

Statement from the Swiss Bankers Association regarding the announced OECD Standards for the automatic exchange of information

Basel, 13 February 2014

- The Swiss Bankers Association (SBA) has spoken in favour of the automatic exchange of information as a global standard for over one year and contributed constructively to the drafting process at all levels. The recommendations made by the OECD are in general a step in the right direction.
- An important positive point is the level of confidentiality of the exchanged data, that is, the adherence to strict data protection rules by the responsible authorities abroad. The SBA will continue to monitor this issue in the detailed comments that are still to be provided on the standard.
- In contrast, what has still not been satisfactorily addressed is the question of a level playing field. Firstly, the basis to be used for client identification is domestic money laundering regulations. There are still different standards in this area. As a result thereof, countries with less strict regulations will be able to exchange less information than countries such as Switzerland. Secondly, it is becoming apparent that the US will not be prepared to offer full reciprocity. In addition, a provision was introduced for the US in the Common Reporting Standard (CRS) that can be misused as a loophole for clients of US banks. As a result of this provision, clients will continue to be able to hide behind certain offshore vehicles (CRS Part I, Section I. Point 8). The SBA expects these aspects to be addressed in future monitoring carried out by the OECD's Global Forum.
- The implementation of the new OECD Standard is highly complex and will result in significant costs. Because it is a multilateral set of rules, the costs are estimated to reach between CHF 500 and 800 million, and therefore will be clearly higher than the costs of implementing FATCA. The comments yet to be provided on the standard should therefore be directed at achieving the most cost efficient, easy to implement and low risk interpretation of the CRS provisions.
- Due to the complexity, the SBA estimates that a proper implementation will require at least two years from the date that the standard comes into effect.
- The SBA continues to expect that in conjunction with this issue, the past will be regularised fairly and definitively with all of the important countries before the automatic exchange of information comes into effect.