

Basel Committee on Banking Supervision

Berne, March 2nd 2016 sgv-Sc

**Response to Consultation  
Revisions to the Standardised Approach for credit risk**

Dear Sir or Madam,

Representing around 300'000 SME, the Swiss Federation of Small and Medium-sized Enterprises sgv is the largest organization in the Swiss economy. Its diverse membership includes small and medium-sized banks as well as other financial services providers. However, the overwhelming majority of its members are consumers of financial services, relying especially on bank-lending, i.e. credit.

It is with great preoccupation that the sgv regards the actual proposals to the Standardized Approach for credit risk, for they can restrict the credit supply in Switzerland and (or) make it considerably more expensive, especially for SME.

There are two areas of major concern:

First, the new debt service coverage ratio for unused corporate-credit is severely restrictive and could increase the cost of such credit limits for borrowers. From the sgv's point of view, the current practice should be continued. Considering that the existing limits are not used, they do not expose banks to any additional risks; therefore they should be considered as nil.

Second, a general preference to the external – so called independent – rating of corporate-borrowers does not do justice to the reality of most SME. While external ratings should be maintained as an option, simple risk-indicators (like leverage ratio) should not be abolished. They should be maintained as another option for risk-measurement, as was proposed in the first consultation.

Sincerely

**Swiss federation of Small and Medium-sized Enterprises sgv  
Schweizerischer Gewerbeverband sgv**



Hans-Ulrich Bigler  
CEO, National Councilor



Henrique Schneider  
Chief Economist