

Les Banques du Grand Sud Ouest: Système bancaire et gestion des risques (des années 1900 à nos jours) [The Banks of the Grand South-West: The Banking System and Risk Management from 1900 to the Present]. *Edited by Hubert Bonin and Christophe Lastécouères*. Paris: P.L.A.G.E., 2006. 521 pp. Illustrations, figures, tables, notes, index. Paper, €40.00. ISBN: 2-914-36909-3.

Reviewed by Elisabeth Paulet

This ambitious book marshals historical evidence to analyze the banking system and the methods of risk management that have been used in the region of France known as the Grand Sud Ouest. The editors' objective is to demonstrate the complex interactions among local banks and the influence these institutions have had on industrial development. Regional development has been nurtured by the banks, which collect local funds and redistribute the money to their clients, consisting mainly of small- and medium-sized enterprises (SMEs).

The book is divided into four parts. The contributors to the first section explain the concept of territoriality: the geographic, social, and economic aspects of regional banking. They also describe the methods the banks have used to finance firms. The second section details the characteristics of regional banks. The essays in the third section explore the history of banking practices, and those in the final section consider the place of local institutions in the banking sector.

After delimiting the study's geography, the contributors explore the debates that have emerged among scholars over the years regarding the relations among local and regional banks and the impact the banks have had on the activities of firms in the Grand Ouest. In the opening essay, Christophe Lastécouères demonstrates the usefulness of territoriality as a basis for understanding the tendency of local banks to work in similar ways while simultaneously developing their own approaches to short- and medium-term credit in order to promote regional industrial development. In assembling the evidence to support his argument that geography and banking activity are closely connected, Lastécouères points out the limitations that territoriality has placed on interventions by

local banks (*banques de pays*). Although, these banks have adopted diverse practices, they have relied at the same time on universal banking products. However the originality of these practices is subject to debate. As an example, local banks in southwest France did not follow the same liquidity rules as banks in other areas of France, and, in diverging from the norm, they have had a positive impact on the survival of the region's SMEs. Lastécouères also discusses the relations between banks and enterprises in order to support his argument that local banks engaged in universally accepted practices. He defends the use of contracts based on confidence, particularly in the event of crises. By permitting local bankers to extend the length of medium-term credit, they demonstrate their ability to provide liquidity to local industry.

Among the numerous banking scenarios offered in this book, Carlos Sudria's chapter on Catalan banks is one of the most convincing. By comparing the Catalan situation to the French banking institutions of the southwest region, he concludes that local banks have been more prevalent than classical banks in Catalonia. In demonstrating the relationship between banks and industrial regions, Sudria establishes a parallel between banking and regional capitalism.

Parts three and four contain a considerable amount of information on particular institutions, such as the Courtois et Tarneaud Bank; the savings banks of Aquitaine; the Pelletier Bank; and the Crédit Agricole of the Gascogne region. In their coverage of individual banks, the contributors attempt to apprise readers of the constraints and challenges encountered by local bankers. Jean Pierre Alline, in a chapter entitled "La Banque Pouyanne, un modèle de banque 'industrielle,'" describes the case of the Banque Pouyanne, which took advantage of the opportunities created by the second wave of industrialization that occurred in the Bordeaux region around 1900. During that same period, competition among the local banks forced some institutions to transform themselves into regional banks with branch networks. (Hubert Bonin's chapter, "La place bancaire de Bordeaux en 1945–1955: Consolidation, reconstitution et modernisation," discusses subsequent banking developments in Bordeaux.) Local banks adapted to regional conditions. Typically, they did not require strong guarantees from their clients, which were mainly small businesses. The greater willingness of these banks to take on risk assured the survival of regional firms. Bonin offers the Courtois Bank as an example,

in his chapter, “Essai de compréhension de l’évolution d’un système d’analyse des risques propre aux régions de PME, Courtois et Tarneaud.”

The concept of local banking is hard to define. Today, the ambiguity surrounding the subject is reinforced by the increased competition that is taking place in the banking sector. The 1970s transformed banking systems throughout Europe, forcing many institutions to grow to a critical size in order to satisfy economies of scale. Local banking has followed the same pattern. The immediate consequence has been that smaller family banking institutions have suffered while the more impersonal regional banks have flourished, leading to a network of regional banking institutions, exemplified by Credit Agricole. The development of such a network cannot be separated either from the support supplied by local branches of the central bank that Alain Plessis describes in his essay, “Pour une histoire de rôle de la Banque de France dans le très grand Sud Ouest,” or from the influence of local financial institutions, such as the Pelletier Bank, that Lastécouères describes in his chapter “La revanche des banques.”

Currently, the banking sector is undergoing wholesale transformation. Aside from being rooted in their territories, local banks of the future may well look very different from how they appeared in the recent past. French regional banks will probably follow in the footsteps of their European counterparts: they must become universal in order to reach every type of client and offer every kind of banking product. Economists, politicians, and historians will have to reconsider the delicate equilibrium between local and global strategies in order to ensure the harmonious development of regional activities. Moreover, banks today must take into account the social value attached to local development while considering their economic and financial options. Local banks will play a role, as they tend to place more of a priority on social values than traditional banks do.

By approaching this topic from a historical perspective, *Les Banques du Grand Sud Ouest* elucidates the current situation of banks in France, and, by extension, the European banking context. This book will be a useful guide to scholars who wish to learn more about the challenges and constraints of local financing.

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Elisabeth Paulet is professor of economics and finance at ESCEM Business School, Tours-Poitiers, where she is currently in charge of the Finance and Accounting Research Laboratory. She has held the Jean Monnet Chair since September 2005 and has published several articles on banking structures and the financial policies of firms.