



# Top WMs reveal how the industry has changed in 20 years

By **Camilla Giannoni** / 07 Jun, 2019



## François Savary

**CIO, Prime Partners**

When reflecting about the changes that have affected the wealth management industry, you can't avoid the conclusion that we are living in a completely different world from 20 years ago.

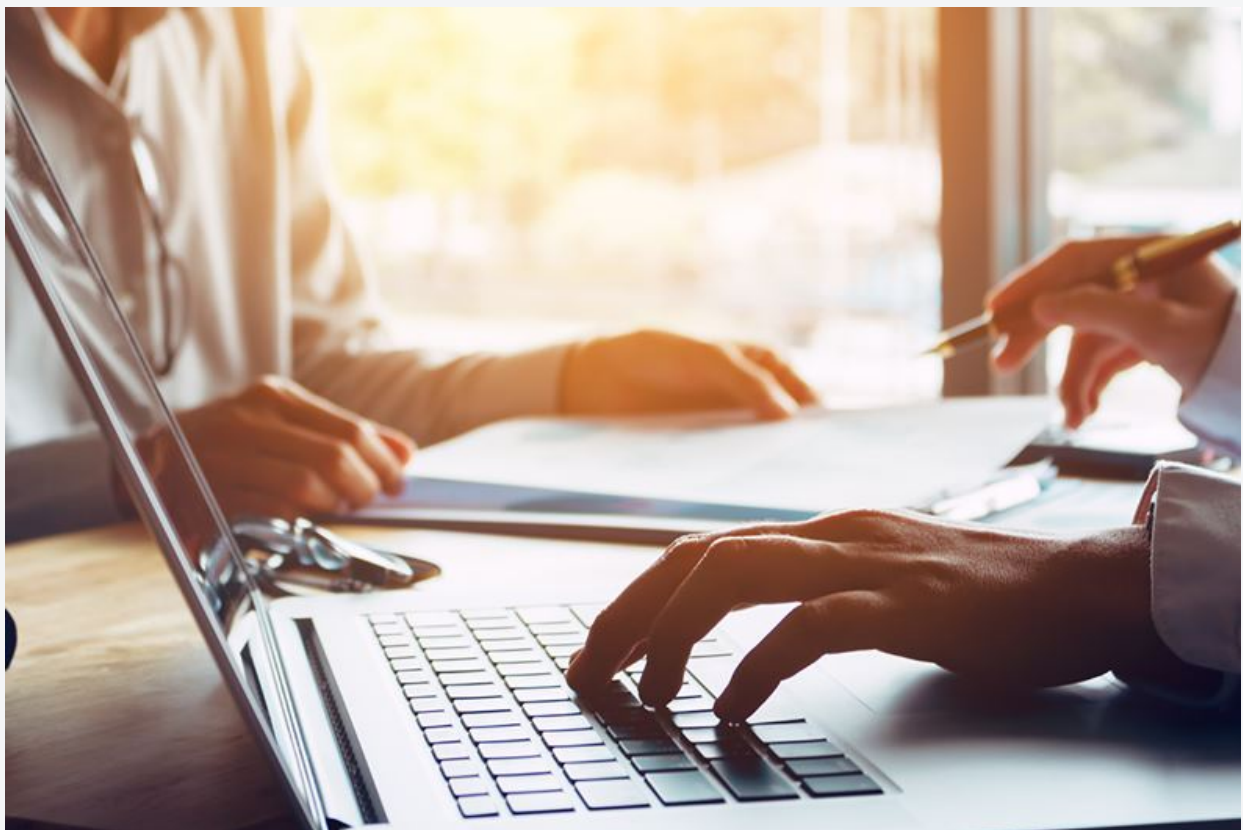
Even though it is a major change, the fiscal and regulatory environment evolution does not need to be discussed at length, as everybody in the business is aware of the facts.

Aside from that, I think that the use of passive investments represents maybe the most significant change, as it has modified the products available to build a portfolio on the one hand and it has influenced the costs incurred (i.e the margin that wealth managers can justify when it comes to the services they provide) on the other. Moreover, the strong growth in passive investments products has clearly altered the way wealth managers deal with active funds.

Identifying the clear long-term outperformers has become crucial in satisfying the client's need for performance, particularly in a world of low or even negative interest rates since 2008.

In this regard, the search for client satisfaction implies that wealth managers will keep adjusting their investments skills in response to emerging trends such as ESG or private assets, for example.

In conclusion, the past 20 years have brought the wealth management industry to a different state, one of constant adjustment, something that should last for the next 20 years.



# Francesco Bernasconi

## CEO, Lugano Financial Advisors (LFA)

Over the past 20 years, Switzerland's wealth management industry has changed in different ways. Some of these changes were driven by clients, who have become much more careful about costs, and as a consequence independent asset managers have had to reduce their fees to remain competitive. Clients are also much more demanding when it comes to performance, so wealth managers have improved their offerings in order to remain competitive among an increasing number of firms.

The relationship between independent wealth managers and banks has also evolved. Today, institutions are more scrupulous when it comes to compliance and regulations. In the past, opening an account with a custodian bank took one or two days and all they needed to see was the client's passport and some basic information. Today it takes at least 20 days, and banks check the origin of the assets in depth.

From a geographical point of view, things have also changed. It used to be easier to serve foreign clients. Today a lot of banks still refuse to serve US clients, for example, or clients coming from markets that the banks are not familiar with.



# Timo Dainese

## Founder and managing partner, Zugerberg Finanz

The asset management industry in Switzerland is divided into two parts. On the one hand, there are still many micro-enterprises with just a handful of people who are basically more or less skilled asset managers. In these companies, the CEO is also the relationship, risk and portfolio manager. For almost 20 years, there has been talk of this business model being consolidated. Pressure in this direction has increased in recent years, but there are still hundreds of such tiny asset managers who serve a few dozen (predominantly very wealthy) clients. Often, they are former relationship managers from the larger banks.

On the other hand, a new cohort of highly professional asset managers has emerged in Switzerland over the past 20 years. They are based on economic and capital market-related competence, and they have a high level of expertise and experience. They benefit from the increasing demand for independent solutions and offer their clients the highest standard of regulation through a Finma subordination. Due to their exclusive focus on asset management, their services and performance are often better than those of (universal) banks.

The trend towards specialisation – even in individual asset classes – will continue as pressure on money managers' performance increases.

Today, Switzerland is no longer primarily an offshore financial centre but must assert itself internationally through content, performance, attractive pricing, transparency and customer orientation.