Eidgenössische Finanzmarktaufsicht FINMA
Autorité fédérale de surveillance des marchés financiers FINMA
Autorità federale di vigilanza sui mercati finanziari FINMA
Swiss Financial Market Supervisory Authority FINMA

Press release

Date:

Embargoed until:

Contact:
Ursula Keel, Spokesperson
Tel. +41 (0)31 327 14 45
ursula.keel@finma.ch

FINMA concludes enforcement proceeding against Julius Bär

The Swiss Financial Market Supervisory Authority FINMA has concluded an enforcement proceeding against Julius Bär bank in connection with private debt loans granted to a European group and client relationships involving two Russian PEPs, or politically exposed persons. It has established that the institution committed serious violations of supervisory provisions, in particular the requirements for appropriate risk management and the legal obligations relating to the prevention of money laundering. FINMA has thus concluded its fifth enforcement proceeding against Julius Bär in less than ten years. The bank had already implemented many immediate measures imposed by FINMA whilst the proceeding was ongoing. Further measures, following the conclusion of the enforcement proceeding, are now intended to ensure that the planned improvements to the compliance and risk culture are implemented effectively and sustainably across the institution. However, certain immediate measures were lifted or relaxed once the proceeding had been concluded.

In December 2024, FINMA initiated an enforcement proceeding against Julius Bär in connection with several loans granted to various entities of a European group and its founder. Prior to this, in June and December 2023 and in May 2024, it had already imposed extensive immediate measures in response to identified weaknesses in lending practices, anti-money laundering procedures and risk management, as well as the bank's very high risk appetite in the areas of reputational, money laundering and credit risks.

In August 2025, FINMA also opened a further enforcement proceeding. As part of this, it investigated possible breaches of anti-money laundering rules in connection with clients linked to two Russian PEPs (politically exposed persons). In this case too, FINMA imposed immediate measures in September 2025. Both cases concerned shortcomings in the bank's risk management and culture, which is why FINMA combined the two proceedings. This is already the fifth proceeding that FINMA has concluded against the institution in less than ten years.

Serious shortcomings in credit risk management

From 2018 onwards, Julius Bär developed a new business segment: the private debt business. This was characterised by the fact that loans were not secured by traditional collateral, but were generally secured by the borrowers' unlisted shares. From September 2019, the bank granted a total of eight loans to the European group and its founder, with the total value of the loans rising rapidly and exceeding the CHF 1 billion mark in 2022 and 2023. Julius Bär was not properly equipped for these loans, either in terms of organisation or staffing. For a long time, there was a lack of adequate internal regulations, effective control mechanisms and sufficient trained staff. Furthermore, this area of business was not part of the business strategy of a bank specialising solely in private banking. In its business dealings with the client group, the bank also ignored numerous warning signs that should have prompted it to reduce the risks it had taken on. The bank consistently disregarded the limits for each individual debtor that it had imposed on itself and breached regulatory requirements regarding the reporting of concentration risks. The relationship between the bank and client group was also characterised by various conflicts of interest and misguided incentives.

Julius Bär employees and external intermediaries earned salaries and commission running into the millions as a result of the bank's business relationship with this client group. The bank facilitated opaque equity transactions involving securities in the entities of this group and, in return, persuaded the client group to carry out a pass-through transaction amounting to EUR 60 million. As a result, at the end of 2022, the bank reported a total loan portfolio that did not reflect economic realities. The exposure of CHF 586 million outstanding at the end of 2023 ultimately had to be written down in full.

Serious breaches of anti-money laundering obligations

In addition, FINMA identified serious breaches of anti-money laundering obligations and serious shortcomings in the associated risk management. Although the clients in question with links to two Russian PEPs posed a high risk, the bank failed to adequately verify and scrutinise the origin of the assets over a period of several years. Additionally, it failed to critically review negative media reports and suspicious client behaviour with sufficient rigour and breached its reporting obligations under the Anti-Money Laundering Act. Instead of complying with its due diligence and reporting obligations, the bank decided in 2019 to make an exception to its rules (known as "Know Your Client Exception to Policy", KYC-EtP). The bank considered this to be justified because one of its employees had made an endorsement in favour of the PEP client. The bank did not question this approach even during subsequent reviews, despite the fact that the employee in question had close personal ties to the family of the PEP client.

Repeated serious breaches of supervisory law

Since 2017, FINMA has identified serious breaches of supervisory law in a total of five enforcement proceedings against Julius Bär and has ordered measures to restore compliance with the law. Despite some of the shortcomings and breaches being similar, as well as targeted measures to remedy them, the bank has failed, following past proceedings, to bring about the necessary change in its risk and compliance culture. Consequently, in both of the cases mentioned above, as in earlier cases, there were significant breaches which revealed a deficient internal risk and compliance culture within the bank.

Extensive measures

Julius Bär has already taken a number of measures, both as part of the immediate measures imposed by FINMA and during the ongoing enforcement proceeding, to address the identified shortcomings and improve its culture. In 2025, at FINMA's request, it redefined its risk appetite and decided to gradually divest itself, over the coming years, of clients and their assets that are no longer compatible with the bank's newly defined risk appetite. In addition, the bank has also discontinued its private debt business, reduced lending, strengthened its control functions, overhauled its remuneration system and initiated a cultural transformation. FINMA has also recognised that, over the past two years, Julius Bär has implemented the necessary consistent changes to its personnel at Board of Directors and Executive Board level and has fundamentally overhauled its corporate governance framework. The current management team was not appointed until after the events that gave rise to the identified breaches. It is now responsible for implementing the measures that have been ordered.

Due to the changed risk situation and the measures implemented by the bank, FINMA was able to lift, in part or in full, the immediate measures previously imposed in the areas of capital and liquidity. In addition, measures restricting activities in the lending business and in relation to entering into new business relationships with PEPs from high-risk countries were lifted or relaxed.

The bank has thus taken significant and necessary steps. To ensure that the improvements to the risk and compliance culture planned by Julius Bär are implemented effectively and sustainably across the entire organisation, FINMA ordered specific measures as part of the now concluded enforcement proceedings.

For example, the bank is required to submit reports to FINMA up until 2032, in which it provides an account of its risk, error and compliance culture and the measures it has taken in this regard. The temporary ban on entering into new business relationships with PEP clients from high-risk countries, which

was imposed by FINMA back in September 2025, will be phased out gradually until the divestment of client assets that no longer correspond to the firm's risk appetite has been completed. Until then, the bank must hold additional capital of CHF 250 million. At times during the proceedings, the amount was higher. Payments to shareholders, such as dividends, must be approved in advance by FINMA. Finally, FINMA is confiscating profits of around CHF 10 million that Julius Bär generated in violation of supervisory provisions in relation to the two Russian PEP client groups.

The ruling is not yet legally binding.

FINMA has launched proceedings against three former employees of the bank who may be responsible for violations of supervisory provisions or internal guidelines.