

Conference Report :

**Towards an Alternative History of Banking Internationalisation:
Switzerland and Global Networks (19th-20th Centuries)**

9 December 2022, Lausanne

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A vast literature documents the history of international banking. Traditionally, financial and business historians have relied on the quantity of bank branches and subsidiaries to measure the degree of internationalisation of a specific bank or financial centre. However, banks' international activities are not limited to their direct operations. The aim of this one-day conference was to explore alternative measurements of bank and financial centre internationalisation. The papers presented highlighted a variety of neglected dimensions of internationalisation: the role of bankers in attracting foreign investment, the diversity of banks' offshore activities and their forms of connectivity, and the international profiles of banking executives.

MARIA STELLA CHIARUTTINI (Vienna) explored how bankers in the Kingdom of Sardinia harnessed foreign investment and finance for their own benefit and that of the newly unified Italian nation. Little attention has been paid to the financial history of the mid-nineteenth century Italian Risorgimento and its international dimensions. And yet the unification of Italy relied on the ability of government actors and bankers to attract foreign capital and emulate the successful banking institutions found elsewhere in Europe. Chiaruttini's paper highlighted the crucial role that Sardinia's financiers' international connections played in Italy's financial internationalisation after unification. The Kingdom's success in this regard can be attributed to its geographical location, its elites' foreign connections with wealthy banking centres, as well as its close monetary relationship with its powerful neighbour, France. In addition, the region's liberal trade policies, and its leaders' willingness to harness the power of nationalism, attracted foreign capital inflows into Italian sovereign debt markets and infrastructure.

MARCO MOLTENI (Oxford) gave a paper that sought to open the black box of long neglected area of international banking history: international correspondent banking (i.e., formalised bilateral contracts establishing a foreign bank—the correspondent—as an agent for the principle—or respondent—bank under which the former offers the latter's customers payments and credit services). Based

on a qualitative analysis of the *Banca Commerciale Italiana* (BCI) archives, this exploratory paper documented the practices and challenges that the bank faced in managing its network of correspondents. These included: the degree to which the BCI's headquarters centralised control over its branches' foreign correspondent relations; the division of its business among the various correspondents present in each financial centre; the pressure on correspondent and respondent banks to reciprocate the volume of business one brought to the other; and the strategic concerns resulting from the establishment of a branch in a foreign city where the bank had pre-existing correspondent relationships. The paper also pointed to the durability of correspondent relationships before and after the decades of European capital controls in the mid-twentieth century.

The presentation by **ALEXIS DRACH** (Paris) explored the role of banking clubs in European bank internationalisation from the late 1950s through the 1990s. Insofar as they created working groups, trained personnel, and organised conferences, these clubs resembled business interest associations. However, they were also strategic and profit-seeking alliances that provided services to corporate customers across Europe and beyond, often through joint ventures. In the 1980s, the clubs shifted their focus to technical and operational matters and remained active until the creation of the European single market in 1993. Based on an analysis of member banks' archives, Drach argued that these clubs actively contributed to the European integration process. But rather than embrace the European Commission's plans for a common and competitive market in banking, these clubs represented a cooperative, networked, cartel-like model of transnational banking that obviated the need to eliminate national regulatory frameworks as proposed by the Commission. Overall, Drach's story highlighted the difficulties in identifying the effective organisational boundaries of international banks.

PEDRO ARAUJO's (Fribourg) paper shifted the focus to bankers themselves, exploring the relationship between bank internationalisation and Swiss banking elites' international profiles. The paper was a combination of two studies. The first study provided a socio-historical perspective on Swiss banking elites based on an examination of the foreign training and professional experience of the CEOs, presidents, and managing partners of the main Swiss banks in seven benchmark years between 1890 and 2020. The author's analysis showed that Swiss banking executives' international training and experience mirrored the so-called first and second globalisations. The second part of the paper developed a prosopographic study of the international activities of all the executive committee members of the 28 largest Swiss banks in 2020, broken down by type of bank (viz. big bank, cantonal bank, local bank, wealth management). Based on his analysis of their profiles, the author concluded that the type of bank (viz. the size of its international branch network and geographic location of its client base) was a decisive factor in explaining banking elites' international mobility profiles.

ARTHUR MICHELET (Lausanne) analysed the changing international strategies of the large Swiss commercial banks in the second half of the twentieth century. In the first half of the twentieth century, Swiss banks received vast inflows of foreign funds and increasingly sought investment outlets for them abroad. Nevertheless, Switzerland's biggest banks relied almost exclusively on correspondent banking relationships rather than on their own foreign branches for their international operations. As Michelet showed, however, this changed in the 1960s when the large Swiss banks developed their foreign branch networks, effectively becoming multinational financial corporations. The author's contributions were two-fold. The first was a visual representation of the spatial expansion of the Big Three Swiss banks' international expansion between the 1960s and the mid-1990s. The second was an analysis of these three banks' balance sheets since 1965 (the year from which figures are available). On this basis, the author argued that the need for these banks to find investment outlets for their increasingly large foreign short-term deposit liabilities—rather than competitive dynamics between them or structural changes in international financial markets—were the main drivers of the expansion of their direct foreign operations.

The final paper, by **PIETRO NOSETTI** (Locarno), documented the evolution of Ticino's banks' international activities and their contribution to the canton's emergence as a financial centre. Consequently, it compared the histories of two of the region's most important banks, the *Banca Svizzera Americana* (BSA) and the *Banca Unione di Credito* (BUC), using criteria such as shareholder nationality, geographic presence and activity, and funding sources and investments. The author's study suggested that the canton's banking sector had been highly internationalised since its emergence in the late nineteenth century and showed just how different "internationalisation" could look. Indeed, the BSA was intimately linked to the Ticinese diaspora in California through its San Francisco office (established in 1898) which funnelled remittances back into Switzerland. The BUC, on the other hand, only began direct operations abroad in the 1960s. Before that however, its majority shareholder, the Italian bank *Credito Italiano*, channelled Italian deposits seeking to evade taxes into its coffers while simultaneously giving the BUC access to international markets.

Each of the presentations was followed by comments from one of the workshop organisers and **STEPHANIE GINALSKI** (Lausanne). The discussants' critical engagement with the papers led to stimulating dialogue with the other participants. Collectively, the six papers presented during the conference confirmed the organisers' hopes: to showcase the huge potential of approaching the history of bank internationalisation by focusing on hitherto neglected network components, be they institutional or interpersonal. Indeed, this is likely to be the most promising approach for capturing the elusive contours of global banking.

Programme Overview

Thibaud Giddey: Welcome/Introduction

Maria Stella Chiaruttini: The Internationalisation of Piedmontese Finance During the Risorgimento

Marco Molteni: Opening the Black Box of Foreign Correspondent Banking: The Case of Banca Commerciale Italiana in the 20th Century

Alexis Drach: Cooperation in Banking Internationalisation: The Case of European Banking Clubs

Pedro Araujo: Studying International Bankers: A Socio-Historical and Contemporary Perspective

Arthur Michelet: Adapting Strategies or Changing Banking Models? Analysing the Multinationalisation of Swiss Big Banks (1966-2000)

Pietro Nosetti: La dimension internationale du secteur bancaire tessinois au XIX^e et XX^e siècles

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