

Annual Report



FINMA's mandate

FINMA is an independent supervisory authority with the legal mandate to protect clients and ensure the proper functioning of the financial markets. FINMA thus helps to enhance the reputation, competitiveness and future sustainability of the Swiss financial centre.

As an integrated supervisory authority, FINMA supervises banks, securities firms, insurance companies, financial market infrastructures, collective investment scheme products and institutions, and entities under the Financial Services Act and the Financial Institutions Act, in addition to insurance intermediaries. It carries out its activity independently and in a consistent manner. Its staff are responsible, have high standards of integrity and are able to deliver results. In its role as supervisor, FINMA adopts a risk-oriented approach. Its activities cover the following areas:

Authorisation

FINMA is responsible for licensing companies operating in the sectors it supervises.

Supervision

FINMA monitors ongoing compliance with statutory regulations and licensing requirements. It is also responsible for combating money laundering. In addition, together with the trading venues, it supervises compliance with market conduct rules as well as the disclosure of shareholdings at listed companies.

Enforcement

To enforce supervisory law, FINMA conducts proceedings, issues rulings, implements sanctions and is the body to which appeals against decisions of the Swiss Takeover Board may be brought. Where wrongdoing is suspected, it files criminal complaints with the competent criminal authorities.

Resolution

FINMA is responsible for the restructuring proceedings and bankruptcies of companies subject to financial market laws.

Regulation

Where it is authorised to do so and when necessary to meet its supervisory objectives, FINMA issues its own ordinances. It also publishes circulars detailing the interpretation and application of financial market law.

International activities

FINMA fulfils the cross-border tasks that are related to its supervisory activity. It represents Switzerland in international fora and cooperates with foreign regulators.

2024 in milestones

The Federal Council approves the appointment of Stefan Walter as FINMA's new CEO by the Board of Directors. [Stefan Walter takes up his post on 1 April.](#)
p. 100

FINMA publishes [Guidance 01/2024](#) on the licensing process and supervision for portfolio managers and trustees as well as the new approach to thresholds for operating as a trustee on a commercial basis.
p. 21 ff.

FINMA publishes ordinances to [implement the final Basel III standards in Switzerland.](#)
p. 82

FINMA concludes [enforcement proceedings against Banque Audi \(Suisse\) SA for violation of anti-money laundering rules.](#)
p. 73

FINMA publishes [Guidance 02/2024](#) on the status of the follow-up documentation process for insurance intermediaries.
p. 74

JANUARY

FEBRUARY

MARCH

APRIL

On 31 January, the Federal Council brings the revised Collective Investment Schemes Act and the revised Collective Investment Schemes Ordinance into force with effect from 1 March 2024 (L-QIF legislation).
p. 66

On 10 April, the Federal Council publishes an in-depth evaluation of the regulation of systemically important banks ("Too big to fail" report).
p. 81

FINMA publishes [Guidance 03/2024](#) on cyber risks.
p. 37

FINMA publishes [Guidance 04/2024](#) on operational risk management by fund management companies and managers of collective assets.
p. 65

FINMA opens [bankruptcy proceedings against FlowBank SA](#).
p. 70

FINMA concludes [enforcement proceedings against HSBC Private Bank \(Suisse\) SA for violation of anti-money laundering rules](#).
p. 73 f.

FINMA concludes the [antitrust control procedure for the merger of UBS and CS](#) without imposing any conditions or obligations.
p. 57 f.

FINMA revises the circular on liquidity for insurers.
p. 83

FINMA publishes the [revised FINMA Insurance Supervision Ordinance \(ISO-FINMA\)](#) and various revised circulars for insurance companies.
p. 82

FINMA publishes [Guidance 05/2024](#) on the obligations of insurance companies in the area of insurance intermediation, which is covered by the new regulation.
p. 59 f.

FINMA publishes [Guidance 06/2024](#) on the risks and requirements for banks that issue and guarantee stablecoins.
p. 53

MAY

JUNE

JULY

AUGUST

FINMA provides information about the [conclusion of the enforcement proceedings against Mirabaud & Cie SA](#).
p. 77 f.

Resolution reporting: FINMA orders [UBS to revise its recovery and emergency plans](#).
p. 69

FINMA publishes a new [ordinance and the revised Circular 2025/01 on auditing](#).
p. 82

FINMA publishes its [strategic goals for the period from 2025 to 2028](#).

FINMA publishes the [2024 Risk Monitor](#) and identifies the most significant risks for the financial sector.
p. 37

FINMA opens [enforcement proceedings against companies and individuals in connection with the Moonshot platform](#).

FINMA concludes [enforcement proceedings against Leonteq](#) for breaching its risk management obligations and the obligation to ensure suitability.
p. 73

FINMA publishes [Circular 2026/1 "Nature-related financial risks"](#).
p. 82

FINMA publishes [Guidance 07/2024](#) on the calculation of minimum capital requirements for operational risks.
p. 36

FINMA publishes [Guidance 08/2024](#) on governance and risk management when using artificial intelligence.
p. 51

The Federal Council appoints [Aline Darbellay](#) to FINMA's Board of Directors.

SEPTEMBER

OCTOBER

NOVEMBER

DECEMBER

The Parliamentary Investigation Committee publishes its report on the CS crisis.
p. 12

In the service of financial market clients and the stability of the financial centre

The Swiss financial market showed itself to be stable in 2024. Clients of banks, insurers, asset managers and exchanges were able to depend on a well-supervised financial market and a high degree of protection and legal certainty. At the same time, the Credit Suisse (CS) crisis and subsequent merger with UBS and the report prepared by the Parliamentary Investigation Committee (PlnC) on “[Management by the authorities – CS emergency merger](#)”, which was published in December 2024, continued to prompt widespread public interest.

FINMA intensified its supervision of the merged UBS. At the same time, its regular supervisory work was effective in protecting investors, creditors and insurance customers, along with the stability and reputation of the Swiss financial centre. This Annual Report also responds to the publication of the PlnC report and describes the intensified supervision of the new UBS, which is shaped by the experiences during the CS crisis. Above all, it describes FINMA’s steadfast and committed supervisory and enforcement work in the service of customers and the Swiss financial centre, which is often invisible to the public.

Publication of the PlnC report welcomed and enhanced supervision of UBS

The PlnC report into the CS crisis attracted considerable public interest, and FINMA welcomed the publication of the report. In particular, it supported the report’s recommendation to the Federal Council to equip FINMA with additional powers. These include allowing FINMA to communicate more actively in public about its supervisory work, introducing a senior managers regime, the power to levy fines and the power to intervene earlier where there are problems. Although the PlnC stated that the regulatory filter was lawful and was disclosed, FINMA acknowledges the criticism that the filter was unlimited in terms of time and amount. It has learned the lessons of the crisis as an organisation, and is continuing to expand its supervision in the areas of risk culture, governance, business models and recovery plans (more on the publication of the PlnC report on page 12 f.).

The [Federal Council report on banking stability](#), published in April 2024, analysed the takeover of CS and

the proposed legislative changes to reinforce banking stability and give FINMA a stronger set of tools. FINMA welcomed the thrust of the report and set out its main objectives in response. These comprise the ability to intervene early, stronger enforcement powers, stricter capital adequacy and corporate governance requirements and a more robust legal framework for recovery and resolution planning for systemically important banks (more on FINMA’s proposals for “too big to fail” regulation on page 81).

Inevitably, the supervision of UBS was dominated by the integration of its former competitor CS. As part of its intensified supervision, FINMA deployed the entire range of supervisory tools. FINMA staff carried out numerous on-site supervisory reviews both in Switzerland and abroad, and maintained a detailed dialogue on integration issues with UBS above and beyond the regular supervisory dialogue. FINMA’s approval of the legal merger of the most important legal entities was an important milestone (more on this in “Close supervision of UBS dominated by the CS takeover” on page 57).

Steadfast and robust supervision by FINMA

Irrespective of the intense public focus on the events surrounding the merger of UBS and CS and the publication of the PlnC report, FINMA continued its steadfast supervisory work in the Swiss financial centre in 2024. It concentrated its supervision on the areas of greatest risk for investors, creditors and insurance customers, and on the financial centre as a whole. It promoted the stability of supervised institutions and integrity of conduct, tackled misconduct decisively and safeguarded the reputations of institutions and the Swiss financial centre.

Where supervised institutions committed serious breaches of the rules, FINMA intervened decisively to protect investors, creditors and insurance customers. If imposing measures on the institution was insufficient to restore compliance with the law, FINMA resorted to its enforcement powers to achieve compliance. In 2024, FINMA announced publicly that it had taken enforcement action of this kind against Leonteq for violations of its risk management obligations and duty to ensure suitability, against the Moonshot plat-

form for engaging in activities on the financial market without the requisite authorisation, and against Mirabaud & Cie SA, HSBC Private Bank (Suisse) SA and Banque Audi (Suisse) SA for serious violations of anti-money laundering requirements. FINMA placed FlowBank SA into bankruptcy for breaching the minimum capital requirements. The Federal Supreme Court and Federal Administrative Court backed up FINMA's past enforcement decisions in a number of judgments (more on enforcement on page 73 ff. and on recovery and resolution on page 69 ff.).

The main supervisory tools used by FINMA included on-site supervisory reviews, stress tests, customised surveys and supervisory discussions up to the most senior levels of management. FINMA deployed its tools in a proportionate and risk-oriented manner. On-site reviews were mostly held at institutions in supervisory categories 1 to 3 and were significantly less frequent at smaller institutions in categories 4 and 5. FINMA ensured transparency for supervised institutions by publishing a range of guidance documents, circulars and ordinances. At the same time it strengthened the proportionality of supervision by expanding the small banks and small insurers regimes, thereby lowering the cost of compliance for supervised institutions (more on this in "FINMA's core tasks" on page 27 ff.).

FINMA monitored the capital and liquidity position of supervised institutions and examined their resilience by collecting data and carrying out stress tests. It also analysed their interest rate risks. If required, it instructed the institutions concerned to take corrective action. The risks relating to the real estate sector and mortgages, which are particularly important for the Swiss financial centre, were monitored especially closely by FINMA. Where appropriate, it instructed financial institutions with high exposures to make adjustments in the form of capital surcharges. With regard to cyber risks, FINMA strengthened its supervision with on-site reviews while also expanding its dialogue with supervised institutions. FINMA also held supervisory discussions with larger banks and insurers on their management of climate-related financial risks and collected data on this issue (more on this in "Measures for promoting stability" on page 29 ff.).

FINMA took targeted action to foster good conduct and responsible governance by supervised entities. In particular, it took steps to ensure firms have effective policies to combat money laundering, ensure compliance with sanctions, and combat greenwashing. If it identified elevated risks at a financial institution, for example due to a weak risk culture, it intervened as early as possible and instructed the institution to take appropriate action. In this regard, FINMA made clear that the executive board and board of directors are responsible for a financial institution's good governance and for implementing a well-developed risk culture; they also need to reflect the firm's values and risk culture in their conduct and decisions.

Supervision of insurance intermediaries launched successfully

Following the revision of the Insurance Supervision Act (ISA), which improves protection for insurance customers, FINMA has been supervising the intermediary business in the insurance sector since the beginning of 2024. This change affects over 30,000 tied and untied insurance intermediaries. To reach this large group of new supervised institutions and individuals well ahead of the deadline, FINMA launched a communications offensive with a range of information resources, held in-person events, and enabled the intermediaries concerned to register via the digital survey and application platform (EHP) (more on the successful launch of the new supervisory responsibility for insurance intermediaries on page 59 ff.).

Opportunities of advancing digitalisation

Innovation was as important as ever in the Swiss financial centre in 2024. FINMA actively embraced new developments and remained open to innovation. In its drive to raise operational excellence, it continued to push ahead with the digitalisation of its own processes and infrastructure. FINMA has made digitalisation one of its strategic objectives and set out an ambitious digital strategy. It uses digital tools and automation, including the latest data analysis technologies, and exchanges data and information with supervised institutions, or for the purposes of international administrative assistance, via the EHP.

FINMA also made use of modern technologies in its supervision, known as SupTech (supervisory technology) applications. These included algorithms to analyse text documents. This technology made it possible to analyse sources that have not previously been used, such as press reports, social media posts, customer reviews and external ratings. This wide-ranging data, which is processed using machine-learning methods, supports supervisors in making a full assessment of the risks of supervised institutions.

FINMA evaluated enquiries from supervised institutions and new participants about innovative digital business models promptly and efficiently. It took a technology-neutral and risk-based approach to these evaluations, with safeguarding customers the central requirement. It ensured that where new technologies are used, this is in line with the regulatory framework (more on data-driven supervision, FINMA's digital strategy and digitalisation in the financial sector on page 47 ff.).

Looking ahead to the future

FINMA reports in detail on the past year in its 2024 Annual Report. It will learn the lessons for the future from the CS crisis – a watershed for the entire country – to ensure it protects the stability of the financial centre and its customers even better in future. FINMA also supports the strengthening of its powers, as recommended in the PInC report on the CS crisis. We want to be able to intervene earlier when there are problems, for example in the event of shortcomings in governance, such as where an institution's board of directors and senior management are not reflecting the firm's values and risk culture in their conduct and decisions. More active public communication about supervision, the introduction of a senior managers regime and the power to levy fines are further reforms advocated by FINMA. These powers are in line with the repertoire of FINMA's international peers. They have a preventive impact and help to ensure that supervised institutions conduct their business with integrity.

As the authority responsible for financial supervision, we are proud to have again worked competently and effectively with our motivated staff to protect investors, creditors and insurance customers on the Swiss financial market in 2024. We look forward to continuing to advance the stability, reputation and resulting competitiveness of the financial centre in future. We hope you enjoy reading the Annual Report and find it informative.



Stefan Walter, CEO

Stefan Walter

Marlene Amstad, Chair of the
Board of Directors

M. Amstad

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The PInC report reviewing the CS crisis

On 20 December 2024, the Parliamentary Investigation Commission (PInC) published its report on the CS crisis. FINMA particularly welcomes the recommendations contained in the report for the Federal Council to increase FINMA's powers. FINMA understands the criticism levelled at the implementation of the regulatory filter in 2017.

In the aftermath of the CS crisis, the United Federal Assembly appointed a PInC on 8 June 2023 to investigate the role and actions of the authorities in connection with the emergency merger of CS and UBS on 19 March 2023. [The PInC presented its report on 20 December 2024.](#)

Reinforcing FINMA's supervisory tools

FINMA welcomes the report, particularly the recommendations for the Federal Council to increase FINMA's powers, specifically the ability to intervene earlier in the event of irregularities at supervised institutions, and to inform the public more actively regarding its supervisory work, coupled with the introduction of more effective supervisory tools such as a senior managers regime and the power to impose fines. The recommendations are in line with the main thrust of the [Federal Council's "Too big to fail" report](#) (TBTF report) and reflect FINMA's position as repeatedly declared since April 2023.

FINMA had already published its own report in December 2023 entitled ["Lessons Learned from the CS Crisis"](#), in which it analysed the developments and events leading up to the merger of CS and UBS. The first lessons from this analysis were already incorporated into the intensified, adapted supervision of the merged UBS in 2024.

Like the TBTF report before it, the PInC report confirmed that during the critical phase in March 2023 the restructuring plan for CS prepared by FINMA was ready for signature and was a workable option. It also confirmed that the resolution plan based on the TBTF regulation played a key role in the search for a solution. This provided the responsible authorities with an option as the situation of CS deteriorated massively within a short time. At the crucial point in time, the authorities were of the opinion that the merger of CS and UBS was the lower-risk solution compared to restructuring or resolution.

The experience gained from the upheaval on the financial markets leading up to March 2023 shows that the crisis preparation and resolution planning options for systemically important banks need to be improved. The new situation with UBS as the sole global systemically important bank calls for better resolution measures. In particular, options for an orderly market exit need to be developed. These include the sale or winding down of individual business segments or the sale of the entire bank without risking the stability of the financial system and without the use of taxpayers' money. It must be possible to combine these options with a bail-in and the public liquidity backstop to ensure there is sufficient liquidity support and adequate capital during any resolution.

The PInC report states that the crisis was caused by years of mismanagement by CS's leaders. CS lost the trust of the markets, investors and clients due to repeated scandals, serious management errors, and the inadequate implementation of its strategies. These developments cumulated in large withdrawals of client funds in mid-March 2023, resulting in the threat of immediate insolvency. The Confederation, the Swiss National Bank (SNB) and FINMA took decisive measures to safeguard the solvency of CS at all times, and supported its takeover by UBS. They thus successfully protected the bank's clients and creditors, and ensured the stability of the Swiss financial centre.

The PInC judged FINMA's enforcement activities to be lawful and for the most part appropriate. The Commission also notes that in the CS case, the instrument of enforcement proceedings in its current form – particularly where there is a lack of willingness on the part of the responsible bodies – reached its limits. FINMA welcomes the PInC's recommendation that the Federal Council create the conditions required to increase the effectiveness of enforcement proceedings.

The number and intensity of the measures taken against CS and the enforcement proceedings conducted are unique in comparison with other banks. Long before the crisis, FINMA had already taken far-reaching measures to rectify shortcomings at CS, particularly in its risk management and risk culture. In 2022, it also put increasing pressure on the bank to prepare additional recovery measures.

Criticism of implementation of the regulatory filter

The PlnC criticised the implementation of the regulatory filter that FINMA had granted to CS in 2017 without any limits in terms of time or amount. Regulatory filters are situation-specific and can increase or decrease the valuation or intrinsic value of assets or liabilities for regulatory purposes. The regulatory filter from 2017 maintained the portfolio valuation method. This allows for the book loss of one subsidiary to be compensated by the book profit of another subsidiary. In the CS Group, the capital base remains the same with and without the filter. However, the portfolio valuation made partial sales of subsidiaries more difficult, as they would have led to book losses. The PlnC states that the regulatory filter was lawful and had been disclosed. FINMA accepts the criticism that the filter should have been limited in terms of time and amount. The filter was considered necessary at that time in order to ensure the required abolition of Article 125 of the Capital Adequacy Ordinance (CAO) with the simultaneous introduction of the weighting regime, which was independent of the portfolio valuation.

FINMA had already spoken out in favour of a full deduction regime for participations without special exemptions for large banks in 2012 and is now in favour of this as a lesson learned from the events surrounding the TBTF report. The capital situation of the parent company is only adequately protected when foreign participations lose value or are sold in the context of recovery or resolution measures if

these participations are fully deducted from its Common Equity Tier 1 capital. This advantage of the deductions for participations is also recognised by the PlnC. The PlnC report states that it would have been CS's responsibility to build up an adequate capital buffer that would leave all the strategic options open. Instead of doing so, the managers at CS made large bonus payments and distributions over many years. FINMA did not have the legal basis on which to prevent this.

The takeover of CS by UBS provided protection for creditors and ensured the uninterrupted functioning of the markets. As UBS is now the sole global systemically important Swiss bank, with a balance sheet larger than the country's annual economic output, there are new challenges for financial market supervision. The PlnC's recommended expansion of FINMA's instruments such as more active public communication regarding its supervisory work, the possibility to intervene earlier in the event of irregularities, a senior managers regime and the power to impose fines, would further intensify the effect of its supervisory and enforcement measures. These instruments are standard for comparable international authorities.

Institutions and products overseen

Individuals or companies wishing to accept money from investors, offer insurance products, set up funds or operate in another manner in the Swiss financial markets must, depending on their activity, be licensed, recognised, authorised, approved or registered by FINMA. The statutory requirements and supervisory intensity vary depending on the type of authorisation concerned. In total, FINMA oversees some 30,000 institutions and products. Not all institutions and products overseen are supervised by FINMA directly (cf. [FINMA website](#)).

271 financial market infrastructures

71 securities firms

195 insurers and general health insurers

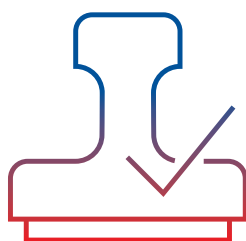
515

fund management companies, managers of collective assets and custodian banks, representatives and agencies

497
banks



10,559 collective investment schemes



5 registration bodies and reviewing bodies for prospectuses

1,522 portfolio managers and trustees

5 FinTech companies

16 supervisory and self-regulatory organisations

8,852 insurance intermediaries

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Market developments

17 Market developments

Geopolitical tensions, wars and sanctions coupled with rising interest rates posed major challenges for Swiss financial market participants and FINMA in 2024. In this uncertain environment, FINMA's supervision strengthened the stability of the financial market. It took into account the risks associated with the developments and supervised financial market participants in a risk-oriented and proportional manner.

Market developments

For the financial markets, 2024 was characterised on the one hand by ongoing geopolitical tensions. On the other, inflation eased and central banks in the major developed economies lowered their key interest rates.

The situation among institutions supervised by FINMA proved fundamentally stable over the reporting period despite the challenges. FINMA took account of the risks associated with these geopolitical uncertainties and falling interest rates and used them as the basis for its risk-based supervisory activity.

Market developments among banks and securities firms

The profitability of Swiss retail and wealth management banks developed positively in 2023, while the interim financial statements for 2024 indicated a flattening of growth. Retail banks improved their cost-income ratio significantly in 2023, and the median value fell by a good five percentage points in total to around 52%. The cost-income ratio shows the capacity of a company to keep costs under control in relation to income and is a measure of profitability. The lower the value, the higher the profitability. Wealth management banks likewise considerably improved their cost-income ratio. The median value was roughly seven percentage points lower at around 72%. Thanks to the positive performance on the equity markets, banks' assets under management rose again in the first half of 2024. This had a positive impact on the commission business and services. However, interest margins remained under pressure. Securities firms increased their gross profit overall in 2023, particularly due to the good trading results. However, because operating expenses rose faster than gross operating profit, the cost-income ratio deteriorated slightly.

The growth of loans to customers by retail banks slowed down in 2023. Mortgage loans also increased to a lesser degree than in previous years. This moderate growth of mortgage loans continued in the first half of 2024. Amounts due from customers, which are less significant from a volume perspective, fell more sharply in 2023 than in the previous year. This decline was largely attributable to the performance of the Swiss entities of UBS Group. Amounts due from

banks and amounts due from securities financing transactions rose in particular in the first half of 2024.

No noticeable deterioration in the credit quality of loans to customers was observed in 2023. Moreover, the high growth of mortgage loans in recent years did not have any significant impact on value adjustment ratios. However, the mortgage delinquency rate rose slightly for the first time in a long while, although it remained at a low level. The value adjustment ratios also increased slightly for amounts due from customers.

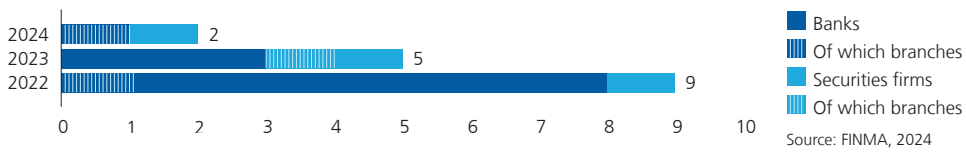
The equity capital and liquidity buffers of Swiss banks and securities firms were robust in both 2023 and the first half of 2024.

New licences and market exits

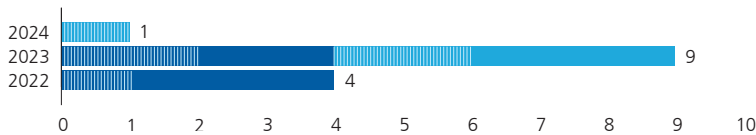
Two institutions were newly licensed, and there was one voluntary exit from FINMA's supervision in 2024. FINMA licensed an owner-managed securities firm that independently offers financial and pension products to private clients residing in Switzerland. Additionally, it granted a French banking group a licence to establish a Swiss branch office in connection with its restructuring.

Players seeking licensing receive valuable information early on in the project phase regarding any obstacles to licensing and other important issues. Active use was made of this opportunity once again in 2024. Licensing projects were withdrawn in various cases due to business decisions or potential obstacles to licensing. Examples of such obstacles included doubts concerning the fitness and propriety of management and shareholders, lack of adequate consolidated supervision, unclear sources of funds, and a lack of any connection to Switzerland. At the same time, several institutions with clear corporate structures and innovative business models submitted their licence application to FINMA after successfully completing the project phase.

New licences: banks and securities firms



Market exits: banks and securities firms



Developments on the insurance market

The insurance sector reported relatively stable solvency key figures according to the Swiss Solvency Test (SST) in the year under review (see solvency figures on page 31). However, substantial supervisory activities were necessary in connection with the SST. In some areas, changes in the macroeconomic environment had an impact. For instance, the increasing significance of inflation risks was taken into account through suitable model adjustments. The entry into force of the revised Insurance Supervision Ordinance (ISO) also resulted in new regulatory requirements.

Brief explanation

The SST is a supervisory tool for the capitalisation of insurance companies on the basis of their overall balance sheet. Insurance companies have to submit an SST report to FINMA at least once a year, in which they mark all assets and liabilities to market and model these balance sheet positions over a one-year period in order to arrive at the total required capital. The solvency requirement is met if the available capital is greater than the required capital, i.e. a ratio of more than 100% is achieved.

Reinsurers

The premium rates in the area of reinsurance for natural catastrophes have risen in recent years, and the market conditions for reinsurers have improved. Reinsurers successfully asserted generally attractive premiums and conditions when renewing annual reinsurance policies in 2024, including on the retrocession markets. Non-traditional forms of reinsurance, such as bonds with securitised catastrophe

risks, also experienced sustained high demand. Despite the general rise in interest rates, investors' risk appetite on these markets remained high, resulting in an increase in the volume of new issuances.

Estimated losses due to natural hazards totalled around USD 135 billion, and USD 8 billion for catastrophe losses caused by humans. These figures once again exceeded the average of the past ten years. Hurricanes Helene and Milton were the two most expensive events, which also revealed a significant protection gap compared to the total economic losses.

A further increase in court proceedings with elevated payouts in the liability sector was observed in the USA. This development contributed to a rise in loss amounts that was significantly higher than the growth of the consumer price index.

Non-life insurers

There were major instances of severe weather in several cantons in 2024 that particularly in the first half of the year resulted in significant losses due to nat-

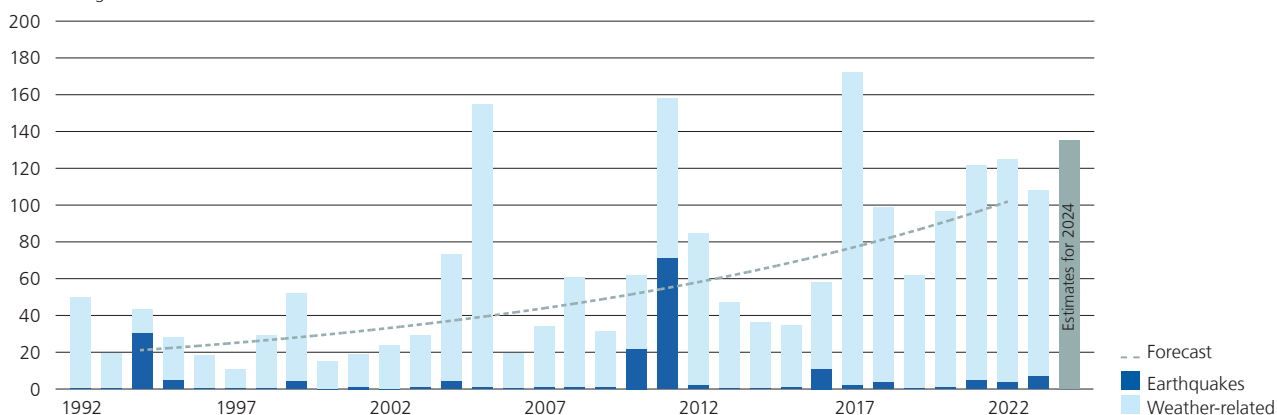
ural hazards, particularly in the first half of the year. These included floods in Valais and Ticino, landslides in Graubünden and hail in Jura. Altogether, however, the non-life insurance business remained profitable, and the premium volume increased again slightly. Regulatory changes arising from the revised ISA and the revised ISO posed a particular challenge. Alongside other new tasks and requirements, this particularly involved additional duties with regard to tied and untied insurance intermediaries.

Life insurers

The revised ISO includes new rules for the provision of sample calculations for unit-linked life insurance policies presented to clients in offers. The amended sample calculations now better illustrate the investment risk associated with unit-linked life insurance policies. While the rules did not enter into force until 1 January 2025, almost all life insurers have already been implementing the new practice since mid-2024. These new requirements will have an impact on the life insurance market, although it is still too early to quantify this.

2024: Insured losses from natural disasters remain at a high level

Growth in global insured losses from natural disasters in USD billion



It should be noted that the data in the chart is inflation-adjusted as at 2022, but has not been adjusted for higher value concentrations.

Source: [sigma 1/2024](#). [Natural catastrophes in 2023: gearing up for today's and tomorrow's weather risks](#). Swiss Re Institute, 2024

Per capita premiums (PCPs) in the supplementary health insurance sector

PCP	Outpatient	indexed	Dental insurance	indexed	Hospital semi-private	indexed	Hospital private	indexed
2023	272	129.2	262	117.2	1,509	94.9	2,145	84.2
2022	260	123.5	257	115.3	1,534	96.5	2,258	88.6
2021	259	123.2	253	113.4	1,564	98.4	2,371	93.0
2020	255	121.0	249	111.5	1,580	99.4	2,474	97.0
2019	245	116.3	240	107.6	1,595	100.3	2,594	101.8
2018	243	115.6	238	106.5	1,654	104.1	2,597	101.9
2017	237	112.6	234	104.7	1,629	102.4	2,478	97.2
2016	230	109.1	230	103.1	1,593	100.2	2,588	101.5
2015	217	103.0	221	99.1	1,586	99.8	2,583	101.3
2014	210	100.0	223	100.0	1,590	100.0	2,549	100.0

Supplementary health insurers

Premiums for supplementary health insurance have developed in different directions over the past decade. This is reflected in the prices for dental insurance and for outpatient and inpatient cover in semi-private and private wards as shown in the table above. Outpatient cover has become more expensive on average, while the opposite trend applies to inpatient cover, which also reflects the average claims expenditure per insured person. When interpreting the figures, it should be borne in mind that, in addition to price trends, changes to the portfolio structure of the providers and to the policies also have an impact on premiums.

New licences and market exits

In 2024, only three captives¹ and one branch of a foreign non-life insurer were granted new licences in the insurance sector. This was also a consequence of the revised ISA and ISO. The ISA now allows insurance special purpose vehicles. Furthermore, the foundations have been laid for licensing innovative

business models, particularly in the area of environmental protection. Various market participants approached FINMA in the period under review with relevant licensing projects. The projects require in-depth investigations that were not yet completed at the end of 2024. Market exits were recorded for three insurance companies, including two health insurers and one professional reinsurer. They withdrew from the market for various company-specific reasons – strategic reorientation, merger, and internal restructuring within the group.

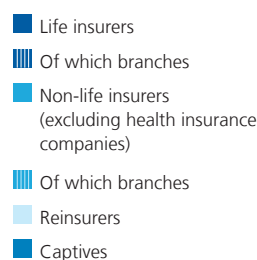
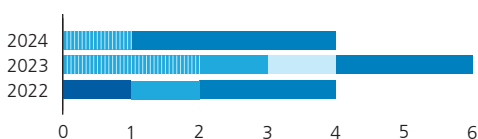
Market developments in the Swiss fund market

In a macroeconomic environment shaped by lower inflation and the prospect of further interest rate cuts, the Swiss asset management sector was back on track for robust growth in 2024.

Despite the prevailing uncertainty with regard to future transactions and opportunities, unlike in 2023, several real estate funds obtained around CHF 1.3 billion in additional capital from investors through cap-

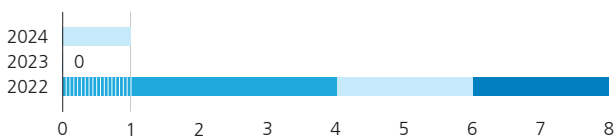
¹ A captive is an in-house insurance company set up to insure the risks of the parent company and its subsidiaries. Captives serve to ensure better control of insurance programmes and the costs of what are often large insurance companies.

New licences: insurers



Source: FINMA, 2024

Market exits: insurers



ital increases (see “Easing of conditions affecting real estate funds” on page 35).

The positive development of the Swiss fund market (excluding real estate funds) is attributable to the positive stock market environment. However, geopolitical risks and growth uncertainties also impacted the asset management sector in the first half of 2024. Capital allocation therefore remains limited to the low-risk investment categories of bonds and money market. Demand for innovative products continued to fall compared with previous years.

At CHF 1,363 billion, the total net assets of all Swiss open-ended collective investment schemes reached a new record at the end of the third quarter of 2024, which is primarily attributable to the equity markets. However, inflows of new funds remained at a low level.

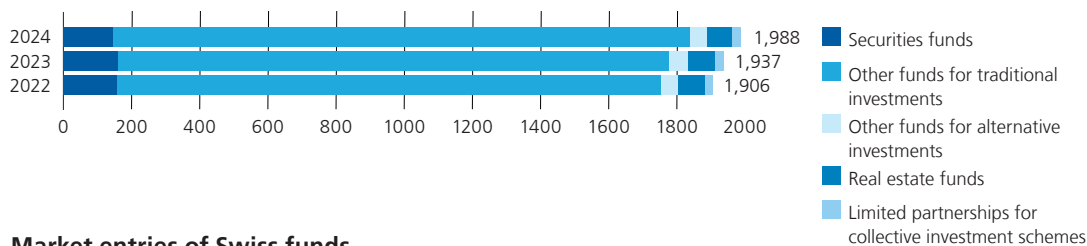
With 1,988 Swiss and 8,571 foreign collective investment schemes as at the end of 2024, the figures only

rose marginally compared with 2023. The “Other funds for traditional investments” category remained the most widespread fund type and the largest in terms of volume. The number of licensed institutions operating in asset management (fund management companies, managers of collective assets) increased further and amounted to 373 at the end of 2024 (2023: 350), of which 55 (2023: 53) were fund management companies and 318 (2023: 297) were managers of collective assets.

Portfolio managers and trustees

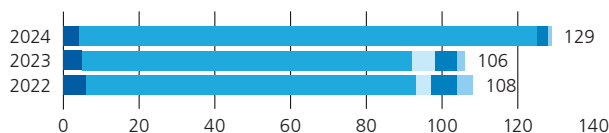
Since the entry into force of the Financial Institutions Act (FinIA) in 2020, portfolio managers and trustees operating on a commercial basis have needed a licence. Most benefited from a transition period. By the time of its expiry at the end of 2022, 1,699 licence applications had been received by FINMA. More than 93% of these were completed by the end of 2024. These included approved, withdrawn and rejected applications. A further 161 institutions submitted a new licence application to FINMA following

Total Swiss funds

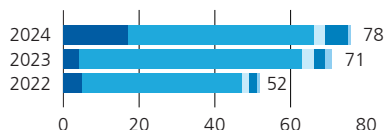


Source: FINMA, 2024

Market entries of Swiss funds



Market exits of Swiss funds



the expiry of the deadline. 123 of these were concluded by the end of 2024.

FINMA granted 1,560 licences in total by the end of 2024, of which 38 licensed institutions have already been released from supervision. 128 institutions withdrew their submitted licence application – in most cases because they considered the statutory requirements to be too challenging. A quarter of them already withdrew prior to processing by FINMA. Five applications were rejected. In addition, 2,930 change requests were received from already licensed portfolio managers and trustees by the end of 2024.

In its [Guidance 01/2024](#), FINMA announced that trustees with unlimited power of disposal over assets belonging to others which exceed CHF 5 million are deemed to be operating on a commercial basis and

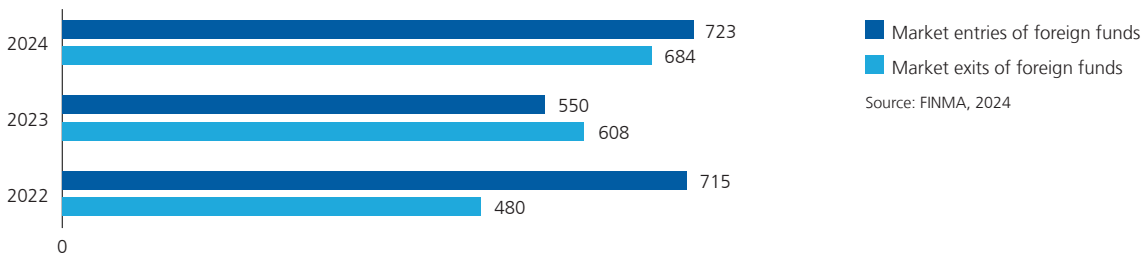
therefore require a licence. The institutions concerned were requested to submit their licence application to FINMA by the end of 2024. In addition, FINMA wrote to around 100 trustees who were potentially subject to the new licensing requirement separately.

FINMA has initiated 647 investigations due to suspected unauthorised activity as a portfolio manager or trustee since 2020. It had filed 65 criminal charges with the Federal Department of Finance (FDF) due to suspected unauthorised activity by the end of 2024. FINMA also placed 376 institutions on its warning list due to suspected unauthorised activity as a portfolio manager or trustee.

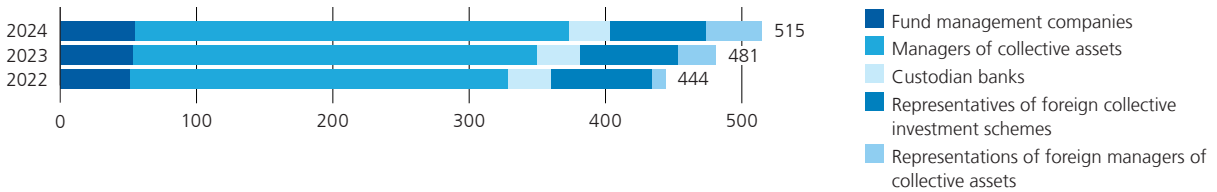
Total foreign funds



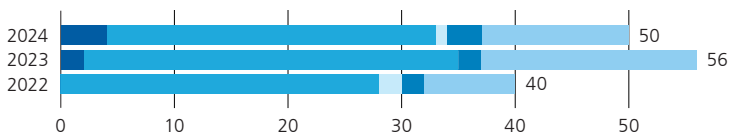
Market entries and exits of foreign funds



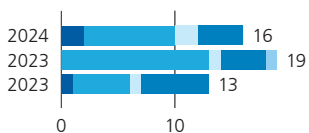
Total institutions



Market entries of institutions



Market exits of institutions



The supervisory organisations (SOs) generally conduct ongoing monitoring of licensed portfolio managers and trustees. They are responsible for monitoring and enforcing compliance with the licensing requirements by the institutions. If the SO is unable

to restore compliance with the law, it reports this to FINMA. 29 cases were escalated to FINMA for preliminary investigation by the end of 2024, which subsequently placed the first institutions under its direct intensive supervision.

Overview of licensing status

Total number of applications 1,860



- Legally licensed (including those already released from supervision again)
- Under review
- Application concluded without licence

Source: FINMA, 2024

Wide public interest in FINMA's work

More and more clients, investors, lawyers and other interested parties contact FINMA by phone or in writing every year. In 2024, it received over 8,000 enquiries. The questions they ask are generally about their bank or insurance policies, unauthorised financial market players, and licensing issues. These contacts provide FINMA with valuable information for its supervisory activities and the action it takes against unauthorised providers.

8,615 enquiries | **628** supervisory-related enquiries

3,717 enquiries about authorised institutions (banks, insurers, etc.)

 **1,833** unauthorised institutions reported

2,203 regulatory enquiries

FINMA's core tasks

- 29 Measures for promoting stability**
- 41 Measures aimed at promoting good governance**
- 47 Data-driven supervision, FINMA's digital strategy and digitalisation in the financial sector**
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- 69 Recovery and resolution**
- 73 Enforcement**
- 81 Regulation**
- 85 International affairs**

The stability of the financial centre is crucial for Switzerland. FINMA is committed to ensuring that supervised financial institutions have sound capital and liquidity positions. Institutions must also deal appropriately with interest rate, climate and cyber risks. FINMA's risk-oriented and proportional supervision promotes the stability and resilience of the supervised institutions and strengthens the protection of their clients. To achieve this aim, it makes use of stress tests, data analyses and supervisory exchanges, and orders corrective action where necessary.

Measures for promoting stability

A well-functioning financial market is vital to the growth of the entire Swiss economy. As part of its supervisory activity, FINMA takes specific measures to support the stability of financial market participants.

As one of its supervisory objectives, FINMA monitors the stability of its supervised financial institutions, particularly with regard to capital and liquidity. By doing so, it protects clients, investors and policyholders. This is the only way to ensure that the financial market can continue to perform its function even during crisis situations.

Stability of the supervised institutions: capital

Sufficient levels of capital resources are vital to the stability of financial institutions. They ensure that banks, insurance companies and asset managers are able to function and support the national economy during both calm and turbulent times. FINMA implemented numerous measures in furtherance of its efforts to ensure that all supervised institutions have sound capital resources.

Regular stress tests increase the financial resilience of banks

FINMA subjects banks to regular stress testing. For example, it reviews the financial resilience of the institutions and analyses how well they adhere to the regulatory requirements under stressed conditions. FINMA took action in those instances where the stress tests conducted in 2024 produced unsatisfactory results.

During 2024, FINMA carried out loss-potential analyses among the systemically important banks on the basis of stress scenarios with a three-year time horizon. It analysed and assessed the effects of those scenarios on the capital situation of the banks. FINMA also evaluated the internal banking stress tests conducted by selected institutions in a variety of supervisory categories.

It performed portfolio-specific or risk type-specific stress tests at selected banks. Firstly, this included stress testing of their mortgage portfolios. Using the banks' own data, the scenarios simulated the effect of a sudden rise in interest rates coupled with a significant price drop in the real estate market. FINMA assessed the impacts on the institutions' mortgage portfolios as well as their capacity to absorb losses. Secondly, FINMA carried out profit-related stress tests on the interest rate risk. In this regard, it predefined various scenarios for interest rate movements and for developments in the balance sheet. It then assessed the results based on data provided by the banks and the assumptions they had made.

In connection with climate-related financial risks, FINMA and the SNB launched a climate-related scenario analysis at UBS during 2024. The objective of

Capital surpluses of banks

As a percentage of the requirement laid down by supervisory law (including buffer requirements) for loss-absorbing core capital (Tier 1 capital)

Supervisory category of banks as defined in the Banking Ordinance	Capital surplus		
	Middle of 2024	End of 2023	Middle of 2023
Category 1	17%	8%	17%
Category 2	29%	32%	29%
Category 3	58%	62%	58%
Category 4	89%	94%	101%
Category 5	186%	191%	186%

Source: FINMA, 2024

Stress testing of banks in supervisory categories 1 to 5

Stress test	Brief description of stress scenarios	Supervisory category
Loss-potential analysis	<ul style="list-style-type: none"> • Global recession and serious crisis in Europe with defaults by highly indebted countries and breach of EU solidarity • Global inflation with debt and energy crisis: serious disruptions to global trade and high energy and commodity prices, rising interest rates and acute geopolitical tensions 	1–2
Mortgage stress test	Sudden rise in interest rates coupled with a significant price drop in the real estate market	1–5
Interest rate stress test	<ul style="list-style-type: none"> • Increase in interest rates • Fall in interest rates • Rotation of the yield curve • In addition, different ways of modelling customer behaviour in each case 	1–4

Source: FINMA, 2024

the analysis is to estimate the bank's loss potential on the basis of a 2050 time horizon with the aid of scenarios defined by the Network for Greening the Financial System (NGFS) (see also "Network for Greening the Financial System", page 86).

Improved risk assessments through topic-specific data gathering activities

During 2024, FINMA also carried out data gathering activities among the banks with a view to evaluating the risks that a supervised institution might face in relation to a given topic, and then used the results of those evaluations to determine the appropriate measures to be taken. The data gathered gives FINMA a clear picture of the comparative risk levels across a broad group of banks. FINMA can then identify institutions that are faring poorly and take appropriate action, e.g. by ordering them to swiftly address weak points in their risk mitigation systems, or may launch more intensive supervision. The data surveys conducted among the banks covered the following topics:

- Mortgage underwriting criteria, focusing on both affordability calculations and real estate valuations
- Direct and indirect commitments of the banks in relation to non-domestic real estate
- Country-specific risks arising from foreign commitments of the banks, with a focus on Europe and the USA
- Climate-related financial risks facing banks in supervisory categories 1 to 3, including information on the sector-specific risks and financed greenhouse gas emissions.

Individual-loan survey closes data gaps

In May 2022, FINMA's Board of Directors decided to conduct a new individual-loan survey (ILS) in collaboration with the SNB in order to gather granular data on credit portfolios at the level of individual loans. The SNB carries out surveys on lending volumes, value adjustments, loan interest and credit quality, as well as on new mortgage lending, all of which are in significant need of revision. The intention is that the ILS will now replace those surveys, while closing existing data gaps at the same time.

Conducting joint loan-data surveys should help both to minimise the burden on the reporting parties and to enable FINMA and the SNB to use their resources more efficiently. The collected data will be available to both instances. The ILS will significantly enhance FINMA's capabilities to analyse one of the main risk areas facing the Swiss financial market. Among other benefits, this enhanced capability will enable FINMA to carry out even closer monitoring of the trends in the domestic credit market and the associated risk management systems in place at the financial institutions. In future, quantitative analyses of the ILS data will provide the supervisory teams with faster and more targeted support in cases of problematic developments in the credit market.

During 2024, FINMA and the SNB made further developments to the data model that forms the basis of the ILS, and held in-depth discussions within the industry. The opinions obtained from the industry are being taken into account in the ongoing work.

Swiss Solvency Test demonstrates good capitalisation among insurance companies

In a relatively stable market environment, the insurance industry was generally well capitalised. In the course of 2023, a few insurance companies carried out capital measures such as share buybacks and redemptions of hybrid loans. Within the life and non-life sectors in particular, that was one reason behind the falling SST ratios in comparison with the figures for the prior year. As a result of numerous major claims, 2023 proved to be a challenging year for non-life insurance companies. By contrast, reinsurance companies benefited once again from generally favourable market conditions. For example, there was only limited capacity available to meet the high demand for their services.

SST figures by insurance sector

Insurance sector	SST 2024		SST 2023	
	SST ratio	Number of insurers with SST ratio below 100%	SST ratio	Number of insurers with SST ratio below 100%
Life insurers	223%	0 (15)	243%	0 (15)
Non-life insurers	253%	0 (53)	288%	0 (52)
Health insurers	362%	0 (16)	365%	0 (16)
Reinsurers	261%	0 (23)	258%	0 (22)
Reinsurance captives	237%	0 (24)	232%	0 (23)
Total market	254%	0 (131)	270%	0 (128)

The number before the brackets refers to the number of companies with an SST ratio below 100%. The number in brackets refers to the total number of companies. Example: 0 (15) means that 0 of 15 companies have an SST ratio below 100%.

Source: FINMA, 2024

Despite challenging market conditions, fund management companies and managers of collective assets enjoyed a solid equity capital situation

Fund management companies and managers of collective assets have been operating in a challenging environment for the past few years. The COVID crisis, the turnaround in interest rates, the war in Ukraine, the conflict in the Middle East, and increasing competition have proved a burden. Among fund management companies and managers of collective assets, lower levels of assets under management, a negative performance and pressure on margins led to reduced revenues. Against this backdrop, FINMA closely monitored both the capital and own funds situation and the earnings situation of those institutions during the reporting period.

According to the financial figures submitted by the supervised institutions, the proportion of institutions that generated an annual loss rose considerably in comparison to 2021. The analysis of the figures for 2023 revealed that just under 25% of the institutions sustained a loss, compared with 10% in 2021. However, the proportion of institutions with a level of own funds cover below 130% remained constant. This demonstrates that institutions with a previously stable financial position were impacted by losses. However, it also shows that many institutions held own funds at sufficiently high levels to withstand difficult years.

In the case of institutions that failed to fulfil the minimum capital or own funds requirements, or whose financial situation deteriorated significantly, FINMA took appropriate supervisory measures, such as introducing a regular reporting requirement. FINMA initiated supervisory measures relating to minimum capital or own funds requirements at around 2% of the institutions. A few institutions surrendered their licences on account of their financial situation.

Stability of the supervised institutions: liquidity

Financial institutions also require a sound liquidity position to ensure their stability. Consequently, FINMA again worked to ensure that supervised institutions across all supervisory areas had adequate liquidity in the year under review.

Special liquidity requirements for banks

The special liquidity requirements for the systemically important banks UBS, Raiffeisen, PostFinance and Zürcher Kantonalbank entered into force on 1 January 2024. The Banking Act (BA) requires systemically important banks to hold liquidity in order to adequately absorb liquidity shocks. Under the special liquidity requirements, the banks are required to fulfil specific basic requirements as well as additional institution-specific requirements.

FINMA defined the additional requirements at the end of 2023 on the basis of estimates provided by each of these systemically important banks. Noteworthy features include the requirement for intraday liquidity, which is not covered by the liquidity coverage ratio (LCR), and the requirement to hold liquidity in order to cover a potential restructuring or liquidation. It is therefore expected that the liquidity requirement for systemically important banks will be covered over a 90-day horizon (instead of a 30-day horizon). These additional requirements will be reviewed annually. In 2024, all systemically important banks submitted their updated estimates to FINMA. On the basis of those estimates, the additional institution-specific requirements, which were updated on 1 January 2025, entered into effect.

Based on the [experience gained from the CS crisis](#), FINMA conducted specific stress tests on the liquidity positions of banks in all supervisory categories. Attention was paid to concentrations in funding, in particular large deposits from affluent and commercial clients, deposits outside the deposit guarantee

scheme, and concentrations in the maturity structure of funding.

Closer supervision of insurance companies' liquidity helps to reduce risks

The revised ISO requires insurance companies to submit annual reports on their liquidity planning. This reporting obligation entered into force on 1 January 2024. In the international context, the area of liquidity has increasingly come to the fore in insurance supervision as well.

Against this background, FINMA revised its Circular 2013/5 "Liquidity – insurers". In doing so, it supplemented its supervisory practice on liquidity management and liquidity risk management in the insurance sector. The new practice is principle-based and organised into six areas: governance, liquidity management and liquidity planning, liquidity reserve, liquidity risk management, liquidity controlling and liquidity monitoring, as well as planning of contingency funding.

In addition, FINMA once again made liquidity risks a focal point for the annual stress tests in the insurance sector. For international insurance groups and their companies in supervisory categories 2 and 3, FINMA thus gained insights into adverse macrofinancial developments and their impacts, as well as into potential courses of action. The findings were incorporated into the supervisory dialogue with the companies and groups.

Improved management of liquidity and leverage risks in collective investment schemes

In 2024, management of the liquidity risks facing collective investment schemes remained a key topic in the field of financial market supervision, both in Switzerland and abroad. In this respect, FINMA focused its attention on the implementation of the liquidity risk management provisions, as set out in the FINMA Financial Institutions Ordinance

(FinIO-FINMA), which entered into force in January 2021, and the collective investment schemes legislation, which entered into force in March 2024.

Among other measures, FINMA conducted on-site supervisory reviews into the liquidity of, and the liquidity management processes at, larger collective investment schemes whose investments mainly comprise shares in small and medium-sized Swiss enterprises (small and mid-cap shares) or Swiss bonds. In the process, it also performed liquidity stress tests and examined how tools were being used for liquidity management and the associated escalation procedures.

The findings revealed that collective investment schemes with investments in Swiss small and mid-cap shares posed a higher liquidity risk overall. The assets of the collective investment schemes examined had a value between CHF 800 million and 1.6 billion. In this respect, FINMA considered capacity management to be a central factor. This involves controlling the size of a collective investment scheme in relation to the underlying investment universe.² Capacity management is intended to ensure that collective investment schemes do not become too big to allow for efficient and effective control, particularly in relation to market and liquidity risks.

In terms of the tools being used for liquidity management, collective investment schemes were often resorting to redemptions in kind when faced with significant redemption requests from investors. In such cases, the investors receive investments held by the collective investment scheme in exchange for their redeemed fund units, rather than their equivalent value in cash. In previous years, the use of other measures was of no relevance in relation to the collective investment schemes examined. FINMA is of the opinion that gating should also be increasingly used in the area of liquidity management. Gating occurs when collective investment schemes place

²The investment universe means all of the investments that the collective investment scheme is authorised to invest in pursuant to its investment guidelines.

temporary restrictions on the redemption of fund units.

The institutions responsible for the funds examined were performing regular liquidity stress tests based on diverse scenarios. The tests took into account both the investments and the investor base. The new requirements laid down in the Collective Investment Schemes Ordinance (CISO) have already been implemented by the selected institutions.

Risks associated with inflation and interest rate movements

Inflationary pressure decreased significantly in 2024, and interest rates began a broad downward trend. By conducting regular, proactive risk analyses, FINMA was able to identify possible interest rate risks for the supervised institutions at an early stage and, where necessary, it instructed them to take action.

Stable interest rate risks and declining profitability

The upward trend in capital market interest rates with maturities of more than one year had already come to an end during the second half of 2023. The market had thus anticipated the key interest rate reductions that were announced in 2024 as a consequence of the falling inflation figures. A stable downward trend in interest rates also became apparent in the international arena. In this respect, a challenging economic trend and the sharp rises in public sector debt levels in various currency areas were the main reasons why a period of falling market interest rates was initiated. The uncertainty surrounding monetary policy during 2023 was thus replaced by strong expectations of a loosening in monetary policy.

The reductions in key interest rates also led to a fall in short-term interest rates, and the inversion of the market interest rate curve abated to some extent. This situation presented a continuing risk of ill-considered investment decisions being made by the su-

pervised institutions. The fall in market interest rates weighed on margins, and the lower interest rates on central bank balances also had a negative impact on the development of the interest margin business. Banks' profitability was challenged by a flat yield curve, as the contribution to interest income from the maturity transformation diminished. Consequently, the yield risks faced by the supervised institutions as a consequence of flat or inverted yield curves moved into the spotlight.

In 2024, the interest rate risks faced by the supervised institutions remained stable at a low level. Alongside the described interest rate movements in previous years, this was primarily due to the supervisory measures taken. The likelihood of downward interest rate shocks reduced, and the central banks provided clarity on the further interest rate cuts that could be expected. Positive trends were also seen in the area of creditworthiness risks and real estate prices. Similarly, the lower market interest rates led to a reduction in balance sheet risks in the form of hidden charges, since the market values of the assets recorded in the accounts moved closer to the book values again.

Risk levels associated with real estate and mortgages remain high

The risks associated with real estate and mortgages are of great importance to the Swiss financial centre. FINMA therefore placed a major supervisory focus on credit default risks and risks arising from valuations.

The reductions in interest rates by the central banks brought an end to the period of rising interest rates, and the costs of financing mortgage loans fell further, stimulating demand for real estate. During the year under review, the mortgage market had yet to show a strong response, and the growth rate in mortgage loans remained moderate.

Prices of owner-occupied residential properties began to slowly rise again. Demand also increased in the residential buy-to-let market, although less markedly than in the negative interest rate environment. Alongside the interest rate cuts, the positive economic trend, further growth in the Swiss residential population, and continuing low levels of construction activity contributed towards the rise in real estate prices. Overheating risks in the Swiss real estate market remained high in 2024.

FINMA paid close attention to the situations of financial institutions that are heavily invested in the investment property segment. This was primarily on account of structural developments in relation to investment properties and the forward indicators of possible market responses. FINMA carried out on-site supervisory reviews, stress tests and data analyses. The latter were performed in respect of 45 banks and insurance companies. The findings showed that the valuation models used by the institutions had room for improvement in terms of the way in which they are used, and the periodic validations that are performed on those models.

FINMA observed, once again, that the criteria for the affordability calculation varied significantly from institution to institution. In the course of its on-site supervisory reviews and in the context of its general supervisory activities, FINMA found that various institutions were tending to overestimate their borrowers' creditworthiness and that many banks were granting an excessively high proportion of their loans as "exceptions to policy", i.e. loans that are outside their own lending criteria.

Depending on the developments in the risk levels, FINMA considered regulatory changes, such as the consistent application of rules when calculating affordability. In the case of banks with exposure to major risks – which, for example, were lacking in sufficient loss-absorbing equity capital – it ordered equity capital increases, among other measures.

Easing of conditions affecting real estate funds

The end of the period of low interest rates and the associated interest rate rises during 2022 and 2023 had noticeable effects on real estate funds, and there was a drop in the prices of listed real estate funds. As at the end of 2023, the average agio, i.e. the amount that investors must pay in addition to the par value of the fund units, had fallen to below 10%. It was thus considerably below the long-term average of around 20%. At the end of 2023, just under half of all real estate funds featured a disagio, meaning that the stock exchange price of the fund units was below the posted net asset value. Funds with a commercial or mixed focus were affected in particular. This led to a notable rise in the number of redemption requests that real estate fund managers received from fund investors.

An analysis conducted by FINMA in January 2024 showed that, in total, fund units amounting to approximately CHF 1.5 billion were registered for redemption, corresponding to approximately 2% of the net assets under management at all real estate funds. In certain individual cases, the redemption requests amounted to up to 35% of the holdings of fund unit certificates. Various fund management companies were thus prompted to initiate a sales programme for properties in order to obtain the liquidity necessary to process the redemption requests while adhering to the regulatory borrowing ratio.

During 2024, the key interest rate reductions by the SNB resulted in a significant easing of the conditions affecting real estate funds. The stock exchange price, and hence also the agios, recovered notably and stood at an average of around 32% as of the end of 2024. They had thus returned to levels above the long-term average values. Consequently, increasing numbers of unit certificates were once again being issued, and only a few real estate funds were still in a disagio situation.

During 2024, a major real estate fund with a focus on foreign properties was put into liquidation by the fund management company as a consequence of the high volume of redemption requests. FINMA is continuing to proactively monitor developments in the real estate funds segment.

Supervision of climate-related risks

During the year under review, FINMA held supervisory discussions with major banks and insurance companies regarding their management of climate-related financial risks. With a view to ensuring effective supervisory practice, it drafted the new FINMA [Circular 2026/1 "Nature-related financial risks"](#). There was also a focus on specific analyses and climate-risk-related data gathering activities.

Data surveys and analyses to ensure improved management of climate-related risks in the Swiss banking sector

In 2024, FINMA again evaluated the climate-related disclosures made by the systemically important banks. The supervisory discussions addressed the topics of governance and how to assess the materiality of climate-related financial risks, as well as the work required to include additional nature-related financial risks such as those relating to loss of biodiversity.

FINMA conducted a data survey among banks in supervisory categories 1 to 3 in order to gather data on the climate-related financial risks they were facing. The survey covered data on the banks' commitments in various sectors, any greenhouse gas emissions they had financed, and climate targets. Working in collaboration with the SNB, FINMA initiated a climate-related scenario analysis at UBS. The objective of the analysis is to estimate the bank's loss potential on the basis of a 2050 time horizon with the aid of scenarios defined by the NGFS (see "Regular stress tests increase the financial resilience of the banks", page 29 f.).

During 2023, FINMA and the SNB conducted a joint assessment of the transition risks in the Swiss mortgage market. In 2024, the focus lay on assessing the physical mortgage market risks. Due to the high levels of insurance cover and the fact that cases of damage were fairly moderate, FINMA estimated the financial risks affecting banks in that area as being manageable. However, it is anticipated that flood damage may rise as a result of settlement development and climate change. The findings from the 2024 data survey should therefore be treated with caution. The damage estimates are affected by numerous uncertainties, and the assessments will need to be further substantiated through additional, more in-depth work.

Initial data survey on climate risks in the Swiss insurance sector

FINMA also conducted an initial data survey among the insurance companies in supervisory categories 2 and 3 in order to gather data on their climate-related financial risks. Besides a general risk assessment, the survey also covered the potential risks on both the asset and liabilities sides. Topics included climate targets and possible exposure limits for their investment portfolios, as well as their underwriting activities, i.e. their processes for assessing risks and determining the insurance premiums.

Alongside the climate-related disclosures, the annual supervisory discussions with the major insurance companies focused on an assessment of the materiality of the climate-related financial risks, i.e. the methods by which insurers assess whether the climate-related financial risks are relevant and substantive (i.e. "material").

Cyber risks and outsourcing

The cyber risks facing the financial market remained high during 2024. Consequently, cyber risk management by the supervised institutions was once again a focal point of FINMA's supervisory activities.

Increased reports of successful cyber attacks and enhanced supervision

In addition to the regular audits conducted by external audit firms, FINMA carried out more than a dozen cyber-specific on-site supervisory reviews. These reviews were primarily based on FINMA Circular [2023/1 "Operational risks and resilience – banks"](#), which entered into force on 1 January 2024. It contains updated requirements on the management of cyber risks, particularly in relation to the handling of scenario-based cyber risk exercises. FINMA had already published its [Guidance 05/2020](#) on the issue of cyber risks in 2020. In its new [Guidance 03/2024](#), FINMA noted the findings from the supervisory work on cyber risk management and specified the process to be followed in connection with cyber incidents and the handling of scenario-based cyber risk exercises.

The number of reports received by FINMA concerning successful or partially successful cyber attacks increased by approximately 30% in comparison to 2023. FINMA reported extensively on those attacks in its [2024 Risk Monitor](#). There was also a further increase in attacks targeting the external service providers of supervised institutions. These attacks accounted for approximately 30% of the reported cyber attacks. As a consequence of the intensified supervision of smaller market participants, such as independent portfolio managers or untied insurance intermediaries, an increasing number of cyber attacks were also registered in respect of these supervised institutions and individuals.

Focus on concentration risk in the area of outsourcing

As also explained in its [2024 Risk Monitor](#), FINMA regards the outsourcing of significant functions to third parties as one of the most important risks facing supervised institutions. Financial institutions are becoming increasingly dependent on service providers in connection with the supply of important functions. In 2024, there was a further increase in the number of outsourced services relating to critical functions of the supervised institutions. The number of sub-outsourcers also rose in line with the increase in outsourced services, thereby increasing the complexity of the supply chains. The supervised institutions are thus heavily dependent on third parties for the purposes of supplying their services and ensuring the continuity of their business activities.

During the reporting period, FINMA continuously gathered data on significant outsourcing activities by banks, insurers, financial market infrastructures and other financial market participants. It identified existing concentration risks and noted an increased concentration at individual service providers supplying significant or even critical functions to numerous financial institutions. An outage at one of these service providers, or an incident involving unauthorised access to sensitive data held by them, could have a very serious impact on the Swiss financial market. There has been a significant increase in the outsourcing of IT infrastructure and critical data to the public cloud. As of 2024, one in five banks or insurance

Increased reports of successful cyber attacks



Source: FINMA, 2024

companies was already outsourcing significant data or functions to public cloud service providers.

FINMA raised awareness among both the institutions and the service providers regarding the heightened risk situation; in doing so, it focused on the operational resilience of both the institutions and the Swiss financial market as a whole. In addition, FINMA also closely monitored the international developments in this area of third-party risk management. In 2024, the Basel Committee on Banking Supervision (BCBS) began defining new principles for ensuring sound risk management with regard to agreements with third parties.

Guidance as an effective instrument for promoting stability in the cyber domain

Cyber risks – and their management – has been a principal risk area facing the supervised institutions for many years. Accordingly, FINMA intensified its

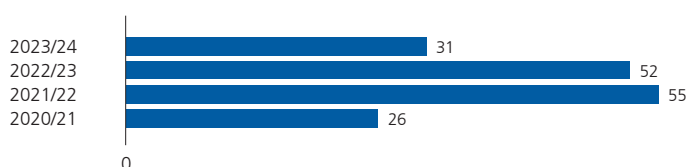
supervisory work in that area during 2024. This was reflected, in particular, by the increased number of on-site supervisory reviews, as well as by the use of a broad range of supervisory instruments, such as scenario analyses, tabletop or red teaming exercises³ or the publication of guidance.

This guidance in particular has proven to be an effective instrument for managing a highly dynamic risk, such as cyber risk, and a constantly changing threat situation. The current conditions resulting from the threat situation and critical findings drawn, for example, from on-site supervisory reviews, supervisory discussions or the cyber reporting process, can thus be shared promptly with the supervised institutions. Similarly, developments in the financial market, such as the use of cloud solutions, or in the technology area, for example the use of artificial intelligence (AI) in the management of cyber risks, are set out in detail in the guidance.

³ During tabletop exercises, roles and responses in an emergency are discussed on the basis of risk scenarios; in the case of red teaming exercises, company security is enhanced by means of simulated cyber attacks.

Proportion of cyber attacks on service providers in comparison to the total number of attacks

in %



Source: FINMA, 2024

FINMA Guidance 03/2024, which was published during the year under review, sets out the findings from the supervisory work relating to cyber risks and also provides further clarifications supplementing FINMA Guidance 05/2020, as well as in relation to the scenario-based cyber risk exercises. Within the framework of the existing supervisory requirements, FINMA is thus helping to drive targeted and continuous improvements in terms of the implementation of these requirements.

The publication ensured that supervised institutions' awareness of cyber risks remained at a consistently high level in 2024. Even after publishing the supervisory requirements, FINMA continued to play its part in continuously raising the maturity levels of the supervised institutions in relation to cyber risk management. In doing so, it boosted the stability of both the individual institutions and the financial market as a whole. Consequently, in 2024, the number of cyber

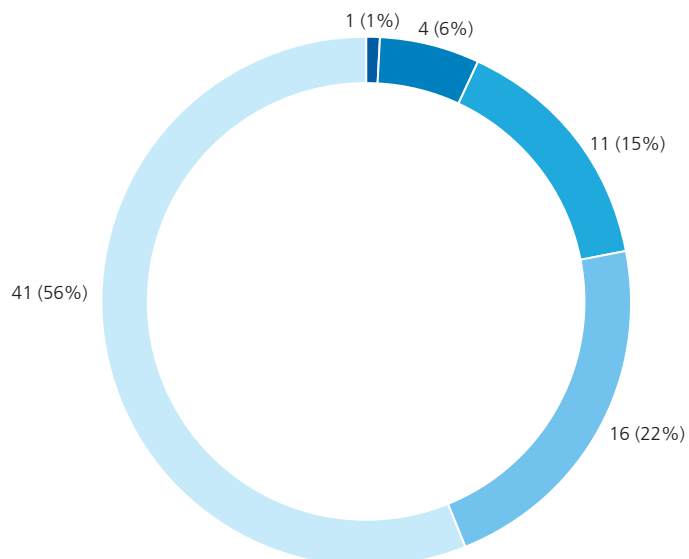
attacks on supervised institutions that reached seriously critical levels was low.

Number of cyber attacks on supervised institutions per supervisory category

Number of cases per category 2024

- Category 1
- Category 2
- Category 3
- Category 4
- Category 5

Source: FINMA, 2024



FINMA promotes good business conduct and an appropriate and active risk culture at the supervised institutions. Money laundering, market manipulation, greenwashing and the circumvention of sanctions are not trivial offences, and FINMA acts decisively to prevent them. To ensure compliance with good business conduct, it clearly sets out its supervisory expectations and carries out on-site reviews and direct surveys of supervised institutions.

Measures aimed at promoting good governance

Sound business conduct and responsible governance build trust in the financial centre. They mitigate risks and encourage compliance with the legal framework. FINMA supports the good governance of supervised institutions through targeted measures.

FINMA again identified shortcomings in corporate governance at supervised institutions in 2024, for example in relation to money laundering, compliance with sanctions provisions, and greenwashing. If it recognised increased risks at a financial institution, for example due to a weak risk culture, it ordered measures to be taken.

Clear and strict expectations regarding corporate governance and risk culture at banks and securities firms

FINMA expects supervised institutions to have clearly defined responsibilities and appropriate standards, complemented by effective incentives and rewards, for promoting and ensuring responsible conduct. Boards of directors, executive board members and employees must fulfil their duties in line with the risk appetite of the institution and in a manner that protects the interests of creditors and clients. In cases where FINMA identifies that a supervised institution is exposed to elevated risks as a consequence of a weak risk culture, an early and effective intervention is of vital importance. In this way, problems can be remedied through relatively small interventions before there is any need to initiate enforcement proceedings, or even, as a last resort, liquidation proceedings. In 2024, FINMA further developed its supervisory approach in this regard and focused on ensuring a clear framework for regulating corporate governance and risk culture. Looking to the future, it will also be conducting an increased number of on-site supervisory reviews and direct surveys in this area.

FINMA set out its expectations in [Circular 2017/01 “Corporate Governance – banks”](#). It stipulates that banks’ boards of directors and executive boards must define the core values of the financial institution and implement a clearly stated risk culture. The conduct and decisions of the boards of directors and executive boards must consistently reflect these core values and risk culture. A sound risk culture underpins ef-

fective risk management, fosters an appropriate risk appetite and ensures that risks are identified and mitigated promptly. The [Federal Council report on banking stability of 10 April 2024](#) underscores the importance of appropriate and responsible risk management.

During the reporting period, FINMA also found that, in cases where financial institutions had run into difficulties, the problems could often be traced back to poor governance and a weak risk culture. That translated into an unsustainable business model and an inadequate risk management system, which can impact negatively on the institution’s reputation as well as on client confidence. If risks are not identified and managed in good time, the institution and its clients may suffer losses as a result. In serious cases, this could lead to the destabilisation of the bank, or even of the entire financial market if the institution in question is systemically important.

Enforcement of the monitoring and control requirements when trading from home

FINMA pointed out to the supervised institutions that compliance with the relevant monitoring and control requirements relating to employees engaged in trading activities cannot be guaranteed when those employees are working from home. In March 2020, FINMA published a [press release in connection with the COVID pandemic](#), in which it temporarily relaxed the rules governing trading rooms. In April 2022, at the end of that special situation, this relaxation of the rules ceased to be valid. In 2024, FINMA therefore continued to call upon the supervised institutions to consistently enforce the prohibition on the use of private mobile devices within trading rooms, as well as the general duties to keep records of business communications taking place via official channels, and the requirement to establish informational barriers in the context of trading activities.

Focus on high-risk clients in the context of combating money laundering

As a cross-border wealth management hub for private individuals, the Swiss financial centre is particularly exposed to money laundering risks, and FINMA set out its expectations regarding this to the supervised institutions once again in 2024. In order for anti-money laundering processes to be effective and efficient, it is necessary for the boards of directors of financial intermediaries to establish a clearly defined risk tolerance (“tone from the top”). That also includes clear communications regarding particularly high-risk clients, high-risk countries and services that are deemed outside the risk tolerance limits. It must be generally ensured that the tolerated risks can be effectively monitored and contained at all times. In this respect, one key instrument is the money laundering risk analysis that is available to the strategic governing bodies of banks and other financial intermediaries. It enables money laundering risks to be identified and contained, while also serving as a basis for defining risk criteria of relevance to the financial institution’s activity.

Risky clients such as officers or officials of state or quasi-state companies established in high-risk countries carry particularly high money laundering, legal and reputational risks. That is particularly true in the case of countries subject to internationally agreed sanctions regimes. In cases where large assets are being accumulated, it is possible that money-laundering related offences, such as embezzlement, bribery or fraud, are being committed in those countries. The clarification requirements that financial intermediaries must fulfil in relation to clients from these countries are accordingly high. Special care must be taken when entering into and continuing business relationships of this nature. This also applies if such persons are not formally subject to sanctions.

In the first instance, the origin of the client’s assets must be clarified in detail, and it must be verified that

the assets originate from legal sources. Furthermore, higher-risk transactions must be monitored very carefully. In this respect, scenarios in which wealth management banks provide financial services to the operating companies of their high-risk private clients are problematic if they lack the specialist expertise necessary to provide the services in question.

Money laundering supervision: findings from the on-site supervisory reviews

FINMA also conducted on-site supervisory reviews as part of its work to combat money laundering. These brought to light a number of different findings.

After publishing its [guidance on money laundering risk analysis](#) in August 2023, FINMA conducted a review of the money laundering risk analyses of various banks during the course of 2024. This revealed, on the one hand, that money laundering risk analysis has grown in relevance as an instrument for ensuring that the risk tolerance is observed. On the other hand, it revealed that an adequate definition of the risk tolerance was often still lacking. In some cases, it had not been defined on the basis of the actual risks arising from the individual business model. Furthermore, express exclusions of specific countries, client segments, services or products had also not been made in some cases.

On-site supervisory reviews revealed that the time periods for analysing any suspicious activities (alerts) identified during the course of the transaction monitoring processes were still too long in many cases. The banks concerned are thus putting themselves at risk of violating their duty to file a report with the Money Laundering Reporting Office Switzerland (MROS).

At some supervised institutions, the transaction monitoring system lacked a combination of static and dynamic criteria or scenarios. On several occasions, this resulted in failures to identify suspicious transac-

tions, coupled with a large number of false-positive alerts being generated. In the case of cash transactions in particular, FINMA found that the scenarios for monitoring these transactions in the transaction monitoring system were lacking, or were ill-suited for identifying obviously suspicious cash transactions or pass-through transactions.

Lastly, FINMA found that, in several cases, the institutions were failing to carry out a sufficiently thorough critical evaluation as to the plausibility of higher-risk transactions. More specifically, cash transactions were found to have very superficial justifications (“customary”, “wage payment”, “supplier payment”) that were clearly inadequate to allow for a sound examination as to whether the funds could potentially be intended for illegitimate purposes.

Ultimately, the on-site supervisory reviews conducted revealed a potential for improvement in relation to the establishment of criteria for business relationships or transactions with increased risks (BRwiR/TwiR). FINMA expects the institutions to adapt the criteria for BRwiR and TwiR to their specific risks and establish a feedback link between TwiR and BRwiR. In this respect, a large volume of TwiR should indicate that a business relationship could be a BRwiR and, conversely, adapted TwiR criteria could be applied to BRwiR.

Increased financial intermediary risks when dealing with sanctions (on goods)

In 2024, the risks facing Swiss banks in the area of sanctions remained high. The longer international sanctions regimes last, the greater the likelihood that the individuals and companies subject to the sanctions will attempt to circumvent them. Against this background, it therefore follows that the associated risks facing financial intermediaries will rise. Where institutions were exposed to higher risks in the area of sanctions, FINMA monitored the supervisory organisational rules and, accompanied by the State

Secretariat for Economic Affairs (SECO), conducted on-site supervisory reviews with a focus on this issue at four banks.

Financial institutions must adequately record, limit and monitor legal and reputational risks arising in connection with domestic and foreign sanctions. In mid-2024, these risks also increased as a result of the tightening of secondary sanctions by the USA. Secondary sanctions are intended to prevent non-US financial intermediaries from entering into or continuing business relations with parties subject to US sanctions. The corresponding client relationships are thus problematic from a risk-management perspective. It is also very often the case that the persons concerned need to be classified as high-risk clients, e.g. as politically exposed persons, for the purposes of complying with anti-money laundering provisions.

The ordinance on measures connected with the situation in Ukraine ([“Verordnung über Massnahmen im Zusammenhang mit der Situation in der Ukraine”](#)) issued by the SECO, which entered into force in 2022, includes both financial measures and restrictions on trade (sanctions on goods). For example, the sale, supply, export, transport and transit of a range of goods – particularly armaments and dual use goods – to or across the Russian Federation is prohibited. Furthermore, the supply of certain associated financial services and the provision of financial resources are also prohibited. The prohibitions apply even if Swiss financial intermediaries provide those services to clients established abroad. The risk is further elevated if the client is established in a country that is not implementing the sanctions imposed against the Russian Federation. In this respect, FINMA gathered a range of information from banks and securities firms during the autumn of 2024 so that it would be able to estimate the relevant institution-specific risks (see “Decisive action against violations of sanctions”, page 75 f.).

Measures to counter the risk of greenwashing

In 2024, FINMA once again identified that financial markets were exposed to a higher risk of greenwashing. Financial products and services that are labelled as “sustainable” are universally present in the Swiss financial market. However, obtaining a clear understanding of them remains equally challenging for both investors and clients. What the providers understand by concepts or policies such as “sustainable” or Environmental, social and governance (ESG), how the offerings differ from each other, and how the promised sustainability targets are actually supposed to be attained is often unclear. The necessary transparency is lacking and, in some isolated cases, clients are being promised too much. FINMA's mandate includes protecting investors from improper business conduct, particularly from deception, which thus also includes greenwashing. If, for example, misleading statements are being made to clients (knowingly or unknowingly) concerning the sustainability aspects of financial products or services, FINMA regards that as greenwashing.

During 2024, FINMA continued with its measures to prevent and combat greenwashing. Where banks were offering services advertised as “sustainable”, FINMA once again identified and minimised weak points at the point of sale. In the course of on-site supervisory reviews, FINMA examined how banks were complying with their organisational and risk management obligations in relation to greenwashing, as well as how they were implementing their internal ESG policies.

As in previous years, FINMA used the available supervisory instruments to monitor Swiss funds making reference to sustainability, and the institutions managing these funds. FINMA also verified that these institutions are properly organised with respect to sustainability. To support its supervisory work, it also collected data relating to this area in certain specific cases. By means of these measures, during the re-

porting period FINMA continued to focus on ensuring compliance with the minimum requirements for transparency in relation to sustainability aspects.

Due to the fact that the applicable statutory basis is incomplete and contains many gaps, FINMA's scope of action for efficiently preventing and tackling greenwashing continued to be limited during 2024. It is likely that this will continue to be the case over the medium term. In June 2024, the Federal Council decided not to take additional regulatory steps to tackle greenwashing. FINMA considers the self-regulatory measures adopted by industry associations to be inadequate, and the findings from the [Federal Council's position paper of December 2022](#) remain valid. While it is true that the self-regulatory measures constitute a step forward, they are nevertheless affected by clear weaknesses. They do not provide a clear frame of reference for sustainability goals. Effective control and enforcement mechanisms are also lacking. FINMA considers that adequate minimum requirements under supervisory law are imperative for the purposes of tackling greenwashing effectively and credibly. In particular, there must be uniform definitions, cross-sectoral rules on conduct at the point of sale, and binding minimum requirements with respect to product transparency and reporting.

Weaknesses and uncertainties identified in connection with rules of conduct

The Financial Services Act (FinSA) provides for rules of conduct to protect investors. When reviewing their implementation during 2024, FINMA identified numerous weaknesses and uncertainties. At various institutions, the requirements governing contracts, investor strategies and the collection of data for clients' investor profiles had not been fully implemented. Reviews of client relationships conducted during the course of on-site supervisory reviews revealed that contract documentation, or even investor profiles, were lacking in some cases. Without appropri-

ate information, it is not possible to carry out a proper suitability test that conforms to FinSA requirements when providing portfolio-based investment advisory services. FINMA sent warning notices to the supervised institutions and instructed them to restore compliance with the law.

Banks and portfolio managers also offered an increased volume of their own financial products during the reporting period. This often involved conflicts of interest. If they consider both their own financial instruments and those of third parties, a bank's own products must be compared against the products of other providers as part of an objective selection process. On-site supervisory reviews revealed, however, that the banks often apply less stringent standards to their own products. Where their own products are concerned, they do not inform their clients of potential conflicts of interest, or do not do so fully. FINMA called upon the banks to adapt their processes and documentation accordingly. Client information on conflicts of interest must not be drafted generically and "hidden" in the general terms and conditions.

The same applies to information concerning potential compensation from third parties, such as retrocessions or distribution remuneration. This must be visibly highlighted and sufficiently detailed. The remuneration is to be passed on to the clients. Financial service providers may retain the remuneration only if the clients have been informed about it in advance and they have relinquished it.

FINMA also identified deficiencies in the implementation with respect to how information on the clients' knowledge and experience is collected and assessed. The survey was often too unspecific and not tailored to the service offered. Consequently, the clients were presented with a risk disclosure that was inadequate for the investments concerned. In this case also, FINMA called upon the financial service providers to adapt their processes so as to make them compliant with the FinSA requirements.

FINMA continues to push ahead with the digitalisation of its own processes and infrastructure. It uses digital tools, including the latest data analysis technologies, and exchanges data and information with supervised institutions digitally. FINMA is open to innovation. It evaluates enquiries about innovative digital business models promptly and efficiently. It protects clients from abusive practices, and ensures that new technologies are used in accordance with the regulatory framework. It regulates in a technology-neutral and risk-based manner.

Data-driven supervision, FINMA's digital strategy and digitalisation in the financial sector

FINMA is increasingly using technology-supported and data-driven applications in its supervisory activities and is increasing its efficiency by digitalising processes. It actively addresses new developments in the financial market and assesses innovative business models in a risk-based and technology-neutral manner.

FINMA has incorporated digitalisation into its strategic goals and developed an ambitious digital strategy. It assessed enquiries from supervised institutions and new players regarding innovative, digital business models in a technology-neutral and risk-based manner and focused on protecting clients from abuse.

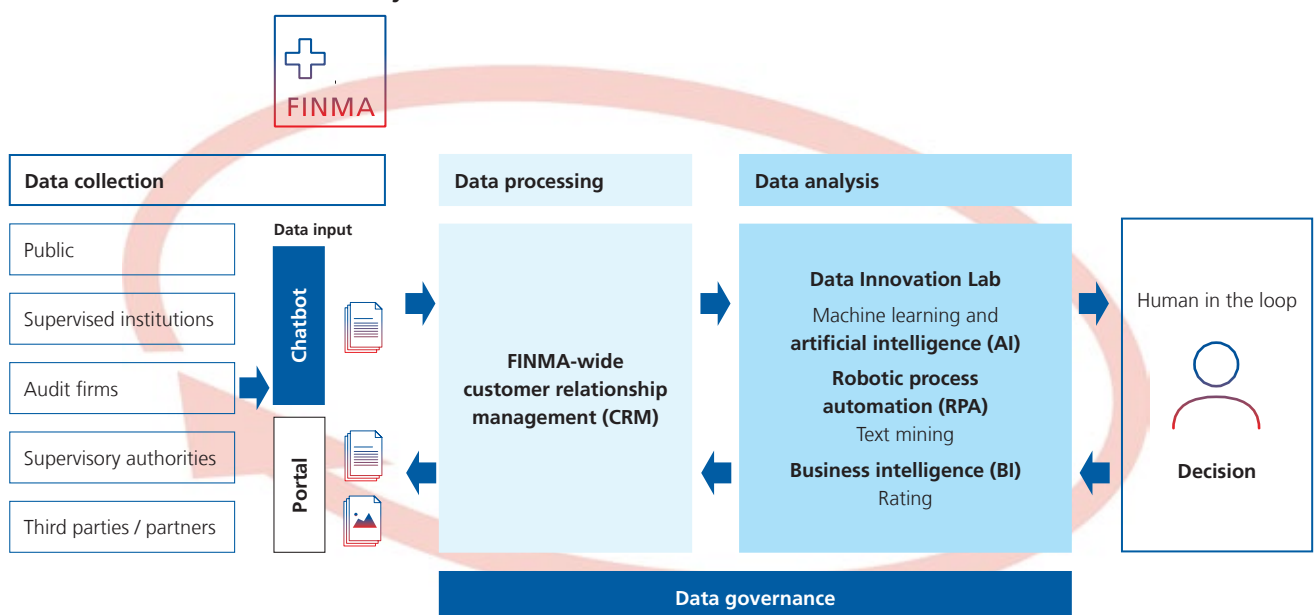
Data-driven supervision

FINMA made further enhancements to the applications for data-driven supervision. It uses digital tools and automation, analyses data using the latest technologies and exchanges data and information with supervised institutions and within the scope of international administrative assistance via the EHP.

Increased use of data-driven analyses and AI

FINMA again made increased use of data-driven supervision to fulfil its mandate in 2024. The deployment of modern technologies to support its supervisory activity is incorporated into its strategic goals and digital strategy. New digital tools help to optimise the effectiveness and efficiency of FINMA's supervisory activity. Advances in the area of AI also offer a range of possibilities to support its supervisory activity. These developments are subsumed under the term supervisory technology (SupTech). FINMA is making use of new technologies, thereby further strengthening its range of tools in the area of SupTech.

Increased use of data-driven analyses and AI



The further development of SupTech applications in the FINMA ecosystem. Source: FINMA, 2024

FINMA has its own Data Innovation Lab and is one of the internationally leading supervisory authorities in this area. FINMA's expertise was demonstrated at the 2024 Hackathon of the BIS Innovation Hub in Singapore, where the FINMA team came second.

The SupTech applications developed in 2024 include the increased use of algorithms to support the supervisory authority in the analysis of text documents. Automated text analysis provides summaries, highlights important text passages, and extracts and classifies text into topics (known as topic labelling via supervised learning). This intelligent reading aid enables public documents concerning financial institutions to be processed more quickly and accurately.

FINMA also expanded its spectrum of usable data sources. Its data analysis was not just based on regulatory figures, parameters and market data, but also made increased use of alternative data sources. Examples of these include press reports, social media posts, client reviews and external ratings. By assessing this wide range of data using machine learning methods, the supervisory authority gains deeper insights enabling it to further improve its risk assessments.

Use of AI to develop new SupTech applications

FINMA introduced a test environment to improve support for internal analysis activities within the context of data science. This will initially enable publicly available data to be used to train and enhance AI models or create in-depth analyses. This lab environment will be expanded in the coming years in order to provide sufficient computational power and capacity for further data science activities.

Brief explanation

AI is the area of IT concerning the development of systems that execute tasks that actually require human intelligence. These include learning, solving problems and processing language.

A special type of AI called generative AI is capable of generating new content, including text, pictures and music. Generative AI uses computational models that are trained with large data sets.

While AI in general aims to create "intelligent" systems capable of solving different tasks, generative AI creates "new" content.

FINMA tested initial concepts in the area of generative AI with open source models on site (i.e. not in the cloud). This enabled the outlay for the provision of an internal chatbot for selected use cases to be evaluated. The focus lay on the reliability of the chatbot's answers, particularly with regard to hallucinations and accuracy. The preparation and provision of the data proved time-consuming. It simultaneously became clear that in certain use cases, the deployment of generative AI does not necessarily make sense. The reliability of the answers illustrated the major potential of generative AI for the use of chatbots.

Digitalisation is strengthening market supervision

FINMA also further increased digitalisation in the area of monitoring market misconduct. It processed around 180 million transaction reports received from the trading venues in connection with suspected market abuse in 2024. The transmission formats were updated and standardised, while data deliveries were subjected to automatic validation upon receipt. FINMA also improved its visualisation and evaluation methods, thereby enabling potential market abuse by market participants to be assessed according to specific metrics and visualised at all times. These de-

velopments served to further strengthen market supervision.

Improving data quality when collecting data

In order to perform its supervisory tasks efficiently, FINMA is dependent on high-quality data from the supervised institutions and audit firms. It therefore focused on ensuring good data quality right from the collection stage in 2024 with its “first time right” approach. The transmitted data was automatically validated and verified upon receipt. FINMA informed the institutions if errors were detected, and requested corrections. FINMA’s internal systems have been configured as far as reasonably possible to not even accept erroneous data. By providing immediate feedback to the supervised institutions and audit firms, FINMA has increased their awareness of the importance of data quality and enabled them to optimise their systems.

The initial outlay for correcting the data is more than offset by the improved data quality and increased efficiency. This became apparent after a short time in some supervisory areas, where the “first time right” approach has already been successfully implemented. Its implementation is still ongoing in other areas of supervision.

FINMA’s digital strategy

The digitalisation of society and the economy is progressing rapidly, and new technologies are increasingly being used and expected by the population and companies. FINMA has incorporated digitalisation into its strategic goals and developed an ambitious digital strategy. In the summer of 2024 it formalised a programme to implement this strategy in order to achieve its ambitious targets by 2026.

Programme launched to implement the digital strategy

FINMA is strongly positioned in comparison with other national and international authorities. It antic-

ipates developments and makes use of the opportunities arising. For FINMA, digitalisation is not an end in itself but a contribution towards enhancing effectiveness and efficiency in financial market supervision. The framework conditions for digitalisation are constantly evolving, for instance with the use of generative AI, the more rigorous requirements for cyber security policies, and in the area of data governance and data management. FINMA is constantly monitoring and taking account of these developments and developing digital solutions that are in line with its ambitious digital strategy.

The programme for implementing the digital strategy is organised at CEO level. On the one hand, it serves to pool and efficiently implement all FINMA projects with a digital focus. This particularly concerns measures for making work processes more efficient. On the other hand, the programme includes a constant review of the digital strategy in order to identify and derive any necessary corrections to the measures.

Three pillars form the main topics:

- **The right tools** ensure the usability of the data provided to FINMA employees, the supervised institutions and third parties in connection with supervision.
- **Data-driven solutions and valid requirements** ensure the quality, relevance and analysability of the data (error-free, integer, without redundancies) for its use in the context of the specific use case.
- **Modern, scalable technologies** support user aspects and the processing of data.

As part of the annual review of its digital strategy and the progress of its development, FINMA carries out gradual adjustments whenever and wherever it sees the necessity, and thus takes account of the needs and priorities of supervision and the supervised institutions. At the same time, it relies on the

human factor by promoting and further developing the competences and skills of its employees in connection with the technological transformation.

Further development of the survey and application platform and provision of new functions

The EHP is the central FINMA platform for digital exchange with supervised institutions and third parties in connection with supervision. These can transmit data to FINMA, submit applications or file reports via the EHP. Around 6,500 institutions with 19,000 active users and 9,000 insurance intermediaries were using the EHP at the end of 2024.

FINMA also expanded the EHP's scope of application in the year under review. The focus was on insurance intermediaries in the context of the revised supervision of insurance intermediaries. With more than 9,000 intermediaries, this is in fact a large-scale business where digitalised and automated work processes produce major efficiency enhancements. Initial registrations and changes to registrations of insurance intermediaries now take place entirely via the EHP. Internal processes have been automated and simplified, and better quality assurance is possible. The insurance intermediaries can now view their entries at any time and transmit submissions to FINMA digitally.

FINMA also implemented further functional improvements such as making it easier for supervised institutions to transmit data and directly upload attachments. Furthermore, supervised institutions and audit firms now have more comprehensive information about all the relevant survey and submission templates processed via the EHP. This allows those affected to find out about upcoming surveys and submissions at an early stage. FINMA implemented various requests expressed in discussions with the supervised institutions through these adjustments. They serve to increase transparency and simplify the use of the EHP for the supervised institutions.

Increased automation of processes and procedures

FINMA continued to drive forward the use and expansion of its digital tools in 2024. It continuously reviewed its internal processes for optimisation potential. It achieved numerous efficiency gains through the targeted deployment of robotic process automation (RPA), which automates repetitive processes that previously had to be performed manually by employees. RPA also serves as a short-term solution where the streamlining of cross-divisional processes is costly due to the complexity and large numbers of interfaces. FINMA made use of the expertise it has developed with RPA since 2023 to increase operational efficiency and achieve economies of scale in various projects.

FINMA implemented a further step in the digitalisation of its invoicing. It now invoices fixed sums pursuant to the prevailing Ordinance on the Levying of Supervisory Fees and Charges on a fully automated basis. The employees responsible check the details and approve the invoice. The invoice is then created and sent digitally. In future, all invoicing parameters will be stored, and this manual control will also be eliminated. Around 67% of fees were invoiced with a significantly reduced administrative outlay by the end of 2024.

Use of innovative digital solutions

The collection of high-quality and structured data and its efficient evaluation are an important element of the digital strategy. The data provides the supervisory authority with a basis for making decisions and defining measures. FINMA has tested various concepts in the area of data analytics. The aim is to provide a data science and analytics platform for the entire authority. These data analyses are intended to enable risks to be identified earlier and to facilitate a timely exchange with the supervised institutions.

Development of digitalisation in the financial sector

The Swiss financial centre has maintained a high level of innovation activity. In 2024, FINMA continued to respond swiftly and competently to enquiries from supervised institutions about innovative expansions to their business models and from new players wishing to enter the market.

Initial insights from supervision in the area of AI reveal shortcomings in risk management

FINMA collected data, held supervisory discussions and conducted targeted on-site supervisory reviews in 2024 to assess how financial institutions deploy AI. It examined the risk management and governance of the supervised institutions in connection with the use of AI and addressed the associated risks. FINMA published the insights and expectations gained from these activities in [FINMA Guidance 08/2024 "Governance and risk management when using artificial intelligence"](#).

The considerable attention attracted by AI-based solutions in general and ChatGPT in particular in 2024 abated slightly over the course of the year. It emerged that a comparatively large amount of effort is required in the corporate context in order to use AI tools sensibly in operational business. High data quality and a great deal of time are needed for training the AI. The envisaged use cases must be carefully modelled conceptually. Information security also plays a key role, especially in governmental and governmental agency settings.

Many supervised institutions experimented with low-risk AI applications. Nevertheless, some developed applications relevant to supervision and invested in projects aiming at establishing AI governance and adequate risk management. Most of the supervised institutions using AI deployed the new technology as an aid rather than completely autonomously. Generative AI was used in the form of chatbots for informa-

tion procurement, in interactions with clients, for advising clients, for underwriting (the assessment and assumption of a risk associated with an insurance policy) and for software coding. It was also used for pricing, in claims settlement, in fraud detection, in portfolio management and to simplify internal processes.

The risks arising from the use of AI are largely operational. They include modelling risks such as insufficient robustness, correctness or explainability, and a bias in the results of AI applications. Credible sounding false statements, known as hallucinations, posed a problem for generative AI. Other risks include IT and cyber risks and an increasing dependence on third-party providers. Legal and reputational risks and challenges in the areas of governance and responsibility are also increasing with the autonomous actions of AI systems that are difficult to explain and due to the scattered responsibilities within companies. Its ease of use increases the risk of AI being deployed without sufficient expertise and risk management. The most frequently used chatbots are largely controlled by Big Tech companies from the USA, and their use leads to dependencies similar to those incurred in the use of cloud providers.

Supervised institutions displayed weaknesses regarding governance and risk management when using AI, and there was frequently too little risk awareness. This particularly concerned the use of AI in areas where no statistical models had previously been used, such as in compliance and HR departments. In these cases, the companies focused primarily on data protection risks.

Two applications submitted for DLT trading facilities

The Federal Act on the Adaptation of Federal Law to Developments in Distributed Ledger Technology (DLT Act) entered into force in 2021. In 2024, FINMA processed two licence applications for DLT trading facilities.

Brief explanation

A DLT trading facility is a financial market infrastructure for trading DLT securities. These book-entry securities are transferred and held on a blockchain. The transaction data is stored decentrally on different hubs and computers and can be verified by all participants. In contrast to stock exchanges, a DLT trading facility can also admit end customers as participants and offer settlement and custody services alongside trading.

FINMA took this opportunity to clarify some important underlying issues. It stipulated that issuers also have typical issuer obligations for their DLT securities registered on DLT trading facilities. These include the duties of ad hoc publicity⁴ and the disclosure of management transactions. In addition, the regulation requires operators that have their settlement infrastructure on a public blockchain to take measures to contain operational risks. These include technical audits of the technology used such as the public blockchain itself and the source codes of smart contracts. These code audits help to detect security gaps or errors. Smart contracts are self-executing digital contracts that are stored on a blockchain and automatically executed under certain conditions.

The question of finality, i.e. when a disposal of DLT securities is legally effective, needs clarifying for DLT-based settlement systems. It must take account of the technical peculiarity of entries in the blockchain never being one hundred percent final (legal finality vs. probabilistic finality of the blockchain). Here, FINMA requires operators of a DLT trading facility to issue clear, transparent and binding rules for participants. They must state clearly when the transfer of ownership becomes legally final. FINMA likewise attaches importance to an effective strategy with regard to business continuity management (BCM). Furthermore, precautions must be taken for the pos-

sible failure of a component of the DLT infrastructure. For a DLT-based settlement infrastructure, FINMA requires measures and rules setting out how to deal with the securities admitted to trading in the event of a dysfunctional network (e.g. declaration as invalid, reissue, alternative trading options, etc.). Both the participants and issuers must be included in the process here.

Finally, FINMA declared that foreign participants do not require any separate authorisation (remote member authorisation). However, a DLT trading facility must ensure that foreign non-private participants are adequately supervised and subject to equivalent regulatory obligations as Swiss participants.

Intensive supervision of institutions in the FinTech sector in accordance with Article 1b of the Banking Act

The supervision of institutions with FinTech licences in accordance with Article 1b of the BA, known as 1b institutions, also proved challenging in the year under review. The focus here was on protecting depositors due to the tight capital and liquidity situation of the institutions. These institutions are generally start-ups that, as expected, have major expenses for establishing themselves and entering the market, and initially have no or little income. Successful market entry depends on successful funding rounds and a viable business model. The business models lie in the payment services sector, where the market is competitive and the margins are small. It has been shown that business models that address a niche with a unique offering or specialised client segment can be successful.

FINMA required FinTech institutions to conduct ongoing capital and liquidity planning and be capable of identifying bottlenecks in good time. Nevertheless, some risky situations arose at several institutions in the year under review. The situation was frequently exacerbated due to the questionable intrinsic value

⁴The ad hoc publicity requirement obliges issuers to disclose price-sensitive facts clearly and immediately.

of assets in gone concern scenarios when companies had difficulties continuing their business activities and were forced to consider liquidation. This particularly affected the valuation of in-house software that in many cases constitutes a major asset and cannot be disposed of easily, especially under time pressure.

Expectations regarding stablecoin projects formulated

FINMA already published guidelines concerning a possible licensing requirement for issuers of stablecoins back in 2019 as a [supplement to its guidelines on initial coin offerings](#). Furthermore, it stated in its 2021 Annual Report that according to the Anti-Money Laundering Act (AMLA) stablecoin issuers had to ensure that the identity of all holders of stablecoins was adequately verified by the issuer itself or by appropriately supervised financial intermediaries. Just as anonymous accounts are prohibited, so too are anonymous stablecoins.

FINMA consolidated the financial market requirements in the year under review by publishing [Guidance 06/2024](#) and in particular drew the attention of the banks involved to the relevant risks. Stablecoins aim to represent an asset with low price volatility on a blockchain, which is generally done by pegging it to a national currency. In order to achieve this, holders of stablecoins normally have a redemption claim at any time towards the issuer. For this reason, these claims usually qualify as deposits under banking law. FINMA also underlined in its aforementioned guidance the growing money laundering, terrorist financing and sanction circumvention risks arising from the possibility of anonymous transfers of stablecoins.

FINMA also noted that various stablecoin issuers in Switzerland make use of default guarantees from banks, and therefore do not themselves require a licence under banking law. FINMA set out its minimum requirements concerning such default guaran-

tees for the protection of stablecoin holders, and pointed to the remaining risks for clients and to operational, legal and reputational risks for the guaranteeing banks.

Within the framework of the ongoing regulatory project under the direction of the FDF and the State Secretariat for International Finance (SIF), FINMA called for the risks set out in the guidance to be adequately addressed.

Implementation of supervisory expectations in connection with staking

FINMA explained its practice with regard to staking services in [Guidance 08/2023](#). Staking allows holders of certain cryptocurrencies to have these blocked in order to support the security and operation of a blockchain network. They receive a reward in return, often in the form of additional coins. During its on-site supervisory reviews in the year under review, FINMA found that clients were being made more aware of the risks and legal uncertainties associated with staking. However, in a number of cases their attention was not drawn sufficiently to the counterparty risk due to the legal uncertainty if a staking service provider were to fail. Furthermore, there was a routine lack of information about the specific risks of the individual blockchain technology.

Individual institutions also had gaps in the due diligence audit of the validator node operators⁵ involved and in the development of contingency scenarios if such a third-party provider were to fail. Finally, FINMA urged the institutions to supplement and regularly update their Digital Assets Resolution Package (DARP). The DARP serves the liquidator as a source of information in the event of bankruptcy for accessing the cryptoassets and correctly assigning and paying them out to the individual clients.

Another issue besides staking was the implementation of the requirements for foreign custodians. The

⁵ A validator node checks whether the transactions added to the blockchain are correct and comply with the defined rules.

financial institutions are required to ensure that custodians do not conduct their business activity without authorisation, that they are prudentially supervised abroad and that they operate in a jurisdiction that guarantees the same legal certainty as Switzerland regarding the treatment under bankruptcy law of cryptoassets held in custody.

Involvement of foreign third-party custodians for the custody of client cryptoassets by banks and securities firms



Legal uncertainties exist not only regarding staking, but also regarding the pure custody of cryptoassets when using third-party providers. This applies in particular to the default of third-party custodians abroad. An analysis has shown that the vast majority of institutions that offer custody services did not use foreign third-party custodians in 2024 (27 out of a total of 33). Source: FINMA, 2024

FINMA's supervision is risk-oriented and proportionate, from the large systemically important institutions right down to the participants in its small banks and small insurers regimes. In banking supervision, FINMA focused on combating money laundering, the handling of sanctions, the mortgage lending business, compliance with conduct rules, and cyber risks in the year under review. Insurance supervision focused on the revised Insurance Supervision Act and the revised Insurance Supervision Ordinance. In asset management supervision, it addressed weaknesses in operational risk management at supervised institutions.

Supervisory activity by sector

FINMA's level of supervision is most intensive wherever risks for the financial centre are greatest. It follows the principle of proportionality. Its four divisions Banks, Insurance, Asset Management and Markets are responsible for supervising the corresponding market sectors. Key supervisory tools include on-site supervisory reviews, stress tests, specific surveys and supervisory exchanges at the highest level.

As part of its integrated financial market supervision, FINMA monitors all prevalent trends in the financial centre. It oversees the risks that are associated with the activities of the supervised institutions. This comprehensive, risk-based perspective ensures that similar or identical situations receive the same supervisory treatment across all supervised institutions.

Banking supervision

Banking supervision is designed to be risk-based and proportionate. In 2024, FINMA's supervisory focus was on the integration of Credit Suisse into UBS, combating money laundering, the banks' handling of sanctions, the mortgage lending business, compliance with conduct rules, and cyber risks.

Close supervision of UBS dominated by the CS takeover

The ongoing supervision of systemically important UBS in 2024 was dominated by the takeover of CS. The legal merger of UBS and CS had already happened at group level in June 2023. However, UBS was only afterwards able to proceed with the major part of the work for the complete integration of the former CS. This work is expected to be largely completed by the end of 2026.

As a result, FINMA's supervisory focus for UBS in 2024 was on integration areas. A key milestone was reached when FINMA approved the merger of the main legal entities. The planned merger of the two parent companies was completed on 31 May 2024, the merger of the Swiss units on 1 July 2024 and the merger of the asset management units on 30 August 2024. Outstanding drawings on the emergency liquidity assistance (ELA) facility extended by the SNB were repaid in full. All applicable regulatory requirements were satisfied at all times.

FINMA's supervision also focused on the proper functioning of its corporate governance. As a result of the merger of the legal entities of UBS AG and

CS AG, UBS had to define centralised standards such as decision-making competencies, risk limits and others, which each institution had previously defined for itself, at the overall group level for the merged large bank.

FINMA's focus on integration-related areas also included the reduction of risks arising from transactions of the former CS that would not be integrated. These included transactions that UBS will no longer pursue, primarily due to financial risk considerations (non-core legacy), as they involve considerable market and credit risks. FINMA also expected a review of the client base acquired from CS for non-financial risks, such as particularly high-risk client groups or regions. Additionally, FINMA closely monitored whether the combined bank's risk appetite was appropriate, and how the new UBS managed and controlled these risks. FINMA also supervised the migration of clients and data and the related UBS risk appetite. This mainly concerned asset management clients. FINMA reviewed the preparatory work on site together with a third party and the competent foreign authorities.

Besides integration-specific topics, FINMA analysed the growth of UBS's investment bank in the USA and the business strategy there in general. In addition, an intensive dialogue took place with the bank on topics relating to information technology, particularly in connection with improvements to the defences against cyber attacks. Anti-money laundering measures were also of great importance in its ongoing supervision.

FINMA deployed its full range of supervisory tools in its supervision of the large bank. Regular supervisory dialogue was supplemented by frequent integration-specific interactions with the bank. Additionally, FINMA staff undertook around 40 on-site supervisory reviews in Switzerland and abroad. Beyond the overarching focus on the integration of business ac-

tivities, the reviews covered trading and capital market business (investment banking) and international wealth management (global wealth management), as well as central group functions in the areas of capital and liquidity (group functions). FINMA also selectively engaged third parties for issue-specific audits. Its in-depth dialogue with international supervisory authorities continued in 2024. This included joint on-site supervisory reviews and the coordination of thematic focal points in the context of supervisory colleges.

Further exemptions in the small banks regime are strengthening proportionality in supervisory activities

The Swiss small banks regime has been a successful supervisory model since 2019 and is unique worldwide. Small, well-capitalised, financially sound banks and securities firms benefit from simplified requirements for calculating and disclosing the required capital and liquidity, as well as from regulatory relief under the FINMA circulars. The small banks regime significantly reduces administrative requirements for the institutions concerned, while participation is voluntary.

FINMA further extended the available relief for participating institutions. For example, when the final stages of Basel III are introduced, these institutions will have less work in implementing the new rules because they will benefit from relief in calculating the required capital. In addition, FINMA announced that institutions in the small banks regime will be completely exempt from the applicability of the new [Circular 2026/1 "Nature-related financial risks"](#). Participants in the small banks regime are less exposed to these risks than larger institutions. As at the end of 2024, 55 small banks and securities firms were participating in the regime. One institution was newly admitted to the regime during the year under review, and there were no withdrawals.

On-site supervisory reviews at banks lead to measures to restore compliance with the law

FINMA carried out numerous on-site supervisory reviews in 2024 at banks in a variety of supervisory categories. Most of the reviews were of institutions in supervisory categories 1 to 3 and were significantly less frequent at smaller institutions in categories 4 and 5. The focus of the on-site supervisory reviews was based on the focal points of FINMA's supervisory activity, as described in the [2024 Risk Monitor](#). The on-site supervisory reviews relating to combating money laundering (see "Money laundering supervision: findings from the on-site supervisory reviews", page 42 f.), handling sanctions (see "Increased financial intermediary risks when dealing with sanctions (on goods)", page 43), mortgage lending business (see "Risk levels associated with real estate and mortgages remain high", page 34 f.), compliance with rules of conduct (see "Weaknesses and uncertainties identified in connection with rules of conduct", page 44 f.) and cyber risks (see "On-site supervisory reviews of insurers with a focus on cyber risks", page 61 f.) have already been described in previous sections of this Annual Report. FINMA identified a number of serious shortcomings, notably in the areas of money laundering and mortgage lending. It called on the banks concerned to remedy the shortcomings without delay. As a direct result of the on-site supervisory reviews, FINMA imposed an institution-specific capital add-on in one case and a restriction on business activity in two cases, and a further two cases ultimately resulted in preliminary investigations and enforcement proceedings.

FINMA again carried out on-site supervisory reviews not only at supervised institutions, but also at outsourcing partners engaged by those institutions. Supervisory reviews were also performed at subsidiaries and branches of supervised institutions abroad, either by FINMA alone or together with foreign supervisory authorities. Conversely, FINMA supported foreign financial market supervisory authorities in

On-site supervisory reviews: banks



Source: FINMA, 2024

Average number of on-site supervisory reviews per institution in the banking sector

In brackets: total number of on-site supervisory reviews per supervisory category

	2024	2023	2022
Supervisory category 1	n/a (45)	n/a (34)	19.00 (38)
Supervisory category 2	5.00 (15)	3.33 (10)	3.66 (11)
Supervisory category 3	1.30 (35)	1.29 (36)	1.52 (44)
Supervisory category 4	0.10 (6)	0.16 (9)	0.16 (10)
Supervisory category 5	0.06 (10)	0.04 (7)	0.06 (10)
All institutions	0.43 (111)	0.39 (96)	0.44 (113)

Source: FINMA, 2024

their direct audits in Switzerland. Where circumstances demanded swift action, FINMA also performed on-site supervisory reviews on an ad hoc basis.

FINMA conducted a total of 111 on-site supervisory reviews in 2024. This represents an increase of almost 19% compared with 2023. This growth is due on the one hand to FINMA's efforts to step up its on-site supervisory reviews in 2024 in response to an increase in certain risks, especially in the area of sanctions, while on the other hand the reviews in 2023 were impacted by the integration of CS.

The on-site supervisory reviews in 2024 resulted in 454 findings, which FINMA used to derive recommendations for the banks concerned. It closely monitored the implementation of the recommendations and compliance with the deadlines it had set. Where necessary, FINMA conducted follow-up on-site su-

perisory reviews to ensure that the recommendations had been implemented appropriately.

Insurance supervision

Insurance supervision in 2024 was centred around the revised ISA and the revised ISO. FINMA stepped up its information and supervisory activities in view of the large number of affected parties. The new legal and regulatory framework strengthens customer protection.

Successful launch of new supervisory responsibility for insurance intermediaries

FINMA has been supervising the intermediary business in the insurance industry since the beginning of 2024. This new task resulted from the revision of the ISA, which improves customer protection and regulates the training of insurance intermediaries, their obligations in advisory meetings and the criteria for

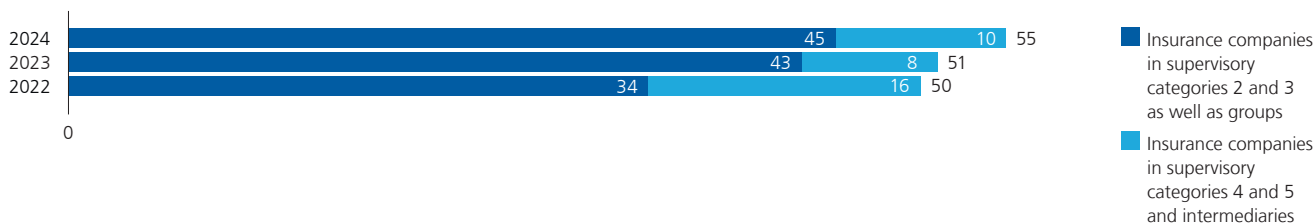
entry in FINMA's register of insurance intermediaries. In September 2024, the Federal Council also enacted rules for health insurance intermediaries that ban cold calling and limit the compensation payable to intermediaries. At the end of 2024, around 9,000 untied and 25,000 tied insurance intermediaries were affected by the new regulatory regime. In light of this large number and the very heterogeneous business models, the supervisory task facing FINMA is proving quite challenging.

In order to reach out to this large target group at an early stage, FINMA had held symposiums for all affected parties in four cities in German-, French- and Italian-speaking Switzerland at the end of 2023. It used these information events to explain the new regulatory framework and obligations. FINMA compiled all the relevant information on its website and

published various explanatory videos. In response to the increased requirements for customer protection, [one video is directed at customers](#) of insurance intermediaries and informs them of their rights. FINMA also created [an online form](#) for reporting unauthorised cold calling.

FINMA digitally analysed the reports and other data requested from insurance intermediaries and insurance companies. It conducted further investigations or initiated supervisory actions in cases where systematic violations of supervisory law were suspected. In 2024, this resulted in 143 investigations into unauthorised activities, violations of information and training obligations, or of the ban on cold calling, as well as improper conduct. FINMA also conducted on-site supervisory reviews of insurance intermediaries and insurance companies. A total of 600 un-

On-site supervisory reviews: insurance companies



Average number of on-site supervisory reviews per institution in the insurance sector

In brackets: number of on-site reviews per category

	2024	2023	2022
Category 2 and groups	1.20 (12)	1.10 (11)	1.18 (13)
Category 3	0.80 (33)	0.82 (32)	0.58 (21)
Category 4	0.15 (10)	0.08 (5)	0.14 (9)
Category 5	0.00 (0)	0.04 (3)	0.08 (7)
All institutions (excluding intermediaries)	0.28 (55)	0.26 (51)	0.26 (50)

authorised intermediaries were identified. In one case investigated, a life insurer was found to be working with 33 unauthorised intermediaries. FINMA ordered measures to restore compliance with the law.

In August 2024, FINMA recognised the minimum standards of the Insurance Industry Vocational Training Association (VBV) for the training and further education of insurance intermediaries. These new legally compliant standards for training and further education will be implemented within the two-year statutory transition period.

At the end of 2024, 8,852 individuals and companies were registered as insurance intermediaries in FINMA's public register. 2,382 of them registered as new untied intermediaries over the course of the year. All those who had already registered previously were required to provide follow-up documentation to FINMA by the end of June 2024 in line with the revised insurance supervisory requirements. Of the insurance intermediaries registered under the old law, 7,044 submitted applications for follow-up documentation. FINMA had processed 3,144 of these by the end of 2024, with 3,900 still pending at that time.

Intervention in supplementary health insurance for inpatient treatment improves transparency

During on-site supervisory reviews of supplementary health insurers in 2020, FINMA had found that contracts between those insurers and service providers led to a lack of transparency and excessive prices. On-site supervisory reviews in subsequent years showed that the situation had seen little improvement. Market prices for medical and non-medical services often remained above the established benchmark prices, despite the insurers' own assessment models. Insurers were able to achieve price reductions of 10% in certain cases and considered

this a success. However, there is still considerable potential for abusive practices. For example, one on-site supervisory review revealed that a supplementary health insurer had used its own assessment model for hospitality services to arrive at a reference price of CHF 191 per night for a bed in a semi-private ward. However, this insurer then agreed a price of CHF 855 with the hospital. The price supervisor confirmed the excessive tariffs in 2021.

FINMA still identified a considerable need for action at the end of 2024. This was when the implementation period imposed by FINMA on insurers to rectify the problem of potentially excessive prices in supplementary health insurance expired. FINMA did not detect any price increases since 2020 for inpatient hospital products due to external factors. This indicates that the intervention has had some initial success. FINMA will continue to address this issue in its supervisory activities.

On-site supervisory reviews of insurers with a focus on cyber risks and cyber underwriting show progress

In recent years, FINMA has conducted on-site supervisory reviews in the area of operational cyber risks at large insurance companies. On the one hand, it has assessed governance, the management of cyber risks, and cyber security, and on the other hand, it also assessed the measures in place to protect data, infrastructures and applications from cyber threats. In 2024, FINMA carried out such on-site supervisory reviews at smaller insurers and at those large insurance companies that had not yet been inspected. These reviews also focused on data management and data life cycle management: the process of managing data from its creation through to its deletion. At the same time, follow-up on-site supervisory reviews were conducted at companies that had already been inspected to verify the implementation of measures since the last reviews. Most insurance companies had made reasonable progress here.

Additional on-site supervisory reviews at large insurance companies focused on cyber risk underwriting. Underwriting is the process through which an insurance company assesses and assumes the risk associated with an insurance policy. The focus of these reviews was on governance, risk management and the provisioning processes in connection with cyber risk insurance products that are actively offered.

Improved risk-based supervision with the introduction of IFRS 17 and IFRS 9 at Swiss insurance groups

Insurance groups that apply International Financial Reporting Standards (IFRS) successfully implemented the new IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments" standards, which entered into force in 2023, by the end of 2024. They published their annual financial statements without delay and without any change to the audit opinion. Due to the transition effects, the opening balance sheets as at 1 January 2022 reported lower equity compared with the equity reported under the previous accounting standards. IFRS 17 "Insurance Contracts" governs the accounting of insurance contracts, while IFRS 9 "Financial Instruments" addresses the classification, measurement and impairment of financial instruments.

During the implementation phase of the new standards, FINMA monitored operational risks in particular and maintained regular contact with the insurance groups to discuss the project. Application of the new financial reporting requirements provides FINMA with additional information for risk-based supervision. This means it can better assess the expected profitability of the insurance companies, make a more informed judgment about the quality of the underwriting and more reliably identify the extent to which the insurance group is writing onerous contracts.

For the financial year 2024, another insurance group adopted the new financial reporting standard, while

two insurance groups continued to publish their accounts in accordance with Swiss GAAP FER or the Swiss Code of Obligations.

Supervision of financial market infrastructures

FINMA also made efforts to protect investors in the supervision of financial market infrastructures. Following the acquisition of the Spanish stock exchange operator Bolsas y Mercados Españoles (BME) by the SIX Group, FINMA cooperated more closely and actively with the Spanish financial market supervisory authority Comisión Nacional del Mercado de Valores (CNMV).

Increased supervision of the SIX Group's financial condition

FINMA also monitored the SIX Group's financial condition in 2024. It focused on risk management in the areas of capital and liquidity. At the end of 2023, SIX had been forced to recognise impairment losses on its equity interest in payment service provider Worldline and on goodwill associated with the BME Group. These impairment losses did not directly impact the SIX Group's liquidity, but they did significantly reduce its equity. In light of this, FINMA conducted an on-site supervisory review to assess the adequacy of capital and liquidity management at group level. The review covered group-wide risk management, the methodology used to calculate the internal capital and liquidity buffers, risk appetite and risk tolerance, as well as an assessment of the internal control system and central controls in the area of capital and liquidity management.

SIX Group is not subject to any quantitative capital and liquidity requirements at group level. There are no international standards for financial market infrastructure groups in this area, but the requirements for effective risk management must be met. Among other things, these include defining risk appetite and risk tolerance and determining appropriate measures if the risk tolerance threshold is exceeded so that active risk management can be carried out in this case.

In addition to the on-site supervisory review and the review of risky balance sheet items by means of regular reporting, FINMA monitored further operational and financial risk indicators to allow it to identify negative developments at an early stage.

Closer cooperation with Spanish financial market supervisory authority Comisión Nacional del Mercado de Valores

FINMA stepped up its collaboration with Spain's financial market supervisory authority CNMV in its supervision of SIX Group. Risk shifting between Spain and Switzerland occurred following the acquisition by SIX of Spanish stock exchange operator BME. SIX Group is primarily active in the Swiss and Spanish financial markets. Due to the high degree of intra-group outsourcing or other relocations and a matrix organisation in the management of the core business areas, there are strong risk interactions across company and country borders. FINMA is responsible for consolidated supervision of the SIX Group. CNMV supervises the Spanish elements of the infrastructure services (trading, central securities depository and central counterparty), and FINMA supervises the corresponding Swiss activities.

To foster dialogue, FINMA and the CNMV hold regular supervisory colleges, with at least one in-person meeting a year. In addition, FINMA and the CNMV conduct joint on-site supervisory reviews and exchange more in-depth written information on risk assessments and reporting.

Supervision of self-regulatory and supervisory organisations

By supervising self-regulatory organisations (SROs) and SOs, FINMA monitors multi-level supervision in the "parabanking" sector. Under the AMLA, SROs supervise professionally active financial intermediaries (such as exchange offices, money transmitters and other payment service providers, virtual asset service providers [VASPs], governing bodies of domiciliary compa-

nies, lenders and lessors, and investment companies). Under the Financial Market Supervision Act, SOs supervise portfolio managers and trustees authorised by FINMA.

Shortcomings in the authorisation of audit firms and lead auditors in the supervisory area of supervisory organisations addressed

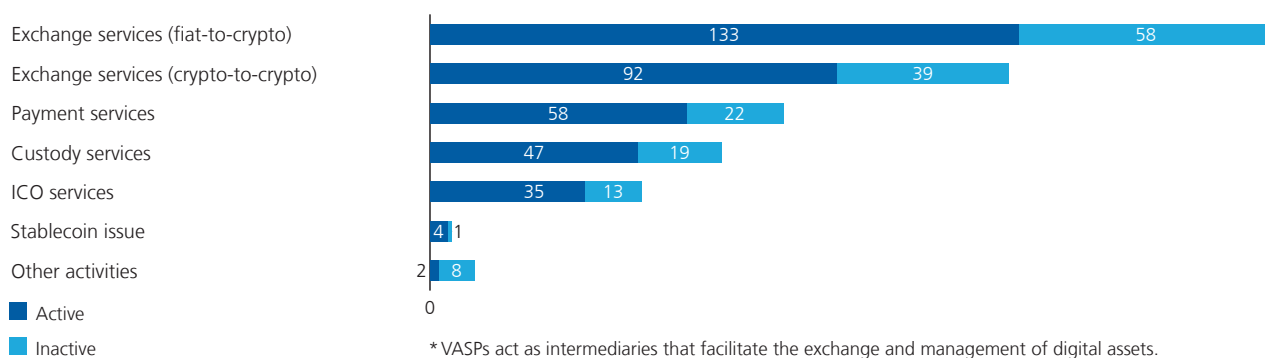
FINMA does not directly supervise portfolio managers and trustees. SOs monitor compliance with the applicable financial market law in this area. The key supervisory tool is the regulatory audits that the SOs can carry out themselves. They may also engage audit firms to perform this task. The SOs are legally obliged to authorise and supervise audit firms and lead auditors. In the year under review, all five SOs active in the financial market engaged external audit firms for regulatory audits.

In light of this, FINMA examined the relevant authorisation processes for audit firms in the course of on-site supervisory reviews at all SOs. FINMA verified whether the SOs sufficiently monitor the statutory authorisation criteria and meet all their obligations when they do this. At the same time, FINMA examined whether the SOs are ensuring that the audit firms they engage have been correctly mandated by the portfolio managers and trustees they supervise.

FINMA identified significant weaknesses in both the authorisation and mandate processes in some cases. For example, the SOs are not adequately monitoring whether auditors have the necessary specialist knowledge for supervisory audits in accordance with Article 84 para. 1 of the FinIO. In the case of the mandates, FINMA established that the SOs did not assess any conflicts of interest or incompatibilities with an audit mandate. On the basis of the shortcomings found, FINMA identified a considerable need for improvement at all SOs and ordered them to take measures to rectify these.

Activities of virtual asset service providers* that are affiliated to self-regulatory organisations

(Multiple answers possible, total of 203 VASPs, of which 88 inactive)



Source: FINMA, 2024

A survey of the crypto-based services offered by VASPs under SRO supervision shows that the activities offered focus on trading (exchange services) and the custody of cryptoassets. The associated risks, particularly in the area of money laundering (travel rule), were the reason for targeted on-site supervisory reviews at selected SROs.

Supervision of self-regulatory organisations

FINMA reviewed three SROs in 2024. As part of its on-site supervisory reviews, it analysed whether and how the SROs had stepped up their money laundering supervision of their members in the area of money transmitters. FINMA had set out its expectations and the measures to be taken in discussions with the SROs in 2023. For example, the SROs must have knowledge and an understanding of the money transmitters' business models to ensure adequate supervision. This includes both knowledge of the type of services (e.g. settlement of money remittances by bank transfer or cash transport) and knowledge of the destination countries. Furthermore, FINMA expects the SROs to consider money laundering risks in this area appropriately and to take the necessary supervisory measures. The audit firms used for the reviews must have qualified personnel. The SROs must stipulate an electronic documentation requirement for the supervised money transmitters to enable an

evaluation of the money transfers and customer profiles. Similarly, the employees of the money transmitters and the third parties they engage (agents) must meet higher training and further education requirements. During the reviews, FINMA found that the SROs already fulfil many of the requirements or have initiated the necessary changes. However, FINMA sees a need for improvement and harmonisation with regard to the electronic documentation requirement and the involvement, training and monitoring of agents.

FINMA also held an information event for the SROs at which it presented the results of its on-site reviews in 2023. In the course of these supervisory reviews, FINMA examined how the SROs are responding to the changes in the requirements that members must meet to become affiliated with an SRO. In addition, FINMA had reviewed the supervision of VASPs. At the information event, amendments to the lists of

financial intermediaries affiliated with the SROs were also discussed, in particular with regard to members who do not engage in any activity subject to the AMLA, so as to avoid misleading information about the actual activity of the members and the scope of their supervision.

Asset management supervision

In the area of asset management, FINMA addressed weaknesses in operational risk management at supervised institutions. It also granted institutions authorisation to open a non-supervised limited qualified investor fund (L-QIF) for the first time. L-QIFs are only open to qualified investors.

Approved merger of the asset management units of UBS and CS and intensified supervision

As at September 2024, FINMA completed the legal integration of the FINMA-authorized asset management units of the former CS Group into the corresponding units of the UBS Group.

The CS companies that were authorised as fund management companies and representatives of foreign collective investment schemes, or as managers of collective assets, were dissolved by means of a merger by absorption and authorisation by FINMA, and their assets and liabilities were integrated into the UBS companies. The same applies to the custodian bank function embedded in the relevant banking units and to the payment agent function for foreign collective investment schemes. The merger at product level was implemented at the same time in the relevant fund documents of the Swiss and foreign collective investment schemes.

FINMA closely monitored the operational integration of the organisational structures in the merged asset management units, which initially operated in parallel. Due to their market presence, significance and complexity, FINMA transferred the merged UBS fund

management companies and managers of collective assets from supervisory category 4 to supervisory category 3. This will result in more extensive and in-depth supervision and is intended to appropriately address the higher risks of the units in question.

Improved risk management urged at fund management companies and managers of collective assets

FINMA has increasingly identified weaknesses in the management of operational risks at fund management companies and managers of collective assets. To raise awareness among the institutions, FINMA published [Guidance 04/2024](#) "Management of operational risks by fund management companies and managers of collective assets" in June 2024. Specifically, this set out the principles for the appropriate management of operational risks and described the recommended measures for managing risks in areas such as ICT, business continuity and outsourcing.

FINMA also observed a further increase in the outsourcing of control functions in the area of risk management and compliance to external service providers. The analysis showed that 61% of asset managers and trustees (2023: 55%) and 66% of managers of collective assets (2023: 64%) outsource at least one control function. For fund management companies, this figure increased slightly to 38% (2023: 36%, see chart). FINMA therefore paid particular attention to the knowledge and experience of these service providers when authorising institutions and amendments to authorisations. As a result of the focus on a small number of external service providers, FINMA also examined their resources and organisational structure. However, the outsourcing institutions remain responsible for selecting, instructing and monitoring the external service providers in all cases.

In the product area, FINMA focused on risk control at the funds, in particular on liquidity risk management and scenario analysis in accordance with Arti-

cles 10 and 14 of the FINMA Collective Investment Schemes Ordinance (CISO-FINMA). This topic was the subject of several on-site supervisory reviews (see "On-site supervisory reviews of asset management institutions reveal a need for improvement" below).

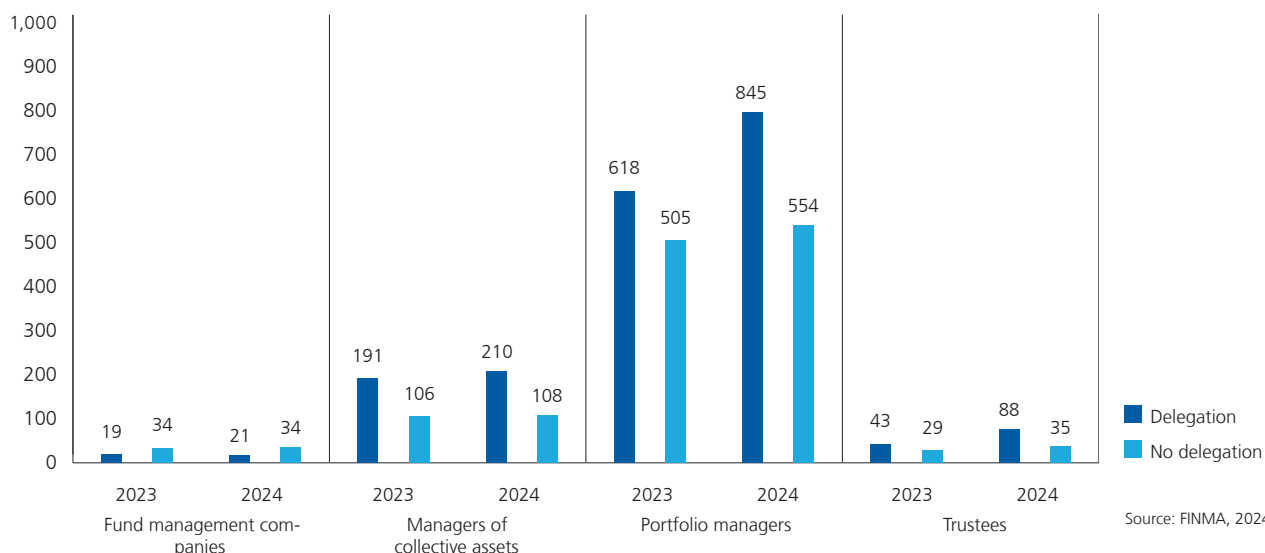
Legislation on limited qualified investor funds comes into force: FINMA measures for FinIA institutions

In December 2021, parliament resolved to introduce L-QIFs as a new fund category. The Federal Council enacted the legislative changes, including the implementing provisions in the CISO, as at 1 March 2024. L-QIFs are collective investment schemes that do not require FINMA authorisation or approval and are not supervised by FINMA. L-QIFs are open exclusively to qualified investors and must be managed by institutions that are supervised by FINMA.

FINMA requires these institutions to explicitly define the L-QIF fund category and the asset classes targeted by the L-QIF in their organisational rules. As part of the authorisation process, FINMA assesses whether the institution has an appropriate organisation and that the persons responsible for proper business conduct, and those responsible for investment decisions and control functions, have the knowledge and experience needed to manage L-QIFs with the specified asset classes.

FINMA had authorised 29 institutions to manage or administer L-QIFs by 31 December 2024. The institutions are responsible for compliance with the regulations applicable to L-QIFs. FINMA is not responsible for supervision or for any interpretation issues relating to an L-QIF, nor is it responsible for issuing L-QIF regulations.

Number of institutions with and without delegation of control functions to external entities

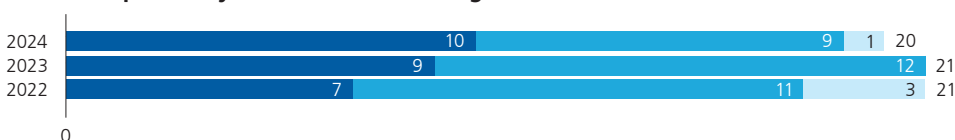


On-site supervisory reviews of asset management institutions reveal a need for improvement

In the course of its on-site supervisory reviews of institutions in the area of asset management, FINMA examined the implementation of the FinSA and in particular its suitability provisions, as well as risk management at the product level, including the management of liquidity risks. FINMA made a number of findings in the area of liquidity risk management. It drew up recommendations on the structuring and strengthening of risk control, on implementing scenario analyses for managed collective investment schemes, and on the refinement of internal risk reporting to the body responsible for governance (as a rule the board of directors). In some cases, FINMA also recommended the further formalisation processes involving liquidity management tools.

In the case of the on-site supervisory reviews of suitability and FinSA implementation, FINMA identified a need for improvement in various areas: the definition of the underlying investment universe, the design and scope of the various levels of internal controls, and the cost transparency associated with the use of proprietary products. Additionally, the outsourcing of specific tasks and compliance with the investment guidelines of selected funds were the subject of further on-site supervisory reviews. FINMA performed follow-up reviews in the case of significant findings and recommendations.

On-site supervisory reviews: asset management institutions



- Fund management companies
- Managers of collective assets
- Custodian banks

Source: FINMA, 2024

To protect the stability of the financial centre, FINMA reviews the recovery plans of systemically important financial market institutions and selected insurance companies along with the emergency plans of systemically important banks. It orders improvements where necessary and prepares a resolution plan. FINMA maintains close contact with the relevant foreign supervisory authorities in this regard. It protects the interests of creditors in insolvency cases.

Recovery and resolution

FINMA reviews the recovery and emergency plans of the systemically important banks on an annual basis and orders improvements where necessary. Since the entry into force of the revised insurance supervision legislation, certain insurance companies have also been required to submit recovery plans. This reinforces the stability of the Swiss financial centre.

The assessment of the crisis preparedness of the global systemically important bank UBS was dominated by the integration of CS in the year under review. For the first time, the recovery plans of the domestic systemically important banks PostFinance, Raiffeisen and Zürcher Kantonalbank were all approved in 2024.

UBS resolvability and significant developments in the emergency and recovery planning of systemically important banks

The recovery plans of all the domestic systemically important banks were approved by FINMA in 2024. Zürcher Kantonalbank presented an effective emergency plan in March 2024 for the first time. Having already fulfilled the other requirements in prior years, it issued the required additional loss-absorbing capital in the form of bail-in bonds. However, PostFinance's emergency plan was still not ready to implement, as it did not meet the requirements for additional loss-absorbing capital, although it submitted a binding plan to increase it. Raiffeisen's emergency plan was again deemed to be ready to implement.

UBS submitted a consolidated recovery and emergency plan for the first time since its takeover of Credit Suisse. FINMA also evaluated the global resolvability of UBS. Its conclusion was that the process of integrating CS, which will continue at least until the end of 2026, has significantly impeded UBS's recovery and resolution planning owing to the need to merge and harmonise group structures, accounting standards, processes and IT systems. FINMA therefore instructed UBS to take specific action, and set deadlines for the relevant risks to be mitigated. Based on the experience of the crises, FINMA is aiming to expand the options to resolve UBS, in the form of a market exit combined with the implementation of the emergency plan and the forced sale of the entire group. FINMA expects UBS to overhaul its recovery and emergency plans accordingly, and therefore [suspended the annual evaluation of these plans in 2024](#).

Lessons learned: developing the approval criteria for banks' recovery plans

FINMA reviewed the approval criteria for the systemically important banks' recovery plans and developed them conceptually to incorporate lessons from the CS crisis.

One of the most important developments in the approval criteria is the clarification of responsibilities. The bank's management and board are now required to confirm in writing every year that the recovery plan is ready to implement, and provide evidence that the plan has been subject to a sufficiently robust process of critical review and examination. Moreover, recovery plans should cover a wider range of crisis scenarios and contain measures that can be implemented quickly and independently of one another. The early warning indicators to be monitored by the bank also need to be more clearly defined. In addition, banks need to redouble their focus on liquidity-generating measures, to keep pace with the speed and scale of potential liquidity outflows as a result of digitalisation. A bank's crisis communications plan must demonstrate how measures can be communicated effectively and in a way that avoids negative repercussions where possible, and how the bank would respond if there was an adverse market reaction to the triggering of recovery options. Finally, with the introduction of the new approval criteria, the banks are expected to run crisis simulations and document the findings in their recovery plan.

Enhanced cooperation with foreign supervisory authorities

FINMA coordinates cross-border resolution and ensures cooperation between the different authorities in the event of a crisis. It has therefore been in close contact with the relevant foreign supervisory and resolution authorities for many years. As the home supervisor, FINMA again organised the meetings of the crisis management groups (CMGs) for the global systemically important bank UBS, the systemically

important central counterparty SIX x-clear and the internationally active insurance groups Zurich Insurance Group, Swiss Re, Swiss Life, Baloise and Helvetia.

The topics discussed at the annual meeting of the UBS CMG included the alternative resolution strategy, the assessment of resolvability and the demonstration of how liquidity and capital needs would be determined in a resolution. In addition, FINMA intensified its bilateral discussions with several foreign resolution authorities to broaden the insights gained from the events surrounding the collapse of CS in 2023, and to improve the international embedding of the developments in UBS's resolvability.

The annual meeting of the CMG for SIX x-clear focused on recovery and resolution planning, while issues related to recovery planning were at the forefront of the annual meeting for the internationally active insurance groups.

Recovery and resolution planning for insurance companies

With the entry into force of the revised insurance supervision legislation (ISA and ISO), recovery plans became mandatory for the first time for Swiss insurance groups and conglomerates. The companies affected were Swiss Re Ltd, Zurich Insurance Group Ltd, Swiss Life Holding Ltd, Helvetia Holding Ltd, Baloise Holding Ltd, Swiss Mobiliar Holding AG and SIEP Holding Inc. After working actively with FINMA, these insurers presented their first recovery plans in 2024.

Moreover, FINMA extended the obligation to prepare recovery plans to other insurance companies, in line with the revised insurance supervision legislation and the specific criteria defined therein. They are now also required to submit a recovery plan. Based on the revised insurance supervision legislation, and with a view to further strengthening the stability of the Swiss insurance sector, FINMA also began evaluating

the need for insurance groups to prepare resolution plans, where this is justified by their size, complexity, interdependencies or risk profile.

Significant insolvencies: bankruptcy proceedings against FlowBank SA in liquidation and updates to banks already in liquidation

FINMA is responsible for ordering bankruptcy proceedings for institutions that it supervises. The aim of these proceedings is to protect the creditors and customers of the institutions concerned. FINMA opened bankruptcy proceedings against one bank in the year under review, and progress was made in three proceedings.

Bankruptcy proceedings against FlowBank SA in liquidation

FINMA opened [bankruptcy proceedings against FlowBank SA](#) on 13 June 2024. This measure became necessary because the bank no longer met the statutory minimum capital requirements to continue its business operations. The minimum capital requirements, which must be met at all times, were significantly and seriously breached. FlowBank SA and its management bodies were unable to take steps to sustainably restore compliance with the capital requirements within the required time frame. In addition, there were justified concerns that the bank was over-indebted. As of 30 November 2024, less than six months after opening the bankruptcy, 93% of privileged deposits had been repaid within the statutory time limit. However, transferring customers' securities accounts is proving to be a difficult process. Nevertheless, 61% of customers were able to transfer their securities or have the proceeds from the sale paid out by the end of November 2024. Drawing up and publishing the schedule of claims is the next milestone in the bankruptcy proceedings and will take place in 2025.

Lehman Brothers Finance AG, Banque Privée Espirito Santo SA and Bank Hottinger & Cie AG, all in liquidation

In the bankruptcy proceedings of Lehman Brothers Finance AG in liquidation, the remaining appeal against the schedule of claims which was referred back to the lower courts by the Federal Supreme Court in 2023 remained pending before the High Court of the Canton of Zurich at the end of 2024. Further funds were realised during the year under review in respect of illiquid assets and claims against third parties. The instalments paid out still amount to 67.83% of admitted third-class claims, the same as in the prior year.

In the bankruptcy proceedings of Banque Privée Espirito Santo SA in liquidation, two instalment payments relating to 5% of admitted third-class claims were being processed. Due to the absence of valid payment instructions from the creditors, the liquidator was unable to pay out amounts totalling CHF 13 million in 2024. Several court proceedings to defend the interests of the bankruptcy estate are pending. The negotiations with the other companies in the group to resolve intra-group claims also continued.

In the proceedings for Bank Hottinger & Cie AG in liquidation, a dispute over the schedule of claims was still pending at the High Court of the Canton of Zurich. In 2024, the liquidators began to realise securities pledged as collateral for loans, which enabled some outstanding loans to be partly repaid. As these securities are illiquid, their continued realisation is expected to take some time. Around CHF 50 million of assets are still blocked by various civil and criminal proceedings. A ruling that was handed down in one of the criminal cases is still subject to appeal, which means the ability to make further instalment payments to creditors remains restricted.

New FINMA Insolvency Ordinance initiated

The revisions to the BA with effect from 1 January 2023 and the ISA with effect from 1 January 2024 necessitated changes to the FINMA Banking Insolvency Ordinance (BIO-FINMA) and the FINMA Insurance Bankruptcy Ordinance (IBO-FINMA). FINMA took this as an opportunity to bring together BIO-FINMA, IBO-FINMA and the FINMA Collective Investment Schemes Bankruptcy Ordinance (CIS-BO-FINMA) into a new consolidated ordinance covering the bankruptcy processes for financial institutions (FINMA Insolvency Ordinance or InsO-FINMA). FINMA's aim is to regulate the insolvency proceedings under its responsibility as uniformly as possible in a single set of regulations, while taking account of the specific features of each institution. To achieve this, all of the existing regulations were reviewed to benefit from relevant insights from theory and practice, and were amended where appropriate. A preliminary draft was circulated to the industry associations and insolvency experts for consultation. The public consultation took place from 9 October to 9 December 2024. The ordinance is scheduled to enter into force on 1 October 2025.

FINMA uses its enforcement powers consistently and effectively against unauthorised legal entities, supervised institutions and individuals to tackle rule infringements and misconduct. Its actions protect clients, investors, creditors and insured persons.

Enforcement

As part of its enforcement activities, FINMA enforces both the rules of business conduct and the prudential rules at supervised institutions. It takes action against entities operating on the financial market without the necessary licence.

FINMA applies enforcement as a visible means of acting against breaches of supervisory law and to restore compliance with the law. These enforcement proceedings may be conducted against licence holders and their employees, against unauthorised financial services providers and against any participants in the Swiss financial market.

FINMA's decisions can be contested before the courts. FINMA enforcement proceedings resulted in a total of 34 court rulings in 2024, compared with 31 in 2023. As in 2023, the statistics show that the appeals bodies upheld all of FINMA's enforcement rulings in 2024.

Enforcement proceedings and licence withdrawal from FlowBank SA

FINMA had previously initiated proceedings against FlowBank SA between 2021 and 2022 and ordered measures to restore compliance with the law in October 2022. Due to renewed signs of various compliance deficiencies, new proceedings were opened against the bank in June 2023. They uncovered serious infringements, particularly in combating money laundering and in terms of long-term compliance with the licensing requirements. In view of these findings and the bank's inability to restore compliance with the law, FINMA ordered the revocation of the licence in March 2024 and disqualified the bank's guarantee of irreproachable business conduct. The ruling does not yet have legal effect because an appeal has been lodged against it. To protect the creditors, various interim measures were ordered during the appeal proceedings, including to prevent any asset withdrawals at the bank (see "Significant insolvencies", page 70 f.).

Enforcement proceedings against Leonteq concluded

In early December 2024, FINMA concluded enforcement proceedings against the Leonteq Group (LTQ). LTQ's business model essentially consists of selling

structured investment products issued by itself or its partners. Distribution is handled by distributors and LTQ itself does not have direct contact with private investors. FINMA's investigation showed that LTQ had inadequately monitored its distribution chain. It also emerged that LTQ had been working with dubious, unregulated distributors. As a result, LTQ was in serious breach of its risk management obligations and the obligation to ensure suitability. FINMA ordered numerous measures to restore compliance with the law. In particular, profits generated illegally with two unregulated distributors totalling around CHF 9.3 million were confiscated. FINMA published a [press release announcing the conclusion of the enforcement proceedings](#), and the ruling has since taken legal effect.

Action taken against Swiss banks due to shortcomings in business conduct

Enforcement proceedings conducted by FINMA against the Swiss bank Audi (Suisse) SA uncovered serious deficiencies in combating money laundering (see [FINMA press release "Banque Audi \(Suisse\) SA violated money laundering regulations"](#)). In addition to the corrective actions taken by the bank, such as changes of staff in key positions and an increase in compliance resources, FINMA confiscated CHF 3.9 million of profits generated in violation of due diligence obligations to prevent money laundering. It also required a CHF 19 million increase in minimum capital to counter these risks. FINMA also banned the bank from entering into new relationships with politically exposed persons or business clients with increased risk for a period of two years. The ruling has legal effect.

The enforcement proceedings conducted by FINMA against HSBC Private Bank (Suisse) in connection with two politically exposed persons revealed serious shortcomings with regard to combating money laundering (see [FINMA press release "HSBC Private Bank \(Suisse\) SA violated money laundering regulations"](#)).

The bank had failed to sufficiently clarify both the origin of the assets and a number of transactions with increased risks. Among other things, the ruling ordered the bank to review all business relationships with increased risks and those with politically exposed persons, as well as the risk categorisation of its other clients. In addition, the bank was temporarily banned from entering into new business relationships with politically exposed persons. The ruling does not yet have legal effect.

FINMA qualifies Comparis as an insurance intermediary

In 2023, as part of enforcement proceedings, FINMA had identified that the comparison site Comparis was operating as an untied insurance intermediary and had to immediately apply to be entered in the corresponding register. Comparis lodged an appeal against this decision, which the [Federal Administrative Court \(FAC\) dismissed in its judgment B-5886/2023 of 5 July 2024](#). According to the judgment, the activity of an online comparison portal must be qualified as insurance intermediation if a product comparison is created on the basis of individualised information and, in addition, users are offered the opportunity to obtain a quote from the rated insurers via links to other sites. The FAC also shared FINMA's view that the involvement of its sister company in the user process did not change the fact that Comparis was required to register. Comparis did not appeal against this judgment.

Current practice regarding integrity ("properness") clearly defined

Since 1 January 2024, untied insurance intermediaries have also had to meet supervisory requirements in terms of personal integrity, known as properness, as part of the requirements for a guarantee of irreproachable business conduct. In the reporting year, FINMA again saw a significant increase in the number of enquiries relating to the review of properness (also see "Successful launch of new supervisory responsi-

bility for insurance intermediaries", page 59 ff.) in the course of the mandatory follow-up documentation of already registered intermediaries, as well as for initial registrations.

The requirement for a guarantee of irreproachable business conduct, which is a condition for registration or the granting of a licence, is comprised of two components, i.e. suitability for the specific function (fitness) and integrity (properness, i.e. no relevant misconduct in the past). A finding of properness requires a good reputation and a favourable prognosis with regard to the integrity of the applicant, the persons responsible for proper business conduct and the persons with a direct or indirect qualifying holding over a financial institution. In the course of checking whether the conditions for registering insurance intermediaries are met, FINMA further tightened its practice regarding the guarantee of irreproachable business conduct. Notably, registration was refused to persons with relevant criminal convictions or certificates of loss, or who attract attention through dubious business practices that are not compatible with the role as an insurance intermediary. This is meant to provide even greater protection for policyholders.

The information provided to FINMA in registration applications must be accurate, complete and correct, and must not give a false impression. Incomplete or incorrect information may affect the assessment of properness and may trigger a criminal charge for provision of false information (Art. 45 FINMASA). The FDF confirmed its practice in this regard, according to which incorrect or incomplete information provided to FINMA may fall within the scope of Article 45 FINMASA, and repeatedly punished offenders with a monetary penalty and/or fine. FINMA also refused to grant licences or register several applicants who had provided false information to it or withheld information relevant to the guarantee of irreproachable business conduct.

If FINMA became aware of any circumstances that could potentially have a negative impact on the properness of a person (e.g. if the person responsible for proper business conduct was subject to ongoing supervisory or criminal proceedings), it only confirmed their properness with a reservation. In less serious cases, FINMA issued a warning. Depending on the development of the facts underlying its reservation, FINMA may reconsider its properness decision by way of a decision or ruling and prohibit the person concerned from exercising the role to which the guarantee relates. In this context, FINMA required institutions and persons responsible for proper business conduct to proactively inform FINMA, in line with their reporting obligations pursuant to the

applicable financial market laws (see Art. 29 para. 2 FINMASA), about the development of the facts in question.

Decisive action against misconduct and violations of sanctions

FINMA also took action in other cases of misconduct or violations of international sanctions. The cases described below have been anonymised and some of FINMA's rulings have not yet taken legal effect.

In one case, company A sold shares in company B without the appropriate authorisation, and in return received funds amounting to approximately EUR 1 million. Person C was the sole director of com-

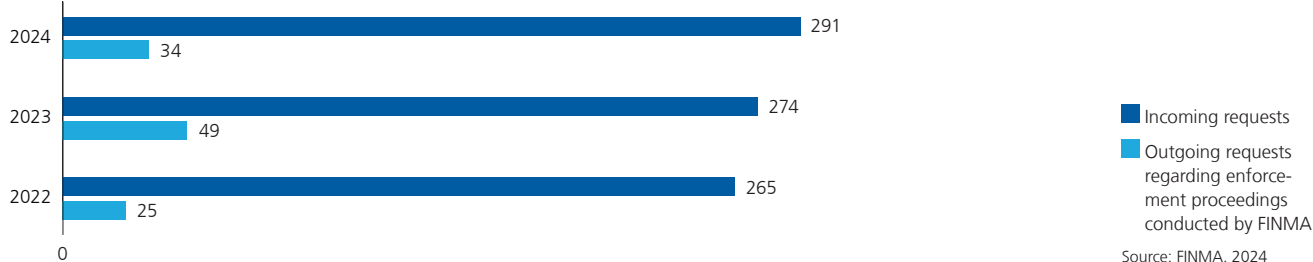
Investigations and enforcement proceedings

Most tip-offs concerning breaches of financial market laws are resolved during the investigation stage.



Incoming requests for administrative assistance to FINMA

As a major international wealth management centre, Switzerland receives significantly more requests for administrative assistance than it sends abroad. The complexity of administrative assistance requests is increasing, while at the same time the number shows a downward trend.



pany A and was primarily responsible for the serious violation of supervisory law. On the one hand, C enabled company A to make the unlawful profit and, on the other, C decided how the profit was to be used. The majority of the profit went to C and their close associates. A cease-and-desist order was issued against C for a period of five years, and profits of almost CHF 1 million were confiscated.

In another case, person D, who worked as a client advisor at a bank, wrongfully collected client funds and also executed unauthorised options transactions. For this, D forged payment slips, opened fictitious accounts and carried out further acts of concealment. In doing so, D seriously violated provisions of financial market legislation and internal bank regulations. FINMA prohibited D from working as a client advisor in accordance with Article 33a FINMASA for a period of five years.

FINMA prohibited another bank from entering into new business relationships with politically exposed persons and corporate clients with a connection to Russia. The bank was also ordered to identify business relationships where the clients were involved in the trade of dual-use goods, particularly exports to sensitive markets. Furthermore, the bank had to decide whether the business relationships in question could be continued in line with the bank's current risk appetite.

In support of the statutory regulation of independent investment research

FINMA supported the ongoing efforts to incorporate a general outline of the requirements for the producers of investment research into future legislation (see also the report published by the FDF on the amendment of the Financial Market Infrastructure Act of 19 June 2024, section 3.1.4). Independent investment research plays a key role in the investment process. Moreover, it is not uncommon for investment research to amount to insider information before the

publication of rating or price target changes, which is also relevant in terms of market supervision. Furthermore, statutory regulation of independent investment research is needed with a view to maintaining the international competitiveness of the financial centre.

Proceedings against debt restructuring companies

To protect clients, FINMA conducts enforcement proceedings against fraudulent financial restructuring companies. A network of over 100 such companies had operated a fraudulent business model in Switzerland. From 2017 to 2020, they had accepted assets worth several million francs from hundreds of clients for the purpose of debt restructuring for private individuals. They only passed some of these client funds on to the clients' creditors and third parties. FINMA successfully conducted enforcement proceedings against some of these financial restructuring companies over the years (see [2021-25 case reports: database of enforcement decisions](#)) and continues to take targeted action against such companies. In 2024, FINMA conducted investigations and enforcement proceedings against further financial restructuring companies and their governing bodies for unauthorised activities as a financial intermediary under the AMLA without being affiliated to an SRO, and for unauthorised acceptance of public deposits.

Planned improvements in market supervision

FINMA welcomes the planned changes to the Financial Market Infrastructure Act (FinMIA) to improve the effectiveness of market supervision (see also the [report published by the FDF on the amendment of the FinMIA](#)). The proposed reporting office for transaction reports will standardise the requirements and simplify matters for those filing reports. Together with the implementation of the planned market supervision of multiple trading venues by FINMA, it will enable holistic market supervision with high-quality reports. This will further reduce the barriers to mar-

ket entry for new trading venues. The transfer to the FinMIA of certain obligations on the part of issuers will improve transparency for investors and strengthen the financial centre. Furthermore, the planned obligation for securities firms to report potential market abuse by their clients to FINMA will further improve the detection and exposure of insider trading and market manipulation.

Rejected licence applications for umbrella structures at portfolio managers

Under the FinIA, FINMA does not consider it possible to licence business models of portfolio managers and trustees in which the activity requiring a licence is in fact carried out by separate and independent third parties. In the interests of investor protection and equal treatment, these avoidance or umbrella structures, which are designed to save third parties the trouble of going through the licensing process and fulfilling licensing requirements, and which deviate from the principle of licensing at the level of the institution, are not protected. In 2024, FINMA reviewed such business models on a case-by-case basis. In doing so, it applied the principle of “substance over form”, according to which the economic circumstances are the main focus. In the course of its assessment, FINMA took into account criteria such as organisational integration, degree of independence, and competency to carry out the activities requiring a licence.

Deferred client notification in cases of international administrative assistance: Federal Administrative Court backs FINMA

FINMA regularly receives requests for international administrative assistance. When processing applications that involve data on individual clients, FINMA requests the consent of the persons concerned before transferring the data to the foreign authority. If they refuse the transmission of the information, FINMA issues a contestable ruling, and the client can object to this in administrative proceedings. FINMA

refrains from providing prior information if the foreign authority can plausibly demonstrate that this could result in the destruction of evidence or risk of collusion. In this case, clients will only be informed of the transmission when the reason for not providing prior information no longer applies. A subsequent legal review is limited to determining whether the transmission was unlawful (Art. 42a para. 6 FINMASA).

In its judgment B-4778/2022 in 2024, the FAC issued its first decision of last instance regarding a procedure of providing deferred client information. In this particular case, a foreign authority had requested administrative assistance from FINMA. FINMA complied with the request and forwarded bank documents concerning a specific person without informing the person involved in advance. FINMA informed the person six years later, after the foreign authority no longer considered there to be any risk of collusion. The person concerned then demanded an appealable ruling from FINMA, in particular because the long period between transmission and notification violated Article 42a para. 4 FINMASA. In its judgment, the FAC confirmed FINMA’s view that Article 42a para. 4 FINMASA does not contain a deadline for deferred notification. As the other administrative assistance requirements were also met at the time of the transfer, it dismissed the subject’s appeal in its entirety.

Judgment of the Federal Supreme Court in the Mirabaud case

In its [landmark ruling 2C_682/2023 of 29 August 2024](#), the Federal Supreme Court dismissed an appeal by Bank Mirabaud against a decision confirmed by the FAC to inform the public via a press release. It ruled that FINMA was entitled to inform the general public about concluded enforcement proceedings in accordance with Article 22 para. 2 FINMASA even if no publication of the final ruling was ordered in accordance with Article 34 FINMASA prior to such information being provided. The fact that informing

the public could have similar consequences to the publication of a final ruling, i.e. an indirect effect of naming and shaming the party in question, was not a problem as long as the decision to disclose was subject to effective judicial review. In this present case, the Federal Supreme Court held that the publication was aimed at safeguarding the reputation of the Swiss financial centre and that this constituted an overriding public interest. On 17 September 2024, FINMA published [a press release on the enforcement proceedings against Mirabaud](#).

Federal Supreme Court confirms FINMA's ruling against PostFinance

Like the FAC before it, the Federal Supreme Court confirmed in its [decision 2C_283/2023 of 20 November 2024](#) the FINMA ruling issued in 2021, in which it ordered PostFinance to hold additional equity to

cover interest rate risks. The Federal Supreme Court stated, among other things, that FINMA was authorised to base the interest rate risks incurred on the fixed-interest period it determined itself (remaining term until the next possible adjustment of customer interest rates) and did not have to use the values and assumptions of PostFinance. The fixed-interest period of non-lapsing customer deposits is not an empirically determinable value, but an estimate. Overall, FINMA did not leave any material aspects unconsidered when assessing whether additional capital was required and carried out the necessary clarifications carefully and comprehensively.

FINMA's regulation seeks to protect clients, investors, creditors and policyholders. Its regulation is principles-based, proportionate and issued only when necessary for effective supervision. FINMA lends its expertise to support regulatory work at federal level and advocates for effective regulation in line with minimum international standards.

Regulation

FINMA regulates only when necessary to meet its supervisory goals. In 2024, it was once again committed to principles-based and proportional regulation on the basis of a robust regulatory process.

Where empowered to do so by legislation or ordinance, FINMA regulates second-order technical details in certain defined areas of supervision. It also publishes circulars which set out its supervisory practice and how it proposes to interpret laws and ordinances. FINMA promotes risk-oriented and proportional regulation.

FINMA's main objectives for "too big to fail" regulation

The Federal Council published its [Report on Banking Stability \(TBTF report\)](#) on 10 April 2024. The report analyses the events that led to the emergency takeover of CS by UBS and proposes legislative changes for consideration or implementation. FINMA welcomes the report's recommendations to strengthen the stability of the banks and FINMA's toolbox.

FINMA devoted considerable resources to implementing the TBTF report and contributed its expertise to federal government working groups. From FINMA's perspective, it is important not just to learn from past events, but also to look forward and lay the foundations for a supervisory approach that is well equipped to face the challenges of the future.

FINMA views the implementation of the following core issues as particularly important:

- *Early intervention powers:* Establishing a legal basis for effective early intervention by supervisors is key. All of the standard international measures should be available to FINMA, and it should be able to implement them immediately without the risk of being delayed by legal challenges.
- *Strengthening the capital base of banks with foreign shareholdings:* Accurately valuing foreign participations is extremely complex, and they can suffer rapid losses in value. Backing them fully with Common Equity Tier 1 (CET1) capital is the best way to cushion this volatility and protect the parent company from severe losses on its shareholdings. This was a direct lesson from the CS crisis.

- *Strengthening corporate governance requirements and introducing a senior managers regime:* Complying with the principles of good corporate governance and a clear allocation of responsibilities with accountability for senior management are an essential foundation for proper business conduct and thus for trust in a bank.
- *Strengthening the independence and credibility of regulatory audits:* At present, compliance with supervisory requirements is verified by audit firms, who are mandated and paid by the supervised institutions themselves. The inherent conflicts of interest in this system, which is unusual internationally, are self-evident and should be minimised by FINMA mandating the audit firms directly. FINMA is in favour of abolishing Article 23 BA, which provides for direct controls only under certain conditions, as well as further measures to avoid conflicts of interest, such as the periodic approval of the choice of audit firm or the restriction of other activities by audit firms or lead auditors.
- *Increasing FINMA's enforcement powers:* The power to levy fines for non-compliance with a directive from FINMA is an important part of preventive supervision. FINMA must also be allowed to communicate more proactively and directly about its activities.
- The legal framework for *systemically important banks' recovery and resolution planning* needs to be strengthened, and the tools for an orderly market exit by banks developed further so that the Federal Council does not have to resort to emergency powers again in future.

Making regulation more format-compliant

Under [Article 16 of the Ordinance to the Financial Market Supervision Act](#), FINMA is obliged to review the format-compliance of its regulation by the end of January 2025. This review has largely been completed. As part of the implementation of the final Basel III standards, FINMA published five new ordinances covering capital and disclosure. At the same

time, banking-related circulars were amended or withdrawn (see [press release "FINMA publishes ordinances to implement the final Basel III standards"](#)). All of the changes took effect on 1 January 2025.

Furthermore, FINMA Circular [2015/2 "Liquidity risks – banks"](#) is being transferred to a FINMA Liquidity Ordinance, which will enter into force on 1 January 2027. The FINMA Circulars [2019/1 "Risk diversification – banks"](#) and [2013/7 "Limits on intra-group positions – banks"](#) will be transferred to a new FINMA Ordinance on Risk Diversification, which will enter into force on 1 January 2026.

The consolidated supervision of financial groups ensures that all of their risks are monitored by supervisors. FINMA has a long-established practice of consolidated supervision of financial groups under the Banking and Financial Institutions Acts, which has now been laid down in a circular for the first time. The circular sets out the scope and content of consolidated supervision. FINMA carried out a consultation on the circular from 2 September to 1 November 2024.

FINMA circulars and ordinances

FINMA regulates through ordinances of its own only where it is authorised to do so by law. FINMA's circulars set out how it applies financial market legislation in practice. FINMA issued the following circulars and ordinances in 2024:

Implementation of the final Basel III standards

To implement the Basel III finalisation package, FINMA issued technical implementing provisions relating to the revised CAO in 2024 in the form of five ordinances which entered into force on 1 January 2025 (see [press release "FINMA publishes ordinances to implement the final Basel III standards"](#)). FINMA adopted several of the suggested amendments put forward at the consultation in the new ordinances.

FINMA Insurance Supervision Ordinance and insurance circulars

The revised FINMA Insurance Supervision Ordinance and numerous revised circulars for insurers entered into force on 1 September 2024. These updated FINMA's technical implementing provisions and supervisory practice in connection with the revised ISA and ISO, which took effect on 1 January 2024.

Circular on nature-related financial risks

The new Circular [2026/1 "Nature-related financial risks"](#), which is directed at banks and insurers, sets out FINMA's supervisory practice on the governance and risk management of nature-related financial risks. It reflects developments among international standard-setters and is intended to strengthen awareness of nature-related financial risks. The circular will enter into force on 1 January 2026, with a one-year transition period for institutions in categories 3 to 5. Application of the circular beyond climate-related financial risks will be binding on all institutions from 2028.

New Regulatory Auditing Ordinance

FINMA held a consultation on the new FINMA Regulatory Auditing Ordinance from 13 March to 22 May 2024. For formal reasons, the majority of the regulations that were previously in Circular [2013/3 "Auditing"](#) are being transferred to the new FINMA ordinance. In order to increase the flexibility of auditing, the previous annexes will now become templates. A small proportion of the regulatory content will remain in the circular. The new regulations are scheduled to enter into force in the first quarter of 2025.

Circular on rules of conduct under the Financial Services Act

FINMA's supervisory practice on central questions relating to the interpretation of the FinSA is set out in Circular [2025/2 "Rules of conduct under FinSA/FinSO"](#), which entered into force on 1 January 2025.

The circular details how financial services providers are to ensure that clients receive transparent information so that they are adequately informed to make investment decisions.

Revision of the circular on liquidity in the insurance sector

FINMA is completely revising Circular 2013/5 “Liquidity – insurers” and hence its supervisory practice on liquidity and liquidity risk management (see press release “FINMA to revise the circular on liquidity for insurers”). The revision of the Insurance Supervision Ordinance introduced annual reporting by insurers to FINMA on liquidity planning. This fulfils FINMA’s commitment to a modern and principles-based approach to supervision. The circular entered into force on 1 January 2025.

Ex-post evaluations find no need for revisions

FINMA periodically reviews whether its regulation is necessary, appropriate and effective. During these reviews it consults interested parties, and the results of the reviews are published. FINMA completed an ex-post evaluation of disclosure requirements for climate-related financial risks in 2024. It published the ex-post evaluation report on 11 July 2024 (see press release “Ex-post evaluation of the disclosure requirements for climate risks: no adjustments at present”). The report concluded that the regulatory objectives have been achieved by means of principles-based regulation, and a revision is not required at present. However, FINMA will continue to monitor national and international developments.

Recognition of self-regulation

FINMA can also recognise self-regulation within the financial industry as a minimum standard. If it does so, this applies as a minimum standard both for the members of the relevant self-regulatory organisations and other companies in the industry.

FINMA recognised the revised guidelines for assessing, valuing and processing mortgage loans in March 2024 (see press release “Mortgage loans: FINMA recognises adjustments to self-regulation”). The revision of the mortgage guidelines related primarily to property valuations and the obligation to check the plausibility of borrowers’ creditworthiness and affordability. The implementation of the final Basel III standards in Switzerland will also lead to the introduction of more differentiated risk weightings. As a result, the risk weightings of higher loan-to-value investment properties will now be significantly higher than before.

FINMA also recognised the insurance industry’s self-regulation with regard to the training and further education of insurance intermediaries as a minimum standard on 23 August 2024. This is in connection with the new regulation of insurance intermediaries that came into force on 1 January 2024. Recognition allows FINMA to monitor how self-regulation is being applied and to intervene in the event of any breaches of the rules.

Quantitative developments in regulation

In terms of the number of pages, FINMA’s ordinances and circulars were slimmed down in 2024. The number of pages in circulars was 867 (previous year: 1,031), a decline of almost 16%, although FINMA ordinances went up by 37 pages. The increase was due to the work on implementing the final Basel III standards and the implementing regulations for the Insurance Supervision Act and Ordinance.

FINMA is an internationally respected authority with strong international relationships. It promotes credible and effective international standards in financial market supervision. To achieve this, it participates in the relevant international bodies and contributes to a future-oriented approach to risks and developments on the financial markets. It represents Swiss supervisory approaches, regulation and supervisory interests and ensures effective supervision of internationally active financial service providers.

International affairs

Internationally binding standards are of great importance for Switzerland as an export-oriented financial centre. In the year under review, FINMA represented Swiss interests in international fora in coordination with the Federal Department of Finance (FDF) and played a central role in reviews of Switzerland's compliance with international standards.

FINMA continued to maintain relationships with numerous foreign supervisory authorities in 2024 and worked closely with them, in particular on the supervision of internationally active financial institutions.

International relations

To boost international relations, regular courtesy meetings were held with high-level representatives of foreign supervisory authorities. These meetings at board and management levels were designed to strengthen the existing cooperation. FINMA CEO Stefan Walter, for example, has an extensive international network. These contacts contributed in no small measure to the good cooperation between FINMA and its partner authorities. Personal connections remain a key element in efficient and effective cooperation in supervision, particularly in crises. This was also reflected in the ongoing increase in and renewal of cooperation agreements.

FINMA also supported the SIF with supervisory and regulatory expertise within its mandate, and took part in several financial dialogues between the SIF and third countries in 2024. These dialogues offered the opportunity to discuss current developments.

Financial Stability Board

In 2024, FINMA worked on the topics of cryptoassets, cyber risks, and operational resilience and liquidity risks in open-ended funds under the aegis of the [Financial Stability Board \(FSB\)](#). It also contributed substantially to the analyses following the CS and US regional bank crises of 2023.

The FSB is responsible for monitoring financial stability globally. It coordinates the development of financial market regulation as the link between the G20 and the international standard-setting bodies. FINMA is a member of the Standing Committee on Supervisory and Regulatory Cooperation and the Resolution Steering Group. The SNB and SIF represent Switzerland in the FSB Plenary.

Basel Committee on Banking Supervision

FINMA represents Switzerland on the [Basel Committee on Banking Supervision \(BCBS\)](#) together with the SNB. FINMA was actively involved in a range of BCBS committees to strengthen the security and reliability of the international banking system. The focus was on steps to improve banking regulation and supervision following the crises at CS and the US regional banks. The BCBS carried out consultations on a number of different topics. These included, for example, amending the assessment framework for global systemically important banks to reduce the effects of window dressing by global systemically important institutions. Window dressing occurs when a bank temporarily manipulates its balance sheet just before a reporting date to make itself appear more financially stable. Improvements in initial margin and variation margin practices in markets with and without central clearing were also discussed. Further topics included using scenario analysis to strengthen the management of climate-related financial risks, principles for the management of outsourcing risks, and frequently asked questions (FAQs) in the context of the final Basel III standards.

International Association of Insurance Supervisors

The [International Association of Insurance Supervisors \(IAIS\)](#) promotes effective and globally consistent supervision of the insurance industry with a view to protecting policyholders and contributing to financial stability. FINMA supported the organisation's work as a longstanding member of the IAIS Executive Committee and in numerous sub-groups, especially on regulations for internationally active insurance groups (IAIGs). Five Swiss insurance companies are IAIGs, a large number by international standards.

In 2024, the IAIS approved the Insurance Capital Standard (ICS) as a prescribed capital requirement for IAIGs. FINMA regards the SST as more risk-sensitive than the ICS. The SST will therefore continue to

apply in Switzerland to fulfil the ICS criteria. Other IAIS work included continuing to develop standards and recommendations for insurers' resolution planning, responding to climate risks, and the application of the Holistic Framework for the assessment and mitigation of systemic risk, which was approved by the FSB in 2022.

International Organization of Securities Commissions

FINMA continued to play its part on the board of the [International Organization of Securities Commissions \(IOSCO\)](#) in 2024. It actively worked towards strengthening investor protection, ensuring fair, efficient and transparent markets and reducing systemic risks.

Sustainability and digitalisation were central topics during the year under review. FINMA supported global standards for sustainable financial reporting and at the same time promoted international cooperation on digital innovation, including the regulation of cryptoassets. Through this work, FINMA addressed the opportunities and challenges of new technologies and sustainable financial practices at a global level.

Another focus was evaluating jurisdictions that want to join IOSCO's Memorandum of Understanding. This agreement aims to strengthen the international cooperation between securities regulators. FINMA played an important role in evaluating the readiness of new jurisdictions to join IOSCO. In addition to these tasks, FINMA worked on implementing reviews to ensure compliance with international standards.

Berne Financial Services Agreement international treaty

Switzerland and the United Kingdom signed the Berne Financial Services Agreement (BFSA) on 21 December 2023. In the treaty the two countries recognise their legal and supervisory frameworks as equivalent in certain financial segments. This opens

up new areas of cross-border market access in insurance and wealth management. The BFSA will enter into force after it has been ratified by both parliaments.

The BFSA also contains provisions on cooperation between both countries' financial supervisory authorities. FINMA is negotiating a cooperation agreement with the Financial Conduct Authority and the Bank of England, setting out how this will work in practice. In particular, the agreement is expected to define the conditions under which financial services providers can take advantage of the opportunities for cross-border market access. FINMA is also coordinating the practical implementation of the agreement at supervisory authority level with its UK counterparts.

Network for Greening the Financial System

Together with the SNB, FINMA has been a member of the Central Banks and Supervisors Network for Greening the Financial System (NGFS) since April 2019. It again participated actively in workstreams with direct relevance for its supervisory practice. This included finalising the conceptual framework for supervision of nature-related financial risks, and the work on how supervisors should deal with climate-related transition plans. It also shared its experience of developing specific supervisory expectations with other NGFS members.

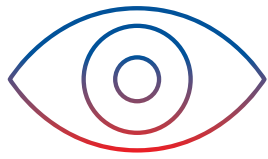
IMF Financial Sector Assessment Program

The International Monetary Fund (IMF) conducts annual consultations with member countries on macroeconomic developments and economic policies, known as Article IV consultations. Every five years, the IMF also carries out an in-depth review of the country's financial sector under the Financial Sector Assessment Program (FSAP). In the FSAP the IMF reviews and evaluates the stability of the financial sector and associated regulatory and supervisory issues, including compliance with international standards in financial regulation.

This wide-ranging review is being conducted in Switzerland from May 2024 to June 2025 under the lead of the FDF in conjunction with the SNB. Due to its central role in the Swiss financial markets, FINMA is the lead authority in most of the areas reviewed within the FSAP. The results of the review are expected to be published in the autumn of 2025.

FINMA's staff actively contribute to ensuring the safety and stability of the Swiss financial centre

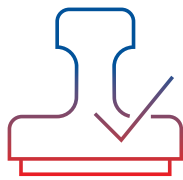
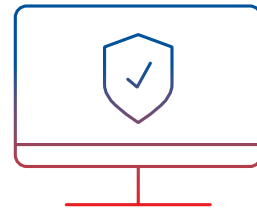
FINMA employs experts from a range of specialisms: law, economics, mathematics, auditing, actuarial services, accounting etc. They are committed to protecting bank clients, investors, creditors and policyholders in Switzerland. FINMA also helps train young people through its internships and apprenticeships.



161.9
supervision

65.3

risk management



203.9

licensing, legal,
regulation,
enforcement

58.3

digital
(data analysis, data
science, IT)

122.3

operations, support,
central specialist functions

total full-time equivalents (FTEs)

658.4

young talent
(apprentices, interns,
career starters,
trainees)

37.7

FINMA as an authority

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As a public institution, FINMA informs all relevant interest groups as openly and transparently as the law permits about its supervisory, regulatory and enforcement activities. It engages in dialogue with supervised institutions, associations and experts. It takes part in meetings of parliamentary committees, answers thousands of enquiries from citizens and keeps the media and the public informed by means of press releases and news articles.

FINMA in dialogue

FINMA communicates with its stakeholder groups in an open and transparent manner. It informs market participants, provides politicians with information about its supervisory and regulatory activities, engages in dialogue with interest groups and establishes transparency towards the public about its activities.

As an independent authority, FINMA informs its stakeholders as the law permits, and fulfils its legal obligations. It maintains an institutional dialogue with supervised institutions, politicians, other authorities and further interest groups.

Annual accountability to Parliament

At least once a year, as part of the publication of the Annual Report, the Chair of the Board of Directors and the CEO of FINMA account to the Control Committees and the Finance Committees of the Federal Assembly. The focus of the accountability obligation was on the challenges in the aftermath of the merger of UBS and CS. Other topics included effective and efficient supervision, the legal basis for financial market supervision, and the implementation of FINMA's strategy in 2023.

Provision of expert information to parliamentary committees

FINMA informed the expert committees of the Federal Assembly on issues relating to supervisory practice and legislative projects, and in particular on the functioning and organisation of depositor protection and deposit insurance. In addition, it provided information to the PlnC on the authorities' management of the emergency merger of CS with UBS.

Symposia for market participants

FINMA held events on specific topics with high-level representatives from the supervisory and private sectors. These meetings enable a direct and informal exchange between the supervisory authority, financial market institutions and industry organisations. Examples include symposia, specialist conferences and round table discussions on the topics of small banks, small insurance companies, the AMLA and FinTech.

Discussions with other stakeholder groups

In 2024, FINMA again held annual or semi-annual discussions with key associations of supervised institutions and individuals as well as other stakeholders.

An exchange with stakeholders committed to client protection also took place. Topics included supplementary health and life insurance, as well as the implementation of the new supervisory responsibility for insurance intermediaries.

Well over 8,000 enquiries from the public

FINMA received valuable information from the public on how to improve its supervisory activities. It processed more than 8,600 enquiries from financial market clients, investors and lawyers. This represents a further increase in the number of enquiries. 1,833 reports and complaints were received in relation to unauthorised financial market participants, who had frequently misled their investors about being located in Switzerland. The information on the FINMA website about investor protection was also very well received. Information on depositor protection met with particular interest in connection with the FlowBank bankruptcy.

Public reporting

In its communications with the public, FINMA acted transparently and in accordance with the legal requirements. The main vehicle for this was the FINMA website, where all the basic information on FINMA's supervisory and regulatory activities is available. More than one million users accessed the website in 2024. Key publications include the Risk Monitor, the reporting on recovery and resolution, the Annual Report and a wide range of statistical data. In 2024, FINMA published 33 press releases and 11 news articles. On social media, the number of followers rose to 49,000, compared with 41,000 in the previous year.

FINMA continues to rely on external experts for its risk-oriented supervisory and enforcement activities. Audit firms carry out recurring audits of supervised institutions on behalf of FINMA and report on their findings. FINMA also appoints mandataries to clarify specific supervisory and enforcement issues.

Audits on behalf of FINMA

FINMA draws on the support of third parties in all aspects of its supervisory work. Its key focus is on the effectiveness and efficiency of the audit firms and mandataries.

Audit firms are mainly used in supervisory audits, where they serve to extend FINMA's reach. They must carry out their work independently, critically and objectively. They report their findings to FINMA on the basis of their audit.

Audit firms extend FINMA's reach

For audits completed in 2024, audit firms charged an average hourly rate of CHF 232 for a regulatory audit and CHF 148 for a financial audit. The costs of regulatory audits conducted by audit firms are borne directly by the supervised institutions. Audit firms

report their invoiced fees to FINMA on an annual basis. Audit costs accounted for 34% of the total supervisory costs invoiced by FINMA and audit firms for the Swiss financial market.

The extent to which audit firms were used varied from sector to sector. In banking supervision, they accounted for 46% of costs, with average hourly rates for regulatory audits varying according to the size of the bank (see chart below). The varying degrees of complexity of the audit fields, which are subject to rotation over several years, as well as the

Fees charged by audit firms for regulatory audits

Annual fees per supervisory area in CHF million⁶

	2024	2023	2022 ⁷	2021	2020	2019
Banks and securities firms	60.5	56.0	55.9	54.5	55.3	76.9
Insurance companies	6.8	5.9	6.2	7.1	6.8	7.7
Markets	1.0	0.9	0.9	1.0	0.8	1.6
Asset management	12.6	11.2	10.7	9.3	9.8	13.1
Total	80.9	74.0	73.7	71.9	72.7	99.3

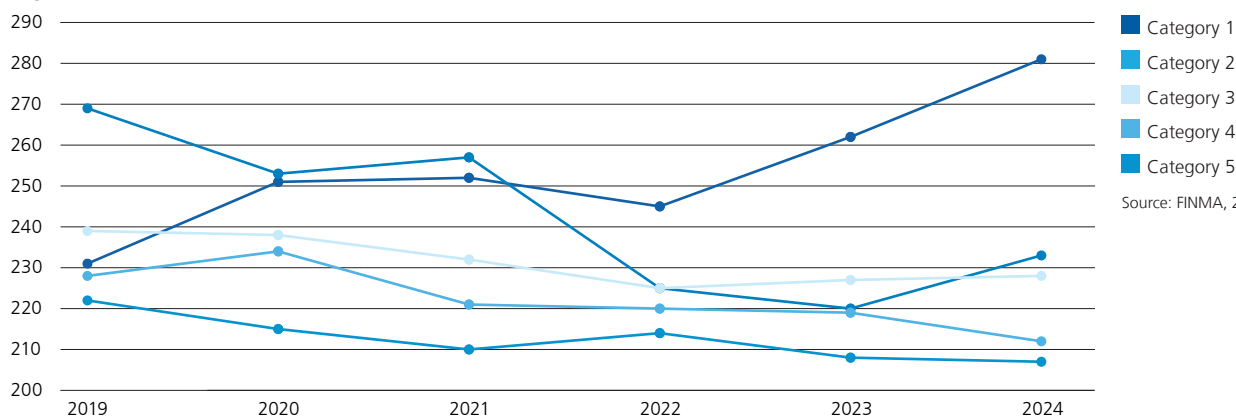
Source: FINMA, 2024

⁶The figures reported each year relate to audits conducted in the previous financial year. Regulatory audit costs include the basic audit and any additional audits. Other costs associated with regulatory audits (such as expenditure on special audits required by law) over which FINMA has no control are not included.

⁷Deviations from the figures published in the 2022 Annual Report are due to audit costs retrospectively reported or adjusted.

Average hourly rates for regulatory audits of banks

in CHF



Source: FINMA, 2024

different business models and audit methods have an influence on the rates. Since FINMA undertook most of the supervisory work in the insurance sector itself, the costs attributable to audit firms in this sector were just 13%.

FINMA mandataries – an important instrument for specific supervisory and enforcement issues

In the year under review, FINMA awarded 30 mandates to mandataries, compared with 29 in 2023. As part of its selection process, it ensured that, if possible, mandates were not awarded disproportionately frequently to certain mandataries. FINMA monitored the fulfilment of the mandates on an ongoing basis and checked the proportionality of the costs to be borne by the supervised institutions. Costs for FINMA mandataries commissioned in 2024 came to CHF 29.3 million (invoices received as of mid-February 2025).

Mandataries are an important supervisory instrument for FINMA. In contrast to auditors, mandataries are not usually commissioned for recurring audits with a predefined audit programme; instead they are deployed to look into specific issues relating to supervision and enforcement. FINMA's mandates are as varied as the areas they cover, and thus require different types of specialisation. There are five types of mandatory:

- audit mandataries at authorised financial intermediaries;
- investigating agents at authorised financial intermediaries;
- investigating agents of unauthorised activities;
- restructuring agents and crisis managers at authorised financial intermediaries;
- bankruptcy and liquidation mandataries.

Costs for FINMA mandataries by fee volume and number of mandates granted

Mandate category	2024		2023		2022	
	Fee volume ^a in CHF m	Number of mandates commissioned	Fee volume in CHF m	Number of mandates commissioned	Fee volume in CHF m	Number of mandates commissioned
Auditing of authorised financial intermediaries	18.2	4	9.5	10	6.4	6
Investigations of authorised financial intermediaries	5.5	8	4.0	8	13.8	6
Investigations of unauthorised activities	0.8	14	0.4	6	0.7	6
Liquidation proceedings	0.1	3	0.2	3	0.1	0
Bankruptcy liquidation proceedings	4.7	1	2.7	2	2.1	4
Total	29.3	30	16.8	29	23.1	22

^aInvoices received as of mid-February 2025.

The selection of a mandatary is a two-step process. All interested providers can apply to be included in a publicly accessible list of candidates. FINMA has defined requirement profiles for its standard mandates. Candidates who meet the respective profile are accepted onto the list. When selecting a mandatary, FINMA refers to this list on a case-by-case basis. There were 106 mandataries on the list at the end of the year under review. If no suitable mandatary is available, FINMA may commission an expert who does not appear on the list.

Candidates for a specific mandate are selected on the basis of different criteria. The FINMA mandataries must be suitably qualified and independent (see Articles 24a and 36 FINMASA). These are the two key factors for the commissioning of mandataries in a particular case. Other selection criteria are language

skills or the area of assignment. Depending on the mandate, sufficient resources may also be required. And last but not least, the proposed fees are a deciding factor when awarding the contract.

The Board of Directors as the strategic body and the Executive Board as the operational body manage FINMA with clearly defined areas of responsibility. Together, they ensure that FINMA conducts its business in accordance with the principles of good corporate governance and fulfils its legal mandate to protect clients and investors, creditors and policyholders in the Swiss financial centre.

Board of Directors and Executive Board

FINMA is a public law institution in its own right. The Board of Directors is responsible for the strategic management of FINMA, while the Executive Board is responsible for day-to-day operations.

The Board of Directors is FINMA's strategic management body and is responsible for overseeing and controlling the Executive Board. The Executive Board leads FINMA in operational terms and is responsible for the supervision of Swiss financial market participants in accordance with statutory and strategic provisions.

The Board of Directors

On 6 September 2023, the Federal Council elected Rene W. Keller as a new member of FINMA's Board of Directors. Rene W. Keller took up his post on 1 February 2024. In 2024, the Board of Directors held a closed meeting on the topic of "supervision of internationally active financial institutions". On this occasion, the Board of Directors was briefed about current developments in this area by renowned experts and FINMA's own specialists.

The Board of Directors directs, supervises and controls FINMA's Executive Board. It issues regulations and circulars, is responsible for FINMA's budget and decides on strategic policy matters. The Board of Directors acts as a collective body. Its decisions are taken by a majority of the votes cast.

Members of the Board of Directors (31 December 2024)

Prof. Marlene Amstad	Chair
Martin Suter	Vice-Chair
Prof. Ursula Cassani Bossy	Member
Prof. Susan Emmenegger	Member
Dr Alberto Franceschetti	Member
Benjamin Gentsch	Member
Marzio Hug	Member
Rene W. Keller	Member
Dr Andreas Schlatter	Member

Committees of the Board of Directors

The Board of Directors has three committees, formed from among its members: the Audit and Risk Committee, the Appointments Committee and the Takeover and State Liability Committee. The Takeover and State Liability Committee is the complaints body with which appeals against rulings by the Swiss Takeover Board may be lodged; it also rules on claims seeking to establish state liability.

Good corporate governance

FINMA ensures good corporate governance through ordinances, regulations, internal controls and training. The FINMA Personnel Ordinance governs the employment relationships of all FINMA's staff and lays down principles on secondary employment and public duties as well as loyalty and duties of conduct. To ensure transparency, FINMA maintains a public list of the vested interests of members of the [Board of Directors](#) and has specified the duties of conduct for employees in the publicly available [Code of Conduct](#). The [conditions for holding office](#) as stipulated by the Federal Council also apply to FINMA's Board of Directors.

The Code of Conduct obliges employees to avoid conflicts of interest or – where they cannot be avoided – to disclose them. Compliance trains employees and members of the Board of Directors on the Code of Conduct at introductory events and provides information on request. Compliance also raises employee awareness of certain topics by answering FAQs. Individual checks are carried out for secondary employment and public offices, the holding of securities and for key personnel in the case of bank deposits.



Left to right: Dr Andreas Schlatter, Prof. Ursula Cassani Bossy, Benjamin Gentsch, Martin Suter, Rene W. Keller, Prof. Marlene Amstad, Marzio Hug, Prof. Susan Emmenegger, Dr Alberto Franceschetti

The standing committees of the Board of Directors and their members (31 December 2024)

	Audit and Risk Committee	Appointments Committee	Takeover and State Liability Committee
Prof. Marlene Amstad		Chair	
Martin Suter	Chair		
Prof. Ursula Cassani Bossy			Chair
Prof. Susan Emmenegger			X
Dr Alberto Franceschetti	X		
Benjamin Gentsch		X	
Marzio Hug	X		
Rene W. Keller			
Dr Andreas Schlatter		X	X

The following responsibilities have been defined for the application of the Code of Conduct: The Board of Directors is responsible for the Chair of the Board of Directors. The Chair of the Board of Directors is responsible for the members of the Board of Directors and the CEO. The CEO is responsible for the members of the Executive Board. The competent body takes the opinion of Compliance into account in each case. Compliance is responsible for applying the Code of Conduct to staff, while the CEO is responsible for applying it to Compliance. The Board of Directors is informed annually about the implementation of the Code of Conduct at FINMA.

Article 9 para. 2 FINMASA requires the members of FINMA's Board of Directors to be independent of the institutions it supervises.

The Executive Board

The Executive Board is FINMA's operational management body. It is charged with supervising banks, insurance companies, exchanges, securities firms and other financial intermediaries in line with statutory regulations and FINMA's strategy. It prepares decision-making materials for matters which fall within the remit of the Board of Directors and is responsible for implementing the resolutions of the Board and its committees. The Executive Board normally meets weekly.



Left to right: Marianne Bourgoz Gorgé, Dr Annemarie Nussbaumer, Patric Eymann, Léonard Bôle, Stefan Walter, Dr Alain Girard, Alexandra Karg, Thomas Hirschi, Birgit Rutishauser

**Members of the Executive Board
 (31 December 2024)**

- Stefan Walter, CEO
- Birgit Rutishauser, Deputy CEO, Head of Insurance division
- Léonard Bôle, Head of Markets division
- Marianne Bourgoz Gorgé, Head of Asset Management division
- Patric Eymann, Head of Enforcement division
- Dr Alain Girard, Head of Recovery and Resolution division
- Thomas Hirschi, Head of Banks division
- Alexandra Karg, Head of Operations division
- Dr Annemarie Nussbaumer, Head of Supervisory Policy and Legal Expertise division

Changes

Stefan Walter was appointed by the Board of Directors as the new CEO of FINMA with effect from 1 April 2024. Birgit Rutishauser had been serving as interim CEO until then and has since resumed her role as Deputy CEO. At the same time, she resumed her role as Head of the Insurance division, which had been in the hands of Vera Carspecken on an interim basis until 1 April 2024. With the appointment of Stefan Walter as CEO, the appointment of the Head of the Banks division, Thomas Hirschi, as interim Deputy CEO also came to an end.

Enforcement Committee

The Enforcement Committee is a standing committee of the Executive Board and is responsible for making decisions on enforcement. It issues enforcement rulings and decides whether to initiate or discontinue proceedings.

Permanent members of the Enforcement Committee (31 December 2024)

- Stefan Walter, Chair
- Patric Eymann
- Dr Annemarie Nussbaumer

Recovery Resolution Planning Committee

The Recovery Resolution Planning Committee is a standing committee of the Executive Board and is responsible for decisions in the area of recovery and resolution planning. Among other things, the committee approves the emergency and recovery plans of systemically important banks, systemically important financial market infrastructures and of insurance groups and conglomerates.

Permanent members of the Recovery Resolution Planning Committee (31 December 2024)

- Stefan Walter, Chair
- Dr Alain Girard
- Plus at least one other head of a division affected by the business matter in question.

FINMA employs experts from various disciplines. Through their commitment and professionalism, they help ensure that FINMA's legal mandate to protect customers and to ensure the proper functioning of the financial markets is fulfilled efficiently.

Staff

FINMA is committed to a sustainable personnel policy with an emphasis on cost-effectiveness, transparency and a long-term approach. 2024 saw FINMA expand its pool of skills.

Motivated and qualified employees are a prerequisite for FINMA to be able to fulfil its legal mandate to protect clients and the functioning of the financial markets. FINMA therefore fosters good internal cooperation and places great value on continuing professional development. A high level of job satisfaction and equal opportunities are also key aspects of its personnel policy.

Additional responsibilities require more staff

At the beginning of 2024, FINMA increased its headcount limit by 52 permanent FTEs to 613.6 FTEs (2023: 561.6). By the end of the year under review, the majority of these additional roles had been filled. The main reasons for the headcount increase were the further bolstering of large bank supervision predominantly in the supervision of the integration of UBS and CS, money laundering and the FinSA, the implementation of the FINMA digital strategy, and the reinforcement of cross-divisional functions. FINMA had an average of 695 staff members in permanent and temporary employment in 2024 (2023: 638). As in the previous year, around 26% of employees worked part-time, i.e. less than 90%.

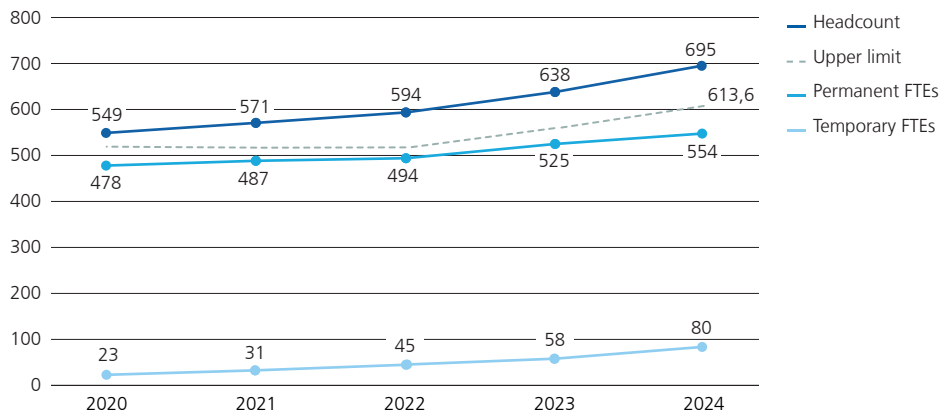
As part of its personnel strategy, FINMA aims for a medium-term average staff turnover rate of 6% to 10%. This is higher than in the Federal Administration as a whole or in public administration. This higher rate is intended to facilitate the flow of up-to-date knowledge and expertise from the financial sector and the fresh perspectives provided by new employees, to improve the analytical rigour of FINMA's supervisory activities. In addition, a healthy dynamism in the personnel structure offers existing employees greater opportunities to take on additional responsibilities and to explore new roles and take on new challenges within the organisation. At 6.1% (2023: 5%), staff turnover in 2024 was within the defined target range. In addition, 0.8% (2022: 0.9%) of the workforce retired.

The level of internal mobility was encouraging, with 39% (2023: 59%) of vacancies for permanent positions being filled internally. In many cases, talent management and succession planning allowed positions to be filled internally by candidates from different departments and divisions. A vacant post can thus result in several internal transfers. To promote knowledge sharing within the organisation, there were three internal secondments and four secondments outside of FINMA. In 2024, the percentage of vacant senior specialist and management positions filled from within the organisation was 49% (2023: 63%).

FINMA strives for diversity at all management levels. In 2024, 29.5% (2023: 28.9%) of all management positions were held by women. Overall, women accounted for 43.1% of the workforce (2023: 42.1%). FINMA's gender diversity goals are defined in terms of concrete targets which over time will deliver appropriate and sustainable gender distribution at each management level (see "Proportion of women at each management level" chart, page 104).

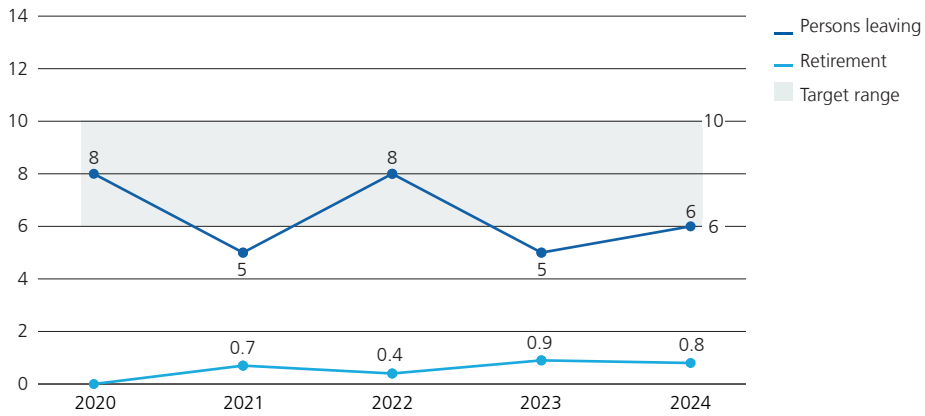
The new roles in 2024 were heavily geared towards technical and scientific profiles, where the proportion of women in terms of applicants and in the existing workforce is low. This, in combination with the current situation on the labour market, as well as the skills shortage, means that FINMA expects to have increasing difficulty in meeting the gender diversity targets (which were set before the pandemic) by 2026.

Average headcount



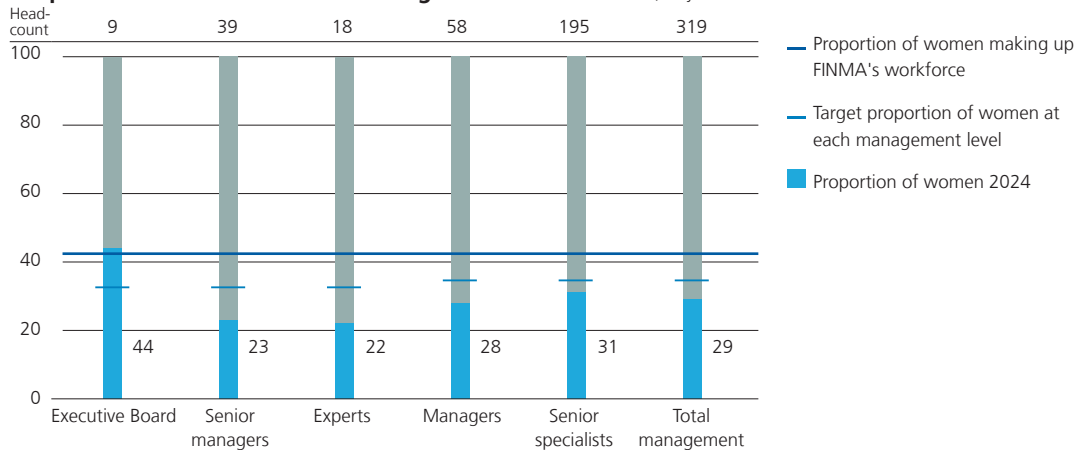
Staff turnover

in %, at year-end



Proportion of women at each management level

in %, at year-end



Health promotion and prevention

Healthy, high-performing staff are the most important prerequisite for FINMA to be able to perform its tasks successfully. Preserving employee health is therefore a top priority. In view of the high levels of stress and phases of heavy workloads related to the CS crisis, FINMA increased its focus on health promotion and prevention as follows:

- It defined the topic as a FINMA-wide training and development priority,
- put in place a resilience coaching scheme with an external partner,
- and launched a FINMA-wide staff survey with a focus on health promotion and prevention with the support of an external partner.

The objective of the training priority was to equip staff with the ability to recognise the signs of excessive physical and mental stress in themselves and their colleagues at an early stage, and to teach them strategies to cope with these stresses and to get the support they need. The training comprised 33 modules on the topics of stress management and burnout prevention, mindfulness, ergonomics and exercise.

Around 700 staff members completed compulsory webinars on stress management, burnout prevention and mindfulness. They then had the option to attend in-person sessions to explore the topics in more detail. Optional in-person sessions on ergonomics and exercise were also well attended. FINMA also offered individual resilience coaching in collaboration with an external specialist. Regular resilience coaching can help people cope with multiple stresses over an extended period of time.

FINMA-wide staff survey with a focus on health promotion and prevention

In 2024, FINMA dedicated its biennial staff survey to the training priority of health promotion and prevention. The surveys have been conducted since 2015 and help gauge the level of job satisfaction and the extent to which employees identify with FINMA's values. Employees rate their own state of health, as well as their team and work situation. They could also rate their opportunities for growth and development, internal collaboration and the leadership structure, and comment on the working conditions at FINMA more broadly. A pleasing 77% of staff took part in the survey.

FINMA publishes **detailed personnel data** annually on its website.

FINMA is an efficient and forward-looking authority.
It works effectively and meets ambitious targets in cyber
security and sustainability.

Operations

As an organisation, FINMA takes a holistic approach to cyber security, whereby employees are made aware of these risks and play a key role. FINMA took further steps forward in sustainability and operational environmental management.

2024 saw both challenges and important advances in the area of cyber security. With increasing digitalisation and the rapid introduction of cloud solutions, cyber risks have continued to grow.

A holistic approach to cyber security

FINMA employed a holistic cyber security strategy, which is based on a recognised standard that covers the various fields of cyber security. Continually developing and reviewing this strategy and adapting it to the constantly changing threat landscape are key priorities. The primary objective is to protect infrastructure and information, and the integrity, confidentiality and availability of FINMA's systems and data. FINMA worked closely with partners in the field of cyber security in order to swiftly mitigate the threats and to offer mutual support through a joint, proactive approach.

Phishing attacks continued to increase, achieving a high degree of sophistication as attackers made use of advanced technologies such as AI and machine learning. In this way, they were able to write authentic-sounding phishing messages and circumvent existing security systems. There were cases of smishing (phishing via SMS) and vishing (phishing using phone calls with voice messages). Attackers used social engineering to deceive employees and gain access to sensitive information. Likewise, there was an increase in attacks in the (faster) exploitation of existing weaknesses in exposed applications or systems, particularly vulnerabilities in web-exposed systems. DDoS (distributed denial of service) attacks, which compromise the availability of services, were recorded due to the geopolitical situation, particularly during the World Economic Forum in Davos and the Summit on Peace in Ukraine at the Bürgenstock. [The statistics from the National Cyber Security Centre \(NCSC\)](#) also bear out the increase in cases of fraud in general. FINMA works closely with the NCSC, supervised institutions and other relevant institutions in this context.

In its cyber security strategy, FINMA focused strongly on raising staff awareness as well as on technical measures. This is because humans have an important – even crucial – role in this regard. FINMA considers protection against cyber threats to be a comprehensive team effort. It therefore continued its awareness activities, using modern tools and realistic simulations, regular phishing tests, training courses, and exercises on cyber incidents. Alongside the awareness activities, FINMA also ran various information events on current cyber threats featuring presentations by internal and external experts.

Evolution of FINMA's key environmental indicators

FINMA noted an upward trend in its key environmental indicators. Power consumption increased slightly due to the higher headcount at the offices in Bern and Zurich. However, thanks to the commissioning and use of a solar power system in Bern in November 2024, the amount of electricity purchased only rose marginally. The supply of electricity from the in-house solar power system will become more noticeable in the environmental indicators from 2025 onwards.

Paper consumption per FTE also rose slightly in the year under review. Through appropriate measures, FINMA hopes to reverse this trend in 2025. Due to the cool spring and the early cold spell in the autumn, heating consumption was higher in Bern and particularly in Zurich than in the previous year. As FINMA has virtually exhausted all the possibilities to save energy at both locations in recent years through structural and building technology measures, we can assume that the environmental key indicators will in future evolve in line with employee numbers.

Evolution of FINMA's environmental footprint

In 2024, FINMA decided to take part in the Federal Administration's [Resource and Environmental Management \(RUMBA\)](#) initiative for another four years.

In terms of CO₂ emissions, FINMA continued to meet the targets agreed with RUMBA thanks to the implementation of various measures in the areas of clean energy, transport, buildings, and sustainable consumption, and due to the effects of the coronavirus pandemic (working from home). The new agreement sets out the same deliverables from FINMA in environmental management, but broadens the scope.

In the area of clean energy and buildings, FINMA improved its energy efficiency. The solar power system that went into operation at the Bern office helped to increase the amount of carbon-free energy and to keep energy costs stable.

In the area of transport, FINMA facilitated the easy and convenient charging of electric vehicles with charging stations at the Bern office during working hours.

In sustainable consumption, FINMA met the highest sustainability standard in public food service with its new catering partners for the staff restaurant in Bern and is striving to make further improvements in this area. In the staff restaurant, efforts focused on using water and energy efficiently and on analysing and minimising food waste.

In the Zurich office, the food service partner also provided sustainable and eco-friendly catering facilities by putting in place measures to quantify, reduce and offset environmental impacts. The target for the next two years is for carbon emissions from the food itself and its transportation to be reduced by 30%.

In 2024, FINMA worked with a provider of reusable cups. Unfortunately, the company ceased operations in the autumn. Up to that point, FINMA was able to save thousands of plastic and cardboard cups over

Evolution of environmental indicators

	Unit	2024	2023	2022	2021	2020	Change from prior year in %
Power consumption, Bern	kWh	** 525,626	520,291	574,425	596,769	710,892	1.0
Power consumption, Zurich	kWh	* 232,564	* 218,071	* 229,377	68,428	81,804	6.6
Consumption of heating energy, Bern (district heating)	kWh	858,980	841,142	822,461	992,893	1,004,466	2.1
Consumption of heating energy, Zurich (natural gas)	kWh	517,480	388,032	380,009	508,144	438,125	33.4
Total energy consumption	kWh	2,134,650	196,536	2,006,272	2,166,234	2,235,287	8.5
Proportion of total energy needs met by renewable energy sources	%	84.2	87.2	86.7	80.2	68.9	-3.4
Consumption of photocopier paper per FTE	kg	4.3	4.2	4.1	3.6	8.8	3.6

* Zurich includes general electricity from 2022 onwards.

** In addition to 6,177 kWh of electricity from FINMA's own photovoltaic system.

an 18-month period. Potential follow-up solutions are currently being reviewed.

On the other hand, the targets of limiting paper consumption (for photocopying) and reducing business flights were missed in the year under review. The increase in headcount and the requirement for greater networking with international organisations and partner authorities proved the biggest challenges in this area.

Operating costs

Additional and new statutory duties and further requirements led to rising expenses for FINMA. These include the implementation of the FinIA and FinSA, the supervisory requirements for insurance intermediaries resulting from the revision of the ISA, new supervisory topics relating to sustainability, cyber security and FinTech, the digital transformation and the effects of the CS crisis.

This is reflected in the operating costs. FINMA's annual financial statements therefore showed operating costs of CHF 154 million (2023: CHF 142 million). Together with the statutory reserves, this amounted to CHF 169 million (2023: CHF 156 million). These expenses were covered by income from supervisory fees and levies.

FINMA's total reserves amounted to CHF 158 million before allocation. Article 37 of the FINMA Ordinance on the Levying of Supervisory Fees and Charges states that 10% of FINMA's total annual costs must be allocated to the statutory reserve until the total reserve has reached or re-reached an amount equivalent to one annual budget. FINMA's expenses will continue to rise for the reasons mentioned above. An allocation to the total reserves is therefore to be anticipated in 2025.

Abbreviations

AI Artificial intelligence	L-QIF Limited qualified investor fund
AMLA Anti-Money Laundering Act	LTQ Leonteq Group
BA Banking Act	NCSC National Cyber Security Centre
BCBS Basel Committee on Banking Supervision	NGFS Network for Greening the Financial System
BCM Business continuity management	PCP Per capita premium
BFSA Berne Financial Services Agreement	PlnC Parliamentary Investigation Committee
BIO-FINMA FINMA Banking Insolvency Ordinance	RPA Robotic Process Automation
BME Bolsas y Mercados Españoles	RUMBA Federal Administration's programme for managing resources and environmental issues
BRwiR Business relationships with increased risks	SECO State Secretariat for Economic Affairs
CAO Capital Adequacy Ordinance	SIF State Secretariat for International Finance
CET1 Common Equity Tier 1 capital	SNB Swiss National Bank
CISO Collective Investment Schemes Ordinance	SO Supervisory organisation
CMG Crisis management group	SRO Self-regulatory organisation
CNMV Comisión Nacional del Mercado de Valores	SST Swiss Solvency Test
CS Credit Suisse	SupTech Supervisory technology
DARP Digital Assets Resolution Package	TBTF Too big to fail (banking stability)
DLT Distributed ledger technology	TwIR Transactions with increased risks
EHP Survey and application platform	VASP Virtual asset service provider
ESG Environmental, social and governance	VBV Insurance Industry Vocational Training Association
FAC Federal Administrative Court	
FAQs Frequently asked questions	
FDF Federal Department of Finance	
FinIA Financial Institutions Act	
FinIO Financial Institutions Ordinance	
FinMIA Financial Market Infrastructure Act	
FINMASA Financial Market Supervision Act	
FinSA Financial Services Act	
FSAP Financial Sector Assessment Program	
FSB Financial Stability Board	
FTE Full-time equivalent	
IAIG Internationally Active Insurance Groups	
IAIS International Association of Insurance Supervisors	
IBO-FINMA FINMA Insurance Bankruptcy Ordinance	
ICS Insurance Capital Standard	
ICT Information and communication technology	
IFRS International Financial Reporting Standards	
ILS Individual-loan survey	
IMF International Monetary Fund	
InsO-FINMA FINMA Insolvency Ordinance	
IOSCO International Organization of Securities Commissions	
ISA Insurance Supervision Act	
ISO Insurance Supervision Ordinance	

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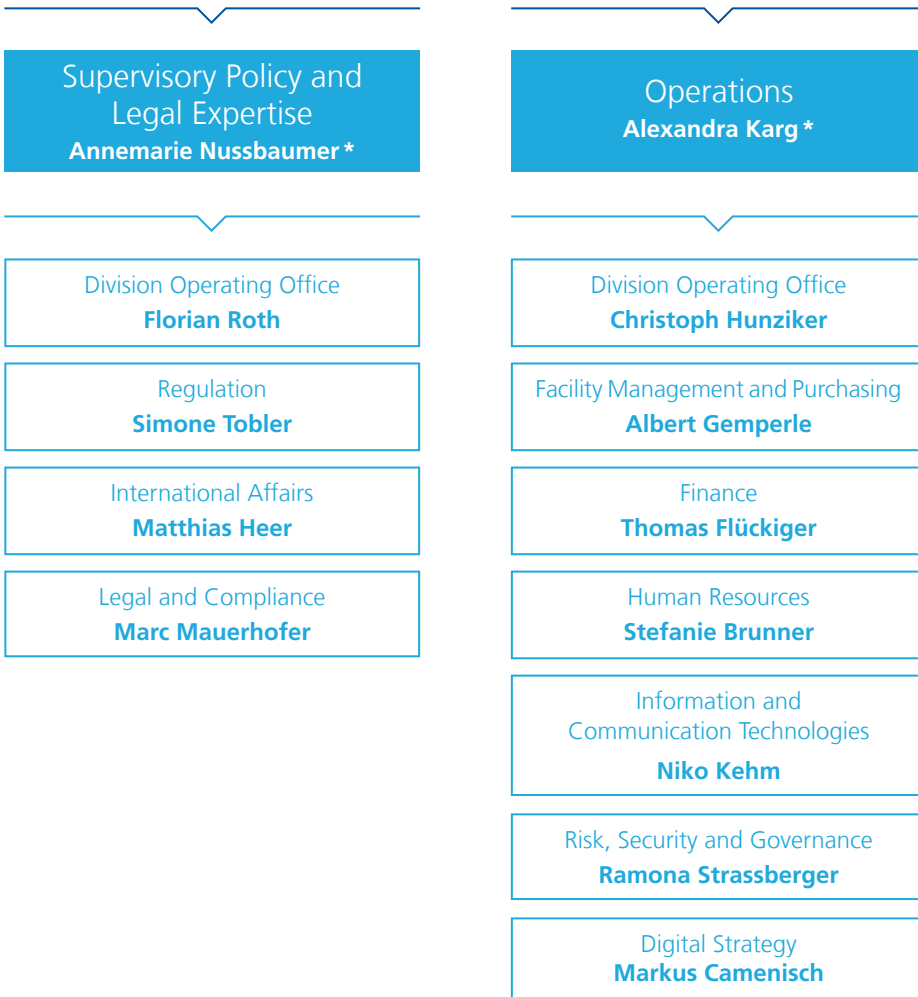
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Organisation chart

(31 December 2024)

- Divisions
 - Sections and groups reporting directly to the division heads
 - ▣ Sections and groups reporting directly to the Board of Directors
 - Sections and groups reporting directly to the CEO
- * Member of the Executive Board



FINMA's ten strategic goals for 2021 to 2024

The strategic goals show how FINMA intends to fulfil its legal mandate and where its focus will lie. The goals concern various areas of client and system protection, as well as operational topics.

Goals for client and system protection

1 – Capital and liquidity

FINMA will safeguard the stability of supervised financial institutions, particularly by ensuring that banks and insurance companies are well capitalised and have ample liquidity resources.

2 – Conduct

FINMA will have a sustained positive impact on the conduct of supervised financial institutions.

3 – Risk management and corporate governance

FINMA is committed to ensuring that supervised financial institutions maintain the highest risk management standards, and will promote responsible corporate governance through its supervisory activities.

4 – Too big to fail

The plans provided for by law will be drawn up in order to mitigate the “too big to fail” risk.

5 – Structural change

FINMA will seek to ensure that the financial system remains robust in the light of forthcoming structural changes and that its clients are able to benefit from new opportunities without being exposed to additional risks.

6 – Innovation

FINMA will promote innovation in the Swiss financial centre.

7 – Sustainability

FINMA will contribute to the sustainable development of the Swiss financial centre by giving particular consideration to climate-related risks in its supervisory work and urging financial institutions to tackle these risks transparently.

8 – International cooperation and regulation

FINMA will seek to ensure that Swiss financial regulation is in line with international standards. It will represent Swiss interests in international fora and make the case for credible international standards. FINMA is a recognised, cooperative and reliable partner for foreign supervisory authorities. FINMA is committed to financial regulation that achieves targeted reduction of the risks while also being proportional and as simple as possible.

Operational goals

9 – Resources

The resources required will be based on the expenditure necessary for FINMA's extended legal remit to be fulfilled in an efficient manner. New technologies will be used to help realise gains in efficiency and effectiveness.

10 – Staff

FINMA's staff are highly qualified and receive continuous training. They are highly motivated, display a high level of integrity and are flexible. As an attractive employer, FINMA is committed to ensuring equal opportunities and that work can be successfully combined with family life.

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