

Performance indicators

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Analysts and executives follow several indicators to assess a wealth management bank. Assets under management measure the size of the business. Net new money measures the capacity to attract new assets, independently of market movements. The gross margin, the ratio of revenue to assets, measures the capacity to monetise assets. The cost-income ratio measures efficiency. Return on equity measures the return for the owners.

These indicators must be interpreted with care. Rapid growth in assets may result from the acquisition of high-risk clients or from unsustainable pricing terms. A high gross margin may reflect excessive fees, which transparency and competition will eventually erode. A low cost-income ratio may conceal under-investment in compliance or technology.

The large Geneva houses now publish financial information, since their transformation of 2014. Pictet thus reported a net profit of CHF 768 million in 2022 and of CHF 1.008 billion in 2021, for assets of CHF 638 billion at 30 June 2023.¹ These figures show that a large wealth and asset management group can generate considerable profits, thanks to its size, its diversification and the efficiency of its organisation.

1 Notes

1. “Pictet paie 123 millions de dollars pour régler son contentieux avec les États-Unis” (Pictet pays USD 123 million to settle its dispute with the United States), *Le Temps*, 5 December 2023. ↩

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