

Foreign banks: a cosmopolitan landscape

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Foreign banks occupy a considerable place in Geneva. The large French groups have established wealth management subsidiaries there, one of which, Cr dit Agricole (Suisse), is among the institutions that settled their tax dispute with the United States under the programme described in the following chapter.¹ British, Italian, German, Spanish, Brazilian, Lebanese, Israeli and Gulf banks are also present, either directly or through subsidiaries.

These institutions often serve the private clientele of their home country or region, which finds in Geneva the security and the skills of a major wealth management centre while remaining in a relationship with a group it knows. They bring to the financial centre networks, languages and cultures that enrich its offering. They also contribute to employment and to the canton's tax revenue.

The presence of foreign banks is, however, sensitive to the decisions of their parent companies. When a group decides to scale back its cross-border wealth management activities, to refocus on its domestic market or to dispose of activities regarded as non-strategic, its Geneva subsidiary may be sold or closed. The end of banking secrecy, United States sanctions and compliance costs have led several groups to reconsider their presence in Switzerland. This volatility contributes to the consolidation observed since 2014.

For the financial centre, the presence of foreign banks is at once a strength and a vulnerability. It bears witness to its international attractiveness, but it exposes employment and business activity to the choices of groups whose decision-making centres lie elsewhere. The lesson echoes that of the medieval fairs, described in Part A: a financial centre that hosts foreign institutions depends in part on choices it does not control.

1 Notes

1. “Lombard Odier et DZ Privatbank concluent un accord avec Washington”, RJB, 31 December 2015, which mentions the payment of USD 99.21 million by the Swiss subsidiary of Crédit Agricole. ↩

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