

Legacy for the financial centre

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

The democratic movement of the 1860s left Zurich three legacies that shape its financial centre today. The first is institutional. The Zürcher Kantonalbank is one of the largest banks in the country, a leading mortgage lender, a significant asset manager and a systemically important institution. Its presence gives the Zurich market a structure unlike that of any other major financial centre: a publicly owned bank with an unlimited state guarantee competing, on the same street, with the headquarters of the largest private banks. For the domestic customer, this means that a solid public alternative to the private banks is always available. For the private banks, it means a competitor that enjoys a lower cost of funding and a political legitimacy they cannot match. For the canton, it means a regular and substantial income, which in 2025 amounted to 581 million francs for the canton and the communes together.¹

The second legacy is political. The bank was born within the framework of the constitution of 1869, which made direct democracy the governing principle of Zurich. Every fundamental decision about the bank, from the law of 1869 to the statute of 1997 and its amendments, has been or could have been submitted to the people. That anchoring gives the bank a legitimacy that no private institution possesses, while making any reform of its status a political undertaking. When the Kantonsrat debates the capital of the bank or the remuneration of its leadership, it does so as the representative of an owner who can, in the last resort, overrule it at the ballot box. Foreign investors and counterparties sometimes find this construction puzzling. Those who understand it recognise it as a source of stability, because it makes abrupt changes of policy unlikely.

The third legacy is cultural. The democrats believed that economic dependence created political dependence and that a state bank would free the citizen from the power of private creditors. That conviction has left a lasting mark on the Swiss attitude towards banks, which combines an

acceptance of private banking as a national industry with a demand for public alternatives, for regional roots and for prudence. The cantonal banks embody that demand. Their performance mandate, their regional focus and their public ownership express a view of banking as a service to the community that coexists, sometimes uneasily, with the international and profit-oriented model of the big banks. The collapse of Credit Suisse in 2023 gave that older view renewed relevance in public debate.

For the practitioner, the Zürcher Kantonalbank presents itself in several roles. It is a lender with a domestic mortgage book of over one hundred billion francs, a custodian and asset manager for a large share of the canton's private and institutional wealth, an issuer of structured products and bonds, and a counterparty whose credit quality rests on the combination of its own capital and the guarantee of the canton. Its legal form as an independent public-law institution affects questions of capacity, representation and liability that a lawyer drafting a transaction with the bank must take into account. Its statutory mandate may limit the transactions it is willing to undertake, particularly abroad. Its parliamentary governance means that strategic decisions can become matters of public debate. None of these features is unique to Zurich, but their combination in a bank of this size is. Each of them goes back, in a direct line, to the choices made in 1869.

Finally, the bank has left a mark on the physical and symbolic geography of the city. Its head office at Bahnhofstrasse 9, protected as a monument, stands at the heart of the banking district, a few steps from the Paradeplatz that Escher's Kreditanstalt made the symbol of Swiss finance. The juxtaposition of the democrats' bank and the liberals' bank in the same quarter of the city is a lasting reminder that the Zurich financial centre was built by two competing political traditions. The liberal tradition of Escher gave it its international reach, its universal banks and its capital markets. The democratic tradition of Keller, Bleuler and Sulzer gave it a public bank rooted in the savings of the population. The coexistence of both traditions, and their rivalry, has been one of the sources of the centre's resilience.

1 Notes

1. Zürcher Kantonalbank, media release “Jahresergebnis 2025” (cited above). ↩

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