

UNIVERSITY OF ZURICH
Department of Banking and Finance

BACHELOR THESIS

Digitization in Cross-Border Business

NEW POSSIBILITIES FOR THE SWISS FINANCIAL CENTER AFTER THE
CANCELLATION OF THE BANKING SECRECY IN THE FIELD OF FOREIGN CUSTOMER
ACQUISITION WITH DIGITAL MEDIA

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Abstract

The thesis "Digitization in Cross-Border Business" illustrates new possibilities for the Swiss financial center to conduct banking services using digital media. A rising amount of regulation complicates the daily banking business. Furthermore, after the cancellation of the Swiss banking secrecy, the nation lost one motive for foreign financial service customers to store there their money in this country. This thesis shows a new way of banking business using digital media.

New trade routes across established the foundation of the local financial center in the 13th century. Foreign wars, new legislations, and the crisis of the Swiss bank "Volksbank" led to the Federal law on banks and savings banks in 1934 - which includes the Swiss banking secrecy. Increased pressure to prevent international tax avoidance from foreign countries led to the introduction of the automatic exchange of information in 2017. Even though Switzerland loses the advantage of the banking secrecy due to the automatic exchange of information, there are still reasons for foreign customers to store their money in this nation: Highly qualified customer consultants, a stable political system, and well-established financial and near bank institutions to support the banking center. Of course there also threats the Swiss financial center has to face: Negative interest rates, a strong Swiss currency, and above all a rising amount of regulations.

To understand the way of banking in other countries, the paper examines in a second step the banking legislation of Germany, Luxembourg, and the Dubai International Finance Center. Even though all three banking legislations are very strict, each regulation allows cross-border banking businesses if the client initiates the relationship.

Based on the findings and supported by the software systems - Unblue and IDnow - illustrated in the fourth chapter, the thesis lastly presents a possible way of client onboarding using digital media in cross-border business.