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Poll shows low support for radical Swiss bank reforms

Ralph Atkins in Zurich 3 HOURS AGO

Radical proposals for changing the role of banks in the economy are set to be rejected by Swiss votes in a referendum on June 10, the first opinion polls shows.

Just 35 per cent of those polled were either strongly or somewhat in favour of stripping banks of their ability to “create” money by giving loans to consumers and businesses, according to a survey by the SRF public broadcaster. Some 49 per cent were in the “No” camp, and just 16 per cent undecided.

The results will come as a relief to Switzerland's finance sector and the Swiss National Bank. Thomas Jordan, the central bank's chairman, warned in a speech in Zurich on Thursday evening that the Vollgeld, or “sovereign money” initiative, was “an unnecessary and dangerous experiment, which would inflict great damage on our economy”.

The Vollgeld proposals have attracted increasing support since the 2007-08 global financial crises, and supporters say they reflect calls for a re-think of the role of banks by economists worldwide.

Proponents say few ordinary voters are aware of banks' ability to “create” money, which they say leads to damaging boom-and-bust lending cycles. They want money creating powers limited strictly to the central bank - which could also create “free” money for governments or individuals. A Vollgeld system would increase financial stability, they argue.

However opponents, led by the SNB, warn the plan would amount to state planning, increase the cost of credit, threaten high inflation - and not prevent financial crises. They also warn against using Switzerland as a test for an experiment not tried anywhere else.

Although there are still five weeks until the vote, the trend in previous referendums has been for similar radical proposals to lose, rather than gain, support as campaigning picks-up.

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