

Response to the Federal Council report on banking stability

It is vital to learn the right lessons from the Credit Suisse (CS) crisis and close the gaps in Swiss regulation where necessary. The Federal Council's report achieves this in certain areas, notably liquidity and personal responsibility, but it lacks a clear focus and, in proposing more than 20 measures, is in danger of going overboard. This brings the risk of a wave of regulation that would be detrimental to the national economy. The following aspects are essential for a successful reform:

- **Prioritising:** With such a large number of measures, it is important to prioritise them by impact. From the perspective of the Swiss Bankers Association (SBA), the priorities must be expanding the supply of liquidity for all banks from the Swiss National Bank (SNB), introducing the public liquidity backstop for systemically important banks, and targeted amendments with regard to remuneration and responsibility. The duty to implement a remuneration policy geared to the long term should be written into law and a lean accountability framework ("senior manager regime") introduced.
- **Focusing:** Proportionality must absolutely be assured, and it must not be regulated without reason. This would not constitute an appropriate response to the specific issues raised by the CS crisis and would be harmful to the financial centre and thus the economy as a whole. It is therefore crucial to define the scope of application of certain measures more narrowly.
- **Securing competitiveness:** For Switzerland to remain competitive, all measures must be internationally aligned.
- **Transparency on impact and overall cost:** The impact of the various measures and their overall cost will – as envisaged – have to be clearly stated. It is absolutely essential to factor the measures' cost/benefit ratio into their definition and prioritisation.

The SBA will analyse the report in detail and play an active role in the discussions. The findings in the parliamentary investigation committee's report, which has yet to be published, will certainly be important here. The overarching goal must be to secure the Swiss financial centre's competitiveness so that it can continue to make a substantial contribution to the overall economy. With this in mind, we are advocating targeted and moderate regulation that takes account of banks' size, complexity, systemic importance and business models and thus safeguards the stability and success of the banking industry going forward.

SBA Chairman Marcel Rohner: "Learning the right lessons from the CS crisis is important to the success of our financial centre. The Federal Council's proposal is a step in the right direction, particularly with regard to the supply of liquidity and responsibilities. Overall, however, the report lacks focus with its raft of measures. We are calling for targeted and moderate regulation that takes due account of banks' size, complexity, systemic importance and business models."

SBA CEO Roman Studer: "Many of the proposed measures will help to achieve the aims of the reform. However, since the report lacks focus, it threatens to unleash a wave of regulation that would impose a massive burden on banks and the economy as a whole. To prevent this, measures must now be prioritised by impact, and their scope of application must in some cases be more narrowly defined. The coming reform will be decisive for the banking industry's stability and success in the coming decades."

For further information and our positions on the takeover of Credit Suisse by UBS, please consult our [topic page](#).