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The Current Economic Situation

The Geneva Financial Center 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 2017-2018 economic survey indicate that financial intermediaries are looking to the future with greater confidence.

There are many encouraging signs. Since 2008, the financial center has proved highly resilient thanks to its diversity and ability to innovate. It is therefore hardly surprising that it should be one of the driving forces behind the Geneva economy by contributing 12% of cantonal GDP.

The first half of 2017 confirmed this upward trend. Almost three quarters of the major establishments reported an increase in their net profit. And for just under half of them, the increase was more than 15% above the 2016 figure. This positive trend goes hand in hand with the growth in assets under management, reflecting both the difference between new deposits and withdrawals and the change in market value.

As far as employment in the banking sector is concerned, the decline observed in 2015 and 2016 explains the current cautious attitude of the financial players. Between 2015 and 2017, the number of jobs fell by around 3% and now stands at 18,341 employees. A comparable reduction has been noted in employment in the financial sector in the broad sense of the term. However, the unemployment trend has remained stable again this year. This proves that the diversity of expertise that typifies the financial industry is also in demand in other branches of the economy.

The economic survey for 2017-2018 leads to the conclusion that the financial center's competitiveness and ability to innovate make a vital contribution to this success. To that end, three factors are essential: market access; a measured and differentiated approach to regulation in line with international standards (see p. 7); and an attractive tax system (see p. 9) based on a high degree of predictability and legal certainty.

The trend of net fund inflows observed in 2017 is largely attributable to clients who are resident abroad. Swiss banks are therefore first and foremost exporting businesses. In this context, improved access to foreign markets is a strategic priority. On this point, the economic survey for 2017-2018 confirms the role of the European Union as the banking sector's principal partner. In a scenario without easy access to this market, "front office" activities would be the worst affected. These jobs would no longer be created in Switzerland but in EU Member States, especially Luxembourg. The risk of relocation is therefore very real. The latest Banking Barometer of the Swiss Bankers' Association reveals that on September 1, 2017 the number of jobs in the banking sector in Switzerland had fallen by 971, while at the same time increasing by 283 abroad.

The economic survey reveals that apart from the international challenges, the players in the financial sector are worried about issues relating to corporate taxation in Switzerland. This factor is one of the key points of comparison between financial centers. The "Fiscal Project 2017" (see p. 9) answers the uncertainties created by the failure of the third corporate tax reform (RIE III) in February 2017. It is strongly supported by the GFC.

The survey results also show the future importance of FinTech. To find out more, the definition of the priority aspects necessary for the digital evolution to succeed was the subject of a specific question. In this field, the financial players attach particular importance to the continuation of constructive cooperation with the political authorities.

They also insist on the need for equal treatment to avoid any distortion of competition with companies working in innovative financial technologies. The ability to attract experts from abroad and the improved training (see p. 17) in Switzerland rank third and reflect the industry's expectations.