An (over)ambitious start, 1871-1901

Amsterdamsche Bank was established in Amsterdam on December 5, 1871 by a group of mainly German banks led by Bank für Handel und Industrie of Darmstadt. Germany wanted to invest abroad some of the enormous financial muscle it had obtained through French reparations after the Franco-Prussian war of 1870-1871. German financiers sought to create a Dutch bank which would be instrumental in bonding the Dutch and German money markets. Amsterdamsche Bank maintained close ties with the mainly Jewish Amsterdam diamond trade. The bank also counted among its clients many Roman Catholics with small and medium-sized businesses. Other strong points were stock broking and new issues. Later the bank’s international operations also developed into a major activity.

The early years were far from easy for the bank because its initial capital was too large for the prevailing needs of Dutch trade and industry. Moreover, the bank had to weather the great depression of 1873. International price levels remained low for a prolonged period before bottoming out around 1885.

The bank was also dogged by the blind faith of many Dutch investors in American railroad shares, a prized possession among the speculators of the day. In the event it transpired that many railroads in the 1881-1884 period were less solid than had been thought and their shares became virtually worthless. The bank’s ambitions suffered a further blow by the 1884 Java sugar crisis in the Dutch East Indies which caused great market unrest, but the bank survived.

Domestic expansion, 1901-1940

Amsterdamsche Bank remained cautious when it established Amsterdamsch Wisselkantoor in 1901. Although officially a separate company, in reality it was the bank’s first branch. Between 1901 and 1908, Amsterdamsch Wisselkantoor opened branches in the cities of Utrecht, Eindhoven, Almelo and Enschede. It was then closed down and its branches turned into Amsterdamsche Bank branches.

Interests were also acquired in various provincial banks in Helmond and Heerlen. From 1911 onwards, Amsterdamsche Bank took over a number of local banks and turned them into branches. This period of expansion was followed by years of consolidation which was characteristic of Dutch banking at the time.

During the Great Depression of the 1930s several bad debts caused the bank heavy losses, particularly in Germany due to the official credit freeze there, the so-called Stillhalte, and a connected swindle of 16 million guilders by two frauds (Wreszynski and Norris). Shaken by all this, Amsterdamsche Bank decided in July 1939 to
merge with rival Rotterdamsche Bank (vereeniging). The outbreak of the World War Two cut these plans short, on the brink of which Noordhollandsch Landbouwcrediet of Alkmaar was taken over in early 1940.

Activities abroad, 1937-1958
In order to finance the local diamond industry, Amsterdamse Bank set up a Belgian subsidiary in Antwerp in 1937, called Amsterdamse Bank voor België. This would remain the bank’s only foreign branch, despite an ever increasing foreign credit and new issues business. Anticipating later developments, Amsterdamse Bank and three other major European banks started working together in an interbank consultative platform in 1958, the European Advisory Committee.

Post-war concentration, 1947-1964
The war had put all merger plans on a temporary hold. With the revival of Dutch post-war banking, there were renewed moves towards concentration.

In October 1947 Amsterdamse Bank and Incasso-Bank signed an agreement stipulating that the latter would incorporated in the former. This substantially increased the branch network of Amsterdamse Bank and gaining on its main rival Rotterdamsche Bank. These two did finally merge in 1964, creating the largest bank in the Netherlands, Amsterdam-Rotterdam Bank (Amro Bank), with registered office in Amsterdam.