

Press release

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Ex-post evaluation of the revision of the “Auditing” Circular completed

The Swiss Financial Market Supervisory Authority FINMA conducted an ex-post evaluation of the “Auditing” Circular, which was revised in 2019. This confirmed increased benefits for FINMA as well as improved efficiency and reduced costs in regulatory auditing. FINMA welcomes the investigation of any potential for improvement of the current legal framework, but this was not the subject of the present evaluation.

In recent months, FINMA has conducted an ex-post evaluation of the Circular 2013/3 “Auditing”, which was partially revised in 2019, with the involvement of industry representatives ([press release](#)). The evaluation showed that audits are now conducted in a more risk-oriented manner, thus increasing their efficiency and the benefits for FINMA. Improved efficiency, particularly in the banking and asset management sectors, which account for over 90% of the costs of basic and supplementary regulatory audits, has also led to savings of almost one third of external audit costs for supervised institutions. Thanks to the improved efficiency, more FINMA resources can be deployed in other supervisory instruments, such as data-driven supervision or on-site supervisory reviews.

FINMA will transfer large parts of the Circular to an ordinance in a new revision. The increased flexibility in determining the audit strategy requested by the evaluation participants as well as possible further developments of the auditing process will be examined in this framework.

The present ex-post evaluation recognises progress in auditing as a result of the revision of the FINMA Circular. But it does not address the question of the potential for improvement of the current legal system. The question arises in particular in connection with a possible direct mandating of the audit firms by FINMA to strengthen the independence of the audit, as recommended, for example, by the International Monetary Fund (IMF). FINMA would welcome an investigation into this issue.