

WRITTEN BY

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How Piguet Galland Is Successfully Navigating the New Challenges Facing the Swiss Financial Centre

IN THE FACE OF THE ECONOMIC AND OPERATIONAL turbulence that has significantly impacted global private banking and wealth management over the last few years, our achievements at Piguet Galland across various key areas have set us distinctly apart from the local competition. With inflows from new clients reaching CHF 451 million—and much of this growth originating from local clients in the French-speaking Swiss market—our key strategy of proximity to our clients continues to reap rewards. However, we are also aware that delivering consistent financial excellence is only part of the story. In an ever-changing environment that has brought sustainability and banking innovation to the fore, in a market that in 2023 demands a major regulatory overhaul following high-profile

banking failures, we are adeptly navigating these new challenges and opportunities to ensure our clients' serenity is always fully supported.

We have continuously built robust service offerings designed to fully satisfy our local clients' evolving needs. Since 2012, the Swiss financial centre has undergone a profound transformation, with comprehensive revision of both Swiss and international regulations following the 2008 Global Financial Crisis (GFC), allowing banks to explore new business models. Local and global economic climates, with sharply rising interest rates inducing much turbulence across most financial markets, have significantly impacted clients' appetites to invest and borrow across the local market. This

dramatic deterioration was instrumental in triggering a series of high-profile bank failures in 2023, first in the United States with the collapse of Silicon Valley Bank (SVB) on March 10, followed by Signature Bank's demise just two days later, before promptly reaching Switzerland when UBS purchased struggling Credit Suisse in a government-backed deal on March 19.

These seismic events have strongly highlighted the effectiveness of regulatory frameworks, with the failure of a systemically important financial institution such as Credit Suisse demonstrating the crucial need for regulators to change, modify and strengthen the rules. With long-standing concerns growing over the transparency, secrecy and fiscal implications of Swiss banking since the events that occurred last March, our regulatory authorities will no doubt have to respond forcefully. For example, we can almost certainly expect a tightening of the rules concerning liquidity and capital ratios.

At Piguet Galland, we are dedicated to confronting those uncertainties to ensure that our clients continue to thrive. Moreover, given the disciplined risk approach we have implemented at Piguet Galland, we expect neither our strategies nor our business models to be significantly impacted by any forthcoming tightening of the rules. Perhaps the most important lesson from the banking crisis is that trust must lie at the heart of banking business models. It is the critical ingredient for relationships to flourish between our bank and our clients.

In order to earn and maintain this trust, creditworthiness is extremely important. At Piguet Galland, we benefit from having one of the highest-quality institutional shareholders, Banque Cantonale Vaudoise (BCV), which is majority-owned by the Canton of Vaud and has an AA credit rating. Piguet Galland also deploys a strategy primarily focused on regional markets that we know perfectly, a prudent and well-defined financing policy, a disciplined risk appetite and a healthy, balanced corporate culture. We can leverage the independence, autonomy and flexibility of a boutique bank, coupled with the strong credit profile of

our parent company, to support client relationships that are built on a solid foundation of trust.

To truly understand our clients' needs, proximity remains our key asset. With 80 percent of our private clients domiciled in Switzerland, we focus principally on those regional markets in which we have deep and extensive knowledge. Given the challenges facing Swiss banking in 2023, Piguet Galland is directing more resources than ever before on the quality of client services, especially within French-speaking Switzerland served by our office locations in Geneva, Nyon, Lausanne, Yverdon-les-Bains and Neuchâtel.

We also provide our expertise in a select number of foreign markets. However, given the cross-border regulations and challenges surrounding tax-efficient wealth management, we prefer to work with dedicated partners with the requisite local knowledge and expertise to deliver the necessary high standards of client service. We have allocated the majority of our resources at Piguet Galland to local domestic markets in which we are equipped with some of the most in-depth knowledge and banking talent in the sector. This means we can optimally serve our clients by supporting their life projects and advising them confidently during periods of great uncertainty. Indeed, proximity has always been one of our greatest strengths compared to our competitors; this remains essential in cultivating an environment of trust between Piguet Galland and our clients.

Coupled with this proximity is our signature approach towards client relationships, which applies a laser-sharp focus on maximising their serenity and well-being, setting us apart from our local banking peers. We achieve this primarily by closely aligning their wealth goals with their most significant life projects, such as homeownership, marriage or retirement. We seek to create an environment of serenity for all our clients across our three main areas of expertise: wealth advisory (financial planning, pension analysis and wealth reporting), investment solutions (management and advisory mandates, funds and certificates) and



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financing solutions (mortgages, Lombard and fixed-term loans and credit limits).

Digitalisation is also helping considerably. Having admittedly fallen somewhat behind the local competition in providing our clients with the latest digital banking offerings over the last five years, we recognise that client relationships with the digital environment have dramatically evolved—and continue to do so today. It is a paradigm in which the internet and smart devices have been metabolised to such an extent that they have almost become an extension of ourselves.

Piguet Galland has responded to these trends by formally acknowledging that the only way to build close relationships with our banking clients is to offer an efficient digital interface. This imperative is now fully integrated into our digitalisation strategy, which continues to advocate strongly for a

hybrid model that incorporates both digital and human inputs as and when appropriate, but demands substantial investments in our digital interface to deliver the best possible banking experiences to our clients.

Our unerring focus on products, services and extensive strategies with digital banking and innovation at the heart of client experiences is helping to advance client relationships to a new level of trust here at Piguet Galland. For instance, we recently launched our Digital Client Journey project, which focuses on client experience (user experience, or UX) and interface (user interface, or UI) and effectively satisfies many of our strategic imperatives. The project is designed to not only attract new clients who can join us via a straightforward digital onboarding process but also “re-onboard” our existing clients to enhance our long-term relationships, further advancing them into the digital realm. We will also be imminently

unveiling our new website, which both reflects and supports this bold new digitalisation strategy.

Advances in digitalisation also extend to our internal supportive infrastructure. This has been most apparent via the project Papillon (meaning *butterfly*) that we undertook last year to fundamentally transform our digital and IT (information technology) capabilities in collaboration with Swisscom and Microsoft. Having observed first-hand the crucial importance of ensuring an agile and collaborative work environment amidst challenging conditions during the COVID pandemic, we initiated Papillon to inspire a complete metamorphosis in working culture—akin to a caterpillar turning into a butterfly—and to deliver a first-class Software as a Service (SaaS) solution.

This transformation has largely revolved around a major migration to the cloud to benefit from a more streamlined and innovative work environment. Papillon has also facilitated the establishment of a more modern IT infrastructure, which is now proving essential in the realisation of our digitalisation project. Not only are cutting-edge solutions, such as mobile telephony and collaborative document management, being widely adopted throughout the Piguet Galland network to



Cityscape of Genève, Switzerland

meet the needs of our clients more efficiently, but the project also satisfies the prescribed requirements imposed by regulatory authorities and market best practices.

The regulatory framework is also set to change dramatically regarding ESG (Environmental, Social and Governance) aspects within financial services; Swiss banks must significantly raise their reporting standards for their clients’ ESG preferences from 2025 onwards. This will require us to roll out a new high-conviction discretionary mandate to meet the expectations of those clients who wish to have their investment portfolios aligned with the highest levels of SRI (Socially Responsible Investing) and ESG integration. From next year, therefore, we will gather detailed information on the ESG preferences of clients who are particularly interested in this theme and ultimately offer an investment mandate that reflects this high level of conviction.

The mandate will be based on an entire pyramid of ESG methodology offered to clients, comprising “exclusion” at the bottom, then climbing, with “integration,” “best-in-class approach” and, finally, “impact investments” at the top. We see the most demand for this approach from institutional rather than private clients. However, we remain convinced

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that this will quickly evolve under the impacts of regulations, with the generalisation of ESG reporting for Swiss banks’ clients from 2025 onward.

Indeed, it has become clear at Piguet Galland that ESG is already a core business area for us and will continue to grow to such an extent that we intend to incorporate it as the third major component of portfolio management with a similar degree of importance to risk and investment performance. Since last year, given its revolutionary potential, we have committed considerable resources to ensure all our employees are trained in relevant ESG skills.

The new ESG mandate will also lead us to invest more in specialist teams that can expertly address this growing market segment, including ESG products and mandates. These moves are pivotal in demonstrating to the world that we are making a genuine

root-and-branch transformation in sustainable finance, not just cosmetic changes that may later prompt accusations of “greenwashing”. Elsewhere, we have launched several additional sustainable thematic investments in recent years, including a portfolio called Helv-Ethic, which invests in Swiss companies that are strong in governance; Climate Action, which focuses on the climate transition; and Women Empowerment, which concentrates on gender equality.

Ultimately, we are bracing for substantial changes to take hold across the Swiss financial centre. The recent banking turmoil has made it appear increasingly likely that a new regulatory regime awaits us all. Thanks to our forward-thinking approach—which will continue to focus on client serenity, market proximity, digital excellence and transformational sustainable-finance initiatives—Piguet Galland is fully set to take these new challenges in its stride. «