

The economy of the border

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The fourth line is the economy of the border itself. In the Middle Ages the difference between jurisdictions was exploited through tolls, privileges and exemptions. Communities fought for exemptions from the tolls of Como or Bellinzona, merchants chose between the lake route and the Ceneri route according to the charges on each, and lords raised revenue from goods that had no other way to pass. From the sixteenth century the border between the Confederate bailiwicks and the duchy of Milan became a line across which contraband flowed, a theme treated in Chapter A.IV. In the twentieth century the border between Swiss and Italian tax law, currency law and banking law produced the phenomenon of the *spalloni*, the couriers who carried cash across the mountains, and the flight capital that made Lugano's fortune (see Chapter D.II).

The border economy of today is more regulated and more transparent. Automatic exchange of information with Italy, the revised double taxation arrangements and the agreement on the taxation of cross-border workers have removed much of the arbitrage that sustained the post-war financial centre (see Chapters E.II, H.I and H.III).¹ The border nonetheless remains an economic fact. Around the turn of the 2020s tens of thousands of Italian residents commuted daily into Ticino as *frontalieri*, and recent reports show their number falling as the new tax agreement with Italy changes the incentives on both sides.² The differences in labour costs, tax rates, regulation and legal systems between Ticino and Lombardy continue to create business for Lugano's lawyers, fiduciaries and banks. In a sense the financial centre remains what the valleys of the Middle Ages were: a place that lives from the difference between two systems.

1 Legal continuity as a financial asset

The fifth line is legal continuity. Medieval communities in the Ticino secured their rights by having each new lord confirm the privileges granted

by his predecessors. The Visconti confirmed the privileges of the Rusca period, the Sforza those of the Visconti, and the Confederates those of the Sforza. The confirmation of privileges was a mechanism for transmitting legal certainty across changes of sovereignty. It made rights predictable, and predictability was what allowed communities and individuals to invest, to lend and to borrow.

The modern financial centre depends on the same quality in a different institutional form. Clients from Italy chose Lugano in the twentieth century because Switzerland offered stable law, a stable currency and courts that applied the law predictably, at a time when Italy's political and fiscal environment was uncertain. The end of banking secrecy for foreign clients showed that such advantages are not permanent. What remains is the reputation for legal continuity, a Swiss legal order that changes through transparent legislative procedures and courts that are independent and reasonably fast. This is the modern equivalent of the confirmed privilege. Commentators have spoken of a possible "second golden age" for Ticino's financial sector.³ Whether this proves right depends on the same conditions that governed the medieval borderland: access to the Lombard market, the reliability of the legal order and the ability to turn a position between two systems into a service that both sides value.

Common misconception. Lugano's financial centre is often explained solely by Italian flight capital after 1945 and by Swiss banking secrecy. Both were decisive for its twentieth-century growth. The conditions that made that growth possible are older: an economy oriented towards Lombardy, a culture of written instruments and notarial authentication, familiarity with multiple currencies, and centuries of experience in earning income from the difference between two jurisdictions.

For the practitioner. Advisers working with clients who have roots on both sides of the Swiss-Italian border should keep the historical layering of the region in mind: - family property in the Ticino valleys may be held within *patriziato* structures or subject to old rent charges and servitudes; - Italian and Swiss notarial deeds are compatible in principle but must satisfy the formal requirements of the state in which they are used; - clients often hold assets and liabilities in several currencies, and the currency of the underlying economic activity should be identified before a structure is designed; - enclaves and special territories such as Campione d'Italia have their own tax, customs and legal status, which must be checked on current law.

2 Notes

1. Federal Tax Administration and cantonal tax administrations of Graubünden, Ticino and Valais, Foglio informativo on the new agreement,
https://m4.ti.ch/fileadmin/DFE/DC/DOC-IF/nuovo_accordo/nuovo_accordo_foglio_informativo_FAQ.pdf: signed 23 December 2020, in force 17 July 2023, applicable from 1 January 2024. See Chapter H.I. ↩
2. Ticinonline, "Scende ancora il numero di frontalieri in Ticino",
<https://www.tio.ch/ticino/attualita/1835303/scende-ancora-il-numero-di-frontalieri-in-ticino>; tvsvizzera.it, "L'accordo fiscale con l'Italia cambia le regole: in Ticino meno frontalieri, più residenti",
<https://www.tvsvizzera.it/tvs/relazioni-italo-svizzere/f/89646477>
(titles only consulted, 27 September 2026). ↩
3. finews.com, "A Second Golden Age for Ticino Finance",
<https://www.finews.com/news/english-news/49422-ticino-financial-center-italy-market-access-banks-eu> (title only consulted, 27 September 2026). ↩

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