

Private wealth management as a service

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The management of family wealth, which the patricians of Basel had long practised for themselves and their relatives, became in the nineteenth century a service that the private banks offered to clients. A family that wanted its wealth managed professionally could entrust it to a private bank, which would hold its securities in safekeeping, collect the income, invest the surplus, advise on the purchase and sale of securities and render regular accounts. The private bank acted as agent of the family, under a mandate that defined its powers and duties.

The mandate of asset management is regulated by the law of agency in the Code of Obligations and, since 2020, by the Financial Services Act and the Financial Institutions Act, which impose duties of information, suitability, documentation and loyalty on financial service providers and subject independent asset managers to authorisation and supervision.¹ The modern regulation of asset management codifies the duties that the private bankers of the nineteenth century observed as a matter of professional ethics and self-interest.

Wealth management became the core business of the Swiss private banks in the twentieth century and made Switzerland the largest centre of cross-border wealth management in the world. Part E examines the modern wealth management industry, its clients, its regulation and its transformation after the end of banking secrecy. Its origins lie in the patrician families and private banks of Basel, Geneva and Zurich, which learned to manage wealth for themselves before they managed it for others.

1 Notes

1. Art. 394 ff. CO (mandate); FinSA (SR 950.1), Art. 7 ff. (rules of conduct); FinIA (SR 954.1), Art. 17 ff. (portfolio managers), in force since 1 January 2020 with transitional periods. To be verified. ↩

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