

The sale to EFG and the integration

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The decision that ended BSI as an independent bank was taken in the same announcement. EFG International, the Zurich-based private banking group controlled by the Latsis family, had agreed in February 2016 to acquire BSI from BTG Pactual for CHF 1.33 billion. FINMA approved the acquisition subject to two conditions: BSI had to be fully integrated into EFG and dissolved as a legal entity within twelve months, and the former management of BSI was not allowed to take up management positions at EFG.¹ The price was reduced in the course of the year. When the acquisition was completed at the beginning of November 2016, EFG paid CHF 1.06 billion after preliminary downward adjustments of CHF 217 million, which reflected the outflow of net new money at BSI since November 2015. BSI's assets under management had fallen to CHF 76 billion by mid-2016, and the combined group managed about CHF 69 billion of client assets at the time of completion.² The legal integration of BSI's Swiss business into EFG Bank followed in April 2017.³

The disgorgement order was later corrected by the courts. In a judgment of 25 November 2019, published on 3 December 2019 (B-3930/2016), the Federal Administrative Court partly upheld BSI's appeal, by then pursued by EFG as its legal successor. The court described FINMA's method of estimating the CHF 95 million as "incomprehensible", because an estimate was admissible under Art. 35 FINMASA only where an exact calculation was impossible or would require disproportionate effort, and because FINMA had linked the amount to a compensation arrangement relating to another case. The court referred the matter back to FINMA for recalculation.⁴ In 2020 FINMA set the amount at CHF 70 million, limiting it to revenues and costs closely connected with the regulatory violations in the 1MDB context and excluding profits from unrelated client relationships. According to press reports, the difference of CHF 25 million accrued to BTG Pactual through a purchase price adjustment mechanism in the sale contract.⁵

1 The meaning of BSI's end for Lugano

The end of BSI marks the deepest point in the recent history of the financial centre. The bank had been the symbol of Ticinese banking for more than a century, and its loss meant that Lugano no longer had a large private bank with its head office in the canton. EFG kept a substantial presence in Lugano, Chiasso and Locarno and closed its Bellinzona office in February 2019, concentrating its Sopraceneri business in Locarno.⁶ The domestic retail and commercial business went to BancaStato, as described above. EFG's chief executive since 2018, Giorgio Pradelli, a Swiss and Italian citizen, reported record profitability for the first months of 2026 and was elected president of the Swiss Bankers Association in May 2026, which shows that the integrated group has recovered from the episode.⁷

For practitioners the BSI case remains a reference point in three respects. First, it showed that FINMA would use the full range of its enforcement tools, including the disgorgement of profits and proceedings against individual managers, in a case of systematic failure in the handling of politically exposed persons. Second, it showed how quickly reputational damage translates into outflows: between November 2015 and the closing of the sale BSI lost several billion francs of client assets. Third, it demonstrated the limits of supervisory estimates, since the courts insisted on a calculation of profits connected with the violation. The criminal proceedings opened by the Office of the Attorney General against the bank and against individuals are not followed further here. Readers who need their present status should consult the decisions of the Federal Criminal Court in Bellinzona discussed in Chapter J.II and should note that findings of FINMA are administrative findings concerning the bank's organization and do not establish the criminal liability of any individual.

Essentials. BSI, founded in Lugano in 1873 and owned by Generali from 1998 and sold to BTG Pactual in 2014, was the largest Ticinese bank. On 24 May 2016 FINMA found serious breaches of anti-money laundering rules in connection with 1MDB and ordered the disgorgement of CHF 95 million under Art. 35 FINMASA. It approved the takeover by EFG International on condition that BSI be integrated and dissolved within twelve months. The Federal Administrative Court (B-3930/2016, 25 November 2019) required a recalculation, and FINMA reduced the amount to CHF 70 million in 2020. The legal integration into EFG took place in April 2017.

2 Notes

1. FINMA (24 May 2016, above). The price of CHF 1.33 billion agreed in February 2016 is reported by Swissinfo (November 2016, above). The control of EFG by the Latsis family is general knowledge. ↩
2. Swissinfo (November 2016, above) (price CHF 1.06 billion; downward adjustments of CHF 217 million reflecting "BSI negative net new money differences since November 30, 2015"; BSI assets down from CHF 76 billion since mid-2016; combined assets under management CHF 69 billion). ↩
3. Wikipedia, "BSI Ltd" (above) ("integration of the Swiss business, which took place in April 2017"); RSI, "La banca EFG punta su Locarno" (26 October 2018), <https://www.rsi.ch/info/ticino-grigioni-e-insubria/La-banca-EFG-punta-su-Locarno--1112952.html>. ↩
4. Federal Administrative Court, media release on judgment B-3930/2016 of 25 November 2019 (3 December 2019, above). ↩
5. finews.ch, "IMDB: Finma muss im BSI-Fall zurückkrebsen" (22 October 2020), <https://www.finews.ch/news/banken/43411-finma-bank-bsi-efg-1mdb-verfahren-gewinneinziehung-bundesgericht> (recalculated amount CHF 70 million; difference of CHF 25 million to BTG Pactual through a purchase price adjustment). ↩
6. RSI (26 October 2018, above) (closure of the Bellinzona office as of 1 February 2019; Locarno, Piazza Grande 7; fewer than ten employees affected, no dismissals); laRegione (20 May 2026, above) (EFG locations in Lugano, Chiasso and Locarno). ↩
7. laRegione (20 May 2026, above) (Pradelli, 59, Swiss and Italian citizen, chief executive since 2018; record profitability in the first four months of 2026; president of the Swiss Bankers Association since 12 May 2026). ↩

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