

## Pictet partner: "The Swiss market is a priority"

In an interview given to FuW, Renaud de Planta, senior partner of the Pictet Group, speaks about growth plans, business in Switzerland and past legacies

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Following his promotion to senior partner of private bank Pictet, Renaud de Planta's duties have changed. He is no longer Head of Asset Management. His new role does, however, give him the possibility of charting a new course for the Bank. Some things will not change, though, including the long-term view taken by the private bank, which is run as a partnership.

**Mr de Planta, you became senior partner at Pictet on 1 September. What would you like to change?**

It's not about changing something specific. It's about evolution not revolution. Above all, it's about sticking with what we do well, although there are areas where we want to make changes.

**Could you elaborate?**

There are three cornerstones that we intend to focus on specifically. First, we want to bolster our presence in Asia; this encompasses the whole Asia-Pacific region. Second, we want to strengthen our private assets business. And third, the area of



On 1 September, Renaud de Planta became a senior partner and chairman of the board of Pictet Asset Management. (Photo: Yvon Baumann)

sustainability is to be developed further.

**Are these not areas that are high on all banks' agendas?**

That may well be. What's important, though, isn't just the idea but how you implement it. That's We're a partnership and therefore independent of the capital market. This gives us more time, and it pays off.

**Is time a critical factor in banking?**

I think it's crucial to give an idea the time it needs. Being able to

take time and build up long-term capabilities is a luxury. It pays off and is reflected in Pictet's corporate culture. Our best products didn't generate profits for a long time. If we'd been under time pressure we would have dropped them. As partners, we bear the consequences of our decisions – financial and personal.

**Let's talk about Asia. Is Pictet in the middle of a recruitment drive?**

Yes. We specifically want to increase our rate of growth in

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Asia. This is true not only for private banking, but also for asset management. Nobody's written about that, though.

**Isn't Asia an expensive place to do business?**

Yes, but Asia has been expensive for some time because the region is growing faster than the rest of the world. The critical mass you need as a wealth manager to achieve success is larger than in other regions.

**What makes Asia so attractive?**

I think the numbers speak for themselves. Asia is home to more than 60% of the world's population, the region accounts for 23% of global GDP and 22% of corporate earnings. Nonetheless, Asia is still under-represented in portfolios.

For example, it accounts for a maximum of 10% in equity indices and 3% in bond indices. Given these numbers, I'm convinced that money will continue to flow to Asia.

**How important is China?**

Very. We intend to open an office for research in Shanghai. We need to be on the ground to understand the market. If appropriate, we'll distribute our asset management products from this location at a later date. Asia is important not only with a view to acquiring clients, but also increasingly as a place to make investments.

**How do you tap into the Asian market?**

We don't have any exclusive partners who distribute our

products. That's simply because we got our fingers burned in the past. As a result, we're working with a large number of distribution partners in asset management.

Isn't there a conflict between the Swiss approach to private banking and practices in Asia? Needs in Asia have changed. In the past, the investment style was heavily geared towards trading. Today, demand for management mandates has increased significantly. That suits us nicely. Our products are tailored to regional needs, but the products are increasingly converging.

**When it comes to growth, Boris Collardi in particular has drawn media attention as he has lured various teams from other banks. What's your take on that?**

I have the impression that it's mainly a topic in Zurich. It isn't a subject that's raised in Geneva, London or New York. I also think that Boris Collardi would prefer to have less media coverage than he does. Attracting people is part of our growth strategy. Pictet recruiting whole teams to achieve this is nothing new. When I joined Pictet 21 years ago, we had a headcount of 1,000; now we employ more than 4,600.

Are there any regions worldwide, where there's no pressure on margins? I don't think so. Pressure is weighing on margins everywhere. You can't offer everything everywhere. That's why we want to focus on specific areas. Our home market in

Switzerland is therefore a priority. Next in line are Europe and Asia. A strong local presence is key.

**In Switzerland, you want to expand the Zurich office. Can you tell us more?**

We have offices in four cities in Switzerland. That isn't going to change. However, we want to attract more people to our Zurich office. I think we embody the same cultural values many clients in German-speaking Switzerland are looking for.

**What are the expansion plans for the Zurich office?**

Pictet currently employs 166 staff in Zurich. That is set to rise to 250 by the time of the move. Our new premises at the Leuenhof, on Bahnhofstrasse, can accommodate 320 staff. This underlines how important our home market is to Pictet.

**So the "Collardi effect" is boosting Pictet's growth?**

I wouldn't want to tie this to an individual partner. When a company is run as a partnership, with management and ownership in the same hands, results are always a joint achievement. Moreover, it always takes some time for the new colleagues joining us to have an impact.

**Are acquisitions a topic for discussion in private banking?**

We clearly prefer organic growth. It's safer and the quality is better. That's not to say that we exclude the possibility of an acquisition. It's just that, so far, we haven't found anything



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appropriate. And you can also buy in problems through takeovers.

**How do you ensure this doesn't happen?**

We carefully check that every client suits us. We spend a lot of money on compliance, for example, to minimise these risks. But risk can't be eliminated altogether.

**What have been the most recent problems Pictet has had to address?**

I don't want to comment on ongoing cases.

**You mean to say there are ongoing cases?**

You know about the case involving the US. There's nothing new to report on that, and we don't wish to make any further comments.

**You've already relinquished management of asset management. Have other responsibilities changed owing to your new role?**

I'm not as deeply involved as chairman of the board of the asset management holding company as I was previously. But I've taken over responsibility for communications and internal audit. I'll also continue to oversee the finance, tax, liquidity and risk management teams, as well as compliance. As a rule at Pictet, it's the oldest partner who's entrusted with corporate functions and is responsible for coordination. The younger partners head the business lines.

**Senior partners are first among equals so they don't have additional rights. But do they chart the course of the bank?**

Yes, that's probably true. The senior partner sets the agenda and chairs the discussions. However, the bank's course is also determined by factors such as the state of the economy. You act differently in a time of crisis from how you would during an economic boom. Ultimately, Pictet is a partnership and we shape the business together. The senior partner is able to chart the course, though. I hope the market environment will allow me to focus on the priorities I have set.

**What targets have you set for your tenure as senior partner?**

We have set out a Vision 2025. It includes the priorities I mentioned earlier. It also places emphasis on client satisfaction and organic growth. This will enable us to secure our earnings in the long term.

**Many banks are struggling owing to the pressure on margins, which is reflected in low returns on equity. Pictet doesn't have this problem. How come?**

As I said at the beginning, it isn't just about the strategy but also how you implement it. In contrast to many other financial firms, we achieve a return on equity of around 20%, not with a low equity ratio but with a high one. Strictly speaking, we're over-capitalised. We're also cautious about risks. We take a long-term view. This is a positive cycle we want to maintain.

**About Renaud de Planta**

Renaud de Planta (55) is one of seven managing partners of the Pictet Group, one of Switzerland's largest asset management companies. On 1 September, Renaud de Planta became senior partner and chairman of the board of Pictet Asset Management, which deals with institutional clients. With nearly 4,600 employees, the Pictet Group manages around CHF 544 billion in assets (as at 30.06.2019) and is present in 27 locations around the world. De Planta joined Pictet in 1998 as a managing partner. He had previously held various positions at Swiss banking giant UBS, where he had most recently been responsible for global equity derivatives. He holds a doctorate in Economics and an MBA from the University of Chicago. Renaud de Planta is married with three children.



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## One of the most stable private banks

The first half of 2019 was challenging for Pictet. The private bank saw its operating income drop 5% to CHF 1.2 billion, while expenses increased by 1% to CHF 943 million. This led to a net profit of CHF 265 million, a 17% decline from the same period a year earlier. Renaud de Planta, Senior Partner at the bank points towards negative interest rates and the defensive stance of some investors as part of the reason. Meanwhile, **assets under management saw an uptick of 10% to CHF 544 billion, making Pictet one of the largest private banks in Switzerland.** It does, however, run an Asset Management business, unlike its Swiss peer Julius Bär.

The bank is launching an expansion initiative in Asia in order to tap into the above-average growth rates in the region. This will see it open an outpost in Shanghai, which will provide research capabilities for the local Asset Management business. Switzerland is also an area where the bank sees further growth potential.

It is expanding its footprint in Zurich and will be moving to larger premises in the Bahnhofstrasse, further underscoring its commitment to its home market.

**As one of the best capitalised private banks** it also has the funds to finance its expansion. Its core tier 1 capital ratio stands at 21.2%, far above the regulatory requirement of 7.8%. Despite this, the bank boasts a rate of return on equity of around 20%, which is also far above the average of some of its peers.

The higher profitability is driven by the bank's long-term outlook, as well as its partner-managed business model. This allows Pictet to look at projects with a longer time horizon and without the pressure stemming from reporting quarterly earnings to shareholders. A public listing can, therefore, be ruled out.

