

THE BANSKÁ ŠTIAVNICA SAVINGS BANK

The Banská Štiavnica Savings Bank (in Slovak: BANSKOŠTIAVNICKÁ SPORITELŇA) was one of the oldest financial institutions in the territory of Slovakia. It was established five years after the establishment of the Bratislava Savings Bank, which was the example for it, as for other savings banks established in the 1840s.

At this time, the royal borough of Banská Štiavnica already only sadly remembered its former glory. The local mines were unprofitable, because they used old-fashioned technology and lacked capital for modernization. Mining companies were liquidated and the economic position of the population deteriorated.

At a session of the town council in February 1847, a local citizen Alexander Goldbrunner spoke about establishing a financial institution at Banská Štiavnica following the example of other already flourishing institutions. He submitted to his colleagues the statutes of the Bratislava Savings Bank. His proposal was positively received. The town council was convinced about the beneficial effects of such an institution, which would especially help those with less property, according to the proposed statutes from 1853 the „middle group of people in terms of wealth“, to build up savings and use them when necessary, so that they would not be dependent on the mercy or lack of mercy of usurers.

The population was very interested. The founding general meeting was held on 2nd September 1847, and its first chairman Franz Geramb declared that the Schemnitzer Sparkasse (Banská Štiavnica Savings Bank) joint stock company was established according to § 58 article XVIII from 1840. The activity of the savings bank began on 17th November 1847 with share capital of 5000 gulden.

It was more difficult with the statutes of the company. They were approved by the authorities only in 1866 after many changes. The savings bank was founded in the turbulent period around 1848 and the authorities were afraid that its activities would acquire a political character. The conditions they demanded from the management of the financial institution aroused disagreement. For example, the whole net profit had to be placed in the reserve fund, which would have meant that the shareholders could not be paid dividends.

At first, the savings bank opened only on Monday and Wednesday, always in the afternoon from 14.00 to 18.00 hours, and on Saturday morning from 8.00 to 12.00 hours. It rented premises from a local pharmacist, but began to construct its own building in 1867.

A thirty member committee formed the management of the financial institution. Its chairman, elected for a period of three years by the general meeting, selected 10 censors, who had to verify the authenticity of bills of exchange. The Board of Directors and Supervisory Board became the managing bodies of the company from 1875, in compliance with new commercial legislation.

At first, the savings bank accepted deposits only up to an amount of 2000 gulden. According to the statutes of 1853, the interest rate on amounts up to 1000 gulden was 5%, and on amounts of more than 1001 gulden 4%. However, this attempt to apply a regressive interest rate, giving the greatest advantage to small depositors, was not put into practice. The interest rate on deposits declined from 6% to 4%. Mortgages were originally to be granted at an interest rate of 6%, but in some periods, the rate rose to 9%. Buildings securing mortgages had to be insured against fire with one of the local agencies. From 1872, the savings bank managed a pension fund for its employees. During the First World War and the post-war crisis, they received so called inflation support with contributions for clothing and housing.

The activity of the institution was also directed towards the development of Banská Štiavnica and its surroundings. It initiated the construction of the villa district near the Belianská brána in 1905 – 1907. It also engaged in establishing the Sitno timber processing works and the brewery and malting plant at Vyhne. It contributed 20,000 gulden to construction of the Šahy – Nemce – Zvolen railway, on condition that a branch line would be built from Nemce to Banská Štiavnica.

Before the outbreak of the First World War, the savings bank was a sought after rediscounting institution for Lower Hungarian banks. It also provided loans for the construction of tenement housing in Budapest. It bought shares in various companies, including railways in the Kingdom of Hungary and Transylvania and the Rimomurán iron works. However, it



never extended the field of its activity by establishing branches.

The Banská Štiavnica Savings Bank developed successfully. In the first twenty years of its activity, the size of its deposits tripled, its net profit quadrupled and the volume of the loans it granted was about thirteen times larger, than at the time of its origin. In 1918, after the First World War, it had share capital of 890 thousand crowns.

The political and economic situation in the state was also reflected in the annual balance sheets of the bank. The frequent wars, in which Hungary participated as part of the Habsburg Monarchy, had a negative impact. The First World War brought the greatest losses. Therefore, in 1921, the management of

the bank decided to merge with the Ľudová banka (People's Bank) joint stock company of Banská Štiavnica to form the Štiavnická spojená banka (Štiavnica United Bank) joint stock company. However, in the end, both financial institutions merged with the Hospodárska banka joint stock company of Bratislava. The shareholders received one share in the Hospodárska banka for every four shares in the Banská Štiavnica Savings Bank. When the Hospodárska banka declared its fusion with the Slovenská banka of Bratislava on 17th December 1921, the former Banská Štiavnica Savings Bank became the Banská Štiavnica branch of the Slovenská banka.

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