

Annual Report 2021 / 2022 Swiss Bankers Association



August 2022



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Marcel Rohner
Chairman



Jörg Gasser
CEO

Foreword

Dear Readers

Like you, we at the Swiss Bankers Association (SBA) are currently living through eventful and challenging times. Since the year began, we have been confronted with the geopolitical turmoil unleashed by Russia's attack on Ukraine and its consequences, both human and economic. The COVID-19 pandemic, meanwhile, is still with us. Our members, the banks in Switzerland, support their private customers, companies and the authorities in our country day in, day out, not least so that they remain financially equipped to act even in periods of difficulty.

As the umbrella association of banks in Switzerland, we stand shoulder to shoulder with our members and assist them in that task, as you can read in our Annual Report. In our first joint interview, published on the pages that follow, we as Chairman and CEO look back on a year of hard work and key milestones.

We then outline the most important events related to the priorities set by the Board of Directors. In everything from regulation to sustainable finance, and from cyber security to major questions of training policy, we have achieved great progress over recent months. This is followed by a compact overview of other relevant topics where advances have been made by some 700 experts in steering committees, commissions and working groups together with SBA staff. Once again, the Annual Report contains all the important figures for the last financial year.

We should like at this point to extend our special thanks to our members. It is essentially thanks to their commitment and support that we can look back on a successful year.

We hope you find our Annual Report informative, and look forward to seeing or speaking to you soon.



Marcel Rohner
Chairman



Jörg Gasser
CEO

1 “A credible policy for promoting the Swiss financial centre is vital”

In their first joint interview, Marcel Rohner, Chairman of the Swiss Bankers Association (SBA), and SBA CEO Jörg Gasser look back on a challenging and yet successful year.

Marcel Rohner, you have been Chairman of the SBA for just over a year. What has been your personal highlight so far?

Marcel Rohner: For me, the constructive working atmosphere within the Board of Directors and its efficient relationship with the offices feels like a permanent highlight. The fact that we have already finalised the self-regulation on sustainability is testament to our highly focused approach.

Your stated aim is to get the Swiss financial centre back on track for growth. What role can the SBA play in this respect?

Marcel Rohner: For our financial centre to grow, it must be competitive. This requires a high intensity of competition on the financial market. The Association can play a key role here in shaping the framework for this competition. We need to ensure a level playing field and transparency and keep the entry barriers as low as possible. A credible policy for promoting the Swiss financial centre, for example in terms of education and training, is also vital. We need as many people as possible who have been well trained in our dual education system. Ultimately, we want to preserve Switzerland’s traditional advantages, especially its high degree of stability and legal certainty. These are important factors in times of geo-political uncertainty.

Jörg Gasser, the Swiss financial centre is highly exposed at the moment, both politically and in the media, as a result of Russia’s war of aggression against Ukraine and the sanctions the West has imposed on Russia. How is the SBA dealing with this?

Jörg Gasser: The Association made it clear immediately after the war broke out that it condemns Russia’s aggression and is rigorously enforcing national, international and supranational sanctions. We have consistently communicated to the media and politicians in an objective but emphatic manner that the Swiss financial centre is internationally compliant. Switzerland meets all international standards on combating money laundering and on tax transparency.



Marcel Rohner, Chairman of the Swiss Bankers Association (SBA), and SBA CEO Jörg Gasser

“The Association made it clear immediately after the war broke out that it condemns Russia’s aggression and is rigorously enforcing national, international and supranational sanctions.”

Jörg Gasser, CEO

Putting the sanctions into practice remains a huge undertaking for the banks. What role does the SBA play here?

Jörg Gasser: We do our best to support the banks in implementing the sanctions. From an operational standpoint, we act as an interface, a kind of communication and information platform, between the banks and the authorities and ensure that the sanctions are implemented coherently. We do this through regular dialogue with the authorities in order to get quick answers to our members’ questions and thus provide them with practical implementation assistance. Media and public relations work at both national and international levels is also important. It is clear that Switzerland, as the world leader in cross-border wealth management, does indeed manage assets belonging to Russian clients, but we must always remember that only a fraction of the Swiss banks’ Russian clients are subject to sanctions. The vast majority of them are not, and banks – be they in Switzerland or anywhere else in the world – manage their assets in accordance with the applicable laws and regulations.

In a few weeks’ time, we Swiss will vote on a reform of withholding tax. Why should the electorate vote “Yes” to the proposal?

Marcel Rohner: The reform could bring a lot of business and tax revenues back into Switzerland. We are talking about a potential CHF 900 billion in bonds and other debt instruments currently managed abroad – primarily in Luxembourg – that could flow back into the Swiss capital market. Switzerland’s present withholding tax is rather like a scarecrow, driving the bond market abroad. This is illustrated very clearly by the fact that Luxembourg’s bond market, measured in relation to gross domestic product, is 190 times the size of Switzerland’s. While others are profiting, Switzerland is losing out on tax revenues. We need to change that.

“We intend to position the Swiss financial centre as a leading international hub for sustainable finance.”

Marcel Rohner, President

Does that figure include green bonds, which would be increasingly traded in Switzerland?

Marcel Rohner: It certainly does. The same applies here: Swiss withholding tax is forcing green bond issuers to look to other countries. Fewer than 100 green bonds have been issued and traded in Switzerland to date, compared with more than 1,300 in Luxembourg. We intend to position the Swiss financial centre as a leading international hub for sustainable finance. The reform of withholding tax will help us to do this by making Switzerland much more attractive for green bonds.

On the subject of sustainable finance, the SBA has developed a decisive action plan.

Where does the industry currently stand?

Jörg Gasser: As the umbrella organisation of the banks in Switzerland, we pull many different threads together. We finalised and published our self-regulation on sustainability in June. In addition, the government has worked with the industry to develop the Swiss Climate Scores, which represent a key milestone for Switzerland in the international arena. We are the first country in the world to introduce transparency on the Paris alignment of financial investments. This shows that Switzerland has the courage of its convictions and brings us a step closer to our ambition of becoming a leading location for sustainable finance.





2 Banking sector acting cohesively and successfully

A number of priority projects for the banks in Switzerland have been nearing completion over recent months, with others successfully concluded: two new self-regulation regimes have been adopted in the area of sustainable finance, the newly established Swiss Financial Sector Cyber Security Centre is a big step forward for the sector, while work on Basel III Final is entering its final stage.

Russia's war of aggression against Ukraine has had a major impact on the activities of the SBA and the banks. At the end of February 2022, the Federal Council voted to adopt the sanctions imposed by the European Union in their entirety. The SBA's Board of Directors discussed the current situation in Ukraine as well as the national and international sanctions at an extraordinary meeting on 3 March. It condemned the Russian attack and firmly supports the sanctions against Russia adopted by the Federal Council.

Swiss banks are maintaining strict compliance with all applicable regulations and measures, including sanctions imposed by Swiss, international and supranational bodies. Integrity and reputation are of vital importance to the financial centre. The SBA is helping the banks implement the sanctions in every way possible, providing expertise and platforms for communication and information between the banks and the authorities. One particular focus is on national and international media and public relations activities. As the world's leading provider of cross-border wealth management, the Swiss financial centre is highly exposed, both in the media and politically. At the same time, it should be remembered that only a fraction of the Swiss banks' Russian clients are subject to sanctions.

The Board of Directors defined the strategic priorities for 2022 back in December 2021 (see chart). Significant progress and successes have been achieved with regard to many of these.

Sustainable finance: action plan being implemented

The Swiss financial centre intends to position itself as a world-leading location for sustainable finance. To this end, the SBA is committed to promoting market-driven frameworks and is currently focusing on embedding relevant self-regulatory structures.

Swiss Bankers Association priorities 2022



Sustainable Finance

- ESG-Guidelines for investment and mortgage advice



Market access

- Bilateral market access solutions
- Practicable market access approaches at EU level



Digitalisation

- Cyber Security
- Digital assets



Digital money/CBDC

- Reform of withholding tax
- OECD "GloBE" Project



Financial market regulation

- Basel III Final
- Post Organisation Act



Regulation

- Anti-money laundering regime
- Financial Market Infrastructure Act (FinMIA)



Financial market infrastructure

- Digital money/CBDC



Training

- Lifelong learning

At its annual media conference in spring 2022, the SBA presented a plan containing specific measures that are now being progressively implemented. The principal focus is on the following:

- **Liberal self-regulation:** The SBA's new self-regulation defines a minimum standard for its members and makes them more competitive and more credible by guaranteeing high-quality advice for customers. Specifically, the SBA is drawing up binding rules for its members governing investment and mortgage advisory processes.
- **Net-zero initiatives:** The SBA regards net-zero initiatives as an effective instrument for achieving the climate goals set for the year 2050. It recommends that its members sign up to international net-zero alliances and sustainability initiatives in the banking industry. The SBA itself has been a supporting institution of the Net-Zero Banking Alliance since 12 April 2022.
- **Training:** The SBA and the banks systematically integrate environmental, social and governance (ESG) know-how into their education and further training. The SBA's goal is to ensure that all customer advisors have a sufficient understanding of ESG issues and apply it in the advisory process.

The SBA is also closely monitoring the federal government's work on issues such as the Swiss Climate Scores, sector agreements, disclosure (TCFD), the CO₂ Act, the indirect counter-proposal to the Glacier Initiative and implementation of the counter-proposal to the Responsible Business Initiative, and is involved in the working groups with the federal government as well as lobbying in Parliament.

Swiss Climate Scores: Switzerland becomes world's first country to create transparency on Paris alignment of investments

The Swiss Climate Scores are an easy-to-understand method of delivering transparency on the Paris alignment of financial investments. They support the Swiss financial centre's efforts to cement its position as an international leader in sustainable finance. The Asset Management Association Switzerland (AMAS), the Swiss Bankers Association (SBA) and Swiss Sustainable Finance (SSF) welcome the Swiss Climate Scores, which have been developed under the auspices of the federal government and in consultation with sector experts and NGOs. To provide meaningful, comparative information as a basis for assessing the Paris alignment of financial investments, they introduce six indicators matched to existing, internationally established criteria and methods. The indicators (greenhouse gas emissions, exposure to fossil fuels, global warming potential, verified commitments to net zero, credible climate dialogue and management towards net zero) give financial institutions a common framework to guide them.

Digital transformation: Swiss Financial Sector Cyber Security Centre established

In April 2022, together with Federal Councillor Ueli Maurer, representatives of the authorities, the financial sector and industry associations founded the [Swiss Financial Sector Cyber Security Centre](#) (Swiss FS-CSC), with August Benz, Deputy CEO of the SBA, as its President. Its aim is to further increase the Swiss financial centre's cyber resilience. In particular, it will facilitate the sharing of information between financial market players in Switzerland and enhance the prevention and management of systemic crisis situations. Cyber security is a top priority for the banks in Switzerland. The Swiss FS-CSC provides a solid foundation for ensuring that the financial centre can respond faster and more efficiently to cyber attacks in future. It improves information flows and thus strengthens the resilience of banks and insurance companies to cyber threats. The National Cyber Security Centre (NCSC) led the preparations for founding the Swiss FS-CSC, assisted by the State Secretariat for International Finance SIF, the Swiss National Bank, the SBA, SIX, the Swiss Insurance Association and the Association of Foreign Banks in Switzerland. The Swiss Financial Market Supervisory Authority FINMA will support the Swiss FS-CSC in an advisory capacity. The SBA coordinated activities ahead of its foundation on behalf of the financial centre, overseeing a constructive collaboration between the federal government, authorities, industry associations, banks and insurers.

The SBA is also committed to enhancing the financial centre's status as a location for the production and trading of digital assets. To bring this goal closer, the SBA has identified a range of measures it believes will add value for the financial centre as a whole. They are a combination of networking, education and training, and strategic positioning. In the area of tokenisation, for example, once the legal and regulatory framework has been established, the SBA is committed to driving standardisation on the market, so that the advantages of this new technical approach can be exploited to the full.

The SBA is also working on guidelines to help banks give their customers access to digital assets in general and cryptocurrencies in particular, depending on their strategic positioning in the market. Finally, the SBA is monitoring a growth in international efforts (e.g. by the OECD, FATCA, Basel Committee (BCBS) and IMF) to regulate digital assets which, over the medium to long term, are likely to impact the Swiss financial sector as well as market players active in this area of business. The SBA submitted its [comments](#) on the new Crypto Asset Reporting Framework (CARF) and amendments to the Common Reporting Standard (CRS) to the OECD in April.

Financial market infrastructure: opportunities of digital currencies being further explored

The [discussion paper](#) on digital currencies in Switzerland published by the SBA in 2021 made clear that the direction of travel in currencies and payments is influencing business models and earnings, is relevant for Switzerland as a business location, and is therefore likely to shape both political debate and regulatory activities. Given the potentially significant added value that digital currencies can generate, the question is therefore not whether, but only when and in what form they will be introduced and widely used. For that reason, the SBA's Board of Directors has declared the issue to be a priority for the Association. With this in mind, the SBA is currently focusing on options for digital money and the best way to design it. If it is to have a future as a means of payment, it must be stable relative to the franc, freely convertible, as open as possible, and usable for a broad cross-section of the population. The banking industry is looking into the question of whether and how it should be involved in developing programmable money as a public good which has an important role to play in the future of the Swiss economy.

Financial market regulation: Basel III Final on track

Following several years' work by the National Working Group, Swiss implementation of Basel III Final is entering its concluding phase. The consultation on the full package is scheduled to take place in the second half of 2022. The SBA's offices, working closely with the relevant bodies and experts, have already achieved some milestones along the way. A level of transparency has thus been achieved that will facilitate the concluding phase. One of the SBA's chief concerns during the consultation will be to ensure that the key points agreed with the authorities are actually adhered to, and that an appropriate balance is struck between system stability and competitiveness. As regards mortgages and real estate, the relevant parameters need to be set in a way that establishes a level playing field on the mortgage market.

Basel III Final marks the conclusion of the regulatory response to the 2008 financial crisis in terms of capital and liquidity regulation. Nevertheless, issues of prudential regulation will of course remain a high priority for our Association. In the area of investor protection and revision of the deposit insurance scheme, we have managed to ensure that our concerns are reflected in the new Act. At the ordinance level, we have successfully brought our concerns to bear in the activities of the mixed working group with the authorities, leaving only a small number of points to be dealt with in the public consultation. As regards a potential revision of the Post Organisation Act, the SBA argues that the authorisation of lending activities should be accompanied by a binding commitment to privatisation. The Council of States shares this view and, as the first chamber considering the item of business in the 2022 summer session, decided not to approve introduction of the Federal Council's bill. The matter now moves to the National Council.

Legal framework: anti-money laundering measures under scrutiny

In the wake of the Suisse Secrets reporting and the implementation of sanctions against Russia, the banks' anti-money laundering and compliance measures have become a matter of increasing public and political debate. The SBA strongly favours a robust anti-money laundering regime that takes international requirements into account. It believes lawyers and advisors should also fall within the scope of the Anti-Money Laundering Act, and welcomes parliamentary procedural requests to this effect. The SBA also continues to lobby for the abolition of criminal liability for negligence on the part of compliance staff. Finally, the SBA has also stated its position to the SIF regarding Financial Action Task Force (FATF) Recommendation 24 and the issue of a central register of beneficial owners. With regard to the upcoming revision of the Financial Market Infrastructure Act (FinMIA), the SBA likewise advocates efficient and internationally recognised regulation.

Taxation: corporate taxes under pressure

The OECD is currently reshaping the international tax landscape. What began with a plan to tax the digital economy has now evolved into a project for a market-based global minimum tax on all multinational enterprises. This will affect more than 2,000 companies in Switzerland. The Federal Council intends to introduce the new rules, and conducted an initial consultation which closed on 20 April 2022. The SBA has also stated its position and welcomes the Federal Council's proposals in principle. They will protect companies in Switzerland from future foreign tax demands and create greater legal certainty. However, the SBA believes that additional income from the new top-up tax must be used to promote Switzerland's standing as a business location. The proposal to amend the Federal Constitution and issue a temporary Federal Council ordinance is, in the SBA's opinion, a viable way of implementing the rules on schedule by 2024. From the banks' point of view, the most important thing is to ensure that the Federal Council ordinance keeps the negative tax impact of the new rules on calculating profits to an absolute minimum.

With the reform of withholding tax having completed its passage through Parliament in 2021, a popular vote on the proposal is scheduled for September this year. It is supported by a broad alliance of business associations and centre-right parties. The SBA is playing an active part in the strategic and operational activities conducted by *economiesuisse*, the federation of Swiss business, which is leading the campaign. The proposal strengthens Switzerland's attractiveness from a tax perspective. The SBA estimates that the reform could bring business and financing worth around CHF 900 billion back to the country, creating new jobs and increasing tax revenues.

Market access: agreement with UK in 2022; banks' concerns to form part of dialogue with EU

The Swiss federal government believes that the content of a mutual recognition agreement on financial services between Switzerland and the UK can be finalised before the end of the year. The SBA will continue to actively support the SIF in the negotiations. Work on the bilateral market access dossier has seen progress first and foremost with Germany. The very wide-ranging requirement that non-EU financial institutions shall have to establish branches for their cross-border banking activities that are proposed by the European Commission as part of the Banking Package are a particular challenge at present. The SBA is arguing for practicable solutions. Furthermore the SBA is also focusing on ensuring that the sector's known expectations over improved market access will get on the political agenda of the discussions between Switzerland and the EU at an early stage.

As part of promotional activities conducted by the federal government and financial sector, a Finance Day was organised for the first time under the “finance.swiss” brand at Expo in Dubai. A delegation from the authorities and the financial sector led by Federal Councillor Ueli Maurer travelled to the event to present the Swiss financial centre, stopping off in Qatar along the way. The activities of finance.swiss will be continued, and future promotional trips involving the Federal Council are at the planning stage.

Training: reform of commercial apprenticeship on the home straight

The reformed commercial apprenticeship will be introduced in summer 2023. The banking sector welcomes this reform. It has seen all its central concerns incorporated into the package, notably the retention of compatibility with the vocational school-leaving certificate during and after the banking apprenticeship. Preparations for the introduction of the new banking apprenticeship now begin, and the SBA regards simple and high-quality implementation in the banks as a matter of great importance. Ongoing dialogue between the SBA and those with responsibility for trainees is laying the groundwork for achieving this goal. The banks’ steering committee is also currently putting together the sector content. This will be progressively incorporated into the implementation guidelines that have been available since 2021 on the SBA website ([swissbanking.ch](https://www.swissbanking.ch)), and accompanied by regular briefing events throughout the country.

New members

As of 31 March 2022, the SBA had welcomed a number of new members. This underscores the attractiveness of the Association and its services for the financial sector. The new members also expand the SBA’s sector coverage. The following institutions have joined the SBA in recent months:

- Banque Internationale de Commerce – BRED (Suisse) SA
- Freie Gemeinschaftsbank
- Mbaer Merchant Bank AG
- SEBA Bank AG
- Sygnum Bank AG
- Zähringer Bank

16'092

Mentions of the SBA in print and online media

15

Position papers and consultation responses

310

Media enquiries received

93

Press releases, news, opinion articles and podcasts on www.swissbanking.ch

24

Circulars (tax and regulation monitoring)



18

Publications (studies, guidance and recommendations)

627'488

Clicks on www.swissbanking.ch

approx.

22'000

Newsletter subscriptions (as at 30 June 2022)

45

Events held

1'500

Bank staff with a political mandate

260

Member institutions,
per 31 March 2022

700

Specialists in SBA steering committees,
commissions and working groups

365

Social media posts per channel

1'300

Final exams for banking apprenticeships

8'731

Followers on Twitter (as at 30 June 2022)

14'193

Followers on LinkedIn (as at 30 June 2022)

4 The Swiss Bankers Association: working for the banks

Alongside its political priorities, the SBA is active across the entire spectrum of the banking business, and also promotes training to maintain and enhance the sector's attractiveness going forward. This section offers an overview of the most important additional developments.

Asset Management

Sustainable asset management

The [Asset Management Association Switzerland \(AMAS\)](#) and [Swiss Sustainable Finance \(SSF\)](#) have published a joint position paper on the legal and reputational risk of greenwashing, in which they recommend ways of strengthening the Swiss financial centre in the area of sustainable finance. These include joining net-zero alliances, establishing ESG governance, and active ownership on the part of asset managers and asset owners. AMAS is also currently drawing up a binding self-regulatory regime for sustainable asset management.

Introduction of limited qualified investor funds

The Swiss Parliament has adopted an amendment to the Collective Investment Schemes Act which creates the basis for a new fund category. Limited qualified investor funds (L-QIF) do not require approval from FINMA and are only open to qualified investors such as banks and pension funds. They enhance Switzerland's attractiveness and competitiveness as a fund location.

Market access

Situation between Switzerland and the EU

Following the breakdown of negotiations on an institutional framework agreement (InstA), the Swiss business community has changed its position. In a [new paper](#) on Europe published on February 2022 and entitled "Swiss – EU relations: it is now time to act", *economiesuisse* lists the banks as one of four priority areas of the Swiss economy for which the Federal Council needs to negotiate market access solutions over the medium term. The Swiss Bankers Association is also lobbying directly at the federal level to ensure that the banks' concerns are placed on the agenda for political discussions with the EU.

Stock market equivalence between Switzerland and the EU

In November 2021, the Federal Council extended the measure to protect the Swiss stock exchange infrastructure, and plans to incorporate the relevant ordinance into ordinary law. This will ensure that the Swiss stock exchange remains the reference venue for trading in Swiss shares. Securing renewal of equivalence recognition for an unlimited period by the European Union remains the medium- to long-term objective.

Access to the German market

The European Union leaves it to individual member states to decide whether Swiss banks need to establish a branch in the state concerned in order to serve non-professional investors. In its implementation of the [EU Directive on markets in financial instruments \(MiFID II\)](#), Germany waived this requirement. The models for cross-border activities based on an exemption from the obligation to obtain a licence from the German Federal Financial Supervisory Authority (BaFIN) have been refined and are also used by Swiss banks.

European Commission Banking Package 2021 | branch requirement for cross-border banking services (CRD Title VI)

The European Commission proposal dated 27 October 2021 implements the Basel III provisions via the updated CRD/CRR and also introduces a requirement to establish a branch in order to provide cross-border banking services. The positions in the ongoing legislative process have not yet been finalised. The SBA is arguing for practicable solutions.

5th Hong Kong–Swiss Financial Seminar

The fifth [Hong Kong–Swiss Financial Seminar](#) in January 2022 was once again a virtual event, attended by over 180 participants. The discussions focused on the strong growth in family offices over the last ten years. The event further deepened the already good relations between the two leading wealth management centres and provided a forum for exchange between experts.

5th Sino–Swiss Financial Roundtable

The fifth Sino–Swiss Financial Roundtable took place on 29 June 2022. It was conducted in virtual form for the first time, in a collaboration between the Chinese Banking Association and the SBA, and focused on deepening cooperation between the Swiss and Chinese financial centres. It was attended by both financial market players and representatives of the authorities in both countries, and also served to prepare for the first virtual exchange within the ministerial-level working group, which was held by the authorities a week later.

Digitalisation and innovation

Study on the future of Swiss banking

A [study](#) carried out jointly by the SBA and Accenture highlighted new ways for Swiss banks to create value. It argued that the models of the future will be based on open infrastructures with data and systems integrated end to end, digital capabilities, technical and organisational agility, and collaboration in ecosystems beyond the individual company.

Federal Council report on digital finance

The Federal Council published a report setting out the strategic areas of action for Switzerland with regard to digital finance. The measures envisaged are to involve close cooperation between politicians, authorities, the private sector and academia. The SBA welcomes the initiative and supports the thrust of the Federal Council's efforts to create the best possible regulatory framework.

Open finance: establishing the basis for an open financial centre

Sharing of customer data between financial institutions and third-party providers has great potential to deliver valuable new services. To enable the requisite standards to be drawn up quickly and in a coordinated fashion, the SBA has been working with Swiss Fintech Innovations (SFTI) to agree on the roles all stakeholders will play in open finance. SFTI acts as a central forum, drafting the necessary specialist and technical recommendations for open finance in Switzerland. The SBA collates the sector's concerns and brings them to the attention of politicians, the authorities and the general public. The unity achieved within the wealth management sector on standard APIs overseen by the newly created [OpenWealth Association](#) demonstrates the strength of Switzerland's market-driven approach.

Federal Act and blanket ordinance on distributed ledger technology come into force

The Federal Act on the Adaptation of Federal Law to Developments in Distributed Ledger Technology, as well as the associated blanket ordinance, came into force on 1 August 2021. The blanket act creates legal certainty and supports Switzerland's development into a leading and innovative location for distributed ledger technology. The SBA was actively involved in the [consultation](#) on the act, and is working with its members to secure the best possible operating environment for this technology.

Sustainable finance

Investments and financing required for a climate-neutral Switzerland by 2050

In a joint [study](#) with Boston Consulting Group (BCG), the SBA highlighted for the first time the level of investments needed to achieve a climate-neutral Swiss economy by 2050. In total, some CHF 387 billion will be required, 91% of which the Swiss financial centre can fund through lending and the capital market.

Revision of the CO₂ Act

The SBA welcomes the proposal to revise the CO₂ Act. The purpose article, with its stipulations regarding the alignment of finance flows, creates a direct link to the Paris Agreement, and therefore sets out the direction of travel for the financial centre. The proposal also provides for an audit of climate-related risks by FINMA and the Swiss National Bank (SNB).

Ordinance concerning reporting on climate-related matters

The impact of climate change on companies' business activities (climate-related financial risks) as well as the impact of companies on climate change (climate impact) are to be made visible. The SBA believes that adopting the approach employed by the [Task Force on Climate-related Financial Disclosures \(TCFD\)](#) is a sensible strategy. However, it is important to ensure that parallel application of the ordinance and FINMA's disclosure requirements does not lead to conflicts in practice. It should also be noted that the risk of greenwashing is not confined solely to the financial sector.

Taxes

OECD reporting regime for crypto assets

The OECD has presented plans for automatic exchange of information (AEOI) specifically for virtual assets. The SBA is in favour of equal treatment for the "crypto world" and the traditional financial market when it comes to tax transparency. However, it has some criticisms of the proposals, and voiced its opinions in the [consultation](#) along with the European Banking Federation and the Institute of International Finance.

Introduction of a Swiss trust

The Federal Council's proposal to create the legal basis for trusts in Swiss law would significantly disadvantage those affected when compared with current tax practice. It would make Switzerland wholly unattractive not just for new trusts but also for existing ones, thereby jeopardising Swiss banks' succession planning business. The SBA is completely opposed to the proposal.

Regulation & compliance

FinSA – update to self-regulation

The SBA has conducted a comprehensive review of its guidelines that are affected by the Financial Services Act (FinSA) and Ordinance (FinSO). The Portfolio Management Guidelines have been totally revised. The [Code of Conduct for Securities Dealers](#) and Guidelines on the duty to keep documentary records and on informing investors about structured products have been repealed without replacement. The Directives on the Independence of Financial Research and the Allocation Directives for the New Issues Market are currently being worked on.

Total revision of the ordinance to the Federal Act on Data Protection

The SBA believes it is essential for the [ordinance to the Federal Act on Data Protection \(FADP\)](#) to be a purely implementing ordinance. The current draft contains a number of elements that do more than simply clarify details relating to the revised FADP, and in some cases conflict with it. A “Swiss finish” that goes beyond the level of the EU’s General Data Protection Regulation must be avoided.

Revision of Guidelines on Dormant Assets

The SBA has revised its [guidelines on the treatment of assets without contact and dormant assets held at Swiss banks](#) (Guidelines on Dormant Assets) for the first time since 2014, to take account of practical experience over recent years. A fundamental overhaul was not felt to be necessary. The revised Guidelines on Dormant Assets have been recognised by FINMA as a minimum standard, and entered into force on 1 July 2022.

COVID-19 credits

The SBA has updated its [recommendations](#) on the amortisation of COVID-19 credits. In principle, repayments were to begin as originally envisaged on 31 March 2022, but companies that are still strongly impacted by the pandemic should have the option of deferring the start of amortisation with a minimum of paperwork. The Federal Council has also confirmed that granting loans to shareholders of Swiss group companies is permitted as long as they are used to meet the pre-existing amortisation obligation.

Amendments to the Liquidity Ordinance / “too big to fail”

The amended Liquidity Ordinance for systemically important banks came into force on 1 July 2022, with a transition period of 18 months for the banks concerned. The new regulatory concept is based on two pillars: the basic requirements, which are precisely calibrated and subject to reporting obligations, and the additional institution-specific requirements. Criticisms voiced by the SBA during the consultation were taken on board.

Amendments to the Banking Ordinance

The provisions on insolvency and deposit insurance contained in the Banking Ordinance are to be amended in line with the revised Banking Act. The SBA supports almost all of the Federal Council’s proposals with regard to deposit insurance, but in its [position statement](#) sees a need for extensive changes to the new resolvability requirements for systemically important institutions.

Economic policy & research

Banking Barometer 2022

The Banking Barometer 2022 underlines how vital the banking sector is to the success of the Swiss financial centre. Switzerland is still number one in cross-border wealth management. The banks recorded solid business results in 2021. However, the first half of 2022 was dominated by great uncertainty, rising inflation and a return to a more restrictive monetary policy, which is likely to have impacted the banks’ performance.

Swiss Banking Trends

In its new online publication [Swiss Banking Trends](#), the SBA provides an overview of the latest developments in Swiss banking’s various areas of business. It tracks activities in the closely linked operations of wealth management, investment management, corporate banking, retail banking and capital market products.

BAK study

The financial sector is a mainstay of the Swiss economy, accounting for around one-seventh of gross value added in 2020. In 2020, some 10% of all jobs in Switzerland were directly or indirectly dependent on the financial sector. Contributing around 12% of public sector tax revenues, it was also a key taxpayer, as the annual [BAK study](#) commissioned by the SBA and the Swiss Insurance Association confirmed.

COVID-19 pandemic: return to normality

With the lifting of the last COVID-19 restrictions in April 2022, normality has returned. The focus now is on learning the lessons of the pandemic and reducing the COVID-19-related debt. The SBA has represented the interests of the Swiss banks in dealings with the authorities throughout the pandemic, working closely with *economiesuisse*.

Monetary policy, financial market stability

In view of persistently high inflation rates, both the Federal Reserve (Fed) and the European Central Bank (ECB) have announced an end to their expansionary monetary policy. The pressure on the banks' traditional interest rate business has subsided, but at the same time interest rate risks are rising, especially for domestically oriented banks. Another major challenge is the great uncertainty over the persistence of high inflation in combination with developments in the global economy. In mid-June, the Swiss National Bank (SNB) reacted to the current situation with its first interest rate hike in 15 years. The trend towards monetary policy normalisation has thus spread to Switzerland.

Resilience in payment services

The Federal Council instructed the Federal Office for National Economic Supply (FONES) to draw up proposals for safeguarding payment services, as required by law, in the event of a power shortage lasting several weeks. The FONES, working with representatives of the banks coordinated by the SBA, is formulating potential effective crisis measures which it will submit to the SBA as recommendations in the course of 2022. The SBA is also arguing its case in the revision of the FINMA circular on operational risks, in response to matters raised by the Federal Council.

Training

Sustainable finance self-regulation: training is boosting impact

The SBA is committed to creating the best possible environment for lifelong learning. To enhance education and further training, it has launched the [ambassador programme](#), which focuses on the issues of sustainability, digitalisation, regulation and transversal competencies and familiarises educators with important publications such as the [self-regulation regime for sustainable finance](#). It has also played a role in designing new sustainability-related learning goals for the reformed commercial banking apprenticeship. The SBA is working with the banks to support the further development of the SAQ customer advisor certification in sustainability.

Digital and sustainability skills in the banking sector

The skill sets required by financial sector employees are changing. New job profiles, digitalisation and the central issue of sustainable investment all mean that learning is now a lifelong process. The SBA is working to secure the best environment for this, and offers a platform linking training providers with bank staff. It is currently assessing the merits of joining the professional training organisation ICT Berufsbildung in 2023, to enhance its commitment to digital education and training.

5 SBA management report

General business performance

The Swiss Bankers Association (SBA) is a non-profit organisation financed predominantly through membership fees. These were lower than in the prior year at around CHF 18 million, mainly due to Raiffeisen leaving in 2021. This drop in income was completely offset through a range of cost-saving measures and the partial liquidation of provisions. At the end of the financial year, the Association had 260 member institutions with around 11,300 individual members. Six institutions joined the Association during the period, and four left. A number of banks were merged, and some ceased trading. Averaged over the entire financial year, the Association employed just over 50 full-time equivalents, which is in line with prior years.

Outcome of risk assessment

No new factors were identified during the risk assessment that was conducted. It resulted in only minor formal adjustments that were adopted by the Audit Committee on 23 May 2022. The assessment by the SBA based on the information currently available is that there are no material individual risks that could pose an existential threat to the Association at present or in the foreseeable future. The Association also found that the sum of the individual risks does not threaten its existence.

Research and development activities

The SBA lays the groundwork for numerous issues that are relevant to the industry and are of current and future importance for the financial centre. It thereby contributes to the further development of the Swiss financial centre with the objective of increasing its competitiveness and future viability.

Extraordinary events

The economy as a whole, and the banks in particular, faced a range of challenges in the year under review as the COVID-19 pandemic persisted, the climate crisis continued to loom large, cyber threats grew, war broke out in Ukraine, and inflation started to rise. The SBA supported its members through various initiatives as well as political and media relations activities and thus made a substantial contribution to economic stability.

The SBA opened its new offices right next to Zurich's main railway station in autumn 2021. The open-plan concept makes for a contemporary and flexible workplace that is conducive to open communication between teams and departments.

Outlook

At Bankers Day on 16 September 2021, Herbert J. Scheidt handed his position as Chairman of the SBA's Board of Directors, which he had held for five years, to Marcel Rohner, Vice-Chairman of the Board of Directors of Union Bancaire Privée (UBP). Key focus areas of Marcel Rohner's first year in office included sustainability and the financial centre's growth.

Basel, 17 August 2022



Jörg Gasser
CEO



Melanie Knijff
Head of Operations



6 Balance sheet

in CHF

Assets	31.03.2022	31.03.2021
Cash and short-term cash equivalents	18'542'941	21'720'855
Trade accounts receivable	178'454	60'540
Other short-term receivables	1'516'980	554'245
Prepaid expenses/accrued income	253'921	218'746
Total current assets	20'492'296	22'554'386
Financial assets	13'503'210	13'729'374
Property, plant and equipment	3'700'001	3'700'001
Total non-current assets	17'203'211	17'429'375
Total Assets	37'695'507	39'983'761

Liabilities	31.03.2022	31.03.2021
Trade payables	444'160	422'139
Other short-term liabilities	271'845	219'955
Accrued expenses/deferred income	1'113'133	1'144'527
Short-term provisions	995'700	894'000
Total short-term liabilities	2'824'838	2'680'621
Provisions and similar items foreseen in the law	23'780'000	26'240'000
Total long-term liabilities	23'780'000	26'240'000
Total liabilities	26'604'838	28'920'621
Association capital	6'961'000	6'961'000
Reserves	4'129'669	4'102'140
Total equity capital	11'090'669	11'063'140
Total Liabilities	37'695'507	39'983'761

7 Income statement

in CHF

	01.04.21 – 31.03.22	01.04.20 – 31.03.21
Membership fees	18'135'075	19'679'469
Revenue from sale of goods and services	1'023'482	1'186'829
Total operating income	19'158'557	20'866'298
Goods and services expenses	-7'107'520	-7'252'957
Personnel expenses	-11'662'175	-11'982'927
Other operating expenses	-2'052'326	-1'968'075
Total operating expenses	-20'822'021	-21'203'959
Operating result	-1'663'464	-337'661
Financial expenses	-355'255	-72'364
Financial income (including unrealised gains)	208'749	943'599
Non-operating income	32'016	40'524
Extraordinary, non-recurring or prior-period expenses	-976'992	-2'103'880
Extraordinary, non-recurring or prior-period income	2'825'908	1'650'051
Direct taxes	-43'433	-50'514
Profit for the year	27'529	69'755

8 Cash flow statement

in CHF

	01.04.21 – 31.03.22	01.04.20 – 31.03.21
Net profit for the period	27'529	69'755
Price changes in financial investments	273'924	-754'729
Change in current assets	-1'138'866	369'787
Change in liabilities	65'559	-293'491
Change in provisions	-2'358'300	402'000
Cash flow from operating activities	-3'130'154	-206'678
Investments in non-current assets	-47'760	-38'688
Cash flow from investing activities	-47'760	-38'688
Total cash flow	-3'177'914	-245'366
Balance of cash at beginning of period	21'720'855	21'966'221
Balance of cash at end of period	18'542'941	21'720'855
Total cash flow	-3'177'914	-245'366

9 Notes

Description of the principles used in the preparation of the financial statements

These financial statements of the Swiss Bankers Association, headquartered in Basel, have been drawn up in accordance with the Swiss law, in particular with the articles in the Code of Obligations relating to commercial accounting and financial reporting (Art. 957 to 961).

In preparing the financial statements, the management is required to provide estimates and assessments that could affect the reported amounts of assets, liabilities, income and expenses for the reporting period. The management decides at its own discretion how to apply the legal scope for valuation and reporting practices. Pursuant to the principle of prudence, depreciation, value adjustments and reserves that exceed the economically necessary level can be created in the interests of the Association.

In principle, tangible fixed assets are valued at acquisition cost less depreciation and value adjustments. Depreciation of the Association's office premises, with the exception of the land value, is calculated on a straight-line basis. Where indications of overvaluation are present, the book values are reviewed and adjusted if necessary.

Disclosures, breakdown and explanations of balance sheet and income statement items

in CHF

	31.03.2022	31.03.2021
a) Cash and short-term cash equivalents		
Cash deposits	7'112	7'948
Bank deposits	18'535'829	21'712'907
	18'542'941	21'720'855
b) Financial assets		
Securities at market price	13'298'710	13'524'874
Securities at acquisition cost	204'500	204'500
	13'503'210	13'729'374
c) Property, plant and equipment		
Premises / furniture / IT systems	1	1
Office premises in Basel	3'700'000	3'700'000
	3'700'001	3'700'001
d) Provisions (short- and long-term)		
for general risks arising from business operations and to ensure continuity of the Association	24'775'700	27'134'000

Explanations of extraordinary, non-recurring or prior-period items included in the income statement

in CHF

a) Extraordinary, non-recurring or prior-period expenses	01.04.21 – 31.03.22	01.04.20 – 31.03.21
Short-term provisions	466'700	344'000
Long-term provisions	0	1'700'000
Other	510'292	59'880
	976'992	2'103'880

Additional provisions were created for general risks arising from business activities as well as for ensuring the Association's continuity.

b) Extraordinary, non-recurring or prior-period income		
Release of provisions	2'825'000	1'642'000
Other	908	8'051
	2'825'908	1'650'051

Provisions were released to finance various expenses and to reduce membership fees in 2021/22.

Additional information

in CHF

a) Full-time equivalents

The average number of full-time equivalents for the year was over 50 in both the year under review and the previous year.

b) Assets pledged to secure own commitments

The assets pledged (financial investments) as collateral for own liabilities total CHF 846,000 (previous year: CHF 720,000).

c) Fees paid to the auditors	01.04.21 – 31.03.22	01.04.20 – 31.03.21
For audit-related services	22'617	22'617
For other services	13'129	30'309

Significant events after the balance sheet date

No material events occurred between the balance sheet date and the approval of the financial statements by the Board of Directors on 16.06.2022 that could affect the information contained in the 2021/22 financial statements or that would have to be disclosed herein.

10 Report of the statutory auditor



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To the General Meeting of Members of
Swiss Bankers Association (SwissBanking), Basel

Basel, 17 August 2022

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Swiss Bankers Association (SwissBanking), which comprise the balance sheet, income statement and notes (pages 28 to 35), for the following period from 1 April 2021 to 31 March 2022.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 March 2022 comply with Swiss law and the association's articles of incorporation.



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Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 69b civil code in conjunction with article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 69b civil code in conjunction with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd



Andreas Blumer
(Qualified
Signature)

Licensed audit expert
(Auditor in charge)



Bruno Vomsattel
(Qualified
Signature)

Licensed audit expert

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