SIX INTERBANK CLEARING

CLEARIT

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> **Rough winds of competition among financial centers**
> Interview with Urs Rüegsegger, CEO SIX Group

> Swiss Value Chain: National Bank broadens participation

> News from the payment traffic committees

Front cover photo: Swiss National Bank head quarter in Zurich.

Dear readers

The current developments and transformations in our financial center have persuaded me to take a closer look at the Swiss National Bank statistics. They not only allow us an interesting look back, they also explain certain impacts today.

Twenty-five years ago, when I started my banking career, there were approximately 450 banks in Switzerland. 66% of the business volume was processed nationally. The major banks alone accounted for 51% of the balance sheet totals. Stock exchange transactions were happening in the ring "à la criée" at seven different stock exchange centers. The stock exchange volume was thus split, at the expense of transparency, speed, capacity and cost-efficient processing. A majority of the payment traffic was processed manually. Completing the education to become a federally certified banker (banking specialist) almost automatically brought with it a promotion to authorized signatory with a private office, elegant leather chair, painting on the wall and usually also guaranteed salary increases until retirement.

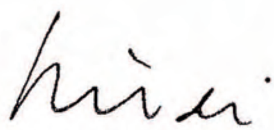
Now, this picture has changed fundamentally. Due to mergers and takeovers, and driven by cost pressure, the number of banks has been reduced by approximately one third, to 282. Only about 40% of the shares and liabilities are processed nationally. The total assets of the major banks have increased to 61%. The accumulated commission earnings have quintupled, while, in comparison, the interest business earnings only increased by 2.5. Today, the national stock exchange volumes are channeled and processed predominately via SIX Swiss Exchange, the electronic stock exchange.

Over the past twenty years, the payment traffic transactions processed by SIC have multiplied by a factor of approximately 12; the ratio of open derivative contract volumes to the total assets by a factor of 6 since 1995. According to the SNB statistics, an approximately thirteen times higher derivative contract volume stands vis-à-vis the total banks' assets. These transformations have had an influence on bank-specific education. Today, no banker can rest on his basic education; instead it is mandatory to refresh and update know-how and to pursue continuing education.

These technological developments, globalization and innovation have caused our business volume to explode. Global networking has made it a necessity to introduce standards and laws, adapt regulations, and tighten processes and operations in order to be able to process incoming business cases cost effectively, transparently, securely and quickly. It is imperative that we continue to meet these challenges with our Swiss virtues: quality, reliability, adaptability, innovation, creativity and cooperation.

The articles in this issue of CLEARIT demonstrate how to deal with these challenges. You will find an introduction to the new banking education/training, read about the cooperation toward harmonization of the ISO standards for payment messages and be informed about future standardization efforts. The 25-year review of our financial market shows, in the words of Ezra Pound, "Either move or be moved." I wish for all of us that we will be able to hold on to the reins. <

Philippe Lüdi
Head Customer and Products, Executive Committee Member, Entris Banking
Member of the SIX Interbank Clearing Board of Directors



Rough winds of competition among financial centers

The Swiss Bankers Association, Swiss Insurance Association, Swiss Funds Association and SIX Group, as the primary financial center players, in 2007 developed jointly a future strategy for the first time. Within the international environment, where is the financial market situated today, particularly considering the effects of the financial crisis? Dr. Urs Rüegsegger, CEO SIX Group, takes stock.

CLEARIT: "In the face of the raging financial crisis, the classic, unshakable Swiss calm is evidence of either confidence, overconfidence or the greatest national poker face around," wrote the renowned International Herald Tribune in October 2008. Confidence, overconfidence or poker face – which of the three is it?

Urs Rüegsegger: Looking back, none of the three applies. In my opinion, Switzerland handled the financial crisis very well, particularly when we take into consideration that the two big banks and their market share represented a tremendous risk. It was a case of sheer luck that both financial institutions didn't run into bigger problems. If UBS and Credit Suisse had been affected equally by the crisis, the Swiss financial center would have been far more adversely affected. Additionally, our industry structure defused the situation; the other banking groups – such as the cantonal, regional, Raiffeisen and private banks – remained nearly unaffected, since they were only minimally involved in those risky financial dealings, or were not involved at all. That explains why the crisis left these banks unaffected, at least relative to the direct impacts. However, the indirect effects were noticeable, indeed. I believe that these banks handled the crisis very well, due to their solid infrastructure. In terms of efficiency and capitalization, the entire system is quite advanced. The fact that the financial crisis didn't push the Swiss economy into a major disaster is also a credit to the SMEs and the industry, which used the solid economic climate during the years from 2003 to 2008 to strengthen their balance sheets and thereby improve their maneuverability. As a result, Switzerland – when compared internationally – was better able to handle the crisis; support programs were far less necessary.

The "Swiss Banking – Roadmap 2015," a financial center strategy launched two years ago, has many critics. It's a fact that the key data at the basis of this strategy have developed unfavorably since the original launch. While in 2006 financial service providers made up a share in the country's overall value added of 15% of the Swiss gross domestic product (GDP), it had shrunk to 12% by 2008, a downward trend. On the other hand, other financial centers also had to decrease in size as a result of the crisis. How does the Swiss financial center compare with its competitors today?

Since the crisis hit the financial sector much harder than it hit other industries, it's obvious that this value added figure changed unfavorably. The current data situation doesn't allow for comparable conclusions about the competition. It is certainly interesting that other countries where the financial market share of GDP was lower were affected far more. The Roadmap 2015 you mentioned was developed in the face of a relatively long upturn, which makes it difficult to achieve the goals set then – something that holds true for many a strategy designed three or four years ago.

> "When positioning the Swiss financial center, it is important to keep in mind that the regulatory environment in Europe has changed over the past two years."

When positioning the Swiss financial center, it is important to keep in mind that the regulatory environment in Europe has changed over the past two years and that this transition will continue for the next two years. 2010 is the key year. Among other things, I'm thinking about the initiatives concerning the SEPA. In connection with TARGET2-Securities, for instance, we must prevent Switzerland from sliding into an offside position, just because it isn't an EU member state and in terms of volumes the Swiss franc is of much smaller significance than the euro. It's true that the Swiss financial center is part of this central securities

Short biography

Dr. Urs Rüegsegger has been the CEO of SIX Group since beginning of 2008. Prior to this, he held the position of Head of the Executive Committee of St. Galler Kantonalbank. He joined the bank in 1993 as Head of Controlling, Accounting and Risk Management and was appointed to the Executive Committee in 1997. In 2000 he took charge of the IPO project, which was successfully launched in 2001. As Head of the Executive Committee of St. Galler Kantonalbank he also held various positions with the Association of Swiss Cantonal Banks since 2001. After completing his business studies at the University of St. Gallen, Urs Rüegsegger started his career at Swiss Re in the area of IT. He was deeply involved in the development of commercial applications and the restructuring of Swiss Re's service branch. He transferred to St. Galler Kantonalbank in late 1993 after assuming financial responsibility for Audatex, the international subsidiary group.

"It is crucial that this year we manage to consolidate the interests of banks, politics and regulators in the area of cross-border business."

settlement system of the European Central Bank, but only of the euro business. Currently, the ECB seems to want to exclude non-EU currencies, which would have a far greater impact on the pound than on the Swiss franc. If the British aren't part of the equation, the most important European financial marketplace is missing, and with it, a substantial volume of transactions. The pressure to include the pound and the franc will increase. Of course this would also include benefits, in that, for instance, all market participants would have the same level playing field. On the other hand, the payment processing would have to occur in central bank base money, which would limit the Swiss National Bank and the Bank of England in their monetary policy autonomy. It is a regulatory question worth asking whether the central banks would want that. And here is another sticking point: Today in Switzerland we have a competitive advantage with our value-added chain in francs, which would be leveled to a certain degree by the European solution. If the markets were to function the same everywhere, the economies of scale would play a much bigger role, which means that we would be at a disadvantage with our relatively small volume in Switzerland compared to the other countries. Additionally, technical conditions that could potentially conflict with our legal and regulatory autonomy could surface in such a system, which would significantly interfere with operations. Overall, this creates a very challenging situation with many interconnections and vast consequences.

How is the Swiss financial center strategy affected by the changed general conditions resulting from the financial crisis, the UBS tax case in the USA and the liberalization of the banking sector?

I strongly feel that the Swiss position was literally picked apart through these events in 2009. Part of this was through no fault of our own; part of it was self-inflicted. In my opinion, it's established that in some cross-border banking transactions the legal lines were crossed and obviously other countries' (regulatory) conditions were infringed upon. I'm assuming that we haven't seen the end of it yet. What was really bad in all that was that Switzerland didn't react to the legal pressure coming from the USA, but to the political pressure instead. It could further be observed that, obviously, some banks are ready to part with their clients when it gets precarious. Obviously, these are not exactly positive signals – neither for the short nor the long term – for a fund or investment management market that identifies itself through its political stability and independence. This is where I clearly perceive a weakening of our position. It is crucial that this year we manage to consolidate the interests of banks, politics and regulators in the area of cross-border business and focus them on one point. This is the only real way out of the corner Switzerland has ended up in over the past few months.

To take the same position is one thing; to implement it internationally, another…

Just because such a position has been formulated doesn't automatically mean that it is indeed possible to implement it; you're right in saying that. Obviously, there are countries bigger and more powerful than Switzerland. But I really believe that with an offer that can't be misunderstood we can get ourselves out of this awkward reactive role by communicating that we have learned from this situation and done our homework. That, in my perception, gives us a good opportunity to overcome today's situation.

One of the core elements for the financial center's aspiration is a modern, powerful, reliable and independent financial market infrastructure. In your opinion, to what extent will it take an operational or, if need be, a structural adaptation to the current demands of the payment traffic platform as part of this infrastructure?

I'm of the opinion that infrastructure adaptations in operational areas are continually needed in order for us to keep up to date and be able to meet current as well as future market demands. We are committed to that by means of our vision as a financial market infrastructure provider. For now, I don't see a compelling reason to change the structure of the payment traffic systems. There appears to be a need for action when it comes to connectivity between the financial institutions and SIX Group. Customer access to our infrastructure is relatively complex due to the fact that various communications protocols and security requirements must be taken into consideration. A harmonization could result in substantial savings, which, in turn, will amount to increased efficiency. To this end, we recently started the "Single Interface" project. A preliminary study should be available by the end of March, whereupon we will decide on a course of action.

In-sourcing of certain banking services that can be processed within the Swiss Value Chain is another current topic. In particular, mid-sized and smaller financial institutions approached us with inquiries regarding their wish to outsource services as long as the corresponding bank-side resources and infrastructures could be dismantled.

The card business is another area where we are heavily involved. Changes are pending, particularly in the area of small amount payments. Since the Cantonal Bank of Zurich no longer offers the Cash functionality on its new card series, the Cash card seems unappealing to the banks. The driving force behind a new solution currently being sought for this will be – and this I'm convinced of – its acceptance, and not the technical medium.

According to the financial center strategy, access to the EU domestic market was inadequate, particularly for the bulk business. What exactly does that mean? And have there been any improvements?

A Swiss bank, regulated in Switzerland by a regulator accepted by the EU, may not approach customers in Germany without having a branch in that country. That is a significant obstacle indeed, particularly since German banks can do business in Switzerland without any restrictions. Another example is businesses in the life insurance industry, which are not allowed to do business in the EU without having a regulated subsidiary there. The conditions for competition are therefore unequal. It seems safe to assume that Germany will not change this practice as long as the current tax debate is going on.

Harmonizing the European financial market is a very ambitious goal, in particular in light of the many different national regulations. This is true not only for the payment traffic but also to a greater degree for the securities area. When taking into consideration how thorny this path is, I am not very optimistic that we will achieve largely equal access to the EU domestic market. <

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Broadening participation in the giro, SIC and repo system

The Swiss National Bank (SNB) has decided to expand access for participation in the giro, SIC and repo system by January 1, 2010 to include specific marketplace participants without a banking or securities brokering license.

The purpose of the participants' pool expansion is to admit business partners that are contributing significantly to the SNB's task fulfillment without incurring additional risks.

Contribution to SNB's task fulfillment

This is based on the fact that during the financial crisis, the secured franc money market (repo market) aided substantially in maintaining stability. Admitting new categories of finance market participants to the repo system permits an additional shift from an unsecured towards a secured money market. Consequently, the liquidity of the secured franc money market is fostered and the financial system's stability and resistance to crises are increased. In addition, direct access by new participant categories in parts of the Swiss financial market infrastructure Swiss Value Chain reduces the concentration within the SIC system, thereby reducing liquidity, credit and systems risks within the payment system.

"They must meet the current standards for combating money laundering and terrorist financing and guarantee professional business practices."

Access for insurances and fund managers

The new business partners must be commercial participants in the financial markets and must be monitored by the Swiss Federal Market Supervisory Authority (FINMA) and/or the Financial Market Authority Liechtenstein (FMA). They must meet the current standards for combating money laundering and terrorist financing and guarantee professional business practices. Beyond that, they must use modern technologies to access the Swiss Value Chain and have appropriate resources and know-how concerning the functioning of these systems. If these conditions are met, insurance companies domiciled in Switzerland and Liechtenstein, as well as mutual fund companies operating in Swiss franc mutual funds, may participate in the repo system, as long as they conduct specific activities in the repo market.

Participation in the repo system requires access to the Eurex Repo exchange platform. In addition, the transaction processing participants are required to hold a SIX SIS securities account and an SNB sight deposit account that includes SIC access. Since the new participant categories aren't certified as securities dealers, they are not permitted to execute securities trades for regulatory reasons. Thus, access to Eurex Repo and SIX SIS is basically limited to the repo business for insurance and mutual fund managers. But they are permitted to an unlimited access to the SIC system. <

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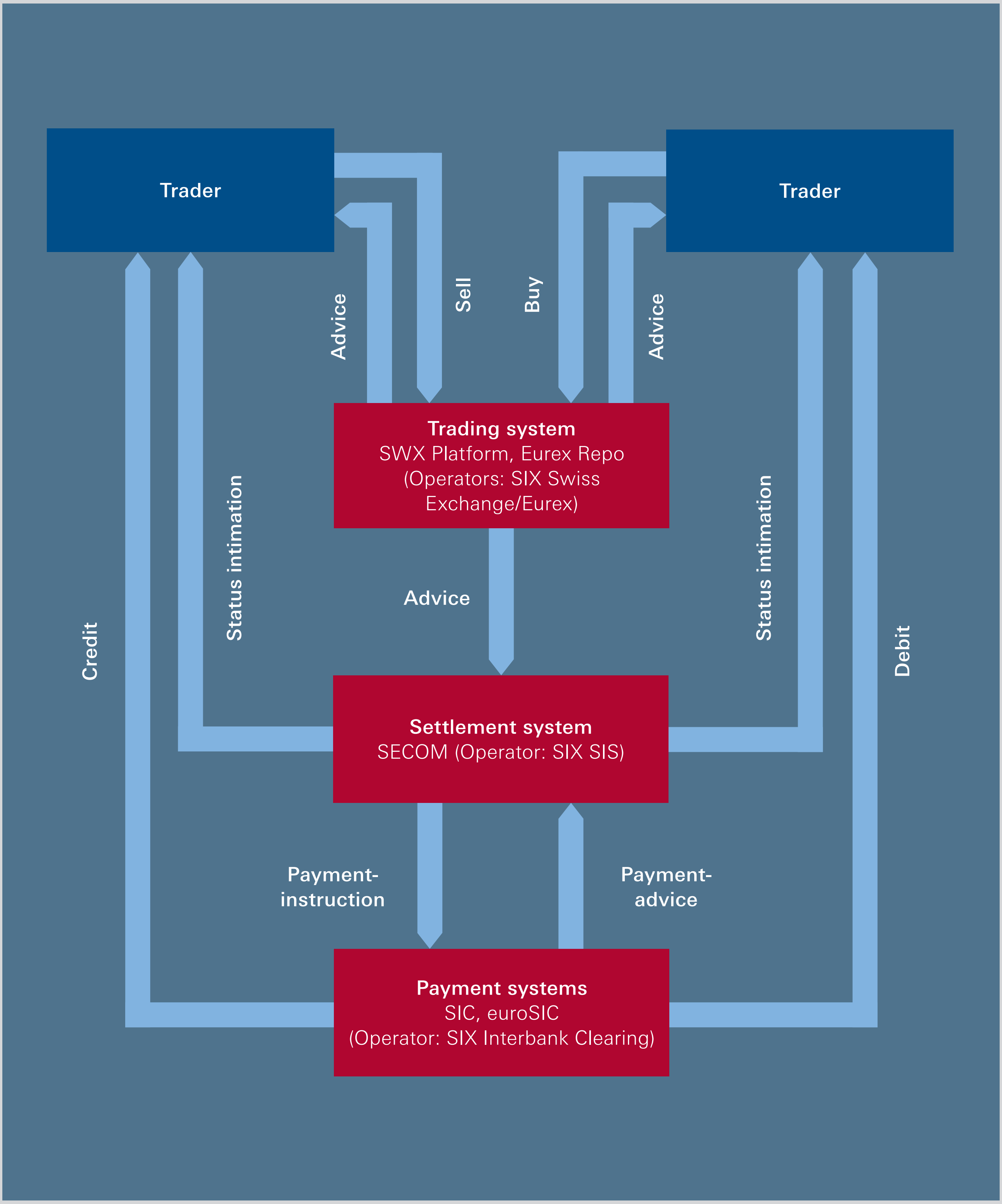
Swiss Value Chain
The Swiss financial market infrastructure



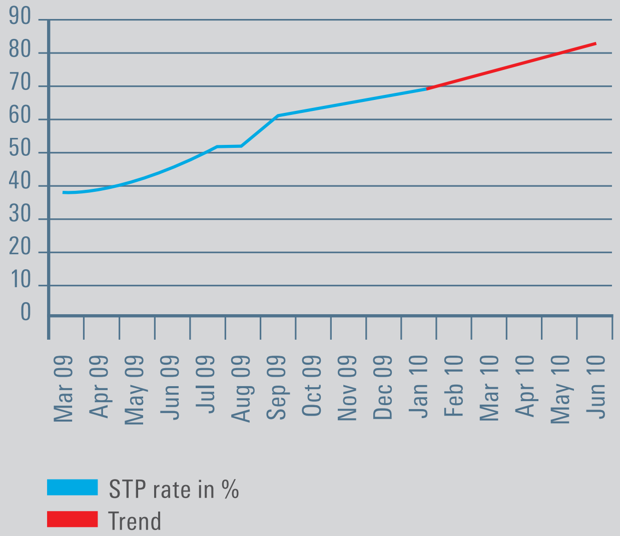
Source: Guided Tour of SIX Interbank Clearing

News from the payment traffic committees

The time invested by the Payments Committee Switzerland (PaCoS) in 2009 alone amounted to more than 500 work days for various standardization tasks concerning cashless payment traffic. Dozens of experts from the Swiss financial industry are involved in this and other national financial market payment traffic bodies. They will continue to have to grapple with permanent topics like the IBAN, SEPA, XML, and BCP, but with new challenges such as e-Payment issues, as well.

"Secure and efficient payment and settlement systems are an essential condition for economic growth." This remarkable statement by the Bank of England gets to the core. The various permanent Swiss bodies and working groups are focused on the diverse aspects of payment traffic topics. However, they all contribute to financial institutions being able to set up products and services in a timely fashion and to do so on solid and market-driven networked platforms while remaining focused on customer value. This fosters competitiveness in the financial center and economic progress.

SIC system STP rate



International Bank Account Number

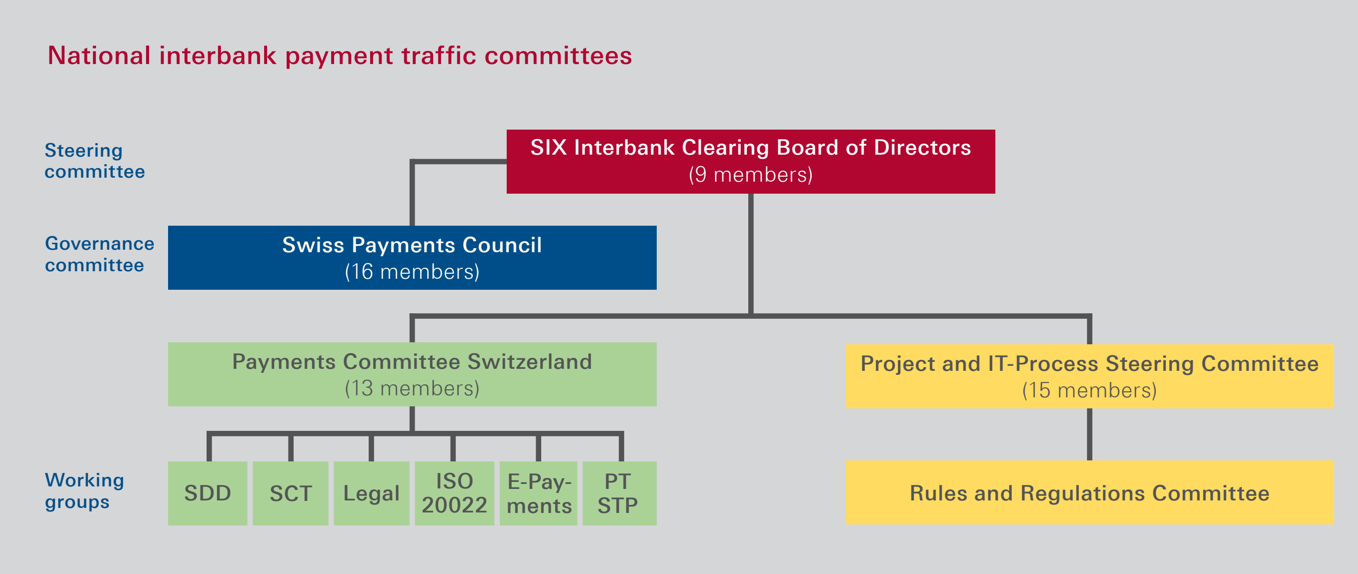
Back in the late nineties, the financial institutions recognized that the IBAN standard increases the level of automation (STP rate) and improves payment processing efficiency while at the same time lowering processing costs. Now, cross-border euro payments are processed at a nearly perfect STP rate by the euroSIC system, while the national payment traffic has some catching up to do. That's why for some years now, the committees have focused on the introduction of non-STP fees. At its last meeting in December 2009, the SIX Interbank Clearing Board of Directors decided to forego non-STP pricing at the interbank level for the next three years. This was based on the financial institutes' progress in the automated migration to the IBAN. Thus, in January 2010, the SIC system STP quote reached 68% – an upward trend (see chart).

Single Euro Payments Area

It is a modern service's trait to perform reliably and to continually remain "up to date" – technologically as well as functionally. To that end, the SIX Group companies continue to develop the SEPA Direct Debit Service. For one thing, the automation of up- and downloads of direct debits for financial institutions will be enabled during the second quarter of 2010. Furthermore, by November 2010, in addition to the SEPA Core, financial institutions will be able to have SEPA B2B direct debits processed.

XML ISO 20022

The first strategies for the XML implementation by Swiss financial institutions were already being developed ten years ago. Now, there are clear signs that this ISO standard will become accepted worldwide over the long term, even outside of payment traffic applications. In addition to the IT industry, the automotive, aviation and defense industries, plus medical engineering and e-government projects, are relying on the new messaging standard. The first specific payment traffic experiences resulted in the SEPA schemes which, as is well-known, obligate the participating banks



to issue their payments in the new ISO 20022 message type format. This EU perspective, in particular, acts as a catalyst for the Swiss financial market. Before a Swiss XML roadmap is decided upon by the payment traffic bodies, a deadline needs to be set for the migration of national systems to SEPA in Europe. Besides, the conversion should result in added value for all market participants in Switzerland. Thus, for the appropriate committees, this topic will remain a central agenda item for the time being.

Business Continuity Planning

The vulnerability of financial marketplaces to terrorist threats continues to be high. Beyond that, financial market infrastructures can be at risk of environmental disasters, software and hardware failures, hacker attacks or, in particular, financial crises. That's why, in order to prepare for an emergency, it is absolutely necessary to have emergency drills throughout the elements of the Swiss Value Chain this year, too. The emphasis is verifying the operational readiness of the third computer center with comprehensive proof, but also on a disaster drill at the main and backup computer centers. This is a contribution to the business continuity planning provided by SIX Group, the financial market infrastructure operator, the Swiss Financial Market Supervisory Authority (FINMA), the Swiss National Bank and the financial institutions. The main objective is the coordination of the crisis prevention and handling efforts of the individual national and foreign financial institutions in the area of operational risks and the strengthening of the operational resilience of the Swiss financial center. The Project and IT-Process Steering Committee is leading these efforts.

E-Payments

Up to now, our financial market has not had a uniform e-Payment standard. This raises the question of how Switzerland should act in view of the SEPA e-Payments Framework, which will be passed by the European Payments Council at the end of March 2010. Among other things, potential solutions for the Swiss financial center need to demonstrate how the cash flow process operates, and how security in e-banking is guaranteed at the debtor's financial institution. It goes without saying that potential Swiss solutions must be compatible with the SEPA schemes at a minimum; if possible, with worldwide ones, also.

Clearly, Switzerland is by no means a payment island. It's true that the challenges in payment traffic are of national significance, but they can't be resolved without coordinating with the international developments. In order for the highly dynamic payment flows to circulate efficiently and securely worldwide, the international network of financial market place infrastructures must be characterized by standardized processes. By harmonizing the TARGET2 and TARGET2-Securities EU financial market infrastructures, for instance, European security processing will become increasingly efficient. This also affects the Swiss Value Chain, whose systems are connected with these foreign platforms; for example, when repo transactions are processed in foreign currencies. In light of this, it might be worth considering whether perhaps matching hours of operation of the various systems might be beneficial. <

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German/Austrian/Swiss working group cooperation proves successful

For almost two years now, an informal working group comprised of German, Austrian and Swiss representatives has been meeting regularly to address the harmonization of ISO 20022 payment message standards to be implemented for German-speaking countries.

Currently, payment traffic is undergoing various adaptations within the Single Euro Payments Area (SEPA) through new services that build on the new processes and data standards. The SEPA processes for transfers and direct debits are using new data standards based on the ISO 20022 payment messages. Among other things, these standards define the specific expression options of individual XML messages within the customer/bank and bank/bank relationships. In addition to the definitions pertaining to credit transfer and direct debit, those relating to cash management (statement, debit and credit notifications) and status reports are included, as well.

The specific design and implementation of processes and data standards is executed at a national level. What matters here is to define specific regulations and detailed implementation guidelines and to communicate them nationally. In Switzerland, this is the responsibility of the three working groups 20022 Payments CH, Implementation Guidelines and PaCoS (Payments Committee Switzerland) SEPA Direct Debit (first results have been published and can be found at www.iso-payments.ch). In Austria, these directives are developed by STUZZA, the Society for Payment System Research and Cooperation, under the auspices of the APC (Austrian Payments Council), and in Germany by the ZKA, the Central Credit Board, comprised of the five top German finance industry organizations.

In July 2008, an informal working group of the three German-speaking nations was founded with the intention to harmonize the processes in those three countries, to identify potential synergies, and to ensure that the national definitions of these points correspond, leading to cost savings both during the implementation at the financial institutions and for their customers. Furthermore, topics and important suggested improvements for processes and data standards could be coordinated and presented to the appropriate EPC (European Payments Council) and ISO (International Organization for Standardization) committees.

The German/Austrian/Swiss (D/A/CH) ISO-20022 working group is currently comprised of representatives from the following organizations:

- Switzerland: SIX Interbank Clearing
- Germany: Association of German Banks (Bundesverband deutscher Banken) and DSGV (Deutscher Sparkassen und Giroverband)
- Austria: STUZZA (Society for Payment System Research and Cooperation)

This particular configuration guarantees that issues presented by specific national working groups can be submitted and discussed promptly.

Based on the very positive results, the importance of this configuration has kept increasing since the first meeting and there are three two-day meetings planned for 2010, with the first one scheduled in Zurich in early March. Topics for this meeting will include: corresponding definitions both for SEPA credit transfers and all other types of cross-border payments; harmonizing accounting transaction codes; extent and content of statements; definitions concerning the SEPA direct debit scheme; and information about the procedures in the e-mandate, e-payments, maintenance and release management areas of the established national definitions. After the meeting, the recommendations will be duly published on a joint web site. <

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New SWIFT architecture proves productive

With the opening of the SWIFT computer center in Switzerland at the end of 2009, payment messages from Switzerland are no longer stored in the USA unless the counterpart account is in the USA.

After the 9/11 terror attacks in 2001 on New York and Washington, SWIFT found itself at the center of the fight against terrorism. In selected cases, US government agencies gained access to SWIFT data. However, this fact only became public in mid-2006, and it triggered discussions in Europe and Switzerland. The Swiss Bankers Association, parliament and banking working groups focused on the topic for reasons of data privacy protection and banking secrecy. Ultimately, it became apparent that messages that pertain to customer transactions leaving the bank, and in particular the Swiss territory, cannot be protected from agency access. Additionally, the ordering and the benefiting party are to be clearly declared in international payment traffic today. Thus, this past year, banking customers were informed about these potential "information risks."

Data storage in the USA, the Netherlands and...

Until now, SWIFT has pursued a dual computer center strategy: Processing – in particular, data storage – occurred in parallel in the USA and the Netherlands. Between 2000 and 2009, SWIFT experienced a massive increase in volume from approximately 5 million to 15 million messages per day due to growth in the financial sector, increasing standardization, and because various diverse national clearing and settlements systems switched over to SWIFT. This growth brought with it a need for heightened security, which, in turn, led to an upgrade to three computer centers. At the same time, problems with data storage in the US were defused. It's conceivable to install a fourth computer center in the Far East at some time in the future.

...in Switzerland

Appropriately, SWIFT created a transatlantic zone with participants predominately from the USA, as well as a European zone with those from Europe and Asia (see chart). The SWIFT Board decided in 2007 to install a third computer center in Switzerland. This decision is not related to the data protection issue or to the national privacy philosophy, but instead is the result of a compromise and proof of the value of Switzerland's central location. The press was informed thereafter – a tad prematurely, as it turns out – that SWIFT was planning to settle in the canton of Thurgau. In the face of the current unfavorable business and economic climate, SWIFT hasn't quite made the actual decision; for the time being, the space is just rented. Contrary to what some believed, nothing changes in terms of data protection for the Swiss financial center: All data stored at the local computer center are stored symmetrically in the Netherlands. All SWIFT participants migrated to the new architecture by the end of 2009, and the system is operating flawlessly.

The USA/Europe agreement

In November 2009, the USA and the EU signed an agreement covering the exchange of SWIFT data for the suppression of terrorism. This exchange occurs only in very specifically defined cases and processes and in no way signifies automatic and open access for the authorities. As a result of this international agreement, SWIFT will not find itself caught between the different sets of laws (US subpoena versus EU data protection) – a big advantage indeed. <

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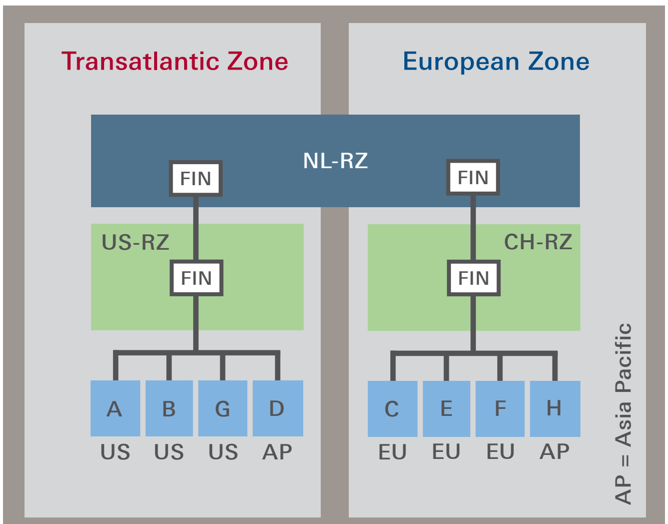

Source: SWIFT

New continuing education for banking successfully established

Towards the end of 2004, the Swiss Bankers Association (SBA) introduced a change within the banking and finance-related continuing education system. The first Swiss Finance Institute graduates in Banking Economics successfully completed the new course of study in October of 2009. During the program, payment traffic topics were also imparted using a hands-on approach.

The Swiss Finance Institute – a Banking and Finance Academy – is supported by the SBA and AKAD (a Swiss Institute specializing in continuing education for adults) nationwide and in the three national languages. It has replaced the previous system of professional and higher level banking qualifying examinations (the federal banking qualifying examinations at certification and graduating levels) and should be understood as an alternative to a university education.

The three-year Banking Institute course, which is taken in addition to a regular working schedule, is intended primarily for people that have completed the three-year banking apprenticeship. The ultimate goal of this new study course, including hands-on curricula, is to provide alumni with the skills to independently take on customer and consulting-oriented banking and financial leadership responsibilities.

In comparison with the professional and advanced banking and finance exams, where structure, organization and contents are controlled strictly by means of exams, this academy can better foster task-based learning, since in addition to banking and finance specifics, methods and social competencies are taught and qualifications are earned. The SBA is ensuring national quality assurance for the courses as well as a Switzerland-wide, uniform learning design based on student accountability.

Due to the Academy's uniform educational approach, post-apprenticeship studies and continuing education in the areas of banking and finance could be more accessible. In particular, educational opportunities in industry-specific technical schools were created on a national level and conditions for recognition were created at an international level.

Learning area "Banking Operations"

In "Banking Operations", one of four learning areas, the topics of securities and payment traffic are addressed in depth, with 16 in-class lessons dedicated to payment traffic, containing such elements as payment traffic products, formal and legal standards, payment systems, Financial Action Task Force (FATF) on Money Laundering, scoring systems and investigation. The students, most of whom are not originally from the banking operations area, are taught how to solve real-life problems using exercises and case studies that convey aspects of central payment traffic. The instructors, who work for the Academy in parallel with their professional activities, usually come from banking operations departments at financial institutions, or from organizations offering operations services for banks.

Experiences gained from the first course

With the certification of the first class at the end of October 2009, we can look back at the first complete education cycle and upon a time of intensive program formation. Thanks to the feedback consistently obtained from students and teachers, the occasional bugs could be worked out, leaving us with a very high-quality, real-life education course.

In particular, the experiences with the new learning design, intended to foster networked thinking and autonomous learning by the students, are very positive indeed. Supporting hands-on competence and active learning skills lies at the center of this educational model, superimposed over the traditional exam-learning focus.

Just a few short weeks after the first batch of graduations, we have learned from banks' feedback that some of our alumni have already been assigned and/or took on more challenging responsibilities. In addition, the high level of real-life connectedness achieved by this education, and especially the ability of the Academy's alumni to apply what they learned in theory to real-life situations, is deeply appreciated.

The HFBF already has an established place in the bank training environment and there are currently 1,200 students at nine different locations in all three language regions of Switzerland enrolled in courses. This is also supported by a survey among students of the third academic year: 93% recommend the HFBF. <

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Graduates during the HFBF Academy graduation celebrations in October 2009, Kursaal, Berne.

Learning areas

- General (strategy, business/corporate policy, industry development, trends, corporate governance, organizational structures, corporate communication, quality management, etc.)
- Financing (credit market, credit processes, business customer credits, customer and management processes, investment banking, etc.)
- Investment (financial markets, securities, emissions, stock exchange, money market, portfolio management, investment policies, financial planning, financial security, taxes, etc.)
- Banking operations (payment traffic products, treasury, money market business types, securities industry, clearing, settlement, corporate actions, repo transactions, etc.)

Additional information at www.hfbf.ch.

Learning design at the Academy HFBF

The core of the course lies in a blended learning approach. The learning topics are developed individually and are acquired during self study by the students, using specifically developed teaching materials. Information thus gained is expanded on and training is provided using appropriate exercises during periodic classroom lectures. The students are networked via a learning room and supported in their self-studies by specially trained tutors. Knowledge transfer applications at work allow students to implement the newly acquired knowledge in real-life situations.

Masthead

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