

The banks behind the managers

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The independent asset managers and family offices do not hold their clients' assets themselves. The assets are deposited with custodian banks, which execute the managers' instructions and report to the clients. The relationship between the manager, the client and the bank is governed by three instruments: the asset management agreement between the manager and the client, the account agreement between the client and the bank and the power of attorney that the client grants the manager over the account. The custodian banks for the managers of Zug are mostly located in Zurich and Geneva. Several banks have specialised in serving independent asset managers.

The banks conduct their own due diligence on the clients of the managers and monitor the managers' activities on the accounts. The regulation of the managers since 2020 has changed this relationship. The banks can now rely on the supervision of the managers by FINMA and the supervisory organisations, while the managers must meet the same standards of conduct towards their clients that the banks apply. The result has been a professionalisation of the industry, at the cost of higher compliance expenses, which has favoured larger firms and contributed to the consolidation described above.

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