Investment banks were at the epicentre of the global financial crisis that erupted in 2008. Our analysis reveals that since then the industry has experienced a major and probably irreversible contraction, accompanied by falling institutional and geographical concentration. Large banks have suffered the largest losses, and Asian banks, with Japanese and Chinese banks in the lead, have capitalised on the growth of Asian capital markets. With direct access to the largest market in the world, US banks remain dominant globally, but their shares have declined. This transformation unleashed by the global financial crisis should have positive implications for financial stability, competition, and distribution of power.

New York and London continue to dominate as centres of investment banking, with Tokyo rising to the 3rd position. Zurich and Frankfurt, among top five centres in 2007, have been replaced by Toronto and Paris. Banks seem to conduct their business increasingly out of their headquarters rather than foreign subsidiaries, thus strengthening the relationships between the performance of financial centres and their locally headquartered banks. This might explain the relatively poor performance of Hong Kong and Singapore, lacking headquarters of large banks. Foreign banks, particularly those from continental Europe, have downsized their activities in London, reversing the historical Wimbledon effect. Access to EU customers, however, remains crucial for London-based banks, highlighting the uncertainty over Brexit.

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