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Swiss National Bank sets up SNB COVID-19 refinancing facility and requests deactivation of countercyclical capital buffer

The coronavirus pandemic is having a serious impact on the Swiss economy. To combat this crisis, it is essential that companies have access to credit and the banking system has access to liquidity.

The Confederation, the SNB and the Swiss Financial Market Supervisory Authority (FINMA) have therefore compiled a package of measures together with the banks. In this context, the Swiss National Bank is introducing the new SNB COVID-19 refinancing facility (CRF). This measure is aimed at strengthening the supply of credit to the Swiss economy by providing the banking system with additional liquidity. There is no upper limit on the amounts available under the CRF, and drawdowns can be made at any time.

The CRF operates in conjunction with the federal government's guarantees for corporate loans. The facility allows banks to obtain liquidity from the SNB, which is secured by the federally guaranteed loans. The SNB thereby enables banks to expand their lending rapidly and on a large scale and, at the same time, to access the required liquidity. The interest rate for these refinancing transactions corresponds to the SNB policy rate.

Under the CRF, the SNB can also conduct additional refinancing transactions in order to supply the banking system with further liquidity if required. The CRF will be available from 26 March 2020. More detailed information on the new facility can be found in the relevant SNB instruction sheet (www.snb.ch, *Financial markets, Monetary policy operations*).

In order to adapt the regulatory requirements to the changed situation, and after consulting with FINMA, the SNB has also submitted a proposal to the Federal Council requesting that the countercyclical capital buffer be reduced to 0% with immediate effect. This is designed to further support the banks in their key role as lenders.

