



The Deloitte CFO Survey

Corporate outlook bright despite gathering risk clouds

First half-year 2024 | Results of the Swiss CFO Survey

Contents

1. Summary and key findings of the Swiss CFO Survey	3
2. Economic outlook: Disparity in expectations	4
3. Corporate outlook: Expectations for recruitment fall	5
4. Corporate risks: Geopolitical and regulatory risks rise to the top of the table	7
5. Pension increase: How should it be funded?	8
6. Sustainability goals: Opportunities and challenges	9
7. Contacts and authors	10

About the Deloitte CFO Survey

The 47th Swiss CFO Survey was conducted online between 5 March and 5 April 2024. A total of 121 CFOs participated, representing listed companies as well as privately owned firms from every major sector of the Swiss economy. We would like to thank all participating CFOs for their support in completing the Survey.

The European CFO survey is conducted in a number of countries, including Switzerland. The full aggregated results should be available from May at www.deloitte.com/europeancfosurvey

A note on the methodology

Some of the charts in the Survey show results as an index value (net balance). This is calculated by subtracting the percentage of respondents giving a negative response from the percentage giving a positive response; responses that are neither negative nor positive are deemed to be neutral.

Because of rounding, percentages may not add up to 100. To improve readability, only questions related to the current financial and economic situation have been included in the published survey. If you would like to receive information about unreported questions, please contact us.

1. Summary and key findings of the Swiss CFO Survey



Economic outlook: Disparity in expectations

Spring is here, and as the temperature increases, so too does economic optimism – but not across the board. While Swiss CFOs rate the outlook for their own economy and that of the US much more positively than in H2 2023, most remain pessimistic about the outlook for China and very pessimistic about the outlook for Germany.



Corporate outlook: Expectations for recruitment fall

Most CFOs are optimistic about their company's prospects over the next 12 months and rate them as slightly more positive than in H2 2023. The sole exception is expectations for number of employees, which are markedly down on H2 2023.



Corporate risks: Geopolitical and regulatory risks top the table

Geopolitical risks have again risen to the top of the table of corporate risks. Geopolitical risks – current and looming wars, geopolitical conflict and elections – constitute the most frequently cited risk, followed in second and third place respectively by weak demand and skills shortages. CFOs also see regulation as a significantly greater risk.



Pension increase: How should it be funded?

Switzerland is boosting the AHV pension by introducing a 13th annual payment – but this increase needs to be funded. A majority of Swiss CFOs agree that the extra cost should not be met primarily out of higher taxation and social security contributions but rather by raising the retirement age. They believe government subsidies totalling CHF 49 billion a year provide plenty of scope to reduce current spending and use the money instead to fund the additional pension payment.



Sustainability goals: Opportunities and challenges

Complying with sustainability goals remains a challenge for companies generally and for their finance function in particular. Some companies have already made substantial progress, but most CFOs rate the cost of implementation as high.

2. Economic outlook: Disparity in expectations

Spring is here, and as the temperature increases, so too does economic optimism – but not across the board. While Swiss CFOs rate the outlook for their own economy and that of the US much more positively than in H2 2023, most remain pessimistic about the outlook for China and very pessimistic about the outlook for Germany.

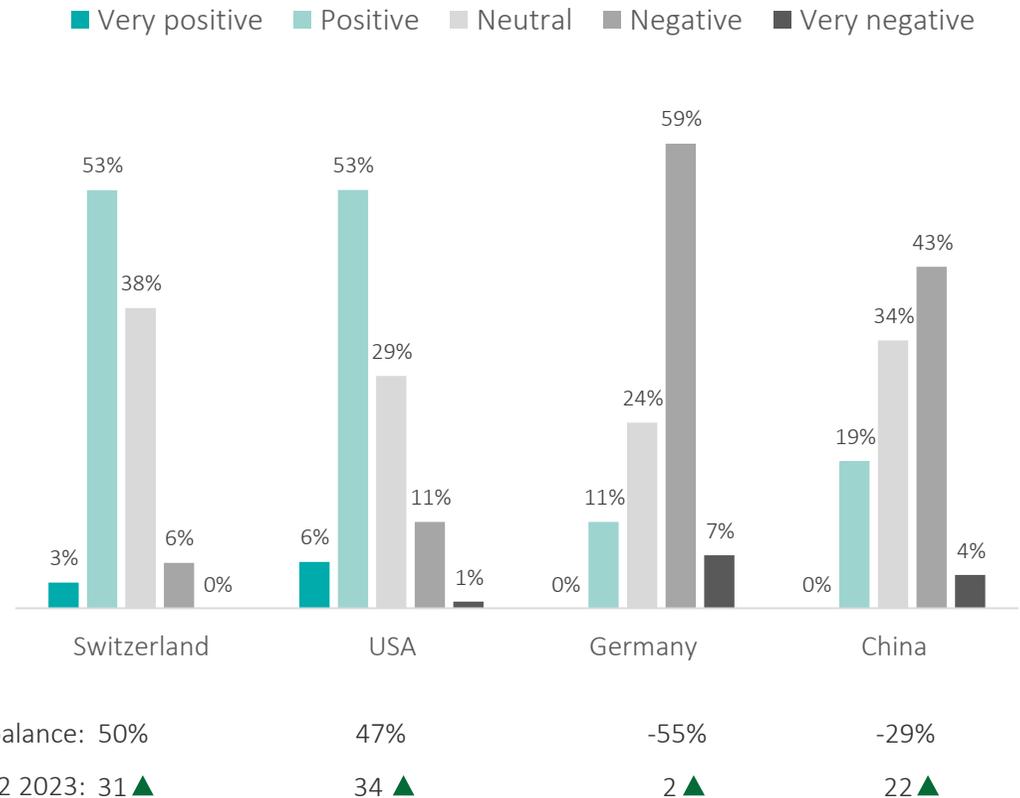
Swiss CFOs are markedly more optimistic about the outlook for the Swiss and US economies over the next 12 months than in H2 2023. A clear majority now rate the Switzerland's economic outlook as positive, though only 3% rate it as very positive. The picture is one of solid optimism rather than of euphoria.

CFOs' rating of the outlook for the Chinese and, particularly, German economies paints a very different picture, however. By comparison with H2 2023, expectations for the Chinese economy have improved, though a majority still rate its prospects as negative. Their rating of the prospects for the German economy remains largely unchanged from H2 2023, when a large majority rated them as negative or very negative.

A disparity has therefore opened up between Switzerland and its three major trading partners, with Germany – Switzerland's second most important export customer – as the weak point. If this weakness in the German economy continues, it is even more important for Switzerland to continue diversifying its export economy. The Swiss economy remains very successful overall, with some export industries thriving despite the problems in the German economy – a positive sign. Nevertheless, recovery in the German economy would benefit even more Swiss industries and businesses and create even greater momentum in the Swiss economy.

Chart 1. Economic outlook for Switzerland and its major trading partners

Net balance of CFOs rating Switzerland's economic prospects and those of its major trading partners over the next 12 months as positive/negative



3. Corporate outlook: Expectations for recruitment fall

Most CFOs are optimistic about their company's prospects over the next 12 months and rate them as slightly more positive than in H2 2023. The sole exception is expectations for number of employees, which are markedly down on H2 2023.

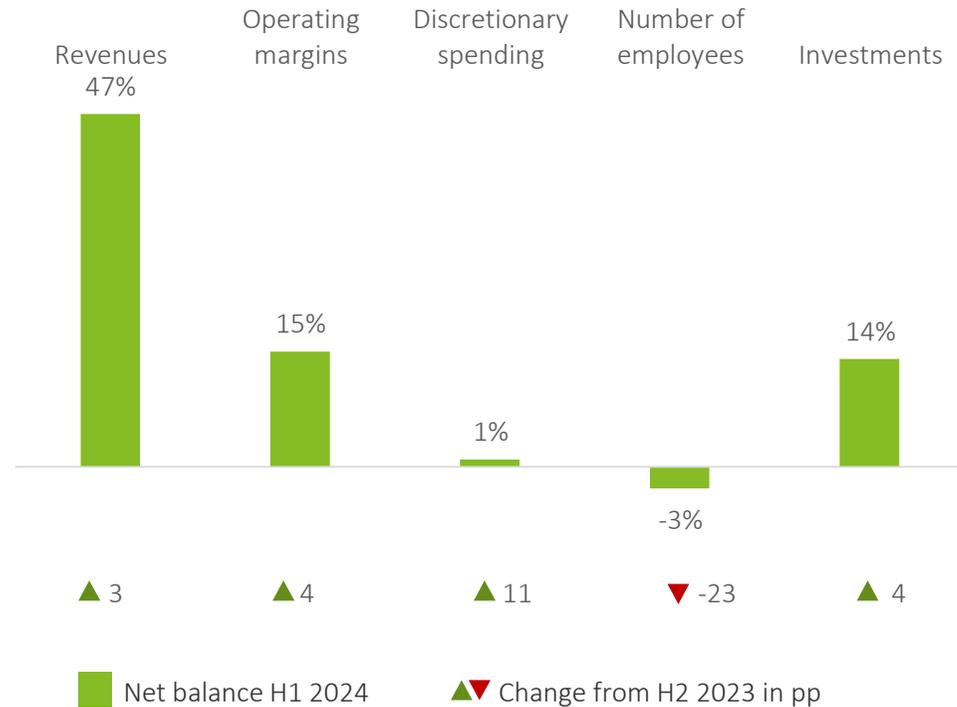
Swiss CFOs' expectations for their company's performance remain optimistic, with half rating their company's prospects over the next 12 months as positive while just 16% rate them as negative. This gives a net balance of 34%, virtually unchanged from H2 2023 (35%).

A similarly positive picture emerges of expectations for performance on individual key indicators (Chart 2). The net balance is positive on all but one indicator, with CFOs generally more optimistic than in H2 2023. CFOs are particularly optimistic in their expectations for revenues, while their expectations for operating margins and capital expenditure are stabilising.

The single exception is, however, a significant one: CFOs' expectations for number of employees in 12 months' time are markedly more negative than in H2 2023. Some of this pessimism can be explained by companies' uncertainty over their ability to find the right people to fill vacancies within a reasonable timeframe: skills shortages remain one of the largest corporate risks identified by Swiss CFOs, as Chart 4 shows. However, planned recruitment is also down. The [number of vacancies](#) across the economy has fallen over the past year, and the Swiss State Secretariat for Economic Affairs (SECO) expects the rate of unemployment to [rise slightly in 2024](#).

Chart 2. Corporate indicators: Greater optimism except number of employees

Net balance of CFOs who expect their company's performance on key indicators to increase/decrease over the next 12 months



As Chart 2 illustrates, average expectations for operating margins are up on H2 2023. There are a number of factors at work here, as Chart 3 illustrates.

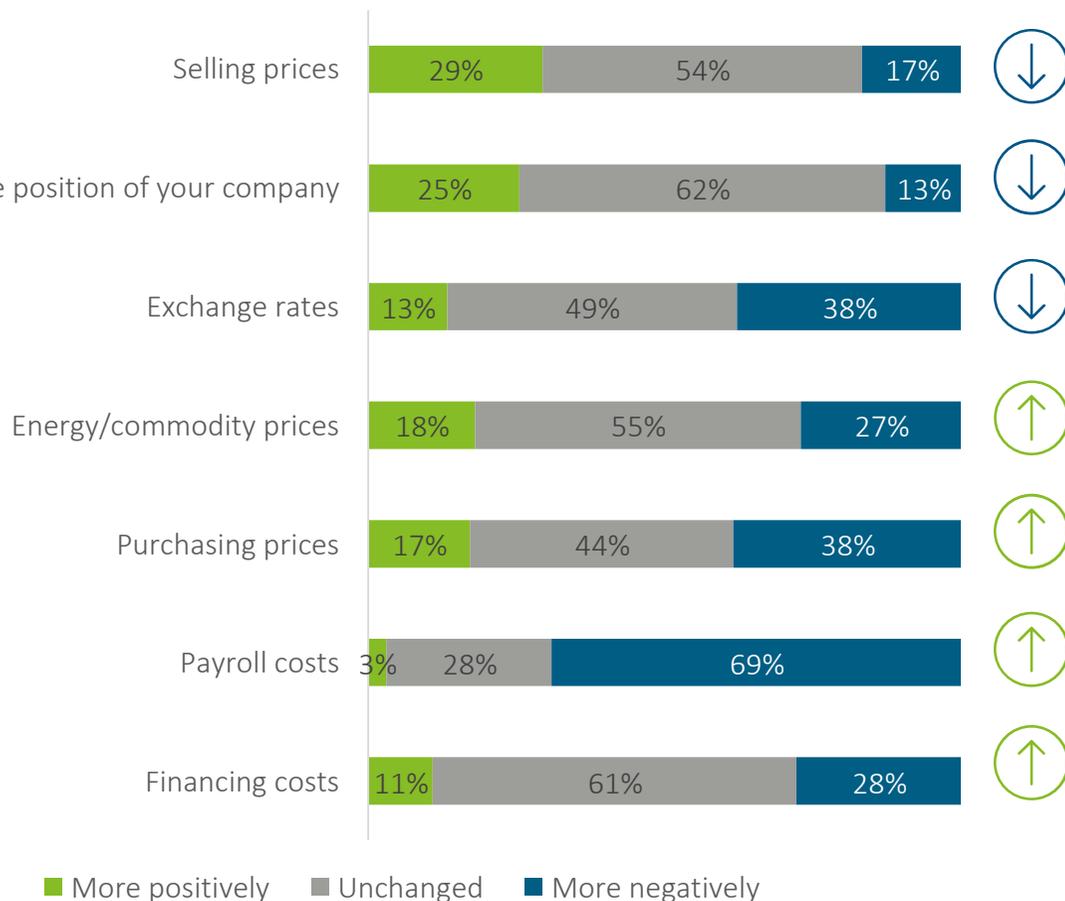
As in H2 2023, sales prices and the ability to set prices remain central for many companies. 29% of CFOs rate the impact of this as more positive than in H1 2023. Some companies are still clearly better able to offset rising costs or to increase their own margins despite general rises in prices. However, the proportion of companies in this position has fallen since H2 2023.

Payroll costs are the largest factor influencing operating margins, with 69% of CFOs reporting a more negative effect on operating margins compared with 12 months ago.

The situation with regard to energy and commodity prices has eased considerably. 18% of CFOs report improvements on this indicator, almost three times as many as a year ago (7%), while the proportion reporting a negative impact has almost halved, from 45% to 27%. There has been a similar improvement in the impact of financing costs, with noticeable effects from changes in interest rates.

Chart 3. Which factors are having an impact on your company's operating margins?

What impact are the following factors currently having on your company's operating margins compared with 12 months ago?



↑ ↓ Positive/negative change from H2 2023

4. Corporate risks: Geopolitical and regulatory risks top the table

Geopolitical risks have again risen to the top of the table of corporate risks. Geopolitical risks – current and looming wars, geopolitical conflict, and elections – constitute the most frequently cited risk, followed in second and third place respectively by economic weakness/weak demand and skills shortages. CFOs also see regulation as a significantly greater risk.

Geopolitical risks again dominate the list of corporate risks. The list of risks reported in H1 2024 constitutes one of the most varied in the history of the Swiss CFO Survey: it ranges from current wars and ongoing and future geopolitical conflicts to upcoming elections, including in the US.

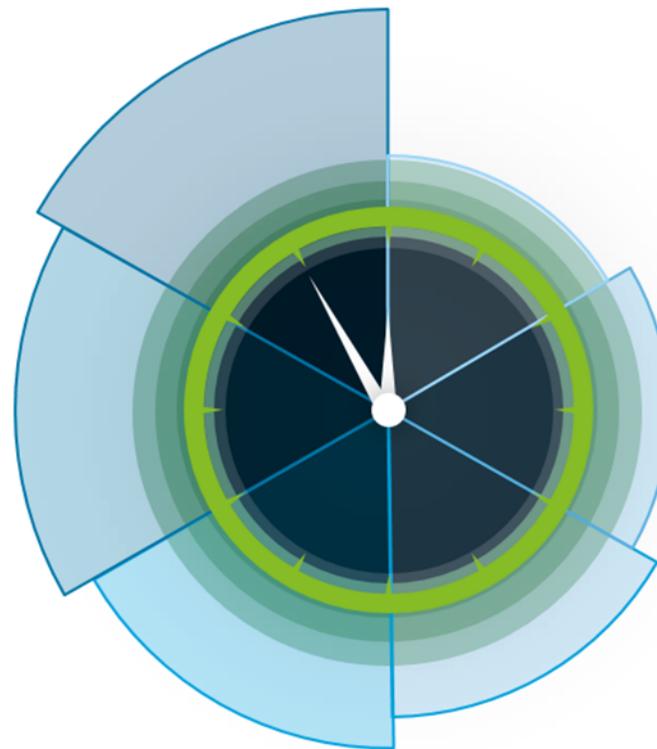
Perceptions of regulatory risks are also increasing, with risks in the ESG area cited by CFOs for the first time (see also page 9).

Skills shortages remain one of the three most frequently cited corporate risks. Even though CFOs expect their companies to be recruiting fewer employees than in H2 2023 (see Chart 2), finding staff with the right skills within a reasonable timeframe remains a challenge.

However, persistent inflation has now fallen off the list of the ten most frequently cited risks. Inflation slowed at the beginning of 2024, and the Swiss National Bank (SNB) has cut its policy interest rate. And as responses to another question show, Swiss CFOs expect the rate of inflation to remain stable at 1.5% in 12 months and 1.4% in 24 months.

Chart 4. Corporate risks from the perspective of Swiss CFOs

What do you see as the biggest internal and/or external risks to your company over the next 12 months?



1	Geopolitical risks	▲9
2	Economic weakness/weak demand	▼-1
3	Skills shortages	▼-1
4	Regulation	▲11
5	Currency risks	○0
6	Pressure on prices, costs and margins	▼-2
7	Internal company problems	○0
8	Cybersecurity	▲1
9	Monetary policy/interest rates	▼-3
10	Supply chain problems/availability of commodities	▲1

A note on the methodology: Participants are able to list up to three risks. Deloitte has categorised the risks indicated. The categories set out above include similar, though not identical, factors, which Deloitte has allocated to the most closely related category. The triangles show the direction of change from the H2 2023 Survey; the figure inside each triangle shows the change in the rating of each risk.

5. Pension increase: How should it be funded?

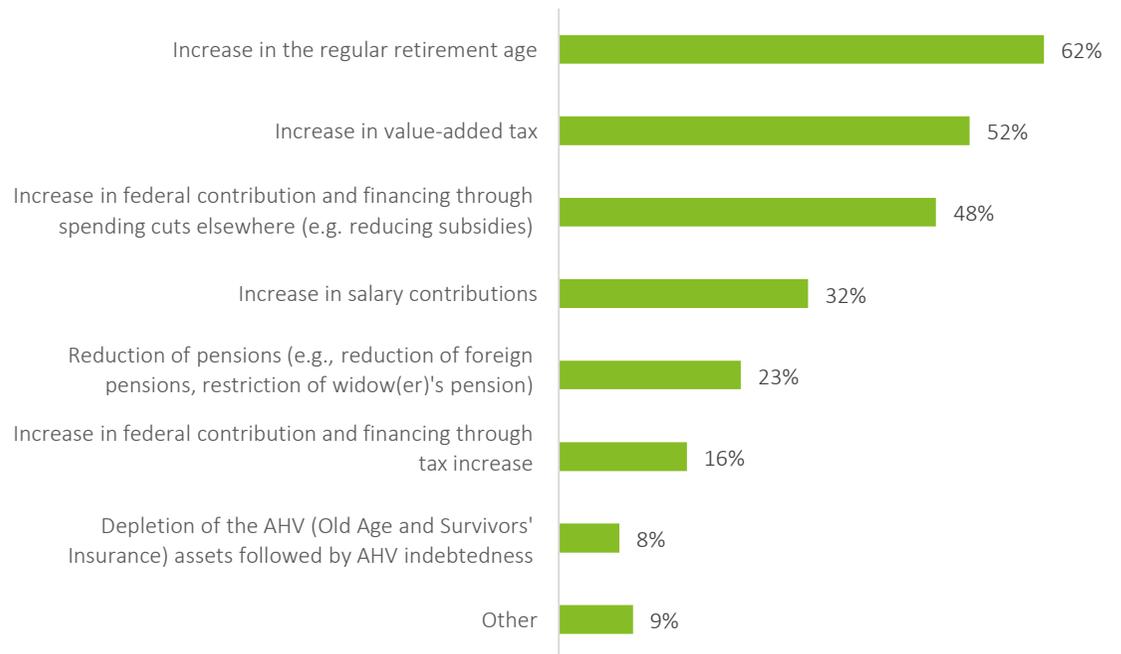
Switzerland is boosting the AHV pension by introducing a 13th annual payment – but this increase needs to be funded. A majority of Swiss CFOs agree that the extra cost should not be met primarily out of higher taxation and employer/employee contributions but rather by raising the retirement age. They believe government subsidies totalling CHF 49 billion a year provide plenty of scope to reduce current spending and use the money instead to fund the additional pension payment.

Switzerland's Federal Council originally proposed funding the increase by means of an as yet undefined combination of employer/employee contributions and higher VAT. The country's CFOs take a different view, especially of the salary contribution proposal, with most arguing instead for an increase in the retirement age. The country's ageing population makes such a move inevitable but also politically unpopular. However, a higher retirement age would not necessarily have to apply across the board but could instead take the form of [measures to make the retirement age more flexible retirement](#).

Increasing VAT is another possible solution, but while such a move would involve current and future pensioners in funding the pension increase, Switzerland already has high prices, and a higher VAT rate would have a regressive effect. CFOs' solutions therefore also include a higher government contribution and spending cuts in other areas. Given Switzerland's tight fiscal position and the scope for further massive increases in expenditure, such measures seem overdue. And there is no shortage of areas where spending cuts could fall: each year, the Swiss Confederation spends CHF 49 billion a year on subsidies, most of which CFOs consider to have [at least a potentially harmful effect on the economy](#) (in German only). And while resistance to the measure is probable, CFOs argue that it should be possible to cut at least 10% of these subsidies and use the savings to fund the additional pension payment.

Chart 5. How should the AHV pension increase be funded?

How do you as a CFO think the AHV pension increase approved on 3 March should be funded? (Multiple responses possible)



6. Sustainability goals: Opportunities and challenges

Complying with sustainability goals remains a challenge for companies generally and for their finance function in particular. Some companies have already made substantial progress, but most CFOs rate the cost of implementation as high.

Companies report differing degrees of compliance with sustainability goals in a number of areas (see Chart 6). Almost half say they have made substantial progress towards understanding relevant rules and identifying and implementing the action they need to take. 42% also report progress towards complying with their own company's targets, such as cutting CO2 emissions. The greatest need for action, however lies in recruiting staff with the right expertise (see also Chart 4) and in putting in place reporting and assurance processes.

As responses to another question show, around half of CFOs believe that meeting sustainability goals at least partly reflects the performance of their finance function

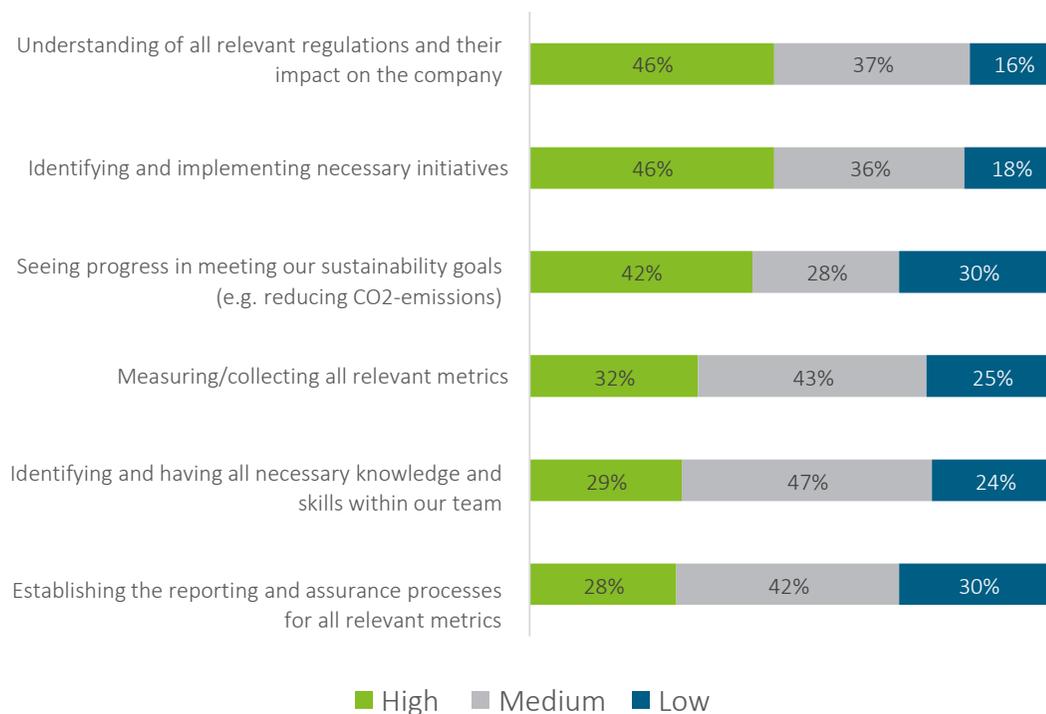
And while sustainability goals are important, CFOs rate the cost of meeting them as high: 44% of CFOs rate the costs as high, with a further 40% rating them as medium. This confirms the findings of the question on corporate risks (see Chart 4), which see the regulation of sustainability being cited as a risk for the first time.

The [EU Directive](#) on Corporate Sustainability Reporting (CSRD) not only affects EU companies but is also relevant for Swiss companies that have large subsidiaries in the EU or generate a certain revenue in the EU. The directive is complex and requires adjustments to strict reporting standards regarding impacts, risks, and opportunities. This includes understanding over 1000 data points of the European Sustainability Reporting Standards (ESRS).

However, it also gives companies that lead the way in sustainability a competitive edge that should impact positively on investor confidence and market value. The Swiss Federal Council is currently developing a consultation draft on sustainable corporate governance as well.

Chart 6. Compliance with sustainability goals

How do you rate your company's compliance with statutory sustainability goals in the following areas?



7. Contacts and authors

Contacts



Reto Savoia
CEO
Deloitte Switzerland
+41 58 279 60 00
rsavoia@deloitte.ch



Alessandro Miolo
Managing Partner Audit & Assurance
and CFO Programme Leader
+41 58 279 72 27
amiolo@deloitte.ch

Acknowledgements

We would like to thank all participating CFOs for their support in completing the Survey.

The Deloitte CFO Survey is supported by CFO Forum Schweiz, the independent association of Chief Financial Officers in Switzerland.



Thank you to Teresa Hug Alonso (Senior Analyst, Deloitte) for her invaluable input to this report.

Authors



Dr. Michael Grampp
Chief Economist and Head of Research
+41 58 279 68 17
mgrampp@deloitte.ch



Dennis Brandes
Economist & Senior Research Manager
+41 58 279 65 37
dbrandes@deloitte.ch

Participating in our Survey and accessing previous surveys

If you would like to take part in our Survey or would like to receive further copies of this report, please contact us at cfosurvey@deloitte.ch.

You can find all the survey results since Q3 2009 on our website at www.deloitte.com/ch/cfosurvey.



This publication has been written in general terms, and we recommend that you obtain professional advice before acting or refraining from action on any of the contents of this publication. Deloitte AG accepts no liability for any loss occasioned to any person acting or refraining from action as a result of any of the material in this publication.

Deloitte AG is an affiliate of Deloitte NSE LLP, a member firm of Deloitte Touche Tohmatsu Limited (“DTTL”), a UK private company limited by guarantee. DTTL and its member companies are legally independent and stand-alone companies. DTTL and Deloitte NSE LLP themselves do not provide services to clients. Please see www.deloitte.com/ch/about to learn more about our global network of member firms.

Deloitte AG is an audit firm recognised and supervised by the Swiss Federal Audit Oversight Authority (RAB) and the Swiss Financial Market Supervisory Authority (FINMA).

© Deloitte AG 2024. All rights reserved.