

## BANKING AND FINANCE

# Switzerland's delicate balancing act

In spite of funding, Geneva's new institution faces a Herculean task, says Haig Simonian

Three years after it was mooted and more than 12 months after the first steps, Switzerland's plan to create a world class centre for teaching banking and finance is taking shape.

The new Swiss Finance Institute has secured SFr75m (\$61m) from the country's powerful Bankers' Association and the SWX Swiss Exchange. With the promise of matching public funds, the pot should swell to SFr150m.

On January 1, Fame – the Geneva-based International Centre for Financial Asset Management and Engineering – joined forces with Zurich's Swiss Banking School to create the SFI. With Fame more focused on research and the SBS orientated towards executive education, the combination provided the basis for the integrated school the sponsors wanted. Behind the scenes, a powerful foundation board has been assembled, comprising top bankers from UBS and Credit Suisse, leading lights in cantonal and private banking, as well as three top university rectors.

Separately, a high calibre and internationally representative scientific council and an executive education advisory board have been appointed. They will set priorities, help devise a curriculum and keep the SFI abreast of developments elsewhere.

"Our aim is to become one of the top three in Europe alongside Insead and the London Business School, and one of the top 10 in the world," says Jean-Pierre

Danthine, managing director of the SFI and a professor at the University of Lausanne.

The SFI is also expected to become a core recruitment ground for Switzerland's financial services companies. And it should simplify and streamline the country's patchwork of academic research and business education in banking and finance – split between more than a dozen state or private sector institutions with little coordination. This month, the broad outlines of the SFI's ambitions were unveiled at an initial news conference, coinciding with the appointment of the first of what should be 30 professors.

Executive education will be headed by Harry Hurzeler, former head of the SBS and now the SFI's chief operating officer. The programme will comprise three "flagship" degrees, along with numerous shorter courses, focused on advanced finance and bank management. Two of the degree programmes will be heavily finance focused, while the third will mix finance with training on broader management skills.

The SFI Master of Science in Quantitative Finance will be for postgraduates looking for a course with an emphatic financial bent. The SFI Master in Banking and Finance is aimed at slightly older students who already have three to four years banking experience and want to hone their financial skills while gaining some

management education.

The third degree course will be significantly more management orientated, in the form of a part-time executive MBA. Expected participants here will be bankers between 30 and 40 who want to gain a management qualification closely geared to their working lives.

Research, meanwhile, expects to run a large PhD programme with about 20 students a year. Faculty members will also conduct their own research from topics as abstruse as high financial mathematics to more applied subjects.

"Eight new professorships just in banking and finance: this is something really significant," says Mr Danthine.

A formal opening date has yet to be set, pending negotiations between the SFI and Swiss universities. Executive education is expected to kick off with the Master of Science in autumn 2007. The EMBA should follow a year later, with the Master of Banking and Finance programme rounding out the offering in 2009.

Swiss bankers not directly involved welcome the idea of leveraging their country's blue chip reputation in financial services with a new business school. Even those who initially doubted the SFI could circumvent entrenched academic, regional and linguistic rivalries admit merging Fame and the SBS has been a coup. Since then, the University of Zurich's Banking and Finance Foundation has also come on board.

But the SFI still faces a Herculean task in getting

established – let alone drawing students and developing the stellar image it craves.

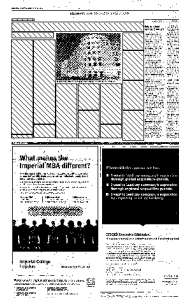
The most glaring handicap is that the SFI is not a real institution at all. While funding may be generous, the school will have no real base of its own.

In French-speaking Switzerland, the Universities of Geneva and of Lausanne will form the basis for SFI Léman.

In the Italian-speaking south, the SFI will be based at the University of Lugano. Meanwhile, in the German speaking north, the SFI will be served by the University of Zurich, with the likelihood that the Federal Institute of Technology will join.

Mr Hurzeler admits the tri-centric concept is unusual, but argues the SFI will be more than a "virtual" business school. Individual courses will be focused on one location and, in spite of the multiplicity of languages, English will be the sole language for teaching and operations.

But prospective students may balk at attending – let alone funding – a school that has no real identity. While using established facilities is



an admirable way of leveraging resources, the SFI will lack the campus feeling widely seen as crucial to a top school. In a sop to creating some form of network and tradition, the SFI has co-opted the former SBS's 1,200 strong alumni body into a new SFI alumni organisation.

The three-centre solution has been necessitated by Swiss regional politics. Universities are controlled and financed by the cantons: securing matched funding required a model balanced

between Switzerland's main regions.

On top of that are the intense sensitivities in the Bankers' Association, which comprises (largely) big banks from the German speaking north, smaller private banks from the French and Italian speaking west and south, and the cantonal and co-operative financial institutions strewn across the country.

But the typically Swiss need for consensus has still left some academics in the

cold. The University of Basel, for example, well known for its strong economics faculty, is not on board.

More strikingly, the University of St Gallen, one of the prime centres of undergraduate management education in the German speaking world and now with rising ambitions in executive education, has also been left out.

The SFI says St Gallen's exclusion stemmed solely from "scheduling problems"

and it will be incorporated in some way at a later stage. Others are less convinced, sensing the underlying academic rivalries that may seriously undermine the new school.

Awkwardly, the new chairman of the SWX, an important source of SFI funding, is Peter Gomez. Until last year, he was rector of St Gallen, and he remains responsible for the university's executive education. The SFI story may not be quite over yet.