

Activating Purpose in Financial Services





Redesigning Financial Services

Pfingstweidstrasse 16
8005 Zurich
www.redesigning-fs.com



Ernst & Young AG

Maagplatz 1
8005 Zürich
www.ey.com



Morningstar Switzerland GmbH

Josefstrasse 216
8005 Zürich
www.morningstar.ch

Editorial

Disruption can be painful. Multiple industry examples remind us of how painful the process can be — from Uber disrupting the taxi business to Airbnb shaking up the hotel industry. Since the end of the pandemic, this pressure is rising fast across all sectors, affecting many areas previously insulated from disruption. But disruption is not a one-time event. It is a continuous pressure to innovate in the face of change coming in waves. And although most managers are aware of the importance and urgency of intelligently adapting to change, few seem to have uncovered the secrets to creating high engagement, purpose-driven cultures that are open to change and innovation.

This report looks at the strategic relevance and tools to activate a veritable sense of purpose in financial services. The report explores five interesting cases based on the perspectives of His Serene Highness Hubertus Liechtenstein from LGT, Betty Sanchez who serves on the executive board of Julius Baer, Carl Verbrugge who serves as a Partner at Lombard Odier, Roger Bootz who serves as the Swiss Head of Vanguard, and finally, Bruno Patusi and Olaf Toepfer, partners with EY, a professional services firm with a particular focus on strategic innovation and purpose.

We hope you enjoy reading these exciting interviews.

Yours faithfully



Dr. Robert Ruttmann
Co-Founder and Chairman RFS



Christian Mesenholl
Head Morningstar Central Europe & Country Manager Switzerland

Index

- 03 Editorial
- 06 Activating purpose in financial services
- 08 H.S.H. Prinz Hubertus Alois von und zu Liechtenstein LGT
- 10 Beatriz Sanchez Julius Baer
- 12 Carl Verbrugge Lombard Odier
- 14 Roger Bootz Vanguard
- 18 Bruno Patusi and Olaf Toepfer Ernst & Young Ltd



Activating purpose in financial services

Across all societies, banking has historically been one of the sectors most immune to disruption. The reasons for this age-old resilience are clear: banks enjoy a near monopoly on supplying credit to the economy, they remain the gateways to the biggest payment networks, and their special regulatory status has historically insulated them from too much competition.

Moreover, clients have historically been slow to switch financial services providers, even in the face of high fees, poor performance, and negative news flow. So, apart from systemic disruptions like the financial crisis in 2008, the banking sector has historically been relatively immune to structural disruptions – like Uber disrupting the taxi service to Airbnb affecting the hotel industry – to their business models. Until now.



Most recently, this broad-based structural resilience was again questioned in March 2023. After years of creeping despair for Credit Suisse clients and shareholders, regulators rushed to interrupt a string of heavy losses and disappointments by tying up the nation's two biggest institutions. The Swiss banking system survived, even if 167 years of Swiss banking history did not.

This tragic demise of Credit Suisse also paints an illustrative picture of the important interplay between culture and a firm's strategic misperceptions on its own capacity. At the same time, the Credit Suisse case may serve as a watershed moment for an industry in search of deeper insight into the role of culture and purpose may play as a compass for navigating an increasingly turbulent ocean of strategic complexity.

Culture eats strategy for breakfast – with a spoon of Purpose

Peter Drucker, one of the most renowned management consultants of the 20th century, is perhaps most famous for his quip, "Culture eats strategy for breakfast." But culture is difficult to measure, making cultural change one of the most challenging parts of any strategic re-alignment. Cultural change is difficult because it often demands new behaviors from managers, many of which are antithetical to existing corporate cultures in the financial services sector, which historically have been fixated on operational excellence and efficiency.

Many thought leaders are now suggesting that the power of compelling purpose can reshape cultural environments in a way that they inspire innovation, change and progress. But what is purpose exactly? EY's Beacon Institute describes corporate purpose as „an aspirational reason for being that is grounded in humanity and inspires a call to action.“ However, other broader definitions exist, like the Purposeful Company Report—written by a consortium of academics studying purpose in businesses—defining the purpose of a company even more succinctly as "its reason for being,"

This strategic principle has also arrived in the financial services sector. A growing number of banking CEOs are using the term to speak directly to the contribution a company's work makes to society – and how purpose can serve as a point of orientation to navigate change and complexity. For example, Sir Anthony Jenkins, former CEO of Barclays, has said that banks must put purpose and values at the heart

of all they do if they are to drive high performance for their customers, colleagues, shareholders and society.

But some banks have clearer purpose statements than others. For example, while Goldman Sachs' purpose is „to provide superior financial return for our shareholders,“ others have a broader mandate that focuses not just on shareholders but also clients, like Vanguard's purpose „to take a stand for investors, to treat them fairly, and to give them the best chance for investment success.“

This focus on investor success is translated into a radically unconventional ownership structure. While other investment companies are owned by private owners or stockholders, Vanguard is owned by its funds, which in turn are owned by its investors. This means that the profits generated by operating the funds are returned to investors in the form of lower fees.

The company is in fact known to have well-below-average expense ratios on its index funds and exchange-traded funds, with an average expense ratio of just 0.08%. As such, the unique ownership structure allows Vanguard to make decisions with clients' interests as a North Star, which should also allow the company to continue driving costs lower.

The Vanguard example shows that it may make good business sense to guide an organization according to a clear purpose. In fact, in the difficult

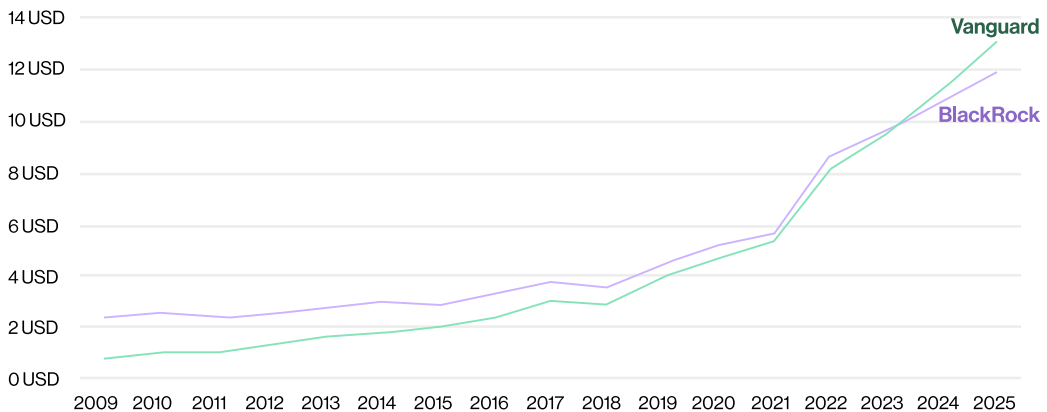
Activating Purpose in Financial Services

market environment of 2022, Vanguard attracted more investor assets (nearly USD 200 billion) than any other asset manager, even more than Blackrock, making Vanguard the biggest asset manager in the world for institutional investors. In total assets under management, Blackrock is still slightly ahead, but Vanguard is closing in. In fact, at compound average

growth rates recorded over the last 8 years for both institutions, Vanguard could potentially even overtake Blackrock as the world's biggest manager of assets in the coming years. In the spirit of such positive examples, more banks today are reframing their purpose to reflect the evolving demands of society, industry and employees.

Vanguard vs Blackrock

AuM USD trn



Source: Reuters, RFS.

Purpose as a North Star for companies

Today banks are being challenged by technology companies and fintechs who are redefining the direction, shape and pace of innovation in nearly every sector of financial services. In the face of such disruptive forces, the urgency to innovate is clear. However, the majority of incumbents have, until very recently, largely neglected an important factor governing the success of their innovation efforts — activating a sense of purpose in their organizations. Indeed, for many financial institutions, purpose is increasingly seen as a combination of culture, leadership, strategy, and value creation required for

In efforts to gain further insight into how purpose can help navigate these volatile, uncertain conditions, EY Beacon Institute surveyed 1,470 business leaders from a wide range of industries around the world. The research revealed how best-in-class purposeful companies are using their purpose as a beacon to navigate turbulent times — as well as how they are embedding their purpose in decisions and daily actions throughout their organizations.

The EY research yielded some interesting insights. For example:

01 Not all purposes are created equal

While almost all leaders (**95%**) say their organization has a purpose, this can mean different things. For some, it means serving a single stakeholder group, whether it be share-holders, employees or customers. The research revealed a significant new group that defines purpose as something greater: a human-centered, socially engaged conception of purpose that seeks to create value for a broad set of stakeholders. EY labels this definition as capital P “Purpose.”

02 Purpose helps companies navigate today’s volatile world

Two-thirds of executives (**66%**) are profoundly rethinking their purpose as a result of the current volatile world, and most of those (**52%**) are moving towards a capital P Purpose. This is beneficial, as business leaders say that having a well-integrated Purpose will help their company navigate disruption.

More specifically, EY’s research shows that Purpose drives value where business leaders say it’s most needed to succeed in a disrupted environment:

- Agility to innovate in times of disruption
- Ability to drive transformational change
- Strong links between values, visions, strategy and decision-making
- Clarity and understanding of the organization’s long-term goals
- Risk awareness, management and mitigation

03 Having a Purpose doesn’t necessarily make you Purposeful

The right kind of Purpose (with a capital P) is important, but this must be integrated into an organization to fully unlock value. A best-in-class group of “Purposeful companies” stood out in the research for both articulating a Purpose and for making significant progress in driving this into their corporate DNA.

These are the companies that are realizing the greatest benefit from Purpose. In point of fact, **97%** of Purposeful companies see a good or great deal of incremental value from their Purpose, compared to only **56%** of companies who say their Purpose is only “somewhat” integrated.

04 Integrating Purpose brings benefits, but just talking about Purpose – without action – exposes a company to risk

The survey found that Purpose drives value in both the short- and long- term. However, if Purpose is merely words that are not matched by deeds, a gap can emerge between what stakeholders expect of the firm and its reality. In these instances companies can face negative reputational risk and loss of trust.

Purpose as the new normal in financial services

In an age in which financial systems are being disrupted by seismic technological, economic and political shifts, a framework that provides meaning and long-term vision to empower the organization to navigate the unknown becomes one of the most

important strategic levers. To this end, EY's Beacon Institute identified **four distinct phases** that best-in-class companies typically cross on their journey to becoming Purposeful. These companies:

Clearly articulate a purpose that responds to the needs of their stakeholders and is grounded in what an organization does

Constantly evaluate where they are in their journey and what needs to change

Embed purpose into their strategy and operations, and align their decision-making with that purpose

Accelerate the journey by placing purpose at the center of their culture and ensuring it is owned by their people at all levels

In sum, it is relevant to note that in order for purpose to be a catalyst for cultural change and innovation, it needs to be activated in all aspects of the business, including recruitment, products and services, technology, performance to deliver on purpose, evaluation systems, customers and suppliers. This is important because the performance of leaders are often measured by short-term metrics, which makes it all the more critical that the development of an organization's purpose engages and is supported by customers, employees, institutional stakeholders and others who have an interest in the company's long-term success. In this way, purpose can serve as a vital point of orientation to navigate an increasingly complex world. Moreover, with purpose in financial services becoming increasingly popular, the risks rise that many companies publish purpose statements in disingenuous ways – similar to greenwashing.

In fact, Reuters reports that the number of instances of greenwashing by banks and financial services companies around the world rose 70% in the past 12 months. Such incidents suggest that a disingenuous corporate purpose devised by players seeking to jump on the purpose bandwagon can actually be a double-edged sword for businesses, one that can jeopardize their market position and reputation among clients – a “purposewashing” of sorts.

However, if companies can successfully navigate this risk of designing purpose statements that are vague, platitudinous and seemingly insincere, we do believe that an authentic, thoughtful and strategically relevant purpose statement can serve as a vital point of orientation to navigate an increasingly complex world and in defining a meaningful response to structural change.

Case studies







H.S.H. Prince Hubertus Alois von und zu Liechtenstein LGT

” LGT’s aim has always been to create value for both the business and society - increasing growth and profits while at the same time having a positive impact for the principal stakeholders, society and the environment.

How do you define purpose-driven leadership within the context of LGT?

LGT's aim has always been to create value for both the business and society - increasing growth and profits while at the same time having a positive impact for the principal stakeholders, society and the environment. This is what purpose-driven leadership is about for us.

Do you think the firm's purpose-driven approach can enhance the firm's positioning among clients? If so, how?

The alternative to a purpose-driven approach is a profit-driven approach which prioritizes financial performance and short-term gains above all else. Our family has survived many crises in its 900-year history, and this has been possible because our thinking has always been focused on creating the best conditions for future generations. Against this background, short-term thinking is not an option.

What is the best way to inspire and encourage purpose-driven behavior within your organization?

You need to walk the talk and ensure that the corporate culture is not undermined.

Can you share an example of a time when you led your team in a purpose-driven initiative? What were the results?

In a family-run company, employees are strongly oriented toward the owner. Especially when it comes to sustainability, it is therefore important that our actions and decisions are consistent. In this case, change was clearly driven "from the top".

How do you communicate the firm's purpose to clients and stakeholders, and how do you think has it impacted their perception of the firm?

Because long-term thinking is in our genes, sustainability is a matter of course for us. For us, it is not just one topic among many, but the defining element. This makes us credible and authentic. Our employees

identify strongly with this orientation. Our clients can experience our purpose in every encounter with the company, in personal contact, in our communication, but also our actions. This gives them a sense of belonging.

Can a purpose-driven approach help LGT attract and retain top talent in the industry? If so how and why do you think this is?

Absolutely, employees want to work for companies which are conscious of their social and environmental impact and provide a meaningful work environment in which they can develop their full potential. Our purpose has become an important differentiating factor for us, and job applicants reflect this back to us.

Looking further ahead, how do you see the relevance of purpose-driven leadership evolving in the wealth management industry in the coming years?

Purpose-driven leadership will become even more important. Credibility and authenticity will be crucial success factors.



Beatriz Sanchez
Julius Baer

” It is essential to have a purpose driven approach to attract and retain diverse and motivated talent to the firm as well as clients who expect a holistic approach to Wealth Management.

How do you define purpose-driven leadership within the context of Julius Baer?

Julius Baer's purpose is to create value beyond wealth. This is strongly driven by our leadership team through vision, example and action. Importantly it is a part of our core, and it answers the question: beyond the necessity of being commercially successful, why do we do what we do? What brings us together every day?

Do you think the firm's purpose-driven approach can enhance the firm's positioning and long term performance? If so, how?

Absolutely. Purpose driven organizations are more focused, successful and benefit from more satisfied clients and employees. It is essential to have a purpose driven approach to attract and retain diverse and motivated talent to the firm as well as clients who expect a holistic approach to Wealth Management. This builds success and brand value over time.

What is the best way to inspire and encourage purpose driven behavior within your organization?

At Julius Baer, we believe in being open, approachable and inclusive. We are a global firm and flourish in very diverse markets and geographies. This can only happen with a purpose driven and culturally open approach where everyone has a voice. It is critical to assure employees feel they are heard, respected and can add value through their ideas, experiences and actions.

Can you share an example of a time you led your team in a purpose-drive initiative? What were the results?

Creating value beyond wealth can find many applications. Promoting the Arts and supporting artists has always been part of the DNA of Julius Baer, as is the case for many of our clients. I have always been a promoter of Latin American artists, especially female artists. By brainstorming with the curator of our art collection as well as key female RMs, we joined forces with a leading Museum in the Region and launched the Julius Baer Latin America Female Art Prize. We have been able to promote amazing female artists in the region, raise their profile and support them in continuing

to have a voice reflecting the soul of their societies. We are entering our third round this year.

How do you communicate the firm's purpose to clients and stakeholders, and how do you think it has impacted their perception of the firm?

We have communicated our purpose through a variety of channels, including our sustainability trainings to staff, sustainability circles where we bring like minded individuals to discuss concerns around environmental and social issues, the fact that we have been founding shareholders of the Formula E Championship and provide access to sustainable entertainment and opportunities; finally our next generation research and investment alternatives. We firmly believe how we invest today is how we will live tomorrow.

Can a purpose driven approach help Julius Baer attract and retain top talent in the industry? If so, how do you think this is?

Only with a purpose driven approach can you hope to attract and retain top talent in our industry. Individuals today want to be inspired and want the opportunity to inspire. It's not just what I do, but why I do what I do that matters. How we are impacting each other and the world around us, what examples do we set, how we give back, all those questions are more relevant than ever and must be addressed in an honest and actionable way for us to continue to be an employer of choice.

Looking further ahead, how do you see the relevance of purpose-driven leadership evolving in the wealth management industry in the coming years.

Purpose Driven leadership is and will continue to be key in the Wealth management business. As a massive generational shift of wealth occurs during this coming decade as well as more women entrepreneurs and young people create a greater share of wealth, this will only become more critical. Wealthy families and individuals today are focused on doing well and doing good, on what legacy they want to build and leave behind. Wealth management is all about relationships, creating strong bonds through important touch points and results. Without purpose driven leadership this cannot happen.



Carl Verbrugge
Lombard Odier

” Our convictions and investment strategies are resolutely long-term, and sustainability has been at the heart of both for over 220 years.

How do you define purpose-driven leadership within the context of Lombard Odier?

At Lombard Odier, our mission is to be the private bankers of reference for entrepreneurs and their families for the long-term. We aspire to be an innovative bank of choice for private and institutional clients seeking a tailored, sustainable approach to wealth and asset management. By creating sustainable value for our clients through innovative investment solutions, our vision is to become the leading independent firm for sustainable investing.

What do you think is the best way to inspire and encourage purpose-driven behavior within your organization?

Our convictions and investment strategies are resolutely long-term, and sustainability has been at the heart of both for over 220 years. The environmental transition is unfolding at a rapid pace; we believe we have crossed inflexion points on a number of green technologies and solutions that have become more efficient and affordable than existing solutions. This therefore offers unprecedented returns for investors and presents huge opportunities for our clients.

What is the best way to inspire and encourage purpose-driven behavior within your organization?

At Lombard Odier, our five core values are excellence, innovation, respect, integrity and one team. Clearly communicating these and highlighting them at all levels of the organization is key to creating a sense of unity among staff. Leading by example and acting on these beliefs is an important way to empower employees to do the same.

How do you communicate the firm's purpose to clients and stakeholders, and how do you think has it impacted their perception of the firm?

Our in-house team of around 50 scientific researchers and analysts, and our numerous academic partnerships, including with the University of Oxford, leading systems change and sustainability advisory firm SYSTEMIQ and Enterprise for Society Centre

(E4S), mean we are constantly working with experts in the field to develop science-based sustainable investment strategies, which adds real credibility.

Our status as the first global wealth and asset manager to receive B Corp certification is also very important to us in terms of how we are seen externally.

Can a purpose-driven approach help Lombard Odier attract and retain top talent in the industry? If so how and why do you think this is?

Purpose-driven leadership is essential for the next generation. Several Lombard Odier studies on the topic have demonstrated that having an employer that shares the same values is increasingly important among the new generation of the workforce. Our status as a B Corp is a strength that helps us to attract talent, as are our diversity initiatives, for which we have received recognition including EDGE certification.

Looking further ahead, how do you see the relevance of purpose-driven leadership evolving in the wealth management industry in the coming years?

We believe that the environmental transition is accelerating and will lead to profound changes in how we invest. Sustainability will therefore need to sit at the heart of investment strategies. As mentioned, placing a focus on core values as an employer will also be crucial in attracting and retaining the next generation of talent.



Roger Bootz
Vanguard

” Vanguard is based on a simple but revolutionary idea—that mutual funds should be managed in the sole interest of their clients.

How do you define purpose-driven leadership within the context of Vanguard?

Vanguard is based on a simple but revolutionary idea—that mutual funds should be managed in the sole interest of their clients. That was the vision when Vanguard began operations in 1975. Four decades later, we're still the only company structured this way. Our purpose remains: "To take a stand for all investors, to treat them fairly, and to give them the best chance for investment success." For us, purpose-driven leadership centers around this sole idea, as it has done for nearly 50 years and as it will continue for the future.

Do you think the firm's purpose-driven approach can enhance the firm's positioning and long-term performance? If so, how?

Everything we do at Vanguard is long term and investor-outcome oriented. We do not look or engage in short term trends. We follow solely our purpose-driven and investor centric approach without being pulled into different directions. As an example – we don't have a large product offering like many of our competitors. We firmly believe in core building blocks that work for our investors by offering broadly diversified, long term oriented and cost-effective investment solutions that can help to access financial markets and thereby help our clients to the best chance for investment success.

What do you think is the best way to inspire and encourage purpose-driven behavior within your organization?

Our staff – we call them crew – are at the very center of everything we do. Motivated, capable, and engaged crew drive our company forward. Great people have always been our key differentiator, and we believe crew are central to Vanguard's success. We think of a flywheel that illustrates our business model. And crew are right in the center.

Can you share an example of a time when you led your team in a purpose-driven initiative? What were the results?

I only just started my journey at Vanguard, but from the little time I have been with the company, I can safely say that leading my team here in Switzerland within

Vanguard's purpose-driven activities centered around giving clients the best chance for investment success, has been fantastic. Following that sole purpose, seeing crew thrive when they follow their day job and really getting results for the clients could not be more rewarding.

How do you communicate the firm's purpose to clients and stakeholders, and how do you think has it impacted their perception of the firm?

Our clients and other stakeholders know and recognize us for being driven by our mission. Simply put we are different to other market players. Vanguard is owned by its investors and thereby neither listed or in the hands of an owner family. The way we operate is conflict-free and client centric. This is how our founder John Bogle set the company up and today remains the way we operate and communicate.

Can a purpose-driven approach help Vanguard attract and retain top talent in the industry? If so how and why do you think this is?

Absolutely. Because we as a company are so different, because we put crew right at the center of everything we do and because we care deeply, tenures at Vanguard tend to be very long. This is also very much driven by the Vanguard Leadership Standard. Think of daily actions that advance our purpose. These daily actions are centered around five pillars, namely "Be candid", "Drive outcomes", "Develop others", "Cultivate difference" and "Build expertise". Crew live and breathe this and create an environment globally where each individual crew member can thrive.

Looking further ahead, how do you see the relevance of purpose-driven leadership evolving in the asset management industry in the coming years?

Isn't there a saying that "everything in life is happening for a purpose, or a reason"? I think purpose driven leadership will continue to evolve – think diversity, equality and inclusion. At industry level, we are only at the start, and need to go a long way still, but I am convinced we will get there. As for Vanguard, we will not stop to listen and learn, develop and experiment. And as we do so, we always have the two most important factors in our minds: our crew and our clients.



Bruno Patusi and Olaf Toepfer Ernst & Young Ltd.

” Employees are increasingly evaluating their meaning in their employment as well as their personal lives and expect their firms to become purpose-led organizations.

Why do you think having an explicit purpose beyond maximizing shareholder value has become more important in the recent past?

The shift from a merely focus on shareholder to stakeholder value or inclusive capitalism happened in the past couple of years due to major events such as the Global Financial Crisis in 2008. We have observed an increased interest of stakeholders such as employees, regulators, suppliers in the economic, social, or environmental impact of companies. Similarly, their power to impact business performance has grown and therefore the shift from shareholder to stakeholder-value requires to rethink the organizational purpose. Nowadays, it is shifting towards long-term value creation, i.e. taking a strategic lens for defining how a business delivers and measures the value it creates across people, customer, societal and financial dimensions.

What is the overarching purpose of the financial services industry?

The shift outlined above also applies to the financial services industry. One of the core driver of structural change in the financial services industry has been and will continue to be a shift of power to end clients. We are also observing a shift in purpose from creating value for shareholders to creating value in the long term, across a broader group of stakeholders, including employees, consumers, suppliers, communities, government, investors and shareholders allowing to become a stronger and more sustainable financial services industry. This paradigm has triggered a set of key concepts of future business models enabling more convenience but also and maybe more importantly the systematic pursuit of financial health and better financial decisions through improved levels of financial literacy.

The financial services industry continues to go through a phase of profound structural transformation, driven by new technologies, new regulations and higher client expectations. How can a clearly articulated sense of purpose help navigate this volatile market environment?

The transformation of past years and likely the waves of strategic innovation ahead including AI lead to a material disruption. Financial services will need to harness the power of technology to transform and grow, while meeting future customer expectations and regulatory requirements. Organizations that anchor their strategies to a meaningful purpose, with a focus on creating long-term, sustainable impact across stakeholders, are best positioned to benefit from, demonstrate and measure the value they create while transforming their business. A shift in paradigm to client-centricity implies first of all that financial service providers understand their clients, their needs and explore ways in how they can help them achieve financial goals. This is key for the co-creation of new solutions and shall be based on a strong purpose.

We often hear about the talent gap in financial services. Can purpose serve as a catalyst to help attract and retain top talent? If so, how?

Definitely, we firmly believe purpose is one of the key drivers of employee engagement. Looking at the shifting expectations of the generations there are several studies emphasizing on the importance of a firm's purpose in the war for talent. When the millennials entered the workforce, they began to question their employers on purpose and meaning. They became role models that encouraged more and more co-workers of every generation to ask for purpose at work. The COVID-pandemic further impacted the role of the workplace, talents today are asking themselves: "Am I making an impact and adding value?" Employees are increasingly evaluating their meaning in their employment as well as their personal lives and expect their firms to become purpose-led organizations.

Purpose is often related to corporate social responsibility (CSR). Do you think it could perhaps be more than complying with CSR standards?

Purpose goes far beyond CSR which is only one element describing how an organization is living up to its purpose. Purpose in fact should be at the center of the business strategy and be a guide for business decisions. The same holds true for corporate →

Activating Purpose in Financial Services

responsibility or sustainability and is indeed broader than only complying with CSR standards, as most of them are not binding. Having a clear purpose that is understood internally as well as externally is key for the firm, its employees and its stakeholders. When looking at the long-term value approach it is not only about creating social value but also customer value, people value and financial value. To enable value creation in the four dimensions requires purpose to be at the heart of client interactions, products and services development, people strategy and future investment plans.

What 3 things financial services firms can do to integrate the power of purpose into their organizations?

The **three key aspects** to integrate the power of purpose into the organization are linked to leadership, employees and customer experience in our view:

1. Leadership needs to represent the purpose and anchor their differentiated strategy around the purpose to be credible as leaders and role models.
2. Employees need to be engaged in the purpose journey by living the values and incorporating the purpose of the organization.
3. The organization needs to demonstrate to its customers that the purpose is embedded in every activity by directly linking the customer experience to the firms' purpose.

How do you see the Swiss wealth and asset management industries evolving over the coming years?

Having managed the crises over the recent years well, the Swiss wealth and asset management players are in a strong position and shall be optimistic when looking towards the future. However, the industry must become more agile to take advantage of market opportunities for profitable growth while facing challenges such as the competition of potential future disruptors, cost pressure and technological advances. Besides staying competitive the business models need to become more customer-focused and adopt 'investing for the better' as sustainability and long-term value becomes integrated into everyday practice.



Outlook: Unlocking Purpose in Financial Services

The exploration of activating purpose in financial services has underscored the critical role that a clear and meaningful corporate purpose plays in the industry. Beyond the conventional pursuit of profits, financial institutions are increasingly recognizing the importance of aligning their activities with a broader sense of purpose that encompasses societal and environmental considerations.

The financial sector, often scrutinized for its role in economic dynamics, regulation, and ethical considerations, stands at a pivotal juncture. Integrating a well-defined corporate purpose not only aligns institutions with the expectations of a socially conscious consumer base but also provides a compass for decision-making that transcends short-term financial gains.

The relevance of having a corporate purpose in the financial sector manifests in several key aspects. First and foremost, it fosters a stronger connection with stakeholders, including customers, employees, and investors. Purpose-driven organizations tend to attract and retain top talent, build trust with clients, and enjoy a more resilient and committed investor base. Moreover, a clear corporate purpose acts as a guide for navigating complexities in the financial landscape. As the industry continues to evolve, driven by technological advancements, regulatory shifts, and global challenges, having a purpose helps financial institutions stay focused on their core values and societal contributions.

As financial services become increasingly intertwined with the broader fabric of society, institutions that activate and embody a meaningful purpose may be better positioned to adapt, thrive, and lead in this environment. And in an era during which clients seem to be demanding more from their financial service providers, a corporate purpose – provided it is considered credible – may serve as a powerful catalyst for innovation, resilience, and enduring success in the financial sector.

Authors



Dr. Robert Ruttmann
Co-Founder and Chairman RFS



Sebastian Mojsa
Creative Director RFS



Micheal Minihan
Senior Analyst RFS



Christine Schmid
RFS Strategic Advisor

