

UBS/CS

Write-off of AT1 bonds damages the image of Swiss banks

A study of 1,400 entrepreneurs in five countries shows a significant decline in trust in the Swiss banking sector, especially abroad.



Paradeplatz in Zurich: The majority of respondents no longer consider investments in Swiss financial institutions to be safe.

Source: Keystone

By **Marc Kowalsky**

3 hours ago

Source: BILANZ

Study author Stefan Lang himself was astonished by the clarity of the findings: "This has caused considerable damage to the Swiss banking center," he says. "Even after 15 months, what happened is still top of mind. It has a longer-lasting impact than any advertising campaign – albeit a negative one." The discussion concerns the forced write-down of Credit Suisse's AT1 bonds in the wake of the takeover by UBS, amounting to 17 billion Swiss francs: Approximately 2,500 investors from Switzerland and abroad, including large institutional investors, were harmed as a result.

[Lang's company Connect4B](#) interviewed 1,400 entrepreneurs – usually the managing directors – in Switzerland, Germany, Austria, England, and France with revenues exceeding ten million francs. For 38 percent of the Swiss respondents, the write-off significantly reduced their trust in Swiss banks, and for another 28 percent, it reduced it somewhat. 14 percent now consider the security of their own investments there to be very uncertain, and another 25 percent to be somewhat uncertain. Only 9 percent responded "very uncertain," and 17 percent "somewhat uncertain."

The write-off has particularly damaged the image of the Swiss banking center abroad: The majority of respondents no longer consider investments in Swiss financial institutions to be safe. In England, people are particularly skeptical: only 25 percent think their Swiss bank account is safe, while 42 percent do not. The figures for France (27/40), Germany (29/37), and Austria (31/26) are only marginally better. "Swiss private banking was a rock for a long time; now it's crumbling," says Lang.

Declining Trust

How has the write-down of Credit Suisse bondholders' investments affected your trust in Swiss banks?

38% significantly reduced

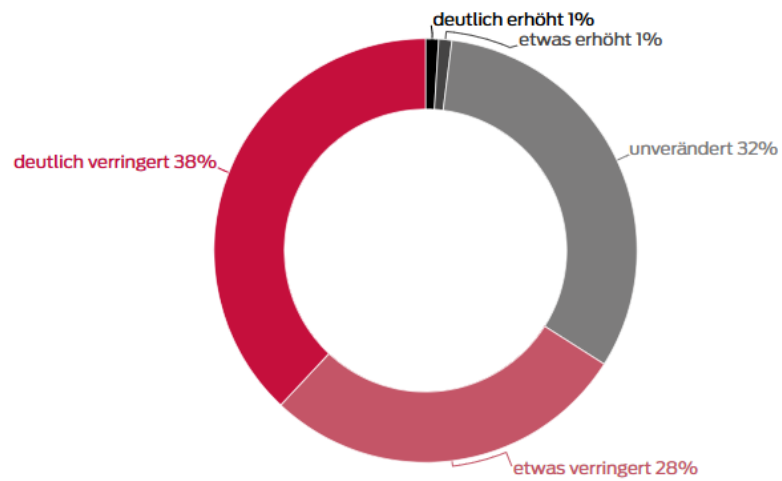
28% slightly reduced

25% undecided

9% not reduced

Abnehmendes Vertrauen

Wie hat sich die Abschreibung der Anlagen der Credit-Suisse-Anleihegläubiger auf Ihr Vertrauen in die Schweizer Banken ausgewirkt?



N=1400. Quelle: Connect4B

Declining Trust

How has the write-down of Credit Suisse bondholders' assets impacted your trust in Swiss banks?

35% neutral

25% I will be more cautious

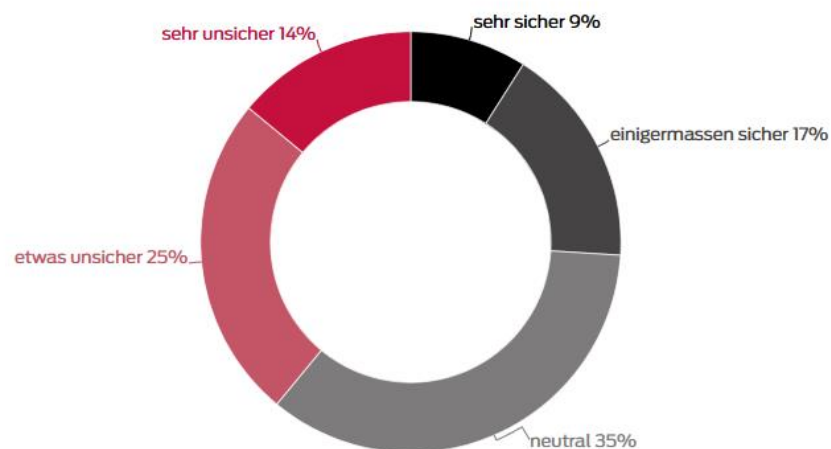
17% definitely not affected

13% slightly affected

10% strongly affected

Source: Connect4B, N = 1400

Wie sicher fühlen Sie sich angesichts des Beschlusses, die Anlagen der Inhaber von Credit-Suisse-Anleihen abzuschreiben, in Bezug auf die Sicherheit Ihrer eigenen Anlagen in Schweizer Banken?



N=1400. Quelle: Connect4B

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The survey conducted at the beginning of February as part of the monthly Swiss Bank Monitor also shows that the takeover of Credit Suisse by UBS, including the AT1 write-off, has not led to the Swiss banking system being perceived as more stable in this country. Only 9 percent of the Swiss surveyed are very confident, and 17 percent somewhat confident, that the takeover has contributed to the stability of the financial center. In contrast, 28 percent are somewhat skeptical, and 13 percent are very skeptical. The figures from Germany, Austria, England, and France also reflect this uncertainty. "Many of the entrepreneurs surveyed have or had accounts in Switzerland because of the legal certainty.

They now see these accounts as being damaged. Following the lifting of banking secrecy a few years ago, this is the next setback," commented study author Lang.