

Wealth Management in der Schweiz: Markt und Trends



Building Competence. Crossing Borders.

Dr. Christoph Künzle, CFA

ZHAW Wealth Planning Konferenz, 30. Mai 2024

Introduction



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Blog



Agenda

Latest ZHAW Swiss WM study – background and objectives

Key findings

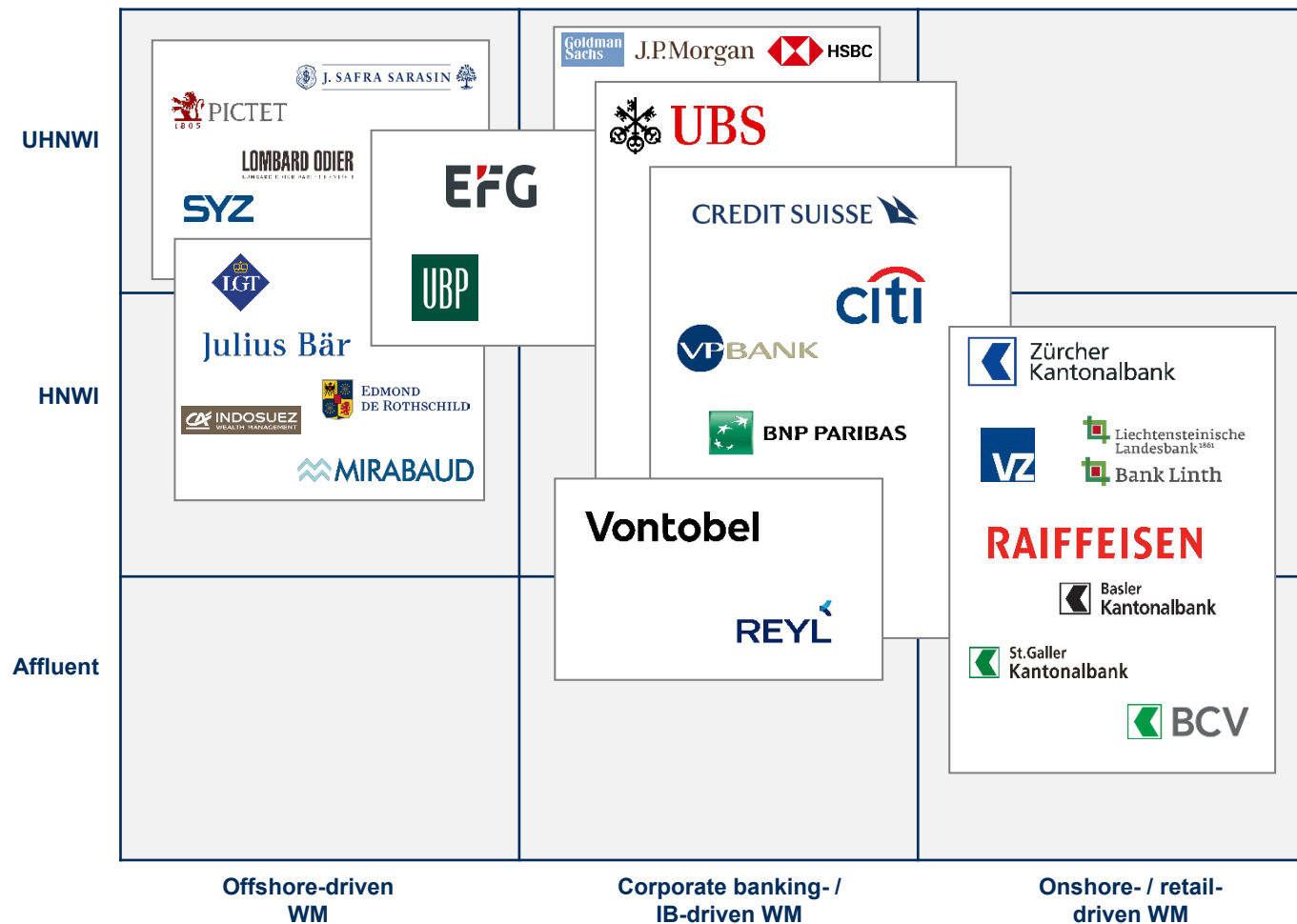
Category results and KPIs

Swiss Wealth Management – between tradition and transformation

Q & A

In Switzerland, the WM landscape remains fragmented and intransparent

Numerous players in Swiss WM ...



... with different business models

Offshore-driven WM

- Established international players
- Mainly targeting (U)HNWI with services focusing on custody and management of wealth

Corporate banking- / IB-driven WM

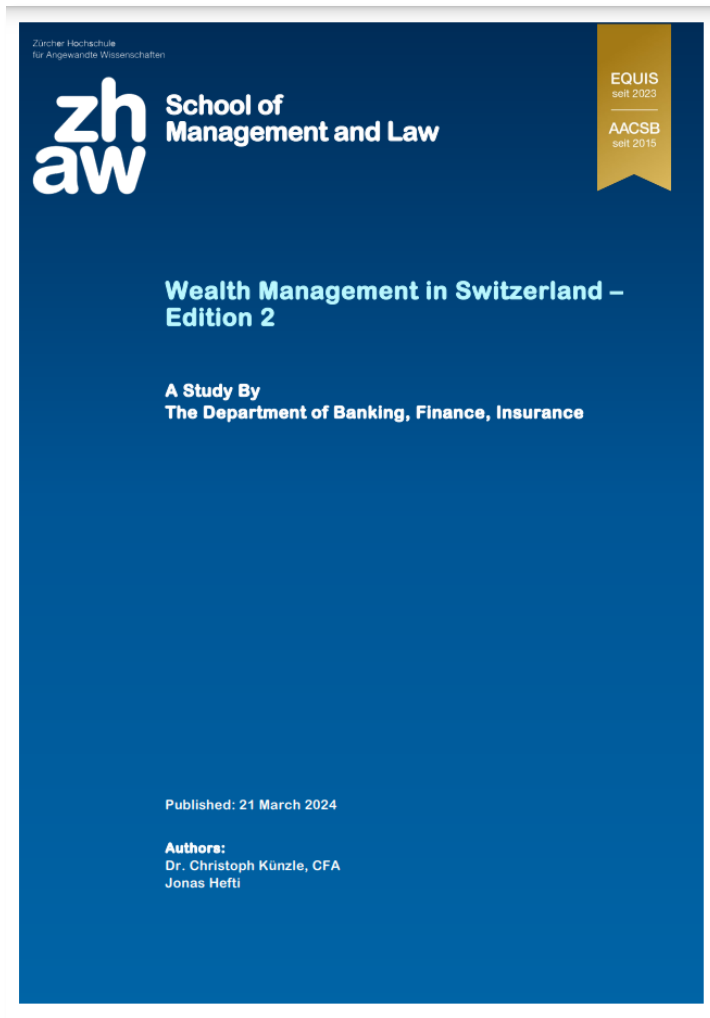
- Acquiring clients (also) through corporate banking or investment banking services
- Servicing entrepreneurs in their investment activities, targeting above-average returns

Onshore- / retail-driven WM

- Private banking divisions of large universal or retail banks
- Also offering lifestyle services to retain larger clients

Our new ZHAW Swiss Wealth Management Study brings transparency – free PDF download

New flagship wealth management study ...



... with proprietary and comprehensive data sample



Free PDF download:
doi.org/10.21256/zhaw-2497

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Key insights from our study



Key takeaways

- **Declining AUM** across the board – Private Banks more stable than Large Banks
- **Small Private Banks** dominate our rankings – focused and "pure play" WM business models pay off
- **UBS** ranked only 38th – are Large Banks operating at dis-economies of scale?



Selected insights

WM business

- Swiss wealth management banks concentrated in **Zurich** and **Geneva**
- Selected Private Banks achieve significant **returns on AUM**

Operating costs

- Private Banks with very **high personnel costs** – significant differences between Cantonal banks
- Cantonal banks with lowest **cost-income ratios** – many small Private Banks likely operating below scale

Boards of Directors

- Overall **lean** Boards of Directors, **women** still underrepresented

Swiss WM market: CHF 7.5tn AUM, 155k global FTE, HQs mostly Zurich and Geneva



Sizeable Swiss WM market ...

#	Bank Type	AUM (CHF b)		NNM (CHF b)		FTE (global, #)	
		2022	Change	2022	Change	2022	Change
2	Large Banks (UBS, CS)	4'879	-17%	-55	-129%	123'077	+1%
2	Cantonal Banks (ZKB, GKB)	335	-32%	34	-7%	6'230	-32%
17	Private Banks ≥CHF 20b	2'097	-19%	31	-73%	21'228	-28%
46	Private Banks <CHF 20b	263	+8%	11	-15%	4'584	+10%
67	Total	7'574	-18%	21	-94%	155'119	-6%



... with most HQs in Zurich and Geneva

City	Headquarters (#)		AUM (CHF b)	
	2022	Change	2022	Change
Zurich	28	+3	6'018	-16%
Geneva	21	-6	1'267	-18%
Lugano	7	+1	32	+3%
Basel	5	0	233	-12%
Other	6	0	24	-86%
Total	67	-2	7'574	-18%

Total results – and the winners are ...



ZHAW WM Performance Score (2022): Top-10

Rank	Bank Name	Bank Type	ZHAW WM Performance Score				
			Profitability	Efficiency	Capital Adequacy	Growth	Total
1 st (↑32)	CBH Compagnie Bancaire Helvétique	PB <CHF 20b	153 (+48)	189 (+15)	169 (+131)	281 (+219)	791 (+413)
2 nd (↑5)	VON GRAFFENRIED PRIVATBANK	PB <CHF 20b	226 (+59)	207 (+21)	153 (+79)	181 (+126)	767 (+285)
3 rd (↑20)	Goldman Sachs	PB ≥CHF 20b	135 (+29)	177 (+22)	162 (+118)	277 (+184)	751 (+353)
4 th (↑61)	NBK Suisse	PB <CHF 20b	172 (17)	199 (6)	194 (13)	186 (+132)	750 (+476)
5 th (↑31)	Axion SWISS Bank	PB <CHF 20b	168 (+57)	190 (+26)	134 (+103)	253 (+185)	745 (+371)
6 th (↑11)	Schroders Wealth Management	PB <CHF 20b	232 (+100)	128 (-36)	252 (+192)	118 (+66)	731 (+323)
7 th (↓3)	PRIVATE CLIENT BANK	PB <CHF 20b	119 (-33)	150 (-16)	200 (+100)	262 (+159)	731 (+210)
8 th (↑47)	Investec	PB <CHF 20b	160 (+88)	157 (-2)	178 (+136)	234 (+186)	729 (+408)
9 th (↓7)	GlobalanceBank	PB <CHF 20b	214 (+43)	158 (-11)	200 (+73)	154 (+44)	727 (+150)
10 th (↓2)	DZ PRIVATBANK	PB <CHF 20b	137 (-12)	166 (-7)	227 (+145)	184 (+115)	714 (+242)

Source: Wealth Management in Switzerland – Edition 2 (ZHAW, 2024)

Category results – and the winners are ...



Profitability

Rank	Bank	Type	Profitability Score	
			2022	Change
1 st (↑25)	Schroders Wealth Management	Private Bank <CHF 20b	232	+100
2 nd (↑1)	MIRABAUD	Private Bank ≥CHF 20b	230	+51
3 rd (↑4)	VON GRAFFENRIED PRIVATBANK	Private Bank <CHF 20b	226	+59



Efficiency

Rank	Bank	Type	Efficiency Score	
			2022	Change
1 st (↑1)	sco'bag privatbank basel	Private Bank ≥CHF 20b	232	-25
2 nd (↓1)	BZ BANK AKTIENGESELLSCHAFT	Private Bank <CHF 20b	227	-46
3 rd (n.a.)	Bellerive Classic Private Banking	Private Bank <CHF 20b	211	n.a.



Capital Adequacy

Rank	Bank	Type	Capital Adequacy Score	
			2022	Change
1 st (↑8)	Bank Audi Private Bank	Private Bank <CHF 20b	263	+193
2 nd (↓1)	sco'bag privatbank basel	Private Bank ≥CHF 20b	252	+83
3 rd (↑12)	Schroders Wealth Management	Private Bank <CHF 20b	252	+192



Growth

Rank	Bank	Type	Growth Score	
			2022	Change
1 st (↑25)	CBH Compagnie Bancaire Helvétique	Private Bank <CHF 20b	281	+219
2 nd (↑20)	Goldman Sachs	Private Bank ≥CHF 20b	277	+184
3 rd (↑66)	BARCLAYS	Private Bank <CHF 20b	267	+187

Board members – overall lean Boards of Directors, women still underrepresented



Board Members

# of Board Members	2022	
	# of Banks	Cumulative
3	9	13%
4	9	27%
5	15	49%
6	10	64%
7	8	76%
8	5	84%
9	4	90%
10	3	94%
11	0	94%
12	2	97%
13	2	100%
Total	67	100%



Female Board Members

% of Female Board Members	2022	
	# of Banks	Cumulative
0%	23	34%
0.1% - 9.9%	0	34%
10% – 19.9%	11	51%
20% – 29.9%	16	75%
30% – 39.9%	12	93%
40% – 50%	2	96%
>50%	3	100%
Total	67	100%



Largest Boards of Directors

Bank Name	Bank Type	HQ	# BoD members	Of which: # Female	% Female
EFG	PB≥CHF 20b	Zurich	13	2	15%
Zürcher Kantonalbank	Cantonal Bank	Zurich	13	3	23%
CREDIT SUISSE	Large Bank	Zurich	12	7	58%
UBS	Large Bank	Zurich	12	4	33%
BNP PARIBAS	PB≥CHF 20b	Geneva	10	2	20%
INDOSUEZ WEALTH MANAGEMENT	PB≥CHF 20b	Geneva	10	3	30%
dreyfus BANQUIERS 1813	PB<CHF 20b	Basel	10	1	10%
Bank Audi Private Bank	PB<CHF 20b	Geneva	9	1	11%
EDMOND DE ROTHSCHILD	PB≥CHF 20b	Geneva	9	3	33%
Julius Bär	PB≥CHF 20b	Zurich	9	3	33%
...
Van Lanschot SINCE 1737	PB<CHF 20b	Zurich	3	0	0%

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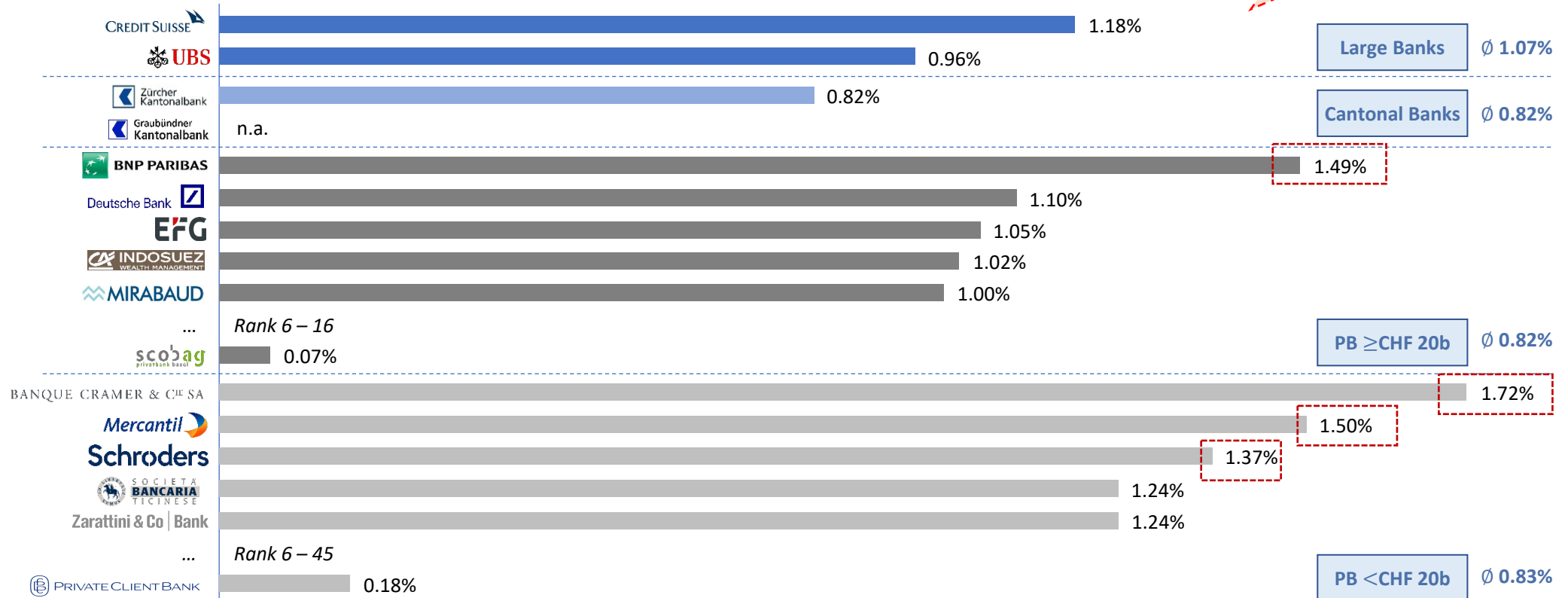
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Smaller, focused Private Banks have achieved significant Returns on AUM

Return on AUM

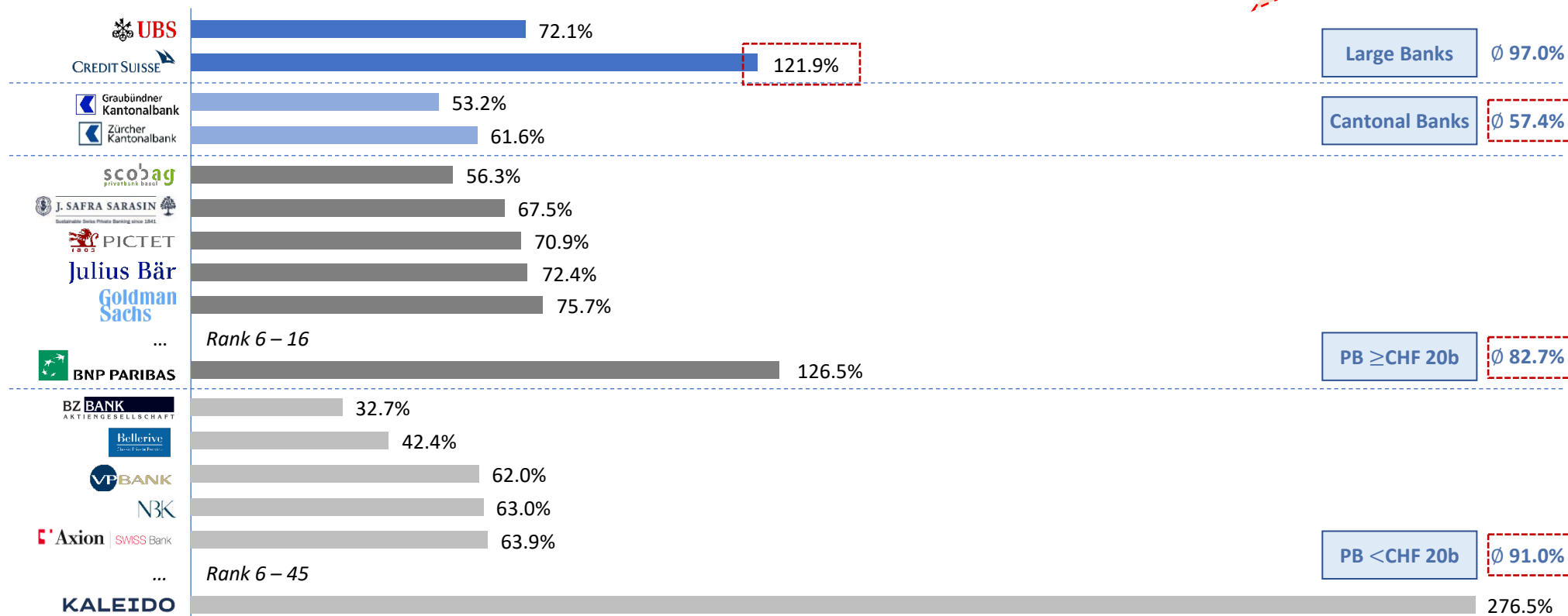
Better results with **digitally supported relationship managers?**



Cantonal Banks' retail business model with lowest CIR – smaller Private Banks, on average, operating below scale?

Cost-Income Ratio

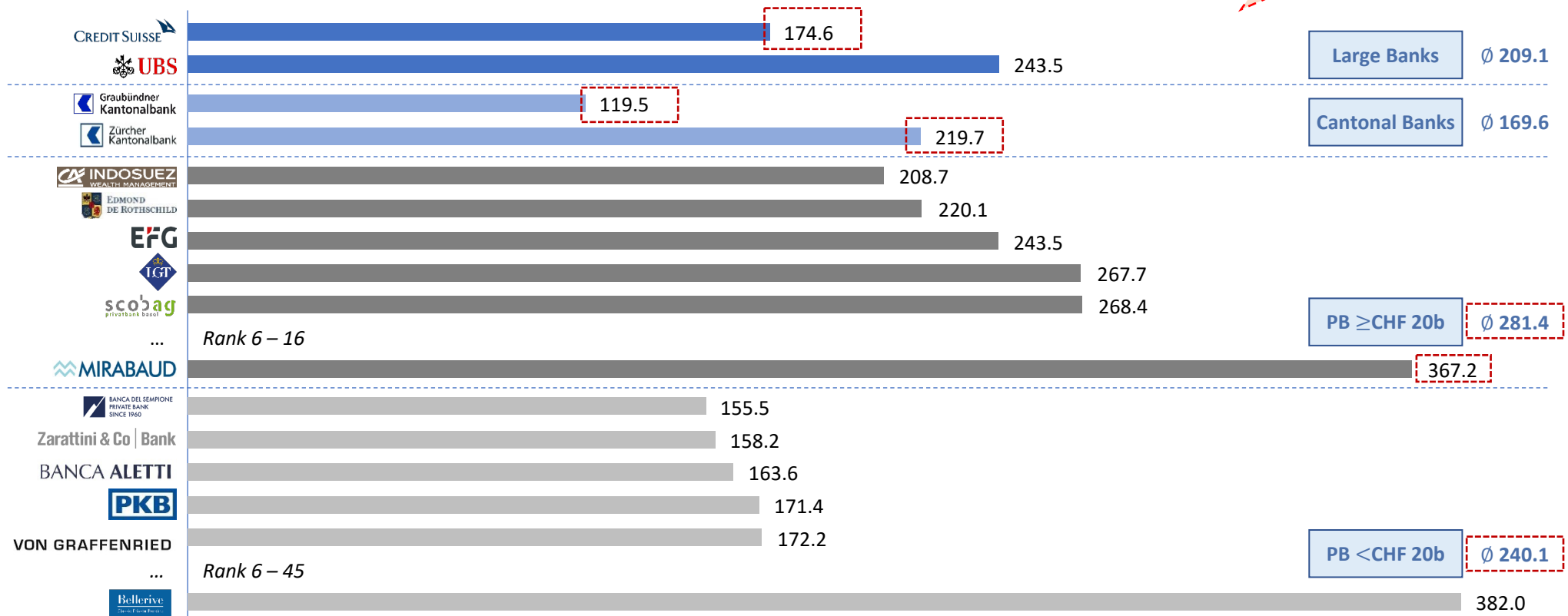
Better results with
digital transformation?



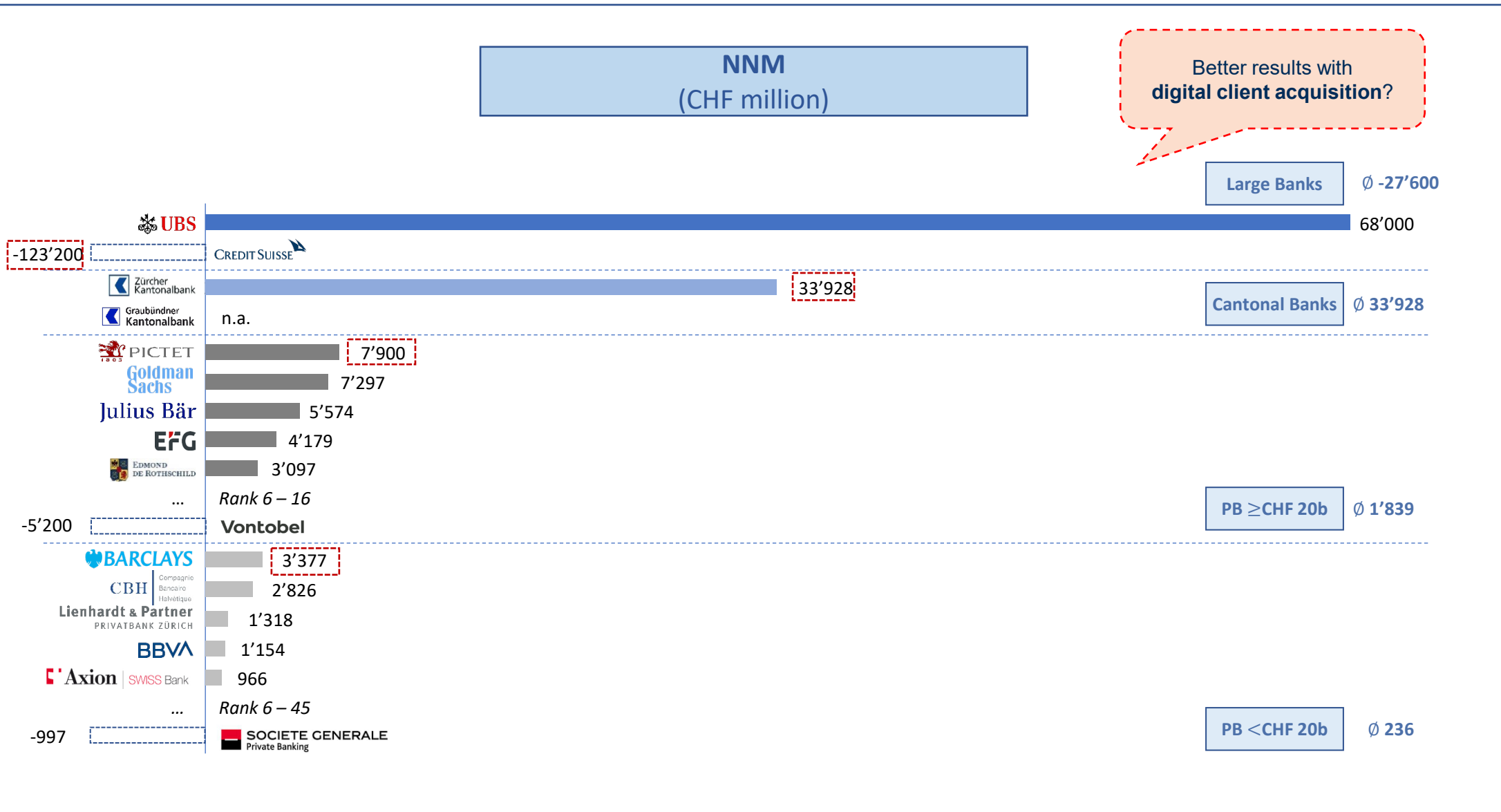
Overall very high personnell expenses, particularly in large Private Banks – GKB lowest, Bellerive highest

Personnel Expense / FTE
(CHF thousand)

Better results with
digital transformation?



CS suffering significant outflows, ZKB with strong inflows – selected outliers with stellar results



Source: Wealth Management in Switzerland – Edition 2 (ZHAW, 2024)

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7 key trends observed in the market

Key trends observed ...



Clients & Products

- 1 **Digitalize advisor journeys** to boost productivity and streamline operational costs
- 2 **Tokenize assets** to offer access to previously non-investable spaces
- 3 Ensure reliable and traceable **ESG metrics**



Platform & Technology

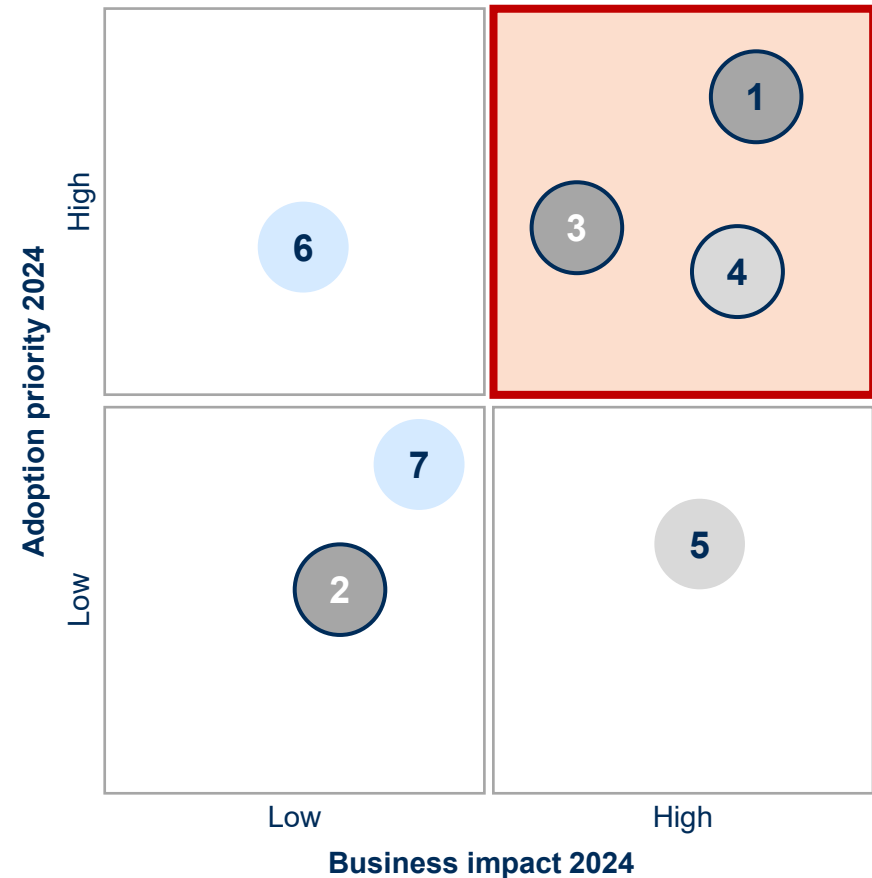
- 4 Leverage **GenAI** to boost relationship managers' productivity and enhance the client experience
- 5 Enable efficiency gains across the value chain through **intelligent automation**



Business Model

- 6 Grow their topline through the increasingly influential **affluent segment**
- 7 Capitalize on the ongoing **intergenerational wealth transfer**

... with various levels of criticality for banks



Deep-dives on next pages

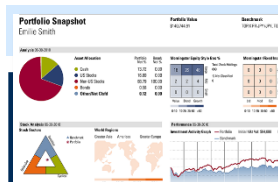
1

Digitalized advisor (and client) journeys are boosting productivity and streamlining operational costs

The wealth management value chain is often bogged down by **manual operations** (tedious, time-consuming, error-prone), reducing advisor productivity and increasing costs



Clients & RMs



Markets

Client teams

Products teams

Operations teams

Admin tasks

3rd party specialists

Advisor workstation with integrated modules for seamless access

	Market data	Events	Market research	Visualization tools
	<ul style="list-style-type: none"> Industry updates Economy / market news Analyst briefings 	<ul style="list-style-type: none"> Corporate events Industry events 	<ul style="list-style-type: none"> Proprietary research 3rd party research 	<ul style="list-style-type: none"> Market charts Stock trackers
	Client management	Financial planning	Client financials	Client reporting
	<ul style="list-style-type: none"> Client profiles Key client data 	<ul style="list-style-type: none"> Financial modelling Portfolio optimization 	<ul style="list-style-type: none"> Account activity Client holdings 	<ul style="list-style-type: none"> Portfolio reports Tax statements Compliance reports
	<ul style="list-style-type: none"> Daily banking 	<ul style="list-style-type: none"> Cards 	<ul style="list-style-type: none"> Insurance 	<ul style="list-style-type: none"> Credit advisor
	<ul style="list-style-type: none"> Order entry 	<ul style="list-style-type: none"> Account management 	<ul style="list-style-type: none"> Client communication 	<ul style="list-style-type: none"> Access to ERP system
	<ul style="list-style-type: none"> Staff training 	<ul style="list-style-type: none"> Procurement 	<ul style="list-style-type: none"> Product information 	<ul style="list-style-type: none"> Service information
	<ul style="list-style-type: none"> Tax-planning 	<ul style="list-style-type: none"> Concierge services 	<ul style="list-style-type: none"> Account aggregation 	<ul style="list-style-type: none"> Legal advice

Through its new e-banking capabilities, Bergos clients can now access the **Bergos Mobile App**, where they can take advantage of a range of features that allow them to manage their finances **on the go**.

The app is designed with **user-friendliness** and has an **intuitive interface** that makes it easy for clients to navigate.

Digitalization can **transform** the entire wealth management industry.

Leading banks change their advisory model from transactional interactions towards **life partnerships**.

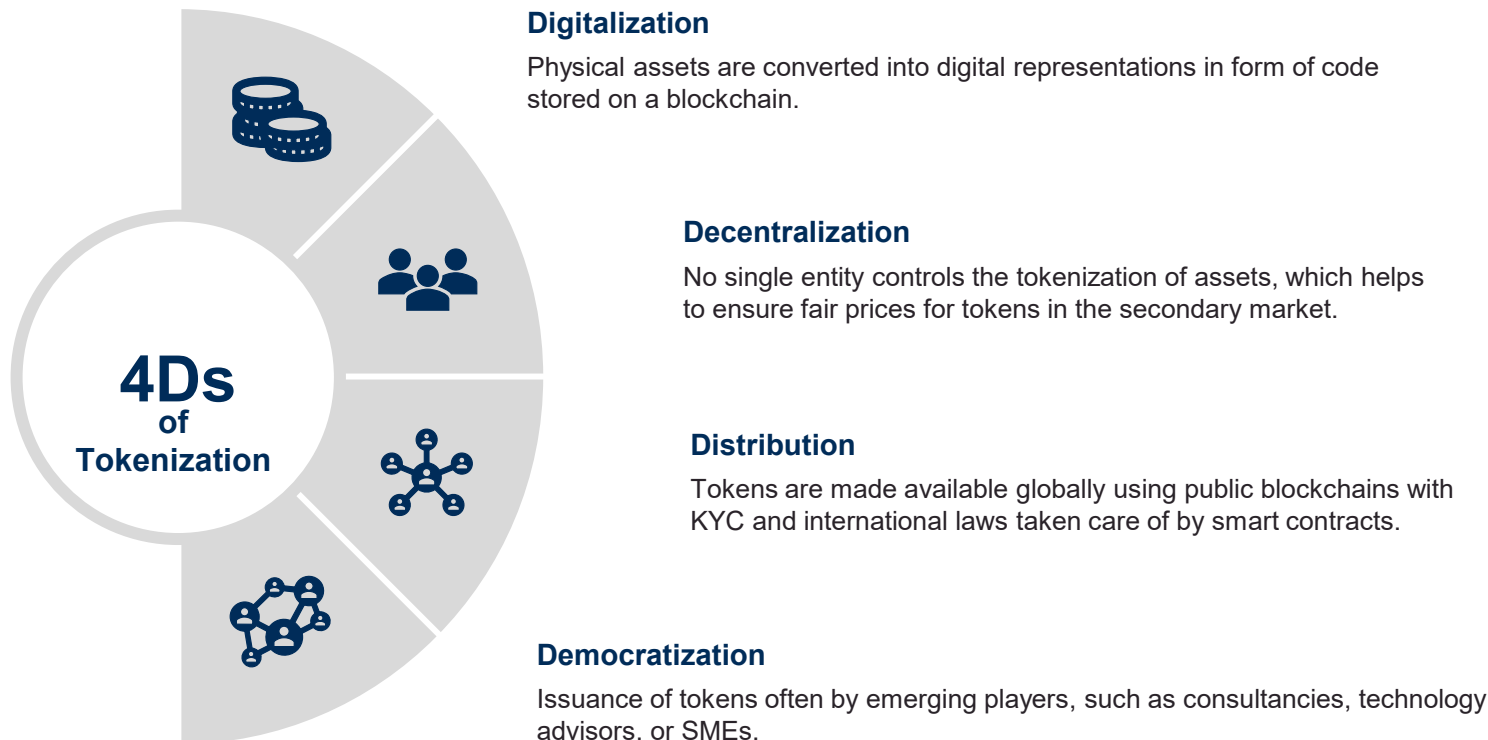
Asset tokenization will enable a broader and more efficient financial ecosystem

Tokenization has the potential to transform wealth management by **expanding access** to a broader global audience through **digital assets** that were previously not traded



VP Bank supports clients with a **digital custody solution** for creating and safekeeping **digital assets**, allowing for tokens to be added to portfolios easily.

Clients can combine the advantages of traditional securities with the special requirements of **digital art investing**.



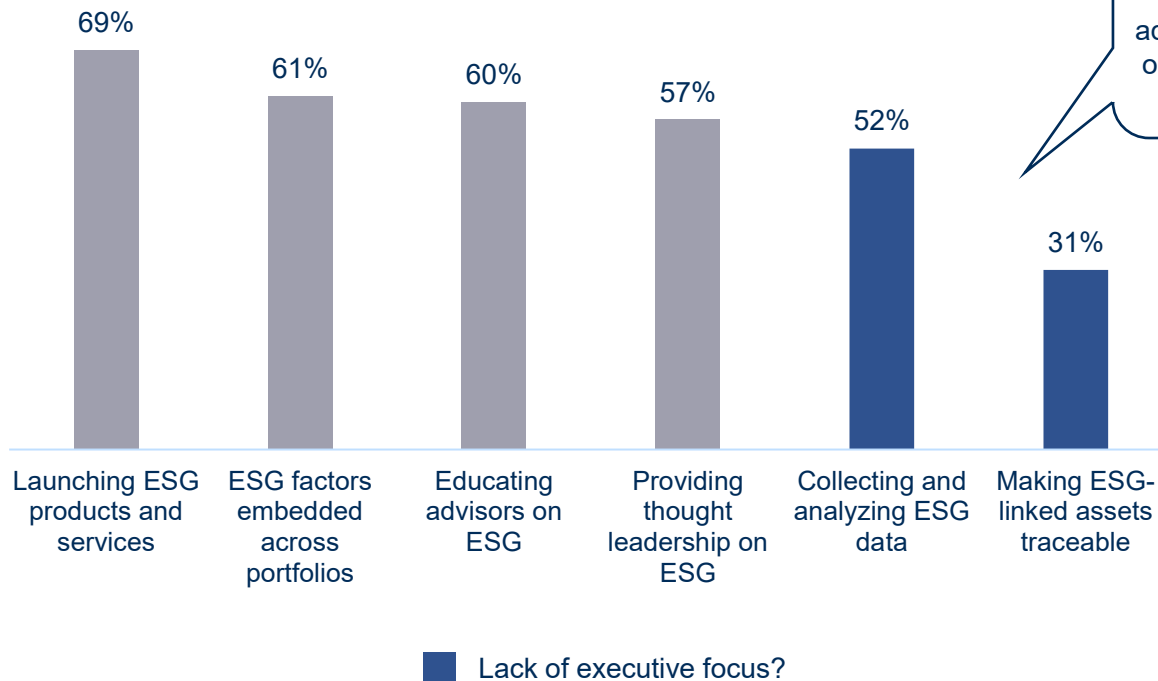
Wealth management banks should establish the essential **infrastructure for tokenization**, including onboarding, management, and seamless integration with existing systems.

Reliable and traceable ESG metrics are becoming a "must"

The establishment of standardized and readily accessible **ESG scoring metrics** is crucial for increasing trust among investors.

BlackRock

Key areas of focus for wealth management executives when considering ESG investments



As **ESG assets** are becoming commonplace, clients and advisors are increasingly keen on **measuring their tangible impact**.



BlackRock has introduced a broad suite of **ESG-focused funds** catering to clients' long-term investment needs.

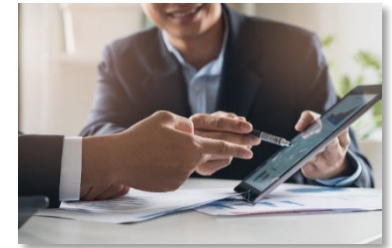
ESG metrics are set to gain importance in the coming years **as investors diversify their portfolios**. The availability of these metrics will enable asset management firms to **offer tailored ESG-aligned funds and enhance their portfolio offerings**.

4

Vanguard Digital Advisor platform leverages GenAI for personalized investment suggestions and guidance

Generative AI, through its ability to create personalized and insightful content, can assist wealth managers in gaining a deeper understanding of **client needs**, optimizing **investment strategies**, and **improving operations**

Vanguard[®]



Front Office

Middle / Back Office



Streamlined lead generation

Accurately segment prospects and have a better chance of winning new clients



Improved personalization

Tailor investment offerings and improve customer engagement overall



Improved decision-making

Deeper insight into customer and market data, enabling effective decision-making



Streamlined compliance

AI systems can process regulatory information from a myriad of sources at a lightning-fast speed



Enhanced automation

Increasingly also for client facing and cognitively demanding tasks

Vanguard has introduced the **Vanguard Digital Advisor** platform, which relies on **generative AI algorithms** to offer customers **personalized portfolio suggestions** and **automated investment guidance**

By leveraging generative AI, wealth managers can generate **realistic financial scenarios**, optimize **asset allocations**, and provide **personalized recommendations** based on risk tolerance, expected returns, and investment horizons for their clients.

So what?

Four strategic considerations for leading wealth managers

Strategic considerations



Adapt strategy to new client segments



Go niche and diversify revenue sources



Provide holistic financial planning

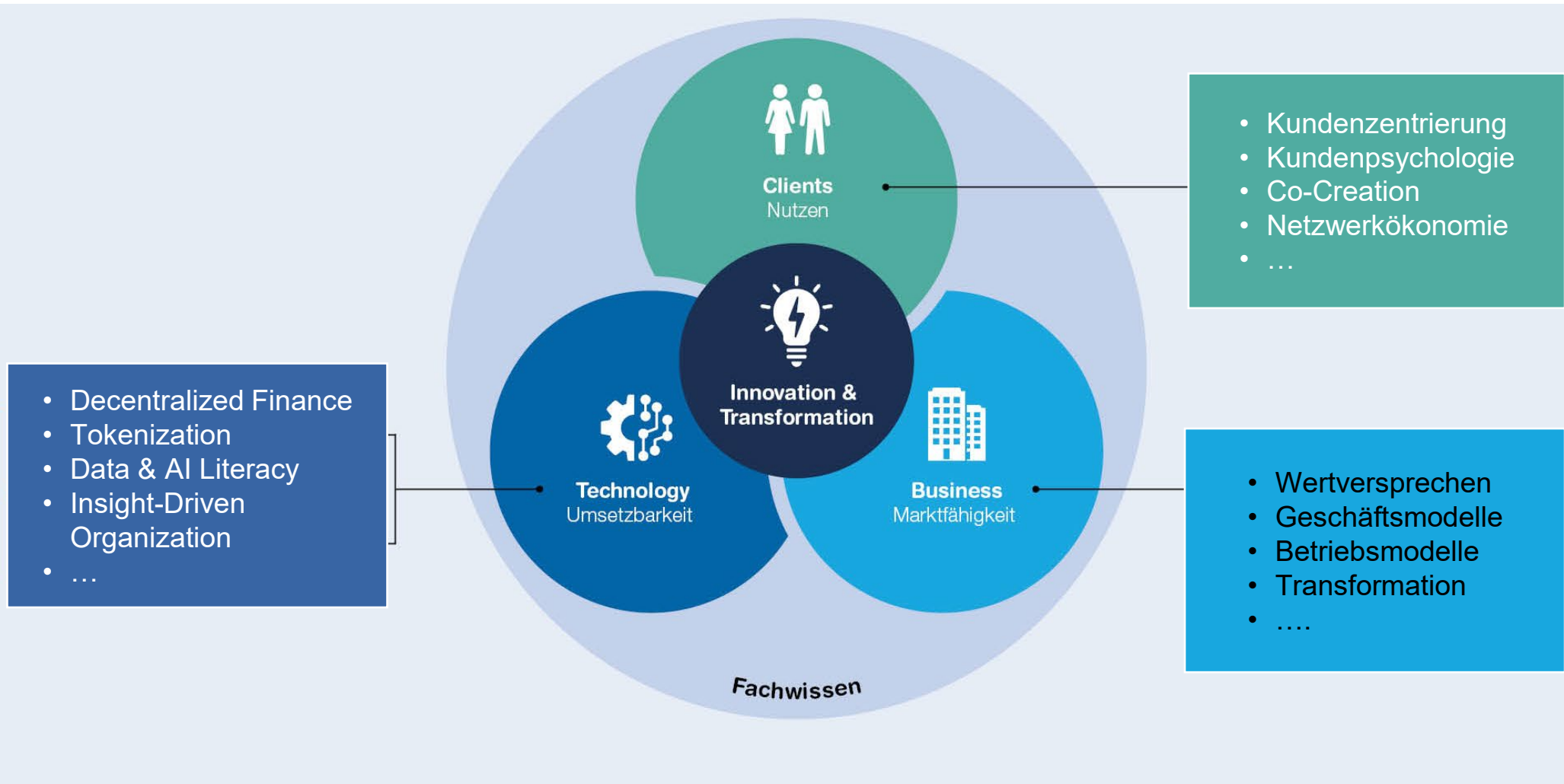


Accelerate digital transformation

Suggested actions for Swiss wealth management banks

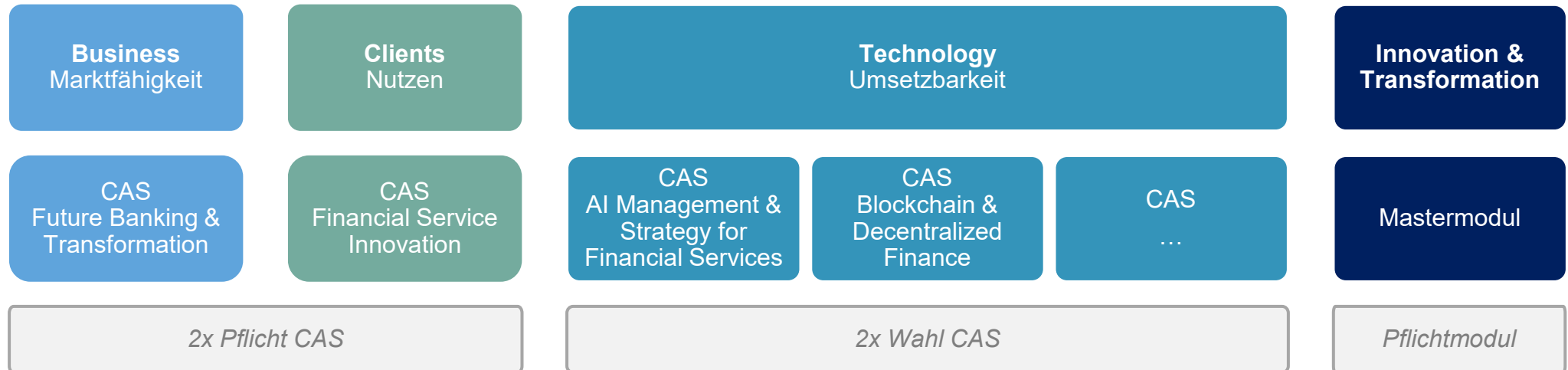
- Continue going **up-market** while digitally catering to **mass affluent**s
 - Deepen understanding of **Gen X clients**, who will have twice the wealth of Millennials by 2030
 - Respond to retirement needs of Millennials
-
- Cater to specific challenges of growing **niche segments** (e.g., female investors, crypto entrepreneurs, minorities)
 - **Diversify fee income** (e.g., management, performance, transaction, product, custody)
-
- Expand product portfolio to offer **holistic wealth planning**
 - Enhance **digital platforms** to offer personalized financial budgeting, planning, and investment advice
-
- Enhance **interactive CX** – leverage automated processes, cloud computing and E2E digital onboarding
 - Invest in **cybersecurity** to prepare for increasing risk of cyberattacks
 - Double down on **AI** and **Analytics** capabilities

Wissensökonomie verlangt neue Skills – auch in der Finanzindustrie



Unsere Antwort auf neue berufliche Anforderungen: Der MAS Innovation & Transformation for Financial Services

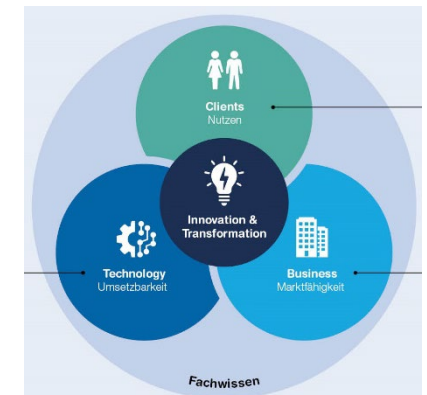
MAS Innovation & Transformation for Financial Services (MAS ITF)



Abschluss Master of Advanced Studies in Innovation & Transformation for Financial Services (60 ECTS)

Umfang 4x CAS (innerhalb von 6 Jahren)

Einstieg 1x pro Jahr (**23. August 2024**)



Anmeldung MAS: www.zhaw.ch/iwa/masitf

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Any questions?



Jetzt
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Mit Big Data und KI neue
Geschäftsmodelle entwickeln?

CAS Future Banking &
Transformation!

CAS Future Banking & Transformation

Nächster Start: 23. August 2024

Unsere nächsten
Informationsanlässe:



Thank you for your attention

