

The cantonal banks of Basel

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The Basler Kantonalbank and the Basellandschaftliche Kantonalbank, founded in 1899 and 1864, remain the principal banks of the domestic economy of the two half-cantons. Both are institutions under public law, owned by their cantons, which also guarantee their liabilities. They offer savings accounts, mortgages, loans to small and medium-sized enterprises, payment services, investment advice and private banking. Their public mandate, defined in cantonal law, requires them to contribute to the economic and social development of their cantons.¹

The cantonal guarantee gives the cantonal banks an advantage in attracting deposits, especially in times of crisis. During the collapse of Credit Suisse in 2023, many clients moved their deposits to cantonal banks, which they regarded as safe because of the guarantee. The guarantee also creates a contingent liability for the canton, which must cover the losses of its bank if it fails. In return, the cantons charge their banks a fee for the guarantee and receive a share of their profits, which contributes to the cantonal budgets.

The Basler Kantonalbank owns Bank Cler, the former Bank Coop, a nationwide retail bank which it acquired fully in 2017 and which it has since integrated more closely into its own operations. The difficulties of the Basler Kantonalbank in the 2010s, which Part D mentioned, led to a reform of its governance, a clearer separation of the bank's management from cantonal politics and a refocusing on its core business in the region.

The cantonal banks are subject to the federal Banking Act and to the supervision of FINMA, like other banks. The Zürcher Kantonalbank, the largest of them, has been designated as systemically important. The question whether the cantonal guarantee is compatible with fair competition, and whether the cantons should continue to own banks, is debated periodically. Several cantons have reduced or abolished the guarantee and converted their banks into companies limited by shares,

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while others, among them the two Basel half-cantons, have retained the guarantee.

1 Notes

1. On the legal basis, ownership, cantonal guarantee and public mandate of the Basler Kantonalbank (Gesetz über die Basler Kantonalbank) and the Basellandschaftliche Kantonalbank (Kantonalbankgesetz), see the cantonal legislation. To be verified. ↩

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