IMF Assessment of the Swiss Financial Sector

Speaker: Paul Mathieu

Mission Chief, Switzerland 2019 FSAP
Advisor, Monetary and Capital Markets Department, IMF

The IMF's recent analysis of the Swiss financial sector—conducted under the Financial Sector Assessment Program (FSAP)—found that the largest Swiss financial institutions are well capitalized and could withstand the severe shocks applied in stress-test scenarios, but macrofinancial vulnerabilities are deepening.

The FSAP's main recommendations centered around three key topics:

1. expand the macroprudential toolkit with both supply- and demand-side tools, supported by decision-making that is more agile, with greater expectations that action will be taken;
2. strengthen the governance, autonomy, and resources of the supervisor (FINMA) and allow it to directly contract for outsourced supervisory audits; and
3. reform the financial safety net to secure a fully-funded public deposit insurance agency and improve banks' recovery and resolvability.

FSAPs provide a 'deep dive' analysis of a country's financial sector, to gauge its stability risks and soundness. Switzerland is one of 29 countries that have systemically important financial sectors that are subject to a mandatory FSAP every five years.