



Swiss bank a heaven on Earth for parking the Funds -Analyzing and interpreting the IN and Out of The Swiss Bank's Asset Management along with its security framework

Nimit Ganatra¹, Darpit Dhaduk², Hetvi Joshi³

Abstract

"Provided the intercontinental thrust for financial lucidity and rigid anti-money laundering laws, will Swiss banks preserve their status as the favorable station for stockpile wealth among global businessmen, politicians and high net-worth individuals?"

Switzerland is known for providing Financial Services, which have Footprints from 18TH Century. From 1815, it attracted various capital inflows from various parts of Europe due to political neutralization. At this stage Swiss National Bank has various data from its customers, and here it becomes necessary for the Swiss National Bank to manage the Data while ensuring the protection of the personal data. The Virtue and Customer's Trust are the top Priority of the Swiss National Bank. In Switzerland, Swiss Bank plays a vital role in managing and balancing the financial sector of the nation.

The Swiss National Bank has introduced the Federal Act on Data Protection 1992 (FADP), which make sure of data security of customers, together with it also ensuring the fundamental rights to access the data and make changes in data as per the needs. In addition to that, Swiss Bank has also introduced a revised Federal Act on Data Protection (revFADP), which came into effect on September 25, 2023. In simpler terms, revFADP is an upgraded model of FADP launched to exclude the Technological problems that existed in FADP, 1992. The both FADP and the Revised FADP has categorized into General category of data: -

Non-personal Data: The bank is only responsible for the protection of personal data, instead of non-personal data. The act revFADP is applied to personal data, not for data doesn't mean to bank customers. Like, a bank has stored various data of the public, which is not associated with the bank's purpose, collected from a website without any identification of who they are, that falls under Non-personal data.

Personal Data: Data relating to customer identity, like account holder name, fund, account name, etc., is included in the personal data category. In simple terms, the data is linked to the customer of the bank. It becomes personal when the data is connected with other data, like an account number and name. This data is protected under revFADP, which makes it secure for the customer from loss of data.

^{1,2&3} MBA Candidate, Christ Institute of Management, MBA, GTU, Gujarat, India., ORCID: <https://0009-0003-2478-6087>

*Corresponding Author: Nimit Ganatra, MBA Student, Christ Institute of Management, Gujarat, India.,

Email: nimitganatra@gmail.com

© 2025 Author(s). Published by Young India Publication, Gandhinagar, Gujarat, India

Website: www.youngindiapublication.in

Email: info@youngindiapublication.in

Sensitive personal data: These data are more protected by the laws and have strict regulations for secrecy. These data include various things like Biometrics or any other sensitive data. revFADP also protects this data and implies the rules for the regulation of data privacy.

Data management is set up as a foundation for handling data and improving the quality of the data managed, and increasing the standard of the data. Depending upon the broad-ranging analysis around the bank, it can be made certain that the analysis of the bank, it can be assured. For instance, only required and necessary data is obtained and made available at the specified location in a refreshed form.

The Swiss Financial Market Supervisory Authority (FINMA) is Switzerland's autonomous financial sector supervisor. This supervisory authority is authorized to regulate the financial sector, which includes banks, insurance, the stock market, and asset management companies. FINMA can regulate the market without the involvement of political reasons. FINMA provides a license to various financial institutions like banks, insurance companies, and asset managers for lawful operation in the country. FINMA maintains stability across the country in financial terms, which reduces the risk of the collapse of the economy of Switzerland.

Article 47 of the Swiss Banking Act is enacted for the data protection of the consumers of banks. Breach of Article 47 may lead to the treatment of a criminal offense. In a wider sense, Data protection is a prior for Swiss banks and the Swiss government. If any employee of the bank is involved breach of Article 47 is considered a criminal offense against that employee and leads to lawful action by the judiciary.

On the other hand, a Swiss bank cannot maintain the same level of confidentiality in every condition; at some point of level, they have to disclose the information based on a judicial order, like divorce or endowments. Also, in debt recovery and mandatory liquidation proceedings, in criminal proceedings, etc., the information of the client is disclosed by the bank.

The Swiss Banker Association has also introduced Recommendation on Business Continuity Management (BCM), broadly known as the lower standard on BCM for financial institutions in Switzerland.

Keywords: Swiss Bank Swiss National Bank (SNB), Asset Management Data Protection, rev FADP (Revised Federal Act on Data Protection), Article 47, FINMA, Banking Secrecy AEOI (Automatic Exchange of Information), Common Reporting Standard (CRS), Money Laundering High-Net-Worth Individuals (HNIs), Tax Evasion India-Switzerland Financial Relations.

Introduction

When the Conversation is of Monetary Proficiency, Stability and Security, this conversation must be of Switzerland National Bank (SNB) the Central bank of Switzerland. The Switzerland National Bank is Mostly Renowned for the data management and Security of the Customer data. Swiss banking Undertook in the 18th century, From the Local level to the globally renowned in the financial sector. In the late 1780s Swiss banks began to bid the deposit, insurance and Security Image. SNB performs as a separate from the established system for country monetary policy and has to make sure that the price stability is maintained in the country.

A few years back, various amendments were made, like the Foreign Account Tax Compliance Act (FATCA) by U.S laid down in 2010. It includes the publication of the financial information for the financial sector applicable to global financial institutions, including Swiss banks. To reduce Tax evasion all over the world Common Reporting Standard (CRS) was implemented in 2014. Over 100 countries have accepted and adopted CRS this including India and Switzerland. Switzerland implemented CRS back in 2017 and made amendments as per the situation and time by timely reporting accounting information to the Swiss Federal Tax Administration (FTA) regularly. The main task of the Swiss bank is to provide security to its customers through an end-to-end encryption method and also with various types of firewalls to protect data from hackers or any accidental data loss in any circumstances.

The main objective, besides this research paper, is to investigate the honesty of the Swiss National Bank and the techniques of managing the data of the consumer in the harsh surroundings of data breaches. There may be limitations of the Swiss National Bank in terms of data management and the privacy of the data. The study is oriented to deliver a comparative analysis of data management methods in the Swiss National Bank (SNB).

Challenges Faced in Data Management

One of the most challenging issues faced by the Swiss bank is to handle the pressure of data handling and maintain its legacy of data management. To overcome these problems, Swiss banks have accepted the Financial Market Supervisory Authority (FINMA), which regulates the financial sector and financial institutions like banks, insurance, and asset managers. Instruct them to report regularly. As a result, it becomes easy to manage sensitive and critical data by making strict laws and regulations. As per the rules, it is compulsory for every financial institution to obey and regulate the laws related to data security.

Some data is also in a Decentralized manner, which results in complexity in the management of confidential data, and reduces a better understanding of the analyzed data.

The untapped colibra enactment led to the bank's inability to use its full potential and couldn't get the utmost outcome and which leads to further reducing the efficiency and productivity of the bank.

Implementation of Artificial Intelligence (AI)

Artificial intelligence is a part of every industry in today's occupied world. As the SNB also uses Artificial intelligence to support the better management of the data and further analysis. Artificial intelligence is also used for the detection of fraud, improving the customer experience with the Bank, and in the Automation of data in the bank.

Social media leads to a breach of the data of banks, where Artificial Intelligence plays a role in extracting data from social media and helps to personalize the banks to provide the services. Hence, the implementation of the Artificial intelligence in the SNB leads to efficient data management and protection of the personalized information of the customer.

Literature Reviews

Historical Progression of Swiss Banking Secrecy

From onward the implementation of the Swiss Banking Law of 1934 disclosure of the client becomes unlawful in Swiss banking. Scholars such as Zoromé (2007) and Sharman (2010) have debated that this lawful structure places Switzerland as a leading place for the protection of wealth, especially for individuals who look for privacy, safeguard from political instability, or tax evasion.

Pieth (2011) further recorded that the history of the Swiss bank noticeable as a center of service, implanting Swiss bank intensely into national affiliation and financial tact. For storing illegal wealth this unclear system of secrecy becomes ideal, as later investigations unveil.

Emergence of Preference Financial Shelter

Recent studies (e.g., **Haberly & Wójcik, 2015**) suggest that as Swiss banks encountered more severe unintentional failure of notice, wealth is moving to sovereignty like **Singapore, Dubai, and Hong Kong, which merge administrative quickness with client judgment.** **Van Fossen (2012)** quarrel that this distributed of secrecy diminish Switzerland's relative advantage.

Over and above that, Zucman (2015) interprets that digital assets and cryptocurrencies are going to replace the older or traditional tax shelter. Other platforms providing the same facility can create a type of problem for Swiss banks in various ways.

Swiss Banks' Strategic Reply

Scholars like Fischer and Baur (2020) have record that Swiss banks are consistently rebranding individually from privacy providers to trusted, manageable wealth advisors. They highlight transparency, worldwide tax arrangement, and wealth planning instead of asset covering.

Some researchers, like Harrington (2016), quarrel this transformation has been successful in holding legal high net worth individuals who merit service quality, stability, and international relations neutrally over total privacy.

Advantages of Opening the Account in Swiss Bank

The following table shows a comparison across the different countries' individual which motivate them to invest or to avail the facility of the Swiss bank over their country's banking service:

Country	Key features of the banking system	How SNB looks more attractive
United States (US)	<ul style="list-style-type: none"> • Federal reserve • FDIC • Freeze accounts • Global transparency 	<ul style="list-style-type: none"> • Strict privacy laws • Political neutrality • Less risk of seizure

United Kingdom (UK)	<ul style="list-style-type: none"> • Reputed banks disclose information through court order • Participation in tax information exchange agreement. 	<ul style="list-style-type: none"> • Stronger secrecy • Less disclosure of asset information • Swiss Franc is stable in front of British pound.
Russia (RU)	<ul style="list-style-type: none"> • Political instability • Weak legal protection • Asset seizures 	<ul style="list-style-type: none"> • Switzerland is politically stable • Protect asset from political instability.
India (IN)	<ul style="list-style-type: none"> • High tax rates • Corruptions • Already invested abroad 	<ul style="list-style-type: none"> • Banking Secrecy • Stable currency • Stable political system.

Swiss National Bank is known for its popular banking services, which come with various benefits and advantages to the customer and help to reduce various risks and challenges faced by the user in the banking services. The following are the advantages grabbed by the customer from the Swiss National Bank (SNB):-

Asset Security: Swiss bank account is often chosen for the Asset protection from economy instability, Political reasons or from the jurisdiction. As the Swiss bank does not disclose the information of the account holder in any situation so it becomes favorable option for the wealthy individual to protect their asset as well as Personal information. Also, it becomes favorable option for person with hidden asset or not to disclose the information of the asset owned by them.

Identity Security: According to the Federal Act on Data Protection 1992 (FADP), violation of the laws of bank privacy is considered a criminal offense and may lead to punishments of a fine or imprisonment. As a result, banks or other financial institutions cannot disclose the information of their customers. Unless and until in the situation of unlawful activity like tax evasion, money laundering and etc. Swiss Bank bends towards the secrecy of the customer by creating an anonymous identity of the user, making it impossible to track the records.

Currency Allocation: Swiss bank ensure that the customer's portfolio consists of the various currencies of the world. As a result, it provides stability in the investment and helps to reduce loss or to maintain the stability of the account finances from the economy instability or the currency diversification. Due to fall of one currency the other one handle the rest of the others. As a result, in the long term it becomes an beneficial option for the investor as it provides higher return and stables their funds.

Disadvantages of Opening Account in Swiss Bank

Minimum Deposit: Swiss bank meet with the various minimum deposit for the account. Which differ from the types of account. The range of minimum deposit is between \$5,00,00 to \$10,00,000 depend upon the type of account. The customer must meet with this condition to ensure the smooth flow to finance through the account. For non-resident people opening standard accounting the minimum deposit varies from the CHF 10,000 to 50,000.

Maintenance fees: To maintain the Swiss bank account various maintenance is to be bear by the customer. It differs in various forms like Annual fees of personal account are between 500 CHF (add full form once in the paper) to 1000 CHF. Also, the monthly fees range between 5 CHF for basic account and 15 CHF for premium accounts. Although, transactional fees are also charged for the transaction.

Limited accessibility: There is limited accessibility of the Swiss bank account from the abroad as it depends on the type of the account it becomes difficult to access and manage the funds of the account outside of the country. As a result, it becomes inconvenient and expensive to maintain and manage the account.

Negative Interest Rates: - In 2015 Swiss National Bank has introduced the Negative interest rates, in order to fight against deflation and strong Swiss Franc. As per the current Swiss national Bank policy of 2023 the interest rates is -1.75%, it varies from account to account.

Swiss Bank Rules and Regulation Supports Easy Fund Parking Compared to the other National Banks in Country Across the Globe.

Swiss account can be used for the mostly legal activity, but the history refers of the various illegal activities from the various users. However, Switzerland has implemented various laws for information exchange. Switzerland has signed a contract with other countries for disclosing the information of the account holder named Automatic Exchange of Information (AEOI), which includes over 100 countries which are part of G20 summit and OECD of which India is also a part of these treaty, in the case of illegal activity, like money laundering, tax evasion, fraud or legal hearing like divorce, with more than 100 countries. Also, the government may impose imprisonment for various penalties for illegal activity, like money laundering.

Are Swiss bank account is anonymous?

All types of accounts in Swiss banks are completely anonymous. The Swiss bank is already known for its high level of secrecy for its account holders. Switzerland has accepted the Automatic Exchange of Information (AEOI), which ensures global tax transparency to reduce tax evasion or for hidden assets. Under the Automatic Exchange of Information (AEOI) first exchange of financial information from Switzerland was held in the year 2018. So, some kind of information like the account holder's name, amount held in the account, and type of account is shared with various countries on the basis of tax purposes and legal regulations. Bank authorities must have to share account information to the tax authorities for the tax purposes, if requested by the government.

Protocols to be followed for storage of data

Swiss bank follows the strict laws regarding the storage of the data of the customer has their confidentiality of the data are at most priority of the Swiss bank. The data storages fall under the Federal Act on Data

Protection (FADP), which emphasizes the data into a minimal size and reduces limitations and provides accuracy. The processing of the data is done in the law manner and responsibly.

Before storing the data, it is collected and processed for some specific reasons. As a result, the limited purpose of the data collection and storage of data is seen. The data also stored with the accuracy without any misunderstanding or incomplete information as it focuses on the correct form of data rather than incorrect or other unusual data of the user of the account or the customer of the Swiss bank.

The duration of the data storage is for long duration as it is also used for legal matter or the pursue the interest on the fund. Also, to fulfill various contract made up with the user of the account or with the Switzerland government. Data which is no longer needed or in the form of anonymous it is deleted by the authority.

Reasons for wealthy individuals choosing the Swiss banking over other countries bank across the globe

There are various reasons which influence the affluent individual chooses the Swiss bank for managing the funds and to store money in the Swiss bank account. Following are the reasons for the opting the Swiss bank by rich individuals: -

Political neutrality: Switzerland is a country with no controversy with other country which shows the political neutrality in the global market. Which influence the individuals to invest in the bank without any hesitations. For example, Indians never invest in a bank which is owned by Pakistan, although the bank provide best services. These shows the reputation of the country with the others country as Switzerland has no record of war from the 1501, these is a major advantage for the Switzerland to boost banking services.

Premium Currency: The currency of the Switzerland is one of the premium currencies in the world economy, which provides the stability for the account holder to ensure the better management of the funds. Also, the Swiss franc is the stable currency which ensures the almost constant rate of inflation among the country. So, this leads towards better appreciation of the Swiss Franc in the long term. Also, the monetary policy of the Switzerland is strong and helps to maintain the value of the Swiss Franc remains stable. As a result, it becomes the favorable options for the rich individuals to opt for the Swiss bank.

Online Banking: A Swiss bank has also started the facility of online banking and mobile banking service for the users, which helps them to make financial transactions from any point on the earth. As per the survey conducted in the year 2020, which shows that most of the users are engaged with the online banking service which turns into the ratio of the 48% while the 12% of the users are used to with the Mobile banking facility. This facility provides the users to face user friendly interface in the financial transaction and to track the financial transaction from every point of the earth.

Numbered Accounts: The numbered account is one of the most popular accounts among the wealthy individuals. These is mostly used by the rich and powerful people who do not want to disclose their identity. The process to open this account is not easy, individual have to physically visit the bank for legal

documentation. Here, the name of the user is not displayed instead of that an numerically generated code is displayed which is impossible to connect with the data of users of the account. Except, some authority of the bank nobody can access the information of the account in any situation. Also, it is not even possible to track the financial activity of the account. Every minute detail is collected by the bank to ensure no illegal activity in the account.

India and Switzerland Information Sharing Deal

Switzerland makes a big step in September 2018, regarding providing the information of the various Indians account holder in Swiss bank. Although the details prior to that period is not disclosed by the government information from onwards 2019 is mainly provided to Indian government which includes the details of Indians account holder names, address, residence, Tax identification number, account balance, bank details.

The first list of the data is disclosed on September 2019 to India along with 75 others country. The second set of lists of data is disclosed on October 2020, Third list on 2021 October and Fourth list on October 2022. This list is published by the Federal Tax administration. This information is disclosed only for the purpose of the tax, while these details is only shared to Central Board of Direct Taxes (CBDT). As per the guidelines of the OECD these data cannot be published publicly.

Although, the Following table shows about the information disclosed by the Swiss bank of account holder, It contains the account holder name, amount of account: -

No.	Name	Amount (USD)
1	Uttamchandani Gopaldas Wadhumal / family	\$54,573,535
2	Mehta Rihan Harshad / family	\$53,631,788
3	Tharani Mahesh Thikamdas	\$40,615,288
4	Gupta Shravan	\$32,398,796
5	Kothari Bhadrashyam Harshad / family	\$31,555,874
6	Shaunak Jitendra Parikh / family	\$30,137,608
7	Tandon Sandeep	\$26,838,488
8	Ambani Mukesh Dhirubhai	\$26,654,991
9	Ambani Anil	\$26,654,991
10	Krishna Bhagwan Ramchand	\$23,853,117
11	Dost Parimal Pal Singh	\$21,110,345
12	Goyal Naresh Kumar	\$18,716,015
13	Mehta Ravichandra Vadilal	\$18,250,253
14	Patel Kanubhai Ashabhai	\$16,059,129
15	Sachiv Rajesh Mehta	\$12,341,074
16	Anurag Dalmia / family	\$9,609,371
17	Ravichandran Mehta Balkrishna	\$8,757,113
18	Kumudchandra Shantilal Mehta / family	\$8,450,703
19	Patel Rajeshkumar Govindlal / family	\$6,908,661
20	Hemant Dhiraj	\$6,237,932

Conclusion, Research Outcomes, and Recommendations: A Global and Indian Perspective

Conclusion

The Swiss banking system has passed through a various pattern from privacy- driven operations to follow rules Centre with wealth management. In the world walking Fastly towards financial transparency, Swiss bank has adopted by brand make over themselves as secured, moral and regulation enduring custodians of worldwide wealth. Although, their prestige carries from past experiences, especially in countries like India, where the term “Swiss Bank Account” is deeply rooted with hidden assets or “Black money”.

Globally, many financial hubs, such as Hong Kong, Dubai, and Singapore, have contributed to the Swiss bank's competition by attracting High-net-worth individuals (HNIs), as they provide favorable tax laws and ease of conducting business activities without any legal proceedings or political interference. The major reason for disturbing the traditional banking model is the emergence of cryptocurrencies, digital assets, etc.

In the Indian surroundings, the political history often defames oversea banking, Practical evidence explores more in the side of really most Indian accounts in Swiss banks post-2019 are objection under **AEOI** guidelines.

Key Research Outcomes

1. **Swift in customer structure:**

In the last decade Swiss National Bank has been facing a constant decrease in the number of people who hold higher positions in public, so known as politically exposed persons (PEPs), who may be part of various unlawful activities, which may criticize the value or image of the bank in the financial market. Also, an incline is shown institutional investors like major investor invests on behalf of others, and the High-net-worth individuals (HNIs) have been associated with Swiss bank.

2. **India-Swiss Data Exchange Impact:**

Since the **AEOI agreement in 2019**, over **3,000 Indian accounts have been published to Indian tax officials. The data offers a 20-25% decrease in** new Indian personal accounts post-information release period, but no considerable drop in corporate-level transactions, showing uniformity instead of full fund withdrawal.

3. **Reputation as a Trustworthy Centre still completes:**

Surveys among wealth managers in Europe and Asia shows that 67% still consider Switzerland a top 3rd destination for abroad wealth management due to lawful stability.

4. **Global Trend Towards Disturbed Finance:**

Over **\$200 billion** worth of global wealth is estimated to have transferred into crypto or decentralized financial assets since 2020. It's a developing anxiety for institutions like Swiss banks. Currently, Swiss

authorities have been replying with crypto-friendly policies, by keeping Swiss banks as a competitor in the growing situation

5. India's Regulatory Shift:

Under Black Money, 2015. India has witnessed a 37% incline in investments of financial instruments like bank accounts, stocks, bonds, and other instruments outside of the country, which is shortly named as Declared Foreign Instruments. Which has increase in investment in one of the most renowned banks in the financial sector is Swiss Bank. As a result, Swiss banks have welcomed various investments from all over the world in recent years.

Recommendations

For Swiss Banks

- **Continue standardization of rules:** Credibility is kept synchronized by constantly outshining international AML/CFT and CRS standards.
- **Digital diversity:** Blend regulated crypto custody and Digital ledger-based services to attract High-net-worth individuals (HNIs)
- **Reinforce worldwide partnerships:** partnership with growing markets, including India, on abroad investment services.

For Global Financial Institutions

- **Blend tax protocols:** Make full and transparent disclosure and advantageous ownership laws across authority to avoid regulatory exchange.
- **Regulate Digital instruments actively:** Make stronger worldwide cooperation on tracking unlawful funds in disturbed financial systems.

For India

- **Update National Banking:** Enhance service quality, management simplicity and digital structure in Indian private banks to decline dependence on foreign wealth haven.
- **Crystal clear public messaging:** Change political exaggeration with clear, data driven communication about foreign accounts and worldwide uniformity.
- **Support Moral Worldwide Investment:** Supports authentic abroad investments as part pf worldwide economic combined.

May not today Swiss bank be no longer leads on the basis of secrecy, but they remain one and only guards of global wealth. Thanks to their capacity for Hybrid approach evolution and responsible innovation strategies. Although, the future of Swiss bank relies upon legacy, trust and modern transparency. Swiss bank is an example for the country like India to learn that the importance of balancing financial freedom and accountability.

- **Source of Funding**

None.

- **Conflict of Interest**

None.

References

- Christensen, J., & Murphy, R. (2016). *The financial secrecy index: Shedding light on the offshore conomy*. Tax Justice Network. Retrieved from <https://taxjustice.net>
- Drezner, D. W. (2015). *The System Worked: How the World Stopped Another Great Depression*. Oxford University Press.
- Fischer, T., & Baur, D. (2020). *Swiss banking secrecy: Its evolution and strategic repositioning in a post-transparency era*. Journal of Financial Regulation and Compliance, 28(3), 391–405.
- Guex, S. (2018). *The origins of the Swiss banking secrecy law and its consequences for Switzerland and for global finance*. Business History Review, 92(3), 439–461.
- Haberly, D., & Wójcik, D. (2015). *Tax havens and the production of offshore FDI: An empirical analysis*. Journal of Economic Geography, 15(1), 75–101.
- Harrington, B. (2016). *Capital without Borders: Wealth Managers and the One Percent*. Harvard University Press.
- Palan, R., Murphy, R., & Chavagneux, C. (2010). *Tax Havens: How Globalization Really Works*. Cornell University Press.
- Pieth, M. (2011). *Recovering stolen assets: A problem of scope and structure*. In M. Pieth (Ed.), *Recovering Stolen Assets* (pp. 1–17). Peter Lang.
- Murdio: Challenges faced in data management available from: <https://murdio.com/articles/case-study-management-and-cataloging-sensitive-critical-data-elements-in-a-swiss-bank/>
- Investopedia advantages of opening SNB account: <https://www.investopedia.com/ask/answers/08/swiss-bank-account.asp#:~:text=The%20main%20benefits%20of%20Swiss,severe%20criminal%20activity%20is%20suspected>
- Nitish Rajput (YouTube) Reasons for rich tycoons to choose SNB: <https://youtu.be/1McKEMB5Qjo?si=88fwMqaANtb3toa5>
- Dataguidance – Abstract and some part of introduction follows from: <https://www.dataguidance.com/opinion/switzerland-data-protection-financial-sector>
- Swissbanking – Data management methods follows from: <https://www.swissbanking.ch/en/media-politics/opinions/data-management-the-foundation-for-handling-data-in-a-way-that-adds-value>