

Source of wealth and source of funds: what Swiss banks want to see

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Every Swiss bank asks two questions before it accepts a new client: how did the owner build his wealth, and where does the money that will flow through the account come from? The answers decide whether the account is opened and how smoothly it runs afterwards.

1 Two different questions

The source of wealth describes how the beneficial owner acquired his overall assets: through a business he built, an inheritance, the sale of a company, a career or investments. The source of funds concerns the specific money that will be paid into the account: the share capital, the proceeds of a sale or the revenues of the business. Banks must understand both, and they must be able to show their supervisors that the explanation is plausible.

2 Why the bank must ask

Under the Anti-Money Laundering Act, a bank must identify the contracting party and the beneficial owner and must clarify the background and purpose of a business relationship or transaction where it appears unusual or where there are indications of money laundering (Art. 3, 4 and 6 AMLA). FINMA expects banks to classify their relationships by risk and to apply enhanced due diligence to higher-risk clients. A relationship with owners or business in emerging markets is often assessed as higher risk, which means more questions and more evidence.

3 Documents that convince

A narrative alone is rarely enough. Banks expect documents that support each step of the story: audited financial statements of the operating

companies, tax returns or tax assessments, share purchase or sale agreements, dividend resolutions, probate documents for an inheritance, and bank statements that show the flow of money into the account. Where documents are in Chinese, Arabic or another language, certified translations of the key passages save time.

4 Plausibility over perfection

The bank is not looking for a complete audit of the client's life. It wants a coherent account in which the size of the wealth fits the business, the age and the career of the owner, and in which the money on the account can be traced back to that wealth. Gaps should be explained openly. An unexplained transfer from a third party or a sudden increase in wealth raises more questions than a modest business that is fully documented.

5 What pays off in practice

- **Write the source-of-wealth narrative before approaching the bank** and attach the supporting documents to each step.
- **Use the same figures in every document:** the bank will compare the narrative, the accounts and the forms.
- **Keep the file current**, since banks repeat the review periodically and when the business changes.

6 How Ressos Legal helps

I prepare onboarding files for companies and their owners from Greater China, Asia, the Middle East and Africa, including the source-of-wealth narrative and the supporting documents, and accompany the discussions with the bank. [Contact me](#) for a first conversation.

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Online version: helveticaregister.com/source-of-wealth-source-of-funds-swiss-banks