

Economic Impact of the Swiss Financial Sector – Figures 2021

Studies | 23 November 2021

How many jobs does the Swiss financial sector generate? How high is the value added that is directly and indirectly linked to the activities of banks and insurance companies? And how much does the financial sector contribute to Switzerland's tax revenue? The study commissioned by the Swiss Insurance Association SIA and the Swiss Bankers Association SBA answers these questions in a compact form.

Due to its economic performance, the financial sector is one of the most important pillars of the Swiss economy. Along the entire value chain, a gross value added of CHF 95.5 bn was generated in 2020. Around 40 percent of this economic footprint was generated by banks, 30 percent by insurance companies and 30 percent by companies from other sectors that were indirectly involved in the production of financial and insurance services. The infrastructure function of the financial sector, from which the economy and the population benefit, is also of great economic importance. During the pandemic, this infrastructure function was of particular importance.

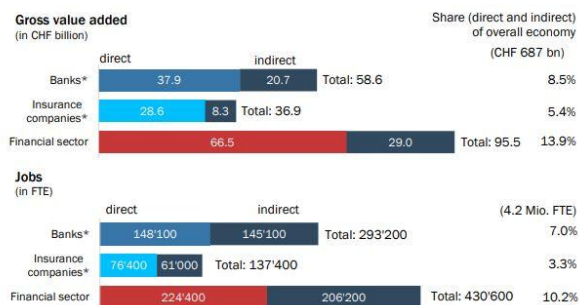
Stabilising activities of the financial sector in the Corona pandemic environment

The supply of the economy and the population with financial and insurance services is part of the central infrastructure of an intact economy. Without functioning banks, the money supply would collapse and economic activity would be practically impossible. Without insurance, claims would pose devastating or even existential threats, and without the protection of financial risks, economic activity would be significantly restricted. During the Corona crisis, the banks fulfilled their function as infrastructure service providers to a particularly high degree in handling the COVID-19 credit programme. To counteract liquidity bottlenecks, companies could apply for a COVID-19 credit from 26 March to 31 July 2020. Every fourth company in Switzerland took advantage of this offer. A total of CHF 16.9 bn was granted under the credit programme. Insurance companies paid out CHF 1.3 bn for financial losses in 2020, three times as much as in 2019, mainly due to business interruptions and event failures. This allowed liquidity bottlenecks at the companies to be cushioned.

Financial sector directly generates ten percent of Swiss economic output

With a value added of CHF 66.5 bn, the companies in the financial sector generated around ten percent of Switzerland's economic output in 2020. In addition, banks and insurance companies also trigger economic activities outside the financial sector. The demand for intermediate services – for example, IT or consulting services – leads to orders for companies along the entire upstream value chain. In addition, trade and industry in particular benefit from the consumer spending of employees. Taking all such effects along the value chain into account, a total of CHF 95.5 bn in value added was created in 2020. This means that every seventh franc of value added in the Swiss economy is attributable to the activities of banks and insurance companies. The high importance of the financial sector is also reflected in the labour market. With more than 224,000 jobs (FTE), the financial sector accounts for every twentieth job in Switzerland. Including all indirectly involved companies due to the economic interdependencies, this figure is more than 430,000 jobs (FTE). This means that every tenth job is linked to the business activities

of the financial sector.



Nominal gross value added in CHF billion, jobs in full-time equivalents (FTE).

Source: BAK Economics

Substantial tax revenue in the financial sector

Taxes levied by the Confederation, cantons and municipalities that were directly or indirectly related to the financial sector amounted to an estimated CHF 17.1 bn in 2020, which corresponds to around twelve percent of the total fiscal revenues of the public sector. Around CHF 9.7 bn of this was attributable to taxes on labour income and corporate profits. The Confederation collected an additional CHF 7.4 bn in the form of taxes on financial market transactions and financial services.

Financial sector benefits from economic upswing

Due to the opening steps taken in many countries during the year and the stimulated demand, the economy is recovering from the corona-induced slump both in Switzerland and globally. The financial sector is also benefiting from this. Due to the overall good stock market year in 2021, the banks' income from asset management is increasing. In connection with the Corona crisis, more defaults of corporate treasuries are to be expected. However, the negative effects are likely to be limited, among other things due to the low loan portfolios in hard-hit sectors. As a result, BAK Economics expects moderate growth in banking value added (2021: 1.6%, 2022: 1.6%). In the insurance sector, higher premium income and an overall lower claims burden than in the previous year will have a positive impact on the development of value added (2021: 2.0%, 2022: 2.1%).

Political economy, economy

Financial services industry

Jobs

Taxation, taxes

Download

Read more on this topic

Add to PDF generator

«View» 2020 - the SIA's annual magazine

«View» discusses issues that have been addressed by the Swiss Insurance Association in 2020. You can either download the magazine or order the print version.

Publications 10.06.2021

[Read more](#)

Add to PDF generator

Sustainability Report 2020

Industry report of the Swiss insurance industry

Publication 27.05.2021

[Read more](#)
