

Basel's practice between Zurich and Geneva

*Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland), Solicitor (Hong Kong),
Solicitor (England & Wales)*

The practice of Basel in matters of interest in the sixteenth century was close to that of Geneva and Zurich, but with its own emphasis. The rent contract remained the principal instrument of long-term credit, with the council regulating the rate, which was generally five per cent for redeemable rents. The municipal exchange, the *Stadtwechsel*, founded in 1504, received deposits and made loans. Its operations were regulated by the council. Merchants extended commercial credit to each other and to their customers. The prices of goods sold on credit included an allowance for the delay of payment.

The secularisation of church property after 1529, described in the previous chapter, placed a large portfolio of rents in the hands of the city, which continued to collect them and invested the capital of redeemed rents in new rents. The city thus became one of the largest lenders in the region, with a rate policy that influenced the terms of credit for the whole territory. The Basel practice was one of moderate, regulated interest, in which the city acted both as borrower and lender and supervised the private credit market.

This practice created a culture of credit that differed from both the speculative finance of the great Italian and south German banking houses and the moral rigorism of the early reformers. Credit was accepted as a normal part of economic life, subject to rules of moderation and fairness, and supervised by the civic authorities. This culture would shape the development of banking in Basel in the following centuries. It remains perceptible in the conservative reputation of the Basel private banks.

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