



Home or away? The compliance dilemma facing WMs

By **Camilla Giannoni** / 26 Apr, 2019



Hamlet's dilemma – to be or not to be – is one that many wealth managers in Switzerland are facing when it comes to compliance.

To outsource or not to outsource, they ask themselves, trying to make the best decision for their company in an era of increasing regulation.

André Barahona is the CEO of Mount Invest and founding partner of AWAP, a Geneva-based platform that allows wealth managers to share service providers. He told *Citywire Switzerland* that he leans towards the former option.

'Partnering with an external firm that provides compliance services allows you to be much more flexible. If you are not satisfied with its services, you can change providers,' he said.

'External firms can be much more objective when carrying out the due diligence on clients because they are independent. Their own interests are separated from those of the company,' he said.

Barahona believes that outsourcing is also a way to save time and money. 'If a small firm needs a new compliance officer, one of the employees is going to have to undergo training and study taking time away from the core activity, wealth management,' he explained.

At Zurich-based Clarus Capital, managing partner Giancarlo Guetg has chosen a different path, having chosen to hire Sebastian Ochalek to handle legal and compliance responsibilities in-house in 2017.

'The decision process becomes much quicker with an in-house compliance officer. I can write him a short text in the evening or even on the weekend and I will get a response back,' Guetg said. 'I believe clients also trust you more if you have someone in-house, and it is easier for us too as the compliance officer knows the clients and the company well.'

On the hunt

According to Gregory Agius, key account manager for contracting at Hays, demand has been rising for compliance positions in Switzerland, both permanent and temporary.

He believes that regulatory changes are the main drivers of this trend. 'Rules are becoming stricter and relationship managers cannot ignore them,' he explained.

Agius added that it is mostly mid-to-large family offices and private banks that are hiring in their compliance departments, and he believes that the hiring spree has only just begun.

'I will be recruiting even more consistently in Q2 and Q3 as a lot of banks are now ready to set up new projects in preparation for FinSA and FinIA. For example, a lot of institutions are going to have to analyse their clients, check if they are compliant with the new regulatory framework and change infrastructures where needed.'

The rise in demand, however, makes finding the right candidates difficult. 'Finding a specialised compliance officer to serve a wealth manager is hard,' Barahona said.

'If you focus on a specific market, let's say Russia, it is even harder to find someone with the right competencies to deal with such clients, and it is going to be more expensive.'

For Clarus Capital, word of mouth and personal networks were the most effective way to find the right man for the job. 'I knew Sebastian Ochalek from university,' Guetg said. 'Then our paths went different ways until he joined us with the UBS team in November 2017. He has a legal background and worked in risk and compliance positions at UBS and Credit Suisse. He has everything that we were looking for.'

Hybrid approach

While Clarus Capital still leans on external support from time to time, it is planning to reinforce the in-house approach. 'Sebastian is our first line of defence, and we are also thinking of hiring someone part-time to support him, but we still rely on external lawyers for specific questions,' Guetg explained.

Over on the shores of Lake Geneva, Barahona is keeping his options open. 'We collaborate with three different external compliance firms as we want to give AWAP's partners a variety of options to choose from.

'Depending on the sort of clients they work with and on the market, one firm might be more suitable than the others.'

So, to settle the question – to outsource or not to outsource – it seems the answer is yes to both.