

Financial Industry Strategy Forum 25-27 June 2009:

“Everything should be made as simple as possible but not simpler”

(Albert Einstein 1879-1955)

Conference Overview:

The theme of the second annual Financial Industry Strategy Forum will be *simplification and why not?* In an age where the latest technology is marketed on the fact that only four buttons are needed to simply work a highly developed music player, equipment which is complicated yet easy to use is king.

The forum will look at how banks can simplify the life of their customers in their client facing processes, decrease time taken, the number of signatures needed, etc without compromising on the quality of their systems/infrastructure. The forum will further examine how banks can simplify other aspects of banking to maximize their competitiveness in the industry, maintain current clients while appealing to new customers.

The forum will focus on,

- Business process, infrastructure, IT & strategy
- Regulations & risk management
- Client facing strategies

Who will be attending: We anticipate 80 senior level decision makers from the financial industry including: COO, CIOs, CEOs, CFOs, heads of IT/Technology/Strategy/Operations.

Confirmed Conference Sessions & Speakers:

Opening Address:

It is not as bad as it sounds: winning in a new reality in 2009, and beyond

This provocative remark made by Mark Twain after listening to a Richard Wagner opera provides a suitable opening because there is no denying that the world economic situation in 2009 is indeed challenging. The subprime market crisis has had a domino effect triggering first a major financial crisis which is now spilling over to the real economy. The magnitude of the crisis, and the speed with which it evolved, have stunned the world business community. How long will it last? How can we deal with it? What will the world look like afterwards? And is it all bad news for companies?

Prof. Stéphane Garelli, Professor at IMD, and Professor at the University of Lausanne, Director of IMD World Competitiveness Center, Switzerland

Keynote Address:

Making the financial industry more robust: lessons learned?

The financial industry is emerging from a historic crisis. Never since the 1930's have so many financial institutions needed outside help to survive, and never have they received such large public rescue packages. This talk will address the following questions: What were the main causes for this widespread banking crisis? Will the remedies taken so far solve the problems? What will be the long-term risks of the measures taken? What remains to be done to make the financial system more robust to future challenges?

Prof. Dr. Manuel Ammann, Professor of Finance - academic director of the Master of Arts in Banking and Finance, University of St Gallen

From a universal bank to a client-bank: motivation, approach, challenges and solutions

Das strategische Konzept einer Vertriebsbank konzentriert sich auf die Schnittstelle Kundschaft – Bank. Die Bank Coop befindet sich auf dem Weg zu einer Vertriebsbank und hat bereits Massnahmen im Rahmen dieser strategischen Ausrichtung umgesetzt. Welche Herausforderungen sind auf dem Weg zu einer kundenorientierten Bank zu berücksichtigen? Welches sind die Chancen und Risiken? Und welches die Erfolgsfaktoren? In der Präsentation von Andreas Waespi erhalten Sie Antworten auf diese Fragen.

Dr. Andreas Waespi, Chief Executive Officer, Bank COOP

This session will be in German

Financial risk modelling: was risk ever what we thought?

All too often in economic and financial analytics we borrow approaches from fields that deal with simpler structures than the human mind and human behaviour. Consequently some of our insights are derived from research projects that deal with deterministic issues or are based on stochastic processes that are better behaved than the ones we usually find in the social sciences.

Those processes can behave “normally” for a long time, until the proverbial “butterfly’s wing beat” results in a change of price dynamics that makes everything experienced in history look absurd.

We often underestimate that the stochastic processes relevant in economic and financial risk management are outright ugly, and we have paid a high price for this negligence, lately.

This paper shows the limitations of the models and the Corporate Governance Structures mostly used in financial and economic risk management and discusses alternatives for some of the traditional approaches.

Prof. Dr Erwin W. Heri, Chairman, Valartis Bank AG

Performance Management & Incentive Compensation in Private Banks

Within private banks, performance management and incentive compensation is primarily driven by the bank’s culture, size as well as the bank’s growth strategy. In his presentation, Dr. Stephan Hostettler will address the current practice in bonus schemes for private banks including funding, allocation and payout of variable pay.

Dr. Stephan Hostettler, Managing Partner, Stephan Hostettler & Partner AG

Developments in Europe and their Implications for the Swiss Value Chain and Financial Marketplace

This session will start by providing an overview of SIX Group and the Swiss Value Chain.

The main body of the session will firstly address the regulatory environment covering the areas of T2S, Code of Conduct, MIFID. The second area to be discussed will be the competitive environment and will include the areas of CSD’s, ICSD’s. The third topic to be covered will be infrastructural initiatives including ESES, SSE, link up markets.

Finally the session will consider the implications for market participants including the issues of costs within the Swiss Value Chain and Financial Marketplace, cross-border clearing & settlement and market positioning.

Thomas Zeeb, CEO Securities Services Division, SIX Securities Group AG

The Simplification of Regulations

The current banking crisis resulted from a mis-speculation on the US-housing market and as in every other speculative bubble the last stage is a re-regulation. In this presentation Prof. Dr. Thorsten Hens will argue that it is not more regulation but a different type regulation which is needed. The starting point is that competition is the best regulation and that therefore any new regulation should increase and not decrease competition. In particular the regulation for small and large banks needs to be different.

Prof. Dr. Thorsten Hens, Director of Swiss Banking Institute, Professor of Financial Economics, Swiss Banking Institute

ICT Security and the Banking Industry

The global banking sector is heavily reliant on Information Communication Technology (ICT) systems/networks which can be so complex that neither employees nor customers understand the risks.

This session will examine how banks can,

1. deal with increasingly complex ICT systems and their vulnerability to criminal attacks.
2. win back customer confidence through increased understanding of banking operations, products and their risk.

1. Although banking ICT systems usually work well, some inherent weaknesses exist. A common example are those used to securely access bank data through internal operations/intranets. Expert criminals are increasingly hacking into these systems using methods such as phishing or defacement. In several cases, failing defence methods have resulted in significant losses for renown banks.

2. To be effective both employees and customers need to understand the consequences of computer based decisions. If the systems confronting them are too complex, the risks of bank products probably will not be fully understood. Improving understanding and management of complex bank products can help to win back customer trust in banking operations and products.

Prof. Dr. Klaus Brunnstein, Professor for Applications of Informatics, University of Hamburg

Current challenges in client advisory

After the recent meltdown in financial markets, client advisory is the key focus of Private Banking more than ever before: particularly when markets perform badly, clients urgently need advice. By failing to respond to this need, many banks have severely damaged clients' confidence in the services they provide.

The consequences of clients' negative experiences and the likelihood of new, tougher regulations will have a significant impact on the way that client advisory is perceived in future.

Given this backdrop, it's important to ask what constitutes good advice, how its core elements need to be combined in future and how they can be implemented within a private bank.

Bank Sarasin & Co. Ltd already laid the foundation for a strategic reorientation of its client advisory service two years ago, and is now busy consistently implementing it.

Christian Gmünder, COO Private Banking, Bank Sarasin & Cie AG

Banking secrecy, security, the law & reputational risk: a balancing act?

In this session, the factual and legal issues being raised by various jurisdictions looking into the area of banking secrecy will be examined. In particular, the session will look at the impact of the securities regulation triggered by the issue. This session will also review the recent US Senate report. It will then discuss the implications for the private banking industry in general and Switzerland in particular. It will finish by elaborating on practical implementation issues and the importance of raising client awareness.

Chair: **Beat Kappeler, Commentator at NZZ am Sonntag and Le Temps, Geneva.**

Panellists: **Marnin J. Michaels, Partner, Baker & McKenzie Zurich**

Panel Sessions:

The effects of the financial crisis on the Swiss Banking Marketplace

The global credit crunch has in some way affected all financial centres. This session will discuss,

- the effects in Swiss banking marketplace inc. client/investor confidence, investment flows, marketplace consolidation
 - measures expected to be taken by the regulators
 - moving forward, what opportunities exist
- future of the banking landscape in Switzerland, short term (next 12 months) long term (2-5 years)
 - questions from the audience & final views from the panel

Chair: **Beat Kappeler, Commentator at NZZ am Sonntag and Le Temps, Geneva.**

Panellists: **Christoph Ammann, Chairman, Bank Sarasin & Cie AG,**
Stephan Zimmermann, Chief Operations Officer, Wealth Management & Swiss Bank, UBS AG

The Future of Banking Systems in Switzerland

A session looking at:

The future of banking systems in Switzerland and where the Market is evolving in the next 2-5 years
Reducing complexity and cost

Ensuring that systems/infrastructure and platforms are compliant with Government regulations
The next revolutionary steps and questions from the audience.

Chair: **Urs Buner, Vice Chairman of the Board of Directors, Comit**

Panellists: **Daniel Bardini, President, SunGard Ambit Apsys**
Francisco Fernandez, Chief Executive Officer, Avaloq Evolution AG
Nicholas Hacking, Director, eRI BANCAIRE S.A.
Charlie Matter, Chief Executive Officer, finnova AG Bankware

Supplier Presentations:

Innovations CRM & Avoloq – a successful interaction of process orientated frontend and efficient back office

Since the beginning of this year the Bank Vontobel AG uses its new core banking system Avaloq in combination with the client management system "Work Frame Relations" from Innovations. The client management system supports all banking processes including acquisition, account opening and customer relationship management. It is the master for all customer data. Felix Lenhard, Head of IT at Bank Vontobel AG, is convinced that there is no other client management system at the moment, which is able to support the strategy and processes of a bank in a comparable way.

Walter Pitz, Managing Director, Innovations Software Technology GMBH, Bosch Group

Switzerland's largest bank migration in 2008

After the acquisition of Banca del Gottardo in February 2008, BSI hired B-Source to integrate both banks across all business applications, IT infrastructure and back office administration by January 2009. The international project consisted of three tiers: first, integration into the existing business model of BSI ; second, the transformation of the IT systems along with back office administration into one single operating model with B-Source ; and third, migration of the offices in Switzerland and Luxembourg, which posed additional challenges due to regulatory requirements. To mitigate the significant risks such a project implied, best practices at B-Source were followed producing on time and on budget results.

Joseph Kaister, Special Projects, B-Source SA

Accenture study: re-innovate the strategy for private banking

The Private Banking Industry is pressed to respond to the economic turmoil. Companies must act decisively in these times - doing nothing is the worst answer. Private Banks have started to initialize defensive e.g. structural or operating model changes to reduce cost and pro-active initiatives e.g. new markets, client value propositions, product & pricing strategies to strengthen their strategic positions and aggressively pursue growth. Accenture will present the insights gained from the study which was based on interviews with Senior Executives of Swiss and Foreign Private Banks in Switzerland.

George Schmidt, Executive Partner Financial Services, Accenture AG

Wegelin & Co private bankers BPO services showcase

Developing a new concept of services with Wegelin & Co Private Bankers to address the BPO (Business Process Outsourcing) opportunity, anticipating the changes of market architecture and trends towards Business Outsourcing.

Focus on the optimization of the Back-Office processes and In-Sourcing security/confidentiality to deliver the best "Mandantentfähig" Private Banking BPO service architecture in the market place.

A model in place and used by several banks, bringing distinctive advantages to Wegelin & Co and to the various BPO service clients.

Daniel Bardini, Chief Executive Officer, Sungard Switzerland AG

Out of the Box sessions:

These sessions do not focus on industry specific topics but provide delegates with the opportunity to experience something out of the ordinary or improve their business and managerial skills while also developing their individual and professional growth.

Chaos und Ordnung – Was Manager von Mozart und Picasso lernen können. Ein Exkurs durch die Geschichte der Kreativität

Kreativität ist ein Begriff, der nicht nur für die Kunst reserviert ist. Schöpferisches Handeln wird vor allem in Zeiten des Wandels und der Veränderung auch in beruflichen Entscheidungen verlangt. Nur ein kreativer Mensch kann Rahmenbedingungen schaffen, die kreatives Arbeiten überhaupt ermöglichen. In einem Exkurs durch die Geschichte der Kreativität nähern wir uns dem Begriff und unternehmen Definitionsversuche in Psychologie und Philosophie. (C.G. Jung, Sigmund Freud, Friedrich Nietzsche) Dabei entdecken wir Spannungsfelder, in denen auch unser tägliches Leben und unsere beruflichen Entscheidungen stehen.

Dr. (Phil.) Sven Spiegelberg, well known artist of Switzerland

This session will be in German

Negotiation: A Key Skill in Challenging Economic Times: It's All About Relationships!

There's no question that effective negotiation is an essential skill for business professionals. The ability to influence and to lead effective negotiations is key to success in today's fast-paced, highly competitive global markets. And it is clear that getting the "words" right is not enough to generate a successful negotiation – with clients, employees, bosses or others. In fact studies show repeatedly more than 90% of influence comes from non-verbal messages. To negotiate effectively with positive influence requires far more than just words.

So what do we need and how can we develop these skills?

This session will outline key strategies to improve negotiating skills for senior managers, who are under pressure to improve bottom line results with fewer resources. Learn the three essential elements to successful negotiation. The session covers how to:

- Prepare oneself for any negotiation – formal or informal
- Create trust and rapport to engage with others
- Develop a common understanding and agreement

Virginia Williams, Managing Director, Ventures worldwide sarl

Please note unless otherwise stated, conference sessions will be in English and the programme content is subject to change.