

Activity Report 2020



In accordance with Article 86 of the Financial Services Act (FIDLEG), the Finanzombudsstelle Schweiz (FINOS) is required to publish an annual activity report.

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Beyzade Han,
Ombudsman



Imprint

Association: Finanzombudsstelle Schweiz (FINOS)
Talstrasse 20
CH-8001 Zürich

Ombudsman: Beyzade Han

Contact: +41 - 44 552 08 00
info@finos.ch
www.finos.ch

Activity Report 2020

Finanzombudsstelle Schweiz (FINOS) was one of the first ombudsman services to be recognised by the Federal Department of Finance FDF on 24 June 2020. The first business year was mainly characterised by preparatory development work and activities in connection with the affiliation of financial service providers.

In its first year, the ombudsman's office was only marginally concerned with its future core tasks, namely preliminary clarifications and the conduct of conciliation proceedings.

This was due to the fact that, on the one hand, a large number of financial service providers only joined the ombudsman's office in the fourth quarter. On the other hand, it usually takes a certain amount of time before the clients of the financial service providers are informed about the connection to an ombudsman's office.

Of the total of six conciliation requests submitted to the ombudsman's office in 2020, the ombudsman's office declared itself not competent in the case of two requests. In the case of the remaining four enquiries, it was decided to carry out a closer examination. None of these proceedings were able to be concluded by the end of 2020. Due to the small number of enquiries and for reasons of discretion, this first activity report does not provide more detailed explanations about the enquiries, even in general

terms, in order to prevent disclosing details about the parties.

While the first half of 2020 was characterised by preparatory activities prior to the official market launch, the resources of the ombudsman's office were absorbed mainly by the applications of the financial service providers in the second half of the year from 25 June 2020 with the launch of the website. Especially in the last quarter of the past year, the ombudsman's office was busy processing applications at well over 100% of its available resources.

All financial service providers underwent an audit prior to their admission, during which the information provided in the registration form was checked. The main objective of this check was to ensure that only those financial service providers legally active in the Swiss financial sector are allowed to join the ombudsman service. The number of applications for affiliation submitted

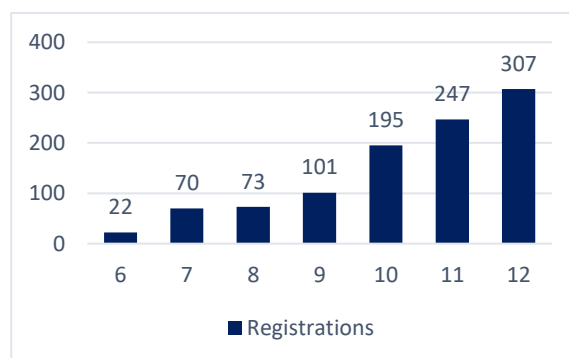


Figure 1: Applications by month from June 2020 to December 2020

by the end of 2020 totalled 1015 and was distributed over the months as follows: June 22,

July 70, August 73, September 101, October 195, November 247, December 307.

In addition to the registrations, the ombudsman's office also recorded later cancellations or applications for membership were withdrawn even before the affiliation was conducted. After deducting these cancellations, 969 financial service providers were affiliated with the ombudsman's office at the end of 2020. Further registrations followed to the new year, which is why the net number of affiliated financial service providers rose again.

A few statistics on the financial service providers affiliated at the end of the year:

Of the affiliated financial service providers, 61% were from Switzerland and 39% were based abroad.

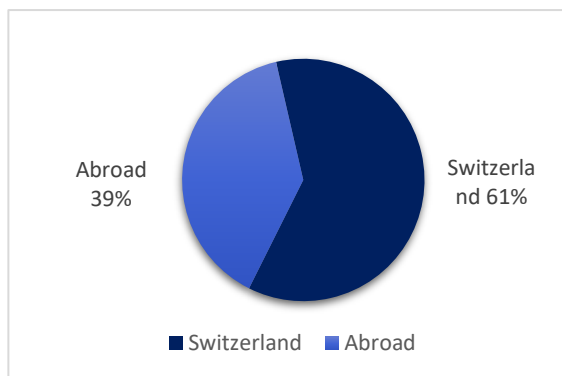


Figure 2: Ratio of financial service providers from Switzerland versus abroad

The top three foreign countries were the UK (excluding the Channel Islands) with 131, the USA with 91 and Hong Kong with 25 company affiliations. In total, the affiliated financial service providers came from 31 different countries. Across all affiliated financial service providers, 53% were prudentially supervised. The vast majority of those not subject to prudential

supervision were financial service providers from Switzerland.

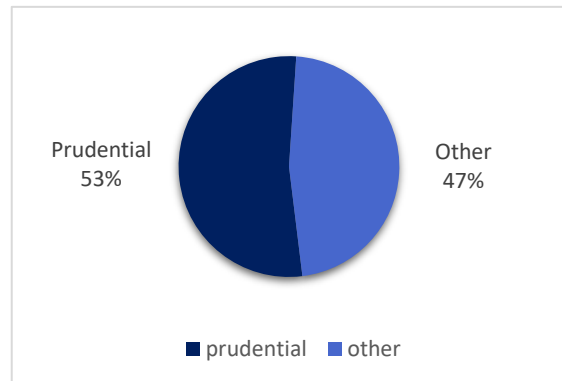


Figure 3: Ratio of all financial service providers by regulatory status

When looking at the financial service providers from Switzerland alone, the following overall picture emerged: 63% of the financial service providers were supervised by a self-regulatory organisation (SRO) at the time of joining or were planning to join such an organisation, or

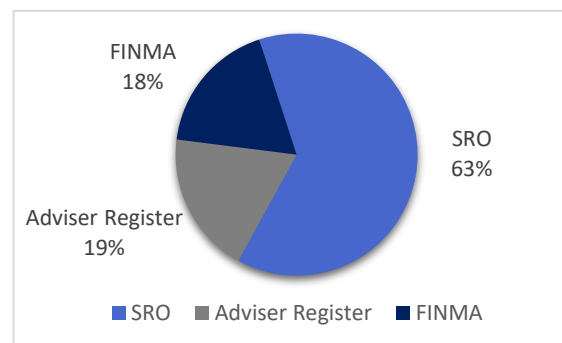


Figure 4: Ratio of Swiss financial service providers by regulatory status

were planning to join such an organisation. 19% of the financial service providers were planning to enter an advisor register and 18% of the financial service providers were prudentially regulated by the Financial Market Supervisory Authority FINMA.

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