

11 DECEMBER 1911 LANDING IN LONDON



INTESA  SANPAOLO

OPENING OF THE LONDON BRANCH



Otto Joel, founder of
Banca Commerciale Italiana

Motives

In 1911 Banca Commerciale Italiana decided it needed to expand abroad and so opted to open a branch in London. The choice of London for the first international opening of the Bank addressed the need to have a presence in the "world's largest financial centre", in order to provide support and assistance to Italian importers and to gain access to the system of discounts of drafts. In fact London was the main European centre for financial and foreign exchange market, as well as for trade and raw materials. At the Board of Directors' meeting of the 30 March 1911, the Managing Director of Banca Commerciale Italiana, Otto Joel, proposed the establishment of main branch in the City in the following statement:

"The Managing Director Mr Joel [...] to the Board.

[Mr. Joel] explains the circumstances in which the Directors had decided to go ahead with the implementation of a project that had been under discussion for some time, namely the establishment of a branch of the Bank in London. There is ever more evident need for this, both for our increasingly important relationships with overseas countries and to enable us to provide more effective support to national importers of raw materials, whose operations are closely related to the world's major banking centre. This further expansion of our activities will bring us into new business streams, and together with the existing business handled across the vast network of our branches, leads naturally to the need to reinforce the means by which the Bank ensures its basis for continuing growth." [Minutes of the Board Meeting, 30 March 1911, vol. 3, page 48].

The first foreign branch of Banca Commerciale Italiana was opened in London on 11 December 1911, which incidentally was only a few months after Credito Italiano had opened its own London branch, on 18 September of that year.

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On 14 December 1911, following the inauguration, the Italian Treasury announced that it had chosen the London branch of Banca Commerciale Italiana as its correspondent on the London market, *"thus demonstrating a respect and deference that will certainly be well-recognised in London as well."* [Minutes of the Central Committee, 16 December 1911, vol. 5, pages 133–134]. The opening therefore achieved immediate success.

"Mr Joel says that the opening of our branch in London - on the 11th of this month - was greeted with expressions of sincere warmth in the official and financial circles of that metropolis so that, despite the less-than-favourable conditions of the moment, it can be said that the start of trading of our new branch occurs under happy auspices." [Minutes of the Central Committee, 16 December 1911, vol. 5, page 133].

What is the London bill draft?

The bank draft is one of the oldest credit instruments. It is issued in consideration of a commercial credit, accepted by a bank on behalf of exporters and importers. The discount of the draft allows the seller to collect the price of the shipped goods quickly, and allows the buyer to defer payment until the goods arrive.

The bill discounting is commercial and short-term by nature. In the London market – and later also in that of New York – Banca Commerciale Italiana achieved significant acceptance credit lines from foreign banks.

CHRONOLOGY

1 October 1911

Siegfried Bieber appointed manager of the future London Branch

11 December 1911

Inauguration of the Branch at 1, Old Broad Street

16 June 1914

First city agency opened in the West End at Waterloo Place (12, Regent Street)

27 February 1915

Enrico Consolo appointed manager

2 July 1920

Second city agency opened in Soho at 30, Old Compton Street

1921

Main branch moves to 30, Threadneedle Street

11 October 1928

Alessandro Joel appointed manager

12 July 1932

Giuseppe Zuccoli appointed manager

31 March 1934

Carlo Lovioz and Reginald Hibberd appointed managers

1935-1936

Closure of the Soho agency

10 June 1940

London branch closes due to Italy's entry into WWII

1 January 1947

Reginald Hibberd becomes head of Representative Office at 39, Cornhill

1 January 1971

Re-opening of the Branch at 42, Gresham Street

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The headquarters at 30, Threadneedle Street, interior and exterior view



Choosing the Location

Beniamino Gianzana was sent to London to choose the premises and to open negotiations for renting the new branch which he finalised on a 21-year lease with the Mutual Marine Insurance Co. at 1, Old Broad Street, one of the most central and busiest streets in the City. The branch remained there until 1921, when it moved to 30, Threadneedle Street.

"We can communicate that the Central Manager Mr Gianzana who went to London to set up our new branch, received a very warm welcome everywhere and was successful in securing very satisfactory premises on good terms, namely a 21-year lease in the heart of the City". [Minutes of the Board Meeting, 27 May 1911, vol. 3, page 64].

With the intention of playing an ever greater role in the London market, on 16 June 1914 the first city agency was opened in the West End, in Waterloo Place (12, Regent Street), shared with the Italian Ferrovie dello Stato (State Railways).

"The Management informs the Board of the arrangements agreed with the Management of the Ferrovie dello Stato for the establishment of a ticket sales office of Italian Railways in London. For this purpose it is in the process of taking premises in the West End (Waterloo Place), that can also act as a Bureau de Change and offer overseas services to foreigners." [Minutes of the Board Meeting, 27 February 1914, vol. 3, page 201].

The opening of the second city agency in Soho had to wait until July 1920, when the construction of a new building in 30, Old Compton Street was completed.

The foreign network drew BCI more and more into the realms of international diplomacy. During the First World War it was necessary to lay off German and Austrian employees, whereas the situation created by the Second World War was even more serious: following Italy's declaration of war the branch was closed and wound up in 1940, not to be reopened until 1 January 1971.

Beniamino Luigi Gianzana

Beniamino Luigi Gianzana, generally known as Mino, was born in Pieve del Cairo, in the province of Pavia, on 3 November 1866. After a banking apprenticeship at the German Bank J. Dreyfus & C., he was recruited on 1 December 1894 by Banca Commerciale Italiana as bank officer. On 10 August 1897, after three years in the Milan main branch where he became deputy manager, he was appointed joint manager of the new branch in Turin, becoming manager in 1903.

"To implement a progressive programme, designed in agreement with the President, to establish a local branch Management in Milan to function separately from Central Management", Gianzana was summoned back to Milan in 1907 to be Central Manager, with the task of "dedicating himself to the management of the current business of the Milan branch". [Minutes of the Central Committee Meeting, 7 October 1907, vol. 4, page 51].

In addition to supporting Giuseppe Toeplitz, head of the branches Control Department, in 1911 he was commissioned to undertake the ground work for the first foreign branch in London.

From his earliest years at BCI, Gianzana had been on the Board of Directors of various companies controlled by the Bank, including Italrayon and Châtillon. By the 1920s he had totalled 12 chairmanships and 40 board roles, mainly related to the transport sector, including aviation, as well as the commercial, textile and mining industries.

On 28 December 1928 he was appointed as a member of the Board of Directors to Banca Commerciale Italiana, a post he held until 25 March 1933. He was also the father-in-law of Carlo Feltrinelli, the leading Italian financier and member of the famous publishing dynasty who married his daughter Giannalisa.

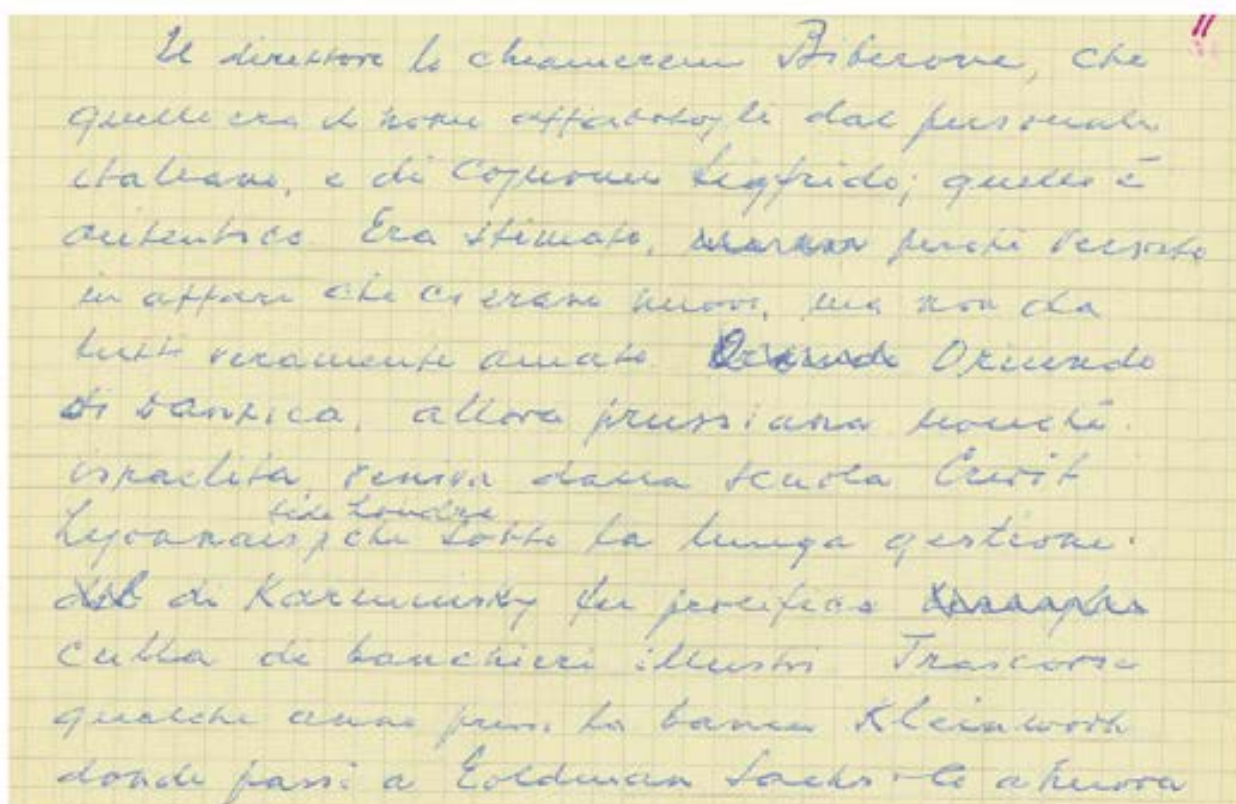


Beniamino Luigi Gianzana

SIEGFRIED BIEBER KNOWN AS "BIBERONE" The first manager of the London branch

Detail of the journal of Carlo Lovioz,
future manager of the branch

Siegfried Bieber was chosen by Otto Joel on the 1 October 1911 as manager of the London branch because of his excellent references and overseas experience at the Internationale Bank - Berlin; M. J. Emden in Hamburg; Crédit Lyonnais; the Direction of Disconto Gesellschaft in London; and Goldman Sachs & Co. of New York. Born on 21 August 1873 at Crersk, in Prussia, he had worked in Berlin, London and New York. On 30 September 1915, during the First World War, Bieber had to stop working at the BCI because he was a citizen of what had become an enemy country.



Il direttore lo chiamavano Biberone, che
quello era il nome affettuoso, lo dai personale
italiano, e di cognome Siegfido; quello è
autentico. Era stimato, ~~perché~~ perché venisse
in affari che ci erano nuovi, ma non da
lutti veramente amato. ~~Derivato~~ Derivato
di banca, allora prussiana prussiana.
ispanita, veniva dalla scuola Crédit
Lyonnais, ^{di Londra} che sotto la lunga gestione
del di Karmunsky per parecchi ~~anni~~
culla di banchieri illustri. Trascorse
qualche anno per la banca Kleinworth
dove passò a Goldman Sachs - e a nuovo

"Biberone" (big Bieber)

"We shall call the Manager by the nickname "Biberone" which the Italian staff had given him, and by his correct first name, Sigfrido. He was highly regarded because he was well-versed in a business that was new to us, but he wasn't liked by everyone. He was born in Danzig [now Gdansk in Poland], at the time Prussian and Jewish, and had joined from the London branch of *Crédit Lyonnais* which, under the Management of Karminsky, was reputed to be a "hot house" for successful bankers. He spent some years in Kleinworth Bank and then went to the banking and stock-broking house of *Goldman Sachs* in New York. It was said that he had been thinking of retiring when his fellow countryman *Otto Joel* persuaded him to work in London. Because of his substantial wealth he was constantly in touch with his Wall Street friends. At first he lived for many months at *The Savoy Hotel*, and later bought a large house with its own park in *Hampstead Heath*, spending summers in *Ostend* - which was then an internationally famous resort frequented by the haute international finance - as well as in *Merano*, the resort favoured by many great Viennese and German bankers. As I said, his Milanese friends could not have hoped for more. Personable and distinguished-looking, he sported a handle-bar moustache and had impeccable manners, which went as far as kissing ladies' hands, an unusual habit in Americans and Englishmen. He certainly knew his way around the foreign exchange and stock markets, where he was highly regarded by his colleagues in Vienna, the centre for arbitrage at the time, a supremacy obtained through prolonged contact with its shrewd Eastern neighbours. His advice was regularly sought and he was frequently consulted by bankers in Berlin, where his close friends were *Fürstenberg*, of the *Berliner Handelsgesellschaft* (famous as much for his sarcasm as for his abilities), the *Mendelsohn* partners, the *Warburgs* in Hamburg, and many managers of large financial institutions in the German capital and in Frankfurt, including the clever, but famously inelegant *Oppenheimer*, from the *Banque Internationale de Bruxelles* [...]

Biberone's contacts were indeed extensive. He won accounts and business from Tzarist Russian banks, with such picturesque names as *Volga-Kama* and *Azov-Don*; with less glamorous-sounding names, such as the *Internationale* of *St. Petersburg* and the *Bank of Moscow*; and with the famous commercial house of *Wissotzky* in Moscow [...].

Unfortunately, Biberone was short-tempered. He often shouted. This was not considered particularly unusual. Bank Managers often shouted. It was a way of affirming their authority. The problem was Biberone often shouted in German. [...]

The branch was essentially too small a business for Biberone. He had wide discretionary powers but it annoyed him to have any constraints at all. A bank that needs to work closely with its sister branches in its home country did not suit him. On one occasion there was a major scene because a small branch in Sicily queried the interest rate on a bill of exchange in respect of a cargo of lemons which it had wanted treated as a first-class bill. [Handwritten entry from the journal of Carlo Lovioz, pages 11-14, in Raffaele Mattioli Papers].

CLERKS' WAY OF LIFE



Counter and back office of the London branch

"Inside conditions were terrible. The offices were split over four floors and sandwiched between two insurance companies; one of these owned the building and had English staff who were anything but welcoming. The washbasins were shared. This may seem a small thing. But in those days it was important, as one got up to wash one's face and hands every two hours. There was constant toing and froing of people on the stairs, carrying soap, combs and hairbrushes wrapped in towels. Indeed, on one occasion there was a disagreement in the basement which gave rise to a brawl with a Sicilian who was a good worker but somewhat aggressive, and who as a consequence was later transferred to Brazil.

There wasn't enough furniture. Carpenters and electricians were everywhere and got in the way. There were no chairs, in the only meeting room even a table. During one of these early days a Roman noble woman came to cash a letter of credit, a service I was in charge of. When it came to signing the receipt I suggested she should use the wall to lean on. She didn't like the idea so she knelt down, laughing, and signed on the floor and she later complained to Rome that she had been treated disrespectfully. [...]

The offices were chaotic. The dealers were dreadful. It was not yet the practice to put them in a separate room with double doors. They shouted in German, French and English. The phone lines worked on and off between Paris and Frankfurt but nowhere else. Rather than shout, the Italians gesticulated. The English complained. Everyone was in a hurry. The first floor was crowded with foreign exchange, discount and stock exchange brokers, all wearing morning coats and top hats. The pandemonium was very picturesque.

The staff represented an interesting kaleidoscope of Europe. Along with the many English people randomly brought together - some not too bright, and often hired through personal connections rather than on merit - there were also thoroughbred bankers. Of the Italians, many were recruited as a favour to a Senator or some major client at home; there was also a good hard-working group of trainees under the Central Manager,

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Comelli, Head of Accounts and Human Resources. They also hired Swiss and Germans, with or without any London experience [...], Belgians, Viennese and Hungarians, often the offspring and protégés of well-known bankers. Hence there were a lot of petty rivalries. These illustrious foreigners were frequently invited to the Manager's house. We weren't invited as he didn't speak Italian and his French was poor. His guests were mostly English. " [Lovioz' Journal, pages 1- 4].



Offices and staff of the London branch.
Checking the accounts in the back office

THE "CENTRAL" HEAD OFFICE IN MILAN AND ITS STRATEGIES FOR COMMERCIAL DEVELOPMENT



Milan Head Office, Piazza della Scala, 6

While focusing on the main objective of the Bank, which remained "to provide a more effective support to national importers of raw materials" [Minutes of the Board of Directors, 30 March 1911, vol. 3, f. 48], in order to foster the full-scale launch of Banca Commerciale Italiana's branch in the strategic London market, the Head Office took a series of initiatives aimed particularly at increasing business.

Amongst these, the most important was certainly the instruction issued to all Italian branches to send their colleagues in London the names of any English companies that were not already customers of the Bank, but did business with Italian clients.

"We have no doubt that, from time to time, you will come across the names of English companies that do not bank with you but have clients in your region. We should be grateful if you would advise London of these companies, specifying in particular those whose transactions with Italy are processed by banker's draft or bills of exchange. We thank you for your consideration and would ask you to copy us on the lists you send to London". [BCI HO, circular, 15 June 1912, in the "Collection of Instructions" published in 1915, pages 532-533].

The opening of the first foreign branch also created the need for the bank to have a Head Office Department within the General Secretariat, responsible for managing the foreign branches: the "Ufficio Speciale Estero" was created to control and coordinate major "risk" investments abroad: London branch, Sudameris and Société Générale pour l'Afrique du Nord. Carlo Lovioz's journal provides an account of the feared inspections by the Central Head Office:

"The inspection by Reitler [Arturo Reitler, the Central Manager] resulted in the appointment of Leo Goldschmied as Deputy Manager, then a picturesque young man with curly hair that stuck out from his rakishly-set top hat and with an inevitable "Macedonia" cigarette hanging from his large, African lips. He was or claimed to be half Algerian, and therefore French. In

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fact he was from Trieste, therefore Austrian. He made an immediate impact despite having some problems in the first few days due to the different conventions for quoting exchange rates in London. He was methodical in his work, broadening the sphere of activities to include Italy, Switzerland, Spain and South America, and ensuring everything was in line with the policy of a commercial bank. Leo already nurtured grand career ambitions. He had no problems learning London's practices in other sectors, and would often pose questions and opinions of his own, interrupting Gollmer - who sat in front of him - while he talked with the Office Chiefs. [...]

His mood often swinging from somber to cheerful, he would flit from one topic to another, as if he had found the solution to each challenge. He also tended to express everything as if it were a foreign exchange equation. [...] The branch handled a profitable amount of foreign exchange transactions by telegraphic remittances. The margins were unbelievably wide. As far as Leo Goldschmied was concerned, a war was an opportunity for business that was not to be missed." [Lovicz' journal, pages 34 and 64].



Leo Goldschmied

Leo Goldschmied was born in Trieste on 20 July 1884. After working as a correspondent from 1 July 1901 in the Trieste branch of the Anglo-Österreichische Bank, he was hired by BCI in 1905 and assigned to the Stock Exchange Office of the Milan Main branch.

Posted as bank officer from 1909 to Banque Commerciale Tunisienne, in 1912 he was appointed deputy manager of the London branch.

He returned to Milan in 1915 and after the war he became the head of the Stock Exchange Office and Central Manager. He was an influential member of the Milan Stock Exchange Board, and in August 1925 resigned from BCI to found his own bank, Goldschmied & Co.

CARLO LOVIOZ AND HIS JOURNAL

Carlo Lovioz was born on 6 October 1887 in Bienne, Switzerland. After obtaining his High School Diploma in Humanities, he was hired on 22 March 1912 by the BCI London branch.

Having received a dispensation from military service, he was able to dedicate himself to banking, being appointed bank officer on 1 January 1916 and deputy manager on 28 February 1923.

His excellent knowledge of English, French and German and his talent for "propaganda" (promotional) activities were immediately recognised and valued by the managers of the London branch. He was also appreciated by Toeplitz who, during a visit, chose him as his collaborator, thus kick-starting his career.

Giuseppe Toeplitz, Managing
Director of Banca Commerciale
Italiana since 1917



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"Giuseppe [Toeplitz] was a prolific correspondent. He was closely involved in coordinating the new Montecatini, snatched from its Roman and Florentine owners by Donegani from Livorno who "overstretched himself". One after the other he tested the trust fund babies, many of whom had been recruited personally by him through connections. But they all failed. He finished up by entrusting the task to me and that started my career. I asked for a rise of £100. The Management were astonished, or pretended to be. Gollmer was instructed to make me see reason. It took a fortnight. They offered £20; we ended up with £60." [Lovioz' Journal, page 29]

From his annual evaluation report we learn more about Lovioz: *"Deputy Manager in charge of general propaganda and special secretariat work, he is very bright, reads a lot and applies himself to banking and social issues. He shows initiative and with time will certainly deserve advancement"*. [Enrico Consolo's conclusion, 21 November 1925, Personnel files].

On 7 March 1931 came his promotion to joint manager: he was given responsibility for "propaganda" and for the development of new business relationships, both in the UK and on the Continent. Appointed Knight of the Crown of Italy, on 26 October 1933 he also became Commander of the Crown of Italy and the following year a director of the Italian Hospital in London.

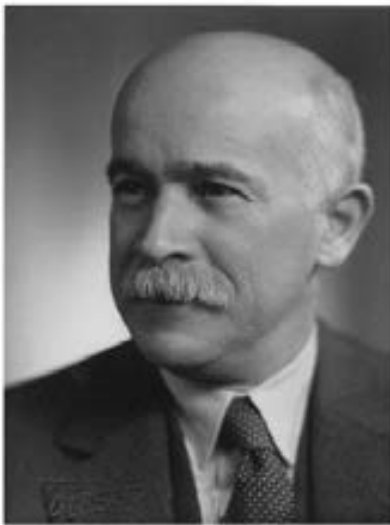
In 1933 he was appointed a member of the Board of Directors of the Italian Chamber of Commerce, of which he became President in 1935; on 31 March 1934 he was promoted to manager of the London branch, a position that he held until 10 July 1940 when, due to Italy's entry into the war, he was expelled from Great Britain and boarded a ship bound for Portugal, remaining employed by BCI.

After the war he was attached on the Central Head Office, which commissioned him to carry out various trips for promotional purposes to



Carlo Lovioz, 17 August 1926

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Carlo Lovioz in the 1940s,
when he wrote the journal

Right: Outbreak of hostilities in 1914 narrated by Lovioz. The extract closes with the words of the branch manager: "Chin up, an hour ago the German troops occupied Valenciennes"

Sweden, Denmark, Norway and Ireland and later he returned to the Representative Office in Rome. He died in Locarno on 29 May 1954.

The Journal

This journal, written around 1947-1948, provides inestimable evidence to help reconstruct the early years of life in the London branch. It was sent by Carlo Lovioz to Raffaele Mattioli, Managing Director of Banca Commerciale Italiana.

Not intended for publication, Lovioz' journal recalls the years between the founding of the branch and the First World War, providing valuable insight not only into the operation of the foreign system of BCI at the outset, but also a taste of London's atmosphere at the time and of the City's rumors in the imminence of war.

In a ring-bound notebook, the author brought together his memories of a young clerk's working life within the newly opened branch, providing a richly informative account of both the technical aspects of the Bank - such as the strategy for acquiring new clients and the management of foreign exchange - and the profiles of the greatest personalities of BCI, including Otto Joel, Giuseppe Toeplitz, Siegfried Bieber and Leo Goldschmied, as seen through the eyes of the Bank's staff.

The difficulty of making one's way in a foreign environment where Italians were scarcely considered, working in foreign languages and dealing with different nationalities and customs: these are the issues described in the journal tracing the creation of this first international team abroad. It was merit and hard work that allowed such a diverse team to function and succeed.

La banca, ad Old Broad Street, con tanti tedeschi
 ora pecunici e quasi altrettanto italiani per il momento
 neutrali, l'atmosfera era strana ed incerta. Fra
 inglesi ed italiani nasceva subito un senso di
 amichevole fiducia. Roma non aveva seguito
 automaticamente Berlino. Colloquio del "Casus
 foederis" aveva impedito l'automatismo della
 Triplice Alleanza che si lasciava comunque una
 libertà d'azione o di giudizio in casi di conflitto
 Colui Erau Protopus.

Dopo pochi giorni, gli impiegati tedeschi che
 per abitudine, per spirito di coscienza e
 per altre ragioni continuavano a lavorare, furono
 pregati di starsene in casa.

Distacco tenne un atteggiamento pieno di
 dignità. Era in continuo contatto con i suoi
 collaboratori presso le banche tedesche, per prima
 che la guerra scoppiasse. Allora si tornava
 fiduciosi che la diplomazia avrebbe evitato
 il peggio. A guerra dichiarata, riprese dal
 meglio la fiducia in una vittoria tedesca. Solo in una
 occasione, tornando da un ^{viaggio} ~~viaggio~~ con direttore della
 Deutsche Bank e broati Lichtenstatter e Ehlener
 con facce lunghe in colloquio sottovoce, si lasciava
 ad un gesto che voleva spazzare l'orizzonte e una
 esclamazione ad alto voce, udite in anti camera: Crappo,

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