

The white money strategy and the Swiss Bankers Association

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Once the decision of 13 March 2009 had been taken, the Federal Council needed a strategy for a financial centre whose business with undeclared foreign assets had lost its legal protection. From late 2009 onwards, the Federal Department of Finance developed what became known as the white money strategy, the *Weissgeldstrategie*. Its premise was that the Swiss financial centre should accept and manage only assets that were declared to the tax authorities of the clients' home states. The strategy was presented in several reports of the Federal Council on financial market policy, among them a report of 2012 that set out the principle of tax compliance as a guiding line.¹

The white money strategy was meant to combine two elements. Towards the future, the banks were to take on enhanced due diligence obligations under which they would have to refuse assets that they knew or should have suspected to be untaxed. Towards the past, the withholding tax agreements of the Rubik model were to regularise the existing undeclared assets of clients from the main partner states without disclosing their names. When Germany rejected the Rubik agreement and the international community moved towards the automatic exchange of information, the second element collapsed. The enhanced due diligence obligations, which the Federal Council put into consultation in 2013, were later abandoned because the automatic exchange of information and the reform of anti-money laundering law made them largely redundant.²

The Swiss Bankers Association played a central role in this period. From its headquarters in Basel, it represented the banks in their negotiations with the Federal Council, the State Secretariat for International Financial Matters and, indirectly, the foreign governments. Its position changed in several stages. Until 2009, the association defended banking secrecy as non-negotiable. After the decision of March 2009, it promoted the Rubik

model as a way of preserving the anonymity of existing clients. When this model failed, it came to accept the automatic exchange of information as the global standard, provided that all major financial centres applied it on equal terms.³

The association's change of course reflected divisions among its members. The large banks, exposed to the American market and to the risk of prosecution, wanted to resolve the past quickly and accepted transparency as the price of their international business. Many smaller private banks and some cantonal banks, whose business depended more heavily on cross-border clients from neighbouring countries, feared that transparency would cost them their clients. The tensions between these groups led to public disputes, and some banking groups formed their own associations to represent their interests. The association in Basel nevertheless remained the main interlocutor of the authorities throughout the crisis.⁴

1 Notes

1. On the white money strategy (Weissgeldstrategie) of the Federal Council, including the report "Strategische Stossrichtungen für die Finanzmarktpolitik der Schweiz" (December 2009) and the discussion paper on the strategy for a tax-compliant financial centre (February 2012), see the publications of the Federal Department of Finance. To be verified. ↩
2. On the proposal of the Federal Council (consultation 2013) for enhanced due diligence obligations of financial intermediaries to prevent the acceptance of untaxed assets, and its abandonment in favour of the automatic exchange of information and of the classification of qualified tax offences as predicate offences to money laundering (in force since 1 January 2016), see the publications of the Federal Department of Finance. Status to be verified. ↩
3. On the role and changing positions of the Swiss Bankers Association (seat in Basel) between 2008 and 2014, from the defence of banking secrecy through support for the Rubik agreements to the acceptance of the automatic exchange of information as a level-playing-field standard, see the annual reports and press releases of the Association. To be verified. ↩

4. On the divergent interests of the large banks, private banks and cantonal banks within the Swiss Bankers Association during the transition to tax transparency and the formation of separate associations (e.g. of the private banks and the asset management banks), see the press reports of the period. To be verified. ↩

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