

Zürcher Kantonalbank (1870) and the democratic movement — overview and summary

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Whoever walks along the Bahnhofstrasse from the main station towards the lake passes, a few steps before Paradeplatz, a long modernist building with a public hall, a bronze-grey façade and an iron rhinoceros standing guard at its entrance. It is the head office of the Zürcher Kantonalbank, a bank that in 2025 reported a balance sheet of more than 206 billion francs, a mortgage book of some 111 billion francs and a pre-tax group profit of over 1.4 billion francs.¹ The rhinoceros, an iron sculpture by John A. Tobler that has stood there since 1983, has become one of the most photographed objects in the city.² Few of the tourists who photograph it know that the institution behind the animal was created by a political revolt against the financial and railway establishment that had built the square a few hundred metres further on. The Zürcher Kantonalbank was the answer of the Zurich countryside, of its farmers, weavers, teachers and small manufacturers, to the “Escher system”, founded explicitly as a counterweight to the private banks of the city.

This chapter tells the story of that answer. It begins with the democratic movement of the 1860s, which drew its strength from the villages and the small towns of the canton, from Winterthur above all, and which overthrew the liberal regime of Alfred Escher in a campaign of popular assemblies, petitions and pamphlets between 1867 and 1869. It then turns to the cantonal constitution of 18 April 1869, which made Zurich one of the first modern states to give its citizens the right to vote on every law, and which instructed the state to establish a bank. The core of the chapter is the Kantonalbank law adopted by the people on 7 November 1869 and the opening of the bank on 15 February 1870: its purpose, its capital, its note issue, its governance by a council elected by parliament and, above all, the unlimited guarantee of the state for all its obligations. The chapter follows the bank through its early decades as a mortgage and savings institution, places it among the other cantonal banks of Switzerland, and

carries the story to the present, when the Zürcher Kantonalbank is designated as systemically important by the Swiss National Bank, supervised by the Swiss Financial Market Supervisory Authority (FINMA) like any other bank, and controlled politically by the cantonal parliament through a statute that still rests on the principles of 1869.

Three perspectives shape the account. The historian sees a rare case in which a political movement founded a financial institution as an instrument of its programme and in which that institution outlived the movement by a century and a half. The lawyer sees a public-law body whose legal architecture, with its purpose clause, its state guarantee and its parliamentary control, has remained recognisably the same since 1869 while the federal law around it has changed completely. The practitioner sees an institution that now competes with the great banks in wealth management, trading and capital markets, that holds the highest credit ratings available and that forms, together with the private banks of the Bahnhofstrasse, one of the pillars of the financial centre. The coexistence of a state bank and a private banking industry in the same street is one of Zurich's distinctive features, whose origins lie in the struggle described here. The railway side of the Escher system, including the democratic counter-project of the Nationalbahn, is treated in Chapter D.I, while Chapter D.II deals with the Schweizerische Kreditanstalt. The present chapter concentrates on credit, banking and the state.

1 Notes

1. Zürcher Kantonalbank, media release “Jahresergebnis 2025”, 6 February 2026, <https://www.zkb.ch/de/ueber-uns/medien/medienmitteilungen/2026/jahresergebnis-2025.html>. The release gives a balance sheet total of CHF 206.2 billion, mortgage loans of CHF 111.2 billion and a pre-tax group profit of CHF 1,422 million. ↩
2. Tages-Anzeiger, “Bernhardiner, Nashörner und ein Sachse – Kuriose Anekdoten aus 150 Jahren ZKB”, interactive feature, 2020, <https://interaktiv.tagesanzeiger.ch/2020/zh-150-jahre-zkb/>. ↩

2 Conclusion

The Zürcher Kantonalbank was born of a political revolt. The democratic movement of the 1860s mobilised the countryside of the canton against the liberal regime of Alfred Escher, whose concentration of political and economic power it called the “system”. In the economic crisis of the

mid-1860s, aggravated by the cholera epidemic of 1867, the movement organised the popular assemblies of 15 December 1867, won the vote on constitutional revision in January 1868 and carried the new constitution on 18 April 1869. That constitution introduced the compulsory referendum and the popular initiative while instructing the state to establish a cantonal bank. The Kantonbank law, approved by the people on 7 November 1869 with 37,157 votes out of 48,001, gave the bank its purpose of facilitating the credit and money needs of the inhabitants of the canton. It gave the bank a capital of six million francs provided by the state, a right of note issue, prudent limits on mortgage lending, governance by a council elected by the cantonal parliament and, above all, the unlimited liability of the state for all its obligations. The bank opened on 15 February 1870 in the Feldhof near Paradeplatz with ten employees.

In its first decades the bank became the leading mortgage and savings institution of the canton, with a network of branches and village collection offices that brought banking to the rural population. It issued notes until 1907, when the monopoly passed to the Swiss National Bank, and became a member of the Association of Swiss Cantonal Banks founded in the same year. Its statutory prudence and domestic focus carried it through the crises of the twentieth century with fewer losses than many other banks. Over the century it grew into one of the largest banks in Switzerland. The federal reforms of 1999 subjected it to full federal supervision without changing its cantonal governance or its state guarantee. Its designation as systemically important in 2013 added the too-big-to-fail regime to its legal framework, with an emergency plan, gone-concern capital and bail-in bonds that stand between its losses and the canton's guarantee.

The story shows a remarkable continuity. The purpose clause, the state guarantee and the parliamentary governance of 1869 remain recognisable in the statute of 1997 and in the practice of today. The bank has changed its business beyond recognition, from village mortgages to global asset management, yet its legal identity remains that which the democrats gave it. For the Zurich financial centre, this continuity has produced a dual structure of private and public banking that distinguishes it from other international centres. It has also produced a public bank that enjoys the confidence of the population because the population created it.

3 In five sentences

1. The democratic movement of the 1860s, rooted in Winterthur and the Zurich countryside and led by figures such as Friedrich Locher, Salomon Bleuler, Johann Jakob Sulzer and Johann Jakob Keller, overthrew Alfred

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Escher's liberal "system" and imposed the constitution of 18 April 1869 with its compulsory referendum and popular initiative.

2. Following the constitution's instruction to create a cantonal bank, the Kantonalbank law approved by the people on 7 November 1869 gave the new institution a purpose of cheap credit for the inhabitants of the canton, a capital of six million francs, a right of note issue and the unlimited guarantee of the state.

3. The Zürcher Kantonalbank opened on 15 February 1870 near Paradeplatz, became the leading mortgage and savings bank of the canton, issued notes until 1907 and served as the model for the pure state banks of the democratic second wave of Swiss cantonal banks.

4. Governed by a Bankrat elected by the Kantonsrat, supervised since 1999 by the federal authorities under Article 3a of the Banking Act and designated as systemically important by the Swiss National Bank in 2013, the bank remains an independent public-law institution with a full state guarantee, for which it has compensated the canton since 2015.

5. Its survival and growth into one of the largest Swiss banks have given Zurich a financial centre in which a democratic public bank and the great private banks stand side by side, a dual structure that goes back directly to the political struggle of 1867–1869.

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