

The age of the joint-stock bank

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In the second half of the nineteenth century, the private bank, owned by a family and financed by its partners' capital, was joined by a new type of institution: the joint-stock bank, a company whose capital was divided into shares held by many investors and whose managers were salaried professionals. The joint-stock bank could raise capital on a scale that no family could provide, accept deposits from the public, lend to large enterprises and underwrite the shares and bonds of railways, industrial companies and states. Its model was the French *Crédit Mobilier*, founded in 1852 by the brothers Pereire, which financed railways and industry by issuing its own securities.¹

In Switzerland, the joint-stock banks appeared in the 1850s and 1860s. The *Schweizerische Kreditanstalt* was founded in Zurich in 1856 by Alfred Escher, as the previous chapter showed. Other banks followed in Geneva, Basel, St Gallen, Winterthur and other cities. They developed into the Swiss model of universal banking, in which a single institution combined commercial banking, investment banking, securities trading and, later, wealth management. The Swiss big banks of the twentieth century, among them the Swiss Bank Corporation, the Union Bank of Switzerland and *Credit Suisse*, grew out of these nineteenth-century foundations.

This chapter examines the banks of Basel in the industrial age: the *Basler Bankverein*, which became the Swiss Bank Corporation; the *Basler Handelsbank*, which financed industry and foreign trade and collapsed in the crises of the twentieth century; the cantonal banks of the two half-cantons; and the private banks that continued their traditions alongside the new institutions. It also examines the banking crisis of the 1930s and the Banking Act of 1934, which created the framework of Swiss banking regulation and the criminal protection of banking secrecy.

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1 Notes

1. On the Crédit Mobilier (1852) of Émile and Isaac Pereire as the model of the joint-stock investment bank, see the standard literature on nineteenth-century banking history. To be verified. ↩

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