

# Strategic goals 2021 to 2024

*Key areas of implementation*

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# Goal 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.

- 1.1 FINMA will strengthen and enhance its **capital and liquidity stress testing regime**.
- 1.2 FINMA will strive to ensure that the **effects of the coronavirus crisis do not jeopardise financial stability** by identifying and addressing problems at particular institutions quickly and proactively working with other institutions that might be affected. It will identify where it needs to intervene – particularly with respect to capital and liquidity buffers – by applying lessons learnt.
- 1.3 FINMA will ensure that the regulatory measures that were initiated as a direct result of the last financial crisis are seen through to completion. Specifically, this includes prompt and internationally compatible implementation of the **final Basel III reforms** as well as the completion of other regulatory projects with relevance for stability, such as **the revision of the liquidity regulations for systemically important banks and restructuring procedures for insurance companies**.
- 1.4 In **insurance supervision**, FINMA will review the current supervisory approach with regard to proactivity, prioritisation and forward-looking risk analysis.
- 1.5 FINMA will ensure that the new approach to the **recognition of value adjustments for default risks** in the banking sector is applied rigorously.

## Goal 2: Conduct

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

- 2.1 Through its increasingly **data-based approach to AMLA supervision**, FINMA will contribute to ensuring that the number of cases in which the Swiss financial system is seriously abused is reduced.
- 2.2 As part of its supervision of business conduct and specifically in the context of combating money laundering, FINMA will focus particularly on the activities of providers of **business models based on new technologies**.
- 2.3 FINMA will ensure that the financial service providers observe the **new rules under FinSA** as soon as they are implemented and are constantly updated.
- 2.4 FINMA will make sure that the **supervisory organisations** establish competent FinIA, FinSA and AMLA supervision. It will give the SOs clear guidelines on the supervisory aims and objectives. FINMA will also monitor how the requirements imposed on the SOs are being implemented, particularly the rules concerning independence from the institutions they supervise.
- 2.5 To protect portfolio management clients and trust beneficiaries, FINMA will seek to achieve effective and risk-based authorisation, oversight and enforcement of **independent portfolio managers and trustees** with a preventive effect in relation to conduct risks. Furthermore, FINMA will establish an effective licensing and supervisory regime for occupational pension scheme managers.
- 2.6 FINMA will introduce effective measures and point out any areas where there is a need for regulation, so that only genuinely additional benefits are charged for in **supplementary health insurance**, and at fair prices. FINMA will review whether the health insurers have effective control mechanisms in place in relation to transparent billing for benefits covered by supplementary health insurance and have stipulated the same requirements in their contracts with medical service providers.

## Goal 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.

- 3.1 FINMA will closely monitor developments on the **mortgage market** and the financial institutions' risk management and will introduce institution-specific supervisory measures where necessary. The need for regulatory adjustments will be reviewed at regular intervals.
- 3.2 FINMA will closely monitor the transition from **LIBOR**-based reference interest rates and ensure that the supervised institutions address the associated risks early on in order to protect clients and ensure the proper functioning of the financial markets. FINMA itself will ensure a smooth transition from the reference interest rates in the SST.
- 3.3 **Liquidity mismatch** is one of the main issues in the approval and supervision of open-ended **collective investment schemes**, particularly if these collective investment schemes invest in less liquid segments of the financial markets. FINMA will improve its data on this issue.
- 3.4 FINMA will intensify risk-based **corporate governance supervision** by analysing outliers and taking concrete action including establishing a supervisory process for the ongoing monitoring and observance of proper business conduct.
- 3.5 With a view to **optimising its supervision**, FINMA will review the efficiency and effectiveness of its supervisory instruments and ensure that its processes, priorities and resources are aligned with the main risks for the Swiss financial centre. Unnecessary overlaps in supervision will be avoided by coordinating supervisory instruments between FINMA and its mandataries.
- 3.6 FINMA will provide **regular and transparent information** about the supervisory requirements for financial institutions and the degree to which they are being met and will publish relevant data. It will thereby – as well as by disclosing its assessment of the short-, medium- and long-term risks on the financial market – allow interested parties to gain a broad understanding of the relevant developments.

## Goal 4: Too big to fail

The plans mandated by law will be completed to provide long-term mitigation of the “too big to fail” risk.

- 4.1 FINMA will ensure that the systemically important banks complete their work on the **emergency plans**, so that either all are deemed effective or subsidiary measures are ordered.
- 4.2 FINMA will complete the **global resolution plans for the large banks** and ensure that their global resolvability is regarded as credible.
- 4.3 FINMA will ensure that work on the **recovery plans of systemically important financial market infrastructures** is completed and they are eligible for approval. Furthermore, resolution strategies will be drawn up for the systemically important financial market infrastructures.
- 4.4 FINMA will identify any need for regulation to ensure that **large but not systemically important institutions** have adequate **crisis planning** in place.

## Goal 5: Structural change

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

- 5.1 FINMA will analyse on an ongoing basis the risks resulting from the continuing **low-interest-rate environment** and in particular the risks that would arise for the supervised institutions in the event of a serious recession, and will take effective measures to protect investors, creditors and insured persons.
- 5.2 FINMA will proactively work with public and private institutions to minimise the risks posed by **cyberattacks** to the financial sector, and will work to ensure that the financial institutions have strong **IT resilience** and that risks resulting from **outsourcing** are managed responsibly.
- 5.3 FINMA will set out its supervisory expectations concerning the use of **big data** (including the use of artificial intelligence and machine learning) in the supervised institutions' business processes, in order to mitigate the associated risks.
- 5.4 FINMA will maintain a **regular dialogue** with partner authorities in Switzerland and abroad, with the industry, interest groups and academia to identify specific challenges resulting from structural change and raise awareness among those affected.

## Goal 6: Innovation

FINMA will promote innovation in the Swiss financial centre.

- 6.1 FINMA has a uniform, transparent and efficient practice for **licensing innovative business models** with appropriate response times and will adapt its supervisory approach to suit such licence holders.
- 6.2 FINMA encourages **financial innovation**. By continuously staying informed and providing training for its employees, it is familiar with the latest **technological developments** and at the same time evaluates the associated risks for the financial institutions and their clients. It will proactively analyse the **supervisory relevance** of these developments and identify any need for regulatory action. Its primary aim is to apply the existing regulatory framework to new digital business models while remaining technology-neutral.



## Goal 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 the financial institutions to tackle these risks transparently.

- 7.1 FINMA will ensure that the financial institutions identify, assess and manage **climate-related financial risks** appropriately. FINMA will call for effective **disclosure of climate-related financial risks** and will ensure that this includes comparable, meaningful and – where possible – quantitative information based on scenarios, metrics and targets.
- 7.2 FINMA will closely follow the developments with regard to **sustainability requirements in all their dimensions** in Switzerland as well as internationally, and will analyse whether adjustments need to be made in supervision or regulation, in order to better tackle sustainability-related financial risks.
- 7.3 FINMA will focus particularly on the **risks of greenwashing** in the provision of financial services and distribution of financial products with a view to protecting clients. It will introduce effective measures within its remit and highlight any need for regulatory action.
- 7.4 FINMA will implement a **supervisory framework** to monitor climate risk management by larger supervised institutions. FINMA will draw on the recommendations of the relevant international bodies for this.

## Goal 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. It is committed to financial regulation that achieves targeted reduction of the risks while also being proportional and as simple as possible.

- 8.1 FINMA will maintain **contact with the most important foreign partner authorities**, participate in work by the relevant committees and thereby increase international recognition of the Swiss regulatory and supervisory framework.
- 8.2 FINMA will analyse whether the regulatory framework and its own powers are adequate to effectively and efficiently achieve its supervisory goals. It will submit proposals in this regard to the FDF.
- 8.3 FINMA will consistently aim to **reduce complexity** in its regulatory projects.
- 8.4 FINMA will report on the appropriateness of **regulation** in line with the requirements of Article 16 of the Ordinance to the Financial Market Supervision Act and make adjustments where necessary.
- 8.5 FINMA will **evaluate the small banks regime** and the revised **audit system** and identify potential for improvement.
- 8.6 FINMA will aim to ensure that the Swiss regulatory and supervisory framework is assessed fairly in **equivalence procedures** and international **peer reviews**.
- 8.7 In the interests of the Swiss financial centre, FINMA will identify risks and opportunities in connection with **market access** and actively seek to bring about improvements to the regulatory and supervisory framework abroad, such as in the negotiations with the United Kingdom.

## Goal 9: Resources

The resources required by FINMA will be based on what it needs to fulfil its extended legal remit in an efficient manner. New technologies will be used to help realise gains in efficiency and effectiveness.

- 9.1 Through further **digitalisation** and **automation**, FINMA will raise the efficiency of its interfaces with the supervised institutions as well as internal **processes**, particularly those with high recurring volumes.
- 9.2 **Supervision** will become increasingly **data-based** and the data quality and availability will thus be high. Where advantageous, FINMA will use data-based algorithms to identify risks. FINMA's supervision will also be perceived as being "digitally engaged" in the financial sector, as a result of its integration of technological developments into its activities.
- 9.3 FINMA will actively provide **transparent information** about its activities. It will optimise its publications on an ongoing basis, so that they are attractive and are pitched at the right level for the different audiences.
- 9.4 FINMA will build up its **statutory reserves completely** over the course of the strategy period and make sure that they are maintained.

## Goal 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.

- 10.1 FINMA will analyse and promote **flexible working time models** and **new ways of working** to accommodate its employees' needs.
- 10.2 **Staff turnover** will be within the target range defined by FINMA.
- 10.3 Continuous **staff development** is a top priority and will be encouraged through opportunities for internal and external training. FINMA will also encourage internal job rotations and secondments at partner authorities within Switzerland and abroad.
- 10.4 By implementing targeted measures, FINMA will ensure that its **gender diversity** goals are met.
- 10.5 FINMA will conduct regular employee surveys and ensure that **employee satisfaction** and **identification** remain at a high level by means of appropriate measures.

## **Publication details**

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### **Design**

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