Duché de Luxembourg (Statec) expects GDP to reach an annual average of 2.3%. Similarly, the Organisation for Economic Cooperation and Development (OECD) and International Monetary Fund (IMF) both foresee global GDP will increase by 3.2% in 2025 (Figure 8).

Figure 8. 2025 GDP growth outlook by source



Note: The European Commission and Statec did not provide global GDP estimates.
Sources: OECD, European Commission, IMF Regional Economic Outlook Europe 2024, Statec

This discrepancy indicates that Luxembourg CEOs retain a cautious outlook and are preparing for potentially adverse economic conditions by taking strategic steps to reorient their business models towards more sustainable and more long-term modes of operation. By restructuring their firms' internal resources at similar rates to EU and global averages, they are positioning themselves to adapt their business models effectively to weather economic challenges in the coming decades.

Conditions in Luxembourg have improved

Despite Luxembourg CEOs being fully aware of the need for a business transformation, they recognise significant improvements over the last two years in terms of their local challenges and headwinds.

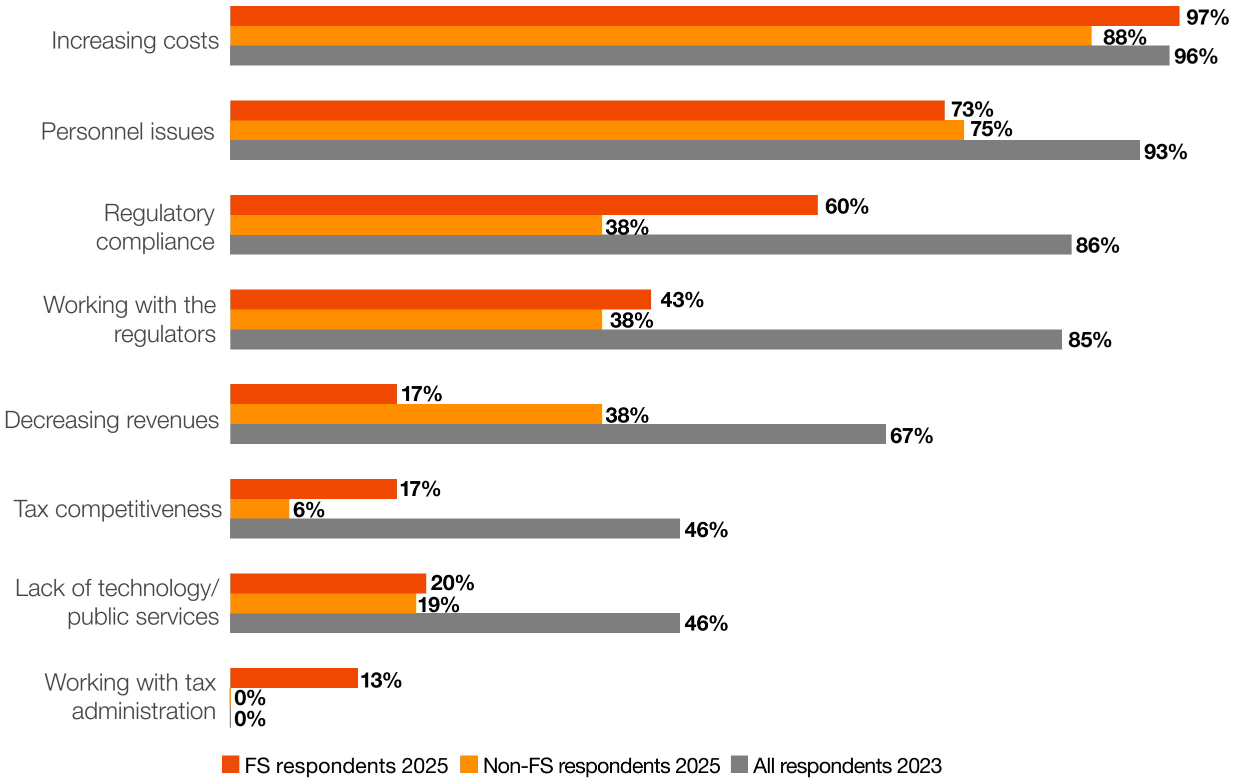
Indeed, when asked about the specific challenges they faced in Luxembourg, they responded that every operational headwind had eased since 2023. This makes sense given that some of the more worrying trends that were taking place in 2023, like inflation and rising interest rates, now appear to have stabilised. Major business hurdles, such as 'decreasing revenues', are viewed as challenges by a significantly smaller portion of CEOs in 2025 than 2023. Additionally, challenges involving public-private coordination in Luxembourg have been alleviated significantly since 2023—the 'working with regulators' and 'regulatory compliance' challenges have notably improved.

This underscores the Luxembourgish government's efforts to improve business competitiveness, especially throughout 2024, and the advantages of Luxembourg's distinctive public sector whereby regulators and government officials are relatively accessible and eager to engage in continuous dialogue with all stakeholders in the economy.

The fact that the largest improvements in sentiment have been in areas that involve the public sector also reflects positively on the new governing coalition in Luxembourg, which took office in December 2023 (the last edition of this survey was released in February of the same year). Some of the effects of the new government's policies are clearly visible in the responses to the survey. 'Tax competitiveness' was seen as a challenge in Luxembourg by 46% of respondents in 2023, but only 12% in 2025, a significant improvement. This may be a direct result of the investment tax credit approved by the new government as part of their amendment to the Luxembourg Income Tax Law (LITL), which introduced an 18% tax credit for investments and capital expenditure in digital transformation and the climate transition.[2] Additionally, the 'impatriate regime' that is intended to attract foreign talent by offering favourable tax packages has contributed to enhancing Luxembourg's tax competitiveness. Indeed, many tax reforms undertaken by the new government have been praised by the financial industry, including the Association Luxembourgeoise des Fonds d'Investissement (ALFI).[3] Furthermore, as of 2025 Luxembourg companies enjoy a lower tax rate than in 2024; the effective corporate tax rate for businesses making over EUR 200,000 in taxable income was reduced from 24.94% in 2024 to 23.87% in 2025.[4]

2. PwC Luxembourg, *Applying for the new Luxembourg investment tax credit regime*, 2024
3. ALFI, *ALFI welcomes new tax package aimed at boosting Luxembourg's competitiveness*, July 2024
4. Luxembourg Government, *Tax measures for 2025: Strengthening Luxembourg's Global Financial Hub*, January 2025

Figure 9. Which of the following challenges, if any, does your organisation currently face in its Luxembourg operations?



Note: Multiple choice question.
Source: PwC 28th Annual Global CEO Survey; PwC Global AWM & ESG Research Centre

Luxembourg CEOs' optimism towards the Luxembourg financial sector may also be thanks to the government's most recent fiscal package. On 11 December 2024 the Luxembourg Chamber of Deputies passed the Entlaaschungs-Pak, a series of tax reforms designed to alleviate tax burdens across the economy.[5] A keynote is the improved collaboration between businesses and the regulators as highlighted by the respondents, which played a big role in shaping these reforms. These improved collaborative efforts will further aid efforts to boost the competitiveness of the Luxembourg market by fostering a supportive regulatory environment that enhances economic resilience. One reform that will significantly benefit the financial sector is that, as of 2025, actively managed ETFs will be exempt from paying the 'taxe d'abonnement'. In order to be fully effective, this reform needs to be part of a wider government objective to enhance Luxembourg's competitiveness; it may be necessary to roll out the red carpet for active ETF providers in order to position Luxembourg strategically vis à vis Ireland. This approach must go beyond just active ETFs and be a holistic strategy to make the entire financial sector more attractive. New regulations that are already going in this direction include the LITL amendments and corporate tax reductions.

5. Virgule, *C'est acté: les impôts vont baisser en 2025*, December 2024

For firms, these reforms are likely to result in higher profits due to reduced tax pressures, greater flexibility in resource allocation and operations and opportunity for more diversified revenue streams by reinvesting savings into avenues for growth and development.

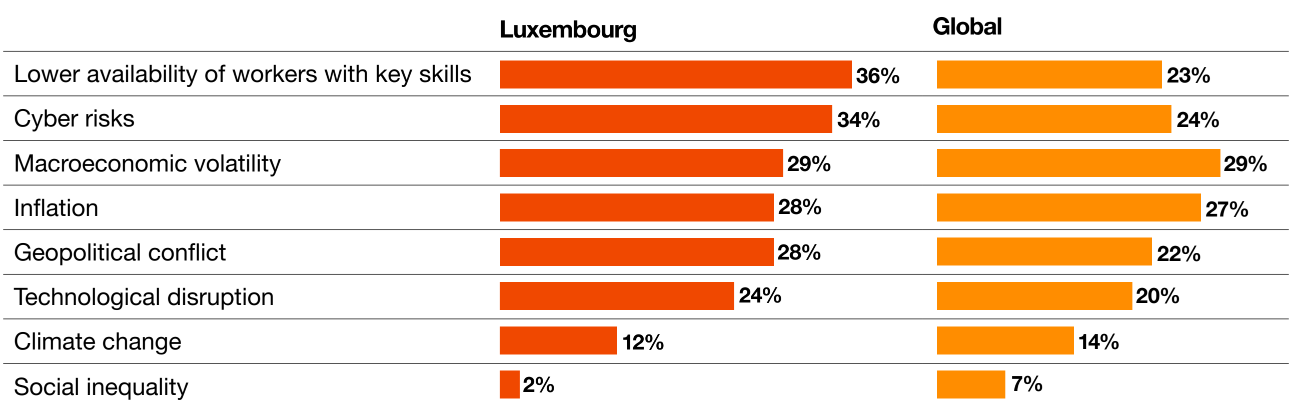
For the financial industry, the reforms are expected to promote competition and drive consolidation as firms seek economies of scale. Another expected outcome is the creation of more opportunities for market growth and expansion, possibly in ESG-aligned investments, while enhancing international attractiveness of Luxembourg as a financial hub. These shifts are expected to position the financial sector for long-term expansion and resilience in a rapidly evolving global market.

The biggest threats come from global trends

Given that the Luxembourg government has helped alleviate executives' concerns since the last survey, it follows that the main threats that Luxembourg CEOs do perceive do not come from policy issues, but rather from global economic, demographic, technological and geopolitical trends.

Luxembourg CEOs view the 'lower availability of workers with key skills' as the biggest global threat they face; 36% of them highlighted this as a challenge compared to just 23% of global CEOs. Generally, Luxembourg CEOs view themselves as highly exposed to risk, reporting a higher exposure to every risk category in the survey than the global average except for two—climate change and social inequality. The high exposure to these risks likely defines why Luxembourg CEOs overwhelmingly view their business models as being at risk of obsolescence in the long term and will likely drive forward their business transformations over the coming decade. It is important to note that a large majority of the respondents are from banking and asset and wealth management sectors (AWM). These responses therefore align with the challenges faced by these industries which are generally exposed to these risks (Figure 10). It is also worth noting that the Luxembourg government is able to and is acting to ameliorate Luxembourg businesses' risk exposure.

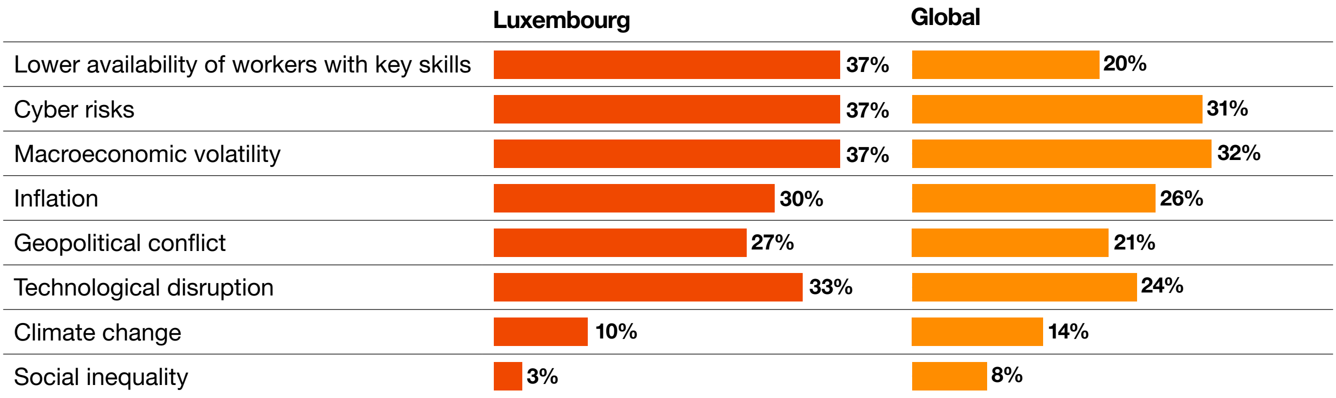
Figure 10. To which key threats will you be exposed/highly exposed in the next year?



Note: Multiple choice question.
Source: PwC 28th Annual Global CEO Survey; PwC Global AWM & ESG Research Centre

Threat exposure differs slightly when focusing on FS respondents in Luxembourg. While low worker availability remains the top concern, it is tied with cyber risks and macroeconomic volatility as the biggest threat Luxembourg FS CEOs face. Furthermore, technological disruption is seen as a much bigger risk by FS CEOs than non-FS, underscoring the vulnerability of the industry to cyber-attacks, and the urgency of adopting cutting-edge technology.

Figure 11. To which key threats will you be exposed/highly exposed in the next year? – FS respondents



Note: Multiple choice question.
Source: PwC 28th Annual Global CEO Survey; PwC Global AWM & ESG Research Centre

The specific risk that CEOs view as the most consequential to their business varies greatly by territory. Luxembourg is in the minority of territories that is most concerned with low worker availability, which makes sense given that Luxembourg is a small country that needs to continuously attract outside talent. For companies, this means they may need to spend more on recruiting and retention. This may include offering competitive salaries and improved benefit packages to attract top-tier talent. Also, firms may increasingly engage in outsourcing for non-core functions or invest more in flexible workforce arrangements through upskilling and remote work opportunities to bridge skill gaps and improve workforce quality.

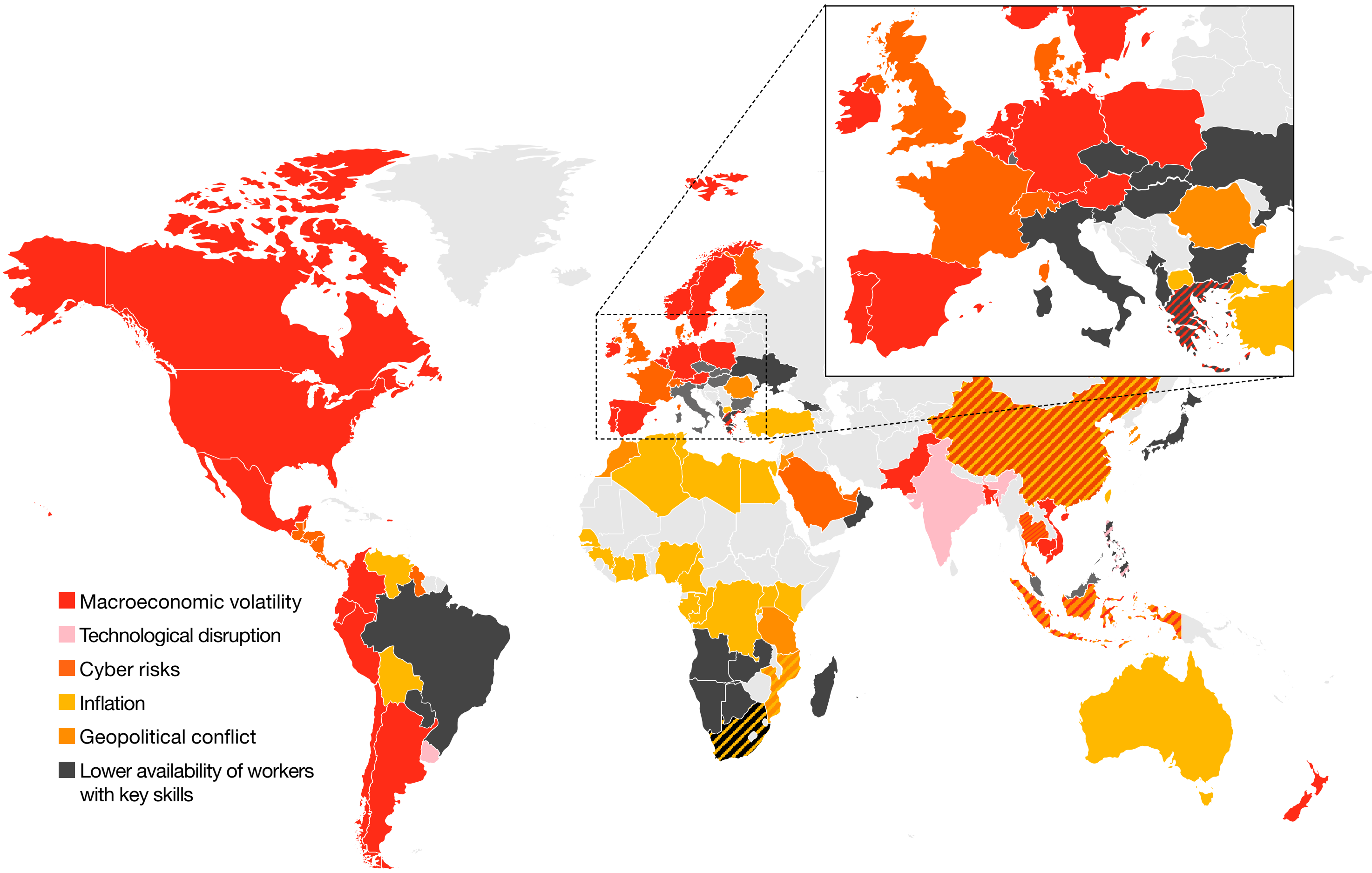
The digital transformation is showing no signs of slowing down, making upskilling a priority to close the widening skills gap identified by CEOs in the survey. To keep up with the rapidly evolving job market, CEOs must prioritise fostering advanced digital competence across their workforce. In fact, PwC's 2024 Asset and Wealth Management Revolution report revealed that only 39% of asset managers across the world are actively upskilling their teams in new technologies,[6] highlighting a key opportunity for businesses in Luxembourg. By investing in upskilling, CEOs can effectively alleviate concerns about the availability of critical skills. Within and outside the FS sector, they can leverage initiatives such as the government's 'Innovative Initiatives'[7] programme to address the shortage of ICT professionals.

6. PwC Global. *Unleashing the transformative power of disruptive technology*, Asset and wealth management Revolution, 2024
7. The Luxembourg Government, *Digital Skills*, 2024

For the Luxembourg market, this may drive the government to introduce more incentives to attract top tier talent, such as tax relief programs like the 'impatriate regime', and implement subsidies for activities like trainings. Furthermore, the government may enact regulations that are targeted at labour market flexibility, to ensure competitiveness.

None of the countries surrounding Luxembourg consider worker availability to be their most pressing challenge. Indeed, Luxembourg is even an outlier among countries that consider worker availability a top concern; most countries that share this view either have net migration outflows or have a rapidly ageing population with little immigration, such as Japan. This is why territories in southern and eastern Europe share Luxembourg's concern. Luxembourg, however, has a unique demographic structure, with nearly half of its population being non-nationals and a notable portion of its workforce composed of cross-border commuters and expatriates. Globally, macroeconomic volatility and inflation remain highly pressing issues, with many emerging economies, especially in Africa, highly concerned with inflation.

Figure 12. Top risk according to CEOs by territory



Note: In some countries, two answers were tied as the top risk:

China (Mainland): Macroeconomic volatility & Inflation. Greece: Macroeconomic volatility & Lower availability of workers. Indonesia: Macroeconomic volatility & Geopolitical conflict. Mozambique: Inflation & Geopolitical conflict. The Philippines: Technological disruption & Lower availability of workers. South Africa: Inflation & Lower availability of workers. South Korea: Macroeconomic volatility & Geopolitical conflict. Thailand: Macroeconomic volatility & Cyber risks.

Source: PwC 28th Annual Global CEO Survey; PwC Global AWM & ESG Research Centre

How Luxembourg CEOs are reorienting their business

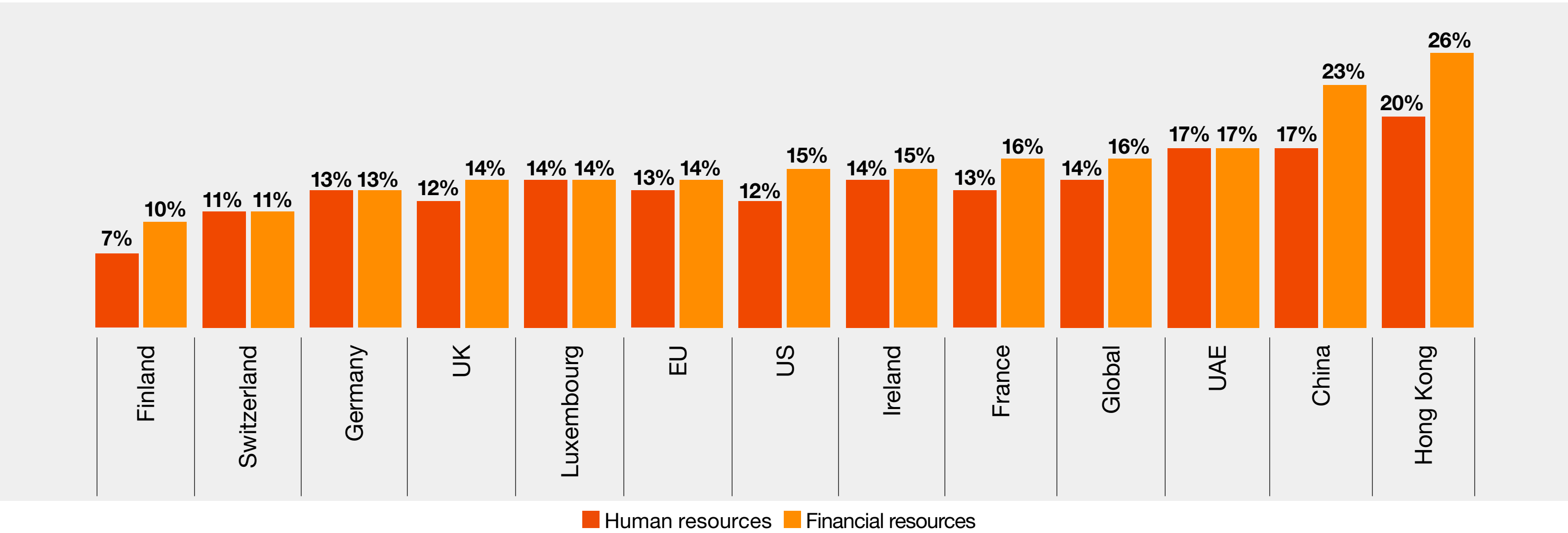
In response to the challenges they are facing, Luxembourg CEOs are taking strategic steps to reorient their business models towards more sustainable and more long-term modes of operation. However, in some cases, the transformations being carried out in Luxembourg are lagging with respect to the global average. Given that a near-majority (48%) of Luxembourg CEO respondents oversee country subsidiaries of parent companies, it is likely that many decisions on resource allocation and pursuing new business lines are taken at group level rather than locally. Consequently, diversifying and expanding to the extent they believe is necessary may not always be feasible. Luxembourg is somewhat unique in this respect among financial centres, where the percentage of CEOs managing a company subsidiary tends to be below the global average of 21%.

This unique structure, however, does not limit Luxembourg companies' ability to influence change—it actually positions Grand Duchy CEOs to be catalysts for transformation within their organisations. In fact, by focusing on developing innovative delivery models, Luxembourg can rise to prominence as a centre of excellence in the FS sector, where local operations align with global strategies, contributing meaningfully to the whole group.

A local subsidiary has the potential to evolve into a centre of excellence by strategically focusing on specialised services and implementing delivery models that enhance operational efficiency. This approach is helpful for companies in the Grand Duchy as it strengthens the subsidiary's ability to meet clients' specific needs and positions it as an essential engine of the organisation's global success. Therefore, a subsidiary can become an indispensable hub within the broader global operations, ultimately contributing to long-term competitiveness and growth—for example, some local subsidiaries in the banking industry have become pivotal hubs and centres of excellence for their groups' global loan services.

Furthermore, Luxembourg CEOs are restructuring their firms' internal resources at similar rates to EU and global averages. This indicates how the business transformations that they clearly believe are necessary are already afoot within their organisations. On average, Luxembourg CEOs reallocated 14% of both their financial and human resources between the last and the current fiscal year. Other major financial centres, like Switzerland, have been much more static in this regard. Though they are making fewer changes in terms of the overall direction of their companies than global CEOs, Luxembourg CEOs will use the coming years to reorient their businesses to remain viable in the long-term.

Figure 13. Portion of resources reallocated across business units since the last fiscal year



Source: PwC 28th Annual Global CEO Survey; PwC Global AWM & ESG Research Centre

Limited action despite major challenges

Even though 35% of Luxembourg CEOs believe their companies will be obsolete within five years under their current business model, and that another 21% believe they will be obsolete within 6-10 years (Figure 1), Luxembourg companies' expansion into new business sectors is below the global average, where these sentiments on viability are not as strong. In fact, only 29% of Luxembourg companies have expanded into new sectors/industries in the last five years, considerably less than the global average of 38% (Figure 15). Similarly, only 14% of Luxembourg companies' revenue over the past five years came from extensions to their core business or new business models (Figure 14).

This trend is even more pronounced among FS respondents, who have taken significantly fewer measures to transform themselves than both their global counterparts and their non-FS peers in Luxembourg. As a matter of fact, just 17% of Luxembourg FS CEOs have started competing in new sectors/industries in the past five years, despite the advent of promising open finance regulations and practices in the European financial centre which are facilitating entry into new segments of the financial services sector.[8] On the other hand, half of non-FS CEOs have entered a new industry in the last five years (Figure 15).

This situation is likely attributable to the fact that Luxembourg CEOs are likely to be part of a larger group and do not have final say over some decisions. Nonetheless, the influence of subsidiary companies should not be underestimated. CEOs in the Grand Duchy have a significant role to play in positively influencing parent companies, advocating for change, shaping business outcomes, and consolidating Luxembourg's position as a hub of excellence in the FS sector.

Furthermore, the divergence between Luxembourg CEOs and their global counterparts in terms of competing in new industries warrants careful interpretation. In the FS sector, identifying expansion into new industries is often less straightforward. For CEOs in Luxembourg, an economy predominantly driven by FS, such diversification may be harder to discern compared to non-FS sectors, such as manufacturing or food, where new markets are typically more readily available.

Figure 14. What proportion of your company's revenue came from each of the following sources in the last five years?

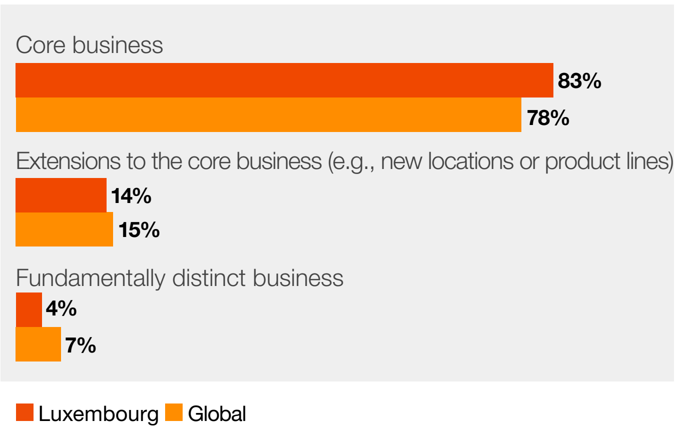
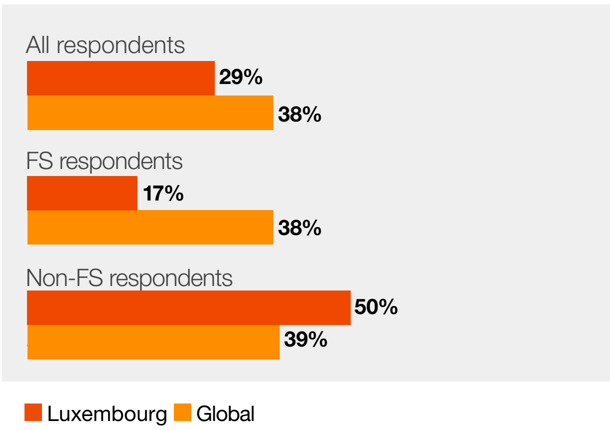


Figure 15. In the last five years our company started competing in sectors or industries in which it hadn't previously competed



Note: The percentage may not add up to 100% due to rounding.

Source: PwC 28th Annual Global CEO Survey; PwC Global AWM & ESG Research Centre

8. Luxembourg for Finance and PwC, *Open Finance: Genesis of a Revolution,* 2024

Luxembourg companies are cautious about reinventing their business models, especially when targeting a new customer base. In fact, only 19% of CEOs in Luxembourg claim they have taken action towards this, compared to 32% of their global counterparts. However, when it comes to implementing new pricing models, Luxembourg has outperformed compared to other big financial centres such as the UK, Germany, Switzerland, and France. It should be noted that the survey does not fully define 'new pricing models', but respondents were told that examples of 'new pricing models' include 'changing your products or services into a subscription model.' Furthermore, in the last five years, Grand Duchy companies have surpassed those from Germany, Switzerland, and France when taking steps to target new routes to market (Figure 16).

Figure 16. To what extent has your company taken the following actions in the last five years to a large/very large extent?

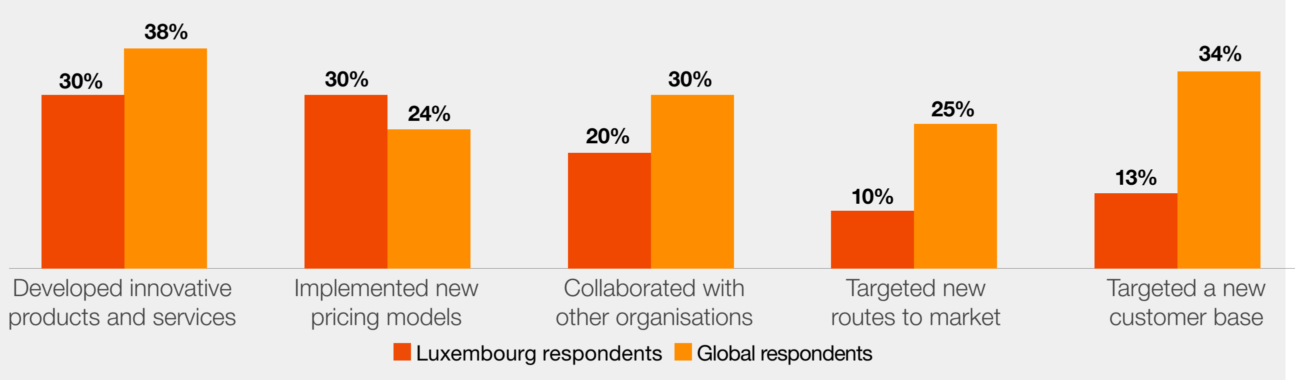
	Developed innovative products and services	Implemented new pricing models	Collaborated with other organisations	Targeted new routes to market	Targeted a new customer base
Luxembourg	31%	26%	24%	16%	19%
Global	38%	24%	26%	25%	32%
Ireland	35%	32%	28%	29%	29%
UK	41%	25%	23%	28%	32%
Germany	43%	18%	15%	10%	24%
Switzerland	40%	22%	26%	13%	29%
France	37%	24%	27%	13%	15%

Source: PwC 28th Annual Global CEO Survey; PwC Global AWM & ESG Research Centre

When it comes to reinventing business models in FS companies, 38% of global respondents have focused on developing innovative products and services and 34% on targeting new customer bases (Figure 17). Meanwhile, only 13% of Luxembourg FS CEOs declared that their companies have targeted a new customer base in the last five years, falling behind the global trend. This is somewhat concerning given that targeting new customers is a current imperative of the FS industry, where Generation Z is poised to become an even larger portion of consumers in the coming decade.[9] Nonetheless, FS companies in Luxembourg have taken important actions towards the execution of other strategies, such as the implementation of new pricing models, showcasing a commitment to remain competitive in such a fast-changing market.

9. Delano, M. *The Kids Are Alright: How Asset Managers Can Reach Gen Z*, WealthDFM, 2024

Figure 17. To what extent has your company taken the following actions in the last five years to a large/very large extent? – FS respondents



Note: Multiple choice question
Source: PwC 28th Annual Global CEO Survey; PwC Global AWM & ESG Research Centre

In terms of capital expenditure, the tendency to not expand into new business areas or customer segments emerges again. In fact, 51% of Luxembourg CEOs report that in the next 12 months they plan to spend US$ 5mn or less on capital expenditure (Figure 18).

When compared to other financial centres or large economies, Luxembourg companies are spending relatively little on capital expenditure as a percentage of revenue. At 2.6% over the next year, they will spend the least on capital expenditure of all EU countries. By contrast, EU companies will, on average, spend significantly on capital expenditure in 2025 at an average of 5.6% as a percentage of revenue, more than the global average of 5.0%. Firms in some economies, like Qatar, will see capital expenditure reach 40.2% of revenues (see methodological note).

Figure 18. What is your company's total planned capital expenditure (US$ mn) in the next 12 months?

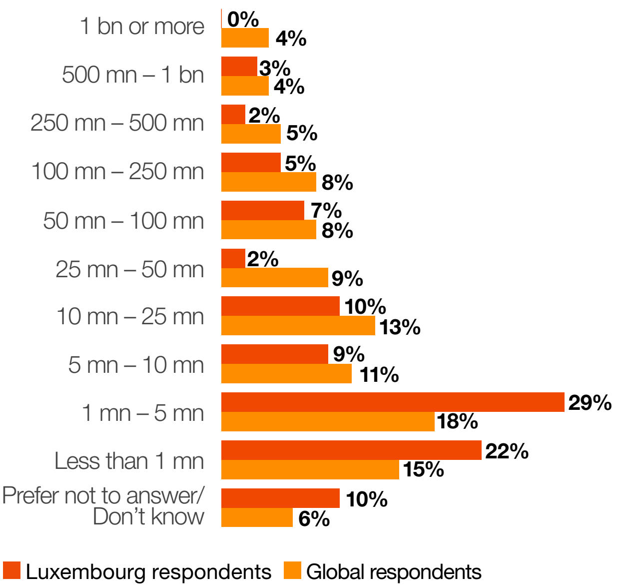
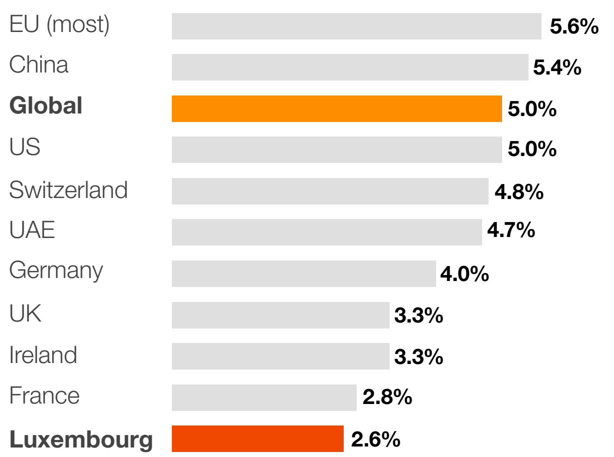


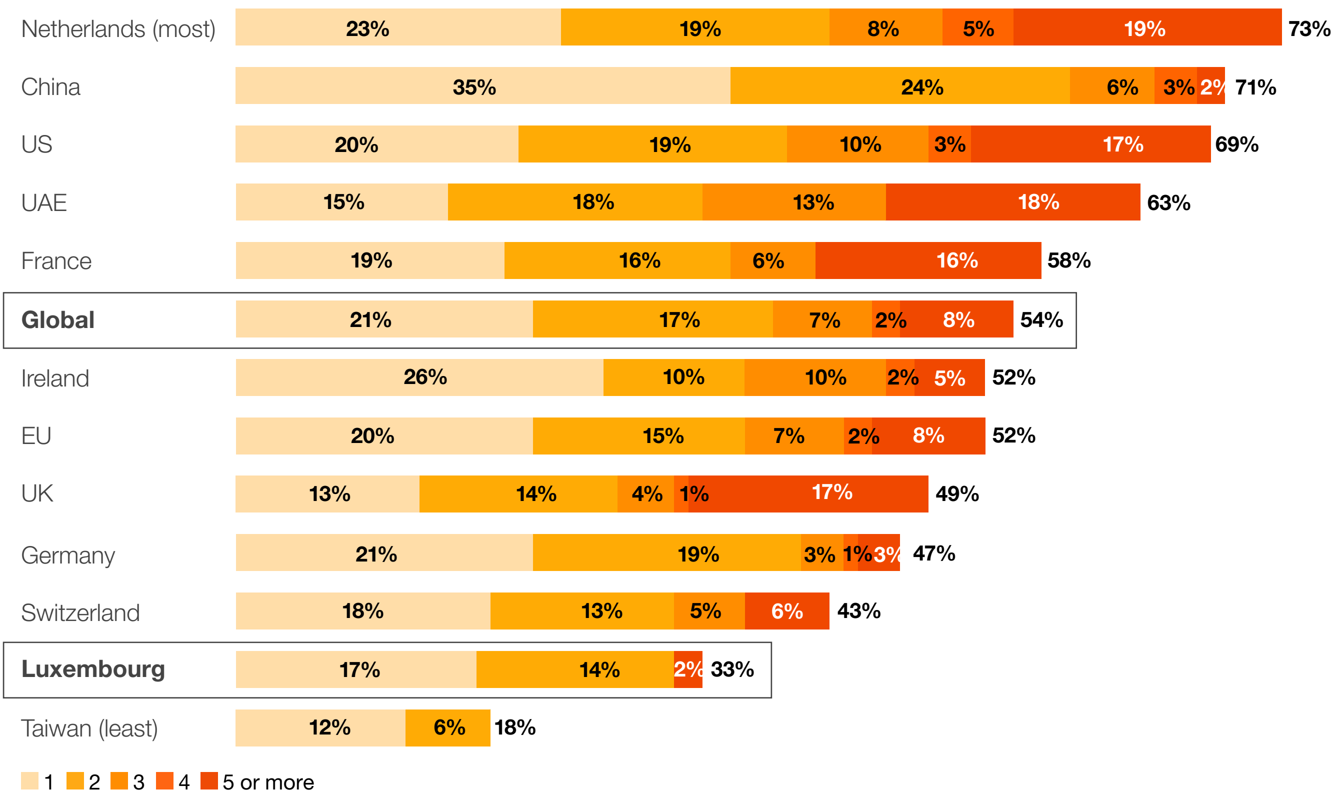
Figure 19. Average planned capital expenditure in the next 12 months as a percentage of revenue



Note: The percentage may not add up to 100% due to rounding.
Source: PwC 28th Annual Global CEO Survey; PwC Global AWM & ESG Research Centre

Luxembourg CEOs also plan to expand their businesses through acquisitions at much lower rates than their peers. Only 33% of Luxembourg CEOs report they plan on making any acquisitions in the next three years, and among the ones that do, the vast majority will only make one or two acquisitions. By comparison, 52% of Irish CEOs, Luxembourg's main competitor in Europe as a fund domicile, plan on making one or more acquisitions, with 17% of them making three or more.

Figure 20. Respondents planning one or more acquisitions in the next 3 years



Source: PwC 28th Annual Global CEO Survey; PwC Global AWM & ESG Research Centre

There are certain areas where Luxembourg CEOs are proactively expanding their businesses. As Figure 22 shows, Luxembourg CEOs will increase headcount by 3.9% over the next year, slightly above the global 3.7% average, and 12% of Luxembourg CEOs plan on increasing headcount. Overall, this means that Luxembourg CEOs recognise that their businesses have the possibility to expand operations. It also means that CEOs are acting on this to some degree. By contrast, neighbouring Germany is the country in the PwC survey that will see the largest reduction in its workforce in 2025 (-2.5%). This situation speaks to Luxembourg companies' high profitability and continued ability to attract workers, something that many other EU countries are currently struggling with.

Figure 21. To what extent will your company increase or decrease headcount in the next 12 months?

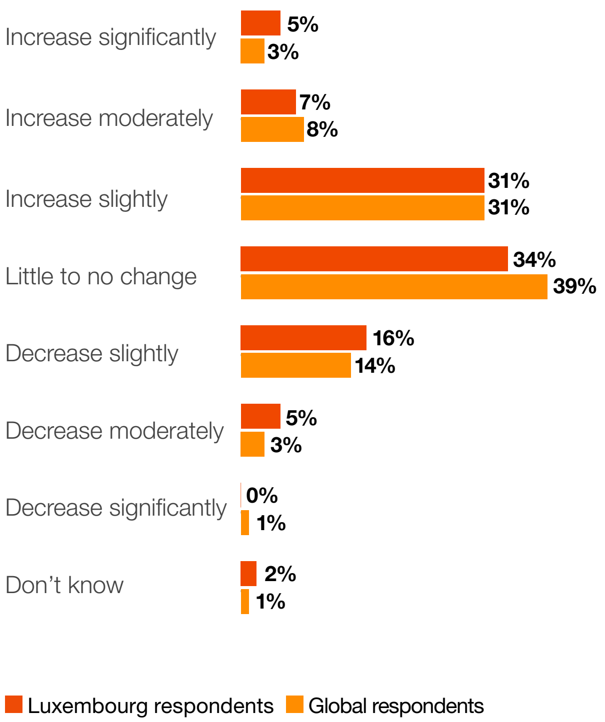
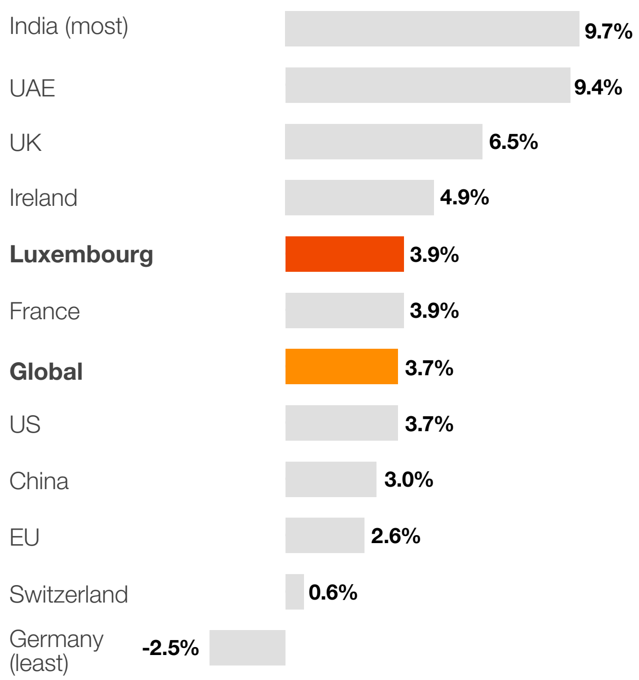


Figure 22. Average change in headcount in the next 12 months



Note: The percentage may not add up to 100% due to rounding.
Source: PwC 28th Annual Global CEO Survey; PwC Global AWM & ESG Research Centre

Luxembourg CEOs are making purposeful efforts to adapt to changing business dynamics, focusing on reallocating resources and expanding their workforce. These actions reflect a commitment to strengthening internal operations and building resilience. Still, a cautious approach to diversification and innovation raises concerns about long-term viability, especially as many business leaders anticipate significant risks to their current business models in the coming years. However, despite the challenges Luxembourg companies face when compared to their global peers in areas like customer acquisition and entering new markets, their efforts to refine pricing models and explore new routes to market highlight areas of progress and potential.

To secure their future, Luxembourg businesses must accelerate their transformations by investing more decisively in innovation and diversification. Policymakers and industry leaders have a key role to play in fostering an environment conducive to growth, while the local subsidiaries can leverage their strategic position to positively influence the wider group. Building on existing strengths and addressing hesitancy to embrace bold shifts may help Luxembourg CEOs position their businesses for long-term success in an increasingly competitive landscape.

Luxembourg CEOs optimistic about AI

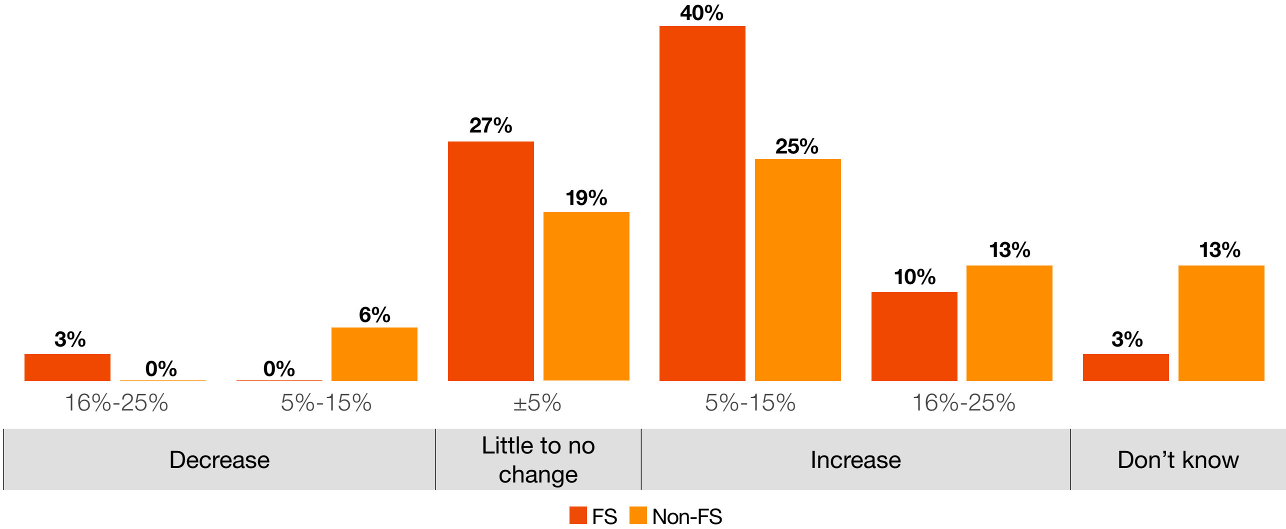
As a financial services hub, Luxembourg has much to gain from AI adoption. The technology can be harnessed to create bespoke, personalised asset management solutions, just to name one example. Embracing this revolutionary technology through the strategic deployment of AI solutions may allow financial centres to set themselves apart from rival fund domiciles. Luxembourg CEOs have the potential to further harness AI in order to carry out the business transformations necessary to overcome the polycrises at play in the global financial system. Indeed, AI has had astonishing success in Luxembourg, with local CEOs showing great excitement over the technology. 50% of FS CEOs in Luxembourg believe AI will increase their profitability by 5% or more in the next 12 months. 10% believe it will increase profitability between 16% and 25% (Figure 23).

According to the aforementioned 2024 PwC Asset and Wealth Management Revolution report,[10] 68% of asset and wealth managers allocate less than one-sixth of their total capital expenditure towards innovative and potentially transformative technologies. At the same time, 58% of these managers identify the lack of adequate technology infrastructure as a key barrier to adopting disruptive technologies.

10. PwC Global. *Unleashing the transformative power of disruptive technology.* Asset and wealth management Revolution. 2024.

While the findings of the CEO survey reflect the current state of market sentiment, we believe the implementation of such technologies is still in the early stages—and despite a strong risk appetite, there is still a gap between ambition and execution.

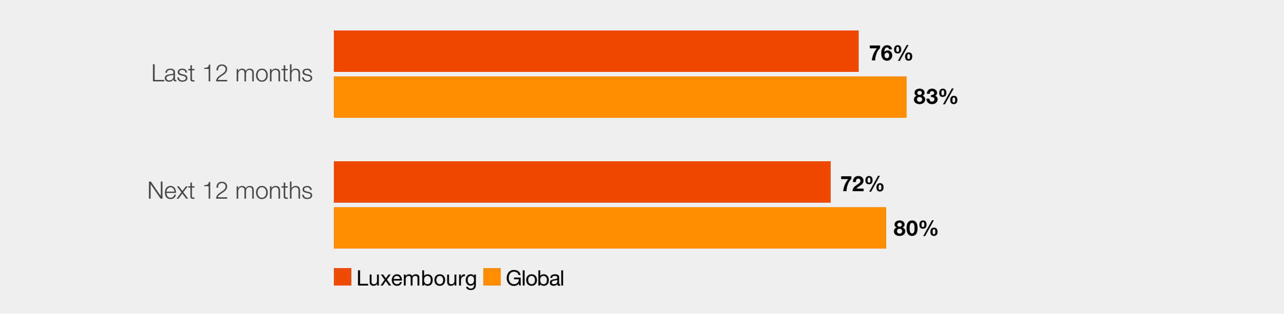
Figure 23. To what extent will GenAI increase or decrease the profitability of your company in the next 12 months?



Note: The percentage may not add up to 100% due to rounding. Generative AI is a type of artificial intelligence that can create, enhance, summarise and analyse unstructured data such as text, code and images.
Source: PwC 28th Annual Global CEO Survey; PwC Global AWM & ESG Research Centre

76% of CEOs say they adopted GenAI in the last 12 months, and 72% say they will adopt it in the next 12 months. This is an overwhelming endorsement, especially given that the technology is only a few years old. While global adoption rates are slightly higher than in Luxembourg (83% in the last 12 months), Luxembourg CEOs have expressed clearer plans on how they wish to deploy AI than global CEOs.

Figure 24. GenAI adoption

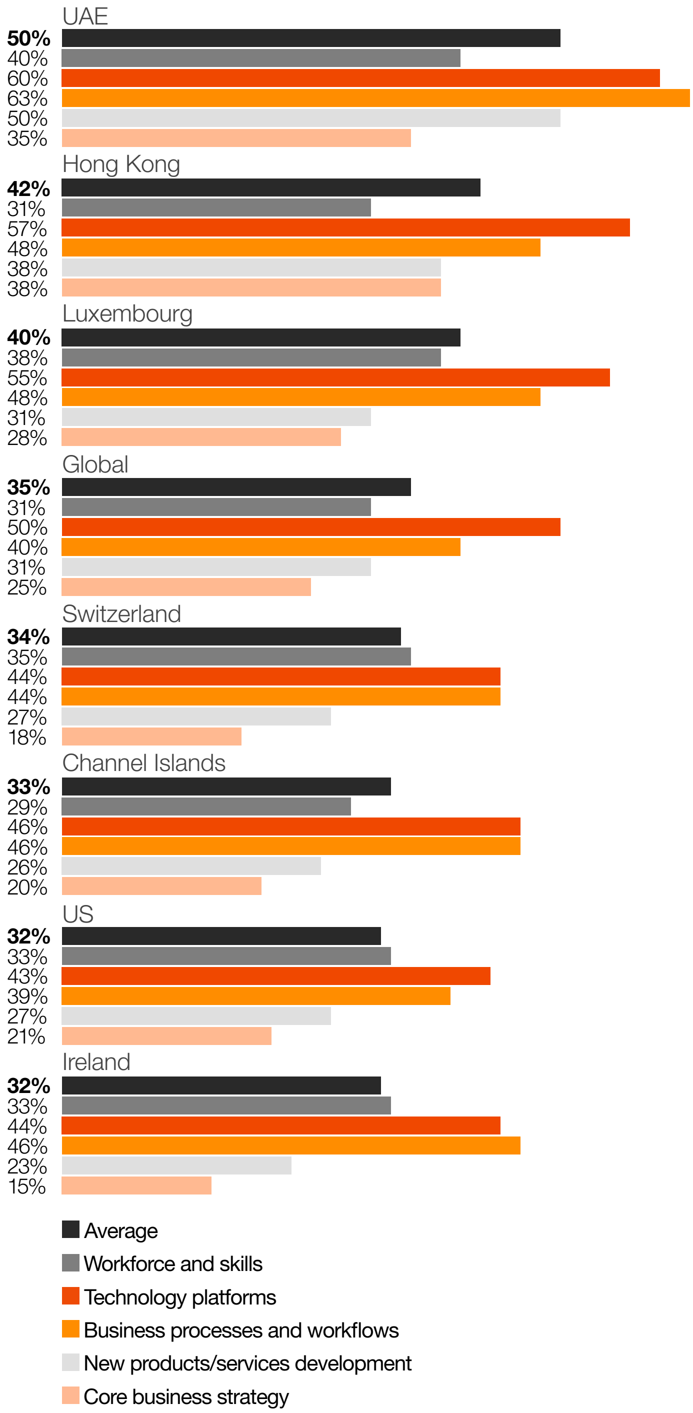


Source: PwC 28th Annual Global CEO Survey; PwC Global AWM & ESG Research Centre

Luxembourg CEOs have a more concrete idea of how they want AI to transform their business. In most global financial centres (as seen in Figure 25), only a minority (on average) of CEOs are willing to implement AI into any given aspect of their business. However, 55% of Luxembourg CEOs have concrete plan to integrate AI into their technology platforms in the next three years, and 48% plan to do so for their business processes and workflows. In general, CEOs around the world, including in financial centres, are less willing to integrate AI into their core business strategy and the development of new products and services than in Luxembourg.

It should be noted that the average in Figure 25 only refers to the five business applications outlined in the question. This list is by no means exhaustive as many more applications for AI exist. The figure also only refers to responses that said they would integrate AI to a 'large' or 'very large' extent, which is the source of any discrepancies with Figure 24.

Figure 25. Will AI be systematically integrated into the following areas in your company to a large/very large extent in the next three years?



Note: Multiple choice question.
Source: PwC 28th Annual Global CEO Survey; PwC Global AWM & ESG Research Centre

Luxembourg CEOs perceive that GenAI currently has a larger positive impact on efficiency than on revenue or profitability, although increases in efficiency are likely to have commensurate effects on revenue and profits over the next 12 months. A significant majority of Luxembourg CEOs believe GenAI increased their own efficiency (61%) and that of their employees (57%). However, only 16% and 11% believe it increased revenue and profitability respectively. Still, the plurality of Luxembourg CEOs believe GenAI will increase profitability by between 5% and 15%, a major uptick which underscores the vote of confidence being given by Luxembourg CEOs to AI.

Figure 26. Among GenAI adopters, did GenAI increase or decrease the following in your company in the last 12 months? (Luxembourg respondents)*

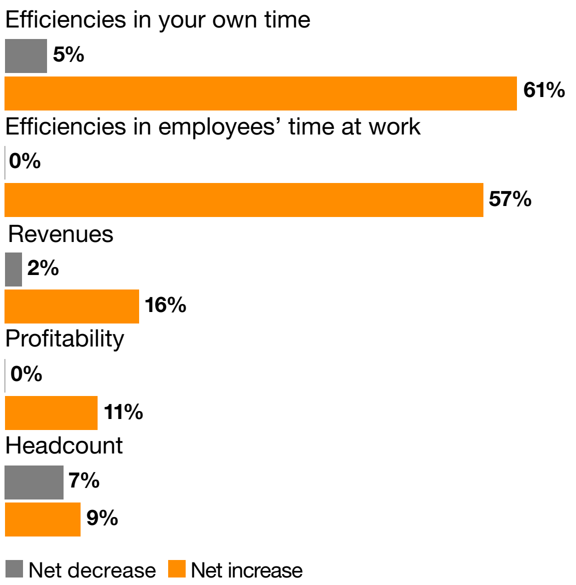
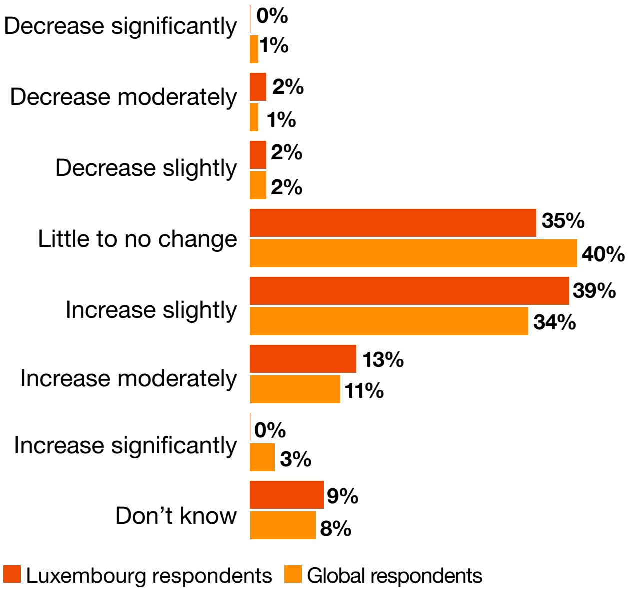


Figure 27. If adopting AI, to what extent will GenAI increase or decrease the profitability of your company in the next 12 months?



Note: *Multiple choice question

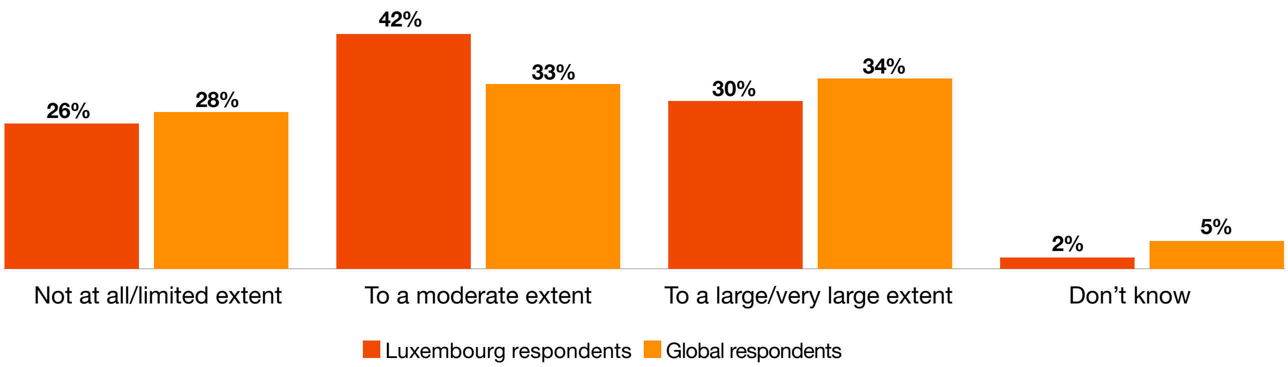
The percentage nay not add up to 100% due to rounding. Generative AI is a type of artificial intelligence that can create, enhance, summarise and analyse unstructured data such as text, code and images.

Source: PwC 28th Annual Global CEO Survey; PwC Global AWM & ESG Research Centre

Thanks to new EU regulations, such as the upcoming AI act, Luxembourg CEOs have a legislative framework in which they can safely integrate AI without fear of future legal repercussions. Luxembourg is taking advantage of the roadmap set out by the EU and its agility as a small nation as well as its highly developed financial centre to pioneer AI deployment in business, which is why Luxembourg CEOs seem to place greater confidence in AI than the global average.

Indeed, Luxembourg CEOs are overall more willing to have AI embedded into their processes than their global counterparts. 72% of CEOs state they trust having AI integrated into their key operations to a moderate extent or greater. This figure is just 67% among global respondents. This is because AI integration is more mature in Luxembourg than in most other territories, partially because the financial sector is an industry that is highly compatible with AI integration. Furthermore, given that Luxembourg is a finance hub with a high amount of back-office operations compared to other territories, AI may be an especially well-suited technology to Luxembourg's economy. The Luxembourg financial sector is also unique due to its high share of financial services and administrative operations, meaning that Luxembourg CEOs likely see many viable and realistic pathways for AI implementation within their firms. Nonetheless, it is important to bear in mind that while CEOs are demonstrating strong support for AI adoption, the actual implementation of such technologies is still in its early stages, and there might be a gap between ambition and full-scale delivery.

Figure 28. To what extent do you personally trust having AI embedded into key processes in your company?



Note: The percentage may not add up to 100% due to rounding.
Source: PwC 28th Annual Global CEO Survey; PwC Global AWM & ESG Research Centre

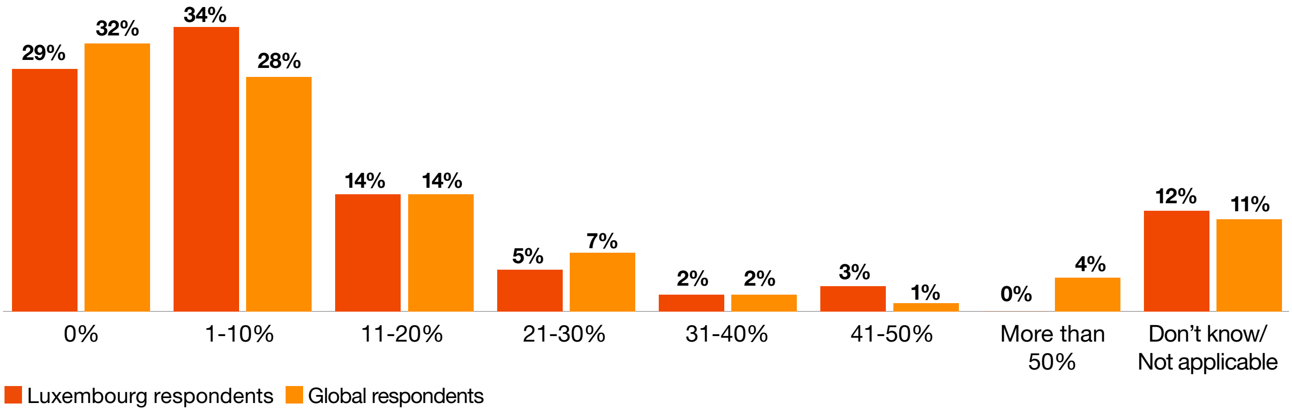
5

Unlocking the full potential of sustainable finance

With a significant portion of responding CEOs representing the financial sector—where the topic of sustainability remains at the forefront of discussions—Luxembourg CEOs appear to be underperforming in terms of their adoption of sustainable policies and investments. As a leading hub for sustainable finance, firms in the Grand Duchy are seemingly not reaping the benefits of sustainable investments to the same degree that firms in other territories are.

However, it is by no means the case that Luxembourg firms do not take action on sustainability, as many Luxembourg firms have incorporated sustainability considerations into their decision-making processes. Indeed, over half (58%) of Luxembourg CEO respondents receive at least some percentage of their compensation package based on sustainability metrics, more than the global average of 52% and the EU average of 53%. Furthermore, a quarter of Luxembourg CEOs receive 11% or more of their compensation (both overall and variable) from sustainability metrics (Figure 29). There are only five countries in the EU—Portugal, Spain, Poland, the Netherlands, and Finland—where a larger share of CEOs' compensation is impacted by sustainability.

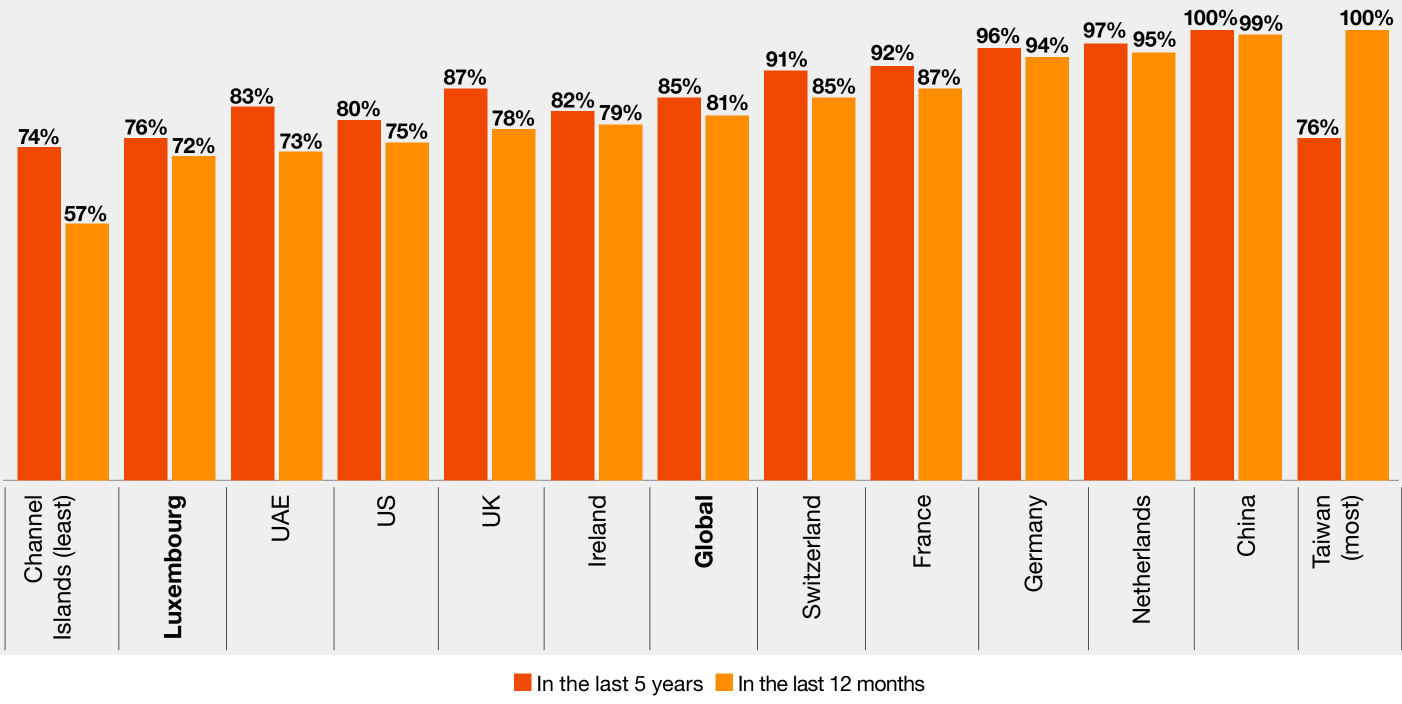
Figure 29. What proportion of your current personal incentive compensation is determined by sustainability metrics?



Note: The percentage may not add up to 100% due to rounding. Personal incentive compensation includes annual bonuses and long-term incentives.
Source: PwC 28th Annual Global CEO Survey; PwC Global AWM & ESG Research Centre

However, despite ESG-friendly executive compensation programmes, Luxembourg companies have initiated climate-friendly investments (defined in the survey as transitioning to energy-efficient operations, developing greener products and services, and implementing emission-reducing technologies) less often than their global peers; only 76% of Luxembourg companies made these investments in the last five years, close to the survey's global minimum of 74%. The same goes for investments made in 2024. On average, 81% of global CEOs' firms made climate-friendly investments in the last 12 months compared to just 72% in Luxembourg (Figure 30).

Figure 30. Percentage of respondents whose company has initiated climate-friendly investments



Source: PwC 28th Annual Global CEO Survey; PwC Global AWM & ESG Research Centre

The relatively lower rate of climate investments among Luxembourg CEOs compared to their global peers is partly explained by the sentiment among many respondents that climate-friendly initiatives have not been as profitable in Luxembourg as they have been in other regions. Indeed, when asked about the impact of climate-friendly investments on profits over the last five years, Luxembourg CEOs reported a 2.9% decline in profits, while in the EU, the average was null—meaning climate investments have had no effect on profits overall. It is important to note that this represents CEOs' aggregate sentiment on climate finance rather than actual financial results.

However, firms in other territories appear to have more optimism about the benefits of climate investments than Luxembourg. Globally, CEOs feel that climate investments have an overall positive effect on corporate profits, with the global average effect being a 1.8% increase (Figure 31). This suggests that there exists a way in which Luxembourg CEOs could adapt their sustainable and climate investments to be more competitive and more profitable, which would allow them to unlock new revenue streams and give them more leverage to undertake the transformations they need to remain viable in the long-term. Indeed, climate adaptation is certainly a crucial area for long-term viability.

Government incentives can also help in this area. Compared to other territories, Luxembourg CEOs feel they have received relatively little increase in government incentives for climate investments. As Figure 32 shows, Luxembourg CEOs believe government support for climate investments has increased by just 1.9% over the last five years, below both the global average (2.4%) and EU average (3.0%). However, recent policy developments have attempted to address this gap. Notably, the Luxembourg government introduced an 18% investment tax credit for digital transformation and green transition projects, effective from January 2024. As the effects of this policy materialise, it is expected to positively impact corporate strategies in the coming years.

Figure 31. Average change in profits due to climate-friendly investments over the last 5 years

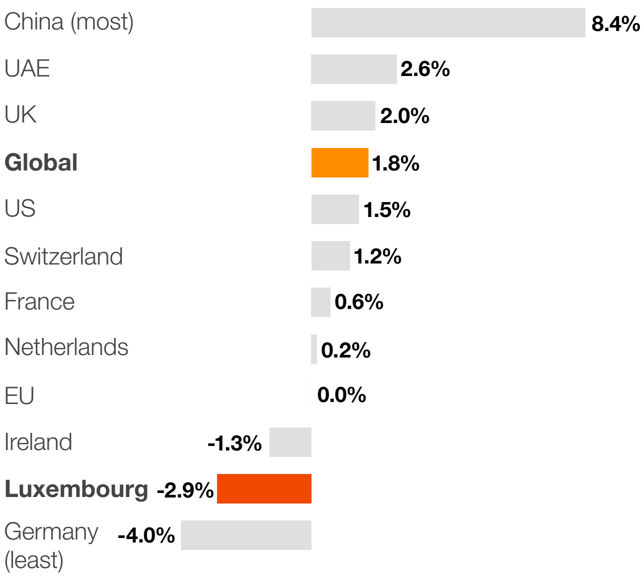
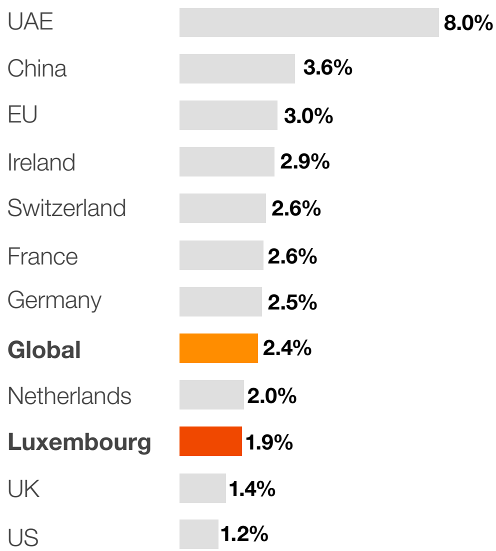


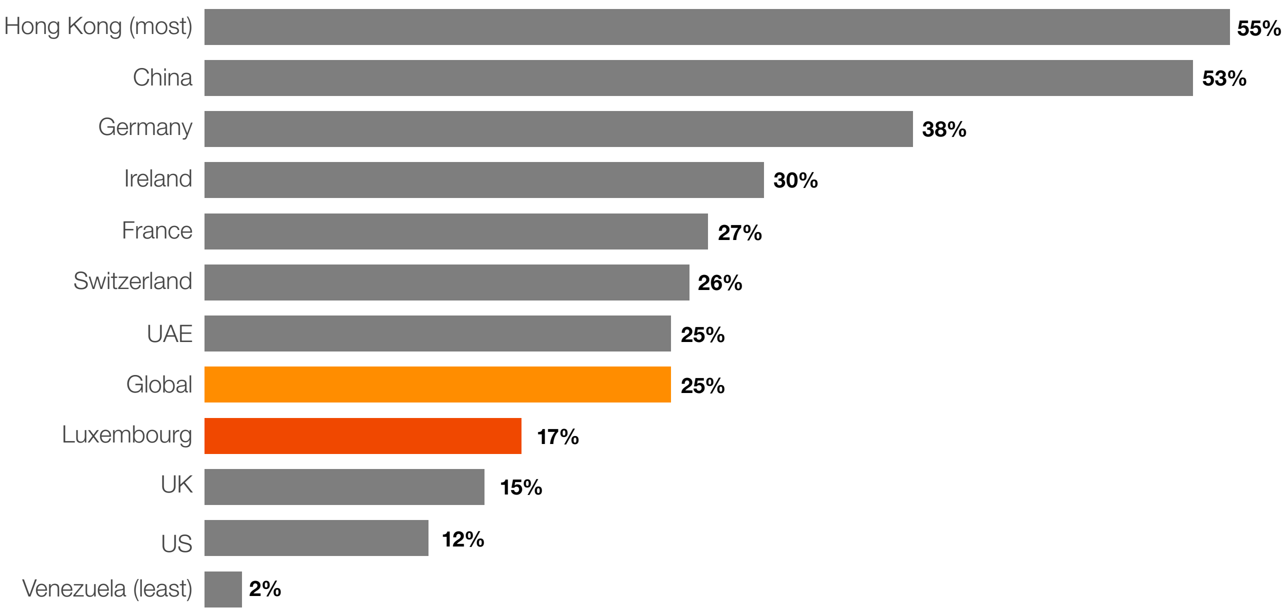
Figure 32. Average change in government incentives due to climate-friendly investments over the last 5 years



Note: Respondents were asked about the effects of climate investments on costs and revenue. The effect on profit has been calculated based on these answers.
Source: PwC 28th Annual Global CEO Survey; PwC Global AWM & ESG Research Centre

Moreover, Luxembourg CEOs are seemingly less likely than their global peers to accept lower returns from climate-friendly investments. As Figure 33 shows, only 17% of Luxembourg CEOs are willing to accept rates of return for climate-friendly investments that are lower than the minimum acceptable rate of return used for other investments. Among Global CEOs, the figure stands at 25%. The fact that a notable number of respondents are unaware of their own climate strategy potentially highlights a gap in prioritisation of climate finance among some CEOs. Indeed, when they were asked about their top concerns only 12% of Luxembourg CEOs stated that they were exposed/highly exposed to the threat of climate change (Figure 10) while a majority (59%) said they were minimally or slightly exposed.

Figure 33. Percentage of respondents whose companies accepted rates of return for climate-friendly investments that were lower than the minimum acceptable rate of return used for other investments?



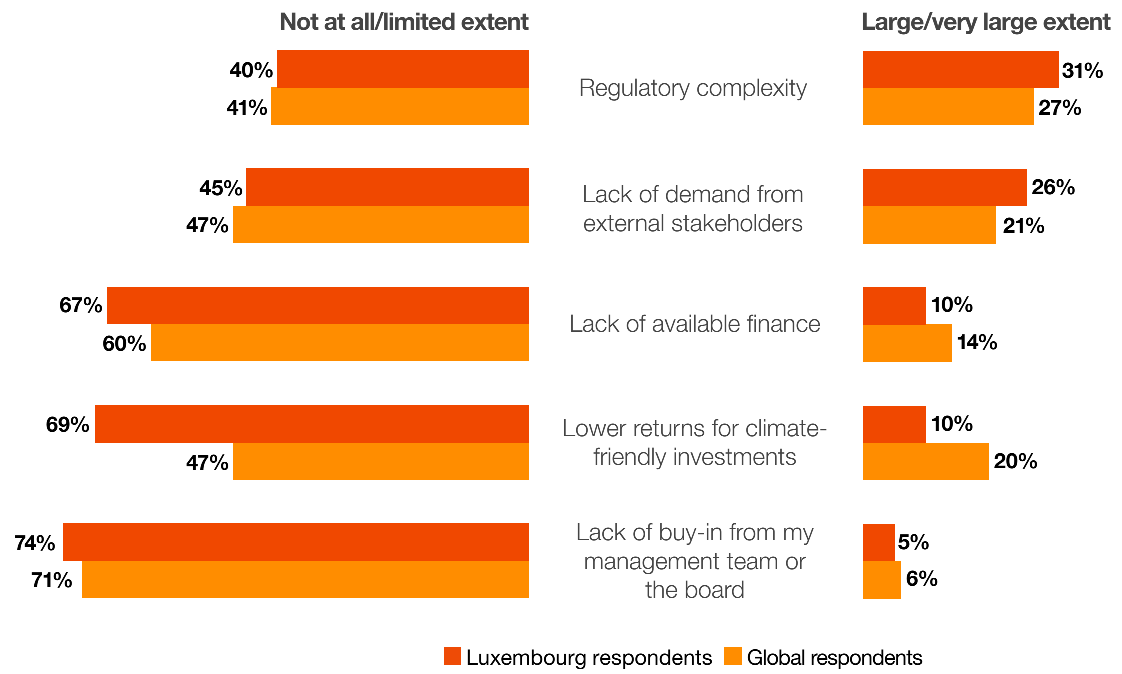
Note: Examples of climate-friendly investments include transitioning to energy-efficient operations, developing greener products and services, and implementing emission-reducing technologies.

Source: PwC 28th Annual Global CEO Survey; PwC Global AWM & ESG Research Centre

As for the obstacles hindering climate-friendly investments, almost one-third (31%) of Luxembourg CEOs report that the biggest obstacle they face is 'regulatory complexity' while 26% say that 'lack of demand from external stakeholders' is a significant obstacle.

Meanwhile, the lack of demand from external stakeholders may partly explain why Luxembourg CEOs do not appear to be making as many climate investments as they should be. Yet, CEOs can play an important role of engaging their stakeholders to highlight the importance of climate action, ultimately making their companies more competitive and more viable in the long term.

Figure 34. To what extent have the following factors inhibited your company's ability to initiate climate-friendly investments?



Note: Multiple choice question
Source: PwC 28th Annual Global CEO Survey; PwC Global AWM & ESG Research Centre

The broader context of climate change and its associated risks and opportunities remain pivotal to the future success of businesses, particularly as Europe advances its sustainability agenda. The EU's Clean Industrial Deal, aimed at accelerating decarbonisation and boosting competitiveness, provides clear incentives for businesses to invest in decarbonised products and clean technologies. Through various measures such as including sustainability, resilience, and European preference criteria in public procurement for strategic sectors, promoting product labels that indicate carbon intensity and enable businesses to reap a 'green premium,' and addressing the private-public funding gap through initiatives like the Industrial Decarbonisation Bank, the EU is actively shaping a more sustainable and cost-efficient future for businesses across the continent. These efforts underline the importance of integrating sustainability into business strategies, ensuring resilience in the face of climate-related challenges.

Conclusion

This survey underscores the significant challenges and uncertainties facing Luxembourg's business leaders in the coming years. Luxembourg CEOs have become increasingly aware of the need for business reinvention, which reflects both the broader global landscape of economic unpredictability, geopolitical tensions, and climate challenges, as well as the specific difficulties faced by Luxembourg's firms in adapting to these forces.

Despite acknowledging the importance of adaptation at a much higher level than the global average, Luxembourg CEOs have not taken more actions or measures to reorient their firms towards a more viable path compared to their peers globally or in other financial hubs. This is largely explained by the fact that the plurality of respondents represents local subsidiaries of larger entities that often cannot make these decisions alone. Even so, being a local subsidiary of a global company does not limit the potential for making a positive impact, and Luxembourg CEOs are taking bold actions to transform their operations. Indeed, companies in the Grand Duchy are well-positioned to advocate for transformation and become pivotal centres of value creation on, for example, innovative delivery models or business solutions, such as digital managed services, project and portfolio management, marketing, human resources, data storage, or anti-financial crime operations.

Expanding into new client sectors, reimagining customer engagement, and prioritising investments in business reinvention will be essential steps in the coming years. The survey also highlights how Luxembourg CEOs have reported mixed results on climate finance but very positive results on AI, key areas that are necessary for any long-term transformation and adaptation. It is imperative that they intensify their efforts in these fields by taking a more hands-on approach to their firms' climate investments. While strides have been made, these technologies and practices need to be embraced comprehensively to ensure businesses are positioned to navigate an uncertain future.

By focusing on these strategies, Luxembourg CEOs have the opportunity not only to safeguard the economic viability of their businesses but to also establish themselves as leaders in sustainability and innovation. The findings of this survey serve as a call to action, urging firms to seize these opportunities and secure a resilient and prosperous future in the face of ongoing uncertainty.

A note on the sample

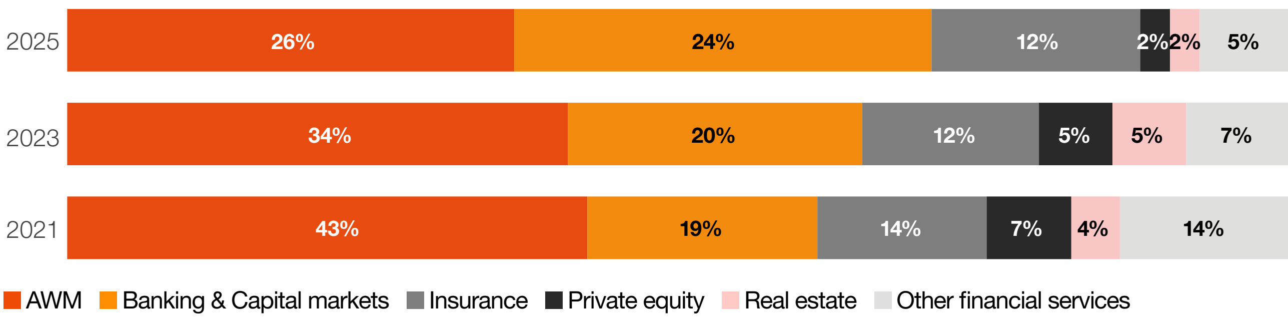
Sample composition

This edition of the PwC Luxembourg-focused CEO survey was based on a sample of 58 respondents in Luxembourg. While this is less than the sample of 85 in 2023 or 82 in 2021, we are confident that this survey expresses the views and sentiment of Luxembourg's top executives. For example, in this year's survey, a larger share of respondents (33%) came from outside the financial services industry than in 2023 (18%). This year's sample therefore includes a wider variety of CEOs with more diverse opinions on the global economy. The share of CEOs from publicly listed companies in this edition (38%) remains similar to that of 2023 (42%).

The more diverse and comprehensive nature of this edition can also be seen within the breakdown of respondents from the financial services sector. In previous editions, respondents from the AWM industry had been more dominant in the sample, but in 2025 the number of AWM respondents is very close to that of banking & capital markets respondents, although the share of real estate and private equity respondents has declined.

On a side note, comparisons between the Grand Duchy and other geographies must consider that the sample from other financial hubs might be broader regarding economic activity, whereas Luxembourg is particularly an FS-centred economy. For instance, Irish and Swiss non-FS CEOs were the majority and made up 65% and 68% of their samples, respectively.

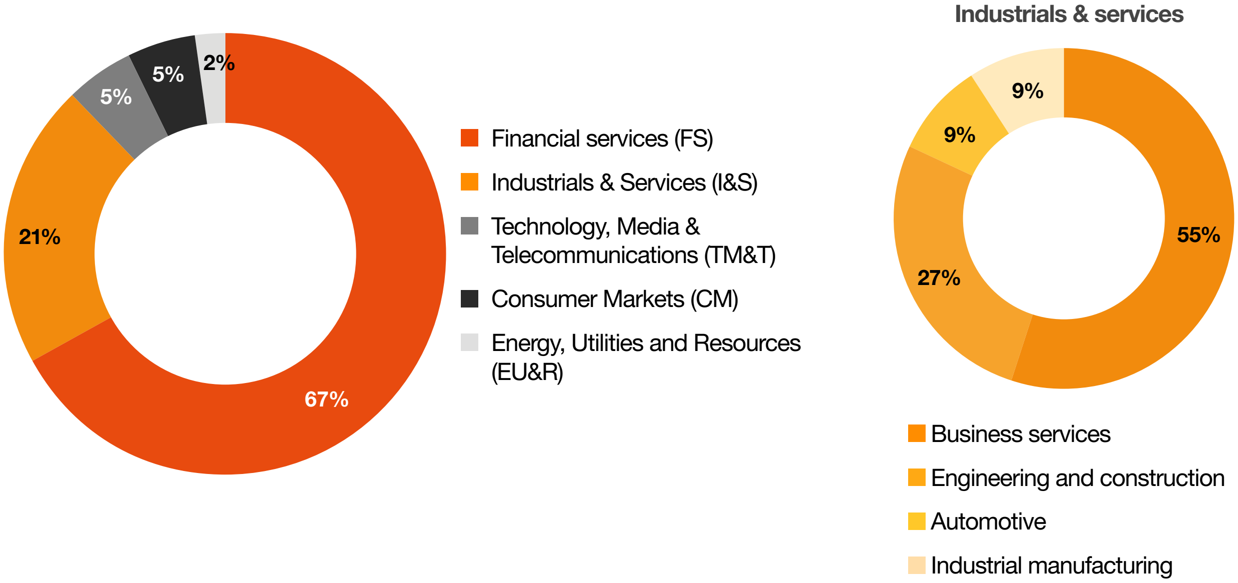
Figure 35. Financial industry respondents by survey edition



Note: The percentage may not add up to 100% due to rounding.
Source: PwC 28th Annual Global CEO Survey; PwC Global AWM & ESG Research Centre

Beyond the FS sector, 21% of respondents come from the industrials & services sector, which makes sense given Luxembourg's historic steel industry. Within these respondents, 55% work in business services and another 27% in engineering and construction.

Figure 36. Type of industry



Note: The percentage may not add up to 100% due to rounding.
Source: PwC 28th Annual Global CEO Survey; PwC Global AWM & ESG Research Centre

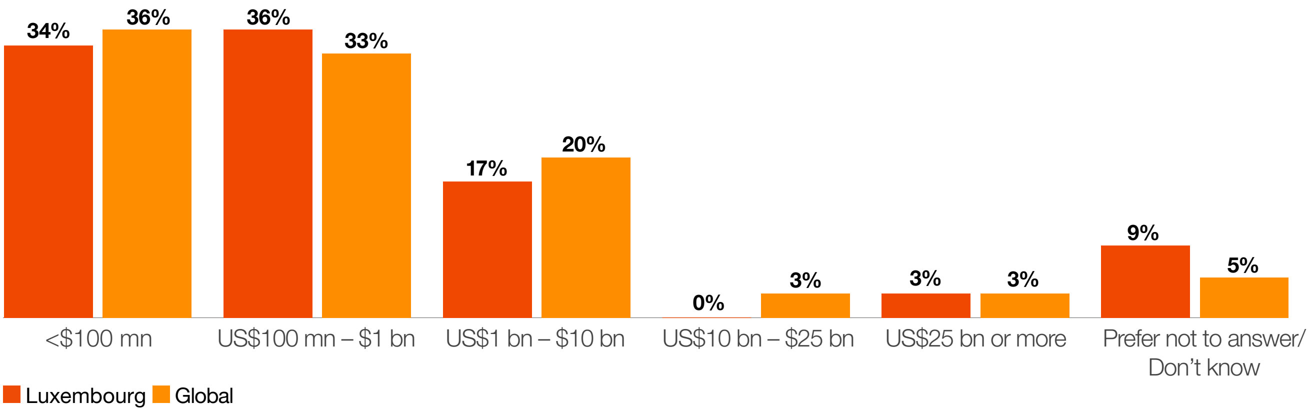
Throughout this report we have compared the responses of Luxembourg CEOs to that of the total global sample of the PwC survey as well as to the responses from individual countries we consider relevant points of comparison for Luxembourg. These territories were selected either because they are major global economies or because they are financial hubs comparable to Luxembourg. In some cases, we also included the territories with the most extreme responses for a given question in order to clearly show the upper and lower margins of the survey, to make comparisons clearer. The following is a list of the sample size of each territory specified in this report.

Territory	Sample size
Luxembourg	**58**
Global	**4,701**
EU	**1,170**
Channel Islands	35
China (mainland)	139
France	62
Germany	68
Hong Kong	42
Ireland	82
Slovenia	37
Switzerland	82
Taiwan	33
UAE	40
UK	127
US	181
Venezuela	50

Respondent profile

For a country as small as Luxembourg, companies in the Grand Duchy have very high revenues. The plurality (36%) of Luxembourg respondents come from companies that make between US$ 100mn and US$ 1bn per year in revenue. Another 34% have an annual revenue of under US$ 100mn (Figure 37).

Figure 37. What was your company's revenue (in US dollars) in the most recently completed fiscal year?



Note: The percentage may not add up to 100% due to rounding.
Source: PwC 28th Annual Global CEO Survey; PwC Global AWM & ESG Research Centre

When it comes to ownership, 66% of the respondents oversee privately owned companies, while the rest are publicly listed. This is similar to the global 60%-40% split. CEOs that oversee a parent company are the majority globally, but Luxembourg CEOs are more likely to manage a country subsidiary (Figure 39).

Figure 38. Is your company privately owned or publicly listed?

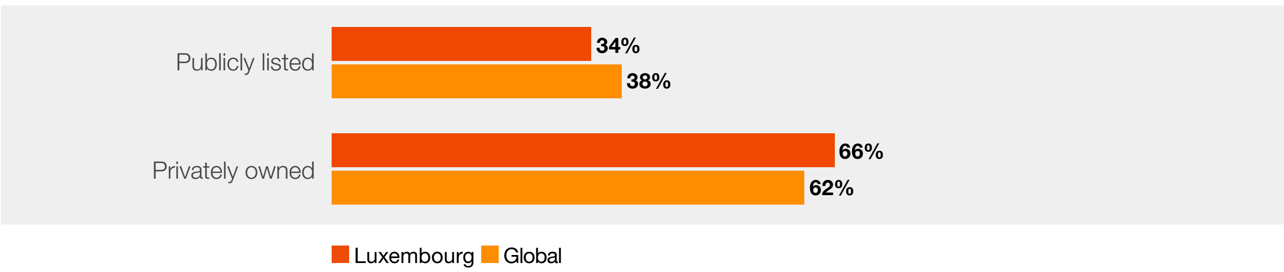


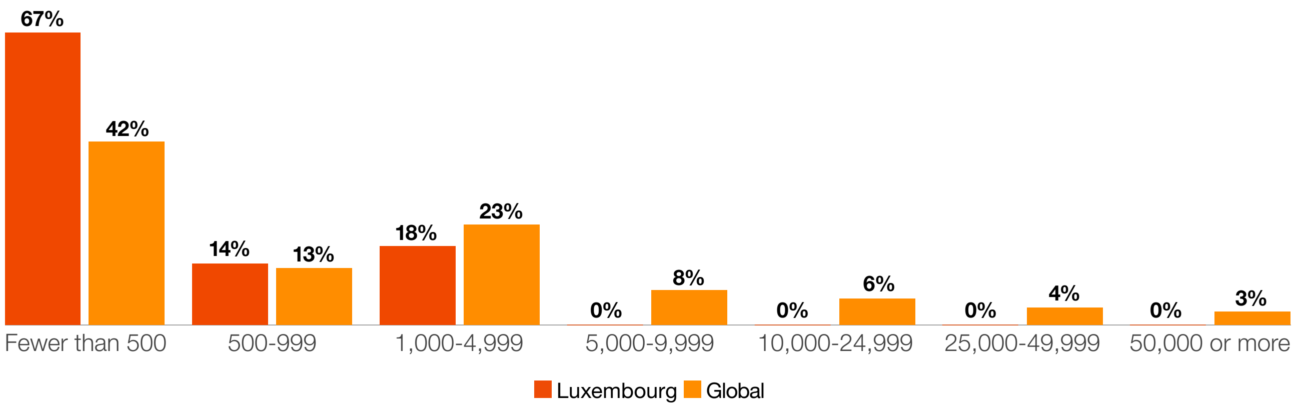
Figure 39. Which of these most accurately describes your role?

	Luxembourg	Global
CEO of a single or multi-entity parent company	33%	66%
CEO of a country subsidiary within a multi-entity parent company	48%	21%
CEO of a product-oriented subsidiary within a multi-entity company	14%	8%
Other	5%	5%

Note: The percentage may not add up to 100% due to rounding.
Source: PwC 28th Annual Global CEO Survey; PwC Global AWM & ESG Research Centre

Luxembourg companies tend to have fewer employees than the global average, which makes sense given the small size of the country and the fact that the financial services industry requires relatively less personnel than other types of industries that are more common outside of the Grand Duchy. Based on the respondent data, local companies employ an average of 814 people, compared to a global average of 5,835. The largest employer in Luxembourg as of 2024 was the Société Nationale des Chemins de Fer Luxembourgeois (CFL Group), with 4,990 employees.[11]

Figure 40. How many employees does your company have?



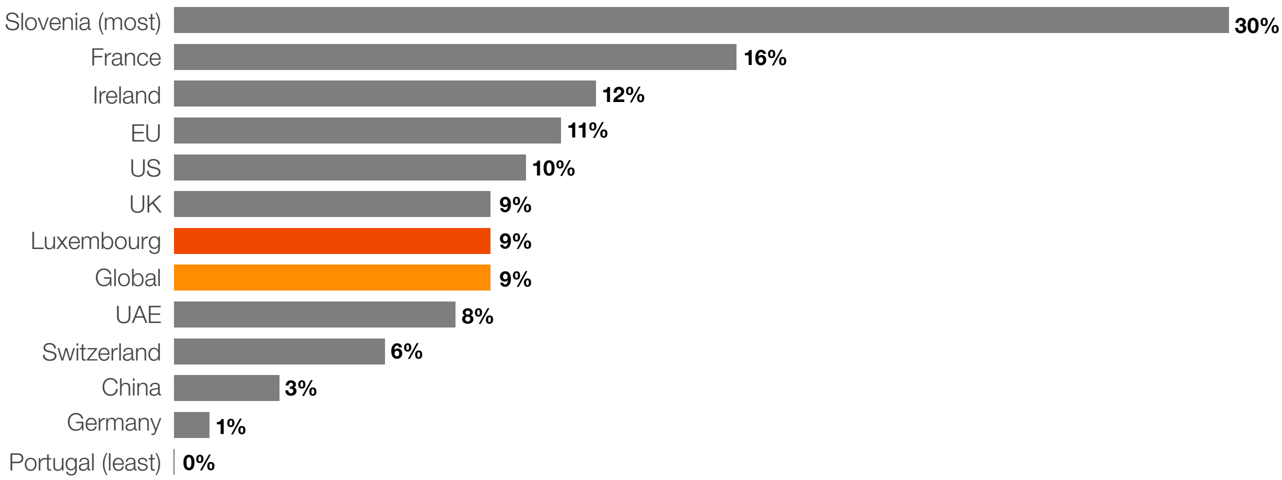
Note: The percentage may not add up to 100% due to rounding.
Source: PwC 28th Annual Global CEO Survey; PwC Global AWM & ESG Research Centre

Luxembourg CEOs have been in their position for an average of 5 years and 7 months. 31% of them have been CEO of their current company for one or two years while 14% have been CEO for over 10 years. On average, they expect to remain in their position for 5 years and 1 month with the plurality (36%) expecting to remain CEO of their company for 3-5 years.

The gender breakdown of the responses leaves much to be desired. Only 9% of Luxembourg respondents are women, which is the same as the global average, but is below the EU average. More needs to be done in Luxembourg do address the gender disparity.

11. Delano, *CFL still leader among the country's largest employers*, July 2024

Figure 41. Percentage of female CEOs



Source: PwC 28th Annual Global CEO Survey; PwC Global AWM & ESG Research Centre

Methodological note

Throughout this report we have provided aggregates and averages of the responses from different territories. Given that most answer options in this survey refer to a range (e.g. 5%-15%), when we have created an average response value for a territory, we have weighted each answer by averaging the range.

For example, if 70% of respondents answer that their revenue has increased by '5%-15%', we have taken the average of the lower end of the range (5%) and the higher end (15%), which is 10%. Thus, in this example we assume that 70% of respondents saw a revenue increase of 10%. The following example showcases how we would weight responses to arrive at an average figure for a given territory based on a hypothetical question about revenue changes.

Revenue change over the last 12 months

Answer	Percentage of respondents who gave this answer	Low end of answer range	High end of answer range	Average of range
5%-15% decrease	5%	-15%	-5%	-10%
Between 5% decrease and 5% increase	15%	-5%	5%	0%
5%-15% increase	70%	5%	15%	10%
Don't know	10%	N/A	N/A	N/A

Based on these averages, we arrive at the weighted average for this territory's revenue change over the past 12 months by doing the following. It should be noted that 'Don't know' responses are excluded from the weighted average.

$$\textbf{\textit{Weighted average}} = \frac{(5\% \times -10\%) + (15\% \times 0\%) + (70\% \times 10\%)}{5\% + 15\% + 70\%} = \mathbf{7.2\%}$$

In this example, we would therefore conclude that in this territory, respondents' revenue increased by an average of 7.2% over the previous 12 months.

Notes

Notes

Contact us

François Mousel
Managing Partner
+352 49 48 48 2182
francois.mousel@pwc.lu

Cécile Liégeois
Partner, Clients & Markets Leader
+352 621 332 245
cecile.liegeois@pwc.lu

Björn Ebert
Partner, Financial Services Leader
+352 621 332 256
bjorn.ebert@pwc.lu

This report was drafted with the assistance of our inhouse PwC Luxembourg Global AWM & ESG Research Centre, led by **Dariush Yazdani**. In addition to the internal research support it provides, the centre identifies and provides insights and analysis on a wide array of clients, primarily asset managers, private banks, financial service providers, professional associations and European Union and other public institutions.

Visit the centre at: https://www.pwc.lu/en/market-research-centre.html