Institutional agreement Switzerland – EU

The SBA expressly welcomes the fact that the current outcome of the negotiations on the institutional agreement is now public. This will allow for a factual discussion involving all of the relevant stakeholders.
Securing and further developing the bilateral approach in the relationships with the EU is essential for the Swiss banking sector. We consider an institutional agreement to be a fundamental requirement for shaping future market access in the EU.

The SBA's position

- Market access is very important for the Swiss banks. An institutional agreement with the EU, such as in the one under discussion, is a decisive step towards opening the way to concretising necessary and practicable market access solutions.
- Many elements of the current negotiation outcome are positive and advantageous for Switzerland. However, the banking sector is also of the view that there are critical points that must be discussed in-depth and in a solutions-oriented manner during the consultations that have been launched.
- In the event that negotiations are broken off, Switzerland risks entering into an extended period of stagnation in its relationships with the EU. Such a standstill and the associated uncertainties would result in an ongoing erosion of market access for the economy as a whole.
- At present, market access for cross-border banking, securities and investment services is largely lacking. For the Swiss banks, an institutional agreement with the EU is an important step towards being able to concretise necessary and practicable market access solutions – both with regard to key partner states as well as at the EU level (e.g. in the form of equivalence processes). Without an institutional agreement, jobs, value creation and the tax revenues from the banking sector, an important sector in Switzerland, are at stake.

An institutional arrangement is important from both the perspective of the overall economy and that of the banking sector

- We welcome the fact that the current outcome of the negotiations on the institutional agreement is now public. This will allow for a factual discussion involving all of the relevant stakeholders.
- We agree with the Federal Council that the bilateral approach, which is undeniably important for the overall economy, must be further developed in order to remain viable in the future. The institutional agreement that has been put forward is a prerequisite to this end and not only marks significant progress (in particular with regard to legal certainty), but also brings advantages for Switzerland.
- We agree with the Federal Council's assessment that a suspension or a postponement of the negotiations, combined with the risk of the negotiations breaking off, could result in a dangerous standstill or even an erosion of the bilateral approach. It is uncertain whether, at a later point in time, negotiations could be resumed, and equivalent or better results achieved in a timely manner.
- A standstill and the uncertainty relating thereto would constitute a step backwards and result in an ongoing erosion of existing market access. This would ultimately have a negative impact on the Swiss financial centre, jobs in the export industry and on tax revenues.

The banks depend on stable and reliable market access. Without an institutional agreement, there is much at stake

- An initial assessment shows that many elements of the current outcome of the negotiations are positive and advantageous for Switzerland. In particular, the agreement creates legal certainty and reliable processes, which is a significant step forward in comparison to the status quo.
- However, the banking sector is also of the view that there are critical points that must be discussed in-depth and in a solutions-oriented manner during the consultations.
- In certain areas, it is becoming apparent that this will require a challenging discussion. The banking sector expects this discussion to be conducted in a substance and solutions-oriented manner and that it not be rendered impossible through rigid adherence to the positions taken to date.
- For the banking sector, unlike for other sectors, it is not ultimately a question of "further developing" the bilateral approach. This is because the Swiss banks are currently largely lacking market access to the EU. It is therefore very important for the banks that possibilities be created for concretising the necessary and practicable market access solutions both with regard to key partner states as well as at the EU level (e.g. equivalence processes). An institutional agreement with the EU, such as in the one to be discussed, is a decisive step towards making that possible.

- However, it must also be ensured that the institutional agreement does not unnecessarily narrow the options in this regard. The agreement must leave room for expedient and practicable market access solutions that take the realities of the banking sector into consideration. This is likely to require clarifications in the context of the consultations that are underway.
- For the banking sector, it is also in particular a matter of keeping the value created by this important sector here in Switzerland. The fact that Switzerland is the global leader in cross-border wealth management should not be disregarded. A substantial share of cross-border assets managed in Switzerland originates from customers domiciled in the EU. Assets amounting to around CHF 1,000 billion are managed out of Switzerland for customers in the EU. Around 20,000 bank employees are directly involved in this business segment. This generates annual taxes in Switzerland of approximately 1.5 billion Swiss francs.
- In addition to its home asset management market, Switzerland manages assets amounting to approximately CHF 100 billion in this industry for predominantly institutional EU customers. The importance of market access is growing because the domestic market is becoming increasingly saturated and demand for institutional asset management will rise in the EU.
- Without an institutional agreement, there is a risk that this important business will shrink accordingly. This would result in a further loss of jobs and tax revenues in Switzerland.