

Italian connections

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The Italian link established at the foundation grew stronger over time. A research project of the University of Milan on industry and banking in Ticino between 1880 and 1915 identifies the control of the BSI by the Banca Commerciale Italiana as one of the channels through which Italian capital entered the canton.¹ The Banca Commerciale Italiana had been founded in Milan on 10 October 1894 by an international consortium of German, Austrian and Swiss banks, among them the Kreditanstalt of Zurich, which was also one of the founders of the BSI. Its historical archive records that it acquired the Banca della Svizzera Italiana in 1910 and transferred its stake to the Irving Trust Company in 1983, so that the Milanese bank was present in Lugano for more than seventy years.² The relationship meant that the BSI had access to the payment network and the clients of the Milanese bank, while the Italian bank had a Swiss subsidiary on the border. This model, a Swiss bank in Lugano controlled or influenced by an Italian banking group, became one of the defining structures of the Lugano financial centre after 1945, as Chapters D.II and E.I explain.

The BSI's later history belongs to Parts D and E, but its outline completes the picture. In 1935 it became the first Ticinese bank to open a branch in Zurich. In the 1950s and 1960s it was among the most important regional banks in Switzerland, with branches in Locarno, Bellinzona, Chiasso, Zurich and St. Moritz and offices in Nassau, Caracas and Hong Kong. Its balance sheet reached CHF 7.2 billion in 1993.³ In 1991 it passed to the Swiss Bank Corporation, in 1998 to the insurer Generali, in 2014 to the Brazilian group BTG Pactual and in 2016 to EFG International, which absorbed it in the same year.⁴ The end came after FINMA had found serious breaches of anti-money-laundering duties in connection with the Malaysian 1MDB affair, ordered the disgorgement of CHF 95 million and made its approval of the takeover by EFG conditional on the full integration and dissolution of the BSI within twelve months.⁵ A bank founded to finance the Gotthard economy thus ended, after 143 years, as one of the most prominent

supervisory cases of modern Swiss banking. Chapter E.I discusses the end of the BSI.

1 Why the BSI survived 1914

Three features distinguished the BSI from the banks that failed in 1914. Its capital base was broader, with outside shareholders from Basel, Zurich and Italy. Its reserves amounted to almost a third of its share capital, while those of the Banca Cantonale Ticinese amounted to one per cent of capital. Its leadership was professional and less exposed to the party conflicts of the canton. The BSI was nevertheless involved in the crisis. Its director took part in the emergency meetings on the Credito Ticinese in January 1914. On the morning of 7 January 1914 its agent in Locarno sold shares of the Credito Ticinese to a client, three days before the Locarno bank closed. The Federal Court later held the BSI liable to refund the price, a judgment discussed below.⁶

2 Notes

1. Università degli Studi di Milano, research project "Industria e banca nel Canton Ticino (1880–1915)", project code 2007-ATE-0033, <https://expertise.unimi.it/resource/project/2007-ATE-0033>. ↩
2. Intesa Sanpaolo, Historical Archives (as above) ("BCI transferred its stake to the Irving Trust Co. in 1983"); Intesa Sanpaolo, Historical Archives, "Banca Commerciale Italiana (BCI)", <https://internationalhistory.intesasanpaolo.com/world-map/banks/detail/IT-ISP-MAPPAESTERA-0000286/banca-commerciale-italiana-bci> ("1910 saw both the acquisition of Banca della Svizzera Italiana"); "Banca Commerciale Italiana", Wikipedia (Italian), https://it.wikipedia.org/wiki/Banca_Commerciale_Italiana, used as a last resort for the foundation date and the founding consortium. On the Credito Svizzero among the founders of the BSI see Pordenone (as above). ↩
3. Pordenone (as above); Intesa Sanpaolo, Historical Archives (as above). ↩
4. Pordenone (as above). ↩
5. FINMA, "FINMA takes action against BSI AG" (press release), 24 May 2016, <https://www.finma.ch/en/news/2016/05/20160524-mm-bsi/> (serious breaches of anti-money-laundering rules and of the fit and proper requirement in connection with 1MDB; disgorgement of CHF

95 million; integration into EFG International and dissolution of BSI within twelve months). See Chapter E.I. ↩

6. Federal Court, judgment of 13 September 1917, Rezzonico c. Banca della Svizzera Italiana, BGE 43 II 487, <https://www.servat.unibe.ch/dfr/c2043487.html>. ↩

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