

The scale of the collapse

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

Three of the seven principal Ticinese banks failed in 1914: the Banca Cantonale Ticinese, the Credito Ticinese and the Banca Popolare Ticinese. According to Nosetti, they represented half of the balance sheet total of the cantonal banking sector.¹ The Associazione Bancaria Ticinese speaks of two failed institutions and of a loss of savings in the canton of more than CHF 30 million.² The difference in the count reflects the fate of the Banca Popolare Ticinese, which suffered the run that followed the two main failures. Nosetti counts it among the three institutions that went bankrupt or were placed in liquidation without specifying which of the two outcomes applied to each.³ A numismatic catalogue that describes the surviving securities of the Banca Cantonale Ticinese states that its failure alone caused losses of CHF 16 million and that creditors lost about 80 per cent of their claims. The figure is plausible against the size of the bank but has not been verified in primary sources.⁴

The Swiss National Bank also suffered losses. In its report for 1913, it had already written off CHF 100,000 as a precaution against its total exposure to the Credito Ticinese and the Banca Cantonale Ticinese. In the report for 1914 it expected that this provision would not be fully used. Most of the bills of exchange that had become non-performing in its portfolio during 1914 nevertheless came from the collapse of the Ticinese banks.⁵ The figures show that the central bank was exposed to the Ticinese banks through rediscounted bills and through the agency of the Banca Cantonale Ticinese. They also show that the losses of the SNB were small compared with those of the depositors, who had no protection at all. In figures. The Ticinese banking crisis of 1914: - 8 banks in the canton in 1910, with a combined balance sheet of CHF 145.1 million,⁶ - 3 of the 7 principal banks failed in 1914, representing about half of the sector's balance sheet, deficit of the Credito Ticinese estimated on 10 January 1914 at CHF 5 million by the Swiss Bank Corporation's representative, - savings lost in the canton: more than CHF 30 million, - write-down of the Banca Svizzera

Americana's capital: 40 %, about CHF 1.5 million, - provision of the Swiss National Bank against its exposure: CHF 100,000.

1 The Banca del Ticino

The first institutional response was the creation of a new bank to manage the liquidation. In the spring of 1914 the Banca del Ticino was founded with the purpose of facilitating the liquidation of the collapsed banks. Wetter reported that it might also become the canton's future State bank.⁷ The statistical bureau of the Swiss National Bank, in its survey of Swiss banks for 1914 and 1915, classified the Banca del Ticino, newly founded in 1914, among the cantonal banks.⁸ The Banca del Ticino was a transitional vehicle. It took over performing assets, administered the liquidation and provided depositors with a counterpart while the bankruptcy proceedings ran their course. The definitive answer came in 1915 with the law on the Banca dello Stato.

2 Why the crisis was so severe

Several features of the Ticinese system turned the failure of one bank into a systemic crisis. The banks were small, numerous and connected through interbank deposits, rediscounts and shared directors, so that the failure of one weakened the others. Their capital was partly unpaid and their reserves were thin. Depositors had no guarantee and no priority in bankruptcy, which gave them every reason to run at the first rumour. There was no lender of last resort willing to lend freely against good collateral. The Swiss National Bank had been in operation for only six years and had neither the mandate nor the information to rescue a cantonal banking sector, while the canton itself was a party to the political conflict that ran through its banks. Finally, the losses were real. They came from bad loans and investments, which no liquidity support could have made good.⁹

3 Notes

1. Nosetti 2013 (as above). ↩
2. Associazione Bancaria Ticinese, "Cenni storici" (as above). ↩
3. Wetter (as above), 89, on the run on the Banca Popolare Ticinese; Nosetti 2013 (as above): "3 sur 7 instituts [...] font faillites ou elles sont mises en liquidation. Il s'agit de la Banca Cantonale Ticinese [...] du Credito Ticinese [...] et de la Banca Popolare Ticinese." ↩

4. Spink, lot SW1008000289 (as above): "16 Million Francs were lost, which resulted in the loss of 80 percent of all creditor funds." No liquidation report was available to check these figures. ↩
5. Swiss National Bank, Geschäftsbericht 1913 , https://www.snb.ch/dam/jcr:3a2ed9c6-04fa-46c3-8ab4-c7546fb58bfc/annrep_1913_komplett.de.pdf; Geschäftsbericht 1914 (as above): "Die notleidend gewordenen Wechsel rühren zum überwiegenden Teil aus den Tessiner Bankzusammenbrüchen her." ↩
6. Associazione Bancaria Ticinese (as above); Nosetti 2013 (as above); BGE 43 II 487 (as above); SNB, Geschäftsbericht 1913 (as above), for the figures in the box. ↩
7. Wetter (as above), 89. ↩
8. Statistical Bureau of the Swiss National Bank (rapporteur Hermann Schneebeili), "Das schweizerische Bankwesen in den Jahren 1914 und 1915", Zeitschrift für schweizerische Statistik (1916), 527 ff., <https://www.sses.swiss/journal/archive/pdf/1916/1916-I-48.pdf>: "Die im Jahre 1914 neu gegründete Banca del Ticino haben wir gleich von Anfang an der Kantonalbankengruppe zugeschlagen." ↩
9. The analysis summarizes the sources cited in this section. On the absence of federal banking legislation and supervision until 1935 see Bruppacher, "La vigilanza sulle banche in Svizzera" (as above), which records that a first federal banking bill of 1916 was shelved until the crisis of the 1930s. ↩

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-scale-of-the-collapse