

## Legacy and outlook

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The Financial Services Act and the Financial Institutions Act have been in force for more than six years. Their legacy can already be described in three parts. The first is codification. FinSA transformed conduct duties that had been developed in private law and self-regulation into a coherent statutory framework. It did so with fewer details than MiFID II and with more reliance on proportionality, but with a recognisably European architecture of client segmentation, suitability, documentation and transparency. The rules on retrocessions, which Swiss courts had developed in response to a specific problem, have been generalised and extended to all financial services. For clients, the Act has made the obligations of banks and managers more visible, while the ombudsman system has given them a low-cost means of redress.

The second part of the legacy is the supervision of independent asset managers and trustees. For decades, the independent sector had been one of the peculiarities of the Swiss market, a large group of firms that managed hundreds of billions of francs under nothing more than anti-money laundering supervision and professional codes. FinIA brought the sector under prudential supervision without placing it under the direct supervision of FINMA. The model of private supervisory organisations has worked better than its critics expected. The licensing process was slow and demanding, and FINMA's insistence on repeated corrections showed how far many firms were from regulatory expectations. By 2025, however, more than 1,500 firms had been licensed and the backlog had largely been cleared. The consolidation of the supervisory organisations, with the merger of FINcontrol Suisse and OSFIN, suggests that the system is moving towards fewer and larger supervisors, which may improve the quality and consistency of supervision.

The third part is the integration of Zurich private banking into a network of international rules. The FINMA position paper of 2010 on cross-border

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risks, the enforcement cases involving corruption money, the German exemption procedure, the European CRD VI and the British Berne Agreement all show that Zurich institutions no longer operate under Swiss law alone. Their business depends on their ability to comply with the rules of their clients' home states and the expectations of foreign supervisors and prosecutors. The competitive advantage of Zurich now lies in the quality of that compliance and in the expertise needed to advise international clients across several legal systems.

Several developments will shape the next years. The reform of the banking regulatory framework after the collapse of Credit Suisse, with its senior managers regime and new powers for FINMA, will affect private banks as well as UBS, although its capital provisions are aimed primarily at the remaining big bank. CRD VI will force Zurich banks to reorganise their lending to European clients from January 2027. The Berne Agreement will show whether mutual recognition can open markets that the European Union keeps closed. The competition with Hong Kong, Singapore and the Gulf centres for the booking of new wealth will intensify. Within the independent sector, consolidation is likely to continue. The supervisory organisations and FINMA will have to prove that the two-tier model can detect and remedy misconduct in a timely manner. Finally, technology, including artificial intelligence, will change the work of relationship managers and compliance officers, although the personal trust relationship that has always been the core of private banking is unlikely to disappear.

A comparison with Geneva, the subject of the companion volume, underlines the specific profile of Zurich. Geneva remains the home of the great private banking partnerships and of a large independent sector concentrated in French-speaking Switzerland. It has traditionally been strong in serving clients from France, the Middle East and Latin America. Zurich combines private banking with the head offices of UBS and Julius Bär, with a larger institutional asset management industry and with the concentration of legal, tax and fiduciary services that serve both. The licensing of independent managers affected both cities. The supervisory organisations themselves reflect the regional division, with three authorised in Geneva and Neuchâtel and two in Zug and Zurich.

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