

H-France Review Vol. 23 (September 2023), No. 166

Hubert Bonin, *Le Crédit Agricole (1951-2001). De la banque des campagnes à la banque universelle*. Geneva: Droz, 2020. 472 pp. Figures, tables, and index. €36.97 (hb). ISBN 9782600060684.

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This is a case of the tortoise and the hare in the world of business. The now-privatized Crédit Agricole was a state-supported agricultural bank created as a public service by Minister of Agriculture Jules Méline in 1894 to aid farmers threatened by the economic depression. It advanced state-subsidized loans at preferential rates (*prêts bonifiés*). The image of conservatism, protectionism, and rural values comes readily to mind. But initial reactions are off the mark. A century later, it had overtaken the most growth-oriented financial giants, skyrocketing to the top ranks of international, one-stop, universal banking. It had made its way into major-league syndicated underwriting, asset management, and mergers and acquisitions while remaining “the green bank,” the leading lender to farmers and the agricultural sector in France (market share of 83 percent in 1991).

With its homely name, it stirred up visions of bucolic surroundings--in no small measure, due to its publicity--and was barely noticed in the hubbub of urban economic action or in the high spheres of Parisian capital markets. Yet, from modest, local, cooperative activity, it is now a leading player among the movers and shakers of finance in France, Europe, and the world. In 1996-1997, it absorbed Indosuez, the merchant bank that grew out of the Banque de l'Indochine after the decolonization of Indochina. In 2003, it did likewise with Crédit Lyonnais, a historic institution and once France's foremost deposit bank. This is tantamount to a chain of mom-and-pop stores becoming substantial enough to swallow up Walmart.

While banks normally come into being to accompany commerce or industry, Crédit Agricole was rooted in agriculture. While famous bankers and major banks strove to be influential on the Place de Paris as quickly and as visibly as possible, this mainly provincial institution plodded along discreetly for decades before bursting onto the Parisian scene in the last quarter of the twentieth century and rising to the highest echelons of banking institutions. In 1977, *The Banker*, a British professional journal, ranked it third in the world, behind Bank of America and City Corp, but ahead of Chase Manhattan Bank. How did this phenomenon happen?

Crédit Agricole has an unusual three-tier structure. Local mutualist cooperative credit societies (*caisses locales*)--where members were stakeholders, elected the board, and took out loans--provided the foundation and the starting point in 1894. Regional *caisses* federated the local cooperatives in *département*-sized units in 1899. By 1914, there were 4,500 *caisses locales* and 98

*caisses regionales* (2,952 and 85, respectively, in 1991 following mergers). Both levels were in the private domain. The French government was in favor of a national financial institution specializing in agriculture. In 1920, it set up in the public domain the Office national de Crédit Agricole which became the third tier of the structure of Crédit Agricole and was renamed Caisse nationale de Crédit agricole (CNCA) in 1926. The Fédération nationale de Crédit agricole, formed in 1945-1948, was an association acting as the representative of the regional *caisses*.

Initially, the CNCA was no more than an agent of the regional *caisses* vis-à-vis state authorities. Gradually, it took on managerial and financial responsibilities, becoming increasingly a financial establishment like the regional *caisses*. Acting as the group's central bank and governing body, it came to exercise authority over the regional and local units, even if the latter defined their own strategies. Until the *mutualisation* law of 1988 that transformed it into a limited company whose shareholders were the regional *caisses* (90 percent) and company staff (10 percent), Crédit Agricole had a unique semi-public profile: state-based at the top, private at the intermediate and lower ranks. Before the Second World War, the board of the CNCA was chaired by government ministers (Jules Méline, Albert Viger, Étienne Clémentel, Fernand David, and Henri Queuille). Reflecting the decentralized structure and the cooperative society origins, decision-making involved back-and-forth exchanges between the top and the bottom levels. Governance was as much bottom-up as it was top-down, setting Crédit Agricole apart from other more vertically structured banks.

To celebrate the centenary of the creation of the CNCA, to take stock of its expansion in the second half of the twentieth century, to follow pioneering studies by André Gueslin [1] and enrich an in-house history of the years 1894 to 1950 [2], Crédit Agricole called on Hubert Bonin, France's veteran banking historian, and gave him access to its archives. The author also conducted interviews and consulted company annual reports as well as numerous secondary sources. As usual with Bonin's publications, this book is a treasure trove. Bonin is an old hand at commissioned business history that fully abides by the norms of scientific rigor and critical distance. His books on the Suez holding company, the Suez Canal Company, Indosuez, the Société Générale, CFAO [3], among others, are pathbreaking. The present book on Crédit Agricole is at once the history of a bank, an exemplar of business history, and a case study of the evolution of organizations in connection with forms of management.

With its twelve parts, forty-two chapters, and US letter size format, the book is weighty, as would be expected for such a complex, wide-ranging subject. The half century under examination is divided in two periods: prior to privatization (*mutualisation*) in 1988 and from privatization to the listing of the new limited company on the stock exchange in 2001.

The history of Crédit Agricole is a mirror image of the transformation of French agriculture and the national economy during the postwar reconstruction and economic boom, or *Trente glorieuses*. Crédit Agricole benefitted from the rising tide. In 1950, over a quarter of the country's workforce still labored on innumerable small family holdings and a third of France's population lived in the countryside. State encouragement (laws of 1960-1962) and the quest for modernization, productivity, and efficiency led to the regrouping of farms, mechanization, rural exodus, and the transformation of agriculture into agrobusiness. The creation of the Common Market and the Common Agricultural Policy added another incentive by opening new outlets for produce. Also undergoing transformation was Crédit Agricole. In the 1960s, it surged ahead of the major banks as a collector of deposits, bypassing even the emblematic Crédit Lyonnais and Société Générale;

by the early 1980s, it attracted 12 million accounts and a quarter of the total sight deposits in France. With the rise in farmers' revenues, Crédit Agricole was able to call on them to issue bonds and become a leader on the bond market. In the two characteristic areas of retail banking, it became a force to be reckoned with.

But, even if agricultural production rose, agriculture's share of GDP declined. As the farming community diminished numerically and its original customer base narrowed, Crédit Agricole had to diversify. From a "farmers' bank," it grew into a "green bank" for the entire rural population before mutating into a bank for the general public all over France (*banque de masse*). The rise in living standards and consumer spending opened new lending avenues. Changes in legislation in 1966-1967 liberalized the banking profession, setting off a race among banks to attain maximum size as quickly as possible. In 1975, Crédit Agricole stepped into wealth management. During the 1980s, in line with government policy, it expanded into rural non-agricultural development, real estate, and housing finance, so much so that lending to agriculture fell to second place in its portfolio.

The next step for Crédit Agricole was to finance businesses, starting logically with food processing. This sector being more and more export-driven, Crédit Agricole turned its attention to international markets during the 1970s. A decade later, it was an important international operator, financing trade, dealing in money markets and underwriting, often as lead underwriter. In 1987-1988, it ranked as France's premier bank in practically all activities. Then came mutual funds, insurance, financial consulting, and mergers and acquisitions. Within less than two decades, Crédit Agricole had reinvented itself and moved to a different banking world. It was profitable, earning 4 percent to 5 percent on assets, but not extraordinarily so. For all intents and purposes, Crédit Agricole was a universal bank active in all domains, a process aided by the banking law of 1984.

In 1963, Crédit Agricole raised enough money on the market to service its lending needs without depending on state aid. Moreover, state subsidies for lending at preferential rates was no longer a Crédit Agricole monopoly. Starting in 1967, ties with the state ended and the CNCA was financially autonomous; by 1972, Crédit Agricole raised ninety percent of its needs on the open market. Money raised by Crédit Agricole no longer had to be deposited with the Treasury. Financial autonomy was the first step on the way to privatization.

With the privatization wave developing momentum, the CNCA was acquired by the local *caisses* and transformed into a limited company in 1988. In the 1990s, it was still the purveyor of 80 percent of agricultural loans, although agriculture amounted to less than 12 percent of its overall lending, and *prêts bonifiés* were no longer its exclusive domain. During that decade, it ranked as Europe's biggest bank by assets. In December 2001, Crédit Agricole SA was listed on the stock exchange, completing its metamorphosis from the universe of mutualism to that of private companies vying with each other for shares of a worldwide market.

Rising above the ground surveyed, Bonin concludes with thoughts about the meaning of Crédit Agricole's historical trajectory. It is one of inconspicuous but methodical, continuous, and irreversible growth, accomplished at a steady pace and without hubris or setbacks. Crédit Agricole seems to have been ready to benefit from any and all changes in economic conditions. It was flexible enough to adapt to circumstances, seize opportunities, and restructure itself

accordingly. Its rural base was firm and government support helped it until it was able to be on its own.

Be that as it may, the transmutation of a grass roots cooperative into a world class bank is anything but commonplace. As an explanation for the rhythm of this evolution, the author suggests concern on the part of Crédit Agricole for an equilibrium between the preservation of its heritage and the readiness to embrace self-transformation. That is undoubtedly true but the persistent urge to expand and take on new tasks still calls for more explanation. It is remarkable that the rural base, famous for its caution, went along with the relatively audacious CNCA initiatives over the entire period.

It would be unfair to fault such an exhaustive and masterful study for leaving something out, but some attention to what established banks thought about this intruder—and what, if anything, they did to counter it—would have been helpful. The last two decades of the Crédit Agricole story are still to be told and the answer may be given then.

## NOTES

[1] André Gueslin, *Les origines du Crédit Agricole* (Nancy: Presses universitaires de Nancy, 1978); *Histoire des Crédits Agricoles* (Paris: Economica, 1984).

[2] *Crédit Agricole, un siècle au présent, 1894-1994: Des origines aux années 1950* (Paris : CNCA and Hervas, 1994).

[3] Hubert Bonin, *Suez: du canal à la finance (1858-1987)* (Paris: Economica, 1987); *History of the Suez Canal Company, 1858-2008: Between Controversy and Utility* (Geneva: Droz, 2010); *Indosuez, l'autre grande banque d'affaires* (Paris: Economica, 1987); *Histoire de la Société Générale, vol. 1, 1864-1890: Naissance d'une banque moderne* (Geneva: Droz, 2006) and *Histoire de la Société Générale, vol. 2, 1890-1914, Une grande banque française* (Geneva: Droz, 2019); *CFAO (1887-2007): La réinvention permanente du commerce outre-mer* (Paris: Publications de la SFHOM, 2008).

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