

An integrated supervisor

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Since 1 January 2009, the Swiss financial market has been supervised by a single authority, the Swiss Financial Market Supervisory Authority, FINMA. It was created by the Financial Market Supervision Act of 2007, which merged three predecessors. The first was the Federal Banking Commission, founded in 1935 under the Banking Act. The second was the Federal Office of Private Insurance, the successor of the Federal Insurance Office founded in 1886, while the third was the Anti-Money Laundering Control Authority, which had supervised the financial intermediaries not affiliated with a self-regulatory organisation.¹ FINMA is an independent institution under public law with its own legal personality, its seat in Bern and offices in Zurich. It supervises banks, insurers, securities firms, fund management companies, managers of collective assets and financial market infrastructures. Since 2020, it has also supervised portfolio managers and trustees through the supervisory organisations.

The integration of banking, insurance and market supervision in a single authority followed the model of the British Financial Services Authority, created in 1997, and of other integrated supervisors in Scandinavia and Germany. It allowed a coordinated supervision of financial groups that combined banking and insurance, and it concentrated expertise. Britain abandoned the model after the financial crisis of 2008 and divided its supervisor into a prudential authority within the Bank of England and a conduct authority. Switzerland retained the integrated model, although the collapse of Credit Suisse in 2023 led to a debate about the effectiveness of FINMA's supervision.

FINMA's powers are defined by the Financial Market Supervision Act and the sectoral laws. It grants licences, issues ordinances and circulars that specify the requirements of the laws, conducts on-site inspections and demands information from supervised institutions. It orders measures to restore compliance and, in serious cases, withdraws licences and orders the

liquidation of institutions. It can prohibit individuals from acting in senior positions in the financial sector, order the disgorgement of profits obtained through serious violations, publish its final rulings and appoint investigating agents.² Unlike many foreign supervisors, it cannot impose fines on institutions, a limitation that the Federal Council proposed to remove after the collapse of Credit Suisse.

1 Notes

1. Federal Act on the Swiss Financial Market Supervisory Authority of 22 June 2007 (FINMASA, SR 956.1), in force since 1 January 2009, merging the Federal Banking Commission, the Federal Office of Private Insurance and the Anti-Money Laundering Control Authority. To be verified. ↩
2. On the enforcement instruments of FINMA (declaratory rulings, orders to restore compliance, disgorgement of profits, industry bans, publication of rulings, appointment of investigating agents, withdrawal of licences and liquidation), see Art. 29 ff. FINMASA. To be verified. ↩

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