

Press release

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Small banks regime: sixty-four banks taking part

Sixty-four banks are taking part in the small banks regime. These banks have registered for participation and meet the criteria required for this. The small banks regime aims to reduce the regulatory burden on small, particularly liquid and well capitalised institutions.

The small banks regime launched in 2018 by the Swiss Financial Market Supervisory Authority FINMA was permanently introduced as of 1 January 2020 ([press release](#)). Seventy banks have applied to register since the conclusion of the 18-month pilot project and the registration deadline at the end of January 2020. Sixty-four of these banks fulfil the [criteria](#) to take part and are being admitted to the small banks regime retroactively from the beginning of 2020. FINMA Chief Executive Officer Mark Branson explains: “We are delighted about the strong interest in the small banks regime, which shows that the decision to take an even more risk-oriented approach to smaller institutions was right. This allows us to reduce the burden on smaller banks without jeopardising the security of the Swiss financial centre or the individual institutions.”

Aiming for long-term benefits

FINMA expects the institutions participating in the small banks regime to be able to save costs directly and indirectly thanks to the [quantitative and qualitative exemptions and relaxations](#). They will be able, for example, to forego the calculation of risk-weighted assets and the structural liquidity ratio and have reduced disclosure obligations. As Jan Blöchliger, Head of FINMA’s Banks division, points out: “Smaller institutions not only stand to benefit immediately from these relaxations but will also make savings in the future by avoiding the outlay entailed by future regulatory changes.”

Fifty-six institutions benefiting from reduced audit frequency

FINMA has also streamlined auditing for all institutions ([press release](#)): small institutions without observable increased risks can now request two- or three-yearly auditing by their audit firm instead of annual auditing. FINMA has so far granted reduced audit frequency to 56 smaller institutions, 19 of which are also participating in the small banks regime.

Small banks regime is voluntary

There are around 200 banks and securities dealers in Switzerland belonging to supervisory categories 4 and 5 that are able to apply for participation in the small banks regime. Some banks are voluntarily foregoing participation, while others do not meet the requisite criteria. FINMA does not publish any list of participants in the small banks regime.