

Swiss Bankers Association supports targeted reforms but says “no” to wave of regulation and extreme solutions

Zurich, 26 September 2025 – In its response to the planned amendments to the Capital Adequacy Ordinance and the “parameters” for a package of legislation presented by the Federal Council on 6 June 2025, the Swiss Bankers Association (SBA) welcomes the aim of further strengthening the stability of the financial centre. It supports action on specific lessons learned from the Credit Suisse crisis, such as improving the provision of liquidity and setting out clear responsibilities, but it rejects a wave of regulation affecting the entire industry, extreme solutions and an approach that is at odds with international norms. The SBA stresses that the right balance must be struck between system stability and competitiveness to bolster Switzerland’s standing as a business and finance hub instead of weakening it.

It was clear that a regulatory response to the Credit Suisse crisis was needed. The Swiss Bankers Association (SBA) favours targeted measures to strengthen the financial centre’s stability, but the package put forward by the Federal Council is

overloaded, disproportionate and too broad in its scope. The proposals pose a risk to the balance between system stability and international competitiveness.

Acting on lessons learned rather than enacting all-encompassing overregulation

The SBA welcomes the planned improvements to liquidity provision in crisis situations. All banks must have fast, unbureaucratic access to liquidity from the Swiss National Bank (SNB). Enshrining the SNB's default guarantee, also known as the public liquidity backstop, in law without any additional flat fee is an important step in this direction.

The SBA also supports efforts to improve the resolvability of systemically important banks, in particular by giving them greater room for manoeuvre and a wider range of resolution options. Responsibilities must also be unequivocally assigned in order to increase legal certainty and promote a conscious risk culture. The SBA is therefore in favour of introducing a senior managers regime, provided it is implemented in an appropriate, proportionate and unbureaucratic manner. In addition, remuneration principles should be enshrined in law so as to prevent false incentives.

No wave of regulation for small banks

The package of measures must not be allowed to turn into a wave of regulation for the entire industry. Restraint and proportionality must hold sway. Around half of the proposed measures would also apply to smaller and medium-sized banks, even though these are neither complex nor a threat to system stability. However, new rules result in fixed costs, which represent a particularly unreasonable burden on smaller institutions. Regulation must therefore be focused on the actual risks and take account of individual banks' circumstances. There is simply no need to impose

additional requirements on the vast majority of them.

Going it alone on regulation endangers competitiveness

The Credit Suisse crisis showed that the problem with capital requirements was not that they were too low, it was that there were too many exemptions. The lesson to be learned here is that such exemptions should be abolished rather than massively tightening the capital requirements, for example with regard to the capital backing of foreign participations. The Federal Council is proposing a “Swiss finish” that goes much too far in this respect. Switzerland should avoid going it alone when it comes to regulation, since this gives rise to unnecessary costs that weigh on the real economy and make Swiss institutions less competitive in the international marketplace.

The SBA is particularly emphatic in its rejection of the increased restrictions at ordinance level put forward in the current consultation. The proposed approach to valuing specific balance sheet items such as software and deferred taxes is as restrictive as can be – way beyond international standards and much stricter than any comparable jurisdiction. This would massively expand the “Swiss finish”, making international comparability impossible and significantly weakening the Swiss financial centre’s competitiveness. The SBA calls for substantial changes to the provisions in the ordinance concerning the risk-bearing function of additional tier 1 (AT1) capital instruments in order to make these instruments more marketable and internationally comparable and to enhance their loss-absorbing capacity. With regard to individual institutions’ disclosure of information on their liquidity situation, the requirements must be significantly reduced, made clearer and split up into levels.

Rule of law rather than questionable intervention powers

The SBA wants the Federal Council to focus on the instruments already at the disposal of the Swiss Financial Market Supervisory Authority (FINMA) rather than giving FINMA new powers that are problematic from a rule-of-law perspective. Industry bans for violating internal guidelines or additional administrative sanctions are not clearly related to the issues at hand and would be disproportionate. What is needed are clear rules of procedure that uphold the rule of law and the principle of proportionality, not an increase in questionable powers of intervention.

Holistic perspective essential

Responsible regulation must be based on a comprehensive analysis of all measures and their interaction with each other. Only a meticulous impact assessment can ensure that financial stability is strengthened without unnecessarily eroding the competitiveness of the financial centre and the real economy. This regulatory impact assessment is not yet available at this time.

“A strong financial centre is a cornerstone of Switzerland’s prosperity”, says **SBA Chairman Marcel Rohner**. “It creates jobs, generates tax revenue and enables innovation. To ensure that it remains successful going forward, we do not need more regulation, we need intelligent regulation that is targeted, proportionate and aligned with international standards.”

“We support action on specific lessons learned from the Credit Suisse crisis, and the Federal Council’s proposals include such action”, says **SBA CEO Roman Studer**. “However, we are against the planned wave of regulation for **all** banks as well as the extreme solutions proposed and a uniquely Swiss approach to capital adequacy and valuations.”

About the SBA

The SBA is the umbrella organisation of the Swiss banks. It represents the sector nationally and internationally vis-à-vis the private sector, policymakers, the authorities and the general public. The SBA advocates for open markets, scope for entrepreneurial freedom and a level playing field. As a centre of competence, it propagates banking expertise and actively engages in future topics. It was founded in Basel in 1912, and its membership today comprises around 265 organisations and some 12,000 individuals.

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respond to any media
inquiries.**

For further information please
dial:

+41 58 330 63 35