

Check against delivery.

Speech by Herbert J. Scheidt, Chairman of the SBA, annual media conference, 16 September 2021

Securing the future of the Swiss financial centre

Good morning, ladies and gentlemen

I would like to start by welcoming you to our annual media conference. I am delighted that you have chosen to attend, either here in person or online. To those of you who are here, I am especially pleased that we are convening for this occasion in our new offices. These premises in the centre of Zurich are something we have been planning for a long time. They put us at the heart of the city, and are a place to meet both you and our members, many of whom are now located nearby.

The Bankers Association: a knowledge hub serving the financial centre as a whole

After the difficult years that followed the financial and government debt crisis, the SBA embarked on a realignment of its strategy, organisation and thematic emphasis in 2015–16. Since then, we have built up expertise in key areas such as digitalisation and sustainability, and transformed ourselves into a **knowledge hub** with a rigorous focus on the issues of the future. Thanks to that competence and dedication to our task, the SBA is now an informed and objective voice whose opinions are routinely sought and that can engage with politicians in Bern **on an equal footing**.

As an association, we perform an important **integrating and unifying role** that extends to politics, business and society as a whole. The implementation of the COVID-19 aid programme was a prime example of how all can work together in a spirit of open-mindedness and partnership.

When agreeing our positions and talking to our members, our emphasis is on the common good, and on balancing the interests of the stakeholders involved in what is effectively a **microcosm of democracy**. That work is of immense value to political decision-makers, especially in a pluralist society in which numerous opinion-formers are in play – a phenomenon accentuated by the current pandemic. Indeed, it is our unique selling proposition: we present politicians with coordinated, viable solutions geared to the general interest that are then a matter for their political judgement.

I would like now to examine **five important action areas** where we have contributed to achieving this and where we still have work to do. Jörg Gasser will discuss some of these issues in greater depth later.

Data economy is a success factor

Data economy, in other words the targeted and responsible use of data to personalise products and

services, has become a major success factor for our banks. If our financial sector is to preserve its competitive edge, it is therefore essential that our members can exploit the opportunities created by new technologies with the minimum of legal constraints. At the same time, protecting the data that customers share is of prime importance, especially in banking. To aid in reconciling those objectives, and in anticipation of the new Federal Act on Data Protection, the SBA produced a set of practical **guidelines for banks on handling data** in May 2021.

Looking ahead, the use of data is set to change further with the advent of open banking, as established banks open up digital interfaces that new providers can connect to. This development is being driven by the needs and behaviour of customers themselves, who expect to enjoy the full benefits of advances in technology. Combining the innovative power of those new providers with the experience and broad customer base of established banks adds value from the customer's perspective: providers can bring innovation to bear in digitalising important elements of the value chain; banks offer the scalability that ensures economic viability, while continuing to provide comprehensive services that cover the entire spectrum of customer requirements.

For that interplay of banks, fintechs and other partners to work best, we need an environment that is open and conducive to innovation; but we also need stability, reliability and a trustworthy approach to handling customer data. We are energetically coordinating those various concerns, through our commitment to **open finance**, our guidelines on **cloud banking**, and the guidelines for **banks on handling data** that I mentioned earlier.

Authorities and sector working together to enhance cyber security

Swiss banks have been working hard to improve their cyber security for many years, and investing considerable sums in this area. Obviously, banks are attractive targets, and it is therefore no surprise that they were one of the first sectors to be targeted by hackers.

With that in mind, enhancing **cyber security** has been a top priority for our Association for some time, and is one of our main competences. Coordinating defences across the sector as a whole is especially important, and we are therefore currently working with the federal authorities to establish a joint **cyber competence centre**. Cyber security issues will remain a core area of activity for us in the years ahead, since effective protection against cyber risks is crucial to the competitiveness and reputation of the financial centre.

Important intermediary role for banks in the transition to a carbon-neutral society

As an association, we have built up a sustainability competence centre over recent years, and our banks are international leaders in sustainable finance. This is underscored by the large volume of such investments in Switzerland, which has risen more than tenfold in the past five years, from 140 billion francs in 2015 to over 1,520 billion francs in 2020.

When it comes to lending, our banks have the expertise needed to help finance the transition to a climate-neutral economy. Successfully achieving that has become one of the most important policy areas for society, and our members can play a key intermediary role in the process. For more on this, I refer you to our recently published study on transition financing, which I presented at a separate media event. Jörg Gasser will address some aspects of sustainability in his speech right after mine.

Measured regulation to enhance security, stability, soundness and competitiveness

Regulatory issues have always been a core area of our Association's work. Proportionate regulation enhances the security, stability and competitiveness of the financial centre.

We have therefore attached particular importance to the design of the **regulatory process**, and questions such as who regulates, who should be involved, and what issues need to be considered in a regulatory project. One important milestone was the entry into force of the new FINMASA ordinance, which we briefed you on last year. It lays down binding rules on the regulatory process and stipulates that the sector is to be involved at an early stage. Those rules now need to be put to work. A particular priority in this context is the implementation of Basel III. As the sector representative, we will continue to make the case for credible and proportionate implementation.

Another urgent project from our perspective arises out of the OECD's decision on a **global minimum tax rate**. Its introduction will deprive Switzerland of an important locational advantage over its international rivals. A clear decision needs to be taken on the direction of travel, and measures adopted swiftly to maintain Switzerland's attractiveness. Dialogue with the authorities will be central to this.

Market access for the financial centre – a key export industry

Switzerland's banks are **the nation's third-largest export sector**, after the pharmaceutical and chemical industry and watches, precision instruments and equipment. As a sector, we are currently unable to harness our full market potential. We need access to foreign markets, and are disappointed by the negative decision on the framework agreement with the EU. The Federal Council must become **more active** in addressing the issue of Europe and come up with a **clear plan** for future relations with the EU. Dialogue between the two sides must be resumed, **stepped up and focused on specific issues**.

We will support the federal authorities in every way possible in future negotiations. In our view, a "wait and see" approach is untenable. Our current focus is therefore on fundamental improvements to market access with key states, and we will also continue working on other bilateral dossiers.

Ladies and gentlemen of the media:

These action areas, and our role in them, all have one thing in common: our ability to develop viable solutions requires a willingness to engage in a constructive dialogue of equals on a level playing field. We are playing our part, with sound arguments based on specialist expertise and facts, and a cohesive message to the outside world.

From tomorrow, Dr Marcel Rohner will be orchestrating that dialogue from our side. I am delighted to be handing over to such an experienced and capable successor. To you in the media, I would like to say thank you for your fair, balanced and critical coverage over many years. I have very much enjoyed working with you, and I wish you all the best.

Thank you for listening. I will now hand over to Jörg Gasser.