

Basel Banks Deserve More Attention

By Stéphanie Erni

There is so much focus on the chemical industry in Basel that the financial industry here is often overlooked. Basel is an important center for banking in Switzerland, and this is reflected in the expanded educational offerings in finance to be found locally.

A year ago the Basel Banking Federation commissioned the Faculty of Business and Economics at the University of Basel to examine the importance of the financial industry in the region. The first survey results report that over the past decade ten new banks have opened up branches or moved their offices to the city. There are now forty banks in Basel. The Banking Federation commented on the report: "The regional banks in Basel have created value for the banks in Northwestern Switzerland and throughout the whole country."

From 2001 to until the world wide recession of 2008 the performance of the Basel banks increased by over 50 per cent. On average the Basel banks made up 14 per cent of the yearly regional corporate tax volume – an important component to the overall tax support for the city that cannot be neglected.

University of Basel Professors Pascal Gantenbein and Rolf Weder as well as the assistants Christian Rutzer and Simon Zaby conducted this research. They concluded that "the economic importance of the financial industry in the region of Basel is significant. This is measured by the following indicators: return on investment, number of employees and total tax revenue. Politicians, economists and even the public have not yet realised just how big and how significant the financial industry in Basel has become." The researchers continued to say that the impact of global financial crisis slowed down the growth of the blossoming industry: "We would like to point out that the earnings of Basel banks were reduced by approximately a quarter in 2009 compared to 2008." Unfortunately when the research was completed there were no specific numbers available on exactly how much impact the global financial crisis had on the financial industry in Basel. The managing director of the Basel Banking Federation, Alex Guldimann said on the subject: "The banks in Basel have suffered from the crisis too." The number of employees was reduced and less profit was made, although it has to be said that the current global financial crisis did not affect banks in Basel more than the rest of the world.

The researchers concluded that one of the main reasons why the Basel banks are so well established is the geographic location of the city. Being located so close to the borders

to France and Germany facilitates expansion. It says in the report that: "Being so close to the German region of Baden provides smaller, regional investors with more investment opportunities." The 'big restrictions' of doing business across borders have been inhibiting for investors.

The attractiveness of the financial market is "directly dependent on how attractive and economically powerful the region in which it lies is." Alex Guldimann from the Banking Federation says that Basel has a lot to offer for people who come to live here, particularly people who are interested in culture such as our target audience".

Training facilities are another great advantage of the financial industry

That Basel bankers are efficient was another conclusion of the research. Fewer employees working in fewer branches achieved more. Probably customers visiting the branches would not be happy about this. The managers of the companies in question on the other hand call it a "cost-efficient banking network". Basel and Zurich have the most efficient banking networks in Switzerland.

Educational and training facilities in Basel are another great advantage for the financial industry. Even though the numbers of employees in many financial institutions is declining, it is important to many companies that young talents have the opportunity to develop themselves. The School of Business' Institute of Financial Management (IFF) – which is part of the University of Applied Sciences of Northwestern Switzerland – expanded to Basel this Spring. The school is based in Brugg near Zurich.

The strong Basel financial industry was the primary factor for move to Basel. At the opening ceremony of the new location of the School, Hans Rudolf Matter, Head of the Banking Federation, said: "The financial industry in the Basel region gets less attention than the chemical industry, but a healthy mixture is important for the region." Also "... by providing good educational possibilities in the fields of Banking and Finance we ensure that good people don't leave town". This was why the Institute introduced new "Banking and Finance courses" as part of the Bachelor degree. The IFF is also interested in acquiring students from abroad. The Institute wants to attract students from Southern Germany with its further education courses. "We already have a trinational degree course, but want to improve the offerings for management training in the area

of further education," Tobias Hüttche explains. Hüttche is an auditor and the director of the Institute and he is proud that he could "recruit a highly qualified colleague from the renowned University of St. Gallen, Simone Westerfeld, who will start teaching at the beginning of the coming year". Despite such highly qualified professors, he doesn't think the Institute is in competition to the Faculty of Business and Economics at the University of Basel. Hüttche says: "We complement each other. The institutions that offer an education in finance primarily attract students with a higher vocational diploma which is recognized by the Swiss state." Nevertheless 366 Bachelor students and 19 Master students attained their degree there at the end of September. 109 graduates of these were from Basel.

There may, however, be some competition between the Universities when it comes to projects. The Banking Federation commissioned the IFF and the University of Basel to examine the current state of the financial industry in Basel. "These new case studies shall show new ways of developing the financial market in Basel" says Alex Guldimann from the Banking Federation. Come December there will be specific measures regarding the development of banks in Basel.

Looking at the state of the world of finance today, expanding education this is surely a step in the right direction. The IFF says practical experience is important to them. This is reflected not only in their research, which is developed for the private economy, but also in the professors who give talks at the Institute in Basel. Christian Upper, Head of Financial Markets at the BIS was a guest speaker at the Institute – another good sign for the Basel finance industry. Hüttche: "We're lucky to have knowledgeable professionals here, who support us by sharing their experiences with our students."

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*Das Peter Merian Haus gleich neben dem Bahnhof SBB.
Hier lernen die Bankstudenten ihr Metier.
In the Peter Merian Haus next to the station future bankers
learn about their business.*

