

Here you will find all of the key information on the functioning and scope of esisuisse, the Swiss deposit insurance.

## How does deposit insurance work?

When FINMA initiates liquidation proceedings against a bank or securities dealer<sup>1</sup> in the event of its insolvency, the available liquid assets of the financial institution are used for the immediate payment of preferential deposits (immediate payment).<sup>2</sup> The deposit insurance (esisuisse) is set in motion if the available liquid assets are not sufficient to immediately repay the protected client deposits. esisuisse will make the funds available to ensure that the assets that are protected in the event of insolvency can be paid out by the statutory deadline, irrespective of the state of the financial institution's assets. esisuisse requests the required funds from its members and forwards these to FINMA or the liquidator appointed by FINMA within 20 working days.<sup>3</sup> The funds are then transferred according to your instructions.

## esisuisse members

All banks and securities dealers with branches in Switzerland must be members of esisuisse. The deposit insurance scheme ensures that the clients of an insolvent financial institution receive prompt payment of their protected deposits.

## Which deposits are paid out in the event of insolvency?

### Preferential deposits

In the event of insolvency, deposits of up to CHF 100,000 per depositor and financial institution are given preferential treatment.<sup>4</sup> Preferential treatment means that these deposits are assigned to the second creditor class. This is an important advantage when it comes to distributing the institution's liquidity, as first and second-class creditor claims are paid out before third-class claims.

### Protected deposits

esisuisse protects preferential deposits held with a Swiss branch of up to CHF 100,000 per client, per financial institution in the event of insolvency and if the institution would be unable to repay the client deposits. As such, these deposits enjoy the advantage of preferential repayment as well as protection by esisuisse.

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<sup>1</sup> In the interests of readability, we use the term "financial institution(s)" here in place of the official term "banks and securities dealers" employed in the legislation.

<sup>2</sup> Relates to preferential deposits within the meaning of Art. 37a, para. 1 of the Swiss Federal Act on Banks and Savings Banks of 8 November 1934, SR 952.0 (BankA).

<sup>3</sup> Art. 37h, para. 3 (a) BankA and Art. 44 of the Ordinance on Banks and Savings Banks of 30 April 2014, SR 952.02 (BankO).

<sup>4</sup> See Art. 37a, para. 1 BankA.

## Pension and vested benefits assets

Pension deposits (Pillar 3a) and deposits in vested benefits foundations held with financial institutions are preferential but not covered by the deposit insurance. However, regardless of other assets of the same client, they are given preferential treatment up to the amount of CHF 100,000 per client and assigned to the second creditor class.

## Securities

Securities deposited with a financial institution do not fall under the deposit insurance, as they are merely held in custody by the financial institution. In the event of an insolvency, they are separated out and placed directly at the disposal of the client.

## Who enjoys protection by esisuisse?

All legal and natural persons<sup>5</sup> (with the exception of financial institutions) with deposits at branches of banks or securities dealers in Switzerland, regardless of whether the person is resident in Switzerland or another country.

## Amount protected

If in the event of insolvency a financial institution has sufficient available liquid assets, these are repaid to clients accordingly (immediate payment). The maximum amount of this immediate payment is CHF 100,000.<sup>6</sup> If, however, the available liquid assets are insufficient, esisuisse steps in and pays the difference. Once again, the maximum payment per client, per financial institution is CHF 100,000. If you have multiple deposits with the same financial institution (or with multiple subsidiaries of the financial institution), these will be added together. esisuisse has a maximum of CHF 6 billion available.<sup>7</sup>

## Which accounts are protected?

Protected deposits are balances held in private, savings, investment, salary, numbered, deposit, joint, current, association or rental deposit accounts.<sup>8</sup> Medium-term notes held in the name of the bearer at the issuing institution are also classed as protected deposits. Only deposits held with Swiss branches are protected, i.e. deposits with subsidiaries of Swiss financial institutions in other countries are treated as preferential, but are not covered by esisuisse.

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<sup>5</sup> See Art. 25, para. 1 (a) of the Ordinance of the Swiss Financial Market Supervisory Authority on the Insolvency of Banks and Securities Dealers of 30 August 2012, SR 952.05 (BIO-FINMA).

<sup>6</sup> See Art. 37a, para. 1 and Art. 37b, para. 1 BankA.

<sup>7</sup> If the financial institution concerned does not have sufficient available liquid assets to cover its protected deposits, the other esisuisse members will contribute up to CHF 6 billion via esisuisse to cover the shortfall. Should this amount not be sufficient to satisfy all claims registered in the payment plan, the protected deposits will be paid out on a pro rata basis (see Art. 44 para. 2 BankO).

<sup>8</sup> This list is not exhaustive and product names may vary from one institution to another.

## How will I get my money?

All accounts registered at the financial institution are automatically considered to be reported claims. In the event of insolvency, you will be contacted by your financial institution and your assets will be transferred as part of the liquidation process as soon as you provide details of an account with another financial institution.

## Currency

The protection applies irrespective of the currency in which the deposit is held. Your payment will be made in Swiss francs (CHF). Amounts will be converted at the rate prevailing on the day that insolvency proceedings are initiated.

## Further information

You can find further information at:

esisuisse - Deposit insurance  
Steinentorstrasse 11  
CH-4051 Basel  
Tel. +41 61 206 92 92  
info@esisuisse.ch

[www.esisuisse.ch](http://www.esisuisse.ch)

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