

Private bankers: a status, a liability, a culture — overview and summary

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The expression “private banker” has a precise meaning in Switzerland which international usage has blurred. In everyday language, *private banking* refers to wealth management for an affluent clientele, whatever the legal form of the institution that provides it. In the Swiss tradition, and in the Geneva tradition in particular, the private banker is first and foremost a banker who carries on business in the form of a partnership, at least one of whose partners is personally liable without limit for the bank’s obligations. This status, long emblematic of the Geneva financial centre, shaped a culture of prudence, discretion and long-term thinking. It has almost disappeared in the twenty-first century under the pressure of regulatory requirements and the crisis of bank client secrecy. This chapter describes its legal foundations, its economic logic, its collective institutions and its recent transformation.

1 In five sentences

1. In the Swiss tradition, the private banker is a bank organised as a partnership whose partners are liable without limit for its obligations, which distinguishes it from the commercial notion of *private banking*.
2. Unlimited liability aligns the partners’ incentives with prudence and constitutes a signal of trust, while presenting limitations connected with the size of the commitments and the succession of the houses.
3. The Geneva private bankers developed a culture of discretion, sobriety, long-term thinking and personal relationships, and organised themselves in professional associations.
4. In 2014 Lombard Odier and Pictet, followed by other houses, converted their operating entities into companies limited by shares held by partnerships limited by shares, against a background of heightened legal risks and demands for transparency.

Private bankers

5. The unlimited-liability model survives in only a few institutions, but its legacy — partner governance, the long term, prudence — still marks the great Geneva houses.

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