

Articles

The Activities of International Banks in Asia before 1913*

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Abstract

The international trade between Asian countries and colonies, as well as the intra-Asian trade, expanded rapidly during the three decades before 1913. The improvement of a mass-consumption society in Europe and the expansion of industrialisation all over the world accelerated the increase in primary product exports from Asian countries and colonies. The growth of these primary product exports also led to an increase in the intra-Asian trade and contributed to raising the living standards of many local merchants, farmers, and several other groups in Asia.

European international banks, especially British ones, played very important roles in financing the various trade operations of not only the European merchants, but also local merchants and capitalists. It is worth emphasising that the financing operations provided by international banks were indispensable infrastructure for economic developments in Asia. This paper attempts to examine the manner in which international banks provided services to several kinds of customers and made profits from these services. Consequently, this paper shows that the main source of profits for international banks in Asia was the financing of foreign trade operations. Further, capital exports from European countries to Asian countries and colonies were not the largest source of benefits for international banks in Asia.

Key words : international banks, the Hongkong and Shanghai Banking Corporation, the
Intra-Asian Trade, foreign trade financing operations

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Introduction

‘Typical of the old capitalism, when free competition held undivided sway, was the export of goods. Typical of the latest stage of capitalism, when monopolies rule, is the export of capital’ (Lenin 1999, p. 70).

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In the abovementioned quote, Lenin emphasised the export of capital and pointed out that international banks played a key role in expanding capital exports from European countries to undeveloped countries and colonies. He also described the international banks as follows.

‘In 1904 Great Britain had 50 colonial banks with 2279 branches (in 1910 there were 72 banks with 5449 branches), France had 20 banks with 136 branches; Holland, 16 banks with 68 branches; and Germany had “only” 13 banks with 70 branches’ (Lenin 1999, p. 73).

However, Lenin categorised international banks into domestic deposit banks and foreign exchange banks. In Asia, the Hongkong and Shanghai Banking Corporation (hereafter, HSBC) had 34 branches and agencies in total in 1913. The Chartered Bank of India, Australia and China (hereafter, Chartered Bank) had 35 branches and agencies in total, while the Mercantile Bank of India had 16 branches and agencies in total. The core business of these international banks was the international transmission of exchange, trade finance, and international movement of capital. Therefore, these international banks needed branches and agencies only in the world’s main cities and ports. Lenin’s data on banks included many non-international banks, and he might have double-accounted several branches and agencies.¹⁾

Moreover, ‘international bank’ is a vague description; a more precise and accurate definition is needed. In this study, we define ‘international bank’ as one whose core business is foreign exchange and the financing of foreign trade and other international transactions. Other bank activities might include retail banking for the residents of major ports in which a bank had branches and agencies, such as the acceptance of deposits, the issue of banknotes, and the flotation of loans for the governments and railway companies of host countries. However, the international activities of banks also positively affected other types of business analysed in this study. In this research, we focus on joint-stock international banks with branches and agencies in South, Southeast, and East Asia.

In 1851, the Oriental Bank was enabled by royal charter to start operations in Asia

¹⁾ G. Jones pointed out that there were over 30 of the British multinational (international) banks operating over 700 branches by 1890 (Jones 1993 p.61).

(Suzuki 2012 pp.86-111). In the 1860s, both chartered banks and non-chartered joint-stock banks with limited liabilities were established. The most famous example of such a bank in Asia was HSBC, established in 1866 under Act No. 5 of 1866 of the government of Hong Kong. HSBC and other banks performed essential functions for financing foreign trade and international transactions in Asia. These banks were an essential part of the international financial settlement system and facilitated the development of long-distance trade and intra-Asian trade in the second half of the 19th century.

At the beginning of the 19th century, only banks with limited liabilities could secure money for their business, and, by law, they had to be granted a royal charter. The charter set limits to open branches in determined areas and prohibited the opening of current accounts, lending of money to the public, and discounting bills of exchange. The system introduced by the charter was maintained until 1909. Therefore, these banks depended heavily on major banks in London. However, HSBC was not subject to such regulations, as it had been established under the ordinance of the government of Hong Kong. Therefore, HSBC could collect fixed deposits directly in London and open current accounts to the public.

Until the 1830s, in most cases, small and medium-sized merchants who did business in Asia had to sell bills for export goods to big merchants whose head offices were in London, mainly to the East India Company. In addition, small and medium-sized merchants needed to ask big merchants to collect money from their customers. Furthermore, small and medium-sized merchants had to purchase remittance drafts in London from big merchants when they needed to pay merchants in London. Therefore, small and medium-sized merchants depended on big merchants for various financial services, and they pushed for the establishment of an independent bank through the royal charter.

Until the mid-19th century, the share of British trade in world trade had been the largest in Europe, but it declined sharply because of the industrialisation of continental Europe and the United States. However, the importance of British trade in the world had been maintained after the mid-19th century. The average annual growth rate of British exports also remained about 5% even in the first decade of the 20th century (Mitchell & Deane 1962 pp.283-84; Maddison 1995 p.238).

In addition, technical innovation related to transport and communication caused a decline in the standard of commodity stocks around the world during the mid-19th century.

Furthermore, the rotation of capital for exports to and imports from Asia changed from once to twice or three times a year in the same period. Table 1 shows the trends of trade of major Asian countries and colonies. Lewis appointed out that the average annual growth rate of exports from tropical areas in the first decade of 20th century was higher than other areas in the world (Lewis 1969 p.8; Lewis 1978 p.197). Sugihara also pointed out that the average growth rate of exports from Southeast Asia between 1885 and 1913 was 5.3%, and this annual growth rate was one of the highest rates all over the world in the first decade of the 20th century (Sugihara 1996 p.69). These economic developments were the backgrounds of the development of businesses of international banks in Asia.

Table 1 Trade Trends in Asian Countries and Colonies

(£ million)

	1890-1894	1895-1899	1900-1904	1905-1909	1910-1913
India	42.4	44.0	55.7	79.7	101.4
Burma	5.8	6.1	8.8	11.9	14.6
Siam	1.4	1.6	2.7	4.5	5.4
Straits Settlements	21.7	23.2	32.0	37.4	49.4
French Indochina	2.7	3.8	7.9	8.7	8.2
Dutch East Indies	12.8	13.2	15.2	18.9	31.0
China	26.0	28.5	38.7	61.9	71.0
Japan	10.8	21.0	30.8	46.6	64.2

Source: Sugihara (1996, p. 49).

International Banks in Asia, 1890-1913

Table 2 lists the 11 major international banks in Asia²⁾ and their total assets. The annual average rate of growth of total assets of British international banks declined following the steep fall in the price of silver on the London market in the 1890s. Two major British banks went bankrupt in 1892 and 1893. Other British banks were significantly damaged by

²⁾ Sheng Hsuan-huai (盛宣懷) founded the Imperial Bank of China in 1897. The organisation of the bank was almost the same as that of the British international banks, and the imperial bank collected a large amount of deposits from China's central and local governments. The Imperial Bank of China was established as a modern bank. Its total assets were £ 5,822,000 at the end of December 1898 and £ 8,924,000 at the end of December 1913. The share of loans to total assets was 76% and the share of loans and silver cash to total assets was 99.8% at the end of December 1913 (Hamashita 1981; Hamashita 1982). The Imperial Bank of China is not defined as an international bank in this study.

Table 2 Total Assets of Major International Banks in Asia

(end of December)

(£ 000)

	1889-1891	1898-1900	1911-1913
Banque de l'Indochine	1,209	2,770	13,710
Yokohama Specie Bank	4,549	25,499	36,764
Deutsch-Asiatische Bank	734	2,052	8,694
Banque Russo-Chinoise		13,470	77,291
International Banking Corporation		5,910	7,646
Nederlandsche Handel-Maatshappij	6,186	6,857	19,832
Chartered Bank of India, Australia and China	14,356	13,907	25,583
Delhi and London Bank, Ltd.	1,686	1,607	2,247
Hongkong and Shanghai Banking Corporation	28,622	19,529	39,517
Mercantile Bank of India, Ltd.	9,187	3,411	8,161
National Bank of India, Ltd.	6,603	8,882	18,611

Source: S. Nishimura (2004, p. 6).

the steep fall in the silver price as well as by the fall in the prices of primary goods during the Long Depression. British banks lost the confidence of European merchants in Asia. As a result, the deposits of HSBC denominated in pound sterling declined sharply. By the end of December 1904, HSBC had not been able to recover.

As mentioned in the introduction, the world economy remained stagnant in the 1890s, severely affecting the business of British international banks. On the contrary, non-British banks expanded their branch networks and business. For example, the Yokohama Specie Bank (hereafter, YSB) expanded its assets denominated in pound sterling and located in London after the Sino-Japanese War, increasing and diversifying its business compared to the 1880s. The share of export and import bills operated by YSB was 24.7% of the total export and import bills drawn by Japanese merchants in 1887. The share grew to 39.1% in 1900 and 45% in 1911. The share of import bills also increased sharply, by 6.7% in 1877, 33.1% in 1900, and 44.8% in 1911. The expansion of YSB's assets denominated in pound sterling and located in London helped raise the bank's capacity to purchase bills in London (T. Nishimura 2012 pp. 174-79; T. Nishimura 2014 p.1282). At the same time, in the 1890s, the Deutsch-Asiatische Bank had the opportunity to expand its business. In 1897, the German government leased Shangdong Peninsula and created new business opportunities for colonial administrations in Shangdong, allowing Deutsch-Asiatische Bank to issue banknotes and manage the flotation of loans for the government and railway companies.

Thereafter, Deutsch-Asiatische Bank expanded its business in China (Akagawa 2009 pp.1-20). The Banque de l'Indochine opened agencies in Hong Kong in 1894, in Bangkok in 1897, and in Shanghai in 1898 (Gonjo 1985 pp.116-17, 149-50, 167). The same bank opened several other agencies in Southeast Asia, mainly in French Indochina. The business of the Banque de l'Indochine had expanded, as it dealt with European merchants and Chinese rice merchants in Southeast and East Asia in the 1890s (Gonjo 1985 chap.3).

During the next few years of 1904, the world economy recovered sharply, and import prices declined sharply in European countries at the beginning of the 20th century. In other words, European countries' net terms of trade recovered dramatically.

Table 3 indicates that the British net import price relative increased by 9.2% from 1900 to 1913. In addition, the British export price relative also increased by 5.7% during the same period. Therefore, British net terms of trade worsened. At the beginning of the 20th century, the prices of primary goods exported from undeveloped countries increased and contributed to expanding exports from undeveloped countries, especially Asian countries and colonies. As a result, world trade increased during that period. The expansion of exports from countries and colonies facilitated the expansion of Asia's economies and business. This expansion promoted an increase in capital exports from European countries to Asia. Table 4 shows the trends of capital exports from Britain to Asian countries and colonies.

Tables 1 and 4 show that the capital exported from Britain was much smaller than the value of commodities exported from Asian countries and colonies in the three decades before 1913. From this fact, it is clear that foreign trade financing operations for primary goods exported from Asia and settlements of international transactions were the most significant sources of profit of international banks in Asia. In addition, Chinese and Indian migration to Southeast Asia increased during the three decades before 1913. Money remittances became an additional business for international banks. Although most Chinese and Indian workers used traditional financial institutions for remittances before 1913, during the First World War, international banks played a more important role in Asia than traditional institutions in remitting money. Both the growth of intra-Asian trade and the expansion of Chinese and Indian migration within Asia helped create the opportunity to extend the business of international banks.

Table3 The Terms of Trade of Britain, with values, volumes and average price of exports and net imports, 1880-1913

	Export of British products				Net Imports				Total Volume relative 1880=100	Net barter terms 1880=100
	Current Value	Volume	Volume relative	Price relative	Current Value	Volume	Volume relative	Price relative		
	million £	million £	1880=100	1880=100	million £	million £	1880=100	1880=100		
1880	223.1	223.1	100.0	100.0	347.9	347.9	100.0	100.0	100.0	100.0
1881	234.0	244.2	109.5	95.8	334.0	336.9	96.8	99.1	101.8	96.7
1882	241.5	247.2	110.8	97.7	347.8	354.4	101.9	98.1	105.4	99.6
1883	239.8	254.1	113.9	94.4	361.3	377.2	108.4	95.8	110.6	98.5
1884	233.0	256.2	114.8	90.9	327.1	359.4	103.3	91.0	107.8	99.9
1885	213.1	243.7	109.2	87.4	312.6	366.6	105.4	85.3	106.9	102.5
1886	212.7	254.3	114.0	83.6	293.6	366.6	105.4	80.1	108.7	104.4
1887	221.9	266.0	119.2	83.4	302.9	386.3	111.0	78.4	114.2	106.4
1888	234.5	282.9	126.8	82.9	323.6	399.7	114.9	81.0	119.5	102.3
1889	248.9	294.3	131.9	84.6	361.0	439.7	126.4	82.1	128.5	103.0
1890	263.5	298.4	133.8	88.3	356.0	440.1	126.5	80.9	129.3	109.1
1891	247.2	282.5	126.6	87.5	373.6	458.2	131.7	81.5	129.7	107.4
1892	227.1	271.8	121.8	83.6	359.2	459.8	132.2	78.1	128.1	107.0
1893	218.1	261.4	117.2	83.4	345.7	453.0	130.2	76.3	125.1	109.3
1894	215.8	272.6	122.2	79.2	350.4	493.0	141.7	71.1	134.1	111.4
1895	225.9	296.4	132.9	76.2	356.8	518.6	149.1	68.8	142.7	110.8
1896	240.2	312.5	140.1	76.9	385.6	555.4	159.6	69.4	152.0	110.8
1897	234.2	308.2	138.1	76.0	391.1	565.7	162.6	69.1	153.0	110.0
1898	233.4	306.2	137.2	76.2	409.9	588.2	169.1	69.7	156.6	109.3
1899	264.5	331.3	146.1	79.8	420.0	590.8	169.8	71.1	160.5	112.2
1900	291.2	317.5	140.0	91.7	459.9	602.1	173.1	76.4	160.0	120.0
1901	280.0	320.6	141.4	87.3	454.2	614.9	176.7	73.9	162.8	118.1
1902	283.4	340.3	150.0	83.3	462.6	633.9	182.2	73.0	169.5	114.1
1903	290.8	349.4	154.1	83.2	473.0	639.5	183.8	74.0	172.1	112.4
1904	300.7	357.0	157.4	84.2	480.7	646.8	185.9	74.3	174.7	113.3
1905	329.8	392.4	173.0	84.0	487.2	653.1	187.7	74.6	181.9	112.6
1906	375.6	421.8	186.0	89.0	522.8	672.3	193.2	77.8	190.4	114.4
1907	426.0	456.0	201.1	93.4	553.9	681.2	195.8	81.3	197.9	114.9
1908	377.1	419.7	185.1	89.8	513.3	655.7	188.5	78.3	187.1	114.7
1909	378.2	437.3	192.8	86.5	533.4	674.2	193.8	79.1	193.4	109.4
1910	430.4	477.0	210.3	90.2	574.5	687.3	197.6	83.6	202.6	107.9
1911	454.1	494.4	218.0	91.8	577.4	708.2	203.6	81.5	209.3	112.6
1912	487.2	521.6	230.0	93.4	632.9	762.7	219.2	83.0	223.5	112.5
1913	525.3	541.9	238.9	96.9	659.2	790.0	227.1	83.4	231.8	116.2

Source: Imlah (1958, pp. 97-98).

Table 4 British Capital Exports to Asia, 1880-1914

Year	in £000	Year	in £000
1880	3,164	1898	21,119
1881	10,486	1899	21,506
1882	8,435	1900	11,865
1883	4,642	1901	4,381
1884	5,755	1902	10,763
1885	10,988	1903	6,360
1886	9,582	1904	14,895
1887	10,447	1905	35,467
1888	10,312	1906	15,611
1889	10,182	1907	22,948
1890	10,505	1908	29,274
1891	5,415	1909	23,142
1892	3,921	1910	26,599
1893	2,438	1911	22,574
1894	13,048	1912	20,310
1895	10,290	1913	15,581
1896	15,399	1914	15,649
1897	27,165		

Source: Stone (1999, pp. 335-341).

Profit sources of international banks in Asia

The profit sources of international banks in Asia consisted of foreign exchange profit, interest profit, and commission.

An international bank made foreign exchange profits purchasing foreign money from their customers at a cheaper exchange rate and, then, selling the money to other customers at a higher exchange rate. The profit margin was small but it represented the primary profit source for international banks in Asia before 1913.

The other main source of foreign exchange profit was linked to the seasonal gaps of exchange rates within a year. Before 1913, primary goods exported from countries and colonies in Asia mainly consisted of agricultural commodities. Since plenty of export bills denominated in pound sterling in London were drawn and sold on the market during the busy season, their market price would decrease. The fall in the price of export bills caused the pound sterling to weaken against local currencies. On the other hand, the number of export bills denominated in pound sterling in London drawn by merchants in Asia dropped

during the lean season. However, because the demand for export bills denominated in pound sterling in London did not decrease during the lean season, local currencies weakened against the pound sterling. If international banks purchased export bills denominated in pound sterling in London during the busy season and sold them during the lean season, they would secure foreign exchange profits. Table 5 shows the trends of monthly average market prices of telegraphic transfers denominated in pound sterling from Calcutta and Bombay.

In India, the busy season was from December to March. In these 4 months, the rupee strengthened against the pound sterling. In the case of one merchant in Calcutta, he purchased bills denominated in pound sterling in London at an exchange rate of 14.947 rupees per pound in February. Thereafter, if the merchant sold the bills at an exchange rate of 15.037 rupees per pound in August, he would make a profit of 0.090 rupees per pound. In the same way, in the case of one merchant in Bombay, he would make a profit of 0.109 rupees per pound.

As for chartered Bank, the most important source of profit for this bank was foreign exchange profit. If bank bills denominated in pound sterling in London were sold at a local branch, that branch would have liabilities against the head office and would have to pay

Table 5 Monthly Average Market Price of Telegraphic Transfers Denominated in Pound Sterling in Calcutta and Bombay, 1900–1913

Month	Calcutta	Bombay
	(£1 = x rupees)	(£1 = x rupees)
January	14.950	14.947
February	14.947	14.932
March	14.964	14.963
April	15.012	15.007
May	15.075	15.014
June	14.971	15.040
July	15.028	15.035
August	15.037	15.041
September	15.012	15.016
October	14.938	14.997
November	14.989	14.993
December	14.982	14.987

Source: Schneider, Schwarzer, Zellfelder and Denzel (1992, pp. 239–40, 254–55).

interest to the head office. In many cases, the interest rate was slightly above the interest rates on short-term loans on London. This standard was defined by the interest rate of fixed deposits that the head office collected in London (S. Nishimura 2014b pp.774-79).

Table 6 shows the profitability of Chartered Bank and HSBC. The profitability of HSBC was always higher than that of Chartered Bank. The first reason was HSBC's character as a merchant bank. HSBC successfully conducted the flotation of loans for the Japanese, Chinese, and Siamese governments, while Chartered Bank did not perform very well in this area of business until 1913. The second reason was the position of the head office. HSBC had its head office in Hong Kong, while that of Chartered Bank was in London. It took many days for Chartered Bank to communicate branches and agencies in Asia to communicate with the head office in London, owing to defective telegraphic networks. On the contrary, it took only a few days for HSBC bank branches and agencies in Asia to communicate with the head office in Hong Kong (S. Nishimura 2014c pp.609-610). This gave HSBC a business advantage over Chartered Bank and other international banks with head offices in Europe and contributed to secure HSBC's higher profitability.

The case of HSBC as a merchant banker

The first flotation of loans for the Chinese government was an 8% interest-bearing loan in 1874. The flotation of the loan amounted to £ 628,000 (Coons 1930 p.2). In addition, when HSBC negotiated with the Chinese government, the bank forged connections with local officials to whom it lent a significant amount of money. Despite the establishment of close

Table 6 Profitability of HSBC and Chartered Bank

Average of Years	1888-1890	1898-1900	1905-1907	1911-1913
	Total assets (£ 000)			
HSBC	20,343	19,529	29,292	39,517
Chartered Bank	13,778	13,907	20,394	26,583
	Net benefit (£ 000)			
HSBC	389	493	513	558
Chartered Bank	103	131	230	264
	Profitability (%)			
HSBC	1.91	2.52	1.75	1.41
Chartered Bank	0.75	0.94	1.13	0.99

Source: S. Nishimura (2004, p. 3).

relations, the interest rate that officials paid was higher than that paid by other European customers, about 15% (Coons 1930 p.2). However, the interest rates of HSBC were lower than those received by Chinese banks.

In the last quarter of the 19th century, especially before the outbreak of the Sino-Japanese War, the Chinese government raised foreign public debt 12 times, with total debt amounting to £ 16.2 million. HSBC raised foreign public debt totalling £ 12.2 million for the Chinese government in seven flotations during the same period. HSBC earned HK\$ 1.45 million from the flotation of foreign loans for the government from 1876 to 1882, or 21.9% of the HSBC's net profit of HK\$ 6.62 million (King 1987 p.283, pp.539-40).

After the end of the Sino-Japanese War, the share of HSBC in the Chinese foreign public debt market declined, as German and French international banks opened branches in East Asia and began to make close connections with local officials. HSBC attempted to establish corporate relations with German banks and to confront French banks in East Asia. Nevertheless, owing to the harsh competition among European international banks in East Asia, HSBC's initial market superiority declined sharply (Coons 1930 pp.5-26; King 1988 pp.332-37, 527-538).

HSBC and other international banks dealt positively with the flotation of foreign loans for railway companies in China. The banks lent money to the railway companies and pushed them to sign contracts with European companies that shared their same interests. Therefore, railway construction did not promote the development of various industries in China. However, this situation changed as a result of the severe competition among European international banks. Since the Chinese government and railway companies gradually came to advocate their rights with the international banks, they tackled the flotation of foreign loans by syndicating several groups (Coons 1930 pp.27-44).

On the contrary, when international banks raised foreign public debt for the Japanese government before 1913, they did not push the government to sign contracts with companies that shared their same interests. During the Russo-Japanese War, Korekiyo Takahashi managed to raise a significant amount of foreign loans for the government in London and New York (Smethurst 2007) but was not forced to sign contracts with international companies, as had been expected.³⁾

³⁾ The Japanese government and the international banks had already shared the same interests before the outbreak of the Russo-Japanese War. The Japanese Army and Navy bought most

While the flotation of foreign loans for the railway companies was a typical kind of foreign loan with strings attached in China, HSBC had less success raising foreign public debt in Southeast and South Asia. Compared to the amount of foreign public debt raised in China, their business in Southeast and South Asia was very small and not very profitable.

Concluding Remarks

Lenin focused on the significant impact of capital exports to underdeveloped countries and colonies, which played a key role in accelerating the penetration of imperialism all over the world. However, Stone emphasised that about 70% of the total capital exports from Britain consisted of exports to emerging countries at the time, such as the United States. International banks did not earn large profit from capital exports from Europe to Asia. Foreign trade financing operations was a more relevant business than the flotation of foreign loans for these banks.

As Sugihara has already clarified, exports from and imports to Asian countries and colonies expanded more sharply than those of most countries and colonies in other areas in the world after the Long Depression. During the last decade of the 19th century, the annual growth rate of exports to Asia was 2.6%. However, the annual growth rate of the total assets of British international banks was -2.01%. The failure of British international banks gave the opportunity to international banks from other countries to develop profitable business in Asia. Just before the First World War, the annual growth rate of exports from and imports to Asian countries and colonies was 6.29%, and the annual growth rate of the total assets of British international banks was 5.78%. British international banks had not been able to monopolise profits derived from foreign trade financing operations. Nevertheless, British international banks kept control of operations for financing foreign trade and raising foreign loans in Asia.

Most British international banks with branches and agencies in Asia collected significant amounts of fixed deposits in London and transferred them to their branches and agencies in Asia. In addition, these banks drew bank bills denominated in pound sterling in London to their branches and agencies in Asia and sold them to local merchants. International

weapons from British companies. International banks as well as the Rothschild supported the raising of foreign loans for the Japanese government because the Russian government had persecuted Jews (Suzuki 1994).

banks collected local currencies when they sold export bills denominated in pound sterling, and supplied local currencies to the public when they purchased export bills. International banks not only contributed to operations for financing foreign trade and raising foreign loans, but also helped stabilise the exchange rate between the pound sterling and local currencies through significant amounts of capital transferred from London.

Most international banks with branches and agencies in Asia were strongly dependent on European countries, especially the London financial market. As far as British international banks were concerned, the fixed deposits collected in London played a crucial role in the development of various financial operations. In addition, the fixed deposits collected at local branches also played an important part in the export of primary commodities from Asia. For example, YSB collected a significant amount of fixed deposits at the Bombay branch and purchased export bills for raw cotton drawn by Japanese trading companies. The Bangkok branch of HSBC collected fixed deposits from rice merchants and transferred them to the bank's Singapore branch and head office. Because the Singapore branch had difficulties collecting significant amounts of fixed deposits, HSBC had to transfer money not only from London, but also from other branches in Asia. Although the international payment system and financial transactions could not have developed rapidly in Asia without the funds collected in and transferred from London, the funds collected within Asia also contributed to developing the financial system to some extent.

Non-British international banks also contributed to the economic development of Asia after the Sino-Japanese War, and YSB, Banque de l'Indochine, and Deutsch-Asiatische Bank opened branches and agencies in East and Southeast Asia, collecting significant amounts of money from local merchants and officials. Non-British international banks, especially Banque de l'Indochine and Deutsch-Asiatische Bank, were not strongly dependent on London for collecting money and raising loans.

British international banks were not able to dominate the financial system in Asia before 1913. However, both British international banks and other international banks contributed to helping Asian economies participate in the global economy by developing financial infrastructure in Asia.

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