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The merger of London Stock Exchange and Deutsche Boerse was reasonable

Shareholders of Deutsche Boerse AG have agreed to merge with London Stock Exchange (LSE). “I appreciate this decision“, says Prof Reint E. Gropp, president of Halle Institute for Economic Research (IWH). “Europe is in need of a competitive financial center. Especially now, after the Brexit referendum, the arguments for a merger are more convincing than ever.”

At least 60 percent of the German Stock Exchange shareholders had to agree to make the proposed merger happen. Till Monday noon, the percentage of supporters was 58. Hence the decision was previously about to be tight. “I support the shareholder’s decision because both sides will benefit from the outcome“, says Prof Reint E. Gropp, president of IWH. “After Britain’s decision to leave the European Union (EU), certain financial transactions might have to be executed within the Euro area – which will be advantageous for Frankfurt.” The new trading company however will be headquartered in London, Gropp predicts. “London’s size, its human capital and its regulatory environment are far more important arguments for a financial center than the membership in an economic association,” he explains. “As a Frankfurt patriot I would prefer Frankfurt but London is and will stay Europe’s financial center and will hence become the headquarter of the new business.” Meanwhile politics should not take the Brexit decision as an excuse to jeopardize this reasonable fusion, Gropp says. “Rather they should consider the advantages of the cooperation – the advantages for both sides.”

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IWH List of Experts

The IWH List of Experts gives an overview of the IWH research themes. The institute's press office will be pleased to establish contact to the respective experts.

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