

The Basler Kantonalbank

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The cantonal banks were founded in the second half of the nineteenth century to provide credit to the population and the economy of their cantons on conditions that the private and joint-stock banks did not offer. They were owned by the cantons, which guaranteed their liabilities through the cantonal treasury. Their purpose was public: to support farmers, craftsmen, small businesses and homeowners with affordable credit, to offer the population a safe place for their savings and to finance the public bodies of the canton.¹

The canton of Basel-Landschaft founded its cantonal bank in 1864. Basel-Stadt followed in 1899, when the Basler Kantonalbank was established by cantonal law. The foundation of the Basler Kantonalbank was the result of a political debate in which the democratic and social movements of the city demanded a public bank that would serve the broader population, while the private bankers and the joint-stock banks argued that the existing institutions were sufficient.²

The Basler Kantonalbank developed into one of the principal banks of the city, specialising in mortgage lending, savings and loans to small and medium-sized enterprises and to the canton. Its state guarantee gave it a competitive advantage in attracting deposits, especially in times of crisis, when depositors preferred a bank guaranteed by the canton. It also raised questions of competitive neutrality that have accompanied the cantonal banks to this day.

In the early twenty-first century, the Basler Kantonalbank experienced difficulties that showed the risks of a public bank engaging in activities beyond its traditional mandate. It was involved in the United States programme for Swiss banks suspected of assisting American tax evasion. It was also the custodian bank of an asset manager whose fraud in 2012 caused losses to clients, which led to claims against the bank.³ These events led to changes in the governance of the bank and to a debate on the scope of its

public mandate. The bank also acquired and transformed the former Bank Coop into Bank Cler, a nationwide retail bank owned by the Basler Kantonalbank. Part E returns to the modern position of the cantonal banks.

1 Notes

1. On the cantonal banks in Switzerland, their public mandate and the cantonal guarantee, see HLS, article "Kantonalbanken"; Art. 3a Banking Act on the definition of cantonal banks. To be verified. ↩
2. On the foundation of the Basler Kantonalbank by cantonal law in 1899 and the political debate that preceded it, see the history of the Basler Kantonalbank; HLS, article "Basler Kantonalbank". To be verified. ↩
3. On the participation of the Basler Kantonalbank in the US Department of Justice programme for Swiss banks (category 1) and the ASE Investment fraud case (2012), in which the bank was custodian, see the reports of the Basler Kantonalbank and FINMA. To be verified. ↩

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