

FONDATION
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GENEVA
FINANCIAL
CENTER

ANNUAL REPORT

2018



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 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. 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.



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Message from the President

Towards a pacified public-private partnership

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 improve the financial center's competitiveness and enable it to continue to play its role as an economic powerhouse.

Since 2014, the Geneva Financial Center has set itself three priorities: defining competitive framework conditions, promoting the financial center, and reinforcing education and training.

Cooperation with the communal, cantonal and federal authorities is proving essential in all three fields. During the financial crisis – of which 2018 marked the 10th anniversary – relations between the financial industry and the public authorities were at times strained. The paradigm shift that has taken place, in particular as a result of Switzerland's adoption of the automatic exchange of information, has ushered in a new era, that of a pacified public-private partnership.

In that spirit, the Foundation has intensified its contacts with the cantonal authorities, more specifically with the Councillors of State in charge of finance and employment, Mrs Nathalie Fontanet and Mr Mauro Poggia. A constructive dialogue has also been established with the City of Geneva, linked especially to the growth of sustainable finance. Furthermore, 2018 was an opportunity to build a bridge between the two lakeshores of the city of Calvin and develop a plan for synergies between financial Geneva and international Geneva, thanks to conversations with influential people such as Ambassador Christian Dussey, Director of the Geneva Centre for Security Policy (GCSP).

At the federal level, discussions with Mr Jörg Gasser, Secretary of State for International Finance, continued. The issue of access to foreign markets, which is vitally important for our financial center, was highlighted during these meetings.

Legal certainty: a prerequisite for prosperity

In 2018, the GFC rallied first, behind the pursuit of bilateral relations with the European Union by supporting the institutional agreement negotiated by the Federal Council (see p. 11), and, secondly, the much-needed reform of corporate taxation, now known as RFFA (see p. 9). In both these matters, a joint commitment on the part of all economic players holds the key to success.

For the financial center, the concept of bilateral relations assumes particular importance because its activity is predominantly aimed at an international clientele. This is best illustrated by a few figures. Our country is the world leader in global assets managed cross-border with a market share of 27.5%. Just under half the assets under management (48.3%) come from other countries. A substantial share of these assets originates in the EU and a figure of nearly CHF 1,000 billion has been quoted.

This remarkable performance cannot be guaranteed in the future and is a source of envy. As a result, the financial center finds itself facing protectionist measures taken by EU Member States, which are erecting barriers that seek to limit cross-border relationships between banks situated in third countries (including Switzerland) and their own residents.

The framework agreement has the advantage of establishing a credible path for the continuation of bilateral relations between Switzerland and the EU. This is an essential prerequisite for initiating negotiations with Brussels on a treaty giving banks and other Swiss financial intermediaries future access to the European market. Moreover, this step would, in the long run, secure recognition of the equivalence of Swiss stock-market regulations (see p. 11), putting an end to the sword of Damocles hanging over a vital part of our value chain.

Another danger was threatening to make our Center less attractive. Fortunately, the people of Switzerland removed



Yves MIRABAUD
President

the uncertainties surrounding the reform of corporate taxation when they voted in favour of the Federal Act on Tax Reform and OASI Funding (RFFA) (see p. 9) by a majority of 66.4% in the referendum held on May 19, 2019. The reform will enable Switzerland to comply with international standards by putting an end to the special tax status granted to certain enterprises whose main activity is conducted abroad. It will establish equal treatment for all kinds of businesses with effect from January 2020. Applying the principles of federalism, the Canton of Geneva decided by a large majority to introduce a single tax rate of 13.99%.

The banking and financial center naturally welcomes this outcome, which will result in a tax rate reduction from 24.2% to 13.99% in Geneva. This welcome breath of fresh air will enable investment in innovation, human resources and training. The financial industry owes its success to its inclusion in a center of expertise, a cluster that is unique in the world. On its modest territory of 282 km², Geneva brings together key players in private and institutional wealth management, commodity traders and the banks which finance them, together with the giants in the fields of ship chartering and inspection. The Geneva ecosystem also includes many multinational businesses, fiduciary and law firms. The introduction of the RFFA will help to develop this value chain.

The public-private partnership boosts education and training

However, a vision that was confined to establishing framework conditions would be far too restrictive. The strength of the Geneva Financial Center resides first and foremost in the skills of its employees. According to the bank image survey published by the Swiss Bankers Association on May 22, 2019 (see p. 15), 92% of all Swiss citizens consider that Swiss

banks stand out from the international competition thanks to their staff, who are considered to be highly competent. Over 90% take the view that training is a contributory factor to this success.

Nonetheless, the expertise of the leading players in our financial center is not a given. The challenge here is threefold. Firstly, we must continue to attract and retain talent. Secondly, these employees must find their place in the ongoing process of digital transformation. Lastly, with the large-scale retirement of baby boomers and the arrival of young people born after 1990, we are confronted with a real generational change, to which appropriate answers must be found. A partnership between economic and academic circles is therefore vital here as well.

The presence of the GFC at the Cité des Métiers event in November 2018 (see p. 21) was an opportunity for a young audience to discover apprenticeships and careers in banking. Sustainable finance also occupied a prominent position in response to the slogan “Map out tomorrow!” which was chosen for this event.

As a key financial center in the field of wealth management, Geneva grasped this opportunity to create an environment that is conducive to the expansion of sustainable finance. The event, organized jointly by the GFC, the Swiss Finance Institute and the Geneva Finance Research Institute in September 2018, illustrates this trend (see p. 17). The Secretariat of the International Network of Financial Centres for Sustainability therefore took the logical decision to open its offices in Geneva in 2018.

In conclusion, we welcome the fact that forces are now converging from all sides to focus on the essentials and, by doing so, further enhance Geneva’s special strengths, which make it one of the world’s leading financial centers.



2

The Current Economic Situation

The Geneva Financial Center (GFC) has conducted 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 2018-2019 economic survey indicate that financial intermediaries are looking to the future with confidence.

Despite the many regulatory constraints, greater demands by ever-more connected clients and the political and legal uncertainties surrounding Brexit, the Geneva banks are proving resilient.

Several indicators are improving. Results are positive, with assets under management rising. It will therefore come as no surprise to learn that the banking sector is one of the main driving forces behind the Geneva economy, since it contributes 12% of cantonal GDP.

The first half of 2018 confirmed this trend, which began in 2017. Almost three quarters of the largest institutions reported a higher net profit. This favourable trend has been accompanied by growth in assets under management, essentially reflecting the difference between new deposits and withdrawals. This finding also applies to the independent wealth managers, more than half of whom are reporting a positive trend in net fund inflows.

Overall, the medium-sized institutions are more cautious. While half of them saw their profits improve, the other half reported a decline. However, more than two thirds recorded positive net fund inflows.

As far as employment in the banking sector is concerned, stability is the order of the day. The workforce at the biggest banks remained stable, as was also the case with the independent wealth managers. Institutions with between 50 and 200 employees are more cautious, while those with

fewer than 50 continue to recruit. In a national comparison, the Geneva Financial Center is proving successful as a result of its diversity. The Banking Barometer published in August 2018 by the Swiss Bankers Association (SBA) posted some warnings on the employment front, with the fall in staff numbers exceeding 7.7% throughout Switzerland. In Geneva, many high value-added jobs are concentrated in the front office in the wealth management sector. The back-office activities of the biggest banks were restructured back in the 1990s, which explains why these jobs have now remained stable for ten years in Geneva for this type of institution.

Today, the number of jobs created in banking abroad is already increasing faster than those generated in Switzerland. This disturbing trend shows that improved access to the markets (see p. 11) remains a strategic priority. On this point, the economic survey for 2018-2019 confirms the European Union's role as the banking sector's principal partner. In view of the uncertainties linked to facilitated access, the question of a potential transfer of activities elsewhere remains highly topical. In addition, the support of the federal and cantonal authorities is vital to meet international challenges.

In this context, education and training (see p. 19) also play a central role. Switzerland is regularly ranked among the leaders in innovation studies. In order to strengthen the center's competitiveness, the banking industry has become fully aware of the need to prepare for tomorrow's careers. In this context, the private and public sectors must work hand in hand to put in place cutting-edge training courses.

The 2018-2019 economic survey leads to the following conclusion: if intermediaries are to continue to play their role as the economic powerhouse, cooperation between all the parties concerned is essential.



Networking based on a shared conviction holds the key to the center's success and future.

3

Framework Conditions

1. For a Competitive Legal and Regulatory Framework



■ Differentiated regulation

Sixty-seven banks are taking part in the pilot phase launched by FINMA at the “*Kleinbankensymposium*” (Small Banks Symposium) in October 2017 to test the less stringent provisions from which category 4 and 5 establishments might benefit. The pilot phase will probably last until the end of 2019, giving time to prepare the necessary ordinances and circulars.

■ New ordinance implementing the Financial Markets Act

On May 1, 2019, the Federal Council initiated a consultation procedure on the new ordinance relating to the Financial Market Supervision Act (FINMASA). The draft ordinance follows the adoption of the Landolt motion by the Federal Parliament.

The text defines the tasks of FINMA in three specific areas:

- FINMA's sphere of competence
- principles and process of regulation
- collaboration between FINMA and the Federal Department of Finance (FDF)

The time limit for stating a position will expire on August 7, 2019 with a view to the subsequent entry into force of the ordinance on January 1, 2020.

■ Deposit guarantee

On March 8, 2019, the Federal Council launched a consultation on a partial revision of the Banking Act (LB). It proposes a review of the rules that apply to the restructuring of banks, a stronger deposit guarantee and new provisions governing the segregation of intermediated securities. The time limit for stating a position expires on June 14, 2019.

Concerning the deposit guarantee, the time limit set for esisuisse to pay funds out to the liquidator will be reduced

from 20 to seven days. A further seven-day time limit will apply to payment of the guaranteed sum by the liquidator. Moreover, the banks will no longer be required to hold additional liquidity to guarantee the contributions payable. Instead of these sums, they will be required to deposit securities or cash in Swiss francs with a reliable depository or grant loans in cash to the guarantee agency.

■ Self-regulation of residential investment properties

In March 2019, following intense discussions with the authorities (State Secretariat for International Affairs and FINMA) and the Swiss National Bank (SNB), the Swiss Bankers Association (SBA) instructed a working group to analyse the assumptions made by the authorities and, if necessary, devise measures to adapt self-regulation in relation to mortgages. This refers to the SBA directives concerning the minimum requirements for mortgage financing. Emphasis should be placed on a reduction of the redemption period and a lower mortgage rate. The results of these considerations are due to be announced in the second quarter of 2019.

■ Regulations and technological change

■ ■ The Swiss banking sector must have access to regulatory framework conditions adapted to future technological developments.

FinTech authorization

Following the consultation that ended on September 21, 2018, the Federal Council amended the Banking Ordinance and adopted implementing provisions governing the new FinTech authorization. In addition, FINMA published a practical guide to the authorization. These new provisions entered into force on January 1, 2019.

Legal framework and practical guide for blockchains

On December 14, 2018, the Federal Council published a report on the legal framework governing blockchain and distributed ledger technology (DLT) in the financial sector. The report states that Swiss legislation is well suited to the use of new technologies, including blockchain, and that there is no need to regulate the technology as such.

SBA's practical guide

On September 21, 2018, the SBA published a practical guide to opening business accounts by blockchain companies, which it had compiled in cooperation with the Federal Department of Finance (FDF), FINMA and the Crypto Valley Association. This guide addresses due diligence and internal organization when accounts are opened for blockchain companies domiciled in Switzerland.

Electronic authenticated documents and legalization

On January 30, 2019, the Federal Council initiated a consultation procedure on a preliminary draft Federal Act on drafting electronic authenticated documents and electronic legalization (LAAE) and also on a preliminary draft amendment of the land register ordinance (ORF). The aim of these new rules is to enable fully electronic authenticated documents to be drafted.

Law on electronic identity

On June 1, 2018, the Federal Council adopted the Communication concerning the Federal Act on Electronic Identification Services. The purpose of this text is to enable web users to browse in complete safety and retain control of their data using an electronic means of identification, or e-ID, recognized by the State. The draft text stipulates that the State will verify and confirm the identity of the holder of an e-ID and require private service providers responsible for its application to undergo a recognition procedure and verifications. On March 20, 2019, the National Council approved the draft law which is due to enter into force in 2020.

Video and online identification

On July 17, 2018, FINMA published the partially revised version of its "Identification by video and online" circular and in particular, adapted the due diligence for the conclusion of new business relationships through digital channels in order to keep pace with technological advances. The revised circular entered into force on August 1, 2018, with a transitional period ending on January 1, 2020 to adapt the relevant processes.

Cloud banking

In March 2019, the SBA published a guide containing non-binding recommendations intended to make cloud banking more secure.

■ Measures implemented following the mutual evaluation report by the FATF

As a reminder, the Financial Action Task Force (FATF) published its 4th Mutual Evaluation Report on Switzerland in December 2016. Our country obtained a good overall result, better than the average for the countries that had been assessed previously.

Revision of the Anti-Money Laundering Act (AMLA)

The evaluation report has led to a number of actions in the area of regulation and self-regulation with, in particular, a preliminary draft revision of the AMLA. The consultation procedure ended on September 21, 2018.

Revision of the FINMA Anti-Money Laundering Ordinance

FINMA published a partial revision of its Anti-Money Laundering Ordinance (AMLO-FINMA) on July 18, 2018. The salient points are as follows:

- Article 6 AMLO-FINMA requires every financial intermediary that has branches abroad or directs a financial group with foreign companies to manage all the legal and reputational risks associated with money laundering and the financing of terrorism.
- The new Article 9a AMLO-FINMA requires the reasons for which domiciliary companies are used to be clarified.

Revision of the Swiss banks' code of conduct with regard to the exercise of due diligence (CDB)

At the same time, the SBA revised its Swiss banks' code of conduct with regard to the exercise of due diligence (CDB) and the new version was published on July 18, 2018. The main changes are as follows:

- Cash transactions: the co-contracting party must be identified when the value of the transaction is CHF 15,000 or more, instead of the present figure of CHF 25,000.
- The CDB will refer to the FINMA circular on video and online identification.
- If documents are missing when an account is opened, the time limit for presenting these documents to the bank will be reduced from 90 to 30 days. Beyond that time limit, a stop must be placed on transactions into and out of the account and the account itself must be closed if the missing documents cannot be obtained.
- Like AMLO-FINMA, the revised CDB will take effect on January 1, 2020.

Combating terrorism

On September 14, 2018, the Federal Council published its Communication concerning, firstly, a Federal decree approving and implementing the Council of Europe Convention on the Prevention of Terrorism and its Additional Protocol and, secondly, the strengthening of criminal sanctions against terrorism and organized crime.

In essence, the draft proposes a new provision in criminal law which will punish recruitment, training and travel with intent to commit a terrorist act, as well as the accompanying financing activities. The Federal Council likewise intends to improve international cooperation in this area and, in particular, to strengthen cooperation between financial information units. The draft is now before Parliament.



Framework Conditions

2. For an Attractive Tax System

■ In Switzerland

Corporate taxation

Corporate tax reform (from FP17 to RFFA)

Federal component

On May 19, 2019, the Swiss people approved the Federal Act on Tax Reform and OASI Funding (RFFA). The federal corporate tax reform with additional financing for the OASI pension scheme was approved by 66.4% of the votes cast. As a reminder, this compromise stipulates that each franc of tax lost by the Confederation, cantons and communes through corporate tax will effectively be offset by one franc allocated to the OASI scheme, totalling around CHF 2 billion francs each year. This will involve an increase of 0.15% in the joint contribution rate.

Dividend tax rates will be set at 70% at national level, subject to a minimum of 50% at cantonal level. This leaves the cantons some room for manoeuvre.

Concerning capital contributions, listed companies will not be allowed to adopt this practice unless they distribute an equivalent amount in taxable dividends.

The notional interest deduction (NID) is making a comeback through the back door. This deduction for self-financing will be optional in the cantons and may only be applied under very strict conditions which only the Canton of Zurich satisfies at present; the Canton of Vaud does not.

Cantonal component

Also on May 19, 2019, the citizens of Geneva adopted the Geneva component of the corporate tax reform by a large majority of 58.22%. The main points of the reform are as follows:

- The tax rate for corporate profits is set at 13.99%.
- The allocation of the profit tax to capital tax is being introduced gradually during the first five years following the entry into force of the law.
- The Cantons may determine the tax rate for dividends, but the allowance must not exceed 50%. In Geneva, the allowance is currently 50% for business assets (taxed at 50%) and 40% for private wealth (taxed at 60%). Cantonal legislation stipulates a maximum allowance of 40% (taxation at 60%) or 30% (taxation at 70%) for dividend tax.

- The draft introduces a support measure for childcare facilities and childminders, financed by employers through a 0.07% deduction from the payroll with no imposed ceiling (the 0.07% rate corresponds to the 0.22% deduction initially planned, from which the 0.15% of additional OASI contributions introduced at Federal level would be deducted).
- The control of the deficit is suspended for eight years.
- The communal share of the federal direct tax burden will increase from 13% to 20%.

This result is to be welcomed as it is synonymous with legal certainty and tax predictability, both conditions being essential to the economic prosperity of our country and canton.



Federal Act on the treatment of financial sanctions for tax purposes

On December 18, 2015, the Federal Council initiated a consultation procedure on the Federal Act on the treatment of financial sanctions for tax purposes.

The majority of members of the Committee for the Economy and Licence Fees of the National Council (CER-N) accepted a proposal which stipulates the following main provisions:

- Secret commissions paid to public or private agents are not deductible.
- Fines and other financial penalties imposed in Switzerland are not deductible insofar as they are penal in nature.
- Foreign penal financial sanctions are not deductible if:
 - they do not breach Swiss public policy;

- the offence is also punishable in Switzerland;
- the amount of the penalty does not exceed the figure specified in Switzerland.

This position was confirmed at the plenary session of the National Council on September 18, 2018.

The Council of States has not yet indicated its position on this compromise. In March 2019, it referred to its appropriate committee a variation which would stipulate as a condition the fact that the action that resulted in the sanction had been undertaken in good faith. This requirement remains to be clarified and must be the subject of consultation with the cantons and the Federal Office of Justice.

Individual taxation

Abolition of rental value

On April 5, 2019, the Committee for the Economy and Licence Fees of the National Council (CER-N) initiated a consultation procedure on the abolition of rental value; this procedure will be concluded on July 12, 2019. In essence, the plan is for rental value and deductions of the costs incurred in generating the income to be abolished at federal and cantonal levels in the case of owner-occupied accommodation. However, they remain applicable to second homes for personal use. Deductions relating to investments designed to save energy and protect the environment and to the costs occasioned by work to restore historic monuments as well as demolition expenses are abolished at federal level. However, the cantons that wish to do so may maintain these deductions. With regard to the deductibility of private interest payments, it will clearly be restricted and five options are proposed for this purpose. Lastly, the bill introduces a deduction for first-time homebuyers.

The SBA signalled that there was some leeway for further discussion while evaluating the impact of the chosen variants.

At international level

Introduction in Switzerland of the international standard for the Automatic Exchange of Information

In September 2018, information was initially sent to 36 countries, including the EU Member States - but nothing was presented to Cyprus or Romania because the OECD took the view that the confidentiality rules were not being observed there. In September 2019, Switzerland is expected to send banking data to at least 25 further countries followed by three more one year later. In reality, Switzerland will then have activated the AEOI with 87 jurisdictions, but some do not wish to receive information and others have not yet established the necessary legal framework for this purpose. Lastly, the introduction of the AEOI in a fourth wave of 18 countries was the subject of a consultation which ended on March 20, 2019.

In other words, Switzerland has made provision to activate the AEOI with the other 107 countries that have undertaken to apply the OECD standard and fixed a date for that purpose.

The financial center was not opposed to the broadening of the AEOI. However, it did request that precautions be taken to avoid potential misuse. The Federal Council accepted these concerns and issued an order setting out a verification mechanism, which stipulates the criteria that

the administration must verify before the first data are forwarded in 2019.

The Global Forum has begun to verify implementation of the OECD standard. In Switzerland, the confidentiality rules were judged to be good but in its view, the law and ordinance on AEI are defective in some ways. A consultation on corrective measures was concluded on June 12, 2019. Parliament is expected to examine these changes in the spring of 2020, thereby permitting their entry into force in 2021.



Framework Conditions

3. For the Continuation of Bilateral Relations with the EU

■ Institutional Agreement

In December 2018, the Federal Council launched a consultation procedure on the Institutional Agreement concluded with the EU. The government emphasized that the purpose of this Agreement is to consolidate the bilateral approach and in particular, access to the internal market.

For the Swiss financial center, this concept of bilateral relations is particularly important since its activity is heavily concentrated on an international clientele. Nearly half the assets under management in our country originate abroad. A large part of these assets comes from the EU and a figure of CHF 1,000 billion has been cited.

However, the financial center is confronted with growing protectionism in the EU Member States, which are erecting barriers seeking to restrict cross-border relations between banks situated in third countries (including Switzerland) and

their own residents. This situation generates legal uncertainty that is extremely detrimental to the economy.

That is why the GFC, acting in concert with the SBA and *economiesuisse*, supports the Institutional Agreement negotiated with Brussels. The agreement has the advantage of forging a credible path for the continuation of bilateral relations between Switzerland and the EU. In any event, it is an essential preliminary to opening negotiations on an agreement granting future access to the market for Swiss banks and other financial intermediaries.

The consultation procedure for interested parties was concluded in late March 2019. Following the consultation procedure, the Federal Council will be required to report and make a formal decision on the matter. The timetable is still uncertain.

■ Stock-market equivalence

In an unexpected move, in December 2017 the European Commission only granted temporary recognition of equivalence to Swiss stock-market legislation until the end of 2018. The EU intends to make the renewal of this recognition conditional on the progress of negotiations on the Institutional Agreement referred to above.

On June 8, 2018, the Federal Council adopted a potential measure seeking to protect the infrastructure of the Swiss stock market. To put its intention into effect, on November 30, 2018 the Swiss Government adopted an ordinance that stipulates an obligation to secure recognition for foreign platforms that permit trading in shares in Swiss companies, should the need arise. Therefore, if the EU fails to extend stock-market equivalence for Switzerland, the Federal Council will refuse to grant its authorization to European stock markets to conduct Swiss equity transactions.

On December 17, 2018, the EU announced the extension of stock-market equivalence for a six-month period until June 2019. For Brussels, this time limit is to allow Switzerland to decide what action it proposes to take on the Institutional Framework Agreement.

■ Grey and black lists

The European Commission has decided to compile a list that names and shames States and jurisdictions which, in its view, fail to observe the international standards of good governance in tax matters.

Applying the second criterion, Switzerland is still on the EU's "grey list" of countries that have not yet observed their tax obligations. In October 2014, as part of its corporate tax reform (RFFA), Switzerland in fact agreed to abolish five regimes that were deemed to be prejudicial. The favourable vote taken on May 19, 2019 should enable our country to be removed from the grey list.

■ Consequences of Brexit for Switzerland

Faced with the many uncertainties surrounding the Brexit issue, the Confederation has managed to enter into several agreements with the United Kingdom in the areas of trade, citizens' rights and insurance, as well as road and air transport. For financial services, the decisions on equivalence granted by the EU to Switzerland will be transposed into English law, the Automatic Exchange of Information will continue on the basis of the OECD conventions and the deepening of financial relations will be discussed further on the basis of the concept of mutual recognition. The aim is to secure mutual market access, so enabling cross-border services to be offered without any barriers.



4

Communication & Promotion

Media relations

On October 9, 2018, 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 Geneva press and in the Swiss German-speaking and international media. Journalists' interest focused on three topics: the confidence regained by financial intermediaries as reflected in the 2018-2019 economic survey (see p. 5); the need for Geneva to

successfully reform corporate taxation (see p. 9), and the challenges associated with access to the European market (see p. 11). The need for differentiated regulation (see p. 6) also elicited comments in the media with the emphasis on adherence to the proportionality principle.

These subjects were presented by Yves Mirabaud (President), Xavier Oberson (Board member) and Edouard Cuendet (Managing Director). All three speakers conveyed the same message. Switzerland remains the world's biggest financial center for cross-border wealth management, with a market share of 27.5%. In order to retain this enviable position, win new markets and develop innovative services, the Geneva center must be able to count on the unwavering support of the federal and cantonal authorities.

27.5%

of global assets managed
cross-border are managed
in Switzerland



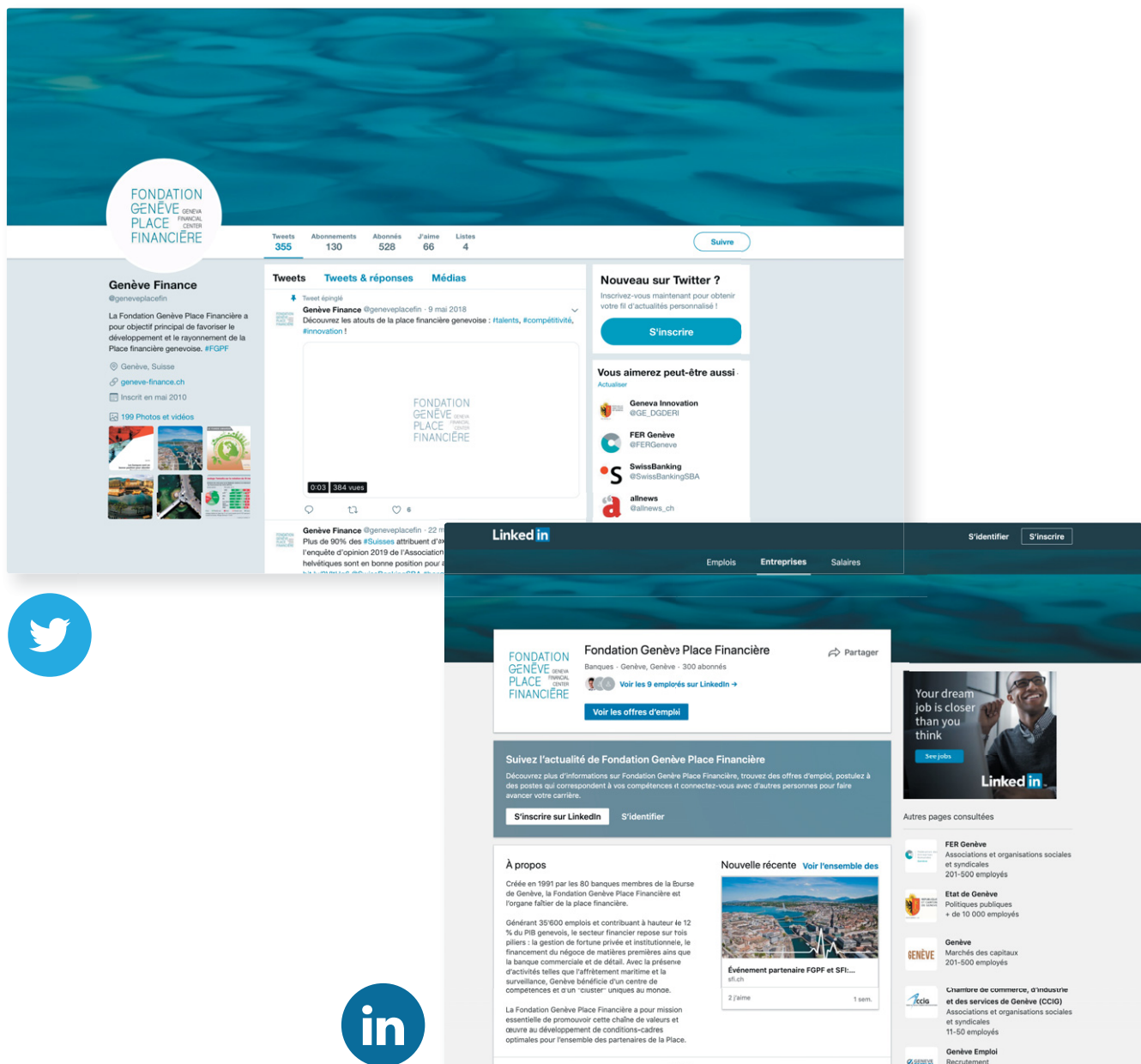
Social media

In 2018, the Geneva Financial Center (GFC) developed its strategy designed to improve its presence and profile on social media. Aware of the importance of these media, which are a vehicle for communication on a par with conventional media, the GFC focused its efforts on Twitter and LinkedIn and designed innovative materials.

Creating a GFC profile on the social network with the blue bird has enabled the GFC to develop a community that takes an interest in subjects relating to the Geneva Financial Center. The audience is currently made up of 65% men and 35% women, whose main interest is innovation. Secondly, the business page of the GFC includes articles and interviews created specifically for LinkedIn, supplementing Twitter and the institutional website www.geneve-finance.ch.

In 2018, the GFC took a further step forward by posting videos on media channels including YouTube, mainly targeting the 18 to 33-year-old generation. The benefits and specific features of the Geneva Financial Center were the subject of a 45-second video based on rich, striking content.

Video clips were also produced to achieve more extensive coverage of the annual press conference and the presence of GFC at the “Cité des Métiers” (see p. 21). Lasting for around two minutes, these clips deal with the priority issues covered by GFC in an incisive and informative manner. Yves Mirabaud (President) spoke out in favour of a public-private partnership; Xavier Oberson (Board member) explained the issues relating to the reform of corporate taxation; Michel Juvet (Board member) spoke on training as a contributory factor to success, while Edouard Cuendet analysed the results of the 2018-2019 economic survey.



■ 2019 survey about the banks in Switzerland

In May 2019, the Swiss Bankers Association (SBA) published its two-yearly study of the image of banks in Switzerland and contemporary issues in banking. The survey, conducted by the gfs.bern research institute, provides a unique analysis of public opinion about the banking sector.

The survey was completely redesigned in 2019. The questions were examined in detail and only those that remained topical were retained. At the same time, new subjects were added for further study, relating in particular to digitalization.

Ten years after the financial crisis, the Swiss people's confidence in banks has regained its pre-2008 level. In particular, banks are regarded as employers of choice and economic players of primary importance in terms of jobs and contribution to tax revenues. Accordingly, 95% of those questioned regard their main bank as trustworthy, while 85% take the view that the Swiss banking sector is financially robust and economically sound. Sustainable development is a new factor that is likely to further enhance the way banks are perceived.

More than one in two Swiss citizens is convinced that the Swiss financial center is more competitive than its main rivals and enjoys a good reputation abroad. According to 95% of respondents, the prevailing political and economic conditions enhance the Center's competitiveness. A large majority of Swiss citizens (90%), a higher proportion than in the 2017 survey, consider that training in the banking sector holds the key to its success.

The respondents have some reservations about digitalization; 84% of them are concerned about the security of the assets entrusted to establishments that

have converted to digital systems and 79% about potential job losses. However, despite these risks, more than 90% believe that in 20 years' time, the banks will continue to offer financial services and will not be replaced by other service providers.

For the first time in its history, the survey examined pension provision. While 70% of Swiss citizens are optimistic about their own retirement, they nevertheless believe that the outlook is becoming increasingly bleak: 47% now believe that pension schemes will be less successful in future. In this context, most of respondents recognize the role played by the banks as the third largest contributor. This contribution takes the form of attractive retirement savings products and advisory services as well as interest yields and stock market gains.



■ Promotion of the Financial Center

During the past year, the GFC set up two targeted working groups to promote asset management and commodity trade financing activities.

The asset management activity deserves greater recognition in Geneva, insofar as it is a fully-fledged part of the expertise cluster in the city of Calvin. It is a cornerstone of the financial center and is very important in economic terms. In the retirement pension sector, for instance, investment returns accounted for around one third of the growth of total pension fund assets during the past ten years. At the end of 2017, assets under management in this branch in Switzerland stood at CHF 2,208 billion, 12% higher than in 2016.

As a top-ranked global center for commodity trade financing, Geneva brings together many of the main players in banking who have developed expertise in trade financing and is home to over 400 trading companies. Together with the presence of the main players in the fields of ship chartering and inspection, the Geneva eco-system constitutes a chain of expertise that is unrivalled anywhere else in the world. No other financial center combines so much expertise in commodity trade finance.

■ Events

Bankers' Day

In cooperation with the Geneva Financial Center, the annual Bankers' Day was held in the city of Calvin on September 13, 2018. The choice of Geneva sends a strong message from the Swiss Bankers Association, symbolizing the importance of the Geneva center and emphasizing its dynamism.

Based on the theme "Forging the future, developing freedom of entrepreneurship", the event brought together high-level representatives of the Swiss political and supervisory authorities and the federal administration, as well as banking and finance professionals, for an exchange of views on the factors that contribute to the success of the Swiss financial center.

At a time of increasing regulation and growing protectionism, companies need sufficient room for manoeuvre and open markets to ensure their success. The underlying conditions must therefore permit the creation of free spaces that encourage change, so that the banks themselves can make full use of their capacity for innovation.

The programme for the event's 300 attendees included a talk by Federal Councillor Ueli Maurer and an expert panel discussion, which explained how to embrace the opportunities linked to the digital transition.

■ ■ Forging the future,
developing freedom
of entrepreneurship.

Assises de la Place Financière

The Financial Center's Annual Conference brought together 450 employees from Geneva's banking and financial institutions in 2018.

While hotbeds of crisis and conflict are proliferating across the world, no permanent solution seems to be on the horizon. In this context, the question of the impact of geopolitical risks on the economy was put to

Yves Daccord. The Director General of the International Committee of the Red Cross (ICRC) in Geneva since 2010 gave a fascinating analysis of the growth of instability and its consequences for financial centers. His presentation was followed by a lively debate with the audience.



SFI-GFC-GFRI conference

Sustainable finance is becoming increasingly important and is a major differentiating factor in asset management. As the leading financial center for wealth management, Geneva has embraced this opportunity and created an environment that is conducive to the expansion of sustainable finance. This contributes to the center's diversity and is central to the concerns of its participants.

Accordingly, under the banner of Geneva Financial Center (GFC), the Swiss Finance Institute (SFI) and the Geneva Finance Research Institute (GFRI), a hundred or so participants gathered at an event on September 27, 2018. Rajna Gibson Brandon, Professor at the University of Geneva, and Patrick Odier, Senior Partner at Banque Lombard Odier & Cie, explained their views on the growth of sustainable finance and its impact on asset management.

Sustainable Finance Geneva (SFG)

The GFC has wholeheartedly supported Sustainable Finance Geneva (SFG) since 2008. As an essential hub for sustainable finance, this association not only facilitates exchanges between all the players in the ecosystem of French-speaking Switzerland, but also endeavours to promote the Geneva Financial Center and its experts. It provides many sources of information and organizes events for its members as well as for a wider audience.

Digitalization is driving growth and increasing diversity on the supply side, with innovations in the field of impact investing, ESG (environmental, social and governance) research and shareholder commitment. The book entitled "Le monde change, la finance innove" ("Financial innovation for global challenges"), published in 2017 and supported by the GFC, highlighted 60 innovations that have contributed to the development of sustainable finance.

"Digital Economy" Forum

The 4th "Digital Economy" Forum was held on Friday, November 23, 2018 at the Fédération des entreprises romandes (FER). Aimed at company directors and heads of information technology and digital transformation, the meeting focused on active digital transition underway in SMEs.

Organized in partnership with the Canton of Geneva, the FER, the University of Geneva (UNIGE) and the GFC, the various workshops offered on this occasion provided an opportunity for a productive debate on the challenges generated by the digital transformation for SMEs.

Experts in the digital transition of a Geneva banking group led the workshop entitled "Strategic challenges and issues of digital transformation", providing participants with an opportunity to exchange their views and experiences relating to the challenges posed by innovation, and especially by data management.





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Education & Training

■ Encouraging excellence

The strength of the Geneva Financial Center derives primarily from the skills of the staff who work here. There is only one way to measure up to the competition: that of specialization and innovation. That, in turn, implies a degree of excellence which only well-trained staff can achieve. But the expertise of the people working in the Center does not stop there. The challenge is twofold: we must continue to attract and retain talent while at the same time responding to the ongoing process of digital transformation. In this context, training is necessary at every stage. It involves apprenticeships and continuing education as well as university courses.

University education: permanent public-private partnership

The public sector must play a decisive role in careers guidance and creating training courses that are capable of ensuring that current and future staff members are genuinely employable. It must therefore keep up with, and above all, prepare for this trend in the field of knowledge transfer.

The Geneva Financial Center welcomes the fact that forces are converging today on all sides – in both the public and private sectors – to focus on enhancing the status of Geneva as one of the most innovative centers of expertise in banking and finance.

This is evidenced, in particular, by the creation of university degree courses in fields in which Geneva is ahead of the competition. For example, the Geneva Institute for Wealth Management (GIWM), of which the GFC is a founding member, aims to promote wealth management internationally.

Continuing education: strengthening the financial center's competitiveness

Regardless of whether someone enters the financial sector by taking an apprenticeship or obtaining a university degree, the journey does not end there. Continuing education is part of the banking sector's genetic makeup. It remains more than ever a key to adapting expertise to changing professions and guaranteeing the success of the financial center. It takes many different forms, from training courses delivered at specialized institutes or in-house, either with attendance in person or by e-learning.

The GFC is therefore playing an increasingly active role by participating in the work of the Swiss Bankers Association (SBA) in the field of training. In this context, it helps to determine the needs in this particular field upstream, to guarantee the diversity of the available options and to represent the specific needs of the Geneva Financial Center.

These needs include private management, sustainable finance, philanthropy and commodity trade finance.

The inauguration of a Philanthropy Centre at the University of Geneva in 2017, financed by private banks, illustrates this phenomenon by placing the spotlight on the international financial impact of Geneva and the banking sector's unique expertise in this specific field, which has been undergoing continual development, in particular with the creation of a new university chair in behavioural philanthropy in February 2019.



**Learning means accepting
that nothing is impossible!**

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 also helps to maintain the competitiveness of the Geneva Financial Center. The GFC participates 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, pupils 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.

Promotion of apprenticeships in Geneva's middle schools

With an extremely high success rate in accessing the world of work, apprenticeships make an important contribution to the prosperity of the Swiss economy.

Accordingly, leading players in the Financial Center provide high-quality supervision and apprenticeships, helping people to explore a huge number 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 pupils in the 11th year of Harmos since 2016, with the support of "Go-Apprentissage". As a result of this public-private partnership, young people have been made aware of the opportunities offered by an apprenticeship in banking.

In February and March 2019, presentations were given to "*Cycles d'orientation*" (middle schools) in Montbrillant, Sécheron and Les Voirêts. Pupils aged 14 and 15 were able to play a game depicting iconic careers in the banking sector; they also benefitted from useful tips on putting together a detailed application for an apprenticeship.



**An apprenticeship
is the cornerstone
of a promising career.**

EVENT

11th HR Training meeting

Organized by the GFC, this conference is designed for the heads of human resources and training at banks in the Geneva Financial Center that offer training opportunities. The 11th conference was held on October 30, 2018 and welcomed Gilles Miserez, the new Director-General of the Office for Training and Continuing Education (OFPC). It thus contributed to the continuation of a constructive dialogue with the cantonal authorities with a view to developing a range of high-quality training courses, boosting the promotion of the apprenticeship sector in Geneva.

Presentation of EC traineeships in BEM

For the second year in a row, the GFC visited the Aimée-Stitelmann School of Commerce and General Culture (ECCG) to present EC traineeships in BEM to third-year pupils studying for the professional school-leaving certificate in October 2018. The event gave young people the opportunity to discover the financial center through a few key figures and a description of the recruitment procedures of the banks that offer this type of traineeship. The presentations were followed by a question and answer session, which helped to establish a constructive dialogue between the pupils and banking professionals in attendance.

Designed for pupils who are completing their business school studies, the course – which is unfortunately still relatively unknown, combines banking practice and theory. Lasting for 12 months, and assuming success in the examinations, the EC traineeships in BEM lead to the professional school-leaving certificate and the Swiss Federal Certificate of Proficiency (CFC).

EVENT

“Zoom métiers” - Career information in Banking and Finance 2018

Organized every year by the Office for Training and Continuing Education (OFPC), the “Zoom métiers” dedicated to banking was held on December 5, 2018. Some 70 participants keen on finding out more about the many career opportunities in banking attended a presentation about the Geneva Financial Center and were able to engage in a dialogue with recruitment professionals and apprentices alike.

Cité des Métiers 2018

The Cité des Métiers event was held at Palexpo from November 20 to 25, 2018. This exhibition is intended mainly for an audience in the 10 to 18 age range. School outings to the show were organized for pupils from primary and middle schools in Geneva, as well as for students from Geneva secondary schools, business schools and the Ecole de culture générale. Convinced that the younger generation will create tomorrow's finance, the banking sector was represented at the Geneva Financial Center (GFC) stand.

Visitors walked down a street laid out as an informative and educational pathway, along which they discovered the careers, training courses and major challenges in the sector.

In view of the many opportunities available to them, these younger visitors do not always find it easy to gain a clear vision of their educational and professional future. In order to guide them and their parents, the GFC placed special emphasis on the apprenticeship route in banking. Specialists from the various banking sectors, human





Escape Game

Immersed in the professional environment of banking, visitors were asked to solve an enigma based on clues scattered throughout a reconstructed office, which revealed the combination needed to open a safe. This recreational immersion activity enabled participants to find out more about the facts and figures illustrating the Geneva banking and financial sector.

resources managers and heads of training in banking answered all the questions put by anyone with an interest in the sector.

In order to ensure a wider impact for the GFC's presence at Cité des Métiers and attract this ultra-connected young audience, an Instagram and Snapchat campaign was implemented and three iconic careers in banking were highlighted on the social networks: management assistant; relationship manager in commodity trade finance and business client advisor.

With a forward-looking slogan – “Map out tomorrow!”, this Cité des Métiers event was also an opportunity to make visitors more aware of topics that are becoming increasingly important at both national and international level.



Map out tomorrow!

The GFC stand focused on sustainable finance, a theme that is one of the main concerns of the financial center. The majority of banks in Geneva have signed up to the United Nations' Sustainable Development Goals and Geneva is home to the Secretariat of the International Network of Financial Centres for Sustainability. Tomorrow's bank was given pride of place on the stand with explanations and illustrations of the FinTech world.

As a result of this setup and a firm commitment on the part of the banks that provide training in Geneva, the GFC stand did even better than expected, in terms both of attendance and the quality of exchanges between visitors and bank staff.

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

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 *	Chairman of the Board, Mirabaud & Cie SA
(President)	
Marc Pictet *	Managing Partner, Banque Pictet & Cie SA
(Vice-President)	
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

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 (since 09.11.2018)	CEO, JP Morgan (Switzerland) SA
Franco Morra (until 20.04.2018)	CEO, HSBC Private Bank (Switzerland) SA

Partners

Robert-Philippe Bloch (until 09.11.2018)	President of the Vaud Bankers' Association
Dominique Fasel (since 09.11.2018)	President of the Vaud Bankers' Association
Michel Juvet	President of the Institute for Studies in Finance and Banking and 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

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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

Margaux Ortiz Project Manager

PARTICIPATION IN OTHER ORGANIZATIONS

In 2018, 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 Opinion Poll 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 SA.
- 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 2018 were approved by the Board at its meeting on May 2, 2019.
- 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.

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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 the Association, whose Committee members are Pascal Besnard (Area Manager Geneva, Credit Suisse (Suisse) SA), Ilan Hayim (Chairman of the Board of Directors of Banque J. Safra Sarasin Ltd), Gabriele Odone (Market Head for Geneva, Banque Julius Bär & Co. Ltd), and Edouard Cuendet (Managing Director of the GFC). Membership of the Committee therefore reflects the diversity of the financial center.

Since its creation, the ASFGPF has experienced highly encouraging development and now has over 40 members.

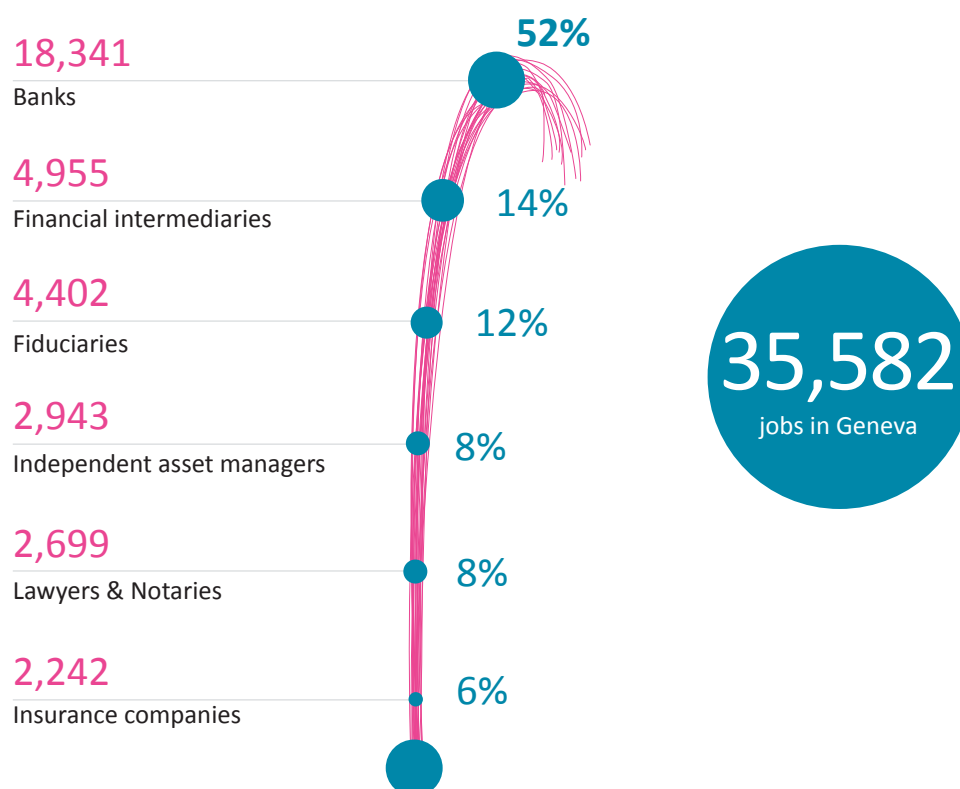
The General Meeting held on November 21, 2018 at Banque J. Safra Sarasin SA provided an opportunity to welcome Jörg Gasser, Secretary of State for International Finance (SIF). The audience showed a keen interest in his presentation of the challenges facing the Swiss financial center and its future prospects. He also gave very frank replies to the many questions put by members of the audience, helping to continue the constructive dialogue established with the SIF several years ago.



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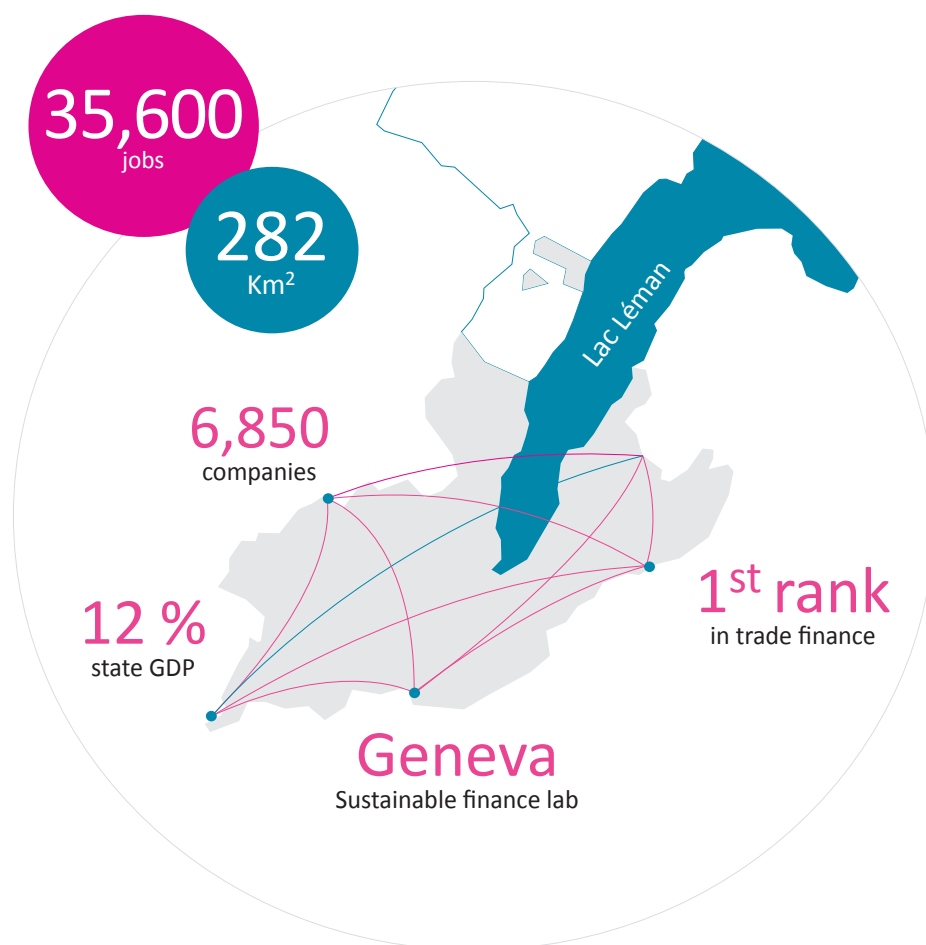
The Geneva financial center in figures

■ Number of employees in Geneva Financial Center



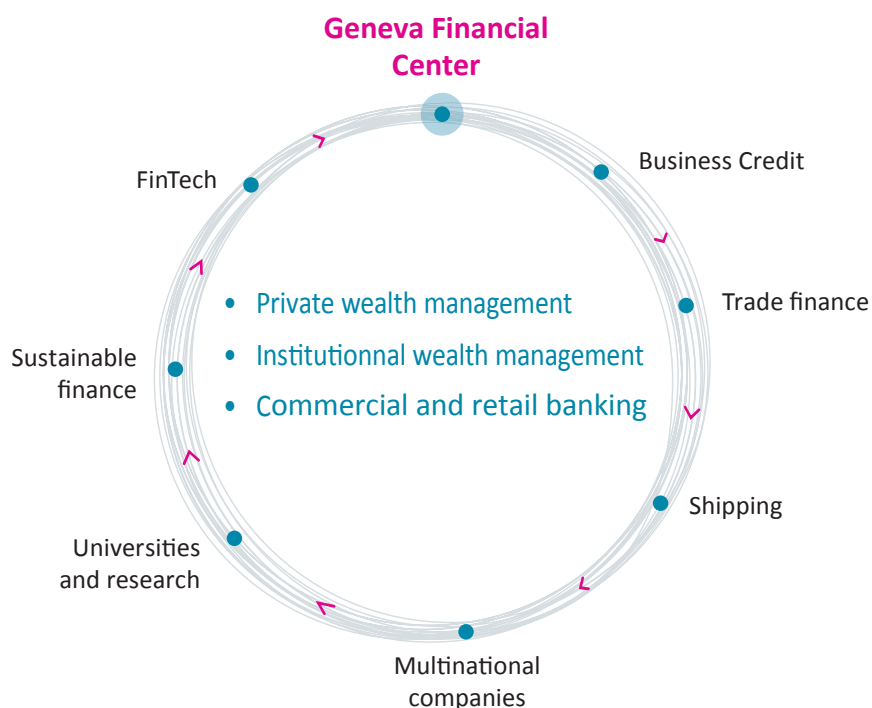
Sources : BNS ; FINMA, REG - Répertoire des Entreprises du canton de Genève - September 2017 (figures are updated every two years)

■ 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.



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