

Why the banking model needs scenarios

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The Swiss banking model has been declared dead several times in the last three decades. Commentators buried it when the United States forced UBS to disclose client data in 2009, again when the automatic exchange of information ended banking secrecy for foreign clients, and once more when Credit Suisse collapsed in March 2023. Each time the model survived in a changed form, because its foundations were broader than the feature that had just been lost. Political stability, a strong currency, legal certainty, a deep pool of specialists and a long tradition of managing other people's money have outlasted the secrecy that once seemed to define Swiss banking. Part E of this book described that transformation from the perspective of the Basel institutions and their clients.¹

This chapter asks what the model may look like in 2035. It follows the method that Part K applies throughout. A brief account of the present baseline comes first, with references to the chapters in which the details have already been set out. The drivers and uncertainties that will shape the coming decade follow, and the chapter then develops four scenarios for 2035, each with signposts that allow an observer to recognise which of them is unfolding. The scenarios are analytical constructs developed for this book. They are not forecasts. None of them is presented as the most probable outcome. Their purpose is to help institutions, clients and advisers in Basel test their strategies against futures that differ in a structured way.

The method goes back to the planning group of Royal Dutch Shell in the early 1970s, whose work Pierre Wack described in two articles in the *Harvard Business Review*. Wack argued that scenarios are useful when they change the mental models of decision-makers, and less useful when they merely bracket a forecast with an optimistic and a pessimistic variant.² Peter Schwartz, who later popularised the approach, recommended identifying the driving forces first, then separating the predetermined

elements from the critical uncertainties and building scenarios along the axes formed by the most important of these uncertainties.³ This chapter follows that sequence in simplified form. It treats demography, the strength of the franc and the continued importance of compliance as largely predetermined. It treats the location of UBS, the shape of Swiss capital regulation, the access of Swiss banks to the European market and the pace of technological change as the critical uncertainties.

One limitation must be stated at the outset. Several of the decisions that will shape the Swiss banking model were still pending in autumn 2026, when this chapter was written. They include the parliamentary treatment of the capital requirements for UBS, the ratification of the package of agreements with the European Union and a number of popular votes on questions of tax and neutrality. The chapter does not anticipate the outcome of any vote or parliamentary decision. Where it describes developments after 2024, the status of the information should be checked against current sources.

1 Notes

1. On the end of banking secrecy for foreign clients and its consequences for private banking, see Part E, Chapter IV; on the Basel banking landscape after the collapse of Credit Suisse, see Part E, Chapter I. To be verified. ↩
2. Pierre Wack, "Scenarios: Uncharted Waters Ahead", Harvard Business Review 63/5 (1985), pp. 73–89, and "Scenarios: Shooting the Rapids", Harvard Business Review 63/6 (1985), pp. 139–150. To be verified. ↩
3. Peter Schwartz, *The Art of the Long View: Planning for the Future in an Uncertain World*, New York 1991; see also Kees van der Heijden, *Scenarios: The Art of Strategic Conversation*, Chichester 1996. To be verified. ↩

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