



Questions and Answers

Disclaimer

This information explains the Swiss deposit insurance scheme. The opinions expressed are those of esisuisse, and the information provided is not legally binding. In the event of a deposit insurance call, it is the Swiss Financial Market Supervisory Authority FINMA, a liquidator appointed by FINMA or, where applicable, a competent court that will decide on clients' claims rather than esisuisse itself.

These provisions apply analogously to securities firms (formerly referred to as 'securities dealers'). The term 'liquidator' also encompasses reorganisation officers and investigators.

What are deposits?

Deposits are generally client balances on accounts held at banks.

For more information, see the question 'What type of deposits are protected?'.

What is deposit insurance?

If a bank becomes bankrupt, deposit insurance helps to ensure that deposits are quickly repaid to clients. Deposits are covered by the deposit insurance scheme up to a limit of CHF 100,000 per client, per bank.

Deposit insurance strengthens confidence in the financial system and helps to avoid a bank run and undesirable consequences for society in the event of a crisis.

What is esisuisse?

esisuisse is a self-regulatory organisation for banks in Switzerland. All banks with a branch in Switzerland must be members of esisuisse. esisuisse is a private association with its registered office and office in Basel.

The banks are obliged to pay to esisuisse the amounts stipulated by law to fund the deposit insurance scheme. esisuisse will then pass to the bank's liquidator the sums required to finance repayment of the insured deposits.

It is also the job of esisuisse to inform clients about the deposit insurance scheme in Switzerland.

For more information, see the questions ‘What is the bankruptcy process for banks?’ and ‘How secure and robust is Switzerland’s deposit insurance scheme?’.

At which institutions are deposits covered by the deposit insurance scheme?

Deposits at banks that operate a branch in Switzerland authorised by the Swiss Financial Market Supervisory Authority FINMA are covered by the deposit insurance scheme. This includes the cantonal banks and PostFinance.

Deposits at foreign banks are also covered, provided the deposits are booked with a branch in Switzerland that is authorised as a bank by FINMA.

For more information, see the question ‘At which institutions are assets not covered by the deposit insurance scheme?’.

At which institutions are assets not covered by the deposit insurance scheme?

The deposit insurance scheme does not cover:

- Assets held at institutions that have not been authorised by the Swiss Financial Market Supervisory Authority FINMA to operate a branch in Switzerland. FINMA maintains a list of authorised banks that is updated regularly ([link: authorised banks](#)). If FINMA becomes aware of activities by an unauthorised bank, the bank is added to FINMA’s warning list ([link: warning list](#)).
- Assets at companies that use the ‘sandbox’ authorisation (pursuant to Art. 6 Banking Ordinance) and accept a maximum of CHF 1 million in deposits, or at companies that use the FinTech authorisation (pursuant to Art. 1b Banking Act). Such companies must expressly inform clients that their balances are not protected by the deposit insurance scheme.
- Assets at certain branch offices of cooperatives (e.g. ‘Coop branch’) and mutual savings banks of cooperatives, foundations and associations. These institutions may accept assets as banks without authorisation under some conditions. The deposit insurance scheme does not apply to assets deposited with these institutions.

Which rules apply to deposits at Raiffeisen banks?

Each individual Raiffeisen cooperative is a separate bank (independent cooperative). Deposit insurance of a maximum of CHF 100,000 per client applies independently to each individual cooperative. However, branches and subsidiaries are not independent cooperatives. For this reason, it must be clarified in each individual case at which independent cooperative the deposit is booked.

Does the deposit insurance scheme also apply to cantonal banks with a state guarantee?

Deposit insurance is also used at cantonal banks with a state guarantee. The deposit insurance scheme ensures quick disbursement at the start of the liquidation procedure. In the case of a state guarantee, the canton covers the deposits at the end of the long-term liquidation procedure if any uncovered gaps still remain when the liquidation procedure is concluded. However, the amount of the state guarantee may be limited and as a result not all deposits may be guaranteed. The amount and scope of the state guarantee is governed by the respective cantonal law. Not all cantonal banks have a state guarantee.

Which individuals are protected by the deposit insurance scheme?

All clients (private and corporate) of banks are protected by deposit insurance:

- Natural persons (adults, children)
- Legal entities (e.g. stock companies, limited companies, foundations, associations, governmental organisations)
- Groups of people (e.g. communities of heirs, general partnerships, simple partnerships, home owners associations, condominium associations). The special provisions for joint accounts and collective accounts are described in more detail below; see the questions 'What is the difference between a joint account and a collective account?', 'What are the rules for a joint account?' and 'What are the rules for a collective account?'.

Clients resident or domiciled abroad are also protected by deposit insurance.

The identity of the 'beneficial owner', beneficiary or authorised representative does not play a role. The decisive factor is the bank's contractual partner.

Bank deposits held at other banks are not protected by deposit insurance.

What type of deposits are protected?

Protected deposits include:

- Credit balances in a government-issued currency on accounts held in the client's name (e.g. private accounts, current accounts, savings accounts, investment accounts, salary accounts, postal accounts and numbered accounts).
- Credit balances on metal accounts (gold, silver, platinum and palladium), provided the client has an exclusive or alternative contractual right to payment in a government-issued currency.
- Medium-term notes in a government-issued currency held in the name of the bearer at the issuing bank.

Deposits in foreign government-issued currencies are also covered by deposit insurance. The exchange rate in Swiss francs when the bankruptcy proceedings are initiated is used to determine the amount of the protection. The claim is generally paid out in Swiss francs.

The special provisions of Pillar 3a and vested benefits accounts are described in more detail below; see the question 'How are vested benefits and Pillar 3a credit balances protected in the event of a bankruptcy?'.

Up to what amount are deposits protected?

The protection is limited to CHF 100,000 per client and bank. If a client has several accounts at the same bank, the credit balances are added together, with a maximum amount of CHF 100,000 covered.

If the client's total balances exceed CHF 100,000, the excess amount goes into the third creditor class for unsecured claims in the bank's bankruptcy proceedings. At the end of the proceedings, the client generally receives a share of the original balance in the third creditor class (known as a 'bankruptcy dividend').

For further details, see the question 'What is the bankruptcy procedure and what should clients do in the event of a bankruptcy?'.

The special provisions of joint accounts held by several people are described in more detail below; see the questions 'What is the difference between a joint account and a collective account?', 'What are the rules for a joint account?' and 'What are the rules for a collective account?'.

What happens to the limit of CHF 100,000 in the event of deflation or inflation?

The Federal Council can adjust the CHF 100,000 limit if the franc appreciates or depreciates.

Which deposits, assets and claims are not covered?

Deposits, balances, assets and claims that are not covered include in particular the following (not exhaustive):

- Deposits of more than CHF 100,000 per client and bank.
- Deposits booked at foreign branches of the bank. However, there is preferential treatment under bankruptcy law here; see the question: 'What is the difference between preferential deposits and protected deposits?'.
- Credit balances on vested benefits or Pillar 3a accounts or in vested benefits or Pillar 3a securities accounts. However, there is preferential treatment or a right to issuance under bankruptcy law here; see the question 'How are vested benefits and Pillar 3a credit balances protected in the event of a bankruptcy?'.

- Claims in the name of the owner and not in the name of the client (e.g. cash cheque or bill of exchange). Deposit insurance protects medium-term notes, provided they have been deposited with the issuing bank; see the question 'What type of deposits are protected?'.
- Claims in the form of bonds or similar securities or book-entry assets.
- Credit balances not held in a government-issued currency (e.g. units of cryptocurrencies on accounts or WIR assets).
- Credit balances on metal accounts, provided the client does not have an exclusive or alternative contractual right to payment in a government-issued currency.
- Securities in a securities account: Securities (stocks, bonds, funds, certificates, etc.) in the securities account are held in safekeeping by the bank, but they are the property of the client. In the event of a bankruptcy, they are issued to the client. The bank may have a contractual right of lien or offset.
- Cryptocurrency units in a cryptocurrency securities account: Cryptocurrency units (bitcoins, etc.) are issued to the client, provided they are individually allocated to the client or a group of clients and it is clear which share of the joint assets belongs to the client. The bank may have a contractual right of lien or offset.
- Contents of bank safety deposit boxes ('bank vault'): The contents of bank safety deposit boxes are not affected by the bankruptcy. The contents are released to the owner during the bankruptcy proceedings.
- Assets that the bank receives as payment for a contract (e.g. purchase, rental or service contracts) are not deposits.
- Beneficiaries of a life insurance wrapper.
- Claims or compensation claims from derivatives.
- Assets at institutions that do not have a banking licence from the Swiss Financial Market Supervisory Authority FINMA. For more information, see the question 'At which institutions are assets covered by deposit insurance?'.

Can the bank offset client debts against preferential or protected deposits?

No, the bank cannot offset client debts at the bank (including mortgages) against preferential or protected deposits held by the client at the bank.

However, in the case of deposits of more than CHF 100,000, offsetting may be permitted depending on the contractual relationship between the client and the bank.

What is the difference between a joint account and a collective account?

A joint account (known as an 'OR' account, 'AND/OR account' or 'compte-joint') is not held in the name of an individual client, but rather in the names of several individuals (owners). Each individual owner has a claim to the entire balance. Spouses with a shared account at a bank are generally said to have a joint account.

A collective account (known as a 'collective account') is held in the name of a group of several people (owners). The group of owners has a claim to the balance. This is known as a collective claim (collective). Collective claims arise by law; for example, in the case of a community of heirs.

Whether an account is a joint account or a collective account depends on the contractual relationship between the clients and the bank, and the legal stipulations.

Powers of attorney are not taken into account in the case of a joint account or a collective account. Clients may make different power of attorney arrangements for a joint account or a collective account. For example, a power of attorney may stipulate that one person alone may dispose of the joint account or collective account.

What are the rules for a joint account?

To determine whether the account is a joint account, see the question 'What is the difference between a joint account and a collective account?'.

The assets held in the joint account are first divided proportionally between the joint account clients. Then each client's share of the assets in the joint account is added to their protected deposits. The total protection is CHF 100,000 per client and bank.

Example 1: Mr and Mrs Smith have one joint account at the bank with a credit balance of CHF 140,000. In the event of the bank's bankruptcy, this balance would be split 50:50 between the two. Mr and Mrs Smith would each have a protected deposit of CHF 70,000.

Example 2: Mr and Mrs Smith have a joint account with a credit balance of CHF 140,000. Mrs Smith also has a private account with a credit balance of CHF 50,000. Mr Smith also has a savings account with a credit balance of CHF 20,000. All accounts are held at the same bank. In the event of the bank's bankruptcy, this balance in the joint account would be split 50:50 between the two. Mr and Mrs Smith would each have a protected deposit of CHF 70,000 from the joint account. Mr Smith's deposits total CHF 90,000 (CHF 70,000 from the joint account and CHF 20,000 from the savings account). Mr Smith's deposits are fully protected. Mrs Smith's deposits total CHF 120,000 (CHF 70,000 from the joint account and CHF 50,000 from the private account). Of this amount, CHF 100,000 is protected. The 'surplus' share of CHF 20,000 falls into the third creditor class. 'Surplus' amounts cannot be transferred to the other spouse.

What are the rules for a collective account?

To determine whether the account is a collective account, see the question 'What is the difference between a joint account and a collective account?'.

A group of people (collective) who are the owners of a collective account are treated as an individual client in terms of deposit insurance. The collective is protected only once by deposit insurance up to the maximum of CHF 100,000.

In addition, any other deposits held by an individual owner of a collective account at the bank (e.g. in a private savings account) are protected up to a maximum of CHF 100,000, irrespective of the collective account.

The accounts of the following groups are treated as a joint account or a collective account:

- Communities of heirs
- Simple partnerships (e.g. construction consortium)
- General partnerships entered in the commercial register
- Limited partnerships entered in the commercial register
- Condominium associations
- Co-ownership associations
- Capital payment accounts for the purpose of establishing a company

What is the difference between ‘preferential’ deposits and ‘protected’ deposits?

Preferential and protected are not identical. Preferential is primarily a question of bankruptcy law. It means that preferential deposits fall into the second creditor class rather than the third.

Deposits that are preferential, but not protected, include:

- Deposits booked at foreign branches of a Swiss bank, up to a total of CHF 100,000 per client and bank.
- Credit balances on vested benefits and Pillar 3a accounts up to CHF 100,000 per client. For more information, see the question ‘How are vested benefits and Pillar 3a credit balances protected in the event of a bankruptcy?’

The distinction has the following effects:

- Protected deposits are paid out quickly through the deposit insurance scheme.
- Preferential deposits at foreign branches of a Swiss bank are paid out immediately only if the bank has sufficient funds to cover the deposits immediately. Otherwise, they are paid out in the course of or at the end of the liquidation procedure.
- Claims from vested benefits and Pillar 3a accounts are paid out only during or at the end of the liquidation procedure.

If the client has protected deposits at a Swiss bank and preferential deposits booked at a foreign branch of this bank, the amount of the preferential deposits at the foreign branch is reduced by the amount of the protected deposits at the bank.

How are vested benefits and Pillar 3a credit balances protected in the event of a bankruptcy?

The credit balance on the vested benefits or Pillar 3a account (account solution) are not covered by deposit insurance. However, the credit balance is preferential under bankruptcy law up to a maximum of CHF 100,000 (collocation in the second creditor class). The vested benefits and Pillar 3a credit balances are also preferential, irrespective of the other protected and preferential deposits held by the individual policyholder at the bank (e.g. savings account). The credit balance is paid out to the pension fund.

Vested benefits and Pillar 3a credit balances in the form of securities in securities accounts (securities solution) are not considered deposits. The securities are the property of the vested benefits or Pillar 3a fund and are issued to the pension fund if the bank becomes bankrupt. For this reason, it is not necessary to protect them through deposit insurance or preferential treatment under bankruptcy law.

Vested benefits and Pillar 3a credit balances in the form of a policy at an insurance company (insurance solution) are not considered deposits and are therefore not protected or given preferential treatment under bankruptcy law if the insurance company becomes bankrupt. However, the credit balances are protected under insurance law. The policyholder's claim is a restricted and unfunded obligation. If the insurance company becomes bankrupt, the policyholder will be paid from the proceeds of the restricted assets before all other creditors.

What should the client do to receive payout of the protected deposits and how long does this take?

The payout process is as follows:

- The liquidator used by the Swiss Financial Market Supervisory Authority FINMA contacts all clients immediately following the closure of the bank. The liquidator sends each client a form by post to request payout.
- On the payout request form, the client indicates an account at another bank to which the deposit is to be paid out. The client returns the completed payout request form to the liquidator.
- After the liquidator has received and reviewed the payout request form, it pays out the deposits. The amount of time required for the payout depends on the bank's structures and the cooperation of the client. The applicable law does not specify a fixed deadline. The payout can be expected to take several weeks.

What is the bankruptcy procedure for a bank?

If the Swiss Financial Market Supervisory Authority FINMA initiates bankruptcy proceedings against a bank, FINMA employs a liquidator to liquidate the bank. The liquidator uses the proceeds from the sale of the bank's assets to pay creditor claims. Creditors with claims against the bank include, for example, clients, employees and suppliers.

If the client's deposits are not fully covered by the deposit insurance scheme (e.g. in the case of deposits in excess of CHF 100,000), these open claims are included in the next stage of the bankruptcy procedure. When the bankruptcy proceedings are initiated, a deadline for creditors to submit their other claims is published. For the payout of protected deposits, see the question 'What should the client do to receive payout of the protected deposits and how long does this take?'.

If the liquidator is aware of all creditor claims and has sold sufficient bank assets, it commences with the payout to the creditors. In general, however, the protected deposits will have already been paid out to clients. When making payouts, the liquidator must comply with the following legally prescribed sequence:

- First, all first creditor class claims are paid out, as far as possible. The first creditor class includes, for example, the salary claims of bank employees.
- Second, all second creditor class claims are paid out, as far as possible. The second creditor class includes, for example, the claims of clients with protected or preferential deposits. However, by law, esisuisse takes the place of the client if esisuisse has advanced money for payout of protected deposits ('legal assignment').
- After this, all third creditor class claims for unsecured claims are paid out, as far as possible. The third creditor class includes all other claims that are not in the first or second creditor class due to legal provisions.

If the money is not sufficient to satisfy all the claims of a creditor class, the creditors in this creditor class will receive an equal share as a percentage of their claim ('bankruptcy dividend').

How secure and robust is Switzerland's deposit insurance scheme?

In order to protect assets deposited in Switzerland, all banks must have funds equal to 125% of the protected and preferential deposits. This is intended to ensure that all preferential and preferential deposits are covered in the event of a bankruptcy. In addition, this rule means that assets remain in Switzerland and thus it is easier to exploit them.

The liquidator first uses the existing bank liquidity to pay out the protected deposits. esisuisse must finance the protected deposits if the bank's liquidity is insufficient to pay out the protected deposits quickly (deposit insurance call). Only in this unlikely scenario does esisuisse advance

the necessary funds to the liquidator. esisuisse may collect this additional money at any time from all other banks via direct debit. To this end, the banks provide esisuisse with a maximum total of CHF 6 billion. The Federal Council is authorised to increase this amount if necessary. esisuisse has a statutory period of a maximum of 20 days in which to transfer the necessary assets to the liquidator. esisuisse has organised itself in such a way that payment to the liquidator can be made within seven working days.

Thanks to the sale of the bank's assets (125% rule), the amount paid by esisuisse to the liquidator will be repaid preferentially to esisuisse during the course of the liquidation ('legal assignment') and is thus available again for other deposit insurance calls.

The combination of the payout from the bank's existing liquidity, the financing by esisuisse, the 125% rule and the preferential repayment of the liquidation proceeds to esisuisse makes the Swiss deposit insurance scheme particularly robust and sustainable from esisuisse's point of view.

Where in the law is deposit insurance regulated?

Deposit insurance is regulated by Arts. 37a to 37k of the Banking Act. In addition, the Federal Council's Banking Ordinance (in particular, Arts. 43 and 44 on the payout of protected deposits) and the Swiss Financial Market Supervisory Authority's FINMA Banking Insolvency Ordinance contain provisions on deposit insurance. Art. 67, para. 2 of the Financial Institution Act stipulates that the provisions of the Banking Act concerning deposit insurance apply analogously to securities firms.

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