

Decisions, talent and connectivity

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The most important form of intra-Swiss competition concerns the location of decisions. Chapter E.I has shown how the end of BSI in 2016 and the integration of Credit Suisse into UBS from 2023 reduced the number of banks headquartered in Ticino or with significant management functions there. The Lugano offices of UBS, Julius Baer, J. Safra Sarasin, Vontobel and other national groups are regional branches whose budgets, product ranges and risk policies are set in Zurich or Geneva. A decision to serve Italian clients from Zurich, or to concentrate a booking centre in Geneva, can be taken without any change in the client relationship. When national groups consolidate their back offices and compliance functions, the operational case for Lugano depends on cost and on the specific skills that only Lugano offers.

The labour market cuts both ways. Ticino's wages are lower than those of Zurich and Geneva. Its banks can also recruit qualified staff from Lombardy as cross-border commuters, as Chapters E.I and H.I have described. These factors lower the cost of operations in Lugano. They also make it harder to retain specialists in compliance, information technology, legal and investment functions, who can earn more in Zurich. The opening of the Ceneri base tunnel in 2020, which completed the AlpTransit axis described in Chapter C.III, shortened the rail journey between Lugano and Zurich to just under two hours and has brought the two labour markets closer.¹ Lugano-Agno airport lost its last year-round scheduled route, the service to Zurich operated for Swiss, when Adria Airways ceased operations in September 2019, and its operating company went into liquidation in April 2020. The loss has made the city more dependent on Milan's airports and on the rail link to Zurich for international connections.²

1 One supervisor, unequal burdens

All three centres operate under the same federal law and the same supervisor. Banks in Lugano, Zurich and Geneva are licensed by FINMA under the Banking Act, apply the same Anti-Money Laundering Act and the same Financial Services Act, and report to the same Swiss National Bank. Competition inside Switzerland is therefore never a competition of legal regimes. It is a competition of cost, skills and client access within a single regulatory frame. The frame itself, however, weighs differently on institutions of different size. A large group spreads the cost of a new rule over thousands of employees and many booking centres. A small Lugano bank with a few hundred employees must carry the same fixed costs for compliance, risk management, reporting and information technology with a fraction of the revenue.

FINMA has recognized this problem. Since 2020 it has applied a regime for small, particularly liquid and well-capitalized banks, which simplifies several prudential requirements for institutions in its supervisory categories 4 and 5.³ Many Ticino banks fall within these categories. The relief concerns capital and liquidity rules. It does not reduce the burden of the rules on conduct, money laundering and cross-border business, which weigh most heavily on banks with a large share of foreign clients. Chapter E.I has described how this burden contributed to the consolidation of the Ticino market. In the competition with Zurich and Geneva, the regime for small banks helps the independent Lugano banks to survive. It does not give them an advantage over the regional offices of national groups, which benefit from the scale of their parent.

2 Notes

1. Wikipedia, "Ceneri-Basistunnel", <https://de.wikipedia.org/wiki/Ceneri-Basistunnel> (opened on 4 September 2020, in regular service from 13 December 2020), and "Gotthard Base Tunnel", https://en.wikipedia.org/wiki/Gotthard_Base_Tunnel (Lugano–Zurich 1 hour 53 minutes in 2022, against 2 hours 41 minutes in 2016), both consulted October 2026 and used as a last resort. See Chapter C.III.
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2. Wikipedia, "Lugano Airport", https://en.wikipedia.org/wiki/Lugano_Airport, and "Flughafen Lugano", https://de.wikipedia.org/wiki/Flughafen_Lugano (both consulted October 2026; used as a last resort), on the end of the Zurich

route after the collapse of Adria Airways in September 2019, the liquidation of Lugano Airport SA in April 2020 and the absence of regular flights in 2025. See Chapter H.I. ↩

3. FINMA, "FINMA implementing small banks regime", press release, 27 November 2019, <https://www.finma.ch/en/news/2019/11/20191127-mm-kleinbankenregime/> (pilot phase with 68 institutions from 2018, implementation from 1 January 2020); FINMA, "Cat. 4 and 5 / Small banks regime", <https://www.finma.ch/en/supervision/banks-and-securities-firms/kat-4-und-5-kleinbankenregime/> (admission criteria now in the Capital Adequacy Ordinance: simplified leverage ratio of at least 8 per cent, average liquidity coverage ratio of at least 110 per cent, refinancing ratio of at least 100 per cent). ↩

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