Swiss Banking

PRESS RELEASES 29.11.2017

The financial sector is an important pillarfor the economy

Basel, November 29, 2017 – The financial sector remains one of the key sectors of the Swiss economy, even in a challenging environment, due to its direct and indirect impact. This fact is clearly shown by a study on banks and insurers in Switzerland conducted by Polynomics for the Swiss Bankers Association (SBA) and Swiss Insurance Association (SIA). Despite decreasing value creation, the financial sector accounts for around 9.4 percent of the total Swiss gross value creation, which is above average compared with other countries. The financial experts polled by Polynomics as part of a consensus are cautiously optimistic about the growth forecast in the financial sector.

The financial sector is an important pillar for the overall economy

The financial sector creates value of around CHF 60 billion and accounts for approximately 9.4 percent of the total Swiss gross value creation. This figure is above-average compared with Switzerland's neighbouring countries and the United Kingdom. The financial sector therefore is one of the key industries in Switzerland. In addition, more than 213,000 employees (full-time equivalents) work in the financial sector. When taking into account the fact that banks and insurers also trigger value creation and jobs among their suppliers by purchasing their advance services, their economic importance increases even further. Due to these links with the advance services sector, the financial sector triggered additional value creation of CHF 21.7 billion and created an additional 235,000 jobs in 2016. Finally, the financial sector also makes an important contribution to public income. It generates a total of CHF 14.5 billion in income and accounts for around 10.7 percent of the tax income of the Confederation, cantons and municipalities.

Experts are cautiously optimistic about the economic outlook in the financial sector

In the past year, real gross value creation decreased in the banking sector and in the insurance sector year-on-year. In addition to the challenges created by negative interest rates, digitisation and an increase in competitive pressure, the rising number of purchased advance services is also responsible for this development. The number of jobs in the entire financial sector was also down year-on-year in 2/2 2016. In the insurance sector, 2016 was a special year in terms of long-term development, as real gross value creation dropped again (albeit less) for the first time since 2002. There is reason to be cautiously optimistic regarding economic development over the next 12 months. According to SECO figures, value creation in the banking and insurance sectors increased in the first half of 2017. The assumptions of the financial experts polled by Polynomics also indicate a recovery. They expect average real gross value-creation growth of 1.2 percent. With regard to developments in the labour market, however, the experts forecast a decrease of 0.7 percent over the next 12 months.

Digitisation impacts regulatory matters, industry structure and location factors

The developments in the financial market are likely to gain momentum in the future. Digitisation provides opportunities for banks and insurances to optimise their business processes and provide new services in the FinTech and InsurTech sector. According to the poll, new developments such as Robo-Advice, artificial intelligence, sensor technology and data analytics will change the interfaces between banks and insurance companies, however, these interfaces are likely to be primarily operated by established financial enterprises in the future. The experts polled ultimately expect to see a trend towards industry concentration. These reasons for this assumption are (1) takeovers and an increasing number of partnerships between established companies, (2) specialisation, which goes hand in hand with the fragmentation of the value-added chain and (3) economies of scale due to high IT investment volumes.

Regulatory matters relating to cybercrime and data protection will gain in importance. The new possibilities provided by big data, for instance, require adjustments to be made to existing protection for customer data. Depending on how Switzerland and other countries around the world design such regulation, this will have a positive or negative impact on the competitiveness of the Swiss financial sector. With regard to the future location factors, the availability of highly qualified employees and political stability are regarded as crucial. In particular, the proximity to innovative IT companies is expected to gain considerably in importance.

Press and media inquiries

Our team is happy to respond to any media inquiries.

For further infomation please dial:

+41 58 330 63 35