

A CHF stablecoin from Switzerland

Requirements for a successful Swiss solution



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Swiss Bankers Association (SBA)
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1 Introduction

1.1 Background

Blockchain-based economic activity has grown substantially in recent years, boosting demand for blockchain-based digital money backed by a known currency. Various instruments known as stablecoins have been created to combine the price stability of conventional currencies with the technical infrastructure of public and private blockchains.

Despite the economic promise of their innovative functionality, the extent to which stablecoins might eventually become part of our payment infrastructure remained unclear for a long time. The US GENIUS Act of 2005 signalled a paradigm shift. It was a clear sign¹ that, in addition to the market, political decision-makers could also see stablecoins as integral to the payment infrastructure of the future. This made it clear that all financial service providers would have to address the topic if they were not doing so already.

Stablecoins are important because they are accessible to anyone who is able to use the internet and, unlike the traditional payments system, can be transferred without an intermediary. The question therefore arises as to their impact on the banking system in the event that they become broadly adopted. Furthermore, since banks perform essential infrastructure functions in the context of monetary and economic policy, it is also vital to analyse how the future economy will work in general.

The market capitalisation of stablecoins rose above USD 300 billion in November 2025. This is predicted to increase exponentially to as much as USD 4 trillion by 2030.² Providers and politicians alike, therefore, are taking notice. The total transaction volume for 2025 is estimated at USD 62 trillion, although economically significant payments make up a mere USD 4.2 trillion of this (roughly 7%). The rest is attributable to bots.³ No more than around 10% of this USD 4.2 trillion, meanwhile, concerns products and services purchased in the real economy. Rapid growth is forecast here too, however, with the total volume set to be up to USD 200 trillion by 2030.⁴ A potential increase in “agentic commerce” could push this figure even higher.

Of course, stablecoins do not exist in a parallel world separate from the traditional financial system. On the contrary, issuers forge links to that system’s liquidity by amassing liquid claims against financial institutions in fiat money as reserves to underpin their stablecoins. Stablecoins with stable value can be redeemed quickly at par value. The aim of any law governing them, therefore, is to create a regulatory framework that enables issuers to embed themselves in the overall financial system in an orderly manner while also requiring them to assure timely redemption. This requires the liquidity and payment services offered by banks.

The path towards legally compliant issuance of stablecoins is being cleared around the world. In the US, the GENIUS Act provides a federal regulatory framework for stablecoins, setting out in particular requirements for licensing, reserves and oversight by the various federal authorities. In the EU, meanwhile, the

¹ The passing of the GENIUS Act caused listed US payment institutions to lose around USD 300 billion in market capitalisation (Copestake et al. 2026, IMF WP/26/52).

² See Citi Institute (2025): Stablecoins 2030, Web3 to Wall Street.

³ See Boston Consulting Group (2026): Stablecoin Payments, The Truth Behind the Numbers.

⁴ See Citi Institute (2025): Stablecoins 2030, Web 3 to Wall Street.

Markets in Crypto-Assets Regulation (MiCAR) was adopted in 2023, and provisions on e-money tokens and asset-referenced tokens entered into force on 30 June 2024. MiCAR sets out rules on approval, white papers, reserves and disclosure. In contrast to the US, banks in the EU are allowed to issue stablecoins directly without needing a dedicated subsidiary. Hong Kong has also introduced a stablecoin regime. It is based on the principle “same activity, same risk, same rules”. The UK is currently developing a regime of its own.

While it is not currently possible to issue specifically regulated stablecoins in Switzerland, the first CHF stablecoins under MiCAR are already appearing. Regulatory adjustments are thus urgently needed to improve Switzerland’s international appeal and integrate innovative financial technologies more effectively into the existing financial system.

Stablecoins have the potential to bolster the digital economy in Switzerland considerably by making an efficient, cost-effective and secure means of payment available to the general public. Their ability to rationalise payment processes and to reduce transaction times and costs makes them especially attractive for a range of applications, including payments, trading in digital assets and decentralised finance. Regulatory requirements governing their issuance and design should mitigate the attendant risks in terms of financial stability, integrity and the protection of investors and customers.

This document is intended to serve as an aid to banks seeking to position themselves in the stablecoin space and to address unanswered questions regarding the political and regulatory processes involved.

1.2 Current legal basis in Switzerland

Terminology and legal nature

Stablecoins are digital units of value pegged to one or more reference assets, in particular national currencies, that aim to minimise price fluctuations using stabilisation tools.⁵ This document focuses on fiat-backed stablecoins (hereinafter referred to simply as “stablecoins”).⁶ These are pegged to an official currency and issued by a central issuer.⁷ Stablecoins are based on a claim against the issuer for redemption in the form of cash or bank deposits in the currency in question and can be transferred directly between counterparties without involving the issuer.⁸ It is both possible and logical to design stablecoins as ledger-based securities as defined in Art. 973d of the Swiss Code of Obligations (CO).⁹

⁵ See MIRJAM EGGEN/DOMINIC WYSS, Stablecoins und Tokenised Deposits, Eine zivil- und aufsichtsrechtliche Analyse, in: SWZ 2026, p. 231 et seqq., 234 with reference to European Central Bank (ECB), Crypto-Assets Task Force, Occasional Paper Series No. 247, Stablecoins: Implications for monetary policy, financial stability, market infrastructure and payments, and banking supervision in the euro area, September 2020, p. 7 ([link](#)). See also Bank for International Settlements (BIS), Annual Economic Report, June 2023, p. 118 ([link](#)) et al.

⁶ For an overview of the different types of stablecoins, see e.g. Swiss Bankers Association, expert report on stablecoins in Switzerland, 2025, p. 9 ([link](#)).

⁷ In its supplement to the guidelines for enquiries regarding the regulatory framework for initial coin offerings (ICOs) of 11 September 2019 (ICO guidelines; [link](#)), FINMA offers an indicative classification under supervisory law of various categories of cases differing in particular in the assets to which they are linked.

⁸ See MIRJAM EGGEN, Schweizer Kryptoregulierung: Gesetzgeberischer Handlungsbedarf im Zivil- und Aufsichtsrecht, in: sui generis 2025, margin no. 7; EGGEN/WYSS, p. 232 et seq.

⁹ The question arises here as to their possible – and undesirable – classification as (DLT) securities under Art. 2 let. b^{bis} of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (Financial Market Infrastructure Act, FinMIA) of 19 June 2015 (SR 958.1) and Art. 3 let. b of the Federal Act on Financial Services (Financial Services Act, FinSA) of 15 June 2018 (SR 950.1). See, among others, Zellweger-Gutknecht, C., Perret, V., Stupar, S., Derrer, M., Stengel, C. & Dembinski, P. (2025): Neue Digitale Franken. Unser Geld der Zukunft? TA-SWISS publication series (publisher): TA 85/2025. Zollikon: vdf (hereinafter “TA-SWISS study”), p. 210.

Stablecoin issuance

There is currently no Swiss legislation explicitly governing the issuance of stablecoins. The general provisions of financial market law apply instead. In principle, money received through the issuance of stablecoins qualifies as public deposits within the meaning of Art. 1 para. 2 of the Banking Act.¹⁰ Stablecoins can therefore be issued in Switzerland by banks as well as institutions with a fintech licence under Art. 1b of the Banking Act.¹¹ They may be issued by non-banks on the condition that repayment of and interest on the money received is guaranteed by a bank (default guarantee).¹²

Unlike banks, institutions with a fintech licence are not allowed to pay interest on or invest public deposits. However, the law does not require strict segregation of public deposits from the institution's own assets. Current Swiss legislation contains no product-specific rules on the collateralisation of stablecoins, such as which assets are to be used as collateral for stablecoins or how.¹³

Banks and institutions with a fintech licence are subject to the Anti-Money Laundering Act (AMLA).¹⁴ Accordance to FINMA practice, issuance of stablecoins is also subject to the AMLA due to their frequently intended purpose as a means of payment.¹⁵ Issuers therefore have due diligence¹⁶ and organisational duties as well as duties in the event of a suspicion of money laundering (in particular duties to report and to freeze assets) as set out in the AMLA. This means that, in principle, the initial purchase of stablecoins is only possible in the context of an existing customer relationship with a financial intermediary.¹⁷

Stablecoin transfers

Due to the fact that stablecoins can be transferred directly without the involvement of a financial intermediary (anonymous peer-to-peer (P2P) transactions between unhosted wallets), they pose risks to market integrity through financial crime.¹⁸ In its Guidance 06/2024, FINMA attempts to address these risks with an identification requirement. Issuers or appropriately supervised financial intermediaries must identify all persons holding stablecoins.¹⁹ FINMA has thus introduced a form of *whitelisting*, i.e. stablecoins may only be transferred to persons who have been fully identified. This strengthens the prevention of money laundering, terrorist financing and violations of the Embargo Act. However, it is proving to be especially

¹⁰ Federal Act on Banks and Savings Banks (Banking Act, BankA) of 8 November 1934 (SR 952.0).

¹¹ Companies with a fintech licence are not allowed to invest or pay interest on the money received and are subject to less stringent requirements than banks.

¹² See Art. 5 para. 3 let. f of the Ordinance on Banks and Savings Banks (Banking Ordinance, BankO) of 30 April 2024 (SR 952.02) and FINMA Guidance 06/2024, Stablecoins: risks and challenges for issuers of stablecoins and banks providing guarantees, 26 July 2024, p. 5 et seqq., in which FINMA explains the minimum requirements for the purpose of depositor protection for default guarantees from banks, which are used by various stablecoin issuers in Switzerland.

¹³ See EGGEN, margin no. 33.

¹⁴ Art. 2 para. 2 let. a of the Federal Act on Combating Money Laundering and Terrorist Financing (Anti-Money Laundering Act, AMLA) of 10 October 1997, (SR 955.0).

¹⁵ Art. 2 para. 3 let. b AMLA; FINMA ICO guidelines, p. 2. Activities relating to the transfer and redemption of stablecoins also fall within the scope of the AMLA. See also, among others, CORNELIA STENGEL, Geldwäschereivorschriften im Vorentwurf zur Kryptoregulierung, in: ROLF H. WEBER/HANS KUHN (editors), Beiträge zur Revision der Fintech-, Krypto- und Stablecoin-Regulierungen, Editions Weblaw, Bern 2026, margin no. 30 et seq.

¹⁶ In particular to verify the customer's identity, establish the beneficial owner's identity, ascertain the nature and purpose of the business relationship, and monitor transactions.

¹⁷ MIRJAM EGGEN/CHRISTIAN SILLABER, Schweizer Regulierung von Stablecoins im Vergleich zur MiCAR, in: Recht der Zahlungsdienste 2/2025, p. 78.

¹⁸ See, among others, Financial Action Task Force (FATF), Targeted Report on Stablecoins and Unhosted Wallets, Peer-to-Peer Transactions, March 2026 ([link](#)); FATF, Targeted Update on Implementation of the FATF Standards on Virtual Assets and Virtual Asset Service Providers, June 2024 ([link](#)); FATF Report to the G20 Finance Ministers and Central Bank Governors on So-called Stablecoins, June 2020 ([link](#)).

¹⁹ FINMA Guidance 06/2024, p. 4.

restrictive and potentially prohibitive compared with rules in other jurisdictions²⁰ as well as global standards such as those of the FATF, which are less strict. This could be one of the main reasons why no stablecoins have been successfully launched in Switzerland to date.²¹

Art. 10 of the FINMA Anti-Money Laundering Ordinance²² (implementing FATF Recommendation²³ 16) requires financial intermediaries to send information on the originator and beneficiary when carrying out payment instructions (this is known as the “travel rule”). The receiving financial intermediary can then perform checks in relation to sanctions and risks. According to the FATF’s guidance, the travel rule also applies to cryptocurrencies and stablecoins.²⁴ In view of its technology-neutral approach, FINMA rightly extended the requirements set out in Art. 10 AMLO-FINMA to include blockchain payments with its Guidance 02/2019.²⁵ This information does not necessarily have to be sent via the blockchain. However, if financial intermediaries are not able to receive or send the information in accordance with Art. 10 AMLO-FINMA, the regulations only allow them to execute payments to and from external wallets if such wallets belong to their own customers or to third parties whose ownership of them has been verified using suitable technical means as if they were customers. In contrast to international standards, there are no regulations governing threshold values for transactions between financial intermediaries and unhosted wallets.²⁶

Legal basis under insolvency law

Where stablecoins are issued by banks, deposit insurance up to a maximum of CHF 100,000 takes effect in the event of bankruptcy. Holders of stablecoins issued by an institution with a fintech licence, meanwhile, enjoy no such protection if the institution goes bankrupt. Forms of collateralisation under civil law are available, such as bank deposits, a bank guarantee or money market instruments denominated in the same currency as the stablecoins.²⁷ If the issuer is bankrupt, the stablecoin holder’s position depends on the chosen collateralisation structure.²⁸ In the absence of collateral, holders only have third-class claims.²⁹ This means that they are only protected against bankruptcy on the part of the custodian, not the issuer.³⁰

1.3 Benefits of stablecoins

1.3.1 Characteristics specific to stablecoins

Stablecoins are often discussed purely as a new means of payment, but there is more to them than that. Their main economic benefit stems from their function as an alternative settlement infrastructure. Since they are backed by reserves and embedded in the financial system, stablecoins build on the existing

²⁰ See Federal Department of Finance (FDF), amendments to the Financial Institutions Act (payment instrument and crypto institutions), explanatory report on opening of consultation, 22 October 2025 ([link](#)), p. 45; Eastern Switzerland University of Applied Sciences (OST), How to meet Swiss AML/CFT Goals in the context of a Stablecoin, June 2025 ([link](#)), p. 17.

²¹ See footnote 20; Stengel, margin no. 83; section 5.

²² Ordinance of the Swiss Financial Market Supervisory Authority on Combating Money Laundering and Terrorist Financing in the Financial Sector (FINMA Anti-Money Laundering Ordinance, AMLO-FINMA) of 3 June 2015 (SR 955.033.0).

²³ FATF, The FATF Recommendations, International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation, February 2025 update ([link](#)).

²⁴ FATF, Updated Guidance for a Risk-based Approach, Virtual Assets and Virtual Asset Service Providers, October 2021 ([link](#)), margin no. 281 et seqq.

²⁵ FINMA Guidance 02/2019, Payments on the blockchain, 26 August 2019 ([link](#)).

²⁶ See section 5.

²⁷ See EGGEN/SILLABER, p. 79; MARTIN HESS, Stablecoins, in: Aktuelle Juristische Praxis (AJP) 2023, p. 938 et seqq., 944.

²⁸ EGGEN/SILLABER, p. 79.

²⁹ EGGEN/SILLABER, p. 79.

³⁰ EGGEN/SILLABER, p. 79.

money system as transaction and settlement instruments rather than acting as monetary systems in their own right.

New opportunities to add value hinge on functionality that goes beyond that offered by real-time gross settlement. Many traditional payment systems feature delayed, multi-stage settlement, whereas distributed ledger technology (DLT) enables atomic transaction settlement. This means that transactions are either executed in full or not executed at all, removing the possibility of one-sided execution. This reduces the settlement risk, the workload involved in clearing and matching and the dependence on intermediaries. These advantages are especially beneficial in international payments, which currently depend on a complex, slow and cost-intensive correspondent bank system.

Another function of stablecoins in the settlement process is that they can be integrated directly into a conditional logic (e.g. escrow accounts, automated approval, compliance checks) using smart contracts. This programmability of payment tokens creates scope to reduce operating costs and makes new forms of transaction possible, including applications in which stablecoins are pooled in smart contracts and cannot be unequivocally attributed to a specific person.

1.3.2 Use cases

At present, stablecoins are mostly still used in the context of crypto-native liquidity and settlement (USDT and USDC as base currencies for crypto exchange participants as well as for DeFi pools, market making, arbitrage and cash flows), but they are starting to enter the real economy. Based on the technical properties described and simplified access, there are two groups of use cases offering advantages over the traditional payment system. The first focuses on increasing efficiency, the second involves technology-based market platforms that are only possible thanks to stablecoins. There is not always a clear divide between the two.

Aim: increase efficiency

1. Settlement of tokenised securities (DvP)

Stablecoins are used as a means of payment for transactions in tokenised securities, enabling real-time settlement on a “delivery versus payment” (DvP) basis with no central securities depositaries. The efficiency gain results from simplified post-trade settlement.

2. Wholesale payments and treasury transactions

Companies and financial institutions use stablecoins for their internal liquidity management, margining and wholesale transfers outside normal banking hours. The added value for corporate customers lies in 24/7 tradability, speed, releasing liquidity and reducing operating inefficiencies.

3. Retail payments

Stablecoins make real-time end-customer payments possible around the clock, in particular in cross-border business and digital platform economies. While the added value is currently limited in developed payment blocs, benefits are evident in particular with regard to remittances, emerging markets and new, digital business models (see section 1.3.3).

4. Cross-border business-to-business (B2B) payments

Stablecoins permit more efficient settlement in international trade, for example for payments to suppliers and cross-border transfers – especially where correspondent banking is slow or cost-intensive. In contrast to the traditional system, transactions can in principle be settled at any time, with the legal fragmentation between jurisdictions presenting virtually no obstacles. Circumventing correspondent bank chains not only simplifies payment processes, it also reduces the current fragmentation of liquidity and banking systems across currencies and jurisdictions. Banks that convert foreign-currency stablecoins into CHF deposits can additionally profit by charging foreign exchange commission and growing their depositor base. Integration into existing enterprise resource planning (ERP) and treasury systems (e.g. SAP), allowing stablecoin payments to be seamlessly embedded in existing business processes, is a key scaling lever.³¹

Aim: make technology-based platforms possible

5. On-chain collateral and margin settlement

Stablecoins are used to deposit, transfer and settle collateral in blockchain-based financial markets and DeFi-inspired infrastructures and are thus essential for them to function as intended. Efficiency gains also arise from programmable escrow functions and reduced counterparty risk due to atomic settlement.

6. Payments within tokenised supply chains

In tokenised trade finance and supply chain platforms, stablecoins allow payments to be made contingent on delivery, documentation or IoT triggers. The payment logic is embedded directly in the token and does not have to be structured bureaucratically via intermediaries.

7. Platform-based and machine-to-machine payments

Stablecoins also open the way to entirely new use cases, specifically automated payments between digital agents or platforms (e.g. services based on an application programming interface or API). This is increasingly relevant for autonomous artificial intelligence (AI) agents that cannot open a traditional bank account because they have no legal personality in their own right. Blockchains and stablecoins allow them to become independent economic actors. High-frequency settlement involving small amounts benefits especially from the ability to make payments without costly manual intervention.

8. Store of value

Besides their function as a means of payment, stablecoins can also serve as a stable store of value. Holders of cryptocurrencies who anticipate market downturns can exchange them for stablecoins, thus avoiding the fees associated with conversion to fiat currency, and they can reinvest in cryptocurrency markets more quickly because their money never leaves the blockchain environment. In on-chain environments (CeDeFi/DeFi), therefore, stablecoins are the only way to store value in a specific currency, whereas they essentially offer no additional benefit in the conventional banking system compared with cash or deposits.

³¹ [SAP Digital Currency Hub; Payments without boundaries: Embark on the future of payments with SAP Digital Currency Hub - SAP Community](#)

Stablecoins pegged to a stable reference currency (e.g. USD or CHF) can also serve as an alternative store of value for users in countries whose currencies are unstable.

Other as yet unforeseen applications could arise as usage of stablecoins spreads. In particular, expected progress in blockchain technology such as improved scalability or lower transaction fees should enhance the functionality and appeal of stablecoins. Such technological improvements could support widespread usage and integration into various economic activities and give rise to new use cases.

1.3.3 Deep dive: retail payments and end-customer applications

Stablecoins can also facilitate a variety of use cases in day-to-day and digital payments for end users. Their technical properties can in principle make programmable, cross-border payment settlement available at any time. As a result, they can complement existing payment infrastructures, especially where current processes face limitations due to bank opening hours, intermediary chains, different currency blocs and fragmented local payment systems.

Customers may perceive some of these use cases as similar to existing mobile payment solutions such as TWINT. However, the potential benefits of stablecoins lie in particular in their international interoperability, direct integration into digital ecosystems and use of common technical standards for settlement. For international customers, meanwhile, stablecoins can offer easier access to digital forms of foreign currency. This is especially relevant in currency blocs with high inflation, restricted access to stable foreign currencies or inefficient local payment systems.

Focus: retail use cases

1. P2P and consumer-to-business payments

Stablecoins can simplify cross-border P2P payments and reduce dependence on conventional intermediary chains. In trade and e-commerce, they have the potential to reduce or restructure transaction costs and make liquidity available more quickly. However, this effect depends to a considerable degree on the specific payment infrastructure, currency, on-ramp and off-ramp structure, network fees, regulatory framework and acceptance among traders.

2. Cross-border retail payments and remittances

For retail customers with an international background, for instance expats and migrant workers, stablecoins can offer greater efficiency in transfers to certain countries outside the Single Euro Payments Area (non-SEPA corridors). Potential benefits lie in shorter settlement times, higher transparency and lower costs compared with some traditional remittance channels. However, the actual cost saving depends heavily on local liquidity, cash-out opportunities, regulatory requirements, wallet access and foreign exchange conversion.

3. Micropayments and digital business models

Conventional means of payment are often poorly suited to very small amounts due to their fixed fee components. Using suitable Layer 2 or highly scalable blockchain infrastructures, stablecoins can make new pay-per-use models possible, for example for digital content, media offerings, gaming, IoT applications or usage-dependent services. These require low transaction costs, high scalability, straightforward user guidance and reliable regulatory frameworks.

4. Integration into digital platforms and ecosystems

Another potential use case concerns integrating stablecoins into digital platforms, marketplaces and Web3 applications as a settlement instrument for digital goods, token-based applications or automated payment flows. However, trusted wallet solutions, clear liability models, simple recovery processes, fraud prevention and seamless linking to existing bank accounts are vital to widespread retail adoption.

Practicable regulation as a prerequisite for secure innovation

The requirements as regards combating money laundering and terrorist financing, sanctions and consumer protection play a key role in ensuring integrity, trust and stability. Strictly regulated financial intermediaries can in fact contribute substantially to embedding stablecoin applications in controlled, monitored and customer-friendly structures in these areas. This will facilitate broad retail adoption of stablecoins in the Swiss financial centre, but it requires clear, reliable and practicable regulatory frameworks.

As things stand, however, there are significant operational and technical obstacles to implementing open retail use cases in Switzerland. One particular example is the requirements for identifying stablecoin holders and beneficial owners, specifically in the case of payments to third parties, external wallets, secondary market transactions and interactions with open blockchain infrastructures. If the requirements are not designed to be risk-based and technology-neutral, they could severely restrict conventional retail use cases such as P2P, cross-border and digital trading payments.

In the absence of specific, practicable regulation, there is a risk that stablecoin-based retail payments in Switzerland, while theoretically possible, will hardly be economically viable for regulated providers or easy for them to implement in practice. This could encourage regulatory arbitrage, with activities migrating to foreign or less regulated providers, while highly regulated market participants are effectively excluded from stablecoin competition despite their established governance, compliance, risk management and customer protection structures.

Regulation should therefore not only limit risks but also allow them to be professionally managed within the regulated financial system. A risk-based, proportional and technology-neutral framework would preserve the financial centre's integrity and protect consumers more effectively while at the same time ensuring that regulated Swiss providers can participate in stablecoin innovation.

A future-proof approach must therefore set clear parameters for implementing stablecoin payments to third parties, external wallets and international recipients within the scope of anti-money laundering, sanction and consumer protection requirements. These parameters include in particular practicable standards for wallet checks, transaction monitoring, risk-based counterparty checks, travel rule implementation, fraud prevention and clear liability models.

With this in mind, balanced regulation seems essential. Regulated financial intermediaries must not be structurally disadvantaged relative to unregulated or foreign providers. Instead, the regulatory environment must allow them to develop trusted, secure and customer-friendly solutions.

This could strike a good balance whereby risks are not ignored but addressed in a targeted manner while leaving room for regulated Swiss financial intermediaries to produce secure, innovative and customer-centric stablecoin offerings. It would strengthen the Swiss financial centre's competitiveness and guarantee that new digital payment infrastructure could arise in a trustworthy, supervised and customer-oriented environment.

2 Focus on Switzerland

In October 2025, the Federal Council opened a consultation on amendments to the Financial Institutions Act (hereinafter the “preliminary draft”) intended to create an explicit legal basis for issuing certain types of stablecoins – crypto-based payment instruments with stable value (hereinafter “stablecoins”). These would be issued in Switzerland and pegged to a currency, their value would be kept stable by holding assets defined by law, and they would by law be redeemable at their par value within a short time frame at any time. The Federal Council has thus made it clear that it sees first-class regulation as indispensable in the interests of security and competitiveness.

2.1 Why do we need a CHF stablecoin from Switzerland?

Numerous stablecoin use cases present advantages compared with the traditional payment system. To ensure that Switzerland can make the most of these in a profitable way, the traditional functions of money – as a store of value, a means of payment and an accounting unit – should also be available in a CHF stablecoin.

Switzerland is more open to cross-border services from abroad than the European Union or the US, but domestic issuance offers significant advantages over foreign issuers in terms of stability and legal certainty:

- The Swiss National Bank (SNB) can give licensed issuers access to the Swiss Interbank Clearing (SIC) system via transaction accounts, enabling it to exert better control over them. The SNB can set rules for account access and restrict it under certain circumstances or make it more expensive using an interest discount.
- The supervisory authority has access to the relevant information if the issuer is licensed in Switzerland. This is not assured for foreign issuers, as a result of which problems might not be identified as quickly, and corrective measures could be less effective or delayed.
- Legal enforcement is more robust for Swiss issuers. Claims for redemption are easier to enforce against a domestic issuer than a foreign one.

Given how much progress has been made in other countries, the question arises as to how regulations should be formulated to suit the Swiss financial centre. Significant scaling would mean that the collapse of

a very large stablecoin would have a severe negative impact, so regulatory requirements aimed at preventing it are needed. At the same time, it must be noted that, if regulation were to put Swiss issuers at a disadvantage, it would not reduce risks as long as CHF stablecoins can be issued from abroad. Excellent regulation that combines security and competitiveness is therefore essential for Switzerland's innovative and global financial centre.

In view of both the risks associated with stablecoins and the opportunities for greater efficiency and innovation as well as new sources of income, authorities basically have three strategic positioning options. They can ban stablecoins to preserve monetary sovereignty and protect the existing infrastructure, as China has; they can enter into the competition over means of payment with state-sponsored initiatives like the digital euro; or they can harness home-grown, properly supervised stablecoins within suitable frameworks and thus strengthen competitiveness and financial stability at the same time.³² With the preliminary draft published in autumn 2025, the Federal Council aims to strengthen the Swiss financial centre's competitiveness and innovative power. However, financial stability, market integrity and customer protection must also be assured. Should the appropriate legislative amendments be abandoned or watered down, a foreign stablecoin would probably be widely used, potentially with the disadvantages described above.

2.2 Characteristics specific to Switzerland

The Swiss financial market differs from other comparable financial centres in a number of key respects and thus presents specific opportunities and challenges with regard to the use and positioning of a CHF stablecoin.

CHF's safe haven status

The CHF's safe haven status makes CHF stablecoins more attractive in times of high volatility. Stablecoins open up CHF investments to investors who would otherwise have limited access to them. This could trigger increased demand for CHF stablecoins, especially during global crises. The security offered by the CHF could also lead to new business opportunities and cause the currency to appreciate.

Bank financing structure

Swiss banks have a comparatively high dependence on alternative funding sources due to a high loan-to-deposit overhang. This could make them more sensitive to outflows of deposits. Additional demand could also lead to much higher refinancing costs due to the relatively small size of the CHF capital market.

³² (Ban, Compete, Adapt) Monetary sovereignty in the age of stablecoins

Funding of the real economy

In Switzerland, companies and individuals are funded to a comparatively high degree via the banks' interest margin business. Outflows of the retail customer deposits that dominate the refinancing of mortgages and loans to small and medium-sized companies would have more of a negative impact on the real economy than in other countries where companies are primarily funded via the capital market. Improved (tax) frameworks could strengthen the Swiss capital market, but it is hard to imagine a capital-market-based corporate finance regime in the medium term.

Low interest rates

Swiss interest rates on risk-free CHF investments are usually low, making it hard to generate sustainable interest income from the reserves underpinning stablecoins. In stress scenarios, low interest rates can cause capital to flow into safe instruments such as stablecoins that are protected against insolvency and freely transferrable.

Backing with reserves

Switzerland's capital market is not very large (see section 7.2). The entire volume of high-quality liquid assets (HQLAs) in circulation is small in relation to the market potential of a CHF stablecoin. Regulations requiring stablecoins to be backed by reserves consisting to a significant extent of HQLAs would severely restrict their scalability. From a market perspective, there would also be a risk of price and interest rate fluctuations if restricted market capacity were to result in a large proportion of outstanding HQLAs being tied up for the purpose of backing stablecoins. Any major shift on the part of a stablecoin would have a direct knock-on effect on the HQLA market.

3 Design principles/variants of stablecoins

3.1 Baseline scenario

Assessing the opportunities and risks for a CHF stablecoin in Switzerland hinges on an analysis of scenarios with regard to issuance and transaction volumes as well as the legal framework. The baseline scenario represents a conservative estimate of the take-up of a stability-oriented CHF stablecoin issued by banks.

It serves as the mid-point in terms of the stablecoin's expected issue volume and capitalisation and assumes a moderate market share relative to bank deposits. Since the global market is clearly dominated by USD stablecoins at present, and the provider structure (USDT/USDC) is concentrated, the global share of CHF stablecoins will remain small in a fast-growing market.

As regards transaction volume, a low frequency of the CHF stablecoin in retail payments is assumed, with higher volumes in trading/on-chain finance flows and targeted B2B/cross-border applications. The academic literature stresses that the number of "payment" transactions is overestimated because the usual

blockchain metrics include trading/inter-exchange flows. The number of economically significant transactions is thus considerably smaller than the on-chain sum suggests. In relative terms, the global share of CHF payments will remain below 1% for the foreseeable future.

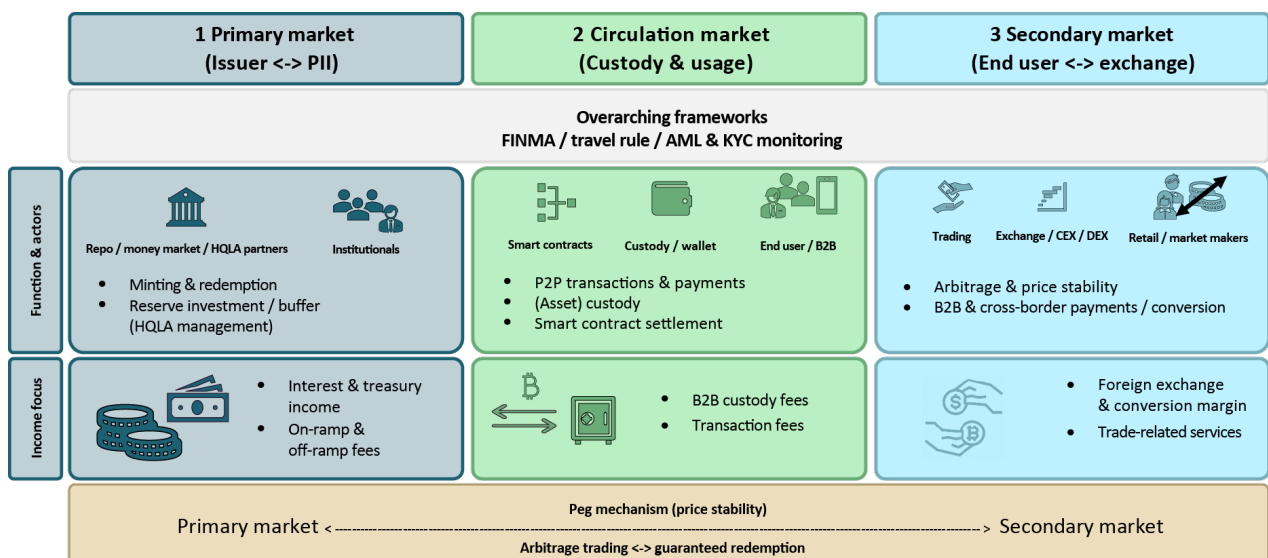
3.2 Stablecoin value chain: three-market model

The chart below depicts the stablecoin value chain as three interconnected markets: primary, on-chain circulation and secondary. This structure helps in understanding the economic, technological and regulatory relationships within a stablecoin ecosystem. It visualises the points at which banks, issuers, infrastructure providers, market makers and end customers can participate in value creation.

Overarching frameworks

The entire value chain is constrained by regulatory and organisational frameworks. These include in particular the legal requirements for payment instrument institutions (PIIs) set out in the preliminary draft, FINMA's practice regarding stablecoins, the duties under anti-money laundering law – specifically customer due diligence (CDD) and know your customer (KYC) – and the technological implementation of the travel rule. This governance is not only a regulatory requirement, it also forms the essential basis for trust, price stability and the institutional scalability of the system as a whole.

Figure 1: The three-market model **Source:** SBA



1. Primary market (issuer ↔ PII)

The primary market is the foundation of stablecoin value creation. It is where new tokens are issued (minted) and existing ones are exchanged for the underlying fiat currency (redeemed).

- **Function and actors:** The key actors are issuing banks, regulated PIIs and institutional partners (money market, HQLA partners). This market defines the central stability factors: reserve design, availability of liquidity and the regulatory safety net.
- **Income focus (bank perspective):** Income largely depends on interest rates, issue volume and backing. The main sources are interest and treasury income from investing reserves and fees for on-ramping and off-ramping. The latter could gain importance where banks provide regulated interfaces between fiat payment flows and on-chain applications (e.g. to AI agents' on-chain wallets).

2. Circulation market (custody and usage)

Once they are issued, stablecoins circulate on blockchains. This is where their technological added value – programmable value transfer around the clock – is brought to bear in full. The circulation market gives rise to new business models and income opportunities for banks that function independently of pure trading (secondary market) and issuance (primary market). It is subject to its own economic rules and can only be partially influenced by institutions.

- **Function and actors:** Usage on the market requires a dedicated infrastructure comprising smart contracts, custody/wallet solutions and secure access points for end users and B2B platforms. Here, stablecoins serve as an instrument for P2P payments, in a B2B context or as an on-chain store of value in CeDeFi/DeFi environments. Where AI agents temporarily manage large volumes of liquidity (e.g. due to automated control of complex supply chains), this money should not be stored on-chain for long periods in view of the risks involved. This could potentially create a new line of business for banks acting as custodians for these agents' reserve pools.
- **Income focus (bank perspective):** The added value for banks here does not lie so much in volatile transaction-based business but scales as a stable income stream in the form of B2B custody and asset servicing fees at the point of sale (safekeeping, reporting, compliance and reserve cash management).

3. Secondary market (end user ↔ exchange)

The secondary market comprises public trading, distribution and pricing of stablecoins.

- **Function and actors:** The actors here are centralised and decentralised exchanges (CEXs and DEXs), retail users, institutional traders and in particular market makers. This market ensures that stablecoins can be exchanged between currencies and platforms with high efficiency and liquidity. It serves as the primary rail for real use cases such as cross-border settlement or platform payments at the point of sale.
- **Income focus (bank perspective):** Income is flow-driven and depends on foreign exchange and conversion margins as well as trade-related services (e.g. market making and platform settlement).

Peg mechanism as cornerstone (price stability)

As shown at the bottom of the chart, the peg mechanism links all three markets to form a closed loop. Price stability does not occur in isolation, it is the result of economic interactions:

If the market price on the secondary market (pillar 3) deviates from the target value (e.g. CHF 1.00), profit-oriented market makers take advantage of the difference using arbitrage models. They buy or sell tokens on exchanges and balance out supply and demand with the aid of guaranteed redemption or minting by issuers on the primary market (pillar 1). This direct linking of markets is what ensures parity to the fiat reference currency over the long term.

3.3 Impact vectors: business models

Income from stablecoin issuance largely depends on interest rates, issue volume and backing.

Income from issuing stablecoins (see section 3.2) increases along with issue volume. Backing also plays a major role. Income from interest operations would be much lower in the case of backing with central bank money than with HQLAs. In fact, given Switzerland's low interest rates, it would be virtually zero. However, rising HQLA and refinancing costs could severely reduce income, particularly in view of the scarcity of HQLAs if a stablecoin scales. The costs associated with prudential regulation, which also rise in tandem with issue volume, also have a negative effect on income from issuance. Negative interest rates could pose an existential threat to issuers in combination with the redemption of stablecoins at par. These problems can be mitigated by using safe investments in foreign currencies for backing. However, foreign-currency assets should be limited to a level that still allows for stablecoin redemptions to be settled without any difficulties, even in a stress scenario.

Custody scales as a stable income stream with issue volume and permits fee-based income, even for non-bank issues.

Custody income (see section 3.2) scales with the volume of stablecoins issued or that of the reserves. Higher issue volumes also result in greater institutional demand for professional stablecoin custody, reporting and compliance services from banks. This fee income does not depend on actual usage in payments and could potentially turn into a stable income stream. Even if stablecoins are issued by non-banks, banks would still have scope to generate income through custody services. However, this scope would be determined first and foremost by the form of backing and the applicable diversification requirements. While income would be low in the case of full backing with HQLAs and effectively negligible with bank deposits or central bank money, it could potentially be higher if reserves are invested in a broader and more complex portfolio. Custody can be seen as a comparatively low-conflict income stream because it does not directly cannibalise conventional banking products.

Transaction income depends on the use case and may be scalable, but it involves a structural conflict with existing payment products.

Income from transactions in stablecoins arises when they are genuinely used in a payment and/or settlement context, e.g. for settling payments as well as foreign exchange/conversion, treasury/settlement and market/trade-related services (see section 3.2). However, this involves a conflict with existing payment products (e.g. TWINT), for example as regards income from transfers, use of bank cards or SWIFT flows. That said, ignoring the above use cases would not prevent cannibalisation of traditional use cases because, if they add value for customers, other providers will simply step in to cover them.

Managing stablecoins as a store of value should also be considered as an additional line of business.

Besides their function as a means of payment, stablecoins can also serve as a stable store of value. This can be of interest to banks in two ways. On the one hand, it facilitates activities in markets where they have no presence of their own. On the other, they can offer benefits for holders of cryptocurrencies who want to exchange their cryptocurrency holdings for stablecoins in anticipation of market downturns and would like to avoid the fees associated with conversion into fiat currencies. In on-chain environments, stablecoins are the only way to store value in a specific currency (see section 3.2).

3.4 Impact vectors: economy

Catalytic effects on the economy are driven by transaction volume.

The catalytic effects of stablecoins on the economy depend primarily on transaction volume, payments with relevance for the real economy and settlement activities in the financial sector. Proof-of-concept approaches dominate at low transaction volumes, with catalytic effects from promoting innovation, increasing efficiency and new business models in the digital economy remaining restricted to certain areas and institutions. At medium to high payment transaction volumes, process innovations and integration into platforms and value chains for use cases in the real economy could be expected. Only when stablecoins are actively integrated into payment, settlement or treasury processes could relevant innovation and efficiency gains arise for banks (e.g. programmable payments or automation of B2B processes).

A higher issue volume, meanwhile, would support the development of infrastructure and skills, but its direct impact on the real economy would be limited. If issue volume is not reflected in transaction volume, this suggests that a stablecoin is being used to a large extent as a store of value. The form of backing and

the issuer potentially have only an indirect influence on catalytic effects. HQLA-based or bank-compatible structures can build trust and integration capacity as a hygiene factor, but they have no innovation effect in their own right.

The dominance of the USD will be broken when the proportion of economically significant CHF stablecoin transactions matches the CHF share in the traditional financial system.

Dollarisation effects are primarily driven by transactions, not issuance. A CHF stablecoin with a high issue volume is not enough in itself to mitigate the risk of dollarisation in the Swiss economy. Transaction volume is equally important to the CHF's function as an accounting unit and means of payment. The tide of dollarisation in the digital economy will only be stemmed when the digital representations of transactions currently settled in CHF are also settled with CHF-denominated stablecoins. The share of stablecoin volume in CHF should thus match the share of fiat currency in CHF as it stands today. Until it does, dollarisation will tend to rise.

A CHF stablecoin with medium to high usage could strengthen currency and payment sovereignty, especially in the B2B, treasury and platform contexts, but the issuer's origin or jurisdiction is decisive. In the case of issuance by Swiss banks, value creation and payment cycles stay in the Swiss financial system and counteract local dollar substitution. Reducing rigidity in token-based international payments makes it easier to employ currencies that are little used in the traditional system. International trust in a stable CHF stablecoin could therefore favour international payments in CHF over the longer term.

Issuing stablecoins can strengthen banks' competitiveness.

Banks in Switzerland can strengthen their competitiveness by tapping into new sources of income throughout the stablecoin value chain (issuance, custody, foreign exchange, treasury services). Most of these effects scale with issue volume and embedding into institutional usage. This additional income potential counteracts the increasing pressure from existing stablecoins on deposits and payments.

High scaling through rapid growth in adoption is likely to prove challenging for transaction and retail banks. The academic literature shows that, from a certain size, stablecoins can assume functions similar to those of deposits and thus compete with conventional banking products. The type of issuer is therefore very important here as well. Bank issuance allows banks to retain a larger share of value creation and partially offset potential cannibalisation effects internally. Margins in the payments business could also come under pressure from stablecoin payments. Non-bank issuance or issuance of a CHF stablecoin outside Switzerland, on the other hand, would shift some value creation away from the Swiss banking sector and force banks out of key functions (such as on-ramping and off-ramping or custody) and into peripheral roles.

Monetary policy risks only arise when there are large volumes of non-interest-bearing stablecoins backed by prime assets.

The monetary policy effects of stablecoins are not linear but heavily dependent on scaling. If the issue volume is low, the rotation out of deposits is minimal and has no impact on monetary policy transmission. It is only when there are high volumes of non-interest-bearing stablecoins that challenges arise for monetary policy. In this case, a significant rotation out of deposits could measurably reduce the efficacy of interest rate control by making the refinancing basis for loans less dependent on the headline interest rate. The high proportion of non-interest-bearing stablecoins and bank refinancing via the capital markets would

have a negative effect, while the rising delta between the short-term policy rate and credit rates would also dilute direct transmission.

On top of this, increasing size also increases the risk of swings from deposits into stablecoins and from stablecoins into deposits. As the way in which financial assets are held changes, the difference between the headline rate and credit rates varies more quickly and to a more pronounced degree. The monetary policy transmission channel is not only weakened, it is also harder to predict due to the variation in credit terms. In this regard, it does not matter whether stablecoins are issued by banks or non-banks. Ultimately, the SNB wants a low interest rate to benefit the economy. Increasing refinancing costs and thus credit rates goes against this interest.

The increasingly limited potential for lending would also reduce the banks' capacity for money creation, which in turn would mean less liquidity for the economy and in the banking system as a whole, restricting the capacity for money creation further still. The transmission of central bank monetary policy would be hindered more and more because the banks would be less and less able to perform their macroeconomic role within this system.

Influencing market conditions and economic growth could affect exchange rates. The SNB would only be able to cushion a CHF shock from high foreign demand for CHF stablecoins by employing conventional monetary policy instruments (its policy rate and intervention on foreign exchange markets).

The negative impact on the transmission channel would be further amplified by stablecoins underpinned with HQLAs or central bank deposits. This would increase the probability of stablecoins being perceived as a safe alternative to deposits. Underpinning them with bank deposits, however, would be more likely to lead to a rotation within the sector rather than an outflow from the system.

Backing is the dominant factor for financial market liquidity, market prices and intermediation structures.

Market and liquidity effects are substantially driven by the design of backing and scale with volume. The relevant risks can be categorised by their main drivers: market risks depend on how stable the value of reserves is, liquidity risks on the tradability and availability of reserves, and counterparty risks on the custodian's creditworthiness and transparency.

The reserves underpinning issued stablecoins must be invested in secure, highly liquid financial instruments with stable value. This increases transparency and marketability, but it also creates structural demand for HQLAs, which are already scarce and highly sought-after among banks, insurers, pension funds and investment funds. As a result of this additional demand coming from stablecoin issuers, these instruments' yields would come under even more pressure than they are today, negatively affecting insurance premiums, pension fund returns and banks' costs for holding liquidity.

As the volume of stablecoins with this type of backing increases, the trend towards a "narrow banking" system will intensify. Backing with bank deposits would counteract this scarcity of liquid, low-risk assets, making it possible to mitigate the negative effects of a large, fast-growing stablecoin on the financial markets and increasing market stability. However, backing with bank deposits could increase concentration and counterparty risks and thus lead to a shift in liquidity risks within the banking system.

Backing with central bank money, meanwhile, would fundamentally change the risk profile of stablecoins. It would minimise counterparty and market risks but maximise disintermediation and deposit outflows,

possibly making banks more vulnerable in stress phases. If more reserves were held in the form of bank deposits, the difference in risk profile between bank deposits and stablecoins would be less pronounced.

3.5 Impact vectors: banks' balance sheets

The influence of stablecoins on a bank's balance sheet is determined primarily by their size and purpose.

The most decisive factor for disintermediation risks, in particular reduced lending capacity, is the global issue volume substituting bank deposits. This volume of stablecoins circulating at the same time competes with bank deposits and thus with loan refinancing. If it is low, the outflows from deposits remain marginal, and stablecoins do not yet pose a significant threat to sight deposits. A medium-sized volume, however, would make substantial rotations from sight deposits into stablecoins plausible.

A high global issue volume may arise if retail customers view stablecoins as safer, more profitable or more practical than sight deposits. They would then hold more of their money in stablecoins as a form of deposit instead of in bank accounts (holding effect). Due to the absence of maturity transformation and money creation, stablecoins might be regarded as safer than bank deposits.³³ The appeal of bank deposits over stablecoins, meanwhile, stems from deposit insurance and the payment of interest.

However, stablecoins used by financial institutions specifically to optimise cross-border payments or increase efficiency in the settlement of capital market transactions are often transient in nature (flow effect) and have hardly any impact on a bank's balance sheet. They are often liquidated once the transaction is completed. Stablecoins that are heavily integrated into financial institutions' existing systems (e.g. ERP, such as SAP) in a similar manner to deposits can more easily substitute the latter.

The influence of stablecoins on a bank's liquidity is determined by regulation.

Regulations such as the Liquidity Ordinance and relevant FINMA circulars contain strict requirements for the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) that force banks to align their lending volume directly with the available resources for stable refinancing. The baseline scenario with moderate volumes and HQLA underpinning does not present any acute liquidity risks.

If retail customers were to substitute a large share of their bank deposits with stablecoins, however, the banks would have to react quickly to this in order to ensure compliance with the regulations at all times. The extent of this adjustment could be reduced if the money flowing back to the banks in the form of deposits underpinning stablecoins did not have to be labelled as unstable funding with corresponding higher outflow rates. It must be borne in mind that depositing money with a bank always involves transferring liquidity risk to the bank.

Adjusting the balance sheet in the event of an outflow from sight deposits

The lost refinancing can be offset either by reducing asset business or by acquiring additional long-term capital. The first option would tend to reduce the supply of lending and thus push loan interest rates up, especially as there are tight limits on raising additional capital. Banks already make extensive use of mortgage-backed bond issuance, so this is just as limited as conventional bond issuance, which is constrained by the capital market's low absorption capacity. Adjustments to the balance sheet to comply with regulatory

³³ The literature attributes such considerations to "narrow banking logic", which entails decoupling the deposit and lending businesses.

liquidity requirements are thus normally made on the assets side. In the very short term, operating liquidity is steered almost exclusively via the liabilities side.

These effects on the balance sheet do not depend on whether the CHF stablecoin is issued in Switzerland or abroad. The risks, however, are easier to mitigate for a domestic stablecoin because Swiss banks can influence its design and therefore its appeal compared with bank deposits. Indeed, if stablecoins are issued by banks, it is they who are responsible for their design and reserves within the limits of the law. Income generated by issuance-related activities also strengthens their balance sheets relative to a situation in which demand for stablecoins is met from abroad.

Limiting the right to redeem at par at any time should be considered for exceptional circumstances in the interest of stability.

For reasons of financial stability, the question of whether the right to redeem at any time should be weakened in exceptional circumstances such as technical problems or a massive loss of trust – and, if so, how – needs to be considered. Options for preventing withdrawals from accelerating a crisis could include longer notice periods and limits. However, these would negate one of the central properties of stablecoins.

Impact of backing design on liquidity

If stablecoins issued by banks are fully backed by segregated HQLAs, funds that were previously available for lending as conventional bank deposits could be invested in prime securities that can be liquidated quickly. Higher demand for HQLAs can increase their market depth and liquidity and thus potentially have a stabilising effect and reduce extreme risks. However, increasing competition over already scarce HQLAs would make liquidity management more complex due to higher market and repo dependence.

Backing a stablecoin with central bank money would increase its appeal as an alternative to bank deposits by maximising structural liquidity and protection against bankruptcy, but this option entails the highest risk of significant liquidity outflows from commercial banks' balance sheets.

Backing with bank deposits keeps market dependence low but increases the counterparty and cluster risks. Stablecoins can also affect banks' balance sheets indirectly in addition to the direct effect of outflows from deposits. Given that these deposits are classed as unstable for regulatory purposes, banks must make corresponding investments in stable reserves. In practice, this means short-term money market investments (e.g. reverse repos) or sight deposits with the SNB. These funds are therefore not available for lending or to cover other outflows.

The profit margin here is minimal. While public deposits have a low LCR as a rule, issuers' reserves have a very high one based on a high outflow rate of 100% in a stress scenario. The potential impact on the balance sheet (constrained by the leverage ratio) is high, which would cause banks to set unfavourable terms for accepting these funds from issuers.

Disintermediation through stablecoins increases refinancing costs or risk premiums over the long term.

For low to medium issue volumes, no significant effects on capital costs should be expected. Such effects would arise in particular if tangible disintermediation were to increase the banks' dependence on relatively volatile wholesale funding. This would make it harder for banks to increase their borrowing, and their credit ratings would fall. These effects could put pressure on their return on equity (ROE). Potential income from stablecoin activities – which would be limited in the current environment of low interest rates and unattainable in the case of full backing with risk-free assets – could partially offset this, but it would not automatically ease the pressure on equity. Another factor that might weigh on equity is backing with HQLAs, given the scarcity of these, if a stablecoin scales and has strict requirements for HQLA backing. This could result in negative yields for banks across the board and increase cost pressure on equity.

Looking at the big picture, equity limits the issue volume of stablecoins via the leverage ratio.³⁴ Equity used for the liquidity reserve is not available for other business cases. In addition, stablecoins, depending on their design, can influence the regulatory capital requirement via risk-weighted assets (RWAs) due to potentially higher operational risks if stablecoins are directly carried on the balance sheet.

Simulation of outflow from deposits based on a model bank

To illustrate the mechanism by which bank deposits are substituted with stablecoins, let us analyse the impact of outflows from deposits on the key figures of a model bank whose business consists primarily of interest operations. For the purposes of these calculations, knock-on effects are disregarded, so it is assumed that the bank makes no adjustments other than adjusting its balance sheet to account for the outflow. This simulation is therefore purely mechanistic and does not serve as a forecast. A bank would be under pressure to take action even before the outflow rate reaches a critical level.

Figure 2 shows the scenario in which the outflow amounts to 20% of deposits.³⁵ This value must not be interpreted as reflecting the risk position of a real bank's balance sheet.

The model is based on three assumptions. Firstly, the small to medium-sized bank on which this simulation is based cannot offset outflows from deposits through capital market refinancing because the Swiss capital market has limited absorption capacity and would reach its structural limits at the orders of magnitude depicted here. Only large banks would have scope to take measures on the liabilities side via the capital market. Secondly, it is assumed that sight deposits and other liquid assets earn 0% interest. Thirdly, it is assumed that stablecoins are not carried on the model bank's balance sheet. This in turn stems from the assumption that the reserves underpinning stablecoins are assigned an outflow rate of 100% and cannot be used for lending.

Figure 2 shows the changes in return, liquidity and capital ratios for two different types of balance sheet adjustment in the event of an outflow from deposits. If the outflow is offset by reducing liquid assets (scenario 1a), the model bank's profitability remains unchanged, but its liquidity situation worsens markedly and falls below the Basel III requirement for an LCR of at least 100%. The NSFR also falls, although it remains above the minimum requirement of 100%.

If the balance sheet is adjusted by reducing lending volume (scenario 1b), subject to the restrictive assumption that this is possible, the result from interest operations and thus also the net income fall, as does

³⁴ Depending on how the reserves are accounted for on the balance sheet.

³⁵ See Appendix, section 7.2, for further simulations.

profitability, while the cost/income ratio increases. The capital costs are unlikely to be covered, but the liquidity and capital situations improve – assuming the liquidity situation was already comfortable.

If the adjustment is performed by reducing liquid assets and lending volume in equal measure, the ratios would lie between the figures shown for scenarios 1a and 1b. Depending on the measures taken, therefore, the same outflow from deposits can have very different consequences. It must be noted that the 20% outflow used in the simulation represents the impact of disintermediation from a CHF stablecoin with high market relevance.

		Scenario 1a	Scenario 1b
		Outflow of 20% of sight deposits, balance sheet adjusted by...	
		reducing liquid assets	reducing lending volume
Balance sheet total	12,000	11,200	11,200
Result from interest operations	124	124	112
Net income	64	64	52
Return on equity	6.4%	6.4%	5.2%
Return on required equity	12%	12%	10%
Cost/income ratio	61%	61%	66%
LCR	141%	97%	160%
NSFR	123%	114%	124%
Capital ratio	21%	21%	22%
Leverage ratio	8.3%	8.9%	8.9%

*The model calculation serves to illustrate the central mechanisms and conflicting goals and must not be interpreted as a forecast.

Figure 2: Consequences of an outflow of deposits – key figures **Source:** SBA

4 Scenario analyses

4.1 Stablecoins and financial stability

The impact of stablecoins on the stability of the financial system will depend largely on how widespread they are. Empirical and model-based studies show that if they are little used, they have barely any relevant effects, whereas medium to high adoption leads to non-linear and, in some cases, strongly amplifying effects. The scenario analyses that follow are therefore explicitly based on an environment in which stablecoins take on a widespread and generally accepted role in the payment and value-store system.

Independently of stablecoins, the ongoing digital transformation of banking has already led to a marked acceleration of potential outflow dynamics. Mobile banking applications, instant payments and digital account opening all mean that bank deposits can be moved around in a very short time. The events

surrounding Silicon Valley Bank and Credit Suisse in 2023 have shown that this technical infrastructure can dramatically change the dynamic of bank crises. Against this backdrop, and with the exception of technological crises (see section 4.2), stablecoins are not a new crisis trigger, but they do open up an additional outflow channel, made entirely digital by autonomous agents, that reinforces existing run dynamics.

At the same time, there are close structural links between stablecoins and the traditional banking system. Issuers typically hold their reserves in the form of bank deposits and HQLAs, while banks act as custodians, payment processors or on-ramps and off-ramps. This gives rise to bidirectional channels of infection that can cause stress situations to accentuate each other.

Given this, it is possible to identify three main mechanisms of action via which stablecoins influence the course of bank crises.

First, stablecoins can be viewed as an alternative to traditional bank deposits in stress phases. Depending on their design, they offer a combination of constant availability, digital scalability and a perceived high level of security. This makes them a potential safe haven. They are not a substitute for existing escape options, but they do expand the available spectrum and can increase the speed and volume of deposit outflows. Availability 24/7, combined with direct transferability, means that funds can flow out of the banking system much faster than they can in conventional bank run scenarios. The key issue is not the introduction of a new risk but rather an acceleration of already familiar run mechanisms.

Second, large-volume shifts from bank deposits to stablecoins have a direct impact on banks' liquidity and refinancing structure. Outflows of traditional deposits adversely affect the liquidity profile and lead to the loss of cheap refinancing while increasing the structural need for it, especially among banks with a large loan-to-deposit overhang. Simultaneously, the supply of HQLAs is restricted, as these are increasingly used as reserves for stablecoins. Although regulations already require issuers to model very high rates of deposit outflow, so that they do not trigger an abrupt liquidity shock, taken together, such shifts intensify the competition for systemic liquidity and can weaken the resilience of the banking system. This is chiefly a problem in a narrow L1 market. The systematic use of instruments such as money market debt register claims, SNB Bills and repos as underpinning can greatly mitigate this effect.

Third, stablecoins have their own stress dynamic. If a stablecoin loses the confidence of market participants, mass redemptions can result. These can be triggered by doubts based on credit and market risks to value preservation or the swift realisability of the reserve underpinning. Erroneous smart contract configurations, platform outages or unclear responsibilities between issuers, custodians and intermediaries can have the same consequence. In such situations, the stablecoin often decouples from the reference asset. This acts as a coordination signal and increases the first-mover incentive, causing the outflows to accelerate further. The required sales of reserves – often HQLAs such as government bonds – can result in fire sales, even in what are actually low markets. Empirical studies by the International Monetary Fund (IMF) have shown that such feedback loops can lead to price distortions, increased volatility and a further loss of trust. Because banks often act as custodians, repo counterparties or settlers of the reserves, such shocks feed directly into bank liquidity and payment transactions. The fire sale problem is alleviated if issuers have access to the repo market (especially overnight repos) to obtain short-term liquidity. This has a stabilising effect, as they do not need to sell off their reserves (e.g. bonds) immediately in an illiquid market.

Ranged against these mechanisms are a series of mitigating and potentially stabilising factors. Institutions with an explicit or implicit state guarantee can already be seen as especially secure investment alternatives

and, to some extent, take on a similar function to stablecoins in a crisis.³⁶ Additionally, statutory deposit insurance of up to CHF 100,000 can have a stabilising effect, especially for smaller institutions, or prevent deposits being switched to stablecoins. However, these factors mainly limit the extent of a run, not its speed. The run dynamic also plays a role in the monetary policy context: in a low interest rate environment, a prohibition on interest for stablecoins has little stabilising effect, because the opportunity costs of switching are too low. Instead, low interest rates increase the run susceptibility of the banking system generally. Likewise, operational interventions such as withdrawal limits can only have a limited impact on the run dynamic. They can delay outflows, but not prevent them. They also create circumvention incentives and may themselves act as a negative signal that can trigger or exacerbate a crisis. If a payment instrument institution were very large, there would be a question mark over its ability to rely on the SNB as lender of last resort for systemic reasons, as a bank can.

Given this context, it is possible to categorise the impact of stablecoins in a range of crisis scenarios.

In an idiosyncratic bank crisis triggered by institution-specific weaknesses, stablecoins can be an accelerated escape route for retail investors in particular. Outflows may begin earlier and be steeper than in the status quo. Moreover, as institutional actors, issuers are obliged to withdraw their reserves en masse at the first sign of problems. If an affected bank holds a high proportion of such deposits, this can rapidly worsen the liquidity situation. The stability risks arise not from new mechanisms, but from the accelerated impact of existing outflow and liquidity effects.

In a systemic bank crisis, these mechanisms occur simultaneously and in amplified form. Collective shocks, losses of confidence and synchronisation mechanisms create a powerful “flight to safety” dynamic. Depending on their design, stablecoins can be viewed as a qualitatively new safe haven option, since rotations can occur in large volumes, 24/7, with low friction and in totally digital form. At the same time, issuers move their reserves away from commercial banks to high-quality liquid assets or, possibly, government-linked institutions. Even though such outflows are factored in as a regulatory requirement, taken together they can exacerbate existing liquidity tensions and impair the stability of central market segments.

4.2 Technological crisis

Technical failures of stablecoin infrastructures are another possibility that needs to be taken into account. These include disruptions resulting not from the issuer’s insolvency but from operational, technical or organisational issues, such as errors in smart contracts, network or blockchain outages, cyberattacks, problems in key or governance management as well as system or interface faults at custodians, wallet providers or on-ramps and off-ramps. International standards-setters explicitly categorise these as operational and technological risks of stablecoin arrangements and point out that even the failure of individual functions – such as minting, redemption or settlement – can have serious systemic effects.

The cyber exposure is heightened because stablecoins are used globally on publicly viewable infrastructures and often carry large values. This makes them an attractive target for state and criminal actors. Technical risks arise out of security vulnerabilities in smart contracts that can be used for theft by attackers using exploits. Bridges, oracles and interoperability layers are especially vulnerable, because they involve complex interdependencies with external systems. Issuers and custodians, like other service providers, are also potential targets for phishing attacks, data leaks, DDoS attacks or ransomware. In this context, banks can significantly reduce risks by actively protecting their systems. Given this, stablecoins are not per se

³⁶ Swiss National Bank (SNB), *Financial Stability Report 2026*, June 2026 ([Link](#)), p. 54.

more attractive for fraud, but can actually, under the right circumstances, assist in investigating it. In the short term, technical disruptions can often lead to interruptions in trading, sharply rising spreads and de-pegging of the stablecoin from the reference currency, because market participants are no longer able to use it as a reliable means of settlement or store of value. Even without solvency problems, a technical outage can trigger shifts and redemptions, thus activating the stress mechanisms described above.

Payment transactions are particularly important. Stablecoins are increasingly used for 24/7 settlement, cross-border payments and treasury operations. In the event of technical failures and interruptions, payment streams are interrupted or delayed, and market participants have to resort to conventional, less flexible settlement channels. This increases settlement and liquidity costs and can lead to additional tension in stress phases. International organisations emphasise the asynchronicity between almost immediate on-chain settlement and time-limited, off-chain reserve and bank infrastructure as a central reinforcement mechanism. Technical disruptions can therefore quickly trigger redemption spikes, forcing issuers to move or liquidate their reserves, with potential spillover effects in the money, repo and government bond markets.

Finally, from a macrofinancial perspective, a technological stablecoin shock risks damaging confidence in digital payment instruments generally. Given the extensive interconnections with banks and payment providers, such events are no longer limited to the crypto sector but can also spill over into the broader financial market and payment services as operationally induced stress events, even in the absence of direct credit losses.

4.3 Money laundering risks

Stablecoins harbour specific money laundering risks because they can be transferred globally, around the clock and often pseudonymously via wallet addresses, without conventional financial intermediaries necessarily being involved. In particular, (i) when unregulated providers are used, (ii) in the case of DeFi protocols in which users interact directly with smart contracts and tokens are moved across a range of protocols, and (iii) in the case of “privacy-enhancing technologies” such as mixer services to pool tokens from a number of users, it is especially easy to conceal the origin and recipients of funds and circumvent KYC/AML controls.

This can give rise to additional challenges in connection with the use of autonomously acting AI agents. These do not have a legal identity and cannot identify themselves, making it unclear which contracting partner the bank is dealing with. The question therefore arises as to where regulatory liability and identification lies: for example, with the deployer or the beneficial owner of the AI agent. AI agents also dramatically compress the timelines for financial crime. Where human money launderers need hours or days, AI agents can divide up and shift funds via nested smart contracts and cross-chain bridges within seconds. In such cases, traditional, retrospective transaction monitoring is ineffective.

One conceivable option is the introduction of “agent wallets” with cryptographically embedded guardrails. Banks can offer programming interfaces (APIs) and smart contracts that allow a human customer to allocate a fixed budget in CHF stablecoins to an AI agent, which is coupled to strict whitelists and limits. Banks must also implement automated on-chain risk analyses in real time that immediately block suspicious transaction patterns by agents, for example via blacklisting triggers written directly into the token agreement.

5 The banks' position

Regulation must create the conditions under which banks in Switzerland can reliably supply credit to a highly digitalised future real economy. In the interests of the financial centre and financial stability, new technologies must remain accessible to all providers from a regulatory perspective.

Banks must be able to issue stablecoins directly under their banking licence, without having to set up a subsidiary

In its preliminary draft, the Federal Council proposes a new licence for payment instrument institutions to issue stablecoins. Banks are key players in payment services and meet the most comprehensive and stringent supervisory law requirements. In a tokenised financial world, they must still be entitled to provide all manner of financial services and conduct all manner of financial business. There is no valid reason why issuing stablecoins under a banking licence should not also be permitted. Likewise, MiCAR does not envisage any such restrictions for banks.³⁷ A uniquely Swiss solution of this kind would unnecessarily weaken the country's appeal, placing its banks at a disadvantage and jeopardising their competitiveness.

The composition of reserves should ensure financial stability and enable successful business models

Given the latent low interest rate environment in Switzerland, the issuing of stablecoins backed largely by HQLAs can hardly be offered as an economically sustainable business model. Moreover, the volume of short-term HQLAs available in the CHF market is very limited. For this reason, there should be scope for expanding the investment opportunities in an appropriate way beyond short-term HQLAs. In particular, medium remaining terms, as well as HQLAs in category 2 and – in view of the size of the mortgage market in Switzerland – central mortgage institution loans and covered bonds, etc. should be permitted as investment options. Additionally, a limited quantity of short-term, category 1 HQLAs in foreign currencies (e.g. USD) should be allowed, as they are in Japan.³⁸

Measures are needed to safeguard financial stability when stablecoins are issued by a payment instrument institution

In the interests of customer protection and financial stability, payment instrument institutions should not be permitted to entrust customers' deposits to other payment instrument institutions. This would lead to non-transparent investment chains between payment instrument institutions that are subject to relatively low levels of regulation. In the case of sight deposits with strictly regulated banks, it would be clear where the deposits are located, allowing the credit risk to be substantially reduced and making the money usable for the real economy. However, payment instrument institutions should not be able to hold sight deposits at the SNB. This could jeopardise financial stability, for example by a sudden outflow of public deposits into such instruments, which are de facto risk-free, in a crisis ("digital bank run"). Regulation of access to the SIC system, by contrast, lies within the SNB's remit.

When issuing stablecoins, banks should be exempted from the requirement to hold their reserve underpinning as assets that can be segregated

The requirement for assets that can be segregated serves primarily as a mechanism for ensuring confidence and protection for less-regulated payment instrument institutions. According to the preliminary

³⁷ See Art. 48 para. 1 subpara. a MiCAR.

³⁸ The composition of the reserves must be distinguished from the value to which the stablecoin is referenced. As long as it is pegged to a single reference currency and the claim to repayment is in that currency, this does not tie it to a currency basket or make it an asset-referenced token.

draft, they are not subject to the same stringent requirements as a bank. The lower degree of regulation at issuer level is partially compensated by specific requirements relating to the stablecoin itself. Banks, by contrast, are required to meet a high regulatory standard. As with the issuance of e-money tokens by credit institutions under MiCAR, banks (unlike payment instrument institutions) should not be required to invest the funds received for the issuance of stablecoins in assets that can be segregated.³⁹ This helps to avoid dual regulation at issuer and product level, and allows banks to operate on equal terms with both payment instrument institutions and issuers in the EU.

Banks should be able to use the assets deposited with them by payment instrument institutions for their own lending and investment business

Payment instrument institutions are required to keep the assets used to underpin stablecoins separately from their own assets (segregation requirement). When sight deposits from stablecoin users (retail deposits) are substituted by sight deposits from payment instrument institutions (wholesale deposits), the supervisory law figures change. The calculated outflow rates, and thus the LCR requirements, become significantly higher and may substantially impede the banks' lending. This risk can be reduced if, in the interest of the economy as a whole, banks are permitted to use sight deposits from payment instrument institutions to refinance loans, and if the LCR requirements for such institutions' deposits are adjusted.

If Switzerland goes it alone by banning multi-issuance, this will weaken its competitiveness

Multi-issuance projects⁴⁰ are based on collaboration between a number of banks to enable scaling of the stablecoin by achieving widespread acceptance. This is especially important for a small country such as Switzerland. If it becomes the only country to ban multi-issuance, there is a risk that CHF stablecoins will be issued abroad, cutting Switzerland off from this international market and, ultimately, meaning that value creation and innovation take place elsewhere. Because multi-issuance is a cross-border matter, it needs to be resolved in concert with the key jurisdictions. There should be no premature ban on multi-issuance in Switzerland.

An approach that is coordinated internationally with the relevant jurisdictions is essential to combating money laundering and terrorist financing

The direct transferability of stablecoins without the involvement of a financial intermediary endangers market integrity by facilitating financial crime. A blacklisting approach⁴¹ that can be sensibly implemented, as is employed in other countries and now also proposed in the preliminary draft, allows for practicable implementation of stablecoins and is something banks must also be permitted to adopt. It must enable the requirements of the travel rule⁴² to be implemented flexibly and in line with the risk involved. If a

³⁹ The EU does not require a collateralisation mechanism at product level for e-money tokens issued by credit institutions. See MIRJAM EGGEN, Schweizer Kryptoregulierung: Gesetzgeberischer Handlungsbedarf im Zivil- und Aufsichtsrecht, *sui generis*, 2025, p. 55 et seqq., margin no. 35 and MIRJAM EGGEN / DOMINIC WYSS, Stablecoins und Tokenised Deposits, Eine zivil- und aufsichtsrechtliche Analyse, in: SZW 2026, 231, 235 with reference to DOMINIK SKAURADSZUN / CLARA WREDE, Der Rücktauschplan nach Art. 55 Abs. 1 i.V.m. Art. 47 MiCAR bei Emittenten von E-Geld-Token, WM 2024 676. See also Deutsche Bundesbank, Monthly Report July 2023, p. 23 ([Link](#)); Deutsche Kreditwirtschaft, Stellungnahme zur regulatorischen Behandlung von E-Geld-Token unter den Legislativvorschlägen der Europäischen Kommission vom 28. Juni 2023 zur Überarbeitung der Zweiten Zahlungsdiensterichtlinie vom 20. März 2025, p. 6 ([Link](#)). See also recital 71 of MiCAR, which expressly states that for significant e-money tokens, "those provisions of Directive 2009/110/EC do not apply to credit institutions when issuing e-money".

⁴⁰ [Erläuterungen zu Multi-Issuance]

⁴¹ Under the preliminary draft, payment instrument institutions must ensure that the risk associated with the use of stablecoins on the secondary market is assessed prior to issue and appropriately recorded, limited and monitored as part of risk management. They can also meet these requirements by adopting a **blacklisting approach**. A blacklist is a list of wallet addresses; transfers to or from a wallet address on the list are excluded.

⁴² See section 1.2.

customer cannot be identified because there is no customer relationship, banks cannot be forced to implement measures that lead to media breaks or otherwise impede efficient payment services. Additionally, a threshold rule aligned with international standards needs to be introduced for transactions between financial intermediaries and unhosted wallets.

6 Summary

Given growing demand for blockchain-based, digital money and well-advanced regulatory developments abroad, it is clear that stablecoins will become part of the future payment infrastructure. The question, therefore, is not whether to address the issue of stablecoins, but how to create a reliable, world-class legal framework for them: one that safeguards financial stability and promotes the competitiveness of financial institutions in Switzerland looking to operate in this field.

This in-depth study shows that: Stablecoins enable new business models in the digital real economy on a blockchain-based infrastructure, offer the potential for efficiency gains in financial transactions and payment services, and can enhance Switzerland's international competitive position. If Switzerland wishes to remain a leading economic and innovative power going forward, the secure deployment of future-proof means of payment is indispensable. At the same time, it is vital that the challenges posed by stablecoins to financial stability and market integrity, as well as the disintermediation risks, be mitigated and technical security guaranteed at all times.

When it comes to risk mitigation, a CHF stablecoin from Switzerland has clear advantages over foreign alternatives. Domestic issuance reinforces supervision, improves legal enforcement, increases the authorities' control options and helps to keep value creation, know-how and payment cycles within the Swiss financial system. As long as CHF stablecoins can also be offered from outside Switzerland, a regulation which places Swiss providers at a structural disadvantage would shift those advantages abroad, without minimising potential risks. Without the prospect of stablecoins being issued here at home by strictly regulated and closely supervised financial intermediaries, Switzerland would become dependent on foreign means of payment.

This is the thinking behind the seven demands formulated in section 5, of which two should be emphasised in particular: First, the reserve underpinning must be designed to safeguard financial stability while still allowing for marketable, scalable and economically viable business models. In the Swiss context, with a limited supply of short-term CHF HQLAs and low interest rates, sufficiently flexible investment opportunities are needed. Second, effective action to combat money laundering and terrorist financing necessitates an approach that is coordinated internationally with the relevant jurisdictions. This would enable practicable regulation that effectively addresses potential risks to market integrity, does not disadvantage Swiss providers compared with their foreign counterparts, and at the same time permits efficient payment services.

With international developments already at an advanced stage, it is vital for the authorities and banks to work together in order to establish the best possible regulatory framework for the Swiss financial centre. A domestic stablecoin offers lower risks and can help a future-proof digital economy to flourish in Switzerland, thus securing innovation and prosperity.

7 Appendix

7.1 Stablecoin variants

In practice, stablecoins can be designed in very different ways. Their categorisation in Switzerland from a supervisory law perspective depends very much on their function, backing and legal claim (substance over form). The stablecoin variants currently on the market are structured in accordance with their key design decisions, and placed in a Swiss regulatory and banking centre context.⁴³ The logic of the “stablecoin trilemma” mirrors what happens in practice: the design of stablecoins balances three conflicting objectives of stability, decentralisation and capital efficiency.⁴⁴

The following design parameters – the ones that principally recur in market practice – directly influence their legal categorisation, risk situation and implementability for Swiss financial institutions.⁴⁵

- **Reference asset (peg) and stated objective:** Stablecoins are most often pegged to a single currency (e.g. 1 token = 1 CHF). However, they may also be pegged to a basket of currencies or an index and backed by commodities or crypto assets, or have an uncollateralised (e.g. algorithmic or synthetic) configuration (see Table 1⁴⁶). This choice largely determines their legal categorisation (e.g. deposit vs. collective investment vs. securities or derivatives in accordance with the FINMA guidelines).⁴⁷
- **Quality of backing and reserve policy:** When pegging to a currency, the underlying reserves can differ in their debtor quality and liquidity. They may include sight deposits at banks, short-term government bonds, repo transactions or money-market-linked portfolios. The level of reserve backing also needs to be defined: undercapitalised, fully capitalised or overcapitalised. To guarantee redemption and thus minimise liquidity squeezes or bank runs, robust stabilisation mechanisms, conservative and highly liquid reserves as well as clear redemption rights are essential.⁴⁸
- **Legal claim and redemption mechanism:** The key elements are (i) the existence and enforceability of a redemption claim, (ii) redemption at par when pegged to a single fiat currency, and (iii) deadlines, fees and operational access, especially in stress scenarios. These parameters form the core of global recommendations and, in Switzerland, they are also the key criteria when it comes to questions of banking law, specifically deposit insurance and matters covered by the Collective Investment Schemes Act (CISA).⁴⁹
- **Issuer and governance model:** The nature of the central issuer (bank or non-bank) dictates a number of legal and business considerations. Governance, i.e. the allocation of responsibilities, technical control options such as freezing, destroying or whitelisting, as well as reliable implementation of anti-money laundering law provisions (AMLA/AML/CFT) must be designed to be legally watertight.⁵⁰
- **Technological infrastructure (deployment):** In terms of technological infrastructure, a distinction needs to be made between open blockchains, i.e. public permissionless DLT, and limited-access systems or permissioned infrastructures. It must also be specified whether implementation takes place via single- or

⁴³ Swiss Financial Market Supervisory Authority FINMA, *Supplement to the guidelines for enquiries regarding the regulatory framework for initial coin offerings (ICOs) (stablecoins)*, 11 September 2019.

⁴⁴ Swiss Bankers Association (SBA), *Expert report on stablecoins*, April 2025.

⁴⁵ FINMA, *Supplement to the guidelines*.

⁴⁶ The table is intended as an overview. The Swiss categorisation will depend on the individual case (legal claim, backing, risk allocation, transfer/compliance design, marketing/disclosure). See FINMA, *Supplement to the guidelines*.

⁴⁷ FINMA, *Supplement to the guidelines*.

⁴⁸ Financial Stability Board (FSB), *High-level Recommendations for the Regulation, Supervision and Oversight of Global Stablecoin Arrangements*, 17 July 2023.

⁴⁹ FSB, *High-level Recommendations for Global Stablecoin Arrangements*.

⁵⁰ FSB, *High-level Recommendations for Global Stablecoin Arrangements*.

multi-chain approaches, native issuance, token wrapping or bridging. From a regulatory perspective, it is relevant whether the issuer can continue to exercise control on open networks after issuance, and how transfer restrictions can be technically implemented.⁵¹

- **Compliance by design:** In Switzerland, the controllability of the transaction chain is a central challenge, especially on open networks, protocols and blockchains. Contractual and, where appropriate, technical transfer restrictions as well as adequate identification of ownership are essential in order to ensure compliance with anti-money laundering law duties.⁵²

⁵¹ Swiss Financial Market Supervisory Authority FINMA, *Annual Report 2021*, 5 April 2022.

⁵² FINMA, *Annual Report 2021*.

• Swiss Banking

Stablecoin category	Examples (market practice)	Backing / stabilisation	Technological infrastructure (typical)	Redemption / legal claim (typical)	Core issues for the banking centre
Fiat-backed (single currency)	Tether (USDT), USD Coin (USDC)	Off-chain reserves in sight deposits or HQLAs	Frequently open networks (public DLT); often with integrated compliance mechanisms	Normally 1:1 at par; deadlines and fees centrally defined	Stability / resilience against liquidity squeezes (bank runs), transparency of reserves, redemption processes, AMLA compliance (AML) / whitelisting
Fiat-backed (currency basket / index)	Libra / Diem (<i>original concept, historical</i>), Reserve (RSV)	Backed by reserve basket; risk allocation is key	Frequently open networks (public DLT); often with integrated compliance mechanisms	Redemption claim can be made dependent on price	Investor and customer protection, risk of falling within the scope of CISA, valuation / disclosure transparency, counterparty risks (SNB vs. bank deposits)
Commodity-backed	PAX Gold (PAXG), Tether Gold (XAUT)	Physical (off-chain) commodity backing; distinction between right <i>in rem</i> and obligatory claim	Mostly central governance	Depending on structure: physical delivery or claim to financial settlement	Clarification of legal nature, secure custody, independent audit, market and price risk of underlying
Crypto-backed	DAI (MakerDAO), LUSD (Liquity)	On-chain crypto collateral; often over-collateralised	Smart contracts; in some cases decentralised governance structures (DAO)	Redemption primarily guided by protocol rules; not necessarily in fiat currency	Volatility risks / dependence on price oracles, governance risks, crisis mechanisms, operational resilience
Algorithmic / synthetic	TerraUSD (UST) (<i>historical / collapsed</i>), USDD (Tron)	Stabilisation by algorithms (management of supply and demand), possibly with use of derivatives	Smart contracts; often open, permissionless networks	Often no guaranteed redemption in fiat currency; high risk of depegging	High depegging and run risks, reputational risks for intermediaries, complex disclosure requirements
Wrapped / bridged stablecoins (Deposited tokens)	Bridged USDC (USDC.e) (<i>e.g. on Avalanche</i>), Wrapped USDT (wUSDT)	"Derived" from an existing token or reserve; bridge risk	Multi-chain approaches, bridging or wrapping	Dependent on the underlying	Cross-network rule conformity, transaction monitoring, allocation of liability and responsibilities

Table 1: Design features of stablecoins **Source:** SBA

• Swiss Banking

7.2 Market relevance of stablecoins

7.2.1 Basic assumptions

The importance and risks of stablecoins depend on the degree of scaling. Their relevance to the financial markets can be determined using a range of economic indicators. As this increases, regulation and oversight can be tightened up in application of the prudential principle. The following are the relevant indicators:

- **HQLA market (size and availability):** How large is the volume of HQLAs available on the CHF market (free vs. available, market depth, turnover)?
- **Ease and speed of liquidation:** What settlement or liquidation periods are realistic under normal and stress conditions?
- **Market capacity:** How much additional volume can the market absorb without significant price or yield fluctuations?
- **Player dynamic and market structure:** What role do issuers perform as against banks and the SNB? Will liquidity flows undergo structural shifts?
- **Demand in a stress scenario:** Who will ensure that the HQLAs can be realised in a stress situation?
- **Systemic thresholds:** Above what share (e.g. stablecoin AuM relative to the CHF bond market / money supply) do relevant effects on yields and market stability kick in?

To quantify market relevance, the following assumptions on regulatory and supervisory law requirements have been made, based on the original consultation draft on the amendments to FinIA:

Requirements for issuers

- Customer deposits must be kept separate from the issuer's own funds and cannot be used for the latter's own purposes.
- Customer deposits can be held in HQLAs with a short remaining term (typically HQLA L2a) or as sight deposits at banks or other payment institutions.
- Customer deposits must be appropriately diversified.
- Additional requirements apply for stablecoins based on cryptocurrencies:
 - Separate custody of the assets for each stablecoin issued.
 - Diversification and HQLA requirements apply separately for each stablecoin.

Regulatory requirements

- The value of the customer deposits held in custody must always match the value of the customer deposits received, less any negative interest.
- The Federal Council regulates the details of HQLA requirements, diversification and backing.

7.2.2 Quantification of the relevance of stablecoins in the Swiss market

According to the SWIFT Global Currency Tracker, the Swiss franc accounts for around 0.92% to 1.0% of global payment transactions. Comparing this real value with the current global stablecoin market of around USD 300.1 billion⁵³ gives a market potential for CHF stablecoins of around CHF 2.8–3.0 billion.

⁵³ DeFiLlama, *Stablecoins – Stablecoin Market Cap*, accessed on 17 August 2026 ([Link](#)).

With a market capitalisation of around USD 45.1 million⁵⁴ (approx. CHF 36.6 million), the market for CHF stablecoins is still very small. If we compare that USD 45.1 million with the USD 300.1 billion, we arrive at a figure of **approx. 0.015%**.

Size of the HQLA market

- **Total volume:** The volume of HQLA L1/L2a available in the CHF bond market is CHF 397 billion. For the short-dated segment, these include Confederation money market debt register claims (CHF 6–14 billion for 2026) and the Bills issued by the SNB to manage money market rates (currently approx. CHF 66 billion). In the event of rising demand, additional paper could be issued on the basis of falling yields, including by foreign issuers.
- **Breakdown by category and term in the bond market (domestic and foreign issuers, not including money market debt register claims):**
 - HQLA L1 (< 1 year): CHF 5.85 bn
 - HQLA L2a (< 1 year): CHF 23.64 bn
 - HQLA L2a (1–5 years): CHF 35.46 bn
 - HQLA L1 (1–5 years): CHF 94.74 bn
 - HQLA L1 (> 5 years): CHF 99.39 bn
 - HQLA L2a (> 5 years): CHF 137.91 bn
- **SNB Bills**, with a total market volume of CHF 45–135 billion, can also be used as backing. In a negative interest rate environment, the instrument would have to be designed to reflect this. **Confederation money market debt register claims (MMDRCs)**, with a market volume of CHF 6–14 billion, also meet the requirements.

Scenarios

The data show that HQLAs with a short remaining term (L1 and L2a) account for a fairly small proportion of the overall market (CHF 5.85 billion for L1 and CHF 23.64 billion for L2a). In view of the FinIA requirements and the preference for HQLAs with a short remaining term, this relatively small volume could influence issuers' liquidity planning.

Allowing for the expanded pool including repos and MMDRCs, the following picture of market capacity emerges:

Stablecoin volume	Share of the overall HQLA market including repos and money market debt register claims	Market impact
CHF 500 mn	0.4%	Negligible market pressure
CHF 1,000 mn	2.0%	Tangible market participation
CHF 5,000 mn	4.0%	Important market participant
CHF 20,000 mn	20.0%	Influential market size

⁵⁴ DeFillama, *Stablecoins – CHF-pegged stablecoins*, accessed on 17 August 2026 ([Link](#)).

Stablecoin volume (AuM)	Share of conventional L1 (< 1 year: CHF 5.85 bn)	Share of expanded pool (incl. MMDRCs & SNB Bills: ~ CHF 82 bn)	Systemic assessment and measures required
CHF 100 mn	~1.2% (with 60% L1 allocation)	< 0.2%	Negligible: Problem-free absorption into market.
CHF 500 mn	~6.0% (with 60% L1 allocation)	~0.6%	Tangible: FinIA requirements comfortably achievable; repos optional.
CHF 1 bn	~12.0% (with 60% L1 allocation)	~1.2%	Important player: No longer niche; professional repo desk required.
CHF 5 bn	~60.0% (with 60% L1 allocation)	~6.1%	Critical threshold: Danger of banks being crowded out of the L1 spot market; SNB Bills & MMDRCs necessary; SIX repo connectivity mandatory.
CHF 20 bn	> 200% (spot market insufficient)	~24.4%	Systemic integration: Works only with large-volume overnight repos, foreign HQLA swaps and SNB agreement.

- **Scenario 1: CHF 100 million**

- **Requirement:** 60 mn L1 / 40 mn L2a
- **Market share:** 1.2% of the L1 pool / 0.2% of the L2a pool
- **Assessment:** A volume of this size does not affect the financial market. The issuer can find enough securities without problems. The option to include repos/MMDRCs reduces the effective market burden further below 1%. Liquidity remains unproblematic.

- **Scenario 2: CHF 500 million**

- **Requirement:** 300 mn L1 / 200 mn L2a
- **Market share:** 6% of the L1 pool / 0.2% of the L2a pool
- **Assessment:** Here, the conventional money market feels the impact of the issuer for the first time. However, thanks to L2a, no systemic bottleneck occurs. With the inclusion of repo markets and MMDRCs, demand is spread (market share falls to approx. 0.4% of the total pool). The FinIA requirements are very comfortably achievable.

- **Scenario 3: CHF 1 billion**
 - **Requirement:** 600 mn L1 / 400 mn L2a
 - **Market share:** 12% of the L1 pool / 2% of the L2a pool
 - **Assessment:** Once it reaches CHF 1 billion, the stablecoin ceases to be a niche product. Expanded liquidity (including overnight reverse repos) means the market share remains easily manageable, at approx. 2.0% of the total pool. Operational excellence in the repo business now becomes the crucial stability factor.
- **Scenario 4: CHF 5 billion**
 - **Requirement:** 3 bn L1 / 2 bn L2a
 - **Market share:** 60% of the total L1 pool / 10% of the L2a pool
 - **Assessment:** Anyone acquiring 60% of all conventional short-term L1 securities on the market would completely dominate this area. From this level, it is absolutely essential to include SNB Bills and MMDRCs, as this dilutes the market share of the total pool to a non-critical 4.0%. This means that panic withdrawals by customers can be managed without significant yield distortions. Issuers that have reached this market size must have access to the SIX repo market.
- **New* scenario 5: Money market debt register claims (MMDRCs) included**
 - **Assessment:** The inclusion of MMRDCs makes the market two to three times larger. This massively reduces the strain on the narrow L1 market, increases absorption capacity for issuers, and eliminates structural liquidity squeezes for volumes up to CHF 5 billion.
- **New* scenario 6: SNB Bills & repo market included**
 - **Assessment:** The overall market becomes considerably more robust, and thus also allows for scenarios with large stablecoin holdings (CHF 20 billion). The option to release foreign currency reserves via overnight reverse repos additionally bolsters liquidity. The term of the collateral must be managed precisely. Moreover, at this market volume, the stablecoin is of a size that is relevant to managing the policy rate via the money market, and the effect of withdrawing liquidity from the banking system by investing in HQLAs from outside the banking system should also be taken into account.

Comments

- **Ease and speed of liquidation:**
 - **Settlement period:** Under normal and stress conditions, liquidation within a day is seen as realistic. In the event of bankruptcy, resolution within 30 days must be ensured.
- **Market capacity:**
 - **Additional volume:** The market could absorb further volume, but with possible arbitrage opportunities for foreign issuers.
- **Player dynamic and market structure:**
 - **Role allocation:** Issuers could assume a new role relative to banks and the SNB.
 - **Liquidity flows:** Potential structural shifts due to stablecoins. The money supply could be massively expanded due to the intensive use of SNB Bills and repos.
- **Demand in a stress scenario:**
 - **Ensuring demand:** In a stress situation, the SNB, banks or international investors could act as buyers.
 - **Relevance:** At what volume does this become market relevant?

- a) SIX repo access makes sense for stablecoin issuers in a stress scenario.
- b) Competition from money market funds.

7.2.3 Context

The analysis shows that Switzerland has enough HQLA capacity to safely support stablecoins up to the tens of billions, provided the newly evaluated instruments are integrated:

- **Market conditions, volatility and account structure:** The CHF foreign exchange market is relatively small and, according to a Harvard study, vulnerable to shortage of volume in periods of high volatility. In order to ensure liquidity, the account structure (SIC account, standard account or payment account) must be precisely defined, with the IBAN serving as an indicator. A payment account is an optimum basis for settling repos.
- **Proportional regulation and repo strategy:** The requirements should rise in line with the volume. More intensive reporting becomes necessary from CHF 500 million upwards. When it comes to ensuring liquidity, repos (which can be implemented as overnight repos under the GENIUS Act) offer an enormous buffer which also makes it possible to resolve reserves in foreign currencies efficiently.
- **Dealing with negative interest rates:** In phases of negative interest rates, SNB Bills are the most important repository. If they are not sufficient, demurrage (limiting the amount of currencies paid out by the stablecoin) must be considered as an operational mechanism at product level.
- **L2a as a buffer:** Recognition of L2a securities (central mortgage institution loans / corporate bonds) subject to appropriate haircuts prevents the narrow L1 market being overloaded by smaller issuers, and reduces the burden on commercial banks' liquidity reserves.
- **Stablecoins as wholesale deposits (Bank of England analogy):** If stablecoins are regarded as wholesale deposits, the approach adopted by the Bank of England could be worth pursuing: repos can be used, but without interest, covered (e.g. with 30% sight deposits) and strictly limited to systemically important institutions. It is for regulators to decide when an issuer becomes systemically important, and to what extent banks can use these deposits for their own lending.
- **Relevance from CHF 5 bn:** From this threshold upwards, the stablecoin becomes a strategic market participant. Regular liaison with the SNB on the composition of the reserves is advisable in order to prevent volatility in the repo market.
- **Institutional integration from CHF 20 bn:** Once a stablecoin reaches this critical size, the focus must shift to system integration. To prevent crowding out of the market, access to various relevant market participants would be necessary here, as the private HQLA supply, repo and money market debt register claims are reaching their physical limits.

7.2.4 Conclusion

Switzerland can readily absorb stablecoins up to CHF 1–5 billion in the existing HQLA market (including money market debt register claims). Through targeted use of flexibility between L1 and L2a paper, the new ordinance also provides a stable framework for volumes up to CHF 1 billion.

It is not until it is scaled up to over CHF 5 billion that the stablecoin changes from being a market participant to an integral part of the national financial infrastructure. To prevent systemic crowding out in this area, an institutional bridge to central bank liquidity must be created over the long term.

If the repo market is consistently added, the market becomes much more robust, and can readily absorb loads of up to CHF 20 bn (including SNB Bills). The inclusion of overnight repos and MMDRCs creates highly liquid buffers but also makes foreign currency reserves significantly more flexible. However, this stability hinges on strict matching of collateral terms with the 30-day resolution deadline in the event of a bankruptcy.

7.3 Simulation of a deposit outflow in scenario 2

Figure 3 below shows the change in key figures for the 40% scenario depending on the type of balance sheet adjustment in the event of a deposit outflow (2a, 2b, 2c).

- *Scenario 2a:* Balance sheet adjustment via reduction in liquid assets
Liquid assets are not sufficient to make up for the fall in sight deposits. This means that large amounts of financial investments would have to be disposed of. Moreover, given that an outflow of 40% of sight deposits is enough to undershoot FINMA's lower LCR threshold, this scenario is obsolete.
- *Scenario 2b:* Balance sheet adjustment via a reduction in liquid assets and lending volume (half each)
In this configuration, a 40% reduction in sight deposits would have a negative impact on the example bank's profitability. The LCR and NSFR are also reduced, while the capital ratio and leverage ratio improve. At a systemic level, a reduction in banks' liquid asset holdings would essentially entail a heightened vulnerability to crises. However, since the LCR and NSFR are still above the FINMA threshold of 100%, a scenario involving a larger reduction in lending volume need not necessarily be considered.
- *Scenario 2c:* Balance sheet adjustment via a reduction in lending volume
In this configuration, a 40% reduction in sight deposits would have a negative impact on the example bank's profitability and cost/income ratio. The other key figures improve compared with the starting position. However, since these are already comfortable in the starting position, these improvements are not as important as the reduction in profitability.

	Starting position	2a	2b	2c
		Outflow of 40% of sight deposits, balance sheet adjustment by...		
		reducing liquid assets	reducing liquid assets and lending volume (half each)	reducing lending volume
Balance sheet total	12,000	10,400	10,400	10,400
Result from interest operations	124	122	112	100
Net income	64	62	52	40
Return on equity	6.4%	6.2%	5.2%	4.0%
Return on required equity	12%	12%	10%	9%
Cost/income ratio	61%	62%	66%	71%
LCR	141%	39%	112%	184%
NSFR	123%	105%	114%	125%
Capital ratio	21%	22%	22%	24%
Leverage ratio	8.3%	9.6%	9.6%	9.6%

Figure 3: Consequences of an outflow of deposits – key figures **Source:** SBA

7.4 Glossary

Agentic commerce: The use of autonomous AI agents operating trading and buying processes independently on behalf of customers or companies.

Blockchain: Essentially a publicly accessible form of distributed ledger in which transactions are grouped and recorded in blocks, which then in turn are chained together. The length of a chain and thus the ledger increases with every transaction.

Bot activities: Online activities generated by automated software programs (bots) that replicate or automate human interactions in the internet.

CeDeFi: Centralised decentralised finance: a blockchain-based financial ecosystem that combines decentralised finance protocols and smart contracts with centralised governance, compliance requirements, custody solutions and regulatory oversight.

DeFi: Decentralised finance: financial services, investments or infrastructure managed or operated on decentralised systems.

Delivery versus payment (DvP): A settlement mechanism in which the delivery of an asset and the associated payment take place simultaneously and directly.

Distributed ledger: A system in which transactions and other information are recorded, with multiple identical copies stored in different places and synchronised using consensus-based rules.

Fiat currency: Currency that has been declared an official means of payment by a government.

GENIUS Act: Guiding and Establishing National Innovation for U.S. Stablecoins Act ([Link](#))

HQLA: High-quality, liquid assets that (under most circumstances) can reliably be converted into cash at the par value at any time.

Internet of Things (IoT): Objects and devices that are connected to a network such as the internet which they use to communicate with each other or provide information.

Crypto: A generic term for the universe of applications featuring decentralised structures, cryptographic mechanisms, consensus-based rules and authentication requirements. In a narrower sense, it often denotes applications that are not linked to assets or claims in the real economy.

MiCAR: Markets in Crypto-Assets Regulation: the Regulation of the European Parliament and the Council setting out a general legal framework at EU level for markets in crypto-assets.

On-ramping and off-ramping: On-ramping means exchanging fiat currencies into blockchain-based means of payment such as stablecoins or cryptocurrencies, while off-ramping is the reverse, i.e. reversion into fiat currency.

P2P: Peer-to-peer: a transaction in which the parties involved interact directly with each other via a platform, without a third-party intermediary being involved. One example is a cash payment.

Redemption: Returning stablecoins to the issuer in exchange for the corresponding value in the reference currency, with the stablecoins therefore being removed from circulation.

RTGS system: Real-time gross settlement system: a payment system in which payments are settled individually (gross), in real time and with immediate finality. As soon as a payment has been made, it can no longer be reversed.

Smart contract: A self-executing program on a blockchain that automatically enforces rules and agreements as soon as predefined conditions are met.

Stablecoin: A digital unit of value designed to have a stable value relative to a reference asset.

Token: A unit of digital information embodying a legal right or, as in the case of Bitcoin, an intangible asset in purely digital form.

Wallet: A digital store of payment and authentication information that can be used to execute transactions, often peer-to-peer, i.e. without the involvement of an intermediary.

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