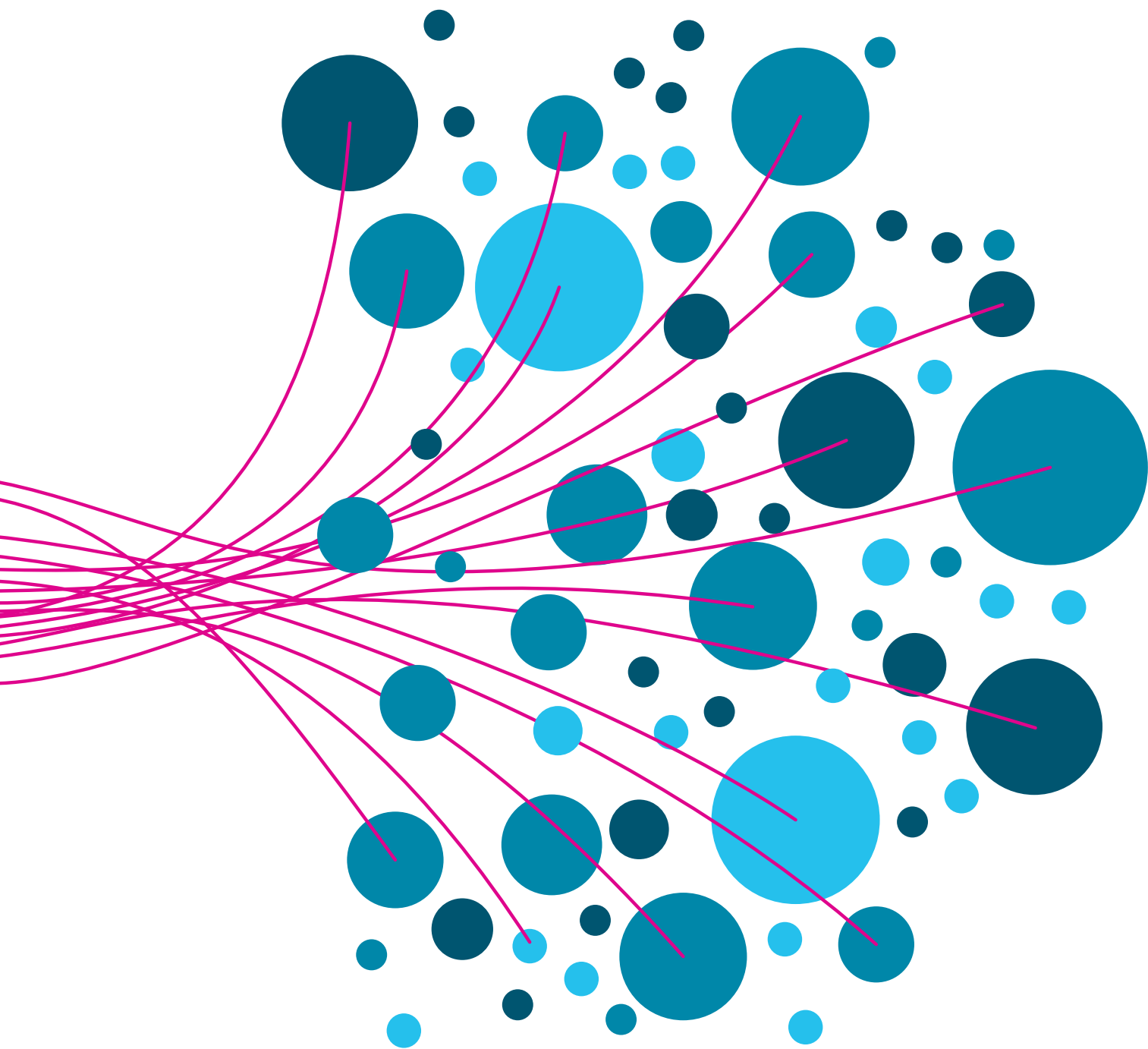


FONDATION  
GENÈVE GENEVA  
PLACE FINANCIAL  
FINANCIÈRE CENTER

ANNUAL  
REPORT

2016



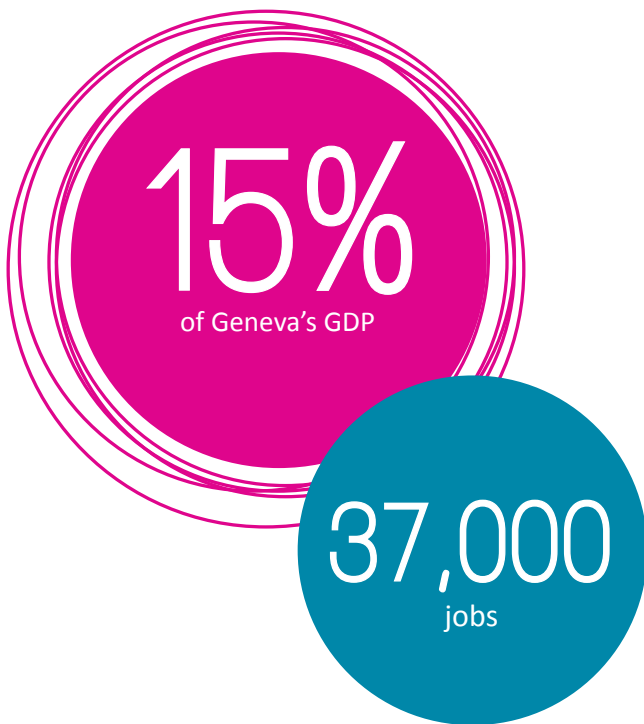
# The Geneva Financial Center

Established in 1991 by the 80 banks that were members of the Geneva Stock Exchange, the Geneva Financial Center (GFC) is the umbrella association of the financial sector. The sector generates 37,000 jobs and accounts for 15% of Geneva's GDP. It is based on three pillars: private and institutional wealth management, commodity trade financing and commercial and retail banking. With the presence of activities such as shipping and inspection, Geneva has emerged as an economic cluster with a unique concentration of skills. The central mission of the Geneva Financial Center is to support this value chain and contribute to the development of an optimal business environment for all financial center partners.



# Contents

<b>1</b>	<b>Message from the President</b>	<b>2</b>
<b>2</b>	<b>The Current Economic Situation</b>	<b>5</b>
<b>3</b>	<b>Framework Conditions</b>	
	<b>1. For a Competitive Legal and Regulatory Framework</b>	<b>6</b>
	Federal Financial Services Act (FFSA) and Financial Institutions Act (FinIA); Regulations and technological change; Implementation of the FATF Recommendations	
	<b>2. For an Attractive Tax System</b>	<b>8</b>
	<b>In Switzerland</b> Corporate taxation Individual taxation	
	<b>At international level</b> International Exchange of Information in Tax Matters	
<b>4</b>	<b>Communication and Promotion</b>	<b>13</b>
	Media relations; 2017 Opinion poll on current banking issues; Events; Partnerships and support	
<b>5</b>	<b>Education and Training</b>	<b>17</b>
	Encouraging excellence; Choosing a career	
<b>6</b>	<b>The Board</b>	<b>21</b>
<b>7</b>	<b>The Secretariat</b>	<b>22</b>
<b>8</b>	<b>Standing Committees</b>	<b>23</b>
<b>9</b>	<b>The Geneva Financial Center in figures</b>	<b>25</b>



# 1

## Message from the President

What priorities for the future?

### Our focus will be on jobs, competitiveness and innovation!

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 twelve months.

During the past year, the GFC has focused on ensuring that every effort is made in Geneva, as well as in Switzerland as a whole, to make the financial center even more attractive for clients, companies and talented professionals alike.

With this in mind, the GFC held more meetings with our cantonal authorities, in particular with the Councilors of State in charge of finance and the economy, Mr. Serge Dal Busco and Mr. Pierre Maudet respectively. In 2016 we were also able to develop Public Private Partnerships around the competitiveness of the financial center and FinTech.

A dialog was also initiated with Mr. André Schneider, the new managing director of Geneva airport. Ensuring optimal air connections is essential to the prosperity of many of Geneva's economic sectors, including the financial sector, which is mainly export-oriented. A meeting was also held with Prof. Martin Vetterli, President of EPFL since January 1, 2017, which highlighted the fascinating opportunities emerging at EPFL in terms of innovation, especially in the FinTech sector.

Jobs, competitiveness and innovation are a key part of our commitment. These closely related issues will shape the future of our financial center.

#### Jobs

Careers in finance and banking remain essentially people-oriented. The reputation of the Geneva financial centre depends primarily on the quality of the services provided. According to a recent survey by the Swiss Bankers Association (see p. 13), 62% of Swiss people believe that highly skilled staff are what differentiates Swiss banks from the foreign competition. The approximately 37,000 men and women who work in the financial sector in Geneva are the glue that holds our financial center together. This is why the GFC is committed to ensuring that Geneva is able to continue attracting the best talent and to providing them with the training they need to keep abreast of the rapidly changing requirements of their respective professions.

Consequently, the GFC plays a particularly active role in promoting traineeships to school pupils, as this training model is a key factor in the success of the Swiss economy (see p. 19).

In the area of continuing education, the GFC was involved in defining the SAQ standard, which should lead to certification that is recognized throughout Switzerland. The GFC emphasized the importance of providing diverse training pathways to meet this objective.

Lastly, with regard to the attractiveness of the Swiss financial center for talented professionals from abroad, the GFC closely followed the deliberations in Parliament on the implementation of the initiative "against mass immigration" on February 9, 2014. The pragmatic solution adopted by both Chambers in December 2016 should improve legal certainty in this area.

#### Competitiveness

Unfortunately, not all the sources of uncertainty were dispelled in 2016 and they are already having a negative impact on balance sheets, as indicated by the results of our most recent economic survey (see p. 5).

Corporate taxation undoubtedly remains a major differentiator between financial centers. Economic players must be able to rely on a degree of predictability and a high level of legal certainty in order to decide whether to come and expand their activities in Geneva. The rejection of Corporate Tax Reform III (CTR III) by the Swiss people on February 12, 2017 (see p. 8) has initiated a period of legal uncertainty that is having an adverse impact on the economy.

The result of another reform was more positive. The draft Federal Financial Services Act (FFSA) and the Financial Institutions Act (FinIA) are currently being reviewed by Parliament; work on the two draft laws is expected to conclude later this year (see p. 6). The main aim of the FFSA and FinIA is to strengthen the equivalence between Swiss legislation and the regulations applied by our neighbors and trading partners, in particular, the members of the European Union. The concept of equivalence is essential to



**Yves MIRABAUD**  
President

ensure access to the market, especially with regard to institutional clients. This will reinforce the legal certainty of our legislation. The GFC welcomes the constructive dialog that has commenced among the various actors in the financial center with the aim of reaching a compromise, especially on the sensitive issue of the supervision of independent wealth managers, which is stipulated in the FFSA.

The financial center's openness to the world also contributes to its competitiveness. In order to strengthen this international component, the GFC co-organized the third Chinese-Swiss Financial Round Table on November 24, 2016 (see p. 14), which was attended by high-ranking delegations from both partner countries.

### **Innovation**

Switzerland was ranked the most competitive country in the world in 2016-17 by the World Economic Forum Global Competitiveness Index for the eighth year in a row. Switzerland has held the top spot since 2007 due to the transparency of its institutions, the efficiency of its labor market, the quality of its infrastructure, the excellence of its universities and its capacity for innovation.

The emergence of FinTech represents exciting new opportunities. Digitization has already become the main engine of innovation in almost every sector of the economy. The challenge for Switzerland is to develop solutions that will enable it to innovate successfully while using or transforming existing resources and business practices.

It is thus no coincidence that the GFC, in partnership with the State of Geneva, invited 24 start-ups to present their cutting-edge solutions in the "Swiss FinTech corner" at the Sibos trade fair in September 2016 (see p. 15). In the same spirit, the GFC also helped to organize the second Digital Economy Forum in November 2016, focusing on opportunities offered by blockchain technology.

Thanks to the involvement of the financial institutions, FinTech players and favorable framework conditions, the Geneva Financial Center is ideally poised to make innovation its trademark.

In this context, the principle of a level playing field is particularly pertinent: banks that enter this sector must enjoy the same advantages as start-ups in the innovative financial technologies sector. That is a major challenge for the future federal legislation that is currently being debated (see p. 7).

In conclusion, the GFC will pursue its commitment to ensuring that talent, competitiveness and innovation continue to contribute to the added value of the banking and financial sector, thereby benefiting the whole economy. These efforts will not only be successful due to the close collaboration with the cantonal and federal authorities, but also with the Financial Center's many stakeholders. This is why the GFC relies on a Board composed of 14 members representing the various finance and banking activities in the Lake Geneva area: private bankers, big banks, commercial and asset management banks, foreign banks, cantonal banks, accounting firms and lawyers. That unique diversity of expertise and business models offers the best guarantee of future success!



# 2

## The current economic situation

The Geneva Financial Center has conducted an annual economic survey of banks and independent asset managers in Geneva since 2002. Their responses reflect their opinions and perception of the business environment and the outlook for the Geneva financial center.

The results of the 2016-17 economic survey indicate that the competitiveness of the Geneva financial center cannot be taken for granted. Financial players are facing many uncertainties, which are taking their toll on their businesses and on employment.

The first half of 2016 confirmed the decline in employment numbers observed in 2015. The unemployment figures nevertheless remained stable this year. This stability shows the enormous resilience of the financial sector in the broad sense (private asset managers, fund managers, accounting firms and other financial service providers) which has a very diverse set of skills and was thus able to absorb the jobs shed by banks.

Jobs were cut mainly in Switzerland. In contrast, banks continued to hire abroad. This phenomenon is attributable to several factors. The financial center depends on its talent pool and its ability to serve clients from Geneva to remain attractive. Add to this the need for financial institutions to improve their cost control, in response to pressures from successive waves of regulation and fierce international competition.

The initiative against mass immigration of February 9, 2014 created a detrimental level of uncertainty. Although Geneva is justifiably proud of the quality of its workforce, the financial center must be allowed to continue recruiting experts from all over the world in order to serve an international clientele. In December 2016, Parliament adopted a law with a view to enabling the pragmatic implementation of this initiative, with effect from January 1, 2018.

The lack of visible progress on improving access to foreign markets, especially to the European single market, Switzerland's largest trading partner, explains why Swiss banks are increasingly operating outside Swiss territory.

On this point, the economic survey conducted by the Geneva Financial Center reveals that if Switzerland does not gain access to the European market, the biggest banks are likely to radically change their business model. The risk of offshoring is very real and the number of jobs created abroad shows that political decisions – which are long overdue on this issue – are slower to materialize than the strategic decisions of companies that have to remain competitive.

In addition to these national issues, the financial players are also concerned with corporate taxation issues according to the 2016-17 economic survey. Taxation is a major differentiator between financial centers. The third Corporate Tax Reform would have introduced a transparent and sustainable system, had it not been rejected in a vote on February 12, 2017, thereby initiating a period of legal uncertainty that is putting Geneva's economic prosperity at risk (see p. 8).

In this nuanced picture, two positive factors deserve a mention. The two sectors that are not planning to cut staff are asset management and commodity trading. The same is true for the compliance, taxation and risk management sectors, as well as the emerging technology sector.

The consolidation of the banking sector is another indicator to watch closely. Consolidation is a natural and constant phenomenon in a competitive financial center and is likely to continue in response to rising costs and pressure on revenues. The trend towards segmentation, in which banks focus on a limited number of markets and client profiles, will also contribute to this process.

The future prosperity of the Geneva financial center depends largely on its ability to innovate in the areas of training, products and services as well as FinTech. The financial center encompasses a broad range of professions. The aim is not to create FinTech banks, but to introduce FinTech into the banks. The 2017 survey commissioned by the Swiss Bankers Association (see p. 13) shows that a large majority of Swiss believe that the banks will be among the winners of the digitization race.

# 3

## Framework Conditions

### 1. For a Competitive Legal and Regulatory Framework

#### ■ Federal Financial Services Act (FFSA) and Federal Financial Institutions Act (FinIA)

The FFSA and FinIA aim to create a level playing field for financial service providers and to improve client protection. Both draft laws are currently under review by Parliament.

The FinIA defines the conditions under which financial services and financial instruments may be offered to the public. In a spirit of equivalence, the new law aims to incorporate the standards defined by the European MiFID II Directive.

Following an eventful consultation process, the Federal Council published its Message in November 2015. The Government decided to remove the law's most controversial provisions, especially in the area of civil proceedings (e.g. reversal of the burden of proof, introduction of American-style "class actions", creation of a fund to cover clients' legal fees, even when they lose lawsuits, etc.).

The central element of the FinIA is the supervision of independent wealth managers, namely what form it should take. Over the course of 2016, the various stakeholders reached a pragmatic compromise: independent wealth managers will need to obtain authorization from FINMA, but day-to-day supervision will be carried out by one or more independent organizations, which have yet to be created. Banks will thus not be responsible for this supervision.

The Council of States adopted both draft laws during its winter 2016 session. The National Council's Committee for Economic Affairs and Taxation is currently addressing this issue. From the perspective of financial service providers,

two aspects of the law remain problematic: the reversal of the burden of proof with respect to liability for information contained in prospectuses; and the definition of minimum requirements for training and professional development.

The Plenary Assembly of the National Council will examine the FFSA and FinIA during its summer or autumn session in 2017, with a view to entry into force by 2019.



**Modern financial  
legislation for a  
healthy domestic  
economy**



## ■ Regulations and technological change

It will be recalled that on November 2, 2016, the Federal Council decided to relax the regulations for companies operating in the field of innovative financial technologies. In practical terms, the government initiated a consultation procedure on February 1, 2017, with a view to amending the Banking Law and the Banking Ordinance. The proposed reform comprises three main elements:

- The exception in the Banking Ordinance with regard to funds received for settlement will explicitly apply to transactions that are concluded within a 60-day time frame (rather than the current practice of 7 days).
- The receipt of deposits from the public of up to CHF 1 million will not be considered a commercial activity and will require no authorization. The purpose of this provision is to allow companies to test a business model before applying for authorization.
- Companies that receive deposits from the public of up to CHF 100 million but do not conduct active transactions will benefit from less stringent conditions of authorization than under the current

banking licensing system, namely with regard to the presentation of accounts, audits and deposit guarantees.

Any legislation that encourages technological innovation should be welcomed. In this area too, however, there must be a level playing field: banks entering the FinTech sector should benefit from the same favorable conditions as technology companies so as not to put them at a competitive disadvantage.

 **Equivalence, legal certainty and equality of treatment**

## ■ Implementation of the FATF Recommendations

Switzerland achieved good results in combating money laundering and terrorist financing.

On December 6, 2016, the Financial Action Task Force (FATF) published its 4th Mutual Evaluation Report on Switzerland. Our country obtained a good overall result, above the average of the countries that had already been evaluated.

In fact, Switzerland was found to be fully or generally compliant with 31 out of 40 Recommendations. Moreover, the FATF found no fundamental failings but noted several weaknesses in the system, in particular the fact that the Anti-Money Laundering Law (LBA) does not apply to lawyers, notaries and accountants with regard to certain non-financial activities, such as the creation of companies and trusts. Additionally, given the size of the Swiss financial

center, the number of suspicious transaction reports is considered to be too low. Lastly, the coexistence of the right to report and the obligation to report is a source of confusion.

Switzerland will continue to be monitored according to the established procedure. The Federal Department of Finance (FDF) will analyze the recommendations in the FATF Report and will present specific proposals to the Federal Council in the course of 2017.

# 3

## Framework Conditions

### 2. For an Attractive Tax System

#### ■ In Switzerland

The Geneva Financial Center (GFC) monitors tax-related issues closely, as Switzerland's international competitiveness and appeal depend largely on the fiscal framework it is able to offer corporations and individuals.

#### Corporate taxation

##### Corporate Tax Reform III (CTR III)

On February 12, 2017, almost 60% of Swiss people rejected the Federal component of the third Corporate Tax Reform (CTR III).

By way of reminder, the purpose of the CTR III was to fulfill the Federal Council's commitment in 2014 to comply with the international standards adopted by the OECD and the EU, by eliminating the special tax statuses awarded to certain companies. The reform included adequate accompanying measures with the aim of persuading these companies, and the jobs and tax revenues they generate, to stay in Switzerland.


A combination of various factors explains the magnitude of the rejection at national level. In particular, the backers of the CTR III struggled to explain why this reform, considered overly complex by many, was necessary. The arguments put forward by its opponents, on the other hand, were simple, if disputable: the reform, they claimed, amounted to a tax giveaway to large corporations at the expense of the middle class.

Regarding the future of this reform at the federal level, the Government intends to move forward quickly to conform to international standards and abolish special tax statuses in Switzerland before the 2019 deadline. Some observers, however, would prefer to wait and consider the developments in the USA and the United Kingdom after Brexit. Others would, ultimately, be quite happy to draw a line under the reform. The legal uncertainty created by this situation is negatively impacting our country's competitiveness.

In this regard, it seems likely that the days of NID (notional interest deduction) are numbered. Conversely, the idea of taxing private capital gains, initially suggested by Federal Councilor Evelyne Widmer-Schlumpf, still faces strong opposition.

The Federal Council intends to present the broad guidelines of the reform, now called Fiscal Project 17, by the summer of 2017.

Some confusion surrounds tax reform at the cantonal level in Geneva. Several political groups have asked the Council of State to simply withdraw its entire package of draft laws. The latter has decided instead to freeze the project and wait for the issue to be settled at the federal level before deciding how to proceed.

 **The legal uncertainty created by this situation is negatively impacting our country's competitiveness**

## Federal Act on the Tax Treatment of Financial Penalties

On December 18, 2015, the Federal Council initiated a consultation on the Federal Act regarding the tax treatment of financial penalties.

During the consultation procedure two aspects of the draft law are not being contested by the financial sector, namely:

- the fact that non-criminal penalties which aim to reduce profits should be tax deductible;
- the fact that secret commissions paid to individuals should not be tax deductible.
- Conversely, the financial sector would like the following provisions to be included in the draft law:
- fines, financial penalties and administrative criminal penalties should remain tax deductible;
- related court costs and all other costs based on usual business practices should also remain tax deductible.

This highly controversial draft law raises several issues of principle regarding the extent to which decisions on tax matters pronounced abroad should be enforced in Switzerland (from the perspective of arbitrariness in particular). Unfortunately, the Explanatory Report issued by the Federal Council's fails to address this crucial question.

The concept of corporate criminal liability under Swiss law must also be taken into account. In fact, pursuant to Article 102 of the Swiss Criminal Code, a corporate entity may be found criminally liable only on the grounds of a lack of organization and the resulting fine must not exceed CHF 5 million.

On September 26, 2016, the Federal Supreme Court handed down a decision on this question. The Judges held that not only Swiss tax penalties under the Federal Act on Direct Federal Tax (LIFD) and the Federal Act on Harmonizing the Direct Taxation of Cantons and Municipalities (LIHD) are not tax deductible. For the Federal Supreme Court, an administrative penalty for a criminal offence does not constitute a justifiable business expense and is therefore not tax deductible.

Conversely, a penalty equivalent to a restitution of profits that has been judged unlawful is tax deductible.

Additionally, the taxpayer bears the burden of proving that a financial penalty corresponds wholly or partially to a restitution of profit. Lastly, the costs of court proceedings which result in the imposition of a penalty (including lawyers' fees) are fully tax deductible.

It is noted that the reasoning of the Federal Supreme Court is largely consonant with the draft law outlined above. It remains to be seen what will happen when the law is submitted to Parliament.

On March 21, 2017, the Council of States' Committee for Economic Affairs and Taxation agreed to study the draft law. The Committee concluded that on the basis of the above-mentioned decision by the Federal Supreme Court, Swiss law should specifically address the tax treatment of financial penalties in order to reinforce legal certainty. Its work is still ongoing in spring 2017.

## Individual taxation

### Initiative on the protection of financial privacy (Matter initiative)

This initiative aims to maintain banking secrecy in tax matters for private clients living in Switzerland.

Both the Swiss Bankers Association (SBA) and the Federal Council recommended that voters reject the initiative, but do not oppose the counter-proposal.

In February 2016, however, the Committee for Economic Affairs and Taxation examined the possibility of submitting a counter-proposal, which would enshrine the current fiscal situation in the Constitution, while eliminating aspects of the initiative that go beyond the status quo. This proposal was considered in a consultation process, which ended in September 2016.

Left-wing parties, the cantons and the SBA responded by rejecting both the initiative and the counter-proposal. The SBA believes, in particular, that the current law provides sufficient protection with regard to client confidentiality. Furthermore, it rejects all proposals that would increase

the likelihood of banks and their employees being charged with criminal offences as well as all proposals that would create additional costs for the banks. The SBA adds that banks refuse to be held responsible for the tax compliance of their clients, thereby acting as the extended arm of the tax authorities. Other groups have taken a more nuanced position toward the idea of a counter proposal (Association of Swiss Private Banks, Employers Association), arguing that it is up to Swiss citizens, who as taxpayers are the main beneficiaries of banking secrecy, to decide on an issue that affects their relationship with the State.

In December 2016, the Plenary Session of the National Council voted in favor of the "Yes to the protection of privacy" initiative as well as the direct counter proposal.

The Council of States has yet to state its views on this subject, but the issue should be on the agenda of its 2017 summer session. If the Upper House accepts the counter proposal it seems likely that the initiative itself will be withdrawn.

## ■ At International Level

### International Exchange of Information in Tax Matters

#### **Peer review by the Global Forum on Transparency and Exchange of Information for Tax Purposes and the issue of requests for assistance based on stolen data**

In July 2016, Switzerland passed the Global Forum's peer review and was declared "largely compliant" in the area of exchange of information.

Among the positive points, the Global Forum mentioned with regard to the Tax Administrative Assistance Act, the inclusion of an exception to the notification of taxpayers who are subject to a request for information, as well as the expansion of the Double Tax Agreement (DTA) network. The Global Forum also welcomed a staff increase to ensure efficient collaboration.

The Global Forum expressed reservations, however, on the question of bearer shares, despite the measures already taken by our country.

Regarding the assistance requested based on stolen data, reference was made to the Message on the revision of the Tax Administrative Assistance Act (TAAA), forwarded to Parliament on June 10, 2016.

A new review cycle has already begun (Phase 3), and Switzerland will likely be evaluated again in 2019. This analysis will examine group requests, the identification of final beneficiaries and the quality of requests for administrative assistance.

As part of this process, Switzerland is expected to present an interim report to the Global Forum in July 2017, detailing the measures taken.

Regarding the use of stolen data in the context of an international request for assistance, two recent rulings by the Federal Supreme Court are particularly noteworthy.

In its ruling of February 16, 2017, the Federal Supreme Court overturned a decision by the Federal Administrative Tribunal preventing the Federal Tax Administration from responding positively to a request for international assistance from France, on the grounds that it was based on data stolen by a (former) employee of a French bank (UBS France in this case). The Federal Supreme Court ruled that the restrictions placed on mutual assistance contained in the Tax Administrative Assistance Act (TAAA) apply only to data stolen in Switzerland.

This ruling sparked lively debate in the Swiss political world. Some members of Parliament argued that Switzerland should refuse to respond to any international request based on information obtained illegally, regardless of whether the theft occurred in Switzerland or abroad.

Conversely, the Federal Supreme Court ruled on March 17, 2017 that the Federal Tax Administration should not provide administrative assistance to France regarding two taxpayers whom French tax authorities had identified on the basis of data stolen from HSBC in Geneva by Hervé Falciani.

#### **Implementation in Switzerland of the international standard on the automatic exchange of information**

##### *Historical background*

In May 2014, Switzerland declared its intention to adopt the International standard of the OECD on the Automatic international exchange of information in tax matters (AEOI).

Since this date, our country has done its utmost to fulfill this commitment. As a necessary first step, it signed several international conventions defining the scope of this collaboration, before adopting the corresponding federal law.

Legislative efforts continued with the ratification of a treaty with the European Union, which came into force in January 2017. At the same time, the Swiss government was conducting bilateral negotiations with several States with a view to implementing the AEOI.

Following these various diplomatic steps, Switzerland gave an undertaking to implement the AEOI with 38 States and territories commencing in 2018.

Continuing in this vein, the Federal Department of Finance initiated two new rounds of consultations, on December 1, 2016, and on February 2, 2017, regarding the introduction of the AEOI with 21 or alternatively 20 new States and territories.

The countries under consideration include South Africa, Argentina, Mexico, Colombia, India, China, and Russia.

In principle, the Geneva Financial Center supports the decision to extend the AEOI beyond the EU to members of the OECD and the G20.

However, the Swiss government and Parliament must not see this support as giving them carte blanche.

### *Necessary precautions*

- **Market access**

When examining the above-mentioned agreements, legislators should keep in mind the importance of ensuring access to the markets of States with which Switzerland plans to implement the AEOI. It is crucial for Swiss financial service providers to be able to offer their services in their clients' country of residence. If not, the risks of jobs being moved out of Switzerland should not be underestimated.

To date, however, bilateral negotiations with several countries have resulted in joint declarations that include a vaguely worded clause mentioning only "an interest in pursuing the simplification and improvement of the framework conditions regulating cross-border activities." It is high time those good intentions were implemented as concrete steps to remove the obstacles to cross-border activities.

- **Equal treatment**

It seems reasonable to expect the Swiss Government to perform rigorous checks before providing any information to a foreign State until the 2019 horizon, to ensure that Switzerland is not going it alone. In plain language, this means that all major financial centers must also send the relevant data to the country in question. In the absence of such a guarantee, it stands to reason that clients will choose more favorable jurisdictions.

Parliament must therefore include in the relevant Federal Acts an activation clause that expressly complies with the aforementioned principle.

It should be mentioned at this point that with regard to equal treatment, the United States chose not to adopt the OECD standard but to apply their own system, called FATCA, which provides for limited reciprocity. This gives American financial service providers a considerable competitive advantage.


- **Confidentiality**

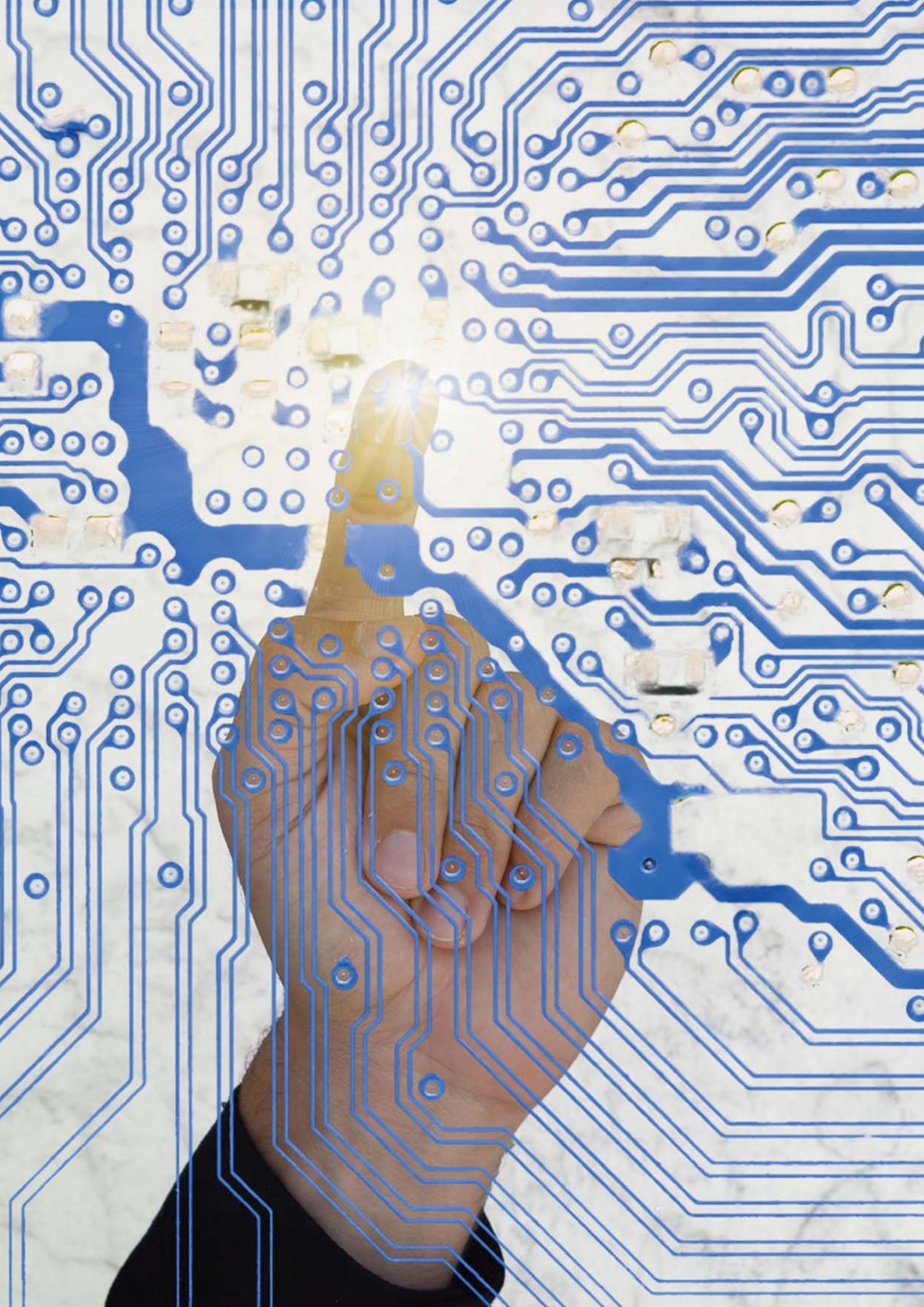
The same precautions are necessary with regard to adherence to the principle of confidentiality.

In 2019, the Federal Council will have to ensure that the States to which it plans to send information have not misused data obtained from other countries. If a breach of the principle of confidentiality is found to have occurred, the Swiss government should postpone the start of the AEOI with that country.

The Decrees ratified by the Federal Parliament should accordingly include a specific provision, making such verifications a condition for activating the AEOI.

There is nothing theoretical about the risks inherent in a potential violation of the principle of confidentiality when such sensitive information is involved. In some countries, the tax aspect is secondary. The main priority is ensuring the physical safety, and even the life, of wealthy clients.

 **Market access, equal treatment and confidentiality are three principles of the automatic exchange of information**



# 4

## Communication & Promotion

### ■ Media relations

On October 11, 2016, the Geneva Financial Center (GFC) held its traditional press conference, which was attended by representatives of the Swiss and foreign financial media.

This event was widely reported in the Geneva press as well as in the Swiss-German and international media. Journalists focused on two main issues:

- the importance of reinforcing the predictability and attractiveness of our financial center for clients, companies (see p. 8), and talent;
- the changes in the employment figures and the assets under management (see p. 5).

These topics were presented by Yves Mirabaud (President) and Edouard Cuendet (Director) respectively. Both emphasized a common theme: the competitiveness of our financial center should not be taken for granted. Greater awareness of that fact among banking professionals and political authorities alike should help dispel a certain indifference to the issue. In this regard, a strong commitment to creating attractive framework conditions on the part of government authorities is a crucial factor.

In that same context, the press also noted the determination of the Geneva Financial Center to work more closely with their counterparts in Zurich on certain issues.

### ■ 2017 opinion poll on current banking issues

On April 6, 2017, the Swiss Bankers Association (SBA) published its biannual study on the image of banks and current banking issues. This survey, conducted by the M.I.S. Trend institute, is the only one of its kind to analyze public opinion on the banking sector.

Despite the recent upheavals in the financial center, the Swiss maintain a relationship of trust with their banks. They especially value their solidity and reliability and they recognize the importance of the sector to the economy as a whole. In fact, 94% believe that the economy needs a strong financial center. Overall, the percentage of respondents who view the banking sector positively is higher than in the 2009 survey, which was conducted immediately after the start of the financial crisis.

One out of two people in Switzerland believes that the Swiss financial center is more competitive than its main rivals and has a good reputation abroad. A large proportion of the population (88%) views Switzerland's political and economic stability as a competitive advantage. A majority (84%) also agree that training in the banking sector is a key to its success.

For the first time since it was conducted, the survey included questions on the FinTech industry. Responses indicate that Swiss people are optimistic about the future

but simultaneously aware of the risks associated with emerging technologies. Sixty-five per cent of respondents believe that Swiss banks will be among the winners in the digital race. Furthermore, the younger generation (aged 18-29) is more optimistic in this respect (71%).

Regarding the risks associated with the digitization of the financial sector, 86% of respondents view cyber crime as a very high or fairly high risk.

Seventy-eight per cent believe that there is a real risk of jobs disappearing in the banking sector, while around one fifth disagree. Loss of personal relationships and a decline in customer service are deemed to be less likely to occur.





## ■ Events

### Assises de la place financière

The fifth edition of this annual event took place on June 2, 2016 and was attended by more than 360 professionals from many Geneva-based institutions. Yves Mirabaud, President of the GFC, spoke about the main issues facing the Geneva banking and financial sector.

In keeping with its focus on FinTech, the 2016 Assises featured a presentation by Rüdiger Lobrinus, Managing Director, Multichannel Management & Digitization, UBS SA, entitled "An overview of FinTech and UBS's multichannel strategy".

Christian Petit, Head of the Enterprise Customers Division at Swisscom SA, then explained how Swisscom is including FinTech in the digitalization of banks.

Both presentations were followed by lively discussions with the audience.

### Chinese-Swiss Financial Round Table

The GFC, in collaboration with the Swiss Bankers Association (SBA) and the China Banking Association, organized the third edition of the Chinese-Swiss Financial Round Table on November 24, 2016.

After Zurich and Beijing, the choice of Geneva as the host city sent a strong signal from the Swiss Confederation. It symbolizes the interaction between international Geneva, financial Geneva and academic Geneva and highlights its business cluster, which is the only one of its kind in the world.

The Round Table brought together high-level representatives from the Chinese and Swiss governments, central banks and regulators, as well as business leaders and professionals in banking and finance, to exchange views on current issues. This event was an occasion to reinforce coordination between various public and private measures that are necessary to position Switzerland as a Renminbi trading platform. It also underlined the importance of the two countries sharing academic expertise and collaborating in research and education, in particular through an agreement between the University of Geneva and Tsinghua University, which is considered to be the "Chinese M.I.T."

The Round Table was attended by 180 participants and featured presentations by Federal Councilor Ueli Maurer; the Chinese Ambassador to Switzerland Geng Wenbing; Geneva State Councilor Pierre Maudet; Ambassador Alexander Karrer, Secretary of State for International Financial Affairs; Andrea Maechler, Member of the Executive Board of the SNB; Thomas Bauer, Chairman of FINMA; Herbert Scheidt, Chairman of the SBA; Zhang Dongke, Deputy Chairman of the Shanghai Stock Exchange; and Christophe Landis, CEO of SIX.



© Mark Henley Photography





## SIBOS

Organized by SWIFT, the world's leading provider of interbank messaging services, Sibos is the world's largest financial services event. Geneva had hosted Sibos twice before, in 1993 and 2007. The 2016 edition took place from September 26 to 29 at Palexpo and attracted nearly 8,000 participants, the largest number recorded since Sibos was created in 1978.

For the first time in its history, the organizers of Sibos decided to provide the host country with a booth at the congress. The "Swiss FinTech corner" in the "Swiss Lounge" featured presentations by 24 FinTech start-ups on various topics such as the banking sector, security, compliance, blockchain, big data, etc. The booth was the result of a public-private partnership between the State of Geneva, the Geneva Financial Center (GFC), AlpICT, Barclays, Temenos and the Swiss FinTech Association.

The GFC and the State of Geneva also joined forces to host business leaders from the Geneva financial center and FinTech companies at a cocktail reception on September 28, 2016.

### "Digital Economy" Forum

The second edition of the "Digital Economy" Forum, organized by the State of Geneva, the Fédération des entreprises romandes (FER), the GFC, and Fongit, took place on November 25, 2016.

The theme of this edition was *"The Digital Transition – Blockchain: opportunities for business."* Continuing on from the theme of the previous year, namely cyber security, the event aimed to provide participants with a better understanding of a technology that is likely to have a significant influence on our current economic, political and social systems.

The Forum attracted over 350 participants, mostly from Geneva-based companies.

**65 %**

of the Swiss believe that Swiss banks will be among the winners in the digital race

## ■ Partnerships and support

### Union des intérêts de la place financière lémanique (UIPF)

The Geneva Financial Center provides administrative and logistical support to this non-profit association. The UIPF's mission is:

- to support the financial sector in the Lake Geneva region by publicizing its impact on jobs, economic activity and the quality of life;
- to raise awareness among its members and the general public of the role played by the financial sector in the cantonal economy and in financing the welfare state.

The UIPF organizes various free events for its members, including:

- The Annual General Meeting: On May 10, 2016, Ivan Slatkine, Chairman of the Fédération des entreprises romandes, convened a conference on "Corporate Tax Reform III: a Crucial Issue for Geneva".
- A panel discussion: At this annual event on September 20, 2016, Mrs. Sophie Dubuis, Managing Director of Bucherer in Geneva and Mr. Pascal Ravessoud, General Secretary of the Cultural Council, Fondation de la Haute Horlogerie spoke on the theme "New challenges in the watchmaking industry".
- Lastly, the UIPF's 2,000 members receive around ten annual issues of a newsletter containing articles on economic topics.



### Sustainable Finance Geneva (SFG)

The GFC has supported the non-profit association Sustainable Finance Geneva since 2008.

SFG contributes to Geneva's reputation as a global leader in this particularly innovative segment.

A key platform for sustainable finance in French-speaking Switzerland, SFG not only facilitates dialog among all the players in the ecosystem of French-speaking Switzerland, it is also committed to promoting the Geneva financial sector and its players and experts.

SFG focuses primarily on the issue of financial innovation in the sustainable finance sector.

With the move toward digitization, sustainable finance is expanding and diversifying with innovations in impact investing, research into environmental, social and governance (ESG) factors, and into shareholder commitment.



# 5

## Education & Training

### ■ Encouraging excellence

As an international financial center, Geneva prides itself on its wide variety of activities, ranging from retail banking through wealth management to commodity trading. This variety has enabled the financial center to achieve critical mass and consolidate its reputation. For Geneva to stay ahead of the competition, specialization and innovation are the only way forward. This requires the outstanding quality of service that only highly trained professionals can deliver.

Training and education are therefore very high on the list of priorities of the Geneva Financial Center (GFC). Although not directly involved in training activities, the GFC ensures that the supply in this area meets the actual needs of the institutions through its two committees (the Banking Skills Strategic Committee and the HR and Training Technical Committee). This enables it to cover a broad spectrum, from traineeships to fundamental research.

### Reinforcing university education through a public-private partnership

#### Creation of the Geneva Institute for Wealth Management

The Geneva Institute for Wealth Management was established in September 2016 by the Geneva Financial Research Institute (GFRI) and the Geneva Financial Center as a private, non-profit foundation.

Its aim is to promote post-graduate and continuing education, as well as academic research and knowledge transfer in wealth management and related fields, both in Switzerland and internationally. The Foundation could serve as a platform for public and private institutions to discuss issues relating to wealth management. It also plays a role in promoting and developing the Swiss financial center as a center of excellence in the field of wealth management.



### Support for the Geneva Financial Research Institute (GFRI)

The GFRI conducts multidisciplinary research that aims to foster synergies between the Geneva School of Economic Management (GSEM) and the faculties of law, psychology and education at the University of Geneva.

Every year, the GFC awards the Geneva Financial Center Prize to the graduate of the Masters in Finance with the highest average grade. It also sponsors the "Finance Seminar Series" throughout the academic year. The 2016 Prize was awarded to Mr. Hayssam Sabra for his thesis on *"Currency Management Methods for International Portfolios"*.

### Participation in the Board of the Institute for Studies in Finance and Banking (ISFB)

For nearly 30 years, the ISFB has played a central role in developing the skills that ensure the Geneva financial center remains competitive.

The Geneva Financial Center contributes actively to the work of the Institute through the presence of Michel Juvet as Chairman of its Board of Directors and Blaise Goetschin as Vice-Chairman. Edouard Cuendet, Director of the GFC, is also a member of the Board of this institute.

## Continuing education: an entrepreneurial responsibility

Recruiting the most talented professionals is not enough to ensure the success of a bank or a financial institution. Excellence is a quality that is developed over the course of an entire career.

Continuing education enables banking professionals to keep their skills and knowledge up to date.

Training can take a wide variety of forms, from formal instruction in specialized institutes to in-house courses, lectures and e-learning.

However, a clear trend is emerging: companies want short courses, often tailored to their requirements, delivered by trainers with practical experience in the industry and with an emphasis on new technologies and current and future regulations.

## ■ Choosing a career

The main objective of the GFC is to serve as an information clearinghouse for education and training in banking and finance, especially via its website.

For this purpose, the GFC develops teaching materials for HR and training managers, bank employees wishing to undertake further training and for anyone who is interested in a career in banking. It also participates in events that are designed to present careers and apprenticeships in the banking sector.

### Promoting apprenticeships in Geneva secondary schools

One of the keys to Switzerland's economic success lies in its apprenticeship model. To promote this training pathway, the Geneva Financial Center has in recent years participated in the Cité des Métiers jobs fair for secondary school leavers.

In 2016, the GFC decided to take its outreach a step further by going to secondary schools to present careers in banking. Working closely with "Go Apprentissage", a pilot program funded by the Federal Government and supported by professional training partners, representatives from several Geneva banks met year 11 students from "Cycles d'orientation" (Drize, Foron, and Renard). The initiative aims to encourage students to choose an apprenticeship by giving them tools to improve their résumés as well as practicing mock interviews and face-to-face meetings with trainees.

According to a GFC survey conducted at Geneva banks, overall, more than 90% of apprenticeships lead to a permanent job offer. However, only 5% of young people who finish compulsory education in Geneva opt for an apprenticeship, which suggests that this training pathway needs to be made more attractive to school-leavers.

**Apprenticeships are the route to a career in banking!**

#### EVENT

##### **"Zoom métiers" - Career Information Event Banking and Finance 2016**

Organized by the Geneva Office for Training and Professional and Continuing Education (OFPC), the "Zoom Métiers" events for high school students consist of presentations by professionals and trainees from Geneva banks, followed by a question and answer session for the young visitors.

The GFC traditionally participates and represents the finance and banking sector at these events.

## 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 members of the Human Resources and Training Technical Committee liaise between the GFC and the banks.

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
- Documentary credit specialist



# The Board

The Geneva Financial Center was established in 1991 by the 80 banking members 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)	Managing Partner, Banque Pictet & Cie SA
Christophe Hentsch	Managing Partner, Banque Lombard Odier & Cie SA
Guy de Picciotto*	President of the Management Committee, Union Bancaire Privée, UBP SA

## Cantonal banks

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

## Big banks

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

## Foreign-owned banks

Benoit Dumont*	Chairman of the Board, JP Morgan (Suisse) SA
Franco Morra	CEO, HSBC Private Bank (Suisse) SA

## Partners

Robert-Philippe Bloch	President of the Association vaudoise des banques
Pierre Bongard (until 07.04.2017)	Former President of the Ordre genevois d'Expert Suisse
Xavier Oberson	Lawyer at Oberson Abels SA
Michel Juvet	Managing Partner, Bordier & Cie; Chairman of the Board of the Institute for Studies in Finance and Banking; Chairman of the GFC Banking Skills Strategic Committee
Jacques-Olivier Thomann* (until 31.12.2016)	Former President of the Swiss Trading & Shipping Association (STSA)
André Tinguely (since 07.04.2017)	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
Martine Haeuw	Assistant

### Communications

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

### Promotion and Training

Sandrine Lamielle	Project Manager
-------------------	-----------------

### General Services

Emmanuel Barciella	Manager
--------------------	---------

## FINANCIAL SUPERVISION

- The funds held by the Geneva Financial Center are managed by UBS SA.
- The accounts are maintained by Société fiduciaire d'expertise et de révision SA (SFER), Geneva.
- The accounts are audited by Verifid SA, Geneva.
- The accounts for 2016 were approved by the Board at its meeting on April 7, 2017.
- 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, Geneva.

## PARTICIPATION IN OTHER ORGANIZATIONS

The Geneva Financial Center sits on many external committees and boards, including:

- The Retail Banking Committee of the Swiss Bankers Association
- The Public Affairs Working Group of the Swiss Bankers Association
- The Board of Geneva Tourism
- The Strategy Committee of the Geneva Economic Development Office
- The Board of the Institute for Studies in Finance and Banking
- The Coordination Group for Activities that Promote Geneva



# 8

## Standing Committees

### ■ Banking Skills Strategic Committee

The Strategic Committee determines the education and training strategy of the Geneva Financial Center (GFC). Its members are senior executives of banking institutions in the Lake Geneva area.

The role of this Committee includes:

- defining strategies to develop the banking skills required by the Lake Geneva financial sector;
- promoting its training initiatives and materials in French-speaking Switzerland;
- collaborating with the Training Committee of the Swiss Bankers Association (SBA);
- regular meetings with the Head of the Department of Education and its staff in charge of continuing education;
- approving the GFC's education and training-related activities and ensuring their proper implementation;
- approving and amending the rules governing the accreditation of training courses in finance and banking by the GFC and the recognition of diplomas at cantonal level by the Department of Education.

#### Members:

Michel Juvet  
(President) Bordier & Cie,  
Chairman of the Board of the Institute for Studies in Finance and Banking

Jean-Luc de Buman  
(Vice-President) SGS SA

Anita Belitz-Krasniqi	Swiss Finance Institute
Roger Bommer	Banque Lombard Odier & Cie SA
Edouard Comment (until 31.12.2016)	Union Bancaire Privée, UBP SA
Christian Scherrer (from 01.01.2017)	Union Bancaire Privée, UBP SA
Edouard Cuendet	Geneva Financial Center
Christian Donzé	Banque Cantonale Vaudoise
Dominique Fasel	Association vaudoise des banques
Christophe Andreani	BNP Paribas (Suisse) SA
Alastair Coull	Banque Pictet & Cie SA
Joan Merino	UBS SA
Olivier Mooser	Groupe Raiffeisen
Vincent Nicole	Credit Suisse (Suisse) SA

## ■ HR and Training Technical Committee

The HR and Training Technical Committee is composed of Human Resources and Training Managers from banking institutions in the Lake Geneva area. It is a consultative group, which identifies and addresses training needs in the banking and financial sectors. The role of this Committee is to:

- advise the GFC on the training needs and expectations of banking institutions;
- review the skills guidelines drafted by industry specialists;
- review applications for the accreditation of financial and banking training programs and, at the request of the Department of Education, advise on the recognition of qualifications at cantonal level;
- propose action plans to the Strategic Committee and respond to its requests.

### Members:

Edouard Cuendet (President)	Geneva Financial Center
Mathieu Bischof	CA Indosuez (Suisse) SA
Christian Brunet	UBS SA
David Detrey	Banque Pictet & Cie SA
Maryse Gabbay	Credit Suisse (Suisse) SA
Antoni Gori	Banque Cantonale Vaudoise
Ofra Hazanov	Edmond de Rothschild (Suisse) SA
Romaine Jordan	Banque cantonale de Genève
Tony Quilleret	Union Bancaire Privée, UBP SA
Fabien Smadja	Mirabaud & Cie SA

## ■ Securities and Derivatives Committee

The Securities and Derivatives Committee represents members of the Swiss Stock Exchange from French-speaking Switzerland on the Zurich Securities Committee. Issues addressed by the Committee include trading rules, regulations, guidelines, new software versions and the strategic orientation of the SIX Swiss Exchange.

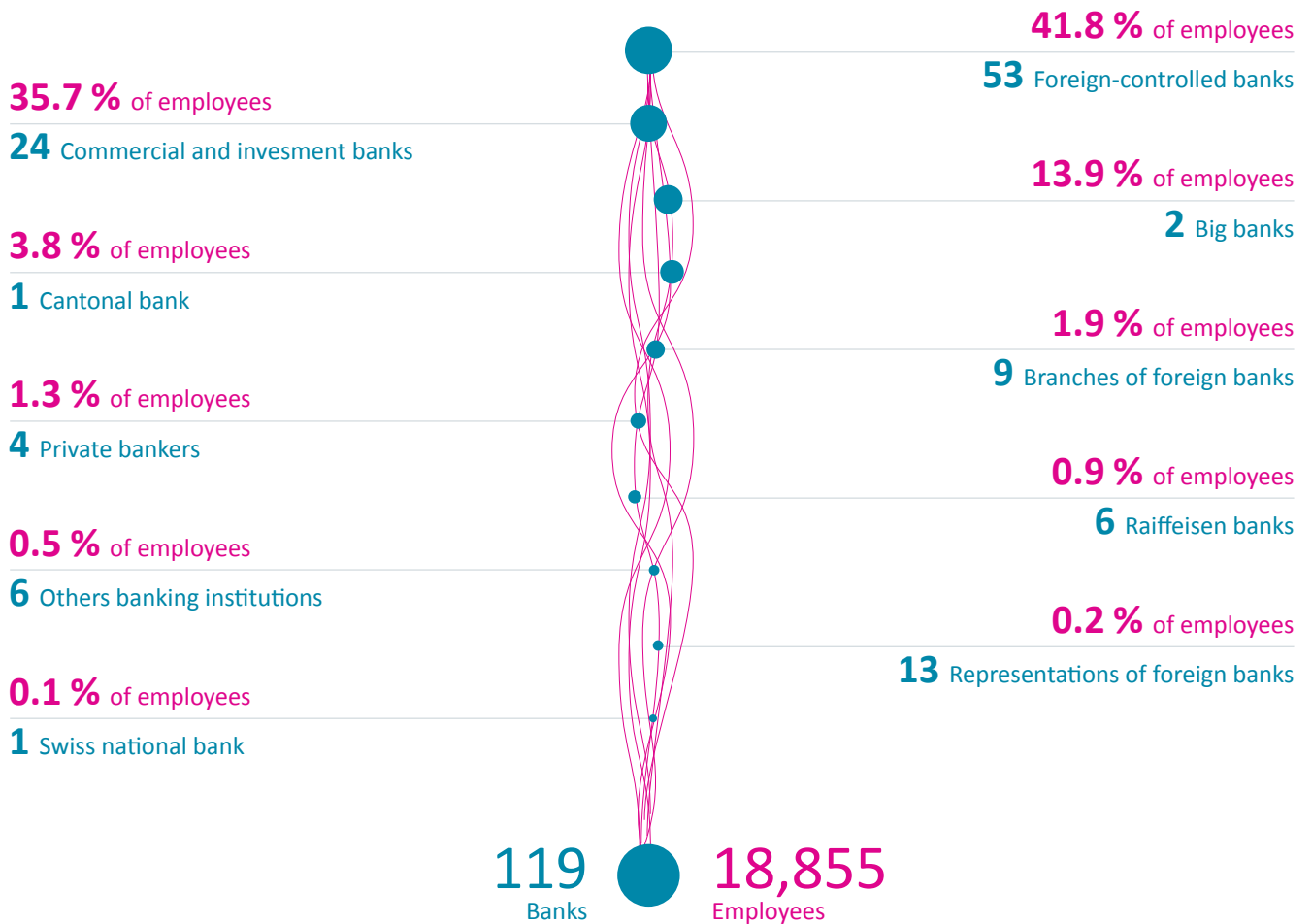
### Committee members:

Gery Brodier	Edmond de Rothschild (Suisse) SA
Xavier Gende	Banque Pictet & Cie SA
Claude Magnin	Banque Lombard Odier & Cie SA
Jean-Nicolas Muff	Banque Cantonale Vaudoise
Alexander Neil	EFG Bank
Pierre-Yves Piccand	Banque Cantonale de Genève
Robert-Wells Quinlan	Union Bancaire Privée, UBP SA

# 9

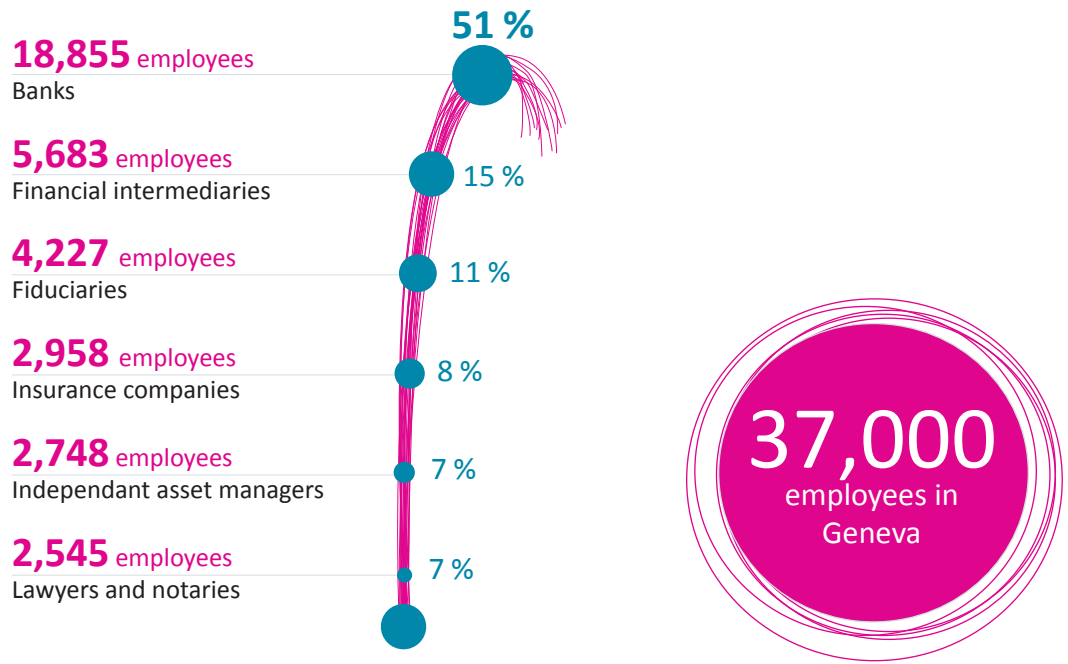
## The Geneva Financial Center facts and figures

### ■ Classification of Geneva Banks



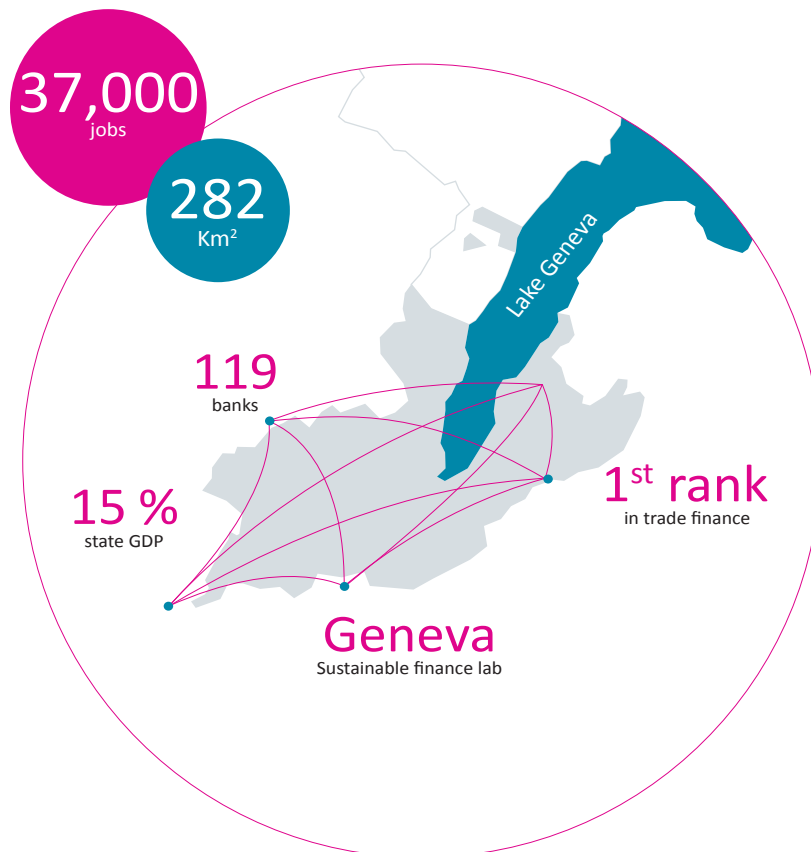
Sources : BNS ; FINMA, REG - September 2015

## ■ Number of employees in Geneva Financial Center

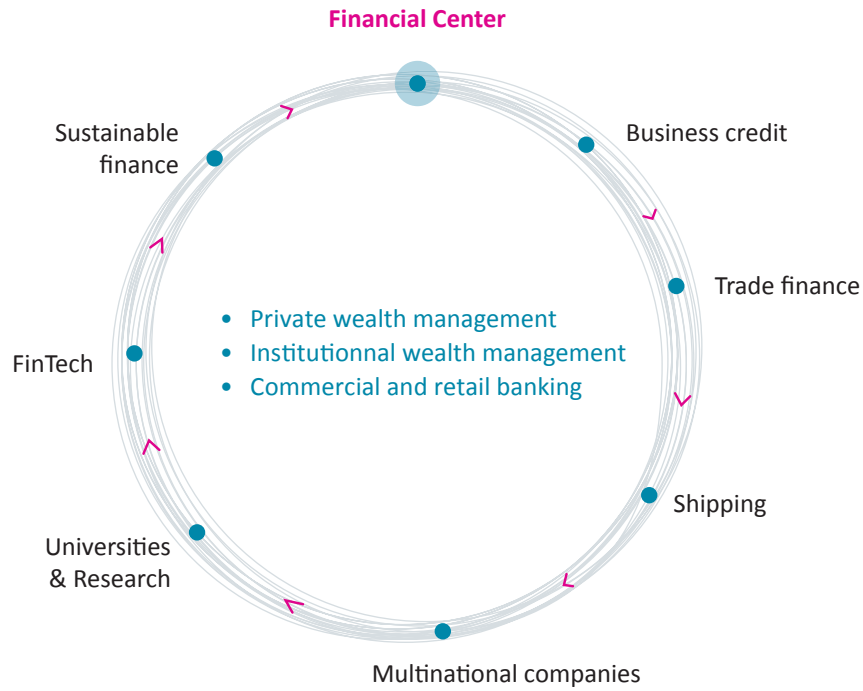


Sources : BNS ; FINMA, REG - September 2015

## ■ 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 underwriting 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

### **Text**

Geneva Financial Center

### **Photographs**

Geneva Financial Center

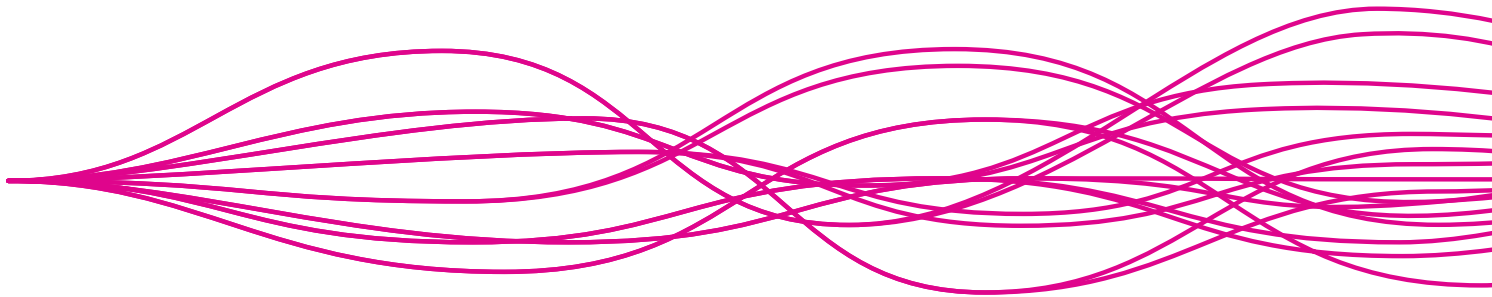
### **Graphic design**

François Dumas, DREAMaxes, Geneva

### **English translation**

Viviane Lowe, Translation + training, Versoix  
Interserv SA, Lausanne

The 2016 Annual Report is also available in English and French at [www.geneva-finance.ch](http://www.geneva-finance.ch)



**Geneva Financial Center**

Chemin Rieu 17  
CH - 1208 Geneva

T +41 (0)22 849 19 19  
F +41 (0)22 849 19 20

[www.geneva-finance.ch](http://www.geneva-finance.ch)  
[info@geneve-finance.ch](mailto:info@geneve-finance.ch)