

The Basel specifics

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

The scenarios must be translated into the particular conditions of Basel. Part E, Chapter I described a financial centre that is smaller than those of Zurich and Geneva and in which banking is less important to the regional economy than the life sciences. Several features distinguish Basel and determine how the scenarios would affect it.¹

The first is the strength of the two cantonal banks. The Basler Kantonalbank, with its subsidiary Bank Cler, and the Basellandschaftliche Kantonalbank are the anchors of domestic banking in the region. They hold a large share of the mortgages and savings of households and small businesses, and they distribute a substantial part of their profits to their cantons. Both have experienced the difficulty of building digital businesses at scale, through Zak and radicant respectively.² Their future depends chiefly on the Swiss mortgage market, interest rates and technology, while the fate of UBS affects them only indirectly.

The second feature is the group of private banks. The traditional Basel private banks are small, family-controlled and focused on wealthy clients from Switzerland and the neighbouring countries. Bank J. Safra Sarasin is a private bank of international scale whose owners are not Swiss and whose network extends to Asia, the Middle East and Latin America. These institutions are exposed to different risks: the small banks to the cost of regulation and technology, the larger bank to the global competition for wealth.

The third feature is the presence of the BIS and its committees. The BIS is a bank for central banks and international organisations, so its presence generates no private banking business. It does give Basel a concentration of expertise on banking regulation, payments, central bank digital currencies and climate risks that no other Swiss city possesses.³ In scenarios that involve tokenisation and new forms of central bank money, this expertise could become a regional asset, as Chapter I of this Part has argued.

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The fourth feature is the cross-border client base. Basel banks serve tens of thousands of cross-border commuters from Germany and France as well as wealthy clients resident in the neighbouring countries. Part E, Chapter I described the legal limits that German and French law place on such services.⁴ For Basel, the access of Swiss banks to the European market is therefore a regional question as much as a national one. A change in the relationship between Switzerland and the European Union, which Chapter IV of this Part examines, would affect Basel banks more directly than banks in Zurich or Lugano with a more global or Italian clientele.

The fifth feature is the legal seat of UBS AG at the Aeschenvorstadt. It is a historical legacy of the Swiss Bank Corporation, although the operational weight of UBS in Basel has declined since the merger of 1998. The bank remains a significant employer in the city nonetheless, and its presence carries a symbolic value that the debate on capital has heightened.⁵

1 Notes

1. On the share of the financial sector in employment and value added in Basel-Stadt and its comparison with Zurich and Geneva, see Part E, Chapter I, and the studies of BAK Economics and the Statistisches Amt Basel-Stadt. Figures to be verified. ↩
2. On the market position, profit distributions to the cantons and digital initiatives (Zak, radican) of the Basler Kantonalbank and the Basellandschaftliche Kantonalbank, see Part E, Chapter I, and the annual reports of the two banks. Status and figures to be verified. ↩
3. On the functions of the BIS as a bank for central banks and as host of the Basel Committee, the FSB secretariat and the BIS Innovation Hub, see Part F, Chapters I, II and IV. To be verified. ↩
4. On the cross-border clients of Basel banks and the restrictions of German and French law on cross-border banking services, see Part E, Chapter I, and Part H, Chapter II. To be verified. ↩
5. On the registered office of UBS AG in Basel (Aeschenvorstadt 1) and the development of UBS employment in Basel since 1998, see the commercial register, the annual reports of UBS and Part E, Chapter I. Figures to be verified. ↩

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