
Bank funding costs: latest developments from a monetary policy perspective

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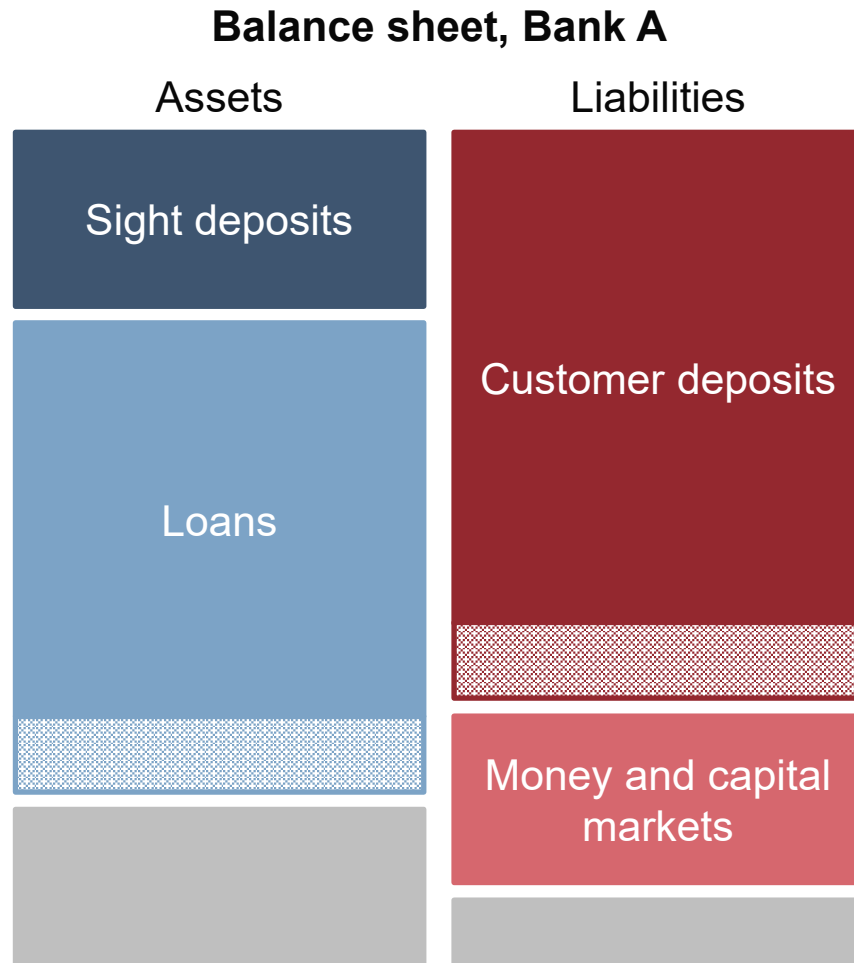
Money Market Event, Geneva

13 November 2025

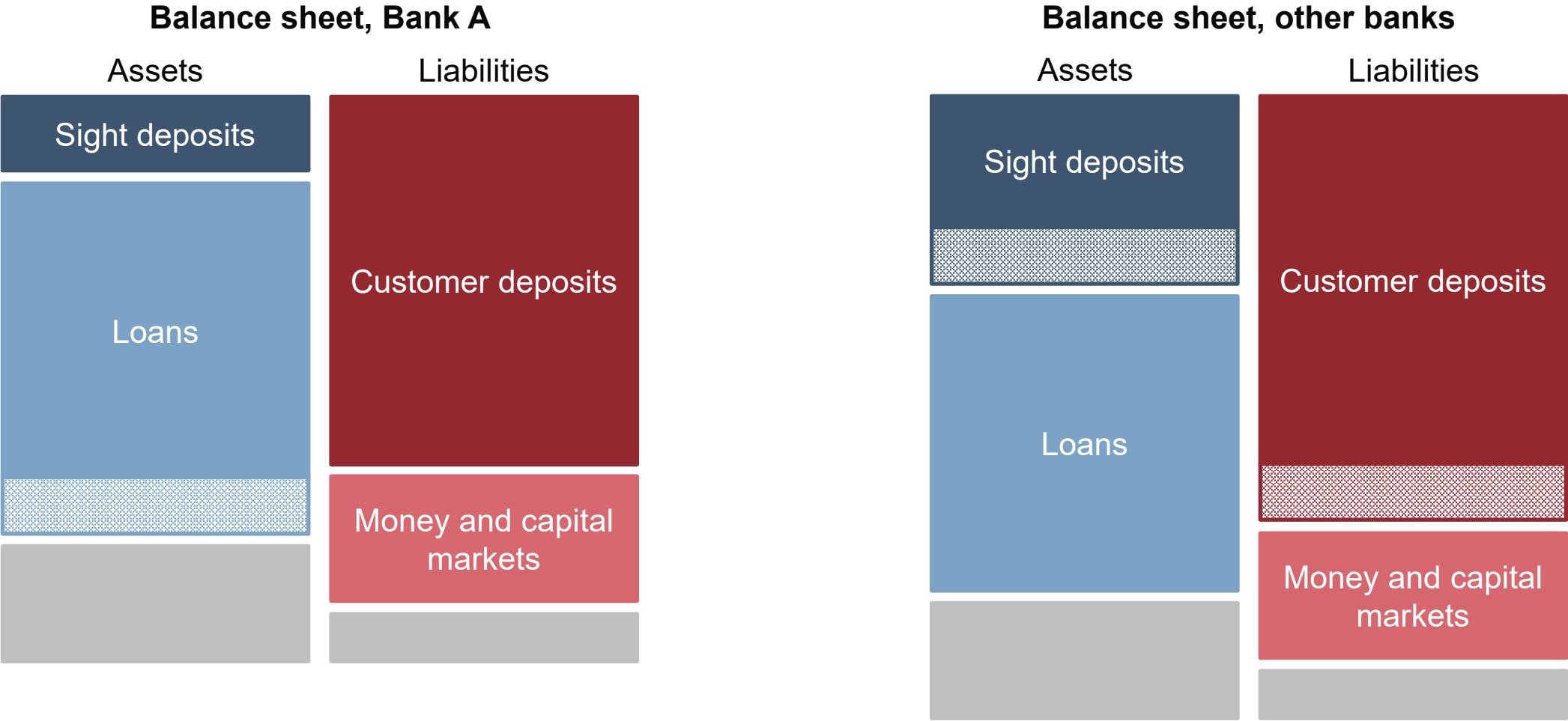
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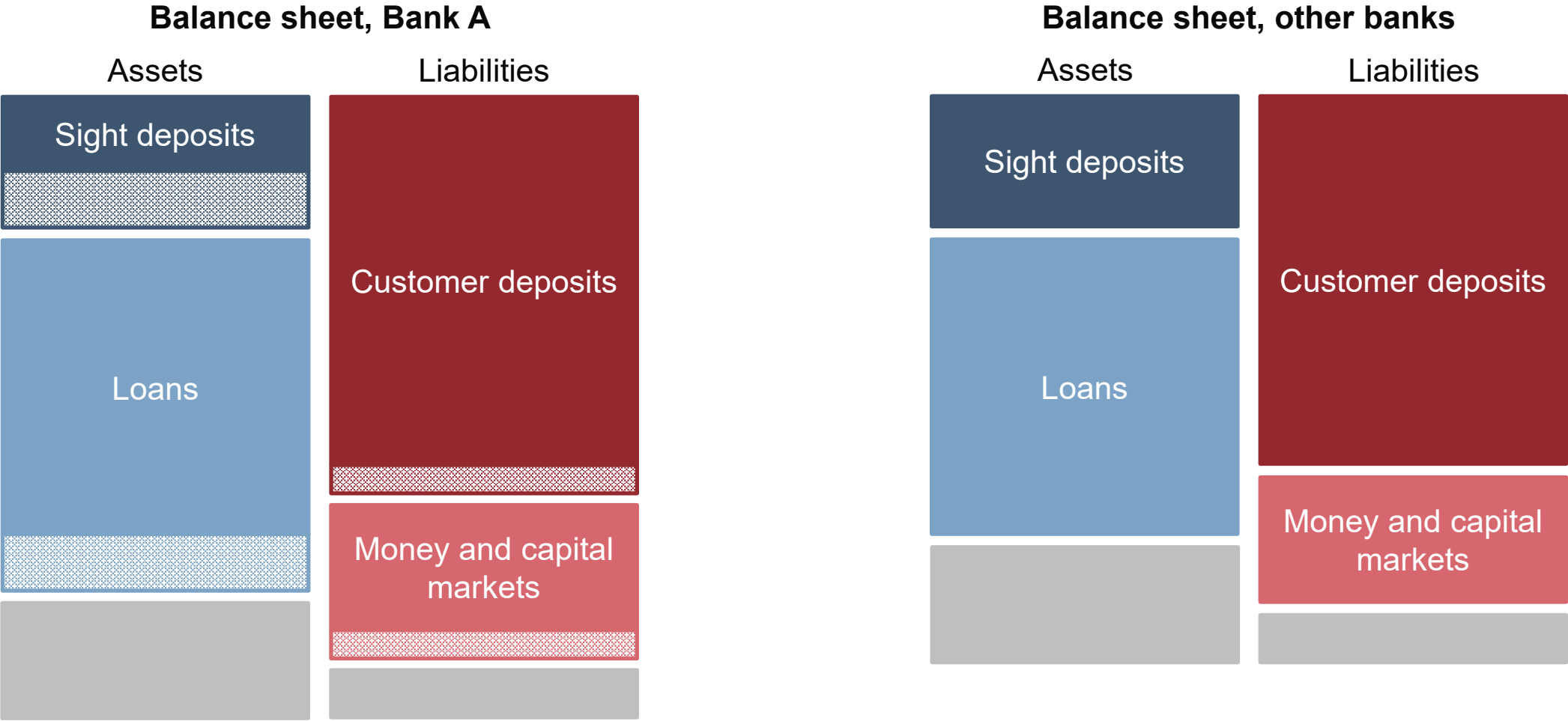
Funding in the financial market: lending creates customer deposits



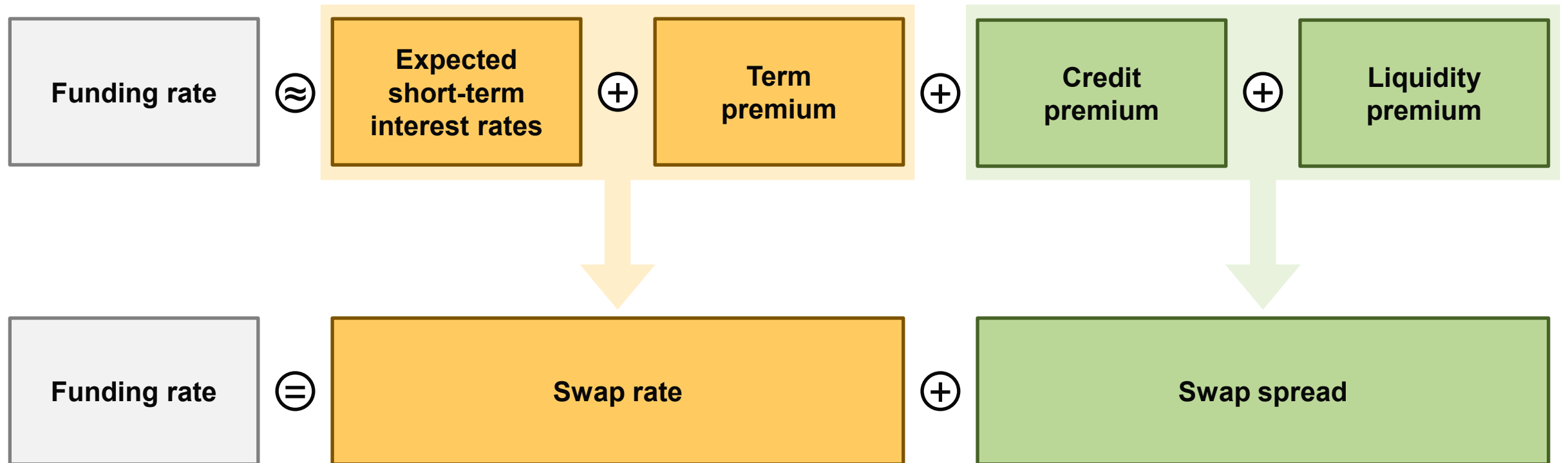
Funding in the financial market: loan use leads to liquidity outflow



Funding in the financial market: supports a balanced funding profile



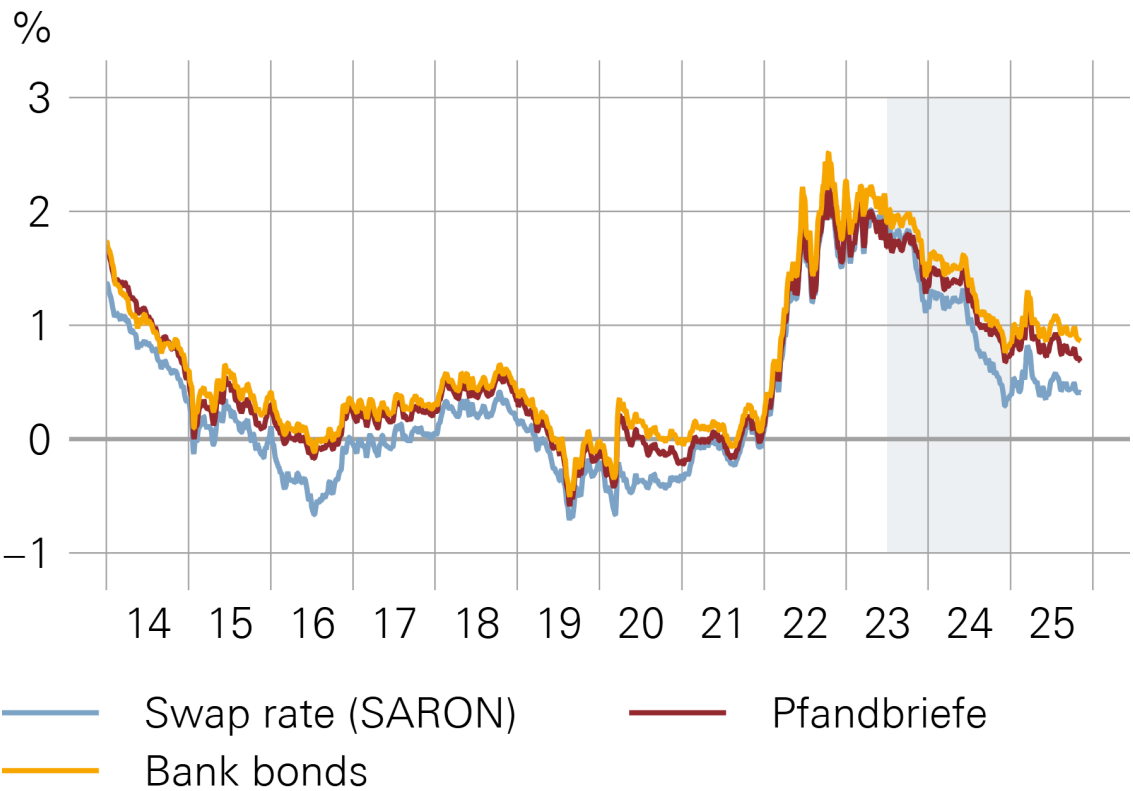
The swap spread as a measure of funding costs



Yields on bank bonds and Pfandbriefe fell less sharply than swap rates between mid-2023 and end-2024

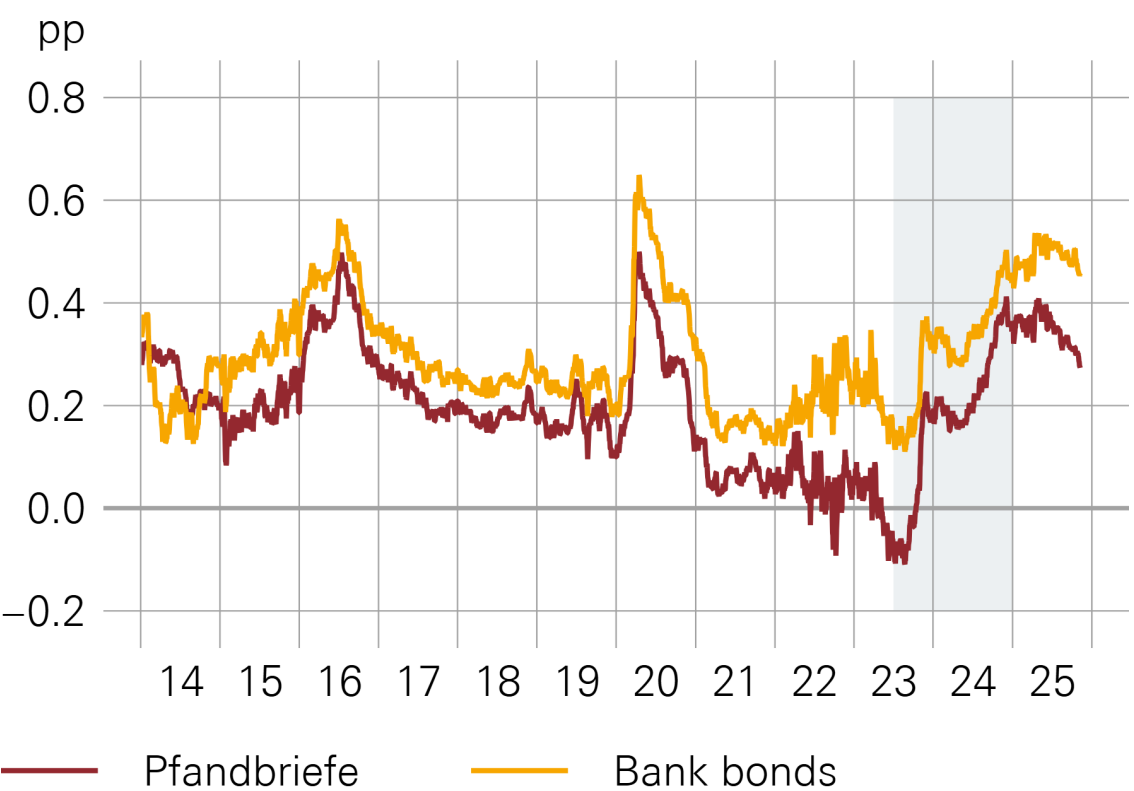
CAPITAL MARKET INTEREST RATES IN CHF

10-year terms



CAPITAL MARKET SPREADS IN CHF

Bond yield minus swap rate (10-year terms)



Source(s): Bloomberg, SNB

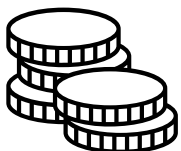
Three explanations for the increase in funding costs



Rise in government bond yields relative to swap rate



Structural change in Swiss banking centre

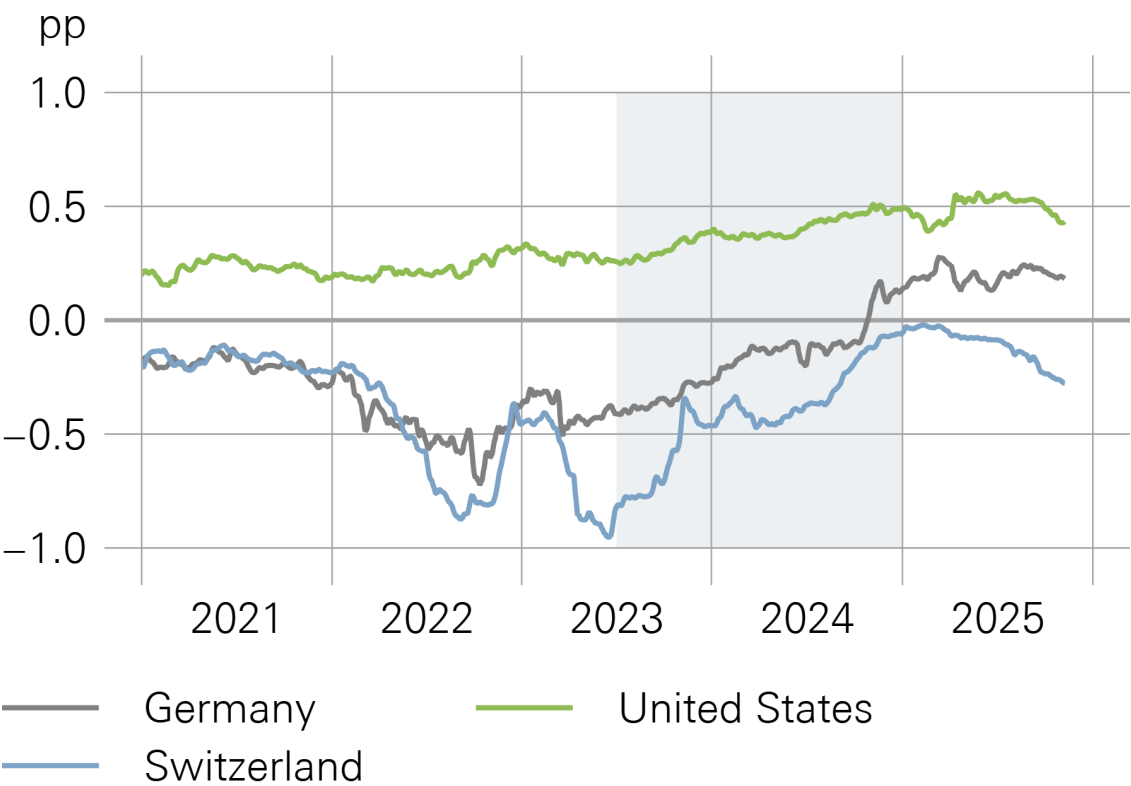


More challenging liquidity management

The rise in government bond yields relative to the swap rate has passed through to the Swiss franc capital market

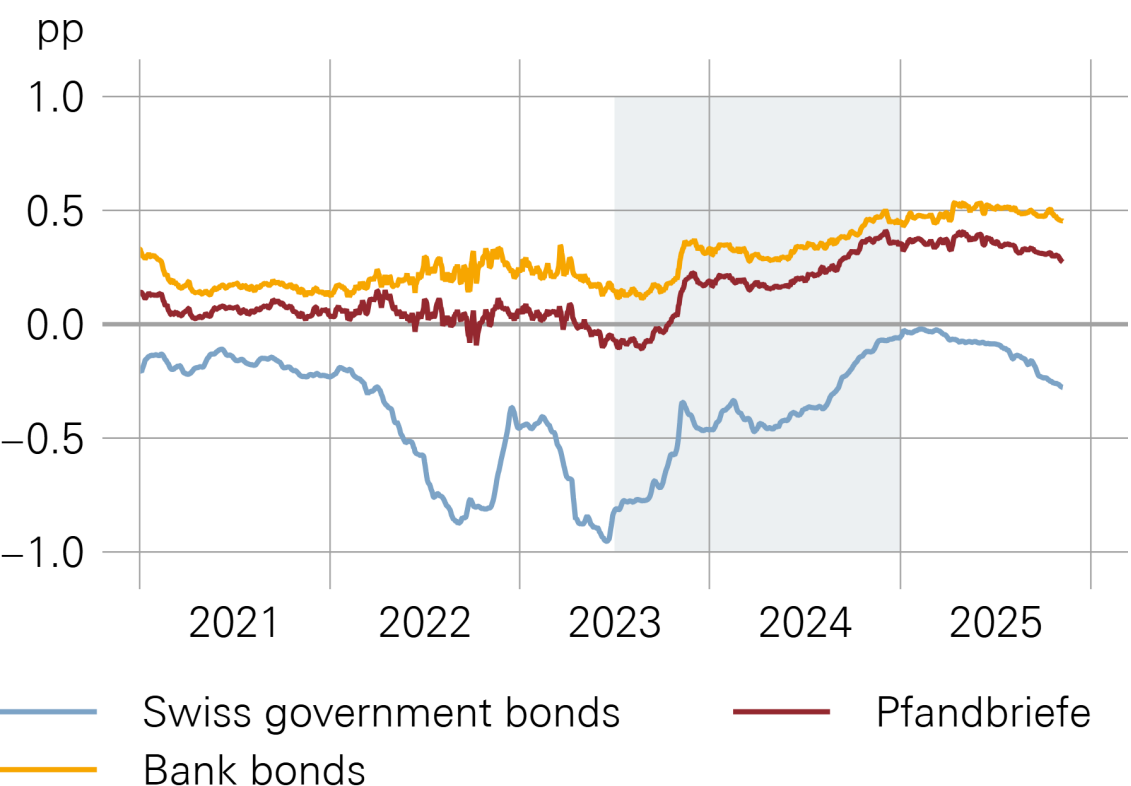
GOVERNMENT BOND SPREADS

Bond yield minus swap rate (10-year terms)



CAPITAL MARKET SPREADS IN CHF

Bond yield minus swap rate (10-year terms)



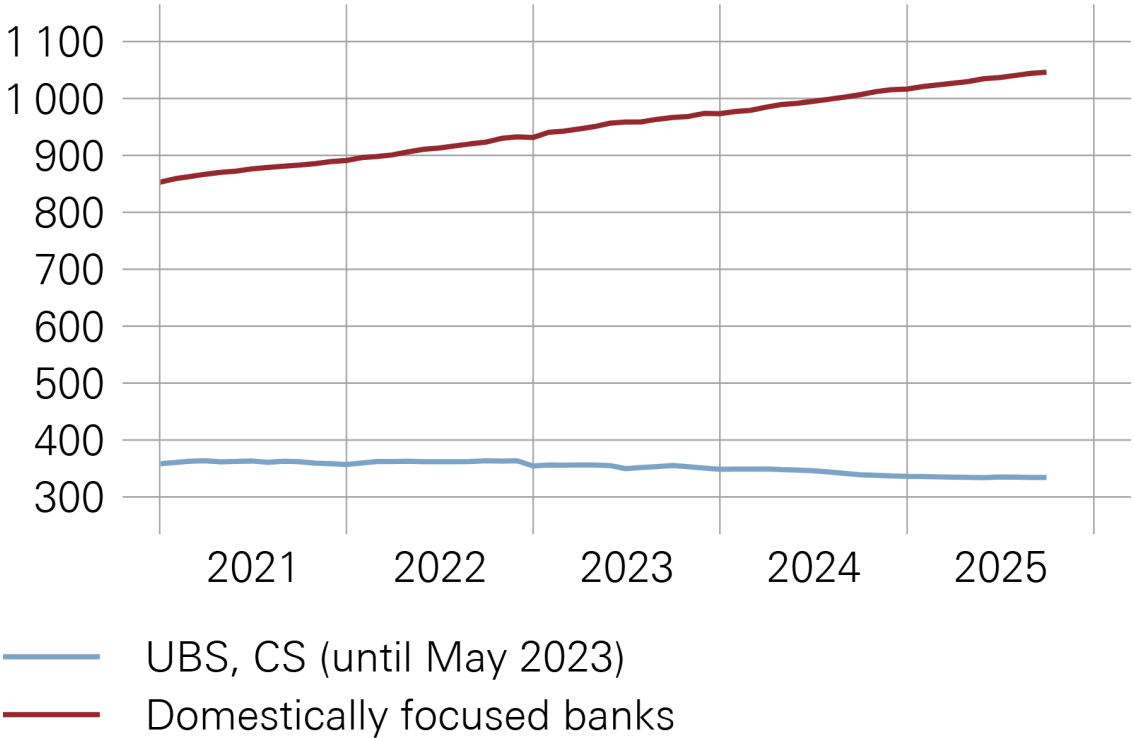
Source(s): Bloomberg, SNB

Funding needs in the Swiss capital market have increased as a result of the Credit Suisse acquisition

CREDIT VOLUME

All currencies

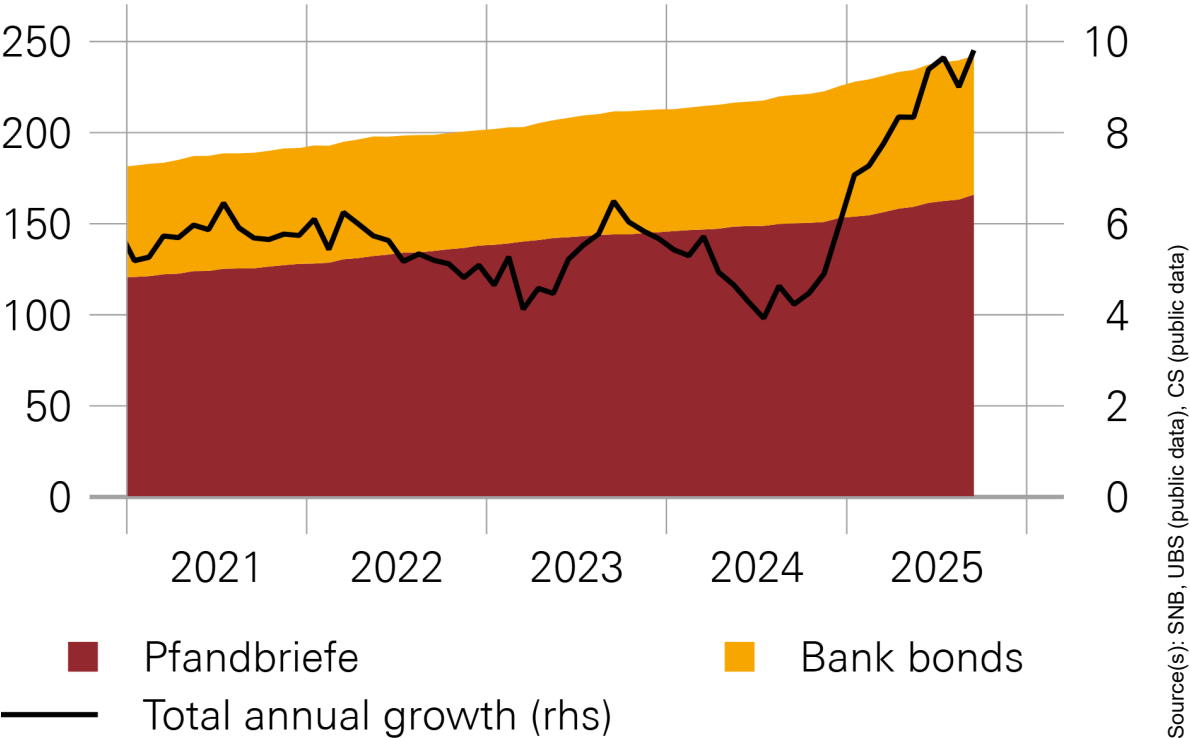
In CHF billions



FUNDING IN SWISS CAPITAL MARKET

Domestically focused banks, all currencies

In CHF billions

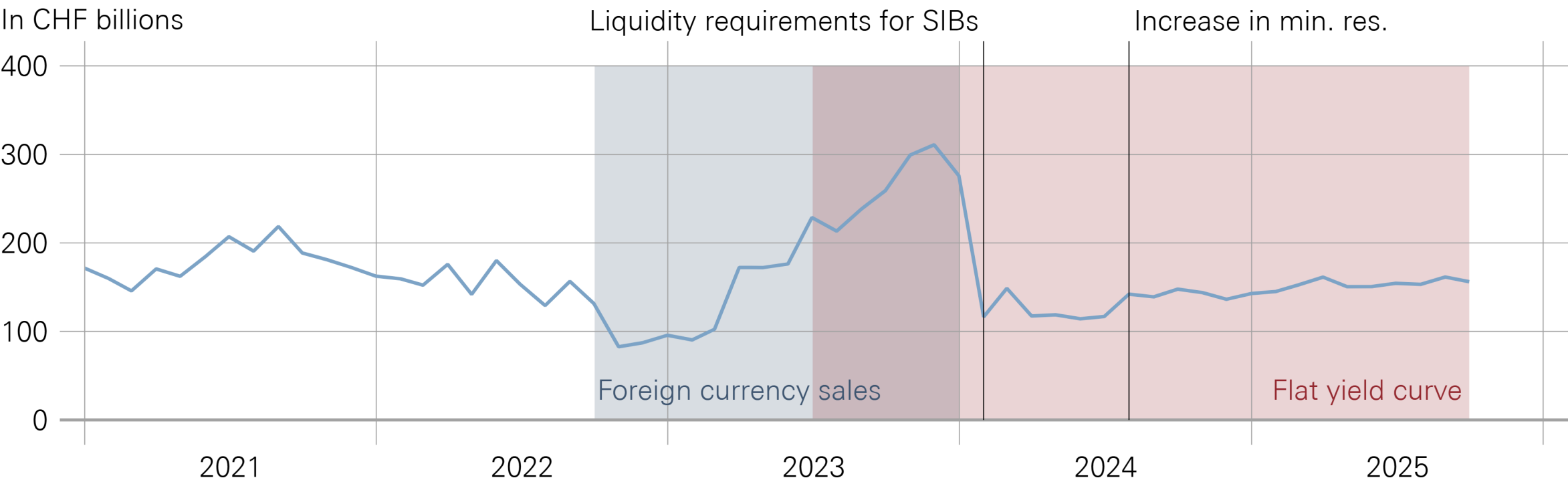


The banks have preserved their liquidity buffers in a more challenging liquidity environment



HQLA SURPLUS

Switzerland, LCR-based, all currencies

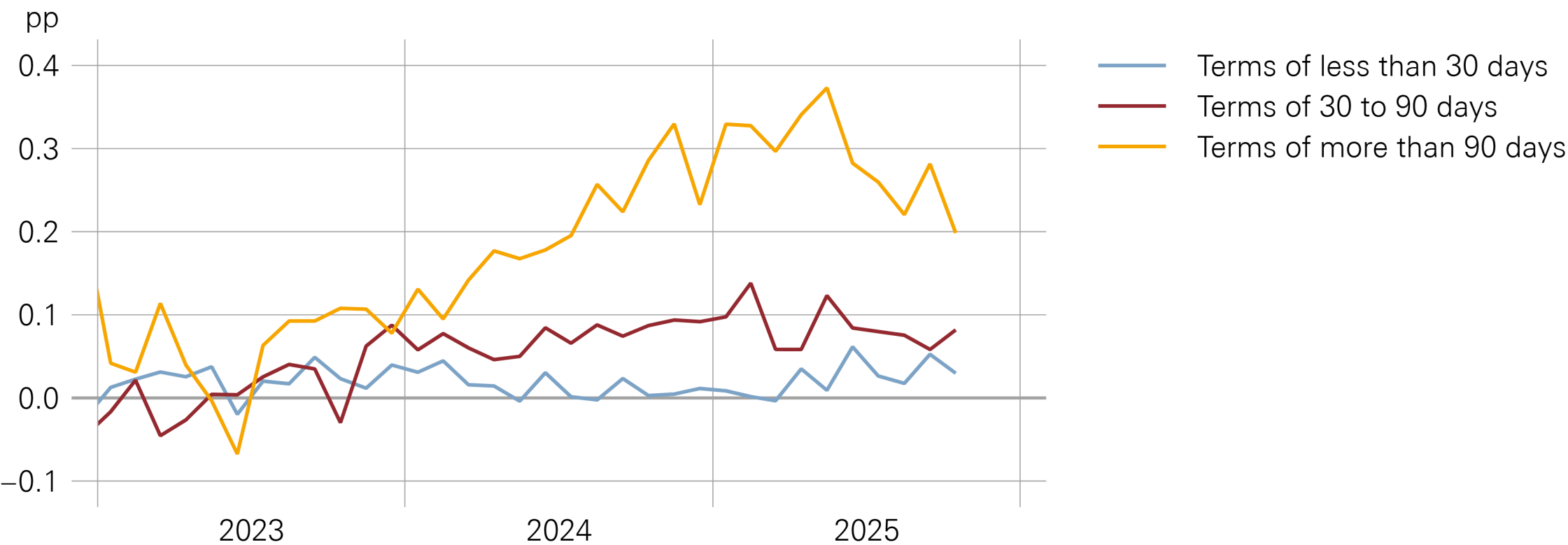


Takes into account assumptions for internal liquidity buffers above the regulatory minimum requirements.

The increased demand for long-term funding has led to a rise in swap spreads in the unsecured money market

UNSECURED SWISS FRANC MONEY MARKET SPREADS

Interest rate minus swap rate, monthly average



Source(s): Bloomberg, Gottex Brokers, Instimatch, SNB

The banks are reacting to the developments; however the necessary adjustment processes are demanding and take time



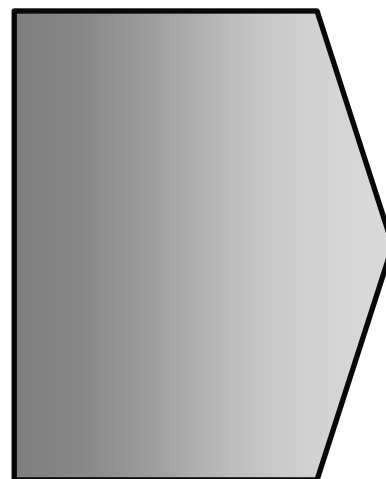
Rise in government bond yields relative to swap rate



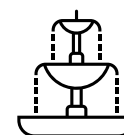
Structural change in Swiss banking centre



More challenging liquidity management



Opportunities for new market participants

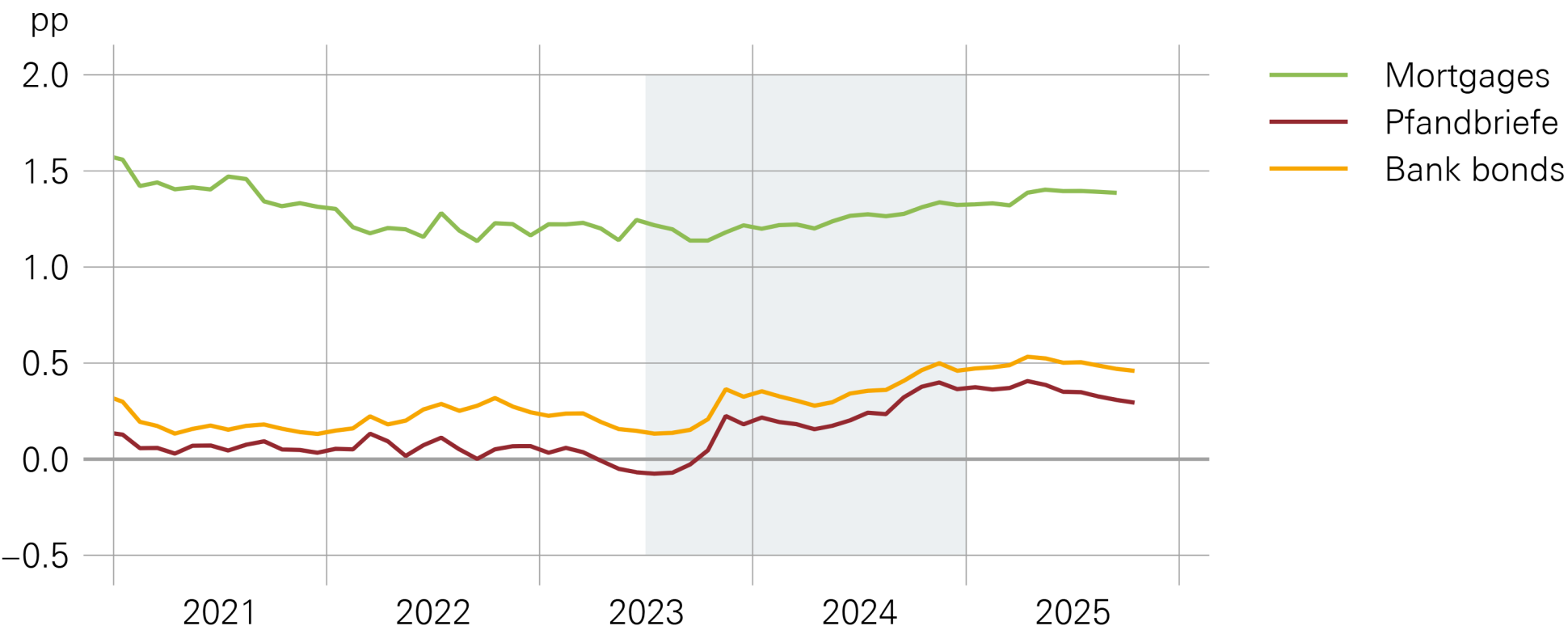


Accessing new sources of funding

Mortgage rates have also risen relative to the swap rate

MORTGAGE AND CAPITAL MARKET SPREADS

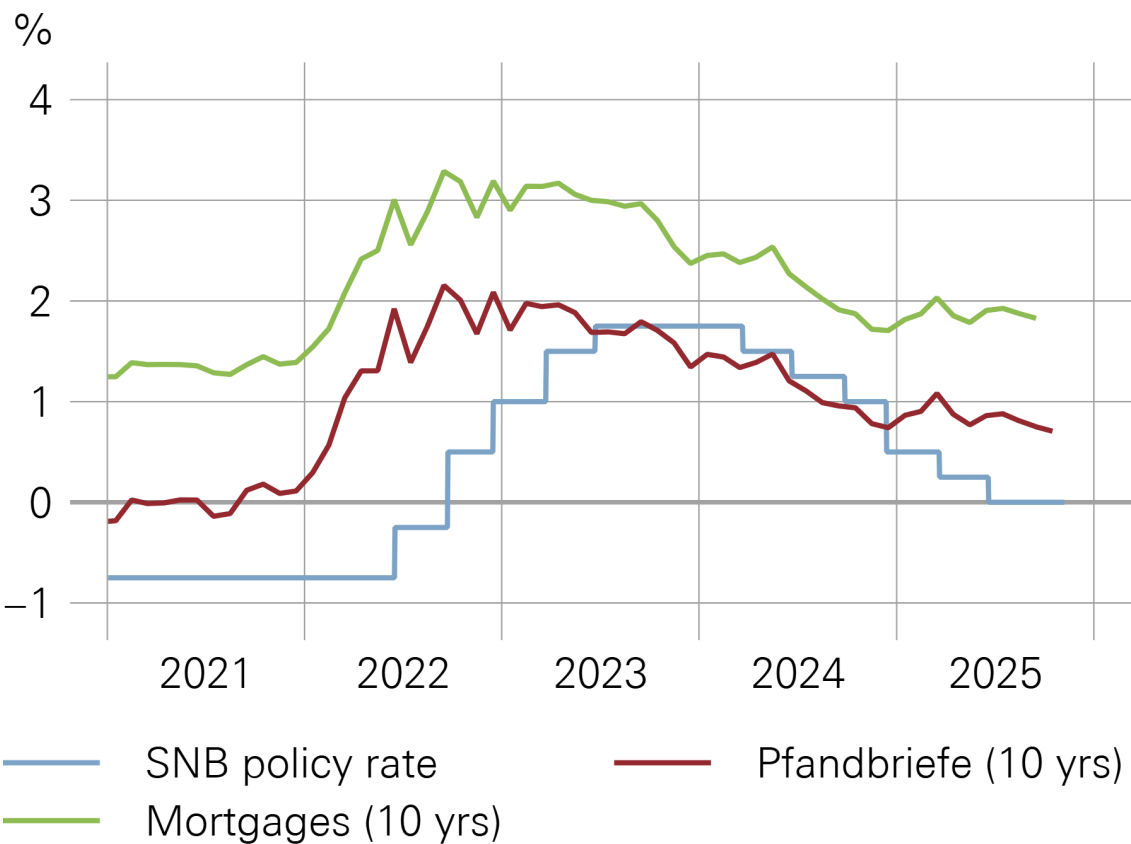
Interest rate minus swap rate (10-year terms)



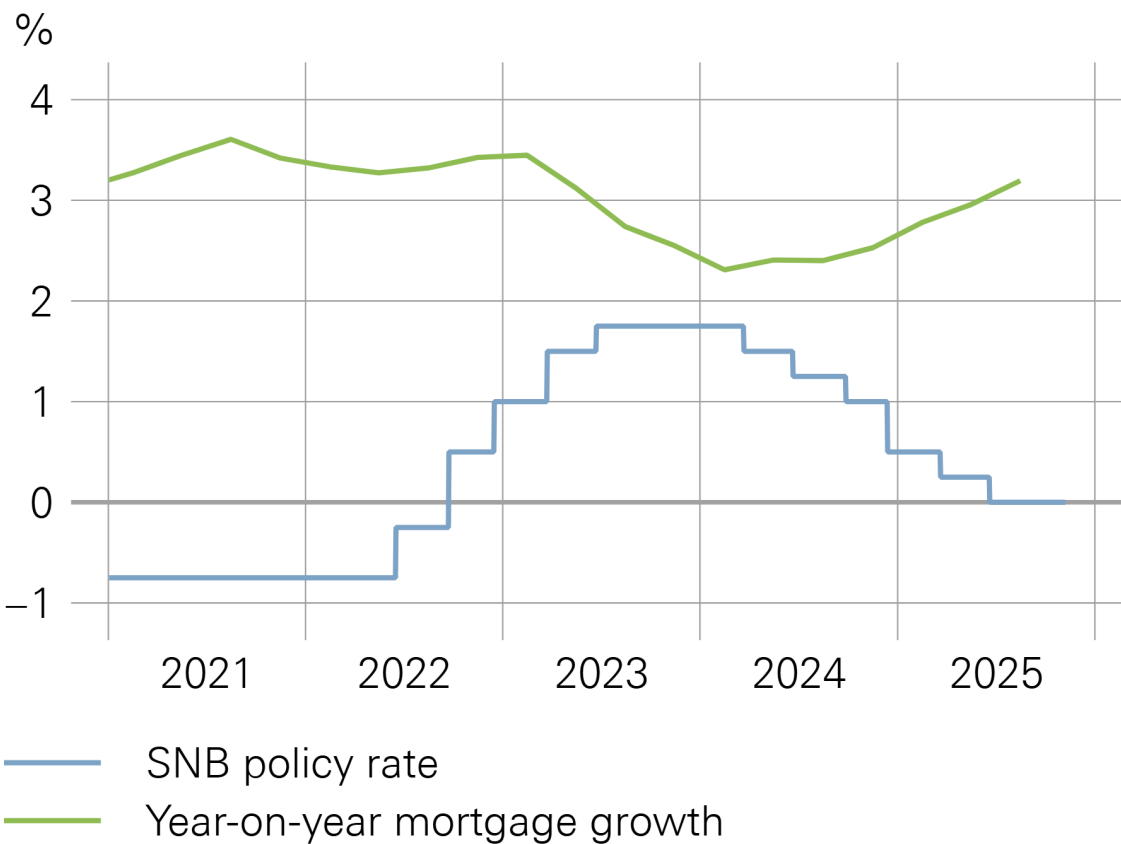
Source(s): Bloomberg, SNB

Monetary policy transmission via the credit markets is working

TRANSMISSION TO INTEREST RATES



MORTGAGE GROWTH AND SNB POLICY RATE



Source(s): Bloomberg, SNB

Thank you for your attention

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