

The savings banks and the broader public

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The private banks of Basel served the elite: merchants, manufacturers, patrician families and institutions. The broader population, craftsmen, shopkeepers, servants and workers, had no access to their services. For the savings of the common people, the Enlightenment and the philanthropic movements of the late eighteenth and early nineteenth centuries created a new institution: the savings bank.

In 1809, the Society for the Promotion of the Good and the Public Benefit, the GGG, founded by Isaak Iselin, established in Basel an interest-bearing savings bank, the *Zinstragende Ersparniskasse*, to encourage thrift among the working population.¹ The savings bank accepted small deposits, paid interest on them and invested them safely, usually in mortgages and public securities. Its purpose was social and moral: to help the poor to save for old age, illness and the education of their children, and to encourage the virtues of foresight and self-reliance.

The savings bank movement spread throughout Switzerland in the first half of the nineteenth century. Founded by philanthropic societies, municipalities and churches, savings banks collected the savings of hundreds of thousands of small depositors. They were the ancestors of the regional banks and cantonal banks of modern Switzerland, which serve the domestic population and finance mortgages and small businesses.

The savings banks introduced a new relationship between banks and the public. Whereas the private banker served a few wealthy clients whom he knew personally, the savings bank served many small depositors whom it did not know. Its trustworthiness depended on its public or philanthropic sponsorship, its conservative investment policy and its transparency. This model, in which a bank serves the mass of the population on the basis of institutional trust, would become the model of the cantonal banks and, eventually, of the large commercial banks.

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1 Notes

1. On the Zinstragende Ersparniskasse founded in Basel in 1809 by the GGG, see HLS, article "Sparkassen"; the history of the GGG. To be verified. ↩

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