

Swiss private banks are in great shape, thank you

Sir, It is always touching when someone feels compelled to do a health check on you. And your Big Read article “The decline of the Swiss private bank” (December 12) does a good job of dismissing all positive comments made by Swiss bankers. Let me reassure you: Swiss private banks, big or small, are in great shape and intend to stay that way for many years. Profits are growing again in 2017 and will allow for more investments into tomorrow’s infrastructure.

It is true that private banking has not grown as much as the rest of the economy during the past 10 years. There was a financial crisis, after all. But with assets under management grown back to their pre-crisis level and an employment that remained stable throughout the decade, one can hardly talk about a “decline”. Yes, the number of banks diminishes, like in all other countries and since well before the crisis, but the business remains in Switzerland. Consultants predict doom every year, because mergers and acquisitions are good for them.

I would be more concerned about the state of private banking in the UK, actually. It is not even half the size of that in Switzerland, and is about to lose its direct access to the EU market. The Scorpio Partnership 2017 Private Banking Benchmark lists five Swiss banks among the largest 25 firms, at ranks 1, 6, 11, 14 and 20, whereas there is only one UK bank, in slot 17: HSBC. Moreover, the latter lost nearly 15 per cent of its assets under management in

2016, while the Swiss banks all gained between 3 and 9 per cent.

The UK and Switzerland should stand together against their main competitor, the US. Even though it was home to some of the most severe losses incurred by investors (Bernard Madoff, Lehman Brothers, subprimes, anyone?), its banks are thriving and gaining market shares. They are supported by an administration inclined to reduce the burden of regulation. They do not have to report any tax information about their clients other than some of their US income. And the US tech giants may prove even more formidable competitors if they manage to provide financial services to their clients.

Against these challenges, Swiss private banks have their skills and their openness to the world. As one banker quoted in your article said: “Few places have such a long history of dealing with multiple currencies, multiple jurisdictions, multiple languages.” Private banking is not about operations, and automation is not going to disrupt it, though it could help it. When you are ill, you go to a doctor, if you have a legal question, you see a lawyer, and for the rest you talk to your banker. The unique selling point of Switzerland and its currency was and still is protection against political turbulence. Tax evasion was just a side effect; that is now gone.

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