

The Swiss National Bank in Brief

SCHWEIZERISCHE NATIONALBANK
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SWISS NATIONAL BANK





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SCHWEIZERISCHE NATIONALBANK

Introduction

The Swiss National Bank is Switzerland's central bank. It has the exclusive right to issue banknotes (note-issuing privilege) and has been mandated to conduct the country's monetary policy. In accordance with the Constitution and Swiss law, the SNB is independent in the fulfilment of its mandate, holds regular discussions with the Federal Council, is accountable to the Federal Assembly and is obliged to provide the general public with regular information on its activities.

This brochure presents the key tasks and the organisation of the SNB. Chapter 1 outlines the SNB's mandate and history. Chapter 2 explains the strategy that the SNB pursues to achieve its goal of ensuring price stability and the considerations on which it bases its monetary policy decisions. Chapter 3 explains which instruments the SNB uses to put its monetary policy decisions into practice. Chapter 4 looks at the SNB's role in the supply and distribution of cash, while Chapter 5 focuses on its role in cashless payment systems. Chapter 6 deals with the SNB's assets, their functions and the principles by which they are managed. Chapter 7 illustrates the ways in which the SNB contributes to the stability of the financial system. Chapter 8 outlines the international institutions and bodies in which the SNB is represented. Chapter 9 explains the link between independence and accountability, and the relationship between the SNB and the Swiss Confederation. Chapter 10 describes how the SNB is structured and includes its organisational chart. Chapter 11 summarises the legal foundation on which the SNB's activities are based.

The appendix contains a list of the SNB's most important publications and other resources, a graphical representation of the balance sheet and a list of addresses.

This brochure is available in German, French, Italian and English from the SNB library. It is also available, together with additional information, on the SNB website at www.snb.ch, *Publications*.

The SNB conducts the country's monetary policy as an independent central bank. Its mandate is to conduct monetary policy in such a way that money preserves its value and the economy develops favourably. This mandate is enshrined in the Constitution and the National Bank Act (NBA). The Constitution (art. 99) obliges the SNB, as an independent central bank, to conduct a monetary policy that serves the interests of the country as a whole. The NBA (art. 5 para. 1) describes the SNB's mandate in more detail: 'It shall ensure price stability. In so doing, it shall take due account of economic developments.'

Origin of central banks

A well-organised, stable monetary system is an important prerequisite for a prosperous economy. With the emergence of nation states, the creation of money and the organisation of the monetary system were, as a rule, assigned to a public institution, i.e. the central bank.

The origins of central banks vary from one country to another. Some of the oldest central banks started out as state banks which granted loans to the state and managed state assets. Others were set up to enhance the stability of the banking system and counteract frequent banking panics.

Other central banks, including the SNB, were successor organisations to private money-issuing institutions. In the 19th century, there were several cantonal and private banks in Switzerland which issued banknotes in competition with one another. As the Swiss economy was growing rapidly and becoming increasingly integrated into the world economy, the interests of the private issuing banks corresponded less and less to the requirements of the country's economy as a whole. This was reflected in particular by an inadequate supply of banknotes. Calls for the creation of a central bank endowed with the note-issuing privilege became increasingly vociferous, and in 1891, an article was added to the Constitution stating that the right to issue banknotes was the preserve of the Confederation alone. However, another 15 years were to pass before the Federal Act on the Swiss National Bank entered into force in early January 1906, as prior to that, Swiss voters had rejected a proposal to establish a state bank. In June 1907, the Swiss National Bank assumed its function as an independent central bank.

History of the SNB

At the time of the SNB's foundation, the monetary order in most of the world was based on the firm relationship between currencies and gold. In this context, the SNB's mandate was to regulate the circulation of money and facilitate payment transactions. It was obliged to provide gold on demand in exchange for banknotes.

Changes in the monetary order

The global economy has changed considerably since then. Gold no longer plays the role of anchor in the international monetary system, and the significance of banknotes has dwindled in comparison to book money. What has remained unchanged, however, is the SNB's responsibility to conduct its monetary policy in a way that keeps the value of money stable and enables the economy to prosper.



Price stability is an important prerequisite for growth and prosperity. Inflation (a sustained increase in the price level) and deflation (a sustained decrease in the price level) both impair economic activity. They hinder the role of prices in allocating labour and capital to their most efficient use, and result in a redistribution of income and wealth.

The monetary policy strategy outlines the manner in which the SNB fulfils its statutory mandate. It consists of the following three elements: a definition of price stability, a conditional inflation forecast over the subsequent three years, and the SNB policy rate.

The SNB equates price stability with a rise in the Swiss consumer price index of less than 2% per year. Deflation also breaches the objective of price stability. With its definition of price stability, the SNB takes into account the fact that it cannot steer inflation precisely and that the consumer price index tends to overstate inflation slightly.

**Monetary
policy strategy**

**Definition of
price stability**

Conditional inflation forecast

The inflation forecast published quarterly by the SNB serves as the main indicator for the interest rate decision and is a key element in communication. The forecast, which relates to the three subsequent years, reflects the medium-term focus of monetary policy. With this approach, the SNB takes account of the fact that output and prices sometimes react to monetary policy stimuli with a considerable time lag. Besides the inflation forecast, the SNB takes into consideration a large number of indicators of domestic and international economic and monetary developments and of financial stability for its monetary policy decisions (cf. chapter 7).

The SNB's inflation forecast is based on the assumption that the SNB policy rate communicated at the time of publication will remain constant over the forecast horizon. It is therefore a conditional forecast that shows how the SNB expects consumer prices to move, assuming no change in monetary policy. This enables the public to gauge the future need for action in monetary policy. The inflation forecast published by the SNB cannot be compared with those provided by commercial banks or research institutions, as these generally factor in anticipated interest rate adjustments.

SNB policy rate

The Swiss National Bank sets the level of the SNB policy rate and uses it to communicate its monetary policy decisions. It seeks to keep the secured short-term money market rates close to the SNB policy rate. The focus is on the Swiss Average Rate Overnight (SARON) as the most representative of the short-term Swiss franc rates. The SNB policy rate was introduced in June 2019, replacing the target range for the three-month Libor (London Interbank Offered Rate; cf. chapter 3).

The SNB ensures price stability by using its monetary policy operations to influence the interest rate environment and align it with the prevailing economic situation. Real interest rates, i.e. nominal interest rates minus inflation, play a key role here. Lowering real interest rates generally tends to have a stimulating effect on demand and on prices of goods and services, while raising them tends to have a dampening effect. Central banks steer short-term nominal interest rates, but because the inflation rate changes only slowly they also influence real rates in the short run.

Influencing the interest rate environment

An independent monetary policy that is geared towards the objective of price stability fundamentally requires flexible exchange rates. This does not mean, however, that the SNB disregards exchange rate developments. Changes to the exchange rate significantly influence inflation and the economy and thus have an effect on the SNB's monetary policy decisions.

Role of exchange rate

When interest rates are at very low levels, this increasingly narrows the scope for further interest rate reductions. If a central bank wants to further ease its monetary policy in such an environment, it must turn to so-called unconventional measures. The most important unconventional measures taken by the SNB in recent years have been interventions in the foreign exchange market, the temporary setting of a minimum exchange rate against the euro, and the introduction of negative interest on sight deposits held by banks and other financial market participants at the SNB.

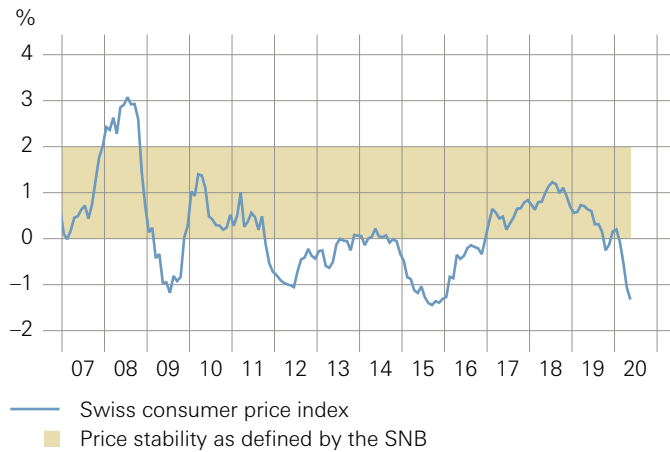
Unconventional measures

Quarterly assessments

The SNB conducts an in-depth monetary policy assessment in March, June, September and December. Its monetary policy decision is based on this assessment. The reasons for its decision are provided in a press release, which also contains the conditional inflation forecast. In June and December, the SNB also holds a news conference to explain its monetary policy. In addition, the SNB may take monetary policy measures at any time between regular assessment dates if circumstances so require. Economic developments and the background to the monetary policy decision are described in the monetary policy report published in the *Quarterly Bulletin*.

CONSUMER PRICES

Year-on-year change



Source: SNB



Implementation of monetary policy

The SNB implements its monetary policy by steering the interest rate level on the money market. In so doing, it seeks to keep the secured short-term money market rates close to the SNB policy rate. In this regard, the SNB focuses on the overnight rate SARON, the most representative of the short-term Swiss franc rates.

The SNB can influence money market rates by means of its open market operations or adjust the interest rate on sight deposits held by banks and other financial market participants at the SNB. The conditions on the money market are currently determined by the interest rate of -0.75% (negative interest) that banks pay on their sight deposits at the SNB. In order to influence monetary policy conditions, the SNB also intervenes in the foreign exchange market, as necessary.

Transitioning from Libor to SARON

In Switzerland, the National Working Group on Swiss Franc Reference Rates (NWG) is leading efforts to find a replacement for the Swiss franc Libor in the financial market. The SNB supports the NWG by running the technical secretariat and publishing important information on its website. In 2017, the NWG recommended SARON as the alternative to Libor. Since then, market participants have been working hard on transitioning to new, SARON-based products, and there is now an interest rate swap market which forms the basis for a SARON-based yield curve. For calculating interest payments over longer periods, the NWG recommended using a compounded SARON. In 2019, it proposed various options for structuring interest payments in loan agreements and the first loans applying some of the suggested interest rate calculations were issued.

Sight deposits at the SNB are a bank's most liquid assets. They are readily available for payment transactions and are considered legal tender. Banks also hold sight deposits as a liquidity reserve and in order to fulfil statutory minimum reserve requirements. In addition to domestic banks' sight deposits, total sight deposits also include sight liabilities towards the Confederation, sight deposits of foreign banks and institutions, as well as other sight liabilities. Any deployment of monetary policy instruments by the SNB also has an influence on sight deposits.

**Sight deposits
at the SNB**

Minimum reserves

The minimum reserve requirement on banks, laid down in the National Bank Act (NBA), ensures that banks hold a minimum amount of base money. Eligible assets in Swiss francs comprise coins in circulation, banknotes and banks' sight deposits held at the SNB. At present, the minimum reserve requirement is 2.5% of relevant short-term liabilities, which are calculated as the sum of short-term liabilities in Swiss francs (up to 90 days) plus 20% of liabilities towards customers in the form of savings and investments.

In principle, all banks domiciled in Switzerland or the Principality of Liechtenstein are admitted as SNB counterparties in monetary policy operations. Other domestic financial market participants, such as insurance companies as well as banks with headquarters abroad, may be admitted to monetary policy operations, provided there is a monetary policy interest in doing so and they contribute to liquidity on the secured Swiss franc money market.

**Access to monetary
policy operations**

Monetary policy instruments

The transactions the SNB is allowed to conduct for the implementation of its monetary policy are specified in art. 9 NBA. The ‘Guidelines of the Swiss National Bank on monetary policy instruments’ describe the relevant instruments and procedures. These guidelines are supplemented by instruction sheets written for the SNB’s counterparties.

Open market operations and standing facilities

The SNB distinguishes between open market operations and standing facilities. In the case of the former, the SNB takes the initiative in the transaction, whereas the initiative comes from the banks in the case of standing facilities.

Open market operations include foreign exchange transactions and foreign exchange swaps, repo transactions, and the issuance of SNB debt certificates (SNB Bills). The SNB can carry out its open market operations in the form of auctions or bilateral transactions. Transactions on the money market are mostly conducted via an electronic trading platform.

Standing facilities include the liquidity-shortage financing facility and the intraday facility. As far as the standing facilities are concerned, the SNB merely sets the conditions under which counterparties can obtain liquidity. The liquidity-shortage financing facility serves to bridge unexpected liquidity bottlenecks. The intraday facility eases interbank payment transactions in the SIC system and foreign exchange transactions via the multilateral foreign exchange settlement system (Continuous Linked Settlement) (cf. chapter 5).



Foreign exchange transactions

The SNB can purchase or sell foreign currency against Swiss francs on the financial markets. Most foreign exchange transactions conducted by the SNB are either spot or swap transactions. In a foreign exchange swap, the purchase (sale) of foreign currency at the current spot rate and the sale (purchase) of the foreign currency at a later date are simultaneously agreed. The SNB concludes foreign exchange transactions with a wide range of domestic and foreign counterparties.

Interest rate on sight deposits at the SNB

Art. 9 NBA authorises the SNB to keep interest-bearing and non-interest-bearing accounts for banks and other financial market participants. Until January 2015, the sight deposit accounts were non-interest-bearing. Since 22 January 2015, an interest rate of -0.75% (negative interest) has been charged on sight deposits held by banks and other financial market participants at the SNB. However, exemption thresholds apply. By setting the interest rate on sight deposits and defining other conditions, the SNB influences the interest rate level on the money market. This instrument takes effect by influencing the cost of holding liquidity.

Repo transactions

In the case of liquidity-providing repo transactions, the SNB purchases securities from a bank or another institution admitted as a counterparty and credits the countervalue to the latter's sight deposit account. At the same time, it is agreed that the SNB will sell securities of the same type and quantity back to the bank at a later date. In the case of a liquidity-absorbing repo, the transactions are conducted in the opposite direction. For the term of the repo agreement, the cash taker generally pays interest (the repo rate) to the cash provider.

Collateral eligible for SNB repos

The SNB requires that the banks and other financial market participants with which it conducts credit transactions provide sufficient collateral. In so doing, the SNB protects itself against losses and ensures equal treatment of its counterparties. The guidelines on monetary policy instruments outline the types of securities that are eligible as collateral for SNB transactions. The 'Instruction sheet on collateral eligible for SNB repos' details the criteria which securities must meet in order to be eligible as collateral in repo transactions with the SNB. Since the SNB also admits banks headquartered abroad to its monetary policy operations and since the stocks of Swiss franc securities are limited, it also accepts securities in foreign currencies. The SNB sets high minimum requirements with regard to the marketability and credit rating of securities.

The SNB can absorb liquidity by issuing its own debt certificates in Swiss francs (SNB Bills). Maturities can be up to one year. To increase liquidity, the SNB can repurchase SNB Bills via the secondary market.

SNB Bills

In March 2020, the Swiss National Bank set up the SNB COVID-19 refinancing facility (CRF), based on the Federal Council's COVID-19 ordinance on joint and several guarantees (*COVID-19-Solidarbürgschaftsverordnung*) of 25 March 2020. The CRF is aimed at strengthening the supply of credit to the economy and ensuring high liquidity in the banking system. It is a temporary standing facility designed to cushion the economic impact of the coronavirus (COVID-19) pandemic. The facility allows banks to obtain liquidity from the SNB in the form of a covered loan by assigning credit claims from corporate loans as collateral. Credit claims from corporate loans guaranteed by the Confederation or the cantons in connection with the COVID-19 pandemic are deemed eligible as collateral. The SNB can also accept other collateral to cover the loans it grants.

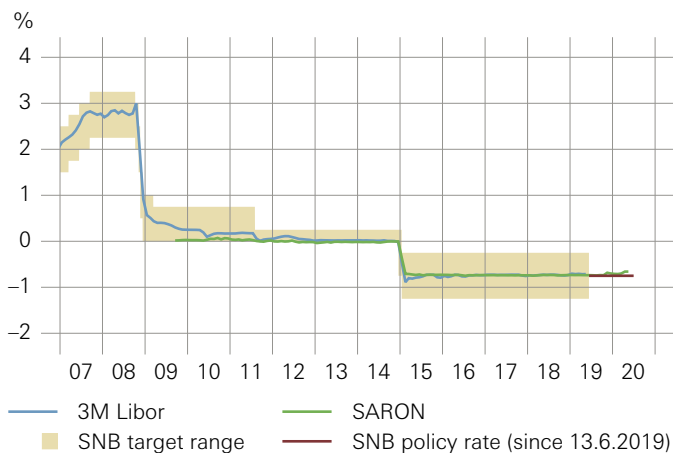
SNB COVID-19
refinancing facility

High liquidity in the banking system

Large-scale foreign currency purchases since 2009 have caused liquidity in the banking system to increase substantially. There was therefore no need to conduct repo transactions between 2012 and autumn 2019. In connection with the market's response to the adjustments of the exemption thresholds as of 1 November 2019 and 1 April 2020, the SNB has once again been conducting repo transactions to ensure that the secured short-term money market rates in Swiss francs remain close to the SNB policy rate. No SNB Bills have been issued or repurchased in recent years.

MONEY MARKET RATES

Monthly averages of daily figures



Source: SNB

Ensuring the supply and distribution of cash

The SNB is entrusted with the note-issuing privilege. It supplies the economy with banknotes that meet high standards with respect to quality and security. The SNB is also charged by the Confederation with the task of coin distribution.

Banknotes and coins are supplied to the economy via the two cash offices at the Berne and Zurich head offices, as well as 14 agencies operated by cantonal banks on behalf of the SNB. The National Bank issues banknotes and coins commensurate with demand for payment purposes, offsets seasonal fluctuations, and withdraws banknotes and coins no longer fit for circulation.

Issuance and return of banknotes and coins

The large-scale distribution of banknotes and coins is undertaken by the SNB, while retail distribution is handled by commercial banks, Swiss Post and cash processing operators. On average, around 488 million banknotes, worth CHF 79.8 billion, were in circulation in 2019.

Swiss banknotes are printed by Orell Füssli Security Printing Ltd. The Confederation is responsible for the minting of coins, which is carried out by Swissmint, the federal mint, in Berne.

Production of banknotes and coins

The SNB also determines banknote denomination and design. Particular attention is paid to security. Given the speed at which counterfeiting technology advances, the effectiveness of the security features on the banknotes must be continuously reviewed. In cooperation with third parties, the SNB has developed new security features that enable up-to-date and effective protection against counterfeiting. The percentage of counterfeit banknotes seized and withdrawn from circulation is small by international standards.

The SNB put the six denominations of the ninth banknote series into circulation between 2016 and 2019. The process was concluded with the issuance of the 100-franc note in September 2019. The SNB announced in May 2020 that it planned to recall the eighth-series banknotes in the first half of 2021. Banknotes from the sixth series onwards can be exchanged at the SNB without restriction at their full nominal value.

Significance of cash – survey on payment methods

In 2017, the SNB conducted its first representative survey on the usage of the different payment methods in Switzerland. The report, published in 2018, showed that 70% of the payments recorded were processed with cash. In terms of value, however, cash accounted for 45% of expenditure. This difference is attributable to the fact that cash is a particularly popular payment method for small amounts. Yet cash is also used when larger sums are involved: more than a third of non-recurring payments involving amounts of more than CHF 1,000 were settled with cash. The two largest denominations – the 1000-franc note and the 200-franc note – are widely used in Switzerland. These two highest-denomination banknotes are first and foremost used for less frequent, higher value acquisitions such as cars and furniture, as well as for paying bills at post office counters. The features of cash as a method of payment – acceptance and costs – are perceived as being good to very good. The SNB plans to conduct further surveys at regular intervals.



The SNB's role in the cashless payment system

The SNB has the task of ensuring and facilitating the functioning of cashless payment systems. It fulfils this duty primarily by serving as commissioning party and system manager of SIC, the Swiss Interbank Clearing system.

Swiss Interbank Clearing

SIC is the central payment system in Switzerland for payments in Swiss francs. Via SIC, banks and other financial market participants conduct interbank payments (i.e. payments between financial institutions) as well as a growing share of retail payments (i.e. customer payments). Retail payments mainly take the form of payment orders such as bank transfers and direct debits. Similarly, some liabilities arising from card transactions are bundled and settled among system participants via SIC. The SNB also uses the SIC system to provide the Swiss franc money market with liquidity (cf. chapter 3).

SIC is a real-time gross settlement system. This means that payment orders are executed individually and irrevocably in real time. Payments are settled through the SIC settlement accounts, and the balances of the sight deposit accounts held at the SNB change accordingly.

The SNB steers SIC in its capacity as commissioning party and system manager. It determines the admission criteria, provides the system with liquidity, and defines the functionalities and settlement rules.

The SNB has entrusted the operation of SIC to SIX Interbank Clearing Ltd, a subsidiary of SIX Group Ltd (SIX). SIX was jointly set up by Swiss banks and operates Switzerland's financial market infrastructure.

As a systemically important financial market infrastructure, SIC is overseen by the SNB (cf. chapter 7).

SIC has a link to SECOM, the securities settlement system operated by SIX SIS Ltd. This link allows securities transactions to be settled according to the delivery-versus-payment principle, i.e. the transfer of securities in SECOM takes place if, and only if, payment in SIC has been effected. This eliminates the principal risk in securities transactions. It also ensures that the cash leg is settled in central bank money.

SIC linked to SECOM
and CLS

Also of importance is Continuous Linked Settlement (CLS), a multilateral foreign exchange settlement system which eliminates settlement risk in foreign exchange transactions. The settlement of amounts in Swiss francs (against another CLS settlement currency) is made possible via a link between SIC and CLS Bank, which operates CLS.

Fintech

Under the catchword of 'fintech' (short for financial technology), the financial industry is experiencing a surge of innovation. In this respect, the SNB's focus is on potential effects on the fulfilment of its statutory mandate. Innovations are having an especially strong impact on cashless retail payment transactions. Since both interbank and retail payments are settled via the SIC system, these developments are relevant to SIC. In its capacity as commissioning party of the SIC system, the SNB strives to support innovation provided this does not impair the system's security and efficiency. Since the beginning of 2019, the SNB has been prepared to grant fintech licence holders access to the SIC system and to SNB sight deposit accounts, provided they have a business model that is significant in the area of Swiss franc payment transactions.

The SNB's assets fulfil important monetary policy functions. They consist mainly of gold and foreign currency investments and, to a lesser extent, financial assets in Swiss francs. Their size and composition are determined by monetary policy requirements and the established monetary order.

Currency reserves

Switzerland's currency reserves comprise foreign currency investments (foreign exchange reserves), gold holdings, the reserve position in the International Monetary Fund (IMF) and IMF Special Drawing Rights. The foreign exchange reserves are made up predominantly of bonds (around 80%) and equities (around 20%), which are mainly denominated in euros and US dollars. The large-scale purchases of foreign currency that have been needed to counter upward pressure on the Swiss franc since 2009 have led to a sharp rise in the foreign currency reserves. The SNB's gold holdings are mainly in the form of gold bars, with the remainder in gold coins. Switzerland receives Special Drawing Rights as a member of the IMF, and these are managed by the SNB (for information on the IMF, cf. chapter 8).

Function of the currency reserves

The currency reserves provide the SNB with room for manoeuvre in its monetary policy. They are of special significance to Switzerland, a country with a small and open economy and an internationally important financial centre. Currency reserves have a confidence-building and stabilising effect and serve to prevent and overcome crises. The level of the currency reserves in the current environment is largely dictated by what is needed for the implementation of monetary policy.

Financial assets in Swiss francs

The SNB's financial assets in Swiss francs are made up of Swiss franc bonds and, when applicable, claims from repo transactions (cf. chapter 3).

The SNB's investments are carried out in accordance with the criteria of liquidity, security and return. The 'Investment policy guidelines' define the scope of its investment activity as well as its investment and risk control process. Investments are made in line with generally accepted principles of asset management. Investment diversification aims to achieve an appropriate risk/return profile.

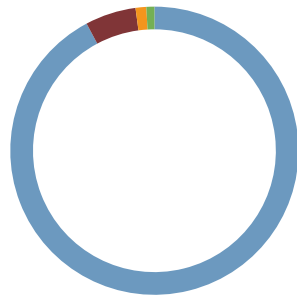
A broad diversification of currencies, asset classes and issuers allows the SNB to achieve higher returns in the long term with a more balanced risk profile. However, for reasons of overriding importance, it may be necessary to deliberately assume certain risks and bear the associated losses. Thus, the SNB does not hedge its currency risk against Swiss franc appreciation, as this would have undesirable monetary policy consequences. To take account of the financial risks, the SNB needs a sufficiently strong capital position, which it ensures by making annual allocations from its earnings to its provisions (cf. chapter 10).

A significant proportion of the foreign exchange reserves are held in secure and liquid US and European government securities. At the end of 2019, the average duration of the interest-bearing investments was 4.7 years. The SNB invests part of its foreign exchange reserves in other currencies and higher-yield securities, including corporate bonds and shares of foreign issuers.

Non-financial aspects

When managing such privately issued securities, the SNB also takes non-financial aspects into consideration. Owing to its special role vis-à-vis the banking sector, the SNB refrains from investing in shares of systemically important banks worldwide. The SNB is also committed to respecting Switzerland's fundamental standards and values in its investment policy. Consequently, it does not invest in shares and bonds of companies whose products or production processes grossly violate values that are broadly accepted at a political and societal level. The SNB therefore does not purchase securities issued by companies that seriously violate fundamental human rights, systematically cause severe environmental damage or are involved in the production of internationally condemned weapons.

BREAKDOWN OF SNB ASSETS



Total: CHF 861 billion
At year-end 2019

It should be noted that the SNB is not tasked with using its asset management activities to selectively influence the development of certain economic sectors. Its investment policy therefore cannot be geared to pursuing structural policies, i.e. advantaging or disadvantaging specific economic sectors via positive or negative selections, or inhibiting or promoting economic, political or social change.

Taking into account the aforementioned exceptions, the SNB thus replicates the individual stock markets in their entirety in order to remain as neutral as possible. As a result, it holds equities in the various economic sectors based on market capitalisation. This approach ensures that the portfolio's exposure to different risks is similar to that of the global universe of listed companies, and that structural changes in the global economy are also reflected in the SNB's portfolio.

Financial stability means that financial system participants, i.e. banks and financial market infrastructures, can perform their functions and are able to withstand potential disturbances. It is an important prerequisite for economic development and effective monetary policy implementation.

Statutory mandate

The National Bank Act (NBA) confers on the SNB the mandate of contributing to the stability of the financial system. The SNB performs this task by analysing sources of risk to the financial system, overseeing systemically important financial market infrastructures, and helping to shape the operational framework for the Swiss financial centre. A particular focus of attention is the resilience of systemically important banks. Every year, the SNB publishes a financial stability report, in which it assesses Swiss banking sector stability and discusses developments and risks in the economic environment as a whole and the Swiss banking sector in particular.

To create an environment that promotes stability, the SNB works at national level with the Swiss Financial Market Supervisory Authority (FINMA) and the Federal Department of Finance (FDF). The SNB addresses the issue from a systemic perspective, and its focus is therefore on the macroprudential aspects of regulation. FINMA's responsibilities include the monitoring of individual institutions, i.e. microprudential supervision. At international level, the SNB is a member of various bodies working on issues related to financial stability, financial market regulation and financial market infrastructures.

Regulatory measures to strengthen financial stability

The Basel Committee on Banking Supervision is a central standard-setting body for banking regulation (cf. chapter 8). In 2010, in response to the financial crisis, it issued Basel III, a revised version of the Basel international capital framework. This raised the capital requirements for banks worldwide, introduced quantitative liquidity requirements, and, as a last step, reviewed standardised approaches for measuring credit and operational risks. Banks which have been designated by the SNB as systemically important are subject to an even stricter set of capital requirements. This group currently consists of Credit Suisse, UBS, Zürcher Kantonalbank, the Raiffeisen Group and PostFinance. Moreover, these banks must comply with special regulations on liquidity, risk diversification and emergency planning. This reduces the risk of having to rescue a bank which is too big and too important to the economy for it to be allowed to go bankrupt (the 'too big to fail' issue), and includes measures to ensure that the economically important functions of these banks can be maintained even in the event of bankruptcy.

Basel III also makes provision for macroprudential measures, including the countercyclical capital buffer (CCyB). If it is activated, banks are obliged to temporarily increase their capital beyond the levels imposed by existing capital requirements, depending on the magnitude of the imbalances on the credit market. The CCyB is designed to strengthen the resilience of the banking sector against the risk of excessive credit growth and to counter any such developments. In 2013, the Federal Council, at the proposal of the SNB, activated the CCyB on mortgage loans financing residential real estate; in 2014, it increased the buffer from 1% to 2% of the corresponding risk-weighted positions. At the end of March 2020, the Federal Council approved the SNB's proposal that the capital buffer be deactivated to give banks maximum latitude for lending in connection with the COVID-19 crisis.



In overseeing financial market infrastructures, the SNB focuses on payment systems, central counterparties and central securities depositories which might pose a risk to the financial sector. Risks can arise, for example, when operational, technical or financial problems in a financial market infrastructure spill over to other financial market infrastructures or financial intermediaries. This can result in serious disruption on the financial markets. Operators of such infrastructures must fulfil minimum requirements, which are defined in the implementing provisions (the National Bank Ordinance) to the NBA. When overseeing infrastructure operators with a banking licence, the SNB cooperates with FINMA. In the case of financial market infrastructures domiciled abroad, it collaborates with the relevant foreign authorities.

Oversight of financial market infrastructures

Apart from taking preventive measures, the SNB also actively contributes to the resolution of financial crises. As lender of last resort, the SNB can provide emergency liquidity assistance to individual banks if they are no longer able to refinance themselves via the market. To be eligible, the banks concerned must be important for the stability of the financial system, solvent and able to post sufficient collateral to cover the liquidity provided.

Emergency liquidity assistance

Survey on digitalisation and fintech at banks

The SNB published the results of its survey on digitalisation and fintech in the banking sector in 2019. The aim of this new exercise was to gain a representative picture of how digitalisation and fintech are influencing banks operating in the deposits and lending business. The banks expect a strong level of digitalisation in financial intermediation and see opportunities here with regard to cutting costs and improving service quality. On the other hand, they consider the increasing competition associated with digitalisation to be a risk. Banks are primarily responding to the new challenges by further digitalising their existing business areas. For example, they are offering digital interfaces to enable clients to apply for and close mortgage contracts online in future; they are also increasingly automating internal processes such as credit checks and the ongoing monitoring of mortgages. In the implementation of their digitalisation strategies, the larger banks are focusing on deploying their own innovations and offering proprietary solutions, while the smaller banks are seeking, in particular, to engage in cooperation with other market participants.

International monetary cooperation

The objective of international monetary cooperation is to promote the functioning and stability of the international monetary and financial system and help overcome crises. As a country with its own currency and as an important financial centre, Switzerland is highly integrated with the global economy and therefore derives particular benefit from a stable international monetary and financial system.

Within the framework of international monetary cooperation, the SNB participates in the International Monetary Fund (IMF), the Bank for International Settlements (BIS), the Financial Stability Board (FSB), the Organisation for Economic Co-operation and Development (OECD), and the Network for Greening the Financial System (NGFS). Participation in the IMF, FSB and OECD takes place in collaboration with the Confederation.

The IMF works to promote the stability of the international monetary and financial system as well as macroeconomic and financial stability in its member countries. It monitors and regularly reviews economic developments in all of its member countries. The IMF grants loans to countries faced with balance of payment difficulties, relying on the funds of its members to do so. Switzerland exercises its influence through its representation on the Board of Governors, in the International Monetary and Financial Committee (IMFC) and on the Executive Board (cf. box ‘Switzerland in the IMF’).

IMF



Switzerland in the IMF

Switzerland has been a member of the IMF since 1992. It is jointly represented in the IMF by the Confederation and the SNB. The Chairman of the SNB's Governing Board is a member of the IMF's highest decision-making body, the Board of Governors, which consists of a representative from each member country. The Head of the FDF is one of the 24 members of the IMFC, the IMF's most important advisory body. Switzerland is part of a voting group (constituency) whose other members are Azerbaijan, Kazakhstan, the Kyrgyz Republic, Poland, Serbia, Tajikistan, Turkmenistan and Uzbekistan. The constituency's executive director is one of the 24 members of the Executive Board, the IMF's most important operational body. Switzerland and Poland hold the position of executive director and deputy executive director, alternating every two years. The post of Swiss executive director is held alternately by a representative of the FDF and the SNB. The FDF and the SNB determine Switzerland's policy in the IMF and support the constituency's executive director in their activities.

The BIS in Basel serves as the central bank's bank and has provided a forum for international monetary and financial cooperation among central banks since 1930. The SNB participates in various committees of the BIS, including the Basel Committee on Banking Supervision, the Committee on Payments and Market Infrastructures, the Committee on the Global Financial System, and the Markets Committee.

BIS

**BIS Innovation Hub
Centre in Switzerland**

In 2019, the BIS and the SNB established the BIS Innovation Hub Centre in Switzerland, which is conducting research on two projects. The first of these will examine the integration of central bank digital currency (CBDC) into a distributed ledger technology infrastructure, with the aim of facilitating the settlement of tokenised assets between financial institutions. The second project will explore the rise in requirements placed on central banks to be able to effectively track and monitor fast-paced electronic markets.

The Swiss Centre is one of three Hub Centres (the other two being Hong Kong and Singapore) that the BIS is developing in conjunction with the respective monetary authorities. The BIS Innovation Hub aims to foster collaboration on innovative financial technology within the central banking community and to gain in-depth insights into the relevant technological developments affecting central banking. It also aims to develop public goods in the technology space geared towards further improving the functioning of the global financial system.

FSB

The FSB brings together national authorities responsible for financial stability, international organisations and standard-setting bodies. Switzerland is represented in the Plenary by the SNB and the FDF. The SNB is also a member of the Steering Committee and the Standing Committee on Assessment of Vulnerabilities. Representation in other committees and working groups is shared between FINMA, the FDF and the SNB, which collaborate closely to formulate Switzerland's position.

OECD

Various OECD committees work to promote the development of relations among its 37 member states with regard to economic, social and development policies. Together with the federal government, the SNB represents Switzerland on the Economic Policy Committee, the Committee on Financial Markets, and the Committee on Statistics and Statistical Policy.

The SNB, together with the Confederation, is invited to take part in the meetings of finance ministers and central bank governors of the G20 group of leading advanced and emerging economies, and participates in a number of working groups.

G20

Since 2019, the SNB has been a member of the NGFS – a forum founded in 2017 in which participating institutions can discuss the risks climate change poses to the economy and the financial system. Within the framework of the NGFS, institutions are examining how best to counter such risks and fund the transition to more sustainable forms of economic activity. Through its membership of the NGFS, the SNB can engage in dialogue in order to better gauge the potential impact of climate risks on macroeconomics and financial stability.

NGFS

At a bilateral level, the SNB cooperates with other central banks and authorities. This bilateral cooperation involves an exchange on topics which are debated in international financial institutions, as well as participation in bilateral financial dialogues with other countries, which are led by the State Secretariat for International Finance (SIF). Furthermore, the SNB provides technical assistance to other central banks upon request. This usually takes the form of individual consultations by SNB experts, either at the central bank concerned or in Switzerland. In addition, the SNB is involved in cross-national activities to promote the exchange of central bank-specific expertise between central banks. Finally, under the terms of the Monetary Assistance Act, the SNB can – in collaboration with the Confederation – grant loans and guarantees to international institutions and countries.

Bilateral cooperation

Switzerland and the Principality of Liechtenstein concluded a Currency Treaty in 1980. Prior to this, there had already been a de facto currency union between the two countries for 60 years. The SNB acts as Liechtenstein's central bank and the Swiss franc is the country's official currency.

**Principality of
Liechtenstein**

Independence, accountability and relationship with the Confederation

The SNB fulfils its monetary policy mandate independently of the Swiss government and parliament. This form of organisation reflects the historical experience that independent central banks are better able to maintain price stability than those subordinated to political authorities. The SNB's independence is counterbalanced by its duty of accountability – to the Federal Council, the Federal Assembly and the general public.

Legal basis of independence

The SNB's independence is enshrined in the Federal Constitution. It entails various aspects, which are set out in detail in the National Bank Act (NBA). This functional independence prohibits the SNB and its statutory bodies from accepting instructions issued by the Federal Council, the Federal Assembly or any other body in fulfilling its monetary policy tasks (art. 6 NBA). Its financial independence is evident both in the SNB's budgetary autonomy resulting from its legal status as a special-statute joint-stock company, and in the prohibition from granting loans to the Confederation (art. 11 NBA). Direct state access to the banknote printing press is thus blocked. The SNB's institutional independence is indicated by the fact that it is an independent legal entity with an organisation of its own. Finally, the independence of the SNB in personnel issues is reflected by the fact that members of the Governing Board and their deputies may be removed from office during their fixed term only if they no longer fulfil the requirements for exercising their office or have committed a grave offence (art. 45 NBA).

Accountability and provision of information

As a counterbalance to its independence, the SNB is accountable to the Federal Council, the Federal Assembly and the general public and is obliged to provide them with information (art. 7 NBA). The SNB reviews the economic situation and monetary policy with the Federal Council and discusses issues relating to the government's economic policies. The members of the SNB's Governing Board hold regular meetings with the Federal Council Committee for Financial Matters to this end. Furthermore, the SNB draws up an annual written report – the accountability report – for the Federal Assembly on how it has fulfilled its statutory tasks, and explains its monetary policy to the relevant committees. The SNB keeps the general public

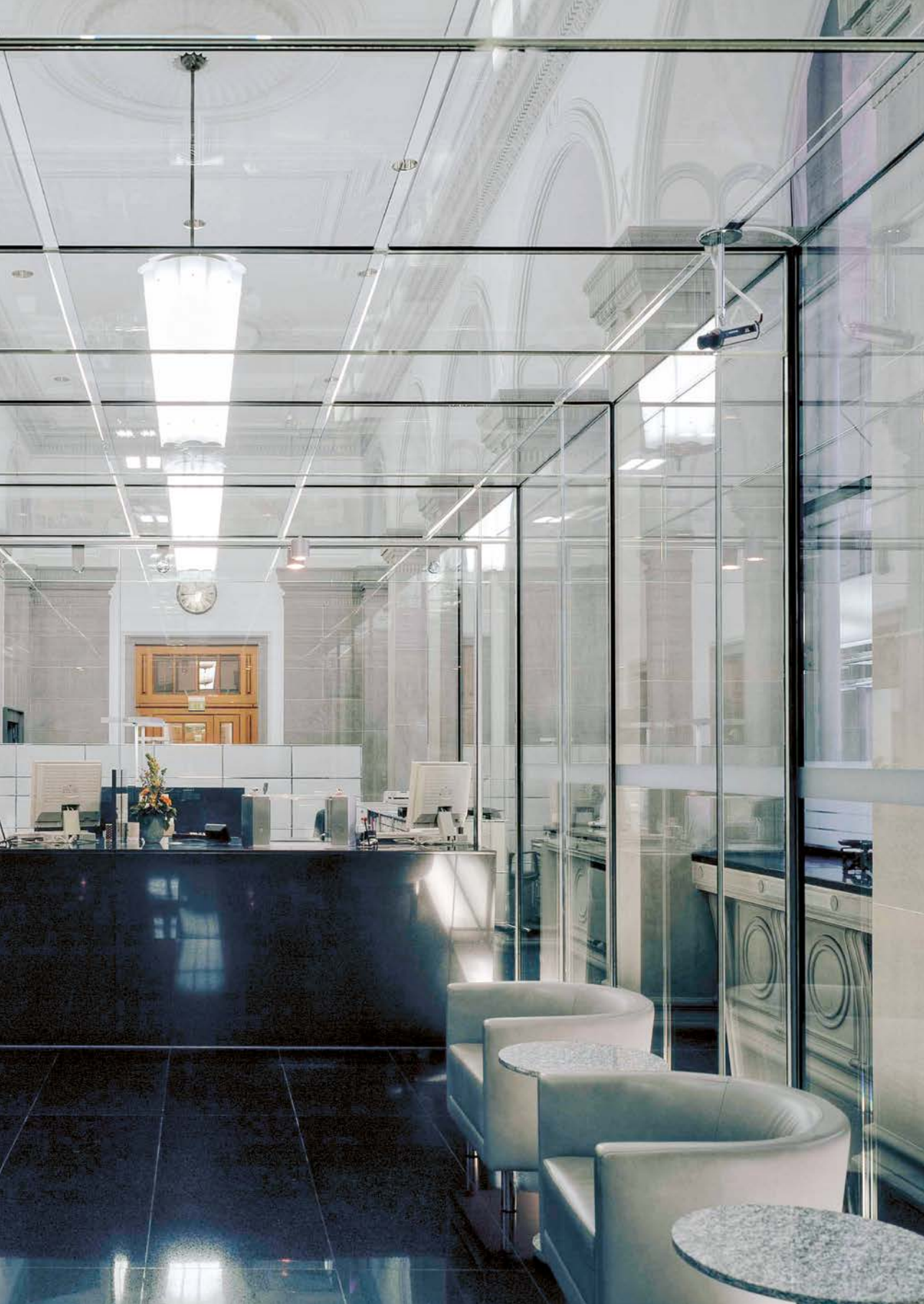
informed of its activities by means of press releases, news conferences and speeches, as well as regular publications on its monetary policy, such as the *Quarterly Bulletin*. By explaining its policy and rendering account of its decisions and their consequences, the SNB makes its activities transparent.

As the SNB performs a public function, it is administered with the cooperation of the Confederation and is under its supervision. Thus, the Federal Council appoints the majority of the Bank Council members, including the President and the Vice President, as well as the members and deputy members of the Governing Board, on the recommendation of the Bank Council. In addition, the Federal Council approves the SNB's organisation regulations issued by the Bank Council. The SNB must also submit its financial report to the Federal Council for approval before it can be approved by the General Meeting of Shareholders. In this way, the Swiss government ensures that the SNB is managed effectively and efficiently.

**Cooperation with
and supervision by
the Confederation**

The SNB also acts as the Confederation's bank (art. 5 para. 4 and art. 11 NBA). It keeps sight deposit accounts in Swiss francs and foreign currencies for the Confederation, via which it settles the latter's domestic and foreign payment transactions. In addition, it provides technical and advisory assistance in connection with the issuance of Confederation bonds and money market debt register claims. Furthermore, the SNB acts as the payment office for coupons and repayments of Confederation bonds. Finally, it manages the Confederation's securities custody accounts and conducts money market and foreign exchange transactions. Banking services to the Confederation are governed by an agreement between the Federal Finance Administration and the SNB.

**Banker to the
Confederation**



The SNB is a joint-stock company governed by special provisions under federal law. It is administered with the cooperation and under the supervision of the Confederation in accordance with the provisions of the National Bank Act (NBA). Its shares are registered and listed on the Swiss stock exchange. The share capital amounts to CHF 25 million, about half of which is held by public shareholders (cantons, cantonal banks, etc.). The remaining shares are largely in the hands of private individuals. The Confederation does not hold any shares.

Provisions and distribution of profits

Art. 30 NBA contains a special provision governing the determination of profits, which stipulates that the SNB must use its profits, first of all, to set up provisions permitting it to maintain the currency reserves at a level necessary for monetary policy purposes. When setting aside provisions, the SNB takes into account the development of the Swiss economy, i.e. allocations are based on the average nominal economic growth rate over the previous five years. It also takes into consideration the risks incurred as a result of the expansion of the balance sheet. In 2011, allocation to the provisions was increased to double the average nominal economic growth rate and, in 2016, a minimum allocation of 8% of the level of provisions at the end of the previous year was introduced. The remaining earnings are distributable profit. Art. 31 NBA specifies that the distributable profit – insofar as it exceeds the dividend, which may amount to no more than 6% of the share capital – accrues to the Confederation and the cantons, with one-third going to the Confederation and two-thirds to the cantons.

Given the considerable fluctuations in the SNB's earnings, the NBA stipulates that profit distribution be maintained at a steady level. The level of the annual profit distribution to the Confederation and the cantons is laid down in an agreement between the FDF and the SNB, which aims to smooth the flow of payments over several years. To this end, the SNB carries a distribution reserve on its balance sheet. In accordance with the agreement for the financial years 2016–2020, the Confederation and the cantons receive an annual total of CHF 1 billion, provided the distribution reserve is not rendered negative as a result. If the distribution reserve allows it, omitted or reduced distributions are compensated for in subsequent years. If the distribution reserve exceeds CHF 20 billion, the distribution amount is raised to a maximum of CHF 2 billion. The SNB's earnings potential has increased and the distribution reserve has grown since 2016. In February 2020, the FDF and the SNB therefore concluded a supplementary agreement for the financial years 2019 and 2020, which provides for an additional distribution of up to CHF 2 billion for each of these years.

Organisational structure

The NBA and the SNB's organisation regulations govern the structure and organisation of the Swiss National Bank. The SNB has two head offices, one in Berne and one in Zurich, and a branch office in Singapore. It also maintains representative offices with delegates for regional economic relations in Basel, Geneva, Lausanne, Lucerne, Lugano and St Gallen. These, like the delegates at the two head offices, are responsible for monitoring economic developments and explaining the SNB's policy in the regions. Furthermore, the SNB maintains 14 agencies operated by cantonal banks for the receipt and distribution of banknotes and coins.



The SNB is divided into three departments. For the most part, the organisational units of Departments I and III are located in Zurich, while those of Department II are mainly in Berne. Each of the three departments is headed by a member of the Governing Board, who is assisted in this task by a deputy.

General Meeting of Shareholders

The General Meeting of Shareholders is held once a year, as a rule in April. Owing to the SNB's public mandate, the powers of the shareholders' meeting are far less extensive than those of joint-stock companies under private law.

Bank Council

The Bank Council oversees and controls the conduct of business by the SNB. It consists of eleven members. Six members, including the President and Vice President, are appointed by the Federal Council, and five by the General Meeting of Shareholders. The Bank Council sets up four committees from its own ranks: the Audit, Risk, Compensation and Nomination Committees.

Executive management

The SNB's management and executive body is the Governing Board. It consists of three members. The Governing Board is responsible in particular for monetary policy, asset management strategy, contributing to the stability of the financial system, and international monetary cooperation. It represents the SNB in the public sphere.

The Enlarged Governing Board consists of the three members of the Governing Board and their deputies, and is responsible for issuing the strategic guidelines for the SNB's business operations.

The Board of Deputies is responsible for business operations and ensures coordination in all operational matters of interdepartmental importance.

The members and deputies of the Governing Board are appointed for a six-year term by the Federal Council on the recommendation of the Bank Council. Re-election is possible.

In 2019, the SNB had a total of 934 staff (855 full-time equivalents). The SNB's workforce is made up predominantly of specialists in the fields of economics, law, political science, banking, IT, logistics and technology as well as commercial training graduates. The SNB also employed 22 apprentices.

Number of staff

Organisational chart

as at 1 July 2020

GENERAL MEETING OF SHAREHOLDERS EXTERNAL AUDITOR

BANK COUNCIL

INTERNAL AUDIT

GOVERNING BOARD

ENLARGED GOVERNING BOARD

BOARD OF DEPUTIES

DEPARTMENT I

Secretariat General

Secretariat Supervisory and Management Bodies

Communications

Documentation

Research Coordination and Economic Education

Economic Affairs

Monetary Policy Analysis

Inflation Forecasting

Economic Analysis

International Monetary Cooperation

Multilateral Coordination

International Policy Analysis

Bilateral Cooperation

Statistics

Balance of Payments and Swiss Financial Accounts

Banking Statistics

Publications and Data Banks

Legal Services

Compliance

Human Resources

Premises and Technical Services

DEPARTMENT II

Financial Stability

Banking System
Systemically Important Banks
Oversight

Cash

Specialist Support
Procurement and Logistics
Cash Processing
Cash Circulation

Accounting

Controlling

Risk Management

Operational Risk and Security

DEPARTMENT III

Money Market and Foreign Exchange

Money Market
Foreign Exchange and Gold

Asset Management

Portfolio Management
Portfolio Trading

Banking Operations

Banking Operations Analysis
Middle Office
Back Office

Information Technology

Banking Applications
Economic Information Systems
Business Support Processes
Infrastructure
Central IT Services

Financial Market Analysis

Singapore

The SNB's mandate is derived from the Federal Constitution. The Federal Act on the Swiss National Bank (National Bank Act, NBA) of 3 October 2003 with its various implementation decrees as well as the Federal Act on Currency and Payment Instruments (CPIA) of 22 December 1999 constitute the statutory framework governing the activities of the SNB.

Federal Constitution

In accordance with art. 99 of the Federal Constitution, the SNB is required to pursue a monetary policy that serves the overall interests of the country.

In addition, art. 99 codifies the SNB's independence and requires it to set aside sufficient currency reserves from its earnings, also specifying that a part of these reserves be held in gold. The SNB's independence and its currency reserves are intended to help maintain public confidence in the value of money. Finally, the Constitution also stipulates that the SNB shall allocate at least two-thirds of its net profits to the cantons (cf. chapter 10 for information on the distribution of profits).

National Bank Act and implementation provisions

The activities of the SNB are primarily governed by the National Bank Act. It specifies the various elements of the SNB's constitutional mandate (art. 5), the SNB's independence (art. 6), and its duty of accountability and information towards the Federal Council, parliament and the general public (art. 7). The SNB's scope of business is outlined in arts. 9–13.

The National Bank Act also contains the legal principles relating to the collection of statistical data (arts. 14–16), the definition of minimum reserves for banks (arts. 17–18) and the oversight of systemically important financial market infrastructures (arts. 19–21).

Details on these statutory powers can be found in the National Bank Ordinance (NBO) issued by the SNB's Governing Board, and in the Financial Market Infrastructure Act (FinMIA).

In addition, the National Bank Act provides specific details on the SNB's constitutional mandate to set aside sufficient currency reserves from its earnings. Arts. 30 and 31 contain explicit rules on the determination and distribution of profits.

Finally, the National Bank Act also lays down the foundations of the SNB's organisational structure (arts. 3 and 33–48). Details can be found in the SNB's organisational regulations issued by the Bank Council and approved by the Federal Council.

For the implementation of its monetary policy, the SNB relies primarily on instruments based on contractual transactions. These are governed by art. 9. Details can be found in the guidelines on monetary policy instruments and the investment policy guidelines.

The CPIA lays down the Swiss franc as currency unit and contains regulations on the characteristic features of currency and money (legal tender). In addition to coins and banknotes, Swiss franc sight deposits at the SNB are also deemed to be legal tender. The SNB defines the criteria for determining whether institutions that process payment transactions can be granted access to a sight deposit account.

**Currency and Payment
Instruments Act**

Details regarding Switzerland's membership in the IMF and the World Bank Group are laid down in the Federal Act on Switzerland's Participation in the Bretton Woods Institutions of 4 October 1991. This Act also specifies the terms of cooperation between the Confederation and the SNB with regard to the IMF. The Federal Council, for example, designates Switzerland's representatives at the IMF in agreement with the SNB. The procedure to be followed by Switzerland when delivering statements at the IMF is laid down in an administrative agreement.

The division of responsibilities between the SNB and the Confederation regarding the granting of international monetary assistance loans is specified in the Federal Act on International Monetary Assistance of 19 March 2004. In the event of serious disruptions in the international monetary system, the Federal Council may instruct the SNB to grant loans or guarantees. A credit line amounting to CHF 10 billion has been established for such an eventuality. The SNB may also be requested to grant a loan to the IMF's special funds or other IMF facilities, or to grant bilateral monetary assistance loans to individual countries.

Switzerland's participation in the IMF's New Arrangements to Borrow (NAB) is based on special federal decrees. They stipulate that the SNB participates in these Arrangements and that it can extend the associated loans to the IMF. The SNB participates in the NAB up to a maximum of CHF 7.4 billion.



Appendix

1 PUBLICATIONS AND OTHER RESOURCES

Websites

WWW.SNB.CH

The website provides information on the SNB's organisation and responsibilities as well as its statistics and publications. It also contains information for the media, the financial markets, shareholders and the general public. The website content is available in German, French, Italian and English.

On its website, the SNB publishes press releases and speeches by members of the Governing Board. The weekly 'Important monetary policy data' press release comprises the SNB policy rate, SARON, the special rate, the interest rate on sight deposits and the threshold factor. It also includes information on the sight deposits at the SNB as well as the minimum reserve requirements and banks' compliance with them.

Also to be found on the website is a glossary, which explains important terms from the world of finance and monetary policy, and a range of questions and answers covering topics relevant to the SNB.

DATA.SNB.CH

On its data portal, the SNB provides an extensive range of data which are relevant for monetary policy as well as for monitoring the economy. One of the major datasets is the statistical data compiled by the SNB on banks and financial markets, the balance of payments, direct investment, the international investment position and the Swiss financial accounts. The data portal comprises a table selection with predefined tables and charts, datasets with supplementary data series, and a resources section. The latter contains information on the data portal and an overview for each topic, briefly describing the range of data available and the correlations. It also features focus articles that are closely related to the published data.

YOUTUBE CHANNEL AND TWITTER

Social media

The SNB's YouTube channel offers an extensive range of videos. There are numerous films showing the design and security features of the new banknotes and how they are made. The film 'The Swiss National Bank – What it does and how it works', which lasts about 15 minutes, takes a behind-the-scenes look at the SNB and its monetary policy. The videos are available in German, French, Italian and English. There are also recordings of the news conferences and general meetings of shareholders (Web TV) as well as SNB research events (Research TV). The YouTube channel and the individual videos can be accessed via the SNB website.

The SNB provides details on Twitter in four languages about new information and publications available on its website.

ANNUAL REPORT

Publications

The *Annual Report* comprises the accountability report and the financial report. With the accountability report, the SNB renders account of the fulfilment of its tasks to the Federal Assembly. The financial report includes the business report and the annual financial statements of the SNB, which contain the balance sheet, income statement and notes. The *Annual Report* is published at the end of March (online) and at the beginning of April (print) in German, French, Italian and English.

QUARTERLY BULLETIN

The *Quarterly Bulletin* contains the monetary policy report used for the Governing Board's quarterly monetary policy assessment, as well as the 'Business cycle signals' report containing the results of the SNB company talks. It is published at the end of March, June, September and December in German, French and Italian (print and online) and English (online).

FINANCIAL STABILITY REPORT

The *Financial Stability Report* assesses the stability of Switzerland's banking sector. It is published annually in June in English, and in September in German and French (print and online).

STATISTICAL PUBLICATIONS

Banks in Switzerland and *Direct Investment* are published annually in German, French and English (print and online). *Banks in Switzerland* is a commented collection of statistical source material on the development and structure of the Swiss banking sector. It is compiled mainly from surveys of banks conducted by the SNB and is published mid-year. *Direct Investment* examines developments in Switzerland's direct investments abroad as well as changes in foreign direct investment in Switzerland. It is published once a year in December.

SNB ECONOMIC STUDIES, SNB WORKING PAPERS AND SNB RESEARCH REPORT

SNB Economic Studies (print and online) and *SNB Working Papers* (online only) present articles on economic issues and research results. They appear in one language only, typically English. The annual *SNB Research Report* provides an overview of the SNB's research activities in the past year (in English, online only).

SUSTAINABILITY REPORT

The *Sustainability Report* explains how the SNB puts the principle of operational sustainability into practice in its interactions with employees, society and the environment. It is published annually in German, French, Italian and English (online only).

THE SWISS NATIONAL BANK 1907–2007

The *Swiss National Bank 1907–2007*, a commemorative publication marking the 100th anniversary of the Swiss National Bank, deals with the SNB's history and various monetary policy topics. It is available in bookshops in Italian and English; the German and French versions are out of print. All four language versions are available online.

THE SWISS NATIONAL BANK IN BERNE – AN ILLUSTRATED CHRONICLE

A chronicle of the Swiss National Bank in Berne entitled *Die Schweizerische Nationalbank in Bern – eine illustrierte Chronik* was published in collaboration with the Society for Art History in Switzerland to mark the 100th anniversary of the inauguration of the SNB's head office at Bundesplatz 1 in Berne. The bilingual (German and French), illustrated book is available at www.snb.ch, *The SNB, History, Publications, Commemorative publications*.

MONETARY ECONOMIC ISSUES TODAY

The 'Monetary Economic Issues Today' Festschrift published by the SNB to mark the 75th birthday of Ernst Baltensperger comprises 27 articles covering a cross-section of monetary economics. It offers an insight into current research issues and is available from bookshops.

OUR NATIONAL BANK

Our National Bank, a resource for schools and the general public, can be found at our.snb.ch. It provides easily accessible information on topics such as the SNB and its monetary policy, the importance of price stability and the history of the minimum exchange rate. The resource is available in German, French, Italian and English, and can also be obtained in brochure form in all four languages (print and online).

Educational resources

ICONOMIX

Iconomix is the SNB's web-based educational programme offering a range of teaching material that can be either downloaded or ordered. It is aimed at teachers of economics and humanities at upper secondary schools, but is also open to the general public. Iconomix is free of charge and is available in full in German, French and Italian, and partially in English, at www.iconomix.ch.

Swiss National Bank, Library

Email: library@snb.ch

Telephone: +41 58 631 11 50

Postal address: P.O. Box, 8022 Zurich

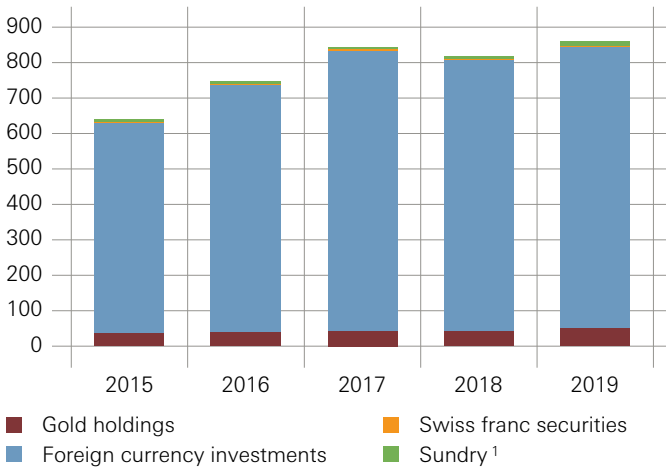
Address: SNB Forum, Fraumünsterstrasse 8, 8001 Zurich

Ordering publications
and other resources

2 SNB BALANCE SHEET (AGGREGATED)

ASSETS AT YEAR-END

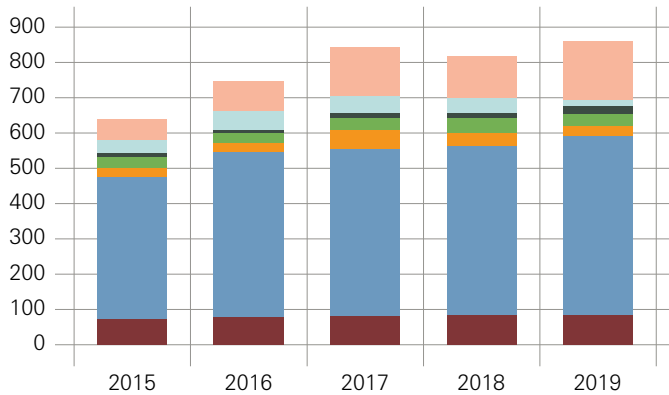
In CHF billions



¹ Reserve position in the IMF, international payment instruments, monetary assistance loans, tangible assets, participations, other assets.
Source: SNB

LIABILITIES AT YEAR-END

In CHF billions



- Banknotes in circulation
- Sight deposits of domestic banks
- Sight deposits of foreign banks and institutions
- Other sight liabilities
- Liabilities towards the Confederation
- Sundry¹
- Equity²

1 Foreign currency liabilities, counterpart of SDRs allocated by the IMF, other liabilities.

2 Provisions for currency reserves, share capital, distribution reserve (before appropriation of profit), annual result.

Source: SNB

3 ADDRESSES

Head offices	Berne	Bundesplatz 1 P.O. Box, 3003 Berne	Tel. +41 58 631 00 00 Fax +41 58 631 50 00 Email snb@snb.ch
	Zurich	Börsenstrasse 15 P.O. Box, 8022 Zurich	Tel. +41 58 631 00 00 Fax +41 58 631 50 00 Email snb@snb.ch
Representative offices	Basel	Freie Strasse 27 P.O. Box, 4001 Basel	Tel. +41 58 631 40 00 Email basel@snb.ch
	Geneva	Rue de la Croix-d'Or 19 P.O. Box, 1211 Geneva	Tel. +41 58 631 40 20 Email geneve@snb.ch
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	Lugano	Via Giovan Battista Pioda 6 P.O. Box, 6901 Lugano	Tel. +41 58 631 40 60 Email lugano@snb.ch
	St Gallen	Neugasse 43 P.O. Box, 9004 St Gallen	Tel. +41 58 631 40 70 Email st.gallen@snb.ch
Agencies	The Swiss National Bank maintains agencies operated by cantonal banks in Altdorf, Appenzell, Chur, Fribourg, Geneva, Glarus, Liestal, Lucerne, Sarnen, Schaffhausen, Schwyz, Sion, Stans and Zug.		
Branch office abroad	Singapore	8 Marina View #35-02 Asia Square Tower 1 Singapore 018960	Tel. +65 65 80 8888 Email singapore@snb.ch
Library		SNB Forum Fraumünsterstrasse 8 8001 Zurich	Tel. +41 58 631 11 50 Fax +41 58 631 50 48 Email library@snb.ch

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SCHWEIZERISCHE NATIONALBANK
BANQUE NATIONALE SUISSE
BANCA NAZIONALE SVIZZERA
BANCA NAZIUNALA SVIZRA
SWISS NATIONAL BANK

