

Banking Barometer 2018: Growth despite ongoing challenges

Basel, August 30, 2018 – The challenges in the banking sector persisted in 2017. The continuous rise in regulatory costs, the sustained period of negative interest rates as well as the political and legal uncertainties in the wake of Brexit and international trade tensions are characteristic of the current environment. However, the Swiss banks are back on the growth track. The aggregate annual profit of the 253 banks rose to CHF 9.8 bn, increasing by 24 percent compared to the previous year. Assets under management reached CHF 7,292 bn – a new record since the financial crisis.

The banks continue to make a significant contribution to the success of the Swiss financial centre. They generated an annual profit of almost CHF 10 bn. “Even though the current environment is characterised by uncertainty, the signs are once again pointing towards growth. The performance of the banks is therefore all the more impressive. Also positive are the employment figures expected by the sector. According to our survey, around one-third of the banks surveyed expect the employment situation to improve during the remainder of this year”, says August Benz, Deputy CEO of the Swiss Bankers Association (SBA) and Head Private

Banking & Asset Management, commenting on this year's edition of the Banking Barometer.

Solid net income

The number of banks in Switzerland at the end of 2017 decreased by 8 to a total of 253. This reduction pertains only to foreign banks and their subsidiaries. Aggregate annual profit for the period rose by CHF 1.9 bn (+24.0 %). The aggregate balance sheet total increased by 4.8 percent to CHF 3,249 bn. The lending business remains an important pillar for economic development in Switzerland. Domestic mortgage loans rose by 2.7 percent and therefore remained almost unchanged compared to the previous year. Assets under management reached a new record, with only a negligible change in the share attributable to foreign customers since the commitment to the Automatic Exchange of Information (AEOI) in 2013. Despite stricter regulatory framework conditions and the ongoing low interest rate environment, Switzerland remains the leader in global cross-border private banking. The number of employees in Switzerland (93,554 in full-time equivalents) fell by 7.7 percent at the end of 2017. The main cause of this strong decline is a big bank's transfer of central services from its parent company to intragroup service companies without a banking license due to regulatory requirements. Adjusted for this one-off effect, staff levels declined only slightly compared to the previous year (-0.9 %).

Institutional asset management is a key area of focus. It has strong growth potential and is a pillar of the Swiss financial centre. Assets under management in this industry rose by around 13 percent last year.

Strengthening Switzerland's competitiveness

In order to remain a leading global financial centre, Switzerland requires unrestricted market access to foreign customers. Switzerland therefore strives to ensure the equivalence of its legislation, for example through the adoption of the Financial Services Act (FinSA) and the Financial Institutions Act (FinIA) in June 2018, or the implementation of the AEOI. Uncertainty prevails with regard to the recognition of equivalence of the Swiss stock exchange, which was limited to one year by the European Commission.

Further improvements to the general framework conditions are necessary in the areas of the labour market, the regulatory environment and education, but financial market-specific measures in particular are necessary in order to ensure the competitiveness of the banks in Switzerland. The priorities in this regard are the abolition of stamp duty, a withholding tax reform and improving EU market access. "We need business-friendly, internationally recognised framework conditions. These will set the course for future growth and strengthen Switzerland's advantages as a location," says Martin Hess, Chief Economist of the SBA.

Digitalisation as an opportunity

The ongoing decline in margins and increasing digitalisation will continue to drive the structural realignment in the banking sector. The banks are rising to these challenges and are succeeding in their efforts to develop robustly in this changed environment. The new digital technologies are changing business processes and job profiles in the sector. By adjusting their business models, the banks are taking advantage of the opportunities to innovate and in collaboration with fintech companies, are exploiting the potential for synergies.

Abb. 1

Eckdaten Bankensektor

	2016	2017	Änderung zum Vorjahr
Anzahl Institute	261	253	-8
Beschäftigtenzahl (in Vollzeitäquivalenten, im Inland)	101'382	93'554	-7,7 %
ohne Sondereffekt	101'382	100'496	-0,9 %
in Mrd. CHF			
Aggregierter Geschäftserfolg	62,5	62,5	-0,1 %
Zinsgeschäft	24,1	24,0	-0,6 %
Erfolg Kommissions- und Dienstleistungsgeschäft	20,9	21,7	4,0 %
Erfolg Handelsgeschäft	6,2	7,7	25,4 %
Übriger ordentlicher Erfolg	11,3	9,0	-20,4 %
Bruttogewinn aus Geschäftstätigkeit	16,5	18,5	11,9 %
Entrichtete Ertrags- und Gewinnsteuern	2,3	2,2	-3,5 %
Aggregierter Jahresgewinn (Periodenerfolg)	7,9	9,8	24,1 %
Jahresgewinne	11,8	10,3	-12,7 %
Jahresverluste	3,9	0,5	-87,2 %
Bilanzsumme	3'100,8	3'249,4	4,8 %
Kreditvolumen	1'107,5	1'131,1	2,1 %
Verwaltetes Vermögen in der Schweiz	6'650,2	7'291,8	9,6 %
Verwaltetes grenzüberschreitendes Vermögen für Privatkunden	2'213,1	2'276,2	2,8 %
Verwaltete Vermögen im Asset Management	2'987,0	3'386,0	13,4 %
Institutionelle Anleger (diskretionäre Mandate und kollektive Kapitalanlagen)	1'970	2'208	12,1 %
Private Anleger (diskretionäre Mandate, Beratungsmandate) und Beratungsmandate für Institutionelle	1'017	1'178	15,8 %

Quellen: SNB, SBVg, IFZ/AMP und BCG

About the Banking Barometer

The SBA's annual Banking Barometer provides an overview of the key figures and trends in the Swiss banking centre. It draws on data from the Swiss National Bank (SNB) as well as the results from surveys conducted with member institutions.

About the Swiss Bankers Association (SBA)

As the voice of the banking sector, the Swiss Bankers Association (SBA) represents the interests of the banks vis-à-vis industry, policymakers, the authorities and the general public. We are committed to ensuring scope for entrepreneurial freedom and open markets, and advocate for competitive framework conditions that provide room for development and innovation. The SBA was founded in 1912 and brings together almost 300 institutions and 12,000 individual members.

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