

The business model of private banking in the twentieth century

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In the twentieth century, the business model of Geneva's private bankers rests on several sources of revenue. Management fees remunerate the discretionary management of the portfolios entrusted by clients. Custody fees remunerate the safekeeping of securities. Brokerage commissions remunerate the execution of stock exchange orders. Foreign exchange transactions, advisory services and, to a lesser extent, Lombard lending, that is to say credit secured by securities, round off these revenues.

This model has one important characteristic: it rests chiefly on commissions, the transformation of deposits into loans playing only a secondary role. Private bankers take few credit and market risks for their own account. Their balance sheet remains modest in relation to the assets they manage. Their profitability depends on the volume of assets under management, on the level of fees and on the control of costs.

This characteristic explains the robustness of the model in the face of classic banking crises, which strike above all institutions exposed to credit risk. It also explains its vulnerability to other risks: falling markets, which reduce the value of assets and therefore fees; competitive pressure on pricing; the departure of clients; and, in the twenty-first century, the legal and regulatory risks connected with the tax compliance of the clientele.

Over the course of the twentieth century, the great Geneva houses expanded considerably. They opened offices abroad, built up institutional asset management and investment fund businesses, and invested in technology. The Lombard Odier group reports approximately CHF 349 billion in assets under management in 2025, aggregating its private banking, asset management and services to other financial institutions.¹ These figures show the gap between the image of the small family house and the reality of large international groups.

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Source of revenue	Characteristics
Management fees	proportional to assets under management, sensitive to market values
Custody fees	remuneration for the safekeeping of securities
Brokerage	linked to the volume of client transactions
Foreign exchange	currency conversion transactions for an international clientele
Lombard lending	credit secured by client portfolios, limited risk
Advisory and wealth services	estate planning, structuring, philanthropy

1 Notes

1. Article “Banque Lombard Odier”, Wikipédia (fr) (accessed September 2026). ↩

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