



## Switzerland-UK: New rules for cross-border financial services

Today's signing of the financial services agreement will further deepen economic relations between UK and Switzerland.

After several years of negotiations, the finance ministers of both countries today signed the bilateral agreement in the area of financial and related professional services. This marks the beginning of a new type of cooperation between two of Europe's most important financial markets.

### **Pioneering nature of the financial services agreement**

The agreement includes regulatory simplifications and sectoral market access for cross-border services in the areas of banking and investment, asset management, insurance and financial market infrastructure. The basic idea is the mutual recognition of the relevant national regulatory requirements. Instead of harmonising national regulations, the results-oriented approach focuses on comparable regulatory outcomes. The UK-Swiss model thus differs fundamentally from the previous principle of unilateral recognition of equivalence as applied by other countries.

economiesuisse and TheCityUK have laid the foundations for this new approach with significant support from various sector associations of both countries. Both umbrella organisations therefore welcome the conclusion of negotiations marked by today's signing. This will provide positive impetus for cross-border trade in

services. However, the true test for the new trade model is still to come with its entry into force.

## **Competitive advantage for the economy as a whole**

From a macroeconomic perspective, the agreement clearly has a positive benefit and strengthens the local financial centre in economically uncertain times.

However, the actual expected impact on the individual sectors is likely to vary. A bilateral agreement already exists in the insurance sector and reduces the need for further steps. The benefits of the financial services agreement for this sector are therefore significantly less than for others. For the banking sector, the new agreement reduces the current complexities and uncertainties in cross-border business.

## **Framework conditions for deepening bilateral trade**

Switzerland and the UK are not only important trading partners, but are also among the strongest financial centres and largest exporters of financial services in the world. The signing of the financial services agreement marks an important first step. Other measures are also required, such as the modernisation of the bilateral free trade agreement.