

# Structure and organisation of the Swiss National Bank

# 1 Organisation

Unlike most foreign central banks, the Swiss National Bank is not a government-owned bank: it is an independent public-law institution in the form of a joint-stock company. All its shares are registered shares and are listed on the stock exchange. Shareholders' voting rights are restricted by statute to Swiss citizens, Swiss public-law corporations and legal entities whose main establishment is in Switzerland. Just under 54% of the shares are held by cantons and cantonal banks: the remainder are mostly owned by private persons. The Confederation does not hold any shares.

**Structure**

The National Bank is administered with the cooperation and under the supervision of the Confederation. The Governing Board, which consists of three members of equal status, is entrusted with the Bank's management. Each member is head of one of the three Departments. The Governing Board enjoys a high degree of independence in fulfilling its monetary policy mandate. The Governing Board and the Federal Council must consult each other before passing major monetary and economic policy decisions. The Bank Council, Bank Committee and Auditing Committee are responsible for the supervision of the National Bank's business activity.

**Responsibilities**

The National Bank has two head offices: the legal domicile in Berne and the seat of the Governing Board in Zurich. Department I and Department III are in Zurich, Department II is in Berne. To ensure the distribution of currency and to follow economic developments in the regions the National Bank – until the end of 1998 – had eight branch offices in addition to the two head offices. Currency transactions, moreover, are also carried out by 17 agencies at cantonal banks.

**Bank offices**

With the new cash distribution concept banknotes will be processed centrally at four locations (Zurich, Berne, Geneva and Lugano). The branch offices in Aarau and Neuchâtel were closed at the end of 1998. In Basel, Lausanne, Lucerne and St Gallen cash distribution services will be suspended at the end of 1999. The decentralised network of agencies will be maintained to accept and distribute banknotes and coins. These changes will not affect the monitoring of economic developments: for the Basel, Geneva, Lausanne, Lucerne, Lugano and St Gallen geographical areas this activity will continue to be carried out locally. For the Aarau and Neuchâtel regions, it will be handled by the Zurich and Berne offices respectively. For reporting purposes, the geographical areas were partially rearranged.

**Repercussions of the new cash distribution concept**

The National Bank's chief task is to pursue a monetary policy serving the interests of the country as a whole. Department I is responsible for the monetary policy concept. The Economic Division analyses the economic situation and developments and provides the basis for monetary policy decisions. After the Governing Board has passed its decisions, the Monetary Operations Division of Department III implements monetary policy by carrying out transactions in the financial markets.

**Monetary policy**

The National Bank exercises its mandate in the field of payment transactions in the following ways. On the one hand, it issues banknotes and puts the coins minted by the Confederation into circulation: this is the responsibility of the Cash Division of Department II. On the other hand, it cooperates in the plan-

**Payment transactions**

ning and processing of cashless payment transactions. Conceptual and technical questions in the field of cashless payment transactions are dealt with by Department III. Cashless payment transactions with the banks are processed by Department III, those with the Confederation by Department II.

Acting as the bank of the Confederation is a function primarily performed by the Banking Division of Department II. This division maintains the accounts, carries out domestic and foreign payments on behalf of the Confederation and participates in the floating of bonds. Department III carries out money market and foreign exchange transactions on behalf of the Confederation.

**Bank of the Confederation**

## 2 Staff and resources

**Number of staff and turnover**

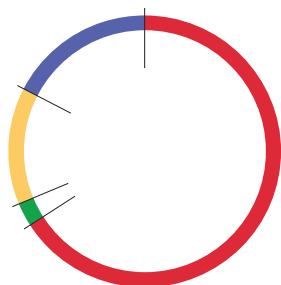
With the number of staff totalling 610 at the end of 1998, the Swiss National Bank remains one of Europe's smallest central banks. The number of employees decreased by 11 persons as against last year's figure. This is equivalent to 567.4 full-time jobs, compared to 577.3 full-time jobs the year before. Even though at 5.8% turnover (including retirements) increased by approximately half year-on-year, it continued to be low compared to other companies. Women accounted for 86% of part-time employees. The proportion of female senior staff members rose to 15% from 11% in the previous year.

**Repercussions of the new cash distribution concept**

The new cash distribution concept had an impact on the headcount. Owing to early retirements and internal transfers layoffs could be avoided. Intensive staff development and training efforts assured quick reorientation and adjustment to new jobs. Of the roughly 80 persons affected in the branch offices, 19 took early retirement, while 44 will probably start a new position within the National Bank. The remaining persons took on a new challenge outside of the National Bank.

**Staff training**

In 1998 the National Bank invested Sfr 1.2 million in training and continued education of its staff. 18% of the total cost was attributable to management training, 43% to specialist and language training and personality development and 39% to computer courses.



**Personnel**  
Number of employees

- Full-time, men 402
- Part-time, men 17
- Full-time, women 85
- Part-time, women 106

Total: 610.  
End of the year

During the summer the National Bank started working on a systematic job evaluation concept which will provide the foundation for a new, progressive compensation system.

**Job evaluation concept**

In the field of information technology, the National Bank continued its efforts towards a strategic new orientation to the systems and applications architecture according to the client-server concept. First components of new standard packages for all banking transactions processing could be put into operation in October 1998. Securities transactions and money market debt register claims have since then been partially administered with the new solution. Work towards replacing additional banking applications as well as statistical applications is under way. Installation of the new network infrastructure, which is more efficient and offers more security, has also made good progress. Since March 1998 the National Bank has had its own website on the Internet (<http://www.snb.ch>) offering a range of information.

**Developments in information technology**

Preparations to cope with the Year 2000 problem are in full swing. In addition to the computer applications and the interbank connections, all the infrastructure equipment and installations are undergoing testing. In the second quarter of 1999 the National Bank will participate in tests being carried out for the whole of Switzerland. All the important partners in interbank business transactions will take part in these tests. Finally, the National Bank has a large supply of banknotes so that it can easily cope with any additional cash demand by banks and the public at the turn of the year 1999/2000.

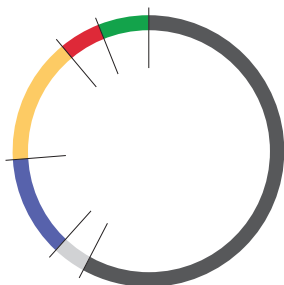
**The Year 2000 problem**

## Environmental management

In 1997, the National Bank developed a systematic strategy of environmental management. Based on a pilot ecological balance sheet, it drew up an environmental charter with precise guidelines for an ecologically sustainable use of resources. An environmental office keeps track of the progress made in the area of ecology in an annual balance sheet and provides line management support in implementing measures. The analysis of the 1997 report revealed that the need for action was most apparent in the area of saving paper and energy. The target spelled out in the guiding principles, which calls for replacing at least 30% of the paper requirement with recycled paper, will be reached in 1999 after the changeover to recycled paper has taken place.

## Cost structure

The bulk of the National Bank's entire operating costs is incurred by currency transactions. These include the costs of producing banknotes and costs arising from banknote and coin circulation and numismatics. The costs in connection with the cashless payment system concern the services of the National Bank in interbank payment transactions and in the linking of bank and postal service payments as well as services in the field of payment transactions on behalf of other central banks and international organisations. The costs relating to foreign exchange, money market, securities and Lombard business and to the administration of financial investments and gold holdings are grouped together under the heading asset management. The cost unit monetary policy reflects the costs involved in planning and formulating monetary policy and for compiling statistics. The item services on behalf of the Confederation includes the costs of all services on behalf of the Federal Government and its agencies. The costs for services on behalf of third parties comprise mainly the Bank's contribution to the Gerzensee Study Centre, the costs for international cooperation, notably with the International Monetary Fund, and technical assistance to foreign central banks.



### Cost units in percent

Cash transactions	58
Cashless payment transactions	4
Asset management	12
Monetary policy	15
Services for the Confederation	5
Services for third parties	6

### 3 Changes in the supervisory authorities and staff

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At the Annual General Meeting of Shareholders held on 24 April 1998 the following new members were elected to the Bank Council:

**Bank Council**

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Fritz Blaser, Reinach, Chairman of Schweizerischer Arbeitgeberverband  
(Swiss employers' association),

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Peter Everts, Zollikofen, Chairman of the Board of Migros-Genossenschaftsbund,

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Trix Heberlein, Zumikon, National Councillor,

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Franz Marty, Goldau, Member of the cantonal government and head of the department  
of finance of the canton of Schwyz; President of the Conference of cantonal  
finance ministers.

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After the Annual General Meeting, the Federal Council complemented  
the body by the election of

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Mathis Cabiallavetta, Zurich, Chairman of the Board of Directors of UBS LTD,

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Serge Gaillard, Bolligen, Executive Secretary of the Swiss federation of trade unions, and

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Vasco Pedrina, Zurich, Co-chairman of the Swiss federation of trade unions.

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On the day of the Annual General Meeting of Shareholders on 23 April 1999 the  
four-year term of office of the Bank Council ends and the new term limit of 12 years  
becomes effective. The following members of the Bank Council have retired:

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Jakob Schönenberger, Kirchberg/ SG,

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Mathis Cabiallavetta, Zurich,

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Chasper Campell, Sils i.D.,

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Gianfranco Cotti, Locarno,

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Theo Fischer, Sursee,

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Claudio Generali, Gentilino,

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Gustav E. Grisard, Riehen,

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Joseph Iten, Hergiswil/NW,

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François Jeanneret, St Blaise,

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Pierre-Noël Julen, Sierre,

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Ursula Mauch, Oberlunkhofen,

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Carlo de Mercurio, Lutry,

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Félicien Morel, Belfaux,

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Paul Rutishauser, Götighofen, and

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Kurt Schiltknecht, Zumikon.

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The Swiss National Bank thanks the retiring members for their valuable services  
on behalf of the central bank.

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Special thanks go to the outgoing president of the Bank Council,

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Jakob Schönenberger.

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He was elected to the Bank Council in 1985, who delegated him to the Bank Committee  
in 1987. In 1993, the Federal Council elected him President of the Bank Council.

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Jakob Schönenberger carried out his presidential duties with enthusiasm and sound  
judgement, thus making a significant contribution to the National Bank.

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On 17 February 1999 the Federal Council made the following appointments:  
Eduard Belser, Bottmingen, Member of the cantonal government, formerly Vice-President of the Bank Council, as new President, and  
Philippe Pidoux, Lausanne, National Councillor, formerly member of the Bank Committee, as new Vice-President of the Bank Council. Both gentlemen will take office after the Annual General Meeting of 23 April 1999.  
The other members of the Bank Council offer themselves for re-election. Of the fifteen vacancies six must be filled by the Annual General Meeting and nine by the Federal Council.

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The Bank Council proposes to the Annual General Meeting that the following new members be elected:

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Brigitta M. Gadiant, Chur, National Councillor, Advisor on legal and organisational issues,  
Jean Guinand, Neuchâtel, Member of the cantonal government and head of the finance and welfare department of the canton of Neuchâtel,  
Rudolf Imhof, Laufen, National Councillor and director of Ricola Ltd,  
Hansheiri Inderkum, Altdorf, Councillor of State, Advocate and Notary,  
Armin Jans, Zug, National Councillor, lecturer in economics at the University of Applied Sciences, Winterthur, and  
Ruth Lüthi, Fribourg, Member of the cantonal government and head of the health and social welfare department of the canton of Fribourg.

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#### **Bank Committee**

The Bank Council delegated the following new members to the Bank Committee:

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Serge Gaillard, Bolligen, as successor of Margrit Meier (with effect from 12 June 1998),  
and  
Ulrich Zimmerli, Gümligen, as successor of Hans-Rudolf Früh  
(with effect from 24 April 1998).

As per the date of the Annual General Meeting, 24 April 1998, the following committee members resigned their positions:

Theo Fässler, Mörigen, Chairman of the Local Committee Berne since 1992  
(Member since 1991),  
Pierre Baroffio, Renens, Deputy Chairman of the Local Committee Lausanne since 1997  
(Member since 1990),  
Franco Donati, Tegna, Deputy Chairman of the Local Committee Lugano since 1990, and  
Roland Bertsch, Romanshorn, Deputy Chairman of the Local Committee St Gallen since 1997  
(Member since 1990).

The Local Committees of Aarau and Neuchâtel were dissolved as per 31 December 1998. As per this date, the following committee members resigned their positions:

Ernst Frey-Burkhard, Kaiseraugst, Chairman of the Local Committee Aarau since 1997  
(Member since 1994),  
Hans Keiser, Brugg, Deputy Chairman of the Local Committee Aarau since 1997  
(Member since 1995),  
Michel M. Soldini, Le Locle, Chairman of the Local Committee Neuchâtel since 1995  
(Member since 1987), and  
Vincent Lang, Porrentruy, Member of the Local Committee Neuchâtel since 1995.

As per 31 December 1998 the following committee members also resigned their positions:

Gisèle Girgis-Musy, Berne, Deputy Chairwoman of the Local Committee Berne since 1998  
(Member since 1997), and  
Adolf Gugler, Zollikon, Chairman of the Local Committee Zurich since 1994  
(Member since 1989).

The National Bank thanks Gisèle Girgis-Musy and the nine gentlemen for their services on behalf of the Bank.

Silvia Huber-Meier (formerly Local Committee Aarau) and Jean Lauener (formerly Local Committee Neuchâtel) will join the Local Committees Zurich and Berne respectively as of 1999.

The Bank Committee and the Bank Council made the following appointments:

#### **Berne**

Jean-François Rime, Bulle, Chairman of the Board of Despond SA, Member.

#### **Lausanne**

Walter Kobler, Lausanne, Managing Director of Baumgartner Papiers SA, Member.

#### **Lugano**

Franz Bernasconi, Genestrerio, President and General Manager of Precicast SA, Member.

#### **St Gallen**

Charles Peter, Uzwil, President and Managing Director of Benninger AG, Member.

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**Auditing Committee**

At the Annual General Meeting of Shareholders held on 24 April 1998

Hans Michel, Egnach, General Manager of the Cantonal Bank of Thurgau, formerly substitute member of the Auditing Committee, was elected as member and successor of Gilbert Jobin, Delémont, and

Josef Blöchlinger, Certified Auditor, Nyon, Refidar société fiduciaire, as substitute member of the Auditing Committee.

Peter Blaser, Hünibach, is not offering himself for re-election due to term limit regulations. The National Bank thanks him for his sixteen years of activity in the Auditing Committee, which he has presided since 1990.

The Bank Council proposes to the Annual General Meeting that the following new member be elected:

Jean-Claude Grangier, Epalinges, Deputy President of the Executive Board of Banque Cantonale Vaudoise, as new substitute member of the Auditing Committee.

Maryann Rohner, Zurich, substitute member, is proposed as new member of the Auditing Committee.

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**Management**

At the end of May,

Andreas Frings,

Director and Secretary General, took early retirement. Andreas Frings performed the duties of Secretary General for over two decades with judgement and expertise.

The National Bank expresses its profound gratitude for his successful activity.

At the end of May,

Cesare Gaggini,

Director and head of the Lugano branch, went into retirement. The judicious way in which he fulfilled his tasks earned him wide recognition. The National Bank thanks Mr Gaggini for his valuable services during more than thirty years.

Following a proposal of the Bank Council, the Federal Council appointed, with effect from 16 November 1998,

Wally Giger Delucchi as Director of the Lugano branch office.

The Bank Committee, with effect from 1 June 1998, appointed

Peter Schöpf as Secretary General.

The Bank Committee approved the following promotions with effect from 1 January 1999:

Daniel Wettstein (Head of General Processing Section) to Director,

Peter Bechtiger (Head of Accounting) to Deputy Director,

Dewet Moser (Head of Risk Management Section) to Deputy Director, and

Jean-Marie Antoniazza (Head of Applications Software) to Assistant Director,

Eliane Menghetti (Member of the Legal Staff) to Assistant Director,

Bertrand Rime (Economist in the Banking Studies Section) to Assistant Director.

# In memory of Markus Lusser

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On 22 April 1998,  
barely two years after resigning as Chairman of the Governing  
Board of the Swiss National Bank,

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Markus Lusser

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passed away.

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After many years in the service of the Swiss Bankers' Association, Markus Lusser was elected a member of the Governing Board by the Federal Council, with effect from 1 January 1981. He first held the post of Head of Department III, subsequently that of Vice-Chairman and Head of Department II. In May 1988, the Federal Council appointed him Chairman of the Governing Board and Head of Department I.

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In his capacity as Chairman of the National Bank, Markus Lusser was an ardent supporter of price stability as the main goal of the National Bank. The years of his presidency coincided with difficult times. Economic development and structural shifts, as well as changes in the monetary sector, posed significant problems for the conduct of monetary policy. Justifying a restrictive policy with the public at large was a challenging, and not always an easy undertaking. Markus Lusser fulfilled this task with the utmost devotion, duly bearing in mind the interests of the economy as a whole. His keen perception, paired with sensitivity and high ethical standards, will always be remembered. We are very grateful for his services on behalf of our country and the independence of the National Bank.