

The price of talent

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

Relationship managers are the most valuable and the most mobile asset of wealth management institutions. An experienced manager brings a client base, maintains personal relationships of trust and generates revenues directly linked to the assets he looks after. When he moves to another institution, some of his clients follow him, which makes his recruitment a means of rapid growth and his departure a major risk.

This situation creates an upward spiral in salaries. Institutions offer managers high fixed remuneration, variable remuneration linked to the revenues generated, signing-on bonuses and guarantees. These practices drive up costs and can create perverse incentives: a manager remunerated according to the revenues he generates may be tempted to favour lucrative products or to accept risky clients.

Regulators have taken up this question. FINMA's rules on remuneration systems aim to align incentives with the interests of clients and with prudent risk management, and the requirements of the Financial Services Act on conflicts of interest apply to product-related remuneration.¹ The most prudent institutions link part of the variable remuneration to quality and compliance criteria, and defer its payment.

The price of talent is also explained by the scarcity of suitable profiles. Serving a wealthy international client base demands technical, linguistic and interpersonal skills, a knowledge of markets and rules, and a reputation. Training such profiles takes years. The Geneva financial centre, which must renew its generations of managers, invests in training and in attracting young talent, in a context of international competition.

1 Notes

1. FINMA, press release of 19 January 2011 on Circular 2010/1 “Systèmes de rémunération” (Remuneration schemes) (published on 21 October 2009, implementation deadline 1 January 2011): remuneration systems must not create incentives to take inappropriate risks; increased deferred portion, responsibility of the board of directors. Financial Services Act (FinSA), Art. 25 (appropriate organisational measures to avoid conflicts of interest; disclosure to the client if a disadvantage cannot be excluded) and Art. 26 (remuneration received from third parties permitted only if the clients have been expressly informed in advance and waive it, or if it is passed on to them in full; droit-bilingue.ch). ↩

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-price-of-talent