

## Media release

Thursday 11 May 2017

*Private banking – one of Switzerland’s key export industries*

### **Negative interest rates: a challenge for wealth management**

**Persistently low international interest rates and the negative interest rates introduced by the Swiss National Bank were the central themes of the second Private Banking Day, which was organised jointly in Zurich by the Association of Swiss Private Banks (ASPB) and the Association of Swiss Asset and Wealth Management Banks (ABG). The event attracted numerous leading figures from the world of private banking, politics, economics and administration.**

In the current environment, low rates – and negative interest rates in particular – pose a challenge for the wealth management export sector, and are having a significant impact on the activities of Swiss private banks in their day-to-day business. Nevertheless, Swiss financial institutions are aware that Switzerland is not completely autonomous in this area, and that it must take into consideration decisions made at international level by other central banks. This is why, in his welcome address, Boris Collardi, Chairman of the ABG, explored various avenues that could enable the wealth management export sector to continue to thrive, despite the context of low rates and a political and economic environment that is becoming increasingly unpredictable and volatile. According to him, pragmatism, circumspection, the ability to act, and independence are prerequisite to making political decisions in the future with regard to the framework conditions for Switzerland as a financial centre. For this reason, Switzerland must pursue its policy of focusing on adapting to international standards, actively participating in international decision-making networks, exploiting the opportunities offered by Brexit, and lastly, independently optimising its political and economic framework conditions.

Professor Hans-Werner Sinn, economist and former President of the ifo Institute for Economic Research in Munich, took a critical look at international economic and monetary policy. He explained why he considers the European Central Bank’s strategy of negative interest rates, with which the SNB has no choice but to cooperate, to be harmful. For his part, Thomas Jordan, Chairman of the Governing Board of the Swiss National Bank (SNB), explained why, in the interest of the economy as a whole, the negative interest rates are necessary and effective.

Thomas Jordan then continued the discussion with a panel consisting of Professor Aymo Brunetti, Chairman of the “Avenir de la place financière” advisory committee, Philippe Gmür, CEO of Helvetia Insurance Group, Herbert Scheidt, Chairman of the Swiss Bankers Association, and Jürg Staub, private banker and CEO of Reichmuth & Co. During the debate, these prestigious guests discussed the impact of the policy of low interest rates on the Swiss financial centre.

Lastly, Swiss Federal Councillor and Finance Minister Ueli Maurer, who is internationally active in promoting Switzerland as a financial centre, stressed that he would continue to cultivate positive collaboration with the financial sector in order to ensure that the country's financial market policy was upheld.

In his conclusion, ASPB Chairman Yves Mirabaud reminded his audience that due to the calculation methods used by the SNB, which exempts a sum equivalent to 20 times the required minimum reserves held by every financial institution, banks engaged in wealth management activities are more adversely affected than others by this measure, which is aimed at making a strong franc less attractive. This is why he identified three areas of action available to the Swiss financial centre if it is to ensure that it remains competitive. Firstly, it should gain international market access; this will allow banks to operate from Switzerland, thus saving jobs and preserving tax revenues. Secondly, it should be ensured that Switzerland is not the only country implementing the automatic exchange of information, and that the other major international financial centres should indeed also comply with these requirements. And thirdly, it should be ensured that regulations remain as reliable and mild as possible in Switzerland, enabling banks to dedicate their energies to developments designed to benefit their clients.

**For further information, please contact:**

Jan Langlo, Director, ASPB

[langlo@abps.ch](mailto:langlo@abps.ch), +41 22 807 08 00

Pascal Gentinetta, Managing Director, ABG

[pascal.gentinetta@juliusbaer.com](mailto:pascal.gentinetta@juliusbaer.com), +41 79 202 48 65