



Too-big-to-fail factsheet

Bonuses

Definition

Variable remuneration (bonuses) is a generic term for a variety of total remuneration instruments that supplement employees' basic remuneration. Depending on the objectives, the models can be based on different parameters such as performance, turnover or profit, and different time horizons, and can take different forms. In line with international standards, FINMA issued a circular in 2010 ([2010/1](#)) that sets out ten principles for remuneration systems at financial institutions. In Switzerland, however, there are currently no statutory regulations on bonuses.

Federal Council recommendation

In its report on banking stability of 10 April 2024, the Federal Council proposes a series of measures on variable remuneration. Clear legal principles must ensure that remuneration systems are closely aligned with an institution's long-term economic success and do not incentivise excessive risk-taking.

- A senior managers regime should be introduced so that those responsible for mismanagement can be held accountable by FINMA. Bonuses should also be tied to criteria of long-term economic success and may be subject to retention periods. Bonuses should be cancelled in the event of mismanagement, also retroactively, regardless of whether they have already been paid out (clawbacks).
- A legal basis is to be created for this purpose that applies to systemically important banks.
- It must be examined whether it should apply to other banks.

No cap on variable remuneration

The Federal Council does not consider capping or prohibiting variable remuneration to be appropriate. Scientific studies show that this has disadvantages (in particular higher fixed salaries as a side effect). This increases the fixed costs for the company, which limits the possibility of reducing costs, particularly in times of crisis.

Bonus cuts following CS crisis

Following the state-backed takeover of Credit Suisse by UBS, the Federal Council instructed the Federal Department of Finance (FDF) on 5 April 2023, to cancel all outstanding variable remuneration for the three top management levels of Credit Suisse (Executive Board), or to reduce it by 50% (members of management one level below the Executive Board) or 25% (members of management two levels below the Executive Board). Around 1,000 employees were affected, who forfeited a total of CHF 62 million as a result of these measures.