

As early as the 1840s, interest groups in London, Liverpool, and Glasgow wanted to create a specialized bank that would support trade with Asia, in the wake of the shipping company Peninsular & Oriental, created in 1840. It would allow free traders to take advantage of the prospects in the Indo-Pacific area, widened by the breakthrough of steamers and by the fall of the East India Company in 1858, which liberated “market forces”. Two rivals emerged, the Oriental Bank in 1842-45, and the Chartered Bank of India, China & Australia (CB) in 1852, which obtained its “charter” from the state in December 1853. It settled in the expanding British Empire: Calcutta, Bombay, also Shanghai, then Singapore and Hong Kong in 1859. The cotton boom stimulated growth—with the boom during the American Civil War, the end of which triggered bankruptcies and losses, against which the young bank held fast.

Circuits of bills of exchange were established internationally, while credit networks were structured around each merchant city; the telegraph and mailbox provided the necessary links. Despite major setbacks at the beginning, a capital of know-how and experience was built; lessons were learned from the vagaries of 1866 or 1870-71 (on Batavia); the management team was strengthened in London; an Inspection of agencies was instituted in 1866 to ensure the uniqueness of the methods.

At the same time, the rise of the South African economy, wool exports and the British presence, particularly in Port Elisabeth and Cape Town, justified the creation of the Standard Bank of British South Africa (SB) in 1862, which involved Londoners and businessmen from Port Elisabeth, where the Commercial Bank of Port Elisabeth was bought. The explosion of the mining economy opened growing opportunities in the years 1870-1890. The network of agencies jumped from twenty in 1862 to 54 in 1879. SB juxtaposed itself a pioneering business of corporate banking and that of retail banking, thanks to the recruitment of expatriates from the United Kingdom; but it took time to obtain a correct capital of competence. The merger with a rival in 1877 reinforced the SB’s position.

The two banks were now part of the “global system” built by the British economy in both Asian and African areas. CB deployed a network of relay agencies in several
Southeast Asian countries (Bangkok in 1893, etc.). Indigenous managers were recruited as employees or cashiers; local clientele grew, not in India, but elsewhere, as that of compradores in China; the sale of English goods was financed there (from Lancashire or Yorkshire in particular), as well as purchases of tea, wheat, rice (Rangoon), Malaysian tin (Penang agency); rubber, then also Shell oil. It benefitted from every local productive system and the take-off of a globalized economy. Even if it was facing competition from HSBC, it held up well through wars or recessions, thanks to good risk management, while rivals fell. It managed a mass of trade bills and bills of lading related to maritime transport across the East-West banking area, in a spider-web expressing the vigour of a form of economic and financial imperialism of the United Kingdom and the City.

For its part, SB, with 80 branches in 1900, prospered as the economy of southern Africa diversified, driven mainly by mining development. It also forced it to slide its pole of action from Cape Town to the hinterland (Kimberley, then Johannesburg in 1886), closer to the mining companies and in particular to the affairs of Cecil Rhodes—hence its association with the colonization of Rhodesia and an agency in Salisbury. It financed half of the gold trade and becomes the banking lever of the Rand and the Transvaal, despite the crisis of 1889-90 and especially the Boer War, which imposed a certain neutrality on it, given the diversity of its clientele, and which, especially, led to the strengthening of rivals (ABSA, FirstRand).

The two banks CB and SB had to send more and more executives and employees overseas. They mobilized growing reserve funds to cope with the fluctuations in commodity and mineral prices to which trade finance was sensitive. CB increased its capital in 1907 and strengthened its accounting methods. It intensified risk control vis-à-vis ultramarine customers or corrupt executives. It tightened its rules of managerial prudence and control procedures: working on two continents remained delicate. Fortunately, it also applied the “good practices” that allowed it to consolidate the knowledge of its markets: it wove its networks of influence in each region, in business communities and in colonial administrations, through “relational banking” and as part of the “gentlemanly capitalism” [P. J. Cain & A. G. Hopkins (1987), “Gentlemanly capitalism and British expansion overseas. II: New imperialism, 1850-1945”, Economic History Review, vol. 40(1), p. 1-26].

A rapid and extensive rebound in trade occurred after the 1914-18 War, with Calcutta as the central agency: CB was the number one for foreign exchange operations in India and South-East Asia and number 2, behind HSBC, in the Far East. India and Burma accounted for 26.5% of profits in 1919-26, South-East Asia 29.2% and China 8.7%. The volatility of currencies and commodities had to be endured, but this instability as overcome. CB even began to look at another area of British influence, the Middle East, with business in Iraq and Bahrain. In India, a point of tension arose with the assertion of a strong local capitalist community; it was therefore required to recruit Indian executives to manage well this clientele and the local “cliques” of merchants and native bankers.

SB began to expand its business network in East Africa, thanks to the many Indians active there, and the Centre, and in the former German colonies—while the British Bank of West Africa (1894) also asserted itself, of which SB became a minority shareholder in 1920. However, should such a pole be managed from Cape Town or from London? South Africa (established in 1910) was increasingly asserting its
autonomy, acquiring its own reserve central bank (1920), which took over the issue of banknotes from SB and wanted to federate local elites in front of representatives of the Metropolis or the City’s bankers. In the meantime, Barclays DCO (Dominion, Colonial & Overseas), launched in 1925 by Barclays, had become a harsh contender [Julian Crossley & John Blandford, The DCO Story. A History of Banking in Many Countries, 1925-71, Barclays Bank International, 1975]. Five major British imperial and internationalised banks dominated, almost equally balanced: HSBC, CB, SB, BDCO, Bolsa/Lloyds (in Latin America). But there was a need to take better account of local interests and sensitivities in India and South Africa, to balance management from London headquarters and relative decentralisation.

Both banks were suffering from the crisis of the 1930s, the effects of protectionism on world trade, falling commodity prices and monetary tensions—especially as the South African pound remained in the gold system, unlike the British pound, and became the rand in March 1932, leaving the gold system in December 1933. SB suffered from the crises of trading companies, but the merger of several of them into the UAC-United Africa Company in 1930, with the guarantee of the Lever Group, was a stabilizing factor. It remained a strong commercial credit bank and corporate bank rooted in local markets while retaining its strength in the trade of commodities, precious metals, and diamonds. Its rivalled thus BDCO and BBWA-British Bank of West Africa.

For its part, CB was intensifying the training of its 2,000 local employees (in its 46 branches), led by a hundred expatriates, often Scottish, as the time has not yet come to break with a form of social racialism and to promote indigenous frameworks (p. 263-68). Although it suffered the fall of the large English grain merchant Strauss in Calcutta, it continued to penetrate Indian affairs communities, especially as it acquired the Allahabal Bank in 1935; and the financing of trading continued, although Japan replaced Lancashire in supplying textiles to India. The movement forward in China continued, with new buildings or agencies; but it remained a trading bank and struggled to assert itself as a commercial credit bank within Chinese communities, even if this strategy was outlined in the mid-1930s. Prudence was required in the face of military events, hence the maintenance of the “imperial” economic model (foreign exchange, loans, and documentary credit to commercial companies).

About these 1890s-1945 years, the book allows to understand the multiple trajectories of the construction of an ultramarine capitalism from the City, within the framework of the “first globalization” and the second colonization. An empire of business and banking had been formed; several management administrations, in the London headquarters and in the main overseas agencies, had acquired a fine knowledge of the business communities in the port cities and on the various trading places. These two banks CB and SB thus embodied the power of British economic imperialism, alongside HBSC for the Far East. And the book richly feeds the memory of the present enterprise with depth and breadth, reconstructing two parallel but inscribed paths on the same map of the ultramarine economic expansion of the English Power.

At peace, after 1945, the CB network had to be rebuilt in the countries evacuated by the Japanese while suffering big losses because of the troubles caused to the accounts by the debts difficult to recover. Fortunately, dynamic clusters facilitated the revival
of operations, as in Singapore, which provided 15% of CB’s revenues in 1946-53. SB took profit of African markets that recovered growth, in South Africa or East Africa, becoming a major field of expansion, while the British Bank of West Africa-BBWA was also getting back on track [Richard Fry, Bankers in West Africa: The Story of the Bank of British West Africa Limited, Londres, Hutchinson, 1976]. Everywhere there was a sense of the heyday of British power, which may explain the publication of a historical and commemorative work [Compton Mackenzie, Realms of Silver. One Hundred Years of Banking in the East (Chartered Bank of India, Australia & China), Londres, Routledge & Kegan Paul, 1954]. But the least relative economic strength of the United Kingdom, the Chinese revolution and the independence of the colonies provoked a strategic inflection.

In India, the historical heart of CB, local capitalism was developing vigorously, and forms of economic nationalism were crystallizing, which meant changing the way business communities interact, while adapting to the partition of the subcontinent. This dualism between local customers and British companies marked this transition from “imperial” to international. The Middle East was an example: CB compensated for the loss of the Chinese market by buying in 1956 the British Bank of the Middle East, born in 1889 under the name of Imperial Bank of Persia. For its part, the Eastern Bank, controlled by the Sassoon trading group and Barclays-Dominion, Colonial & Overseas (BDCO), benefited from the booming oil economy, but suffered heavy losses in India and bordered on insolvency, which offers CB the opportunity to acquire it in 1956 while preserving its name. If the EB was nationalized in Iraq, it was established in Abu Dhabi and Iran.

This was a strategic turning point for the former “imperial banks”: in a postcolonial environment: it was necessary to become a globalized “overseas banking” firm, develop links with the business communities of each country concerned as a corporate bank, while relying on the international exchange banking business: foreign exchange, trade finance financing. Hong Kong embodied this trend for CB—even more that as a textile industry grew there thanks to bosses from Shanghai—just like Singapore. The boom in South-East Asia fed an Asian pole without any more ties to the former empire, even if Hong Kong remained dependent on the United Kingdom.

The postcolonial issue also affected SB. Bosses in South Africa plead for a transfer of power from London to Cape Town, while London management promoted a “dual” bank by pursuing a growth strategy throughout Southern Africa (Rhodesia) and eastern countries, notably by supporting the trading of a dynamic agribusiness and by taking advantage of loyalty to the sterling zone. A compromise was defined, first with the establishment of a South African board of directors and a broad management autonomy, the headquartiers sliding to Johannesburg in 1959, to consider the coldness of the new Afrikaner power. The split-off was inevitable, in March 1962: the subsidiary took over 700 of the 900 African branches, in an independence vis-à-vis the legacy of the “imperial bank” model. The economic elites of South Africa no longer wanted to be in the fold of the City even if their ties with it remained thick, as about the De Beers group. What fate was reserved for SB in the other five countries where it was active in Africa? Partner BBWA was absorbed in 1965, hence the birth of the Standard Bank of West Africa in 1966. It then worked by stirring the eurodollars that have become the reference currency for many exchanges, especially between Africa and the world economy, while the hold of British firms was fraying.
A revolution in the world of the former imperial banks arose in 1969 when SB and CB merged into Standard & Chartered Group (SC), initially with two London headquarters and two SB and CB subsidiaries—before the merger of international activities in 1971, from now on the group’s pivot—then a complete merger of all London teams in 1974. Internationalization was even more necessary as SC lost control of the South African subsidiary and retained only 53% in 1983, before the imposed break with Racialist Rhodesia and its 99 agencies, the profits being managed locally by an autonomous subsidiary.

From now on, it was necessary to integrate into the local financing circuits and in the conquest of the clientele of the States and the companies. As in any multinational active in Black Africa, the process of autonomy led to filialisation, hence six SC subsidiaries in 1971, which provided 15% of the profits of the activities in Africa (half of which in Nigeria), behind the South African subsidiary (35%) and the division of Headquarters. As for the Asian division, Hong Kong, Singapore, and Malaysia (37 agencies) were its three pillars. Instead, India and Pakistan were in turmoil, which led to the closure of Indian branches inherited from the Eastern Bank in 1971. The fate of these legacies had then to be discussed, as they were perceived as “old fashioned overseas” (p. 456).

The “Africanization” of managers had also to be carried out [cf. Stephanie Decker, “Decolonising Barclays Bank DCO? Corporate Africanisation in Nigeria, 1945-69 », The Journal of Imperial and Commonwealth History, 2005, volume 33/3, p. 419-440]. Everywhere, “indigenization” and decentralization. Training programmes were set up in several countries (p. 467-69). Local directors were promoted first in 24 agencies in India, where the movement encountered structural inertia (p. 475), then in Malaysia, in particular. Standard Bank Nigeria was also committed from 1974 and an indigenous general manager was appointed in 1975; it became the First Bank of Nigeria in 1979, of which SC held only 40%.

Should CB then redirect the strategy towards Europe and especially the United Kingdom? to gain a foothold in the markets of Eurobonds, of the world trade of commodities and raw materials, therefore, to push the trade of market banking? But it proved difficult to compete with the already strong European universal banks in the City; the idea of a merger arose, but a stock offensive by Lloyds on SC failed in 1986. A development strategy in the United States was attempted in the 1970s and 1980s. The group was then more a confederation than a rationally organized and efficient firm, even if it kept its profitability thanks to strong clusters, such as Hong Kong, Singapore, and London, where international foreign exchange operations were increasingly supplemented by market banking operations. CB invested heavily in technological modernization; it deplored the dwindling operations of British multinationals in the former imperial overseas territories; it struggled to define a clear geoeconomic map through intense arguments within the Board and the Direction.

In 1988 a refocusing was decided in Asia, with priority in Hong Kong (supervising Philippines, Taiwan, Japan, and China) and Singapore (covering Indonesia and Brunei). A group conference on Africa was held in 1985, where it was necessary to move from a leading foreign banking system to a powerful and rooted African bank thanks to its subsidiaries (p. 513), including the SB and its former StanBIC godson in South Africa. However, it declined because of the boycott of foreign banks that put
the country’s economy in crisis in the mid-1980s. The activity of commercial corporate banking and wholesale banking became a lever of federation of the group, from London to the places where it was historically established.

From now on, the geo-economic contours covered part of the map inherited from the imperial bank: Hong Kong, where is the first shareholder, the capitalist Khoo Teck Puat, with 15 then with 20%, then in 2006 the investment fund Temasek, countries formerly colonized in Southeast Asia, and even India, where SC returned in the early 2000s with international Indian groups as clients. The strategy now targeted banking coverage in “emerging countries” and even Asian “tigers”, first for corporate banking and international markets, then, at the turn of the 2000s, for retail banking and wealth management. to take advantage of the structuring of fleshed bourgeois. The poles of the Middle East—where the Eastern Bank was absorbed in 1971—was increasingly integrated into globalized flows.

In Africa, the break with Stanbic (Standard Bank Investment Corporation, a holding company from 1969), rich with 80% of the local market, was completed in South Africa. But SC rejected the plan to buy Nedbank, one of the country’s four largest banks in 2010. Companies active in Southern Africa in the mining sector were clients of the London headquarters directly. SC was still present in fifteen countries; but the subsidiary in Nigeria was sold in 1994 as the country was plagued by a monetary crisis, before returning to it by creating SB Nigeria in 1999; the networks of agencies were lightened. SC refocused on high-growth countries (Côte d’Ivoire, Kenya), breaking away from post-independence statehood and taking advantage of the liberalisation of their economies and increasingly involved in business flows between Africa and Asia, especially with China. It was more internationalized than local, especially as banks of African origin were developing on a continental scale.

The globalized bank prevailed over the imperial bank, even though its history was given SC a cultural and relational heritage in Asia. However, it most often preferred organic growth, by developing its own business, to external growth: the purchase of banks in South Korea, Indonesia, India (the subsidiary of the Australian bank ANZ Grindlays), and Pakistan sometimes led to cultural and social tensions in the early 2000s. But this made possible to establish itself there as a retail and corporate bank and to insert the economy of these countries into its globalized system. The new business model was increasingly based on wholesale banking and the interbank relay function (correspondent banking) that valued the flow of money between major international markets and customers from countries that were part of an “open growth” driven by the liberalization (but increasingly regulated) of financial transactions.

* For long, the past of the imperial and colonial banks has been commemorated or enhanced; a huge archive is deposited at the Guildhall Library in London; several books have been published, the first of which was published in 1953, the history of which is also reconstituted p. 755-764; the memory of the great leaders of the time of the Empire has been deepened. And the group remains faithful to the City, despite the temptation to move the Headquarters to Singapore in the 2010s since it became mostly Asian. Africa retained 218 branches in 2012 compared to the 1,268 in Asia (almost 2,000 with the Indonesian godchild); and a return to China was underway. Nevertheless, we understand that this banking firm was increasingly involved in global finance—between London, New York, Hong Kong, Singapore and the Emirates,
then also Shanghai, with a return to the building of the former Headquarters on the Bund. It changed its geo-economic concepts and its corporate culture, evolving from an expatriate/local employee verticalist model to a management system based on geographical and sectoral areas where the capital of managerial skills played through a strong mix of elites.

This abundant book, mixing banking and business history, has therefore reconstituted the intense mutation of Standard Chartered and its successive strategies: issued in 1969 from two postcolonial institutions, it was tempted to set up a European and North American bank. But it logically preferred, in the face of intense competition, to take advantage of the legacy of its «imperial» past: knowledge of African, Middle Eastern and Asian areas, skills in international money flows and the “wholesale banking” at the service of States and companies, management of multinational skills, lucid apprehension of risks, etc. It thus succeeded in transforming its identity and its brand image, from a “dominant” establishment of British culture to a pluricultural firm rooted in the Indo-Pacific area, and also taking part to the development of the Middle East.