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Hubert Bonin, *La Banque nationale de crédit : Histoire de la quatrième banque de dépôts française en 1913-1932*. Paris: Éditions P.L.A.G.E., 2002. 237 pp. Notes, bibliography, index. 70€ (pb). ISBN 2-914369-04-2.

Review by Samir Saul, Université de Montréal.

BNP-Paribas is the second largest bank in France today, almost at par with the Groupe Crédit agricole which recently acquired the Crédit lyonnais. Few remember that the Banque nationale de Paris (BNP) resulted from the merger in 1966 of the Banque nationale du commerce et de l'industrie (BNCI) and the Comptoir national d'escompte de Paris (CNEP). Even fewer recall that both of the BNP's ancestors were themselves refurbished versions of banks which went under. When the Comptoir national d'escompte collapsed after overlending for speculation on copper and purchasing overpriced mining stock, it was replaced by the CNEP in 1889. The BNCI was the Banque nationale de crédit (BNC) reborn after it went bankrupt in 1932.

This book is the history of the upstart BNC. It is the author's *doctorat de troisième cycle* or a variant thereof, published twenty-four years and many books after it was defended. Bonin is a well-known and highly productive banking historian. His contributions to the history of banks in France is substantial and his knowledge of the interwar years extensive. Typically, his books provide fast-paced exposition firmly rooted in primary sources and the relevant published literature. The book under review fills a gap in our understanding of banks in France during the boom of the 1920s and on the eve of the Depression. It puts under the microscope one of the more flamboyant exemplars of companies emerging in the ambience of the *années folles*. Business practices and mores, social values, and attitudes toward public regulation and appropriate state action can be gauged from a close-up on the milieu of one firm. Readership for the book would surely be widened by a less punishing price. After all, this a paperback, and of standard length.

The book is the only scholarly monograph on a single bank of the interwar period in France. Bonin's own *Les banques françaises de l'entre-deux-guerres* (Paris : P.L.A.G.E., 2000) is a study of the banking industry in general. Of course there are other historical studies of banks which were founded earlier and lived past 1939. Recent publications such as the collective work on *Le Crédit lyonnais 1863-1986* (Geneva : Droz, 2003) and Bonin's *La Banque de l'union parisienne. Histoire de la deuxième banque d'affaires française (1874/1904-1994)* (Paris : P.L.A.G.E., 2001) come to mind. Three other company histories can be located somewhere between the scholarly monograph and the commissioned book. [1]

Founded in 1913, the BNC was a dynamic, enterprising newcomer in the banking world. In the early 1920s, this relatively modest Alsatian firm became a national institution with branches in the key areas of France, including the pivotal Paris market where the Big Three—Crédit lyonnais, Société générale, CNEP—reigned supreme. Within a decade, a regional bank not unlike many others operating in various parts of the country, had become France's fourth deposit bank, far behind the leaders but large enough to stand out at the summit of the second tier. By 1932, barely two decades after its conspicuous rise, it was in receivership. The book is an attempt to explain how this shooting star appeared in the banking firmament and why its light suddenly dimmed. It is a fairly straightforward business history monograph, highlighting the activities of the bank, its strategy, the phases of its history, its relations with its customers, how it was managed and mismanaged. The book is an attempt to understand how and why a large company came to naught, and a reflection on the fragility of large institutions (p. 5).

The Comptoir d'escompte de Mulhouse was founded in 1848. It was active in financing the textile and mechanical industries of southern Alsace. From 1880 to 1913, and despite the annexation of Alsace by Germany, the CEM acquired about thirty local banks in "internal" France, in the East and North-East, in Marseille (1910), in Lyon, and in Paris (1912). From an adjunct to Alsatian business, it grew into a mid-sized deposit bank with branches to receive customers and retail stocks and bonds. In the early twentieth century, mounting nationalism and ill-feeling between France and Germany complicated working conditions for the CEM. As the Reich intensified Germanization in Alsace-Lorraine, it forced the CEM to translate its name into German and to express its capital in marks. Prospecting for customers and depositors in France became more difficult as the public balked at the idea of handing over French savings to a "German" bank. It became necessary to set up a separate affiliate grouping all branches in "internal" France under an appropriately French name stressing its "national" character. And so, for basically circumstantial reasons, the BNC was born on 25 June 1913 with its head office in Paris. The founding of the BNC was, in essence, no more than an expedient to head off chauvinist criticism (pp. 13-14).

After the war, the BNC conducted an energetic campaign to attract business depositors and borrowers. It had to seek out customers, wean away those working with the competition and offer better conditions in order to make its way in a market dominated by the large Paris banks. It pursued its policy of geographic expansion throughout the country by extending its network of branches (internal growth) and by means of acquisitions of small and medium banks (external growth). By December 1930, it had 359 branches and 336 outlets in France. From 1913 to 1930, it purchased thirty-two local banks, including the CEM itself (1930). An important acquisition was that of the Banque française pour le commerce et l'industrie in 1922. Merger suited both parties, since the BFCI needed cash, which a deposit bank like the BNC could provide, while the latter was in search of business opportunities. The BFCI was a fifth the size of the BNC but it was a business bank, nearly a *banque d'affaires*, with the contacts in the Parisian *patronat* which the BNC sought. The BFCI reinforced the ties which the BNC had learned to establish with the world of business in its Alsatian home base. Unlike the BFCI, however, the BNC never had an international character. Except for the opening of small branches in London, Zurich and Monte Carlo, it operated mostly in France.

The BNC developed a well-deserved reputation as a combative and daring competitor. To demonstrate its strength and inspire confidence, it did not avail itself of the right to declare a moratorium on withdrawals of deposits at the outbreak of World War I. The discount rate it charged on commercial paper was lower than the industry's. Its policy was aggressive, as it had to be if it was to gain a share on a crowded market. As befits a latecomer, it had to hustle. The BNC was a challenger taking on the champions on their own turf. In its favor was the latent desire of many companies to loosen the hold of established banks (pp. 59-71). As a deposit bank, the BNC attracted large amounts of cash which it extended to business as credit in such forms as the discount of bills, lines of credit, overdrafts and acceptances. It had customers in the textile (Marcel Boussac, for instance), metallurgical and electrical sectors. The BNC took part in underwriting syndicates and was attuned to the needs of business but it remained a commercial bank, not a *banque d'affaires* which entered into the equity of firms.

Nevertheless the BNC became intimate with some companies, especially those under the sway of André Vincent, an entrepreneur whose life is still shrouded in mystery. The BNC extended credit to Firminy, a metallurgical company Vincent headed, and Comptoir Lyon-Alemand, a precious metals trader. Vincent bought into the capital of the BNC. By 1928, he was its chairman. The client had become at the same time the banker. The BNC's resources were put at the disposal of the Vincent group. The rules of deposit banking, such as division of risk and avoidance of long-term commitment, not to speak of prudence, were thrown to the winds. Of the thirty-five debit accounts exceeding ten million francs with the BNC in 1931-1932, fifteen were held by firms associated with the Vincent group. One third to one half of the total value of debit accounts was locked up with a cluster of companies, in fact a single customer. The board did not formally approve such a course. Moreover, the accounts of the various

companies and those of the BNC were like communicating vessels. Informally, the BNC had gone into partnership with client firms, abandoning its status as a deposit bank and taking on that of a *banque d'affaires* whose resources were tied up with companies. But the BNC's resources were deposits which could be withdrawn on very short notice. It was a precarious situation. When the economic slowdown reduced the activity of the Vincent firms, the BNC was left with wads of bad debts. At the end of 1930, and again in the fall of 1931, news got out and the BNC was faced with the spectre of panic withdrawals of deposits. Despite salvage efforts by the Banque de France and other banks worried about contagion and a general financial crash, the value of BNC stock melted and deposits felt precipitously. By January 1932, confidence in the BNC was completely broken, making liquidation unavoidable. The process lasted until 1962, but depositors recovered their money and lenders were repaid.

In a substantial conclusion, the author reflects on the meaning of the BNC's collapse and on the history of banking from the 1930s to the 1960s. Two questions emerge from the book, but remain unanswered. Bonin points to the importance of Vincent for the BNC and the fact that little is known about him and his companies. The reader is left wondering why Bonin dropped the issue and did not try to investigate. Vincent was not just a customer; he had become a key component of the bank. As for the downfall of the BNC, more analysis would have been welcome. Clearly there were egregious violations of elementary textbook rules of banking. But did faulty banking practices, such as long-term commitment and absence of diversification, bring about collapse by themselves or did the bank fall victim to the effects of the Depression on its clients, no matter how many or how few they may have been? After all, borrowers like the film-maker Gaumont, the textile magnate Marcel Boussac and Electrocâble also translated into losses for the BNC. A closer look at how smaller clients of the bank fared would have been welcome.

NOTES

[1] They include *Le Crédit national, 1919-1994. Histoire publique d'une société privée*, by Patrice Baubeau, Arnaud Lavit d'Hautefort and Michel Lescure (Paris : J.-C. Lattès, 1994), Jean-Pierre Daviet and Michel Germain, *Crédit commercial de France. Une banque dans le siècle* (Paris : Les Éditions Textuel, 1994), and Félix Torres, *Banquiers d'avenir. Des comptoirs d'escompte à la naissance de BNP Paribas* (Paris : Albin Michel, 2001).

Samir Saul Université de Montréal samir.saul@umontreal.ca

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