EFG International boss Joe Straehle got more than he bargained for when he snapped up troubled BSI. He tells finews.ch-TV how the combined bank has turned the corner.

A long-standing Swiss private banker and veteran of Credit Suisse who ran Basel-based Sarasin & Cie for seven years, Joachim «Joe» Straehle probably envisaged his comeback two years ago differently.

Just months after deciding to buy rival Banca della Svizzera Italiana last February, Straehle was confronted with the private banking equivalent of a Pandora’s box: BSI was neck-deep in the 1MDB graft scandal in Asia, and was forcibly shut in Singapore in May of last year.

Straehle and EFG went ahead with the deal, if with considerably more attention from regulators and the industry than such deals would otherwise command and with very public haggling with previous owner BTG.

Growth Fillip

Eighteen months later, the combined firms have turned the corner, he told finews.ch-TV.

«In addition to what we already have from a regional point of view, we could add quite some more regions and I think with this overall we could build quite a big and solid platform,» Straehle said in an interview with finews.ch-TV.

While BSI has bled billions since the scandal – and the sale – became public last year, Straehle is mainly building his case on 240 million Swiss francs in synergies.

A daunting information technology, or IT, migration in Switzerland from Avaloq to Temenos looms later this year – what Straehle refers to as the last piece of the puzzle of synergies. EFG is also cutting jobs after combining the two banks.

Hunting in Asia, Latin America

All told, EFG will hit the deal synergy target by 2019: «What we have seen is this is now coming in gradually, so at the end we should be at that 240 million francs.»
Beyond the synergies, EFG is looking to keep bulking up, including by hiring private bankers, in Asia, Europe, Switzerland, and Latin America, Straehle said.

His next problem? Regulators in Italy are threatening to shutter offices in Como and Milan due to «administrative weaknesses» – yet another vestige of the BSI era.

**Italian Puzzle Piece**

Straehle emphasized that while Italy remains a key market, EFG will continue to cultivate Italian clientele from its Lugano and other Swiss offices – traditional offshore banking.

«Italy is to us an important market and I think its just the onshore piece [that is affected], but the offshore piece is still very important to us and we will continue doing that.»

He is unable to say how quickly Italian officials could move, or what the outcome might be: «I think that’s also a part of the integration where we have to work on.»

*View finews.ch-TV’s video interview with Joe Straehle*