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Press release

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Switzerland remains #1 international wealth management hub, but its lead is dwindling

- **According to the Deloitte Wealth Management Centre Ranking, Switzerland is still the leading international wealth management hub in terms of size (international market volume). But the Swiss private banking hub is losing ground, and the UK, USA and the emerging Asian financial centres are catching up.**
- **However, Switzerland's position is still very strong when it comes to the competitiveness and performance of its financial centre, and its #1 position is unchallenged. Thanks to revenue gains and successful cost streamlining measures, Swiss banks have been able to increase their profit margin by 18% between 2015 and 2017.**
- **The majority of Swiss wealth managers are struggling to attract new international assets as well as to further transform their traditional business model by investing in innovation and improving client experience.**

Switzerland remains the world's largest wealth management centre for international assets. But the air is getting thinner at the top, and other financial hubs are gaining ground. According to the latest Deloitte Wealth Management Centre Ranking, a total of USD 1.84 trillion of international assets were managed in Switzerland at the end of 2017. This is around 7% less than in 2010. The United Kingdom (USD 1.79 trillion) and the United States (USD 1.48 trillion) follow closely behind; both countries have significantly increased their international market volume in the last seven years (UK +9%, USA +48%). The three largest international wealth management centres manage around 60% of the total international market volume. However, Asian financial centres such as Hong Kong (+122%) and Singapore (+12%) are emerging as increasingly important players in the international wealth management market.

Switzerland under pressure, but still leading the way in competitiveness and performance
"The business environment has become more challenging for the international wealth management centres. Between 2010 and 2017, both the total international market volume and net new assets have declined," said Dr. Daniel Kobler, who leads Deloitte's Private Banking & Wealth Management Industry in Switzerland. "Cost competitiveness also remains a challenge for international wealth managers. However, the leading centres – including Switzerland – have been coping relatively well with the cost pressure of the last years, mainly as a result of automating processes, outsourcing and deferring investments."

The Deloitte Wealth Management Centre Ranking puts Switzerland at top spot when it comes to competitiveness and performance (profitability and efficiency), too. The Swiss wealth management hub benefits from a high political and economic stability, as does Singapore. However, Switzerland outperforms Singapore in terms of provider capability, especially service quality and digital maturity. Switzerland continues to have a competitive edge thanks to the digital competencies of its workforce, its longstanding know-how in serving international clientele and its customer-oriented approach to service.

Daniel Kobler explained: "When it comes to choosing a location to invest their assets, today's international wealth management clients are looking for excellent service, which includes digital tools, and a top-notch advisory experience. Tax and regulatory conditions are still important, but more as a standard that financial hubs are expected to fulfil. Switzerland is still the go-to place for first-rate client experience, which is why we can be confident about the future of the Swiss wealth management hub. Swiss banks have done their homework well in the last couple of years, and even gotten their relatively high costs under control, increasing their cost-to-income ratios and profitability. However, Swiss wealth managers continue to struggle to attract new assets as well as to further transform their traditional business model by significantly investing in innovation and improving customer experience."

Asian rising star Hong Kong – Panama and the Caribbean falling off the map

Hong Kong has climbed the most places in the overall ranking since 2010 and has now established itself as a wealth management hotspot. The Asian hub benefits greatly from the increasing Chinese private wealth and the growing demand of the wealthiest Chinese clientele for investments off the mainland. Next to the strong increase in international market volume (+122% in the last 7 years), Hong Kong has also rapidly progressed in terms of the competitiveness. Next to its location at the heart of the Asia Pacific region, Hong Kong's favourable tax and regulatory environment makes it a popular wealth management destination.

International wealth management hubs that lay a large focus on their favourable regulatory and tax environment, in particular Panama and the Caribbean, are losing ground. They are feeling the shift in customer needs away from tax optimisation towards high-quality advisory services. Even before the publication of the Panama Papers in 2016 and 2017, this former leading wealth management hub had been experiencing a continuous outflow of its asset base (-67% since 2010).

Overall ranking: The leading wealth management centres Switzerland, the UK, the USA, Singapore, Hong Kong and Luxembourg ranked according to the categories competitiveness, size and performance.

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The Deloitte Wealth Management Centre Ranking
For the third time (2013, 2015 and now 2018), Deloitte has ranked and analysed the world's leading wealth management centres according to their competitiveness, size (international market volume), and performance (profitability and efficiency). International wealth management centres are defined as countries or jurisdictions specialising in and serving private clients from all over the world on a large scale. The report is based on Deloitte's own database on private banking and an analysis module that draws on raw data and financial figures from third-party providers. In the study,

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