

The banks in Switzerland 2001 – Preprint

Press release of 5 June 2002

In 2001, the banks operated in a less favourable economic environment. The aggregate annual profits of the banks (parent companies) shrank from Sfr 19.5 billion to Sfr 12.5 billion. In the wake of declining stock markets, commission business, services and trading exhibited markedly lower net results (-17.7%). Interest income, by contrast, declined only moderately by 3.6%. The balance sheet total grew by 4.8% from Sfr 2,124.9 billion to Sfr 2,227.4 billion. Domestic bank offices had customer securities portfolios totalling Sfr 3,400 billion under their management at the end of 2001 compared with Sfr 3,716 billion at the end of 2000. The number of employed persons rose by 3.3% from 116,648 to 120,439.

Key figures relating to the business activity of the parent companies (in billions of Swiss francs or number of units respectively)

	2001	2000 ¹⁾
Bénéfice de l'exercice	12,5	19,5
Somme des bilans	2'227,4	2'124,9
Opérations fiduciaires	407,2	411,6
Excédent de fonds propres ²⁾	42,4	48,7
Dépôts de titres de la clientèle ³⁾	3'400,0	3'716,0
Nombre d'établissements	369	375
Effectif du personnel ⁴⁾	120'439	116'648

1) Due to revisions, values may differ from those published last year.

2) Without branches of foreign banks and private bankers

3) At domestic bank offices

4) Part-time jobs, apprenticeships and trainee posts are weighted. In the preceding years, the staff members in these categories were counted as full-time jobs. A direct comparison with earlier years is therefore not possible.

Income statement

The bearish securities markets and muted economic activity had a clear impact on the banks' income statements. Commission income from securities and investment business and income from trading declined markedly by 15.2% and 28.8% respectively. The individual bank categories exhibited lower profits to varying degrees depending on their business orientation. Banks active mainly in traditional lending and deposit business suffered comparatively moderate losses in earnings: these amounted to 4.0% for the Raiffeisen banks (cooperative banks) and to 6.0% for the regional and savings banks. The cantonal banks recorded a decline in profits of 16.7%. The banks mainly involved in asset

management and in private banking, however, had to contend with significantly lower profits in 2001 than a year earlier. The big banks suffered a 43.6% profit slump, private bankers 39.1% and foreign banking institutions (foreign-controlled banks and branches of foreign banks) 28.5%. At Sfr 37.2 billion, total business expenditure of all the banks remained virtually unchanged (2000: Sfr 37.5 billion). Despite a 2% increase in staff numbers, personnel expenses declined from Sfr 24.1 billion to Sfr 23.6 billion (2000: +15.2%), while general overheads remained almost steady (2000: +10.0%). By contrast, the banks recorded a 49.9% rise in valuation adjustments, provisions and losses to Sfr 6.9 billion (2000: Sfr 4.6 billion). Most of the increase was accounted for by the big banks, with the cantonal banks second in line. Of the annual profit of Sfr 12.5 billion (2000: Sfr 19.5 billion), Sfr 4.6 billion (Sfr 8.5 billion) were distributed as profit, and Sfr 6.7 billion (Sfr 8.6 billion) were allocated to the reserves.

Balance sheet business

In 2001, balance sheet business generally shifted abroad again. Assets and liabilities abroad expanded by 9.1% and 9.6% respectively while declining somewhat in Switzerland. Lending business showed regular development. Loans to domestic and foreign customers (including mortgage loans) increased by 2.3% (2000: +0.9%). Domestic loans grew at a somewhat slower pace of 1.9% (2000: +1.8%). Claims vis-à-vis banks mounted by 2.0% (2000: -17.0%). By contrast, the banks substantially increased their financial assets (+18.2%); investments were made mainly in foreign securities. Liabilities vis-à-vis customers (in the form of savings and investments, and sight and time liabilities) exceeded the previous year's level by 5.9% (2000: -10.4%). Liabilities from money market paper (+41.5%) and from bonds and mortgage loans (+21.8%) expanded significantly.

Securities held in custody accounts

The value of customer securities portfolios held by domestic bank offices fell – not surprisingly so against the background of declining stock markets – by 8.5% from Sfr 3,716 billion to Sfr 3,400 billion. A share of 55.9% (2000: 55.3%) was attributable to foreign customers. Private customers accounted for 43.8% of total holdings, institutional investors for 44.1% and corporate customers for the remaining 12.1%. Individual customer segments exhibited no notable shifts compared with the previous year. Swiss franc securities, which had accounted for 50.1% a year earlier, contracted to 47.2%. The share of securities denominated in euros and US dollars, however, grew slightly, accounting for 21.0% and 24.1% respectively.

Fiduciary business

Bank customers' fiduciary credit balances totalled Sfr 407.2 billion, i.e. 1.1% less than a year earlier (2000: Sfr 411.6 billion). Domestic customers reduced their balances by 8.3%, while foreign customers increased their balances minimally by 0.5%.

Employment

Employment in the Swiss banking sector, including staff in branch offices abroad, continued to rise. At the end of 2001, the banks employed 120,439 persons, up by 3,791 (+3.3%) from the previous year's level. All bank categories registered an increase. The big banks exhibited the smallest increase (+0.6%), the category of private bankers saw the biggest rise (+14.2%). In Switzerland, the number of bank staff climbed by 2.9% to 106,896, in branches abroad by 6.0% to 13,543.