

# Belgolaise: The life-cycle of a colonial bank

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9 October 2017

# Introduction

- Abstract: Banque du Congo Belge (Bank of the Belgian Congo), later Belgolaise, survived almost 100 years before a new owner chose to dismantle it. The bank generally followed a strategy of using existing resources and capabilities in existing markets until exogenous changes in the political environment opened new markets, enabling it to reposition itself in those markets. The last repositioning was not a success as the bank was little more than a holding company for a set of operations in a variety of African countries where the owner could neither add value nor create a network that could create value from synergies between the operations.
- 1.0 Conceptual background
- 2.0 The history
- 3.0 Conclusion

# 1.0 Conceptual background

**Table 1: Matching Organizational Resources with Market Opportunities: The 4R Framework**

<b>Organization</b>	<b>Markets</b>	
	<b>Serve existing markets</b>	<b>Enter new markets</b>
<b>Use existing resources and competencies</b>	<b>Remain on course</b>	<b>Reposition the firm</b>
<b>Develop new resources and competencies</b>	<b>Redesign the firm</b>	<b>Restructure the firm</b>

**Source: Spulber (2003; Table 1)**

## 3.0 The history

- 2.1 1909 – WWI
- 2.2 WWI – end-WW II
- 2.3 End-WW II to Congo's independence
- 2.4 1960 – 1990
- 2.5 1990 – 2004
- 2.6 2004 - 2012

## 2.1 1909 - WWI

- Overseas bank incorporated 11 January 1909 w/ head office in Brussels
- Multiple banking and commercial owners
- From 1911: Commercial and central bank
  - 25-year note issue monopoly
  - Branches: Matadi, Elizabethville, Leopoldville
  - Splits off Banque Commercial du Congo



## 3.2 WWI to end-WWII

- Initially, repositioning due to needs & opportunities WWI created
  - London branch 1914
  - Kigoma & Dar es Salaam – railheads
  - Kigali & Usumbura – League of Nations mandates
  - Note issue monopoly renewed in 1927 to 1952
- Great Depression – retreat and remain
- Note: 1920-1949: 170K 1Fr coins; 1943: 25K 2Fr coins



# 3.3 End-WW II to Congo's independence

- Remain
- Loss of note issue authority in 1952
  - New: Banque Centrale du Congo Belge et du Ruanda-Urundi (BCCBRU)

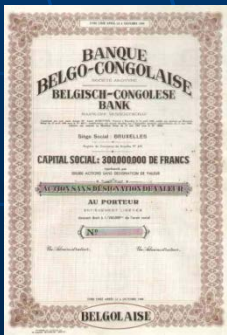


- BCB absorbs Banque Commercial de Congo



## 3.4 1960 – 1990

- Stasis – Remain
- Bank Belgo-Congolaise
  - Holds European assets of Banque du Congo Belge
  - BCB → Banque du Congo → B Commercial du Congo
  - Owns 75% of BCC; government owns 25%
  - Banque de Kigali (40%) – ex-branch
  - Banque de Crédit de Bujumbura – ex-branch
- BCC → B Commerciale Zairoise (BCZ)
- BCZ → Banque belgo-zairoise (Belgolaise)





## 3.5 1990 – 2004

- 1990 - Belgolaise
- Reposition / Restructuring
  - Early steps in second half of the 1980s
- Strategy of expanding into rest of Africa
  - Technical agreements, privatizations, & rescues
  - Minority equity positions
  - Presences
    - DRC, Rwanda, Burundi, Kenya, Tanzania, Uganda, South Africa, Ghana, Nigeria, Togo, Chad, Guinea, Ivory Coast, Mauretania, Niger, CAR, & Burkina Faso
- 1998 – 2000 Fortis acquires Belgolaise



## 3.6 2004 - 2012

- Dismantlement
- 2005: Fortis announces desire to sell
- Unable to find buyer, Fortis closes London & Paris branches in 2006 and starts selling the operations piecemeal
- 2008: Fortis fails
- 2009: BNP–Paribas takes Fortis over and continues to dismantle Belgolaise
- 2012: Process is almost complete
- BCDC survives in the DRC under majority ownership by a Belgian entrepreneur and his family



# 4.0 Discussion

- Remain – Exploitative Era
- Reposition #1 between the wars
  - Depression cut short
- Remain – end-WWII to 1990
- Reposition #2 – 1990 to 2005
  - Failed strategy of geographical diversification
    - Belgolaise was neither different from nor better than locals
    - Retail banking has few cross-border synergies