

safe even if they took advantage of “regulatory arbitrage”.⁹ For such banks, any concessions on banking secrecy would compromise their business models. Instead, they saw the UBS scandal as an opportunity to poach clients from a struggling rival.

After 2009, however, it was becoming increasingly clear that the crisis was not restricted to UBS alone. The vulnerability even of traditional private banks with no representation outside Switzerland was forcefully demonstrated by a criminal indictment of Wegelin & Co. in February 2012 that resulted in the bank’s collapse within a few weeks. Representatives of the Swiss financial services industry now demanded decisive and resolute political action to resolve the crisis, including the acceptance of AEI on tax matters. However, their voices went unheard because the mode of political interaction had by that time shifted from informal deliberations between government officials and representatives of the financial services industry to formal disputes between political parties (Culpepper 2011). Put simply, by the time the industry had finally established a common position (about four years after the beginning of the conflict), it had lost control of the issue; political parties were now setting the agenda and they would not help the financial services industry by compromising on banking secrecy regulations because voters seemed against the idea. The international conflict over Swiss banking secrecy had turned into political vote-seeking rather than solution-oriented policy-making.

In Liechtenstein, by contrast, the political reaction to international pressure was coordinated between the government, the Princely House and representatives of

⁹ In addition to a series of newspaper articles (e.g. see the quotations from Patrick Odier, President of the Swiss Banking Association, in NZZ, “Der Bankenverband übt Selbstkritik”, September 4, 2013), this view was also expressed in the criminal proceedings against Wegelin & Co. (see Bruderer 2012).