

Five crises of the financial centre and their lessons

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The history recounted in this book offers five crises whose lessons shed light on the scenarios. The first is the loss of the fairs in the fifteenth century, described in Part A: a foreign sovereign decision, that of Louis XI in 1462, diverted the flows to Lyon. Geneva, which controlled none of the routes on which it lived, could only adapt by turning to the Reformation and the Refuge. The lesson is that the financial centre depends on decisions it does not take, and that its most fruitful response to a loss has always been reconversion. The second is the shift of the Protestant banking community towards Paris and London in the eighteenth century, described in Part C: the Huguenot network prospered far from Geneva, while the city retained the human capital, the training and the savings, but not the head offices. The lesson is that a financial centre can lose the visible functions and keep the durable ones.

The third crisis is the French annexation of 1798, described in Part C: fifteen years as the département du Léman ruined the financial centre, which rebuilt itself after 1815 on the Restoration, the Confederation and private banking. The lesson is that a major political rupture has lasting effects and that reconstruction takes a generation. The fourth is the crisis of the 1930s and the Banking Act of 1934, described in Part D: the financial centre responded to the crisis with banking secrecy, which served it for seventy years before becoming its principal handicap. The lesson is that the response to one crisis can become the cause of the next. The fifth is the end of banking secrecy, from the UBS affair of 2009 to the automatic exchange of information in 2017, described in Part E: the financial centre lost its principal argument and survived by transforming itself towards expertise and compliance. The lesson is that transformation is possible when the financial centre agrees to give up what distinguished it in order to keep what sustains it.

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These five lessons apply to the scenarios for 2035. The financial centre depends on external decisions. It can lose visible functions and keep the durable ones. A political rupture costs a generation, a response to a crisis can become a handicap, and transformation demands renunciations. The robust decisions listed below take these lessons into account.

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