

A bank for the reparations

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On 17 May 1930, a new institution opened its offices in a former hotel opposite the main railway station of Basel. Named the Bank for International Settlements, it had as its shareholders the central banks of Belgium, France, Germany, Italy and the United Kingdom, a group of Japanese banks and a group of American commercial banks. Its first purpose was to handle the reparations that Germany owed to the victorious powers of the First World War under the Young Plan. Its second purpose, which would outlast the first by a century, was to promote cooperation among central banks and to provide additional facilities for international financial operations.¹

The Bank for International Settlements is the oldest international financial institution in the world. It is older than the International Monetary Fund and the World Bank, founded at Bretton Woods in 1944, and has been in Basel since its foundation. Besides making the name of the city known among central bankers throughout the world, it has, through the committees that it hosts, above all the Basel Committee on Banking Supervision, given the city's name to the rules that govern the capital of banks. Part F examines the modern BIS and the Basel standard setters. This chapter examines its foundation, its first years, its role in the crisis of 1931, its conduct during the Second World War and the questions about the Swiss financial centre that the war raised.

1 Notes

1. On the foundation of the Bank for International Settlements (BIS) under the Hague Agreements of January 1930 and the opening of its offices in Basel on 17 May 1930, see Toniolo, Central Bank Cooperation at the Bank for International Settlements, 1930–1973, 2005; the BIS publications on its history. To be verified. ↩

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