

Schweizerische Kreditanstalt (1856): the universal bank model — overview and summary

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For almost a century and a half, the sandstone palace on the north side of Paradeplatz served as the visual shorthand for Swiss banking. Photographers framed it when they wished to illustrate the wealth of Zurich, and financial journalists used its address as a synonym for the institution housed inside. The building belonged to the Schweizerische Kreditanstalt, known after 1997 as Credit Suisse, which Alfred Escher and a circle of Zurich politicians and textile industrialists had founded in the summer of 1856.¹ When the bank disappeared into UBS in 2023 and 2024, commentators across the political spectrum reached for the same founding story: a railway entrepreneur who wanted Swiss railways to be financed by a Swiss bank, an oversubscribed share issue that astonished its promoters, and a new type of institution that combined the collection of capital with its direct investment in enterprise. The story is well known in outline. Its details, its antecedents abroad and its consequences for the structure of the Swiss financial centre are less familiar and repay closer attention.

This chapter traces the Kreditanstalt from its conception to the eve of the First World War. It begins with the French and German models on which the founders drew, above all the Société Générale du Crédit Mobilier of the brothers Pereire, established in Paris in 1852, and the Bank für Handel und Industrie in Darmstadt, established in 1853. It then turns to the specific Swiss problem that the new bank was meant to solve: the dependence of the private railway companies, created under the federal Railway Act of 1852, on capital raised abroad, and the fear that foreign financiers would gain control over the network through their purse. The foundation of July 1856, the extraordinary public subscription and the first board are described next, followed by the early business of the bank in railway and industrial finance, in foreign issues and in the creation of new financial companies, among them the Schweizerische Rentenanstalt of 1857 and the Schweizerische Rückversicherungs-Gesellschaft of 1863. Later sections

consider governance and the democratic critique of the “Escher system”, the crises and consolidation of the decades to 1914, the other Zurich banks of the period and the emergence of the universal bank as the characteristic Swiss form of large-scale banking. A closing section looks briefly forward to the end of Credit Suisse, whose detailed treatment belongs to Part G.

The three perspectives of this book meet with particular force in this subject. For the historian, the Kreditanstalt is a case study in the transfer of an institutional model across borders and in the way in which a small country adapted a foreign invention to its own political economy. For the lawyer, it is an early example of a joint-stock company created under cantonal law before the federal Code of Obligations, whose statutes and governance set patterns that survived into the modern law of banks. For the practitioner, it marks the moment at which Zurich acquired an institution capable of placing large issues, holding participations and lending to industry on a scale that the private bankers of the city could not match. The universal bank that grew from these beginnings became the dominant form of Swiss big banking and remains so today in the single surviving institution of that type. The period of Escher himself, his railways and the Gotthard project are treated in Chapters D.I and D.VI, while the Zürcher Kantonalbank, the democratic counter-model to the Kreditanstalt, is the subject of Chapter D.V.

1 Notes

1. Historisches Lexikon der Schweiz (HLS), Jan-Henning Baumann, “Schweizerische Kreditanstalt (SKA)”, version of 27 November 2012, <https://hls-dhs-dss.ch/de/articles/041821/2012-11-27/>. The article names textile industrialists and politicians under Escher’s leadership as the founders and records the integration of the SKA into the Credit Suisse Group in 1997. ↩

2 Conclusion

The Schweizerische Kreditanstalt was born of a political and economic calculation. The federal Railway Act of 1852 had left railway construction to private companies, whose capital needs exceeded anything that Swiss private bankers could supply. Foreign financiers offered the capital but expected influence in return. Alfred Escher, who led the Nordostbahn, the Zurich liberals and, for a time, the National Council, answered by importing the institutional model that the Pereire brothers had created in Paris in 1852 and that Mevissen and his associates had adapted in

Darmstadt in 1853. He accepted the Leipzig Credit-Anstalt as a founding partner while keeping the seat, the statutes and the management in Zurich. The public subscription of July 1856 exceeded the planned issue many times over and gave the bank a broad base of confidence, while the allotment kept its control within the circle of the Zurich elite.

The early decades brought both success and difficulty. The bank financed the Nordostbahn, placed railway securities, lent to the textile and engineering industries, helped to found the Rentenanstalt and Swiss Re, and quickly became the largest bank in Switzerland. It also suffered from concentrations of risk, inexperienced management and the losses of the 1860s, which forced a reorganisation and a more conservative credit policy. The railway crisis of the 1870s and the financial troubles of the Gotthard project cost Escher the presidency for three years. The democratic movement attacked the “System Escher” and created the Zürcher Kantonalbank as a public counter-model. The Kreditanstalt nevertheless survived these trials, moved into its palace on Paradeplatz, developed financing companies for international railway and electricity investments, began publishing information for investors and, from 1905, built a national network of branches.

By 1914 the Kreditanstalt had become the prototype of the Swiss universal bank, combining deposit, credit, issuing, securities and asset management business within a single institution. Around it, the Bank in Winterthur, the Eidgenössische Bank, Leu & Co. and the Zurich cantonal bank formed a diverse banking landscape that made Zurich the leading centre of Swiss commercial banking. The dual structure of private universal banks and public cantonal banks, the concentration of the big banks on Paradeplatz, the cluster of banks and insurers and the export of Swiss capital through Zurich intermediaries all took shape in these decades. The end of Credit Suisse in 2023 closed the institutional history that began in 1856, while the patterns that the Kreditanstalt created continue to define the Zurich financial centre.

3 In five sentences

1. The Schweizerische Kreditanstalt was founded in Zurich on 5 July 1856 under the leadership of Alfred Escher, with the Leipzig Allgemeine Deutsche Credit-Anstalt as a founding partner, to finance the private Swiss railways, above all the Nordostbahn, from a Swiss base.
2. Modelled on the crédit mobilier of the Pereire brothers (Paris, 1852) and on the Darmstädter Bank (1853), which combined company promotion,

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securities issuance and participations, the new bank attracted a public subscription that exceeded the planned issue many times over.

3. After early losses and a reorganisation in the 1860s, the bank became the largest in Switzerland, helped to found the Rentenanstalt (1857) and Swiss Re (1863), moved into Wanner's palace on Paradeplatz in 1876 and extended its business into international financing companies.

4. The democratic movement attacked the concentration of power in the "System Escher" and created the Zürcher Kantonalbank in 1870, giving Swiss banking its lasting duality of private universal banks and public cantonal banks.

5. By 1914 the Kreditanstalt had become the prototype of the Swiss universal bank, and although Credit Suisse disappeared into UBS in 2023 and 2024, the institutional patterns it created still shape the Zurich financial centre.

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