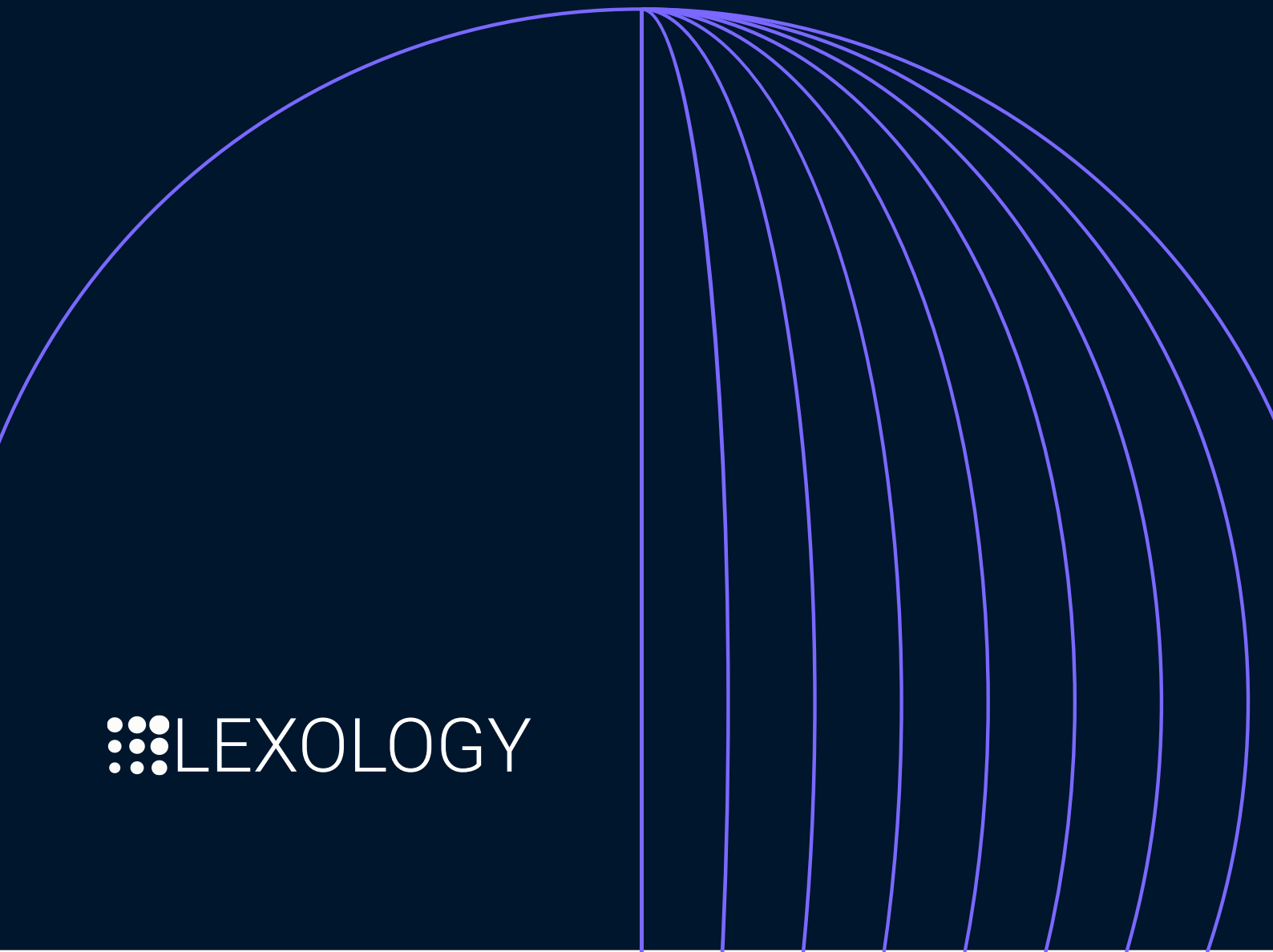
PANORAMIC

BANKING REGULATION

Switzerland



LEXOLOGY

Banking Regulation

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REGULATORY FRAMEWORK

Key policies
What are the principal governmental and regulatory policies that govern the banking sector?

The Swiss banking sector is subject to the supervision of the Swiss Financial Market Supervisory Authority (FINMA).

FINMA licences are granted to legal entities that pursue banking activities, not to their managers or shareholders. The licensing requirements are set out in the Swiss Federal Act on Banks and Savings Banks (the Banking Act). Among other things, the applicant must establish that the persons entrusted with the management enjoy a good reputation and thereby assure proper conduct of business operations (namely, a guarantee of irreproachable activity). If, at a later stage, any of the licence requirements are no longer satisfied, FINMA may take administrative measures that include, in extreme cases, withdrawal of the banking licence.

One of the most highly publicised aspects of Swiss banking regulation is Swiss banking secrecy. Unauthorised disclosure of information pertaining to the client–bank relationship is prohibited under the Banking Act and sanctioned criminally.

Law stated - 1 Januar 2026

Regulated institutions
What are the defining characteristics of a bank to be caught by the banking laws and regulations? Is non-bank fintech regulated differently?

The basic principle under Swiss banking laws is that 'banking activity' means accepting deposits from the public (or by way of refinancing from other banks) for the purpose of financing a large number of persons or entities. Banking activities may only be conducted in or from Switzerland if the relevant entity has been granted a licence by FINMA.

The Banking Act also provides for a 'fintech licence'. This licence involves less stringent requirements than a traditional banking licence and allows deposits to be accepted from the public, provided that:

- the aggregate amount of deposits does not exceed 100 million Swiss francs;
- the deposits do not bear interest (and are not otherwise remunerated); and
- the deposits are not reinvested by the company (namely, not used for on-lending purposes).

Law stated - 1 Januar 2026

Regulated institutions
Do the rules vary depending on the size or complexity of the banking institution?

While the general rules are the same for all banks, FINMA classifies Swiss banks into five supervisory categories as a function of their total assets, assets under management and capital. Categories 1 and 2 include systemically important financial institutions (SIFIs), which currently consist of UBS, PostFinance AG, Raiffeisen Schweiz Genossenschaft and Zürcher Kantonalbank.

FINMA conducts risk-oriented supervision focusing on large, important, complex market participants. The capital adequacy target varies depending on the applicable category of the relevant bank. A specific regime exists for small banks belonging to categories 4 and 5. The Liquidity Ordinance provides for a relaxation of the liquidity coverage ratio requirements for small banks, while the Capital Adequacy Ordinance (CAO) provides for simplified rules for calculating capital requirements for small, particularly liquid and well-capitalised banks and securities firms (eg, to forego the calculation of risk-weighted assets). The small bank regime, which is voluntary, also implies a reduction in audit frequency. By the end of 2024, FINMA announced that 55 banks and securities firms were taking part in the small bank regime.

Law stated - 1 Januar 2026

Primary and secondary legislation

Summarise the primary statutes and regulations that govern the banking industry.

The Banking Act is the main statute governing banking activities in or from Switzerland. The provisions of the Banking Act are detailed in several implementing ordinances issued by the government and by FINMA.

In addition, there is a series of FINMA circulars setting out FINMA's interpretation of the regulatory framework. These regulations are complemented by the Federal Act on the Swiss Financial Market Supervisory Authority, which is a framework law governing the supervisory activities and instruments of FINMA.

Pursuant to the Swiss Federal Act on Financial Institutions (FinIA), a Swiss bank may, under its banking licence, act as a securities firm. Securities firms' activities are governed by the Swiss Federal Act on Financial Services (FinSA), as well as the Swiss Federal Act on Financial Markets Infrastructures and Market Conduct in Securities and Derivatives Trading Act (FMIA) and their applicable implementing ordinances. From a Swiss law perspective, securities firms may act, on a commercial basis, as:

- market makers;
- brokers operating on a short-term basis for their own accounts; and
- brokers acting in their own name for their clients' accounts.

Swiss banks also qualify as financial intermediaries within the meaning of the Swiss anti-money laundering legal framework and, as such, fall within the ambit of the Federal Anti-Money Laundering Act (AMLA) and its implementing ordinances. A Swiss bank may also serve as a custodian for collective investment schemes. Such activity is subject to the

Federal Act on Collective Investment Schemes and its implementing ordinances and requires an additional licence from FINMA.

Furthermore, the organisation and operation of financial market infrastructures are governed by the FMIA, which also sets out the general requirements regarding market behaviour rules.

Finally, the Swiss banking sector has a long tradition of self-regulation by industry-sponsored organisations. The Swiss Bankers Association and the Asset Management Association Switzerland regularly issue self-regulatory guidelines to their members, which FINMA recognises as minimum standards that need to be complied with by all Swiss banks. This is particularly true regarding the duty of due diligence in identifying the contracting party and the beneficial owner (the Agreement on the Swiss Banks' Code of Conduct with regard to the Exercise o
f Due Diligence (CDB 20)), the rules of conduct for securities dealing and the guidelines governing portfolio management. An amendment to the CDB 20 is expected in the near future.

Law stated - 1 Januar 2026

Regulatory authorities

Which regulatory authorities are primarily responsible for overseeing banks?

FINMA is the supervisory authority in charge of supervising, in particular:

- banks;
- securities firms;
- collective investment schemes and fund-management companies;
- managers of funds and individual portfolios;
- trustees; and
- insurance companies.

Systemic risks are also addressed by the Swiss National Bank. FINMA and the Swiss National Bank have agreed on principles to coordinate their respective tasks.

Law stated - 1 Januar 2026

Government deposit insurance

Describe the extent to which deposits are insured by the government. Describe the extent to which the government has taken an ownership interest in the banking sector and intends to maintain, increase or decrease that interest.

Deposits with Swiss banks are not, as a rule, insured by any public authority in Switzerland. Special rules apply to cantonal banks, namely banks that are controlled by a Swiss canton (at least one-third of the capital and voting rights must be held by a Swiss canton for a bank

to be characterised as cantonal). The relevant cantonal legislation specifies to what extent the liabilities incurred by a cantonal bank are insured by the concerned canton.

In addition, the Banking Act provides for a privileged deposit system if a bank is declared bankrupt. Deposits totalling 100,000 Swiss francs per client are regarded as privileged deposits. Deposits held by a Swiss bank that belong to a foreign bank are also protected by the depositor protection system.

As a first step of the system, privileged deposits are immediately paid out from the remaining liquidity of the relevant bankrupt bank. If the institution's available liquidity does not cover all privileged bank deposits, the depositor protection scheme is used in a second step. For that purpose, all Swiss banks are under an obligation to participate in a deposit protection scheme that aims to secure the payment of privileged bank deposits. Such deposits also rank in a privileged class in the bankruptcy estate of the relevant bank.

Banks are required to secure preferential deposits by claims against third parties secured in Switzerland, or by assets in Switzerland, for a total amount corresponding to at least 125 per cent of the preferential deposits that they hold. FINMA may increase this amount or grant derogations.

In addition to this deposit protection scheme, the Banking Act includes specific provisions on reorganisation procedures, prompter repayment of preferential deposits and the continuation of basic banking services during insolvency proceedings.

Unlike cash deposits in bank accounts, assets such as shares, units in collective investment schemes and other securities held in custodial accounts are client property. In the event of a bankruptcy of a bank, such assets are segregated and released to clients.

On 1 January 2023, amendments to the Banking Act aimed at strengthening the deposit protection scheme entered into force. In particular, the revised Banking Act shortens the deadline for paying out protected customer deposits to seven business days, which is in line with international standards. Furthermore, the bank's contributions to the deposit protection scheme have increased from a fixed sum of 6 billion Swiss francs to a dynamic 1.6 per cent of all protected deposits (currently approximately 7.9 billion Swiss francs). Finally, banks no longer need to secure half of their obligatory deposit insurance contributions in the form of additional liquidity: this can now be done through depositing securities or Swiss francs in cash with a custodian.

Law stated - 1 Januar 2026

Transactions between affiliates

Which legal and regulatory limitations apply to transactions between a bank and its affiliates? What constitutes an 'affiliate' for this purpose? Briefly describe the range of permissible and prohibited activities for financial institutions and whether there have been any changes to how those activities are classified.

Swiss banking laws do not provide for limitations that expressly apply to transactions between a bank and its affiliates. A bank's transactions with its affiliates may, however, fall under the general limits imposed on a bank's risk exposure towards a single counterparty (or a group of related counterparties) for diversification purposes.

Risk exposure towards one single counterparty or a group of related counterparties exceeding 10 per cent of the bank's capital is to be monitored by the bank and, under certain circumstances, reported to FINMA. As a rule, such risk concentrations cannot exceed 25 per cent of the bank's overall capital. The CAO provides that risk concentrations are to be measured only according to core capital (Tier 1) as supplementary capital (Tier 2) is generally not to be taken into account.

Under Swiss banking laws, entities are considered to be affiliates if they are linked through a controlling relationship (namely, directly or indirectly held with more than 50 per cent of the voting rights or capital, or controlled in any other manner), or by a factual or legal obligation to assist.

A financial group or conglomerate that includes a Swiss bank or securities firm, or is effectively managed from Switzerland, may be subject to FINMA consolidated supervision. In this context, intra-group positions of a Swiss bank would, in principle, fall within the limits imposed on single-risk positions for diversification purposes. Only risk positions towards fully consolidated affiliates may, under certain circumstances, be exempted from these limits. On 19 March 2025, FINMA issued a circular on consolidated supervision of financial groups which entered into force on 1 July 2025 (Circular 2025/4). The new circular sets out the requirements for the inclusion of group companies in consolidated supervision (regulatory scope of consolidation) and the implications of consolidated supervision from a quantitative and qualitative perspective, including, for example, elements of corporate governance at the group level. In terms of capital adequacy requirements, the CAO provides for gone concern capital requirements for SIFIs. This regime provides, inter alia, for an abolition of the full deduction of parent companies' positions held in subsidiaries from core equity capital and of the accompanying relief measures allowed, and for their replacement with the implementation of a risk weighting with weights up to 250 per cent with respect to positions in Swiss-based subsidiaries and 400 per cent with respect to positions in non-Swiss subsidiaries. These requirements relate to the parent companies' capital ratios only, exclusive of consolidated ratios. The CAO also recently introduced simplified requirements for small banks and measures aimed at ensuring that sufficient gone concern capital is available in the event of a crisis.

Law stated - 1 Januar 2026

Regulatory challenges

What are the principal regulatory challenges facing the banking industry?

Anti-money laundering regulation and implementation of the latest FATF recommendations

Following the fourth Financial Action Task Force (FATF) review of Switzerland, which was conducted in 2016, amendments of AMLA entered into force on 1 January 2023. The main amendments focused on the verification of the information provided on the identity of the beneficial owner against reliable sources and on the requirement to periodically review and update the know-your-customer information provided by clients. Furthermore, the revised AMLA provides for the removal of the 20 days during which the Swiss Money Laundering Reporting Office (MROS) is to review the reporting made by the financial intermediary and

revert. This last point aims at allowing the MROS to prioritise certain filings and treat them in a more efficient manner.

Along with the revised AMLA, FINMA revised the FINMA Anti-Money Laundering Ordinance, which now clarifies that, in relation to exchange transactions of virtual currencies for cash or other anonymous means of payment, the threshold for the identification of the contracting party is 1000 Swiss francs for linked transactions within 30 days (and not just per day). The scope of the FINMA Anti-Money Laundering Ordinance was extended to cover distributed ledger trading facilities.

In its fourth follow-up report published in 2023, the FATF acknowledged the progress made by Switzerland in connection with the revised AMLA, while noting that several improvements remain needed, in particular in the area of transparency of legal entities and advisory activities in connection with the structuring of companies and trusts. To address this, on 26 September 2025, the Swiss Parliament adopted the Legal Entities Transparency Act (LETA), which will introduce a centralised register of beneficial owners, as well as new due diligence rules for consultancy activities (including legal advice) carrying a high risk of money laundering. In addition, the Swiss Federal Council launched a consultation in relation to the Legal Entities Transparency Ordinance (LETO), which consultation will last until 30 January 2026. Entry into force of both the LETA and the LETO is expected to be in the second half of 2026 at the earliest.

Swiss legislation on financial services and financial institutions

On 1 January 2020, the FinSA and the FinIA, along with their implementing ordinances, entered into force, subject to certain transitional provisions. While the purpose of the FinIA is to provide a 'new legal framework' governing all financial institutions, the objective of the FinSA is to regulate financial services, whether provided in Switzerland or on a cross-border basis by non-Swiss providers of financial services.

The introduction of the new FinSA and FinIA involves, inter alia, the following key changes to the Swiss regulatory framework:

1. financial services and institutions are governed in Switzerland by a general set of regulations on the supervision of financial services, embodied in the FinSA, the FinIA and the FMIA;
2. client advisers of non-Swiss service providers, which are not subject to supervision in their home country (or that provide financial services to private clients), must now register in a client adviser's register, as a prerequisite to providing financial services to Swiss-based clients;
3. the introduction of categorisation rules based on the EU concept of professional clients and private clients;
4. the implementation of market conduct rules, including the obligation to verify the appropriateness and suitability of financial services, as well as inducements and transparency rules (integrating into the FinSA the most recent case law of the Swiss Supreme Court regarding the transparency and consent requirements for a financial institution to keep trailer fees);
5.

the provision of uniform prospectus rules that generally apply to all securities offered publicly into or in Switzerland, as well as a change of paradigm in the enforcement of the claims of investors against financial institutions; and

6. the prudential supervision of portfolio managers and trustees that were previously not subject to prudential supervision.

FINMA recently issued a circular regarding the rules of conduct, which entered into force on 1 January 2025 (Circular 2025/02). This Circular clarifies expectations on key matters related to transparency, risk profiles' adequacy, securities lending, remuneration and conflict of interests.

Under the FinSA, the provision of financial services to clients in Switzerland on a cross-border basis implies compliance with the following requirements for foreign financial service providers (unless the financial service is the result of reverse solicitation):

- client classification according to the new client categories (private, professional and institutional clients);
- compliance with organisational measures and rules of conduct (eg, information, suitability, documentation, reporting, transparency and duty of care);
- affiliation with an ombudsman's office; and
- registration in a client advisers' register for the client advisers of foreign financial service providers acting in Switzerland on a cross-border basis, it being noted that an exemption is available if such foreign financial service providers are prudentially supervised in their home jurisdiction and if the financial services are solely rendered to Swiss-based professional and institutional clients.

Sustainable finance

Sustainability has been an important topic impacting, among other sectors, the Swiss financial sector and financial institutions active in Switzerland.

On 1 January 2024, the ordinance on climate disclosures for large Swiss companies entered into force. The ordinance is based on certain provisions of the Swiss Code of Obligations and provides for the binding implementation of the recommendations of the Task Force on Climate-Related Financial Disclosures by large Swiss companies. In substance, public companies, including banks and insurance companies with 500 or more employees and at least 20 million Swiss francs in total assets or more than 40 million Swiss francs in turnover are obliged to report publicly on climate issues. Public reporting involves disclosures not only on the financial risk that a company incurs as a result of climate-related activities, but also on the impact of the company's business activities on the climate. On 6 December 2024, the Federal Council opened consultation on amending the Ordinance on Climate Disclosures. However, on 25 June 2025, the Swiss Federal Council decided to pause the revision and implementation of the amended ordinance whilst awaiting greater clarity on related developments in the EU. The Swiss Federal Council will resume the project on companies' climate disclosures once it has approved the ongoing revision of the overarching legislation on sustainability reporting in the Swiss Code of Obligations, but at the latest by 1 January 2027. Moreover, on 1 January 2025, the Swiss Climate and Innovation Act (CIA)

and its implementing regulation, the Climate Protection Ordinance (CPO) entered into force, formalising Switzerland's long-term climate protection goals.

Simultaneously, FINMA has been active in this area during the past few years. Recently, on 17 December 2024, FINMA published a new 2026/01 'Nature-related financial risks' Circular, through which FINMA aims at strengthening its supervisory practice with respect to risks related to climate change and other potentially relevant nature risks. The circular entered into force on 1 January 2026 for banks and insurers in supervisory category 1 to 2, and will enter into force on 1 January 2027 for banks and insurers in supervisory category 3 to 5. While the circular will initially apply exclusively to climate-related financial risks, its scope of application will be extended to encompass all nature-related financial risks from 1 January 2028.

Law stated - 1 Januar 2026

Consumer protection

Are banks subject to consumer protection rules?

Swiss regulatory laws do not provide for a specific consumer protection legal framework; however, regarding a certain type of loan, Swiss financial institutions are to observe mandatory provisions that cannot be altered to the detriment of consumers. Loans granted to individuals for purposes other than business or commercial activities, in the range of 500 Swiss francs and 80,000 Swiss francs (providing that the consumer is not obliged to reimburse the credit within less than three months), are subject to the Consumer Credit Act (CCA). The CCA sets out a series of mandatory consumer protection rules, including:

- the consumer credit contracts must be made in writing and comply with a maximum rate of interest set by the authorities (namely, in principle 15 per cent); and
- the consumer credit contracts must list a series of pieces of information, without which they are null and void (eg, the right of the consumer to revoke a line of credit in writing and within seven days of sending or the delivery of the contract to the borrower).

In national and international transactions with consumers and depending on the countries involved, specific consumer protection rules may apply with regard to the determination of the competent jurisdiction.

Law stated - 1 Januar 2026

Future changes

In what ways do you anticipate the legal and regulatory policy changing over the next few years?

FINMA aims at strengthening Switzerland's position as one of the leaders in the fintech sector. To this end, the Swiss regulator engaged a number of international bodies to establish a framework aimed at promoting innovation, as well as protecting customers and investors in this area. This includes an amendment to several federal acts to take into account developments in distributed ledger technology, which entered into force in 2021, and the

introduction of ledger-based securities that are represented in a blockchain. Over the last years, FINMA published several guidances in relation to cryptobased assets, in particular on the staking of digital assets and the regulatory implications (FINMA Guidance 08/2023 on 20 December 2023), on the issuance of stablecoins (Guidance 06/2024 on 26 July 2024), and on the disclosure of cryptobased assets in the annual financial statements of banks and securities firms (Guidance 03/2025 on 5 September 2025). Separately, on 22 October 2025, the Swiss Federal Council launched a consultation on amendments to the FinIA aimed at improving the regulatory framework for stablecoins and crypto-assets. The proposal introduces two new licence categories – payment instrument institutions and crypto-institutions – intended to enhance Switzerland's attractiveness as a fintech hub while strengthening consumer protection, financial stability and market integrity. The consultation runs until 6 February 2026 and seeks to align Swiss law with evolving international standards in this area.

As regards technology-related risks, in June 2024, FINMA published guidance on cyber risk, providing further details on the obligation to report cyber attacks and scenario-based cyber risk exercises (FINMA Guidance 03/2024). Moreover, in December 2024, FINMA published guidance on governance and risk management when using artificial intelligence (FINMA Guidance 08/2024). FINMA provides guidance on the identification of the specific risks associated with AI applications and on the implementation of adequate measures to effectively manage those risks. In parallel, in February 2025, the Swiss Federal Council confirmed its intention to ratify the Council of Europe Convention on Artificial Intelligence and to make the necessary amendments to Swiss law. The Swiss Federal Council wishes to regulate AI to reinforce Switzerland as a centre of innovation, as well as pursue targeted sector-specific AI regulation. Also, on 16 December 2025, FINMA launched a consultation on a revision of the Circular 2016/7 'Video and online identification'.

On 21 December 2023, Switzerland and the United Kingdom entered into an agreement on the mutual recognition of financial services (the Bern Financial Services Agreement). This Agreement is largely based on mutual recognition of the equivalence of national legislations and regulations. It aims at fostering competitiveness and cooperation between these two jurisdictions. This Agreement is aimed at improving the cross-border market for financial services between Switzerland and the United Kingdom, in particular in relation to wholesale and sophisticated clients in the fields of insurance, banking, asset management and capital markets. The Bern Financial Services Agreement entered into force on 1 January 2026. FINMA published on 3 November 2025 guidelines on how interested institutions can benefit from the Bern Financial Services Agreement. These guidelines are intended to simplify access to the Agreement for Swiss and British supervised institutions with technical and practical details of the processes provided for by the Agreement as well as information on simplified market access.

Following the collapse of Credit Suisse and its takeover by UBS, first legislative steps have been undertaken to review the regulatory framework applicable to SIFIs. In addition, several discussions are ongoing in relation to a potential extension of FINMA's competences. In particular, on 19 December 2023, FINMA published a report on the lessons learned from the Credit Suisse crisis. FINMA asserted that despite having increasingly intensified its supervisory and enforcement activities towards Credit Suisse over the previous years, it had reached the limits of its legal powers. FINMA is, therefore, calling for stricter standards of regulation regarding SIFIs and for additional measures to increase its influence on the governance of supervised financial institutions, such as the power to impose fines

and the authority to publish information on enforcement proceedings on a regular basis. In June 2025, the Swiss Federal Council announced that it is looking to define new measures to ensure banking stability by way of amendments to acts and ordinances, which will be submitted for consultation in several stages, from autumn 2025 onwards. These amendments will include stricter capital requirements for SIFIs with foreign subsidiaries, additional requirements on the recovery and resolution of SIFIs, the introduction of a senior managers regime for banks and additional powers for FINMA. In this context, on 26 September 2025, the Swiss Federal Council launched the consultation on the capitalisation of foreign participations by parent companies of systemically important banks. Under the proposed amendments, systemically important banks in Switzerland would be required to provide full capital backing for their participations in foreign subsidiaries, with capital requirement being raised in increments over a seven-year period. The outcome of this consultation process remains uncertain given the political backlash this proposal caused.

Law stated - 1 Januar 2026

SUPERVISION

Extent of oversight

How are banks supervised by their regulatory authorities? How often do these examinations occur and how extensive are they?

Swiss banking supervision is based on a division of tasks between the Swiss Financial Market Supervisory Authority (FINMA) and the banks' external auditors.

Pursuant to this two-tier supervision system, the auditors conduct on-site audits, while FINMA retains responsibility for overall supervision and enforcement measures. To a certain extent, the auditors act as an extension (long arm) of FINMA, exercising direct supervision through regular audit checks.

In addition to examining the annual financial statements with an independent valuation of assets and liabilities, the auditors also review whether the banks comply with their articles of association and their organisational rules, as well as with the provisions of Swiss banking laws, the circulars issued by FINMA and any applicable self-regulatory provisions.

External auditors must, on an annual basis, prepare long-form reports addressed to the members of the board of directors of the bank concerned and to FINMA. These reports provide a comprehensive overview of the business activities and the internal organisation of the relevant bank. The purpose of these reports is to allow FINMA to check that the financial institution complies with the regulatory requirements, and that the individuals entrusted with its management enjoy a good reputation and thereby assure the proper conduct of business operations (namely, guarantee of irreproachable activity). These audit reports are the main informational tools through which FINMA exercises its supervision.

In addition to the long-form reports, the auditors are obliged to inform FINMA if they suspect any breach of law or uncover other serious irregularities. FINMA then initiates investigations and takes other measures necessary to ensure compliance with the legal framework and eliminate irregularities.

A special supervisory regime exists for systemically important financial institutions given the systemic risk caused by the size of these institutions. Under such a regime, broadly speaking,

FINMA does not exclusively rely on the reports received from the auditors but carries out its own investigations in accordance with its risk-based supervision approach.

Law stated - 1 Januar 2026

Enforcement
How do the regulatory authorities enforce banking laws and regulations?

The enforcement of Swiss banking laws and regulations is closely linked to the obligation for Swiss banks to ensure compliance, at all times, with the requirements for a banking licence (continuing compliance with the conditions of a banking licence).

If, at any time, any of the licence requirements are no longer satisfied, FINMA may take administrative measures aimed to remedy the breach. FINMA may also appoint an investigator to clarify the factual situation and facilitate the implementation of the measures imposed by the authority. Should the breach of the legal and regulatory framework be characterised as serious, FINMA could ultimately withdraw the banking licence, which would trigger the forced liquidation of the bank.

Law stated - 1 Januar 2026

Enforcement
What are the most common enforcement issues and how have they been addressed by the regulators and the banks?

The most common enforcement issues encountered in the practice of FINMA can be summarised as follows:

- the insolvency procedures and protective measures related to authorised and unauthorised entities;
- procedures against individuals, including entry onto a watch list (namely, a database with information on individuals whose business conduct is questionable or does not meet the respective requirements) and the sending of business conduct letters whereby FINMA informs the individual of its reservations regarding the assurance of proper business conduct;
- compliance with know-your-customer rules set out in the Federal Anti-Money Laundering Act and the Agreement on the Swiss Banks' Code of Conduct with regard to the Exercise of Due Diligence and related duty to file suspicious activity reports with the Swiss Money Laundering Reporting Office, as well as insider trading and market manipulation; and
- the ongoing supervision of regulated entities (especially banks and securities firms), in particular, to ensure that the persons entrusted with the management of these entities fulfil on an ongoing basis the guarantee of irreproachable activity.

FINMA publishes anonymous summaries of its enforcement rulings, as well as references to court decisions and statistics on its enforcement activities. It also regularly publishes on

its website information on concluded enforcement proceedings which include the name of the relevant financial institution and the measures taken against it.

Law stated - 1 Januar 2026

RESOLUTION

Government takeovers

In what circumstances may banks be taken over by the government or regulatory authorities? How frequent is this in practice? How are the interests of the various stakeholders treated?

Swiss law does not provide for any specific rules that set out the conditions and situations in which a Swiss bank may be taken over by the government or regulatory authorities.

By contrast, the involvement of the Swiss Financial Market Supervisory Authority (FINMA) in the context of bank reorganisation and liquidation proceedings is expressly addressed in the Swiss Federal Act on Banks and Savings Banks (the Banking Act) and the new FINMA Insolvency Ordinance which entered into force on 1 October 2025. This ordinance standardises the insolvency procedure for banks and financial institutions such as securities firms, fund management companies and insurance companies, and sets out the procedure for the reorganisation and bankruptcy in a single set of rules.

Further to the Credit Suisse crisis, it is expected that in the coming years the legal and regulatory framework applicable to bank reorganisation and resolution measures will be reviewed by the Swiss legislator and FINMA.

Law stated - 1 Januar 2026

Bank failure

What is the role of the bank's management and directors in the case of a bank failure? Must banks have a resolution plan or similar document?

FINMA requires that Swiss banks have sound business contingency management in place to ensure that critical business functions can be maintained or restored as quickly as possible in the event of a crisis. Systemically important financial institutions (SIFIs) are, in addition, required to have contingency or recovery plans (living wills) in place. The responsibility for the establishment of such plans lies with the bank's board of directors and senior management. As part of the Credit Suisse crisis aftermath, FINMA noted in its report of 19 December 2023 that in the future it will place a stronger focus on ensuring that the measures set out in recovery plan can be effectively implemented. FINMA also expects to tighten up its approval practice and to adapt resolution plans to include faster bank runs and additional crisis scenarios.

Generally speaking, if a bank becomes over-indebted or experiences serious liquidity issues, FINMA can order broad and far-reaching protective measures, which may directly affect the bank's conduct of business as well as the role of the bank's management and directors. These protective measures may be taken independently from, or in addition to, the ordering

of formal restructuring or liquidation proceedings. FINMA is, in particular, vested with the power to:

- give direct instructions to the bank's governing bodies;
- limit the powers of the bank's directors or managers, or remove them from office;
- remove the bank's statutory auditors;
- limit the business activities of the bank;
- prohibit the bank from making or accepting payments, or undertaking securities transactions;
- order a temporary stay of a counterparty's right to enforce a debt against the bank; and
- order a temporary stay of any contractual termination or termination of a counterparty right with respect to any contracts (subject to certain conditions).

Law stated - 1 Januar 2026

Bank failure

Are managers or directors personally liable in the case of a bank failure?

Currently, Swiss banking law does not provide for a specific liability regime applicable to directors or managers of a bank. Should the bank's failure result from an intentional or negligent breach of the directors' or managers' duties, the general rules of Swiss company law would apply to determine the managers' or directors' personal liability for the damage caused to the company, its shareholders or creditors.

This liability for mismanagement must be distinguished from the liability regime applicable to the (managing or non-managing) partners of Swiss banks that have the legal form of a partnership or a limited partnership (often referred to as Swiss private banks). In the case of bankruptcy of a Swiss private bank, the partners with unlimited liability would be jointly and severally liable with their own personal assets.

In its annual report 2023, FINMA highlighted that it considers a senior managers regime and competences encompassing powers to impose fines, intervene in remuneration systems and publishing enforcement proceedings on a regular basis, as an appropriate extension of its mandate.

Among the measures proposed by the Swiss Federal Council in June 2025 to strengthen banking stability is the introduction of a senior managers regime for banks. Under this regime, banks would need to define in a document who is responsible for which decision. This would make it possible to clearly assign responsibilities in the event of misconduct and thus impose targeted sanctions.

Law stated - 1 Januar 2026

Planning exercises

Describe any resolution planning or similar exercises that banks are required to conduct.

In line with international and domestic standards, SIFIs must have both a recovery and a resolution plan aimed at identifying risks with respect to the stability of the financial system owing to their systemically important nature and determining viable ways to deal with the impact of a crisis.

In accordance with the Banking Ordinance, a SIFI must establish a recovery plan that contains the measures that it would take in the case of a crisis and that would allow it to pursue its activities without requiring governmental funds. Responsibility for drafting and regularly updating the recovery plan rests with the executive board level of the SIFI and must be embedded in a viable corporate governance framework. The recovery plan, as well as any amendment of it, is subject to FINMA's approval. Provided that the legal requirements are met, FINMA approves the recovery plan and then elaborates a resolution plan on its own, based on the information provided by the SIFI. The resolution plan presents how, in concrete terms, a recovery measure or a SIFI liquidation could take place. FINMA evaluates the recovery and resolution plans of the SIFIs on a regular basis and issues a report at the beginning of each year in relation to the previous year.

Law stated - 1 Januar 2026

CAPITAL REQUIREMENTS

Capital adequacy

Describe the legal and regulatory capital adequacy requirements for banks. Must banks make contingent capital arrangements?

The granting of a banking licence is subject to a minimum equity requirement. The fully paid-up share capital of a Swiss bank must amount to a minimum of 10 million Swiss francs and must not be directly or indirectly financed by the bank, offset against claims of the bank or secured by assets of the bank. In practice, the Swiss Financial Market Supervisory Authority (FINMA) determines in each case the appropriate level of capital with regard to the scope of the contemplated activities. Capital adequacy and measurement rules are detailed in the Capital Adequacy Ordinance (CAO), the Liquidity Ordinance (LiqO) and the FINMA Circular 2015/2 'Liquidity risks – banks'.

In accordance with Basel III requirements, the CAO requires a risk-weighted capital ratio that rises with increasing size, as well as an unweighted capital adequacy requirement for all non-systemically important banks. A safety net in the form of a leverage ratio has been implemented with this capital adequacy requirement based on the leverage ratio. In this context, a minimum core capital (Tier 1) to a total exposure ratio of 3 per cent is now required for all non-systemically important financial institutions (SIFIs). Under the CAO, risk concentrations are measured only according to core capital (Tier 1), meaning that supplementary capital (Tier 2) is generally not taken into account. Moreover, banks are allowed only very restricted use of models for determining their risk concentrations, as modelling errors have a major impact when calculating these risks.

The risk diversification provisions in the CAO are supplemented by FINMA Circular 2019/1 'Risk diversification – banks'.

With regard to quantitative liquidity requirements applied to non-systemic banks, the LiqO provides for two minimum standards: a liquidity coverage ratio and a net stable funding ratio.

With regard to SIFIs, the CAO sets out a specific capital adequacy regime. The CAO calls for more stringent requirements in relation to the bank's risk-weighted assets, which broadly comprise:

- a basic requirement of leverage ratio of 4.5 per cent, in line with the Basel III minimum requirements applicable to all banks;
- an additional component of risk-weighted assets of 12.86 per cent; and
- a surcharge.

These requirements must not fall below 3 per cent with respect to the leverage ratio and 8 per cent with regard to the risk-weighted assets that the SIFI is to maintain at all times. With regard to the surcharge, its size is set with respect to the degree of systemic importance (namely, the total exposure and the market share of the relevant SIFI). SIFIs also have to satisfy countercyclical equity buffers and leverage ratio requirements. In addition to capital, liquidity, organisational and risk diversification requirements, the applicable regime also entails provisions that allow the government to order adjustments to the remuneration system of a bank that would have to rely on government funding.

Law stated - 1 Januar 2026

Capital adequacy
How are the capital adequacy guidelines enforced?

Enforcement of the capital adequacy requirements is part of the ongoing supervision process aimed to ensure that the requirements of the banking licence are met. Compliance with capital adequacy requirements has to be reported to the Swiss National Bank on a quarterly basis and is one of the topics addressed in the long-form reports issued by the bank's external auditors on an annual basis.

Law stated - 1 Januar 2026

Undercapitalisation
What happens in the event that a bank becomes undercapitalised?

FINMA has the competence to intervene in the event of a bank's undercapitalisation.

Upon the occurrence of a risk of undercapitalisation or insolvency, FINMA can take various protective measures, such as a moratorium of claims. Furthermore, if needed, FINMA may appoint a trustee in charge of the bank's reorganisation. The bank is then to propose to FINMA a reorganisation plan with the purpose of protecting its creditors. Such a scheme generally aims to recapitalise the bank, for example, through converting debt into equity.

With a view to increasing the likelihood of successful restructuring of a distressed bank, FINMA may also:

- order the transfer of all or part of the bank's activities to a bridge bank;

- compel a conversion of certain convertible debt instruments issued by the bank (eg, contingent convertibles) or a reduction (or cancellation) of the bank's equity capital, or both; and
- as an ultimate measure, order the conversion of the bank's debt obligations into equity.

FINMA is also authorised to liquidate insolvent banks, in particular if no reorganisation is possible. These measures are set out in more detail in the FINMA Insolvency Ordinance. By means of example, in June 2024, FINMA opened bankruptcy proceedings against FlowBank SA, considering that the bank no longer had the minimum capital required for its business operations and that there were concerns that the bank was over-indebted.

Moreover, the Banking Act allows FINMA to combine any protective measure or reorganisation measure with a temporary stay of any contractual termination or termination right of a counterparty with respect to any contracts or the exercise of certain netting, realisation and transfer rights (which prevail in the absence of a stay ordered by FINMA) for up to 48 hours. In this context, the Banking Ordinance generally requires, for enforceability purposes, that banks only enter into new agreements or agree to amendments to agreements, which are subject to foreign law or provide for a foreign jurisdiction, provided that the counterparty acknowledges FINMA's stay right. This obligation is further specified in the FINMA Insolvency Ordinance. Accordingly, agreements entered into by foreign group entities are only subject to this obligation if the relevant financial contract was guaranteed or otherwise secured by a Swiss bank or securities firm.

Law stated - 1 Januar 2026

Insolvency

What are the legal and regulatory processes in the event that a bank becomes insolvent?

FINMA has the authority to intervene if a bank becomes insolvent.

Law stated - 1 Januar 2026

Recent and future changes

Have capital adequacy guidelines changed, or are they expected to change in the near future?

The evolution of the standards issued by the Basel Committee on Banking Supervision, changes to the Banking Ordinance and the CAO, and amended international accounting standards necessitated changes to a number of FINMA circulars over the past years.

Further to the Credit Suisse crisis, it is expected that in the coming years the legal and regulatory framework applicable to capital and liquidity requirements for SIFIs will be revised by the Swiss legislator and FINMA. In particular, the Swiss Federal Council published an evaluation of the too-big-to-fail regulations for SIFIs on 10 April 2024. On 6 June 2025, the Swiss Federal Council set out a package of measures to strengthen banking stability by way of amendments to acts and ordinances, which will be submitted for consultation in several

stages, starting in autumn 2025. The measures include stricter capital requirements for systemically important banks with foreign subsidiaries, enhanced recovery and resolution planning, a senior managers regime for banks, and expanded supervisory powers for FINMA. On 3 July 2025, FINMA launched consultations on the ordinances concerning risk diversification and liquidity for banks and securities firms. The Federal Council also opened consultation on ordinance-level changes to capital and liquidity requirements, with implementation expected from January 2027 at the earliest. In line with the above, on 26 September 2025, the Federal Council launched a consultation on the capitalisation of foreign participations by parent companies of systemically important banks.

Law stated - 1 Januar 2026

OWNERSHIP RESTRICTIONS AND IMPLICATIONS

Controlling interest

Describe the legal and regulatory limitations regarding the types of entities and individuals that may own a controlling interest in a bank (or non-bank). What constitutes 'control' for this purpose?

For the purposes of the Swiss Federal Act on Banks and Savings Banks (the Banking Act), a participation is deemed to be a qualified participation if it amounts to 10 per cent or more of the capital or voting rights of the bank or if the holder of the participation is otherwise in a position to significantly influence the business activities of the bank.

The Banking Act does not set any restrictions on the type of entities or individuals holding a controlling interest in a bank. However, one of the general requirements for a bank to obtain a licence is that individuals or legal entities holding, be it directly or indirectly, a qualified participation in a bank must ensure that their influence has no negative impact on the prudent and reliable business activities of the bank; therefore, the bank's shareholders and their activities can be relevant for the granting and the maintenance of a banking licence.

Examples of circumstances where shareholders with a qualified participation may have a negative influence on the bank are a lack of transparency, unclear organisation or financial difficulties of financial conglomerates, or an influence of a criminal organisation on the shareholder. Should Swiss Financial Market Supervisory Authority (FINMA) be of the view that the requirements for the banking licence are no longer met because of a shareholder with a qualified participation, it may suspend the voting rights in relation to such a qualified participation or, if appropriate and as a measure of last resort, withdraw the licence, which would trigger a liquidation proceeding.

Law stated - 1 Januar 2026

Foreign ownership

Are there any restrictions on foreign ownership of banks (or non-banks)?

If foreign nationals with qualified participations directly or indirectly hold more than half of the voting rights of, or otherwise a controlling influence on, a bank incorporated under Swiss law, the granting of the banking licence is subject to additional requirements. In particular,

the corporate name of a foreign-controlled Swiss bank must not indicate or suggest that the bank is controlled by Swiss persons, and the jurisdictions where the owners of the qualified participation have their registered office or domicile must grant 'reciprocity', which means that:

- Swiss residents and Swiss entities must have the possibility to operate a bank in the relevant country; and
- such banks operated by Swiss residents are not subject to more restrictive provisions compared to foreign banks in Switzerland.

The reciprocity requirement is subject to any obligations to the contrary in governmental treaties and is, therefore, not applicable to World Trade Organization member states.

Furthermore, FINMA may request that the bank be subject to adequate consolidated supervision by a foreign supervisory authority if the bank forms part of a group active in the financial sector.

If a bank incorporated under Swiss law becomes foreign-controlled as described above or if, in the case of a foreign-controlled bank, the foreign holders of a direct or indirect qualified participation in the Swiss bank change, a new special licence for foreign-controlled banks must be obtained prior to such event. For the purposes of the Banking Act, a foreigner is:

- an individual who is not a Swiss citizen and has no permanent residence permit for Switzerland; or
- a legal entity or partnership that has its registered office outside Switzerland or, if its registered office is in Switzerland, is controlled by individuals as defined above.

Law stated - 1 Januar 2026

Implications and responsibilities

What are the legal and regulatory implications for entities that control banks?

There are no restrictions regarding the business activities of the entities holding qualified participations in a bank, provided that the conditions for the granting and maintenance of the licence are complied with. Generally, transactions between the (controlling) shareholders of a bank and the bank itself may be subject to specific requirements (eg, the granting of loans to significant shareholders must be in compliance with generally recognised banking principles).

Law stated - 1 Januar 2026

Implications and responsibilities

What are the legal and regulatory duties and responsibilities of an entity or individual that controls a bank?

Each controlling shareholder has the duty to give notification of the acquisition or disposal of a qualified participation, as well as of its participation reaching, exceeding or falling below

certain thresholds. Furthermore, the holder of a qualified participation must not negatively influence the prudent and reliable business activities of the bank, as doing so may cause the bank to lose its licence.

In cases where justified concerns exist that a bank is over-indebted, no longer complies with the capital adequacy rules or has serious liquidity problems, FINMA may order certain protective measures and the establishment of a recapitalisation plan. Under a recapitalisation plan, the rights of creditors and shareholders may be impaired.

Law stated - 1 Januar 2026

Implications and responsibilities

What are the implications for a controlling entity or individual in the event that a bank becomes insolvent?

There are no specific implications for a controlling shareholder of a bank if the bank becomes insolvent; however, if a bank becomes insolvent, FINMA has broad authority to intervene and to take protective or reorganisation measures to protect the bank's creditors. Such measures may have indirect implications for the shareholders.

Law stated - 1 Januar 2026

M&A AND CHANGES IN CONTROL

Required approvals

Describe the regulatory approvals needed to acquire control of a bank (or non-bank). How is 'control' defined for this purpose? Do the requirements differ depending on the size or complexity of the institution?

The acquisition of a qualified participation in a bank by a Swiss individual or a Swiss entity triggers a reporting requirement to the Swiss Financial Market Supervisory Authority (FINMA). All individuals and legal entities must report to FINMA before directly or indirectly buying or selling a qualified participation in a bank. FINMA will examine whether the influence of the new shareholder with a qualified participation would be detrimental to the prudent and reliable business activities of the bank, and will intervene if necessary.

Foreign-controlled banks must apply to FINMA for an additional licence when the foreign holders of qualified participations change. The requirements for such additional licence do not differ depending on the size or complexity of the financial institution.

Law stated - 1 Januar 2026

Foreign acquirers

Are the regulatory authorities receptive to foreign acquirers? How is the regulatory process different for a foreign acquirer?

The bank must apply to FINMA for an additional licence when foreign nationals directly or indirectly hold more than half of the votes of, or otherwise a dominant influence on, the bank. If the transfer to foreign control causes the bank to become part of a financial group, FINMA requires the foreign supervisory to give its consent and be in a position to ensure consolidated supervision of the group as a whole (including the Swiss institution).

Law stated - 1 Januar 2026

Foreign acquirers

Under what circumstances can a foreign bank (or non-bank) establish an office and engage in business? For example, can it establish a branch or must it form or acquire a locally chartered bank?

A foreign bank needs to be authorised by FINMA as a branch if it employs staff in Switzerland who, on a professional basis, permanently carry out transactions or manage client accounts on its behalf in or from Switzerland that give rise to legal obligations. Likewise, a foreign bank is to obtain an authorisation from FINMA if it employs people who, permanently and on a professional basis, carry out activities in or from Switzerland that are not sufficient to indicate a branch, such as representation activities (eg, advertising).

The licensing requirements for a branch and a representative office (to a lesser extent) are similar to the ones applicable to a domestic Swiss bank, with the exception of the capital requirements (although financial collateral for a branch may be required by FINMA). It is also required that the foreign bank be subject to appropriate supervision, which includes the Swiss branch or the representative office. Furthermore, with respect to Swiss branches, if the foreign banks form part of a group active in the financial sector, appropriate consolidated supervision of the group by foreign supervisory authorities is required.

Alternatively, a foreign bank may also choose to acquire a locally chartered bank. An additional licence will also be required for this purpose.

Law stated - 1 Januar 2026

Factors considered by authorities

What factors are considered by the relevant regulatory authorities in an acquisition of control of a bank (or non-bank)?

FINMA generally considers whether the requirements for the banking licence are still met and, in particular, whether the new shareholders with a qualified participation will not negatively influence the bank's prudent and reliable business activities.

Law stated - 1 Januar 2026

Filing requirements

Describe the required filings for an acquisition of control of a bank. Do the requirements differ depending on the size or complexity of the institution?

Each individual or legal entity must notify FINMA prior to acquiring or selling a direct or indirect qualified participation in a bank organised under Swiss law. This notification duty also applies if a qualified shareholder increases or reduces its qualified participation and attains, falls below or exceeds 10, 20, 33 or 50 per cent of the capital or voting rights in the bank. The notification must include a declaration of whether the participation is held for its own account and whether any options or similar rights have been granted over the participation.

The bank itself is also required to notify FINMA of any changes that trigger the notification duty of the shareholders once it becomes aware of such a change and, in any case, at least once per year.

In the case of a foreign-controlled bank, prior to any change of a foreign holder of a qualified participation, the bank must apply to FINMA for a special licence. In its application, the bank has to demonstrate all the facts based on which FINMA may assess whether the conditions for the licence are satisfied.

The requirements set out above apply irrespective of the size or complexity of the financial institution.

Law stated - 1 Januar 2026

Time frame for approval

What is the typical time frame for regulatory approval for both a domestic and a foreign acquirer?

Generally, the timing of approvals or statements by FINMA largely depends on its workload. The process for a special banking licence in the case of a foreign-controlled bank may take three to six months; however, if the country of domicile or residence of the foreigner is not a World Trade Organization member state, the process may take significantly longer. FINMA will have to assess whether that country grants the right of reciprocity.

If the acquirer is not a foreigner, there is no additional licence required, although the new qualified participants need to be approved by FINMA. The approval is generally available within a slightly shorter time frame.

Law stated - 1 Januar 2026

Regulatory trends

Are there any notable recent regulatory trends or developments affecting M&A and changes in control in the banking sector?

M&A activity in the Swiss banking sector has accelerated in recent years. The total number of Swiss banks has diminished over the last few years as a result of consolidation, in particular between small-sized banking institutions that were having difficulty addressing increasing regulatory requirements. This is particularly the case for the Swiss wealth management and private banking sector. It is expected that consolidation will continue to play an important role for banks primarily active in wealth management in the coming years. Furthermore, it is not uncommon for non-Swiss market players wishing to establish a banking presence

in Switzerland to acquire control of, or significant participation in, existing Swiss banking institutions. In such transactions, reciprocity and consolidated supervision may be obstacles depending on the jurisdiction of domicile of the qualified participants, and the ability of the local supervisory authorities to ensure consolidated supervision.

Law stated - 1 Januar 2026

UPDATE AND TRENDS

Key developments of the past year

Are there any emerging trends or hot topics in banking regulation in your jurisdiction?

The Swiss banking market is still impacted by the downfall of Credit Suisse in March 2023. The Swiss Financial Market Supervisory Authority (FINMA), the Swiss National Banks and the Swiss legislator are working on drawing lessons from this crisis and implementing changes to the regulatory framework. There are several initiatives aimed at strengthening the Swiss legal and regulatory framework including an extension of FINMA's competencies (eg, to impose fines or publish their enforcement proceedings), pressure on inadequate variable remunerations, increased risk management and control environment and stricter regulatory capital and liquidity requirements, in particular for systemically important banks. Recovery and resolution plans are also expected to be reviewed by financial institutions in light of the recent crisis with a stronger focus on capital and restructuring measures and on covering wider crisis scenarios such as massive liquidity outflows. Related legislative amendments are forthcoming, aimed at regulating stricter capital and liquidity standards, reinforcing recovery and resolution planning, and further expanding FINMA's supervisory and intervention powers.

On 1 January 2024, FINMA Circular 2023/1 'Operational risks and resilience – banks' replaced previous Circular 2008/21 'Operational risks – banks'. Through this revision, FINMA took account of technological developments and clarified its supervisory practice with regard to the management of operational risks, in particular in relation to information and communication technology, critical data and cyber risks as well with regard to business continuity management. The Circular also adopts the revised principles on managing operational risks and new principles on operational resilience published by the Basel Committee on Banking Supervision in March 2021. As of 1 January 2024, this Circular also replaced the Swiss Bankers Association's Recommendations for Business Continuity Management. In this context, gradual transitional provisions for ensuring operational resilience will apply over a two-year period.

Finally, FINMA published the result of a survey conducted from November 2024 to mid-January 2025 on the use of AI by Swiss financial institutions, with the conclusion that financial institutions are relying more and more on AI in their daily business. The Swiss Bankers Association then published a report on Generative AI in Banking, presenting a general framework to guide banks in their use of new technologies.

Law stated - 1 Januar 2026