

Press release

FINMA's 10th annual media conference: action needed to counteract overheating in investment property

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At its annual media conference today, Thomas Bauer, Chair of the Swiss Financial Market Supervisory Authority FINMA's Board of Directors, looked back at the authority's dynamic development over the last ten years. CEO Mark Branson warned against risks in the real estate and mortgage markets and proposed market-wide measures in the area of investment properties.

FINMA gave careful thought in 2018 to the question of how to avoid unnecessary regulatory complexity. It launched a pilot scheme to test significant exemptions and regulatory reliefs for particularly solid small banks. The aim is to cut compliance costs for these banks through less complex requirements without increasing the risks for customers. In the area of digitalisation, FINMA gave particular attention to the topic of initial coin offerings (ICOs) in 2018. It published guidelines on this subject explaining how it will treat ICOs for supervisory purposes. FINMA is thus encouraging innovation by providing legal certainty.

In 2018 FINMA again carried out a number of enforcement actions in connection with global money-laundering scandals. By closely monitoring risks and control systems and rigorously sanctioning breaches of the regulations, FINMA plays a vital part in promoting compliant business conduct and so protecting the reputation of the financial centre. This is also true of its intervention in other widely-publicised cases – not least in a case of major corporate governance failings.

Ten years of FINMA in a dynamic financial market

In his speech at today's media conference, Thomas Bauer, Chair of FINMA's Board of Directors, looked back over FINMA's ten-year history and took stock of its supervision, enforcement and regulation. He sees FINMA as a dynamic authority that has been continually developing and must continue to do so. "FINMA took up its work at a very difficult time and it has fulfilled its mandate well and in line with the requirements of the Swiss parliament,"

he said. “It has struck the right balance between constancy and dynamism and established a constructive dialogue with the financial industry and politicians. Its credibility and its independence are an important factor for the seal of quality of our financial centre.”

Action now needed on investment property

FINMA CEO Mark Branson’s speech addressed the current low interest rate situation and its impact on the mortgage market. He stated that “The mortgage market is critical to the stability of the Swiss financial centre. It is too big to fail.” That is why FINMA wants to see sustainable mortgage lending, he said. Regarding FINMA’s approach, Branson explained that “rising prices for investment properties could lead to a considerable imbalance on the market, as we are observing stagnating rents and increasing vacancies in parallel with rising prices. We intervene when individual institutions take on excessive risks, but we believe this is not enough to counteract the generalised overheating trends we are currently seeing.” He therefore proposed additional measures: “The signs of overheating in investment property can only be dealt with effectively by making changes to regulation or self-regulation.”

FINMA’s costs slightly lower

At today’s annual media conference, FINMA published its annual report, financial statements and enforcement report for 2018. FINMA’s annual financial statements show that its operating costs were slightly lower in 2018 at 119 million francs (2017: 121 million francs). The number of full-time equivalent positions at the authority has hardly changed since 2012.