

## Wealth managers leaving the market

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The licensing requirement changed the structure of the independent asset management industry within a few years. The comparison of the figures is instructive, although it must be read with care, since the notifications of 2020 included firms that had already decided to give up and the later figures include newly founded firms. In June 2020 some 2,206 portfolio managers and trustees notified FINMA of their activity. By early 2025 FINMA had granted 1,532 licences, while a study of March 2026 counted about 1,500 licensed external asset managers.<sup>1</sup> Several hundred firms therefore left the market, merged with other firms or placed themselves under the roof of a licensed institution. The assets they managed did not disappear. A representative of one of the large Geneva banks observed in 2025 that the number of licensed independent managers had fallen from 1,934 in June 2020 to about 1,600, while the assets they managed had remained stable at about CHF 400 billion and several firms now managed between CHF 5 and 10 billion.<sup>2</sup>

The reasons for the exits were varied. The most obvious was cost. A licensed portfolio manager must maintain two qualified managers, independent risk management and compliance functions or an external mandate for them, professional indemnity insurance, capital of at least CHF 100,000, an annual audit and the fees of its supervisory organisation. For a firm with one or two partners and assets of CHF 100 or 200 million, these costs absorb a large part of the margin. The second reason was demographic. Many independent managers had been founded in the 1980s and 1990s by relationship managers who had reached retirement age by 2022, and for whom the licensing requirement provided the occasion to sell or close their business. Consultancies had predicted before the deadline that the requirement would trigger consolidation and had noted that more firms wished to acquire than to sell, which created a buyers' market with high valuations for well-organised licensed firms.<sup>3</sup> The third reason was the business model of some firms, which could not survive the scrutiny of

a licensing procedure focused on risk. Firms with a concentration of clients from high-risk jurisdictions, with unclear sources of funds or with a history of problems at custodian banks had little prospect of a licence.

The exits took several forms. Some firms joined a licensed firm as a team and transferred their clients, often retaining a degree of independence under an arrangement that the industry calls a platform model. Others sold their client base outright to a larger manager or to a bank. Some converted to advisory firms that no longer manage assets on a power of attorney and therefore need no licence, although they must register their client advisers and comply with FinSA. Finally, a considerable number of older managers simply closed their businesses, transferring their clients back to the custodian banks. The firms that continued without a licence after 31 December 2022 exposed themselves to supervisory and criminal consequences. FINMA warned that unauthorised activity could be punished by fines of up to CHF 250,000, in addition to measures under supervisory law.<sup>4</sup>

For Zurich, the consolidation has strengthened the larger independent managers and the multi-family offices, many of which now employ in-house lawyers, compliance officers and investment teams that resemble those of small banks. It has also changed the relationship with custodian banks, which can now rely on the licence and on the supervision of a supervisory organisation when they accept an independent manager, although they remain responsible for their own due diligence. The zeb study found that 80 to 90 per cent of the Swiss custodian banks surveyed expected to grow their business with external asset managers over the following three to five years.<sup>5</sup> The regulated independent manager has become a more attractive partner for banks than the unregulated manager of the past. The licence has become a condition of access to the custody services of the larger Zurich institutions.

## 1 Notes

1. FINMA, media releases of 7 July 2020 and 11 March 2025 (n. above); zeb, EAM Study Switzerland 2026 (n. above), which observes that the number of external asset managers has declined since 2021 but that the market “remains dynamic and in motion”. ↩
2. finews.com, “Independent Asset Managers: A Strategic Pivot to Stay in the Game”, <https://www.finews.com/news/english-news/70646-wealth-management-asset-manager-laurent-pellet-lombard-odier-finanplatz-schweiz-2>, quoting Laurent Pellet, Global Head of External Asset Managers at Lombard Odier. The figures cited in the article and

in the zeb study differ, since they rely on different definitions and dates.  
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3. PwC, “Will the licensing requirement for independent asset managers by the end of 2022 trigger the anticipated consolidation of the industry?” (n. above). ↩
4. FINMA, media release of 30 January 2023 (n. above). ↩
5. zeb, EAM Study Switzerland 2026 (n. above). ↩

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