

Anti-money laundering law

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The anti-money laundering dimension was the most serious objection raised in the cantonal parliament in 2021, when the minority report warned that wallets held outside recognized financial intermediaries could serve tax evasion and that pseudonymous transactions offered openings to criminal organizations.¹ The design of Lugano's payment system answers this objection by placing a supervised financial intermediary between the payer and the city. The city describes Bitcoin Suisse AG as a financial intermediary subject to the Swiss rules against money laundering and terrorist financing and a member of the self-regulatory organization VQF (Financial Services Standards Association).²

Under the Anti-Money Laundering Act (AMLA), persons who professionally accept or hold assets belonging to others or help to invest or transfer them are financial intermediaries within the meaning of Art. 2 para. 3. This includes payment services, which the Anti-Money Laundering Ordinance defines to cover help in transferring virtual currencies and money or value transfer, including the acceptance of virtual currencies against payment of a corresponding sum.³ A financial intermediary must verify the identity of the contracting party (Art. 3), establish the identity of the beneficial owner (Art. 4), clarify the background and purpose of unusual transactions (Art. 6), keep records (Art. 7) and report to the Money Laundering Reporting Office Switzerland (MROS) where there is a reasonable suspicion (Art. 9).⁴ For exchange transactions in Kryptowerte und Digital Assets, FINMA's anti-money laundering ordinance has since 2021 set a particularly low threshold of CHF 1,000 above which customers must be identified, and FINMA's guidance on payments on the blockchain applies the "travel rule" to transfers between financial intermediaries.⁵ Chapter I.II sets out these rules in detail, and Chapter G.III describes the anti-money laundering system in Ticino as a whole.

The city itself is not a financial intermediary, because it receives only francs. Its legal exposure is limited to the general rules of criminal law and to the duties of its officials. The residual risk of the arrangement lies in the origin of the coins. A taxpayer who pays a municipal tax invoice with bitcoin from a self-hosted wallet transfers coins whose history the intermediary can analyse through blockchain analytics but cannot fully verify. The intermediary bears the duty to screen the incoming addresses and to clarify suspicious transactions. For USDT there is an additional instrument. As a centralized issuer, Tether can freeze tokens held at specific addresses. It reports having supported freezes of nearly USD 550 million in USDT linked to Iran in connection with United States sanctions.⁶ For the purposes of anti-money laundering law, this capacity is an advantage. It also means that the value of a USDT payment depends on the decisions of a private company outside Switzerland, a point taken up in the next section.

1 Notes

1. Rapporto di minoranza (above). ↩
2. City of Lugano, press release of 5 December 2023 (above). ↩
3. Federal Act on Combating Money Laundering and Terrorist Financing of 10 October 1997 (Anti-Money Laundering Act, AMLA), SR 955.0, Art. 2 para. 3 and lit. b (payment services), <https://www.droit-bilingue.ch/de-fr/9/95/955.0-2-5.html>; Ordinance on Combating Money Laundering and Terrorist Financing of 11 November 2015 (AMLO), SR 955.01, Art. 4 para. 1, 1bis and 2 (payment services, virtual currencies, money and value transfer), <https://www.droit-bilingue.ch/de-fr/9/95/955.01-4-7.html>. ↩
4. AMLA, Art. 3 (identification of the contracting party), Art. 4 (establishing the beneficial owner), Art. 6 (special duties of due diligence), Art. 7 (duty to keep records) and Art. 9 (duty to report), <https://www.droit-bilingue.ch/de-fr/9/95/955.0-index.html>. ↩
5. FINMA Anti-Money Laundering Ordinance (AMLO-FINMA) of 3 June 2015, SR 955.033.0, Art. 51a para. 1 (identification where transactions in a virtual currency reach or exceed CHF 1,000; inserted by the FINMA ordinance of 4 November 2020, in force since 1 January 2021), <https://www.droit-bilingue.ch/de-fr/9/95/955.033.0-51a-55.html>; FINMA, press release on Guidance 02/2019 "Payments on the blockchain", 26 August 2019, <https://www.finma.ch/en/news/2019/08/20190826-mm-kryptogwg/>

(information on client and beneficiary must accompany token transfers). ↩

6. Tether, news release of 28 September 2026, "Tether Has Supported Nearly \$550 Million in Iran-Linked USDT Freezes as U.S. Expands Sanctions Campaign", <https://tether.io/news/tether-has-supported-nearly-550-million-in-iran-linked-usdt-freezes-as-u-s-expands-sanctions-campaign/> (freezes of more than USD 344 million in April 2026 and more than USD 130 million in July 2026). ↩

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