

Costs, consolidation and technology

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The economics of private banking have changed as much as its law. Regulation has raised the fixed costs of compliance, documentation and reporting for every institution. The margins on advisory and discretionary mandates have come under pressure from lower-cost products, from transparency about fees and from competition among banks. The return of interest rates after 2022 temporarily improved the income of private banks, which earn a significant share of their revenues from client deposits and loans. The subsequent decline in Swiss interest rates reversed this effect, with the Swiss National Bank holding its policy rate at zero in 2026.¹ The Swiss Bankers Association reported that commission and service business had risen by 6.5 per cent in 2025, while net interest income had fallen by 0.8 per cent owing to pressure on margins.²

These pressures have accelerated consolidation among banks as well as among independent managers. The number of banks in Switzerland has fallen continuously for three decades, a trend that has particularly affected the private banks. Smaller institutions with assets of a few billion francs have found it increasingly difficult to spread the costs of regulation, technology and cross-border compliance over a sufficient volume of assets. Many have been acquired by larger groups, merged or converted into independent managers or family offices. The conversion of the Geneva private bankers Pictet and Lombard Odier from partnerships into corporate structures in 2014 and the absorption of several Zurich private banks into larger groups reflect the same logic.³ Julius Bär itself announced cost savings of CHF 130 million on a run-rate basis by the end of 2025 and a further CHF 130 million for the period from 2026 to 2028.⁴

Technology is both a cost and an answer. The Swiss Bankers Association identified the digital customer experience and competence in artificial intelligence as critical competitive factors for the years ahead.⁵ For private banks, digitalisation has three main aspects. The first is the client interface,

where wealthy clients expect the same digital access to their portfolios as they have to other services, while still valuing personal advice. The second is the automation of compliance, especially client onboarding, transaction monitoring and suitability checks, where technology can reduce costs substantially without reducing the quality of controls. The third is the integration of new asset classes, especially crypto-assets and tokenised securities, which several Zurich banks now hold in custody for clients under the framework created by the Swiss distributed ledger technology legislation of 2021.⁶ For independent managers, technology has a different meaning. Portfolio management systems, automated reporting and the platforms of custodian banks allow small firms to meet regulatory requirements at acceptable cost. They have become a precondition of survival in a licensed market.

The human side of consolidation is less often discussed. The Swiss Bankers Association reported that banks in Switzerland employed 92,002 full-time equivalents at the end of 2025, 2,345 fewer than a year earlier, attributing the decline primarily to the large banks.⁷ The integration of Credit Suisse into UBS released many experienced relationship managers into the market. Some joined other private banks, others founded or joined independent management firms. The licensing regime under FinIA ensures that the new firms meet minimum standards. At the same time, the availability of experienced staff has sustained the independent sector at a time when the number of firms was falling.

1 Notes

1. Swiss Bankers Association, Banking Barometer 2026, Executive Summary (n. above). ↩
2. Swiss Bankers Association, media release on the Banking Barometer 2026 (n. above). ↩
3. Wikipedia, “Pictet Group”, https://en.wikipedia.org/wiki/Pictet_Group, on the change of legal structure in 2014; Wikipedia, “Lombard Odier”, https://en.wikipedia.org/wiki/Lombard_Odier, on the change of 1 January 2014 by which the firm ceased to be a partnership. The Geneva volume treats these conversions in detail. ↩
4. Julius Baer Group, presentation of the 2025 full-year results (n. above). ↩
5. Swiss Bankers Association, media release on the Banking Barometer 2026 (n. above). ↩

6. Federal Council, “Federal Council brings DLT Act fully into force and issues ordinance”, media release, 18 June 2021, <https://www.admin.ch/gov/en/start/documentation/media-releases.msg-id-84035.html>, on the entry into force of the Federal Act on the Adaptation of Federal Law to Developments in Distributed Ledger Technology in two stages on 1 February and 1 August 2021. ↩
7. Swiss Bankers Association, Banking Barometer 2026, Executive Summary (n. above); Swiss Bankers Association, media release on the Banking Barometer 2026 (n. above). ↩

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