
The SNB's role as lender of last resort in the crisis at Credit Suisse

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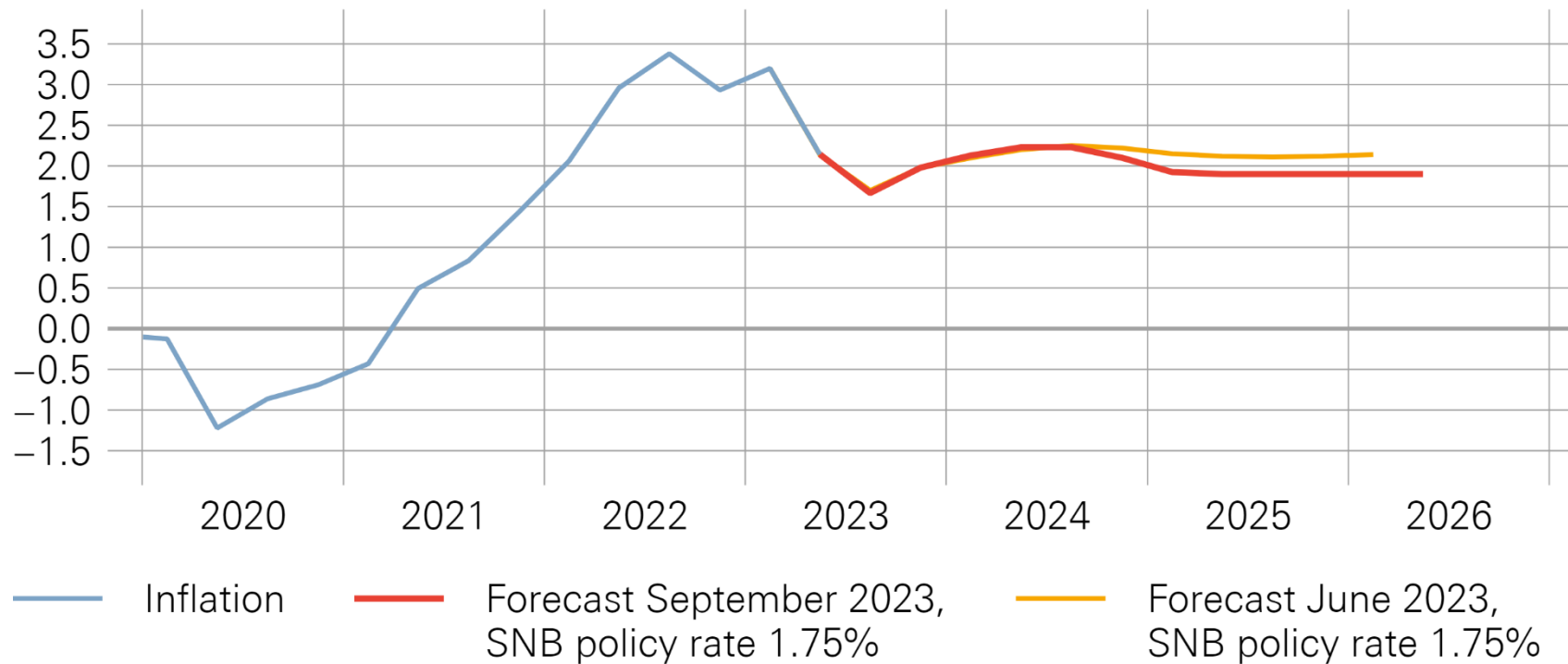
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SNB policy rate unchanged in September; further tightening if necessary

CONDITIONAL INFLATION FORECAST OF SEPTEMBER 2023

Year-on-year change in Swiss consumer price index in percent

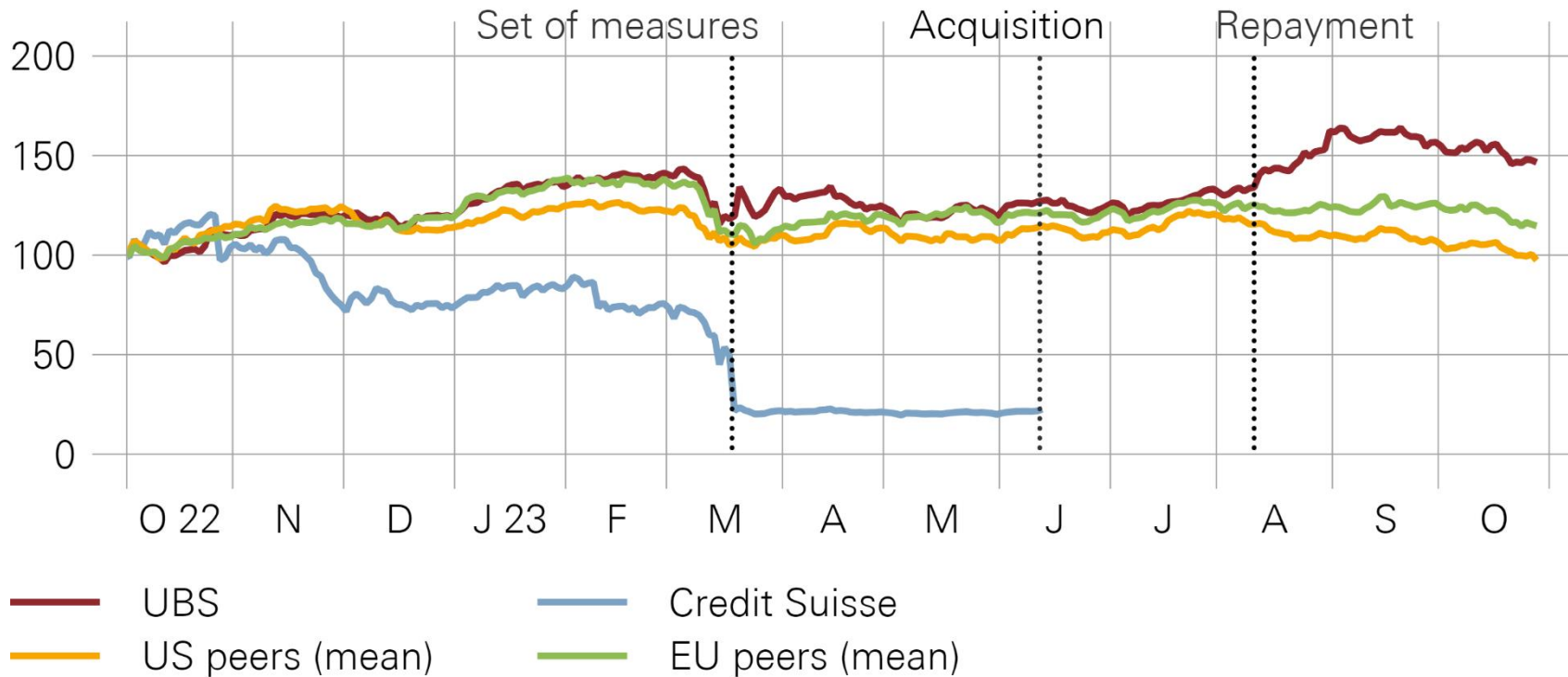


Source(s): SFSO, SNB

Crisis at Credit Suisse: Swiss solution with crucial SNB contribution prevented international financial crisis

EQUITY PERFORMANCE

Index, October 2022 = 100



Source(s): Bloomberg

The SNB's role in financial stability ...

... includes:

- acting as lender of last resort
- contributing to shaping the regulatory framework of the Swiss financial sector
- designating systemically important banks and functions
- performing tasks in the macroprudential area
- conducting macroeconomic and financial stress tests for the Swiss banking sector
- overseeing systemically important financial market infrastructures (e.g. SIC)

... does not include:

- supervision of banks
- resolution of banks
- takeover of banks
- guaranteeing deposits
- protecting individual bank clients
- granting unsecured loans

The SNB attaches great importance to its role as LOLR

- Regular tests with banks
- Processes, conditions and prepared volumes of liquidity assistance are known to systemically important banks and the relevant authorities
- Eligible collateral is comparable to that of other central banks in terms of range, quality and risk-based haircuts
- SNB constantly reviews and develops its framework for emergency liquidity assistance (e.g. ELA expansion)

Lessons learned in connection with LOLR and ELA

– **Observations**

- Faster deposit outflows than assumed by liquidity regulation
- Credit Suisse did not prepare sufficient assets as collateral
- ELA+ was needed to bridge critical phase

– **Lessons learned**

- Calibration of liquidity regulation must be reviewed
- Banks should be required to prepare sufficient assets as collateral for liquidity assistance
- Public Liquidity Backstop is necessary as a crisis management instrument

Thank you for your attention.

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