

Barclays: The Business of Banking, 1690–1996. By *Margaret Ackrill and Leslie Hannah*. Cambridge, U.K.: Cambridge University Press, 2001. xxi + 480 pp. Index, notes, appendices, figures, photographs, tables. Cloth, \$59.95. ISBN 0-521-79035-2.

Reviewed by Paul Lockard

Margaret Ackrill and Leslie Hannah must be commended for their outstanding contribution to banking history in *Barclays: The Business of Banking, 1690–1996*. They have written a thorough and satisfying history of this long-lived, famous British bank, based on apparently free access to the bank's archives and interviews with ninety former board members, managers, and employees.

The authors are also to be commended for their compilation of three sterling appendices of statistics on the growth of the bank, on various measures of the bank's profitability, and on its financial structure, costs, income, and value added. These outstanding tables alone represent a great deal of hard work in the ledgers. Added to the narrative, they make this study truly exceptional. This is not a book for the general audience, however. The authors assume that the reader has a knowledge of economics and banking considerably beyond the introductory level.

In line with its chronological format, the book begins with a description of the bank's origins as a private Quaker institution and ends in 1996. Events since the end of World War II receive the most coverage. Chapter One is in the nature of an introduction, as it skims over the years from 1690 to 1896 and presents detailed information about the founders, their families, and the bank's early years. The narrative touches only briefly on the remainder of the eighteenth century and selects judiciously from the enormous quantity of material relating to the nineteenth century. To do justice to these two centuries would require a separate substantial volume.

The second chapter covers the years from 1896 to 1945, when Barclays became a joint stock corporation and merged with eighteen smaller banks, some the result of previous mergers. The creation of the joint stock corporation followed the trend of mergers in British banking at this time, and Barclays' end product was an oligopoly of five banks that dominated British banking for the first half of the twentieth century. Ackrill and Hannah argue that because firms competed through branch expansion and offers of a greater range of services, consumers benefited from consolidation. Barclays' system of local control for each branch allowed local managers great discretion in lending, which also benefited borrowers. While the oligopoly may have been benign for the consumer, it was not very good for the stockholders. The new Barclays had mediocre profits, and the pace of innovation was slow.

I wish the authors had probed more deeply the connection between bank performance and the decline of the United Kingdom. To what extent did British banking practices contribute to the marked decline of British manufacturing and services at this time? The authors argue persuasively that the provision of banking services to customers within England was comparable to the best practices in the United States. Unfortunately, they do not provide much evidence to address Barclays' contribution, or its lack thereof, to British industries in this period.

Six chapters are devoted to the half-century since the end of World War II. Chapters Four through Six relate the story of Barclays from 1945 to 1992, and Chapter Eight surveys the years between 1993 and 1996. Chapter Six examines the bank's transition to a global enterprise, and Chapter Seven explores the transformation of its banking services. Taken together, these chapters constitute an outstanding contribution to modern banking history.

The mistakes committed by Barclays' management before the war have been amply corrected in the years since. The managers responded creatively to changing conditions in British financial sectors and the British economy and to the dramatic increase in competition that began in the 1970s. The authors thoroughly detail how, from 1945 to 1973, the bank successfully negotiated the transition from family control to meritocracy; gradually diversified the services it provided its customers, particularly with credit cards; struggled with mergers and the need to shed branches; and adopted newer methods of marketing, planning, and management.

Since 1973, the pace of change has accelerated. Barclays has been a technological leader, pioneering the application of technology to banking since 1961, when it became the first British bank to use an electronic computer. Throughout the 1960s, Barclays was out front in the installation of automatic teller machines and the application of computers to banking. Barclays led the way in promoting women, which enabled it to lower costs by hiring cheaper labor and provided an opportunity to convince consumers that it was more progressive than other banks.

Barclays' postwar international growth is explored in Chapter Six. In the 1920s, it had purchased three overseas banks: one based in South Africa, another in Cyprus, and the third in the Caribbean. Having established those subsidiaries, Barclays was able to extend its global reach, both before and after World War II. This chapter on the bank's global expansion is the least satisfactory, as it provides neither a systematic survey nor a detailed treatment of the process. The material is presented as a series of vignettes, largely describing the relationships between corporate managers. This is unfortunate, since Barclays' international position today grew out of its initial ability to expand within the British Empire, and then to successfully navigate Britain's transition to a commonwealth.

These critical observations aside, I consider *Barclays: The Business of Banking, 1690–1996* to be a notable tour de force in the history of banking.

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