

PRESS CONFERENCE 2022

The financial sector is a pillar of the Geneva economy, providing 37,900 high-value jobs and accounting for a significant portion of the canton's GDP (12.4%). Its banks and financial institutions remain strong and resilient in the face of geopolitical, energy and fiscal uncertainty. After a record year in 2021, the mood in 2022 is one of cautious optimism, due to financial market volatility. In this difficult environment, the financial centre is finding opportunities for growth in sustainable finance.

Geopolitical and energy uncertainty

The first half of the year was weighed down by the lingering effects of the pandemic, compounded by a major geopolitical crisis with the outbreak of war in Ukraine on February 24, 2022. Switzerland has almost fully adopted all six packages of sanctions against Russia enacted by the EU. As part of their implementation, Swiss banks have done a remarkable job of reviewing their databases to identify persons and entities subject to sanctions. The impact of the sanctions on Geneva-based institutions is limited, as Russian clients are mainly managed from Zurich.

Beyond the sanctions against Russia, the outbreak of war in Ukraine has exacerbated the crisis in energy markets. Operational continuity is priority for the banking sector; under the leadership of the Swiss Bankers Association (SBA), banks are making every effort to ensure that customers' assets are secure and accessible in the event of a power cut. However, the Swiss financial system is not an island, and Swiss institutions remain dependent on the resilience of their foreign counterparts.

Fiscal attractiveness: obstacles in sight

2022 is a pivotal year for Switzerland's competitiveness in the area of taxation. The rejection at the ballot box of the withholding tax reform was a missed opportunity. Maintaining the tax at 35%, the highest rate in the world, will do little to boost the growth of the Swiss bond market and, especially, of green bonds. At the cantonal level, a tsunami of tax-related bills and initiatives is creating a climate of uncertainty that threatens Geneva's fiscal attractiveness. The taxation of wealth remains a sensitive issue in the context of fierce competition between cantons to attract taxpayers.

Sustainable finance: a growing movement

To generate continued growth, the financial centre is committed to promoting sustainable finance and has defined four priorities: supportive legislation, training of financial professionals, data reliability, and transparency.

Economic survey: a strong financial sector

The results of the 2021-2022 Geneva Financial Center Survey illustrate the solidity and resilience of the banking and financial sector at a time of mounting uncertainty. After a record year in 2021, the mood in the first semester of 2022 was one of cautious optimism. Several indicators evidence the good health of banks and independent asset managers: most reported an increase in net profits, and staff numbers are stable or rising. However, total assets under management declined due to financial market volatility. In this climate of uncertainty, banks and financial institutions are taking a cautious view of 2023.

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