Private banks from Switzerland, Europe and Asia

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The Swiss pioneers

Swiss banks had been present in Singapore long before the wealth management strategy. The Union Bank of Switzerland (SBG) opened its first representation in Singapore in 1971. The Swiss Bank Corporation followed with an office in 1975. According to a Swiss account, the presence rested on close relations between the SBG banker Robert Holzach and Lee Kuan Yew, who modelled parts of Singapore's banking system on the Swiss example with the help of both banks.[1] The two banks later merged to form UBS, which became one of the largest private banks in Singapore.

By 2003 most of the leading private banks of the world had operations in Singapore, as the Deputy Prime Minister noted in his speech of 26 September 2003. What changed in the 2000s was the role of these operations. Many had begun as representative offices or as sales outposts for accounts booked in Zurich or Geneva. During the decade they became booking centres with their own portfolio managers, credit departments and trust companies. Assets of Asian clients were increasingly held in Singapore itself.

Julius Baer and the second wave

Julius Baer illustrates the second wave. In July 2007 the Zurich bank announced that it was upgrading its Singapore wholesale branch into its hub for Southeast Asia.[2] In September 2010 its board met in Singapore for the first time. A spokesman described Asia as the bank's "second home market" and stated the aim of doubling assets in Singapore and Hong Kong to a quarter of the group total within five years. "Swissness is highly regarded in Asia," he added.[3]

Other Swiss houses followed the same path. The Geneva private banks, whose history the Geneva volume describes, expanded their Asian presence during the same years, when Singapore became the obvious location for a booking centre serving Southeast Asia. For these firms Singapore offered a common law jurisdiction, political stability, a time zone suited to Asian clients and a regulator that actively wanted their business.[4]

The pressure on Swiss secrecy and the shift to Asia

The decisive acceleration came after 2008. In 2007 the United States Department of Justice began a criminal investigation into UBS and other Swiss banks for helping American clients to evade taxes. In 2009 UBS paid US$780 million to settle the case and agreed to disclose the names of about 4,450 American clients.[5] European tax authorities obtained stolen data on thousands of clients of Swiss

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banks. The EU savings taxation agreement with Switzerland, in force since 1 July 2005, already required Swiss banks to withhold tax on interest paid to residents of EU member states.[6]

Observers drew conclusions that Singapore's officials did not welcome. A professor at the University of Birmingham said in 2010 that "all the evidence suggests that Singapore is making a concerted effort to replace Switzerland as the global centre for private banking". The founder of the Tax Justice Network claimed that "Singapore is where the Swiss can now find the banking secrecy they've lost at home." UBS itself announced plans to hire 400 additional client advisers for Asia-Pacific on top of 867 already employed.[7] The same report noted that the Singapore government had bought about 9 % of UBS in late 2007, a stake later diluted. The Singapore state had thus become a leading shareholder of the bank at the centre of the American tax case.

These claims require careful reading. The movement of assets from Switzerland to Singapore was real, but much of it reflected the growth of Asian wealth and the decision of the banks to book Asian clients in Asia. The flight of undeclared European and American money is harder to measure, since much of it was stopped by the banks themselves. In 2009 UBS shut down its cross-border business for American clients, a closure that covered such services anywhere in the world.[8] Singapore could not offer a refuge for long, because the same pressure that dismantled Swiss secrecy reached Singapore within a few years.

European and Asian banks

Private banking in Singapore was never a Swiss preserve. British, French, German, Dutch and American banks operated private banking units in the city, many of them through Singapore subsidiaries or branches licensed as wholesale or full banks. Their strategies varied with the fortunes of their parent groups. The financial crisis of 2008 forced several European groups to sell their Asian private banking businesses, which created openings for Asian buyers.

The most important transaction concerned ING. After the Dutch state rescued ING in 2008, the group sold its Asian private bank as part of its restructuring plan.[9] On 29 January 2010 OCBC Bank completed the acquisition of ING Asia Private Bank for about US$1,446 million, or S$2,024 million, and renamed it Bank of Singapore. Combined with OCBC's own private banking business, the new bank had over 7,000 clients and about US$23 billion in private client assets. OCBC described it as the only dedicated private bank headquartered in Singapore.[10] The transaction marked the transition from a centre in which foreign banks managed foreign wealth to one in which local institutions competed for it.

Standards of conduct

The rapid growth of the industry raised questions of quality. Because private bankers were scarce, banks competed for them by offering higher pay. The industry responded with a Private Banking Code of Conduct, developed by the banks themselves and described by MAS as "the world's first set of professional standards written for private banks by private banks".[11] In the same speech the Managing Director of MAS announced that Singapore intended to criminalise the laundering of the proceeds of

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tax offences, because it did not want tax evasion money to enter its system. By 2011 the language of the 2000s had changed. MAS spoke of a "competent, trusted and clean financial centre". The defence of secrecy had given way to the defence of integrity.

Notes

1. Claude Baumann, "Wie sich die UBS in Asien feiert", *finews.ch*, 23 September 2014: SBG opened its first representation ("erstmals eine Vertretung") in Singapore in 1971, SBV an office ("Geschäftsstelle") in 1975; close relations between Robert Holzach and Lee Kuan Yew; about 2,000 UBS employees in Singapore in 2014; GIC the largest single shareholder of UBS with 6.4 %.
2. "Julius Baer Upgrades Singapore Operation to Regional Hub", *WealthBriefing*, 2 July 2007: Bank Julius Baer "upgrading its Singapore wholesale branch into its South East Asian hub".
3. *Business Times*, 24 September 2010, cited above: Julius Baer board meeting in Singapore in early September 2010, "the first such convening there"; "We call it our second home market"; plan to double assets in Singapore and Hong Kong to 25 % of the total within five years; "Swissness is highly regarded in Asia".
4. On the expansion of Pictet, Lombard Odier and other Geneva houses in Singapore during the 2000s, see the banks' own histories and MAS licensing records.
5. *Business Times*, 24 September 2010, cited above: criminal investigation of UBS from 2007; settlement of US$780 million in 2009; disclosure of the names of 4,450 US clients to the Internal Revenue Service. See also Ressos, *Genève, place financière internationale*, partie E, chapitre III.
6. Ressos, *Genève, place financière internationale*, partie E, chapitre III, citing the agreement of 26 October 2004 between Switzerland and the European Community on the taxation of savings income, in force on 1 July 2005; *Business Times*, 24 September 2010, cited above, on stolen data discs and the EU directive.
7. *Business Times*, 24 September 2010, cited above: statements of Ronen Palan (University of Birmingham) and Richard Murphy (Tax Justice Network); UBS plans to hire an additional 400 client advisers for the Asia-Pacific region on top of the current 867; UBS reported US$146.5 billion of assets in Singapore at the end of 2009 according to company filings.
8. *Business Times*, 24 September 2010, cited above: UBS shut down its "United States cross-border business" in 2009; the agreement covered UBS's cross-border services for Americans anywhere in the world.
9. Wikipedia, "Bank of Singapore" (accessed November 2026): the sale of ING Asia Private Bank formed part of ING's restructuring plan following the 2008 government bailout of ING Group; OCBC agreed the acquisition in October 2009.
10. OCBC Bank, media release "OCBC Bank launches a dedicated private bank, Bank of Singapore, formerly known as ING Asia Private Bank", 29 January 2010: completion of the acquisition for approximately US$1,446 million or S$2,024 million; over 7,000 clients and private client AUM of approximately US$23 billion; "the only dedicated private bank that is headquartered in Singapore".
11. Ravi Menon, keynote speech at the WMI Connection, 28 October 2011, cited above: the Private Banking Code of Conduct "developed by the industry sets out principles for proper business conduct" and "has been described as the world's first set of professional standards written for private banks by private banks". Ravi Menon, 28 October 2011, cited above: "Singapore intends to make criminal the laundering of proceeds from tax offences"; "banking confidentiality is not absolute"; "we will not allow banking confidentiality to be used to shield criminal activities".

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