

Communications

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Switzerland's first financial accounts

The Swiss National Bank (SNB) is publishing Switzerland's first set of financial accounts which details the scope and structure of the financial assets and liabilities of the different economic sectors. The stock figures published by the SNB cover the period 1999–2003. More up-to-date figures are not yet available.

The Swiss Financial Accounts – which have been compiled by a working group set up by the SNB and the Swiss Federal Statistical Office (SFSO) – are based on the European System of National and Regional Accounts (1995), making them internationally compatible. The financial accounts complement the SFSO's national accounts – which reflect the real part of the economy – and they provide important information for monetary policy. Given that they detail the financial situation of the economic sectors, they also facilitate the analysis of financial system stability. The financial accounts thus also supply the financial markets with vital information.

Results

The results show that a high level of financial assets are held by households, but that a large portion of them are not readily available, as they are tied up in retirement provisions. The results also draw attention to the importance of foreign investments – more than one-third of Switzerland's total financial assets are invested abroad.

At the end of 2003, the net financial assets of **households** amounted to CHF 984 billion. The financial assets of CHF 1,516 billion were offset by liabilities of CHF 532 billion. Of these assets, 44% were claims against insurance corporations and pension funds (insurance technical reserves). This high percentage can be attributed to the fact that the funding principle in occupational pension provision is compulsory in Switzerland. Mortgage loans account for the vast majority of the financial assets (90%), with loans increasing steadily between 1999 and 2003, namely by a total of 15%. The low interest rates provided added incentive to home ownership during this period. Per capita net financial assets amounted to CHF 134,000 at the end of 2003. By way of comparison, this figure stood at CHF 54,000 in EU countries (EU15 not including Luxembourg, Ireland and Greece). When considering this comparison and interpreting the other results, it is

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important to bear in mind that non-financial assets in the form of real estate and production facilities are not included in the financial accounts.

The financial accounts for the end of 2003 show financial assets of CHF 142 billion for **general government** (central government, cantons, municipalities and social security funds). Of this, CHF 32 billion was accounted for by shares and other equity in public enterprises and CHF 21 billion by the claims of central government and the cantons to the proceeds from the sale of the SNB gold reserves no longer required for monetary policy. The total liabilities of general government stood at CHF 249 billion; this can be largely ascribed to funds raised by the central government, cantons and municipalities in the money and capital markets as well as to loans from banks and pension funds. Some of the general government positions are lower than they should be due to the fact that the data for municipalities are incomplete. However, the financial assets and liabilities for general government would still be relatively low by comparison with other sectors, even if all the data were available. At the end of 1999, the net financial liabilities of general government stood at CHF 98 billion. They dropped the following year by CHF 13 billion, after the claims to the SNB's gold reserves no longer required for monetary policy were included in the calculation for the first time. Between 2000 and 2003, net financial liabilities increased by CHF 22 billion to CHF 107 billion. This was in part due to the financing of the pension funds of the Swiss Confederation (PUBLICA), Swiss Federal Railways and Swiss Post.

At the end of 2003, the **financial corporation** sector (SNB, commercial banks, investment funds, finance and asset management companies, insurance corporations and pension funds) reported financial assets of CHF 3,102 billion and liabilities of CHF 3,037 billion. It is hardly surprising that financial corporations, which perform an intermediary role, hold the highest level of stocks of financial assets and liabilities of any sector. Under financial assets, the largest position was loans, at CHF 1,032 billion, of which mortgages to resident households accounted for 47%. At the end of 2003, investment in short and long-term debt securities came to CHF 582 billion. About half of these securities were held by insurance corporations and pension funds. The level of debt securities remained virtually constant between 1999 and 2001, increasing 20% by the end of 2003. The most significant financial corporation liabilities were deposits, liabilities arising out of insurance and pension fund contracts, and shares and other equity.

Total financial assets held by **non-financial corporations** – private and public enterprises – amounted to CHF 555 billion at the end of 2003. Of this, CHF 227 billion were shares and other equity (largely participating interests abroad). Liabilities came to CHF 964 billion, thus exceeding financial assets by some CHF 400 billion.

The accounts for the **rest of the world** reflect the strong global capital involvement of Swiss industry and the financial sector. Total domestic claims against the rest of the world amounted to CHF 2,135 billion at the end of 2003 (Swiss assets are stated as rest of the world liabilities in the tables). Shares and other equity accounted for almost 30% of these

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assets, while bank deposits claimed some 25% and short and long-term debt securities a good 20%. Swiss liabilities with respect to the rest of the world amounted to CHF 1,605 billion (stated in the tables as financial assets held by the rest of the world). Deposits accounted for 40% of this total, while a further 40% was attributable to shares and other equity.

Outlook

From now on, the Swiss Financial Accounts will be published annually by the SNB. The joint SNB/SFSO working group will continue work on the accounts, and the next task will be to add the figures for financial flows and non-financial assets to those for financial stocks. These results are expected to be published in 2007.

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Appendix:

Table "Swiss financial accounts: Year-end stocks of financial assets and liabilities for 2003"

Swiss financial accounts

Year-end stocks of financial assets and liabilities for 2003 in CHF billions

	Domestic sectors					Rest of the world ¹
	Non-financial corporations	Financial corporations	General government	Households ²	Total	
1. Financial assets						
Monetary gold and special drawing rights	.	27	.	.	27	.
Currency and deposits	137	770	18	375	1 300	640
Debt securities	49	582	8	136	776	50
Loans	114	1 032	27	..	1 174	136
Shares and other equity (excluding mutual fund shares)	227	538	53	206	1 023	624
Mutual fund shares	20	152	2	136	311	62
Insurance technical reserves	7	662	669	93
Financial derivatives, other accounts receivable	..	1 ³	34	..	35	..
Total	555	3 102	142	1 516	5 315	1 605
2. Liabilities						
Currency and deposits	39	1 361	6	.	1 406	569
Debt securities	56	152	133	..	341	485
Loans	263	110	87	532	992	319
Shares and other equity (excluding mutual fund shares)	606	420	.	..	1 027	621
Mutual fund shares	.	232	.	.	232	141
Insurance technical reserves	.	762	.	.	762	..
Financial derivatives, other accounts payable	..	0 ³	24	..	24	..
Total	964	3 037	249	532	4 782	2 135
3. Net financial assets	-409	65	-107	984	532	-530

1 Classification as financial asset or liability from the perspective of the rest of the world

2 Including non-profit institutions serving households

3 Swiss National Bank only

Explanation of symbols

0 Value smaller than CHF 0.5 billion

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.. Currently no data available