AFBS Conference: Perspectives for International Banking

4th meeting of the European Foreign Banks' Association in Geneva: Perspectives for International Banking – is there a Case for Open Markets?

This year the group of European foreign banks' associations held its meeting in Geneva to assess and discuss the impact of closing borders on financial markets. It was chaired by Martin Maurer, Secretary General, Association of Foreign Banks in Switzerland. Michael Matthiessen, Ambassador of the EU to Switzerland and to the Principality of Liechtenstein, confirmed the Union's strong commitment to unity and its reluctance to offer special deals to individual countries, however important partners they might be. The bilateral deal with Switzerland is unique and will have to be set on an institutionalised basis in order to evolve and keep pace with international developments. Ambassador René Weber, Head Markets Division, State Secretariat for International Financial Matters, underlined the strong interest of Switzerland to pursue the partnership with the EU as its most important trading partner. He insisted on the fact that, contrary to the UK, Switzerland was not retreating from the EU. Its continued efforts to transpose EU regulatory standards into Swiss law in view of assuring an equivalent framework and level playing field confirm this attitude – without however implying adhesion.

Jean Russotto and Simon Hirsbrunner, Steptoe & Johnson LLP, Brussels, presented the present state of bilateral

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relations and their potential evolution. They confirmed that some sort of institutionalisation is indispensable for the relationship to last in the future. Negotiations are going to be difficult, the more so as the Brexit process has priority since the UK starts from an insider position. Nevertheless, the possibility of concluding agreements with Switzerland prior to doing so with the UK has been addressed. It must be expected that the two countries' stance towards the EU will evolve in a different manner.

The panel discussion - moderated by Raoul Würgler, Association of Foreign Banks in Switzerland - concluded that, although disruptive  and source of uncertainty, the Brexit case was not that much of an issue for international banking. Several non-European banks have set up shop in London since the Brexit vote and global banks are assessing their presence at a global level - thus reflecting of concentrating a larger share of services at their headquarters and offering them on a revers sollicitation basis. London after Brexit might become a hub for the emerging world since the cluster of excellence will most probably remain available. Contrary to Switzerland, equivalence is thus not at the heart of its strategy of defining its relationship with the EU. For the latter, access to truly global financial centres might become more difficult, although places such as Frankfurt continue to offer an international exposure. A deepening of the partnership between Switzerlan and the UK can constitute an opportunity for both.

Panellists: Bruk Woldegabreil, Association of Foreign Banks in the UK; Oliver Wagner, Association of Foreign Banks in Germany; Kiri Krol, Alternative Investment Management Association; Hugh Bolton, Brown Brothers Harriman.

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