

Implications for Basel

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

The implications for Basel differ between the scenarios, although some apply to all of them. The cantonal banks will need to continue adapting their business models to an environment of low interest rates and digital competition. Their strength lies in local knowledge, client loyalty and the cantonal guarantee. They can defend these advantages by investing in technology through shared platforms, since building such technology alone has proved costly. In a scenario in which UBS departs, the cantonal banks would gain business in corporate banking, while in a scenario of digital reinvention they would face competition from platforms.

The private banks of Basel face the strongest pressure in all scenarios. Their survival depends on their ability to offer a clearly differentiated service, to bear the cost of regulation and technology and to manage the transfer of their clients' wealth to the next generation. Some may join larger groups, while others may concentrate on niches such as family office services or sustainable investment. Bank J. Safra Sarasin, with its international network, is positioned differently and would be most affected by the Asian pivot.

Employment and tax revenue are the main channels through which the scenarios would affect the canton. The financial sector accounts for a modest share of employment in Basel-Stadt, but its jobs are highly paid and generate substantial tax revenue. A departure of UBS would reduce this revenue, while digital reinvention could create new jobs in technology and compliance. The profit distributions of the cantonal banks and the SNB contribute to the budgets of both half-cantons and would be affected by interest rates and the performance of the banks.¹

The presence of the BIS gives Basel an advantage that is independent of the scenarios. The BIS and its committees will remain in Basel in all foreseeable circumstances, since their seat is anchored in the headquarters agreement with the Swiss Confederation. Their expertise in regulation, payments and

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digital money could make Basel a centre for the regulatory and technological dimension of banking.² Turning this potential into economic activity would require cooperation between the canton, the university and the private sector in fields such as regulatory technology, digital assets and central bank research.

1 Notes

1. On the tax revenue of the canton of Basel-Stadt from the financial sector, the profit distributions of the Basler Kantonalbank and the Basellandschaftliche Kantonalbank and the SNB distributions to the cantons, see the cantonal budgets and financial statements and the annual reports of the banks. Figures to be verified. ↩
2. On the headquarters agreement between the Swiss Federal Council and the Bank for International Settlements of 10 February 1987 and the Constituent Charter of 1930, see Part F, Chapter I. To be verified. ↩

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