

# Audit of reliability of data in commercial register

## Federal Office of Justice

### Key facts

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On 1 January 2017, more than 611,000 companies were registered in one of the 28 commercial registers kept by the cantons. Any natural person or legal entity with a business activity in Switzerland must register with the authorities if the conditions are fulfilled. At the national level, the Federal Commercial Registry Office (FCRO) maintains the Central Business Name Index (Zefix) and carries out supreme supervision of the work carried out by the cantons. Twelve FTEs are at its disposal to carry out this mission.

The Swiss Federal Audit Office (SFAO) carried out an audit on the reliability of the data in the commercial register and its organisation. Among other things, it compared the procedures of the cantonal commercial register offices, analysed the data of six of them (Basel Landschaft, Bern, Geneva, Vaud, Zug and Zurich) and reviewed the supervision performed by the FCRO. Ultimately, the SFAO considers that the efficiency of the current system could be improved with centralisation at the national level within the framework of e-government.

#### **IT efficiency and verification tools to be improved**

The multitude of IT applications and cantonal databases, as well as data redundancy with the central federal register raise the question of the efficiency of the IT resources used by the authorities. The SFAO believes that simplifying the IT environment with a single application for the Swiss commercial register would result in overall cost savings and avoid difficulties related to data transmission and synchronisation. At present, registration applications are still mainly made on paper. However, the willingness of the Swiss authorities to promote e-government and the development of new technologies such as blockchain (information storage and transmission technology) should encourage partners (the cantons and the Confederation) to develop the digitisation of requests addressed to the commercial register in the longer term.

The commercial register offices have difficulties detecting not only companies that have to register, but also those that have to be deleted due to a lack of activity or assets. They do not systematically receive information known to other administrative authorities (e.g. from the Federal Tax Administration in the case of VAT liability).

During its audit, the SFAO highlighted elements that call for a strengthening of the verification tools. It estimates that around 13,000 companies in the form of sole proprietorships or associations are absent from the register. Conversely, the registers contain companies that have not been operating for several decades and have not been deleted. These are mainly sole proprietorships, and in some cases their operators have passed away. On a positive note, the SFAO found few cases of registered companies with incomplete data (no domicile, no mandatory body, etc.).

### **Coherent federal supervision but fight against economic crime to be stepped up**

The FCRO executes its supervision by validating the registrations submitted daily by the cantons, as well as by carrying out inspections in the commercial register offices. These two activities meet the legal requirements and are formalised in relevant concepts. The supervision principles adopted by the FCRO are coherent. However, the supervision approach is not sufficiently based on risk analysis and the supervision measures carried out by the cantonal administrative supervisory authorities.

The commercial register is a tool for the transparency of company information. It can thus play a role in the fight against economic crime. The SFAO takes the view that this role could be strengthened by making the register of natural persons entered in the commercial register public, for example.

**Original text in German**