

SBA introduces self-regulation in the area of Sustainable Finance

New minimum requirements for integrating sustainability criteria into investment and mortgage advice

- The Swiss Bankers Association (SBA) has issued two guidelines stipulating minimum requirements for integrating sustainability criteria into investment and mortgage advice.
- On the one hand, the new guidelines govern the inclusion of sustainability preferences and risks in investment advice and portfolio management. On the other hand, they encourage mortgage providers giving advice to clients to consider long-term value retention, and consequently the energy efficiency of the building to be financed.
- The new guidelines are binding on SBA members. Non-members can adopt the guidelines on a voluntary basis. Both guidelines come into force on 1 January 2023, with various transition periods granted.
- With the new guidelines, the SBA strengthens Switzerland's position as a premier hub for Sustainable Finance and makes an effective contribution towards the transition to a sustainable economy.

As the umbrella organisation of the Swiss banks, the SBA actively lobbies for the framework conditions for sustainable financial products to be continuously improved. Industry initiatives play a key role here. A good example is the new self-regulation introduced in the area of Sustainable Finance. "In future, sustainability will be an integral component of advisory sessions with clients," says SBA CEO, Jörg Gasser.

For the first time, the new guidelines define binding rules for integrating environmental, social and governance (ESG) criteria into investment advice and portfolio management, as well as considering energy efficiency when giving mortgage advice. "In doing so, the industry is making a concrete and important contribution not only towards the achievement of the Paris climate goals, but also to the common goal set out in the Federal Council's financial market policy to establish Switzerland as a premier hub for sustainable finance," Jörg Gasser adds.

Sustainability integrated into client advice

The new guidelines target the information given to clients during the advisory process.

- **Investment advice and portfolio management:** The legal basis for the new “[Guidelines for financial service providers on the integration of ESG preferences and ESG risks into investment advice and portfolio management](#)” is the Financial Services Act (FinSA). In future, clients will be asked about their ESG preferences, and then offered appropriate products and services. The Guidelines also set out obligations for the provision of information, documentation and accountability when establishing the client’s ESG preferences. Members are also obligated to include ESG topics in the training and professional development of their client advisors. By offering professional and transparent advice on sustainable investments, financial service providers play an important role in preventing greenwashing. The new Guidelines are binding on SBA members and replace the existing [Guideline for the integration of ESG considerations into the advisory process for private clients](#). Swiss Sustainable Finance (SSF) is producing practical support tools to facilitate the implementation of the new SBA Guidelines. These will support financial service providers, including those beyond the banking sector, in the integration of sustainability aspects when advising private clients.
- **Property financing:** The purpose of the new “[Guidelines for mortgage providers on the promotion of energy efficiency](#)” is to encourage mortgage providers to consider long-term value retention, and consequently the energy efficiency of the building, when offering clients advice on financing a property. The intention is to make clients aware of the importance of energy efficiency upgrades. The initial focus is on advice to private individuals seeking finance for single-family and holiday homes. This advice should also include information about expected upgrade requirements for the property in future, as well as details of independent specialist agencies able to offer specific guidance. Members also undertake to provide appropriate and regular training for their client advisors regarding long-term value retention and improvement of energy efficiency.

New guidelines come into force on 1 January 2023

Drafted by members, the new guidelines affect all SBA members. They are therefore the result of a broad consultation process supported by the entire banking industry. The new self-regulation is binding on all SBA members and comes into force on 1 January 2023, with various transition periods granted for the necessary preparations to be made. The SBA offers member banks information materials and specialist workshops to support the introduction of the new guidelines. Non-members can also adopt the new guidelines on a voluntary basis.

The new guidelines will be regularly reviewed in light of ongoing market developments and will be updated and expanded as and when necessary.

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