

The Lira Economy: Flight Capital, Spalloni and the Boom of Lugano Banking, 1945-1975 — overview and summary

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In 1945 the Canton of Ticino had eleven banks with about five hundred employees. By 1982 it counted forty-four banking institutions employing more than seven thousand people.¹ Between those two dates Lugano grew from a lakeside resort with a handful of local banks into the third financial centre of Switzerland after Zurich and Geneva, a position that the Ticino bankers' association dates to the post-war decades and above all to the 1960s and 1970s.² The growth had one main source. Italian savings, earned in the factories and workshops of Lombardy, Piedmont and the Veneto during the years of the economic miracle, crossed the border in suitcases, car doors and the coat linings of professional couriers, the *spalloni*, and were placed on deposit in Lugano and Chiasso. Italy prohibited this movement under its exchange-control law. Swiss law did not prohibit the receipt of the money, so that the banks of Lugano treated foreign exchange control as a matter for the foreign State.

This chapter asks how this "lira economy" worked, why it grew so fast between 1945 and 1975, and what it left behind in law and in the reputation of the financial centre. The argument has four parts. The first concerns the push factors in Italy: a fast-growing economy that produced private savings, a political system in which the Communist Party remained the second force for thirty years, a tax system that became more intrusive after 1951 and again after 1973, and an exchange-control regime that made the export of capital an administrative offence. The second part describes the mechanics of capital flight: couriers and border crossings, the role of Italian stockbrokers, the repatriation of Italian banknotes, compensation deals and the instruments in which the money was held in Switzerland. The third part traces the boom of Ticino banking, the founding of Italian-controlled banks in Lugano, the rise of the fiduciary companies and the effects on the

city, its land market and its labour market. The fourth part follows the reaction of the Swiss Confederation, which from 1964 tried to slow the inflow of foreign money with interest bans, negative commissions and restrictions on the purchase of land, and the reaction of Italy, which in 1976 made the illegal export of capital a criminal offence.

The chapter continues Chapter D.I, which covers the years 1914 to 1945, the fascist currency controls and the Banking Act of 1934 with the criminal protection of banking secrecy in its Art. 47. It leads into Chapter D.III on the Chiasso scandal of 1977, in which the lira economy produced the largest Swiss banking loss of its time and the first Swiss code of conduct on due diligence, and into Chapter D.IV on money laundering and the criminal law response of the 1980s. The later history of Italian money in Lugano, from the tax amnesties of 2001 to the automatic exchange of information, belongs to Chapter E.II. The last two sections of this chapter draw the line from the cash couriers of the 1960s to the present law on cross-border cash in Switzerland and Italy and to the question of what flight capital does to a financial centre's reputation.

1 Conclusion

Between 1945 and 1975 Lugano became a financial centre on the strength of Italian money. The drivers were Italian: an economic miracle that created private savings on a new scale, a political system in which the Communist Party remained a permanent alternative, a tax system that became more intrusive, a currency that lost value and an exchange-control regime that made the export of capital an administrative offence with little risk for the owner of the money. The mechanics were simple. Couriers carried banknotes across the border at Chiasso, Stabio and Ponte Tresa, stockbrokers in Milan and Como converted securities into cash, compensation deals and invoicing schemes moved money without a crossing, and the Swiss banks returned the lire to Italy through correspondent accounts. The money was held in numbered accounts, safe deposit boxes, bearer securities, fiduciary deposits and Liechtenstein or Panamanian companies administered by the fiduciaries of Lugano and Chiasso.

The results can be measured. The canton's banks grew from eleven institutions with five hundred employees in 1945 to forty-four with more than seven thousand in 1982. Their deposits grew faster than those of Swiss banks as a whole, Italian banks and financiers founded a series of banks in Lugano, and more than three hundred and fifty financial companies were domiciled in a town of twenty-five thousand inhabitants. Lugano changed

its skyline, merged with its neighbours, drew in *frontalieri* from Como and Varese and became the third financial centre of the Confederation. The Confederation tried from 1961 to slow the inflow of foreign money with restrictions on land purchases, interest bans, negative commissions and a limit on banknote imports. These measures shifted the business from deposits to fiduciary placements and asset management without stopping the flow.

The end of the period came from Rome. The criminal law of 1976 made illegal capital export a crime in Italy and required residents to declare and repatriate their foreign assets. Switzerland did not follow. Its banks agreed in 1977, after the Chiasso scandal, only to refrain from active assistance to capital flight, a rule that survives in the code of conduct of 2020. The next chapter shows how the Chiasso branch of Credit Suisse turned the lira economy into a bank within the bank and how the scandal produced the first Swiss rules on due diligence (Chapter D.III).

2 In five sentences

Italy's economic miracle, the Communist challenge, rising tax pressure and a weak lira drove a large part of Lombard savings across the Swiss border between 1945 and 1975. Couriers known as *spalloni*, Italian stockbrokers, compensation deals and Swiss correspondent accounts moved the money into numbered accounts, safe deposit boxes, bearer securities, fiduciary deposits and offshore companies managed from Lugano and Chiasso. Ticino's banks grew from eleven with five hundred employees in 1945 to fortyfour with more than seven thousand in 1982, many of them founded with Italian capital, and Lugano became Switzerland's third financial centre. The Confederation responded to the inflow with land purchase restrictions, interest bans, negative commissions and a banknote import limit, while Italy made illegal capital export a crime in 1976. Today cross-border cash is subject to declaration on request in Switzerland and to declaration duty in Italy, and the qualification of tax fraud as a predicate offence has removed the legal indifference on which the lira economy was built.

3 Notes

1. Enrico Berbenni, "La mobilità territoriale della ricchezza finanziaria. La Lombardia e il confine italo-elvetico (1861–1980)", Archivio Storico Lombardo (2025), 329, <https://riviste.unimi.it/index.php/aslonline/article/download/30555/26132/95136> ("11 banche con circa 500 occupati" at the end of the war;

The Lira Economy

"Nel 1982 si contavano ben 44 istituti bancari con oltre 7000 impiegati"). ↩

2. Associazione Bancaria Ticinese, "Cenni storici", <https://www.abti.ch/cenni-storici> ("Lo sviluppo e l'affermazione internazionale della piazza finanziaria di Lugano risale al Secondo dopoguerra e in particolare agli anni Sessanta e Settanta"; Lugano "quotata come la terza piazza finanziaria svizzera, dopo Zurigo e Ginevra"). ↩

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