

## Press release

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# FINMA revises capital requirements for banks

**The Swiss Financial Market Supervisory Authority FINMA is adjusting its implementing regulations in the area of capital requirements for banks. Switzerland is thereby adopting the last improvements to banking regulation foreseen by the international Basel III standards following the last financial crisis. FINMA will conduct a consultation until 25 October 2022.**

The international Basel III banking standards include rules on eligible capital, on the amount of capital required to absorb losses, on risk diversification, liquidity and disclosure. Legislative and regulatory authorities have introduced the Basel III package of reforms developed in response to the last financial crisis into Swiss law gradually since 2013. The introduction of the so-called final Basel III standards marks the end of this process.

The final Basel III standards change the rules for calculating capital requirements, particularly for credit and market risks as well as for operational risks. Besides increasing the risk sensitivity of the capital requirements, the new rules seek to improve the comparability of the capital requirements and key indicators based on these. For example, the degrees of freedom for models approaches subject to approval, which banks use to calculate their capital requirements for credit and market risks, have been reduced. The requirements for operational risks must now be calculated using a single standardised approach. In the past, two standardised approaches and one models approach were available for this. In addition, a so-called output floor will ensure that from 2028 the risk-based capital requirements for banks with models approaches are not below 72.5% of the requirements calculated using standardised approaches.

To introduce the final Basel III standards, the Federal Council is adjusting its Capital Adequacy Ordinance and FINMA is adjusting its associated implementing regulations in the form of five new FINMA ordinances. At the same time, FINMA is repealing five of six relevant FINMA circulars. The Federal Department of Finance is putting the Federal Council ordinance out for consultation until 25 October 2022 (cf. [Federal Department of Finance press release](#)). At the same time, FINMA is conducting the consultation on its ordinances. The Federal Council's Capital Adequacy Ordinance and the associated FINMA ordinances are scheduled to enter into force on 1 July 2024.

