

# The Swiss bank : important money market

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and the thus caused reactions in economic circles, must have something to do.

Amongst the most remarkable events, which took place in Switzerland during the beginning of 1931, the 8th International Motor Show at Geneva, which closed on the 15th of March, after having resulted in a satisfactory volume of business, ought to be mentioned. In spite of very unfavourable meteorological conditions, which affected the frequenting, to a certain extent the numerous foreign exhibitors of that annual manifestation, declared that on the whole they were satisfied with the closed sales.

In another domain, the foundation of the International Mortgage Bank at Basle, as well as the part, which the Bank for International Settlements played, are worth mentioning. That establishment, which possesses a very important character, once more underlines the fact that Basle plays a part of great importance as international financial centre.

The Construction of the Hygiene and Sport Exhibition to be held at Berne from the end of July until September 20th has already been started. Owing to the unexpected number of inscriptions, the surface provided for had to be increased several times. The cost of the constructions will exceed 1½ million Swiss francs, of a total budget of over three millions.

The earliest reports relative to the economic results of the first months of 1931, show that, although certain industrial branches have not escaped the effects of the world trade depression, others, on the contrary, are more flourishing than formerly. Swiss railway receipts for the first three months of 1931 show a surplus of 15 million Swiss francs against 19 in 1930. In the field of air transportation, it is of interest to note the recent fusion of the two principal Swiss Companies who have created a new enterprise the "Swiss Air." This new company is to control all the Swiss commercial air lines, which are directly connected with international air services.

With regard to the navigation on the Rhine, this year has been, thus far, most favourable. The tonnage transported in the course of the first three months of 1931 attained over 224,000 tons against 144,000 in 1930. The enormous quantities of snow fallen in the high mountains will assure a long navigability of the Upper-Rhine. One of the shipping companies of the Port of Basle has decided to increase the capacity of its grain pit of 6,000 tons.

The building industry is still prosperous, thereby constituting a stimulant to Swiss economic life as a whole. In 1930, in township of more than 2,000 inhabitants, 14,500 lodgings were constructed, against 13,000 in 1929. Another important factor is the higher net yield of agricultural exploitations. In spite of the small interest of invested capital, it may be stated that Swiss agricultural conditions are gradually improving; that is partly due to the progress made in the direction of rationalisation of both production and marketing.

With regard to the foreign trade which truthfully reflects the general economic situation, imports attained, in the course of the first three months of 1931, 547 millions and exports 362 millions. Compared with 1930, exports as well as imports have dropped about 90 million francs.

B.I.S.

#### THE SWISS BANKS. IMPORTANT MONEY MARKET.

Banking is at present one of the most prosperous industries in Switzerland and the industry that has shown the greatest activity during the past 15 years. Its main development dates from the middle of the last century, and particularly since the War; but there were important banks in Zurich, Basel, and Geneva at the end of the eighteenth century which lent large sums to Austria, Saxony, Savoy, and Denmark. During the second half of the eighteenth century the Geneva bankers had a great reputation, and one of them, who had settled in Paris, Necker, became Finance Minister to Louis XVI.; others settled in France and Italy and greatly contributed towards the economic development of these countries; they were skilful and fortunate, which explains Voltaire's remark: "When a Geneva financier jumps out of the window, follow him without hesitation."

Conditions changed completely in the course of the nineteenth century, mainly as the result of the construction of railways, the development of trade and industry, and the growth of foreign deposits in Switzerland, that Switzerland soon became one of the richest countries in Europe. Her national wealth was about £320 per head of population in 1914 and nearly £520 in 1930, while during the same period savings rose from £40 to £114 per head of population. This partly accounts for the rapid development of banking, which was also fostered by the steady growth of foreign deposits in Switzerland. Until the end of the War the capital deposited in the Swiss banks was mainly invested in Swiss trade and industry and transport undertakings, but during the past 10 years the banks have been investing their fund

abroad increasingly, and at one time it was feared that this increasing exportation of capital would result in an impoverishment of the country. At the same time the volume of foreign borrowings on the Swiss market has been increasing year by year, and Switzerland to-day plays an important part in international finance.

#### AGGREGATE NOMINAL CAPITAL.

At the present time there are 306 banks in Switzerland, which has a population of just over four millions. Their aggregate nominal capital is £120,000,000, of which financial houses own 40 per cent., the large banks 30 per cent., the State 15 per cent., and other banks 15 per cent. The principal State bank is the Swiss National Bank, with head offices at both Berne and Zurich; it was founded in 1907 with a capital of £2,000,000 divided into 100,000 shares held by 8,835 shareholders, 23 of whom are Swiss cantons, which hold about 38,200 shares, and 23 Cantonal banks, which have some 15,200 shares. The National Bank has the sole right of note issue in the Republic and a share of its profits is paid into the Federal Treasury and included in the annual revenue of the Swiss Confederation. Most of the cantons have a cantonal bank, the profits of which form part of the canton's revenue.

Of the largest banks the principal are the Banque Commerciale de Bâle, the Banque Fédérale, the Banque Populaire Suisse, the Comptoir d'Escompte de Genève, the Crédit Suisse, the Société de Banque Suisse, which has an office in London, and the Union de Banques Suisses; each of them has a capital of more than £4,000,000. There are many smaller banks, most of them being private institutions and some of them dating from the second half of the eighteenth century, but there is now a tendency towards amalgamation among them so as to form powerful financial companies with branches all over the country. The chief commercial banks have formed the "Cartel des Banques Suisses" with the object of facilitating the issue of loans and participating in important international financial transactions, and some of the smaller private banks have formed similar unions with the same object, such as the "Union Financière de Genève," which comprises 13 banks and has a capital of £2,000,000.

The prosperity of the Swiss banks is shown by the fact that their aggregate profits have risen from about £12,800,000 in 1926 to £15,200,000 in 1929, and to about £16,000,000 in 1930, while their aggregate reserves have grown during the last five years from £20,000,000 to £36,000,000. During the same quinquennium the average dividend paid on their preferential shares ranged from 4.88 per cent. to 5.05 per cent.

#### FOREIGN INVESTMENT.

The two outstanding features of the Swiss banking industry in recent years are, on the one hand, the growth of foreign investments, and, on the other, the increase in foreign borrowings. Owing to her political stability, the fact that she is a neutral country, the soundness of her financial position and the stability of her currency, Switzerland has always been regarded as a safe country for investing funds. The influx of money—especially French and German—has been steadily growing since the War, and it has now reached such proportions that the Swiss banks are flooded with foreign deposits which it is rather difficult to employ, and bank rates have gone down during the past two years. Interest on long term deposits has, for instance, been lowered from 5½ per cent., and even to 3¾ per cent., since the beginning of 1930.

It is difficult to estimate the total value of foreign funds invested in Switzerland and deposited in the banks. According to the figures published by the Swiss National Bank the value of foreign securities and short and long term deposits in the various banks rose from about £614,600 in 1928 to £680,000 in 1929, and to over £1,000,000 in 1930, and the volume of foreign investments made through the banks should be at least 20 times greater. The flow of foreign money continues: a Zurich bank is reported to have received £1,800,000 in one day from Germany. The greater part of these funds is invested in houses and land, with the result that their value has risen, and the building industry is very active in all parts of the country. Important sums are also invested in Swiss State enterprises and in industrial concerns, as well as in foreign loans placed on the Swiss market. In 1926 loans to the total value of £26,659,000 were issued in Switzerland, of which £11,742,000 were taken by foreign Governments or industrial undertakings; the value of loans issued in 1927 reached £33,747,000, of which £11,980,000 were borrowed by other countries; in 1928 foreign loans aggregated £3,537,000 out of a total of £21,964,000; in 1929 foreign loans totalled £8,470,000, while the aggregate amount borrowed was £28,071,000. In 1930, owing to the unusual abundance of money, and to the reduction in interest rates, the total value of borrowings reached the record figure of £64,070,000, of which foreign loans represented £15,015,000. A great part of these issues represented conversion loans, the total of fresh funds being £38,800,000. All these loans were negotiated and launched by the banks, and in nearly

every instance the Swiss banks themselves took a large number of the shares issued.

#### SAVINGS ACCOUNTS.

The Swiss banks have nearly all established special savings departments with a view to encouraging small capitalists to buy securities. The client who has a savings account with a bank generally receives the same interest as in a State savings bank, but he is entitled to deposit up to £40 a month and the maximum of his account as a rule is £800. Another advantage of the system is that the investor is entitled to withdraw £40 a month without notice. These saving services have much developed in the course of the past 10 years; not only have they given the banks a new source of money supplies, but they have also interested the small capitalist class in the purchase of securities. The total amount of these savings has risen from £140,000,000 in 1914 to £459,200,000 in 1930.

The Times.

#### CITY SWISS CLUB.

La deuxième réunion d'été du "City Swiss Club" a eu lieu, comme d'habitude, au Brent Bridge Hotel le mardi 14 juillet et c'est au nombre fort réjouissant de 150 que les membres et leurs amis s'y donnèrent rendez-vous.

Il faut dire qu'une attraction toute spéciale et probablement unique dans les annales du Club leur était réservée, puisqu'ils allaient y rencontrer et entendre nos aimables compatriotes du "Basler Jodler Gruppe," qui s'étaient produits la veille au microphone de la T.S.E. Londres (Programme National). Le "Swiss Observer" avait annoncé — on le sait — que le "Basler Jodler Gruppe," fort de 16 chanteurs et musiciens, avait visité la Belgique et la Hollande en route et nous arrivait accompagné d'une solide réputation artistique dans son genre. Réputation qui, nous nous empressons de le dire, fut amplement confirmée au cours de cette soirée mémorable de Hendon, où nos chanteurs bâlois se dépensèrent avec une générosité touchant pour nous régaler l'ouïe par leurs excellentes productions. Aussi leurs airs variés et intéressants furent-ils tous vivement applaudis. Pour comble de plaisir, ne firent-ils pas par nous surprendre en nous donnant, en patois impeccable, le fameux "Ranz des Vaches"? Encore que dans une version musicale quelque peu différente de celle que nous avions donnée la Fête des Vignerons et nos spécialistes nationaux de cet air bien connu, elle n'en fut pas moins attrayante et l'exécution parfaite. Honneur au "Basler Jodler Gruppe" et un merci tout spécial pour cette gentille attention.

Pour une bonne part de nos nombreux amis anglais présents l'art de nos "Jodlers" fut sans doute nouveau; il ne manqua pas de leur plaire. A nous Suisses, les seize "armailis" aux notes joyeuses firent entrevoir pendant quelques instants nos cimes, nos vallées et nos pâturages alpestres. Ils nous chantèrent les beautés du Pays. Et tous nous leur serons longtemps reconnaissants du plaisir assez rare qu'ils nous ont procuré.

Mais si nos Confédérés de Bâle savent bien chanter, ils aiment aussi danser. En nos aimables et charmantes compagnes, ils trouvèrent de gracieuses "partners" pour un fox-trot ou une valse, où, dans le tournoisement des couples nombreux, paraissait se multiplier le costume frappant et typique de nos "Jodlers," cependant que la salle du Brent Bridge Hotel présentait un aspect inaccoutumé, rappelant assez celui des salles de danse de nos villages suisses. Au surplus et pour de gaieté, nos visiteurs, sous l'expertise et courtoise instruction de notre Président, furent vite initiés à l'attrait d'un "Paul-Jones."

Le plaisir fut ainsi des deux côtés et les paroles de reconnaissance en même temps que de regret de nos compatriotes de Bâle au moment de nous quitter, bien avant l'heure finale (car ils avaient à remplir un dernier engagement avant leur départ de Londres), témoignèrent bien que l'accueil chaleureux et la franche cordialité qu'ils avaient trouvés au "City Swiss Club" les avaient vivement touchés. Nul doute qu'ils ne gardent des moments passés à Hendon un souvenir aussi agréable et précieux que celui que chacun des autres participants à cette belle soirée aura emporté, à travers cette pluie déconcertante de minuit, de cette visite de nos messagers du Pays.

A la fin de l'excellent dîner, après les toasts au Roi et à La Patrie, d'aimables propos avaient été échangés entre M. Golay, Président du "City Swiss Club," et M. Doheli, Président du "Basler Jodler Gruppe," et les membres du Club poussèrent encore un vigoureux triple hurrah en l'honneur de leurs hôtes sympathiques de cette soirée.

Mais, à tout seigneur, tout honneur, et il n'est que juste de rendre un hommage mérité à un autre Bâlois, l'artisan de cette visite du "Basler Jodler Gruppe" au "City Swiss Club": notre membre et ami M. Boehringer, à qui tous sauront gré de son heureuse initiative.

J.Z.