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Abstract

This paper examines, from a historical perspective, the gradual entrance into the market of mutual and not for profit banks (specifically cooperative banks and savings banks), their continually increasing competitiveness with traded banks in France, Italy and Spain. In all three countries, these institutions played an important role in the retail banking sector. Special attention will be devoted to analysing the different models of adjustment adopted by the banking systems in the south of Europe in the wake of the deregulating process undertaken in the last quarter of the twentieth century. In summary, then, this paper is an attempt to identify the historical factors responsible for the persistence, or disappearance, of certain idiosyncratic aspects of the banking system in each country, together with the various adjustments produced in each case.

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The diversity of organisational forms in banking: France, Italy and Spain 1900-2000

Richard Sylla has recently restated the traditional view of the importance of financial institutions to modern economic development.¹ However, when analysing these institutions the main focus is usually on commercial banks, relegating in consequence a diverse spectrum of financial companies. For that reason, this paper proposes a more comprehensive study of the banking systems in Europe. First, I will look at three European countries with broadly similar banking traditions, as is the case in France, Italy and Spain. Then, within their respective business financial sectors, I will examine two types of institution: traded banks and mutual banking intermediaries (specifically savings banks and cooperative banks).² There are two important reasons for this approach. Firstly, the scarcity of comparative historical studies which take into account both types of intermediary and, secondly, the fact that, historically, in each of the three proposed cases the mutual sector has played an important role in the retail banking sector.³

What this paper proposes, therefore, is to analyse from a historical perspective the gradual entrance into the market of mutual banks, their continually increasing competitiveness with traded banks. The analysis will focus on the impact of regulatory, institutional and associative changes in the nature of competition between both types of institution. Particular attention will be devoted to the different models of adjustment adopted by the banking systems in southern Europe in the wake of the deregulation process begun in the last quarter of the twentieth century. This paper is an attempt to identify the historical factors responsible for the persistence, or disappearance, of certain idiosyncratic aspects of the banking systems in each country, together with the various adjustments produced in each case.

Something to bear in mind from the outset is the fact that financial systems in each country have shown great versatility in terms of their institutional organisation. On the one hand, there is the territorial component which has had an effect on institutional customs and categories in the business finance sector. On the other, apparently similar institutions may yield different economic results depending on the circumstances in which they are operating, as a result of which the role of commercial banks, savings

banks and central banks varies from country to country.⁴ However, the three Mediterranean countries under survey here present some characteristics in common which justify a comparative analysis. Most of these features were established on a relatively stable basis during the interwar period. Firstly, strong State interventionism in the economy, particularly in the credit system. Secondly, the growing importance of mutual banks in the retail market. Thirdly, the strong influence of these financial intermediaries, in particular the savings banks, on civil society through their role in the social policies of the State. Lastly, the pronounced associative strategy adopted by some to improve their bargaining position against the regulator. This was the situation after the second world war in which a competitive, regulatory environment distinctive to each country began to take shape. Nevertheless, that environment was to find itself subjected more or less uniformly to the tendency at the end of the 1970s towards deregulation, intensified by the financial policies of the EU and by the advance of globalisation in general.

The results of that process as expounded in this paper represent the core of the theoretical and empirical debate surrounding the financial system. Each of the three countries responded in its own way to the processes of reform; what we observe, in other words, is cross-country variation in the presence of convergence pressures. However, the analytical tools available to us are not without their drawbacks. For example, neo-institutional literature stresses a convergence/divergence dual logic, which goes against a dynamic-historical approach involving multiple factors.⁵ On the other hand, the most recent empirical studies (the Structure-Conduct-Performance school, Industrial Organisation or approaches based on an explicit use of economic theory) highlight the role of institutional variables in financial development.⁶ This approach, however, fails take fully into account certain idiosyncratic factors and their persistence or disappearance in the long term. Consequently, here I will adopt a historical approach which, as well as the regulatory and institutional factors mentioned, will look at business behaviours (whether collusive or competitive), associative models, and the relationships between companies and the government and its economic policies. In other words, all those factors considered endogenous which characterise the processes of internal differentiation and help to create diversity within capitalism.

The paper is divided into five sections. Section two looks at the historical roots of mutual intermediaries in countries in southern Europe, specifically savings banks and cooperative banks. Section three describes the patterns that governed the competitive,

regulatory environments of the banking systems in France, Italy and Spain during the interwar period. Section four details the processes of financial reform undertaken in each of the three countries at the end of the seventies, with particular attention to mutual banking intermediaries and the consequences of that reform in terms of competitiveness. Finally, section five proposes a few material conclusions.

II

In the brief period between 1810 and 1825, savings banks made their first successful appearance in many European countries. By the middle of the nineteenth century, these non-profit banks were numerous throughout the continent, as well as in the United States. The second half of the nineteenth century in Europe and the US were witness to the creation of new banks organised as consumer cooperatives. These cooperatives were highly successful in Germany and to a lesser degree in the rest of Europe. Both institutions, non-profit and cooperative banks, played an important role in consumer banking. As Henry Hansmann states, non-profit banks arose principally as a means of protecting customers from opportunism on the part of the bank, while the cooperative banks arose to protect the banks from opportunism on the part of their customers.⁷

Non-profit banks basically emerged as institutions to amass savings. They were organised as mutual savings banks and trust companies, therefore their depositors did not participate in the governance of the entity. These institutions, by definition, have no owners (no one has a share in both control and residual earnings). Legally speaking they were foundations that were constituted as private and charitable trusts. In Europe these thrift institutions were founded as charitable organisations to help the poor and the working classes.⁸ Different types of cooperative banks were also created with the aim of providing greater access to credit for their members and these acted as genuine cooperatives in which their members had formal control of the organisation.⁹

Savings banks grew, both in terms of the number of entities and the volume of their activity, in the whole of Europe throughout the nineteenth century. In England, the George Rose Act of 1817 regulated the Trustee Savings Bank system. The board of honorary trustees and managers were responsible for the management of local savings banks and came into contact with the State by investing their funds with the National Debt Commissioners.¹⁰ The French model, on the other hand, which was established in 1818, involved a start-up fund to cover the costs of setting up the entities. In the case of possible losses the banks were confident of being able to count on the help of charity and public donations.¹¹ The Act of 1837 entrusted the administration of the deposits to

the State-owned Caisse de Dépôts et Consignations (CDC). Somewhat later, the debate on the 1895 Act rejected all concessions, such as the idea of investing part of the funds in the local economy (the assets of the CDC were invested in long-term government securities). Moreover, an advisory body, the *Commission Supérieure*, was created to work with the Ministry of Finance on the regulation of savings banks.¹² As a result, for a long time the French savings banks were reduced to mere savings collectors. They were founded on an outdated business structure and a heavy dependence on the State which endured until the second half of the twentieth century.¹³

{please place Table 1 around here}

In Italy, prior to political unification, the number of savings banks grew to almost one hundred. In general, during the nineteenth century these entities maintained a considerably independent status. After 1860 changes were introduced that affected the structure of the asset-side business of the Italian savings banks. Mortgage loans and securities (government and local authority loans) increased.¹⁴ In the case of Germany, the regulatory process began towards the end of the 1830s and at the beginning of the 1840s the governments of the German Länder began introducing measures to promote savings banks in general. In Germany, however, the nature of the savings banks was markedly diverse. One of the savings banks' defining characteristics was the fact that, from the middle of the nineteenth century, they provided a larger contribution to financing than any other group of credit institutions.¹⁵ Finally, the Spanish savings bank model became established rather later, in 1835, and did not really take off until the reforms of 1874-1880.¹⁶ The features of the model itself were much closer to those of their French counterparts rather than to the British. The former was preferred since it was difficult to emulate the British model owing to the problems with the Spanish Public Treasury. In fact, the growing public deficit and its inadequate management caused people to lose confidence in the Public Debt issued during a good part of the 19th century.¹⁷ These limitations were ultimately to favour the evolution of a type of financial activity by the asset side of business specific to Spain which would guarantee the sustainability of Spanish savings banks.¹⁸

{please place Table 2 around here}

Of the three countries under survey, in respect of its financial institutions Spain is, relatively speaking, the least developed.¹⁹ The emergence of banking proper did not occur until the promulgation of a number of banking acts in 1856, although it was really not until the Restoration of the monarchy in 1874 that any new horizons opened up in

the sector.²⁰ During the last quarter of the century, roughly 50 per cent of the deposit market was controlled by the Bank of Spain (the only bank of issue and the only one with a large network of branches); see Table 1.²¹ The remaining banks controlled around a third of total deposits, while the savings banks maintained a steady 15 per cent share, a proportion well below that of their European counterparts. In France the situation was different owing to the enormous importance of the public sector in the savings system and the collection capacity of the numerous private and public savings banks (by 1881 the State-owned *Caisse National d'Epargne* had already been set up). At the end of the nineteenth century, the savings banks' share of the deposit market was nearly half of (all) bank deposits (Table 2). It was Italy that presented the most diverse banking model, which emphasized the importance of the savings sector. In the last quarter of the century, mutual banks accounted for almost a third of all banking liabilities (savings banks and cooperative banks, *banche popolari*). Other public savings mechanisms such as deposits and loan funds (*Cassa Depositi e Prestiti*) maintained a share of about 25 per cent (Table 3).

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What we observe, therefore, is that during the nineteenth century, the business paths taken by not for profit banks, mutual banks and stock market-traded banks in Europe diverged. In the case of not for profit banks, their profile as charitable organisations distanced them from the market standards of the rest of the banks. However, by the last quarter of the century these institutions penetrated deep into most European countries. The savings banks, in particular, had carved for themselves an important space in the retail savings deposit market.

III

According to Raymond W. Goldsmith, the period between the end of the nineteenth century and the First World War saw the formulation in developed countries of a modern financial superstructure.²² Jaime Reis, though, has recently demonstrated that, in comparative terms, at the turn of the century countries in the south of Europe (Portugal, Spain and Italy) were institutionally and financially less developed than the countries of Scandinavia.²³ However, despite the relatively inferior growth in GDP per capita in the Mediterranean region, in financial terms the gap tended to close as the century progressed. The role of the State as financial agent was confirmed in the three countries during the interwar period. From 1880 the volume of savings controlled by the State through the market grew to between two and three times that reached by the

business finance system (in the years leading up to the war, in per capita terms, the public debt in Italy was slightly greater than the liabilities of all the business finance institutions; in Spain it was 2.5 times greater).²⁴ The first world war intensified that trend.

In France, during the first half of the 20th century, savings banks experienced no substantial change. They gradually lost importance in the banking system as a whole as a consequence of their marked institutional inflexibility (Table 2). This position distanced them from the regulatory changes and from the more flexible use of resources being experienced by other European savings banks.²⁵ On the other hand, in both Italy and Spain, significant regulatory changes took place during this period. Both countries were home at the time to a markedly authoritarian political regime with corporativist economic policies (Mussolini's Fascism, 1922-1943, and the Primo de Rivera dictatorship in Spain, 1923-1930). In 1921 and 1926, a new Banking Act was proclaimed in each (in Spain and Italy, respectively). The new law changed the countries' nineteenth-century banking statute, though with significant differences between them. The Spanish law left the banking sector a considerable margin of self-regulation, while the Italian law subjected the credit system as a whole to severe regulation.

The instrument of self-regulation in Spain was the banking council (*Consejo Superior Bancario*, CSB), made up of representatives of the bank under the supervision of the Ministry of Finance.²⁶ The savings banks remained aloof from banking regulation as a result of the solid resistance provoked by the government's proposal to subject them to the authority of the CSB. Indeed, the three additional savings banks acts, passed in 1926, 1929 and 1933, are indicative of the strong intersectoral pressure that was brought to bear. It was ultimately the 1933 statute that was to define how the sector was regulated until the financial transition at the end of the 1970s. The savings banks retained their socio-economic profile, the financial component of which was decidedly less pronounced than in their Italian counterparts. An additional development was the establishment of a special registry to obtain charter as a savings bank. Social objectives were granted priority over the objective of solvency, with the institution of a system of loan portfolio management and compulsory investment in government debt. For the first time, specific funding was allocated for social works (guaranteed minimum expenditure of 50 per cent of surplus). Ultimately, what the new legislation reflected was the

pressure by the State on the savings banks to participate in the government's social policy.

The new legislation in Italy adopted a different approach. In 1926 the Bank of Italy was granted monopoly of issue (the Bank of France had held this right since 1848 and the Bank of Spain since 1874) and a definite regulatory model that included the savings banks was put in place. The legislation established entry barriers in both sectors, solvency coefficients and controls on the opening of new branches. Two subsequent decrees (1927 and 1928) prompted the consolidation of the sector through a series of mergers led by the main regional and provincial savings banks. In 1930 the number of savings banks had fallen by half (fewer than one hundred remained).²⁷ In sum, State control of the savings banks increased, limiting their autonomy in areas such as the reform of their statutes or the naming of high-level officials. In fact, under the aegis of regulatory change, the savings banks were gradually assimilated into the institutions of public law.²⁸

The associative dimension of French savings banks was limited, owing to their dependence on State finances; in fact, no sectoral association was formed until the end of the 1960s.²⁹ In the matter of associationism the savings banks in Italy took their first steps in 1911 with the *Associazione fra le Casse di Risparmio Italiane* (ACRI). A decade later, in 1921, saw the creation of the savings bank credit institution (ICCRI), a wholesaler of retail finance with clearing functions (later on a similar body was set up to supply the *banche popolari*); a similar kind of institution was being developed at the same time in other European countries such as Finland, Spain and Norway.³⁰ However, this associative tendency came up against the progressive officialisation of the Italian savings banks.³¹ In Spain, by contrast, the organisational autonomy of the savings banks was reinforced by the appearance in 1924 of the first regional associations, culminating in 1928 with the creation of the national savings bank association (*Confederación Española de Cajas de Ahorro*, CECA).³² The new association reflected two influences, one external, the other internal: the First International Congress of Savings in Milan in 1924, which advocated savings bank associationism; and government attempts to place the savings banks under the authority of the CSB. The process was completed by the creation of the savings bank credit institution (*Instituto de Crédito de las Cajas de Ahorro*, ICCA). The ICCA became the savings banks' bank and the money lending agency for the government and other official bodies.³³ The process begun in 1928 was just the first stage in a long series of collaborative practices, which in the long term

would allow Spanish savings banks to develop collaborative and outsourcing strategies to compete with the other banks in the retail market.³⁴

Corporate strategies emerged according to a number of different variables. In France, the savings banks maintained a very passive attitude to market trends and the public savings bank sector became more robust (Table 2). Their counterparts in Italy and Spain, on the other hand, presented a more aggressive front against the commercial banks. In contrast to the French savings banks, the Italian and Spanish mutual intermediaries applied substantial innovations on the asset side. After the First World War, the entry of new agents to the banking market in Italy resulted in greater diversity. The mutual sector saw the emergence of new cooperative banks, resolutely local in character (rural and artisanal banks). The *Banche Popolari*, for their part, increased their territorial and business scope (Table 3). In the public banking sphere, new public law and national interest banks reflected the growing importance of public sector banking. Lastly, the new banks instigated by the onset of industrialisation, such as the Banca Commerciale Italiana and the Credito Italiano, indicated the growing importance of universal banking. This last tendency led, in terms of quota, to significant fluctuation of savings and cooperative banks, although in absolute terms their volume of business continued to increase. Finally, before the Second World War, the Banking Act of 1936 introduced additional segmentation to the banking system, restricting autonomy of the mutual banks and creating new oversight organisms.

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In Spain the market model was set by banks with a business profile comparable to that of universal banking.³⁵ At the start of the century, the regional banks in Madrid and the Basque Country began to expand across the country, as a result of which the Bank of Spain started to lose ground in the deposit market (Table 1). The banks reaped the benefits for neutral countries to be had from the war, though afterwards found themselves hit by the banking crises in 1924-25 and the international crisis in the 1930s. At the same time, the cooperatives began to gain in strength. A number of cooperative banks were operating in the area of rural financing by the end of the 1890s but this activity was not regulated until 1906. According to the Statistical Census carried out by the Ministry of Agriculture in 1933, deposits in cooperative banks amounted to 1.3 per cent of the total deposits in Spain.³⁶ In fact, the cooperative banks were to play only a minor role in the Spanish banking market until the last quarter of the century (Table 4). The savings banks, meanwhile, unlike the banks, were hit hard by the crisis at the end of

the century and by the war afterwards. However they did manage to recover their share of the market, particularly since they did not find themselves as badly affected by the banking crises in the second half of the twenties (in the years prior to the civil war they controlled over a quarter of the deposit market; Table 1). In 1916 a new institution was integrated to the savings system; the Post Office Savings Banks (State-owned), which in 1935, due to their presence in the entire country, reached a 3.5% share of deposits.

It is possible to conclude, therefore, that during the interwar period several common patterns emerged in the banking systems of the three countries, in addition to a number of others specific to each. Among the shared developments we find the presence of the State as credit claimant and its growing control over the credit system. Another common trend was the diversity of banking institutions, particularly in Italy. Finally, the growth of the savings banks in all three countries outstripped all the other mutual institutions. We also observe certain idiosyncratic aspects specific to each. In France, for example, the savings banks remained reluctant to diversify their business. In Italy the mutual sector evolved a business model similar to banking practice, while associative ties were diminished by excessive public sector control. Finally, in Spain the associative role of the CECA set in motion a series of far-reaching collaborative initiatives. All these factors affected competition between banks and savings banks, and the banking market as a whole. In each country numerous barriers existed, the majority relating to regulatory pressures and the collusive practices of the big banks. Unquestionably, however, the mutual intermediaries began to participate in the market structures.

IV

In general terms, the end of the Second World War marked an increase in the segmentation of the banking market. In the mutual sector, particularly for savings banks, certain tendencies noted in the decade before the war were now consolidated. In Italy post-war legislation brought the savings banks into the broad category of public credit institutions. In France state regulation of the savings banks continued by associating them with the CGD and the old *Commission Supérieure*. The most extreme case was undoubtedly that of Spain. After the civil war, the Franco regime established a series of public finance objectives that both banks and savings banks were expected to achieve. In the case of the banks, however, once those objectives had been reached, the government relaxed their control.³⁷ The savings banks were a different story; with them, the government maintained an ambivalent attitude. On the one hand, their

administrative capacity was severely curtailed, particularly with regard to investment. On the other, the government encouraged their expansion and protected their operations against the banks (first wave of mergers 1940-63).³⁸ State intervention continued to rise, to the point that, after the regulations introduced by the 1962 Banking Act, 80 per cent of the savings banks' external funds were controlled by the State.³⁹

This dichotomy explains why Spanish savings banks were the only ones to consolidate their associative organs and operations, continuing the tradition established in the interwar period. By contrast, the autonomy of their French and Italian counterparts was diminished. In Italy the ACRI preserved its role as a lobby and middle ground between savings banks, executives of the Bank of Italy and the government. However, after the war its participation in interbank operations and in the area of sectoral self-regulation was gradually subsumed under the Italian Banking Association (ABI).⁴⁰

The Spanish experience was very different. In the course of its long history, the CECA had to overcome a variety of problems but its representative role in the sector and its connexions with the ICCA were greater than those of the ACRI in Italy. Following the equalisation of savings banks and commercial banks under the 1971 Credit Law, the CECA began a series of collaborative and outsourcing measures which were to have a profound effect on the absorption of information and telecommunication technologies (ICT) by the savings banks. In 1970 the Commission of Organisation, Automation and Services (COAS, a commission authorized by the board of directors of CECA for technological operating areas and new services) was set up, which in the decades following would contribute to the modernisation of the sector.⁴¹ The savings banks in Italy tried the same strategy, in fact, though later, in 1977, through the ICCRI's creation of the STACRI (automatic teletransmission system for Italian savings banks).⁴² In short, it was Spanish savings banks which made the greatest associative and organisational advances in the sector, and this placed them in a better position than their southern counterparts when confronted by new changes in the eighties and nineties.⁴³

In the final decades of the twentieth century, problems deriving from technological advances, financial disintermediation, changes in customer behaviour, European regulation, etc. had a serious impact on all Western economies. However, at a national level, Italy, Spain and France faced an additional challenge: how to dismantle a State constructed bound up with the credit system. The coincidence of financial and structural reform intensified the experience of change in these three countries.

The point of departure was not the same in each case. In Italy at the start of the eighties the first steps were taken to resolve public banking problems in the *Mezzogiorno*. Later on the 1990 *Ley Amato* drew the savings banks into the process and, consolidated the conversion of public and savings banks into joint-stock companies.⁴⁴ In Spain financial transformations were produced as a result of the processes of economic modernisation undertaken by the first governments of the political transition following the end of the dictatorship in the mid-seventies. Faced with the need to expand and modernise the financial system, the governments opted to modernise the savings banks and place them on an equal footing with the commercial banks.⁴⁵ In France, meanwhile, reform originated within the government (newly-appointed socialist government), faced with the need to substitute outdated systems of overprotection and tax exemption. Legislation passed after 1979 and the new governments at the beginning of the 1980s brought about a radical centralisation of the mutual sector (in particular the laws passed in 1983 and 1999).⁴⁶

In general terms, the reform of the savings banks was based on altering the ownership structure. In France and Italy the issue was addressed head-on, though using different approaches. In France, the cooperative society model was adopted. In Italy, to convert the savings bank into a joint-stock company, it was subdivided into savings bank-foundation and joint stock company-savings bank. The former was responsible for social works, and acted as stock-holder of the latter (a process initiated under the 1990 *Ley Amato* and continued under the 1993 *Testo Unico*, the 1994 *Directiva Dini* and the 1999 *Decreto Ciampi*).⁴⁷ In Spain, the savings banks' profile as non-profit foundations did not change. Each of the approaches adopted, the Franco-Italian and the Spanish, though markedly different in its own way, has led to the capitalisation of the savings banks and the consolidation of the banking sector. However, the safeguard of sectoral status is really only the case in Spain.

{please place Table 5 around here}

The process of consolidation followed a similar pattern in Italy, France and Spain, according to a series of mergers and acquisitions. In Spain these operations were necessarily intrasectoral, while in Italy regulatory policy created a tendency towards the consolidation of credit organisms of various kinds. The process of reform encouraged convergence in the form of joint-stock companies. The result was the formation of multifunctional groups with universal banking characteristics (Table 5).⁴⁸ The French model presented an extreme case of consolidation, since officially the savings banks had

been converted into a single cooperative business group, Groupe Caisse d'Épargne (similar to what occurred in Spain in 1990 between the cooperative banks and the Banco Cooperativo Español financier group).⁴⁹ Consolidation in the French case occurred later on, in 1999. Prior to this, the public and private banking sector underwent similar processes, in this instance involving vertical integration (BNP-Paribas and Société Générale and lately the takeover of Crédit Lyonnais by Crédit Agricole in 2003).

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The Spanish model presents a number of asymmetries. Banks were merged with or taken over by other banks; savings banks did the same with other savings banks and with cooperative banks since, according to both the 1985 Savings Bank Law (LORCA) and the 2002 Financing Law, no bank is permitted to own a stake in a savings bank. A savings bank, however, may take over a banking network, a circumstance which must surely constitute one of the most striking asymmetries in the Spanish system. The Spanish case is the most problematic in terms of market openness, owing precisely to the asymmetry deriving from the protection of the savings banks against the banks. The paradox deepens if we consider the high level of participation by savings banks in non-financial companies and the presence of top savings bank executives on their boards of directors. That said, banks and savings banks in Spain do compete in an open market in terms of products and services, where savings banks also compete among themselves, a situation that Bernardo Batiz-Lazo placed within the processes of competitive collaboration.⁵⁰

{please place Table 7 around here}

So have these changes caused any modification of the corporate strategy of mutual intermediaries? Savings banks and cooperative banks in all three countries unquestionably experienced some degree of specialisation, a process which we can look at in terms of household and retail markets. The only exception to this would be the Italian savings banks which had a significant involvement in the business sector even before the reform. Table 6 also shows that the percentage of loans the Italian savings banks were granting to government offices shrank after the reforms, while the percentage granted to the household sector grew. Greater diversification was, generally speaking, in keeping with the diversification of the Italian banking market as a whole and the emergence of universal banking. The French savings banks, once they put aside their institutional peculiarities, were able to improve their competitive advantage in certain products.⁵¹ The *Groupe Caisse d'Épargne* is one of the most important money

lending institutions for local governments and other local authorities.⁵² Table 7 shows how the cooperative banks, collectively, have increased their share of the credit market while that of the banks has maintained a steady level. On the deposits side, the old savings banks have managed to modernise their products without losing ground in what would be considered their more traditional markets. Lastly, in Spain the convergence between banks and savings banks has been total. The two compete in terms of products in all sectors. The results are obvious. Table 4 shows some of the credit and deposit markets in which the two compete with a very similar market share. In the mid-seventies the savings banks' share in the credit market was half that of the deposit market which they contested with banks. By the end of the century the two were practically equal. Today there is little fundamental difference between the corporative strategies of either banks or savings banks. The cooperative banks, operating in large part as a group, have meanwhile succeeded in implanting themselves as a new banking market middleman, though without altering the institutional polarity characteristic of the Spanish system.

Reform seems to have succeeded, then, not only in redefining the boundaries between institutions, but in encouraging the competitiveness of banking markets in the south of Europe. The instruments contributing to this success have been specialization and product diversification. And lastly: what can we conclude about southern European savings banks in relation to their northern and central European counterparts? Spanish savings banks come out on top, without question, alongside their Norwegian equivalent, both holding credit and deposit shares in the region of 40 per cent of the banking system. In other European countries the savings banks' share is well below that level (except for Germany, holding in the region of 30 per cent). This trend was established in the early nineties; prior to that, savings banks in Sweden, Norway and Germany occupied a stronger market share position.⁵³

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To end this section, Table 8 collates the business results at the end of the last century for all the institutions surveyed in this paper. In the context of the fall of financial margins characterizing the end of the century, a comparison of results shows Spanish savings banks and the new societies in Italy faring better than the French cooperative group. Although generally speaking, the mutual banks achieved better results than the commercial banks in these three countries during century's last decade. The same conclusion applies for both net interest income and net ordinary income data. Savings

banks in Spain and Italy also showed relatively greater stability in terms of net operating income results which at the end of the century outstripped those of their counterparts in northern and central Europe and compared favourably with those of the overall financial sector average in each country, particularly in the Spanish case. In terms of profitability, the successors of the Italian savings bank stand out, though savings bank profits in Spain improved substantially with respect to banks in the last decade of the century. Last of all, operational efficiency (in other words the ratio between operating expenses and net ordinary revenues) is notable among Spanish savings banks, outperforming the banks in the country and the rest of the intermediary bodies in southern Europe (only Norwegian savings banks show greater efficiency results: see OCDE, Bank Profitability). However, in Italian savings banks with a high volume of assets, efficiency levels have also improved, allowing for the creation of confederated banking groups on the basis of acquisitions.⁵⁴

V

Stock market-traded banks and mutual banking intermediaries developed along very different lines in the nineteenth century. In the former, the most important factor was the market; in the latter, their condition as charitable organisations. In the century that followed, and particularly during the interwar period, savings and cooperative bank involvement in the market intensified. However, in Italy, Spain and France, despite this amplified participation on the part of the new intermediary banks, the banking market remained deeply segmented and strongly influenced by the public sector. These features continued to characterise the situation until the introduction of reforms at the end of the century.

The historical evidence would seem to indicate that when confronted with the trend towards convergence induced by external forces (globalisation and Europeanisation), the institutions in each country opted to adapt (ie. converge) rather than resist those external pressures (diverge). Adaptation is therefore understood as a change conditioned by endogenous factors. This would account for why each country adopted a different institutional approach, obtaining similar results in certain areas (concentration of the industry, liberalisation and improvement of competition, etc.) and different results in others (different business strategies, institutional variety, etc.).⁵⁵

From a regulatory point of view, the banking system has tended to oscillate between two classic organisational attitudes: regulation versus competition policy.⁵⁶ In some instances priority was given to ensuring a stable, efficient sector over the protection of

competition; in others, proper competition policies were deemed necessary to guarantee the efficiency of the industry. In the three cases surveyed here, historically it has been the regulatory attitude which has dominated within the financial system overall. Only since the reforms initiated at the end of the 1970s has a more flexible system of regulation emerged to encourage competition in the sector. Having examined the three cases, it is possible to conclude that in all instances mutual intermediaries have contributed to the consolidation of the banking industry, either in the more radical form of mergers and acquisitions or more gently (partnerships and alliances).⁵⁷ The processes of coordination/cooperation in France and Italy were translated from the sector to the group while in Spain coordination remained sectoral, though within new parameters. Competitive cooperation was introduced in the Spanish savings bank sector, while in the commercial banks competition developed within the group. Desegmentation did not eliminate differences and variety within the financial system. It did, however, signify a reduced role for the State in its organisation. One final note in this connexion is to point out that the French banking system is the least varied of the three; the variety of the Spanish system has survived, while that of the Italian is less than it was. In short, the diversity persists even though market conditions are institutionally much more open. In these three countries, adaptation to global conditions has been under pressure from endogenous factors.

The literature offers a number of different approaches to the subject, allowing a more comprehensive comparative analysis of the Spanish and Italian cases. The importance of savings banks in the restructuring of the banking systems in both countries has already been acknowledged. In Italy, under the new institutional model, savings banks have secured their importance relative to other competitors in their different lines of business and their territorial presence, while at the same time improving profitability and adapting their costs structure.⁵⁸ In Spain deregulation, while increasing competition and eroding the banks' market power, simultaneously established incentives to adopt greater credit risk levels.⁵⁹ In other words, although the efficiency of the system improved, collusive market-power practices persisted, resulting in very high costs in some cases (in the loans market for example). The savings banks, however, have continued inexorably to gain market share at the expense of the banks, in both the deposit and credit markets.⁶⁰ In both cases, having experienced very different institutional transformation processes, the mutual and not for profit intermediaries have

played a central role in the recent banking system transformations in their respective countries.

NOTES:

¹ R. Sylla, 'Financial Systems and Economic Modernization', *Journal of Economic History*, 62 (2002), pp. 277-92.

² Other mutualist-type financial institutions within the business sector include certain moneylending bodies, labourer and artisanal banks, building societies and credit associations. See H. Hansmann, *The Ownership of Enterprise* (Cambridge 1996), pp. 253-54; D. Fairlamb and J. Ireland, *Savings and Co-operative Banking* (London 1981), and H. Ashworth, *The Building Society Story* (London 1980).

³ The most comprehensive recent study is O. Butzbach's *Varieties within capitalism? The modernisation of French and Italian savings banks, 1980-2000* (Brussels 2007). See also J. Mura (ed.), *History of European Savings Banks* (Stuttgart, 1996-2000), vols 1 and 2, and P. Mentré and A. Mérieux, *Les Institutions d'Épargne en Europe et en France: le Secteur Public et Mutualiste* (Paris 2002).

⁴ B. Eichengreen, 'Economics and culture in the writing of financial history' in P. Cottrell and J. Reis (eds), *Finance and the Making of the Modern Capitalist World, 1750-1913* (Madrid 1998). T. Guinnane and I. Henriksen, 'Why Danish credit co-operatives were so unimportant?', *Scandinavian Economic History Review*, 46 (1998), pp. 32-54.

⁵ See, for example, P. Hall and R. C. R. Taylor, 'Political Science and the Three New Institutionalisms', *Political Studies*, 44 (1996), pp. 936-957.

⁶ See studies by R. A. Gilbert, 'Bank Market Structure and Competition: A Survey', *Journal of Money Credit and Banking*, 16 (1984), pp. 617-44, and A. N. Berger, R. S. Demsetz and P. E. Strahan, 'The Consolidation of the Financial Services Industry: Causes, Consequences, and Implications for the Future', *Journal of Money, Credit, and Banking*, 23, 2/4 (1999), pp. 135-194. T. F. Bresnahan also offers a general overview of the New Industrial Economy empirical analysis approach: see 'Empirical studies of industries with market power' in R. Schmalensee and R. D. Willig (eds), *Handbook of Industrial Organization* (Amsterdam 1989), vol. 2.

⁷ Hansmann, *The Ownership*, p. 262.

⁸ D.M. Ross, "'Penny banks" in Glasgow, 1850-1914', *Financial History Review*, 9 (2002), pp. 21-39.

⁹ See Ireland, *Savings and Co-operative Banking*.

¹⁰ H.O. Horne, *History of Savings Banks* (London 1947), pp. 72, 78.

¹¹ A. Gueslin, 'L'invention des Caisses d'épargne en France: une grande utopie libérale', *Revue Historique*, 572 (1989), pp. 391-409.

¹² D. Duet, *Les Caisses d'Épargne françaises et leur activité. Tradition ou évolution (1818-1981)* (Paris 1983).

¹³ See H. Bonin, 'Las estrategias de expansión de las cajas de ahorros francesas durante los siglos XIX y XX', *Papeles de Economía Española*, 105-106 (2005), pp. 93-108.

¹⁴ P. Hertner, 'Italy' in J. Mura (ed.), *History of European Savings Banks* (Stuttgart 1996), vol. 1, pp. 197-198.

¹⁵ G. Ashauer, *Von der Ersparungscasse zur Sparkassen-Finanzgrup* (Stuttgart 1991), pp. 74 ff. and J. Mura, 'Germany' in J. Mura (ed.), *History of European Savings Banks* (Stuttgart 1996), vol. 1, p. 107.

¹⁶ P. Tedde, 'La formación de la economía liberal en España: el contexto de las primeras Cajas de Ahorros', *Papeles de Economía Española*, 97 (2003), pp. 15-28.

¹⁷ See J. Fontana, *Hacienda y Estado en la crisis final del antiguo régimen español: 1823 - 1833* (Madrid, 2001) and F. Comín, *Historia de la Hacienda Pública, II: España (1808 - 1895)* (Madrid, 1996).

¹⁸ M. Titos, 'La Caja de Madrid en el siglo XIX: ¿actividad asistencial o financiera?', *Revista de Historia Económica*, 3 (1989), pp. 557-87. A. P. Martínez Soto, 'Las Cajas de Ahorros españolas en el siglo XIX: entre la beneficencia y la integración en el sistema financiero', *Revista de Historia Económica*, 3 (2000), pp. 585-628. J. C. Maixé-Altés, 'Cajas de ahorro y desarrollo regional. Aspectos diferenciales de los sistemas financieros gallego y asturiano', *Papeles de Economía Española*, 105-106 (2005), pp. 254-73.

¹⁹ At the beginning of the nineteenth century, the country's banking capacity was tiny, see J. R. García López, 'Banking Merchants and Banking Houses: the Hidden Key to the Workings of the Spanish Banking System in the nineteenth Century', *Accounting Business and Financial History*, 10 (2000), pp. 37-56.

²⁰ G. Tortella, 'La evolución del sistema financiero de 1856 a 1868', in P. Schwartz (coord.), *Ensayos sobre la economía española a mediados del siglo XIX* (Madrid 1970), pp. 18-19. In relation to monetary market see: J. C. Maixé-Altés and E. Iglesias, 'Domestic monetary transfers and the inland bill of exchange markets in Spain (1775-1885)', *Journal of International Money and Finance*, issue June (2009),

forthcoming.

²¹ Ll. Castañeda, *El Banco de España (1874-1900). La red de sucursales y los nuevos servicios financieros* (Madrid 2001), p. 132.

²² R. W. Goldsmith, *Comparative National Balance Sheets. A Study of Twenty Countries, 1688-1978* (Chicago 1985), p. 2.

²³ J. Reis, 'Los sistemas financieros de la periferia. Una comparación entre escandinavia y el sur de Europa durante el siglo XIX', *Papeles de Economía Española*, 105-106 (2005), pp. 109-129.

²⁴ J. Reis, 'Los sistemas financieros'.

²⁵ D. Duet, *Les Caisses d'Épargne* (Paris, 1991), p. 54 and "Le Destin Coopératif des Caisses d'Épargne: Éléments pour une Critique des Conceptions Étatistes de la Situation Historique des Caisses d'Épargne Françaises", in *Les Cahiers pour l'Histoire de l'Épargne*, 2 (2000).

²⁶ E. M. Faus, *Regulación y desregulación. Notas para la historia de la banca española* (Madrid 2001), p. 95, and J. Pueyo, *El comportamiento de la gran banca en España (1921-1974)* (Madrid 2006), pp. 44-5.

²⁷ Bank of Italy, *Collana Storica and Bollettino Statistico*.

²⁸ M. Clarich, *Le Casse di risparmio* (Bologna 1984).

²⁹ D. Duet, *Les Caisses d'Épargne* (Paris, 2001), pp. 59.

³⁰ J. Revell, 'Consecuencias de los cambios recientes en las Cajas de Ahorros de Europa Occidental', *Papeles de Economía Española*, 46 (1991), pp. 173-202.

³¹ Clarich, *Le Casse*.

³² F. Comín, *Historia de la cooperación entre las cajas. La Confederación Española de Cajas de Ahorros 1928-2007* (Madrid 2008).

³³ F. Comín and E. Torres, 'La Confederación Española de Cajas de Ahorro y el desarrollo de la red de servicios financieros de las cajas de ahorros durante el siglo XX (1900-1976)', *Papeles de Economía Española*, 105-106 (2005), pp. 48-64.

³⁴ B. Batiz-Lazo, 'Strategic alliances and competitive edge: insights from Spanish and UK banking histories', *Business History*, 46 (2004), pp. 23-56.

³⁵ M. A. Pons, 'Banca e industria en España, 1939-1985: la influencia de la banca universal en el crecimiento económico', *Revista de Historia Industrial*, 19-20 (2001), pp. 249-74.

³⁶ See A. P. Martínez Soto, 'El cooperativismo de crédito en España, 1890-1934. Modelos, sistemas de gestión y balance de su actuación', *Historia Agraria*, 30 (2003), pp. 119-150. Reliable data are only available for the period after 1970.

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³⁸ Bank of Spain Archive, Banca Privada, box 104.

³⁹ J. Nadal and C. Sudrià, *Historia de la Caja de Pensiones* (Barcelona 1981), p. 443, and P. Martín Aceña and M.A. Pons 'Spanish banking after the Civil War, 1940-1962', *Financial History Review*, 2 (1994), pp. 121-38.

⁴⁰ A. Pin, 'La Riforma in Atto nelle Casse di Risparmio Italiane', *Il Risparmio*, 32-6 (1984).

⁴¹ B. Batiz-Lazo and J. C. Maixé-Altés, 'Organisational change and the computerisation of British and Spanish savings banks, 1965-1985', 10th Annual Conference of the European Business History Association, Copenhagen, 17-19 August 2006.

⁴² A. Acciaro et al., 'Le Innovazioni Funzionali ed Operative Degli Enti della Categoria', in *Il Risparmio*, 33-6 (1985), pp. 1053-1074.

⁴³ See Batiz-Lazo, 'Strategic alliances'.

⁴⁴ F. de la Hucha, 'La reforma de las cajas de ahorro italianas. De la Ley Amato a la Directiva Dini', *Cuadernos de Información Económica*, 103 (1995), pp. 50-65 and Clarich, *Le Casse*.

⁴⁵ M. Lagares, 'La Hacienda pública en las facultades de Ciencias Económicas y en la sociedad española durante la segunda mitad del siglo XX' in E. Fuentes Quintana (dir.), *Economía y economistas españoles*, vol. 7, La consolidación académica de la economía (Barcelona 2002), pp. 571-617.

⁴⁶ A. Moster, 'L'évolution des Caisses d'épargne depuis 1945', *Cahiers pour l'histoire de l'épargne*, 3 (2000), pp. 39-54 and Bonin, 'Las estrategias de expansión'.

⁴⁷ C. Bisoni and S. Cosma, 'Un análisis económico de las cajas de ahorros italianas', *Perspectivas de Sistema Financiero*, 73 (2001) and La Caixa, *El sistema bancario italiano. Una década de cambios*, Informe mensual febrero (2000), pp. 72-82.

⁴⁸ F. de la Hucha, 'La reforma de las Cajas de Ahorros Italianas', *Papeles de Economía Española*, 46 (1991), pp. 149-61.

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- ⁴⁹ Banco Cooperativo Español, *Informe anual 2002* (Madrid 2002).
- ⁵⁰ Batiz-Lazo, 'Strategic alliances', p. 50.
- ⁵¹ Ch. de Boissieu, 'L'avenir des banques cooperatives face aux restructurations bancaires', *Cahiers pour l'histoire de l'épargne*, 2 (2000), pp. 73-5.
- ⁵² Butzbach, *Varieties within capitalism*, p. 233.
- ⁵³ OCDE, Bank Profitability, Financial Statement of Banks, 1970-2005.
- ⁵⁴ Bisoni-Cosma, 'Un análisis económico'.
- ⁵⁵ On the importance of historical circumstances, see, for example, economists such as G. Dosi and R. Nelson, 'An introduction to evolutionary theories in economics', *Journal of Evolutionary Economics*, 4 (1994), p. 169.
- ⁵⁶ See E. Carletti and Ph. Hartmann, 'Competition and stability: what's special about banking?' in P. Mizen (ed.), *Monetary history, exchange rates and financial markets: Essays in honour of Charles Goodhart* (Cheltenham 2003), pp. 202-29.
- ⁵⁷ For further details, see Butzbach, *Varieties within capitalism*, pp. 170-2
- ⁵⁸ Bisoni and Cosma, 'Un análisis económico'.
- ⁵⁹ V. Salas and J. Saurina, 'Deregulation, market power and risk behaviour in Spanish banks', *European Economic Review*, 47 (2003), pp. 1061-75
- ⁶⁰ Although there were problems relating to the fall in productivity in the sector, especially as a result of the changes in the financial situation. See E. Grifell-Tatjé and C. A. K. Lovell, 'Deregulation and productivity decline: The case of Spanish savings banks', *European Economic Review*, 40 (1996), pp. 1281-1303; see also R. Caminal, J. Gual and X. Vives, 'Competition in Spanish banking' in J. Dermine (ed.), *European banking in the 1990s* (Oxford 1990).

TABLES

Table 1
Share of Bank Deposits in Spain (1875-1950)

	Bank of Spain	Banks	Post Office Savings Bank	Savings Banks
1875	41.6	47.2	-	11.2
1880	41.5	46.5	-	12.0
1885	49.3	35.4	-	15.4
1890	58.0	27.9	-	14.1
1895	51.1	32.1	-	16.8
1900	56.7	32.1	-	11.2
1905	45.0	38.5	-	16.5
1910	32.2	48.4	-	19.4
1915	35.1	43.9	-	21.0
1920	21.8	62.6	1.6	14.0
1925	18.8	59.5	2.7	19.1
1930	8.0	69.7	2.7	19.6
1935	6.5	66.9	3.4	23.2
1941	NA	NA	1.5	14.8
1945	7.0	74.4	1.6	17.0
1950	3.6	75.7	1.4	19.3

Sources: Instituto Nacional de Estadística, *Anuario Estadístico de España* and *Boletín Mensual de Estadística*. Caja de ahorros y Monte de Piedad de Madrid, *Annual Reports and Statistics*, 1878-1935. *Anuario Financiero y de Sociedades Anónimas de España* (Madrid, 1916-1950). P. Martín Aceña, *La cantidad de dinero en España 1900-1935*, (Madrid, 1985), p. 104 and *Una estimación de los principales agregados monetarios en España: 1940-1962*, Bank of Spain, Documento de Trabajo 8807 (1988), p. 109. G. Tortella (dir.), *La banca española en la Restauración*, (Madrid, 1974), Vol.1, p.490.

Table 2
Share of Bank Deposits in France (1900-1950)

	Banks	Private Savings Banks	National Savings Banks	Aggregate Savings Banks	Aggregate Banking Institutions
1900	51.3	37.2	11.5	48.7	100
1905	58.3	30.3	11.5	41.7	100
1910	63.2	25.6	11.1	36.8	100
1913	66.2	23.3	10.6	33.8	100
1920	75.6	17.4	7.0	24.4	100
1925	73.9	18.7	7.5	26.1	100
1930	67.4	19.9	12.7	32.6	100
1935	46.7	31.4	21.9	53.3	100
1940	62.7	22.0	15.2	37.3	100
1945	67.7	10.8	21.6	32.3	100
1950	71.2	14.8	14.0	28.8	100

Source: B. R. Mitchell, *International Historical Statistics, Europe (1750-2000)* (New York, 2003), pp. 794, 796, 800, 805.

Table 3
Share of Bank Liabilities in Italy (1875-1950)

	Banks of Issue	Commercial Banks			Cassa Depositi e Prestiti	Mutuals Banks		
		Banks	Public Banks			Savings Banks*	Banche Popolari Cooperative	Rural and Artisans' Banks
1875	42.0	29.8	-		21.7	6.5	-	
1880	29.4	16.6	-	31.5	17.1	5.4	-	
1885	31.2	23.7	-	15.4	21.1	8.6	-	
1890	31.0	19.8	-	19.7	20.5	9.0	-	
1895	31.1	13.8	-	24.0	23.2	8.0	-	
1900	26.2	14.9	-	25.8	24.6	8.5	-	
1905	23.1	20.3	-	24.3	22.8	9.1	0.4	
1910	22.2	18.3	-	24.6	22.7	11.5	0.7	
1915	30.4	18.3	-	22.5	19.9	8.4	0.5	
1920	33.4	31.3	-	15.1	12.2	7.6	0.5	
1925	25.0	35.7	-	14.0	15.6	8.7	1.0	
1930	16.6	35.9	4.5	16.6	18.5	6.8	1.1	
1935	15.5	26.2	6.8	25.5	20.7	4.7	0.7	
1940	20.2	8.5	26.5	26.4	13.3	5.0	-	
1945	43.6	9.6	22.7	9.8	8.9	5.1	0.3	
1950	27.7	11.0	28.5	17.1	10.1	5.3	0.3	

Source: P. Ciocca and A. M. Biscaini, 'Italian Financial Structures: Long-Term Quantitative Aspects (1870-1970)', in G. Federico, *The Economic Development of Italy since 1870* (Aldershot, 1994), pp. 538-541.

* Including Pledge Banks.

Table 4
Establishment and Share of Deposits and Credits in Spanish Credit entities (1962-2000)

	Number of banks			Share of deposits			Share of credits		
	Banks	Savings Banks	Cooperative Banks	Banks	Savings Banks	Cooperative Banks	Banks	Savings Banks	Cooperative Banks
1962	111	83	NA	72.4	27.6	NA	89.5	10.5	NA
1965	129	86	NA	70.5	29.5	NA	85.9	14.1	NA
1970	114	87	NA	64.4	34.1	1.5	78.6	19.7	1.7
1975	114	88	NA	65.0	32.3	2.7	79.0	18.9	2.0
1980	125	80	NA	63.6	32.8	3.5	75.8	21.2	2.9
1985	139	79	146	56.4	38.9	4.7	70.0	26.5	3.5
1990	154	66	107	50.7	44.5	4.8	62.7	34.3	3.0
1995	170	51	97	44.6	49.5	5.9	57.7	38.3	4.1
2000	141	48	92	39.9	52.7	7.3	51.8	43.3	4.9

Source: Bank of Spain, *Boletín Estadístico del Banco de España*. Consejo Superior Bancario, *Boletín del CSB* and Asociación Española de la Banca, *Anuario Estadístico de la Banca en España*. Confederación Española de Cajas de Ahorro, *Anuario Estadístico*.

Table 5
Number of Credits entities in Italy (1960-2000)

	Banks*	Savings Banks	<i>Banche Popolari Cooperative</i>	Rural and Artisans' Banks	Total
1960	218	88	210	739	1 255
1965	210	97	210	767	1 284
1980	351	91	158	650	1 250
1985	273	89	140	701	1 203
1990	249	84	108	715	1 156
1995	256	77	98	622	976
2000	234	64	44	499	841

Source: Banca d'Italia, *Collana Storica* and *Bollettino Statistico*.

* Including foreign banks offices

Table 6
Composition of assets and liabilities in Italian banks by activity sector

	1980		1986		1996	
	All banks	Savings Banks	All banks	Savings Banks	All banks	Savings Banks
Loans						
Households	2.8	17.8	3.6	18.4	36.0	38.7
Government	9.5	11.6	8.0	6.7	5.0	6.6
Non-financial firms	85.2	68.4	81.6	69.6	48.3	45.3
Other	2.5	2.3	6.8	5.2	10.7	9.3
Liabilities						
Households	71.6	72.4	75.1	80.6	62.5	63.9
Government	7.7	10.3	3.8	4.2	2.9	3.0
Non-financial firms	19.4	15.2	19.3	13.7	9.2	7.3
Other	1.3	2.1	1.8	1.5	25.5	25.8

Source: C. Skena, 'I riflessi della despecializzazione normativa sulla struttura del bilancio delle casse di risparmio. Un'analisi su dati aggregati', in Locatelli (ed.), *Le Casse di risparmio tra localismo e despecializzazione* (Milan, 1998), pp.135-156.

Table 7
Establishment and Share of Deposits and Credits in France Banks (1980-2000)

	Number of banks				Share of deposits				Share of credits				
	Banks	Savings Banks	Cooperative Banks	Others	Total	Banks	Savings Banks	Cooperative Banks	Others	Banks	Savings Banks	Cooperative Banks	Others
1980	340	471	214	950	1 975	-	-	-	-	-	-	-	-
1984	349	468	195	989	2 001	-	-	-	-	-	-	-	-
1986	402	378	188	1186	2 154	49.9	17.4	27.9	4.8	50.7	3.9	20.8	24.6
1988	395	280	182	1193	2 050	48.0	21.8	28.0	2.2	47.2	4.0	19.8	29.0
1990	408	186	176	1211	1 981	48.5	19.1	30.7	1.7	48.5	4.1	21.2	26.3
1995	413	35	136	869	1 453	44.7	18.5	35.2	1.6	46.9	4.9	21.2	27.1
2000	360	-	157	591	1 108	49.1	-	49.0	1.9	54.2	-	30.2	15.6

Source: OECD, Banks profitability and O. Butzbach, *Varieties within capitalism? The modernisation of French and Italian savings banks, 1980-2000* (Brussels 2007), p. 230.

Table 8
Financial Rates in Credit Institutions, 1988 and 1999 (in percentage)

		France				Italy		Spain		
		Banks	Savings Banks	Cooperative Banks	Others	All Banking System	Savings Banks	Banks	Savings Banks	Cooperative Banks
Net interest income of balance sheet total (average total)	1988	2.0	1.2	2.6	1.7	3.4	-	4.1	4.4	4.9
	1999	0.5	1.4	1.4	1.3	2.3	2.5	1.8	2.7	3.4
Net interest and non-interest income of balance sheet total (average total)	1988	2.5	1.6	2.8	2.3	4.4	-	5.2	5.2	5.2
	1999	1.5	2.1	2.3	2.6	3.6	3.9	2.9	3.8	4.1
Net income before provisions of balance sheet total (average total)	1988	0.7	0.3	0.7	1.1	1.6	-	2.1	1.4	2.0
	1999	0.4	0.5	0.8	1.2	1.4	1.5	1.0	1.4	1.6
Income before tax of balance sheet total (average total)	1988	0.4	0.2	0.4	1.0	1.0	-	1.4	0.8	1.5
	1999	0.4	0.4	0.6	0.9	1.0	1.1	0.8	1.1	1.4
Income before tax of capital and reserves	1988	15.5	10.7	14.9	16.2	17.1	-	13.5	9.5	13.1
	1999	10.1	5.3	11.1	12.9	13.9	16.0	10.5	12.8	11.1
Operating expenses of balance sheet total (average total)	1988	1.8	1.3	2.2	1.2	2.8	-	3.1	3.9	3.1
	1999	1.1	1.6	1.5	1.5	2.2	2.5	1.9	2.3	2.5
Operating expenses of net interest and non-interest income	1988	73.0	79.2	76.0	53.2	63.0	-	59.0	74.2	61.2
	1999	70.6	77.7	65.7	55.5	60.7	63.0	64.4	61.8	60.8

Source: OECD, Income Statement and Balance Sheet, Banks Profitability. Bank of Italy, Collana Storica and Bolletino Statistico. Bank of Spain, Boletín Estadístico.