

The return of the lira

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

A Swiss bank that bought Italian banknotes needed to dispose of them. Some were sold to Swiss residents and tourists travelling to Italy, while others were spent by Italian visitors in Ticino. The bulk had to go back to Italy, where they were the only legal tender. Swiss banks repatriated lire through correspondent banks in Italy, crediting the proceeds to a *conto estero* in the name of the Swiss bank, from which the lire could be converted into other currencies.¹ The Banca d'Italia knew the quantities of notes that returned from abroad, and its statistics were one of the few indirect measures of the scale of illegal exports.

The traffic in banknotes developed its own arbitrage. A case decided by the Swiss Federal Court in 1978 shows the mechanism at its most refined. Between 21 April and 29 June 1976 a foreign national imported 180.3 million lire in banknotes of 1,000, 2,000 and 5,000 lire into Switzerland in fifteen transactions. At a bank in St. Gallen he exchanged them for notes of 10,000, 50,000 and 100,000 lire, which he took back to Italy and changed again into small denominations at a premium over their face value. A bank employee who prepared the large notes on telephone instructions was convicted as an accessory to the violation of the Ordinance of 14 April 1976 on the import of foreign banknotes, which limited such imports to CHF 20,000 per person per quarter.² The premium on small Italian notes in Italy and the demand for large notes in Switzerland reflected the needs of the flight: large notes were easier to carry northwards, small notes were what the Italian economy used.

1 The view from the Swiss customs post

On the Swiss side of the border the courier met little resistance. Swiss customs law was concerned with goods and with the collection of duties. Banknotes were not goods subject to duty, and until 1976 there was no Swiss rule restricting their import. The Swiss border guards, whose service

The return of the lira

in Ticino had been organized since the middle of the nineteenth century against the smuggling of goods, had no mandate to ask a traveller where his lire came from.³ The control that mattered was the Italian one on the way out, carried out by the Guardia di Finanza and the Italian customs at Ponte Chiasso, Gaggiolo or Ponte Tresa. It was selective by necessity, since tens of thousands of commuters, tourists and lorries crossed the main posts every day, and a search of every car would have stopped the traffic of one of Europe's busiest borders.

Once on Swiss soil, the courier delivered the banknotes to a bank, a currency exchange office (*cambio*) or an intermediary who passed them on. Chiasso and Lugano had a dense network of exchange offices, many of them owned by or linked to banks, which served tourists and *frontalieri* and also absorbed large quantities of Italian notes. The Swiss bank that bought the notes booked a foreign exchange transaction and credited the client's account. No Swiss rule required it to ask about the origin of the money or to report large cash deposits. The first general rule came with the bankers' due diligence agreement of 1977, which obliged the banks to verify the identity of their clients and to refrain from active assistance to capital flight (Chapter D.III). Until then the receipt of a suitcase of lire was, for Swiss law, an ordinary banking operation. The ordinance of April 1976 on the import of foreign banknotes was the first Swiss measure that affected the courier trade directly, and its purpose was the protection of the franc against speculation. The Federal Court accepted that every unauthorized import of foreign notes created an abstract danger to the currency, whether or not the notes were reexported immediately.⁴

2 Notes

1. Berbenni (as above), 335 (lire deposited on "conti capitale" and transferred to "conti estero" for conversion). The description of correspondent-bank repatriation in general terms is a summary. ↩
2. Federal Court, judgment of 19 October 1978, BGE 104 IV 270, <https://app.omnilex.ai/de/sources/court-decision/ch-bge--104-iv-270/bge-104-iv-270> (180.3 million lire, 21 April to 29 June 1976, fifteen transactions, notes of 1,000–5,000 lire exchanged for notes of 10,000–100,000 lire; Ordinance of 14 April 1976 on the import of foreign banknotes; limit of CHF 20,000 per person and quarter; Federal Decree of 8 October 1971 on the protection of the currency, SR 941.11). ↩
3. BAZG, Benvenuti al Confine (as above) (border guards deployed from 1856 against illegal trade). The absence of import restrictions on

banknotes before 1976 follows from the ordinance of 14 April 1976 described in BGE 104 IV 270 (as above), which was the first such restriction. ↩

4. BGE 104 IV 270 (as above) ("Alle ausländischen Banknoten, welche ohne Bewilligung der Nationalbank eingeführt werden, sind potentiell geeignet, in der Schweiz angelegt zu werden und damit das geschützte Rechtsgut zu verletzen"). ↩

For general information only. This article does not constitute legal or tax advice, does not replace advice on an individual case and creates no lawyer-client relationship. It reflects the legal position as of September 2026.

Online version: helveticaregister.com/lugano-the-return-of-the-lira