Accountability report

	Summary	12
1	**Monetary policy**	**23**
1.1	Mandate and monetary policy strategy	23
1.2	International economic developments	26
1.3	Economic developments in Switzerland	30
	Economic picture derived from discussions with companies	33
1.4	Monetary policy in 2024	38
	Mortgage reference interest rate	41
	Work on central bank digital currency for financial institutions	48
2	**Implementation of monetary policy**	**50**
2.1	Background and overview	50
	Sight deposits at the SNB	51
2.2	Use of monetary policy instruments in the money and foreign exchange markets	52
	Monetary policy instruments	57
	Principles of collateral policy	58
	Digital SNB Bills	60
	Calculation of thresholds for tiered remuneration of sight deposits	61
2.3	Minimum reserves	61
2.4	Liquidity in foreign currencies	63
2.5	Emergency liquidity assistance	64
3	**Ensuring the supply and distribution of cash**	**65**
3.1	Background	65
3.2	Cash supply and distribution – implementation	66
3.3	Banknotes	68
	Development of new banknote series	69
3.4	Turnover at cashier's offices and agencies	71
3.5	Coins	72
4	**Facilitating and securing cashless payments**	**74**
4.1	Background	74
4.2	The SIC system in 2024	76
5	**Asset management**	**80**
5.1	Background	80
	Investment principles	80
5.2	Investment and risk control process	81
5.3	Breakdown of and changes in assets	83
	Non-financial aspects of managing securities of private sector issuers	87
5.4	Balance sheet risk	90
5.5	Investment performance	94
6	**Contribution to financial system stability**	**97**
6.1	Background	97
6.2	Monitoring the financial system	98
6.3	Crisis prevention and resolution	101
6.4	Measures relating to mortgage and real estate markets	104
6.5	Oversight of FMIs	106
6.6	Financial sector cybersecurity	109
7	**Participation in international monetary cooperation**	**111**
7.1	Background	111
7.2	Multilateral cooperation	111
	IMF quotas	114
7.3	Bilateral cooperation	120
	Monetary assistance	120
8	**Banking services for the Confederation**	**123**
9	**Statistics**	**124**
9.1	Background	124
9.2	Products	125
9.3	Projects	125
9.4	Collaboration	127

On 18 March 2025, the Governing Board of the Swiss National Bank submitted its accountability report for 2024 to the Federal Assembly in accordance with art. 7 para. 2 of the National Bank Act (NBA). The report provides information about how the SNB has fulfilled its mandate pursuant to art. 5 NBA – in particular as regards its conduct of monetary policy and its contribution to the stability of the financial system. It is submitted to the Federal Council and the General Meeting of Shareholders for information purposes.

SUMMARY

Monetary policy

The SNB pursues a monetary policy serving the interests of the country as a whole. It must ensure price stability, while taking due account of economic developments. In its monetary policy strategy, the SNB sets out the manner in which it operationalises its statutory mandate. It thereby determines the framework for monetary policy decision-making. The strategy consists of three elements. The first element specifies what the SNB understands by price stability. The second element refers to the conditional inflation forecast as the main indicator for monetary policy and as a central instrument of communication. The third element describes how the SNB implements its monetary policy by influencing the interest rate level and the exchange rate.

The Swiss economy is strongly influenced by economic activity abroad. Global economic growth was moderate in 2024, although developments varied greatly between the individual economic areas. In the euro area, economic momentum remained subdued. This was partly due to more restrictive fiscal policy as well as the tightening of monetary policy in the preceding two years. By contrast, the US economy developed favourably, driven by robust income growth, solid productivity gains and high immigration.

Inflation abroad receded further over the course of 2024, but was still above central banks' targets in most countries at the end of the year. In light of the progress made in combating inflation and confidence that it would continue to ease, many central banks lowered their policy rates from the middle of the year. Nevertheless, monetary policy remained restrictive in many countries.

Swiss economic growth was subdued in 2024. According to the initial estimate by the State Secretariat for Economic Affairs (SECO), growth in GDP adjusted for seasonal effects and sporting events was 0.9%. Growth thus remained below average and was somewhat slower than in 2023 (1.2%).

Economic activity was dampened by moderate foreign demand in particular. Exports grew only marginally and equipment investment decreased. By contrast, consumer spending by households developed favourably, as did construction investment. Value added in manufacturing increased slightly overall. This was due to the solid development in the chemical and pharmaceutical sector, while the other manufacturing industries contracted as a result of subdued global manufacturing momentum. In the services sector, development was muted. The labour market lost momentum. Growth in employment slowed and unemployment rose.

Annual inflation as measured by the Swiss consumer price index (CPI) declined further over the course of 2024. It fell from 1.2% in the first quarter to 0.7% in the fourth. The average for the year decreased from 2.1% in 2023 to 1.1% in the year under review. Both imported and domestic inflation contributed to this decline.

Over the course of 2024, the SNB lowered its policy rate in four steps, from 1.75% to 0.5%. In so doing, it reacted to declining inflationary pressure, which was attributable in particular to the SNB's previous tightening of monetary policy, the appreciation of the Swiss franc since 2023, and moderate economic development in Switzerland and abroad. The inflation rate as measured by the CPI had already fallen below 2% again in mid-2023 and has since fluctuated within the range of 0% to 2% that the SNB equates with price stability. The conditional inflation forecasts published during the year under review showed that medium-term inflationary pressure had receded significantly. In order to avoid inflation falling too sharply in the medium term, the SNB eased its monetary policy.

At its monetary policy assessments in March, June and September, the SNB lowered its policy rate by 0.25 percentage points in each case, and at its assessment in December by 0.5 percentage points to 0.5%. At its quarterly monetary policy assessments, the SNB also regularly confirmed its willingness to intervene in the foreign exchange market as necessary in order to ensure appropriate monetary conditions.

Policy rate adjustments affect mortgage interest rates and thus can, with a certain lag, lead to an adjustment of the mortgage reference rate relevant for rents. This rose in two steps from 1.25% to 1.75% in 2023. In the year under review, the reference interest rate persisted at this level.

Since December 2023, as part of the Helvetia pilot project, the SNB has been providing central bank digital currency for financial institutions (wholesale CBDC) on the regulated platform SIX Digital Exchange (SDX) for the settlement of transactions with tokenised assets. In June 2024, the SNB announced that the pilot would be continued for at least two years.

Implementation of monetary policy

The Swiss National Bank implements its monetary policy by setting the SNB policy rate. It seeks to keep the secured short-term Swiss franc money market rates close to the SNB policy rate. The focus in this regard is on the interest rate for secured overnight money, SARON (Swiss Average Rate Overnight). Furthermore, in order to contribute to appropriate monetary conditions, the SNB is willing to be active in the foreign exchange market as necessary. Over the course of 2024, it made net purchases of foreign currency equivalent to a total of CHF 1.2 billion.

To implement its monetary policy on the money market, the SNB uses two levers. The first lever is a tiered remuneration of the sight deposits that banks and other financial market participants hold at the SNB. For sight deposits up to a certain threshold, the SNB policy rate is applied. Sight deposits above the threshold continued to be remunerated at a discount of 0.5 percentage points to the SNB policy rate in 2024. Sight deposits which are held to meet minimum reserve requirements are not remunerated. The SNB raised the minimum reserve requirement for domestic banks in the year under review, and to this end amended the National Bank Ordinance as of 1 July.

The second lever deployed in the implementation approach is the absorption of reserves by way of open market operations. These operations reduce sight deposits and thereby the liquidity supply in the money market. Liquidity-absorbing repo transactions and the issuance of SNB debt certificates in Swiss francs (SNB Bills) were used to absorb sight deposits in 2024.

Together, these levers ensure that the secured short-term Swiss franc money market rates are close to the SNB policy rate. SARON also remained close to the policy rate following each rate cut in 2024.

In its role as lender of last resort, the SNB made ample liquidity assistance available to Credit Suisse in Swiss francs and foreign currencies in March 2023. Of the CHF 168 billion in liquidity assistance provided in total, CHF 38 billion was still outstanding at the end of 2023. This was repaid in full in the first half of 2024.

In June 2024, as part of the Helvetia pilot, the SNB successfully issued digital SNB Bills on SDX. In doing so, the SNB became the world's first central bank to conduct a monetary policy operation on an infrastructure based on distributed ledger technology (DLT).

Cash supply and distribution

The use of cash for payment purposes has been declining continuously in recent years. However, cash continues to be a popular and widely used payment method, and is used for around 36% of transactions. It is one of the two most commonly used payment methods for everyday payments.

The banks, Swiss Post and other providers operate a network of ATMs and branches to enable the population to access cash. As cash usage declines, the cost of this supply network cannot be lowered to the same extent. This can lead to a reduction in branches and ATMs. The number of ATMs peaked at around 7,300 in 2019 and had decreased to around 6,200 by the end of 2024.

A group of experts, comprising representatives of key stakeholders and associations in the field of cash supply and distribution, began its work in 2024. The group is tasked with identifying challenges and developing appropriate solutions.

From an economic perspective, cash remains important. The SNB supplies the Swiss economy with banknotes that meet high standards in terms of security, functionality and graphic design. The SNB announced at the end of October 2024 that it would be developing a new banknote series to ensure that Swiss banknotes remain secure and state-of-the-art. The theme 'Switzerland and its altitudes' pays homage to the country's unique topography.

Cashless payments

In 2024, a daily average of around 4 million transactions worth CHF 226 billion were settled via the Swiss Interbank Clearing (SIC) payment system. Compared to 2023, the average number of transactions settled per day rose by almost 3.7% while turnover declined slightly (down 0.7%). The average value per transaction decreased by 4.2% to around CHF 57,000. Peak days saw up to 11.3 million transactions, with turnover of up to CHF 386 billion.

Cashless payments are gaining in importance worldwide. In recent years, payment systems capable of handling instant payments have been introduced in many currency areas; the technology was launched in August 2024 for the Swiss market. A prerequisite for this was the successful go-live of the new, enhanced platform for the SIC system (SIC5). At the end of 2024, around 60 banks, covering over 95% of Swiss retail payment transactions, were able to receive and process instant payments. While instant payments today only account for a very small proportion of the total volume, in the medium term the SNB expects them to become the new standard in electronic payments, both in Switzerland and around the world.

At the end of June 2024, the Secure Swiss Finance Network (SSFN) replaced the Finance IPNet as the means of connecting to the SIC system. The SSFN uses a routing architecture developed at ETH Zurich known as SCION (Scalability, Control and Isolation on Next-Generation Networks).

Asset management

The currency reserves of the Swiss National Bank fulfil important monetary policy functions. They consist of foreign exchange reserves, gold, the reserve position in the IMF and international payment instruments. At the end of 2024, currency reserves amounted to CHF 823 billion, an increase of CHF 98 billion compared to 2023. The value of both the foreign exchange reserves and the gold holdings of 1,040 tonnes had risen, by CHF 76 billion and CHF 21 billion respectively. Measured in Swiss francs, the total return on currency reserves was 12.2%. Returns on foreign exchange reserves and gold were clearly positive, at 10.1% and 36.7% respectively.

The most important risk factors for the currency reserves are exchange rates, followed by risks related to share prices, interest rates and the gold price. The most important measure for managing risk is broad diversification of investments. Currency risk is not hedged against the Swiss franc, as this would influence demand for Swiss francs. Currency risk, share price risk and interest rate risk are restricted through the specification of benchmarks, guidelines and limits.

The SNB makes most of its foreign currency investments in government bonds. However, it also invests in shares and corporate bonds in order to take advantage of the positive return contribution of these asset classes and improve the long-term risk/return ratio. When managing such securities of private sector issuers, the SNB also takes non-financial aspects into consideration. Thus, owing to its special role vis-à-vis the banking sector as a central bank, the SNB refrains from investing in shares of systemically important banks worldwide.

The SNB also takes account of Switzerland's fundamental standards and values in its investment policy. Consequently, it does not invest in shares and bonds of companies whose products or production processes grossly violate broadly accepted values. The SNB therefore does not purchase securities issued by companies that seriously violate fundamental human rights, systematically cause severe environmental damage, or are involved in the production of internationally condemned weapons.

Climate risks and adjustments to climate policy can trigger or amplify market fluctuations and influence the attractiveness of investments. From an investment perspective, such risks are essentially no different from other financial risks.

The SNB aims for a robust balance sheet with sufficient equity capital, to ensure that it can also absorb the potentially high losses associated with a large balance sheet. As of 2009, allocations to the provisions were thus gradually increased in view of the balance sheet growth. The equity ratio (ratio of equity capital to currency reserves) subsequently stabilised, but remained low. Due to the high loss in 2022, it fell sharply and stayed at a low level the following year. In 2024, the SNB recorded a clearly positive annual result of CHF 80.7 billion, which also led to an increase in the equity ratio.

Financial system stability

Within the context of monitoring the financial system, the SNB analyses risks and developments in the financial sector. In its Financial Stability Report published in June 2024, the SNB observed a further improvement in profitability for the Swiss banking sector as a whole and a slight increase in capital ratios overall.

Given the prevailing risks, the SNB welcomes this strengthening of resilience. Risks include the weaknesses in the capital and liquidity regulations that the crisis at Credit Suisse exposed. In addition, the mortgage and real estate markets continue to pose significant risks. These affect domestically focused banks in particular. Furthermore, the recent banking crises in Switzerland and abroad have highlighted liquidity risks in the banking system. In this connection, the SNB emphasised in its Financial Stability Report the need for more stable, longer-term funding for banks and better preparation of collateral for the purpose of obtaining liquidity assistance.

The SNB supports the measures proposed by the Federal Council in its April 2024 report on banking stability aimed at addressing regulatory weaknesses. It shares the Federal Council's view that there is a need for action in the areas of capital and liquidity regulation, early intervention, recovery planning (stabilisation) as well as resolution planning (restructuring or liquidation of banks in the event of a crisis). The SNB participated at both national and international level in the ongoing discussions about the regulatory adjustments required.

In December, the Parliamentary Investigation Committee (PInC) published its report to the chambers of parliament. The PInC was set up by the chambers of parliament in the aftermath of the crisis at Credit Suisse in order to examine the role and conduct of the competent federal authorities in this crisis. The SNB welcomes the PInC's review of the crisis. It shares the Committee's opinion that, drawing from the lessons learnt, adjustments need to be made to the 'too big to fail' (TBTF) regulations. Of particular relevance for the SNB in its role as lender of last resort is the PInC's instruction to the Federal Council to amend the legal basis in order to require systemically important banks to take preparatory measures for potential emergency liquidity assistance (ELA).

Non-bank financial intermediaries (NBFIs) such as insurance companies, pension funds and investment funds also provide financial services and can likewise pose a risk to the stability of the financial system. In particular, the interconnections between NBFIs and the banking sector open up potential channels of contagion. In the year under review, the SNB participated in work at the national and international level analysing such interconnections. The aim is to gain a better understanding of the associated risks to financial stability and, where necessary, to take steps to contain them.

With its liquidity against mortgage collateral (LAMC) initiative, the SNB will be able to provide liquidity against mortgage collateral to all banks in Switzerland provided they have made the requisite preparations. The SNB completed the multi-year pilot phase of LAMC at the end of 2024. At the same time, other banks began to make the necessary preparations.

In 2024, the SNB announced that it would allow all banks in Switzerland to obtain liquidity against securities collateral (LASC) in addition to the option against mortgage collateral (LAMC). A broad range of securities will be accepted, in particular less liquid bonds issued by borrowers with lower credit ratings, as well as securitisations and shares in various currencies. Under the securities facility, systemically important banks have been able to obtain liquidity against such collateral since 2015. LAMC and LASC will together form the new Extended Liquidity Facility (ELF). The SNB is currently working on the operational implementation of LASC and the ELF.

The SNB monitors the situation on the mortgage and real estate markets closely, and regularly assesses the need for an adjustment of the countercyclical capital buffer (CCyB). It has been set at 2.5% since 2022. In 2024, the SNB decided not to submit a proposal to the Federal Council for an adjustment of the sectoral CCyB. Given the existing vulnerabilities on the mortgage and real estate markets, the level of 2.5% was still deemed appropriate.

International monetary cooperation

The SNB participates in international monetary cooperation through its involvement in the relevant multilateral institutions and bodies, and its collaboration on a bilateral level with other central banks and authorities.

In 2024, together with the Federal Department of Finance, the SNB continued to advocate an economic policy in the International Monetary Fund (IMF) that promotes sustainable growth and a stable international monetary system. The aim of this policy is to focus particularly on combating inflation, reducing the risks of over-indebtedness in developing countries and emerging economies, and pursuing appropriate structural reforms.

As part of its Article IV consultation held in spring 2024, the IMF commended the SNB for its decisive action to contain inflation and welcomed the March interest rate cut. It also advised the SNB to increase its equity capital by means of provisions, as planned. The IMF also recognised the measures taken to stabilise financial markets during the crisis at Credit Suisse.

In addition, the IMF is also conducting its comprehensive five-yearly evaluation of Switzerland's financial sector in 2024–2025. This Financial Sector Assessment Program (FSAP) focuses on assessing the resilience of a country's financial sector, the quality of its regulatory and supervisory framework, and its ability to manage and resolve financial crises. The final report will be approved by the IMF Executive Board in September 2025.

The IMF regularly reviews the amount and allocation of financial resources provided to it by member countries. As part of the 16th General Review of Quotas, member countries agreed to a quota increase. However, funds were reallocated between the individual funding mechanisms, with the result that overall lending capacity was kept constant. The voting shares of member countries also remained unchanged. Switzerland completed its ratification process with the approval of parliament in December 2024.

The Principality of Liechtenstein joined the IMF as its 191st member in autumn 2024, and joined the Swiss constituency. In October, Liechtenstein and the SNB signed a framework agreement, under which the SNB acts as the depository for financial obligations associated with Liechtenstein's IMF membership.

In May 2024, the SNB and the IMF jointly hosted for the 11th time a conference on the international monetary system. This provided a forum for discussing the challenges facing central banks in connection with inflation dynamics, as well as national and global financial stability and its safety nets.

The Basel Committee on Banking Supervision (BCBS) at the Bank for International Settlements (BIS) published a progress report on the previous year's turmoil in the banking sector, focusing in particular on its findings regarding exceptionally high liquidity outflows. Together with the Swiss Financial Market Supervisory Authority (FINMA), the SNB was closely involved in these efforts in order to contribute lessons learnt from the crisis at Credit Suisse.

Employees from the BIS and the SNB continued their research activities at the BIS Innovation Hub Swiss Centre. Work focused on technologies for tokenising assets and on the analysis of large volumes of data.

The year under review saw the conclusion of the biannual country assessment of Switzerland's economic policy by the Organisation for Economic Co-operation and Development (OECD). The SNB was particularly involved in the dialogue on monetary policy, the economic outlook and financial stability. The OECD also confirmed that the SNB had reacted adequately to inflationary pressure in previous years.

At the invitation of the Brazilian G20 presidency, Switzerland again participated in the 2024 Finance Track, which focuses on economic, monetary and financial issues. In discussions the SNB emphasised the importance of a monetary policy geared to price stability in order to promote favourable growth conditions. It also presented findings from its own projects on central bank digital currency (CBDC).

Within the framework of its mandate, the SNB participates actively in discussions in the Network for Greening the Financial System (NGFS) aimed at developing global approaches to dealing with climate risks and sharing knowledge and experience. Once again in 2024, the SNB was particularly involved in the workstream devoted to monetary policy, with an eye to better evaluating the effects of climate risks on key economic variables. It was also involved in the workstreams on the development of climate scenarios for the financial sector, sustainable investment practices and climate-related reporting.

Banking services for Confederation

The SNB provides banking services to the Confederation. These services include account management, payment transactions, liquidity management, the custody of securities, and the issuance of money market debt register claims (MMDRCs) and Confederation bonds on behalf of and for the account of the Confederation.

In 2024, the Confederation's short-term financing needs declined somewhat year-on-year. On behalf of and for the account of the Confederation, the SNB issued, by auction, MMDRCs amounting to CHF 37.1 billion and Confederation bonds amounting to CHF 4.8 billion.

Statistics

In April 2024, the SNB went live with its modernised data portal. The new data portal allows users to find information more easily and quickly. In addition, selected data is now provided in interactive charts.

In the year under review, the SNB continued its work on projects in the areas of banking statistics and the balance of payments. In the project launched in 2022 together with FINMA to introduce an individual-loan survey, the general survey design was finalised and the detailed design initiated.

As regards the balance of payments, the SNB continued the review, launched in 2023, of its surveys on cross-border capital linkages. It also made further progress in 2024 on the project to record the global production of multinational enterprise groups. The revised survey of this data was introduced in 2023. As there are content and design issues that are still being clarified, global production aspects are not yet included in the published current account data.

1
Monetary policy

1.1 MANDATE AND MONETARY POLICY STRATEGY

Constitutional and statutory mandate

Article 99 of the Federal Constitution entrusts the Swiss National Bank, as an independent central bank, with the conduct of monetary policy in the interests of the country as a whole. The mandate is explained in detail in the National Bank Act (art. 5 para. 1 NBA), which requires the SNB to ensure price stability and, in so doing, to take due account of economic developments.

Significance of price stability

Price stability is an important prerequisite for growth and prosperity. It means that money retains its value over time. By seeking to keep prices stable, the SNB creates an environment in which it is easier for households and companies to plan economic decisions. Inflation (a sustained strong increase in the price level) and deflation (a sustained decrease in the price level) both impair economic development. They hinder the role of prices in allocating labour and capital to their most efficient use, and result in an undesirable redistribution of income and wealth. Because inflation hits low-income households hardest, price stability also makes an important contribution to social cohesion.

Monetary policy strategy

In its monetary policy strategy, the SNB sets out the manner in which it operationalises its statutory mandate. It thereby determines the framework for monetary policy decision-making. The strategy consists of three elements. The first element specifies what the SNB understands by price stability. The second element refers to the conditional inflation forecast as the main indicator for monetary policy and as a central instrument of communication. The third element describes how the SNB implements its monetary policy by influencing the interest rate level and the exchange rate.

Definition of price stability

The SNB equates price stability with a rise in the Swiss consumer price index (CPI) of less than 2% per annum. Deflation also breaches the objective of price stability. The SNB does not aim for a specific inflation rate in the range between 0% and 2%. As long as inflation is within this range, the objective of price stability is fulfilled. With its definition of price stability, the SNB takes into account that inflation cannot be steered precisely.

The SNB seeks to keep inflation within the range consistent with price stability in the medium term. The reason for this medium-term focus is that the time lags in the transmission of monetary policy to output and prices are sometimes considerable. The SNB usually only reacts to short-term price movements, e.g. due to fluctuations in commodity prices or in the exchange rate, if there is a threat of a sustained inflationary or deflationary development.

Conditional inflation forecast

The inflation forecast published quarterly by the SNB serves as the main indicator for monetary policy decisions and is a key element in its communications. The forecast refers to the next three years, which reflects the medium-term focus of monetary policy. Besides the inflation forecast, the SNB takes into consideration a large number of indicators of domestic and international economic and monetary developments and of financial stability for its monetary policy decisions. The SNB also uses the information from the talks with companies conducted by its delegates for regional economic relations.

The SNB's inflation forecast assumes that the level of the SNB policy rate applicable at the time of its publication will remain constant over the next three years. It is thus a conditional forecast that shows how the SNB expects consumer prices to develop with an unchanged interest rate. In this way, the SNB enables the public to gauge whether there will be a need for monetary policy action in the future. The SNB does not react mechanically to the conditional inflation forecast and always weighs up the costs and benefits of monetary policy measures.

Implementation of monetary policy

To ensure price stability, the SNB maintains appropriate monetary conditions. These are determined by the interest rate level and exchange rates. The SNB sets the level of the SNB policy rate and communicates this in its monetary policy decision. It seeks to keep the secured short-term Swiss franc money market rates close to the SNB policy rate. If necessary, the SNB may also use additional monetary policy measures to influence the exchange rate or the interest rate level. For example, in recent years the SNB has intervened in the foreign exchange market as necessary to contribute to appropriate monetary conditions.

Role of interest rate level

The interest rate level in Swiss francs is significantly influenced by the SNB policy rate. An increase in interest rates tightens monetary conditions and dampens demand for goods and services. As a result, the utilisation of production capacity declines, and inflation falls. Conversely, a reduction in interest rates stimulates aggregate demand, which leads to an increase in the utilisation of production capacity and a rise in inflation. Moreover, the interest rate level also influences the exchange rate.

Role of exchange rate

Changes in the exchange rate, like changes in interest rates, have an effect on the economy and inflation. A depreciation of the Swiss franc makes imported goods and services more expensive, thereby increasing inflation. At the same time, Swiss franc depreciation stimulates exports and thus economic activity, which over time also leads to higher inflation. Conversely, an appreciation of the Swiss franc has a dampening effect on economic activity and inflation.

Foreign exchange market interventions

An independent monetary policy that is geared towards the objective of price stability fundamentally requires flexible exchange rates. Nevertheless, the SNB intervenes in the foreign exchange market as necessary to contribute to appropriate monetary conditions. In doing so, it does not focus on individual currency pairs, but rather takes the overall currency situation into account. A need for foreign currency purchases arises in particular when the scope for interest rate cuts is small and the appreciation of the Swiss franc threatens to result in a deflationary development. Conversely, foreign currency can also be sold if monetary policy needs to be tightened.

Quarterly assessment

The SNB conducts an in-depth monetary policy assessment in March, June, September and December and makes its monetary policy decision. The decision is explained in detail in a press release and at a news conference following the assessment. Furthermore, the economic background to the decision is described in the Quarterly Bulletin. If circumstances require, the SNB can also take monetary policy decisions at any time between the quarterly monetary policy assessments.

Relevance of climate change for monetary policy

The effects of climate change and climate policy can have far-reaching consequences for the economy and financial markets. For example, extreme weather events can have a short-term impact on the economy and prices by damaging infrastructure or disrupting supply chains. In the long term, a rise in temperature can lead to structural changes in various sectors of the economy and influence productivity as well as economic growth. Furthermore, political measures for the transition to a low-carbon economy can result in price changes for certain goods, particularly in the energy sector. The SNB analyses the effects of climate change and climate policy within the framework of its statutory mandate and takes into account the consequences that these may have for monetary policy.

1.2 INTERNATIONAL ECONOMIC DEVELOPMENTS

Moderate global economic growth

Global economic growth was moderate in 2024, although developments varied greatly between the individual economic areas. In the euro area, economic momentum remained subdued. This was partly due to more restrictive fiscal policy as well as the tightening of monetary policy in the preceding two years. By contrast, the US economy developed favourably, driven by robust income growth, solid productivity gains and high immigration.

Global manufacturing momentum remained muted overall. In the euro area, manufacturing output even declined further. However, the services sector continued to support growth in many countries.

Receding inflation and easing of monetary policy

Inflation receded further, but was still above central banks' targets in most countries at the end of the year. The progress made so far in combating inflation, and confidence that it would continue to ease, prompted many central banks to lower their policy rates from the middle of the year. Nevertheless, monetary policy remained restrictive in many countries.

Financial conditions slightly more favourable

Financial conditions eased slightly overall in the advanced economies, particularly in the US. The main reason was the strong price gains on the equity market, led by US technology stocks. Yields on corporate bonds showed little movement, while yields on long-term government bonds rose slightly in many advanced economies.

The US dollar and pound sterling appreciated on a trade-weighted basis, as the yield spread between US and UK government bonds and those of other countries widened. By contrast, the euro weakened slightly. The yen initially depreciated in the first half of the year, but subsequently recovered to some extent.

Oil price slightly lower

The price of oil initially rose at the beginning of the year. However, it subsequently declined again despite geopolitical tensions. At the end of 2024, the price of a barrel of Brent crude was slightly lower than at the beginning of the year, at around USD 75. This decrease was attributable to solid supply coupled with subdued demand. The prices of industrial metals and natural gas rose slightly, however.

Subdued growth in euro area

In the euro area, GDP expanded by 0.7% in 2024, following modest growth in the previous year (0.5%). Production capacity utilisation thus remained below average. This subdued development was partly attributable to more restrictive fiscal policy as well as the tightening of monetary policy in the preceding two years, which weighed on domestic demand. Private consumption thus rose only moderately despite robust income growth, while investment contracted. Furthermore, exports were sluggish. Despite the subdued economic growth, the labour market remained robust. At 6.3%, the unemployment rate was historically low in December, and real wages rose significantly for 2024 as a whole, having declined in recent years as a result of high inflation.

Further decline in euro area inflation

Consumer price inflation receded further in the euro area, but was still above the European Central Bank's 2% target at the end of the year. In December, it stood at 2.4%, compared with 2.9% a year earlier. Especially services inflation remained elevated.

Monetary policy easing in euro area

After tightening monetary policy significantly in 2023, the ECB left its key interest rates unchanged in the first few months of 2024. Against the backdrop of a gradual decline in inflation, in June it began easing monetary policy in a series of steps. By the end of the year, it had lowered its deposit facility rate – the rate with which it steers its monetary policy stance – by a total of 1 percentage point to 3.0%. It also signalled that a further cut in its key interest rates was likely. Furthermore, it continued to reduce its asset portfolio. Principal payments from maturing securities purchased under the Asset Purchase Programme (APP) and Pandemic Emergency Purchase Programme (PEPP) were only partially reinvested by the ECB. As a result, its portfolio contracted by around EUR 400 billion in 2024, equivalent to around 6% of the balance sheet total.

Robust US economy

US economic activity remained robust despite monetary policy being tighter overall and fiscal policy less expansionary. GDP grew by 2.8%, roughly the same pace as in 2023 (2.9%). The main driver was private consumption, which benefited from robust income growth. Investment also gained some momentum, although it fluctuated markedly over the course of the year. On the supply side, growth was supported by high immigration and solid productivity gains. Labour market conditions remained good overall, although employment growth slowed somewhat and the unemployment rate ended 2024 slightly higher than a year earlier at 4.1%. Towards the end of the year, production capacity utilisation was close to normal.

US inflation approaching target

Consumer price inflation eased further in the US, albeit at a slower pace than in the previous year, and in December stood at 2.9% (December 2023: 3.4%). The decrease primarily reflected lower core inflation, both for goods and services. However, core inflation remained elevated overall. Inflation as measured by the personal consumption expenditure deflator – the index used by the US Federal Reserve to set its 2% inflation target – was still above target at the end of the year at 2.6%.

Easing of monetary policy in US

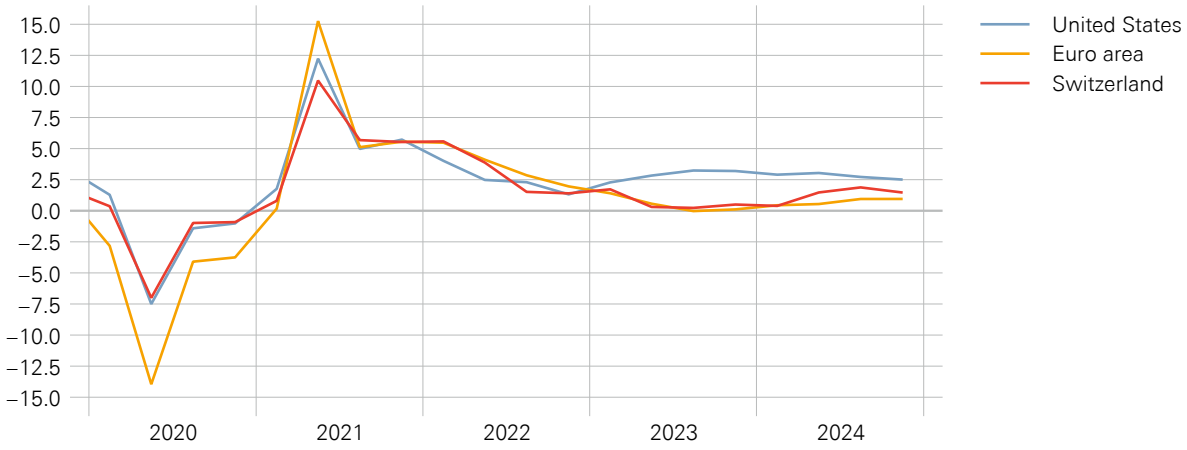
The Fed left the target range for its policy rate unchanged in the first half of the year. In light of the progress made in combating inflation as well as easing labour market conditions, it began to ease its monetary policy in the autumn. By the end of the year, it had lowered the target range for its policy rate by a total of 1 percentage point to 4.25 – 4.5%, and held out the prospect of further interest rate cuts. It also continued to reduce the size of its balance sheet, and by the end of 2024 its portfolio of Treasury and mortgage-backed securities had contracted by around USD 670 billion (approximately 9% of the balance sheet total).

Growth slightly weaker in China

At 5.0%, GDP growth in China was slightly lower than in 2023 (5.4%). Capacity utilisation in the economy continued to be below average. Domestic demand remained subdued in the wake of the ongoing property crisis and muted consumer and business sentiment. By contrast, buoyant goods exports, partly due to lower export prices, supported growth. In order to reach the GDP growth target of around 5% for 2024, the authorities eased monetary and fiscal policy. The government also passed further measures aimed at stabilising the property market.

GROWTH OF GROSS DOMESTIC PRODUCT

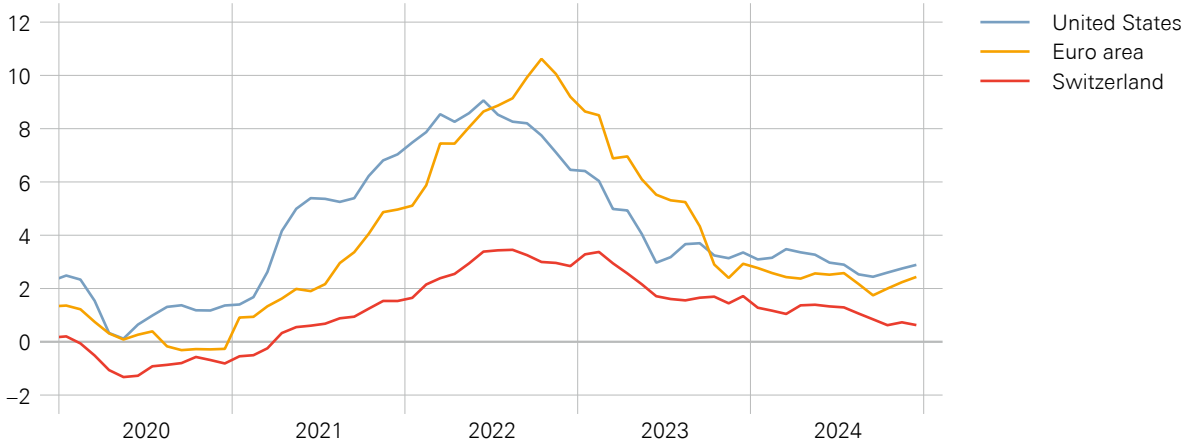
Real, year-on-year change in percent



Source(s): LSEG Datastream, SECO

INFLATION

Consumer prices, year-on-year change in percent



Source(s): LSEG Datastream, SFSO

1.3 ECONOMIC DEVELOPMENTS IN SWITZERLAND

Subdued economic development

Swiss economic growth was subdued in 2024, and inflation continued to decline. Economic activity was dampened by moderate foreign demand in particular. Exports grew only marginally and equipment investment decreased. By contrast, consumer spending by households developed favourably, as did construction investment. Value added in manufacturing increased slightly overall. This was due to the solid development in the chemical and pharmaceutical sector, while the other manufacturing industries contracted as a result of subdued global manufacturing momentum. In the services sector, development was muted. The labour market lost momentum; growth in employment weakened and unemployment rose.

Modest GDP growth

According to the initial estimate by the State Secretariat for Economic Affairs (SECO), growth in GDP adjusted for seasonal effects and sporting events was 0.9% in 2024. Growth thus remained below average and was somewhat slower than in 2023 (1.2%).

Production capacity utilisation normal

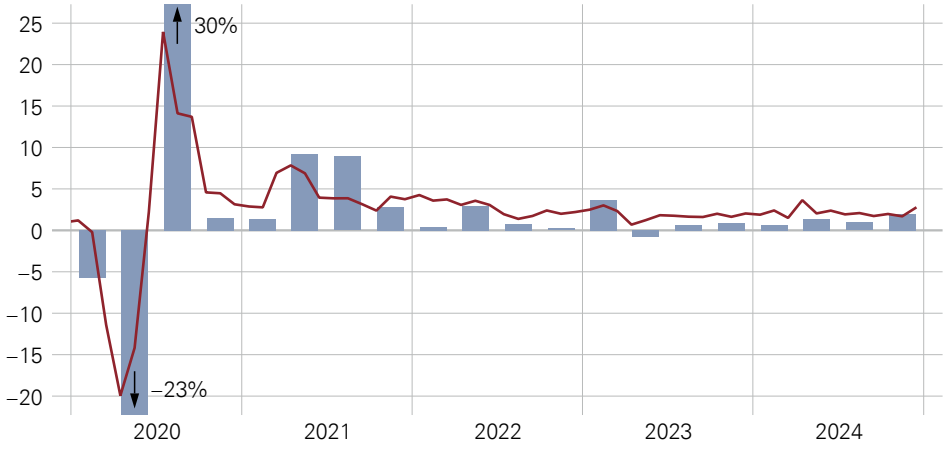
GDP was roughly in line with estimated aggregate potential output. Utilisation of production capacity was thus at a normal level overall. According to company surveys, however, the utilisation of technical capacity varied significantly between the sectors. It was well below its long-term average in manufacturing, but remained above-average in most services industries. With regard to the labour situation, company surveys showed that shortages of staff decreased overall. In some industries, however, the staffing situation remained tight.

Subdued development in key industries

Economic development was subdued in many major industries. Value added in business-related services, for example, grew only weakly; in wholesale and banking it even declined. It also decreased in non-pharmaceutical manufacturing, which continued to suffer from muted global demand. By contrast, development in the pharmaceutical industry remained solid. Construction recorded strong growth, thus partially recovering from the decline in previous years. Health and social work activities, public administration and the hospitality industry also showed above-average growth, the latter continuing to benefit from the recovery in demand from foreign guests following the coronavirus pandemic.

BUSINESS CYCLE INDEX AND GDP GROWTH

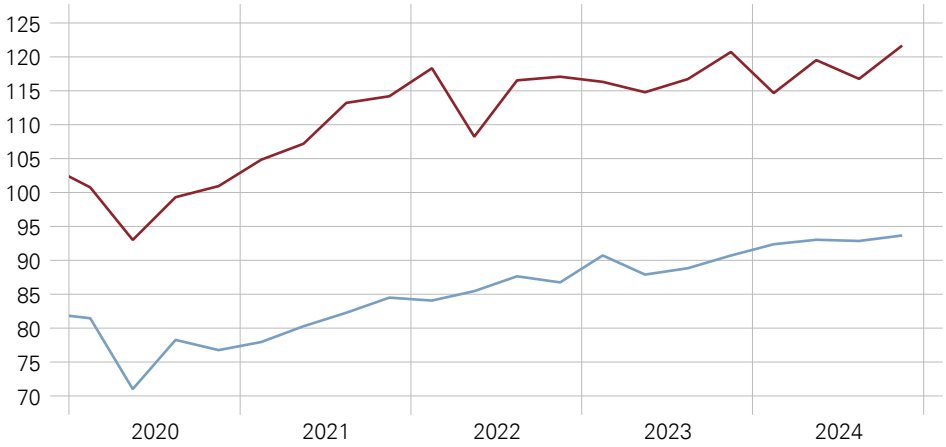
In percent



Source(s): SECO, SNB

FOREIGN TRADE

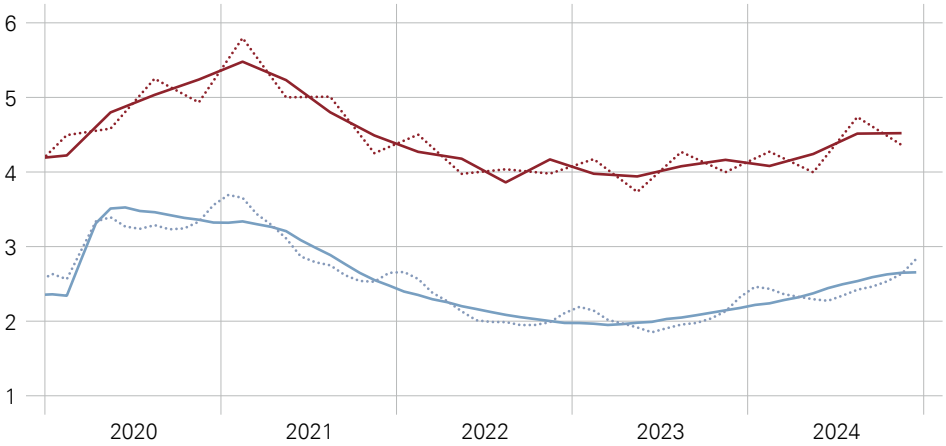
In CHF billions, in real terms, adjusted for seasonal effects and sporting events



Source(s): SECO

UNEMPLOYMENT RATE

In percent



Source(s): SECO, SFSO

Solid growth in private consumption

Supported by noticeably higher real incomes and lower interest rates, consumer spending by households registered solid and broad-based growth. Consumer spending rose significantly in the areas of healthcare, retail trade and housing.

Weak export growth

Exports of goods and services increased little overall. While there was dynamic growth in exports of chemical and pharmaceutical products, exports of other products suffered from there being only moderate demand from abroad and declined. Services exports recorded solid growth.

Declining equipment investment

Equipment investment decreased noticeably. In view of the low capacity utilisation in manufacturing, the decline in investment in machinery was particularly pronounced. Investment in vehicles also fell sharply. However, there was an increase in investment in intangible assets such as research and development as well as software and databases.

Construction investment recovering

After several years of decline, construction investment recorded strong growth. The high population growth in recent years and the associated fall in vacancy rates had a supporting effect. In addition, the shortage of labour in construction receded slightly, and material bottlenecks eased, which dampened price growth in construction.

Lower employment growth

The labour market lost momentum. The subdued economic development was increasingly reflected in employment, which at 1.3% grew at a significantly slower rate than in 2023. While a considerable number of new jobs were created in many industries in the first half of 2024, the development of employment in the second half of the year was mixed. In construction and the services sector, job growth continued, albeit at a slower rate. In manufacturing, by contrast, jobs were cut.

Rising unemployment

The unemployment rate published by SECO on the basis of regional employment office data rose over the course of 2024 from 2.2% to 2.7%, and thus ended the year close to its long-term average. The unemployment figures calculated by the Swiss Federal Statistical Office (SFSO) in line with the definition of the International Labour Organization (ILO) increased as well, and at 4.5% in the fourth quarter were also near the long-term average.

Since nominal wage growth was solid and inflation declined, real wages recorded an average increase again following the weak development of the previous two years. Aggregate real labour income rose again noticeably (2.3%), although growth in employment was lower than in 2023. The share of labour income in GDP increased further, and remained high by historical comparison.

Noticeable rise in labour income

REAL GROSS DOMESTIC PRODUCT

Seasonally adjusted, year-on-year change in percent

	2019	2020	2021	2022	2023	2024
Private consumption	1.2	−3.4	2.2	4.3	1.5	1.8
Government consumption	0.8	3.8	3.0	−1.2	1.7	1.9
Gross fixed capital formation	0.9	−1.4	2.8	−0.1	0.1	−1.0
Construction	−0.9	−1.0	−3.1	−6.9	−2.7	2.4
Equipment	1.8	−1.7	6.0	3.4	1.4	−2.6
Domestic final demand[1]	**1.1**	**−1.9**	**2.5**	**2.2**	**1.1**	**1.0**
Exports of goods and services[1, 2]	2.0	−4.6	11.5	4.7	1.8	0.9
Aggregate demand[1, 2]	**1.9**	**−3.5**	**5.4**	**3.8**	**2.2**	**1.9**
Imports of goods and services[1, 2]	2.9	−6.1	5.7	5.8	4.1	3.8
Gross domestic product[2]	**1.5**	**−2.2**	**5.3**	**2.9**	**1.2**	**0.9**

1 Excluding valuables (non-monetary gold and other precious metals, precious stones and gems as well as objets d'art and antiques).
2 Adjusted for sporting events.
Source(s): SECO, SFSO

Economic picture derived from discussions with companies

The SNB bases its economic assessment on a broad array of information. This includes information gathered every quarter by the SNB's delegates for regional economic relations during discussions with over 200 companies from different industries. These talks provide an up-to-date and detailed picture of sentiment in the Swiss economy, supplementing the economic analyses and forecasts as the basis for the SNB's quarterly monetary policy assessments. The findings of the talks are summarised in the 'Business cycle signals' section of the SNB's Quarterly Bulletin.

According to the discussions, turnover in the Swiss economy grew moderately in 2024. This growth was mainly driven by the services sector and some construction industries. In the services sector, there was support from financial, consulting and IT services in particular, while trading companies reported rather subdued momentum. In construction, demand for infrastructure projects remained high. Added to this, there were signs of an improvement in the order situation in residential construction, thanks among other things to lower interest rates.

Manufacturing, by contrast, stagnated due to weak global demand. In addition, particularly in the first half of the year, a number of manufacturing companies reported that sales had been further dampened by customers reducing their inventories. In spring, manufacturing companies were optimistic on the whole about the second half of the year. However, no broad-based upturn in growth materialised. Momentum in the mechanical engineering and metals industries, in particular, remained persistently weak. Companies suffered from sluggish development in demand from Europe. In particular, order volumes from the German automotive industry remained low. The watchmaking industry also struggled with a weak order situation, however, and clearly felt the effects of the decline in demand from Chinese customers.

The differing momentum in the sectors was also increasingly reflected in the utilisation of production factors. In the services industries, the staffing situation tended to be tight and infrastructure utilisation was at a normal level. Manufacturing companies, by contrast, were unable to make sufficient use of their personnel and technical capacity, which put pressure on their profit margins. In this context, some cited the strong Swiss franc as an additional challenge. In the second half of the year, above all, manufacturing companies increasingly reported having to resort to short-time working.

Companies' view of the labour market cooled overall as the year progressed. Recruitment difficulties were increasingly limited to specialist staff. In view of declining inflation, the easing in the labour market and the muted business outlook, companies expected lower wage growth of 1.5% for 2025, compared with 1.9% in 2024.

Lower producer and import price inflation

Inflation as measured by the producer and import price index remained in negative territory throughout 2024. The average for the year was –1.7% (2023: 0.2%). This development was attributable to both import and producer prices being lower. Reduced inflation rates for consumer and intermediate goods, in particular, contributed to the decline.

Decline in CPI inflation

Annual inflation as measured by the Swiss CPI declined further over the course of 2024. It fell from 1.2% in the first quarter to 0.7% in the fourth. The average for the year decreased from 2.1% in 2023 to 1.1% in the year under review. Both imported and domestic inflation contributed to this decline.

The inflation rate for imported goods and services fell from –1.1% in the first quarter to –2.5% in the fourth. The average for the year was –1.5% (2023: 1.4%). As in the previous year, the decrease was attributable to imported goods and services excluding oil products. While inflation for oil products rose from –10.0% in 2023 to –3.7% in the year under review, inflation for other imported goods and services declined from 2.9% to –1.2%. Tourism services, cars and food, among others, recorded lower inflation rates than in 2023.

The inflation rate for domestic goods and services declined from 1.9% in the first quarter to 1.7% in the fourth. Averaged over the year, it decreased from 2.4% in 2023 to 1.9% in 2024. This was attributable to movements in the prices of domestic goods, in particular lower inflation for food and electricity. Following a marked decrease from 3.9% in the fourth quarter of 2023 to 1.9% in the first quarter of 2024, the inflation rate for domestic goods declined further to 1.3% by the end of the year. The average for the year was 1.7% (2023: 5.4%). Domestic services inflation rose, however, from 1.5% in 2023 to 2.0% in the year under review. This development was mainly attributable to higher rents. Rent inflation increased from 2.7% in the first quarter to 3.6% in the fourth. The average for the year was 3.3% (2023: 1.7%).

Lower core inflation

In the short term, CPI headline inflation can be significantly affected by fluctuations in specific price components. In order to analyse the underlying inflation, the SNB therefore calculates core inflation using a trimmed mean. This measure excludes, each month, those goods and services with the largest and the smallest price changes compared to the same month one year earlier. Specifically, it factors out the 15% of items in the CPI basket with the highest price inflation and the 15% with the lowest. The core inflation rate calculated using the trimmed mean decreased from 1.3% in the first quarter to 0.9% in the fourth. The average for the year was 1.1% (2023: 1.7%).

Longer-term inflation expectations remain consistent with price stability

Short-term inflation expectations derived from surveys declined over the course of 2024. Towards the end of the year, they were roughly in the middle of the range of 0% to 2% that the SNB equates with price stability. By contrast, there was only little change in longer-term expectations, which remained somewhat above 1% throughout 2024.

SWISS CONSUMER PRICE INDEX AND COMPONENTS

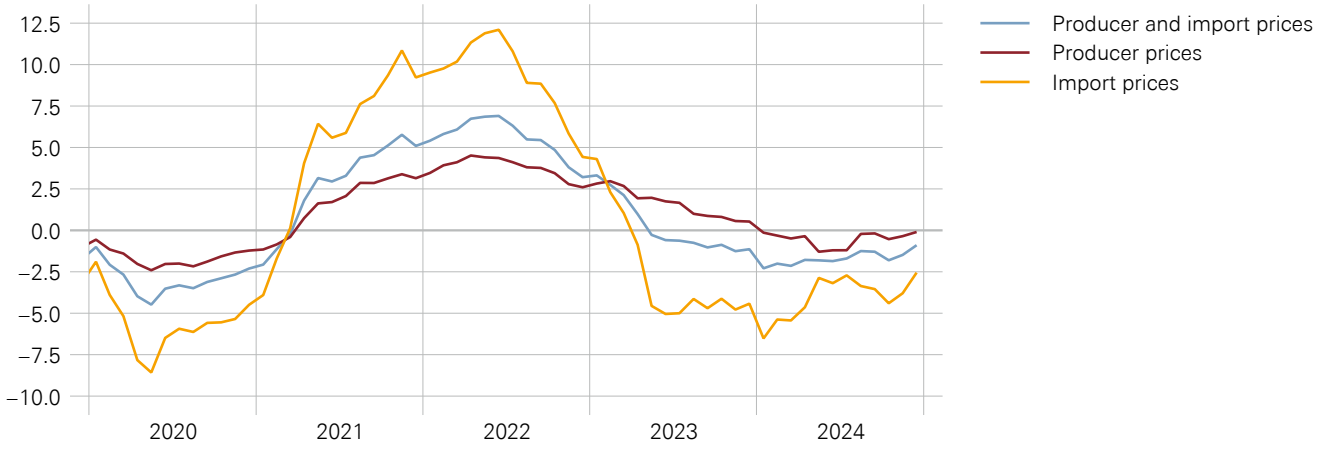
Year-on-year change in percent

	2023	2024	2024 Q1	Q2	Q3	Q4
Consumer price index, overall	**2.1**	**1.1**	**1.2**	**1.4**	**1.1**	**0.7**
Domestic goods and services	2.4	1.9	1.9	2.0	2.0	1.7
Goods	5.4	1.7	1.9	1.8	1.7	1.3
Services	1.5	2.0	1.9	2.1	2.1	1.8
Private services (excluding rents)	1.5	1.6	1.8	1.8	1.6	1.1
Rents	1.7	3.3	2.7	3.2	3.8	3.6
Public services	0.8	0.7	0.7	0.7	0.7	0.5
Imported goods and services	1.4	−1.5	−1.1	−0.6	−1.8	−2.5
Excluding oil products	2.9	−1.2	−0.7	−1.0	−1.5	−1.7
Oil products	−10.0	−3.7	−3.9	2.7	−4.4	−8.8
Core inflation						
Trimmed mean	1.7	1.1	1.3	1.3	1.2	0.9

Source(s): SFSO, SNB

PRODUCER AND IMPORT PRICES

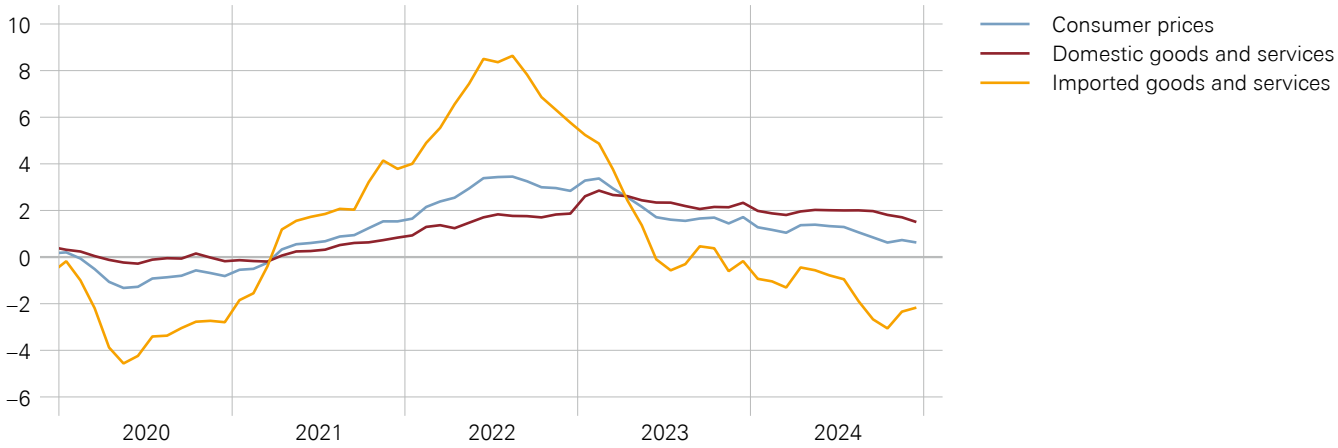
Year-on-year change in percent



Source(s): SFSO

CONSUMER PRICES

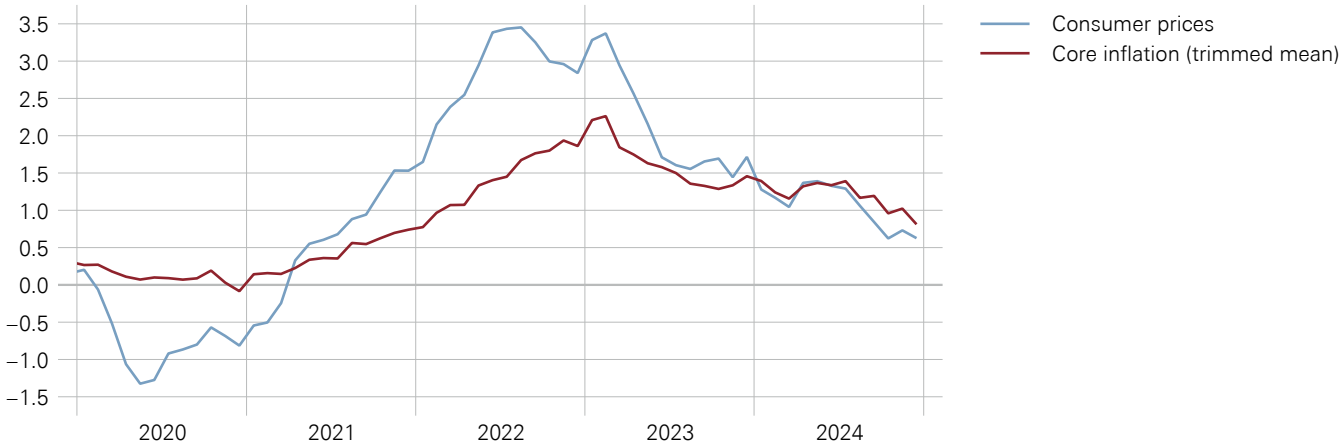
Year-on-year change in percent



Source(s): SFSO

CORE INFLATION

Year-on-year change in percent



Source(s): SFSO, SNB

1.4 MONETARY POLICY IN 2024

Easing of monetary policy

The SNB eased its monetary policy in 2024. In so doing, it reacted to declining inflationary pressure, which was attributable in particular to the SNB's previous tightening of monetary policy, the appreciation of the Swiss franc since 2023, and moderate economic development in Switzerland and abroad. The inflation rate as measured by the Swiss CPI had already fallen below 2% again in mid-2023 and has since fluctuated within the range of 0% to 2% that the SNB equates with price stability. The conditional inflation forecasts published during the year under review showed that medium-term inflationary pressure had receded significantly. In order to avoid inflation falling too sharply in the medium term, the SNB eased its monetary policy. The SNB had raised its policy rate in 2022 and 2023 to counter inflationary pressure, which had been elevated since the coronavirus pandemic.

Lowering of SNB policy rate

Over the course of 2024, the SNB lowered its policy rate in four steps, from 1.75% to 0.5%. At its monetary policy assessments in March, June and September, it cut the rate by 0.25 percentage points. At its December assessment, it then lowered the rate by 0.5 percentage points to 0.5%, as underlying inflationary pressure had again decreased markedly in the fourth quarter.

Money market rates close to SNB policy rate

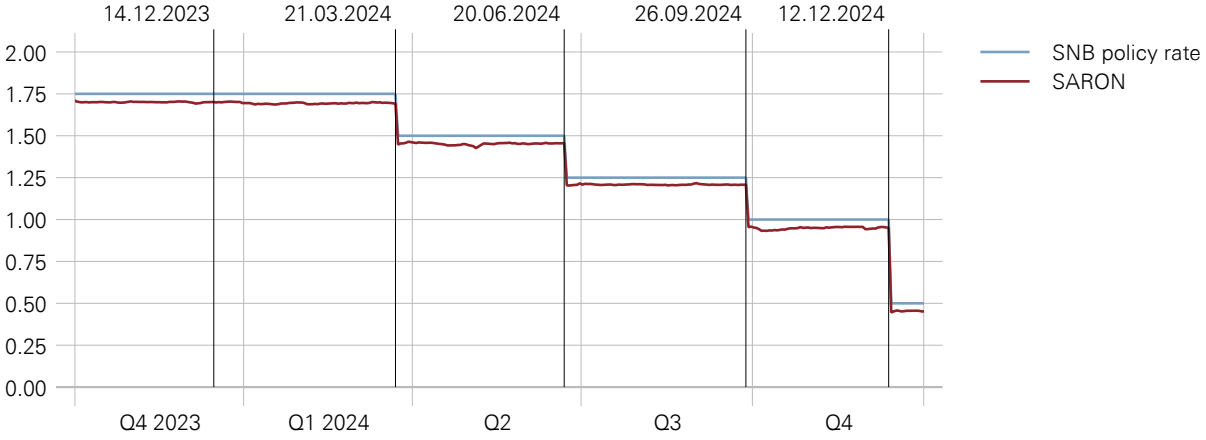
The SNB seeks to keep the secured short-term money market rates close to the SNB policy rate. The overnight rate SARON was invariably just a few basis points below the SNB policy rate in the year under review. The reductions in the SNB policy rate were also transmitted to the other segments of the money market and to longer maturities (cf. chapter 2.2).

Interest rate differentials versus euro area and US

In 2024, interest rate differentials between short-term euro and US dollar interest rates and short-term Swiss franc rates increased slightly due to diverging monetary policy decisions by central banks. Measured by the three-month overnight index swap rates (OIS rates), the spread between euro and Swiss franc interest rates increased from 2.2 percentage points at the beginning of the year to 2.3 percentage points at the end of 2024, while the spread to US dollar interest rates widened from 3.7 to 3.9 percentage points. Over the course of the year, the ECB lowered its deposit facility rate in four steps by a total of 1 percentage point to 3.0%. The Fed reduced the federal funds rate in three steps from 5.25–5.5% to 4.25–4.5%.

SNB POLICY RATE AND SARON

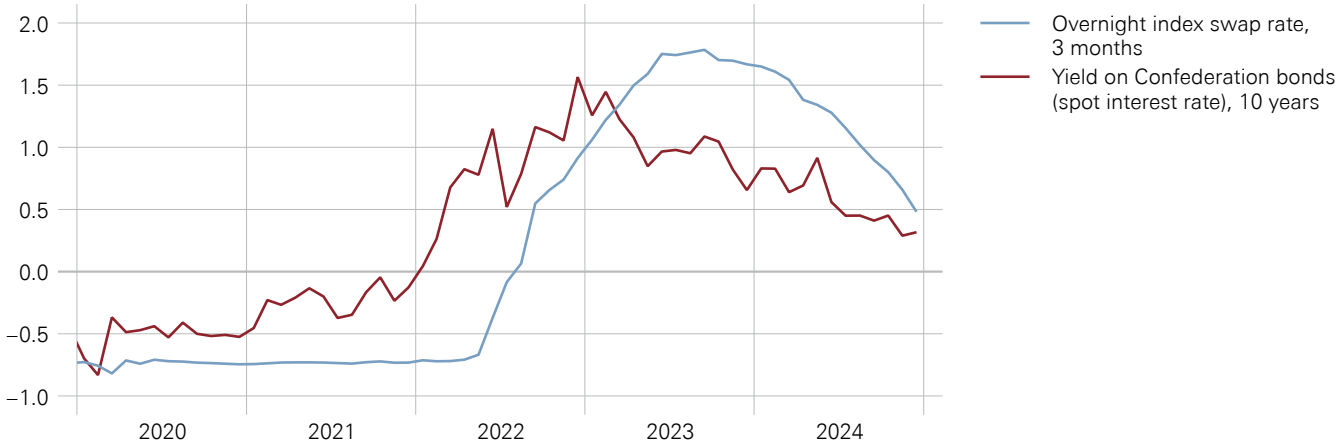
End-of-day values in percent, with dates of quarterly monetary policy assessments



Source(s): SIX Swiss Exchange Ltd, SNB

MONEY AND CAPITAL MARKET RATES

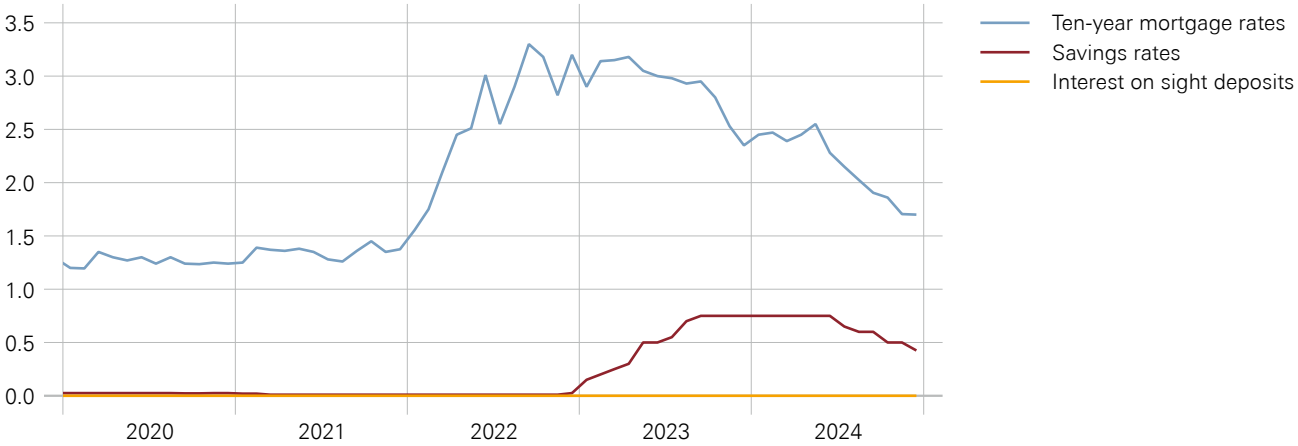
Monthly averages in percent



Source(s): SIX Swiss Exchange Ltd, SNB

BANK INTEREST RATES

Month-end values in percent



Source(s): SNB

The widening of the interest rate differential reflects the fact that the SNB eased its monetary policy somewhat more strongly than the ECB and the Fed in the year under review. Interest rate differentials had already increased in 2022 and 2023 due to relatively stronger monetary policy tightening abroad.

Decline in capital market yields

In the year under review, yields on Confederation bonds fell across all maturities, with the decline being more pronounced for short-term maturities. As a result, the yield curve, which was still inverted at the beginning of the year, flattened over the course of 2024, shifted significantly downwards and returned to a slightly positive slope towards the end of the year. While yields on two-year bonds receded from 1.0% to 0.1%, yields on ten-year bonds decreased from 0.7% to 0.4%.

Decline in OIS rates

The OIS rates also declined significantly during the year under review. OIS rates reflect market expectations of the average short-term monetary policy rate over the term of the contract, plus a usually low term premium. Current and expected future monetary policy are thus an important factor in the development of OIS rates. In line with monetary policy easing in the year under review and market expectations for the SNB's medium-term monetary policy stance, the two-year OIS rates decreased by around 1.1 percentage points to 0.05% since the beginning of the year. The decline in ten-year OIS rates was somewhat smaller, by about 0.8 percentage points to around 0.4%. The low level of long-term OIS rates at the end of the year under review indicated that financial markets were not expecting a tightening of monetary policy in the medium term.

Lending and deposit rates

The OIS rates are important reference points for many other interest rates. The interest rates offered by banks largely followed the OIS rates in the year under review. Published interest rates for new mortgages continued the downward trend that began in the fourth quarter of 2023. Despite lower interest rates for new mortgages, the mortgage reference rate relevant for residential and commercial rents remained unchanged at 1.75% in 2024. This interest rate corresponds to the volume-weighted average interest rate of all outstanding bank mortgages in Switzerland, rounded to a quarter of a percentage point (cf. box 'Mortgage reference interest rate'). The banks' average interest rate on sight deposits, which make up the bulk of deposits, remained close to zero in 2024. Average interest rates for savings and new time deposits, however, declined in parallel with OIS rates in the first half of the year.

Mortgage reference interest rate
A nationwide mortgage reference interest rate is decisive for rent adjustments due to changes in mortgage rates in Switzerland. This mortgage reference interest rate corresponds to the volume-weighted average interest rate of all outstanding bank mortgages in Switzerland, rounded to a quarter of a percentage point.

Adjustments to the SNB policy rate change the general interest rate level, which can also affect mortgage rates and the mortgage reference rate. Compared to the interest rates for new mortgages, the reference interest rate only adjusts slowly to changes in interest rates because a significant part of the mortgages included in the calculation is based on long-term contracts.

Since the SNB policy rate was raised in June 2022, the reference interest rate has increased twice. In June 2023 it went up from 1.25% to 1.5%, followed in December 2023 by a second rise to 1.75%. In the year under review, the reference interest rate persisted at this level despite falling mortgage rates. A rent increase based on the mortgage reference interest rate is allowed if the reference interest rate on which the tenancy agreement is based is lower than the current reference interest rate. Changes in the reference interest rate affect rents with a time lag of several months, as the permitted rent adjustments can only come into effect on the next termination date at the earliest, subject to the notice period. In addition, landlords are entitled at any time to pass on 40% of the inflation that has occurred since the last rent adjustment or after the conclusion of the rental agreement, as well as general cost increases. Rents, which at 18.4% have a significant weighting in the Swiss consumer price index (CPI), rose markedly after the reference interest rate increases in 2023. They went up by 3.3% in the year under review.

The statutory regulation on rent adjustments based on the mortgage reference rate and the heavy weighting of rents in the CPI basket lead to a certain feedback effect between the SNB policy rate and the CPI. However, this feedback effect is only temporary and must not be taken as a reason for the SNB to refrain from making policy rate adjustments necessary for monetary policy.

Foreign exchange market interventions

At its quarterly monetary policy assessments, the SNB confirmed its willingness to intervene in the foreign exchange market as necessary in order to contribute to appropriate monetary conditions. While the SNB had sold foreign currency in 2022 and 2023 to tighten monetary conditions, it announced at the monetary policy assessment in December 2023 that it was no longer focusing on foreign currency sales. In the year under review, the SNB made net purchases of foreign currency equivalent to a total of CHF 1.2 billion, compared with sales of CHF 132.9 billion in 2023.

Slight weakening of Swiss franc

At the end of 2024, the nominal trade-weighted external value of the Swiss franc was approximately 2% lower than at the beginning of the year, mainly due to a 6.8% depreciation against the US dollar. Over the course of the year, however, it fluctuated considerably. Starting from a peak at the end of 2023, it had lost around 6% by the end of May. Thereafter, the external value of the Swiss franc rose again until August, reaching levels close to those at the beginning of the year and subsequently moving sideways with moderate volatility. In December, it then depreciated by around 1%. This development mainly reflected movements in interest rate differentials with other countries, in particular with respect to the euro area and the US. There were also periods during the year when heightened political uncertainty in the euro area or geopolitical tensions saw the Swiss franc temporarily appreciate owing to its role as a safe haven. The trade-weighted external value of the Swiss franc declined somewhat more in real terms than in nominal terms during the period under review, as inflation was lower in Switzerland than abroad.

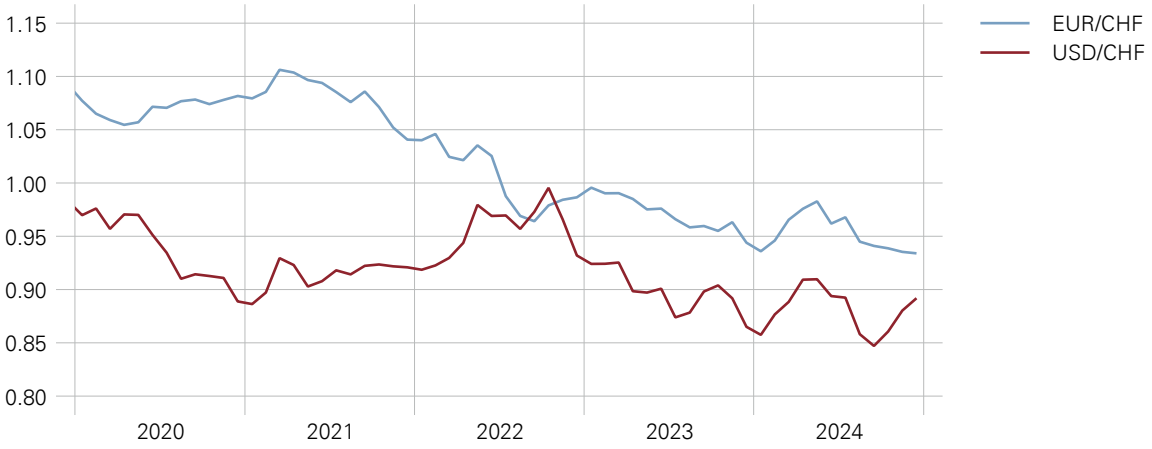
Ongoing decline in monetary base

The monetary base, which is made up of banknotes in circulation and domestic banks' sight deposits with the SNB, declined by 6.0% over the course of 2024, following a decrease of 4.2% in the previous year. While foreign currency sales by the SNB had made a major contribution to the decline in sight deposits in 2023, foreign exchange market interventions in the year under review had little impact on sight deposits owing to their low level. The decrease in the monetary base was attributable to the repayment of outstanding liquidity assistance to Credit Suisse as well as the somewhat larger-scale liquidity-absorbing operations by the SNB in the year under review. These liquidity-absorbing operations and the remuneration of banks' sight deposits at the SNB ensured that the secured short-term Swiss franc money market rates were close to the SNB policy rate. The further decline in the utilisation of the COVID-19 refinancing facility as COVID-19 bridging loans were gradually repaid also contributed slightly to the decrease in the monetary base.

At the end of December 2024, the combined volume of liquidity-absorbing money market transactions and SNB Bills totalled CHF 153 billion (cf. chapter 2.2).

EXCHANGE RATES

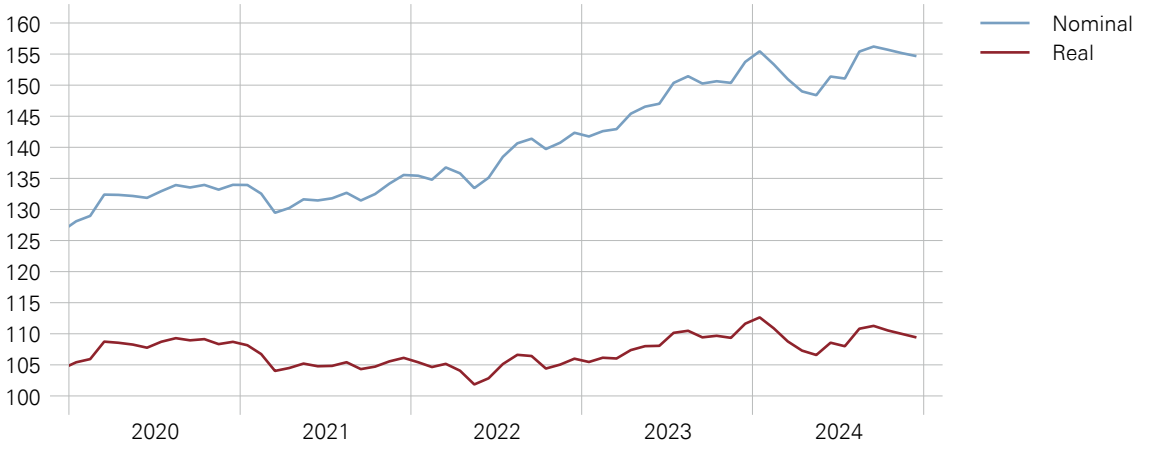
Monthly averages



Source(s): SNB

TRADE-WEIGHTED SWISS FRANC EXCHANGE RATES

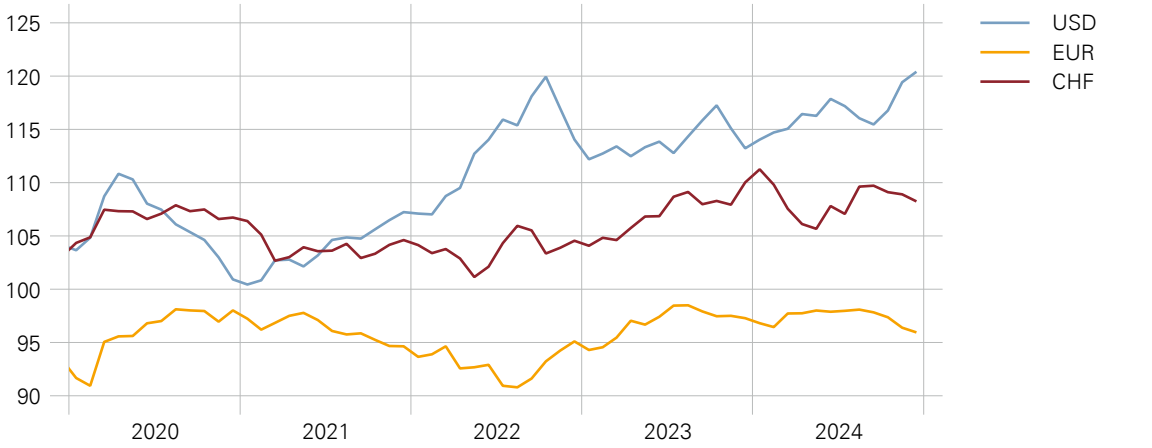
Index: average since 1990 = 100



Source(s): SNB

TRADE-WEIGHTED EXCHANGE RATES IN INTERNATIONAL COMPARISON

Real, 61 countries, index: average since 1990 = 100



Source(s): BIS, SNB

Monetary aggregates and bank lending

The broad monetary aggregates grew in the year under review due to the decline in long-term interest rates since the end of 2023. At the end of 2024, the monetary aggregate M2 (currency in circulation, sight deposits, transaction accounts and savings deposits) was 4.6% higher year-on-year. M3 (M2 plus time deposits) rose by 1.9%. The increase in bank loans to domestic customers continued in 2024. The volume of mortgage lending, which accounts for around 85% of bank loans, was 2.6% larger at the end of 2024 than a year earlier and thus growth was slightly stronger year-on-year (2023: 2.5%). Other bank loans in Swiss francs are generally much more volatile than mortgage loans. In addition, the COVID-19 bridging loans, which form part of other loans, were gradually repaid throughout the year under review. Overall, the volume of other loans in Swiss francs was 1.7% higher at the end of 2024 than at the end of 2023.

International scenario for forecasts

The forecasts published by the SNB as part of its quarterly monetary policy assessments are based on scenarios for the global economy. An oil price assumption is also taken into account, which corresponds approximately to the market price per barrel of North Sea Brent at the time of the forecast. In December 2023, the SNB had expected global economic growth to slow significantly in the year under review, due to the tightening of monetary policy by many central banks and a less expansionary fiscal policy.

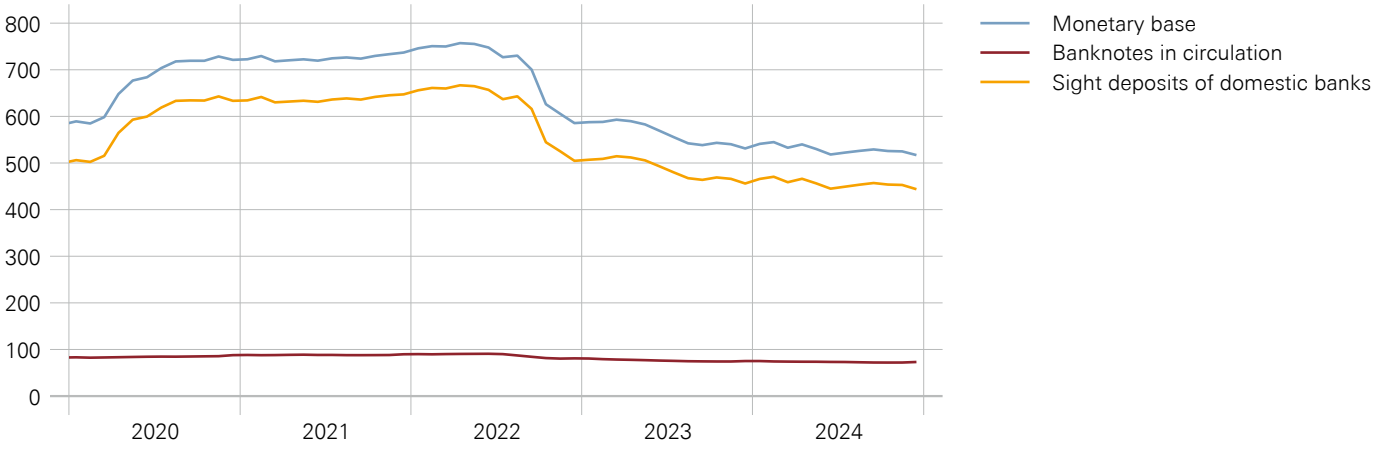
In the course of 2024, however, there were signs that the global economy was somewhat stronger overall than expected. At year-end, the SNB forecast global economic growth of 3.1% for both 2024 and 2025.

Growth forecast for Switzerland

The SNB's growth forecasts for Switzerland remained largely stable over the course of the year. At the end of 2023, it had expected GDP growth of between 0.5% and 1.0% in 2024. In March, it forecast growth of around 1%. The SNB maintained this forecast at its monetary policy assessments in June, September and December. Given the easing of monetary policy in the year under review, the SNB at year-end expected a slight recovery in economic activity in 2025, forecasting GDP growth of between 1.0% and 1.5%.

MONETARY BASE AND COMPONENTS

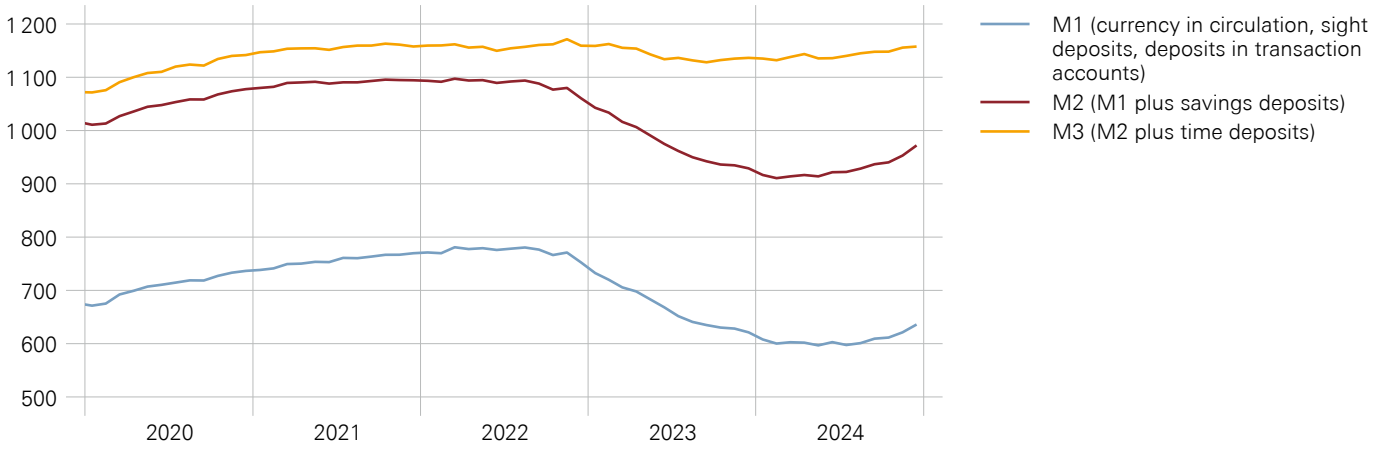
Monthly averages in CHF billions



Source(s): SNB

LEVEL OF MONETARY AGGREGATES

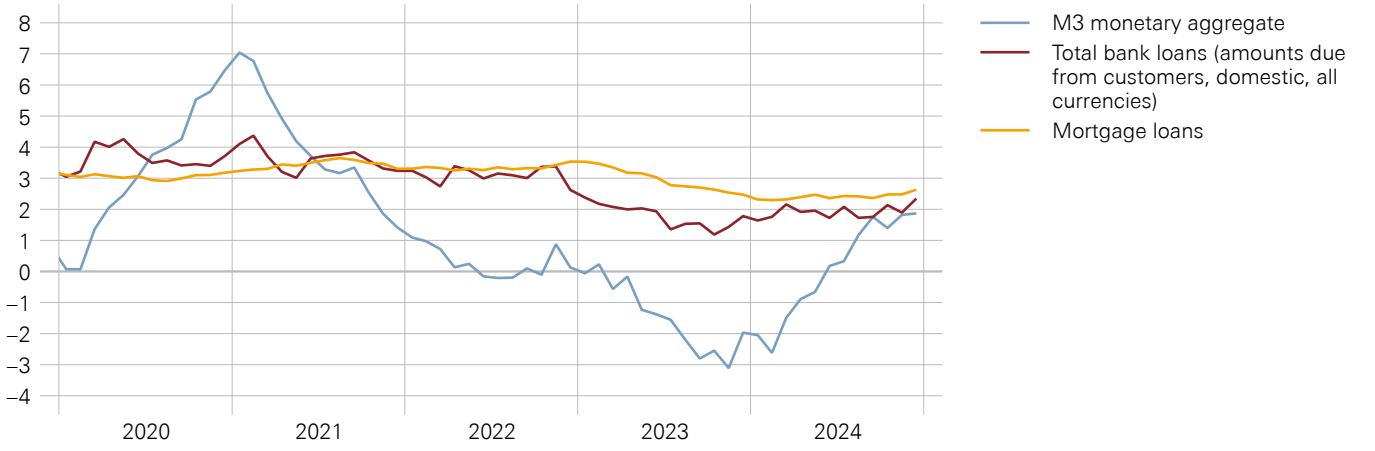
Month-end values in CHF billions



Source(s): SNB

GROWTH OF MONETARY AND CREDIT AGGREGATES

Year-on-year change in percent



Source(s): SNB

Conditional inflation forecast

The conditional inflation forecasts published following the quarterly monetary policy assessments are based on the SNB policy rate determined at the respective monetary policy assessment and the assumption that this rate remains unchanged over the three-year forecast horizon. The interest rate assumption thus stood at 1.5% in March 2024, 1.25% in June, 1.0% in September and 0.5% in December.

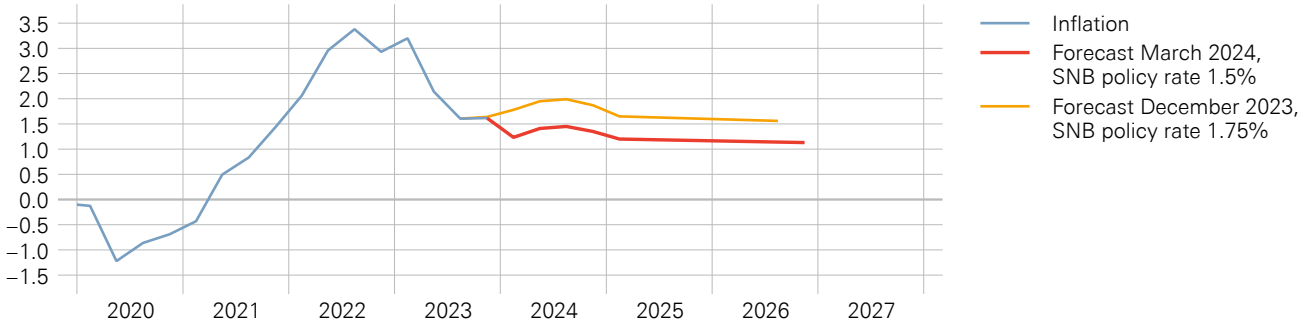
All four conditional inflation forecasts published in the year under review remained within the range that the SNB equates with price stability over the entire three-year forecast horizon. After the inflation forecast in December 2023 still remained at the upper end of the target range of 0% to 2% for most of the period, the SNB lowered its inflation forecasts in March, September and December, despite lower interest rate assumptions in each case. It justified these adjustments on the grounds that inflationary pressure had weakened more quickly than expected and that lower second-round effects were to be expected.

In September, the forecast path of inflation was slightly downwards. The SNB pointed out in its press release that further interest rate cuts could become necessary to ensure price stability over the medium term. In December, the conditional short-term inflation forecast was revised downwards due to lower-than-expected inflation in the previous months. In the medium term, it was somewhat higher than the September forecast, taking into account the 0.5 percentage point reduction in the interest rate.

In December 2023, the conditional inflation forecast for 2024 was 1.9%. It was lowered in March 2024 to 1.4%, in June to 1.3%, and in September to 1.2%. The inflation forecast for 2025, which at the end of 2023 stood at 1.6%, was lowered in March 2024 to 1.2%, in June to 1.1%, and in September to 0.6%. In December 2024, the conditional inflation forecast for 2024 was lowered to 1.1% and that for 2025 to 0.3%. The forecasts for 2026 and 2027 also indicated moderate rates of inflation, although they were consistently within the range that the SNB equates with price stability.

CONDITIONAL INFLATION FORECAST OF MARCH 2024

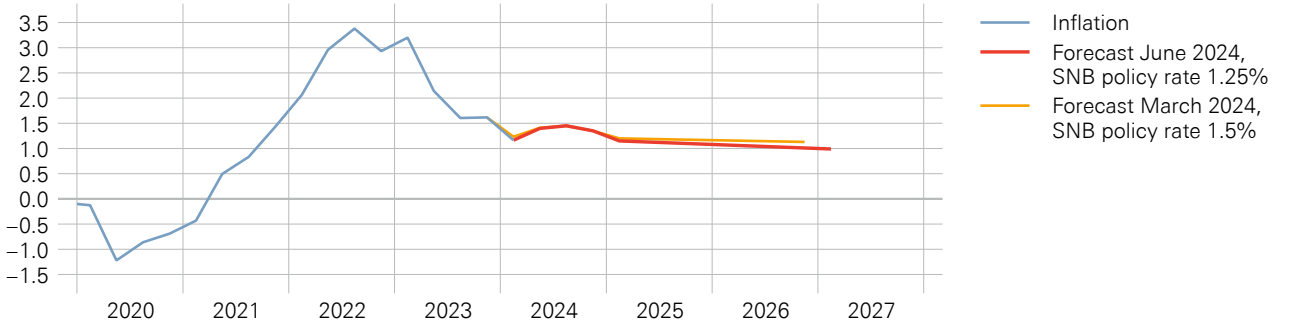
Year-on-year change in Swiss consumer price index in percent



Source(s): SFSO, SNB

CONDITIONAL INFLATION FORECAST OF JUNE 2024

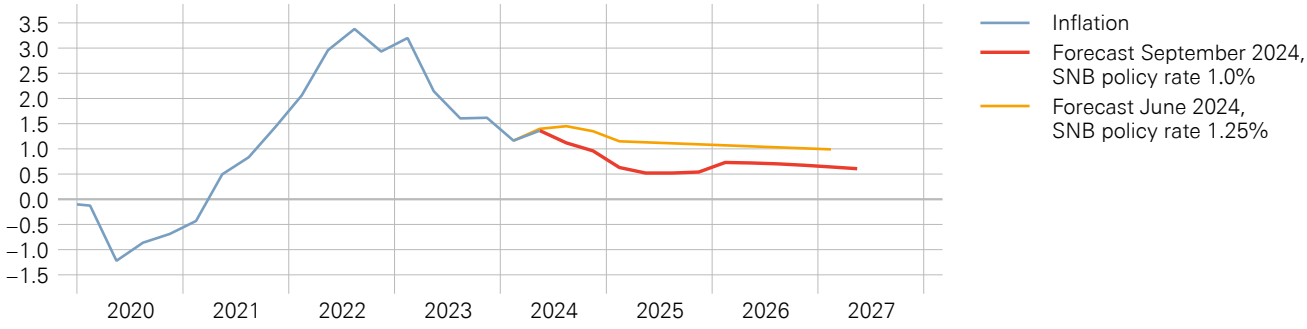
Year-on-year change in Swiss consumer price index in percent



Source(s): SFSO, SNB

CONDITIONAL INFLATION FORECAST OF SEPTEMBER 2024

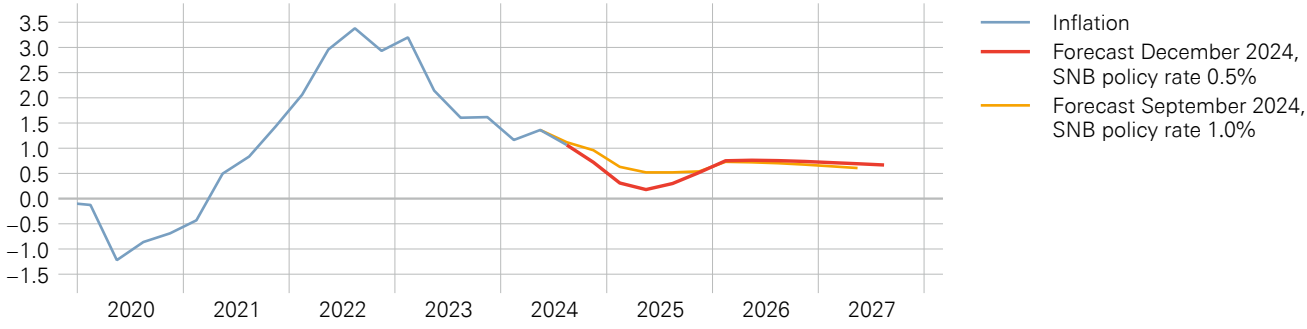
Year-on-year change in Swiss consumer price index in percent



Source(s): SFSO, SNB

CONDITIONAL INFLATION FORECAST OF DECEMBER 2024

Year-on-year change in Swiss consumer price index in percent



Source(s): SFSO, SNB

Ongoing uncertainties

The SNB regularly drew attention to risks that could lead to an adjustment in the forecasts and could necessitate a reassessment of the situation. In 2024, the greatest uncertainties stemmed from developments abroad. In addition to the future course of the global economy, the outlook for fiscal policy was also fraught with imponderables. Furthermore, the period under review saw an increase in political uncertainty in the euro area. As in 2023, the biggest geopolitical risks included the war in Ukraine and the conflict in the Middle East.

Work on central bank digital currency for financial institutions

As part of the Helvetia pilot project, the SNB is providing central bank digital currency for financial institutions (wholesale CBDC). This is made available as a token on the regulated platform SIX Digital Exchange (SDX), a financial market infrastructure (FMI) based on distributed ledger technology (DLT). Wholesale CBDC enables participants to settle transactions in central bank money directly on this platform.

With the Helvetia pilot, the SNB is supporting innovation on the Swiss financial market. In doing so, it is playing a globally leading role in deploying wholesale CBDC in a live production environment. In an initial phase of the project, which lasted from the beginning of December 2023 to the end of June 2024, six pilot banks executed transactions on the DLT platform. The total value of transactions settled was around CHF 750 million. Furthermore, the SNB became the world's first central bank to carry out a monetary policy operation in a live production environment using DLT. Specifically, digital SNB Bills with an issue volume of CHF 64 million were issued on SDX. In June 2024, the SNB announced that it would be continuing the pilot until at least June 2026.

Besides wholesale CBDC, alternative models for the settlement of tokenised assets are conceivable. The SNB is examining two of these models, namely the linking of the settlement systems for such assets with the existing Swiss Interbank Clearing (SIC) system and the use of private, bankruptcy-protected token money that is backed by central bank money.

The SNB's work on the three settlement models indicates that they are all technically and legally feasible. However, they have different advantages and disadvantages, for example with regard to the possibility of achieving efficiency gains.

The SNB's work does not mean that it intends to introduce a wholesale CBDC on a permanent basis, does not support other models in this area, or prefers certain technical solutions. Rather, the SNB aims to understand various use cases for the settlement of tokenised assets with a view to how it can best continue to fulfil its mandate in the future.

Other SNB projects on wholesale CBDC have been developed in collaboration with the BIS Innovation Hub Swiss Centre, including Project Agorá (cf. chapter 7.2).

2
Implementation of monetary policy

2.1 BACKGROUND AND OVERVIEW

Mandate

It is the task of the Swiss National Bank to provide the Swiss franc money market with liquidity (art. 5 para. 2 (a) National Bank Act (NBA)). It implements its monetary policy by steering the interest rate level on the money market. In so doing, it seeks to keep the secured short-term Swiss franc money market rates close to the SNB policy rate. The SNB can influence money market rates by means of its open market operations or adjust the interest rate on sight deposits held by banks and other financial market participants at the SNB. If necessary, the SNB may also use additional monetary policy measures to influence the exchange rate or the interest rate level.

Implementation of monetary policy

To implement its monetary policy on the money market, the SNB uses two levers which together ensure that the secured short-term Swiss franc money market rates are close to the SNB policy rate (cf. chapter 2.2). The focus in this regard is on the interest rate for secured overnight money, SARON (Swiss Average Rate Overnight). The first lever is a tiered remuneration of the sight deposits that banks and other financial market participants hold at the SNB. The remuneration of sight deposits enables effective steering of money market rates when there is high excess liquidity. Tiered remuneration of sight deposits creates an incentive to trade sight deposits in the Swiss franc money market in that institutions with sight deposits above their threshold conclude money market transactions with institutions whose sight deposits are below their threshold. An active and well-functioning money market is an essential basis for the transmission of monetary policy and the robust calculation of SARON.

The second lever deployed in the implementation approach is the absorption of reserves by way of open market operations. These operations reduce sight deposits and thereby the liquidity supply in the money market.

Furthermore, in order to contribute to appropriate monetary conditions, the SNB is willing to be active in the foreign exchange market as necessary.

Sight deposits at the SNB
The SNB maintains sight deposit accounts for banks and other financial market participants. The balances on these accounts (sight deposits) at the SNB are a financial market participant's most liquid assets since they can be used immediately to effect payments and are considered legal tender. Domestic banks' sight deposits at the SNB count towards satisfying minimum reserve requirements. Furthermore, banks require sight deposits as liquidity reserves. The SNB influences the level of sight deposits by deploying its monetary policy instruments. In addition to sight deposits held by domestic banks, total sight deposits include sight liabilities towards the Confederation, sight deposits of foreign banks and institutions, as well as other sight liabilities.

The level of sight deposits influences activity on the money market, where liquidity is redistributed between the individual financial market participants. Banks seeking to place funds on a short-term basis provide liquidity in the form of a loan to other banks that require short-term refinancing. These loans can be granted on a secured or unsecured basis. If there is ample liquidity in the financial system, the need for banks to adjust their liquidity positions declines and so too does trading activity on the money market. Tiered remuneration of sight deposits encourages liquidity redistribution between sight deposit account holders, thereby promoting money market activity.

2.2 USE OF MONETARY POLICY INSTRUMENTS IN THE MONEY AND FOREIGN EXCHANGE MARKETS

Remuneration and development of sight deposits

The SNB in principle remunerates sight deposits held by banks and other financial market participants at the SNB. By defining this remuneration, it influences the interest rate level on the money market. The SNB uses a system of tiered remuneration. For sight deposits up to a certain threshold, the SNB policy rate is applied. Sight deposits above the threshold continued to be remunerated at the SNB policy rate minus a discount of 0.5 percentage points in 2024 (cf. box 'Calculation of thresholds for tiered remuneration of sight deposits'). Sight deposits which are held to meet minimum reserve requirements are not remunerated. Tiered remuneration of sight deposits creates an incentive for account holders with balances above or below the threshold to trade their reserves with one another.

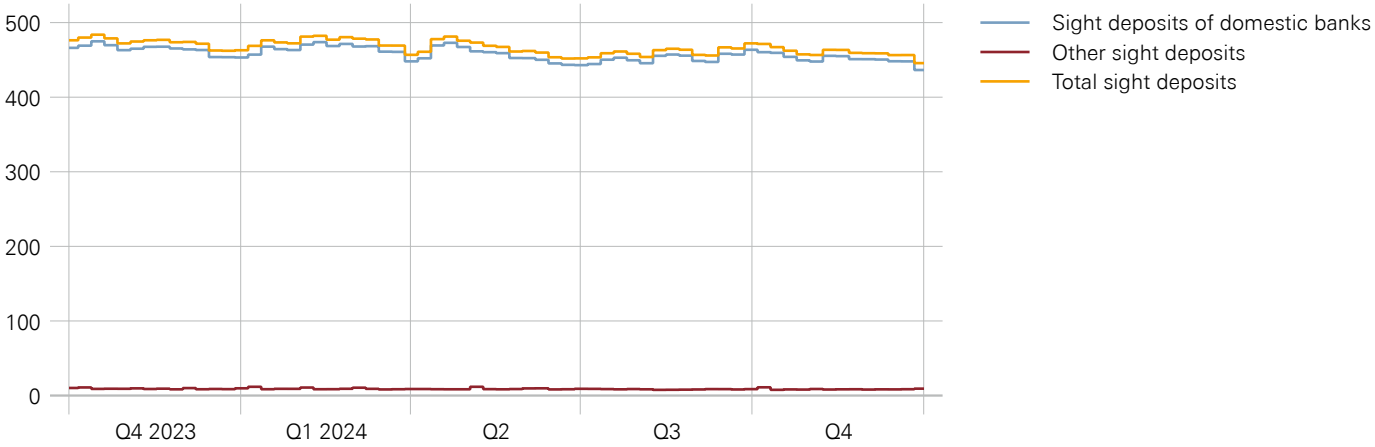
The remuneration of sight deposits resulted in an expense of CHF 5.9 billion in 2024. Sight deposits held at the SNB totalled CHF 439 billion at the end of 2024 and were thus lower year-on-year (2023: CHF 463 billion). The decline in sight deposits is mainly due to their absorption for the purposes of steering money market interest rates. An expense of CHF 1.7 billion arose from these liquidity-absorbing operations in 2024.

Repo transactions

Liquidity-absorbing operations include repo transactions. In the case of liquidity-absorbing repo transactions, the SNB sells securities to a bank (or other financial institution admitted to the repo market) and debits the corresponding sum in Swiss francs from the counterparty's sight deposit account with the SNB. At the same time, it is agreed that the SNB will buy back securities of the same type and quantity at a later date. In the case of a liquidity-providing repo, the transactions are conducted in the opposite direction. For the term of the repo agreement, the cash taker generally pays interest (the repo rate) to the cash provider. Repo transactions can be conducted by way of auction or on a bilateral basis with a wide range of counterparties.

SIGHT DEPOSITS AT THE SNB

Weekly averages in CHF billions



Source(s): SNB

SWISS FRANC REFERENCE RATES (SWISS AVERAGE RATES, SAR)

Monthly averages of end-of-day values in percent

Source(s): SIX Swiss Exchange Ltd

The SNB absorbed liquidity by means of repo auctions on a daily basis in 2024 in order to keep the secured short-term Swiss franc money market rates close to the SNB policy rate. To this end, the SNB used indexed repo transactions in which the repo rate is calculated as the average of the SNB policy rate over the term minus any discount. This enhances the SNB's flexibility in steering money market rates, since with indexation the interest rate expectations of market players are irrelevant to their participation in the auctions. The SNB also concluded occasional liquidity-absorbing repo transactions on a bilateral basis. Outstanding liquidity-absorbing repo transactions averaged CHF 72.6 billion in 2024.

SNB debt certificates (SNB Bills)

The issuance of its own debt certificates in Swiss francs (SNB Bills) also allows the SNB to absorb liquidity. It can repurchase SNB Bills via the secondary market in order to increase the supply of liquidity to the financial system where necessary. Throughout 2024, SNB Bills with various terms were auctioned on a weekly basis to absorb sight deposits. At the end of 2024, the total volume of outstanding SNB Bills was CHF 70.2 billion.

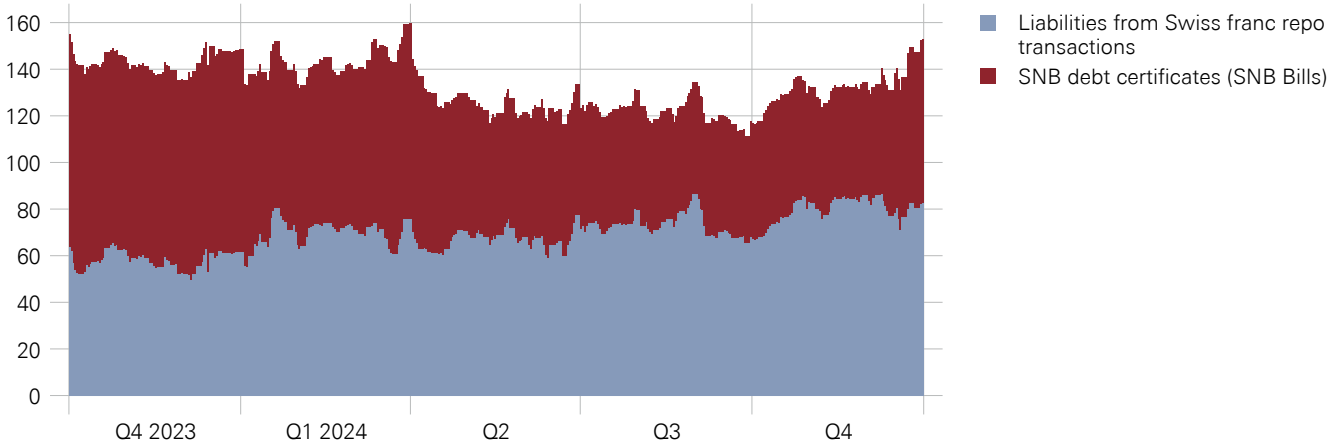
The SNB may use SNB Bills as collateral as part of liquidity-absorbing repo transactions. For this purpose, it may participate in auctions of SNB Bills and take the securities into its own portfolio. Such participation by the SNB has no influence on the allotments to the participants or the issue price.

Money market rates close to SNB policy rate

As a result of the tiered remuneration and absorption of sight deposits, the relevant Swiss franc money market rates remained close to the SNB policy rate in 2024. The SNB eased its monetary policy in 2024, lowering the SNB policy rate four times in the course of the year. The first rate adjustment came in March, with a cut of 0.25 percentage points to 1.5%. Further adjustments were made in June and September, when the policy rate was lowered again by 0.25 percentage points to 1.25% and 1.0% respectively. In December, the SNB lowered its policy rate by a further 0.5 percentage points to 0.5%. SARON also remained close to the policy rate following each rate cut.

LIABILITIES FROM SNB REPO TRANSACTIONS AND SNB BILLS

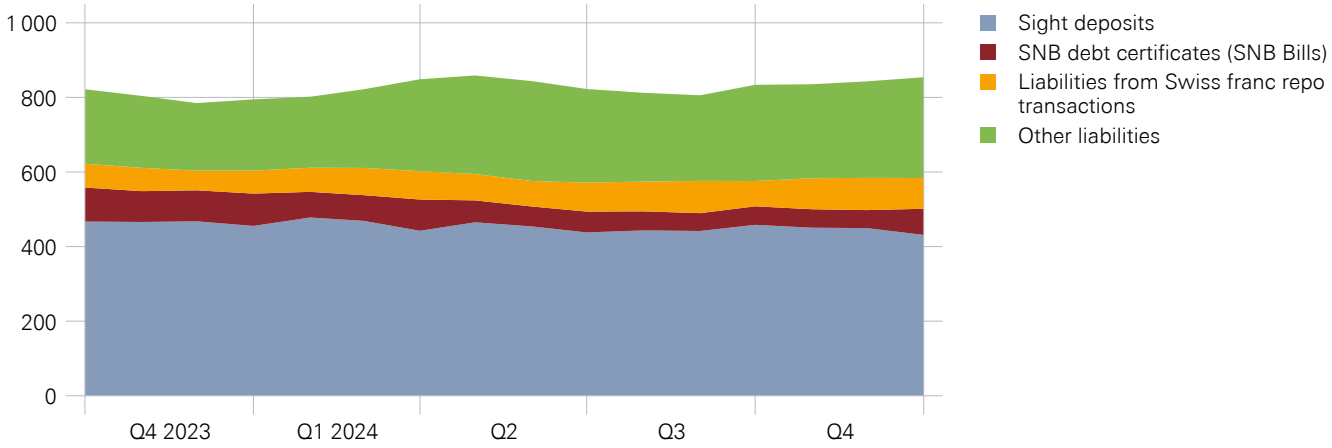
Outstanding volume, in CHF billions



Source(s): SNB

SNB LIABILITIES

Month-end values, in CHF billions



Source(s): SNB

Trading activity on repo market

The incentive to trade sight deposits created by tiered remuneration shaped events on the repo market (interbank market). Activity on the secured money market increased slightly in 2024. The daily turnover on the repo market was CHF 23.5 billion on average (2023: CHF 20.2 billion). The funds were traded at rates close to the SNB policy rate. The number of financial market participants active on the repo market increased by some 4% year-on-year to 119.

Foreign exchange transactions

Foreign exchange transactions conducted by the SNB are usually spot or swap transactions. In a foreign exchange swap, the purchase (sale) of foreign currency at the current spot rate and the sale (purchase) of the foreign currency at a later date are simultaneously agreed. The SNB concludes foreign exchange transactions with a wide range of domestic and foreign counterparties.

In 2024, the SNB remained willing to be active in the foreign exchange market as necessary so as to contribute to appropriate monetary conditions. Over the course of the year, the SNB made net purchases of foreign currency equivalent to a total of CHF 1.2 billion (2023: net sales equivalent to CHF 132.9 billion). As in 2023, the SNB did not conclude any foreign exchange swaps for the purposes of influencing conditions on the Swiss franc money market.

Monetary policy instruments

The framework within which the SNB may conduct transactions on the financial market is defined in art. 9 of the National Bank Act (NBA). The 'Guidelines of the Swiss National Bank on monetary policy instruments' describe the instruments and procedures which the SNB uses to implement its monetary policy. They were revised in 2023 to take into account the adjustment to the formulation of the monetary policy strategy and the introduction of indexed repo transactions (cf. Annual Report 2022). These guidelines are supplemented by instruction sheets for the SNB's counterparties. As lender of last resort, the SNB also provides emergency liquidity assistance (ELA) under certain conditions.

The SNB's instruments comprise open market operations, standing facilities, and interest on sight deposits at the SNB. In the case of open market operations, the SNB takes the initiative in the transaction. Open market operations include repo transactions, the issuance, purchase and sale of its own debt certificates (SNB Bills), as well as foreign exchange transactions. The SNB can carry out open market operations in the form of auctions or bilateral transactions. Transactions on the money market are conducted via an electronic trading platform. Where standing facilities (i.e. the liquidity-shortage financing facility (LSFF), the intraday facility and the SNB COVID-19 refinancing facility (CRF)) are concerned, the counterparties take the initiative in the transaction. The SNB merely sets the conditions under which counterparties can obtain liquidity.

In principle, all banks domiciled in Switzerland and the Principality of Liechtenstein are admissible as counterparties in monetary policy operations. Other domestic financial market participants, as well as foreign banks, may be admitted, provided there is a monetary policy interest in doing so and they contribute to liquidity on the secured Swiss franc money market.

With regard to the remuneration of sight deposits, art. 9 NBA authorises the SNB to maintain interest-bearing and non-interest-bearing accounts for banks and other financial market participants.

Principles of collateral policy
The SNB may enter into credit transactions with banks and other financial market participants on condition that sufficient collateral is provided for the loans (art. 9 National Bank Act). In so doing, the SNB protects itself against potential losses from its credit transactions. By setting uniform criteria for eligible collateral, the SNB also ensures equal treatment of its counterparties.

The 'Guidelines of the Swiss National Bank on monetary policy instruments' set out, among other things, the securities the SNB will accept as collateral as part of open market operations and the standing facilities. The SNB's open market operations on the money market and the use of the SNB's standing facilities are conducted to a significant extent via repo transactions. The 'Instruction sheet on collateral eligible for SNB repos' details the criteria which securities must meet in order to be accepted as collateral in repo transactions with the SNB.

Only Swiss franc and foreign currency securities that fulfil stringent requirements with regard to credit rating and liquidity are permitted as collateral by the SNB. New kinds of security, such as distributed ledger technology (DLT) securities, may also be accepted as collateral for SNB repos, provided they meet the criteria specified in the 'Instruction sheet on collateral eligible for SNB repos'. Securities eligible as collateral for SNB repos meet the criteria for high-quality liquid assets as defined in the Liquidity Ordinance (LiqO).

Translated into Swiss francs, the volume of collateral eligible for SNB repos at the end of 2024 totalled CHF 12,795 billion, up around CHF 1,245 billion year-on-year. The 'List of collateral eligible for SNB repos' shows all securities accepted as collateral by the SNB in repo transactions.

Swiss Foreign Exchange Committee and FX Global Code

The SNB is a member of the Swiss Foreign Exchange Committee (Swiss FXC), which serves as a discussion forum for banks and other foreign exchange market participants in Switzerland and the Principality of Liechtenstein. It co-chairs the Swiss FXC along with a representative from the private sector. The committee is a member of the Global Foreign Exchange Committee (GFXC), which supports, maintains and updates the principles of the FX Global Code to promote the integrity and efficiency of foreign exchange trading. In 2024, five of the 55 principles were updated. The SNB requires its counterparties to undertake to comply with the FX Global Code.

SNB COVID-19 refinancing facility

Banks can obtain liquidity against collateral at the SNB policy rate via the SNB COVID-19 refinancing facility (CRF). As collateral the SNB accepts loans guaranteed by the federal government or the cantons in connection with the coronavirus pandemic (cf. Annual Report 2023, p. 65).

The decline in use of the CRF continued in 2024. As at the end of December, drawdown of the CRF amounted to CHF 1.5 billion (2023: CHF 2.6 billion).

Intraday facility

During the day, the SNB provides its counterparties with interest-free liquidity (intraday facility) through repo transactions so as to facilitate the settlement of payment transactions via the Swiss Interbank Clearing (SIC) system and the settlement of foreign exchange transactions via Continuous Linked Settlement, the multilateral foreign exchange settlement system. The funds received must be repaid by the end of the same bank working day at the latest.

Average utilisation of the intraday facility amounted to CHF 0.5 billion in 2024 (2023: CHF 0.7 billion).

Liquidity-shortage financing facility

To bridge unexpected liquidity bottlenecks, the SNB offers a liquidity-shortage financing facility (LSFF). For this purpose, it grants its counterparties a limit which must be covered at all times by at least 110% collateral eligible for SNB repos. Counterparties can obtain liquidity up to the limit granted until the following bank working day. The LSFF is granted in the form of a special-rate repo transaction. The special rate corresponds to the SNB policy rate plus a surcharge of 0.5 percentage points, but is always at least 0%. Since 2020, an adapted form of the LSFF has been available for systemically important financial market infrastructures (FMIs).

At the end of the year, 74 financial market participants held LSFF limits, with the total amounting to CHF 36.7 billion. With the exception of small test transactions, hardly any use was made of the LSFF in 2024.

Digital SNB Bills

In June 2024, as part of the Helvetia pilot, the SNB successfully issued digital SNB Bills on the regulated platform SIX Digital Exchange (SDX). The associated transactions were settled using central bank digital currency for financial institutions (wholesale central bank digital currency, or wholesale CBDC). In doing so, the SNB became the world's first central bank to conduct a monetary policy operation on an infrastructure based on distributed ledger technology (DLT).

The digital SNB Bills were issued with a term of seven days via a private placement on SDX. Five Helvetia pilot banks submitted bids totalling CHF 64 million, which were allotted in full. Upon payment – two days after the auction – the participating pilot banks procured wholesale CBDC by transferring sight deposits from their Swiss Interbank Clearing (SIC) accounts to their accounts at SDX. This wholesale CBDC could then be used for settlement. Since both the securities (digital SNB Bills) and the cash leg (wholesale CBDC) are present on SDX, settlement can take place simultaneously (atomic settlement). The SNB Bills were also redeemed using wholesale CBDC on SDX.

The pilot project successfully demonstrated that it is also possible for a central bank to absorb liquidity via its own debt certificates on a DLT-based infrastructure.

Calculation of thresholds for tiered remuneration of sight deposits
With the transition from a negative to a positive SNB policy rate in September 2022, the SNB adopted a new approach to monetary policy implementation. One part of this is tiered remuneration, in which institution-specific thresholds are applied. The calculation of the thresholds is based on the minimum reserve requirements of the sight deposit account holders subject to such requirements. The thresholds correspond to the moving average of the minimum reserve requirements over the preceding 36 reference periods, multiplied by the applicable threshold factor.

The increase in the minimum reserve requirements announced in July 2024 (cf. chapter 2.3) would have caused the thresholds to rise in the three years from October 2024. In order to counteract this rise, the threshold factor was lowered from 25 to 22 as of 1 October. Moreover, on 16 December, the SNB announced that it would further lower the threshold factor from 22 to 20, effective as of 1 February 2025.

Since 1 December 2023, in the case of sight deposit account holders subject to minimum reserve requirements, sight deposits held to meet these requirements have no longer been remunerated. The non-remunerated portion of the sight deposit holdings up to the threshold corresponds to the minimum reserve requirement in the last reference period minus the cash holdings in the last reference period. The SNB sets fixed thresholds for all other sight deposit account holders not subject to any minimum reserve requirements. These are in principle set at CHF 0. The SNB regularly reviews the calculation of the thresholds.

2.3 MINIMUM RESERVES

Main features of regulation

The duty to hold minimum reserves (arts. 17, 18 and 22 NBA) ensures that banks have a minimum demand for base money and thus fulfils a monetary policy objective. Eligible assets in Swiss francs comprise coins in circulation, banknotes and sight deposits held at the SNB. The relevant figure for the minimum reserve requirement is taken to be the average for the respective reporting period, which lasts from the 20th day of one month to the 19th day of the following month. It is calculated as the average of the last three month-end values of the relevant liabilities.

If a bank fails to fulfil the minimum reserve requirement, it is obliged to pay the SNB interest on the shortfall for the number of days of the reporting period during which the minimum reserve requirement was not observed. The interest rate is 4 percentage points higher than SARON over the reporting period in question.

The minimum reserves form the basis for calculating the thresholds for the remuneration of domestic banks' sight deposits (cf. chapter 2.2, box 'Calculation of thresholds for tiered remuneration of sight deposits').

Adjustment of minimum reserve requirement

The SNB raised the minimum reserve requirement for domestic banks in the year under review, and to this end amended the National Bank Ordinance as of 1 July 2024. Since the amendment, liabilities arising from cancellable customer deposits (excluding tied pension provision) are included in full in the calculation of the minimum reserve requirement, as is the case with the other relevant liabilities. This revoked the exception whereby 20% of these liabilities counted towards the calculation. The SNB also raised the minimum reserve ratio from 2.5% to 4.0%.

MINIMUM RESERVES

In CHF millions

	2024 Outstanding Average	2023 Outstanding Average
Sight deposits at the SNB	456 353	487 796
Banknotes	4 598	4 945
Coins in circulation	87	91
Eligible assets	461 039	492 831
Requirement	30 959	22 252
Compliance in excess of requirement	430 079	470 579
Compliance in percent	1 489	2 215

In 2024 (between 20 December 2023 and 19 December 2024), statutory minimum reserves averaged CHF 31.0 billion. This represents a 39% rise year-on-year, which is due to the increase in the minimum reserve requirement. Eligible assets fell to CHF 461.0 billion on average, compared with CHF 492.8 billion the previous year. Banks thus exceeded the requirement by an annual average of CHF 430.1 billion. The statutory minimum reserve requirement was met by all 211 banks.

2.4 LIQUIDITY IN FOREIGN CURRENCIES

Swap arrangements

Since 2013, standing bilateral liquidity swap arrangements have been in place between the SNB and the Bank of Canada, the Bank of England, the Bank of Japan, the European Central Bank and the US Federal Reserve. This network of swap arrangements allows the participating central banks, where necessary, to provide banks in their jurisdiction with liquidity in any of the relevant currencies, thus serving as a liquidity backstop.

The SNB has further bilateral swap arrangements with the National Bank of Poland, the People's Bank of China and the Bank of Korea in place since 2012, 2014 and 2018, respectively.

No demand for US dollar liquidity

In 2024, the SNB offered weekly repo transactions in US dollars with a term of one week. With the exception of small test transactions, there was no demand. Furthermore, it was not necessary to provide liquidity in other foreign currencies or in Swiss francs in the context of these arrangements.

Fed's FIMA Repo Facility

The SNB can source US dollar liquidity on an overnight or weekly basis from the Fed under the latter's FIMA Repo Facility using its holdings of US Treasuries as collateral. With the exception of small test transactions, the SNB did not make use of this facility in 2024.

2.5 EMERGENCY LIQUIDITY ASSISTANCE

SNB as lender of last resort

The SNB can act as lender of last resort. Within the context of its contribution to financial stability, the SNB can provide liquidity to domestic banks if they are no longer able to obtain sufficient liquidity on the market.

Conditions for emergency liquidity assistance

Based on art 5 paras. 2 (a) and (e) as well as art. 9 para. 1 (e) NBA, the SNB may act as lender of last resort (cf. chapter 6.1). The granting of emergency liquidity assistance (ELA) is subject to certain conditions. The bank requesting credit must be solvent. To assess their solvency, the SNB obtains an opinion from the Swiss Financial Market Supervisory Authority (FINMA). The NBA expressly requires that the SNB only grant loans against sufficient collateral. The granting of loans without collateral or against collateral that does not fully cover the risks involved (above all market and credit risks) is not permitted (Dispatch on NBA 2002).

Granting of emergency liquidity assistance to Credit Suisse 2023

In its role as lender of last resort, the SNB made a total of CHF 168 billion in liquidity assistance available to Credit Suisse in Swiss francs and foreign currencies in March 2023.

As at 31 December 2023, the ELA loans of CHF 38 billion remained outstanding (cf. Annual Report 2023, p. 70). These were reduced to CHF 18.5 billion in Q1 2024 and repaid in full in Q2 2024.

3
Ensuring the supply and distribution of cash

3.1 BACKGROUND

Mandate

The Swiss National Bank is entrusted with the note-issuing privilege. Pursuant to art. 5 para. 2 (b) of the National Bank Act, it is responsible for ensuring the supply and distribution of cash (banknotes and coins) in Switzerland. The SNB is also charged by the Confederation with the task of putting coins into circulation. The SNB issues regulations on the manner, place and time for the delivery and withdrawal of banknotes and coins. Its activities in this field are based on the Federal Act on Currency and Payment Instruments (CPIA).

Cash logistics

To ensure the supply and distribution of cash in Switzerland, the SNB operates cash logistics centres at the head offices in Zurich and Berne. The two cashier's offices in Berne and Zurich, as well as 13 agencies operated by cantonal banks on behalf of the SNB, issue banknotes and coins commensurate with demand for payment purposes, offset seasonal fluctuations and withdraw banknotes and coins no longer fit for circulation.

Division of tasks

The SNB supplies and distributes cash to the population and the economy together with banks, Swiss Post and cash processing operators. These partners handle the local distribution and redemption of banknotes and coins at their own locations in Switzerland.

The agencies play an important role in ensuring the regional supply and distribution of cash by providing cash withdrawal services to third-party banks (local institutions or branches of larger banking groups), as well as to the branches of the cantonal banks operating each agency. In doing so, they strengthen the resilience of the cash supply and distribution system.

3.2 CASH SUPPLY AND DISTRIBUTION – IMPLEMENTATION

Developments in cash usage

The use of cash for payment purposes has been declining continuously in recent years. However, according to the third payment methods survey of private individuals, published in 2023, cash continues to be a popular and widely used payment method, and is used for around 36% of transactions. It is one of the two most commonly used payment methods for everyday payments.

Challenges in cash supply and distribution

The banks, Swiss Post and other providers operate a network of ATMs and branches to enable the population to access cash. As cash usage declines, the cost of this supply network cannot be lowered to the same extent. This can lead to a reduction in branches and ATMs. The number of ATMs peaked at around 7,300 in 2019 and has been decreasing constantly ever since. At the end of 2024, the supply network in Switzerland comprised a total of around 6,200 ATMs (2023: 6,400).

The surveys conducted regularly by the SNB show that the vast majority of the population (97%) wish to continue using cash as a payment method in the future and that they wish to have the choice of paying with cash or electronic payment methods. At the same time, many respondents indicated that they would curb their cash usage if there were to be a further reduction in the infrastructure or an increase in fees for cash withdrawals or cash deposits. Likewise, one in four companies would use less cash in such an eventuality. While cash is the most widely accepted method of payment in all industries selling everyday goods and services, half of the public transport companies surveyed are, for instance, planning to reduce their acceptance of cash in the coming years. The main reason cited is the cost and effort associated with returning cash.

Based on the survey results, the SNB concludes that a coordinated approach by all those involved in cash circulation is required to maintain cash acceptance going forward. In particular, greater efforts are needed in infrastructure design to ensure that cash services for companies are as easily accessible and cost-efficient as possible.

Cash accessibility, usage and acceptance are interrelated – if access becomes more difficult, usage decreases, which jeopardises acceptance by companies as well. This, in turn, may cause cash usage to decline further. These interdependencies could impair the supply and distribution of cash. This could lead to a situation in which the freedom of choice in payment method use, which is important economically and desired by the population, is restricted or made impossible.

Functions and advantages of cash

Thanks to its unique properties, cash not only offers advantages for the individual (e.g. ease of use, independence from digital payment methods, preservation of privacy), but it also performs important functions for the economy and society which cashless alternatives (debit and credit cards, mobile payment apps, etc.) have so far been unable to fully match.

For example, cash makes it possible for the public to access central bank money; this is important for fostering trust in commercial bank book money and thus for the functioning of the monetary system. Cash also helps to foster competition in the payments field and has a dampening effect on the fees of cashless payment methods. Furthermore, it strengthens resilience in the event of electronic payment system outages and enables the financial inclusion of demographic groups who, for various reasons, are not in a position to use cashless electronic payment methods. Additionally, from an economic perspective, it is important that all desired transactions can be completed easily, securely and cheaply. This seems to pertain in the vast majority of cases today, not least thanks to the fact that cash is always available as a backup option. The SNB is convinced that cash will continue to play an important role as a payment method in the future.

Measures to strengthen supply and distribution of cash

Building on the first roundtable on the supply and distribution of cash conducted in 2023, a group of experts made up of representatives of key stakeholders and associations in the field began its work in 2024. The task of the group of experts is to identify challenges in the supply and distribution of cash and to develop appropriate solutions. They will focus on securing access to cash services for withdrawals and deposits so that consumers' use and companies' acceptance of cash remain unrestricted. The group's findings are due to be published in the course of 2025.

3.3 BANKNOTES

Mandate

Pursuant to art. 7 CPIA, the SNB issues banknotes commensurate with the demand for payment transactions and takes back any banknotes which are worn, damaged, or surplus to requirements due to seasonal fluctuations. It also determines the denomination and design of the notes. Particular attention is paid to banknote security.

New banknote series

At the end of October 2024, the SNB announced that it was to begin developing its tenth banknote series. In doing so, it is ensuring that Swiss banknotes continue to meet the latest standards with regard to functionality and security. The theme of the new banknote series is 'Switzerland and its altitudes', paying homage to the country's unique topography (cf. box 'Development of new banknote series').

Development of new banknote series

The SNB announced at the end of October 2024 that it would be developing a new banknote series – its tenth – to ensure that Swiss banknotes remain secure in the long term. The banknotes have to meet high standards in terms of security, functionality and graphic design.

First, the banknotes must be secure and users must be able to easily and quickly check whether their notes are genuine. Banknotes therefore need security features that are simple to identify and difficult to counterfeit.

Second, the banknotes must be practical and durable. The denominations must allow payments to be made as closely as possible to the desired amount and users must be able to distinguish the notes from one another quickly and reliably. To ensure that large quantities of cash can be processed automatically, securely and efficiently, the banknotes must meet the specifications of processing machines. Furthermore, they must be able to endure the rigours of everyday use, including, for example, repeated folding or even washing.

Third, the banknotes must be visually appealing. Switzerland's banknotes are the country's calling cards. The design must not only meet requirements with regard to security and functionality, but it must also weave these elements into a cohesive and aesthetically pleasing whole.

The SNB launched a design competition to kick off the development process. The competition assignment is to create draft designs for a new series of Swiss banknotes in the customary six denominations and colours.

The theme of the new banknote series is 'Switzerland and its altitudes'. It pays homage to the country's unique topography, from the Jura and the Central Plateau to the Alps, and depicts Switzerland from its deepest valleys to its highest peaks. The new series aims to reflect the diversity of life in our country at the various altitudes.

From a large number of applications, the SNB selected 12 designers to take part in the competition that began in February 2025. The draft banknote designs are expected to be presented to the public in autumn. To evaluate the draft designs, the SNB will both consult an advisory board made up of recognised experts and carry out an online survey to gauge public opinion. The winner of the competition will be announced in the first half of 2026. The SNB expects the new banknotes to be issued from the beginning of the 2030s, at the earliest.

Banknotes in circulation

In 2024, the value of banknotes in circulation declined by 4.2% to an average of CHF 73.3 billion. The total number of banknotes in circulation averaged 514.0 million in 2024, a year-on-year decrease of 1.0%.

Issuance and destruction

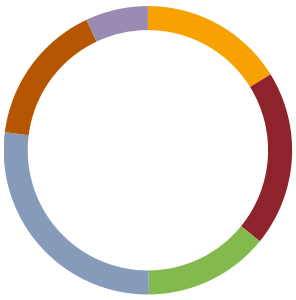
In 2024, the SNB put 41.5 million freshly printed banknotes (2023: 47.0 million) with a nominal value of CHF 4.8 billion (2023: CHF 5.9 billion) into circulation. It destroyed 30.1 million damaged or recalled notes (2023: 34.7 million) with a nominal value of CHF 2.4 billion (2023: CHF 4.4 billion).

Counterfeits

In 2024, a total of 2,569 counterfeit banknotes (2023: 4,082) were confiscated in Switzerland. The counterfeits could be easily and quickly detected by checking the standard security features, without the use of technical aids.

NUMBER OF BANKNOTES IN CIRCULATION

In millions



- 10s **83**
- 20s **101**
- 50s **72**
- 100s **139**
- 200s **82**
- 1000s **36**

Annual average for 2024

Once a new banknote series has been issued and a transition period of several years has elapsed, the SNB recalls the previous banknote series. The banknotes of that series thereby lose their status as legal tender. The SNB recalled the sixth-series banknotes with effect from the end of April 2000 and the eighth-series banknotes with effect from the end of April 2021. In accordance with a revision to the CPIA which came into effect on 1 January 2020, there is no limitation on the period during which the banknotes from both of these series can be exchanged at the SNB and the agencies at full nominal value.

Recall and exchange of banknotes from previous series

At the end of 2024, there were still 17.2 million notes from the sixth series with a total value of CHF 1.0 billion in circulation, as well as 67.6 million notes from the eighth series with a total value of CHF 8.3 billion. The seventh banknote series is a reserve series that was never issued.

3.4 TURNOVER AT CASHIER'S OFFICES AND AGENCIES

Turnover at cashier's offices

In 2024, the turnover (incoming and outgoing) of the cashier's offices in Berne and Zurich amounted to CHF 45.8 billion (2023: CHF 50.7 billion). They received a total of 238.4 million banknotes (2023: 257.9 million) and 131.5 million coins (2023: 148.8 million). The SNB examined the quantity, quality and authenticity of the incoming notes and coins. The incoming banknotes and coins were offset by an outflow of 244.0 million banknotes (2023: 252.4 million) and 166.3 million coins (2023: 159.3 million).

In 2024, the cashier's offices of the SNB registered an overall decline in the number of banknotes and coins submitted and withdrawn. However, it is not possible to draw general conclusions from these changes regarding the total volume of banknotes and coins processed by all institutions involved in cash supply and distribution. Cash is largely processed and recirculated in decentralised processes without any direct involvement of the SNB. The SNB supports this recirculation by keeping cash deposit facilities at cash processing operators. Reducing the number of cash-in-transit journeys to the SNB can increase efficiency, thereby reducing the costs of supplying and distributing cash. Decentralised structures also increase the resilience of the cash supply and distribution system.

Turnover at agencies

The agencies' turnover (incoming and outgoing) amounted to CHF 7.0 billion (2023: CHF 7.5 billion). This constitutes 15.2% of the turnover at the SNB's cashier's offices (2023: 14.7%).

3.5 COINS

Mandate

The SNB is entrusted by the Confederation with the task of coin circulation. Its role is defined in art. 5 CPIA. It takes over the coins minted by Swissmint and puts the required number into circulation. Coins that are surplus to requirements are taken back against reimbursement of their nominal value. The SNB's services with regard to coins are specified in the Coinage Ordinance. As they constitute part of its mandate to ensure the supply and distribution of cash in Switzerland, they are largely not remunerated. In accordance with the Coinage Ordinance, the SNB is supported in supplying and distributing coins by Swiss Post and Swiss Federal Railways (SBB).

Coin circulation

In 2024, the value of coins in circulation averaged CHF 3.2 billion. This corresponds to 5.8 billion coins. The overall change compared to the previous year was small. While the value of coins in circulation decreased by 0.2% compared to the previous year, their number grew by 0.2%.

KEY FIGURES ON BANKNOTES AND COINS IN CIRCULATION (ANNUAL AVERAGE)

	2020	2021	2022	2023	2024
Banknotes in circulation					
In value terms (in CHF millions)	84 450	88 281	87 174	76 498	73 273
Year-on-year change (in percent)	5.8	4.6	–1.3	–12.1	–4.2
Number of notes (in thousands)	513 381	531 983	537 573	518 997	513 963
Year-on-year change (in percent)	5.2	3.6	1.1	–3.5	–1.0
Coins in circulation					
In value terms (in CHF millions)	3 189	3 182	3 210	3 217	3 211
Year-on-year change (in percent)	0.3	–0.2	0.9	0.2	–0.2
Number of coins (in millions)	5 737	5 745	5 795	5 824	5 835
Year-on-year change (in percent)	0.8	0.1	0.9	0.5	0.2

4
Facilitating and securing cashless payments

4.1 BACKGROUND

Mandate

In accordance with art. 5 para. 2 (c) of the National Bank Act (NBA), the Swiss National Bank facilitates and secures the operation of cashless payment systems. Art. 9 of the NBA empowers the SNB to maintain sight deposit accounts for banks and other financial market participants.

Role in cashless payment transactions

The SNB fulfils its statutory task of facilitating and securing the operation of cashless payment systems in its role as commissioning party and system manager of the Swiss Interbank Clearing (SIC) payment system. The SIC system is the central payment system for payments in Swiss francs. The SNB determines the admission criteria, provides the system with liquidity and defines the functionalities and settlement rules, thus ensuring a sound and efficient core infrastructure for cashless payment transactions. As a systemically important financial market infrastructure (FMI), the SIC system is overseen by the SNB (cf. chapter 6.5).

Main features of SIC system

The SIC system is a real-time gross settlement (RTGS) system for payments in Swiss francs. This means that payment orders are settled continuously, individually, irrevocably and with finality in central bank money. Via the SIC system, banks and other financial market participants settle both interbank payments (payments between financial institutions as well as third-party system payments) and retail payments.

Since November 2023, in addition to the real-time gross settlement of payments (RTGS service), the SIC system has been offering instant payments (IP service). These enable the immediate and final transfer of value for cashless retail payments throughout the entire settlement chain – 24 hours a day, 7 days a week. Instant payments are generally settled within a few seconds and credited directly to the recipient's account.

The IP service is suitable for retail payments that have to be paid immediately (cf. chapter 4.2). However, retail payments may also continue to be settled via the existing RTGS service. In this case, the final transfer of value to the recipient usually only takes place on the next bank working day. Provided their bank offers instant payments, customers may choose whether their payment is settled via the IP service or the RTGS service.

Operation of SIC system

SIC participants can use their sight deposits at the SNB to make payments in the SIC system. If required, they can also obtain liquidity in the form of intraday loans covered by securities collateral (cf. chapter 2.2). The SNB has entrusted the operation of the SIC system to SIX Interbank Clearing Ltd, a subsidiary of SIX Group Ltd (SIX). The provision of services for the SIC system is governed by contract between the SNB and SIX Interbank Clearing Ltd. Furthermore, the SNB has a seat on the Board of Directors of SIX Interbank Clearing Ltd and participates in various payment system bodies, where it represents its interests based on its mandate. The business relationship between the SNB and the SIC participants is governed by the SIC participant agreement.

Admission to SIC system

The SNB grants domestic financial market participants access to the SIC system. They include banks, securities firms, insurance companies and other institutions such as licensed fintech companies, cash processing operators and FMIs. Third-party system operators which are able to effect debits and credits to the accounts of other participants also have access to the SIC system. The SNB may grant foreign financial market participants access to the SIC system too. The principle of admission is that participants must make a significant contribution to the fulfilment of the SNB's statutory mandate, and their admission must not pose any major risks.

SIC system as part of Swiss financial market infrastructure

The SIC system is a key element of the Swiss financial centre. The financial market infrastructure is operated by SIX, a company owned by around 120 financial institutions which are also the main users of the services provided by SIX. A well-functioning, secure and efficient financial market infrastructure is of vital importance to the SNB for the fulfilment of its statutory tasks, particularly with regard to facilitating and securing the operation of cashless payment systems. The SNB regularly exchanges information with SIX and the banking sector with the aim of continually developing Switzerland's financial market infrastructure.

4.2 THE SIC SYSTEM IN 2024

Instant payments

Cashless payments are gaining in importance worldwide. In recent years, payment systems capable of handling instant payments have been introduced in many currency areas; the technology was launched in August 2024 for the Swiss market. A prerequisite for this was the successful go-live of the new, enhanced platform for the SIC system (SIC5). At the end of 2024, around 60 banks, covering over 95% of Swiss retail payment transactions, were able to receive and process instant payments. All SIC participants active in retail payment transactions must be able to receive instant payments by the end of 2026. The next project milestone is set for 2026, when the SIC system's regular RTGS service will be migrated to the SIC5 platform.

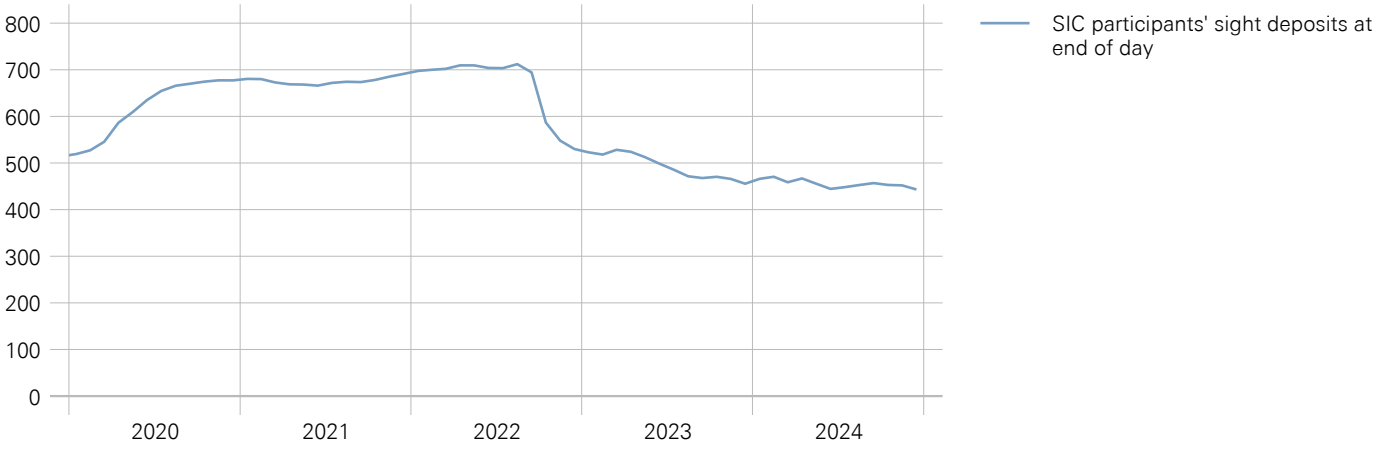
Since their introduction, an average of 7,100 instant payments worth CHF 9.4 million have been settled per calendar day. While instant payments today only account for a very small proportion of the total volume, in the medium term the SNB expects them to become the new standard in electronic payments, both in Switzerland and around the world.

Instant Payments Bridge

In 2024, SIX Interbank Clearing Ltd launched a project called Instant Payments Bridge (IPB) to offer payment service providers that do not participate in the SIC system standardised access to that system. The IPB aims to simplify the submission and confirmation of instant payments by payment service providers via existing SIC participants. Doing so will incentivise the use of instant payments while minimising risks for the SIC system, since payment service providers do not require their own SIC settlement account. The IPB project was in the design phase at the end of 2024. The IPB consists of a set of rules for the submission, processing and confirmation of instant payments by payment service providers, as well as technical functionalities. In a market consultation held in September 2024, all participants welcomed the rough concept. Based on the findings of the market consultation, SIX Interbank Clearing Ltd published a report. The Board of Directors of SIX Interbank Clearing Ltd and the SNB plan to decide on potential implementation of the IPB in 2025. Implementation would commence in November 2025 at the earliest.

SIGHT DEPOSITS IN SIC SYSTEM

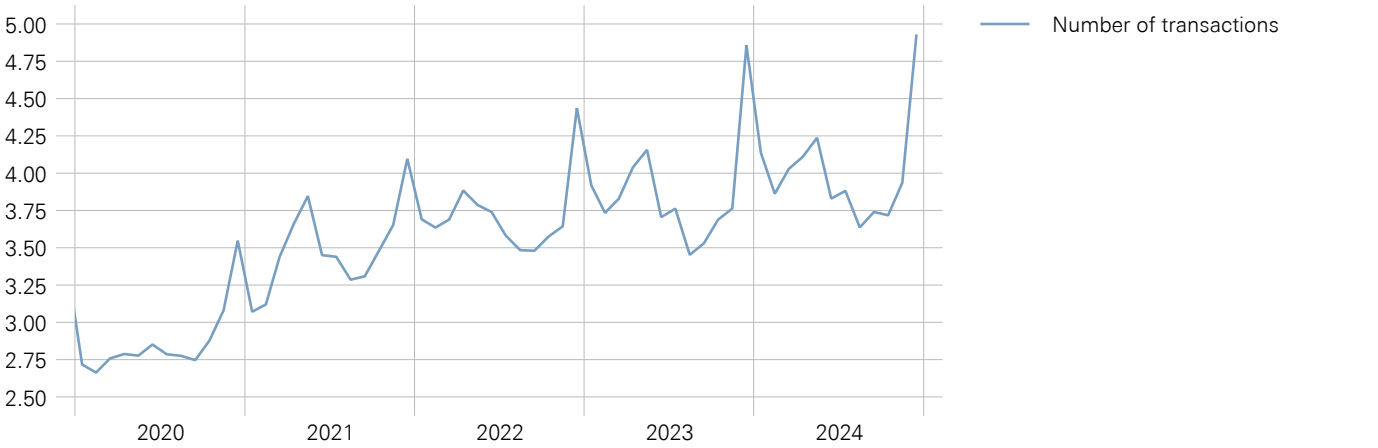
Monthly averages of daily values, in CHF billions



Source(s): SNB

TRANSACTIONS IN SIC SYSTEM

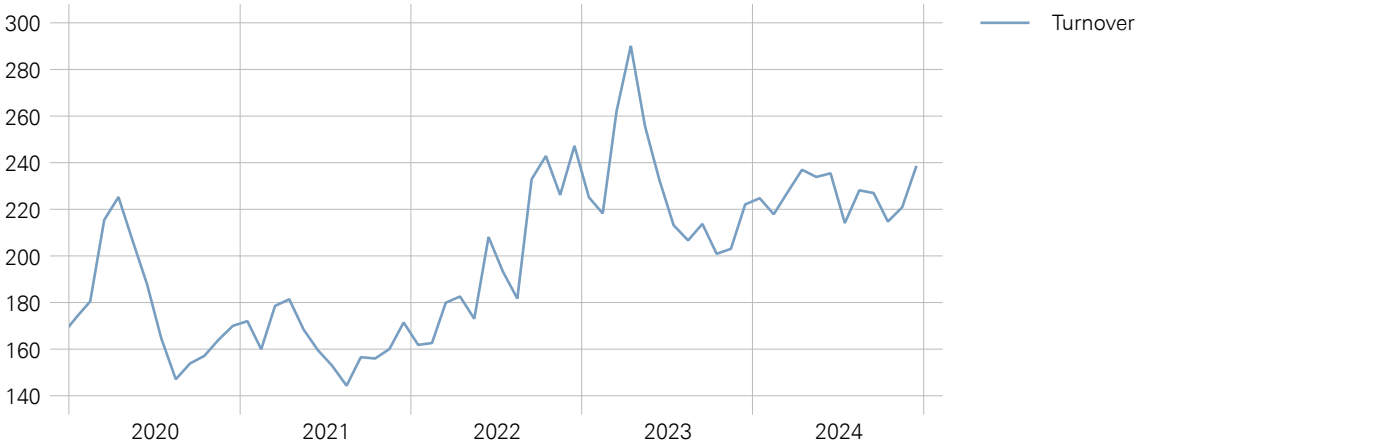
Monthly averages of daily values, in millions of transactions



Source(s): SNB

TURNOVER IN SIC SYSTEM

Monthly averages of daily values, in CHF billions



Source(s): SNB

Secure Swiss Finance Network

At the end of June 2024, the Secure Swiss Finance Network (SSFN) replaced the Finance IPNet as the means of connecting to the SIC system. Since then, not only all domestic and foreign participants directly connected to the SIC system, but also many who participate via a service bureau, have been using the SSFN.

The SSFN uses a routing architecture developed at ETH Zurich known as SCION (Scalability, Control and Isolation on Next-Generation Networks; for further information, cf. Annual Report 2022, box 'The Secure Swiss Finance Network', p. 86). As a founding member and non-voting observer, the SNB plays an advisory role on the board of the SCION Association, which was established in 2023. In 2024, the SCION Association worked on standardising SCION with the aim of obtaining an internationally recognised certification of the technology by the Internet Engineering Task Force (IETF). At the same time, the technology has steadily become more widely known and distributed outside the Swiss financial sector, as well as in other countries. For example, the Benelux countries have chosen to deploy SCION.

SIC system participants

As at 31 December 2024, the SNB had 369 holders of sight deposit accounts (2023: 376). Of these, 295 participated in the SIC system (2023: 302). The majority of SIC participants (237) are domiciled in Switzerland (2023: 239). Six third-party system operators also have access to the SIC system.

Key figures

In 2024, for the first time, more than 1 billion transactions were settled via the SIC system. This translates to a daily average of around 4 million transactions worth CHF 226 billion. Compared to 2023, the average number of transactions settled per day rose by almost 3.7% while turnover declined slightly (down 0.7%). The average value per transaction decreased by 4.2% to around CHF 57,000. Peak days saw up to 11.3 million transactions, with turnover of up to CHF 386 billion.

Retail payments accounted for 98.2% of the transactions in the SIC system (11.2% of turnover) and interbank payments for 1.8% (88.8% of turnover).

KEY FIGURES ON SIC SYSTEM

	2020	2021	2022	2023	2024
Number of transactions					
Daily average (in thousands)	2 867	3 490	3 715	3 855	3 997
Peak daily value for year (in thousands)	9 286	9 909	12 388	10 595	11 346
Share of interbank payments (in %)	2.5	1.9	1.9	1.8	1.8
Share of retail payments (in %)	97.5	98.1	98.1	98.2	98.2
Turnover					
Daily average (in CHF billions)	178	163	200	228	226
Peak daily value for year (in CHF billions)	276	247	403	420	386
Average value per transaction (in CHF)	62 160	46 797	53 735	59 100	56 634
Share of interbank payments (in %)	89.7	88.3	88.7	89.3	88.8
Share of retail payments (in %)	10.3	11.7	11.3	10.7	11.2
Sight deposits of SIC participants and intraday facility					
Average sight deposits at end of day (in CHF millions)	621 458	676 024	666 048	493 216	455 693
Average intraday facility utilisation (in CHF millions)	1 111	134	585	669	464

5
Asset management

5.1 BACKGROUND

Mandate

The assets of the Swiss National Bank fulfil important monetary policy functions. They consist largely of investments in foreign currencies, gold and, to a lesser extent, financial assets in Swiss francs. Their size and composition are determined by the established monetary order and the requirements of monetary policy. Under art. 5 para. 2 of the National Bank Act (NBA), the SNB is responsible for managing the currency reserves, part of which must be held in the form of gold (art. 99 para. 3 Federal Constitution).

Currency reserves

The SNB's currency reserves are held primarily in the form of foreign currency investments and gold. The currency reserves also include the reserve position in the International Monetary Fund (IMF) and international payment instruments. Currency reserves ensure that the SNB has the necessary room for manoeuvre in its monetary policy at all times. They also serve to build confidence, and to prevent and overcome potential crises. In the current environment, the level of the currency reserves is largely dictated by the implementation of monetary policy.

Financial assets in Swiss francs

The financial assets in Swiss francs are made up of bonds, claims from repo transactions, and secured loans.

Investment principles

Asset management is governed by the primacy of monetary policy. In applying its investment policy, the SNB has two main objectives. The first is to ensure that its balance sheet can be used for monetary policy purposes at any time. In particular, the SNB must be in a position to expand or shrink the balance sheet if necessary. The second objective of the SNB's investment policy is to preserve the value of currency reserves in the long term.

A high degree of market liquidity of the assets, in particular, is required to achieve the first main objective of ensuring sufficient room for manoeuvre in the implementation of monetary policy. The SNB therefore invests a substantial portion of its currency reserves in highly liquid foreign government bonds. The second main objective of preserving at least the real value of the assets over the long term is pursued through broad diversification of currencies. Additionally, to improve the long-term risk/return profile, government bond holdings in the major currencies are supplemented by other asset classes.

Since all investments are valued in Swiss francs, the return must offset the Swiss franc's long-term upward trend. This necessitates sufficiently positive returns in the local currencies. By investing part of the currency reserves in a well-diversified range of shares and corporate bonds, the SNB is able to exploit the positive return contribution of these asset classes. At the same time, it retains the flexibility to adjust its monetary and investment policy to changing requirements.

The primacy of monetary policy means that there are restrictions on investment policy. With regard to its investments, the SNB does not hedge currency risks against the Swiss franc in order to avoid affecting demand for Swiss francs. In addition, the SNB does not want to influence markets with its investment policy and therefore aims for minimal market impact.

The investment process ensures that no privileged information from within the SNB can influence investment activity and that no unintentional signalling effects are created. For this reason, the SNB does not invest in the shares of any systemically important banks. Equally, it generally does not invest in Swiss shares or in bonds issued by Swiss companies, and the Swiss franc bond portfolio is managed passively.

5.2 INVESTMENT AND RISK CONTROL PROCESS

Bank Council and Risk Committee responsibilities

The NBA defines the SNB's responsibilities and describes in detail its mandate with regard to asset management. The Bank Council is charged with the general oversight of the investment and risk control process. Its role is to assess the underlying principles and monitor compliance with them. The Risk Committee – which is composed of three Bank Council members – supports the Bank Council in this task. It monitors risk management, in particular, and evaluates the governance of the investment process.

Governing Board responsibilities

The Governing Board defines the investment policy. Specifically, it sets the parameters for the balance sheet structure and investment targets, the investment universe, investment strategy and the associated risk tolerance, as well as the investment and risk control process.

In particular, the Governing Board sets out the requirements with regard to the security, liquidity and return of the investments, as well as the eligible currencies, asset classes, instruments, and borrower categories. It decides on the composition of the currency reserves and other assets, and defines the foreign currency investment strategy. The investment strategy covers the allocation of foreign currency investments to different asset classes and currencies, and determines the scope for management at operational level.

Investment Committee responsibilities

The Investment Committee, an internal body, decides on the tactical allocation of the foreign currency investments at operational level. In doing so, it can set the currency weightings and allocations to the various asset classes, as well as the bond durations, within the ranges prescribed by the Governing Board.

Portfolio Management responsibilities

Portfolio Management manages the individual portfolios. The majority of the foreign currency investments (99%) are managed internally. External asset managers are used to benchmark internal portfolio management and obtain efficient access to new asset classes. At operational level, responsibilities for the monetary policy and investment policy transactions are organised in such a way as to avoid conflicts of interest.

Singapore office responsibilities

The Asia-Pacific portfolios are managed by SNB portfolio managers in the Singapore branch office, which opened in 2013. It is the SNB's only branch office outside Switzerland. Its primary task is to ensure the efficient management of the SNB's currency reserves in the Asia-Pacific region. Having a presence in Asia is also beneficial when it comes to implementing monetary policy on the foreign exchange market. The office's trading and portfolio management operations are fully integrated into the investment and risk control process in Switzerland.

Risk Management responsibilities

The most important measure for reducing risk is broad diversification of investments. Risk is mitigated by means of a system of reference portfolios (benchmarks), guidelines and limits. All relevant financial risks are identified, assessed and monitored continuously. Risk measurement is based on standard procedures and risk indicators. In addition, sensitivity analyses and stress tests are carried out on a regular basis. The SNB's generally long-term investment horizon is taken into account in these risk analyses.

To assess and manage credit risk, information from major rating agencies, market indicators and in-house analyses are used. Credit limits are set on the basis of this information, and adjusted whenever the risk assessment changes. To mitigate counterparty risk, the replacement values of derivatives are usually netted for each counterparty and collateralised by securities. Concentration and reputational risks are also factored in when determining risk limits. Risk indicators are aggregated across all investments; compliance with the guidelines and limits is monitored daily. The risk analyses and results of risk monitoring activities are submitted to the Governing Board and the Bank Council's Risk Committee in quarterly risk reports. In addition, the Risk Management unit's annual report is submitted to the Bank Council for information purposes.

5.3 BREAKDOWN OF AND CHANGES IN ASSETS

Breakdown of assets

At the end of 2024, the SNB's assets amounted to CHF 854 billion. This included foreign currency investments (CHF 754 billion), gold (CHF 79 billion), Special Drawing Rights (SDR; CHF 14 billion) and Swiss franc bonds (CHF 4 billion). At year-end, there were no outstanding claims from Swiss franc repo transactions for monetary policy purposes or from US dollar repo transactions under the swap arrangement with the US Federal Reserve. Since 2020, the assets have also included the 'secured loans' item. At the end of 2024, this still contained a residual amount of over CHF 1 billion from the SNB COVID-19 refinancing facility (CRF) set up in March 2020. At end-2024, there were no longer any outstanding claims under the facilities for drawing emergency liquidity assistance (ELA) from 2023. Other assets amounted to over CHF 1 billion.

Changes in assets

At end-2024, assets were thus up CHF 59 billion year-on-year. While foreign currency investments rose by CHF 77 billion and gold by CHF 21 billion, the value of secured loans fell by CHF 39 billion to just over CHF 1 billion.

Balance sheet-expanding repo transactions are carried out as part of portfolio management. Foreign-issued securities are transferred for a given term in exchange for foreign currency sight deposits, and then the process is reversed at maturity. Since there is a market demand for these securities, a corresponding premium can be achieved with such repo transactions.

There is also a temporary expansion of the balance sheet because, first, the securities that are temporarily exchanged in repo transactions continue to be on the SNB's books and, second, the sight deposits received in repo transactions and the commitments to repay at maturity are also reported on the balance sheet under assets or liabilities respectively.

The claims and liabilities from these transactions are netted in the foreign exchange reserves. In relation to the foreign exchange reserves, the foreign currency investments are therefore higher by roughly the value of the liabilities. At the end of 2024, outstanding, balance sheet-expanding foreign currency repo transactions stood at CHF 23 billion.

Currency reserves

At end-2024, total currency reserves, comprising foreign exchange reserves, gold, the reserve position in the IMF and international payment instruments, amounted to CHF 823 billion, an increase of CHF 98 billion compared to 2023. The value of both the foreign exchange reserves and the gold holdings of 1,040 tonnes had risen, by CHF 76 billion and CHF 21 billion respectively.

COMPOSITION OF CURRENCY RESERVES

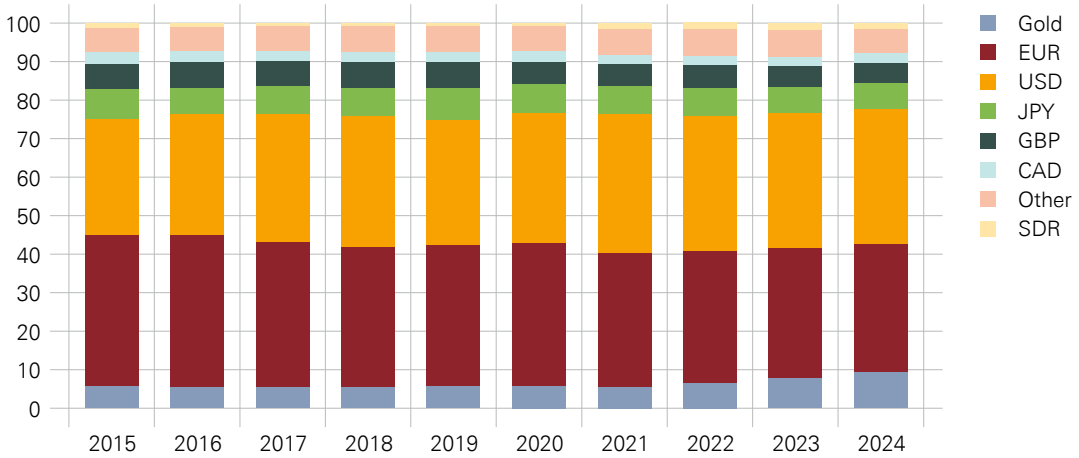
In CHF billions

	31.12.2024	31.12.2023
Gold reserves	79	58
Foreign currency investments	754	677
Less: associated liabilities[1]	–23	–23
Derivatives (replacement values, net)	0	0
Total foreign exchange reserves	731	655
Reserve position in the IMF (SDR)	2	2
International payment instruments (SDR)	11	11
Total currency reserves	**823**	**725**

1 Liabilities from foreign currency repo transactions.

BREAKDOWN OF CURRENCY RESERVES AT YEAR-END

In percent



Source(s): SNB

Bond portfolios

The SNB's foreign exchange reserves are made up of bond and equity portfolios. The SNB's bond portfolios chiefly comprise government bonds (approximately 82% of total bond holdings). The selection of government bonds and the corresponding markets takes into account the SNB's specific requirements and, in particular, ensures a high degree of liquidity. Within a given market, investments are diversified broadly across maturities so that, if necessary, large volumes can be bought or sold with minimum impact on prices. In addition to government bonds, the bond portfolios in the foreign exchange reserves contain quasi-government bonds as well as bonds issued by supranational organisations, local authorities, financial institutions (mainly covered bonds and similar instruments) and other companies.

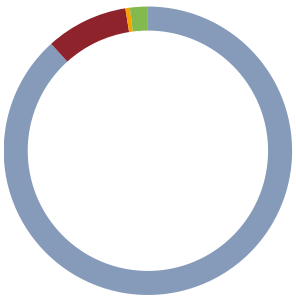
In 2024, the average duration of the portfolio increased slightly, from 4.7 to 4.9 years at year-end.

Equity portfolios

Equities are managed passively according to a set of rules based on a strategic benchmark comprising a combination of equity indices in various markets and currencies. Thus, the SNB does not overweight or underweight particular companies and sectors. The percentages of the individual shares in the portfolios are determined according to their market capitalisation. The principle of broadly replicating markets ensures that the SNB operates as neutrally as possible in the various stock markets and that structural changes in the global economy are also reflected in the SNB's portfolio.

At the end of 2024, the equity portfolios comprised mostly shares of mid-cap and large-cap companies in advanced economies. Shares of small-cap companies in advanced economies and shares of companies in emerging economies were also held. This resulted in a globally well-diversified equity portfolio with shares in around 6,100 individual companies (more than 1,200 mid-cap and large-cap companies and more than 3,900 small-cap companies in advanced economies, as well as over 900 companies in emerging economies). With its broad market coverage based on market capitalisation, the SNB's ownership share of individual mid-cap and large-cap companies in all advanced economies is roughly the same. For reasons of liquidity and risk, the corresponding proportions of small-cap companies and companies in emerging economies are somewhat lower; with respect to the individual companies, the proportions held by the SNB are also roughly the same.

BREAKDOWN OF SNB ASSETS



- Foreign currency investments **88.3%**
- Gold holdings **9.2%**
- Financial assets in CHF **0.5%**
- Sundry **2.0%**

Total: CHF 854 billion

At year-end 2024

Swiss franc bonds

The passively managed Swiss franc bond portfolio primarily contains bonds issued by the Confederation, the cantons, municipalities and foreign borrowers, as well as Swiss Pfandbriefe. The average duration of the portfolio was 8.1 years (2023: 7.9 years).

Non-financial aspects of managing securities of private sector issuers
The SNB holds part of its foreign currency investments in the form of shares and corporate bonds in order to take advantage of the positive return contribution of these asset classes and strengthen diversification, thus improving the long-term risk/return ratio. When managing such securities of private sector issuers, the SNB also takes non-financial aspects into consideration.

Owing to its special role vis-à-vis the banking sector as a central bank, the SNB refrains from investing in shares of systemically important banks worldwide. The SNB also takes account of Switzerland's fundamental standards and values in its investment policy. It does not invest in shares and bonds of companies whose products or production processes grossly violate values that are broadly accepted at a societal level. It therefore does not purchase securities issued by companies that seriously violate fundamental human rights, systematically cause severe environmental damage, or are involved in the production of internationally condemned weapons.

It should be noted that the constitutional and legislative authorities have deliberately not tasked the SNB with using its asset management activities to selectively influence the development of certain economic sectors. The SNB does not have a mandate to conduct structural policies. Thus it may not use its investment policy to pursue political or social objectives by overweighting or underweighting individual economic sectors in its portfolio.

Climate risks and adjustments to climate policy can trigger or amplify market fluctuations and influence the attractiveness of investments. From an investment perspective, such risks are essentially no different from other financial risks. The SNB manages risk by, among other things, investing in a broadly diversified manner.

The SNB monitors the latest climate change developments and findings and, for this purpose, engages in regular discussions with other central banks and institutions as well as the academic and scientific communities. Within the Central Banks and Supervisors Network for Greening the Financial System (NGFS), it actively participates in the various workstreams.

The process of exercising voting rights relating to shares is another non-financial aspect of managing assets issued by private sector companies. Here, the SNB restricts itself to issues of corporate governance. In exercising its voting rights, it focuses on mid-cap and large-cap companies in Europe and works with external service providers to this end. The SNB does not exercise its voting rights in the US. The voting procedure is based on the SNB's internal guidelines for exercising voting rights. The SNB is in regular contact with the external service providers and monitors the correct interpretation of these guidelines.

The criteria for company exclusions, the implementation of these exclusions, as well as the exercise of voting rights are described in the SNB's Sustainability Report.

BREAKDOWN OF FOREIGN EXCHANGE RESERVES AND SWISS FRANC BOND INVESTMENTS AT YEAR-END

	2024		2023	
	Foreign exchange reserves	CHF bonds	Foreign exchange reserves	CHF bonds
Currency allocation (in percent, incl. derivatives positions)				
CHF		100		100
EUR	37		37	
USD	40		39	
JPY	7		8	
GBP	6		6	
CAD	3		3	
Other[1]	7		7	
Asset classes (in percent)				
Investments with banks	0		0	
Government bonds[2]	65	34	64	32
Other bonds[3]	10	66	11	68
Shares	25		25	
Breakdown of interest-bearing investments (in percent)				
AAA-rated[4]	31	81	32	82
AA-rated[4]	49	16	49	16
A-rated[4]	16	1	15	1
Other	4	2	4	1
Investment duration (years)	4.9	8.1	4.7	7.9

1 Mainly AUD, CNY, DKK, HKD, KRW, SEK, SGD plus small holdings of other currencies in the equity portfolios.
2 Government bonds in own currency, deposits with central banks and the BIS; in the case of Swiss franc investments, also bonds issued by Swiss cantons and municipalities.
3 Government bonds in foreign currency as well as bonds issued by foreign local authorities and supranational organisations, covered bonds, corporate bonds, etc.
4 Average rating, calculated from the ratings of major credit rating agencies.

Changes in breakdown of investments

There was little year-on-year change in the breakdown of the foreign exchange reserves and Swiss franc bonds. The euro and US dollar shares, as well as those for the smaller currencies, remained largely unchanged. The rating distribution of interest-bearing investments also remained stable year-on-year. The share of equities in the foreign exchange reserves stood at 25% at the end of 2024, as at the end of 2023.

5.4 BALANCE SHEET RISK

Risk profile of assets

The risk profile of the assets is determined by the currency reserves. The main risk to the currency reserves is market risk, in particular risks related to exchange rates, the gold price, share prices and interest rates. In addition, there is liquidity risk as well as credit and country risk, although these are not as significant as market risk. The contributions of Swiss franc bonds and outstanding Swiss franc loans to total risk are insignificant.

Market risk

Exchange rates are the most important risk factor for the currency reserves. Currency risk is not hedged against the Swiss franc, as this would influence demand for Swiss francs. As a result, even minor changes in the Swiss franc exchange rates lead to substantial fluctuations in investment income, and thus in the SNB's equity. In addition to exchange rates, important risk factors include stock prices, interest rates and the gold price. Currency risk, share price risk and interest rate risk are restricted through the specification of benchmarks, guidelines and limits. Various means, including the use of derivative financial instruments such as interest rate swaps, stock index futures and interest rate futures, are used to control these risks. Foreign exchange derivatives can be used to manage the currency mix.

Liquidity risk

The SNB's liquidity risk arises from the possibility that, should investments in foreign currencies need to be sold, such sales could be effected only partially or after considerable price concessions, or may not be possible at all. By holding a large volume of highly liquid government bonds in the major currencies – euros and US dollars – the SNB continued to ensure a correspondingly high level of liquidity in its foreign exchange reserves in 2024. Liquidity risk is reassessed periodically.

Credit risk

Credit risk stems from the possibility that counterparties or issuers of securities do not meet their obligations. Such risks are inherent in bilateral (over-the-counter) transactions with banks and in bonds issued by all borrower categories. The SNB holds bonds issued by public and supranational borrowers, covered bonds and similar instruments, as well as corporate bonds, as part of its currency reserves.

For bonds, the SNB requires a minimum rating of 'investment grade'. Exposure to individual issuers is restricted by means of concentration limits. Credit risk arising from non-tradable instruments with respect to banks was very low in 2024. Replacement values of derivatives were netted and collateralised, in accordance with the ISDA (International Swaps and Derivatives Association) agreements with counterparties. The SNB settles most of its interest rate swaps via a central counterparty. This facilitates netting of offsetting positions. Additionally, efficiency gains are made in the daily management of collateral. Profits and losses from exchange-traded futures positions are netted daily, allowing default risks to be avoided. Credit risk arising from futures transactions is limited to the extent of the collateral deposited at the exchanges.

In 2024, too, investments mainly took the form of government bonds; the bulk of these were in highly liquid bonds issued by the US and by European countries with very good credit ratings. At the end of 2024, outstanding balances at central banks and the Bank for International Settlements amounted to CHF 19 billion. Overall, 80% of interest-bearing investments were rated AA or higher.

Country risk

Country risk arises, among other things, from the possibility that a country may block payments by borrowers domiciled in its sovereign territory or block the right to dispose of assets held there. The tradability of investments may also be restricted by sanctions. In order to avoid entering into any unbalanced country risk, the SNB endeavours to distribute assets across a number of different depositories and countries, and seeks, wherever possible, to ensure that no investments originate from countries with a high risk of sanctions.

Gold holdings are stored according to these principles as well. In choosing a location, attention is paid to both appropriate regional diversification and easy market access. As before, of the 1,040 tonnes of gold, approximately 70% is stored in Switzerland, some 20% at the Bank of England, and roughly 10% at the Bank of Canada. Decentralised storage of gold holdings in Switzerland and abroad ensures that the SNB has access to its gold reserves even in the event of a crisis.

Balance sheet growth

The increase in currency reserves largely stemming from monetary policy in recent years had led to corresponding growth in the SNB's balance sheet. With the expansion of the balance sheet from 2008 onwards, the ratio of equity capital to currency reserves decreased significantly. Furthermore, loss risk rose in absolute terms. The SNB aims for a robust balance sheet with sufficient equity capital, to ensure that it can absorb even large losses. As of 2009, allocations to the provisions were thus gradually increased. The equity ratio (ratio of equity capital to currency reserves) subsequently stabilised at a low level. Owing to the high loss on investments in 2022, however, it fell to below 10% and stayed at that level the following year, despite a further contraction of the balance sheet. The positive annual result in 2024 led to both an increase in the balance sheet total and an increase in the equity ratio.

Provisions and distribution reserve

The SNB is required by art. 99 para. 3 of the Federal Constitution to create sufficient currency reserves from its earnings. According to art. 30 para. 1 NBA, the SNB must set aside provisions that allow it to maintain the currency reserves at the necessary level, while taking into account the development of the Swiss economy. The provisions for currency reserves and the distribution reserve together form the SNB's equity capital.

The provisions for currency reserves at the end of 2024 correspond to the desired level of equity capital at the given point in time. Allocations are made to these provisions on an annual basis with the aim of ensuring that the SNB has a solid equity base to absorb even large losses. The annual allocation is determined on the basis of double the average nominal GDP growth rate over the previous five years. This requirement was supplemented in 2016 with the specification of a minimum annual allocation of 8% of the provisions for currency reserves. In view of the considerable increase in currency reserves in the subsequent years, the minimum allocation was raised to 10% as of 2020. This is aimed at ensuring that sufficient allocations are made to the provisions for currency reserves and the balance sheet is strengthened even in periods of low nominal GDP growth. The minimum allocation of 10% applied again in 2024 and amounted to CHF 11.6 billion. The allocation raises the provisions for currency reserves to CHF 127.3 billion.

The distribution reserve is a form of profit/loss carried forward and serves as a fluctuation reserve to enable the legally required medium-term smoothing of the annual distributions. The portion of the annual result remaining after the appropriation of profit is allocated to the distribution reserve, or the shortfall for the appropriation of profit is drawn from it. Due to the high loss in 2022, the 2023 distribution reserve fell into negative territory for the first time since 2013, and remained there in 2024. In 2024, the SNB recorded a clearly positive annual result of CHF 80.7 billion. After appropriation of profit, the distribution reserve will return to positive territory (CHF 12.9 billion).

Profit distribution for 2024

In accordance with art. 31 para. 2 NBA, one-third of the SNB's net profit remaining after the dividend requirement is met accrues to the Confederation and two-thirds to the cantons. The amount of the annual profit distribution to the Confederation and the cantons is laid down in an agreement between the Federal Department of Finance and the SNB, with the aim of smoothing the distributions in the medium term. The current agreement covering the period through to the 2025 financial year stipulates the amount of the annual distribution depending on the net profit. A distribution is made only in the event of a positive net profit. The net profit/loss is comprised of the portion of the annual result remaining after the allocation to the provisions for currency reserves, and the distribution reserve. For the 2024 financial year, a net profit of CHF 15.9 billion was recorded. Accordingly, it is possible to make a profit distribution of CHF 3 billion to the Confederation and the cantons.

Changes in equity

After the increase in the provisions, and taking account of the profit distribution to the Confederation and the cantons totalling CHF 3 billion for the 2024 financial year, the SNB's equity amounts to CHF 140.3 billion (provisions of CHF 127.4 billion plus a distribution reserve of CHF 12.9 billion). In 2023, it had been significantly lower, at CHF 62.6 billion. It thus increased by CHF 77.7 billion in the course of the year. The distribution reserve is now back in positive territory. The high loss incurred in 2022 highlights the importance of holding a sufficient level of equity.

5.5 INVESTMENT PERFORMANCE

Investment performance

The decisive factor in assessing the SNB's success is not its financial result for the year. Rather, the SNB should be judged on whether it fulfils its statutory mandate of ensuring price stability in the medium term. The annual financial result is a consequence of its monetary policy decisions.

Investment return comprises the returns on foreign exchange reserves, gold and Swiss franc bonds. In 2024, the return on currency reserves was 12.2%. The value of gold rose by 36.7%, and the return on the foreign exchange reserves was also positive (10.1%). In local currency, the return on the foreign exchange reserves was 6.2%. The exchange rate return was also positive (3.6%). In Swiss franc terms, the annual return on the currency reserves has averaged 1.3% over the last 15 years.

Contributions of asset classes to investment performance

The currency reserves are mainly composed of gold, bonds and shares. The diversification effects achieved by adding shares to a portfolio, as well as their high liquidity, make them an attractive asset class for the SNB. Furthermore, given that expected return is higher on shares than on bonds, this asset class helps to preserve the real value of the currency reserves. Though long-term return expectations are higher for equities, they are also subject to greater fluctuations in value. Yet, while equities, viewed on their own, are indeed more prone to fluctuation, in the context of the portfolio as a whole this disadvantage is offset by the favourable diversification effects and higher return.

RETURN ON INVESTMENTS

Returns in percent

	Total[3]	Gold[3]	Currency reserves[1] Foreign exchange reserves Total[3]	Exchange rate return	Return in local currency	CHF bonds Total[3]
2010	–5.4	15.3	–10.1	–13.4	3.8	3.7
2011	4.9	12.3	3.1	–0.8	4.0	5.6
2012	2.3	2.8	2.2	–2.3	4.7	3.7
2013	–2.5	–30.0	0.7	–2.4	3.2	–2.2
2014	8.0	11.4	7.8	2.6	5.1	7.9
2015	–4.7	–10.5	–4.4	–5.6	1.3	2.3
2016	3.8	11.1	3.3	–0.4	3.7	1.3
2017	7.2	7.9	7.2	2.9	4.2	–0.1
2018	–2.1	–0.6	–2.2	–1.5	–0.7	0.2
2019	6.1	16.3	5.5	–2.4	8.1	3.2
2020	1.9	13.5	1.2	–4.5	6.0	1.2
2021	2.7	–0.1	2.9	–0.6	3.5	–2.4
2022	–13.1	0.7	–13.9	–3.5	–10.8	–12.8
2023	0.8	3.1	0.7	–8.0	9.4	7.9
2024	12.2	36.7	10.1	3.6	6.2	5.5
2020–2024[2]	0.6	10.0	–0.1	–2.7	2.6	–0.4
2015–2024[2]	1.3	7.2	0.8	–2.1	2.9	0.5
2010–2024[2]	1.3	5.0	0.7	–2.5	3.3	1.5

1 In this table, they correspond to gold and foreign exchange reserves, excluding IMF Special Drawing Rights.
2 Average annual return over 5, 10 and 15 years.
3 In Swiss francs.

The share of equity holdings stood at 25% at the end of 2024. Equity exposure improves the risk/return profile of the foreign exchange reserves. Measured in Swiss francs, the average annual return on equities since their introduction as an asset class in 2005 has been 5.5%. Likewise measured in Swiss francs, the annual return on bonds over the same period has averaged –0.1%. The bond component of the foreign exchange reserves recorded a loss of CHF 88 billion between 2005 and 2024. The equity holdings generated earnings of CHF 172 billion over this period. In recent years, equity investments have contributed decisively towards building up equity capital and have made distributions to the Confederation and the cantons possible.

RETURNS ON FOREIGN EXCHANGE RESERVES, IN SWISS FRANCS

Returns in percent

	Total	Bonds	Shares
2005	10.8	10.6	24.4
2006	1.9	1.3	11.1
2007	3.0	3.3	0.6
2008	−8.7	−3.1	−44.9
2009	4.8	3.7	20.4
2010	−10.1	−11.0	−2.6
2011	3.1	4.0	−6.8
2012	2.2	0.8	12.7
2013	0.7	−2.4	20.4
2014	7.8	6.9	12.7
2015	−4.4	−5.2	0.6
2016	3.3	1.5	9.2
2017	7.2	4.5	18.4
2018	−2.2	−1.1	−7.1
2019	5.5	1.1	24.5
2020	1.2	−0.7	5.1
2021	2.9	−2.4	22.1
2022	−13.9	−13.1	−16.5
2023	0.7	−3.2	12.4
2024	10.1	4.8	26.4
2005–2024[1]	1.1	−0.1	5.5

1 Average annual return over 20 years.

6
Contribution to financial system stability

6.1 BACKGROUND

Mandate

Art. 5 para. 2 (e) of the National Bank Act (NBA) confers upon the Swiss National Bank the task of contributing to the stability of the financial system. In a stable financial system, financial intermediaries (especially banks) and financial market infrastructures (FMIs) can perform their functions at any time and are resilient to potential shocks and disruptions. Financial stability is an important prerequisite for economic development and effective monetary policy implementation. The SNB fulfils its task of contributing to financial stability, firstly through crisis prevention, and secondly through crisis management by acting as lender of last resort.

Crisis prevention

In the context of crisis prevention, the SNB analyses the sources of risk to the financial system and identifies areas where action is needed. Moreover, the SNB has two macroprudential regulatory powers at its disposal, namely the authority to designate banks as systemically important and the right to submit a proposal to the Federal Council for the activation, adjustment or deactivation of the countercyclical capital buffer (CCyB). While the designation of systemically important banks is focused on structural risks, the use of the CCyB addresses cyclical risks. In addition, the SNB helps to design and implement a regulatory framework for the financial sector at national and international level, and oversees systemically important FMIs. The SNB is not, however, responsible for banking supervision.

Crisis management

In the management of crises, the SNB acts as lender of last resort. In this context, it provides liquidity support to domestic banks against sufficient collateral (cf. also chapter 2.5).

Collaboration with FINMA, FDF and foreign authorities

At national level, the SNB works closely with the Swiss Financial Market Supervisory Authority (FINMA) and the Federal Department of Finance (FDF) to create a regulatory framework that promotes stability. The SNB takes a primarily systemic view, focusing on the macroprudential aspects of regulation. FINMA, on the other hand, is responsible for the supervision of individual financial institutions and for ensuring that the financial markets function effectively. This collaboration is set out in two Memoranda of Understanding: one bilateral with FINMA, and the other trilateral with FINMA and the FDF.

At international level, the SNB participates in the design of the regulatory framework through its membership of the Financial Stability Board, the Basel Committee on Banking Supervision, the Committee on Payments and Market Infrastructures and the Committee on the Global Financial System (cf. chapters 7.2.2 and 7.2.3). In the oversight of cross-border FMIs, the SNB liaises closely with FINMA and with foreign authorities.

6.2 MONITORING THE FINANCIAL SYSTEM

Within the context of monitoring the financial system, the SNB analyses risks and developments in the financial sector. Its assessment is published, in particular, in its annual Financial Stability Report.

Resilience of Swiss banking sector

In its Financial Stability Report published in June 2024, the SNB observed a further improvement in profitability for the Swiss banking sector as a whole and a slight increase in capital ratios overall. Given the prevailing risks, the SNB welcomes this strengthening of resilience. Risks include the weaknesses in the capital and liquidity regulations that the crisis at Credit Suisse exposed. The SNB supports the measures proposed by the Federal Council in its April 2024 report on banking stability aimed at addressing these regulatory weaknesses (cf. chapter 6.3). In addition, the mortgage and real estate markets continue to pose significant risks. These affect domestically focused banks in particular. Furthermore, the recent banking crises in Switzerland and abroad have highlighted liquidity risks in the banking system. In this connection, the SNB emphasised the need for more stable, longer-term funding for banks and better preparation of collateral for the purpose of obtaining liquidity assistance. Lastly, operational risks to financial stability are becoming an ever greater cause for concern. This is due to the growing threat to banks from cyberattacks and the increasingly common outsourcing of important functions from banks to third-party providers.

Profitability and loss-absorbing capacity of domestically focused banks

The improvement in profitability at domestically focused banks – which concentrate on deposit and lending business – was marked in 2023, driven mainly by the rise in net interest income. Domestically focused banks retained a significant portion of their earnings, thereby further enhancing their loss-absorbing capacity. The SNB assessed the capital buffers of these banks to be substantial overall, and high by historical comparison. In the first half of 2024, domestically focused banks' profitability declined slightly.

Domestically focused banks can bear impact of adverse shocks

The SNB's scenario analysis indicated that, thanks to their profits and capital buffers, domestically focused banks should be able to absorb the economic impact of relevant adverse shocks. However, as a consequence of the decline in equity capital, some banks would have to take countermeasures, such as reducing lending or building up capital, in order to continue to meet the specific capital buffer target levels and regulatory minima set out in the Capital Adequacy Ordinance. This also applies to the scenario of a significant interest rate rise coupled with price corrections in the Swiss real estate market. This scenario is the most relevant for domestically focused banks, given their exposure to the mortgage and real estate markets.

Situation of former Credit Suisse entities stabilised

The situation of the former Credit Suisse entities stabilised following the bank's acquisition by UBS. With this acquisition, UBS has entered a multi-year transition period. Its adjusted financial result improved year-on-year in 2024. Regarding the capital situation, the SNB noted in its Financial Stability Report that UBS already meets the estimated future requirements for the combined bank under the 'too big to fail' (TBTF) regulations. The development of market indicators, such as credit default swap (CDS) premia and the share price, indicates that the market is taking a positive view of the prospects for the combined bank.

UBS's loss potential remains substantial

In its scenario analysis, the SNB considered UBS's loss potential to still be substantial. Integration costs and expected losses associated with the winding down of Credit Suisse's legacy positions are currently impairing UBS's loss-absorbing capacity. The SNB emphasised that this is a natural consequence of integrating and de-risking a bank with lower financial strength. At the same time, the planned wind-down of legacy positions should reduce UBS's risk exposures and associated costs in the future.

Regulatory treatment of UBS AG's participations not sufficiently robust

With regard to the UBS parent bank, UBS AG, the SNB highlighted current weaknesses in the capital backing of its participations in subsidiaries. Under the current capital regime, participations are only partially backed by capital. This leads to capital ratios that are vulnerable to impairments of these participations. The weaknesses in the current regime materialised during the crisis at Credit Suisse. As a result of downward revisions in profit estimates, participations held by Credit Suisse's parent bank declined substantially in value. This led to a marked deterioration in the parent bank's capitalisation and severely restricted its room for manoeuvre to stabilise or restructure the bank as a whole. The SNB emphasised that the current capital position of the UBS parent bank is stronger than that of Credit Suisse before the crisis. Nevertheless, weaknesses in the current capital regime need to be addressed. The SNB therefore supports the Federal Council's proposals in its report on banking stability.

Role of NBFIs in financial system

Besides banks, non-bank financial intermediaries (NBFIs) such as insurance companies, pension funds and investment funds also provide financial services and can likewise play an important role in financial stability. On a standalone basis, they tend to pose fewer risks to financial stability than banks. However, experience from abroad shows that NBFIs, too, can pose a risk to the financial system. In particular, the interconnections between NBFIs and the banking sector are relevant, as they open up potential channels of contagion. Banks and NBFIs are directly connected through reciprocal financing activities, both within Switzerland and across borders. Banks often provide loans or investments to NBFIs, while NBFIs provide funding to banks. Banks and NBFIs can also be connected through guarantees and common exposures to similar asset classes. The SNB is contributing to analytical work at the national and international level on the interconnections between banks and NBFIs. The aim is to gain a better understanding of the associated risks to financial stability and, where necessary, to take steps to contain them.

Analysis of climate-related transition risks

Climate change can affect banks' business, for example as a result of write-downs on loans or trading losses caused by valuation adjustments in financial markets.

For the analysis of climate risks, the SNB is in dialogue with FINMA, the State Secretariat for International Finance, the Federal Office for the Environment, the Swiss Federal Statistical Office, the Swiss Federal Office of Energy and other external expert bodies.

Mortgages are the largest item on the assets side of domestically focused banks' balance sheets, as they constitute around 90% of credit volume. Alongside the usual risks for mortgages in Switzerland, climate risks can represent an additional risk. In the SNB's stress scenarios, up to half of the mortgages are exposed to transition risks. The average impact of transition risks on domestically focused banks' mortgage portfolios would be modest when compared to the impact of the macroeconomic stress scenarios used by the SNB to assess the banks' resilience. In order to carry out a more detailed analysis, additional data on the energy efficiency of properties is needed at the individual loan and bank level.

At the initiative of FINMA and the SNB, and in accordance with their project specifications, UBS estimated the impact of various scenarios of the Network for Greening the Financial System (NGFS) on its corporate portfolios (equities, bonds and loans) in the year under review. The project allows for a more robust assessment of the materiality of the bank's transition risks. First, the results and methodologies can be compared with those of the pilot project completed in 2022, thus enabling better interpretation of the data. Second, the higher granularity of the analysis takes into account specific company characteristics such as the energy mix used for production, individual transition plans or the level of indebtedness. The assessment is expected to be available in 2025.

6.3 CRISIS PREVENTION AND RESOLUTION

Need for regulatory action

The crisis at Credit Suisse highlighted weaknesses in the regulatory framework. In April 2024, the Federal Council published its report on banking stability. The SNB shares the Federal Council's view that there is a need for action in the areas of capital and liquidity regulation, early intervention, recovery planning (stabilisation) as well as in resolution planning (restructuring or liquidation of banks in the event of a crisis). The changes proposed in the Federal Council's report are aimed at strengthening banks' resilience and resolvability in a crisis. The SNB supports these changes and is participating at both national and international level in the ongoing discussions about the regulatory adjustments required.

Strengthening recovery and resolution planning

In order to stabilise a systemically important bank in a timely manner, the early intervention toolkit should be expanded through the inclusion of market-based and forward-looking indicators, and banks' recovery planning should be strengthened. In addition, remaining obstacles related to the execution of a resolution should be addressed. This applies, in particular, to legal risks and possible contagion effects in the event of a bail-in, i.e. recapitalisation of a bank via the compulsory conversion of creditors' claims into equity.

Strengthening liquidity precaution in event of crisis

If a bank's available liquidity is insufficient in a crisis, central banks can provide additional liquidity against collateral. In future, regulations should require banks to prepare an adequate volume of eligible collateral for the purpose of obtaining liquidity assistance from central banks, as also proposed by the Federal Council in its report on banking stability. Even with better preparation of collateral by banks, situations are conceivable where a bank does not have sufficient collateral to obtain the required liquidity from the central bank. The SNB therefore supports anchoring a public liquidity backstop (PLB) in ordinary law. The PLB allows the SNB to provide systemically important banks with additional liquidity in the form of a liquidity assistance loan secured by a federal default guarantee, as part of a restructuring of the bank concerned.

Expanded and more flexible liquidity support framework

With its liquidity against mortgage collateral (LAMC) initiative, the SNB will in future be able to provide liquidity against mortgage collateral to all banks in Switzerland provided they have made the requisite preparations. The pilot phase of LAMC was completed at the end of 2024. In addition, other banks began to make the necessary preparations. The SNB expects banks involved in mortgage lending to take part in the initiative. The more banks that take the preparatory steps necessary to use this new possibility of obtaining liquidity, the more room for manoeuvre there will be in time of need. This initiative strengthens the banking system's resilience to liquidity shortages and contributes to financial stability.

In 2024, the SNB announced that it would allow all banks in Switzerland to obtain liquidity against securities collateral (LASC) in addition to the option against mortgage collateral (LAMC). A broad range of securities will be accepted, in particular less liquid bonds issued by borrowers with lower credit ratings, as well as securitisations and shares in various currencies. Under the securities facility, systemically important banks have been able to obtain liquidity against such collateral since 2015.

The SNB is preparing a new facility, the Extended Liquidity Facility (ELF), to allow it to provide liquidity against mortgages (LAMC) and securities (LASC). This facility extends liquidity support to the entire banking sector and offers greater flexibility regarding the conditions for drawing liquidity. Under the ELF, banks will in future be able to obtain liquidity up to a certain amount without the need for their solvency to be confirmed by FINMA. However, if a bank requires large amounts of liquidity or is in a critical situation, confirmation of solvency is still necessary. In such situations, accompanying measures also often need to be taken by the bank and the authorities in order to stabilise the bank. The SNB is currently working on the operational implementation of the ELF.

PInC report

The report of the Parliamentary Investigation Committee (PInC) 'Management by the authorities – CS emergency merger' to the chambers of parliament was published on 20 December 2024. The PInC was set up by the chambers of parliament in the aftermath of the crisis at Credit Suisse in order to examine the role and conduct of the competent federal authorities in managing the crisis.

The SNB welcomes the PInC's review of the crisis. It shares the Committee's opinion that, drawing from the lessons learnt, adjustments need to be made to the TBTF regulations.

Of particular relevance for the SNB in its role as lender of last resort is the PInC's instruction to the Federal Council to amend the legal basis in order to require systemically important banks to take preparatory measures for potential emergency liquidity assistance. Preparation by the banks is essential for assets to be used as collateral for liquidity assistance. The SNB therefore welcomes this motion. The PInC report also notes that the SNB has steadily expanded its liquidity assistance arrangements in recent years. Going forward, the SNB will continue to develop these arrangements in dialogue with the banks.

6.4 MEASURES RELATING TO MORTGAGE AND REAL ESTATE MARKETS

Measures to date

In the aftermath of the global financial crisis, vulnerabilities had increasingly built up due to the strong growth in mortgage volume and real estate prices. These vulnerabilities posed a threat to the stability of the banking system. In response to this, the Swiss Bankers Association's self-regulation guidelines on mortgage financing were tightened several times between 2012 and 2020. With effect from the beginning of 2025, the stricter requirements for the investment property segment, which had been introduced as part of self-regulation, were lifted. This change was made in connection with the implementation of the final Basel III standards, which impose higher capital requirements in this segment.

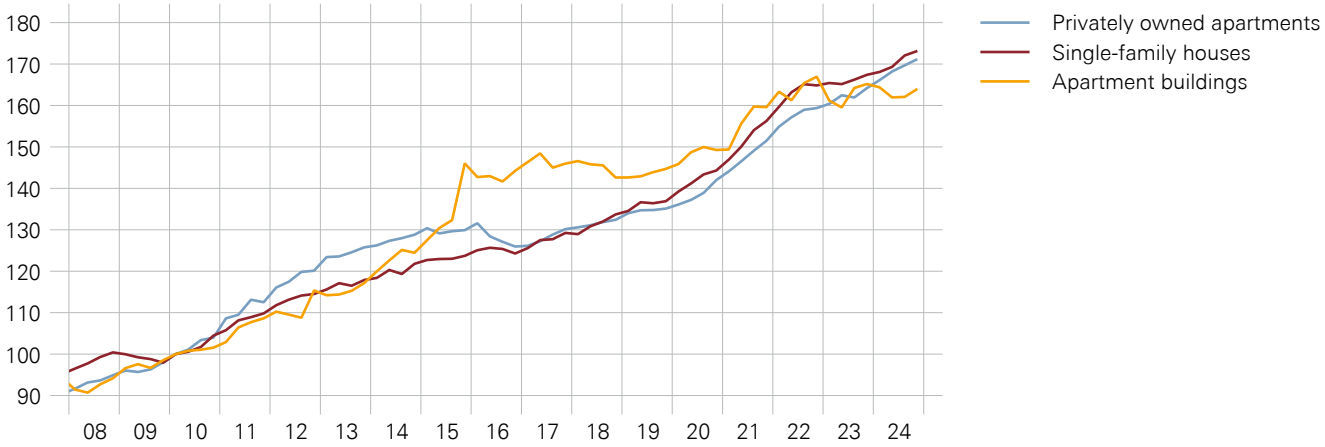
In addition to the adjustments to the self-regulation guidelines, a sectoral CCyB, targeted at mortgage loans financing residential real estate in Switzerland, was first activated at 1% in 2013 and then increased to 2% in 2014. Following its temporary deactivation amid the coronavirus pandemic, the sectoral CCyB was reactivated in 2022 and, due to the build-up of vulnerabilities on the mortgage and real estate markets, increased to 2.5%.

No proposal for CCyB adjustment in 2024

The SNB monitors the situation on the mortgage and real estate markets closely, and regularly assesses the need for an adjustment of the CCyB. In 2024, it decided not to submit a proposal to the Federal Council for an adjustment of the sectoral CCyB. Given the existing vulnerabilities on the Swiss mortgage and real estate markets, the level of 2.5% was still deemed appropriate.

REAL ESTATE PRICE INDICES

Transaction prices, nominal, index: Q1 2010 = 100



Source(s): Wüest Partner

6.5 OVERSIGHT OF FMIs

6.5.1 BACKGROUND

Mandate

The NBA (arts. 5, 19–21) requires the SNB to oversee systemically important central counterparties, central securities depositories, payment systems and trading facilities for distributed ledger technology securities (DLT trading facilities) as defined in art. 22 of the Financial Market Infrastructure Act (FinMIA). To this end, the SNB cooperates with FINMA as well as with foreign supervisory and oversight authorities. The National Bank Ordinance (NBO) sets out the details of the oversight of systemically important FMIs.

Focus on systemically important FMIs

The domestic FMIs that could harbour risks for the stability of the financial system currently include the central counterparty SIX x-clear, the central securities depository SIX SIS and the payment system Swiss Interbank Clearing (SIC system). These are operated by SIX x-clear Ltd, SIX SIS Ltd and SIX Interbank Clearing Ltd respectively, which are subsidiaries of SIX Group Ltd (SIX).

Other FMIs that are important for the stability of the Swiss financial system are the Continuous Linked Settlement (CLS) foreign exchange settlement system and the central counterparties London Clearing House (LCH) and Eurex Clearing. The operators of these FMIs are domiciled in the US, the UK and Germany respectively.

Cooperation with FINMA

The central counterparty SIX x-clear and the central securities depository SIX SIS are subject both to prudential supervision by FINMA and to oversight by the SNB. Although FINMA and the SNB exercise their supervisory and oversight powers separately, they coordinate their activities. Oversight of the SIC system is exclusively the SNB's responsibility.

For the oversight of Swiss FMIs with cross-border activities, the SNB cooperates with foreign authorities, in particular the European Securities and Markets Authority, the European Central Bank, authorities in the Netherlands, and the Bank of England. For the oversight of FMIs domiciled abroad, namely CLS, Eurex Clearing and LCH, the SNB cooperates with the relevant foreign authorities. It also participates in the oversight of the Belgium-based Society for Worldwide Interbank Financial Telecommunication (SWIFT), which operates a global network for the transmission of financial messages.

… and with foreign authorities

6.5.2 OVERSIGHT

Based on their supervision and oversight activities, FINMA and the SNB issue annual statements regarding systemically important FMIs' compliance with regulatory requirements. While FINMA addresses compliance with the general requirements of the FinMIA, the SNB addresses compliance with the special requirements of the NBO.

Assessing compliance with special requirements

In previous years' statements, the SNB had pointed out a need for improvement with regard to FMIs' business continuity management for extreme but plausible scenarios. To address the need for action, the FMIs took a number of measures. The Boards of Directors of SIX and the individual FMIs defined, among other things, the recovery objectives for their systemically important business processes for extreme but plausible scenarios. In addition, SIX developed an action plan to achieve these objectives in the coming years.

However, even once all the defined measures have been successfully implemented, business continuity management for extreme but plausible scenarios must be expanded and improved on a continuous basis, and thus also for the longer term.

In its statements, the SNB also expressed the expectation that all FMIs now begin addressing the risks posed by quantum computers – specifically that their high processing power will compromise the security of the encryption algorithms currently in use. FMIs should therefore draw up concepts showing how they are preparing for post-quantum cryptography.

In 2024, the FMIs implemented a number of measures as an appropriate response to further expectations set out by the SNB in 2023. For example, the SNB and SIC Ltd analysed what risks can arise for the SIC system and its participants from access by third-party systems, and what measures can be taken to reduce these risks. Third-party systems can instruct transactions in the SIC system to debit or credit accounts of other participants, provided they have been authorised to do so by these participants. Based on the results of the analysis, the SNB and SIC Ltd extended the oversight functionalities for third-party system payments as well as the technical options, to allow for early intervention in the SIC system settlement process if necessary.

Monitoring major projects

In 2024, the SNB once again addressed various FMI projects. For instance, the SNB monitored the ongoing development and the implementation of SIX's information security strategy. The aim of this strategy is to further enhance FMIs' information security. In the year under review, FMIs continued to expand their vulnerability management as well as their identity and access management, among other things. In addition, they carried out further analysis on data recovery in connection with encryption attacks (ransomware attacks).

Moreover, the SNB monitored a SIX x-clear project aimed at merging two parallel platforms for the clearing of equity and bond transactions, thereby rationalising operations and reducing dependency on external platform providers. The SNB also continued to work on the SIC5 project. Following the go-live of the new technology platform in November 2023, the new service for instant payments was successfully launched on the platform in August 2024 (cf. chapter 4). In the next project phase, the real-time gross settlement (RTGS) service, which constitutes a systemically important business process, will be migrated from the current to the new technology platform. Preparatory work for this began in December 2023. Monitoring of the project is focused on continuously ensuring compliance with all regulatory and supervisory requirements for the systemically important business process.

6.5.3 ASSESSMENT OF SYSTEMIC IMPORTANCE OF FMIs

Authorisation procedure for new Swiss FMIs

Central counterparties, central securities depositories, payment systems and DLT trading facilities which apply for a licence from FINMA are assessed by the SNB for their systemic importance pursuant to art. 22 para. 1 FinMIA. To conduct such an assessment, the SNB considers the impact of an FMI on the stability of the Swiss financial system.

In 2024, FINMA passed on to the SNB licence applications from two DLT trading facilities. The SNB classified both DLT trading facilities as not systemically important, due in particular to the low business volumes expected.

Designation of systemically important foreign central counterparties

Foreign central counterparties must obtain FINMA recognition if they provide services for Swiss participants or Swiss FMIs or if they enter into an interoperability agreement with a Swiss central counterparty (art. 60 FinMIA). As part of this recognition procedure, the SNB assesses whether the foreign central counterparty is systemically important. In the year under review, FINMA passed on to the SNB one application for recognition from a foreign central counterparty. In its assessment, the SNB concluded that the applicant is not systemically important.

6.6 FINANCIAL SECTOR CYBERSECURITY

Importance of cybersecurity for financial sector

IT system outages and disruptions, particularly those resulting from cyberincidents, can severely jeopardise the availability, integrity and confidentiality of data as well as critical services and functions within the financial system. It is first and foremost the responsibility of the individual financial institutions to adequately protect themselves against cyber risks. However, due to the highly interconnected nature of the financial system and the various cross-institutional processes, sector-wide precautions and measures are also necessary. This calls for close cooperation between the private stakeholders. In addition, the federal government, FINMA and the SNB contribute to the cybersecurity of the financial sector within the scope of their respective mandates.

Participation in Swiss FS-CSC association

The SNB is a member of the Swiss Financial Sector Cyber Security Centre (Swiss FS-CSC), founded in 2022. This association promotes cooperation between financial institutions and authorities in strategic and operational matters, thus strengthening the financial sector's cybersecurity. The Swiss FS-CSC facilitates a better exchange of information on the threat situation and specific incidents. Furthermore, it supports the identification as well as the implementation of sector-wide prevention and protection measures. In addition, it supports financial sector participants in managing systemic cyberincidents and conducts strategic and operational crisis simulation exercises on a regular basis.

In the year under review, the SNB participated in two sector-wide crisis simulation exercises conducted by the association.

Crisis management by financial market authorities

In the event of a financial crisis, the financial market authorities coordinate their measures via the Committee on Financial Crises (CFC), which comprises representatives of FINMA, the SNB, the State Secretariat for International Finance and the Federal Finance Administration. The CFC aims to ensure that crises at financial institutions or in financial markets in Switzerland which have the potential to jeopardise the Swiss economy or threaten the functioning of the Swiss or international financial system are as well prepared for and managed as possible. In view of the growing cyber risks and other risks that can jeopardise the operational resilience of the financial system, the CFC in 2024 intensified its preparations for a crisis in the financial sector triggered by an operational incident. The SNB participated in this work, which is led by FINMA and supported by the National Cyber Security Centre.

7
Participation in international monetary cooperation

7.1 BACKGROUND

Mandate

The Swiss National Bank participates in international monetary cooperation. To this end, it works with the Federal Council (art. 5 para. 3 National Bank Act). The objective of international monetary cooperation is to promote the functioning and stability of the international monetary and financial system and help overcome crises. As a country that is strongly integrated into the global economy, with an important financial centre and its own currency, Switzerland derives particular benefit from a stable international monetary and financial system. As part of its international monetary cooperation, the SNB is involved in multilateral institutions and forums. It also cooperates on a bilateral level with other central banks and authorities.

7.2 MULTILATERAL COOPERATION

7.2.1 INTERNATIONAL MONETARY FUND

Participation in IMF

The International Monetary Fund (IMF) is the central institution for international monetary cooperation. It promotes the stability of the global monetary and financial system as well as the economic stability of its 191 member countries. Its main fields of activity are economic policy surveillance, the provision of financial support for countries facing balance of payments difficulties, and technical assistance.

Switzerland is jointly represented in the IMF by the Federal Department of Finance (FDF) and the SNB. The Chairman of the SNB's Governing Board represents Switzerland on the Board of Governors, the IMF's highest decision-making body. The Head of the FDF is a member of the International Monetary and Financial Committee (IMFC), the IMF's steering committee. Switzerland is part of a voting group (constituency) whose other members are Azerbaijan, Kazakhstan, the Kyrgyz Republic, Poland, Serbia, Tajikistan, Turkmenistan and Uzbekistan. Liechtenstein has now also joined Switzerland's constituency following its accession to the IMF (cf. chapter 7.3.2). Switzerland and Poland alternate in appointing the executive director, for two years each time, who represents the group as one of the 25 members on the Executive Board, the IMF's most important operational body.

SNB priorities in IMF

Together with the FDF, the SNB continued to advocate an economic policy in the IMF that promotes sustainable growth and a stable international monetary system. This policy focuses particularly on combating inflation, reducing the risks of over-indebtedness in developing countries and emerging economies, and pursuing appropriate structural reforms. To ensure that the IMF can continue to serve reliably as a lender in the event of balance of payments difficulties, particular attention must be paid to ensuring the financial soundness of the IMF and its trust funds. In this regard, effective conditionality and criteria for lending are just as essential for the IMF as concentrating its activities on its core mandate.

Article IV consultation

As part of its Article IV consultations, the IMF regularly reviews the economic policies of its member countries and issues appropriate recommendations. In March, an IMF team visited Switzerland as part of the 2024 Article IV consultation. In its report published in June, the body commended the SNB for its decisive action to contain inflation and welcomed the interest rate cut of March 2024. It also advised the SNB to increase its equity capital by means of provisions, as planned. The IMF also recognised the measures taken to stabilise financial markets during the crisis at Credit Suisse. In this context, the IMF considered it appropriate to strengthen Switzerland's 'too big to fail' (TBTF) regulatory and supervisory framework.

Financial sector assessment

In addition to the Article IV consultation, the IMF is conducting a comprehensive assessment of the Swiss financial sector in 2024–2025. This Financial Sector Assessment Program (FSAP) is mandatory for countries with systemically important financial sectors and is carried out for Switzerland every five years. The FSAP focuses on assessing the resilience of a country's financial sector, the quality of its regulatory and supervisory framework, and its ability to manage and resolve financial crises. The final report will be presented to the IMF Executive Board for approval in September 2025 together with the report on the next Article IV consultation.

Conference on international monetary system

In May 2024, the SNB and the IMF organised a conference on the international monetary system for the eleventh time. The event brought together high-level representatives of central banks, finance experts and leading economists. The conference addressed the challenges facing central banks in connection with inflation dynamics, as well as national and global financial stability and its safety nets.

Swiss contribution to IMF financing

The IMF's main source of financing is its member countries' quotas. The quotas determine the participation of each member in the regular financing of the IMF (cf. box 'IMF quotas'). As a second line of defence, the New Arrangements to Borrow (NAB) form a permanent safety net in the event that the IMF's regular means are not sufficient to manage a crisis. Temporary bilateral borrowing agreements (BBAs) serve as a third line of defence for the IMF.

Switzerland is committed to financing the IMF under the framework of the quota, the NAB and the BBA. At the end of 2024, its commitment to financing the IMF's regular lending amounted to a maximum of CHF 23.4 billion; the effective amount used was CHF 1.7 billion. The SNB finances these amounts, with loans granted under the BBA being guaranteed by the federal government.

THE SNB'S FINANCIAL COMMITMENT TO THE IMF

In CHF millions

		End-2024
	Maximum	Drawn down
Reserve position[1]		1 715
Quota	6 748	1 715
NAB	12 957	0
Bilateral borrowing agreement[2]	3 662	0
Poverty Reduction and Growth Trust[2]	1 587	1 003
Resilience and Sustainability Trust[2]	585	585
Special Drawing Rights (SDR)[3]	5 156	632

1 The used portion of the Swiss quota and the amount drawn by the IMF under the NAB and the bilateral borrowing agreement together equal Switzerland's reserve position in the IMF. This reserve position represents a liquid asset of the SNB vis-à-vis the IMF and thus forms part of the currency reserves.
2 With federal guarantee.
3 As part of the voluntary trading arrangement (VTA) with the IMF, the SNB has committed itself to purchasing or selling SDRs against foreign currencies (USD, EUR) up to the agreed maximum of SDR 4.4 billion (CHF 5.2 billion).

IMF quotas
Each IMF member has a quota, the amount of which is determined upon that member's admission to the IMF. GDP, economic and financial openness, the variability of trade and capital flows, and the level of reserves are all used in the formula to calculate the quota. Quotas are intended to reflect a given country's relative position in the world economy. The allocation of quotas is reviewed at regular intervals and adjusted as required, in particular during general quota increases. The quota fulfils three important functions. First, a member's quota determines the maximum amount of financial resources which the member is obliged to provide to the IMF if required. Second, the quota is used in determining a member's voting power in IMF decisions. Third, the amount of financing a member can obtain from the IMF is based on its quota. Switzerland's quota share at the IMF is 1.21%.

Review of quotas

The IMF regularly reviews the appropriateness of quotas. The 16th General Review of Quotas was concluded at the end of 2023. The IMF member countries agreed on a framework package consisting of a 50% quota increase, a reduction in the NAB and an end to the bilateral borrowing agreements, so that the IMF's overall lending capacity is kept constant. The country-specific quotas and voting shares thus remain unchanged. The national ratification processes are currently under way in the member states. Switzerland completed its ratification process with the approval of parliament in December 2024. Since ratification is still pending in some member countries, the deadline was postponed to mid-May 2025 and the bilateral borrowing agreements were initially extended once again. At the same time, discussions are already underway for the next review, the 17th General Review of Quotas, with emerging economies hoping to increase their quota and voting shares.

IMF trust funds

The IMF provides loans to low-income and vulnerable member countries from two trust funds, the Poverty Reduction and Growth Trust (PRGT) and the Resilience and Sustainability Trust (RST). In addition to its existing commitment of CHF 1,587 million to the PRGT, Switzerland has contributed CHF 585 million to the RST since February 2024 (this amount is equivalent to SDR 500 million). Both contributions are based on art. 3 of the Monetary Assistance Act, MAA (cf. also chapter 7.3, box 'Monetary assistance').

7.2.2 BANK FOR INTERNATIONAL SETTLEMENTS

Participation in BIS

The Bank for International Settlements (BIS) is a multilateral organisation headquartered in Basel that fosters monetary and financial cooperation and serves as a bank and forum for central banks. The SNB has held one of the seats on the Board of Directors since the BIS was founded in 1930. The governors of member central banks convene every two months to discuss developments in the global economy and the international financial system, and also to guide and oversee the work of the standing committees. The SNB participates in the four standing committees of the BIS: the Basel Committee on Banking Supervision, the Committee on Payments and Market Infrastructures, the Committee on the Global Financial System, and the Markets Committee. The SNB is also involved in the BIS Innovation Hub Swiss Centre and takes part in a working group on central bank digital currency (CBDC).

Basel Committee on Banking Supervision

The Basel Committee on Banking Supervision (BCBS) brings together high-ranking representatives of banking supervisory authorities and central banks. It issues recommendations and sets international standards in the area of banking supervision.

As in 2023, the BCBS focused on monitoring vulnerabilities in the banking sector, on follow-up work relating to the banking turmoil in March 2023, and on supporting a consistent and timely implementation of the Basel III reforms. Monitoring of vulnerabilities focused, among other things, on the ongoing geopolitical uncertainties, banks' extensive linkages with non-bank financial intermediaries (NBFIs), and operational resilience in the context of rapidly advancing digitalisation. The BCBS published a progress report on its follow-up work in connection with the banking turmoil, focusing in particular on its findings regarding exceptionally high liquidity outflows. Together with the Swiss Financial Market Supervisory Authority (FINMA), the SNB was closely involved in these efforts in order to contribute lessons learnt from the crisis at Credit Suisse. The BCBS will continue its efforts to strengthen the effectiveness of supervision and to consider selective adjustments to the standards. The top priority remains implementing the final Basel III reforms as soon as possible in all BCBS jurisdictions. In Switzerland, they were implemented at the beginning of 2025.

Committee on Payments and Market Infrastructures

The Committee on Payments and Market Infrastructures (CPMI) promotes the safety and efficiency of cashless payment arrangements and market infrastructures via which financial market transactions are cleared or settled.

In the year under review, the SNB was principally concerned with the CPMI's work on digitalising the financial system. To this end, the SNB contributed to a report, which has since been published, analysing the opportunities as well as the risks and challenges of tokenising various forms of money and financial instruments, and outlining the associated issues for central banks. In addition, the SNB participated in the Committee's work on improving cross-border payments as well as in its efforts to enhance the operational and financial resilience of financial market infrastructures (FMIs).

Other committees

The Markets Committee, which examines current developments in the financial markets and the functioning of these markets, focused in 2024 on the implementation of monetary policy during the year under review. The SNB was interested in exchanging views with other central banks on the impact on the financial markets of the ongoing balance sheet reductions. The Committee on the Global Financial System (CGFS), which monitors developments on the financial markets to determine their impact on financial stability, focused on the effects interest rate risk at non-financial corporations and households have on monetary policy transmission and financial stability. The SNB played an active role in this analysis as part of a working group.

Working group on central bank digital currency

Since 2020, the SNB has been participating in a working group on CBDC together with the Bank of Canada, the Bank of Japan, the Bank of England, the European Central Bank, the Sveriges Riksbank, the US Federal Reserve and the BIS. The aim of this working group is to discuss possible applications for and design issues related to central bank digital currency for financial institutions (wholesale CBDC) and for the general public (retail CBDC). In 2024, discussions increasingly centred on wholesale CBDC and the possible embedding of CBDC in existing payment systems.

The BIS Innovation Hub Swiss Centre has been in existence since late 2019. The BIS operates seven centres in various locations around the globe. The hub's goal is to analyse – and potentially harness – technological trends for central banks. The BIS Innovation Hub facilitates dialogue with other central banks. This is important for the SNB, as it can use what it learns there in its ongoing work. One example is Project Helvetia, which is being piloted at the SNB with Swiss franc wholesale CBDC in a production environment until at least June 2026 (cf. chapter 1.4, box 'Work on central bank digital currency for financial institutions').

BIS Innovation Hub and projects at its Swiss Centre

Work at the Swiss Centre focused on technologies for tokenising assets and on the analysis of large volumes of data. Work continued on the Promissa and Neo projects launched in 2023. For instance, with Promissa the Centre is working on a project to digitalise promissory notes issued by countries to development banks. The still largely paper-based process is to be digitalised and thereby simplified; a pilot project has been planned for this purpose. In the area of data analysis, Project Neo is investigating how new data sources can be used to generate more up-to-date and accurate private consumption indicators. In addition, a cross-centre project, Agorá, was launched in 2024. The project is intended to integrate tokenised commercial bank and central bank money in seven currencies on a single platform, and thus facilitate the efficient settlement of cross-border payments. Six other central banks are represented in addition to the SNB.

7.2.3 FINANCIAL STABILITY BOARD

Participation in FSB

The Financial Stability Board (FSB) brings together national authorities responsible for financial stability (central banks, supervisory authorities and finance ministries), international organisations, and standard-setting bodies. Switzerland's representation on the FSB is shared between the FDF, the SNB and FINMA. The SNB is a member of the Steering Committee, the Plenary, and the Standing Committee on Assessment of Vulnerabilities. Since November 2020, the SNB has chaired the Standing Committee on Budget and Resources.

The FSB addressed the risks in the financial system and the measures that can be taken to counter such risks. At the centre of its concerns was follow-up work relating to the banking turmoil in March 2023 and the impact of digital innovation on financial stability. The SNB's involvement continued to focus on analysis following the crisis at Credit Suisse and the US regional banks. The FSB paid particular attention to the role of social media and technology in liquidity outflows. This work will, among other things, feed into the review of the international standards for resolving global systemically important banks (G-SIBs), a major topic for the FSB in the coming years.

In addition, the SNB participated in the FSB's work in the area of crypto, as well as on tokenisation and NBFIs. The focus was on monitoring and analysing the potential risks they pose to financial stability. The SNB also supported the FSB's work on improving cross-border payments and on the risks to the financial system arising from the effects of climate change.

7.2.4 OECD

Participation in OECD

Switzerland is a founding member of the Organisation for Economic Co-operation and Development (OECD). It works in the organisation's intergovernmental committees to maintain and develop relations among the 38 member countries with regard to economic, social and development policies. Together with the federal government, the SNB represents Switzerland on the Economic Policy Committee, the Committee on Financial Markets and the Committee on Statistics and Statistical Policy.

In the year under review, the SNB's focus was on the conclusion of the 2024 OECD country assessment of Switzerland's economic policy. In this biennial review, the OECD analyses the Swiss economy's development and the challenges it faces. The SNB was particularly involved in the dialogue on monetary policy, the economic outlook and financial stability. In its report published in March, the OECD confirms that the SNB reacted appropriately to the inflationary pressures of recent years. Regarding the crisis at Credit Suisse, the OECD recommends that the current TBTF regulations be strengthened in order to take due account of the systemic importance of certain banks.

7.2.5 G20

SNB participation in G20

The G20 comprises the twenty leading advanced and emerging economies and is a key forum for international cooperation on financial and economic issues. In recent years, Switzerland has been invited to participate in the meetings of the G20 finance ministers and central bank governors, known as the Finance Track. These meetings focus on economic, monetary and financial issues. Swiss interests are represented jointly by the federal government and the SNB. For the SNB, the main focus is on issues relating to the global economic outlook, the international financial and monetary system, and global financial market regulation.

Switzerland was invited to participate in the 2024 Finance Track by the Brazilian G20 presidency. Most of the work here centred on issues of interest to emerging economies and developing countries. In particular, Brazil called for greater international efforts to combat hunger, promote sustainable development and strengthen development banks. In view of falling inflation, discussions of the global economy focused somewhat less on monetary policy and more on growth as well as on matters of fiscal policy and debt. The SNB emphasised the importance of a monetary policy geared to price stability in order to promote favourable growth conditions. In addition, during discussions about the digital future of the financial sector, the SNB shared its findings from its own CBDC projects.

7.2.6 NETWORK FOR GREENING THE FINANCIAL SYSTEM

Participation in NGFS

The Network for Greening the Financial System (NGFS) is a network of central banks and supervisory authorities. It serves as a forum in which participating institutions can discuss the risks climate change poses to the economy and the financial system. The SNB and FINMA are both represented in the NGFS Plenary. The SNB engaged in dialogue in the NGFS so as to better gauge the potential impact of climate risks on macroeconomic developments and financial stability.

Within the framework of its mandate, the SNB participates actively in discussions in the NGFS aimed at developing global approaches to dealing with climate risks and sharing knowledge and experience. The SNB is represented in three of the NGFS's four workstreams.

Once again in 2024, the SNB was particularly involved in the workstream devoted to monetary policy, with an eye to better evaluating the effects of climate risks on key economic variables such as prices, interest rates and GDP. It was also involved in the workstream on developing climate scenarios for the financial sector as well as in that devoted to sustainable investment practices, climate-related reporting and sustainable corporate governance.

7.3 BILATERAL COOPERATION

The SNB cooperates on a bilateral level with other central banks and authorities. As part of this bilateral cooperation, the SNB provides technical assistance to central banks – mainly those from the group of countries with which Switzerland forms a constituency at the IMF and the World Bank. Furthermore, pursuant to art. 4 and art. 6 para. 3 MAA, the SNB can participate in the federal government's bilateral monetary assistance. In the year under review, however, no such activities took place.

Monetary assistance

The division of responsibilities between the SNB and the federal government regarding the granting of monetary assistance loans is specified in the MAA (19 March 2004, revised 2017). The MAA sets out three types of monetary assistance, provided in the form of loans, guarantee commitments and non-repayable grants. Under art. 2, the federal government can participate in multilateral assistance operations aimed at preventing or remedying serious disruptions to the international monetary system. Art. 3 permits it to take part in financing special funds or other IMF facilities in favour of low-income countries. And, pursuant to art. 4, it may provide monetary assistance to individual countries. The federal government can request that the SNB grant loans for these three types of monetary assistance. In return, the federal government guarantees the SNB the interest payments on the loans and their repayment (art. 6).

7.3.1 COOPERATION WITH OTHER CENTRAL BANKS AND FOREIGN AUTHORITIES

Regular exchange with central banks and partner countries

The SNB cultivates regular bilateral contacts with other central banks. This includes exchange on matters relating to international monetary cooperation. In addition, the SNB occasionally participates in financial dialogues with other countries. These are led by the State Secretariat for International Finance (SIF) in liaison with various federal institutions and associated enterprises. They serve to strengthen the contacts with key partner countries and provide a platform for sharing views on financial topics.

US Treasury report and dialogue

The US Treasury regularly publishes a report on the foreign exchange policies of major trading partners of the United States. No in-depth analysis of Switzerland's currency practices was carried out in 2024. The regular exchange initiated in 2022 by the FDF, the SNB and the US Treasury (Standing Macroeconomic and Financial Dialogue) was continued.

7.3.2 PRINCIPALITY OF LIECHTENSTEIN

Currency treaty and cooperation

Switzerland and the Principality of Liechtenstein have been linked by a Currency Treaty since 1980. Under the Currency Treaty, the Swiss franc became legal tender in Liechtenstein, and the SNB became the country's central bank. As a result, certain Swiss legal and administrative regulations relating to monetary policy are applicable in Liechtenstein, in particular the National Bank Act and the National Bank Ordinance. The SNB has the same powers in respect of banks and other persons and entities in the Principality of Liechtenstein as it does in respect of banks, persons and entities domiciled in Switzerland. To this end, it cooperates with the relevant authorities in Liechtenstein.

Membership of IMF

The Principality of Liechtenstein joined the IMF as its 191st member in autumn 2024. Its close relations with Switzerland moved Liechtenstein to join the Swiss constituency. The SNB, the SIF and the office of the Swiss Executive Director at the IMF in Washington had supported the Liechtenstein authorities in preparing for the application process. The SNB acts as Liechtenstein's depository for financial obligations associated with its IMF membership. A corresponding framework agreement was signed between the SNB and the Principality of Liechtenstein in October 2024.

7.3.3 TECHNICAL ASSISTANCE

Principles

The SNB provides technical assistance to other central banks upon request. This assistance comprises the transfer of central bank know-how. The SNB's technical assistance is primarily oriented towards the countries of Central Asia and the Caucasus that are members of Switzerland's constituency at the IMF and the World Bank.

Activities in 2024

In 2024, technical advice was provided to 14 central banks and 22 technical assistance projects were delivered. The SNB focused on in-person meetings, either in the form of study visits and workshops in Switzerland or by sending experts to central banks requesting assistance. It continued to work with relevant partners, such as the IMF and the State Secretariat for Economic Affairs (SECO). The SNB concentrated its support mainly on the following issues: monetary policy analysis, monetary policy implementation, risk management, accounting, controlling and statistics. Overall, demand for technical assistance remained high.

Central Bankers Courses at Study Center Gerzensee

The SNB has been running the Study Center Gerzensee since 1984. It serves as a hub for both academic research and training for central bankers from around the world. In 2024, six courses were held at the Study Center for employees of foreign central banks. The courses each lasted two weeks and were led in some cases by SNB economists. They were attended by 160 representatives from 65 central banks, numbers similar to the previous year.

8
Banking services for the Confederation

Mandate

The Swiss National Bank provides banking services to the Swiss Confederation (art. 5 para. 4 and art. 11 National Bank Act).

Remuneration for banking services

The SNB provides banking services to the Confederation in return for adequate remuneration. These services include account management, payment transactions, liquidity management, the custody of securities, and the issuance of money market debt register claims (MMDRCs) and Confederation bonds on behalf of and for the account of the Confederation. If the services facilitate the implementation of monetary policy, the SNB provides them free of charge. Details of the services to be provided and the remuneration are laid down in an agreement between the Confederation and the SNB.

Issuing activities

In 2024, the Confederation's short-term financing needs declined somewhat year-on-year. Bids for MMDRCs amounted to CHF 156.6 billion (2023: CHF 200.9 billion) and CHF 37.1 billion was allotted (2023: CHF 52.5 billion). The corresponding figures for Confederation bonds were CHF 8.5 billion (2023: CHF 12.8 billion) and CHF 4.8 billion (2023: CHF 8.1 billion) respectively. The SNB issued the MMDRCs and Confederation bonds by auction.

Declining MMDRC yields

In line with the other money market rates, yields for MMDRCs declined in 2024. Taken over the whole year, yields on three-month issues ranged from 0.35% to 1.68%.

Account management and payment transactions

The SNB keeps sight deposit accounts in Swiss francs and foreign currencies for the Confederation. At year-end, liabilities towards the Confederation (including term liabilities) amounted to CHF 16.5 billion (end-2023: CHF 15.4 billion).

9
Statistics

9.1 BACKGROUND

Purpose of activities in field of statistics

On the basis of art. 14 of the National Bank Act (NBA), the Swiss National Bank collects the statistical data it requires to perform its statutory tasks. It collects data for the conduct of monetary policy and the oversight of financial market infrastructures (FMIs), for safeguarding the stability of the financial system, and for preparing both the balance of payments and the statistics on the international investment position. Statistical data compiled for purposes relating to international monetary cooperation is transmitted to international organisations. The National Bank Ordinance (NBO) lays down the details of the SNB's activities in the field of statistics.

Reporting institutions

Banks, FMIs, securities firms and authorised parties in accordance with art. 13 para. 2 of the Collective Investment Schemes Act are required to provide the SNB with figures on their activities (art. 15 NBA). The SNB may also collect statistical data from other private individuals or legal entities where this is necessary to analyse developments in the financial markets, obtain an overview of payment transactions, or prepare the balance of payments or the statistics on Switzerland's international investment position. This applies in particular to entities for the issuing of payment instruments or for the processing, clearing and settlement of payment transactions, insurance companies, occupational pension institutions, and investment and holding companies.

Survey activity kept to minimum

The SNB limits the number and type of surveys to what is strictly necessary. It seeks to minimise the demands placed on reporting institutions.

Confidentiality and exchange of data

Pursuant to art. 16 NBA, the SNB ensures the confidentiality of the data it collects and only publishes it in aggregated form. However, the SNB is authorised to supply to the competent Swiss financial market supervisory authorities and to the Swiss Federal Statistical Office (SFSO) data relevant to them in non-aggregated form as well (cf. also chapter 9.4).

9.2 PRODUCTS

Surveys and statistics

The SNB conducts statistical surveys in the areas of banking statistics, collective investment statistics, the balance of payments and the international investment position, and payment transactions. An overview is contained in the annex to the NBO and on the SNB website. The SNB publishes the results of its surveys in the form of statistics. It also maintains a data bank with just under 25 million time series in the fields of banking, financial markets and economics.

Statistical publications

The SNB publishes its statistics on its online data portal (data.snb.ch) and its website (www.snb.ch) and, in some cases, also in the form of printed publications. In April 2024, the SNB went live with its modernised data portal. The focus is centred even more on the needs of the various target audiences, allowing experts, the media and the general public to find information more easily and more quickly. In particular, selected data is now provided in interactive charts.

9.3 PROJECTS

In the year under review, the SNB continued its work on projects in the areas of banking statistics and the balance of payments.

Individual-loan survey

In 2022, the SNB, together with the Swiss Financial Market Supervisory Authority (FINMA), launched a project to introduce an individual-loan survey. Within the framework of this survey, the major lending banks are to regularly report their total loan portfolios on an individual-loan basis.

In pursuing this project, the two institutions have several objectives. First, the survey will provide more detailed data on bank lending, which will support them in the performance of their respective statutory tasks. Second, such granular surveys have an advantage over traditional aggregated surveys in that, even in the case of fresh queries, they often already include sufficient information for analysis, thereby rendering additional surveys unnecessary. This improves the SNB's and FINMA's response time in crisis situations and reduces the costs for reporting institutions associated with additional surveys.

The project to introduce an individual-loan survey will run over several years and is being developed in close collaboration with the reporting banks. The first survey findings are expected in 2027. In the year under review, the general survey design was finalised and the detailed design initiated.

Recording global production in current account

Project work on the balance of payments, which includes the current and financial accounts, continued to be mainly focused on the current account. Large multinational enterprise groups distribute their production and trade processes across various countries, thus influencing Switzerland's cross-border linkages. In 2023, in order to better record this 'global production' in Switzerland's balance of payments statistics, the SNB introduced a new current account survey. For the time being, data from this survey is not included in the published figures as a number of issues relating to content and design are still being clarified.

Future development of balance of payments

In 2029, new international standards for drawing up the balance of payments and international investment position will come into effect. The SNB is taking the opportunity to review its surveys on cross-border capital linkages, to revise them as necessary, and to close any further gaps in data. The corresponding project continued in 2024.

Large case management

With their business activities, large multinational enterprise groups exert a notable influence on the development of the balance of payments and international investment position. For this reason, in the year under review the SNB began to set up a Large Case Management team, which aims to support such groups in their duty to provide information and thus to systematically improve data quality.

9.4 COLLABORATION

The SNB gives reporting institutions and their associations the opportunity to comment on organisational and procedural issues, as well as on the introduction of new surveys or the modification of existing ones.

SNB expert groups

The SNB is advised on the content of its banking surveys by the banking statistics committee. This committee is made up of representatives of the Swiss commercial banks, the Swiss Bankers Association and FINMA. In 2024, the banking statistics committee focused on the project to introduce an individual-loan survey (cf. also chapter 9.3).

A group of experts under the direction of the SNB participates in the compilation of the balance of payments. It comprises representatives from manufacturing, banking and insurance, as well as from various federal agencies and academic bodies.

Public institutions

In compiling statistical data, the SNB collaborates with the relevant federal government bodies, particularly the SFSO, with FINMA, and also with the authorities of other countries and international organisations.

Swiss Federal Statistical Office

The SNB has a close working relationship with the SFSO. Reciprocal data access is governed by a data exchange agreement, which is currently being revised to take account of the modified legal framework for data exchange with the SFSO. This includes the partial revision of the NBA with effect from 1 September 2023. Pursuant to art. 16 para. 4bis of the NBA, the SNB is authorised to disclose to the SFSO in non-aggregated form the data it collects for statistical purposes. The data exchange agreement will also take into account the new Federal Statistics Ordinance. Among other things, this ordinance defines the framework within which the SFSO can cooperate with other authorities. It is expected to enter into force in mid-2025. In addition to its direct collaboration with the SFSO in regard to statistics, the SNB is also a member of various bodies that work with Swiss federal statistics. These include the Federal Statistical Committee and the SFSO expert group on the economy.

Federal Office for Housing	The SNB collects quarterly data on mortgage rates from about 80 banks on behalf of the Federal Office for Housing (FOH). Based on this data, the FOH calculates the mortgage reference interest rate for tenancies. Responsibility for the content of this survey lies with the FOH, which also publishes the reference rate.
FINMA	Under the terms of a Memorandum of Understanding between FINMA and the SNB on the collection and exchange of data, the SNB carries out surveys in areas such as capital adequacy, liquidity, and interest rate risk of banks and securities firms.
Principality of Liechtenstein	The SNB also surveys Liechtenstein companies when preparing its balance of payments figures and its statistics on Switzerland's international investment position. It works with the relevant authorities in Liechtenstein (the Office of Economic Affairs and the Financial Market Authority).
European Union	The SNB's collaboration with the EU is based on the bilateral agreement on statistics. It covers the financial accounts, parts of the banking statistics, the balance of payments and the international investment position, as well as the direct investment statistics. The SNB participates in various bodies of the EU statistical office (Eurostat).
Other international organisations	In the area of statistics, the SNB works closely with the Bank for International Settlements (BIS), the Organisation for Economic Co-operation and Development (OECD) and the International Monetary Fund (IMF). This collaboration is aimed at harmonising statistical survey methods and analyses.