

Scenario B: Gradual erosion

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In the second scenario the slow trends dominate and no strong response emerges. The generational change in the Italian clientele leads to steady net outflows, because many heirs move their assets to Milan, London or to digital platforms. Several foreign-owned banks close their Lugano subsidiaries or transfer their business to their Zurich or Geneva entities, and UBS reduces its presence in the canton as part of its adjustment to the new capital rules. Many small asset managers close without a successor, leaving their clients to be absorbed by banks that book the assets outside Ticino. The canton and the city raise taxes to cover deficits. Plan B loses momentum after its second phase, while the start-ups move to Zug or Zurich once they obtain federal licences. The Swiss relationship with the European Union stagnates after a negative popular vote on the package of agreements.

In this scenario the number of banks falls to 24 to 28 in 2035. Bank employment falls to between 3,800 and 4,300 full-time equivalents, and employment in the financial sector as a whole to between 8,500 and 9,300. The share of the financial sector in cantonal GDP falls to between 5.5 and 6.5 per cent, approaching the level of a regional banking market without an international function. The number of non-bank financial enterprises falls to between 500 and 600. The asset index reaches only 85 to 100, implying net outflows of about 2 to 3 per cent of assets a year. Lugano would remain a financial centre for the domestic market and a residual Italian clientele, but would lose its claim to be the third Swiss financial centre. The author's assessment puts the probability of this scenario at about three tenths.

1 Scenario C: Lombard renewal

In the third scenario Lugano uses its specific assets to build a renewed role as the Swiss financial centre for Italy and for Italian-speaking clients

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worldwide. Three developments come together. Switzerland and the European Union conclude and ratify the package of agreements, and Switzerland and Italy agree on an arrangement that allows Swiss financial institutions to serve Italian clients under defined conditions, along the lines of the commitment to discuss market access contained in the roadmap of 2015.¹ The Italian heirs keep their relationships and use Lugano as the centre for international family wealth because it combines Swiss stability with Italian language and culture. Lugano's industry and authorities agree on a joint strategy and invest in training, technology and the promotion of the financial centre.

In this scenario the number of banks remains between 36 and 40, as new entries balance exits. Bank employment rises to between 5,300 and 5,900 full-time equivalents, and employment in the financial sector as a whole to between 11,500 and 12,500. The financial sector's share of cantonal GDP rises to between 8 and 9 per cent. The number of non-bank financial enterprises stabilizes between 800 and 900, with larger average size. The asset index reaches 135 to 155, implying net inflows of 1 to 2 per cent a year. A shock in the euro area that increases the demand for Swiss custody would reinforce this scenario. The author's assessment puts its probability at about one fifth, because it requires political decisions in Bern, Brussels and Rome that lie outside the control of Ticino.

Indicator (2035) A: Niche excellence B: Gradual C: Lombard renewal erosion Banks 30–34 24–28 36–40 Bank FTE 4,600–5,000 3,800–4,300 5,300–5,900 Financial sector 10,000–10,800 8,500–9,300 11,500–12,500 FTE Share of GDP 7–8 % 5.5–6.5 % 8–9 % Asset index (2025 115–130 85–100 135–155 = 100)

Table 2: Indicators of the three scenarios for 2035. Author's assessment. Baseline values in Table 1.

2 Notes

1. Federal Council, media release "Switzerland and Italy sign agreement on tax issues", 23 February 2015, <https://admin.ch/gov/en/start/documentation/media-releases.msg-id-56318.html> ("a roadmap for continued dialogue on financial and tax issues"); Federal Council, Roadmap del 23 febbraio 2015 in materia fiscale e finanziaria tra la Svizzera e l'Italia – Analisi dell'attuazione, report of 27 October 2021, <https://www.newsd.admin.ch/newsd/message/attachments/68682.pdf>, 4 (signed "a Milano, il 23 febbraio 2015") and 20 (section 3.2 on cross-border financial services and solutions to improve market access). See Chapters E.II and E.IV. ↩

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