

The impact of geopolitics on the Swiss financial centre

This year's Bankers Day organised by the Swiss Bankers Association (SBA) focused on geopolitics. Marcel Rohner, the SBA's Chairman, identified Switzerland's political and economic stability, the protection of property rights and legal certainty as key to the Swiss financial centre's success. The Annual General Meeting elected four new members to the SBA's Board of Directors: Dr Romeo Lacher, Chairman of the Board of Directors, Julius Baer Group Limited; Enna Pariset, CEO, BNP Paribas (Suisse) SA; Piergiorgio Pradelli, CEO, EFG Bank AG; and Marc Pictet, Senior Managing Partner, Pictet & Cie Group SCA.

At this year's SBA Bankers Day in Geneva, the SBA's Chairman Marcel Rohner focused on the influence of geopolitics on Switzerland's financial industry, stating: "The financial centre's prosperity is closely linked to Switzerland's foreign and economic policy and its position within the international community." The last century, much like today, was a time of great geopolitical uncertainty. Now, as then, trust in Switzerland's security, stability and reliability is central to the success of its financial centre. The impact of geopolitical events on those qualities, and the way in

which Switzerland positions itself internationally, are therefore of crucial importance.

Minimise critical external dependencies

In his speech, Marcel Rohner emphasised that neutrality and maximum freedom in trading relationships are essential to safeguarding Switzerland's security and stability. Today, however, they are being strongly impacted by geopolitical upheavals and critical dependencies in areas such as energy, trade and security. To maintain a credible policy of neutrality, Switzerland must therefore seek to minimise those dependencies while at the same time maximising its room for political manoeuvre.

Consistent approach to sanctions needed

Marcel Rohner also argued the case for bilateral free trade agreements as the most effective way of securing unrestricted market access and building lasting partnerships. He highlighted the complexity of implementing sanctions for a neutral country such as Switzerland, especially in the context of diversified global trade, noting: "The SBA called for a systematic and consistent approach to sanctions back in 2023. Switzerland needs to position itself more proactively on this issue and avoid becoming a wholly passive enforcer of measures that are in some cases problematic and contradictory."

Success through security and stability at home

Marcel Rohner reminded his audience that federalism, subsidiarity, concordance and direct democracy have consistently shielded Switzerland against abrupt changes of political direction. They are also the basis for the country's attractiveness as a business location and thus the bedrock of its economic stability. Safeguarding those political principles is therefore vital. Liberal employment law,

tax competition that respects Swiss federalism, and outstanding educational institutions are just some of the many factors that are key to a prosperous economy. This then funds the welfare state and constitutes a social market economy, which in turn promotes political stability.

Protection of property rights must be beyond question

There must also be confidence in the protection of property rights, Marcel Rohner stressed, commenting that efforts to introduce confiscatory taxes pose a fundamental threat to that protection. Similarly, seizures of assets frozen as a result of sanctions without due legal process and without the application of current law would undermine Switzerland's legal system and, with it, the basis of its free society. "It is crucial – and not just to the financial and banking centre – that people can continue to rely implicitly on the status and protection of private property in our country", Rohner affirmed.

Regulation a key factor in building trust

In his speech, Marcel Rohner underscored that there are good reasons why the banking and currency system is a regulated market. The monopoly on currency and banknote issuance anchors it firmly to the state. The two-tier banking system with the participation of commercial banks was deliberately designed to supply credit and implement currency policy, and depends on trust. For that reason, regulations on capital adequacy, liquidity, customer identification and the prevention of money laundering are needed to build trust, backed up by a range of additional codes of conduct. Needless to say, that Swiss regulatory system depends on international recognition, and here Marcel Rohner pointed out that banks in Switzerland do not just comply with the rules, but in many cases also go far beyond them.

Punish violations and misconduct, but avoid penalising everyone

Marcel Rohner stressed that rapid intervention by the authorities during the Credit Suisse crisis had not only stabilised the financial centre within a very short space of time, but also generated much goodwill internationally. It would be disastrous to follow up this effective action with a wave of regulation that went far beyond what is needed and, in many cases, had no relevance to events at Credit Suisse. Marcel Rohner emphasised the importance of learning the right lessons from those events, stating: “Measures that take account of developments on the international financial markets and make our banking system more secure should be implemented swiftly. Weakening the financial centre that is so vital to our nation with a disproportionate wave of regulation would be a counterproductive overreaction.” Summing up, Marcel Rohner affirmed that the financial centre’s continued success going forward is rooted in Switzerland’s foreign and economic policy and its promotion as a business location, but predicted that the nation’s future prosperity would be increasingly shaped by issues and decisions far removed from the everyday reality of banking.

Changes in the SBA’s Board of Directors

At today’s SBA Annual General Meeting, Dr Romeo Lacher, Chairman of the Board of Directors, Julius Baer Group Limited, Enna Pariset, CEO, BNP Paribas (Suisse) SA, Piergiorgio Pradelli, CEO, EFG Bank AG, and Marc Pictet, Senior Managing Partner, Pictet & Cie Group SCA, were elected as new members of the Board of Directors.

Bankers Day is the most important industry event for the Swiss financial centre. It is aimed at SBA members, partner associations and representatives of the authorities, and takes place at a different location in Switzerland each year. The 2024 event was held in Geneva, and was attended by around 450 people. It also includes the SBA's Annual General Meeting.

The SBA today published a **study** entitled "The impact of geopolitical risks on Swiss Banking".

About the SBA

The SBA is the umbrella organisation of the Swiss banks. It represents the sector nationally and internationally vis-à-vis the private sector, policymakers, the authorities and the general public. The SBA advocates for open markets, scope for entrepreneurial freedom and a level playing field. As a centre of competence, it propagates banking expertise and actively engages in future topics. It was founded in Basel in 1912, and its membership today comprises around 265 organisations and some 12,000 individuals.

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