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SWITZERLAND'S WEALTH MANAGEMENT INDUSTRY: WINNING OR LOSING GROUND IN TIMES OF COVID?

Dr Ariel Sergio Goekmen-Davidoff, Partner, Lindermann Law

Webinar

Thursday, 04 March 2021, 10:00am GMT

A Word From Today's Chairman



Professor Michael Mainelli

Executive Chairman

Z/Yen Group

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Today's Agenda



- 10:00 – 10:05 Chairman's Introduction
- 10:05 – 10:25 Keynote Address - Dr Ariel Sergio Goekmen-Davidoff
- 10:25 – 10:45 Questions & Answers

Today's Speaker



Dr Ariel Sergio Goekmen-Davidoff

Partner

Lindermann Law



Switzerland's Wealth Management Industry: Winning Or Losing Ground In Times Of Covid?

Dr. Ariel Sergio Goekmen-Davidoff, LL.M.
Partner of Lindemann Law
Zurich, 4th March 2021

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Agenda

A. Where are we now?

B. Where do we go?

C. Summary

D. Discussion and Q&A



First Poll

Win

Lose

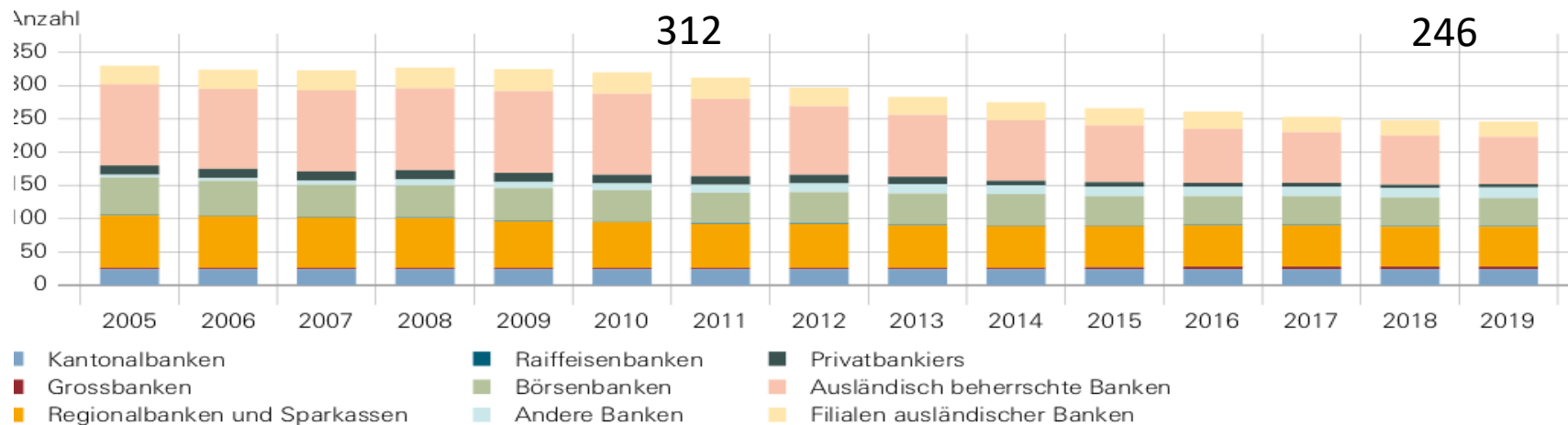
What do you think?
Is Switzerland winning or losing ground in these times of Covid?





A. Where are we now?

What is the number of Banks?



Quelle: SNB

Number of employees:

2011: about 109'000

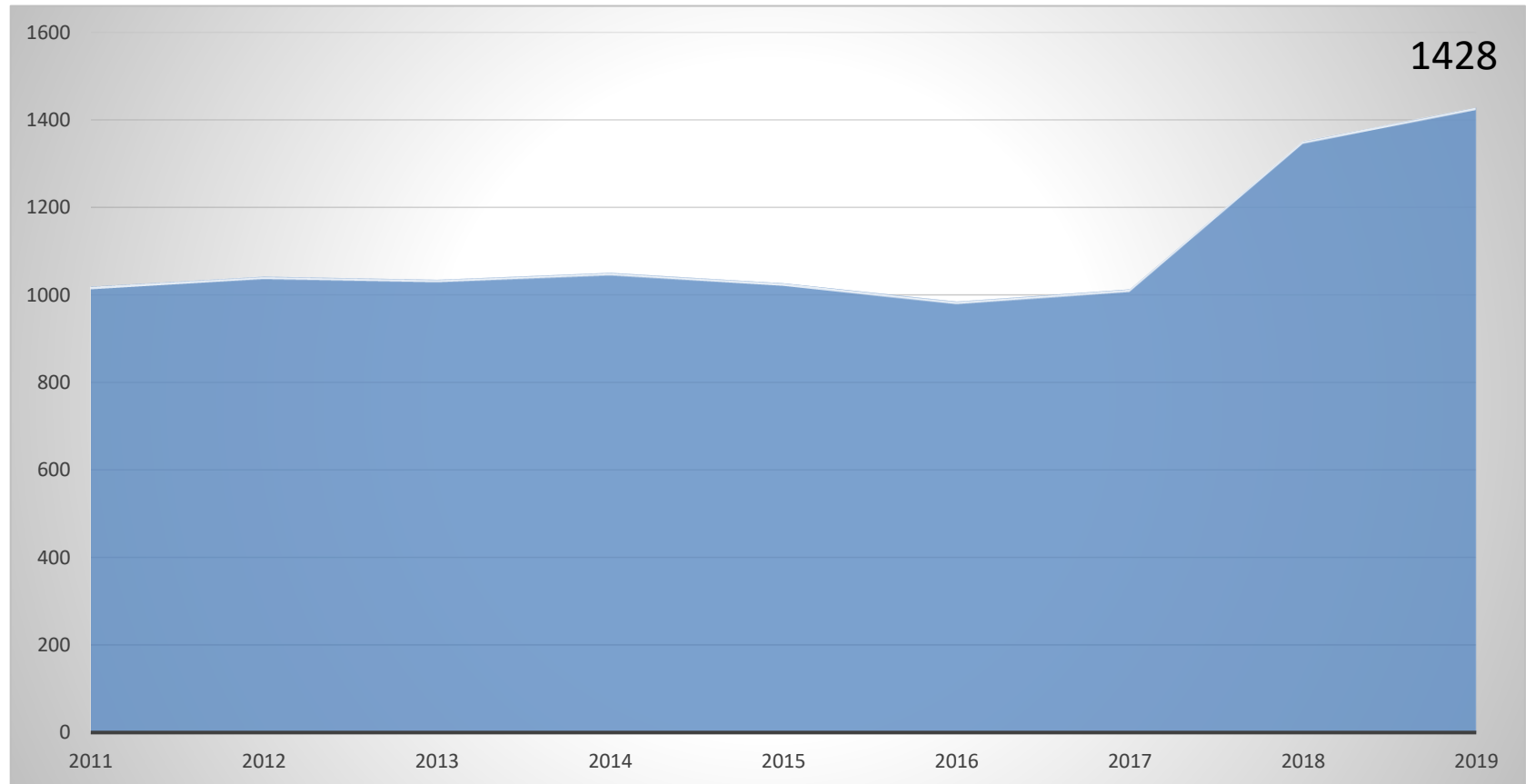
2019: about 89'000

But – many leave for Fintech, EAM

And Insurances, hence remain in the financial industry.

New Trend: closing branches...

And what is the number of External Asset Managers?



And Fintech companies

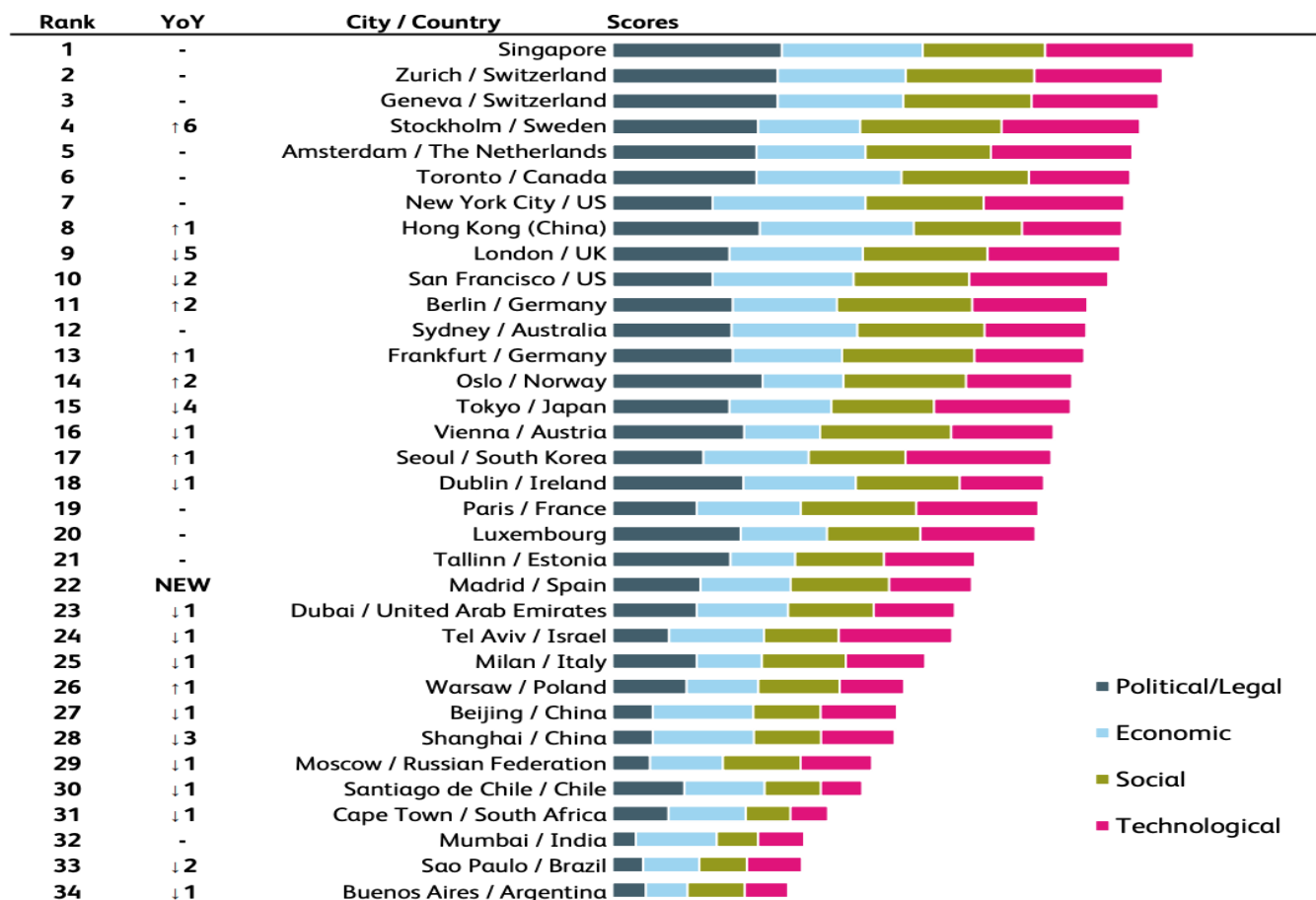
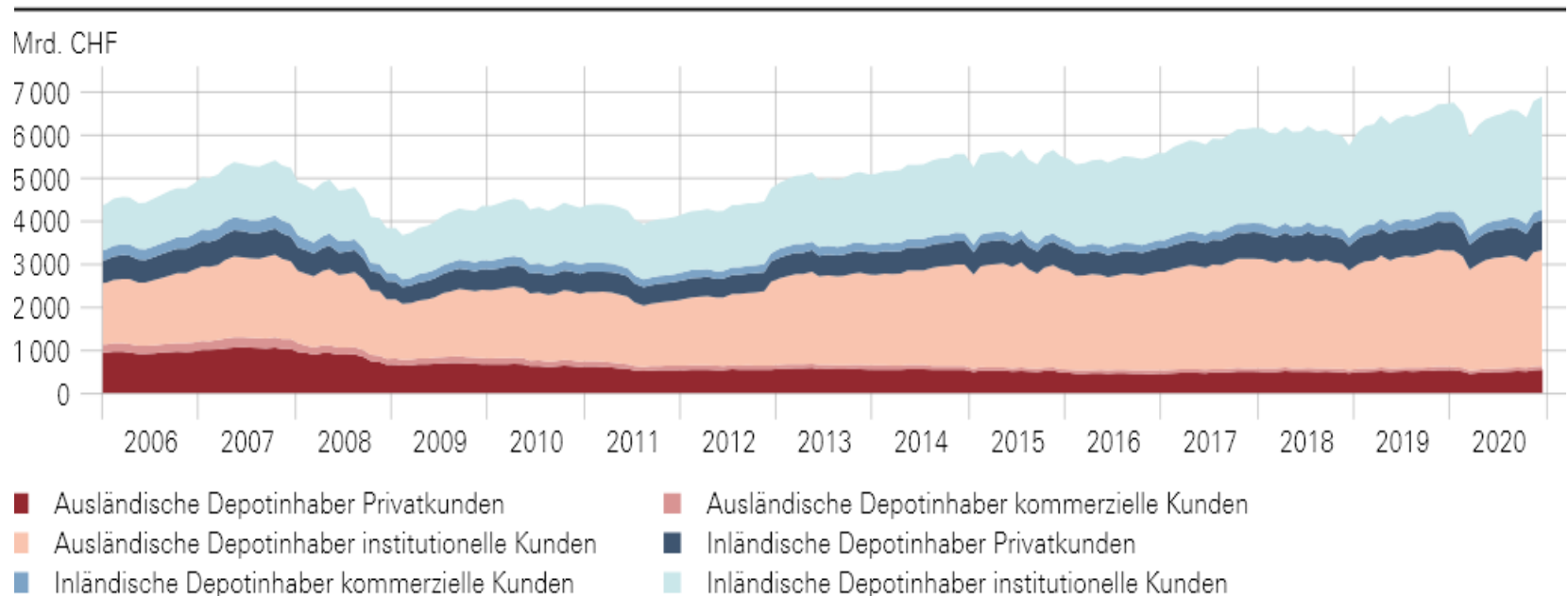


Figure 4.1: FinTech hub ranking

How did the AUM in Switzerland develop?

Clients' Safekeeping Accounts



Quelle: SNB

Translation:

Foreign Safekeeping Accounts Private Clients; Foreign Safekeeping Accounts commercial clients

Foreign Safekeeping Accounts institutional clients; Domestic Safekeeping Accounts Private Clients:

Domestic Safekeeping Accounts commercial clients; Domestic Safekeeping Account institutional clients

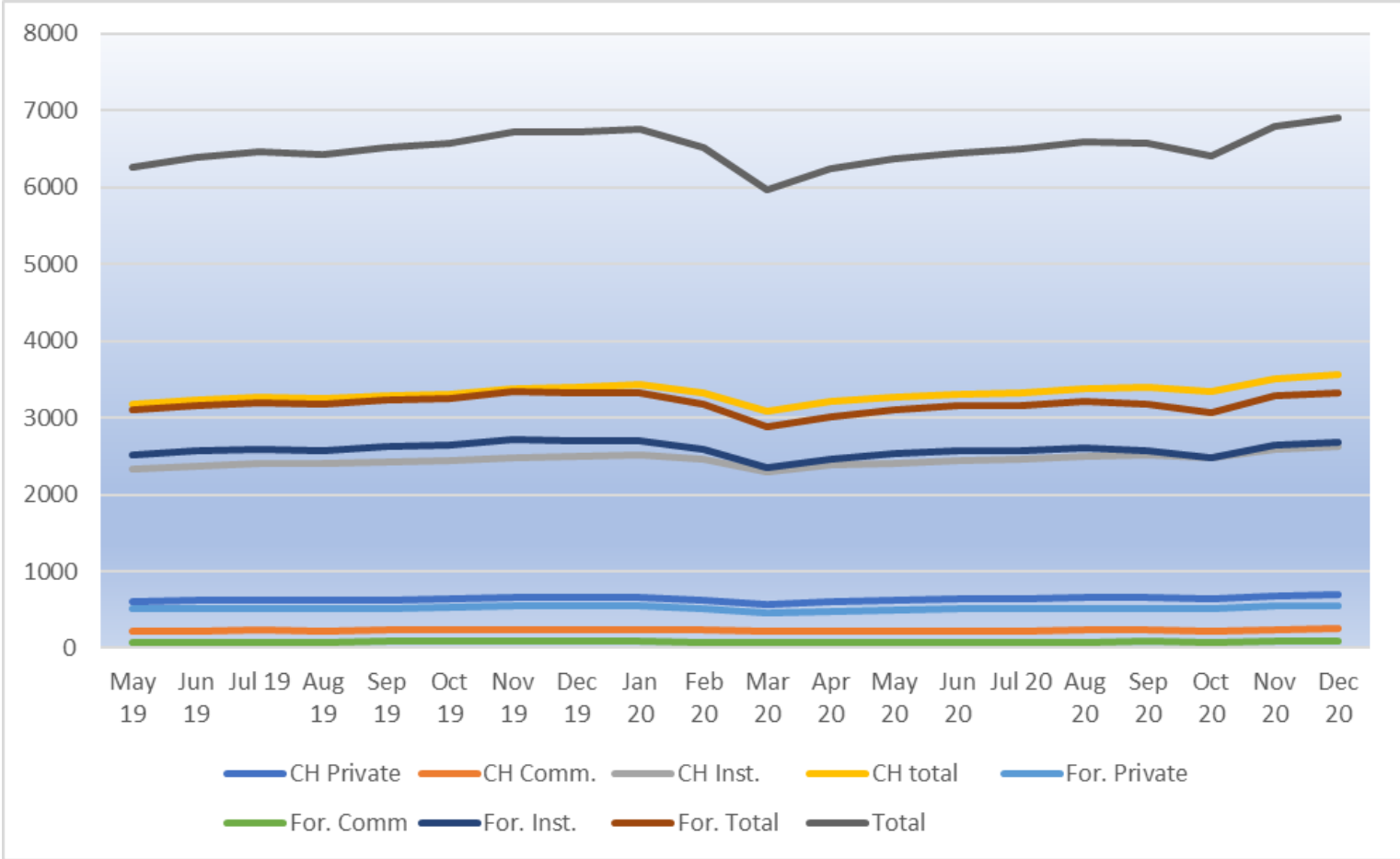
Where are we now?

Was it all due to the rise of the stock market valuations?



Where are we now?

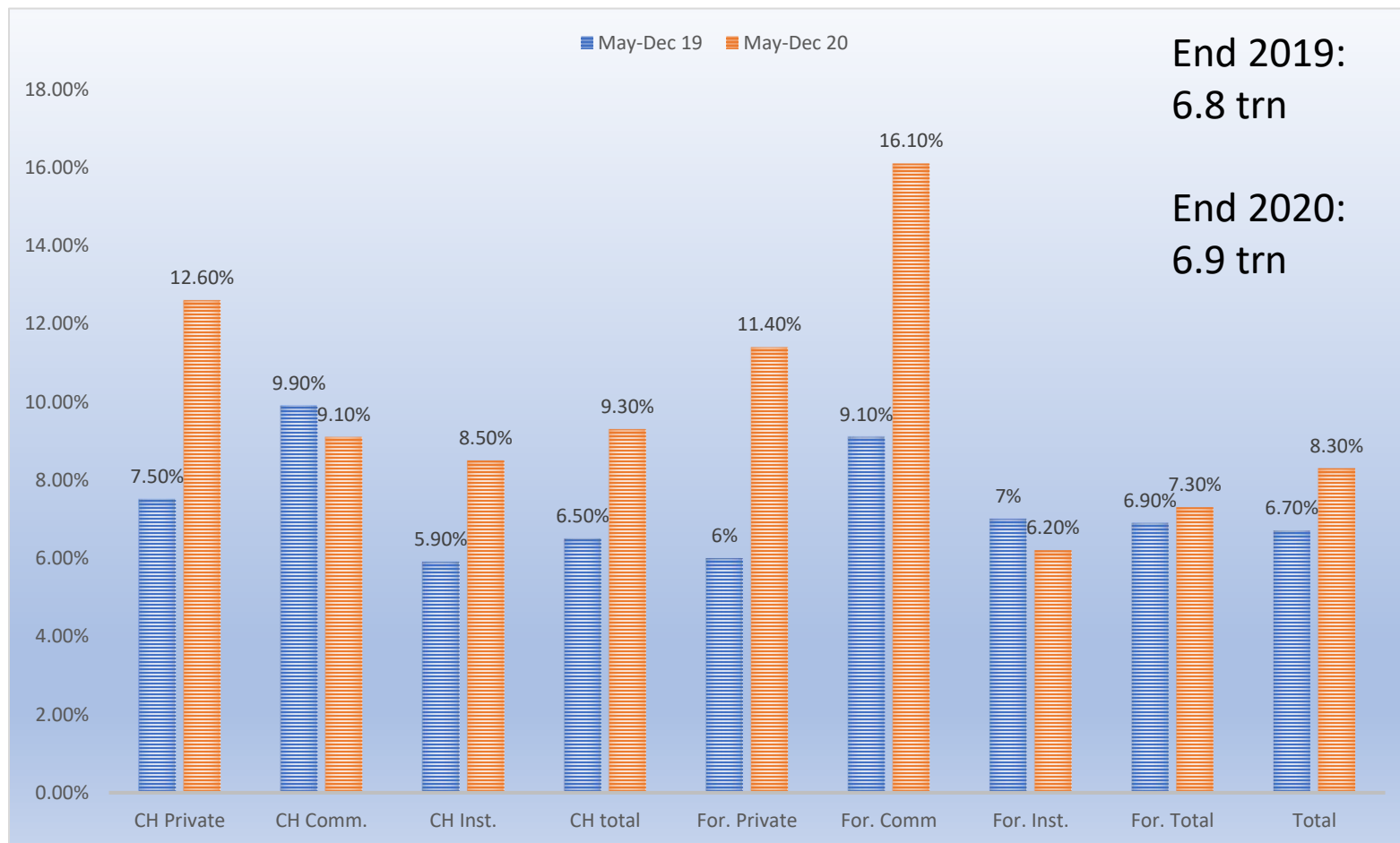
Safekeeping Accounts with Swiss Banks 2019-2020



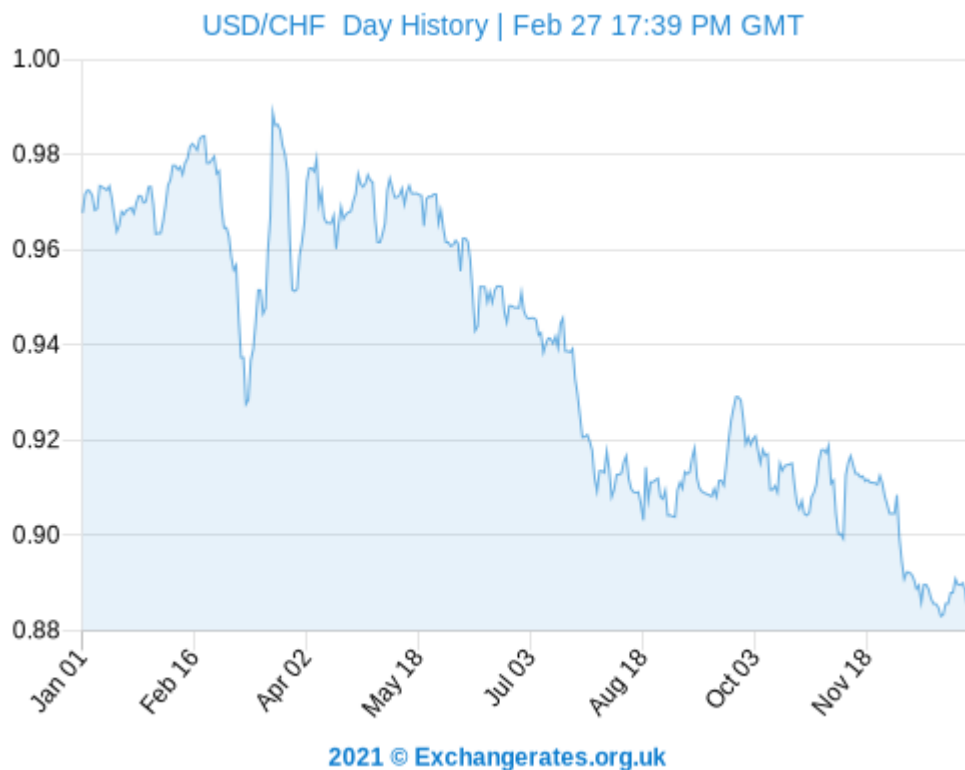
Source: SNB

Where are we now, Growth Rates?

Safekeeping Accounts with Swiss Banks, Growth Rates May-Dec 2019/2020



USD-CHF Exchange Rate in 2020

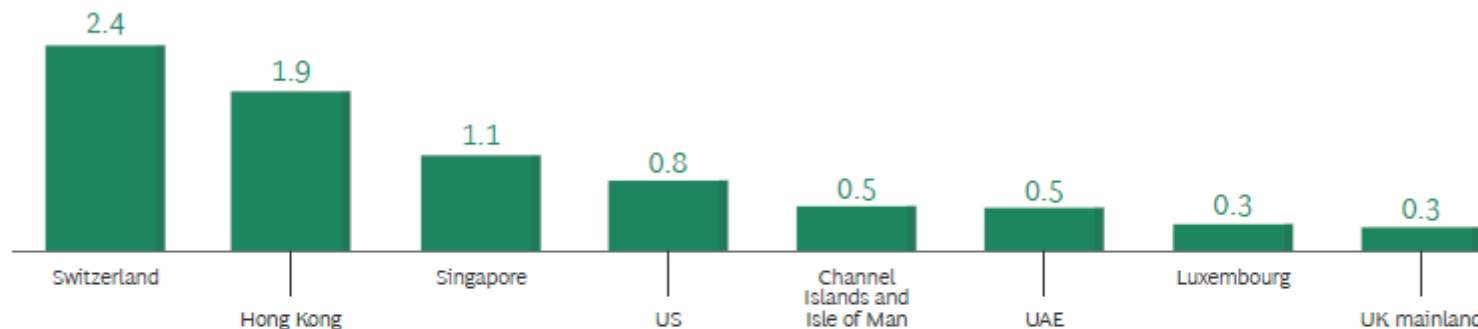


- USD lost against CHF about 9% in 2020
- As major statistics are held in USD, CHF holdings will be roughly 11% more worth
- This matters for example for the next slide

Switzerland Global Leader 2019 with market share of about 25%

Top cross-border centers: 2019 wealth and outlook

Cross-border wealth, 2019 (\$trillions)



CAGRs per scenario 2019–2024 (%)

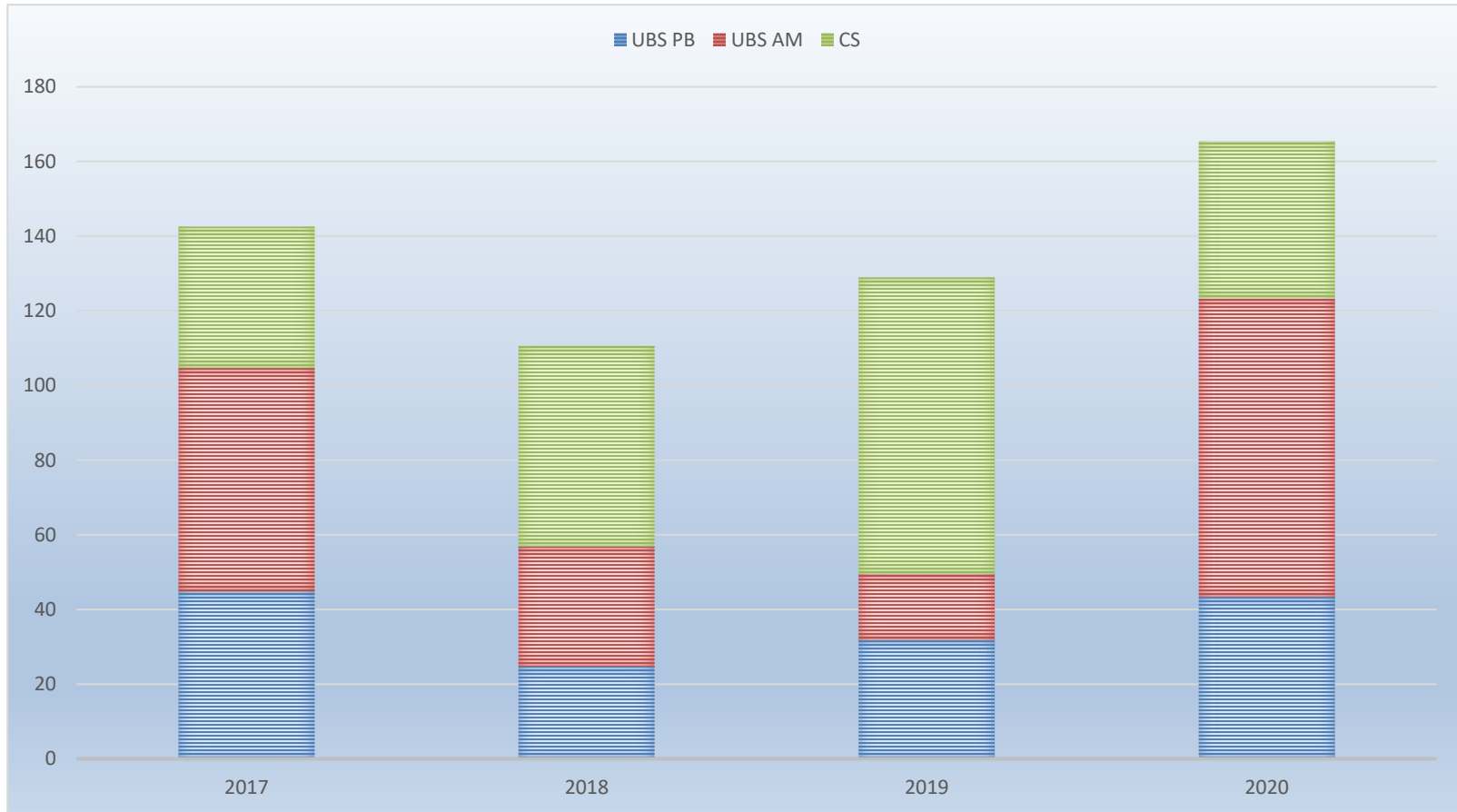
1	2.9	6.2	6.2	5.1	4.1	3.9	2.3	4.7
2	1.7	4.9	4.9	3.8	3.0	2.6	1.2	3.5
3	0.1	2.8	2.8	1.7	1.3	0.6	-0.4	1.8

1 Quick rebound 2 Slow recovery 3 Lasting damage

Source: Global Wealth Report 2020—BCG Global Wealth Market Sizing Database.

Note: UK mainland consists of England, Scotland, and Wales.

Net New Money by Market Leaders in 2020, CHF bn



What else was remarkable in 2020?

- According to bank sources, the amount of employees in the banking sector remained stable in 2020
- The quick loan aid package for SME rolled out in March 2020 due to the anti-Covid measures was internationally noticed and applauded
- The adaption to work from home was implemented without friction across the whole banking industry, from small banks to large banks
- The trend to outsource whole departments into new legal entities which started in 2008 did not continue in 2020
- Profits were higher for many banks in 2020, quite unexpected originally



Interim Summary

- There are more assets in Swiss safekeeping accounts in 2020 than 2019
- Foreign depositors as well as Swiss depositors increased their safekeeping assets by more percent in 2020 than 2019
- We assume that the weak USD will help Switzerland to keep its global leadership position as by far biggest cross-border private wealth manager
- Both market leading banks were able to attract record Net new money in 2020



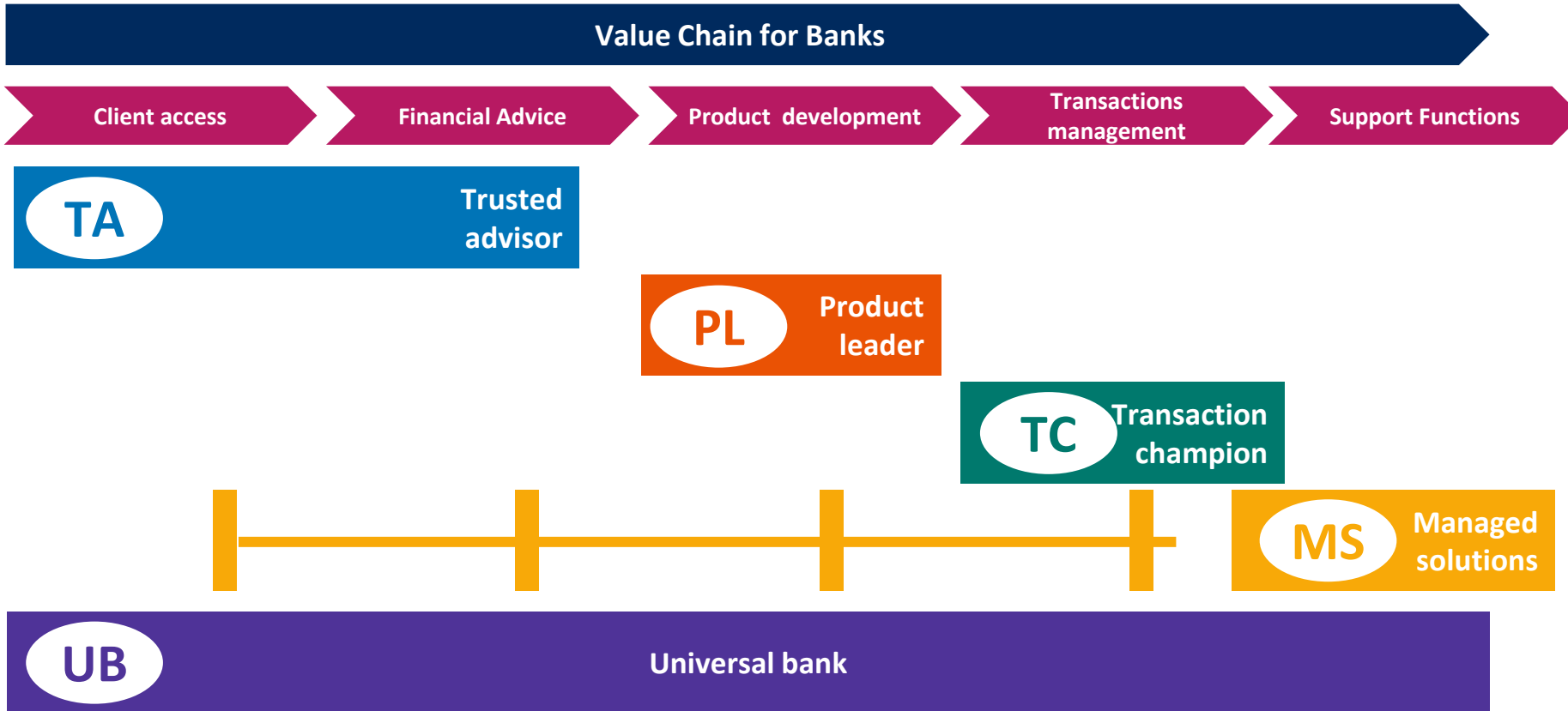


B. Where do we go?

Challenges and Market Dynamics



Challenge: Choose your space



ESG as a focus subject

- The Federal Council adopted a report and guidelines on sustainability in the financial sector in June 2020
- Goal: The Swiss financial centre should further strengthen its position as a leading location for sustainable financial services.
- Sustainable financial investment increased from CHF 141.7 billion in 2015 to over CHF 1,163 billion in 2019.
- 30% of the assets in Switzerland's asset management are invested according to ESG criteria, compared to 15% globally.



Digital innovation

- Switzerland has evolved as one of the world's leading fintech centres, also with regard to the blockchain
- Zurich and Geneva are rated second and third place in the global fintech hub ranking.
- Currently, there are nearly 400 fintech companies in Switzerland.



Z/Yen Global Green Finance Index GGFI 6 (ESG)

Depth			Quality		
Centre	Rank	GGFI 6 Rating	Centre	Rank	GGFI 6 Rating
Amsterdam	1	574	Zurich	1	580
Zurich	2	571	Amsterdam	2	572
Copenhagen	3	558	London	3	569
London	4	554	Oslo	4	551
Luxembourg	5	553	Luxembourg	5	545
Stockholm	6	550	Paris	6	544
San Francisco	7	549	Stockholm	7	543
Paris	8	545	Geneva	8	542
Geneva	9	544	Copenhagen	9	540
Oslo	10	543	Munich	10=	537
Vancouver	11	536	San Francisco	10=	537
Los Angeles	12	534	Helsinki	12	525
Shanghai	13	533	Vancouver	13	524
Beijing	14	532	Brussels	14	523
Vienna	15=	531	Hamburg	15	520
Brussels	15=	531	Montreal	16	519
Montreal	15=	531	Tokyo	17	518
Sydney	18	527	Vienna	18	516
Tokyo	19=	526	Shanghai	19=	514
Helsinki	19=	526	Sydney	19=	514



C. Summary



Summary

- Analysing the currently available data, Switzerland's financial centre seems to have gained ground in the Covid crisis
- Challenges remain
- Opportunities exist
- The outlook remains positive



Second Poll

Win!

Lose

After this presentation,
What do you think?
Is Switzerland winning or losing ground in these times of Covid?





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Bonus Poll

Win!

Lose

After this discussion,
What do you think?
Is Switzerland winning or losing ground in these times of Covid?





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Thank You For Listening



Forthcoming Events

- Fri, 5 Mar (11:00-11:45) How To Be Happy
- Tue, 9 Mar (09:00 - 09:45) Achieving Sustainability In Developing Markets: A Case Study
With Serious Shea & Cleo Organics
- Wed, 10 Mar (12:00 - 12:45) Positive Income, Positive Purpose - Listed Fixed Income
Opportunities With Positive Social Impact

Visit <https://fsclub.zyen.com/events/forthcoming-events/>

Contacts



Dr. Maria Ulmann:

- ✓ AML & Tax Compliance
- ✓ 8 years of experience in Russia and Switzerland



Dr. Maximilian Werkmüller:

- ✓ Private Wealth & Succession Planning
- ✓ 36 years of experience



Tatiana Zakharova, JD:

- ✓ Fund Regulation & Contracts
- ✓ 10 years of experience in Russia, USA and Switzerland



Dr. Oliver Klein:

- ✓ Real estate & taxation
- ✓ 21 years of experience



Dr. Alexander Lindemann:

- ✓ Managing Partner
- ✓ 19 years of experience



Dr. Ariel Sergio Goekmen-Davidoff:

- ✓ Wealth Structuring & Risk Management
- ✓ 35 years of experience



Jörg Wenger:

- ✓ Strategy & Funds distribution
- ✓ 17 years of experience



Martin Schweikhart:

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Dr. Jakob Schaad:

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