

Reforms after Credit Suisse — overview and summary

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The weekend of 19 March 2023, described in the preceding chapter, ended with a merger that no one in Zurich had planned and few had thought possible. By the Monday morning the city had one global bank where it had had two. The Confederation had given guarantees of a size it had never given before, while the regime for systemically important banks that Parliament had enacted in 2011 had been set aside in favour of emergency law. The political task that followed was quieter and far more laborious. It consisted of asking why a regime designed precisely for the failure of a large bank had not been used when a large bank failed, what had to change so that it could be used next time, and how a single remaining global bank of the size of UBS could be made safe for a country whose economy it exceeds. That task has occupied the Federal Council, the Federal Department of Finance, the Swiss Financial Market Supervisory Authority (FINMA), the Swiss National Bank (SNB), both chambers of the Federal Assembly and UBS itself for more than three years. In September 2026 it is still unfinished.

This chapter traces the reform from its beginnings to the state of play at the end of September 2026. It starts with the expert group on banking stability, whose report of September 2023 set out the first professional diagnosis, and with the Federal Council's report on banking stability of 10 April 2024, which translated that diagnosis into a programme. It then turns to the report of the Parliamentary Investigation Committee of December 2024, which gave the programme its political weight, and to the package that the Federal Council presented on 6 June 2025. The core of the chapter examines the individual building blocks: the capital treatment of foreign subsidiaries, which became the most contested question in Swiss financial politics for a generation, the technical amendments to the Capital Adequacy Ordinance, the future of Additional Tier 1 instruments, the proposed senior managers regime and the rules on variable remuneration,

the new powers of FINMA, and the long road towards a public liquidity backstop. A separate section follows the parliamentary proceedings through the decision of the Council of States on 23 September 2026.

The reform matters for Zurich in a way that goes beyond banking supervision. The city's financial centre has always drawn part of its identity from its large banks, from the buildings on the Paradeplatz to the training of generations of bankers, lawyers and auditors in their offices. The question now under debate is whether the one global bank that remains can stay in Switzerland on terms that the country can accept, and what kind of financial centre Zurich will be if it does, or if it does not. The final sections therefore look at the reaction of UBS and the debate about a possible relocation, at international comparisons, at the effects of concentration on competition and on lending to Swiss companies, and at the legacy that the reforms are likely to leave.

1 Conclusion

The collapse of Credit Suisse forced Switzerland to revisit a regime it had believed to be among the most advanced in the world. The expert group of 2023 and the Federal Council's report of 10 April 2024 identified the weaknesses: insufficient capital at the level of the parent bank, a supervisor without the instruments of its peers, an accountability gap at the top of the banks, and a liquidity framework unprepared for a modern run. The Parliamentary Investigation Committee confirmed the diagnosis and gave it political weight, in particular through its criticism of the regulatory filter granted to Credit Suisse in 2017. The package of June 2025 turned the diagnosis into proposals. The dispatch of April 2026 and the consultation of August 2026 turned the proposals into draft law.

By September 2026 only part of this programme is in force. The amendments to the Capital Adequacy Ordinance on software and prudential valuation enter into force on 1 January 2027, with a transition period for software, in the same year in which the SNB's Extended Liquidity Facility is due to start. Having passed the Council of States in a modified form requiring a 90 per cent backing with CET1 capital, the capital bill on foreign participations awaits the National Council. The senior managers regime, the new remuneration rules, FINMA's power to fine and to intervene early, the liquidity requirements and the strengthened resolution framework are in consultation, with entry into force expected in 2029 at the earliest. The public liquidity backstop remains suspended. At ordinance level the AT1 reforms have been postponed.

The political dispute has concentrated on the capital requirement for UBS, because it is the measure with the largest financial consequences and the only one that affects a single institution so directly. UBS has warned that the rules threaten its future in Switzerland. The Federal Council, the SNB, FINMA and the International Monetary Fund regard them as proportionate and manageable. The relocation debate, amplified by shareholders and markets, has made the question of UBS's domicile a factor in Swiss financial politics for the first time. Whatever the final outcome, the reforms have already changed the relationship between the authorities and the last Swiss global bank.

For Zurich, the reforms after Credit Suisse will determine the shape of the financial centre in the coming decades. A UBS that remains in Zurich under stricter rules would anchor the centre as a global hub, with a supervisor and a central bank better equipped than before. A UBS that reduced its presence would leave a centre more dependent on wealth management, insurance, cantonal banking and specialised institutions. In either case, the lessons of 2023 have been written into Swiss law in a way that will outlast the generation that experienced them.

2 In five sentences

1. After the collapse of Credit Suisse, the expert group on banking stability (2023), the Federal Council's report of 10 April 2024 with its 22 measures and the Parliamentary Investigation Committee (2024) agreed that the too-big-to-fail regime had to be strengthened in capital, supervision, accountability and liquidity.
2. The central measure, full backing of foreign participations with CET1 capital at the parent bank, was proposed in June 2025 and put before Parliament on 22 April 2026, after which the Council of States reduced it on 23 September 2026 to a 90 per cent backing and passed it to the National Council.
3. The amendments to the Capital Adequacy Ordinance on software and prudential valuation will enter into force on 1 January 2027, with a transition period for software, while the full deduction of deferred tax assets was dropped and the AT1 reforms were postponed.
4. A second package in consultation until 19 November 2026 provides for a senior managers regime, deferral and clawback of bonuses, FINMA fines of up to ten per cent of operating income, early intervention powers and liquidity preparation, while the public liquidity backstop remains suspended in Parliament.

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5. Because UBS has warned that the rules threaten its future in Switzerland, the reform has become a decision about bank safety and, at the same time, about the character of the Zurich financial centre.

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