

Martin Schlegel: The path to the monetary policy decision at the Swiss National Bank

Keynote speech by Mr Martin Schlegel, Chairman of the Governing Board of the Swiss National Bank, at the conference "The SNB and its watchers", Zurich, 21 November 2025.

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[Presentation](#) accompanying the speech

At its monetary policy assessment in September 2025, the Swiss National Bank decided to leave its policy rate at 0%. The SNB also indicated that it remains willing to be active in the foreign exchange market as necessary.

The SNB makes monetary policy decisions, such as that taken in September, at its monetary policy assessments. These take place in March, June, September and December.

Every decision is based on the SNB's mandate, which is to ensure price stability while taking due account of economic developments. The monetary policy strategy provides the framework for monetary policy decision-making. In it the SNB sets out its definition of price stability, namely an inflation rate of between 0% and 2%. The SNB seeks to keep inflation within the range consistent with price stability over the medium term.

The monetary policy decision-making process is divided into two phases: the preparation phase and the monetary policy assessment phase. Shortly after the completion of a monetary policy assessment, the preparation phase for the next decision, during which economic developments are monitored and analysed, begins. Around the middle of the quarter, an interim assessment takes place. Economists from the Economic Affairs division report to the Governing Board on economic developments since the last monetary policy assessment and on whether the forecasts made at the last monetary policy assessment are still valid.

The preparation for the monetary policy decision involves numerous staff members from across the SNB. The economists from the Economic Affairs division play a key role. They analyse data using statistical methods and develop forecasting models. In addition, each quarter, structured talks are held with around 250 Swiss companies whose economic situation is surveyed.

Around two weeks before the monetary policy assessment the economists from the Economic Affairs division hold intensive discussions with the Chairman of the Governing Board and his deputies. Economic developments abroad and in Switzerland, as well as monetary indicators such as interest rates, exchange rates, monetary aggregates and loans, are also closely scrutinised. The economists then prepare the documentation for the monetary policy assessment. The Money Market and Foreign Exchange as well as the Financial Stability divisions also prepare assessments of the current environment for the Governing Board. This concludes the preparation phase.

The monetary policy decision-making process is the same every quarter, irrespective of the prevailing economic environment. This structured and systematic approach facilitates the identification of changes as well as the need for monetary policy action. However, the process is by no means rigid or mechanical; rather, it allows the SNB to react flexibly to new developments. If the environment changes rapidly or unexpected developments occur, further analyses are carried out or scenarios simulated. The Governing Board can always decide to adjust monetary policy between quarterly monetary policy assessments.

The second phase on the path to the monetary policy decision is the monetary policy assessment. The key question addressed is whether the current monetary policy stance is still appropriate to ensure price stability over the medium term. Are monetary conditions - a product of the level of interest rates and of the Swiss franc exchange rate - still suitable or should they be adjusted? When making its monetary policy decision the SNB sets the SNB policy rate. Changes to the policy rate affect the level of interest rates and the Swiss franc exchange rate. If necessary, the SNB can also use other measures, such as interventions in the foreign exchange market, to ensure price stability.

On the first day of the monetary policy assessment, in addition to the Members and Alternate Members of the Governing Board, representatives from the divisions Economic Affairs, Money Market and Foreign Exchange, Financial Stability, International Monetary Cooperation and the Secretariat General, as well as from Communications, are present. If necessary, they answer specific questions from the Members and Alternate Members of the Governing Board.

During the first day, the following topics are discussed:

- The Money Market and Foreign Exchange division starts by reporting on financial markets. These assessments may provide up-to-date information on monetary conditions and global risk sentiment, as well as on the implementation of monetary policy.
- Analyses of monetary conditions are carried out by the Economic Affairs division. The focus is on interest rate developments in Switzerland and the Swiss franc exchange rate. Growth in monetary aggregates and in loans is also carefully analysed.
- The Economic Affairs division then presents its analyses of global economic developments. These include economic activity abroad and forecasts for the global economy. Besides the growth outlook, further developments in inflation and in monetary policy abroad are also discussed. The baseline scenario for the global economy prepared by the Economic Affairs division is the basis for the forecasts for Switzerland.
- And finally, the Economic Affairs division explains the current economic situation in Switzerland as well as the latest growth and inflation forecasts. An important part of this is the approximately 250 talks that the SNB's delegates hold with Swiss companies every quarter.
- Topical issues from the Financial Stability division, such as developments on the real estate market and in lending, are also discussed.

The presentations provide a comprehensive picture of the current environment. However, as some uncertainty always persists, it is essential to think in terms of scenarios. Prevailing risks are also analysed in detail.

The second day of the monetary policy assessment is the day of the decision. In addition to the Members and Alternate Members of the Governing Board, the heads of the divisions Economic Affairs, Money Market and Foreign Exchange, Financial Stability, International Monetary Cooperation and the Secretariat General are present, as well as the heads of the Monetary Policy Analysis, Forecast and Analysis Switzerland, Regional Economic Relations, Forecast and Analysis International, Economic Data Science, and Communications units.

First, the Economic Affairs division summarises the background situation for the monetary policy decision. The final discussion about the monetary policy decision can then begin. Here, the Governing Board consults on whether current monetary policy is appropriate, or whether it should be tightened or eased, to ensure price stability over the medium term.

When making a monetary policy decision, the Governing Board takes a broad perspective. It considers the prevailing risks and performs a comprehensive cost/benefit analysis of various options. In doing so the SNB pursues a risk management approach, which allows for the fact that the decision is being taken under uncertainty about future developments. The aim of the risk management approach is to reach a monetary policy decision that is appropriate for a number of probable scenarios. Here, the Governing Board does not simply rely on forecasts for various scenarios, but it also uses its own judgement.

Once it has made its decision, it signs off the communications material setting out and explaining the interest rate decision. A key element of the communications is the conditional inflation forecast. This shows how the SNB expects consumer prices to develop, assuming the given interest rate remains unchanged for the next three years.

At 9.30 am on the Thursday at the end of the monetary policy assessment, a press release on the monetary policy decision, including a conditional inflation forecast, is published on the SNB website. From 10.00 am, a news conference takes place, which is broadcast live on the SNB website. At the news conference, the Governing Board first explains its decision in introductory remarks. Journalists then have the opportunity to ask the Governing Board questions. One week after the monetary policy assessment, the monetary policy report is published in the Quarterly Bulletin. Starting at the September 2025 assessment, a summary of the monetary policy assessment discussion is published four weeks after each monetary policy decision.

This marks the end of the process and a new cycle begins.