

Private banking and independent asset managers under FinIA — overview and summary

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Private banking is the business with which Zurich is most often identified abroad, although the city's financial centre has always been broader than the management of private fortunes. Between the Paradeplatz and the lake, the Bahnhofstrasse and the streets behind it house the head offices of the largest wealth manager in the world, of the largest listed Swiss private banking group, of family-controlled banks whose owners still sit on their boards, and of several hundred independent asset managers who administer client money held in custody at those banks. The legal framework within which these institutions work was rebuilt from the ground up after the end of banking secrecy for foreign clients. Its centrepieces are two federal statutes of 15 June 2018, the Financial Services Act (FinSA, in German *Finanzdienstleistungsgesetz*, FIDLEG) and the Financial Institutions Act (FinIA, *Finanzinstitutsgesetz*, FINIG), which the Federal Council brought into force together with their implementing ordinances on 1 January 2020.¹

The two Acts pursue different purposes. FinSA governs the relationship between a financial service provider and its client, irrespective of the form of the provider, and lays down rules of conduct, prospectus requirements and the key information document for retail investors. FinIA governs the authorisation of financial institutions other than banks and insurers. It subjected independent portfolio managers and trustees to prudential licensing for the first time in Swiss history. Before 2020 those independent managers had been subject only to the anti-money laundering rules and to the codes of their professional associations. Since the end of a three-year transitional period on 31 December 2022, no one may manage assets for others on a commercial basis in Switzerland without a licence from the Swiss Financial Market Supervisory Authority (FINMA) and without being supervised by one of the private supervisory organisations that FINMA authorised in 2020.

This chapter describes Zurich's private banking industry as it stands in September 2026 and the legal order under which it operates. It first presents the institutions and the market, with brief reference to the transformation after 2009 that Part G of this book treats in detail. It then analyses the Financial Services Act and the Financial Institutions Act in the parts that matter most for private banking and independent asset management, the new supervisory architecture for portfolio managers and trustees, FINMA's supervision and enforcement practice towards private banks, the rules that apply when Zurich institutions serve clients abroad, and the relationship between independent managers and custodian banks. Two themes run through the analysis. The first is the codification of conduct duties that Swiss private law and self-regulation had developed over decades. The second is the pull of Asia, which has changed the geography of Zurich's wealth management more than any statute. Collective investment schemes, managers of collective assets and fund management companies are treated in the preceding chapter, and the family office, trust and foundation practice in the chapter that follows.

1 Notes

1. Swiss Federal Council, "Federal Council brings FinSA and FinIA into force", media release, 6 November 2019, <https://www.admin.ch/gov/en/start/documentation/media-releases.msg-id-76957.html>. The release notes that transitional periods of two years were provided for in principle. ↩

2 Conclusion

Private banking in Zurich today operates under a legal order that would have been unrecognisable to the bankers of the 1990s. The Financial Services Act has codified the duties of banks and managers towards their clients, including client segmentation, the assessment of suitability and appropriateness, documentation, transparency about costs and the handling of retrocessions. The Financial Institutions Act has brought independent portfolio managers and trustees under prudential supervision through a system of FINMA licences and private supervisory organisations, which reduced the number of firms by several hundred but preserved a large independent sector. FINMA's enforcement cases on corruption money and on credit risk have translated these rules into concrete expectations of organisation, control and governance.

The market that operates under these rules remains large and growing in absolute terms, with assets under management in Switzerland exceeding

CHF 10,000 billion by the middle of 2026, but its leadership in cross-border wealth management is now contested by Hong Kong. The Asian dimension has changed the geography of Zurich's wealth management more deeply than any statute, since Asian wealth is increasingly booked in Asia and managed through head office functions in Zurich. The cross-border rules of the European Union, reinforced by CRD VI, restrict access to Zurich's traditional European clientele, while the Berne Financial Services Agreement with the United Kingdom points to a different model of market access based on mutual recognition. The future of the Zurich private banking centre therefore depends as much on its ability to meet international standards and to maintain the trust of foreign supervisors as on the stability, legal certainty and professional competence that have long been its hallmarks.

3 In five sentences

1. The Financial Services Act and the Financial Institutions Act of 15 June 2018, in force since 1 January 2020, codified the conduct duties of financial service providers and created a cascade of licences for financial institutions other than banks and insurers.
2. FinSA classifies clients as retail, professional or institutional, allows wealthy clients to opt out of retail protection, and requires information, suitability or appropriateness checks, documentation, best execution and express consent or full disclosure for retrocessions.
3. FinIA subjected independent portfolio managers and trustees to FINMA licensing and to ongoing supervision by five private supervisory organisations authorised in 2020. By early 2025 FINMA had granted more than 1,500 licences after a transitional period that ended on 31 December 2022.
4. FINMA's enforcement cases involving 1MDB, Petrobras, PDVSA, FIFA and the Signa loans of Julius Bär have defined its expectations of private banks in money laundering prevention, remuneration, governance and credit risk, although the authority still cannot impose fines.

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5. Zurich remains a leading centre for cross-border wealth management, but it faces restrictive rules in the European Union, new opportunities under the Berne Agreement with the United Kingdom and growing competition from Hong Kong and Singapore, where much Asian wealth managed from Zurich is now booked.

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