



« If banks are deprived of any flexibility, the supply of credit and therefore investment, innovation and growth will be at risk. »

Regulation

Over-regulated banks *are bad for Switzerland*

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At a glance

- The Swiss economy suffers from increasing regulation that impairs competitiveness and stability.
- The planned tightening of banking regulation increases credit costs and jeopardizes Switzerland as a business location.
- A balanced regulatory model is required that combines security with competitiveness instead of promoting overregulation.

The Swiss economy is going through turbulent times. Geopolitical tensions, protectionist tendencies and uncertain market access are putting a strain on the heavily export-oriented location. The economy needs reliable framework conditions right now. However, the regulatory burden is constantly growing.

According to a study by the consulting firm BSS/IFO, Switzerland could save CHF 30 billion a year with more efficient regulations. Although the Federal Council has announced measures to reduce the burden, their impact has so far remained modest. The level of ambition must be significantly higher in order to noticeably reduce the burden on the economy.

The economy is concerned

Excessive and complicated regulation weakens competitiveness and can therefore also affect stability. This also applies to the planned tightening of banking regulation, which is already one of the strictest in the world. With the revision of the Capital Adequacy Ordinance (CAO) and the amendments to the Banking Act, the Federal Council is aiming for even stricter capital requirements - more restrictive than in the EU, the UK or the USA. This runs counter to the internationally recognizable trend towards loosening or simplifying regulations.

Both proposals are being dealt with in isolation, without taking into account the interdependencies with other reforms. The overall too-big-to-fail package is still pending, including the measures on resolvability. This is precisely the key point. The economy is concerned because the planned capital tightening would make corporate loans more expensive. Financing costs for SMEs and industry would rise. This concern runs through the consultation responses to the Capital Adequacy Ordinance: a majority emphasize the danger for Switzerland as a business location.

You would think that such far-reaching measures would be thoroughly examined. However, in their commissioned study from September 2025, the authorities only examined the stability of the financial center - not the impact on competitiveness and the economy. A comprehensive analysis is missing.

One thing is clear: regulation must not just aim for maximum security. Just like a car, which is not made of concrete, an optimum is needed: stability yes, but

also suitability for everyday use and a good cost-benefit ratio for a sustainable financial center. We support many measures following the CS crisis, but the balance between security and competitiveness is crucial. A gut feeling is not enough.

Banks have to bear risks - that is their job. Doing business is always associated with uncertainty. Equity and liquidity regulations make sense, but politicians must keep an eye on the consequences for the economy. Targeted lessons from the CS crisis are important, but they must not lead to an overreaction. Switzerland needs an internationally networked major bank and a financial center that offers SMEs and industry professional services at fair prices, including for their export business. Regulations far removed from international standards jeopardize prosperity and jobs. This must be prevented.

Staying competitive

Politicians must take the concerns of the business community seriously. We need

a financial center that is not slowed down by excessive regulations. A financial center that is strangled by overregulation not only loses its attractiveness, but also endangers the entire economy. Switzerland must ask itself: do we want a system that enforces stability at all costs, or one that combines stability with competitiveness? The answer should be clear. Only a balanced regulatory model will secure jobs, investment and prosperity in the long term. Politicians must act - with a sense of proportion instead of actionism.

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