

## **Philipp Hildebrand: The Swiss National Bank's monetary policy strategy in the financial crisis**

Summary of a speech by Mr Philipp Hildebrand, Chairman of the Governing Board of the Swiss National Bank, at the University of St. Gallen, St. Gallen, 23 March 2010.

*The complete text in German can be found on the Swiss National Bank's website ([www.snb.ch](http://www.snb.ch)).*

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To contain the financial crisis, central banks all over the world have chosen to take advantage of the room for manoeuvre afforded by their monetary policy strategy. The major central banks were only able to act in a flexible way – at least in part – due to their high degree of credibility with regard to their goal of pursuing price stability. The monetary policy strategy of the Swiss National Bank (SNB), too, has made it possible for the Governing Board to take conventional and unconventional measures to counter the crisis.

The SNB's approach has proven viable in the crisis. But this does not mean that we can sit back now. We must first find ways to withdraw smoothly from the measures taken to contain the crisis. In addition, we need to be sure that the Swiss economy is back on a sustainable growth path. After all, the crisis has shown that imbalances in the global financial system can occur even in an environment of price stability and macroeconomic stability.

The main way to counter imbalances in the financial system is through better regulation. Furthermore, central banks should seriously consider the question of whether they need to intervene when risks in the financial system increase as a result of strong credit growth and an easing of lending conditions. Credit aggregates are part of the SNB's monetary policy strategy, and the National Bank monitors their development closely. However, the SNB's main aim is and will continue to be the maintenance of price stability.