

The cost structure

*Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland), Solicitor (Hong Kong),
Solicitor (England & Wales)*

The costs of a wealth management bank are dominated by staff. Relationship managers, investment specialists, compliance and risk functions, lawyers and IT specialists account for the bulk of expenses. Remuneration is high, particularly for managers who bring in and retain a substantial clientele, so that competition for these profiles weighs on costs.

Technology costs take up a growing share: core systems, management platforms, reporting tools, cybersecurity and automated compliance. These costs are largely fixed and weigh all the more heavily the smaller the institution.

Compliance and regulatory costs have risen sharply since the end of banking secrecy and the entry into force of the new laws. They include compliance teams, audits, supervisory levies, control and reporting systems and training. They too are largely fixed.

Infrastructure costs – premises, often located in expensive districts, and overheads – complete the picture. Geneva institutions bear high rents, owing to the scarcity of office space in the canton.

The ratio of operating expenses to revenue, known as the cost-income ratio, is the central indicator of profitability. A ratio of 70 per cent means that 70 centimes of every franc of revenue are absorbed by costs. The most efficient institutions report markedly lower ratios, while some small institutions exceed 90 per cent, which makes their model fragile.¹

Worked example. A bank manages CHF 10 billion and earns revenue equal to 0.9 per cent of assets, that is, CHF 90 million. Its staff costs amount to CHF 45 million, its technology costs to CHF 12 million, its compliance and regulatory costs to CHF 8 million and its other expenses to CHF 8 million, making CHF 73 million in total. Its cost-income ratio is 81 per cent, and its pre-tax profit CHF 17 million. If the markets fall by 15 per cent and assets follow, revenue drops to CHF 76.5 million while costs remain

The cost structure

stable: profit is then only CHF 3.5 million. Fictitious as they are, the figures show the sensitivity of the model to the markets.

1 Notes

1. KPMG, Clarity on Swiss Private Banks 2025 (press release of 26 June 2025, [kpmg.com](https://www.kpmg.com)): median cost-income ratio of 75.5% in 2024 (74.3% in 2023), rising for two thirds of institutions; median return on equity of 6.3% (7.4% in 2023); 22 banks exceed a 10% return, 9 are loss-making; cumulative net profit above CHF 4 billion. ↩

For general information only. This article does not constitute legal or tax advice, does not replace advice on an individual case and creates no lawyer-client relationship. It reflects the legal position as of September 2026.

Online version: helveticaregister.com/geneva-the-cost-structure