www.ijarp.com ISSN 2456-9992 Page: 01-08

International Journal Advanced Research Publications

Research Article

Volume: 02

Issue: 06

THE RELATIONSHIP BETWEEN THE BANQUE DE L'INDOCHINE AND THE FRENCH COLONIAL ADMINISTRATION (1875-1945)

***Dr. Duong To Quoc Thai**

Lecturer in History, Faculty of Social Science Education, School of Education, Dong Thap University, Vietnam.

Article Received: 13 May 2026, Article Revised: 3 June 2026, Published on: 23 June 2026

***Corresponding Author: Dr. Duong To Quoc Thai**

Lecturer in History, Faculty of Social Science Education, School of Education, Dong Thap University, Vietnam.

Doi: https://doi-doi.org/101555/ijarp.9287

ABSTRACT

This article provides an in-depth analysis of the organic and symbiotic relationship between the Banque de l'Indochine and the French colonial administration in Vietnam throughout the period from 1875 to 1945. Established by a French presidential decree, the Banque de l'Indochine was not merely a commercial financial institution, but rapidly evolved into the supreme political-economic instrument of the colonial ruling apparatus. Drawing upon colonial archival sources and a Marxist historical framework, this study elucidates the mechanism of the tight alliance between finance capital and the administrative power of the Governor-Generalship. This symbiosis manifested in the colonial government granting the monopoly of currency issuance and the management of public treasuries to the bank; conversely, the bank financed strategic loans to the colonial state to construct infrastructure for social control and pacification. The research findings confirm that this two-way relationship constituted the backbone of French financial colonialism, directly determining the outcome of colonial exploitation programs and leaving profound structural legacies on modern Vietnamese economic history.

KEYWORDS: Banque de l'Indochine, Colonial Administration, Financial Symbiosis, Colonial Exploitation, Economic History.

1. INTRODUCTION

The history of French colonization in Indochina, and Vietnam in particular, was written not only through military pacifications or administrative decrees but was fundamentally shaped by financial manipulation strategies. Within this power structure, the relationship between the Banque de l'Indochine and the French colonial administration during the 1875–1945 period represented a unique symbiotic alliance, vividly reflecting the essence of capitalist imperialism. Established on January 21, 1875, this institution was endowed from its inception with a dual mission: to operate as a profit-seeking business entity for financial syndicates in Paris and to act as an indirect instrument of power assisting the Governor-Generalship of Indochina in consolidating its ruling apparatus (Aumiphin, 1994).

The tight integration between these two entities was institutionalized through an unprecedented system of mutual privileges and obligations in the history of colonial banking. The French colonial administration granted the Banque de l'Indochine the exclusive monopoly to issue the Indochinese Piastre and entrusted it with the comprehensive management of the colonial budget and public treasuries (Tran Duong & Pham Tho, 1960). In return, the bank served as a strategic financial repository, continuously advancing capital and underwriting massive loans for the administration to finance the colonial coercive apparatus, military campaigns, and both the first and second colonial exploitation programs. This connection was so intimate that any political fluctuation in Paris or Hanoi immediately resonated in the credit decisions and exchange rate policies implemented by the bank.

Despite its paramount importance, the nexus between the colonial political authority and the financial hegemony of the Banque de l'Indochine has often been examined in a fragmented manner in traditional historical literature, or reduced to a mere economic interaction. Deciphering the nature of this alliance from its formation (1875) to its collapse (1945) is key to comprehending the operational mechanisms of French financial colonialism (Duong, 2021). This article aims to systematically clarify the connective structure, coordination mechanisms, and profound political-economic consequences that this symbiotic relationship left behind in the history of colonial Vietnam.

2. MATERIALS AND METHODS

This study is built upon a rich and diverse system of source materials, meticulously collected, classified, and cross-referenced to ensure the highest academic authenticity. The primary source material consists of the legal charters, founding decrees, operational modifications of the Banque de l'Indochine over the years, alongside the minutes of the Board of Directors' meetings in Paris and financial statements from the branches in Saigon, Haiphong, and Hanoi. These records have been scientifically accessed and cross-referenced by financial historians in classic monographs dedicated to the institution's history (Meuleau, 1990).

The secondary source materials, which provide critical empirical counterweights, encompass the administrative documents, economic reports, and fiscal records of the Governor-Generalship of Indochina and the Financial Department of Indochina published directly during the colonial era. Notable among these are specialized serials such as the *Bulletin économique de l'Indochine* (Economic Bulletin of Indochina) and monographs addressing the role of metropolitan capital in the colonies by contemporary French scholars (Simoni, 1929). To contextualize this relationship through periods of crisis and structural transition, this study also incorporates the quantitative data and macroeconomic analyses generated by the colonial economist Paul Bernard (Bernard, 1934). Additionally, historical literature regarding monetary circulation and banking monopolies by Vietnamese authors was utilized to offer a multidimensional and objective perspective (Duong, 2026).

In terms of methodology, this research consistently applies the historical materialist framework, positioning the relationship between the Banque de l'Indochine and the colonial state within the historical transition from competitive capitalism to monopoly capitalism and the rise of the financial oligarchy. Two core specialized historical methods serve as the backbone: the historical method and the logical method. The historical method is utilized to linearly track and reconstruct the evolutionary phases of this relationship across 70 years (1875–1945), from its foundational baseline, through the zenith of its monopoly, until the final collapse of the French colonial system in Vietnam. The logical method is applied concurrently to dissect the symbiotic essence, illustrating the two-way interaction mechanisms and uncovering the structural laws governing the alliance between finance capital and political power.

Furthermore, the author integrates interdisciplinary approaches, including systems analysis, historical statistics, and archival content analysis. The systems analysis method treats the Banque de l'Indochine and the colonial administration as interconnected structural components constituting an integrated colonial ruling system. The historical statistical method is employed to process data regarding state loans, profit-sharing ratios, and the volume of colonial bonds underwritten by the bank, thereby providing convincing quantitative evidence for the academic arguments. This integrated alignment of extensive archival documentation and a multidimensional methodological framework guarantees a high degree of reliability and scientific value for the study.

3. RESULTS AND DISCUSSION

3.1. The Mechanism of Privilege Institutionalization and the Foundation of the Political-Economic Alliance

The research findings from the analysis of colonial regulatory frameworks and legal decrees confirm that the relationship between the Banque de l'Indochine and the French colonial administration was not merely an interaction between a commercial financial institution and a state regulatory body, but a vital political-economic alliance. The bedrock of this alliance was firmly established by the Decree of January 21, 1875, issued by the French President, which brought the Banque de l'Indochine into existence with an absolute prerogative: the exclusive monopoly over currency issuance across French possessions in the Far East. This represented a strategic maneuver that transformed the bank into an "indirect instrument of state authority," effectively transferring a critical portion of the colonial state's sovereign power to monopoly capital in order to optimize the pace of capital accumulation in Indochina (Aumiphin, 1994).

By exercising its exclusive monopoly over the issuance of the Indochinese Piastre, the Banque de l'Indochine controlled the entire lifeblood of monetary circulation, thereby intervening deeply in the price structures and trade balances of colonial Vietnam. The extreme favoritism displayed by the Governor-Generalship of Indochina toward the bank was further demonstrated by entrusting this institution with comprehensive public treasury services and the management of colonial public funds. The entirety of tax revenues extracted through the heavy taxation of the indigenous population flowed directly through the account apparatus of the Banque de l'Indochine before being disbursed for the administrative or military operations of the Governor-Generalship (Tran Duong& Pham Tho, 1960). This operational framework engineered a closed loop: the colonial state utilized its administrative coercion to aggressively mobilize financial flows from the native society, while the bank deployed its monetary instruments to circulate, generate profits from, and re-finance the ruling machinery. This phenomenon serves as a vivid manifestation of the complete fusion between colonial political power and metropolitan finance capital.

3.2. The Role of the Banque de l'Indochine as the "Financial Repository" for the Colonial Apparatus and Infrastructure

Throughout the 1875–1945 period, the Banque de l'Indochine operated as an unshakeable financial rear guard, directly pumping liquidity into the military pacification campaigns and large-scale colonial exploitation programs engineered by the Governor-Generalship of Indochina. Whenever the Governor-Generalship required monumental capital reserves to deploy strategic infrastructure projects—such as the Trans-Indochina railway system, the deep-water ports of Haiphong and Saigon, or mining extractions in Tonkin—the bank stepped in as the intermediary to structure, underwrite, and directly invest in colonial government bonds (Meuleau, 1990). These credit injections not only solved the colonial state's immediate fiscal deficits but also instituted a structural debt mechanism that rendered the Governor-Generalship increasingly dependent upon the bank's credit facilities and corporate decisions.

In discussing the structural nature of these financial interventions, macroeconomic data reveals a distinct strategic realignment across successive historical phases. During the initial decades (1875–1910), the bank's capital allocation was predominantly funneled into supporting the Governor-Generalship in stabilizing its administrative bureaucracy and erecting infrastructure tailored for military control and social pacification. However, moving into the second colonial exploitation program following the First World War, the Banque de l'Indochine closely coordinated with the colonial state to aggressively re-route investment flows into highly lucrative economic sectors, most notably rubber plantations in Cochinchina and mineral syndicates in Tonkin (Simoni, 1929). This seamless synchronization between the state's land concession and clearance policies and the bank's preferential credit lines successfully transformed Indochina into a massive raw material processing zone for the metropole, while simultaneously suffocating any embryonic growth of indigenous capitalism.

3.3. Symbiosis and Resource Conflicts in the Context of Macroeconomic and Political Turmoil

Despite sharing the supreme objective of maximizing colonial utility, the relationship between the Banque de l'Indochine and the French colonial administration was not entirely devoid of friction; rather, it was continuously undercut by undercurrents of macroeconomic interest conflicts. A prime example was the decades-long debate surrounding the monetary standard of the Indochinese Piastre. While the colonial administration in Indochina repeatedly sought to peg the Piastre directly to the French Franc to stabilize the colonial budget and control domestic inflation, the Board of Directors of the Banque de l'Indochine in Paris stubbornly maintained the silver standard for a prolonged period. This was done to actively profiteer from the volatile fluctuations of silver prices on the global market and engage in lucrative exchange rate speculation (Bernard, 1934). This institutional friction demonstrates that finance capital possessed a relative autonomy, remaining fully prepared to prioritize corporate profitability over the baseline economic stability of the local administration.

Notwithstanding these technical disagreements, when confronted with existential systemic crises, the symbiotic reality of this "sink-or-swim" alliance became more evident than ever.

During the Great Depression (1929–1933), when a vast number of rubber estates and mining enterprises in Vietnam faced imminent bankruptcy, the Governor-Generalship of Indochina immediately collaborated with the Banque de l'Indochine to establish emergency relief funds, implement debt moratoria, and extend urgent credit lines to rescue the colonial economic framework (Duong, 2026). Conversely, when faced with escalating revolutionary movements from the indigenous masses, such as the Nghe-Tinh Soviets (1930–1931), the bank unhesitatingly constricted credit availability to suspected sectors while directly subsidizing intelligence operations and reinforcing colonial paramilitary forces to safeguard the colonial architecture.

This destined alignment persisted into the early 1940s, marked by the outbreak of World War II and the entry of Japanese forces into Indochina. During this phase of comprehensive crisis, the Banque de l'Indochine on one hand maintained its role as the supreme financial organ of the Vichy administration in Indochina, and on the other hand, subtly maneuvered its capital flows to adapt to Japanese military hegemony to preserve its institutional assets (Phan, 1978). The ultimate collapse of the French colonial administration following the Japanese coup d'état on March 9, 1945, and decisively, the victory of the August Revolution in 1945, permanently severed the backbone of this symbiotic relationship. A comprehensive structural analysis of the 1875–1945 timeline establishes that the nexus between the Banque de l'Indochine and the colonial administration stands as a classic historical prototype of "financial colonialism," wherein administrative hegemony and monetary supremacy consolidated into a single entity to execute one of the most sophisticated and predatory colonial exploitation systems in history (Duong, 2021).

4. CONCLUSION

A comprehensive study of the relationship between the Banque de l'Indochine and the French colonial administration during the 1875–1945 period allows for several fundamental and systemic conclusions. First and foremost, the Banque de l'Indochine did not function merely as a pure commercial financial institution; rather, it was a supreme economic power structure that served as the "backbone" of the entire French colonial exploitation system in Indochina. Through legal privileges institutionalized by the Governor-Generalship, particularly the exclusive monopoly on currency issuance and the management of public funds, the bank fully controlled and dominated the economic lifeblood of colonial Vietnam (Aumiphin, 1994). This bilateral relationship generated a closed capital cycle, wherein colonial administrative power facilitated financial monopoly, and in return, the bank's massive financial resources re-financed the consolidation of the coercive ruling apparatus.

Secondly, the role of the Banque de l'Indochine as a "financial repository" was vividly demonstrated by its continuous underwriting, structuring of massive loans, and direct investment in strategic infrastructure to serve colonial exploitation programs (Meuleau, 1990). The strategic shift of capital allocation from supporting military pacification in the initial phase to aggressively investing in highly lucrative sectors like rubber plantations and mining in the later phase proves the seamless alignment between the state's political strategy and the selfish interests of metropolitan monopoly capital (Simoni, 1929). Although history records technical conflicts regarding the monetary standard, the vital symbiotic essence between these two entities was never shaken, even during the most profound crises of the global economy (Bernard, 1934).

Ultimately, this strategic alliance only ceased when the French colonial political structure permanently collapsed under the impact of military upheavals during World War II and the historic victory of the August Revolution in 1945. The structural consequences left by this alliance deeply distorted the Vietnamese economy, turning it into a dependent, unbalanced economic system tailored strictly to maximize the profits of the French financial oligarchy (Duong, 2021). In summary, the nexus between the Banque de l'Indochine and the French colonial administration during the 1875–1945 era stands as a quintessential paradigm of financial colonialism, offering a vivid historical illustration of the absolute fusion between monetary supremacy and colonial political power.

5. ACKNOWLEDGEMENTS

The author wishes to express his deepest gratitude to the Board of Rectors, the Department of Science and Technology, and the Scientific Council of Dong Thap University for their constant encouragement, facilitation, and research funding that enabled the completion of this study. This research was funded by the internal scientific research grant of Dong Thap University. Furthermore, the author would like to extend his sincere thanks to colleagues at the Faculty of Social Science Education for their invaluable academic insights and constructive feedback throughout the development of this project.

REFERENCES

1. Aumiphin, J.-P. (1994). *La présence financière et économique française en Indochine (1859-1939)* [The French financial and economic presence in Indochina (1859-1939)] (Đ. X. Lam, N. T. Chinh, H. Song, & P. Q. Trung, Trans.). Association of Vietnamese Historical Sciences.
2. Bernard, P. (1934). *Le problème économique indochinois* [The Indochinese economic problem]. Nouvelles Éditions Latines.
3. Duong, T. Q. T. (2021). *The Bank of Indochina in the French colonization process in Vietnam (1875-1954)* [Doctoral dissertation, Ho Chi Minh City University of Education].
4. Duong, T. Q. T. (2026). The transformation of the Bank of Indochina: From a bank of issue to a major investor in the rubber industry of Cochinchina (1875–1945). *Golden Sun-Rise: International Journal of Multidisciplinary on Science and Management*, *3*(1), 102-108. https://doi.org/10.71141/3048-5037/V3I1P111
5. Meuleau, M. (1990). *Des pionniers en Extrême-Orient: Histoire de la Banque de l'Indochine (1875-1975)* [Pioneers in the Far East: History of the Banque de l'Indochine (1875-1975)] (R. N. Nhân, Trans.). Librairie Arthème Fayard.
6. Phan, H. U. (1978). *Historical documents on Indochinese currency and the Banque de l'Indochine from the late 19th century to the mid-20th century*. Social Sciences Publishing House.
7. Simoni, H. (1929). *Le rôle du capital dans la mise en valeur de l'Indochine* [The role of capital in the development of Indochina]. Helms, Libraire-Éditeur.
8. Tran, D., & Pham, T. (1960). *Monetary circulation in the Democratic Republic of Vietnam*. National Political Publishing House.