

## Telegraph, telephone and the speed of markets

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The railway was accompanied by the telegraph, which transformed the transmission of information. Basel was connected to the Swiss federal telegraph network in 1852, the year of its establishment, as well as to the French and German networks. For the first time, news of prices, political events and commercial transactions could travel from Paris, Frankfurt or London to Basel within minutes, instead of the days that letters required.<sup>1</sup>

The telegraph changed the business of the merchants and bankers of Basel. They could now follow the prices on the exchanges of Paris and London in real time, place orders on distant markets, confirm transactions and react to news. Arbitrage between markets became faster and more competitive, since differences in prices between Basel, Zurich, Frankfurt and Paris could be exploited within hours. The banks of Basel installed telegraph connections and employed clerks to send and receive telegrams, whose cost became a significant item in their accounts.

The telephone followed in the 1880s. Basel had its first telephone network in the early 1880s, with the banks and companies of the city among its first subscribers. The telephone allowed direct conversation between bankers, brokers and clients, which made it possible to negotiate transactions without writing. It also created new questions of confidentiality, since telephone conversations could be overheard by operators or intercepted. The confidentiality of telecommunications, protected today by the Federal Constitution and by criminal law, became a concern of the banks, which handled sensitive client information.

The acceleration of information that began with the telegraph has continued to the present day, with the electronic trading of securities, the instantaneous transmission of payments and the high-frequency trading that executes transactions in microseconds. The Bank for International Settlements, through its Committee on Payments and Market Infrastructures, studies and sets standards for the infrastructure of these

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transactions, as Part F shows. The history of financial information in Basel thus runs from the couriers of Erasmus through the telegraph of the 1850s to the digital networks of the twenty-first century.

### 1 Notes

1. On the establishment of the Swiss federal telegraph network in 1852 and the connection of Basel, and the introduction of the telephone in Basel in the early 1880s, see HLS, articles "Telegraf" and "Telefon". Dates to be verified. ↩

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