Swiss Banking

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Coronavirus: federal government and banks launch SME loan programme. Rapid support for Swiss economy

Basel, March 25, 2020 – The programme announced by the Federal Council to grant loans with joint and several guarantees for small and medium-sized enterprises takes effect as of 26 March 2020. Companies can apply to their bank for a loan from this date. The Swiss Bankers Association (SBA) informed all banks in Switzerland in advance, and many of those that operate a lending business have signed up to the programme. Further banks will follow in the next few days.

The programme announced by the Federal Council is a joint initiative between the federal government and the banks to ensure that companies facing liquidity problems as a result of the coronavirus pandemic have access to bridging loans. It takes effect on Thursday, 26 March 2020. Affected Swiss SMEs, including sole proprietorships, partnerships and legal entities, can thus access financial support in the form of bank loans with joint and several guarantees. The programme is aimed at companies that had revenues of CHF 500 million or less in 2019.

“As bankers, we believe that it is important to supply companies with the liquidity they need in a fast and uncomplicated way so as to mitigate the economic impact of the coronavirus situation. Even at this challenging time, the banks remain fully committed to their responsibility as credit providers for the real economy, which is why they are participating in the programme. This ensures that affected SMEs have access to loans benefiting from joint and several guarantees,” said Herbert J. Scheidt, Chairman of the SBA.

FINMA announced today that it is granting the banks temporary exemption from the requirement to calculate a leverage ratio. The SNB, meanwhile, is introducing a new SNB Covid-19 Refinancing Facility (CRF). This will allow banks to obtain liquidity from the SNB against federally guaranteed loans. The SNB has also asked the Federal Council for permission to reduce the countercyclical capital buffer to 0% with immediate effect. The SBA welcomes the measures taken by FINMA and the SNB, which will make a pragmatic additional contribution to ensuring that the banks can provide companies with liquidity as effectively as possible.

SMEs can apply to their bank for a loan from Thursday

The programme created by the Federal Council and the banks takes effect on Thursday, 26 March 2020. The loan application will be available from tomorrow on the website covid19.easygov.swiss. Companies must meet certain minimum criteria. In particular, they must provide a declaration to the effect that they are losing revenues as a result of the

coronavirus pandemic. The programme builds on the guarantee organisations' existing structures and includes two types of loan guaranteed in accordance with the COVID-19 Guarantee Ordinance:

- **Covid-19 Loan**: The banks pay out amounts of up to CHF 0.5 million per counterparty through a simple procedure, and these loans benefit from a 100% federal government guarantee via the guarantee organisations. The current interest rate is 0%.
- **Covid-19 Loan Plus**: Amounts above CHF 0.5 million and up to CHF 20 million benefit from an 85% federal government guarantee via the guarantee organisations. These require the bank to review the application first. The maximum credit facility per counterparty is CHF 20 million. The interest rate on the federally guaranteed loan is currently 0.5%.

The interest rate stipulated in the Ordinance was set jointly by the federal government and the banks. The main purpose of the Covid-19 Loan is to provide companies with credit as quickly and simply as possible and with no cost. The interest rate on the Covid-19 Loan Plus, meanwhile, is intended to cover the banks' administrative costs and take due account of the risk involved.

All of the documents and information about bridging liquidity gaps over the next few months, including a list of participating banks, will be available on the website covid19.easygov.swiss from tomorrow.

The SBA has set up its own central information platform to provide answers to questions from bank customers, members and the general public about the coronavirus situation in French and German.

It is also discussing with the banks whether they need an additional Q&A to clarify the requirements set out in the Ordinance.

About the Swiss Bankers Association (SBA)

As the voice of the banking sector, the Swiss Bankers Association (SBA) represents the interests of the banks vis-à-vis industry, policymakers, the authorities and the general public. We are committed to ensuring scope for entrepreneurial freedom and open markets, and advocate for competitive framework conditions that provide room for development and innovation. The SBA was founded in 1912 and brings together almost 300 institutions and 12,000 individual members.

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