

The merchant becomes a banker

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There is no single date at which banking began in Basel. The medieval money changers of the *Hausgenossen*, the municipal exchange of 1504, the printers who extended and received credit, the ribbon merchants who drew and discounted bills of exchange, and the patrician families who lent to each other and invested in foreign securities all performed financial functions. What changed in the eighteenth and early nineteenth centuries was the specialisation of these functions in houses whose principal business was finance: houses that accepted deposits, made loans, dealt in bills of exchange and securities, managed the wealth of families and acted as correspondents for foreign banks. These houses were the first banks of Basel in the modern sense.¹

The path from merchant to banker followed a common pattern. A merchant house engaged in trade, the silk ribbon business, the trade in colonial goods or the commission and forwarding business, accumulated capital and developed financial services for its own business: the purchase and sale of bills of exchange, the transfer of funds between markets, the extension of credit to customers and suppliers. Over time, it offered these services to others: to merchants who lacked their own correspondents, to families who wanted to invest their savings, to institutions that needed to transfer funds. As the financial business grew, it became at some point more important than the trade in goods. The merchant house became a banking house and eventually abandoned trade altogether.

This chapter follows this path. It examines the decline of the municipal exchange, the investment of Basel capital abroad in the eighteenth century, the commission and forwarding business that made Basel a hub of transit, the first private banks, the savings banks that served the broader population, the legal forms of the banking houses and the culture of risk that characterised them. It ends at the threshold of the railway age, when

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the capital needs of the new infrastructure led the Basel private bankers to cooperate in a consortium that would become the Basler Bankverein.

1 Notes

1. On the emergence of private banks in Basel in the late eighteenth and early nineteenth centuries from merchant houses, see HLS, article "Banken", section on Basel; the histories of the individual Basel private banks. To be verified. ↩

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