

The client is primarily a cash cow for banks

Geldspiegel – Albert Steck

The client is the focal point for us. That is the mantra that banks repeat. But it seems that client satisfaction varies greatly from one institution to the next. This is the result of a representative online survey by the comparison platform Moneyland. The highest rating, 8.8 points (on a scale of 1 to 10), goes to the banking app Zak from Bank Cler. Other neobanks such as Neon or Yuh also received good ratings.

By contrast, UBS, the market leader, has the lowest overall satisfaction score of 7.3. This is not due to security or friendliness of staff, where the bank actually scores well. Instead, clients criticise costs and charges (5.8 points), interest rates (5.9 points) and value for money (6.4 points).

Of course, it would be easy for UBS to offer more attractive terms. But apparently management believes it can afford to charge clients more. They deliberately accept a poorer image for this reason. That is UBS's stance on the controversial retrocessions, as independent asset manager Pirmin Hotz explains in this week's "Finanz und Wirtschaft".

In principle, the Federal Supreme Court has ruled that these so-called kickbacks for investment funds or structured products belong to the clients. However, UBS (and many other banks) have changed their contracts so that clients have to agree to waive any claim to these fees. The contract states: "UBS typically receives monetary payments from these product providers (...) as compensation for the distribution and/or custody of these financial instruments."

The following sentence in the contract text is particularly striking: "These services may give rise to conflicts of interest at UBS. They may provide an incentive for UBS to favour certain financial instruments with higher payments over other financial instruments (...) with lower payments." In other words: The bank puts its own interests first and the client's interests second.

Allowing such conflicts of interest damages client trust. Or, as Hotz puts it: «A money manager is only truly independent if he or she lives solely on client fees, has no perverse incentives and does not collect retrocessions.» It is estimated that banks make billions in kickbacks. Evidently, many banks are so eager for this income that they are willing to accept a damaged reputation.