SWISS BANKS ARE PREPARING FOR THE FUTURE

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Switzerland has extensively adapted its financial centre regulation following the 2008 banking crisis, even though Swiss banks were not the cause of it and endured it quite well. In 2016, the international community acknowledged Switzerland's efforts to implement the international standards that emerged: the FATF gave Switzerland a good rating for its fight against money laundering and terrorist financing - the Global Forum judged Switzerland to be largely compliant with the OECD standard on information exchange on request. Furthermore, Switzerland is on track with the implementation of its commitments on the automatic exchange of information. Lastly, the Swiss implementation of the rules developed by the Basel Committee on Banking Supervision provide for some of the strictest capital requirements for internationally systemic banks. All these changes rank Swiss banks among the safest in the world, and the new standards should make it clear to all criminals and tax fraudsters that they are not welcome in Switzerland and will be reported to the competent authorities. In the next James Bond movie, the bad guy should not have his account with a Swiss bank!

The latest figures published confirm these observations: Switzerland is still the main destination for the financial assets of private clients, with more than a quarter of the cross-border wealth management market. This is certainly not a coincidence and is based on several reasons. The Swiss financial centre is characterised by the stability and reliability of its political and legal systems. Swiss banks foster cultural diversity and provide a worldwide range of products and services for customers of every nationality and for wealth of all sizes. Well trained, multilingual and open-minded employees ensure the provision of top-quality services.

Nevertheless, the Swiss financial centre is not without challenges to face in the coming years; the main ones being cross-border market access, sustainability and new technologies. ▸

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Swiss private banks, which are primarily exporting companies, stress the strategic importance of improving access to foreign markets and ensuring sufficient legal certainty in this context. It is essential for them to be allowed to serve their clients at their place of residence. By being prohibited from soliciting customers and offering them financial products on the spot, Swiss bankers are at a disadvantage compared to their competitors, whereas the Swiss market is open to foreign service providers. Without access to foreign markets, Swiss banks must consider expanding their activities abroad, but this is very costly and not as efficient. Nevertheless, we are confident that improvements are possible, mainly with the European Union, where discussions about an improved market access should be possible once the institutional agreement between the two parties is put in place. With regard to other regions, financial dialogues are being conducted with several emerging countries, such as Brazil, China and India to tackle the issue. It would be a shame that the growing number of wealthy people in those countries could not avail themselves to the services of one of the safest and most compliant financial centres.

As mentioned before, Swiss banks benefit from a great deal of trust, which also implies a responsibility in the way the assets invested in Switzerland are managed. We are convinced that banks have a role to play in promoting sustainability. It is fair to say that the population has more concrete concerns than regulatory rules for banks: climate change, pollution of our planet, increasing social inequalities, the financing of pension benefits, and so on. In this regard, the European Union is ahead of the curve with its draft guidelines for identifying, rating and recommending sustainable investments. In the meantime, Swiss private banks have not been inactive and can show concrete results: the Pictet Group has motivated more than 140 Swiss asset managers to send an open letter to global index providers at the end of 2018, asking them to remove from their products, which serve as a reference on the markets, companies that manufacture weapons whose use is banned or restricted by international conventions. Recently, the Lombard Odier Group became the first international bank to obtain the prestigious "B Corp" certification, which validates its environmental and social performance. It also co-sponsored the first "Humanitarian Impact Bond", a private debt placement to help the International Committee of the Red Cross to build and run three new physical rehabilitation centres in Africa. Beyond those examples, the whole financial sector is paying increasing attention to sustainable development, both through personal conviction and to reflect customer expectations. Most Swiss banks aim to provide the carbon footprint of one's investments, and funds are being set up to accelerate the growth of renewable energies. These developments towards a better society are encouraging and also create new career opportunities
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Many new technologies are emerging, which make banking faster and more

user-friendly. Those developments should give us confidence in future improvements. In the financial field, data analysis, artificial intelligence, decentralised registries will undoubtedly transform the way financial services providers work today. Bank employees must gradually learn to master the new technologies that are being forged, whether they concern cryptocurrencies, digital asset securitisation or artificial intelligence and mass data processing. This will not happen overnight, but it is time to put in place training possibilities to understand the basics of these new models, to better use and develop them. It is essential that bank employees update their skills and that banks influence training in the right direction. But this will not be sufficient, due to demographic reasons. Switzerland must remain open to the talents of other countries, which have always contributed greatly to the success of the Swiss economy. The legal framework must also be adapted to these technological developments, so as not to hinder them: for instance, laws on official electronic identification and registries are being drafted.

All in all, the Swiss financial centre is very well positioned today. By improving their access to foreign markets, keeping themselves at the forefront of sustainable investments and promoting the use of new technologies, Swiss banks can look to the future with great confidence. ■