

Consolidation and its limits

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Consolidation has been the market's answer to these costs. The number of banks in Ticino halved between 2008 and 2020. Some institutions merged into larger Swiss groups, as BSI did into EFG and Morval into REYL. Others gave up their banking licence and continued as asset managers or were liquidated. A study by BAK Basel commissioned by the cantonal Department of Finance and Economy and presented at Villa Negroni in Vezia on 9 March 2016 painted a picture that was, on the whole, encouraging, but warned that many jobs would be at risk if outflows exceeded 50 per cent of the assets then under management. It identified commodity trading and access to European markets as opportunities to compensate for the inevitable decline of the Italian wealth management business.¹ Ten years later the outcome lies between the two scenarios. The number of banks has stabilized at around forty, employment has recovered slightly since 2021 and the value added of the financial sector has stagnated, while its share in the cantonal economy has fallen.

Consolidation has limits in a market of this kind. The remaining independent banks are controlled by families who do not need to sell. The domestic banks are anchored in the cantonal economy. The foreign groups that remain have chosen Lugano deliberately. Further consolidation is nonetheless likely among small foreigncontrolled banks and stock exchange banks, whose number fell from 13 in 2010 to 10 in 2024, and in the branch networks, where the effects of the UBS–Credit Suisse merger and of digital banking continue.²

For the practitioner. Choosing a custodian bank in Lugano for a private client or a structure with an Italian connection calls for a review of the following points: - The bank's legal form, owner and supervisory category. A FINMAlicensed bank appears in FINMA's register of authorized institutions. A cantonal bank with a full State guarantee offers a different risk profile from a small subsidiary of a foreign group. - Deposit protection.

Swiss depositor protection covers privileged deposits up to CHF 100,000 per client and bank. Large cash balances should be spread or held in custody assets, which are segregated from the bank's estate in insolvency. - The booking centre. A Lugano relationship manager may book the account in Zurich, Geneva or abroad. The booking centre determines the applicable law, the deposit protection and the reporting obligations. - Italian tax reporting. The bank should provide statements that support the client's Italian reporting obligations (*quadro RW*, IVAFE and capital gains) and should confirm in writing what it reports under the automatic exchange of information. - Crossborder service rules. The bank must explain how it serves clients resident in Italy within the limits of Italian law (Chapter E.IV) and what its relationship managers may and may not do when travelling to Italy. - External asset managers. If an independent asset manager is involved, the bank should offer a standard external asset manager agreement, electronic data delivery and clear rules on fees and retrocessions. - Credit and services. Lombard credit, mortgages on Swiss and foreign property, multi-currency accounts, cards and payment services differ widely between institutions. - Continuity. The ownership and succession of the bank, the stability of its relationship managers and its exposure to consolidation should be assessed, especially for small banks. - Costs. All-in fees for custody, transactions, foreign exchange and products should be requested in writing and compared under the cost transparency rules of FinSA.

1 Notes

1. RSI, "Banche, futuro non così nero" (9 March 2016), <https://www.rsi.ch/info/ticino-grigioni-e-insubria/Banche-futuro-non-cos%C3%AC-nero--938921.html>. ↩
2. USTAT, 12 Denaro e banche (March 2026, above), T. 12.1 and T. 12.2; Chopard (2011, above). ↩

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