

The big banks, the foreign banks and Chiasso

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The big Swiss banks responded by expanding their own presence. Union Bank of Switzerland, Swiss Bank Corporation and Credit Suisse enlarged their branches in Lugano, opened new ones in Chiasso, Mendrisio, Locarno and Bellinzona and created services for Italian private clients. The Chiasso branch of Credit Suisse, which became the centre of the scandal of 1977, had grown under Ernst Kuhrmeier, its deputy director and later director, into a flourishing branch with an essentially Italian clientele, whose business went so well for so long that the head office in Zurich saw no reason to intervene (Chapter D.III).¹ Banks from other countries followed the Italians. French, British, American and later Arab and Latin American banks opened subsidiaries or branches in Lugano from the late 1960s, attracted by the Italian private client market and by the Euromarket business that the Lugano banks had begun to develop.²

Chiasso had its own boom. Having grown with the railway and the customs station, the town had an economy that before 1950 was dominated by transport, forwarding and customs agents, together with tobacco and silk manufacturing. After 1950 the tertiary sector grew strongly and Chiasso became a financial centre for the Mendrisiotto. The population rose from 3,700 in 1900 to 8,868 in 1970.³ Chiasso's banks were closest to the border and to the courier traffic. Many of the financial companies used by Italian clients were domiciled there as well. Berbenni treats the concentration of such companies in the border town as indirect evidence of their role in Italian capital exports.⁴ From the 1980s the trend reversed, as companies and residents moved to neighbouring municipalities.⁵

1 Fragility and failure

Rapid growth brought fragile institutions. The Banca Vallugano, founded with Italian capital in 1964, failed some years before the Chiasso scandal, without shaking confidence in the system as a whole.⁶ Weisscredit, Banca

Commerciale e d'Investimenti in Lugano, lost its licence early in 1977 after the Federal Banking Commission found that a Liechtenstein establishment directed from Lugano had collected over CHF 200 million of foreign funds and accumulated losses of some CHF 120 million since 1974.⁷ Both cases were small compared with the losses of Credit Suisse in Chiasso. They showed, however, that a market built on the discreet receipt of foreign money attracted founders whose business model depended on that discretion and on the absence of questions from clients who could not complain to their own authorities.

In figures. Banking in Ticino, 1945–1982: - 1945: 11 banks with about 500 employees.⁸ - 1950: balance sheet of the Banca della Svizzera Italiana CHF 102 million.⁹ - 1956–1966: growth of funds at Ticino banks 242 per cent, all Swiss banks 168 per cent.¹⁰ - 1960–1970: credit institutions from 12 to 20, aggregate balance sheet from about CHF 800 million to almost CHF 3 billion.¹¹ - 1971: balance sheet of the Banca dello Stato CHF 1,060 million.¹² - 1982: 44 banking institutions with over 7,000 employees.¹³

2 Notes

1. Le Temps, "Grandes affaires économiques suisses (26): le scandale de Chiasso", <https://www.letemps.ch/economie/grandes-affaires-economiques-suisse-26-scandale-chiasso-lhistoire-dune-banque-banque> ("Ernst Kuhrmeier, directeur adjoint de la filiale tessinoise"; he "attirera une clientèle essentiellement italienne"; "Longtemps les affaires sont si florissantes que le siège zurichois de la banque ne réagit pas"; "Kuhrmeier est même nommé directeur principal, en janvier 1975"), relying on Joseph Jung, Von der Schweizerischen Kreditanstalt zur Credit Suisse Group. Eine Bankengeschichte (Zurich: NZZ Verlag, 2000). See Chapter D.III. ↩
2. On the arrival of foreign banks in Lugano see Chopard (as above). ↩
3. Stefania Bianchi, "Chiasso", in HLS (as above) (3,700 inhabitants in 1900, 8,868 in 1970; strong growth of the tertiary sector after 1950, making Chiasso a financial centre of the Mendrisiotto). ↩
4. Berbenni (as above), 330 ("la stessa circostanza che molte di queste società avessero il proprio domicilio legale nella cittadina di confine di Chiasso, rappresentava una prova indiretta del ruolo giocato dalle esportazioni di capitali italiani"). ↩
5. Bianchi, "Chiasso" (as above) (from the 1980s, relocation of businesses and residents to neighbouring municipalities; 8,583 inhabitants in 1980 including Pedrinete). ↩

6. Ticino Turismo, "Lo scandalo di Chiasso", <https://www.ticino.ch/de/about-us/ett-storico/anni-70/scandalo-chiasso.html> ("c'era stato, qualche anno prima, il fallimento della banca Vallugano, ma con una portata non tale da intaccare la fiducia"). The year of foundation is from Berbenni (as above), 331. ↩
7. Federal Banking Commission, Jahresbericht 1977 (as above), 22–23. ↩
8. Berbenni (as above), 329. ↩
9. Pordenone (as above). ↩
10. Berbenni (as above), 329. ↩
11. RSI, Prisma, 21 January 1970 (as above). ↩
12. Rapporto della Commissione della gestione of 28 November 1972 (as above). ↩
13. Berbenni (as above), 329. ↩

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