

The collapse of Credit Suisse

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Credit Suisse was founded in Zurich in 1856 by Alfred Escher as the Schweizerische Kreditanstalt, as Part D described. For a century and a half it was one of the pillars of the Swiss financial centre. In the decade before its collapse, it suffered a series of scandals and losses: the Mozambique loans affair, the espionage of its own executives, the losses from the collapse of the American family office Archegos and of the supply chain finance funds of Greensill in 2021, criminal convictions for money laundering, and repeated changes of management. As its clients and investors lost confidence, rumours on social media triggered large withdrawals of deposits in October 2022. In March 2023, after the failure of Silicon Valley Bank in the United States and a statement by its largest shareholder that it would not provide further capital, the outflows became a run.¹

On Sunday, 19 March 2023, the Federal Council, the Swiss National Bank and FINMA announced that UBS would take over Credit Suisse. The takeover was made possible by emergency ordinances of the Federal Council, which dispensed with the approval of the shareholders of both banks, provided liquidity assistance from the National Bank of up to two hundred billion francs, including a public liquidity backstop with a federal guarantee, and granted UBS a federal guarantee of nine billion francs against losses on certain assets of Credit Suisse.² FINMA ordered the complete write-down of Credit Suisse's additional tier 1 bonds, with a nominal value of about sixteen billion francs, while the shareholders received UBS shares worth about three billion francs.

The write-down of the AT1 bonds, which placed the bondholders behind the shareholders, provoked hundreds of legal actions by investors before the Federal Administrative Court. In 2025, the court ruled in a partial decision that the write-down ordered by FINMA lacked a sufficient legal basis, a ruling that FINMA appealed to the Federal Supreme Court.³ The outcome of this litigation, which concerns one of the largest write-downs

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of bank capital instruments in history, will shape the confidence of investors in the loss-absorbing instruments of Swiss banks.

The collapse of Credit Suisse showed that the too-big-to-fail regime introduced after 2008, which was designed to allow the orderly resolution of a systemically important bank without public money, could not be applied when it was needed. The authorities chose a takeover with public guarantees over a resolution, which they judged too risky in the market conditions of March 2023. The Parliamentary Investigation Committee, which examined the conduct of the authorities, published its report in December 2024. Its report criticised the management of Credit Suisse, the supervisory practice of FINMA and the coordination of the authorities before recommending stronger supervisory powers.⁴

1 Notes

1. On the events leading to the collapse of Credit Suisse (Archegos and Greensill in 2021, deposit outflows in October 2022 and March 2023) and its takeover by UBS announced on 19 March 2023, see the report of the Parliamentary Investigation Committee (PUK) of December 2024 and the FINMA report of December 2023. To be verified. ↩
2. On the emergency ordinance of the Federal Council of 16/19 March 2023 on additional liquidity assistance loans and the granting of default guarantees (SR 952.3), the liquidity assistance of the SNB and the federal loss guarantee of CHF 9 billion (terminated by UBS in August 2023), see the publications of the Federal Department of Finance, the SNB and FINMA. To be verified. ↩
3. On the litigation concerning the write-down of Credit Suisse AT1 instruments before the Federal Administrative Court (partial decision of October 2025 finding the write-down unlawful) and the appeal to the Federal Supreme Court, see the publications of the Federal Administrative Court and FINMA. Status to be verified. ↩
4. On the report of the Parliamentary Investigation Committee on the conduct of the authorities in the context of the emergency merger of Credit Suisse with UBS (published 20 December 2024), see the publications of the Federal Assembly. To be verified. ↩

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