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RESEARCH ARTICLE

Banking on distant shores: a comparison of the development of foreign banks in pre-World War I China and Japan

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Abstract

This article provides the first in-depth systematic comparison of foreign banking in pre-World War I China and Japan. As the article shows, after their entry into China and Japan, the presence and activities of foreign banks in China and Japan differed markedly, with these banks developing a much more prominent position in China. Making use of sources in German, English, Chinese, and Japanese, this article aims to explain why foreign banks in China and Japan developed so differently before World War I. It does so by first providing an overview of the development of foreign banks in both countries and then discussing their activities and development with regards to Chinese and Japanese financial institutions, trade finance, and public finance. The article shows that it was Japan's emphasis on financial reforms that led to the limited presence of foreign banks in that country.

Keywords: China; financial history; foreign banks; host country; Japan

It is well known that modern multinational banking saw a major expansion in the nineteenth and early twentieth centuries.[1] Scholarship on this expansion has produced a wide range of studies that have either tried to provide a comprehensive picture of the spread of multinational banking or have focused on studying the history of a particular bank, multinational banks of a particular nationality or the activities of multinational banks in a particular host country.[2] However, despite the fact that previous scholarship has emphasized the importance of the comparative study of host countries of multinational firms and pointed out that "what requires more inter-country research is how host nations were (or were not) able to absorb what the multinational enterprise introduced – how they responded to the multinationals' activities,"[3] no study has so far tried to systematically and in detail compare the operations of multinational banks in and impact on different host countries before 1914.

[1]On this expansion, see for example Curry *et al.*, 2003; Jones 1990b.

[2]For studies that have comprehensively studied the expansion of multinational banks during this period, see Bovykin and Cameron 1991; Jones 1990a. For individual histories of specific multinational banks, see for example Jones 1986 and Kobrak 2007. The outstanding example of an extensive study that covers the multinational banks of a nationality comprehensively, is Jones 1995. Similar but much shorter studies of multinational banks of a specific nationality can also be found in some of the individual chapters of the two edited volumes by Jones, Bovykin, and Cameron cited above. For studies of multinational banking in a particular host country, see, for example, Malik 2018.

[3]Wilkins 1994, quotation on p. 44.

This article aims to address this gap in the literature by comparing the activities of multinational banks in pre-1914 China and Japan and their impact and interaction with the Chinese and Japanese economies. China and Japan are a particularly suitable subject for a systematic comparison of the activities of multinational banks. Not only are these two countries geographically close and both located in East Asia. Multinational banks also entered both countries at roughly the same time – the mid-nineteenth century. Moreover, as we will see, after their first entry multinational banks followed two different development trajectories in China and Japan before World War I respectively, which makes an exploration of the reasons behind these different development paths particularly worthwhile.[4]

While studies that explore the activities of foreign banks in either China or Japan exist,[5] so far the only study that – if only in passing – makes a comparison between foreign banking in China and Japan is Donnithorne and Allen's dated comprehensive study of foreign business in East Asia, which, amongst other fields of business, also covers banking. They note that in Japan Western entrepreneurs were "relegated to a subordinate role as soon as native enterprise had achieved maturity," that foreign investment in China was greater and at times more politicized than in Japan and that the proactive role of the Japanese state in economic development meant that the activities of foreign enterprise in Japan were of a more limited nature. More specifically, they ascertain that due to the Japanese unwillingness of leaving the exchange business to foreign banks and the early success of state-led financial reform and modernization in Japan, including the establishment of the Yokohama Specie Bank, and the lack thereof in China, "foreign banks naturally fulfilled a more modest and a more highly specialised role in Japan than in China." In contrast, they explain that due to the lack of modern Chinese financial institutions in nineteenth and early twentieth century China, foreign banks played a broader and more dominant role in the Chinese economy. However, they neither go into much depth in their comparative analysis nor properly compare the activities of foreign banks in both countries. Moreover, their account of finance and banking in East Asia does not take into account Chinese or Japanese language sources.[6] Nevertheless, building on these preliminary insights of Allen and Donnithorne, the main contribution of this article is that it offers the first detailed and systematic comparative analysis of foreign banking in pre-WW1 China and Japan.[7]

[4]Besides Allen and Donnithorne 1962 discussed below, for another comparative study of China and Japan, see, for instance, Moulder 1977. However, Moulder only covers finance and banking very briefly and superficially in passing.

[5]For China, see for example: Horesh 2009; King 1988; King 1989; Moazzin 2020; Moazzin 2022; Wang 1999. For Japan, see Tatewaki, 1987; Tatewaki 2002.

[6]Allen and Donnithorne 1962, Chapters 6 and 13 and conclusion. The first quotation is from the conclusion, the second from chapter 13. Their insistence that not only the presence of foreign banks in Japan was more "limited" but their function also more "specialized" seems to mainly stem from the attention they pay to the issuing of currency by foreign banks in China. However, the notes issued by foreign banks were of much less importance to the Chinese economy than previously thought. See Horesh 2009. Thus, I mainly focus my attention in this article to the financing of foreign trade and the floating of loans on foreign capital markets, two areas of business that foreign banks had a major involvement in in both China and Japan. With regards to sources, the only exception of a Chinese language source used by Allen and Donnithorne is their use of a source by Mou Shou-yu from 1947 (for which they do not provide the original Chinese title) when discussing banking in the 1930s. As for Moulder's (1977) comparison of China and Japan, Moulder only briefly notes the "much more circumscribed" role of foreign banks in Japan. See Moulder 1977, p. 141. There, she explains: "[Foreign banks] could not make profits on handling revenues placed in security for indemnities because there were no indemnities, nor on handling revenues placed in security for loans, because security was not demanded. And because there was little foreign manufacturing or other business enterprise in Japan, they were also deprived of profits from holding the accounts of such firms, making loans, and the like." She does not elaborate in more detail though and rather narrates it as part of her larger thesis about the greater autonomy Japan enjoyed from the Western-dominated global economic system. On Moulder also see my discussion of "breathing space" below and footnote 62.

[7]This article also builds on my work on foreign banks in modern China, in which I point out that foreign banks in China benefitted from the "institutional void" left open by the lack of modern Chinese financial institutions. There, I also briefly make a comparison with Japan and comment that due to Japanese reforms "foreign banks played a much more limited role in the Japanese economy". See Moazzin 2022, especially the conclusion (quotation on p. 270). For the concept of the "institutional void", see Austin *et al.*, 2017 and the conclusion of this article.

This study adopts a comparative approach to shed light on the differences in the development trajectories of foreign banks in China and Japan. For this purpose, it juxtaposes and compares both the development of foreign banking institutions in both countries and the context of financial modernization in China and Japan within which this development occurred. Moreover, this article further pursues this comparative approach by zooming in on two major areas of activity of foreign banks in both China and Japan: trade finance and the issuing of loans for their host countries on foreign capital markets. The comparative analysis in this article is based on a wide range of primary and secondary sources in Chinese, Japanese, German, and English. While the main stay of the analysis is based on secondary sources to allow for a broad comparative analysis along the lines outlined above, primary sources are used to supply further (particularly quantitative) evidence to complete the comparative picture provided in this article.

This article will start by sketching the development of foreign banking in China and Japan between the middle of the nineteenth century and the First World War. It will show that foreign banking had a much stronger presence in modern China. The following three sections will then attempt to explain this more developed presence. First, this article will look at financial modernization in both modern China and Japan and its implication for the operation of foreign banks. Second, I will investigate how the business of trade finance developed for foreign banks in modern China and Japan. Third, I will look at the role foreign banks played in China and Japan in floating loans for the host government on foreign capital markets. Finally, this article concludes by summarizing its findings and discussing the potential implications of this study for our understanding of the operations of multinational banks.

An overview of foreign banking in China and Japan

The first Western bank entered China shortly after the Treaty of Nanjing had opened five Chinese ports to foreign trade in 1842. Only three years later, the British Oriental Bank Corporation opened branches in Hong Kong and Guangzhou.[8] During the following four decades, foreign banking saw moderate growth, with several foreign banks, mostly of British origin, entering the Chinese market (and some leaving it again) with British banks coming to dominate foreign banking in China.[9] These banks specialized in the financing of trade between China and Europe.[10] In addition, they also issued bank notes, accepted deposits, and provided loans to Chinese banks.[11] These three areas of business proved to be popular with Chinese customers.[12] As foreign banks operated under extraterritoriality in China, they were not subject to Chinese law.[13] This not only was the basis of their bank notes issuance, but also helped them attract deposits as these could not be touched by the Chinese government.[14] Starting from the 1870s, the Hong Kong and Shanghai Banking Corporation (HSBC) and other foreign banks also started to float foreign public loans for China on European capital markets.[15] After 1890, foreign banking in China grew rapidly with many new non-British banks entering the Chinese market during the two-and-a-half decades before World War I.[16] For instance, in the case of Tianjin, an important Northern Chinese port, the Hongkong Daily Press's *Chronicle & Directory for China* in 1889 only lists two foreign bank offices. However, by 1914, the same publication lists seven foreign banks for said port.[17] An important feature of this period was that loans provided through individual foreign banks and international consortia to

[8]Wang 1999, p. 14; Hamashita 1974, p. 230.
[9]Moazzin 2022.
[10]Baster 1934; Tamagna 1942, p. 24; Cheng 2003, pp. 17–18.
[11]Hamashita 1974, pp. 230–231; Cheng 2003, p. 18.
[12]On currency, see Horesh 2009. On loans to Chinese banks and acceptance of Chinese deposits, see Moazzin 2020.
[13]King 1991, p. 378.
[14]Horesh 2009, pp. 11, 13–14; Moazzin 2020.
[15]King 1988, pp. 547–559.
[16]Moazzin 2022, chapters 2 and 6.
[17]Hongkong Daily Press 1889, pp. 478–484; Hongkong Daily Press 1914, pp. 780–800.

China increased dramatically.[18] While China had only issued some £16 million in foreign loans on Western bond markets before the end of the Sino-Japanese War of 1894/95, it issued around £133 million pounds in public loans thereafter between 1895 and 1913.[19] By 1908, at least sixteen foreign banks operated in China. While the number of branches varied from bank to bank, foreign banks could by then be found in most of China's major treaty ports.[20]

In Japan, the entry of foreign banks also followed the opening of the first Japanese treaty ports to Western trade – in the Japanese case these were the treaty ports of Hakodate, Nagasaki, and Yokohama opened in 1859. As early as 1860, the Chartered Bank of India, Australia, and China, which already had a presence in China at the time, sent its Shanghai manager to Nagasaki to investigate the potential for opening a branch in Japan. However, said manager concluded that the time for such a move had not come yet, as there was still no significant presence of merchant houses in Japan, no steamer connection between Japan and China and the existing merchant firms, such as Jardine, Matheson & Co., had no need for the financial support of a foreign bank.[21] It was only three years later that three British banks – the Central Bank of Western India, the Chartered Mercantile Bank of India, London & China and the Commercial Bank of India – opened branches in Yokohama in 1863.[22] Only during the 1870s foreign banks also started to establish offices in other treaty ports.[23] By the end of 1865, there were five foreign banks – all British –active in Yokohama.[24] Similar to foreign banks in China, these banks focused their business on trade finance, but also engaged in the deposit and loan business and issued bank notes.[25] However, there generally seems to have been limited business for foreign banks in Japan. The Chartered Bank of India, Australia, and China sent another emissary to Japan in 1866, but due to the "Oriental and the Chartered Mercantile banks having opened first and secured most of the available exchange business" for long there seemed to be little potential for profits and the Chartered Bank only opened a branch in Japan in 1880.[26]

Foreign banks in Japan were gravely hit by the financial panic of 1866, which forced all foreign banks in Yokohama but the Oriental and Chartered Mercantile banks to close.[27] During the following three decades, several new foreign banks entered Japan, but others also withdrew from the market.[28] As a result, the overall number of foreign banks in Japan stagnated. By 1900, only four foreign banks – the HSBC, the Chartered Bank, the National Bank of China and the Russo-Chinese Bank – operated in Japan.[29] In the period before the outbreak of World War I, more now mostly non-British banks entered Japan. However, at the same time, four foreign banks left the Japanese market altogether.[30] As a result, the total number of foreign banks in Japan only increased from four in 1900 to a total of six banks operating in Japan at the beginning of 1914.[31] Foreign banks in Japan also became

[18]Moazzin 2022.

[19]King 1988, pp. 548–549, 553, 557; King 1989, pp. 244–245, 312, 377, 451, 454–455.

[20]Moazzin 2022, Appendix 2. The table in the appendix is based on Tōa Dōbun Shoin Daigaku 1908, pp. 811–814 and Hong Kong Daily Press 1908. There is further evidence that even more foreign banks had entered China by then. See Moazzin 2022, pp. 99–102, 239–241.

[21]MacKenzie 1954, pp. 94–95.

[22]Tatewaki 1987, pp. 27, 30.

[23]Ibid., pp. 81, 89, 98, 108.

[24]Ibid., p. 39. It should be pointed out that, unlike Moazzin (2022), Tatewaki (1987, 2002) does not view the Nederlandsche Handel-Maatsschappij as a foreign bank before 1913/14.

[25]Fox 1969, pp. 380–381; Tatewaki 1987, chapter 3.

[26]MacKenzie 1954, 95–99.

[27]Tatewaki 1987, 41.

[28]Ibid., chapters 2 and 3.

[29]Ōkurashō rizaikyoku 1900, Gaikoku ginkō meikan: pp. 1–2. This source provides information on the state of banking in Japan on the last day of 1899.

[30]Tatewaki 2002, pp. 1–12,14–22, 31–32, 38–42.

[31]Ōkurashō ginkōkyoku 1914, pp. 386–387. This source provides information on the state of banking in Japan on the last day of 1913. I have not counted the Anglo-Japanese Bank, which decided to leave Japan in 1913. See Tatewaki 2002, pp. 31–32.

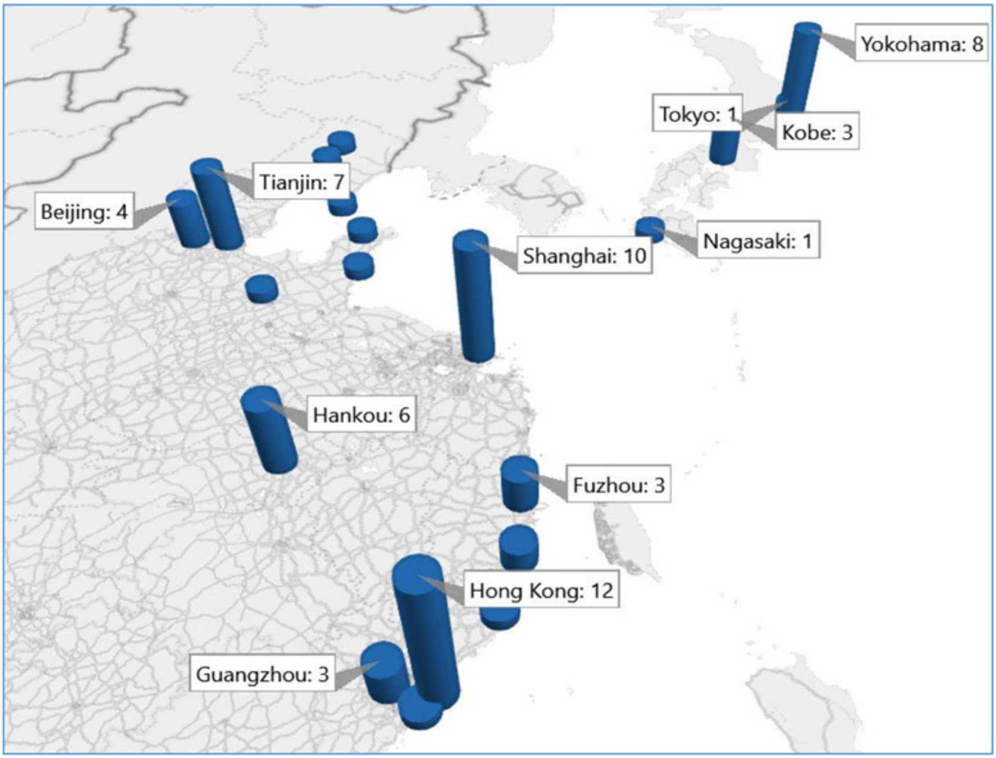

Figure 1. Number of foreign bank offices in Chinese and Japanese Cities in 1908. Bars indicate location and number of foreign banks in that location.
Source: Moazzin 2022, Appendix 2 (The appendix does not include the ports of Changchun, Harbin, Tieling, Jilin and Kulun); Ōkurashō rizaikyoku 1908, pp. 416–418 (The latter source provides the state of foreign banks in Japan on the last day of 1907).

involved in floating loans for the Japanese government on Western bond markets. After Japan floated two loans with the help of the Oriental Bank Corporation in London worth a total of £3,4 million during the 1870s, the central government only tapped foreign capital markets again in 1897 and subsequently borrowed around £178 million in the period between its return to Western capital markets and the outbreak of World War I.[32]

This overview of the development of foreign banking in pre-war China and Japan shows that while the areas of business foreign banks engaged in in the Chinese and Japanese banking sector were similar, foreign banks had much more of a presence in China. While China saw a rapid increase in the number of foreign banks after 1890, the number of foreign banks in Japan largely stagnated between the mid-1860s and the eve of the First World War. The much more significant presence of foreign banks in China compared to Japan becomes even clearer if we look at Figure 1, which shows that foreign bank offices were not only much more numerous in China but that there was also a large difference in the spatial distribution of foreign banks. While there were only 13 offices of foreign banks distributed amongst four cities in central and south Japan, one could find a total of 57 foreign bank offices in cities along the China coast with several hubs of foreign banking, such as Shanghai or Tianjin.[33] In the next three sections, I will explore why foreign banks had so much more of a strong presence in China.

[32]Bytheway 2014, pp. 87–106; Suzuki 1994, pp. 198–199.

[33]For the total number of offices in China, see Moazzin 2022, Appendix 2. On the sources used in this appendix, also see footnote 20. As stated in the Appendix, the minor ports of Harbin, Jilin, Changchun, Kulun, and Tieling are not included.

Foreign banks and indigenous institutions

After foreign banks had first arrived in China in the mid-nineteenth century, the Chinese reaction was mixed. On the one hand, Chinese reformers saw foreign banks as a model for modernizing China's financial institutions. During the nineteenth century, there primarily existed two kinds of prevalent Chinese financial institutions: *Piaohao* and *qianzhuang*. *Piaohao* specialised in long distance remittances and had a particularly close relationship with the Chinese government. *Qianzhuang* were local commercial banks. While both types of financial institutions had been sufficient for financing China's traditional economy, they were unable to provide the capital for modern industrial development.[34] Chinese entrepreneurs like Zheng Guanying viewed the foreign banks that increasingly flocked China's treaty ports as models according to which China should reform its own financial institutions to spur on economic growth.[35] When reformers like Sheng Xuanhuai established China's first modern Bank in the 1890s, they also explicitly used foreign banks as a model, as they believed that "modern banks originated in the West" and therefore China should imitate foreign banks such as the Hongkong and Shanghai Banking Corporation (HSBC) when establishing its own bank.[36] At the same time, those wishing to modernize China's financial institutions did not only see foreign banks in China in a positive light. Sheng argued that unless a modern Chinese bank was established, China would continue to suffer from "submission to high interest rates and losses from the [fluctuations of the] price of pound sterling" when borrowing from foreign banks and these banks would continue to "monopolise our great economic benefits."[37] Clearly, Sheng's motivation of establishing a modern Chinese bank was also driven by his wish to rival foreign banks.[38] The first modern Chinese bank, the *Tongshang Yinhang* or Imperial Bank of China, was subsequently established in 1897.[39]

What deserves attention is that it thus took roughly fifty years after the opening of the first treaty ports and the entry of the first Western banks before the first modern Chinese bank was established. To be sure, there had been several proposals and plans for the establishment of a modern Chinese bank from many sides since the 1870s, including from the prominent entrepreneur Tang Tingshu, whose planned bank was to specialize in financing foreign trade and shipping, and the important China merchant firm Jardine, Matheson & Co. However, these did all not come to fruition. On more than one occasion Qing officialdom did not take up such proposals due to disinterest or fear of foreign influence.[40] However, what seems to have been the larger problem was that the reform of the financial system simply was not a priority for the Chinese reform movement – also known as the Self-Strengthening Movement – which was active between the 1860s and the Sino-Japanese War and mainly focused on military and industrial modernization geared toward strengthening national defense.[41] While certain civil modern enterprises were established during the Self-Strengthening Movement, banking reform was only pursued after 1895.[42]

The New Policies (or *Xinzheng*) reforms that followed in the period between 1901 and 1911 were more far-reaching than the Self-Strengthening Movement had been. They included some fiscal reforms and largely unsuccessful attempts at reforming the currency system. While these attempts at currency reform led to the establishment of another government-sponsored bank, the *Daqing*

[34]Cheng 2003, pp. 10–16; 20–23.

[35]Xia 1982, pp. 679–690.

[36]Xie 2000, pp. 3–4. In this article, all translations of quotations from Chinese and Japanese sources are my own. I translate *yinhang* as "modern banks". On the terminology, see Cheng 2003, p. 17.

[37]Ibid.

[38]On the role of nationalism and rivalry with foreign banks as a driving force behind the establishment of the first modern Chinese bank more broadly, see Cheng 2003, pp. 23–25.

[39]Zhang 2003, p. 293.

[40]Ibid., 295–300.

[41]Rowe 2009, pp. 214–216.

[42]Xia 1992, pp. 184–185. Xia lists banking as one of the industries that was brought up before 1895 but was only pursued, "with great power and at great scale", between 1895 and 1901. However, he only specifically discusses the establishment of the Imperial Bank of China in this context, whose limited impact on the banking system is discussed below. See Xia 1992, pp. 471–472.

Bank, banking and financial market reform were not a major feature of the reform program.[43] Despite the establishment of the first modern Chinese bank in 1897, the development of a modern banking system did not make much progress during this period. The Imperial Bank of China took the regulations of the HSBC as its model and employed A.M. Maitland, a former HSBC banker, as its first general manager. It also tried to compete with foreign banks in several fields, such as the issuing of currency, even though it seems with modest success. Due to several external crises and internal problems, it eventually suffered a series of setbacks and failed to bring much change to China's financial markets. The Daqing Bank, originally envisioned as a central bank, seems to have been more successful than the Imperial Bank of China but suffered from problems of corruption. As a result, according to the historian Kong Xiangxian, it would have soon collapsed even if the Qing dynasty had not fallen in 1911. Apart from the Daqing Bank, the Chinese government also established the Bank of Communications, which mainly specialized in the funding of infrastructure. Moreover, several other modern banks were also established before 1911. Nevertheless, "At the end of the Qing dynasty, China's financial markets had not experienced significant change."[44] Thus, in the pre-WW1 period, foreign banks faced little competition from new modern Chinese banks.[45] In fact, foreign banks in the late nineteenth and early twentieth centuries even developed an interdependent and profitable relationship with traditional Chinese *qianzhuang*.[46]

Prior to the Meiji Restoration, Japan lacked Western-style modern financial institutions.[47] However, as Allen and Donnithorne correctly observe, compared with the Chinese government, Japan took a much more proactive role in financial reform. In fact, as Michael Schiltz has argued, "finance was at the heart of" the Meiji reform program that took off after 1868.[48] Even before the Meiji revolution of 1868, we can see evidence of the rather cautious attitude of the Japanese government toward foreign banks. The Tokugawa government ordered that Japanese financial dealings with the foreign banks in Yokohama could only be done through the Mitsui merchant house. This meant that the foreign banks were unable to directly interact with Japanese merchants and thereby prevented the development of a relationship along the lines of foreign banks and *qianzhuang* in China.[49] The first attempt at modernizing Japan's banking system started as early as 1869, when *ryōgae*, traditional merchant firms that also offered banking services, were reorganized into joint-stock exchange companies (*Kawase kaisha*), which were to financially support domestic and foreign trade and issue bank notes. While the operations of the exchange companies soon ended in failure – mainly due to larger structural changes taking place in Japan at the time – they familiarized people in Japan with the concept of the joint-stock company. They also already exemplified the wish of the Japanese government to challenge the position of foreign banks and not leave banking to foreign institutions. As the famous Japanese entrepreneur, Shibusawa Eiichi, later recalled, in the treaty ports, where initially foreign silver coins were used as a currency, the notes issued by foreign banks "became gradually a kind of trade currency" there and "fluctuations in foreign silver were controlled by the foreigners." In addition, "these notes being printed in a foreign language were very inconvenient for the Japanese merchants." To resolve this problem, the Yokohama Exchange Company was

[43]Rowe 2009, pp. 255–262; Zhou 2002, pp. 116–123; Zhou 2000, pp. 407–412; Ichiko 1980.

[44]Cheng 2003, pp. 25–36, quotation on p. 36; Kong 1991, p. 362; Miyashita 1941, p. 41. Miyashta gives the number of seventeen modern Chinese banks established before 1911. In terms of the Imperial Bank of China's competing with foreign banks, Cheng explains that its note issuance remained small compared to foreign banks and also only gives a few examples of the IBC providing loans to foreign trade firms, which does not seem to suggest that the Imperial Bank of China became an important player in the financing of China's foreign trade. In fact, from Cheng's description and his source (Zhongguo Renmin Yinhang Shanghai shi fenhang jinrong yanjiu shi 1982, pp. 149–150), it is unclear how these trading firms actually used these loans and whether they constituted the actual financing of international trade. Shiroyama (2020), discussed below, does not mention the Imperial Bank of China in the context of the international banking activities of Chinese banks.

[45]Such competition really only set in during the post-WW1 era. See Cheng 2003, chapter 3.

[46]In contrast, they seem to have had little contact with *piaohao*. See Moazzin 2020.

[47]Allen 1981, p. 45; Bratter 1931, p. 13; Dai-ichi Ginko 1902, pp. 1–3.

[48]Schiltz 2006, pp. 183–184.

[49]Tamaki 1994a, p. 18.

allowed to issue notes called *yōginken* (lit. foreign silver notes), which were denominated in foreign silver dollars.[50]

The next Japanese attempt to establish a modern banking system was the establishment of national banks following the model of the United States. The national bank system was inaugurated with the National Bank Decree in 1872, which stipulated how one could apply for national bank status that came with the right to issue notes and also regulated their primary fields of business, including "dealing in bills of exchange, exchanging money, taking deposits, making loans, transacting business in shares, bonds, currency, and bullion, and also handling public funds when so required by the Government."[51] Of the exchange companies that had been established, only the Yokohama Exchange Company survived. It was reorganized into the Second National Bank and continued to issue silver dollar notes until 1885.[52] During this time, to assist with the introduction of modern banking, the Japanese government employed and drew extensively on the advice of Alexander Allan Shand, the British manager of the Chartered Mercantile Bank in Yokohama. Shand came to play an important role in the reform of Japanese banking.[53] Notably, this was some two decades before the Chinese government would draw on the assistance of a foreign banker for financial reform. Subsequently, the Japanese national bank regulations underwent two major revisions: The first in 1876, which eased the establishment of national banks and – together with the encouragement of the Japanese government – led to a sharp rise in their number to 153 by the end of 1879; the second in 1883, which transferred the right of note issue to the newly established Bank of Japan and forced the national banks to eventually transform themselves into private banks. The national bank system eventually ended in 1899.[54] Further regulations for private banks were passed in 1890 and by 1911 the number of modern Japanese banks had risen to 2145.[55] This compares to only seventeen modern banks having been established by then in China.[56] Thus, in China, foreign banks generally faced little competition from modern domestic banks before World War I, whereas in Japan financial institutions that fulfilled modern banking functions started to appear in large numbers as early as the late 1870s.

However, arguably the most important financial institution that grew out of the national bank regulations from the viewpoint of foreign banks operation in Japan was the Yokohama Specie Bank (YSB). As Shibusawa explains, this bank was founded in 1879 and specialized in "foreign exchange business, […] act[ing] as a special financial organ for transactions in foreign trade, and […] manag[ing] financial affairs abroad for the Government." It was established in response to the outflow of specie and the control foreign banks exerted over "the money markets in the treaty ports" and the "rates of exchange and other commercial matters" there, which put Japanese merchants in a disadvantageous position (The control over foreign exchange rates is vividly shown in the contemporary cartoon in Fig. 2).[57] Nakamura Michita, who became the first president of the YSB, pointed out that "in order to remedy the current situation, we have to establish a big bank that is in the hand of our people, facilitate the operation and supply of silver, strive as much as possible to mediate and make finance smooth between foreign and Japanese merchants, rival and greatly check the foreign banks and gradually reclaim our commercial rights."[58] This shows how the establishment of the YSB was specifically aimed at competing with the foreign banks in Japan's treaty ports. As we will see in the

50Shibusawa 1910, pp. 487–490, quotations on p. 489; Tamaki 1994a, chapters 3 and 5. Tamaki notes the Japanese intention to not leave banking to foreigners. This is also noted by Allen and Donnithorne, though only with regards to the YSB. See, Allen and Donnithorne 1962, pp. 213, 216.

51Shibusawa 1910, pp. 491–495, quotation on p. 494.

52Ibid., 490; Tatewaki 1987, p. 57.

53Tamaki 1994a, 34–35; Ishii 2002, p. 118.

54Ōkurashō 1905, p. 122; Nihon Ginkō 1982, pp. 27–29; Tamaki 1994a, p. 64; Shibusawa 1910, pp. 517–518.

55Ōkurashō 1905, p. 122; Ōkurashō 1917, pp. 118, 125.

56Miyashita 1941, p. 41.

57Shibusawa 1910, pp. 509–510, quotations from p. 509; Tōkyō Ginkō 1981, pp. 27–28. As Shibusawa points out, the YSB began its business in 1880.

58Quoted in Tōkyō Ginkō 1981, p. 28.

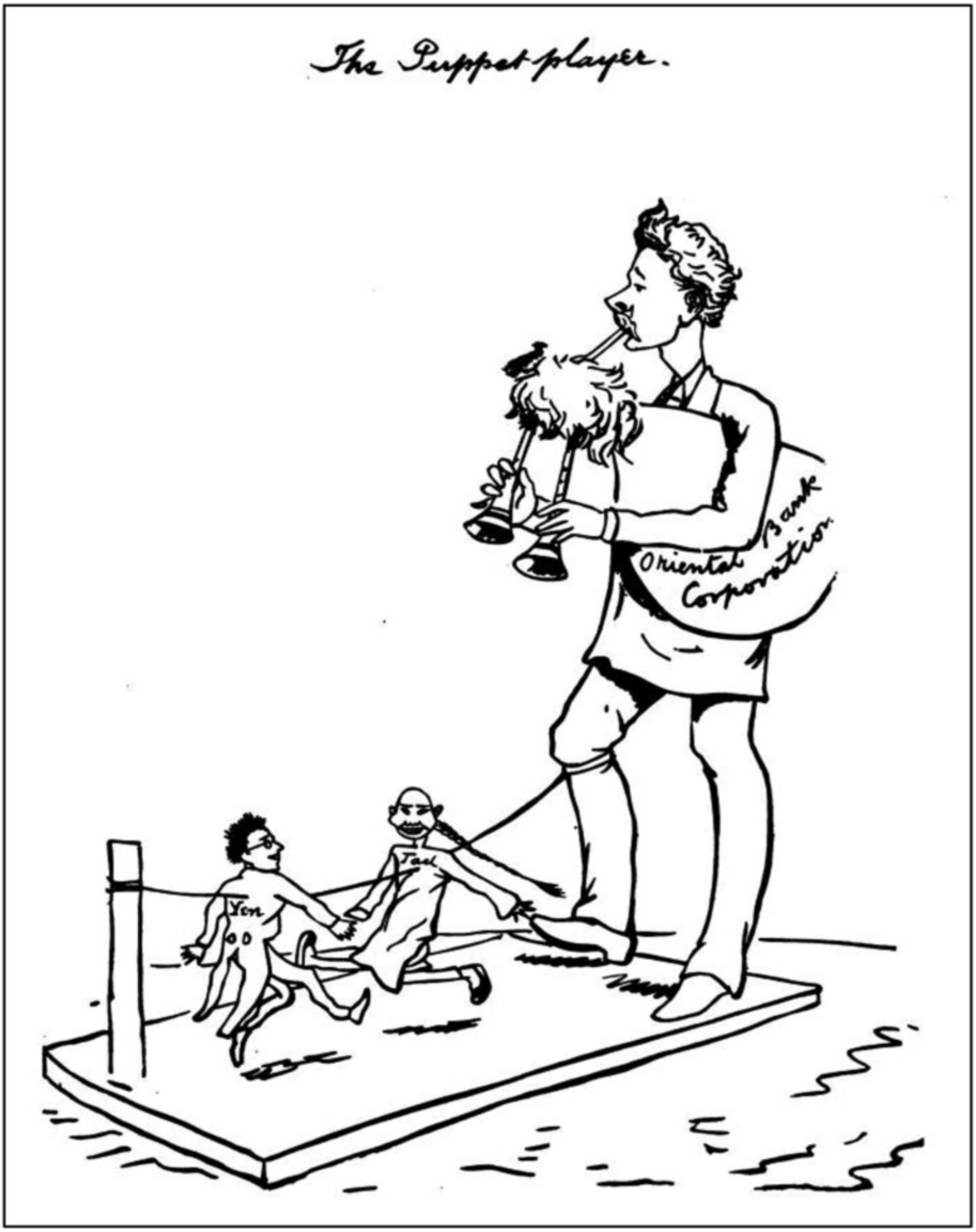

Figure 2. Political Cartoon titled "The Puppet player" from the January 1875 issue of the *Japan Punch*. It depicts the manager of the Oriental Bank Corporation controlling the Tael-Yen exchange rate.

following sections, the YSB indeed came to be the foreign banks' main competitor. The Japanese government gave the YSB special status – it was one of the "special banks" (*tokushu ginkō*) that each served a specific purpose in accordance with the government's strategy – and both controlled and specifically supported it. It provided one third of the Bank's total capital of ¥3 million in silver specie and had the ability to influence the selection of the YSB's leadership and its operations. The YSB also had a close relationship with the Bank of Japan, which provided the YSB with advantageous discounting services at a low interest rate. The YSB opened branches in financial hubs around the world, including in

London and Shanghai.[59] Through the YSB, the Japanese government could also set and control foreign exchange rates.[60]

Finally, in 1899 the legal environment foreign banks in Japan operated in changed as well. Before 1899, like all foreign institutions, foreign banks in Japan – similar to those in China – operated under extraterritoriality and thus beyond the jurisdiction of the Japanese government. While China only managed to end extraterritoriality in 1943, Japan managed to conclude several treaties in the 1890s that led to the end of extraterritoriality in 1899 – despite the lobbying of foreign businesspeople against this move. This meant that starting in 1899, foreign banks in Japan were subject to Japanese law.[61] As a result, after 1899, they were not able to enjoy the benefits of extraterritoriality still enjoyed by their counterparts in China, such as the right to issue bank notes or the security of their deposits from the host government mentioned above. This meant that Japanese banks were legally equal to foreign banks and was yet another reason why compared to China Japan provided foreign banks with a less hospitable business environment.

This survey of the development of modern financial institutions in pre-WW1 China and Japan – in particular vis-à-vis foreign banks – shows in detail the difference in financial reform that took place after the first entry of foreign banks into these countries. Japan not only put a much greater emphasis on financial reform during the Meiji Restoration, but also started its endeavor in this regard much earlier than China. The main underlying reason seems to have been that while China first chose to mainly pursue modernization in the fields of military and industry and even during the New Policies reform did not particularly pursue financial reform, Japan focused much more on finance. In addition, what also needs to be kept in mind is that – mainly due to the relative disinterest of the foreign powers in Japan as compared to China – Japan enjoyed a "breathing space" of two to three decades after the 1850s free from Western political interference that made it easier for the Japanese government to enact far-reaching reforms.[62]

As a result, a modern banking sector developed much more quickly in Japan than in China. This alone meant that, unlike in China, foreign banks did not remain the main modern banking institutions for long and were thus given less space to extend their activities beyond their specialty in foreign exchange business. Furthermore, Japanese financial reform also directly and specifically addressed the presence of foreign banks in Japan and sought to restrain their influence and build up Japanese competition with them. This started already during the late Tokugawa era, when only the house of Mitsui was allowed to interact with foreign banks, continued with the establishment of the Yokohama Exchange Company and its note issuance and finally culminated in the establishment of the YSB, which was directly aimed at competing with foreign banks in their speciality, the exchange business. Finally, the early abolition of extraterritoriality in Japan meant that Japanese and foreign banks were on a level playing field legally as well. In contrast, not only did modern Chinese banking reform occur relatively late and remained rudimentary before World War I, but beyond proclamations of wanting to compete with foreign banks little specific measures like the establishment of a special exchange bank along the lines of the Japanese YSB were taken to build up such competition. We will see the consequences of this difference once we look in detail at the business of foreign banks in modern China and Japan in the areas of foreign trade finance and the issuing of public loans on Western capital markets.

Foreign trade finance

If we now first look at the trade finance business of foreign banks in Japan, we see that it was markedly influenced by the appearance of the Yokohama Specie Bank. Prior to the emergence of the YSB, the

[59]Tamaki 1994a, pp. 47, 70; Tamaki 1994b, pp. 73–80, 110–111; Hirschmaier and Yui 1975, p. 183. Hirschmaier and Yui note that the only special bank that did not "perform specific tasks" was the Bank of Japan.

[60]Bratter 1931, p. 163.

[61]Tatewaki 2002, 1. On extraterritoriality in Japan and China, see Kayaoğlu 2010, particularly chapters 3 and 5.

[62]For this argument, see Norman 2014, p. 46; Moulder 1977, particularly pp. 97, 201.

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financing of Japan's foreign trade had been dominated by foreign banks.[63] In his report on the 1885 trade of Kanagawa prefecture, where Yokohama is located, British consul Russel Robertson explained that the YSB "has again competed strongly with the foreign banks […] and has compelled the foreign banks to ship off to China and India the greater portion of their silver ordinarily required for the payment of exports."[64] In January 1887, the British minister to Japan Francis Plunkett also reported to London about the "competition which [the] Japanese Specie Bank in Yokohama is carrying on against the European banks in that Port." Referring to the last half-yearly report of the YSB, he in particular stressed the "remarkable development which has taken place in the number of foreign bills which have been received by that institution." These amounted to "upwards of 13.5 millions of dollars, and represents so much business taken out of the hands of the local European banks who formerly had the trade to themselves."[65] This shows how much the YSB had already managed to cut into the trade finance business of foreign banks in Japan by this time. According to the foreign banks in Yokohama, the YSB actively undercut their foreign competitors by "buy[ing] at fictitious rates and considerably under the market quotations."[66] Supported by the discount facilities provided by the Bank of Japan, the YSB also tried to compete with foreign banks in other ways, such as offering loans at a lower interest rate.[67] Relying on its vast silver reserves, which, as explained above, had partly been supplied by the Japanese government, the YSB quickly became particularly popular with "Japanese merchants, especially those engaged in 'direct export,' which is no doubt attributable to the exceptional facilities the Bank has been lately enabled to offer to its customers through its possession of a superabundance of silver."[68]

As Figure 3 shows, the YSB managed to break through the monopoly of foreign banks in the financing of Japan's foreign trade, gradually increasing its share of trade finance between 1892 and 1912 and by 1912 handled almost half of it.[69] Such competition from the YSB, combined with the growth of ordinary Japanese private banks that offered modern banking services, helps explain why the number of foreign banks in Japan remained so limited.

If we now look at the situation in China, it is not surprising that the business of financing China's foreign trade remained in the hands of foreign banks given the absence of modern Chinese financial institutions that specialized in trade finance. Moreover, none of the few modern Chinese banks that were established before World War I had established branches abroad. Thus, August Reiß, who was an employee of the German Deutsch-Asiatische Bank, a bank that had been active in China and Japan before WWI, in a 1921 essay on the Chinese banking sector described the financing of China's import and export trade as the exclusive business of foreign banks without mentioning any participation by Chinese banks.[70] In view of the rapidly growing Chinese foreign trade (see Fig. 4),

[63]Tatewaki 2002, pp. 22–23; Bratter 1931, p. 163.

[64]Robertson 1886, p. 7.

[65]Plunkett to Salisbury (19 January 1887), *The National Archives (United Kingdom)*, CO 129/235, p. 336.

[66]Ibid.

[67]Tamaki 1994b, pp. 79–80.

[68]"Summary of News", *North-China Herald* (8 October 1884), p. 374. On the new competition the YSB presented for foreign Banks, also see Tatewaki 2002, p. 13; Tatewaki 1987, p. 57.

[69]On this point also see Tatewaki 2002, pp. 22–23. For some reason, Tatewaki however claims that in 1899 the YSB financed more than half of Japan's foreign trade without giving a source for this claim.

[70]Reiß 1921, 168–176. On the Deutsch-Asiatische Bank, see Moazzin 2022. The earliest overseas office of a modern Chinese bank (not including modern banks established by overseas Chinese or traditional Chinese remittance houses that handled remittances of Chinese migrants) that Shiroyama (2020) mentions in her study of the international banking activities of Chinese banks is the Bank of China's London Office, which was established in November 1929. As she explains, the Shanghai Commercial and Savings Bank (SCSB), the other modern Chinese bank she discusses, commenced operations in foreign exchange in 1917, but through agency agreements with other banks abroad. According to Shiroyama, the SCSB was the second modern Chinese bank to commence exchange business, with the first being the Zhongfu Bank, established in 1916 (On the Zhongfu Bank, see Jin and Sun 2001, p. 23). For a contemporary source that explains the plans for the opening of the Bank of China's London office in 1929 and its status as the first foreign office of a modern Chinese bank (*woguo yinhang*), see "中國銀行籌設倫敦分行" "Zhongguo Yinhang choushe Lundun fenhang" ["The Bank of China Plans to Establish a London Office"], Zhongyang yinhang xunbao 12 (1929): 23 (while Shiroyama speaks of an "agency", the

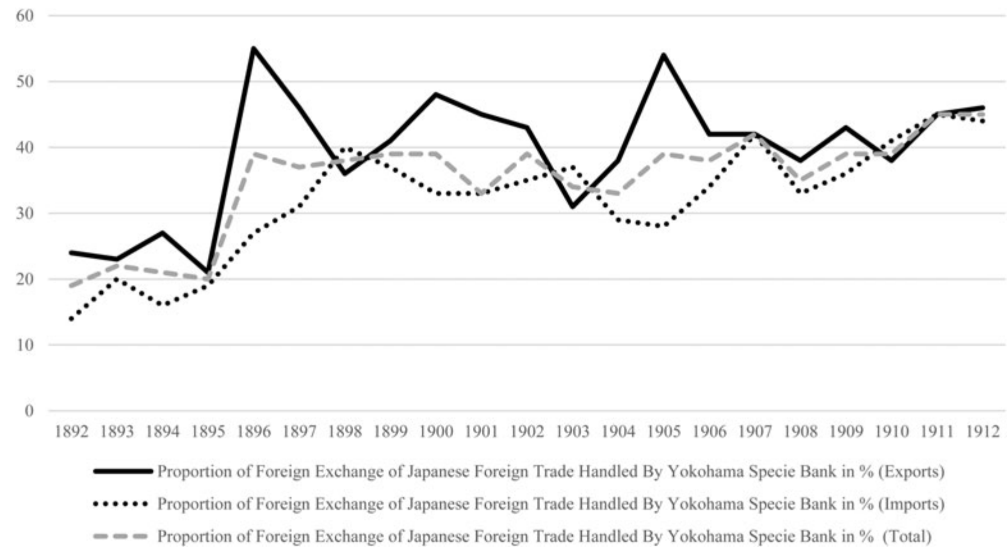

Figure 3. Proportion of Foreign Exchange of Japanese Foreign Trade Handled by the Yokohama Specie Bank, 1892–1914 (in %). *Source*: Ōkurashō 1940, pp. 478–479.

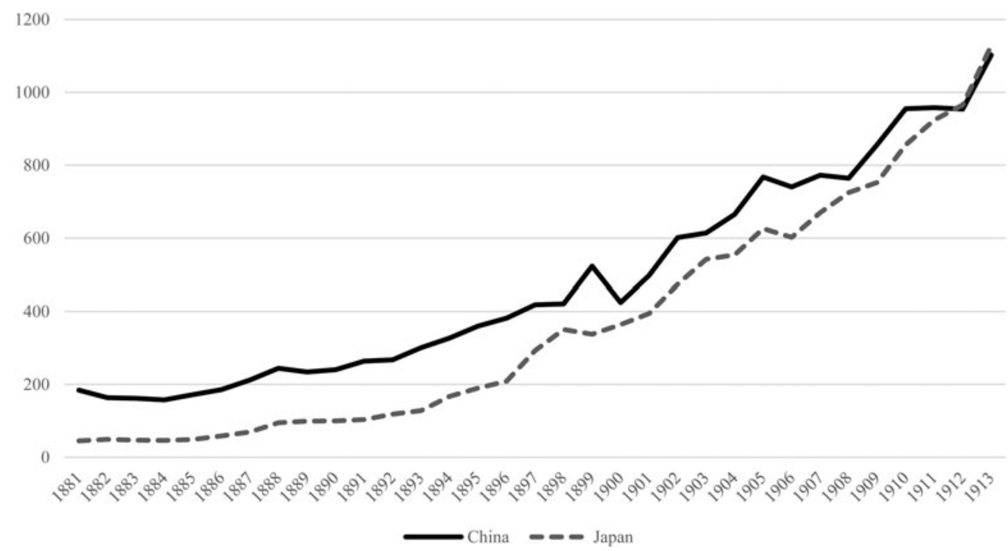

Figure 4. Value of Japanese and Chinese Foreign Trade in million Shanghai Taels, 1881–1913.
Source: China: Hsiao 1974, pp. 22–23 (Haiguan taels converted to Shanghai taels at the rate 1:1.114. See Hsiao 1974, p. 16. I have used the figures for "imports", not "net imports"). Japan: Nihon Ginkō Tōkeikyoku 1966, pp. 278–279; Exchange Rate Yen-Shanghai Taels: Asahi Shinbun 1930, pp. 414–415.

it is not surprising then that China saw such an influx of foreign banks before World War I, who could operate in China without domestic competition. At the same time, it should be pointed out that in

contemporary article uses the Chinese word *fenhang*, i.e. "branch", for the London office). It was only during the 1930s that modern Chinese banks were able to compete in handling China's international financial relations. See Hou 1965, 54. Also see Allen and Donnithorne 1962 (pp. 34, 102, 106), who, commenting on Chinese financial institutions before the emergence of modern Chinese banks, point to their insufficiency for the financing of international trade.

comparison with Japan, China's foreign trade was simply larger in absolute terms, as can be seen in Figure 4.[71] This means that not only the absence of domestic competition but also the generally larger value of foreign trade made China the more attractive market for foreign banks.

Foreign capital markets

Another area of business of foreign banks in both China and Japan was the floating of loans on Western capital markets for the Chinese and Japanese governments. Before the mid- nineteenth century, neither China nor Japan possessed the ability to raise large long-term debt domestically on its own.[72] As I explained in the first section of this article, before 1914, the Chinese government issued loans worth £149 million on foreign bond markets, while the Japanese government's public foreign loans amounted to £181.4 million. Both governments borrowed relatively small sums before the 1890s and then raised much larger sums between the 1890s and the First World War. In both cases, foreign banks played an important role in the issuing of these loans. However, a closer look at the history of Chinese and Japanese foreign borrowing shows that there existed important structural differences in the pattern of borrowing and the involvement of foreign banks.

Both Japan and China entered Western bond markets during the 1870s. Japan issued its first loan for £1 million at 9% interest in London in 1870. The loan was initially arranged by Horatio Nelson Lay, who had previously worked as a British diplomat in China. He tried to charge the Meiji government an additional 3% interest as a surcharge. In reaction to this, the Meiji government transferred the handling of the loan to the Oriental Bank Corporation. Japan tapped the London bond market once more with the help of the Oriental Bank in 1873, but, unhappy with the high interest rate it had to pay, it thereafter abstained from foreign capital markets.[73] In largely abstaining from using foreign capital during the early phase of modern economic development, Japan was an exception amongst developing countries.[74] However, the Japanese government was able to raise capital domestically, having established a "public-loan system, based upon that in vogue in Western countries" shortly after the Meiji restoration of 1868. Matsukata Masayoshi, Japanese minister of finance during the 1880s, lauded the consolidation of previous debts contracted between 1844 and 1871 into new public domestic debt that inaugurated this new system of government borrowing as one of "the greatest reforms brought about since the Restoration."[75] Indeed, it allowed Japan to borrow around ¥235 million (~£26 million) in domestic debt between 1873 and 1884.[76] Japan used domestic borrowing not only to repay old debts and provide pensions, but also to raise capital for the development of railways and the navy.[77] This explains why Japan was able to abstain from foreign capital markets for such a long time. In addition to the financial reforms already discussed above, the establishment of a system for domestic borrowing

[71]On the greater size of China's foreign trade, also see Moulder 1977, p. 97.

[72]See He 2013. He sees this ability as a key feature of the modern fiscal state that Meiji Japan managed to develop but Qing China did not.

[73]Bytheway 2014, pp. 89–90.

[74]Macpherson 1995, p. 27.

[75]Matsukata 1910, pp. 372–373, quotations on p. 373; also see Stead 1904, pp. 355–356. While Matsukata emphasizes the importance of converting old debt and establishing a modern public-loan system, the establishment of a functioning market for domestic debt was also helped by the modernization of the financial market of Japan and Japanese policies for stabilizing the currency already discussed to some extent above, including the establishment of the Bank of Japan. See Nakabayashi 2012, pp. 389–390. In addition, the centralization of government finance was important for enabling the Meiji government to service the domestic debt. See He 2013, p. 127.

[76]The figure is calculated from the table listing major Japanese government bond issues during this period in Hiroshi 2014, p. 94. As already mentioned, Japan only contracted one foreign public loan during this period. This was a £2.4 million loan issued in London. For the loan details, see Suzuki 1994, p. 198. The pound figure was calculated with the exchange rate for 1884 using Rodney Edvinsson's Historical Currency Converter on Historicalstatistics.org.

[77]It should be pointed out though that private capital also seems to have played an important role in Japanese economic development (for example in railway development), see Bytheway 2014, p. 88.

thus was another institutional reform that allowed Japan to rely less on foreign banks, in this case as mediators with foreign capital markets.

If we now look at China's early public borrowing, we see a somewhat different development. After the first Chinese loan was floated on the London bond market in 1874, over the next two decades until the end of the Sino-Japanese War in 1895, it issued twenty more public loans on Western capital markets, most of them through the HSBC on the London market.[78] One reason for this was that, unlike Japan, China faced two large military conflicts before the Sino-Japanese War, the military campaign to reconquer Xinjiang and the Sino-French War of 1884/1885. For these military campaigns alone, China contracted eight of the twenty loans. Four more loans were contracted to finance China's war effort against Japan in the Sino-Japanese War.[79] Another difference to Japan was that China did not manage to establish a system for raising large sums of capital through domestic borrowing. The Chinese central government tried to issue domestic bonds three times before 1911 with very limited success. Most importantly, in 1898 it attempted unsuccessfully to issue bonds for the repayment of part of the Japanese war indemnity and had to switch back to foreign borrowing thereafter.[80] Thus, we see in the area of public finance yet another institutional shortcoming of China as compared to Japan that gave foreign banks a greater role in the Chinese economy. Moreover, the demand in China for foreign capital also was an additional factor that could draw foreign banks into the Chinese market. For example, when the German Deutsch-Asiatische Bank decided to enter the Chinese market, it initially did so primarily with the hope of floating Chinese loans for infrastructure projects on the German capital market.[81] Had China been able to develop an effective mechanism for raising large sums of capital domestically, this would not only likely have meant that it would not have needed to resort to foreign borrowing as much, but it would also have meant that China would have been a less attractive market for foreign financiers and banks.

If we now turn to the period of heavy Chinese and Japanese foreign borrowing between the 1890s and the First World War, we see yet another difference between Japan and China. Despite the fact that Japan borrowed a larger total sum than China during this period, it did only have to tap foreign capital markets eleven times to raise £178 million.[82] In comparison, China had to float twenty-four loans to raise the sum of around £133 million pounds between the end of the Sino-Japanese War in 1895 and 1913.[83] Japan raised these loans mainly through one core group of banks that became known as the "London Group" and came to monopolize the floating of Japanese loans on foreign bond markets. Its key members were the HSBC, Parr's Bank in London and, importantly, the YSB.[84] Japan's ability to borrow such a large sum with a relatively small number of loans certainly was helped by its adoption of the gold standard in 1897, which made it easier to tap foreign capital markets.[85] Moreover, it reflects the centralization of political power and the control of state finance in the hands of the Japanese central government,[86] which made it possible to concentrate borrowing on a few important loans. The fact that Japan's foreign borrowing was conducted in such a concentrated manner through a small number of loans and mainly one banking syndicate meant that other foreign banks or syndicates had less of an opportunity to become involved in floating Japanese government loans abroad.[87] Moreover, the involvement of the YSB in the London

[78]King 1988, pp. 548–549, 557.

[79]Ibid.

[80]Van de Ven 2014, pp. 141–142; Zhou 2002, pp. 193–194.

[81]Moazzin 2022, chapter 1. There, I also explain the role of Chinese demand for foreign capital in the establishment of the Deutsch-Asiatische Bank.

[82]Suzuki 1994, pp. 198–199.

[83]King 1989, pp. 244–245, 312, 377, 451, 454–455. Also see footnote 19.

[84]Bytheway 2014, p. 97.

[85]Nakabayashi 2012, p. 393.

[86]Gordon 2003, pp. 63–64. Nakabayashi 2012; He 2013, chapters 3 and 4.

[87]It should be pointed out though that despite the dominance of the London group and London market in the issuing of Japanese debt, Japan also floated debt on the German, French and American market during this period, though even in these cases often together with the London group. See Bytheway 2014, pp. 91–94.

group gave the Japanese government greater autonomy in acting in London and showed that Japan was an active participant on Western bond markets and not exclusively dependent on foreign banks.

If we turn to China, we not only see a higher number of smaller loans during this period, but also a larger variety of sources. London remained an important market for Chinese government loans, but Berlin and Paris, and eventually also New York, became important markets for Chinese debt as well. Moreover, no group similar to the London group in the Japanese case emerged. Rather, the Chinese government drew on a lot of different foreign banks and syndicates to borrow foreign capital.[88] At least in part, this splintering can be explained by the fact that China did not adopt the gold standard and thus found it more difficult to contract loans as large as the Japanese. Moreover, the diffusion of the total borrowed sum into many largely smaller loans also reflects the general political and fiscal devolution of power in the late Qing.[89] This meant that that foreign capital and the Chinese capacity to borrow was not used in a concentrated manner but rather scattered amongst different interest groups. For example, instead of just borrowing foreign capital to construct one North–South railway trunk line, the Qing borrowed foreign capital to build two.[90] Thus, compared to Japan, China presented foreign banks with much more opportunity to become involved in the floating of Chinese loans abroad. Moreover, in the absence of a Chinese bank that could internationally represent China along the lines of the YSB, China was also always dependent exclusively on foreign banks for its foreign borrowing. This helps to further explain the greater presence of foreign banks in China as compared to Japan.

Conclusion

As this article has shown, the development of foreign banking in modern China and Japan followed different trajectories. While we see a clear growth in the presence of foreign banks in China, as exemplified in treaty ports such as Tianjin, in the overall number of foreign banks reaching over a dozen by 1908 and in the number of foreign bank offices, the presence of foreign banks in Japan largely stagnated and, in comparison, remained limited. Moreover, in terms of geographical distribution, we saw that foreign banks had a presence in many locations along the China coast, whereas it remained confined to four locations in Japan. These different development trajectories can be traced back to the difference in the modernization paths China and Japan followed after the 1860s. China mainly concentrated on industrial and military modernization at first, and even after the 1890s never made financial reform a priority. On the other hand, Japan put financial reform at the center of its reform effort and created institutions that made them less and less dependent on foreign banks. Allen and Donnithorne correctly trace the more specialized and limited operations of foreign banks in Japan to the importance of financial reform and in particular the establishment of the YSB and the intention of not leaving international financial transactions in the hands of foreigners. However, they undervalue how the YSB was specifically tailored toward competing with foreign banks and how this emphasis on checking the influence of foreign banks can be traced back to the late Tokugawa period. Moreover, they neglect the importance of larger structural reforms, such as fiscal centralization and the establishment of a modern market for domestic debt, and the role the YSB played as a representative of the Japanese government, which also made the Meiji government less dependent on foreign banks compared with China. The resulting smaller business of foreign trade finance and limited demand for foreign lenders by Japan explains why foreign banking remained so limited in Japan, but grew more quickly in China, which remained dependent on foreign banks both for financing its trade and for raising capital.

As Geoffrey Jones, Carlos Davila and Gareth Austin have recently argued, many developing countries "faced […] 'institutional voids' in their capital, labor, and other markets."[91] In modern China and Japan, we can observe this quite clearly in the banking sector, where in the beginning there existed no financial

[88]For an overview of public loans between 1895 and 1913, see King 1989, pp. 244–245, 312, 377, 451, 454–455. For more details on individual loans, see Kuhlmann 1982, pp. 26–90.

[89]Fairbank and Goldman 2006, p. 238; Rowe 2009, pp. 204–207; Von Glahn 2016, chapter 9.

[90]Moazzin 2022, chapter 4; Kuhlmann 1982.

[91]Austin et al., 2017, p. 542.

institutions that could offer modern financial services, in particular relating to the financing of foreign trade and the raising of large sums of capital for government purposes. In both cases, foreign banks first filled this void. However, it was only in Japan that this void was soon filled by the Japanese government through financial reforms, including the establishment of the YSB and the development of a system for raising large sums of capital domestically. As a result, Japan became a much less attractive market for foreign banks[92].

What does all this tell us about multinational banks in different host countries? In general, the findings of this article add to recent speculation in the business history literature that posits that host economies with weaknesses might be prone to attract multinational companies.[93] Furthermore, based on the case presented in this article, one might suggest that from the perspective of host countries that wish to limit the presence and influence of multinational banks, implementing specific institutional reforms targeted at addressing this institutional void is a good strategy. Conversely, it might be suggested that from the perspective of multinational banks, a market where a large institutional void still exists presents a market with better prospects for establishing and operating a multinational bank. However, given the limited scope of this article, these can only be speculative suggestions. In order to substantiate such speculations, more comparative research of multinational banks in different host countries along the case and parameters presented in this article are necessary.

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[92]As pointed out in footnote 7, on the connection between this institutional void and the success of foreign banks in pre-WWI China, also see Moazzin 2022, particularly the conclusion. There, some adjacent literature is also discussed (see pp. 18–19n52 and pp. 67–68n44) and a brief comparison with Japan is made. In Moazzin 2022, I also discuss that after 1914 the rise of modern Chinese banks and financial reform led to the shrinking of the institutional void once occupied by foreign banks. On comments by Cheng (2003) and Allen and Donnithorne (1962) on the connection between financial reform and the rise of modern banks and the position of foreign banks in China, see Moazzin 2022, p. 271n12.

[93]Jones 2005, p. 260.

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