

## Media release

Zurich/Geneva 22 October 2020

### **Deloitte CFO Survey: Loan defaults and cyberattacks represent the new major threats to Swiss companies**

**Swiss CFOs have identified payment and loan defaults as a serious risk for their companies for the first time. At the same time, cybersecurity has shot to the top of the list of concerns for Switzerland's CFOs. This is mainly due to the surge in digitalisation since the beginning of the pandemic and the increase in cyberattacks. CFOs are less pessimistic about the future than in spring of this year. However, a relative majority sees the economic outlook for the next twelve months as negative. Most companies do not expect turnover to return to pre-crisis levels until the third quarter of 2021.**

The pandemic continues to set the pace. Whether in terms of economic outlook or corporate risk, Swiss CFOs still seem to see the short and long-term development of the pandemic as the main factor in their planning. Although they expect the economy to recover rapidly compared to spring, nonetheless, a sizeable majority of 42% rate Switzerland's economic prospects over the next 12 months as negative. Only 28% have positive expectations, and 30% are neutral.

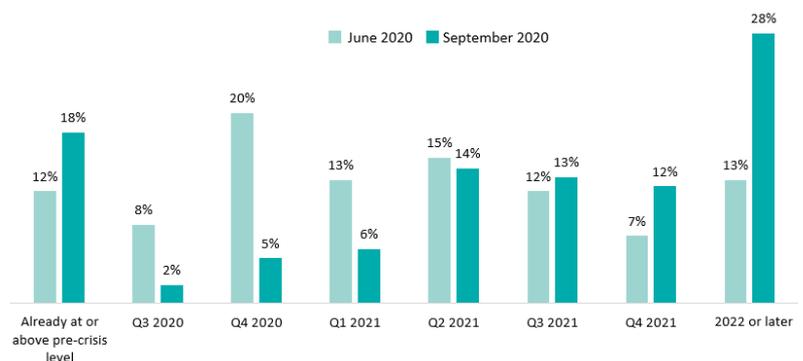
However, economic expectations have clearly improved. [In spring, 96% of the CFOs surveyed after the introduction of the measures in response to the coronavirus pandemic](#) expected negative economic development for the next twelve months. " Our survey shows that the precarious situation we witnessed in spring has eased for many companies. ", explains Michael Grampp, chief economist at Deloitte Switzerland. "However, the situation remains unstable, as can be seen from the recent development of the pandemic. The rapidly rising infection numbers in Europe worry many people. Much now depends on the steps that policymakers will take – this applies just as much to Switzerland as to our key markets".

The federal government's aid measures have succeeded in stabilising the economic situation in Switzerland. In particular, short-time work and the loans that were quickly disbursed enabled companies to survive the crisis relatively unscathed. "It is clear that state aid was absolutely vital at the beginning of the crisis", says Michael Grampp. "However, the longer such measures remain in place, the greater the risk of negative side effects. Companies that do not generate profit or create value should not be kept on permanent life support. This would threaten the economy with zombification", continues Michael Grampp.

#### **A return to pre-crisis levels will be a long time coming**

More than half (54%) of the CFOs surveyed state that the financial situation in their companies has improved significantly compared to three months ago. In June of this year, a good two-thirds (67%) believed that the outlook was poor, and only 9% believed that their situation would improve. "This significant turnaround should be welcomed", says Alessandro Miolo, Managing Partner for Audit & Assurance at Deloitte Switzerland. "The Swiss economy seems to stabilise a lot faster than after the euro crisis or the shock to the Swiss franc".

When it comes to the prospects for growth over the next twelve months, the CFOs surveyed are more cautious: only 36% expect to see growth, while 29% are predicting a decline. The devil is in the detail: while sales are experiencing the greatest recovery with an increase of 51%, there has only been a slight increase in margins (an increase of 21%) and



**Return to pre-crisis levels:** Based on the information currently available to you, when do you expect your company to return to pre-crisis sales levels?

employee numbers (an increase of 1%), and the figures remain clearly in negative territory.

CFOs are less optimistic than three months ago when it comes to their sales: " In the summer, CFOs were even more optimistic and assumed that the majority of their companies would be generating revenues back to pre-crisis levels as early as the first quarter of 2021. ", says Alessandro Miolo. "Now most CFOs expect that sales will not fully recover until the third quarter of 2021, that is, six months later".

### **Advances in digitalisation have pushed cybersecurity to the top of the agenda**

For the first time since the CFO survey began over ten years ago, Swiss CFOs have identified loan and payment defaults as a significant risk for their companies, classifying it as one of the top three risks. "The fact that credit and payment defaults are seen as one of the greatest risks clearly shows that CFOs take this risk very seriously indeed. There is a danger that the credit defaults could also affect the banks", says Alessandro Miolo. "At the moment, payment difficulties may go unnoticed, as state aid measures help to plug the gap".

The pandemic is still number one on the list of the greatest risks, followed by weaker demand, which is also related to the pandemic. Cybersecurity experienced the biggest jump on the list. The rise in digitalisation during the pandemic [predicted in the spring CFO survey](#) has resulted in more people working from home, which has increased [the risk of cyberattack significantly](#). "CFOs have recognised that the flow of data to the office at home needs to be better secured", explains Alessandro Miolo. "Businesses are now required to implement targeted measures so that the home office does not become a backdoor for cybercriminals. This includes better staff training and targeted investments in more secure IT solutions".

### **Reduction in staff numbers and office space**

As expected, many businesses have announced new cost-cutting measures. These are already very far advanced in most cases. Most companies (85%) have reduced their spending on business travel or marketing, followed by a reduction in overtime and holiday balances (70%). As is frequently the case in a crisis, many of the companies surveyed are planning to downsize - 33% of those surveyed have already done so.

Companies also evaluated their office spaces. 31% of respondents are checking how much office space they will need in the future, and 17% have already made changes. "More and more employees are working from home, and this will continue to be the case in future", says Alessandro Miolo. "On the one hand, this can enable companies to make savings in terms of office space. On the other hand, more space will be required to ensure the necessary social distancing and to use the available space differently. For example, there will be more space for personal exchanges and meetings and less space for classic desks".

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### About the CFO Survey

The survey aims to elicit the assessments of chief financial officers (CFOs) and heads of finance at relevant companies in relation to business prospects, lending, risks and strategies, as well as to identifying trends and changes in Swiss companies. The CFO survey is the only investigation of its kind in Switzerland and has been conducted every six months since autumn 2009. The current 40th survey for the second half of 2020 was carried out from 31 August to 25 September. A total of 112 CFOs took part. The respondents represent both listed companies as well as private companies and are drawn from all relevant segments of the Swiss economy.

Deloitte conducts CFO surveys in more than 60 countries worldwide. Since 2015, results from 20 European countries have been summarised in a joint report. These are expected to be published in the coming weeks.

You will [find the full results of the Deloitte CFO Survey](#) online.

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