

Swiss Private Bankers Respond

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A recent article on *finews.com* entitled «Private Banking's Seven Cardinal Sins» makes enough references to 200-year old banks to warrant a reaction from the Association of Swiss Private Banks.

[By Jan Langlo, Director of the Association of Swiss Private Banks](#)

It is quite understandable that the current lockdown period gives ample time to revert to chronic vices, like bank bashing. It is also quite trendy to quote consultants who like to spell doom and gloom for private banks because mergers and acquisitions are good business for them.

The list of alleged sins, however, fails to convince, and some even look like virtues:

1. «Bloated Budgets/Too Much Staff»

Yes, private banks are hiring. Over the last ten years, the members of our Association have created over a thousand jobs in Switzerland. It is true that a large number of them are compliance officers or IT specialists, but would you rather that our members cut staff?

2. «Not Digital Enough/IT Worries»

Private banks have not waited for buzzwords like blockchain or crypto-assets to develop digital solutions for their clients. All have access to some form of e-banking. And the fact that, as the author mentions, a lot of transactions have taken place despite the lockdown is a testimony to the robustness of these solutions.

3. «Doing Your Numbers»

Yes, the average cost-income ratio of private banks has risen. At 80 percent, it still means a margin of 20 percent. Many industries only have a single-digit margin. Normally banks are criticized for the costs they lay on their clients: would you rather that they all have a 50 percent cost-income ratio?

4. «Losing touch»

It is no secret that, on average, clients of private banks are closer to retirement than birth. This does not mean that our members do not know how to cater to the needs of entrepreneurs and start-uppers. The fact is that these makers are more focused on developing their businesses than managing their wealth and passing it on to the next generation.

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5. «Lost Their Focus»

The author states that «old values (trust, quality, reliability) will be fine, but not quite enough...». But he does not explain which new values would be better than these. On the contrary, we believe that these «old» values are precisely what the world will need, instead of a short-term view for profits. And if a company has managed to survive for over 200 years, the current crisis is just one more it will overcome.

This is not to say that Swiss private banks are without challenges. The ever-increasing burden of regulations, the current economic environment, and the international competition all contribute to reducing their margins. But Swiss private banks are in no way close to extinction. If their number diminishes a little each year, like in all other countries and for a long time, the assets under management and the jobs and taxes linked to these remain in Switzerland.

It thus looks quite exaggerated to write that Swiss private banks have committed any cardinal sin. On the contrary, if the greatest virtue of all was not humility, a lot could be said about their acts of temperance, patience, and, especially in these troubled times, charity.