

Scenario 1: Fortress Switzerland

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The first scenario assumes that the political process ends with a capital regime for UBS that is stricter than before 2023 but acceptable to the bank. UBS remains in Switzerland, with its headquarters in Zurich and its registered office in Basel. It adjusts its business by reducing capital-intensive activities abroad and concentrating on global wealth management and Swiss universal banking. The bank's return on equity is lower than that of its American competitors, but its funding costs benefit from the perception of a well-capitalised institution under a strict supervisor. The Swiss state accepts the residual risk of a global bank in exchange for its contribution to employment, taxes and the international standing of the financial centre.

In this scenario, the domestic banking market remains stable. Cantonal banks and the Raiffeisen group continue to dominate mortgages and savings. PostFinance obtains a limited relaxation of its lending ban or continues in its present form. Consolidation among private banks proceeds at the pace of the past decade, so that the number of institutions continues to fall without a sudden break. Switzerland remains the largest or second-largest cross-border booking centre, with Hong Kong and Singapore growing faster but not displacing it decisively. The franc remains strong and the SNB's policy rate low.

Fortress Switzerland is a scenario of continuity under stricter rules. Its main risk is complacency: a financial centre that relies on stability may underinvest in technology and new markets. Its signposts would include a final parliamentary decision on capital requirements that UBS describes as manageable, a public statement by the bank confirming its Swiss headquarters, stable or rising Swiss market shares in the BCG and similar reports, and the absence of new major scandals.¹ For Basel, the scenario implies a continuation of the present structure: two strong cantonal banks,

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a group of private banks under cost pressure and an international bank with its registered office in the city.

1 Notes

1. On the indicators for this scenario, see the parliamentary decisions on the amendment of the Banking Act, the annual reports and investor presentations of UBS, and the annual editions of BCG's Global Wealth Report. To be verified. ↩

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