

Check against delivery.

Speech given by Jörg Gasser, CEO SBA

Building knowledge to shape the future

Esteemed Members of the Press

Welcome, also from my side, and thank you for your interest in the Swiss Bankers Association.

A year ago, I told you that the SBA has a vision of becoming a centre of expertise. We want to anticipate industry trends and important economic policy matters at an early stage in order to help develop viable solutions and attractive framework conditions from the outset. Our comprehensive banking expertise, specialist knowledge and strong network of hundreds of experts at our banks play an important role in this context. By creating and offering practical solutions, we are further strengthening our position as the first point of contact for our members as well as for politicians, the authorities, the media and the public.

We adopt a forward-looking approach and develop concrete solutions

In the course of the year, we succeeded in aligning our staff and set-up in a way that enables us to proactively address a number of relevant future topics in addition to conducting our day-to-day business. We have a crew of highly qualified people, decision makers and talented individuals. This puts us in a position to actively tackle topics and problems and to find good solutions based on a forward-looking approach.

We have demonstrated this over the past few months through our work on various dossiers:

- **Pragmatic and fast – the SME loan programme:** Herbert Scheidt has already mentioned the programme. Overall, it was implemented smoothly and effectively – among other things because the Swiss Bankers Association acted as a central hub for the banks and the authorities. In just a few days, the SBA provided a centralised information platform for its members and SMEs, and it developed guidelines to help the banks address a number of questions regarding implementation.
- **Improvements to market access:** If we look at developments surrounding market access for financial services, we see small but important improvements at the bilateral country level. On 30 June, Switzerland and the UK signed a joint declaration on the mutual liberalisation of market access in the financial sector. A discussion is currently taking place between the two countries on this matter. The Swiss Bankers Association has been able to closely follow this dialogue between the authorities from the beginning and table our solutions. The goal is to reach a tailored financial services agreement between the two countries. Such an agreement is essential, particularly in light of the fact that the UK will no longer be part of the EU in the future.

Equally important for Switzerland are clear and stable relations with the EU, its most important trading partner. We continue to support the conclusion of the framework agreement. Without such an agreement, improvements to market access for financial services are virtually impossible.

- **Shaping the future – the SBA provides banks with a toolbox:** With the guidelines for cloud banking and the overview of open banking published in recent months, we have provided our members with concrete tools and case studies to support banks in the area of digitalisation. We are now working on further such tools. New SBA guidelines on handling customer data are planned before the end of 2020.
- **Doing what we say we will do – guidelines for sustainable finance:** Last year, I announced that we were working on guidelines for integrating ESG considerations into the advisory process for private clients. These were published in June together with our basic positions on sustainable finance. We showed that market-based framework conditions and industry initiatives are the best way to increase the sustainability and competitiveness of the financial centre. With these guidelines, we are also providing banks with concrete recommendations on how they can consistently integrate sustainability into their advisory discussions with customers.

Sustainable financial flows: scientific facts are key

Ladies and gentlemen, the CO₂-oriented economy has no future. As a sector, we fully support the Paris Agreement. For a business model to be viable, it will be sustainable – and this applies to all companies. Banks need the right framework conditions in order to prepare themselves and their customers for the future. Our financial centre is part of the solution. This is underscored by the latest figures from the market study published by Swiss Sustainable Finance: the volume of sustainable financial products continues to increase substantially in the Swiss market.

We want to stay on this path. Sustainable finance is and remains a top priority in the work we do. It will be interesting to see the outcome of the FOEN climate compatibility tests. However, we are not waiting for the results to be published. Instead, we have already put together a new work package, and we have identified three key areas where we want to make progress.

Summarized in one sentence:

- *First*, only when all sectors of the economy disclose climate-related factors and risks,
 - *second*, when a recognised, internationally coordinated classification system or taxonomy is defined, and
 - *third*, when measurability is ensured through the application of a scientifically based method,
- will we be able to make reliable statements regarding the effectiveness of different measures.

To reach this point, we must first establish the key foundations and ensure that the right conditions are in place. This is why we are now looking specifically at three topics:

- **Disclosure:** The principles of the Task Force on Climate-related Financial Disclosures (TCFD) are an internationally recognised standard for disclosure that extend beyond the financial sector. The majority of Category 1 and 2 institutions already disclose their climate-related financial risks in accordance with the TCFD principles. FINMA is currently considering defining more specific requirements for the disclosure of climate-related financial risks. The diverse nature of the Swiss banking landscape, with its widely differing business models, should also be appropriately reflected in the disclosure of climate risks.
- **Classification:** A taxonomy creates a consistent and harmonised system of classification and protects against greenwashing and market fragmentation. For investors, the taxonomy enhances their knowledge about sustainable investment opportunities and thus helps to steer investments towards sustainable activities and solutions. In March 2020, the Technical Expert Group on Sustainable Finance (TEG) published its final version of the EU Taxonomy for sustainable finance. With this basis in place at the EU level, it is now time for the Swiss financial sector to determine how it will proceed with the taxonomy. This matter has implications for the Swiss economy that go beyond the financial centre. We are therefore striving for the establishment of a working group at the federal level that includes all relevant stakeholders.
- **Measurability:** In order to have a system-wide impact, measurement and transparency are crucial. Currently, however, there are virtually no methods for adequately quantifying the climate impact of the measures taken by financial institutions. Further research needs to be done. The Science Based Target Initiative (SBTI) has addressed these matters, and the first methods and instruments are due to be presented this autumn. The measurement and disclosure of effectiveness will help to understand which measures are most effective in reducing emissions. In the area of measurability, we support efforts to develop sound methods of measurement.

The Swiss population is satisfied with banks' sustainability

Before closing, I would like to make a general comment about sustainability at Swiss banks. The vast majority of the Swiss population is satisfied with the environmental sustainability of the banks. On behalf of the SBA, the research institute gfs.berne conducted a representative survey on "Sustainability and Banks". The high overall satisfaction of the respondents is a positive sign and shows that the banks are on the right track. But, as the survey also shows, this path is a marathon: the Swiss have clear expectations of banks and politicians. For example, they have expressed a clear wish for banks to always provide information about sustainability aspects in their portfolios when providing advisory services. A significant majority of the population is also in favour of greater transparency with regard to sustainability aspects, as well as better framework conditions for sustainable investments and products. For the Swiss Bankers Association, this means that the sector must remain firmly committed to sustainability and that attractive market-based conditions will also be required in the future.

One year ago, I made two announcements – one about the vision of a centre of expertise and another about the sector's activities in the area of sustainable finance. Today, I leave it to you to

judge how successfully we have implemented these goals. I look forward to a lively discussion about this.

I would now like to give the floor back to Serge Steiner.