University of St.Gallen
Institute of Management and Strategy

The Effects of Diversification on Swiss Private Bank Performance

Deep dive as part of KPMG's Private Banking Study "Clarity on Swiss Private Banks 2025"

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Executive summary

The Swiss private banking sector has, in the past two decades, overcome a major change in its business environment that reduced the number of Swiss private banks to less than half of what it was in 2008. We focus in this report on the private banks that survived the turbulence and how they have continued to develop their business operations after that. Due to the introduction of the Automatic Exchange of Information (AEOI) on January 1, 2017, the banks had to reassess both the geographies in which they operate and the product/service offerings that they provide for their clients.

By focusing on the geographic and product/service diversification strategies of the Swiss private banks, we find that the currently highest performing Swiss private banks are those that successfully expanded their geographic footprint while at the same time broadening their product/service offerings to address the intensifying competition. The dual diversification strategy allowed the Swiss private banks to sustain both growth and profitability. They built scale by establishing a presence in multiple markets worldwide while simultaneously evolving their product offerings to meet diverse client needs – all the while maintaining operational efficiency. Our findings also show, however, that diversification is not a universal remedy. Private banks that did not expand geographically, but still chose to offer a broad array of products/services, have underperformed both the more diversified and the more focused banks. At the same time, boutique banks with a concentrated domestic presence and a narrower set of core offerings managed to retain strong profitability.

The strategic context of 2025, with increasing global geopolitical uncertainty, amplifies the significance of these findings. Clients are increasingly valuing regional presence alongside digital access, sustainable investment options, and a broader range of wealth management services that go beyond traditional asset management. The banks that have their diversification efforts aligned with these broader trends are better positioned to address these demands. For example, those that moved early into growth markets like the Middle East or into new investment themes like ESG investing or Cryptocurrencies are now reaping the benefits of being ahead of the curve. In contrast, banks that have stood still have found themselves vulnerable to these changes.

In summary, we find that diversification has proven to be a double-edged sword for Swiss private banks over the past decade. Expanding internationally and enlarging service offerings has clearly enabled scale and revenue growth for proactive Swiss private banks, helping them capture emerging opportunities and spread risk across markets. Yet, diversification without strategic clarity or sufficient scale would seem to have led to lower profitability. It would seem that in order to prosper in the current climate, Swiss private banks must either commit to achieving the scale and breadth needed to compete globally or choose a focused boutique strategy where they can be best-in-class in customer intimacy. Striking the right balance – growing and innovating, but with prudent limits – will be critical as the industry continues to adapt to the post-2025 landscape of global wealth management.

Introduction

The landscape of Swiss private banking in 2025 is one defined by complexity, convergence, and the relentless push for adaptability. Over the last decade (2015–2024), Swiss private banks have navigated a series of fundamental shifts in the environment in which they operate. Switzerland's long-held advantages as a private banking center have been tested in multiple ways. International tax cooperation agreements have curtailed the era of bank secrecy, forcing Swiss wealth managers to strengthen and renew their value propositions. At the same time, financial markets have seen everything from historic low interest rates and market rallies to sudden shocks like the 2020 pandemic, each event influencing client behavior and asset flows. In this context, the dual strategies of geographic and product diversification have emerged as critical levers for banks striving to secure their future. This study provides an analysis of the diversification strategies of Swiss private banks during the ten years spanning 2015–2024 and their impact on performance, shedding light on what strategies would seem to have been and continue to be the most viable for Swiss private banks in today's global arena.

Over the 2015–2024 period, the presence in different geographical regions has become increasingly important for Swiss private banks. Having historically earned a significant share of their income from international clients, serviced from the head office in Switzerland or via a handful of offshore outposts, this was not such an essential consideration in the past. Yet, as regulatory and market conditions have changed, banks are increasingly faced with the choice to either establish operations in key foreign markets to stay closer to clients and assets, or risk losing business to competitors who have done so. In Europe, the implementation of stricter cross-border banking regulations made it more challenging to serve EU clients purely from Switzerland, prompting banks to consider subsidiaries or branches within the EU. In emerging markets – Asia, the Middle East, Latin America – the rapid growth of local wealth created both an opportunity and a challenge: Swiss players could tap into new wealth pools, but doing so often required a local presence and an understanding of disparate regulatory regimes. Our study examines these patterns of expansion and contraction, looking at how many Swiss banks operate abroad, where they operate, and how the geographic focus areas have changed over time.

In parallel, product and service diversification has become an increasingly important theme as Swiss private banks need to address the increasingly diverse needs of their clientele. While the traditional Swiss private banking model revolved around discretionary asset management and core banking services, by the mid-2010s, this was no longer sufficient to set a bank apart. Clients – especially the next-generation wealth holders and globally mobile entrepreneurs – require a more comprehensive suite of financial solutions. Banks have responded by broadening their product/service offerings. The late 2010s also saw the rise of ESG investing and digital banking, pushing wealth managers to integrate sustainable investment options and state-of-the-art technology platforms. This study identifies the most common services offered by the Swiss private banks and how expanding one's service line has correlated with financial outcomes, such as, profitability and growth in AUM.

The overarching objective of this deep dive is to link these two dimensions of diversification – geographic reach and product/service breadth – and understand their interaction effect on bank performance. We aim at addressing a number of questions surrounding the diversification experiences of Swiss private banks: Does a wider international footprint inherently lead to better financial performance for Swiss private banks, or can a focused domestic strategy be just as profitable? At what point does adding more services cease to improve client satisfaction and start straining a bank's resources? Is there a synergistic benefit to excelling in both dimensions simultaneously? Are the best-performing banks both globally present and highly diversified in offerings? – Through a combination of quantitative analysis (using data from 71 surviving Swiss private banks consistently tracked from 2015 to 2024), we aim to answer these questions. Our analyses provided insights into how strategic choices made in the past decade have set the stage for success or struggle in 2025.

Geographic diversification

We began our analysis by examining the number of foreign countries where each Swiss private bank in our sample have a physical presence – be it through branches, subsidiaries, or representative offices – and how this international footprint has changed over time.

Based on the data, we can see that the Swiss private banks are divided between those that embraced international expansion and those that remained domestically focused. **Out of 71 banks analyzed, 34 institutions (just under half) had at least one office outside Switzerland, while 37 banks had no foreign presence at all.** In other words, a significant cohort of Swiss private banks still operated solely from Switzerland, catering to clients without maintaining any bricks-and-mortar operations abroad. Among the internationally active banks, the scale of expansion varies widely. Some banks have maintained a token outpost in only one foreign country, often a nearby European financial center, whereas others have built an extensive international presence spanning multiple continents. Specifically, 10 banks had exactly one foreign location, and 12 banks operated in a modest 2 to 5 countries. A smaller group of banks undertook more aggressive globalization: four banks were present in 6 to 10 countries, and the largest eight banks can be seen to have a truly global footprint with offices in more than 10 countries.

This distribution (illustrated by the breakdown in Figure 1) highlights the divergent strategic choices within the industry – many banks have opted for focus and simplicity, while others have sought scale and international diversification, following their wealthy clients abroad and tapping into emerging growth markets.

The geographic footprint of Swiss private banks in 2024 also reflects where they have found the most opportunity. From the regions that have attracted the most Swiss banks, Europe (outside of Switzerland) stands out as the leading destination.

Our analysis covers only active banks over the whole period (2015–2024), excluding those that were acquired or liquidated, to ensure a consistent picture of strategic behavior. We first look at the situation in 2024, then trace back to 2015 to understand expansion or retrenchment in specific regions and countries. The goal is not merely to catalog these moves, but to understand why Swiss private banks chose to grow or shrink their overseas networks and what this implies about their competitive positioning and resilience. Our analyses exclude UBS and Credit Suisse as the inclusion of the two larger Swiss private banks would dominate our analyses.

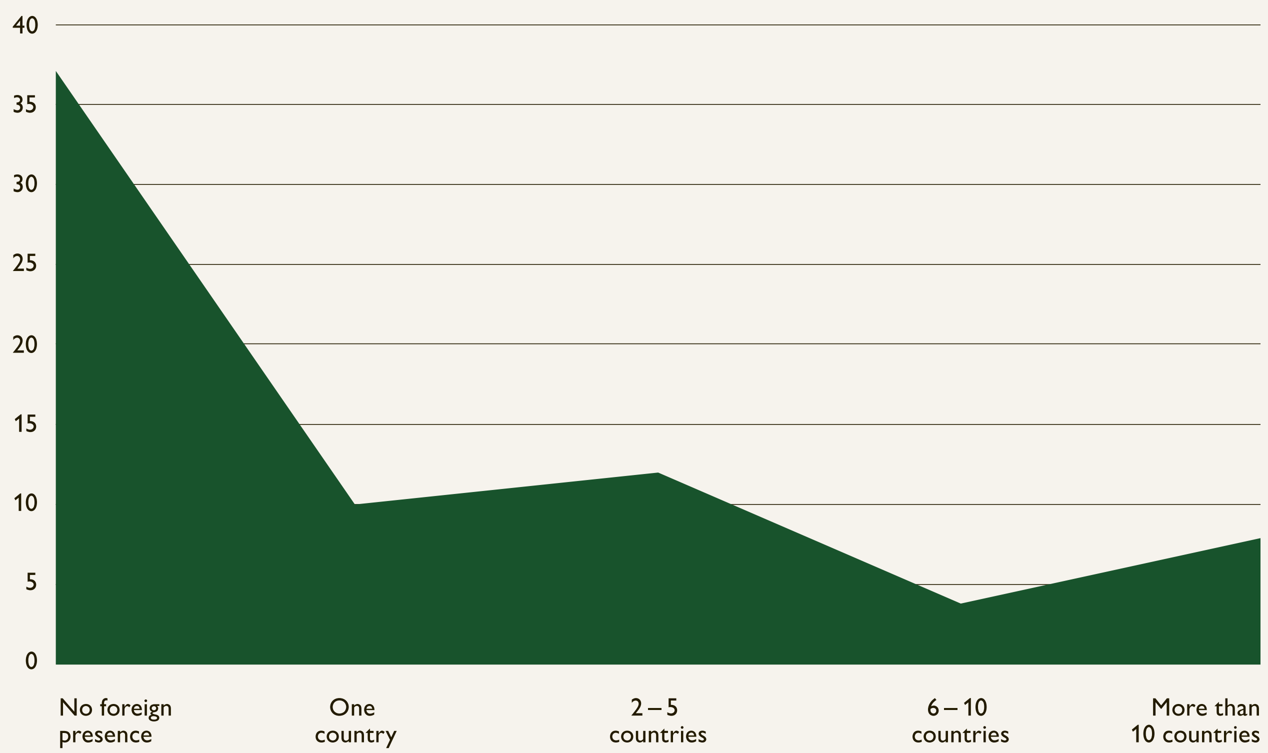


Figure 1. Distribution of Swiss Private Banks with Foreign Entities by Number of Countries in 2024 (N = 71)

From among the 71 Swiss private banks, 27 have at least one office somewhere in Europe. This is unsurprising given Europe's proximity, cultural ties, and the presence of other important financial hubs like London, Luxembourg, and Monaco, as well as the fact that many Swiss banks have a strong European client base.

Close behind Europe is the Middle East & Africa, where 24 Swiss private banks have a foothold. The strong presence in the Middle East points to concerted efforts by Swiss banks to tap into the substantial wealth growth in that region over the past decade. Asia and the Caribbean each saw 11 Swiss banks operating within their borders in 2024. In Asia, banks have targeted major wealth centers like Singapore, Hong Kong, and, to a lesser extent, China, seeking to benefit from the surge in Asian high-net-worth individuals. The Caribbean branches have reduced in importance, reflecting a decline in the traditional offshore havens' role. Meanwhile, the South American presence of Swiss private banks caters to Latin American markets. North America (notably the United States and Canada) saw nine banks with a local presence, and Oceania (Australia and surrounding) had the smallest footprint, with just 3 banks having operations there. This distribution underscores a strategic focus of Swiss private banks on Europe, the Middle East, and parts of Asia, while North America has become less important. Swiss banks would seem to have prioritized regions where they had comparative advantages or saw unmet demand, balancing the old strongholds in Europe with selective expansion into new markets.

Comparing the situation in 2024 to that in 2015 reveals significant shifts in where Swiss banks have chosen to operate. Figure 2 captures the change in the number of banks with foreign offices in each major region from 2015 to 2024, highlighting how strategic emphasis has evolved. **One of the most visible changes is the sharp retrenchment from the Caribbean.** In 2015, Swiss private banks were active across various Caribbean jurisdictions – 18 banks had at least one presence in that region, reflecting the legacy of Caribbean offshore financial centers in private wealth management. By 2024, that number had fallen to just 11 banks. A reduction of 7 banks signals a broader industry move away from Caribbean havens. Regulatory and reputational pressures have fundamentally altered the importance of maintaining Caribbean subsidiaries. These changes illustrate a strategic shift towards onshore wealth management and away from traditional offshore booking centers.

In contrast to these reductions, the Middle East and Africa region has emerged as a major growth area for Swiss private banks. Between 2015 and 2024, the number of banks with a presence in the Middle East and Africa jumped from 16 to 24, a growth of eight additional banks. Driving this trend was the Middle East. The data show that Swiss private bank presence in the United Arab Emirates increased by six over the period, one of the largest country-specific increases. Several factors explain this interest: the Gulf region experienced a significant rise in wealthy individuals and sovereign wealth during the 2010s, and cities like Dubai established themselves as international financial centers with robust infrastructure and regulation that welcome foreign banks. Alongside the Gulf, Israel saw an increase in Swiss bank presence (from 6 banks in 2015 to 11 banks by 2024), partly reflecting new opportunities following regulatory liberalization and the growth of Israel's tech-driven wealth, as well as closer economic ties after regional diplomatic shifts in the early 2020s. Increasing interest in Africa, while smaller in absolute terms, was also notable: South Africa, for instance, gained three additional Swiss private bank offices, indicating an interest in the continent's most mature wealth market and a platform for regional coverage.

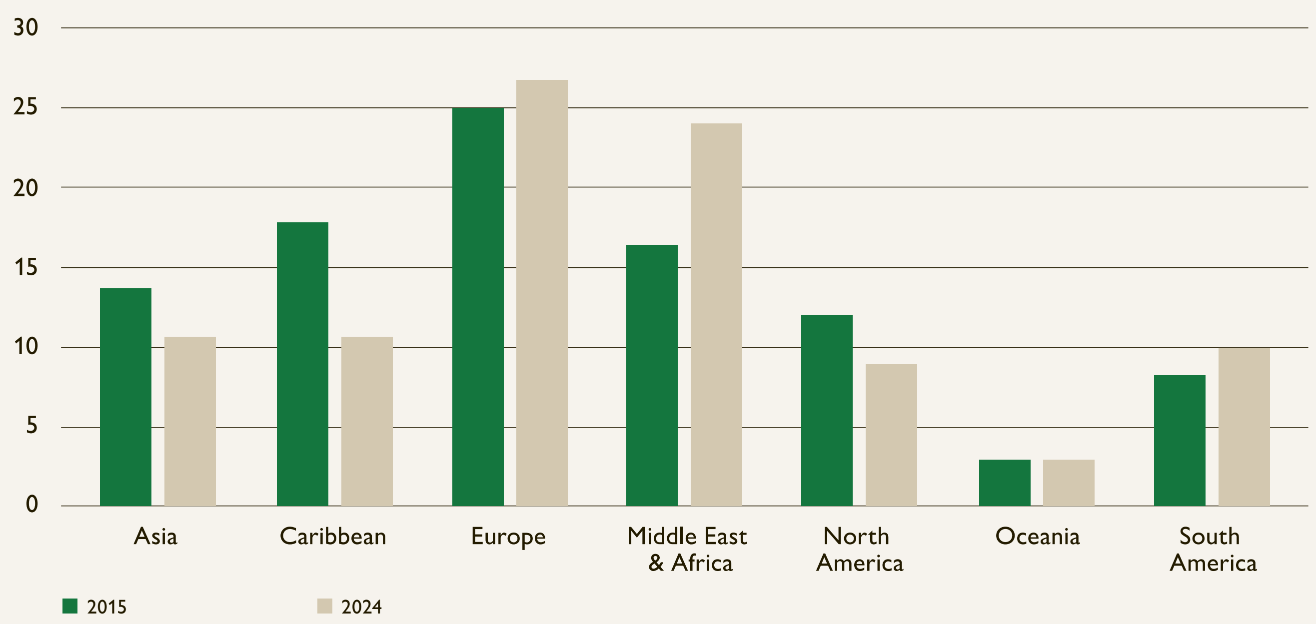


Figure 2. Changes in the Number of Swiss Private Bank with Foreign Entities across Different Regions (N=71)

The two maps below show the international footprint of the Swiss private banks in 2015 (Figure 3) and 2024 (Figure 4). The third map (Figure 5) shows the change in the number of Swiss private banks with at least one foreign entity per country between 2015 and 2024. It shows a decline in the presence of private banks across North America and the Caribbean, with significant reductions in the Bahamas (-5), Cayman Islands (-5), and the United States (-3). **Conversely, there was notable expansion in the Middle East and Africa, particularly in the United Arab Emirates (+6), Israel (+5), and South Africa (+3), signaling a strategic shift toward these regions.** In Asia, several banks exited key markets such as China (-3), Indonesia (-2), Taiwan (-1), and Singapore (-1). In Europe, the picture is mixed. While some banks reduced their presence in traditional offshore centers like Russia (-2), Guernsey (-2), and the United Kingdom (-2)–likely due to geopolitical or economic concerns–others expanded into new or existing markets such as Portugal (+3), Sweden (+2), Turkey (+2), Luxembourg (+4).

Figure 3. International Footprint of Swiss Private Banks in 2015 (N = 71)

Figure 4. International Footprint of Swiss Private Banks in 2024 (N = 71)

Figure 5. Changes in the International Footprint of Swiss Private Banks between 2015 and 2024 (N=71)

Geographic strategy and performance

To understand how geographic strategy affects long-term outcomes, we analyzed the evolution of geographic reach across 71 Swiss private banks from 2015 to 2024 and compared it to trends in scale and profitability over the same period. As shown in Figure 6, the banks in our sample pursued three distinct strategic paths. 14 banks reduced their geographic footprint by exiting at least one foreign market. 41 banks maintained a stable geographic presence, neither expanding nor contracting. The remaining 16 banks expanded their reach by entering one or more new countries.

Banks that contracted their geographic footprint improved their average ROE from 6% in 2015 to 10% in 2024. However, their average AUM growth was the lowest across all groups, at 3% per year. This pattern suggests a shift toward profitability, potentially at the expense of growth.

The group of banks that did not change their geographic footprint showed moderate developments in both dimensions. Their average ROE increased from 4% to 6%, and their AUM grew by an average of 5% per year. This indicates stable performance, with neither particularly high growth nor profitability, but a steady progression over the period.

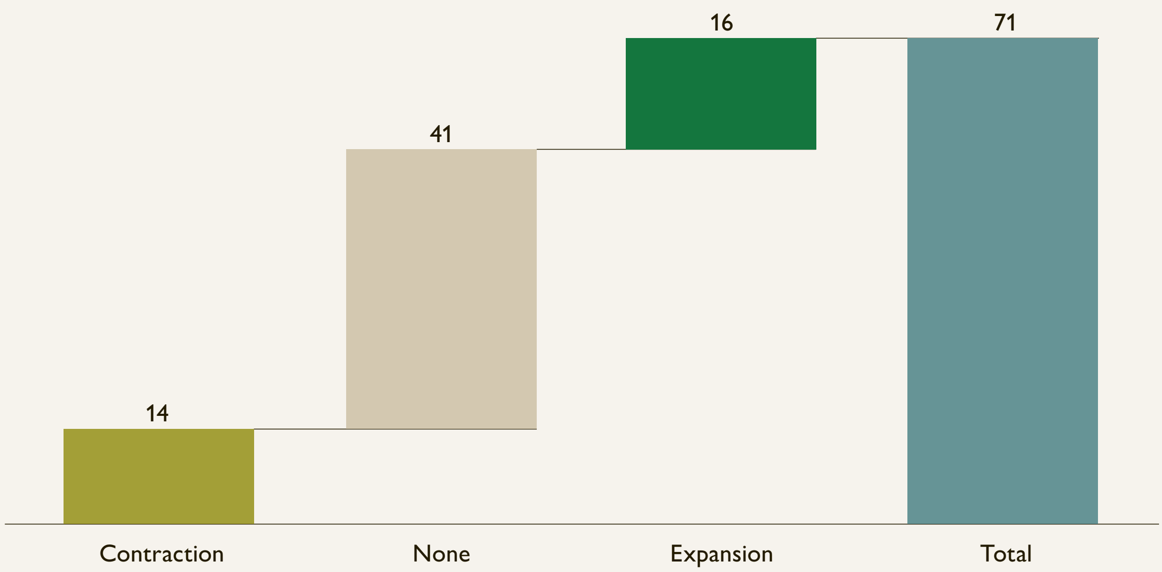


Figure 6. Changes in the Geographic Reach of Swiss Private Banks between 2015 and 2024 (N=71)

Banks that expanded their geographic reach experienced improvements in both profitability and scale. Their ROE doubled from 4 % in 2015 to 8 % in 2024, and their AUM grew at an average annual rate of 8 % – the highest among all three groups. These banks thus combined the strongest growth in scale with a substantial improvement in profitability over the nine-year period.

Taken together, the data show that changes in geographic reach were associated with distinct performance patterns. **Contraction was linked to higher profitability but lower growth. Stability was associated with moderate outcomes. Expansion corresponded to both strong AUM growth and a clear improvement in ROE.** While the underlying drivers are not observable from this data alone, the descriptive patterns indicate that geographic strategy correlates with different financial trajectories across Swiss private banks.

Figure 7 presents the average financial outcomes for each group across two key dimensions: Return on Equity (ROE) and Asset under Management (AUM) growth. ROE is reported for both 2015 and 2024 to capture the development in profitability, while AUM growth is measured as the compound annual growth rate (CAGR) over the nine-year period.

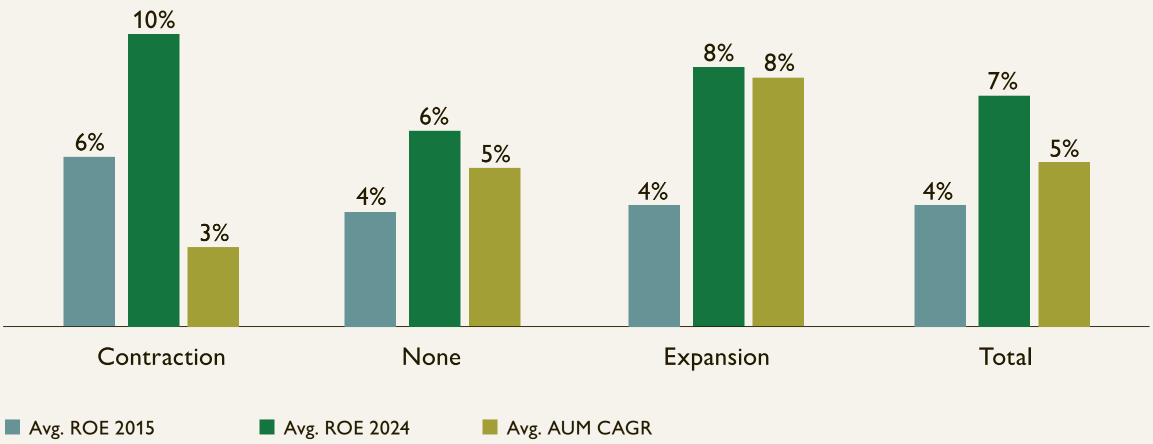


Figure 7. Geographic Reach Development and Financial Performance of Swiss Private Banks (2015 – 2024)

Diversification of products and service offerings

Alongside with geographic diversification, we examined the breadth of the products and services offered by the Swiss private banks to their clients. As shown in Figure 8, Asset Management is provided by all the Swiss private banks. This category includes both discretionary and non-discretionary asset management. There are also a few other nearly universal offerings. These include Alternative Investments and Lending & Credit Solutions, offered by well over three-quarters of the Swiss private banks. The prominence of Alternative Investments category speaks to how client portfolios have evolved in the low-interest-rate, volatile markets of the 2010s and early 2020s – banks have had to venture beyond stocks and bonds to seek higher yields or diversification benefits. Lending & Credit Solutions – including Lombard loans, or tailored credit lines – are offered by most banks as part of overall wealth management services. Individual clients may have financing needs, allowing banks to step in to provide credit as an additional service for their clients.

More than two-thirds of the banks offer Tax and Estate Planning services. They employ or partner with legal and tax experts to advise clients on estate structuring, trusts, foundations, and the fiscal implications of their investments across jurisdictions. A closely related service, provided by a many of banks, is Real Estate Advisory services. Real estate advisory complements estate planning when dealing with family property assets. Beyond these core and complementary services lies a cluster of other offerings that reflect the evolving needs and values of wealthy clients. Around half of the Swiss private banks have developed capabilities in Succession Planning, ESG and Impact Investing, Family Office Services, and Proprietary Investment Products. Each of these services represents a strategic choice by banks to deepen client engagement and differentiate themselves. In particular, ESG and Impact Investing has seen a notable rise to become a mainstream offering: over 50 % of Swiss private banks now provide some form of sustainable or impact investment options.

We measured the extent of product/service diversification by counting the distinct private wealth management services each bank provides, using data from bank websites and annual reports as of 2024. Based on the 71 private banks in our sample, we identified twelve major product/service categories that are present in the offerings of Swiss private banks to individual clients. We excluded products/services offered for institutional investors, such as, institutional asset management and investment banking. Figure 8 shows the frequencies of these product/service areas among the 71 banks.

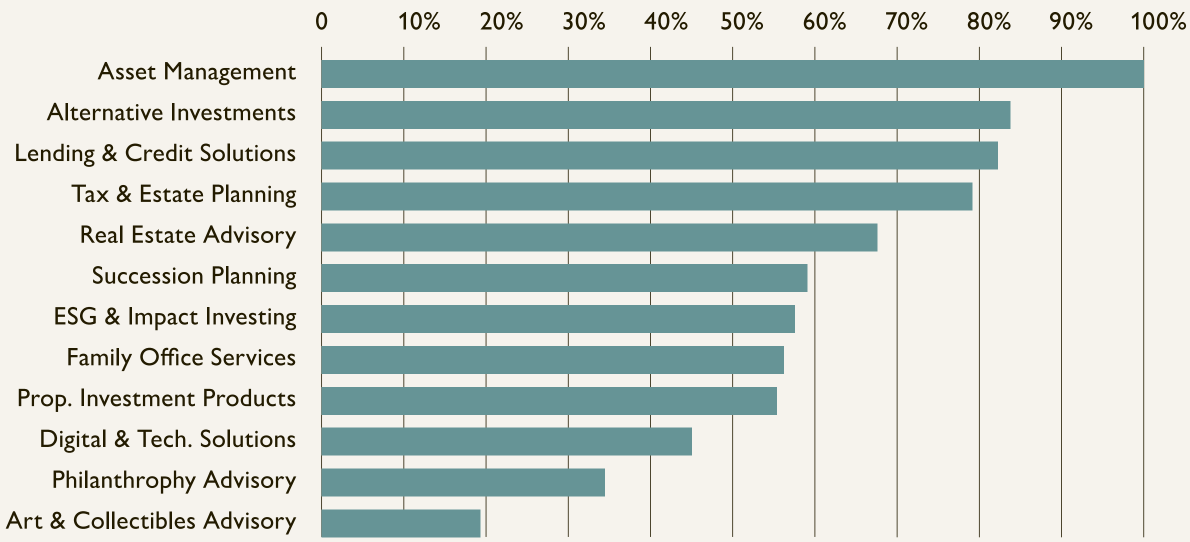


Figure 8. Product and Service Diversification of Swiss Private Banks. Percentage of Swiss Private Banks Offering a Given Product or Service for Private Wealth Management Clients in 2024 (N=71)

Banks have also been innovating on the product side. Offering Proprietary Investment Products allows banks to generate additional fee income, showcase their investment prowess, and create unique offerings that competitors might lack.

Finally, at the end of the spectrum, we find services that are less common. Around one-third of Swiss private banks offer Digital and Tech Solutions. Philanthropy Advisory and Art & Collectibles Advisory are similarly niche offerings, which only a few banks offer. Philanthropy advisory involves helping the clients of the private bank structure charitable giving, set up foundations, or measure the impact of their donations. Art advisory might include valuing and managing art collections, facilitating sales and acquisitions, or using art as collateral for loans. The limited adoption rate of these services implies that for most banks, it may not be cost-effective to maintain in-house art experts or philanthropic consultants; instead, they might refer clients to external specialists. Nevertheless, for the banks that do invest in these services, it provides a good way to deepen engagement with clients on a personal level and can differentiate them from competition.

Overall, the range of services on offer shows Swiss private banks walking a tightrope: they must innovate and expand into new service domains to meet contemporary client expectations, yet they also must avoid overextension and ensure quality in whatever they choose to offer. With each new product/service offering comes the need for expertise, increased operational complexity, and potentially higher costs. This poses the question whether the breadth of product/service portfolio correlates with better performance or does a more focused approach nevertheless yield better returns?
To answer this, we examined the relationship between product/service diversification and financial performance.

We divided the banks into three performance tiers based on ROE: Low performers (ROE below 5%), Moderate performers (ROE between 5% and 10%), and High performers (ROE above 10%), and analyzed how many distinct services each bank in these categories offered.

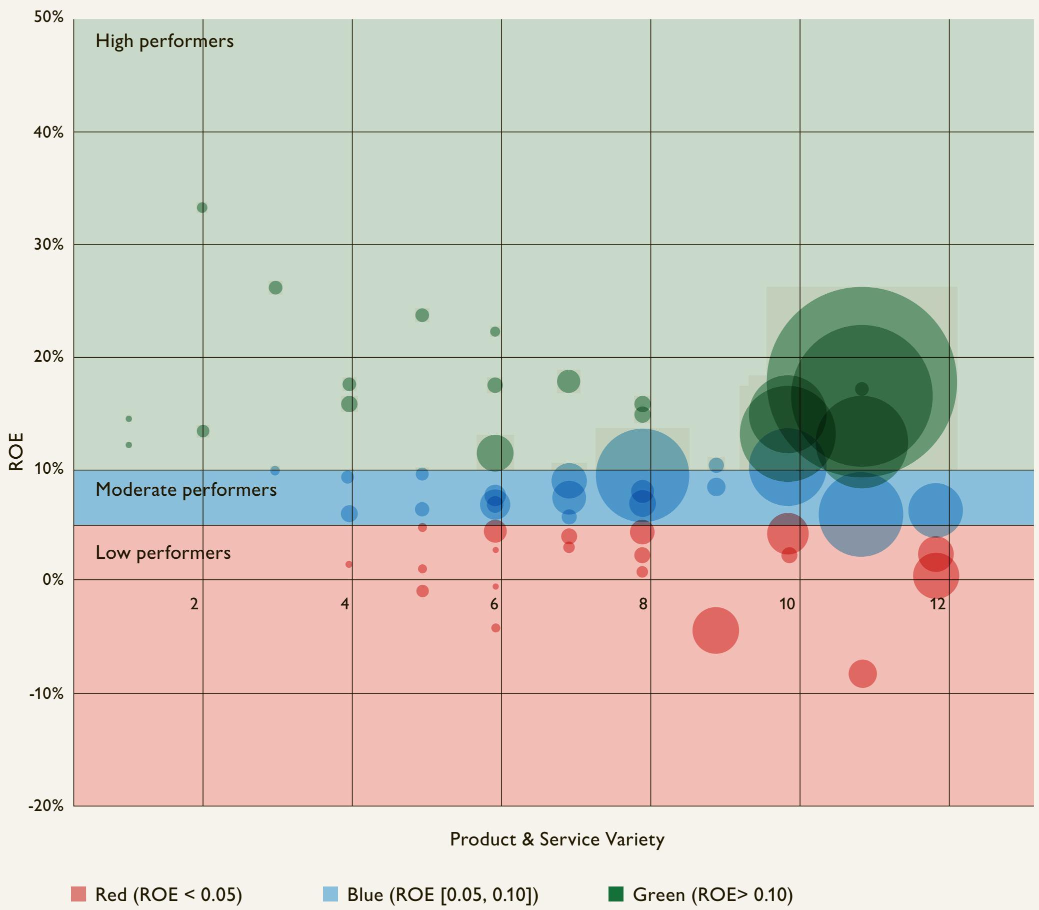


Figure 9. The Effect of Product and Service Diversification on Performance in 2024 (N=71)

Specifically, we examined how the variety of services offered by a private bank relates to its profitability (measured by ROE) and its size (measured by AuM). The results, shown in Figure 9, an interesting picture. Banks with a very broad array of services are typically not among the top performers in terms of ROE. In fact, many of these banks fall into the low or moderate performance categories. **The Swiss private banks that consistently achieved high ROE tended to concentrate on a relatively narrow set of services (often just 1 to 3 core offerings).** This inverse relationship between service breadth and ROE suggests that there are costs to complexity. Each additional product line can introduce overhead – whether it's hiring specialized staff, complying with additional regulations, or simply the dilution of management focus. Unless a bank has sufficient scale and operational efficiency to manage the associated costs, diversification can erode profit margins. A bank that attempts to offer every new service may become overstretched, whereas one that selectively adds one or two offerings aligned with its core strengths may enhance both client satisfaction and profitability.

As shown in Figure 9, the smaller banks (as indicated by smaller bubbles defined based on AuM) with limited product/service offerings cluster to the left side of the chart. However, they have relatively high ROEs. In contrast, private banks with the largest bubbles (highest AuM) are mostly positioned on the right-hand side due to the large number of products/services that they offer. However, scale alone does not guarantee superior ROE for these diversified banks. While some of the broadly diversified private banks show good profitability, there are also several other that are only moderately profitable (those in the blue moderate-ROE zone) or have low profitability (those with smaller, red bubbles).

What is, however, interesting to note is that a handful of larger private banks demonstrate that it is possible to have both breadth and profitability (large green bubbles with high AuM and high ROE). Such banks would seem to have achieved economies of scale that allows them to provide profitably a large portfolio of different kinds of services.

It would seem that in order to be successful in today's Swiss private banking industry, a viable path continues to be the focused boutique strategy: concentrate on a few areas of historical strength – for instance, investment management, lending, and maybe one advisory specialty – and do them extraordinarily well. The trade-off is that such banks might forego potential revenue that could be earned from additional services; they must accept a potentially smaller addressable market in exchange for higher margins.

The other path is the full-service strategy to be the primary financial partner to clients by covering all their needs under one roof. This can maximize the share of wallet of the existing clients and total AuM, but it requires significant investment in capabilities and focus on efficiency. This strategy seems to work best for firms that can achieve true scale (often through mergers, as noted in our previous year's deep dive regarding the Big 8 Swiss Private Banks), thereby spreading costs and leveraging synergies. It is important to note that diversification in itself is neither purely good nor bad. A mid-sized bank that tries to tap into every new service might find itself overstretched, whereas a similarly sized bank that adds just one or two services that complement its core strengths might see a boost in both client satisfaction and profitability.

Joint effects of geographic and product / service diversification

Finally, to understand how geographic reach and product/service breadth combine to influence private bank performance, we mapped each private bank along these two dimensions. The distribution of banks in Figure 10 reveals four quadrants that correspond to distinct strategic profiles, each with different implications for performance.

In the top-right quadrant of Figure 10 are the "diversified global players." These are banks that have managed to both spread their operations across many countries (high geographic reach) and offer a wide range of products and services (high service variety). They represent some of the largest institutions in terms of AUM – depicted by the large bubble sizes – and many are colored green, indicating high ROE. The average metrics for this group (as shown in the figure) are telling: an average ROE of around 11.4% coupled with an average AUM of roughly CHF 288 billion. These diversified global players have achieved dual scale, leveraging their breadth to drive both growth and efficiency. The high profitability of this group suggests that they have found ways to manage the complexity that comes with their size. Typically, these banks invest heavily in technology and standardized processes, achieving economies of scale. They also benefit from brand strength; being known globally and offer- ing one-stop solutions can attract even more clientele in a virtuous cycle. **Essentially, the top-right quadrant banks exemplify the ideal of a fully diversified private bank: they enjoy the stability of a broad international footprint, the revenue opportunities of a full suite of services, and operational scale to keep profit margins healthy.**

Figure 10 provides a scatter plot with each private bank plotted by its number of foreign country presences on the vertical axis and the number of distinct services offered on the horizontal axis. The color of each bubble corresponds to the bank's profitability tier (green for high ROE, blue for moderate, red for low), and the size of the bubble reflects the bank's AUM.

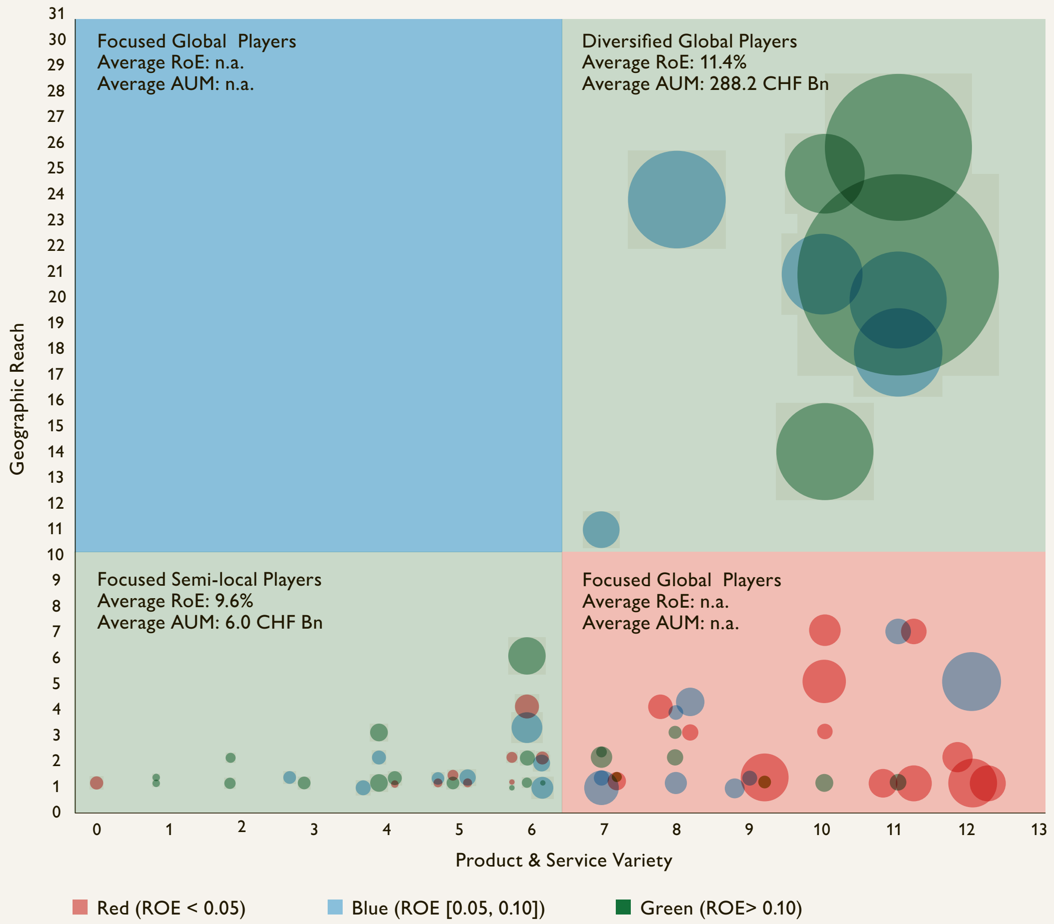


Figure 10. Joint Effects of Geographic and Product and Service Diversification on Performance in 2024 (N=71)

By contrast, the bottom-right quadrant shows the "diversified semi-local players". These banks have pursued a broad product strategy similar to the top-right players–offering a wide array of services–but they have done so without extensive geographic expansion, indicating they operate mostly in Switzerland and perhaps a few of other locations. On the chart, they appear far to the right (high variety) but lower down (low country count). The bubbles here tend to be medium-sized and predominantly blue or red, reflecting moderate to low ROEs and relatively smaller scales. The group's average ROE, about 4.4%, which is markedly lower than that of the diversified global players, and their average AuM around CHF 18 billion underscores that they have breadth without commensurate scale. In essence, these banks tried to be "everything for the client" within a limited market scope–likely within Switzerland or a single region–and the result has been underwhelming financial performance. Without international expansion, their potential client pool is smaller, which means the cost of maintaining many different service lines is spread over a more limited revenue base. Moreover, because these banks are not present in different geographies, they may miss out on growth opportunities in faster-growing markets, which could otherwise augment their assets and in-come. **The challenges of this quadrant illustrate that product diversification alone, unaccompanied by geographic expansion, tends to dilute private bank performance.**

Moving to the bottom-left quadrant, we find the "focused semi-local players." These banks have both limited geographic reach and service offering–typically concentrating mainly on the Swiss market (or a small number of markets) and offering a limited selection of core services. Their bubbles lie towards the origin of the chart (low on both axes), often colored green, signifying that many have nevertheless above-average ROE, though their bubble sizes are small, denoting modest AuM levels. These banks have on average 9.6% ROE and an AuM of of about CHF 6 billion. By not venturing far afield, they avoid the costs and risks associated with cross-border operations. And by not stretching their service lines, they operate with dedicated teams focused on what they do best. This often translates into lower cost-to-income ratios and high-touch service that clients are willing to pay for, sustaining solid ROEs. Their limited AuM sizes reflects their niche positioning. While these focused semi-local players do not have the diversification benefit of spreading risk across markets or revenue streams, they can compensate that with agility and deep client relationships. They can respond quickly to client needs and market changes without the bureaucratic overhead of a large organization. **The strong performance of private banks in this quadrant confirms that a focused strategy can also be a great choice.**

Conclusion

The findings of this deep dive on diversification provide important strategic implications for Swiss private banks and offer guidance on how to navigate the competitive landscape in the coming years. Finding the right balance in diversification is essential. Private banks should objectively assess their strengths, resources, and client profiles to determine whether a broader or a more focused boutique strategy will serve them best.

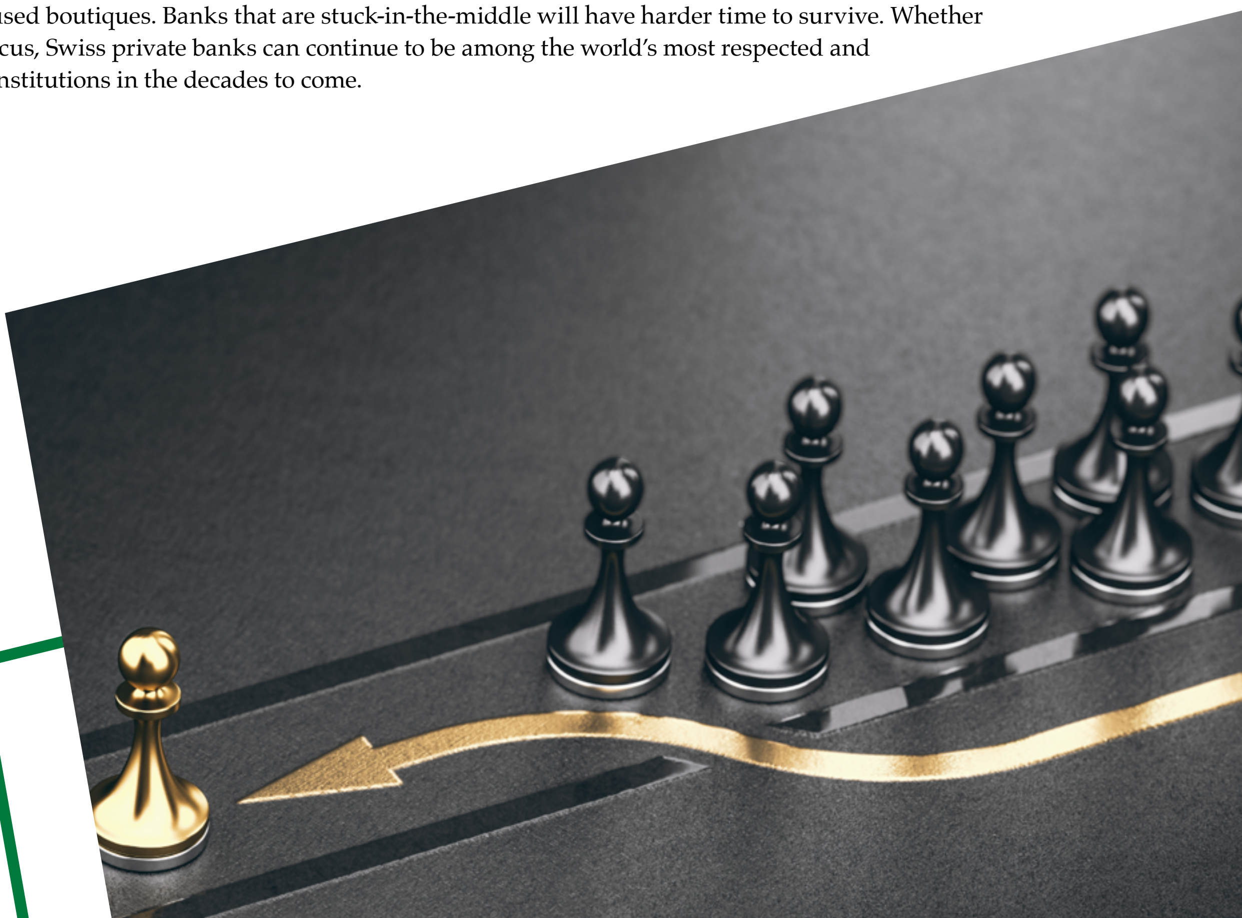
First, geographic expansion should be pursued selectively and purposefully. The decision to enter a new country or region must be anchored in a clear business case: following the bank's clients, accessing a growing pool of local wealth, or capitalizing on a favorable regulatory environment. For example, establishing a presence in the UAE or another Gulf state has been popular – not only to attract new clients but to better service existing ones who conduct business or spend time there. However, banks must also be prepared for the long-term commitment that international offices entail. Each new location brings added regulatory compliance, cultural adaptation, and operational overhead. Moreover, banks should regularly review the performance of their foreign units; if an overseas unit is not meeting targets, management should be ready to adjust course, as many private banks have done. Private banks that choose not to expand widely can still thrive by deepening their penetration of their existing core market. A bank might decide that instead of expanding abroad, it will continue serve international clients when they come to Switzerland and partner with local firms elsewhere for any on-the-ground needs.

Second, our study shows that broadening the product/service portfolio can erode performance. Banks should invest in new capabilities only where they see a sustainable intersection of client interest and the bank's ability to deliver excellently. For instance, many banks have embraced ESG investing to some degree because clients and regulators alike have made it clear that sustainability is now a cornerstone of prudent investing. Client-centric innovation is a useful guiding principle.

When rolling out new services, banks should pilot them and gather feedback, ensuring that quality meets the institution's standards, and that pricing is appropriate. It would seem to be better to excel in a few things than to be average in many.

Third, an analysis of the joint effects of geographic and product/service diversification shows that one needs to have the scale to justify that breadth. This could entail engaging in mergers or acquisitions to gain scale. As shown in our 2024 Deep dive, the Swiss private banking sector has seen substantial consolidation over the past decade, and that trend will likely continue. Conversely, for banks that opt for focus, discipline in not chasing every growth opportunity is key. A focused Swiss private bank can, for example, choose to serve only European ultra-high-net-worth clients with entrepreneurial backgrounds, excelling in investment management and succession planning for family businesses. Such focused boutique banks should invest in deepening their specialization: training their staff to be true experts, adopting the latest technologies relevant to their niche.

In conclusion, Swiss private banks stand at an inflection point where they must align their strategy with their structure. The lessons of 2015 – 2024 are clear. When and how a bank diversifies – geographically and in products/services – can determine its survival and success. As we move beyond 2025, Swiss private banks should aim to be either world-class global players or focused boutiques. Banks that are stuck-in-the-middle will have harder time to survive. Whether through scaling or focus, Swiss private banks can continue to be among the world's most respected and successful financial institutions in the decades to come.



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