

Philipp Hildebrand: Lessons from the financial market turbulence

Summary of a speech by Mr Philipp Hildebrand, Vice-Chairman of the Governing Board of the Swiss National Bank, at the Jefferies prize-giving ceremony, Zurich, 27 August 2008.

The complete speech can be found in German on the Swiss National Bank's website (www.snb.ch).

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The current financial crisis is probably the most complex since the 1930s. The extent of international cooperation in overcoming it is greater than ever before. An important part in these activities is being played by the Financial Stability Forum (FSF), which was founded in 1998 and to which Switzerland has belonged since 2007. Six months after the start of the crisis, in April 2008, the FSF published a series of recommendations for enhancing the resilience of the international financial system.

There are three main advantages to cooperating internationally in this way. First, it is easier to focus more clearly on identifying solutions. Second, it ensures that particular attention is paid to maintaining a level playing field when establishing regulatory measures. Third, it creates considerable pressure for any recommendations issued to be implemented in practice.

The current crisis has shown that the Swiss banking system remains vulnerable to major shocks. As part of its statutory mandate to contribute to financial stability, the SNB has been monitoring developments since the start of the crisis very carefully. The lessons learned by the SNB from the crisis tie in with the recommendations of the FSF. For the SNB, the focus is on measures that reinforce the long-term resilience of our financial system with a view to future financial market crises.