

Press Release

Tuesday, 20 January 2015

For a Competitive Swiss Wealth Management Industry

The future outlook and necessary framework conditions for a rapidly changing sector

On the occasion of their joint press conference, the Association of Swiss Private Banks (ASPB) and the Association of Swiss Asset and Wealth Management Banks (VAV/ABG) presented the future outlook and the necessary framework conditions to maximise opportunities for Swiss wealth management. The sector is currently undergoing profound changes, from both an economic and regulatory point of view.

M. Boris F.J. Collardi, President of the VAV/ABG, presented his economic analysis of the situation followed by his views on the future of the industry. Switzerland still ranks among the leading financial centres worldwide, a position that benefits its industries, export sector, and small and medium enterprises. Its success is due in large part to private banking, which accounts for more than 50% of all revenues generated by banking activities. Thanks to its traditional strengths, Swiss wealth management is very well positioned: with 25% of the world market, Switzerland is by far the largest wealth management centre in terms of cross-border operations. Maintaining that status requires constant vigilance, however, as our competitors in Asia, the American continent, and the British Isles are quickly catching up.

Tighter regulations, shifting expectations from a rapidly changing clientele, and the constant evolution of digital technologies, all present serious challenges to the sector. As a result, Boris F.J. Collardi expects to see further consolidation in the banking sector. However, he believes that the predicted growth of private fortunes worldwide, especially in emerging markets, will offer significant opportunities for the wealth management sector. Boris F.J. Collardi said: "Provided that our sector is prepared strategically, and that the necessary framework conditions are in place, we are well positioned to take advantage of this development."

"Switzerland owes a large part of its success to its framework conditions, namely its openness, predictability, and competitiveness," said Christoph B. Gloor, President of the ASPB. He warned that those three pillars are currently under threat. The greatest danger, not only for the banking sector but also for the Swiss economy as a whole, lies in a growing trend towards economic isolationism. To maintain its leadership, the sector must be able to attract and hire the best talents internationally. At the same time, it is crucial that access to markets be guaranteed. This implies negotiating with strategically important countries, and the European Union as a whole, to quickly find special solutions.

Regarding predictability, Christoph B. Gloor expressed a wish for more firmness in the face of constant international pressures. When drafting new laws, such as the FMIA (Financial Markets Infrastructure Act), FinIA (Financial Institutions Act), and Financial Services Act (FFSA) legislators should refrain from adding a "Swiss finish" that might hurt the sector. Unfortunately, that is exactly the direction taken by some of the Federal Council's recent

proposals, and one can only hope that the situation can still be rectified. Regarding competitiveness, the fight must be carried to the international level to ensure that all countries are treated equally following the implementation of the OECD standard on the automatic exchange of information. In the context of the reform of withholding tax, the additional costs should not be passed on to banks, and tax law should maintain an overall consistency in terms of the taxation of Swiss-domiciled persons. Furthermore, the stamp duty on securities transaction should be redesigned in line with international discussion of a "financial transaction tax". Finally, legislators should reject the tax on private capital gains included in the third reform of corporate tax law, as it does not belong there.

For further questions, please contact:

Michel Y. Dérobert, Director, ASPB, derobert@abps.ch

Pascal Gentinetta, Executive Directeur, AVA/ABG, pascal.gentinetta@juliusbaer.com

ASPB and AVA/ABG together represent 40 large and small banks headquartered in Switzerland, which are active mainly in private asset management. Their member banks manage over 1,500 billion Swiss francs and employ more than 20,000 people, of which two-thirds are based in Switzerland and one third abroad. The banks represented by the two associations have headquarters or branch offices in 16 Swiss cantons.