

What 1848 changed for banking

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The Federal Constitution of 1848 transformed the economic framework within which Genevan bankers operated. It created a Swiss domestic market by abolishing internal customs duties and transferring customs competence to the Confederation. It prepared the way for monetary unification, achieved shortly afterwards with the introduction of the Swiss franc.¹ It guaranteed freedom of establishment and freedom of trade, within certain limits.

For the Geneva financial centre, these changes brought both advantages and challenges. Monetary unification simplified payments and economic calculation. The enlarged domestic market opened new prospects. But competition between Swiss financial centres intensified, in particular with Basel and Zurich, whose banks were expanding rapidly. Geneva had to assert its distinctive character: its tradition of wealth management, its ties with France and the French-speaking world, and its international clientele.

The Constitution of 1848 did not yet establish federal banking supervision. Banks remained subject to cantonal law and to the general law of obligations. Several cantonal and commercial banks issued banknotes. It would take until the beginning of the twentieth century for the Swiss National Bank to be created and given the monopoly of issue, and until the 1930s for a federal act to organise the supervision of banks. The following chapters trace these stages.

The year 1848 also saw the foundation, on the initiative of James Fazy, of a Genevan bank of a new type, intended to break with the model of the family houses.² The next chapter describes these joint-stock banks and their role in the transformation of the financial centre.

Date	Event
1796	Henri Hentsch founds a silk and commission business, the origin of the Lombard Odier group

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Date	Event
1805	Foundation of the house that would become Pictet
1815	Geneva joins the Confederation
1816	Foundation of the savings bank
1819	Foundation of the house of Mirabaud
1841	Democratic revolution and new constitution
1846	Radical revolution led by James Fazy
1847	Genevan Constitution; Sonderbund War
1848	Federal Constitution; creation of a Genevan joint-stock bank

The dates 1796, 1805 and 1819 are confirmed by the sources cited above.

1 Notes

1. Federal Act on Currency of 7 May 1850 (RO I 305); SNB, “Chronique monétaire” (snb.ch); Dictionnaire historique de la Suisse (DHS), art. “Monnaies”: at the beginning of the nineteenth century, 860 distinct coin types issued by seventy-nine different authorities circulated in Switzerland; the Federal Constitution of 1848 gave the Confederation the exclusive right to mint coinage and “the Act of 1850 creates a single currency, the Swiss franc”. ↩
2. Dictionnaire historique de la Suisse (DHS), art. “Fazy, James”: Fazy created the Caisse hypothécaire (1847), the Banque de Genève (1848), the Caisse d’escompte (1849) and the Banque générale suisse de crédit international mobilier et foncier (1853), “which would suffer a resounding crash in 1865 and bring about the ruin” of its founder. ↩

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