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Press release

Comments of the SNB on the total revision of the National Bank Law

SNB supports modernisation and regards experts' draft as useful basis

In its comments submitted to the Federal Department of Finance during the consultation procedure on the National Bank Law the Swiss National Bank supports the planned revision. It regards the draft law drawn up by a group of experts as a useful basis for the message to parliament. In particular, the National Bank welcomes the proposed detailed formulation of the central bank mandate, a specific definition of independence, and a clear legal basis for setting aside provisions for monetary reserves. It regards the envisaged streamlining of the organisational structure as indispensable for the efficient management of the Bank.

In its comments, the National Bank notes that the orientation of monetary policy to the overriding goal of price stability is one of the characteristic features of a modern central bank law. The additional provision in the statutory mandate obliging the National Bank to take account of economic development is sensible and conforms to established practice.

In the opinion of the SNB, its statutory independence has been appropriately defined in the draft law, which authorises the Bank and its bodies to act without instructions. In addition to functional independence, the National Bank's institutional and financial independence must, however, also rest on a solid legal foundation. In this connection, the SNB is in favour of retaining the legal form of a joint-stock company. The SNB also explicitly approves of the accounting and information obligations which are to be laid down in detail in the new National Bank Law.

The abolition, proposed by the group of experts, of central bank instruments no longer needed is fully supported by the SNB. In the case of minimum reserve regulations which are to be substituted for the required cash liquidity of the banks, the SNB would like it to be investigated whether there is a possibility of extending the scope of application by ordinance to issuers of electronic money and other issuers of payment instruments. Given the rapid change in the financial markets, the term "bank" might one day be too narrow to apply to all those enterprises obliged to hold minimum reserves.

In its comments, the SNB argues in favour of an appropriate definition in the law of the statutory regulation providing for the setting aside of provisions for building up currency reserves from the National Bank's earnings. As regards the question of who is to decide on the amount of the required provisions, the SNB, unlike the group of experts, is in favour of the Bank Council assuming this responsibility rather than the Governing Board. It is desirable that this significant decision for the calculation of profits be given broader support; this is in conformity with the intention to upgrade the Bank Council as a supervisory authority.

Finally, the SNB supports the streamlining of the organisational structure as provided for in the draft law. It is indispensable for the efficient management of the Bank to reduce the number of bank bodies and to optimise their interaction. An important precondition is the reduction of the Bank Council in terms of number. In this respect, the SNB would like to go yet a step further than the group of experts; it considers a total of 11 (instead of the proposed 15) members for the future Bank Council as appropriate. This would strengthen the responsibility of the individual members of the Bank Council in the decision-making process and enhance the working efficiency of this body.

In the context of the planned streamlining of the organisation, care should be taken to keep the central bank adequately established in the regions. In its comments, the SNB therefore proposes that it should be clearly visible from the law that it is a major concern of the National Bank to be established in the regions for the purpose of observing, and maintaining relations with, the economy. In particular, the SNB advocates that the observation of the economy in the regions should be attended and supported by advisers at the individual bank offices. These regional advisers would take the place of the present local committees and be appointed by the Bank Council.

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Swiss National Bank