

New Federal Council capital rules lead to significant competitive disadvantages for the Swiss financial centre

Zurich, 22 April 2026 – The Swiss Bankers Association (SBA) takes a highly critical view of the amendment to the Banking Act regarding the capital requirements for foreign holdings in the parent company of systemically important banks. The Federal Council is ignoring the predominantly critical feedback from the consultation process, particularly from the real economy and around 16 cantons. These rightly point out that this maximalist proposal and Switzerland's unilateral approach will weaken the financial centre, hamper the supply of credit and make financial services more expensive for businesses. The SBA welcomes the fact that the Federal Council has moved away from its extreme proposals in the Capital Adequacy Ordinance. Although the new valuations for specific balance sheet items such as software go beyond international standards, they are now aligned with competing financial centres and are therefore acceptable to the Swiss financial centre. It is positive that the vast majority of banks are now exempt from further tightening measures.

In its decision on the Capital Adequacy Ordinance, the Federal Council has taken into account points of criticism raised during the consultation process. Banks may continue to count certain balance sheet items, such as proprietary software and deferred tax assets, towards their Common Equity Tier 1 capital. The requirement to fully amortise software within three years at the latest represents a clear tightening of the rules. Switzerland is thus going beyond the current standard; however, the tightening is aligned with competing financial centres and therefore represents a viable solution for the Swiss financial centre. The targeted improvements in the provision of information on systemically important banks' liquidity positions are sensible. In keeping with the Swiss principle of proportionality, the vast majority of banks that do not pose a threat to systemic stability are now exempt from further tightening.

AT1 capital instruments are an established and central component of the international regulatory framework. They are recognised worldwide, demand is stable, and they are used in all major European markets to absorb losses in the event of a crisis. The SBA agrees with the Federal Council that these instruments have to be internationally harmonised.

Capital adequacy rules for foreign holdings create locational disadvantages

The SBA takes a particularly critical view of the Federal Council's decision to tighten capital adequacy requirements for foreign holdings. Switzerland already has strict capital requirements by international standards. The proposed tightening contradicts both the Basel Standards and international practice. Despite clear criticism from the financial sector, large parts of the real economy and a clear majority of the cantons, the Federal Council is sticking to its controversial proposal. This will affect the lending terms for bank customers and SMEs. At the same time, more effective solutions are available.

• Swiss Banking

Neglecting competitiveness is not in the interest of Switzerland as an internationally oriented business location. The Federal Council's approach stands in clear contradiction to the fact that major financial centres are currently reviewing and, in some cases, relaxing their regulations in order to strengthen their competitiveness. To address this serious decision, the SBA supports the Federal Council's aim of a swift consultation on the draft legislation from summer 2026 onwards.

Practical solutions are crucial

From the SBA's perspective, the Federal Council's approach regarding the capital adequacy requirements for foreign holdings does not make Switzerland more stable, but instead leads to Switzerland going it alone. Above all, this creates new locational disadvantages. Broad sections of the business community and the cantons have highlighted the importance of a careful balancing of interests. The ball is now in Parliament's court. A sustainable balance between financial stability and competitiveness is needed. Such a compromise is in the interests of Switzerland, its economy and taxpayers.

Marcel Rohner, President of the SBA: "Requiring foreign holdings to be fully backed by hard core capital would put Switzerland at a regulatory disadvantage. At the same time, viable solutions are available that strengthen financial stability without undermining competitiveness. This is in the interests of Switzerland, its economy and taxpayers."

Roman Studer, CEO of the SBA: "The industry welcomes the fact that the Federal Council sees no need for further action for the vast majority of banks. Whilst the planned tightening of the new valuations for specific balance sheet items such as software goes beyond the international standard, it is now aligned with competing financial centres and is therefore acceptable to the Swiss financial centre."

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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