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RECONSTRUCTING THE POST-WAR FINANCIAL ARCHITECTURE: DEUTSCHE BANK AND ITS CORRESPONDENT BANKING NETWORK AFTER 1945

Sabine Schneider

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Foreword

The *GloCoBank 1870–2000 Working Papers* series reflects the work in progress of the researchers associated with the ERC Horizon 2020 funded project Global Correspondent Banking 1870–2000 (GloCoBank) and of others whose papers directly address GloCoBank research themes. The papers are peer reviewed by GloCoBank and associated researchers and seek to identify and analyse the international network of correspondent banking relationships across the 20th century.

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Authors

Sabine Schneider is Post-Doctoral Researcher in the Global Correspondent Banking 1870–2000 project at the University of Oxford.

Contact email address: sabine.schneider@history.ox.ac.uk

Abstract

After the Second World War, Deutsche Bank along with other German universal banks was decentralised by the Allied authorities and divided into separate regional banks in the British, French, and American zones. Deutsche Bank was split into 10 successor banks, which maintained independent international divisions to restore and manage their cross-border banking services. By 1957, the successor banks outside Berlin had re-integrated their business and embarked on a dual process of consolidation and international expansion. This paper explores the gradual rebuilding of Deutsche Bank's international business between the 1940s and 1960s by examining how the banking group revived its correspondent banking relations with London. Its growing financial connectivity is charted through new datasets of its bilateral correspondent connections, alongside bank-level evidence on its corporate strategy. West Germany's strong export performance and the associated expansion in trade-related payments were particularly influential in the revival of the bank's international connections, a process that gathered pace after the London Debt Accord of 1953. As West Germany's largest bank, Deutsche Bank and its re-activated correspondent network thus provides a window on how the post-war financial architecture was reorganised during an era of economic reconstruction, integration, and globalization.

Keywords

Correspondent banking, cross-border payments, international banking, West Germany's economic reconstruction, globalization

In the immediate years after the Second World War, Germany's universal banks navigated a business climate marked by new geopolitical, monetary, and regulatory realities. Within the Allied zones of the Federal Republic, the 'Big Three' banks had been separated into a multitude of successor banks, a restriction that was lifted in 1957, leading to the reintegration of Deutsche Bank, Dresdner Bank, and Commerzbank. Their business in the intervening decade weathered West Germany's currency reform, while commencing debt service on the banks' inter-war obligations and partaking in Europe's post-war recovery. These turbulent market conditions were influential in shaping the scope and governance of their international and cross-border business, as underlined by Tilly (1993), Büschgen (1995), and Sattler (2017).¹ German banks' international services, as Sattler and Büschgen have noted, resumed swiftly but 'cautiously' in the 1950s by prioritizing the rebuilding of their past network of correspondents and representative offices.² It was only from the 1960s and early 1970s that Deutsche Bank and its competitors intensified their participation in international banking consortia and began to channel considerable resources into establishing their own overseas branches.³ This later intensification of cross-border business built on the existing foundations of their correspondent banking networks, which at their core are long-running reputation-based and transactional relationships.⁴ Rebuilding those relations after the Second World War was a first strategic step for Deutsche Bank's growth into a global banking conglomerate, and yet very little is known of how the fabric of correspondent banking was re-woven between

¹ H.E. Büschgen, 'Deutsche Bank from 1957 to the Present: The Emergence of an International Financial Conglomerate', in L. Gall, G.D. Feldman, H. James, C.-L. Holtfrerich, and H.E. Büschgen, *The Deutsche Bank 1870–1995* (Weidenfeld & Nicolson, 1995), pp. 656–676; R. Tilly, 'Geschäftsbanken und Wirtschaft in Westdeutschland seit dem Zweiten Weltkrieg', in E. Schremmer (ed.), *Geld und Währung vom 16. Jahrhundert bis zur Gegenwart* (Franz Steiner, 1993), p. 328; idem, 'The Internationalization of West German Banks, 1945–87', in G. Jones and H.G. Schröter (eds.), *The Rise of Multinationals in Continental Europe* (Elgar, 1993), pp. 173–174; F. Sattler, 'Cooperative Governance in Banking: Consequences for Decision-Making Processes', in K. Schönhärl (ed.), *Decision Taking, Confidence and Risk Management in Banks from Early Modernity to the 20th Century* (Springer, 2017), p. 89.

² Büschgen (1995), pp. 656–657; Sattler (2017), p. 89; M. Pohl and K. Burk, *Die Deutsche Bank in London, 1873–1998* (Piper, 1998), pp. 65–69.

³ F. Sattler and D. Ziegler, 'Deutsche Bank auf dem Weg in die zweite Globalisierung', *Jahrbuch für Wirtschaftsgeschichte*, 64 (2023), pp. 303–315; Sattler (2017), pp. 90–94; Tilly (1993b), pp. 175–180.

⁴ The broad range of international payments and credit services that London correspondents conventionally performed for their overseas partner banks is outlined in R.C. Michie, *British Banking: Continuity and Change from 1694 to the Present* (Oxford University Press, 2016), pp. 102–104, 106, 110–111, 175 and E.S. Furniss, *Foreign Exchange: The Financing Mechanism of International Commerce* (Houghton Mifflin, 1922), especially pp. 315, 317–324.

the 1940s and early 1960s.

This article reconstructs the gradual rebuilding of Deutsche Bank's international business in this period by examining how the banking group revived its cross-border relations with London. Its growing financial connectivity is charted through new datasets of its bilateral correspondent connections, alongside bank-level evidence on its corporate strategy. West Germany's strong export performance and the associated expansion in trade-related payments were particularly influential in the rebuilding of Deutsche Bank's international connections, a process that gathered pace after the London Debt Accord of 1953. The liquidity and depth of London's money and foreign exchange markets rendered the City a global hub for international payments and borrowing, a status it retained even after sterling commenced its gradual post-war decline as an international reserve currency.⁵ Deutsche Bank's revived correspondent banking links to London enabled it to access the City's acceptance and foreign exchange markets and to resume its short-term credit and payments services for German exporters. The revival of UK-German correspondent banking therefore occupies a critical yet uncharted dimension in the export-focused recovery of West Germany's economy. By 1957, its trade had grown by 243% since 1950, of which Deutsche Bank – as a long-standing foreign trade-oriented bank – was settling c. 30%.⁶ As West Germany's largest bank, Deutsche Bank and its re-activated correspondent network thus provides a window on how the international payments system was reorganised during an era of economic reconstruction, integration, and globalization.

In the business history of Deutsche Bank, correspondent banking has frequently been eclipsed by a focus on the bank's late-twentieth-century foray into investment banking and its internationalization through overseas branches and banking consortia. Correspondent banks, however, were crucial for the bank's post-war restoration of its payments and trade financing business and the paper's focus on this core segment thus provides fresh insights into the

⁵ C.R. Schenk, *The Decline of Sterling: Managing the Retreat of an International Currency, 1945–1992* (Cambridge University Press, 2013), pp. 88–89, 115–117, 209, 224–227, 235–236; Michie (2016), p. 175; R.C. Michie, 'The City of London as a Centre for International Banking: The Asian Dimension in the Nineteenth and Twentieth Centuries', in S. Nishimura, T. Suzuki, and R.C. Michie (eds.), *Origins of International Banking in Asia: The Nineteenth and Twentieth Centuries* (Oxford University Press, 2012), p. 40.

⁶ Statistisches Bundesamt – Destatis, *Gesamtentwicklung des deutschen Außenhandels ab 1950* (2025), p. 2; Büschgen (1995), p. 657 for estimate of Deutsche Bank's share of Germany's export and import-related business.

cross-border operations of Germany's largest commercial bank. Its findings thereby contribute to the scholarly literature surrounding Deutsche Bank's internationalization, from Kobrak's history of its foreign direct investment and business in the US to Pohl and Burk's study of its pre-war branch in London and eventual return to the City in 1973.⁷ For the post-war period, Holtfrerich, Horstmann, Nützenadel and Gall have examined the bank's reorganisation under Allied occupation and the transatlantic efforts of Hermann Josef Abs to re-establish the bank's external reputation.⁸ As the spokesman of the bank's Management Board after 1957, Abs shaped Deutsche Bank's corporate strategy during Germany's economic recovery and was closely involved in the political resolution of West Germany's war-time and Standstill debts. His exchanges with US and UK correspondents, combined with the travel reports of Deutsche Bank's International Division, allow us to gain a deeper understanding of the evolving post-war financial architecture.

Correspondent networks were central to the restoration of the bank's foreign payments services and were preferential, in Abs' vision, to international branches, a position he elaborated in 1963 at the 10th German Banking Congress.⁹ His corporate strategy saw in Deutsche Bank's correspondent connections 'a *sound* foundation for developing greater cooperation in all business lines', an agenda he actively pursued in the 1960s through the establishment of the EBIC banking club and the bank's involvement in European bond consortia.¹⁰ Institutionally and reputationally those cooperative efforts built on the trust and

⁷ C. Kobrak, *Banking on Global Markets: Deutsche Bank and the United States, 1870 to the Present* (Cambridge University Press, 2008), and Pohl and Burk (1998).

⁸ C.-L. Holtfrerich, 'Die Deutsche Bank vom Zweiten Weltkrieg über die Besatzungsherrschaft zur Rekonstruktion 1945–1957', in L. Gall, G.D. Feldman, H. James, C.-L. Holtfrerich, and H.E. Büschgen, *The Deutsche Bank 1870–1995* (Weidenfeld & Nicolson, 1995), pp. 396–556; T. Horstmann, *Die Alliierten und die deutschen Grossbanken: Bankenpolitik nach dem Zweiten Weltkrieg in Westdeutschland* (Bouvier, 1991); A. Nützenadel, 'Between State and Market, 1914–1989', in W. Plumpe, A. Nützenadel, and C.R. Schenk, *Deutsche Bank: The Global Hausbank, 1870–2020* (Bloomsbury, 2020), pp. 342–389; see also M. Pohl, 'Zerschlagung und Wiederaufbau der deutschen Großbanken, 1945–1957', *Beiträge zu Wirtschafts- und Währungsfragen und zur Bankengeschichte*, 13 (1975), pp. 361–372. For the history of Deutsche Bank under the Nazi regime and Hermann Abs' role during the war, see H. James, *The Nazi Dictatorship and the Deutsche Bank* (Cambridge University Press, 2004); L. Gall, *Der Bankier Hermann Josef Abs: Eine Biographie* (C.H. Beck, 2005, 3rd ed); J. Steinberg and A. Barkai, *The Deutsche Bank and its Gold Transactions during the Second World War* (Beck, 1999).

⁹ Gall (2005), pp. 260, 275.

¹⁰ H.J. Abs, 'Die Banken in der europäischen Zusammenarbeit', in *Verhandlungen des X. Deutschen Bankiertages: München 14. und 15. Oktober 1963* (Fritz Knapp Verlag, 1964), p. 101 (emphasis added); see also Büschgen (1995), p. 657; Gall (2005), p. 275.

reciprocal relations that Deutsche Bank had re-established and forged with old and new correspondents in the early post-war years. This core international business of Deutsche Bank had encompassed prior to the outbreak of the Second World War nostro connections to 302 banks in 41 countries.¹¹ Nostro/vostro accounts are accounts that banks hold with one another in order to transact international payments, foreign exchange dealings, cross-border lending, and further services.¹² In the process of re-weaving those inter-bank connections, Deutsche Bank more than recovered its pre-1939 level of financial intermediation and by 1963 was operating correspondent links to 2,223 institutions in 138 countries around the globe.¹³ The domestic and external conditions for this resurgence of post-war business are examined in Section I, which traces the institutional re-organisation of Deutsche Bank's operations during the Allied occupation. Section II then draws on the bank's archival sources to explore how Deutsche Bank re-built its post-war correspondent network between London and the leading German financial centres of Frankfurt, Düsseldorf, and Hamburg.

I. Deutsche Bank's Re-Emergence after the War

Deutsche Bank, along with other German universal banks, was decentralised by the Allied authorities in 1947/48 and divided into separate regional banks in the British, French, and American zones. In the American-administered territory, US authorities implemented a re-organisation of the German financial system that aimed to restrict through territorial fragmentation the concentration and market power of the 'Big Three' universal banks.¹⁴ The Allies' post-war regionalization of German banking came into effect in the US zone through Law No. 57 of May 1947, followed a few months later by the French Ordinance No. 25 and the British Ordinance No. 133. In redrawing West Germany's banking system along federalist principles, however, the Allies stopped short of imposing a regulatory division between

¹¹ Calculated from a register of nostro connections from Deutsche Bank's *Altbank*, Historical Institute of Deutsche Bank (HADB) DB(alt)/248, and Note concerning balances in London before the war (May 1953), HADB V1/2186.

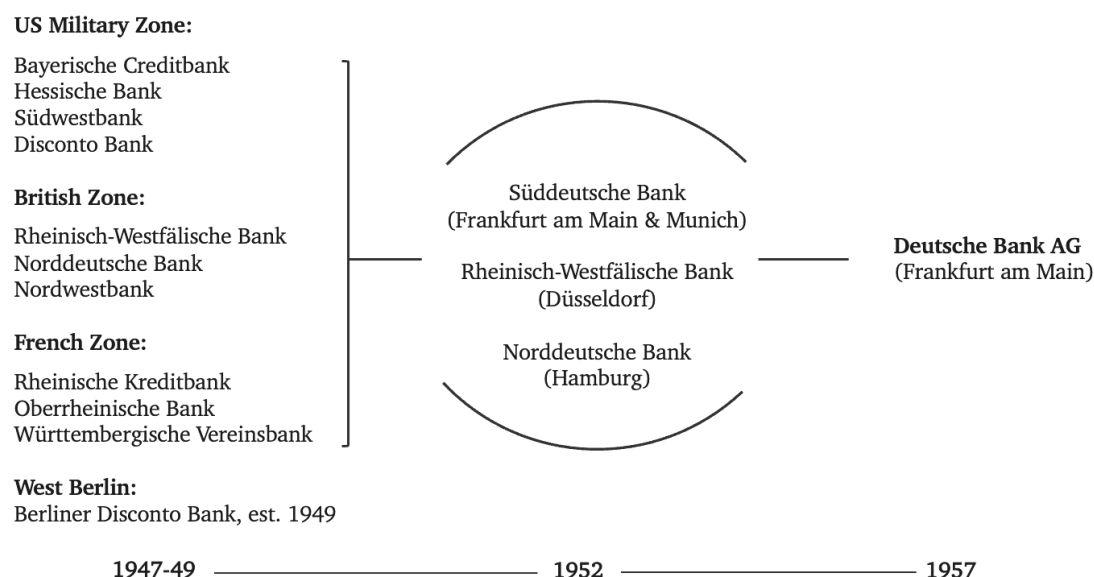
¹² Bank for International Settlements, Committee on Payments and Market Infrastructures, 'Correspondent Banking – Final Report' (July 2016), <<https://www.bis.org/cpmi/publ/d147.pdf>>, pp. 9, 43.

¹³ Gall (2005), p. 275.

¹⁴ *The Bankers' Magazine*, 'German Banking since the War', vol. 174 (November 1952), pp. 385–8; Horstmann (1991), pp. 297–298, 301–303.

commercial, retail, and investment banking activities.¹⁵ This left the ‘universal banking’ character of Germany’s largest credit institutions intact after the war, while confining their business geographically to one *Land*, a restriction modelled on the US practice of prohibiting interstate banking.¹⁶ Deutsche Bank was in consequence split into 10 banks (Figure 1). Its largest successor institutions – which had been newly named in line with their regional banking districts – were the Rheinisch-Westfälische Bank, the Norddeutsche Bank and the Hessische Bank. In addition to the 10 regional institutions, the Berliner Disconto Bank opened its doors in West Berlin in October 1949 as a subsidiary of the decentralised successor banks of Deutsche Bank.¹⁷

Figure 1: Deutsche Bank decentralization and re-unification after 1947



Even though the successor banks were outwardly separate institutions, legally they were not fully independent from the ‘dormant’ Deutsche Bank in Berlin, which was awaiting

¹⁵ Holtfrerich (1995), p. 445.

¹⁶ Kobrak (2008), p. 255.

¹⁷ Former branches and buildings of Deutsche Bank in the Soviet zone of occupation were lost after the war and taken into public ownership. See Holtfrerich (1995), pp. 389, 392, 395. Other subsidiaries of Deutsche Bank, such as the Deutsche Ueberseeische Bank, are not included in the scope of analysis. The Deutsche Ueberseeische Bank had been established in 1886 and specialised in trade finance, investment and underwriting business with several South American economies and Spain. It maintained a network of overseas branch offices under the name of Banco Alemán Transatlántico, which ceased operations in the early 1940s, and commenced trading again within a decade of the Second World War. See Pohl (1998), pp. 55, 65–6; Holtfrerich (1995), pp. 518–519.

liquidation.¹⁸ This resulted in the successor bank's externally ambiguous standing in the early 1950s, of which Hermann Abs noted that 'the way in which the Allied de-cartelization measures were implemented gave them a distinctly provisional character. They brought forth a peculiar conglomeration of conserving old structures *de jure* and creating new institutions *de facto*.'¹⁹ As far as the successor banks' operational independence was concerned, there was correspondingly a high level of continuity, as well as regular information exchanges between their senior management.²⁰ Informally, the management boards of the successor institutions continued to liaise and coordinate their business practices and operational choices throughout the 1950s – in the firm anticipation of a future reunification.²¹

Reunifying Deutsche Bank's business within the Federal Republic, however, was a delicate diplomatic dialogue that proceeded only incrementally. Negotiations to revise the Allied banking legislation initially reflected starkly divergent views within the Allied High Commission, West Germany's banking circles, and the German government and *Länder*.²² In June 1950, the successor institutions of the 'Big Three' banks made a direct approach to the Federal Ministries of Economic Affairs and Finance with a proposal partially to recentralise their business.²³ The so-called 'Three-District-Plan' had been drafted by the New York-based lawyer Fritz Kempner and was put forward jointly by Hermann Josef Abs, Carl Goetz of Dresdner Bank, and Paul Marx from Commerzbank. When drafting the memorandum, Kempner made the case that the *status quo* of the decentralization was impairing the banks' profitability, stability, and their external standing with international creditors.²⁴ The latter aspect received particular attention in the 'Three-District-Plan', which specified it should be 'one of the principal aims of any reorganisation to create joint stock banks again in West Germany that can effectively foster international business by cultivating, as in the past, close

¹⁸ Pohl (1975), p. 364.

¹⁹ H.J. Abs, 'Deutschlands wirtschaftlicher und finanzieller Aufbau', in K. Carstens, A. Goppel, H. Kissinger und G. Mann (eds.), *Franz Josef Strauß: Erkenntnisse, Standpunkte, Ausblicke* (Bruckmann, 1985), p. 367 [emphasis added in author's translation].

²⁰ Holtfrerich (1995), p. 488; Nützenadel (2020), pp. 345–346, 349–350.

²¹ Nützenadel (2020), p. 345; *The Bankers' Magazine*, 'German Banking', p. 386.

²² Kobrak (2008), p. 259.

²³ Holtfrerich (1995), pp. 442–443, 452–468; see also R. Ahrens, *Die Dresdner Bank 1945–1957: Konsequenzen und Kontinuitäten nach dem Ende des NS-Regimes* (Oldenbourg Wissenschaftsverlag, 2007), pp. 202–221.

²⁴ Holtfrerich (1995), pp. 447–449, 452; Gall (2005), p. 214.

and trusted relationships with overseas banks.²⁵ Abs and his co-signatories to the memorandum argued that the fragmented and legally equivocal standing of the successor banks had the effect that:

[They] are from the outset disqualified from international business. No foreign institution can establish close business ties with banks that lack their own legal personality and have neither articles of association nor a supervisory board, publish neither balance sheets nor profit and loss accounts, and are besides mutually liable for another without exerting reciprocal control.²⁶

The banks' other guiding arguments highlighted that larger 'district' banks – covering North, Central and Southern Germany – would be more adept at balancing liquidity pressures and seasonal variations related to the growing credit needs of West German companies.²⁷ Not only would larger banking districts yield more cost-effective service for customers and banks, they would also lead to a more beneficial and diversified allocation of risk in their loan portfolios, by balancing their engagements between more industrialised *Länder* and sparsely populated regions with an unfavourable balance of payments.²⁸

In the lengthy negotiations that ensued, Konrad Adenauer's Cabinet, his Minister of Economic Affairs, Ludwig Erhard, and leading industry bodies threw their political weight behind the 'Three-District-Plan'.²⁹ By March 1952, the compromises reached with the Allied High Commission allowed for the passage of the 'Big Banks Act', which enabled the piecemeal re-centralization of Germany's commercial banks. It also included, on the urging of the British negotiators, provisions that assigned the outstanding inter-war debt obligations of the 'dormant' banks to the joint-stock banks that succeeded them.³⁰ Deutsche Bank's 10 regional banks subsequently merged in 1952 into 3 banks with total assets of 3.8 billion DM and equity capital of 100 million DM.³¹ The Norddeutsche Bank AG assumed operations across Hamburg, Bremen, Lower Saxony and Schleswig-Holstein, while the district of the Rheinisch-

²⁵ HADB V01/2026, 'Proposal concerning the future structure of the German joint stock banks (Decentralisation of the pre-war banks)', 31. May 1950, p. 41.

²⁶ HADB V01/2026, 'Proposal concerning the future structure of the German joint stock banks', p. 3.

²⁷ Holtfrerich (1995), pp. 448, 452.

²⁸ Pohl (1975), p. 366; Gall (2005), p. 214; Holtfrerich (1995), pp. 443, 446–448, 452.

²⁹ Nützenadel (2020), p. 346.

³⁰ Holtfrerich (1995), pp. 459–461.

³¹ Kobrak (2008), p. 259; Nützenadel (2020), p. 348.

Westfälische Bank AG in Düsseldorf covered North Rhine-Westphalia with the coal, steel and iron-producing region of the Ruhr. In the South of the Federal Republic, the Süddeutsche Bank AG was to manage the largest district, stretching from Bavaria and Baden-Württemberg to Rhineland-Palatinate and Hesse, with its financial centre of Frankfurt am Main. Between the three institutions, the private foreign debts of the old Deutsche Bank (*Altbank*) were apportioned, which allowed for the eventual settlement of its Standstill claims with overseas banks and its re-entry into international banking.³²

The London Debt Accord and Deutsche Bank's Re-entry into International Markets

West Germany's foreign economic relations with the Allied governments were intricately tied to the post-war resolution of the country's unsettled external debts. The Standstill claims on German debtors had remained outstanding since the banking crisis of 1931 and were frozen at the outbreak of war. Consultations about the liabilities of German private debtors were ongoing since the late 1940s, with British creditors and leading London merchant banks seeking a swift resolution to the immobilised claims.³³ As Hermann Abs recorded in his recollections of the multi-lateral negotiations, British banks held the bulk of outstanding commercial debts, which were largely composed of acceptance credits, whereby German importers in the 1930s 'had no longer been able to post the [required] foreign exchange for payment'.³⁴ Much of this daily client business of City merchant banks with German financial institutions had been transacted through correspondent banking channels. Outstanding debts to British creditors totalled 293 million DM after the war, which amounted to 69% of the combined Standstill claims of US, British and Swiss creditors.³⁵ Their resolution was perceived by the UK negotiator Edward Reid of Barings as vital for 'the regulation and reactivation of traditional relations between commercial banks'.³⁶

In the revival of inter-bank relations, the London Debt Accord was a necessary pre-condition

³² The *Altbank*, whose former headquarter had been in Berlin, legally existed until 1983, when it 'was finally stricken from the commercial trade register' following its liquidation. See Holtfrerich (1995), pp. 462–463.

³³ R. Roberts, *Schroders: Merchants and Bankers* (Macmillan, 1992), pp. 322–324.

³⁴ H.J. Abs, *Entscheidungen, 1949–1953: Die Entstehung des Londoner Schuldenabkommens* (Hase & Koehler, 1991, 2nd ed.), p. 59.

³⁵ Horstmann (1991), p. 196.

³⁶ Abs (1991), p. 178.

for rendering Germany's economy and banks once more 'creditworthy' on the international stage.³⁷ Abs, who headed the German delegation at the London debt conference of 1952, became spokesman of the Managing Board of Süddeutsche Bank that year, after playing a leading role in the public Kreditanstalt für Wiederaufbau (KfW, Reconstruction Loan Corporation). The KfW had been founded a few years earlier to channel Marshall Plan funds into long-term lending to support West German industry, which was continuing to experience capital shortages due to the lack of a fully operational capital market.³⁸ Balancing Germany's nascent economic recovery with the need to avoid the transfer problem that had plagued the Weimar Republic's reparations settlement was therefore central to the interests of the German government and banking sector.³⁹ From the Allies' perspectives, Germany's economic and financial reconstruction furthermore became a vital consideration in the evolving Cold War, in which the divided Germany occupied a strategic geopolitical battleground.⁴⁰ West Germany's and Europe's economic recovery was in this context seen as a prerequisite for the gradual post-war liberalisation of international trade and capital flows between the US and Europe. Cooperative steps towards reviving and liberalising intra-European trade had already borne fruit in 1952, with the establishment of the European Payments Union and the European Coal and Steel Community (ECSC).⁴¹ That the ECSC was formed shortly after the second London debt conference assembled in February 1952 highlights the inter-connectedness of these concurrent discussions over West Germany's debt overhang and its re-integration into the international community.⁴²

The scope of the London debt conference extended to both public and private debts incurred

³⁷ Abs (1991), pp. 177, 270; see also Tilly (1993b), p. 174, F. Seidenzahl, *100 Jahre Deutsche Bank 1870–1970* (Deutsche Bank AG, 1970), pp. 395–396; Nützenadel (2020), p. 359; G. Galofré-Vilà, M. McKee, C.M. Meissner, D. Stuckler, 'The Economic Consequences of the 1953 London Debt Agreement', *European Review of Economic History*, 23 (2019), pp. 3, 19.

³⁸ Nützenadel (2020), p. 354.

³⁹ On the inter-war transfer problem, see A. Ritschl, 'The German Transfer Problem, 1920–33: A Sovereign-Debt Perspective', *European Review of History*, 19 (2012), pp. 943–964; *The Banker*, 'Germany's Standstill Debts', vol. 96 (March 1951), pp. 137–140.

⁴⁰ For the domestic and foreign policy context of the London debt talks, see T.W. Guinnane, 'Financial *Vergangenheitsbewältigung*: The 1953 London Debt Agreement', Yale University, Economic Growth Centre Discussion Paper, No. 880 (2015); A. Tooze, 'Reassessing the Moral Economy of Post-war Reconstruction: The Terms of the West German Settlement in 1952', *Past & Present*, 210 (2011), pp. 47–70.

⁴¹ On the European Payments Union's foundation, see J.J. Kaplan and G. Schleiminger, *The European Payments Union: Financial Diplomacy in the 1950s* (Clarendon Press, 1989).

⁴² Nützenadel (2020), p. 352.

prior to 1945, as well as overseas aid received by the Federal Republic after the war. Negotiations had commenced as early as June 1951 and the final agreement was concluded in February 1953, with repayment conditions coming into force in September that year. Together with the convertibility of the Deutsche Mark in 1958, the London Debt Accord was critical for the normalization of German banks' international business by enabling their re-entry onto global markets.⁴³ It achieved what Abs envisioned in his earlier negotiations for the Big Banks Act and gave 'the indebted German banks', who had incurred the Standstill obligations, and 'their legal successors the required room for manoeuvre abroad'.⁴⁴ The debt accord's positive effect was readily visible in the resumption of customary payment terms in foreign trade, which led to a resurgence of private short-term credits in the early 1950s.⁴⁵ Beyond the growing volume of cross-border business, the agreement's direct impact showed itself after 1953 in a 'growing willingness abroad to open trade-related credit lines' – the bread and butter of traditional correspondent banking.⁴⁶

The thawing of Anglo-German financial relations had been materially and diplomatically helped by the eagerness shown by German debtors to re-pay their outstanding claims. As *The Bankers' Magazine* noted, German banks had been pre-empting the finalised debt accord since 1951, as they were 'wisely anxious to re-establish their credit' by 'pressing forward to repay debts which most of the creditors had written off'.⁴⁷ It partly explains why conditions for the financing of German foreign trade already improved markedly by the end of 1952, in advance of the Debt Accord's conclusion. In its business report for 1952, the Süddeutsche Bank highlighted the ongoing improvement in its foreign credit relations, which jointly reflected the rising external credibility of Germany's currency and its financial intermediaries:

Foreign trade-related credits rose in volume ... substantially more than was to be expected in view of the general expansion of international trade. The growing acceptance of the DM in international payment transactions has been visible in a shift of turn-over to DM accounts held with us. Business that was settled through letters of credit has not substantially reduced. In growing proportion, delivery was made once

⁴³ Tilly (1993b), p. 174; Abs (1985), pp. 351, 360; Nützenadel (2020), p. 359; Seidenzahl (1970), p. 396.

⁴⁴ HADB V01/2026, 'Proposal concerning the future structure of the German joint stock banks', p. 41.

⁴⁵ Abs (1991), p. 270; for the LDA's impact on rising bilateral trade with the sterling area, see Galofré-Vilà, et al (2019), pp. 20–1.

⁴⁶ Abs (1991), p. 251.

⁴⁷ *The Bankers' Magazine*, 'German Debts and German Lands', vol. 173 (January 1952), p. 12; see also *The Banker*, 'Germany's Standstill Debts', vol. 96 (March 1951), p. 140.

again on the basis of ‘cash against documents’⁴⁸ or on open account terms.⁴⁹ It expresses the burgeoning trust between buyer and seller, which marks a satisfying consolidation process in the segment of our foreign trade.⁵⁰

During the coming months, importers in the Federal Republic benefitted from a further marked transition away from advances and cash payments in favour of greater availability of short- and medium-term credits.⁵¹ The balances of the Rheinisch-Westfälische Bank illustrate this resurgence in the foreign trade-related business experienced by the three successor banks during the negotiations of the London Debt Accord. Although the available transactional data for the successor banks are discontinuous and fragmented for the 1950s, the records of the Rheinisch-Westfälische Bank (RWB) and Süddeutsche Bank allow glimpses into the operational side of the wider group’s re-entry into international banking. In the Deutsche Bank group’s payments business, the earnings share of foreign exchange commissions and other commissions in overseas trade rose from 15.2% at RWB in 1951 to 23.4% for the whole group in 1953.⁵² Over the same period the earnings share for payment-related documents and accreditation fees increased from 23% at RWB to 27.4% for all successor banks.⁵³ Aside from their earnings, Rheinisch-Westfälische Bank and Süddeutsche Bank both recorded a steep rise in the number of foreign exchange and international trade-related transactions in the years immediately preceding and after the London Debt Accord. Within the European Payments Union, this was assisted by incrementally liberalising capital flows through the ‘recommercialization’ of Germany’s currency, which included allowing the transfer abroad of balances and financial receipts in previously blocked DM accounts.⁵⁴

⁴⁸ Cash against documents is a payment method for exports by which the documents for a shipment are dispatched to a correspondent bank in the destination country of the shipment, where the importer can take control of the title documents and assets, after settling the required payment in cash with the correspondent bank. See J. Law and J. Smullen, ‘Cash against Documents (CAD)’, in *Oxford Dictionary of Finance and Banking* (Oxford University Press, 2008, 4th ed).

⁴⁹ Open account financing (*offenes Ziel* or *offener Buchkredit*) affords the most flexibility for importers with ‘payment being made simply in response to presentation of an invoice’. Payments can be contractually agreed to be remitted either by a specified date or at regular intervals such as for recurring shipments. See S. Carse, J. Williamson and G.E. Wood, *The Financing Procedures of British Foreign Trade* (Cambridge University Press, 1980), p. 42.

⁵⁰ Süddeutsche Bank, *Annual Report for the Year 1952*, p. 10.

⁵¹ Bank deutscher Länder, *Jahresbericht für das Jahr 1953*, p. 84, quoted in Abs (1991), p. 251.

⁵² Calculated from earnings data collected in Holtfrerich (1995), p. 514.

⁵³ *Ibid.*, p. 514.

⁵⁴ *The Bankers’ Magazine*, ‘Germany’, vol. 175 (April 1953), p. 328; H. Lipfert, *Internationaler Devisen- und Geldhandel* (Fritz Knapp, 1967, 2nd ed.), p. 266.

With the external conditions favourable to the normalization of cross-border finance, Deutsche Bank's successor institutions intensified efforts to re-integrate their business. Hermann Abs, who had been instrumental in the partial re-centralization of the 'Big Three' banks in 1952, continued to advocate at home and abroad for the removal of the regional scope of German commercial banks. Throughout the mid-1950s, however, the full reunification of the district banks had to bide its time. As part of the negotiations to conclude the Allied occupation, Germany's Chancellor – Konrad Adenauer – had committed the Federal Republic to a three-year 'moratorium' on overhauling the Big Banks Act.⁵⁵ This three-year hiatus preserved the regionalization of the German banking system until 1956 and motivated alternative ways of coordination between the successor banks. Initially Deutsche Bank's successor banks instituted collective meetings, which saw their Management Boards gather from November 1952 on a bimonthly basis.⁵⁶ Closer coordination between the successor banks was formalised yet further through a profit and loss-sharing agreement, for which the German government gave its approval in 1955.⁵⁷ The senior management of Süddeutsche, Norddeutsche and Rheinisch-Westfälische Bank subsequently held monthly 'pool' meetings, which served to align a host of activities, including their domestic loan, underwriting, and international business.⁵⁸

Throughout the 1950s, Adenauer's government signalled that it was in principle supportive of enabling Deutsche Bank and its leading commercial competitors to re-merge and conduct nation-wide business. In close consultation with the Big Three banks, the Finance Ministry prepared in 1956 to remove what remained of the final legislative hurdles. Through the 'Law to Remove Limitations on the Regional Scope of Credit Institutions', which came into force on 30 December 1956, the government dismantled what in banking circles had been perceived as the last remnants of 'a Morgenthauian relic'.⁵⁹ Its provisions lifted the banks' legal restrictions on branching and allowed for Deutsche Bank to be formally revived through the merger of the three district banks. Institutionally, the re-amalgamation, which took place in 1957, yielded a 'hybrid structure', with three head offices in Düsseldorf, Frankfurt am Main

⁵⁵ Holtfrerich (1995), p. 464.

⁵⁶ Ibid., p. 468.

⁵⁷ Pohl (1975), p. 371.

⁵⁸ Gall (2005), pp. 222–223; Holtfrerich (1995), pp. 470–472.

⁵⁹ Holtfrerich (1995), pp. 474, 483.

and Hamburg and 24 main branches, which oversaw a nation-wide network of 307 individual branches and deposit offices.⁶⁰ Strong elements of de-centralization and regional independence nevertheless persisted even after the merger.⁶¹ This reflected both the legacy of the Allied occupation's break-up of the banks and the rising complexity and volume of post-war business compared with the 1930s. For their international and payments transactions, the three head offices maintained their own International Divisions, economic research units, and currency desks, while Frankfurt, as the bank's headquarter after 1957, coordinated key bank-wide activities and took charge of large-scale international lending.⁶²

II. Rebuilding the Post-War Correspondent Network

As a long-established universal bank, with roots in international trade finance stretching back to 1870, Deutsche Bank had a substantial correspondent network prior to the Second World War. Before the outbreak of hostilities, Deutsche Bank maintained 423 nostro connections with banks and overseas branches in 117 cities (Map 1). Nostro accounts were used by banks with established correspondent banking ties in order to facilitate the regular settlement of payments transactions on behalf of their clients. It involved the opening of a foreign or domestic currency account with an overseas correspondent, while the correspondent may, in turn, deposit funds in a *vostro* account with Deutsche Bank. The reciprocal nature of nostro/*vostro* arrangements undergirds the bilateral architecture of cross-border payments and nostro connections therefore provide a strong measure for a bank's most important and high-volume correspondents. Reconstructing a global picture of Deutsche Bank's correspondents is aided by a register of pre-World War II nostro connections, filed among the *Altbank's* records from the late 1940s. The *Altbank's* register of nostro connections was part of its efforts to assess its remaining overseas balances with former correspondents, as many of its account books in Berlin and other branches were war-damaged, fragmented, or inaccessible in the Soviet zone. It shows that before the outbreak of the Second World War, Deutsche Bank's nostro accounts were heavily concentrated in Europe, the United Kingdom and North America, which together accounted for 91% of the recorded inter-bank

⁶⁰ Nützenadel (2020), pp. 349, 374.

⁶¹ Ibid., pp. 349, 374.

⁶² Ibid., p. 374.

connections.⁶³ South America – where Deutsche Bank was very active since the late nineteenth-century – was represented with 5.7% of nostro connections, while Asia, Africa and the Middle East accounted for 1.4%, 1.2% and 0.7% respectively.⁶⁴ The register confirms that prior to the war London occupied a predominant role as a hub for Deutsche Bank's cross-border business, over and above New York and Paris. Within Europe and globally, London had the highest concentration of Deutsche Bank's inter-bank partners, with 59 recorded nostro connections (Map 2). Its London connections encompassed the leading UK clearing, merchant, and private banks, as well as several international banks that had set up branches in the City, including Crédit Lyonnais, National City Bank of New York, and Banca Commerciale Italiana.⁶⁵

Before 1914, Deutsche Bank itself operated an overseas branch in the City to catalyse its trade financing business and participate in the sterling acceptance market. Following the closure of its London branch in 1914 and its eventual liquidation in 1928, Deutsche Bank refrained for nearly half a century from re-opening a City branch.⁶⁶ In the thirty years after the Second World War, the bank had no agency or direct foothold in London that could have acted as a conduit for its cross-border business. It instead relied on its London correspondent network before reopening its City branch in 1976.⁶⁷ Its listings in *The Bankers' Almanac* demonstrate that Deutsche Bank quickly regained its post-war connections with the UK's 'Big Five' clearing banks but struggled to rebuild its previous network density. The correspondents publicised in

⁶³ Calculated from register of nostro connections in HADB DB(alt)/248 and Note concerning balances in London before the war (28 May 1953), HADB V1/2186. This geographic overview is principally focused on correspondents with which Deutsche Bank maintained nostro arrangements, as they were critical for its international payments and trade financing business. The concentration of Deutsche Bank's inter-bank network on Europe, the US and UK may have been even more pronounced when widening the scope to correspondent-type relations without nostro facilities. In the post-war period and likely before, Deutsche Bank maintained business relations with financial institutions with whom it conducted less regular transactions but frequently exchanged information on overseas market conditions. This 'informational' function of overseas banks is less quantifiable in the surviving archives and by its nature more *ad hoc* than the nostro account movements for payments and short-term credits that form the day-to-day foundation of correspondent banking.

⁶⁴ Ibid.

⁶⁵ Further overseas banks with London-based nostro connections to Deutsche Bank included Chase National Bank of New York, Bankers Trust Company, National Bank of India, Swiss Bank Corporation, and Bank of Athens.

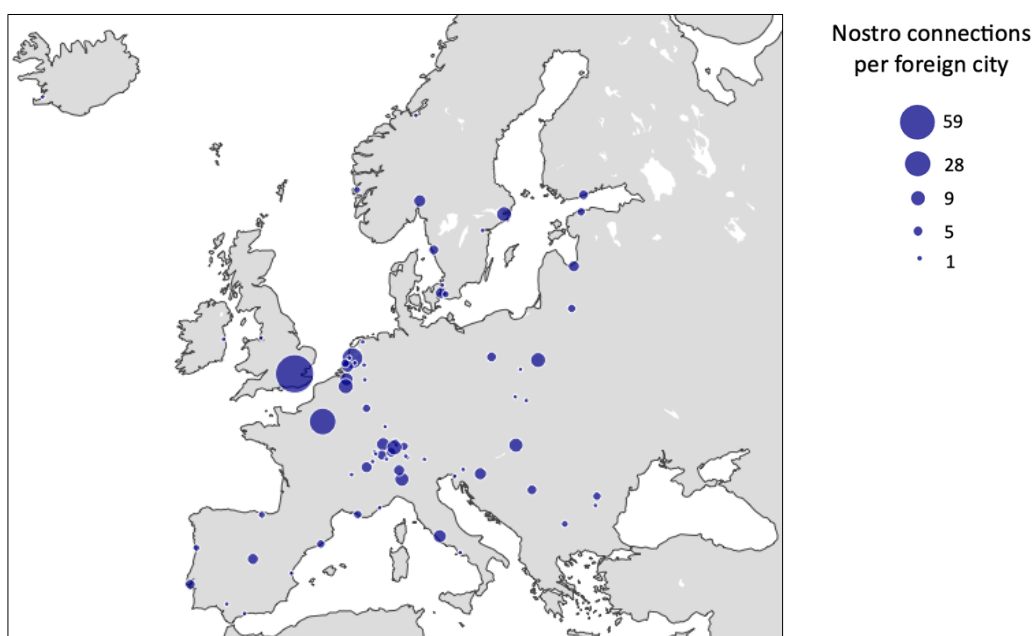
⁶⁶ Pohl (1998), pp. 63–64, 78.

⁶⁷ Deutsche Bank initially opened a representative office in London in 1973, which commenced operations as an overseas branch in January 1976. See Pohl (1998), pp. 78–89.

Map 1: Foreign cities with Deutsche Bank correspondent (Nostro) connections before the outbreak of the Second World War



Map 2: Deutsche Bank's density of European and UK correspondent links before the Second World War



Note on Maps 1 and 2: Nostro connections collected from a nostro register held by Deutsche Bank's *Altbank*, HADB DB(alt)/248 and Note concerning balances in London before the war (May 1953), HADB V1/2186.

the *Almanac* show that Deutsche Bank re-established a post-war network of 19 London correspondents and agents by 1960. This contrasts with 26 correspondents listed in the *Almanac* in 1930 and at least 59 nostro connections maintained by the *Altbank* before the Second World War.⁶⁸ The aggregate figures for Deutsche Bank's total bilateral connections between its domestic branches and London correspondents paint an analogous picture. Based on the details Deutsche Bank and its British correspondents supplied to the *Almanac*, the total London connections of its branches in Weimar Germany numbered upwards of 130 in 1930.⁶⁹ In the post-war years, its total connections to London peaked at an estimated 71 in 1960, with at least 12 West German cities maintaining one or more direct links to a London bank (Figure 2). Such a decline in the density and diversity of its correspondent network is to be expected after the *caesura* of the war; however, relying solely on *The Bankers' Almanac* obscures a high degree of persistence and resilience in the post-war financial architecture.

When taking a longer view of Deutsche Bank's inter-war and post-war correspondents, it is worthwhile considering the reporting standards of *The Bankers' Almanac*, which only recorded the selection of intra-bank partners that UK and foreign banks chose to self-report. Correspondents were publicised in *The Bankers' Almanac* in two sections: a section in which UK and British overseas banks reported their inter-bank partners, and a separate section with entries supplied by international banks. Both sections contained summaries of banks' recent annual accounts and a range of additional information, from dividend payouts and branch locations to names of general managers and directors.⁷⁰ Reporting their foreign correspondents and agents remained at the discretion of each bank, and many British overseas banks as well as private, merchant and discount houses rarely advertised their

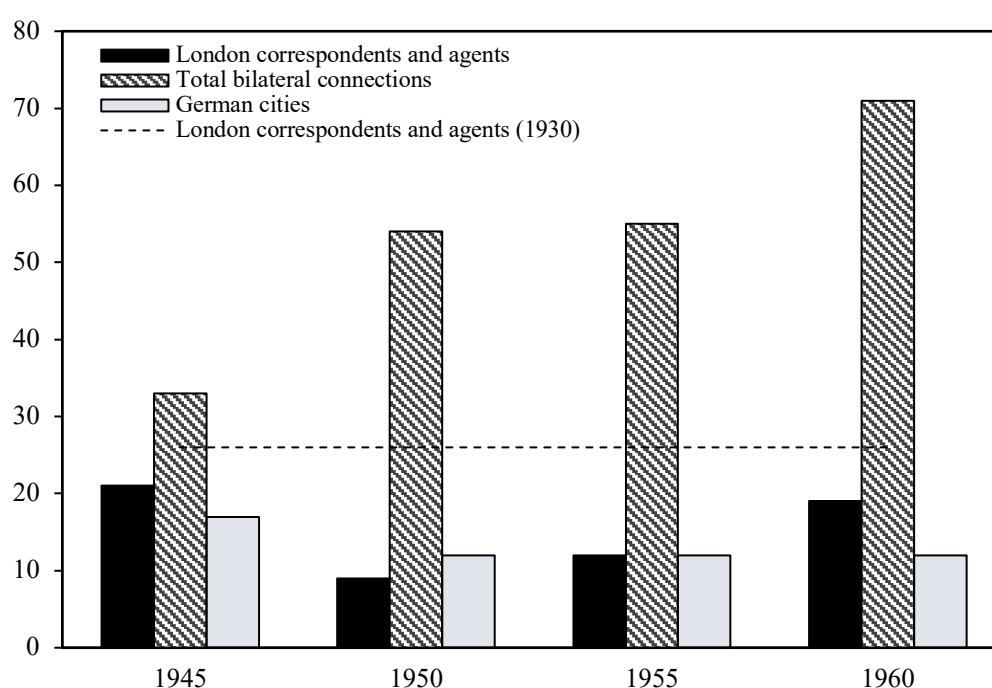
⁶⁸ Calculated from *The Bankers' Almanac and Year Book for 1930/31*, HADB DB(alt)/248 and HADB V1/2186.

⁶⁹ Branch-level correspondent connections are based on combined data from the 'British Banks' and 'International Banks' sections of *The Bankers' Almanac and Year Book for 1930/31*. In 1930, 65 branches of Deutsche Bank had bilateral correspondent links to London banks. When the total number of connections is concerned, the figure should be treated as a conservative estimate that accounts for incomplete reporting by some London banks. For London banks that did not report specific city branches of Deutsche Bank, the calculation assumes a minimum of one correspondent link to Deutsche Bank's head office in Berlin. Similarly, London banks that were only advertised by Deutsche Bank in the *Almanac's* 'International Section' are taken to have at least one correspondent link to its head office.

⁷⁰ For the publication history and compilation of *The Bankers' Almanac* by its publishers Thomas Skinner & Co., see M. Molteni, G. Pala, and C.R. Schenk, 'Fresh Perspectives on Cross-Border Banking in the 20th Century: New Evidence of Italian Correspondent Banking', *Global Correspondent Banking 1870–2000 Working Paper Series Vol. 1, No. 4*, University of Oxford (March 2025), pp. 11–12, 14–15.

correspondents in the *Almanac* in the post-war period. *The Bankers' Almanac* also did not report on the correspondent arrangements of international banks' London branches, which were significant inter-bank partners of Deutsche Bank in the 1930s (Table 1). The composition and reporting constraints of *The Bankers' Almanac* thus yield a detailed but partial record, one that accentuates the effect of the war-related rupture on Deutsche Bank's cross-border relations.

Figure 2: Deutsche Bank's Correspondent Connections with London reported in *The Bankers' Almanac*, 1945–1960



Source: Data compiled from the British Banks' and International Banks' sections of *The Bankers' Almanac and Year Book* (vols. 1945/46, 1950/51, 1955/56, 1960/61). Graph includes the Berliner Disconto Bank in West Berlin and the regional successor institutions of Deutsche Bank prior to its reunification in 1957. *Note:* London correspondents and agents refer to the number of unique intra-bank partners of Deutsche Bank, its successor institutions and Berlin subsidiary in any given year. German cities capture the localities listed as direct connections by London correspondents and agents. Total bilateral connections estimate the number of direct links between Deutsche Bank branches and London agents and correspondents, based on details supplied in the British Banks' section. Listings that did not include specific city branches were taken to refer to the head offices of Deutsche Bank and its respective regional successors.

Note on 1945: *The Bankers' Almanac* was compiled in the final months of the Second World War, during which international banking and foreign exchange dealings with Germany were suspended. The 1945 data therefore reflect the level of connectivity prior to the start of the war, as 'banks whose names appear as London correspondents or agents to "enemy" banks [...] ceased to act in such capacities at the outbreak of the war' (*Bankers' Almanac* for 1945/46, p. vii).

Examining how Deutsche Bank internally managed its nostro arrangements shows that its inter-bank business was revived more extensively than the public record documented in the *Almanac*. Within a decade of the war's cessation, around half of Deutsche Bank's nostro connections in London had been reactivated through arrangements with pre-existing and new correspondents (Table 1). This high degree of persistence in its correspondent relations with London emerges from comparing the *Altbank's* register of pre-war nostro connections with the nostro balances of its post-war successor Süddeutsche Bank (SDB). SDB had its principal headquarter in Frankfurt am Main and recorded the second largest turnover in foreign trade-related business among the three successor banks.⁷¹ By mid-1953, Süddeutsche Bank's balances with London banks totalled around £1.26 million. Its nostro balances were spread across 20 banks in London, with more than 80% held with its largest UK correspondents Midland Bank, Westminster Bank, Barclays, National Provincial, and Lloyds.⁷² Alongside its business with the 'Big Five' clearing banks, Süddeutsche Bank's Frankfurt branch also quickly re-established its ties to several merchant banks with Anglo-German heritage, including Kleinwort & Sons, S. Japhet and J. Henry Schröder. The inter-war acceptance business of these merchant banks had been highly concentrated on Germany, as Olivier Accominotti has shown, and their extensive involvement in financing bilateral trade with the region can be traced back to the nineteenth century.⁷³

The opposite transpires for international banks, discount houses and many long-established British private banks, which constituted an integral part of Deutsche Bank's cross-border business in the inter-war years. Their much-reduced share among Süddeutsche Bank's nostro accounts might be partially explained from post-war hesitancy and hostility to transacting business with German institutions. The lack of bill brokers and discount houses recorded in SDB's nostro accounts may also reflect the structural change that was afoot in post-war trade

⁷¹ HADB ZA1/146, Proposal concerning the decentralised management of international business after the completed merger, Düsseldorf, 4. April 1957.

⁷² HADB V1/2186, Nostro balances at London banks, 26. August 1953.

⁷³ O. Accominotti, 'International Banking and Transmission of the 1931 Financial Crisis', *Economic History Review*, 72 (2019), pp. 262, 269, 279; O. Accominotti, 'London Merchant Banks, the Central European Panic, and the Sterling Crisis of 1931', *The Journal of Economic History*, 72 (2012), pp. 18–20.

Table 1: London correspondents and agents of Deutsche Bank
before the Second World War and of Süddeutsche Bank in 1954 and 1955

	Deutsche Bank (<i>Almanac</i>), 1930*	Deutsche Bank (Nostro connections), pre-World War II	Süddeutsche Bank (Nostro accounts), 1954**	Süddeutsche Bank (<i>Almanac</i>), 1955
<i>London clearing banks</i>	Midland Bank Barclays Bank Lloyds Bank Westminster Bank National Provincial Bank Martins Bank The National Bank	Midland Bank Barclays Bank Lloyds Bank Westminster Bank National Provincial Bank Martins Bank Glyn, Mills & Co. District Bank The National Bank Williams Deacon's Bank	Midland Bank Barclays Bank Lloyds Bank Westminster Bank National Provincial Bank Martins Bank Glyn, Mills & Co.	Midland Bank Barclays Bank Lloyds Bank Westminster Bank National Provincial Bank Martins Bank Glyn, Mills & Co.
<i>British overseas banks & Scottish banks</i>	Royal Bank of Scotland Anglo-French Banking Corporation The British Overseas Bank	Royal Bank of Scotland The National Bank of India Anglo Portuguese Colonial & Overseas Bank Anglo-French Banking Corporation Anglo-International Bank Bank of London & South America The British Overseas Bank The Eastern Bank Standard Bank of South Africa	Royal Bank of Scotland The National Bank of India Anglo Portuguese Colonial & Overseas Bank Grindlays Bank British and French Bank Clydesdale & North of Scotland Bank The Commercial Bank of Scotland Australia and New Zealand Bank	Royal Bank of Scotland
<i>Merchant & private banks</i>	Samuel Montagu & Co. W. Brandt's Sons & Co. Hambros Bank S. Japhet & Co. Kleinwort, Sons & Co. J. Henry Schröder & Co. Seligman Brothers Erlangers Guinness, Mahon & Co. N. M. Rothschild & Sons Lazard Brothers & Co. Higginson & Co. M. Samuel & Co. Frederick Huth & Co. B. W. Blydenstein & Co. Grace Brothers & Co.	Samuel Montagu & Co. W. Brandt's Sons & Co. Hambros Bank S. Japhet & Co. Kleinwort, Sons & Co. J. Henry Schröder & Co. Seligman Brothers Erlangers Jacob Wassermann Guinness, Mahon & Co. N. M. Rothschild & Sons Lazard Brothers & Co. Higginson & Co. M. Samuel & Co. Arbuthnot, Latham & Co. R. Raphael & Sons Baring Brothers & Co. Brown Shipley & Co. Goschens & Cunliffe	Samuel Montagu & Co. W. Brandt's Sons & Co. Hambros Bank S. Japhet & Co. Kleinwort, Sons & Co. J. Henry Schröder & Co. Ullmann & Co.	Samuel Montagu & Co. Ullmann & Co.

Table 1 continued

	Deutsche Bank (<i>Almanac</i>), 1930*	Deutsche Bank (Nostro connections), pre-World War II	Süddeutsche Bank (Nostro accounts), 1954**	Süddeutsche Bank (<i>Almanac</i>), 1955
<i>International banks with London branches</i>	—	Crédit Lyonnais Chase National Bank of New York Central Hanover Bank and Trust Company The National City Bank of New York Banca Commerciale Italiana Bank of Athens Bankers Trust Company Banque Belge pour l'Etranger Banque Nationale pour le Commerce & l'Industrie Credito Italiano Guaranty Trust Company of New York The National Bank of Egypt Ottoman Bank Royal Bank of Canada Société Générale pour favoriser le Développement du Commerce et de l'Industrie en France Swiss Bank Corporation The Yokohama Specie Bank	Crédit Lyonnais Chase National Bank of New York The Hanover Bank The National City Bank of New York Bank of America Bank of New South Wales	—
<i>Other financial institutions</i>	—	Helbert, Wagg & Co. National Discount Company Union Discount Company of London Union Corporation	—	—
Number of recorded correspondents	26	59	28	10

Sources for Columns 1 and 4: Deutsche Bank's and Süddeutsche Bank's London correspondents and agents as reported in *The Bankers' Almanac and Year Book* (1930/31 and 1955/56). *Note:* *The Bankers' Almanac* did not report on international banks' London branches. *Deutsche Bank in 1930 was trading as 'Deutsche Bank und Disconto-Gesellschaft' following its amalgamation in 1929 with the Disconto-Gesellschaft. *Sources for Columns 2 and 3:* Nostro connections of the *Altbank* and Süddeutsche Bank collected from the Historical Institute of Deutsche Bank, DB(alt)/248, V1/2186, and ZA02/x0532. **Correspondents of Süddeutsche Bank lists all London banks with nostro accounts at the bank's Frankfurt am Main branch in December 1954.

finance, particularly the diminishing role of the bill of exchange and bankers' acceptances.⁷⁴ Another factor in the post-war composition of SDB's correspondents appears to be a greater tendency towards direct intermediation with international banks in their domestic jurisdiction, rather than through their London branches.

Concerted efforts to re-establish Deutsche Bank's reputation and trust among its inter-bank partners had already intensified during the early 1950s. Even though Deutsche Bank was still decentralised into three successor banks, their International Divisions coordinated closely in the acquisition and nurturing of new and pre-existing correspondent accounts. They not only coordinated the foreign travel of staff in their International Banking Divisions, they also promoted their respective 'sister banks' in Hamburg, Frankfurt and Düsseldorf on their overseas tours, as well as commissioning shared reports about correspondents and their credit limits. One of those first post-war travel reports highlighted in February 1953 that many British banks were still practising a cautious wait-and-see attitude after the London Debt Conference:

The clearing banks are adhering to their resolution not to extend facilities to German banks until the Debt Accord is set in stone. The Australian banks, for their part, are bound to their well-known arrangement with the clearing banks. As for the London branches of US banks, they are not particularly interested in business with Germany. They are first and foremost servicing US companies with overseas offices in England.⁷⁵

The same hesitancy was palpable among London merchant banks, with William Brandt's Sons & Co. noting that they 'would like to initially wait and observe the further development', but in the meantime they 'would not extend reimbursement credit on worse terms than the Standstill credits; [meaning] that they would either require a shared obligation by the customer or [Deutsche Bank's] guarantee'.⁷⁶ Such demands to cover the commercial risks of short-term trade credits was often an initial price to pay in order to re-enter into business and dispel doubts about the creditworthiness of German banks and their customers. Another

⁷⁴ O. Accominotti and S. Ugolini, 'International Trade Finance from the Origins to the Present: Market Structures, Regulation, and Governance', in E. Brousseau, J.-M. Glachant, and J. Sgard (eds.), *The Oxford Handbook of Institutions of International Economic Governance and Market Regulation* (Oxford University Press, 2019), pp. 54–58.

⁷⁵ HADB F2/1946, England Travel Report, 20. Jan. to 13. Febr. 1956, Part I, p. 3. Facilities in this context probably referred to credit facilities and overdrafts.

⁷⁶ HADB F2/1946, England Travel Report, 20. Jan. to 13. Febr. 1956, Part II, p. 3.

lingering concern of British merchant banks was the open question of ‘how the debts of Deutsche Bank’s Standstill credits would be apportioned between the successor banks’.⁷⁷ The rapid settlement of Deutsche Bank’s Standstill debts during the mid-1950s certainly played a not- insubstantial role in re-establishing its external financial standing.⁷⁸ Creditworthiness aside, rekindling former relations was a more incremental process that cannot be easily separated from the Nazi era’s moral legacy, as well as the inter-personal scars of the war. In this regard, the small number of English merchant and private banks that re-established correspondent links with Deutsche Bank by the mid-1950s may reflect refusals to transact business with German banks that only ten years earlier had been implicated in assisting and accommodating the Nazi regime.⁷⁹

Among the British clearing banks, their correspondent business for export and import payments tended to re-commence on the basis that Deutsche Bank’s successors first opened and maintained active sterling accounts with them, before clearers committed to holding DM accounts. By October 1953, when the London Debt Accord had come into force, the Süddeutsche Bank in Frankfurt was holding average monthly balances of ca. £100,000 with Lloyds Bank, which in turn had already extended 5.2 million DM of business to SDB.⁸⁰ Renewed facilities for short-term credit also proved forthcoming from several banks that had long been active in Anglo-German business before the war, including Hambros, Kleinwort & Sons and S. Japhet & Co. With some former correspondents, such as Helbert Wagg & Co., the resumption of business was not immediately formalised through the opening of nostro balances, while foreign exchange trading with London banks often served as an initial stepping stone before considering a broader array of inter-bank business. Beyond London, Deutsche Bank also dedicated efforts to re-establish correspondent relations with the export

⁷⁷ Ibid., Part II, p. 4.

⁷⁸ The three successor institutions recorded in spring 1955 that repayment of their Standstill debts was nearing completion and that only a small residual remained outstanding. See Norddeutsche Bank, *Annual Report for the Year 1954*, p. 19; Rheinisch-Westfälische Bank, *Annual Report for the Year 1954*, p. 22; Süddeutsche Bank, *Annual Report for the Year 1954*, p. 16.

⁷⁹ On Deutsche Bank’s war-time decision-making and interaction with the National Socialist dictatorship, see in particular H. James, *The Deutsche Bank and the Nazi Economic War against the Jews: The Expropriation of Jewish-Owned Property* (Cambridge University Press, 2001); C. Kopper, *Bankiers unterm Hakenkreuz* (Carl Hanser Verlag, 2005), pp. 167–181 and James (2004), chapters 2–6.

⁸⁰ HADB V1/2186, Note concerning Lloyds Bank Limited, London, Deutsche Bank Central Foreign Secretariat, Frankfurt am Main, 5. Oct. 1953.

hubs of Manchester and Liverpool, where three of the UK's clearing banks – Martins Bank, Williams Deacon's Bank, and District Bank – maintained their headquarter and several others operated dedicated offices with Foreign Departments.⁸¹

Cultivating personal connections with smaller UK branch offices outside London was a strategic priority during the Deutsche Bank group's re-entry into international banking. It ensured that its successor institutions could be the first port of call on occasions when their correspondents' clients were looking to transact business in West Germany by offering to advise on legal, financial, and investment opportunities for British companies seeking to extend their overseas operations. Even before the London Debt Accord was implemented, Deutsche Bank's engagement had already widened beyond London, Liverpool, and Manchester to nurture direct relations with correspondents in Dublin, Belfast, Edinburgh, and Glasgow. The decentralization of Deutsche Bank into three district banks with smaller capital bases does not appear to have been a factor in impeding their ability to re-kindle those correspondent relations. For as the Liverpool Foreign Branch of Midland Bank told its Deutsche Bank visitors in 1953, 'the 3 successor institutions are still perceived as the unified Deutsche Bank and as the premier connection in Germany.'⁸²

In the early 1950s, representatives of Deutsche Bank's International Divisions were frequently the first German bankers since the war to visit UK and Irish banks with offices outside London.⁸³ This first-mover advantage and repeated return visits helped to consolidate Deutsche Bank's post-war profitability and reputation as Germany's leading foreign trade bank vis-à-vis its main competitors Dresdner Bank and Commerzbank. Its efforts seemed to pay off quickly in the performance of its International Divisions. After its representatives had toured the Republic of Ireland twice in four years to establish closer financial relations, Deutsche Bank was responsible for settling 45% of the foreign trade between West Germany and the Republic by 1959.⁸⁴ In West Germany's trade with the UK, Deutsche Bank recorded a similarly strong performance, financing 39% of bilateral trade in 1960 and 36% in 1965.⁸⁵ As

⁸¹ HADB F2/1946, Great Britain and Ireland Travel Report, Oct. and Nov. 1960, p. 1.

⁸² HADB F2/1946, Liverpool and Manchester Travel Report, Febr. 1953, p. 2.

⁸³ HADB F2/1946, Liverpool and Manchester Travel Report, Febr. 1953, p. 1 and Great Britain and Ireland Report, Oct. and Nov. 1960, p. 5.

⁸⁴ HADB F2/1946, Great Britain and Ireland Travel Report, Oct. and Nov. 1960, p. 5.

⁸⁵ HADB V5/22, Deutsche Bank turnover and its share of bilateral trade by country, 1960–1967.

German exports recovered strongly in the 1950s, however, West Germany's large balance of payments surpluses often surfaced as a thorny issue for its financial relations during the Bretton Woods period, which also saw the growing competitiveness of German exporters in European and overseas markets.⁸⁶ With its UK and Irish correspondents, Deutsche Bank was meanwhile keen to increase short-term credit business with their provincial branches by offering standard facilities for a range of documentary credits, foreign exchange trading, mail transfers, cheque clearing, and cash remittance. This portfolio of bilateral payments and credit services had grown markedly from the main business conducted by correspondent banks in the immediate post-war years, when letters of credit were the staple of their trade finance operations. As Büschgen noted, commercial letters of credit then 'settled more than 80% of West Germany's foreign trade', but by the late 1950s, when currency account liberalisation was underway, banks were able to broaden the payments services on offer to their clients, as well as growing their joint underwriting and securities business.⁸⁷ It reflected not only the growing trust between inter-bank partners, but also the recognition that West Germany's democratic transition and successful economic reconstruction provided new opportunities for the trade-driven expansion of Europe's financial infrastructure.

Correspondent business traditionally focused on payments services and short-term lending, which was at the heart of the rapid expansion of German foreign trade during the post-war *Wirtschaftswunder*. In the half decade from 1953 to 1958, German trade proceeded to double, with exports growing from 18.5 to 37 billion DM and imports climbing from 16 to 32 billion DM.⁸⁸ Germany's economic prosperity and European capital flows were closely tied to the gradual conversion to DM convertibility, which was underway between 1953 and 1958 and proceeded from 1957 hand in hand with the liberalisation of intra-regional trade in the European Economic Community.⁸⁹ The European Payments Union, which came into effect in 1950, played a crucial role in the liberalisation process by re-introducing multi-lateral clearing

⁸⁶ HADB ZA04/x1308, London Travel Report, Oct. 1956, pp. 2, 4-5.

⁸⁷ See H.E. Büschgen, 'Zeitgeschichtliche Probleme des Bankwesens der Bundesrepublik', in Institut für bankhistorische Forschung (ed.), *Deutsche Bankengeschichte* (Fritz Knapp, 1983, vol. 3), p. 386.

⁸⁸ Abs (1985), p. 357.

⁸⁹ See *ibid.*, pp. 359, 369.

of payments.⁹⁰ This complemented a gradual transition from bilateral, state-negotiated payments arrangements, which had dominated since the 1930s. The former involved strict exchange controls and the bilateral routing of all trade and financial transactions of private banks through the central banks of the respective treaty partners.⁹¹ Both bilateral treaties and multi-lateral clearing under the EPU allowed countries after the war to conserve currency reserves and lessen trade barriers – chiefly by providing central bank facilities for reciprocal credit that could balance out temporary deficits.⁹² The EPU’s formation thereby enabled intra-European trade to overcome the substantial balance-of-payments constraints of its members after the war, and so paved the way for currency convertibility and payments liberalisation.⁹³ Within three years of its implementation, currency trading of EPU currencies was partially liberalised, a policy shift that sought ‘to stimulate the reinstitution of private foreign exchange markets’ across Europe.⁹⁴ For European and UK banks, this eased the external constraints on traditional correspondent banking by generating cost-savings in inter-bank settlement.

In the context of Germany’s economic boom in the 1950s, trade-related payments and ancillary foreign exchange dealings increased substantially between correspondent banks, as indicated by the transaction volumes and reciprocity ratios between Deutsche Bank and its London correspondents. Deutsche Bank’s total turnover with the UK ‘Big Five’ reached 2.56 billion DM in 1958, with Midland Bank receiving and providing the largest share of its short-term credit and payments business (Table 2).⁹⁵ Profits made on different types of inter-bank instructions depended on a range of factors, including commission and interest rates and the daily turnover of nostro balances, which differed from bank to bank. In the absence of

⁹⁰ See B.J. Eichengreen, *Reconstructing Europe’s Trade and Payments: The European Payments Union* (University of Michigan Press, 1993), pp. 13–32; B.G. Auguste, *The Economics of International Payments Unions and Clearing Houses: Theory and Measurement* (Macmillan, 1997), pp. 151–65.

⁹¹ Auguste (1997), pp. 26–7, Lipfert (1967), pp. 262–63.

⁹² For a detailed description of the bilateral and regional payments arrangements introduced after the war, see Auguste (1997), pp. 26–7, 33, 151–165 and C. Buchheim, *Die Wiedereingliederung Westdeutschlands in die Weltwirtschaft 1945–1958* (Oldenbourg, 1990), pp. 114–160; M.N. Trued and R.F. Mikesell, ‘Postwar Bilateral Payments Agreements’, *Princeton Studies in International Finance*, No. 4 (1955), pp. 1–129.

⁹³ Auguste (1997), p. 151.

⁹⁴ *Ibid.*, pp. 36, 164; A. Faudot, ‘The European Payments Union (1950–58): The Post-War Episode of Keynes’ Clearing Union’, *Review of Political Economy*, 32 (2020), p. 383.

⁹⁵ Data collected on inter-bank business volumes refer predominantly to short-term credit and payments business. Medium- and long-term export finance for German industry was handled largely by the Reconstruction Loan Corporation and the Ausfuhrkredit-Gesellschaft (AKA), a banking consortium founded in 1952 by 32 German financial institutions, including the successors of Deutsche Bank, Commerzbank and Dresdner Bank. See K.F. Hagenmüller and G. Diesen, *Der Bankbetrieb* (Gabler, 1987), p. 136.

detailed profit breakdowns, the available evidence on the volume of inter-bank business illuminates the underlying reciprocity relationships and imbalances between correspondents. Among the UK ‘Big Five’, reciprocity ratios varied substantially. Reciprocity ratios are a standard measure by which banks monitor how much business they have received and, in turn, given to their correspondents. Midland and Lloyds recorded the largest overall turnover of business with Deutsche Bank, but the lowest reciprocity of only 62% and 40%. Barclays, in turn, awarded more than 112 million DM of business to Deutsche Bank in 1958, which equalled 83% of Deutsche Bank’s instructions sent to Barclays. As might be expected, the Big Five London clearing banks accounted for the majority – 63% – of Deutsche Bank’s total business turnover with its UK correspondents (Table 2). This heavy post-war intertwinement between the UK’s and Germany’s largest commercial banks was formalised yet further in the 1960s through closer international cooperation via the rise of European banking clubs, such as EBIC and ABECOR.⁹⁶ Deutsche Bank and Midland both participated in the European Advisory Committee (EAC) in the early 1960s, which served as a precursor to EBIC and further extended the correspondent ties that the two banks had rebuilt after 1945.⁹⁷

Table 2: Deutsche Bank’s business turnover and reciprocity ratios with its leading London correspondents in 1958 (in 1,000DM)

	Deutsche Bank’s Instructions to London Correspondents	London Correspondents’ Instructions to Deutsche Bank	Reciprocity ratio (%)
Midland Bank	280,520	173,435	62
Lloyds Bank	198,969	80,421	40
Barclays Bank	134,978	112,445	83
Westminster Bank	132,732	91,612	69
National Provincial Bank	89,032	70,164	79
Total turnover with ‘Big Five’	836,231	528,077	63
Total turnover with UK Correspondents	1,432,382	1,134,144	79

Source: HADB V1/2127, Business Turnover with the ‘Big Five’ in London, 1958-1959.

Outwardly Deutsche Bank’s growing trust and standing as an inter-bank partner was not only

⁹⁶ On the history of European banking clubs, see D.M. Ross, ‘European Banking Clubs in the 1960s: A Flawed Strategy’, *Business and Economic History*, 27 (1998), pp. 353–366; A. Drach, ‘An early form of European champions? Banking clubs between European integration and global banking (1960s–1990s)’, *Business History*, 66 (2024), pp. 287–310.

⁹⁷ S. Schneider, ‘Striving for Global Connectivity: Correspondent Banking and the Internationalisation of German Universal Banks, 1960s–1980s’ (GloCoBank Working Paper in progress).

evident in the scale of its payments business with the London clearing houses. It was also reflected in the cordiality of the business correspondence between the heads of many UK merchant and clearing banks and Deutsche Bank's chairman, Hermann Josef Abs, who, in turn, energetically represented the bank's interests on his travels and at annual functions of overseas banking associations. Abs' promotion of Deutsche Bank's global standing was greatly helped by his fluency in English, French, Dutch and Spanish as well as his years spent abroad in the 1920s, when he forged his career in international banking and built long-standing connections through placements in New York, London and Paris.⁹⁸ This relational aspect of correspondent banking – cultivated through informational exchanges at social gatherings and regular correspondence – remained, as in the pre-war and inter-war periods, the glue that bound together Anglo-German financial relations. Re-commencing occasional trainee exchanges during the 1950s further helped to revive close business ties and extended a practice that had been common before the Second World War.⁹⁹ Select trainees ordinarily spent several months in placements with London, New York, or other overseas correspondent banks, thereby gaining an in-depth experience of the customs, regulatory, and technical aspects of international banking. The benefits derived to the respective organisations extended in most cases beyond talent development. As Westminster Bank observed in 1962, the trainee exchanges with Deutsche Bank 'forged an abundance of contacts' that, in turn, future-proofed and 'consolidated the bank's reciprocal relationships', and that may have also helped to overcome potential resentments inherited from the two World Wars.¹⁰⁰

When the 1950s drew to a close, the tenor of Deutsche Bank's correspondent relationships with London largely resembled the *status quo* before the Second World War. Structurally, however, the bank's division into regional institutions had left its mark on the management of correspondent business at Deutsche Bank's successor banks. The regionalization of the German banking system in the wake of the Allied banking ordinances of 1947 and 1948 had led to a mixture of de-centralization and cooperation in the acquisition and nurturing of correspondent contacts. After the re-unification of Deutsche Bank's district banks in 1957, the group's international business underwent a partial restructuring that accentuated existing

⁹⁸ Kopper (2005), pp. 164–165.

⁹⁹ HADB V1/2127, Helbert, Wagg & Co. to Hermann J. Abs, 6. November 1958.

¹⁰⁰ HADB F2/1946, London Travel Report, 18.-25. Oct. 1962, p. 12.

regional differences in financial connectivity. When the Southern, Central, and Northern district banks unified, their management embarked on a programme of centralising and streamlining the revived correspondent business, which benefitted reputationally from being conducted again under the bank's former household name. On the eve of Deutsche Bank's re-unification, the Süddeutsche Bank had held, according to an internal memorandum, 560 Nostro accounts overseas, the Norddeutsche Bank 470, and the Düsseldorf-based DB West 463.¹⁰¹ Correspondents' accounts had often been maintained by a number of branches in each region, alongside the banks' head offices in Frankfurt, Düsseldorf and Hamburg. This decentralised structure of managing and monitoring correspondents' obligations and reciprocity had led to concerns about at times divergent treatment of credit lines and country-risk evaluations between the banks' three regions.¹⁰² In the coming years, the Frankfurt headquarter of the re-unified Deutsche Bank pressed ahead with a gradual reduction of nostro accounts at branch-level.¹⁰³ Their more centralised management by head offices and main branches may have jointly reflected transaction cost, risk, and reputational considerations, yet limiting the operational independence of main branches in this core segment was not an uncontroversial policy.

Soon after Deutsche Bank's re-merger, internal tensions emerged between the desire of Frankfurt to centralise and streamline the management of inter-bank accounts and the preference of the Düsseldorf head office to maintain a greater degree of de-centralisation. Regional autonomy over the handling and acquisition of correspondents was perceived in Düsseldorf as vital to Deutsche Bank's historic strength in trade finance. Düsseldorf's position emphasised that the long-standing regionalization of correspondent relations, which was accentuated during the post-war period, had rendered the bank nimbler and more responsive:

¹⁰¹ HADB ZA1/146, Memorandum: Questions of a technical nature arising from the re-unification of the sister banks, February 1957. DB West refers to the renamed Rheinisch-Westfälische Bank with its registered head office in Düsseldorf.

¹⁰² HADB ZA1/146, Memorandum: The management of international business after the re-unification of the sister banks, February 1957.

¹⁰³ On the reduction of existing and unprofitable Nostro accounts, see HADB ZA1/146, Note: Results of the meeting about international business between Abs, Klasen, Osterwind, and Ulrich, 2. July 1958; HADB ZA1/196, Protocols of the 37. and 43. Joint Meetings of the Head Office/International Divisions, 20. March 1962 and 20. February 1963.

The regional system in our International Business [...] has stood the test of time. It has been possible, with the utmost “efficiency”, while avoiding a mammoth apparatus [or] cumbersome dirigisme, to achieve what on the customer side was generally believed to be available only at private banks: an exceptional customer support and prompt service.¹⁰⁴

In addition to the effect on its customer experience, Düsseldorf’s head office objected strongly to centralizing the acquisition of new correspondent business. It argued that the promotion and acquisition of bank-to-bank relations had historically grown from the structure of each region’s trade, which had led Hamburg and Düsseldorf to establish expertise in specific export markets, including in Latin America and the Middle East.¹⁰⁵ Those regionalised tendencies in Deutsche Bank’s corporate strategy, which also extended to its foreign exchange business, were further regarded as both an operational advantage and a technical necessity when handling the steep rise of cross-border business in the 1950s:

Bank-to-bank credit is a focal point of our work, [which involves the] granting and receiving of facilities for letters of credit, reimbursement credit, guarantees, account overdrafts etc. It becomes clear how vast a field of activity this is [now], when considering that the Federal Republic’s foreign trade has risen substantially compared to before the war, the payment processing today is almost exclusively through banks (no longer through a clearing system after Schacht’s model), and the payment practices have changed significantly [...]. On purely technical grounds, it would hardly be possible to administer those transactions from one location for the whole bank, as they require often a constant contact with the branches – often by telephone. This was neither the case before the war [when] the business with export letters of credit was only slight, and the large branches were in this segment largely independent.¹⁰⁶

The outcome was a dual – central and regional – organisation of Deutsche Bank’s international business after the re-merger that combined significant regional autonomy with increased oversight and input by the Frankfurt headquarter on questions of group-wide reciprocity and country-specific risks.¹⁰⁷

Considering the roots of Germany’s more regionalised and ‘federalised’ financial system in

¹⁰⁴ HADB ZA1/146, Proposal concerning the decentralised management of international business after the completed merger, Düsseldorf, 4. April 1957.

¹⁰⁵ Ibid.; Nützenadel (2020), pp. 362–363, Büschgen (1995), p. 657.

¹⁰⁶ HADB ZA1/146, Proposal concerning the decentralised management of international business after the completed merger, Düsseldorf, 4. April 1957.

¹⁰⁷ On Deutsche Bank’s corporate organisation, see Nützenadel (2020), pp. 362–363, 374, 376.

the nineteenth and twentieth centuries, it should not be surprising that the governance of correspondent business differed between Deutsche Bank and leading UK commercial banks. The foreign exchange business of most English banks was routinely managed by their respective City offices, and the sterling nostro accounts of their German correspondents likewise tended to be concentrated and administered in London.¹⁰⁸ Repeated visits to Midland Bank branches highlighted the former's more streamlined central management that limited the scope of short-term credit operations undertaken by its local Foreign Branches and 'regulated payments exclusively through accounts in London'.¹⁰⁹ Beyond this greater degree of centralization on London, however, there were important parallels in the post-war business strategies pursued by Deutsche Bank and its leading UK correspondent, Midland. Both banks strongly relied for the expansion of their international business in the 1950s on their global web of correspondents, a strategy that Geoffrey Jones noted turned Midland into a "'bankers' bank" in London' that refrained from 'competing with foreign banks on their own territory.'¹¹⁰ Deutsche Bank's representatives expressly emphasised Midland's approach to international business after visiting the bank's Overseas Branch in London in 1953. They subsequently observed that 'the leading position that' Midland Bank 'holds in this business segment is probably owed in large part to its policy of neither maintaining branches overseas nor joining banking consortia abroad [which leads] it to be the preferred London correspondent bank of most banks in the world.'¹¹¹

There were a host of intertwined reasons that recommended Midland's corporate strategy as a model for Deutsche Bank's international business in the 1950s. Relying on correspondent networks – rather than overseas branches – conserved domestic resources and reduced operational costs. It also avoided conflicts and competition with banking partners on foreign soil, whose trust was still being rebuilt in the early post-war years. Those pragmatic rationales

¹⁰⁸ HADB F2/1946, England and Ireland Travel Report, Oct. and Nov. 1960, pp. 21–22, 28–29.

¹⁰⁹ HADB F2/1947, Manchester, Liverpool and London Travel Report, 25 Febr.-25. March 1964, p. 12; HADB V1/2701, Report of a visit to Midland Bank Ltd. in London, 28. Nov.- 1. Dec. 1960.

¹¹⁰ G. Jones, *British Multinational Banking, 1830–1990* (Clarendon Press, 2001), pp. 157, 250, 269; A.R. Holmes and E. Green, *Midland: 150 Years of Banking Business* (Batsford, 1986), pp. 250–252; C.R. Schenk, 'The Origins of the Eurodollar Market in London: 1955–1963', *Explorations in Economic History*, 35 (1998), pp. 226–227; S. Mollan, 'International Correspondent Networks: Asian and British Banks in the Twentieth Century', in S. Nishimura, T. Suzuki, and R.C. Michie (eds.), *Origins of International Banking in Asia: The Nineteenth and Twentieth Centuries* (Oxford University Press, 2012), pp. 222–223.

¹¹¹ HADB F2/1946, England Travel Report, 20. Jan.-13. Febr. 1953, p. 3.

aside, the twin experience of Deutsche Bank's war-related losses of overseas assets in 1914 and 1945 had an enduring influence on its governance.¹¹² Throughout the 1950s, disputes over German property that had been confiscated in the United States during the early 1940s accompanied much of Abs' tenure as chairman, and contributed to shaping his and the group's approach to cross-border banking.¹¹³ All this convinced the first post-war generation of Deutsche Bank's executives that opening their own overseas branches in the UK and United States was a premature and undesirable growth strategy. Instead, the focus in the 1950s and early 1960s lay on expanding Deutsche Bank's domestic foothold and re-launching its European and international underwriting and securities business. Building on the 'tried and tested cooperation' between correspondents, which Abs championed in 1963, was a strategy that paid dividends in the early post-war years, as Deutsche Bank had grown by 1960 into the second largest bank, by deposits, in continental Europe.¹¹⁴

III. Conclusions

The trajectory of Deutsche Bank's correspondent business with London between 1945 and 1960 highlights that its Anglo-German banking ties – and with them the post-war financial architecture for international payments – were re-built more quickly than expected after the war. Although the previous density of correspondent links to London was no longer achieved in this period, Deutsche Bank's financial connectivity to the UK's largest clearing banks was largely restored by the mid-1950s. That bilateral correspondent relations between West Germany and the UK were reinstated swiftly was in large part eased by the London Debt Accord of 1953, which was preceded by the efforts of German commercial banks to repay their outstanding private obligations. Deutsche Bank's rapid repayment of its Standstill debts and the liberalisation of intra-European payments paved the way for gradual improvements in credit conditions with its UK correspondents. After the London Debt Accord, Europe's economic recovery and post-war trade integration further helped to normalise the conditions that enabled its short-term credit and payments business to grow at pace during the 1950s. Institutionally, the restoration of Deutsche Bank's financial linkages to London proceeded in

¹¹² Tilly (1993b), p. 181; Sattler (2017), p. 89.

¹¹³ Kobrak (2008), pp. 250, 279.

¹¹⁴ *Der Bank-Betrieb*, 'Die größten Banken der Welt', vol. 6 (1961), p. 70; Abs (1964), p. 95.

tandem with the reversal of the bank's decentralization and break-up after the war. In the ten years that Deutsche Bank was decentralised, its successor institutions jointly invested in rebuilding the group's external standing as a correspondent partner, by travelling extensively and widening their geographical focus from the City of London to regional bank branches in UK and Irish markets. Those revived correspondent banking links persisted as a core pillar of Deutsche Bank's international business after its re-merger in 1957, when overseas branching became once more a viable option. Its strong reliance on correspondent banking instead remained a deliberate organisational strategy that weakened only gradually during the 1960s, when European integration and growing competition raised the incentives of cooperative banking clubs and international subsidiaries.

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Contact GloCoBank@history.ox.ac.uk

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