

Press release

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Financial centres in competition – EU market access as key factor

At their joint annual press conference, ASPB and VAV presented their assessment of Switzerland's position as a wealth management location compared to its most important competitors: Switzerland scores well with regard to the competitiveness of the environment it offers, yet there is need for action when it comes to its tax policy and data protection regulation. In order to maintain its leading position, Switzerland needs to improve first and foremost its EU market access and the associated need for a stable bilateral relationship with the EU. An institutional framework agreement with the EU is a prerequisite for improving access to the market.

Switzerland as wealth management center: many strengths, but also certain weaknesses

The Chairman of VAV, Marcel Rohner, kicked off by explaining that, more than ten years after the financial crisis, the Swiss banking industry has undergone a profound transformation, demonstrating both its resilience and its adaptability. When it comes to cross-border wealth management, Switzerland is leaps and bounds ahead of the rest. However, this position is not set in stone, as the competition among financial centres to offer the best locational factors for wealth management is getting more and more fierce. This is also amidst an extremely challenging environment resulting from persisting low interest rates, the strong Swiss franc and the rapid pace of technological progress, particularly in terms of digitalisation, as well as the lack of market access.

A comparison of the relevant factors for the wealth management sector among the key financial centres illustrates that Switzerland has done its homework when it comes to implementing international standards. Our country can exude confidence when demanding that competing financial centres implement these standards with equal rigour, like the AEOI in the US, for example. It is also important to make consistent use of leeway for efficient national implementation of international capital and liquidity regulations and corporate governance rules. "We see potential in a differentiated and proportional implementation for non-systemically important banks," explains Marcel Rohner.

When it comes to the traditional locational and competitive factors, Switzerland exhibits both strengths and weaknesses as a centre for wealth management. Its strengths include its efficient labour market and the high quality of the financial centre infrastructure. This is characterised by a stable legal system, a good standard of data protection and a strong innovative spirit in the banking sector. Marcel Rohner clarified that there is potential for improvement in terms of withholding tax, stamp duty and the international compatibility of data protection legislation.

Institutional agreement as prerequisite for improved access to EU market

Yves Mirabaud, Chairman of the ASPB, underlined the importance of good relations between Switzerland and the EU and declared himself in favour of the bilateral approach that has contributed greatly to Switzerland's prosperity. In order for this approach to continue, the private banks are advocating the conclusion of an institutional framework agreement with the aim of putting relations with the EU back on a more stable footing. "Without an agreement, relations with the EU will continue to deteriorate like a poorly maintained road," stressed Yves Mirabaud.

He went on to explain that the conclusion of an agreement represents an essential prerequisite for improving market access for wealth management banks as, today, this is very limited, often for protectionist purposes. This puts Swiss wealth management banks at a huge disadvantage compared to their competitors abroad. "Progress in this area will determine whether the export-oriented Swiss wealth management banks can serve their European clients and thus safeguard jobs and tax revenues in Switzerland," emphasised Yves Mirabaud.

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