

Nederlandsche Handel-Maatschappij, 1824-1964

Trading roots, 1824-1882

Nederlandsche Handel-Maatschappij (Netherlands Trading Society) or NHM was founded in The Hague on March 29, 1824 on the initiative of King William I, who was nicknamed the Merchant Monarch because of his active support trade and industry. The king's object was to resuscitate the national economy in the wake of the period of French rule (1795-1813). NHM was an import/export company set up to expand existing trade relations and open up new channels.

Through its close ties with the Dutch government, NHM played a major role in developing trade between the Netherlands and the Dutch East Indies. From 1826 onwards its activities in the East Indies were co-ordinated by the branch in Batavia (present day Jakarta) known locally as *De Factorij*. In 1830 the Dutch Governor Johannes van den Bosch introduced the so-called Cultivation System under which the native population was compelled to pay taxation in kind (chiefly coffee, sugar and tea). NHM acted as state banker, merchant and shipping agent. It sold and shipped the products the Dutch Government obtained through the Cultivation System. NHM did this so successfully and attracted so much business that it acquired the nickname *Kompenie Ketjil*, or 'Little Company', after the older and famous Dutch East India Company.

After 1830 when the Netherlands and Belgium became separate states, NHM also provided risk and loan capital to industrial enterprises, especially in the textile industry in the Twente region of the Netherlands. In 1850 NHM began to finance companies operating plantations in the Dutch East Indies. NHM even owned a number of plantations itself. As part of this policy a branch was opened in Singapore in 1858. Its successor is now the oldest bank in Singapore. In the Dutch colony of Surinam NHM had from 1866 on an interest in cultivation companies, most famous of which was Mariënborg (1882)

Into banking, 1874-1945

At this time the company had not yet developed into a bank in the present sense. But the advent of a less protectionist policy on the East Indies and the gradual abolition of the Plantation System forced the bank to turn its attention towards banking. The ban on trading in bills and securities was lifted in 1874 and 'De Factorij' embarked in 1882 on business such as credits, time deposits and securities orders. NHM Director Balthazar Heldring, who later became President, played an important role in this change of policy. In 1902 banking business was started in the Netherlands itself.

The issue of banknotes was another activity NHM was involved in during its rich history. Faced with the precarious financial and economic situation in Shanghai where it had opened a branch in 1903, and with the absence of a Chinese central bank, NHM put so-called Shanghai dollars into circulation which remained legal tender until 1946. Similarly, its subsidiary Surinaamsche Bank issued banknotes in the former Dutch colony of Surinam until 1957. In the 1930s a deep agricultural crisis hit the Dutch East Indies, nearly causing the downfall of Nederlandsche Handel-Maatschappij. The 1934 restructuring of NHM reduced its capital by 75%.

Subsequently, NHM had to readjust its position in the Netherlands. For many years the bank only had three Dutch branches: its Amsterdam head office and a branch in Rotterdam and The

Hague. The numerous branches in the Dutch East Indies and the Far East had been the bank's cornerstones. The branch network in the Netherlands was significantly expanded by the NHM take-over in 1936 of Geldersche Credietvereniging, with which an alliance had existed since 1916.

Post-war readjustments, 1945-1964

After World War Two, NHM opened a large number of branches, both in the Netherlands where the number of branches was doubled to 167, and abroad. Its plantations in Indonesia were nationalised in 1959, followed one year later by NHM's banking business in this former Dutch colony.

The growing concentration of banking in the Netherlands reached a climax in October 1964 when NHM and Twentsche Bank merged to become Algemene Bank Nederland (ABN Bank).