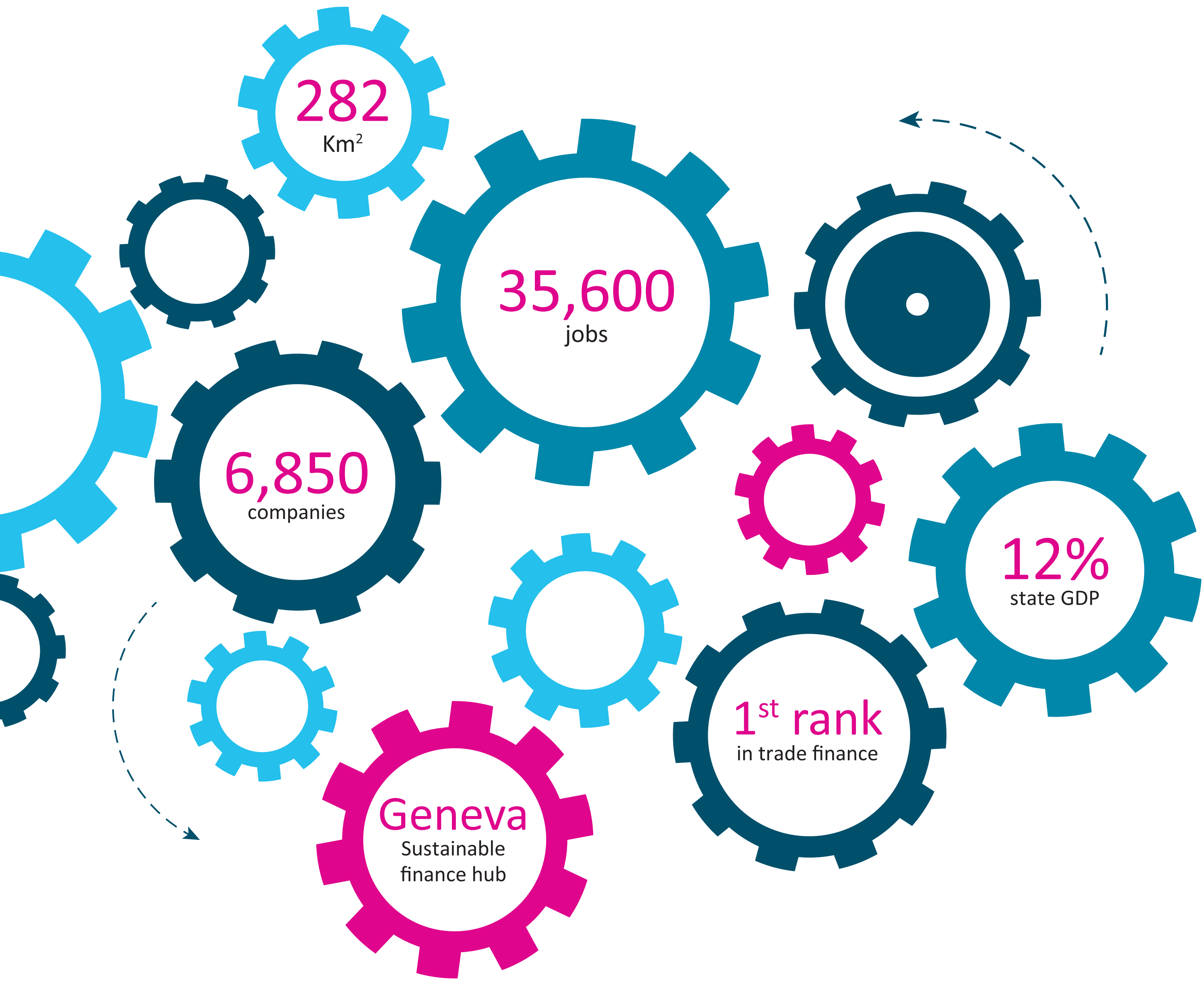
FONDATION GENĒVE PLACE FINANCIĒRE

GENEVA FINANCIAL CENTER

# ANNUAL REPORT

# 2019



# The Geneva Financial Center

Established in 1991 by the 80 member banks of the Geneva Stock Exchange, the Geneva Financial Center (GFC) is the umbrella association of the financial sector. The sector generates 35,600 jobs and accounts for 12% of Geneva's GDP. It is based on three pillars: private and institutional wealth management, commodity trade financing and commercial and retail banking. Few financial centers offer such a wide range of talent and such a dense network of finance-related activities, from international lawyers to insurance and inspection companies, audit firms and shipping companies. This unique chain of expertise acts as a magnet for multinationals. The Geneva Financial Center cluster is unrivalled anywhere in the world. Its mission is to develop an optimal business environment for all the Financial Center's partners.

12%
of Geneva's GDP

35,600
jobs

# Contents

# 1

# Message from the President

**Yves MIRABAUD**
President

## The Financial Center holds its breath

This activity report provides an overview of the main issues that were addressed by the Geneva Financial Center (GFC) and their progress over the past 12 months.

During the past year, the GFC has intensified its efforts to ensure that everything possible is done in Geneva and elsewhere in Switzerland to enable the financial center to continue to play its role as an economic powerhouse.

According to the study published by BAKBASEL on November 20, 2019, the banks and insurance companies together generated CHF 63 billion in added value, equivalent to 9.4% of Switzerland's total economic output. Finance ranks third in order of importance, ahead of the pharmaceutical industry and retail trade combined.

In the field of cross-border wealth management, which is a pillar of the Swiss financial sector, Switzerland holds a market share of just under 27%, retaining its position as a world leader.

In terms of employment, the financial industry remains one of the biggest employers, generating more than one in 20 jobs in Switzerland in 2018. In Geneva, the workforce remained stable between 2018 and 2019 (see p. 5), despite increasing regulatory challenges and pressure on margins.

These figures demonstrate the strength of our financial center. This is all the more remarkable as the financial institutions find themselves at a crossroads. Firstly, their trajectory will largely depend on future democratic decisions about bilateral relations with the European Union (EU) (see p. 15). On this issue, the Geneva Financial Center firmly supports the conclusion of an Institutional Agreement with the EU and the bilateral path taken by Switzerland. It vigorously opposes the UDC initiative in favour of moderate immigration as a containment exercise (see p. 15), which seeks to terminate the Agreement on the free movement of people between Switzerland and our European neighbours. This initiative, on which the people will be asked to vote on September 27, 2020, poses a real threat to Switzerland's prosperity. Internal challenges confronting the center include the significant impact of negative interest rates on the performance of the banking and financial institutions, at a time when the effectiveness of this measure is attracting increasingly widespread criticism.

Secondly, the banking and financial industry benefits from excellent opportunities, which it should grasp now. Foremost among them are sustainable finance (see p. 18) and digitalization. However, if these exciting opportunities are to be grasped in Switzerland, they absolutely require an attractive local statutory and fiscal framework (see p. 9). Lastly, education and training (see p. 23) remain a key to the financial center's competitiveness and capacity for innovation.

**Sustainable finance is a matter for everyone**

In all these fields, the Geneva Financial Center works hand in hand with the local, cantonal and federal authorities. At the federal level, discussion continued at the highest echelons with Federal Councillor Ignazio Cassis (who did us the honour of attending the “Assises de la Place financière”, see p. 20), and Mrs Daniela Stoffel, State Secretary for International Finance. Relations with the EU and the problem of access to foreign markets – two issues of vital importance to our financial center – were highlighted during these meetings.

In the same spirit, an ongoing dialogue has been maintained, in particular with Mrs Nathalie Fontanet, State Councillor in charge of Finance, and Mrs Sandrine Salerno, Mayor of Geneva. Sustainable finance was at the heart of the debate with the Canton and City of Geneva. In fact, 2019 provided a good opportunity to state Geneva's ambition to become a key hub of sustainability.

The organization of the “Building Bridges Summit” on October 10, 2019 (see p. 19) helped to highlight Geneva's as well as Swiss financial players' expertise in this field and demonstrate the synergies between financial Geneva and international Geneva. Today, social and environmental aspects determine investment behaviour more than ever. Figures published in June 2020 by Swiss Sustainable Finance (SSF) prove this too: the volume of sustainable investments made in our country increased by 62% in 2019. More than anything, Geneva occupies a special place as a hub of international organizations, large private foundations and a cutting-edge academic sector, as well as exceptional financial expertise. A shared commitment on the part of the financial and academic sectors, politics and civil society is vital to consolidate these assets.

**Covid-19 pandemic and the financial center: an essential national mobilization**

The strength displayed by the financial center in 2019 is especially significant in view of the impact of the Covid-19 pandemic on the economy (see p. 6). Coronavirus is a large and systemic shock with a high economic cost. Not only has it delayed work on some of the issues associated with the aforementioned framework conditions; it has also, and above all, shut down many businesses.

Overnight, hundreds of thousands of businesses, from SMEs to multinationals, were suddenly cut off from their customers and suppliers, and confronted with a potentially fatal cash flow catastrophe.

In response to this threat, an unprecedented mobilization was implemented at the instigation of the Federal Council, working in coordination with the Swiss Bankers Association (SBA), FINMA, the SNB, the loan guarantee centers, the various banking groups and, of course, the banks themselves. An initial overall amount of CHF 20 billion was released on March 26, 2020 and subsequently increased to CHF 40 billion on April 3, 2020. The purpose of these amounts was to provide guaranteed loans to businesses. Since the programme's inception, some 125,000 Covid-19 loans have been granted, representing a total volume of about CHF 15 billion. Of the 589,000 or so SMEs in Switzerland, almost one in five have taken advantage of this measure.

In Geneva, the banks stepped up to the plate in response to the applications made by their client businesses. This decentralized system, which is characteristic of federalism, facilitated the arrangements as the local banks already know their counterparties and are therefore able to respond to their expectations quickly and efficiently, without formalities or wasting time. The banks had to mobilize all their available human resources to deal with this massive influx of applications. Behind these figures lie some exceptionally well-qualified and experienced employees. The introduction of large-scale homeworking, video conferencing and the deployment of new applications enabled innovations to be made for the benefit of the SMEs that were seeking loans. In addition, payments, for which demand was higher than ever due to the volume of transactions, were made without a hitch, thereby reaffirming Swiss leadership in this area.

There is still considerable uncertainty about the duration of the crisis and its economic consequences for Switzerland in general and Geneva in particular, but the banks will doubtlessly remain the lifeblood of the economy by assuming their responsibility as loan providers.

The financial center, economic players and the political authorities will absolutely need to capitalize on the unity that they have been able to show around the Covid-19 loan scheme to strengthen our competitiveness and create new forward-looking initiatives, following the example of sustainable finance.

# 2

# The Current Economic Situation

The Geneva Financial Center (GFC) has been conducting an economic survey of banks and independent managers in the financial center since 2002. The results obtained reflect their opinions and perception of the progress of the business environment and the outlook for the Geneva Financial center.

The outcomes of the 2019-2020 economic survey indicate that financial intermediaries are proving highly resilient in the face of a challenging situation, which is putting pressure on their margins.

Several indicators are improving. Assets under management and net fund inflows increased in the first half of 2019, with the Middle East representing a key geographic area. It is therefore hardly surprising that the banking sector remains one of the key drivers of the Geneva economy, contributing 12% of cantonal GDP.

However, the net profit of the majority of banks and independent wealth managers fell in the first half of 2019. Negative interest rates and slightly higher costs were the main factors for the decline in profitability. The “wait and see” approach of some clients who are troubled by geopolitical uncertainties also contributed to this phenomenon.

In private wealth management, one of the three pillars of the Geneva center, together with commercial and retail banking and commodity trade financing, Europe represents the most challenging market. In this context, access to the European market remains a strategic priority, including for institutions with more than 50 employees. 60% of these institutions take the view that the lack of such access might require a change to their business model.

For banking-sector employment, the challenge of market access is already a reality. In the field of wealth management, job creation abroad has increased in the past 10 years, compared with job creation in Switzerland. In the latter, stability prevails, which is nevertheless reassuring news in view of the downturn in operating income and profit. The front office and risk management and legal services departments have experienced the greatest growth in employment. This trend also applies to data processing, in response to the ongoing digital transformation. Other profiles, such as transaction processing, have remained stable. The banking barometer published in 2019 by the Swiss Bankers Association (SBA) reached the same conclusion, pointing to a relatively stable number of employees and a decline in the unemployment rate in Switzerland to 2.3% at the end of 2018.

Financial intermediaries responding to the economic survey were cautious about the prospects for 2020 with regard to both employment and the trend in profits. The main preoccupation is still around managing costs more effectively. However, technological innovation should achieve productivity gains in internal processes, in particular by enabling the abolition of paper forms and allowing customer relations follow-up in real time.

A cutting-edge training offer is a leitmotif for the financial industry, with Switzerland regularly ranking among the leaders in innovation studies. In order to strengthen our center’s competitiveness, the banking industry has become well aware of the need to plan for the careers of the future. Both the private and public sectors are therefore working

**A cutting-edge training offer is a leitmotif for the financial industry.**

together to set up training courses to respond to the three main factors in driving transformation observed at present: regulation, the digital transformation and sustainability.

The economic survey for 2019-2020 reached the following conclusion: financial intermediaries are at a crossroads. Their trajectory will depend, firstly, on future democratic decisions with regard to bilateral relations with the European Union (EU) and, secondly, on the creation of an attractive statutory and fiscal framework, together with training courses that favour the development of digitalization and sustainable finance.

This snapshot of the Geneva financial ecosystem, taken in the summer of 2019, is especially significant in view of the impact of the Covid-19 pandemic on the economy. Some Swiss companies have been shut down for many weeks. This temporary paralysis will inevitably result in lower GDP for one or two half-year periods. The IMF expects Switzerland's GDP to fall from 0.9% in 2019 to -6% in 2020. In mid-March 2020, the State Secretariat for Economic Affairs (SECO) was forecasting a contraction of 1.5%. It revised that figure to -7% or even -10% in a second, more pessimistic scenario. The IMF forecasts a return to growth of 3.8% for Switzerland in 2021 if the pandemic is brought under control.

**123**
**banks**
are participating in the credit scheme to help SMEs tackle Covid-19

In fact, Switzerland is well placed to deal with the situation, thanks to ten years of sound management of its public finances and rigorous implementation of the debt brake. The financial sector – the strength of which is illustrated in the economic survey mentioned above – has played an active part in the economic policy measures taken by the Confederation.

On March 25, 2020, the Federal Council, in cooperation with the Swiss Bankers Association (SBA) and the banks themselves, adopted an emergency Ordinance on the necessity of granting credits based on a joint and several guarantee from the Confederation. The aim of the Ordinance was to enable SMEs to access credits rapidly, to mitigate cash flow issues caused by the pandemic.

The Ordinance was initially for CHF 20 billion. On April 3, 2020, the Federal Council decided to increase the overall amount earmarked for guaranteed credits to CHF 40 billion. Two credit facilities were made available: Covid-19 credits for amounts of up to CHF 0.5 million and Covid-19 Plus credits above CHF 0.5 million, up to a maximum of CHF 20 million.

Demand has been very strong: 125,000 COVID-19 credits worth about CHF 15 billion had already been committed. Some 440 applications for COVID-19 Plus credits, with an average sum of around CHF 2.6 million per application, have been filed. Some 123 banks have registered to take part in the programme.

On March 25, 2020, the Swiss National Bank (SNB) introduced the new Covid-19 refinancing facility, which enables banks to obtain liquidity from the SNB secured by credit guarantees backed by the Confederation. The SNB also reduced the countercyclical capital buffer requirement to zero with effect from March 27, 2020.

In addition, on April 1, 2020, the exemption threshold above which negative interest rates will have to be paid was increased for the banks. They are therefore better able to supply credits and cash to the economy. According to the SNB, the Swiss financial system is secure and stable. The banks have strong capital reserves and sufficient cash resources.

In these perilous times, the financial sector has demonstrated its ability to meet the needs of the Swiss economy and population.

# 3

# Framework Conditions

## 1. For a Competitive Legal and Regulatory Framework

### Financial Services Ordinance (FINSO), Financial Institutions Ordinance (FinIO) and Supervisory Organizations Ordinance (SOO)

The Financial Services and Financial Institutions Acts (LSFin and LEFin) entered into force on January 1, 2020, at the same time as their implementing ordinances, i.e. the FINSO, FinIO and SOO (Supervisory Organizations Ordinance). This legislation presents a major challenge, especially to independent wealth managers (IWMs) who play an important role in the financial center.

With effect from January 1, 2020, IWMs are subject to state supervision, thereby terminating a long-standing Swiss exception. They must obtain an authorization from FINMA and will be monitored by a supervisory organization (SO), which is itself placed under FINMA supervision. A transitional period has been allowed until 2022 for affiliation to an SO.

At present, at least five organizations appear to have applied to FINMA for accreditation as SOs.

**Independent wealth managers: on the eve of a new era**

### Differentiated regulation

In 2019, 67 banks took part in the pilot phase launched by FINMA to test the less stringent provisions from which category 4 and 5 banks could benefit.

The Federal Department of Finance (FDF) conducted a consultation procedure on an amendment to the Capital Adequacy Ordinance, easing the regulatory provisions in several areas and simplifying the requirements for calculating the capital needed by well-capitalized small banks and securities firms.

At the same time, FINMA organized a hearing on the adaptation of several circulars (outsourcing, operational risks, corporate governance, publication, risk spreading and credit risk).

In November 2019, the Federal Council and FINMA announced the introduction of the small banks regime on January 1, 2020.

### Self-regulation of residential investment properties

At the end of August 2019, the Swiss Bankers Association (SBA) adapted its self-regulation scheme for the residential investment property sector.

The minimum deposit required to obtain mortgages on such properties is now 25%, compared with 10% previously. Moreover, the mortgage must now be reduced to two-thirds of the lending value of the property within a maximum of 10 years (compared with 15 years previously).

These new standards entered into force on January 1, 2020. FINMA acknowledged these rules as a minimum prudential standard.

## Partial revision of the Collective Investment Schemes Act (CISA)

On June 26, 2019, the Federal Council launched a consultation procedure on an amendment to the CISA relating to the introduction of a new type of fund. These are Limited Qualified Investment Funds or L-QIF, reserved for qualified investors and not subject to FINMA authorization or supervision. These vehicles must be administered by an institution that is supervised by FINMA. The aim is to enable innovative and flexible funds to be placed on the market more rapidly and at lower cost. The consultation procedure ended on October 17, 2019.

The financial center welcomed the new product, which may prove to be of particular interest to pension funds and family offices. However, in the absence of equivalence with the Alternative Investment Fund Managers (AIFM) Directive, the distribution of this new type of fund in EU member states will be impossible.

A Dispatch by the Federal Council is expected in the course of 2020.

## Regulation and technological change

**Distributed Ledger Technology (DLT)**

On November 27, 2019, the Federal Council published its Dispatch on the Act on the Adaption of Federal law to Developments in the Technology of Distributed Electronic Ledgers. This text is designed as a single amending act and sets out adjustments to nine Federal acts, involving both civil law and financial markets law.

Parliament is expected to examine the matter in the course of 2020.

**Electronic Identity Act**

At the end of September 2019, the Swiss Parliament adopted the Electronic Identity Act during the final vote. The principle of task sharing between the State and private suppliers was approved: an "e-ID" may be provided by private companies which will, however, be authorized and controlled by an independent commission. The Confederation will only be required to intervene if the private sector does not guarantee a secure system. Its role is therefore subsidiary.

The holding of a referendum on this text was approved in December 2019. The Swiss people will therefore be invited to vote.

## Protection for whistleblowers

At its meeting on June 3, 2019, the National Council rejected by a large majority the Federal Council's draft text providing for a partial review of the Swiss Code of Obligations, with a view to incorporating into law the conditions under which whistleblowing by a worker will be regarded as lawful. Federal parliamentarians deemed the text to be far too complex, with a cascading system of measures.

In December 2019, the Council of States decided in favour of the text. On March 5, 2020, the National Council upheld its refusal, thereby definitively shelving this project.



## Data protection

The Federal Parliament has decided to deal with the review of the Data Protection Act (DPA) in two phases. The penal provisions linked to the "Schengen" Agreement, which were urgent, were adopted unopposed in September 2018.

However, the comprehensive review of the DPA is still pending. Economic circles are stressing the importance of ensuring that Swiss law aligns with the European rules embodied in the General Data Protection Regulation (GDPR) and refraining from any "Swiss finish". Failing this, Swiss exporting companies, including those based in the financial center, will have to apply two bodies of legislation concomitantly, Swiss and European.

After several twists and turns, the National Council adopted the revised DPA on March 11, 2020. The final outstanding divergence concerns the concept of profiling. The Council of States has not yet stated its position on this matter. An agreement in the Swiss Parliament could enable Switzerland to align its own legal framework with that of the EU, notwithstanding the fact that Brussels has yet to reach a decision on the compatibility of Swiss legislation with European law.

## Regulation and sustainable finance

**International Platform on Sustainable Finance**

On March 4, 2020, Switzerland became a member of the International Platform on Sustainable Finance. This multilateral forum seeks to strengthen international coordination and exchange on sustainable finance. The platform is part of the international efforts undertaken to fulfil the commitments made in the Paris Climate Agreement. Its objective is to stimulate the flow of private capital into ecologically viable investments.

March 4,
2020
Switzerland joins
the International Platform
on Sustainable Finance

**EU Sustainable Finance Action Plan**

On March 8, 2018, the European Commission published its Sustainable Finance Action Plan. The objectives of the action plan are to redirect capital flows towards a more sustainable economy, integrate sustainability into risk management and promote transparency and sustainable investments.

On March 9, 2020, the group of technical experts set up by the Commission published its report on a European taxonomy to provide investors with information about activities that are regarded as environmentally sustainable. This classification has not yet been approved by the Member States. The impact of this action plan and its taxonomy of Swiss financial intermediaries in relation to their European clients remains to be seen.

**Federal Council action plan**

In December 2019, the Federal Council set the objective of creating framework conditions enabling the Swiss center to be competitive in the field of sustainable finance. It instructed the Federal Department of Finance (FDF) to examine the following points:

- Obligation to systematically publish relevant and comparable information for clients, owners and investors;
- Greater legal certainty in relation to due diligence obligations;
- Consideration of climate and environmental risks and effects on all matters pertaining to financial market stability.

The FDF is due to publish its report in the first half of 2020.

**To promote sustainable investment, a dialogue and joint commitment of all the relevant players in the financial sector, policies and civil society are essential**

**Work of the Swiss Parliament**
For the record, the Swiss Parliament adopted the following three Postulates:

- Postulate 19.3950: Promoting sustainability through investment requirements adapted to the current situation;
- Postulate 19.3951: Sustainable financial products: releasing the brakes;
- Postulate 19.3966: Compatibility of financial flows with climate objectives and strengthening their transparency for the purpose of implementing the Paris Agreement.

On March 2, 2020, the National Council also adopted the following two texts:

- A Motion by PDC member Leo Müller to enhance the database on sustainable investments with a view to helping investors choose the best sustainable investments in full knowledge of the facts;
- A Postulate tabled by Green Party member Adèle Thorens seeking further information about Switzerland's position on sustainable finance.

These proposals are general in scope and will need to be clarified by the Federal Council and the Administration.

**FINMA risk monitor report**
On December 10, 2019, FINMA published its risk monitor report for the first time. The supervisory authority identifies climate change, in particular, as a long-term risk.

FINMA intends to refine its analyses of climate-related risks in the assessment of financial institutions and will develop approaches to improve the publication of climate risks in the financial sector, on either a voluntary or regulated basis.

**Self-regulation**
The financial center is not standing idly by in the field of self-regulation:

- The SBA is currently drawing up guidelines on including sustainable financing in private wealth management;
- The SFAMA is taking similar steps for asset management;
- Swiss Sustainable Finance (SSF) is also drawing up proposals.

These different approaches will require careful coordination to prevent inconsistencies and duplication.

## Responsible multinationals initiative

The initiative "for responsible multinationals" was tabled in the autumn of 2016 by a coalition bringing together around 60 NGOs. It calls for stricter provisions on corporate responsibility in the fields of human rights and the environment. This implies obligations in terms of risk assessment, measures designed to prevent breaches of human rights and environmental damage and the publication of detailed information about the action taken.

The Federal Council published its Dispatch on September 15, 2017. It recommended rejecting the text, but failed to put forward an alternative proposal. The Government believes that the civil liability mechanism specified by the initiative goes too far and would be unique. The Federal Council takes the view that a concerted international approach (including the UN and OECD) would be preferable. In addition, the initiative would be very difficult to implement because of its extraterritorial nature without, however, providing any guarantee regarding an improvement in the situation of people and the environment in developing countries.

From June 2018 onwards, the text went back and forth between the National Council and the Council of States, which both rejected the initiative but were unable to agree on the principle and content of a possible counter-proposal. The suspension of the parliamentary session in the spring of 2020 delayed further consideration of the matter.



## Prevention of money laundering and financing of terrorism

In January 2020, the Financial Action Task Force (FATF) adopted the 3rd enhanced follow-up report on Switzerland. The FATF finds that Switzerland has, on the whole, made substantial progress in filling the gaps in technical compliance identified in the Mutual Evaluation Report of 2016. Our country is regarded as "compliant" or "broadly compliant" in respect of the great majority of the 40 Recommendations. It is deemed to be "partially compliant" on just five Recommendations. However, Switzerland remains in an enhanced follow-up process.

**Stronger measures to prevent terrorism**
On March 9, 2020, the Council of States adopted by a large majority the range of measures proposed by the Federal Council to strengthen the fight against the terrorist threat in accordance with the Dispatch of September 14, 2018.

That Dispatch envisages a new provision in criminal law which will punish recruitment, training and travel with a view to committing a terrorist act, as well as the related financing activities. It also improves international cooperation. The Money Laundering Reporting Office Switzerland (MROS) will be able to deal with notifications of suspicious transactions from abroad, even in the absence of a notification at national level. Lastly, the proposal advocates a simplification and acceleration of mutual legal assistance in certain cases. However, the early transmission of information will be confined to exceptional situations, to avert a risk or facilitate investigations that would otherwise be excessively complicated.

The National Council is expected to examine this matter at its next session in 2020.

**Amendment of the Anti-Money Laundering Act (AMLA)**
At the end of June 2019, the Federal Council adopted its Dispatch on the review of the AMLA. It contains the following main elements:

- People who provide services for the benefit of companies or trusts (advisors) must not only fulfil the obligations of due diligence and control embodied in the AMLA but are also under an obligation to report;
- The right to report will be upheld;
- Financial intermediaries will be able to terminate a business relationship if they do not receive an answer within 40 days of sending a report to the MROS;
- The threshold for due diligence obligations will be reduced from CHF 100,000 to CHF 15,000 for the cash transactions of traders in precious metals and gemstones;
- Lastly, the proposal provides for a clarification of the rules on verifying the identity of beneficial owners and for updating client details.

On March 2, 2020, the National Council declined to comment on this text. The only reason for its refusal lies in the obligations laid down for "advisors" in relation to domicile companies and trusts. If the Council of States endorses the People's Chamber's position, the Federal Council will have no option but to table a new proposal excluding the provisions relating to "advisors".

**Abolition of unlisted bearer shares**
On September 27, 2019, the Federal Council decided to bring the Federal Act on the Implementation of the Recommendations of the Global Forum into effect on November 1, 2019.

Under these provisions, bearer shares will only be authorized if the company has securities that are listed on the stock exchange or if bearer shares are issued in the form of intermediated securities. Unauthorized bearer shares will have to be converted into registered shares 18 months after the entry into force of the Act, i.e. on March 2021. Five years after the Act enters into force, i.e. on November 1, 2024, the shares of shareholders who have not come forward will be cancelled.

# Framework Conditions

## 2. For an Attractive Tax System

### In Switzerland

### Corporate taxation

#### Federal Act on the Tax Treatment of Financial Sanctions

By way of background, in December 2015, the Federal Council launched a consultation on the Federal Act on the Tax Treatment of Financial Sanctions.

After many twists and turns, in December 2018, the National Council adopted a proposal at its plenary session, which essentially makes the following provisions:

- Undisclosed commissions paid to public or private agents are not deductible;
- Fines and other financial sanctions imposed in Switzerland are not deductible if they are of a criminal nature;
- Foreign financial sanctions are not deductible if:
  - they are not in breach of Swiss public policy
  - the offence is also punishable in Switzerland
  - the amount of the sanction does not exceed that imposed in Switzerland.

On October 18, 2019, the Economic Affairs and Taxation Committee of the Council of States (CER-E) proposed a new wording, according to which fines imposed abroad will be deductible if the offences are in breach of Swiss public policy or "if the taxpayer is able to produce credible evidence that they have done all that is reasonably possible to comply with the law". Meeting in plenary session, the Council of States endorsed this opinion in December 2019 and the National Council adopted the proposal in March 2020.

#### Reform of the Withholding Tax Act

In March 2020, on the basis of the guidelines presented in June and September 2019, the Federal Council launched a consultation procedure on a draft reform of withholding tax, which is due to end on July 10, 2020. The purpose of this action is to strengthen the Swiss capital market and extend the guarantee function of this tax at national level.

The reform proposal comprises two key elements:

- Exemption from withholding tax for Swiss interest-bearing investments made by corporate bodies domiciled in Switzerland and by foreign investors;
- Extension of the withholding tax to interest received by natural persons domiciled in Switzerland on foreign securities, including on indirect investments.

The implementation of these two core aspects involves the intervention of the paying agents, i.e. primarily the banks, which alone know whether the account holders are Swiss or foreign residents.

The Confederation concedes that the loss of revenue, estimated at CHF 250 million, would be offset in the long term by the dynamic impact of the reform. However, for the banks, the costs of implementing the new system are estimated by the SBA at between CHF 0.5 and 1 billion, in view of the more active role that the banking institutions would have to play in their paying agent capacity.

**The reform of withholding tax and stamp duty helps to ensure the economic prosperity of our country and of its inhabitants**

#### Stamp duty

The collection by the Confederation of stamp duty on new issues and trades places the Swiss financial center at a disadvantage in relation to its main competitors. Parliament has been approached several times in a bid to abolish this obstacle to the development of the Swiss banking and financial sector. Back in 2009, the PLR Group submitted an initiative seeking the phased abolition of stamp duty. The parliamentary debates were suspended primarily due to the priority given to the Corporate Taxation Reform (CTR). In January 2020, the Economic Affairs and Taxation Committee of the Council of States (CER-E) decided to extend this suspension.

In January 2020, the Economic Affairs and Taxation Committee of the National Council (CER-N) launched a consultation lasting until April 23, 2020 on two preliminary drafts.

The first text provides for the abolition of:

- Stamp duty on trading in Swiss securities (CHF 190 million)
- Stamp duty on foreign bonds with a residual maturity of less than 1 year (CHF 5 million)
- Stamp duty on life insurance premiums (CHF 24 million)
- The second preliminary draft concerns the abolition of:
- Stamp duty on trading in other foreign securities (CHF 1.05 billion)
- Stamp duty on insurance premiums for property and assets (CHF 743 million).

At present, the outcome of the examination of these preliminary drafts is hard to predict, given the amount of tax revenue at stake.

### Individual taxation

#### Abolition of rental value

Following the extensive preparatory work undertaken since 2017, the Economic Affairs and Taxation Committee of the National Council (CER-N) launched a consultation procedure on the abolition of rental value in April 2019. Essentially, the proposal is that rental value and deductions for the costs of acquiring the income would be abolished at both federal and cantonal level for owner-occupied accommodation. However, they would still apply to second homes for personal use. The deductions allowed for investments intended to save energy and protect the environment and also for the costs incurred for work undertaken to restore historic monuments and demolition costs would be abolished at federal level. However, cantons that so wish can maintain these deductions. The deductibility of private interest payments would be greatly restricted, with five options on the table. Lastly, the bill allows for the introduction of a deduction for first-time home buyers.

The Swiss Bankers Association (SBA) showed some willingness to discuss the situation, while assessing the impact of the options retained.

At the end of the consultation procedure, it emerged that the left rejected the proposal outright, on the basis that it is afraid that the loss of tax revenues would lead to public service cutbacks. The other parties tend to favour the reform, but fail to agree on the deductions to be eliminated in exchange. The cantons see no need for action.

In November 2019, the Economic Affairs and Taxation Committee of the Council of States (CER-E) began to consider the proposal, but decided to suspend its work pending the Federal Council's opinion on the desirability of a change to the system; it also wished to ascertain the form that a set of balanced measures might take in the Government's view.

As a result, the Council of States, meeting in plenary session, decided in December 2019 to extend the deadline for dealing with this parliamentary initiative by two years, i.e. until the session in autumn 2021.

## At international level

109
States
involved in the AEOI
with Switzerland

### Implementation by Switzerland of the international standard for the Automatic Exchange Of Information (AEOI)

In September 2019, Switzerland forwarded information to 62 countries, including EU Member States, except for Bulgaria and Romania (where the OECD took the view that data confidentiality and security rules were not observed). In September 2020, other countries will be added to this list, including Israel. At that time, the Confederation will have activated the AEOI with 109 States or jurisdictions, with the proviso that some do not wish to obtain information (they include Bermuda, the Cayman Islands, the United Arab Emirates and Kuwait) while others do not yet have a suitable legal framework (e.g. Albania, Lebanon, Nigeria and Peru). In the case of Turkey, the AEOI will not be applied until 2021 for political reasons.

### Exchange of information on request based on the OECD standard

On April 6, 2020, the Global Forum on Transparency and Exchange of Information for Tax Purposes published its peer review report on Switzerland. The overall rating of "broadly compliant" was granted to the Confederation in respect of the legal framework in place in January 2020 and the applications processed from July 2015 to June 2018.

The Report states that since its last review in 2016, Switzerland has closed a number of gaps, in particular by guaranteeing the availability of information about the rightful owners of bearer shares, in particular, providing administrative assistance with regard to deceased persons, improving its procedure for the exchange of information and doubling the staff of the Information Exchange Service.

The Report recommends some improvements. Switzerland should take further measures to guarantee the availability of information about the actual beneficial owners of all legal entities and structures. Switzerland should also guarantee that notification and appeal procedures do not prevent or unduly delay an effective exchange of information and ensure that the confidentiality of the information received is always safeguarded when an application is processed.

### Taxation of digital services

A debate on the taxation of digital services is currently raging.

France opened fire by seeking to introduce a 3% tax on the digital services turnover generated by the Big Four (GAFA). Other services, notably in the financial sector, are not involved.

In May 2019, the OECD adopted a route map based on two pillars to resolve the tax challenges raised by the digitalization of the economy:

- The first pillar will explore possible solutions to determine where the tax should be paid and on what basis (the "link"), as well as the share of profits that could or should be taxed in the jurisdictions in which customers or users are based ("distribution of profits");
- The second pillar will examine the design of a system seeking to ensure that multinational businesses – in the digital economy and beyond – pay at least a minimum level of tax.

The OECD was expecting an early solution based on a "unified approach". Conflicts of interest between the States and the devastating effects of the coronavirus pandemic on the global economy will no doubt make progress slower. The next OECD summit, scheduled to take place in Berlin in July 2020, may provide indications about further action on the proposal.

Switzerland will no doubt play an active role in defining the new standards in order to reduce the impact on tax revenue as far as possible. This has been provisionally estimated at between CHF 1 and 5 billion for the Confederation.

> **Switzerland has a central role to play by participating in the debate on the taxation of digital services**



# Framework Conditions

## 3. Relations with the European Union

### Institutional Agreement with the EU

The GFC, acting jointly with the SBA and economiesuisse, supports the Institutional Agreement negotiated with Brussels. This text has the advantage of mapping out a credible path for future bilateral relations between Switzerland and the EU.

Moreover, this treaty is an essential prerequisite for opening negotiations on an agreement allowing future access to the market for Swiss banks and other financial intermediaries.

Following intense debates in the Foreign Policy Committees of the National Council and Council of States in the spring of 2019 and after consulting social partners, the Federal Council stated on June 7, 2019 that it did not intend to sign the Institutional Agreement as it stood and had written to the European Commission seeking clarification of the three following points: salary protection, the prohibition of State aid and the Directive on EU Citizenship.

### Stock-market equivalence and the cohesion billion

At the end of 2019, noting the lack of progress on the Institutional Agreement, the EU decided, for purely political reasons, not to extend the equivalence of the Swiss stock markets with European legislation. Consequently, the countermeasures proposed by the Federal Council came into force on July 1, 2019. Their purpose is to prohibit European stock markets from trading in Swiss securities.

The dispute over stock market equivalence became part of the debate over Switzerland's second contribution to the enlargement of the EU, commonly referred to as the cohesion billion. The Confederation is expected to pay the sum of CHF 130 million to certain EU Member States for 10 years in support of specific projects. In December 2019, following an intense debate, the Swiss Parliament decided to grant the cohesion billion on the express condition that the EU waives the discriminatory measures against Switzerland.

### Initiative against Bilateral Agreements

It was expected that the Swiss people would decide on the UDC initiative "for moderate immigration (containment exercise)" on May 17, 2020. This text seeks to terminate the Agreement on the free movement of people between Switzerland and the EU. As a result of the guillotine clause, this initiative threatens not only the free movement of people but the entire Bilateral Agreements I system. Due to the coronavirus pandemic, the vote has been delayed until September 27, 2020.

Economic interests are unanimously opposed to this text, which would cause serious damage to Switzerland's prosperity.

September 27, 2020
NO
to the initiative against
Bilateral Agreements

### Consequences of Brexit for Switzerland

January 31, 2020 marked the official departure of the United Kingdom from the EU. December 31, 2020 is the deadline for settling the details of future cooperation between London and Brussels. This seems a very short period of time in view of the countless issues that still have to be resolved.

As part of its "Mind the Gap" strategy, Switzerland has signed a series of agreements with the United Kingdom to maintain the status quo in terms of bilateral relations with this important trading partner. Moreover, both countries have expressed the intention of strengthening their financial relations on the basis of the "mutual recognition" concept. The aim is to ensure mutual access to the market, thereby enabling the unfettered provision of cross-border services.

# 4

# Communication & Promotion

## Media relations

On October 8, 2019, the Geneva Financial Center (GFC) invited representatives of the Swiss and foreign media to its traditional press conference.

This event was widely covered by the media. Journalists' interest focused on four topics: the effectiveness of negative interest rates; Geneva's positioning and advantages in sustainable finance (see p. 18); the results of the 2019-2020 economic survey (see page 5) and, in particular, the increase in assets under management in the first half of 2019; and the contribution of education and training to the success of the financial center (see p. 23).

These topics were presented by Yves Mirabaud (President), Pascal Besnard (Board Member) and Edouard Cuendet (Managing Director). All three speakers conveyed the same message. Financial intermediaries are now at a crossroads. Switzerland remains the world's biggest financial center for cross-border wealth management, with a market share of 27%. To retain this enviable position, gain access to new markets and develop innovative services, the Geneva Financial Center awaits major decisions affecting the relationship between Switzerland and the EU.

In this marathon, sustainable finance and digitalization could serve as catalysts, provided that the legislative and fiscal framework, both in Switzerland and internationally, facilitates the development of these promising assets.

Switzerland has a
**27%**
share of the cross-border wealth management market

## Sustainable finance

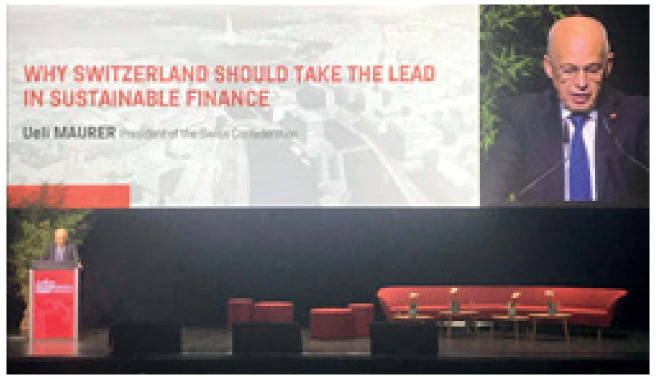
Sustainable finance makes a substantial contribution to the diversity of the Geneva financial center. In particular, it attracts new kinds of expertise. It is therefore not only a major growth area, but also a tool for increasing differentiation from other financial centers.

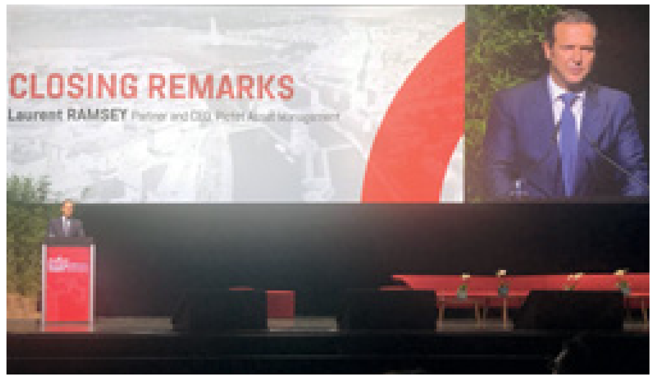
The figures published in June 2020 by Swiss Sustainable Finance (SSF) on the volume of sustainable investments made in Switzerland show that they increased by 62% in 2019 to CHF 1,163 billion. This illustrates the extent to which social and environmental aspects now determine investment behaviour.

Geneva occupies a special place in this field, as a hub for international organizations, large private foundations, a cutting-edge academic sector and exceptional financial expertise. This close relationship between international Geneva and financial Geneva is an unparalleled asset.

By directing financial flows towards sustainable activities, the financial sector is making its contribution to transforming markets and developing tomorrow's economic models. From this perspective, the financial center is an active player, especially in the fields of self-regulation and education and training. First, the Swiss Bankers' Association (SBA) and the Swiss Funds and Asset Management Association (SFAMA) are working on preparing guidelines to include sustainable financing in private wealth management as well as in asset management. Secondly, finance and sustainable development are fully integrated into professional and continuing education in the banking sector (see p. 23).

The total value of assets under management in Switzerland stood at just under CHF 7,000 billion at the end of 2018. These substantial amounts mainly come from deposits made by private individuals and companies, as well as the assets of occupational pension funds. Banking and financial institutions manage these portfolios on behalf of their private and institutional clients, according to the investment profiles stipulated contractually, depending on their appetite for risk and yield expectations. On the latter point, occupational benefit schemes are required to obtain short-term yields enabling pensions to be paid out to retirees, a requirement that is not always compatible with the concept of sustainability. Consequently, a transition towards more sustainable investments is not in the hands of the Swiss banking and financial establishments alone. They have certainly developed sophisticated expertise in this field, enabling them to offer attractive products that are compliant with sustainability criteria, but on the demand side, the incentive must come from private and institutional investors.




However, the development of sustainable finance is being held back by an overly rigid legislative straitjacket. The Swiss Parliament is aware of this major obstacle and in September 2019, it adopted a set of postulates intended to facilitate the transition to a more sustainable allocation (see p. 9).

In December 2019, the Federal Council set itself the objective of creating background conditions that will enable the Swiss center to be competitive in the field of sustainable finance.

Furthermore, an attractive fiscal framework is necessary to create products in Switzerland that comply with sustainability principles. In this regard, a debate on the abolition of stamp duty and withholding tax (see p. 12) has become unavoidable, since they are a major obstacle to the expansion of sustainable finance.

Sustainably invested capital amounts to over
CHF 1,163 billion
in Switzerland


### Building Bridges Summit

The organization of the "Building Bridges" Summit on October 10, 2019 proved that the bridge between the two shores of the lake is far more than a postcard image. For the first time, all the players in the ecosystem came together to create concrete and innovative solutions to maximize their collective impact.

Organized jointly by Swiss Sustainable Finance, Sustainable Finance Geneva and the Geneva Financial Center, the event was attended by the Confederation's President, Ueli Maurer and gave 800 participants the opportunity to exchange their views with sustainable finance experts. It therefore helped to ensure that sustainable finance is not confined to a group of insiders who understand the esoteric language and highlighted the expertise of the Swiss Financial center, and Geneva in particular, in the area of sustainable management.

**Sustainable finance is everyone's affair!**

## Events

### Assises de la Place Financière

The Geneva Financial Center's annual conference brought together 530 employees from Geneva's banking and financial institutions in 2019.

Switzerland faces many challenges, from its positioning on the international stage to the Framework Agreement with the European Union (EU) and the reform of corporation tax. However, the financial center's attractiveness and job creation in our country largely depend on these factors. In this context, Federal Councillor Ignazio Cassis made a remarkable presentation on the need to pre-empt an ever-changing world and resolve the political and legal uncertainties that are poisoning the economy. The presentation was followed by a lively debate with the audience and illustrated the special relationship between Switzerland and the EU.

### SFI-GFC Conference "The digital pulse of Swiss banking"

The question of digitalization is crucially important to Switzerland. And its consequences for one of the major economic sectors, namely the finance industry, were assessed in a study conducted by the Swiss Finance Institute (SFI) and zeb, a strategy and management consultancy.

Led by the GFC and SFI, a hundred or so participants met on June 11, 2019 to discuss the principal challenges and degree of maturity of the Swiss banks compared with the rest of Europe. Prof. Damir Filipovic of the SFI presented the "Digital Pulse Check 3.0" study, while Steve Krieger (Banque Pictet & Cie SA) outlined his views on digital transformation in the banking world.

### GFSI Swiss Sustainable Funds Awards

During the past ten years, the number of funds labelled sustainable has tripled in Switzerland. To support this development, the "Geneva and Zurich Forum for Sustainable Investment", a major event in the sustainable investment industry, presented the "Swiss Sustainable Funds Awards" at an evening organized with the support of the Canton of Geneva, the Geneva Financial Center (GFC) and Sustainable Finance Geneva (SFG) on June 12, 2019.

These prizes, presented by Marc Pictet, Vice-President of the GFC, were awarded to the winners in ten different categories, with special prizes going to the best sustainable asset management company and best opinion leader in the industry. The funds and management companies were selected by an independent jury, whose task was to assess their performance on the basis of qualitative and quantitative criteria. The purpose of the Swiss Sustainable Funds Awards is therefore to create a reference point and ranking recognised by the financial community. They also aim to facilitate the adoption of sustainable investment products and assist the commercial development of players in this sector.

### Digital Economy Forum

The fifth Digital Economy Forum was held on November 22, 2019 at the Fédération des entreprises romandes (FER). This event is the result of a partnership between the public and private sectors as it was set up by the Geneva Cantonal Directorate-General for Economic Development, Research and Innovation (DG DERI), working in cooperation with the University of Geneva, the Geneva Financial Center and FER Geneva, as well as AlpICT and Fongit.

Aimed at company directors and heads of IT and digital transformation, the meeting was devoted to the impacts of digitalization on employer-employee relations. The discussions focused mainly on issues of recruitment, employability and continuing education.

Experts in digital transition from a Geneva banking group led the workshop entitled "Expertise of an outside company serving the needs of banking". The participants were invited to share their experience from this perspective.

# 5

# Education & Training

## Encouraging excellence

Professions in finance are fundamentally about people. The financial center's reputation depends first and foremost on the quality of the services provided. A Swiss Bankers Association survey, published in April 2019, showed that 90% of Swiss citizens regard education and training in the banking sector as a key factor in this success.

The Geneva Financial Center is an international industry. It is lucky enough to combine many different activities, ranging from retail banking through commodity trade finance to wealth management. It must be able to count on the best talent if it is to measure up to its competitors. This means that it must not only be able to attract such people, but also continue to train them in order to maintain their level of excellence. In this context, training comes into play at every level and involves apprenticeships and continuing education, as well as the university sector.

## Careers in banking are expected to change

Banking careers are constantly changing. Three major factors of change can be identified today: regulation, the digital transformation and sustainability.

**Regulation** has changed dramatically in recent years (see p. 7). The continual increase in regulatory constraints means that more people have to be recruited in the fields of risk control, compliance and legal affairs.

**Technological innovation** brings upheavals in its wake and changes the situation in terms of competition, customer relations and the organization of the institutions concerned. The "survey of digitization and fintech in Swiss banks", published at the end of August 2019 by the SNB, shows that the banks are working towards a high level of digitalization of their business model to keep costs under control and remain attractive to their clients. The immediate consequence of the digital transformation is an increase in the number of staff working in the IT services sector, as shown by the 2019-2020 economic survey (see p. 5).

**Sustainability** complements these two factors. Sustainable finance (see p. 18) makes a full contribution to the Geneva center's diversity and, more specifically, attracts new skills. The Geneva-based institutions have developed cutting-edge know-how in the area, which enables them to offer attractive products that comply with sustainability criteria. The continuing education of advisors must now be strengthened to expedite the implementation of investment strategies for the benefit not only of clients but also of society at large.

These challenges present genuine opportunities and training plays a key role in the implementation of a strategic offensive in all these fields.

> **Finance and sustainable development are complementary in the context of professional and continuing education in the banking sector**

## University education: training tomorrow's specialists

Today, all the forces in the public and private sector are converging to showcase Geneva as one of the most innovative centers of expertise in banking and finance.

This is reflected in the organization of university courses in the fields in which Geneva has a head start on its competitors. The university course and CAS (Certificate of Advanced Studies) offered by the Geneva Institute for Management in Sustainable Finance, the first online training course of its kind in Switzerland, are helping to make the city of Calvin a hub of sustainability. The development of the "Geneva Institute for Wealth Management" (GIWM), of which GFC is a founder member and whose mission is to promote international wealth management, as well as the creation of a Center for Philanthropy, supported by several banks based in the Geneva center, are also a manifestation of the drive for excellence.

The dialogue between the academic and business worlds is reflected in the opportunity afforded to players in the financial center to gain direct access to universities to present their career opportunities. This is a reciprocal relationship, to the extent that banks welcome students to their investment sessions and offer them opportunities for internships. This immersive experience, which is designed for university as well as secondary school students, who are very keen to take part, helps them to make a transition from the virtual environment to the real world.

## Continuing education: the new job security

According to the 2018 Swiss Labour Force Survey (SLFS), 41% of Swiss bank employees hold a university degree. 29% have taken basic professional education, while 15% hold a higher professional training diploma. Nowadays, initial training does not guarantee lifetime employment but does lay the basis for ongoing development. Continuing education has become indispensable.

The emergence of new technologies makes the need for continuing education even more evident. Fears of seeing the individual relegated to the background and replaced by technological resources are widespread, with technology challenging the employment market. In fact, personnel will continue to play a central role, since technological changes cannot succeed without their expertise. Accordingly, the banks are investing in the development of their human capital.

In Geneva, the Institute for Studies in Finance and Banking (ISFB) (see box) awards a "Digital Finance Certificate" while the University has developed the "Fintech Executive Education Program" which began in January 2020. Mention should also be made of the launch in 2020 by the Center for Banking and Finance Law of a CAS in digital finance law. This programme is designed to tackle the legal challenges of digitalization in the financial sector.

At national level, the Skills 4.0 certification programme, co-developed by "Employeurs Banques", prepares employees for the world of digital work to enable them to use their full potential. It is designed for people who are in the second half of their professional life. This continuing education programme also responds to the demographic challenge: 1.1 million baby boomers will reach retirement age over the next ten years, while only around 500,000 young people will enter the world of work. In fact, the demand for older staff members (aged 50 and over) will increase. The banks are also involved in the field of continuing education to enable people over the age of 50 to adapt to new technologies in terms of hardware, applications and products.

In-service certification is becoming a benchmark: employees who have obtained certification of their expertise will be better placed on the employment market. This applies to all careers in finance and is certainly the case with wealth management. Customer advice is increasingly backed by digital solutions and has to contend with the constantly changing regulatory framework.

Around a quarter of all Swiss banking personnel work in wealth management: the equivalent of 23,000 jobs. Customer advice is the most frequent role, accounting for more than 40% of the people employed in wealth management. More than one third of all advisors have over 10 years' experience in the institution that employs them. This extensive experience is a far bigger asset in Switzerland than in many of its competitors and is why SAQ certification was implemented back in 2017. Today, banks in Switzerland have nearly 13,000 staff members who are certified customer advisors, more than half of whom fall into the CWMA (Certified Wealth Management Advisor) category. As at December 31, 2019, the Institute for Studies in Finance and Banking (ISFB), which is an accredited service provider in Geneva, had already awarded more than 580 SAQ CWMA certificates and over 450 candidates are currently working towards certification.

**6,300**

SAQ CWMA certified advisors in Switzerland

**Membership of the Board of the Institute for Studies in Finance and Banking (ISFB)**

As a key player in continuing education in the banking and financial sector, the ISFB helps to maintain the competitiveness of the Geneva Financial center. The GFC plays its part in particular through the presence of Michel Juvet as President and Blaise Goetschin as Vice-President, as well as Jean-François Beausoleil and Edouard Cuendet as active members of the Board.

## Choosing a career

When they move up to secondary school level II, students must choose their future educational pathway. To give them full knowledge of the facts at this key stage of their education, the GFC has invested heavily in public-private partnerships in order to familiarize the young people concerned with the many job opportunities in banking and the different courses available to access those careers.

## Basic training: preparing young people for tomorrow's careers

With a very high rate of successful induction into the world of work, the apprenticeship route makes a major contribution to the success of the Swiss economy.

Accordingly, leading players in the financial sector provide high-quality supervision and apprenticeships, helping young people to explore a wide range of professions in finance. This commitment responds to the growing demand from young people who are keen to begin their working life and benefit from exciting and varied job opportunities.

This is why the GFC has been stressing the value of such courses to middle-school pupils in years 10 and 11 and business schools in the canton. Since 2016, it has been organizing a series of visits, including presentations and practical workshops. These presentations have been enthusiastically received by the institutions concerned and demand for such events is growing rapidly. In May 2019, visits were paid to the middle schools in Foron, Drize and Sécheron, and continued in the new 2019-2020 school year at schools in Budé, La Golette and Sécheron. Due to the Covid-19 pandemic, the campaigns planned between April and June 2020 will now take place from the autumn of 2020 onwards, in accordance with health requirements.

At federal level, the GFC plays an active role in the work of the Swiss Bankers Association's (SBA) Education Committee, which is moving forward with fresh momentum. In particular, the SBA is actively involved in the project for in-depth reform of commercial employee training, with the aim of adapting the CFC qualification to the new realities in the field. More generally, the SBA has identified sustainability and digitalization as training priorities. The aim is to train young people for tomorrow's careers!

**The aim is to train young people for tomorrow's careers!**

EVENT

### Zoom on Careers in Banking and Finance 2020

Organized each year by the Office for Training and Professional and Continuing Education (OFPC), the Careers Zoom dedicated to banking was held on January 29, 2020. A hundred or so participants keen on finding out more about the many careers in banking attended a presentation about the Geneva Financial center and were able to engage in a dialogue with recruitment professionals and apprentices alike.

### Training Fact Sheets

A wide variety of interesting careers are available in the financial sector. However, it is not always easy to determine which educational pathway matches one's aspirations and career objectives.

The GFC publishes a series of fact sheets that deal with the following areas:

- Economy and finance
- Management
- Banking operations
- Compliance, law, taxation and accounting
- International commodity trading

These fact sheets list the three training pathways that lead to a certificate or degree: full- time higher education, vocational training and continuing education

### Skills guidelines

The Geneva Financial Center is the only organization in Geneva that issues skills guidelines for the banking professions, developed in collaboration with experts from banks in Geneva.

The GFC publishes skills guidelines for the following professions:

- Management assistant
- Compliance officer
- Central register employee
- Commercial client advisor
- Back office bank employee
- Wealth manager
- Commodity trade finance relationship manager
- Portfolio manager
- Risk management specialist



# 6

# The Board

The Geneva Financial Center was established in 1991 by the 80 member banks of the Geneva Stock Exchange, with the aim of promoting the development and influence of the financial sector in the Lake Geneva region. The Board serves the interests of all financial sector participants and therefore aims to represent their diversity.

### Commercial and wealth management banks

| | |
|---|---|
| Yves Mirabaud * (President) | Chairman of the Board, Mirabaud & Cie SA |
| Marc Pictet * (Vice-President) (until 31.12.2019) | Managing Partner, Banque Pictet & Cie SA |
| Laurent Ramsey * (Vice-President) (since 01.01.2020) | Managing Partner, Banque Pictet & Cie SA |
| Christophe Hentsch | Managing Partner, Banque Lombard Odier & Cie SA |
| Guy de Picciotto * (until 31.12.2019) | President of the Management Committee, Union Bancaire Privée, UBP SA |
| Vincent Taupin * (since 01.05.2020) | CEO, Edmond de Rothschild (Suisse) SA |

### Cantonal banks

| | |
|---|---|
| Blaise Goetschin * | CEO, Banque Cantonale de Genève |
| Pascal Kiener | CEO, Banque Cantonale Vaudoise |

### Major banks

| | |
|---|---|
| Jean-François Beausoleil * | Director, Geneva Area, UBS SA |
| Pascal Besnard * | Area Manager Geneva, Managing Director, Credit Suisse (Suisse) SA |

### Foreign-owned banks

| | |
|---|---|
| Jean-François Deroche * | CEO, CA Indosuez (Switzerland) SA |
| Peter Gabriele | CEO, JP Morgan (Switzerland) SA |

### Partners

| | |
|---|---|
| Dominique Fasel | President of the Vaud Bankers' Association |
| Michel Juvet | President of the Institute for Studies in Finance and Banking and President of the Strategic Commission for the Banking Professions at the GFC, Managing Partner, Bordier & Cie |
| Xavier Oberson | Attorney-at-law with Oberson Abels SA |
| André Tinguely | President of the Ordre Genevois d'Expert Suisse |

* Members of the Bureau

# 7

# The Secretariat

The Secretariat is responsible for implementing the strategic priorities defined by the Board.

## Management, Accounting and General Administration

| | |
|---|---|
| Edouard Cuendet | Managing Director |
| Teuta Sinani | Assistant |

## Communication

| | |
|---|---|
| Chantal Bourquin | Head of Communications, Executive Officer |

## Promotion and Training

| | |
|---|---|
| Jessica Artali Ferreira | Project Manager |

### PARTICIPATION IN OTHER ORGANIZATIONS

In 2019, the Geneva Financial Center sat on many external committees and boards, in particular:

- The Retail Banking Committee of the Swiss Bankers Association
- The Education and Training Committee of the Swiss Bankers Association
- The Public Affairs Working Group of the Swiss Bankers Association
- The Strategy Committee of the Geneva Economic Development Office
- The Board of the Institute for Studies in Finance and Banking

### FINANCIAL SUPERVISION

- The funds held by the Geneva Financial Center are managed by UBS Asset Management.
- Accounts are kept by Société fiduciaire d'expertise et de révision SA (SFER), Geneva.
- The accounts are audited by Verifid SA, Geneva.
- The accounts for 2019 were approved by the Board at its meeting on May 1, 2020.
- The Geneva Financial Center is a registered non-profit foundation.
- The Geneva Financial Center is subject to supervision by the Cantonal Supervisory Authority for Foundations and Pension Schemes (ASFIP), Geneva.



# 8

# Association de Soutien à la Fondation Genève Place Financière

The Association de Soutien à la Fondation Genève Place Financière (ASFGPF) was created in 2016 and brings together stakeholders in the financial center. As its name implies, its aim is to support the GFC and create closer links between financial center players.

Yves Mirabaud chairs this Association, whose Committee members are Pascal Besnard (Area Manager Geneva, Credit Suisse (Suisse) SA), Gabriele Odone (Market Head for Geneva, Banque Julius Bär & Co. Ltd), Bas Rijke (Managing Director and Member of the Executive Committee of Banque J. Safra Sarasin Ltd), and Edouard Cuendet (Managing Director of the GFC). The Committee's membership therefore reflects the diversity of the financial center.

Since its creation, the ASFGPF has developed in a very encouraging way and now has over 46 members.

The General Meeting, held on November 18, 2019 at Banque J. Safra Sarasin SA, provided an opportunity to welcome Daniela Stoffel, Secretary of State for International Finance (SIF). Her remarkable presentation of the challenges and prospects of the Swiss Financial Center attracted keen interest from all the participants. They also appreciated her availability to answer the many questions that followed her talk.

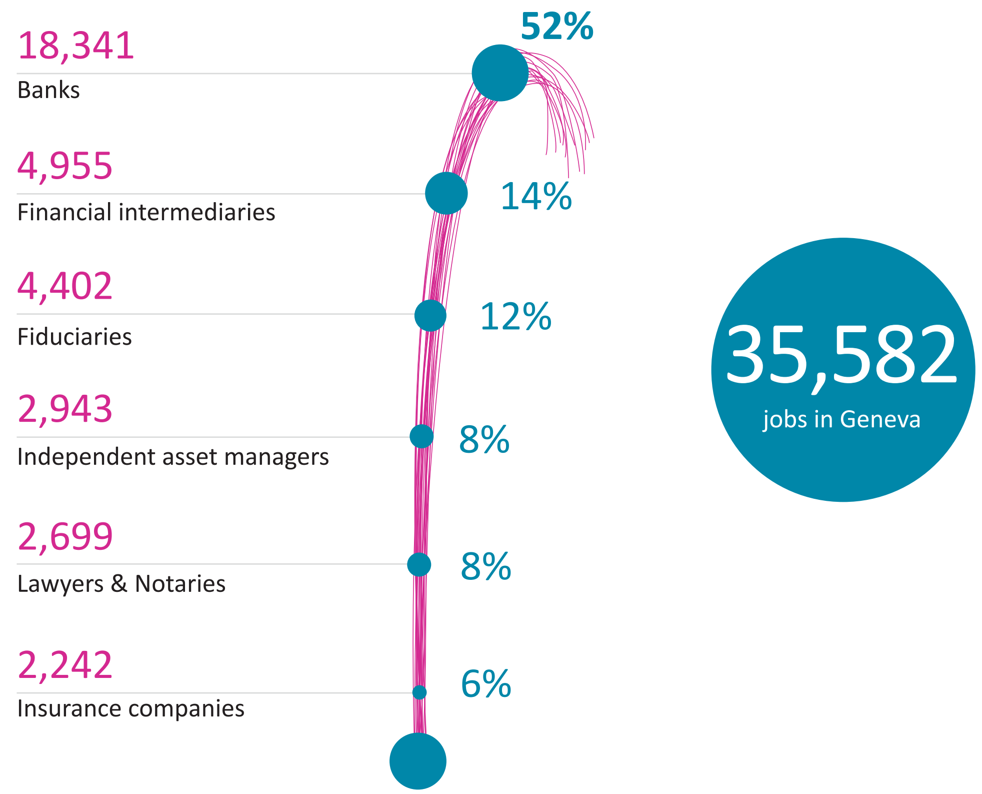
The ASFGPF thanks Ilan Hayim (former Chairman of the Board of Directors of Banque J. Safra Sarasin Ltd), who resigned as a member of the Committee at the 2019 General Meeting. His tireless dedication to the Association contributed to its development and enabled many new ideas to be proposed for the positioning of the Geneva Financial center.

# 9

# The Geneva financial center in figures

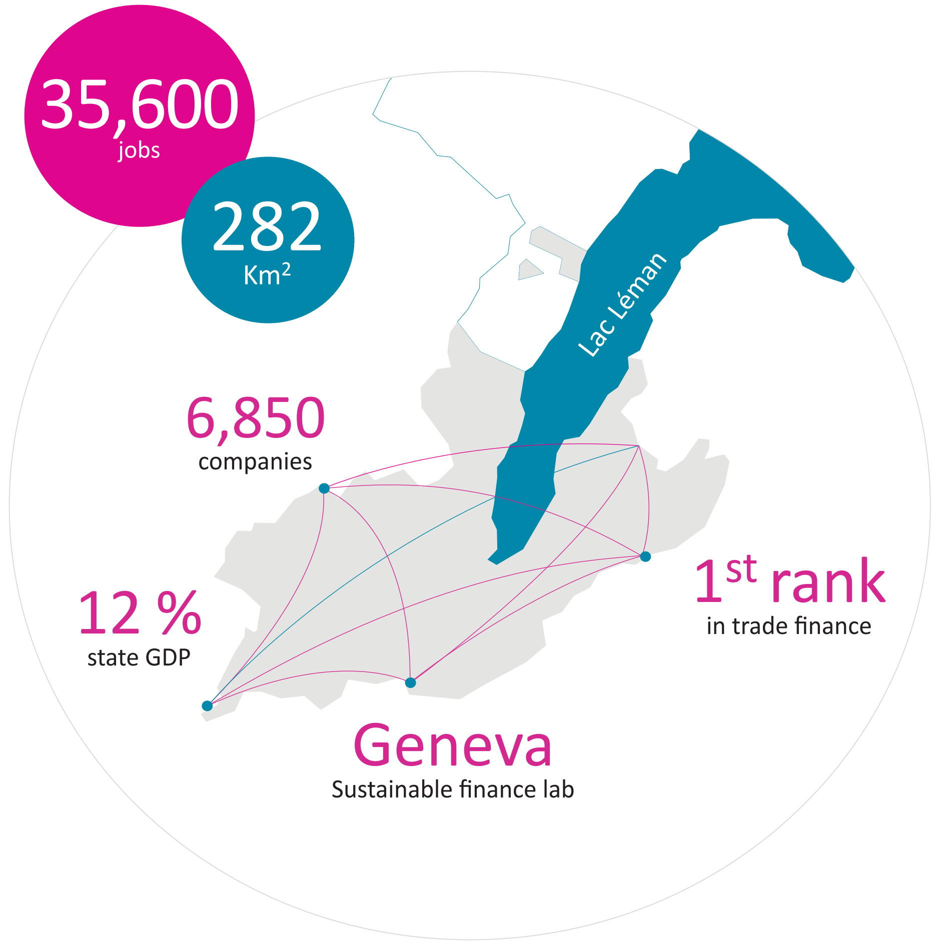
Figures as per September 30, 2017 – next update in October 2020

## Number of employees in Geneva Financial center



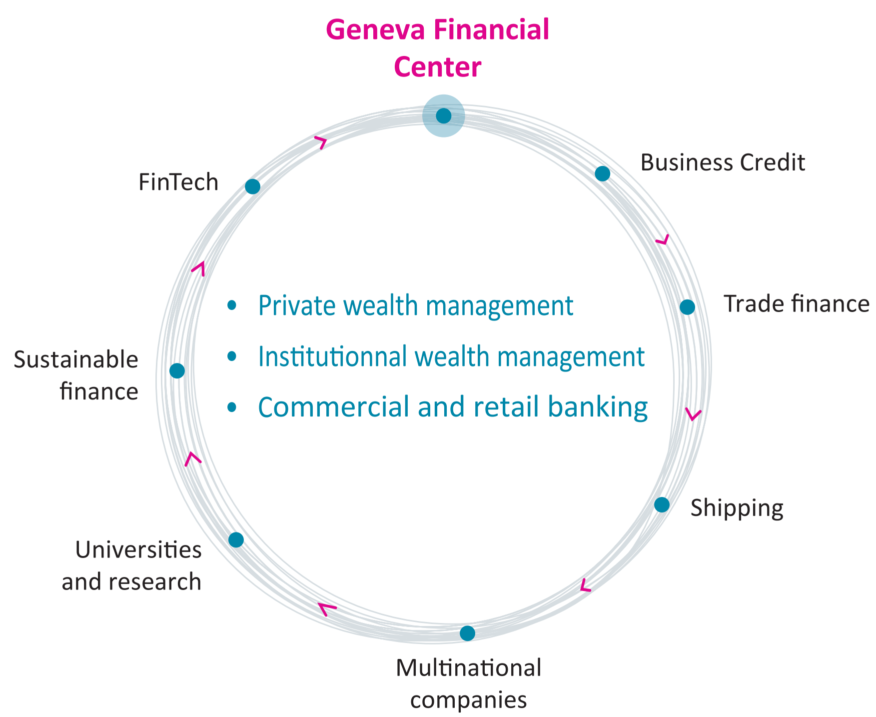

Sources: BNS; FINMA; REG – Répertoire des Entreprises du canton de Genève

## The Geneva Financial center




## Cluster effect

The Geneva financial center enjoys an excellent international reputation due to a 500-year tradition founded on strict ethical principles. With the presence of activities such as shipping and inspection, Geneva has a center of excellence and an economic cluster that are unparalleled worldwide. For instance, wealth management provides assets for underwring commodity trading and credits. This creates a need for other services, such as shipping and inspection. These services in turn help attract numerous multinational companies. Last but not least, this unique value chain enhances the quality of universities and research and contributes to making Geneva a key player in sustainable finance.



## Credits

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Geneva Financial Center

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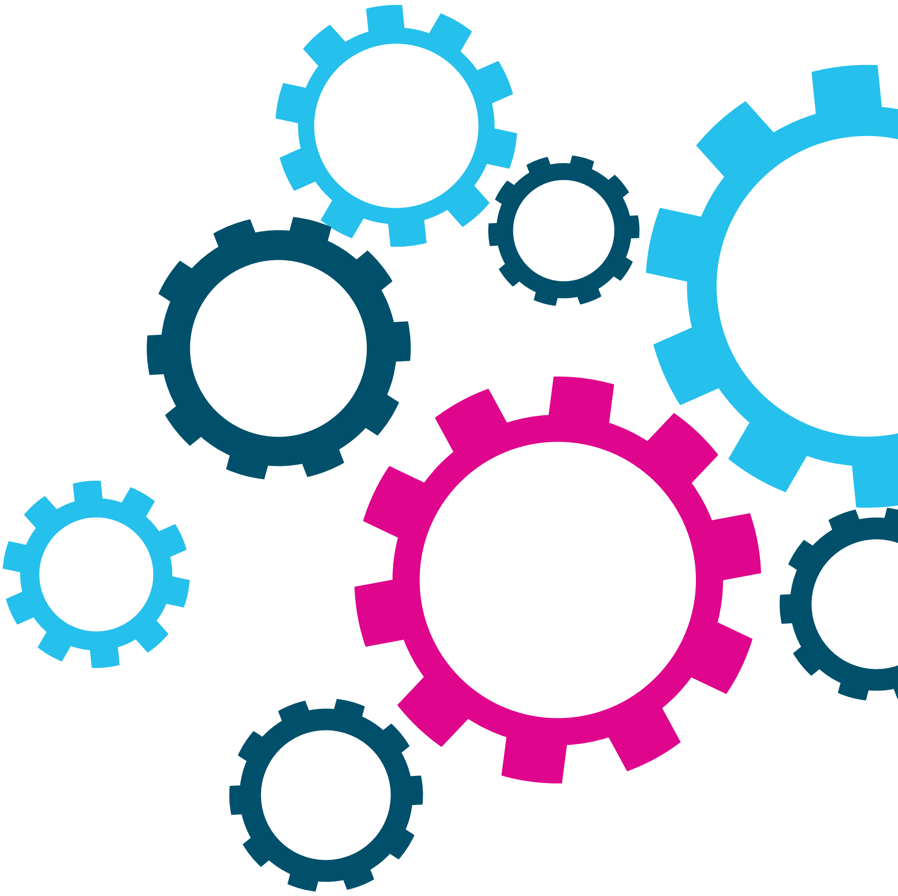
The 2019 Annual Report is also available in French and English at **www.geneva-finance.ch**



**Geneva Financial Center**
Rue du Général-Dufour 15
P.O. Box 5312
CH - 1211 Geneva 11

T +41 (0)22 849 19 19

www.geneva-finance.ch
info@geneve-finance.ch

#FGPF