

The collapse of Credit Suisse (March 2023) — overview and summary

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On the evening of Sunday, 19 March 2023, the President of the Swiss Confederation and the head of the Federal Department of Finance appeared before the press in Bern together with the leaders of the Swiss National Bank and of the Swiss Financial Market Supervisory Authority (FINMA) and with the chairmen of the two largest banks of the country. They announced that UBS would take over Credit Suisse for about three billion francs, paid in its own shares, and that the Confederation and the central bank would stand behind the transaction with guarantees and liquidity lines of a size that no Swiss government had ever committed to a private enterprise. The institution that disappeared that weekend had been founded in Zurich in 1856 by Alfred Escher as the Schweizerische Kreditanstalt, the “steam engine of credit” of the railway age, and for 167 years it had been one of the two pillars on which the financial centre of Zurich rested.¹ The earlier parts of this book follow the Kreditanstalt from its foundation through the Chiasso affair of 1977 to the formation of Credit Suisse Group in 1997. This chapter tells the end of that story.

The collapse matters for a book on Zurich as a financial centre for reasons that go beyond the fate of one company. Credit Suisse was a global systemically important bank, subject since 2012 to the Swiss too-big-to-fail regime that the preceding chapter describes. That regime had been designed precisely for a weekend of this kind, with a resolution strategy, bail-in powers for FINMA, contingent capital instruments and emergency plans for the Swiss business. When the weekend came, the authorities did not use the instruments prepared for it. They chose a takeover by the only other Swiss bank of comparable size, backed by emergency law, and in doing so they wrote down some sixteen billion francs of subordinated bonds while leaving the shareholders a residual value. Each of these decisions has since been contested in Parliament, before the courts, in international arbitration and in the academic literature. The questions they

raise touch the constitutional order of Switzerland, the credibility of its legal system for foreign investors and the shape of its banking market for decades to come.

The chapter proceeds in seven steps. It first traces the long decline of Credit Suisse through a decade of scandals, strategic reversals and governance crises up to the run of the autumn of 2022. It then reconstructs the week of 13 to 19 March 2023 and the negotiations of the final weekend. A third section analyses the emergency ordinance, the liquidity facilities and the terms of the UBS transaction. The write-down of the additional tier 1 instruments receives a section of its own, because it has produced the most important litigation, including the judgment of the Federal Administrative Court of October 2025 and the appeals that were pending before the Federal Supreme Court in September 2026. The chapter then turns to the parliamentary response, from the symbolic rejection of the credits in April 2023 to the report of the parliamentary investigation committee of December 2024, before considering the integration of Credit Suisse into UBS and the legacy of the collapse for Zurich. Reform proposals after 2023 belong to the following chapter and are mentioned here only where they explain the events.

1 Notes

1. Luca Froelicher, “The turbulent history of Credit Suisse”, *Neue Zürcher Zeitung* (English edition), <https://www.nzz.ch/english/the-turbulent-history-of-credit-suisse-ld.1732364>. Froelicher describes the SKA as a “steam engine of credit” for the infrastructure of the railway boom and notes that the bank was taken over by UBS in March 2023 after 167 years. ↩

2 Conclusion

The collapse of Credit Suisse was the result of a long decline that ended in a few days. For more than a decade the bank failed to settle the conflict between its Swiss and wealth management business and its international investment bank. It changed strategy repeatedly, replaced its leadership at an accelerating pace and suffered a series of scandals that revealed deficient risk management and an inappropriate culture in parts of the organisation. Mozambique, the observation affair, Greensill, Archegos and the Bulgarian money laundering case each damaged the confidence of clients and investors. The regulatory filter granted in 2017 concealed the weakness of the parent bank’s capital. When the run began in October 2022, the capital increase and the radical restructuring plan came too late to restore trust.

The failures of American regional banks in March 2023, the delayed annual report with its admission of material weaknesses and the statement of the Saudi National Bank then triggered the final run.

The authorities' response stabilised the Swiss financial system and prevented international contagion, as the parliamentary investigation committee acknowledged. It was achieved, however, by means that the too-big-to-fail regime had not foreseen: a takeover by the only remaining Swiss global bank, liquidity of up to 168 billion francs from the SNB, a federal guarantee of nine billion francs for losses and a public liquidity backstop based on emergency law. The shareholders were deprived of their vote, and the holders of additional tier 1 instruments lost about 16.5 billion francs through an order of FINMA whose legal basis the Federal Administrative Court rejected in October 2025. As of September 2026 that judgment was under appeal before the Federal Supreme Court, the other AT1 proceedings were suspended, and investment arbitration had been initiated against Switzerland under the free trade agreement with Japan.

For Zurich the collapse marks the end of the two-bank structure that had defined the financial centre since the nineteenth century. It leaves a single global bank with a systemic weight that makes the reform of the too-big-to-fail regime a central political question. It also leaves a body of case law on emergency powers, property rights and contingent capital that will shape Swiss financial law for decades. The Federal Supreme Court's forthcoming judgment on the AT1 instruments will determine whether that body of law confirms the executive's room for manoeuvre in a crisis or insists on a prior statutory basis for interferences with private rights. Either way, the collapse of Credit Suisse has become the reference point against which the resilience of the Swiss financial centre and the quality of its law will be measured.

3 In five sentences

1. Credit Suisse, founded in Zurich in 1856 as the Schweizerische Kreditanstalt, collapsed in March 2023 after a decade of strategic reversals, governance crises and scandals, from the Mozambique loans and the observation affair to Greensill, Archegos and a money laundering conviction in 2022.
2. The run that began in October 2022 resumed after the failure of American regional banks and the Saudi National Bank's refusal of further capital on 15 March 2023, and liquidity of 50 billion francs from the SNB could not stop it.

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3. On 19 March 2023 the Federal Council, relying on emergency law, arranged the takeover by UBS for three billion francs in shares without a shareholder vote, backed by a federal loss guarantee of nine billion francs and SNB liquidity that peaked at 168 billion francs.

4. FINMA's order to write down about 16.5 billion francs of additional tier 1 instruments was annulled by the Federal Administrative Court in October 2025, a judgment still under appeal before the Federal Supreme Court in September 2026, while arbitration under the Switzerland–Japan free trade agreement is pending.

5. The parliamentary investigation committee placed the responsibility on the bank's management while criticising supervision and the stalling of too-big-to-fail reform, and the collapse left Zurich with a single global bank whose regulation now defines the future of the financial centre.

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