

Swiss Implementation of Basel III and the Post-Credit Suisse Debate — overview and summary

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The previous chapter followed the Basel Committee on Banking Supervision from its foundation in 1974 to the completion of Basel III in December 2017. It treated the accords as products of international negotiation, drafted in committee rooms at the Bank for International Settlements and agreed by central bankers and supervisors from an expanding circle of countries. This chapter looks at the other end of the process. A standard agreed in Basel has no legal effect until a national legislature, government or supervisor gives it one. Each member jurisdiction translates the standard into its own legal order, with its own sources of law, its own administrative culture and its own political pressures. The translation is rarely literal. The differences between the text agreed in Basel and the rule applied in a given country often reveal more about that country than about the standard.

Switzerland offers an unusually instructive case study of this translation. It has been a member of the Basel Committee since the beginning and hosts the Committee's secretariat. For decades it was home to two global banks whose balance sheets were several times larger than the national economy. It has often gone beyond the international minimum, a practice known in Swiss policy debates as the *Swiss finish*. At the same time it has developed solutions of its own that other jurisdictions later studied. In March 2023 it experienced the failure of a global systemically important bank that had met the Basel capital requirements until the end. The debate that followed has become an international one, since it raises the question of whether the standards made in Basel work when they are tested.

Part E, Chapter II described the Swiss supervisory architecture, the implementation of the final Basel III standards on 1 January 2025, the too-big-to-fail regime and the reform agenda after the collapse of Credit Suisse. Part E, Chapter I described the takeover by UBS and the controversy about

the capital requirements of the enlarged bank. This chapter does not repeat that material. It examines the relationship between the international standard and its national version: how Swiss law receives the standards, where Switzerland has departed from them and why, which Swiss innovations travelled back to Basel or to other countries, and how the Credit Suisse case has been read in the international bodies that wrote the rules.

1 Conclusion

The relationship between the Basel standards and Swiss law is that of a model text and its national translation. Switzerland has been a member of the Basel Committee since 1974 and implements its standards through a chain of delegation that runs from the Banking Act through the Capital Adequacy Ordinance to FINMA's regulatory instruments, which have taken the form of FINMA ordinances since the implementation of the final Basel III package in 2025. Switzerland has often gone beyond the international minimum. It introduced a leverage ratio for its big banks before Basel III, designed the progressive component through the Expert Commission of 2010 and pioneered contingent convertibles with permanent write-down features. It also developed the small banks regime, a radical form of proportionality that other jurisdictions studied. The Basel Committee's consistency assessments rated the Swiss rules compliant, while the IMF found the powers of the Swiss supervisor weaker than those of its peers.

The collapse of Credit Suisse put this system to the test. The bank failed with capital ratios above the minimum. Its AT1 instruments of about sixteen billion francs were written down while shareholders received a residual value, and the resolution regime remained unused. The reactions of other supervisors, the litigation that led the Federal Administrative Court to find the write-down unlawful in 2025, the reports of the Basel Committee and the Financial Stability Board, and the parliamentary debate of 2026 on the capital requirements of UBS all show how a national case becomes an international reference. Having shaped the Swiss response, the standards made in Basel are now themselves being shaped by the Swiss experience as they develop further. The next chapter turns to the other bodies hosted by the BIS that complete the architecture of global financial governance: the Financial Stability Board, the International Association of Insurance Supervisors, the Committee on Payments and Market Infrastructures and the BIS Innovation Hub.

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