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# Invisible architects of offshore finance: The Big Four in Luxembourg

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**Abstract:** This article reconstructs the historical rise of the Big Four accounting firms as central actors in Luxembourg's offshore financial centre. Moving beyond bank- and law-centric narratives, it traces how international audit networks embedded themselves in a small national market from the 1970s onward through alliances with leading local fiduciaries, integration into the expanding investment fund industry, and participation in regulatory and consultative arenas. Drawing on interviews, professional data, and institutional records, the study shows how these firms shifted from marginal service providers to key architects of tax structuring, fund governance, and financial legislation. Their dominance in fund auditing, growing role in tax and advisory work, and organizational model reshaped professional hierarchies, including the legal sector. The Luxembourg case highlights how global professional service firms act as intermediaries between states and mobile capital, making them structural components of contemporary offshore finance rather than merely technical advisers.

**Keywords:** Big Four, Luxembourg, offshore finance, accounting firms, investment funds, professional services

More than ten years ago, on 5 November 2014, several leading European newspapers featured Luxembourg on their front page. Whether it was Germany's *Süddeutsche Zeitung*, France's *Le Monde* or Switzerland's *Tagesanzeiger*, all led with the LuxLeaks story, which exposed the Grand-Duchy's role as a financial offshore centre. Based on a leak, it emerged that the Luxembourg tax administration had not only granted highly favourable tax rulings to multinational corporations that had established their headquarters in the country – often by applying a particularly permissive interpretation of base erosion and profit shifting (BEPS) rules – but also revealed a partial, implicit outsourcing of administrative procedures. The accounting firm from which the leak originated had prepared documents on letterhead bearing the insignia of the Luxembourg tax administration, requiring civil servants to do little more than sign the rulings.<sup>1</sup> The basis for the media scandalization of what had appeared to be a routine practice within the *Administration des contributions directes* was a leak by two employees of PricewaterhouseCoopers: Antoine Deltour,

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<sup>1</sup> Bernard Thomas, *Retour au bureau d'imposition Sociétés 6*, in: d'Lëtzebuerger Land, 30.6.2017.

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the principal whistleblower, and Raphaël Halet. The revelations brought to light the critical role played by accounting firms in Luxembourg's position as an offshore tax centre. Since the beginning of the 21<sup>st</sup> century, PwC is part of the so-called Big Four – the four largest global accounting networks – which also include Deloitte, Ernst & Young, and KPMG. Despite their centrality – not only as key actors in tax structuring but also in terms of employment, with three of the Big Four ranking among the top twenty employers in Luxembourg – their institutional history remains largely unexplored.<sup>2</sup> The field remains significantly under-researched. This is particularly true for Luxembourg: in major works on the country's financial centre, accounting firms are almost entirely absent.<sup>3</sup> Surprisingly, this gap also extends to the international literature. For example, in comprehensive reference volumes such as *The Oxford Handbook of Banking and Financial History*, these actors are not mentioned at all.<sup>4</sup> While monographs on the history of banking occupy extensive shelf space, the historiography of accounting firms is notably sparse – even in comparison to other financial service providers such as corporate law firms.<sup>5</sup> Yet, as the LuxLeaks revelations have demonstrated, accounting firms play a central role in tax engineering. This article therefore seeks to examine the historical emergence and institutionalization of these international actors within the context of Luxembourg's development as an offshore financial centre.

## A local story up until the 1970s

During the initial phase of Luxembourg's development as an offshore financial centre, fiduciary firms did not yet constitute a significant actor.<sup>6</sup> The accounting

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2 Statec, *List of main employers in Luxembourg by size*, 2025, <https://statistiques.public.lu/en/publications/theme/entreprises/principal-employeurs/princip-employeurs-taille.html>, [last access 21.7.2025].

3 Gilbert Trausch/Marianne de Vreese, *Luxembourg et les banques: de la révolution industrielle au 7e centre financier mondial*, Luxembourg 1995; Laurent Moyse et al., *Les artisans de l'industrie financière*, Luxembourg 2014.

4 Youssef Cassis et al. (eds.), *The Oxford Banking and Financial History*, Oxford 2016.

5 Christopher D. McKenna, *The world's newest profession: management consulting in the twentieth century*, Cambridge 2006; Carl Helbling, *Geschichte der Treuhand- und Revisionsbranche*, Zürich 2006; Susanne Saygin, *Weiter denken. 100 Jahre Deloitte – eine deutsche Wirtschaftsgeschichte*, Munich 2008; Dieter Ziegler et al. (eds.), *Vertrauensbildung als Auftrag. Von der Deutsch-Amerikanischen Treuhand-Gesellschaft zur KPMG AG*, Munich 2015; Adrian Lemmenmeier/Tobias Straumann, *Vertrauen als Mehrwert – 100 Jahre EY Schweiz*, St. Gallen 2017.

6 Matteo Calabrese/Benoît Majerus, *Archaeology of a Treasure Island: Actors and Practices of Holding Companies in Luxembourg (1929–1940)*, in: *Contemporary European History* 33 (2024), 1398–1415.

sector only began to take shape in the aftermath of the Second World War. Under the German occupation, a new tax system was introduced, which remained in place after the war and required more specialised expertise. The arrival of foreign industrial companies, such as Goodyear in 1951, further increased the demand for qualified accountants.<sup>7</sup> The modest size of the market at the time is evident from the membership of the Luxembourg Order of Chartered Accountants, established in 1951: it counted just 16 members, all male. Thirteen resided in Luxembourg City, while the remaining three were based in Esch-sur-Alzette, Dudelange, and Ettelbruck, respectively.<sup>8</sup> Beginning in the 1950s, a small group of young Luxembourgish accountants established a firm initially called *L'Agence* that would come to dominate the national market for several decades. In 1954, they adopted the partnership model – an approach considered heretical at the time within a profession traditionally defined by its liberal and individualistic ethos. Notably, among lawyers, the adoption of partnerships only became standard practice in the 1980s. This collaborative structure enabled the firm to specialise relatively early: in the 1960s, one partner focused on the creation of holding companies – a Luxembourgish legal construct introduced in 1929 that facilitated aggressive tax planning – while another concentrated on the development of some of the country's first investment funds. The firm also oriented its services toward foreign clients, particularly American corporations, which provided opportunities to acquire auditing expertise through work with firms such as Arthur Young, Whinney, Murray, and Ernst & Ernst.<sup>9</sup> Several of the firm's partners were fluent in English, which gave them a considerable advantage over the more traditional Luxembourgish chartered accountants.<sup>10</sup> One partner in particular, Jean Hamilius – a young business engineer educated at the Free University of Brussels who had also spent a year studying in the United States – was exceptionally well connected in political circles. His father had served as mayor of Luxembourg City (1946–1963) and as a liberal Member of Parliament (1937–1940, 1945–1964).<sup>11</sup> The convergence of these factors positioned *Fiduciaire Générale* (FG) as by far the most influential player in a financial sector undergoing its first major expansion with the growth of the investment fund industry in the 1960s, a market in which FG held a leading position. FG also dominated the auditing

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7 Deloitte & Touche (ed.), *Deloitte & Touche, 50 ans au service de l'économie luxembourgeoise*, Luxembourg 2000.

8 *Ibid.*, 11.

9 *Ibid.*, 32.

10 *Ibid.*, 29–30.

11 Jean Hamilius, *Luxemburg im Wandel der Zeiten: Erinnerungen (1927–2014)*, Luxembourg 2014. He later also pursued a political career, first as a Luxembourgish Member of Parliament, then as a Luxembourgish minister, and eventually became a Member of the European Parliament.

of large corporations and banks in Luxembourg, a sector that became more tightly regulated following the passage of legislation in May 1974. In the shadow of this dominant firm, only one other relatively new fiduciary managed to establish itself and attain a critical mass: *Interfiduciaire*, founded in 1969 by individuals politically aligned with the Christian Social Party. This firm experienced substantial growth, enabling it to offer specialised services, much like its main competitor.<sup>12</sup>

## The Big Eight in the 1970s–1980s

Following the collapse of the investment fund bubble in the early 1970s, triggered by the IOS scandal,<sup>13</sup> the development of the Euro market provided a renewed impetus to Luxembourg's financial sector. The number of foreign banks operating in Luxembourg began to increase rapidly. It was during this period that the so-called Big Eight accounting firms began to take an interest in Luxembourg.<sup>14</sup> At the time, their legitimacy and reputation were not yet comparable to what they would later become. When Marie-Jeanne Chèvremont, a recent French graduate of a business school in Reims, was hired by Coopers & Lybrand, she first had to inquire among acquaintances to understand what the company actually did: «We were more familiar with Procter and Unilever. Those were the companies we knew well. Audit firms still maintained a relatively low profile.»<sup>15</sup> Similarly, the Luxembourgger Raymond Schadeck, who graduated in Economics from the University of Strasbourg at the

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12 Interview with Roger Molitor, 9.2.2022. Roger Molitor had been equity partner at KPMG and started his career inside *Interfiduciaire*. This paper relies mainly on two types of sources: interviews with financial sector players and the specialised and generalist press. All interviews were recorded. The quotes used here were submitted to interviewees for approval, as agreed upon at the time of the interview. The semi-structured interviews present two significant biases: since research took a reconstructive approach, many interviewees were retired or at the end of their careers, and there is also a gender bias (eight men and two women were interviewed).

13 Benoît Majerus, *This is not a scandal in Luxembourg*, in: *Entreprises et histoire* 101 (2020), 75–87.

14 The Big Eight accounting firms – Arthur Andersen, Arthur Young, Coopers & Lybrand, Deloitte Haskins & Sells, Ernst & Whinney, Peat Marwick Mitchell, Price Waterhouse, and Touche Ross – dominated the international market until the late 1980s. In 1989, two mergers reduced their number to six: Ernst & Whinney merged with Arthur Young to form Ernst & Young, while Deloitte Haskins & Sells merged with Touche Ross to create Deloitte & Touche. A decade later, in 1998, Price Waterhouse joined forces with Coopers & Lybrand, giving rise to PricewaterhouseCoopers. Finally, in 2002, the collapse of Arthur Andersen following its involvement in the Enron scandal eliminated another major player. Since then, the global audit market has been dominated by the Big Four: Deloitte, EY, KPMG and PwC.

15 Interview with Marie-Jeanne Chèvremont, 6.7.2022. Marie-Jeanne Chèvremont has been managing partner of PwC Luxembourg from 1998 to 2007.

end of the 1970s, had never heard of Arthur Andersen before being hired by the firm.<sup>16</sup>

Initially, operations in Luxembourg were often managed from the Brussels offices before the establishment of independent branches within the Grand Duchy, as was the case with both Price Waterhouse and Coopers & Lybrand. In general, the Big Eight accounting firms pursued two distinct strategies. Six of them opted to open independent offices: Deloitte in 1970, Price Waterhouse in 1971, Ernst Whinney and Coopers & Lybrand in 1974, Arthur Andersen in 1980, and Peat Marwick Mitchell in 1984. Among these six firms, the identity of their initial office heads provides further insight into their differing strategies. Peat Marwick Mitchell, for instance, chose to send a young executive from its Brussels office, Scott McCormack. At the time, the Luxembourg financial market was not considered sufficiently important to warrant the appointment of a more senior figure. The young Scotsman, who had not attended one of the prestigious London schools, initially remained dependent on the signature authority of a partner based in Brussels.<sup>17</sup> Price Waterhouse entrusted the management of its Luxembourg office to a young Frenchwoman who had recently graduated from a business school. Arthur Andersen appointed a young Luxembourger, Norbert Becker, who had initially worked for the regulator of Luxembourg's financial centre before joining audit firms both in Luxembourg and abroad. At the time of his appointment, Becker was employed at Andersen's Brussels office.<sup>18</sup> Two of the Big Eight, along with KMG – an entity that would later become part of one of the Big Four – opted not to establish independent offices.

## Hybridization?

The transformation of the Big Eight into the Big Four largely mirrored international trends. As in other countries, this process was at times challenging due to differing professional cultures. Continental European traditions often clashed with the Anglo-Saxon approach. John Li, managing partner of KPMG from 2000 to 2008, recalled that managing those differences at a time when KPMG experienced significant growth was a constant challenge and stress.<sup>19</sup> In Luxembourg, as in many other

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<sup>16</sup> Interview with Raymond Schadeck, 25.4.2025. Raymond Schadeck has been managing partner of Arthur Andersen and of Ernst & Young.

<sup>17</sup> Interview with Scott Cormack, 14.7.2022. Scott Cormack established Peat Marvick in Luxembourg in the 1980s.

<sup>18</sup> Interview with Norbert Becker, 31.5.2022. Norbert Becker established Arthur Andersen in Luxembourg in the 1980s.

<sup>19</sup> Interview with John Li, 18.4.2025.

European countries,<sup>20</sup> Arthur Andersen was integrated into Ernst & Young. All of today's Big Four have at one point or another integrated a Luxembourgish partner (see table 1).

**Table 1:** Links between international and Luxembourgish audit companies

<b>International companies</b>	<b>PwC</b>	<b>Deloitte</b>	<b>Ernst &amp; Young</b>	<b>KPMG</b>
Luxembourgish companies	Victor Steichen	Fiduciaire Générale (through integrating the Touche network)	Compagnie Fiduciaire (came to EY through Arthur Andersen)	Interfiduciaire
Start of cooperation	1988	1978	Loose collaboration	1980

It is noteworthy that these international audit firms successfully established agreements with the largest Luxembourg fiduciaries – agreements that were accepted – whereas similar arrangements were not seen in the legal sector. While the audit market in Luxembourg is now entirely dominated by large multinational firms, the situation in the legal sector remains markedly different. Major international law firms, such as Linklaters, Clifford Chance, and Allen & Overy, only entered the Luxembourg market ten to 20 years later, beginning in the early 1990s. Moreover, although foreign law firms frequently formed partnerships with Luxembourg firms, the two largest domestic firms – Elvinger, Hoss & Prussen and Arendt & Medernach – have continued to operate independently and remain, to this day, the two most prominent actors in the Luxembourg legal market.<sup>21</sup> Notably, while foreign law firms have consistently retained a Luxembourgish managing partner, the composition of leadership among the Big Four has been more mixed: among the 18 managing partners, six are Luxembourgers, five are Belgians, and three are Britons.

This narrative can, of course, also be approached from the Luxembourg perspective. One might first ask why the major Luxembourg fiduciary firms were willing to align themselves with these large international groups. While the reasons were certainly specific to each firm, several common factors can nonetheless be identified. The Luxembourg audit firms that joined international networks were typically the largest and those most engaged in cross-border markets. It quickly became evident that they could not maintain their position in international business without such integration. For example, the fiduciary firm Victor Steichen counted numerous

<sup>20</sup> Helbling, *Geschichte der Treuhand- und Revisionsbranche*, (cf. n. 5), 212–214.

<sup>21</sup> Benoît Majerus, *From local notables to global players: law firms in a tax haven (Luxembourg, 1960s to 2020s)*, in: *Business History* (2024), 1–17.

foreign banks among its clients; however, with the arrival of international audit groups, these clients began to depart. Chase Manhattan Bank, which was aligned with Deloitte, notably ended its relationship with the Victor Steichen fiduciary once Deloitte established a presence in Luxembourg.<sup>22</sup>

However, this did not mean that «Luxembourgish» companies entirely disappeared, and this was due to three main factors. First, at least within Luxembourg, one could speak of a Big Five. Indeed, with the emergence of Atoz, a fifth major player existed. Founded in 2004, Atoz defined itself as «100 % Made in Luxembourg.»<sup>23</sup> At its core lay a dual dynamic: on the one hand, a sense that taxation work was becoming increasingly difficult within audit firms. In fact, part of Ernst & Young's (EY's) tax department was behind the creation of Atoz, as EY's tax partners had grown frustrated that when clients sought both audit and tax services, the audit side was generally prioritized, given that audit partners held the majority within EY and in addition audit is generally a recurring mandate over a couple of years which is not necessarily the case for tax consulting work.<sup>24</sup> On the other hand, there was a conviction that not depending on a large international group allowed for greater independence and flexibility.

Second, several markets were either too small – essentially the network of Luxembourg's small and medium-sized enterprises – or deemed too risky, such as domiciliation services<sup>25</sup> linked to certain countries defined as tax havens, making them unattractive to the Big Four. These areas created space where niche players could flourish.

Finally, from the early 2000s onward, some Big Four units began to be outsourced. Arthur Andersen, for example, sold its Service de Gestion Généraux department to the Kredietbank in 1998.<sup>26</sup> Ernst & Young transferred its IT department to Cap Gemini in 2001 and outsourced its operations to IQ Solutions in 2004, an entity managed by a former EY partner.<sup>27</sup>

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22 Interview with Alain Steichen by the author and William Lindsay Simpson, 9.3.2022. Alain Steichen has first worked at Price Waterhouse before founding his own law company.

23 ATOZ, *Celebrating 20 years of ATOZ. Beyond tax lines, beyond horizons: Integrity knows no limits*, <https://www.atoz.lu/20-years> [last access 4.10.2024].

24 Interview with Raymond Schadeck, 25.4.2025.

25 Jean-Michel Gaudron, *Savoir combiner les talents*, in: Paperjam, 26.1.2007.

26 Jean-Michel Gaudron, *Andersen soleil couchant*, in: Paperjam, 5.7.2002.

27 Jean-Michel Gaudron, *Nouvelle donne*, in: Paperjam, 17.9.2004.

## Luxembourg, an Eldorado for the Big Four

Although the Luxembourg market initially appeared to hold little importance for foreign audit firms – who often dispatched only second-tier associates – the country quickly proved both attractive and highly lucrative for these professionals. For the relatively junior employees of international audit firms arriving in Luxembourg, the Grand Duchy became an appealing starting point for their careers, as its operations generated greater profitability compared to other branches within their respective firms. Reflecting on the motivations behind Peat Marwick's entry into the Luxembourg market, Scott Cormack stated: «Frankly, I mean, there was an enormous business opportunity. We made profits from day one. We never needed any cash at all [...] we were the most profitable firm in continental Europe from day one.»<sup>28</sup> This profitability was not solely attributable to the country's economic dynamism, but also to the fact that the majority of the Big Eight's clients in Luxembourg were international firms, from whom significantly higher fees could be charged – unlike firms that primarily served national companies.<sup>29</sup> John Li arrived in Luxembourg in 1987. Originally from Mauritius, he had studied in the United Kingdom, where he qualified as a chartered accountant. However, he felt professionally constrained in the UK due to his status as a foreigner. Reflecting on his experience, he noted: «You're performing at a disadvantage against a local—you know, you are not even as fluent when speaking the language, all that kind of things.»<sup>30</sup> Luxembourg presented a promising alternative, particularly as its financial sector was beginning to expand rapidly<sup>31</sup> and sought professionals with his qualifications – at a time when the local accounting market remained dominated by nationals who were not necessarily as formally trained. Since then, the growth of the Big Four in Luxembourg has been both remarkable and sustained throughout the first quarter of the 21<sup>st</sup> century, as evidenced by increasing revenues and the steady expansion of their workforce.<sup>32</sup> It is noteworthy that the hierarchical structure that began to emerge

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28 Interview with Scott Cormack, 14.7.2022.

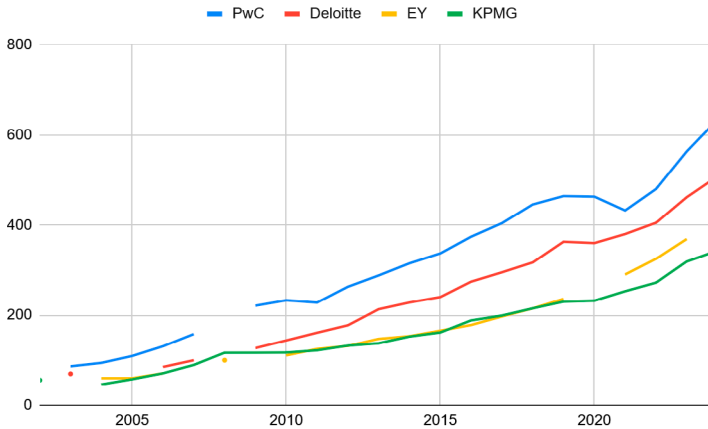
29 Interview with Marie-Jeanne Chèvremont, 6.7.2022.

30 Interview with John Li, 18.4.2025.

31 During the 1980s and 1990s, Luxembourg was one of Europe's most dynamic financial centres. In 1985, Luxembourg counted 146 banks, up from only 17 in 1960; by 1989, the number had risen to 223. A decisive factor in Luxembourg's trajectory was the development of its investment fund industry. Fund assets grew from roughly € 23 billion in 1985 to € 113 billion in 1990, and by the year 2000 exceeded € 1 trillion. This spectacular growth, unmatched in Europe, made Luxembourg the preeminent jurisdiction for cross-border investment funds. By the 1990s, financial services accounted for more than a quarter of GDP, compared to about 10–12% in Switzerland.

32 Unfortunately, I did not have access to the internal archives of any of the Big Four firms. The data series on revenue and staffing levels were therefore compiled through a systematic review

among the Big Four firms in Luxembourg in the early 21<sup>st</sup> century remained largely stable throughout the period from 2000 to 2020.



**Figure 1:** Revenue of the Big Four in million Euros (2000–2024)<sup>33</sup>

Despite the 2007–2008 financial crisis and the temporary slowdown caused by the COVID-19 pandemic, growth has remained relatively steady since the beginning of the 21<sup>st</sup> century (see figure 1 and table 2).

**Table 2:** Revenue of the Big Four for the 2010–2011 fiscal year<sup>34</sup>

	Deloitte	E&Y	KPMG	PwC
Audit	38.0 %	59.2 %	52.9 %	46.0 %
Tax	27.0 %	32.0 %	27.7 %	22.4 %
Consulting	35.0 %	8.8 %	19.3 %	21.6 %
Total revenue (in Euro)	161.1 million	125 million	121.85 million	263 million
<b>Revenue-to-staff ratio</b>	0.14	0.13	0.14	0.11

of Luxembourg's specialized economic press, particularly Paperjam and Agefi Luxembourg. It is important to note that, especially regarding the personnel figures, the data should be interpreted with caution due to the substantial growth in staffing over time and the frequent inconsistencies observed in reported numbers for the same year.

<sup>33</sup> The data for the first fifteen years are drawn from press reports, while figures for the most recent decade are based on the annual reports of the firms themselves.

<sup>34</sup> Sébastien Lambotte, *Big Four – Changer, tant qu'il est temps*, in: Paperjam, 14.12.2011.

The Big Four firms derived the majority of their revenue from audit services, which remained their core area of activity – with the notable exception of Deloitte, whose revenue was more evenly distributed across service lines. In Switzerland, non-audit services already accounted for more than 50 per cent of turnover as early as the 1990s.<sup>35</sup> Audit was generally perceived as the least profitable segment, marked by intense competition and pricing structures often determined at the international group level rather than locally in Luxembourg, particularly when the client relationship was managed globally. In contrast, tax services – and especially consulting – offered substantially higher profit margins. Consulting was considered the most lucrative practice area, at least through the early 2000s, with reports suggesting that «consulting fees could sometimes reach ten times those of audit engagements.»<sup>36</sup> However, the distribution of the three main service lines did not appear to significantly influence the revenue-to-staff ratio among the Big Four, as firms with both the strongest and the weakest consulting practices exhibited broadly similar ratios.

The Big Four generally operated across three primary sectors: financial services, industry, and the public sector. Among these, the financial sector was by far the most significant for all four firms. In 2005, Deloitte estimated that 75 per cent of its revenue originated from financial services, 20 per cent from the public and semi-public sectors, and five per cent from industry and SMEs.<sup>37</sup> PwC's revenue distribution for the same year was somewhat different: 60 per cent from financial services, 15 per cent from the public sector, 20 per cent from industry, and five per cent from international clients.<sup>38</sup> However, the composition of the financial sector has undergone substantial transformations, contributing to shifts in the relative positions of the Big Four in the Luxembourg market. While KPMG was likely the most prominent firm in the 1990s – primarily due to its strong presence in the banking sector, which was the foundation of Luxembourg's financial centre in the 1980s and 1990s – its dominance began to wane as the industry evolved. At the time, KPMG audited between 40 per cent and 50 per cent of banks operating in Luxembourg, whereas PwC was predominantly focused on investment funds.<sup>39</sup> The subsequent rise of the investment fund industry reversed this dynamic, likely explaining PwC's emergence as the leading firm in the Luxembourg market from the mid-2000s onward.

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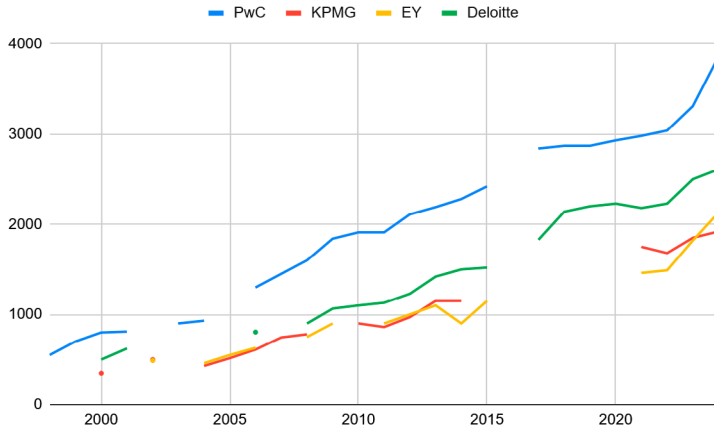
35 Helbling, *Geschichte der Treuhand- und Revisionsbranche*, (cf. n. 5), 179.

36 Jean-Michel Gaudron, *John Li prend de la hauteur*, in: Paperjam, 8.9.2008.

37 Florence Reinson, *Une question de définition*, in: Paperjam, 5.12.2004.

38 Ibid.

39 Interview with John Li, 18.4.2025.



**Figure 2:** Trends in workforce development among the Big Four firms (1995–2024)<sup>40</sup>

With regard to staffing, growth has also been steady (see figure 2): years in which the growth rate exceeds ten per cent were not uncommon. The growth in staffing was also reflected at the partner level: at PwC, for instance, the number of partners increased from 72 in 2007 to 140 in 2024. Given the high turnover rates within these firms, annual recruitment often represented more than a quarter of the total workforce. For instance, in 2008, Deloitte planned to recruit 320 new employees for a total staff of 900, Ernst & Young 300 for 750, KPMG 250 for 780, and PwC 480 for 1,600.<sup>41</sup> The mass recruitment of personnel has been one of the main challenges for the Big Four throughout the first quarter of the 21<sup>st</sup> century, relying heavily on the labour pools of the Greater Region.<sup>42</sup> In the 2010s, the composition of the workforce was relatively balanced in terms of gender: of the 2,745 employees at PwC Luxembourg as of June 30, 2018, 47 per cent were women. However, this balance was not reflected in leadership positions. Among the 153 partners at PwC Luxembourg in 2018, only 27 per cent were women,<sup>43</sup> a percentage that had not changed since

<sup>40</sup> In 2003, PwC Luxembourg represented 0.7 % of PwC's global workforce, and by 2014 this share had risen to 1.2 %.

<sup>41</sup> Jean-Michel Gaudron, *Les big four à la loupe*, in: Paperjam, 14.12.2007.

<sup>42</sup> Maximilien Haid, *Le parcours d'intégration des jeunes diplômés d'une école de commerce au sein des Big Four au Luxembourg*, Liège 2020.

<sup>43</sup> PwC Luxembourg, *Annual 2018 – Leading in changing times for our Clients, our People and Society*, Luxembourg 2018, 11. Among the Big Four firms, PwC stands out as the only one to have publicly disclosed concrete figures on this issue. It is also noteworthy that PwC was the first company with a female managing partner, Marie-Jeanne Chèvremont who explicitly addressed gender imbalances within the firm.

2008 when 19 of 70 partners at PwC had been women.<sup>44</sup> Among the 18 managing partners that headed the Big Four between 1998 and 2024 only two were women (Marie-Jeanne Chèvremont at PwC and Karin Riehl at KPMG).

The internal growth of these groups was also reflected in their evolving position among Luxembourg's largest employers, where their prominence had steadily increased. In 2001, the top 20 employers included four banks – BGL (6th), BIL (7th), BCEE (10th), and KBL (13th) – and one member of the Big Four accounting firms, PwC (19th). By 2007, PwC had risen to 15<sup>th</sup> place, surpassing KBL, which had fallen to 16th. In 2013, a second Big Four firm, Deloitte, entered the ranking at 19th. By 2024, only one bank – BGL (6th) – remained among the top 20 employers, while three of the Big Four had secured positions: PwC (7th), Deloitte (13th), and EY (19th).<sup>45</sup>

## A long battle with the lawyers

This rise to prominence disrupted the broader market of financial service providers and led, in particular, to conflicts with lawyers over a grey area within their respective domains of activity. At first glance, the two fields appeared to be clearly delineated, yet the ensuing struggle became multifaceted.

The question arose for example as to when advisory services crossed the line into legal advice. The drafting of prospectuses for investment funds served as a prime example. Mandated by law, the information prospectus constituted an easy and lucrative source of revenue: there were numerous prospectuses to be drafted, and the work was highly repetitive – once one had been prepared, it essentially only needed to be replicated. As one former managing partner of Coopers & Lybrand (later PwC) recounted: «We advised our clients on matters related to corporate law, while clearly specifying that we were not providing legal opinions. For instance, when a client wished to establish a company and asked how much equity was required, of course we knew all of that [...]. In the case of investment funds, which was

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<sup>44</sup> That year, 12 % of the partners were women at Deloitte, 19 % at Ernst & Young and 24 % at KPMG. Gaudron, *Les big four* (cf. n. 41). No data is available regarding the gender distribution among equity partners, the only category of partners vested with voting rights. When John Li was elected, two of the eight equity partners were women: e-mail from John Li to the author (24.4.2025). In 2022, among the five largest law firms in Luxembourg, 27 % of the partners were women (Majerus, *From local notables* (cf. n. 21), 9). In the boards of directors of Luxembourg banks, the underrepresentation of women is even more significant: Matteo Calabrese et al., *It's a man's world. Les femmes dans les conseils d'administration des banques au Luxembourg*, <https://majerus.hypotheses.org/1374> [last access 21.7.2025].

<sup>45</sup> Statec, *List of main employers* (cf. n. 2).

one of my areas of expertise, clients would ask us to assist in drafting prospectuses, and some lawyers regarded that as legal advice [...]. I myself was summoned several times by the president of the bar association.»<sup>46</sup> This testimony demonstrated how conscious the firm's leadership had been of pushing the boundaries of what was permissible – and how, at least initially, such conduct attracted no meaningful sanctions. Indeed, the excerpt concluded with a smile from Marie-Jeanne Chèvremont. The conflict simmered for a considerable time, likely because the growing market offered ample opportunity for all actors.<sup>47</sup> Moreover, an overly aggressive stance from lawyers – or certain law firms – risked being counterproductive, given that the audit firms represented a significant source of client referrals.<sup>48</sup>

During the debates surrounding the 1991 law that secured certain prerogatives for the legal profession, the opposition voiced by the auditing community failed to sway the Luxembourg political establishment in its favour.<sup>49</sup> By the late 1990s, the courts increasingly became the battleground for conflicts over professional boundaries. When the European Court of Justice (ECJ) was consulted by the Dutch Council of State regarding the permissibility of collaborations between lawyers and Dutch audit firms, the Luxembourg Bar Association promptly alerted the Luxembourg government, which intervened in the proceedings to oppose such alliances. Notably, the lawyer representing the Luxembourg government before the ECJ went so far as to disparage accountants as «moles» and «agents of the state» – a particularly striking disqualification, given that he was himself representing the state.<sup>50</sup> In 2012, the Bar Council filed formal complaints, this time in Luxembourg, initially against KPMG and subsequently against EY and PwC. The transformation of the «cold war» that had characterized the 1990s and 2000s into open legal confrontation at that point was likely linked to a market that, following the 2007 financial crisis, no longer enjoyed the same levels of growth seen in the 1980s. In 2016, after the financial sector was shaken by the LuxLeaks revelations, the Bar withdrew as a civil party, and the case does not appear to have been actively pursued by the Luxembourg judiciary. To ease tensions between the two major players in the financial sector – the audit firms and the legal profession – an inter-professional charter was signed.<sup>51</sup>

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46 Interview with Marie-Jeanne Chèvremont, 6.7.2022.

47 Ibid.; interview with Scott Cormack, 14.7.2022.

48 Interview with Marie-Jeanne Chèvremont, 6.7.2022.

49 Mario Hirsch, *L'audit et le conseil en pleine évolution*, in: d'Letzebuenger Land, 6.1.2001, 13.

50 Véronique Poujol, *Les taupes*, in: d'Letzebuenger Land, 15.12.2000, 11.

51 Bernard Thomas, *Les confrères*, in: d'Letzebuenger Land, 22.7.2016, 8.

Nonetheless, according to some lawyers, the legal profession ultimately lost this battle, as the signed agreement allegedly remained a «dead letter».<sup>52</sup>

This complaint by the Bar was linked to the growing presence of audit firms within the legal market. Several audit firms went on to establish law firms that were more or less directly affiliated with them. PwC, for example, had maintained a satellite law firm in Luxembourg since the late 1990s. In 1998, the PwC group launched Landwell, a law firm that also established a presence in Luxembourg. Although PwC Luxembourg initially appeared in no hurry to set up a legal counterpart – citing the country's unique regulatory environment – the pressure from the international network eventually became too strong. As a result, in 2000, the law firm of Aloyse May joined the Landwell network. May had recognized that without joining such a network, he risked losing clients, a realization that ultimately led him to take this step despite the controversies surrounding the decision.<sup>53</sup> The new firm, which also incorporated legal professionals from an earlier PwC attempt to establish a satellite firm around Alain Steichen (the son of Victor Steichen, whose accounting firm had been one of the pillars of PwC Luxembourg), encountered several challenges. The working cultures differed sharply. According to Katia Scheidecker, who at the time was a young lawyer at May's firm, members of the former Alain Steichen team «talked to us only about meal vouchers, functions, and grades». However, they also placed far greater emphasis on clients «to whom we had to systematically respond on the same day», which was not the usual practice of a lawyer «who was not yet accustomed to having deadlines imposed» in the early 2000s.<sup>54</sup>

Yet the broader international context was not particularly conducive to close collaboration between the legal and audit sectors. At that time, a global struggle was unfolding, especially in the United States and France, following the Enron scandal in 2001, which placed major auditing firms on the defensive and triggered a strong push to refocus on their core business. The Sarbanes-Oxley Act significantly reshaped industry practices, at least for a time.<sup>55</sup> Two years after PwC's move, KPMG also sought to establish a global law firm structure, founding KLegal International, which brought together firms from six countries, including the highly reputed Luxembourg firm Wildgen, Spielmann, Metzler & Ries.<sup>56</sup> In 2012, Dlaw was founded

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52 Interview with Marc Feider, 9.7.2022. Marc Feider is a Luxembourgish business lawyer who has been managing partner of Allen & Overy Luxembourg in the 2000s.

53 Interview with Katia Scheidecker, 29.8.2022. Katia Scheidecker is a French business lawyer in Luxembourg having worked closely with PwC.

54 Ibid.

55 *PwC and Deloitte legal ambitions battered as post-Enron reforms bite*, in: Legal Week, 11.11.2003; Interview with Katia Scheidecker, 29.8.2022.

56 *KLegal International – A New International Law Network – KPMG Tax Advisers*, in: Mondaq Business Briefing, 4.1.2000.

as a firm closely linked to Deloitte, though the connection was discreet enough to allow Deloitte to avoid being targeted by the Luxembourg Bar's complaint that year.<sup>57</sup> In the early 2020s, Ernst & Young likewise applied for approval for a law firm closely associated with its operations, although this process had not yet been finalized. While these legal structures did not necessarily compete with the very largest law firms, PwC Legal nonetheless ranked twelfth among the largest firms in the financial sector in 2020, surpassing long-established firms such as Bonn & Schmitt.<sup>58</sup> Although traditional law firms viewed these affiliated entities with some concern, the Luxembourg Bar ultimately appeared to prefer such arrangements, as they allowed the Bar to exercise a degree of oversight and impose regulatory requirements, rather than face the alternative: «service providers, that is, the Big Four practicing a sort of law within their own operations».<sup>59</sup>

## Fund industry

At the intersection of the significant growth and the conflict with lawyers was the continuous development of the fund industry. The foundations of this financial sector had been laid in the interwar period, and after an initial collapse following the IOS scandal, the sector resumed its growth from the early 1980s onward.<sup>60</sup> Audit firms were early participants in the second expansion of the investment fund industry. The previously cited quote from Marie-Jeanne Chèvremont, managing partner at PwC, regarding the drafting of prospectuses illustrates that the role of audit firms extended well beyond traditional auditing; they also positioned themselves within the advisory segment. It was also through their sector-specific expertise that audit firms gained access to one of the most significant antechambers of legal engineering in Luxembourg: the consultative committees established by the financial regulator (known as the *Commissaire au Contrôle des Banques* from 1945 to 1983, then as the *Institut Monétaire Luxembourgeois* (IML) from 1983 to 1998, and finally as the *Commission de Surveillance du Secteur Financier* (CSSF) from 1999 onward) as early as the 1970s. These committees brought together senior civil servants from various ministries and the regulator, alongside representatives from

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<sup>57</sup> *Le barreau a le Big 4 dans le viseur*, in: *Le Quotidien*, 29.1.2015.

<sup>58</sup> *Quels sont les plus gros cabinets d'avocats au Luxembourg?*, in: *Paperjam*, 20.2.2020.

<sup>59</sup> Interview with Marc Feider, 9.7.2022.

<sup>60</sup> Calabrese/Majerus, *Archaeology of a Treasure Island* (cf. n. 6); Majerus, *This is not a scandal* (cf. n. 13); Matteo Calabrese, *Émergence et succès de l'industrie des fonds d'investissement au Luxembourg au XXe siècle, 1929–1989*, in: Manuela Martini/Catherine Virloouvot (eds.), *L'émergence de nouveaux marchés*, Vincennes 2024, 209–223.

the financial sector.<sup>61</sup> Participation in these committees allowed for direct influence over the legislative process, as draft laws were discussed and amended within them. It also conferred a considerable knowledge advantage that could be leveraged in dealings with clients. It was within the *Comité Valeur Mobilière* – responsible, among other tasks, for preparing the transposition of the first European directive on UCITS in the 1980s – that a foreign audit firm, through Coopers & Lybrand (later PwC), entered this central space for the first time.<sup>62</sup> «Their operation within an international network – unlike lawyers, who in the 1980s remained largely embedded in a national framework – provided a significant advantage to audit firms»: «I didn't wait for lawyers to tell me a fund was going to be created and ask if I wanted to be the auditor. Since I was part of a network, and lawyers at the time were not yet integrated into such networks, I was able to promote what was being done in the field of funds through our network. [...] In 1988, immediately after the adaptation of the law, I held a seminar in London organized by Coopers & Lybrand for their asset managers to explain the UCITS directive. After that, I went to the United States to do the same thing.»<sup>63</sup> It was also within an audit firm, rather than a law firm, that the first translation into English of the 1988 Luxembourg investment fund law was produced.<sup>64</sup>

**Table 3:** The Big Four and the number of audited funds<sup>65</sup>

	2007	2012	2019	2023
<b>Total</b>	<b>10,971</b>	<b>13,193</b>	<b>14,991</b>	<b>13,916</b>
Deloitte	16.77 %	18.02 %	17.20 %	17.77 %
EY	17.45 %	16.62 %	18.85 %	18.42 %
KPMG	18.18 %	20.40 %	20.15 %	15.50 %
PwC	45.06 %	41.08 %	39.90 %	43.73 %

In the auditing of investment funds, only international firms succeeded in establishing a foothold; the small national auditing firms were entirely absent from this market, which was overwhelmingly dominated by the Big Four (see table 3). Moreover, the overall hierarchy of these firms within the Luxembourg financial sector was largely shaped by their position in the investment fund market. PwC (the successor

<sup>61</sup> Benjamin Zenner, *75 Years of Banking Supervision in Luxembourg*, in: Claude Marx et al. (eds.), *Surveillance, indépendance et intégrité*, Luxembourg 2020, 137.

<sup>62</sup> Interview with Marie-Jeanne Chèvremont, 6.7.2022.

<sup>63</sup> Interview with Marie-Jeanne Chèvremont, 6.7.2022.

<sup>64</sup> Ibid.

<sup>65</sup> Monterey Insight Luxembourg Fund Report.

to the aforementioned Coopers & Lybrand) stood as the clear market leader, often twice the size of its nearest competitor, while the Big Four collectively controlled approximately 95 per cent of the market. Although some shifts can be observed between 2005 and 2023 – based on the detailed data to which I had access – these changes remained relatively minor.

## An inversion of legitimacy

When the international audit firms first entered Luxembourg, auditing occupied the lower end of the legitimacy hierarchy among financial service providers, with business lawyers – followed closely by notaries – holding the top positions. As one interviewee noted, «The fiduciaries were among the least important. [...] If you consider prestige and ranking, the lawyers were very high, the notaries were also very high, perhaps even higher. But the fiduciaries ... people looked down on the fiduciaries.»<sup>66</sup> Today, however, the Big Four stand on equal footing with the two other major pillars of the financial sector: banks and business law firms. I will illustrate this shift with three examples: first, the case of the law firm Arendt & Medernach; second, the integration of the Big Four into the institutional arenas of negotiation between the Luxembourg state and the financial sector; and third, the architectural ambitions of the Big Four.

Arendt & Medernach is not a historical law firm but belongs to the cohort of «young wolves» that emerged in the late 1980s. The firm experienced remarkable growth, successfully resisted takeover attempts by foreign groups, and has since become the largest law firm in Luxembourg. One key factor behind its expansion was its early specialization in business law – particularly banking, domiciliation, and investment funds – which, at the time, was seen as diverging from the traditional image of the lawyer, who was expected to cover the full spectrum of (business) law. For comparison, Arendt & Medernach's main competitor, Elvinger, Hoss & Prussen (EHP), only undertook a similar strategic shift in the early 2000s.<sup>67</sup>

In response to its rapid growth, Arendt & Medernach decided in 2000 to draw inspiration from the organizational practices of the major audit firms. Notably, in 2007, the firm recruited Marie-Jeanne Chèvremont, former managing partner at PwC, to restructure the firm into a two-tiered organization. As Chèvremont explained, «They had many excellent partners but lacked the professional service firm

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<sup>66</sup> Interview with Roger Molitor, 9.2.2022. Roger Molitor has been equity partner at KPMG, head of the tax department. In this quote, Roger Molitor is talking about the 1980s.

<sup>67</sup> Majerus, *From local notables* (cf. n. 21), 1–17.

organization we had developed at PwC. [...] Our firm was managed as a unified professional entity across various fields, supported by a professional management structure, with a financial director, an HR director, a marketing director [...] and it was never about ‘my clients’ or ‘your clients’; they were PwC partners’ clients, and we organized them according to the work of each.»<sup>68</sup>

Traditionally, law firms were characterized by a more individualistic approach, with each lawyer managing their own client portfolio. From the late 2000s onward, however, Arendt & Medernach gradually moved toward an operational model more closely resembling that of the Big Four, marked by increased teamwork and the establishment of structures such as a dedicated human resources department. This shift, however, also entailed a (relative) loss of power for the partners, which generated considerable internal tensions in 2007.<sup>69</sup> In 2014, Arendt & Medernach further aligned with audit firm practices by appointing a managing partner for the first time – an approach long standard among the Big Four.<sup>70</sup> While not all law firms fully adopted the organizational model of the audit firms, even the more conservative ones gradually integrated certain practices drawn from the Big Four.

The growing influence of the audit firms was also evident in the liminal spaces where the state and representatives of the financial sector interacted, as well as within key lobbying groups. The ABBL (Luxembourg Bankers’ Association), founded in 1939 and long the most prominent lobbying voice of the financial sector, had traditionally been the exclusive domain of bankers. Even in the 1980s, when Arno Schleich – an influential Luxembourgish accountant – occasionally attended meetings of the directorate board, his presence remained the exception rather than the rule.<sup>71</sup> In the ALFI (Association of the Luxembourg Fund Industry), established in 1988 as a cross-sectoral association bringing together bankers, lawyers, and auditors, the latter group assumed an increasingly visible role. However, it was not until 2011 that a representative of the Big Four – Marc Saluzzi from PwC – became President of ALFI. Even so, within ALFI’s various boards, accountants had long been well represented. During the government formation negotiations in 2013, the explicit and highly visible presence of Alain Kinsch, managing partner at EY, within the liberal party’s delegation – despite not having stood as a candidate – provoked some controversy. Nonetheless, this episode underscored the increasingly central

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<sup>68</sup> Interview with Marie-Jeanne Chèvremont, 6.7.2022.

<sup>69</sup> Ibid.

<sup>70</sup> Interview with Claude Kremer, 5.12.2022. Claude Kremer is a Luxembourgish business lawyer and one of the founders of Arendt & Medernach which became the largest law company on the Luxembourgish legal market in the 2000s.

<sup>71</sup> Minutes of the extraordinary meeting of the ABBL Executive Committee, 23 November 1982, in: Private archives of the author.

position that the Big Four accounting firms had come to occupy within the political sphere.<sup>72</sup>

Within the various institutional interfaces between the Luxembourgish state and the financial centre, the Big Four also gradually established a presence. The contrast was striking when compared to their near-total absence from earlier bodies such as the *Commission chargée d'étudier l'amélioration de l'infrastructure législative de la place financière* (CAIL), created in 1980; the *Comité pour le développement de la place financière de Luxembourg* (CODEPLAFI), established in 2000; and the *Haut Comité de la place financière* (HCPF), which was intended to replace both CAIL and CODEPLAFI upon its creation in 2009. At the time of CAIL's formation, alongside senior civil servants from various ministries, the committee included representatives of notaries, lawyers, and bankers – while the audit sector was entirely absent.<sup>73</sup> Within CODEPLAFI, members of the Big Four began to make inroads; notably, Raymond Schadeck (Ernst & Young) and Georges Bock (KPMG) were among its members. However, it was within the HCPF – whose full membership was not publicly disclosed – that their presence became more systematic. Indeed, several members of the Big Four referred to their involvement in this body, either on LinkedIn or in press reports. The government appeared to have ensured that each of the four firms was represented: between 2009 and the present, three representatives were identified from PwC (Didier Mouget, John Parkhouse, Marc Saluzzi), two from Deloitte (Yves Francis, John Psaila), two from EY (Alain Kinsch, Olivier Coekelbergs), and three from KPMG (Georges Bock, Philippe Meyer, David Capocci). These representatives were frequently managing partners. While the two other major groups within the financial centre – bankers and lawyers – were also represented, the presence of the Big Four stood out as particularly prominent.<sup>74</sup>

Another way to grasp the evolving symbolic position of the audit and consulting sector was to examine its geographical presence and architectural representation. For a long time, the «monuments to money»<sup>75</sup> were the work of banks, including in Luxembourg. However, over the past two decades, the most spectacular financial-sector buildings in Luxembourg were those constructed by the Big Four. Within just five years, between 2014 and 2019, all four firms relocated to new headquarters.

72 Bernard Thomas, *Les experts*, in: d'Lëtzebuurger Land, 15.11.2013.

73 Minutes of the first CAIL meeting, 28 March 1980, in: Archives Nationales du Luxembourg (AnLux), Commission de Surveillance du Secteur Financier (CSSF), box C000016773.

74 I was able to identify a lawyer, Philippe Dupont, and two bankers, Pierre Etienne (Pictet) and Guy Hoffmann (Raiffeisen), among the members of the HCPF.

75 Charles Belfoure, *Monuments to money. The architecture of American banks*, Jefferson, N.C. 2005; Cécile Duval et al., *La BGL, l'architecture d'un siège dans une ville en mutation*, in: Hémecht 1 (2023), 49–79.

Two of them – KPMG and EY – chose to establish themselves on Avenue J.-F. Kennedy, often regarded as Luxembourg's second-generation «Wall Street».<sup>76</sup> PwC and Deloitte, by contrast, moved to a completely new urban development, Cloche d'Or, where their arrival was seen as a sign of the district's emerging attractiveness to businesses. These inaugurations consistently served as occasions to highlight the central role these firms played within the Luxembourg economy. All four inauguration ceremonies took place in the presence of Prime Minister Xavier Bettel. The first, the inauguration of PwC's headquarters, was particularly sensitive: Crystal Park was inaugurated on 24 November 2014, less than three weeks after the LuxLeaks scandal broke on 5 November 2014. Despite the scandal, three ministers – the Prime Minister, the Minister of Finance, and the Minister of Infrastructure – attended the evening inauguration. Bettel interpreted the glass architecture as symbolic, while Gramegna described the building as an appeal for greater transparency.<sup>77</sup>

## Conclusion

In the mid-20<sup>th</sup> century, Luxembourg's accountants were virtually invisible. Local audit work was done by small family «fiduciaire» firms, while banks and lawyers ran finance. This changed only when Luxembourg pursued an offshore strategy – new fund, holding and investment company regimes created demand for sophisticated accounting and tax advice that the old firms could not supply.

In the 1970s and 80s the Big Eight audit networks moved in. Some (Deloitte, PwC/Coopers, Arthur Andersen, etc.) simply opened offices, but others allied with or absorbed the largest local trust companies. KMG (later KPMG) merged with Interfiduciaire, Touche Ross (Deloitte) with Fiduciaire Générale, and Arthur Young (EY) with Compagnie Fiduciaire. Price Waterhouse (PwC) initially opened independently but bought Victor Steichen in 1988. These deals were decisive: by absorbing Luxembourg's dominant fiduciaries, the Big Four instantly inherited their client portfolios and elite networks. These mergers were «accepted» by the local firms – a contrast to the more cautious stance of law offices – which accelerated the auditors' integration.

<sup>76</sup> For a long time, Boulevard Royal in the old part of Luxembourg City was the centre of the financial district, earning it the nickname «Luxembourg's Wall Street.» Duval et al., *La BGL* (cf. n. 75). Beginning in the 1990s, with the emergence of new actors alongside the banks, Kirchberg – and in particular, Konrad Adenauer Boulevard – assumed increasing importance as a financial centre. The law firm Arendt & Medernach has also been based there since 2015.

<sup>77</sup> Thierry Raizer, *Le ruban est coupé pour Crystal Park*, in: Paperjam, 25.11.2014; Bernard Thomas, *Les associés*, in: d'Lëtzebuurger Land. 5.12.2014.

By the 2000s the Big Four had become one of the three pillars of the financial centre alongside banks and law firms. Their headcounts and revenues swelled (often growing double-digits yearly) as they specialized in funds and cross-border finance. Crucially, they came to dominate the investment-fund sector: roughly 95 per cent of Luxembourg's funds are now audited by the Big Four, with PwC alone auditing about twice as many funds as its nearest rival. This fund hegemony largely determined their clout – the firms became fixtures in policymaking committees and industry associations and erected landmark headquarters in Kirchberg. In short, what were once peripheral auditors now stand «on par with banks and lawyers» among Luxembourg's top financial actors.

The Big Four's rise also reshaped the legal profession. Faced with audit firms' tax teams expanding into fund structuring and corporate advice, large law firms began emulating their organizational model. For example, Arendt&Medernach – long the country's largest law firm – restructured in the 2000s on PwC-style lines: it hired PwC's former managing partner and installed formal management, HR and support departments. By the 2010s, most top firms had adopted two-tier partnership, managing partners and team-based practices akin to the auditors' approach. In short, the Big Four's strength in tax and fund work «forced the legal profession to adapt» its methods, blurring the traditional boundary between lawyers and accountants.

Who «drove» this offshore boom? It was clearly a joint effort. The Luxembourg state set the stage by passing light-touch tax and company laws – even outsourcing the drafting to private advisers. At the same time international clients – from fund sponsors to multinational corporations – created the demand by relocating assets and intellectual property into Luxembourg. The Big Four and their predecessors then answered that demand and helped shape it. In fact, audit firms actively led the charge: for example, PwC's Luxembourg managing partner immediately held seminars in London and New York after the 1988 UCITS law to explain the new fund regime to global investors. In this way the firms used their global networks to embed Luxembourg's niche in world markets.

In sum, the Big Four went from sidelined local auditors in the 1960s to central architects of the modern finance centre. Their trajectory – entering through acquisitions of fiduciary firms, then dominating fund audits and tax consulting – exemplifies Majerus's theme of hybridization of practices. They now sit alongside banks and elite law firms in governing Luxembourg's financial policies, a status unimaginable a half-century ago.