

Consequences for the Geneva financial centre

*Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland), Solicitor (Hong Kong),
Solicitor (England & Wales)*

The end of banking secrecy towards foreign tax authorities profoundly transformed the Geneva financial centre. Institutions had to regularise their client base, asking clients to prove the tax compliance of their assets or to regularise them through voluntary disclosure procedures. Clients who refused were invited to withdraw their assets. Part of the funds left Switzerland; the rest was regularised and remained.

The business model changed. The added value of the Geneva banks now rests on the quality of their investment management, advice and wealth-planning services, on the stability of Switzerland and on the strength of the franc. This development has increased the pressure on margins and the competition with banks in the clients' countries of residence.

The geography of the client base shifted. As the chief executive of Union Bancaire Privée observed, the attrition of European assets was offset by inflows from Eastern Europe and the Middle East.¹ These new clienteles carry particular risks in relation to corruption, money laundering and sanctions, which Parts H and I will examine.

Compliance costs rose sharply. Institutions strengthened their legal and compliance teams, invested in information and reporting systems, and trained their staff. These costs contributed to the consolidation described in the preceding chapter.

Worked example. A European client has held EUR 3 million undeclared in a Geneva bank for twenty years. To regularise his position, he must declare his assets to his tax administration and pay the taxes, late-payment interest and any penalties relating to the years not yet time-barred. If these sums amount to 25 per cent of the assets, he pays EUR 750,000 and keeps EUR 2.25 million, now declared. The bank keeps the relationship, but its income falls along with the assets, and it has to bear the costs of the

verification procedure. The figures are fictitious, and the rules on regularisation vary from country to country.

1 Notes

1. Le Temps, “Dix ans sans secret bancaire”, cited above. ↩

For general information only. This article does not constitute legal or tax advice, does not replace advice on an individual case and creates no lawyer-client relationship. It reflects the legal position as of September 2026.

Online version: helveticaregister.com/geneva-consequences-for-the-geneva-financial-centre