
Policy Panel 3: How should the interaction between finance ministries and central banks be structured?

Thomas Moser

Alternate Member of the Governing Board

Swiss National Bank

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Interaction between finance ministries and central banks: Topics

- Coordination of monetary and fiscal policy
 - monetary and fiscal stability, resource revenues, profit distribution
- Coordination financial stability responsibilities
 - Regulation, supervision, macroprudential policies, Lender of Last Resort
- Central Bank as fiscal agent of the government
- Appointments to Central Bank Governing Board
- Exchange rate policies

Central Bank Independence and Accountability

Art. 6 Independence

- In fulfilling its monetary tasks according to Article 5 paragraphs 1 and 2, **the National Bank and the members of the Bank's bodies shall not be permitted to seek or accept instructions either from the Federal Council or from the Federal Assembly** or any other body.

Art. 7 Accountability and information

- 1 The National Bank shall regularly discuss with the Federal Council the economic situation, monetary policy and topical issues of federal economic policy. **The Federal Council and the National Bank shall inform each other of their intentions before taking decisions of major importance for economic and monetary policy.** The National Bank's annual report and annual accounts shall be submitted to the Federal Council for approval before being approved by the General Meeting of Shareholders.

Distribution of Profits

- Art. 31 Distribution of profits
- 1 A dividend not exceeding six percent of the share capital shall be paid from the net profit.
- 2 One-third of any net profit remaining after the distribution of a dividend shall accrue to the Confederation and two-thirds to the cantons. The Department and the National Bank shall, for a specified period of time, **agree on the amount of the annual profit distribution with the aim of smoothing these distributions in the medium term.** The cantons shall be informed in advance.

Central Bank as Fiscal Agent

Art. 11 Transactions on behalf of the Confederation

- 1 The National Bank may provide banking services to the Confederation. These shall be provided for an adequate consideration. However, the services shall be provided free of charge if they facilitate the implementation of monetary policy. The details shall be laid down in agreements concluded between the respective federal offices and the National Bank.
- 2 The National Bank may **not grant the Confederation loans or overdraft facilities; nor shall it be permitted to buy government bonds from new issues**. It may permit intraday account overdrafts against sufficient collateral.

Appointment of Governing Board

Governing Board

Art. 43 Election and term of office

- 1 The Governing Board shall consist of three members, to whom deputies shall be assigned.
- 2 The members of the **Governing Board and their deputies shall be appointed by the Federal Council on the recommendation of the Bank Council. Their term of office shall be six years.** Re-election is possible.
- 3 The Federal Council shall designate the chairperson and the vice-chairperson of the Governing Board.

Thank you for your attention!

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