

The costs of compliance

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All five models carry the costs of a regulatory framework that has grown continuously since the 1990s. A Swiss bank must be licensed by FINMA under Art. 3 BankA and must meet requirements on organization, capital, liquidity, risk management and proper business conduct. It must apply the due diligence obligations of the Anti-Money Laundering Act (AMLA) and the agreement on due diligence of the Swiss Bankers Association, whose origin in the Chiasso scandal is told in Chapter D.III. It must comply with the conduct rules of the Financial Services Act (FinSA) towards clients, with the rules on the automatic exchange of information and with the cross-border rules of every country in which its clients live.¹ Many of these obligations involve fixed costs that do not depend on the size of the bank: a compliance officer, a money laundering reporting function, a risk control function, an internal audit, an external audit, a data protection organization and an information technology platform that meets FINMA's requirements on operational resilience.

Small banks therefore bear a higher cost per franc of assets than large banks. The Swiss legislator and FINMA have responded with the small banks regime, introduced in 2020, which allows well-capitalized and liquid banks of supervisory categories 4 and 5 to apply simplified rules. To qualify, a bank must have a simplified leverage ratio of at least 8 per cent, an average liquidity coverage ratio of at least 110 per cent over twelve months and a refinancing ratio of at least 100 per cent. In return it is exempted from the calculation of risk-weighted assets and the net stable funding ratio and benefits from simplified qualitative requirements and less frequent audits. The legal basis lies in Art. 47a of the Capital Adequacy Ordinance.² Many of the independent Lugano banks fall within categories 4 and 5, and the regime has reduced part of their administrative burden. The core compliance obligations, especially those under the AMLA and the cross-border rules, remain unchanged.

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The bankers of Ticino have made the cost of regulation a central theme of their public statements. At the ABT's general assembly of June 2025 the president of the association called for stable and sustainable framework conditions, the chief executive of the Swiss Bankers Association, Roman Studer, called for proportionate regulation that preserves the diversity of the banking system, and the ABT's director, Franco Citterio, warned against tax increases, including proposals for a federal inheritance tax of 50 per cent on estates above CHF 50 million, which he considered harmful to the competitiveness of the canton.³

1 Notes

1. BankA (above), Art. 3; Federal Act on Combating Money Laundering and Terrorist Financing of 10 October 1997 (Anti-Money Laundering Act, AMLA), SR 955.0; Federal Act on Financial Services of 15 June 2018 (Financial Services Act, FinSA), SR 950.1; Federal Act on the International Automatic Exchange of Information in Tax Matters of 18 December 2015 (AEOIA), SR 653.1. Titles and SR numbers not checked against Fedlex for this chapter. ↩
2. FINMA, "Cat. 4 and 5 / Small banks regime" (above). The Capital Adequacy Ordinance is SR 952.03 . ↩
3. finews.ch (June 2025, above). The proposal referred to is the federal popular initiative of the Young Socialists for an inheritance tax on very large estates. ↩

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