

Switzerland - a global investment management hub

Basel, December 06, 2018 – Investment management, in other words the management of investments for institutional and private clients, has established itself as a cornerstone and competitive advantage of the Swiss financial centre. Assets totalling CHF 3.4 trillion were managed under investment management mandates in Switzerland in 2017, around one-third of which for foreign clients. As a new study by the SBA and BCG shows, the Swiss investment management hub is unique and a key export industry of the Swiss financial centre.

Global investment management is a growing area of the financial industry. This is also the case in Switzerland with its strong wealth management and asset management businesses. Switzerland's strength in investment management is a differentiator and competitive advantage that is beneficial for domestic and foreign clients alike. This is demonstrated by the new study "Switzerland – A strong hub for investment management".

"Thanks to the close integration of investment management for private and institutional clients, combined with expertise, experience and scale, the Swiss

financial centre has developed into a leading centre for investment management. Investment management is now a cornerstone of our financial centre,” says August Benz, Deputy CEO of the SBA, summarising the results of the study. Daniel Kessler, Managing Partner of BCG Switzerland, adds: “The combination of structured investment advisory processes, the size of the asset pool and the country’s tradition and experience in investment management clearly differentiates Switzerland from other international financial centres. Swiss investment management is strong locally and a leader globally.”

A cornerstone of the Swiss financial centre

Revenues in the Swiss investment management industry rose from CHF 17 billion in 2016 to CHF 20 billion in 2017. This represents approximately 25 percent of revenues generated in the Swiss financial industry (excluding insurance). In addition, around one-third of the jobs in the Swiss financial industry in 2017 were in investment management.

Switzerland is the largest financial centre for cross-border wealth management and one of the leading asset management centres in Europe. The combined asset pool of CHF 3,400 billion and the close links between the two areas foster professionalism and innovation and provide the Swiss financial centre with the scale and credibility needed in international competition. The result of all this is that Switzerland today boasts internationally competitive investment expertise.

Trends and developments in investment management

The study identified two areas of focus in investment management. While some providers focus on scale and volume in active and passive products, others

concentrate on specialised, higher-margin offerings. Fiercer competition, new regulations and innovative technologies are increasing the pressure on margins. Sustainable competitive advantages will in future come primarily from larger volumes or non-replicable niche products. This trend is increasing the pressure on mid-market players.

Investment in technology is key

Investment in technology allows firms to significantly boost efficiency, increase transparency and develop integrated platforms for clients. At the same time, solutions and products for institutional and private clients are drawing closer together. Private clients increasingly expect the same performance and services as institutional clients.

Strengthening the framework conditions

To maintain its global position in investment management, Switzerland needs to strengthen the framework conditions of its investment management industry. Locational advantages such as the stable political system, liberal market economy, independent rule of law and access to foreign specialist staff must be maintained, while the regulatory framework must safeguard and further strengthen the location's competitiveness. Access to clients in key markets such as Europe is also vitally important. This requires support from government and the authorities. The removal of tax obstacles such as stamp duty and a reform of withholding tax would further boost Switzerland's competitiveness as an investment management hub and attract new business to the country.

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