

Daniel Sandmeier takes the helm at SSPA

Interview with Daniel Sandmeier: Credit Suisse's Head Marketing & Distribution Structured Products based in Zurich, Switzerland was appointed President of SSPA, the Swiss Structured Products Association in September 2010.

SSPA, the Swiss Structured Products Association was founded in 2006. A success story?

The Association can truly be proud of what has been achieved during the past five years: SSPA has increased its member base from 5 to 20 members, comprising today more than 95 percent of Switzerland's structured products volume. It has always been SSPA's aim to strengthen the reputation of structured products by increasing the knowledge among key stakeholder groups through ongoing, active communication. To this end, SSPA developed milestones such as the Swiss Derivative Map which has been adopted as the basis for the categorization of structured products worldwide, organized Structured Products Fairs, and issued common standards. Other SSPA innovations include the launch of a risk classification for structured products or the collateral security for structured products (COSI). SSPA has every intention to maintain an active role in the further development of the structured products market in Switzerland.

What are in your opinion the key advantages of investing in structured products?

Structured products provide investors with any given risk profile and in any market scenario with an appropriate repayment profile that makes satisfactory yields possible in growing, sinking or sideways-moving markets. Another investor advantage of structured products is easier access to new markets that in the past were open only to institutional investors, such as specific commodities or exotic emerging markets. That's why by any measure, structured products are an innovative alternative to traditional forms of investment such as stocks and bonds.

How about the risks?

What's important is that investors receive qualified advice in selecting an appropriate risk profile and that they have a clear understanding of how the product of their choice functions. The aim of SSPA's information policy is to promote knowledge among investors in order to support them in their investment decisions.

During the financial crisis, structured products were also exposed to severe headwinds. How did you react?

SSPA continued its consistent communications policy and further raised the transparency for investors in structured products, e.g. by publishing a VaR-based risk rating system for all structured products issued in Switzerland. Thanks to the development of the collateral security for structured products COSI, SSPA and Scoach Switzerland jointly implemented a financial innovation that reduced the issuer default risk significantly.

How do you assess the importance of structured products in Switzerland?

Switzerland is one of the most developed financial markets worldwide with a broad range of financial services experts. Accordingly, the importance of structured products is substantial. By the end of October 2010¹, structured products accounted for more than CHF 211 bn, or 4.77 percent of the investment total managed in Switzerland, making Switzerland the world's largest market for structured products. But it's more than that: SSPA values structured products not only for investment reasons but also because they add to the Swiss Financial Centre's spirit of innovation and attractiveness.

How does the SSPA roadmap for the next 12 months look like?

Structured products are an important part of private and institutional asset management, and the SSPA has made a great contribution in Switzerland. One of our goals is to continue to raise awareness and acceptance of structured products through consistent communications, targeted innovation and knowledge transfer. As a consequence, SSPA aims at additionally increasing the transparency of the structured products market by harmonizing and reducing the large amount of product names currently used by issuers. Also, the Association wants to simplify the current Swiss Derivative Map. Later in the year, we will issue an updated Swiss Derivative Map. We are also looking to add more investor-friendly information on derivative products on the new map. In addition, we will expand our Knowledge initiative, dedicated to a better understanding of structured products. This Knowledge initiative has been successfully launched in the Swiss market last year. To this purpose, we will publish our much acclaimed standard reference work "The World of Structured Products" in French, and probably in English, too.

¹ Source: Swiss National Bank SNB, Monthly Statistical Bulletin. Most recent figures available.



Daniel Sandmeier is Head Marketing & Distribution Structured Products with Credit Suisse and President of SSPA, the Swiss Structured Products Association since September 2010.