CRIF
Together to the next level

CRIF INDUSTRY WATCH

A monthly edition on Data, Risk and Economic Insights

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Analysis and Studies

In Switzerland the Lockdown has led to a 38% reduction in business start-ups

After the Lockdown, the number of new businesses being set up in Switzerland fell by 38% compared with the same period of the previous year. 63% fewer companies were set up in Ticino, and several Cantons in the French- speaking area of Switzerland also reported reductions of more than 50%. Of the different sectors, the arts and entertainment sector reported the largest reduction, at 51%.

CRIF AG has looked at how many new businesses were established after the Lockdown and compared this number with the same period of the previous year. The period under observation lasted for one month. All in all, 2,143 companies were set up in Switzerland during this time. This is 38% fewer than last year. The number of company start-ups has fallen in every canton. The worst affected are the Cantons of Appenzell Innerrhoden (-74%), Ticino (-63%), Glarus (-56%), Freiburg (-53%) and Geneva (-52%).

The numbers have also fallen in cantons that have a relatively high number of companies and company start-ups: Bern (-44%), Vaud (-40%), Zurich (-32%) and Zug (-31%). The Canton of Schwyz reported the smallest reduction, at 16%. In absolute numbers, the Canton of Zurich reported the highest number of start-ups (424), followed by Vaud (199) and Bern (159).

A look at the individual sectors reveals that the arts and entertainment sector registered the largest reduction, with 51% fewer company start-ups. Sectors that provide economic services and freelance services are also badly affected (-50% and-46% respectively). Hospitality has also suffered a drop of 42%.

The finance and insurance sector reported the lowest fall, at minus 9%, followed by the healthcare industry (-30%) and the real estate sector (-34%).

About the survey process

In this survey, we took account of all those businesses that were entered into the Commercial Register for the first time from 18th March to 14th April 2020 (one month). These numbers were compared with the period from 18th March to 14th April 2019.

New company start-ups by Canton, 18th March to 14th April

| Canton	2019	2020
Aargau	215	146
Appenzell Innerrhoden	19	5
Appenzell Ausserrhoden	29	17
Bern	283	159
Basel - Landschaft	94	61
Basel - Stadt	91	64
Freiburg	133	62
Geneva	288	137
Glarus	18	8
Graubunden	73	56
Jura	22	12
Lucerne	147	99
Neuchatel	68	37
Nidwalden	17	14
Obwalden	15	9
St. Gallen	193	133
Schaffhausen	26	17
Solothurn	75	59
Schwyz	93	78
Thurgau	103	72
Ticino	190	70
Uri	9	6
Vaud	329	199
Valais	127	75
Zug	179	124
Zurich	625	424
Total for Switzerland	**3461**	**2143**

New company start-ups by Canton, 18th March to 14th April
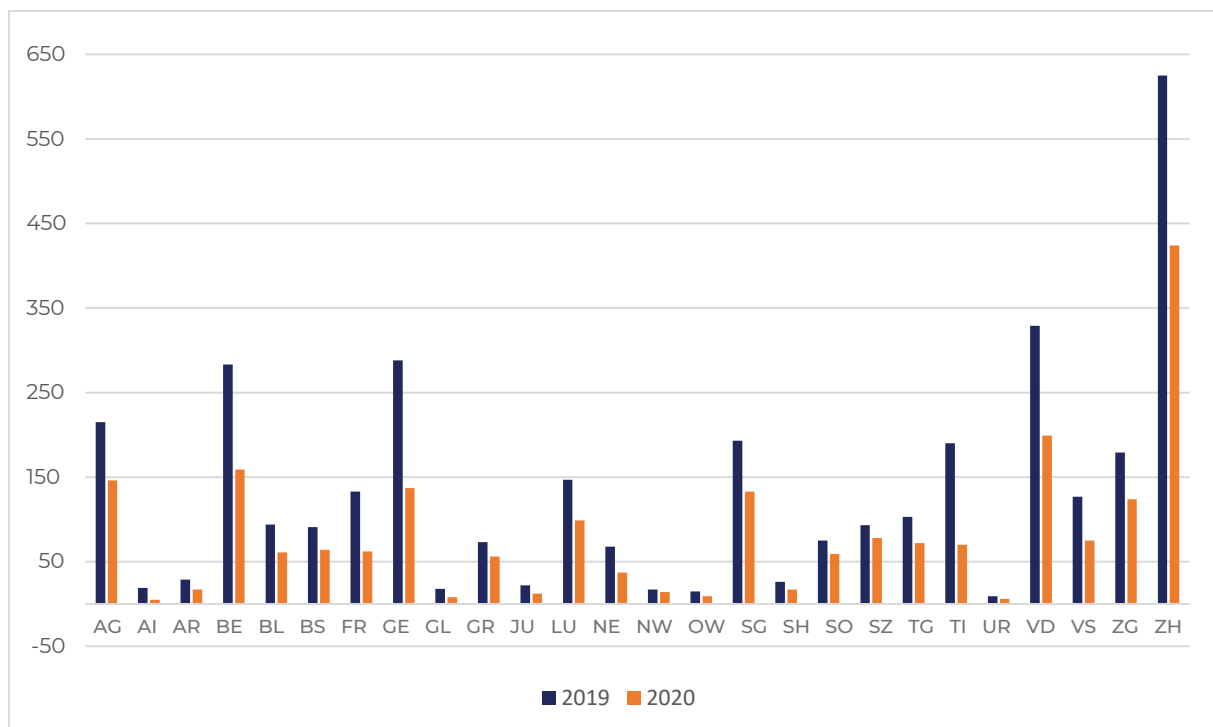
## Reduction in business start-ups by Canton as a percentage over the same period of the previous year

Canton	Variation
Appenzell Innerrhoden	74%
Ticino	63%
Glarus	56%
Freiburg	53%
Geneva	52%
Neuchatel	46%
Jura	45%
Bern	44%
Appenzell Ausserrhoden	41%
Valais	41%
Obwalden	40%
Vaud	40%
Basel - Landschaft	35%
Schaffhausen	35%
Uri	33%
Lucerne	33%
Zurich	32%
Aargau	32%
St. Gallen	31%
Zug	31%
Thurgau	30%
Basel - Stadt	30%
Graubunden	23%
Solothurn	21%
Nidwalden	18%
Schwyz	16%
Total	38%

Reduction in business start-ups by Canton as a percentage compared with the same period of the previous year
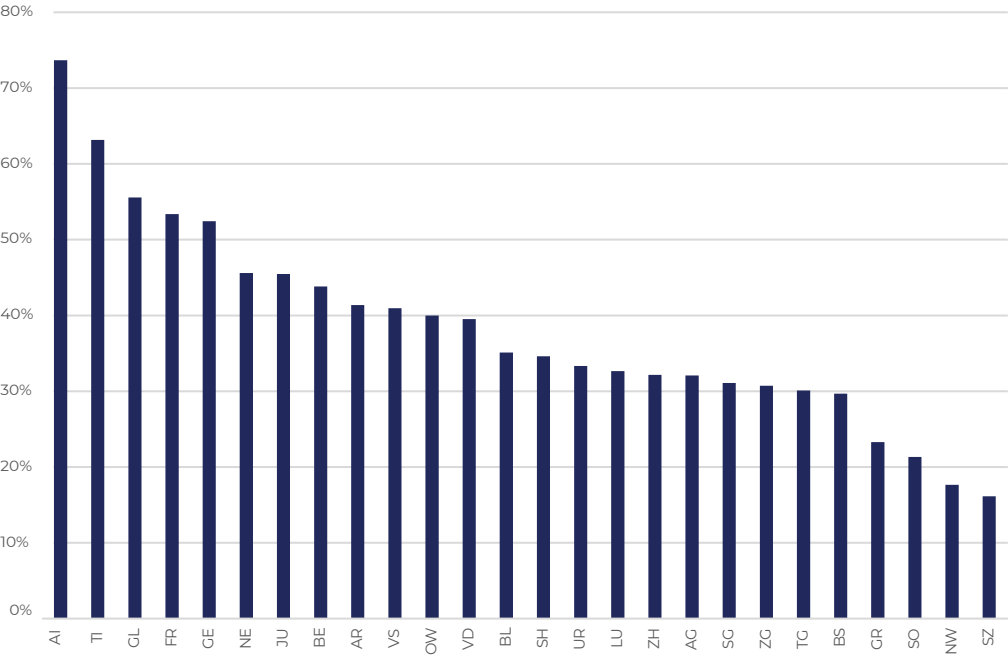
New start-ups by sector, 18th March to 14th April

Sector	2019	2020
Construction industry/Building trade	394	250
Provision of financial and insurance services	186	170
Provision of freelance, scientific and technical services	653	351
Provision of other services	161	104
Provision of other economic services	193	96
Childcare and education	74	46
Hospitality/Accommodation and food services	239	139
Health and social welfare	156	109
Property and housing services	216	142
Trade; Repair and maintenance of motor vehicles	524	345
Information and communication	238	148
Arts, entertainment and recreation	70	34
Agriculture, forestry and fishing	41	20
Processing industry/Manufacturing of goods	219	128
Transportation and storage	85	55
Total	**3461**	**2143**
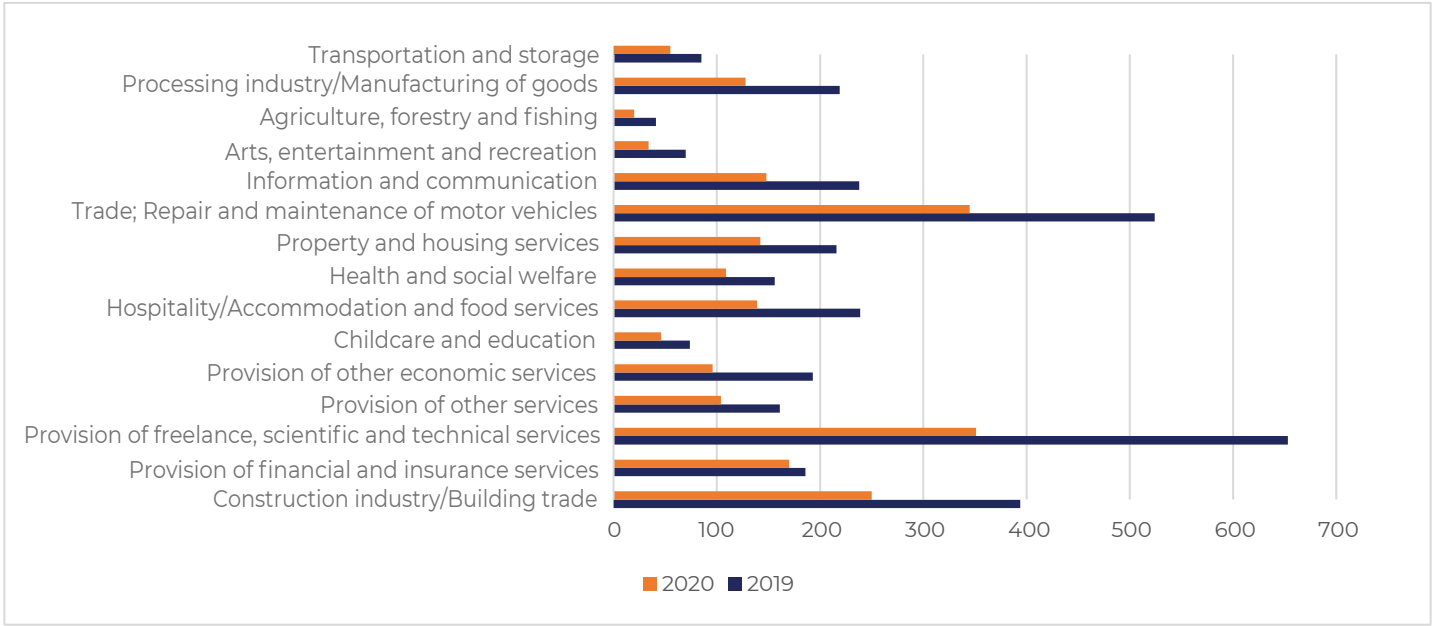
Reduction in start-ups by sector as a percentage compared with the same period of the previous year

Sector	Variation
Provision of financial and insurance services	9%
Health and social welfare	30%
Trade; repair and maintenance of motor vehicles	34%
Property and housing services	34%
Transportation and storage	35%
Provision of other services	35%
Construction industry/Building trade	37%
Information and communication	38%
Childcare and education	38%
Processing industry/Manufacturing of goods	42%
Hospitality/Accommodation and food services	42%
Provision of freelance, scientific and technical services	46%
Provision of other economic services	50%
Agriculture, forestry and fishing	51%
Arts, entertainment and recreation	51%
Total	**38%**
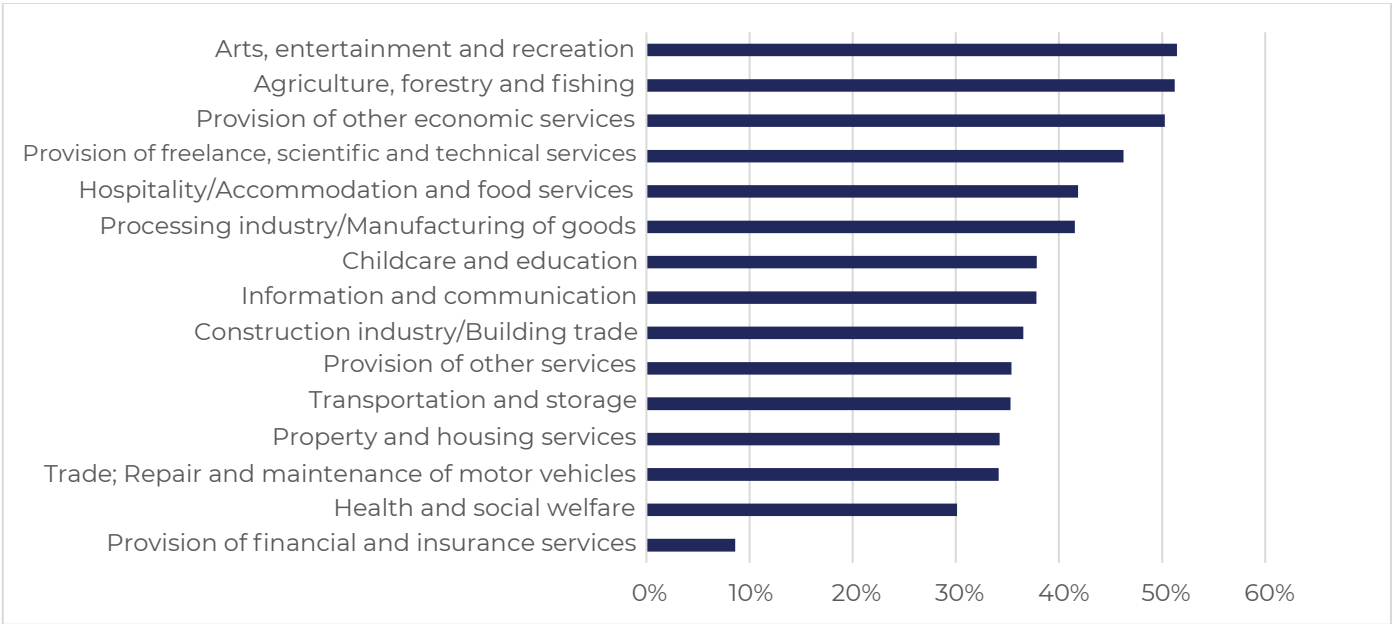
Import-Export Snapshot

Switzerland

Switzerland is the 18th largest export economy in the world and 17th as importer.
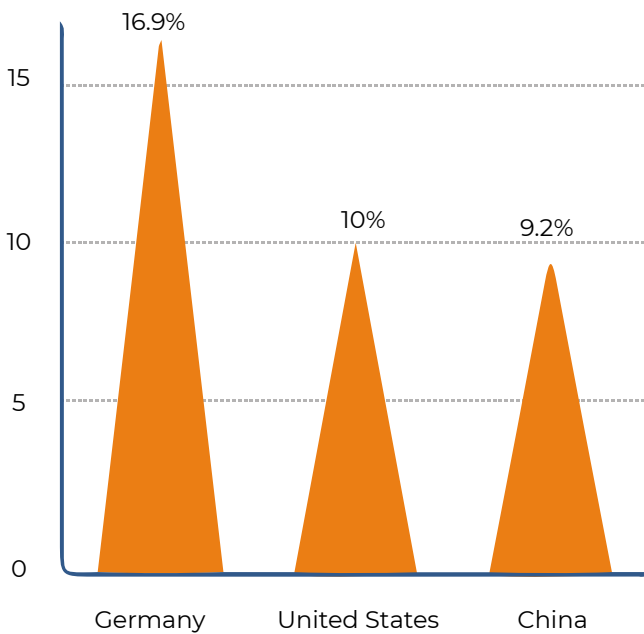
In 2017, Switzerland exported $285B and imported $273B, resulting in a positive trade balance of $12B.

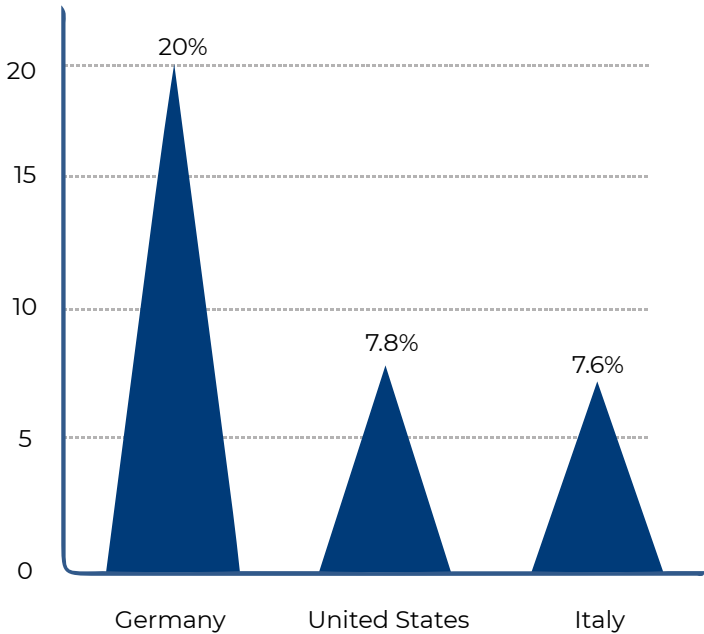In 2017 the GDP of Switzerland was $678B and its GDP per capita was $64.7K.

Switzerland is a member of EFTA, WTO and OECD.

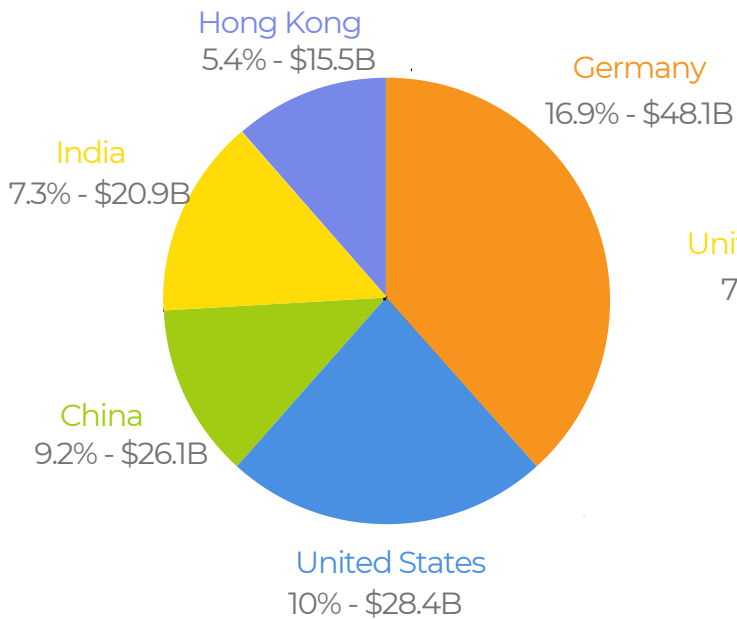Switzerland is classified as high income economy by World Bank.
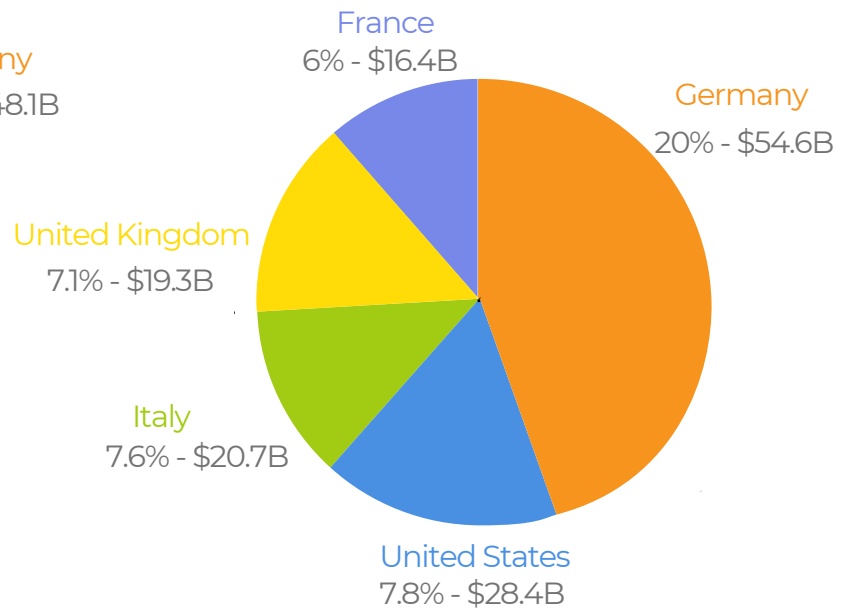
Top 3 Export Destinations
(overall value $285B)

- Germany: 16.9%
- United States: 10%
- China: 9.2%

Top 3 Import Origins
(overall value $406B)

- Germany: 20%
- United States: 7.8%
- Italy: 7.6%

Top 5 Export Countries

Hong Kong
5.4% - $15.5B

Germany
16.9% - $48.1B

India
7.3% - $20.9B

China
9.2% - $26.1B

United States
10% - $28.4B

Top 5 Import Countries

France
6% - $16.4B

Germany
20% - $54.6B

United Kingdom
7.1% - $19.3B

Italy
7.6% - $20.7B

United States
7.8% - $28.4B

What does Switzerland Imports and Exports?

Top 5 products exported by Switzerland

- Gold (24.7%) — $70.3B
- Packaged Medicaments (12.5%) — $35.6B
- Human or A... — $21B
- Base Metal Watches (4.6%) — $13.2B
- Nitrogen Het... — $7.48B
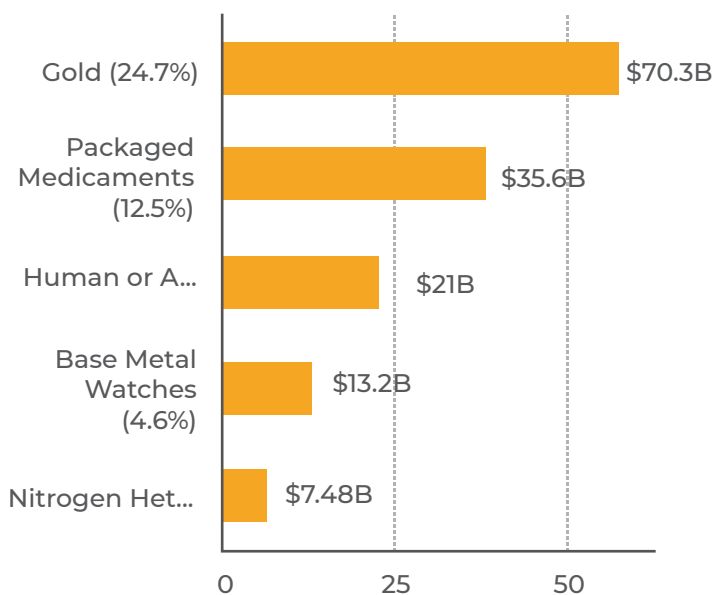
Top 5 products imported by Switzerland

- Gold (26%) — $70.9B
- Packaged Medicaments (7.1%) — $19.3B
- Jewellery (4%) — $10.9B
- Cars (3.8%) — $10.5B
- Human or A... — $8.52B
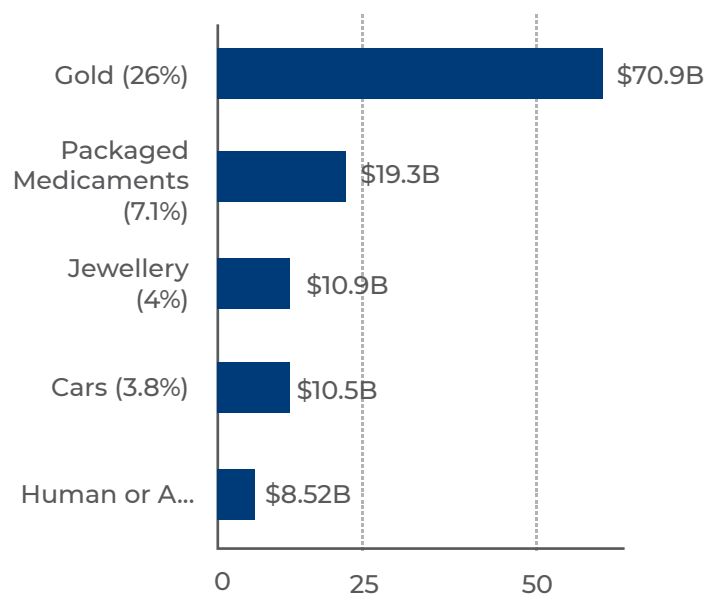
Product Analysis

| Propylene polymers top exporter Saudi Arabia
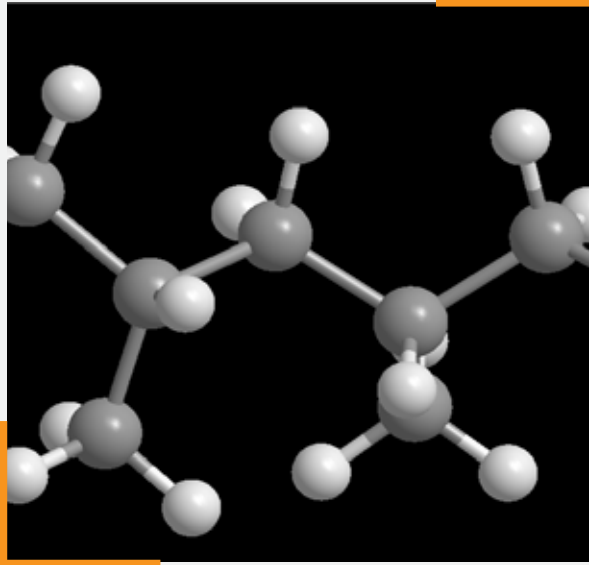
- Propylene Polymers are the 83rd most traded product in the world.

- The value of the total export amount at $40.4B

- Propylene Polymers' top exporter are Saudi Arabia ($4.59B), South Korea ($3.98B), Belgium-Luxembourg ($3.61B), the United States ($3.44B) and Germany ($3.15B).

- The top importers are China ($6.04B), Germany ($2.84B), Turkey ($2.64B), Italy ($2.27B) and Mexico ($1.58B).

- Saudi Arabia exports for $4.59, which represents the 11.4% of the World total.

Article of the Month

| Evaluate your business partners from due diligence point of view How for Anti-Money Laundering and (AML) and Anti Bribey and Corruption (ABC) checks can drive a business decision

Processes followed to evaluate and better understand the overall profile of a company can be very complex and also related to local legislation. If a business partner is acting at global level, required checks are involving multiple sources and aspects.

Starting from checks related to company performance, firmographic data, negative events, management and so no, it's becoming more and more important know in advance if there is an involvement in criminal activities or financial fraud in order to avoid legal issues and reputation damage. Of course, in order to obtain an overall picture, it's necessary not only get information related to company but also ones related to management and shareholders. Only proceeding in this way is possible to obtain an exhaustive picture of the subject.

Discussing about Anti-Money Laundering (AML) and AntiBribery and Corruption it's necessary to consider two different topics. First of legal aspects, then data content.

Risks connected to money laundering, fraud, corruption, bribery or other criminal activities are more and more present in the worldwide market. For this reason, at the same time, government requirements to implement appropriate actions to comply with regulations have been established all over the world.

Nowadays, companies must be able to check business partners, not just for evaluation purposes, but also for due diligence processes and need solutions to screen information required by regulatory processes. Even if Anti-Money and Anti-Bribery and Corruption can be connected as criminal practices, definitions are different and area of interest too.

Starting with Anti-Money Laundering (AML), considered as laws, regulations and procedures having the aim to prevent criminals to 'clean' funds obtained against law transforming into a legitimate profits. Even if Anti-Money Laundering legislation covers a limited number of transactions and criminal activities, implications are very important in term of rules to follow. For example, banks and financial institutions have to put in place specific procedures when a deposit account has to be opened to ensure no money laundering is in progress.

Money-Laundering crime can be summarized in 3 different stages:

Placement → Layering → Integration
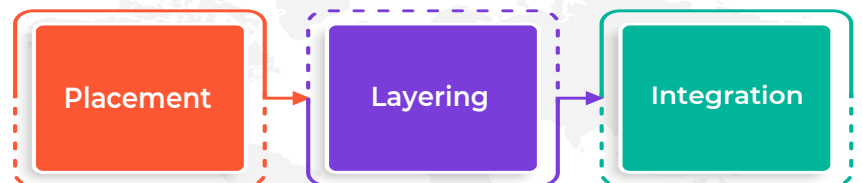
• **Placement:** It's movement of cash from its source and sometimes can be easily discovered. It's based on the circulation of illegal money through financial institutions, shops, casinos, bureau the change etc. both domestic or abroad. This process can be done different paths. First of all from smuggling, as illegal movement of currency or other monetary instruments out of a country. Then, when a bank is controlled by criminals linked for example to drugs dealers. In this case a complete liberalization of financial sector can help laundering. Another important point is the liberalizations of foreign exchanges giving laundering an important boost. Also brokers and constitutions of big funds can support this system with funds itself in which original sources cannot be tracked. Classical method in money laundering is the purchase of assets with cash: from illegal money to valuable goods.

• **Layering:** The purpose of this stage is make difficult detect a laundering activity and methods are first of all cash conversion into monetary instruments. Then, material assets bought with illicit funds and the sold both locally or abroad. In this case is quite difficult to trace the origin of the money.

• **Integration:** Money previously laundered is now available through normal banking systems as 'normal' earnings coming from businesses. Differently from layering, in the integration processes, detection and identification of laundered funds is done by informants. Methods are sales of property to integrate laundered money back into the economy using shell companies so the sales would be considered legitimate. Also 'front companies' an false loans are used by criminals for apparently legitimate transactions. Complicity of foreign banks represents an high level of sophistication, showing very often a protection. Release false Import/Export invoices is a very effective method in integrating illicit proceeds back to the economy.

It's very important to take into account:

Criminals use money laundering to hide their crimes and connected money	Anti-Money Laundering regulations is committed fight criminals in hide illicit money	Anti-Money Laundering regulations require financial institutions to monitor customers	Transactions and report suspicious financial activities

Moving to Anti-Bribery and Corruption, can happen anywhere in a company but it's more evident where business is also overseas and there is an interaction with government. It means that operate globally expose at the same time to new opportunities and risks. US Foreign Corrupt Practices Act (FCPA) and UK Bribery Act set the general parameters is defining bribery and corruption around the world.

These acts are defining the guidelines for how to identify, avoid, report and prevent bribery and corruption, how they must be reported, awareness. This is very important for the organizations as a lack in these practices can cause reputation damages, unwanted media attention and consequent lack in trust with potential decrease in economic results. Only clear polices in bribery and corruptions can help in proceeding transparently.

Bribery and corruption have two different definitions even if are representing a very similar crime.

● **Bribery:** As the offering, giving, receiving, or soliciting of any item of value to influence the actions of an official, or other person, in charge of a public or legal duty.

● **Corruption:** It is more generic and can be considered as the abuse of entrusted power for a private gain.

Operating in a global market the risk of being victim of bribery and corruption exists. This is why every time a relationship with a business partner is in place is required to have in place a robust due diligence flow in order to avoid such risks.

Main Anti-bribery and anti-corruption acts and regulations are:

● Organization for Economic Co-operation and Development (OECD) Anti-Bribery and Corruption
● Foreign Corrupt Practices Act (FCPA)
● United Kingdom (UK) Bribery Act
● Modern Slavery Act, UK
● United Nations Convention against Corruption

In this scenario, where Money Laundering and Bribery and Corruption can represent a risk for company and organizations both in term of legal proceedings and reputational damages with consequent economic losses, it's mandatory be able to count in information useful to performs checks on business partners. Having access to these data means protecting your business from reputational, operational, financial and legal risks.

For these reasons, SkyMinder, CRIF plarform giving access to in-depth credit and financial data on companies all over the world, represents a critical driver of financial transparency, providing instruments to prevent fraud and make proper compliance checks.

Through the integration of LexisNexis Risk Solutions, Skyminder users are able to accede asophisticated data analytics platform and identify patterns of subjects involved with companies and entities associated with financial crime risks in all countries.

Risk Categories Coverage

• **Sanctions Data -**
Aggregated information from the most important sanctions lists (OFAC, EU, UN, FBI, Bureau of Industry and security etc.)

• **Enforcement -**
Data published by official government agencies, industry regulators, disciplinary. Included bribery, burglary, corruption, money laundering, terrorism, pollution, terrorism, tax evasion, war crime, financial crime etc.

• **PEP (politically exposed persons) -**
Individuals with a prominent government or an international function, their family member, included head of states/government, senior politicians, judicial or military offices, important political party official. Followed FATF (Financial Action Task Force) definition on PEP, including primary and secondary.

• **Adverse Media -**
Publically available media sources publishing news describing a crime, classified in 49 categories. Included local and international newspaper, broadcasts, press releases in 59 different languages for 35,000 media sources.

• **SOE (state owned entity) -**
Government-owned corporations (% owned > 50%) and government-linked corporations (% owned by governments < 50%. FATF recommend to know % owned by a Governemnt.

Registration -
Data posted by government as compliance with the government body's rules and regulations. Can be included in FATCA Registered Institutions (Foreign Account Tax Compliance Act), IHS Registered Ship (especially if flag associated to high-risk and non-cooperative jurisdiction list. Marijuana Registered Business, issued by U.S. includes officially licensed or marijuana business for recreational use.

Via SkyMinder is possible to choose between two different products integrating LexisNexis Risk Solutions Compliance Check Report and Extended Check Report.

• **Compliance Check Report:** makes possible to find any business entity worldwide and get information on whether the subject is on lists regarding fraud, terrorism, money laundering or other crimes.

• **Extended Check Report:** allows to find companies worldwide and obtain information about the company itself, as well as its directors, shareholders and parent companies, as described in the Credit Report, and to check if the subject is on any lists of criminal activity.

Quick Infographics

Evaluate Your Vendors with
CRIF's Supply Chain Due Diligence Report

What is Supply Chain Due Diligence?

It accounts for the efforts taken to investigate a potential business partner and associated risks that can disrupt the supply chain of your company. The main and vital purpose of the process is to ensure that the portfolio of the top-notch suppliers is available at the disposal of the company.

Key Benefits of Supply Chain Due Diligence

Increase performance visibility: The simple process of measuring the performance of the suppliers can help improve the overall performance of the company.

Leverage the supply base: Plan a better and new range of products and services based on a good understanding of its suppliers' expertise, vital capabilities, and performance levels.

Diminish risk factors: Identify potential threats under credit lines, operations, possible bankruptcy, defaults and eliminate any corruption risks.

Align customer and supplier business practices: Ensure suppliers run their business operations in alignment with their customers sharing similar business ethics and work towards the continuous improvement of their operations.

Keep your third-party due diligence in check.
Get your Business Information Report from CRIF today!

About CRIF India

CRIF India is one of India's leading provider of Credit Information, Business Information, Analytics, Scoring, Credit Management and Decisions Solutions.

CRIF's Business Information Report, commonly known as the BIR Report, is a new way of thinking about data and information and how they are linked to each other. Available in 230 countries and territories, CRIF'S Business Information Report contains up to date information collected from various data sources. The report helps in determining a company's profitability, financial trends, and risk. It also provides an in-depth profile of a company, including financial information, legal cases, history of business, ownership details, operational information, and details on related firms and special events that occurred in the past involving company management. It's an industry standard for evaluating both new and existing credit relationships, especially medium-to-high risk accounts. Additionally, it supports a company's other efforts, like marketing and purchasing.

CRIF India's Business Information Offerings

Due Diligence

Supplier & Vendor Evaluation

Dealership Evaluation

Cyber Risk Assesment

Business Information Reports (BIR) offerings

Domestic Reports
-BIR Lite
-BIR Standard
-BIR Plus

Cross- Border (International) Reports
- Credit Reports on Overseas Clients
- SKYMINDER Online Platform

Distributer Assessment

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How is CRIF different?

We brought in new Sets of Data Points
First in the industry at a TAT less than 48hrs

Count on our TAT
Quality in expertise translates into efficiency in outcome

Global Data Environment
200 million companies across 230 countries,
2 Million directors on these companies,
400+ data points covered

Quality checks
We've set processes to ensure reliable information is coming your way

Unmatched expertise in analysis
Our vast experience gives us an eye for better assessment of information

Customized solutions for: Customer I Suppliers I Trade / Supply Chain solutions

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