

The spoken word takes precedence.

Speech by Jörg Gasser, CEO of the SBA, annual media conference, 16 September 2021

Welcome, ladies and gentlemen.

Thank you very much for coming.

As our Chairman has already mentioned, there are five key action areas for shaping the future of the Swiss financial centre.

I would now like to address some specific factors in more detail. Firstly, I will look back and take stock of the progress we have achieved with regard to the **integrity and stability of the financial centre**. Then I will look forward to gauge its **competitiveness and future prospects**. In this respect, I will focus on **attractive taxation, market access and sustainability/sustainable finance**.

Let me begin with integrity and stability. We are on the right track here. We have already achieved a significant milestone with one legislative revision, and a second is set to follow.

The adoption of the **revised Anti-Money Laundering Act** in the Swiss Parliament's spring 2021 session can be seen as a success. Intensive cooperation and joint commitment by the banking industry, the Federal Council and FINMA ensured that the proposal did not fail, and Switzerland's anti-money laundering legislation is now more in keeping with the times. What is needed now is swift and comprehensive implementation of the revised Act. This will contribute to the **integrity** of the Swiss financial centre.

Progress has also been made on the **partial revision of the Banking Act**, which centres on the deposit insurance, insolvency and segregation regimes and thus concerns a cornerstone of **the financial centre's stability**. The deposit insurance scheme, which has already proven its worth, is to be strengthened further. The National Council was the first parliamentary chamber to debate a proposal to this effect in March 2021. It took key issues raised by the banking industry into account, in particular cost neutrality in deposit insurance, which is especially important to us. The Economic Affairs and Taxation Committee of the Council of States then took up the draft in May 2021. The Council of States will discuss it in the autumn session, which is already under way. As we await the outcome, we will remain in close touch with the parliamentary process.

Now let us look ahead. As regards the **financial centre's competitiveness and future prospects**, we face some major challenges, but promising opportunities are also opening up.

Taxation is a decisive factor, which is why I am especially satisfied with the advances made towards

reforming withholding tax and abolishing stamp duty. None of our rivals, including the UK, Singapore, the US and Hong Kong, have taxes comparable to these. This dossier is thus vital to the **competitiveness** of our financial centre. After working on it for more than ten years, we have made some important steps in the right direction, but there is still more to do as far as both taxes are concerned. We need to stay on the ball.

As regards withholding tax, the Federal Council put forward a solid, convincing reform proposal to the Swiss Parliament in April 2021. It is now up to Parliament to debate it. We in the banking sector are working with other sectors of the economy to support the Federal Council's proposal.

Meanwhile, we welcome Parliament's decision during its summer 2021 session to abolish the stamp duty on new issues of equity.

International developments in fiscal policy are making the need to push ahead with these withholding tax and stamp duty reforms all the more evident. The **OECD project for a minimum tax** on corporate earnings in particular will remove a key advantage for Switzerland. A clear decision is needed here on the shape of measures to implement the OECD requirements with minimum impact on Switzerland's appeal as a business location. Dialogue with the authorities will play a central role here, which is why we will contribute to the national working group from the very beginning.

Financial services already constitute an **important export industry** for the Swiss economy. We are the global market leader in cross-border wealth management. With a current account surplus of 17.1 billion francs in 2020, financial services represent Switzerland's largest tertiary sector in terms of exports and its third-largest sector overall behind chemicals and pharmaceuticals in first place, and watches, precision instruments and equipment in second.

Despite being such a valuable export industry, we are unable to harness our full potential. In contrast to goods-exporting industries, **restrictions on market access** are increasingly hampering export-oriented Swiss banks' efforts to meet legitimate customer needs and keep value creation, jobs and tax revenues in Switzerland. Unlike Switzerland, key target markets have in recent years adopted protectionist measures that severely restrict cross-border financial transactions. This is at odds with customers' expectations, since foreign customers also increasingly expect proactive service provision from their banks.

Looking ahead, the fundamental need to **improve market access with leading countries in the EU and beyond** is paramount from our perspective. The abandonment of talks over a framework agreement with the EU hardly makes this task easier. We therefore view the continuing work on other bilateral dossiers with individual EU states as all the more crucial. Efforts to conclude a **financial services agreement with the UK** are also encouraging. We are confident that the existing market access solution with **Germany** can remain in place in a practicable form, and **Italy** is still very much on the agenda, as indeed is the **EU** as a whole.

We are maintaining close contact with the State Secretariat for International Finance in this respect. As one of the country's leading export industries, we want our concerns to be heard and taken on board wherever possible. It is pleasing to note that the Federal Council explicitly addressed the banks' calls for improvements in the exportability of financial services in the **financial market policy** it published last December.

The third future topic I wish to address is **sustainability**. This is where the Swiss financial centre can stand out through its **expertise**. Everyone – the Swiss financial sector included – wants to preserve the

environment. If we lead the way in sustainability, if we continue to build on our position as a prime location for sustainable finance, we will do more than just reduce our global environmental footprint – we will unlock **new market opportunities**.

Many banks have set themselves ambitious sustainability targets. Customers are also increasingly keen to take advantage of sustainable services. The significance of sustainable investments has thus grown enormously in **asset management and investment advice**, as well as for pension funds and insurers. Their volume has risen more than **tenfold** in the past five years from **140 billion francs** in 2015 to over **1,520 billion francs** in 2020.

Alongside investment, **financing** is just as important. As you may have read in our recent study in conjunction with Boston Consulting Group, we estimate the total investment cost required to make Switzerland climate-neutral by 2050 at almost **400 billion francs**. That works out at around **13 billion francs** a year. As vast as this sum might sound, it equates to **2% of current GDP**.

The good news is that our financial centre is so strong that much of the required investment – **91%**, in fact – can be financed through lending and the capital market. The banks can therefore support the Swiss economy's transition, but they **cannot do so alone**. Companies and individuals alike must invest continually in sustainable practices. The **areas that offer the greatest potential** are building renovation and road transport (both light and heavy).

Ensuring that our national economy can become climate-neutral will require the State, business, society and the financial centre to work together in harmony. It is up to the State and our politicians to influence how people behave using **incentive taxes and/or subsidies** where necessary.

An essential prerequisite for sustainable behaviour is **transparency**. Customers have to know the environmental footprint of the goods and services they buy. This of course includes financial services, investments etc., but rules on transparency must apply to the whole economy, not just financial service providers.

A number of projects in various Swiss sectors show that the energy transition is progressing in leaps and bounds. Especially with respect to our competitiveness and future prospects, non-sustainable business models are now outdated and becoming ever more costly. Sustainability is a **competitive advantage and a reputation factor**. It is therefore vital to economic survival.

Stability, competitiveness, openness, innovation and reputation are decisive for shaping the future of the Swiss financial centre. All of the specific topics and measures I have mentioned under the headings **integrity and stability** and **competitiveness and future prospects** share one thing in common: the need to implement changes efficiently and with a great deal of commitment – as we have, for example, with regard to money laundering. Opportunities should be seized as they arise with a view to the future – as is the case with regard to sustainability. Where future paradigms are not yet clear or dependent on third parties, in other words where we can only influence developments indirectly (as is the case with market access), we need to be persistent and foster open dialogue with politicians and our partners in the hope of moving forward one small step at a time.

• Swiss Banking

I am convinced that the banking industry is a key **part of the solution** when it comes to the challenges we are facing, and it has proven that it knows how to take advantage of any **opportunities** that present themselves for the benefit of our **economy** and our **country**. It gives me great satisfaction to know that the Bankers Association can contribute to future-proof frameworks and solutions as the industry's forward-looking, practically focused centre of expertise.

I will now be happy to answer your questions.