The pitfalls of multinational banking: The case of Italian banks in Egypt before WWII

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ABSTRACT
The activity of Italian banks in Egypt represents an almost unexplored field of investigation in economic history. This article is the first to attempt to add to the Italian banking literature in this area. At the same time, it contributes to the multinational banking literature on the characteristics of banks belonging to multinational groups, which are subject to a ‘liability of foreignness’ due to differences between the home country and the host economy. The paper explains the short-lived success of Italian banks, which were able to occupy primary positions in the Egyptian banking sector thanks to an aggressive policy focussed on the cotton market. It then highlights the reasons for the subsequent problems these institutes faced, showing the difficulties of a latecomer and capital-poor country, such as Italy, in carrying out a catching-up process aimed at widening its influence over geographical areas considered strategic in terms of political and commercial penetration.

The activity of Italian banks in Egypt in the first half of the twentieth century represents an almost unexplored field of investigation in economic and banking historiography, which has hitherto favoured an approach (which we can define as ‘top-down’) considering the expansion abroad of the major Italian banks as a single aggregate, but leaving out the specificities of individual national cases (Di Quirico, 2008). Instead, a ‘bottom-up’ analysis allows the first type of approach to be integrated with another that highlights the strengths and weaknesses that Italian institutions showed in markets with their own characteristics and in which they operated on profoundly different bases. As Baster has already indicated concerning English institutions, banks abroad are not modelled on a single type but adapt to the needs of the host market (Baster, 1935).

This is the same distinction already highlighted by Geoffrey Jones in his seminal study on British multinational banking, in which the different methodological approaches were underlined, depending on whether one prefers to treat multinational banks as components of the domestic financial system or according to the functions they have in various foreign markets (Jones, 1993, p. 1). This article intends to lay the foundations for a study capable of combining both perspectives, thus enriching our knowledge of multinational banking and providing evidence for Italian multinational banks, which have attracted far less attention than their British, French and German counterparts. It tries to answer two basic questions:

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on the one hand, how the requests and priorities expressed by the Italian economic and political world influenced the evolutionary dynamics of Italian institutions in the foreign country; on the other hand, how the pressures coming, on the contrary, from the local environment forced these banks to adapt their strategies to the contingent needs.

This article is, therefore, the first attempt to add to the Italian banking literature in this area, providing evidence from a single country that was particularly important for its position in the Middle Eastern geopolitical framework and which allows in-depth analysis of the typical fragility of economic institutions belonging to latecomer countries. At the same time and more generally, it contributes to the multinational banking literature on the characteristics and criticalities of banks belonging to multinational groups, which are subject to a ‘liability of foreignness’ due to political, geographical, economic and cultural differences between the home country and the host economy. These differences, to the extent that they translate into a higher risk, are also the basis of the so-called Lucas paradox, i.e. limited capital flows from developed to developing countries (Lucas, 1990). For example, the presence of a strong Egyptian nationalist movement probably conditioned some choices of the Italian banks, e.g., their attempt to penetrate the local society, expanding their customers beyond the large community of Italians residing in Egypt. Besides, how were Italian banks positioned within a market characterised by the presence of numerous foreign banks? Indeed, this was a typical feature of the Egyptian market, which differentiated it from other ‘colonial’ areas – where competition in this area was much less marked – and consequently increased its degree of risk (Crossley & Blandford, 1975, p. 72).

This notwithstanding, Italian diplomacy considered Egypt a core country in which to implement a policy of penetration into the Middle East in open competition with British and French interests and other second-level powers. Therefore, Egypt offers a clear example of the ‘inter-core competition’ that certain studies on imperialism have already put at the centre of their analyses. In fact, despite British political influence, the numerous institutions of different nationalities operating in the country gave rise to a banking competition that has only been studied to a small extent and which this article intends to begin to investigate from the point of view of Italian banks.

In this perspective, the usual follow-the-client interpretation of multinational banking does not seem able to fully explain the reasons behind the Italian expansion in Egypt, and the two major drivers that led banks to establish abroad during the pre-1914 age (First Globalisation) – i.e. long-term capital exports and international trade – do not prove to be completely satisfactory in this specific case. Similarly, location-specific advantages – which, according to another theoretical block of the so-called eclectic theory of multinational banking, would provide an incentive for establishing foreign subsidiaries – should be interpreted not only in economic but also political terms. Economic and political competition among European powers in the Middle East may also explain the internalisation advantage of multinational banking against market solutions (i.e. relying on correspondent institutions), which were very difficult to reach for Italian agents in this framework (Battilossi, 2006; Casson, 1990; Williams, 1997).

Italian banks in Egypt appear as ‘twin’ institutions, both in terms of their assets and type of activity. They were left behind compared to the better-established British and French banks but were able to occupy positions of particular importance in the Egyptian banking context despite their relatively modest capital size. This occurred above all in the field of
financing cotton production, as I will demonstrate by reconstructing the historical series (1923–1939) of the quantities of cotton that reached the Alexandria Stock Exchange on behalf of the major banks operating in Egypt. It emerges that the very top position was occupied by Italian institutes.

We will therefore try to understand the reasons for the subsequent problems faced by these institutions – despite the support provided by their headquarters in Italy and the presence of a large colony of compatriots, second only to the Greek community – showing the difficulties a latecomer and capital-poor country, such as Italy, faced in carrying out a catching-up process aimed at widening its influence over geographical areas considered strategic in terms of political and commercial penetration. The collapse of the international cotton price caused by the Great Depression, the Egyptian government’s measures aimed at alleviating mortgage debts on land ownership, growing international competition and mounting protectionism, and the climate of mistrust and fear of a conflict between Italy and Great Britain in the aftermath of the Ethiopian campaign (October 1935–May 1936) were all contributing factors that irreversibly weakened the position of Italian banks in Egypt. However, they tried to respond differently to the changed scenario.

After addressing the origins of Italian banking in Egypt, the article divides events into two phases: the first concerns the rise of Italian institutions in the 1920s; the second analyses the reasons for their weakening and partial reorganisation during the 1930s, highlighting the different strategies adopted by two banks. The study is based on extensive research conducted in both banking and political–diplomatic Italian archives, and in particular on the funds of UniCredit and Intesa Sanpaolo, records of which are preserved in their historical archives and which represent largely unexplored material. These sources are then cross-referenced with documentation from the British Foreign Office.

This is the first approach to a historiographical issue that can also open new research in other geographical areas where Italian banking expanded in the first half of the twentieth century, such as eastern Europe and the Balkans. This should provide particularly important results, even if they cannot always be considered successful experiences. It will make it possible to grasp common trends attributable to the general characteristics of the various national banking systems, and also specific dynamics of the individual territories. Finally, it could provide empirical evidence of national patterns in banking internationalisation, comparing the Italian experience with those of other core countries.

The first ‘Italian’ bank in Egypt emanated from the local community of expatriates long established in the country. The Cassa di Sconto e di Risparmio was established in Alexandria in 1887, five years after the occupation of Egypt by British troops. It was a small institution that soon expanded its business thanks to a favourable economic situation made possible by the stabilisation of Egyptian finances and the increase in international cotton prices, the most important ‘money crop’ and Egypt’s main export (Daly, 1998, pp. 239–51; Tignor, 2015, p. 232; Thobie, 1991, p. 428).

The bank essentially dealt with the Italian colony, which was made up of small traders, entrepreneurs and workers. Therefore, it occupied a niche position compared to other banks active in Egypt, particularly British and French ones. However, the 1907 crisis marked an economic reversal, ending a season of strong foreign investment in Egypt (Rahimlou, 1988,
The years preceding the 1907 collapse were ones of great economic and financial euphoria, with a strong increase in the number of private companies. It was in this climate of general optimism that the entry of the first Italian bank in Egypt took place, with the Banco di Roma opening a direct branch in Alexandria in 1905 and then expanding into Cairo (in 1908 taking over the closed Egyptian agencies of the Bank of Thessaloniki), Port Said and the main centres in the interior (Banco di Roma, 1942, pp. 205–211).

The first decade of the century marked the first international projection of Italian banks, which also involved Egypt in view of a penetration into the eastern Mediterranean. The Banco di Roma did not hesitate with the prospect of rapid expansion in the Mediterranean, from Egypt to Malta and from Libya to Syria and Palestine (De Rosa, 1983). Both political and economic interests were behind this decision.

The unscrupulous policy of the Banco di Roma in Egypt, which aimed to acquire customers among not only Italians but also the indigenous population and promoted various commercial and industrial initiatives, can only be understood through the intensified competition that was manifesting itself among the European powers. This shows how the theoretical approach to multinational banking based on location-specific advantages must be interpreted not only in economic–institutional terms but also in political terms. The opening in Egypt of a subsidiary of the Deutsche Orient Bank (1906) demonstrated the growing interest of European financial institutions and the intensification of imperialist competition between Germany and Great Britain in the years preceding the outbreak of the First World War (Davis, 1983, pp. 70–1). In addition, Italian ambitions for a more prestigious role in the Mediterranean area would soon result in the occupation of Libya (1911).

Against this backdrop, on numerous occasions before the Great War and continuing until the early post-war years, as is widely proven in the literature and by further archival evidence, the British diplomatic authorities accused the Banco di Roma of conspiring against the interests of England in the Middle East, inter alia by fomenting the nascent Egyptian nationalist movement and its aspirations for independence (Cassar, 2016, pp. 196–7; De Rosa, 1983, pp. 68–9, 247–53).

This created a general diffidence towards the Banco di Roma, the activity of which, however, was compromised above all by an over-risky operational strategy, which eventually led to a restructuring of the banking organisation in Egypt. Especially during the war, the Banco extended its activity to the commercial and industrial fields, outside the purely banking and financing work connected to cotton production. This was driven both by expectations of rapid growth at the end of the conflict and strong international competition. The Banco's branches in Egypt, therefore, had to operate as a universal bank in all respects. It expected its industrial interests to allow it to grab further banking work and to bind customers to itself more firmly.

In particular, in November 1917, the director of the Egyptian office, Riccardo Interdonato, sent a large investment project to the steering committee in Rome, intending to create a holding company which would control a group of shareholdings consisting of an import and export company, a general warehouse company, a river transport company, a shipping company and a cotton export company. This was too large a project for an Italian business operating in a country controlled by a politically allied power but at the same time a rival for economic dominance in the eastern Mediterranean. To make the project even riskier was
the absolute impossibility of effectively controlling the activity of the Egyptian office, which, also due to the communication problems connected to the conflict, had been determined independently by Interdonato himself, not without some misunderstanding with the top management in Rome. From a governance point of view, the issue was crucial, since the Banco’s situation in Egypt was based solely on Interdonato’s communications, which would soon prove excessively optimistic.

The failure of this project highlighted the heavy losses accumulated and the need for an overall reorganisation of the institution in Egypt through the creation of a subsidiary controlled by the Banco. Economic reasons were at the base of this decision, i.e. a need to reduce the bad credits accumulated over the years, transferring to the new body only the most liquid assets and gradually giving up the others. Nonetheless, there were also purely political incentives, given the rise in those years of the nationalist movement (in 1922 Great Britain formally recognised Egyptian independence, albeit with substantial limitations) and fears of a possible abolition of capitulations, i.e. legal and economic privileges granted to foreigners dating back to the period in which Egypt was under Ottoman domination.

Among the foreign commercial banks, the Banco del Levante, Fondazione del Banco di Roma was founded, and its name was changed – at the request of the Italian Foreign Minister – to Banco di Roma per l’Egitto e il Levante (April 1922) in order to make the institute’s Italian character more recognisable (De Rosa, 1983, pp. 271–5).

Two fundamental principles were to guide the action of the new body and mark a discontinuity compared to the previous years. First, the prudence of loans was underlined, a criterion that in the past had not been respected, given the number of bad credits the Banco di Roma had accumulated in Egypt. In particular, it was reiterated that for the future the institute’s actions would be confined to purely banking operations, thus limiting the industrial investments that had been deemed necessary in the past to promote the development of the Banco in the whole Middle East starting from Egypt, and to counter growing international competition.

Second, this policy should have allowed the new institute to collect sterling reserves to be partially placed at the disposal of the Banco di Roma – in a rising percentage as deposits increased – to hedge against the foreign exchange risk of the capital invested in Egypt. In fact, from the end of 1920, Banco di Roma underwent several losses in foreign exchange transactions, which made clear the risks of strong market volatility such as in the early post-war years, when the lira significantly depreciated against the main foreign currencies. The funds raised in Egypt, therefore, had to be only partially reinvested in the country, while the remainder were to increase the exchange reserves of the Banco di Roma.

Since the very beginning, the new institute took advantage of a favourable situation in the cotton market. However, new problems soon occurred as a consequence of a Banco di Roma crisis in Italy. Its bankruptcy was averted only thanks to state intervention. There were even rumours of a possible merger between it and the Banca Nazionale di Credito (Bnc), an institution which had taken over the bankruptcy of another major national bank, i.e. the Banca Italiana di Sconto. The operation was not accomplished, but in February 1924 under pressure from the Italian government a collaboration agreement between the two
banks was signed instead. This consisted in a rationalisation of their branches in Italy and abroad to avoid duplication, and a commitment for each to involve the other in new business.

It was against this backdrop that Banco di Roma took the opportunity to dilute its stake in the Egyptian affiliation. The most immediate solution was to divide the burden with the other two major Italian banks, the Banca Commerciale Italiana (Comit) and Credito Italiano (Credit), by reserving a stake for the Bnc. However, the negotiations with Comit proved to be very complex due to the latter’s attempting to impose its control on the nascent institution. An agreement was finally reached in 1924 between Banco di Roma, Bnc and Credit reserving the latter a 40 per cent stake and 30 per cent each for the other two institutions. The new bank was named Banco Italo-Egiziano (Italegi) (De Rosa, 1983, pp. 422–8).

Comit, for its part, finally decided to establish a subsidiary of its own under the name Banca Commerciale Italiana per l’Egitto (Comitegit) (Figure 1). Comit had initially thought of relying on Deutsche Orient Bank as a correspondent bank, but it is likely that the inconvenience of joining an institution that continued to be disliked by the British authorities finally resulted in it following the path of internalisation by creating its own affiliate, which would be more easily controllable. The bank, which began operating in the same year as Italegi, was born with the political support of King Fuad, who in fact controlled 5 per cent of the share capital. He also proposed that Yehia Ibrahim, a former president of the Egyptian Council of ministers, to be appointed as a board member of Comitegit (Petricioli, 2007, pp. 139–40). The king’s support thus demonstrated an Italian attempt to counterbalance the distrust with which British diplomacy continued to look at Italian initiatives as a legacy of the Banco di Roma, and it supposedly made easier the rooting of the two Italian banks within the Egyptian business community during the 1920s. In other words, this strategy aimed to overcome the typical problem of liability of foreignness that multinational companies have to face in foreign markets.

II

Despite the presence of numerous banks of different nationalities and the wary attitude of the British diplomatic authorities, in the 1920s the two Italian banks managed to win a

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**Figure 1.** The ownership structure of Italian banks in Egypt (1924). *In 1930, Credito Italiano absorbed the Banca Nazionale di Credito. Thereafter, the shareholders of Italegi were Banco di Roma (50%) and Credito Italiano (50%). **Comitegit was an affiliation of the Banca Commerciale Italiana, even if we do not know the exact share this bank held in 1924. However, we do know that in 1933 the Banca Commerciale Italiana held 85.6%, the Administration of the Holy See-Vatican 8% and the Administration des biens privés royaux-King of Egypt 5%. Source: ASBI, Banca d’Italia, Direttorio – Azzolini, pratt., n. 82, fasc. 1.
prominent place in the Egyptian banking market and to collect a quantity of deposits that, although not comparable to that of the main institutions, allowed an appropriate base of operations (Table 1). To put these data in context, consider for example that in 1928 the largest banking institution in the country, the National Bank of Egypt, collected 16 million British pounds including deposits and current accounts (corresponding to an almost equivalent value in Egyptian pounds – Legs), while overall Italegi and the Cassa di Sconto e di risparmio had deposits of slightly more than four million Legs. Even compared to the Egyptian branches of large British and French banks such as Barclays DCO and Crédit Lyonnais, the differences were most likely strong, although it is not easy to derive exact data about their deposits since they were branches and not separate companies. But apart from these cases, the differences were much less marked compared to other foreign commercial banks and the Italian institutions were in the market average for capital invested and deposits raised.

What were the reasons for this relative development? Both Italian banks in Egypt mainly focussed on financing cotton production, an activity which most commercial banks were engaged in. This choice was probably dictated by the reduced margins of activity still free in other sectors of the Egyptian economy, such as public works – which were the prerogative of English, French and Belgian capital – and the industrial sector, the development of which was, however, still very limited. On the other hand, the demand for supplies for the Italian cotton industry (in the second half of the 1920s, raw cotton accounted for 10.3 per cent of Italian total imports. See Federico et al., 2011, pp. 19–21) and the centrality of this commodity in the Egyptian economy (in 1930–31, cotton represented 72 per cent of Egyptian exports) foreshadowed some positive developments in the years to come. From this point of view, one of the major drivers that led banks to establish abroad during the pre-1914 age, i.e. international trade, is confirmed, which however does not fully explain the reasons for the

| Year | Italegi* | Comitegit |
|------|----------|-----------|
| 1922 | 1,872,534 | –         |
| 1923 | 2,110,171 | –         |
| 1924 | 2,268,109 | –         |
| 1925 | 1,913,909 | 850,043   |
| 1926 | 1,635,194 | 1,102,198 |
| 1927 | 1,739,564 | 1,491,861 |
| 1928 | 1,853,391 | 1,704,402 |
| 1929 | 1,909,419 | 2,039,772 |
| 1930 | 1,886,205 | 1,988,369 |
| 1931 | 1,739,198 | 1,820,389 |
| 1932 | 2,088,765 | 2,012,067 |
| 1933 | **2,502,616 | 1,851,117 |
| 1934 | 2,388,885 | 2,095,037 |
| 1935 | 1,013,794 | 1,006,826 |
| 1936 | 1,435,506 | 1,546,273 |
| 1937 | 1,652,144 | 1,907,637 |
| 1938 | 1,412,420 | 1,937,037 |
| 1939 | ***549,000 | 1,046,037 |

*1922 and 1923: Banco di Roma per l’Egitto e il Levante. **In 1933 Italegi absorbed the Cassa di Sconto e di Risparmio. ***Value derived from ‘Notes on monthly situations’ (the 1939 financial statements could not be approved due to the outbreak of the war). Source: ASU, Banco di Roma, Ufficio partecipazioni, Banco di Roma per l’Egitto e il Levante, fasc. 1; Ivì, Credito italiano, Direzione centrale Affari finanziari. Partecipazioni bancarie. Banco Italo-Egiziano, fasc. 108; Ivì, Banco di Roma, Ufficio partecipazioni, Banco Italo-Egiziano, fasc. 14, b. 8; ASI, SE, s, cart. 40, fasc. 2; Ivì, US, b, cart. 6.
Italian presence in the market since the sector also allowed entering into relations with the most influential elements in society, namely rich landed property.

Banking activity in cotton financing was carried out through two distinct kinds of operations, depending on whether the advances were directly provided to farmers or to traders.\textsuperscript{24} In the first case, during the first few months of the year, the bank gave the grower a credit to cover cultivation costs against a promissory note. The farmer undertook to deliver the cotton collected for sale on commission. For this kind of operation, the bank used its network of branches and cotton agencies scattered throughout the country.

The most important business category, however, was that involving traders. Some months before the harvest, they were granted a seasonal credit. At the time of the harvest, a credit guaranteed by cotton was granted with a margin of 20–30 per cent, which was reduced to 10 per cent if the goods were covered by forward sales contracts. With the seasonal credit, merchants secured the goods by anticipating funds to farmers through bills of exchange with or without mortgage registration. After receiving the cotton, they sent it to Minet el Bassal, the Alexandria cotton exchange, where it was deposited in banks’ warehouses and sold on the market.\textsuperscript{25}

Tables 2 and 3, which show the cotton arrivals at Minet el Bassal on behalf of the ten major banks active in the sector, demonstrate the primary role played by Italian institutions as far as seasonal credit is concerned. If we consider the cotton financed by the Cassa di Sconto e di Risparmio and by Italegi as an aggregate value, in consideration of the fact that the latter owned the majority stake in the former, it appears that throughout the 1920s this group controlled the greatest share of cotton stored in the Alexandria cotton exchange on behalf of banks. Comitegit was at the top of the ranking, which is particularly significant in relation to its recent date of foundation, unlike Italegi which had instead inherited offices and customers from the Banco di Roma and which could count on the support of a bank that had been active in the market for several decades, i.e. the Cassa. Although the figures shown in Table 2 represented only a part (probably

### Table 2. Overview of cotton arrivals at the Alexandria cotton exchange (thousands of bales).

| Cotton season | National Bank of Egypt | Comitegit | Banque Miser | Italegi | Cassa di Sconto e di Risparmio | Ionian Bank | Barclays DCo\textsuperscript{a} | Comptoir National d’Escompte | Banque d’Orient | Commercial Bank of Egypt |
|---------------|------------------------|-----------|--------------|---------|-------------------------------|-------------|-------------------------------|---------------------------|----------------|------------------------|
| 1923–24       | 60                     | –         | 22           | 37      | 33                            | 69          | 57                            | –                         | 53             | –                      |
| 1924–25       | 79                     | 14        | 39           | 58      | 38                            | 58          | 55                            | –                         | 40             | –                      |
| 1925–26       | 61                     | 50        | 67           | 77      | 48                            | 41          | 45                            | –                         | 47             | –                      |
| 1926–27       | 73                     | 50        | 118          | 73      | 46                            | 55          | 43                            | –                         | 52             | –                      |
| 1927–28       | 87                     | 34        | 77           | 54      | 34                            | 38          | 26                            | –                         | 38             | –                      |
| 1928–29       | 106                    | 58        | 95           | 83      | 41                            | 51          | 39                            | 17                        | 55             | 19                     |
| 1929–30       | 82                     | 70        | 88           | 77      | 54                            | 58          | 49                            | 19                        | 53             | 19                     |
| 1930–31       | 122                    | 84        | 104          | 69      | 39                            | 45          | 44                            | 20                        | 45             | 13                     |
| 1931–32       | 89                     | 68        | 80           | 55      | 42                            | 54          | 37                            | 15                        | 52             | 6                      |
| 1932–33       | 70                     | 58        | 51           | 50      | 37                            | 44          | 39                            | 10                        | 6              | 6                      |

| Cotton season | Banque Ottomane | Banque Nationale de Grèce |
|---------------|-----------------|---------------------------|
| 1933–34       | 103             | 50                        |
| 1934–35       | 62              | 29                        |
| 1935–36       | 101             | 2                         |
| 1936–37       | 95              | 2                         |
| 1937–38       | 126             | 2                         |
| 1938–39       | 136             | 3                         |

\textsuperscript{a}In 1925, the Anglo-Egyptian Bank merged into Barclays DCo.

Source: ASBI, Carte Baffi, Servizio studi, pratt., n. 18, fasc. 5.
about half, see Table 4) of the Egyptian cotton exported, the strong position occupied by Italian institutions compared to the main banks operating in Egypt is evident, at least until the early 1930s, especially when compared with the relative weight of Italy as an importing country of this commodity.

This strategy allowed Italian banks to prosper in the 1920s thanks to a tendentially favourable trend in cotton prices. However, it turned out to be their main source of immobilisation once the Great Depression broke out in the early 1930s and the cotton market went into crisis, demonstrating the close dependence of these banks on the performance of this commodity on international markets.

### III

The direct consequences of the crisis on the solidity of Italian banks were soon evident. Indeed, precisely cotton-exporting countries such as Egypt were among the most affected...
by the crisis, both because this product was the most valuable agricultural commodity in international trade and because demand for it was relatively elastic.\textsuperscript{27} Egyptian exports collapsed by 60–65 per cent in value between 1928–29 and 1932–33, while in August 1931 the price of cotton in Liverpool was a third of that in August 1929 (Tignor, 2017, p. 113). In that same year, the Alexandria cotton exchange suffered a collapse with the news of an increase in the American harvest. By 1933, Egyptian cotton prices had even fallen to a sixth of 1929 prices, which implied – \textit{ceteris paribus} – a reduction in bank turnover.\textsuperscript{28}

Consequently, in the early 1930s the Egyptian government was forced to intervene. On the one hand, it bought domestic cotton at a price higher than the world price in a vain attempt to support its quotations; on the other, it introduced measures to alleviate the debt position of farmers, which became difficult to sustain after the fall in prices. The establishment in 1930 of Crédit Agricole to provide credit to small farmers, on a public initiative but with the participation of the main banks, and law no. 7 of 1933, which reduced the interest rate and extended the duration of mortgage loans, testified to the seriousness of the crisis (Tignor, 2017, pp. 114–123). The measures adopted by the Egyptian government tended to support debtors at the expense of creditors, thus affecting the interests of banks with European capital, showing the increasing difficulties foreign companies had to face to operate in the Egyptian context characterised by marked nationalism (Petricioli, 2007, p. 160).\textsuperscript{29} This evidence further confirms the relevance of the ‘liability of foreignness’ argument and substantiates the effect of the socio-political framework on multinational banking, which seems particularly true in underdeveloped countries.

This policy aimed to stop the expropriation of land by the banks, which were now immobilised by the number of mortgage loans granted in the previous decade. It can be assumed that this was true not only for the land mortgage companies, such as Crédit Foncier Égyptien (controlled by French capital), but also for the commercial banks most exposed in the cotton market. It seems that this mainly affected Comitegit (the archival sources are less explicit regarding Italegi). In fact, due to the fall in cotton prices, the banks that financed the cotton campaign had their profit margins cancelled out and many credits granted in the past were no longer sufficiently guaranteed. As a result, no longer being able to recover part of these funds, Comitegit sought to transform the credits previously granted into covered loans and to obtain guarantees against the amounts remaining uncovered after the sale of cotton. Since most of the assets owned by farmers and cotton merchants consisted of land, Comitegit was therefore needing to constitute a kind of mortgage branch.\textsuperscript{30} Italegi also generally managed to cover itself with mortgage guarantees.\textsuperscript{31} In this way, however, some of the cotton credits were transformed into mortgage procedures, ‘that is, into the longest, most quarrelsome, random procedures in which a foreign bank could be involved’.\textsuperscript{32}

Therefore, it was precisely the inversion of the economic situation in the cotton sector, together with the legislative provisions that slowed the recovery of mortgage loans, that undermined the solidity of the two Italian institutions, which from that moment entered a phase of reorganisation and progressive narrowing of their business. By the eve of the war, the two banks had closed the whole structure of cotton agencies to just focus on the cities of Alexandria, Cairo and Port Said. The way in which this identical result was achieved, however, differed substantially and brought to light a diversity of views and strategies.

From this perspective, Comitegit was in a particularly heavy position, having been forced to cover itself with many mortgages.\textsuperscript{33} In 1933, four-fifths of its non-current receivables were
of a mortgage nature and the possibility of disinvesting credits depended not only on the cotton harvest but also on a possible recovery in land and property prices. On 1 July 1934, with a paid-up capital of 500,000 Legs, there were bad loans of 1.1 million Legs. Of these, only 353,000 Legs were attributable to the Alexandria and Cairo offices, while the remaining 68 per cent was caused by the internal agencies directly involved in financing the cotton campaign (Table 5).

The most immediate cause of the growing difficulty in cotton financing was a declining trend in market prices, but there were also two reasons of a structural nature. The first was attributable to the poor quality of the clientele which Comitegit, a newly established bank, had acquired because the best names had already been captured by the major institutions. The spread of the crisis in the early 1930s highlighted the risks of a clientele that had not been very solid since before the economic depression. The second reason was instead linked to changes that occurred in the organisation of the national cotton market, which had the effect of narrowing the room for manoeuvre of the commercial banks: the creation of Crédit Agricole, the growth of Banque Misr (a purely Egyptian bank established in 1920 (Deeb, 1976, pp. 69–86; Tignor, 1977, pp. 161–81) and the traders’ tendency to finance farmers, thus circumventing the intermediation of the credit institutions, were all factors that led to an environment increasingly less profitable for banking.

Archival evidence confirms similar difficulties for Italegi, but it was at this point that the strategic choices of the two institutions began to sharply diverge after years of operating in a very similar way. Faced with a gradual loss of its capital (sources estimate a loss of four-fifths of the paid-up capital), Comitegit started a recovery plan which through a progressive reduction of the cotton work until the complete closure of all the agencies in the interior in 1936 (Tables 2 and 3) allowed most of the bad credits to be reabsorbed, from 1.1 million Legs in June 1934 to 274,000 in December 1937. Close correspondence between the director of the Egyptian subsidiary, Francesco Pomi, and the Comit’s CEO, Raffaele Mattioli, seems to demonstrate tight control being exercised by Italy over the strategy followed in Egypt, in particular regarding the need to abandon internal agencies. Comitegit was not the only bank to take this decision, having been preceded by other foreign competitors such as Lloyds Bank, Deutsche Orient Bank and Banque Belge et Internationale en Egypt.

Italegi, for its part, persevered in cotton financing until 1939, and only the outbreak of the Second World War convinced its director, Enrico Biagi, to limit the activity to the Alexandria, Cairo and Port Said offices, but always in the hope of being able to reconstitute the organisation in the interior once a normal situation returned. Therefore, reductions in

| Table 5. Comitegit bad credits as of 1 July 1934, broken down by branch. |
|-----------------|-------------|-------------|
| Branch          | Number  | Amount (Leg) |
| Alexandria      | 30       | 276,852     |
| Cairo           | 21       | 76,388      |
| Damanhour       | 189      | 380,964     |
| Mansourah       | 63       | 79,365      |
| Mehalla Kebir   | 20       | 23,217      |
| Tantah          | 24       | 28,946      |
| Zagazig         | 41       | 21,505      |
| Minieh          | 84       | 183,033     |
| Sohag           | 72       | 26,728      |
| **Total**       | **544**  | **1,096,998** |

Source: ASI, Bci, Segreteria Estero (SE), cart. 46.
overheads were necessary because of bad credits that remained at high levels. In fact, between 1934 and 1936 these were around 650,000 Legs, higher than the paid-up capital of 500,000 Legs, and again in 1939 non-performing loans amounted to 450,000 Legs.\textsuperscript{40} In 1937, the bad credits accumulated by internal agencies (therefore, directly related to cotton operations) still represented almost 60 per cent of the total.\textsuperscript{41}

Study of the correspondence between Biagi and the board of directors in Italy makes it clear that the choice to persist in cotton financing was linked not so much to a perception of a prompt recovery of the market but rather to an absence of real banking alternatives in other sectors – which offered little work in a context of general crisis and where banking competition was stronger – and even more to a reluctance to close a network of agencies which were distributed between upper and lower Egypt, putting the bank in contact with a clientele composed of merchants and landowners.\textsuperscript{42} Biagi, who had led the bank since the end of 1929, had always supported the opportuneness and convenience of keeping the cotton business alive, repeatedly showing a certain impatience with directives from Italy. He showed much strength of character and a tendency to operate independently – very different character traits compared to Pomi, who was more ‘disciplined’ in the face of Comit’s directives.\textsuperscript{43} In the case of Italegi, therefore, the governance difficulties appear particularly serious, probably contributing to explaining the different behaviour of the two Italian institutions.

Perhaps also for this reason, the managing director of Banco di Roma, Giuseppe Veroi, in 1937 proposed to Credit – however without success – a review of the agreements of 1924 which had assigned the latter the effective management of Italegi. Veroi considered Biagi – a former Credit official – the main culprit for the difficulties of the Egyptian subsidiary and this would explain the request for more balanced management between the two shareholders, not least through a three/five-year rotation of Italegi’s director, which Credit and Banco di Roma would alternatively provide.\textsuperscript{44}

Indeed, Biagi did not consider that the growing political and financial isolation to which Italy was subjected after the invasion of Ethiopia would cause much trouble to the Italian banking apparatus abroad, especially in a central country such as Egypt which would be immediately involved in the eventuality of the battlefront widening and of an Anglo-Italian war.

The difficulty in finding resources to continue the financing of cotton production was one of the main reasons for Italegi’s position in this field becoming ever more marginal, to the benefit of British banks (Barclays (DCO) and the Ionian Bank) and banks under British control (the National Bank of Egypt), which ended up almost monopolising this activity (\textit{Tables 2 and 3}). The definitive loss of influence in the cotton financing sector ultimately deprived the Italian banks of the only field of activity in which they had previously managed to impose a strong presence at the expense of the competition.

\textbf{IV}

The intrinsic fragility of the Italian banking experience in Egypt can be summarised in two types of reasons. The first is external to the country and is attributable to the instability of the Italian financial system, the crisis of which in the 1930s deprived the Egyptian subsidiaries of the necessary support from the controlling institutions. Comit, Credit and Banco di Roma were large universal banks and they had gone into crisis at the outbreak of the Great Depression, thus being unable to supply the Egyptian affiliates with liquidity beyond what was strictly
necessary for the financing of the cotton campaign or to overcome temporary withdrawals of deposits. This also reflected what was happening at the same time, e.g., to the Comit affiliates in east-central Europe, and provides historical evidence of the contribution by internal capital markets in multinational banking to the transmission of financial shocks from parent banks to foreign subsidiaries (Jeon et al., 2013; Stanciu, 2000, pp. 63–64). The Italian experience following the invasion of Ethiopia (October 1935–May 1936) is particularly revealing as it marked a turning point in the relationship between the Italian banking system and the international financial markets. The sanctions that the League of Nations imposed on Italy and the cut in acceptance credits to Italian banks put the latter in serious difficulty on the currency front. This situation added to an already unfavourable economic situation for Italy, which, starting from the devaluation of the pound in 1931, had to deal with a progressive deterioration of its balance of payments and growing difficulty in finding valuable currency, a phenomenon known as a currency gap (Berbenni, 2021; Cavalcanti, 2011; Guarneri, 1988). Weakened by restrictions on international trade and volatility on the foreign exchange market, Italian institutions abroad, therefore, ceased to be instruments of political and economic penetration while they gained importance to the extent that they were able to collect foreign currencies, of which the national economy was in great need in the context of strong contraction of capital flows from abroad and emigrant remittances (Di Quirico, 2000).

45 Added to this is a general characteristic of the Italian financial system, namely the limited weight of its investments abroad. In comparison with other national experiences, this characteristic seems to highlight, inter alia, the scarce relevance in the Italian case of foreign direct investments as a primary push to banking multinationalisation. The Egyptian case offers a clear demonstration of this since according to a 1933 estimate Italian capital only amounted to 2.36 per cent of the stock of foreign investment, a percentage lower not only than those of France (47.64 per cent) and Great Britain (29.21 per cent) but also that of Belgium (8.17 per cent) (Gérard-Plasmans, 2005, p. 479). On the other hand, trade between Italy and Egypt was also shrinking in the 1930s compared to the 1920s (see the statistics in Petricioli, 2007, p. 166), a fact that presumably harmed the banking activity of the two Italian institutions since the main business of the Italian community consisted of trade with Italy and its colonies.

The existence of a conspicuous Italian colony, mostly of medium-low social extraction, was not sufficient to generate strong demand for banking work reserved for Comitegit and Italegi, which also addressed a clientele of other nationalities in attempts to extend their relations, making the explanation of multinational banking by the need to ‘follow the client’ only partially applicable. However, this entailed the risk of relying on a more volatile type of depositors which were particularly sensitive to episodes of political instability. This also appears to be a constant in the action of Italian banks in Egypt. The need to expand its clientele not only among Italians but also among Egyptians and members of other communities had already been recognised by the Banco di Roma since before the Great War. In 1937, the percentage of deposits and current accounts in the name of non-Italians was estimated at around 59 per cent for Italegi, and 46 per cent for Comitegit.

48 For Italian banks, the scarce availability of capital represented a handicap compared to the major institutions, above all the British and French ones, but it was not the only one. The experience gained by the major banks in foreign markets was an important intangible asset which Italian institutions had not had time to accumulate to the same extent, as they had only begun to acquire a truly international projection in the early
In particular, the strategic error of Banco di Roma in Egypt of transforming itself, starting from the end of the Great War, into a holding company controlling an integrated group of commercial companies mainly depending on exports of cotton production was probably also a consequence of the delay with which the major Italian institutions started to build networks of direct subsidiaries on a global scale compared to their main international competitors. This resulted in an attempt to bridge the gap by taking positions that were sometimes unscrupulous and disproportionate to the real possibilities of intervention.

The second reasons for fragility were internal to Egypt and only a country-specific analysis can bring them to light. Strong banking competition (see Table 6, although it refers to 1940, which well represents the articulation of the Egyptian banking sector in the period between

| Bank                                | Nationality                      | Notes                                                                 |
|-------------------------------------|----------------------------------|----------------------------------------------------------------------|
| National Bank of Egypt              | Egyptian with English participation | Deposits: 28 million Legs. Capital and reserves: 6 million Legs.       |
| Crédit Foncier Egyptian             | French                           | Capital, reserves and bonds: 21 million Legs.                        |
| Land Bank of Egypt                  | French                           | Capital, reserves and bonds: 5 million Legs.                         |
| Crédit Hypothécaire d’Egypte        | Egyptian                         | –                                                                    |
| Crédit Hypothécaire                 | Belgian                          | –                                                                    |
| Crédit Agricole d’Egypte            | Egyptian                         | Capital and loans from the Egyptian government: 4 million Legs.       |
| Banque Misr                         | Egyptian                         | Investments: 3.5 million Legs.                                       |
| Barclays (DCO)                      | English                          | Deposits in Egyptian branches (estimated): 3/4 million Legs.          |
| Ionian Bank                         | English                          | Maximum investments during the cotton campaign: 3/4 million Legs.     |
| Ottman Bank                         | English                          | Deposits: 1/1.5 million Legs. Maximum investments during the cotton campaign: 2 million Legs. |
| Crédit Lyonnais                     | French                           | Deposits: 2/3 million Legs. Investments: 2 million Legs.              |
| Comptoir National d’Escompte de Paris| French                         | Deposits: 2/3 million Legs. Investments: 2 million Legs.              |
| Commercial Bank of Egypt            | Egyptian                         | –                                                                    |
| Banca Commerciale Italiana per l’Egitto | Italian                  | Capital and deposits: 1.5 million Legs.                              |
| Banco Italo-Egiziano                | Italian                          | Investments: 7/800,000 Legs.                                         |
| Banque d’Athènes                    | Greek                            | Deposits: 7/800,000 Legs.                                            |
| Commercial Bank of the Near East    | Greek                            | Investments: 6/700,000 Legs.                                         |
| Banque Belge et Internationale en Egypte | Belgian                  | Deposits collected in Egypt: 2/300,000 Legs. Investments: 200,000 Legs. |
| Dresdner Bank                       | German                           | –                                                                    |
| Yokohama Specie Bank                | Japanese                         | Deposits: negligible. Investments: negligible. It oversaw the trade between Egypt and Japan. |
| Turkiye Is Bankası                   | Turkish                          | Deposits: negligible. Investments: negligible. It oversaw the trade between Egypt and Turkey. |

Source: ASBI, Carte Baffi, Servizio studi, prat. 18, fasc. 5.
the two wars) led to a partial segmentation of the market, according to which the Italian banks specialised in the financing of cotton production, although not exclusively and still in competition with banks of other nationalities.

In the post-war scenario, the increased banking competition was demonstrated, among other things, by the growing difficulties that the main deposit bank in Egypt, Crédit Lyonnais, met in raising deposits due to the better conditions offered to customers by several foreign banks and because of the establishment of Banque Misr, an entirely Egyptian capital institution which specifically addressed national customers. Similar difficulties were also suffered on the investment side, particularly in the financing of cotton (Saul, 2003, pp. 530–533).

As for Italian banks, on the other hand, which were new entrants in the market, the archival sources do not highlight a strong concern about competition from banks of other nationalities, confirming the gradual emergence of a relative segmentation of the market. This issue in any case deserves further study. Both Comitegit and Italegi seemed more concerned about reciprocal competition than that of other foreign banks, providing a clear example of how the strong rivalries between the large Italian banks could exert a negative impact on international markets too.

Indeed, the demand for banking services was concentrated in mortgage credit, which was largely controlled by French capital through Crédit Foncier Égyptien, while British interests were less strong. The major commercial and industrial businesses were handled by British and French institutions, and to a lesser extent by Belgian and Italian ones. Greek and German banks occupied a more marginal place. Therefore, the big business remained predominantly English and French, from the Suez Canal to the more or less formal industrial monopolies (water, salt, gas etc.). The only important Italian-controlled initiative was that of the phosphate mines of Kosseir on the Red Sea. For the rest, there were several commercial and industrial companies (some of which were also significant such as Pinto or Sornaga), a mass of small savers and some great assets, but overall the movement of capital generated by these initiatives was well below that granted by the major foreign businesses.50

Hence, the credit market was to some extent segmented according to nationality, as is further confirmed by the establishment of Banque Misr, which took a leading position in the promotion of Egyptian industry. In this context, it is clear that Italian institutions had very limited working opportunities, with reduced margins for diversification outside the financing of cotton, which instead attracted relatively less interest among the banks of other nationalities. If this allowed the Italian subsidiaries to prosper in the 1920s, it was also the main reason for their weakness in the following decade when the cotton market went into crisis: the collapse of international cotton prices deteriorated the position of their main customers, indirectly causing heavy bank losses.

Market segmentation was then functional to the survival of a system that proved fragile, however, because of mounting geopolitical tensions. It is true that the Italian diplomatic authorities complained about the lack of support provided by the Italian subsidiaries to national industry and trade, according to a vision of banking as a substitute for the limits probably present, but still to be studied, in the foreign strategies of manufacturing and commercial Italian companies.51 Emblematic in this regard was the inability or unwillingness of Italian cotton companies to take advantage of the development that the Egyptian textile industry was experiencing in the 1930s – after the protectionist reform of the customs policy – and sign partnerships with local companies, contrary to what the British did (Davis, 1983, pp. 142–143; Tignor, 2017, pp. 159–161).52
However, it is unlikely that the Italian banks in Egypt could have behaved otherwise, first and foremost due to insufficient capital being available for wide-ranging operations. Moreover, there was the hostile attitude of Great Britain, which had always shown distrust in any Italian expansion project in the eastern Mediterranean, thus leaving Italian entrepreneurial initiatives with little chance of success. Even the growing Egyptian nationalism – aspirations for greater economic independence held back huge investments of European capital – played an important part in hindering the activity of foreign banks, especially those, like the Italian subsidiaries, which were less equipped to find alternative strategies or forms of collaboration with local capital.

Finally, it is necessary to mention the role played by states, as the political dimension sometimes had a decisive influence. Even before the establishment of Italegi and Comitegit, for example, the unclear relations between the Khedive and Banco di Roma brought about a hostile climate around the Italian bank, effectively jeopardising its possibility of success. The support of Egyptian nationalists was not sufficient in itself to achieve greater penetration in the Egyptian market if it provoked the distrust of the British authorities. This contradiction made it particularly complex for the Banco to operate in the country and was bequeathed to the two Italian subsidiaries in the years between the wars. On the other hand, the measures launched by the Egyptian government in the early 1930s to support land ownership are an example of how public policies could make the position of foreign banks more fragile by reducing their ability to resort to mortgage guarantees to have their credits reimbursed.

It should also be stressed that Italian governments, both liberal and fascist, always had a purely ‘political’ view of the banks in Egypt, which were considered an expression of national prestige and instruments of political propaganda in the Middle East. However, this vision did not entail an organic strategy aimed at coordinating Italegi and Comitegit’s efforts at economic penetration. Instead, it seems that politics tended not to interfere decisively in the banking operational guidelines in that market, even when in theory it would have had the power to influence their strategic choices. This would extend to the Italian experience – at least regarding Egypt (the case of Italian colonies was probably different) – something that Baster already observed about the neutrality generally assumed by British governments vis-à-vis the activity of banks abroad (Baster, 1935). Indeed, from the early post-war period, when the Italian liberal government pushed for common action by large national banks in the eastern Mediterranean (De Rosa, 1983, pp. 182–183, 198–202; Petricioli, 2007, p. 135), the conflicting interests of the different institutions prevented a shared solution from being reached, paving the way for the establishment of two rival banks, Italegi and Comitegit, which eventually condemned the expansion of banking in that geographical area to fragmentation. Again in the late 1930s, the Italian fascist government was considering merging the two Egyptian affiliates into a single one in order to counteract their declining activity, but it finally gave up this possibility also because of the overriding need to preserve the prestige of Italian banking abroad (Petricioli, 2007, pp. 150–151).53 The experience of Barclays DCO – which was established in 1925 with the merger of the Colonial Bank, the National Bank of South Africa and the Anglo-Egyptian Bank – proved the advantages of having a single structure, geographically-diversified and under the guarantee of an institution with high standing like Barclays (Crossley and Blandford, 1975 p. 62). The position of Italian banks in Egypt was different and, although they belonged to international banking groups, they failed to achieve the necessary collaboration to attempt a reorganisation in a host country that was hostile to the Italian presence. Nor could they count on adequate support from
their parent banks. In any case, the outbreak of the Second World War abruptly interrupted this experience (both banks were seized by the Egyptian government immediately after Italy’s declaration of war), which would only be resumed at the end of hostilities in ways that historiography must still reconstruct.

Notes

1. See, for instance, Cameron and Bovykin 1991, Jones 1990.
2. For a reconstruction of the theoretical debate, see Jones 2005 and Id. (ed.) 1992. For an overview of the main issues related to international banking in recent years, and particularly on its driving factors and effects, see Committee on the Global Financial System 2010.
3. On the tendency to conflict among the imperialist powers, see A.G. Frank 1967 and Wallerstein 1974. On the concept of ‘inter-core competition,’ see Chase-Dunn 1978.
4. On the Italian community in Egypt, see Rainero 1991. Its numerical consistency cannot be computed precisely (it was estimated at 23,000 in 1889) but it seems that it represented the second in size among the colonies of Europeans, second only to the Greek one.
5. Historical Archives of the Bank of Italy, Rome [henceforth ASBI], Raccolte diverse, Relazioni e bilanci, pratt., n. 259, doc. 1-12.
6. On French interests in Egypt, see Saul 1997.
7. Historical archives of UniCredit, Milan [henceforth ASU], Banco di Roma, Verbale CdA, 17.11.1908.
8. On the political connections of this bank and on British suspects, see The National Archives, London [henceforth TNA], FO 141/633/778.
9. TNA, PRO 30/57/46 and FO 800/48; Historical Diplomatic Archives, Rome [henceforth ASMAE], Direzione Generale Affari commerciali 1919-1923 (classe n. 4). For an overview of the tensions faced at the Versailles conference, see Monzali 2017.
10. ASU, Banco di Roma, Busta 116, fasc. 3515.
11. ASU, Banco di Roma, Verbale CdA, 29.4.1918, 8.5.1918, 17.6.1918, 15.7.1920, 26.11.1920; Ibid, Busta 116, fasc. 3515. See Jones 1993, pp. 210–211; De Rosa 1983, pp. 231, 251–2.
12. The decision to eliminate the capitulations would have been taken only on the occasion of the 1937 Montreux conference, which decreed its abolition after a transitional period of twelve years.
13. In contrast, land credit institutes had been established as Egyptian banks in previous decades, although they were controlled by foreign capital, especially French (e.g. Crédit Foncier Égyptien).
14. ASU, Banco di Roma, Ufficio partecipazioni, Banco di Roma per l’Egitto e il Levante, fasc. 2.
15. TNA, FO 141/480/13.
16. ASU, Banco di Roma, Ufficio partecipazioni, Banco di Roma per l’Egitto e il Levante, fasc. 3; Ibid, Banco di Roma, Verbale CdA, 4.3.1922. In 1916 the Egyptian pound became part of the sterling system, with a fixed exchange rate of 0.975 to the British pound. The Egyptian currency remained pegged to the pound sterling in the period between the two wars, allowing foreign banks operating in Egypt to have easy access to the London money market (Banco di Roma 1942, pp. 130–1; ASU, Banco di Roma, Ufficio partecipazioni, Banco Italo-Egiziano, Prima sezione, fasc. 11).
17. The Banco was losing in all the markets, especially its Egyptian branches, which consequently bought British pounds (De Rosa 1983, pp. 301–4).
18. At the end of the war, the external and internal value of the lira began to depreciate strongly due to financing of the huge public deficit and to support the banks in crisis (Cotula and Spaventa 1993, pp. 9, 13–14).
19. See, for instance, Confalonieri 1994, pp. 266–82. On banking instability in Italy in the early 1920s, see Cafaro 2014, p. 120.
20. TNA, FO 141/633/778.
21. ASMAE, Direzione Generale Affari commerciali 1924–1926 (classe n.28).
22. ASBI, Banca d’Italia, Direttorio - Azzolini, Pratt., n. 82, fasc. 1.
23. ASMAE, Rappresentanza diplomatica in Egitto 1864–1940 (busta n. 303).
24. An overview of different methods of cotton sale practised in the early twentieth century is provided in Owen 1969, pp. 207–211, 221–222.
25. Central State Archive, Rome [henceforth ACS], IRI Rossa, b. R3518. On the origins of the Minet el Bassal Bourse, see Owen 1969, p. 225.
26. This comparison also suggests that a substantial part of the cotton exported to the main foreign markets, first of all Great Britain, was financed through other channels (the intervention of shipping companies in turn financed, e.g. by banks in London, can be assumed). This issue, although not specifically addressed in this paper, is interesting and leaves room for further research.
27. For a different analysis of elasticity, however, see Yousef, 2000.
28. ACS, IRI Nera, b. STO-488.
29. “There is no doubt that between the foreign bank and the Egyptian debtor, the official provisions will facilitate the latter in principle” (Ibid., p. 28). See also Asu, Banco di Roma, Ufficio partecipazioni, Banco Italo-Egiziano, Prima sezione, fasc. 6.
30. ASBI, Banca d’Italia, Direttorio - Azzolini, Pratt., n. 82, fasc. 1.
31. ACS, IRI Nera, b. STO-488, pp. 44-46; ASU, Banco di Roma, Ufficio partecipazioni, Banco Italo-Egiziano, Prima sezione, fasc. 10, Comitato esecutivo del Banco Italo Egiziano, 2.6.1936.
32. ACS, IRI Nera, b. STO-488, p. 28.
33. ASBI, Banca d’Italia, Direttorio - Azzolini, Pratt., n. 82, fasc. 1.
34. ACS, IRI Rossa, b. R3518.
35. Historical Archives Intesa Sanpaolo, Milan [henceforth ASI], Bci, AD 2, cart. 8, fasc. 9; ASU, Banco di Roma, Ufficio partecipazioni, Banco Italo-Egiziano, Prima sezione, fasc. 3, CDA del Banco Italo Egiziano, 27.12.1928.
36. ACS, IRI Nera, b. FIN-216.
37. See, for instance, ASI, Bci, VCD, 20.12.1935.
38. ASI, Bci, SE, s, cart. 40, fasc. 2; ACS, IRI Nera, b. STO-488; ASI, Bci, AD 2, cart. 8, fasc. 9.
39. ASU, Banco di Roma, Ufficio partecipazioni, Banco Italo-Egiziano, Prima sezione, fasc. 10, Comitato esecutivo del Banco Italo Egiziano, 12.12.1939.
40. Ibid, Comitato esecutivo del Banco Italo Egiziano, 2.6.1936; ASU, Banco di Roma, Ufficio partecipazioni, Banco Italo-Egiziano, fasc. 14, b. 8.
41. ACS, IRI Nera, b. STO-488.
42. ASI, Bci, Carte Mattioli, cart. 237, fasc. 8. On the limited possibilities of increasing business in Alexandria and Cairo due to competition from large foreign banks and postal savings banks, see the comments made by the Comitetig management. Ibid, Bci, AD 2, cart. 8, fasc. 9; ASU, Banco di Roma, Ufficio partecipazioni, Banco Italo-Egiziano, Prima sezione, fasc. 3, CDA del Banco Italo Egiziano, 8.6.1935.
43. See, for instance, ASU, Banco di Roma, Ufficio partecipazioni, Banco Italo-Egiziano, Prima sezione, fasc. 11, Appunti per i Comitati, anno 1940.
44. ACS, IRI Nera, b. STO-488; ASU, Banco di Roma, Ufficio partecipazioni, Banco Italo-Egiziano, fasc. 1.
45. ACS, IRI Nera, b. STO-488.
46. Italy’s marginal position can be indirectly seen, for instance, in Wilkins 1989, p. 145.
47. Archival sources, however fragmentary, seem to highlight the presence of names belonging to the Greek colony, which was the most numerous. After all, this could also be explained by the involvement of Greeks in the cotton trade, e.g. “the ginning and pressing of cotton was carried out mainly by Greek merchant-industrialists” (Tignor 2017, p. 34; Owen 1969, p. 208). However, further research is needed concerning this point.
48. Percentages of total deposits as shown in the balance sheets (see Table 1). ACS, IRI Nera, b. STO-488.
49. For a comparison with east-central Europe, see Stanciu 2000.
50. ACS, IRI Nera, b. STO-488.
51. ASU, Banco di Roma, Ufficio partecipazioni, Banco Italo-Egiziano, fasc. 26. For a more general discussion on the relationship between international banking and international business, see Kindleberger 1983.
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ASI – Historical Archives Intesa Sanpaolo, Milan
ASBI – Historical Archives of the Bank of Italy, Rome
ASMAE – Historical Diplomatic Archives, Rome
ACS – Central State Archive, Rome
TNA – The National Archives, London