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**FinTech and traditional wealth managers in the focus of
Globalisation, Digitalisation and M&A**

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Statement of authorship

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Andreas Bittel

Management summary

This thesis focuses on the following research question: A comparison of fintech and traditional wealth managers in the focus of globalisation, digitalisation and M&A. This comparison is focused on Switzerland and Singapore and supported by expert interviews with St. Galler Kantonalbank AG (Switzerland), Norsia (Switzerland) and Syfe (Singapore). Finally, the Digital-Business-Transformation Matrix is applied to these three companies.

Hereby the author claims the following three hypotheses, researched in this thesis:

H1: The most recent geopolitical events have shown the importance of relying on local value chains. With the help of M&As, traditional wealth managers want to strengthen their local presence and push their digital business transformation.

The conclusion is that the first hypothesis is rejected. The overall trend of divesting and re-globalisation combined with new records in M&A deals shows that companies want to focus more on their local markets. Companies near-shore value chains to be less dependent on other countries. However, this is particularly true for large companies providing their services on a broad scale globally. The expert interviews have indicated that M&As are currently only an exit solution for fintech companies. Norsia and Syfe want to expand in broader markets and establish themselves globally. The same is true for traditional wealth management companies. The St. Galler Kantonalbank AG (SGKB) has done small M&As in the past, but they focus more on strengthening their customer relationship. They are already a regional provider and want to remain as such in the future.

H2: Due to younger generations becoming responsible for the family's wealth and their affinity to technology, fintechs are better positioned than traditional wealth managers to serve these clients.

The second hypothesis can be validated. However, no statement can be made about B2B business structures. The hypothesis addresses B2C business models. Fintech companies indeed are more accessible to younger generations. On the other hand, Syfe is attempting to onboard older generations and be there for them. Hence, fintech companies do not only focus on younger generations. Traditional wealth managers such as the SGKB provides digital solutions to emotionalise young generations and provides special consulting opportunities for older generations to catch up. The major benefit established companies

Management summary

such as the SGKKB have is their long existence. Regarding a B2C business model, fintech companies are more suitable to serve younger tech-savvy generations. Their degree of digitalisation in the matrix is much higher than that of traditional wealth managers.

H3: Despite Switzerland's high rankings in various indices, the Singaporean financial industry might become a real threat to Switzerland within the next five years.

The third hypothesis is neither validated nor rejected. Switzerland is the older country of the two. Its developments among different rankings are more efficient and stable compared to Singapore. However, both countries pursue similar objectives regarding fostering the fintech industry and attracting talents. The third hypothesis cannot be validated, considering the entire country. Focusing only on the financial industry, Switzerland still has an extraordinary strong and good image and position worldwide. On the other hand, Mr Schirmann of Norsia pointed out that Switzerland should distinguish itself from other countries by innovation and not by protecting its markets. Singapore's fintech hub is perceived as more attractive than Switzerland's. However, the selection will be based on whether these organizations have a thorough understanding of the country's culture, what needs its clients have, and whether more talent can be attracted.

Table of content

Statement of authorship.....	I
Management summary	II
Table of content.....	IV
List of figures	VII
List of tables	IX
List of abbreviations	X
1 Introduction.....	1
1.1 Relevance & status quo.....	1
1.2 Research question & scope	3
1.3 Structure.....	4
2 Literature review.....	5
2.1 H1.1: Relevance of globalisation and trade	5
2.1.1 Prehistoric globalisation.....	5
2.1.2 Hyper-Globalisation	6
2.1.3 De-Globalisation.....	8
2.1.4 Re-Globalisation.....	11
2.2 H1.2: Mergers and Acquisitions.....	12
2.2.1 Definition	12
2.2.2 Motivations & Risks	13
2.2.3 Trends	14
2.2.4 Transactions	17
2.3 H2.1: Generational gap and family governance.....	18

Table of content

2.3.1	Cultural developments in families.....	18
2.3.2	Core values of different generations.....	19
2.4	H2.2: Technological trends, challenges, and opportunities in the financial industry.....	21
2.4.1	Challenges.....	21
2.4.2	Fintech as the solution for everything?.....	26
2.5	H3.1: Index Comparison.....	31
2.5.1	KOF Globalisation Index.....	32
2.5.2	Global Innovation Index.....	33
2.5.3	World Competitiveness Ranking.....	35
2.6	H3.2: Singapore as a threat.....	36
2.6.1	Rise of Asia.....	37
2.6.2	Foreign Direct Investments (FDI).....	37
2.6.3	Regulations.....	38
2.6.4	Talents.....	39
2.6.5	FinTech Hub Ranking.....	40
3	Methodology.....	41
3.1	Research design.....	41
3.2	Digital-Business-Transformation Matrix.....	41
3.2.1	X-axis: Globalisation.....	43
3.2.2	Y-axis: Digitalisation.....	44
3.2.3	Nightmare competitors.....	44
3.3	Expert interviews.....	45
4	Results & discussion.....	48

Table of content

4.1	Traditional: St. Galler Kantonalbank.....	48
4.1.1	Current position.....	49
4.1.2	Future position.....	51
4.1.3	Nightmare competitors.....	52
4.2	Fintech: Norsia.....	54
4.2.1	Current position.....	55
4.2.2	Future position.....	56
4.2.3	Nightmare competitors.....	56
4.3	Fintech: Syfe	57
4.3.1	Current position.....	58
4.3.2	Future position.....	59
4.3.3	Nightmare competitors.....	59
4.4	Dicussion.....	60
5	Conclusion	62
5.1	Main findings	62
5.1.1	Hypothesis 1	62
5.1.2	Hypothesis 2.....	63
5.1.3	Hypothesis 3.....	64
5.2	Limitations	65
5.3	Further research.....	65
6	Bibliography	XIII
7	Appendix.....	XXX

List of figures

Figure 1: Normalised Google searches of Globalisation and Digitalisation (own representation based on Google, 2022).....	1
Figure 2: FDI inflows and outflows of China (own representation based on UNCTAD, 2021, p. 249).....	11
Figure 3: Partial representation of the corporate restructuring process (own representation based on DePamphilis, 2019, p. 15).	13
Figure 4: Global announced number of M&A deals between 2011 & 2021 (own representation based on Refinitiv, 2022).....	15
Figure 5: Percentage of trust people have in these industries (own representation based on Adkins et al., 2022, p. 53).	22
Figure 6: Comparison 2017 & 2021 fintech challenges evaluation (own representation based on Ankenbrand, Bieri & Dietrich, 2018, p. 6 & Ankenbrand et al., 2022, p. 97).23	
Figure 7: Development of employees across different scenarios (own representation based on Sigg et al., 2017, p. 40).....	24
Figure 8: How much percentage each age group trusts in the respective company group (own representatio based on Lele & Mannamkery, 2021).....	26
Figure 9: Development of business models between 2017 & 2021 (own representation based on Ankenbrand, Bieri & Dietrich, 2018, p. 41 & Ankenbrand et al., 2022, p. 13).	28
Figure 10: Development of customer interaction 2015 & 2021 (own representation based on Ankenbrand, Bieri & Dietrich, 2018, p. 39 & Ankenbrand et al., 2022, p. 14).	29
Figure 11: Percentage of age group perceiving the value of open finance platforms (own representation based on Lele & Mannamkery, 2021).....	30
Figure 12: Development KOF Globalisation Index between 1970 & 2020 (own representation based on KOF, 2021, for detailed overview see appendix I).....	32

List of figures

Figure 13: KOF Globalisation Index difference between Switzerland & Singapore (own representation based on KOF, 2021, for detailed overview see appendix J).	33
Figure 14: Innovation input to output performance 2021 (own representation based on Dutta et al., 2021, p. 33).....	34
Figure 15: World Competitiveness Ranking Switzerland & Singapore between 2017 & 2021 (own representation based on IMD, 2021a).	36
Figure 16: Different players in the digita.-business-transformation matrix (own representation based on Bergamin et al., 2020, p. 16).....	42
Figure 17: Precision about globalisation dimension (own representation based on Bergamin et al., 2020, p. 18).	43
Figure 18: Precision about digitalisation dimension (own representation based on Bergamin et al., 2020, p. 21).	44
Figure 19: St. Galler Kantonalbank AG's completed matrix (own representation).....	49
Figure 20: St. Galler Kantonalbank AG's position today (own representation).....	49
Figure 21: St. Galler Kantonalbank AG's future position (own representation).	51
Figure 22: St. Galler Kantonalbank AG's competitor category one (own representation).	52
Figure 23: St. Galler Kantonalbank AG's competitor category two (own representation).	52
Figure 24: St. Galler Kantonalbank AG's competitor category three (own representation).	52
Figure 25: St. Galler Kantonalbank AG's competitor category four (own representation).	53
Figure 26: Norsia's completed matrix (own representation).	55
Figure 27: Norsia's position today (own representation).	55
Figure 28: Norsia's future position (own representation).....	56

List of tables

Figure 29: Norsia's three major competitors (own representation).	56
Figure 30: Syfe's completed matrix (own representation).	58
Figure 31: Syfe's position today (own representation).	58
Figure 32: Syfe's future position (own representation).....	59
Figure 33: Syfe's competitor category one (own representation).....	59
Figure 34: Syfe's competitor category two (own representation).....	59
Figure 35: Norsia's, Syfe's & SGKB's today's and future positions (own representation).	60
Figure 36: Norsia's, Syfe's & SGKB's matrices superposed, SGKB's competitors coloured in yellow (own representation).	61

List of tables

Table 1: Survey results comparison between two generations (own table based on De Los Angeles Tapia et al., p. 21).....	19
Table 2: Survey results comparison between two generations (own table based on De Los Angeles Tapia et al., p. 21)	20
Table 3: Survey results comparison between management with and without children (own table based on De Los Angeles Tapia et al., p. 40).....	20
Table 4: Experts interviews for this thesis (own table).....	46
Table 5: St. Galler Kantonbank AG company portrait (own table).....	48
Table 6: Norsia company portrait (own table).....	54
Table 7: Syfe company portrait (own table).....	57

List of abbreviations

AFMP	Agreement on the Free Movement of Persons
AG	Aktiengesellschaft (= public limited company)
AIIB	Asian Infrastructure Investment Bank
APAC	Asia-Pacific
API	Application Programming Interface
B.C.	Before Christ
B2B	Business-to-Business
B2B2C	Business-to-Business-to-Customer
B2C	Business-to-Customer
BA	Banking Act
bn	billion
CAGR	Compound Annual Growth Rate
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
DBS	The Development Bank of Singapore Limited
DBT	Digital Business-Transformation
EFTA	European Free Trade Association
ESG	Environmental, Social and Governance
ESPO	Employee-wide Stock Option Program
et al.	et alia

List of abbreviations

EU	European Union
FDI	Foreign Direct Investments
FINMA	Financial Market Supervisory Authority
FSTI	Financial Sector Innovation and Technology
FTAAP	Free Trade Area of Asia-Pacific
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GFCI	Global Financial Centres Index
GFIN	Global Financial Innovation Network
GII	Global Innovation Index
HNWI	high-net-worth individuals
HSBC	The Hongkong and Shanghai Banking Corporation Limited
IFZ	Institute of Financial Services Zug
IMD	International Institute for Management Development
IMF	International Monetary Fund
LGT	The Liechtenstein Global Trust
M&A	mergers and acquisitions
MAS	Monetary Authority of Singapore
mio	million
n. d.	no date

List of abbreviations

OPEC	Organization of the Petroleum Exporting Countries
p.	page(s)
PE	Private Equity
R ²	measure of the goodness of fit of a model
RCEP	Regional Comprehensive Economic Partnership
REIT	Real Estate Investment Trust
SA	société anonyme (= public limited company)
SGD	Singapore Dollar
SGKB	St. Galler Kantonalbank AG
SPAC	Special Purpose Acquisition Company
TPP	Trans-Pacific Partnership
UHNWI	ultra-high-net-worth individuals
UK	United Kingdom
USA	United States of America
USD	United States Dollar
VC	Venture Capital
WEF	World Economic Forums
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WTO	World Trade Organisation

1 Introduction

1.1 Relevance & status quo

“Globalisation is dead and we need to invent a new world order” was the headline of an article The Economist had published in 2019 (The Economist, 2019). A look at the amount of Google research of the term “globalisation” seems to confirm this statement until 2019 (see Figure 1). The data was normalised by Google and displayed in a range between zero and 100, depending on the amount of research. The oldest data points are dated back to 2004. Figure 1 shows how popular globalisation was worldwide. Everybody needed to know more about it. Despite some volatilities, the overall popularity has strongly declined for 12 years. Since 2016 the globalisation curves’ slope remained shallow until the COVID-19 pandemic in 2019. Since then, the popularity is still increasing in June 2022. The shape of this curve demonstrates the “de-globalisation” phase and the now starting “re-globalisation” (Madhok 207, p. 199). The World Economic Forums (WEF) theme of 2019 was “Globalization 4.0”, looking into the future of globalisation (WEF, 2019).

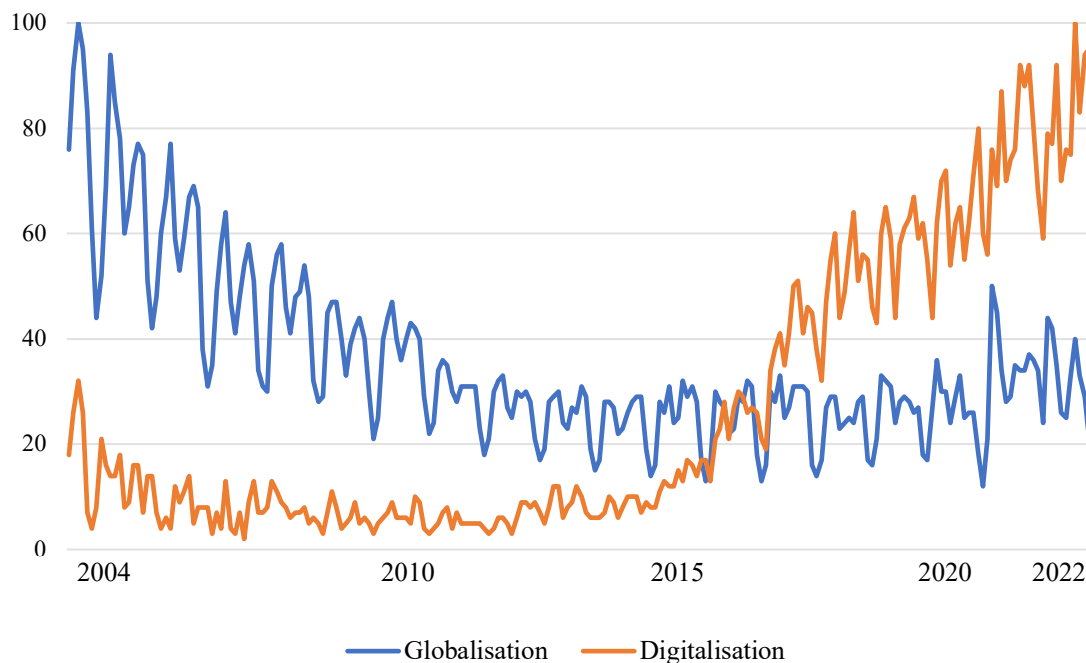


Figure 1: Normalised Google searches of Globalisation and Digitalisation (own representation based on Google, 2022).

The term “digitalisation” was somewhat popular after the dotcom bubble, but people were not actively looking this term up until 2012. The trend’s popularity has been initiated in 2015 and was accelerated through the COVID-19 pandemic. 53% of the respondents of

Introduction

Deloitte's survey¹ are already restructuring their business and 44% are considering following suit over the next year (Deloitte, 2022 p. 20). The digital transformation of a business is very prominent and is even accelerating (Shoushany, 2022; Isom & Streicher, 2021, p. 3).

The financial industry is globally in disruption with tighter regulations, technological developments, more volatile global economic conditions and so on (Sigg et al., 2017, p. 5). Hence, financial institutions such as traditional wealth managers also need to digitally transform their business model. They need to take into consideration that the future spectrum of required competencies for talents and experts also evolves (Sigg et al., 2017, p. 11).

One way to achieve the desired digital business transformation is with the help of M&As. "2021 was a blowout year for global M&A" headlines a study KPMG² (Isom & Streicher, 2021, p. 3). As the employees are a crucial asset of companies it needs to be considered how the current employees remain in the company and how new talents and experts are attracted. Acquiring companies mainly because of the know-how and existing technology is more expensive but also faster than upskilling its own staff and develop the technology on its own (Blackburn et al., 2020, p. 10). The interest in fintech companies is therefore particularly high.

The Institute of Financial Services Zug (IFZ) analyses and tracks the Swiss fintech market since 2015 (Ankenbrand et al., 2018). IFZ examined 161 fintech startups in their initial assessment in 2015, but the number of companies has expanded by more than 150% until 2020 (405) (Ankenbrand et al., 2022, p. 6). Companies that operate in the investment management denoted the highest growth. The number climbed by almost 250 % from 46 in 2015 to 158 in 2020 (Ankenbrand et al., 2022, p. 6). Nonetheless, the overall number of fintech companies in Switzerland declined by 5% from 2020 to 2021 (384) (Ankenbrand et al., 2022, p. 6). Singapore, on the other hand, has seen considerable

¹ 1'300 people have participated at this survey between 26th August 2021 and 7th September 2021.

² 350 executives from the USA were surveyed between November and December 2021. 48% of the respondents' companies exceeds ten billion USD annual revenue.

Introduction

growth in recent years, with its growth rate of fintech companies remaining positive at 3% between 2020 and 2021 (Taiyabi et al., 2021, p. 12).

A closer look at these two countries and financial centres are worthwhile to get a better understanding of how differently and similarly business is done in these countries. Literature and studies provide a firm basis but hands-on insights from experts on sight provide a more distinct perspective. Moreover, a further contrast between fintech companies and traditional wealth managers can be better observed. This also applies to the analysis of the company's development, especially in relation to globalisation and digitalisation.

Bergamin et al. (2020, p. 76-77) have invented the “Digital-Business-Transformation Matrix”, helping the management to better understand the current position of their company and where they want to head within the next ten years. Furthermore, they provide different tools to make sense and initiate this transformation process, knowing one’s nightmare competitors is just one of them (Bergamin et al., 2020, 78-79). The expert interviews also bear the opportunity to gather the importance and role of M&As for these companies to reach their desired goals. Bergamin et al.’s (2020, p. 28-73) matrix was applied to a broad series of nine Swiss companies. None of these nine companies was a fintech or a traditional wealth manager. Hence, this thesis provides an extension and practical demonstration of the matrix’ application focused on one specific industry and two countries.

1.2 Research question & scope

This thesis focuses on the following research question: A comparison of fintech and traditional wealth managers in the focus of globalisation, digitalisation and M&A. This comparison is focused on Switzerland and Singapore and conducted with expert talks and the application of the Digital-Business-Transformation matrix invented by Bergamin et al. (2020).

Hereby the author claims the following three hypotheses, researched in this thesis:

H1: The most recent geopolitical events have shown the importance of relying on local value chains. With the help of M&As, traditional wealth managers want to strengthen their local presence and push their digital business transformation.

Introduction

H2: Due to younger generations becoming responsible for the family's wealth and their affinity to technology, fintechs are better positioned than traditional wealth managers to serve these clients.

H3: Despite Switzerland's high rankings in various indices, the Singaporean financial industry might become a real threat to Switzerland within the next five years.

This thesis focuses on digitalisation and digital business transformation as a whole and analyses various possibilities. Analysing specific steps in the process of digitalisation or evaluating specific technologies would go beyond the scope of this thesis. The same is true for the M&A process. Furthermore, a homogenous global definition of fintech does not exist. Thus, this thesis follows the simple definition of Ankenbrand et al. (2022, p. 3): “FinTech is defined as technology-based solutions for innovative products, services, and processes in the financial industry, improving, complementing, and/or disrupting existing offerings. Hence, FinTech companies are firms whose main activities, core competencies, and/or strategic focus lie in developing those solutions”. Several sub-categories fall into the term fintech such as payments, blockchain/cryptocurrency, lending, proptech, insurtech and wealthtech (KPMG, 2022, p. 64). Most of the time, not so granular information is available on the individual sub-categories. When such granular information is available, it is clearly specified; otherwise, fintech in general is intended. In these cases, the expert interviews give more insights and either confirm or reject this information. The same is true for information about banks in general and the distinction to wealth managers.

1.3 Structure

Chapter 2 combines the literature review and the expert insights from the interviews. Hereby two sub-chapters are dedicated to each hypothesis. Chapter 2.1 highlights the relevance of globalisation and trade. On the other hand, chapter 2.2 gives an overview about mergers and acquisitions. The second hypothesis focuses on generational aspects (chapter 2.3) and takes a closer look at trends, challenges and opportunities in the financial industry (chapter 2.4). The third hypothesis focuses on Switzerland and Singapore. Chapter 2.5 compares prominent indices while chapter 2.6 takes a closer look at Singapore.

Literature review

The methodology chapter introduces first the research design in chapter 3.1, then the Digital-Business-Transformation Matrix (chapter 3.2) and explains how the expert interviews were initiated and conducted (chapter 3.3).

Chapter 4 applies the Digital Business-Transformation Matrix to the three companies St. Galler Kantonalbank AG (Switzerland), Norsia (Switzerland) and Syfe (Singapore). The conclusion (chapter 5) contains the main findings (chapter 5.1), limitations (chapter 5.2) and further possible research (chapter 5.3).

2 Literature review

2.1 H1.1: Relevance of globalisation and trade

Globalisation is a buzzword everyone already knows and understands. Therefore, it is important to know that this thesis understands the term as follows: Steger (2003, p. 5) observed the central element of globalisation in the creation and perception of interdependence between nations. (Friedman, 2005, p. 6 & Giddens, 2003, p. 27) subdivided globalisation into five major components: economic, political, sociological, cultural, and technological. This thesis focuses mainly on the economic and technological components of globalisation.

This chapter breaks globalisation down into three major phases.

2.1.1 *Prehistoric globalisation*

Globalisation as such is an old phenomenon that was already pursued by the Romans starting around 28 B.C. with contracts to enhance domestic and foreign trade (Calomiris & Neal, 2013, p. 4).

A key element in the establishment/rise of globalisation is the "Silk Road" that connects the East Asia with Europe. Its significance grew when China's Han Dynasty opted to open commerce with the West in 130 B.C. (A+E Networks, 2021). The routes remained open for almost 600 years and were not only used by travellers and traders but also by armies (Nyambuu & Tapiero, 2018, p. 40).

Modern globalisation has its roots in the first industrial revolution in the 1870s. Due to David Ricardo's theory of comparative advantage, the role of specialisation became prevalent. Therefore, technological know-how was crucial in developing the economy (Nyambuu & Tapiero, 2018, p. 40). More and more artisan manufacturers improved their

processes and introduced more technology in their production (Nyambuu & Tapiero, 2018, p. 40). The Britains became the first global superpower (Nyambuu & Tapiero, 2018, p. 40).

As international trade and interchange of commodities and raw resources grew, most industrialized economies joined the gold standard at the beginning of the 20th century, ensuring a stable gold price and removing exchange rate risk (Nyambuu & Tapiero, 2018, p. 36).

2.1.2 *Hyper-Globalisation*

2.1.2.1 Historical developments

World trade suffered during World War I and the gold standard had to be abandoned as exchange rates fluctuated widely (Nyambuu & Tapiero, 2018, p. 40). Before World War II, at the Bretton Woods Conference, the International Monetary Fund (IMF) and the World Bank were created (Nyambuu & Tapiero, 2018, p. 40). These institutions play a key role in globalisation. The Bretton Woods agreement intended to solve the gold standard's inadequacy problems and reduce international trade barriers (Nyambuu & Tapiero, 2018, p. 37). From there on, exchange rates were fixed based on the USD to gold value. Thanks to the General Agreement on Tariffs and Trade (GATT), the economic recovery was boosted after World War II. The primary purpose of this agreement was to facilitate international trade by reducing or eliminating subsidies, quotas and tariffs (Zissimos, 2007, p. 415). This purpose was successfully reached. While in 1947, the average tariffs were 22%, the value decreased to 5% in 1999 (Bown & Irwin, 2017, p. 58). In the 1950s, Malcolm P. McLean invented and put through the standardised shipping container, which still shapes us today (Mayo & Nohria, 2005). With this invention, transportation costs were massively reduced and much time was saved at harbours (un)loading ships and trucks (Mayo & Nohria, 2005). The GATT was absorbed by the World Trade Organisation (WTO) in 1995 (WTO, n.d.). The Bretton Woods system was abandoned in 1971, allowing currencies to float against each other (Nyambuu & Tapiero, 2018, p. 41). This event marked the beginning of free exchange markets and thus the rise of global financial institutions (Nyambuu & Tapiero, 2018, p. 41).

The first consequences were shown in the oil crises of 1973 and 1979, as the Organization of the Petroleum Exporting Countries (OPEC) feared a substantial decline in oil prices and thus announced an oil embargo (Colgan, 2021, p. 113). The first embargo caused the

Literature review

price to double within months (Lacey, 1981). First, doubts were raised about globalisation's limits (Nyambuu & Tapiero, 2018, p. 41).

Globalisation began to take its course as developing countries, particularly Asia and Latin America, grew in the 1980s due to trade and foreign direct investments (FDI) (Nyambuu & Tapiero, 2018, p. 42). It was also at this time that worldwide telecommunications began to emerge, making information more accessible and better (Nyambuu & Tapiero, 2018, p. 42).

Even more trade barriers and tariffs were reduced and removed when the European Union was founded in 1993 (Nyambuu & Tapiero, 2018, p. 42).

Although all the benefits globalisation offers, the Asian financial crisis in 1997 demonstrated how vulnerable countries had become (Nyambuu & Tapiero, 2018, p. 42). Almost the same time, in 1999, EU members introduced the Euro as the single currency to increase efficiency and better coordinate financial markets (Nyambuu & Tapiero, 2018, p. 42).

As the technology further developed, many investors realised the internet's potential. Their investments increased, which led to highly speculative investments in internet-related companies until the dot-com bubble (also called the tech bubble or internet bubble) burst in 2001 and caused significant losses (Nyambuu & Tapiero, 2018, p. 43).

2.1.2.2 Key take-aways

Madhok (2021, p. 199) named this timespan "hyper-globalisation". This is because various organisations like the WTO were founded to reduce regulations and set international standards and thus, facilitate trade. Free markets strongly shaped this period. Research shows that a decline in tariff barriers encourages even more trade (Nyambuu & Tapiero, 2018, p. 374). The major goal of almost any company was to maximise shareholder value (Madhok, 2021, p. 200). To achieve this, global reach was necessary and thus, local businesses were more an obstacle than assistance in the eyes of these companies (Thatcher, 1987). Furthermore, politicians such as Milton Friedman (1970) made it clear in 1970 that governments should not interfere with his famous words, "the business of business is business". Former president of the US, Ronald Reagan (1981), even claimed in his inaugural speech in 1981 that the government is the problem and not the solution to the problem.

2.1.3 De-Globalisation

2.1.3.1 Historical developments

Globalisation helped financial markets in particular, thanks to the technical advancements. The extensive interconnection was showcased in the 2007 financial crisis that originated in the US and had shattered the entire world (Nyambuu & Tapiero, 2018, p. 43). Unemployment rates increased, currencies were unstable and real estate values collapsed globally, prevailing for many years after the crisis (Nyambuu & Tapiero, 2018, p. 43).

To satisfy the demand for infrastructure in Asia, the Asian Infrastructure Investment Bank (AIIB) was founded in 2014 (Nyambuu & Tapiero, 2018, p. 43). Furthermore, to increase regional integration, the Free Trade Area of Asia-Pacific (FTAAP) was ratified the same year (Nyambuu & Tapiero, 2018, p. 43).

In Asia and in the US, free trade agreements like the Trans-Pacific Partnership (TPP) were promoted and signed under the Obama administration in 2016 and withdrawn in 2017 by the Trump administration (Nyambuu & Tapiero, 2018, p. 44). Therefore, not all requirements were fulfilled, and the agreement could not enter into force (DFAT, n. d.). The remaining eleven countries (Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam) negotiated a new agreement in 2018, called the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) (Schott, 2022). These countries represented 13% of the global GDP, making it one of the largest free trade agreements (Zachery, 2018). Like many other free trade agreements, the CPTPP aims to underpin inclusive and sustainable economic development (MFAT, 2018).

Just as every country benefits from such free trade agreements, they also suffer from the termination or exclusion of one country. In 2016 the UK voted to leave the EU and therefore, both face many challenges (Nyambuu & Tapiero, 2018, p. 44). Topics such as defence, foreign affairs, freedom of movement, or the European Parliament's constitution needed to be dealt with (Hanrahan & Welfens, 2017, p. 307).

The trade war between the United States and China began on July 6th, 2018, when former President Donald Trump imposed tariffs on automobiles, aviation parts, and hard disk drives, to name a few items (Mullen, 2022). The main purpose was to protect and

strengthen the US market (BBC, 2020). As a counter reaction, China simultaneously imposed tariffs on imported US goods (Leng, 2018). This procedure has been extended until June 2022, with various new tariffs. The USA also began banning foreign companies from doing business in USA. Hence, the Chinese telecommunication company Huawei was forced to halt its operations within the US in May 2019 (Hille et al., 2021). Despite conversations between the two leaders, for a long time, the new president of the USA, Joe Biden, had no intentions to suspend these tariffs (Mullen, 2021). President Joe Biden appears to be more receptive to revisiting these tariffs on Chinese goods as inflation becomes a serious concern for the United States (Hunnicut & Mason, 2022).

At the end of 2019, the Chinese city Wuhan was very prominent in the media because of the outbreak of a SARS-CoV-2, which caused the COVID-19 pandemic (Worobey, 2021). Because of the virus's risk and rapid spread, the World Health Organization (WHO) declared a pandemic in March (WHO, 2020). As 90 countries were forced to enter into lockdowns in April 2020, companies could not operate (at full capacity) (Alasdair, 2020), resulting in vast global value chain disruptions (OECD, 2021).

The world's largest free trade agreement, called Regional Comprehensive Economic Partnership (RCEP), entered into force in January 2022 (RCEP, 2022). The 15 member countries (Australia, Brunei Darussalam, Cambodia, China, Japan, Laos, New Zealand, Singapore, Thailand and Viet Nam) account for 31% of global GDP (RCEP, 2022). It is to mention that the USA is not a member. As China is a member of the RCEP but not the CPTPP, it accounts for a substantial portion of the above-mentioned global GDP (Whiting, 2021). In a summary, it is stated that the agreement's objective is to "[...] establish a modern, comprehensive, high-quality, and mutually beneficial economic partnership that will facilitate the expansion of regional trade and investment and contribute to global economic growth and development." (RCEP, 2020).

During the writing of this thesis, a tragic war raged between Russia and Ukraine. On February 24th, Russian forces entered Ukraine and thus initiated the pending war (Alabi et al., 2022). Out of solidarity, many countries support Ukraine with weapons, offer asylum and impose sanctions on Russia (The Economist, 2022). Only four days after Russian forces entered Ukraine, its president Volodymyr Zelenskyy submitted a request to become a member of the European Union and thus additional support as a member state (Erlanger, 2022).

2.1.3.2 *Key take-aways*

The phase after the "hyper-globalisation" is called "de-globalisation" as stated by Madhok (2021, p. 199). A trend also visible in Figure 2. Despite some drawbacks in the 1980s, like the oil embargos, until now, globalisation was not really questioned. It was only after the beginning of the 20th century that the negative consequences of globalisation became more prominent and noticeable to more people as globalisation progressed. According to Steger (2003, p. 5), it is the awareness of the stated interdependence that grows. The desire for free markets has declined ever since (Nyambuu & Tapiero, 2018, p. 370).

Moreover, globalisation has decreased since the beginning of the 20th century (Petersen, Rausch & Overdiek, 2021). The consciousness of this interdependence or maybe even overdependence was reached during the COVID-19 pandemic. So many nations and companies benefited from the cheap Chinese workforce until everyone needed surgical masks. This shows once again that a nation and companies are only as strong as their weakest link. The best technology in an advanced economy cannot be used properly if the staff do not have enough surgical masks (Madhok, 2021, p. 200).

The trade war between the US and China is a particular example of de-globalisation. The US wanted to decouple itself from Chinese telecommunication providers by banning Huawei. On the other hand, China also strongly decouples itself from the rest of the world. This is clearly visible by looking at the Foreign Direct Investment (FDI) inflows and outflows between 2016 and 2020 (see Figure 2, for more details see appendix A). FDI inflows were valued at almost 200'000 million USD in 2016, but the inflows decreased by one-third until 2020. On the other hand, the inflows increased by 11% in the same period. The outflows surpassed the inflows between 2018 and 2019.

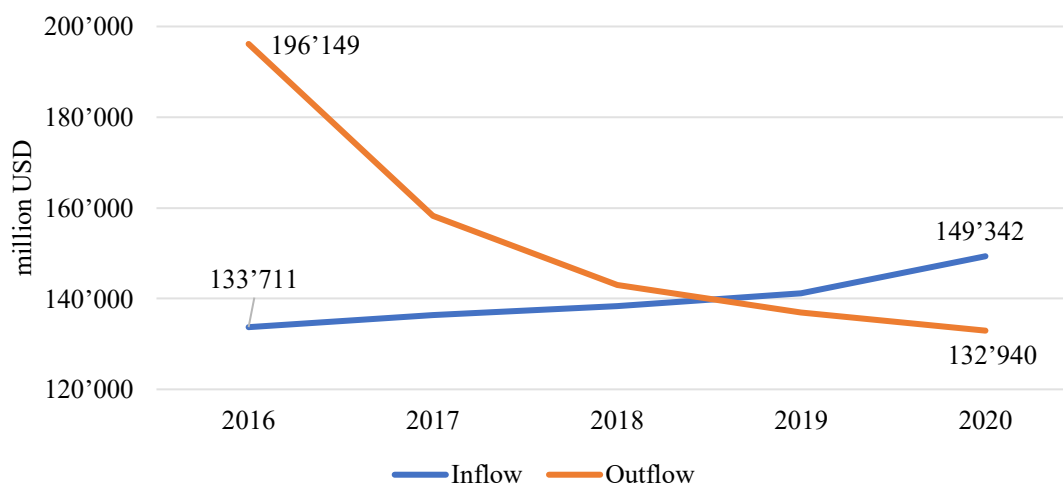


Figure 2: FDI inflows and outflows of China (own representation based on UNCTAD, 2021, p. 249).

The consequences of the pandemic are still very much felt in many parts of the world and will certainly be an issue for some time to come. Nonetheless, the most recent events in the Russo Ukrainian war have demonstrated once again the negative impact of overdependence. Among the measures taken, many European countries no longer want to import and depend on Russian gas and oil (Soares, 2022). Unlike other European countries, Switzerland does not subsidise rising fuel prices (blue News, 2022). In addition to conventional sanctions, the financial industry is weaponised to sanction Russia (Pop, Fleming & Politi, 2022). Cutting off critical access to global financial centres heavily inhibits oligarchs and companies in Russia (Pop, Fleming & Politi, 2022).

2.1.4 Re-Globalisation

Madhok (2021, p. 199) called the last phase "re-globalisation". The purpose of this phase is to scrutinise value chains and selected partners. While local businesses were collateral damage in the hyper-globalisation phase, companies realised the value and importance of these local businesses (Madhok, 2021, p. 199). Globalisation takes place in a much more selective and well-considered way (Schwab & Zahidi, 2020, p. 33).

A coin always has two sides and thus, sceptics believe that the costs globalisation brings along exceed the benefits (Dreher et al., 2008, p. 25). The benefits of equalisation on wages or labour and environmental standards are questioned (Nyambuu & Tapiero, 2018, p. 374). Many developed nations benefited from low labour costs in developing nations for a long time. Technological advancements allow developed nations to reduce their local labour costs and thus take more control over their value chains (Madhok, 2021, p. 201). Moreover, such a regionalisation of value chains reduces globalisation regarding

activities related to blue-collar jobs (Rugman & Verbeke, 2004, p. 7). On the other side, with the ability to work from practically anywhere in the globe, the globalisation of white-collar occupations may accelerate (Madhok, 2021, p. 201).

Furthermore, adjustments regarding global institutions such as The World Bank, WTO, or the IMF are required (Madhok, 2021, p. 201). These institutions were founded almost 80 years ago, and the rules defined back then are not aligned with today's anymore (Beck, 2021).

The home office trend will also be of great relevance in this phase. Companies can save a lot of costs by not having offices everywhere. So, it does not matter from where a call is made (Frey, interview, 25th May 2022). This is a possibility to try out whether a company wants to expand in specific countries. Koppelaar and Kohlmann pointed out the importance of the opportunity for personal touchpoints with their clients (Koppelaar, interview, 27th May 2022; Kohlmann, interview, 13th May 2022). Therefore, companies have to evaluate how they can benefit most from this trend.

2.2 H1.2: Mergers and Acquisitions

The first hypothesis states that mergers and acquisitions (M&As) are an opportunity for traditional wealth managers. This chapter begins with a brief definition of terms (chapter 2.2.1), and is followed by significant reasons and dangers associated with M&As (chapter 2.2.2), current and future trends (chapter 2.2.3), and concluded with the most recent transactions involving fintech companies (chapter 2.2.4).

2.2.1 Definition

Figure 3 illustrated an overview of different strategies for corporate restructuring. This thesis mainly focuses on mergers and acquisitions. This chapter also mentions a few trends about divesting or demerger. This thesis also leaves aside financing options such as private equity (PE), including venture capital structures (VC).

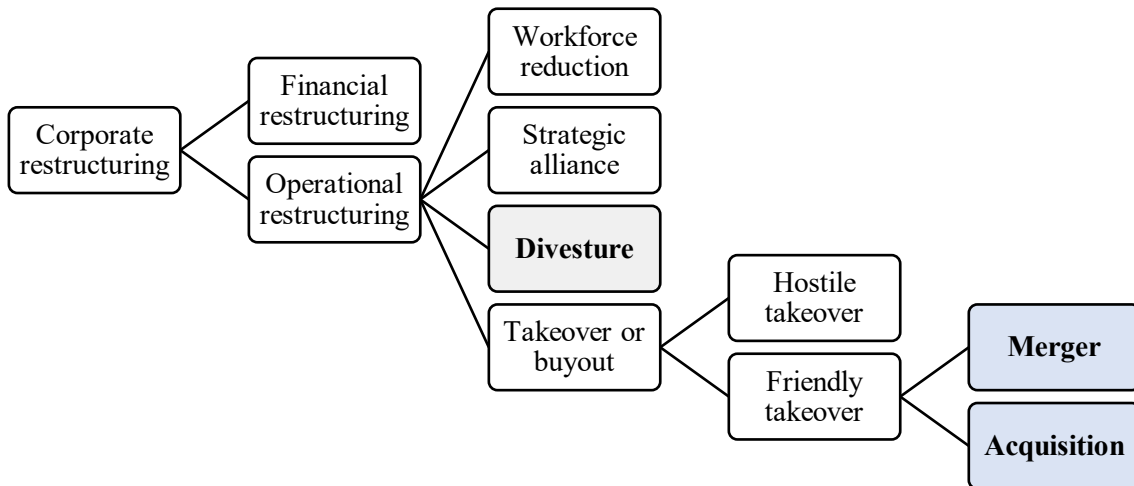


Figure 3: Partial representation of the corporate restructuring process (own representation based on DePamphilis, 2019, p. 15).

If a company buys parts of a company or the entire target company, it is called an acquisition (Sherman, 2018, p. 24). The two most common forms of acquisitions are the asset deal and the share deal, but many different acquisitions exist (Ishida et al., 2019, p. 2-3). On the other hand, mergers are the process where two companies join their assets and liabilities into a single legal entity (Sherman, 2018, p. 24). Most common mergers are horizontal, vertical, concentric or conglomerate (DePamphilis, 2019, p. 48-51).

2.2.2 Motivations & Risks

There are several reasons why companies consider mergers and acquisitions (M&A). Primarily, companies want to materialise various kinds of synergies (Gaughan, 2018, p. 137). Revenue synergies are generated through cross-selling, higher bargaining power towards customers and transfer of know-how, to mention a few (Gaughan, 2018, p. 138-140). Then, there are cost synergies such as economies of scale, increased bargaining power towards suppliers, or reduced overhead costs (Gaughan, 2018, p. 141-142). Financial synergies are somewhat controversial and thus represent fewer common reasons for M&As (Gaughan, 2018, p. 143). With the help of vertical integrations, companies can enhance their value chain (Gaughan, 2018, p. 166). It might be difficult to discover target organisations that are undervalued or have a significant potential for inefficient management that can be eliminated, particularly if the target is private (Sherman, 2018, p. 107). Furthermore, manager agendas may motivate to engage in

M&As. Thus, they have an opportunity to increase their power and also remuneration (Forman & Frankel, 2017, p. 69-70).

M&A deals bear various kinds of risks. Next to complex legal issues and exchange rate risks in the case of cross-border deals, the parties must manage cultural challenges post-merger (Bergamin & Braun, 2018, p. 1-3). Then there are other risks that parties must be aware of during the execution, such as overpaying and so paying a premium that is excessively large owing to bid contests, to name a few (DePamphilis, 2019, p. 11-12). Furthermore, uncoordinated approvals and additional requirements of a government can slow down a deal. A recently published study about Switzerland's potential cost and benefits of a foreign direct investment control mechanism raised this issue (ZHAW SML, 2022). Meyer, Braun & Huddleston (2022, p. 42) postulated a transparent and predictable procedure. The longer the phase between the signing and the closing, the higher the risk for both parties. There are often agreements about certain conditions tied to the success of a deal. These can be conditions that a buyer forces to desist from doing specific actions or conditions that need to be fulfilled. In the latter case, the seller's board cannot properly operate its business because the company is technically sold (Braun, Huddleston & Meyer, 2022, p. 33). The buyer's possibilities to act are limited and thus, the company's value is endangered to be reduced until the new board is allowed to take action (Braun, Huddleston & Meyer, 2022, p. 33). Last but not least, tax considerations are also a major motivation for both parties to execute such a transaction (DePamphilis, 2019, p. 10). It should be noted that a combination of various motivations usually leads to the conclusion to head for an M&A deal finally.

2.2.3 Trends

M&A deals have increased by 24% within one year, so the announced deals for 2021 exceeded 63'000 globally (see Figure 4, for more details see appendix B) (PwC, 2022). Demand was exceptionally high in the technological area with digital assets and data-driven assets (PwC, 2022). This high demand for technology-focused deals is needed across all industries because technological capabilities are required. A shift towards more digital business models is driving the M&A appetite (PwC, 2022). Therefore, acquisitions are also bringing in talent with the appropriate digital skills (Blackburn et al., 2020, p. 16).

Literature review

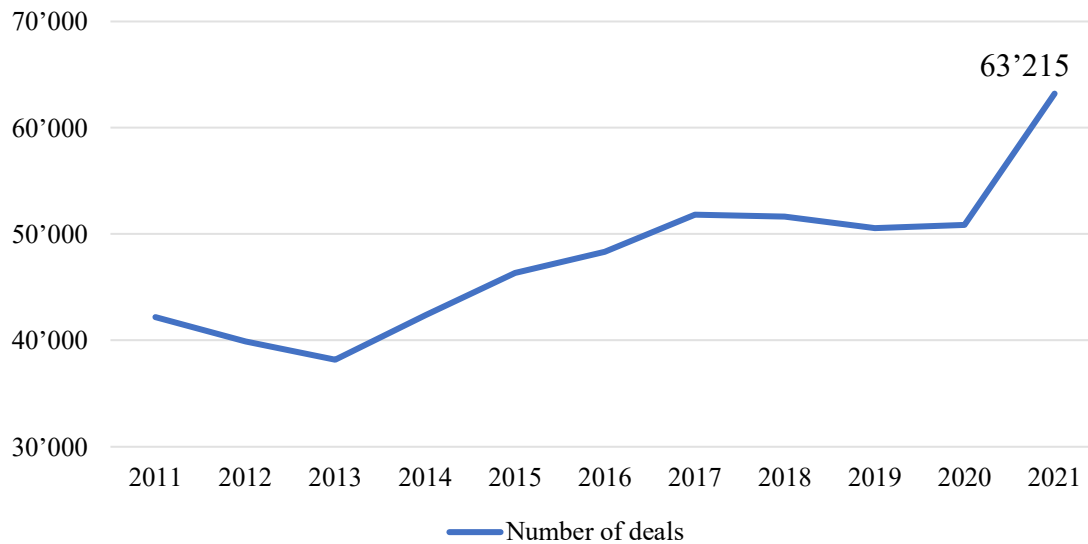


Figure 4: Global announced number of M&A deals between 2011 & 2021 (own representation based on Refinitiv, 2022).

Moreover, in Switzerland the M&A wave was very prominent in 2021. Frey pointed out that the conflict between Russia and Ukraine has not yet reached the mid-market (Frey, interview, 25th May 2022). Currently they only have one transaction on hold. In the short term, global players have other issues than focusing on their Russian exposures. Nonetheless, it is expected that volumes in the second quarter might be lower (Frey, interview, 25th May 2022).

During the COVID-19 pandemic, many companies were constrained in their operational activities and had to rethink their priorities. This also includes postponing or cancelling a planned transaction (Harroch, 2020). A significant benefit of all of this is that, as the epidemic became less of a challenge for enterprises to remain operationally active, there was and still is a large amount of capital available to be deployed (PwC, 2021 & PwC, 2022). Benjamin Ensor, director of research of a fintech and banking tech consultancy, hinted that an important distinction is necessary here (Furber, 2021, p. 3). The pandemic might have accelerated the need for banks to transform their business at a higher pace and buying up fintech companies might come in handy to keep up with the required pace (Blackburn et al., 2020, p. 15). However, Ensor highlighted the differentiation between traditional financial institutions and big technology companies such as Alphabet, Meta and so on to be crucial (Furber, 2021, p. 3). Despite the urgent need for digital transformation, the pandemic has diminished the appetite and the abilities of banks to execute deals (Furber, 2021, p. 3). If banks continue to conduct transactions, they risk being outbid by large technological businesses. This is because these companies were in

Literature review

high demand during the pandemic and, therefore, have bigger pockets (Furber, 2021, p. 3). Higher interest rates, more stringent regulations, and rising inflation are the major consequences of the pandemic and will lead to potential delays in 2022 due to structural and financial hurdles (PwC, 2022). Therefore, future transactions are viewed more cautiously as the uncertainty is higher. This leads to more time spent on due diligence and valuations of target companies (PwC, 2021).

Consequently, company boards are more reluctant before deploying the required resources (Furber, 2021, p. 3). However, research proved that companies that invest in a low valuation environment outperform the others in the following years (Blackburn et al., 2020, p. 15). The pandemic provides companies with a unique opportunity. Delivery delays, failures or bottlenecks have made companies aware of the value of controlling supply chains. Therefore, it is expected that M&A deals in 2022 will primarily be vertical integrations in both directions (PwC, 2022). Thus, companies can better monitor their raw materials and their distribution channels. A strong trend in nearshoring will be observable even more in the coming years than it already is. Companies operating in medical devices, manufacturing, and pharmaceutical sectors will be especially interested in focusing on nearshoring (PwC, 2022). Banks also need to decide what strategy they want to pursue. Will they optimise their portfolios, commit capital to grow or divest to reinvest (PwC, 2021)?

However, divesting and demergers are strategies large corporations such as IBM, General Electric or Daimler pursue to focus more on their core business and maintain their competitive advantage (PwC, 2022). Aforesaid demergers are driven by several forces such as shareholder activists demanding portfolio optimisations and getting lost of underperforming and non-performing business units and executives seeking more certainty and agility to react appropriately to changes in customer behaviours or disruptions in their business model (PwC, 2022). In a survey conducted by Deloitte³, 57% of the respondents have divested in the last 12 months and 32% are considering divestitures (Deloitte, 2022, p. 7).

Environmental, social and governance (ESG) factors become increasingly prevalent when it comes to M&A decisions, also for deals involving fintech companies (KPMG,

³ 1'300 people have participated at this survey between 26th August 2021 and 7th September 2021.

2022, p. 6). Schirmann observed an ardent desire of implementing ESG topics in corporate activities (Schirmann, interview, 30th May 2022).

2.2.4 Transactions

Switzerland registered a few M&A deals in 2021 that involved fintech companies. The following acquisitions were all made with the goal of speeding up the buyer's digital transition or giving more digital solutions to their customers:

- FNZ acquired Appway (Appway, 2021)⁴
- Smart Communications acquired Assentis Technologies (Smart Communications, 2021)
- Allocare acquired numas (Allocare, 2021)
- Infoniqa acquired Run My Accounts (Brändle, 2021)
- Deutsche Börse acquired Crypto Finance (Crypto Finance, 2021)

KPMG analysed the fintech landscape worldwide in great detail. Asia Pacific (APAC) saw 1,165 deals in 2021 (2022, p. 52). This included M&A, VC & PE. With 1'059 deals (91%), most deals occurred in the form of VC (2022, p. 55). There were only 78 M&A deals (7%) (2022, p. 55). KPMG did not provide a thorough nation overview and instead focuses on the top ten APAC deals. Of these, only three deals were related to M&As and one was associated with Singapore (KPMG, 2022, p. 59). This was the transportation company Grab, Uber's big competitor. The reverse merger of 500 million USD with the Special Purpose Acquisition Company (SPAC) of Altimeter Growth Corp. and further fundraising of 4 billion USD will make the merged company valued at 40 billion USD (Massoudi et al., 2021). And thus, also one of the highest valued SPACs which want to be listed in the USA (Kapfer, 2021).

Norsia, a Swiss fintech start-up is currently not interested in M&A activities, as the company needs to reach a critical size (Schirmann, interview, 30th May 2022). Schirmann

⁴ Appway won the category “Customer Experience” of the “Private Banking Switzerland Awards 2021” (Brusnahan, 2022).

considers M&As mostly as an exit scenario for his company (Schirmann, interview, 30th May 2022). This could also be the case in APAC, where mergers and acquisitions accounted for only a small percentage of transactions in 2021.

Kohlmann confirmed that the SGKB has conducted a few M&A deals, but they were of minor relevance. There are more suitable solutions than M&As for the bank (Kohlmann, interview, 13th May 2022).

2.3 H2.1: Generational gap and family governance

The second hypothesis focuses on generational aspects regarding family wealth and technology. The following two chapters give insight in cultural developments within families (chapter 2.3.1) and showcases the most recent key findings about core values of younger and older generations (chapter 2.3.2).

2.3.1 Cultural developments in families

LGT Group, a private bank of Liechtenstein, stated that family governance "[...] consists of jointly developed family principles and guidelines, as well as a shared understanding of its values and objectives. Family governance is used to establish rules [...] relating to family membership, the rights and duties of family members and how the family is organised." (LGT, n. d.). A family constitution or family charter can help establish good governance and thus avoid major conflicts by clarifying the expectations of family members (Koeberle-Schmid, 2018, p. 152-153). The family charter gives the family members further details about their rights and obligations (Koeberle-Schmid, 2018, p. 152-155).

Another aspect observed by Frey in his profession is that many families have trouble planning their succession because they cannot find a solution within the family (Frey, interview, 25th May 2022). Then, when a family member is considered for succession, they show no interest. They know how hard their parents have worked simply because they have seen it. The issue of parents not wanting to hand over the business and wealth is seldom (Frey, interview, 25th May 2022). In small family businesses, the next generation often prefers to sell everything and use the money to build something of their own (Frey, interview, 25th May 2022). Frey frequently observes the patron who has delegated his business and then returns to the office, even if he is no longer required. The bigger the business is, the easier it is to plan the succession (Frey, interview, 25th May

2022). The issue of succession becomes less a person-related family affair but more a corporate matter (Frey, interview, 25th May 2022). Therefore, the size of the business and the family size are crucial for succession (Frey, interview, 25th May 2022).

The mindset of the older generation is a crucial element in this process, Schirmann. He experienced two extremely different situations where the new generation took over the business. In the first case, the older generation was open and let the new generation manage the affairs how they thought was best. In the second case, the older generation was against any changes which ended in a conflict between the two generations (Schirmann, interview, 30th May 2022).

2.3.2 Core values of different generations

Ruggeri (2017) found proof for the last 2'000 years that older generations have always complained about younger generations and questioned their competencies. A study by Deloitte conducted in 2016 stated that the next generation will have a different leadership style (80% of 92 participants) or change the company's strategy (56%) and corporate governance (56%) (Deloitte, 2016, p. 12 & 17). Schirmann noted the same behaviour. Older generations that started their careers in the 1980s have done the business their way and it worked. Younger generations are more sensitive to the impact actions have on their business (Schirmann, interview, 30th May 2022). Even if these changes might be a potential for conflicts between generations, young generations want to maintain family values and the family charter (Deloitte, 2016, p. 24). This affirmation was confirmed in a recently published study of the Swiss private bank Julius Baer AG. On a scale of 1 (strongly disagree) and 5 (strongly agree), the older (4.91) and the younger (4.89) generations respect family values equally (De Los Angeles Tapia et al., 2021, p. 21). Julius Baer conducted this study with 12 researchers from four continents and over 1'300 participants (De Los Angeles Tapia et al., 2021, p. 8). In this study, people beyond the age of 40 (1981) were referred to as the older generation, while those under the age of 40 are referred to as the younger generation (De Los Angeles Tapia et al., 2021, p. 15).

	Under 40	Over 40
Importance family values	4.89	4.91

1 = strongly disagree; 5 = strongly agree

Table 1: Survey results comparison between two generations (own table based on De Los Angeles Tapia et al., 2021, p. 21).

While older generations gave marginal higher importance in caring for the environment (4.02 vs. 4.00) (De Los Angeles Tapia et al., 2021, p. 21), younger generations ascertain

Literature review

the highest need for change in the professionalisation (4.1⁵ vs. 3.8), sustainability (4.1 vs. 3.9) and digital transformation (4.2 vs. 3.9) of the business (De Los Angeles Tapia et al., 2021, p. 38).

	Under 40	Over 40
Care about environment	4.00	4.02
Change business professionalisation	4.1	3.8
Change business sustainability	4.1	3.9
Change business digital transformation	4.2	3.9

1 = strongly disagree; 5 = strongly agree

Table 2: Survey results comparison between two generations (own table based on De Los Angeles Tapia et al., 2021, p. 21).

Julius Baer distinguished between age, sex, and whether or not the individual had children. People without children regarded a higher need for business transformation involving digitalisation (4.2 vs. 3.9) and professionalisation (4.1 vs. 3.9) (De Los Angeles Tapia et al., 2021, p. 40).

	No children	Children
Change business professionalisation	4.1	3.9
Change business digital transformation	4.2	3.9

1 = strongly disagree; 5 = strongly agree

Table 3: Survey results comparison between management with and without children (own table based on De Los Angeles Tapia et al., 2021, p. 40).

The last point worth mentioning is the importance of learning more soft skills (De Los Angeles Tapia et al., 2021, p. 54). There might be a connection to the fact that 44% of younger generations prepare themselves to become a leader already before the working age (Deloitte, 2016, p. 8-9). Almost one-third prepare themselves since their childhood (Deloitte, 2016, p. 8-9).

⁵ Study results are always provided in the most precise manner. In this case, no higher degree of precision was made.

2.4 H2.2: Technological trends, challenges, and opportunities in the financial industry

The second hypothesis claims that fintech companies are better positioned to serve younger generations. The major issues that traditional wealth managers and fintech start-ups face are discussed in this chapter.

2.4.1 Challenges

2.4.1.1 Traditional wealth management companies

Before going into further details about what challenges participants of the financial industry face, a closer look at the level of trust in different industries is worthwhile. Figure 5 depicts the percentage of trust in each industry held by over 36'000 persons from 28 nations (Adkins et al., 2022, p. 2 & 53). Technology and financial services appear to be two out of nine industries that are outliers. For the last ten years, the respondents always had the most trust in the technology industry and the least trust in the financial services industry. While the latter has increased its level of trust, the technology industry has experienced a relatively shallow but declining development. This graph should be kept in mind throughout this thesis. The financial industry faces different challenges and must gain trust simultaneously. Using technology might be one way to reach this goal (Briker & Kaminsky, 2021). Figure 5 goes hand in hand with last year's global trustworthiness ranking of professions⁶. While politicians lead the ranking as the most untrustworthy, bankers have the fourth most untrustworthy profession (Ipsos, 2021, p. 4).

⁶ Almost 20'000 participants from 28 countries participated in the survey of "Ipsos Global Trustworthiness Index 2021" (Ipsos, 2021, p. 3). For more details see appendix C.

Literature review

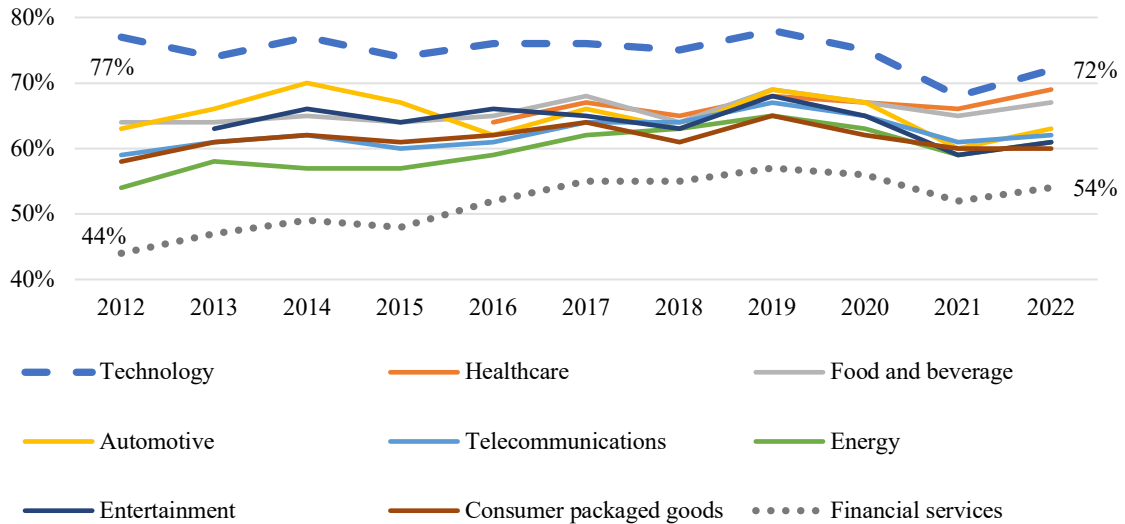


Figure 5: Percentage of trust people have in these industries (own representation based on Adkins et al., 2022, p. 53).

Koppelaar focuses on developing trust with Singapore fintech Syfe in order to recruit and keep new clients, especially given it is a young brand. Their key element is to deliver what they promise. Furthermore, trust can be gained by cooperating with established traditional financial institutions that are licenced by the regulator and finally, becoming a licenced provider on its own (Koppelaar, interview, 27th May 2022).

On some challenges, traditional banks and fintech have a common ground. As the number of regulations increased significantly since the financial crisis, financial institutions face a significant challenge with new regulations and adapting them to remain compliant (Cortex, n. d., Hitachi Solutions, 2022; Ankenbrand et al., 2022, p. 16 & Appaya et al., 2020, p. 28). This challenge is linked to the rising operational cost (Cortex, n. d. & Ankenbrand et al., 2022, p. 16). As more fintech enter the market, competition rises for traditional financial companies and fintech (Hitachi Solutions, 2022 & Ankenbrand et al., 2022, p. 16). The last challenge both face, is related to the customer. However, the perspective is different. Fintech focuses on finding and acquiring customers (Ankenbrand et al., 2022, p. 16), while traditional financial companies worry more about their evolving expectations and thus retain the existing customers (Cortex, n. d. & Hitachi Solutions, 2022). This challenge is connected to many other major challenges traditional companies face. Rising expectations are a problem if their applications are not up to date or if they cannot give a memorable experience to their customers (Cortex, n. d. & Hitachi Solutions, 2022). On the other hand, they need to manage the cultural shift and thus keep up with digitalisation in general (Cortex, n. d. & Hitachi Solutions, 2022).

The COVID-19 pandemic is a peculiar crisis regarding its global effects on all different industries. Nearly no industry has not felt its forces. This crisis forced all stakeholders to shift towards a more digital interaction (Blackburn et al., 2020, p. 12). It intensified the need for companies to accelerate their digital business transformation (Puthiyamadam, 2021). As physical access to banks was inhibited, customers had to use applications regularly and thus, banks had to improve their offerings (Furber, 2021, p. 2). The widespread trend of digitalisation was accelerated even more through the pandemic (Lee & Li-Ling, 2021). Furthermore, the pandemic has massively influenced the pace at which companies re-evaluate and monitor certain activities and behaviours in the economy (Blackburn et al., 2020, p. 17, for more details see appendix D). Trying out fresh ideas and even pursuing atypical digital initiatives was a significant opportunity provided by this pandemic (Blackburn et al., 2020, p. 12).

2.4.1.2 Fintech companies

The Institute of Financial Services Zug (IFZ) study has tracked the same seven challenges fintech companies face for the last five years (Ankenbrand et al., 2018, p. 6). Between 2017 and 2021, some significant shifts were seen in evaluating the competition, finding customers and skilled and experienced staff (see Figure 6). As fintech companies matured and established themselves, it became easier to find customers (Ankenbrand et al., 2022,

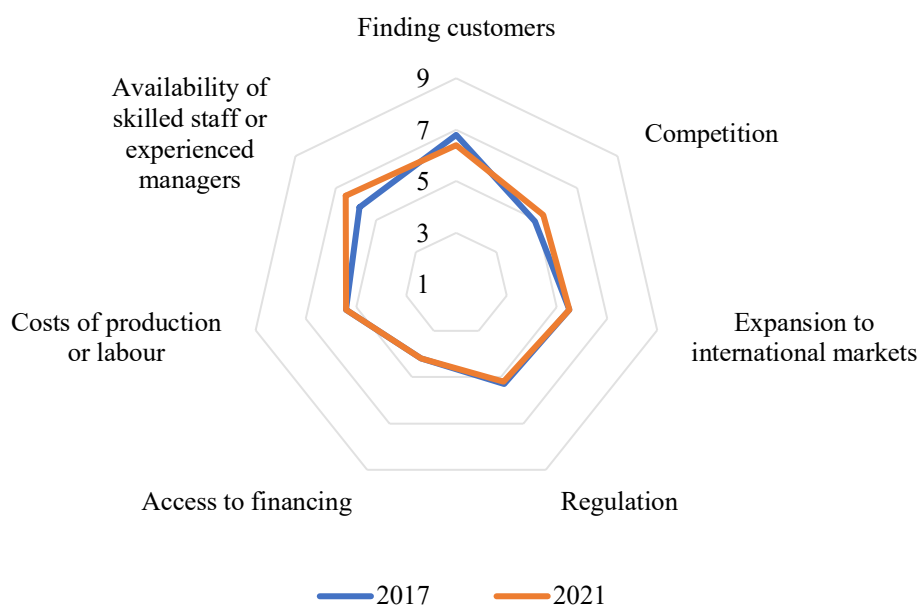


Figure 6: Comparison 2017 & 2021 fintech challenges evaluation (own representation based on Ankenbrand, Bieri & Dietrich, 2018, p. 6 & Ankenbrand et al., 2022, p. 97).

p. 97). Having more established companies in the market increased the level of competition. Surprisingly, the challenge of access to financing has remained stable since the beginning in 2017 (4.2) (see Figure 6 or appendix E for more details).

Finding skilled and experienced staff has already been a challenge in 2017 (Ankenbrand et al., 2018, p. 41) (5.8) but denotes the highest increase until 2021 (6.5) (Ankenbrand et al., 2022, p. 15-16). Such specialised talents are difficult to find externally, especially in developed economies (Schwab & Zahidi, 2020, p. 23). Therefore, companies need to upskill their current staff to dispose of the talents they need to progress with digitalisation (Blackburn et al., 2020, p. 10). To be successful in upskilling, a company must provide the corresponding favourable human resource procedures (Schwab & Zahidi, 2020, p. 26). Sigg et al. (2017, p. 12) conducted a study in Switzerland, researching what future skills people in the financial industry need to dispose and how especially banks need to become more attractive to remain competitive. Therefore, they created four different scenarios of how the industry and the economy might evolve (Sigg et al., 2017, p. 24-32). Only considering, the industry is best off with the last scenario called "conservative" (see Figure 7) because banks manage to keep their current number of employees (Sigg et al., 2017, p. 40). In this scenario, the industry strengthens its national value and the importance of personal encounters. Regulations would be somewhat protectionist, digital and traditional providers would coexist, and trust would be strengthened overall (Sigg et al., 2017, p. 31). As the industry still evolves, new employees will be hired through fintech companies (Sigg et al., 2017, p. 40).

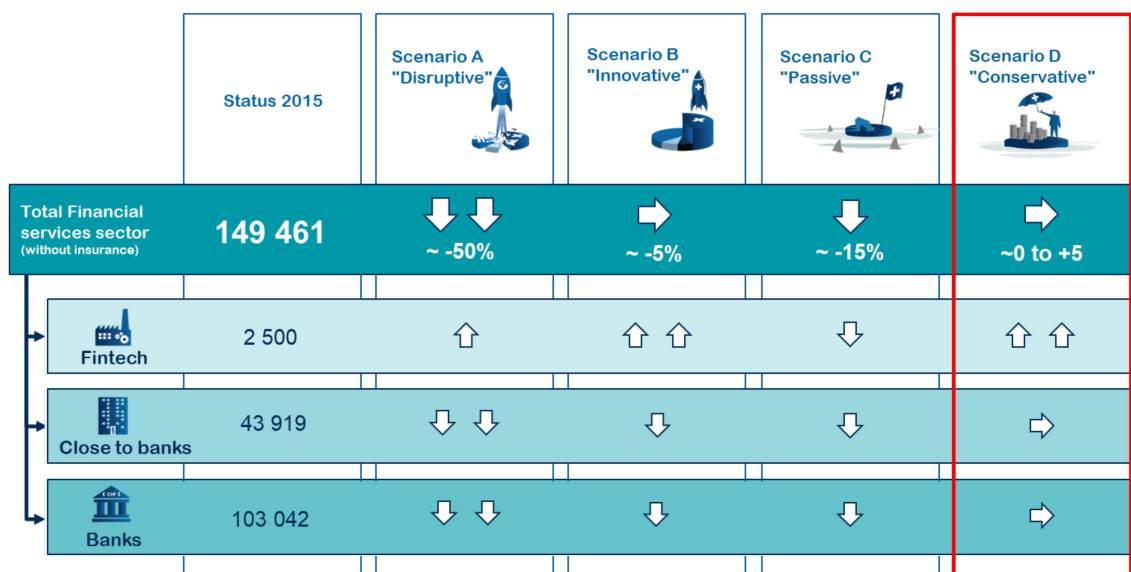


Figure 7: Development of employees across different scenarios (own representation based on Sigg et al., 2017, p. 40).

Literature review

The issue with skilled and experienced people is also the second-most pressing in the "investment management" area (6.5) after "banking infrastructure" (6.9) (Ankenbrand et al., 2022, p. 16, for detailed overview see appendix F).

The two challenges rated as least pressing are "access to financing" (4.2) and "impact of COVID-19" (4.0) (Ankenbrand et al., 2022, p. 16). The latter challenge was added for the first time in the 2020 edition of the study (Ankenbrand et al., 2021, p. 74). The corresponding values in the area of investment management (3.8 and 3.5) were far below the average (4.2 and 4.0). Regarding the "impact of COVID-19", an impressive decrease of almost 15% can be seen comparing the scores of 2020 and 2021 (Ankenbrand et al., 2022, p. 18). Therefore, the pandemic was less challenging for fintech companies (Ankenbrand et al., 2022, p. 11).

Fu & Mishra (2020, p. 2-4) conducted an in-depth analysis of the connection between government lockdowns during the pandemic and the daily downloads of finance applications, aggregated globally. Their analysis is broken down into 74 countries (Fu & Mishra, 2020, p. 7). In addition to the principal analysis, they ran their regression with different dummy variables to assess whether other factors significantly influenced the number of downloads (Fu & Mishra, 2020, p. 10). Their principal findings suggested that the degree of development of a country is a weak predictor for adopting more finance applications (Fu & Mishra, 2020, p. 9). However, they found signs⁷ that a lower rate of finance application adoption can be registered in high income and highly industrialised countries (Fu & Mishra, 2020, p. 9). Another weak predictor is access to information and communications technology (ICT) (Fu & Mishra, 2020, p. 9). On the other hand, the market size and demographics were strong predictors for adopting financial applications (Fu & Mishra, 2020, p. 9).

⁷ These findings are insignificant to draw further conclusions.

2.4.2 Fintech as the solution for everything?

2.4.2.1 Fintech landscapes

A headline of GlobeNewswire states “[...] Fintech Market is Expected to Grow at a CAGR of over 19.8% During 2022-2028” (Vantage Market Research, 2022). The expectations on this market are high.

These developments are reflected in trust levels, that various tranches of age⁸ have in different financial institutions (Lele & Mannamkery, 2021). While faith in national banks is reasonably stable, trust in fintech start-ups is particularly strong for younger people and declines with age. The opposite behaviour can be seen with the trust levels in wealth managers.

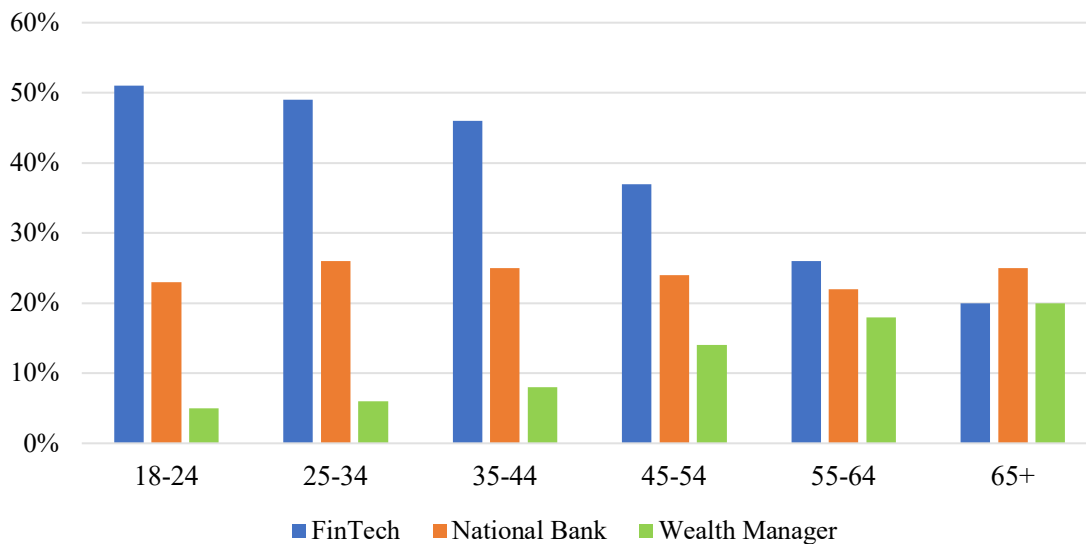


Figure 8: How much percentage each age group trusts in the respective company group (own representation based on Lele & Mannamkery, 2021).

Singapore's fintech shares increased from 1'315 in 2020 to 1'350 in 2021 by almost 3% until the third quarter of 2021 (Taiyabi et al., 2021, p. 12). However, the amount of fintech companies in Switzerland has declined by over 5% (2020: 405, 2021: 384) (Ankenbrand et al., 2022, p. 5). There is a remarkable difference in the growth from 2017 to 2018,

⁸ 5'000 respondents over six age tranches of ten years have participated in this survey. Not all results are reflected in Figure 8. For further details see appendix G.

which was around 60% (Flühmann & Hsu, 2021). Also, Singapore's growth rate was higher in 2018 (35%) (Taiyabi et al., 2021, p. 12).

46% of business models of the globally leading fintech companies focus on banking infrastructure while using automation (Ankenbrand et al., 2022, p. 21). With 16%, investment management is a rather unpopular area (Ankenbrand et al., 2022, p. 21). However, almost 40% of Swiss fintechs focus on investment management by employing artificial intelligence (Ankenbrand et al., 2022, p. 10). There might be a solid connection to the fact that Switzerland is the place to be regarding investment and wealth management (Ankenbrand et al., 2022, p. 22). Frey has worked in various locations in his professional career. Switzerland is globally still perceived as one of the best places for wealth management (Frey, interview, 25th May 2022). In Singapore, blockchain (20%) together with payments (17%) cover over one-third of the Singaporean fintech landscape (König & Wang, 2022, p. 7)⁹.

2.4.2.2 *Customer behaviour*

With around eight million inhabitants, Switzerland is a rather small home market for Swiss fintech companies (Ankenbrand et al., 2018, p. 41)¹⁰. This is something Frey has witnessed in his everyday operations, and as a result, many companies do not want to serve the Swiss market. Therefore, he also estimates the threat of foreign suppliers to be low at two on a scale of one being the lowest and six the highest threat (Frey, interview, 25th May 2022). On the other hand, Kohlmann estimates large potential in the Swiss market for big technology companies such as Apple. As the iPhone density is high in Switzerland, implementing a new wealth management offering is tempting (Kohlmann, interview, 13th May 2022). Compared to 2017, the share of B2C in Switzerland has massively decreased from 22% to 8%, whereas the B2B share has increased from 36% to 58% (Ankenbrand et al., 2022, p. 13). Fintech companies struggle with acquiring customers and handling large numbers of customers. As a result, they modified their strategy and focus now more on B2B or a hybrid strategy (focus on B2C and B2B simultaneously) (Kohlmann, interview, 13th May 2022). Companies with a hybrid

⁹ Numbers differ from various sources: Cryptocurrencies (25%) and Payments (14%) (Taiyabi et al., 2021, p. 13).

¹⁰ See Bergamin et al, 2020, p. 7-8 for further details about the importance of the market size.

Literature review

strategy do not follow a clear trend. Their shares vary between 42% and 32% (2021: 33%) (Ankenbrand et al., 2022, p. 13).

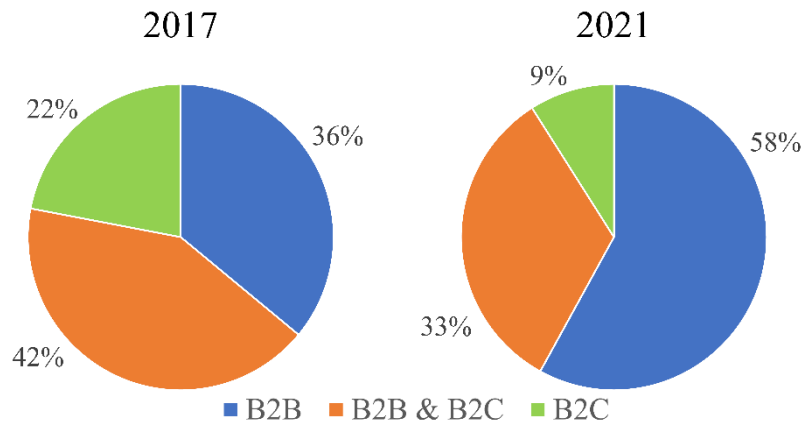


Figure 9: Development of business models between 2017 & 2021 (own representation based on Ankenbrand, Bieri & Dietrich, 2018, p. 41 & Ankenbrand et al., 2022, p. 13).

If the company focuses on B2B, it also targets international customers. Fintech that only focus on B2B serve over 80% an international audience and with only around 20% of their Swiss home market (Ankenbrand et al., 2022, p. 13). Almost two-thirds (65%) of the hybrid audience are international, whereas B2C only serves more than one-third (38%) of international customers (Ankenbrand et al., 2022, p. 13).

Independently of the customer targets and location, over three-quarters of Swiss fintechs interact with their customers digitally and personally (2015: 78%; 2021: 76%) (Ankenbrand et al., 2022, p. 14). Moreover, the shares of only digital interactions (2015: 21%; 2021: 22%) and only personal interactions (2015: 1%; 2021: 2%) have barely changed over the last five years (Ankenbrand et al., 2022, p. 14). The pattern of Swiss FinTech using a hybrid or digital-only strategy remains (see Figure 10). Since personal interactions are still preferred, investment management fintech have a lower share of digital-only (Ankenbrand et al., 2022, p. 14). Bergamin & Braun (2020, p. 5-6) also claimed that the Swiss market is too small and thus, companies also have to serve international customers. Moreover, they also observed a trend toward hybrid business models in Switzerland (Bergamin & Braun, 2020, p. 75-76).

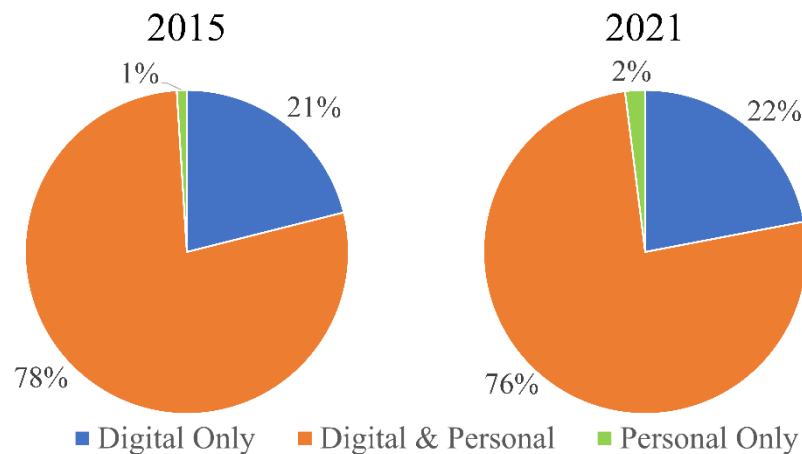


Figure 10: Development of customer interaction 2015 & 2021 (own representation based on Ankenbrand, Bieri & Dietrich, 2018, p. 39 & Ankenbrand et al., 2022, p. 14).

A distinct picture emerges from the Singapore fintech market. If Singaporean customers can choose between personal and digital interaction, over two-thirds prefer digital interactions (König & Wang, 2022, p. 13). Furthermore, 40% of the 508 surveyed Singaporeans would prefer a digital-only interaction with their financial service provider (Taiyabi et al., 2021, p. 31).

2.4.2.3 Cooperation is the way to go

Further findings support the above statements. The whole financial industry benefits when fintech companies provide their services to businesses also (Ankenbrand et al., 2022, p. 76). Various income values of Swiss banks have increased over the last ten years while the related costs did not (SNB, 2021). Furthermore, the commission these same banks had to pay increased during the last five years, signalling a high probability of intensified cooperation with fintech companies (Ankenbrand et al., 2022, p. 77). However, this might motivate financial institutions to further push their digitalisation efforts if they recognise the benefits of a digital business model. Keeping their costs low will become an even harder challenge if they do not keep up with the digitalisation (see chapter 2.4.1.1). With such cooperations, less digitalised companies do not only save costs but can provide their customers with a more tailor-made and responsive offering (Das, 2019, p. 986). Traditional wealth managers realized the importance of cooperations because they understand that they cannot stick to their excel spreadsheet to remain competitive (Schirmann, interview, 30th May 2022). This is even more important in a conservative market where wealth managers operate and in countries like Switzerland that are also very conservative (Schirmann, interview, 30th May 2022). Such companies

increase the potential for open finance platforms, which are very welcome by all different generations reaching, from 18 years to over 65 years old¹¹ (Lele & Mannamkery, 2021).

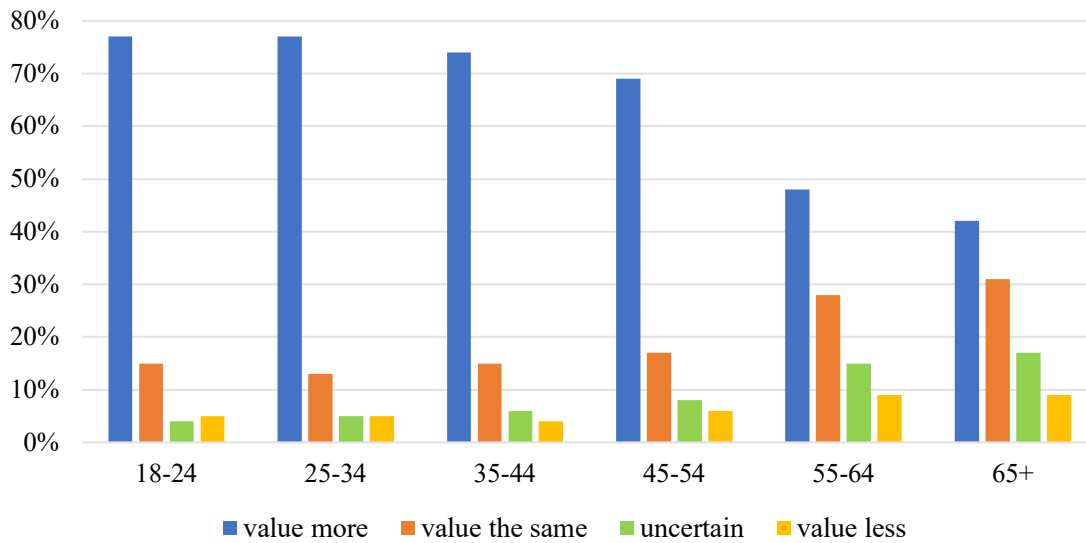


Figure 11: Percentage of age group perceiving the value of open finance platforms (own representation based on Lele & Mannamkery, 2021).

Figure 11 shows the percentage of respondents that believe open banking will have a positive impact on their banking experience. Across all tranches, especially the younger ones, open banking would add a significant higher value to their experience, whereas the value would stay the same for older generations. Simultaneously, the shares of less value and uncertain people increase steadily the older the respondent gets. The desire and potential of open banking is also recognised by fintechs and banks in wealth management, in particular for retail clients, but less for high-net-worth individuals (HNWI) and ultra-high-net-worth individuals (UHNWI) (Ankenbrand et al., 2022, p. 82). A company can be as digital as it likes, drive open finance and hire the best talent. All this is useless if the management at the top does not have the necessary technical knowledge (Blackburn et al., 2020, p. 10).

Kohlmann perceives the biggest advantage of such cooperations in reducing inertia in traditional wealth managers' processes, thus supplying them and their clients with more convenience (Kohlmann, interview, 13th May 2022). On the other hand, Koppelaar, who knows the European and the Asian market, sees some differences regarding cooperations.

¹¹ 5'000 respondents over six age tranches of ten years have participated in this survey. For further details see appendix H.

The European market is welcoming such cooperations much more than the Asian market, highlighting the importance of the cultural understanding of the environment where a business is operating. Nonetheless, the Singapore Fintech Syfe cooperates in specific areas with traditional banks. So, for example, the customer's custody accounts are with banks like DBS or HSBC. Also, for their foreign exchanges, they work closely with banks. It is crucial to know where the benefits of a cooperation are higher than providing the service on its own (Koppelaar, interview, 27th May 2022).

All experts agree that fintech companies are not a real threat for traditional wealth managers, by assessing the threat as 1.75-2 on a scale of one being the lowest and six the highest (Frey, interview, 25th May 2022; Kohlmann, interview, 13th May 2022; Koppelaar, interview, 27th May 2022; Schirmann, interview, 30th May 2022).

SGKB itself shows that it is not always a fintech that provides the technology by founding its own platform “OpenWealth” (OpenWealth Association, n. d.). Meanwhile it is an association of most Swiss banks facilitating the cooperation between the bank and its corporate clients and thus, improving the order interface of the bank. Through its experience with corporate clients, the bank has deliberately avoided an SGKB standardised API platform. They wanted to set a market standard and therefore provided a white-label API platform, which is now also used by big Swiss banks. SGKB has been able to set a market standard for a portfolio management system as a result of taking this first step and making preliminary investments. They were able to connect SIX to it with their billing and, in addition to the big banks, many fintech are also in the Open Wealth association (Kohlmann, interview, 13th May 2022).

2.5 H3.1: Index Comparison

Globalisation, digitalisation, innovation, or progress in general only become exciting when market participants or nations compare themselves with others. Furthermore, a market participant gains insight into the international environment, how global growth behaves, or simply provides an estimate of the investment climate (Dreher et al., 2008, p. 25). Lack of theoretical foundations and robustness are the foremost critics of many indices (Dreher et al., 2008, p. 26; Lockwood, 2004, p. 508 & Scholte, 2002 p. 30-31). Therefore, to add value, components of a robust index should not be highly correlated (Dreher et al., 2008, p. 26).

2.5.1 KOF Globalisation Index

The most popular index that measures globalisation is the KOF globalisation Index (from now on referred to as "KOF") of the KOF Swiss Economic Institute (Gygli et al., 2019, p. 547). This is due to its regularly updated and easily accessible data (Gygli et al., 2019, p. 547). This index measures globalisation since 1970 and was first introduced in 2002 by Dreher (2006), revised in 2008 by Dreher et al. and then revised again in 2019 by Gygli et al. (2019, p. 544). The overall KOF consists of three dimensions of globalisation: economic, social, and political (Gygli et al., 2019, p. 549).

Since the last revision in 2019, the index has been based on 43 variables, 20 more than the previous version (Gygli et al., 2019, p. 543). The major reason for this lies in the separation between two sub-indices. “De facto” globalisation measures actual international activities and flows, whereas “de jure” globalisation measures policies and conditions that enable and foster de facto globalisation (Gygli et al., 2019, p. 544). The overall index is the average between these two measurements (Gygli et al., 2019, p. 558). Furthermore, the weighting of the variables is now based on a time-varying weighting that rolls in windows of ten years (Gygli et al., 2019, p. 553). This allows the weights to adjust over time and thus account for structural changes (Gygli et al., 2019, p. 553).

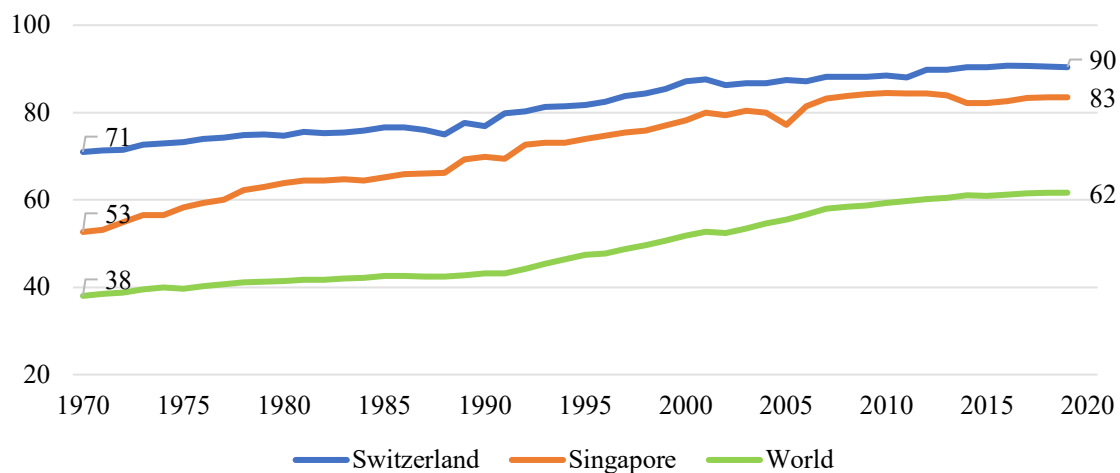


Figure 12: Development KOF Globalisation Index between 1970 & 2020 (own representation based on KOF, 2021, for detailed overview see appendix I).

With an index of 90.5, Switzerland was the second most globalised nation in 2019, right behind the Netherlands (90.9) and ahead of Belgium (90.3) (KOF, 2021). On the other hand, as 19th, Singapore reached the top 20 by a narrow margin (KOF, 2021). Both countries are much more globalised than the world average (see Figure 12). It is worth

mentioning that even if both countries were able to increase their level of globalisation since 1970, Singapore recorded a more pronounced increase (+58%) than Switzerland (+27%).

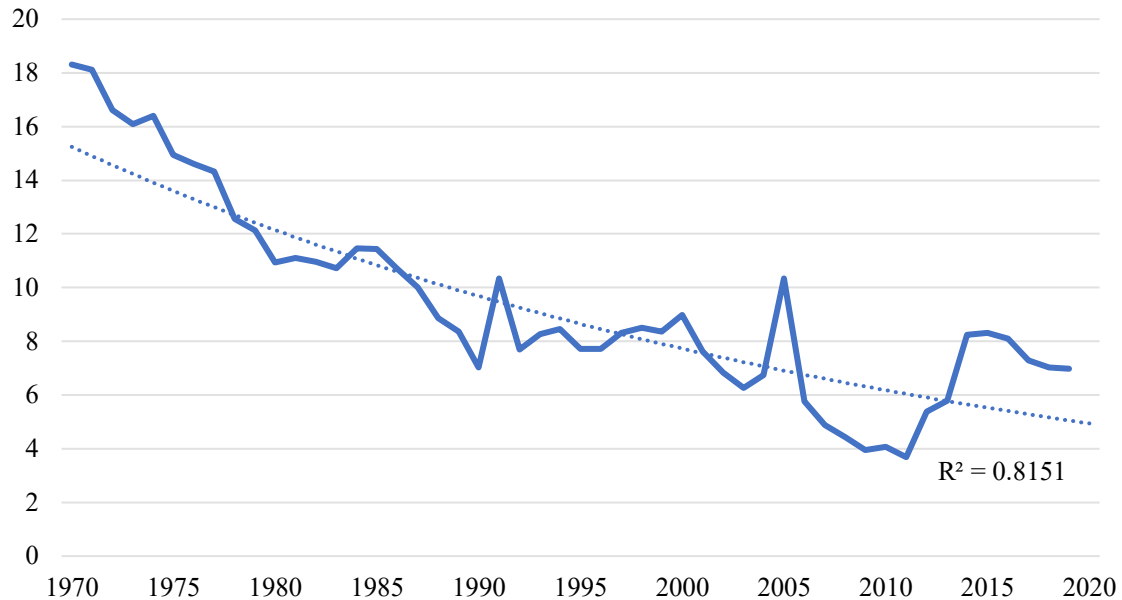


Figure 13: KOF Globalisation Index difference between Switzerland & Singapore (own representation based on KOF, 2021, for detailed overview see appendix J).

Figure 13 shows the difference between Switzerland's and Singapore's index over the last 50 years. The dotted line is a regression with an R^2 of over 81%, meaning that this model explains 81% of the data. Despite some volatile behaviour, the general trend of a decline can be stated. It is also noticeable that the slope of the dotted line has decreased since the beginning. This means that it will be more challenging for Singapore to reduce this difference to zero.

2.5.2 Global Innovation Index

The Global Innovation Index (GII) measures the innovative capacity of a country (WIPO, 2021). A key element is the analysis of the relationship between investment input and innovation output (webseite, 2022). A specialised agency of the United Nations called World Intellectual Property Organization (WIPO) has published the GII since 2007 (WIPO, 2021). Clear intellectual property regulations are crucial for innovation. The GII overall ranking consists of seven pillars (Institutions, human capital and research, infrastructure, market sophistication, business sophistication, knowledge and technology outputs, creative outputs) (Dutta et al., 2021, p. 30). The overall GII tracks 81 indicators to rank the different countries (Dutta et al., 2021, p. 40).

Literature review

The top 15 rankings consist of almost two-thirds of European countries, one-third of Asian countries and the USA (Dutta et al., 2021, p. 30). The most innovative countries are currently located in Europe. Nevertheless, only four Asian countries were included in the 2020 GII (Dutta et al., 2020, p. 33).

It is noticeable that Switzerland has been ranked 1st since 2011 (Dutta et al., 2021, p. 22). Since 2019 Singapore has been ranked 8th (Dutta et al., 2021, p. 22). During the last five years, its best ranking was 5th in 2018 (Dutta et al., 2021, p. 22).

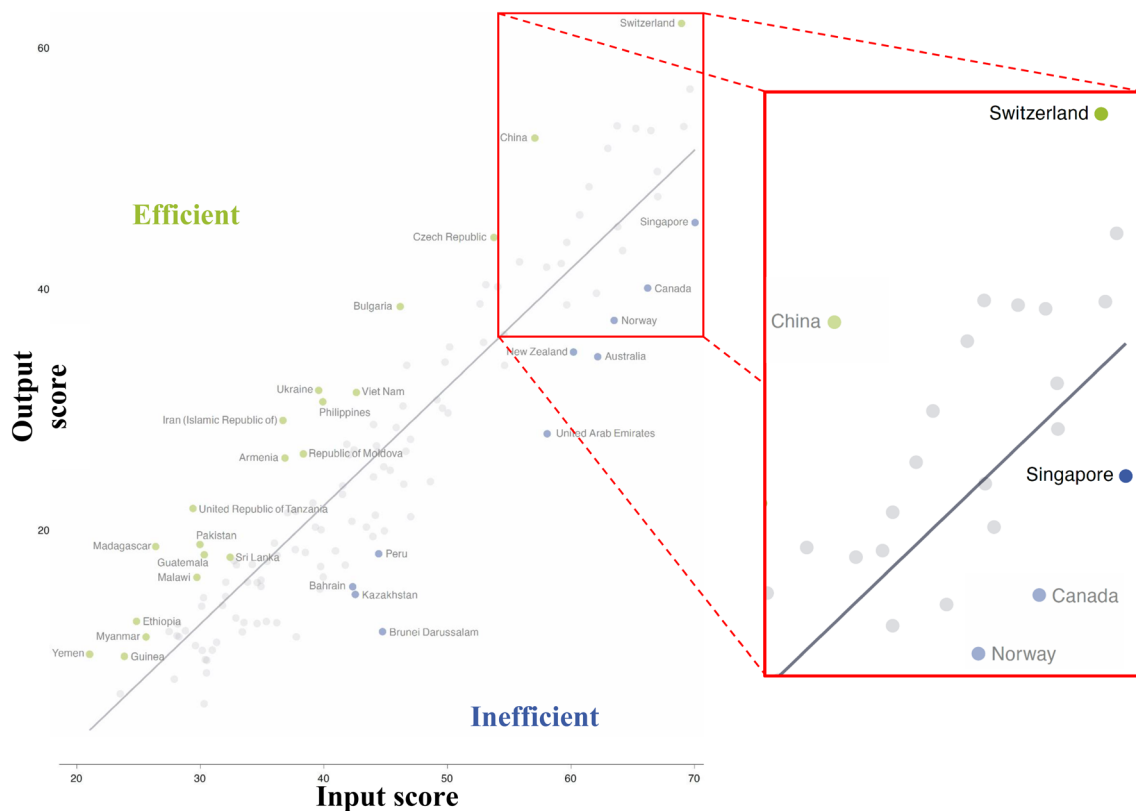


Figure 14: Innovation input to output performance 2021 (own representation based on Dutta et al., 2021, p. 33).

Figure 14 displays the 2021 input to output performance. It is remarkable that Singapore and Switzerland work on various levels of efficiency with almost the same level of input. Switzerland can extract the most of its innovation input. All countries above the fitted line are efficient, since they extract more than they had put in. Countries such as Singapore that are below the fitted line extract less than they had put in and hence, are inefficient.

Schirmann has a different perception of the Swiss market. On a scale of one being the lowest and six the highest, Schirmann estimates the danger of new market participants entering the Swiss market to be at four. The only advantage he mentioned was in repelling

foreign (traditional and fintech) wealth managers is the already saturated market. If this advantage would not exist, he would have rated this danger as a six out of six. Due to his presence in Switzerland and his desire to expand globally, his major concern is the Swiss market's strength in protecting itself. This counterproductive environment is not healthy for Switzerland's future. Schirmann would welcome Switzerland protecting itself with innovation against foreign suppliers. His gut feeling about the threat of Singapore for Switzerland is at 3.5 on a scale of one to six (Schirmann, interview, 30th May 2022). Frey answered the same question with a two (Frey, interview, 25th May 2022).

Kohlmann follows in the footsteps of Schirmann. He rates the threat of foreign suppliers to enter the Swiss market between two and three on a scale of one to six. In his opinion, the threat also comes from within Switzerland rather than from outside. According to his evaluation of the scenario, many more established providers are improving significantly rather than foreign players agitating the market (Kohlmann, interview, 13th May 2022).

2.5.3 World Competitiveness Ranking

Since 1989, the International Institute for Management Development (IMD) (2021a) has yearly published the World Competitiveness ranking. This index helps countries to manage their competencies and thus focus on long-term value creation (IMD, 2021a). The overall index is a result of an in-depth analysis of 335 criteria aggregated from four major sub-factors (Economic performance (82), government efficiency (72), business efficiency (74), infrastructure (107)) (IMD, 2021b, p. 1). Other than the KOF Globalisation Index, IMD (2021a) has locked the weights of the sub-factors. The authors argue that this method ensures a high degree of comparability (IMD, 2021a).

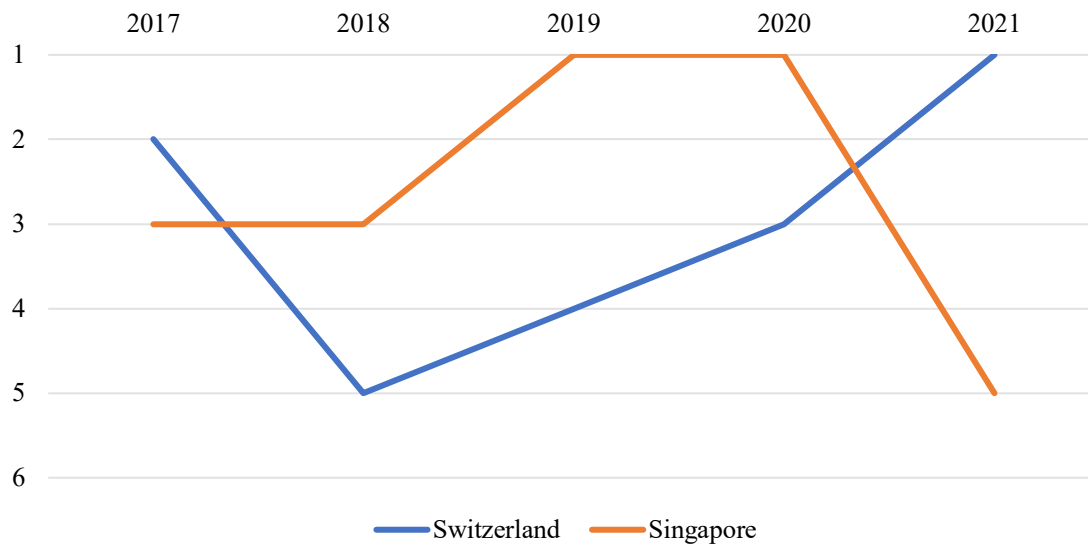


Figure 15: World Competitiveness Ranking Switzerland & Singapore between 2017 & 2021 (own representation based on IMD, 2021a).

Singapore and Switzerland have had volatile rankings over the last five years (see Figure 15). Switzerland could improve much further, passing Sweden and Denmark to take first place in 2021 (IMD, 2021a). Before 2021 (5th), Singapore was ranked 1st for the previous two years.

IMD (2021a) mentioned several reasons why there have been some significant changes in ratings, such as depending on global supply chains. One explanation why Singapore dropped so many places might be that the country serves as a Hub Port (Civil Service College Singapore, 2018). Based on throughput, Singapore was the second-largest port worldwide in 2021, right after Shanghai (Statista, 2022).

2.6 H3.2: Singapore as a threat

The third hypothesis claims that the Singaporean financial industry might become a real threat for Switzerland. Therefore, this chapter first closely analyses the evolution of Asia (chapter 2.6.1), then highlights the roles of foreign direct investments (FDI) (chapter 2.6.2) and regulations (chapter 2.6.3) in Switzerland and Singapore. Then, the chapter 2.6.4 focuses on the importance of talents in the financial industry. Chapter 2.6.5 concludes this chapter with a closer look at the fintech hubs Switzerland and Singapore.

2.6.1 Rise of Asia

The large Asian economic expansion was initiated in the 1960s (Kim & Lau, 1994, p. 236). Hong Kong, Singapore, South Korea, and Taiwan, also called the "Four Asian Tigers", are the four countries that have played a crucial role by adding a dynamic environment and by demonstrating exceptionally high growth rates (Nyambuu & Tapiero, 2018, p. 226). Their growth was mainly achieved through foreign direct investments (FDI) and M&As (Goldar & Ishigami, 1999, p. M-59). When taking only FDI inflows in developing economies into account, 68% of the investments went to Asia (Nyambuu & Tapiero, 2018, p. 227). Asian countries could also benefit from a technology transfer along with FDI, allowing them to become increasingly high-tech countries and thus develop smart cities (Nyambuu & Tapiero, 2018, p. 234). Such a successful expansion was only achievable due to Asia's openness to trade and exchange (Nyambuu & Tapiero, 2018, p. 228). Between 1970 (<1 bn USD) and 2020 (578 bn USD) FDI inflows in Asia massively increased (UNCATSTAT, 2021).

In the 1980s, a few years after the Asian economic expansion started, globalisation was also perceptible in the Asian banking sector. Financial innovation and risk management took effect over an entire range of areas, such as improved investment opportunities, reduced transaction costs and so on (Nyambuu & Tapiero, 2018, p. 235). Thanks to continuously improved ratings from Moody's, Fitch and S&P, banks became safer and safer, with Singapore leading the way (Nyambuu & Tapiero, 2018, p. 238).

2.6.2 Foreign Direct Investments (FDI)

In 1965, Singapore began its journey as an independent country (Britannica, n. d.). Since then, it has established itself not only in Asia but also worldwide. Concerning FDI, the inflows have increased by a factor of 1.6x between 2010 (57 bn USD) and 2020 (91 bn USD) (ASEAN, 2021). The factor would have been 2.0x ex-ante Covid-19 (2019: 114 bn USD) (ASEAN, 2021). While global FDI fell in that same year by 35%, developed economies suffered a decline of 58%, whereas developing economies only suffered a decline of 8% (UNCTAD, 2021, p. 2). Switzerland's FDI inflows remained negative (-47 bn USD) for the third consecutive year (UNCTAD, 2021, p. 2). This is mainly due to divestments (UNCTAD, 2021, p. 76). Furthermore, on May 18th, 2020, the federal council (2022) initiated a consultation on legislation regarding FDI in Switzerland which is going to last until September 9th, 2022.

2.6.3 Regulations

In 2020, over 40% of all fintech in Southeast Asia were based in Singapore (Lee & Li-Ling, 2021). The fintech sector is one of the fastest-growing sectors in Singapore (Lee & Li-Ling, 2021). The favourable jurisdiction for such enterprises was demonstrated once more when 21 companies applied to the Monetary Authority of Singapore (MAS) for four banking licenses (Lee & Li-Ling, 2021). During the same year, the MAS announced an enhancement plan for the Financial Sector Innovation and Technology (FSTI) (Lee & Li-Ling, 2021). The MAS seeks to boost the talent pipeline and encourage experimentation with larger-scale early-stage technology and innovation projects with 250 million SGD (180 million USD) until 2023 (Lee & Li-Ling, 2021).

In addition to the sandbox, which was launched in 2016, the MAS is also a member of the Global Financial Innovation Network (GFIN), where 29 global regulators offer a global sandbox (Lee & Li-Ling, 2021 & GFIN, n. d.). Sandboxes allow fintech and other innovative companies to test their technologies and business models within certain regulatory boundaries (Lee & Li-Ling, 2021). With the global sandbox, companies can test on a much larger scale and in different jurisdictions (Lee & Li-Ling, 2021).

The Swiss Financial Market Supervisory Authority (FINMA) also foster innovation in financial services. Therefore, they have taken measures to render circulars technology neutral (Flühmann & Hsu, 2021). Regarding financial services, Switzerland features rather liberal cross-border regulations. If a fintech serves Swiss customers on a pure cross-border basis but is domiciled abroad, it does not fall under many financial market regulations (Flühmann & Hsu, 2021).

Under certain circumstances, Switzerland also offers a local sandbox to companies (Ankenbrand et al., 2022, p. 39). As of today, Switzerland is not a member of the GFIN (GFIN, n. d.). Since January 2019, the Swiss Banking Act (BA) has been adapted to the rise of fintech in Switzerland (Ankenbrand et al., 2022, p. 38). In addition to the ordinary banking license (article 1a BA), the act was complemented with a fintech license (article 1b BA), often called "banking license light". SEBA Bank AG and Sygnum Bank AG were the first two companies receiving such a banking license from article 1b BA (Hody, 2019). Alpian SA acquired its banking license as the first digital private bank in April 2022 (Baumann, 2022). Switzerland is also progressing and the demand for the newly created banking license light seems to increase.

The Swiss market is small and very strongly regulated, which does not facilitate operating in the financial industry. FINMA has much influence on the attractiveness of the Swiss market. Nonetheless, Frey has worked in many countries and the perception of the Swiss banks is better outside of Switzerland. Americans for example still believe that Credit Suisse and UBS are the best banks in the world. An image that is a little damaged in Switzerland because the media mostly covers negative incidents (Frey, interview, 25th May 2022).

2.6.4 Talents

Singapore must strike a balance between offering work opportunities for Singaporeans and luring international talent (Lee & Li-Ling, 2021). To work in Singapore as a foreigner, one needs to have a valid pass which depends on the level of skills a foreigner has (Lee & Li-Ling, 2021).

Similarly to the pass, a foreigner needs to apply for a work permit (Flühmann & Hsu, 2021). Due to the Agreement on the Free Movement of Persons (AFMP), it is easier for citizens from the EU and EFTA to receive such a work permit. The most extended work permit non-EU and non-EFTA citizens can receive for the first time lasts one year (Flühmann & Hsu, 2021). Furthermore, not only are the annual quota for work permits low, but the work permits are also usually only granted to highly qualified people and the company needs to justify that a person with such skills can neither be found in Switzerland nor in the EU or in an EFTA country (Flühmann & Hsu, 2021). Work laws in Switzerland are less liberal than in Singapore, and despite Switzerland's global reputation, these laws do not encourage the attraction of talent.

The importance of a good cultural understanding was highlighted in two expert talks. Koppelaar mentioned that penetrating a new market like Switzerland as a Singaporean company with a different offering is already a risk for Switzerland. Furthermore, if this is combined with good cultural understanding is even more dangerous. Such a company is easily capable of disrupting other markets (Koppelaar, interview, 27th May 2022). Schirmann worked in Zurich and Geneva, two big Swiss cities that are in distinct parts of Switzerland. He perceived openness and mentality in these two cities differently (Schirmann, interview, 30th May 2022). Such differences are crucial when serving customers and should not be neglected when hiring new talents. Understanding the business and its offering is different from understanding the culture of the city or country.

The size and location of a traditional and fintech wealth manager is crucial to attract new talents. It might be interesting to work in big cities like Zurich, but Kohlmann sees a big advantage of growing up outside of such cities. A few years later and enriched with new experiences people tend to come back to their roots. The canton of St. Gallen is in a suitable location to enable young talents to work in Zurich. Someone can travel by train from St. Gallen to Zurich within one hour. Hence, it is still possible to live in St. Gallen and work in Zurich without travelling all day. The opportunity to work from home has made it even more attractive to live outside such large cities. In turn, this is also valid vice versa. Therefore, to Kohlmann the image of the SGKB as an employer is more relevant to attract talents. With projects like OpenWealth, the bank can demonstrate that it is not a late adopter and, as a result, an innovative and dynamic employer. Moreover, the SGKB has the right size to attract talents, because processes tend to slow down as companies size increases (Kohlmann, interview, 13th May 2022).

It is not easy to attract new talents in the Singapore fintech environment. The intrinsic motivation is a key aspect for Koppelaar when they hire new people. It is crucial if a person wants to work at a company because they solve problems. Therefore, marketing is important throughout the hiring process. Syfe offers the opportunity for employees to participate and become a shareholder with their Employee-wide Stock Option Program (ESOP), a program not every start-up can afford (Koppelaar, interview, 27th May 2022).

Not being able to align salaries with big banks is a big struggle start-up companies face in early stages. Hiring recent graduates may provide the drive that a company requires, but they frequently lack expertise. Internal training needs to be provided by founders such as Schirmann. On the other hand, senior people with the required experience are too expensive. Despite the culture and mindset of a young fintech company, the number on the paycheck at the end of the month still matters significantly (Schirmann, interview, 30th May 2022).

2.6.5 FinTech Hub Ranking

There are a few well-known financial centres around the globe. Talents want to work where their potential is perceived the most and are offered the best perspectives for their future. Different rankings and indices might be helpful to give them an overview of where these financial hubs stand. The "FinTech hub ranking" introduced in 2017 showed that Singapore was ranked first with a significant lead over Zurich (Ankenbrand et al., 2018,

Methodology

p. 32). Neither the ranking nor the difference between these two cities have changed (Ankenbrand et al., 2022, p. 27). Maintaining the ranking and the lead might be a good indicator to choose Singapore over Switzerland for talents that hesitate. A statement supported by the Global Financial Centres Index (GFCI) was first published in 2007 (Z/Yen Group Limited, n. d.). This index is based on a review of 150 parameters from 126 financial centres, as well as around 12,000 questionnaire responses (Mainelli & Wardle, 2022, p. 2-3). The index also provides a more detailed look on the fintech offering these financial centres have (Mainelli & Wardle, 2022, p. 3). When asked which financial centre the respondents would prefer to work and live in, New York wins by far with 290 mentions, ahead of London (141) (Mainelli & Wardle, 2022, p. 41). Singapore (113) is ranked fourth, right behind Hong Kong (129) but far ahead of Zurich (29) and Geneva (29) (Mainelli & Wardle, 2022, p. 41). The major argument why the respondents have mentioned one of the top four was the "[...] depth and breadth of the financial sector in the city." (Mainelli & Wardle, 2022, p. 42). It is easier for a city with a good image to attract good talents since the challenge is omnipresent. Singapore is the second-best city to feature skilled people in the financial sector (Mainelli & Wardle, 2022, p. 10)¹². It does not stop there for Singapore. Moreover, the respondents voted for Singapore to have one of the financial centres that will become more significant globally within the next three years (Mainelli & Wardle, 2022, p. 8).

3 Methodology

3.1 Research design

This qualitative thesis is firmly based on existing literature, studies, and online sources, especially the literature review. Furthermore, the opinions of expert interviews (see appendices N, O, P & Q) were embedded in the literature review (see chapter 2) and were especially useful in applying the “Digital-Business-Transformation Matrix” by Bergamin et al., (2020, p. 16) (see chapter 4).

3.2 Digital-Business-Transformation Matrix

The term of the “Digital-Business-Transformation Matrix” (hereafter called "matrix") already explains the purpose of this matrix, namely, to support companies in their change

¹² No Swiss city was ranked within the top 15, so no further details are provided for Switzerland.

Methodology

and transformation management (Bergamin et al., 2020, p. 16). The management needs to ponder the company's geographical footprint compared to its competitors. Then they can assign their company to one of the three quadrants on the x-axis (see chapter 3.2.1). Secondly, they need to evaluate their business model's digital maturity and position their company in one of the three quadrants on the y-axis (see chapter 3.2.2). These two steps are then repeated for the company's future position, e. g. in ten years. As a last step, the management must think about their possible worst nightmare competitors (see chapter 3.2.3).

To make the matrices of fintech companies and traditional companies more comparable, this thesis sets the future position in five rather than ten years. The reason for this is that the fintech companies in question are young. The expert's estimation of their future position is thus more tangible.

Digitalisation	Digital business model	<p>Local digital champion</p> <p>Local/regional market presence with customised digital offering</p>	<p>Regional digital champion</p> <p>Digital business model with regional data and platform business and regional market presence</p>	<p>Global digital champion</p> <p>Digital business model with global data and platform business and global market presence</p>
	Mixed business model	<p>Traditional enterprise in convergence</p> <p>Local, regional market presence with traditional and digital offering</p>	<p>Regional player in convergence</p> <p>Mixed business model with regional market presence and traditional and digital offering</p>	<p>Global player in convergence</p> <p>Mixed business model with global market presence and traditional and digital offering</p>
	Traditional business model	<p>Lean enterprise</p> <p>Local/regional market presence with traditional broad range of products/services and close customer contact</p>	<p>Regional player</p> <p>Regional market presence, operating model undergoing change</p>	<p>Global player</p> <p>Global market presence, best-in-class operating model with economies of scale and scope</p>
		Local market position	Regional market position	Global market position
		Globalisation		

Figure 16: Different players in the digita.-business-transformation matrix (own representation based on Bergamin et al., 2020, p. 16).

3.2.1 X-axis: Globalisation

One can use the author's table to position a company along the Globalisation dimension (see appendix K). Bergamin et al. (2020, p. 18) defined four levels of players, where the first level is attributed to the "local market position" and the fourth level to the "global market position". Levels two and three share "regional market position" depending on whether they focus more on the local or global market (see Figure 17) (Bergamin et al., 2020, p. 18).

Local traditional player	Regional players in the change process	Global players in the change process	Focused global players
Local market position	Regional market position		Global market position
Globalisation			

Figure 17: Precision about globalisation dimension (own representation based on Bergamin et al., 2020, p. 18).

The four levels can be summarised as follows (Bergamin et al., 2020, p. 18-19):

1. Local traditional player: The business model of this player focuses on the local market. The range of products and services is broad. Change management does not play an important role.
2. Regional players in the change process: The covered geographical area expands; furthermore, this player is actively implementing change management.
3. Global players in the change process: The range of products and services are focused on growth areas with multiplication potential. Moreover, this player is also actively implementing change management.
4. Focused global players: A worldwide presence is shown and all processes are fully implemented within the organisation.

3.2.2 Y-axis: Digitalisation

One can use the authors table to position a company along the digitalisation dimension (see appendix L). Bergamin et al. (2020, p. 21) differentiated among four types, where the first type is attributed to the "traditional business model" and the fourth level to the "digital business model". Levels two and three share the "mixed business model" depending on how much digitalisation has progressed (see Figure 18) (Bergamin et al., 2020, p. 21).

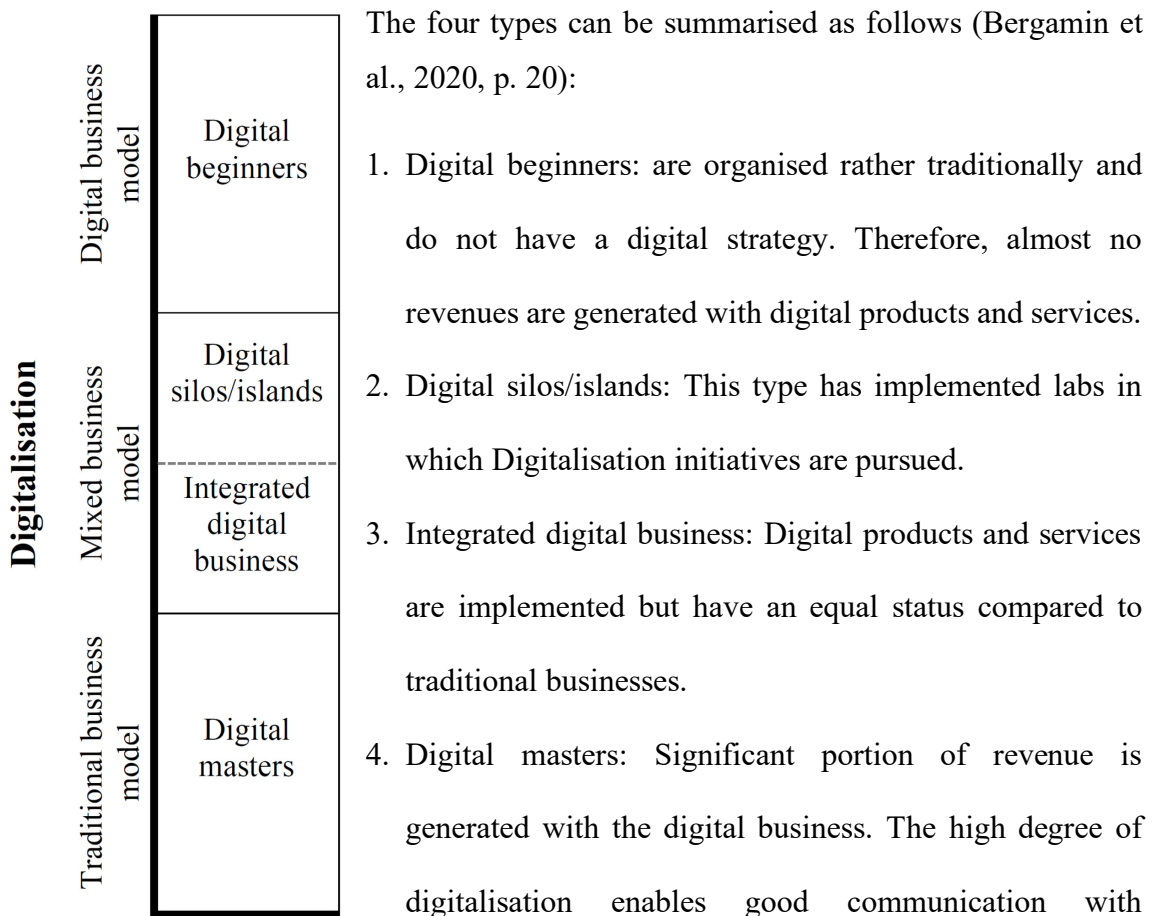


Figure 18: Precision about digitalisation dimension (own representation based on Bergamin et al., 2020, p. 21).

3.2.3 Nightmare competitors

A nightmare usually is a terrifying, horrible and hopeless situation. Yet, it is only a bad dream and not reality. There is still time to act and gather possible solutions so that this dream does not materialise (Gocretzki & Schönhärl, n. d.). To find a company's nightmare competitors, one must think outside of the box. Until the pandemic hit, airlines might not have dreamt of Zoom or Microsoft Teams replacing them for business meetings

(Manjoo, 2021). A nightmare competitor might also occur outside of an industry (Gocretzki & Schönhärl, n. d.).

As a last step of applying the matrix, Bergamin et al. (2020, p. 78) complemented the matrix with nightmare competitors as red dots. This gives an additional perspective to the company when evaluating its current and future position.

3.3 Expert interviews

The previously mentioned matrix can only be filled with the help of expert talks. They know the business model and competitors of their company. Therefore, it was essential to talk with people either in a C-level position or founders of the company. Such people have more background information, influence on the strategy and might indicate where the company intends to head. In addition, as literature on specific topics is either scarce or not as extensive as this thesis requires, the experts can confirm, refute, or add to the conclusions of the literature. These opinions were integrated throughout the whole thesis and were not aggregated in a specific, separate chapter.

Potential contacts to experts were provided to the author via the co-supervisor and supervisor. Before the interview, each potential expert received a summary of the thesis and the interview's goal (see appendix M).

Methodology

The following four experts' opinions are reflected in this thesis:

Expert	Company & Position	Country
Mr Laurens Koppelaar	Syfe Head of Partnerships	Singapore
Mr Dr Falk Kohlmann	St. Galler Kantonalbank AG, Member of Executive Board & Leiter Bereich Marktleistungen	Switzerland
Mr Patrick Schirmann	Norsia, Founder & Chief Executive Officer	Switzerland
Mr Dr Martin Frey	PwC Switzerland, Partner Corporate Finance / M&A	Switzerland

Table 4: Experts interviews for this thesis (own table).

All interviews were conducted and recorded with Microsoft Teams except for the interview with Mr Kohlmann. This interview took place at their headquarters in St. Gallen, Switzerland.

Unfortunately, getting in touch with a traditional wealth manager in Singapore was impossible. Hence, the only practical insights of a traditional wealth manager come from the Swiss universal bank St. Galler Kantonalbank AG. Nonetheless, Frey provided further information as an independent external consultant in the M&A area. He was able to work together with fintech companies and traditional wealth managers. As PwC is out-of-scope, the Digital-Business-Transformation Matrix was not applied to this company.

The interviews were between 30 and 60 minutes and were either conducted in German or English. A semi-structured approach was followed to conduct these interviews. This approach combines a structured and an unstructured interview (William, 2015, p. 492). The interview is structured so that the interviewer prepares a few questions in a specific framework. These questions are primarily open questions so that the expert can decide in what direction he wants to answer the question (William, 2015, p. 493). Although the interview takes place in a certain framework, the interviewer can steer the direction of the

Methodology

questions throughout the interview. The three hypotheses of this thesis laid the grounds for the framework.

The interviews were transcribed in the most precise manner possible and can be read in the appendices N, O, P & Q.

4 Results & discussion

The following three sub-chapters serve as applications of Bergamin et al.'s (2020, p. 16) digital business transformation matrix. In a first step, some key factors of the company in question are explained to get a better understanding of the company. Moreover, this gives an additional perspective to the comparison of the companies. In a second step, the result of the expert talk is presented. In the talk the company was positioned today (= green dot) and in five years (= blue dot). Furthermore, the expert determined nightmare competitors (= red dots). In a last step, major findings from the expert talks are displayed.

4.1 Traditional: St. Galler Kantonalbank



Company	St. Galler Kantonalbank AG (SGKB)
Headquarter	St. Gallen, Switzerland
Focus	Universal bank
Employees	1'319
Balance Sheet	39'581'051 CHF
Founded	1868
Offices	38 Switzerland +2 Germany
Characteristics	<ul style="list-style-type: none"> • Offices in Munich & Frankfurt, Germany only focus on wealth management • Initiator of Open Wealth Association • Listed on the SIX stock exchange • Canton of St. Gallen holds 51%
Expert	Mr Dr Falk Kohlmann, Member of Executive Board Leiter Bereich Marktleistungen

Table 5: St. Galler Kantonalbank AG company portrait (own table).

The St. Galler Kantonalbank (SGKB) is primarily operating in the Swiss canton of St. Gallen. The bank has two subsidiaries in Germany, focusing only on wealth management which is not ordinary for a cantonal bank in Switzerland. Most banks only

Results & discussion

operate in their canton. As most other cantonal banks, the SGKB also has a governmental guarantee (Kantonalbank, n. d.).

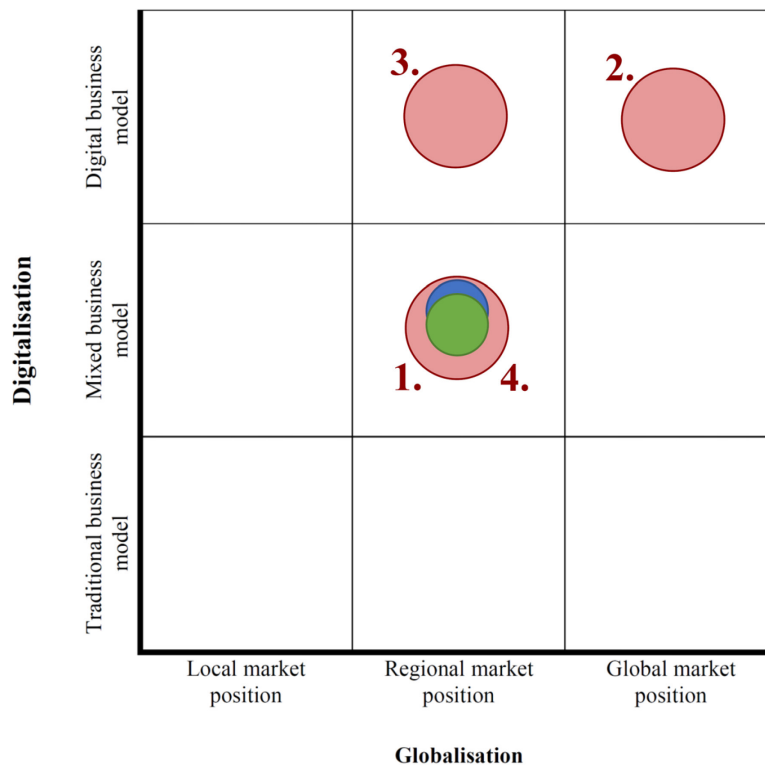


Figure 19: St. Galler Kantonalbank AG's completed matrix (own representation).

4.1.1 Current position

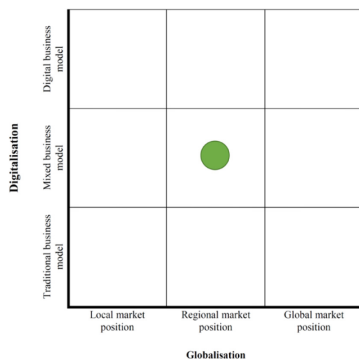


Figure 20: St. Galler Kantonalbank AG's position today (own representation).

The current position of the SGKB was clear for Kohlmann since the beginning. They are positioned in the middle of the matrix (Kohlmann, interview, 13th May 2022).

They operate primarily in the canton of St. Gallen but also have two subsidiaries in Germany. Most of their revenue is generated in Switzerland where most employees are based.

SGKB's customer are almost all located in the Canton of St. Gallen (Kohlmann, interview, 13th May 2022). This information indicates that the SGKB has a regional market position. This position is not only limited to the borders of the canton or the country but does not reach much farther than that.

Kohlmann gave several examples of how their business model is mixed. First, as a universal bank, their offering ranges from the loan business to the investment business. Then, with 40 offices, they offer their customers the opportunity to get in touch

personally. On the other hand, they can be reached online through their website or e-banking. Customers communicate with the bank using these two methods in different ways depending on the situation. More complex affairs are preferably discussed in person with the consultant. On the other hand, less complex affairs such as the extension of a loan are preferably done online (Kohlmann, interview, 13th May 2022).

In order to get a grip on the challenge with the different generations at an early stage, the bank tries to pick up its customers in the digital space at a young age and to demonstrate innovative strength. In doing so, they promote the emotionalization of the bank. Subsequently, SGKB accompanies its customers throughout each of their life phases. In doing so, they pay particular attention to ensuring that customers can obtain services both in person and digitally. Older customers can take advantage of digitally supported customer support at SGKB branches. In this way, private customers continue to receive personal and digital support in their life phases. Kohlmann estimates this expansion of the digital channel to be time-consuming and cost intensive. However, it should be considered that this is a progressive process. The demands of customers would also develop progressively, according to Kohlmann (interview, 13th May 2022).

The broad customer base and personal customer contact are the two biggest unique selling points that SGKB has over fintech companies. These enable the bank to offer personalised products tailored to its customers. In addition, the bank's many years of existence help it to build proximity and trust. It is not comparable when a company celebrates its 150th anniversary or when you do not know when it will disappear from the scene again, says Kohlmann (interview, 13th May 2022).

A long existence also has the major disadvantage that it is much more complex, time-consuming, and sluggish to adapt interfaces (Kohlmann, interview, 13th May 2022). However, SGKB has proven with OpenWealth that they can handle this challenge well in the corporate client business.

Results & discussion

4.1.2 Future position

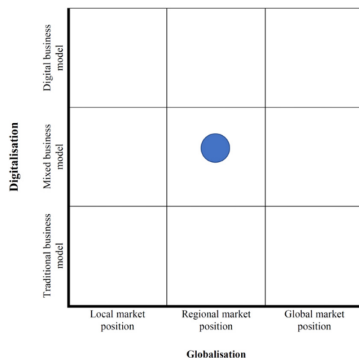


Figure 21: St. Galler Kantonalbank AG's future position (own representation).

While talking about SGKB's current position, Kohlmann had already answered the question where the bank is heading in the next five years (Kohlmann, interview, 13th May 2022).

Regarding the globalisation axis, the bank operates already broader than traditional cantonal banks do. They do not have the intention to expand their geographical reach any broader (Kohlmann, interview, 13th May 2022).

Even though, they are strengthening their digital channel, the range of products is not going to differ much from today's offering. The major difference is going to be that customers can reach the bank in more various digital ways. This means for the bank, that their hybrid business model and thus the number of offices should remain as they are. The personal consulting is going to be supported through various digital enhancements. This in turn does not mean that many more digital products are created. A classical loan remains the same loan. The only difference is the opportunity for the client to interact in more ways with the bank and its consultants. The few newly created digital products' impact on the total return are going to be marginal. Therefore, SGKB's future position regarding digitalisation is slightly moving north (Kohlmann, interview, 13th May 2022).

The efforts regarding digitalisation are more to maintain their current market position and not to largely increase the sales of digital products, according to Kohlmann (interview, 13th May 2022). Consequently, this might have an impact on gaining new customers as geographical hurdles are reduced. Nonetheless, the impact on the globalisation axis is negligible.

4.1.3 Nightmare competitors

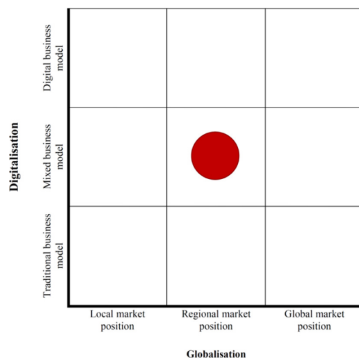


Figure 22: St. Galler Kantonalbank AG's competitor category one (own representation).

Kohlmann sees four possible categories of competitors. These points were intentionally shown larger in the matrix since their position is more of an indication.

The first category is the classic competitors that SGKB already has. The biggest competition was already seen in the Raiffeisen banks ten years ago and this is still the case today. Kohlmann still considers the Raiffeisen banks as the biggest competition in the future. A central argument for

this is that customers do not want to deal with banks and banking per se. Banking simply has to work in the background when they need it. It takes a lot for someone to change banks (Kohlmann, interview, 13th May 2022).

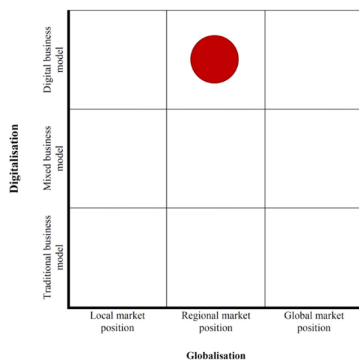


Figure 23: St. Galler Kantonalbank AG's competitor category two (own representation).

The second category of competitors are fintech companies and neo banks. However, these have not really gained a foothold yet, according to Kohlmann. It is difficult for such providers to position themselves. There are exceptions, however, such as Revolut. However, these companies focus on enabling customers to get money cheaply abroad. Investment opportunities are offered on a small scale, but far fewer offer a broad range of investment opportunities or loans. The lack of physical and personal advice is the

sticking point here. Besides the payment offers, Kohlmann sees another danger in the fact that such companies offer comparison platforms. However, this is not direct competition to the activities of SGKB (Kohlmann, interview, 13th May 2022).

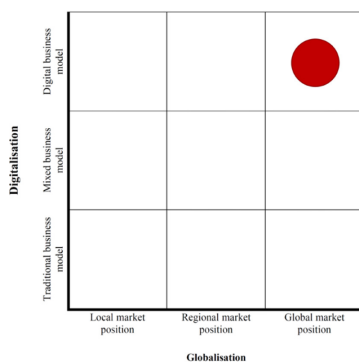
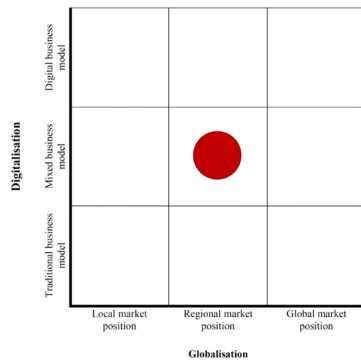


Figure 24: St. Galler Kantonalbank AG's competitor category three (own representation).

The third category of competition is represented by large international technology providers such as Amazon, Google, Apple, Meta, and so on. These companies are not directly active in banking but want to expand and strengthen their market position. Primarily, these providers also focus on payment solutions and not on loans. Kohlmann has a special eye on Apple, because with Apple Pay, customers can be easily tied to the Apple ecosystem.

Results & discussion

As a result, it would be fascinating to include family accounts as well. Such advances, however, would go unnoticed at the moment. Switzerland is a very lucrative market for Apple because the iPhone density in Switzerland is extremely high. According to the high economic power, there is also more income available. Conversely, the Swiss market with its eight million inhabitants is a small market for Apple (Kohlmann, interview, 13th May 2022).



The fourth category on SGKB's radar are bank-related companies such as insurance companies. These companies are trying to eat into the banks' value chain and position themselves accordingly in banking services. Kohlmann does not see these as major competition for the time being (Kohlmann, interview, 13th May 2022).

Figure 25: St. Galler Kantonalbank AG's competitor category four (own representation).

4.2 Fintech: Norsia



Company	Norsia
Headquarter	Geneva, Switzerland
Focus	Financial Sustainability Advisory
Employees	n / a
Balance Sheet	n / a
Founded	2019
Offices	2
Characteristics	<ul style="list-style-type: none"> • Offices in Geneva and Estonia • Signatory of the United Nations Principles for Responsible Investment • 9'000 companies screened through each investor's ESG sensitivity around 10 sustainability dimensions • Proprietary database of more than 20'000 sustainable funds
Expert	Mr Patrick Schirmann, Founder & Chief Executive Officer

Table 6: Norsia company portrait (own table).

Norsia is an advisory fintech company based in Geneva, Switzerland focusing on financial sustainability. Their business model focuses primarily on B2B but also on B2B2C as clients of wealth managers fill in Norsia's questionnaire. Schirmann is the founder and chief executive officer of this fintech. He is one of three partners. The company is an early-stage start-up. Schirmann does not have any employees per se but two interns working in Geneva. The IT infrastructure is handled in Estonia as the talent pool is larger there (Schirmann, interview, 30th May 2022).

Results & discussion

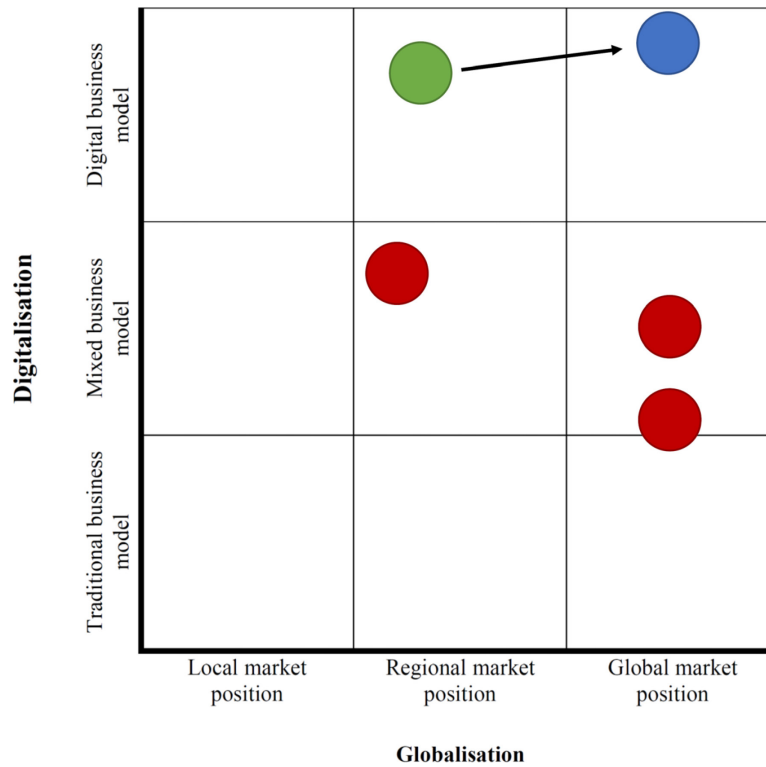


Figure 26: Norsia's completed matrix (own representation).

4.2.1 Current position

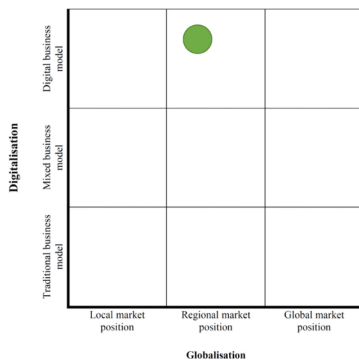


Figure 27: Norsia's position today (own representation).

Norsia is a regional service provider focusing on Switzerland but operates on a fully digital business model. As an early-stage start-up, they are a pre-revenue company. Custodian banks have their own tools for wealth management. They tie independent wealth managers to their system. Thus, if a wealth manager works with 15 banks, they may have to handle 15 different sustainability reports. Norsia offers a solution so that independent wealth managers are not tied to bank systems. This creates added

value for the banks and the independent wealth managers. Now regarding rating agencies, Norsia offers a unique perspective. The rating agencies rate companies without talking to the client. Clients have different sensitivities on certain aspects. Norsia offers such a client-centric approach to sustainability. Schirmann compares Norsia in the broadest sense to a dating service. He offers a solution that allows clients to find companies according to their own sustainability criteria (Schirmann, interview, 30th May 2022).

4.2.2 Future position

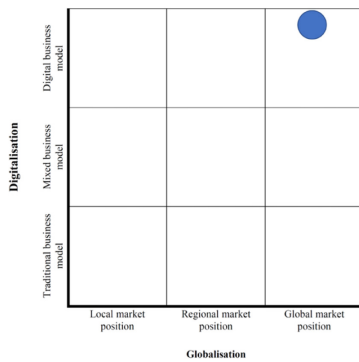


Figure 28: Norsia's future position (own representation).

Norsia will soon also serve customers in France. In addition, Schirmann wants to reach global markets such as Singapore or the USA in the next five years. Despite the fact that their business strategy is already quite digital, it is about to become even more so. In the future, for example, processes such as onboarding will be handled completely digitally (Schirmann, interview, 30th May 2022).

4.2.3 Nightmare competitors

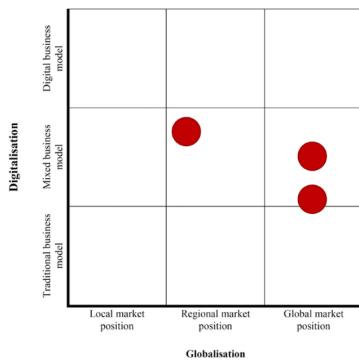


Figure 29: Norsia's three major competitors (own representation).

Schirmann has clear ideas about the positions of his biggest competitors. He was able to enter these precisely in the matrix. Regarding the point in the middle of Figure 29, Schirmann says that they have been operating for 10-15 years and have established themselves very strongly in the regional market. However, their disadvantage is that they are so strongly active in Switzerland and thus, cannot expand globally that effortlessly. The other two competitors on the right (see Figure 29) are global players, but by far not as digital as Norsia (Schirmann, interview, 30th May 2022).

4.3 Fintech: Syfe



Company	Syfe
Headquarter	Singapore, Singapore
Focus	Robo-Advisor
Employees	200+
Balance Sheet	n / a
Founded	2019
Offices	3
Characteristics	<ul style="list-style-type: none"> • Regulated by the Monetary Authority of Singapore • Oldest customer is 93 years old • Employees from 15+ nationalities • 52.4 million USD Series B funding in 2021 • Launched “Syfe Trade” in 2022 next to “Syfe Wealth” • Expanded to Hong Kong in 2022
Expert	Mr Laurens Koppelaar, Head of Partnerships

Table 7: Syfe company portrait (own table).

Syfe is a Singapore-headquartered robo advisor fintech company. The company is licenced by the Monetary Authority of Singapore. They were awarded as the “best digital advisory solution” by DigFin in 2021 (DigFin Group, 2021). In the summer 2022, they expanded to Hong Kong.

Results & discussion

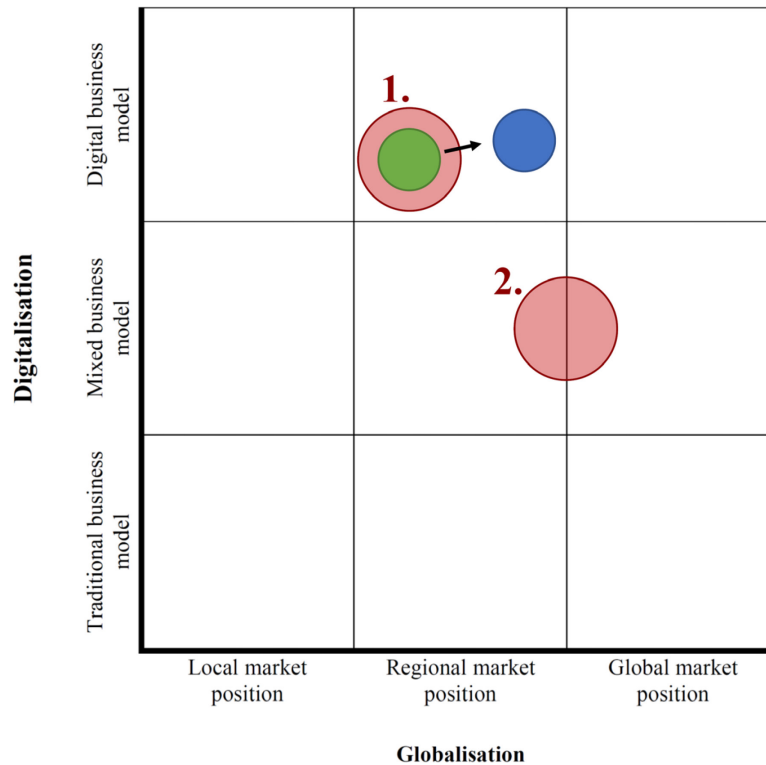


Figure 30: Syfe's completed matrix (own representation).

4.3.1 Current position

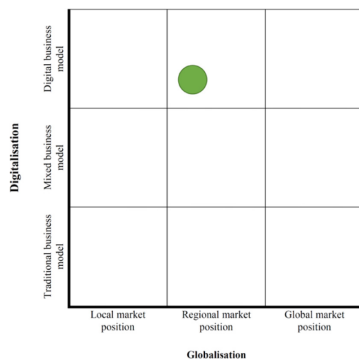


Figure 31: Syfe's position today (own representation).

Syfe is a digital-first business, yet some customers prefer human interaction. This is especially the case when they need help navigating. MAS regulated and licensed wealth advisors or wealth experts work at Syfe. Koppelaar believes that Syfe has a digital business model despite its hybrid capabilities. At the moment, Syfe is creating a detailed map of wealthtech companies. This should help them to distinguish their unique selling propositions more succinctly from their competitors. Regarding that they are

a B2C business, Syfe is particularly fast in handling customer enquiries and Koppelaar sees a unique business culture in his company. Furthermore, Syfe had already offered Real Estate Investment Trusts (REITs) in an early stage. As the company has now launched "Syfe Trade" in addition to "Syfe Wealth," they are the only company in Singapore with both wealth and trade at this time. None of their competitors can do both. To deliver what they promise is the base for gaining trust and thus, build long-term relationships with their customers. Their youngest customer is 18 years old while the oldest customer is 93 years old. Syfe is more suitable for younger generations with a

Results & discussion

technological understanding. However, Koppelaar observes that older generations are following suit and adapting themselves. Syfe is aware of the different expectations and habits and tries to satisfy them (Koppelaar, interview, 27th May 2022).

4.3.2 Future position

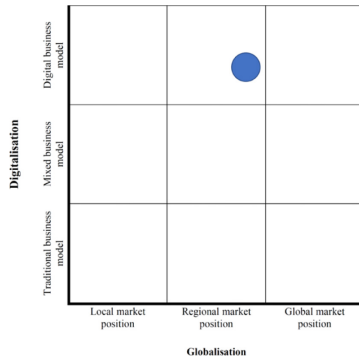


Figure 32: Syfe's future position (own representation).

Syfe has been a one country operator since the beginning. It has always been their intention to grow. In 2022 a first expansion to Hong Kong was made. Koppelaar confirmed that there will be another expansion in 2022. At the end of 2022 Syfe is going to operate in three different countries. Syfe is also going to improve its digital business model (Koppelaar, interview, 27th May 2022). However, despite the future developments the company remains in the same quadrant within the next five years

4.3.3 Nightmare competitors

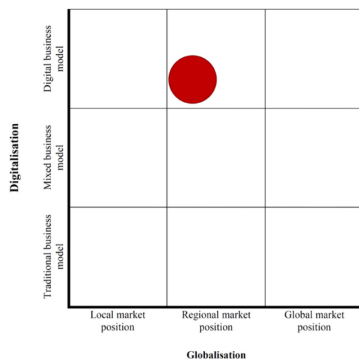


Figure 33: Syfe's competitor category one (own representation).

As with SGKB, Syfe has categories of competitions. The first category is congruent with the current position of Syfe. In this area, there are about ten companies that are comparable to Syfe. Koppelaar mentioned three companies that are direct competitors (interview, 27th May 2022).

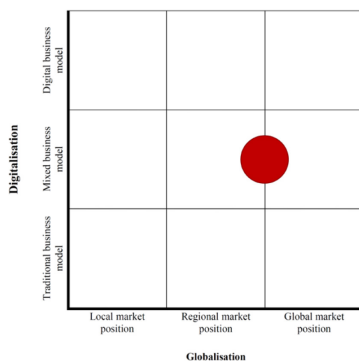


Figure 34: Syfe's competitor category two (own representation).

The second category of competitors are below the current position of Syfe. They operate less digitally, but still offer a hybrid business model. Like Kohlmann, Koppelaar speaks of the traditional banks. Koppelaar doubts that these competitors are effectively nightmare competitors. In general, Koppelaar sees a much greater danger in B2C businesses than B2B (interview, 27th May 2022).

4.4 Discussion

Figure 35 is the result when all current (= green dots) and future (= blue dots) positions of the three companies are superimposed. It is striking that the two fintech companies Norsia and Syfe operate with a much more digital business model. Nonetheless, both fintech intend to increase their level of digitalisation even more over the next five years. SGKB, on the other hand, has no plans to shift its future position, and if it does, it will only be slightly north on the digitalisation axis. The advantage of this strategy is that the company can fully focus on its core business. The fintech companies also intend to develop globally, Norsia more than Syfe. Both fintech companies want to develop in the matrix towards the North-East. Pursuing both strategies at the same time was criticised by the inventors of the matrix Bergamin et al. (2020, p. 71-72). However, Figure 35 clearly shows that their main goal over the next five years is to expand globally.

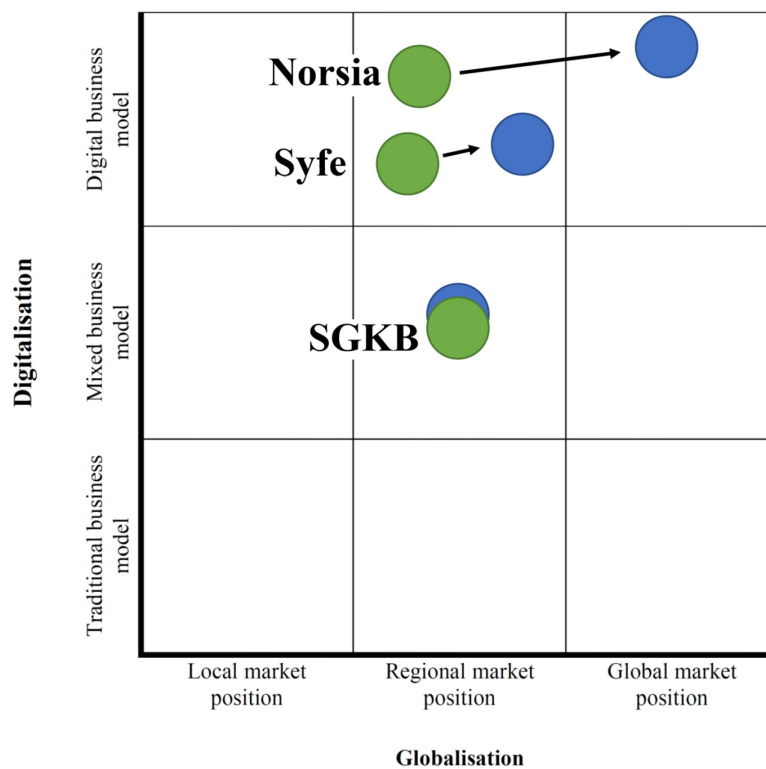


Figure 35: Norsia's, Syfe's & SGKB's today's and future positions (own representation).

If the nightmare competitors are added to Figure 35 above, the result is displayed in Figure 36. For better recognition, the categories of the SGKB have been coloured yellow. The red dots are the nightmare categories and nightmare competitors of the fintech companies. It is interesting to observe that Norsia and Syfe already fall into one of SGKB's categories in their current position. Syfe will continue to develop over the next five years but will always count as a nightmare competitor of SGKB. Norsia, on the other

Results & discussion

hand, will leave this category and move to the upper right category, to the big technology companies. Both fintech companies see a certain danger in companies that are as established as SGKB or are operating even more globally.

Both categories of companies have each other on their radar. All the experts mentioned in the interview that the term "nightmare competitor" was a bit too extreme (Kohlmann, interview, 13th May 2022; Koppelaar, interview, 27th May 2022; Schirmann, interview, 30th May 2022). They prefer to focus on specific competitors.

No significant difference between Norsia, the Swiss fintech and Syfe, the Singapore fintech can be observed except that Norsia plans to expand more globally than Syfe. They have a remarkably similar perception of their nightmare competitors.

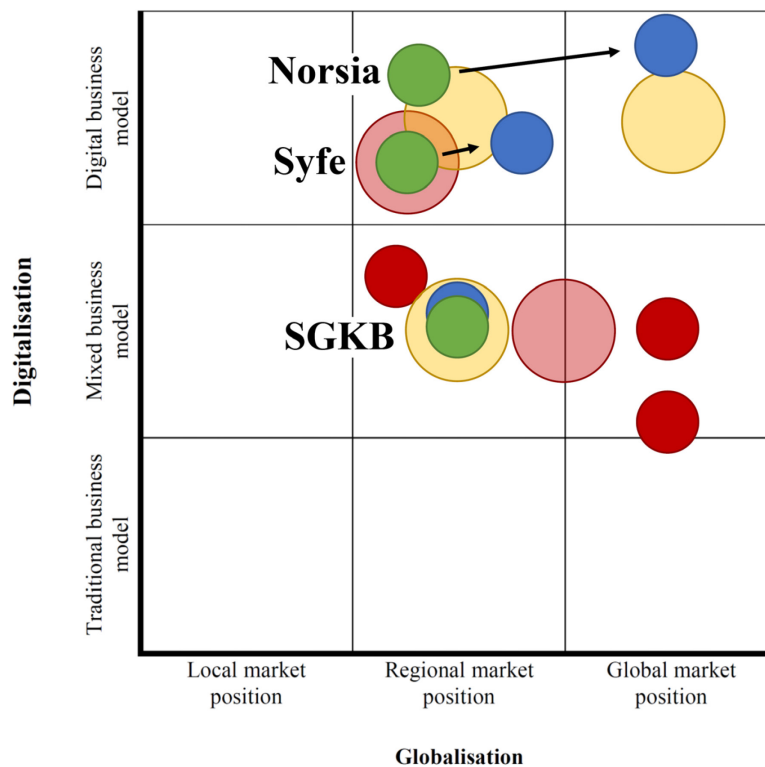


Figure 36: Norsia's, Syfe's & SGKB's matrices superposed, SGKB's competitors coloured in yellow (own representation).

5 Conclusion

The conclusion focuses primarily on answering the three hypotheses in chapter 5.1. Limitations of this thesis are discussed in chapter 5.2 and possible further research is suggested in chapter 5.3.

5.1 Main findings

This thesis is based on three hypotheses researched in the literature and discussed with experts. The following chapter highlights each hypothesis's major elements to validate or reject it.

5.1.1 Hypothesis 1

H1: The most recent geopolitical events have shown the importance of relying on local value chains. With the help of M&As, traditional wealth managers want to strengthen their local presence and push their digital business transformation.

In the hyper-globalisation phase, companies focused on global reach, free markets, shareholder value maximation and governments were perceived as the issue, not the solution. Then, the de-globalisation phase with the financial crisis, the trade war between the USA and China, the pandemic, and the current war in Ukraine have demonstrated the global overdependence. The current re-globalisation phase is characterised by a trend of near-shoring and companies carefully decide whether they expand globally at full throttle while reorganizing themselves. The home office trend has many benefits and hence, an impact on globalisation.

2021 demonstrated an all-time high in M&A deals. The present conflict in Ukraine does not appear to be having a significant influence on M&A activity. Due to the pandemic, where huge technology businesses thrived, the risk of being bid out by such corporations is considerable, as they too want to enhance their market position. However, there is also a trend to eliminate non-core and non-performing businesses.

The overall trend of divesting and re-globalisation combined with new records in M&A deals shows that companies want to focus more on their local markets. Companies near-shore value chains to be less dependent on other countries. However, this is particularly true for large companies providing their services on a broad scale globally. The expert interviews have indicated that M&As are currently only an exit solution for fintech

Conclusion

companies. Norsia and Syfe want to expand in broader markets and establish themselves globally. The same is true for traditional wealth management companies. The SGKB has done small M&As in the past, but they focus more on strengthening their customer relationship. They are already a regional provider and want to remain as such in the future.

The overall conclusion is that the first hypothesis is rejected.

5.1.2 Hypothesis 2

H2: Due to younger generations becoming responsible for the family's wealth and their affinity to technology, fintechs are better positioned than traditional wealth managers to serve these clients.

Studies show that younger and older generations share similar core values. The most significant differences can be observed in the desire of younger generations to change the business' current professionalization, sustainability and digital transformation. Digital business transformation is especially desired if the management does not have children. Most succession issues in small businesses are not shared values but not wanting to invest the same amount of work as their parents did. Frey observed a decrease in this issue as the company grew in size.

The financial industry generally struggles with the customers' trust and attracting talents and experts. Fintech companies providing investment management services struggle the most with attracting talents. On the other hand, the financial industry never perceived the pandemic as a big threat. The younger the generation, the more trust they have in fintech companies and less trust in wealth managers. This trend only changes for people aged older than 65. It is also at this stage where trust in the national banks is higher than in fintech and wealth managers. Almost 60% of fintech companies in Switzerland provide their services to B2B customers. 76% of the interaction is digital and in person. A clear trend of open wealth is detectable in the market. People of all ages perceive such platforms as valuable in the future. The SGKB has also created such a platform with "OpenWealth", facilitating the interaction between different providers in the financial industry and their clients. This platform also counts several fintech companies as members. The Swiss fintech company Norsia provides a similar platform focused on sustainability aspects. The Singapore fintech company Syfe, licenced by the MAS, also benefits from cooperating with custodian banks, increasing their customer's trust.

Conclusion

The second hypothesis addresses B2C business models. Fintech companies indeed are more accessible to younger generations. On the other hand, Syfe is attempting to onboard older generations and be there for them. Hence, fintech companies do not only focus on younger generations. Traditional wealth managers such as the SGKB provides digital solutions to emotionalise young generations and provides special consulting opportunities for older generations to catch up. The major benefit established companies such as the SGKB have, is their long existence. Regarding a B2C business model, fintech companies are more suitable to serve younger tech-savvy generations. Their degree of digitalisation in the matrix is much higher than that of traditional wealth managers.

The hypothesis can be validated However, no statement can be made about B2B business structures.

5.1.3 Hypothesis 3

H3: Despite Switzerland's high rankings in various indices, the Singaporean financial industry might become a real threat to Switzerland within the next five years.

Despite Singapore's efforts, Switzerland has been and continues to be more globally integrated. The difference in the ranking was strongly reduced in the 1970s, but the slope is flattening, showing that Singapore is losing pace. Switzerland and Singapore have almost the same levels of innovation inputs. However, Switzerland is extracting far more than its initial inputs compared to Singapore, resulting in Switzerland being labelled “efficient” and Singapore “inefficient”. Singapore demonstrated a volatile behaviour regarding the world competitiveness ranking over the last five years. Switzerland, however, has progressively improved its score since 2018, ranking first last year.

Singapore is a young country that has achieved great growth in a brief period. Asia, in general, has benefited from FDI inflows to establish itself. Singapore strongly focuses on establishing itself as a financial centre and thus, fosters the fintech industry. Switzerland also has regulatory frameworks that facilitate fintechs to operate in Switzerland. Both countries protect themselves against the foreign workforce. Both countries favour domestic people to have the job opportunity. Companies need to justify why they want to hire a foreigner. The regulations are stricter in Switzerland. Singapore is significantly better positioned than Switzerland in terms of financial hubs alone. The overall perception of Singapore’s fintech hub is more striking than Switzerland’s.

Conclusion

Switzerland is the older country of the two. Its developments among different rankings are more efficient and stable compared to Singapore. However, both countries pursue similar objectives regarding fostering the fintech industry and attracting talents. The third hypothesis cannot be validated, considering the entire country. Focusing only on the financial industry, Switzerland still has an extraordinary strong and good image and position worldwide. However, Schirmann pointed out that Switzerland should distinguish itself from other countries by innovation and not by protecting its markets. Singapore's fintech hub is perceived as more attractive than Switzerland's.

These arguments would speak for validating the hypothesis. However, the selection will be based on whether these organizations have a thorough understanding of the country's culture, what needs its clients have, and whether more talent can be attracted. Hence, the third hypothesis is neither validated nor rejected.

5.2 Limitations

The major limitation of this thesis is the lack of literature regarding wealth management companies and detailed information about fintech companies providing wealth management services.

Furthermore, the conclusions regarding the traditional wealth managers are based on one universal bank that also provides wealth management services. The SGKKB is not entirely focused on wealth management. Moreover, one Swiss company only reflects the perspectives of traditional wealth managers. Unfortunately, getting in touch with a traditional wealth manager in Singapore was impossible. Hence, these conclusions should be regarded with caution.

5.3 Further research

This thesis can be continued by reflecting and discussing the completed matrix with the experts in five years to find out how the company has changed and its desired future position. Furthermore, the central statements of this thesis can be discussed and validated with several companies from both countries.

Statistical models were deliberately not used in this thesis. Further, the markets and companies can also be examined with such models.

Conclusion

In addition, the spectrum of this thesis can be expanded. Singapore is a smart city which benefits from fintech companies. This, in turn, has an impact on the financial market.

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7 Appendix

A.	FDI inflows and outflows of China	XXXI
B.	M&A deals 2011-2021	XXXI
C.	Percentage of trust 2012-2022.....	XXXI
D.	Accelerations caused by the pandemic	XXXII
E.	Overall values 2017 & 2021 fintech challenges	XXXII
F.	Heatmap fintech challenges 2021 area-specific.....	XXXIII
G.	Trust in specific company groups.....	XXXIII
H.	Perceived value of open finance.....	XXXIII
I.	KOF Globalisation Index	XXXIV
J.	KOF Globalisation Index difference Switzerland & Singapore	XXXIV
K.	Digital-Business Transformation Matrix - Globalisation	XXXV
L.	Digital-Business Transformation Matrix - Digitalisation	XXXVI
M.	Interview invitations.....	XXXVII
N.	Expert interview St. Galler Kantonalbank AG.....	XXXIX
O.	Expert interview PwC	LIII
P.	Expert interview Syfe.....	LXIII
Q.	Expert interview Norsia	LXXII

A. FDI inflows and outflows of China

China FDI	2016	2017	2018	2019	2020
Inflow	133'711	136'315	138'305	141'225	149'342
Outflow	196'149	158'290	143'037	136'905	132'940

Numbers are in million USD.

Source: Own Table based on UNCTAD, 2021, p. 249.

B. M&A deals 2011-2021

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Number of deals	42'198	39'894	38'188	42'364	46'352	48'345	51'832	51'634	50'582	50'871	63'215

Source: Own table based on Refinitiv, 2022

C. Percentage of trust 2012-2022

Change, 2012 - 2022	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Technology	77%	74%	77%	74%	76%	76%	75%	78%	75%	68%	72%
Healthcare					64%	67%	65%	68%	67%	66%	69%
Food and beverage	64%	64%	65%	64%	65%	68%	64%	69%	67%	65%	67%
Automotive	63%	66%	70%	67%	62%	66%	63%	69%	67%	60%	63%
Telecommunications	59%	61%	62%	60%	61%	64%	64%	67%	65%	61%	62%
Energy	54%	58%	57%	57%	59%	62%	63%	65%	63%	59%	61%
Entertainment		63%	66%	64%	66%	65%	63%	68%	65%	59%	61%
Consumer packaged goods	58%	61%	62%	61%	62%	64%	61%	65%	62%	60%	60%
Financial services	44%	47%	49%	48%	52%	55%	55%	57%	56%	52%	54%

Development of trust percentage people have in these industries between 2021 & 2022.

Source: Own table based on Adkins et al., 2022, p. 53.

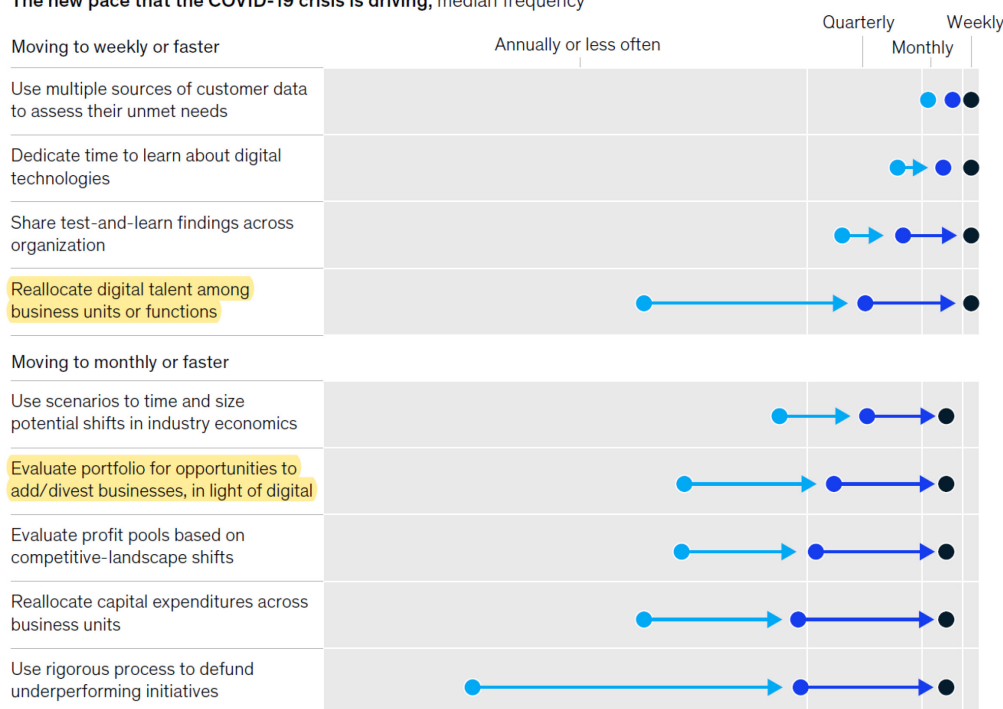
D. Accelerations caused by the pandemic

Exhibit 3

The COVID-19 crisis is causing a need for acceleration beyond what we had seen before, going from three tiers of speed down to two.

● Respondents at top economic performers¹ ● All other respondents² ● New COVID-19 requirements

The new pace that the COVID-19 crisis is driving, median frequency³



¹ Respondents who say their organizations have a top-decile rate of organic revenue growth (ie, of 25% or more in past 3 years), relative to other respondents; n = 138.

² n = 1,304.

³ Frequencies shown are the median values from a histogram, which was constructed by assigning "weekly" responses a value of 1, "monthly" responses 2, "quarterly" responses 3, "annually" responses 4, "every few years" 5, and "never" 6. The question also asked about the frequency of evaluating M&A opportunities as part of strategy-setting discussions. These responses are not shown, because M&A typically requires a longer time frame than the other 10 operational practices tested, often due to regulatory reasons.

Source: Blackburn et al., 2020, p. 17.

E. Overall values 2017 & 2021 fintech challenges

	2017	2021
Finding customers	6.8	6.4
Competition	4.9	5.3
Expansion to international markets	5.5	5.5
Regulation	5.3	5.2
Access to financing	4.2	4.2
Costs of production or labour	5.4	5.4
Availability of skilled staff or experienced managers	5.8	6.5
Impact of COVID-19	n.a.	4

Source: Own table based on Ankenbrand et al., 2018, p. 41 and Ankenbrand et al., 2022, p. 15-16.

F. Heatmap fintech challenges 2021 area-specific

	Payment	Deposit & Lending	Investment Management	Banking Infrastructure
Competition	5.2	5.3	5.5	5.2
Finding Customers	6	6.8	6.2	6.5
Access to finance	4.3	4.8	3.8	4.2
Cost of production or labour	5	5.5	5.3	5.6
Availability of skilled staff or experienced managers	6	6.1	6.5	6.9
Regulation	5.5	5.8	5	5.1
Expansion to international markets	6	4.8	5.3	5.8
Impact of Covid	4.1	4.9	3.5	4.2

Red cells are higher values and thus, more pressing than blue cells.

Source: Own table based on Ankenbrand et al., 2022, p. 16.

G. Trust in specific company groups

	18-24	25-34	35-44	45-54	55-64	65+
FinTech	51%	49%	46%	37%	26%	20%
National Bank	23%	26%	25%	24%	22%	25%
Wealth Manager	5%	6%	8%	14%	18%	20%
Digital Bank	3%	5%	6%	4%	7%	7%
Regional Bank	4%	3%	3%	5%	4%	5%
Credit Union	9%	8%	7%	8%	13%	7%
Other institutions	5%	3%	6%	7%	10%	17%

Source: Own table based on Lele & Mannamkery, 2021.

H. Perceived value of open finance

	18-24	25-34	35-44	45-54	55-64	65+
value more	77%	77%	74%	69%	48%	42%
value the same	15%	13%	15%	17%	28%	31%
uncertain	4%	5%	6%	8%	15%	17%
value less	5%	5%	4%	6%	9%	9%

Source: Own table based on Lele & Mannamkery, 2021.

I. KOF Globalisation Index

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Switzerland	71.0	71	71	73	73	73	74	74	75	75
Singapore	52.7	53	55	57	57	58	59	60	62	63
World	38.0	38	39	40	40	40	40	41	41	41

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Switzerland	75	76	75	75	76	77	77	76	75	78
Singapore	64	64	64	65	64	65	66	66	66	69
World	41	42	42	42	42	43	43	42	43	43

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Switzerland	77	80	80	81	82	82	82	84	84	85
Singapore	70	69	73	73	73	74	75	75	76	77
World	43	43	44	45	46	47	48	49	50	51

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Switzerland	87	88	86	87	87	87	87	88	88	88
Singapore	78	80	79	80	80	77	81	83	84	84
World	52	53	52	54	55	55	57	58	58	59

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Switzerland	89	88	90	90	90	90	91	91	90	90.5
Singapore	84	84	84	84	82	82	83	83	83	83.5
World	59	60	60	61	61	61	61	62	62	61.6

Source: Own table based on KOF, 2021.

J. KOF Globalisation Index difference Switzerland & Singapore

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Difference	18	18	17	16	16	15	15	14	13	12

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Difference	11	11	11	11	11	11	11	10	9	8

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Difference	7	10	8	8	8	8	8	8	9	8

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Difference	9	8	7	6	7	10	6	5	4	4

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Difference	4	4	5	6	8	8	8	7	7	7

Source: Own table based on KOF, 2021.

K. Digital-Business Transformation Matrix - Globalisation

	Local/regional market position		Global market position	
	Level 1 Local traditional player	Level 2 Regional player undergoing change	Level 3a Global player undergoing change	Level 3b Focused global player
Geographical footprint	<ul style="list-style-type: none"> Sales only generated regionally, within Switzerland 	<ul style="list-style-type: none"> Sales generated in Switzerland >80% Employees mostly in Switzerland 	<ul style="list-style-type: none"> Sales in Switzerland <50% Employees mostly hired abroad (>50%) 	<ul style="list-style-type: none"> Sales in Switzerland <10% Employees mostly hired abroad (>80%)
Supply portfolio	<ul style="list-style-type: none"> Broad product portfolio, local market presence and customers Direct, personalised customer service 	<ul style="list-style-type: none"> Broad product portfolio for mostly local/national customer base 	<ul style="list-style-type: none"> Selection of growth fields and focusing of supply portfolio in implementation [sic], incl. divestment from non-core activities 	<ul style="list-style-type: none"> Globally positioned with focused supply portfolio
Operational business model and change management progress	<ul style="list-style-type: none"> Operational business model: distribution: local; supply chain: local sourcing Change management: not relevant 	<ul style="list-style-type: none"> Operational business model: distribution: Switzerland, occasionally international; supply chain: local, occasionally international sourcing Change management: needs addressed and implemented as required 	<ul style="list-style-type: none"> Operational business model; distribution: occasionally global; supply chain: occasionally global sourcing; support process adapted to offering portfolio Change management: shared services, outsourcing and offshoring actively used; efficiency and automation potentials exploited 	<ul style="list-style-type: none"> Best-In-Class operational business model: distribution: global; supply chain: global sourcing; support processes adapted to offering portfolio Change management: established as a core competency

Source: Own table based on Bergamin et al., 2020, p. 18.

L. Digital-Business Transformation Matrix - Digitalisation

	Traditional business model	Hybrid business model		Digital business model
	Level 1 Digital beginner	Level 2a Digital silos/islands	Level 2b Integrated business	Level 3 Digital master
Digital strategy	<ul style="list-style-type: none"> ▪ Experimental phase 	<ul style="list-style-type: none"> ▪ Business model Disruption addressed ▪ Digital efforts in silos ▪ Absence of overarching digital strategy and vision 	<ul style="list-style-type: none"> ▪ Basic structure for digital strategy in place ▪ Two poles: digital and traditional business 	<ul style="list-style-type: none"> ▪ Digital strategy institutionalised in managerial processes
Digital products and services	<ul style="list-style-type: none"> ▪ Sporadic use of digital media ▪ Digital experiments 	<ul style="list-style-type: none"> ▪ Advanced digital features in silos/digital islands 	<ul style="list-style-type: none"> ▪ Customer benefit with digital products and DL ▪ Sales from digital products and DL >30% of total turnover 	<ul style="list-style-type: none"> ▪ Sales from digital products and DL >50% of total turnover ▪ Data as digital assets ▪ Digital platform offerings
Digital networking	<ul style="list-style-type: none"> ▪ Conventional model 	<ul style="list-style-type: none"> ▪ Networking of value creation chains ▪ SW networking internally 	<ul style="list-style-type: none"> ▪ Digital and analogue touch points are networked ▪ SW networked internally 	<ul style="list-style-type: none"> ▪ Digital and conventional value creation chains established ▪ Networking internally and with customers (digital and analogue)
Organisation	<ul style="list-style-type: none"> ▪ Traditional IT organisation ▪ Sub-divisions deal with digital competencies ▪ No budget and personnel allocation 	<ul style="list-style-type: none"> ▪ Traditional IT organisation ▪ Lack of coordination of digital efforts, limited use of personnel and budget ▪ Digital culture exists in silos, but not across the group ▪ Management getting to grips with innovation 	<ul style="list-style-type: none"> ▪ Agile organisation being developed (lab, Chief Digital Officer, Transformation Manager etc.) ▪ Corresponding key performance indicators implemented ▪ Allocation of personnel and budget ▪ Digital competencies at management level 	<ul style="list-style-type: none"> ▪ Digital governance across the group ▪ Strong digital culture ▪ Agile organisation ▪ Digital competencies at management level ▪ Digital Talent Management ▪ Bonus systems digitally aligned
IT/HW and SW architecture	<ul style="list-style-type: none"> ▪ IT HW/SW standards attained 	<ul style="list-style-type: none"> ▪ IT HW/SW standards actively challenged 	<ul style="list-style-type: none"> ▪ State-of-the-art IT HW/SW 	<ul style="list-style-type: none"> ▪ State-of-the-art IT

Source: Own table based on Bergamin et al., 2020, p. 18.

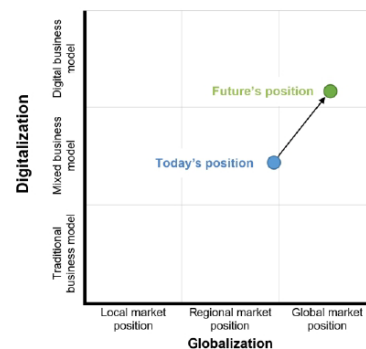
M. Interview invitations

Master Thesis: Switzerland & Singapore – M&A transactions of FinTech startups in the focus of Globalization and Digitalization

Supervisor: Dr Markus Braun, ZHAW ([Website](#), [LinkedIn](#))
Co-Supervisor: Jonas Thürig, F10 ([Website](#), [LinkedIn](#))
Author: Andreas Bittel ([LinkedIn](#))

Purpose

The primary purpose of this thesis is to analyze the behaviours of traditional wealth management institutions and startups with a focus on Digitalization and Globalization. Singapore's importance as a financial hub has massively increased in the last decade. Therefore, companies from Switzerland and Singapore are analyzed to gather the major similarities and differences. The "Digital-Business-Transformation-Matrix" invented by Bergamin, Braun & Glaus (2020) serves as a support for this analysis (see figure on the right).



Research Scope

The following three hypotheses guide this thesis:

- H1: The most recent events (USA & China trade war, COVID, Russo-Ukrainian war) have shown the importance to rely on local value chains. With the help of M&As, traditional wealth management institutions want to strengthen their local presence and push their digital business transformation.
- H2: Due to younger generations being responsible for the family's wealth and their affinity to technology, FinTech startups are better positioned to serve these clients than traditional wealth management institutions.
- H3: Despite Switzerland's high rankings in various indices, the Singaporean financial industry might become a real threat to Switzerland within the next ten years.

Requirements and benefits for the interviewee

It would be important that your company has experience with M&As, has already carried them out or is at least considering them. Furthermore, I would appreciate to talk about the hypotheses and specifically about Globalization and Digitalization in your company with the help of questions.

In this way, you would help me qualitatively enhance my Master's thesis. I will, of course, make the thesis available to you. This will give you up-to-date insights into how your company stands compared to other comparable companies.

Thank you in advance for your time

Andreas Bittel

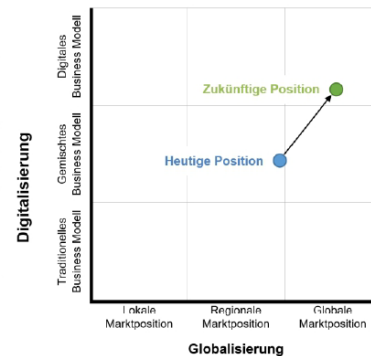
Onepager sent to potential interview experts (English).

Masterarbeit: Schweiz & Singapur – M&A Transaktionen von FinTech Startups im Fokus der Globalisierung und Digitalisierung

Hauptbetreuer: Dr Markus Braun, ZHAW ([Webseite](#), [LinkedIn](#))
Co-Betreuer: Jonas Thürig, F10 ([Webseite](#), [LinkedIn](#))
Author: Andreas Bittel ([LinkedIn](#))

Ziel der Arbeit

Das Hauptziel dieser Arbeit ist es, das Verhalten von traditionellen Vermögensverwaltern und Start-ups im Fokus der Globalisierung und Digitalisierung zu analysieren. Die Bedeutung des Finanzzentrums in Singapur hat im letzten Jahrzehnt massiv zugenommen. Deshalb werden Unternehmen aus der Schweiz und Singapur analysiert, um die zentralsten Gemeinsamkeiten und Unterschiede herauszuarbeiten. Die von Bergamin, Braun & Glaus (2020) entwickelte "Digital-Business-Transformation-Matrix" dient als Hilfsmittel für diese Analyse (siehe Abbildung rechts).



Forschungsumfang

Die Arbeit orientiert sich an folgenden drei Hypothesen:

- H1: Die jüngsten Ereignisse (Handelskrieg zwischen den USA und China, COVID, russisch-ukrainischer Krieg) haben gezeigt, wie wichtig es ist, sich auf lokale Wertschöpfungsketten verlassen zu können. Mit Hilfe von M&As wollen traditionelle Vermögensverwalter ihre lokale Präsenz stärken und ihren digitalen Wandel vorantreiben.
- H2: Da nun jüngere Generationen die Verantwortung für das Familienvermögen übernehmen und technisch affiner sind, können FinTech Startups diese Kunden besser bedienen als traditionelle Vermögensverwalter.
- H3: Trotz der hohen Platzierungen der Schweiz in verschiedenen Indizes könnte die Finanzindustrie Singapurs in den nächsten zehn Jahren zu einer echten Bedrohung für die Schweiz werden.

Anforderungen und Nutzen für die befragte Person

Es ist wichtig, dass Ihr Unternehmen Erfahrung mit M&A's hat, solche bereits durchgeführt hat oder zumindest welche in Betracht zieht. Des Weiteren würde ich sehr gerne mit Hilfe von Fragen über die Hypothesen, sowie spezifisch über Globalisierung und Digitalisierung in Ihrem Unternehmen sprechen.

Mit Ihrem Beitrag helfen Sie mir, meine Masterarbeit qualitativ aufzuwerten. Die Arbeit werde ich Ihnen selbstverständlich zur Verfügung stellen. Sie erhalten somit hochaktuelle Einblicke, wie Ihr Unternehmen gegenüber anderen, vergleichbaren Unternehmen steht.

Für Ihre Zeit bedanke ich mich im Voraus

Andreas Bittel

Onepager sent to potential interview experts (German).

N. Expert interview St. Galler Kantonalbank AG

Expert:	Mr Dr Falk Kohlmann, Member of Executive Board, Leiter Bereich Marktleistungen
Company:	St. Galler Kantonalbank AG (often abbreviated as “SGKB”)
Date & Time:	13 th May 2022 15:00-15:45
Location:	SGKB Headquarter in St. Gallen, Switzerland
Citation:	(Kohlmann, interview, 13 th May 2022)

Author: Es geht darum, dass ich untersuche, was für eine Rolle M&A der Vermögensverwalter, also so traditionelle Vermögensverwalter bei FinTech spielt? Und das alles also ein bisschen im Kontext von Digitalisierung, Globalisierung und das im Vergleich von der Schweiz und Singapur.

Herr Falk Kohlmann: Gut jetzt bin ich wahrscheinlich nicht der super Experte dafür, aber ich versuche etwas dazu zu sagen.

Author: Ja sehr gut. Ich habe Ihnen bei der Anfrage die Digital Business Transformation Matrix mal mitgeschickt. Und eines der ersten Dinge, wäre cool, wenn wir jetzt die St. Galler Kantonalbank hier einzeichnen könnte. Stand jetzt und wo es in fünf Jahren hingehen soll.

Herr Falk Kohlmann: Da wo sich die St.Galler Kantonalbank positioniert ist im Grundsatz eigentlich regional, wenn wir regional jetzt primär Kanton mit angrenzendem Ausland und der Deutschschweiz versteht. Und gemischtes Business Model in der Form. Gibt ja zwei Dimensionen bei gemischt, gibt ja die inhaltliche Dimension, also ganz einfach gesprochen. Wir haben ja sowohl, also ganz einfach gesprochen, Kreditgeschäft und bisschen Anlagen Geschäft, das kann man als gemischt verstehen. Wenn sie eher darauf auswollen, Anteil digital versus persönlich, dann ist auch da gemischt. Wir haben ja sowohl auch im daily Banking, da ist es auch digital ist ja logisch. Wenn’s um die komplexeren Geschäfte geht, über das Kreditgeschäft vor allem aber auch für Firmenkunden sowieso aber auch im privaten Umfeld ist Anlage Geschäft etc. ist es tendenziell noch häufig persönlich getrieben, also im Sinne von persönlichen

Appendix

Kundenberatung, mit digitalen Ausprägungen, man kann die Hypothek online verlängern, man kann bestimmte Anlage Produkte online abschliessen so in der Form, deswegen hätte ich gesagt, gemischt gemischt und gemischt und regional und da bleibt die Positionierung auch so.

Author: Das bleibt jetzt so, es gibt also keine Verschiebung. Ich habe jetzt mal die Beschreibung mitgenommen.

Herr Falk Kohlmann: Ja, also da wo es ist oder im Sinne von, wir sind ja heute jetzt da positioniert. Also da wo man sagen kann oder im Kontext der Digitalisierung, wird noch vermehrt weiter Dienstleistungen digital und oder hybrid anbieten und zusätzlich digitale Unterstützung in der Kundenberatung, logischerweise fortlaufend weiterentwickeln. Und insofern bleibt es ein gemischtes Business Model, da ändert sich im Grundsatz ja nicht, weil es hybrid ist. Aber natürlich die Ausprägung was ich im digitalen Raum tun kann und was ich auch tatsächlich kanalübergreifend tun kann und nicht immer nur persönlich, da entwickelt sich ja weiter. Und wenn sie damit meinen oder wenn sie damit die Positionierung gerne hätten und dazu digitaler entwickeln, dann kann man das so umschreiben. aber so Fazit wäre für mich immer noch gleich.

Author: Da wäre jetzt gerade die Frage gewesen. Wenn man digitaler wird, dass auch mehr Umsatz mit digitalen Dienstleistungen gemacht wird.

Herr Falk Kohlmann: Genau und das ist nicht der Fall. Wir haben ja quasi, also im ganz engeren Kreis im Beispiel, ein digitales Produkt eingeführt für das Wertschriften sparen. Bezogen auf das Gesamtertragsmodell der Bank, ist das natürlich marginal. Das fällt nicht ins Gewicht. Das ist eines der wenigen Punkte, wo man sagt, es ist ein rein digitales Produkt. Ansonsten ist es ja praktisch ausschliesslich so, dass es ein normales Bank Produkt ist wie eine Hypothek, nur kann ich die digital verlängern oder ich kann physisch mit meinem Kunden Berater zusammensitzen oder ich kann mit dem telefonieren und der verlängerts von sich aus und ich krieg praktisch die Bestätigung. Beides ist immer noch das gleiche Bankprodukt, es gibt einfach einen zusätzlichen digitalen Kanal den ich benutzen kann oder und damit nicht pauschal mehr Umsatz. Es ist jetzt kann man sich die Frage stellen, warum macht man es denn überhaupt, weil natürlich die Erwartungshaltung von der guten Seite steigt ja, in der Form, dass sie sagen ich will den Teil eben doch digital abschliessen oder digitalen Raum behandeln. Wenn man das nicht tut, dann ist man gefährdet, dass der Kunde dann sagt, dann schliesse ich die Hypothek halt woanders

Appendix

ab. Um jetzt bei dem Beispiel vereinfacht zu bleiben. Deswegen führts tendenziell nicht zu mehr oder man kann isoliert nicht genau sagen, aufgrund von welcher digitalen Investition man jetzt mehr Umsatz macht, sondern die Grundhypothese oder das eigentlich die ganzen Investitionen der Digitalisierung einerseits dienen zu Immunisierung der Kundschaft um mehr oder weniger die Marktposition zu behalten. Und zu in einem gewissen Grad eben die Leadgenerierung. Dass die Leadgenerierung geht bei Bestandskunden los, man kann auf share of wallets erhöhen. Aber da kann man auch nicht sagen, der ist nur wegen der digitalen Lösung. Das ist teilweise auch der Fall. Und punktuell Neukundengewinnung in den bestehenden marktgrenzen. Wo man sagt, da trägt Digitalisierung auch bei. Da die die Hürden sinken, das ich überhaupt Kunde werden kann und deswegen ist es sicherlich weil ich sehe welche anderen Companies da drauf sind, deswegen ist natürlich eine Bank, in unserem Model, wenn sie jetzt nicht nur Digitalbank befragen würden, spezieller aufgestellt mit es gibt keine Entwicklung die so gross abweicht auf ihre 3x3 Matrix.

Author: Ich kann es voll nachvollziehen. Ein letzter Schritt, die Autoren haben das hier gemacht mit dem roten Punkt, das sind die Nightmare Competitors. Hat die St. Galler Kantonalbank auch Nightmare Competitors?

Herr Falk Kohlmann: Es gibt drei Kategorien von Mitbewerbern, wenn man das so umschreiben wird. Es gibt die klassischen Wettbewerber, andere Banken, Raiffeisen z.B. ist mehr oder weniger der grösste Wettbewerber von 10 Jahren gewesen und heute. Im Grundsatz wenn man sich in der Schweiz die Bankkundschaft anschaut, können Sie vielleicht selber aus dem privaten ableiten. da brauchts schon viel, bis ich eine Bankbeziehung wechsle. Weil es ja commodity im Hintergrund ist. Keiner hat ja Lust sich überhaupt mit Banking auseinander zu setzen, ist ein sekundär Bedürfnis. Von dem her braucht es noch relativ viel in der Schweiz bevor man das wechselt. und deswegen oder sind gerade die Banken gross positioniert die eigentlich jetzt schon über einen starken Brand, über starke Präsenz etc. verfügen. Deswegen die grössten Mitbewerber sowohl früher, als auch jetzt, als auch in der Zukunft, sind eigentlich die klassischen Banken, die klassischen Mitbewerber.

Jetzt gehts an die zweite Kategorie, das sind so die FinTechs und die Neobanken, da wo mir ja verstellt haben, vor fünf Jahren wurden die potenziell sehr risikoreich angeschaut. Jetzt muss man ja feststellen, haben ja noch nicht wirklich fassgefasst. Das ist ja wahnsinnig schwer sich für Neobanken zu positionieren zumindest, jetzt gerade in der

Appendix

Schweiz ausserhalb auch vom spezifischen Use Case, ich meine Revolut hat schon noch 6-stellig Anzahl Kunden, wenn man die Zeitung richtig liest. Das ist ja ein spezifischer Use-Case, ich will ihm Ausland weniger Geld bezahlen. Und nicht oder im Kompetitor, der kann vor allem in die margenträchtigeren Geschäftsfelder sich ausweiten. Kleines Anliegen vielleicht schon, grosses Anliegen, und Hypothekarkreditgeschäften etwas weniger. Weil es ist vornehmlich gerade bei einer neu Hypothek, eben die physische oder eben persönliche, nennen wir sie persönliche Beratung brauch. Und deswegen hat eigentlich die Bedeutung von dem das man als Mitbewerber anschaut, von den Neobanken abgenommen, in den letzten Jahren. Da wo vielleicht punktuell an ihre Stelle tritt, das aber auch teils auch in Kombination mit den bestehenden grossen Bank Wettbewerbern sind so digitale vergleichsplattform. Hypothekarkreditbereich gibts die. Da gibts aber eine die ist von der PostFinance gegründet. Es gibt eine die hängt an der UBS dran. Und von dem Hintergrund, hätte ich gerade das oder den bestehenden Wettbewerbern zugeordnet.

Und dann gibts die dritte Kategorie, das sind die grossen internationalen Technologieanbieter. Das sind die Amazons und Googles dieser Welt. Und die muss man ja Auseinandernehmen. Die kann man nicht gleich im Bezug aufs Banking anschauen. Amazon selber schätzen wir so ein, natürlich relevant, aber sie sind vor allen Dingen zumindest nehmen wir das wahr, sind sie daran interessiert ihren Marktplatz zu stärken. Und Marktplatz heisst, Payment möglichst, also im Finanzkontext, Payment möglichst nahtlos und seamless anbieten zu wollen und zu können. Aber per se wahrscheinlich nicht eine Hypothek verkaufen zu wollen. Wenn sie's tun würden, hätte das einen Impact, derzeit schätzen wir das nicht ein, als dass sie kämen. Bei Google oder bei Apple sieht das anders als. Apple will ja, das ist unsere Einschätzung, auch wieder ihr Kerngeschäft stärken und schützen. Was ist das, grundsätzlich Hardware und Software. Plus Software Ökosystem basierend auf der iOS Plattform. Dort kommt Apple Pay ins Spiel, weil das bindet mich ja auch selber ins Ökosystem oder es sind in den USA schon dran. Darüber hinaus auch mit Bankpartner Konti anzubieten und so bestimmte Family Accounts. Das wäre natürlich schon sehr relevant, wenn das in die Schweiz käme, derzeit sehen wir es nur nicht. Warum ist aber die Schweiz potenziell ein interessanter Markt für Apple weil natürlich die iPhone-Dichte in der Schweiz extrem hoch ist im Vergleich zu anderen Ländern. Und damit wäre gut, wenn man dadurch einen relativ hohe Wirtschaftskraft haben, dadurch dass auch mehr Einkommen verfügbar ist, kann man sich damit mehr kaufen. Deshalb ist natürlich die Schweiz ein Land, wo natürlich stark Apple getrieben

Appendix

ist im Vergleich zu anderen Ländern. Weswegen wäre es natürlich schon nah für ein Apple im Umkehrschluss, 8 Mio. Einwohner, das ist ja natürlich nichts im Vergleich zu Global gesehen.

Author: Kleiner Markt

Herr Falk Kohlmann: Genau. Apple schauen wir schon als hohes Risiko an, aber sehen noch nicht, dass sie jetzt den Schritt explizit tätigen. Und dann haben wir Google beispielsweise, und Google ist ja mehr oder weniger an Daten interessiert. Und dort, schätzen wir schon so ein, dass ein Risiko da ist, dass sie eigentlich sich positionieren könnten, im Kontext von einer Bank, dass sie möglichst das ganzheitliche Benutzerprofil von mir haben wollen. Ich mein das ist die DNA von Google. Und basierend auf dem, natürlich vielleicht auch ein Hypothekarkredit Angebot machen könnten etc. dass haben sie mal versucht in den USA, haben dann wieder abgestellt. Und das sehen wir schon noch als potenzielles Risiko, spüren aber wieder nicht unmittelbar, dass sie jetzt gerade ein Schritt in die Schweiz gehen. Deswegen derzeit, Wettbewerber Nummer 1 sind die etablierten Banken. FinTechs eher wieder zurückgestuft von der Bedrohungslage. Grosse Technologieanbieter sind stark relevant aber ebenso ausgeordnet für uns, für die habe ich drei Beispiele genannt von den drei Technologieanbietern, wo wir sagen, ist jetzt eigentlich unmittelbar erwartbar, dass sie jetzt eine Bank wie uns jetzt disruptieren, in der Schweiz oder wenn dann könnte es noch länger dauern.

Und dann kommen wir noch zur vierten Kategorie wo ich am Anfang gesagt habe, wir könnten noch eine vierte nehmen. Das sind eigentlich banknahe Unternehmen, die beginnen sich jetzt in die Bankwertschöpfungskette reinzufressen. Wie zum Beispiel mit Versicherungen, wo jetzt auch zunehmend versucht sich bei Bankdienstleistungen zu positionieren, je nach dem was für eine Versicherung es jetzt ist. Aber auch dort, hat es eine gewisse Relevanz, aber unterm Strich wieder, wenn Sie mich fragen, was ist jetzt die unmittelbare, die eh die sind jetzt vielleicht in zwei drei Jahren oder grösste Wettbewerber denen wir uns ausgesetzt sehen, sind das die etablierten Finanzinstitute.

Author: Sie haben vorher schon gerade FinTechs und die Gefahr von der FinTech erwähnt. Ich habe sehr wenige Fragen, wo ich gerne eine Skala hätte. Von eins bis sechs, wie schätzen Sie die Gefährlichkeit von FinTechs im Moment noch ein? Also eins ist sehr wenig und sechs sehr stark.

Appendix

Herr Falk Kohlmann: Und die Frage ist, generell jetzt FinTechs alle? Es gibt ja ganz schön viele Kategorien für...

Author: Also im Bereich von der Vermögensverwaltung.

Herr Falk Kohlmann: Ah, im Bereich der Vermögensverwaltung. Also digitale Vermögensverwalter, die was haben wir gesagt?

Author: Ja

Herr Falk Kohlmann: 2, 2-3

Author: JA, okay.

Herr Falk Kohlmann: Also dort hatten wir ja auch gemerkt in den letzten Jahren, selbst auch im Ausland, in der Schweiz sowieso, die sind alle nicht geflogen.

Author: Ich habe mich recht stark eingelesen und ich habe gemerkt, dass sich das irgendwie verschoben hat. Sehr viele haben das Gefühl die FinTechs kommen und nehmen den Banken die ganzen Kunden, Marktmacht und alles weg. Aber ich das habe ich auch in der FinTech Studie der Schweiz gesehen, dass FinTechs viel mehr mit den Banken zusammenarbeiten arbeiten, als dass sie ihnen die Kunden wegnehmen.

Herr Falk Kohlmann: Genau und der Grund ist ganz einfach. Der Grund aus meiner Sicht ist, dass aufgrund der des Kundenzugangs den heute etablierte Finanzinstitute haben und der Trägheit der eigentlich an vielen Stellen der Kundschaft oder ist es möglich als Bank, sich der Entwicklung den FinTech vormacht und sie beeinflussen schon die Entwicklung in dem vor dass sie nämlich zeigen, wie es convenienter geht als bisher, dass kriegemer convenience da ist schon FinTech punktuell oder wirklich deutlich Banken überlegen. Und sie machen Druck natürlich auf die Margen denn tendenziell versucht ein FinTech ja unten reinzugehen mit den Preisen also tiefe Preise, hohe Convenience um Kunden zu gewinnen. Banken per se haben natürlich die Möglichkeit da drauf zu reagieren, weil eben der Abnadelungsprozess von der grossen Anzahl Kunden her eher langsam funktioniert. Und das führt dazu, dass die FinTechs gerade die die im B2C Geschäft unterwegs sind. Gerade B2C eben digitale Vermögensverwaltung haben eigentlich versucht auf den Markt zu kommen. Aber keiner ist gefolgt von den Kunden. Und deswegen machten sie jetzt eher eine B2B Strategie oder B2B2C Strategie oder indem sie versuchen eigentlich diese Technologie die sie aufgebaut haben entweder Banken zu

Appendix

verkaufen oder mit Banken zu kooperieren, dass sie sagen, ich bin eigentlich das Frontend von dir als Bank oder und du bist eigentlich Depotbank im Hintergrund. Das ist eine Variante oder eine andere Variante sagen, ich nehme eigentlich meine Lösung und biete sie dir als White Label an, sodass du sie in das Branding gegenüber den Kunden positionieren kannst.

Author: Jawohl. Und jetzt SGKB ist ja jetzt sehr innovativ unterwegs.

Herr Falk Kohlmann: Wir geben uns Mühe, wir sind super innovativ.

Author: Letztes Jahr hat ja Open Wealth initiiert.

Herr Falk Kohlmann: Ja, das haben wir initiiert, ja genau.

Author: Können Sie etwas kurz darüber sagen? Das ist ja ein Riesen Zusammenschluss mittlerweile.

Herr Falk Kohlmann: Das ist so. Letztens gab es einen guten Artikel vom Felix Buschor im IFZ Blog. Er ist ja mein Vorgesetzter gewesen vorher. Und er hat das recht gut beschrieben, was wir damals gemacht haben. Wir haben uns eigentlich die Frage gestellt. Wie oder welche Form öffnen wir uns als Bank, da ist sozusagen die duale Strategie entstanden. Dort haben wir gesagt eigentlich eine eigene dominante Kundenschnittstelle insbesondere in dem Privatkundengeschäft andererseits gerade wenn's um institutionelle Kunden, Firmenkunden etc. geht, die über eigene Tools verfügen, gehen wir davon aus, dass wir uns mit denen integrieren müssen. Haben eigentlich die Frage gestellt, wie bereiten uns eigentlich auf das ganze Thema open Banking etc. Fragen vor, da brauchst ja eine Plattform dafür. Eine Plattform einfach so dahinzustellen, das bringt nichts. Brauchst Anwendungsfälle dafür. Und zu dem Zeitpunkt ist es so gewesen, dass bei uns im EVV eigentlich ein Investitionsrückstand bestanden hat in das Thema Orderschnittstelle. Wo eigentlich tendenziell schlechter unterwegs gewesen sind als andere. Haben wir gesagt, da könnten wir doch versuchen, das Ganze das Thema Orderschnittstelle gar nicht als prioritäre in Oberschnittstelle zu realisieren, sondern eben in Kombination mit einer API-Plattform und im standardisierten API wo wir uns gegenüber dem Portfoliomanagementsystem integrieren. Und dadurch, dass wir im Vorhinein, bei den Firmenkunden gelernt haben, dass eine standardisierte aber auf die SGKB zugeschnittene API-Schnittstelle eigentlich gar nicht viel bringt. Sondern tendenziell musst du eigentlich einen Marktstandard haben. Haben wir den versucht

Appendix

gewagt, tatsächlich zu sagen, jetzt entwickeln wir jetzt eigentlich einen API Standard mit der Idee, dass nicht nur wir, sondern alle den verwenden können. Da haben wir gesagt, können wir als SGKB eigentlich alleine machen, wer sagt schon, wir haben den Standard von der SGKB, ja keine andere Bank. Deswegen haben wir uns damals zusammen getan mit der Sympuls. Das ist jetzt drei Jahre her. Wir haben mit den zusammen eine Marktstudie gemacht. Da haben wir festgestellt, da ist eigentlich ein Bedürfnis dazu da weniger für die Orderschnittstelle, sondern eher für die für das ganze Thema Kundenstammdaten etc. Und dann sind wir tatsächlich in die Vorinvestition gegangen und haben praktisch eigentlich so einen Standard mit einem ersten Portfoliomanagementsystem zusammen entwickelt. Um eigentlich sicherzustellen, dass es als SGKB Standard angeschaut wird. Und gleichzeitig haben wir dafür gesorgt, dass eben die externe Firma uns begleitet hat, Sympuls eigentlich wie einen neutralen Verein initiiert, damit eben nicht es heisst die SGKB, weil da macht keine ZKB und mit UBS den SGKB Standard. Und daraus praktisch der Open Wealth Verein entstanden mit uns als Gründungsmitglied. ZKB ist dann auch dazugekommen, die haben das ja mittlerweile auch umgesetzt als zweite Bank. Und dann oder ist eigentlich über den Verein und mit dem Lead von Sympuls und den das wir eigentlich gesagt haben, wir investieren als erste in den Aufbau die Umsetzung des Standards um auch zu zeigen, das ist kein Papiertiger, sondern um auch zu zeigen, das machen wir wirklich. Ist jetzt tatsächlich eine rechte Erfolgsstory daraus geworden, oder indem praktisch alle relevanten Banken auf der universalen und Privatbankseite jetzt Mitglied von dem Verein geworden sind und viele FinTechs Mitglieder von dem Verein geworden sind. Da haben wir in dem Verein den Standard weiterentwickelt und gleichzeitig dann eigentlich sukzessiv umgesetzt. Und ein Superkniff den wir damals gemacht haben ist noch und wo es darum ging, wie schliessen wir uns jetzt von unserer API-Plattform gegenüber dem Portfoliomanagementsystem Herstellern an indem zu dem Zeitpunkt die SIX mit der Billing Lösung eigentlich einen neuen Anwendungsfall gesucht hat, weil der Online Buchhaltungslösung nicht wirklich geflogen ist. Und dort hat ich damals kurz vor Weihnachten mit den Verantwortlichen ein Gespräch. Dann haben wir relativ unkompliziert und ganz kurzfristig entschieden, dass wir uns eigentlich über Billing zu dem Portfoliomanagementsystem Providern eher anbinden, weil oder natürlich sich auch die Grossbanken an die Billing anschliessen. Und insofern ist das ein guter Kniff, dass du ein Verein hast, der sich um die Standardisierung kümmert. Du hast eine zentrale Plattform, wo eigentlich akzeptiert ist sowohl von grossen als auch kleineren Banken. Eben von einer UBS bis zu einer SGKG. Und die

Appendix

Portfoliomanagementsystem Hersteller sich nicht einmal antworten müssen. Das ist ein grosser Vorteil für die.

Author: Also auch Convenience.

Herr Falk Kohlmann: Genau, also eben nicht nur Convenience sondern auch tiefere Investitions- und Betriebskosten und wir, uns mit unserer API-Plattform praktisch an die Billing anschliessen. Das war auch so ein Kniff, um dafür zu sorgen, dass sich eigentlich der Standard besser etabliert. Sonst hätte es nicht ganz so funktioniert. Genau, jetzt stehen wir wo wir stehen.

Author: Sehr schön. Und wie ist es jetzt vom Ausland her, die Schweiz oder wie schätzt ihr die Gefahr ein, dass Ausländische Vermögensverwalter, weil die Schweiz schon so ein gesättigter Markt ist, dass dann noch ausländische kommen und versuchen in den Markt einzutreten. Oder einfach auch vom Ausland her Kunden abziehen.

Herr Falk Kohlmann: Also jetzt für die, ich sag ganz kurz SGKB. Aus der Sicht der SGKB jetzt die Gefahr, eher tief eingeschätzt. Das ist praktisch jetzt, ein ausländischer zuerst müsste zuerst ein digitaler Vermögensverwalter kommt, Dienstleistung in der Schweiz anbietet und dann praktisch eigentlich die SGKB Kunden abzieht, hätte ich jetzt eher als etwas tieferes Risiko eingeschätzt. Und der Grund liegt wieder von dem was wir vorher schon gesagt haben. Dass sich FinTechs eher schwer tun neue Kunden zu akquirieren und damit Banken eigentlich die Zeit haben, dass die Chance haben eine entsprechende Entwicklung nachzuvollziehen. Wir haben da ja bei uns oder ein relevantes Geschäft in Deutschland mit einer Tochterbank aber auch für den Markt hätte ich Grundsatz das gleiche gesagt oder weil dort, sind ja eher wirklich Privatbanking Kunden. Die die nicht nur eben digitales Angebot, sondern auch in Kombination mit einer persönlichen Beratung so deswegen, hätte ich das Risiko von da auch etwas tiefer eingeschätzt, nichtsdestotrotz der Wettbewerb insgesamt bleibt intensiv, und wird noch intensiver. Aber auch weil die etablierten Player besser werden oder und weniger neue ausländische kommen. Da wo interessant sein könnte ist, wenn man sich überlegt, was passiert jetzt wenn die ganz Grossen kommen, wenn jetzt eine Blackrock, eine Vanguard, eine Charles Schwab eigentlich international relativ grosses Volumen haben insbesondere USA. Die haben ja teilweise schon digitale Kanäle, beziehungsweise digitale Lösungen lanciert. Als für den Preis jetzt für das tiefe Publikum. Und wenn die jetzt mit einer massiven Kampagne in die Schweiz kämen, wäre wahrscheinlich spannend zu beobachten. Ich

Appendix

glaube jetzt nicht daran das ist unmittelbar tun weil die Schweiz war sehr vermögend ist und demzufolge sehr attraktiv bezogen auf die Anzahl der Kunden hierzulande schon noch überschaubar. Da versuchst du die EU schon mehr oder weniger zu attackieren. Deswegen bezogen auf die Situation der SGKB hätte ich jetzt schon tiefer eingeschätzt. Jetzt für Grossbanken, mag das anders aussehen, denn die stehen natürlich international gerade noch, am Anfang haben sie es gesagt, sie wollen es ja auch anschauen im Vergleich zu Singapur oder stehen insbesondere in asiatischen Märkten von solchem digitalen Newcomer oder auch von etablierten die solch digitale Lösungen aufbauen sicherlich stärker unter Druck. Weil Gefühlsmässig oder dabei bei unseren Kunden geachtet zu haben, weil so viele haben wir wirklich nicht. Denn im asiatischen Raum gibt es einige Studien, das ist glaube ich letztes Jahr gewesen, das ist digitale Affinität oder von der Person dort oder Kundschaft dort ist eine viel höhere Affinität als bei uns.

Author: Ja, das stimmt. Und wenn jetzt wieder auf der Skala von 1-6. Wie würden sie es beziffern?

Herr Falk Kohlmann: von der Frage ob ein ausländischer Anbieter kommt und uns jetzt...

Author: Genau!

Herr Falk Kohlmann: Da im lokalen Markt schwer macht im Kontext digitale Vermögensverwaltung. Wäre immer noch so tief wie vor uns. Also 2-3 und 6 ist ganz hoch und 1 ist sehr tief.

Author: OK, das ist gut. Jetzt haben Sie es selber schon gesagt, wie macht sich SGKB fit für die Zukunft um junge Talente anzuziehen, dass sie nicht sagen, ich gehe jetzt in ein ganz junges agiles FinTech um zu arbeiten, ich will jetzt doch.

Herr Falk Kohlmann: Ah von dem Mitarbeiter selber?

Author: Genau

Herr Falk Kohlmann: Mitarbeiterseite ist sehr anspruchsvoll. Einerseits ist es insofern anspruchsvoll, da wir ja in St. Gallen mehrheitlich beheimatet sind. Und je nachdem oder wir vielleicht differenzieren Kundenberater auf der einen Seite und IT-Mitarbeiter auf der anderen Seite. IT-Mitarbeiter sind tendenziell eher Zürich orientiert. Also bei der ETH in Zürich. Aber tendenziell natürlich Zürich orientiert oder dann unten eigentlich Lausanne etc. orientiert. Und weniger St. Gallen orientiert. Weil wir haben nur eine

Appendix

Wirtschaftsuniversität mit der HSG. Auch wenn Wirtschaftsinformatik Institut da ist, deswegen ist es schon Anspruchsvoll. Da wo jetzt vielleicht einerseits geholfen, andererseits dieses Problem sogar verstärkt hat, ist Remotearbeit. Da hatten wir noch Glück. Ich komme noch da auf noch ein paar Attraktivitätselemente. Wir hatten schon noch das Glück, diejenigen die vielleicht ursprünglich beheimatet gewesen sind in der Ostschweiz und dann in Zürich lange Zeit gearbeitet haben, vielleicht irgendwann mal zurückkommen. Weil sie das Haus von den Eltern übernehmen und dann hier eine Familie gründen und dann jeden Tag nach Zürich pendeln wollen und sich einen lokalen Arbeitgeber. Und da haben wir ein paar Mal gehabt, wenn ich jetzt in Zürich immer noch arbeiten kann aber drei Tage im Home Office sein kann, reduziert sich der Druck und damit die Opportunität im Umkehrschluss, ist aber natürlich für einen Züricher der für einen SGKB arbeiten würde, ist jetzt natürlich viel besser möglich, weil man im Home Office arbeiten kann. Das was die Attraktivität ausmacht sind glaube ich mehrere Punkte, natürlich bei so Spezialisten Themen. Natürlich schon noch, macht dies das Image auch mit aus. Wenn man zeigen kann, dass man als Bank eben nicht ein Late-Follower ist. Das man eben den Mut hat an anderen Stellen zu investieren. Das Open Wealth ist ein Beispiel. Ich habe auch andere Beispiele. Oder Zumindest den Anspruch hat weiter vorne mit dabei zu sein, dass man das Gefühl hat als Arbeitnehmer, hat das schon Dynamik da. Der wird auch weitergetragen, dann wirkt das Attraktivität stiftend und das insbesondere auch über die Zeit zu zeigen. Nicht das haben wir ein Jahr, in Digitalisierung zu investieren oder da kommt so paar Marketingeffekte dabei raus und dann passiert wieder nichts.

Sondern wir haben schon versucht das zu zeigen über die ganzen letzten Jahre. Das ist sicherlich vorteilhaft, und dann, das betrifft aber mehr Unternehmen, die SKB zumindest, wenn man es von der einen oder anderen Arbeitnehmer hört auch zumindest die richtige Grösse. Weil es gibt Arbeitnehmer ich will nicht zu einer UBS, denn die ist mir zu gross. Im Umkehrschluss aber will ich schon was bewegen. Und die SKB hat auch die Grösse schon was zu investieren. Gleichzeitig hat man aber auch die Möglichkeiten, da es wie ein grosses KMU ist, hier im Hauptsitz sind ein paar Hundert Mitarbeiter beschäftigt. Das eigentlich die Wege relativ kurz sind, man kann eigentlich viel bewirken, man hat eher vielleicht einen ganz stark beschnittenen Arbeitsraum, eben eine Vielfalt von Themen. Das ist natürlich auch attraktiv. Sind wir da bei einem Alleinstellungsmerkmal? Nein oder ich mein das betrifft auch je nach Thema aber auch andere Banken, nicht nur nach Region

Appendix

St. Gallen, sondern betrifft andere Regionen auch. Das sind so ein paar Beispiele vielleicht.

Author: Sehr gut. Jetzt auf Kundenseite vor allem Vermögensverwaltung, die vermögenden Kunden, da kommt langsam der Wechsel zu der jungen Generation, wo das übernehmen sollen, den Lead haben sollen, wie bereiten sie das vor, sodass die Jungen bleiben?

Herr Falk Kohlmann: In mehreren Konstellationen. Das eine ist, dass man schon mit relativ jung anfängt, die Kunden auch im digitalen Raum zu halten und eine gewisse Innovationskraft an Tag zu legen und eben mehr oder weniger die Emotionalisierung mit der Bank zu fördern. Ein konkretes Beispiel ist da wo wir im SGKB You lanciert hat. Für 6-13-Jährige und dann gibt es eine zweite Kategorie, 16-18-Jährige, darüber hinaus. Wo man sowohl digitale auch als herkömmliche Bankprodukte anbietet. Wo wir versuchen da schon eine relativ frühe Emotionalisierung zu bringen. Und dann eigentlich die Idee über die ganzen Lebensphasen eines Kunden dafür zu sorgen, dass es sowohl im persönlichen als auch im digitalen Kontext oder Raum die Dienstleistung von uns beziehen kann. Das heisst die Grundphilosophie ist eigentlich zu sagen, der Kunde entscheidet wann wie wo und warum er mit uns in Kontakt tritt und Dienstleistung nutzt. Und das «wie» heisst A, das es vom Kunden aus gehen kann und nicht nur Kundenberater aber auch über welchen Kanal. Das heisst, wir investieren in den Kontext auch in dem älteren Semester vor allen Dingen auch in digital unterstützte Kundenberatung bei uns in den Niederlassungen. Als auch in digitalen Lösungen insbesondere Mobile, auf der Privatkundenseite. Jetzt zum Beispiel, haben wir ein Tool letztes Jahr lanciert, das nennt sich «digitale Anlegerempfehlung», wo der Kunde ein Beratungspaketkunde ist aufs Mobile direkt Anlegeempfehlung bekommt oder über das Investmentcenter wo man sagt ja will ich oder will ich nicht zum Beispiel. Da sind wir aber noch nicht am Ende. Wir haben uns ein Zielbild definiert im Kontext E-Anlegen haben wir das gesagt. Was wollen wir in Anlagelösungen und nicht im Sinne von Produkten, sondern im Sinne von Convenience Elementen im digitalen Raum über die nächsten Jahre entwickeln und bereitstellen. Und das ist auch mit Roadmap gelegt, wir werden das jetzt versuchen, das jetzt eines nach dem anderen umzusetzen.

Author: Okay, jawohl. Und wenn ich hier jetzt fragen darf, so Skala Mässig, wie kompliziert ist das oder wie Aufwändig ist das, alles zusammen zu entwickeln die Kunden, die Generationen korrekt abzuholen.

Appendix

Herr Falk Kohlmann: Ja, das ist schon aufwendig und zwar jenachdem was man auch für einen Anspruch hat. Und der Anspruch ist ja, möglich hohe Convenience möglichst nahtlos also im Sinne von Hybrid. Möglichst personalisiert, das sind ja drei Schwerpunkthemen bei unserer neuen Strategieperiode. Und als Teil des Kundenerlebnis. Und dort ist, wenn man sich das Zielbild überlegt, ist es natürlich bis dahin schon ein weiter weg.

Jetzt ich glaube nicht, dass man dem innerhalb eben von zwölf Monaten gehen muss, weil die Kunden sich eben auch von ihren Ansprüchen zunehmend höher Schrauben, aber ich muss noch nicht irgendwo gefühlsmässig beim Zielbild sein. Wenn man das Zielbild nimmt. Bis dahin kostet schon noch eine Stange Geld und ist auch nicht wenig komplex, aber wenn man es Schrittweise macht, dann ist es im Grunde handle bar. Dann sind es eigentlich viele Projekte die einander kommen.

Author: Jetzt habe ich eine letzte Frage, das ist so, Eigenschaften und Fähigkeiten die ihr habt und FinTechs nicht haben. Die Expertise oder persönlich Kontakt?

Herr Falk Kohlmann: Es sind mehrere Sachen. Ich glaube, dass eine ist, das man tatsächlich ein persönliches Kundengeschäft vornimmt. Im Sinne von, wir haben eine ganze Reihe von Kundenberatern die jeden Tag mit den Kunden interagieren und das ist ein Asset. Das haben FinTech nicht. Wenn man tendenziell ausschliesslich im digitalen Raum unterwegs ist. Da wo wir damit relativ viele Kunden hat, einher geht, du hast eine Kundenbasis, wo du a) fortlaufend ausschöpfen kannst, wo aber auch du basierend auf dem Database erstellen und lernen kannst. Modelle erstellen kannst, als Basis für die Personalisierung. Wenn ich ein FinTech bin, mit wenigen Kunden Anfang, dann ist die Kundenbasis zu klein um eigentlich wirklich gut Database betreiben zu können. Ist auch ein Vorteil. Da wo auch ein Vorteil ist, da haben Banken heute schon ein mehrheitlich funktionierendes Geschäftsmodell oder und erwirtschaften positive Erträge und können demzufolge investieren. Das ist sicherlich auch ein Asset. Und da wo sicherlich auch ein Asset ist, das ist eine Kombination von dem. Ich meine die Nähe und Vertrautheit auch im Sinne von, ich meine wir hatten vor kurzem unser 150 Jahr Jubiläum, das ist einfach als Bankkunde etwas anderes als wenn du sagst, klar es ist halt ein Startup, kann auch wieder verschwinden. Und gerade halt ausserhalb vom Zahlungsverkehr, wenn wir jetzt dort mehr Geld anlegt im Wissen, dass natürlich meistens hinter einer FinTech irgendwo eine Bank steht dann oder wo das Depot liegt aber trotzdem, scheut vielleicht der eine oder andere Kunde auch, der ist natürlich auch etwas was man in die Waagschale werfen

Appendix

kann. Es gibt aber auch ein paar Nachteile gegenüber einem FinTech. Also zum Beispiel oder haben wir natürlich eine ganze Reihe von Legacy die wir uns mitnehmen. Wenn ich auf einer grünen Wiese eine Technologieplattform neu aufsetzen kann. Dann muss ich eben die ganzen Schnittstellen und so weiter und so fort, die ganze Komplexität die wir heute bei uns in der IT haben nicht mitnehmen oder da bin ich viel agiler und schneller. Das wäre sicherlich eine grössere Herausforderung für die etablierten Banken wie uns da mit Schritt zu halten.

Author: Perfekt.

Herr Falk Kohlmann: Hat das was gebracht?

Author: Ja sehr viel, danke viel, viel mal. Danke für die Zeit.

Herr Falk Kohlmann: Gut, Merci Viel mal. Dann wann ist denn die Arbeit fertig?

Author: In einem Monat, ja, und darf ich mich bei Ihnen bei Ihnen vorgängig noch einmal melden, wenn ich Rückfragen habe?

Herr Falk Kohlmann: Ja, ja

Author: Ich würde dann... Verteidigung ist nachher im Juli und wenn das durch ist, würde ich Ihnen die Arbeit senden.

Herr Falk Kohlmann: Also gern, super, würde mich freuen.

Author: Super cool, vielen Dank für die Zeit, ist sehr spannend gewesen.

Herr Falk Kohlmann: Ich habe eher gedacht, wo ich im Titel gelesen habe, was ist denn das Transaktionsvolumen mit FinTechs im Singapurianischem Raum. Da wäre ich etwas aufgeschmissener gewesen.

Author: Nein, aber verstehe ich es schon richtig, dass Sie nicht aktiv mit Merger und Acquisitions unterwegs sind?

Herr Falk Kohlmann: Nein, wir haben auch schon kleinere Banken gekauft weil es die Opportunitäten ergeben haben, aber eher selten.

O. Expert interview PwC

Expert: Mr Dr Martin Frey, Partner Corporate Finance / M&A

Company: PwC Switzerland

Date & Time: 25th May 2022 11:00-12:00

Location: Microsoft Teams (Online)

Citation: (Frey, interview, 25th May 2022)

Author: Also, vielleicht noch einmal, ganz kurz zum Ziel von meiner Arbeit: das Ziel liegt ja darin, dass ich Fintech und Vermögensverwalter in der Schweiz und Singapur vergleichen und hierbei die Rolle von Globalisierung, Digitalisierung und auch M&A, würde eruieren. Und bei einzelnen Fragen wäre ich froh, wenn Sie mir könnten eine Wertung abgeben. Bei Fragen wo sie lieber nichts würden Dazusagen oder keine Meinung dazu haben, ist das, können wir es auch meiden. Das ist überhaupt kein Problem.

Herr Martin Frey: Ja.

Author: Vielleicht einfach Mal so als Einstieg: 2021 ist ein hervorragendes Jahr gewesen für M&A und die Prognose, auch für 2022, sind sehr gut gewesen. Jetzt habe ich Mal fragen wollen, haben sich die Prognose bewahrheitet jetzt, in der ersten Hälfte und was hat der Ukraine-Konflikt vielleicht hiermit zu tun?

Herr Martin Frey: Genau. Also, es ist so, dass eigentlich das Jahr extrem gut angefangen hat, dass Ukraine hat bei uns jetzt im Mid-Market, ist das noch nicht angekommen. Also, was sicher ist: wir haben eine einzige Transaktion, wo wir mit einem globalen, potenziellen Käufer unterwegs gewesen waren, wo wir noch on-hold haben. Weil die globalen Player halt mit ihren Russland Exposures, einfach kurzfristig andere Probleme haben als, sagen wir Mal: «nice to have» in der Schweiz anzuschauen. Also das Volumen, gehen wir schon davon aus, dass jetzt im zweiten Quartal, vielleicht werden zurück gehen, im Vergleich mit dem ersten Quartal. Aber das sind noch rein, noch spekulativ, müssen wir noch abwarten. Also, das erste Quartal ist eigentlich sehr gut gewesen. Aber auch das ist schon tiefer gewesen, natürlich als das vierte Quartal, im 2020. Aber die Zahlen sehen Sie ja auch, haben Sie sich auch angeschaut.

Appendix

Author: Genau, ja.

Herr Martin Frey: Wo es immer ein bisschen schwierig ist, glaube ich, bei dieser Betrachtungsweise, aus meiner Sicht ist immer wichtig, dass man Anzahl Transaktionen anschauen, nicht Volumen. Weil Volumen sind zum Teil halt sehr distorted, wie man das auf Neudeutsch aussagen, weil halt irgendwelche negatives, können gewisse Trends die extrem verfälschen.

Author: Ja, das stimmt. Wenn wir von ausländischen Teilnehmer haben, wie schätzen Sie die Gefahr ein? Wie lukrativ ist überhaupt der Schweizer Markt? Also, wie gefährlich ist, dass ausländische Vermögensverwalter, also traditionell wie auch Fintech überhaupt noch im Schweizer Markt wollen kommen?

Herr Martin Frey: Ja gut, es ist ein allgemeines Problem. Das ist, der Schweizer Markt ist für viele zu klein. Wenn man von Technologie redet, ist das beste Beispiel ist Amazon, wo ja offiziell, nach wie vor, nicht in der Schweiz ist, weil es für die schlichtweg keinen Sinn macht. Es ist, wenn Sie zum Beispiel Medizinaltechnologie anschauen. Da haben wir vorher, so lange wir die Bilaterale-Abkommen gehabt haben mit der EU, haben wir können aus der EU, importieren was wir wollten. Und jetzt, nach dem Abbruch von diesen Gesprächen, müsste man lokale Representatives haben. Weil irgendeiner muss die Verantwortung übernehmen, für die Produkte, wo da eingeführt werden. Und dann sieht man natürlich einige, von diesen Produkteherstellern, die den kleinen Markt Schweiz nicht bedienen, weil der kleine Umsatz sich für ihn nicht lohnt. Da mache ich lieber ein wenig mehr Marketing in Deutschland und tolle Franken 300'000.- Umsatz.

Das sieht man schon, dass die Schweiz halt nicht als Markt nicht attraktiv ist. Man sieht es ja auch bei allen Schweizer Firmen Nestlé, Novartis haben mit Schweiz herzlich wenig zu tun. Sie haben nur den Hauptsitz hier. Aber die Schweizer Markt ist nicht nur sehr, sehr klein, es ist zum Teil auch extrem reglementiert und das macht es auch nicht einfach. Und darum, gerade in der Bankenwelt, mit FINMA und all diesen Themen, wo sich ein riesen Einfluss werden haben auf die Attraktivität.

Author: Das stimmt, Investitionskontrolle ist auch ein ganz, ein anderes Thema.

Herr Martin Frey: Ja, das ist nochmal ein anderes Thema, ja.

Appendix

Author: Jetzt, wenn ich gerade Fragen darf, auf der Skala von 1 bis 6. 1 ist: die Gefahr ist recht klein und 6: recht gross. Habe ich schon herausgehört, dass es eher im unteren Bereich ist? Das Ausländer wirklich noch in die Schweiz werden kommen, weil der Markt einfach zu klein ist.

Herr Martin Frey: Aha. Ja, also, ich sage so: um eine 2 rum.

Author: Ja, okay. Eine 2, sehr gut. Jetzt vielleicht, ein bisschen konkreter, zu verschiedenen Generationen, wenn es darum geht, dass es die nächste Generation das Geschäft soll übernehmen. Ist auch bei der Vermögensverwaltung ein Riesenthema, und vor allem, ich habe in der Literatur gefunden, dass eigentlich jede Generation hat die Vorurteile, dass die jüngere Generation einfach nicht das Zeug hat, um das Geschäft können zu übernehmen und Verantwortung schlussendlich zu übernehmen. Sehen Sie das auch, nehmen Sie das auch so wahr, dass da die älteren Generationen eher zurückhaltend sind, den Jüngeren den Vortritt zu überlassen?

Herr Martin Frey: Nein, das sehe ich nicht so. Das Hauptproblem ist so, also zuerst einmal gibt es einen Haufen, wo gar keine Nachfolge haben. Also, innerhalb der Familie, wo keine Lösungen finden. Als erster Grund, der Nachfolge Probleme, wo wir am meisten gesehen haben. Und das zweite ist halt, dann das selbst wenn es Nachfolger hat, potenzielle, dass diese nicht wollen. Nicht das die Eltern nicht wollen, den Kindern übergeben. Sondern, dass die Kinder einfach sagen: «Nein ich bin aufgewachsen mit einem Vater, wo ich nie gesehen haben, weil er 7-Tage die Woche geschäft hat». Um die kleine Firma, «das will ich mir nicht antun». Da habe ich lieber, verkaufe das und nehme mir die 3'000'000 und baue mir mit diesen 3'000'000 etwas anderes auf. Das ist einfach das, was man viel mehr sieht, wenn Nachfolger da sind. Aber auch der Wunsch von den Kindern, der Aufwand zu betreiben, wo ihre Eltern betrieben haben, für das Geschäft, dieser ist nicht da und das ist der Grund, wieso die Nachfolge weniger stattfinden oder zählt bei mir gerade umgekehrt, als was ich da gelesen habe, eigentlich.

Author: Okay, sehr spannend. Ja, das finde ich cool. Und wenn wir jetzt bei den Generationenwechsel sind, das ist jetzt auch wieder so eine Skalenfrage. Ja, wie schwer ist jetzt so im Generellen, der Übergang von einer zur nächsten Generation? Einfach auch, mit Bedürfnissen, wo die haben?

Appendix

Herr Martin Frey: Ja, also es ist schwer das mit einer Skala zu beantworten, denn es kommt ja darauf an, wie gross die Firma ist. Die involviert ein Vater den man ablösen will, wo mehr oder weniger die Firma gewesen war. Es ist sehr schwierig. Da werden die Kunden, die Lieferanten noch Jahre lang zum Patron gehen, der wird wahrscheinlich nicht von einem Tag auf dem anderen einfach verschwinden und will immer seine seine Kinder wollen einführen. Das sieht man sehr oft, dass die Leute noch in das Büro kommen, wenn es jetzt auch gar nicht braucht. Das ist so, das Problem. Aber: Je grösser die Firma, je kleiner ist das Problem. Dann ist es weniger Personenbezogen. Dann ist es eine Corporate Angelegenheit. Die ist einfach, wie sie ist. Oft findet die Ablösung auch hauptsächlich auf VR Stufe und nicht unbedingt auf Geschäftsstufe statt. Jetzt, die Skala: eins oben, eins unten. Je nach Grösse, von der Firma.

Author: Und jetzt, wenn wir gerade davon haben, ich habe in den letzten Gesprächen, ist immer so ein bisschen hervorgekommen, ich habe Sie da gefragt, weil es geht ja darum, dass Sie schon einen gewissen Bezug zu M&A haben. Und das ist, eigentlich bei allen schon eher so rausgekommen, dass M&A ist nicht so ein Thema. Kann es sein, dass das wirklich eher solche Partnerschaften, dass man mit Kommissionen, einfach Lizenz-Gebühren, dass es für beide Parteien, für traditionelle Vermögensverwalter und für Fintech spannend ist weil, dann die Fintech ein regelmässiges Einkommen und Vermögensverwalter haben eigentlich nicht ein Risiko, dass so eine grosse Summe müssten bezahlen?

Herr Martin Frey: Ja, das sehe ich auch so. Ich wollte früher viele machen, und bei Vermögensverwalter war das auch schwierig, auch zum Verkaufen gewesen. Weil, noch mehr durch die Angst, dass jedes Vermögen an gewisse Leute hängen, wo nicht dabei sind. Am Anfang vor 10-15 Jahren, sind sehr aktiv gewesen beim potenziellen Kauf, wo die Vermögensverwalter durch Privatbanken und insbesondere «möchte gerne Privatbanken» wie zum Beispiel: die Kantonalbanken, wo damals sehr aktiv und zum Teil auch ganz wenige Male erfolgreich gewesen waren im Banken zu kaufen. Eine Raiffeisen die Notenstein verkauft haben, war eine Tendenz gewesen, eine Zeit lang. Eben, das ist schon, das hat damit zu tun, wenige Transaktionen gibt, weil rein theoretisch sollte es eigentlich mehr geben, weil der Marktumfeld wird immer schwieriger für Vermögensverwalter. Aber die Problematik, habe ich das Gefühl, viel hängt auch damit zusammen, von der Transparenz, von diesen Vermögensverwaltern, mit den Assets die sie haben. Sprich, amerikanisches Geld, russisches Geld nicht mehr so einfach, Geld zu

Appendix

verwalten, wo, ja Dritte nicht interessiert sind. Die Risiken, wo dann damit kommen sind für den potenziellen Käufer relativ gross.

Author: Das stimmt. Also, jetzt da gerade Mal angeschlossen. Ich habe auch gemerkt, vor allem wenn ich Fintech betrachtet habe: Die fokussieren sich schon extrem stark auf Partnerschaften. Und, in dem Fall, irgendwie habe ich das Gefühl, in einer Bevölkerung hat man immer das Gefühl von: «ja, jetzt kommen die Fintech». Die Neo-Banken sind, glaube ich, ein Paradebeispiel. Die nehmen den traditionellen Banken, das ganze Geschäft, die ganzen Margen, die Kunden... alles weg. Das ist eine richtige Gefahr. Aber ich habe das Gefühl, wenn man Mal genauer nachschaut und nicht nur Neo-Banken betrachtet, sind Fintech eine super Ergänzung zu traditionellen Banken und Vermögensverwalter. Sehen Sie das auch so?

Herr Martin Frey: Ja, das ist so. Also, theoretisch sind sie ja ein Ersatz für Banken. Ich meine, das Problem ist einfach, dass viele werden halt nicht so lange überleben, bis zum Erfolg kommen. So zum Beispiele viele Kreditbanken haben wir gesehen haben, wo aufhören. Kapital um Fintech zu integrieren. Wenn sie Geld ausleihen wollen, müssen sie auch Geld zuerst haben. Aber das ist sicher so, und Banken sind sicher auch die, wo die Fintech mit Interessen auch anschauen. Dann ist noch die Frage wie Sie Fintech definieren. Oder wenn Sie die Zahlungssysteme, wie Paypal und so, auch als Fintech anschauen, dann stimmt Ihre Wahrnehmung umso mehr. Oder die Alternativen Kreditkarten und so, alle diese Themen. Wenn man Fintech alleine, nicht nur noch auf Blockchain-Technologie runter brechen und definieren, dann stimmt das schon.

Author: Es kommt in der Tat sehr stark darauf an, wie man es definiert. Ich glaube einfach in der, sage Mal allgemein, in der Bevölkerung ist sehr stark Payments und, auch wie Sie gesagt haben: Crypto, Blockchain und das alles, als Fintech. Obwohl das eigentlich, noch mehr, viel mehr gibt.

Herr Martin Frey: Ja, das ist sicher so. Und eben, ich meine, ich sehe ja auch wie sich die traditionellen Kanäle schwer tun, alleine schon mit Kryptowährungen Erfolg zu haben. Das ist mit allem Neuen in der Schweiz. Viele sind schon fast vom Kurs weg gewesen, weil sie nicht zum richtigen Zeitpunkt mit dem richtigen Produkt am richtigen Ort gewesen sind. Das ist im Fintech Market auch so. Das ist auch ein Grund wieso, ist halt Early-stage Investments. Die Geschäftsmodelle, die können sich das gar nicht leisten. Da spricht man auch von Milliarden. Dann, wenn sie das nicht wollen oder wenn man eine

Appendix

Schweizer Bank ist oder so, dann sind sie fast beim venture capital Investment Das ist ein recht grosses Risiko, ob auf die Technologie die man setzt kommt oder nicht.

Aber das haben alle. Das haben auch die Nahrungsmittelindustrie mit ihren plant-based Alternative. Das habe digitalen Firmen sowieso, mit den neuen Technologien. Das ist halt das Risiko, wo sie haben. Das haben sie bei Biontech, das haben sie bei Medtech das haben sie überall. Dass es die, eben viel weniger gibt und die extrem teuer sind und entsprechend, weil sie halt fast gezwungen sind eine Wette einzugehen.

Das ist von mir ausgesehen, der Hauptgrund, wieso nicht soviel Transaktionen stattfinden, wie eigentlich sollte oder könnte stattfinden. Weil in diesen relativ gesättigten Märkten, selbst die Starbucks werden mit brutalen Multiples getradet.

Fintech muss ich ehrlich sagen kenne ich Multiples jetzt weniger. Ich bin mehr in dem Bereich Konsumgüterindustrie wo ich mehr Fleischersatz-Produkte habe, alternative Proteine und Replacement-Sachen habe, werden sales multiples bezahlt. Aber Nestle hat auch gerade viermal Umsatz bezahlt für die letzte Transaktion.

Author: Astronomische Zahlen.

Herr Martin Frey: Ja, das sind riesige Zahlen.

Author: Aber, wenn ich das jetzt so ein bisschen darf abschliessen, habe ich nochmal, als Skalenfrage... Die Gefahr Fintech auf ein Schweizer Vermögensverwalter, die ist auch eher klein, so von: 1 bis 6?

Herr Martin Frey: Ja um die 2 rum

Author: Ja, sehr gut, super. Ein letzter Teil, wo -wir kommen recht schnell vorwärts-. Ein letzter Teil, wo ich noch anschau ist, ich will ja die Schweiz und Singapur generell miteinander vergleichen. Und wenn man so Studien oder auch, irgend so Rankings und so betrachtet, die sind sehr stark fokussierte Länder, sehr genau miteinander zu vergleichen. Was ich jetzt mit den letzten Gesprächen ein bisschen gemerkt habe, ist, ich sage Mal: die Schweizer interessieren sich gar nicht so fest für Singapur und Singapur interessiert sich gar nicht so fest für die Schweiz. Sehen sie das auch so?

Herr Martin Frey: Ja, absolut. Wir sehen es ja sonst. Ich meine das ist, es gibt jetzt Länder die einiges näher sind. Allerdings kenne ich privat einige, wo UBS und CS in Singapur

Appendix

tätig sind und dort stecken geblieben sind. Weil Lebensqualität ist in Singapur doch noch hoch. Für Grossbanken ist Singapur noch relativ wichtig, aber nicht mehr so wichtig wie direkt vor Ort zu sein.

Author: Ja. Aber, jetzt, entschuldigung. Jetzt habe ich Sie nicht verstanden.

Herr Martin Frey: Ja. Es ist das gleiche wie vorher. Ich meine jetzt, am Anfang wird man nicht direkt nach Singapur gehen, weil es nicht ein Land extrem nahe an der Schweiz ist, rein kulturell oder rein auch vom Entwicklungsstatus her. Und all die grossen Banken haben ab 90er und 2000er Jahre riesige Ableger aufgebaut in Singapur.

Aber dann, bezüglich onshore Banking ist man weitergegangen. Weil die Leute dank Digitalisierung und Globalisierung, habe ich jetzt, ehrlich gesagt müssen die jetzt APAC nicht mehr covern und auch nicht mehr nach Singapur gehen, sondern kann direkt aus Zürich immer gewesen sind. Es gibt einfach Gründe, wo früher einfach noch da war anders angeschaut wurde.

Author: Ja. Ich sage Mal, ich behaupte jetzt Mal; Singapur ist, wird als smart City bezeichnet und ist, eben, Sie haben es schon gesagt; viel jünger. Ich sage jetzt, weil sie so digital unterwegs sind, sind sie ja viel agiler. Wird Singapur nicht mit der Zeit doch eine recht grosse Gefahr für die Schweiz, dass das so interessant und lukrativ ist gerade hier zu schaffen oder einfach auch da, ich sage jetzt Mal: ein Business zu gründen und da den Hauptsitz zu haben?

Herr Martin Frey: Ich denke, rein aus Schweizer Sicht wenn man das rational anschaut, dann eigentlich schon. Ich habe so viel im Ausland gearbeitet und viel unterwegs und es ist erstaunlich wie die Meinung der Leute über Schweizer Banken, nach wie vor ist. Hier in der Schweiz hört man immer nur das Negative über UBS und CS, aber wenn man die Amerikaner über Schweizer Banken reden hört hat man das Gefühl, die zwei seien die besten Banken von der Welt.

Die Perception ist halt schon noch da. Was ich wichtig finde ist die hohe Technologisierung und Digitalisierung stammt von gewissen Locations wie Singapur. Die ziehe ich eher noch vor, für den Standort Schweiz. Und dann sieht man den hohen Home Office Trend und so. Und ob ich jetzt ein Video vom Bahnhof Basel macht oder von Singapur oder von irgendwo, spielt gar keine Rolle. Dann weiss ich nicht inwiefern Singapur, dann noch kann mithalten, mit anderen, jungen Nationen, wo technologisch

Appendix

auch weit sind und wo auch ganz eine andere Kostenstruktur haben. Das wäre wahrscheinlich, dann ein Thema für sich oder auf eine andere Art.

Author: Jetzt, wenn wir Mal ein bisschen schauen, es gibt so vielen Bereichen, wo man eine Arbeit könnte schreiben.

Herr Martin Frey: Ja, am Anfang hat man Mühe irgendeine zu finden und je mehr man schreibt, desto mehr findet man. Bei meiner Diss habe ich am Anfang auch gedacht, ja, recht schwer da überhaupt ein Thema zu finden. Wenn Sie Mal dran sind, findet man zwanzig andere Themen gehabt wo könnte interessant sein.

Author: Das stimmt. Über was haben Sie geschrieben, darf ich das fragen?

Herr Martin Frey: Also ich habe Organisationskulturen verglichen von Privat Banking, Investment Banking und Asset Management. Persönlich habe ich immer gemerkt, dass eigentlich wenn man Investment Banking machen, spielt es eigentlich keine Rolle, ob sie das in der Schweiz machen oder in Nordamerika. Da ist einfach die Frage gewesen, ob Organisationskulturen vom Unternehmen geprägt werden, oder ob es Kultur vom Land geprägt werden. Subjektiv wahrgenommen habe während dem Arbeiten, dass eben im Private Banking sehr ähnliche Leute sind, egal ob jetzt die in Singapur sitzen oder in der Schweiz oder sonst irgendwo. Aber eben, da gäbe es noch, locker: 20 Subthemen, wo man ausweiten könnte schreiben.

Author: Ja. Jetzt, ich glaube, das ist mehr eine ausgeklammerte Frage. Ist die Art von ihnen, das ist jetzt mehr persönlich, nicht bezogen auf die Arbeit hier, würde mich einfach Mal interessieren: Ist, findet man die Arbeit im Internet zum Lesen oder haben die nur Sie?

Herr Martin Frey: Ist eine gute Frage, keine Ahnung, weil es ist schon 100 Jahre her. Da hat es sogar kein Internet gegeben. Aber ich kann schon eine ausgraben. Hat nicht so viele Leute gehabt, wo sich interessiert haben, die Arbeit zu lesen.

Author: Ja, also ich glaube über den Sommer wird sicher eine spannende Lektüre, wenn ich die Arbeit da fertig haben, Mal eine andere Perspektive zu sehen.

Herr Martin Frey: Ich kann schon schauen. Also, dann bräuchte ich nicht eine Mailadresse, sondern eine richtige Adresse. Dann kann ich eine ausgraben, Zuhause.

Appendix

Author: Ja, sehr gern. Jetzt, wo wir gerade gewesen sind, Schweiz und Singapur, wenn ich die Länder auch Mal ein bisschen genauer angeschaut habe, wo sich die Fintech, ein bisschen spezialisieren und ausrichten, hat man schon gemerkt, dass Schweiz noch sehr stark auf Vermögensverwaltung ist und also weltweit verglichen und Singapur extrem stark auf Payment oder dann nachher auch auf Crypto?

Herr Martin Frey: Ja. Ich meine, rein subjektiv, wundert mich das ja auch nicht. Eben, nur weil die Schweiz ist ja, eigentlich ein Vermögensverwalter. Die UBS, die ganze Strategie, vor ein paar Jahren, sich zurückbesonnen, Vermögensverwaltung wieder fokussiert. Und sehr viel Erfolg. CS will es immer noch nicht wahrhaben, dass sie, Investmentbanking keine Chance werden haben. Von dem her, macht das schon Sinn.

Author: Ja, und das ist die letzte Frage mit Skala. Wie gefährlich schätzen Sie eigentlich eben Singapur gegenüber der Schweiz ein, auch wieder: eine 1 bis 6?

Herr Martin Frey: Also, wie gefährlich?

Author: Ja, auch eher klein?

Herr Martin Frey: Nein. Sehr klein, oder ich glaube die Schweiz hat da ein Alleinstellungsmerkmal. Klein ist 2 wieder, oder?

Author: Ja, sehr gut, super. Perfekt, jetzt habe ich noch fragen wollen, haben Sie noch etwas, wo wir nicht besprochen haben oder etwas, wo sie noch gerne sagen würden?

Herr Martin Frey: Nein, ist auch noch schwierig sozusagen weil, ist ein Thema ist relativ schwierig oder es ist relativ breit. Es wird spannend sein, wie Sie das irgendwie runterbrechen auf etwas tangibles zum Schluss herunterbrechen, weil es ist ja pro Land schon eine riesige Sachen, wo Sie wollen anschauen. Ich habe es selber gespürt, bei den Fragen, wo man eigentlich immer das Gefühl hat, ja eigentlich so aber dann für das hier stimmt es gar nicht. Das ist einfach, wie soll ich sagen, soviel ich mich noch kann erinnern, immer ein Hauptding Aufbau, solcher wissenschaftlicher Arbeiten genau definiert worüber man überhaupt redet um überhaupt tangible Aussagen machen zu können. Weil sonst wird es schwierig. Es ist so, aber ... jede zweite Aussage enthält ein aber.

Author: Definitiv.

Appendix

Herr Martin Frey: Und Sie haben zum Ziel am Schluss können sagen, wie sich die beiden Industrien in diesen beiden Märkten sich entwickeln werden oder sich entwickelt haben. Ist das auch, das primäre Grundziel?

Author: Ja, also wie die Entwicklung ist und auch wie der Vergleich, wenn man es eben ein bisschen in der Literatur sieht, in den Studien und wie es die Unternehmen selber effektiv sehen. Ich habe das Gefühl, da redet man ein bisschen aneinander vorbei. Die Studien fokussieren sich, ich sage jetzt Mal, ein bisschen auf die falschen Sachen, wo nachher den Unternehmen wichtig ist. Oder die Unternehmen sehen sich eigentlich nicht wirklich da, wo so Studien nachher sagen: da solltet ihr sein.

Herr Martin Frey: Ja, tönt gut, ja. Eben das ganze Thema M&A ist ja nur ein kleiner Teil vom Ganzen. Das ist ein bisschen, für mich jetzt, wo ich am Anfang das Ganze ein wenig gelesen habe, ist relativ noch wirr gewesen für mich. Wieso ich überhaupt mit Ihnen reden soll von einer M&A Perspektive aus. Vor allem wenn ich ein wenig probiere zu verstehen, um was überhaupt die ganze Arbeit geht, letztlich.

Author: Ja, also ich habe während, ich habe gemeint, M&A sei in dem Bereich viel wichtiger und erst jetzt, mit den Gesprächen und auch gerade Literatur, findet man dazu eigentlich fast gar nicht.

Herr Martin Frey: Nein klar.

Author: Und ich habe erst mit den Gesprächen halt wirklich gemerkt, dass die Märkte miteinander gar nicht so viel zu tun haben und dass die Unternehmen, auch mit M&A gar nicht so viel, dass auch einfach viel zu klein ist.

Herr Martin Frey: Ja, eben, nein: das wäre 100%.

Author: Das ist so ein bisschen. Aber, ja. Vielen, herzlichen Dank, dass Sie sich Zeit genommen haben.

Herr Martin Frey: Ja, bitteschön.

Author: Und darf ich trotzdem noch mich eventuell bei Ihnen nochmals melden, wenn vielleicht Unklarheiten da sind?

Herr Martin Frey: Ja, sicher, klar, kein Problem.

Appendix

Author: Danke vielmals, und Ihnen noch alles Gute.

P. Expert interview Syfe

Expert: Mr Laurens Koppelaar, Head of Partnerships

Company: Syfe

Date & Time: 27th May 2022 08:00-08:30

Location: Microsoft Teams (Online)

Citation: (Koppelaar, interview, 25th May 2022)

Author: So, the aim of my thesis is to compare Switzerland and Singapore the rather traditional wealth managers, and the FinTech companies. And now in the first step, I'd like to talk about your company and the positioning of the company in the matrix. And then in the second step depending on the time where we have left, I'd like to talk about some various topics.

Mr Laurens Koppelaar: Sure. That's fine. Let's get started.

Author: I share my screen.

Mr Laurens Koppelaar: Yeah.

Author: And what I found on your website I would position, how do you, excuse me? How do you call it? Is it Syfe?

Mr Laurens Koppelaar: Yeah, it is Syfe that's right.

Author: It's Syfe. Okay.

Mr Laurens Koppelaar: It's a common question so no worries.

Author: Perfect. Thank you. You are extremely well digitized. So, one question I have, do you have personal interactions with your customers or do you have onsite desks or offices where customers can come and visit you?

Appendix

Mr Laurens Koppelaar: So, I am working from the office right now. But I guess to answer your question, right, we are a digital first business, right? As a well tech of FinTech, we do provide the digital platform first and foremost, but in our journey, we've also seen that people not all people, but quite a single at part of the of our clients do prefer to have a human person, for them to help navigate through the personal situation or navigate through the offering that we have. So, if you look at our offering, we are digital first of a hybrid in the sense that we also have regulated and licensed wealth advisors or wealth experts regulated by the Singapore regulator called MAS that are able to help our customers, right? So, it's digital first but supplemented by a more traditional human advisory part. It's not required. It's optional.

Author: Okay, perfect. And regarding your future position, maybe the next five years, I've seen that now you've also launched Syfe trade next to Syfe wealth and you're expanding to Hong Kong so you get it right that your future position would be more on the right side more globalized reaching more global markets.

Mr Laurens Koppelaar: Yes, absolutely. So, we are a at this stage well, we have been a one country operator so far in our aspirations to grow and given the funds we've raised from institutional investors, the expectation obviously is to expand, and so we will expand in a few more countries in this year alone, for example, will be in three countries in total. So, we go from 2022, we'll be going from Singapore alone to Singapore, Hong Kong plus a third country.

Author: Oh, wow. That's very cool.

Mr Laurens Koppelaar: Yeah. So, you know, in that sense, yeah.

Author: And do you have, these are the red dots. These are some nightmare competitors. Are there any nightmare competitors that would enter or could enter your market?

Mr Laurens Koppelaar: Well, I guess depends on how you look at it, right? So, traditionally, I mean, I'll answer it, Andreas this question in two ways, right. And it's not necessarily night... I mean, I guess nightmare has a different, I guess, interpretation, but the two lines of competition that we've seen so far, right? Traditionally people look at other companies, very similar, you know, propositions we would have as the main competitor. Right. So, for site wealth, as you seem to know quite well these are other so-called robot advisory platforms, right. So, Singapore there's a, in total 10 of them, or so

Appendix

there's three leading, right. So, those are the, I guess, most clear initial competition, right? In addition to that, and I think, frankly, that's probably the bigger challenge is the more traditional offering that is available and that a lot of people still used to. And so there, the competition is more so the traditional banks that are obviously having time deposits, fixed deposits, you know, savings accounts where the money is not invested and basically held and therefore is eroded by inflation over a prolonged period of time. So, from a, I guess, direct from two lenses, right? The first lens is the more contemporary competition of you. The second lens is the more traditional competition, which in all fairness is probably the bigger competition if you would call it a nightmare I don't know, right? I think if the question is a nightmare, like, is there a company that could swoop up and can I change the entire industry, a Google or, you know, or an Amazon kind of type not too sure if that will be the case, right? And I think that you know, well, you have to see a good example there. But naturally, the competition is heating up the digital banks too, that are looking to come into this space.

Author: Yes, that's very good. You've mentioned traditional banks I guess a very strong point they have is the trust people have in them since they exist and have existed for many years now. How do you gain trust, especially maybe in all generations that a FinTech is not just a company that exists for five years as it appears?

Mr Laurens Koppelaar: Yeah, no, it's a good point. Right. I think you hit the keyword which is trust, right particularly as a young brand. So, there are a few ways to, I guess, achieve trust and I think the best way to do it is to obviously, you know, promise something and deliver on that, right? I think that is the foundation of trust, right? But that's always a bit, you know, at a young company without a trackrecord working harder, but over time, you know, you build towards that. A few things that you'll see right? For us, we're not only there as obviously regulated and licensed by the regulator here. Right? So, that gives a lot of our customers and generally a lot of trusts, right? That they feel comfortable doing so better than they're 20 years old or 55 years old, right? So, I think that helps. And also, because in single specifically, maybe more than in other countries, there's a lot of trust within the government institutions as a result of that, the moment that a company-like site is regulated, we benefit from that naturally. There are a few mechanisms in place that, you know, for people to also trust the model, which is the segregation of client monies from our own company monies. Right. And funds. So, if, you know, in that unforeseeable situation site, which ceases to exist, you know, our

Appendix

client's assets, as well as their monies would be held in a cost trust account, right? So, separated from our own balance sheet. So, now to think of the question, I guess, around segment user segments, right? How do you trust them? Like, I think the naturally younger generation is much more digital native in that sense and has been much more at the forefront of adopting these platforms like ourselves. The older generation is now really kind of, you know, following suit and naturally, they have a different expectation and habit. But as digital wealth platforms become more prominent, at least in Singapore, right. And more mainstream, you'll see older generations, you know, following suit, whether they are influenced by public information, whether they're influenced by word of mouth, through their friends, or through their children at times. Right? You see that happening anecdotally, I can give you one example in Syfe oldest customer is 93 years old and is a gentleman that started his Syfe account by using the actual app. Right? And obviously, this is an outlier, and this is not a representative of all of our clients, but, you know, just to give you one data point. So, but you'll see them naturally as they already go, they're more familiar with the services that their wealth advisor or the banks would provide, but you'll see a slow change moving into these digital platforms.

Author: Oh, very interesting. And now on a scale of one to six, how would you assess the risk of more foreign wealth managers traditional and FinTech, maybe Swiss wealth managers since Switzerland is very strong wealth management entering the Singapore market?

Mr Laurens Koppelaar: Yeah. And I guess six being the highest risk and one being the lowest. Yeah.

Author: Yes.

Mr Laurens Koppelaar: Yeah. I'll give you one example that may answer this is not so much from a lens from Switzerland and Singapore, but more about traditional versus new players, right?

Author: Yeah.

Mr Laurens Koppelaar: If you... and you can look at, I don't know if you're familiar with the Singapore landscape, it is an organization called seedly. S E E D L Y. And it's basically probably the largest personal finance community in Singapore where people can compare and they kind of evaluate different providers. Right. So, if you look there and

Appendix

you look at the most popular role advisors, right, the top three are all FinTech's and the big banks that have built out their own kind of robot advisory components are not in top three, they are in a, you know, I guess the next wave. And so perhaps again, who knows, but, you know, you can ultimate argument that the stars have been more focused and nimbler, therefore establishing more traction. You can make that argument too. But I guess the point being is that you know, the traditional players don't necessarily haven't at least in Singapore, so far been the most popular. Now, if the question is more so from a lens of, you know, Switzerland coming into Singapore quite possible for them to come in, I think you know it is an element of what is the proposition, is it going to be very different, right? Is there going to be recognition of the brand and what they offer locally? Right. and so yes, I think the Swiss have a phenomenal reputation for that, particularly for the private banking segment. Do they have the same offering on the Wealthtech and could they correct Singapore? I have not seen many examples so far yet.

Author: Okay. What I have heard in the previous discussions with Swiss companies is that it was rather surprising to me because they are not really interested in competing against each other, but more cooperate. Is it the same in Singapore that traditional companies want to cooperate with Fintech and not just buy them?

Mr Laurens Koppelaar: There are some examples out there, right? I think generally my observation is, and it's a very broad stroke generalization is that European companies have been more welcoming to its collaboration than competition, and that mindset hasn't necessarily been not reflective per se, in Singapore or Asia for that matter, you do see some collaboration, but a lot of times you'll see them competing more. Right. So, it is a funny kind of collab ecosystem, right? So, there are some elements where you compete and elements where we collaborate. Pointing Ks if you look at our business model as a site, as a FinTech, we also work with traditional financial institutions, right. Our custody accounts, where we hold our clients' monies sit with banks like DBS and HSBC. So, there we work with them. Some of the things that we need in terms of the executed trade and right, or our foreign exchange, we work with traditional institutions too, but another front we may be competing. So, for example, DBS, same example, they have a robot portfolio, they have themselves, which in some ways is across with ours, right. So, there are areas where we work together in the areas where we kind of have no work together. And that's, I guess the breadth of a bank and the different things they have, right from wholesale to

Appendix

retail, to private banking, and so we have a different relationship, different parts of the bank.

Author: Interesting, thank you. Now we've talked about your competencies and what is your main competitive advantage that this thing you may be, especially in Singapore, from art FinTech, because Singapore I've seen Singapore is so many FinTech's much more than that Switzerland has. So, I guess what must be very difficult to establish itself.

Mr Laurens Koppelaar: Yeah. So, we're now going through and actually an effort and exercise to kind of map out how many wealth techs companies there are right now, we think they're about 62 or so in Singapore. But these are wealth tech companies across the spectrum, right? From those that have a B2C kind of play as we would have from those that have a B2B offering. That would basically build the technology platforms and sell them to the banks. Those to help, you know, provide tools for the advisor, wealth experts do their job better. So, there are a number of different players in that ecosystem called Wealth Tech. I think for us, there are a few things that we pride solve on and we think we are a bit different. And there are many ways of looking at it, I think one thing that is more of cultural business culture on a team culture thing is around speed.

I think the way to innovate is something that keeps going, right so constantly looking at what could do next product innovation that results into, you know, specific local cost offer so I'll give you one example. One of the portfolios that people can invest in through Syfe into a portfolio called REITS or real estate investment trust, or we process the official name and that was something that was, is still unique in the market. And that came in the back of us doing research, understanding the customers, and quickly iterating a company with a concept that wasn't available and still isn't available in the market by other players. So, that's just one, I guess, end product, but whereby the ingredients for the end product are innovation, listening to customers, iterating testing. We are also as a company, the only organization in Singapore, at this stage whereby we have both wealth and trade, right?

So, we have an offering that is unique in the sense that we can, you know, a customer can graduate and evolve with us as their needs evolve or change. So, if they want something simple and low fuzz, we have the wealth offering in case they want to build some satellite portfolio on top of that, because they feel very strongly about a certain stock or company, they can do this too. None of our competitors can do both. They do often they'll only do

Appendix

one of them. So, that's another kind of tool. I think the biggest thing over time will be the fact that you're able to earn the trust and keep the trust of your customer. I think that's the biggest value and how they navigate through their own journey of seeking their financial goals. And so that over time becomes the biggest advantage, the trust and the stickiness and the pretension with them.

Author: Very good. Thank you. Now we talk about your customers. How about your employees? How hard is it to find the people with the skills you're looking for, or how do you make yourself attractive as an employer?

Mr Laurens Koppelaar: Yeah, that's a good question. I think it's tough generally. I think if you're building a B2C wealth technology and let me just position that. It's you have different types of businesses to build. In our particular model, a B2C vault digital platform may be higher a number of different functions, and some of them are easier to hire than others, right? Generally, what you see would be to see in our business model, because we quiet, you know, the purpose that we serve through its retail, investors marketing is an important part of our business organization, and so that becomes a, quite an important part of the overall hiring and retention. The way we look at it is naturally I think a lot of people are attracted to an organization like this because they know that the things, we do solve a problem, the problem of not knowing how to start investing, not sure whether the financial advisors out there are actually acting in the interest of the client or whether they have an alternative motive and putting their financial interest above the clients. And so, these are some of the things that some people want to join us feel very strongly about in solving an industry issue. And that itself is intrinsic value for them to join. In addition to that, obviously, you know, there are elements that the start can offer such as, and we've announced this, we have a company-wide employee stock option program, an ESOP as they call it right? Whereby people or employees, regardless of seniority. Will be effectively a co-owner of the business, right? So, they get stocks granted to them given certain conditions naturally. And that is something that you have as a benefit as a startup, but not every startup does that. In fact, in Singapore, while it's on the rise, it's still a small portion of organizations that do this companywide, a lot of knowledge do for specific senior leaders. But not across the company. So, that's something where I think we distinguished ourselves from the marketplace.

Author: Sounds very interesting. Previous discussions I had with Swiss companies is that they care much more about the Swiss and the European market, and if I ask them how

Appendix

dangerous would you assess Singapore to enter the Swiss market? They were not really interested in countries farther than Europe. And you have mentioned before that it might be possible that Swiss companies could enter the market. How dangerous would you rate Switzerland the whole country to become compared to Singapore?

Mr Laurens Koppelaar: Is a big question. And I think, I don't know about a whole country, but if he's saying, hey, there is a Swiss wealth technology company that wants to participate in this market. Would that be on phase value be a big threat? I think there, the biggest question is, what are they going to do that is different than in the marketplace. That's one and two is, do they understand what customs are looking for. Do they have that cultural understanding that resonates, if the answer to both those questions is, you know, profoundly yes? They're going to do something very different and they really understand the customers and therefore it may resonate. And this is most perhaps on the B2C side, then yes, that's a big threat. If there's no distinctive real difference or a value, then I guess if it's me-too kind of model then it doing tough, but you also have some of these big organizations, B2B wealth tech companies, based out of Switzerland that have a global footprint. Have a long track record, and have really institutional knowledge and expertise. And have a clientele list that helps. Those obviously would be very relevant to work with some of them more than just local fund institutions. So, I think it depends very strongly on the business model, a Swiss B2C FinTech that wants, you know, come into Singapore about disrupt. I think it's tough, not impossible naturally, but very tough. A Swiss, B2B organization in the wealth tech space that has some track record and clients, you know, you could benefit and be much more value, right? Because then you work with institutions that have basically an institutional and perhaps even global mindset and mandate.

Author: Cool. Very good.

Mr Laurens Koppelaar: Does that make sense, Andreas?

Author: Yes. That totally makes sense. Thank you very much. Is there anything else you would like to say we have not discussed yet?

Mr Laurens Koppelaar: Not really. Maybe one small comment just happens to be today's Friday, but this, this week, Monday, there was actually a Swiss delegation that came to Singapore that included someone from the ministry of finance that was meeting with

Appendix

MAS in Singapore, the Monetary Authority of Singapore. And I think they said there were three interesting parts of what they thought about Singapore technology it's, you know, FinTech. One of them was wealth tech, a lot of ones were other things like payments, et cetera. So there seems to be obviously some interest in learning and kind of comparing notes, but it was also quite clear that the market dynamics, the regulation, and the mindset of some of the institutions, there are some stark differences between the two kinds of regions for that matter. So, you know, the recipe and, you know, the playbook that may work in one country is not necessarily directly transferable to another country or in our country you're in, and so that's why it's not easy to, first of all, disrupt, or, you know, set up a business in all country, let alone in a new country.

Author: Very good. Thank you very much. Is it okay? Can I come back to you if I have any further questions or if something is unclear, revising the interview?

Mr Laurens Koppelaar: Yeah, that's fine. I think we can do a pop about WhatsApp right. And happy to, you know, record something or type anything. But yeah, if you have any actually be keen to see you know, your final results, and then also do wish all the best in wrapping this up. And yeah, all the, I guess would be very interesting. It's a very relevant topic in my view.

Author: That's it's really cool. I'll come back to you, maybe one last question. Not related to my thesis. Do you also hire people from abroad, like from Switzerland?

Mr Laurens Koppelaar: Yeah. Yes. No. So always like as a growing, I will always look on the lookout for good people. Right. I think the, one thing that makes it a bit harder in Singapore nowadays. Is these whole employment passes that need to be granted. Right? And particularly if there are people that wear Singapore fields that why are you not looking for a Singapore applicant instead? So, the more senior you are, the easier it is to get these kinds of passes approved. The more junior they typically the hardest because you know, the Singapore government say, hey you know, we want to protect or we want to make sure that Singapore's have a fair chance. So, the short answer, yes, we're always interested the short, I guess with the caveat saying, hey, getting a pass and these days is very tough for people that have less demonstratable unique work experience.

Appendix

Author: Okay. Perfect. Thank you. Yes. Thank you much for your time. It was very interesting and very insightful and I wish you a beautiful afternoon and enjoy your weekend.

Mr Laurens Koppelaar: Likewise. Have a good one. And yeah, all the best with this looking forward to the end result, and let me know anything else I can help you with.

Author: I'll let you know. Thank you very much for your time and all the best.

Mr Laurens Koppelaar: Take care.

Q. Expert interview Norsia

Expert: Patrick Schirmann, Founder & Chief Executive Officer

Company: Norsia

Date & Time: 30th May 2022 09:30-10:15

Location: Microsoft Teams (Online)

Citation: (Schirmann, interview, 25th May 2022)

Author: So, the aim of my thesis is to compare Switzerland and Singapore regarding wealth managers, rather traditional wealth managers and FinTech companies. And now in the first step, I'd like to talk about your company and this business transformation metrics that my supervisor has I'd say invented. And then in a second step about some various topics.

Mr Patrick Schirmann: All Right.

Author: If there are any questions you don't like to answer, please let me know. It's absolutely okay.

Mr Patrick Schirmann: Sure.

Author: I guess we won't need the 45 minutes.

Mr Patrick Schirmann: You don't know yet?

Appendix

Author: That's a good point. It's a very good point. So, let me share the screen. So, I guess you see now the metrics with these column dots. And then why access is the degree of digitalisation your company has and what I have seen on your website, I would say that your business model it's fully digital, is it right?

Mr Patrick Schirmann: Yes.

Author: And do you serve only B2B clients or also B2C?

Mr Patrick Schirmann: Well, it's a bit a mixture because our solution is B2B2C, our direct clients. So, the person will pay for the services it's a B2B. But because the client of the wealth manager or the financial advisor will fill our questionnaire, there is also aspects 2C.

Author: Interesting. And so, is currently, is most of your revenue generated in Switzerland?

Mr Patrick Schirmann: Well, we are early stage, so we are pre-revenue startup.

Author: Oh, okay.

Mr Patrick Schirmann: But they are so far what we see is that yes, it will be generated mostly from Switzerland.

Author: Okay. And may I ask how many employees do you have?

Mr Patrick Schirmann: Employees as such none, but I've got two interns and we are three partners.

Author: Wow. And would you agree if I put your current position today in this square, still regional, but expanding to a global position and fully digital?

Mr Patrick Schirmann: Yes. Sounds about right.

Author: Okay.

Mr Patrick Schirmann: But what do you call regional? That's like Europe or is it Switzerland?

Appendix

Author: On the left side, it's still Switzerland, but expanding to close countries. And the further on the right we go, the more international it is.

Mr Patrick Schirmann: We might have very soon clients in France also, for example, that's why I was asking.

Author: Then I put you more on the right. And now the blue dot is your position in future. Where do you want to have do you want to become a global player or focus more on the European market?

Mr Patrick Schirmann: I think that if we plan five years ahead, I think the blue one needs to be more digital than the green one. Because the onboarding and things like that will probably be more, even more digital. And then in five years, I would say that hopefully, we will have also customers in Singapore for example, or in US.

Author: I can put your on this side.

Mr Patrick Schirmann: Yeah. And let's speak in five years.

Author: Very good. Do you have these than the red-orange dots here? Do you have any nightmare competitors?

Mr Patrick Schirmann: Nightmare competitors

Author: Like big tech companies.

Mr Patrick Schirmann: Really nightmare not... I wouldn't use such a strong attribute now stronger pictures I have more than one.

Author: And are they also in your region, are they also in Switzerland, and do you have the same degree of digitalisation, or where could I put one of these?

Mr Patrick Schirmann: It depends. So, you want to put three different competitors?

Author: As many as you have.

Mr Patrick Schirmann: Oh, okay. Well, you can put one in a regional market and mix business model, you can put one in a more traditional business model, but as a global market position. I wouldn't put them that traditional. I would put them at the border with mixed business model. Let's put it by way. Other one yet you just...

Appendix

Author: The other one or...

Mr Patrick Schirmann: No other one you just did.

Author: Guess I have some issues with...

Mr Patrick Schirmann: That's okay. And then you can put another one just above the one you just did.

Author: And in what way, especially this one, is this a competitor because you are much more digitalized than the other one?

Mr Patrick Schirmann: Yes.

Author: Do they have a bigger market share?

Mr Patrick Schirmann: Yes. They have a bigger market share. They've been around for, I don't know, 10, 15 years. So, they're really implemented, but very locally. I don't think that there are many clients outside Switzerland.

Author: And these two are have a global reach, but they lack a little bit in digitalisation?

Mr Patrick Schirmann: They are like global player. So, we have different let's say branch or product on the branch we're competing with Norsia, we're less digital.

Author: Very good. Thank you very much. I guess, so, let's see. Now, I can see you again. You said me in the mail that you might not be the right person to talk about mergers and acquisitions. Is it too early for Norsia to talk about M&As to expand its business or do you don't take them into consideration at all?

Mr Patrick Schirmann: No, it was just more because I didn't know what you were meaning in term of M&A. So, we are clearly not an M&A company that's for sure, and we haven't had experience yet. We are not in M&A with Norsia. We are very too early for that, but clearly, this is kind of an exit scenario for us.

Author: Very good. And now you've talked about your competitors. How would you assess the risk of foreign wealth managers? Be it traditional or FinTech still entering the Swiss market?

Appendix

Mr Patrick Schirmann: I think it's pretty it is a risk clearly, on a scale from 0 to 10, I would say it's a 6.5-7.

Author: But isn't Switzerland, the Swiss market already. Well, saturated, so it's quite hard to find some customers.

Mr Patrick Schirmann: That's why I didn't put it at 10. It is saturated, but on the other end, I think that the Swiss market is behind in terms of innovation. Like if you talk about open banking and things like that, clearly for the moment the market is a bit protected and in a certain way, it's counterproductive because the local industry is not well, is using its protection from the global framework it's protected instead of trying to protect itself by being more innovative. If you see what I mean.

Author: Yes, completely. You said scale 0 to 10. I have prepared a scale from 1 to 6.

Mr Patrick Schirmann: Let's put at four.

Author: Let's put it at four. Perfect. Now, you've already said the market is quite protected. The image, the broad public has of FinTech companies, especially the previous years was bad because these companies take away bank's customers, and in my opinion, this image has changed. And I've also heard in previous interviews that big tech companies and traditional wealth managers, that's what I have seen on your website. Is that these two parties, they prefer to work together and to cooperate than compete against each other.

Mr Patrick Schirmann: I think it's very true in the Swiss market, which is more conservative. I think and customers still like to have this human and traditional interface, but still, wealth manager understand that they cannot continue to be competitive if they use their still their Excel spreadsheet to do their business. And so, this is why I think at least in Switzerland, there's a good match. Because if you take the example of Norsia, I'm not a robot advisor, I'm not taking care of a customer, I'm not doing this, I'm just an extra tool to facilitate it, to differentiate the work of a financial advisor of a wealth manager, but he couldn't do without us anyway.

Author: Very good. And also, here on a scale of 1 to 6. How dangerous are FinTech still perceived for traditional Swiss wealth managers?

Mr Patrick Schirmann: Can you repeat the question?

Appendix

Author: How dangerous are fintech for traditional wealth managers?

Mr Patrick Schirmann: I don't think there are that on a scale 1 to 6, I would put I don't know, 1.75.

Author: Very good. It's perfect.

Mr Patrick Schirmann: I know it's just to annoy you.

Author: No, I love it. So, what I've had a look at your website, but what is in your own words. What is the competitive advantage Norsia has?

Mr Patrick Schirmann: It depends versus which competitor because we've got different type of competitor. So, one of the big competitions that we have is the traditional custodian banks, but often provide their own tools to the wealth manager they're working with, you know, you have the independent asset manager, they work, I don't know with Julius Baer and Credit Suisse, big techs and so on. And big techs, credit suisse give access to their platform. So, certain tools. So, our advantage here is that we are basically if you are a financial advisor, you can work with only our solution with all your custodian banks, and you will have one framework for your reporting on sustain and things like that, which is not the case at the moment. If you work with 15 banks, you can have 15 different sustainability reports about your portfolio and ends on.

So this is for the bank competitor. Now, we have also the rating agency competitor. And from there, it's a different angle where our advantage is that the difference that we are doing is that in term of system rating agency, just give, okay, Coca-Cola, it's triple-A, for example, in terms of sustainability. What we say is that you cannot say if a company is sustainable before having asked the clients his sensitivity to different aspects, because some will be more focused on their environmental aspect, some will be more focused on the governance aspect, for example. So, if a company is doing green products and things, but your client is keen on governance and the company is badly managed, then the rating should be completely different. So, this is our competitive advantage is we give the financial advisor, this client-centric approach to sustainability.

Author: Oh, wow. Sounds very interesting.

Mr Patrick Schirmann: On the paper. No, but it's cool. It's one way to say it's kind of a parship or Tinder of investment, I mean, people have all their different opinion on system

Appendix

and, no one take that into account. The easiest example is nuclear power. If you are against or for it, no one can really judge where the truth is. And for that, you cannot just claim that a portfolio is sustainable. If you don't understand your client. And this is where Norsia is sitting, basically.

Author: That's a very good point. And you said you had two interns. How hard is it for you to find people with the right skills and make yourself attractive as an employer?

Mr Patrick Schirmann: Right now, we are not really looking for people. And we have a specific setup. My two other partners are based in Estonia because this is where we do the IT development. So, a point where we would have struggle is to find IT people in Switzerland, but because we are splits over and in Estonia for us, it's easier because there, the talents pool is just very deep. And then for other profile, we haven't really looked for people. But I don't think that it would be a struggle. The struggle would be more to attract people because obviously, I cannot align salary with Credit Suisse and things that. So, this is, I think a problem with Fintech in general in Switzerland is if you have a master or bachelor in finance, what you do is you go to work for big banks and you earn easy money. Whereas if you go to startup, you probably won't earn enough or not enough, but as much. And so, it's difficult to attract people because you still have all these guys who want to work for McKinsey or UBS. So, it's not easy.

Author: But don't, you go work for a FinTech, if you are interested in the culture and the mindset and the city of the company, UBS might pay good salary, but the processes are so slow. In my opinion, it's not enjoyable to work there.

Mr Patrick Schirmann: Sure. So, let's I would tend to agree with that. And the rational makes sense now on the ground, I think that the number on the paycheck make a huge difference. And so, if I take the example of my intern, he just finish his master's degree in HEC Lausanne. I think from he's the only one to work for FinTech. All the others went to Credit Suisse, UBS, Pictet and so on. So, you have like the cool label of working on a startup, but it seems the younger generation still wants to be paid to get out of their parents' place.

Author: That's a fair point.

Appendix

Mr Patrick Schirmann: So, I don't know, maybe there is more research to be done there, but it seems that it's still difficult to attract people. Now, to be honest we haven't been on research very in a very intense manner.

Author: But it's maybe a more personal questions. Would you prefer more people from university with fresh theoretical knowledge or more experienced people that have been in a consulting area?

Mr Patrick Schirmann: Not necessarily consulting area, but clearly well, the senior people are more expensive, but they bring in a lot. And I don't think that in my field the new of freshly graduated people have actually the knowledge because sustainability and sustainable finance and ESG and things like that is not that covered by university yet. So, actually my two interns, I had to train them first on. Well, they knew what ESG mean, but that was pretty much it. And so, if I could afford senior people, I would go for, so for senior people, but there is always a trade-off.

Author: That's right. I'm asking because I have the chance to work as a research assistant for an Institute that focuses very strongly and sustainable finance.

Mr Patrick Schirmann: Which institute was it?

Author: It's at the ZHAW itself.

Mr Patrick Schirmann: Oh, okay.

Author: So, that's why was asking.

Mr Patrick Schirmann: Okay. And you're surprised by my answer.

Author: No, it's reasonable and maybe you live in Geneva, right?

Mr Patrick Schirmann: Yes.

Author: So, maybe we can go for a coffee one day.

Mr Patrick Schirmann: Sure, absolutely, you're in Geneva?

Author: No, I live in St. Gallen because I've made my bachelor's at the University of St. Gallen. And now finishing my masters in Finance.

Appendix

Mr Patrick Schirmann: Okay. But you're based normally where in Zurich?

Author: No. In Valais.

Mr Patrick Schirmann: Oh, okay, cool. Wow. Whenever you are around. Let me know.

Author: That's very kind. Thank you, very much. Another topic I cover in my thesis is about generations, but I guess you don't have, since you interact mostly with businesses, you don't have very much insights in different generations, how they perceive?

Mr Patrick Schirmann: How they perceive, what?

Author: I focus in the work, I focus on the change between younger and older generations and how they focus on different things about responsibility. Younger generations are much more interested in environmental topics and older generations have the opinion about young generations that they are not responsible enough. They're not ready yet, they don't want give the empire to them.

Mr Patrick Schirmann: I've got there, I've got two. Obviously, I would have kind of the same a priori, oh yeah, young guys care more. Now, I haven't done really, or I don't have enough experience to tell you if it's really the truth. The only thing that I can say is that I have two potential clients where it's the new generation of employee, what drove this ESG topic. In one the management. So, older guy, senior partner just said, okay, do, as you want, because at the end of the day, we are here there for five, 10 years max, and it's actually your future company. So, if you think this is a move that we need to do, we do it. So, that was one example. So, it was lead by the young generation of employee and the management was kind of supportive, but I also met one where the younger generation have perceived his needs to do it. But then the older management was and the top manager were really against, there were really a fight. So, that would kind of support your assumption. Now, to be honest, I don't think that it's that binary. I think that you will find all people that, oh yeah, of course. I'm a new granddad, and I can see that I cannot let to my grandson or granddaughter a shitty world. So, if I can have an impact, why not? And some people are more cynical saying, oh, well, if a client wants it, why not? But yeah, clearly the a priori would say would be to say, look, the old guys, they don't care. But I would put some nuance there.

Author: Okay. Very good. Thank you.

Appendix

Mr Patrick Schirmann: Now, one aspect where the new generation might also be a bit more sensitive is the compliance. In the sense that they know-how, like the old generation, you started your career in the mid-eighties and you've done your client, your clientele, and you never really cared about compliance and you just say, okay, I never had issues so far, what the heck let's continue like this, and it might work. And I think that the new generation is more sensitive to the impact that you can have. This is also something that I've noticed.

Author: Very good. Thank you very much. Last topic are the countries. The beginning, you have told me that you hope that in five years, you also have Singapore customers. Singapore is a much younger country and the city is more agile. People are much more tech-savvy. How dangerous would you rate Singapore compared to Switzerland on a scale of 1 to 6?

Mr Patrick Schirmann: That's a good question. And to be honest, here, it's really like gut feeling.

Author: Completely. Okay.

Mr Patrick Schirmann: I think it's; I would say 3.5

Author: Fair point. You have worked in Zurich, right?

Mr Patrick Schirmann: Well, very briefly a year, or so.

Author: How is it different in Zurich to financial sector, I'd say financial activities or companies than Geneva?

Mr Patrick Schirmann: Ooh, It, was in 2004. Oh, no, 2003. So, it has evolved a lot, like even Zurich in itself has evolved. When I was there, people were, it was not as multinational as now. People were still in the office were only speaking Schwizerdütsch. Now, I think that people are more inclined to have English as business language. So, in that aspect, I think that Geneva is still more open still, but I have impression that Zurich is picking up. But obviously, with all the international organization and whether the, I don't know the position of Geneva, we still have a lot of people that are from abroad. So, in the financial sector, having English as a business language is kind of natural. Although I heard some German complaining about the French company here, that was, it was too

Appendix

French. But beside that, I think that's Zurich is picking up, I think it's, and it will even more improve.

And I think that, from what I've noticed now that I'm discussing with people in Zurich for Norsia. I think that people are more inclined to adopt changes in Zurich than in Geneva. I would say that they are less conservative in Zurich. But again, that needs to be confirmed. I think that in Geneva, you can have more this small village mentality. And whereas in Zurich it's more kind of a, okay, a big city open to the world might be a bit character, bit too strong, but this is the feeling that I have.

Author: Okay. Very good. Is there anything else you would like to say, but we have not discussed? I've missed out something.

Mr Patrick Schirmann: No, except that I would put my legitimacy at the very bottom. Because I've started my career in the wealth management, but what it was like for two years. And then I went in trading commodities. And now for the last two years, I went back to kind of having contact with the wealth management industry. So, I'm probably not the highest experts in the wealth management space. So, take my answer with gloves.

Author: No, it was very interesting conversation. Thank you for that.

Mr Patrick Schirmann: No, worries.

Author: Maybe last question from my side. Can I get back to you if something is unclear?

Mr Patrick Schirmann: Sure. Yeah.

Author: Perfect.

Mr Patrick Schirmann: You know where to find me.

Author: Perfect. And I'm sorry that we had to talk in English.

Mr Patrick Schirmann: No, that's okay.

Author: I actually, I speak French, but my vocabulary is not that good in the M&A and financial area.

Appendix

Mr Patrick Schirmann: Ich könnte auch auf Deutsch sprechen, aber leider ist mein Wortschatz zu eingeschränkt seit 2003. English is perfect. And to be honest, since 2005, my business language he's is English. So, I'm fully okay with that.

Author: Perfect. It was very interesting and a very good conversation. Thank you.

Mr Patrick Schirmann: Well, I hope it was useful.

Author: It was very useful. Yes.

Mr Patrick Schirmann: And as I said, let me know whenever you are in the area and I will be happy to share a coffee with you.

Author: That's very kind. Thank you very much. And good luck. All the best.

Mr Patrick Schirmann: Well for you too. Bye-Bye Andreas.

Author: Bye. Thank you.

