

Deposit protection and investor compensation

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Clients of Swiss banks are protected by the deposit guarantee scheme up to 100,000 francs per client and bank. The scheme covers deposits in francs and foreign currencies. It does not cover crypto-assets held in custody, since these are segregated in the bank's insolvency and do not form part of the estate.¹ Clients of crypto banks therefore rely on segregation for their crypto-assets and on the deposit guarantee for their cash balances. Because the fintech licence and the sandbox are not covered by the deposit guarantee, providers operating under them must inform their clients of this.

Switzerland has no general investor compensation scheme comparable to the schemes of the European Union. A client who suffers a loss because a crypto service provider has misappropriated its assets must rely on segregation, on civil claims against the provider and its organs, and on criminal proceedings. The absence of a compensation scheme is a gap that the reform of the Financial Institutions Act does not address directly, since the emphasis of Swiss law lies on the prevention of losses through segregation and supervision.

1 Notes

1. Banking Act (SR 952.0), Art. 37a para. 1 (privileged deposits up to CHF 100,000 per creditor) and Art. 37h; esisuisse, "Deposit insurance" and FAQ, esisuisse.ch: deposits are protected up to CHF 100,000 per client and bank, deposits in foreign government-issued currencies are also covered, and securities and cryptocurrency units in custody accounts are not covered because they are handed over to the client in the bank's bankruptcy. ↩

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