

The Swiss Bankers Association: self-regulation from Basel

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In 1912, the Swiss banks founded a national association to represent their interests: the Swiss Bankers Association. Its seat was established in Basel, where it has remained to this day.¹ The choice of Basel reflected the importance of the Basel banks, in particular the Swiss Bank Corporation, in the Swiss banking community of the time.

The Swiss Bankers Association has played a central role in the regulation of Swiss banking. It represents the banks in the legislative process and in negotiations with the authorities and develops self-regulatory rules that complement or replace state regulation. The most important of these rules is the agreement on the Swiss banks' code of conduct with regard to the exercise of due diligence, known as the CDB, first concluded in 1977 after the Chiasso scandal, in which a branch of the Swiss Credit Bank in Ticino had channelled large sums of Italian flight capital into dubious investments.² The CDB requires banks to verify the identity of their clients and to establish the identity of the beneficial owners of the assets. It also prohibits active assistance in tax evasion and capital flight. Revised many times, most recently in 2020, it is recognised by FINMA as a minimum standard.

The Swiss model of self-regulation, in which the industry sets its own rules under the supervision of the state, has advantages and disadvantages. It allows rules to be developed quickly and with the expertise of practitioners and creates a sense of ownership among the banks. It also creates the risk that the rules reflect the interests of the industry more than those of the public, and that their enforcement is weak. The international pressure on Switzerland in the twenty-first century led to a shift from self-regulation to state regulation in several areas, among them the fight against money laundering and the exchange of tax information. Part E examines these developments.

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The Swiss Bankers Association in Basel is thus one of the institutions that make the city a centre of Swiss banking policy, alongside the Bank for International Settlements and its committees. The association's headquarters near the Aeschenplatz, a short walk from the former head office of the Swiss Bank Corporation, is the place where the Swiss banks coordinate their positions on regulation, taxation and international negotiations.

1 Notes

1. On the foundation of the Swiss Bankers Association (Schweizerische Bankiervereinigung) in 1912 and its seat in Basel, see the publications of the Swiss Bankers Association. To be verified. ↩
2. On the Chiasso scandal of 1977 (Swiss Credit Bank, Chiasso branch) and the first agreement on due diligence of the Swiss banks (VSB/CDB) concluded in 1977 between the Swiss Bankers Association and the Swiss National Bank, see the publications of the Swiss Bankers Association; HLS, article "Chiasso-Skandal". To be verified. ↩

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