

Press release

Thursday, 10 June 2021

Private banking – a key export industry for Switzerland

Sustainable finance – an opportunity for wealth management

The contribution of private banks to the fight against the causes and harmful effects of climate change was the focus of the fifth Private Banking Day held by the ASPB and the VAV today in front of a large physical and virtual audience. Top experts discussed the conditions that must be satisfied in order to position the Swiss financial centre as a world-leading hub for sustainable finance.

On account of the coronavirus crisis, the important debate about the harmful effects of climate change on human life and the environment has tended to fade into the background for some time now. Nevertheless, the challenge for the economy and wider society is how to play an active part in ensuring our planet offers a sustainably good quality of life for future generations too. So the issue of sustainability has become a high priority for both private and wealth management banks. Given its finance and investment function and its role as an intermediary, Switzerland, as a financial centre, has significant leverage to position itself as the world-leading hub for sustainable finance. But this will require banks and wealth managers to demonstrate the requisite competence and innovation and respond quickly to clients' growing needs for sustainable financial investments and investment opportunities.

Yves Mirabaud, Chairman of the ASPB, referred in his address to the paradigm shift that the sector and its clients had already experienced. "While the profitability of an investment was once the primary consideration, its sustainability is now a decisive criterion too," he pointed out. Luckily, according to him, the criteria are complementary, and it is not as though one precludes the other. He also highlighted the importance of attractive framework conditions and cited the withholding tax reform proposed by the Swiss Federal Council as a specific example, the implementation of which should significantly increase the availability of sustainable investments.

In his address, Guy Parmelin, President of the Swiss Confederation, underlined the important role that wealth management banks have to play in the fight against the harmful effects of climate change and recognised the efforts the sector is already making in this area. "Today, we need a clear focus on sustainable finance, if we are to make any short- and medium-term progress in this area," stressed the President. He described how the Swiss government is specifically focusing on guaranteeing legal certainty, increasing transparency, taking better account of financial risks, and closely observing international developments with a view to ensuring at all times the export potential of our financial centre.

Professor Johan Rockström, Director of the Potsdam Institute for Climate Impact Research, provided his audience with a graphic description of the dramatic effects of man-made global warming. "Temperature levels on our planet are increasing at a faster pace than at any time in

the history of our civilisation. This in turn is leading to an increase in short-lived extreme weather events and a long-term increase in sea levels, to name just two examples, with significant resulting costs for the economy and society,” he explained. He also underlined how urgent it was to act right now in order to achieve the targets under the Paris Agreement.

In her speech, Daniela Stoffel, State Secretary for International Financial Matters, picked up on what the President of the Swiss Confederation had said and stressed: “If Switzerland is to establish itself as a global leader in the area of sustainable finance, it needs to exploit the potential of digital technologies to the full.”

Daniela Stoffel then fielded some critical questions from Nathalie Randin, the moderator for the event, as part of a panel discussion. Also taking part in the discussion were two representatives from the wealth management sector – Patrick Odier, Managing Partner of the Lombard Odier Group, and Zeno Staub, CEO of Vontobel – as well as Thomas Vellacott, CEO of WWF Switzerland. There was a good deal of talk about the requirements that need to be satisfied in order for Switzerland to position itself as a leading player in terms of sustainable finance. Both Patrick Odier and Zeno Staub made a point of welcoming the efforts made by the Swiss government and assured it of the sector’s full support in this initiative. They also highlighted the extensive activities already being undertaken by private banks in the area of sustainable finance. Thomas Vellacott praised these efforts as steps in the right direction, but expressed his conviction that Switzerland could only credibly position itself as a hub for sustainable finance if the sector consistently aligns itself with the Paris Agreement and applies uniform and transparent sustainability criteria.

In his closing remarks, Marcel Rohner, the designated Chairman of the Swiss Bankers Association and outgoing Chairman of the VAV, picked up on the words of the two representatives of the financial sector and insisted how Switzerland, as a financial centre, would have to embrace the issue of sustainable finance if it wants to enjoy long-term success. “There is no doubt the Swiss financial industry has the potential to assume a world-leading role in the area of sustainable finance, as the conditions for this are in place: first-class know-how, long-standing experience of wealth management for institutional and private clients, and a State that advocates suitable framework conditions, including at an international level,” he confirmed with conviction. He went on to say that wealth management banks are aware of their responsibility towards their clients and wider society and pointed out how they are constantly expanding and fleshing out their activities and ambitions. He announced that the VAV would be providing an update on these initiatives in the coming weeks.

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