FONDATION GENĒVE PLACE FINANCIĒRE
GENEVA FINANCIAL CENTER

ANNUAL REPORT

2023

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 city's umbrella association for this sector, which generates 37,900 jobs and accounts for 13.1% of Geneva's GDP. The financial sector is founded on three pillars: private and institutional wealth management and commodity trade financing, as well as commercial and retail banking. Few financial centres offer such a wide range of talent and such a dense network of finance-related activities: international lawyers, insurance and inspection companies, audit firms and shipping companies. This chain of expertize is instrumental in attracting numerous multinationals. The Geneva Financial Center cluster is unrivalled anywhere in the world. Its mission is to develop an optimal business environment for all the Financial Center's partners.

37,900
jobs

13.1%
of Geneva's GDP

Contents

1

Message from the President

Success is achieved by uniting all the stakeholders' strengths

This activity report provides an overview of the main developments that have taken place in the past twelve months in the areas monitored by the Geneva Financial Center (GFC).

In 2023, the GFC was engaged in three priority areas: taxation, education and training, and sustainable finance. This strategy involving three key areas was designed to respond to the major issues: taxation proposals put to the popular vote (see page 14); reinforcement of the culture of excellence among the 38,000 employees in the Geneva banking sector (see page 27); and promotion of Geneva's unique position in sustainable finance (see page 21).

The 2023-2024 economic survey (see page 5) shows that financial operators were able to bounce back after 2022, the year which saw a decline in the financial markets. Robustness and dynamism thus prevailed, in wealth management activities in particular. This positive climate is confirmed by the EY Banking Barometer 2024. The majority of the banks that were questioned expect to see higher revenues in future; this shows that they are confident in their ability to create value, despite a challenging geopolitical situation and persistent inflation in some countries. This is good news for the Geneva economy as a whole since the financial industry alone, with its 38,000 employees, accounts for 13.1% of Geneva's gross domestic product (GDP).

Taxation: supporting entrepreneurial activity

Recent years have seen a surge in the number of draft laws and cantonal initiatives in the area of taxation. This phenomenon is generating a climate of uncertainty and instability that is detrimental to our economy.

Confronted with this threat, the GFC has played a resolute part in a coalition formed with umbrella organisations. It has also circulated unequivocal position statements and written articles on the taxation issues on which votes were to be taken. These actions contributed to the victories in the ballot boxes in 2023.

On 12 March 2023, by just under 60% of the votes cast, the people of Geneva rejected Initiative 179 which sought to impose a 100% tax on the dividends earned by shareholders with an equity holding in excess of 10%. On 18 June 2023, citizens voted by over 55% against Initiative 185 which proposed a 50% increase in wealth tax, despite the fact that it is already the highest in Switzerland. This rejection undoubtedly prevented the highest taxpayers from going into exile, so further increasing the fragility of the Geneva fiscal pyramid. The fact is that just 1% of taxpayers generate almost 66% of all wealth tax. With these two votes, the people of Geneva expressed their support for entrepreneurial activity and for the SMEs which are at the very heart of the local economy.

2024 is likely to be a pivotal year on the taxation front too. At federal level, the financial transaction tax (FTT) in connection with the initiative for a 13th OASI pension payment is a subject of lively debate in Parliament (see page 14). In view of its extremely volatile nature, the FTT is not an adequate response to the OASI financing requirement. Above all, it would cause an inexorable outflow of capital towards competing centres which do not impose such a tax. At cantonal level, the Council of State became aware of the importance of reducing the tax burden on work and equipment (see page 14). The Grand Council followed suit by adopting a draft law to this effect. As it has unfortunately been challenged by a referendum, this draft will be put to a vote. It is to be hoped that, as was the case in 2023, support for entrepreneurship will win the day at the ballot box.

Education and training: emphasis on public-private partnerships

The strong basis of trust in the economic operators relies heavily on education and training (see page 27). According to the biennial opinion poll published by the Swiss Bankers Association (SBA) on the image of Swiss banks (see page 20), 90% of all Swiss citizens regard education and training as a contributory factor to success, second only to economic and political stability. The respondents take the view that training programmes in the banking sector should be developed further in order to strengthen competitiveness. That is why the GFC has paid particular attention to the development of collaborations with top-quality training providers. The

Denis PITTET
President

Institute for Studies in Finance and Banking (ISFB) and HEG-Geneva have entered into a strategic partnership supported by the GFC in order to establish a unique programme of continuing education in bank management in the French-speaking part of Switzerland in 2024 (see page 28). Moreover, in the wealth management sector, the Geneva Institute for Wealth Management (GIWM), set up by the Geneva Financial Center and the University of Geneva seven years ago, contributes to training talented people in the field of wealth management by placing the emphasis on sustainable finance (see page 29). Again at university level, the Certificate of Advanced Studies in Compliance (CAS), established 20 years ago by the Centre for Banking and Financial Law at the initiative of the GFC has become the Swiss standard (see page 28). Last but not least, Master Classes organised jointly by the Swiss Finance Institute (SFI) and the GFC enable personnel in the Financial Center to develop their skills (see page 29).

Sustainable finance: speaking with a single voice

The same shared determination on the part of private and public operators prevails in order to expedite the sustainable transition. The top-level associations of banks and finance have established a coordinated approach in order to ensure appropriate implementation of the Federal Council's position on the prevention of greenwashing (see page 12). They have also aligned their positions in response to the consultation by FINMA regarding a new Circular on "Nature-related financial risks" (see page 13). This resolute involvement seeks to promote self-regulation and position Switzerland as a key international centre. The fourth edition of the "Building Bridges" conference of which the GFC is a Founding Partner is another example of the need to build bridges between all the stakeholders.

Market access, attractiveness and artificial intelligence on the menu in 2024

"United we stand" is a slogan which will come into play again next year. The GFC has defined a 3A strategy: Access to the market, Attractiveness and Artificial intelligence. The 2023-2024 economic survey underscores the extent to which access to the European market remains a priority for the Geneva financial operators, particularly in order to retain job opportunities in Switzerland. More than two years after the abandonment of the Framework Agreement, a key step has recently been taken with the adoption by the Federal Council of a negotiating mandate. Under the aegis of the SBA, the Swiss Financial Center has developed a so-called "institution-specific" approach (see page 16). In essence, the aim is for interested institutions to register with a central European authority in order to obtain a passport enabling them to actively provide banking and investment services throughout the territory of the European Union (EU). Such a solution has already been in existence for a long time with the US regulator (SEC). Acting jointly with its counterparts in Zurich and Lugano, the GFC has for the first time in history adopted a joint approach with the Federal Council. This concerted action has contributed to the inclusion of the "institution-specific" approach in the resumption of the regulatory dialogue, scheduled for summer 2024 between Switzerland and the EU.

With regard to the attractiveness of the Financial Center, overregulation ("Swiss Finish") should be avoided and the priorities should be set for the implementation of the measures adopted as a consequence of the Credit Suisse crisis (see page 8). Better liquidity provision by the SNB should top the list of recommendations. The adoption of targeted and proportionate measures with regard to remuneration and responsibility is also recommended. Lastly, FINMA's supervisory activity could be optimized.

In conclusion, the GFC must set its sights resolutely on the future and in particular be capable of mastering the challenges of the digital revolution, as the development of the Financial Center largely depends on its ability to innovate. That involves far-reaching changes in occupations, necessitating the provision of flexible and customized training courses. Artificial intelligence is also opening up new horizons (see page 11). They should be explored without preconceptions, and with insight, trust and vigilance.

2

The Current Economic Situation

The Geneva Financial Center (GFC) has been conducting an economic survey of its banks, wealth managers and other financial intermediaries since 2002. The results obtained reflect their analyses and perceptions of their business performance and the outlook for the Geneva Financial Center.

At the end of September 2023, the banking sector comprised 87 banks present in Geneva and employed just under 18,000 staff. In detail, there were 22 commercial and wealth management banks and 50 foreign-owned banks. There were also more than 700 independent wealth managers, over 3,000 financial intermediaries, nearly 500 insurance companies, more than 1,300 trustees and accountants and more than 600 law firms and notaries' offices. This great diversity contributes to the success of the Financial Center which continues to play a leading role in economic growth.

The results of the short-term 2023-2024 economic survey reveal the strength and resilience of the banking and financial sector, despite the uncertainties surrounding the war in Ukraine (see page 7) and the rapid rise in interest rates.

After 2021, which had been an excellent year, and 2022, which saw a decline in stock market prices, 2023 brought a feeling of optimism. This is hardly surprising given the economic environment in Switzerland. According to SECO the first half of 2023 was robust, even though the picture varied from one sector to another. The service sector, which includes finance, progressed while value creation in the industrial sector declined. The economic survey therefore reflects the strength and recovery of the Financial Center.

This dynamic trend is fully reflected in the wealth management sector, which is one of the three pillars of the Geneva Financial Center, together with commercial and retail banking and commodity trade finance.

In 2023, unlike the previous year, wealth management was booming. In fact, the great majority of financial institutions reported a rise in assets under management. This trend reversal is particularly apparent in banks with over 200 employees. Although in the first six months of 2022 more than half of them stated that their volume of assets under management was down by 8%, at present a large number of them report an increase which, in some cases, exceeds 8%. In the course of 2022, the war in Ukraine profoundly destabilized the financial markets but they have since ceased to be the primary influencing factor. New inflows and outflows almost balanced each other in terms of asset volume. Foreign exchange effects had little impact.

The overall trend in net inflows of funds is undoubtedly another strong indicator of the health of the Geneva Financial Center. The diagnosis for the first half of 2023 is quite encouraging compared to the same period in 2022. More than two-thirds of banking institutions, wealth managers and other financial intermediaries benefited from an increase in net inflows of funds. Half of small institutions benefitted from an increase of between 6 and 10%. The finding for the large banks is similar: a significant number of them reported growth of more than 10%. Clearly, their clientele continued to require services provided by the Geneva banks which remained as attractive as ever, especially in Europe and the Middle East. All these factors lead to the same conclusion: client confidence remains intact.

The banks and financial service providers remained optimistic in the second half of 2023 since the vast majority of banks benefited from a favourable trend with an upturn in investor activity and a turnaround in commission-based income. Under the impact of tighter monetary policy in response to rising inflation, the increase in interest rates

> **All the indicators show that the Geneva Financial Center remains attractive and that banking operators take an optimistic view of 2024**
>
> allnews, 12 October 2023

50%

of financial operators reported an increase in their assets under management in the first half of 2023

which had begun in 2022 continued to exert its influence in 2023. The 2023-2024 economic survey shows that the impact on the banking institutions was substantial. For the record, in 2020 and 2021, the central banks set interest rates that were either negative or close to zero. Consequently, cash was a cost item for the banks if they did not pass the negative interest rates on to their clients. However, clients were actively investing during these two years, which helped to maintain commission-based income. The return to positive interest rates and their rapid rise reversed this wealth management dynamic in 2023. This rate rise helped to sustain the increase in net income from interest rate transactions. However, it also created a “wait and see” attitude on the part of clients who preferred to make time deposits. This caution was heightened by the conflict in Ukraine and by the lack of visibility.

According to the International Monetary Fund (IMF), increases in real interest rates are likely to be temporary. Once inflation is brought under control, the IMF expects the central banks to ease their monetary policy. In this context, one thing is certain: financial operators have no control over interest rate trends. They are decided by the central banks according to growth and inflation. It is becoming increasingly clear that inflation is proving to be persistent and is forcing the central banks to prolong their tight monetary policy. At the international level, the world economy saw practically no growth in 2023 and lacks real incentives that could offset the adverse consequences of the increase in interest rates and inflation. The Swiss financial system is not an island, and is also dependent on the economic policies of its counterparts abroad.

This interconnection also applies to access to foreign markets. Switzerland is a global leader in cross-border wealth management, with a market share of around 25%. It is consequently an export industry in the conventional sense of the term to the extent that most services are provided in Switzerland, whereas two-thirds of clients are domiciled abroad. In fact, 40% of cross-border private assets under management originate from clients situated in the European Union (EU) and account for around CHF 1,000 billion in assets.

Whether for private or institutional wealth management, access to the European market in particular remains a strategic priority in order to maintain employment, especially in the “front office” on Swiss territory. As was the case in 2022, Luxembourg continues to be the destination of choice when activities are transferred abroad. In this respect, the Geneva Financial Center welcomes the reference to a so-called “institution-specific” approach, or in regulatory terms a “licence-based” approach, linked to the resumption of the regulatory dialogue between Switzerland and the EU, in the final negotiating mandate with the EU which Switzerland adopted on 8 March 2024 (see page 16).

In the light of the above considerations, the banking and financial operators are fairly confident about 2024 and expect to see a favourable development in their consolidated financial statements. This is despite a changing environment, characterized by two factors. Firstly, the high debt levels of many countries leave a sword of Damocles hanging over the markets, which could lead to a major correction. Secondly, some observers expert only moderate growth in assets under management originating from abroad. Nevertheless, these uncertainties do not taint the optimism and pragmatism shown by the banks and wealth managers with regard to employment. For the third consecutive year, 2023 saw an increasing labour shortage in an economy that was close to full employment. The financial sector continued to make a major contribution to the maintenance and creation of employment opportunities in Geneva.

In the 2023-2024 economic survey, taxation is still causing concern but is no longer the number one factor, due to victories in the ballot boxes with the rejection of Initiatives 179 (double taxation of dividends) and 185 (increase in wealth tax) in 2023. At cantonal level, the issue of security takes precedence over other matters. This broad field encompasses cybersecurity. In order to strengthen the cyber-resilience of the Swiss financial Center, the Swiss Bankers Association (SBA), the Swiss Insurance Association (ASA) and the Federal authorities established the Swiss Financial Sector Cyber Security Centre (Swiss FS-CSC) association in April 2022. The fact is that the infrastructure of the Financial Center and of Switzerland as a whole depends on a small number of service providers. This is why it is essential to involve all the stakeholders in a joint approach, which is what the Swiss FS-CSC is doing. Like fintech and sustainable finance, this area is particularly dependent on the development of cutting-edge training (see page 27).

Confidence is the order of the day for 2024, with expectations placed on cybersecurity and education and training in particular

3

Framework Conditions

1. Sanctions imposed in the wake of the war in Ukraine

Use of frozen assets

On 10 May 2023, the Federal Council announced that the total value of the reserves and assets of the Central Bank of the Russian Federation held in Switzerland totalled around CHF 7.4 billion. This is in addition to the CHF 5.8 billion in frozen private financial assets which are owned or controlled by individuals, enterprises or entities on which sanctions have been imposed (according to SECO figures from April 2024).

Use of the frozen assets and of the income they generate are the subject of a fraught debate in the European Union (EU) and in Switzerland. It should be noted that the EU has reaffirmed its commitment to the rule of law in this regard. In fact, a Communication dated 12 April 2023 from the Swedish Presidency of the Council of the EU stated that “frozen or seized private assets cannot be confiscated unless a criminal offence has been committed and the person concerned has been sentenced by a court of law in accordance with the rule of law”. On 8 May 2024, the twenty-seven Member States of the EU reached an agreement to use the profits from Russian Central Bank assets frozen in the EU to finance the reconstruction of Ukraine and fund weapons. Reference is made to annual profits of 2 to 3 billion euros predominantly generated by the assets blocked and parked at Euroclear Belgium, totalling nearly 200 billion euros.

On 7 March 2024, the Council of States adopted five motions stipulating that the frozen Russian State assets and the assets of related organizations must be paid as reparations to Ukraine. These motions ask the Federal Council to take action to develop the necessary legal bases at international level.

> **Frozen or seized private assets cannot be confiscated unless a criminal offence has been committed and the person concerned has been sentenced by a court of law in accordance with the rule of law**
>
> Swedish Presidency of the Council of the EU, 12 April 2023

Participation in the “REPO Task Force”

On 19 April 2023, the Federal Council announced that Switzerland did not intend to join the G7 Task Force on Russian Elites, Proxies and Oligarchs (REPO) for the time being. The Government took the view that cooperation between Switzerland and member countries of the G7 was proceeding smoothly at the technical level. However, should participation prove to be in our country’s interest, the Federal Council could review the situation at a later date.

Roman Studer, the new CEO of the Swiss Bankers Association (SBA), stated, both in the “NZZ” newspaper and on the occasion of Bankers Day in September 2023, that he saw no reason not to participate. The President of the FDP Thierry Burkart would also support such participation. In the press, Federal Councillor Guy Parmelin defended the Government’s decision not to join the task force.

On 26 March 2024, the External Policy Committee of the National Council adopted the Ryser’s motion calling for Switzerland to join the REPO Task Force. This motion states that Switzerland must do more to guarantee uninterrupted application of the sanctions. However, on 17 April 2024 the National Council rejected this motion by 101 votes to 80, thereby refusing to allow Switzerland to join REPO.

Framework Conditions

2. For a competitive legal and regulatory framework

Acquisition of Credit Suisse by UBS

Implementation of the measures ordered by the Federal Council

On 23 May 2023, the Federal Department of Finance (FDF) implemented the Federal Council's decision of 5 April 2023. As a reminder, the Federal Council had decided to either cancel or reduce by 50% or 25% all the variable remuneration still owed by Credit Suisse to members of its top three levels of management. These measures will affect about 1,000 employees and involve a total amount of around CHF 50 to 60 million. Moreover, the FDF ordered UBS to include in its remuneration system an additional criterion for people responsible for disposing of the Credit Suisse assets that are covered by the Confederation's guarantee.

In August 2023, the expert group set up by the Federal Department of Finance (Prof. Lengwiler) submitted its report. Its main conclusions apply to the following areas: cooperation between FINMA, the SNB and the FDF; liquidity provision; supervisory instruments available to FINMA; quality of shareholder equity.

On 11 August 2023, UBS terminated the CHF 9 billion Loss Protection Agreement which had been concluded with the Confederation, as well as the agreement with the SNB regarding the federal guarantee of up to CHF 100 billion to secure liquidity assistance loans. In this transaction, the Confederation collected revenue totalling around CHF 200 million for these guarantees. The SNB received over CHF 500 million in risk premiums.

Parliamentary Committee of Enquiry (PCE)

In June 2023, the Federal Parliament appointed a Parliamentary Committee of Enquiry (PCE) tasked with investigating the handling of the Credit Suisse/UBS affair by the Federal Council, the Federal Administration and other bodies entrusted with performing tasks for the Confederation. The PCE is composed of 14 members from the National Council and the Council of States.

Banking Act: creation of a public liquidity backstop

On 6 September 2023, the Federal Council adopted the dispatch on the incorporation into the Banking Act of a public liquidity backstop (PLB) for systemically important banks. This text seeks to transpose into ordinary law some of the measures applied in March 2023 on the basis of emergency law.

The PLB is implemented when the bank has exhausted the first two lines of defence, in other words it no longer has sufficient liquidity to meet its financial obligations and cannot apply for extraordinary liquidity assistance loans from the central bank due to insufficient collateral. Serving as a third line of defence, the PLB enables the central bank to support restructuring of the institution that needs such assistance by providing additional liquidity with a government guarantee.

Federal Council's report on the "Too big to fail" regime

On 10 April 2024, the Federal Council published its report on the "Too big to fail" regime in Switzerland. In order to strengthen this framework, the Federal Council proposed 22 measures that could be implemented directly and 7 other measures that required further consideration. This set of measures focuses on the following three priority areas:

- Stronger prevention: this relates in particular to the responsibility and remuneration regime for senior managers, as well as equity capital requirements. The desirability of authorising FINMA to impose fines will also be examined.
- Stronger liquidity: the aim is to significantly extend the SNB's ability to provide liquidity. Moreover, there are plans to enshrine a public liquidity backstop (PLB) in ordinary law.
- A broader range of instruments to combat crises: if a crisis occurs, the systemically important banks must be able to exit the market in an orderly fashion. In addition, crisis management and cooperation between the authorities will have to be examined.

22
measures
proposed by the Federal Council under the "Too big to fail" regime

With regard to implementation of this set of measures, the Federal Council will take account of the conclusions reached by the Parliamentary Committee of Enquiry (PCE). The first phase will involve amending the Ordinances, which is a matter for the Federal Council. In the second phase, the necessary legislative amendments will be submitted to the Federal Parliament.

SNB report

In its management report, published at the end of March 2024, the SNB looks in detail at the chronology of the Credit Suisse crisis and at its own role in this context. It draws the following lessons: in its view, it is necessary to strengthen the banks' resilience and their resolvability in the event of a crisis. At the same time, it is important to determine whether the existing "too big to fail" rules give due consideration to the individual systemic importance of the banks concerned. For the SNB, measures will be necessary in particular in the areas of early intervention, equity capital and liquidity requirements, and resolution plans.

FINMA's activities

On 19 December 2023, FINMA published its report on the Credit Suisse crisis. It analysed the bank's development between 2008 and 2023 with regard to its strategy, business performance, management decisions and risk management. It also examined FINMA's supervisory work with the bank. It calls for a stronger legal basis, specifically instruments such as the "Senior Manager Regime", the power to impose fines, and more stringent rules regarding corporate governance.

Banking sector's position

At its press conference on 12 March 2024, the SBA argued the case for measures in four areas in connection with the demise of Credit Suisse. Firstly, as long as they are solvent, all banks should be able to obtain liquidity from the SNB quickly if they are no longer able to refinance their operations on the market. Secondly, the public liquidity backstop (PLB) should be introduced in Switzerland. This would be an important complement to the "too big to fail" regulations. Thirdly, the duty to implement a remuneration policy geared to the long term should be written into law and a lean accountability framework introduced ("Senior Manager Regime"). Lastly, targeted improvements in FINMA's supervisory activities could be achieved by granting it additional powers, but without authorizing it to impose fines.

Banking Act: bank secrecy

On 15 November 2022, the National Council's Economic Affairs and Taxation Committee (EATC) adopted by 13 votes to 11 a committee motion entitled "Guaranteed freedom of the press to address matters relating to the Financial Center." At the beginning of March 2023, the National Council asked the Federal Council to determine whether it was advisable to amend Article 47 of the Banking Act in order to guarantee press freedom on matters relating to the Financial Center and, if appropriate, to lay a draft text before Parliament.

This motion originated with the disclosure of the "Swiss secrets", i.e. stolen data on former clients of Credit Suisse received by an international network of journalists in February 2022. Some Swiss journalists decided not to take part in this initiative because of the protection of bank secrecy that had been strengthened in 2015 when the disclosure of stolen data was made a punishable offence.

On 14 December 2023, the Council of States rejected the motion in question. On 20 December, it submitted an application, requesting the Federal Council to examine how legal protection of sensitive personal data preventing their publication in the media might be improved, while taking account of the public interest in such information. This text requires the imposition of sanctions if data obtained by unlawful means are made public.

Supervision of portfolio managers and trustees

In its communication 3/2023 of 18 August 2023, FINMA stated that by 30 June 2023, it had received a total of 1,749 applications and granted 950 licences to portfolio managers (899) and trustees (51). 34% of the licensing applications originated in French-speaking Switzerland, 56% in the German-speaking part of Switzerland, and 10% in Ticino.

Moreover, most portfolio managers and trustees are micro-enterprises established as limited liability companies and employing fewer than three full-time staff. The total value of the assets under management by licensed institutions, as at 30 June 2023, amounted to CHF 177 billion, when all legal forms are combined. This figure corresponds to an average amount of CHF 61 million per institution.

On 2 February 2024, in its Communication 01/2024, FINMA announced that, as at 31 December 2023, it had approved 1,149 (70%) licensing applications from portfolio managers and trustees received before 31 December 2022, and that 63 institutions (4%) had withdrawn their applications. Moreover, the 487 remaining applications (26%) were more complex and required longer to process. FINMA also explained its new approach for trustees: from now on, a trustee provides a professional service and consequently requires a licence if the trust's assets exceed CHF 5 million. Trustees, who are now under an obligation to obtain a licence in accordance with the Federal Act on Financial Institutions (FinIA), must consequently submit an application by the end of 2024.

FINMA had approved 1,149 licensing applications from portfolio managers and trustees at the end of 2023

Collective investment funds

European regulations

Following a "Trilogue" meeting held in 2023 between the European Parliament, the European Council and the European Commission, on 7 February 2024, the European Parliament adopted the Directive simultaneously amending the AIFM Directive (Directive 2011/61/EU) and the UCITS Directive (Directive 2009/65/EC). This Directive includes harmonized rules for the AIFM and UCITS Directives, in particular in the following fields: liquidity management tools, delegation arrangements, minimum assets of managers of alternative investment funds and management companies, data collected on the basis of regulatory reports and inclusion of central securities depositories in the custody chain. The final versions of the texts in question were published in the Official Journal on 25 March 2024. The Member States consequently have until 16 April 2026 to transpose these new rules into their domestic law.

Collective Investment Schemes Ordinance (CISO)

On 31 January 2024, the Federal Council adopted the amendments to the Collective Investment Schemes Ordinance (CISO). This text predominantly sets out specific provisions that are applicable to the Limited Qualified Investor Fund (L-QIF), an investment vehicle that can be placed on the market without a FINMA licence, provided it is reserved exclusively for qualified investors and is managed by institutions that are supervised by FINMA.

The final version takes account of specific comments made by the Financial Center during the consultation procedure that ended in December 2022. In particular, the proposed ban on family funds was fortunately not introduced, which means that members of the same family could meet the legal requirement of independence. These new rules came into force on 1 March 2024.

Regulatory responses to evolving technology

Artificial intelligence (AI)

On 22 November 2023, the Federal Council instructed the Department of the Environment, Transport, Energy and Communications (DETEC) to present by the end of 2024 possible regulatory approaches to AI, based on existing Swiss law. These approaches should be compatible with the EU Regulation on AI (AI Act) and with the Council of Europe Treaty on AI. The technical standards and financial and institutional consequences of the different approaches will be taken into account.

In its Activity Report of 20 March 2024, FINMA set out its supervisory expectations regarding the use of AI. The expectations focus on four areas, namely the robustness and reliability of the applications, non-discrimination in relation to clients, governance and responsibility, as well as transparency and explainability. The supervisory authority expects the regulated institutions to give due consideration to the risks associated with AI.

Digital currencies

On 28 June 2023, the European Commission presented legislative proposals on the digital euro and on the legal tender of euro banknotes and coins. Under these rules, the digital euro would complement cash and would be available to the general public. More specifically, provisions are proposed to safeguard the acceptance of cash throughout the Eurozone and to guarantee access for citizens to basic services payable in cash with the freedom to choose their preferred method of payment. Besides, as a central bank digital currency, it would be directly backed by the European Central Bank (ECB),

On 1 December 2023, the SNB launched a pilot project with a central bank digital currency (CBDC), a so-called "wholesale" currency, i.e. reserved for financial institutions. Transactions are conducted on the platform of SIX Digital Exchange in cooperation with six commercial banks. This phase will last until June 2024.

Digital Identity Act

On 22 November 2023, the Federal Council adopted the Dispatch on the new Federal Act on Electronic Identity Services (e-ID Act). For the record, an initial version had been rejected in a referendum on 7 March 2021.

According to this new text, the e-ID will be issued by the Confederation, which will provide the necessary infrastructure for its use. This infrastructure will be made available to the cantonal and municipal authorities, as well as to private sector operators. Future e-ID users will retain control of their data (self-sovereign identity) and data protection will be incorporated into the system (principle of privacy by design). The law makes no mention of the technology to be used. It will therefore be easier for the Confederation to adapt the chosen system in accordance with technological developments.

The National Council adopted the law at its session in spring 2024. It made a number of changes in order to strengthen data protection and emphasize the role of the State. The matter was submitted to the Council of States. The Federal Council believes that the e-ID could be available in 2026.

FINMA's expectations regarding the use of AI focus on four areas: the robustness and reliability of the applications, non-discrimination in relation to clients, governance and responsibility, as well as transparency and explainability

Regulations and sustainable finance

Communication from the Federal Council on the prevention of greenwashing

On 25 October 2023, the Federal Council announced how it intended to implement its position on the prevention of greenwashing published on 16 December 2022. The Federal Department of Finance (FDF) will be tasked with drafting an Ordinance setting out a proposal for a State regulation based on clear principles. This regulation could be supplemented by self-regulatory guidelines for the sectors concerned. The FDF will submit a draft text to the Federal Council for consultation by the end of August 2024 at the latest. However, if the financial sector presents a self-regulatory provision effectively implementing the Federal Council's Position, the FDF will dispense with the need for further regulatory work.

CO_2 Act

As a reminder, on 13 June 2021, Swiss citizens rejected the CO_2 Act by a narrow majority (51.6%), despite the campaign which the Financial Center had conducted in its favour.

On 16 September 2022, the Federal Council adopted its Dispatch on the revision of the CO_2 Act for the period from 2025 to 2030. This text makes provision for the investment of around CHF 4.1 billion in climate protection measures without raising new taxes. The key measure provides for the allocation of a budget of CHF 2.8 billion for the period in question to be used to renovate buildings and replace old oil and gas fired heating systems.

With regard to the financial sector, the new version of the CO_2 Act again incorporates a measure that had been included in the text which was rejected by Swiss citizens in a referendum. FINMA will have to conduct regular reviews of the climate-related financial risks to which the financial institutions are exposed. It will be able to draw on the experience acquired in connection with the transparency obligations for climate risks that were adopted in 2021 for the nine largest Swiss banks and insurance companies. Potential risks to the stability of the financial system resulting from climate change should also be monitored by the SNB.

After several referrals backwards and forwards between the Federal Council and the Council of States and a conciliation conference, the Federal Chambers finally adopted the draft law on 14 March 2024, renouncing in particular the financing of electric vehicle charging points that had been requested by the National Council. One fact worth noting is the addition of a new article to the Unfair Competition Act prohibiting businesses from giving false information about the climate impact of their products.

Confederation's "Swiss Climate Scores"

On 29 June 2022, the Federal Council announced the implementation of the "Swiss Climate Scores (SCS)". Their aim is to establish best practices in the area of transparency to make financial products compatible with the objectives defined in the Paris Agreement (a net-zero economy by 2050 and limitation of global warming to 1.5°C). These scores comprise 5 minimal criteria and one optional criterion.

The use of these SCS is voluntary, no formal checks are planned.

On 8 December 2023, the Federal Council published a revised version of the SCS. They were revised to facilitate their implementation by the sector and make them more intelligible to investors. They now include a criterion relating to exposure to renewable energies and an optional criterion relating to the alignment (or otherwise) of the portfolio with the objective of the Paris Agreement, and on the basis for the alignment.

The new version of the CO_2 Act incorporates a measure that had been included in the text which was rejected by Swiss citizens in a referendum: FINMA will have to review at regular intervals the financial risks to which the financial establishments are exposed

FINMA circular on nature-related financial risks

On 1 February 2024, FINMA initiated a consultation on a new circular entitled “Nature-related financial risks.” This text aims to clarify the extent to which nature-related financial risks must be taken into consideration in the corporate governance and risk management of banks and insurance companies. The Circular specifies the criteria for materiality assessments and the way in which the scenario analyses must be taken into account. FINMA relies on the recommendations made by the Basel Committee and the Network for Greening the Financial System (NGFS). Several observers cast doubt on the existence of an adequate legal basis for such a Circular. The deadline for making a statement expired on 31 March 2024.

> **Several observers cast doubt on the existence of an adequate legal basis for the FINMA Circular on Nature-related financial risks**

Fight against money laundering and the financing of terrorism

Draft Federal Act on the Transparency of Legal Entities and Identification of Beneficial Owners (TLEA)

On 22 May 2024, the Federal Council published its Dispatch on a draft law proposing significant amendments to the Anti-Money Laundering framework. It includes the following measures:

- **Federal register of ultimate beneficial owners**
  Legal entities in Switzerland will be required to identify their beneficial owners and declare them to a Federal register of ultimate beneficial owners (transparency register). This obligation also applies to foreign legal entities if, for example, they are actually domiciled in Switzerland or if they own real estate in Switzerland. The register will not be accessible to the public. It will be kept by the Federal Department of Justice and Police (FDJP) in order to use the existing infrastructure and expertise of the authorities in charge of the commercial register. In addition, a supervisory authority attached to the Federal Department of Finance (FDF) will conduct checks.

- **Extension of the due diligence obligations to high-risk activities carried out by the legal professions and specialist service providers**
  The Federal Council is proposing that certain activities associated with the creation and structuring of legal entities should be governed by the Anti-Money Laundering Act: the individuals who engage in these activities, especially those who provide legal advice, will consequently be required to comply with the due diligence and reporting obligations in accordance with the anti-money laundering legislation. These obligations focus on activities that actually present an increased risk of money laundering. Specific rules take account of the professional secrecy by which lawyers and notaries are bound.

- **Other measures**
  The draft text proposes several amendments to the law with the aim of improving the efficacy of the anti-money laundering regulations and taking account of the changing risks in this area. It sets out additional measures in the real estate, precious metals and gemstones sectors and clarifies the obligations of financial intermediaries to monitor the implementation of the enforcement measures based on the Embargo Act.

The draft text has now been laid before the Federal Parliament.

Framework Conditions

3. For an attractive tax system

In Switzerland

Tax on financial transactions to fund the 13th OASI pension payment initiative

On 3 March 2024, Swiss voters approved the initiative for a 13th OASI pension payment by 58.2% of the votes cast. Its implementation is scheduled for 2026 and requires financing of between CHF 4 and 5 billion annually. To cover this cost, some observers have put forward the idea of introducing a tax on financial transactions (FTT). The Financial Center is opposed to any such tax. In fact, Switzerland already levies a trading stamp duty, which is a handicap in an international comparison. The introduction of an FTT in Switzerland would inevitably result in a massive outflow of capital to competing financial centres and would consequently weaken the capital market in our country. Fortunately, the Federal Council did not include this proposal in its exploration of potential sources of funding the 13th OASI pension payment presented on 27 March 2024. The Government envisages raising income tax, possibly in conjunction with an increase in VAT. A heated debate in parliament is expected.

58.2%

of Swiss voters approved the initiative for a 13th OASI pension payment

Young Socialists' "for the future" initiative

In February 2024, the Young Socialists tabled their "for the future" Initiative. This text provides for the introduction of a 50% tax on inheritances in excess of CHF 50 million in order to finance the green transition of the Swiss economy in its entirety. If it were adopted, this proposal would deal a fatal blow to family businesses which are the backbone of the Swiss economy and generate thousands of jobs. The people will be asked to vote on this issue.

> **The introduction of a 50% tax on inheritances in excess of CHF 50 million would deal a fatal blow to family businesses**

In Geneva

PL 13345: For tax relief on work equipment

At the end of June 2023, the Council of State tabled a draft law on tax relief on work equipment. In essence, this text provides for a 60% reduction in the wealth tax payable by an entrepreneur on unlisted shares in his or her business, provided the following conditions are met: the taxpayer must be domiciled in the canton and must hold at least 10% of the (unlisted) share capital of his or her company. The person concerned must also be gainfully employed in the company as his or her main occupation concerned.

By implementing this measure, Geneva aims to align itself with the French-speaking cantons that already apply such tax relief. This draft law also seeks to encourage investment, job creation and innovation.

In the plenary session on 26 January 2024, the Grand Council adopted the draft law with the following amendments: for taxable values of business assets up to CHF 10 million, the reduction will be 80% and for taxable values in excess of CHF 10 million, 40%. The text is subject to a referendum and the people of Geneva will be asked to vote on this issue, probably in the autumn of 2024.

PL 13402: Draft law amending the law on the taxation of natural persons (LIPP) (Higher purchasing power and tax revenues)

This text was tabled on 23 January 2024, by the Geneva Citizens' Movement (MCG), the Swiss People's Party (UDC), the Liberals (PLR) and the Centre. It provides for an income tax reduction ranging from 5% to 9%, based on income tax brackets, with particular emphasis on the middle class. It has been referred to the Taxation Committee for further examination.

When the Cantonal accounts were published on 20 March 2024, the Council of State announced an amendment in order to increase the effect of this tax reduction on the middle class. The average reduction will therefore be raised from -7.6% in the initial draft law to -8.7% with the Government's amendment. This reform was adopted by the Grand Council on 3 May 2024. The decision was made to hold a compulsory referendum. The people of Geneva will be asked to vote on this issue, probably by the end of 2024.

International level

OECD: corporate taxation

For the record, on 1 July 2021 an agreement was reached on the key principles set out for the two pillars that comprise the OECD's proposed corporation tax reform. The 2nd pillar, whose introduction has made the most progress, will ensure that multinationals with revenues above 750 million euros are subject to a minimum 15% tax rate (GLoBE rules).

On 22 June 2022, the Federal Council adopted a Dispatch concerning the Federal Decree on the special taxation of large corporate groups. It proposes a supplementary tax to implement this reform in Switzerland. This additional federal tax will correspond to the difference between the rate applied at cantonal level and the 15% envisaged by the OECD. The Confederation will receive 25% of the supplementary tax revenue and will use these funds for the Swiss economy. The remaining 75% will devolve on the cantons and local authorities.

At the end of December 2022, the Federal Chambers adopted the solution proposed by the Federal Council. A referendum was held on 18 June 2023, and was adopted by 78.5% of the votes cast.

Although the GLoBE rules have been adopted by 141 States, we know that the United States, China, India, Brazil and Saudi Arabia have so far done nothing at all to implement this system. In addition, competing financial centres such as Singapore, the United Arab Emirates and Hong Kong do not intend to introduce the rules until 2025 at the earliest and, moreover, in stages. Consequently, in 2024 only the EU Member States, the United Kingdom and South Korea are likely to be ready.

The above considerations led economiesuisse in November 2023 to call for the implementation of these rules to be deferred until 2025 in Switzerland to avoid inflicting a competitive disadvantage on our country. On 10 November 2023, the Council of States' Committee on the Economy and Taxation (CER-E) made the same request to the Federal Council.

Acting against the advice from the business community, the Federal Council announced on 22 December 2023 that the national supplementary tax would enter into force on 1 January 2024, thereby enabling the 15% minimum tax rate to be levied on multinationals with turnover in excess of 750 million euros. This means that the multinationals concerned will pay at least 15% in Switzerland and will not then incur further tax liability abroad. This decision was justified by the fact that the large majority of EU Member States and other industrialized countries, such as the United Kingdom and South Korea, have also taken this step. However, the Federal Council has abandoned for the time being the idea of imposing an additional international tax which would have enabled it to further tax foreign companies that do not pay a 15% minimum outside Switzerland.

The Minimum Taxation Ordinance (OIMin) came into effect on 1 January 2024. It will remain in force until it is replaced by a Federal Law in 2030 at the latest.

Although the GLoBE rules have been adopted by 141 States, the United States, China, India, Brazil and Saudi Arabia have so far done nothing to implement this system. And competing financial centres such as Singapore, the United Arab Emirates and Hong Kong do not intend to introduce the rules until 2025 at the earliest

Framework Conditions

4. Relations with the European Union and the United Kingdom

Bilateral relations with the EU

For the record, on 26 May 2021, the Federal Council announced its intention not to sign the Framework Agreement negotiated between Switzerland and the European Union (EU). However, the Federal Council instructed the Federal Department of Foreign Affairs (FDFA) to prepare the framework of a negotiating mandate by the end of June 2023.

The Financial Center insisted on the inclusion of cross-border banking services in the list of topics for negotiation. In this context, within the Swiss Bankers Association (SBA), the banks drew up an institution-specific – or, from a regulatory perspective, licence-based – approach. In substance, the proposal involves interested Swiss banks registering once with a central EU authority (such as the EBA or ESMA) in order to obtain a passport allowing them to actively provide banking and securities services throughout the territory of the EU. By registering, Swiss banks would undertake to comply with current European law when they provide services to clients domiciled in the EU. A similar solution already exists with the U.S. SEC.

By supporting this institution-specific market access approach, the Geneva Financial Center (GFC), acting jointly with its counterparts in Zurich (Zürcher Bankenverband) and in Lugano (Associazione Bancaria Ticinese), has for the first time in history adopted a concerted approach to the Federal Council. In a letter dated November 2023, the three umbrella organizations asked the Swiss Government to continue the financial dialogue with the EU with the intensity required to facilitate the inclusion of a negotiated solution in accordance with the "institution-specific approach" in the final negotiating package with the EU.

This request was accepted in part. In fact the "Report on the exploratory talks between Switzerland and the EU on consolidating and further developing their relations", dated 15 December 2023, contains the following statement: "Switzerland and the EU are able to resume regulatory dialogue on financial matters. Cross-border activities will also be discussed." Regrettably, no express mention was made of the "institution-specific approach".

Also on 15 December 2023, the Federal Council presented a draft negotiating mandate for consultation. Unfortunately, this proposal does not include cross-border banking services. It only seeks to resume regulatory dialogue without, however, mentioning the "institution-specific approach".

Following the intervention by the Geneva, Zurich and Lugano Financial Centers, the Councils of State of the three cantons concerned sent a joint letter to the Federal Council on 14 January 2024, seeking to resume regulatory dialogue at the earliest opportunity, asking for access to the wealth management market to be treated as an absolute priority and for the "institution-specific approach" to be the subject of a feasibility study to be conducted forthwith in order to facilitate its inclusion in the final negotiating package, if necessary.

This line of attack proved successful. In fact, in the final negotiating mandate adopted on 8 March 2024, the Federal Council made the following statement concerning the financial markets regulatory dialogue: "Switzerland seeks resumption of the financial markets regulatory dialogue at the earliest opportunity" and "Switzerland will include and address cross-border activities, in particular wealth management and the so-called "institution-specific approach", as well as equivalence in this dialogue."

On the EU side, the Member States also approved the mandate given to the European Commission to negotiate with Berne. Negotiations were thus officially opened on 18 March 2024.

The historic approach by the Financial Centers of Geneva, Zurich and Lugano enabled the "institution-specific approach" to be included in the regulatory dialogue between Switzerland and the EU

Agreement with the United Kingdom on Mutual Recognition in Financial Services

On 21 December 2023, Switzerland and the United Kingdom signed an Agreement on Mutual Recognition in Financial Services, commonly referred to as "the Berne Financial Services Agreement". This Agreement is based on mutual recognition of the regulatory and supervisory regimes in the areas of banking, investment services, insurance and wealth management, and financial market infrastructures. In particular, the Agreement stipulates that liberalization of market access is offset by increased supervisory cooperation. With particular reference to wealth management, Swiss providers will be able to offer cross-border services directly to private British clients whose wealth exceeds 2 million pounds sterling. English advisers will no longer be required to register in Switzerland, but will have to comply with the Swiss Federal Act on Financial Services (LSFin). With regard to the ratification procedure, in Switzerland the Dispatch from the Federal Council to Parliament is expected in the 2nd half of 2024. In the United Kingdom, ratification by Parliament should be completed in the 1st half of 2024, followed by the drafting of the implementing legislation. Entry into force is expected at the end of 2025 or the beginning of 2026.

4

Communication & Promotion

Media relations

The Geneva Financial Center (GFC) invited representatives of the Swiss and foreign media to its traditional press conference on 12 October 2023.

The journalists covered this event extensively, focusing on four main topics: the health of the Geneva Financial Center following the publication of the 2023-2024 Economic Survey (see page 5); the impact of the acquisition of Credit Suisse by UBS, especially on employment; sanctions imposed in the context of the war in Ukraine (see page 7); and overregulation, in particular issues regarding shareholders' equity and remuneration on the occasion of the merger between Credit Suisse and UBS (see page 8).

This press conference also provided an opportunity to highlight the development of asset management in Switzerland, which is a major global player in this sector.

These topics were presented by Denis Pittet (President), Edouard Cuendet (Director) and Régis Martin (Chairman of the Alternative Investment Council, an Expert Committee of the Asset Management Association Switzerland (AMAS)).

A consistent message was conveyed in these three talks: the Financial Center is confident. This confidence is essentially based on three pillars: a robust financial system; the rule of law; and the spirit of innovation. The acquisition of Credit Suisse by UBS at the national level and the geopolitical crisis linked to the conflict in Ukraine at the international level undermined trust in the Financial Center. On the occasion of the acquisition of Credit Suisse, Switzerland proved that it had adopted the measures required to maintain the robustness of the financial system. Our country demonstrated exceptional diligence in complying with the sanctions imposed on

> **The Geneva Financial Center is flourishing despite the uncertainties**
>
> AWP/ATS, 12 October 2023

Russia, in accordance with the rule of law. In order to retain its leadership status, Switzerland would therefore be well advised to apply regulatory neutrality in these two matters.

With CHF 3,000 billion in assets under management, asset management has been growing almost continuously in Switzerland since 2016. In the 1st half of 2023, Swiss asset managers ended the negative trend observed in 2022, reflecting investors' confidence in this sector. The sector is therefore helping to strengthen the Financial Center and plays a key role in the occupational benefits sector. Another strong point of the Swiss asset management hub is its export capacity. Access to the market of EU Member States' (see page 16) and to qualified specialists are crucial in strengthening this field of activity.

Trust in the Financial Center is also linked to its ability to plan for the future. With regard to taxation, Swiss and Geneva citizens will be asked to express their support for entrepreneurial attractiveness during the new referendums in 2024 (see page 14). In the field of education and training (see page 27), continuous development of the skills of the 38,000 employees who work in the Geneva Financial Center was made possible by the partnership between the public and private sectors.

In this challenging climate, the prospects for 2024 are good. Thanks to an upturn of results in 2023, financial operators are optimistic.

2023 opinion poll on current issues in the banking sector

The Swiss Bankers Association (SBA) published its biennial survey of banks in Switzerland in mid-March 2024. This survey, conducted by the gfs.bern research institute in autumn 2023, is a unique analysis of public opinion on the banking sector. The 2023 edition focused in particular on the impact of the Credit Suisse crisis and the acquisition of Credit Suisse by UBS. Despite this announcement which was covered widely in the media and the ensuing shock wave in the financial and political spheres, the climate of public opinion remained relatively stable and positive. In fact, a large majority of respondents were clearly convinced of the importance of the role of the banks for the economy and for society.

A majority of Swiss citizens stated that they had closely followed developments in the banking sector generally, and the acquisition of Credit Suisse by UBS in particular (see page 8) in the past twelve months. The omnipresence of information on the latter subject made its mark on public opinion and had a negative impact on the perception of 54% of respondents. Although the action taken by the Swiss Confederation is accepted by 60% of Swiss citizens, one third are critical of the acquisition by UBS, the main concern being the risk that such a large new bank poses for Switzerland. More than 90% are in favour of a thorough investigation of Credit Suisse's responsibility. A similar percentage is in favour of a clarification of the role played by the State. However, three-quarters of the Swiss population reject the adoption of across the board regulations.

Against the background of intense competition between different financial centers, the fact that respondents consider the Swiss banks to be well positioned sends a strong signal. Moreover, younger generations tend to be most optimistic about the future of the Swiss Financial Center. Economic and political stability is regarded as one of its major assets, closely followed by education and training.

60%
of Swiss citizens take a positive view of the banking sector

Compared to the previous opinion poll conducted in 2021, a higher percentage of the population takes the view that protection of the private sector is a vital success factor. Customer service and sustainability (see page 21) are also highly rated and help to set the Swiss Financial Center apart from its competitors.

For the first time since its inception, this opinion poll looked at the concept of security. It is noteworthy that the general sense of security is very high in Switzerland among all strata of the population. An overwhelming majority of people of voting age believe that their own assets are safe with their bank.

This indicates that neither the prevailing global economic situation nor the Credit Suisse crisis are giving rise to doubts among the population who continue to trust the banking sector.

Sustainable finance

The success of the sustainable transition is essentially based on the shared determination of the private and public operators to create the best possible conditions for a sustainable and more competitive financial sector. The financial sector plays a key role by actively participating in initiatives designed to draft international standards on transparency and classification, and by contributing, at national level, to the work by the Federal Council on climate change in particular.

More specifically, the action of the Swiss financial institutions is based on a coordinated approach by the umbrella associations with the emphasis on three areas: standards and directives; membership of international alliances; and education and training. The Swiss Bankers Association (SBA) and the Asset Management Association Switzerland (AMAS) have accordingly set up working groups. An SBA Committee of Experts defines the long-term strategic vision on matters of sustainable finance, while a working group is then responsible for its implementation, with due regard to transparency and classification. The Sustainability Board of AMAS focuses on sustainable asset management strategy.

One of the results of this hard work is the drafting of three regulations with the aim of defining minimum standards in the following areas: the investment advice process; the mortgage advice process; and sustainable asset management. The first two directives on the advice process are self-regulatory provisions published by the SBA at the end of June 2022. They have been in force since 1 January 2023 with various deadlines for implementation by the financial service providers. Sustainable asset management was the subject of an AMAS self-regulation in September 2022, with the aim of strengthening the Swiss asset management sector's role in the field of sustainable finance. Defining the requirements not only for the organization of the financial institutions, but also for the design of, and information about, the products for the benefit of investors, this directive entered into force on 30 September 2023 and is binding on AMAS members. There is also an Expert Committee on Sustainability coordinated jointly by AMAS and Swiss Sustainable Finance (SSF), which produced the Swiss Stewardship Code in October 2023.

In order to continue the alignment of the Swiss financial institutions' business models with the Paris Agreement, the SBA and AMAS have joined the Net Zero Banking Alliance (NZBA) and the Net Zero Asset Managers Initiative (NZAM) as supporting institutions and advise their members to adhere to the "Net Zero" alliances and sustainability initiatives. Moreover, together with the Federal Administration, the Swiss Financial Center supports the international Net-Zero Data Public Utility (NZDPU) initiative which will have to be integrated into the UNFCCC (United Nations Framework Convention on Climate Change) initiative. This initiative seeks to become an open centralized repository of (Net Zero) raw data that is free and accessible to all. Some banking institutions and asset managers volunteered to become "beta testers" for the first version of this platform in the autumn of 2023.

This crucial coordination by the Swiss financial institutions makes perfect sense for the prevention of greenwashing by the financial sector. The Federal Council noticed that there was no specific regulation on this matter, apart from a FINMA Communication dating back to 2021. It consequently published a position statement on 16 December 2022 and plans to adopt an ordinance that could be supplemented or replaced by an equivalent self-regulation of the sectors concerned (see page 12). At the same time, FINMA initiated a consultation procedure on a new Circular entitled "Nature-related financial risks" (see page 13).

These two examples and the numerous international initiatives are an apt illustration of the profusion of legal and regulatory provisions on sustainability. In order to assist staff at the financial institutions with the application of these laws and regulations, training in banking conformity, more commonly called "compliance", assumes unprecedented importance (see page 28).

> **Private and public operators are united around shared principles and objectives: transparency, good governance, risk management, quality of reporting and training**


BUILDING BRIDGES
GENEVA ▪ 2–5 OCTOBER 2023

Building Bridges: stronger together!

While expertise is essential, promotion is equally important. The “Building Bridges” conference makes a specific contribution to encouraging action that is designed to expedite the transition to sustainability. As a Founding Partner, GFC has been supporting this conference since its inception in 2019. The fourth edition brought together the financial industry, international Geneva and the federal and cantonal authorities at a Summit on 2 October 2023, followed by 71 events organized under the “Building Bridges Action Days” heading from 3 to 5 October 2023. With nearly 2,600 participants from 111 countries attending in person and 3,000 people online, the 2023 edition proved a great success. The varied programme, together with the presence of internationally renowned experts and the young generation who made themselves heard, fuelled the debates and introduced concrete measures. The 5^{th} edition will be held from 9 to 12 December 2024.

Antoine Tardy © Building Bridges 2023

Paris Aligned Finance Flows: Data & Standards

On the occasion of the “Building Bridges Action Days”, the top-level structures of the Financial Center demonstrated their unity by inviting prominent speakers to lead an interactive workshop. The Geneva Financial Center, the Swiss Bankers Association and the Asset Management Association Switzerland asked the 75 participants to work on a case study. The objective is to evaluate the usefulness and relevance of data and standards in the implementation by the financial players of Article 2.1 c. of the Paris Agreement making financial flows consistent with a pathway towards low greenhouse gas emissions. The exchange of views led to a better understanding of the opportunities and challenges ahead and to a continuation of the constructive dialogue between the different stakeholders.

2023 Assises de la Place Financière

Every year, the Geneva Financial Center (GFC) brings together employees from the financial sector to discuss a subject that is both topical and forward-looking, the aim being to draw their attention to events that impact the Financial Center and enable them to anticipate the consequences of these events in the longer term.

The 10th edition of the "Assises de la Place Financière", organized with the Swiss Bankers' Association (SBA), on 6 June 2023, made more than 600 guests aware of the effects of geopolitical risks on the economy and on the financial sector.

The two years of the pandemic, the conflict in Ukraine and new technologies have created a new and more fragmented world order. For 20 years, we had been accustomed to low inflation with low or even negative interest rates. In 2023, this environment gave way to high inflation and rising interest rates. It was in this context that members of the public had an opportunity to discover the challenges which the Geneva Financial Center players have to face, as they listened to the address by GFC President, Denis Pittet. The participants went on to explore the work done by the secret services and the Federal Intelligence Service, informed by the fascinating presentation by the Director of the Swiss Confederation's Intelligence Service, Christian Dussey, who discussed the "major geopolitical and security challenges facing Switzerland".

At the 2023 "Assises de la Place Financière", the audience also had the honour of welcoming Councillor of State Nathalie Fontanet, who is in charge of the Department of Finance, Human Resources and External Affairs (DF), and Councillor of State Delphine Bachmann, who is responsible for the Department of the Economy and Employment (DEE). On this occasion, Nathalie Fontanet spoke about tax matters relating to Geneva, in particular Initiative 185 which had been rejected by the electors on 18 June 2023 (see page 15), before answering questions put by members of the audience to her and other speakers in a debate chaired by Alexis Favre, RTS journalist.

Lecture by Thomas J. Jordan, Chairman of the Governing Board of the Swiss National Bank (SNB) in Geneva

The Geneva Financial Center (GFC), the Geneva National Institute (INGE) and the Investment Strategists Association of Geneva (ISAG) jointly organized the visit by Thomas J. Jordan to Geneva on 4 March 2024, three days after the announcement of his departure from the SNB at the end of September 2024.

Olivier Rigot, Chairman of the Economic Section of the INGE and Denis Pittet, President of the GFC, opened this event by welcoming more than 400 guests, members of the organising institutions. This was followed by a brilliant presentation by Thomas J. Jordan, Chairman of the SNB, who discussed the "SNB's monetary policy in a difficult environment". He made specific reference to the fact that price stability is essential for growth and prosperity. In this regard, he stated that the SNB's mission is to pursue a monetary policy that is designed to maintain the value of the Swiss franc and ensure appropriate economic development. He answered numerous questions from the audience about Swiss monetary policy. The convivial and lively discussion continued over drinks.

> **The SNB will, if necessary, adapt its monetary policy to keep inflation within the range of medium-term price stability, having due regard to changes in the economic environment**
>
> Thomas J. Jordan,
> lecture in Geneva on 4 March 2024

5

Education & Training

Encouraging excellence

According to the biennial opinion poll by the Swiss Bankers Association (SBA) (see page 20), Swiss citizens agree that promotion of education and training programmes in the banking sector is a crucial element in keeping up with international competition. Moreover, 80% of respondents believe that customer service helps to set our Financial Center apart from its foreign counterparts. Our attractiveness therefore primarily relies on our expertise. However, there are several career entry points for finance roles: 43% of bank employees have a university degree, while one-quarter began their career with no more than basic training. Training is provided at every stage to improve the level of knowledge and expertise of the staff. It ranges from appren-ticeships and tertiary level studies, i.e. at university and higher education institutes, to continuing education.

Each year, the SBA establishes a diagnosis of the health of the Swiss Financial Center. The 2023 Banking Barometer emphasizes that the employment market in the banking sector has grown for the third consecutive year, with 92,019 posts compared to 90,579 in the previous year. Changes in unemployment have been equally favourable since the unemployment rate in the banking sector stood at 2.0% at the end of 2022 compared to 2.4% at the end of 2021, slightly below the level recorded for the economy as a whole. That being so, 5.2% of all jobs in Switzerland depend on the financial sector. In the case of Geneva, this percentage rises to 10%, making finance a major contributor to the Canton's economic prosperity. With regard to the distribution of posts by gender in the banking sector, the proportion of women remained stable at 38.3%.

The banking sector is moreover the first industry in Switzerland to offer a customized audit procedure and a quality label for external audit of the pay equity analyses that are required by law. In fact, a centre for pay equity was established in 2020 by the Swiss Bank Employees Association, the Swiss Association of Commercial Employees and the Employers' Association of the Banks in Switzerland because this is a priority issue and a common concern. For the record, the Equality Act, revised in July 2020, requires enterprises with more than 100 employees not only to perform a pay equity analysis, but also to arrange for an external agency to verify the results obtained. The social partners' "Specialist Centre on Equal Pay in the Banking Sector" enabled 45 banking institutions representing over 30,000 employees to be audited. The results published by Employers in Banking are encouraging since all the banks adhere to equal pay according to the 5% tolerance permitted by law. Overall, the average "unexplained" pay gap is 4.2%. This is essentially justified by the fact that women have more career breaks than men. Special attention will therefore be paid to a work-life balance.

With regard to the outlook for the banking job market, the acquisition of Credit Suisse by UBS is bound to have an impact that it is still too soon to predict accurately. Faced with this uncertainty, it should be borne in mind that the Geneva Financial Center has demonstrated resilience since the financial crisis of 2008. This is explained primarily by the high added value of careers in finance which is founded on an outstanding education and training system.

> **The attractiveness of the Geneva Financial Center is founded first and foremost on its expertise. This trademark must be continually maintained by education and training. Geneva in fact benefits from outstanding courses in this area, making it a centre of expertise unrivalled anywhere else in the world in the banking and financial sector**
>
> Denis Pittet, President of GFC

Continuing education: trump card of the Financial Center's expertise

The Geneva banks, wealth managers and other financial intermediaries who responded to the GFC's 2023-2024 Economic Survey (see page 5) highlight the development of four fields of activity: fintech, sustainable finance, wealth management and compliance. In all these areas, the search for specialists remains a priority. In order to meet this need, financial circles and training providers, both public and private, actively cooperate to establish high quality continuing education facilities in Geneva.

In the fintech sector, the "IFZ FinTech" study by the Lucerne University of Applied Sciences and Arts provides a detailed overview of the dynamism of the financial technology market in Switzerland. At the end of 2022, Switzerland had 437 fintech businesses, 14% more than in the previous year. In fact, Geneva ranks third among the world's most attractive financial centres in the digital context. This positive trend is reflected in investment volumes, which are growing in the Swiss fintech sector whereas they have fallen worldwide. Swiss banks have also increased their IT resources in order to transform banking activities. This digitalization is resulting in a transformation of the professions concerned and creating increased demand for continuing education.

In order to meet this need, the Geneva School of Business Administration (HEG - Geneva) and the Institute for Studies in Finance and Banking (ISFB) are positioning themselves as key partners. HEG - Geneva awards a "Certificate of Advanced Studies (CAS)" in digital transformation in order to improve leadership in this field and since 2024 has been offering a CAS in Blockchain and Finance, while ISFB has developed a Certificate entitled "Future for Finance" aimed at bank employees. It also offers modular courses in fintech in connection with the regular reviews of the SAQ CWMA certification from which wealth management employees benefit. In 2023, over 92 advisors obtained SAQ CWMA certification in Switzerland. In Geneva, the ISFB awarded 70 certifications and 179 candidates are currently working towards the certification.

HEG - Geneva and the ISFB have now gone even further by concluding a strategic partnership in September 2023 in order to implement from spring 2024 a programme that is unique in French-speaking Switzerland, namely continuing education in banking management, which has been supported by the GFC. This initiative once again demonstrates the relevance of public-private partnerships.

Geneva is also at the forefront of in-service compliance training, reflecting the shared commitment of the financial and academic sectors. Implemented 20 years ago, the CAS in Compliance awarded by the Centre for Banking and Financial Law at the University of Geneva has become the Swiss standard. It is taught not only in Geneva but also in partnership in Zurich via the University of St Gallen and in Lugano at the Villa Negroni Study Center. The University of Geneva can therefore be proud that a "Genferei" (a Geneva success story) is being successfully exported today beyond the "Röstigraben" (the dividing line between French and German-speaking Switzerland). This success originates in the promulgation in 1997 and entry into force in the following year of the Anti-Money Laundering Act (AMLA). This law requires not only the client but also the beneficial owner to be identified whenever an account or a management mandate is opened. In order to meet the challenges of this new legislation, the Geneva Financial Center approached the Centre for Banking and Financial Law with a request to develop a training course that was to be as practical as possible. In response, the University of Geneva designed a CAS Compliance in 2003, which very soon became a great success.

This precursor course has been able to adapt to changing regulations. The CAS Compliance initially focused on money laundering, but gradually included the numerous regulatory developments, i.e. mutual assistance in tax matters as well as the prevention of the financing of terrorism and the imposition of international sanctions. This training course therefore also aims to meet the future challenges which Geneva financial operators will have to face. Foremost among them must surely be the new reform of the anti-money laundering arsenal. In order to take account of international developments and the latest assessments of the Swiss measures conducted by the FATF, Swiss money

In fintech,
Geneva ranks
3rd
among the world's most
attractive financial
centres

For
20 years,
the CAS Compliance
at the University
of Geneva has been
THE benchmark in
Switzerland

laundering legislation undergoes regular reviews. In May 2024, the Federal Council published its Dispatch on the draft text of a Federal Act on the Transparency of Legal Entities and Identification of the Beneficial Owners, more commonly referred to as the Transparency Act (see page 13).

In the age of sustainability, compliance in banking is acquiring unprecedented importance. In Switzerland, the Federal Council published a position statement on the prevention of greenwashing in the financial sector on 16 December 2022 (see page 12). At the same time, FINMA initiated a consultation procedure on a new Circular entitled "Nature-related financial risks" (see page 13). These two examples and numerous international initiatives provide a clear illustration of the profusion of new laws and regulations in the area of sustainability. All these texts will certainly have consequences for compliance, such as the examination of marketing materials and statements made on the subject of sustainability as well as the assessment of the quality of the products on offer that have ESG features. The CAS Compliance will undoubtedly rise to the challenge in assisting practitioners.

University education: enhancing Geneva's international prestige

In wealth management, academic education plays a key role in training tomorrow's experts. One of the iconic players in Geneva is the Geneva Institute for Wealth Management, known under the GIWM acronym. GFC is a founding member. This Institute is the result of a shared vision of the Geneva Finance Research Institute (GFRI) and the University of Geneva: to promote a new and advanced university training course in finance and acquire international renown for this tuition, especially in China. In 7 years, the GIWM has helped train nearly 500 students in the wealth management sector.

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

As a key player in the provision of continuing education in the banking and financial sector, the ISFB likewise contributes to the maintenance of the Geneva Financial Sector's competitiveness. GFC is involved in particular through the presence of Christian Skaanild as President, Blaise Goetschin as Vice-President until 5 March 2024 and Nicolas Krügel, who took over the Vice-Presidency from him, together with Jean-François Beausoleil, Hervé Broch and Edouard Cuendet as active members of the Board.

GFC x Swiss Finance Institute (SFI) Master Classes

Since 2022, with the support of Geneva Financial Center (GFC), the Swiss Finance Institute (SFI) has been organising SFI Master Classes in Geneva. These enable professionals in banking and finance to exchange their knowledge and share their views with leading university professors and experts in our sector in an interactive learning environment. SFI Master Classes involve 4 hours of learning and are recognized for the purpose of SAQ recertification for different profiles depending on the topics that are addressed. Last year, three Master Classes were held, including one on artificial intelligence entitled "Unlocking the Power of AI in Financial Services" on 13 June 2023.

Annika Schröder, Head of Data Solution Management, Zurich Insurance
SFI Prof. Norman Schürhoff, Professor of Finance, University of Lausanne

Choosing a career

The Geneva Financial Center takes part in events and develops teaching material designed for anyone wishing to take up a career in banking. It pays special attention to pupils at compulsory school level who will have to choose between general education and vocational training and those who have just moved up to secondary level II. In this respect, it encourages and supports the banks in their endeavour to recruit young apprentices and wishes to improve the image of the apprenticeship track, which is one of the keys to the Swiss economy's success.

Basic training: training young people in tomorrow's careers

In its "Transitions barometer", the State Secretariat for Education, Research and Innovation (SERI) analyses twice a year the situation of young people when they move up from compulsory schooling to secondary level II. The results of the survey conducted in August 2023 give a snapshot of the choices made by 14-17 year olds and an assessment of the market for apprenticeship places in Switzerland.

In the summer of 2023, just over 86,000 young people aged between 14 and 17 completed their compulsory education and 82% of them moved up to secondary level II education. The others opted for an intermediate year, providing them with an opportunity to give greater thought to their future. In the transition to secondary level II, the most popular option remains initial vocational training (basic training). For 42% of the young people concerned this takes the form of dual initial vocational training and for 4% initial vocational training at school. The survey conducted by SERI adds that a majority of boys (53% compared to 39% of girls) choose this route, while more girls tend to opt for the general education route (41% compared to 31% of boys). However, this gap is tending to narrow from year to year.

Analysis by linguistic region shows disparities between French and Italian-speaking Switzerland on the one hand and German-speaking Switzerland on the other. In the French-speaking region and in Ticino, young people are more inclined to choose a course in a school leading to a general school leaving certificate or a course in a general education establishment. This is the case for 55% of students compared to just 25% in the German-speaking region beyond the River Sarine dividing line.

Overall, it is encouraging that only 7% of young people were unable to take up their first choice of further education. It is also interesting to note that, among the 11% of young people who had shown an interest in initial vocational training but were unable to find an apprenticeship place, 56% say that they are continuing their search nevertheless. This confirms the attractiveness of this route, in which training as a commercial employee leads the field and is an equally popular choice for both girls and boys. When it comes to deciding in favour of secondary level II education, parents remain the principal point of contact for the younger generation. These young people also consult their teachers, their circle of friends or vocational guidance services to help them reach a decision. These services, which were in less demand during the coronavirus pandemic, have now returned to the level of previous years. This is particularly true for pupils in the French-speaking part of Switzerland, 48% of whom discussed their future with a careers adviser.

In this context, at national level the GFC participated in discussions within the Education Committee of the Swiss Bankers Association (SBA) in order to implement the apprenticeship reform in August 2023. The purpose of this reform is to incorporate specialist, methodological, social and personal skills at the three apprenticeship sites in order to prepare students for lifelong learning and to encourage them to work independently. In Geneva, in view of the finding that only 4% of pupils go on to dual training after completing middle school, the GFC expanded contacts with the Office for Vocational and Continuing Education (OFPC) with two aims: to present the banking sector and

> **With a banking apprenticeship, I struck a perfect balance between school and work life. An apprenticeship is the best way of gaining experience, while putting into practice the knowledge acquired in courses in numerous finance sectors, an area which fascinates more with each passing day**
>
> Nathan, 1st year apprentice

42%

of young people choose an apprenticeship

its careers and training courses in middle school education and to address pupils at lower secondary schools wishing to change to a different course in their first years of study.

In order to create a greater awareness among 10th and 11th year pupils in middle schools, banking trainers accompanied by apprentices went to meet them to explain the opportunities and requirements of a banking apprenticeship and answer their many questions. These interactive presentations notably brought together over 150 pupils in their final secondary level I year.

According to the SERI “Transitions barometer”, 43% of young people aged over 16 opted for vocational training in August 2023. In other words, apprenticeship also attracts pupils who have embarked upon general education at Secondary level II. That is why GFC met the vocational guidance psychologists at secondary schools in the Canton of Geneva. All of these actions undertaken since 2016 are an integral part of the efforts made by enterprises in Geneva to restore the good reputation of the apprenticeship route. They are beginning to bear fruit since the Canton of Geneva experienced a historic increase of almost 10% in the number of apprenticeship contracts in 2023. Between 2010 and 2018, the number of contracts signed in Geneva remained flat at around 2,200 annually. In 2019, an upward trend began and last year the highest figure in twenty years was achieved. This growth is mainly explained by the increased offer of places. In 2023, training enterprises offered 16% more apprenticeship places than in 2022.

EVENT

Zoom on careers in the banking sector 2023

Organized annually by the Office for Vocational and Continuing Education (OFPC), the Zoom on Careers in Banking was held with face-to-face attendance on 6 December 2023, at the Geneva School of Business Administration (HEG - Geneva). This event met with keen interest from more than 90 participants who wanted to find out more about the range of careers in banking through a presentation of the Geneva Financial Center. They also had an opportunity to talk with recruitment professionals and apprentices from a private bank and a universal bank.

This information session preceded the “Special direct recruitment by banks” event held at the OFPC on 14 December 2023 when 131 candidates were able to apply for an apprenticeship in the banking institutions of their choice. This success is linked to the arrangements made to create awareness throughout the year, including a presentation of banking apprenticeships in middle schools.

"Ready to join the fascinating world of banking?"

In cooperation with GO-Apprenticeship vocational advisers and the GFC's training group, a folder of educational materials about apprenticeships was prepared for pupils in middle schools, secondary schools and business schools. This folder enables young people who are interested in a banking apprenticeship to understand the requirements, organization, and careers, as well as to prepare for job interviews. These materials were a perfect accompaniment to the end of year promotional events and information sessions for 11th year pupils and the Zoom on Careers in the banking sector.

Training map

The financial sector is a varied world, with many different professional opportunities. It is not always easy to choose the training pathway which best suits the pupil's own wishes and the career envisaged.

In order to provide a better understanding, GFC publishes training maps on the following topics:

- Economy and finance
- Management
- Banking transactions
- Compliance, legal, taxation and accountancy
- International commodity trading
- Sustainable finance

These maps depict training courses leading to certificates and diplomas according to three training pathways: full-time advanced studies, advanced studies while in employment and continuing education.

Job descriptions

The Geneva Financial Center is the only entity in Geneva that provides job descriptions for careers in banking. It calls on career experts from the Geneva banking institutions to help with this.

GFC publishes job descriptions for the following careers:

- Management Assistant
- Client File Assistant
- Compliance Officer
- Corporate Client Adviser
- Back-office Bank Employee
- Wealth Manager
- Portfolio Manager
- Relationship Manager in Commodity Trade Finance
- Risk Manager
- Documentary Credits Specialist

6

The Board

The Geneva Financial Center was created in 1991 by the 80 banks that were 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 seeks to represent their diversity.

Commercial and wealth management banks

Denis Pittet* (President)	Managing Partner, Banque Lombard Odier & Cie SA
Laurent Ramsey* (Vice-President)	Managing Partner, Banque Pictet & Cie SA
Nicolas Mirabaud	Managing Partner, Mirabaud & Cie SA
Philipp Rickenbacher (from 01.12.2023 to 07.02.2024)	Chairman of the Association of Swiss Asset and Wealth Management Banks and CEO of Julius Bär Group AG

Cantonal banks

Blaise Goetschin* (until 05.03.2024)	CEO, Banque Cantonale de Genève
Pascal Kiener	CEO, Banque Cantonale Vaudoise
Nicolas Krügel* (since 08.05.2024)	CEO, Banque Cantonale de Genève

Major banks

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

Raiffeisen banks

Hervé Broch (since 08.05.2024)	Co-President, Geneva Federation of Raiffeisen Banks

Foreign-owned banks

Marc-André Poirier*	CEO, CA Indosuez (Switzerland) SA
Peter Gabriele	CEO, JP Morgan (Suisse) SA

Partners

Frédéric Berney (since 01.12.2023)	President of the Ordre Genevois d'Expert Suisse
Anthony Cohen Dumani (since 08.05.2024)	Chairman of the Vaud Bankers' Association
Dominique Fasel (until 31.12.2023)	Chairman of the Vaud Bankers' Association
Xavier Oberson	Partner at Oberson Abels SA
Christian Skaanild	President of the Institute for Studies in Finance and Banking and President of the GFC's Strategic Commission for the Banking Professions, Managing Partner, Bordier & Cie
André Tinguely (until 01.12.2023)	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
Dominique Bong	Assistant

Communications

Chantal Bourquin	Head of Communications, Executive Officer

Promotion, Education and Training

Nancy Détry	Project Manager

PARTICIPATION IN OTHER ORGANISATIONS

In 2023, the Geneva Financial Center was represented 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 "Meinungsumfrage" (Opinion Surveys) 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 Asset Management
- The accounts are kept by Société Fiduciaire d’Expertise et de Révision SA (SFER), Geneva
- The auditor is Verifid SA, Geneva
- The 2023 accounts were approved at the Board meeting on 8 May 2024
- The Geneva Financial Center is recognized as a public interest foundation
- The Geneva Financial Center is supervised by the Cantonal Supervisory Authority for Foundations and Pension Schemes (ASFIP), Geneva

8

Association de Soutien à la Fondation Genève Place Financière (ASFGPF)

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 in French implies, its aim is to support the GFC and create closer ties between the Financial Center players.

55

members

At the Annual General Meeting held on 24 November 2023, ASFGPF members had an opportunity to welcome Councillor of State Delphine Bachmann, Head of the Department of the Economy and Employment (DEE), who outlined her Department's priorities and the outlook for the Geneva economy. Her impressive presentation provided an opportunity to appreciate the scale of the financial services sector, which accounts for more than 13% of Geneva cantonal GDP, and to discuss the challenges ahead. Regarding these challenges, the Councillor of State talked about relations between Switzerland and the European Union (see page 16), the digitalization of services and IT security, as well as sustainable finance (see page 21). Her analysis, which told the audience a great deal about current projects, elicited great interest and confirmed the fruitful cooperation between the financial sector and the State of Geneva with the common purpose of creating prosperity for Geneva.

On the same occasion, Denis Pittet, President of ASFGPF, outlined the intense activity in the course of last year. In fact, 2023 had been a watershed year for Geneva's fiscal competitiveness. Confronted with a tsunami of draft laws and initiatives in this area, two victories were achieved at the ballot boxes, on 12 March 2023 with the rejection of Initiative 179 ("Let's end the tax privileges of large shareholders") and on 18 June 2023 with the opposition to Initiative 185 ("In favour of a temporary solidarity tax on wealthy individuals"). With these two votes, citizens expressed their support for entrepreneurial activity and for the SMEs which are the backbone of the local economy.

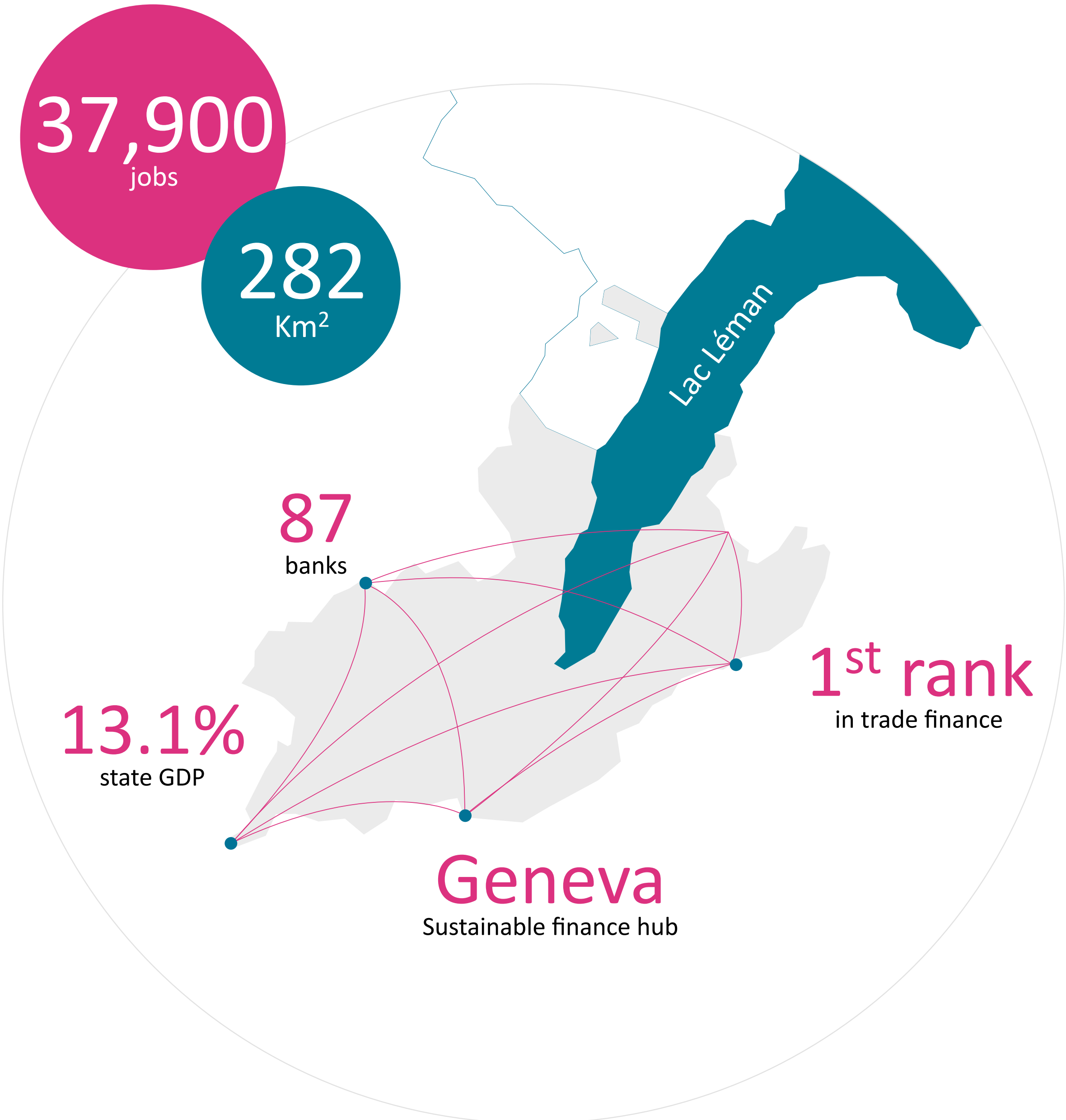
The financial sector had to face two other major challenges in 2023, in particular the acquisition of Credit Suisse by UBS (see page 8) at national level, and the ongoing war in Ukraine (see page 7) at international level. The Geneva Financial Center players showed their determination to respond to these challenges. The organization of events enabling an exchange of information on the one hand, and the dispatch of newsletters and position statements to members of the ASFGPF on the other hand, strengthened the sense of belonging to a sector that is vital for employment and for the attractiveness of Geneva.

Composed of Denis Pittet (Managing Partner, Banque Lombard Odier & Cie SA), Pascal Besnard (Area Manager Geneva, Credit Suisse (Suisse) SA, Sacha Bodenehr (Head of the Swiss Market and Geneva Branch Manager, Banque Julius Bär & Cie SA), Salomon Sebban (Group CFO, Managing Director, Banque J. Safra Sarasin SA) and Edouard Cuendet (Director of the GFC), the ASFGPF Committee reflects the various areas of expertise that give the Financial Center its strength and diversity.

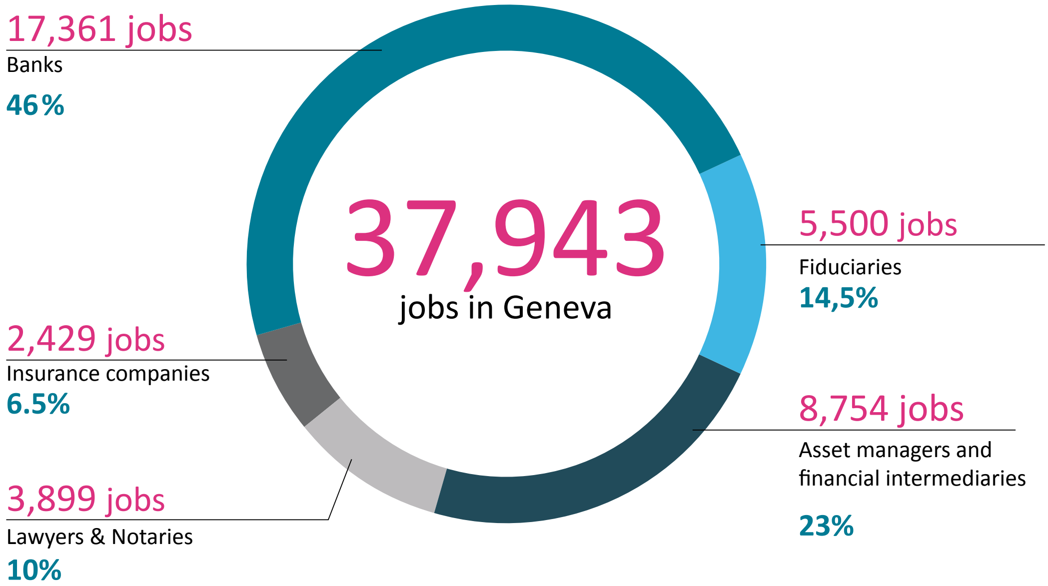
9

The Geneva financial center in figures

Geneva Financial Center



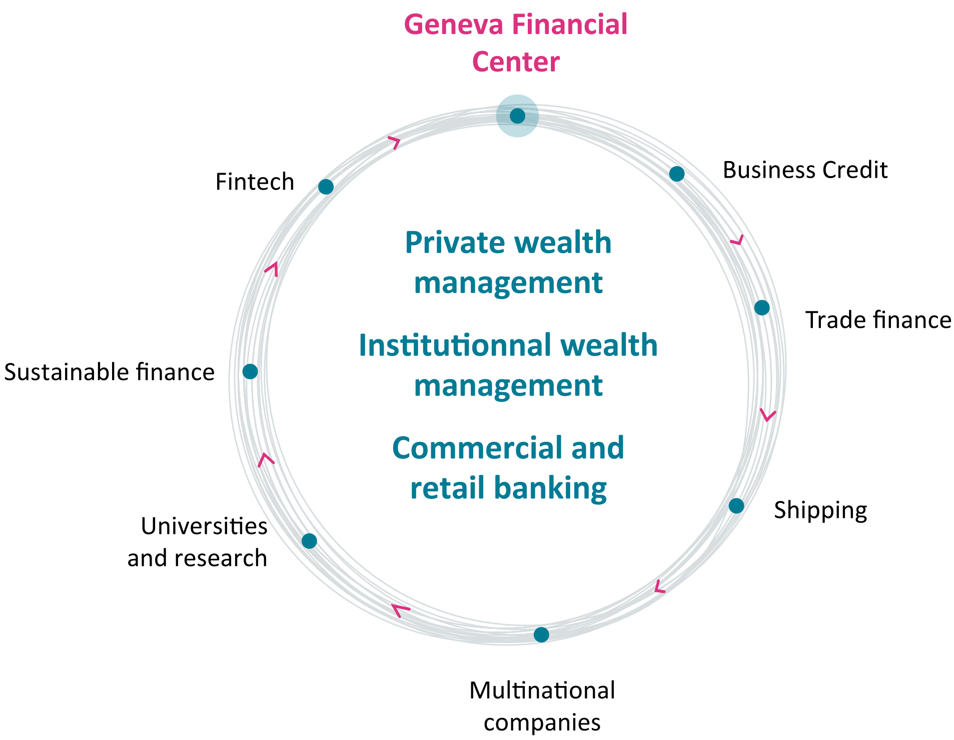
Number of employees in Geneva financial center



Sources : GFC/REG* - Répertoire des Entreprises du canton de Genève (DSE) - September 2022

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 underwring 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
Interserv SA, Lausanne

Printed by
Imprimerie Atar, Geneva

The 2023 annual report is also available in English and in French at
www.geneva-finance.ch

Geneva Financial Center

Rue du Général-Dufour 15
P.O. Box
CH - 1211 Geneva 3

T +41 (0)22 849 19 19

www.geneva-finance.ch
info@geneve-finance.ch

#FGPF