



How Customer Portability is Transforming Banking in Switzerland

Swiss banking customers exhibit significantly lower rates of switching their primary bank accounts compared to their European counterparts, with 40% fewer account changes observed. This notable customer loyalty is not solely attributable to satisfaction levels; the intricate and often cumbersome process of transferring banking relationships has historically been a key factor. However, the introduction of enhanced customer portability is transforming this landscape, enabling easier bank transitions while preserving financial histories and relationships.

Switzerland's banking sector has adapted to this shift by leveraging advanced digital solutions and aligning with evolving regulatory frameworks. The future of banking mobility in the country hinges on multiple factors, including the foundational right to data portability and its implications for banking operations. This article examines the impact of these changes on both customers and financial institutions, offering a comprehensive perspective on how they are reshaping the Swiss banking landscape.

4 REASONS DATA SHOULD BE PORTABLE



Resiliency

If data can move among cloud providers, it remains accessible even if one cloud has an issue



Avoiding vendor lock-in

Mobile data means customers don't have to commit to a single provider because it offers better data services



Cost

Mobility lets customers take advantage of cheaper tiers of storage from among various cloud service providers



Exploiting cheap computer

Portable data lets customers take advantage of discounts compute providers offer at certain times of day

Understanding Swiss Banking Portability

Switzerland is transforming its banking sector by introducing customer portability, a groundbreaking initiative reshaping traditional banking practices. This transformation is driven by several key components, supported by a robust regulatory framework, and delivering significant benefits that have redefined the Swiss banking landscape.



Definition and Key Components

Swiss banking defines customer portability as "the business model based on the standardized and secure exchange of data between banks and reliable third-party providers" ¹. Data portability resolves the debate between data ownership rights and data collection custodianship ². This framework lets customers give consent to share their data securely with accredited third-party organizations using standard formats.

Regulatory Framework and Requirements

The Swiss banking and financial market regulation is a vital part of the financial center's appeal and competitiveness ³. The Swiss Finance Institute places Switzerland among the world's leading financial centers for regulation. Their framework adapts continuously to meet new needs ³.

Key regulatory components include:

- Full compliance with Swiss, international, and supranational sanctions
- Detailed anti-money laundering regime through the Federal Act on Transparency of Legal Entities
- Environmental, social, and corporate governance (ESG) priorities integration

Benefits for Customers and Banks

Customer portability brings several game-changing benefits to customers and financial institutions. Customers gain more control over their data and experience simpler processes. This saves time and reduces friction when they collect data from multiple providers ².

Banks see advantages through:

- Reduced costs in acquiring new customers with simpler switching processes ²
- Better tailored offers based on detailed customer data ²
- New revenue streams through data monetization and API integration ²

Switzerland's strong financial infrastructure supports these changes. The system maintains high security standards and welcomes state-of-the-art solutions with 239 licensed banks operating



currently ⁴. The Swiss banking industry's international focus and detailed service offerings make it perfectly positioned to utilize these portability advantages ⁴.

Digital Transformation Drivers

The digital transformation of Swiss banking represents a technological revolution that is redefining the approach of financial institutions to customer portability. This analysis explores the key drivers fueling this transformative shift.

Technology Enablers for Portability

Several significant technologies help banks boost customer portability. Swiss banks view these key enablers according to industry analysis ⁵:

- Cloud applications for expandable infrastructure
- Artificial intelligence and data analytics
- Standardized interfaces for open finance
- Automated data processing systems

These technologies break down traditional barriers. Cloud applications and AI have become mature enablers instead of obstacles ⁵.

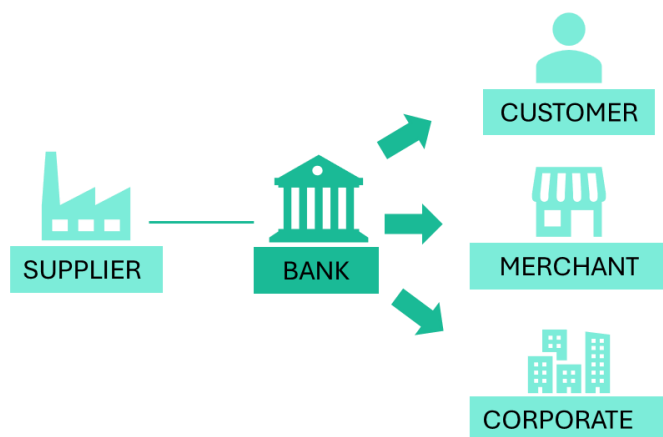
Open Banking Integration

Banking services operate differently through digital channels now. Open banking allows third-party service providers to access client banking and transaction data through standardized APIs ⁶. This continuous connection drives innovation and delivers improved solutions to clients that revolutionize the banking industry.

Banks can streamline end-client experiences by making financial services available whenever needed. Swiss consumers show remarkable interest - 49% are willing to change their primary bank or add new banking relationships to benefit from open banking-enabled services ⁷.



TRADITIONAL BANKING



**DIRECT 1-1
RELATIONSHIPS**

OPEN BANKING



**ECOSYSTEM ENABLED
RELATIONSHIPS**

Data Security Considerations

Increased digitalization brings greater responsibility. Switzerland's new Federal Act on Data Protection (nFADP), 4 months old since September 1, 2023 [8](#), has created robust security frameworks. The legislation requires:

- Strict data breach notifications "as soon as possible" [9](#)
- Personal liability for security violations with fines up to CHF 250,000 [8](#)
- Complete record-keeping of all data processing activities

Swiss banks must implement appropriate technical and organizational measures. These include firewalls, personal passwords, and encryption technologies to protect against unauthorized access and unlawful processing [9](#). This security-first approach will give the highest standards of protection to customer data as digital transformation advances.

Implementation Process

Swiss banking's customer portability implementation needs practical mechanisms and protocols. These make banking transitions work smoothly.



Account Transfer Mechanisms

The Swiss Interbank Clearing (SIC) system serves as Switzerland's central payment system since 1987 ¹⁰. The system's capabilities have grown remarkably. The latest SIC5 system now processes payments instantly 24/7, even during weekends and holidays ¹¹. Major Swiss banks must process instant payments by August 2024. The remaining institutions will follow by 2026 ¹².

Data Migration Protocols

The complete data migration protocols put security and compliance first. Banks can move their data quickly while following strict security standards ¹³. The core protocol elements include:

- Data management and transfer controls
- Monitoring systems
- Logical and physical access restrictions
- Geographical and legal setup documentation

Data transfers must comply with Swiss banking secrecy laws. Banks use sophisticated encryption and protection measures to stop unauthorized access ¹⁴.

Customer Authentication Systems

Customer authentication has transformed through a multi-layered approach. Modern authentication needs at least two independent elements ¹⁵:

1. Knowledge (something only the user knows)
2. Possession (physical items like chip cards or mobile devices)
3. Inherence (biometric characteristics)

Biometric authentication has improved efficiency substantially. Call processing time dropped by double-digit seconds ¹⁶. Voice recognition technology stands out as a success. It makes customer verification faster while keeping security standards high.



UBS shows this in action with automated face biometrics ID verification. Customers can open accounts safely and easily ¹⁷. The system checks identities instantly and guards against theft and synthetic identity fraud.

These changes create a banking environment that balances security with convenience. Customer portability becomes a natural part of Swiss banking. Switzerland continues to lead as a financial center that welcomes state-of-the-art technology.

Customer Experience Impact

Swiss banks have made great strides in customer experience through state-of-the-art digital solutions. Customer interactions with banks have changed dramatically, 77% of the Swiss population now uses online banking options ³.

Seamless Account Switching

Digital solutions have made account switching quicker than ever before. 76.3% of Swiss consumers have welcomed integrated banking services ⁴. This shows how successful the digital transformation has been. Customers choose these services because they offer:

- Speed and efficiency (43.5% of respondents)
- Cost savings (17.8% of customers)
- Better access to banking services ⁴

Service Continuity Management

Strong business continuity systems now ensure the services run without interruption. Critical business processes stay active during major internal or external incidents ¹⁸. Switzerland stands second in overall digital maturity of banks among 38 countries ³.



Digital Banking Integration

Digital banking adoption has reached new heights. Surveys show that 59% of clients will keep using digital services post-pandemic ¹⁹. This change goes beyond convenience and reshapes banking service delivery. Customers now prefer a mix of:

1. Customized digital interactions
2. Up-to-the-minute transaction capabilities
3. Merged multi-channel experiences ¹⁹

The pandemic has accelerated the pace of digital transformation, leading to a significant shift in how financial services are accessed and utilized. A growing number of Swiss residents now manage their financial activities entirely online. Consequently, traditional banks have experienced a decline in emotional engagement with customers, who increasingly favor institutions providing comprehensive and user-friendly digital solutions ³.

Digital channels prove their worth with transaction costs 95% lower than branch-based operations ²⁰. Evidence-based personalization helps us predict customer needs and offer proactive solutions ²⁰. This strategy has made Swiss banks global leaders in digital banking, especially in detailed customer trip features ³.

Future Banking Mobility

Swiss banking mobility is transforming through technology and changing customer needs. The financial sector has adopted new strategic initiatives and state-of-the-art solutions.

Emerging Technologies

Banking technology adoption has reached new heights. This analysis reveals that artificial intelligence and quantum computing now drive innovation ²¹. Several technologies shape banking's future:

- Cloud services enable new business models
- Advanced cybersecurity frameworks
- Distributed ledger technology (DLT)



- Open banking platforms
- RegTech and SupTech solutions [22](#)

Green fintech offers a significant opportunity for Switzerland's financial center to enhance its global standing. The Green Fintech Network underscores a strong commitment to integrating sustainable financial services with advanced digital technologies, driving innovation and sustainability in the financial sector [23](#).

Cross-Border Portability

Switzerland leads in distributed ledger technology while maintaining high security standards [23](#). The Federal Act on the Adaptation of Federal Law to Developments in Distributed Electronic Register Technology marks a key milestone for cross-border capabilities.

Payment systems have changed remarkably. New solutions for cross-border transactions emerge as digital currencies and stablecoins gain importance [24](#). These changes will:

1. Enable programmable money flows through smart contracts
2. Make automated machine-to-machine payments easier
3. Simplify cross-border multi-currency transactions
4. Support decentralized finance applications

Innovation Roadmap

A well-defined vision is shaping the future of banking mobility in Switzerland, emphasizing innovation and adaptability. The innovation roadmap prioritizes data-driven, personalized services tailored to individual needs. Heightened competition is fueled by regulatory advancements in open banking and technological progress in machine learning, artificial intelligence, and cloud computing [20](#).

Strategic priorities now emphasize business agility through partnerships and collaborative ecosystems, moving away from traditional inward-focused practices toward outward-looking engagement. Platform-based institutions create value by orchestrating contributions from external partners, fostering a dynamic value-creation network [20](#).



The development of the Digital Token (DT) enhances Switzerland's economic and technological sovereignty. This programmable Swiss Franc provides access to a stable digital currency while mitigating settlement and counterparty risks [24](#).

Investments in quantum computing are increasing, recognizing its potential to revolutionize banking operations. Innovation continues to flourish through comprehensive guides on emerging technologies, including the application of generative AI in banking. Switzerland remains at the forefront of technological progress, maintaining its reputation for security, reliability, and leadership in the global financial sector [25](#).

FORFIRM's Approach

FORFIRM's client portability approach in the Swiss banking sector involves a series of coordinated steps facilitated by technology and regulated practices. Here's an outline of the process, incorporating the key considerations:

1. Underwriting Module

- **Assessment and Verification:** The New Payment Service Provider (New PSP) performs an underwriting process to evaluate the customer's financial profile, compliance with regulatory requirements, and risk assessment.
- **Documentation:** Required documents, including identity proofs and account details, are collected to ensure eligibility and compliance with Anti-Money Laundering (AML) and Know Your Customer (KYC) regulations.

2. Transfer Request from the New PSP to the Original PSP

- **Initiation:** The New PSP sends a formal transfer request to the Original PSP, specifying the customer's intention to switch accounts while retaining their financial history and ongoing relationships.
- **Data Portability Compliance:** The transfer is conducted in accordance with data portability regulations, ensuring that the customer's financial information is securely transferred.

3. Response to the Transfer Request by the Original PSP

- **Success Response:** If the request is approved, the Original PSP transmits the necessary account and financial data to the New PSP.



- **Failure Response:** If the request fails (due to incomplete data or regulatory issues), the Original PSP communicates the reason for failure to the New PSP.

4. Activation of Services on the New Account

- **Service Setup:** The New PSP activates all banking services for the customer, ensuring that the account is fully operational.
- **Customer Communication:** The New PSP notifies the customer about the successful activation of their new account and provides access credentials.

5. Notification to Third Parties (if applicable)

- **Automated Updates:** The New PSP informs third parties, such as utility providers, employers, or subscription services, about the account change if requested by the customer. This step ensures uninterrupted services.

6. Communication of the Outcome to the Customer

- **Final Update:** The New PSP communicates the outcome of the transfer process to the customer, whether successful or not, including details of any pending issues or next steps.
- **Feedback and Support:** The customer is invited to provide feedback on the process, and any concerns are promptly addressed.

Conclusion

Swiss banking is at the forefront of the customer portability revolution, marking a significant departure from traditional banking relationships. A comprehensive analysis reveals how Switzerland's robust regulatory framework and cutting-edge technology facilitate seamless bank transitions while preserving customers' financial relationships.

Key achievements highlighted include:

- Advanced digital solutions enabling swift and efficient account transfers.
- Robust security measures safeguarding customer data.
- Seamless integration of open banking principles.
- Enhanced customer experiences through innovative digital channels.



- Cross-border banking capabilities supported by distributed ledger technology.

These advancements solidify Switzerland's position as a global leader in state-of-the-art financial solutions. The sector demonstrates readiness to address future challenges by embracing innovations in quantum computing, green fintech, and digital tokens. These developments, combined with Switzerland's traditional strengths in security and reliability, create a banking environment tailored to modern customer needs while maintaining the renowned stability of Swiss banking.

This transformation extends beyond technological progress, reflecting a commitment to customer-centric banking. Evidence of this success is seen in the growing adoption of digital services, with 77% of Swiss residents now using online banking. This growth underscores the alignment of services with customer priorities.

Swiss banking builds its future on the pillars of advanced technology, security, and customer focus. FORFIRM plays a pivotal role in supporting clients with customer portability processes, leveraging advanced digital solutions and regulatory compliance to ensure secure, efficient, and customer-friendly bank account portability. These elements collectively ensure Switzerland's continued status as a premier financial center, well-prepared to meet evolving global banking demands.

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