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What collateral is used in the Swiss interbank repo market?

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Collateral is a key component of repurchase agreement transactions. We document collateral usage in the Swiss interbank repo market using an extensive transaction-level dataset. We find that a substantial share of securities eligible for the SNB General Collateral Basket is actively used, particularly securities denominated in Swiss francs. Collateral usage is concentrated in a small number of issuers and highly rated securities denominated in Swiss francs. At the same time, it displays a broad and balanced maturity profile, and cross-currency repos account for a meaningful share of trading volume.

Repurchase agreements (repos) are short-term secured loans in which one party (typically a bank) borrows cash by providing securities as collateral, with an agreement to repurchase those securities at a later date. The Swiss repo market plays a crucial role in the Swiss financial system.[1] It enables the efficient redistribution of liquidity between market participants, underpins the determination of the Swiss Average Rate Overnight (SARON), the key reference rate for Swiss franc money markets, and serves as a central channel through which the Swiss National Bank (SNB) implements monetary policy and steers short-term interest rates.[2]

The Swiss repo market is predominantly characterised by general collateral (GC) repos, in which the cash provider agrees to accept any security from a predefined basket of securities with similar characteristics. By contrast, special repos, which involve a specific security as collateral, account for only a small share of activity. GC baskets are defined and managed by their respective basket owners. The SNB acts as the basket owner for the SNB GC Basket and

[1] See Moser and Tschudin (2024) for a discussion of the Swiss repo market's history and its significance for financial market participants.

[2] The SNB seeks to keep secured short-term Swiss franc money market interest rates close to the SNB policy rate, while maintaining an active interbank money market. See Maechler and Moser (2022), Moser (2023) and Baumann et al. (2025) for a detailed discussion of the SNB's approach to implementing monetary policy.

determines its composition. Within these baskets, any security satisfying the eligibility criteria can be delivered as collateral. This reflects a system that is primarily cash-driven, meaning that participants typically enter into repo transactions to obtain or invest short-term liquidity, rather than to meet demand for specific securities. The cash-driven nature of the Swiss repo market arises notably from the trading incentives created by the SNB's approach to implementing monetary policy in the money market, specifically the tiered remuneration of sight deposits held by banks at the SNB.

However, even within GC repos, collateral allocation is not arbitrary. Cash takers can actively choose which securities to deliver among the large set of eligible securities. Because the composition of the SNB GC Basket reflects the eligibility criteria of the SNB's collateral framework, observing which securities market participants actually deliver reveals how they operate within that framework. These choices can therefore provide valuable insights into the design of the framework, helping to assess whether and how it should be adjusted to support the functioning of the market.

We document the collateral side of the Swiss repo market using an extensive dataset of interbank transactions on the electronic trading platform CO:RE of SIX, where almost all the Swiss repo trading activity takes place. These transactions can be conducted for different tenors, ranging from intraday to one year, and in 14 currencies. The dataset covers all transactions from June 2020 to June 2026, including both GC repos and special repos, but excluding intraday repos, intragroup transactions and transactions involving the SNB as a counterparty. It consists of 416,783 transactions[3] backed by 3,934 distinct securities and contains detailed information on contract characteristics and collateral properties. We focus on the initial collateral allocation at trade inception, abstracting from collateral substitution and mark-to-market valuation changes over the life of the transaction, and present results for January 2021 to June 2026.

The SNB GC Basket is central to the Swiss repo market

The SNB GC Basket is the most widely used GC basket: approximately 89% of total outstanding repo volume in the Swiss interbank market is collateralised with the SNB GC Basket. It defines the set of assets that the SNB accepts as collateral both in its open market operations on the repo market and its liquidity-providing standing facilities: the intraday facility, the liquidity-shortage financing facility (LSFF), and, from November 2027, the payment system support facility.[4] SNB GC securities are prominent because, in addition to ensuring access to central bank liquidity, they are high-quality liquid assets (HQLA) within

[3] For processing and settlement purposes, individual transactions are limited to a currency-specific cash amount. Repos exceeding this limit are divided into several separate transactions. For example, a repo of CHF 350 million consists of three transactions of CHF 100 million and one transaction of CHF 50 million.

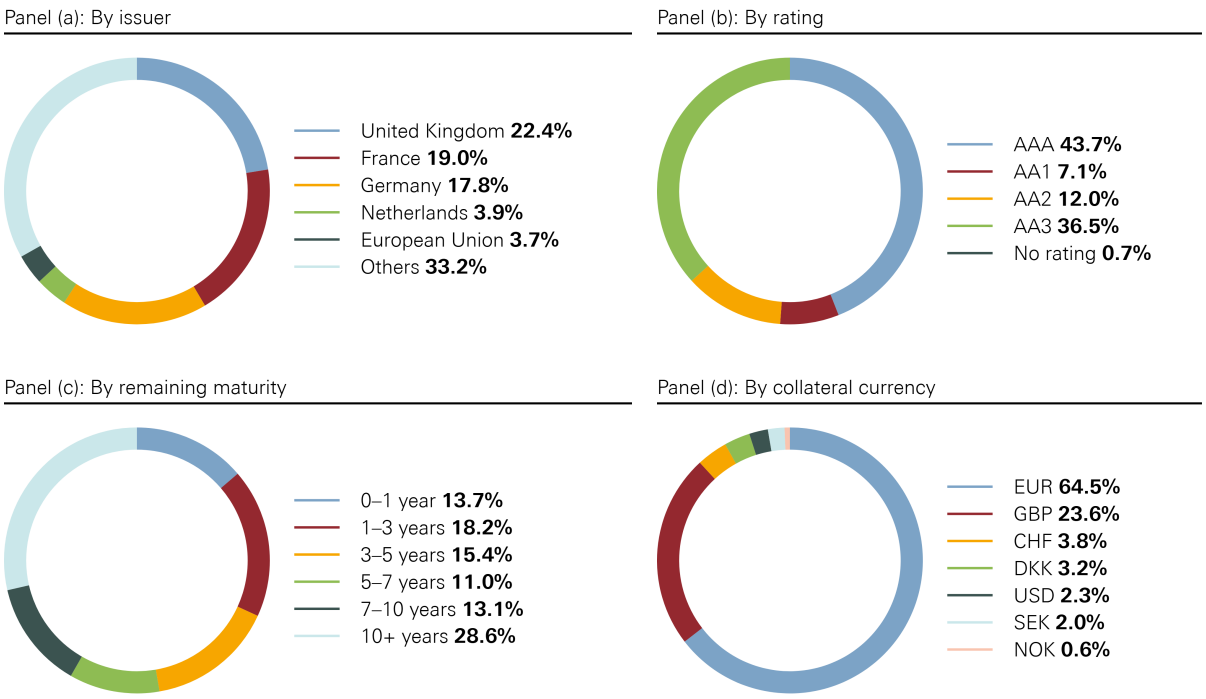
[4] The basket comprises over 3,000 collateral items with an outstanding value of about CHF 10 trillion. Its composition is managed and published daily in the 'List of collateral eligible for SNB repos' on the SNB's website.

the meaning of the Liquidity Ordinance (LiqO), which implements the Basel III recommendations for liquidity requirements in Switzerland.

A large share of the SNB GC Basket is actively used as collateral. On a typical day, around 20% of the eligible assets are delivered as collateral in at least one repo transaction. This share increases to 27% over a week, 33% over a month and 40% over a year. Within the CHF-denominated segment of the basket, utilisation is higher. On a typical day, around 60% of the eligible assets denominated in Swiss francs are used in at least one repo transaction. The corresponding weekly, monthly and yearly values amount to 73%, 82% and 84% respectively. The broadening utilisation over longer time periods reflects the extent to which market participants use different securities within the basket during a given period.

Chart 1 depicts the average composition of the SNB GC Basket from January 2021 to June 2026 across several dimensions, namely issuer, credit rating, residual maturity and currency of denomination. Within each dimension, we calculate category shares by first computing the average daily outstanding issuance volume for each category and then normalising these volumes to sum to 100%. Eligible securities are concentrated on highly rated central government bonds in EUR and GBP.[5] They display a broad maturity profile, albeit with a focus on longer terms. The unrated securities in the basket consist primarily of SNB Bills.[6]

Chart 1: Composition of SNB GC Basket by outstanding issuance volume



Sources: Bloomberg, SIX, SNB

[5] Credit ratings are based on the second-best ratings from Standard & Poor's, Moody's and Fitch, mapped to the Moody's rating scale for comparability.

[6] Issuing SNB Bills also allows the SNB to create collateral for its repo transactions, which in turn can be used as collateral in the interbank market (Klossner et al., 2026).

Which securities back a repo?

Market participants use several different securities as collateral in repo transactions. In our dataset, the median number of transactions taking place on a given day was 266, secured by a median of 630 distinct securities. We describe the composition of this collateral using the same dimensions as for the SNB GC Basket. Within each dimension, the category shares displayed in chart 2 are calculated by first computing the average daily outstanding collateral value for each category and then normalising these values to sum to 100%.

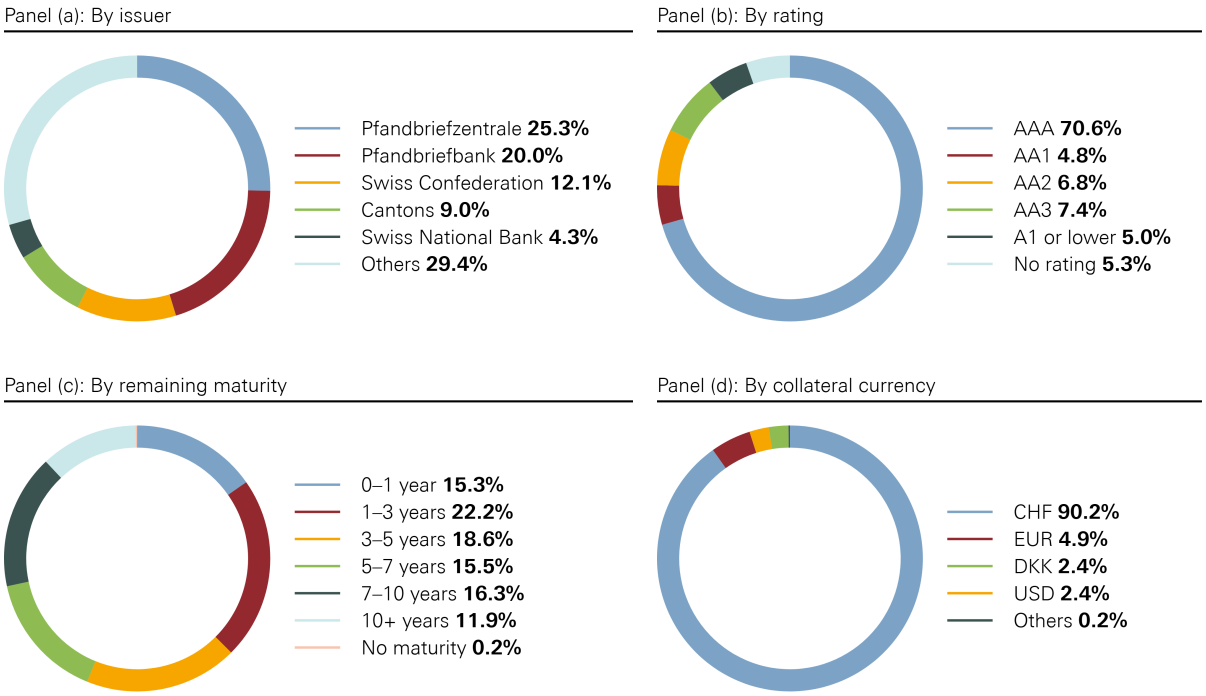
Collateral usage concentrates among a small number of issuers – As shown in chart 2 panel (a), four issuers collectively account for 62% of the securities backing repo transactions. The two most prominent issuers – Pfandbriefzentrale and Pfandbriefbank – together account for 45%, followed by the Swiss Confederation (12%) and the SNB (4%).[7] Swiss cantons collectively contribute 9%, with the remaining 29% distributed across the other 432 issuers. This concentration on domestic issuers differs markedly from the issuer composition in the SNB GC Basket, which consists largely of foreign sovereigns. Accordingly, developments affecting a small number of key issuers could have broader implications for the functioning of the repo market.

Repo transactions are predominantly backed by high-quality securities – This is not surprising given the dominance of the SNB GC Basket, which requires securities to be rated at least AA3. More striking is the large share of AAA-rated securities, which account for 71%, as shown in chart 2 panel (b). This mitigates the risk associated with issuer concentration and largely reflects the prominence of securities issued by the Pfandbriefzentrale, the Pfandbriefbank and the Swiss Confederation, all of which are AAA-rated. High-quality foreign covered bonds and foreign sovereign issuers – such as Germany and the Netherlands – also represent a source of AAA-rated securities. AA-rated securities (AA1 to AA3) account for a further 19%, whereas securities rated A or lower make up only 5%. The remaining 5% of unrated securities consists primarily of SNB Bills.

Collateral usage displays a broad and balanced maturity profile – Securities with a remaining maturity above one year account for 85%, while 44% of securities have a remaining maturity above five years and 12% of securities have a maturity that exceeds ten years (chart 2 panel (c)). This composition closely reflects the maturity profile of the SNB GC Basket, albeit with a lower share of remaining maturities exceeding ten years. By contrast, repos have tenors up to one year and are predominantly short-dated. Those with a maturity of one day account for one-third of outstanding volume, while 87% mature within one month.

[7] When the SNB raised the policy rate to a positive level in September 2022, it started to issue SNB Bills and absorbed sight deposits with them. In this subperiod (September 2022 to June 2026), the share of repos collateralised by SNB Bills averaged 6.4%.

Chart 2: Composition of collateral backing outstanding interbank repo transactions



Sources: Bloomberg, SIX, SNB

Most of the backing securities are denominated in Swiss francs – Chart 2 panel (d) shows that CHF-denominated securities account for 90% of the outstanding volume, followed by EUR, DKK and USD. The other five currencies (CAD, CZK, GBP, NOK and SEK) together represent only 0.2%. The SNB GC Basket, by contrast, is predominantly composed of securities denominated in foreign currencies, in particular EUR and GBP. The inclusion of such securities is motivated by the relatively limited size of the Swiss franc capital market.

The prominence of the Swiss franc characterises the cash side as well – 79% of the average outstanding volume consists of repos, with both cash and collateral denominated in Swiss francs. Nevertheless, by accounting for 20% of the average outstanding volume, cross-currency repo activity plays a meaningful role in the Swiss interbank repo market.

Takeaways

The collateral used in the Swiss interbank repo market is concentrated in highly rated securities denominated in Swiss francs. This pattern is consistent with domestic banks being the main cash takers and, consequently, the main collateral providers. To comply with liquidity regulatory requirements, domestic banks hold significant amounts of highly rated, CHF-denominated assets as part of their HQLA portfolio. These securities are then frequently used as collateral when raising cash in the interbank repo market.

Given the relatively limited size of the Swiss franc capital market, the predominance of highly rated, CHF-denominated securities naturally coincides with a concentration on a small

number of issuers, namely the Pfandbriefzentrale, the Pfandbriefbank and the Swiss Confederation. The associated concentration risk is balanced by the exceptionally high credit quality of these issuers. Beyond credit quality, the maturity profile and currency denomination of collateral remain important dimensions to consider in risk-sensitive collateral frameworks. Longer-dated securities expose cash providers to greater interest rate risk in the event of counterparty default, while non-CHF-denominated securities expose CHF cash providers to exchange rate risk.

Our findings suggest that the SNB's broad yet strict collateral framework supports effective monetary policy transmission by limiting credit and market risk premia in repo rates through high minimum credit standards, while reducing the risk of collateral scarcity premia by allowing cash takers to obtain collateral from a wide range of sectors, jurisdictions and currencies. This helps to effectively transmit the SNB policy rate to repo rates and in turn to broader interest rates.

Overall, collateral is not merely a passive component of repo transactions, but can be an important determinant of market functioning and monetary policy transmission. As developments in funding markets, payment systems and collateral management continue to reshape secured financing, the composition and use of collateral will remain an important area for ongoing monitoring and analysis.

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