

# A banking jubilee

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## A BANKING JUBILEE.

It is with the greatest pleasure that we congratulate our good friends, the Swiss Bank Corporation, on reaching another landmark — their 75th anniversary. The event was duly commemorated in connection with the Annual General Meeting held in Basle on the 28th February this year. The London Office, which dates from 1898 and has still some months to wait before its half-century, plays such an important part in the activities of the Swiss colony in Great Britain and holds such an outstanding place among the Swiss concerns abroad that the occasion seems suitable to put on record some description of the history and development of the Corporation.

In his speech at the Bank's Annual Meeting this year, the Chairman of the Board, Dr. Rudolf Speich, described at some length the early influences which brought the Bank into being and we have drawn with appreciation on his remarks in the short record of the bank's historical development which follows.

About 100 years ago two groups of enterprising business men in Basle got together with a view to transactions largely connected with the financing of new railway construction and the development of existing industries. It was an association which embraced not only leading figures in the commercial sphere, but a number of private bankers whose business had not in the ordinary way brought them into touch with strictly commercial affairs such as the other members of the group commonly handled.

In 1863, representatives of the various commercial and industrial interests comprising one section of the

group united to create the Basler Handelsbank. The private bankers continued to operate as a more loosely constituted entity, with the provision that any business involving an amount of more than Frs.200,000 would be submitted to joint consideration. This group came to be known as the "Bank-Verein" and of the 8 firms which comprised it, 5 — some now under altered style — are still in existence, namely in alphabetical order: Dreyfus Soehne & Co., A. Ehinger & Co., Luescher & Co., A. Sarasin & Co., and Zahn & Co. — all of them known as leading private bankers in Basle.

After the Franco-Prussian war, everything pointed to a period of economic prosperity, particularly in the development of transport and of industries, and from an international point of view Basle, owing to its geographical position, was regarded as being favourably situated to reap advantage. Thus, the "Bank-Verein" group decided to form a bank of their own. The first Articles date from the 12th February, 1872 and were approved by the Cantonal Authorities in Basle on the 24th February and on the 29th February the first Board Meeting took place; on the 8th March the style "Basler Bankverein" was entered in the Commercial Register of Basle.

The capital was Frs.50 million, of which Frs.30 million was issued and taken over by the founders, an initial instalment of 20% being paid up. These Frs.30 million were represented by 60,000 shares of Frs.500 nominal each 20% paid which were during the month of March 1872 issued by a large consortium comprising not only the founding banks, but a number of concerns both in Switzerland and abroad, at a price of Frs.550 per share less the unpaid portion and according to the prospectus, a part of the initial underwriting profit was to form a nucleus of special reserves. The first price of the shares quoted in the Press appeared on the 25th March, 1872, when they were marked Frs.565.— Frs.575.

On the 1st March, 1872, the Bank acquired its first premises at 5 & 7 Aeschenvorstadt, in other words on the same spot where it now works. It may be a point of interest to some of the older members of the Swiss colony in the United Kingdom, whose childhood was spent in Switzerland, that the houses which were taken over at the time bore the names "zum Wilhelm Tell" and "zum Hertenstein." The Office was actually opened to the public on the 15th April, 1872.

The accounts which were issued for the first time under the date of 31st December, 1872, showed a total balance sheet figure of Frs.35 million, of which Capital and Reserve accounted for Frs.6.1 million. The total included unpaid capital to the amount of Frs.24 million. Deposits amounted to about Frs.5 million. The gross earnings for the first 8½ months came to Frs.313,000, expenditure for the same period having been Frs.70,000. A dividend of 5.29% pro rata was paid on the shares. In the following year, a further 20% was called up on the shares, bringing the paid amount to Frs.12 million. The first business year of the Basler Bankverein was in every way a satisfactory one, and the outlook was considered good. Conditions worsened, however, as time went on and by 1873 a severe crisis had set in, on the Continent, originating from Vienna. It was impossible to avoid writing off substantial amounts on securities, and no dividend could be paid.

By 1877/78, the position in Switzerland had im-

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proved and the development of business went on without any particular difficulty, though the situation of most of the private railways in which the concern was interested was adversely affected by a number of influences and capital for the requisite development was difficult to come by. It was for this reason that in January 1879 the Bankverein co-operated in the foundation of the Schweizerische Eisenbahnbank, the object of which was to support the market in railway shares, with the result that a complete slump in these securities was avoided after a referendum in Switzerland had, in December 1881, turned down the first scheme for the nationalisation of the private railways.

By the middle of the '90s the operations of the Bankverein were no longer confined to local banking in Basle. Relations had gradually been entered into with other concerns in the important commercial and industrial centres in Switzerland, though this policy of development did not always meet with local support. In 1895 there was an amalgamation with the Zuercher Bankverein and in 1897 the Schweizerische Unionbank in St. Gall and the Basler Depositenbank were taken over. At this period, the style of the firm was changed to "Schweizerischer Bankverein," consolidating this less local and more national point of departure.

Shortly before the turn of the century, the development of Swiss business with overseas countries made it increasingly desirable for a medium to be created whereby sterling drafts and bills from abroad could be readily negotiated. It was with this aim in view that the Bank established an office in London which started business under the somewhat hybrid style

"Swiss Bankverein" on the 1st July, 1898, and developed rapidly in the next few years so that at the beginning of 1902 it merited the appointment to it of a special Managing Director, Mr. Léon Rueff. The original office was situated in Threadneedle Street, but in 1901 the position of the bank in Great Britain was further consolidated by the acquisition of the business of Blake & Boissevain in London and the offices were moved to the premises of this latter concern in Copthall Court. Soon, however, these premises were in turn found to be inadequate and a further move was made to the office at 43 Lothbury which was occupied until it was absorbed into the new headquarters of the Westminster Bank, and in 1925 the bank occupied the new premises at 99 Gresham Street which are still its London headquarters. A branch office had been opened at 11c Regent Street in 1912. The present English style of the Corporation was adopted in 1917, when it was felt that a strictly English designation for a neutral concern, called upon to fulfil many useful and necessary services for the Allied cause, was a practical advantage. While the two London Offices have remained unaltered in address up to the present time, it should be recorded that from 1939 to 1945 the bank not only conducted a large part of its business from, but also accommodated a number of its staff at war-time premises in a Surrey country house at Byfleet from which the final return to the City was only made in the middle of 1945. This complete return was fortunately possible owing to the fact that the Gresham Street building had not been so seriously injured by air attack as to render it uninhabitable.



To return from this digression on London activities: the operations of the Bank had in the early stages been confined to the German-speaking part of Switzerland, but in 1906 a new move was made and for the first time an office was opened in the French-speaking part of the country, where the business of the firm of D'Espine, Fatio & Co. in Geneva was acquired. Now, after many more absorptions and amalgamations, the Corporation has eight principal offices in Switzerland at Basle, Zurich, St. Gall, Geneva, Lausanne, La Chaux-de-Fonds, Neuchâtel and Schaffhouse, six important branches at Bienne, Chiasso, Herisau, Le Locle, Nyon and Zofingue, and a number of agencies in smaller places or in suburban districts.

Almost simultaneously with the outbreak of war in 1939 an Agency was opened in New York with premises at 15 Nassau Street. Finally, it must be recorded that the last event of major importance in the bank's history was the taking over in 1944 of the assets of the Basler Handelsbank.

The financial results which have attended these developments can be seen from the tables setting out the Capital, Reserves, total of the Balance-sheet, Profits and Dividends, over a long period of years:—

	Capital	Reserves	Total B/S	Net Profits	Dividend
	(thousands of francs)				%
1872:	6,000	82	35,304	242	5.29 pro rata
1882:	8,000	1,250	28,945	738	8
1892:	15,000	3,900	31,667	206	5
1902:	40,000	10,000	194,552	2,830	6
1912:	82,000	26,750	592,921	8,716	8
1922:	120,000	33,000	1,019,571	10,527	8
1932:	160,000	53,000	1,341,188	10,282	6
1942:	160,000	32,000	1,366,433	6,619	4
1946:	160,000	32,000	2,139,391	13,387	5

The reduction of the total of the bank's Reserves from the highest level mentioned in the table to the present figure arose out of the action which had to be taken at the time to support the Banque d'Escompte Suisse.

The extent of the bank's development over the years is additionally illustrated by a few supplementary figures.

While the turnover and profits have increased on the lines indicated above, it must be borne in mind that general expenses have also risen and whereas in the first year they stood at the modest figure of Frs.70,000, they had in 1913 risen to Frs.4,900,000, in 1930 to Frs.23,600,000 and had last year further increased to the substantial total of Frs.35,400,000. The increase of taxation is also significant, for in 1897, for example, an amount of Frs.104,000 covered requirements under this heading, while in 1946 the figure was Frs.4,100,000.

Finally, the number of employees, which was at the outset very small and increased gradually until the figure of 1,000 was touched in 1913, had in 1930 risen to 2,450 and at the end of 1946 to 3,153.

A.H.S.

## ARMS OF BERNE.



*Gules, on a Bend or, a Bear Passant Sable, Langued and Armed of the Field.*

In the first centuries of the existence of heraldry, the charge chosen for an escutcheon was, whenever possible, one whose name bore sufficient resemblance in sound to suggest the name of the bearer. A large number of early insignia, both of families and kingdoms, were *armes parlantes*, and the bear of Berne (old Swabian *bern* "a bear") is a typical example.

History has proved over and over again the appropriateness of this well-chosen and redoubtable charge, and the arms of Berne are deservedly among the most popular of Switzerland.

Originally the bear was *passant in fess* in a field *argent*.

At the battle of Schosshalden in 1289, the banner of Berne was rescued, stained with blood, from Rudolf of Habsburg in whose hands it had fallen. To commemorate this feat of arms, the banner was tintured red and the bear placed *on a bend or*, thus giving it an ascending attitude, which is a sign of victory.

Those beautiful arms are often seen with supporters ordinarily bears girt with belt or clad of iron armour, and holding swords, halberds, or sceptres.

Berne, founded in 1191, was made a free imperial city in 1218, and gradually extending its possessions, became an independant and powerful state. With Zurich, it successfully helped to maintain the neutrality of Switzerland. Berne entered the Swiss Confederation in 1352, in which it now holds the second rank.

On account of the traditional derivation of its name, bears have for several centuries been maintained in Berne, and the bear-pit is still one of the "sights" of the City.

P.S.

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