

Audit of the supervision of the real estate register system

Federal Office of Justice

Key facts

The real estate register plays an essential role in guaranteeing property ownership in Switzerland. As a state register, it records all real estate and the associated rights and encumbrances. All legal transactions relating to land and real estate are recorded in the real estate register, such as the purchase and sale of a house, the granting of residential and usufructuary rights and mortgages. The exact number of real estate register transactions per year in Switzerland is not known. The real estate register serves a wide variety of users and actors from both the private and public sectors.

There are over 200 real estate registry offices in Switzerland. The cantons are responsible for the organisation of the real estate register system and its maintenance. The cantonal organisational structures are complex and differ greatly from one another – the spectrum ranges from cantons with one real estate registry office to those with more than forty. The Confederation has an overall supervisory function over the cantons, which is carried out within the Federal Office for Land Registry and Real Estate Law (FOLR). This overall supervisory function requires about 1.5 FTEs.

The Swiss Federal Audit Office (SFAO) audited the overall supervision of the real estate register system and identified a need for improvement with regard to activities within the scope of overall supervision. Data quality in the real estate register system is one of the key challenges that requires more attention. In order to enable a continuous and comprehensive digital transformation of the real estate register system, a strategic and institutional framework still needs to be established.

Overall supervision must be strengthened in many respects

The marked federalism in the real estate register system is contrasted by conceptually weak overall supervision, which has no insight into, nor access to, the real estate register data, is not kept informed by the cantons within the framework of institutionalised reporting and has no incentive or sanction options vis-à-vis the cantonal bodies involved. The FOLR has begun to establish important foundations for its overall supervisory activities. However, the availability of systematically collected information should be expanded in order to enable risk-oriented and effective supervision in the first place, and to set supervisory priorities. Systematic monitoring (structured comparisons between the cantons), which builds on cantonal reporting, and an inspection procedure that focuses more on risk issues would be suitable instruments for this. Furthermore, the strategic and conceptual foundations of the FOLR should be further developed in order to additionally include topics and risks that are not officially part of the real estate register system, but are relevant to it (e.g. rural land rights, acquisition of land by individuals abroad, legislation on second homes and money laundering risks in the real estate sector).

Greater attention should be paid to data quality

The current situation in the area of long-term safeguarding and archiving of real estate register data is unsatisfactory. Even eight years after the requirements entered into force, the long-term secured data was not complete (certain land register districts were missing due to overwriting). Furthermore, it is unclear whether the backed-up data can be electronically transferred to the real estate register software in the event of an emergency.

The SFAO is of the opinion that technical data quality is a key challenge in the real estate register system, particularly in view of digitalisation. The current data model allows too much leeway for interpretation. Furthermore, there are still hardly any controls (e.g. data analyses) aimed at determining whether and how the data collection requirements are actually met. The FOLR should ensure that such control activities are incorporated into supervisory practice.

A coordinated implementation of digitalisation is still pending

Important foundations for the upcoming digital transformation have been laid in the past two decades or are in progress. However, the potential for increasing efficiency through digitalisation is far from being exhausted. In order to advance the next steps "federally", and while respecting the various interests, essential elements such as a clearly defined vision, strategy and governance need to be developed.

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