

Emigrant savings and the crash

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The connection between emigration and banking had a darker side that became visible in 1914. The deposits of emigrant families were among the main sources of funding of the Locarnese banks. Those banks lent the money in Italy and invested it in railway and tourist ventures whose risks the depositors could not judge. When the Credito Ticinese failed, its depositors included families whose savings came from decades of work in California. Nosetti records that Locarnese investors lost more than CHF 2 million in the failure of the Banque Franco-Américaine in Paris, which had financed the Locarno railways, and that the Banca Svizzera Americana had to write down its capital by 40 per cent, about CHF 1.5 million, because of erroneous credits and investments made in Italy by several banks.¹ The money that emigrants had earned abroad thus returned to Ticino, was gathered by Ticinese banks and was lost in part in investments abroad. The pattern reappears, with different actors and much larger sums, in the history of the Lugano financial centre after 1945.

The Banca Svizzera Americana survived the crisis, although it lost its independence a few years later. Weakened by the losses of 1914 and by the war, it sought a merger with a larger institution and found one in the Union Bank of Switzerland of Zurich. The merger contract took effect retroactively from 1 January 1920 and was approved by the shareholders on 25 August 1920. After twenty-four years of independent existence, the bank became the Locarno and Lugano branches of the Union Bank.² Its absorption marks the end of the first generation of Ticinese banks and the beginning of the presence of the big Swiss banks, discussed later in this chapter.

1 Notes

1. Nosetti 2013 (as above). ↩

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2. Nosetti 2013 (as above); Erica Lanzi, "UBS Lugano and Locarno: 100 years in full swing", Corriere del Ticino, 23 October 2020, <https://www.cdt.ch/prodotti/cdt-international/ubs-lugano-and-locarno-100-years-in-full-swing-240246>. ↩

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