Western European banks started to establish banking clubs in the late 1950s, and then in the early 1970s, in order to cope with American competition and follow the emergence of the European Economic Community. They were cooperative hybrid structures aiming at limiting competition between each member, joining forces for international banking projects, setting up joint ventures, exchanging information, or accessing new markets. These clubs had different structures, strategies, and ambition, but most major banks joined one of them. These clubs also enabled banks to create or develop international networks of bankers. They played an important role in the global expansion of European banking at that time, and banks used these clubs to foster their internationalising process. Most clubs established joint ventures, which were banks created and owned by the members of each club. This move towards the creation of joint ventures has to be considered in the context of the boom of consortium banking, that is the development of banks “owned by (…) strategic alliance(s) of other banks.”¹ This was not a particularly European phenomenon, even though London was a host to many of these consortium banks, but it was an institutional response to the rise of international banking, enabling to share risks and costs between several banks. The most successful consortium bank was Orion.² European banking clubs were not consortium banks strictly speaking, but the joint ventures that they created were part of the same trend. The most important clubs were EBIC (European Banks’ International Company), ABECOR (Associated Banks of Europe Corporation) and Europartners. In addition, Inter-Alpha gathered medium size banks such as the Crédit Commercial de France, the Royal of Scotland, the Kredietbank or the Banco Ambrosiano. Unico gathered cooperative banks such as the Crédit Agricole (France) or DZ Bank (Germany). From the mid-1970s on, European banking clubs faced increasing difficulties as the decade’s wave of globalisation was pushing their interests beyond Europe. Banking clubs faced two challenges: finding a balance between cooperation and individual interests, and between European and global perspectives.

European banking clubs have until now attracted little attention in the literature. A few scholars have noted their importance in the response of European banks to the American challenges in the 1960s and 1970s,³ underlined their inevitable failure,⁴ or analysed them from the perspective of individual big banks’ history.⁵ They are often mentioned in the history of

¹ Richard Roberts and Christopher Arnander, Take Your Partners: Orion, the Consortium Banks and the Transformation of the Euromarkets (Basingstoke; New York: Palgrave, 2001), 17.
² Roberts and Arnander, Take Your Partners.
banks internationalisation in the 1970s, but are not at the core of the analysis. Banking clubs are often considered as a failure, and therefore have not called much attention. In addition, the relevant archival material has only been recently available, which made their study difficult, particularly for the 1980s. However, the records of these hybrid cooperative structures are very rich and indicate a different story that the one of a failed and unrealistic attempt of cooperation in a competitive market. Their activities in the 1970s and 1980s indicates a wish to maintain those links despite continuing challenges, stresses the importance of activities under-explored in the literature, as well the complex intertwining between European integration and globalisation for European banks. Based on the archives of the Société Générale, Barclays, and Crédit Agricole-Crédit Lyonnais, this paper will focus on the three major clubs: EBIC, ABECOR, and Europartners.

### Banking clubs in the 1970s: facing globalisation together

Banking clubs were founded at different times. The first one was the ancestor of EBIC. It was created in 1958 by the Deutsche Bank, the Société Générale de Banque (Belgium), and the Amsterdamsche Bank, and was then called the Club des célibataires (Bachelor’s club), because they had agreed not to “marry” other banks. They were joined by Midland in 1963, and then became the European Advisory Committee (EAC). They become EBIC in 1970 and later invited Société Générale (France) and Banca Commerciale Italiana to joint them. The early 1970s were a critical moment of expansion, formalisation or creation for European banking clubs. ABECOR was founded in 1971 and formalized in 1974, even if some of its members had already entered a business relationship in 1967 with the Société Financière Européenne. Europartners, initially gathering the Crédit Lyonnais, the Banco di Roma and the Commerzbank, was also founded in 1971. It enrolled the Banco Hispano Americano in 1973. The first half of the decade led to very ambitious projects, which were rapidly frustrated by the banks’ individual expansion strategies.

EBIC was the most active club in setting up joint ventures. Already in the late 1960s, the club had started to set up consortium banks, in particular the Banque Européenne de Crédit à Moyen Terme, a Eurodollar medium-term lending bank in Brussels. In 1968, the EAC (future EBIC) banks created the Euram banks: European American Banking Corporation and its sister bank European American Bank and Trust Company. The Euram bank group itself created offshore units in the Bahamas and the Bermudes in 1969. The EAC also created common representation offices in Jakarta and Johannesburg in 1969, and the Euro-Pacific Finance Corporation in 1970, a Melbourne-based bank specialised in medium and long-term financing, counselling, and deposit taking activities. At the beginning of the 1970s, the banks of EAC, which had become EBIC, also created the European Asian and the European Arab banks. The European Asian Bank was established through a German subsidiary bought by the

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7 Roberts and Arlander, Take Your Partners.
8 Roberts and Arlander, 29.
9 Roberts and Arlander, 28.
10 Gall et al., The Deutsche Bank, 1870-1995.
11 Holmes and Green, Midland.
Deutsche Bank, and enabled the banks of EBIC to obtain a presence in Tokyo. It had its headquarters in Hambourg. It soon opened a branch in Singapour.

Some of these joint ventures became large banking corporations. For instance, the European American Bank and Trust of EBIC bought in 1974 Franklin National, which had been the twentieth biggest American banks before its decline, and had recently failed because of massive losses in the foreign exchange market. This purchase enabled Euram banks to become the biggest foreign bank in the United States and obtain about a hundred branches in New York and Long Island. Overall joint ventures were attempts to pool resources of several banks in order to increase capabilities and reduce risks when going abroad. Some of these joint ventures had a regional focus, while others had a focus on a specific activity, for instance euro-dollar financing. This was the case of the Banque Européenne de Crédit (BEC) and the European Banking Company (EBC). The former became, together with the European American banks, the most important EBIC joint venture. However, these joint ventures rapidly faced their limits: profits had to be divided between the EBIC banks, and competition could develop between EBIC banks, in particular as a result of their own expansion strategy, and their joint ventures.

The creation of joint ventures was not the only activity of banking clubs. Most of these cooperative arrangements involved other activities such as setting up working groups specialised in various area, sharing of information, and personnel training activities. In 1976, ABECOR had about 25 working groups working on topics ranging from country reports to marketing, travellers cheques, and use of a unit of account. These working groups required numerous member banks’ employees to travel around Europe for attending. Some working groups were considered more successful than others. In particular, one working group was specialised in drafting country reports which were welcomed by member banks and by their clientele, as international lending and country risk was booming in the second half of the 1970s. The economists’ working group published papers on the development and prospects of interest rates which were read outside the club and sometimes quoted in the press.

Most banking clubs also engaged in training personnel in the field of international banking. EBIC had a specific programme for these employees called “ebicmen.” ABECOR was considered particularly successful in setting up in 1971 an international training centre near Frankfort, in Bad Hombourg: the ABECOR Banking Institute (ABIN). In 1981 it organised around 40 meetings involving 600 representatives. It was conceived as a European training scheme complementary to those existing in each individual member bank, and as critical in enabling participants to understand better the differences of the European banking systems. It was considered that ABECOR banks “ha(d) sound reasons to assume that the methods employed by ABIN in training their employees, have in effect been converted to investments in “human capital”.” This dimension of banking clubs’ activities illustrates the importance given to sharing the costs of internationalisation for the individual banks which

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12 Historical Archives of the Société Générale (SGA), 81468, Minutes of the EAC/EBIC meeting of 14 December 1972.
16 BA, 0080-6294, “Minutes of the Meeting of the Steering Committee Held in the Offices of the Banque Nationale de Paris in Paris on Friday December 15th, 1978.”
17 Ibid.
19 Ibid, p. 25
were part of these clubs. The importance of these training programmes, together with the role of working groups, also sheds light on the role of middle ranking actors in international banking, which required trained and informed personnel, whereas academic studies on the question too often focus on the top management.

An important additional occupation of banking related to networking activities, such as participating to international events, like IMF meetings and international fair trades, or organising conferences. From 1976, different clubs organised receptions at each IMF/World Bank meeting, at least until 1986. These receptions aimed at inviting prestigious guests and thereby pooling and developing commercial networks. EBIC also helped the European Commission to organise the first ASEAN Conference in April 1977, whose aim was to foster the relations between South-East Asian countries and EEC countries. EBIC banks were charged to invite firms from their respective countries. A second episode was organised in February-March 1979 in Jakarta, this time with the four European banking clubs: EBIC, Europartners, ABECOR and Inter-Alpha. All the 25 banks involved had a total of about one thousand guests. The aim was again to foster commercial relations between the EEC and ASEAN countries. From that moment on, banking clubs and European institutions tightened their relations, in particular because the European Commission, as well as ASEAN governments, appreciated having European economic interlocutors comparable to European public institutions. European Banking Clubs thus played a role in developing both European and global economic networks.

### Banking clubs in the 1980s: a surprising continuation

The late 1970s and early 1980s brought several challenges for banking clubs. Not only did international banking came to a severe setback with the outburst of the international debt crisis in 1981-1982, but also European banks had been steadily growing and were then more tempted by a “going it alone” strategy, and more able to do so. The business emanating from joint ventures was disappointing and hampered by countless issues of coordination between shareholder banks. On top of that, progress in European integration had stalled in the 1970s, and the initial European momentum in banking had disappeared altogether.

EBIC’s joint ventures were progressively abandoned during the 1980s, whereas working groups acquired increased importance. In 1983, its management committee wrote a report to the Board of EBIC stating that “in the future the Working Groups will constitute one of the vital elements of EBIC.” The management committee of EBIC accordingly set out a series of guidelines for strengthening them. By 1985 EBIC had 13 regular working groups which met 30 times in total (a little bit more than in 1972, when the club was on the rise), nine ad hoc meetings on various subjects, four seminars and five language courses. In 1987 a “Restatement of direction for EBIC” drafted by the Board of EBIC stated that working groups were the backbone of EBIC activities. In 1989 EBIC’s various working groups met 50 times.

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20 SGA, 81480, “Board of EBIC 60th Regular Meeting, Brussels, 4th December 1985.”
21 SGA, 81473, “Dossier ASEAN I”.
22 SGA, 81475, Minutes of the EAC/EBIC Meeting of 16 March 1979.
As for EBIC, most – but not all – Europartners’ joint ventures were dissolved, sold or split in the early 1980s.\(^{28}\) Common Europartners banking products were also declining. However, joint issuances and participations in syndicated loans increased from 49 between 1971 and 1975, to 73 between 1976 and 1980, and to 707 between 1981 and 1988.\(^ {29}\) Like for other clubs, working groups and various exchanges were particularly active in country risk issues, already in the 1970s but still in the 1980s, together with questions of debt rescheduling.\(^ {30}\) Moreover, personnel training became more important: 13 seminars involving 246 participants were organised between 1971 and 1975, 15 (356 participants) between 1976 and 1980, and 27 (540 participants) between 1981 and early 1988.\(^ {31}\) Europartners continued to be active in exchange of information and research in the 1980s, and by 1988 intended to intensify exchanges on conjuncture in the perspective of the completion of the Single European market.\(^ {32}\) In most clubs, smaller banks were usually in favour of continuing cooperation while the biggest banks favoured more individual strategies, although not pushing for putting an end to their club. The importance of training, research, and pooling of information shows that clubs continued playing a role in sharing the cost of banks’ internationalisation and in reducing uncertainty in the 1980s.

Banking clubs also played a role in the discussions on payment systems and common currency unit. ABECOR took early initiatives in the field of a possible use of a European Unit of Account. It exchanged letters with the European Commission on that question in late 1976, and by 1978 had a Co-ordinating Committee and a special working group studying this subject.\(^ {33}\) ABECOR was anxious of a possible competition from other banking clubs. During the 1980s, payment systems became an important subject of discussion in EC-related banking circles. Within EBIC, discussions revolved around the elaboration a global payment strategy for European banks “aimed at meeting the competition of companies such as American Express, Diners Club, etc. and reducing the predominance of systems run from the United States (like Master Card, Visa).”\(^ {34}\) The EBIC club had set up a specific executive round table and a related working party on this question. For EBIC banks, the aim of these discussions was clear: “The work prepared by these groups gave Ebic banks and representatives a role during discussions that took place in enlarged European committees.”\(^ {35}\) Through technical work on the question, the EBIC banks, and European banks more generally, wished to defend their interest against US banks and against non-banks in payment systems. In September 1984, a paper drafted by the Deutsche Bank was circulated to the other EBIC banks, where the author lamented the counter-productive diversity of payment systems in Europe in facing American competition: “We have become colonies of VISA and Master Card.”\(^ {36}\) This topic received strong support from other EBIC banks. Other networks were involved in these discussions, but big banks used their banking club to reinforce their weight in these broader forums. As in


\(^{29}\) ibid.

\(^{30}\) ibid.

\(^{31}\) ibid.

\(^{32}\) ibid.

\(^{33}\) BA, 0080-6186, “European Unit of Account,” Letter from W. Haferkamp, Commissioner in charge of economic and financial affairs, to T.H. Bevan, Chairman of ABECOR, 8 December 1976; BA, 0080-6294, “Minutes of the Meeting of the Steering Committee Held in the Offices of the Banque Nationale de Paris in Paris on Friday December 15th, 1978”.

\(^{34}\) SGA, 81480, “Board of EBIC 60th Regular Meeting, Brussels, 4th December 1985,” p. 3.

\(^{35}\) ibid., p. 3.

\(^{36}\) SGA, 81480, “Introduction of the paper on European Payment Systems to the Board of EBIC”, 6 September 1984, p. 1
earlier occasions, banking clubs were more united when they had to face a common enemy, such as American banks or non-banks, but disbanded when individual bank felt less threatened.


In this report, Commerzbank viewed Europartners as a useful structure for facing challenges to come, such as offering pan-European financial know-how covering the entire European Community, increasing competition between banks but also of near-banks and non-banks. It also called for a restructurated, more pragmatic approach of the club. The Italian partner, Banco di Roma, was particularly supportive, while the Crédit Lyonnais stressed that refraining from establishing in other club countries was unrealistic, even though they agreed that the renewed European agenda called for an increased cooperation.

Shortly after, the Crédit Lyonnais initiated discussions with Commerzbank for exchanging shares, which represented for the Lyonnais a unique chance to penetrate the German market, which was difficult to access. The proposal was eventually abandoned because the two banks were unable to agree on the amount of shares to exchange, and because of the Lyonnais’ increasing own difficulties. The Single European Act and its plan to complete the single market by 1992 (the “Horizon 1992”) also triggered renewed dynamism at EBIC. In 1989, they issued a “Draft of a European ‘Doctrines’”, where they welcomed the single market and the liberalisation of capital flows, supported the strengthening of the European Monetary System and promoted the evolution of compatible banking systems. The 1987 “Restatement of Direction” document previously mentioned also welcomed and supported progress in the realisation of a “free European financial market by 1992.” The EBIC 1989 paper stressed the role of their club in fostering the technical progress of European banking and mentioned its various initiatives such as a common banking database, a Euro-netting project developed with ABECOR and a proposed Market Data Exchange.

In 1988, EBIC officially restated its objective: “The aims are no more to develop a common international strategy but to co-operate in order to face challenges and make our banks more efficient by offering better services.” From 1986 on banking clubs kept a close eye on European Community Developments.

Conclusion

Overall, European banking clubs were an important institutional response of European banks to both globalisation and European integration. If their results were at best limited, they were an opportunity to share the cost of internationalisation, reduce uncertainty and face common challenges. The early attempts to define a common international strategy failed. But cooperation in technical subjects, exchange of data and information, or personnel training continued. These clubs were an important element of European banks’ internationalisation process. The hybrid institutional nature of banking clubs sheds light on the importance of

38 CACLA, 387 AH 65 68, Letter from Antonio Zurzolo (Banco di Roma) to Walter Seipp (Commerzbank), 30 March 1989; Letter from Jean-Yves Haberer (Crédit Lyonnais) to Walter Seipp (Commerzbank), 21 February 1989.
39 CACLA, 387 AH 65 68, “Une avancée déterminante en Europe à saisir par le Crédit Lyonnais”.
40 SGA, 81484, “Draft of a European Doctrine”.
42 SGA, 81484, “Draft of a European Doctrine”.
management, personnel training or information in the internationalisation process and on the many ways to achieve this objective. European banking clubs were also an attempt to defend European banking interests, in particular against American banks. These clubs thus illustrated well the tension between regional and global stakes in European banking. European banking clubs were influenced by the process of European integration, but also had their own independent evolution. Three important moments can be identified in their history: the late 1950s, when the beginning of European integration triggered the creation of the embryo of EBIC; the early 1970s, when most clubs were formally created; and the second half of the 1980s, when the “Horizon 1992” triggered another European momentum in banking. Banking clubs did not survive the 1990s and the ensuing restructuration of European banking. But they were an important attempt of European banks to find cooperative solutions to the challenges of international banking.