

The Basler Kantonalbank and the Bank Cler group

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The Basler Kantonalbank was established by the canton of Basel-Stadt in 1899 to provide the urban population and local trade with savings facilities, mortgages and commercial credit on sound terms. It grew into the largest domestic bank of the city, with its head office near the Aeschenplatz and a network of branches across the canton. Its capital is held largely by the canton, while participation certificates without voting rights are listed on the Swiss stock exchange and give private investors a share in its profits.¹

The state guarantee is the defining feature of the bank's legal position. Under the cantonal law on the Basler Kantonalbank, the canton is liable for the bank's obligations to the extent that the bank's own resources are insufficient. Depositors therefore enjoy a protection that goes beyond the federal deposit insurance scheme, which is limited to a fixed amount per client and bank. The canton receives a fee for this guarantee in addition to its share of the profits, so that the guarantee is priced at least in part. Critics have argued that the fee does not reflect the full economic value of the protection, a question that recurs whenever cantonal banks compete with private banks for deposits and mortgages.²

The governance of the bank was reformed after a series of difficulties in the 2010s. The bank had acted as custodian for an asset manager in the canton of Aargau whose fraudulent trading caused heavy losses to investors. It had also served American clients whose undeclared accounts exposed it to the tax enforcement programme of the United States, which Chapter IV describes. Both matters damaged its reputation and led to provisions and settlements, according to the bank's own reports.³ The canton responded with a revision of the law on the bank, which strengthened the professional qualifications required of members of the bank council and reduced the direct influence of party politics on the bank's supervision. The revised law also defined the public mandate more precisely and gave the bank council clearer responsibility for strategy and risk.⁴

The bank's second pillar is Bank Cler. Its origins lie in the Genossenschaftliche Zentralbank, founded in Basel in 1927 by cooperatives and trade unions to serve the cooperative movement and its members. The institution later took the name Bank Coop and became a nationwide retail bank with branches in most Swiss regions. The Basler Kantonalbank acquired a majority of the bank around the turn of the millennium. After taking full ownership in 2017, it delisted the bank and renamed it Bank Cler.⁵ The acquisition gave the cantonal bank of a small city canton a reach far beyond its borders. It also raised the question of whether a canton should bear economic risks connected with a bank whose clients live mostly in other cantons, since the state guarantee covers the Basler Kantonalbank itself while Bank Cler, as a separate company, falls outside it.

Bank Cler became the group's laboratory for digital banking. In 2018 it launched Zak, a smartphone banking application aimed at younger clients, which allowed accounts to be opened and managed entirely online. The application attracted a substantial number of users within a few years, although the group later reviewed its digital strategy and the place of the application within it.⁶ The history of the group thus reflects three tendencies of Swiss cantonal banking: the expansion of a regional institution beyond its canton, a governance reform that followed reputational damage, and the search for a digital model that a bank of medium size can sustain.

1 Notes

1. On the foundation of the Basler Kantonalbank in 1899, its ownership by the canton of Basel-Stadt and its participation certificates listed on SIX Swiss Exchange, see the annual reports of the Basler Kantonalbank. To be verified. ↩
2. On the cantonal guarantee under the law on the Basler Kantonalbank, the guarantee fee paid to the canton and the limits of federal deposit insurance (esisuisse, Art. 37a ff. Banking Act), see the cantonal legislation and the publications of the bank and of esisuisse. Figures to be verified. ↩
3. On the losses connected with the custody relationship with ASE Investment AG (uncovered in 2012) and the resolution of the US tax matter of the Basler Kantonalbank (reported settlement with the US Department of Justice in 2018), see the annual reports of the Basler Kantonalbank and the publications of the US Department of Justice. Status and figures to be verified. ↩

4. On the total revision of the law on the Basler Kantonalbank in the mid-2010s (composition and election of the bank council, separation from cantonal politics, owner strategy of the canton), see the legislation of the canton of Basel-Stadt. Dates to be verified. ↩
5. On the history of the Genossenschaftliche Zentralbank (founded 1927 in Basel), its renaming to Bank Coop, the acquisition of a majority stake by the Basler Kantonalbank around 1999/2000, the takeover of the remaining shares and the renaming to Bank Cler in 2017, see the publications of the Basler Kantonalbank and of Bank Cler. Dates to be verified. ↩
6. On the launch of the Zak smartphone banking application by Bank Cler in 2018, its user numbers and the subsequent review of the digital strategy of the Basler Kantonalbank group, see the annual reports of the Basler Kantonalbank and Bank Cler. Status to be verified. ↩

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