

Lending activities

Updates edition 2021 – June 2024

GENEHMIGT

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Corrections and new content (June 2024)

The banking world is changing continually, meaning that the content of the material in BankingToday (BT) also changes from year to year. It is a key objective that the content of BT is always up-to-date.

This is why Compendio Bildungsmedien publishes an updated and corrected version of BankingToday each year.

This update ensures that purchasers of the 2021 edition have up-to-date information in each case:

- This update is supplemented at the beginning of June for three consecutive years and published on www.compendio.ch/bankingtoday
- This ensures that all amendments and additions to the teaching material are familiar for preparing the final examinations in summer or in spring.

Tip: We recommend noting the amendments and additions contained in the update in the teaching material early in the preparation phase or transferring them to the teaching material. This allows you to benefit from a repetition effect that cannot be underestimated.

Section	Financing 1: Introduction to credit
1.2.1 Three main bank objectives	Clarifications of definition of bulk risks: Bulk risks are credit positions equal to 10% or more of the bank’s net available equity. As a rule, such a credit position may not exceed 25% of eligible equity.
2.6 Microfinance	New chapter on microfinance: Microfinance refers to financial services offered to people from deprived socioeconomic backgrounds or without access to traditional banking. It encompasses a wide range of services, including savings accounts, current accounts, money transfers, microinsurance and microloans. These different forms of service are designed to help people to help themselves, with the aim of boosting economic growth, reducing unemployment and/or supporting small businesses. In addition, some microfinance providers offer help with financial or business education, e. g. by providing support to startups or advising entrepreneurs. Microloans are small loans that provide access to credit for specific groups of people facing social and financial exclusion. This can often include borrowers in industrialised countries, for instance microbusinesses in their startup phase, which tend to lack regular income, collateral and a credit history. One complicating factor is that the required microloan amounts are often below the usual minimum: microloans typically involve amounts between CHF 10 and CHF 25,000. “Microbusinesses” are companies that employ fewer than ten people, with annual sales or a balance sheet of below EUR 2 million. The aim of microloans is the same in developing countries as in the industrialised world: to encourage entrepreneurs to turn their ideas into reality and secure the funds they need to ultimately be able to provide for themselves, e. g. by finding a route out of unemployment. Under the Federal Act on Banks and Savings Banks, a banking licence is normally required to offer microloans in Switzerland, but some simplifications or exemptions are possible under certain circumstances. Crowdfunding should also be mentioned in this context. This is where a large number of backers contribute small amounts to help bring beneficial projects to fruition. Crowdfunding represents a form of competition for banks, and it is quite conceivable that banks might in future define measures and strategies to turn crowdfunding into a new source of revenue and business model of their own.
Chapters 3 + 4	No corrections identified

Section	Financing 2: Asset-based credit, credit against receivables, secured and unsecured credit, guarantee credits, leasing
All chapters	No corrections identified

Section	Financing 3: The mortgage business			
Chapters 1 + 2	No corrections identified.			
3.3.2 Difference between first and second mortgage	Adaptation of fig 3-10: Characteristics of construction loan, first and second mortgage (for owner-occupied residential property)			
	Difference	Construction loan	First mortgage	Second mortgage
	Level	Maximum 80% of market value	Up to 2/3 of market value	The second mortgage, in addition to the first mortgage, can reach up to 80% of the market value and up to 90% with additional collateral.
	Interest rate	Construction loan interest rate plus 0.25% loan commission per quarter	Mortgage rate	0.5 to 1% higher than for the first mortgage (in some cases banks request a standard interest rate for both mortgages)
	Repayment	No repayment; consolidation occurs after completion of construction	No obligation to repay; first mortgage can be left as it is and simply attract interest	The 2nd mortgage must be repaid within 15 years in accordance with the SBA's guideline (within 10 years for investment properties)
	Additional collateral	None	Pledging of following assets if necessary: <ul style="list-style-type: none"> • life insurance policies • pension fund assets (second pillar) • retirement assets (third pillar) 	Pledging of following assets if necessary: <ul style="list-style-type: none"> • life insurance policies • pension fund assets (second pillar) • retirement assets (third pillar)
	Type of credit	Current account	Loan	Loan

Section	Financing 3: The mortgage business	
3.3.3 Affordability calculation	2 new examples of affordability calculations with pledging of 3rd and 2nd pillar:	
	Example calculation of affordability with pledge of 3rd pillar of CHF 50,000.--	
	Purchase price	CHF 1,000 000.00 100%
	Funds from account balances	CHF 150,000.00 15%
	Pledge 3rd pillar	CHF 50,000.00 5%
	Lending after deduction of 3a	CHF 800,000.00 80%
	Gross Lending (mortgage)	CHF 850,000.00 85%
	Mortgage ranked 1st	CHF 660,000.00 66%
	Mortgage ranked 2nd / to be amortised	CHF 190,000.00 19%
	./. Pledge 3rd pillar	CHF 50,000.00
	Net Mortgage ranked 2nd	CHF 140,000.00 14%
	Interest	CHF 42,500.00 5%
	Incidental costs	CHF 10,000.00 1%
	Amortisation	CHF 9,333.33 15 years
	Total imputed cost	CHF 61,833.33
	Gross income client	CHF 200,000.00
	Affordability	30.92%
	Example calculation of affordability with pledge of 2nd pillar of CHF 50,000.--	
	Purchase price	CHF 1,000 000.00 100%
	Funds from account balances	CHF 150,000.00 15%
	Pledge pension fund	CHF 50,000.00 5%
	Lending after deduction of pension fund	CHF 800,000.00 80%
	Gross Lending (mortgage)	CHF 850,000.00 85%
	Mortgage ranked 1st	CHF 660,000.00 66%
	Mortgage ranked 2nd	CHF 190,000.00 19%
	(Pledge pension fund has to be amortised)	
	Net Mortgage ranked 2nd	CHF 190,000.00 19%
Interest	CHF 42,500.00 5%	
Incidental costs	CHF 10,000.00 1%	
Amortisation	CHF 12,666.67 15 years	
Total imputed cost	CHF 65,166.67	
Gross income client	CHF 200,000.00	
Affordability	CHF 32.58%	

Section	Financing 3: The mortgage business
3.3.4 Fixed mortgage, variable mortgage, hybrid models	<p>The LIBOR was replaced by the SARON as of 31.12.2021. The bullet point on the LIBOR mortgage was replaced by the SARON mortgage:</p> <p>The SARON (Swiss Average Rate Overnight) mortgage is a money market mortgage. It can have either an indefinite or fixed term (mostly two, three or five years) and can be concluded at any time. The client interest rate is made up of the average compounded SARON interest rate plus an agreed fixed customer margin. The individual surcharge remains unchanged throughout the term. The effective interest rate payable, and thus the interest payment in Swiss francs, can only ever be calculated retrospectively at the point at which interest is paid. This is because the SARON is a reference interest rate that is only valid for one day. You therefore do not know in advance how the reference interest rate will develop over the course of the interest payment period. For this reason, creditors can only refinance for one day. Each bank can offer different interest periods. The level of the interest rate and thus the amount of interest to be paid is calculated on the penultimate day of the interest period (individual banks also offer variants that use the interest rate for the previous period).</p>
4.1.3 Market value	<p>Adjustment of the calculation of the market value of apartment blocks and commercial properties because the 3:1 calculation method is no longer permitted under the Swiss Banking guidelines for the valuation of loans:</p> <p>Market value of apartment blocks and commercial properties</p> <p>In the case of apartment blocks and commercial properties, the capitalised income value corresponds to the market value in accordance with the Swiss Banking guidelines for the valuation of loans.</p>
Chapter 4 Summary	<p>Adjustment of the calculation of the market value of apartment blocks and commercial properties because the 3:1 calculation method is no longer permitted under the Swiss Banking guidelines for the valuation of loans:</p> <p>The market value is the value that could be realised if a property was sold on the market today. The bank uses this as a basis for lending in the form of loans and mortgages. The market value of apartment blocks and commercial properties corresponds to the capitalised income value. The market value of owner-occupied family homes corresponds to the depreciated replacement value.</p>

Section	Trade finance
1.2.2 What risks can be insured by SERV?	<p>Supplement to the documentary risk:</p> <p>The documentary risk cannot be insured either. The risk for any contractual defects in the underlying or credit transaction lies with the policyholder.</p>
Chapters 2 + 3	No corrections identified.