# Martin Schlegel: Comments on Swiss monetary policy

Speech by Mr Martin Schlegel, Chairman of the Governing Board of the Swiss National Bank, at the 118th Ordinary General Meeting of Shareholders of the Swiss National Bank, Berne, 24 April 2026.

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Madam President of the Bank Council
Dear Shareholders
Dear Guests

Welcome to the General Meeting of Shareholders of the Swiss National Bank.

The world is going through a period of great uncertainty. Wars leave human suffering in their wake. Wars, however, also leave their mark on the economy. The SNB cannot change the global environment. As a central bank, we have to accept it as it is - and deal with the uncertainty. Our objective - and our mandate - is to ensure price stability in Switzerland. We have to meet this objective even when conditions are difficult, and it forms the basis for our monetary policy.

What do we need to achieve our objective even under difficult conditions? And how did we conduct our monetary policy over the past year? These are the questions I would like to address today. I will then conclude with a look to the future.

## Prerequisites for fulfilling our mandate

Let us begin with the question of what we need for a successful monetary policy. A successful monetary policy means fulfilling our mandate. The SNB's mandate is laid down in law: "It shall ensure price stability. In so doing, it shall take due account of economic developments." We define price stability as an annual inflation rate between 0% and 2% over the medium term. If you look back at inflation over the past 25 years, you can see that the SNB has achieved its objective. The Swiss economy has also developed favourably overall. What had to be in place for us to fulfil our mandate? It was possible because three prerequisites were met: First, we operate within a solid institutional framework; second, we have a robust monetary policy strategy; and third, we can rely on staff who bring expertise and experience. Together we make a superbly well-coordinated team.

Let us start with the first prerequisite: the institutional framework. In her speech, the President of the Bank Council explained the important elements of the institutional framework. There is one key aspect I would like to highlight in particular: the independence of the SNB.

Independence means that in pursuing our monetary policy, we must not take instructions from the government, parliament or anybody else. Legislators gave us this independence for good reason, because an independent central bank is best able to fulfil its mandate. This is clearly borne out by history. Why is this independence necessary? Because independence protects a central bank from being misused for other purposes - be it for government funding or for other ends. An independent central bank can focus its monetary policy fully on price stability. And this irrespective of whether the measures required to achieve this are well received by the public or not.

The independence of the SNB is firmly anchored in Switzerland - both in law and in society. It relates to our clearly defined and narrowly circumscribed mandate. Only this narrow mandate justifies our independence. The SNB's independence is counterbalanced by its duty of accountability. The SNB renders full account of how it fulfils its tasks. We explain to the Federal Council, the Federal Assembly and the public what we do, how we do it and why we do it. And we publish a comprehensive accountability report every year, which I can thoroughly recommend reading.

However, independence is not a law of nature, nor is it an end in and of itself. Instead it serves solely in fulfilling our mandate. It can only exist because the population knows that an independent SNB serves our country best. And because the public has confidence in the SNB. This trust is based on us fulfilling our mandate and providing the stability the population has come to expect.

The second prerequisite for fulfilling our mandate is our monetary policy strategy. This is our long-term frame of reference. Our definition of price stability and the conditional inflation forecast form the core of this strategy. The conditional inflation forecast is our main indicator for monetary policy. It tells us whether price stability is being met in the medium term, and shows whether there will be a need for action in the future. It is therefore at the heart of our communications. For a quarter of a century now, our monetary policy strategy has proved its worth. Nevertheless, it is important that it be regularly reviewed. Only in this way can it optimally fulfil its purpose. Our last comprehensive review was in 2022. Only minor adjustments were necessary, principally to take into account the increased importance of foreign exchange market interventions.

The third prerequisite for a successful monetary policy is our employees. The contribution made by our employees is central to this. Every day, they put their expertise to work for the SNB, doing so with great commitment. Monetary policy decisions cannot be taken mechanically. We have to assess a lot of information, some of it contradictory, and we have to weigh up the risks. Only a well-founded expert assessment - based on analyses and forecasts by our employees - can provide the basis for good decisions.

These three prerequisites - independence, monetary policy strategy and expertise - will continue to form the basis for price stability in Switzerland in the future.

Let me now turn to our recent monetary policy.

## Our monetary policy over the past year

How did we conduct our monetary policy over the past year?

Let me begin with a brief look back. We had successfully countered the increase in inflationary pressure in the wake of the coronavirus pandemic by means of an early and resolute tightening of monetary policy. As inflationary pressure then eased in 2024, we lowered the SNB policy rate step by step from 1.75% to 0.5%. Inflationary pressure decreased further in the first half of 2025, and we reduced the policy rate to zero. We did this in two steps, in March and June. Since then, there has been hardly any change in the medium-term inflationary pressure. We have therefore made no further adjustment to the policy rate at our last three monetary policy assessments.

What effect is our monetary policy having? It is currently expansionary. The low interest rates have an effect primarily through loans and the exchange rate. Low interest rates make loans cheaper, encourage investment and thus support the development of the economy. We can also see this in the data: lending growth has picked up over the past year. When it comes to the exchange rate, low interest rates compared to other countries make the Swiss franc less attractive. This reduces the appreciation pressure on the Swiss franc. If necessary, we can additionally dampen the upward pressure by purchasing foreign currency.

The effects of our monetary policy are felt in different ways by the population, that is to say by all of us. In this regard, most of us wear several hats. When we save, we get hardly any interest on our savings account. However, when it comes to housing, we benefit from lower mortgage rates and rents. As entrepreneurs, we can finance investment more cheaply, and as employees, we benefit from the fact that the low interest rates at present are supporting the economy and thus employment. Even though monetary policy affects each and every one of us differently, the objective of our monetary policy is always price stability - while taking due account of the economy. And this benefits all. That is the contribution the SNB can make to our country.

## Outlook

Let me now turn to the outlook. The conflict in the Middle East is making the global economic situation very uncertain. The higher energy prices will lead to a further increase in inflation in many countries in the coming months. Global growth is likely to slow temporarily.

Uncertainty about the development of inflation and the economy has also increased significantly in Switzerland. Growth could be rather subdued in the short term, even though we expect an upturn to some extent in the medium term. In the coming quarters, higher energy prices will lift inflation further in Switzerland, too.

What is the situation with regard to the exchange rate? The Swiss franc has appreciated significantly in nominal terms since 2020. However, prices in Switzerland have increased by less than in other countries. The real exchange rate takes this difference into account, by adjusting the exchange rate for price developments. Thus - despite some fluctuations - the Swiss franc has shown little overall change in real terms against the euro and the US dollar since 2020.

In times of uncertainty, the Swiss franc is sought after as a safe haven. At the beginning of the year and with the escalation in the Middle East, the upward pressure increased. An appreciation of the Swiss franc slows inflation. Imports become cheaper and economic development is dampened.

As you can see, the situation remains challenging, and we will therefore continue to monitor it. And if necessary we will adjust our monetary policy. I am often asked under what circumstances we would adjust our monetary policy. When does the SNB intervene? What would it take for us to reintroduce negative interest? I cannot predict future decisions, they will depend on further developments. But the basis for our decisions always remains the same: we constantly monitor the situation. We adjust our monetary policy if necessary, namely when monetary conditions are no longer appropriate and price stability would be jeopardised if we did not do so. If this is the case, we do not hesitate to act. We have unrestricted room for manoeuvre with regard to the SNB policy rate and foreign exchange market interventions. Given the conflict in the Middle East, our willingness to intervene in the foreign exchange market has increased. We can thereby counter a rapid and excessive appreciation of the Swiss franc. Such an appreciation would jeopardise price stability in Switzerland.

## Closing remarks

Ladies and gentlemen

As I mentioned at the beginning, the SNB cannot change the uncertain global environment. However, even in such conditions, we are able to successfully pursue a monetary policy that serves the interests of the country as a whole. In uncertain times such as these, we are particularly vigilant. We are prepared to adjust our monetary policy at any time if necessary, and we have the instruments to do so. Thanks to our independence, our proven monetary policy strategy and the expertise of our staff, we are well equipped to ensure that we continue to fulfil our mandate in the future.

Thank you for your attention.

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