

Press release

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Corona crisis: FINMA sees banks well prepared, operationally and financially

Against the backdrop of the corona crisis, the Swiss Financial Market Supervisory Authority FINMA notes that the operations of financial institutions and the financial market infrastructure in Switzerland are continuing to function well. The institutions are also well equipped to deal with extreme stress scenarios.

FINMA has been managing the situation caused by the corona pandemic and its possible effects on the supervised institutions very closely over the past weeks. As usual in such situations, FINMA is in close contact with the supervised institutions as well as the Swiss National Bank (SNB) and the Federal Department of Finance.

FINMA notes the following: the operations of the financial institutions and financial market infrastructure are continuing to work. The firms are rolling out effective business continuity management (BCM) plans, with their measures that allow the institutions to continue operating even in exceptional situations. Their services have remained available without interruption thanks to remote working methods. Payment services are among the guaranteed basic services for the population. Even if not all physical branches remain open, banking services for the population are guaranteed.

Solid capital and liquidity buffers

The situation caused by the corona virus will have a significant impact on the real economy. However, the Swiss financial institutions were well prepared for the current market turbulence and are equipped to deal with extreme stress scenarios. The stability of the banks and the build-up of solid capital and liquidity buffers were a key concern in recent years. The buffers have been increased very substantially since the financial crisis. They are there to be used, should it become necessary.

This brings a countercyclical effect, where precautions such as creating solid capital and liquidity buffers are taken during stable times, which can be drawn on during times of turbulence. This enables the supply of credit and liquidity to the real economy to be maintained. In this context, the financial institutions' distribution policy must now be prudent, especially where relating to share buyback programs.

Specific observations from FINMA

In light of the current situation FINMA highlights also the following two points:

- **Simplified rules for the trading room:** FINMA will apply the rules concerning the physical and electronic environment of a trading room such that working from home (remotely) is also broadly possible here. The necessary surveillance procedures can be implemented electronically. Due to the current situation, FINMA will grant institutions longer periods to collect data on securities trading. It will not insist on receiving data in journal form within three working days.
- **Cyber risks:** FINMA points out that in the context of the situation surrounding the coronavirus, there has been an increase in fake emails in the form of phishing. Attackers are attempting to exploit the current uncertainty and are increasingly using malware in emails with bogus senders.

FINMA: operations secured and supervisory work tailored

FINMA is taking a risk-oriented and countercyclical approach to its supervisory work. Certain deadlines and routine control activities may therefore be postponed so that the companies can use their management capacity more flexibly.

FINMA has rolled out its own pandemic planning in order to safeguard its operations and staff. Other than in exceptional cases, all employees are working from home. Digital working possibilities allow FINMA employees to work seamlessly and securely from any location. The supervised institutions also have several FINMA tools at their disposal, to exchange, send or receive documents securely via digital channels.