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FONDATION  
GENÈVE GENEVA  
PLACE FINANCIAL  
FINANCIÈRE CENTER

# The Geneva Financial Center

Established in 1991 by the 80 banks who were members of the Geneva stock exchange at the time, the Geneva Financial Center (GFC) is the umbrella association of the financial sector. The financial sector generates 37,000 jobs and accounts for 17% of Geneva's GDP. It is based on three pillars: private and institutional wealth management, commodity trade financing, and commercial and retail banking. With the presence of activities such as shipping and inspection, Geneva has emerged as an economic cluster with a unique concentration of skills. The central mission of the Geneva Financial Center is to support this value chain and contribute to the development of an optimal business environment for all financial center partners.



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# 1

## A message from the President

For a competitive financial center

### Competitiveness, legal certainty and innovation: three essential and inseparable concepts

This activity report provides an overview of the main issues addressed by the Geneva Financial Center (GFC) and their progress over the past twelve months.

On January 1, 2015, I had the honor to be chosen to replace Nicolas Pictet as President of the GFC. I wish to take this opportunity to thank him for his hard work and dedication in championing a competitive banking sector during a particularly challenging time.

Over the past year, the GFC has boosted efforts to publicize the many advantages of the financial center. The canton of Geneva is home to an economic cluster that comprises wealth management, commodity trading, commodity finance, shipping and inspection, as well as a very dense network of multinational companies. This unique value chain has no equivalent anywhere else in the world. The presence of international organizations and high-caliber research institutes further enhances the region's appeal.

In order to ensure the continued success of the Geneva cluster, financial center participants and political authorities need to agree on a central fact: banking and finance contribute to the canton's prosperity and benefit the entire population of Geneva.

With that objective in mind, the Geneva Financial Center stepped up its contacts with the cantonal authorities, in particular the Councilors of State in charge of finance and the economy, Mr. Serge Dal Busco and Mr. Pierre Maudet respectively.

The themes of competitiveness, legal certainty and innovation are central to the debate. These three concepts are inseparable.

#### Competitiveness

In a globalized world, the Geneva financial center faces rivals who are prepared to go to any lengths to win market share. Geneva and Switzerland therefore need to offer a highly competitive legal and regulatory environment in areas as varied as prudential oversight, the ability to attract talented professionals, as well as individual and corporate taxation. The quality of infrastructures is also crucial, be it housing, mobility or air links.

#### Legal certainty

In order to stay in Geneva and expand their activities here, companies need to be able to count on a high level of predictability and legal certainty in all the above-mentioned areas.

However, uncertainty has increased over the past year. The causes are too numerous to list here, but include the implementation of the initiative "against mass immigration", adopted by the Swiss people on February 9, 2014. In the future, will the canton of Geneva still be in a position to attract the increasingly specialized skills that companies require?

In the field of banking law, will Switzerland adopt legislation equivalent to the regulations applied by its main trading partners to facilitate long-term access to foreign markets (See p. 6, Financial Services Act and Financial Institutions Act)?

Will the Federal Council actually consider market access as a crucial factor when negotiating the implementation of the automatic exchange of information in tax matters with third countries (See p. 11)?

Regarding corporate taxation, will the canton of Geneva manage to push through the corporate taxation reform (CTR III) which is essential to retain the economic cluster that ensures its economic



**Yves MIRABAUD**  
President

prosperity and provides jobs and tax revenue (See p. 9)?

With regard to individuals, will the attacks against taxation according to expenditure – which contributes CHF 150 million in cantonal taxes each year – ever cease (See p. 8)? This seems unlikely, as on June 5, 2016 the people of Geneva will be called on once again to vote on this question.

Furthermore, the Young Socialists' initiative "No speculation with foodstuffs" caused significant unease among commodity traders, who account for over 20% of Geneva's GDP and are thus the largest economic sector in the canton. Fortunately, the initiative was defeated on February 28, 2016.

The sheer number of issues that are creating legal uncertainty has several negative consequences. First, by discouraging companies from setting up or expanding their operations in Geneva, uncertainty slows down investment and job creation. Second, the ensuing political battles drain a large amount of energy that could be more usefully invested in more constructive and innovative projects.

In the opinion of the GFC, for the financial center to make the most of its many advantages, a positive resolution must be found to the questions raised above.

### **Innovation**

For the seventh consecutive year, the World Economic Forum (WEF) crowned Switzerland the most competitive country in the world. Nonetheless, the WEF also noted that in order to preserve the country's capacity for innovation the Swiss political authorities need to eliminate the current uncertainties. In banking and finance, as in all other sectors of the economy, innovation cannot be decreed. It requires a fertile environment in which to grow, one that is both competitive and legally stable.

The Swiss financial center in general, and Geneva in particular, pioneered FinTech (Financial Technologies) long before the term was invented, innovating in areas as diverse as retail banking payment systems, IT platforms catering to multiple financial service providers and applications for private clients. Digitization of specific activities is ongoing and has fostered the growth of several Geneva-based start-ups, especially in the promising field of data processing and protection.

In close collaboration with the Geneva Economic Development Office and local financial institutions, the GFC actively supports the development in Geneva of its own center of excellence in FinTech to complement the existing economic cluster.

In conclusion, the GFC will make every effort to vanquish the uncertainty in the legal, fiscal and regulatory areas which is affecting the financial center's competitiveness. The GFC is also committed to supporting innovations that contribute to the added value of a forward-looking banking and financial sector. These objectives can be fully realized only by maintaining and strengthening our close working relationship with the cantonal and federal authorities, as well as with the private sector. I take this opportunity to thank them in advance for their collaboration!



# 2

## The current economic situation

Since 2002, the Geneva Financial Center has conducted an annual economic survey of banks and independent asset managers in Geneva. The data collected from this survey reflect their analyses and views regarding the development of their business and the outlook for the Geneva financial center.

The results of the 2015-16 survey suggest that financial sector participants are facing a difficult economic situation. However, many indicators also demonstrate the resilience of the Geneva financial center in 2015.

From 2008, when the financial crisis began, to 2014, job numbers in the banking sector remained stable at around 19,000. That number fell slightly during the first half of 2015 as a 3% fall in jobs was observed between August 2014 and August 2015. However, unemployment in the banking sector remained stable. This paradox is explained by the fact that the labor market is a delayed indicator.

Several factors account for these job losses. A financial center's attractiveness depends on its talent pool, its access to clients and the existence of an environment that enables businesses to grow. However, the banking sector is coming under increasing pressure, due primarily to the rise in regulation, but also to the uncertainty surrounding the issues of foreign market access, free movement of talent, and corporate taxation (See p. 9). The current legal uncertainty in these three areas is becoming a drag on the economy as a whole.

Another interesting phenomenon revealed by the survey is a change in professional profiles. Most new positions in banking are in compliance, taxation and risk management. New technology is also a major driver of change, as banks hire IT specialists to provide the digital services that clients expect. Job creation is thus concentrated in cost centers rather than profit centers. This trend has had an unavoidable impact on margins, forcing banks to cut costs.

Against this background, Geneva maintains its prominent position in the area of wealth management. Financial intermediaries reported stable or higher profits in 2015. This trend illustrates the adaptability of an export industry that was severely impacted by the SNB's decision to abandon the Swiss franc/euro currency cap on January 15, 2015. The Geneva financial center's international focus means it cannot afford to look inwards; improving access to markets, especially in Europe, is therefore a priority. Lack of access will primarily impact front office activities. In fact, for the first time in many years, front office jobs fell in 2015.

It should be noted that job losses in front and back offices have different causes. Lack of market access is the main threat to front office jobs, since there is a real risk that companies will relocate elsewhere. Back office jobs, on the other hand, are impacted by cost-cutting measures.

Another indicator that deserves careful consideration is consolidation in the banking sector. In a competitive financial center, consolidation is a natural, continuous phenomenon. The coming years will therefore likely see more mergers and acquisitions, similar to Union Bancaire Privée's purchase of Coutts Bank or Banque Syz's acquisition of the Swiss branch of the Royal Bank of Canada, both in 2015. However, consolidation is not necessarily synonymous with job losses. There were 140 banking institutions in Geneva in 2008. There are only 119 today, yet employment has remained relatively stable.

The canton of Geneva understands that it is in its best interests to retain as many skills and value-added activities as possible within its borders. The 2015-16 economic survey shows that a strong agreement on this point between financial sector participants and local political authorities is essential to the success of the Geneva financial centre.

# 3

## Framework conditions

### 1. For a Competitive Legal and Regulatory Framework

#### ■ Federal Financial Services Act (FFSA) and Financial Institutions Act (FinIA)

Following a turbulent consultation process, the Federal Council published its Message on the FFSA and FinIA in November 2015.

The GFC noted with satisfaction that the Government opted to remove the most controversial provisions, especially in the area of civil proceedings (e.g. reversal of the burden of proof, introduction of American-style “class actions”, creation of a fund to cover clients’ legal fees, even for losing lawsuits, etc.)

Similarly, given the intensity of the objections raised during the consultation process, the Federal Council abandoned the provisions in the FinIA regarding tax compliance (also known as the “Weissgeldstrategie”), which would have burdened financial intermediaries with additional due diligence obligations above and beyond accepted international standards.

In principle, the GFC is therefore in favor of ratifying the FFSA and FinIA.

These two laws help to create equivalence between Swiss legislation and the regulations enforced by our main partners, namely the member states of the European Union. This concept of equivalence is essential to ensure access to markets, especially with regard to institutional clients.

These two laws also increase the certainty and predictability of our legal framework. In fact, the main tenets of the FFSA and FinIA are already partly applied

in Switzerland, albeit inconsistently, through various provisions of the Collective Investment Schemes Act (CISA) and certain FINMA Circulars (for instance Circ. 2009/01). This trend is bound to intensify in the coming years, especially through case law.

Lastly, the FFSA and FinIA seek to create a level playing field for the different types of financial sector participants who engage in similar activities in Switzerland. It is in the interests of financial intermediaries as well as their clients to see this principle applied as it provides the latter with a higher level of protection.

In this regard, during the consultation process in 2014, the GFC expressed support for better supervision of independent asset managers. There is no question that prudential supervision is the rule at international level and that Switzerland must therefore adopt similar measures for its legislation to be considered equivalent.

Supervision must be commensurate with the size of the company and the nature of its activities. Regulations should not be so burdensome that they result in financial intermediaries being priced out of the market altogether. The principle of “One size does not fit all” remains highly relevant in this case.

The GFC is of the opinion that a supervision system consisting in an ad hoc organization authorized by the FINMA, as suggested in the Federal Council’s message, would fulfill these requirements and enable differentiated treatment of all concerned parties.

Regarding parliamentary discussions, the GFC welcomes the fact that the Council of States’ Committee for Economic Affairs and Taxation (CER-E) has begun work on the two draft laws and refrained from sending them back to the Federal Council. The government has been asked to produce a report on its proposals for the requested changes. It comes as no surprise that the supervision system for independent asset managers is still the most disputed issue.



**Equivalence, legal certainty and a level playing field**

## ■ **Young Socialists’ Initiative** **“No speculation with foodstuffs”**

Swiss citizens went to the polls on February 28, 2016 to vote on an initiative sponsored by the Young Socialists, which would have made it illegal for companies with headquarters or branch offices in Switzerland to invest in financial products related to food and agricultural commodities, as well as the relevant derivatives.

If it had been accepted, this initiative would have severely impacted the commodity trading industry in Geneva, which accounts for 20% of the canton’s GDP and is thus its largest economic sector. The proposed measures would have also struck a blow to another pillar of the Geneva financial center, namely commodity trade financing. The initiative thus threatened a unique global value chain.

The GFC actively campaigned against the initiative by arguing that futures markets have very little influence on the price of agricultural commodities, which primarily depends on macroeconomic factors such as weather conditions, the geopolitical situation, agricultural policy decisions and restrictions on imports and exports. The Geneva Financial Center pointed out that on the contrary, futures markets have a stabilizing effect on prices, particularly on the price of major commodities such as corn, sugar and wheat, by allowing farmers to insure crops against various risks.

The Swiss people correctly understood the dangers posed by the initiative, which was rejected by a majority of nearly 60% and approved only in the cantons of Jura and Basel-City by a very small margin.

# 3

## Framework conditions

### 2. For an Attractive Tax System

#### ■ In Switzerland

The Geneva Financial Center (GFC) follows taxation issues very closely. In fact, Switzerland's international competitiveness and appeal largely depend on the fiscal conditions it offers to individuals as well as to corporations.

#### Tax issues and natural persons

##### Federal Inheritance Tax

On June 14, 2015, the Swiss people voted on an initiative to introduce a federal tax on inheritances and gifts. The law would have introduced a 20% levy on all legacies over CHF 2 million and on gifts, with retroactive effect from January 1, 2012 for gifts only.

Along with other members of the business community, the GFC campaigned against this new tax, whose consequences would have been devastating, especially in the case of intergenerational transfers of family-owned companies.

In this regard, the GFC stressed that assets targeted by the new levy are already subject to income and wealth taxes and that in Geneva in particular, the marginal tax rate on personal wealth, at 1% per annum, is the highest in Switzerland.

The Swiss people wisely rejected the initiative by a 71% majority. None of the cantons approved it. In Geneva, it was rejected by almost 72% of voters and by all electoral districts in the canton.

Despite this clear refusal, the initiative nonetheless created legal uncertainty in the period leading up to the vote, undermining Switzerland's appeal from a fiscal perspective.

##### Taxation according to expenditure (lump-sum taxation)

In November 2014, a 59% majority of Swiss voters rejected a federal initiative to abolish taxation according to expenditure. The initiative was rejected by all the cantons, with the exception of Schaffhausen.

The outcome of the vote was even more striking in Geneva, where 68.4% of voters rejected a similar cantonal initiative. The counter-initiative was also rejected by a 56.7% majority.

This resounding defeat seemed to suggest that the issue would disappear from the political agenda, at least for a while. Unfortunately, that was not the case.

Contrary to expectations, a referendum was organized in Geneva against the law adopted by the Grand Council in October 2015 implementing the principles established by the federal legislation with the aim of tightening the requirements for obtaining lump-sum taxation.

The citizens of the canton of Geneva will consequently vote on this referendum on June 5, 2016.

The legal uncertainty caused by the referendum will again benefit other Swiss cantons, not to mention numerous foreign States, which actively seek to attract wealthy taxpayers through incentives very similar to lump-sum taxation.

A mass exodus of lump-sum taxpayers would be a huge loss to Geneva.

In fact, they contribute around CHF 150 million to the canton's coffers each year. Furthermore, as significant consumers of goods and services, they help to create and maintain employment in segments such as hospitality, construction, finance, real estate, etc.

It is to be hoped that the people of Geneva will vote as wisely on June 5, 2016 as they did in November 2014, and overwhelmingly reject the referendum in question.

### **Popular initiative “Yes to the protection of privacy”**

The popular initiative “Yes to the protection of privacy” (also known as the “Matter initiative” after its sponsor) was submitted to the authorities in September 2014 with the required number of signatures. Its aim is to enshrine in the Constitution the principle of financial privacy protection, in effect preserving banking secrecy in tax matters for private clients residing in Switzerland.

The Federal Council recommended rejecting the initiative and has not proposed a counter-draft. The initiative also received a lukewarm welcome from the Swiss Bankers Association (SBA), as it could impose additional tax-related responsibilities on financial intermediaries.

In February 2016, the National Council's Commission for Economic Affairs and Taxation decided to consider the option of a counter-draft, which would enshrine the current tax situation in the Constitution while rejecting parts of the initiative that go beyond the status quo.

The GFC has expressed serious reservations about this initiative as well as the counter-draft.

More fundamentally, the initiative raises the important social issue of the relationship between taxpaying citizens and the state. The Swiss people should be allowed to decide for themselves which tax system best meets their aspirations.

 **A mass exodus of lump-sum taxpayers would be a huge loss to Geneva**

## **Corporate taxation**

### **Corporate Tax Reform III (CTR III)**

In response to international criticism directed at the Swiss corporate tax system, Switzerland initiated sweeping reforms with the aim of abolishing the special tax regimes offered to certain companies. Due to the federal nature of the Swiss tax system, this reform includes measures at federal and cantonal levels.

#### **Federal level**

The National Council in Bern has completed its review of the federal component of the reform. The Council of States will review it again in June 2016. The numerous technical aspects of the reform include:

- Taxation of income from dividends
- Notional interest deduction (NID)
- The creation of “patent boxes” and deductions for research and development

Fundamental decisions already appear to have been reached on several issues. For instance, there was wide opposition to the proposed introduction of a tax on private capital gains to compensate for lost tax revenue. Fortunately, this means that the proposal has very little chance of success.

Other important questions are still being debated, including the abolition of issuance stamp tax on equity capital. This tax represents a serious handicap for the attractiveness of Swiss capital markets and its abolition would help to inject some dynamism into the sector. However, Parliament has expressed strong reservations against such a move. As a result, this potentially beneficial measure may well be sacrificed in an attempt to reach a compromise.

Another measure under CTR III proposed by the National Council's Committee for Economic Affairs and Taxation (CER-N) would be to replace corporate income tax with a flat tonnage tax, as applied by many other countries.

The GFC strongly supports the latter proposal, which has the potential to encourage the development of shipping-related activities in Geneva.

The Swiss people will undoubtedly have the last word on this issue of central importance to the country's economy, as the Socialist party has already declared that it intends to introduce a referendum against the reform.

## Cantonal Level

The advancement of corporate taxation reforms varies considerably from one canton to the next.

In Vaud, an overwhelming majority of voters (87%) accepted the principle of a single corporate tax rate of 13.79%, with the unanimous support of the canton's State Council.

In Geneva, the Government has not yet submitted its proposal, but it is widely acknowledged that the only effective, viable long-term option is to lower the ordinary corporate tax rate. The State Council has suggested a rate of 13%. Although the coalition in favor of reform seems far less united in Geneva than in the canton of Vaud, it is hard to see how, following the abolition of special tax regimes, Geneva could keep corporate tax at 24% while the neighboring canton of Vaud applies a rate of 13.79%. At stake is the continued presence of a large number of companies and tens of thousands of jobs in Geneva.

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## Federal Act on the Tax Treatment of Financial Sanctions

On December 18, 2015, the Federal Council initiated a consultation on a bill regarding the tax treatment of financial penalties.

Two aspects of the draft law are not contested by the financial sector, namely:

- Punitive sanctions of a non-criminal nature which aim to reduce profits should be tax deductible;
- Hidden commissions or bribes paid to individuals should not be tax deductible.

Conversely, the GFC believes that fines, financial penalties, and financial administrative sanctions should remain tax deductible, according to the principle of fiscal neutrality embodied in the Federal Constitution.

This highly controversial draft raises several matters of principle regarding the extent to which legal decisions handed down abroad can be enforced in Switzerland.

In this respect, it is hard to understand why the explanatory report fails to address the central question of the extraterritorial effects of certain foreign laws, which are on the rise. Moreover, no reservations were expressed regarding potential cases of foreign judges or authorities arbitrarily imposing financial sanctions.

Lastly, it is important to note that in Swiss law a corporate entity cannot be held directly responsible for a criminal act but may be considered criminally liable only on the basis of a lack of organization (Article 102 of the Swiss Criminal Code). Moreover, the law states that fines must be set according to the company's economic capacity, up to a maximum of CHF 5 million francs. This is a far cry from the hundreds of millions of francs in fines imposed by foreign courts.

The GFC therefore believes that this highly problematic draft bill should be fundamentally revised.

## ■ At the international level

### International Exchange of Information in Tax Matters

#### Implementation in Switzerland of the international standard on the automatic exchange of information

The Federal Parliament ratified the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information (hereafter Multilateral Competent Authority Agreement, MCAA) and in December 2015, adopted the Federal Act on the International Automatic Exchange of Information in Tax Matters (AEOI), which stipulates how the principles of the MCAA will be applied.

In the context of bilateral relations with the European Union (EU) and the adaptation of the Agreement on Taxation of Savings in line with new international standards, at the end of 2015 Brussels ratified a fiscal agreement for automatic exchange with Switzerland. In November 2015, the Federal Council in Bern adopted a dispatch on the automatic exchange of information (AEOI) with the EU. The agreement will not apply to information prior to 2017.

With regard to other States, the Federal Council in 2014 stated that preference should be given to:

- Countries with close economic and political ties to Switzerland;
- Countries that provide their citizens with sufficient opportunity to settle their tax debts;
- Countries that offer business opportunities for the Swiss financial sector (market access).

From the perspective of the financial center, it is also essential that Switzerland does not go it alone when signing such agreements, but should ensure that competing financial centers (Luxembourg, the United Kingdom, the United States, Singapore, Hong Kong, etc.) are taking similar steps with the same countries. If not, the absence of a level playing field could place Switzerland at a serious competitive disadvantage.

Switzerland ratified its first bilateral agreement in 2016 with Australia. Unfortunately, this treaty fails to meet the conditions listed above, particularly with regard to the settlement of the past, market access, and equal treatment.

These concerns remain relevant in the context of the series of consultations initiated by the Federal Council in January and February 2016 regarding proposed agreements with Guernsey, Jersey, the Isle of Man, Iceland, Norway, Japan, Canada and South Korea. Parliament should be especially attentive to the level playing field issue in these cases and seriously consider making the implementation of new agreements conditional on the existence of similar treaties with financial centers that compete with Switzerland.

#### Administrative assistance on the basis of stolen data

In 2015, the Federal Council proposed an amendment to the Act on International Administrative Assistance in Tax Matters (Tax Administrative Assistance Act, TAAA), which would allow it to consider requests from third countries submitted on the basis of information originally acquired by means of acts punishable under Swiss law (stolen data), provided the requesting state obtained the information in the course of administrative assistance proceedings and not through any pro-active behavior.

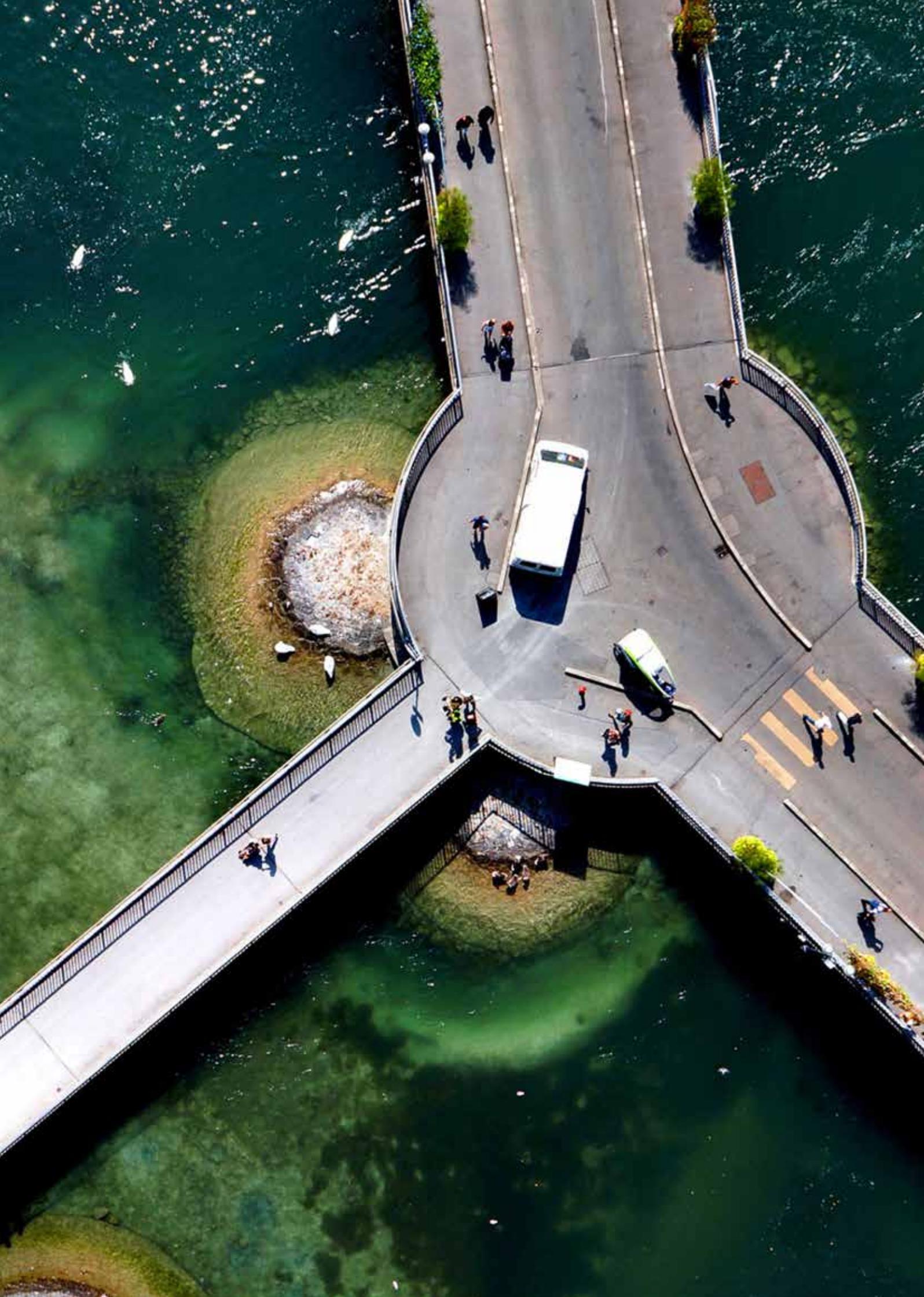
Moreover, the proposed new bill would not consider the requesting state to have engaged in pro-active behavior if the data was obtained from a publicly available source, such as the media.

The proposed changes elicited significant objections during the consultation process ending in December 2015. Consequently, the Federal Parliament postponed the debate on the TAAA until the fall 2016, although the Government would have preferred it to take place in June 2016 to allow it to be taken into account by the Global Forum on Transparency and Exchange of Information for Tax Purposes in its review of Switzerland (see below).

#### Peer review by the Global Forum on Transparency and Exchange of Information for Tax Purposes

After much back and forth, Switzerland was finally allowed to advance to phase 2 of the peer review process administered by the Global Forum, an entity of the OECD. The review concerns administrative practices in force as at June 30, 2015. For the Forum, the main stumbling blocks are still Switzerland's refusal to provide assistance on the basis of stolen data and the existence of bearer shares.

The verdict is expected by the summer of 2016. The best Switzerland can hope for is to be declared partly compliant. It should be mentioned in this regard that Luxembourg was similarly deemed "non-compliant" at first, which prompted the Grand Duchy to adopt several legislative reforms.



# 4

## Communication & promotion

### ■ New communication strategy

The new communication strategy adopted by the Board of the Geneva Financial Center (GFC) in November 2014 culminated in the launch of its new logo in September 2015. As part of its commitment to supporting young talent, the Geneva Financial Center commissioned students at the Geneva School of Applied Arts to design its new image. Between February and May 2015, 38 students participated enthusiastically in the project. Their proposals demonstrated their exceptional motivation and analytical skills.

At the same time, the GFC unveiled its new website, [www.geneva-finance.ch](http://www.geneva-finance.ch), designed by a Geneva-based agency. The website offers quick and easy access to cutting-edge analysis, teaching materials and links relating to the Geneva financial center in English and French. The website serves as a platform for disseminating GFC position papers and for publicizing the Center's views on current key issues. Statistics and graphs illustrate the importance of the financial sector for the economy as a whole. Videos illustrate the variety of professions and training pathways in finance and banking.

This new identity has enabled the GFC to increase its visibility and achieve its mission of serving the interests of the Geneva financial center and ensuring its competitiveness. The implementation of this new communication strategy will continue in 2016 with the introduction of new tools.

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## ■ Events

### Assises de la place financière

On May 28, 2015, over 350 professionals attended the fourth edition of this annual event. Nicolas Pictet, President of the Geneva Financial Center (GFC), began by discussing the challenges facing our Center.

Pascal Lamia, Director of the Reporting and Analysis Centre for Information Assurance (MELANI), a department of the Federal Intelligence Service, presented the current developments in cyberspace and the security challenges they present for financial institutions.

Last but not least, Pierre Maudet, State Councilor in charge of the Department of Security and the Economy, addressed the question of innovation.

### Digital Economy Forum

The Digital Economy Forum on the theme of “Security and privacy: a major challenge for business” took place on November 20, 2015. Data security and privacy protection are strategic assets for 21st century Geneva.

In an increasingly competitive globalized environment, effective protection of information assets and know-how is vital for ensuring business competitiveness and success.

Co-organized by the canton of Geneva, the Fédération des entreprises romandes, Fongit and the GFC, this forum contributed to the development of a platform for discussion and education with the aim of understanding the challenges and opportunities in this sector that play a role in the region’s attractiveness.

■ ■ **The financial sector is experiencing a full-scale revolution. In Switzerland, but especially in Geneva, the regulatory revolution has overshadowed another important revolution – in technology.**



## Rencontres économiques de Genève

Thomas J. Jordan, Chairman of the Governing Board of the Swiss National Bank (SNB), was the keynote speaker at this public conference organized jointly by the GFC, the Institut National Genevois and the Investment Strategist Association of Geneva (ISAG). He addressed over 400 participants on the topic of “Monetary policy and the Swiss financial center”.

Mr. Jordan underlined the close connection between the objectives of the SNB and those of the financial sector, and emphasized the importance of ensuring the stability of the financial sector, which in recent years has suffered a series of shocks originating mainly from outside Switzerland.



## GFC and GFRI Annual Conference “Can Financial Engineering Cure Cancer?”

Listed by Time Magazine in 2012 as one of the “100 most influential people”, Prof. Andrew Lo is among the most acclaimed economists in the world today. A professor at the famous MIT Sloan School of Management in Boston, he also manages its financial engineering lab.

In June 2015, at the invitation the Geneva Financial Center and the Geneva Financial Research Institute (GFRI) at the University of Geneva, Prof. Lo delighted an enthusiastic audience with a brilliant lecture entitled “Can Financial Engineering Cure Cancer?”.

## ■ Media relations

On October 13, 2015, the Geneva Financial Center (GFC) invited representatives from the Swiss and foreign financial media to its annual press conference.

This event was widely reported in the Geneva press as well as the Swiss-German and international media. Journalists focused on three main issues: the importance of developing the local “cluster” and securing access to foreign markets; growth in banking jobs and assets under management; and the importance of maintaining an attractive tax environment for persons and companies (See p. 8).

The above issues were addressed by Nicolas Pictet (Chairman), Edouard Cuendet (Director) and Xavier Oberson (Board Member) respectively. The three presentations contained a common message: that legal uncertainty undermines the competitiveness

of the Geneva financial center. A strong commitment by the authorities to creating attractive framework conditions remains a key factor.

In this respect, the Geneva Financial Center supports efforts by the canton to boost its presence in Bern, as set out in the Cantonal Economic Strategy 2030, published by the Department of the Economy.

In fact, the best place for cantonal authorities to influence political decision-making is in the nation’s capital. The Corporate Tax Reform III (CTR III) is a case in point (See p. 9).

■ ■ **The corporate tax reform (CTR III) is crucial for the Geneva financial center and its commodity trading activities.**



## ■ Partnerships and support

### Union des intérêts de la Place Financière lémanique (UIPF)

The Geneva Financial Center provides administrative and logistical support to this non-profit association. The UIPF's mission is:

- To support the financial sector in the Lake Geneva region by publicizing its impact on jobs, consumption and the quality of life;
- To raise awareness among its members and the general public of the financial sector's contribution to the cantonal economy and the social safety net.

The UIPF also organizes various free events for its members, including:

- The Annual General Meeting: On May 11, 2015, Stéphane Tanner, a certified tax expert, gave a presentation on "The federal initiative on inheritance: an infringement of tax law and federalism!".
- A panel discussion: at this annual event on September 22, 2015, Pierre Poncet, Chairman of the Geneva Chamber of Commerce, Industry and Services (CCIG) gave a presentation entitled "The financial center: is there light at the end of the tunnel?".
- Lastly, the UIPF's 2,200 members receive around ten annual issues of a newsletter containing articles on economic topics.

### Sustainable Finance Geneva (SFG)

The GFC has supported the non-profit association Sustainable Finance Geneva since 2008. SFG contributes to Geneva's reputation as a global leader in this particularly innovative segment.

SFG provides a broad platform for raising awareness of the industry and its synergies by bringing together participants from several different fields, including socially responsible investment (SRI), ESG research (environmental, social and governance), microfinance, impact investing, social entrepreneurship and even philanthropy.



## EVENT

### Fondation pour Genève : "Geneva meets the Swiss"

To commemorate the bicentenary of Geneva's union with Switzerland, the Geneva Financial Center co-sponsored a travelling exhibition entitled "Genève à la rencontre des Suisses" (Geneva meets the Swiss).

In spring 2015, a bus-based exhibition, designed in association with the cartoonist Zep, travelled to 45 towns and cities in Switzerland, as well as to Liechtenstein and neighboring areas of France, presenting exhibitions and events that highlighted Geneva's international influence and its impact on the daily life of Swiss citizens. This initiative was very well received by the public and the media.

# 5

## Education & training

### ■ Encouraging excellence

As an international financial center, Geneva prides itself on its unique combination of activities, from retail banking through commodity trading to wealth management. This variety has enabled the financial center to achieve critical mass and consolidate its reputation. There is only one way to stay ahead in the race: specialize and innovate. This requires the outstanding quality that only highly trained professionals can deliver.

That is why training and education are among the top priorities of the Geneva Financial Center (GFC). Although the GFC is not directly involved in training, it ensures that the range of training that is available meets the current needs on the ground through its two committees (the Banking Skills Strategic Committee and the HR and Training Technical Committee). This enables it to cover a broad spectrum: from apprenticeships to fundamental research.

### Promoting apprenticeships

The apprenticeship model has contributed significantly to Switzerland's economic success and is highly admired abroad. However, only 5% of students in Geneva choose this route after completing their compulsory education. The attractiveness of this training pathway needs to be promoted.

The GFC therefore welcomes the Geneva Department Education's plan of action, which incorporates the banking sector's requests, simplification of administrative procedures, and measures that are designed to meet the needs of companies.

The French-English bilingual Federal Certificate of Proficiency (CFC) created in September 2015 with the support of local banks is a step in the right direction and is proof that efforts by the GFC in this area are paying off.





## University education: strengthening public-private partnerships

The University of Geneva has established an excellent reputation and does well in the academic league tables compiled by Shanghai Jia Tong University.

The new Chancellor, Yves Flückiger, declared on taking office that he intended to work more closely with the private sector in an effort to make the University even more dynamic. The GFC welcomes this initiative and notes that in certain areas the financial center and the University have been collaborating for many years.

The Center for Banking and Financial Law and the Geneva Financial Research Institute (GFRI) are notable examples.

More recently, the creation of the Swiss Institute of Commodity Research in Geneva reflects a newfound awareness of the importance of commodity trading for the Lake Geneva region.

### Support for the Geneva Finance Research Institute (GFRI)

The GFRI conducts multidisciplinary research that aims to foster synergies between the Geneva School of Economic Management (GSEM) and the faculties of law, psychology and education.

Every year, the GFC awards the Geneva Financial Center Prize to the graduate of the Master's in Finance program who achieves the highest final grade. It also sponsors the Finance Seminar Series throughout the academic year. In 2015, the prize was won by Maxime Auberson with his thesis on "Inverse covariance matrix regularization for minimum variance portfolio".

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

For over 30 years, the ISFB has played a central role in developing the essential skills that enable the Geneva financial center to remain competitive.

The Geneva Financial Center is an active contributor to the ISFB, due to the participation of Michel Juvet as chairman and Blaise Goetschin as vice-chairman. Edouard Cuendet, Director of the GFC, is also a member of the board of this Institute.

## Continuing education: an entrepreneurial responsibility

Recruiting the most talented professionals is not enough to ensure the success of a bank or a financial institution. Excellence is a quality that is developed over the course of an entire career.

Continuing education enables banking professionals to keep their skills and knowledge up to date.

Training can take a wide variety of forms: formal instruction in specialized institutes, in-house courses, lectures and e-learning.

However, a clear trend is emerging: companies want short courses, often tailored to their requirements, delivered by trainers with practical experience in the industry and with an emphasis on new technologies and current and future regulations.

## ■ Choosing a career

The main objective of the GFC is to serve as an information clearing house for education and training in banking and finance, especially via its website.

As a result, the Center develops materials for use by HR and training managers, for bank employees wishing to undertake further training, and for anyone interested in pursuing a career in banking. It also participates in various events to present careers and banking apprenticeships.

### Training Fact Sheets



The financial sector offers a wide variety of interesting career opportunities. However, it is not always easy for people to determine the educational pathway that matches their aspirations and career objectives.

The fact sheets published by the GFC give a better idea of the opportunities that are available in the following areas:

- Economics and finance
- Management
- Banking operations
- Compliance, legal, taxation and accounting
- International commodity trading

These fact sheets list the three training pathways that lead to a certificate or degree: full-time higher education, vocational training and continuing education.

### Skills guidelines

The Geneva Financial Center is the only organization in Geneva to issue skills guidelines for banking professions, developed in collaboration with experts from banks in Geneva.

The members of the GFC's Human Resources and Training Technical Committee are a go-between for banks in the Geneva area.

The GFC publishes skills guidelines for the following professions:

- Management assistant
- Compliance officer
- Commercial client advisor
- Central register
- Financial planner
- Operations
- Portfolio manager
- Product manager
- Relationship manager in trade finance
- Relationship manager
- Risk management officer
- Documentary credit specialist
- Fund selection specialist
- Transactions and collateral officer in trade finance

## Cité des métiers et de la formation

The Geneva Financial Center (GFC) took part in the Cité des Métiers careers fair from November 3 to 8, 2015. The Center's booth, designed by a working group composed of HR and training managers from banks in Geneva offering apprenticeship programs, presented training pathways and professions in banking and finance in a fun and informative way (See photos).

Visitors were able to discover the world of banking by exploring a street in the banking district, where they discovered career and training opportunities as well as major issues affecting the sector.

Signs on buildings explained careers in banking and training opportunities, and presented key issues in the sector, such as social responsibility and ethical banking.

Experts from different fields of banking and finance, apprentices and HR and training managers were on hand to answer questions.

The booth was extremely successful, attracting over 3,000 visitors, four times more than the previous event in 2012.

The GFC and its partner banks broadly achieved their objectives, both in terms of visitor numbers and the quality of the interactions between the public and banking professionals.



## EVENT

### Zoom métiers Banking and Finance 2015

Zoom Métiers are career information events for high school students organized by the Office for Training and Professional and Continuing Education (OFPC). They consist of presentations by professionals and trainees, and question-and-answer sessions between them and young visitors.

The GFC traditionally represents the financial and banking sector at these events.



# The Board

The Geneva Financial Center was established in 1991 by 80 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 therefore aims to represent their diversity.

## Commercial and wealth management banks

|                                   |  |
|-----------------------------------|--|
| Nicolas Pictet *                  | Managing Partner, Banque Pictet & Cie SA                             |
| (President until 31.12.2015)      |  |
| Yves Mirabaud *                   | Chairman of the Board, Mirabaud & Cie SA                             |
| (President from 01.01.2016)       |  |
| Marc Pictet *                     | Managing Partner, Banque Pictet & Cie SA                             |
| (Vice-President since 01.01.2016) |  |
| Christophe Hentsch                | Managing Partner, Banque Lombard Odier & Cie SA                      |
| Guy de Picciotto *                | President of the Management Committee, Union Bancaire Privée, UBP SA |

## Cantonal banks

|                    |                                 |
|--------------------|---------------------------------|
| Blaise Goetschin * | CEO, Banque Cantonale de Genève |
| Pascal Kiener      | CEO, Banque Cantonale Vaudoise  |

## Big banks

|                                    |  |
|------------------------------------|--|
| Jean-François Beausoleil *         | Director, Geneva area, UBS SA                            |
| Serge Fehr * (until 16.03.2016)    | Area Manager Geneva, Managing Director, Credit Suisse SA |
| Pascal Besnard * (from 16.03.2016) | Area Manager Geneva, Managing Director, Credit Suisse SA |

## Foreign-owned banks

|                 |  |
|-----------------|--|
| Benoît Dumont * | Chairman of the Board, JP Morgan (Suisse) SA |
| Franco Morra    | CEO, HSBC Private Bank (Suisse) SA           |

## Partners

|                                  |  |
|----------------------------------|--|
| Robert-Philippe Bloch            | President of Association vaudoise des banques  |
| Pierre Bongard                   | Former President of Ordre Genevois de la Chambre Fiduciaire  |
| Xavier Oberson                   | Lawyer at Oberson Abels SA   |
| Antonio Palma (until 16.03.2016) | Partner and CEO of Mirabaud & Cie SA, Chairman of the Board of the Institute for Studies in Finance and Banking, Chairman of the Banking Skills Strategic Committee of the GFC |
| Michel Juvet (from 16.03.2016)   | Managing Partner of Bordier & Cie, Chairman of the Board of the Institute for Studies in Finance and Banking, Chairman of the Banking Skills Strategic Committee of the GFC    |
| Jacques-Olivier Thomann *        | Former President of the Swiss Trading & Shipping Association (STSA)  |

\* Members of the Bureau

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## The Secretariat

The Secretariat is responsible for implementing the strategic priorities determined by the Board.

### Management, Accounting and General Administration

Edouard Cuendet      Managing Director  
Martine Haeuw      Assistant

### Communications

Chantal Bourquin      Head of Communications, Executive Officer

### Promotion and Training

Sandrine Lamielle      Project Manager

### General Services

Emmanuel Barciella      Manager

## FINANCIAL SUPERVISION

- The funds held by the Geneva Financial Center are managed by UBS SA.
- The accounts are maintained by Société fiduciaire d'expertise et de révision SA (SFER), Geneva.
- The accounts are audited by Verifid SA, Geneva.
- The accounts for 2015 were approved by the Board at its meeting on March 6, 2016.
- The Geneva Financial Center is a registered non-profit foundation.
- The Geneva Financial Center is subject to supervision by the Cantonal Supervisory Authority for Foundations and Pension Schemes, Geneva.

## PARTICIPATION IN OTHER ORGANIZATIONS

The Geneva Financial Center sits on many external committees and boards, including:

- The Retail Banking Committee of the Swiss Bankers Association
- The Public Affairs Working Group of the Swiss Bankers Association
- The Board of Geneva Tourism
- The Strategy Committee of the Geneva Economic Development Office
- The Board of the Institute for Studies in Finance and Banking
- The Coordination Group for Activities that Promote Geneva



# Standing Committees

## ■ Banking Skills Strategic Committee

The Strategic Committee determines the Geneva Financial Center's (GFC) education and training strategy. Its members are senior executives of banking institutions in the Lake Geneva area.

The role of the Committee is notably to:

- define strategies for developing the banking skills required by the Lake Geneva financial sector;
- collaborate with the Training Committee of the Swiss Bankers Association (SBA);
- regularly meet with the Head of the Department of Education and the staff in charge of continuing education;
- approve the GFC's education and training-related activities and ensure their proper implementation;
- approve and amend the rules governing the accreditation of training courses in finance and banking by the GFC and the recognition of diplomas at cantonal level by the Department of Education.

### Committee members:

Antonio Palma  
(President until 16.03.2016)

Mirabaud & Cie SA

Michel Juvet  
(President from 16.03.2016)

Bordier & Cie

Jean-Luc de Buman  
(Vice-President)

SGS SA

Anita Belitz-Krasniqi  
Roger Bommer  
Edouard Comment  
Edouard Cuendet  
Christian Donzé  
Dominique Fasel  
Claire Hébert Stauss  
Thierry Lacraz  
Joan Merino  
Olivier Mooser  
Vincent Nicole

Swiss Finance Institute  
Banque Lombard Odier & Cie SA  
Union Bancaire Privée, UBP SA  
Fondation Genève Place Financière  
Banque Cantonale Vaudoise  
Association vaudoise des banques  
BNP Paribas (Suisse) SA  
Banque Pictet & Cie SA  
UBS SA  
Groupe Raiffeisen  
Credit Suisse SA

## ■ HR and Training Technical Committee

The HR and Training Technical Committee is composed of Human Resources and Training Managers from banking institutions in the Lake Geneva area. It is a consultative group which articulates training needs in the banking and financial sectors.

The role of this Committee is to:

- advise the GFC on the training needs and expectations of banking institutions;
- review the skills guidelines drafted by industry specialists;
- review applications for the accreditation of financial and banking training programs and, at the request of the Department of Education, advise on the recognition of diplomas at cantonal level;
- propose action plans to the Strategic Committee or respond to its requests.

### Committee members:

|  |                                       |
|--|---------------------------------------|
| Edouard Cuendet<br>(President)         | Geneva Financial Center               |
| Stéphanie Bachofner (until 12.04.2016) | Banque Julius Baer & Cie SA           |
| Mathieu Bischof (from 08.10.2015)      | CA Indosuez (Suisse) SA               |
| Christian Brunet                       | UBS SA                                |
| David Detrey                           | Banque Pictet & Cie SA                |
| Anaïs Frey                             | Banque Syz & Co SA                    |
| Maryse Gabbay                          | Credit Suisse SA                      |
| Antoni Gori                            | Banque Cantonale Vaudoise             |
| Robert Guignard (until 12.04.2016)     | Banque Raiffeisen d'Arve et Lac       |
| Ofra Hazanov                           | Banque Privée Edmond de Rothschild SA |
| Romaine Jordan                         | Banque cantonale de Genève            |
| Stefania Mendez (until 08.10.2015)     | CA Indosuez (Suisse) SA               |
| Nathalie Perez (until 08.10.2015)      | HSBC Private Bank (Suisse) SA         |
| Tony Quilleret                         | Union Bancaire Privée, UBP SA         |
| Fabien Smadja                          | Mirabaud & Cie SA                     |

## ■ Securities and Derivatives Committee

The Securities and Derivatives Committee represents members of the Swiss stock exchange from French-speaking Switzerland within the Zurich Securities Committee. Issues addressed by the Committee include trading rules, regulations, guidelines, new software versions and the strategic orientations of the SIX Swiss Exchange.

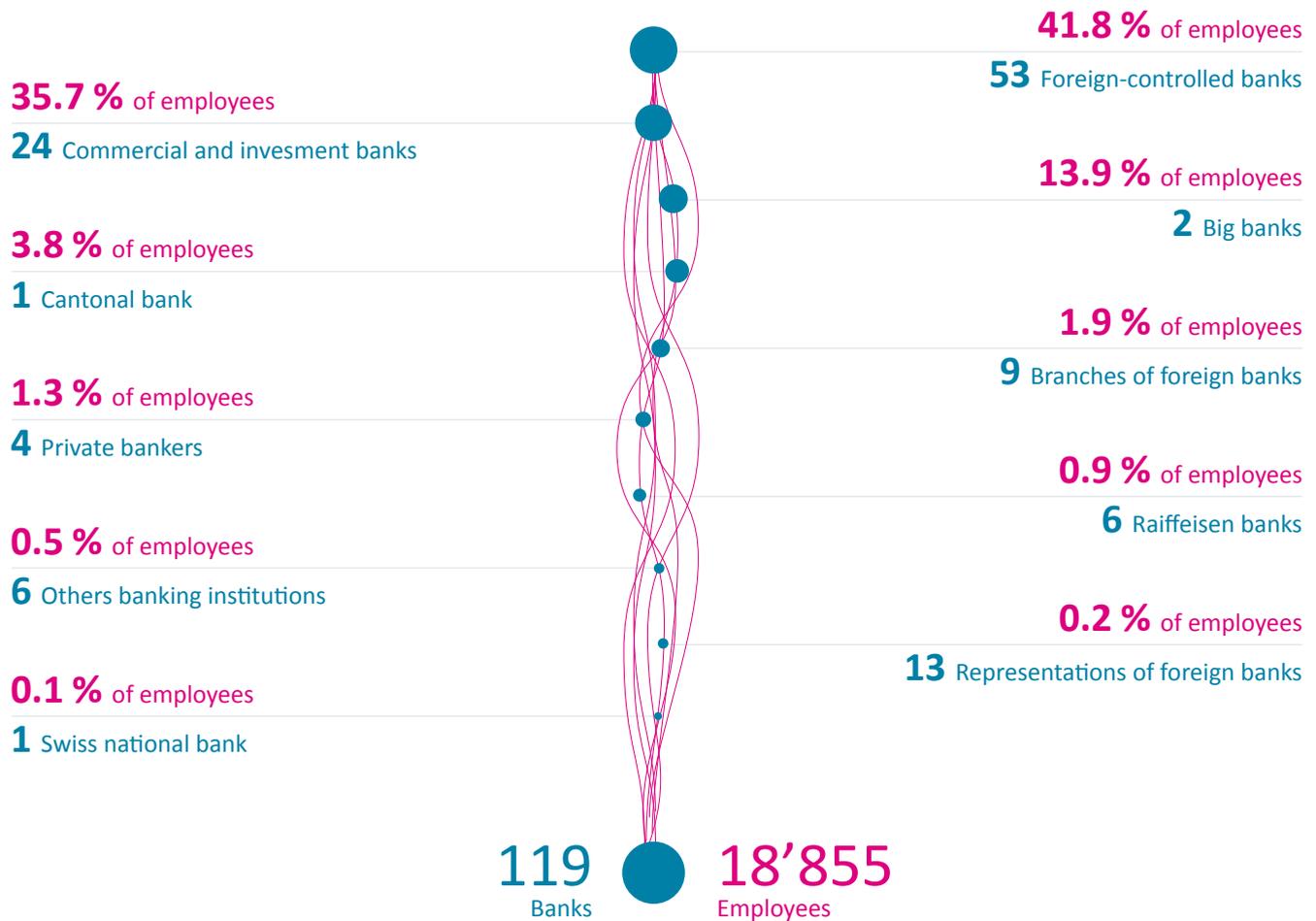
### Committee members:

|                                       |                                       |
|---------------------------------------|---------------------------------------|
| Gery Brodier                          | Banque Privée Edmond de Rothschild SA |
| Xavier Gende                          | Banque Pictet & Cie SA                |
| Claude Magnin                         | Banque Lombard Odier & Cie SA         |
| Jean-Nicolas Muff                     | Banque Cantonale Vaudoise             |
| Alexander Neil                        | EFG Bank                              |
| Pierre-Yves Piccand (from 01.10.2015) | Banque Cantonale de Genève            |
| Alain Privat (until 01.10.2015)       | Banque Cantonale de Genève            |
| Robert-Wells Quinlan                  | Union Bancaire Privée, UBP SA         |

# 9

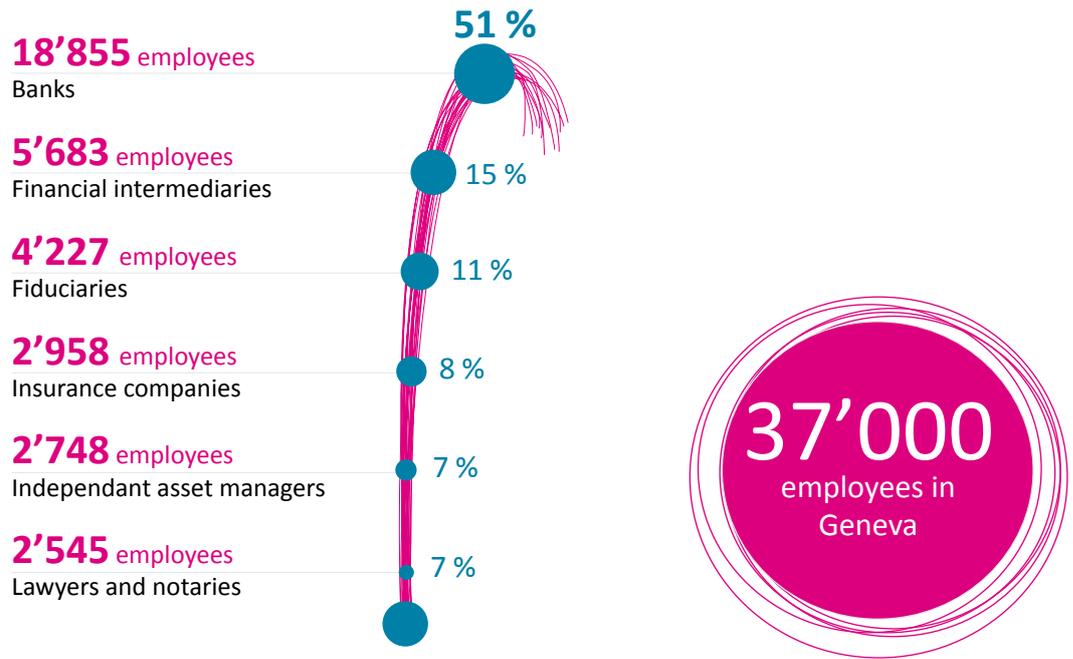
## The Geneva Financial Center facts and figures

### ■ Classification of Geneva Banks

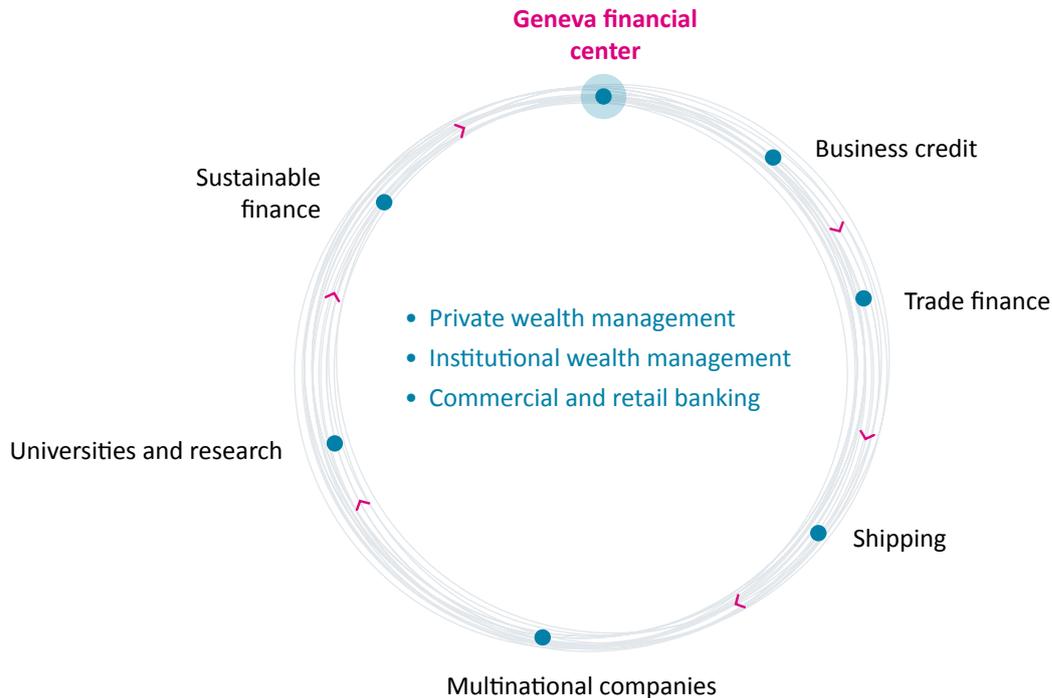


Sources : BNS ; FINMA, REG - September 2015

## ■ Number of employees in Geneva Financial Center



## ■ Cluster effect



The Geneva financial center enjoys an excellent international reputation due to a 500-year tradition founded on strict ethical principles. With the presence of activities such as shipping and inspection, Geneva has a center of excellence and an economic cluster that are unparalleled worldwide. For instance, wealth management provides assets for underwriting commodity trading and credits. This creates a need for other services, such as shipping and inspection. These services in turn help attract numerous multinational companies. Last but not least, this unique value chain enhances the quality of universities and research and contributes to making Geneva a key player in sustainable finance.



## Impressum

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Geneva Financial Center

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Geneva Financial Center

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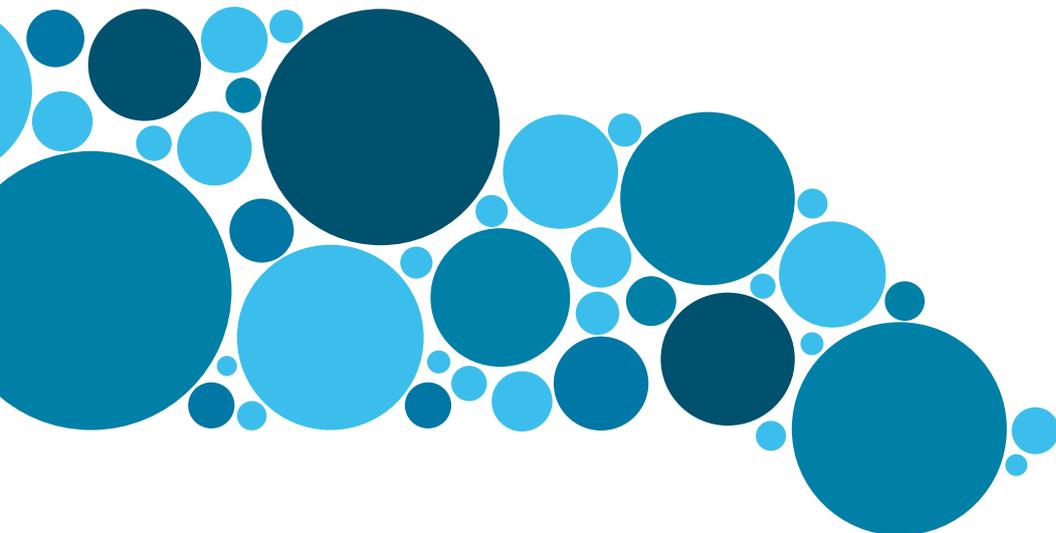
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