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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.**