Chairman’s address, Bankers Day 2025

The day after tomorrow: how a strong financial centre is helping to shape change

Ladies and gentlemen

The two films in our new communication initiative strikingly demonstrate just how far the Swiss financial centre is woven into and influences the fabric of people’s everyday lives. I will examine this in depth later. However, before talking about the future and the day after tomorrow, I would like to briefly look back and then turn my attention to the situation today.

At last year’s Bankers Day, I spoke as Chairman on the impact of geopolitics on the Swiss financial centre. In that speech, I highlighted that a successful Swiss financial centre is embedded in a national economic and foreign policy that strengthens our independence, neutrality and attractiveness as a business location. The success of the financial centre, like that of every other sector of the economy, hinges on the effective deployment of economic and foreign policy tools, just as it is an integral and deeply interwoven part of the overall economy.

Unquestionably, the geopolitical challenges have not diminished over the last year. On the contrary: the division of the world into blocs, and the military and trade conflicts, have intensified. In his lead article in the NZZ on 9 August, entitled ‘Alone Amidst Predators’, Eric Gujer described the situation in clear and accurate terms:

“The liberal world order is gone for good. What was once an orderly playing field has now become a battlefield, in both the figurative and the literal sense. Great powers no longer recognise the existing rules. In the age of the jungle, might becomes right. ...

That is the arena in which Switzerland must sustain and assert itself. ... Once again, we are acting the smart guy, standing on the sidelines and profiting from the situation: no arms shipments to European partners, no increases in defence expenditure, but a de facto security guarantee from NATO. Going it alone like this while playing fast and loose with your reputation makes you easy prey for predators.”

I share this assessment, and am therefore convinced that when it comes to foreign policy, it is vital for Switzerland to have something to offer to its partners and, especially, its neighbours. A credible armed neutrality and a leading role in Europe’s energy supply are two areas in which we can achieve this. Action is now long overdue: there is no more time to lose. This is of the greatest importance for Switzerland as a business location, and for its financial centre.

The theme for this year’s Bankers Day is the financial centre on the day after tomorrow. We are therefore turning the spotlight on ourselves: our financial centre, the environment within which it operates, and ultimately the future. We are asking what it will take to ensure continuing success the day after tomorrow, and what the financial centre contributes to our nation’s prosperity.

Here too, a brief look back is useful. Imagine if, in the early 2000s, an expert had made the following forecast: “Here is what will happen in the next 10 years: first, we will experience a global financial crisis of immense proportions, which will see the disappearance of a number of big banks. Then, Europe will plunge into a major debt crisis. In the years thereafter, interest rates will decline, ultimately slipping into negative territory. The Swiss franc will gain 30% against the euro and the US dollar. Moreover, bank-client confidentiality will be set aside and automatic exchange of information introduced.”

We need to remember how all this would have sounded back then. Most people would have believed that, if such a prediction were to come true, it would signal the end of the Swiss financial centre. In fact, all of it really did happen, and yet many banks have successfully weathered the storm. It is true that a consolidation has taken place, and the banking sector’s share of GDP has fallen. But today, the banks manage more assets than back then, and employ more people.

In my opinion, two factors were key to that outcome. On the one hand, most banks had the financial resources they needed along with diversified business models that equipped them to handle those fundamental shifts. On the other, the legislative response to the financial crisis took the form of targeted and measured regulation that helped to maintain international competitiveness.

This brings us to the present day, the here and now, where the conditions for the future are being created. The banks must do business successfully and profitably, to build up the financial resources to cope with an unpredictable future. Equally, regulation must promote the stability of the financial centre while at the same time preserving competitiveness.

Are those conditions satisfied right now?

As regards profitability: throughout a decade in which interest rates have gone from negative to sharply rising before falling again, combined with a pandemic, global uncertainty and all the challenges I mentioned, the banks have – with one exception – performed very well.

The one exception was Credit Suisse. At the end of June, in the wake of that crisis and the bank’s takeover, the Federal Council forwarded a comprehensive package of regulation for consultation and legislation. This brings us to the second condition: regulation. The question of course is whether the authorities and legislators are learning the right lessons from events, and reacting to the crisis by making intelligent and balanced adjustments to the legal framework.

From the outset, the Swiss Bankers Association backed an in-depth investigation into CS's demise, so that the correct and necessary regulatory improvements can be implemented.

We immediately identified a simplified liquidity regime expanded to cover all banks as the most important lesson from the crisis. This will be crucial to financial stability in a digital world. An enhanced senior managers regime focused on the individual accountability of key decision-makers was another important action area that we recognised early on.

What the Federal Council presented in the wake of various expert reports and a highly meticulous and detailed report by the Parliamentary Investigation Committee, however, came as an unpleasant surprise to us. On the basis of an initial examination, we concluded that if this package is implemented as it is proposed, by the day after tomorrow the financial centre will cease to exist as we know it today. We face the threat of unnecessary, expensive and inefficient bureaucratisation, along with a loss of competitiveness and therefore the deliberate contraction of a vital pillar of our economy.

Proportionality

The majority of the measures put forward by the Federal Council are to apply to all banks, even though the crisis affected only one institution. Some of these measures are, admittedly, subject to constraints of proportionality. This would mean that a bank's business model, complexity, legal form and size would be factored into the scope of application and design of the regulation. However, that classification would be left to FINMA alone, with no clear criteria setting out exactly how and by whom it should be done.

We are firmly of the view – as was the PInC – that the CS crisis does not warrant any tightening of regulation for the vast majority of banks.

The powers of FINMA

When it comes to powers, the Federal Council's parameters include a large number of measures that, in many areas, go too far. Much is hidden in the small print, and gives grounds for great concern.

In its comments on strengthening supervision and industry bans, for example, the Federal Council writes that FINMA should be given the power to impose industry bans for serious breaches of internal regulations.

Under such a regime, would an institution ever issue instructions that go beyond supervisory law?

To prevent misconduct by financial institutions and their staff, the Federal Council calls for a provision empowering FINMA to inform the public about investigations and the opening of proceedings.

This gives the regulatory authority the option to inform the public even before a breach of supervisory law has been established. We all know that an announcement of this kind can have grave and irreversible consequences for an institution or individual. Is the intention really to inform without knowing what the facts are?

This makes FINMA not just a supervisory authority but also an examining magistrate, plaintiff and judge. And who will supervise the supervisor?

Corporate governance

In some areas, the Federal Council proposes that the law should incorporate detailed rules on the composition of not just banks' board of directors, but also their management bodies.

Addressing FINMA's role in its fact sheet on remuneration, it also suggested that FINMA should assess whether an individual guilty of misconduct has been adequately sanctioned by the bank via remuneration or other measures. If it concludes that this is not the case, it should be able to impose its own measures such as cancelling or reducing bonuses.

It is our belief that, given the diversity of the banks, such measures would be almost impossible to implement in law. They would also require inconceivably complex bureaucratic processes and, as such, would constitute disproportionate and unnecessary interference with organisational freedom.

While it is understandable that the supervisory authority should be given the tools it needs to do its work effectively and secure international recognition and respect, it cannot be right to open the door to potentially arbitrary action and essentially suspend the procedural rights of supervised institutions and individuals. From our perspective, the planned expansion of powers must be linked to codes of procedure that appropriately protect the rights of all involved. I am convinced that this is in the long-term interest of our supervisory authority too.

Capital requirements

Finally, I would like to address the matter of capital and valuation requirements, which de facto affect UBS.

When it comes to capital requirements, there are three factors that the legislator can influence. The first is the accounting treatment of assets; the second is the percentage capital underpinning for those assets; and the third is the definition of eligible capital. In all three cases, the Federal Council has gone for the harshest option. The overall impact is inordinate and the demand wholly excessive.

These are just a few examples to illustrate why we believe some of the proposals on the regulatory parameters go far beyond what is needed.

In our view, looking at the CS crisis and events in the US at the time, expanding and destigmatising liquidity provision from the SNB to all banks is the most effective way to improve financial stability. A lean, targeted senior managers regime and a careful expansion of FINMA's toolkit are further expedient steps.

Anything which goes beyond that ignores international competitiveness, locational advantages and the intensity of domestic competition. Intelligent regulation, by contrast, seeks to balance those objectives.

Let us not forget that the financial centre – banks, insurers and other financial service providers – generates 12.5% of the consolidated tax revenues of the federal government, cantons and communes. As we never tire of pointing out, it is an integral part of the economy, which also depends on having the best possible environment in which to operate.

It is often overlooked that Swiss cross-border wealth management also brings substantial benefits to our country, such as favourable conditions for credit financing. In part thanks to its withholding tax, Switzerland does not have a large capital market. For that reason, our country depends on a strong banking system to finance mortgages – amounting to CHF 1,300 billion – and loans of all kinds – including to the public sector.

The technological progress has been huge. Switzerland's banks have leveraged the digital transformation to develop efficient services. TWINT is just one of many examples.

By introducing the blanket act on distributed ledger technology, the legislature enabled Switzerland to become a global leader early on. Working with its members, the Swiss Bankers Association has carried out and published important groundwork on novel, blockchain-based payment infrastructures, covering topics such as the deposit token and stablecoins. The revision of the fintech licence announced by the SIF will be a game changer for Switzerland, enabling its financial centre to participate fully in those areas.

The financial centre will still be here the day after tomorrow. But the form it will take is up to us to decide. Competition will force the banks to innovate, and regulation should create the framework for that to happen.

The challenges that lie ahead are immense. An ageing population, global warming and national security will require huge efforts. Only a flourishing economy can generate the resources we need to overcome them. The alternative is confiscatory taxes and ever-increasing restrictions on individual freedom. That is not the world I want for my children.

Marcel Rohner
Chairman of the Swiss Bankers Association
September 2025