

What the comparison teaches

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Three lessons follow from the comparison. The first is that confession shaped above all the early capital of both cities. Geneva's Protestant financiers built international networks in the seventeenth and eighteenth centuries, while the Catholic south kept its capital in land and endowments. Neither inheritance determines what a bank in either city does today, because both now work under the same Banking Act, the same Anti-Money Laundering Act and the same Financial Services Act. The inheritance survives in culture: in the Italian client's expectation of a long personal relationship, conservative management and secured lending, which Chapter B.III traced to the economy of parishes and confraternities.

The second lesson concerns concentration. Geneva's diversity of clients, institutions and businesses has made it more resilient to the loss of any single market. Lugano's concentration on Italy gave it unmatched expertise and made it vulnerable to the decisions of one foreign state, from the Italian law of 1976 to the voluntary disclosure of 2015 and the branch requirement of 2027. The appropriate response is a deeper Italian competence combined with a careful widening of the client base, since abandoning the Italian focus would destroy the expertise that distinguishes the centre.

The third lesson concerns institutions. Geneva's international organizations and Bellinzona's federal court are both the result of political decisions taken in Bern, in the second case expressly to give Italian Switzerland a federal institution of the first rank (Chapter J.II). Such decisions shape financial centres over decades. Policymakers in Ticino therefore have reason to treat the presence of federal institutions, the representation of Italian speakers in the federal administration and the quality of Italian legislation as part of financial centre policy. Dimension Geneva Lugano and Ticino Confession Reformation 1536, refuge Catholic reform, exile of 1555 Early capital International, lent to Local, landed, ecclesiastical sovereigns Political status Independent republic, canton

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Bailiwicks to 1798, canton 1803 1815 Banking model Private partnerships, foreign Italian-client banking, State banks bank Commodity 58.4 % of Swiss value added 3.6 % of Swiss value added trading Hinterland Africa, global clients Lombardy, Italy Language French (about 23 %) Italian (about 8 %) Institution International organizations Federal Criminal Court hosted

Table 1: Geneva and Lugano compared. Sources: as cited in this section and in Chapters B.III, E.I, F.I, J.I and K.I.

Common misconception. Lugano is sometimes described as a smaller Geneva with Italian instead of French. The comparison shows two different models. Geneva grew from a Reformed republic with an international refuge, a tradition of lending to sovereigns and a global clientele. Lugano grew from a Catholic borderland of subject lands into a financial centre built on the clients of one neighbouring country. The two now share federal law, supervision and some businesses, but Lugano's dependence on Italy, its smaller scale and its minority language give it a risk profile and a set of opportunities that Geneva does not have.

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