

Press release

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Brexit and a changing environment call for a resolute financial centre strategy

At their joint press conference today, the Association of Swiss Private Banks (ASPB) and the Association of Swiss Asset and Wealth Management Banks (VAV) have outlined how the Swiss financial centre must prepare the future, in an ever-more dynamic environment, alongside all important regulatory and political actors. The challenges for the export-oriented private banking sector are numerous. In particular, the Swiss legislative process needs to take into account the changes in international framework conditions.

EU-UK agreement a model for Swiss banks' access to markets?

VAV Chairman Boris Collardi views the historical hiatus that Brexit creates as a trigger for radical changes within the EU. "These changes will also have direct implications for Switzerland and the Swiss financial centre," he said at the beginning of his address. How Brexit will finally be implemented is still not clear. However, it is obvious that the EU and Britain will have no choice but to find a solution given their strong economic ties. This also includes the vital issue of market access, which is of paramount importance to banks. "In the medium term, a solution in this matter for the City of London could set a positive precedent for the concerns of Switzerland's export-oriented banking industry," Boris Collardi said.

Although Switzerland finds it difficult at this point to make any progress in its negotiations with the EU, it is not condemned to inactivity. In particular, it needs to pursue the policy of equivalence with regard to the EU's financial market regulations in order to ensure an easier access for banks to EU markets. It is also essential to find a solution to prevent the bilateral relations between Switzerland and the UK from being compromised by a legal vacuum once Britain has left the EU. This would also offer the chance to intensify the partnership and fill existing gaps, in particular with regard to the financial industry.

Given the many uncertainties surrounding the Brexit process, it is crucial for Switzerland as a small and open economy to constantly optimise its framework conditions. "I'm thinking here of free-trade agreements outside of Europe, an attractive tax policy, the curbing of our home-made regulatory jungle, bilateral market access in financial matters and, last but not least, a departure from the zero-error tolerance in corporate matters," Boris Collardi concluded.

Pursuing a rigorous and coherent strategy

Yves Mirabaud, Chairman of the ASPB, views the constantly changing framework conditions as an obligation for the Swiss financial centre to reinvent itself – without sacrificing any of its stability, openness and excellence. The financial centre's key actors (Federal Council, FINMA and Swiss Bankers Association) have recognized this and developed clear strategies for the Swiss financial centre to prepare itself for the future. Yves Mirabaud welcomed particularly the thrust of the Federal Council's financial market strategy, saying it was now time to work out the details and meet the objectives.

In order to enable the sector to continue its successful operations, three current topics are of vital importance. First of all, the third corporate tax reform (CTR III): the bill's approval by the voters is crucial to preserve Switzerland's attractive and competitive tax system. "If Switzerland misses the chance to reform corporate taxation, SMEs will suffer the most. For one, because their tax rate cannot be lowered, but mostly because their most important customers will no longer be here," Yves Mirabaud said. Secondly, the relations with our most important trading partner, the EU, must be anchored more firmly again: "The private banks depend on foreign specialists more than many other players," he said, "because our domestic skills pool is nowhere near big enough for the volume of our operations." Thirdly, the FIDLEG/FINIG package – comprising the draft Swiss Financial Services Act and Financial Institutes Act – must be implemented so as to gain stronger and more practicable investor protection, ensure equitable oversight of all Swiss financial service providers and facilitate their access to EU markets.

Finally, in the context of the 'Yes to the protection of the private sphere' initiative, Yves Mirabaud recalled that both the ASPB and VAV hold that "it is up to the citizens, who own the banking secrecy, to decide whether they want to maintain the status quo or whether the banks should provide information directly to the tax authorities in the future."

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