

Centenary media conference, 19 January 2012

100 Years of SwissBanking – 100 Thanks

Patrick Odier, Chairman of the Swiss Bankers Association

Ladies and Gentlemen

On 16 November 1912, 316 representatives from 159 banks gathered in Basel's City Hall at the foundation meeting of the Association for representatives of the Swiss banking industry (the "Vereinigung von Vertretern des schweizerischen Bankengewerbes"). A litre of milk cost 26 centimes, Switzerland's population stood at 3.8 million and the zip was yet to be invented.

The organisation began to evolve, renaming itself the Swiss Bankers Association in 1919 and opening itself up to deputy directors and members of senior management, as well as subsequently individual banks. Today, our association comprises around 320 institutions and 17,700 individual members. In this centenary year, however, our aim is not to look back but rather to focus much more on the present and the future.

Regaining trust

One of the main objectives of our anniversary activities is to regain lost trust.

As I took over as Chairman of the SBA in September 2009, one of my objectives was to strengthen the trust placed in banks by the population, the authorities and other players in the economy. While progress has undoubtedly been made, we still have a way to go.

Our banks have their roots in Switzerland and are based on Swiss virtues, one reason why the banks are held in high regard outside the country. I would like to call for us to reflect on our roots, and on the values that have made Switzerland strong as a financial centre.

I will return to this issue later.

First I would like to explain our anniversary campaign and activities, before moving on to discuss our country's strengths and qualities, which also shape our banks. And finally, I will take a look into the future.

100 years – 100 thanks

In international terms, Switzerland compares extremely well from the perspective of economic prosperity and quality of life. According to the latest studies by the WEF and the INSEAD Business School, it is Number 1 in the areas of competitiveness and innovation. The extremely low debt-to-GDP ratio of 40 percent is well below the average level of other countries. Switzerland is a prosperous country; overall a Swiss household spends 7% of its gross income on food (Engel's coefficient), while in China the figure is over 30%, and our average life expectancy of 82.3 is extremely high.

These remarks bring me to the motto of our centenary year. Banks have contributed substantially to this prosperity and to growth in our country. Our sector has a high importance from a macroeconomic perspective: according to a study published jointly last year by the SBA and BAKBasel, Switzerland's financial sector contributes directly and indirectly to wealth creation of approximately 17 percent of GDP, providing around 12 percent of all jobs and 14 percent of total tax revenue in Switzerland. In this centenary year, however, our aim is not to turn the spotlight on ourselves. There are many people who - day in, day out - help Switzerland in a multitude of ways to make progress. They make an invaluable contribution to prosperity in Switzerland, and will continue to do so in the future. We would like to take this opportunity in our centenary year to thank these people.

An impressive reflection of Switzerland

To celebrate our 100th anniversary, we sent 15 young aspiring photographers to travel the country with the task of creating portraits of 100 different people in their working environments as a cross-section of the Swiss population as a whole.

The resulting portfolio is an impressive reflection of our society, representing all age groups, all regions and an array of professions ranging from architects and chimney sweeps to registrars. We were so impressed by the photographs that we decided to display them in an art gallery, and this is why we are here today. Also created was a volume of photographs with authentic and diverse statements from the portrayed

individuals themselves. Statements about Switzerland, about their lives and their work. I would like to invite you to browse through "100 Thanks", which focuses on 100 professional individuals who could not be more different.

We will also be exhibiting the photographs in other towns and cities, and ultimately they will be auctioned, with the proceeds going to the Speranza Foundation. With its focus on integrating young and older people into the employment market, this foundation fits perfectly into our anniversary concept.

We have attempted to portray the thank-you idea in a short film, which I would like to show you now. The film also presents Switzerland and highlights the basic values of our country by depicting an entire day in Switzerland, from sunrise to lights-out.

Electronic measures are one of the focal points of our other activities, including for example the microsite www.merci-danke-grazie.ch, where anyone can submit thank-you messages together with pictures.

I particularly like the our "Dankomat" you can see here. The Dankomat will be placed in public areas for people to record a short video message to thank someone close to them.

I recorded the first thank-you message just this morning.

In connection with our centenary year we have also given our homepage www.swissbanking.org a facelift, and hope that this will enable us to serve you even better through this channel. Further details can be found in the factsheets in the press pack. I invite you later on to submit your own thank-you message. We are online and hence operational.

On 16 November, the actual date of our original foundation, we plan to hold an international financial centre conference in Zurich, focusing on current financial issues and questions of importance for the future.

With the aim of our thank-you campaign being to express our connectedness with our country, the focus of our centenary activities will also be on Switzerland, which is why I would now like to take a look at our country and the position of banks in Switzerland.

Strong values

An anniversary is always a welcome occasion to reflect on one's roots and to consider how the future should be shaped. Our banks have their roots firmly in the Swiss virtues that ensure we are held in such high regard outside the country, and we should therefore reflect on the values that have made Switzerland strong as a financial centre.

I would like to emphasise the following three aspects, which are also referred to in the book "The Swiss Economic Miracle" by R. James Breiding and Gerhard Schwarz.

1. Switzerland's shortage of natural resources (except for water), its sometimes unpredictable climate and its landlocked position all demand a specific approach. Prosperity – not just in the banking sector – must be created through hard work, reliability and professionalism, in short through a work ethic characterised by quality and **excellence**.
2. The linguistic and cultural diversity of our country has taught us to take an open-minded approach to living together, and Switzerland is an amazing melting pot with a strong sense of inner cohesion and **stability**. These attributes make it relatively easy for us to travel abroad, with 700,000 Swiss citizens - 10% of the total population - living outside the country, while this **universality** also makes us particularly welcoming to foreign workers who have contributed significantly to Switzerland as a place of innovation.
3. Thirdly, we distinguish ourselves through our "unique balance between individual responsibility and solidarity." After all, where else are tax increases adopted at the ballot box? It is precisely this point - solidarity and **responsibility** in the sense of a common political system - that forms the basis of our democracy.

For the banking industry this means that we must reflect on our core values. Flexibility and forward thinking are essential if Switzerland wishes to hold its ground as a financial centre in a new and constantly changing environment. We have recognised the signs, and are actively shaping the process of change. "The past must be a springboard, not a sofa," said the British Prime Minister Harold Macmillan. In this vein, I firmly believe that we are in an excellent position to spring into a successful future, thanks to the values I have mentioned such as excellence, stability, universality and responsibility.

Excellence

Switzerland offers renowned excellence in the form of high quality consciousness and competence in a very wide range of areas, banking included. Other financial centres have been catching up, and we must continue to innovate if we are to maintain our highly professional offering and secure and reinforce our leading position. Switzerland as a country is in a position to invest in education, research and development. This is an outstanding opportunity.

Stability

Stability is a value that has set Switzerland apart for centuries, and one that has become institutionalised within the financial sector. We must work to ensure absolute legal certainty and a high level of political and monetary stability. The more instability and uncertainty in the world, the more important it becomes for Switzerland and its banking industry to remain a reliable haven of stability.

Universality

For me, universality means openness, versatility and global interconnectivity, without which a small, highly developed economy such as Switzerland cannot succeed. The same applies to the banks, with their global and highly diversified range of services. We now have to be more open than ever, and shake off our "island mentality".

Responsibility

Our actions have always been guided by a sense of responsibility - towards our clients, our society and our economy. We comply with the regulations both in Switzerland and abroad. Our clients' interests are at the centre of everything we do, and the right to the protection of privacy remains a vital pillar. In contrast to institutions in other countries, for example, Swiss banks have always been in a position to grant credit.

The strategy of tomorrow

All future strategic developments must be in keeping with our core values. The 2015 Financial Centre Strategy with its four pillars – focus on taxed assets, regularisation of the past, protection of privacy and growth – forms the foundation of our thinking. The agreements we have signed with Germany and the UK pursue precisely these goals,

combining tax honesty with legitimate protection of privacy and providing us with valuable access to foreign markets.

Continued growth remains an urgent task. In order to further strengthen our leading competitive position, both legal and tax conditions need to be improved on an ongoing basis and new growth areas identified and developed. We have worked together with The Boston Consulting Group to define precisely such areas, with the study concluding that earnings in the five areas of private banking, private and corporate clients, asset management and investment banking will increase by 5.3 billion Swiss francs to a total of 64 billion by 2015. Consistent focus on growth areas could increase this value by a further 4.8 billion Swiss francs. Expansion in the following four areas of business is perceived to be particularly promising.

1. Private banking in emerging markets, which today contribute more to global growth than developed countries, leading to a notable increase in prosperity in these countries.
2. Financing of companies with international business operations and intensified services for Swiss SMEs (corporate clients).
3. The development of Switzerland into a leading asset management location, with new high-margin products in the areas of hedge funds and private equity, for example.

In order to ensure the successful development of these business areas, a large pool of international-class talent in all areas of the value chain is essential. The financial centre and the individual banks must invest more in education. Against the backdrop of extremely rapid technological evolution, developing the Swiss value chain – i.e. the financial centre infrastructure – is vital to success.

These measures will make it possible both to secure existing jobs and create new ones in Switzerland.

I once read that "One is old when one takes greater pleasure in the past than in the future." In this respect, I consider the 100-year-old SBA to be extremely young.

Thank you for your attention. We will be happy to answer your questions, and then invite you to take a look at our photographs, use the Dankomat or place a message on our microsite.