2016 Wealth in Switzerland
Editorial

Switzerland has been at the forefront of international wealth tables since the turn of the century. This year, Credit Suisse Research Institute takes a closer look at the Swiss performance in a special study of the country’s wealth development, considering a comprehensive list of asset classes, including pension savings, real estate, as well as cash and securities.

Our report concludes that, since 2000, average wealth per adult has risen by 142% to USD 561,900, putting Switzerland at the top of the global rankings by a large margin. Notably since the 2008 financial crisis, wealth growth in Switzerland has been quite impressive. Meanwhile, nearly two thirds of Swiss adults have assets of more than USD 100,000. It must be noted, however, that most of the rise was due to appreciation of the Swiss franc against the US dollar during the 2001–2013 period. Measured in Swiss francs, household wealth has increased by a more moderate 44% since the turn of the century, which corresponds to an average annual growth rate of 2.3%.

In 2016, Switzerland experienced the second-highest drop in wealth per adult internationally with a decline of USD 27,000, just behind the United Kingdom, which has seen a drop of USD 33,000 in the aftermath of the Brexit referendum. Accordingly, the population of millionaires in Switzerland has been reduced by 58,000 in 2016.

Besides assessing average wealth, our special report also looks at the median wealth, which does not consider the highest or the lowest income levels and thus provides a clearer understanding of the typical wealth level within a society. Looking at median wealth, a typical Swiss adult is significantly better off than his or her international peers. Specifically, the Swiss median wealth of USD 244,000 is 22 times higher than that of a median European and more than 100 times higher than the median wealth of a world citizen. Importantly, growth in Swiss median wealth since 2000 has been higher than that of average wealth and of the minimum wealth of the top decile of the population. This suggests that wealth growth has been broadly balanced in Switzerland, as opposed to favoring the wealthiest segment, as has been the case in many other regions since 2008.

We hope that you will find our first special report on wealth development in Switzerland insightful.

Urs Rohner
Chairman of the Credit Suisse Research Institute
Switzerland: The view from the top

Since the turn of the century, Switzerland has led international tables in terms of average wealth\(^1\). Furthermore, every year since 2012, wealth per adult has exceeded USD 500,000, a threshold not achieved by any other country. From 2001 onward, it has also ranked top in terms of median wealth. In this special report, we take a closer look at the Swiss data and assess the drivers behind Switzerland’s impressive performance.

Trends in Swiss household wealth

Since the global financial crisis of 2008 and despite its exposure to the sizeable domestic financial sector, Switzerland has been able to generate solid average wealth growth at an annual pace of 5.3%, which is more than twice the global average of 2.1%. Equally impressive is the country’s overall increase in wealth since the turn of the century, which has been 171% (in current US dollars), or about 6.6% annually. This is well above the overall growth rate of 1.19% (or 5.2% annually) during the 2000–2016 period and is among the highest wealth growth rates among major developed economies. In the same period, the adult population in Switzerland has grown by 12%, which is in line with the developed economy average, resulting in wealth per adult growth of 142%, or about 5.9% annually.

In 2016, Switzerland’s total household wealth was USD 3.5 trillion, or 1.4% of global assets, while it was home to only 0.1% of the world’s adults. A strong currency is a key factor in explaining this impressive rate of growth (Figure 1), as approximately two thirds of Swiss wealth growth since 2000 is related to currency appreciation relative to the US dollar. Excluding currency appreciation, the country’s wealth in Swiss francs has risen by 61% since 2000, or 3.1% annually. Similarly, wealth per adult in domestic currency has recovered at a faster pace since the financial crisis relative to the rest of the world: by 4.1% since 2008 compared to a global average of 3.7%.

\(^1\) This report considers net wealth, i.e. the sum of financial and non-financial (real) assets less debt.

Figure 1

Wealth growth in terms of USD and CHF

Note: 2015 and 2016 refer to mid-year data.
Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2016

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Switzerland remains the global wealth champion

The recently published Credit Suisse Research Institute’s Global Wealth Report found that, in 2016, wealth per adult stagnated at the global level. In contrast to the global trend, Switzerland has seen an impressive development in wealth per adult and has increased its distance from the runner-up significantly (see Figure 2). In 2000, the second-wealthiest country among major economies was the United States, lagging 11% behind Switzerland. By 2007, the United Kingdom took over the second position, but was still 16% behind Switzerland. Currently, the second-wealthiest country in the world as measured by wealth per adult, Australia, lags Switzerland by 33%.

...the Swiss are eleven times wealthier than the average world citizen.

In terms of personal wealth, our estimates show that, on average, the Swiss are eleven times wealthier than the average world citizen. They are approximately twice as wealthy as citizens of the United States, the United Kingdom and France, almost three times as wealthy as Germans and 25 times better off than the average Chinese citizen (Figure 3). Our forecasts suggest that wealth per adult in Switzerland could surpass USD 600,000 within the next five years and that Switzerland will maintain its leading position by a comfortable margin.
Trends in median wealth

Besides assessing average levels of wealth, it is important to consider median wealth, which is a better reflection of the typical wealth level within a society. Our estimates show that, when we consider median wealth, the typical Swiss adult is even better off than his or her international peers. Specifically, a median Swiss adult is five times wealthier than the median person in the United States or Germany, 22 times wealthier than the median European adult and more than 100 times better off than the median world citizen (Figure 4).

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The gap in Swiss median wealth relative to the rest of the world has grown considerably since 2007, largely due to currency appreciation. Figure 5 shows the percentage of adults who have wealth above USD 244,000 (Swiss median wealth) and USD 1,092,100 (Swiss minimum for the top decile). As the chart shows, only 20% of US adults and 10% of Europeans have wealth above the Swiss median. Globally, only approximately 4% of all adults match this figure, and among Chinese less than 1% qualify.

For the top decile, the United States shows a relative improvement: 5% of adults there have wealth above the level that 10% of Swiss achieve. But only 2% of Germans match the Swiss top decile, and the proportion is less than 1% for the world as a whole.

Importantly, growth in Swiss median wealth since 2000 has been slightly higher than average wealth: 166% when measured in USD and 59% in CHF. Growth of median wealth also exceeds growth of the minimum wealth of the top decile (157% in USD), which suggests that wealth growth has been broadly balanced, not favoring the wealthiest groups as has been the case in some other countries.
The top 1% and 10%

Our analysis shows that to be among the wealthiest 1% of adults globally, a person needs a net wealth of USD 744,400. Around 20% of Swiss adults have wealth of at least USD 694,700 and 18% of the Swiss population belong to the global top 1%.

The country with the second-largest share of adults in the top 1% is Australia, with 10% of its population belonging to the wealthiest 1% of global adults.

The wealthiest 10% in Switzerland have a minimum wealth of USD 1.1 million. The comparison provided by Figure 6 shows that, until 2007, the minimum wealth of the Swiss top decile was only slightly above the level of the other countries chosen for comparison, but that Switzerland has outperformed the other countries by a large margin since the financial crisis.

To be among the wealthiest 1% in Switzerland, a person requires at least USD 5 million (Figure 7). This is more than twice as much as needed at the turn of the century, when USD 2.2 million would have placed a person among the country’s wealthiest 1%. The gap over the second-ranked United States is much smaller, and the minimum wealth of the top percentile in the United States was higher than the Swiss value up to 2007.
Wealth inequality

Wealth inequality in Switzerland has followed a pattern that is typical of many developed economies i.e. decreasing toward the 2008 financial crisis and then trending upward (Figure 8).

Asset allocation

Net wealth is the sum of financial assets and non-financial (real) assets less debt. In Switzerland, financial assets currently account for most of gross wealth (55%), a value that is similar to many other countries, and which has been trending downward since the turn of the century. Of these financial assets, 12% are direct equity holdings. Other financial assets, which include insurance and pension reserves, account for around 56% of financial assets, while liquid assets comprise 32%. Household debt in Switzerland is high by international standards, amounting to USD 143,400 per adult, or about 20% of gross wealth. This puts Switzerland above the United States and the United Kingdom and at par with Ireland. Debt relative to gross wealth has remained relatively stable this century, rising by just 2%.
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