

Corona crisis: banks are a reliable partner to the economy

Basel, September 08, 2020 – This year's annual media conference will focus on the corona crisis, its impact on the economy, and the role of the banks during this time.

- The economy can rely on the banks during the corona crisis. The SME loan programme was implemented in a swift and straightforward manner.
- Banks are a stable pillar of the economy. The solid development of operating results, the rise in assets under management and the leading global position of the Swiss banks in cross-border wealth management attest to their competitiveness.
- There are growing concerns about the duration of the corona crisis. The Swiss Bankers Association (SBA) is working with banks on recommendations for handling potential insolvencies.
- The SBA has demonstrated its competence and effectiveness during the crisis.
- Open markets are in the interests of prosperity and security. The SBA clearly rejects the “termination initiative”.
- Sustainable finance offers significant potential for the Swiss financial centre. Market-based framework conditions and sector initiatives are the main focus in this area.
- Following the publication of the guidelines on integrating sustainability into the advisory process, the SBA is focusing on the areas of disclosure, classification and measurability.
- SBA survey: two-thirds of the Swiss population are satisfied with the sustainability of the banks. The Swiss would like more information regarding sustainable finance offerings as well as better framework conditions.

SME loan programme achieved its objectives

The loan programme is an unprecedented effort to support the Swiss economy. Very swiftly and thanks to the great personal contribution of all those involved at the banks, the authorities and the SBA, affected companies received urgently needed liquidity in a swift and straightforward manner, starting from the second week of the lockdown. The SBA

as an association was the central coordinating body between the relevant authorities and the participating banks, both for the development and implementation of the programme.

Solid banks are a pillar during the crisis

Banks are a stable pillar of the economic system. This is reflected by the key figures contained in this year's Banking Barometer, which will be published shortly. The operating result for all banks increased by 1.1% to CHF 66 bn in 2019. Swiss banks reported strong growth in assets under management of 13.8%. With a 25% share of the global cross-border wealth management market, they remain the clear leaders in this industry.

New recommendations for banks on dealing with insolvency risks at companies

The drastic drop in GDP and the consequences thereof are weighing on the economy. The SBA is therefore working together with the sector on recommendations for dealing with potential insolvencies. The aim is to avoid bankruptcies wherever possible by ensuring the best possible coordination between the banks supplying the loans and SMEs. This gives companies time to implement restructuring and recovery measures – and therefore to safeguard jobs.

Herbert J. Scheidt, Chairman of the SBA, says: "Competitive banks and a stable financial centre are a basic prerequisite for the functioning of our economy. With their extensive network across Switzerland, the banks provided even greater support for their clients during the corona crisis. They are fulfilling their responsibility and serving as reliable partners to the economy. The SBA also proved its efficacy as a central point of contact and coordinator for the sector during the crisis. Today, we can see the results of the work we have done over the last four years, during which we made significant changes at the Association."

SBA is an agile association with strong expertise and practical experience

Today, the SBA is a recognised and sought-after point of reference for politicians and the administration, as well as stakeholders within the sector. The Association's strong capabilities are the result of a high level of agility, a clear vision, effectiveness thanks to considerable expertise and practical experience, and a good understanding of concerns at the political level. Thanks to these competencies, the SBA is able to create entrepreneurial room for manoeuvre and reduce the regulatory burden on banks. The new FINMA ordinance, the successful introduction of the regime for small banks, and the guidelines for digitalisation and sustainability are a testimony to this.

No to the "termination initiative"

One of the greatest contributors to Switzerland's prosperity is its very successful export industry. Banks play an important role in this context and depend on open markets. The SBA therefore clearly rejects the termination initiative. If it were accepted, this initiative would result in Switzerland being cut off from the European single market, as it would trigger the guillotine clause for the termination of the Bilateral Agreements I. This would be disastrous for the entire Swiss economy.

While the termination initiative poses a serious threat to EU market access, important progress has been made at the country level. For example, Switzerland and the UK recently signed a Memorandum of Understanding, which aims to

ensure that the two largest financial centres in Europe will have improved mutual market access for financial services as soon as possible.

Broader understanding of financial market stability

The corona crisis has clearly shown the importance of functioning financial markets. Capital and liquidity requirements for banks are no longer sufficient to ensure financial market stability. A broader and therefore new understanding of financial market stability is needed, as it rests upon a number of important pillars such as pandemic risks, climate risks and cyber risks arising from digitalisation. Stability is and will remain a key factor for depositor confidence. The SBA therefore supports the upcoming partial revision of the Banking Act, which will focus on deposit protection. This should be optimised in a targeted and selective manner.

Sustainability is shaping the future of banking

Sustainable finance remains one of the SBA's top priorities, and holds significant potential for the Swiss financial centre. In this area, the SBA is focusing on attractive market-based framework conditions and sector initiatives. Following the SBA's publication in the summer of guidelines on integrating sustainability into the advisory process for private clients, the Association is now focusing on three areas: disclosure, classification (taxonomy) and measurability. The SBA is working together with the federal government, the authorities and the sector to define the requirements for the disclosure of climate-related financial risks. The SBA supports efforts to develop a uniform and harmonised classification system and meaningful methods of measurement. These prerequisites must be in place to enable transparency and comparability as well as reliable statements regarding the effectiveness of different measures.

On behalf of the SBA, the research institute gfs.bern conducted a representative survey on "Sustainability and Banks". The survey shows that the majority of the Swiss population is satisfied with the environmental sustainability of the banks. At the same time, however, the Swiss have expectations of banks and politicians. For example, they have expressed a wish for banks to always give information about sustainability aspects 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.

Votes for Annual General Meeting cast in writing

Due to developments relating to coronavirus and to protect the health of its members, the SBA decided to hold this year's Annual General Meeting without its members being physical present at the event. They were able to exercise their voting rights in writing. The conference segment of the Swiss Bankers Day has been postponed by one year.

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