

No change in Swiss way of banking, says Banque Piguet



By Karen Remo-Listana on Wednesday, April 22, 2009

For decades, Switzerland has been the epitome of client confidentiality in the financial world. Thanks to the country's stability and strict rules on privacy, it is expected to host one-third of the world's offshore wealth.

This factor, among others, have encouraged more and more Middle East investors to turn to the Swiss way of private banking, said Nicholas M Farah, Head of Banque Piguet's representative office in the Middle East. Although there are reports of changes in the Swiss private banking system due to regulatory pressure of calls for more transparency, Farah is optimistic that investors would still be drawn to the country's reputation.

"There are banks that are struggling but Swiss banks are not because they offer very traditional values and I think there is now a return to basics and to old-fashion banking," he said.

Swiss banking secrecy has been a mighty, immovable presence for decades. Speaking specifically about this region, what are the benefits of being a Swiss bank?

In the context of the Middle East, there are pockets of money and there are reasons for Middle East investors to turn once again to Switzerland as a booking centre because they are returning to quality, security and privacy. This is what Banque Piguet can offer. We offer long-term stable returns for investments as opposed to the higher-end and more volatile returns that have been known to have been made in this part of the world for the past two to three years. The bank is deeply committed to doing the Swiss way of banking – in shareholding, approach and its commitment to client confidentiality. It has remained so and will always remain so. It remains tight-knit on what it does, which is pure private banking and asset

management and it has never wandered beyond that. In today's environment, where people are choosing the best of the breed, banks such as Banque Piguet have a card to play. Today, sadly, you have seen the demise of what I call the large universal banks, which have been clearly unable to do all the types of banking services under one roof.

How important is confidentiality in the region?

Clients here are concerned about confidentiality. They want to be sure that their assets here are being looked after in a confidential manner. That is why they are looking at Switzerland as the repository of their assets.

Does it have something to do with the culture here?

About having a culture whereby they do not want their neighbour to know what they are doing? Very much so. The Middle Easterners are cautious and they want to keep their investment ideas and decisions to themselves. They want to make sure that when we give business advice then it is given only to them.

Is there a trend towards private banking then?

I think there is.

Some analysts say that Middle East is expected to become more sophisticated and is thus poised to have more public companies. But you are saying that more Middle East investors are opting to more confidential investments. How do explain the conflicting trends?

I do not think there is a conflicting issue. I think Middle East investors are sophisticated investors and they understand the need to diversify where they put their money. Middle East investors would have a pocket that is reserved for the IPOs, for the onshore Dubai-based investments and also have a pocket that is reserved for more stable and private investments.

How much asset portfolio do you manage and what are your growth targets?

Banque Piguet manages about \$6 billion worth of (Dh22bn) assets. The Middle East, for the moment, plays a small portion, representing not more than 10 per cent to 15 per cent. But we are hoping to make it grow over time. The target of the bank is to double that amount in the next three to five years.

Is it doable given the difficult economic environment?

Year 2009 would be challenging but even now we will be promoting the bank as a beacon of stability and security. We see good business potential as we see clients reverting more and more to being more secure in their investment strategies and more clients wanting offshore investments.

What kind of return on investment (ROI) can they expect?

As far as the ROI on the client portfolio is concerned, clients should be looking at a three- to seven-year investment horizon. We discuss with the client their appetite for risk and their investment horizon and from that we will be building portfolios. There are some valuations in the equity market that are screaming buys. There are even alternative investments – such as hedge funds – that are beginning to show strong performance. So there are opportunities to get back into double-digits ROI and a 10-15 per cent ROI is feasible with the correct time horizon.

What are the asset classes that you usually recommend to your clients these days?

It's difficult to find the right asset classes. Again it depends on your investment horizon. If you have investment horizon of three to five years I think we can start talking about equities or alternative investments. Lots of our clients are really looking to park their money in much more liquid short-terms assets until the markets pick-up again. We have seen some increased interests in fixed-income portfolios, cash and gold.

There are also some talks on real estate. And once the market picks up we will discuss what more sophisticated assets they can go into. The lack of market uncertainty is reducing and hopefully we'll see economic stabilisation in Q4'09.

PROFILE: Nicholas M Farah *Head of Banque Piguet's representative office*

Before joining Banque Piguet, Farah managed the representative office of Standard Bank in Dubai for three years. There he implemented a new asset management concept in line with market requirements by offering services that combined private banking, offshore banking and corporate banking. He had previously worked for Standard Bank in London as the head of Investment Advisory for the Middle East.

He holds a degree in French and English law from the London School of Economics and an MBA from Insead.

Farah, who is of Lebanese and British origin, speaks Arabic, English and French.

Keep up with the latest business news from the region with the Emirates Business 24|7 daily newsletter. To subscribe to the newsletter, please [click here](#).

Copyright © 2008 Emirates Business24|7