

DUNAJSKÁ BANKA

The history of the Dunajská banka (Danubian Bank) began to be written in 1912, when the Western Hungary Banking Company was established in Bratislava on the initiative of the Budapest financial institution Egyesült Budapesti Fővárosi Takarékpénztár. It originated in the form of a joint stock company with share capital of 400,000 crowns. The founding Budapest institution owned the majority of the shares. The aim of the company was to carry out all banking operations, but entirely in line with the commercial policy and aims of the founder. This subordination was also expressed in the personal composition of the management. Dr. Havass Rezső, a representative of the Budapest financial institution, became chairman of the board, and its official Pavol Kadoša was appointed general director of the company. The other members of the top management of the bank came from the ranks of leading Bratislava businessmen, manufacturers and public figures. Such a composition of the managing bodies aimed to ensure successful and rapid progress for the new financial institution, and this was actually achieved.

The original personnel policy continued in later years. Thus, after the formation of the Czechoslovak Republic, new socially, politically and economically influential people were added to the board. Two ministers – Milan Hodža and Dr. Jozef Kállay – were also included in the management of the bank. These new contacts and the ability of the top management to flexibly react to the changing economic and political situation soon placed the bank in the position of an important factor in economic life, and not only in Bratislava, but through an extensive network of branches in the greater part of Slovakia. The first branch was established in Galanta two years after the origin of the bank. Later, its activity extended territorially to Sub-Carpathian Ruthenia, eastern Slovakia and eventually also western and central Slovakia, most by the merging of small rural financial institutions in the 1920s and 1930s. The growing number of branches was one of the factors leading to a substantial increase in the amount of deposits. Therefore the lack of proportion between its own and deposited resources forced a gradual increase in the share capital, which reached 2 million crowns in 1917. The bank made a further increase to 10 million Czechoslovak crowns (Kčs) in April 1920 under the influence of inflation. With the new issue of shares, which mostly came into the hands of members of the board of directors, especially Pavol Kadoša and Dr. Jú-

lius Reisz, the Budapest bank lost its position as the holder of the majority of the shares, and so also its influence over this financial institution.

The new constitutional situation was also reflected in a change of name. In January 1920, it was renamed the Bankový spolok (Banking Company), and on 6th November of the same year it was registered in the register of companies as the Dunajská banka. From the point of view of legal form it was still a joint stock company. Its clients were mostly members of the national minorities, especially from the ranks of businessmen, tradesmen and peasant farmers. It did not change the orientation of its commercial-credit policy, directed mainly towards the division of large estates, financing of the extraction, processing and importing of timber, and to investment in food processing and other industries. In spite of its strong capital potential, it was not interested in establishing new industrial enterprises. The interest rates on loans to businesses and small farms were relatively high. In 1930, the time of the culmination of the prosperity of the bank, the average interest rate on bill loans was 9.22% without commission. After this turning point year, the economic situation of the bank began to rapidly deteriorate. As a result of the defaulted commercial loans, it suffered serious losses and struggled with liquidity problems, which fully appeared in the crisis years 1931-1937. Therefore, when the 1930s depression culminated in devaluation and an agricultural moratorium, the majority owners of the bank sold their shares in 1937 to a financial group backed by the *Zväz roľníckych vzájomných pokladníc* (Union of Small Farmers' Mutual Savings Banks). By regrouping ownership rights, the bank would be reshaped into an agricultural financial institution, which would provide finance for industrial enterprises concerned with processing agricultural produce. However, this aim was not achieved because its financial losses were already extraordinarily large. The situation of the bank was further deteriorated by the political and economic events of 1938, when 12 branches in southern Slovakia, in which further financial resources were tied up, were lost as a result of frontier changes. The bank was forced to rely more on re-discounting credit. It also undertook several large financial transactions, but these did not bring a substantial change in its economic situation. The audit department of the Slovak National Bank, which undertook a thorough audit in 1940, calculated its losses as 40,310,000 crowns, while the



share capital and reserve fund represented only 27,600,000 crowns. A government commissioner was placed in the bank to supervise its activities. On orders from the Ministry of Finance, the activities of the previous management, especially the chairman of the board Kadoša and the legal representative of the bank and chairman of its supervisory body Dr. Reisz, were investigated. Both men were prosecuted. However, these measures and changing the members of the

board and supervisory body did not reverse the unfavourable development of the bank, and so the Ministry of Finance entrusted the Sedliacka banka with its liquidation with effect from 1st January 1942. Seven years later, it merged with the Slovenská všeobecná úverová banka in accordance with a decree from the Ministry of Finance. As a result it was removed from the commercial register in 1950.

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