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The Transformation of Banking and Finance. Introduction to Special Issue

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Abstract: This introduction to the special issue highlights how the challenges from regulation, digitalization, and sustainability transform banking and finance in the 21st century. Following a short review of the sociology of finance and banking within Swiss economic sociology, it presents the main contributions of the articles of the special issue, which examine changing financial elites in Switzerland, digital platforms' and cryptocurrencies' social effects, and the moralization of finance through impact and ethical investing.

Keywords: Economic sociology, banking, finance, Switzerland, digital economy

La transformation du secteur bancaire et financier. Introduction au numéro spécial

Résumé : Cette introduction au numéro spécial met en lumière la façon dont les défis liés à la régulation, à la numérisation et à la durabilité transforment la banque et la finance au XXI^{e} siècle. Après un bref aperçu de la sociologie des banques et de la finance au sein de la sociologie économique suisse, elle présente les principales contributions des articles du numéro, qui examinent la transformation des élites financières en Suisse, les effets sociaux des plateformes numériques et des cryptomonnaies, ainsi que la moralisation de la finance à travers l'investissement à impact et l'investissement éthique.

Mots-clés : Sociologie économique, banque, finance, Suisse, economie numérique

Der Wandel des Bank- und Finanzwesens. Einführung zum Sonderheft

Zusammenfassung: Diese Einführung in die Sonderausgabe zeigt auf, wie Regulierung, Digitalisierung und Nachhaltigkeit das Bank- und Finanzwesen im 21. Jahrhundert verändern. Nach einem kurzen Überblick über die Soziologie des Banken- und Finanzwesens innerhalb der schweizerischen Wirtschaftssoziologie werden die Hauptbeiträge der Artikel vorgestellt, die den Wandel der Finanzeliten in der Schweiz, die sozialen Auswirkungen digitaler Plattformen und Kryptowährungen sowie die Moralisierung der Finanzwelt durch Impact- und ethisches Investieren untersuchen.

Schlüsselwörter: Wirtschaftssziologie, Bankenwesen, Finanz, Schweiz, digitale Ökonomie

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1 Banking in the 21st Century: Challenges and Transformations

With the financialization of our societies, banking and finance have become key sectors of capitalism in the late 20th and early 21st centuries. Moving beyond the core activity of holding peoples' savings and giving credit, banks have developed a range of financial instruments and have become more than mere financial actors. Financial markets today play a key role in shaping states' policies, companies' strategies, and they penetrate people's everyday life, whether through mortgage interest rates or the monetization of customer data (Pellandini-Simányi, 2021; van der Zwan, 2014). Reflecting this process, economic sociology has seen the emergence of the sociology of finance (Carruthers & Kim, 2011; Cetina & Preda, 2012; Wosnitzer & Borch, 2021), a thriving subfield which has produced a large body of empirical studies, covering diverse topics from everyday financial practices, the social embeddedness of banking practices and financial elites, to the market devices that shape finance and their social effects.

In recent years, the role of traditional banks in finance has faced several challenges. Three recent developments are of particular interest in this respect and have played an important role in the transformation of banking over the past decades. First, in the aftermath of the financial crisis in 2008, the business models of banks came under increased regulatory pressure. The political reaction to the crisis involved stricter regulation in areas such as capital requirements, consumer protection, anti-money laundering, and tax evasion.

Second, digital platforms and the proliferation of smart devices opened new avenues for the finance industry. Along with the rise of alternative finance and crypto markets, these changes have created opportunities for emerging actors of the financial sector, including fintech companies developing platforms that offer financial services alongside non-financial ones. The new actors of finance rely on different organizational structures and champion new and future-oriented business models. While banks were the archetype of the large, bureaucratic, and hierarchical corporation that nurtured stable and long-term relationships with the state, civil society, and their clients, fintech and crypto firms are more agile, lean, and essentially digital firms that disrupt the traditional functioning of the financial system.

Finally, while previously banks were considered as primarily financial actors serving financial aims, the growing recognition of the impact of banks' (and other investors') investment decisions on climate change and other "grand challenges" has placed them under increasing scrutiny. Central to the sustainable finance debates is that civil society and state regulations are holding banks accountable for the social and environmental consequences of their investments. Responding to such criticism and to the rising demand to incorporate aims beyond finance into their business model, actors from the banking field have integrated sustainability criteria through so-called ESG (environmental, social, governance) indicators and other innovations such as impact investment.

While these developments are evident in public discourse, studies on the sociological processes that shape banking and financial institutions today are still scarce. The lack of empirical studies on the transformation of banking is especially clear when it comes to banking in Switzerland. This is quite astonishing given that Switzerland has one of the largest financial sectors (compared to the country's GDP) in Europe (Statista, 2025) and the highest asset wealth per capita in the world (World Economics, 2025), which is one of the key markers of the financialization of everyday life. The central role of banking in Switzerland was dramatically in play just a couple of weeks before the workshop of the Swiss Sociological Association's Economic Sociology Research Committee in 2023 from which this special issue emanated: the Swiss government brokered a deal for UBS to take over the failing Credit Suisse to prevent a bank run with potential catastrophic consequences for the Swiss economy. The special issue seeks to address this lacune of empirical studies by providing a sociological analysis of the transformation of the financial sector, with special attention paid to Switzerland – both as an important case for larger financial transformations and as an empirical site worthy of analysis on its own right.

2 The Study of Banking Within Swiss Economic Sociology

Up until recently, the sociology of banking and finance did not occupy a very prominent place in Swiss economic sociology. A noteworthy exception to this is an edited book (Honegger et al., 2002) which studied the transformations of the Swiss economy during the economic globalization of the 1990s and its effects on individuals. The book featured a detailed description of the Swiss banking sector at the end of the 20th century. Honegger was later also one of the editors of a book presenting the results of a comparative research project that analyzed the financial crisis of 2008 from the point of view of bankers (Honegger et al., 2010). This work discussed the structural conditions enabling the "irresponsible" practices that led to the financial crisis (see also Magnin, 2012). Other contributions to the sociology of finance in Switzerland concern the point of view of financial subjects, with a special issue of the Swiss Journal of Sociology from 2015 that looked at economic socialization and the financial practices of young people (Henchoz et al., 2015).

But over the past few years, a new wave of economic sociology research projects has taken a keen interest in the Swiss banking sector. Indeed, one could say that finance has become one of the main objects studied by current Swiss economic sociology, with projects under way or recently finished at the universities of Lucerne, Zurich, Lugano, Neuchâtel, Fribourg, and Lausanne. All these projects concern recent transformations of banking and finance, whether it is the digitalization of payments and other financial services, the rise of "responsible" banking, or the regulatory challenges and sectoral transformations. One of the goals of this special issue is thus to take stock of some of this recent work, to critically discuss the transformations of banking in Switzerland and beyond.

3 Overview of the Special Issue

The first part of the special issue looks at financial elites and their transformation. The articles in this part pursue the focus of a few earlier studies on banking elites in 20th century Switzerland (Mach & Araujo, 2018; Araujo et al. 2024), which indicated the importance of family networks in Swiss private banking, as well as the trends of internationalization in the careers of bankers at the end of the past century. The paper by *Ajdacic and Araujo* studies financial elites' networks beyond business. They find that Swiss top managers are connected not only to a handful of core business associations, but also to a vast and highly dispersed web of over 1600 peripheral organizations, ranging from philanthropic foundations and cultural institutions to political parties, social clubs, and international think tanks. They argue that this dispersed set of ties sustains what they call "capillary power": while core organizations consolidate coordination within finance and across the economy, peripheral organizations serve to diffuse strategic agendas and bolster elites' legitimacy in the broader society.

Meanwhile, *Egli, Rost, and Fritsch* focus on the transformation of Swiss banking elites. They trace a shift from a business and political elite centered in Switzerland to a financial elite socialized in the USA. This shift went hand in hand with a change in the strategies of the big Swiss banks, which became increasingly focused on developing innovative financial products rather than financing the Swiss economy. Their analysis shows that within just 15 years (1985–2000), Swiss-oriented elites were largely displaced by internationally educated finance professionals, particularly with US backgrounds, a shift closely mirrored by the banks' retreat from retail lending and their embrace of investment banking and asset management. One could say that the internationalization of the banking elite accompanied the financialization of the Swiss banking sector.

In the second part, the special issue turns to analyzing the implications of digital disruption in banking for clients. The paper by *Pellandini-Simányi, Paradiso, and Musil* examines how financial devices and platforms shape social class differences in financial decision-making. Through a detailed analysis of Swiss credit, mortgage, and investment platforms, the authors show that digital interfaces embed distinct "scripts" of economic behavior, which assume and cultivate different subjectivities across social classes. Credit sites targeting lower-income users script passivity, immediacy, and reliance on external expertise, while mortgage and investment sites address middle- and upper-class clients as informed, calculative, and future-oriented decision-makers. In this way, the paper argues, platforms do not simply mediate financial choices but prefigure and reinforce class-specific patterns of financial subjectivity and inequality.

The contribution by *Mariana Luzzi and María Soledad Sánchez* shifts the focus to Argentina, where macroeconomic instability and high inflation have propelled young people into risky financial practices via digital platforms. Based on survey and interview data, the paper introduces the notion of "rookie investors" to capture how cryptocurrencies serve as a gateway into finance for non-professional, first-time investors. Unlike the crypto-activists of earlier studies, these young Argentines engage with digital assets less out of ideological commitment and more as a pragmatic response to inflation, currency controls, and shrinking opportunities for savings. The study highlights how social networks, online communities, and financial apps function as infrastructures of market entry, supporting both the normalization of risky financial practices and new forms of financial socialization. Together, the two papers illustrate how digital disruption transforms the conditions of financial participation, producing new inequalities but also new repertoires of engagement with finance.

The third and final part of the special issue turns to studies looking at how banking has integrated the moral dimension of its social and environmental impact. *Burnier, Balsiger, and Kabouche* analyze the phenomenon of "impact finance", which is part of the innovations around the integration of social and environmental dimensions into financial instruments (Balsiger et al., 2025). The field of impact investing has taken hold in the Geneva financial sector over the past two decades (Kabouche, 2025). The analysis in the paper by Burnier et al. looks at the cultural embeddedness of impact finance in Geneva by describing the categories mobilized by its advocates to justify the morality of impact investing. They show that the "moral grounding" of impact investing draws mainly on traditional financial discourses based on the efficiency of finance to allocate resources, the use of metrics to measure impact, and the intention of the investor to make an impact. In addition, advocates also advance a discourse that calls for transcending oppositions between profit and morality and use both deontological and consequentialist reasoning. Overall, their findings support studies interpreting impact investing as financialization (Chiapello & Knoll, 2020) by indicating that the practice is firmly based in the financial field also when it comes to its moral justifications.

The "consumer" perspective of ethical finance is at the core of the contribution by *Schenk, Rössel, and Mashinaga*. With the rise of social investment and ESG funds in particular, individuals increasingly have the option to choose more ethical options when it comes to banking and investing, just like in consumer markets. Based on a survey on the financial practices of people living in Switzerland, they seek to uncover the determinants of ethical finance. Their findings show that while ethical motivations are crucial for both ethical banking and ethical investing, the latter is far more dependent on economic and cultural resources, making it more strongly tied to social inequality. They also demonstrate the lasting role of socialization: early exposure to sustainability issues in families and schools significantly increases the likelihood of engaging in ethical finance.

Taken together, the contributions to this special issue highlight the multiple ways in which finance and society are mutually entangled. They show, first, how the power and orientation of financial elites have shifted in tandem with broader processes of internationalization and financialization; second, how digitalization reshapes clients' financial practices, reinforcing existing inequalities while also opening up new modes of participation; and third, how the growing moralization of finance is negotiated both at the institutional level of impact investing and at the individual level of ethical consumption. By examining institutional actors and consumers side by side, the special issue underscores that transformations in finance are never purely technical or economic, but are deeply embedded in social structures, cultural categories, and moral claims.

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