

FINMA's strategic goals 2025–2028

21 October 2024

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Introduction

The Swiss Financial Market Supervisory Authority FINMA is an independent public law institution. Article 1 of the Financial Market Supervision Act (FINMASA; SR 956.1) requires FINMA to exercise supervision over the financial markets in accordance with the financial market legislation.

Mandate and objectives

Under Article 4 FINMASA, financial market supervision serves to protect creditors, investors and insured persons and ensure the proper functioning of the financial markets. Through its supervisory activities, FINMA enhances confidence in the proper functioning, integrity, competitiveness and future sustainability of Switzerland as a financial centre. The Financial Market Supervision Act thus defines a clear hierarchy of goals. FINMA's primary objective is to fulfil its mandate to protect individual financial market clients and ensure the proper functioning of the markets. FINMA's core tasks consist of authorisation, supervision, intervention in acute crisis situations and, where necessary, enforcement as well as issuing regulations where permitted by superordinate law. FINMA's goal of contributing to the competitiveness and future sustainability of the Swiss financial centre is derived from its primary protection objectives. By rigorously pursuing these protection objectives, it strengthens the reputation of the financial centre. Its risk-oriented supervision and principle-based regulation, which seeks to be proportional, competition- and technology-neutral in addition to promoting innovation, increases confidence among financial market clients and investors and contributes to the competitiveness and future sustainability of the financial centre.

Guiding principles

FINMA carries out its supervisory activity independently and in a consistent manner. Its staff are responsible, have high standards of integrity and are able to deliver results. FINMA guarantees the consistency, predictability and proportionality of its actions. FINMA also aims to ensure maximum possible transparency and to communicate in an appropriate manner with different audiences about its activities.

FINMA's strategic goals

FINMA's institutional independence allows it to set its own priorities in fulfilling its statutory remit. These are

set down in the form of strategic goals and reviewed every four years.¹ As required by Article 9 FINMASA, they are submitted to the Federal Council for approval and subsequently published. The strategic goals serve as guidelines for FINMA's operational management. Each year, FINMA's Board of Directors defines the focus of strategy implementation for the coming year, which is incorporated into the annual objectives for individual organisational units and employees.

Preliminary remarks

A core task of financial market supervision is to ensure that the supervised institutions remain stable, particularly in the current environment, where change and the resultant risks are ever-present. FINMA regularly evaluates the risk situation of Swiss financial market participants. The findings of this risk analysis including the resulting focus of its supervisory activity are published on an annual basis. The environment and the resulting exposure to risk for financial market participants form the basis for the strategic and operational focus of FINMA's activities.

By aligning its activities with the new goals for 2025 to 2028, FINMA is preparing to strengthen its supervision, increase the financial and operational resilience of financial institutions and promote operational excellence within its organisation. These precautions are aimed at maintaining the stability and competitiveness of the Swiss financial market in a constantly changing global environment.

The key challenges and opportunities that will guide FINMA's strategy for the coming years are highlighted below.

Current developments and regulation

In recent years, the Swiss financial market has been exposed to inflationary pressures, rapid increases in nominal interest rates and heightened geopolitical tensions. These factors have led to increased market volatility and economic uncertainty.

¹The order in which the individual goals are listed is not indicative of their respective importance.

The “Credit Suisse” case, characterised by massive capital outflows and counterparty limits, underlined the need for increased regulation and expanded powers for early intervention. In 2024, FINMA intensified its supervision and cooperation with other national and international authorities in order to learn from this crisis and prevent future risks. In particular, it continued to maintain a constructive dialogue with the Federal Department of Finance (FDF) and the Swiss National Bank (SNB).

Technology and innovation

The rapid progress of financial technologies offers significant opportunities, but also harbours new risks. FINMA integrates this progress into its supervision in order to maintain a high level of certainty and trust in the use of new technologies in the financial sector. By ensuring that new technologies are used in accordance with the regulations, FINMA protects the interests of clients and safeguards the reputation of the Swiss financial market.

Credit risk and conduct of supervised institutions

Credit risks, particularly those relating to mortgages and other loans, remain a major concern. Rising mortgage interest rates in recent years have worsened the financial capacity of borrowers, which increases the risk of payment defaults. FINMA has observed unsustainable lending criteria, such as loose lending criteria and overestimates of borrowers’ financial capacity. In response, FINMA is focussing its supervision in order to quickly identify and remedy governance-related and risk management problems. It requires exemplary conduct and robust risk management processes from the institutions.

Money laundering and sanctions

The risk of money laundering remains high, particularly in view of Switzerland’s position as a global centre for cross-border wealth management. FINMA ensures that financial institutions comply strictly with

anti-money laundering obligations and take appropriate organisational measures to comply with sanctions, particularly those relating to geopolitical conflicts such as the war in Ukraine. It also monitors the emerging risks associated with cryptographic technologies, which can increase the threats of money laundering and terrorist financing.

Liquidity and funding risk

The turmoil observed during the collapse of several regional US banks in 2023 highlighted the importance of managing liquidity and funding risks. The massive capital outflows and counterparty limits in the case of Credit Suisse emphasised the need for stronger liquidity management mechanisms in order to avoid similar crises in the future. FINMA closely monitors the ability of institutions to maintain adequate levels of capital and liquidity and is prepared to take immediate action if necessary to ensure the stability of the financial system.

Cyber risks and outsourcing

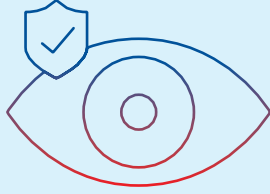
Cyber risks remain one of the biggest operational risks for financial institutions. Cyberattacks and compromises by external service providers can cause considerable damage. FINMA ensures that financial institutions have robust cybersecurity measures in place and effectively manage the risks associated with the outsourcing of critical services. A growing dependency on a small number of service providers, particularly in the area of cloud computing, increases the concentration risk. FINMA monitors this closely to prevent major disruptions.

FINMA as an authority

The modernisation of its internal processes enables FINMA to adapt quickly to the rapid changes in the financial sector and strengthen its ability to effectively supervise institutions. The last year has also shown that active and transparent communication is crucial to increasing trust and understanding of FINMA’s activities. By maintaining an open dialogue with its

stakeholders, FINMA promotes understanding of its goals and supervisory activities as well as its expectations, which contributes to better cooperation and more effective supervision. It utilises various communication channels to achieve this goal.

Goals relating to the protection of clients and the financial system



Supervision goal: FINMA will stand for preventive, effective supervision and seek to ensure that supervised institutions conduct their business with integrity.

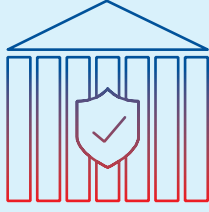
FINMA's supervisory activities increase confidence in Switzerland as a financial centre and contribute to the long-term stability of the Swiss financial system. It is constantly developing its supervisory instruments, procedures and analyses so that it can take preventive action within the framework of supervisory law as soon as problems are identified at the supervised institutions and rectify irregularities as quickly as possible. In doing so, it continuously adapts to the changing environment and the resulting risks.

FINMA aims to ensure that supervised institutions embody exemplary conduct and have sound governance and robust risk management processes in place.

Against this backdrop, FINMA confirms that the internal responsibilities at all supervised institutions are clearly defined, making full use of its legal powers to do so. FINMA also ensures that risk management processes in the institutions include the appropriate hierarchical levels. Furthermore, FINMA makes sure that the risks to which the supervised institutions are exposed are recognised, taken into account and mitigated by taking appropriate measures. FINMA is assertive, reacts promptly when problems are identified and requires the institutions to rapidly rectify shortcomings.

Key points of implementation in the strategy period from 2025 to 2028

1. The **supervisory approach for UBS** will be reviewed on an ongoing basis and refined as necessary so that the risks associated with its systemic importance can be countered at all times.
2. FINMA will take measures if the **supervised institutions' risks, governance, risk management or risk controls** are no longer commensurate with each other. FINMA will use its discretion in this regard.
3. FINMA will enhance its **supervision of the conduct, risk management and governance of supervised institutions**. It will be guided by internationally recognised best practices and make use of the opportunities offered by new technological resources. In particular, it will continuously develop its supervision of the institutions' qualitative risk management. FINMA will work to ensure that supervised institutions handle their risks in an exemplary and efficient manner with effective risk management systems.
4. As part of its supervisory activities, FINMA will require supervised institutions to develop their governance and risk culture towards higher requirements and **clear risk tolerance thresholds**.
5. FINMA will work to ensure that the requirements for **combating money laundering and terrorist financing and the conduct requirements under the Financial Services Act (FinSA)** are complied with. It is committed to ensuring that organisational measures are taken to prevent violations of sanctions and the deception of customers in the area of greenwashing. FINMA actively works with its supervised institutions to prevent cases in which the Swiss financial system is abused. In the event of serious violations, FINMA consistently intervenes and reports its findings.



Resilience goal: FINMA will work to continuously strengthen the financial and operational resilience of its supervised institutions.

In view of the geopolitical and macroeconomic environment, which poses increased risks, FINMA will continue to place a strong focus on the financial resilience of the institutions it supervises. FINMA will pay particular attention to how supervised institutions deal with market risks, credit risks, liquidity risks and actuarial risks. FINMA will ensure that institutions maintain adequate levels of capital and liquidity to withstand severe financial shocks.

The supervision of institutions' operational resilience will focus on the risks associated with the outsourcing of services, the risk of heavy dependence on a single service provider (concentration) and the handling of cyber risks.

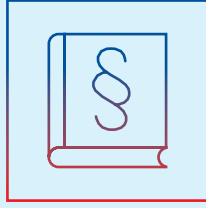
Where necessary, FINMA will take immediate corrective measures and help financial institutions to minimise damage on the basis of well-prepared recovery and resolution plans. FINMA will work in particular to ensure that institutions that could jeopardise the stability of the financial system in the event of a crisis are adequately prepared and resilient.

Key points of implementation in the strategy period from 2025 to 2028

1. FINMA will take the necessary steps to prepare supervised institutions for a crisis and integrate the **lessons learned from the "Credit Suisse" case**. This also includes developing effective **recovery and resolution plans** for certain larger institutions and regularly conducting **crisis exercises** involving the relevant authorities. UBS and the other systemically important banks must be capable of being resolved without jeopardising Swiss and international financial stability.
2. As part of its supervision, FINMA will ensure that the financial institutions it supervises have robust **capital and liquidity buffers**. Additional supervisory measures will be introduced and enforced for the larger institutions. By using and expanding its supervisory instruments, including stress tests,

FINMA will help to continuously strengthen the resilience of supervised institutions.

3. FINMA will work to ensure that financial institutions take account of **climate- and nature-related financial risks** and remain resilient to these risks.
4. FINMA will review the supervised institutions' **management of operational risks** and their resilience to external events. The focus here will be particularly on the outsourcing of key activities, risk concentration and cybersecurity.
5. FINMA will work with other **Swiss authorities involved** to strengthen the resilience of the Swiss financial system to adverse and unanticipated **operational events** (such as a cyberattack or natural disaster). In this context, it will organise crisis exercises together with other authorities.



Framework conditions goal: FINMA will actively contribute its experience and expertise to building the basis for financial market regulation. At all levels, it will advocate for framework conditions that ensure effective supervision and early intervention at the supervised institutions.

As part of its supervisory role, FINMA will contribute its expertise and experience in regulation with the aim of ensuring the effectiveness and efficiency of its supervisory activities and the long-term stability of the Swiss financial system. It will draw conclusions from past cases, in particular the “Credit Suisse” case and the lessons learned from it, and contribute these to national regulatory projects and – in line with the Confederation’s financial market policy – to international standard-setting bodies. In doing so, it will consider the risks for the Swiss financial market and for financial market participants as well as the specific features of the Swiss market.

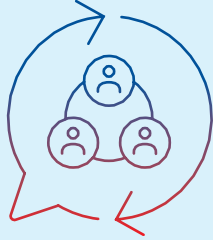
FINMA will continue to take account of ongoing technological developments. It will create a supervisory framework that enables the Swiss financial market and its clients to benefit from technological progress in a secure environment. FINMA will rely on its authorisation and supervisory activities for this and apply regulation in a transparent and technology-neutral manner. It will promote legal certainty, in particular with regard to the authorisation requirement for new business models and the risk management requirements for supervised institutions, and contribute to the integrity and future sustainability of the Swiss financial centre.

At an international level, FINMA will be proactively and purposefully committed to the interests of the Swiss financial centre and will be a respected and reliable partner. FINMA will thus contribute to sustaining the reputation, competitiveness and sustainability of Switzerland’s financial centre.

Key points of implementation in the strategy period from 2025 to 2028

1. Drawing on the lessons learned from the “Credit Suisse” case, FINMA will advocate for **framework conditions and powers** that enable **early intervention** at the institutions. This requires a stronger focus on direct supervision and close cooperation with other authorities in Switzerland and at an international level.
2. FINMA will contribute its **expertise to national cooperation efforts** and advocate for the necessary framework conditions and their implementation so that financial and non-financial risks can be addressed at an early stage. This is important, inter alia, for business models based on new technologies, as well as in the area of sustainability and to combat greenwashing.
3. Taking account of Swiss financial market policy and in coordination with the Swiss authorities concerned, FINMA will be involved in **setting international standards**. It will also contribute the lessons learned from the “Credit Suisse” crisis to international fora and strive to **address cross-border issues**.
4. FINMA’s **transparent and technology-neutral authorisation and supervisory activities** will ensure that new and innovative technologies are used on the Swiss financial market in accordance with the regulatory framework.
5. FINMA will work with foreign supervisory authorities as part of **international supervisory cooperation efforts**, in particular with regard to supervisory proceedings and the resolution of international financial institutions.
6. FINMA will be committed to addressing the risks associated with **non-bank financial intermediaries** (NBFIs), including the risks arising from the international environment, and to which FINMA’s supervised institutions are exposed. By actively contributing to international work on this topic, FINMA aims to strengthen the stability and resilience of the Swiss financial system.
7. FINMA will actively participate in **reviews by international organisations** (e.g. Financial Sector Assessment Program [FSAP] by the International Monetary Fund [IMF], mutual evaluation [ME] by the Financial Action Task Force [FATF]) and will implement the resulting recommendations.

Operational goal



Organisational goal: FINMA will increase its operational excellence and communicate effectively.

FINMA will continuously increase its effectiveness and efficiency as a supervisory authority. It will strive for operational excellence by organising itself efficiently, utilising internal synergies, developing on a sustainable basis and consistently pushing forward its own digital transformation. It will equip itself with the necessary tools, resources and skills to optimally fulfil its mandate in a changing environment. As an employer of choice, it will consistently foster the personal and professional skills of its employees. FINMA will actively communicate about its activities and the way in which it fulfils its mandate.

Key points of implementation in the strategy period from 2025 to 2028

1. FINMA will develop **organisational and management structures** that take account of the authority's growth to meet needs and promote organisational, procedural and technological synergies.
2. FINMA will augment its **resources** on a demand-driven basis in order to perform its supervision even more directly and in greater depth. It will implement the lessons learned from the "Credit Suisse" case as well as the recommendations of the Federal Council's report on banking stability (too-big-to-fail report) and other internal and external assessments as well as international best practices. This will strengthen its supervision of the Swiss financial market, enable it to identify risks even earlier and increase the integrity and resilience of its supervised institutions through more in-depth, preventive supervisory activities.
3. FINMA will also enhance its **supervision** with regard to the resources used. In the area of supervisory technology (SupTech), including artificial intelligence, FINMA will continue to utilise the technological possibilities, particularly for supervisory purposes in connection with the aforementioned goals of "supervision" and "resilience". FINMA will gradually increase the proportion of direct supervision, in particular on-site supervisory reviews, in line with its technological and personnel-related capabilities.
4. FINMA will constantly modernise and become more efficient, particularly through **digitalisation**.
5. FINMA will actively develop the **dialogue with its stakeholders**, thereby increasing understanding of its activities as well as supervisory and regulatory issues. It will utilise the communication resources and channels available to it and continue to expand these.
6. FINMA will have an **enterprise risk management (ERM) system** based on the ISO 31000 standard, a **compliance management system (CMS)** based on the ISO 37301 standard and a **business continuity management system (BCMS)**. It will inform the owner about the most important corporate risks and focus areas in the CMS.
7. FINMA will recruit **highly qualified employees** and train them at all hierarchical levels and in all functions. It will do so in order to ensure a high level of expertise and digital literacy across the full range of its activities on an ongoing basis.
8. FINMA will offer a **modern, fair and attractive working environment with competitive employment conditions** so that it remains an attractive employer in the medium and long term.
9. FINMA will continue to develop and optimise its environmental, social and economic **sustainability** and report on this to the public. It will identify those areas of sustainable development on which it has a significant influence and formulate specific targets for these areas.

Reporting

FINMA publishes its strategic goals as specified in Article 9 para. 1 let. a FINMASA and Article 14 of the Ordinance to the Financial Market Supervision Act (SR 956.11). In doing so, FINMA follows the template for the adoption of strategic goals by independent government entities. FINMA reports annually to the Federal Council and the Control Committees of the Federal Assembly (CC) on the status of implementation of the strategic goals. It also discusses current issues of financial market policy and the focus of its supervisory activities with the Federal Council at least once a year. It presents the Federal Council and the CC with relevant economic and financial market data and provides a qualitative assessment of progress in implementing the strategic goals. In spring of each year, FINMA accounts for its activities during the previous financial year by publishing its annual report, encompassing the report itself and the financial statements. The risk monitor published in autumn every year highlights the risks that FINMA will focus on in its future risk-based supervision. It also provides

databases on specific topics and activities, such as the databases on its enforcement activities and court decisions. Key data on the market and on FINMA as an authority are also available on its website. By means of clear website content, topical publications and speeches and presentations, FINMA regularly provides the public with information about the latest developments in financial market supervision. However, in accordance with the terms of the Financial Market Supervision Act, FINMA is only permitted to provide information on individual cases if there is a particular supervisory interest. Having regard to the legal requirements, FINMA aims to ensure maximum possible transparency surrounding its activities and the fulfilment of its mandate. The information provided allows the public to find out about how FINMA operates, its priorities and the implementation status of FINMA's goals for the current strategy period. This transparency helps boost confidence in supervision and the Swiss financial centre.

Abbreviations

BCMS Business continuity management system

CC Control Committees of the Federal Assembly

CMS Compliance management system

e.g. For example

ERM Enterprise risk management

FATF Financial Action Task Force on Money Laundering

FDf Federal Department of Finance

FINMASA Swiss Federal Act of 22 June 2007 on the Swiss Financial Market Supervisory Authority

FinSA Swiss Federal Act of 15 June 2018 on Financial Services

FSAP Financial Sector Assessment Program

IMF International Monetary Fund

let. letter

ME Mutual evaluation

NBFIs Non-bank financial intermediaries

para. Paragraph

SNB Swiss National Bank

SR Classified Compilation of Federal Legislation

SupTech Supervisory technology

UBS UBS Group AG

Publication details

Published by

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