



## Swiss COVID-19 response concerning financial and economic matters

The Swiss government has implemented exceptional measures for targeted groups in response to the coronavirus pandemic. The package is composed of various layers totalling **CHF 62 billion** and is intended to maintain employment, safeguard wages, support the self-employed and prevent insolvencies due to liquidity bottlenecks. As the situation keeps evolving, further measures or adjustments could be introduced in the days and weeks ahead.

**Last update:** 25.05.2020

### Introduction: negative scenarios to complement economic forecast for the Swiss economy

- The latest data and analyses (April 23) indicate that the health measures introduced in Switzerland and abroad are likely to have a much stronger economic impact than estimated in the economic forecast of 19 March. To reflect the significant degree of uncertainty, the Swiss government complemented the March forecast with two negative scenarios. The current forecast now lies in between these previously negative scenarios:
- Economic forecast (in English) :  
[https://www.seco.admin.ch/dam/seco/en/dokumente/Wirtschaft/Wirtschaftslage/Konjunkturtendenzen/2020\\_konjunkturszenarien\\_schweiz.pdf.download.pdf/2020\\_konjunkturszenarien\\_schweiz.pdf](https://www.seco.admin.ch/dam/seco/en/dokumente/Wirtschaft/Wirtschaftslage/Konjunkturtendenzen/2020_konjunkturszenarien_schweiz.pdf.download.pdf/2020_konjunkturszenarien_schweiz.pdf)

### Measures concerning liquidity bottlenecks for Swiss companies

- The Swiss Government has facilitated rapid access for SMEs to credit facilities to bridge potential liquidity shortfalls caused by the new coronavirus pandemic. Companies can apply for credit under specific bridging credit facilities at their main bank. Credits provided by banks under these bridging credit facilities are largely guaranteed by the Swiss Confederation. Because of considerable demand (as at 24 May, more than 124'500 credit agreements had been concluded with an estimated volume totalling CHF 15 billion), it was thought that the initial CHF 20 billion in federal guarantees was likely to be exceeded within a short period of time. The government has thus asked Parliament to expand the guarantee credit programme and increase the maximum volume of guarantees from CHF 20 billion to a total of CHF 40 billion. The Parliament has approved these guarantees during an extraordinary session between May 4<sup>th</sup> and 6<sup>th</sup>.
- Affected companies can apply to their banks for credit under bridging credit facilities representing a maximum of 10% of their annual turnover and no more than CHF 20 million. Certain minimum criteria must be met. Credits of up to CHF 500 000 are fully guaranteed by the Confederation, and will be paid out quickly and with the minimum of bureaucracy. Zero interest will be charged. Bridging credits that exceed CHF 500 000 will be guaranteed by the Confederation to 85% of their value; the lending bank will bear the risk for the remaining 15%. The interest rate on these credits is currently 0.5% for the portion secured by the Confederation.
- Until December 31 of 2020, companies experiencing liquidity difficulties can also apply for an interest-free deferral of payment of social security contributions, taxes and duties, as well as for the use of employer contribution reserves for 2nd pillar employee contributions (related to the social security system) and other measures to ensure the liquidity of companies.
- More information (available in German, French and Italian) can be found here :  
[https://www.seco.admin.ch/seco/de/home/Arbeit/neues\\_coronavirus/liquiditaetshilfen.html](https://www.seco.admin.ch/seco/de/home/Arbeit/neues_coronavirus/liquiditaetshilfen.html)



### Measures concerning monetary and macro-financial stability

- To address liquidity bottlenecks, the federal Government ordered a debt enforcement standstill from 19 March to 4 April.
- The Swiss National Bank (SNB), together with other major central banks, commenced a coordinated action to further enhance the provision of liquidity via the standing USD liquidity swap line arrangements on 23 March.
- In conjunction with the bridging credit facilities, the SNB introduced a new COVID-19 refinancing facility (CRF). This measure is aimed at strengthening the supply of credit to the Swiss economy by providing the banking system with additional liquidity. It allows banks to obtain liquidity from the SNB, which is secured by the federally guaranteed loans. There is no upper limit on the amounts available under the CRF. Since May 11, the SNB additionally accepts claims secured by loan guarantees or credit default guarantees offered by cantons, provided these have been granted in order to cushion the economic impact of the COVID-19 pandemic.
- The federal Government, upon request by the SNB, also deactivated the countercyclical capital buffer (CCyB).
- The SNB announced that, starting 1 April, the threshold factor for exempting sight deposits from negative interest rates would be raised from 25 to 30.
- More information from the SNB (available in English, German, French and Italian) can be found here: <https://www.snb.ch/en/ifor/media>

### Measures concerning financial market supervision

- The Swiss Financial Market Supervisory Authority (FINMA) introduced a temporary exclusion of central bank reserves from the calculation of banks' leverage ratio, releasing capital buffers to support the bridging credit facilities.
- The FINMA also communicated further exemptions and simplifications related to liquidity coverage ratio, risk diversification, compliance, but also reporting duties and extension of timeframes.
- More information from the FINMA (available in English, German, French and Italian) can be found here : <https://www.finma.ch/en/documentation/dossier/dossier-covid-19/>

### Measures concerning innovative start-ups

- The initial measures adopted by federal government, were only to a very limited extent available to companies with no turnover, which includes most startups.
- As startups have come under increasing financial pressure due to the cancellation of financing rounds and generally increased risk-aversion by investors, the federal government has decided on 22 April on specific measures for innovative startups. These are operational as from 30 April 2020.
- The measures will apply subsidiarily, i.e. only where the concerned canton also participates. Under the scheme, the federal government will guarantee 65% of a credit where a canton guarantees the remaining 35%. The maximum total amount of credits guaranteed will be 154 million Swiss francs.
- <https://covid19.easygov.swiss/en/for-startups/> (English, German, French, Italian available)

### Measures concerning financial support of international action

- The Swiss government has agreed to contribute CHF 400 million to international efforts, particularly in developing countries. It wants Switzerland to grant the ICRC an interest-free loan of up to CHF 200 million, repayable within seven years. In addition, it has proposed to contribute CHF 25 million to the IMF's Catastrophe Containment and Relief Trust. Parliament will take a decision on both loan and contribution in the summer session.



- At its meeting of 13 May 2020, the Swiss Government approved the allocation of CHF 175 million for the global fight against the COVID-19 pandemic. These funds will be used for humanitarian aid, the development and production of diagnostics, therapeutics and vaccines, and efforts aimed at ensuring equitable access to these medical solutions worldwide.
- <https://www.admin.ch/gov/en/start/documentation/media-releases/media-releases-federal-council.msg-id-79094.html>

## Other economic measures

### Measures concerning reduced working hours (short-time working)

- To maintain employment and safeguard jobs and wages, companies can temporarily reduce employees' working hours. The unemployment insurance partially covers employers affected by short-time working for a proportion of their salary costs for a certain period.
- [https://www.seco.admin.ch/seco/de/home/Arbeit/neues\\_coronavirus/kurzarbeit.html](https://www.seco.admin.ch/seco/de/home/Arbeit/neues_coronavirus/kurzarbeit.html)

### Measures concerning compensation for self-employed

- Self-employed persons who are affected by the closure of an independently run publicly accessible business or who suffer loss of income due to the ban on events are entitled to compensation.
- Self-employed persons will also be entitled to compensation if they are allowed to work but their activity has decreased or ceased because of the official measures to combat the pandemic.
- <https://www.bsv.admin.ch/bsv/de/home/sozialversicherungen/eo-msv/grundlagen-und-gesetze/eo-corona.html>

### Measures concerning Job seekers

- Increase in unemployment compensation for job seekers by a maximum of 120 additional daily allowances. Job seekers also do not have to produce proof of job applications every month.
- [https://www.seco.admin.ch/seco/de/home/Arbeit/neues\\_coronavirus/massnahmen\\_arbeitslose.html](https://www.seco.admin.ch/seco/de/home/Arbeit/neues_coronavirus/massnahmen_arbeitslose.html)

### Measures concerning people in quarantine and parents who are no longer able to work due to their childcare obligations

- Entitlement to compensation for employees and self-employed persons in quarantine (maximum ten days), provided there is no entitlement to reduced working hours.
- Entitlement for parents who have to interrupt their gainful employment due to school closures in order to care for their children.
- [https://www.seco.admin.ch/seco/de/home/Arbeit/neues\\_coronavirus/entschaedigung\\_erwerbssausfall\\_angestellte.html](https://www.seco.admin.ch/seco/de/home/Arbeit/neues_coronavirus/entschaedigung_erwerbssausfall_angestellte.html)

### Measures concerning the cultural sector

- Non-profit cultural enterprises (e.g. associations and foundations): repayable interest-free loans to ensure their liquidity.
- For-profit and non-profit cultural enterprises and cultural workers: compensation for financial losses resulting from the cancellation or postponement of events or projects, or from the closure of operations:
- [https://www.seco.admin.ch/seco/de/home/Arbeit/neues\\_coronavirus/kulturbereich.html](https://www.seco.admin.ch/seco/de/home/Arbeit/neues_coronavirus/kulturbereich.html)



### Measures concerning the sport sector

- Amateur sports (non-professional): lost-funds contributions in case of existential threat.
- Professional sport: interest-free loans in case of existential threat to organisations in top-level sport (leagues with professional operations) or competitions for professional competitive sport:
- [https://www.seco.admin.ch/seco/de/home/Arbeit/neues\\_coronavirus/sportbereich.html](https://www.seco.admin.ch/seco/de/home/Arbeit/neues_coronavirus/sportbereich.html)

### Further measures

- **Tourism and regions:**  
[https://www.seco.admin.ch/seco/de/home/Arbeit/neues\\_coronavirus/tourismus\\_regionalpolitik.html](https://www.seco.admin.ch/seco/de/home/Arbeit/neues_coronavirus/tourismus_regionalpolitik.html)
- **Labour law:**  
[https://www.seco.admin.ch/seco/de/home/Arbeit/neues\\_coronavirus/massnahmen\\_arbeitsgesetz.html](https://www.seco.admin.ch/seco/de/home/Arbeit/neues_coronavirus/massnahmen_arbeitsgesetz.html)
- **Customs:**  
<https://www.admin.ch/gov/de/start/dokumentation/medienmitteilungen.msg-id-78743.html>
- **Commercial rents :**  
<https://www.admin.ch/gov/de/start/dokumentation/medienmitteilungen.msg-id-78746.html>
- **Aviation industry :**  
<https://www.seco.admin.ch/seco/en/home/seco/nsb-news.msg-id-78944.html>