

Abstract

This master thesis investigates recent dynamics of the European financial centres' hierarchy. In particular, the changes in this hierarchy during the financial crisis have been scrutinized. The first, the second and the third-tier European financial centres have been identified on the basis of total assets of banks localised in a given financial centre. The major impact of the global financial crisis has been a further accumulation within the banking sector (measured in terms of total assets), as the two biggest European financial centres increased their position significantly during the financial crisis. The analysis of pre-tax profits indicator showed that the second-tier financial centres have been hit hardest during the crisis. The results of analysis of evolution of employment in the financial sector provided the evidence that the change in the levels of employment follows the changes in banks' profits with a certain delay. However, despite the severity of the 2007-2010 financial crisis the changes of employment were relatively modest compared to changes in banks' profits. Our analyses also showed that there is no statistically significant relationship between the change of the banks' profits and the change of GDP of a region, in which the respective financial centre is localised.

Following our expectations, the impacts of the global crisis upon the regional financial centres (i.e. upon the third-tier and fourth-tier financial centres) have been marginal as these centres were generally not involved in trading with "toxic" assets and, instead, continued their provision of standard services to their clients. Consequently, during the financial crisis, the second-tier financial centres have been the biggest losers in terms of both total assets and pre-tax profits.

Key words: Europe, financial centres, banking sector, hierarchy, financial crisis, geographical organisation