



Banking and payment transactions

Updates edition 2018 – June 2021

www.bankingtoday.ch

www.compendio.ch
www.cyp.ch
www.swissbanking.org

Banking and payment transactions

Updates edition 2018 – June 2021

Design and layout: Mediengestaltung, Compendio Bildungsmedien AG, Zurich

Printing: Edubook AG, Merenschwand

Text and educational editing: Remy Gerspacher

Article number: Update

Legal deposit: 3rd edition 2021

Edition: U2061

Language: EN

Code: CYP

All reproduction, translation and adaptation rights reserved. The content of this work is an intellectual creation protected under Swiss copyright law.

Use of the content of this work for teaching purposes is subject to strict legal conditions. It is prohibited to photocopy or circulate on the school's internal servers a digital version of whole chapters or the entire content of a published work for information or documentation purposes. Only short passages of the work may be used in this way. It is also prohibited to make excerpts of this work available to outside third parties. Doing so is a violation of the rights of the author(s) and of the publisher and is a punishable offence.

Any use of this work, in part or in whole, in photocopied, digital or any other form, for purposes other than teaching requires the express written permission of Compendio Bildungsmedien AG.

Copyright © 2021, Compendio Bildungsmedien AG, Zurich



Corrections and new content (June 2021)

The banking world is changing continually, meaning that the content of the material in BankingToday (BT) also changes from year to year. It is a key objective that the content of BT is always up-to-date.

This is why Compendio Bildungsmedien publishes an updated and corrected version of BankingToday each year.

This update ensures that purchasers of the 2018 edition have up-to-date information in each case:

- This update is supplemented at the beginning of June for three consecutive years and published on www.bankingtoday.ch
- This ensures that all amendments and additions to the teaching material are familiar for preparing the final examinations in summer or in spring.

Tip: We recommend noting the amendments and additions contained in the update in the teaching material early in the preparation phase or transferring them to the teaching material. This allows you to benefit from a repetition effect that cannot be underestimated.

Section	Banking 1: Introduction to the World of Banking
1.1.1 Capital and credit intermediation	<p>Switzerland has had negative interest rates since January 2015. Additional bullet point in „Bringing savers and borrowers together“:</p> <p>Switzerland has had negative interest rates since January 2015. This means that the banks no longer reward savers in the form of interest under certain circumstances. In fact, above certain sums, the banks charge interest to savers for depositing funds. The limits for this vary from bank to bank.</p>
2.5 SIX Group Ltd	<p>SIX Group has adapted its structures.</p> <p>SIX is currently active in the following business areas</p> <ul style="list-style-type: none"> • Exchange Services. In this area, SIX provides all securities trading services. It runs the infrastructure for processing stock exchange deals. With Swiss Exchange, SIX is one of Europe’s leading stock exchanges. As well as stock exchange trading, this business area also provides downstream services. Securities settlement (clearing and settlement) is undertaken via SIX x-clear Ltd, with securities ultimately being held securely by SIX SIS Ltd. SIX also runs SIX Teravis, which supports the electronic processing of land register and mortgage transactions. In addition, the Spanish stock exchanges (BME) and the SIX Digital Exchange also belong to Six Group Ltd. • Banking Services. SIX Payments runs the infrastructure for Swiss payment transactions and the connection with the SEPA area. For example, SIX processes invoices digitally via eBill. On behalf of and under the supervision of the Swiss National Bank, SIX operates the payment system SIC (Swiss Interbank Clearing) – the main payment system in Switzerland. SIX Payments also processes card transactions or mobile payments via TWINT and is one of Europe’s leading card transaction processors. • Financial Information. Financial Information specialises in the acquisition and distribution of financial information. • New Services. This is the SIX business division responsible for developing its products and services. It also enhances cooperation with banks and promotes innovative solutions. SIX is also establishing a competence centre for future-oriented technologies.
Chapter 2 Summary	<p>The organisational changes at SIX Group Ltd were taken into account here:</p> <p>SIX Group Ltd</p> <p>SIX Group Ltd (SIX) guarantees the infrastructure of the financial centre. It works with various business units in the business fields of stock exchange trading and securities services (Exchange Services), infrastructure for payment transactions and card payments (Banking Services), financial information (Financial Services) and innovation development (New Services).</p>

Section	Banking 1: Introduction to the World of Banking	
3.2 Bank-client secrecy	Illustration 17: The cases for lifting bank client confidentiality have been supplemented by the AEOI (Automatic Data Interchange) and FATCA (Foreign Account Tax Compliance Act):	
	Clients who reside or whose company is registered in Switzerland	
	Criminal proceedings	A court may ask a bank to provide information in proceedings dealing with money laundering, theft, tax fraud, blackmail etc. If a bank has reason to believe that certain assets are linked to criminal activity, it is not only authorised but obliged to inform the appropriate authorities. This is not a violation of bank-client secrecy (subject examined in further detail in the “Money laundering” module).
	Civil proceedings	In divorce proceedings, a court may order a waiver of bank-client secrecy if a spouse refuses to provide financial information.
	Bankruptcy proceedings	When a company goes bankrupt, the bank may provide information to the administering authority.
	Clients who reside or whose company is located outside Switzerland	
	International administrative and judicial assistance in criminal cases	It may happen that a client is involved in criminal proceedings in another country. If the offence is punishable in both countries, a Swiss judge may order a waiver of bank-client secrecy. In certain cases, foreign citizens seek to conceal funds from their own tax authorities. Under Swiss law, concealment of this kind does not justify administrative and judicial assistance procedures. Foreign authorities however may request that such measures be taken in cases of tax fraud. These measures are laid out in agreements signed between Switzerland and certain countries. Important: Foreign authorities, courts and legal representatives have no direct right to information in Switzerland. Only a Swiss judge or competent Swiss authority can authorise a bank to release information.
	AEOI (automatic exchange of information)	Switzerland has shared tax-relevant data with partner states automatically since 2018 with the aim of combating tax evasion. Data such as account details, personal details, types of income and account balances is shared. Swiss bank client confidentiality is not affected by AEOI.
	FATCA (Foreign Account Tax Compliance Act)	Switzerland has shared tax-relevant data with the USA since 2010 with the aim of combating tax evasion. It focuses on the foreign accounts of people who are subject to tax in the USA.

Section	Banking 2: Banking regulation, compliance, annual financial statements and risk management	
5.1.1 Stage 1 – identifying and understanding the risks	Illustration 29: Correction of the section on how market risks can be reduced:	
	Market risk	Definition: Market risk refers to the fluctuations in share prices, gold prices, exchange rates and interest rates. For example, a major fall in share prices could sharply reduce the value of the bank’s trading portfolio and financial investments. How to mitigate it: Market risk can be reduced by using value retention strategies (hedging, stop-loss etc.).
	Credit risk	Definition: A counterparty can no longer meet their obligations under a loan agreement. The bank will not get back the money it is owed. How to mitigate it: By conducting a thorough credit assessment before lending the money and by regularly monitoring the loan.



Section	Banking 2: Banking regulation, compliance, annual financial statements and risk management	
	Liquidity risk	Definition: The bank can no longer meet its financial obligations and cannot pay out customers' deposits. How to mitigate it: By keeping to the golden balance sheet rule and through asset-liability management (cf. the "Financing 1" module).

Section	Money Laundering
Solution exercise 7	Amount adjusted on initial investment: When a third party opens a bank account for a minor , the bank must verify the identity of the person who opens the account. If the first deposit exceeds CHF 15,000 , the minor's identity must also be verified. If the minor opens the account herself (sometimes authorised for children over 12), her identity must be verified (but not that of her parents).

Section	Deposit Services
All chapters	No corrections identified

Section	Basic Services
1.1.3 Contactless payments (credit and debit cards)	It is now possible to pay amounts up to CHF 80 without entering a PIN code: Users can hold their card against a reader to make small payments up to CHF 80 in a matter of seconds without needing a signature or a PIN code.

Section	The Swiss National Bank
All chapters	No corrections identified