# FINANCIAL CENTRE METAMOR-PHOSIS

On the financial market, new technologies are opening the door to new products and players.

How and by whom financial services are provided is changing rapidly and fundamentally.

This poses new challenges for traditional financial service providers, as well as for the state and its role.

Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Department of Finance FDF
**State Secretariat for International Financial Matters SIF**

www.sif.admin.ch
info@sif.admin.ch

# FEDERAL COUNCIL REPORT

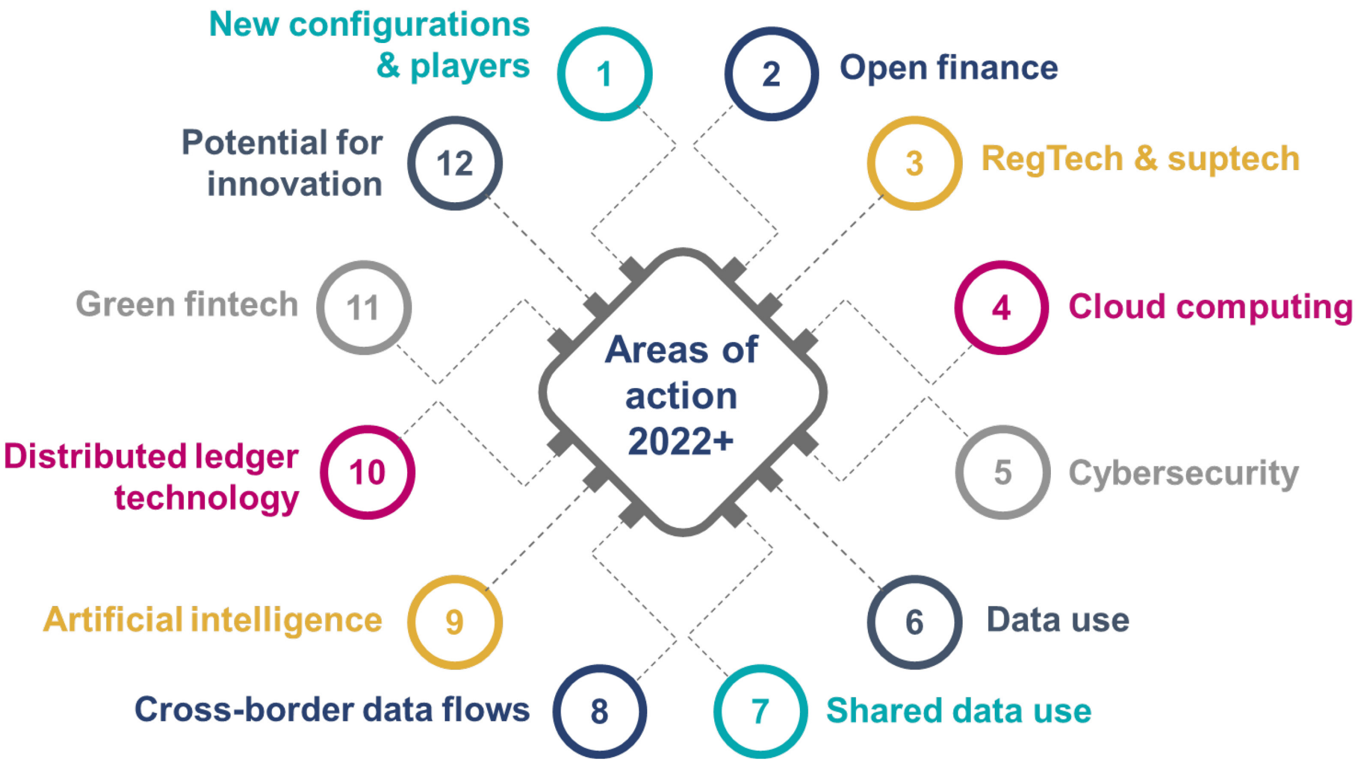
February 2022

The Federal Council instructed the FDF to prepare a report on digital finance in order to identify specific areas of action for the Confederation.

The report is the starting point for in-depth work in the years ahead and sets corresponding priorities.

## 12 MEASURES

for a strong Swiss digital financial centre



| | WHAT? | WHY? | HOW? |
|---|---|---|---|
| 1 | **Examine the legal and supervisory framework with regard to new configurations and players** | • New products and ways of providing services in the financial sector<br>• Arrival of new players on the financial market | • Establishment of working group<br>• Review and, if need be, initiation of adjustment of the legal and supervisory framework, incl. fintech licence<br>• Together with: FINMA, the industry |
| 2 | **Promote and expand open finance** | • Standardised interfaces are a significant innovation driver<br>• Approach requires active participation of all players involved | • SIF is an active dialogue partner/coordinator and examines the need for action<br>• If necessary, proposal for adjusting the framework conditions |
| 3 | **Enable the use of RegTech and suptech** | • Growing significance of innovative technologies in financial market regulation & supervision<br>• Efficiency and effectiveness gains are opportunities<br>• At the same time, risk management is necessary | • Establishment of working group<br>• Review and, if need be, initiation of adjustment of the legal and supervisory framework<br>• SIF is an active dialogue partner/ coordinator for data-based supervision<br>• Together with: FINMA, Federal Chancellery, the industry |
| 4 | **Closely monitor developments in cloud computing** | • Cloud services are now an integral part of the ICT procurement strategy of many financial institutions<br>• Legal questions are still arising regarding cloud use | • SIF is an active dialogue partner/ coordinator and examines the need for action<br>• If necessary, review of the legal and supervisory framework |
| 5 | **Continue the cooperation on cybersecurity** | • Cybersecurity is essential for the digital economy to function smoothly<br>• Opens up opportunities (e.g. more extensive use of data) and protects against risks (e.g. cyberattacks) | • The FDF/NCSC are continuing to enhance the mechanisms for combatting cyber-risks<br>• The NCSC is an active dialogue partner and continually examines the need for action<br>• Together with: SIF, FINMA, the SNB |
| 6 | **Promote data use in the financial sector** | • The development status of data-based business models relative to the technical possibilities has room for improvement<br>• At the same time, secure data rooms are needed | • SIF is an active dialogue partner and examines the need for action<br>• Development of a more nuanced understanding of the protection and use of data<br>• Together with: the FDPIC, FINMA, the industry |
| 7 | **Foster shared data use in the financial centre** | • Shared data use makes it possible to improve the knowledge gained from data<br>• Can be used e.g. to better combat illicit financial flows, mitigate cyber-risks or optimise operations, products and distribution | • Establishment of working group and examination of possible measures<br>• Promotion of concrete areas of application<br>• Together with: the industry and other affected units |
| 8 | **Ensure free cross-border data flows** | • Secure and cross-border data flows are of great importance for Switzerland | • Commitment (internationally & bilaterally) to ensuring free cross-border data flows<br>• Taking account of the requirements of Swiss data protection and financial market law |
| 9 | **Support the use of artificial intelligence in the financial sector** | • AI use offers major opportunities (e.g. better personalisation, risk mitigation)<br>• Risks concerning the origin of data and its use, and the traceability of data processing | • Preparation of overview<br>• SIF is an active dialogue partner/ coordinator and should explore the topic for the financial market |
| 10 | **Enable innovative and responsible use of DLT in the financial sector** | • Further optimise the framework conditions for the use of DLT<br>• Risk mitigation requires coordination between authorities and cooperation with financial intermediaries | • SIF is an active dialogue partner/ coordinator and explores the topic for the financial market<br>• If necessary, initiation of adjustment of the legal and supervisory framework<br>• If necessary, drafting of proposal to amend the CISA |
| 11 | **Continue to support efforts to make Switzerland a leading green fintech hub** | • Assets will increasingly be invested sustainably and digitally in the future<br>• Green fintech offers the opportunity to combat climate change and the decline in biodiversity | • SIF seeks dialogue with relevant national and international players<br>• SIF actively promotes green fintech in international bodies and initiatives |
| 12 | **Strengthen the innovation potential of the financial sector in the long term by means of an innovation platform** | • To date, Switzerland has been in the middle of the pack as a fintech hub<br>• There is no uniform platform for innovation and the exploitation of technology<br>• This mirrors the approach of other major financial centres | • SIF is working on a proposal with objectives and a structure for an innovation platform for the financial sector<br>• Together with the industry and authorities |