

Oeconomicae et pecuniariae quaestiones and the ethics of the bank

*Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland), Solicitor (Hong Kong),
Solicitor (England & Wales)*

The 2018 document is the most detailed statement of the Catholic Church on financial markets to date. Its starting point is that the economy needs ethics in order to function correctly, and specifies that it must be an ethics centred on the person. It recognizes "the irreplaceable social function of credit" and the role of qualified and reliable financial intermediaries. It qualifies the application of excessively high interest rates as ethically illegitimate, a modern restatement of the old usury doctrine. It states that "what is morally unacceptable is not simply to profit, but rather to avail oneself of an inequality for one's own advantage, to create enormous profits that damage others". It criticizes the spread of credit default swaps without proper limits, which has encouraged "a finance of chance, and of gambling on the failure of others". It also warns against conflicts of interest and against a culture in which profit is placed at the summit and every ethical claim is perceived as irrelevant.¹

Among its practical proposals, the document recommends the institution of ethics committees within banks to support their boards of directors.² For Swiss banks the proposal falls on prepared ground, since the governance rules of FINMA require boards to define the risk policy and the code of conduct of the institution. The idea also has a historical echo in the subject of this chapter. The Monti di Pietà of the sixteenth century were administered by boards on which clergy, magistrates and citizens sat together and whose accounts were public. The visitations subjected the funds of the parishes and confraternities to periodic external inspection. The modern Catholic proposal of ethics committees continues a tradition of supervised administration of money in which the purpose of the fund limits the freedom of the administrator.

1 The Holy See's own financial reform

The credibility of Catholic teaching on finance depends partly on the conduct of the Holy See's own institutions, which have been the subject of reform since 2010. The Holy See and Vatican City State created a Financial Information Authority (AIF) by Benedict XVI's *motu proprio* of 30 December 2010, adopted legislation against money laundering and the financing of terrorism, set up a Financial Security Committee in 2013 and reorganized the Institute for the Works of Religion (IOR), the Vatican bank. Since 2011 they have taken part in the evaluation process of Moneyval, the anti-money laundering committee of the Council of Europe. Its report of June 2021, the first to assess effectiveness, rated the Vatican system as substantially effective in five and moderately effective in six of eleven immediate outcomes, with no rating of low effectiveness. The supervisory and financial information authority, now called ASIF, received its present name and a new statute from Pope Francis on 5 December 2020.³

A criminal trial before the tribunal of Vatican City State, presided over by Giuseppe Pignatone, concerned the investment by the Secretariat of State of about USD 200 million, roughly a third of its available assets, in speculative instruments linked to a property at 60 Sloane Avenue in London. After eighty-six hearings, the tribunal on 16 December 2023 sentenced Cardinal Angelo Becciu to five years and six months of imprisonment for embezzlement and convicted eight other defendants, ordering confiscations of more than EUR 166 million. On Becciu's appeal, the Vatican court of appeal declared a mistrial on 17 March 2026 because of procedural errors and ordered a new trial, which was to open on 22 June 2026.⁴ For the governance of ecclesiastical money, the case showed the consequences of investment decisions taken without proper authorization and outside the canonical controls on the administration of church property. For the practitioner in Lugano, where Catholic institutions, religious orders and foundations are among the clients of local banks and asset managers, these developments have a direct consequence: ecclesiastical clients are subject to the same due diligence as other legal entities, while their canonical rules on the alienation and administration of property must be checked alongside the civil law.

For the practitioner. Catholic ecclesiastical entities as clients of a Swiss bank or fiduciary: - Identify the legal form under Swiss and canon law: parish (publiclaw corporation under cantonal law), foundation, association, religious institute or diocese. - Verify signing authority under both regimes; canon law requires permissions for acts of extraordinary

administration and alienations above thresholds fixed by the bishops' conference (cann. 1281 and 1291–1295 CIC). - Treat the entity as a legal entity for anti-money laundering purposes, identify the controlling persons and document the source of funds, including bequests and foundations of masses. - Respect any purpose restrictions attached to endowments; investment policies of Catholic institutions often exclude sectors on ethical grounds.

2 Notes

1. Oeconomicae et pecuniariae quaestiones (as above), nos. 8, 16–17, 23 and 26. ↩
2. Oeconomicae et pecuniariae quaestiones (as above), no. 24. FINMA Circular 2017/1 "Corporate governance – banks". ↩
3. Vatican News, report of 9 June 2021 on the Moneyval evaluation, <https://www.vaticannews.va/en/vatican-city/news/2021-06/moneyval-barbagallo-vatican-finance-money-asif.print.html>. Wikipedia (consulted as a last resort), "Supervisory and Financial Information Authority", https://en.wikipedia.org/wiki/Supervisory_and_Financial_Information_Authority (AIF established by Benedict XVI's apostolic letter motu proprio of 30 December 2010 "for the prevention and countering of illegal activities in the area of monetary and financial dealings"; new name and structure by Francis's chirograph of 5 December 2020). ↩
4. Mimmo Muolo, "Il cardinale Becciu condannato a 5 anni e 6 mesi", *Avvenire*, 15/16 December 2023, https://www.avvenire.it/attualita/il-cardinale-becciu-condannato-a-5-anni-e-6-mesi_71681. On the appeal: Wikipedia (consulted as a last resort), "Angelo Becciu", https://en.wikipedia.org/wiki/Angelo_Becciu, citing Associated Press, "Vatican appeals court declares mistrial in the 'trial of the century' against a cardinal", 17 March 2026 (mistrial for procedural errors; new trial from 22 June 2026). ↩

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