



Eidgenössische Bankenkommission  
Commission fédérale des banques  
Commissione federale delle banche  
Swiss Federal Banking Commission

# **Deposits with associations, foundations and cooperatives**

**Amendments to the Banking Ordinance  
(Art. 3a par. 4 lit. d Banking Ordinance)**

**Summary**

**July 2008**



## Key points

*The current rules regarding deposits paid to associations, foundations and cooperatives are not strict enough to meet the requirements of investor protection. For example, they enable associations, foundations and cooperatives to maintain accounts for their clients which, like current account relationships, permit deposits and withdrawals with no notice periods. The funds received do not need to have any connection to an organisation's non-commercial purpose or mutual self-help objective. However, this form of deposit is reserved for banks. It is precisely those retail clients attracted by the possibility of short-term deposits for whom the Banking Act seeks to provide special protection; not only do banks have to meet general capital adequacy requirements, but smaller deposits also benefit from a bankruptcy privilege and depositor protection. It is likely that most retail clients are unaware of the lack of security with regard to deposits with associations, foundations and cooperatives.*

*The proposed amendment does not endanger the longer-term financial basis that is important for associations, foundations and cooperatives. By restricting the exception rules to cases where there is a mandatory connection with the organisation's non-commercial purpose or mutual self-help objective, however, investors will be saved from unknowingly making deposits for which there is an increased risk of loss.*