

The domestic market: cantonal banks, Raiffeisen and PostFinance

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The global bank is only one part of Swiss banking. In terms of the number of institutions, employees and branches, the domestic market is dominated by banks whose business lies largely within Switzerland. The twenty-four cantonal banks, of which the Basler Kantonalbank and the Basellandschaftliche Kantonalbank were described in Part E, Chapter I, hold a large share of Swiss mortgage lending and savings deposits. Most of them enjoy a full or partial guarantee from their canton.¹ The Raiffeisen group, which consists of more than two hundred legally independent cooperative banks under the umbrella of Raiffeisen Schweiz, has become the largest Swiss retail bank by number of branches and one of the leading mortgage lenders. Migros Bank, the regional banks and the savings banks complete the picture.²

These institutions share a business model that has proved stable over many decades. They collect deposits from households, lend them out as mortgages on Swiss residential property, and earn most of their income from the difference between the interest paid and the interest received. The model depends on two conditions: a reliable property market and a positive interest rate environment. Both conditions were tested in the decade of negative interest rates after 2015, when interest margins narrowed and banks sought to compensate with fee income and growth in volume.³ The return to positive rates in 2022 restored margins temporarily. The renewed reduction of the SNB's policy rate, which reached zero in June 2025, reopened the question of how long domestic banks can sustain earnings that rest so heavily on interest.⁴

PostFinance occupies a special position. As a subsidiary of Swiss Post, a company wholly owned by the Confederation, it serves millions of clients with payment services and accounts. It has been designated as a domestic systemically important bank, although it has long been prohibited by law

from granting mortgages and loans to third parties.⁵ The prohibition left PostFinance with large deposits that it could invest only in the capital markets, which made it unusually vulnerable to low interest rates. The Federal Council therefore proposed in 2021 to lift the lending ban while preparing a privatisation of PostFinance. After Parliament declined to follow the proposal in that form, the debate on the future of Swiss Post and its financial arm has continued since.⁶

The PostFinance question is relevant to the scenarios because it touches on the general role of the state in Swiss banking. Cantonal guarantees, the federal ownership of PostFinance and the implicit guarantee for UBS together give the state a larger part in banking than the liberal reputation of the Swiss financial centre might suggest. A future in which UBS left Switzerland, or in which the domestic market consolidated further, would revive the question of which institutions the state should own or protect. The cantonal banks of Basel, whose guarantees the cantons have never seriously considered abolishing, would be part of that debate.

1 Notes

1. On the cantonal banks in Switzerland (24 institutions, market shares in mortgages and savings deposits, cantonal guarantees), see the publications of the Association of Swiss Cantonal Banks and the SNB's annual banking statistics Banks in Switzerland. Figures to be verified. ↩
2. On the structure of the Raiffeisen group (number of local cooperative banks, branches and mortgage market share) and of the regional banks, see the annual reports of Raiffeisen Schweiz and the SNB's Banks in Switzerland. Figures to be verified. ↩
3. On the effect of negative interest rates (SNB policy rate of –0.75 per cent from January 2015 to June 2022) on the interest margins of domestically focused banks, see the SNB's Financial Stability Reports for 2015–2022. To be verified. ↩
4. On the SNB's reduction of its policy rate to 0 per cent in June 2025 and its subsequent monetary policy assessments, see the press releases of the Swiss National Bank. Status to be verified. ↩
5. On the prohibition on lending and mortgages for PostFinance under the Postal Organisation Act (Art. 3 para. 3 POA) and its designation as a domestic systemically important bank by the SNB in 2015, see the legislation and the publications of the SNB and Swiss Post. To be verified. ↩

6. On the Federal Council's dispatch of 2021 on the partial revision of the Postal Organisation Act (lifting of the lending ban, path towards privatisation of PostFinance), its rejection or return by Parliament in 2022, and the subsequent reports on the future of the postal service universal mandate, see the publications of the Federal Council and the Federal Assembly. Status to be verified. ↩

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