

THE NOVÁ BANKA AT MYJAVA

The period of economic revival and boom, which replaced economic crisis in Hungary from the beginning of the 20th century, was one of the most important stages in the history of Slovak finance before the constitutional changes of 1918. In this short period from 1906 to 1912, thirteen new banking companies with Slovak management were formed in the towns of Slovakia. One of them was the Nová banka (New Bank) of Myjava, established at a founding general meeting on 19th September 1909. The motive for the origin of this financial institution was not only higher national economic or national aims, but mainly personal disagreements between the shareholders of an older financial company, which operated in this region under the name of the Myjavská banka. The essence of the dispute lay in opposing views on candidates for the post of deputy director of the bank and different views on proposed changes in its statutes. An affair around election debts to the bank of the Slovenská národná strana (Slovak National Party), which involved some of the shareholders, probably also played a role. The whole affair culminated in a general meeting of the Myjavská banka on 26th February 1909 and led to the departure of a group of shareholders, who immediately founded a competing institution with the company name the Nová banka (New Bank) of Myjava. This company began its activity on 10th January 1910 with share capital of 150,000 crowns. From the point of view of legal form, it was a joint stock company, but the narrow territorial range and nature of its commercial activity gave it more the character of a people's financial institution.

According to the first statutes, the structure of the management was similar to that of other financial institutions of this type. The running of the bank was secured by a board of directors, a 30 member committee, auditing commission and an official body composed of the treasurer and accountant. The supreme authority was the general meeting at which every shareholder had the right to vote, depending on the number of shares paid for.

In spite of strong competition from two older financial institutions – the Myjavská sporiteľňa and Myjavská banka – and a limited area, the bank prospered well. According to the first balance for the commercial year 1910, it showed a net profit of 7,725 crowns, the level of deposits reached 350,000 crowns and practically the same amount went out in the form of bill loans. The commercial activity of the bank increased in the following years, and this strengthened its position on the local financial market. This situation was influenced by the



correctly chosen commercial strategy, which started from the needs of the local population, mostly of poor hill farmers, craftsmen and small traders, who needed access to relatively cheap credit as an important condition for the development of their business activity. The basis of credit activity was bill loans and credits for obligations, with less mortgages and bonds.

Even in times of so-called expensive money, the interest rate varied in the range of 5 – 7%. The resources for its activity were mostly obtained from savings account books and current accounts, but also from dealing in property and shares. Although the statutes ambitiously set the aim of supporting the development of industry, it never significantly penetrated into the industrial sphere as a result of its low capital potential. It invested mainly in the origin and development of local companies of a cooperative character. In 1911 it initiated the creation of a company called the Mliekareň myjavsko-brestoveckých maloroľníkov (Myjava and Brestovec Small Farmers' Dairy) at Brestovec, and in 1920 it became one of the places selling shares in the Slovenská podnikateľská (Slovak Business) joint stock company of Myjava. On the other hand, precisely the fact that only a small part of its resources were tied up in relatively large investments, meant that their mobility was not threatened even in the pre-war economic crisis of 1912-1913 and the bank still grew in that period. It was not significantly burdened by the wartime economy, and entered the new constitutional situation as a well consolidated financial institution. At that time, it administered deposits of a little more than 2.8 million crowns and the value of free resources deposited in financial institutions varied around 2.2 million crowns. To achieve a more realistic relationship between its own resources and deposits, and as a result of the devaluation of money, the management of the bank gradually began to increase the share capital, first to 300,000 crowns, and in 1920 to 600,000 crowns. Since the participation of American Slovaks meant that the demand for shares exceeded the supply, a further increase in share capital to a million crowns was considered, but it did not happen. This aim was stopped by the process of concentration, which also affected the Nová banka. At the end of October 1920, an agreement on merger conditions was reached with the Hospodárska banka of Bratislava, on the basis of which all assets and liabilities were handed over to this bank. This act ended its eleven years of operation as an independent financial institution and transformed it into a branch of the Hospodárska banka.

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