



BREXIT

   

# Brexit throws U.S. banks into turmoil

By [Sabri Ben-Achour](#)

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Major U.S. financial firms have substantial operations in London, so many on Wall Street are no in favor of the U.K. exiting the EU. - DANIEL LEAL-OLIVAS/AFP/Getty Images

*This story has been updated to reflect the result of Thursday's Brexit vote.*

Britain's vote to leave the European Union is bad news for U.S. banks. They had spent \$3 million lobbying against an exit.

Every major US financial firm has substantial operations in London, which they use as a gateway to the European banking

"Financial firms in London, whether U.S. or based anywhere else, might have to set up duplicate operations somewhere in Europe," said David Hilder, senior bank analyst at Drexel Hamilton. Duplicate operations, duplicate regulations. He says this can cost a firm like JP Morgan dearly over time. "I mean potentially on the order of hundreds of millions of dollars," Hilder said.

But there's a much bigger concern for U.S. financial firms and investors alike. The Brexit could put the brakes on growth in the European Union - the second largest economy in the world. "With increased risk, with lower growth prospects in the EU, that bites U.S. economic growth very directly," said Campbell Harvey, professor of finance at Duke. "And we all know that will have negative implications for the financial sector."

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