

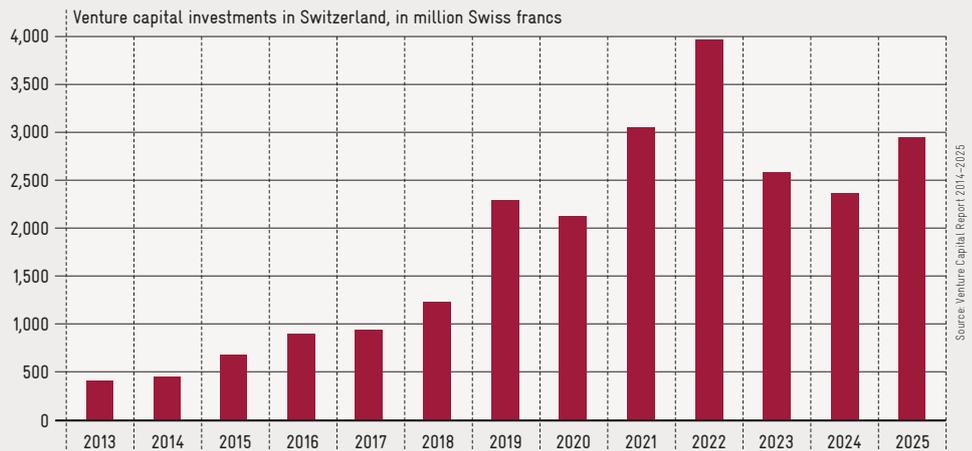
A Lively Venture Capital Market

Startup financing in Switzerland is developing promisingly – entirely without government funding. In order to strengthen the country’s innovative capacity, the federal government should dismantle existing barriers.

Situation

For years, Switzerland has ranked among the most innovative countries in the world and has established itself as an attractive location for startups. Each year, around 250 innovative companies emerge from universities and the private sector, attracting return-seeking investors. On the domestic market, growth-oriented young companies sometimes encounter financing constraints – especially those requiring double-digit million sums to fund their expansion. Politicians from various parties identify this as a problem and call for the state itself to become active as a venture capital provider.

Long-term upward trend in venture capital



Since 2013, venture capital investment in Switzerland has increased at least sixfold. After a pandemic-driven boom, the market saw a correction, but by 2025 investment volumes were again around 30% above their 2019 level.

Facts

9 years

The Swiss venture capital market is still young. Venture capital firms in Switzerland have existed for an average of nine years, compared to 14 years in Europe and as many as 27 years in the United States.

■ Upper mid-range

Venture capital investments in Switzerland amount to around 0.3% of economic output. This places the country slightly above the continental European average – despite the limited participation of domestic institutional investors such as pension funds.

■ Global investors as a strength

Three quarters of venture capital invested in Switzerland originates from abroad. This reflects the attractiveness of the Swiss startup ecosystem and brings not only capital but also indispensable know-how and international networks.

■ Limited relocation

Swiss startups seeking capital rarely turn their backs on Switzerland. Only about one in twenty startups relocates its headquarters abroad – less than in other leading venture capital hubs.

■ Questionable benefits of public funding

In Europe, state-backed venture capital investments have increased sixfold since 2007. Despite this, today’s investment level is no higher than in Switzerland. Public funds often perform worse and tend to crowd out private investment.

Recommendations

Rather than acting as a venture capital investor itself, the state should improve the framework conditions for innovation. Priority should be given to reforms in capital and labor markets: **abolishing the issuance stamp duty** on equity, **introducing start-up visas**, facilitating **labor market access for highly qualified professionals** from third countries, and **increasing flexibility in working-time arrangements** while **simplifying timekeeping requirements**. A **strong knowledge base** also remains central to Switzerland’s innovative capacity. Public funds should therefore continue to be directed toward basic research, particularly in STEM* and life sciences.

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*Science, technology, engineering and mathematics

