

Economic Impact of the Swiss Financial Sector

Study commissioned by the Swiss
Bankers Association (SBA) and the
Swiss Insurance Association (SIA)

Executive Summary 2022



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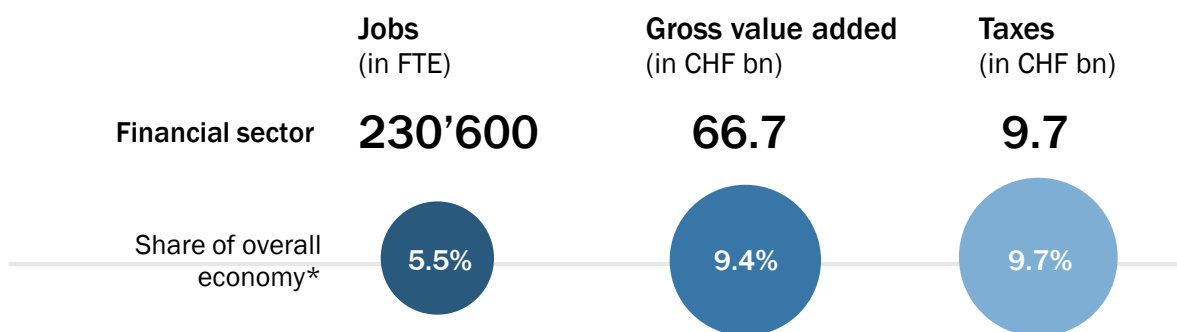
Executive Summary

Along the entire value chains of banks and insurance companies, a gross value added of CHF 92.6 bn was generated in 2021 (directly and indirectly) and 422'100 jobs (FTE) were associated with the financial sector. The financial sector is one of the most productive industries in the Swiss economy. This is also reflected in the qualification structure. In the financial sector, six out of ten employees have a university degree. Compared with the service sector and the industry the companies of the financial sector manage better to recruit highly qualified workers. These are the key findings of the new study conducted by BAK Economics commissioned by the Swiss Bankers Association SBA and the Swiss Insurance Association SIA.

The financial sector is a main pillar of the Swiss economy

The companies in the financial sector provide a wide range of financial services (including money supply, risk protection) for private individuals and companies, which are essential for a functioning economy. In 2021, the 230'600 employees (in full-time equivalents) of banks and insurance companies generated direct gross value added of CHF 66.7 bn. This means that 5.5 percent of jobs in Switzerland were directly attributable to the financial sector. In terms of gross value added, the share in the overall economy is significantly higher at 9.4 percent, which can be attributed to the above-average job productivity. As a result of the direct taxation of employee income and profits in the financial sector, the Confederation, cantons and municipalities recorded substantial fiscal revenues amounting to CHF 9.7 bn, which corresponds to 9.7 percent of the tax revenue in Switzerland resulting from the direct taxation of individuals and legal entities.

The direct economic effects of the financial sector in 2021



Jobs: Employees in full-time equivalents (FTE), nominal gross value added and taxes in CHF bn

*refers in the case of taxes to the share of direct taxes of individuals and legal entities.

Source: BAK Economics

The financial sector as stimulator for other industries

Due to the economic interdependence, companies from other sectors also benefit from the activities of banks and insurance companies. For example, the demand for intermediate services such as IT or consulting services leads to orders for companies along the entire upstream value chain. In addition, trade and commerce in particular benefit from consumer spending by employees. Taking such effects into account, the financial sector generated gross value added of CHF 92.6 bn in 2021. This means that more than one in eight francs of value added is associated with the activities of the financial sector.

Due to multiplier effects, for every 100 jobs in the financial sector, there are 83 additional jobs in other sectors. As a result, a total of more than 422'000 jobs in the Swiss economy are attributable to the activities of the financial sector. In addition, the financial sector generates substantial fiscal revenues for the public sector. Taxes levied by the Confederation, cantons and municipalities that were directly or indirectly linked to the financial sector, including financial market-related taxes, amounted to an estimated CHF 19.9 bn in 2021, representing more than 13 percent of Switzerland's total fiscal revenues.

The direct and indirect economic effects of the financial sector in 2021

	Direct	Indirect	Total	Overall economy	Share
Jobs (in FTE)	230'600	191'600	422'100	4'189'300	10.1%
Gross value added (in CHF bn)	66.7	25.9	92.6	710.8	13.0%
Taxes* (in CHF bn)	9.7	10.2	19.9	149.9	13.2%

Jobs: Employees in full-time equivalents (FTE), nominal gross value added and taxes in CHF bn

Share of overall economy refers to the sum of direct and indirect effects. Direct and indirect taxes are set in relation to the total fiscal revenues of the Confederation, cantons and municipalities.

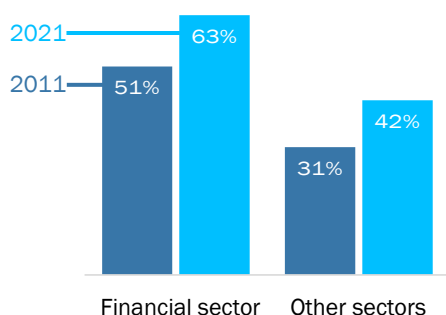
*The indirect effects of taxes are inclusive of financial market-related taxes.

Source: BAK Economics

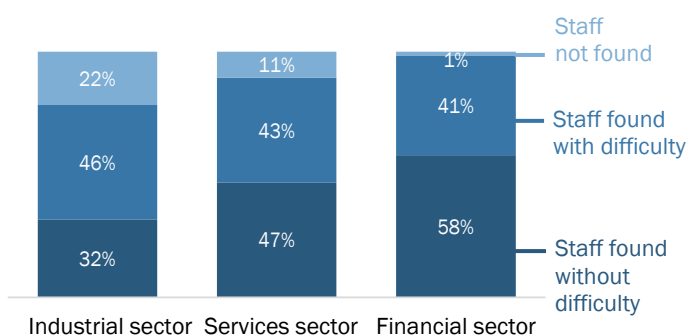
The demands on the educational level of employees have increased

In 2021, six out of ten employees in the financial sector had a university degree. In the other sectors of the Swiss economy, this share was significantly lower at 42 percent. Between 2011 and 2021, the share of employees with a tertiary education in Switzerland generally increased markedly. This is because the demands on the educational level of employees have increased. The (international) competition for labor force makes the recruitment of individuals with a tertiary degree challenging. However, the financial sector is better able to fill vacancies compared with the service sector and industry. Due in part to its well-educated employees, the financial sector is one of the most productive sectors in the Swiss economy.

Share of employees with university degree



Recruitment of individuals with university degree 2021



Source: BAK Economics, FSO SLFS, FSO JOBSTAT

Outlook: Contrary developments shape growth forecast

In the current year, the economy is characterized by opposing developments: the lifting of pandemic measures, the Ukraine war, inflation and problems with global supply chains. Due to strong catch-up effects, the Swiss economy will grow at an above-average rate overall in 2022 (2.1%). In 2023, the economy is expected to stagnate (0.2%), partly due to the energy shortage and losses in purchasing power. At the banks, the interest rate increases are having a positive impact on interest operations. The bear market, on the other hand, is causing assets under management to shrink and the associated commission income to decline. Overall, BAK Economics expects a slight increase in value added for the banks (2022: 0.5%, 2023: 0.8%). Insurance companies are likely to record stable value added growth despite higher claims payments due to inflation. BAK Economics expects growth of 1.4 percent in both 2022 and 2023.



BAK Economics AG (BAK) is an independent Swiss economic research and consulting institute. Founded as a spin-off of the University of Basel, BAK has stood for the combination of scientifically based empirical analysis and its practical implementation since 1980.

One of BAK's research focuses is economic analyses of the sectors of the Swiss economy. For these, BAK has developed a broad set of analysis and modeling tools, including Economic Footprint analyses.

In addition to classical economic research, BAK also offers various economic consulting services for companies. The broad model and analysis infrastructure serves as a starting point for in-depth analyses of company-specific issues and the development of solutions in the area of planning and strategy development.

BAK has offices in Basel, Bern, Lugano and Zurich.